

Green leases

Climate protection, energy transition and sustainability are terms whose importance in the German real estate industry has increased significantly in recent years. The growing role of the ESG criteria and corporate social responsibility (CSR) are further factors causing companies to focus increasingly on sustainability goals. And also the already adopted or foreseeable European legal acts (for example, the “Taxonomy Regulation”) that define and standardise sustainable investment will result in sustainability goals and their implementation in rental agreements (“green leases”) becoming further established, up to becoming the market standard. This is because there is a lot of potential for innovation in lease clauses that govern the operation of a property over a long period of time. We can advise you on how to use this potential to your advantage.



Sustainability-oriented (commercial) properties are not only characterised by their certifiable construction as “green buildings”. In addition to the now established certification of properties that have been constructed in accordance with the BREEAM, DGNB or LEED system, a “green lease” can also make a significant contribution to sustainable use, particularly of commercial properties, and, therefore, be a suitable instrument when it comes to achieving a company’s sustainability goals. There are now also various certification systems dealing with the sustainable use of properties, or these are currently being developed.

A “green lease” is a sustainability-oriented rental agreement which, through its special design, possibly flanked by the requirements of an existing certification of the property as a “green building”, is intended to encourage the tenant to use the property as sustainably as possible, and the landlord to manage it as sustainably as possible. If properly drafted, green leases can bring concrete economic advantages, in addition to ensuring the contractually agreed sustainable use. For example, through the appropriate contractual clauses, cost savings can be achieved through lower consumption and reduced emissions, future additional costs can be avoided and the property’s attractiveness in the market for sale or financing as a so-called “green investment” can be increased. To be classified as a green lease, a rental agreement must contain at least one clause from each of the following three core areas:

- **sustainable use and management** of the leased premises during operation;
- reduction of **consumption and emissions**; and
- ecologically safe implementation of **maintenance, modernisation and other construction work**.

Our services (excerpt):

Our advisory services cover all of the aforesaid core areas and also all types of green leases, from “basic” to “advanced”, depending on the scope and desired detail of the provisions. In particular, our services include:

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- implementing the client's concrete sustainability goals in lease clauses;
- examining model rental agreements and existing rental agreements to identify any potential for supplements, adaptations and amendments, in particular with regard to the client's concrete sustainability goals;
- advising on and drafting and negotiating individual contractual provisions taking into account any special circumstances in relation to the property, its use or the tenant(s);
- drafting standard green leases, in particular for use for office space, hotels, commercial space or restaurants, and incorporating green clauses into rental agreements that are already in place and/or being implemented, for example, by drafting amendments and appendices (also in the form of model amendments or model appendices);
- identifying interfaces with current and future contractual partners (e.g. property and facility management and other services) to harmonise their contracts with the clauses developed and agreed as part of the green lease.

Our team:

Our experts use the full-service approach that is typical of our law firm to advise our clients from diverse industries at all levels of the value chain.

In addition, we represent our clients in state courts and before all renowned arbitral tribunals.

Our expertise:

Luther was named law firm of the year in 2019 by the German legal publisher JUVE and also holds the title "Digital Law Firm 2020". In 2019, we received the PMN Management Award for our collaboration platform.



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