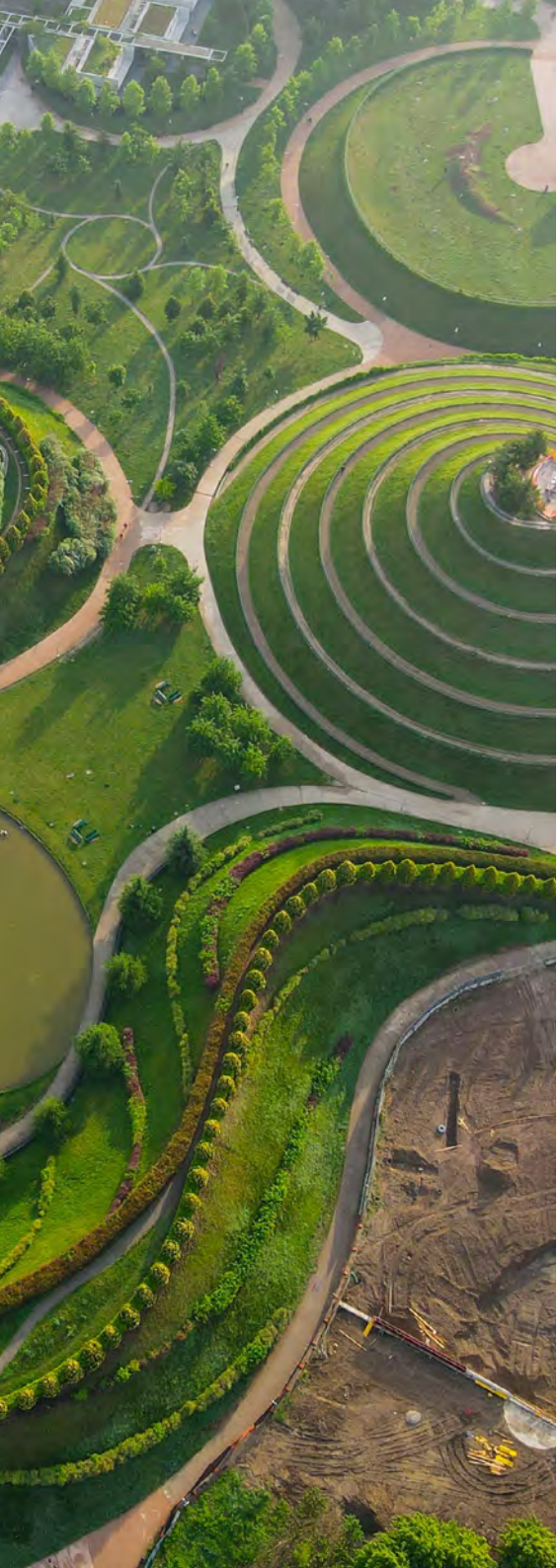
REPORT

Sustainability report

November 2026





Sustainability report 2026

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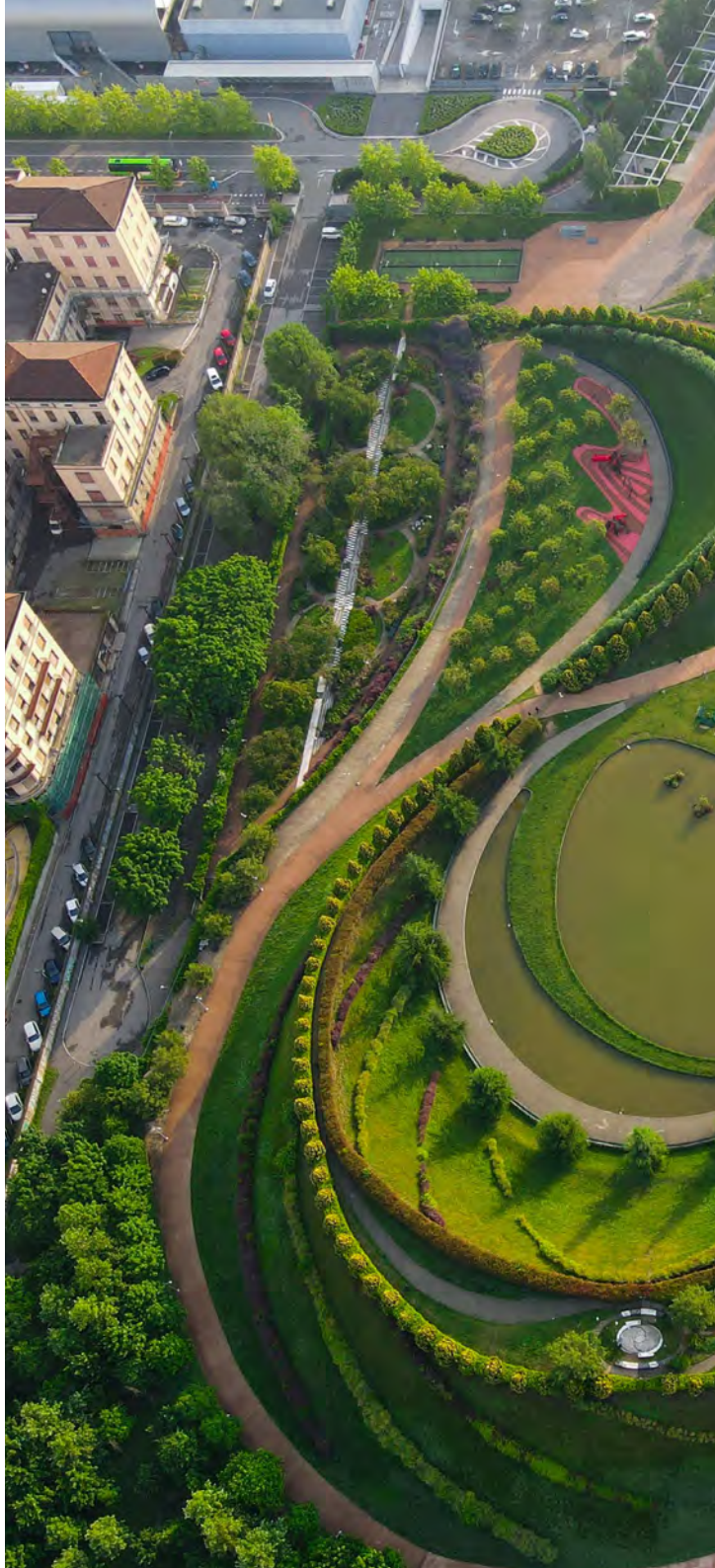
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Foreword by Nick Maclean FRICS OBE

RICS President

RICS members help shape a more sustainable and resilient built and natural environment through professional advice and judgement. By translating sustainability ambitions into practical action, they help deliver lasting benefits for people and communities.

The *Sustainability report* 2026 shows progress, alongside continuing challenges, across the sector. Demand for green and sustainable buildings continues to grow, with greater adoption of circular economy practices, biodiversity measures and nature-based solutions.

Climate adaptation and resilience are also receiving greater attention, reflecting the growing risks to assets, people and communities. The Intergovernmental Panel on Climate Change estimates that 3.3 to 3.6 billion people live in geographies that are highly vulnerable to climate change. Strengthening resilience is therefore both an environmental and a societal imperative.

Significant gaps remain, however. Embodied carbon is still not measured consistently across construction projects and, even where assessments are undertaken, their results do not always influence decisions. Gaps in skills and capacity continue to constrain progress in carbon measurement, climate risk assessment and identifying appropriate resilience measures.

Closing these gaps requires the right conditions for organisations to invest and act with confidence. Government policy and regulation, supported by clear standards, appropriate incentives and greater consistency, can help create those conditions. Industry and professional bodies also have a vital role in building capability, improving data and supporting consistent practice.

As sustainability demands across the built and natural environments evolve, RICS helps set professional standards, supports their application and equips the profession with the skills and expertise needed to respond.

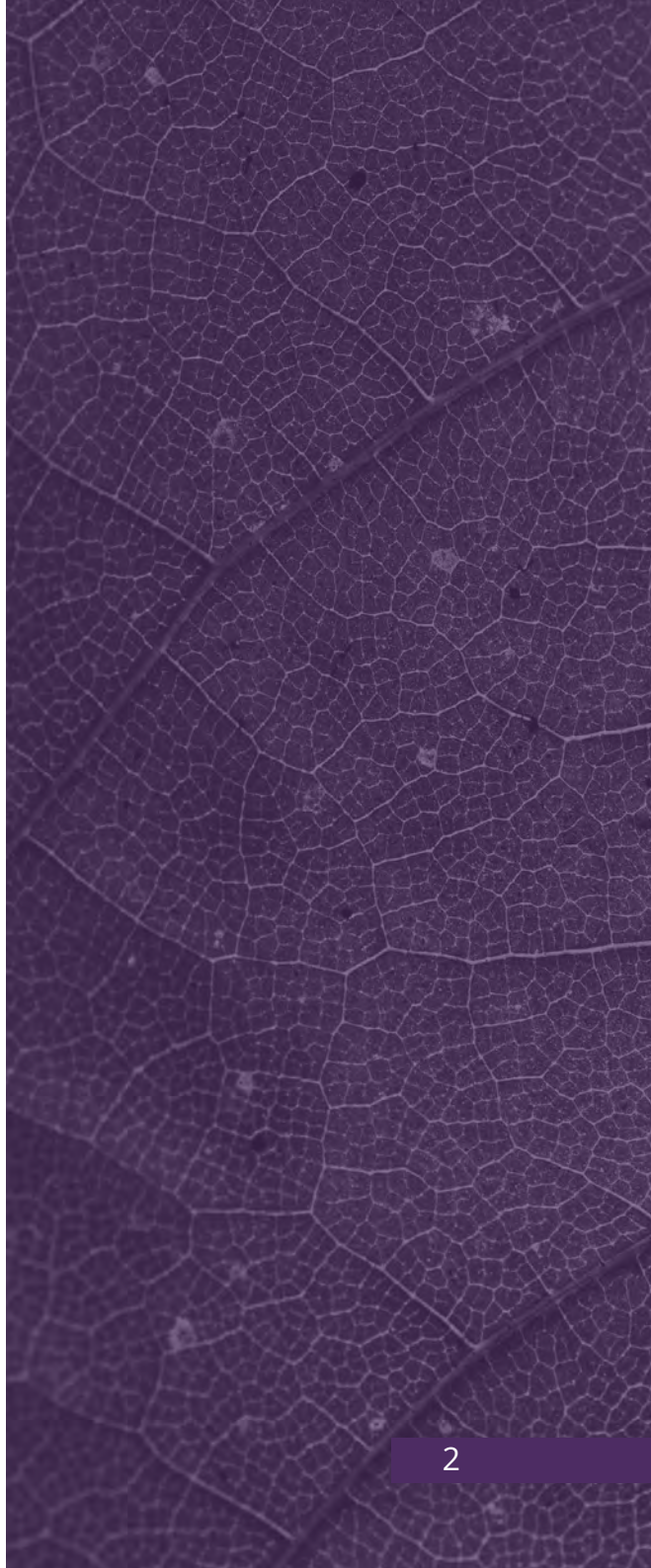
We have successfully completed the Sustainability advisory pathway pilot, supporting professionals in achieving MRICS designation and strengthening recognition of specialist sustainability expertise.

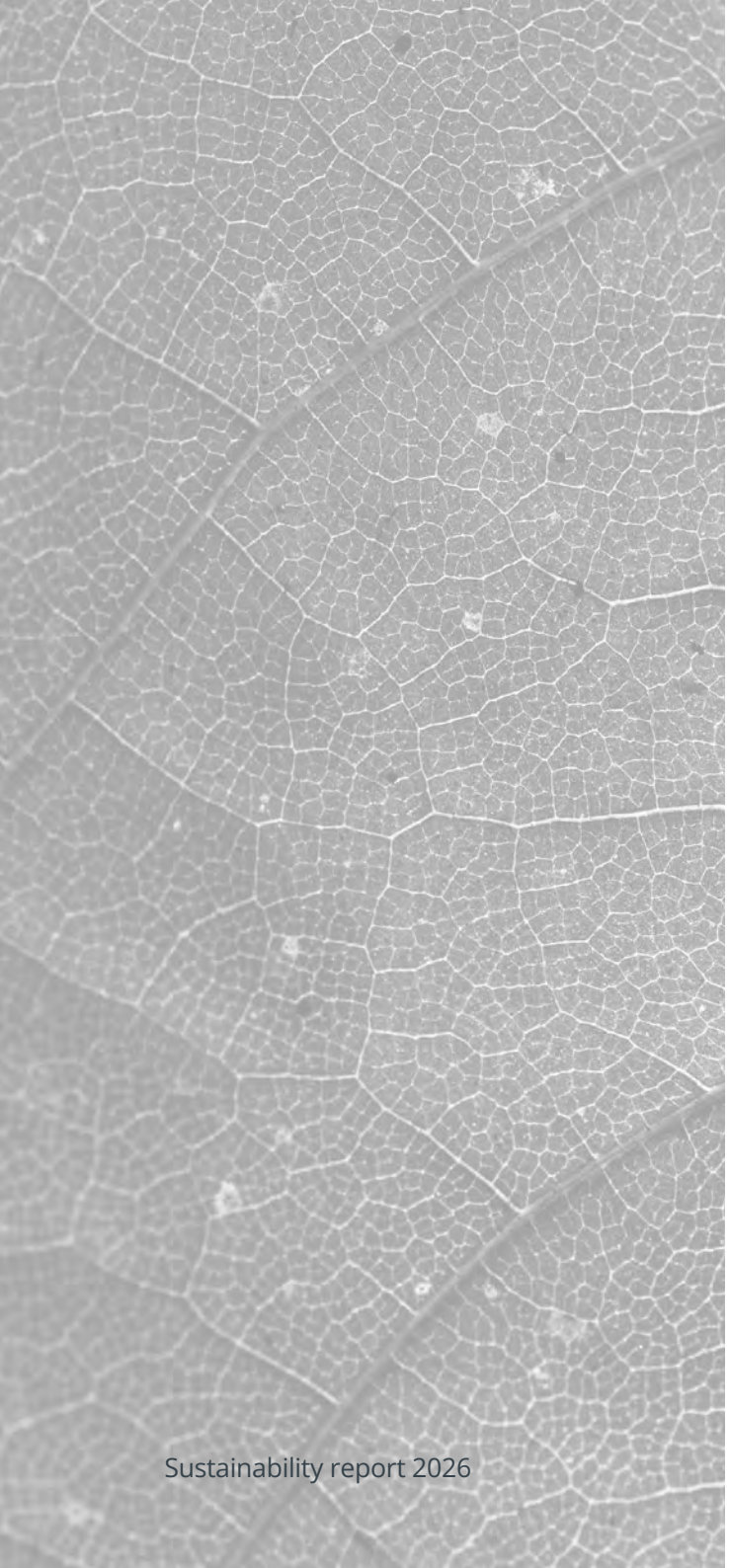
Beyond this specialist pathway, sustainability must be embedded across professional practice, informing decisions about how assets are designed, constructed, valued, managed and adapted, rather than treated as a separate consideration or simply a compliance exercise.

This requires reliable data, greater transparency and consistent approaches. Professionals need information and practical frameworks to understand sustainability impacts and assess trade-offs in investment, valuation and project delivery.

Technology and artificial intelligence (AI) can help improve how sustainability data is collected, analysed and applied, provided that data quality is maintained and the tools are used appropriately.

The next step is to build on this progress by adopting effective practices more widely across the sector. RICS members can help clients and organisations put sustainability commitments into practice. The decisions we make today will shape the resilience, sustainability and value of the built and natural environment for generations to come.





Executive summary

The latest UN GlobalABC's Status Report for Buildings and Construction suggests that progress towards decarbonisation is stagnating, while wider evidence indicates that the built environment sector will continue to place significant demands on natural resources and contribute to habitat loss unless more ambitious action is taken.

In light of this, the development of net-zero-emission, climate-resilient, resource-efficient and nature-positive real estate remains a priority. Accelerating this transition requires policymakers, governments and industry bodies to have access to timely evidence and robust data to assess progress, identify challenges and design effective responses. This is the purpose of this study: to evaluate the built environment sector's progress towards a more sustainable future, examine market sentiment towards green real estate assets, and assess the extent to which sustainable practices are being adopted across the industry.

Data for this study is taken from two leading market surveys: RICS' Global Commercial Property Monitor and Global Construction Monitor, which together generated more than 3,700 responses from built environment professionals worldwide.

In addition, we conducted semi-structured interviews with 34 professionals across five global regions to explore the sector's progress in assessing, reporting and managing climate-related risks to built assets. A summary of the feedback can be found in the final section of this report.

RICS' sustainability reports have monitored industry progress and market sentiment since 2021 through the RICS Sustainable Buildings Index (SBI), which tracks changes in occupier and investor demand for green buildings.

Following a loss of momentum in 2025, the SBI suggests that demand for green assets has picked up slightly this year. However, activity remains relatively subdued across the Americas, where political developments continue to weigh on sentiment and cloud the outlook for future sustainability and climate-related policies.

The importance of regulatory policy in shaping market behaviour is further corroborated by our survey results, which show that energy efficiency standards and building regulations are among the leading drivers of investment in green buildings.

Alongside this, professionals increasingly acknowledge the importance of climate adaptation, resilience and nature-based solutions in addressing climate-related risks. However, there remains a long way to go before these issues become a core consideration and are implemented more widely across the built environment sector.

The results also suggest that progress in assessing carbon emissions across projects and integrating these assessments into material selection decisions remain limited across the construction sector.

Advancing practice in this area is critical to reducing the sector's significant carbon impact, yet progress is hindered by a lack of appropriate skills and expertise among professionals.

These findings are reinforced by RICS' recent Surveying skills report 2026, which highlights substantial skills gaps in a range of sustainability-related professional competencies.

Addressing this challenge will be critical to accelerating the uptake of carbon assessment practices.

Contributors indicate that circular practices are becoming increasingly embedded across the sector. Nevertheless, progress remains constrained by a range of financial and organisational challenges. Higher costs associated with recycled and reused materials, together with limited collaboration across the value chain, are identified as key obstacles to more widespread implementation.

Insights gained from the qualitative expert interviews suggest that industry practices for assessing and reporting physical climate risks to built assets have improved, although the extent of progress varies across regions.

The increasing frequency and severity of climate-related events were widely cited as key factors driving greater attention to this issue.

However, several barriers continue to constrain progress. Financial capacity emerged as one of the most significant challenges, with larger organisations typically better positioned to undertake detailed climate risk assessments while smaller organisations often face resource constraints that limit their ability to conduct more comprehensive analyses.

Stronger government regulation, greater capacity building and skills development, and the development of consistent assessment and reporting frameworks were identified as critical enablers of further progress.

In addition, the importance of integrating adaptation and resilience considerations into broader net-zero policies and economic development strategies was highlighted, to support a more coordinated and effective approach to achieving climate and sustainability objectives.

Sustainability trends across the global commercial property market

The RICS Sustainable Building Index (SBI) points to continued market appetite for sustainable buildings

Since 2021, the RICS SBI has tracked occupier and investor demand for green buildings, reflecting evolving market preferences and sustainability trends across the real estate sector.

For the purposes of this study, the term 'green buildings' refers to buildings that are energy and resource efficient, deliver low-carbon performance and hold recognised sustainability certifications such as BREEAM, LEED, WELL or NABERS.

In 2026 the RICS SBI registered a net balance* reading of +31, suggesting global demand continued to rise over the last 12 months. However, the rate of demand growth has moderated over the last few years (Figure 1).

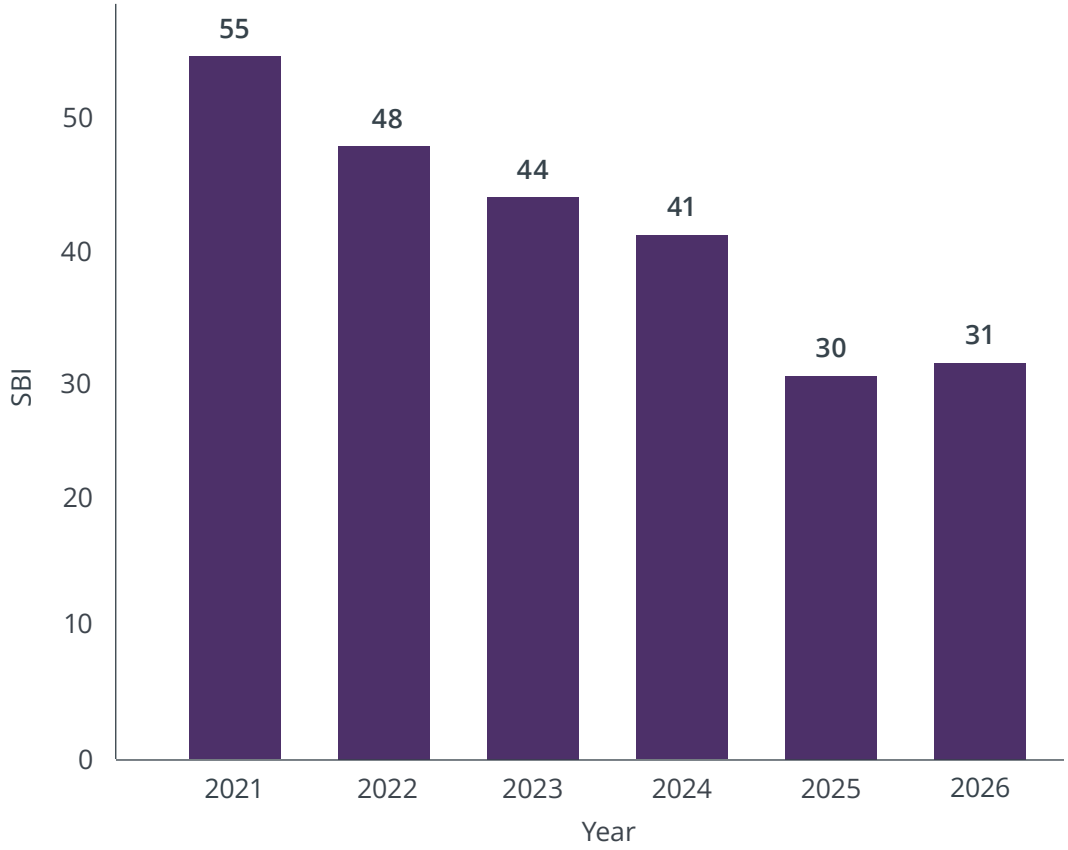


Figure 1: RICS SBI 2021–2026

* Net balance is the proportion of respondents reporting a rise in demand minus the proportion reporting a fall. Data source: RICS' Global Commercial Property Monitor

The RICS SBI represents a globally weighted average of net balance figures across the five regions covered by the survey: the UK, Europe, the Middle East and Africa (MEA), Asia Pacific (APAC) and the Americas. Weightings are based on the estimated stock of commercial property in each region as calculated by LaSalle Investment Management.

The regional SBI data (Figure 2) suggests that the modest drop in the index over the last couple of years has been largely driven by softer demand for green assets in the Americas, which recorded the lowest SBI at +11 in both 2025 and 2026.

In contrast, demand growth remained more resilient in other regions. After moderating in 2025, the SBI in Europe increased to +51 in 2026, while demand in APAC remained on a steady upward trajectory with the index now standing at +31. The SBIs for the UK and MEA eased slightly in 2026 but continue to indicate relatively robust demand growth, at +42 and +44 respectively.

Recent trends in North America point to firmer demand for commercial real estate and improving market conditions.

The lower SBI may therefore reflect the fragmented sustainability policy landscape across US states and a perceived reduction in federal action, leading to softer demand for sustainable assets in particular rather than a broader slowdown in the market.

The scaling back of climate commitments by some major financial institutions may also have contributed to a more cautious investment environment for green assets.

Together, these factors have created a degree of regulatory uncertainty that continues to weigh on occupier and investor confidence.

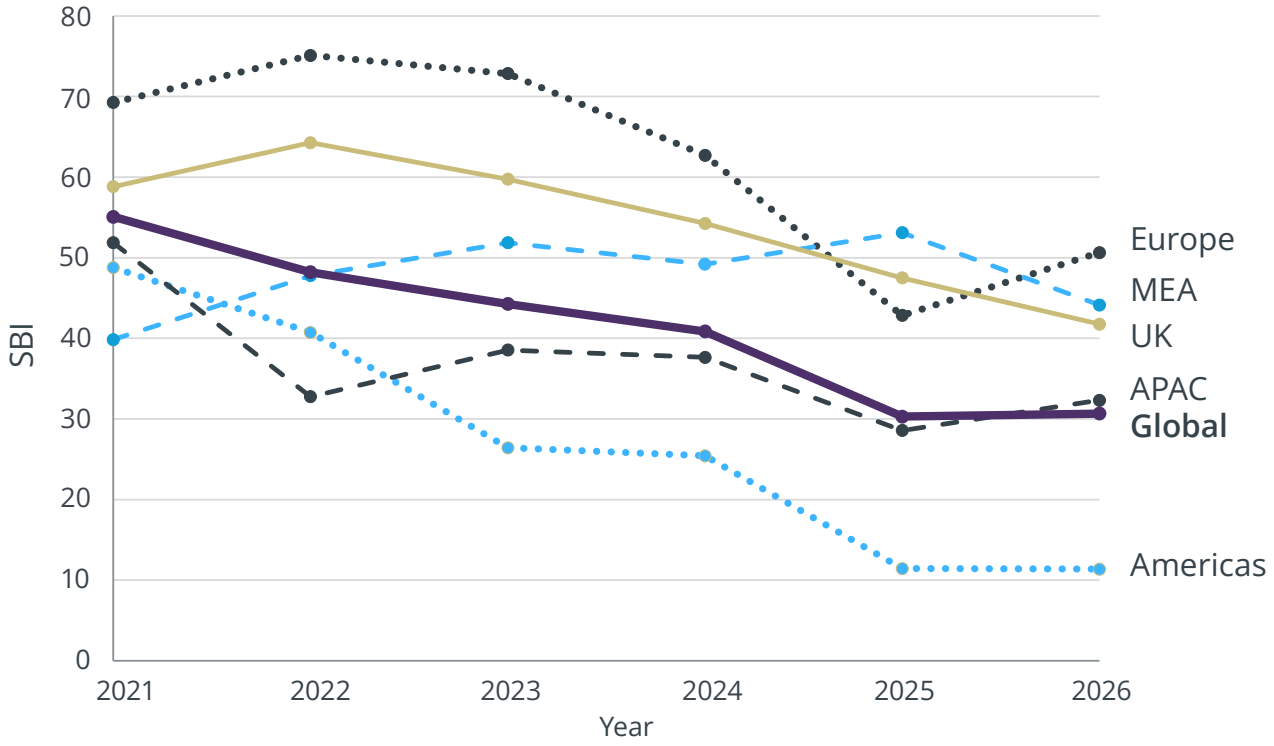


Figure 2: RICS SBI by region

Less than a quarter of respondents in the Americas reported an increase in occupier or investor demand for green assets over the past 12 months, significantly below the global average of 41% (Figures 3 and 4).

Demand appears stronger in other regions. In Europe, nearly 60% of contributors reported rising occupier and investor appetite over the past year with this share increasing compared with 2025 (Figure 4). Similarly, in MEA around 56% reported an increase in occupier demand, up slightly from 54% in 2025. Investor demand also remained relatively strong, with approximately 52% of contributors reporting increased appetite for green assets, broadly in line with the 53% recorded last year.

In the UK, the share reporting increased demand stands at just under 50%, indicating a modest decline in momentum compared with 2025. By contrast, momentum appears only marginally stronger in APAC, where around 45% reported rising occupier demand and 39% rising investor demand, compared with 42% and 41% respectively in 2025.

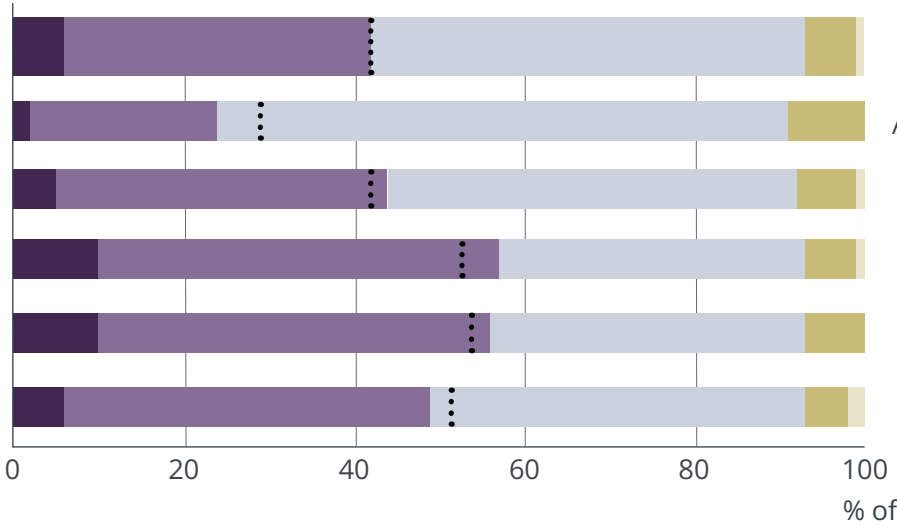


Figure 3: How has occupier demand for green buildings changed in the last 12 months?

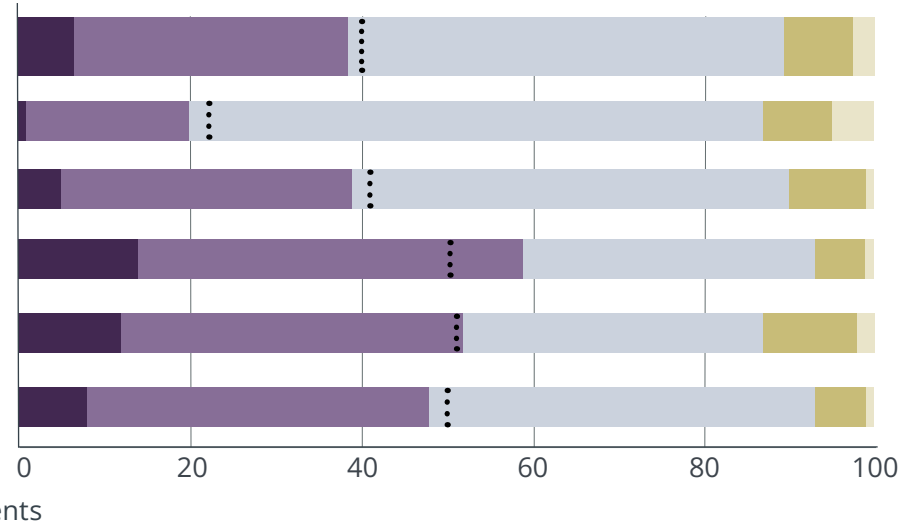


Figure 4: How has investor demand for green buildings changed in the last 12 months?





Investor and occupier priorities for green buildings

Beyond overall demand trends, the survey also explored the key attributes and characteristics that occupiers and investors value most in green buildings (Figures 5 and 6). Globally, high indoor environmental quality emerged as the most important feature for occupiers, with 92% of contributors identifying factors such as good ventilation, air quality and thermal comfort as critical considerations, highlighting the importance of user experience.

For investors, green building certifications such as BREEAM, LEED, WELL and NABERS continue to be the most highly valued features, with 82% of contributors globally identifying them as a key attribute of green buildings. This is unsurprising, as building certifications have become an important tool to help investors identify assets that align with ESG criteria in order to access sustainable finance opportunities.

In addition, around three-quarters of professionals highlighted adaptability and resilience to climate change impacts as vital characteristics for investors, reflecting their importance in protecting long-term asset values and reducing the potential for assets to become stranded.

Both occupiers and investors highly value smart technologies and energy efficiency, with more than two-thirds of respondents identifying these as important aspects of green buildings.

While regional trends are broadly consistent with the global findings, some variations reveal distinct regional preferences and market dynamics.

The UK stands out in particular, where 94% of contributors identified energy efficiency as a key feature for occupiers, compared with 82% to 85% elsewhere. UK contributors also placed greater importance on circular economy practices, such as reducing waste, recycling and reusing materials. These practices were considered important by 83% of contributors in the UK, compared with 67% to 77% in other regions.

Figure 5: The most important features of green buildings for occupiers

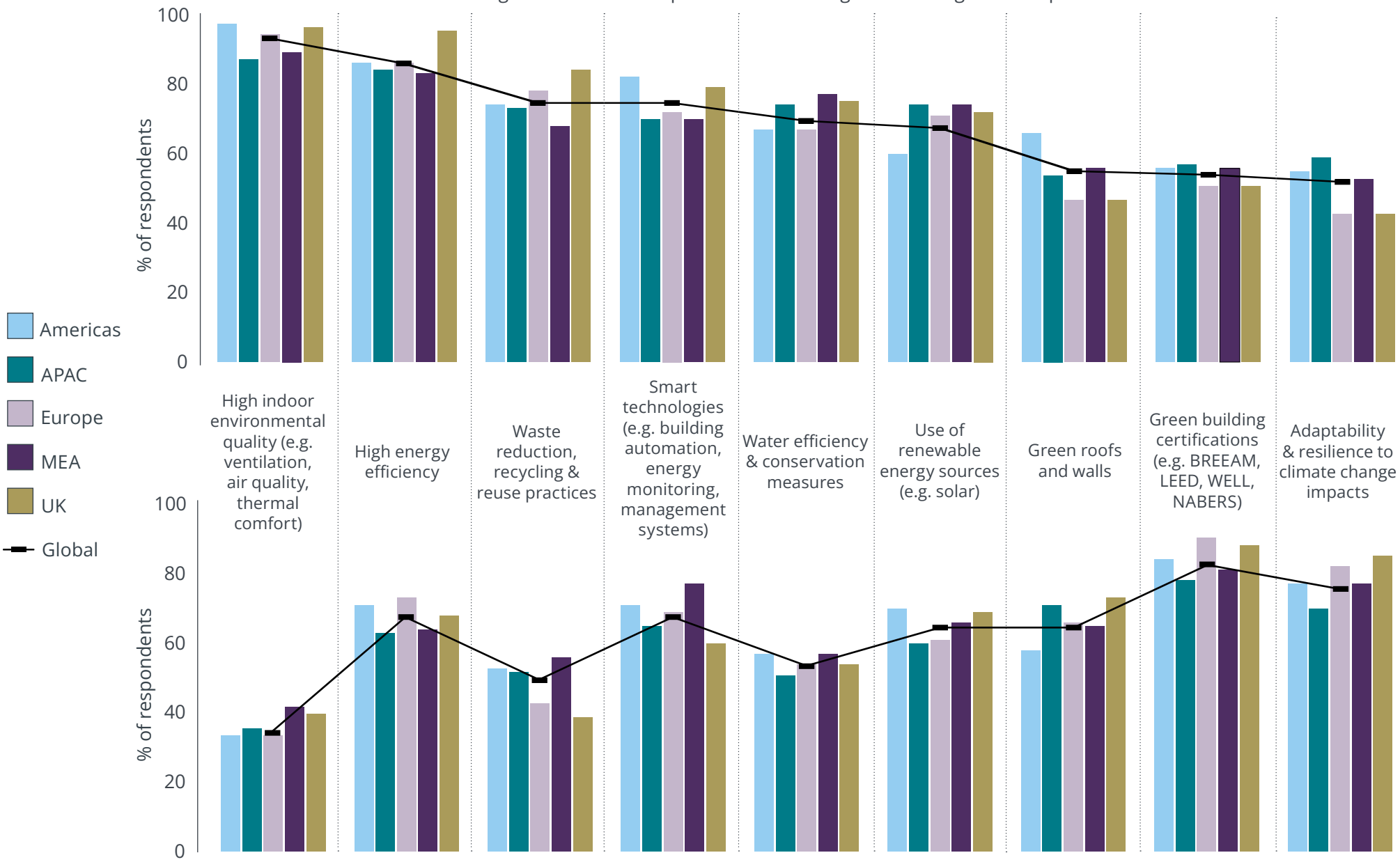


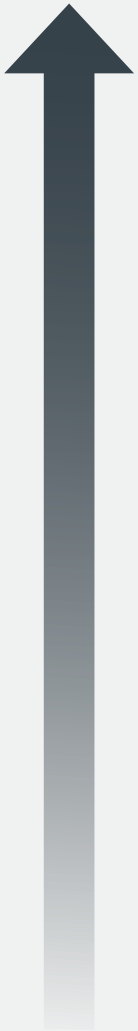
Figure 6: The most important features of green buildings for investors

Key enablers of green building investment

To better understand the factors driving green building investment, contributors were asked to identify the three most important enablers in their region.

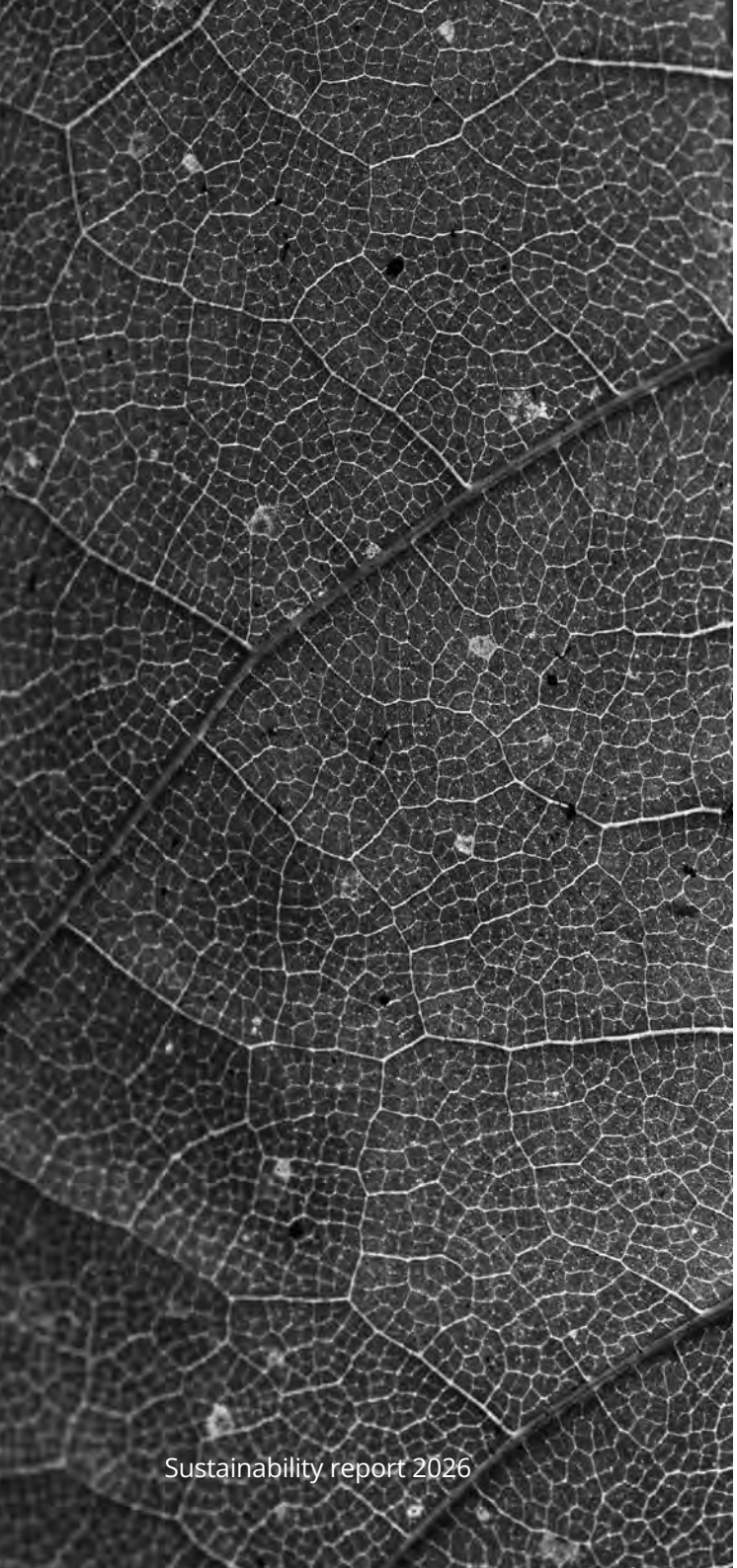
The global findings indicate that regulatory energy efficiency standards and building codes, as well as government incentives and subsidies, are the leading drivers of investment in green buildings, with 46% and 44% of professionals identifying them, respectively, as key enablers (Figure 7).

Greater investor awareness and demand for sustainable assets, together with the prospect of enhanced asset values (green premiums) and improved leasing performance, also emerge as important, with each being cited by more than one-third of respondents. Only 13% of professionals identified the risk of brown discounts as a key factor driving investment in green buildings.



Regulatory energy efficiency standards/building codes	46%
Government incentives or subsidies	44%
Increased perceived asset value or improved leasing performance	36%
Greater investor awareness/demand for sustainable assets	36%
Stronger financial performance of green buildings (e.g. green premiums)	28%
Growing use or demand for green building certifications (e.g. BREEAM, LEED, Green Star, WELL, regional schemes)	26%
Greater adoption of smart building or digital technologies	20%
Higher risk of brown discount/ stranded assets	13%
Government taxonomies or reporting frameworks	13%

Figure 7: In your market, what are the key enablers of investment in green buildings? Select the top three.



Regulatory energy efficiency standards and building codes rank among the top three enablers of green building investment across all regions (Figure 8). Increased perceived asset value and improved leasing performance are also identified as a key enabler in the Americas, MEA and the UK (where they are a particularly prominent factor).

In MEA, 48% of respondents identified greater investor awareness and demand for sustainable assets as an important enabler, and this also ranks highly in Europe and APAC.

Notably, Europe is the only region where the growing use of green building certifications ranks among the top three enablers, cited by more than one-third of respondents.

This may be partly explained by the continued evolution of leading European certification schemes, which are increasingly adopting a more holistic approach to assessing sustainability performance. These schemes are becoming more closely aligned with European and international policy frameworks, strengthening their role as trusted benchmarks.

Government incentives and subsidies are considered an important driver in the Americas, the UK and APAC – being particularly prominent in APAC, where more than half of respondents cited them. This may be linked to supportive policy measures, including Singapore's Green Mark Incentive Scheme, government-funded building energy-efficiency programmes in China and incentives for green building projects in India.

Americas

1	Government incentives or subsidies	47%
2	Increased perceived asset value/improved leasing performance	40%
3	Regulatory energy efficiency standards/building codes	34%

APAC

1	Regulatory energy efficiency standards/building codes	53%
2	Government incentives or subsidies	52%
3	Greater investor awareness/ demand for sustainable assets	33%

Europe

1	Regulatory energy efficiency standards/building codes	49%
2	Greater investor awareness/ demand for sustainable assets	39%
3	Growing use or demand for green building certifications	35%

MEA

1	Regulatory energy efficiency standards/building codes	55%
2	Greater investor awareness/ demand for sustainable assets	48%
3	Increased perceived asset value/improved leasing performance	36%

UK

1	Regulatory energy efficiency standards/building codes	51%
2	Increased perceived asset value/improved leasing performance	47%
3	Government incentives or subsidies	39%

Figure 8: Top three enablers of investment in green buildings by region

Are climate risks rising up the agenda?

The increasing frequency and severity of climate-related events are placing growing pressure on the built environment, highlighting the urgent need to improve the resilience of both existing and future assets and accelerate the implementation of effective adaptation measures.

This survey explored the importance of building adaptability and resilience in decision-making, both when occupying buildings and when considering potential investments. The findings suggest that these have yet to become central priorities for occupiers and investors (Figure 9).

Only 28% of respondents consider a real estate asset's adaptability and resilience to climate-change impacts to be extremely or very important when occupiers evaluate a potential space.

A similar proportion (26%) believe these factors are either of little importance or not important at all.

In contrast, nearly half of respondents (46%) rate climate adaptation and resilience considerations as moderately important, reflecting the most widely held view.

The feedback is somewhat similar from an investment perspective, indicating that climate adaptation and resilience have yet to be fully integrated into mainstream investment decision-making.

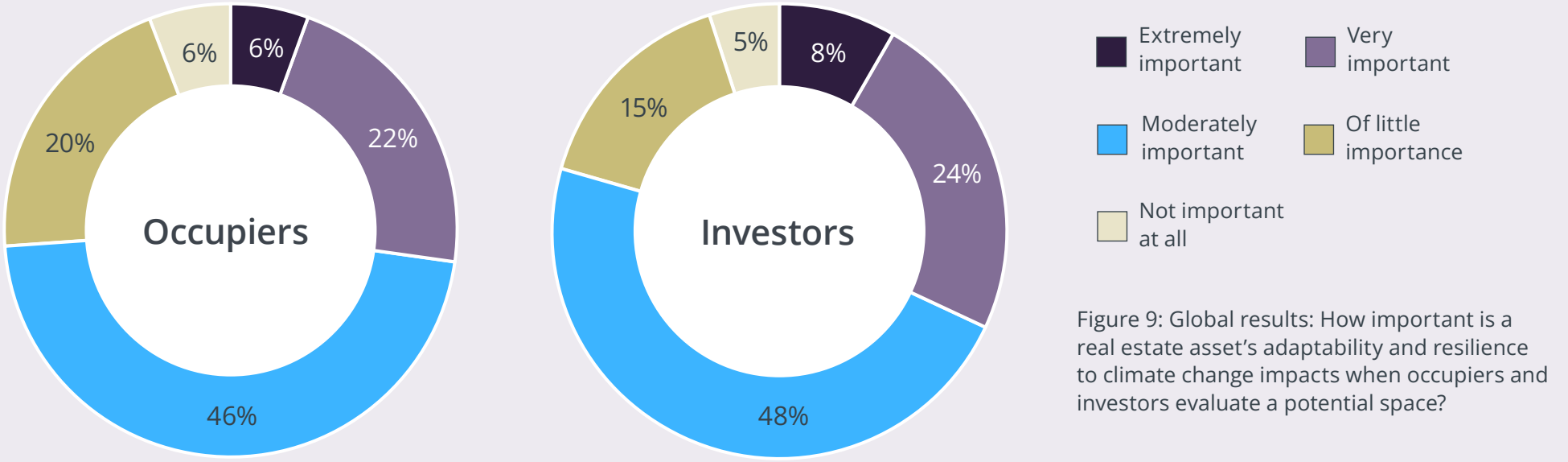


Figure 9: Global results: How important is a real estate asset's adaptability and resilience to climate change impacts when occupiers and investors evaluate a potential space?

The regional data reveals a more varied picture, suggesting that responses from the Americas may be influencing the overall global trend. Figure 10 shows the proportion of respondents who consider adaptation and resilience to climate change impacts to be either extremely important or very important. Across the Americas, less than one-fifth of respondents identify these factors as highly important for either occupiers or investors.

In contrast, the proportion is notably higher in other regions, reaching about one-third for both occupiers and investors in APAC. Across Europe and the UK, feedback points to investors placing significantly greater emphasis on these factors than occupiers.

Respondents in the MEA region report the highest level of prioritisation, with 43% identifying adaptation and resilience as extremely important or very important for occupiers and 46% doing so for investors.

This likely reflects the region's heightened exposure to climate-related risks, particularly extreme heat, water scarcity and sea-level rise, which are increasing the need for adaptation measures to protect communities, enhance asset resilience and support sustainable economic growth.

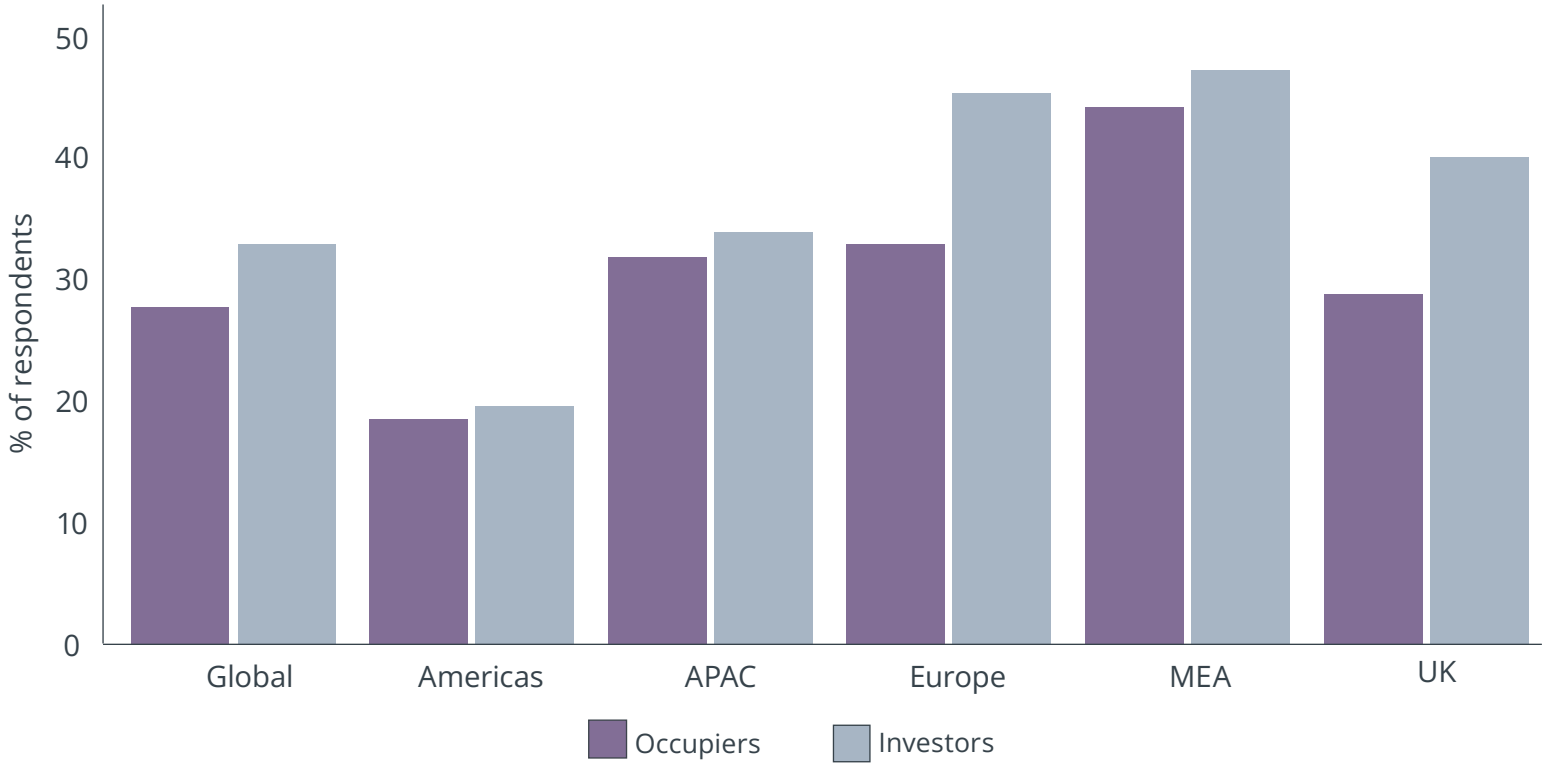


Figure 10: Share of respondents rating asset adaptability and climate resilience as very or extremely important for occupiers and investors

To what extent are climate risks influencing real estate values?

According to Swiss Re, insured losses from natural catastrophes exceeded US$100 billion in 2025.

As exposure to physical climate risks increases, real estate assets are becoming more vulnerable to damage and disruption from hazards such as flooding, wildfires, extreme temperatures, storms and coastal erosion. These risks can increase property damage, disrupt business operations and drive higher repair, maintenance and insurance costs.

Professionals were asked to assess the extent to which climate-related physical risks and extreme weather events are likely to affect real estate asset values over the next five years (Figure 11). The responses indicate a broad recognition that climate-related risks could be an increasingly important consideration for real estate valuation, though perceptions vary on the scale and scope of the impact.

The regional results are broadly aligned with the global averages, with a significant proportion of respondents across all five regions expecting climate-related risks to affect real estate values to some extent over the next five years. However, most anticipate either a modest impact across the wider market or impacts concentrated in specific asset types.

Relatively few foresee widespread market disruption. This could suggest that the market is already evolving and has begun pricing climate-related risks into property valuations. As a result, respondents may expect future impacts on asset values to be more gradual, reflecting the fact that some of these risks are already being factored into investment and valuation decisions.

See the Regional trends in climate risk assessment section of this report for a more detailed discussion of climate risk assessment, including evolving approaches across the sector, their implications for market practices, and the key challenges and enablers affecting progress.

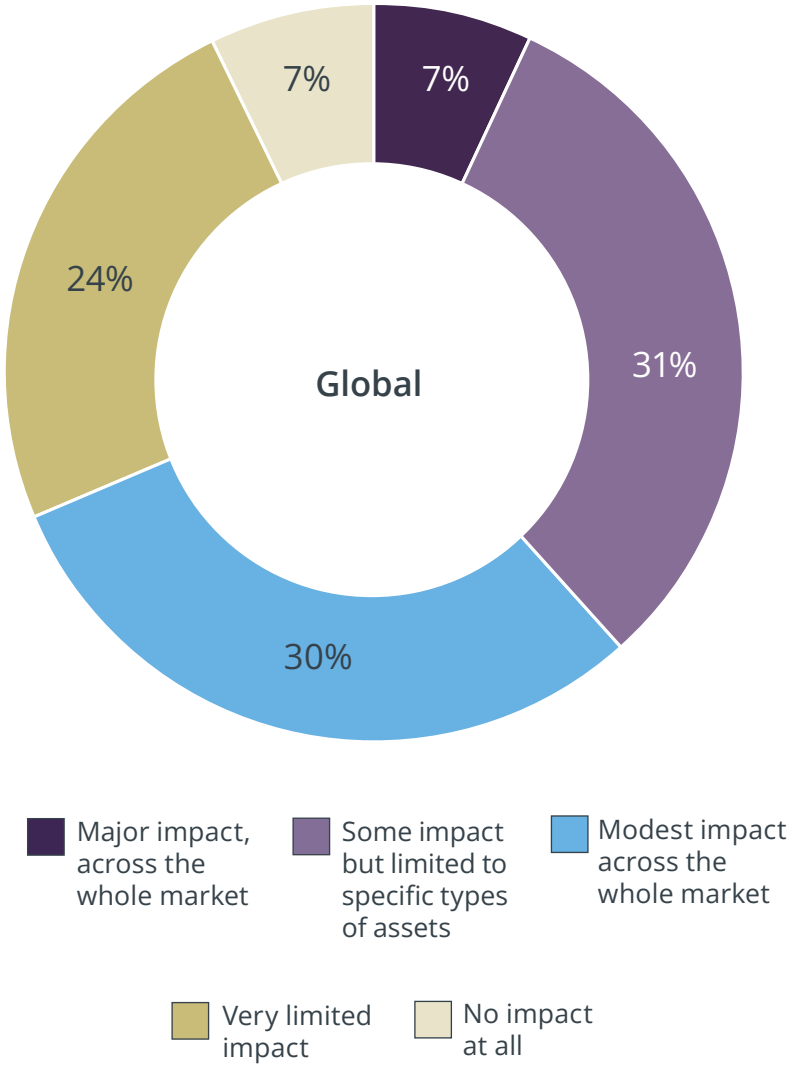


Figure 11: To what extent do you expect climate-related physical risks and extreme weather events to impact real estate values in the next five years?

Exploring the potential of nature-based solutions

The growing integration of biodiversity and nature-based solutions across real estate assets presents significant opportunities to enhance climate resilience, strengthen adaptation efforts, reduce carbon emissions and address biodiversity and nature loss.

Globally, 41% of respondents report that the integration of biodiversity and nature-based solutions, such as green roofs, green walls and urban forests, into real estate assets has increased moderately or significantly over the past 12 months (Figure 12).

However, there are regional variations in these results. MEA appears to be leading progress, with around 54% in the region stating that the integration of biodiversity and nature-based solutions has risen to some extent over the past year.

This may reflect the increasing emphasis placed on biodiversity and nature conservation through regional legislative developments and approaches such as the UAE Environmental Policy.

The corresponding figure is only slightly lower in Europe and APAC, where approximately half of respondents have seen growth in the adoption of biodiversity and nature-based solutions.

By contrast, professionals in the Americas report the lowest levels of uptake, with just 23% observing an increase in adoption.

Significantly, the region also records the highest proportion indicating that adoption has decreased. And a majority, around two-thirds, report no change in the integration of biodiversity and nature-based solutions during this period.

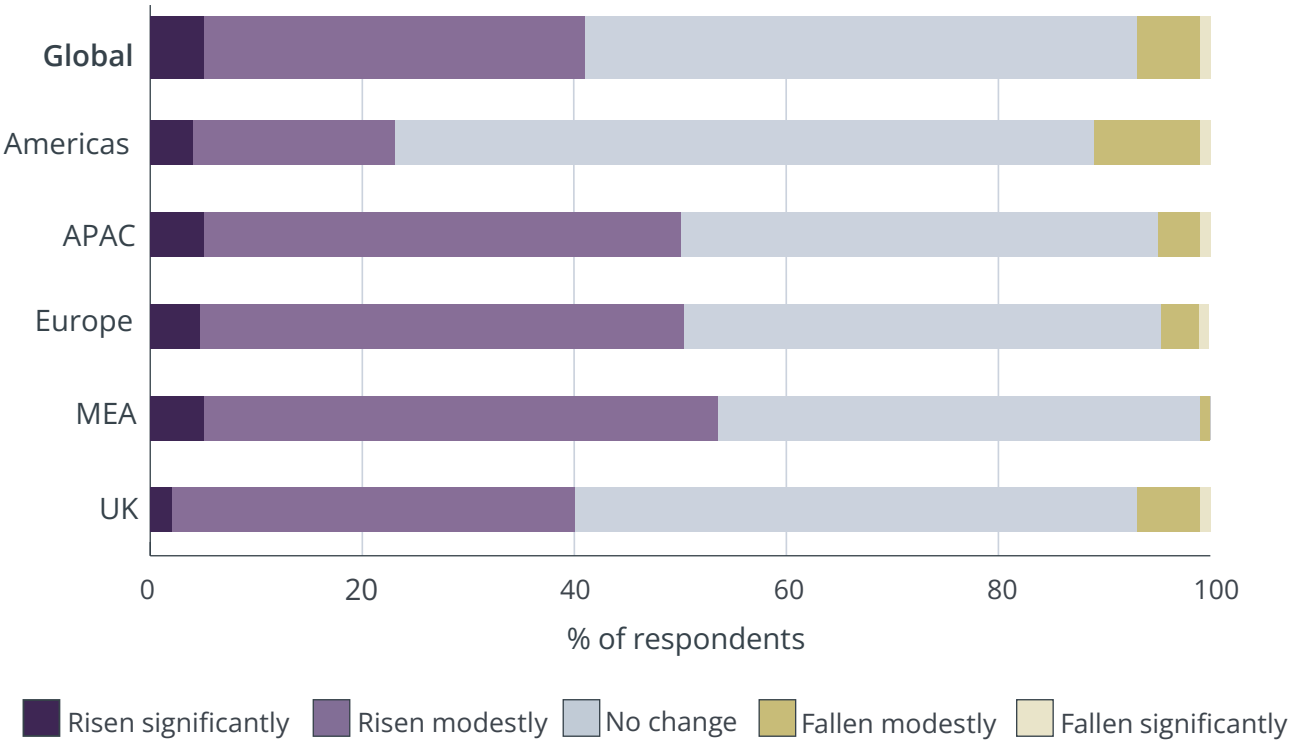


Figure 12: How has the integration of biodiversity and nature-based solutions in real estate assets changed over the past 12 months?

Sustainable construction and decarbonisation

Embodied carbon measurement: a persistent challenge

Globally, the buildings and construction sector is responsible for around 37% of CO_2 emissions and nearly 50% of material extraction. The latest UN GlobalABC Global Status Report for Buildings and Construction indicates that the sector remains off track to achieve full decarbonisation by 2050, with progress towards net-zero emissions showing signs of stagnation in recent years.

The 2026 results echo these findings. Figure 13 shows that previous trends seem to be continuing, with embodied carbon not being measured consistently across construction projects.

Globally, only 35% of professionals report measuring embodied carbon across their projects. A clear majority (65%) indicate that they do not undertake such assessments, and there is little variation between regional markets.

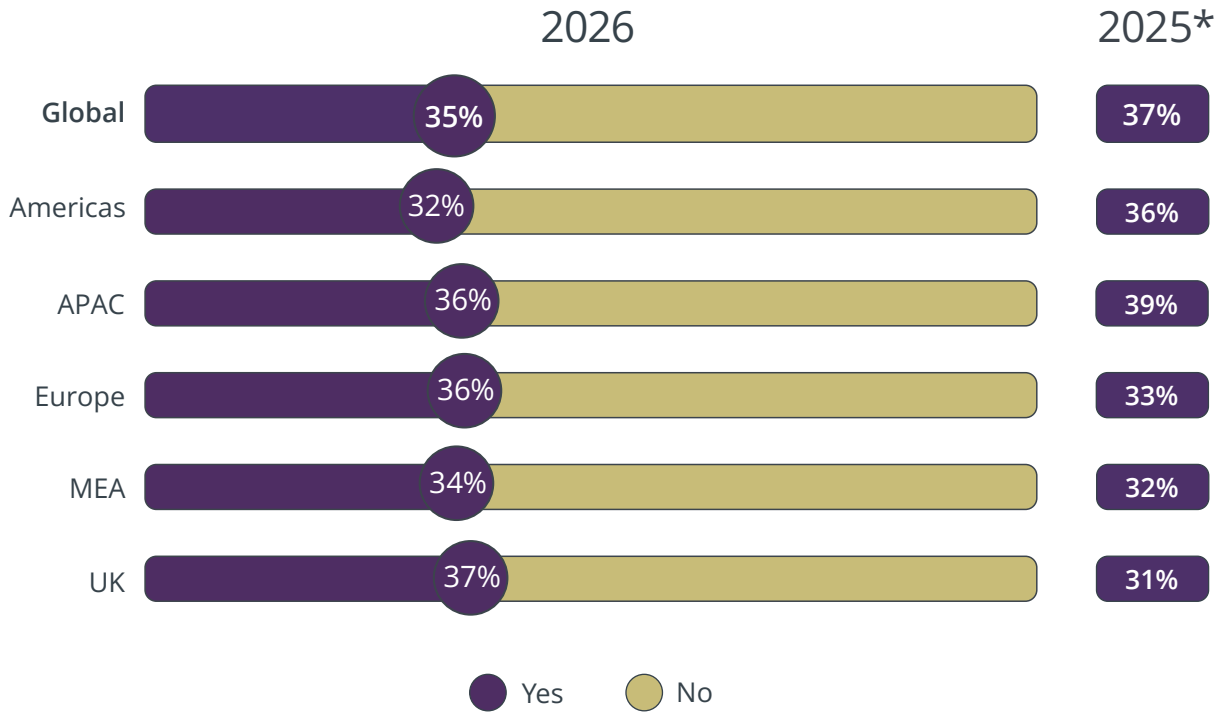


Figure 13: Currently, do you measure embodied carbon emissions on your projects?

* The question asked in 2025 was slightly different. Figures given here are the percentage of 2025 respondents who answered either 'we do measure embodied carbon emissions but this does not significantly affect choice of materials' or 'we do measure and this significantly affects choice of materials'.

Where embodied carbon assessments are undertaken, their influence on the selection of materials, systems and components appears to be relatively limited (Figure 14). Of those who do complete carbon assessment, just 17% report that this has a significant influence on decisions. Meanwhile, around 30% believe that carbon measurement has a limited impact.

Looking at the total number of respondents highlights the limited extent to which embodied carbon assessments are influencing project decisions. Just 18% stated that embodied carbon measurement has a significant or moderate influence.

The regional data reveal a more varied picture, suggesting that embodied carbon considerations may be playing a more prominent role in selection decisions in some regions, notably MEA and Europe.

These findings may reflect increasing awareness of embodied carbon, although further study is needed to determine whether this awareness is translating into widespread real-world adoption practices. It is possible that these results may be skewed, as survey respondents may represent organisations that are more engaged with sustainability considerations than the wider market.

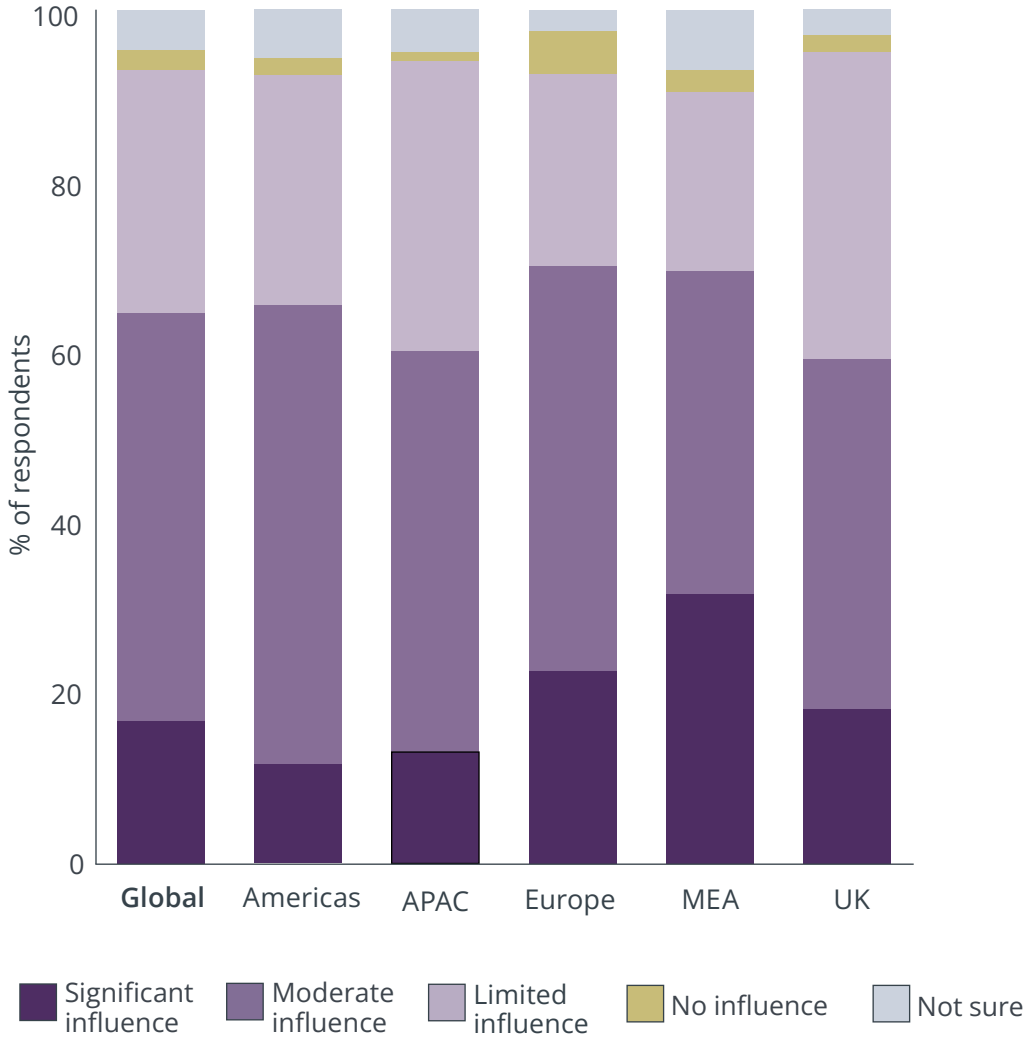


Figure 14: To what extent does measurement of embodied carbon in projects influence decisions related to the selection of materials, systems and components?

Skills shortages limiting carbon reduction

Limited advancement across the construction sector in reducing carbon emissions may partly be driven by a lack of sufficiently skilled professionals.

Less than 20% of global respondents believe that construction professionals have the skills and training required to a large or very large extent (Figure 15). Almost 50% state they have these capabilities to a small or very small extent.

The regional results broadly mirror the global picture. However, sentiment is more positive across MEA, where 23% state that professionals have these skills to a large or very large extent. These findings may point to growing capability and awareness of embodied carbon in parts of the region, although further research is needed to understand how these perceptions align with actual industry practice.

RICS' Surveying skills report 2026 also underscores the scale of sustainability-related skills gaps, with 78% of respondents identifying at least one area where further upskilling would improve their professional practice.

Ongoing efforts to address these challenges provide some reassurance that the industry is beginning to build the necessary capability and expertise.

RICS initiatives such as the Sustainability advisory (MRICS) pilot pathway, the Sustainability practice for surveyors guide and training programmes such as the web class on completing whole life carbon assessments can strengthen professional competence and support the wider integration of sustainability practices.

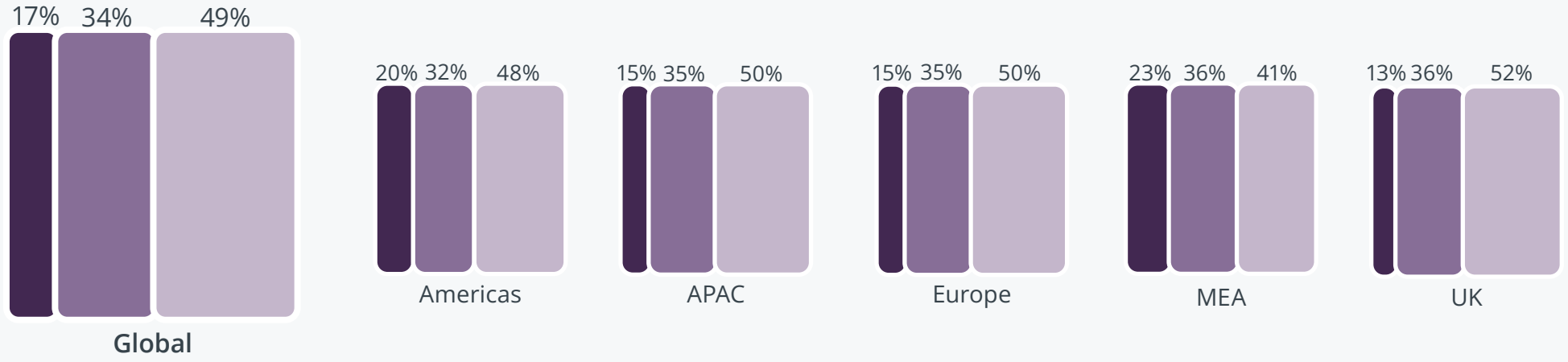


Figure 15: To what extent do construction professionals in your region have the skills and training required to reduce embodied carbon in projects?

Is biodiversity being prioritised?

Assessing and mitigating biodiversity-related risks and impacts has become a key priority for the construction sector, which is responsible for approximately 30% of global biodiversity loss. The Kunming-Montreal Global Biodiversity Framework emphasises the need for organisations to monitor and assess risks and impact, with key targets for urgent action to halt and reverse biodiversity loss by 2030.

Still, feedback indicates that the sector does not prioritise biodiversity impact assessment in construction projects, with 36% of professionals stating they are not undertaken at all in their organisation (Figure 16).

Globally, only 8% indicate that biodiversity impact assessments are completed on all projects, and 14% say that they are undertaken on most projects. Nearly one-fifth are unsure.

However, the regional results show that assessments are prioritised to a greater extent in some regions than in others.

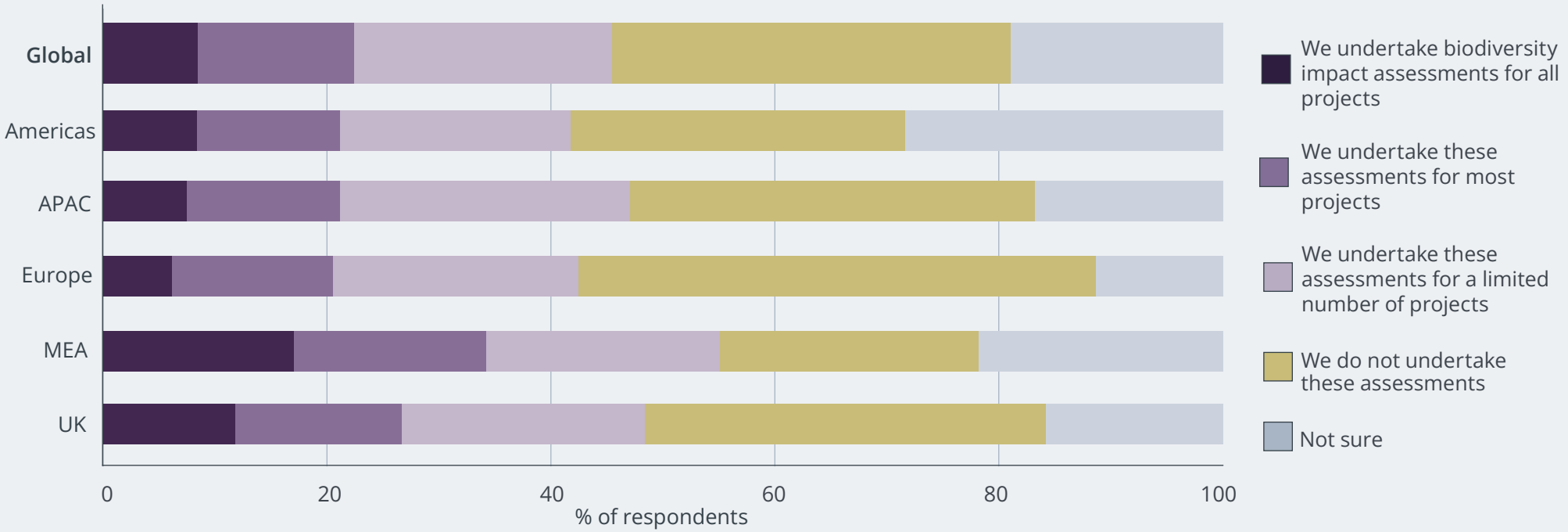


Figure 16: To what extent does your organisation undertake biodiversity impact assessments or measure the impact of projects on biodiversity?

In MEA, just over one-third of professionals report that biodiversity impacts are assessed on all or most projects (with 17% stating that assessments are undertaken on all projects). This share is higher than in any other region for this category.

In the UK, 27% of contributors report that assessments are carried out for all or most projects (12% for all projects and 15% for most). This share is higher in comparison to Europe, APAC and the Americas. However, there is significant room for improvement, particularly in light of the UK biodiveristy net gain (BNG) legislation, which mandates that developers improve the biodiversity of their sites by 10%. Challenges associated with the adoption and practical implementation of the policy have been reported in other studies, which could explain the subdued response from UK participants.

Some notable changes came into effect in the latter part of 2026, with BNG planned to also apply to new nationally significant infrastructure project (NSIP) applications in England. As the policy becomes more widely embedded, this could lead to stronger UK results in the coming years.

Across Europe, the adoption of biodiversity impact assessments appears to be particularly limited, with 46% of professionals reporting that they do not undertake them.

Feedback from APAC and the Americas also suggests that assessments are not yet widely prioritised across the sector, with 36% and 30% of professionals, respectively, reporting that they are not carried out. In the Americas, nearly as many respondents indicate that they are unsure whether such assessments are conducted. This may reflect the complexity of environmental policy and governance frameworks across the region, as well as a lack of coordinated action to address biodiversity loss and nature-related risks.

Is the sector embracing circularity?

The feedback presents a broadly positive picture with regard to the adoption of circular economy practices such as minimising waste and maximising the reuse and recycling of materials and components. These are critical to addressing the industry's significant consumption of natural resources and high levels of waste generation.

However, there are indications that these approaches are not yet widely adopted across the sector.

Around 54% of respondents globally state that adoption of circular economy practices has risen to some extent over the past year, with 42% seeing no change and less than 5% saying implementation of such approaches has fallen (Figure 17).

MEA recorded the highest share (almost two-thirds) of professionals indicating an increase in the adoption of circular economy approaches; 18% cited a significant increase.

Similar trends are observed in Europe, where 62% reported an increase to some extent over the previous year. The corresponding figure was lower in the UK (56%) and APAC (53%).

Momentum may be lagging in the Americas. The region has the lowest share of professionals reporting an increase in the adoption of circular economy approaches over the past year (46%). Furthermore, around half of respondents reported no change in adoption, the highest share among all regions surveyed.

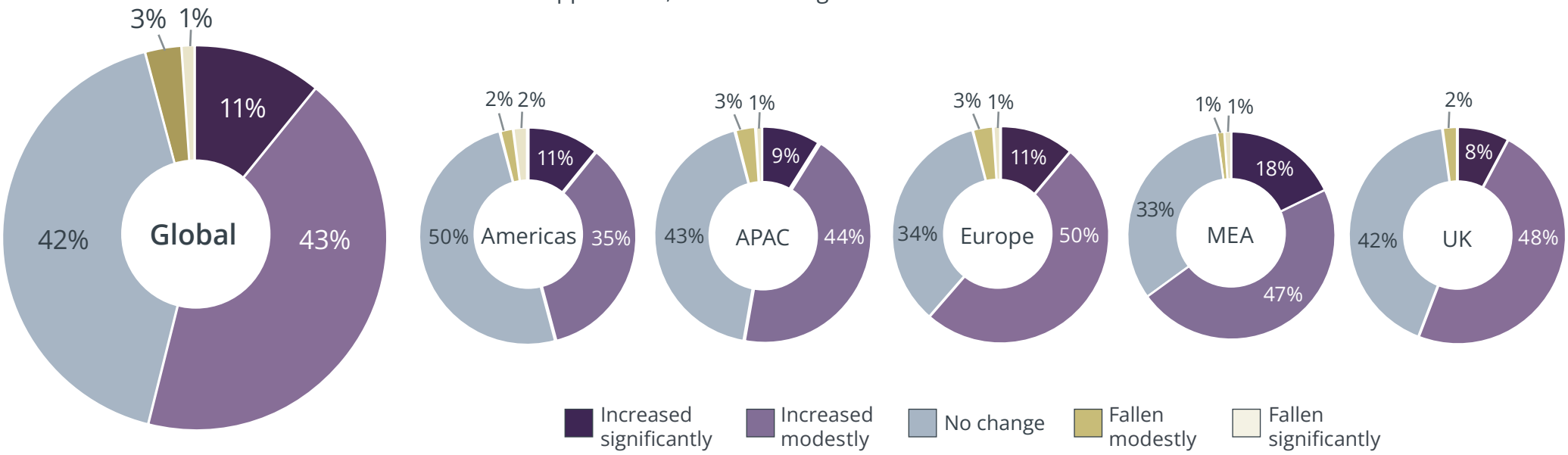


Figure 17: How has the adoption of circular economy practices (e.g. minimising waste, maximising reuse and recycling of materials and components) changed across the sector over the past year?

Key barriers to circularity

Professionals were asked to select the top three factors they felt are barriers to the adoption of circular economy practices in their market. Figure 18 shows the percentage of global respondents who selected each option.

In all regions apart from MEA, the higher cost of reused and recycled materials is perceived to be the most critical barrier to the adoption of circular economy approaches, with 40% of professionals globally citing it as a constraint. Limited collaboration among professionals operating across the construction value chain is also seen as a major impediment by around one third of global respondents, and by 37% of respondents in MEA, where it is the most-cited barrier (Figure 19).

A lack of knowledge about the availability of reused and recycled materials and how to access them emerges as a consistent barrier across all regions included in the survey. Similarly, procurement processes are consistently identified as a key challenge across all regions.



Higher costs of reused/recycled materials	40%
Limited collaboration across the value chain	33%
Limited knowledge of availability/how to acquire reused/recycled materials	28%
Procurement processes do not support circular practices	27%
Low market demand for reused/recycled materials	25%
Lack of skills and knowledge among professionals	20%
Lack of government incentives for circularity	18%
Lack of government regulations that support circularity	17%
Inadequate technologies, infrastructure or digital tools	15%
Challenges with transporting, storing or processing of reused/recycled materials	14%
Difficulty assessing reusability or recyclability of components	13%
Insurance limitations or higher insurance costs for reused/recycled materials	9%
Few demonstration or pilot projects	8%
Limited public sector procurement of reused/recycled materials	7%

Figure 18: What are the key barriers to adopting circular economy practices in your market? Select the top three.

Approximately one-quarter of respondents globally identify low market demand for reused and recycled materials as a significant barrier to the adoption of circular economy practices. Around one-fifth cite a lack of skills and knowledge among professionals as a key impediment.

In comparison, insurance costs or limitations, a lack of pilot projects, and limited public sector procurement of recycled materials are towards the bottom of the list, with less than 10% of professionals globally citing them.

It is noteworthy that insufficient market demand for reused and recycled materials is reported as a key obstacle in every region apart from the UK (Figure 19).

The UK is also the only region where a lack of skills and limited professional expertise rank among the top five barriers to the adoption of circular economy practices.

Arup and the UK Green Building Council have developed guidance to strengthen the commercial viability of circular approaches and address some of the challenges associated with their adoption. Nevertheless, additional studies addressing the cost implications and long-term value of circular practices are required to support greater uptake across the sector.



Americas

1	Higher costs of reused/ recycled materials	40%
2	Limited collaboration across the value chain	33%
3	Procurement processes do not support circular practices	29%
4	Low market demand for reused/ recycled materials	29%
5	Limited knowledge of availability/how to acquire reused/recycled materials	23%

APAC

1	Higher costs of reused/ recycled materials	42%
2	Limited collaboration across the value chain	31%
3	Procurement processes do not support circular practices	25%
4	Limited knowledge of availability/how to acquire reused/recycled materials	25%
5	Low market demand for reused/ recycled materials	25%

Europe

1	Higher costs of reused/ recycled materials	40%
2	Limited knowledge of availability/how to acquire reused/recycled materials	36%
3	Limited collaboration across the value chain	35%
4	Procurement processes do not support circular practices	27%
5	Low market demand for reused/recycled materials	22%

Figure 19: Top five key barriers to adopting circular economy practices by region

MEA

1	Limited collaboration across the value chain	37%
2	Limited knowledge of availability/how to acquire reused/recycled materials	34%
3	Higher costs of reused/ recycled materials	31%
4	Low market demand for reused/ recycled materials	27%
5	Procurement processes do not support circular practices	26%

UK

1	Higher costs of reused/ recycled materials	43%
2	Limited collaboration across the value chain	33%
3	Limited knowledge of availability/how to acquire reused/recycled materials	28%
4	Procurement processes do not support circular practices	27%
5	Lack of skills and knowledge among professionals	24%

Do government regulations help?

Our survey results indicate that government policies are driving the adoption of green building practices across the sector (Figure 20), although the level of support varies significantly between regions.

Globally, around a quarter of respondents believe that regulations strongly support adoption. The share pointing towards a moderate level of support is higher, at 40%, while 30% suggest that regulations are only providing limited support.

The results, however, indicate that regulatory frameworks could be playing a particularly strong role in driving sustainable construction practices across MEA, where 46% of professionals report that government regulations strongly encourage green building adoption. This is almost double the global average and a notably higher proportion than in any other region surveyed. This may reflect the growing development of ESG-related regulatory frameworks across parts of the region, alongside an increasing focus on mandatory sustainability and climate-related reporting requirements and the implementation of broader green building and sustainability initiatives in some jurisdictions.

In the Americas, APAC and Europe, the highest proportion of respondents (39% to 42%) report that government regulations provide moderate support for green building practices. In Europe, the share suggesting that government regulations are providing limited support is equally significant, at 37%. Although the European Commission is taking action to promote sustainable construction through various policies and initiatives, the findings suggest that challenges in implementation may be limiting their impact on industry practices.

Policy support is perceived to be insufficient by a significant share of professionals in the UK. Only 15% indicate that government regulations strongly support the adoption of green building practices. Although momentum in this area has increased in recent years, the findings suggest that additional policy and regulatory support are needed to accelerate the transition towards a more sustainable and greener construction sector.

Looking ahead, survey contributors were asked to identify the three most important additional policy and regulatory support measures required (Figure 21).

Globally, almost half of respondents state investment in professional skills development and training on sustainable practices should be prioritised by governments over the next two years. Forty-seven percent believe subsidies and financial incentives should be a key focus for policymakers, and around 40% indicate that strengthening energy performance standards and building codes, and mandating carbon assessments and reporting for projects, should be policy priorities.

In addition, around one-third cited increasing public and industry awareness of low-carbon practices and strengthening policies to support deep renovation of existing buildings as key regulatory measures over the next two years.

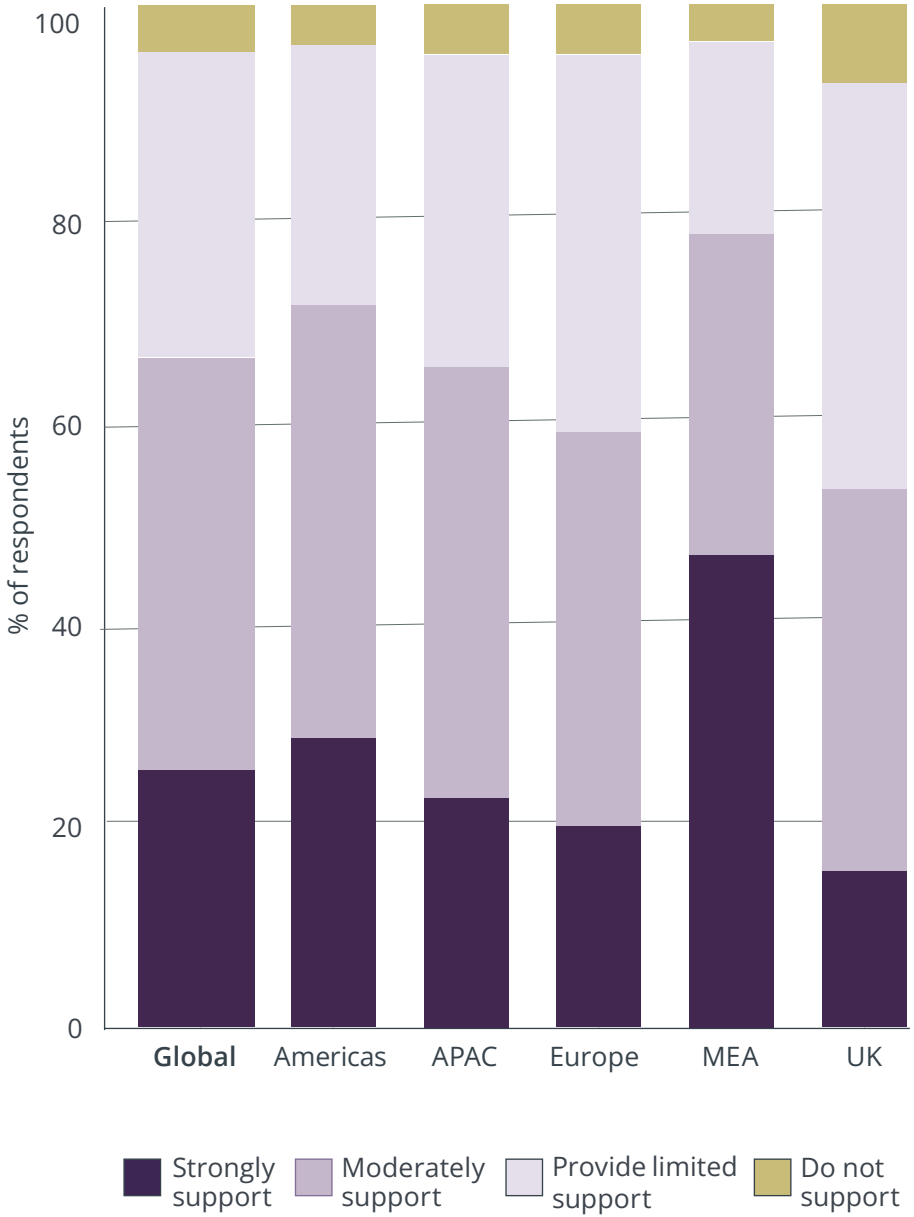
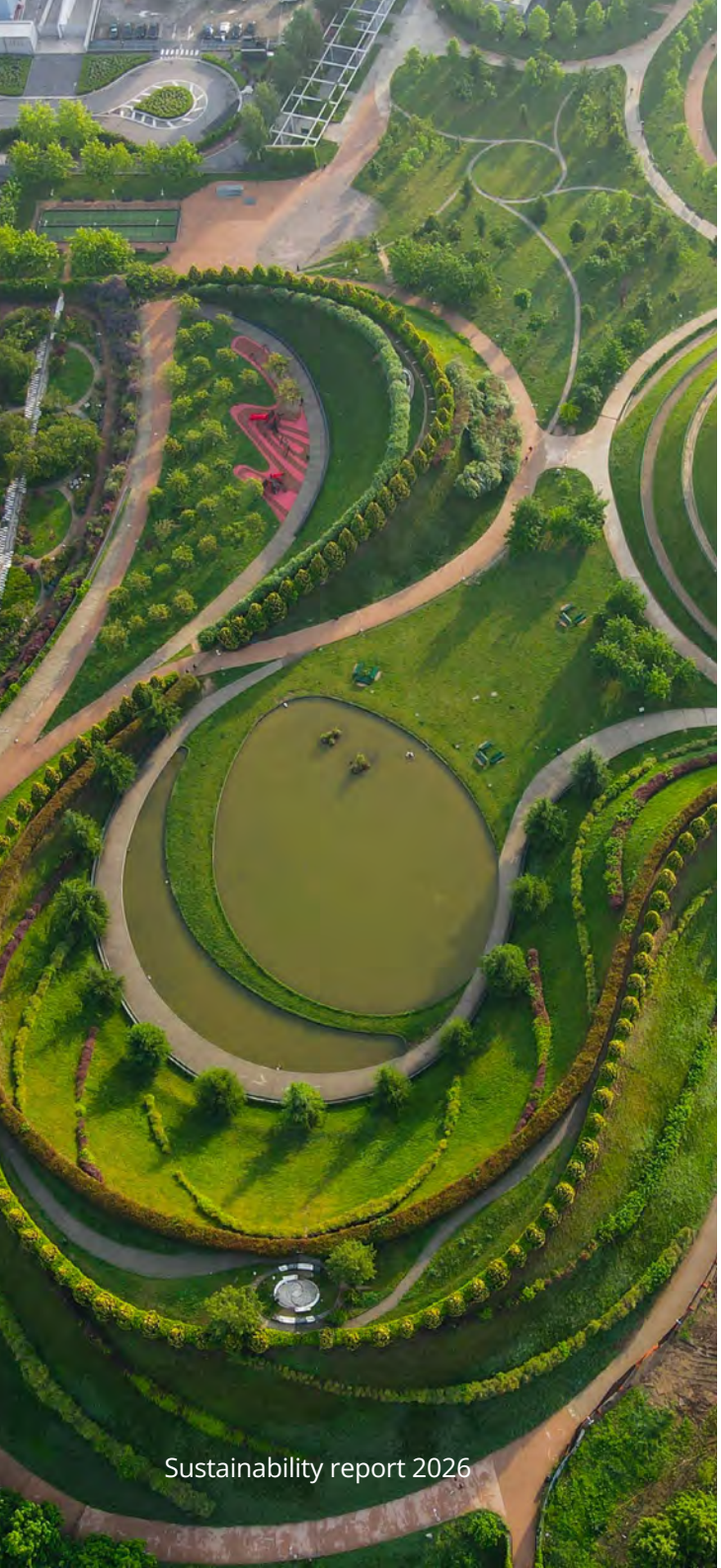


Figure 20: To what extent do government regulations support the adoption of green building practices?



Figure 21: Over the next two years, which of the following actions should governments and policymakers prioritise to steer the construction sector towards more sustainable practices? Select the top three.



Policy and regulatory priorities differ slightly between regions. In the Americas and APAC, investment in skills development and training emerged as the top priority (Figure 22). Providing subsidies and financial incentives, and stronger energy performance standards and building codes, are also policy priorities for both regions.

Across Europe and the UK, however, providing subsidies and financial incentives is viewed as the most pressing policy priority, with around 55% of professionals in both regions citing this as an important area of focus. A similar proportion of professionals in the UK view investment in skills development and training as a policy priority. This is also a key regulatory concern across Europe, although support for this measure is slightly lower in comparison, with 44% of respondents identifying it.

Strengthening policies to support the deep renovation of existing buildings ranks among the top three priority areas for regulatory intervention only in Europe and the UK. Greater emphasis is placed on this issue in these regions because ageing building stock, inefficient heating systems and relatively slow renovation rates drive a significant share of energy consumption and carbon emissions.

The EU's Renovation Wave Strategy attempts to address these challenges by accelerating energy-efficient renovations and decarbonising the region's building stock. In the UK, almost half of the region's homes will need to be retrofitted for energy efficiency improvements to meet 2050 net-zero targets.

In MEA, mandatory carbon assessment and reporting emerge as the leading regulatory priority, cited by 57% of respondents. Support for this measure is higher in MEA than in any other region covered by the survey. This may reflect the increasing role of regulation in driving the sustainability transition, with policymakers and regulators viewed as key actors in influencing industry behaviour, improving transparency and advancing the decarbonisation of the construction sector.

Americas

1	Invest in skills development & training on sustainable practices	47%
2	Provide subsidies or financial incentives	45%
3	Strengthen energy performance standards and building codes	43%
4	Strengthen policies to support deep renovation of existing buildings	35%
5	Mandate carbon assessments & reporting for construction projects	34%

APAC

1	Invest in skills development & training on sustainable practices	51%
2	Provide subsidies or financial incentives	45%
3	Strengthen energy performance standards and building codes	44%
4	Mandate carbon assessments & reporting for construction projects	42%
5	Increase public and industry awareness of low-carbon practices	37%

Europe

1	Provide subsidies or financial incentives	55%
2	Invest in skills development & training on sustainable practices	44%
3	Strengthen policies to support deep renovation of existing buildings	39%
4	Mandate carbon assessments & reporting for construction projects	38%
5	Promote or enhance competitiveness of low-carbon/ sustainable materials	32%

Figure 22: Over the next two years, which of the following actions should governments and policymakers prioritise to steer the construction sector towards more sustainable practices?

MEA

1	Mandate carbon assessments & reporting for construction projects	57%
2	Invest in skills development & training on sustainable practices	54%
3	Increase public and industry awareness of low-carbon practices	45%
4	Strengthen energy performance standards and building codes	44%
5	Provide subsidies or financial incentives	38%

UK

1	Provide subsidies or financial incentives	54%
2	Invest in skills development & training on sustainable practices	54%
3	Strengthen policies to support deep renovation of existing buildings	36%
4	Increase public and industry awareness of low-carbon practices	31%
5	Promote or enhance competitiveness of low-carbon/ sustainable materials	31%

Recommendations

For policymakers

Embed biodiversity and nature-based solutions in built environment policy

The integration of biodiversity and nature-based solutions is a key enabler of decarbonisation and climate adaptation.

Priority action

Embed nature-based solutions within national strategies and planning frameworks. Wider adoption of policies that require the protection and enhancement of natural habitats, such as biodiversity net gain, would support biodiversity and help to embed its assessment and management as standard practice across built environment projects.

Accelerate decarbonisation through stronger policy, carbon measurement and reporting

Clear, consistent policy frameworks and standardised carbon measurement approaches are essential to achieving net-zero targets, providing market certainty and improving transparency across the sector.

Alongside this, promoting the adoption of recognised standards such as RICS' Whole life carbon assessment for the built environment and ICMS 3, and supporting the harmonisation of carbon measurement methodologies through the Coalition for life cycle emissions alignment and reporting (CLEAR), would improve the consistency, comparability and transparency of carbon disclosure and accelerate the adoption of robust carbon management practices across the sector.

Priority action

Strengthen energy performance standards and building regulations, and introduce mandatory whole life carbon assessment and reporting requirements.

Develop national adaptation roadmaps

National adaptation pathways that identify priority climate risks and outline appropriate adaptation measures are essential to strengthening resilience.

In addition, mandating climate risk assessments for projects would support the integration of climate resilience considerations into standard industry practice by creating more consistent assessment and management of climate-related risks across the sector.

Priority action

Develop national adaptation pathways and frameworks for the built environment. These should be embedded in planning policy and project approval processes to ensure climate risks are systematically considered throughout the development life cycle.

For industry

Embed whole life carbon assessment in design and procurement

Accelerating whole life carbon measurement, assessment and reporting is critical to achieving decarbonisation goals.

The industry should also explore opportunities to use AI to reduce the administrative and labour-intensive aspects of whole life carbon assessment, including data collection, processing and reporting. Qualified assessors must be responsible for critically reviewing, validating and interpreting outputs.

Professional bodies can play an important role in establishing professional standards and guidance for the responsible use of AI in carbon assessment and reporting.

Priority action

Adopt recognised standards such as RICS' Whole life carbon assessment for the built environment and ICMS 3 to support robust carbon measurement and reporting and improve data quality and transparency.

Strengthen industry leadership and guidance

There is a clear role for industry in supporting sustainability and resilience practices.

Priority action

Work with professional bodies to define best practice, develop clear climate risk assessment frameworks and provide practical guidance supported by industry standards and relevant case studies. This would increase consistency and capability across the sector, particularly where policy requirements are limited or fragmented.

Build the skills needed for a sustainable transition

Significant investment in skills development and capacity building is critical, supported by government policy, guidance and incentives.

Priority action

Lead on training, professional development and knowledge sharing. Industry bodies, employers and professional organisations should strengthen sustainability competencies across the workforce to accelerate adoption of sustainability, decarbonisation and resilience practices.

Accelerate progress through collective action

Strengthening collaboration between industry stakeholders, policymakers, investors and professional bodies to develop coordinated initiatives will accelerate progress on sustainability challenges across the sector.

Supporting greater cross-sector engagement can help align priorities and support the consistent implementation of sustainability measures. International initiatives led by the GlobalABC, including the Intergovernmental Council for Buildings and Climate (ICBC), are important examples of efforts to drive collective action across the value chain.

Priority action

Prioritise collaboration through programmes and partnerships to address key barriers to sustainable practices, promote knowledge sharing, align approaches and further develop industry standards and benchmarks.

Regional trends in climate risk assessment

For this study, we interviewed 34 built environment professionals from around the world to explore how industry practices for assessing and reporting physical climate risks to built assets are evolving in different regions.

This section presents some of the key points that were highlighted by our interviewees as affecting practice in their area. It outlines progress made over the past year and the factors driving or hindering the adoption of climate risk assessment tools and frameworks.

The resilience of real estate assets and their adaptation to mitigate climate-related risks are rising up the agenda. Feedback from the professionals we interviewed suggests that the growing frequency and visibility of extreme weather events is leading to greater investor concern over climate-related asset vulnerabilities and insurability.

Evolving government regulations and mandates, and the development of climate risk assessment, disclosure and reporting frameworks, are among the key drivers advancing industry practices to address these issues around the world.

That said, there are a number of common barriers to progress. A lack of consistent assessment and reporting methodologies emerged as a key challenge. Professionals highlighted that variations in approaches make it difficult to compare results across projects, benchmark performance and identify sector trends.

The high cost of conducting comprehensive climate risk assessments can also make them unaffordable, particularly for smaller organisations. Consequently, more sophisticated assessment approaches tend to be concentrated among larger organisations and high-profile projects.

In many cases, a lack of knowledge and expertise among industry professionals means organisations must rely on external specialists to undertake detailed assessments, further increasing costs and creating an additional barrier to adoption.

The availability of standardised, granular and asset-level data also emerged as a common challenge. Data gaps can limit the accuracy of climate risk assessments and hinder targeted resilience and adaptation measures.

Contributors recommend stronger regulatory action, clearer policy direction and more robust adaptation frameworks to address these challenges and support wider adoption of climate risk assessment and reporting.

They also emphasised that policies relating to risk assessment at the asset level should be integrated into local and national planning frameworks to ensure greater consistency. Enhanced regulatory support through financial incentives and subsidies was identified as an important enabler to help offset the extra costs involved.

Another key theme of the feedback was that climate risk assessment is a strategic tool for protecting asset value, business continuity and long-term resilience, rather than solely a compliance exercise. Contributors emphasised that, to strengthen practices across the industry, the findings of risk and adaptation assessments should be translated into tangible actions and used to inform decision-making and investment planning, with resilience considerations embedded in organisational strategies and long-term business objectives.

APAC

- In **China**, there is growing client demand for climate risk assessment and advice in mitigation measures.
- Driven by the growth of green finance and rising insurance premiums, larger organisations are incorporating climate resilience into their ESG strategies, investment due diligence and asset management processes.
- Some of the country's larger developers are increasingly applying recognised international frameworks alongside domestic ESG reporting practices, but there is no common industry approach or agreed methodology for assessing climate resilience.
- Nationally recognised assessment methodologies, aligned with international best practice but tailored to local conditions, would improve consistency across the industry.
- Further integration of climate resilience into planning regulations and building standards would also increase adoption rates.
- In **Hong Kong SAR**, clearer policy direction is needed, as uncertainty about future regulatory requirements is preventing investment in climate resilience. This could support a more coordinated, sector-wide approach to resilience, as actions may have only limited effectiveness if surrounding developments do not also implement similar measures.
- In **Singapore**, the Green Mark Certification Scheme is well established, and an equivalent standardised framework for climate resilience, sector-specific guidance and more robust policymaking and governance structures are needed.
- There is now increased awareness of flooding and land sinking as well as the traditional concerns about rising sea levels.
- Public–private partnerships, government funding and incentive mechanisms could help offset the additional costs of climate resilience measures.

- In **Australia**, risk assessments are increasingly comprehensive, particularly among owners and operators of larger buildings.
- Capability within government bodies is also growing due to initiatives such as the Climate Risk and Opportunity Management Program (CROMP) and Home Energy Rating scheme.
- Climate-related disclosure requirements are supported by government procurement decisions and project selection, forming powerful mechanisms.
- Local councils incorporate climate risks into building requirements for areas exposed to climate hazards.
- However, the level of reporting varies considerably across sectors and regions, with those that have experienced significant flooding and bushfire events taking a particularly advanced approach.
- In **India**, SEBI (Securities exchange board of India) has strengthened reporting requirements through the BRSR framework, requiring developers and companies to provide detailed, asset-level environmental data and disclosures, and stricter regulations have improved risk assessment practices.
- However, a stronger regulatory framework is needed to establish clear requirements, with enforcement mechanisms and penalties for non-compliance.
- There is increasing focus on protecting India's rapidly expanding infrastructure sector, and extreme weather events are now seen as a key market risk. Firms are increasingly assessing the financial implications of climate risks for asset values, insurance premiums, maintenance costs and business interruption.
- There is growing recognition of the importance of assessment tools, data and frameworks in informing decision-making across all phases of projects.
- Climate data availability and quality is a major challenge as it is fragmented and sits across different government agencies. It is often difficult for the private sector to access reliable, asset-level insights for specific buildings or developments due to gaps in historical, standardised data, including localised information on flood risk, urban heat island effects and other climate hazards.

Europe



- The level of adoption of tools and frameworks varies significantly across Europe. There is a need for a single consistent methodology and targeted programmes to equip professionals with the necessary skills.
- Assessments are often viewed primarily as a compliance requirement of certification schemes such as BREEAM or LEED, or to demonstrate alignment with the EU Taxonomy, rather than as a strategic tool for protecting asset value and business performance.
- Organisations are frequently reluctant to invest capital expenditure or change building operations for assessment and adaptation measures, especially where benefits are long term and climate impacts are not yet directly affecting their assets.
- The EU Taxonomy and Corporate Sustainability Reporting Directive are driving increasingly asset-specific, data-led assessments, integrated directly into technical due diligence and financial underwriting.
- However, current regulatory policies are not sufficient, and recent changes under the EU Omnibus package reduce the number of companies required to report EU Taxonomy alignment.
- European Banking Authority guidelines, effective from January 2026, require financial institutions to incorporate climate resilience into their risk assessment processes.
- The evolution of the EU's Energy Efficiency Directive standards through coordinated policy and industry action could act as a model for the standardisation of climate risk assessments leading to clear, practical reporting frameworks.
- Global sustainability assessment framework GRESB strengthened its focus on climate resilience in 2026, doubling the weighting of climate risk and resilience indicators. This has had an impact across the European market.



- In **Czechia**, progress is driven more by EU regulation than by market demand. Awareness of climate resilience is increasing, but adoption of assessment tools has not extended beyond large international developers.
- **The Netherlands** is seen as a leader in physical climate risk assessment and adaptation (particularly flood risk management) as well as in circularity.
- In **Poland**, legislation requires cities with more than 20,000 inhabitants to prepare urban adaptation plans by 2028, and there is detailed government-backed guidance on assessment methodologies and adaptation measures, setting clear expectations.
- In **Spain** assessment and disclosure are primarily driven by sustainability reporting regulation that affects financial institutions and large companies. Much of the wider market has no obligation to assess or report climate risks, and voluntary uptake remains relatively low.
- In **Switzerland**, sustainability reporting frameworks that are aligned with international standards are helping to integrate climate resilience into broader ESG and net-zero agendas.

MEA

- In **Qatar**, despite sustainability targets set by National Vision 2030, the past year has seen little meaningful change in assessment practice, although organisations are collecting data and demonstrating progress as 2030 approaches.
- Stronger leadership, governance and accountability mechanisms are needed to move the agenda forward, as climate-related risks are not always seen as an urgent concern by organisations or the wider public.
- Frameworks such as GSAS (Global Sustainability Assessment System) are being incorporated into some projects.
- There is a need for more systematic integration of climate risk and resilience and sustainability issues into university courses, professional development programmes, training courses and industry certification schemes.
- Organisations such as Earthna (previously Qatar Green Building Council) and GORD promote sustainability through conferences and awards, but these do not always lead to meaningful action.
- In the **UAE**, ambitious long-term policy and regulations developed through the national net-zero by 2050 strategy are driving change in building standards and development practices, but need to be further refined.
- Investor demand is driving alignment with international frameworks such as the ISSB Standards as well as stronger ESG performance and reporting, including disclosure of Scope 1, 2 and 3 emissions.
- Climate resilience is becoming an important factor in securing investment, access to capital and financing.
- Dubai's Al Sa'fat Green Building System and the Dubai Electricity and Water Authority are important drivers of sustainability.
- Abu Dhabi's framework Estidama and efforts by the Department of Municipalities and Transport and ADNOC help make the emirate a regional leader in climate risk assessment.
- Data availability is a challenge; relevant data is not easily accessible or is shared across the industry, so it is difficult to develop practical roadmaps, assess risks accurately or implement effective actions.

- In **Saudi Arabia,** government mandates introduced in Saudi Vision 2030, the National Sustainability Strategy and the Saudi Green Initiative have put sustainability and climate resilience at the centre of national development.
- Backed by the Public Investment Fund (PIF), large developers such as Red Sea Global, NEOM, Diriyah and Qiddiya increasingly focus on climate risks, with sustainability targets and benchmarks that must be met.
- There is a strong push towards green building standards and certifications such as LEED, with a move from voluntary guidance to mandatory requirements.
- Stronger compliance and monitoring frameworks have improved accountability throughout the construction and operational life cycle.
- There is a shortage of local specialist expertise, particularly in climate modelling, ESG reporting and climate risk assessment. Organisations often outsource assessments to specialist consultants in other markets, increasing costs and timelines.
- Datasets are inconsistent. Organisations often rely on international data and benchmarks, which may not be effective.
- Smaller developers often see assessments as an area where spending can be reduced, while larger government-backed projects are less constrained by budget pressures and more willing to invest in climate resilience.

- In **South Africa**, there has been little significant change over the past year, although the continuing need to protect assets from problems caused by unreliable electricity and water infrastructure has led to increased investment in solar energy, water storage/recycling and other resilience measures.
- Certification frameworks such as those from the Green Building Council South Africa and FAST-Infra Label encourage a more coordinated approach to resilience planning, project design and performance benchmarking. However, education is needed to raise awareness and increase end-user demand.
- Many projects rely on grants, donors and blended finance mechanisms to cover upfront costs, and greater financial support or incentives are required.
- Development finance institutions (DFIs) increasingly require developers to integrate ESG standards into projects. This has now influenced the lending practices of other banks, increasing pressure on developers and landlords.
- Severe droughts and repeated floods have increased awareness in cities such as Cape Town and Durban, with resilience and adaptation moving up organisational and policy agendas.
- In **East Africa**, flooding and rising water levels have increased awareness, with climate risk management and resilience measures now increasingly incorporated into business planning.
- However, government-led initiatives are in the very early stages of adoption, with organisations using a range of assessment approaches and methodologies.
- Adoption of tools and frameworks is most advanced among organisations in locations that are highly exposed to adverse climate impacts.

North America

- In **Canada**, land use approaches differ greatly between Crown land developments and First Nations lands where communities have their own standards based on living in harmony with nature. These approaches consider both environmental impacts and financial implications.
- Climate risk and mapping tools are available but do not provide a clear reporting framework.
- Adoption is limited as funding streams are diminishing, and developers often rely on meeting minimum building code requirements.
- Guidance, standards and codes have been updated to reflect earthquake, landslide, soil liquefaction and overheating risks.
- The oil, gas and logging industries are deeply embedded in the economy and culture and have support from lobbying groups. This encourages short-term exploitation of natural resources and makes it difficult to prioritise sustainability over economic interests.
- Recognition is growing of the role that green infrastructure and urban tree cover can play. However, tangible action remains limited, largely due to financial constraints and a continued focus on cost reduction.
- The city of Vancouver promotes the use of nature-based solutions through planning and permitting requirements to mitigate flood risks and reduce urban heat islands.
- A cultural shift is needed to make resilience a core requirement in land use, development and investment decisions. Integrating sustainability and climate risk considerations into property valuations would help manage long-term environmental risks.



- In the **United States**, changes in federal policy direction have weakened momentum, affecting the extent to which climate risk assessments are incorporated into decarbonisation planning by financial institutions.
- Some states have stronger regulatory frameworks and policy support than others, e.g. California's Senate Bill 261, but this creates confusion in the absence of a single dominant standard, leading to inconsistency in reporting and difficulty comparing companies' sustainability performance.
- The C-PACE program is an effective policy mechanism that provides finance for property owners to fund sustainability and resilience improvements.
- Data centre developers and hyperscalers continue to invest in climate risk management and long-term resilience planning. They are developing internal expertise in procurement and supply chain management to secure reliable long-term energy sources and reduce dependence on public electricity grids.
- Industry practices are shifting slowly from assessing and reporting to implementation and adaptation.
- Advancement depends highly on organisational resources, investor priorities, availability of capital and state-level regulations.
- Greater clarity is needed on what constitutes good practice, how outcomes and success should be measured and which accountability mechanisms should be in place when sustainability and resilience requirements are not met.

UK

- The UK SRS, updated in February 2026, may support more comprehensive climate risk assessments, but there are few incentives to encourage organisations to undertake assessments voluntarily.
- The Adaptation Reporting Power (ARP) is a positive mechanism, but a more coordinated policy framework is needed to better align national, regional and local climate objectives with asset-level decision-making.
- Assessment expectations vary between local authorities. Long-term resilience plans for cities, boroughs and municipalities are needed to ensure that the long-term impacts of climate change are considered.
- There is growing demand from investors for detailed information on climate-related risks and their implications for asset performance and value.
- Data and modelling capabilities have improved significantly, though there are gaps in asset-level information, particularly for older buildings.
- The sophistication of assessments varies considerably between organisations. Many SMEs and smaller property owners view them primarily as planning requirements or for funding applications or due diligence processes, rather than as routine components of asset management and investment decisions.
- Expertise is concentrated among specialist consultants and is not yet widely embedded within organisations. Extending expertise to boards and senior decision-makers could strengthen commitment.
- Insurers increasingly account for climate-related risks through premiums and coverage terms.
- However, risks are not yet consistently reflected in underlying asset valuations, which limits the financial case for investing in resilience and discourages adaptation planning.
- Industry bodies could play an important role in defining good practice and promoting consistent standards, particularly where policy requirements are unclear or inconsistent.

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