Leaders of the Urban Future (LOTUF) in partnership with Systemiq

Seeing is Believing: Unlocking the Low-Carbon Real Estate Market

The LOTUF project investors, now part of GREEN (Global Real Estate Engagement Network) **have worked with Systemiq and industry-wide stakeholders to put forward:**
(1) a set of **best practice principles and levers** underpinning real estate decarbonisation, **(2)** a **"North Star"** for unlocking the low-carbon real estate market, and **(3) key actions** for each stakeholder group to help us get there.

1 How to decarbonise real estate: key principles and levers

Cover all building emissions (scope 1-3)	Cover **whole life emissions** (operational and embodied carbon)
	Cover **whole building emissions** (owner and tenant spaces)
Set ambitious goals	Set targets informed by industry-backed **1.5°C pathways**
Mitigate effectively	Use **energy efficiency** as a key mitigation lever for operational carbon *alongside* **electrification and renewable supply**
	Prioritise abatement over offsets to hit targets; offsets can help *go beyond*

Three key decarbonisation levers for investors

Reduce energy demand	Decarbonise energy supply	Build and renovate smarter
KPI: energy use intensity **kWh/m²/yr**	KPIs: (1) operational **kgCO2e/m²/yr**; (2) % on-site combustion	KPI: upfront and in-use embodied **kgCO2e/m²**
Maximise energy efficiency of new and standing buildings	Electrify building heating and cooling	Improve efficiency and circularity of materials through e.g. better design
Change consumption patterns in owner-operated spaces	Use buildings for energy generation and storage	Use lower carbon or alternative materials, and reduce waste
Influence tenant consumption patterns		

Beyond value chain mitigation	Carbon offsets (purchased in the form of credits)
	Buildings as a system enabler (e.g. energy load optimising capacity)

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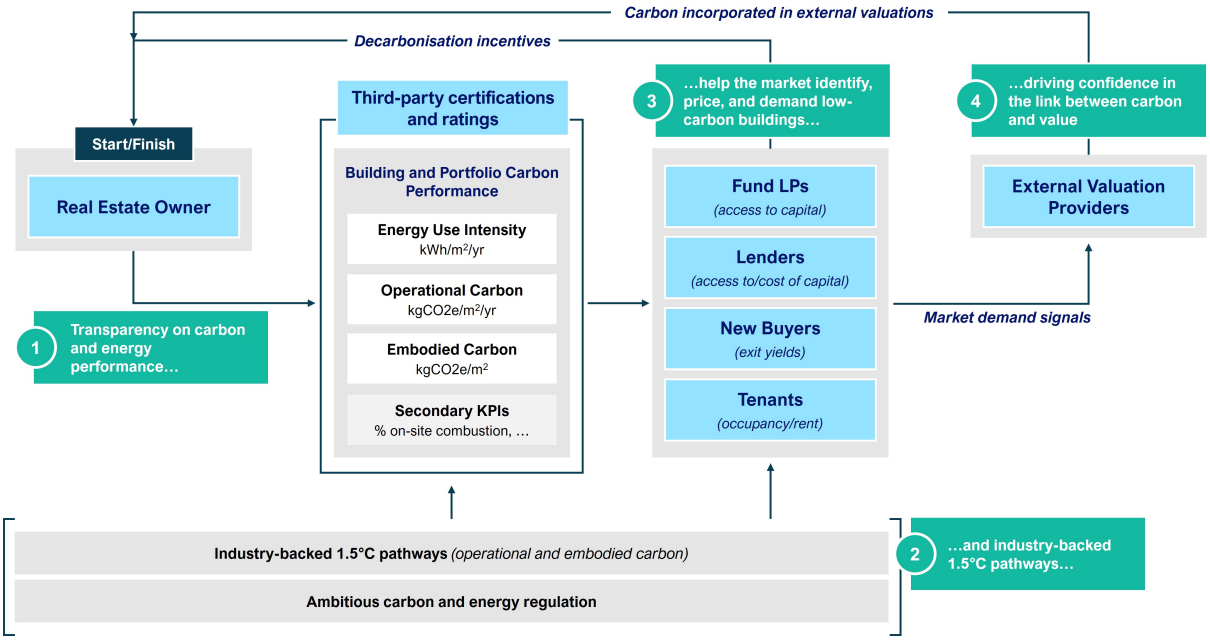
2 The North Star: transparency is key to unlocking the low-carbon real estate market

We need a real estate market where carbon and energy data are shared and used like financial data to inform decision-making

Carbon and energy performance transparency – underpinned by consistent metrics, industry-backed pathways, and certifications/ratings – **enables the market to identify, price, and demand low-carbon buildings and portfolios.**



3 How to get there: drive data sharing and align targets

The market is not demanding and supplying consistent carbon/energy data. Major certification and ratings do not *yet* provide performance transparency nor have clear targets informed by 1.5°C pathways. These pathways also need further refinement.

Progress requires action from all sides…

Lenders, tenants, investors, and fund managers	Certifications and ratings	Standard-setters and pathway developers	External valuation providers	Policymakers
Demand – and incorporate – carbon and energy performance data	Greater transparency on targets and actual performance; targets informed by (or better than) 1.5°C pathways	Multi-stakeholder effort to align around and improve sector 1.5°C pathways	Incorporate carbon and energy performance data into assessments	Introduce ambitious, performance-based regulation and help drive data sharing

…and real estate owners can play a crucial role

1 Stimulate demand	2 Drive better ratings tools	3 Facilitate data sharing	4 Advocate for policy
Demonstrate to lenders, tenants, and other investors they should be demanding low-carbon buildings and performance data	Use certifications and ratings that offer transparency and reflect 1.5°C (or better) ambition	Facilitate transparency by sharing and demanding performance data	Make the case to policymakers for more ambitious regulation (performance-based, help drive data sharing)