



ESG real estate insights

Global perspectives on sustainability and climate

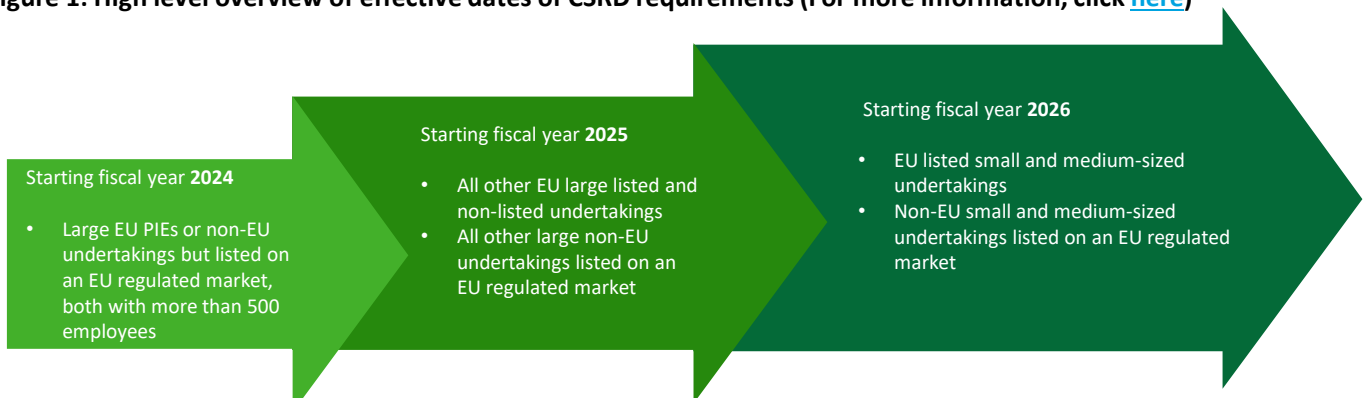
Corporate Sustainability Reporting Directive—What is it all about for housing companies?

The CSRD imposes new legal requirements on companies for sustainability reporting. Housing companies in particular are facing a new major challenge. To master the upcoming tasks, companies should understand the CSRD as an initiator and meet the requirements using corresponding competencies, like methodical and data competences as well as project management skills.

The CSRD requires companies to disclose comprehensive information on environmental, social and governance issues. Its aim is to create transparency about impacts, risks and opportunities associated with the economic activities of companies in the European Union. The legally binding requirements for sustainability reporting are specified in the European Sustainability Reporting Standards (ESRS), which

were adopted from the EU end of July 2023. The basis of sustainability reporting according to CSRD is the strategic integration of processes and responsibilities. It sets the foundation for a sustainable economy and is a core component of the European Green Deal.

Figure 1: High level overview of effective dates of CSRD requirements (For more information, click [here](#))



Listed companies as well as non-listed large companies must comply with the CSRD. In Europe, approximately 50,000 companies are affected as of 2026, which together generate 75% of European turnover¹.

Especially for non-listed companies, legally driven sustainability reporting is a new challenge. The requirements present companies with major challenges. Not only in the collection of data, but also in the integration of relevant processes and the strategic alignment of the company. A special role in the transformation towards a sustainable economy and in the context of ESG is played by the real estate industry, especially housing. In hardly any other industry the trade-offs between social and environmental sustainability are greater:

- More than ¾ of the energy used in the European housing stock is based on fossil fuels²
- Living space per capita in Europe is increasing, in Germany, for example, it has increased by 20% in the last decade³
- A global population of around 9.7 billion people is expected by 2050, with an additional 25% of all Europeans being over 65 years old⁴

These facts show that the demand for housing will continue to increase and Europe is coming with additional requirements from elderly people. At the same time, poverty (among the elderly, but also within certain other groups of the population) has been increasing, and some groups of people are not able to bear possible rent increases caused by energy-efficient renovations.⁵

The dilemma between social and appropriate housing as well as energetic modernizations in accordance with the 1.5-degree target seems almost impossible to solve due to its complexity and contradiction

What matters now and why CSRD is becoming an initiator of change in the real estate industry

Apart from a few isolated regulations, the non-listed housing industry has hardly been exposed to such far-reaching regulatory requirements in the past as it is now facing because of the CSRD. The requirements focus on processes

and strategy and require a high level of methodological competence in a dynamic environment. For this reason, it is essential to establish efficient structures and anchor them within the company. In addition to internal company efforts, cross-company collaboration is essential.

Methodical and data competence will be required

Meeting the requirements of the CSRD leads to the challenge of identifying the various and sometimes contradictory stakeholder demands as well as defining the essential datasets and gathering the relevant information. Not only collecting these amounts of data but also processing them audit-proof is a major challenge for companies irrespective of whether they already prepared a sustainability reporting before or not. Methodical skills as well as data competence add up to the skills shortage and changing existing job profiles in the industry. Complexity increases if we include the needed skills to reach the set sustainability goals as this often means a high demand for modernization and respective technical, procurement and project management skills.

Conclusion

The implementation of CSRD is process-driven and requires a high level of methodological as well as data competence. For the housing industry, a change towards a more data-driven and methodical way of working is taking place. Additional personnel with a different skill set are needed, which can only be obtained with an attractive corporate culture. To resolve the trade-offs between social, environmental and economic sustainability, politics and industry need to work collaboratively.

In order to master all the challenges, the housing industry should see CSRD as an initiator to set up a sustainable core business and organization to ensure the future success of the company. The responsibility is enormous and cannot be carried alone. It requires the cooperation of many different stakeholders, starting with the craftsman, to the contractor, to the politicians and of course the tenants. All stakeholders must tackle the next steps together because the pressing environmental and social goals cannot be reached in a singular effort.

Contacts:



Hendrik Aholt

Real Estate Consulting
Partner - ESG Lead
Deloitte Germany
haholt@deloitte.de



Philipp Tetzlaff

Deloitte Germany
Senior Consultant
ptetzlaff@deloitte.de



Michael Mueller

Global Real Estate ESG Leader
Deloitte Germany
mmueller@deloitte.de



Marie-Luise Guyot

Deloitte Germany
Consultant
mguyot@deloitte.de

Endnotes:

- <https://www.csreurope.org/newsbundle-articles/the-council-of-the-eu-adopts-the-corporate-sustainability-reporting-directive>
- It's time to get fossil fuels out of our homes. (29.03.2022). Von <https://caneurope.org/its-time-to-get-fossil-fuels-out-of-our-homes/>
- Bundesgeschäftsstelle Landesbausparkassen im DSGV e.V. (2020). Markt für Wohnimmobilien. Berlin: Juni. https://www.lbs-markt-fuer-wohnmobilien.de/wp-content/uploads/2020/06/LBS_Markt-f%C3%BCr-Wohnimmobilien-2020.pdf
- United Nations Department of Economic and Social Affairs, P. D. (2022). World Populations Prospects 2022. New York. https://www.un.org/development/desa/pd/sites/www.un.org/development/desa/pd/files/wpp2022_summary_of_results.pdf
- Max-Planck-Gesellschaft. (14. 05.2019). Von Armutsrisiko von Rentnern in Ländern der EU wächst: <https://www.mpg.de/13432603/0514-psfo-107251-armutsrisiko-von-rentnern-in-laendern-der-eu-waechst>

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/de/UeberUns to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Legal advisory services in Germany are provided by Deloitte Legal. Our people deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com/de.

This communication contains general information only, and none of Deloitte GmbH Wirtschaftsprüfungsgesellschaft or Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2023 Deloitte LLP. All rights reserved.