

Heating up Climate Action: Germany's Challenge of Decarbonization and Heat Transition Planning in the Building Sector

Eva Katharina KORINKE, Germany

Key words: climate change, heat transition, heat planning, real estate markets, valuation, decarbonization, private property owners, climate policy, Germany.

SUMMARY

The heat transition represents a central pillar of Germany's climate strategy and is indispensable for achieving greenhouse gas neutrality by 2045. Roughly half of Germany's total final energy consumption stems from the heating sector, making it a major contributor to national CO₂ emissions (Destatis, 2024). With the implementation of the Paris Climate Agreement (2015), the Federal Climate Change Act (2021), and the new Heat Planning and Decarbonization of Heating Networks Act (2024), municipal heat planning has become a mandatory responsibility for cities and municipalities. This shift introduces new evaluation parameters, investment requirements, and opportunities for the real estate industry, especially regarding energy-efficient assets and sustainable district development.

This paper analyzes the political and economic foundations of the heat transition in the municipal context and discusses its practical implications for real estate valuation. Particular attention is given to the perspective of private property owners—whose investment behavior, social acceptance, and asset preservation represent key factors in the success of the heat transition. The aim is to systematically examine the interrelations between climate policy, energy efficiency, and property valuation, and to derive implications for stakeholders in the real estate sector.

Heating up Climate Action: Germany's Challenge of Decarbonization and Heat Transition Planning in the Building Sector

Eva Katharina KORINKE, Germany

1. INTRODUCTION

Decarbonizing the heating sector ranks among Germany's most demanding policy and market transformations. While the electricity transition has long dominated public debate, the heating transition is increasingly pivotal—accounting for over 50 % of national energy consumption (Destatis, 2024). Without fundamental decarbonization, climate neutrality by 2045 is unattainable.

The Paris Agreement (2015) established the global temperature target of well below 2 °C. Germany translated this into the Climate Action Plan 2050 and the Federal Climate Change Act (2021), mandating a 65 % emissions reduction by 2030 and net neutrality by 2045. The Building Energy Act (GEG, 2020) set minimum efficiency standards and gradually restricts fossil-fuel heating systems. The 2024 Heat Planning and Decarbonization of Heating Networks Act requires all municipalities to prepare local heat plans by 2028, directly shaping property development and investment frameworks.

For real estate markets, these regulations create both risks and opportunities: efficient buildings gain value and funding eligibility, while inefficient assets—particularly older, unrenovated properties with poor energy ratings—are increasingly losing market appeal and asset value. As a result, climate and heat-planning criteria are now key components in risk assessment, cash-flow analysis, and valuation models. At the same time, municipal heat planning significantly affects private property ownership and long-term asset value prospects.

2. ALIGNMENT WITH THE FIG „CALL TO ACTION“

This paper closely aligns with the FIG *Call to Action: Climate Responsible Land Governance and Disaster Resilience* (FIG, 2025). The FIG emphasizes climate-responsible land and real estate governance, highlighting the importance of cross-institutional planning, governance structures, cooperation, and data transparency in addressing the climate crisis. Germany's heat transition, as examined in this study, can be understood as a practical implementation of the FIG agenda: the global principles and action areas outlined in the Call to Action are operationalized through municipal heat planning, cross-sectoral data integration, stakeholder participation—particularly of private property owners—and governance innovation. Moreover, the paper advances the FIG's call for a socially just energy transformation by

demonstrating how limited investment capacities and informational asymmetries can lead to unequal participation and agency, thereby reinforcing social disparities within the transformation process—an issue the FIG identifies as a key risk to equitable land use and property rights.

3. POLITICAL AND LEGAL FRAMEWORK

3.1 International, European, and National Policy Frameworks

Germany's heat transition builds on international, European, and national frameworks. The Paris Climate Agreement of 2015 aims to limit global warming to well below 2 °C above pre-industrial levels. The agreement commits all signatory states to develop national climate strategies and to report regularly on their progress.

At the European level, this target was integrated into the European Green Deal (2019), which sets out a 55 percent reduction in greenhouse gas emissions by 2030 and climate neutrality by 2050. The EU pursues a cross-sectoral approach that explicitly includes the building stock. The Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED) form the legal foundation for national measures aimed at reducing energy consumption and emissions in the real estate sector.

Nationally, the Climate Action Plan 2050 (2016) and the Climate Change Act (2021, amended) make emission targets legally binding: a 65 percent reduction in emissions by 2030 relative to 1990 levels and net greenhouse gas neutrality by 2045. The Building Energy Act (GEG, 2020) operationalizes these goals and defines minimum efficiency standards for new buildings and existing structures. It also provides incentives for renewable energy integration and restricts the installation of fossil-fuel heating systems after 2026.

Under the Heat Planning and Decarbonization of Heating Networks Act (2024), municipalities must now produce heat plans identifying future low-carbon supply options. For the real estate industry, this means location value will increasingly depend on renewable heat availability, grid access, and local energy potential. Areas integrated into renewable networks may gain long-term value, whereas fossil-dependent sites face stranded-asset risks.

3.2 CO₂ Pricing as an Economic Steering Mechanism

A second policy lever and economic steering mechanism is carbon pricing. Under the Fuel Emissions Trading Act (BEHG, 2021), fossil fuels are progressively taxed—from €25/t CO₂ in 2021 to €55 in 2025, followed by a price corridor of €55–65 from 2026 onward. Beginning in 2027, pricing will be integrated into the EU Emissions Trading System 2 (ETS 2). Rising carbon prices will make carbon-intensive heating systems become increasingly costly to operate. At the same time, renewable heat solutions—such as heat pumps, biomass boilers, or district heating from renewable sources—are becoming more cost-effective. These dynamics must be reflected in long-term valuation and investment models.

The German heat transition is the result of a sequence of international, European, and national climate protection initiatives. Over the past years, its legal and strategic framework has been considerably expanded and specified. The heating sector has thus evolved from an ecological concern into a growing field of regulatory and economic significance for the real estate industry.

4. THE HEAT TRANSITION AND ITS SIGNIFICANCE FOR THE REAL ESTATE SECTOR

The heat transition marks one of the most significant structural shifts in Germany's real estate sector since the Energy Saving Ordinance. Heating accounts for about half of Germany's final energy use and over one-third of its greenhouse gas emissions (Destatis, 2024). Efforts to decarbonize heat supply therefore directly affect building stock, profitability, and long-term asset value. As a result, a property's energy performance is becoming a decisive factor for both value and risk.

4.1 Energy Efficiency as a Market Differentiator

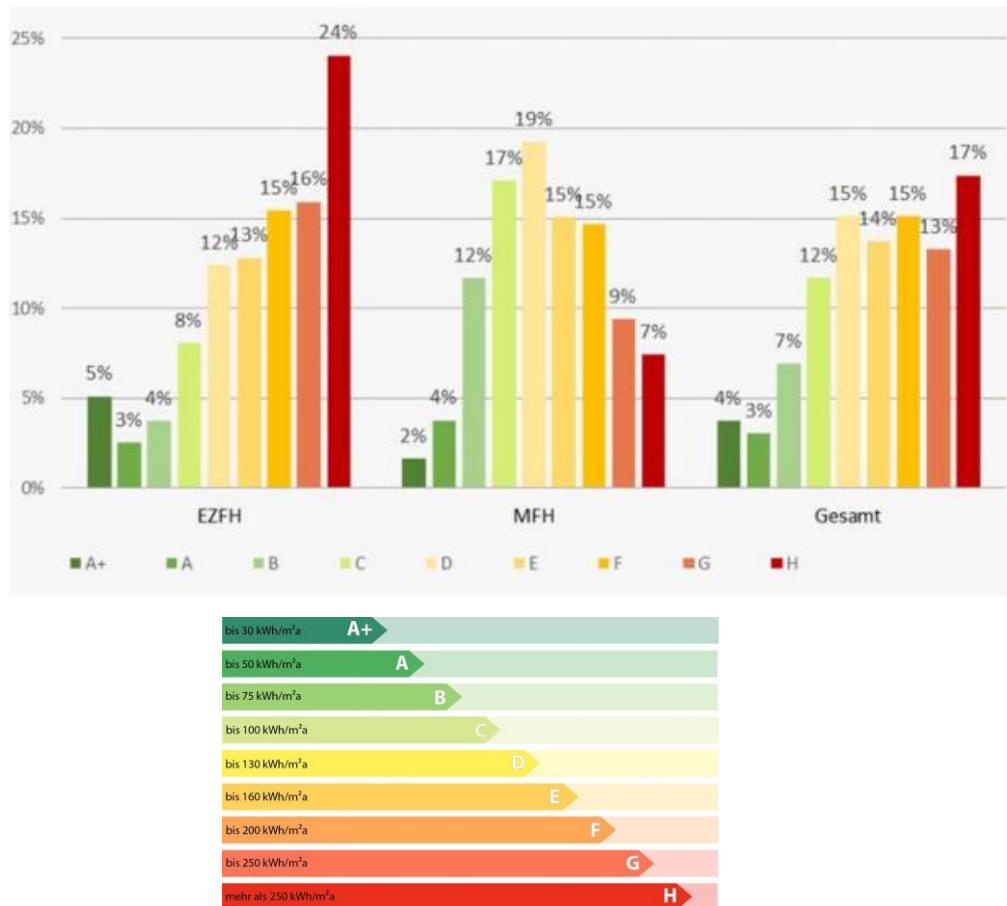
Energy efficiency has become a key differentiator in property markets—no longer just a technical feature, but an economic risk factor shaping asset performance. Comprehensive statistical data on the energy efficiency of Germany's entire housing stock are lacking, yet studies by the Institute for Energy and Environmental Research (IFEU) show that most single- and two-family homes fall into the lowest efficiency classes (F–H), producing high CO₂ emissions and offering substantial retrofit potential (Mellwig, 2021; see Figure 1).

Around 60 % of residential buildings were built before 1980 (Census 2022); most remain energy-inefficient. As of 2024, over 75 % still relied on oil or gas, while renewables supplied only about 20 % (dena, 2025; BDEW, 2023).

By contrast, new construction has largely embraced renewable heating—nearly 70 % of newly completed homes in 2024 used heat pumps as their primary heating source (Destatis, 2025), but the impact on the overall stock remains small as the annual renovation rate stagnates below 1 %. Meeting climate targets will require at least doubling this rate!

Energy-inefficient properties face rising operating costs, tighter regulation, and potential price discounts, while efficiency investments—such as heat pumps, solar thermal systems, or renewable district heating—improve both marketability and collateral value. The Building Energy Act (2020) and Heat Planning Act (BMUV, 2024) reinforce this shift by phasing out fossil heating systems. Consequently, energy performance is now considered as decisive as location, build quality, and rental potential in property valuation.

Figure 1. Distribution of energy efficiency classes in Germany's residential building stock, 2021 – Classification by kilowatt-hours per square meter per year



Source: top: Mellwig (2021), adapted from dena/ ifeu/ Prognos (2019); bottom: BBSR (2023).
 EZFH: single- and two-family houses, MFH: multi-family buildings, Gesamt: Total.

4.2 Energy Prices, Rents, and the Green Premium

Empirical research shows that rising energy prices affect market segments differently. Amaral and Zetzmann (2025) comprehensively analyzed rental markets in Germany's 30 largest cities, examining how energy prices, efficiency, and rent levels interact. They found that higher energy costs are only partly passed on to tenants—and mainly in high-end segments. A €1 increase in heating costs reduces net cold rents by an average of €0.39 in the most expensive markets, while no significant adjustment occurs in lower-priced segments. The authors attribute this asymmetry to market tension and demand elasticity: in markets with strong demand and limited supply (typically the lower rental segment), landlords can pass higher costs to tenants, whereas in premium markets, price-sensitive tenants force landlords to absorb part of the energy cost burden.

Energy efficiency thus serves increasingly as a price signal. Both the “green premium” for efficient buildings and the “brown discount” for inefficient ones rise as energy prices increase.

Amaral and Zetzmann (2025) also show that energy-efficient apartments ($\approx 30 \text{ kWh/m}^2\text{a}$) achieve on average €48 higher monthly rents than comparable inefficient ones ($\approx 130 \text{ kWh/m}^2\text{a}$). A similar pattern holds in sales markets: efficient condominiums command measurable price premiums, while inefficient assets lose value disproportionately. The heat transition therefore functions as a reallocation mechanism, channeling capital toward sustainable buildings and eroding the market value of fossil-dependent assets.

4.3 Implications for Valuation and Risk

A building’s energy performance is now an independent valuation factor across income, cost, and comparative approaches. Beyond physical attributes, expected CO₂ costs (Fuel Emissions Trading Act, 2020) and retrofit obligations increasingly influence value. Inefficient buildings face dual risks: higher operating costs from carbon pricing and energy volatility, and rising upgrade expenses from stricter regulation—both impacting cash flow, loan-to-value ratios, and ESG ratings.

Conversely, the transition generates emerging opportunities: properties linked to renewable district heating or municipal heat plans gain from lower cost volatility, greater planning security, and reduce the risk of sudden regulatory changes. These criteria are key risk-mitigation factors in portfolio management and valuation.

5. HEAT PLANNING – STRATEGIES, STRUCTURES, AND IMPACTS ON PROPERTY VALUES

5.1 Role, Objectives, and Current Status

Heat planning forms the strategic backbone of Germany’s heat transition. The Heat Planning and Decarbonization of Heating Networks Act (WPG, 2024) establishes a nationwide framework to achieve a largely climate-neutral heat supply by 2045 (BMUV, 2024).

Municipalities with over 100,000 inhabitants must submit heat plans by mid-2026; smaller ones by mid-2028. These plans guide the restructuring of local heat systems and provide the basis for investment decisions in the building sector.

A typical heat plan comprises four elements:

1) Stock analysis	assessing current energy use, generation structures, and future demand.
--------------------------	---

2) Potential analysis	identifying renewable sources (geothermal, waste heat, solar thermal, biomass), thermal storage, and grid expansion options
3) Target scenarios	outlining transformation pathways toward climate neutrality
4) Action planning	defining projects, responsibilities, timelines, and investment needs

Following an integrated approach, heat planning aligns local factors such as geology, waste heat potential, renewables, citizen energy cooperatives, and building stock characteristics to create tailored, region-specific decarbonization strategies.

By April 2025, around 5% of municipalities had completed their plans and 47% had started the process, covering roughly 60% of the population—progress the BBSR deems substantial given the legal deadlines (Arnold-Drmić & Thiele, 2025).

5.2 Funding and Institutional Frameworks

Smaller municipalities face major challenges in heat planning due to limited staff, insufficient data, and lack of technical expertise. As a result, intermunicipal cooperation is increasingly used to pool resources and jointly develop infrastructure such as district heating networks and storage systems (Arnold-Drmić & Thiele, 2025).

The federal government supports these efforts through the Municipal Guideline under the National Climate Initiative (NKI), covering up to 90% of planning and consulting costs—or 100% in structurally weak regions. By late 2024, over 1,300 applications had been approved for around 3,300 municipalities, totaling €109 million in funding (BMUV, 2024). This seed financing aims to establish heat planning as a permanent municipal task. Beyond easing financial pressure, it also benefits the real estate sector: local decarbonization strategies provide investors and developers with key insights into current property values and future risk or appreciation potential.

5.3 Implementation Challenges

Despite its potential, heat planning faces major challenges:

- **Data gaps:** Many municipalities lack detailed, standardized datasets on buildings, energy use, emissions, and network capacity, making analysis technically and legally complex.
- **Stakeholder coordination** between utilities, administrations, housing firms, and private owners is complex and demanding
- **Financing and funding:** Investments in grids, storage, and renovations are substantial.

- **Public acceptance:** Success depends on property owners’ willingness to retrofit and connect to networks.

Another issue is the “Swiss cheese problem”: fragmented heating networks with fossil “islands” that undermine efficiency and viability. Experts therefore call for a holistic, cross-sectoral approach integrating energy, mobility, water, and urban development to ensure a stable, long-term transformation (Arnold-Drmić & Thiele, 2025).

5.4 From Heat Supply to Property Value

5.4.1 Market Logic and Evidence

Municipal heat planning increasingly shapes property valuation and investment decisions by clarifying future heat supply options. As heating, energy efficiency, and sustainability become key location factors, value gaps are emerging between buildings connected to planned climate-neutral networks and those dependent on fossil systems.

In municipalities with advanced heat planning, supply security and planning certainty are viewed as positive market attributes, though empirical evidence for explicit rent or price premiums for inclusion in renewable heating areas remain limited. By contrast, energy efficiency premiums are well documented: according to the Kiel Institute for the World Economy (Amaral et al., 2024), homes with energy classes A/A+ sell for about €650/m² more and rent for €0.85/m² more per month than D/E-rated units— the „Green premiums“ roughly matching renovation costs; considering public subsidies, they may even exceed them. Rising energy prices further amplify these effects.

Preference studies further show a general willingness to pay for renewable district or local heating. The magnitude of this effect varies by context: large urban networks are more widely accepted owing to their reliability and institutional management, while willingness to pay for decentralized systems is shaped by trust, pricing, and local participatio (Schleich et al., 2018; Späth & Droege, 2020; Held et al., 2022). Future preference studies conducted after 2024 would provide valuable additional insight.

5.4.2 Valuation and Risk

Under the EU Taxonomy Regulation, sustainability criteria have become standardized parameters in property valuation. Major consultancies such as PwC and EY propose market value adjustments based on building-level ESG ratings (PwC Deutschland, 2021; EY, 2023). Financial institutions likewise integrate energy efficiency as a premium factor in lending, while sustainability and transition risks are systematically embedded in valuation and collateral assessment models (DVFA, 2023; Ziesenitz, 2023). Empirical studies confirm that ESG factors are already operationalized in valuation practice (Kuess, 2024).

As a result, sustainability has evolved from a reputational attribute to a core determinant of creditworthiness. Integration into municipal heat networks further lowers exposure to energy and regulatory risks by ensuring a predictable, climate-neutral heat supply. A UK study similarly found that long-term policy certainty and grid reliability reduce the cost of capital by lowering investor risk perception (Department for Energy Security and Net Zero, 2023).

In valuation terms, this can translate into lower capitalization rates under the income approach (cf. ImmoWertV 2021, §14(3); Rottke & Thomas, 2023). The result is a higher market value, especially compared to properties without clear supply prospects.

Integrating the heat transition into valuation models requires new methods, including:

- accounting for energy and CO₂ costs in income approaches,
- recognizing subsidies and tax incentives as value-enhancing, and
- incorporating transition risks, especially for fossil-fueled buildings.

5.4.3 Research Needs

Municipal heat planning serves a dual role for the real estate sector: it provides planning certainty and drives market differentiation. Properties connected to future-oriented heating networks are expected to benefit from a green premium, while inefficient, unintegrated assets may face brown discounts. Yet empirical evidence for this relationship remains limited, making it a working hypothesis and underscoring the need for further research.

From a valuation standpoint, it should be examined whether integration into municipal heat strategies—via connection potential, funding eligibility, or existing infrastructure—constitutes an independent value-influencing attribute. Future models must also evaluate how long-term energy price projections, CO₂ pricing, and retrofit obligations can be systematically incorporated as structural risk factors in valuation frameworks.

5.5 Interim Conclusion

Heat planning is far more than a technical or administrative tool—it operates as a strategic interface between climate policy, urban development, and real estate markets. By coupling energy, infrastructure, and valuation planning, it fosters sustainable value creation.

Municipalities can, in principle, shape both property value stability and investment security through strategic heat planning. For the real estate sector, this represents a paradigm shift: energy efficiency, supply security, and decarbonization strategies are becoming core parameters in location and investment appraisal. Incorporating heat planning into valuation models is therefore not only environmentally necessary but economically essential.

6. ECONOMIC AND VALUATION IMPLICATIONS FOR PRIVATE PROPERTY OWNERS

6.1 Economic Dynamics of the Heat Transition

Germany's heat transition is reshaping the economic logic of the real estate sector. Regulatory pressure, CO₂ pricing, and targeted subsidies are shifting the focus from short-term yields toward long-term asset resilience. Properties are increasingly viewed as energy assets, with market value determined by their level of decarbonization rather than location alone.

Rising CO₂ prices under the Fuel Emissions Trading Act (BEHG, 2020; see 2.3) make fossil heating progressively uneconomical, reducing capitalization values for inefficient buildings while incentivizing retrofits, network connections, and renewable technologies. The result is a new valuation paradigm in which the worth of a building is increasingly determined by its capacity to balance energy efficiency, climate protection, and economic viability. Buildings that fail to meet these standards risk becoming stranded assets (Amaral & Zetzmann, 2025).

6.2 Private Owners as Key Actors

Germany's 43 million dwellings—about 80 % privately owned (Census 2022)—place the heat transition largely in the hands of individual owners and homeowner associations. Integrating inefficient stock (see 3.1) into local heat planning and renovation strategies is thus decisive for achieving sectoral climate goals.

Private homeowners face complex trade-offs between investment costs, potential energy savings, and property value development. Retrofit or heating replacement costs range from €300–800/m², and comprehensive packages can exceed €1,000/m², depending on building size, initial efficiency, and technical solution (IWU, 2024; UBA, 2024; dena, 2025; EWI, 2022). Public programs such as KfW, BAFA, and the BEG typically cover up to 40 % of costs; under the 2024/25 reform, self-occupying owners may receive up to 70 % for heating replacement (KfW-458; BMWK).

Despite these incentives, investment willingness remains limited due to uncertainty about energy prices and funding, constrained liquidity or credit access, skilled-labor shortages, and weak municipal coordination (Arnold-Drmić & Thiele, 2025). The success of the transition depends heavily on the acceptance and participation of owner participation—enabled through early involvement, transparent communication, and reliable incentives that frame retrofitting as value creation rather than financial strain (BBSR, 2025a; Korinke, 2025).

6.3 Valuation and Distributional Effects

As banks increasingly require documentation on energy efficiency, emissions, and retrofit plans prior to approving financing, early investment in energy upgrades not only improves credit terms but also the long-term value of private real estate. Applying the same logic in the

area of a decarbonized heating network is expected to reduce operational uncertainty and, in turn, lower risk premiums.

Implications for private owners differ by property type, location, and financing model. Nevertheless, the following valuation and distributional effects can be roughly outlined

1. **Value-stable assets:** Efficient buildings using renewable heat or connected to municipal networks maintain or increase value and are considered low-risk in lending.
2. **Retrofit-required stock:** Fossil-heated, inefficient buildings—especially older single-family homes—face substantial depreciation; targeted subsidies and concessional loans are crucial to mitigate losses.
3. **Socioeconomic disparities:** Households with lower income or credit access risk exclusion from investment, creating energetic segregation where wealthier owners capture efficiency gains while others retain devalued assets (Amaral & Zetzmann, 2025).

For the real estate industry, the challenge lies in balancing equity and efficiency through transparent valuation criteria and socially inclusive support schemes, supported by coherent policy frameworks that ensure the heat transition strengthens both market stability and social cohesion.

7. DISCUSSION AND CONCLUSION

7.1 Critical Assessment

Germany's heat transition ranks among the country's most ambitious postwar transformation projects. It links climate policy with structural change across the building, energy, and real estate sectors. While the regulatory framework—such as the Federal Climate Change Act (2021) and the Heat Planning Act (2024)—is clear, implementation lags behind: the renovation rate remains below 1 %, far from what is needed to reach climate neutrality by 2045. In 2020, the emission reduction goal of 40% compared to 1990 was reached only because of the COVID-19 lockdown. A more critical view might conclude that the heat transition risks failing due to contradictions in its implementation logic: Ambitious goals face fragmented governance, scarce data, and overburdened actors, all aggravated by economic stagnation since 2022, which curbs investment capacity (BBSR, 2025b).

Market signals partly work—energy efficiency is rewarded while inefficient assets lose value—but this dynamic is socially selective, favoring capital-strong owners and institutional investors while excluding lower-income and elderly homeowners from the transformation process (Amaral & Zetzmann, 2025). The heat transition thus risks becoming an economic polarization process: v who can invest gain from lower energy costs and rising property values; those who cannot face asset decline.

7.2 Institutional and Governance Gaps

11 of 16

Heating up Climate Action: Germany's Challenge of Decarbonization and Heat Transition Planning in the Building Sector (13706)

Eva Katharina Korinke (Germany)

FIG Congress 2026

The Future We Want - The SDGs and Beyond

Cape Town, South Africa, 24–29 May 2026

A major point of criticism concerns the institutional framework of heat planning that remains fragmented. Responsibilities between federal, state, and local levels overlap, and resources are not only unevenly distributed but also insufficient (Arnold-Drmić & Thiele, 2025). Large cities advance planning through technical capacity, while small municipalities lack data, staff and planning tools.

Municipalities can design strategic heat plans but have limited leverage over private investment. Without binding obligations or strong incentives, planning remains a soft instrument. Persistent information deficits—owners often unaware of future grid connections or funding options—further weaken investment confidence and increase the risk of poor decisions.

7.3 Socioeconomic Paradoxes

Economically, the heat transition operates between ecological necessity and social feasibility. CO₂ pricing under the BEHG acts as an economic lever but disproportionately affects low-income households occupying inefficient buildings. The same applies to asset-rich but liquidity-poor owners whose wealth is concentrated in property. For them, the heat transition can produce a negative wealth effect: rising retrofit costs coincide with declining asset values - risking what some describe as “climate-policy expropriation by omission.”

Subsidy programs mitigate this only partly; many remain fragmented or administratively complex. A stable, socially tiered funding system—including income-based grants, revolving funds, or tax relief—is essential.

7.4 Opportunities for Innovation

Despite difficulties, the heat transition offers major innovation potential. It compels the real estate sector to integrate energy performance and ESG criteria directly into valuation and financing. Energy efficiency becomes a measurable value factor reflected in discount rates or sustainability ratings.

Green mortgages and ESG-linked lending lower financing costs for efficient properties, balancing ecological goals with market rationality. Municipal heat planning also increases transparency and planning security, improving location quality and supporting sustainable urban development—if implemented in a data-driven and coordinated way.

7.5 Key Implications

The heat transition demands a new understanding of value, risk, and sustainability from policymakers, valuers, and owners alike. Four implications stand out:

1.	<p>Reliable data infrastructure</p> <p>A major challenge remains the lack of standardized, interoperable data. The Heat Transition Stakeholder Dialogue (BBSR, 2024) highlights the need for key information—on heating systems, energy use and building stock. A national heat information system is recommended combining cadastral, grid, and energy data, define minimum standards, and ensure regular updates. This would reduce municipal workload, enhance legal certainty, improve comparability across plans, enable transparent ESG ratings, and foster data-driven valuation.</p>
2.	<p>Perspective of Private owners</p> <p>Private homeowners are decisive for success in achieving decarbonisation. Early communication, reliable information, and participatory planning can enhance trust and investment readiness (BBSR, 2025a; Korinke, 2025). However, information asymmetries remain significant, especially where local heat plans are incomplete. Municipalities should therefore act not only as regulators but also as trust and transparency agents, providing owners with clear data for decision-making. Early communication and participatory planning can significantly increase private investment willingness.</p>
3.	<p>Funding design</p> <p>Subsidy schemes and programs by KfW and BAFA under the BEG must become simpler, longer-term, and socially differentiated to make investment accessible to low-income owners (BMWK, 2024; Stakeholder-Dialog Wärmewende, 2024). Closer alignment with municipal heat plans prevents overlaps. In addition, funding structures should recognize value relevance—measures that deliver long-term energy savings must also be reflected in property valuation.</p>
4.	<p>Valuation and Finance</p> <p>Integrating sustainability and energy factors into valuation requires methodological innovation. ESG metrics, supply security, and CO₂ costs should be embedded in valuation and lending models.. Regulatory risk and energy price volatility already lead to value discounts for inefficient assets. Municipal heat planning can function as a risk buffer by ensuring predictable, climate-neutral supply, thus lowering capitalization rate uncertainty (Rottke & Thomas, 2023; Ziesenitz, 2023; DVFA, 2023).</p>

Further research should link energy and spatial variables in valuation models, requiring stronger interdisciplinarity across real estate, energy economics, and urban planning. Promising avenues for future research include:

- Hedonic analyses of price effects before and after municipal heat plan implementation,
- Long-term models to quantify decarbonization risk,
- Linking energy-economic and valuation models, and
- Socioeconomic studies on willingness to pay and acceptance of heating networks among private owners.

7.6 Conclusion

The heat transition is far more than a technical or ecological project—it constitutes a fundamental economic transformation redefining property valuation, ownership structures, and urban development. It presents both a challenge and an opportunity, particularly for private owners, who hold roughly 80% of Germany’s building stock. Their engagement will determine whether political objectives become economically viable outcomes.

For the real estate industry, policymakers, and public authorities, the implications are clear: valuation models must rely on robust sustainability and energy data, and owners and investors must base long-term decisions—such as retrofits and site selection—on transparent information and stable funding mechanisms.

Ultimately, the heat transition’s success will depend less on technology than on social acceptance, intersectoral planning, and institutional coherence. Without trust, transparency, and social balance, its transformative potential will remain limited. With a coordinated and equitable framework, however, it can evolve into a model of a resilient, climate-neutral, and economically stable real estate system.

REFERENCES

- Amaral, F., & Zetzmann, S. (2025). Who Pays for Higher Energy Costs? Distributional Effects in the Housing Market (Kiel Working Paper No. 2297). Kiel Institute for the World Economy. https://www.kielinstitut.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/22b67795-66d6-471c-ae1a-e6e3dfb87ea2-KWP_2297.pdf
- Amaral, F., Soufflet, M., Zdrzalek, J., & Zetzmann, S. (2024). Green Signals: Energy Efficiency and German Housing Markets (KPB 180). Kiel Institut für Weltwirtschaft. https://www.kielinstitut.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/83fd31c8-c3c5-4dcd-a5f8-43b6808a0bfa-KPB180_GreenSignals_de.pdf
- Arnold-Drmić, A., & Thiele, J. (2025). Wärmewende in Deutschland – Status und Perspektiven der kommunalen Wärmeplanung. Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR). <https://doi.org/10.58007/64j8-7a06>
- Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR). (2025a). Stakeholder-Dialog Wärmeplanung – Ergebnisrapport. <https://doi.org/10.58007/sxc3-d095>
- Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR). (2025b). Immobilien-Top-Themen 2025: Die drängendsten Herausforderungen. Ergebnisse des BBSR-Expertenpanel Immobilienmarkt. <https://doi.org/10.58007/n0jk-ba39>
- Brennstoffemissionshandelsgesetz (BEHG). (2020). BGBl. I S. 3028.
- Bundesministerium für Umwelt, Naturschutz, nukleare Sicherheit und Verbraucherschutz (BMUV). (2024). Gesetz für die Wärmeplanung und zur Dekarbonisierung der Wärmenetze. Berlin.
- Bundesministerium für Wirtschaft und Klimaschutz (BMWK). (2021). Klimaschutzgesetz – Novelle. Berlin.
- Bundesverband der Energie- und Wasserwirtschaft (BDEW). (2023, November). Wie heizt Deutschland 2023? Langfassung. BDEW. https://emvg.energie-und-management.de/filestore/newsimgorg/Illustrationen_Stimmungsbilder/Studien_als_PDF/BDEW_Heizungsmarkt_2023_Langfassung_final_09112023.orig.pdf

Department for Energy Security and Net Zero. (2023). Evaluation of the Heat Networks Investment Project. Final report. Research Paper Number 2023/04. UK Government, London. <https://assets.publishing.service.gov.uk/media/657198db74693000d48898a/heat-networks-investment-project-evaluation.pdf>

Deutsche Energie-Agentur (dena). (2025). Gebäudereport 2025: Zahlen, Daten, Fakten zum Klimaschutz im Gebäudebestand. dena. https://www.dena.de/fileadmin/dena/Publikationen/PDFs/2025/Gebaudereport_2025_BF.pdf

DVFA – Deutsche Vereinigung für Finanzanalyse und Asset Management e. V. (2023). ESG in der Immobilienfinanzierung. DVFA-Positionspapier, Frankfurt am Main. https://dvfa.de/wp-content/uploads/2023/10/DVFA_ESG_Immobilienfinanzierung_2023-10.pdf

Energiewirtschaftliches Institut an der Universität zu Köln (EWI). (2022). Analyse: Wirtschaftlichkeit von Sanierungsmaßnahmen – Endbericht. https://www.ewi.uni-koeln.de/cms/wp-content/uploads/2022/10/20221007_EWI_Analyse_Wirtschaftlichkeit_von_Sanierungsmassnahmen_Endbericht.pdf

Ernst & Young (EY). (2023). ESG – Ohne geht's nicht mehr: Den Wert der Zukunft erkennen. EY Real Estate Insights. https://www.ey.com/de_ch/insights/real-estate-hospitality-construction/embracing-the-future-approaches-to-esg-in-real-estate-valuation

Fleiß, E., Hatzl, S., Seebauer, S., & Posch, A. (2017). Money, not morale: The impact of economic incentives on homeowners' decisions to install renewable heating systems. *Renewable Energy*, 107, 87–95. <https://doi.org/10.1016/j.renene.2017.01.043>

Held, L., Schlomann, B., & Rohde, C. (2022). Akzeptanz und Zahlungsbereitschaft für klimaneutrale Wärmenetze in Deutschland (Fraunhofer ISI Discussion Paper 2022–05). Fraunhofer-Institut für System- und Innovationsforschung ISI. <https://www.isi.fraunhofer.de>

International Federation of Surveyors (FIG). (2025). A Call to Action: Climate Responsible Land Governance and Disaster Resilience – Safeguarding Land Rights (FIG Publication No. 83). <https://www.fig.net/resources/publications/figpub/pub83.asp>

Korinke, E. K. (2025). Climate Protection in Germany – How can the Heat Transition Succeed in the Real Estate Sector? Presentation, FIG Athens Conference, June 2025.

Kreditanstalt für Wiederaufbau (KfW). (2025). Heizungsförderung für Privatpersonen – Wohngebäude (Programm 458). [https://www.kfw.de/inlandsfoerderung/Privatpersonen/Bestehende-Immobilie/Foerderprodukte/Heizungsforderung-fur-Privatpersonen-Wohngebäude-\(458\)/](https://www.kfw.de/inlandsfoerderung/Privatpersonen/Bestehende-Immobilie/Foerderprodukte/Heizungsforderung-fur-Privatpersonen-Wohngebäude-(458)/)

Kuess, R. (2024). Auswirkungen von ESG-Risiken auf die Bewertung von Immobilien [Masterarbeit, Technische Universität Wien]. [repositum@tuwien. https://repositum.tuwien.at/bitstream/20.500.12708/208123/1/Kuess%20Raimund%20-%202024%20-%20Auswirkungen%20von%20ESG-Risiken%20auf%20die%20Bewertung%20von...pdf](https://repositum.tuwien.at/bitstream/20.500.12708/208123/1/Kuess%20Raimund%20-%202024%20-%20Auswirkungen%20von%20ESG-Risiken%20auf%20die%20Bewertung%20von...pdf)

Mellwig, P. (2021). Gebäude mit der schlechtesten Leistung (worst performing buildings)– Klimaschutzpotenzial der unsanierten Gebäude in Deutschland. IFEU- Institut für Energie- und Umweltforschung Heidelberg gGmbH, Heidelberg.

Müller, C., Loga, T., & Bastian, A. (2024). Anpassung der Kostenfunktionen energierelevanter Bau- und Anlagenteile 2022/2023 (IWU Working Paper). Institut Wohnen und Umwelt. https://www.iwu.de/fileadmin/publikationen/energie/2024_IWU_MuellerEtAl_WorkingPaper-Anpassung-Kostenfunktionen-2022-2023.pdf

PwC Deutschland. (2021). ESG in der Immobilienbewertung 2.0 – Update zu Bewertungsansätzen und Praxisbeispielen. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. <https://www.pwc.de/de/real-estate/esg-in-der-immobilienbewertung-update.pdf>

Rottke, N., & Thomas, M. (2023). Immobilienbewertung und Nachhaltigkeit. Springer Gabler.

Schleich, J., Klobasa, M., Gölz, S., & Brunner, M. (2018). Willingness to pay for renewable district heating in Germany. *Energy Policy*, 121, 584–593. <https://doi.org/10.1016/j.enpol.2018.06.034>

Späth, P., & Droege, P. (2020). Citizen participation and local energy transitions: Evidence from renewable district heating projects in Germany. *Energy Research & Social Science*, 68, 101564. <https://doi.org/10.1016/j.erss.2020.101564>

Statistisches Bundesamt (Destatis). (2025, 31. Januar). Pressemitteilung: 81 % der genehmigten Neubauten 2024 sollen primär mit Wärmepumpe beheizt werden. https://www.destatis.de/DE/Presse/Pressemitteilungen/2025/06/PD25_N031_31_51.html

Statistisches Bundesamt (Destatis). (2024, Januar 30). CO₂-Emissionen beim Heizen privater Haushalte sinken über 20 Jahre um 12 % [Pressemitteilung]. https://www.destatis.de/DE/Presse/Pressemitteilungen/Zahl-der-Woche/2024/PD24_05_p002.html

Umweltbundesamt (UBA). (2024). Wärmepumpensysteme in Bestandsgebäuden – Abschlussbericht (Texte 11/2024). Umweltbundesamt. https://www.umweltbundesamt.de/sites/default/files/medien/11850/publikationen/11_2024_cc_waermepumpensysteme.pdf

Verordnung über die Grundsätze für die Ermittlung der Verkehrswerte von Grundstücken (ImmoWertV). (2021). BGBl. I S. 2805.

Ziesenitz, J. (2023). Nachhaltigkeitsrisiken bei der Immobilienbewertung von Banken. FCH Finanz Consulting Hub. <https://www.fch-gruppe.de/Beitrag/22140/nachhaltigkeitsrisiken-bei-der-immobilienbewertung-von-banken>

BIOGRAPHICAL NOTES

Eva Katharina Korinke is Scientific Project Manager with a background in geography and real estate economics. She has been monitoring residential and commercial real estate markets for the German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) for many years. Her current interests and research focus include, among others, the interplay between real estate and climate responsibility, as well as transparency in real estate markets.

CONTACTS

Eva Katharina Korinke
Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR)
Housing and Climate Protection, Construction Industry (Section WB 9)
53179 Bonn
GERMANY
Tel. +49228994011624
evakatharina.korinke@bbr.bund.de
www.bbsr.bund.de