



## EUROPEAN COMMERCIAL REAL ESTATE FACES STRANDED ASSET TIME BOMB, ACCORDING TO NEW RESEARCH BY DEEPMKI

- **94% of respondents** face a high level of **financial risk** from stranded assets
- **Over half** of respondents acknowledge that **30% or more of their assets are currently stranded**
- **Retail and industrial** sectors face **greatest stranded asset risk**

Paris, 19th June 2024 – New research by [Deepki](#), the market-leading ESG data intelligence firm, which surveyed over **250** senior **European commercial real estate asset managers** from institutions in the UK, Germany, France, Spain and Italy, with an estimated combined AUM of €226.3 billion, reveals that the financial threat managers face from holding commercial real estate that fails to make the energy efficiency grade is all too real. **Almost all survey respondents** (94%) cited that the level of **financial risk** faced by organizations was **high in terms of brown discounting** and asset attractiveness. The level of financial risk faced by organizations was high either in terms of **reduced asset value**, or from difficulty finding tenants willing to rent properties with sub-standard ESG credentials, which creates longer void periods and vacant buildings.

If the world is to meet its net zero emissions targets by 2050, the real estate sector must take urgent and decisive action to bring about significant change. Over half of respondents claim that **over 30% of their assets are currently stranded**. These are buildings that have lost their value due to poor energy performance.

The financial pressure posed by underperforming assets looks set to continue, with **half of respondents** saying that a further 20-40% of their **real estate portfolios are at risk** of becoming stranded assets in the next three years.



The majority of the commercial real estate asset managers and owners surveyed agreed that it was a management team priority to focus on reducing, mitigating, or limiting the financial risk of these buildings, with 15% describing it as an extremely high priority, 59% said it was quite a high priority and 26% said it was a medium priority.

The sectors facing the greatest risk of stranded assets are **retail**, according to 29% of respondents, followed by the **industrial sector** (26%), **offices** (13%), **healthcare** (10%) and **residential** (9%).

**Commenting on the research findings, Vincent Bryant, CEO and co-founder of Deepki, says:**

*"The European commercial real estate sector faces a stranded asset time bomb due to much stricter energy regulations and commitments to hit fast-approaching net zero targets. The lack of a clear net zero trajectory - or commitment to implement one - acts not only as a barrier to accessing capital, but also impacts property valuation. Our research shows that many asset owners and institutional investors do have a strategy in place to address the problem, but success is dependent on auditable and reliable data, KPIs and reporting. This is why Deepki decided to obtain the ISAE 3000 attestation, on top of its automated data collection capabilities, data quality check processes and algorithms, and PCAF-proofed AI-based estimations."*

Deepki is the first ESG SaaS provider for real estate to obtain an ISAE 3000 type 1 attestation to ensure audit-readiness. This gives assurance of all quality control processes, which are essential to support clients in providing reliable ESG indicators.

**Notes to editors**

Research conducted by Pureprofile in January 2024 with 253 director-level/C-suite individuals working for pension funds, insurance asset managers, fund managers, banks and institutional investors in the UK, France, Germany, Spain and Italy (a minimum of 50 respondents per market) who are actively involved in managing the commercial real estate portfolio or the running of a real estate investment fund/portfolio.



## **About Deepki**

Founded in 2014, Deepki has developed a SaaS solution that uses data intelligence to guide real estate players in their net zero transition. The solution leverages customer data to improve assets' ESG (Environmental, Social and Governance) performance and maximise asset value. Deepki operates in over 60 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. Deepki now monitors over 1.5 million assets around the world, helping its customers to align with the Paris Agreement by reducing their CO<sub>2</sub> emissions by 5% each year.

In March 2022 Deepki raised €150 million in a Series C funding. Since then, Deepki has carried out strategic acquisitions including that of its principal UK-based competitor, [Fabrig](#), and complementary SaaS solution, [Nooco](#). In March 2024, Deepki won the Compliancy Award for the best solution that complies with regulations, at the Global ESG Awards.

For further information about Deepki's end-to-end ESG solutions, visit [deepki.com](https://deepki.com).

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