

4 February 2025

## Introduction

INREV welcomes the recommendations of the Platform on Sustainable Finance to the EU Taxonomy section on real estate to enhance clarity, usability, and ambition. However, to truly facilitate sustainable investment, it is crucial to provide clearer guidance, implement changes in phases, and ensure consistency and harmonisation across jurisdictions.

## Clarifying real estate investment activities

INREV supports the Platform's vision and recommendations, specifically those for improving Taxonomy usability, sectoral alignment, and capital mobilisation. However, we stress that the real estate investment sector differs fundamentally from the construction and development sector. The Taxonomy must properly reflect how the market operates.

We highlight a prevailing confusion about the non-listed real estate investors, who unlike developers and construction firms, as long-term investors cannot report income from renovations. This discrepancy reflects a lack of sectoral understanding despite investors' role in maintaining sustainable buildings.

## Key comments on recommendations for the real estate sector

### A. Recognising construction, acquisition and ownership of buildings as transitional activities

INREV supports recognising construction as a transitional activity due to evolving energy and carbon requirements and non-zero-carbon material sourcing. Moreover, INREV welcomes recognising the acquisition and ownership of buildings as transitional activity, provided there is a clear decarbonisation pathway towards a zero-emission stock by 2050, including defined timeframes for transitioning to "green" and the implication for long-term asset valuations.

### B. Recognising "redevelopment" as a new economic activity

Redeveloping buildings reduces whole-life carbon emissions by preserving structural elements and lowering operational carbon. Since most buildings will remain in use beyond 2050, retrofitting is key to emissions reduction. However, the Taxonomy does not classify income from energy-efficient renovations as sustainable, risking incentives for demolition over renovation. INREV urges the Commission to prioritise deep renovations over new builds to align with EU decarbonisation goals.

### C. Reviewing building-specific DNSH criteria & simplifying reporting

We believe that a clear and practical regulatory framework is essential to support energy-efficient renovations in Europe. Simplifying reporting requirements will enhance usability and facilitate the transition.

INREV supports streamlining reporting by incorporating building certifications or passports as evidence, ensuring alignment with real estate market needs. In addition, in order to promote international consistency in energy efficiency standards and green building labels, we encourage the harmonisation of reporting criteria with existing frameworks, particularly the Energy Performance of Buildings Directive (EPBD).



To strengthen compliance with DNSH requirements, INREV advocates for differentiated requirements based on asset types and geographic context. Real estate sub-sectors like logistics face unique challenges in meeting strict criteria, requiring tailored solutions to ensure fairness and feasibility across the real estate sector. Finally, policymakers should align regulatory milestones with the EPBD timeline to ensure a stable and predictable implementation framework.