

Time over for greenwashing

Climate Protection is a task for society as a whole, which is also increasingly reflected in the legal framework for the economy in Germany. The real estate industry has a special responsibility in this regard: the building sector contributes around 35 per cent to final energy consumption and around 28 per cent to CO₂ emissions. In order to achieve the specified climate protection targets at portfolio level, HIH Invest's asset management is developing strategic measures with the aim of reducing CO₂ consumption on a portfolio-wide basis, increasing energy efficiency and conserving resources.

HIH Invest is in close exchange with industry associations and scientific initiatives. The question that concerns us: How can real estate companies make their contribution to climate protection across sectors and beyond national borders? In this interview we speak to Professor Dr Sven Bienert, Head of the Competence Centre for Sustainability in the Real Estate Industry at the IREBS Institute of the University of Regensburg, who examines the role of the real estate industry in the context of the climate and social changes taking place from a scientific and practice-oriented perspective.

Professor Bienert, is the real estate industry aware of its responsibility for climate protection?

The days when "greenwashing" was enough are simply over and even the last institutional market participant has set off. Climate risks, regulation and changing market demand - the pressure to act is now coming from all sides. Especially the legal requirements based on the EU Disclosure and Taxonomy Regulation, but also the CO₂ pricing in Germany were massive drivers here. In addition, we now recognise another force in the real estate sector that supports decarbonisation efforts: Banks and other financial institutions providing debt capital to the market are increasingly demanding clarity on the emissions being financed - impacts on loan prices and lending can soon be expected. It is now essential for investors to have a clear sustainability strategy.

By 2045 at the latest, the entire building stock in Germany must become climate-neutral. What fields of action do you see to reduce the CO₂ consumption of real estate?

There is particularly great potential in older existing buildings. 80 percent of the buildings we will be using in 2045 are in fact already built. Common measures are the relationship of green electricity, water saving devices and waste reduction. In addition, owners can invest in a new sustainable heat supply system, install photovoltaic systems and switch to sustainable refrigerants in air conditioning systems. However, the recording of consumption data is of particular importance. In the meantime, there are numerous providers who support digital data management and evaluation. In this context, it is more challenging to obtain data from the tenants, to whose consumption data the owners usually do not have access. For this reason, green leases and the installation of smart meters are becoming increasingly important.



Consumption data is the key. But how do asset managers like HIH Invest evaluate this data for their climate protection goals?

At IREBS, we have developed the Carbon Risk Real Estate Monitor (CRREM) together with an international consortium, which investors, asset managers and other stakeholders use to determine the CO2 emissions of real estate portfolios and assess the extent to which these are in line with the Paris climate protection targets. The tool converts the consumption of different energy sources and F-gases at property level into greenhouse gases and compares them with climate protection-compliant decarbonisation paths up to 2050. The tool also reveals when properties lose their marketability due to excessive CO2 emissions, i.e. when they are in danger of becoming stranded assets. The tool thus shows when investments in improving the CO2 balance are necessary at the latest.

How can climate protection be reconciled with social aspects, above all the question of creating affordable housing?

The real estate sector has to make its contribution in terms of reduced CO2 consumption; companies have recognised this and have adapted their business strategies and risk management accordingly. But it is also clear to the market participants that the social component must not be disregarded: specifically in the residential sector, it must be ensured that the already high rents are not driven up further. Ecological goals must not be achieved at the expense of the affordability of the rented housing stock.

Here, politics is called upon to create incentives to mitigate the tenant-landlord dilemma, which weighs particularly heavily due to the moderate German ownership rate. The social issue also includes mobility concepts and urban development, where the real estate industry actively cooperates with municipalities, for example, to mitigate the urban-rural divide.

Thank you very much for the interview, Mr Bienert.

Contact Persons for Inquiries

HIH Real Estate GmbH
Sandra Quellhorst
squellhorst@hih.de
+49 (40) 3282 3393

HIH Invest Real Estate GmbH
Iris Hagdorn
ihagdorn@hih.de
+49 (40) 3282 3696



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HIH Invest Real Estate (“HIH Invest”) is one of the leading investment managers for real estate in Germany and elsewhere in Europe. We find, develop and control real estate and investments under a forward-looking approach in the best interest of our clients. Decades of experience, close proximity to real estate markets and tight networking enable us to identify real estate opportunities and to act on them quickly during the right market cycle.

Around 260 institutional clients entrust their investments to HIH Invest. They benefit from the structuring, product development, property management and market development specialists we make available for the purpose of developing just the right investment solutions for them.

HIH Invest maintains a presence in ten different locations across Europe. As part of the HIH-Group, we cover the entire real estate investment value chain with in-house capacities. The early recognition of market changes, the implementation of regulatory requirements and forward-looking digital management are part of our corporate philosophy.

At the moment, we have 16.4 billion euros worth of assets under administration in 90 investment funds.

For details, visit the company homepage at: www.hih-invest.de