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# IMPACT

The Journal of ESG & Social Impact Investment

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## Sustainability Leaders Outlook 2026

Image: Alamy

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Where investment makes a difference

# Industry strives to keep up with pace of regulatory change

**CHRIS FLEETWOOD**

Chief operating and sustainability officer  
Redevco



## How do you assess the real estate sector's progress on sustainability in 2026?

It's advancing but not fast enough. Progress across the real estate sector on sustainability has noticeably slowed as we enter 2026. A mix of macroeconomic pressures – including weak growth, persistently high material and labour costs, and ongoing uncertainty – is creating a challenging environment. Combined with increasingly complex regulatory requirements, these pressures are placing additional strain on already stretched teams. They have made it harder for the industry to advance sustainability initiatives at the pace seen in previous years.

The RICS *Sustainability Report 2025* underscores this trend, showing that demand for green buildings is no longer accelerating at the same rate. This is reflected on the ground through growing professional fatigue, persistent skills gaps in construction and retrofit trades, and the continued lack of standardised sustainability metrics, all of which make progress more difficult to deliver.

On top of this, the sustainability remit is expanding. Real estate firms are now expected to address not just energy and carbon, but also social value, natural capital, biodiversity, climate risk and climate resilience, both adaptation and mitigation. Although necessary for real change, this new agenda requires greater capacity, expertise and investment than many organisations currently have. Another challenge is the limited time available to properly integrate these newer sustainability topics into businesses' way of working.

Despite this, investor appetite for net-zero aligned decarbonisation remains strong, although progress is uneven across geographies due to regional inconsistencies in regulation and energy performance. As capital increasingly focuses on protecting value – through energy efficiency, certifications, delivering

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Chris Fleetwood, Redevco

tangible greenhouse gas reductions and avoiding future non-compliance – there is a risk of overprioritising decarbonisation to the detriment of the wider sustainability measures needed to futureproof assets.

To regain momentum, the sector must balance the urgent need to decarbonise with a broader, more integrated approach that includes climate resilience, biodiversity, social value and nature-positive strategies.

### What would you say is the biggest issue facing the sector when it comes to sustainability – is it decarbonisation, regulation, certifications, technological innovation, including AI, or something else?

The biggest issue is not any single theme like decarbonisation or certifications – it's the intensity and pace of change the sector must adapt to. Regulation has been a powerful driver of sustainability progress, but in the past five years multiple major frameworks and reporting requirements have come into force at once. That increase in transparency expectations is necessary, but it can overwhelm teams and shift too much attention onto compliance rather than delivering real world impact.

At the same time, recent updates and extensions to EU sustainability legislation have created a short-term regulatory 'reset'. Complexity has been added just as organisations are preparing for deeper, standardised disclosure under the Corporate Sustainability Reporting Directive and major energy-performance

upgrades under the Energy Performance of Buildings Directive, to name two examples.

The industry is constantly adjusting to evolving requirements while trying to deliver impact. This presents a challenge to teams with stretched capacity, having to allocate more time to understanding, sequencing and implementing requirements, with the risk of fewer tangible sustainability outcomes.

### What are your specific plans and key priorities for 2026 and what are the main obstacles you see on that path?

Our key priority for 2026 is to ensure we continue delivering on our sustainability ambitions and our 2040 decarbonisation mission. This means not only accelerating carbon reduction, but also further integrating biodiversity, climate risk-management and social value across the business so that sustainability is reflected in every decision we make.

The main obstacles lie in maintaining focus across an increasingly broad set of targets while the business continues to evolve. Balancing day-to-day commercial priorities with the need to consistently measure our sustainability metrics remains a challenge. At the same time, the pace and complexity of reporting requirements can strain internal capacity.

However, we see smart technology and AI as powerful enablers. By streamlining data collection, improving transparency and reducing the administrative burden of reporting, more time and resources can be freed up to focus on delivering real impact at pace. ■



Rue de Rivoli in Paris, France

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