

Unlocking Value: How Active Asset Management is Transforming Real Estate in a High-Interest Era

Key Takeaways: Germany Roundtable Discussion

Introduction

On Tuesday, April 29, EVORA Global hosted a roundtable discussion gathering key industry leaders to discuss the intersection of sustainability, asset value, and tenant engagement in a changing market.

The session emphasised how ESG strategy, tenant demand, and data transparency are central to real estate performance. Below, we provide a write-up setting out trends, implications, possibilities and potential solutions.

As ever, we welcome your feedback. Please do contact EVORA if you wish to discuss further or have more distinct feedback.

Trends

Valuation Pressures and Lending Constraints

- A valuation shift is underway, with growing evidence of a brown discount (penalising non-sustainable assets) outweighing any green premium.
- Lenders are actively trying to green their portfolios, but there's a lack of sufficient "green" stock to support this push—resulting in a financing gap.
- Non-sustainable stock is becoming unfinanceable, presenting long-term risk for owners, especially as financing options dry up.

Defining Sustainability and Accessing Green Capital

- The current criteria for securing green loans vary and can be relatively lenient, which has raised concerns about their consistency, integrity, and overall impact.
- There's an ongoing struggle to define "sustainable investment", limiting standardisation and comparability.
- LP engagement on sustainability remains limited, posing challenges for broader portfolio transformation.

Tenant Demand as a True Value Driver

- Ultimately, real estate value is tenant driven. Without demand, especially for non-compliant assets, value quickly deteriorates.
- Tenants—particularly large occupiers—are key drivers of sustainability yet often resist data sharing due to not being able to see the direct benefit for themselves.
- Without data, landlords struggle to influence behaviour or prove ROI on ESG improvements.

Implications

Valuation approaches, current definitions of sustainability and tenant demand have a number of implications.

Green Leases and Regulatory Gaps

- As a result of the factors mentioned above, green leases—though widely adopted—have had limited success in delivering significant sustainability outcomes. Most landlords report difficulties in obtaining tenant data.

- One would expect regulation to address some of the challenges. There is certainly potential for regulation (e.g., France's Décret Tertiaire - DT) to standardise data collection was discussed, but fragmented energy markets in Germany remain a hurdle.
- Asset managers are having to make the most of what is available. One of our clients' uses of the French portal (DT) to facilitate tenant conversations presents a practical case study for improving engagement.

CRREM and Stranded Asset Risk

- Tools like CRREM are used to support transition risk planning. Many "trophy" assets—despite best-in-class ESG retrofits—are stranded from day one due to inherent size and energy use.
- Still, CRREM remains the default tool for acquisition screening and board reporting. Possibilities around revision of these tools exist.

Possibilities

Data, Technology, and Smart Optimisation

- A key barrier to sustainability progress is data access—especially in triple net leases and industrial portfolios. Smart metering could help, but cost and incentive alignment between landlords and tenants remains unresolved.
- IoT and AI offer quick wins for operational efficiency, but benefits plateau once basic optimisations are implemented.
- Many platforms suffer from lack of customisation and transparency, making ESG reporting (e.g., GRESB) onerous.

Social Value as a Long-Term Play

- Social value was highlighted as a core strategic principle, even if immediate ROI is not always evident.
- Community platforms and user engagement (via apps, events, and outdoor space activation) are being used to create measurable, long-term asset value.
- Social value can also manifest financially in renewal rates and increased rental uplifts.

Potential Solutions

The group identified opportunity to better demonstrate the value of data sharing to tenants by linking data insights to benefits.

There is a need for customisable, integrated data solutions that can aggregate across platforms and highlight value clearly.

True sustainability lies in assets that are usable, flexible, and leased—a tenant-centric, performance-led definition.

Call to Action

The group agreed that progress is needed and are committed to continuing to progress use of accurate data to inform asset management and investment decisions. At EVORA, for our part, we will continue with our commitment to drive the sustainability agenda forward through the provision of data, analysis and consulting support.

We would like to extend our thanks to all participants for their contributions to the discussion. We look forward to continuing these conversations with them.

For further insights or to discuss how EVORA can support your ESG strategies, please reach out to us.



Disclaimer

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