



ESG real estate insights

Global perspectives on sustainability and climate

Charting a nature positive pathway for the real estate sector

Globally, nature loss is occurring at rates previously unforeseen, leading us to a sixth mass extinction event.¹ This is significant because all societies depend on nature—from the provision of goods such as water, food, fuel, materials and fibres, to less visible services such as fresh air, climate regulation, soil fertility, pollination, and social and cultural benefits. Indeed, it is estimated that more than 50 percent of global GDP is moderately or highly dependent on nature—meaning that accelerating nature loss presents significant risks to the economy.²

At the same time, we are seeing growing action on climate change and recognition of the links between climate and nature. Against this backdrop, global and national landscapes are shifting us towards a less extractive relationship with nature.

The real estate sector will, by necessity, feature prominently in this shift.

Natural resources and systems are relied upon across the real estate value chain - from sourcing of building materials in the

construction stage, to provision of water and energy during building operations, long-term flood and storm protections for buildings, and tenant enjoyment of green spaces for social or health purposes. The sector is therefore highly exposed to the deterioration of natural environments across the globe.

Alongside these dependencies, the sector also impacts heavily upon nature and is estimated to be responsible for approximately 30 percent of global biodiversity loss.³ Impacts include resource consumption, land clearing, habitat loss, waste production, greenhouse gas emissions, and the creation of the heat island effect in urban spaces. With urbanization continuing globally, the sector's impacts on nature are set to increase.

Many in the sector have long taken nature-related issues into consideration. However, the combination of growing sectoral dependencies and impacts, accelerating nature loss, and increasing recognition of the importance of nature to our society and economy, means the real estate sector is now at a critical juncture: either continue with the status quo, or reconsider its relationship with nature.

Whereas the former path will likely see increased challenges, the latter opens the possibility for increased business resilience, reduced costs, improved access to capital, green premiums, and reputational benefits. We are already seeing players differentiate through innovations such as low-carbon or recycled materials, sustainable design, and use of green spaces and revegetation. But there is more that can be done.

So, what can real estate organizations do to move towards nature positive?

A key first step is to better understand how we interface with nature. To this end, there is growing momentum behind nature-related assessments and disclosures. This is reflected in the emergence of government-led initiatives such as the [Global Biodiversity Framework](#) (agreed by 187 countries in December 2022) and market-led initiatives such as the Taskforce for Nature-related Financial Disclosures (expected to issue its final recommendations in September 2023).

Increasingly, real estate organisations will be expected to take four key steps:

- 1. Assess** your nature-related impacts, dependencies, risks and opportunities, starting with priority aspects of your value chain
- 2. Commit** to managing your identified impacts, dependencies, risks and opportunities, for example through setting science-based nature targets at either location or portfolio levels
- 3. Transform** your operations and strategy in-line with nature commitments, and embed nature-related considerations in risk and governance processes
- 4. Disclose** publicly your approach to nature, in-line with emerging industry standards and frameworks.

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In taking the above steps, real estate organisations should bear in mind some key guiding principles:

Nature should be considered across the real estate value chain. While many organisations already factor nature into their direct operations, a more holistic approach that considers sites, surrounds and supply chains is required.

A shift in mindset is required, from viewing nature as a set of compliance-related issues, to an interconnected system upon which business success depends.

Nature is connected to other sustainability issues, in particular climate, health and wellbeing, and community engagement (including with indigenous groups). Identifying linkages across issues will help to take advantage of synergies and navigate trade-offs.

Collaboration will be key to addressing the global nature crisis. To affect meaningful change across real estate, governments, businesses, and non-profits will need to work together – recognising the joint challenges and benefits associated with the transition to nature positive.

Reversing nature loss is not an option but an imperative. For the real estate sector, it will be critical to long-term resilience, and organisations who move quickly will set themselves apart from their competitors.

Endnotes:

1. World Wildlife Fund, "What is the sixth mass extinction and what can we do about it?," <https://www.worldwildlife.org/stories/what-is-the-sixth-mass-extinction-and-what-can-we-do-about-it>
2. "Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy," World Economic Forum. 2020. https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf
3. "Accelerating action for biodiversity: what the built environment sector needs to do," 2 November 2021. GRESB. <https://www.gresb.com/nl-en/accelerating-action-for-biodiversity-what-the-built-environment-sector-needs-to-do/>

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