PERE

Sustainable Investing

December 2025/January 2026 • perenews.com

PEI

KEYNOTE INTERVIEW

Data is rewriting the sustainability playbook

BREEAM's Breana Wheeler and Tom Wilson say investors are demanding proof over promises as whole-life carbon, granular performance data and brown-to-green strategies reshape risk

Real estate's sustainability shift is entering a more disciplined phase, where investors increasingly reject high-level ESG claims in favor of measurable performance and auditable carbon trajectories. Breana Wheeler, director of US operations, and Tom Wilson, director of BPS, sales and data, argue that this evolution is accelerating green building investment, and pushing owners to quantify resilience, carbon liability and long-term value with greater precision.

Q The industry is demanding measurable sustainability outcomes. How are participants defining targets and reshaping expectations for data?

SPONSOR
BREEAM

Science-based targets are increasingly expected to be rigorous, not merely aspirational. Investors, owners and developers are defining performance metrics against global benchmarks for carbon reduction, energy efficiency and climate resilience, aligned with corporate commitments and climate goals.

This represents a shift from intention to demonstrable performance: it is no longer sufficient to label a building "green" or "sustainable" solely based on predictive models. Stakeholders now demand data-driven evidence that sustainability objectives will be achieved and that they directly support asset value and long-term risk mitigation.

Science-based targets require robust methodologies that measure the right things and make that information understandable for the industry. BREEAM New Construction Version 7 (BREEAM NC V7) integrates operational and whole-life carbon into its certification process, using industry-standard metrics to capture energy performance and embodied carbon from materials and systems. This approach gives investors confidence that design and construction systems are capable of delivering over decades.

Q How is the quality and granularity of data changing the conversation?

Just a few years ago, ESG reporting often relied on high-level scores or broad statements. Today, stakeholders demand detailed metrics, from operational energy use intensity to carbon use intensity and asset-level physical risk assessment.

This granularity transforms the conversation across the asset lifecycle. Investors can rigorously assess whether projected performance aligns with risk tolerance, while developers and managers can optimize designs and operations to enhance value and manage risks. Detailed data also enables benchmarking across portfolios, fostering competition and accelerating adoption of best practices throughout the market.

Q Which regulations or disclosure standards do you see as most consequential for global investors?

Climate and sustainability policy is advancing rapidly, though the pace and scope differ between the US and Europe.

In the US, federal disclosure remains in flux. The Securities and Exchange Commission adopted a 2024 rule requiring companies to report on climate-related risks and Scope 1, 2 and material Scope 3 emissions; in 2025, the commission stopped defending the rule in court, leaving its enforceability uncertain.

State and local initiatives, however, continue to set high standards. California's SB 253 and SB 261 require large companies to report emissions and climate-related financial risks with third-party assurance, and New York City's Local Law 97 mandates emissions reductions for large buildings, reinforcing that sustainability risk is business risk and it is manageable, actionable and material today.

In Europe, frameworks are moving toward standardized reporting for clarity and comparability. The EU Taxonomy defines thresholds for environmentally sustainable economic activities, while the Sustainable Finance Disclosure Regulation requires asset managers to disclose how ESG factors integrate into investment products. Together, these frameworks aim to provide investors with consistent, high-quality data to benchmark portfolios against credible climate objectives.

For global investors, granular, standardized reporting enhances risk assessment and decision-making across acquisition, development and operations. By combining regulatory, disclosure and certification frameworks, investors can be confident in portfolio sustainability performance.

Q Where do you see momentum in translating sustainability commitments into investments?

The greatest momentum is in "brown-to-green" investments: upgrading existing, high-carbon buildings rather than acquiring assets that are already sustainable. With most of the global building stock that will exist in 2050 already standing, these strategies offer the largest opportunity to decarbonize, improve resilience and capture financial value.

While investing in already green buildings can be lower risk, it often delivers limited additional impact. By contrast, brown-to-green investments can generate substantial reductions in energy use and emissions, creating meaningful environmental, financial and social returns.

Real-world impact is most evident in energy efficiency retrofits, and high-performance HVAC and envelope upgrades that can reduce operating costs and attract tenants. Resilience measures that reduce downtime or insurance exposure are also particularly high-impact opportunities, as these are areas where performance improvements clearly translate into financial outcomes.

> *"Stakeholders now demand data-driven evidence that sustainability objectives will be achieved"*

Friction arises around uncertainty in projected ROI, durability of performance gains, and inconsistent data for underwriting assumptions. Investors seek confidence that retrofit strategies will deliver measurable savings and effectively de-risk assets over time.

Certifications like BREEAM help translate sustainability commitments into investable action. This transparency and rigorous validation give investors confidence that performance data is credible, enabling capital allocation to initiatives that might otherwise feel speculative, and accelerating the shift from aspiration to credible, quantifiable performance across existing buildings and infrastructure.

Q How far along are investors and lenders in integrating carbon assessments into decision-making?

Whole-life carbon assessment is rapidly becoming a critical differentiator in underwriting and valuation. By providing a full lifecycle view of a building's carbon footprint, including embodied carbon, these assessments help optimize design and material choices, extend the service life of components and encourage the reuse of existing structures.

The result is not only a reduction in carbon impacts, but also a decrease in operational costs and future retrofit expenses, and improved resilience against

Q How might advances in digital reporting, AI or remote sensing change how real estate assets are evaluated for sustainability over the next five years?

Advances in digital reporting, AI and remote sensing have the potential to transform sustainability evaluation over the next five years, but only if data collection is set up correctly and interpreted with context. Reliable, near-real-time monitoring of energy use, emissions, water and climate resilience requires properly calibrated sensors and high-quality training data, such as post-construction measured performance, allowing investors and managers to detect inefficiencies, anticipate risks and optimize interventions before they impact returns.

Understanding what good performance looks like for each asset type – and where trade-offs may exist – allows investors and managers to detect inefficiencies and anticipate risks accurately. Coupled with proper controls and processes to correct deviations, these technologies can turn sustainability into a key unlocking portfolio strategy, risk management and capital allocation improvements.

These tools enable proactive, data-driven decision-making at scale and create a dynamic view of performance that moves beyond one-off assessments toward measurable, performance-driven outcomes.

fluctuating carbon pricing and regulatory requirements.

BREEAM NC V7 strongly encourages projects to pursue a comprehensive view of carbon across the building lifecycle. This insight allows investors to understand full carbon liability and its alignment with regulatory trajectories, tenant expectations and long-term returns. As disclosure standards evolve, whole-life carbon performance will transition from a differentiator to a baseline requirement for accessing capital from institutional investors and maintaining competitive portfolios, regardless of whether a carbon target has been declared.

Q How can public-private partnerships and municipal policy better support sustainability upgrades?

Municipal and federal policy can accelerate investor-led sustainability upgrades, particularly for aging buildings. Incentives for retrofits, streamlined permitting and clear technical guidance help direct private capital where it can have the greatest impact. Public–private partnerships are especially effective, allowing investors to deploy capital efficiently while municipalities gain resilient, low-carbon assets.

Resilience is a community sport – no matter how well prepared, an asset is not an island. It is also about the resiliency of the block, the neighborhood and the community overall.

Early collaboration is critical: designing resilience and energy efficiency into buildings from the outset is far more cost-effective than retrofitting. This reduces insurance exposure, operational disruption and long-term costs.

This is also good for municipalities: resilient assets directly support fiscal stability, community wellbeing and long-term economic competitiveness. Aligning policy frameworks with investor priorities unlocks scalable solutions that enhance sustainability, benefiting entire communities.

Q Looking ahead, what will define a resilient asset, and how will investors define sustainability?

A resilient asset will combine low whole-life carbon, high operational efficiency and climate-adaptive design, while delivering high-quality internal environments that support occupant health and wellness.

Over the next decade, investors are likely to define sustainability less as a set of certifications or statements, and more as verified, measurable performance. Certifications will serve as proof points of actual outcomes – predictable energy and cost savings, reduced exposure to climate and regulatory risks, and enhanced long-term marketability.

As such, leadership will belong to those assets that marry environmental and financial performance, creating resilient buildings that deliver enduring value. And the clearest winners will likely be those that maximize the brown-to-green transition, stepping beyond overall emissions reductions to transform low-value assets into returns.

In this way, sustainability will evolve from a compliance consideration into a core driver of portfolio strategy, shaping which assets thrive as climate realities and capital market expectations continue to shift. ■