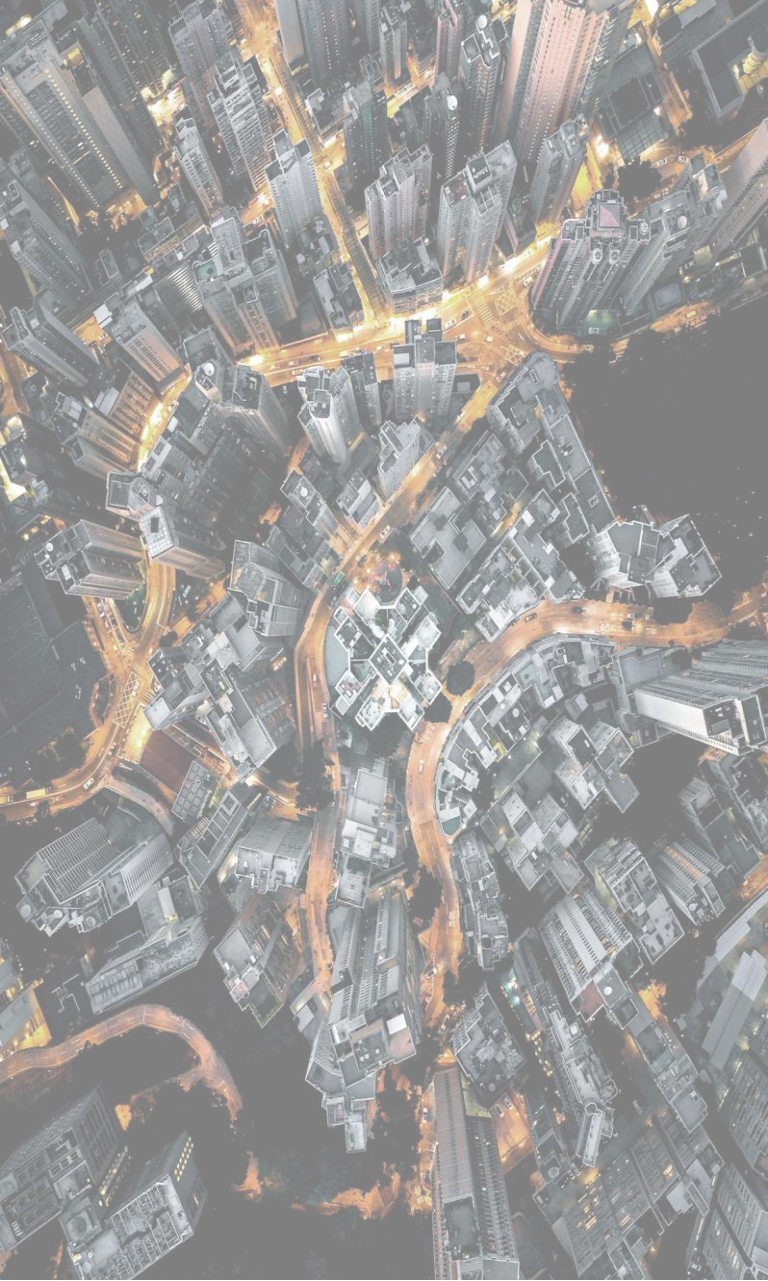


COP26: Key Takeaways for Real Estate

URBAN LAND INSTITUTE

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Introductions



Brad Dockser
Green Generation



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COP26

What it means to real estate

Brad Dockser

CEO, Green Generation

ULI Global Governing Trustee

Global Advisory Board, ULI CSEP

Past Chair, Redevelopment & Reuse Product Council

NOVEMBER 19

Washington, DC

London, England

Tokyo, Japan

Shanghai, China

COP26 was...

A great success
and a
complete failure

Depends on who you ask!

COP26 Got a lot of Attention



U.S. former President Barack Obama delivers a speech during the COP26 Climate Conference in Glasgow, Scotland



Young climate activists take part in demonstrations at the COP26 Climate Conference in Glasgow, Scotland



Members of the International Indigenous Peoples' Forum on Climate Change attend the COP26 U.N. Climate Summit, in Glasgow, Scotland



Climate activist, Greta Thunberg speaks during the Fridays For Future march on November 5, 2021 in Glasgow, Scotland.



The Prime Minister of Barbados Mia Amor Mottley speaks during the opening ceremony of the COP26 U.N. Climate Summit, in Glasgow, Scotland



President Joe Biden delivers a speech during the COP26 Climate Conference in Glasgow, Scotland

The tug of war over climate change is over...investors now have certainty



What was agreed on

- ESG is no longer an option
- Re-affirmed the necessity of a 1.5 °C limit
- \$130 trillion of capital was committed to the transition to net zero
- Coal will be phased out
- Global methane pledge to cut methane emissions, 30% by 2030
- Pledge to halt and reverse deforestation
- Global capital markets are aligned with net zero carbon
- The private sector is ahead of governments

What they did not agree on

- How to limit temperature increases to 1.5 °C
- How to phase “down” coal... India and China’s last-minute change
- How to get climate legislation passed in developed countries like the US
- How to get the most vulnerable countries funding
- How to mitigate the impact of climate change in developing countries
- How to implement Article 6 (Global Carbon Markets)

Consensus is hard

The US-China Announcement

- Unexpected deal to cut CO² emissions signaled of leadership and cooperation
- More than expected, but less than what is needed
- Regulate decarbonization, methane emissions and fight deforestation together
- Short on actual commitments as China made no new pledges

Where are things going?

National commitments lead to regulation

- Institutional commitment
 - 220 investors with more than \$57 Trillion of AUM committed via Net Zero Asset Manager Initiatives
 - 44 businesses as new signatories of the World Green Building Council Net Zero Commitment (all operational and minimum embodied) Total of 156 signatures
 - Glasgow Financial Alliance for Net Zero 450+ firms (\$130T AUM) pledge to meet the goals of the Paris Agreement
 - ICLEI: 100% Renewable Cities and Regional Energy compact
- United Kingdom- Mandatory climate-related disclosure by listed companies/institutions (1,300 organizations)
- Japan- Pledged to donate \$10 Billion to climate finance over the next 5 years
- India- Pledged to reach net zero by 2070
- New York- LL 97 has imposed a *de facto* carbon tax

What's Next?

- Fossil Fuels
 - End the financing of coal
 - 30% methane pledge
- Capital Markets
 - Equity and debt will write the rules
 - Insurers step up

Key take-aways for the real estate industry

- COP26 had limited direct impact on the built environment, but...regulation and capital markets will have a direct impact
- Net Zero operating carbon is here now
- Net Zero embodied carbon (scope 3) is coming soon (in Europe it's already here)
- Low-carbon materials – steel and concrete – are critical
- Net Zero/CRREM Pathways are here to stay
- Regulation at the city level is already here. Within a few years expect every Top 50 city in the US to regulate carbon like New York and Washington DC already do
- The ability to raise money from public and private capital markets will be highly dependent on the success of your ESG strategy
- Debt capital markets care too, and will set the cost of capital to reflect this

While onerous, this creates certainty for the real estate industry

How do you prepare?

- Data
 - ULI Greenprint
 - GRESB
 - Measure and set targets; transparency

- Define Success
 - Set your KPI's
 - Voluntary commitments
 - Authenticity
 - Create a credible narrative

- Who are your stakeholders and what do they want?

- Net zero carbon- Define what net zero means to your company
 - Efficiency
 - Onsite renewables
 - Off-site renewables
 - Offsets



For more information, please contact

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