



Press release

Retail real estate needs *Paris-Proof* decarbonisation strategy to ensure contribution to global and EU emissions targets, the Buildings Performance Institute Europe says

FOR IMMEDIATE RELEASE

BRUSSELS - 24 February 2021 - [BPIE – Buildings Performance Institute Europe](#) has released a [new report](#) highlighting that despite industry efforts to decarbonise building portfolios, retail real estate asset managers and owners lack a sector-specific trajectory towards achieving climate-neutrality. The [report](#) marks the launch of *Paris-Proof Retail Real Estate*, an initiative that looks to develop a vision and strategy to support the European retail real estate sector reach net-zero carbon emissions by 2050, in line with the Paris Agreement.

[The report](#) highlights that the current rate of decarbonisation of retail buildings is not happening fast enough to meet climate goals. Extreme weather conditions, rapidly expanding floor area and growth in demand for energy consuming services exacerbate the issue. In 2019, the global buildings and construction sector accounted for 35% of final energy use and 38% of energy and process-related carbon dioxide (CO₂) emissions¹. Delivering the vision of climate-neutrality requires thorough renovation and smart design of the whole building stock, including retail portfolios.

According to [the report](#), existing low carbon transition and 1.5°C climate roadmaps are not yet fully adapted to the needs of the sector, and climate change issues are not yet fully integrated into mainstream asset management and investment decision-making processes, traditionally focused on the cyclical trends of property markets. Yet it is precisely at sector level where climate-related risks become more apparent. Interviews with ten retail property investment and management companies, which informed the report's analysis, reveal that failure to put in place a decarbonisation strategy now could lead to value erosion and stranded assets in the years to come.

“In Europe, while GHG emissions targets are well defined for 2030 and 2050, these are not yet transposed into meaningful guidance for individual industry sectors,” says Zsolt Toth, Senior Project Manager at BPIE.

“If we are serious about decarbonising the full building stock by 2050, the retail real estate sector and policymakers need to have a common understanding of who needs to do what, and by when. The strategy should be measurable, sector-specific, and disaggregated from high-level political targets.”

Clemens Brenninkmeijer, Head of Sustainable Business Operations at Redevco, an urban real estate investment management company, agrees. “The need for deliberate actions and tangible results to significantly decrease emissions in the built environment is becoming more urgent for retail real estate managers every day. This report, funded through the Redevco Foundation, provides insight into where the retail real estate sector in particular stands, and what should be the next step.”

¹ https://globalabc.org/sites/default/files/inline-files/2020%20Buildings%20GSR_FULL%20REPORT.pdf



While this may seem evident, developing a forward-looking decarbonisation strategy for businesses amidst a changing policy landscape is not a simple exercise, says Joost Koomen, Secretary General of ECSP, the European Council of Shopping Places, representing retail and mixed use destinations and their communities.

“Aligning the broader long-term 2030 and 2050 goals with short to medium term investment decisions will be important, particularly in a rapidly changing industry that has been hit hard by the COVID-19 pandemic,” says Koomen. “Market actors urgently need to understand how to plan for the longer term while also ensuring stability within the short to medium term.”

As [BPIE’s analysis](#) shows, most of the risks associated with climate change are expected to appear in the medium to long-term and thus are not captured by the relatively short-term models used in most current risk management practices. Data gaps, confusion of metrics and protocols, as well as the particular nature of carbon risks could give rise to a collective mis-assessment by real estate markets.

BPIE plans to launch a decarbonisation vision and strategy with the European retail real estate sector before the end of 2021. Owners and asset managers from the sector are welcome to participate in workshops and provide input in its development.

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[More information](#)

[Read the report](#)

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About BPIE

BPIE (Buildings Performance Institute Europe) is Europe’s leading centre of expertise on decarbonising the built environment, providing independent analysis, knowledge dissemination and evidence-based policy advice and implementation support to decision-makers in the public, private, and non-profit sectors. Founded in 2010, BPIE combines expertise on energy efficiency, renewable energy technologies, and health and indoor environment with a deep understanding of EU policies and processes. A not-for-profit think-tank based in Brussels and Berlin, our mission is to make an affordable, carbon-neutral built environment a reality in Europe and globally.

Paris-Proof Retail Real Estate is an initiative of BPIE that aims to develop, support, and promote a forward-looking strategy to accelerate the transition to a climate-neutral retail real estate sector, with and for leading industry players, in line with the Paris Agreement objective.

The initiative is funded by Redevco Foundation, which aims to contribute to an increased understanding of and an accelerated transition to a more sustainable, low carbon and circular built environment. Redevco is a European retail and residential investment management company.