

Press release

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The future looks green for the real estate industry

Environmental, social and governance (ESG) factors are now playing a critical role in investment decisions, development projects, and ongoing operations in the real estate sector, according to a new global outlook published today from HLB and Multilaw. HLB, a global advisory and accounting network, and Multilaw, a global network of law firms, have joined forces and co-authored a report on how an increased focus on sustainability is shaping the real estate sector.

The report, which draws on the real estate expertise of both networks, finds that while the importance of adopting more sustainable practices in the sector is high, economic challenges, such as rising construction costs, have made it difficult for investors and developers to meet ESG expectations. However, although the economic climate is challenging, real estate opportunities are plentiful. From the growing subletting business to the rising importance of PropTech.

From a global perspective, ESG practices vary greatly across the world. Main findings include:

USA: The USA is not as united in its opinions regarding climate change compared to Europe. Some of the country's more prominent landlords are still sceptical that higher rates result from sustainability or ESG features, instead viewing their 'newness' as the cause.

Europe: Investors and lenders across Europe are increasingly analysing the credentials of their investments through an ESG lens. This is challenging investors and governments as they juggle ESG policy, economic growth, and asset growth.

LATAM and the Caribbean: ESG is starting to take more precedence in the region with many sustainability-linked bonds being issued by companies and governments in an effort to create ESG policies with genuine impact.

Middle East: The Middle East are viewing ESG as a top priority, particularly in light of the upcoming COP 28 summit in November 2023, which is being hosted by the UAE. While climate concerns have been a big consideration in the region for several years, the impending climate change summit has spurred an even greater commitment to creating sustainable buildings.

Africa: Africa is seeing sustainability rise as a megatrend that is forcing change. It does, however, seem likely that the African region will need to craft its own unique approach to the creation of sustainable buildings which is more in line with its GDP per capita.

Asia: Asia is seeing a marked increase in traction for green leases, which constitute an agreement between tenant and landlord to improve the property's environmental performance through cuts in energy and water usage and reducing waste.

Looking ahead, there is a continual rise in advances in the sector to pave the way for more sustainable practice. The capabilities of PropTech to drive sustainability in real estate are exciting and promising. By leveraging technology to monitor energy usage, using sustainable materials and practices, and adopting renewable energy sources, the real estate industry can make significant progress towards a more sustainable, greener future.

NOTES TO EDITORS

About HLB

HLB International is a global network of independent advisory and accounting firms and through the power of 40,831 professionals across 156 countries, we combine local expertise and global capabilities to service client's needs. Learn more about HLB's global services and capabilities: www.hlb.global

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About Multilaw

Multilaw is a global network of law firms bound together by enduring relationships. Across industries and practices, we share client advice and active referrals, combining the highest legal standards and local expertise. Together, we leverage the power of trust to end distance and do cross-border business with confidence.

About the HLB and Multilaw partnership

As we're always seeking the best opportunities for our members and clients, the purpose of our collaboration is to unlock business opportunities for real estate clients working across the globe. We are committed to supporting real estate businesses in navigating complexity and developing sustainable strategies that deliver long-term value. If you would like to discuss any of the topics raised in this report, we welcome the opportunity to do so.

Get in touch with HLB for accounting and advisory services via realestate@hlb.global

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