

Education

Practical Steps and Considerations for a Just Transition

A '[Just Transition](#)' recognises that reaching net-zero emissions whilst ignoring the human cost isn't enough. It means ensuring that the shift to a low-carbon economy protects workers and communities—addressing job losses, rising energy bills, and economic disruption—so that those who've contributed least to climate change aren't left to bear its heaviest burdens.

Just Transition in UK real estate is at an inflection point. The framework exists, investor momentum is building, and capital is available for credible strategies. Yet implementation remains limited.

The real estate sector's unique position—controlling 60% of global assets, employing 7% of the workforce, and shaping communities daily—creates both responsibility and opportunity.¹ Fund managers who develop Just Transition capabilities will access emerging capital pools, navigate the socio-economic environment ahead, and deliver sustainable returns. The question isn't whether Just Transition becomes relevant—community needs, net-zero investment, and market forces make this inevitable.

The question is whether real estate investors shape this transition proactively or respond reactively. We argue the former creates better outcomes for investors, communities, and the sector's credibility.

In brief

This article is the third in our [three-part series](#) exploring Just Transition's relevance for real estate investors. Our first article explored what Just Transition means and why it matters; the second examined the value proposition and business case. This final article tackles implementation—how investors can actually integrate Just Transition principles into their operations.

The article focuses on three areas:

- **A stakeholder engagement framework** that identifies who needs to be involved and what practical steps investors can take with each group
- **A pragmatic integration approach** for embedding Just Transition into existing ESG processes without creating separate workstreams
- **Critical perspectives** on implementation challenges and how to avoid 'Just Transition washing'

Moving from Principle to Practice

The concept of Just Transition is clear enough. The value proposition—explored in our previous article—is increasingly compelling. But how do real estate investors actually achieve it?

With institutional investors now requesting Just Transition disclosures and Transition Plan Taskforce (TPT) metrics beginning to shape reporting requirements, this is not an abstract question anymore.² Investment managers need practical guidance on implementation.

Despite a wealth of literature on Just Transition—from the Just Transition Finance Lab, UNEP FI, and increasing sector-specific insights—practical implementation and frameworks within UK real estate are still nascent.³ There aren't established playbooks or standardised metrics. What exists instead is emerging practice from early adopters and a growing recognition that stakeholder engagement sits at the heart of any credible approach.






¹ Source: https://ihrb-org.files.svdcdn.com/staging/assets/uploads/reports/Future_Green_Construction_Jobs_June2024.pdf

² Source: ShareAction. (2024). Built to Last. <https://shareaction.org/reports/built-to-last>

³ Source: International Labour Organization. (2024). Climate Change and Employment: Global Projections to 2030.

Stakeholder Engagement Framework

The framework below⁴ developed by LSE and the Grantham Institute identifies five critical stakeholder groups that should be considered. For each, primary concerns have been outlined, alongside the practical steps Fund and Investment Managers can take to engage them meaningfully.

Stakeholder Group	Primary Concerns	Practical Steps
 Workers & Employment	<ul style="list-style-type: none"> Job security during transition Access to training, e.g. in green technologies Fair wages and career progression 	<ul style="list-style-type: none"> Include workforce development requirements in contractor selection criteria Partner with training providers to create apprenticeship programmes linked to your development pipeline Fund programmes in green upskilling and technologies for existing building staff
 Tenants & Occupiers	<ul style="list-style-type: none"> Affordability of retrofit costs Impact on energy bills Literacy on green home operations 	<ul style="list-style-type: none"> Conduct pre-retrofit consultations that clearly explain benefits, timelines, and available support Structure benefit-sharing arrangements for on-site renewable generation Establish training and education programmes for tenants
 Local Communities	<ul style="list-style-type: none"> Whether they'll benefit economically Risk of displacement Access to facilities and services 	<ul style="list-style-type: none"> Set local procurement targets for contractors and SME suppliers Host community forums before major developments to surface concerns early Publish social value assessments that demonstrate measurable local economic impact
 Supply Chain Partners	<ul style="list-style-type: none"> Access to opportunities Fair payment terms Building capacity to meet requirements 	<ul style="list-style-type: none"> Simplify tender processes so SMEs can actually participate Run 'meet the buyer' events for local firms Ensure payment terms support cash flow (not excessive retention)
 Investors & LPs	<ul style="list-style-type: none"> Disclosure requirements Credible measurement Values alignment 	<ul style="list-style-type: none"> Report transparently on both workforce impacts and community outcomes Develop baseline social impact metrics, then progress toward outcome measurement Be explicit about benefits and trade-offs to demonstrate the project's value

⁴ Source: LSE and the Grantham Institute (2022) Making transition plans just: how to embed the just transition into financial sector net zero plans

What This Looks Like in Practice

Several real estate investors are already adopted Just Transition approaches, though implementation is still evolving. Two current examples are outlined below.

Case Study: Pathways to Better Employment London's Green Skyline Taskforce unites employers, training providers, and industry bodies to create coordinated pathways into green roles, demonstrating how stakeholder-inclusive approaches ensure sustainable redevelopment advances net-zero goals whilst creating quality jobs.

Case Study: Tenant Benefit Sharing Knight Frank Investment Management's approach to rooftop solar demonstrates one way to structure tenant benefits. Through partnership with Electron Green, the firm offers fully funded solar PV across its UK portfolio, providing tenants with discounted electricity without any capital costs. It is a straightforward model: underutilised roof space becomes a shared economic asset, democratising access to renewable energy whilst generating investor returns. Not groundbreaking, but effective.

A Pragmatic Framework for Integration

The temptation is to create a separate 'Just Transition workstream' with its own reporting lines and key performance indicators (KPIs). However, Just Transition works best when it is woven into existing ESG processes rather than bolted on as something separate.

Below is a pragmatic five-step approach based on what is working for early adopters:

1. Start with materiality

Not every Just Transition consideration matters equally for every fund. A logistics portfolio will have different priorities than a residential one. Assess which elements create genuine risks to your strategy? Where do your investment decisions create significant environmental and social impacts? What stakeholder relationships actually matter for your assets? Frame initiatives around tangible outcomes: retrofit creates warmer homes and lower bills, local procurement builds economic resilience and embeds green skills, community infrastructure strengthens planning approvals. This positions Just Transition as value creation rather than another ESG checkbox avoiding politicisation.

2. Integrate within existing processes

Embed Just Transition into established ESG processes:

- Add social impact assessments to ESG due diligence
- Incorporate stakeholder engagement protocols into asset management plans
- Include requirements for skills development and local procurement into development strategies
- Capture social and community risks alongside traditional factors in risk registers
- Expand standard reporting frameworks (GRESB, INREV) to incorporate social indicators

3. Build measurement capability incrementally

Start with baseline data on current social and decarbonisation impacts, then set intermediate targets for a few measurable indicators. As capability grows, develop asset-specific metrics proving outcomes, not just activities. Did workers secure better wages? Did retrofit reduce tenant bills without triggering rent increases? This outcome verification remains the sector's critical gap.

4. Find strategic partnerships

Few fund managers can deliver Just Transition alone. The most effective approaches involve partnerships that bring different capabilities together, multiplying impact while sharing costs and risks:

- Public sector partners provide co-financing and planning support
- Social housing providers bring affordable housing expertise
- Impact investors enable blended finance structures
- Civil society organisations provide stakeholder engagement expertise
- Industry bodies such as RE:UK, the Just Transition Finance Lab, and the Institute for Human Rights and Business (IHRB) offer valuable case studies, frameworks, and networks for Fund Managers to leverage.

5. Communicate transparently

Report successes and challenges. Frame initiatives around tangible outcomes—warmer homes, lower bills, local jobs, improved licence to operate, access to greater capital, increased asset value, yield growth—not politicised concepts. Acknowledge trade-offs explicitly: retrofit costs that increased rents, regeneration that displaced communities, skills programmes that underperformed. Limited partners value honesty over polish. Transparency about constraints demonstrates mature practice, not weakness.

Key Practical Recommendations

- Conduct a materiality assessment specific to your fund strategy to identify where Just Transition actually matters
- Integrate social considerations into existing ESG frameworks rather than creating parallel systems
- Build measurement capability incrementally, starting with simple metrics before attempting sophisticated outcome measurement
- Identify strategic partners who can provide capabilities and scale you lack internally
- Communicate transparently about both achievements and challenges
- Invest in building internal capability—teams need upskilling in stakeholder engagement and social impact assessment
- Monitor how TPT implementation evolves and what becomes standard practice

Avoiding 'Just Transition Washing'

Without universal definitions or standardised metrics, Just Transition risks becoming another marketing term that sounds good but means little. Warning signs include:

- Claiming Just Transition credentials for activities that would have occurred anyway
- Selective reporting that highlights benefits whilst obscuring displacement effects
- Token stakeholder engagement that ticks boxes without meaningful participation
- Measuring inputs (money spent, meetings held) without verifying outcomes

The absence of standardised metrics, such as GRESB, makes it difficult to distinguish substantive action from rhetoric. Until standardised frameworks emerge, honest disclosure of trade-offs and project based quantitative data builds more trust than polished narratives.

Looking Ahead

This series has explored what Just Transition means for real estate (Article 1), the value it can deliver (Article 2), and how to implement it (Article 3). Our research has uncovered something striking: Just Transition literature is vast and accelerating. While some debate relevance, managers such as Allianz, Aviva, and RLAM are already defining their ambition. Despite the volume of Just Transition literature—from the Just Transition Finance Lab to TPT guidance—practical implementation remains challenging. The theory is well-developed. The practice is nascent.

Balancing climate goals with affordability presents a significant challenge. Fund Managers and investors are being asked to deliver net-zero buildings whilst addressing affordability concerns, but retrofitting typically increases capital costs. Regulations create obligations that can push costs onto tenants. Affordable housing developments face specification trade-offs and value-add strategies risk contributing to gentrification. Achieving both market-rate returns and deep affordability is rarely possible without subsidies or policy support. Pursuing Just Transition requires clear recognition of these commercial limitations and trade-offs.

However, the evidence suggests that Investment and Fund Managers who seriously engage with social equity alongside environmental performance can build more resilient portfolios, will access emerging capital pools, and develop stronger stakeholder and community relationships enabling long-term licence to operate across regions.

Communities, regulators, and capital allocators are asking harder questions about real estate's environmental and social impact. Fund managers who develop Just Transition capabilities now will access cheaper capital, secure easier planning approvals, and demonstrate sustainability leadership. Those who wait will implement someone else's framework under pressure.

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This article is published by The Association of Real Estate Funds (AREF) to inform readers about developments in the Just Transition market. It is not intended to imply that real estate investors should immediately adopt Just Transition principles without careful consideration of their specific circumstances and investment objectives.



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