

The Importance of Circular Economy in Real Estate Development in Europe **by Dilara Albasar**

Submitted in October 2024 for CTP's [Future Real Estate Leaders Competition](#)

Taking the circular economy and transformation into consideration is one of the most important aspects of real estate development in Europe. Although the circular economy seeks to prolong the life of products, minimise waste production, and reuse resources, the European Union's 2014 "Zero Waste Programme" helped the construction industry adopt the circular economy and cleared the path for resource efficiency by renovating existing structures without demolishing them.

There are certain challenges in putting the circular economy into practice, despite the fact that it is an economic model that emphasises continuity and environmental protection throughout the production process, from the usage of raw materials to waste generation. The expense of transformation programs is one of these difficulties. Serious investments are needed to adapt historic buildings to modern needs, and projects are challenging to execute due to the limited adaptability of existing buildings and the technical challenges of the transformation process. Another barrier impeding the sector's growth is the insufficiency of legal rules and the absence of explicit circular economy strategies.

These challenges can be addressed by lowering the financial burden through state incentives for transformation initiatives that promote the circular economy, as well as subsidies or tax breaks for transformation projects. It will also be feasible to support transformation processes by offering knowledge on sustainable building design and adaptive usage through the organisation of training programs aimed at increasing public and sector employees' awareness of the circular economy.

The efficient use of existing real estate becomes even more crucial in light of the fact that one of Europe's main issues is the lack of available space for new housing. This is where the circular economy and real estate development are relevant. The significance of incorporating the circular economy into the real estate development process is heightened by the fact that buildings in Europe typically last 100 years in industrial districts and 50–100 years in residential and office sectors.

It should be highlighted that all three principles of the circular economy—extending the product life cycle, resource efficiency, and retaining products and materials in use—can help address the housing shortage, which is one of the major problems facing Europe. In order to lengthen the building life cycle, sustainability and resource efficiency are crucial. Buildings made of durable materials, will be more resilient and long-lasting, and modular design components will allow for the replacement of critical pieces without requiring the structure to be demolished in order to meet changing needs. An example of an adaptable use would be turning a factory into an office complex.

The Sustainable Development Goals of the UN have a direct relationship with the circular economy. SDG 12 (Responsible Consumption and Production) is supported by waste reduction and resource efficiency, while SDG 11 (Sustainable Cities and Communities) is strengthened by developing longevity. SDG 7 (Affordable and Clean Energy) is supported by increasing energy efficiency. In this regard, the implementation of the circular economy in European real estate development will support an ecologically responsible and sustainable building industry. In conclusion, legislative assistance and awareness-raising initiatives are required to overcome the obstacles, even if the circular economy and transformation have enormous promise for sustainable real estate development in Europe.