

Intervention #3

Coordinated real estate investment voice

Intervention point

A coordinated voice for the investment community would accelerate the green transition of the real estate sector. It would contribute to the scaling up of initiatives and create a more unified approach. It would also level the playing field by bringing smaller asset managers or investors on board to help disseminate important information.

Current situation

Real estate owners and managers are ultimately responsible for emissions from their assets. Accountability is likely to tighten as more regulations intended to speed up decarbonisation of the built environment come into force. To be able to achieve net zero, owners and managers need the entire value chain to contribute through skills, knowledge, resources, tools, and innovations.

A coordinated real estate investment voice would provide a way of ensuring that leading owners and managers are effectively engaged and supporting effective initiatives that through collaboration can scale the retrofitting of building stock and responsible, low-carbon approaches to new construction. For example, this could include common approaches to assess transition risks; disclosure of transition risks, data collection and sharing; and unified demand signals for innovation, which would lead to industry players prioritising key approaches that deliver accelerated and effective decarbonisation solutions.¹

With more than \$103 trillion of assets under management worldwide,² the wider investment community has the potential to be a powerful force for change. This is demonstrated by its role in the growth of CDP (formerly the Carbon Disclosure Project),³ a not-for-profit charity that runs the global disclosure system for investors, companies

and cities to manage their environmental impacts. There is also the growing influence of organisations such as ShareAction,⁴ a campaign group that works with institutional investors to push for action on key issues including climate change.

The investment community's importance in mitigating the effects of climate change is reflected in the creation of active target-setting investment initiatives, such as the Glasgow Financial Alliance for Net Zero (GFANZ), the United Nations-convened Net Zero Asset Owners Alliance (NZAOA) and the Net Zero Asset Managers initiative (NZAM).

At the same time, investor-led schemes have been formed to encourage best practice at portfolio and asset level. The Institutional Investors Group on Climate Change (IIGCC), for example, oversees the Net Zero Investment Framework (NZIF). This tool supports the investor transition to net zero. The investor-led Climate Action 100+ initiative has been established to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

However, this overall institutional push towards responsible investing disaggregates when it comes to real estate. The United Nations Principles of Responsible Investment (UNPRI) and the

IIGCC both cover property as part of their remit. There remains, however, a need to strengthen a coordinated real estate investment voice.

A unified real estate investor voice is lacking from some market-shaping sustainability initiatives, notably the Global Alliance for Buildings and Construction (GlobalABC), and the United Nations Framework Convention on Climate Change's (UNFCCC) annual Conference of the Parties (COP).

Most institutional investors allocate a relatively small proportion of their capital to real estate. Therefore, it drops lower down the agenda, despite the sector's acknowledged importance environmentally. The market value of commercial real estate in 2021 was €8.8 trillion. It contributed €427 billion to the EU economy, representing 2.8 percent of the European economy.⁵

The real estate industry has a strong track record of advocating for best practice and has a healthy network of industry associations at national and European levels. Both the European Association for Investors in Non-Listed Real Estate Vehicle (INREV) and the European Public Real Estate Association (EPRA) have demonstrated how the power of standardisation and transparency contributes to growth of their non-listed and listed markets respectively.

However, most industry associations represent just one part of the industry, and often operate at a national or sector level. To speed up and scale up decarbonisation, a new coordinated voice that spans associations, disciplines and geographies is required.

What is being done

The creation of a coordinated investment voice is a near-term priority for the ULI C Change programme. Its ethos is collaboration not competition, both for the programme itself and its relationships. It is actively exploring ways to bring both influential industry participants and industry associations together.

The European Real Estate Forum, an informal alliance of around 20 organisations with an interest in institutional European real estate investment, was established to improve co-ordination at a European level, using open dialogue and exchange.

Led by the INREV public affairs team, its objective is to increase understanding of social and economic value and support the policy making process affecting institutional real estate investment in Europe. It does this by improving knowledge and understanding of the sector. It often coordinates research and EU consultation responses, including those related to decarbonisation.

The IIGCC has recruited a dedicated built environment lead. Priorities include raising the investment profile through its membership of the Building to COP coalition, a group of organisations catalysing climate action in cities, regions and the built environment. This is an important step forward in alignment with the UNFCCC work, but it still leaves the investment sector under-represented in EC consultations and in the GlobalABC.

Possible next steps

There needs to be an effective method for engaging owners and managers more deeply in critical decarbonisation initiatives. Investment market leaders could consider forming a coordinated group to become early adopters of new and effective decarbonisation solutions and create new industry best practice through the value chain.

This leadership group would be the real estate equivalent of the Energy Efficiency Financial Institutions Group (EEFIG), which brings together over 200 organisations working on energy efficiency investments.

At the institutional investor level, the real estate industry needs to ensure its voice is heard within the convening bodies – NZAOA, NZAM and GFANZ. This would support industry players to reach sector-level targets and in turn meet overall expectations of real estate as an asset class.

How to get involved

- Participate in the [ULI C Change programme](#) which is prioritising a coordinated investment voice as one its early intervention points.
- Follow the work of the [European Real Estate Forum](#).
- Participate in the work of the [IIGCC](#) including its property working group.

About C Change

C Change is a ULI-led programme to mobilise the European real estate industry to decarbonise. We're a movement empowering everyone to work together for a sustainable future. We connect the brightest minds from across the value chain. We challenge barriers, share expertise, and champion innovation to move swiftly to accelerate solutions that will transform our industry and protect our planet. C Change means real change.

C Change was formed in late 2021 by a group of leading real estate players that was united in its aim to focus on collaboration to ensure companies large and small have access to practical solutions and education on decarbonisation.

About these intervention briefings

This is one of a suite of intervention points developed as part of the C Change programme. Intervention points are specific places within a system where we can target action, interrupting business as usual to drive transformation. Of course, systems are dynamic environments that are always in flux. We expect movement over time, and will update this document as prevailing and anticipated trends change shape. This briefing was researched in 2022 and published in 2023.

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- 1 For more information demand signals for an accelerated delivery of decarbonisation solutions, see *C Change Intervention #13 First movers coalition on new technology and innovation*
 - 2 [BCG: The \\$100 Trillion Machine](#)
 - 3 [CDP](#)
 - 4 [Share Action](#)
 - 5 [European Real Estate Forum: Real Estate Key Facts](#)

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