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Sustainability in the real estate industry: a key issue

- **Sustainability is already an integral part of the corporate strategy**
- **Focus: Sustainability management and sustainability vision**
- **Success depends on the active involvement of the employees into sustainability efforts**
- **Interest rates remain defining factor**
- **German real estate market stable**

These are the results of the current Berlin Hyp Trend Indicator, focusing on sustainability in the real estate industry.

Sustainability important

Sustainability is an important issue in the real estate industry. In our survey, we found that 73% of the participants consider sustainability to be an integral part of their strategy already. Priority is given to measures to implement a sustainability management concept as well as the creation of a sustainability model. Another area of focus is active migration to resource-efficient technologies.

Getting employees on board

More than 60% of those surveyed said that employees were actively included in sustainability efforts at their company. In most of these cases, this takes place by actively familiarising employees with sustainability issues and engaging in special training measures. "Sustainability is an important issue in the real estate industry," says Sascha Klaus, Chairman of the Board of Management of Berlin Hyp AG. "Anchoring this issue within the company also means bringing about a change in the corporate culture, because all employees must internalize our efforts. To achieve this, we have to engage our employees and foster a passion for the issue. This is the only way to bring such a major vision to life."

Sustainability over yields?

When investing in energy-efficient real estate, those surveyed highlighted increased value stability and simple letting options as two important factors. It is interesting to note that better terms of financing when financing energy-efficient properties were a distant third in the list of priorities. It seems as if the industry is coming to the conclusion that sustainability is more important than yields. In this regard, it comes as no surprise that merely 40% of the real estate experts we surveyed indicated that they use sustainable financing and refinancing products. Or perhaps this is also because sustainable products have not been on the market for very long? Investors want to see their financiers offer green bonds above all, followed by special funding and funding programmes.

Real estate market stable

Sentiment on the German real estate market remains positive. This is shown by 82% of survey responders stating that they believe the German real estate market to be “much” or “somewhat” more attractive than others. Interest rates will continue to be the determining factor over the coming twelve months. The political framework has become less important, falling from first position to fourth.

“The entire real estate industry is waiting for the geopolitical turnaround after Janet Yellen increased US benchmark rates on two separate occasions this year,” says Gero Bergmann, Member of the Board of Management of Berlin Hyp. “The current measures implemented by the ECB are not designed to instigate such a turnaround. In this respect, we expect real estate prices to continue rising slightly while supply remains scarce and competition even fiercer. The most important thing now is that we do not get ahead of ourselves and continue to weigh up all risks. With our conservative risk policy, we have already successfully steered Berlin Hyp through choppy waters and will continue to do so moving forward.”

This is the seventh time Berlin Hyp has published its Trend Indicator expert survey. All in all, some 320 real estate experts from Germany and abroad submitted their opinions on the trends currently affecting the German real estate industry.

The full survey can be viewed here: [Trend Indicator](#)

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