



**EPRA**

EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

**EUROPEAN ELECTIONS  
2024 MANIFESTO**

# Investing in Real Estate: Building our Future

**#buildingEU**

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Real estate plays a critical role in all aspects of our everyday lives. Property companies serve businesses and society by actively developing, managing, maintaining, and improving the built environment; where we all live, work, shop, enjoy, and relax.

Listed real estate is defined as companies that are quoted on an official stock exchange that derive income from the ownership, trading, and development of income-producing real estate assets. Listed real estate allows anyone, **retail investors alongside large institutional investors**, to invest in the underlying assets of publicly quoted companies, the same way as investing in other industries through purchasing shares. As societies struggle to provide for their rapidly greying populations, our sector plays a crucial part in providing retirement security to millions of people, by offering pension funds and insurers stable and highly competitive assets to invest in.

Listed real estate companies are the guardians of many of the highest-quality assets in Europe's cities: office and shopping centers, data centers, healthcare and senior housing facilities, warehousing, or student housing: **buildings and infrastructure critical to Europe's competitiveness and its citizens' quality of life**. Our members are also pioneering transparency and sustainability in the built environment, by means of meeting their responsibilities towards local communities and the demands of shareholders to safeguard their investments in the face of the green transition.

The competitiveness of the European real estate sector is crucial for the stability of the European economy and, ultimately, for its citizens. To remain competitive on the global stage, it is essential to enable real estate companies to have a regulatory framework that allows them to compete on an equal footing with their international peers.

## Our three key priorities for 2024-2029 to build a strong, prosperous and sustainable Europe:



### PRIORITY ONE

## Promoting long-term investments to the EU economy and its citizens

Listed real estate companies have continuously yielded stable and strong long-term performance while generating positive social impacts for society and the environment.<sup>1</sup> In addition to bringing long-term investments to the European economy, it provides a predictable income stream through regular dividends and capital appreciation, making it a compelling choice for a wide range of investors such as pension funds and

insurance companies. Furthermore, listed real estate stands out as a notably simple, transparent, and secure option for retail investors aligning well with the policy objectives of the **Retail Investment Strategy (RIS)**. To further harness the potential of the listed real estate sector and ensure its expansion aligns with our broader economic goals, **increased capital investment, and an enabling regulatory environment are essential**.

### OUR PROPOSAL TO EU LEGISLATORS:

- **Improvement of the Capital Market Union:** understanding the pivotal role that national tax policies and business environments play in enhancing participation in the EU capital market, we strongly support the recommendations made by the Eurogroup to improve the functioning of European capital markets. Specifically, we endorse recommendations aimed at encouraging Member States to boost participation in capital markets through targeted tax incentives for institutional and retail investors to make more long-term and cross-border investments in equity. Listed real estate can be a prime vector of longer-term investments, and facilitating investment in this sector, including within any new initiatives related to **Pan-European Retail Pension (PEPP2)** or saving products, should be prioritised.
- **Prioritise competitiveness over regulation in the EU equity market:** we support measures such as the EU Listing Act to cut down on red tape and facilitate capital growth at a lesser cost for listed companies, while also advocating for additional measures to reduce the regulatory burden and increase the EU's equity market competitiveness relative to other global markets.
- **Ensuring adequate and fair treatment of European property companies in taxation:** we advocate for tax legislation that thoughtfully accounts for the distinctive features of real estate investment vehicles with a carve-out where necessary to ensure the stability and growth of EU real estate markets. Furthermore, to adapt to rising capital costs from increased interest rates, we urge policymakers to review and adjust the tax deductibility of interest thresholds within the existing EU framework to align with current interest rate conditions.
- **Solvency II long-term equity investments:** consistent and effective implementation of revised Solvency II rules with respect to long-term equity requirements will enable increased investment flows by insurance companies, freeing up billions for the listed real estate sector. This will in turn facilitate further investments in essential buildings, infrastructure as well as accelerating the green transition.

<sup>1</sup> For more insights, please consult the comprehensive report by Amsterdam School of Real Estate on the role of Real Estate Investment Trusts in the European economy: [https://www.epra.com/download\\_file/2505/187](https://www.epra.com/download_file/2505/187)



## PRIORITY TWO

# Delivering on the green transition

**The building sector is responsible for about 40% of Europe's energy consumption.** It is therefore essential to make energy-efficient buildings in Europe a priority, including their financing through financial markets. **The real estate industry, the second most EU-taxonomy aligned,** will continue to play a crucial role in the green transition. The most sustainable activity that we can perform for the European built environment is to renovate and ensure that existing buildings, specifically worst-performing buildings, are advancing towards net zero. To support the energy-efficient renovation of Europe's buildings, a suitable regulatory

environment is also paramount. This entails **two key actions.** First, ensuring that any additional new legislation is weighed against the needs of long-term investors and businesses is crucial to providing the market with a **stable regulatory landscape after a decade of rapid changes.** Indeed, real estate projects have lifecycles spanning multiple decades from inception to full payoff, and regulatory uncertainty can heighten risk perceptions and discourage investors. Second, refining the existing frameworks **to better accommodate the specific needs of the energy transition for real estate assets.**

### OUR PROPOSAL TO EU LEGISLATORS:

#### Make sustainability reporting requirements fit for the real estate sector by:

- Establishing clear, industry-specific standards that precisely reflect the sector's sustainability achievements within the European Sustainability Reporting Standards (**ESRS**) framework, ensuring they cater to the unique characteristics of the listed real estate sector.
- Including relevant indicators that improve the measurement and disclosure of energy transition advancements when reviewing the existing Sustainable Finance Disclosure Regulation (**SFDR**) and developing a labelling framework that introduces a category specifically tailored to facilitate a transition strategy in real estate.
- Aligning SFDR and ESRS, as well as bridging the gap between various sustainable finance frameworks to prevent the creation of additional discrepancies.

#### Harmonise approach to accurately reflect buildings' real energy performance by:<sup>2</sup>

- Developing a unified and comprehensive system for Energy Performance Certificates (**EPCs**) across the EU to ensure uniform standards and terminology, effectively allowing us to "speak the same language" regarding energy efficiency. We also call for a unified and comprehensive framework for Nearly Zero-Energy Buildings (**NZEBs**) standard as they are currently based on different methodologies as well as for the new Zero-Emissions Buildings (**ZEBs**) standard. Furthermore, we advocate for greater alignment between the **Energy Performance of Buildings Directive (EPBD)** and the **EU's Taxonomy Regulation** to ensure the EPBD's 'worstfirst approach' philosophy is mirrored in the EU Taxonomy.
- Formally amending the **Climate Delegated Act** to enable the use of proxies to EPC (e.g. BREEAM, LEED, DGNB) where the use of EPCs is not possible or available, reflecting the guidelines outlined in Commission notice C/2023/267.

- Incorporating real annual energy performance measurements into the EU Taxonomy framework, so investors would be able to better understand the true climate impact of the assets in their portfolio.

#### Unify approach when implementing the Emissions Trading System (ETS II) for the building sector by:

- Considering national specificities such as energy systems, including infrastructure but also financial, economic, and social aspects to avoid a one-size-fits-all approach that may not adequately address the unique challenges and opportunities each class presents.
- Establishing a progressive and ambitious carbon pricing strategy as well as social justice consideration to have a fair distribution of financial responsibilities between landlords and tenants.

#### Facilitate the participation of the listed real estate sector in the green transition dialogue by:

- Giving the possibility to participate in expert or working groups during the tenure of the forthcoming Commission, allowing us to share our industry inputs on key files such as SFDR, CSRD, EU Taxonomy, EPBD, ETS II as well as upcoming initiatives on the **Whole Life Carbon (WLC)** in the building sector.

<sup>2</sup> For more details on the specific recommendations, please consult the comprehensive factsheet made by EPRA and the World Green Building Council on the implementation of the EU taxonomy in the built environments: [https://www.epra.com/download\\_file/2337/187](https://www.epra.com/download_file/2337/187)





## PRIORITY THREE

# Boosting growth opportunities for Europe and its Member States

Within the global real estate landscape, Real Estate Investment Trusts (“REITs”) are companies that own, operate, develop, and manage real estate assets to obtain returns from rental income and capital appreciation. They help communities grow, thrive, and revitalise and provide an investment opportunity that makes it possible for everyday citizens as well as large institutional investors to benefit from valuable real estate, dividend-based income, and total returns. Thirteen European countries have already recognised a public benefit to incentivise real estate investment through public markets and have introduced REIT legislation in their jurisdiction. This

trend is gaining momentum, with additional member states contemplating the adoption of similar REIT frameworks. This progressive shift reflects a growing recognition of **the pivotal role that real estate and infrastructure investments can play in the broader economic landscape of Europe**. EPRA is committed to enhancing and safeguarding the distinctive qualities of European REIT regimes and their contributions to society. Our proactive engagement with policymakers aims to highlight the unique attributes of REIT regimes that should be considered in legislative processes and that could support the growth and recognition of REIT regimes across Europe.

### OUR PROPOSAL TO EU LEGISLATORS:

- **Promote and develop the European REIT concept to facilitate real estate investments across the EU:** encouraging Member States to further develop, introduce, or preserve their retail and institutional investor-friendly regimes to facilitate real estate investments while building a strong, prosperous, and sustainable Europe.
- **Establish Soft-law initiatives to promote the mutual recognition of the 13 established REIT regimes in the EU:** given that 13 countries in the EU have already acknowledged the public benefit of establishing a national REIT framework to incentivise property investment through public markets, we recommend the development of an EU recommendation for the mutual recognition of REIT regimes. This approach aligns with the Commission’s objectives to advance CMU through non-legislative actions, thereby enhancing the EU single market and benefiting the entire EU economy.

For 25 years, the European Public Real Estate Association (EPRA) has been the voice of Europe’s listed real estate companies, investors and their suppliers. With more than 290 members, EPRA represents over 840 billion EUR of real estate assets (European companies only) and 95% of the market capitalisation of the FTSE EPRA Nareit Europe Index.

**THE EUROPE WHERE WE LIVE, WORK AND THRIVE**

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