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# Real Estate Predictions 2022

Building a sustainable future together

**Real Estate on a mission to net zero**



# Building a sustainable future together

## Real Estate on a mission to net zero

In today's corporate world, sustainability is a key concept. It improves the quality of our lives and ensures harmony between humans and nature. It is well known that the Construction and Real Estate industry can play a significant role in the development of a more sustainable society. But it is also one of the sectors with a lot of unreleased potential. The advancement of sustainability in Real Estate provides a solid opportunity to tackle climate change's origins and consequences. How can the industry reduce its footprint?

An increasing focus on sustainability has affected and is currently disrupting the Real Estate industry. The regulatory landscape is in constant movement, and the branch itself has moved towards sustainable solutions, on the one hand by joint efforts through proptech communities, and on the other hand by in-house innovation measures. Here's a short overview of some of the key guidelines. The overview shows how the European Real Estate industry in general, and that of the Nordics in particular, are currently adapting to such guidelines.

### European Green Deal

Through the 2015 [Paris Climate Agreement](#), the international community has committed to limiting global warming by the end of the 21st century to less than 2°C, and if possible, to less than 1.5°C. This will require a tremendous effort of various stakeholders. To meet this overarching aim, the European Commission has adopted a set of policy initiatives known as the [European Green Deal](#). The goal of the European Green Deal is to ensure that Europe will be the first climate-neutral continent by 2050, with a 55% reduction in 2030. To achieve this ambitious goal, [the plan](#) will mobilize investments of at least €1 trillion over the next decade, while other new instruments will also be initiated.

### Real Estate and the EU Taxonomy

In this transition, Real Estate is recognized as a core industry across Europe. According to research by the [EU Commission](#), buildings are responsible for about 40% of the EU's energy consumption and 36% of greenhouse gas emissions from energy. To ensure that the industry is headed in the right direction, we need a common language and a clear definition of "sustainability". As a result, the EU has designed a common classification system for sustainable economic activities called "[EU Taxonomy](#)". The Taxonomy defines various criteria for activities such as constructing, renovating, acquiring, or owning buildings to be classified as "green". Although new buildings are often more energy-efficient than old buildings, the benefits of renovating existing buildings often outweigh those of new energy-efficient developments, in terms of costs. With major renovations, a building's final energy demand for heating can be reduced by [50 to 80%](#).

### Renovation wave in Europe

There are various solutions to increase green activities in Real Estate, such as promoting the use of renewable energy in buildings, or improving their energy efficiency. Since the EU expects that 85 to 95% of today's buildings will still be in use in 2050, renovating buildings and making

them as energy-efficient as possible is key in the fight against climate change. For example, Denmark and Sweden have one of the [highest shares of residential buildings](#) built before 1980. Accordingly, investing in the improvement of energy efficiency can significantly reduce the CO2 emissions of the properties. However, this means that renovation rates across Europe have to double in the next ten years.

The Nordic countries are experienced in reducing greenhouse gasses and they are willing to share their experiences with other countries. We have included some examples below.

### Norwegians are renovation champions

Typically, people in the Nordics spend a lot of time indoors due to the cold and dark winters. Norwegians have even invented a word for a cosy atmosphere at home: "koselig". Additionally, they have a lot of experience adapting to the cold climate in winter and being as resource-efficient as possible. This means that a lot of time is spent on renovating the house into a pleasant and energy-efficient apartment. Moreover, there are initiatives such as the [Nordic Energy Efficiency Hub](#) that promote energy-efficient renovations across the Nordics. Combining high renovation rates with energy efficiency is key in the transformation ahead.

### Renewable energy in the Nordics

The source of energy production is equally important as energy efficiency. As opposed to energy generated from fossil fuels, energy from renewable sources doesn't produce any greenhouse gas emissions.

[Statistics for renewable energy in Europe](#) show that the Nordic countries are leading the change. Renewable energy is often cheaper to produce than fossil fuel power, and the use of renewable energy offers the direct benefit of reducing greenhouse gas emissions linked to the buildings. Players in the Real Estate industry should actively look for opportunities to add [renewable energy](#) technology to properties undergoing redevelopment or expansion.

### Key instruments for a sustainable future

The transformation of our economy towards a greener future is an enormous challenge that requires tremendous efforts from all stakeholders. The Real Estate industry plays a vital role in promoting a green transition. People are faced with the triggered changes in Real Estate every day. We have a long journey ahead of us, a marathon towards climate neutrality to achieve a sustainable future. The renovation of buildings and renewable energy use will be key instruments in this transformation.

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