ULI Global Sustainability Outlook 2024

fp Ferguson Partners

ULI Urban Land Institute

This report was made possible through sponsorship by Ferguson Partners.

Recommended bibliographic listing: Urban Land Institute. *ULI Global Sustainability Outlook 2024*. Washington, DC: Urban Land Institute, 2024.

© 2024 by the Urban Land Institute. All rights reserved. Reproduction or use of the whole or any part of the contents of this publication without written permission of the copyright holder is prohibited.

Urban Land Institute | 2001 L Street, NW, Suite 200 | Washington, DC 20036-4948

About the Urban Land Institute

The Urban Land Institute is a global, member-driven organization comprising more than 48,000 real estate and urban development professionals dedicated to advancing the Institute's mission to shape the future of the built environment for transformative impact in communities worldwide. ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 84 countries. More information is available at uli.org. Follow ULI on X (formerly known as Twitter), Facebook, LinkedIn, and Instagram.

About the ULI Randall Lewis Center for Sustainability in Real Estate

The ULI Randall Lewis Center for Sustainability in Real Estate leads the real estate industry in creating places and buildings where people and the environment thrive.

In collaboration with ULI members and partners, the Lewis Center drives industry transformation, cultivates leaders and champions, and helps foster solutions for sustainable, resilient, healthy, and equitable cities and communities.

The Center pursues these goals via cutting-edge research, global convenings, community technical assistance, and other strategies. The Center's main programs are Decarbonization, Urban Resilience, and Healthy Places.

Discover transformative practices for real estate and land use at uli.org/sustainability.

Connect with the Center at sustainability@uli.org.

About the ULI Americas Sustainable Development Council

The ULI Americas Sustainable Development Council (SDC) aims to accelerate the adoption and implementation of sustainability, resilience, and health across the real estate industry. The council provides a forum for the exchange of emerging best practices, including planning, financing, entitlements, design, construction, and operational aspects of projects that advance triple-bottom-line benefits while fostering more sustainable built environments.

About the ULI Net Zero Council

ULI Asia Pacific Net Zero Council's mission is to share best practices and gather collective thoughts on how to decarbonize the built environment and win the fight against climate change.

About the ULI Europe Sustainability Council

ULI Europe's Sustainability Council brings together investors, occupiers, developers, public officials, and academics from across Europe to debate and explore best practices in sustainable development. The council examines a wide range of issues—from investigating new ways to measure the environmental performance or the social contribution made by individual buildings, through to the longer-term planning considerations of European cities to ensure they are both successful and sustainable.

About Ferguson Partners

Ferguson Partners is the leading talent management and strategic advisory firm for the global real assets industries specializing in executive and director recruitment and business advisory services including organizational, financial, and strategic consulting. Delivering premier solutions to the real estate, real assets, infrastructure, hospitality, and health care services sectors, the global boutique has 11 offices around the world and is dedicated to personalized client services and integrated talent management solutions. For more than 30 years, Ferguson Partners has been a trusted adviser to senior leaders at companies of all sizes and across a multitude of industries.

Report Team

Author

Lucy A. Scott
Deputy Editor, Real Estate Capital, PEI

ULI Project Staff

Kara Kokernak
Senior Director, ULI Randall Lewis Center for Sustainability in Real Estate

Victoria Oestreich
Senior Manager, ULI Centers & Initiatives

Marta Schantz
Co-Executive Director, ULI Randall Lewis Center for Sustainability in Real Estate

Lindsay Brugger
Vice President, ULI Urban Resilience

Simon Chinn
Vice President, Research & Advisory Services, ULI Europe

May Chow
Senior Vice President, ULI Asia Pacific

Lisette van Doorn
CEO, ULI Europe

Billy Grayson
Chief Initiatives Officer, ULI

Rachel MacCleery
Co-Executive Director, ULI Randall Lewis Center for Sustainability in Real Estate

Jenny Zhang
Director, ESG & Decarbonization
ULI Asia Pacific

Libby Riker
Senior Editor

Sara Proehl
Publications Professionals LLC
Manuscript Editor

Brandon Weil
Art Director

Thomas Cameron
Graphic Designer

Member Contributors

ULI Americas Sustainable Development Council

Steven Baumgartner—Baumgartner Urban Systems Strategy

Mark Bhasin—NYU Stern School of Business

David Cropper—San Francisco Bay Area Developer and Investor

David Ford—Walter P Moore

Julie Hiromoto—HKS

Carlos de Icaza—Creel

Sonia Khanna—Forbright Bank

Varun Kohli—Corgan

Brandon Morgan—Vulcan LLC

Julianne Polanco—California Office of Historic Preservation

Mariana Ricker—SWA Group

Judi Schweitzer—Schweitzer & Associates

Jack Smith—Nelson Mullins Riley & Scarborough LLP

Brian Swett—Arup

Rives Taylor—Gensler

Peter Tomai—Specific Performance Inc.

ULI Asia Pacific Net Zero Council

Tsatsral Baatar—Re-Imagining Cities Foundation

Chungha Cha—Re-Imagining Cities Foundation

Tony Chan—Arup

John Haffner—Hang Lung Properties

Calvin Lee Kwan—Link Asset Management Limited

Ian Ralph—Skidmore, Owings & Merrill LLP

Stefano Tronci—Skidmore, Owings & Merrill LLP

ULI Europe Sustainability Council

Hala El Akl—Oxford Properties Group

Iñaki Azaldegui—McKinsey & Company

Stan Bertram—PGGM

Daniel Chang—Hines

Stefano Corbella—COIMA

Ji Won Daunis—PIMCO Prime Real Estate

Philippa Gill—EVORA Global

Bozena Jankowska—Slate Asset Management

Laura Jockers—M&G plc

Rasmus Olsen—Urban Partners

Sam Pickering—Incendium Consulting

Aneta Rusiniak—Invesco Real Estate

Paul Stepan—JLL

Robert Thompson—Green Generation

Peter Vangsbo—Arup

Additional Contributors

Onay Payne—Manulife Investment Management

Natalie Teear—Hudson Pacific Properties

Contents

2
Foreword

3
Introduction

4
Linking Sustainability Performance and Financial Performance

9
Going Back to the Basics to Make Progress on Decarbonization

12
Complying with an Evolving Regulatory Landscape

17
Prioritizing Resilience as Extreme Weather Intensifies

20
Approaching Sustainability Holistically

24
Conclusion

Foreword

Ferguson Partners are once again proud to sponsor this year's *ULI Global Sustainability Outlook*, a report that outlines the major themes, challenges, and goals for the industry in 2024 as it continues vital efforts to decarbonize.

This publication presents insights collected from real estate experts that are leading the industry to a greener, more sustainable built environment.

During three roundtable gatherings of ULI member leaders from the ULI Americas Sustainable Development Council, the ULI Asia Pacific Net Zero Council, and the ULI Europe Sustainability Council, participants provided a picture of where progress is being made and where urgent action is needed in the coming months.

For 2024—owing to a variety of factors—companies will find it markedly more difficult to avoid joining the journey to net zero. Forthcoming regulations—some global in scope, and some more local—are asking for greater transparency over real estate companies' environmental strategies. At the same time, capital providers to the industry are asking more questions before investing in a company. In particular, lenders have hardened their stance on providing finance for assets that do not have a green future because they want to avoid investing in assets set to be stranded in a low-carbon economy.

One of the most exciting developments in 2024 is the work being done on the creation of standard methodologies that will reflect transition risks in an asset's value. Although this endeavor is not a simple process, it aims to provide basic numbers for real estate companies that allow greater understanding of the financial risks associated with decarbonizing an asset.

Although these themes represent progress, roundtable participants are also urging the industry to focus on simple steps and to master solutions with tools that are readily available. Companies must educate about basic environmental objectives, invest time and resources to create solid systems of data collection and reporting, and foster strong and collaborative relationships with tenants to improve energy efficiency. But these steps do not need to be done in isolation. As participants point out, resources, tools, and networks already exist to help support decarbonization, and true progress will be achieved only with large-scale collaboration.

Since last year's report, focus on resilience has grown significantly. As global temperatures and the frequency and severity of extreme weather events increase, the effects are being felt by real estate owners. In this environment, firms must ensure assets are secure, particularly in markets in Asia Pacific and North America.

While resilience is becoming a more tangible issue, solutions to the climate crisis are—among those far advanced along the path—increasingly holistic. The most sophisticated of real estate actors recognize that rather than looking at decarbonization in the context of the building only, a building's impact on ecosystems and on the well-being of the community around it also matters. Therefore, conversations about improving air quality and advancing health and social equity are central priorities and they represent an exciting development in what real estate companies can do when they build and invest sustainably.

At Ferguson Partners, we recognize the fundamental ethical and fiduciary responsibility in today's global markets that requires a clear purpose and deliberate approach to environmental, social, and governance (ESG) corporate strategy and leadership design and development. To these aims, we are working with organizations to identify and prioritize key leadership requirements and secure appropriate talent. At the same time, we holistically assess all ESG-related opportunities for an organization, advising across a range of areas from compensation to organizational structuring. Our goal is to help organizations develop, evolve, and manage ESG and sustainability strategies with measurable results that realize their ESG goals.

Reports such as the *ULI Global Sustainability Outlook* and the excellent work of ULI to convene experts to raise awareness and share best practices will help bring much-needed progress on all these topics amid the growing climate crisis that we face across the globe.

Matthew Hardy
Global ESG Lead
Head of Australia and New Zealand,
Ferguson Partners

William J. Ferguson
Co-chair and Chief Executive Officer
Ferguson Partners

Introduction

The Urban Land Institute is eager to keep its members abreast of the topics and issues mounting in sustainable real estate. In late 2023, ULI's Randall Lewis Center for Sustainability in Real Estate held roundtable discussions with members of the ULI Americas Sustainable Development Council, the ULI Asia Pacific Net Zero Council, and the ULI Europe Sustainability Council to inform an outlook for 2024. During the discussions, members addressed: What sustainability topics and issues are on the rise, why do they matter, and what actions should the industry pursue moving forward?

On the basis of expert knowledge shared by those attending, ULI identified five issues that will shape real estate decision-making in the months ahead and beyond:

- **Linking sustainability performance and financial performance**
- **Going back to the basics to make progress on decarbonization**
- **Complying with an evolving regulatory landscape**
- **Prioritizing resilience as extreme weather intensifies**
- **Approaching sustainability holistically**

In June 2023, the U.S. National Oceanic and Atmospheric Administration (NOAA) at its Mauna Loa Atmospheric Baseline Observatory—which has the longest direct data of carbon dioxide measurements in the atmosphere—found the latest increase in CO_2 levels represented one of the largest jumps on record.

Alongside record global temperatures; increasing incidences of wildfires, heat waves, and floods; and rising concentrations of carbon dioxide levels, addressing the climate crisis has been made more complex, in some markets, by an anti-ESG political rhetoric or by governments watering down previous climate commitments.

Meanwhile, for the real estate industry, higher interest rates threaten to distract companies from the energy transition. Higher interest rates and mortgage loan rates, combined with structural changes in the way real estate is used—especially in the office sector—are making it challenging for many real estate companies to make necessary climate-related investments. But the scientific fact of the climate crisis is pushing progress regardless of these challenges.

This publication details a range of real estate–based themes that aim to help the industry think more deeply about decarbonization and sustainability at large. In 2024, for the companies that are already committed to putting their real estate on the path to decarbonization, one of the biggest themes for those companies will be their ability to maintain progress in an environment of rising costs.

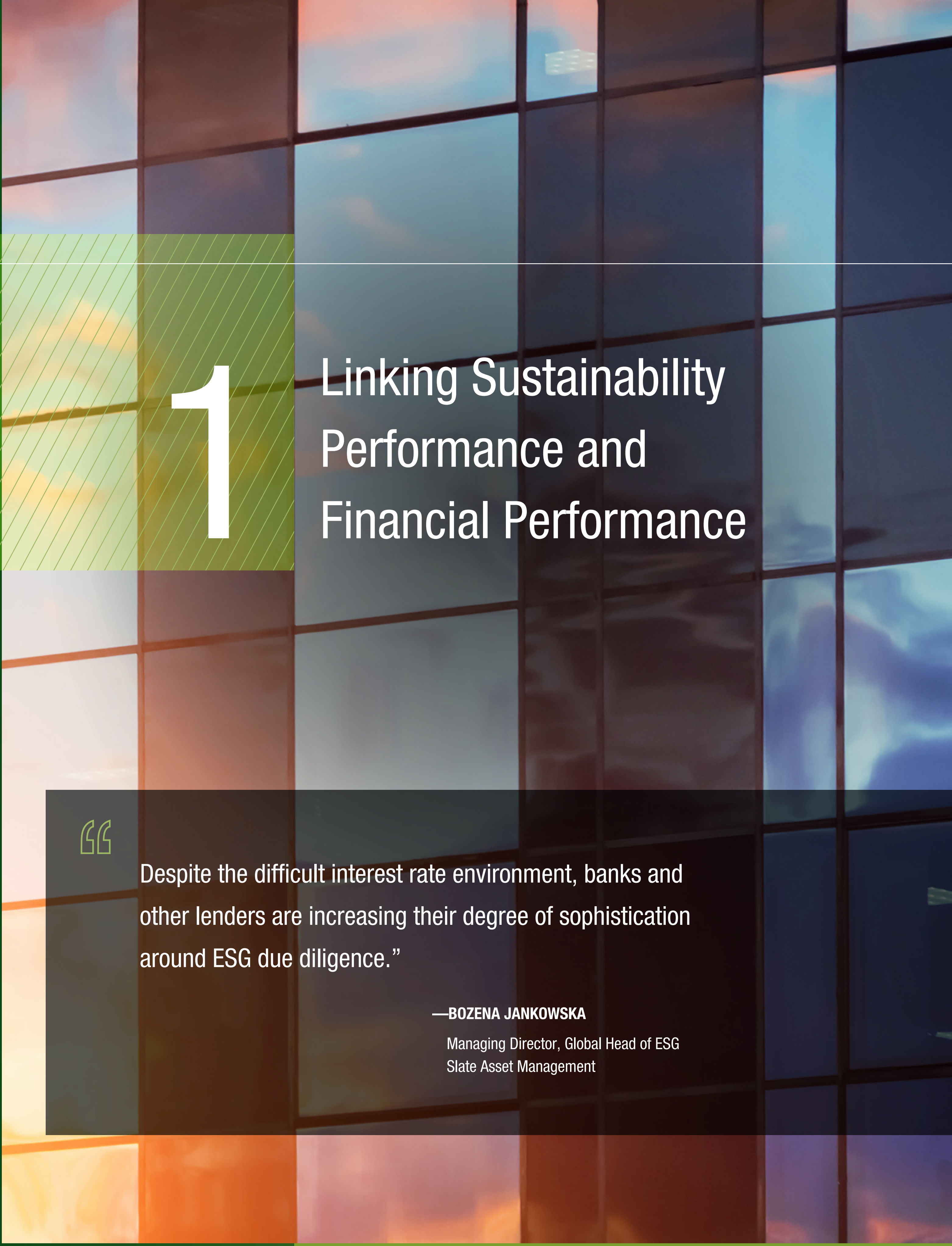
Evolving methodologies will help the industry understand the value impacts of carbon-reduction initiatives and the costs of not taking action. In addition, the industry is improving its awareness of, and knowledge about, holistic sustainability, with leading companies tackling decarbonization in a way that benefits both tenants and the wider community.

However, companies that are behind on their decarbonization efforts must take action. Increasingly, financial institutions are saying they will only lend to borrowers with green assets, or to those with a green business plan for assets, and the insurance industry is repricing or pulling back on offering new policies for certain locations, which will force companies to consider their investment strategies more wisely (that is, where to invest in decarbonization and resilience and where to scale back their portfolio over time). Regulators are also pushing for greater transparency across markets, especially in the United States and Europe, where national and local-level policies are asking for a greater breadth of evidence that links commitments to financial disclosures. This higher tier of requirements results in a higher tier of data collection and transparency.

As Daniel Chang, managing director and head of Europe ESG at Hines, said: "We are in an age of actioning decarbonization," one where pragmatism is urgently needed to make gains both big and small. Like it or not, the carbon energy transition will, and already is, affecting asset prices and investment performance, with the market increasingly assessing a company's ability to deliver value on the basis of its preparedness for a low-carbon world.

In 2024, many investors, developers, and owners are taking the first steps to tackle sustainability in a meaningful way. Given the regulatory and investment drivers of sustainability occurring today, those just getting started will need to move quickly to remain in compliance with a rapidly changing market.

> “We are in an age of actioning decarbonization.”
>
> —**DANIEL CHANG,**
> Managing Director, Head of Europe ESG
> Hines



1 Linking Sustainability Performance and Financial Performance

> “Despite the difficult interest rate environment, banks and other lenders are increasing their degree of sophistication around ESG due diligence.”
>
> —**BOZENA JANKOWSKA**
> Managing Director, Global Head of ESG
> Slate Asset Management

1 Linking Sustainability Performance and Financial Performance

9.836
1.419
4.654
1.661
8.460

"For years now, we have viewed climate risk as an investment risk. That's still the case," wrote Larry Fink, chief executive officer of the world's largest asset manager, Blackrock, in his annual letter to investors in 2023.

Fink's message hails that sustainability is intrinsically tied to financial performance, and indeed to business survival. As the largest investor on the planet, Blackrock's multiyear commitment to assessing and mitigating climate risk in its portfolio is one of many factors driving the acceleration of the major sustainability trends discussed in this report.

Accessing capital in 2024—from lenders, investors, and tenants—will require investors to make a sustainable business case. As Daniel Chang notes, "Many investors are looking at how they keep the stranding date[1] out by a decade to ensure future proofing and liquidity. But lenders are also thinking about [the] stranding date and their lending terms are set in relation to that. This approach is becoming much more commonplace."

Despite this momentum, many real estate companies have yet to grasp the link between ESG and performance. Chungha Cha, cofounder and chair at Seoul-based Re-Imagining Cities Foundation and board member of the Koramco Real Estate Fund, mentions that companies big and small are still reluctant to commit to sustainability in a meaningful way: "We have to link decarbonization to the financial case by first driving down energy consumption of our buildings, thereby driving down our utility bills and increasing our annual profits. Across a portfolio of assets, the increase in asset values can be very substantial. We need that kind of framework to encourage those which haven't yet made progress to take that first step."

[1] **Stranded assets** refer to buildings that have become obsolete due to changes in regulation, climate, population, and/or technology.

Lenders

Lenders' changing attitudes, particularly in Europe, are encouraging real estate companies to focus on decarbonization. As Bozena Jankowska, managing director and global head of ESG at Slate Asset Management, explains: "Despite the difficult interest rate environment, banks and other lenders are increasing their degree of sophistication around ESG due diligence. Before, banks would ask only a few questions before making a loan, now there is more scrutiny. Lenders are requesting information on net zero targets, and what transition pathway is being used. This is part of a big focus on climate risk and will be responsible for a shift towards action. . . . As their understanding improves, there will be a transition from disclosure to action."

Jankowska's view of European lenders is echoed in research conducted in March 2023 by property consultancy CBRE: after surveying 77 French-based lenders, CBRE concluded that banks and alternative debt providers had "not abandoned their ESG roadmaps," owing to 92 percent of lenders reporting that green criteria would be intrinsic to their credit decision-making process, despite the turbulent economic and political backdrop.

Green assets or those assets that have business plans for transitioning to a low-carbon economy represent less risk for lenders, particularly as asset owners are pressured by regulations to improve energy efficiency. Paul Stepan, head of sustainability consulting for Europe, the Middle East, and Africa at JLL, who works with large building portfolio owners on strategies to improve building resilience to impending climate factors, warns: "We're now at the point where we will see around half of Europe's real estate stock being stranded."

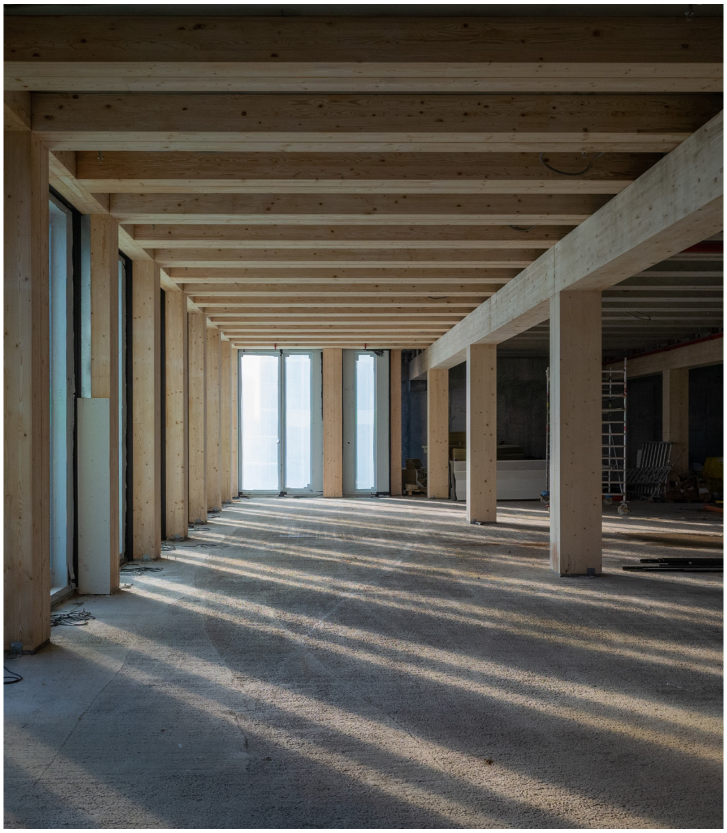
Stepan is referring to the decarbonization requirements of the Carbon Risk Real Estate Monitor (CRREM) project, which provides a pathway for buildings to reduce carbon emissions to keep countries in line with the Paris Agreement. "This will help the industry focus on assets, prompting asset managers to act," Stepan added. Rasmus Grosen Olsen, head of sustainable finance at Urban Partners, a Copenhagen-based platform of investment firms, notes, "We are beginning to see evidence of significantly improved internal rate of return (IRR) and multiple of capital (MoC) on decarbonized assets due to financing based on measurable ESG performance. We believe it's this asset-level ESG transparency which unlocks progressive financing in the future."

Action is also being prompted by the European Central Bank (ECB), which, in September 2023, called on banks to accelerate the green transition at a faster rate than current policy to lower the credit risks associated with the climate crisis.

By the end of 2024, the ECB expects banks to meet all supervisory expectations on climate and environmental risks, including full integration of capital adequacy assessments and stress testing, pressuring the hundreds of real estate lenders under ECB's purview to properly manage transitional climate risks in their property loan books.

U.S. lenders are also showing a greater focus on decarbonization. One driver of this focus is the U.S. Securities and Exchange Commission's proposed climate-related disclosure rules. The proposed Enhancement and Standardization of Climate-Related Disclosures for Investors rules would require public companies, including banks, to disclose greenhouse gas emissions, as well as the physical climate-related risks they face. Companies would also have to state how they will manage those risks. These requirements would be mandatory and carry legal liability.

Sonia Khanna, managing director of sustainable finance at Forbright Bank, notes that even though the regulations are not official yet, lenders across the United States are "already making sure they [are] doing the SEC exercise, ensuring they are looking at their portfolios from a climate risk perspective" and evaluating assets in their loan books. She added: "We're a smaller bank, so [we] are not required to comply with the SEC rules. However, we are still thinking about how to address climate risk across our portfolio."



Valuing Sustainability

There is growing momentum on the issue of valuation, not only in the context of decarbonization, but also in the context of physical and transitional climate risk, social impact, biodiversity, and nature-based solutions. Awareness is growing that the real estate industry needs to value assets in relation to how ready they are for a low-carbon economy. This is a formula that is not yet available in a standard way, but many participants across the roundtables outlined the importance of such a methodology.

John Haffner, deputy director of sustainability at Hang Lung Properties, a developer based in Hong Kong, called on the industry to find a methodology that allows companies to quantify the value derived from capital-expenditure investments: "I find the discussion around spending on sustainability and value as nebulous. It is still a challenge to quantify this for investors. I would like [the industry] to figure out how to make those numbers more meaningful and put them in context and find a methodology—this is something that we need to think about."

Haffner said the urgency around this is, in part, being driven by the global baseline of sustainability-related risks disclosure requirements introduced in June 2023 by the International Sustainability Standards Board (ISSB). The requirements, which incorporate recommendations of the Task Force on Climate-related Financial Disclosures, are intended to enable companies to better communicate to investors about the climate risks they are facing and how this affects their prospects. "ISSB is asking companies about their CapEx[2] on climate-related investment. So, I think people are going to have to start to figure this out over the next few years," Haffner added.

ULI is collaborating across the industry, with a focus on Europe, to produce a common industry methodology to assess transitional climate risks as part of property valuations to avoid stagnation of investment markets and stranded assets. The "C Change" initiative argues that current property values are too high because the cost of decarbonizing buildings is not being factored into valuations in a standard way, if at all. In ULI's efforts to tackle this, it has published a list of 12 transition risks in Europe, which it believes should form the basis of an industrywide framework to assess transition risk.

Calvin Lee Kwan, head of sustainability and risk governance at Link Asset Management Limited, a private real estate investment trust based in Hong Kong, said, "I am interested to see how we can pilot something like this in Asia Pacific, so we can at least get a good estimate of the values we are looking at [as a result of decarbonization initiatives]. This is one of the most important challenges for us as an industry in 2024."

ULI is not alone in its work to create a valuation methodology. The United Kingdom's Royal Institute of Chartered Surveyors (RICS) continues to work with a group of large commercial lenders in the United Kingdom to develop guidelines to make it easier to understand sustainability's impact through valuation instructions and reporting—an initiative recognizing that solutions to the problem require collaboration across the market. The aim is to help lenders better understand the market value of an asset in this context. RICS described it as "a useful starting point."

"Valuers are focusing on this more and more, looking at how ESG plays a role in the valuation process and what ESG means in terms of values. There is a variety of models and toolkits being developed, which try to figure out these issues and they are at different levels of sophistication," says Slate's Jankowska. And Stepan notes that ESG credentials are "consistently" being valued into transactions.

[2] **Capital expenditures** or "CapEx" are any expenses used to invest, purchase, renovate, and maintain physical assets such as buildings, technology, or equipment.

Occupiers

Occupiers are also providing impetus for the real estate industry to take transition risk seriously. Large occupiers that have pledged net zero emissions goals are rising in number and, as a result, so too are their preferences for sustainable building features.

Increasing energy costs in Europe are also driving tenants to ensure a building is as energy efficient as possible. It has been well understood for a while that locations and buildings that offer these features are more valuable, but Stepan notes that for 2024, the increased demand from office and logistics tenants in Europe will result in a "big supply-demand shortfall" of green buildings, a concept highlighted in a 2023 article by JLL.

Stan Bertram, associate director of ESG at PGGM Investments, added: "We expect a greater focus on transition risk in the coming year that will be driven primarily by the demands of tenants, which want more sustainable buildings." Brandon Morgan, director of development at Vulcan Real Estate, based in Seattle, notes that its larger technology clients are "actually the ones challenging us to make buildings more energy efficient." But Morgan added that more needs to be done to help smaller-scale developers and occupiers understand the tradeoffs between greater upfront costs and lower energy bills.

Peter Tomai, managing partner and chief sustainability officer at Specific Performance Inc., said that Specific Performance had been modeling the impact of energy-efficient housing on tenants' rental bills across a number of projects, finding "without exception that energy savings were offsetting the significant first costs for tenants," and adding that "there is also the additional benefit of a long-lived asset that will not have any operational carbon."

Lenders are also keen to see landlords working with occupiers and tenants when it comes to the energy efficiency of assets. The Polish brand of HSBC Continental Europe issued a €66 million (US$80 million) green loan to finance the Janki shopping center in Warsaw, requiring the borrower, Australian-listed company Cromwell Property Group, to ensure that one-half of new leases in any given year include clauses that cover Scope 3 emissions, which are indirect emissions that occur in the upstream and downstream activities of an organization. Cromwell said this was owing to the lender having to maintain its own ESG commitments.

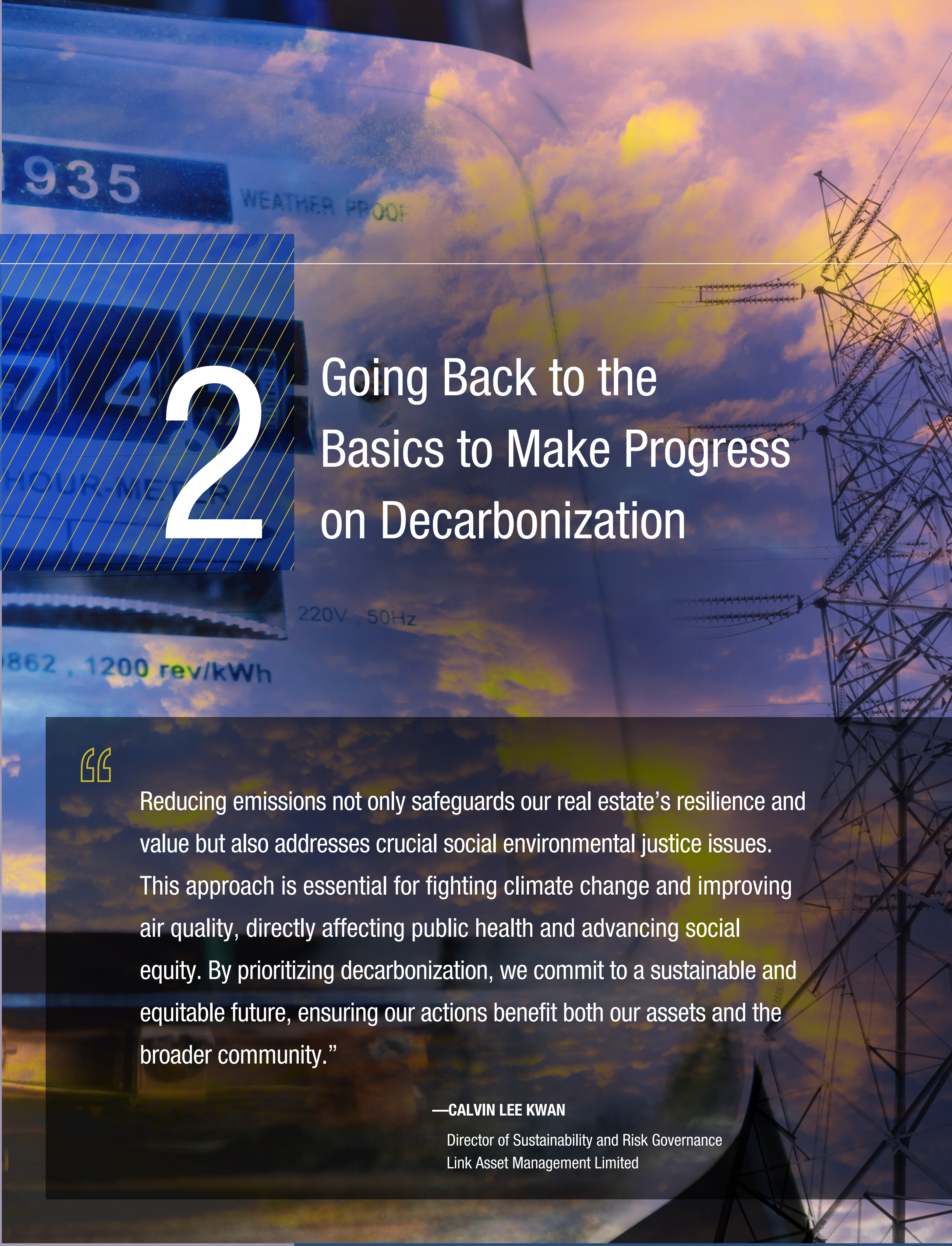
Learn more:

C Change: Transition Risk Assessment Guidelines

Embedding Sustainability in Real Estate Transactions

State of Green, Greenprint Annual Performance Report, Volume 14

Net Zero Real Estate: Renovating and Building for Profitability



2 Going Back to the Basics to Make Progress on Decarbonization

> “Reducing emissions not only safeguards our real estate’s resilience and value but also addresses crucial social environmental justice issues. This approach is essential for fighting climate change and improving air quality, directly affecting public health and advancing social equity. By prioritizing decarbonization, we commit to a sustainable and equitable future, ensuring our actions benefit both our assets and the broader community.”

—CALVIN LEE KWAN

Director of Sustainability and Risk Governance
Link Asset Management Limited

2 Going Back to the Basics to Make Progress on Decarbonization

Real estate companies must get clear on basic sustainability strategies and goals. Roundtable participants were concerned about the industry's broad interpretation of terms such as "net zero" and "sustainability." The industry is heading into 2024 with a great variety of approaches to decarbonization, which is adding to the sense of confusion regarding which investments are worth making. The industry needs to remain focused on the foundational elements of decarbonization and sustainability. Defining net zero is important, but companies should focus on fundamental operational efficiency practices that will have the greatest impact and drive value.

In recognition of this, and to help real estate companies navigate a variety of state-specific approaches, in early 2024, the U.S. federal government is expected to publish a definition of net zero buildings that will require buildings to be energy efficient, to produce no on-site emissions, and to use 100 percent renewable energy.

As such, roundtable participants encouraged the industry to recommit to the basics of decarbonization, such as reducing operational carbon, in lieu of committing to new themes or strategies for 2024. Link's Calvin Kwan warned that the industry is "spreading itself too thin," adding that "instead of looking at what's next, we should get back to the basics of reducing emissions."

While improving operational efficiency may not be a new topic, decarbonization offers significant cobenefits that help companies achieve broader goals. "Reducing emissions not only safeguards our real estate's resilience and value but also addresses crucial social environmental justice issues. This approach is essential for fighting climate change and improving air quality, directly affecting public health and advancing social equity. By prioritizing decarbonization, we commit to a sustainable and equitable future, ensuring our actions benefit both our assets and the broader community," Kwan said.

Chungha Cha, of Re-Imagining Cities Foundation, echoed those sentiments: "We are looking for new topics to think about in 2024, but the industry can stand to focus on the 'old' ones, too."

Knowledge Sharing

Roundtable participants emphasized that the industry must do a better job of capturing data, benchmarking, and using the tools that already exist to support more action, as well as supporting industrywide progress through knowledge sharing.

Carlos de Icaza, partner at Creel, García-Cuéllar, Aiza y Enríquez, S.C., a law firm headquartered in Mexico City, urged larger companies in Mexico and Latin America to help "the ESG movement" flourish in smaller businesses and firms. "ESG seems to be progressing quite well among large multinationals and publicly listed companies in the region. The problem is the small and medium-sized companies and that, quite frankly, is most of the real estate and construction industry." He added, "Mexico's recently issued and not-yet-binding ESG taxonomy for sustainable finance is certainly a step in the right direction."

First Steps for Operational Carbon

Roundtable participants urged those who have yet to make headway with decarbonization to first tackle operational carbon. As Cha said, "It is easy to connect improvements in energy efficiency to increase annual profits and to increase asset values, while embodied carbon is a little harder."

Haffner agreed that working with occupiers to improve energy efficiency is an important first step to take. Hang Lung's strategy, he said, is to see tenant engagement as a key priority. To that end, in October 2022, Hang Lung announced a three-year partnership with luxury retail company LVMH Group (the parent company of Louis Vuitton and other brands)—a partnership that spans Hang Lung's portfolio of properties across seven cities in mainland China and that engages 26 LVMH brands occupying more than 90 retail spaces. The two companies have been collaborating on multiple sustainability initiatives. The partnership is centered around a common charter of actions to pursue together, is public, and is updated annually. Actions for 2023 included energy efficiency projects and pursuing renewable energy solutions; carbon footprint analysis; waste management, biodiversity, and air quality projects; and using digital platforms to improve environmental governance. Announcing the collaboration in a statement, Hang Lung said the partnership is "a model around the world of how to create new partnerships between landlords and tenants" and that "synergies such as this are key to addressing sustainability challenges."

Haffner said, "We're not talking about the why, we're trying to figure out what we can do to our premises, find out ways to collaborate so we achieve solutions much faster. We're also now exploring similar forms of collaboration with other tenants that have a leadership mind-set around sustainability. It is important to think about how, as a developer, you can get things done with tenants ready to move."

Learn more:

The ULI Blueprint for Green Real Estate

Unlocking Hidden Value in Class B/C Office Buildings

ULI Tenant Energy Optimization Program

3 Complying with an Evolving Regulatory Landscape

> “All of these new reporting commitments are much more about leveraging sustainability performance than meeting compliance. This kind of transparency offers huge potential to create de-risked assets by going beyond reporting requirements and rewarding good asset-level ESG performance with better financial terms. This creates win-win de-risking outcomes for banks and investors.”
>
> —**RASMUS GROSEN OLSEN**
> Head of Sustainable Finance
> Urban Partners

3 Complying with an Evolving Regulatory Landscape

In 2024, a key priority for real estate companies will be to rapidly adapt to new policies that require the transparent reporting of sustainability data. Natalie Teear, senior vice president of sustainability and social impact at Hudson Pacific Properties commented, "New regulations are cropping up at record speed—tracking what is happening across local, state, and national levels is getting harder every day. Sustainability used to be largely voluntary, but now has a major compliance element that all organizations need to be equipped to handle."

Currently, action is slowed by disparate reporting systems, which are offering a range of ways for companies to disclose and define progress on sustainability. "Writing ESG objectives in company reports is one thing, but the key is actually measuring data, monitoring it, and managing it, as well as being able to translate that all into insights and action," said Tsatsral Baatar, senior researcher at Seoul-based Re-Imagining Cities Foundation, adding, "This is the big challenge. A lot of companies are trying to develop their own solutions in-house."

Baatar noted that real estate companies must now navigate a landscape of various reporting frameworks that demand transparency, accuracy, and consistent measurement of ESG metrics—a significant challenge for asset managers juggling various properties and tenants. Baatar also urged companies, especially in Asia Pacific, to make greater efforts to collaborate and partner with the wider industry.

The current regulatory system, as Hang Lung's John Haffner described it, "has plenty of room for improvement." He adds, "There is a lot of talk, but there's also now recognition that people are doing relatively little. Two things will change this: a universally agreed taxonomy that forces transparency and a focus on actionable results."

In 2024, fresh regulation rolling out across regions will help address this challenge, as these new measures require greater levels of transparency for thousands of real estate companies that have been slow to act.

Haffner predicts that increased pressures from reporting standards, such as ISSB, will make it harder for companies to make unsubstantiated claims about their progress. Philippa Gill, executive director of strategic accounts at EVORA Global, a sustainability consultancy, said the forthcoming mandatory requirements of the ISSB means "the game will be up" because the requirements push for "more transparency and informed investment." Slate's Bozena Jankowska predicts that "huge numbers" of chief financial officers will need educating to begin to understand what is being required.

The Corporate Sustainability Reporting Directive

Meanwhile, the Corporate Sustainability Reporting Directive (CSRD), introduced by the European Union in 2023, aims to radically improve existing reporting requirements to increase transparency of corporate progress in terms of sustainability and to align sustainability and financial reporting.

As a result, property companies now need to detail how ESG affects their business; they also need to report on the impact of their activities on the environment.

Stefano Corbella, sustainability officer at Italian investment and development company COIMA, said, "A lot of companies will be impacted, this will be a cost but an opportunity for us to collect more information from our suppliers." He noted that contractors to real estate companies will come under the reporting obligations for CSRD. "We will be able to get way more information about our supply chain," he added.

CSRD has been described by professional services firm Deloitte as a "major game changer for the [real estate] industry" in terms of transparency and insight into sustainability risks and opportunities.

Current delays in the adoption and implementation of the ISSB's disclosure standards by global regulatory bodies, and similar procedural slowdowns in the European Union's CSRD, should be viewed as part of the natural ebb and flow inherent in the regulatory landscape. Many regions, including the European Union, are actively reviewing and refining these standards, indicating a steadfast commitment to enhanced sustainability and ESG reporting.

The direction is clear: sustainability regulations are evolving and will continue to be a key driver in the industry. A proactive focus on decarbonization and resilience will position firms to navigate and lead in this evolving regulatory environment, staying ahead of future requirements and setting standards in sustainable real estate practices.

International Financial Reporting Standards

Effective January 2024, the International Financial Reporting Standards—IFRS 1 and IFRS 2—provide a global baseline for reporting and are intended to drive reporting consistency. IFRS 1 and IFRS 2 ask companies to communicate sustainability-related risks resulting from changes in energy consumption or integration of energy management considerations into their investment analysis. Local jurisdictions could require additional information. Although IFRS 1 and IFRS 2 are voluntary, it is expected they will soon become mandatory.

EVORA's Philippa Gill said of the standards' influence: "It is going to transform our industry. These standards will require a uniform set of publicly available data that will allow transparency and more informed investment decisions. Getting ready for that reporting burden is huge and will require robust, auditable data processes. We hope it will be a driver for companies to change and innovate, and not just a tick box reporting exercise."

Olsen of Urban Partners echoed this hope: "All of these new reporting commitments are much more about leveraging sustainability performance than meeting compliance. This kind of transparency offers huge potential to create de-risked assets."

Slate's Jankowska added, "Chief financial officers are starting to realize they need to understand how sustainability gets communicated because they are the ones signing off on reports. It will be a steep learning curve as companies have to get to grips with what it all means. A lot of training for CFOs and boards will have to take place to understand what they may be liable for at this added level of diligence."

E.U. Taxonomy

Other improvements in transparency, according to roundtable experts, included the increased adoption of the E.U. Taxonomy, a classification system of sustainability activities with specific criteria to determine whether an activity can be defined as sustainable.

The taxonomy sets out six environmental objectives for real estate companies to meet for them to be considered sustainable. Certifications such as the Building Research Establishment Environmental Assessment Method (BREEAM) and DGNB (German Sustainable Building Council) system are now adapting to align with some of the E.U. Taxonomy requirements.

Olsen noted, "This will be a great driver for having a common sustainable transparency disclosure at the asset level for banks and investors to undertake transactions with the information they need. This will reduce costs as companies will not have to pay out in fees for accountants and lawyers to undertake their own version of due diligence."

Insights into Emissions

Europe's CSRD requires Scope 3 reporting, which includes the collection of sustainability information across a company's value chain or supply chain. With the ISSB's IFRS 1 and IFRS 2 requiring information on Scope 3 emissions, companies around the world will need to start preparing for the ever-growing demand for emissions data.

Meanwhile, the Securities and Exchange Commission's proposals on climate-related disclosures will require companies with a Scope 3 target to disclose Scope 3 emissions as well. "As thousands of companies begin to comprehend the emissions and risks that emanate from their real estate choices, [emissions] information will become clearly and more widely distributed," wrote global reporting firm McKinsey in a June 2022 report.

To prepare, McKinsey advised that real estate firms take actions, such as finding a way to take stock of data needs around emissions and determining the people, tools, and processes needed to understand an asset's emissions. The firm also recommended that landlords develop leasing structures that acknowledge the building's lower utility costs and the benefits the tenant derives from occupying that building.

"Changes to assets that create climate resilience can result in an edge not just with tenants but also in capital allocation, investment decisions, and asset management. Many larger players should consider developing an advanced analytics capability to ensure that climate insights effectively inform decisions across the business," the firm concluded in its report.

The state of California is also focusing on emissions. In August 2023, the state voted unanimously in favor of two building code changes related to embodied carbon—the emissions generated from the manufacturing, transport, installation, maintenance, disassembly, and disposal of building materials. The measures will go into effect July 2024.

The California code changes aim to reduce embodied carbon emissions in the construction, renovation, or adaptive use of commercial buildings larger than 100,000 square feet and schools over 50,000 square feet.

Significantly, the law includes key requirements for builders and manufacturers to submit a life-cycle assessment, including the carbon intensity of the materials used, and for manufacturers to submit Environmental Product Declarations (EPDs) for building materials, in line with specified standards.

Mariana Ricker, associate at SWA Group, an urban design, planning, and landscape architecture company in San Francisco, hopes that such regulation will force greater consistency of language and vocabulary related to the reporting of embodied carbon reductions.

Ricker commented: "This focus on decarbonization in terms of embodied carbon emissions and accounting means real estate companies will have to share how they are achieving upfront reductions, and not just relying on carbon offsets. We need to understand whether we are all using the same definitions and reporting on the same things."

Judi Schweitzer, president and chief sustainability adviser at Schweitzer & Associates and a member of the California Green Building Standards Code (CALGreen) Advisory Committee for 12 years, said of the code, "It is getting more stringent every three years."

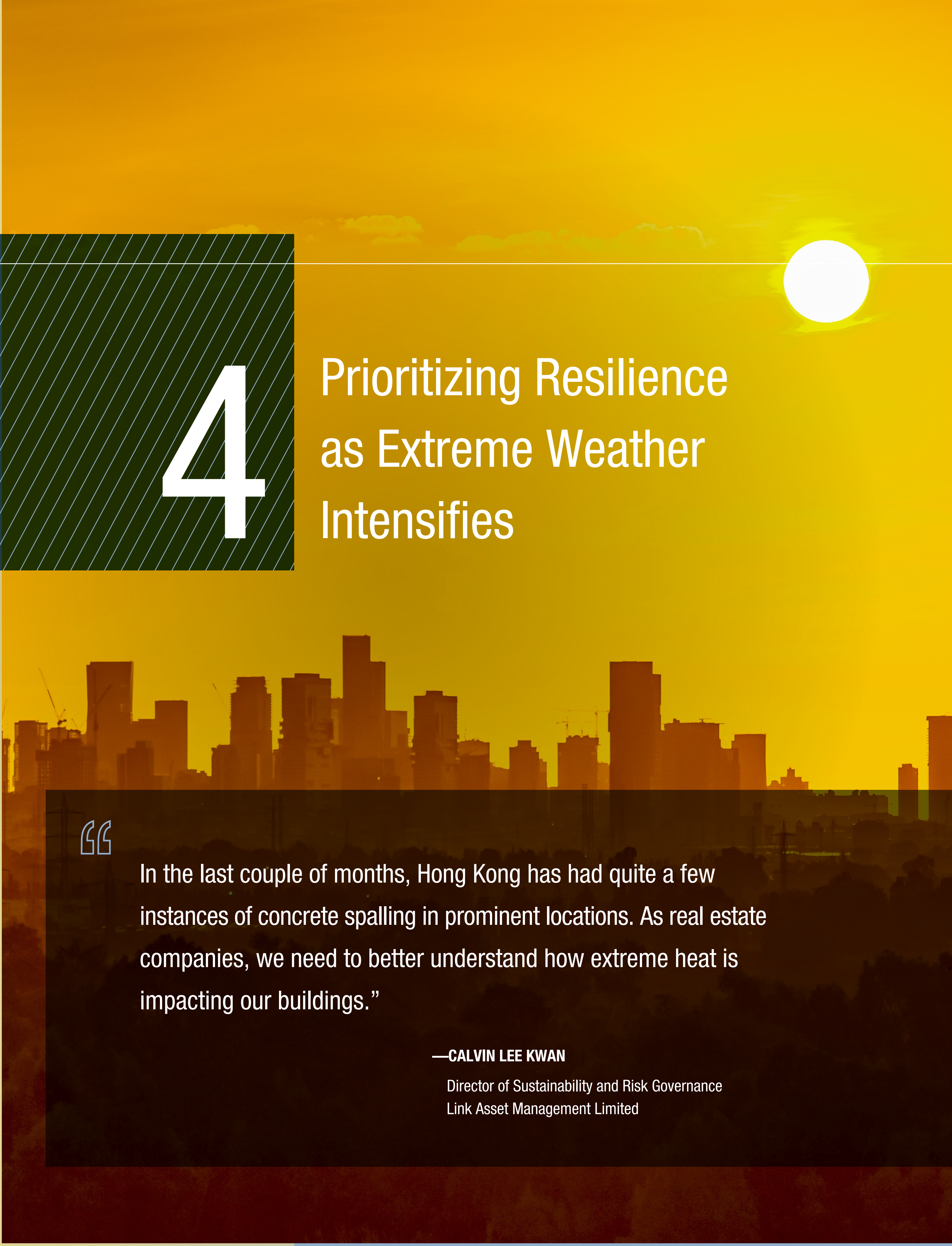
Learn more:

Change Is Coming: Climate-Risk Disclosures and the Future of Real Estate Investment Decision-Making

ULI Global Green Building Policy Dashboard

Mapping ESG

"Climate Risk Is Financial Risk: The Ever-Evolving Landscape of Climate-Related Financial Disclosures"



4 Prioritizing Resilience as Extreme Weather Intensifies

> “In the last couple of months, Hong Kong has had quite a few instances of concrete spalling in prominent locations. As real estate companies, we need to better understand how extreme heat is impacting our buildings.”
>
> —**CALVIN LEE KWAN**
> Director of Sustainability and Risk Governance
> Link Asset Management Limited

4 Prioritizing Resilience as Extreme Weather Intensifies

Resilience of assets to increasing instances of extreme weather is a key theme for 2024, and one quickly brought up by participants in Asia Pacific—not surprising as this region was among the most affected by extreme weather events from 2010 to 2019, according to the World Meteorological Organization. The World Bank also believes Asia Pacific economies are most vulnerable to climate-related hazards.

Calvin Kwan said Link is increasing the range of the work it is undertaking on the impact of weather on its assets. He added that he hoped governments in the region would increasingly look at how to tackle the issue of mitigation and adaptation in the year to come. He noted that Link is also considering expanding its investigations to a wider range of climate hazards and regions in which it operates. “We want to do more on climate resilience,” said Kwan. “Last year we looked at flood-risk, which covers storm scenarios, and now we are expanding into the impact of heat. In Hong Kong we have had quite a few instances of concrete spalling [breaking or cracking] in prominent locations recently. As real estate companies, we need to better understand how extreme heat is impacting our buildings.”

In the Asia Pacific region, the Singaporean government has been particularly proactive on this front, roundtable participants said. For example, Singapore’s Green Plan 2030 provides mitigation measures for sea-level rises of up to 5 meters (16 ft) by 2100. The country’s Urban Redevelopment Authority is also looking at how it can improve the city’s resilience to climate changes, with specific attention to using underused spaces and integrating nature-based solutions with infrastructure to create what it calls “innovative urban solutions.”

Stefano Tronci, Asia Pacific sustainability lead at Skidmore, Owings & Merrill LLP (SOM), the Chicago-headquartered architectural, urban planning, and engineering firm, said that when the firm talks to clients about “evident effects on climate change in the region,” it can now provide clients with models to indicate how buildings or schemes will be affected in the future. “We show clients what happens if the whole ground floor floods—and this is where they could have placed data rooms and machinery. Through these conversations, companies then can change their approaches to a master plan, making greater allowances for climate resilience.”

Risk-analytics platforms are now emerging, showing commercial real estate investors how climate change will physically affect their portfolios. With the ability to model climate patterns, this technology gives insight into at-risk locations. Such software is being embraced by would-be buyers during due diligence on acquisitions. For current owners, this technology shows where mitigation work is most needed.

Over the medium and long term, leaders are also observing direct, positive correlation between the integration of resilience strategies and portfolio values. Onay Payne, senior managing director and portfolio manager at Manulife Investment Management and ULI global governing trustee, commented: “The increased frequency and severity of climate events over the past several decades is clearly forcing investors to think differently about how we identify, measure, and model climate-related risk. Once we better understand the potential risks, we can then employ adaptation and resilience strategies which mitigate risks in the short term.”

Roundtable participants noted that insurers are also taking action on resilience planning, responding to increasing incidences of unprecedented weather events. According to its chief executive Tom Wilson, insurer Allstate Corporation posted losses of $2.7 billion (€2.5 billion) for the second quarter of 2023, owing to 42 catastrophic weather events. The company has stopped selling new home, condominium, or commercial insurance policies in California due to the worsening climate.

Bozena Jankowska of Slate Asset Management foresees a wider trend of insurance companies getting savvier about pricing in risk: “Many insurers have been using models that look back and so physical risk hasn’t been properly priced in. Only now are they grappling with future climate risks and how assets will look under different climate change scenarios.”

In August 2023, ratings agency Moody’s issued a report showing the growth in insurance costs for commercial real estate, revealing that while rent for Miami, Florida, retail had grown at an average rate of 1.4 percent between 2017 and 2022, the cost of insurance had increased 7.5 percent. In Denver, Colorado, where wildfires burned in 2023, the figures were worse—while retail rents in the city increased annually by 0.4 percent, there was a 9 percent rise in insurance costs.

A core underlying theme in discussions of resilience planning should be social equity and inclusion. Payne notes that “as stewards of the built environment, we have a responsibility and opportunity to consider resilience planning with a deliberately inclusionary lens. For example, we know that low-wealth urban neighborhoods are particularly vulnerable to extreme weather events such as heatwaves and floods. Those extreme events, in turn, exacerbate existing social and economic disparities. We must deliberately engage with public, private, and community stakeholders to cocreate equitable policies and solutions which enhance the adaptive capacities of low-wealth areas.”

Extreme weather is also focusing minds on grid resilience—from the asset level up to regionwide strategies—a point raised by roundtable participants in the United States and Europe.

During the U.S. roundtables, participants said investment was needed to help improve grid resilience. As Peter Tomai said: “One of the things we are seeing is extreme weather diminishing the resilience of most grids. We are seeing shutdowns because of wind events, for instance. So, this is driving a lot of focus on investing in resiliency. Suddenly, energy storage is becoming a very real issue. But every location faces its own specific risks and opportunities. A granular analysis is necessary to assess the best course of action to bolster resilience globally.”

Learn more:

Ten Principles for Building Resilience

Introduction to Climate Risk and Resilience

Climate Risk and Real Estate Investment Decision-Making

Scorched: Extreme Heat and Real Estate

See also: *Scorched: Extreme Heat and Real Estate in Asia Pacific*

How to Choose, Use, and Better Understand Climate-Risk Analytics

5 Approaching Sustainability Holistically

> “We need to tie it all together and undo what we did to the environment. As strategic thinkers we need these holistic solutions.”
>
> **—RIVES TAYLOR**
>
> Global Design Resilience Coleader
> Gensler

5 Approaching Sustainability Holistically

During the U.S. roundtable, Mark Bhasin, senior vice president at Basis Investment Group and adjunct associate professor of finance at the New York University Stern School of Business, declared the healthy building movement had become global on account of "emerging pressure from both tenants and investors." He explained, "Real estate owners are using health and well-being standards as part of a larger commitment to sustainability and ESG principles."

With health and well-being standards increasingly being incorporated into company ESG mission statements, a holistic approach is emerging. Vanguard companies are expanding their approach—not only thinking about the people using the building but also recognizing the impact of buildings on ecosystems and the wider community. The decarbonization of real estate can be part of a movement that delivers improvements in human health and community well-being.

This theory draws on the idea that health and climate change are interconnected. Under this holistic approach, reducing greenhouse gas emissions not only mitigates the worst effects of climate change, it also offers cobenefits that improve the health of individuals and communities alike.

Healthy buildings—both for people and the planet—are those that advance progress across a range of issues and for multiple stakeholders. As Judi Schweitzer summarized it: "A sustainable solution is one that accomplishes cobenefits and costs society less; it is not just one solution in a silo."

Green building specialist and architect Adele Houghton, president of Biositu, a consultancy firm focused on leveraging environmental sustainability for better public health, has been working with global design and consultancy firm HKS on a framework for developing buildings using a "cobenefits" approach. The aim is to ensure building design does not exclusively focus on one single outcome. So rather than discussing energy efficiency, climate resilience, and human health as separate ideas, which then compete for budget, a cobenefits approach uses a set of strategies that will benefit the greatest number of people. "Her work around 'architectural epidemiology' helps us understand the impact of the built environment, both individual buildings and the larger urban context, as drivers and solutions for chronic health concerns and health effects of climate change, both significant costs in today's economy," said Julie Hiromoto, principal and director of integration at HKS.

Rives Taylor, global design resilience coleader at Gensler, said that in the residential and senior living sectors, the topic of well-being is becoming increasingly nuanced. “Particularly in the affordable housing sector, there is an escalated recognition that so much of [the materials] we are using to build from does not meet muster on a number of fronts. More and more, the focus of these conversations is broadening from carbon to whole health. We do not just think about the indoor environment but the outside landscape as well, how those buildings are connected to green spaces and if the districts they are in are walkable. Things are moving quickly.”

Steven Baumgartner of Baumgartner Urban Systems Strategy said that many of his clients are approaching the topic of health and climate resilience in a more joined-up way. He explained: “In Pittsburgh, [Pennsylvania], air quality is a huge topic. Following systemic concerns with industry polluters, but also the wildfires in Canada, a lot of clients are asking about what they can do and what they can control. This is leading to conversations about health and the implications of location-decisions.” He went on to add, “I think people are trying to be more thoughtful about the resilience and health of the services and systems—energy, water, food—of the locations in which they are looking to invest, and this is absolutely influencing their investment decisions.”

In the context of a more holistic approach, forward-thinking developers are embracing nature-based solutions to provide climate mitigation measures and support health. For example, incorporating plants and trees into a scheme, such as a green roof or living wall (biophilia), enhances air quality; using natural material can also help insulate a building. Another example is incorporating more soil around a scheme to help absorb rainwater and decrease flood risk—a solution being promoted by governments and organizations around the world, including the Urban Land Institute in a recent report on nature-based solutions.

Behind these trends are initiatives such as C40 Cities’ Urban Nature Declaration, which was signed in July 2021 by mayors from 31 cities and strives for up to 40 percent of the total built-up surface of a city to consist of green or permeable spaces designed to absorb water and prevent flooding. Also of note is the Task Force on Climate-related Financial Disclosures’ focus on nature and environmental risks, such as biodiversity loss and ecosystems degradation, which is requiring organizations to, among other goals, support a shift in global financial flows toward nature-positive outcomes.

Increased use of such ecosystem services is a crucial element in dealing with a range of climate-related crises such as carbon reduction, extreme heat, and changing weather patterns, said Taylor. He noted that nature-based solutions should be considered as a major factor in driving progress: “We need to tie all these solutions together and undo what we did to the environment. As strategic thinkers, we need to pull all of these ideas together.”

Stefano Tronci noted that clients of SOM are moving forward with allowing the firm to incorporate more nature-based solutions into plans, adding: “These conversations aren’t always successful but being able to show clients the impacts puts them in the position of having control over change and being capable of solutions.”

Ian Ralph, regional practice leader at SOM, said urban design strategies are beginning to embrace the connections between decarbonizing individual buildings and the wider community. “We are thinking about how we configure buildings to minimize energy demands for the benefit of the wider community. We are also looking at solutions such as how urban trees can lower temperatures in a building as well as around it.”

Skidmore, Owings & Merrill is working with the idea that the built environment can be reconfigured to absorb carbon, reframing the built environment as a solution for the climate crisis. Its project, Urban Sequoia, aims to use optimal building design, minimal materials, and advanced carbon capture technologies to substantially reduce carbon emissions.

Meanwhile, cites across the world are adopting biodiversity targets and initiatives as city governments recognize the role biodiversity plays in creating a resilient urban landscape. In Melbourne, for instance, there is a target to increase public realm cover from the present 22 percent coverage to 40 percent by 2040. In Mumbai, flood- and heat-related disaster risk is being addressed with goals to increase permeable surface areas.

A subtopic in the realm of health and well-being is the idea of brain health, as Julie Hiromoto reported. Hiromoto, who has worked on the delivery of large-scale projects, such as One World Trade Center, explained that leading healthy buildings are those that recognize the influence of real estate on brain health. “Thinking around health and well-being is going beyond the healthy building standards,” she said. “This means considering how spaces can be designed to promote more creativity, fulfilment, and productivity.”

Hiromoto also cited the cognitive function studies conducted by healthy buildings expert Joseph Allen at the Harvard T.H. Chan School of Public Health. Allen’s research demonstrates the effect of indoor air quality on cognitive abilities. “We spend 90 percent of our time in buildings, so let’s incorporate these ideas into the design process. What might a brain capital economy look like? This is a public policy opportunity to integrate the built environment, public health, science, education, workforce, and economic to create healthier buildings and cities,” Hiromoto said.

On the ground, there is evidence of developers also embracing these ideas. London’s One Heddon Street, owned by U.K. property developer The Crown Estate, has been created so that every floor enjoys healthy levels of natural daylight, which supports circadian rhythms and healthy sleep.

Nature is also being used in offices to fuel performance, as academic studies reveal that experiencing even small doses of nature at work improves the way employees work. As a result, indoor water features, windows with views of nature, and roof terraces are being incorporated in leading design. In Atlanta, Georgia, outdoor clothing company L.L. Bean has renovated its headquarter campus around a courtyard so everyone working inside has views of nature and access to natural light.

During the European roundtable, Arup’s Peter Vangsbo said the next step is for the same connections to be made at the city level, citing the opening of free public swimming pools in Copenhagen as an example of joined-up thinking in terms of creating better connected, healthier communities. “We know compact and connected communities are the best way to preserve global resources and fragile biodiversity,” he continued. “Therefore, we must harness a model for low-carbon urban development that promotes sustainable and equitable neighborhoods and then replicate it widely.”

Learn more:

Nature Positive and Net Zero: The Ecology of Real Estate

Greening Buildings for Healthier People

See also: *Greening Buildings for Healthier People in Asia Pacific*

Business Case for Healthy Buildings: Insights from Early Adopters

Building Healthy Places Toolkit: Strategies for Enhancing Health in the Built Environment

Conclusion

According to the United Nations, if the built environment continues to emit carbon at the current rate, greenhouse gas emissions will be much greater by 2050 than they are today. Even more, the science from the UN Intergovernmental Panel on Climate Change (IPCC) indicates that greenhouse gas emissions must decline 43 percent by 2030 to limit global warming to 1.5°C. Crossing the 1.5°C threshold will risk unleashing far more severe climate change impacts, the IPCC states. Since the implications of this are unthinkable, the industry must piece together a systemwide transformation to reverse this outcome.

Although some real estate companies remain in a business-as-usual mind-set, there are increasing examples of innovative practices and firms undertaking serious investments to advance sustainability and address impending climate change risks. For those companies without sustainability initiatives, the clock is ticking. Achieving industrywide decarbonization starts with changes at the company level, but only with collaborative action will any pockets of progress become meaningful.

Therefore, the roundtable participants have called for action: address transitional climate risk at the asset level with a swift transition of assets to net zero; and, crucially, for companies, prioritize the basic tenants of sustainability while still making strides to include health-based, holistic solutions. In addition, these efforts will need to occur in the midst of an evolving regulatory landscape that requires real action and transparency.

Urgent collaboration will be needed to create a standardized model of valuation to support investors, managers, and lenders to assess and disclose transition risks as part of property valuations. Roundtable participants also urge cooperation over data sharing on building performance to help build evidence of which initiatives are producing the best results. In 2024, in all these areas, industrywide action and effort is paramount.

2.102
9.836
1.661

ULI Urban Land Institute

fp Ferguson Partners

Urban Land Institute
2001 L Street, NW
Suite 200
Washington, DC 20036-4948
uli.org