DEEPKI PUBLISHES LATEST ESG INDEX REVEALING IMPROVEMENT IN ENERGY PERFORMANCE ACROSS EUROPEAN REAL ESTATE

- Deepki's 2024 ESG Index provides key insight into the energy consumption and carbon emissions of Europe's real estate stock
- France, Spain and Italy all show strong progress in real estate energy efficiency
- Germany and the UK lag behind in terms of CO_2 emissions

Paris, 12th November 2024 - Deepki, the complete, market-leading ESG platform for real estate, has today published its annual ESG Index. The Index is Europe's first publicly available benchmark of the environmental performance of real estate, using real consumption data and recently audited by a Big Four firm. This third release follows months of collaboration with external auditors to ensure the full transparency and statistical reliability of the methodology developed by Deepki's internal scientific committee. The Index enables real estate actors to track changes in the energy consumption and carbon emissions of European building stock across six major countries and regions in near-real time, based on a sample of over 400,000 assets.

Key findings from the ESG Index

Europe's energy performance continues to improve year-on-year

Europe's real estate stock has shown year-on-year improvement in terms of final energy performance. The analysis reveals that most typologies studied – logistics, offices, housing and health - have successfully reduced the energy consumption of their real estate stock by a range of 3% to 13%. According to Deepki's analysis, this can be largely attributed to rising energy prices across Europe in recent years.

The only exception is the hotel sector, which has seen a 24% increase in energy consumption since 2021 due to a continued rise in activity, essentially due to the sector's recovery post-pandemic. The sector's increased energy consumption emphasizes the need to further adapt practices in response to changing market conditions.

Country-specific trends in energy consumption

France

France emerges as a leader in energy efficiency, particularly in the multi-family housing sector, which saw a 5% drop in energy consumption year-on-year. France's improvements are widespread across multiple sectors, including retail, which reports a 12% reduction in energy use. Furthermore, French building stock is among Europe's lowest emitting in terms of CO_2, with buildings averaging between 7.6 $kgCO_2eq/m^2$ for logistics and 24.1 $kgCO_2eq/m^2$ for health. This is largely due to France's greater dependence on nuclear energy.

United Kingdom

The UK continues to face considerable challenges with the highest energy consumption per square meter amongst the European countries analyzed. Despite this, last year the UK reported a decrease in its energy use across most of the sectors monitored, which Deepki suggests may be attributed to high energy costs[1] and increased regulatory scrutiny. The country's real estate sector remains one of the largest CO_2 emitters, with buildings averaging between 23.7 $kgCO_2eq/m^2$ for logistics and 56.7 $kgCO_2eq/m^2$ for hotels, signaling a critical need for more focused energy reduction strategies and investment in a cleaner energy mix.

Germany

Germany's real estate sector has observed a significant improvement in its energy efficiency, with a 14% reduction in office energy consumption. However, the country also needs to address its CO_2 emissions, with buildings averaging between 29.1 $kgCO_2eq/m^2$ for housing and 66 $kgCO_2eq/m^2$ for hotels, due to its shift from a nuclear to a fossil fuel-based energy mix.[2] Germany will need to continue making a strategic shift towards greener energy sources to enhance sustainability metrics and drive long-term environmental improvements.

Italy

Italy has made exemplary progress with major reductions in its energy consumption across both hotel and housing sectors, which have seen year-on-year decreases of 9.4% and 7.4% respectively. According to Deepki's analysis, these reductions may have been achieved as a result of proactive policies and significant investment in renovations that have focused on improving energy efficiency, although these factors should be considered over a matter of years. However, like Germany, Italy will need to make improvements in the logistics sector with high CO_2 emissions, averaging 27 $kgCO_2eq/m^2$.[3]

Spain

Spain's building stock records the lowest energy consumption across most typologies, compared to other countries monitored, with considerable reductions in energy use reported across logistics (-9%) and healthcare facilities (-9%). Effective policy implementation and a strong emphasis on renewable energy adoption has resulted in consistently low CO_2 emissions, which helps to position Spain as a model for other EU nations in the pursuit of greener real estate practices.

"*Now in its third year, our ESG Index provides a valuable benchmark and reference point for the real estate industry. This year, we have worked with auditors to verify our methodology and ensure complete transparency*", said **Vincent Bryant,** CEO and co-founder **of Deepki**. "*We are able to track energy performance and carbon emissions with unprecedented precision in near-real time. Not only does this give the industry clear insights into where improvements are needed, it also offers a compass for where future investments should be focused*."

[1] https://commonslibrary.parliament.uk/research-briefings/cbp-9714/
[2] https://www.iea.org/countries/germany/energy-mix
[3] https://www.iea.org/countries/italy/energy-mix

Bryant continues: "*The energy improvements we have observed over the past three years will not be sustainable without comprehensive renovation strategies and shifts in energy use habits. There is a critical need for substantial investments in energy efficiency, and achieving net-zero will depend on ongoing commitment and strategic actions across the European real estate sector.*"

"*The ESG Index and its findings have proved vital in shaping our in-house ESG assessment framework, which has become a mandatory assessment for all new acquisitions and standing investments. It is important for us to understand our portfolio's energy performance in relation to that of its peers. The journey to net zero requires significant and sustained investments in building upgrades and energy efficiency,*" commented **Aneta Rusiniak**, Director - ESG at **Invesco Real Estate**. "*The difficulty is knowing where to direct that investment, and tools like the ESG Index allow us to understand which of our assets are underperforming, according to their location and typology. This is essential insight.*"

About the ESG Index

First published for regulatory purposes, Deepki's ESG Index has now evolved into a vital tool that helps decision-makers combat climate change by benchmarking themselves against the environmental performance of their peers, according to asset type and location. The Index gives values for the average, top performing 30% and top performing 15% in terms of final energy, primary energy and CO_2eq emissions for different typologies across the real estate sector in the UK, France, Germany, Benelux, Italy and Spain, equipping companies to align with regulations such as the European Taxonomy.

The publication of Deepki's latest ESG Index findings marks three years since its launch as the first publicly available European benchmark measuring real estate's environmental performance using real data. Following its initial publication, it was positively received by the market, which was lacking a common framework in order to tackle the challenges brought about by tightening regulations, such as the SFDR.

In order to redirect investment flow in line with the 2050 net zero target, the European Commission has detailed certain performance criteria in the EU Taxonomy. According to these criteria, buildings in the top 15% of the national or regional building stock in terms of primary energy intensity will be considered sustainable investments and serve as a benchmark for the entire sector, while buildings in the top 30% are seen as doing "no significant harm".

The newly published Index shows that the evolution of the UK and Europe's commercial real estate sector's ESG performance varies from year to year depending on the typology, with housing, offices, healthcare and retail seeing a drop in final* energy consumption, in contrast to hotels, which have increased, while logistics remains stable.

Visit the [ESG Index website] to consult all values from the 2024 update.

Notes to the editor

The ESG Index serves as a benchmark for assessing the energy and carbon performance of commercial properties. It provides a reference for the performance of buildings within Asset Managers' portfolios.

The ESG Index bases its results on the continuous study of data monitored by the Deepki platform, from 2023, 2022 and 2021. The benchmark is updated annually and represents a true reflection of the European market and its systemic evolutions, with historic results being updated with each release, to take into account new, previously unavailable data.

*Final energy consumption: Final or available energy is the energy delivered to consumers for end consumption (petrol at the pump, electricity in the household, etc.).

** Primary energy consumption: Primary energy includes all energy products not transformed, directly exploited or imported. It mainly includes crude oil, oil shale, natural gas, solid mineral fuels, biomass, solar radiation, hydraulic energy, wind energy, geothermic energy and the energy taken from uranium fission.

Source: www.insee.fr

ESG Index partners

The ESG Index was established in partnership with the IEIF (Institut de l'Epargne Immobiliere et Fonciere) to help real estate players understand the performance of their assets and meet the challenges of the EU Taxonomy. It is now recognized at a European level thanks to backing from the German Sustainable Building Council (DGNB) and the Royal Institution of Chartered Surveyors (RICS), both of whom support the establishment of a common standard. It represents the first European benchmark measuring real estate's ESG performance based on real consumption data.

About Deepki

Founded in 2014, Deepki has developed a complete ESG platform for real estate that harnesses data to guide companies in their net zero transition, from data collection through to reporting, the definition of ESG (Environmental, Social and Governance) strategies and the implementation of decarbonization pathways. The SaaS solution leverages audit-ready data and virtual retrofitting capabilities to improve assets' ESG performance and maximize asset value, while ensuring compliance and facilitating access to capital.

Deepki operates in over 65 countries, with over 400 team members across offices in Paris, London, Berlin, Milan and Madrid. The company serves clients including Generali Real Estate, SwissLife Asset Managers and the French government, helping to make their real estate assets more sustainable at scale.

In March 2022 Deepki raised €150 million in a Series C funding round. Since then, Deepki has carried out strategic acquisitions including that of its principal UK-based competitor, Fabriq, and embodied carbon SaaS solution, Nooco. In March 2024, Deepki won the Compliancy Award for the best solution that complies with regulations, at the Global ESG Awards. In 2023, Deepki established a global partnership with CBRE, and joined PGIM's unique innovation lab, "Real Assets X". The company recently received the ISAE 3000 type 1 attestation, guaranteeing the credibility and accuracy of its data collection process, making it fully auditable and providing the same high quality standards as financial reporting.

For further information about Deepki's complete ESG platform, visit deepki.com.

For further information, please contact:
Clare Anderson
Email: clare@andersoncommsconsultancy.com
Mobile: +44 (0) 7958 665 883