

# PRESS RELEASE

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Page(s)	1 of 3
Subject	CMS publishes expert guide on ESG criteria in real estate

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## **ESG as the new imperative in real estate:**

### **Environmental, social, and ethical criteria will define the future of Austria's real estate sector**

(Wednesday, 4 October 2023): **Just like this year's Expo Real, CMS has put ESG in real estate at the very top of its agenda – and for good reason. The entire property sector is aware of the growing need to deal in depth with climate change, environmental impacts, social inclusion, and ethical governance. ESG criteria are becoming increasingly important for successful management of real estate projects. For this reason, CMS has now presented an expert guide that will help all real estate players in Austria and CEE to navigate this complex issue.**

Developers, investors, owners, operators, and supervisory authorities – increasingly, they all consider ESG criteria in their assessment of real estate, recognising the enormous impact such projects have on the environment and on society. As CMS has experienced in practice, many organisations have already committed to strict ESG principles, considering them both a moral obligation and a strategic necessity. After all, incorporating ESG principles promotes resilience, added value, and long-term sustainability in a constantly changing global context.

The CMS Expert Guide on ESG in Real Estate is published for the jurisdictions of Austria, Croatia, Slovakia, Slovenia, and Türkiye, and is addressed to all stakeholders involved, as the CMS partners who co-authored the guide emphasise.

As Nikolaus Weselik, head of the specialist group for construction and real estate law, puts it: "ESG considerations are becoming increasingly important, as factors such as energy efficiency, resilience to natural hazards, and compliance with safety requirements must already be taken into account in the construction and development phase."

Gregor Famira, co-head of the regional real estate practice area group, analyses the issue from another aspect, delving more deeply into the perspective of investors: "There is growing awareness among investors and lenders that ESG is a factor that will have an ever greater impact on the future value of a property."

Johannes Hysek, a CMS partner and lawyer specialising in real estate law with numerous Austrian and international clients, adds: "Owners and operators are under intensifying pressure

to meet all energy efficiency requirements and comply with strict regulations at the same time, especially as regards renewable energy sources such as photovoltaics."

Key findings of the CMS Expert Guide on ESG in Real Estate:

**- Real estate developers:** In 2019, buildings accounted for 8.1 million tonnes of CO2, or 10% of Austria's carbon emissions. Consequently, sustainability is crucial to real estate value. Austria is pursuing the goal of climate neutrality by 2040, which would exceed the objectives of the EU's Green Deal, in an effort that includes ESG-compliant laws and regulatory activities in the real estate sector. In particular, laws such as the Renewable Heating Act (*Erneuerbare-Wärme-Gesetz, EWG*) must be observed by real estate developers. Strict energy efficiency requirements, social standards, tenants' rights, safety measures, and sustainability strategies must be implemented. Balanced consideration of these factors is essential to the future of Austria's real estate sector, ensuring regulatory compliance and great property performance.

**- Investors:** Similarly, investors are confronted with stringent rules on energy efficiency, tenants' rights, due diligence, and sustainability reporting. There are incentives for highly efficient, sustainable buildings, so that ESG also has an impact on funding decisions. Important measures include energy performance certificates and voluntary certifications. Installing sustainable energy systems and EV charging points requires official permits. While the EU's supply chain legislation (Corporate Sustainability Due Diligence Directive) has not yet been implemented, ESG reporting in line with reporting duties on sustainability aspects under the Non-Financial Reporting Directive has been expanded by the Corporate Sustainability Reporting Directive. All in all, it is clear that real estate investors must adapt to Austria's climate objectives and rising ESG standards.

**- Owners/operators:** Selecting the right project site is essential to energy efficiency and compliance with ESG requirements, with a focus on regional development planning, zoning plans, and environmental impact assessments. In Austria, particular emphasis is placed on support for nearly zero-energy buildings (NZEB) and protection from natural hazards. Further key criteria are proper waste disposal, compliance with health and safety rules, energy efficiency indicators, and ESG reporting.

Click here for the [Expert Guide on ESG in Real Estate \(cms.law\)](#)

Learn more about this issue on 12 October 2023 at the CMS event: [CMS | ESG in der Immobilienbranche | Business Breakfast](#)

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### **About CMS Reich-Rohrwig Hainz**

CMS Reich-Rohrwig Hainz is one of the leading law firms in Austria and CEE, with offices in Vienna, Belgrade, Bratislava, Istanbul, Kyiv, Ljubljana, Podgorica, Sarajevo, Skopje, Sofia, and Zagreb. More than 200 lawyers and tax experts specialise in advising clients efficiently and at the highest level in all matters of national and international business law.

CMS Reich-Rohrwig Hainz is also a founding member of CMS, an international organisation of law firms. With around 5,000 lawyers and 74 offices in 43 countries, CMS has many years of local expertise and a global network.

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