

SUSTAINABILITY SERIES



ESG Property Investor Survey

2025

A unique research survey providing valuable insight into how ESG trends are shaping property investment decisions

knightfrank.com/research/esg



The quick take

A year and a half since our inaugural ESG Property Investor Survey and with a shifting landscape, our 2025 edition shows that ESG remains central to both investment and operational strategies. Driven by the prospect of enhanced returns, as well as net-zero requirements, ESG due diligence is embedded in investment decisions and informing action

KEY TAKEAWAYS

63%

state that financial performance remains a core ESG driver

Recognising the role of ESG in creating and preserving value, enhanced returns are cited by 63% of investors as a driver for ESG strategy implementation – rising to 77% by AUM. Finance will continue to play a role, with 41% recognising the ability to secure funding as a motivation for ESG due diligence and approaches (see [page 4](#) for analysis), which may grow as the sustainable finance sector matures.

69%

driven by net-zero commitments, as stakeholder expectations set the ESG agenda

Internal net-zero commitments continue to drive ESG investment, with 69% of respondents citing them as key motivators. While disclosures play a role in transparency, ESG policies and commitments shape procurement and investor expectations in response to growing demand for sustainable practices, making net-zero policies essential to stay competitive, with real estate playing a role in delivering these, see [page 5](#).

76%

focus on retrofit as the dominant ESG property strategy to drive returns

Retrofitting leads as the primary ESG-related investment approach, with 76% of respondents prioritising upgrading existing assets – rising to 80% among APAC investors. In tandem, 62%, are actively seeking poor-ESG assets to improve. Financial incentives drive much of this, with around two-thirds targeting higher rental values and just over 70% aiming for higher exit values, rising to nearly three-quarters and over 80% respectively for value-add investors (see [page 6](#)).

77%

assess capex requirements pre-acquisition as data-driven ESG due diligence grows

More than three-quarters of investors assess minimum capex requirements before acquisition, rising to 89% for institutional funds and 94% for those with mainland European assets. ESG due diligence is increasingly data-driven, with 55% using CRREM to assess 'stranding dates', liquidity risks, and 48% requiring whole-building energy data. Understanding asset complexities and planning contingencies is key to avoid underestimating financial impacts and managing risk – key considerations explored further on [page 9](#).

29%

prioritise renewables, but on-site adoption remains low

Despite growing interest, with 29% requiring some on-site provision for acquisition, renewable energy adoption lags, with 59% of investors reporting that less than 10% of assets using renewable power. Among those with provisions, 26% include renewables in rent, and 26% use PPAs. In Europe, new buildings must be solar-ready from 2027, and major refurbishments from 2028, setting a new baseline. Bridging the gap between ambition and action can unlock cost efficiencies, increase resilience, and meet evolving occupier and regulatory demands (see [page 11](#)).

48%

measure social impact, but frameworks remain inconsistent

While 76% of investors consider social value in decision-making, only 48% have a framework to measure and guide their efforts. Despite growing awareness, just 33% plan to introduce a social impact framework in the next three years, while half remain unsure. As explored on [page 12](#), challenges stem from the lack of standardisation and the difficulty of quantifying social impact financially. Aligning strategies and standardising measurement could help future-proof assets as social value gains traction.

About the survey

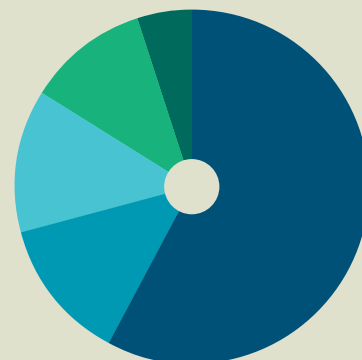
Following our initial survey in 2023, which focused on ESG and property investments in the UK and Europe, we conducted a second iteration at the end of 2024 with a global scope. This updated survey gathered responses from 40 investors between November and December 2024, representing assets under management totalling some £300 billion.

Who responded: Institutional funds – including asset and investment managers, pension funds and insurance companies – make up the largest group, 58%. REIT/ listed real estate and private investors (HNW and family offices) each represent 13% of respondents with the remainder in private equity (11%) and other (5%).

Fig 1: The who

Q: Please select the option that best describes the profile of your organisation, % of respondents

Institutional Funds	58%
REIT / Listed Real Estate	13%
Private Investor (HNW / Family Office)	13%
Private Equity	11%
Miscellaneous/Other	5%

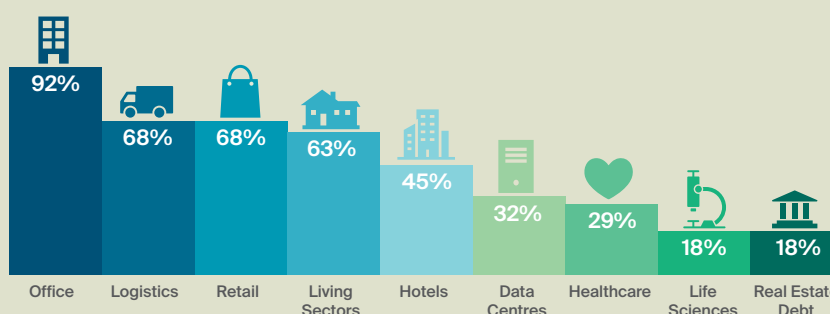


Source: Knight Frank Research

Where they invest: Offices remained the dominant focus, with 92% of respondents currently investing in these assets. Logistics and retail were the second most dominant sectors (68%), followed by living sectors (63%), with hotels (45%) rounding out the top five.

Fig 2: The what

Q: Which real estate sectors do you currently invest in? % of respondents

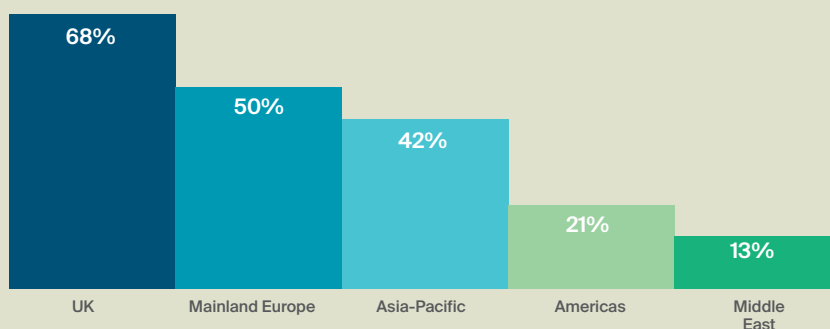


Source: Knight Frank Research

Global reach: Some 68% of respondents hold direct assets in the UK, with significant representation from those holding assets in Asia-Pacific (APAC) (42%), mainland Europe (50%), and the Americas (21%). A separate survey was launched in the Middle East, representing 13%, with similar questions to highlight the attitudes.

Fig 3: The where

Q: In which regions do you currently have direct real estate assets in? % of respondents?



Source: Knight Frank Research

Please note: The statistics presented in the survey reflect the proportion of respondents who selected each answer relative to those who responded to each question. Not all respondents answered every question. Additionally, some totals may not equal 100% due to rounding or the inclusion of 'other' options.

Driving decisions

Identifying the motivating factors for embedding ESG in property investment can help to understand market directionality. Financial returns and market forces remain key drivers, meaning the implementation of ESG factors is unlikely to waver

ENHANCED RETURNS AND FINANCIALS PROMINENTLY FEATURE

ESG's original intended purpose – a framework for risk measuring and management, and by virtue a key lever for value preservation and creation – remains central, with 63% of respondents citing enhanced returns as a key incentive for ESG property investments. This rises to 77% when measured by AUM. Indeed, our research shows green-certified buildings command *sales premiums of up to 18%* in London, Sydney, and Melbourne.

This enhanced value can be a reflection of both rental and yield effects through possibly lower risk premiums, driven by improved liquidity, investor and tenant demand, and reduced obsolescence risk.

Investors are embedding ESG strategies to understand, measure, and

mitigate risks, including obsolescence, as detailed in our *Meeting the Commercial Retrofit Challenge Part 1*. Given the long investment horizons, ESG investing strategies for real estate are about future-proofing to create and preserve value.

FINANCE SPURRING ACTION

Access to finance is a growing critical factor in ESG due diligence and strategy, cited by 41%, and as the third highest factor for those with assets in the Middle East. Given that banks are increasingly required to assess climate risk and financed emissions, lending on 'brown' assets or those that are poor ESG-performing', and importantly without a pathway to sustainable improvement, may be subject to more scrutiny and investors are considering their portfolios with this in mind.

The ESG criteria of an asset may also

indirectly affect access to finance with insurance often a pre-requisite for lending and in some global locations, real estate is deemed 'uninsurable' given extreme weather instances.

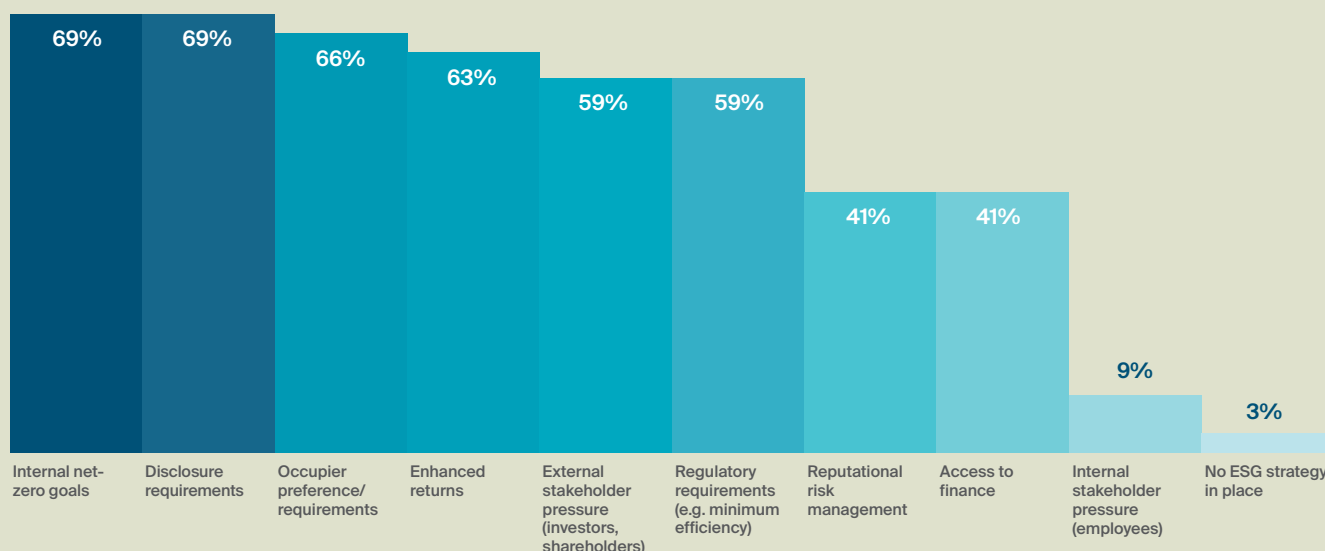
Yet, this market mechanism is still in its nascence and may not move to enforcement or global alignment. On the other hand, finance may be moving to incentivise 'green' investments with sustainability-linked loans, which include KPIs in relation to ESG criteria, gaining traction. Just over half (54%)

54%

of respondents stated they had been offered a sustainability-linked loan

Fig 4: Deciding factors

Q: What is driving your ESG investment strategy and Due Diligence process? % of respondents



Source: Knight Frank Research

*e.g. SFDR, Statutory body mandate on disclosure of climate-related risks by fund managers, building energy performance disclosure, etc.



of respondents stated they had been offered a sustainability-linked loan, with 59% of those being offered a form of pricing reduction, typically margin reduction, once KPIs have been achieved. The implementation of the Sustainable Disclosure Regulations (SDR) in the UK and the maturing of the sustainability-linked loans could shape and drive this further.

NET-ZERO COMMITMENTS ARE STILL PRIMARY FORCES

While financial incentives matter, internal net-zero commitments, remain a core force behind ESG strategies. Assets which are more efficient and, therefore, likely to have lower emissions will be more aligned with net-zero goals, enhance reporting, and are likely to provide greater liquidity in future due to investor motivations.

Nearly 70% of respondents cite internal net-zero goals as key ESG drivers, rising to around 90% when measured by AUM. While disclosures play a role in transparency, particularly for larger investors, and may have initially advanced net-zero plans, internal ESG policies are now reshaping procurement, with growing customer and investor demand for sustainable and responsible practices making net-zero policies essential for competitiveness – regardless of regulation or disclosure requirements.

Disclosure requirements are particularly important for larger investors with European assets, where eight in ten cite them as a driver for ESG strategy. This is unlikely to wane as they will still be subject to disclosures under

the proposed changes under the EU Omnibus which is set to limit them for smaller businesses.

Demonstrating the power of market forces, in the Middle East where regulatory and disclosure drivers ranked slightly lower, sustainability initiatives are advancing, particularly in markets with national net-zero targets. Already half of the Middle East respondents have an ESG strategy in place, with an additional third planning to implement one within the next year. Likewise, half of the respondents consider ESG to be “very important” in real estate investment decisions within the Middle East region, largely driven by internal sustainability commitments and the desire to secure a competitive edge and maximize value creation.

Looking ahead, evolving regulations – from the European Performance of Buildings Directive (EPBD) to the UK’s Minimum Energy Efficiency Standards and disclosure requirements, such as mandatory ESG reporting requirement for companies listed on the Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX) – will influence real estate strategies across regions. Disclosure requirements, whilst they may be simplified and consolidated, are unlikely to significantly shift priorities given the other market forces influencing strategy.

STAKEHOLDER PRIORITIES

Other stakeholders also strongly shape the agenda. Some 66% of respondents highlighted occupier preferences, and 59% noted external stakeholder pressures as a key influence on their

ESG investment priorities. Institutional funds are more driven by occupiers, with 74% citing it.

Size and investment focus matters here. Some 88% of those primarily looking for value-add and/or opportunistic assets note external stakeholders as a driver. When looking at AUM, this accounts for just over three-quarters (77%). However, internal factors such as employee pressure appear to have less impact, with only 9% of respondents listing it as a key driver.

THE COST OF INACTION ALSO THREATENS

Extreme weather events are starting to impact both capital and operational expenditure (capex and opex). Over a quarter (28%) of respondents reported higher capex due to weather-related damage, while 34% noted increased opex from rising insurance premiums and energy costs.

Not only did 2024 mark the hottest year on record globally, breaching the 1.5-degree level, but it also marked the ninth consecutive year where global economic losses exceeded US\$300 billion, with insured losses of US\$145 billion, according to Aon’s 2025 Climate and Catastrophe Insight report, making it the sixth costliest year. Global insurance costs are rising, and some US locations are now uninsurable. Resilience is a theme we have been discussing in recent years and is likely to continue to rise up the agenda as climate-related events feed through to capex and opex.

The recognition of these trends and risks is critical for real estate investors to ensure liquidity and value as both capex and opex considerations can feed through to valuations.

Understanding the nuances of investor motivations and the way this is implemented as a strategy is required when positioning any asset. ESG in real estate assets is not solely about regulation but is being driven by several factors, including enhanced returns, occupier preferences and external stakeholders. These are unlikely to abate meaning that assets which are more efficient will likely remain more liquid.

Retrofit is the most prominent ESG strategy

The retrofit revolution is gaining momentum. There is still an opportunity as supply remains constrained for high quality and efficient assets in many markets

RETROFIT FIRST...

More than three-quarters, 76%, of respondents identified retrofitting existing assets as their primary ESG strategy in relation to property – a figure that has held steady since our last survey. The appetite is highest among those investing across the Asia-Pacific region (APAC), where 80% of investors cite this, compared to pan-European investors (73%). Some 91% of the AUM represented will be looking to implement upgrades for their portfolios. The opportunity to decarbonise the portfolio may, in part, be driven by internal net-zero goals, as a similar 90% cited this as a driver.

Interest in acquiring poor-ESG-performing assets for retrofitting is rising – 62% now cite this, up from 58% previously, with 75% of AUM aiming to execute this strategy. The supply, however, may be limited. Fewer investors (17% in 2025 vs. 22% in 2023) plan to dispose of poor ESG-performing assets, though institutional funds show a higher appetite (29%).

Identifying assets of opportunity for retrofitting will depend on determining the area's economic make-up – which we explore for the UK in the *UK Cities DNA series*, as well as sustainability considerations in the *Meeting the Commercial Retrofit Challenge series*.

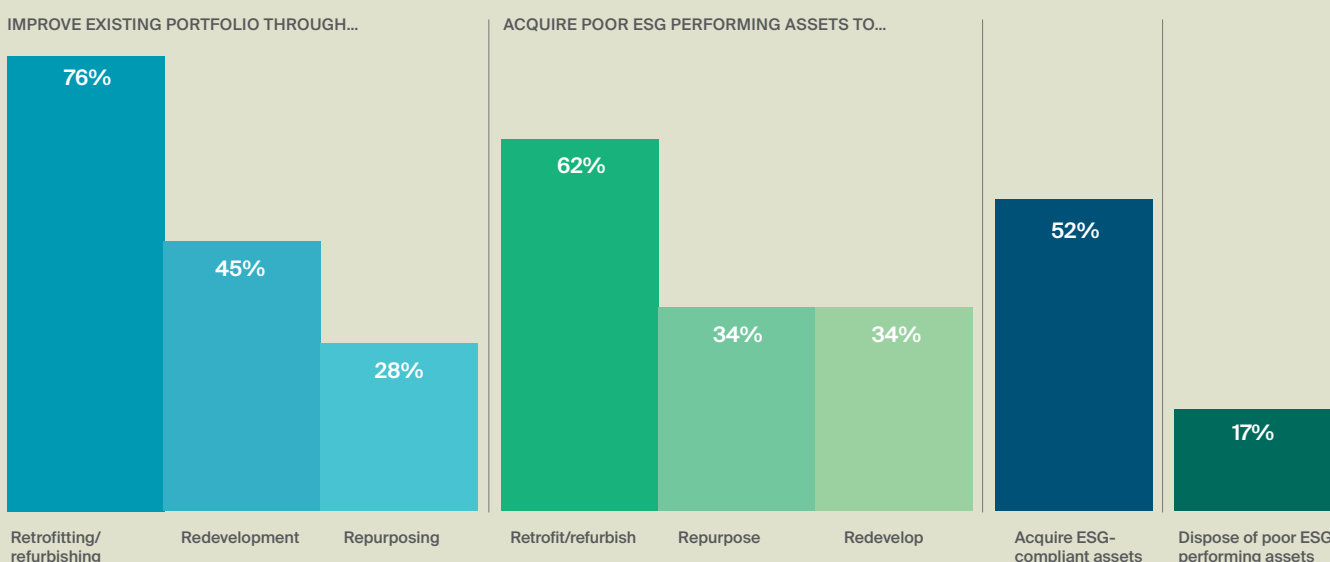
VALUES DRIVING DECISIONS

The financial appeal is clear: nearly three-quarters (71%) target higher exit values, around two-thirds (68%) seek higher rental income, and among value-add investors, 83% prioritise higher exit value. We look at the potential uplifts in *Meeting the Commercial Retrofit Challenge series*, which showed retrofitted assets narrowing the gap with prime London rents (+18 percentage points) and capital values (+19 percentage points).

Evidence of these strategies coming to the fore is reflected in capital allocation plans for the next 18 months. When asked the approximate

Fig 5: Setting strategies

Q: What is your ESG strategy in relation to property? % of respondents

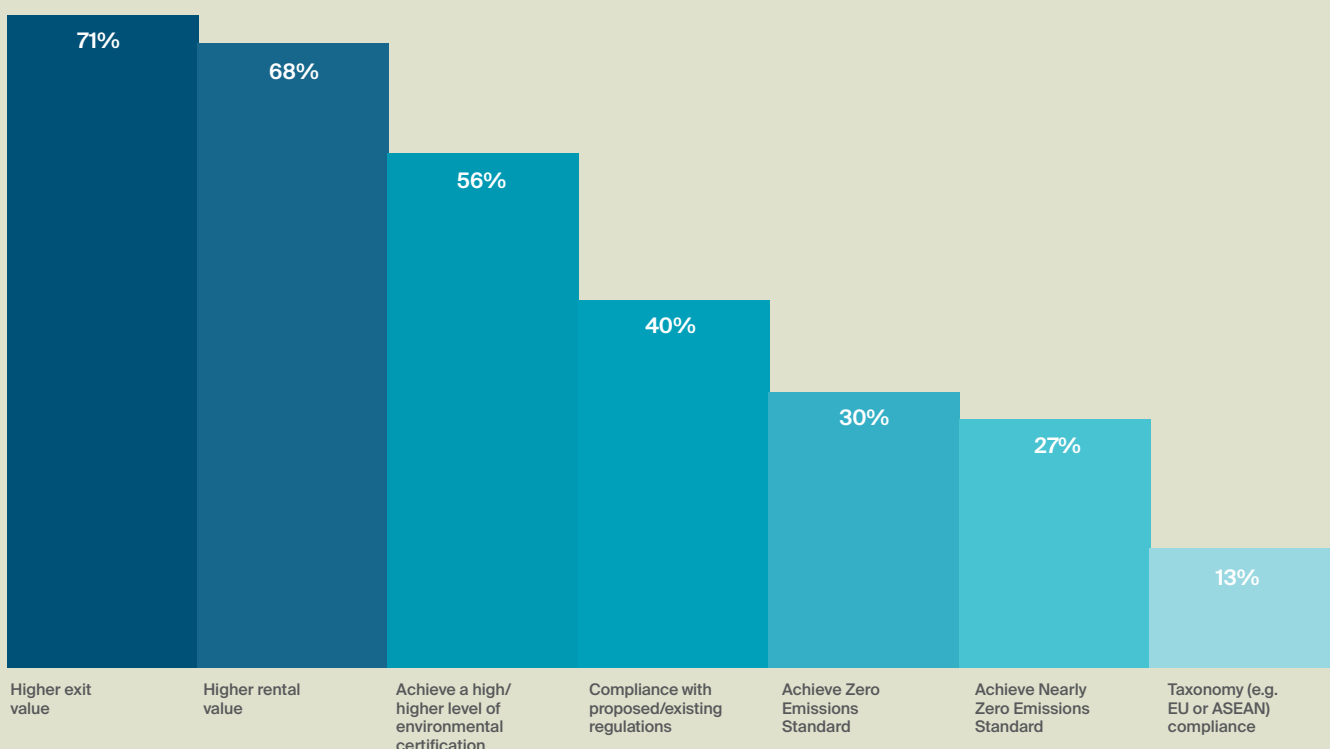


Note: Retrofit/ refurbishment refers to any intervention which improves the building's efficiency and may include amenity upgrades – from lighter touch interventions which may be possible to do with tenants in situ to more comprehensive and typically requiring vacant possession. Repurposing is defined as a change of use and redevelopment is demolish and rebuild.

Source: Knight Frank Research

Fig 6: Motivations

Q: What motivating factors would be most important for you when retrofitting/refurbishing a building? (Please select the top 3)



Source: Knight Frank Research

proportion of capital anticipated to be deployed to different strategies in the next 18 months, the average was 36% to value-add, with pan-European investors averaging 35%, outpacing APAC's 24%. The second highest strategy was core, with an average of 31%, followed by core plus with 23% and the remaining 10% for opportunistic strategies. London has become a key hub for value-add acquisitions, rising from 11% of office transactions in 2018 to 45% in 2024, totalling £2.8 billion last year. More broadly, PERE reports value-add as 2024's most popular fundraising strategy, accounting for 32%, up from 25% in 2023.

EFFICIENCY TARGETS

Beyond financial gains, in terms of efficiency targets, 31% seek zero emissions standards, and 28% seek nearly-zero emissions standards. These definitions are yet to be universally agreed upon, which can mean uncertainty in planning and

cost as goalposts shift. But the *Net Zero Carbon Building Standard* pilot in the UK is starting to add clarity. As energy use intensity (EUI) and efficiency become a metric for decisions, see **page 9**, the prominence and focus on energy data will likely grow, and therefore, implementing decisions to lower EUI could provide liquidity for assets.

Although there is a broad recognition of opportunity, constraining factors such as build costs and financing have been a stumbling block—both now levelling off after post-pandemic spikes. BCIS

forecasts a 3% annual rise in general building costs over the next three years (down from the previous 5%). In Europe, costs will ease but won't return to 2021 levels, according to Oxford Economics. Supply chains are improving, but labour shortages and energy costs remain challenges. On the financing side, interest rates are expected to decline over the medium to long term as central banks shift their focus toward economic growth. With these factors normalising, the momentum is likely to gather pace.

Retrofitting and refurbishing will remain key to future-proofing assets, aligning with regulatory, financial, and market demands. Stricter regulations are driving the need for energy efficiency as a baseline, and upgrading assets can enhance rental and exit values. The prominence and enduring demand for sustainable buildings, coupled with stabilising build costs and developing financial roles, support investment momentum.

76%

of respondents identified retrofitting existing assets as their primary ESG property strategy

REPURPOSING AND REDEVELOPMENT INTEREST RISING

Beyond retrofitting, a third of respondents (34%) are actively seeking assets to repurpose – changing their use entirely. Market appetite varies, with 47% of APAC investors favouring this strategy, compared to 27% in Europe.

In the UK, planning reforms and Permitted Development Rights offer potential avenues for repurposing, but the process remains complex. We attempt to unpack the process in our latest UK Cities DNA research, *Keys to the Kingdom*. Of the 221,000 net additional dwellings in England last year, nearly 22,000 came from commercial-to-residential conversions – around 9,000 of which bypassed full planning. However, this pace falls well short of the government's target of 1.5 million homes over five years.

Across APAC, repurposing commercial property is also expected to accelerate. According to MSCI, nearly 45% of office transactions in 2024 were for redevelopment or renovation, with many looking to convert into mixed-use developments with an office component. This figure represents an increase from 2023, where 41% of transactions were earmarked for similar conversions.

34%

of respondents are actively seeking to acquire assets for repurposing

Build to Rent tax concessions that were finally implemented in Australia in 2024, leading to lower withholding tax rates and higher deductibles on depreciation, are expected to fuel investors' ambitions in the sector and accelerate conversions of older office property into living spaces. The extension of urban rejuvenation schemes in Singapore to the end of the decade, which aims to convert existing developments in its CBD to residential uses, will help meet its vision of greening at least 80% of its buildings by 2030.

Office-to-housing conversions are set to become the norm in Paris under the 2023 'PLU bioclimatique' planning laws, which require large commercial buildings in certain zones to include residential space when sold, converted, or redeveloped. Looking at planning permit applications, we can see that since

2020, 11% have focused on change of use. While this figure does not strictly represent office-to-residential conversions, it does give an idea of the growing interest in such strategies.

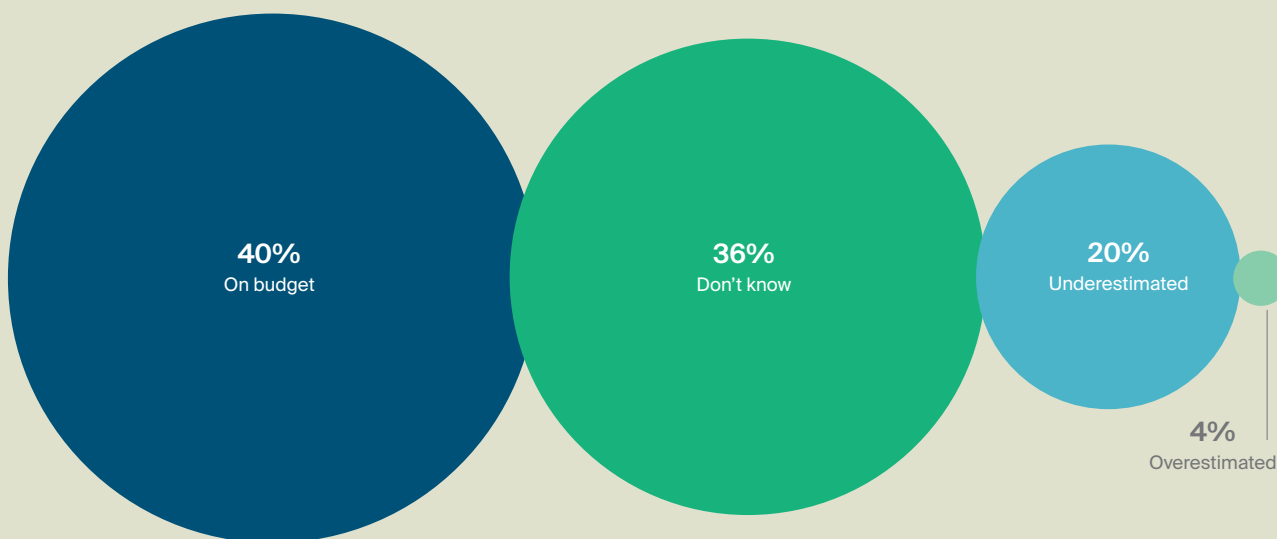
While challenges remain – ranging from planning restrictions to financial feasibility to building morphology – the market is adapting. As regulatory clarity improves and investor confidence grows, repurposing strategies are expected to gain further momentum.

HOWEVER, THE COST OF ENACTING THE STRATEGY REMAINS A CHALLENGE

For the 90% of respondents who have experience retrofitting, the accuracy of cost estimates has proved a challenge. Only 40% reported staying on budget, while 20% admitted underestimating costs. One-third stated they were uncertain about the accuracy of their initial projections. Despite the overruns reported, discrepancies were relatively modest. Of those who saw budget variances, 33% reported deviations of up to 10%, while 11% noted variances between 10 and 20%. Although financial uncertainties exist, the risks can be managed effectively through strategic planning and enhanced risk management practices from the outset, as we set out in *Meeting the Commercial Retrofit Challenge* series.

Fig 7: Budgeting woes

Q: If you have undertaken previous refurbishment/retrofitting projects, was the initial cost...% of respondents



Source: Knight Frank Research

ESG prerequisites for acquisition

The way investors evaluate new acquisitions through an ESG lens is evolving. Recognising these factors and meeting ESG targets can help enhance asset liquidity, especially when retrofitting or repurposing

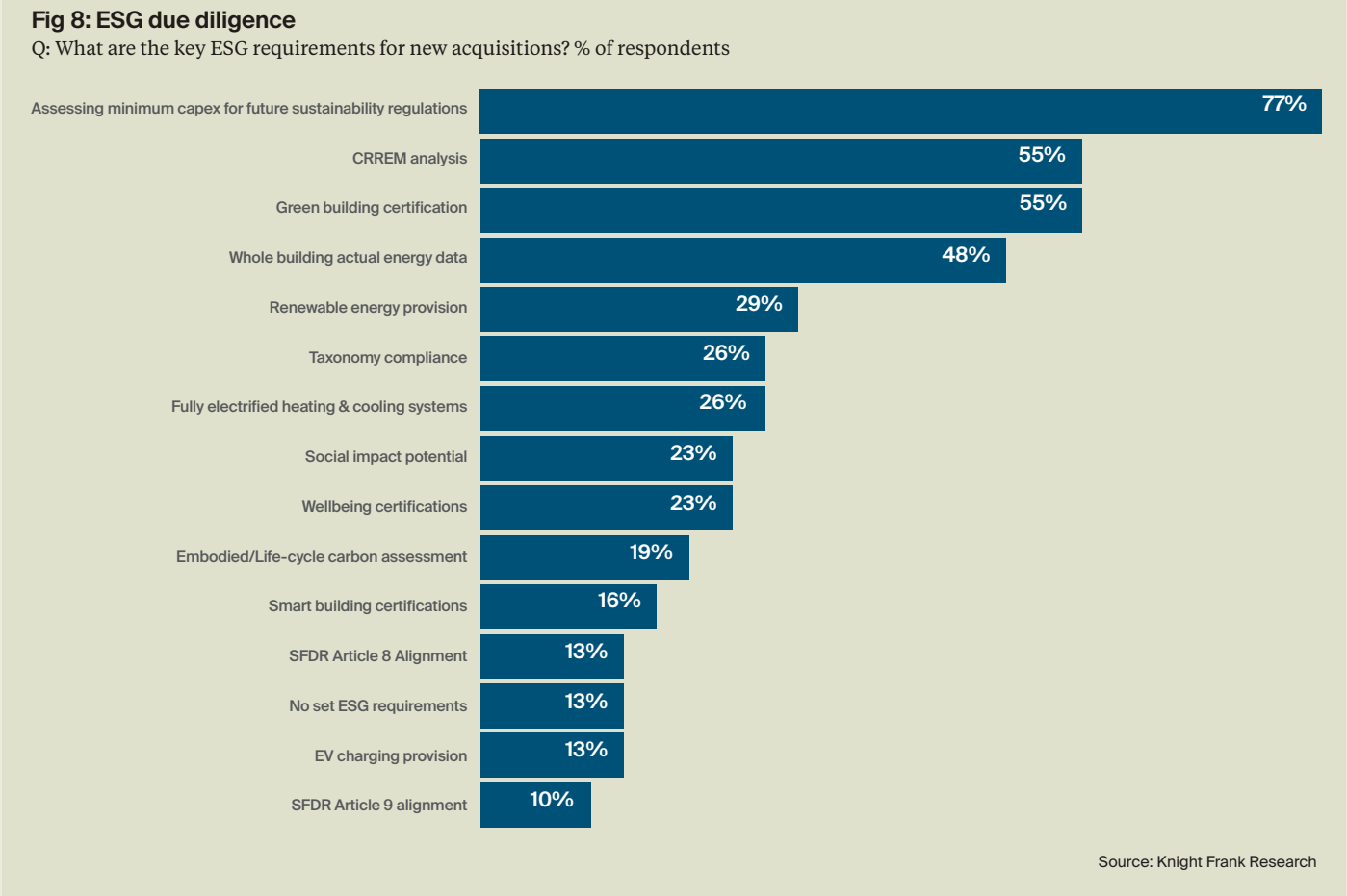
BENCHMARKS AND METRICS

Three-quarters of investors assess minimum capex requirements to meet future sustainability regulations before acquisition – rising to 89% among institutional funds, given the need to understand outlays and typical risk profiles. This is even higher in Mainland Europe, where nine in ten investors conduct such assessments. With regulation still in-part driving ESG strategies, it is unsurprising that

due diligence now appraises capex to assess risks and costs across Europe’s evolving regulatory landscape.

For example, meeting minimum EPC criteria under the European Performance of Buildings Directive, will require upgrades for the worst 26% of European stock by 2033. As discussed on **page 8**, this requires a deep understanding of the asset complexities and contingencies to avoid underestimating costs.

Use of the CRREM (Carbon Risk Real Estate Monitor) tool is also growing, with more than half, 55% of respondents, up marginally on our previous survey’s 53%, using it pre-acquisition to assess the asset’s ‘stranding date’, although this figure rises to 72% of institutional funds. This tool, which factors in energy data, occupancy, building type, and location, helps assess liquidity risk and future capex needs. The



MARKET VIEW

Influencing decisions



Harriet Hix
Associate, ESG
Consulting

The survey confirms that ESG remains central to investors – whether approached as brown-to-green transitions, energy reduction, risk mitigation, or broader sustainability strategies. However framed, its impact is undeniable.

To remain competitive, landlords and investors must embed both environmental and social considerations into asset management way ahead of prospective sales or acquisitions. With quality asset shortages across all sectors, collaboration with existing occupiers is essential for ongoing ESG improvements. Green leases, efficiency initiatives, and structured engagement can enhance operations, strengthen tenant retention, and reduce embodied carbon, ensuring long-term resilience in a tightening market.

growing focus on verifiable ESG performance, rather than relying solely upon certifications, is evident, with 48% requiring whole-building energy consumption data.

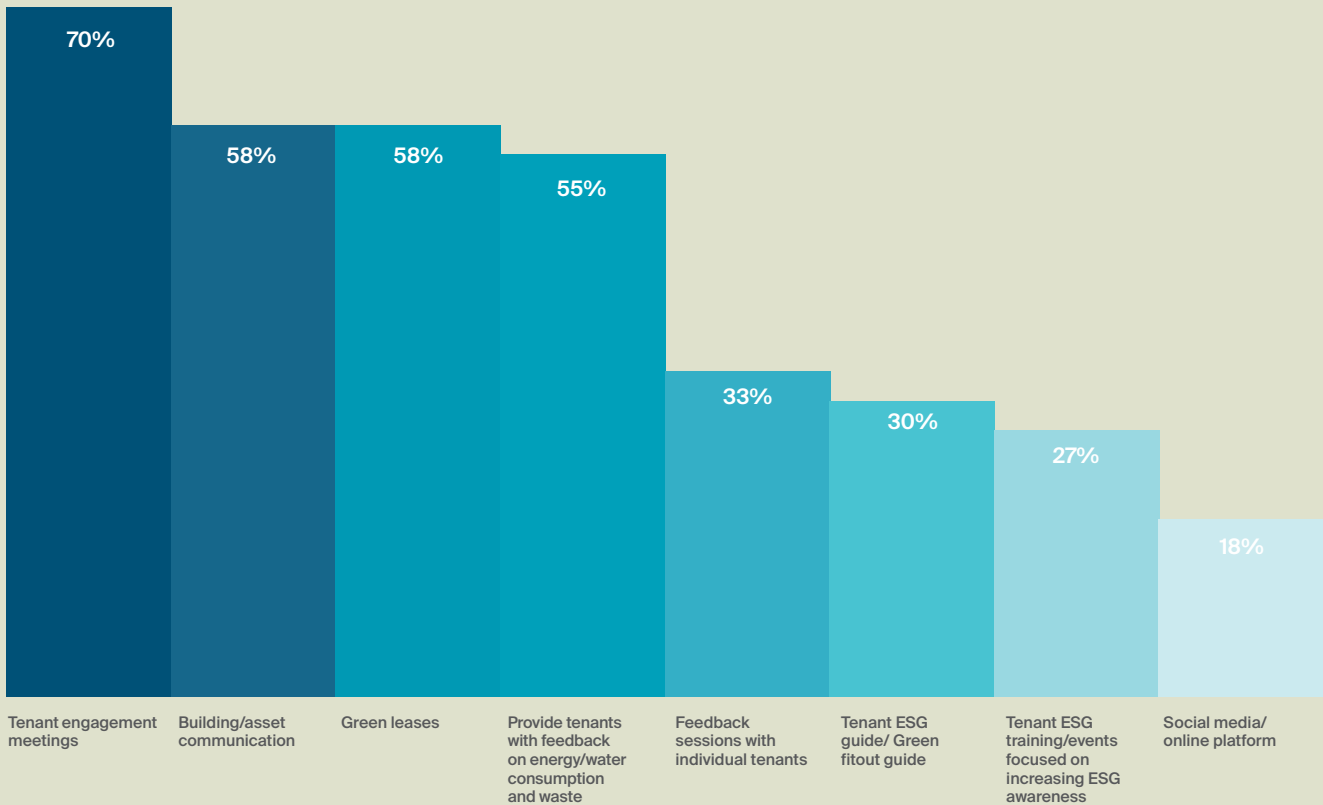
These trends point to using ESG assessment criteria to understand risks and future-proofing asset value. Investors who get ahead on ESG due diligence – by assessing capex, securing green certifications, and verifying energy data – are better positioned to preserve liquidity and market attractiveness in an environment increasingly focused on risk mitigation (see market view on **page 13**).

ENGAGEMENT CAN BE KEY TO REALISING GOALS

Optimising efficiency is critical, and tenant engagement plays a key role. Investors are increasingly recognising this, with 70% of respondents actively communicating ESG initiatives

Fig 9: Collaboration is key

Q: Please select the way(s) in which you engage tenants in ESG. % of respondents



Source: Knight Frank Research

through regular engagement meetings. Communication through building updates, is employed as a strategy by 58% of respondents, alongside the use of green leases. To strengthen this further, a structured feedback loop is being implemented, with 55% of asset owners providing tenants with data on energy, water, and waste usage. This initiative enables occupiers to track and report emissions more effectively, fostering transparency and accountability.

Building occupation is paramount to consider, both for the data required in transactions and to achieve ESG commitments on energy use. Tenant emissions are categorised as an asset owners downstream or scope 3 emissions, which can contribute toward their net-zero goals. As net-zero goals drive ESG strategies, see **page 5**, it is important to collaborate and limit scope 3 emissions. In addition, and importantly for potential value,

the operational use of a building and resulting energy can significantly impact a building's CRREM stranding date and overall liquidity.

There will likely be growing collaboration to close any performance gap and ensure assets are performing at peak efficiency. Asset owners are beginning to equip tenants with the right tools: just under a third now offer ESG or green fit-out guides, and 27% organise training events to raise awareness. Stronger partnerships, data-driven insights, and smarter technologies

will drive progress, while regulatory pressures and investor expectations push for greater transparency.

DESPITE GROWING INTEREST IN RENEWABLE ENERGY, ADOPTION REMAINS LOW

While 29% of investors prioritise and/or require renewable energy provisions for new acquisitions and 26% require fully electrified heating and cooling systems, actual on-site renewable power adoption across portfolios remains limited. Appetite has grown in recent years given the volatility in energy markets, and therefore, adoption could grow as it has the potential to add to a building's appeal for occupiers and provide revenue streams. In addition, in Europe, new buildings will need to be solar ready from 2027, with major refurbishments needing the same from 2028; therefore, to align with market directionality and compete, existing assets will need to consider this.

59%

of investors reported that less than 10% of their assets have on-site renewable power

MARKET VIEW

Where and why are we seeing growth in renewables?



Charlie Singer
Energy, Sustainability
and Natural
Resources

We're seeing strong growth in renewables, fuelled by two major trends: the expansion of on-site renewable energy and the rising demand for corporate power purchase agreements (PPAs).

1. ON-SITE RENEWABLES

With electricity prices reaching record highs over the past two to three years, we have seen growing demand from tenants for rooftop solar installations as a way to hedge against future price volatility. At the same time, landlords are intensifying their decarbonisation efforts to meet ESG targets. As a result, on-site renewable energy solutions are now being reviewed more holistically across commercial real estate, with landlords eager to invest in and take control of these projects.

The growth has led to a more standardised approach to on-site deployment, with more transparent lease variations for panel installations, coupled with more robust power purchase agreements (PPAs) with tenants, driving adoption.

For landlords, the benefits are clear – an additional income stream, an increase in asset value, stronger tenant appeal, and reduced reliance on the grid.

2. CORPORATE PPAS

There is a rapidly growing appetite for corporate PPAs. These long-term agreements allow companies to purchase electricity directly from renewable energy generators. Companies can also invest in the development and construction of new generation assets and establish PPAs with tenants through virtual sleeving arrangements.

Such agreements offer tenants a reduced, stable, long-term electricity rate while providing landlords with the additionality and time-matched supply needed to meet both voluntary and mandatory carbon reporting requirements. However, inconsistencies in reporting standards and methodologies for Renewable Energy Guarantees of Origin (REGOs) have created uncertainty in the market, posing a barrier to growth. We hope to see greater standardisation of these certifications to streamline reporting requirements and support wider adoption.

MARKET VIEW

Closing the gap



Kalli Stuart
ESG and Social
Value Consultant

Social impact is increasingly recognised as a key driver of asset value and investment potential in commercial real estate. Yet, the research shows a clear gap between intent and action. We've been working with investors to enhance, measure, and report on

social value, unlocking strategies that drive impact and long-term resilience. Maximising social impact across UK assets and portfolios can be achieved through developing innovative strategies that strengthen stakeholder relationships and foster meaningful community engagement. As our recent *Revolve Insight* highlights, clear objectives, effective measurement, and collaboration are essential for making progress. By incorporating social value into investment decisions, real estate stakeholders can drive meaningful change, future-proof assets, and create lasting value for communities.

Of the respondents who provided information, 59% reported that less than 10% of their assets are equipped with some on-site renewable power sources, although only 12% have renewables in more than half of their properties. There may be limitations given the type of real estate considerations, but there is scope for growth in on-site power generation among investors.

In the Middle East, responses reflect emerging trends, with renewable adoption still in the early stages. Half of the respondents have already implemented on-site

renewable power sources, while others are actively considering their adoption, setting the stage for wider implementation across the region.

In terms of those with provision, power supply strategies for occupiers vary. Around a quarter of respondents include renewable power within the rent, while 26% use power purchase agreements (PPAs), and the same only use renewable power to landlord common areas.

Those that bridge the gap between ambition and execution can unlock long-term cost efficiencies, strengthen asset resilience, and align with evolving occupier and regulatory demands.

SOCIAL VALUE: HIGH PRIORITY, LOW STRUCTURE

The built environment plays a significant role in social wellbeing and outcomes. However, there is little consensus on how to define, measure, and implement social strategies within real estate. More than seven out of ten investors consider social value in their decision-making, yet under half (48%) have a framework in place to measure and guide their efforts. There's a clear gap between recognising the

48%

of investors have a formal framework to measure and guide social impact efforts

importance of social impact and implementing structured strategies to manage it.

Plans reflect both ambition and hesitation. Despite growing awareness, only a third of respondents plan to introduce a social impact framework within the next three years. Meanwhile, half are unsure, and 17% have no plans. Perhaps, in part, this is due to limitations and standardisation across social value and impact. Social impact and goals are unique to each asset and investor, depending on local needs and organisational objectives, which complicates the valuation of these impacts in financial terms.

In our 2023 survey, we started to uncover some overlap with wellbeing, a goal for 73% of investors, whilst almost 60% targeted community engagement initiatives and 46% were pursuing investment into local public realm and facilities. In addition, there are several building certifications focusing on health and wellbeing, such as WELL and Fitwel, and those such as BREEAM, traditionally associated with environmental sustainability, now incorporate significant social and wellbeing elements.

While there remain differences in approaches between investors, finding common themes and aligning could aid the future-proofing of assets. Considerations of these aspects in social frameworks will become of greater importance as the recognition and measurement evolve.

“Social impact and goals are unique to each asset and investor, depending on local needs and organisational objectives, which complicates the valuation of these impacts in financial terms.”

ESG implementation is here to stay

ESG has moved beyond simply complying and now is viewed as a way to enhance and unlock long-term value. Forward-thinking investors are leveraging sustainability to future-proof assets and drive growth

TURNING ESG TALK INTO ACTION

Our survey suggests that ESG has moved beyond rhetoric – it is a fundamental driver of long-term value preservation and creation. While broader sentiment around ESG may be shifting, investors remain committed, recognising its role in shaping investment strategies, influencing capital flows, and determining asset resilience.

Despite political shifts, it is important to remember that during the first Trump presidency, ESG considerations actually grew, despite the first Paris Agreement withdrawal. A good example being the Taskforce for Climate-related Financial Disclosures (TCFD) which was introduced in 2015. The number of organisations supporting the TCFD recommendations grew to more than 1,500 supporters by the end of Trump's first term and almost reached 5,000 by 2023 when it was disbanded and embedded into international standards.

The data shows a clear shift towards recognising the fundamentals of ESG and embedding it into decisions due to financial performance and risk management, as well as regulatory and procurement compliance. Integrating ESG effectively by understanding the motivations and requirements of various real estate participants is conducive to enhanced value. Future-proofing investments through improving and maintaining the appeal to occupiers, as well as providing clear and verifiable data to onward investors who are increasingly focused on data-backed insights that validate ESG performance, will become ever more critical.



MARKET VIEW

Marketability



Nick Braybrook
Partner, Head of
London
Capital Markets

The integration of ESG into investment markets has matured significantly and this is unlikely to abate. Investors, particularly European institutions, now routinely apply ESG screeners to acquisitions. For example, some won't consider assets if the CRREM stranding date precedes the lease's expiry.

However, the focus is less on CRREM timelines and more on the ability to improve a building's efficiency prior to 'stranding'.

CRREM analysis or Taxonomy reporting has become almost essential for bringing assets to market. Additionally, a growing trend shows investors increasingly requiring assets to be fully electric, with over a quarter of survey respondents confirming this preference.

Ultimately, ESG considerations are now embedded in investor attitudes, shaping the marketability of assets. This trend is expected to evolve further, driven by financial incentives and long-term investment horizons.

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