European Property Asset Managers Doubtful Over Carbon Emission Reduction Targets

Just 5% Of Commercial Real Estate Asset Managers Across Five Countries Think Vast Majority of Portfolios Will Meet Target

Deepki CEO Vincent Bryant has encouraged assets managers to identify their carbon emissions. (Getty Images)

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Nearly all commercial real estate assets will miss their carbon emissions reduction targets for 2030, a study of 250 European asset managers suggests.

Just 5% of commercial real estate asset managers across five countries thought 81% to 99% of portfolios would meet a target set by the European Commission to cut greenhouse gas emissions by at least 55% before 2030, according to a poll conducted by ESG data intelligence firm Deepki found.

Optimism for hitting targets improved when looking at smaller proportions of the real estate holdings, with 40% of respondents saying they expected between 41% and 60% of their commercial real estate assets would reduce carbon emissions by 2030.

Almost a quarter believed between 61% and 80% of their commercial property investments would have reduced their carbon emissions by 50% by 2030.

European asset managers were equally as pessimistic about longer-term targets as 7% said their property portfolios would be net zero by 2050.

One quarter of asset managers did, however, indicate that between 61% and 80% of their commercial real estate portfolios would be net zero by the 2050 deadline. This increased again to more than a third who expected between 41% and 60% of their property investment would achieve the environmental goal.

Deepki CEO and co-founder Vincent Bryant said: "We are in the midst of a climate emergency and the real estate sector is responsible for 37% of global CO_2 emissions. The pressure is on commercial real estate managers across Europe to reduce carbon emissions across their portfolios.

"It is essential that asset managers identify the source of their emissions, and demonstrate that they are taking effective action to meet the 2030 and 2050 targets."

The government appears to be stepping up its carbon emission reduction goals with The Telegraph reporting that landlords will be blocked from letting properties unless they upgrade them to meet net zero energy efficiency targets within five years, or by 2028. Buy-to-let investors could also face huge bills for retro-fitting properties, The Telegraph added.

Earlier this month research from flexible offices adviser Instant Group and flexible offices group InfinitSpace found that almost half of UK landlords believe the office market is lagging other areas of the property sector in implementing and adopting environmental policies.

The research, conducted independently by Censuswide, also found a clear correlation between occupancy and level of sustainable practice. Of those with the most robust set of suitability policies, 56% had offices with an occupancy greater than 70%.

Deepki is a specialist in ESG and data intelligence solutions for environmental transition in the commercial real estate sector, with more than 1.3 million assets under management in all asset classes.

The firm has worked with clients including Generali Real Estate, SwissLife Asset Managers and the French government.

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