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BUILDING PROSPERITY

**10 POLICY PRIORITIES TO ACHIEVE
GROWTH AND SOCIAL VALUE THROUGH
RESILIENT, HEALTHY AND AFFORDABLE
ZERO-EMISSION BUILDINGS**



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INTRODUCTION

Buildings are the bedrock of our societies and economic activities. Our homes, hospitals, schools, factories, offices and cultural spaces are not just physical structures; they are critical to Europe's social and economic fabric. From housing and economic stability to energy security and resilience to climate impacts and health crises, buildings represent a massive opportunity to address our most pressing issues with maximum efficacy.

Buildings are crucial for Europe's economic productivity. They are significant financial assets and key components of pension and retirement plans for many people. Housing affordability and the quality of homes, schools and other buildings are growing concerns for European citizens, requiring and justifying increased political attention.

Buildings are central to the EU's energy system, accounting for 43% of the EU's final energy consumption.¹ Energy-efficient buildings are vital for EU energy security and independence, offering a reliable reduction in energy demand irrespective of the source. This is particularly relevant with a view to achieve the EU's security goals, reducing fossil fuel imports while not becoming overly dependent on renewable technologies or materials sourced from singular trade partners.

Today's environmental impact of buildings with excessive energy consumption, greenhouse gas emissions, resource use, and construction and demolition waste generation is unsustainable. The many benefits which buildings provide for our society and our individual well-being come at a high cost, demanding a strategic response. Amidst the multi-polar crisis, we must ask: Are we taking the right approach? Are our buildings meeting these multifaceted challenges effectively?

Providing answers to these challenges means ensuring that our buildings:

- **are affordable and accessible to all while meeting society's changing needs,**
- **are built and renovated by companies which are competitive, innovative, comply with labour regulations and human rights principles and can deliver high quality standards,**
- **respect and preserve our planet boundaries,**
- **are highly energy performing, fully decarbonised healthy and resilient, providing protection against multiple crises such as climate change, financial shocks, disruption of global trade flows of energy and resources, digital transformation and pandemics.**

The European institutional cycle from 2019 to 2024 has brought much progress on these questions already. As we enter a new policy cycle at the end of 2024, we have a pivotal opportunity to consider how we can scale up our efforts to ensure buildings contribute to the stability, resilience, well-being and equity of our societies and to a flourishing economy.

REFLECTING THESE GOALS, BPIE SUGGESTS THAT:

- all EU institutions give the built environment coordinated attention;
- the European Commission puts the following priorities on its Strategic Agenda for 2024-2029 and in Mission Letters to incoming Commissioners;
- the Commission prioritises specific action points in its 2025 Work Plan.

THE PRIORITIES FOR POLITICAL ACTION ARE:

1. Successful implementation of the EPBD – design policy with impact and goals.
2. Boost Europe's industrial competitiveness and innovation with sustainable construction.
3. Optimise the institutional setup to further improve coordination and better grasp new challenges and opportunities.
4. Accelerate financial flows towards future-proof buildings.
5. Improve data availability, transparency and quality through digitalisation.
6. Enhance energy security and resilience by combining energy efficiency and renewables in a smart energy system.
7. Future-proof clean, circular, sustainable buildings and construction sector.
8. Design policies with and for people to strengthen Europe's social fabric.
9. Confront reality: adapt the built environment to be climate-resilient.
10. Elevate the EU's experience into a "green buildings diplomacy" for enhanced energy security.

1. SUCCESSFUL IMPLEMENTATION OF THE EPBD – DESIGN POLICY WITH IMPACT AND GOALS

The Energy Performance of Buildings Directive provides a comprehensive framework for Member States to define, design and implement a package of policy instruments effectively transforming the built environment. While it is the responsibility of Member States to take swift and effective action, the European Commission should provide guidance and support to national authorities as well as monitor transposition and implementation.

This is particularly relevant for Whole Life Carbon (WLC) accounting standards, as well as strong recommendations on the draft National Building Renovation Plans, especially considering the assessment of the national trajectories for the progressive renovation of the residential building stock (Article 9).

A key milestone in the EPBD transposition and implementation will be the development of strong National Building Renovation Plans (NBRP) in each Member State, with the first draft NBRPs to be developed by 31/12/2025. The national NBRP process should be based on strong public and stakeholder participation to ensure policies are well-designed and supported by citizens. NBRPs should also be seen as investment and industrial strategies for the buildings sector. The Commission should review these draft Plans with detailed scrutiny and provide country-specific recommendations for improvements.

Implementation support for Member States should come in many forms. Europe is rich in examples of effective and innovative policies which were designed and implemented by public authorities on all governance levels. However, the knowledge of these successes often remains with the immediate beneficiaries and a few experts. Collecting and sharing these good practices in a way which responds to the knowledge needs and capacity gaps in national authorities will trigger faster deployment of successful initiatives. Such an initiative for policy innovation exchange should use digital tools to the largest degree possible and should keep access barriers for users low.

The Commission should create and lead an EPBD Implementation Forum, bringing together existing groups (e.g. EPBD Concerted Action, EPB Committee) with EU and national stakeholders and experts, to maximise collective intelligence and sharing of good practices. This Forum should also cover technical assistance and funding topics, including access to and use of EU level funding for EPBD implementation. Ensuring the effective delivery of the Renovation Wave through the thorough transposition and good implementation of the EPBD will contribute to boosting the industry base of Europe's buildings sector.

2. BOOST EUROPE'S INDUSTRIAL COMPETITIVENESS AND INNOVATION WITH SUSTAINABLE CONSTRUCTION

The construction sector is a power player in Europe's economy. Its competitiveness and ability to innovate are crucial to provide affordable and future-proof buildings. To achieve climate neutrality by 2050, value chain stakeholders and policymakers must collectively understand and address the environmental impact of decisions related to the procurement, design, construction, use, and disposal of built assets.

Construction is an industry which is often local and regional, though the materials used in construction are globally traded commodities. Global economic developments and capital costs fluctuations can have a significant influence on construction costs.

The incentive for innovation in the construction and real estate sector is often unclear due to its fragmented value chain and varying degrees of (international) competition. Investment decisions in building renovation or new construction are primarily driven by local and regional factors, with global developments such as interest rates, capital flows and supply chain disruption playing an important role.

The goals of achieving a zero-emission building stock which is affordable, healthy and resilient require a reconsideration how buildings are maintained and managed, renovated and constructed. Innovation in construction processes, planning and design, renovation initiatives and adaptation strategies is needed to increase investments in futureproofing our building stock. Reducing the climate footprint of buildings presents an opportunity to enhance innovation, industrial competitiveness, and sector resilience, while also benefiting local job markets.

The Commission should review the effectiveness of its initiatives covering the sector such as the New European Bauhaus and the High-Level Forum on Construction with its transition pathways to draw conclusions how to support the transformation in a more comprehensive, strategic and effective way. Particular attention will have to be paid to the fact that the sector is dominated by SMEs. Establishing a "Clean Transition Dialogue for the Built Environment" to foster cooperation with industry, foster innovation and investments could provide a step in the right direction.

3. OPTIMISE THE INSTITUTIONAL SETUP TO FURTHER IMPROVE COORDINATION AND BETTER GRASP NEW CHALLENGES AND OPPORTUNITIES

The construction and real estate sectors are highly fragmented and are characterised by a complex and long value chain. Every actor in the value chain draws sectoral boundaries according to its respective business model, which leads to inefficiencies and competing priorities.

This fragmentation is reflected in the current institutional set up of the European Commission entities relating to the sector. DG ENER oversees energy performance related questions, DG CLIMA covers adaptation and resilience aspects of the sector, DG ENVI provides voluntary standards for the environmental performance of buildings, DG GROW leads on the economic development and innovation of the sector, and DG EMPL is responsible for labour rights and skill development. While this is not an exhaustive list, it already highlights the sector's diverse and critical importance across multiple domains.

This means the institutional set up should be cross-cutting to facilitate decision-making and expedite positive impact.

The Commission should establish a Directorate General for the Built Environment & Construction (DG BUILD), and as a minimum establish a long-lasting and well-resourced inter-service mechanism to increase collaboration across relevant DGs.

This would allow to develop strategies and policies which are mutually supportive, notably harvesting synergies between climate mitigation and adaptation actions. This would also enable to better monitor the progress and achievement of the Renovation Wave and avoid lock-ins from rolling out renovation without considering adaptive design features.

Mirroring the institutional set up, different stakeholder communities related to the built environment will need to be linked. Given recent policy developments, such as the whole life carbon disclosure requirements of the recast EPBD and the Environmental Taxonomy's recycled content thresholds, the EU and especially the Commission, will have to play a key role in aligning various environmental objectives and bridging the gap between different stakeholder communities, including those involved in the circular economy, energy efficiency improvements, and lifecycle carbon optimisation and reporting.

By fostering collaboration, these communities can better understand the impact of improved durability, repairability, and reuse on environmental performance metrics such as WLC emissions. For instance, following the recast EPBD, Member States are mandated to develop roadmaps for reducing WLC emissions and setting thresholds. This prompts inquiries into the contributions of more durable product use, better repairability, or higher proportions of secondary materials in achieving these targets. Simultaneously,

understanding how WLC requirements influence the demand for circular products is crucial. Addressing these questions collectively through collaboration and knowledge exchange will pave the way for meaningful actions towards achieving climate targets and advancing circular economy goals. Collaborative efforts and dialogue with the industry will drive meaningful actions towards achieving climate targets and advancing circular economy goals.

4. ACCELERATE FINANCIAL FLOWS TOWARDS FUTURE-PROOF BUILDINGS

Futureproofing our buildings will require financial flows on a similar scale as other major infrastructure investments. According to the Renovation Wave Communication, €275bn will be needed annually to reach the 2030 climate target.² Available public money must be used wisely to trigger private investments.

Well-designed financial instruments will deliver a strong leverage factor. BPIE estimates that the total amount of public money to trigger a significant scaling up of the renovation rate and depth amounts to €90 billion per year; this amount can help achieve the needed annual investment in renovations of €275 billion. This money should be allocated to support mostly deep renovation, advisory services for owners/investors and technical assistance in Member States, as well as innovation in serial renovation solutions.³

Currently committed public money amounts to approximately €75 billion, not annually, but over the duration of 2021 to 2027 under the Multiannual Financial Framework, including co-financing from Member States and the Recovery and Resiliency Facility.⁴ This amount falls significantly short of the required investment. Moreover, the allocated funds vary in their effectiveness regarding building performance, with some directed toward projects that fail to achieve the necessary renovation depth. This underlines the urgent need for more strategic and substantial financial commitments to ensure meaningful progress toward climate goals.

The Commission should allocate a larger amount of public funding for building renovation in the next Multiannual Financial Framework (post 2027). Additionally, adjustments to the current MFF 2021-27 can be made during its mid-term review to increase support for renovation projects.

The Social Climate Fund could further support renovation for vulnerable and energy-poor households. But the currently committed €86.7 billion over the 2026-2032 period divided between numerous sectors dilutes attention to buildings and is insufficient.

As poorly performing buildings are one of the root causes of energy poverty, more attention to building renovation within the Social Climate Fund will help to ensure a fair and equitable transition. To raise additional funds for building improvement, the Commission could earmark revenues from Emission Trading System 2 for renovation beyond what is dedicated to the Social Climate Fund. Other approaches could be continued; following the experience of the Recovery and Resilience Facility, the common debt can be used to support funding for buildings.

As an implementation tool, the EU's Sustainable Finance Taxonomy enables investors and companies to identify and assess industry areas and sectors aligned with Paris Agreement goals. This taxonomy will significantly influence business models and investment decisions in the construction and real estate sectors in the coming decades.

The Commission should therefore ensure that the EU Taxonomy sets ambitious lifecycle carbon footprint thresholds, especially rewarding the re-use, repurposing and renovation of existing buildings.

5. IMPROVE DATA AVAILABILITY, TRANSPARENCY AND QUALITY THROUGH DIGITALISATION

Reliable data sets are the backbone of good policy implementation but also to any meaningful impact assessment for new policies. Collecting and analysing data from millions of buildings is a difficult and time-consuming task. The European Building Stock Observatory already provides a good overview of relevant data sets and indicators but relies to a large degree on data provided by Member States via Eurostat. Better data provided with more granularity and with frequent updates could improve the usefulness of the BSO significantly. The forthcoming implementing act of Article 22 of the EPBD needs to ensure a significant upgrade of publicly available data. The Eurostat mandate should reflect the increasing data needs from the energy system to design and monitor policies.

Digital Building Logbooks are a common repository of digital building information and a cross-policy tool that should play a central role in delivering sustainability in the built environment, extending far beyond energy performance. For several years, the European Commission has dedicated resources to exploring and developing logbooks to achieve energy and resource efficiency, transparency, and public health, while also providing a basis for more robust and informed investment decision-making. The potential of logbooks has been recognised in strategic policy action plans. However, the vision remains incomplete: a clear action plan is needed to ensure the availability of Digital Building Logbooks for all buildings within a reasonable timeframe. Digital Building Logbooks should integrate the available information from Energy Performance Certificates.

Given the recent advances in Artificial Intelligence (AI), there are now digital tools available which could improve data collection and analysis significantly. It is in the interest of policymakers on EU and national level to apply these tools to improve the data situation on buildings, not only on 'traditional' topics (e.g. renovation, decarbonisation) but also on 'emerging' trends (e.g. demographic changes, societal use of buildings).

Boosting the digital collection and processing of data related to the built environment also holds the potential to create new markets for EU companies from the digital sector.

The Commission should therefore provide funding, for example through the Horizon Europe programme, to further develop AI-based buildings' data collection and analysis, while preserving quality.

6. ENHANCE ENERGY SECURITY AND RESILIENCE BY COMBINING ENERGY EFFICIENCY AND RENEWABLES IN A SMART ENERGY SYSTEM

Since the Russian invasion of Ukraine in early 2022, the EU is committed to accelerate its phase out of fossil fuels. Putting Energy Efficiency First will save energy, reduce the EU's dependence, increase its energy security and resilience against external shocks.

The Commission should, in any strategy linked to energy security, feature the Energy Efficiency First principle as an actionable priority, notably in the built environment, based on the operationalisation in the Energy Efficiency Directive. Putting Energy Efficiency first in energy policy making is the most cost-effective option, avoiding over-dimensioned grids and supporting better infrastructure planning and investment.

The European energy system will increasingly have to rely on renewable energy. This is especially the case for heating and cooling in buildings, representing around 80% of energy needs. However, less than 25% of final energy consumption in heating and cooling is provided by renewables.⁵ Massively deploying renewable energy technologies, such as solar PV/thermal, heat pumps, geothermal energy or renewables-based district heating, will not be possible without minimising the energy needs from the built environment.

The Commission should reflect on the Energy Efficiency First principle in a specific Heating & Cooling Strategy update,⁶ as well as in the legislative proposal on the 2040 climate target. Fully decarbonising the operational use of buildings should rely on a comprehensive approach, reducing the demand to open a wide variety of complementary renewable technology solutions.

In the Heating & Cooling Strategy, the Commission should reflect on action points to further accelerate the potential of the built environment as provider of flexibility to the energy system, both through reducing overall energy needs or through demand-side flexibility and smart energy management services.

7. FUTURE-PROOF CLEAN, CIRCULAR, SUSTAINABLE BUILDINGS AND CONSTRUCTION SECTOR

Fully decarbonising the built environment means tackling whole life carbon emissions of buildings. A whole life cycle approach needs to address both the individual building level and the full building stock, promoting a diverse set of emissions reduction solutions. An integrated value chain approach with supply-side climate requirements for the manufacturing of construction products with demand-side requirements for energy, materials and building space is needed.

In the Renovation Wave strategy, policymakers acknowledged the need for the EU to address WLC by committing to “develop by 2023 a roadmap leading up to 2050 for reducing WLC emissions in buildings”. Moreover, during the co-creation process of the Transition Pathway for construction, the High-Level Construction Forum concluded that an EU roadmap for the reduction of WLC in buildings should be a priority and, therefore, the roadmap has been extensively covered in the Forum as part of discussions on the Transition Pathway. This shows that stakeholders and companies from the construction and real estate sector are supporting this approach.

Reducing WLC emissions means the EU construction and real estate sector can better manage the transition to a low carbon economy and take advantage of new business opportunities. Given that the journey towards climate neutrality encompasses a wide range of EU, national and regional policy and market developments, the roadmap can serve as a valuable tool providing guidance and direction for any implementation process.

The Commission should thus build on the preparatory work⁷ conducted and publish the EU roadmap for the reduction of whole life carbon of buildings aimed at guiding policy and market actions with clear and actionable priorities over the next three decades.

Beyond direct regulatory measures targeting the building sector, public authorities can issue important market signals through public procurement for products and services which lead to the construction of and renovation into clean, circular and sustainable buildings.

The public procurement directives 2014/24/EU and 2014/25/EU, which by now are ten years old, should therefore be revised urgently so that they support the procurement of buildings and building related services (such as facility management) in line with the Zero-Emission Building standard defined in the EPBD, and the public buildings renovation requirements in the Energy Efficiency Directive.

As recommended by the European Court of Auditors⁸, the EU should initiate a process to reflect whether policy objectives should be achieved by strategic requirements for public procurement processes.

The EU should prioritise the integration of the building and construction sector into the circular economy agenda.

This includes e.g. a comprehensive examination of Extended Producer Responsibility's (EPR) role within the sector. The "Polluter Pays" principle, enshrined in the EU's Waste Framework Directive (WFD), underscores the importance of mechanisms like EPR in upholding environmental responsibility. As the WFD undergoes revision, new targets for construction and demolition waste (CDW) are expected by the end of 2024.

EPR schemes hold the potential to provide both an improved recycling infrastructure and incentives for eco-design of construction products. For successful implementation in the construction sector, several critical issues need further consideration. These include, among others, defining the appropriate scope of the scheme, evaluating the benefits of open-loop versus closed-loop recycling, aligning sustainability criteria in product design across various policy initiatives (e.g. green public procurement), and addressing warranties and product safety to encourage the reuse of components through EPR.

The incoming Commission should further investigate these issues and explore the role of EPR within the construction sector, to leverage the scheme's potential to address these evolving regulatory and environmental imperatives.

For further recommendations, please consult [BPIE's recent publication on EPR](#).

8. DESIGN POLICIES WITH AND FOR PEOPLE TO STRENGTHEN EUROPE'S SOCIAL FABRIC

Many legislative provisions related to building decarbonisation are only viewed through a technical lens. This detailed approach, often used to outline the best solution for each measure, can end up disconnected from other relevant policies. As a result, buildings and energy policies can lose sight of their social implications. Policymakers should take a comprehensive view on both building decarbonisation and social policies from the policy inception phase to the assessment phase. The design of policies should be more participatory, using citizen assemblies and grassroots initiatives.

The EU should develop an EU-wide monitoring instrument to analyse the social impacts of policies related to the built environment, as part of the NBRP reporting and assessment framework. A Just Transition Observatory could play an important monitoring and benchmarking role in ensuring that societal changes are well supported and fair.

A strategic policy approach is needed to prioritise the better use and mobilisation of existing building stock. The ongoing housing affordability crisis has become an increasingly pressing issue across the EU. More and more EU citizens are struggling to find affordable and accessible housing. Eurostat data shows that across the EU, house prices soared by 37% between 2010 and 2021, with rents rising 16% over the same period.⁹ In some countries more than a fifth of households spend 40% or more of their net income on housing.

Sufficiency – which in the context of buildings means above all to make best use of the existing stock – is a policy strategy and goal that could effectively address the climate, environmental and housing crises all at once. Sufficiency approaches, such as repurposing vacant buildings, facilitating the conversion of offices into residential spaces, and creating incentives to share living space, need to be integrated in existing building policies and strategies. This includes setting an EU framework that supports sufficiency measures by endorsing sufficiency principles in planning, building regulations, and support mechanisms. Europe could make direct use of existing empty living space for citizens in need of affordable housing while achieving our climate goals and contributing to other environmental policy goals, like the reduction of resource overconsumption and land use.

Policy objectives aimed at the rapid creation of affordable housing, the promotion of dense and vibrant town centres, and the fostering of community development have already led to the spread of sufficiency initiatives across the EU. These developments demonstrate that social and economic benefits for citizens, as well as municipalities, are strong arguments to pursue initiatives that make the best use of existing building assets.

While much of this falls under national and local jurisdiction, the Commission should support further research in this area, help improve data on vacancy rates and conversion potential, and contribute to better networking and knowledge sharing of existing examples already present in many Member States and at the local level.

9. CONFRONT REALITY: ADAPT THE BUILT ENVIRONMENT TO BE CLIMATE-RESILIENT

The negative consequences of climate impacts on the built environment are increasing rapidly, and the economic and social costs these incur are significant. Climate-related extreme events have already caused an estimated €650 billion in damages from 1980 to 2022¹⁰. In 2023 alone, EU economic losses related to weather and climate events exceeded €13.4 billion¹¹. The EU now risks economic losses of €1 trillion per year due to coastal flooding by the century's end¹², and nearly 13% of EU cities have significant populations at risk of river flooding¹³.

While significant effort to embed climate adaptation into various policies has been made at EU-level, there is currently no centralised vision or strategy for a climate-resilient built environment, nor a monitoring framework to assess the collective impact of EU initiatives. Without an overarching vision or clear objectives, ongoing adaptation efforts are unlikely to make significant impact or worse, they could lead to negative unintended consequences and maladaptation. Continuing to separate ongoing EU mitigation efforts from adaptation strategies also represents a significant opportunity loss: harnessing synergies between mitigation and adaptation measures, such as increased power output of PV systems (mitigation) through green roofs (adaptation), represents significant potential to increase the financial and societal value of individual investments. At the same time, considering climate risks and the integration of adaptive design features in renovation projects will prevent the need for future rework, avoiding inefficiency from renovating first for energy and second for adaptation.

The Commission should publish a comprehensive Strategy for a Climate Resilient Built Environment. Taking a holistic approach to adapting the built environment to the current climate reality, together with CO2 reduction efforts, will ensure investments in building construction and renovation bring the maximum benefits and retain their value over time, making buildings and societies more resilient in the face of external shocks. It will also strengthen the social fabric, in particular by addressing vulnerable communities who are often most affected by damaging climate events. For more details, please consult [BPIE's recent publication](#) on how to achieve a climate-resilient built environment in the EU.

10. ELEVATE THE EU'S EXPERIENCE INTO A "GREEN BUILDINGS DIPLOMACY" FOR ENHANCED ENERGY SECURITY

Europe's experience in buildings policy spans over several decades. The first building energy codes were implemented already in the 1970s by several Member States, and the EU agreed its first European-wide legislation on buildings in 2002. Europe is a global leader in advancing highly energy performant, fully decarbonised and green buildings.

Europe's cutting-edge position as a global leader in advancing decarbonised and green buildings should be reflected in a "Green Buildings Diplomacy", as part of the EU's engagement with countries all around the world.¹⁴

Particular attention should be paid to supporting the green reconstruction and renovation of buildings in Ukraine, applying the EU's Energy Efficiency First principle and translating EU policy concepts such as the Zero-Emission Building standard. Promoting energy-efficient reconstruction of Ukrainian buildings has the potential to enhance the national economy, make Ukraine's energy system more resilient, support Ukraine's alignment with the EU Green Deal, creating a favourable environment for its future as an EU Member State, and importantly, improve people's livelihoods. The EU can support Ukraine build capacity to ensure energy efficiency is a priority in reconstruction and facilitate the allocation of European funds dedicated to Ukraine's recovery towards those projects that achieve an improvement in the performance of buildings.¹⁵

Furthermore, the Commission should put the built environment as a core topic of its bilateral and multilateral partnerships, especially with countries and regions where people lack access to affordable, efficient and healthy housing.

Such partnerships should support the development of regional transition roadmaps, the sharing of policy experience, data standard setting exercises as well as training and capacity building. Overall, these activities would support the EU's role in driving the transformation of the built environment on a global scale, further enhancing the competitive advantage of the European industry.

Finally, the European Commission should play a leading role in advancing and implementing the action plan defined in the UNFCCC's Buildings Breakthrough and in the Declaration de Chaillot endorsed by governments in March 2024 under the leadership of France.

ENDNOTES

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