

# Equilibrium Effects of Energy Efficiency Disclosure in Housing Markets

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## Abstract

Building energy efficiency is crucial for identifying energy-saving potential, yet such information was not publicly available in the past. This paper examines the equilibrium effects of a regulation in New York City that mandates increased public access to building energy efficiency information. I find that the salience of disclosed information is key to the effectiveness of disclosure policies in achieving desired market outcomes. I show that enhancing the visibility of building energy efficiency disclosures leads to the emergence of energy efficiency premiums and motivates buildings to make energy efficiency improvements. Particularly, luxury buildings exhibit more substantial responses. I develop and estimate an equilibrium model of demand for homes and building energy efficiency, as well as buildings' choices of energy efficiency levels, to quantify the information acquisition cost of building energy efficiency.

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