MICHELE DILENGE

Green Leases in Germany: Towards a New Standard in Commercial Real Estate

Abstract

This study examines the transformation of Green Leases in German commercial real estate from voluntary market initiatives to regulatory compliance necessities. The research investigates how EU and national regulatory frameworks – EU Taxonomy, SFDR, CSRD, and Germany's GEG – drive contractual innovation in sustainable property management. Using qualitative methodology, this study conducts comprehensive document analysis of academic literature, legal documentation, and industry guidelines (2015-2025), examining regulatory impact mechanisms through thematic content analysis. The findings reveal a fundamental paradigm shift where regulatory requirements have become the primary driver of Green Lease adoption. The study identifies a systematic "regulatory cascade effect" whereby EU-level regulations translate into fund-level compliance requirements, subsequently driving property-level contractual obligations. The EU Taxonomy's "Do No Significant Harm" principle creates continuous compliance obligations requiring contractual mechanisms. This study contributes to academic discourse by systematically documenting the transition from voluntary to regulatorily-driven sustainability. The identified regulatory cascade effect provides a framework for understanding similar transformations in other European markets, establishing Green Leases as essential instruments in the emerging regulatory compliance architecture for sustainable real estate management.

KEYWORDS: Green Lease, environmental certification, ESG regulatory, lease agreements, CSRD

MICHELE DILENGE – full professor, IU International University of Applied Sciences (Munich), ORCID – 0009-0009-6558-5197, e-mail: michele.dilenge@iu.org

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1 Introduction

A general, let alone legal definition of what characterizes Green Leases as such, and a uniform Green Lease does not yet exist.

1.1. Definition

The requirements placed on sustainability in general and particularly on sustainable regulations in lease agreements have very different backgrounds and qualities. Against the background of dynamic developments in this area, they will also have to make a forecast decision about the development of the respective requirements in the future. In view of societal and political sustainability goals, it can be expected that requirements will continue to increase.[1]

However, Green Leases in practice are increasingly focusing on sustainable management by the landlord and sustainable use by the tenant. Following the principles issued by the ZIA,[2] Green Leases should each contain at least one regulation from the following areas:

- sustainable use and management of the rental property during ongoing operation,
- reduction of waste, consumption and emissions, and
- ecologically harmless implementation of maintenance, modernization and other construction measures

Green Leases are therefore ultimately any form of substantial/serious regulations in lease agreements that are related to promoting sustainable (i) building substance and/or (ii) management and use of real estate.[3]

1 Silvio Sittner, „§ 24 Green Leases – Der grüne Mietvertrag," [in:] *Handbuch Geschaftsraummiete*, ed. Jan Lindner-Figura, Frank Oprée, Frank Stellmann. 5th ed. (Munich: Verlag C.H. Beck, 2023), § 24. Para. 42

2 Zentraler Immobilien Ausschuss e.V., *Green Lease 2.0—Vom grunen Mietvertrag zum ESG Lease* (2024).

3 Sittner, „§ 24 Green Leases – Der grüne Mietvertrag," § 24. Para. 6.

1.2. Definition of Terms in Germany

In the academic engagement with Green Leases and the concept of sustainability, there is still a lack of uniform definitions at national, international, and particularly European legal levels. Unlike countries such as Great Britain, Canada, Australia, and the USA, where Green Leases are widespread, they represent an exception in Germany. The restricted design freedom in German rental law makes it difficult to transfer proven foreign structures to the German market.[4]

To deepen understanding of a Green Lease, the following definition by Freshfields Bruckhaus Deringer LLP serves:

> A Green Lease is a sustainability-oriented lease agreement that, through its special design – possibly flanked by the requirements of any existing certification of a property – is intended to encourage the tenant to use the property as sustainably as possible and the landlord to manage the property as sustainably as possible.[5]

To close this gap, an interdisciplinary project group of leading market players under the leadership of the law firm Freshfields Bruckhaus Deringer LLP developed a catalog of 50 recommendations for designing Green Leases for commercial spaces in 2012.[6] A clause work published by ZIA serves as the main orientation aid for contractual design of sustainability-related rental relationships in Germany. The current version from 2024 with the title "Green Lease 2.0 – From Green Lease Agreement to ESG Lease" integrates the latest developments and legal requirements for sustainability and promotes the integration of ESG criteria.[7]

While corresponding discussions about Green Leases in the international arena began around the turn of the millennium, more concrete

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4 BMWSB (Federal Ministry for Housing), *Urban Development and Building, Das Gebaudeenergiegesetz*, 2025.

5 Freshfields Bruckhaus Deringer LLP, *ESG und Real Estate Auswirkungen der Offenlegungs- und Taxonomieverordnung auf die Immobilienwirtschaft* (2021), 6.

6 *Zivilrecht im Wandel: Festschrift fur Peter Derleder zum 75. Geburtstag*. ed. Kai-Oliver Knops, Heinz Georg Bamberger, Gerrit Hölzle (Berlin-Heidelberg: Springer, 2015), 457.

7 Zentraler Immobilien Ausschuss e.V., *Green Lease 2.0—Vom grunen Mietvertrag zum ESG Lease* (2024), 5.

considerations in Germany seem to have been conducted only since 2012.[8] Green Leases are also on the rise in other legal systems.[9]

1.3. The Significance of Environmental Certifications

The certification of real estate is becoming increasingly important as it not only serves as a quality feature for sustainability and energy efficiency, but also promotes the economic attractiveness and value preservation of buildings.[10]

Real estate contributes to promoting sustainable development as it can significantly contribute to reducing CO_2 emissions and to the careful use of resources and energy. However, there is no internationally uniform standard, so various certification systems exist alongside each other. This impairs the comparability of evaluated properties.[11] In the German real estate market, besides the national DGNB certification system, the US-American LEED is widely distributed. BREEAM is also represented in Germany.

The ESG lease goes beyond this. ESG stands for Environmental, Social, Governance. The background of such agreements are European legal requirements for observing ESG factors that affect fund companies as owners of real estate.[12]

8 E.g. ibidem.

9 Cf. Jie Ouyang, "Unleashing the Green Principle in the Chinese Civil Code – Embedding Private Law into the Green Transition" *Journal of European Consumer and Market Law*, 5 (2023): 203-208.

10 „Drei Standards sollen Orientierung geben – Zertifikate für Gebäude" *SBZ* (2014).

11 Günter Vornholz, *Entwicklungen und Megatrends der Immobilienwirtschaft* (Oldenbourg: De Gruyter, 2017.), 221.

12 Such as Disclosure Regulation 2019/2088, Official Journal of the European Union L 317/1.

2 Legal Regulation in Europe and Germany

The integration of sustainability in the real estate industry is significantly driven by regulatory requirements at international, European, and national levels. These establish binding framework conditions to promote sustainable investments, reduce greenhouse gas emissions, and increase energy efficiency in the building sector.

2.1. International Level

At the international level, Agenda 2030 and the Paris Climate Agreement serve as central guidelines for sustainable development and climate protection measures. The United Nations' Sustainable Development Goals (SDGs) function as a fundamental benchmark for determining quantifiable sustainability goals. With its 17 overarching goals, Agenda 2030 provides a strategic framework for sustainable development, adopted in 2015 with a duration until 2030.[13] Although the SDGs do not have binding regulatory character, they serve companies as an important guide for aligning strategies with global environmental and climate goals.[14]

The 195 contracting parties of the United Nations Framework Convention on Climate Change (UNFCCC) agreed on the Paris Climate Agreement in 2015 during COP 21. This internationally legally binding agreement aims to limit global temperature rise compared to pre-industrial levels to below 2 degrees Celsius, with an aspired reduction to 1.5 degrees Celsius.[15] The agreement entered into force on 4 November 2016, and was ratified by 176 states by 2018.[16] National contributions (Nationally Determined Contributions, NDCs) are reviewed every five years and regularly tightened from 2025 onwards (Federal Ministry for Economic Affairs and Climate Action, 2025).

13 Klaus Rainer Kirchhoff, Sönke Niefünd, Julian A. von Pressentin, *ESG: Nachhaltigkeit als strategischer Erfolgsfaktor* (Wiesbaden: Springer Fachmedien, 2024), 42.

14 Ibidem, 42.

15 *ESG in der Immobilienwirtschaft: Praxishandbuch für den gesamten Immobilien- und Investitionszyklus*, ed., Thomas Veith, Christine Conrads, Florian Hackelberg. (Feiburg: Haufe-Lexware, 2021), 30.

16 Ibidem, 31.

2.2. European Union

The European Green Deal forms the strategic framework for achieving climate neutrality of the 27 EU member states by 2050. Greenhouse gas emissions are to be reduced by at least 55% compared to 1990 by 2030 (Federal Statistical Office, 2023). The "Fit for 55" package includes both revision of existing and new regulatory provisions to align all EU measures with climate goals (Federal Statistical Office, 2023). This creates a regulatory framework with specific ESG directives and binding sustainability reporting requirements, serving as reference for national legislation.[17]

2.2.1. EU Taxonomy Regulation

Regulation (EU) 2020/852, the EU Taxonomy Regulation, was adopted in July 2020 (Federal Financial Supervisory Authority, n.d.). This regulation defines a classification system determining under which conditions economic activities are considered ecologically sustainable. It primarily affects large companies with more than 500 employees, including real estate funds and institutional investors in the German office real estate market (BNP Paribas Real Estate, 2023).

An economic activity is classified as ecologically sustainable if it makes a substantial contribution to at least one of six environmental objectives: climate protection, climate change adaptation, sustainable use of water resources, protection of biodiversity, avoidance of environmental pollution, and transition to a circular economy. The "Do No Significant Harm" (DNSH) principle ensures no significant impairment of remaining environmental objectives.[18] Technical assessment criteria defined in delegated legal acts establish specific requirements for sectors contributing to sustainability.[19] Social minimum standards must be maintained, and companies must

17 Heiko Achilles, *Stadtentwicklung mit einem Developer Mindset: Innovation, Wachstum und Wettbewerbsfahigkeit in kritischen Zeiten* (Wiesbaden: Springer Fachmedien, 2024), 112.

18 Michaela Gebetsroither, Meliha Honic, Iva Kovacic, Christoph Löffler, Klemens Marx, Rainer Pamminger, Steffen Robbi, Christian Sustr, Stefan Schützenhofer, Gundula Weber, *Paradigmenwechsel in Bau- und Immobilienwirtschaft: Mit Kreislaufwirtschaft und Digitalisierung die Zukunft gestalten* (Berlin, Heidelberg: Springer, 2024), 9.

19 *Rating von Industrieimmobilien*, ed. Olivier Everling, Peter Salostowitz (Wiesbaden: Springer Fachmedien, 2023), 170.

implement procedures considering OECD Guidelines for Multinational Enterprises and the United Nations Charter of Human Rights.[20] These requirements influence Green Leases design in the commercial sector, ensuring long-term use of properties remains taxonomy-compliant.[21]

2.2.2. EU Disclosure Regulation

The EU Disclosure Regulation (SFDR) complements the EU Taxonomy Regulation. Since March 2021, Regulation (EU) 2019/2088 obligates financial market participants to disclose sustainability-related information at company and product levels.[22] These obligations particularly affect real estate fund companies, pension funds, AIF managers, project developers, asset managers, and property managers.[23]

The SFDR requires disclosure of comprehensive sustainability information, including pre-contractual information, regular reports, and relevant data on company websites.[24] Companies must explain how they integrate sustainability risks into investment decisions and consider Principal Adverse Impacts (PAIs), such as CO_2 emissions.[25]

The SFDR distinguishes financial products into three categories[26]:

- Article 6 Products: Financial products with minimal consideration of sustainability risks, subject to simplest disclosure obligations.
- Article 8 Products: Products with ecological and/or social characteristics, partially investing in sustainable investments, but not

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20 Ibidem, 170.

21 Gebetsroither, Honic, Kovacic, Löffler, Marx, Pamminger, Robbi, Sustr, Schützenhofer, Weber, *Paradigmenwechsel in Bau- und Immobilienwirtschaft: Mit Kreislaufwirtschaft und Digitalisierung die Zukunft* gestalten, 10.

22 Benjamin Ruppert, *Impact Investing: Regulierung, Methoden und Erfolgsmessung*, 1st ed. (Stuttgart: Schäffer-Poeschel, 2021), 67.

23 Freshfields Bruckhaus Deringer LLP, *ESG und Real Estate Auswirkungen der Offenlegungs- und Taxonomieverordnung auf die Immobilienwirtschaft* (2021), 2.

24 *Standpunkte – Beitrage renommierter Personlichkeiten der Versicherungswirtschaft, in Leipziger Seminaren: Themen: Nachhaltigkeit & ESG in d. Ruckvers. Anti-Financial Crime-Compliance, DDI, Renteneintritt der Babyboomer, Open Data & LLM, Regulatorische Rahmenbed. Im Kontext der Nachhaltigkeit, Kraftfahrzeug-Kaskovers. mit Zeitwertentschädigung*. ed. Fred Wagner (Karlsruhe: Verlag Versicherungswirtschaft, 2024), 142

25 Ibidem.

26 Ruppert, *Impact Investing*, 69.

pursuing dedicated sustainability objectives, referred to as "light green" products.

- Article 9 Products: Financial products with sustainable investment objectives, considered "dark green" products, subject to strictest disclosure obligations as they pursue impact investing approaches.

The SFDR creates uniform classification of sustainable financial products to avoid greenwashing and provide investor guidance, increasing demand for energy-efficient, taxonomy-compliant commercial real estate.

2.2.3. Corporate Sustainability Reporting Directive

Since 2017, capital market-oriented companies, banks, and insurance companies in Germany must publish non-financial statements. The previous CSR Directive (2014/95/EU) was expanded in 2022 by the Corporate Sustainability Reporting Directive (CSRD) (Directive (EU) 2022/2464), significantly extending reporting obligations (Federal Environment Agency, n.d.).

The CSRD introduces expanded and standardized disclosure obligations. Companies must disclose sustainability-related information uniformly and measurably, with the European Financial Reporting Advisory Group (EFRAG) developing corresponding reporting standards (Federal Ministry of Labour and Social Affairs, n.d.). The directive anchors the principle of double materiality, encompassing both company-side impacts on environment and society and financial risks through sustainability (Federal Ministry of Labour and Social Affairs, n.d.).

The introduction occurs in stages: From 2024, expanded reporting obligations apply to companies under the Non-Financial Reporting Directive (NFRD), including capital market-oriented companies and financial institutions with more than 500 employees.[27] From 2025, large limited liability companies meeting at least two criteria (balance sheet total exceeding 20 million euros, revenue exceeding 40 million euros, or more than 250 employees) are affected.[28] From 2026, obligations extend to listed SMEs exceeding two of three threshold values.[29]

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27 Meike Lerner, *Einfluss der EU-Taxonomie auf den Mittelstand: Was KMU uber die neuen Anforderungen zum Nachhaltigkeitsreporting wissen mussen* (Wiesbaden: Springer Fachmedien, 2023), 63.

28 Ibidem.

29 Ibidem.

2.3. Germany

The Building Energy Act (GEG) has consolidated regulations of the Energy Conservation Act, Energy Conservation Ordinance, and Renewable Energy Heat Act since 1 November 2020. With the 1 January 2023 amendment, permissible annual primary energy demand for new buildings was reduced to 55 percent of the reference building. Since 1 January 2024, installation of heating systems with at least 65 percent renewable energy is mandatory (Federal Ministry for Housing, Urban Development and Building, 2025). The GEG aims to reduce energy consumption in non-residential buildings and support climate neutrality by 2045.[30]

Since 2024, the obligation to install heating systems with at least 65% renewable energy applies to new buildings within designated development areas.[31] Outside these areas, the requirement only applies when municipal heat planning is available. Cities with over 100,000 inhabitants must submit plans by mid-2026, smaller municipalities by 2028. Conventional heating systems remain permissible until then, but must show gradually increasing renewable energy shares: 15% from 2029, 30% from 2035, and 60% from 2040.[32]

For commercial real estate, Section 71a GEG requires non-residential buildings with heating, ventilation, or air conditioning systems over 290 kW to be equipped with building automation by end of 2024 (Bergische Chamber of Commerce and Industry Wuppertal-Solingen-Remscheid, n.d.). Companies must introduce digital energy monitoring and designate a responsible person with continuous data access (Bergische Chamber of Commerce and Industry Wuppertal-Solingen-Remscheid, n.d.).

The GEG forms a central legal foundation for Green Leases in the commercial rental sector, enabling direct integration of legal requirements into rental relationships through sustainable contract design.

30 Peter Schmidt, *Das novellierte Gebaudeenergiegesetz (GEG 2024): Grundlagen. Anwendung in der Praxis, Beispiele* (Wiesbaden: Springer Fachmedien, 2025), 3.

31 Rudolf Stürzer (with Michael Koch), *Vermieter-Lexikon*, 18th ed. (Freiburg: Haufe-Lexware, 2023), 435.

32 Stürzer, *Vermieter-Lexikon*, 435.

2.4. Regulatory Impact on Green Lease Design

The regulatory framework established by EU Taxonomy, SFDR, CSRD, and GEG creates direct imperatives for Green Lease design in German commercial real estate. The EU Taxonomy Regulation specifically drives landlords to incorporate sustainability criteria into lease agreements to ensure properties remain taxonomy-compliant throughout their use phase. This regulatory pressure translates into contractual obligations for tenants regarding energy consumption reporting, sustainable procurement practices, and compliance with building certification requirements.

The SFDR's classification system (Articles 6, 8, and 9) directly influences lease negotiations, as real estate funds categorized as "Article 8" or "Article 9" products require demonstrable ESG performance from their assets. This regulatory categorization creates a cascade effect where fund managers demand Green Lease provisions from property managers, who in turn integrate these requirements into tenant agreements.

CSRD's double materiality principle mandates comprehensive sustainability reporting, making data collection clauses in Green Leases not merely voluntary best practices but regulatory necessities. The directive's standardized reporting requirements under EFRAG standards directly shape the specific data points that must be collected from tenants, influencing the technical specifications of Green Lease clauses.

The GEG's building automation requirements (Section 71a) and renewable energy mandates create direct legal obligations that must be reflected in lease agreements. These technical requirements translate into specific tenant obligations regarding system operation, data provision, and cooperation with energy efficiency measures.

3 Existing Certification Systems in Germany

The following analyzes the differences and similarities of the three certification systems DGNB, LEED, and BREEAM.[33]

33 Jones Lang LaSalle Incorporated, *Nachhaltigkeitszertifikat als Werttreiber? Empirische Erhebung und Szenarien zum Werteinfluss bei Burogebauden* (2021), 8.

3.1. DGNB (German Sustainable Building Council)

The DGNB certificate was established in 2007 by the German Sustainable Building Council e.V. The first certificates were already awarded in 2009.[34] According to the annual report, 10,161 certificates were awarded in 2022. For the past fiscal year, 1,424 awards were given to sustainable buildings and districts. Berlin is the leading city in Germany for 2021 regarding certified buildings and districts with a total of 65 projects.[35]

The DGNB certification system is characterized by a holistic approach that considers ecological, economic, and sociocultural aspects, as well as technical, process-oriented, and site-specific criteria. The awards are classified as Bronze, Silver, and Gold. For new buildings, the Bronze level is not relevant; instead, there is the possibility of obtaining Platinum certification.[36]

The DGNB evaluation system considers six thematic fields that equally represent all three dimensions of sustainability.[37] Despite its relative newness compared to international systems like LEED and BREEAM, the DGNB system is very comprehensive. The system continuously develops and gains increasing importance at national and international levels.[38] The evaluation system is applicable to different types of use and differentiates between certifications for new buildings, renovations, existing buildings, and building demolition.[39]

The certification process for a DGNB certificate is conducted by trained and tested DGNB auditors.[40] The submitted documents are examined by DGNB experts as part of a conformity check for compliance with established criteria.[41]

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34 DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen), *Über das DGNB system der „Global Benchmark for Sustainability" unter den Zertifizierungssystemen fur nachhaltige Gebaude und Quartiere* (2024).

35 Tamira Bethke, *Neuer Jahresreport veröffentlicht: DGNB-Zertifizierungen 2022*. DGNB Blog, 2023. https://blog.dgnb.de/dgnb-zertifizierungen-2022/.

36 Vornholz, *Entwicklungen und Megatrends der Immobilienwirtschaft*, 221.

37 DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen), *Über das DGNB system*.

38 Andreas Moring, Christin Inholte, *Nachhaltigkeit und Digitalisierung in der Immobilienwirtschaft: Real Sustainability* (Wiesbaden Springer Fachmedien, 2022), 106.

39 Moring, Inholte, *Nachhaltigkeit und Digitalisierung in der Immobilienwirtschaft*, 104.

40 DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen), *Über das DGNB system*.

41 Ibidem.

The DGNB evaluation system checks the overall performance of a building using 37 criteria for new building certification with a maximum score of 100 points and 30 possible bonus points. The highest award is the Platinum certificate, which is awarded with a minimum fulfillment level of 65 percent.[42]

3.2. LEED (Leadership in Energy and Environmental Design)

LEED certification was initiated in 1993 by the charitable organization U.S. Green Building Council and has since established itself as the world's leading certification system for real estate.[43] The certification process differs depending on the chosen system. For new building projects, LEED certification offers the possibility of obtaining a pre-certificate.[44]

The LEED certification process is based on a point system that includes nine categories. The maximum achievable score is 110 points. LEED awards Silver, Gold, and Platinum certificates. A Silver certificate is awarded from a score of 50 points, while the Gold certificate is awarded from 60 to 79 points, and the Platinum certificate is awarded from at least 80 points.[45]

3.3. BREEAM (Building Research Establishment Environmental Assessment Method)

BREEAM certification, developed in the late 1980s, is the oldest existing certification system for sustainable building worldwide.[46] The BREEAM certification system shows high versatility in application due to its numerous variants. The largest selection of evaluation options is available in Great Britain.[47] For example, the TÜV Süd building was realized and received

42 Ibidem.

43 Moring, Inholte, *Nachhaltigkeit und Digitalisierung in der Immobilienwirtschaft*, 101.

44 Ibidem, 102.

45 U.S. Green Building Council, 2024.

46 Moring, Inholte, *Nachhaltigkeit und Digitalisierung in der Immobilienwirtschaft*, 97.

47 Gerd Waschbusch, Sabrina Kiszka, Marco Scherer, „Zertifizierungssysteme zur Nachhaltigkeitsbewertung von Immobilien" *Immobilien & Finanzierung – Der langfristige Kredit*, No. 9 (2023): 11-13.

both BREEAM certification and DGNB Platinum certification. The Newton object is among the most energy-efficient office buildings in Munich with a primary energy consumption of 70 kWh/a m².[48]

In Germany, BREEAM certifications are awarded by the exclusive license partner TÜV Süd.[49] The certification process is carried out by specially trained assessors, the so-called BREEAM Assessors.[50]

4 Methodology

4.1. Research Design and Approach

This study employs a qualitative research methodology based on comprehensive literature review and legal analysis to examine green lease development in the German commercial real estate sector. The research adopts an interpretive approach using document analysis as the primary method for data collection. This methodology is appropriate for investigating the complex interplay between regulatory frameworks, market practices, and contractual innovations in sustainable real estate management.

4.2. Data Collection Strategy

The research relies exclusively on secondary data sources comprising three categories:

- Academic Literature Peer-reviewed journal articles, conference proceedings, and scholarly monographs published between 2015-2025, identified through systematic searches of Web of Science, Scopus, JSTOR, and Google Scholar using keywords including "green leases," "sustainable real estate," and "Germany."

48 Alexander Rüb, Moritz Marx, *Markt- und Objketbewertung: Investieren in mehr Langlebigkeit*, (2022), 21.

49 Waschbusch, Kiszka, Scherer, „Zertifizierungssysteme zur Nachhaltigkeitsbewertung von Immobilien," 11-13.

50 Moring, Inholte, *Nachhaltigkeit und Digitalisierung in der Immobilienwirtschaft*, 97.

- Legal and Regulatory Documentation Primary sources include EU-level legislation (EU Taxonomy Regulation, SFDR, CSRD), German federal legislation (Building Energy Act), administrative guidelines, and parliamentary documents.
- Voluntary Standards and Industry Guidelines Non-binding frameworks including industry association guidelines, professional standards, certification schemes, and international frameworks adopted by German market participants.

4.3. Analytical Framework

The data analysis employs thematic content analysis structured around four core themes:

- Regulatory Impact Analysis: Examining how mandatory legal requirements drive green lease adoption
- Market Practice Evolution: Tracing development patterns and sector-specific applications
- Contractual Innovation Assessment: Analyzing technical and legal aspects of green lease clauses
- Implementation Challenges and Opportunities: Synthesizing barriers and emerging opportunities

4.4. Data Synthesis and Interpretation

The synthesis process cross-references findings across source categories to identify convergences and divergences. Legal requirements are analyzed in relation to documented market practices to assess implementation effectiveness. The interpretive analysis identifies causal relationships between regulatory changes and market responses while acknowledging the multi-factorial nature of real estate market dynamics.

4.5. Methodological Limitations

Several limitations must be acknowledged: exclusive reliance on secondary sources limits capture of real-time market developments; predominantly English and German language focus may exclude relevant developments in other European languages; legal analysis is constrained by formal documentary record and may not capture practical interpretation by market participants.

4.6. Validity and Reliability Considerations

To enhance validity and reliability, source triangulation was employed by comparing findings across different document types. The analysis prioritizes authoritative sources including official regulatory publications, peer-reviewed academic literature, and recognized industry publications. Temporal validity is addressed by focusing on recent developments while maintaining historical context. Multiple sources are consulted for verification of key findings, and contradictory evidence is explicitly acknowledged.

This methodological approach provides a robust foundation for systematic analysis of green lease development in Germany, while acknowledging inherent limitations in literature-based research.

5 Impact of Contractual Conditions on Lease Agreements

Of particular importance is the so-called Green Lease clause, which integrates ecological aspects into contractual agreements and is intended to promote environmentally appropriate use and management of the property.[51]

The clauses are predominantly driven by landlords to fulfill their reporting obligations according to Taxonomy Regulation and CSRD. These

51 Zentraler Immobilien Ausschuss e.V., *Green Lease 2.0—Vom grunen Mietvertrag zum ESG Lease* (2024), 13.

regulations are becoming increasingly relevant against the background of the European Green Deal, which commits member states to climate neutrality by 2050. Real estate causes more than 30 percent of global CO_2 emissions.[52]

The regulatory framework established in Chapter 2 creates direct legal imperatives that drive Green Lease adoption beyond voluntary market initiatives. The EU Taxonomy Regulation's "Do No Significant Harm" principle requires continuous compliance throughout a property's operational phase, necessitating contractual mechanisms that ensure tenant activities do not compromise taxonomy eligibility. This regulatory requirement transforms Green Lease clauses from voluntary sustainability initiatives into legal compliance tools.

SFDR's product categorization creates a direct regulatory pathway where real estate funds classified as Article 8 or Article 9 products must demonstrate quantifiable ESG performance. This regulatory classification pressure translates into contractual requirements where landlords must secure tenant cooperation for sustainability data collection and reporting. The clauses are predominantly driven by landlords to fulfill their reporting obligations according to Taxonomy Regulation and CSRD.

CSRD's standardized reporting requirements under EFRAG create specific data collection mandates that directly influence Green Lease clause design. The directive's double materiality principle requires both environmental impact assessment and financial risk evaluation, necessitating comprehensive tenant data provision beyond traditional consumption reporting.

The GEG's building automation requirements (Section 71a GEG) create direct legal obligations that must be contractually allocated between landlords and tenants. The law's renewable energy mandates (65% requirement) necessitate specific lease provisions regarding system operation, maintenance responsibilities, and cost allocation.

In practice, the agreements include reporting consumption data for energy and water, reducing waste quantities and energy and water consumption, mobility, and user comfort. The Central Real Estate Committee e.V. published the revised guide Green Lease 2.0 in 2024, which focuses

52 Petra Swai, *Green Lease: Darum sind ESG-Klauseln auch für Mieter wichtig* (KPMG-Law, 2024).

on minimizing the Green Lease to three essential themes: data exchange, sustainable energy sources, and resource conservation.[53]

A practical example concerns a client from southern Germany who operates an office location with several buildings and wants to construct a new office building. For this, Green Lease clauses focusing on office spaces are to be developed that simultaneously contribute to achieving DGNB audit points.[54]

> The landlord intends to have the entire property certified for the first time in the future. Building certifications evaluate the ecological, economic, and social sustainability of buildings to make them measurable and comparable with other real estate. To obtain this certificate and an adequate certification level, the cooperation of both contracting parties is required. The tenant commits to complying with the guidelines relevant to building certification that the landlord provides. This applies only with regard to such certification requirements that fall within the tenant's area of responsibility according to the general regulations of this lease agreement and only insofar as this is reasonable for the tenant. If measures to achieve the desired certification level are to be carried out in the tenant's rental spaces, the tenant will grant access to their rental space for carrying out the measures or execute them at their own risk. The landlord will inform the tenant of the measure and the dates in good time. After issuance of the certification, the contracting parties will avoid actions for the duration of the lease agreement that have or could have negative effects on the then existing certification level. If the contracting parties determine that actions have been undertaken that could endanger the continued existence of the existing certification level, these must be immediately reported to the landlord or tenant in text form. The contracting parties commit to implementing appropriate measures to restore the existing certification level. After obtaining certification, the landlord will provide the tenant with a copy of the certificate in digital form upon request. Fulfilling the evaluation criteria may trigger additional investment measures. Costs up to a limit of [amount in euros] will be borne by the tenant. The costs of initial certification are borne by the landlord. The costs of annual recertification are borne by the tenant. The costs of regular recertification will be shared between the contracting parties.

53 Zulfukar Tosun, *Nachhaltigkeitsklauseln fur Mietvertrage: Green-Lease-Vertrage schnell und effektiv umsetzen* (Wiesbaden: Springer Fachmedien, 2024), 22-24.

54 Ibidem, 89-91.

All of the twelve lease agreements were concluded with the aforementioned quoted clause, among others.[55]

6 Tenant Preferences and Decision-Making Behavior

6.1. Tenant Factors

Sustainability in terms of ESG is captured, but more than just reducing energy consumption, as the areas of Social and Governance also contain a variety of factors that were traditionally assigned to architecture, equipment, and operator responsibility. These include social factors such as the well-being of office employees, particularly in the commercial real estate sector. For tenants, the usage quality and location of a property are particularly important. Usage quality includes the design of the property regarding its use, considering both tenant needs and the environment. Important factors are accessibility, security concepts, greening, health factors such as air quality and materials used, as well as digital connectivity.[56]

6.2. Influence of Contract Conditions in Lease Agreements

The Green Lease clause describes a sustainability-oriented lease agreement aimed at obligating the tenant to resource-conserving use and the landlord to environmentally friendly management of the property.[57]

The clauses are predominantly driven by landlords to fulfill their reporting obligations according to Taxonomy Regulation and CSRD. These regulations are becoming increasingly relevant against the background of the European Green Deal.[58] The advantages of Green Leases for tenants are not always immediately perceptible, as there is an imbalance in favor of the landlord. Since tenants are often poorly informed about sustainability

55 Ibidem, 91.

56 Zentraler Immobilien Ausschuss e.V., *ESG Guide for Office Real Estate* (2023), 10-11.

57 Zentraler Immobilien Ausschuss e.V., *Green Lease 2.0—Vom grunen Mietvertrag zum ESG Lease* (2024), 13.

58 Swai, *Green Lease: Darum sind ESG-Klauseln auch für Mieter wichtig*, 2024.

and ESG topics, this has led to lower Green Lease completions in the past. If the landlord is willing to invest in improving the property, the tenant's perspective changes. Investments such as an in-house photovoltaic system for power supply, improved facade and window insulation, or infrastructure upgrades offer the tenant significant advantages.[59]

A practical example concerns a client from southern Germany who operates an office location with several buildings and wants to construct a new office building.[60] The twelve lease agreements were concluded with the aforementioned quoted clause, among others.[61]

6.3. Tenant Preferences

As part of the report "Added Value of Certified Buildings," the motivations for building certification and the added values generated by such certification were analyzed. The report shows that increased demand from tenants and customers as well as positive effects on productivity and well-being of building users are of essential importance for 65 percent of respondents.[62]

Furthermore, the CBRE report particularly shows that higher willingness to pay is not limited to the ecological dimension. Around 67 percent of European users are willing to bear higher costs for buildings that additionally consider social sustainability aspects and promote employee well-being and health.[63]

59 Tosun, *Nachhaltigkeitsklauseln fur Mietvertrage: Green-Lease-Vertrage schnell und effektiv umsetzen*, 22-24.
60 Ibidem, 89-91.
61 Ibidem, 91.
62 Christoph Berger, *Mehrwerte durch Zertifizierung*, 2019.
63 CBRE, 2023.

7 The Green Lease Framework

7.1. Conceptual Definition and Scope

Green Leases do not represent an independent contract type, but are based on classic contract models such as purchase, rental, or service contracts that are supplemented by specific "green" clauses to promote higher environmental and social standards.[64] Green Leases pursue the goal of adapting requirements for construction, equipment, and use of buildings to ecological and economic sustainability standards.[65]

Contracts with ESG-related clauses are referred to as "green" contracts, making a comprehensive consideration of ecological, economic, and sociocultural aspects essential for understanding sustainable lease agreements.[66] A universally applicable Green Lease that covers all rental situations is hardly realizable due to diverse requirements and specific framework conditions.[67] The contents of a Green Lease must be adapted to the individual characteristics of the property as well as to the respective interests and needs of the contracting parties.[68]

7.2. Effects and Benefits of a Green Lease

Green Leases are gaining increasing importance in commercial leasing as they promote sustainable use and management of real estate.

Economically, a Green Lease enables cost savings through optimized use of energy and water, reducing operating costs and ancillary costs for tenants.[69] At the same time, sustainable building management increases the likelihood of certification.[70] A market study by Jones Lang LaSalle shows that certified buildings achieve higher rents, with rental premiums

64 *ESG in der Immobilienwirtschaft*, 489.
65 *Zivilrecht im* Wandel, 457.
66 *ESG in der Immobilienwirtschaft*, 490.
67 *CSR und Finance: Beitrag und Rolle des CFO für eine nachhaltige Unternehmensführung*, ed. Thomas Schulz, Susanne Bergius (Berlin-Heidelberg. Springer, 2014), 314.
68 Ibidem, 315.
69 Jones Lang LaSalle Incorporated, *Green Leases – Diese Vorteile bieten grune Mietvertrage Vermietern und Mietern* (2023).
70 Ibidem.

varying by location. While an average increase of 1.5% was found in top locations, this amounts to up to 3.8% in peripheral locations.[71]

Ecologically, a Green Lease promotes resource-conserving use by optimizing energy and water consumption, reducing emissions and waste, and integrating renewable energies and environmentally friendly materials.[72] Thus, it supports achieving climate goals and sustainable development in the real estate sector. These approaches are reflected in contractual regulations for maintenance and modernization measures.[73]

Social aspects are also considered as Green Leases promote healthier work environments, such as through improved air quality, optimized lighting conditions, and resource-conserving technologies.[74] Particularly companies with sustainability reporting obligations benefit from disclosure of relevant consumption data, such as rental area-related CO2 emissions.[75] Landlords also benefit from Green Leases as active involvement of tenants and sustainable dialogue strengthens their position as responsible market players.[76]

7.3. Application Areas and Use Cases

Basically, "green" lease contract clauses can be divided into two main categories. The first concerns structural and technical measures, such as the use of sustainable building materials, energy-efficient equipment, or the obligation to certify according to recognized standards.[77] The second category includes regulations for sustainable use and management of the property, including the procurement of renewable energies, use of environmentally friendly cleaning agents, water-saving measures,

71 Jones Lang LaSalle Incorporated, *Nachhaltigkeitszertifikat als Werttreiber? Empirische Erhebung und Szenarien zum Werteinfluss bei Burogebauden* (2021), 15.

72 Zentraler Immobilien Ausschuss e.V., *Green Lease 2.0—Vom grunen Mietvertrag zum ESG Lease* (2024), 17.

73 KPMG Law Rechtsanwaltsgesellschaft mbH., *Entwicklungen in der Immobilienwirtschaft – Green Lease* (2021).

74 Zentraler Immobilien Ausschuss e.V., *Green Lease 2.0—Vom grunen Mietvertrag zum ESG Lease* (2024), 17.

75 Jones Lang LaSalle Incorporated, *Green Leases – Diese Vorteile bieten grune Mietvertrage Vermietern und Mietern* (2023).

76 Konrad Hedemann, *Green Leases: Kostenoptimierte und Nachhaltige Nutzung Von Wohn- und Gewerbeimmobilien*, 1st ed. (Freiburg: Haufe-Lexware Verlag, 2023), 63.

77 *CSR und* Finance, 315.

and strategies for emission and waste reduction.[78] The Central Real Estate Committee defines four central aspects: exchange of consumption data between contracting parties, use of renewable energies for energy and heat supply, optimization of energy and water consumption, and environmentally friendly implementation of construction and maintenance measures.[79] The regulatory recommendations developed in "Green Lease – the Green Lease Agreement for Germany" are based on interdisciplinary cooperation.[80]

7.4. Implementation of Green Lease Provisions

7.4.1. Data Protection and Privacy Considerations

Evaluating the sustainability of real estate requires access to consumption data that often lies outside the direct sphere of influence of real estate companies. Therefore, clear contractual regulations for data exchange in Green Leases are essential.[81] According to the General Data Protection Regulation (GDPR), collection, storage, and use of this data requires appropriate permissions, particularly when passing on to third parties such as metering point operators or analysis service providers.[82] Additionally, measures for anonymization, secure storage, and timely deletion are required to ensure data protection and data security.[83] Exchange of non-personal data should be regulated particularly regarding type of data, transmission frequency, technical implementation, and confidentiality obligations.[84]

The Central Real Estate Committee e.V. provides an example of a model clause for data exchange:

> The parties will [endeavor to] provide each other with the following information, documents and documents («data») related to sustainable use

78 Ibidem, 315.

79 Zentraler Immobilien Ausschuss e.V., *Green Lease 2.0—Vom grunen Mietvertrag zum ESG Lease* (2024), 16.

80 Freshfields Bruckhaus Deringer LLP, *Green Lease—Der grune Mietvertrag fur Deutschland* (2012).

81 Sittner, „§ 24 Green Leases – Der grüne Mietvertrag," Para. 33.

82 Ibidem.

83 *Implementing ESG into Real Estate Contracts: A guide and toolkit for practitioners from a European perspective*, ed. Sabine Wieduwilt, 1st ed. (Freiburg: Haufe, 2025), 148.

84 Ibidem, 149.

> and/or management of the rental property ("sustainability information"): a) Energy and water consumption data, b) Waste generation data, c) Data required for determining the CO_2 balance of the rental property [...]. For this purpose, both parties will [endeavor to] regularly transmit sustainability information [...] to each other in suitable form (electronically where available) and within reasonable time after request by the respective other party [...]. [...] The parties will make best efforts in connection with this data exchange to safeguard the interests of the respective other party and are obligated to ensure compliance with applicable legal requirements for data protection, data security, and fair competition.[85]

7.4.2. Energy Management and Efficiency

A Green Lease regulates energy consumption with the goal of reducing CO2 emissions and providing consumption data for analysis. Since energy demand strongly depends on operational factors such as number of employees, home office share, or work processes, a binding consumption specification for tenants makes little sense. Additionally, the energy share of turnover varies considerably by industry.[86] Nevertheless, consumption reduction can be achieved through optimized use and deployment of energy-efficient technologies. Particularly effective are replacement of energy-intensive machines, conversion to LED lighting, and measures for better use of daylight.[87] The Law on Digitalization of the Energy Transition (GNDEW) provides for gradual introduction of intelligent measuring systems and obligates consumers with electricity consumption between 6,000 and 100,000 kWh per year to use smart meters from 2025.[88]

7.4.3. Water Conservation and Management

Sustainable water consumption in commercial real estate can be optimized through various measures on landlord and tenant sides. In sanitary rooms, water-saving fittings, such as self-closing or sensor fittings as well as flow regulators reduce consumption, while water-efficient appliances

85 Zentraler Immobilien Ausschuss e.V., *Green Lease – Der grune Mietvertrag fur Deutschland* (2018), 26.
86 Tosun, *Nachhaltigkeitsklauseln fur Mietvertrage*, 33.
87 Ibidem, 33.
88 BMWK, Federal Ministry for Economic Affairs and Climate Action, 2023.

in kitchens should contribute to maintaining sustainability standards.[89] In outdoor areas, drinking water consumption can be reduced through rainwater use, while site-appropriate planting minimizes irrigation needs.[90] Digital water meters enable precise consumption recording, help detect anomalies early, and quickly fix leaks. DGNB certification evaluates target agreements and regular consumption measurements under the criterion ENV2-B Water.[91] BREEAM In-Use certification also honors effective monitoring, water-saving fittings, leak detection systems, and measures for drinking water savings.[92]

7.4.4. Waste Management and Circular Economy

The waste hierarchy according to § 6 Circular Economy Act (KrWG) forms the basis for sustainable waste management in Green Leases and includes measures for waste prevention, preparation for reuse, recycling, recovery, and disposal of waste. Efficient waste and recycling management reduces waste quantities, improves recyclability, and requires target agreements for residual waste and recycling quotas supported by suitable separation systems.[93] To record waste quantities for reporting purposes, data from ancillary cost accounting can be used, while with triple net lease agreements, where tenants pay disposal costs directly to service companies, close cooperation between tenants and landlords is required to ensure precise recording and categorization of waste types.[94]

7.4.5. Sustainable Procurement and Property Management

ESG compliance of a building is significantly influenced by selecting sustainable goods and services. Besides furniture, technology, and energy, management services such as cleaning, maintenance, and IT services also play an important role.[95] Targeted selection criteria promote ESG goals and positively affect the entire supply chain. Purchases should be

89 Hedemann, *Green Leases: Kostenoptimierte und Nachhaltige Nutzung Von Wohn- und Gewerbeimmobilien*, 95.
90 Ibidem.
91 Ibidem.
92 Ibidem.
93 Ibidem, 99.
94 Ibidem, 99-100.
95 Ibidem, 105.

limited to necessities and replaced by circular consumption where possible. Environmentally friendly products as well as certified and regional suppliers are preferable as they shorten transport routes and strengthen local economy.[96] Service providers must also maintain social, ethical, and ecological standards. Fair working conditions, respect for human rights, as well as anti-corruption and occupational safety guidelines should be demonstrably guaranteed.[97]

7.4.6. Sustainability Dialogue and Stakeholder Engagement

Continuous exchange between landlord and tenant is essential for implementing sustainability goals, analyzing consumption data, and identifying optimization potential. Since ESG measures affect not only building operation but also usage behavior, structured dialogue creates transparency and enables targeted implementation. An annual schedule has proven practicable, as more frequent meetings are often inefficient.[98] Content such as energy and waste consumption, traffic volume, and ESG measures should be documented to implement optimization possibilities in a targeted manner.[99] Since tenants increasingly demand information or introduce their own suggestions such as installing photovoltaic systems, this exchange should be firmly anchored in Green Lease agreements to efficiently realize long-term sustainability goals.[100]

7.4.7. Legal Framework and Regulatory Environment

The regulatory environment established by EU Taxonomy, SFDR, CSRD, and GEG creates a multi-layered compliance framework that directly shapes Green Lease design in German commercial real estate. Unlike voluntary sustainability initiatives, these regulations create binding legal obligations that must be contractually allocated between landlords and tenants.

EU Taxonomy compliance requires continuous monitoring throughout a property's operational phase, making tenant cooperation in data provision and sustainable practices a regulatory necessity rather than a voluntary commitment. The Taxonomy's technical screening criteria translate

96 Ibidem, 106.
97 Ibidem, 107.
98 Ibidem, 61.
99 Ibidem.
100 Ibidem, 62.

into specific operational requirements that must be contractually secured through Green Lease provisions.

SFDR's disclosure requirements create regulatory pressure where real estate fund managers must demonstrate portfolio-level ESG performance, driving demand for standardized Green Lease clauses across their property holdings. This regulatory cascade effect transforms individual property sustainability from market differentiation to regulatory compliance.

CSRD's mandatory reporting requirements create direct legal liability for accurate sustainability data, making tenant data provision clauses legally enforceable obligations rather than best-effort commitments. The directive's standardized reporting formats directly influence the technical specifications of data collection clauses in Green Lease agreements.

The difference between residential and commercial rental law consists in the scope of tenant protection. While residential rental law contains comprehensive protective provisions in favor of the tenant, commercial rental law grants contracting parties greater design latitude.[101] Integration of ESG criteria in real estate contracts follows general civil law provisions of the BGB, particularly regarding contract conclusion, form requirements, and control of General Terms and Conditions.[102] Compared to residential rental law, commercial rental law is only limitedly regulated by special legal provisions.[103]

7.4.7.1. GERMAN CIVIL CODE (BGB) IMPLICATIONS

Commercial rental law differs fundamentally from residential rental law, particularly regarding allocation of operating costs. While §§ 556 and 560 BGB provide corresponding regulations in residential rental law, these do not apply in commercial rental law.[104] Since sustainable services are often associated with higher costs, the tenant may claim damages in certain cases if the landlord implements measures that violate the economic efficiency requirement.[105] Green Leases specifically address this issue by establishing sustainability aspects as permissible decision criteria within the framework of the economic efficiency requirement.

101 BGH, 06.04.2005, XII ZR 308/02, NZM 2005, 504 (505).
102 *ESG in der Immobilienwirtschaft*, 491.
103 Reiner Burbulla, *Aktuelles Gewerberaummietrecht: Rechtsprechung und Vertragsgestaltung*, 3rd ed. (Berlin: Erich Schmidt Verlag, 2017), 1.
104 Ibidem, 150.
105 Sittner, „§ 24 Green Leases – Der grüne Mietvertrag," Para. 58.

Besides sustainable management and use, the structural characteristics of a property also influence its ESG compliance. Green Leases therefore often contain regulations on maintenance measures, structural changes, and modernizations. Particularly in GTC, however, examination according to § 307 BGB is required to avoid unreasonable disadvantage to the tenant.[106] Additionally, the special termination right according to § 555e BGB is not mandatorily applicable in commercial rental law, but is often contractually excluded. Whether such exclusion is effective in GTC is as unclear as the question of whether rent increase after ESG modernizations is contractually permissible.[107]

A solution for financing can be the landlord's assumption of consumption-dependent costs in the form of partial inclusive rent, particularly with energy-autonomous buildings. Alternatively, rent reductions or guaranteed savings can promote tenant participation.[108] Allocation of ESG costs is subject to GTC legal requirements and may not unreasonably burden the tenant. A limitation to 10% of annual net rent is discussed to ensure economically sustainable cost distribution.[109]

7.4.7.2. GENERAL TERMS AND CONDITIONS (AGB)

ESG-related contract clauses are subject to mandatory legal requirements as well as provisions of GTC law according to §§ 305 ff. BGB. GTC regulations are intended to prevent economic imbalance in favor of the landlord and ensure balanced contract design.[110] Landlord associations that unilaterally formulate such contracts are obligated in good faith to appropriately consider tenant interests.[111] According to consistent BGH jurisprudence, effective negotiation requires that the landlord seriously makes the substantive core of each contract clause available for disposition and is willing to adapt it individually to tenant interests and wishes.[112]

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106 Ibidem, Para. 82.
107 Ibidem, Para. 83-84.
108 *ESG in der Immobilienwirtschaft*, 507.
109 Ibidem.
110 „Kapitel 12," [in:] *Spezielle Betriebswirtschaftslehre der Immobilienwirtschaft*, ed. Egon Murfeld. 723-998 (Freiburg: Haufe Lexware, 2018), 738.
111 BGH, 06.10.1982, VIII ZR 201/81, NJW 1983, 159.
112 Friedrich Graf von Westphalen, „Bemühensklauseln in „grünen" Mietverträgen – Eine AGB-rechtliche Antwort" *Neue Zeitschrift für Miet- und Wohnungsrecht*, 1 (2022): 2.

7.4.7.3. LEVELS OF LEGAL OBLIGATION AND ENFORCEABILITY

In rental law, ESG regulations are gaining increasing importance, with two main types of contractual clauses emerging: effort clauses and obligation clauses. Effort clauses oblige parties to consider ecological, social, or governance-related criteria without formulating concrete success obligations.[113] They range from "best possible" to "reasonable" measures and offer high flexibility.[114] They are often used when parties agree on common sustainability will, but do not want to agree on measurable target obligations.[115] In contrast, obligation clauses establish concrete ESG measures, such as waste separation, energy efficiency, or specific building certifications.[116]

8 Regulatory-Driven Transformation: From Voluntary to Mandatory Green Leasing

This study reveals a fundamental transformation in Green Lease development in Germany, where regulatory requirements rather than market forces have become the primary driver of contract innovation. The analysis demonstrates that the convergence of EU Taxonomy, SFDR, CSRD, and GEG creates a regulatory framework that makes Green Lease adoption functionally mandatory for significant segments of the commercial real estate market.

Key findings include:

- Regulatory Cascade Effect: The study identifies a systematic cascade where EU-level regulations translate into fund-level compliance requirements, which drive property-level Green Lease adoption.
- Technical Standardization: Regulatory reporting requirements are creating de facto standardization of Green Lease clauses, moving beyond the voluntary guidelines provided by industry associations.

113 Climate Protection Offensive of Trade, 2023, p. 7.
114 *ESG in der Immobilienwirtschaft*, 492.
115 Fritjof Terberger, Nicolas Lang, *Verbindlichkeit und Durchsetzung von Green-Lease-Klauseln in Gewerberaummietvertragen* (2024), 2.
116 Ibidem.

- Legal Enforceability: The integration of regulatory compliance requirements into Green Lease clauses transforms sustainability commitments from aspirational goals into legally enforceable obligations.
- Market Segmentation: The regulatory framework creates a bifurcated market where properties serving regulated institutional investors must adopt comprehensive Green Lease provisions, while smaller market segments remain largely unaffected

9 Conclusion

This study reveals a fundamental paradigm shift in the German commercial real estate sector, where Green Leases have evolved from voluntary market initiatives to regulatory compliance necessities. The convergence of EU Taxonomy Regulation, SFDR, CSRD, and GEG has created an unprecedented regulatory framework that functionally mandates Green Lease adoption for significant segments of the market, fundamentally transforming the nature of sustainable contracting in German commercial real estate.

The analysis demonstrates that regulatory requirements, rather than market forces, have become the primary catalyst for Green Lease innovation in Germany. The systematic cascade effect identified in this study – where EU-level regulations translate into fund-level compliance requirements, which subsequently drive property-level contractual obligations – represents a new model of sustainability implementation in the real estate sector. This regulatory cascade creates binding legal pathways that transform sustainability commitments from aspirational goals into legally enforceable obligations.

The regulatory framework has initiated a de facto standardization process for Green Lease clauses, moving beyond the voluntary guidelines traditionally provided by industry associations. CSRD's standardized reporting requirements under EFRAG standards directly influence the technical specifications of data collection clauses, while EU Taxonomy's "Do No Significant Harm" principle creates continuous compliance obligations that must be contractually secured. This standardization enhances legal enforceability and reduces transaction costs across the industry.

The study identifies an emerging market bifurcation where properties serving regulated institutional investors must adopt comprehensive

Green Lease provisions, while smaller market segments remain largely unaffected by regulatory pressures. This segmentation creates differential compliance burdens and competitive dynamics within the German commercial real estate market, potentially affecting property valuations and investment flows.

The integration of regulatory compliance requirements into Green Lease design transforms traditional landlord-tenant relationships into collaborative ESG compliance partnerships. This evolution requires new competencies from legal practitioners, property managers, and market participants who must navigate the intersection of real estate law, environmental regulation, and data protection requirements. The shift from effort clauses to obligation clauses reflects this transformation toward measurable, enforceable sustainability commitments.

Green Leases represent a departure point into a new generation of lease agreements that are dynamic, responsible, and capable of effectively anchoring sustainability in the building sector. Their strength lies not only in regulatory connectivity, but in their flexibility to understand sustainability as shared responsibility between contracting parties. However, their effectiveness depends on the quality and binding nature of contractual content, supported by functioning technical systems, clear responsibilities, and cooperative understanding between landlords and tenants.

The identification of the regulatory cascade effect and its implications for contract standardization provides a framework for understanding similar transformations in other European markets. Regulatory frameworks can serve as powerful catalysts for market transformation, creating binding pathways for sustainability implementation that transcend traditional market mechanisms.

The findings suggest that Green Leases in Germany have evolved beyond their original conception as voluntary sustainability tools to become essential regulatory compliance instruments. This transformation marks not an endpoint but the beginning of a new era in commercial real estate contracting, where legal, technical, and environmental considerations converge to create innovative solutions for sustainable building management.

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