

# Decarbonised buildings: the foundations for a prosperous EU

## FINANCIAL STABILITY

Integrating climate and transition risks linked to real estate preserves property value for households and investors, ensuring a resilient and stable market.

Encouraging mortgage holders to enhance the energy performance of their buildings could be a strategic move for financial institutions, helping to reduce loss given default and decrease market risk associated with collateral.  
– ECB<sup>1</sup>

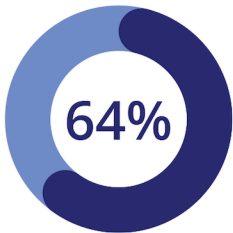


**What next**  
Mandate banks to establish **risk-management strategies** for their real estate portfolio, including higher capital risk requirements and Energy Performance Certificate disclosure from borrowers.

## ENERGY SECURITY

Decarbonised buildings reduce energy use through flexible and energy efficient solutions, based on massive RES deployment coupled with demand side response.

The EU can reverse 13 years of deterioration in economic resilience and 8 years of reduction in security of energy supply by implementing a package combining economic-efficient measures and sector-specific regulations  
– IMF<sup>3</sup>



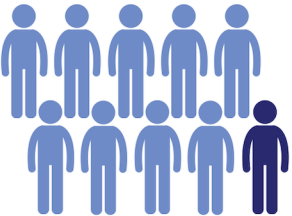
In 2022, close to two-thirds of energy used by EU households was for heating.<sup>4</sup>

**What next**  
Recognise the role of **demand side action in energy security strategies** and swiftly implement the Energy Performance of Buildings Directive to address security concerns.

## QUALITY OF LIFE

Living in decent housing is an essential service to guarantee to EU citizens.

The majority of the population in the EU has access to essential services, people at risk of poverty or social exclusion face the greatest barriers in accessing such services, in particular energy.  
– DG EMPL<sup>5</sup>



**What next**  
Make **green and affordable housing** a main pillar of an EU Action Plan for high-quality public services, also echoed by Letta.

## COMPETITIVENESS

Demand-side and efficient technologies strengthen European competitive leadership.

The European Union must adopt proactive de-risking policies and bolster the scale-up of its clean tech manufacturing.  
– Enrico Letta<sup>7</sup>



Increase in GDP by 2030 if the EU rolls out heat pumps in line with REPowerEU.<sup>8</sup>

**What next**  
Review the **Heating and Cooling Strategy** to incorporate the latest developments and legislation. Publish the **Heat Pumps Action Plan**.

1,2 European Central Bank, 2024, Risks of misalignment of banks' financing with the EU climate objectives; 3 Dolphin, G., Duval, R.A., Rojas-Romagos, H., Sher, G., May 2024, The energy security gains from strengthening Europe's climate action, IMF Departmental Paper; 4 Eurostat, updated June 2024, Energy consumption in households; 5 European Commission, June 2023, Report on access to essential services in the EU – Commission staff working document; 6 Eurostat, updated June 2024, Inability to keep home adequately warm – EU-SILC survey; 7 Letta, E., April 2024, Much more than a market; 8 EHPA, April 2023, Europe's leap to heat pumps.

