



## Fact sheet / July 2025

# How Can the Energy Transition Be Achieved in the Buildings Sector?

## Action areas for a socio ecological transformation

### Why do we need a socio-ecological heat transition?

The buildings sector accounts for up to 40 percent of greenhouse gas emissions in Germany, depending on the calculation method used. In order to achieve climate neutrality by 2045, the process of **upgrading energy efficiency** in the building stock must be **greatly accelerated**. The process has lacked urgency in recent years, with the result that – according to estimates – in 2024 the buildings sector again failed to meet the emissions goal specified in the Federal Climate Action Act.

**Social factors** should also be taken into account in the implementation of the heat transition. After all, the heat transition has a direct impact on everyday life and the development of energy costs. Households with low incomes have been severely affected by energy price increases over recent years.

The transformation in the buildings sector involves an intertwining of technical, societal and regulatory factors. Only with a **systemic approach** can the socio-ecological heat transition succeed.

### Focus on Worst Performing Buildings

Worst Performing Buildings (WPBs) represent a vital lever in efforts to rapidly reduce greenhouse gas emissions in the building sector. The target for upgrading these buildings should be **low-temperature capability** for heating. Carbon pricing should remain the key mechanism at the core of the mix of mechanisms. A stronger focus on and increase **in funding for WPBs** would also appear to be an effective approach. Regulatory requirements may speed up the thermal refurbishment of WPBs further, but these should be introduced with a sufficient lead time and sensible exemptions included. All measures should be accompanied by extensive **information and advisory services**.

### Spotlight on social sustainability

Implementing the heat transition in a socially sustainable manner requires measures that help **vulnerable groups** in the process. These include both low-income owners – especially in WPBs – and, to an even greater degree, tenants. Reform of the **modernisation levy** could be a key lever in addressing the landlord-tenant dilemma more effectively as well as protecting tenants. Playing major roles in the **active promotion** of the energy and heat transition are societal **participation**, e.g. through local contact points, target-group-orientated advice and support services, and strategic alliances between public- and private-sector stakeholders. Here, participation also means creating **ways people can take action themselves**. For example, broadening the options available for communal housing might counteract the increase in floor space per capita.

### Improved knowledge as a basis

The availability, quality and accessibility of data in the buildings sector are currently insufficient. This makes formulating and evaluating political measures more challenging. In order to improve the situation regarding data in the buildings sector, there should be an increased focus on issuing and upgrading **energy certificates**. **Further data collection and analysis methods**, such as remote sensing or artificial intelligence, should also be employed. All available information should be collated centrally as part of an **energy certificate database** and **building register**. In the medium to long term a **digital building logbook** should be introduced.