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IMPACT OF ESG FACTORS ON PROPERTY VALUE

Abstract: Today's real estate market should take into account the most important environmental, social and corporate (governance) factors and values. In recent times, there have been many problems with the implementation of ESG (environmental, social, governance) in all life cycles of real estate, from the process of planning, design, construction, operation to the demolition of real estate from any sector In this article, ESG factors will refer to the industrial real estate sector. The article will provide an overview of ESG and sustainability issues and identify the current impact of environmental, social and governance factors on real estate values. In addition, it will present initiatives related to the transformation of the real estate market into a so-called "green market," which carries high initial costs associated with adapting technologies used in real estate to ESG strategies. The costs incurred, in effect, translate positively into the exposure of "green real estate" in the market with regard to potential tenants or property owners.
Verification of considerations will be presented on the basis of juxtaposition of two industrial properties with varying degrees of implementation of ESG strategies in the life cycle of the property.

Keywords: ESG factors, property value, "green" real estate

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Introduction with analysis of the state of the problems

As part of the implementation of sustainability issues and the transformation to a closed-loop economy at the level of the European Union, a number of regulations, directives and ordinances have been created with the main goal of accelerating the transition to a closed-loop economy. The fundamental goal of the real estate market transformation is to minimize the negative impact of this sector of the economy on the environment and people's living environment, including mainly real estate. Today, the real estate market faces new challenges, and among the most important of these is the need to take into account environmental, social and corporate (management) factors and values. Experience shows that there have been many problems with the implementation of ESG (environmental, social, governance) in all life cycles of real estate from the process of planning, design, construction, operation to demolition of real estate in each sector (Robinson, 2024).

In today's real estate market, issues related to ESG and sustainability. It has already been identified that initiatives related to the transformation of the real estate market into a "green market" carry high initial costs associated with adapting the technologies used in real estate to ESG strategies. Documenting the transformation process involves obtaining the appropriate certifications and, as a result, has an impact on the value of the property (Dathe et al., 2022).

ESG (Environmental, Social, Governance) factors in commercial real estate are related to three core areas of responsibility and sustainability, which are becoming crucial to the real estate market over time. This concept over the past few years has become an indispensable aspect driving the real estate sector towards sustainable and ethical practices, as evaluating a company for compliance with new market requirements, regulations has a direct impact on financial performance and business prosperity. For the purposes of this article, the broad topic of ESG will be narrowed to real estate and real estate market issues. (The Future of real estate…, 2024).

Environmental (E) in relation to real estate are:

1. Energy efficiency, which can have many manifestations against the background of commercial and especially industrial real estate. The main aspects related to this issue are the technologies consumed in the design and construction process to reduce energy consumption and introduce sustainable practices. The most popular examples of the implementation of the above idea are the use of:
   - Installation of energy-efficient LED lighting in warehouse and production halls and office components;
   - BMS (Building Management System) systems as intelligent building management systems that monitor and regulate energy consumption in real time;
   - RES (Renewable energy sources) can be applied in a number of ways including the installation of photovoltaic panels on the roof or on the ground, with implications for reducing operating costs and carbon footprint. (Belniak & Głuszak, 2013).
2. Waste management can be characterized by a wide spectrum of implementation in the life cycle of a property and includes, for example, waste management and segregation,

educating and involving employees in initiatives related to this issue, ongoing cooperation with recycling service companies, locating indoor recycling stations (sheds or rooms designed for waste segregation and storage) on the property.

3. Water management is one of the key issues related to the environment, sustainable development and preservation of biodiversity. These include systems that monitor water use – advanced technologies such as smart meters and water intake systems that help respond to inefficiencies and emergencies such as leaks.

4. Sustainable architecture applied to the design and construction processes of commercial real estate with an emphasis on industrial real estate should be equated with building, remodeling or retrofitting facilities in accordance with internationally prosperous green certifications such as BREEAM (Building Research Establishment Environmental Assessment Method) and LEED (Leadership in Energy and Environmental Design). In addition, increasing attention has been directed toward the use of green roofs and walls among properties, which involve the implementation of plants on building elements. Such initiatives make a significant contribution to collecting rainwater, purifying the air, lowering the ambient temperature, increasing the performance of solar panels, reducing noise levels in the property's surroundings and interiors, extending the life of roofs, enhancing aesthetic value, increasing biodiversity, creating a fireproof layer, creating a healing environment, supporting the mental zone and serenity of employees, saving on vegetation maintenance, and protecting against erosion (Belniak et al., 2013).

5. Reducing greenhouse gas emissions – all of the above aspects have a direct or indirect impact on minimizing greenhouse gas emissions over the life cycle of a property. Property owners and managers should focus on continuous energy efficiency infrastructure upgrades (Ryńska, 2025; ESG…, 2024; The future of real estate…, 2024).

The percentages for the listed ESG elements on real estate are shown in Table 1.

Table 1. Basic environmental statistics related to the real estate market

Percentage share	Description
30%	Globally, real estate management accounts for 30% of final energy consumption.
40%	Including real estate management's embedded carbon footprint, this sector is responsible for 40% of global final energy consumption.
23%	Commercial property management including construction accounts for 23% of global energy consumption.
10% 13%	13% Management accounts for 10% of global CO2 emissions, while construction accounts for 13% of emissions.
75%	75% of all real estate is energy inefficient.
14%	Investment in energy-efficient solutions in the real estate sector rises to $250 billion in 2022 and of that $134 billion is invested in Europe

Source: Own elaboration based on IEA (International Energy Agency) data for 2022

Social (S) in relation to real estate are:

1. Equality and inclusiveness as particularly relevant to the efficient management of modern warehouse space. The basic postulates manifested in the interpretation of this issue are: management of diversity, promotion of gender equality, and continuous training and professional development also creating an appropriate environment for active upgrading of employees' skills. The rank of equality and inclusiveness is tantamount to promoting policies that aim to provide equal opportunities for professional promotion and development (The future of real estate…, 2024; Ocicka & Gemra, 2023).
2. Health and safety in commercial real estate is related to the construction and life cycle of real estate considering issues such as occupational health and safety (OHS) conditions, employee comfort, but also more specialized real estate issues such as the introduction of the installation of advanced ventilation systems. (Pronk…, 2022; The future of real estate…, 2024).
3. Community involvement, which is important in particular for industrial properties in the form of modern warehouse space located in rural areas. Such facilities have a very strong impact on the communities living in these areas. This results in nurturing mutual relationships often by holding open days at the warehouses or allowing the local community to take part in various educational workshops (Bilding Healthy Places, 2015; The future of real estate…, 2024; Ocicka & Gemra, 2023).
4. Quality of life and working environment aims to create such an environment by introducing and organizing appropriate social zones on the property, which would give the opportunity for a short rest in a friendly space These are green areas, shelters, benches, mini-parks to improve the well-being of employees and improve the aesthetic value of the property. (Pronk …, 2022; The future of real estate…, 2024).

Governance (G) in relation to real estate is:

- Ethics and transparency, which at this level should be interpreted as conducting business in accordance with the principles of integrity, transparency and in full compliance with current regulations. Regulations being introduced at the European level (e.g. the CSR Directive) refer to corporate governance factors, and are noticeable in the form of ESG reports. It is worth mentioning the phenomenon of "Greenwashing", which can be interpreted as the artificial creation of the value of green initiatives for a given entity. According to information published by the European Parliament, the definition of greenwashing is "Greenwashing, is the practice of creating a false impression about a product's environmental impact or benefits, which may mislead consumers (Warehouse market…, 2024).
- Risk management, which manifests itself in the form of identifying, assessing and managing risks that affect the property and business operations. The following can be cited as basic risk management initiatives: the preparation of regular audits, simulation scenarios, and the continuous updating and improvement of plans relating to contingencies (such as natural disasters or regulatory changes) (Warehouse market…, 2024).

- Stakeholder management, which involves building relationships and continually improving communication with stakeholders (tenants, employees, potential customers, industry competitors and local community representatives) (Tan, Tingue, 2025).
- Policies and procedures are an important issue, as their implementation and constant monitoring in the operation of the company and real estate plays a key role in compliance with business ethics, minimization of operational risks and are the basis for decision-making. In visualizing this factor manifested in the continuous implementation of compliance policies, which are based on continuous improvement of business ethics, protection of personal data and sustainable management of resources (The future of real estate…, 2024; Warehouse market…, 2024).

Confirmation of the embrace of ESG ideas for real estate are green certificates, which are increasingly popular in the real estate market. Especially in new commercial buildings, they are almost a standard to make the property competitive in the market. An important aspect playing a key role in building certifications is the current already transformed ownership structure, as most new commercial real estate investments are financed by foreign capital, whose owner companies are obliged through company policy and EU regulations to undertake green initiatives confirmed by green certificates.

On the Polish real estate market, the most popular certifications are BREEAM and LEED. They assess a property's impact on the environment and social aspects and assign an appropriate rating (usually in %) to individual buildings. In addition, the WELL certificate is very popular, referring mainly to social and well-be aspects (relating to employee comfort and working environment) in buildings.

BREEAM (Building Research Establishment Environmental Assessment Method) certification, originating in the UK, was introduced a the market in 1990. It is one of the oldest certificates and is considered the most popular and valuable for property owners in Europe. It is aligned with European regulatory standards and requirements.

The BREEAM certificate has different 5 categories depending on the type of property and the life stage (BREEAM International New Construction, 2016).

For the purposes of real estate market research, the greatest weight will be given to the BREEAM International New Construction 2016 type. The property is evaluated on ten levels of significance with respect to the final rating, namely:

- Management (impact at 10.5% of the final rating);
- Health and well-being (impact at 10.7% of the final assessment);
- Energy (impact at 13.4% of the final assessment);
- Transportation (impact at 5.8% of the final assessment);
- Water (impact at 11.4% of the final assessment);
- Materials (impact at 17.1% of the final assessment);
- Waste (impact at 5.3% of the final assessment);
- Land use and ecology (impact at 12.5% of the final assessment);
- Pollution (impact at 13.2% of the final assessment);
- Innovation (impact at 10% of final rating) (BREEAM International New Construction 2016).

As an end result of the certification is the issuance of a certificate, which can achieve various point gains categorized at each level from 85% to less than 30%. (New technical and environmental…, 2024).

LEED certification – is less popular on the Polish market. The LEED system originated in the United States, and appeared on the market in 1998 by the U. S. Green Building Council. The certificate is adapted to the standards and legal norms of the American continent. In addition, LEED is much more expensive (even several times) than other, more common certificates on the Polish and European markets. The main reason for using this type of certification in the European reality is to maintain the uniformity of the type of certification among the company, when its main operating market is in the United States. LEED certification also has 6 variants depending on the current moment in the life cycle of a property (New technical and environmental…, 2024).

Presented below are the building evaluation categories for the system for new properties: integrated design process (1 point), energy and environment (33 points), location and transportation (16 points), sustainable construction site (10 points), efficient water management (11 points), materials and water resources (13 points), indoor environmental quality (16 points), innovation (6 points), regional priorities(4 points. (New technical and environmental…, 2024).

As can be seen from the above summary, almost all aspects are comparable to those assessed in the BREEAM system. Such universality of assessment underscores the importance of being able to compare certifications among themselves, but it should be remembered that the overarching goal of certification is sustainable development, reduction of greenhouse gas emissions, reduction of environmental pollution and natural diversity. Moreover, it demonstrates an individual but unified approach to sustainability topics in the real estate market environment (Hold, 2021).

WELL certification – is popular in Europe and differs from the other two in terms of ratings and aspect selection. This type of certification was launched between 2007 and 2014 by Delos. WELL certification focuses on the well-being, health and comfort of the user by raising the quality standards of the working environment and air. This certification is usually considered an extension of green initiatives in buildings, and is met as a co-certification with BREEAM or LEED. Of note are 4 types of certification, such as:

- New and Existing Buildings – for new and existing buildings focusing on a healthy and comfortable environment for occupants;
- New and Existing Interiors – for the interiors of properties in new as well as existing buildings focusing on providing healthy, comfortable interiors in properties to enhance the productivity of employees operating in them;
- Core and Shell Compliance – for new buildings under the Shell and Core standard (denotes the construction characteristics of a shell property, where further finishing work is organized, planned and carried out in a dialogue relationship with future tenants),
- WELL Healthy-Safety Rating – for new and existing buildings focusing on aspects of improving health and safety among occupants. This type of certification shows well the impact and adaptation of real estate markets to unusual needs that occurred

during the pandemic) (New technical and environmental…, 2014; Warehouse market…, 2023; Health and Wellbeing…, 2020).

WELL certification for New and Existing Buildings evaluates the following categories of factors: air (12 points), water (12 points), nutrition (12 points), light (12 points), movement (12 points), thermal comfort (12 points), acoustics (12 points), materials (12 points), mind (12 points), community (12 points), innovation (12 points). (New technical and environmental…, 2014; Warehouse market…, 2023; Walas-Ryba, 2025).

BREEAM certification is the most popular in the Polish real estate market (79%, 865 of the total certified properties), followed by LEED certification (17%, 190 of the total certified properties) and WELL certification (1%, 16 of the total certified properties).

Analysis of the state of the problems. In order to consolidate and regulate the described issues related to the impact of ESG factors on the value of real estate, the following (Table 2) presents the result of a survey conducted by the renowned real estate company CBRE Research. A survey was used, in which 500 real estate experts were asked to identify the characteristics of sustainable development from the point of view of their impact on real estate transactions, its transaction price, and thus indirectly also on the value of real estate. The generalized results of the surveys are presented in Table 2 (ESG for commercial real estate…, 2024).

Most respondents considered it an important aspect for a property to have a green certificate, which indirectly sums up all environmental, social and managerial components of the building and landscaping, and to elements that reduce energy consumption, which is associated with a reduction in property operating costs. As additional information, the survey was accompanied by a note that 88% of respondents consider reducing energy consumption and carbon dioxide as the most important ESG issues translating into property value. This finding is indicative of investors' superficial knowledge of ESG, as there are many more sustainability and ESG aspects affecting value and this impact is relatively small (ESG for commercial real estate…, 2024).

In order to deepen the correlation between property valuation and sustainable development, it is worth referring to professional standards (International Valuation Standards Effective 2022), which address this topic and try to provide a unified and market-proven approach to the impact of ESG on property valuation. Due to the uniformity of conclusions identified by the above-mentioned organizations, the presented postulates indicated by RICS (Royal Institute of Chartered Surveyors) regarding ESG issues must be addressed in property valuation.

Table 2. Results of a survey of sustainability features influencing investment decisions from the perspective of investors conducted by CBRE's Research division

Investors	Will pay more if there are	They seek a price reduction if there are none	They reject the building if there are none reduction if there are none	Total impact
Environmental certification of the building	47,1%	28,2%	14,1%	89.4%
Elements that reduce energy consumption	35,5%	42,4%	10,5%	88,4%
High resilience to the effects of climate change (e.g. floods)	35,3%	28,8%	16,0%	80,1%
Smart technology that controls building functions to reduce environmental impact	55,0%	22,5%	2,5%	80,0%
On-site renewable energy generation	60,7%	14,7%	4,3%	79,7%

Source: PINK Polish Chamber of Commercial Real Estate, ESG for commercial real estate, selected issues and practices

Material and methods

The analysis materials were valuation reports for two properties A and B, which were industrial and warehouse properties. The research covered information contained in two valuation reports from the valuation of real estate prepared by a professional team of commercial real estate valuations of a renowned and recognized company on the commercial real estate market in Poland, which is BNP Paribas Real Estate Polska. The adopted research scheme takes into account all key aspects influencing the value of the property, such as: location, legal and technical status, availability, surface area, environmental conditions and historical conditions. In addition, this scheme also includes an assessment of the level of implementation of ESG factors, which allows for understanding how these elements affect the valuation of the property.

As a research sample, two commercial properties used for industrial purposes – industrial storage – which have included in their strategy the implementation of ESG factors and green initiatives at various levels in the life of the property. The study was conducted in the conditions of generalization and consistency of individual features that could distort the study of the impact of environmental, social and corporate governance factors on the value of industrial properties. The fundamental features influencing the value of real estate from the discussed sector combined with ESG were identified as:

1. Location. Property A and Property B are located in neighboring counties with similar economic and topographical conditions in central Poland and are part of the so-called industrial HUP – one of the main industrial real estate centers in Poland. Property A is located in the vicinity of two motorways or expressways and several national roads, while property B is also located in close proximity to two expressways or motorways and several national roads, which standardizes the research sample in terms of location and access to national and regional roads. Both properties are very well located along the country's main transport routes. In general, both properties benefit from a very convenient location in the immediate vicinity of roads of national, supra-regional and regional importance, and are also favorably located among prosperous centers with modern warehouse and production space.

2. Legal status of the property. Property A has several easements established in favor of the owner (transmission easements). Therefore, property A has a clear legal status and no legal aspects affect the value of the property. Property B has several easements in the "I-Sp – list of related rights in land register" section of the land and mortgage register, but none of the established easements affect the value of the property in any way. It should be noted that both properties have a good and transparent legal status – ownership. Both properties consist of a 7 registered plots with a favorable shape in relation to the location of the industrial investment.

3. Technical condition of the property. Property A with an area of approx. 100,000 m^2 of land and a usable area of 45,000 m2 of warehouse space and 1,000 m^2 of office space, to be put into use in Q1 2024. It is assumed that property A is in very good technical condition and is covered by all standard market guarantees and insurance, and there are no circumstances that could affect the value or utility of the property.

Property B has a land area of approx. 100,000 m2 and a usable area of buildings erected on the land in the form of industrial property, a warehouse facility, approx. 51,000 m^2 (including 50,000 m^2 of modern warehouse space and 1,000 m2 of office space). The building was constructed on the land and put into use at the turn of 2023 and 2024, so we also assume that the property is in very good technical condition, which does not adversely affect the value or utility value of the property.

It should be noted that both properties are in very good or even perfect technical condition.

4. Availability and exposure of the property. hb two properties (A and B) are located in centers characterized by modern industrial buildings, which have new and comfortable road and technical infrastructure. Both properties are located in the immediate vicinity of regional roads and benefit from good exposure to high-traffic trade routes. Property A

and property B have two entrances to the property, one regulating standard traffic on the property and the other for firefighting purposes. In both cases, the specific nature of the internal transport routes is developed to an appropriate level that meets the standards of industrial properties offered on the regional real estate market. The properties under analysis are classified as uniform in terms of accessibility and exposure.

5. Property area (Table 3).

Table 3. Basic areas characterizing both properties

Parameter	**Property A**	**Property B**
Land area	~ 100 000 m^2	~ 100 000 m^2
Total usable area	~ 46 000 m^2	~ 51 000 m^2
Total office space	~ 1 100 m^2	~ 1 300 m^2
Total storage area	~ 45 000 m^2	~ 50 000 m^2

Source: Own study based on data from real estate appraisal reports

6. Environmental and natural conditions, including mining, geological, water and topographic conditions (Table 4).

Table 4. Environmental and natural conditions characterizing properties A and B

Factor	**Property A**	**Property B**
Mining conditions	—	—
Geological conditions	—	—
Risk of soil contamination	—	—
Environmental impact assessment	No need to conduct an environmental impact assessment of the project	
Flood risk	—	—
Archaeological conditions	—	—
Harmful materials	—	—

Source: Own study based on data from real estate appraisal reports

7. Historical conditions, including: proximity of monuments or archaeological sites. No archaeological sites or objects of cultural or historical value are located in the vicinity of properties A and B.

8. Valuation date. The appraisal reports for both properties were prepared in early 2024, between February and April. It was assumed that no adjustments were necessary between the valuations due to the time elapsed between the preparation of the two reports with opinions on the value of the properties.

9. Neighborhood. The properties under analysis are located on the outskirts of larger cities with a population of over 100,000. In both cases, the immediate vicinity of properties A and B consists of industrial buildings providing the region with modern industrial and industrial-warehouse space. They are connected to the road infrastructure. Access to technical infrastructure and infrastructure facilities is very good. Both properties are located in areas designated by the city authorities to meet the industrial needs of the city and the region. In the wider vicinity of both properties, industrial buildings are being converted into buildings for local industrial and partly residential use.

10. Spatial planning (Table 5).

Table 5. Properties A and B in relation to zoning regulations

Factor	**Property A**	**Property B**
Planning document	Local Spatial Development Plan	Local Spatial Development Plan
Land use	Production and service areas, commercial areas, and logistics centers	
Building height	20 m	20 m
Building density index	1,5	1,5
Biologically active area index	15%	20%
Building area	Max. 70%	Max. 70%

Source: Own study based on data from real estate appraisal reports

11. Accessibility to municipal technical and transport infrastructure. Property A is located in the vicinity of two motorways or expressways and several national roads, while property B is also located in close proximity to two expressways or motorways and several national roads, which standardizes the research sample in terms of location and access to national and regional roads. Both properties are very well located along the country's main transport routes. In general, both properties benefit from a very convenient location in the immediate vicinity of roads of national, supra-regional and regional importance, and are also advantageously located among prosperous centers with modern warehouse and production space.

The properties (A and B) indicated for analysis were selected in such a way that they were uniform in terms of features not directly related to ESG factors. This approach guarantees a relatively high level of credibility and minimizes aspects that would require the application of corrections to the value in order to standardize the sample. Both properties have many common features that allow for the examination of the impact of environmental, social and corporate governance factors resulting from individual investment decisions made in the construction and design process and the selection of individual subsystems of different qualities and costs associated with them. The adopted methodology for estimating the value of the property was the income approach, investment method, and the technique of discounting income streams. The calculation model for preparing the valuation was VALLCAP, which is widely used and recognized by specialists in the commercial real estate valuation industry. The main assumptions for the valuation were compared and the differences between them were emphasized (Table 6).

Table 6. Assumptions for valuation based on valuation reports of real estate from the research sample Property

	Property A	**Property B**
Market rent for warehouse space [EUR/m2 per month]	5,50	4,60
Difference	0,90	
Market rent for office space [EUR/m2 per month]	12,50	12,00
Difference	0,50	
Discount rate [%]	6,50	6,70
Difference	**0,20% – GREEN BONUS**	

Source: Own study based on data from real estate appraisal reports

Results and discussion

In accordance with the adopted methodology for estimating the value of real estate, which was determined using the income approach, the investment method, and the technique of discounting income streams for two real estates, the results of the analyses were developed. The main statistics regarding the correction of estimated values by differences in the costs of building modern warehouses of the high-standard type (property B) and Green Premium (property A) are presented in Table 7.

Based on the calculations of the impact of ESG factors on the value of real estate (Table 7), it should be emphasized that the considerations included in the investment strategy regarding the implementation of the ideology of sustainable construction and taking special care to ensure that the building is sustainable and green can achieve measurable benefits, such as an increase in the value of the property. Taking into account the differences in the costs associated with the construction and finishing process in the calculation and standardizing the research sample for this reason additionally highlights and makes the study more credible. Attention should be paid to the negative aspects

affecting real estate that do not have green certificates. Many reasons have been identified that may be associated with the decision not to apply for green certification for buildings.

Table 7. Table of correction of the value of real estate from the research sample due to different construction costs

	Adjusting the value of a property for different construction costs	
	Property A	**Property B**
Estimated value [EUR/m²]	1 113	771
Hard costs [EUR/m²]	556,47	558,00
Difference	1,53	
Soft costs[EUR/m²]	174,65	55,19
Difference	119, 46	
Final construction cost [EUR/m²]	731,11	613,19
Difference	117,92	
Estimated value [EUR/m²]	1 113	771
Difference	342	
Value corrected for construction costs [EUR/m2]	117,92	
Adjusted property value [EUR/m2]	1 113	889
The impact of ESG factors on real estate values	**224 [EUR/m²]**	
ESG impact on property value as a percentage	**22,39 %** **From 20.13 – 25.21% due to the choice of the value that constitutes the reference value** **Rounded** **The impact of ESG factors on the value of real estate was estimated at 20.1 – 25.2%.**	

Source: Own study based on data from real estate appraisal reports

These include:

- Negative impact on the liquidity of real estate;
- Problems with obtaining financing;
- Impact on the operating and maintenance costs of real estate;
- Negative impact on the group of potential tenants (Bojęć, 2024).

During the study, some difficulties were encountered due to limited access to documentation or difficulties in identifying planned activities to be implemented in the real estates, which were the real estates from the research sample. Taking into account all aspects of the discussed topic, green certificates are the main determinant in the assessment of real estate in terms of respecting and taking into account ESG factors. Currently, the real estate market and the real estate valuation market are required to take into account certification in an indirect way, which means that it has a large impact on

competitiveness, lower operating costs, better financing conditions available and the like, and all these factors affect the cash flow in the real estate, which in turn directly affects the market value of the real estate when determining it in the income approach.

Conclusions

In conclusion, it should be emphasized that the impact of ESG on the value of real estate is significant, and over time its impact on the value and investment risk associated with real estate will increase. The applied research methods allowed for drawing clear conclusions on the real impact of implementing ESG-related factors on the value of industrial real estate. In order to specify the individual ESG components, it should be emphasized that environmental and social factors are relatively easy to interpret and translate directly into the value of real estate at various levels, while management or corporate governance factors are more complicated to translate into value due to their non-uniform nature and direct reference to the organizational structures of enterprises and human resource management. An in-depth study of the impact of G factors would require in-depth knowledge of planned initiatives, processes and events that may constitute added value classified as directly related to corporate governance (management). Investors increasingly attach great importance to ESG strategies in real estate and consciously choose properties that respect such principles.

Based on the conducted research, it can be stated that the level of implementation of ESG factors in the strategy and life cycle of real estate is very important and has a significant impact on the value of real estate, which according to the results of the study is in the range of 20 – 25% in the studied case. The proposed research concept can be an exemplary approach to issues related to ESG in the real estate market, which can significantly help in the development and standardization of the approach to real estate with different levels of ESG factor implementation. To sum up, it should be stated that ESG factors play an increasingly important role in shaping the value of industrial real estate. The introduction of sustainable development principles can contribute to the increase in the investment attractiveness of such facilities, as well as affect their profitability and perception on the market, and the inclusion of ESG factors in determining the value of real estate will become a key element of the transformation of the industrial real estate sector. It should be emphasized that ESG is not a temporary trend, but a key element of the transformation of the industrial real estate sector towards sustainable development.

In the future, ESG aspects should become an important element in property valuation, both for existing properties on the market and as a mandatory requirement for new investments. This will likely require a change in approach to the valuation process.

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