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 turnover\(^1\).

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 fuels\(^2\)
- Living space per capita in Europe is increasing, in Germany, for example, it has increased by 20% in the last decade\(^3\)
- A global population of around 9.7 billion people is expected by 2050, with an additional 25% of all Europeans being over 65 years old\(^4\)

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.\(^5\)

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.