Knight Frank

(Y)OUR SPACE Digest

Spring 2026	A seasonal review of key news stories, developments and issues relating to the future of work and workplace.	https://publications.knightfrank.com/your-space/2025/

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The latest Knight Frank (Y)OUR SPACE Horizon report reveals a telling imbalance. While issues such as talent, cost and portfolio flexibility command strong recognition and conviction from corporate real estate leaders, energy emerges as the least well understood of the major themes tested, attracting comparatively neutral sentiment despite its growing significance. This disconnect matters. At a time when power availability, resilience and cost are increasingly shaping business outcomes, the muted response suggests energy is not yet receiving the attention it demands. That gap in focus is precisely why this digest matters.

Contents

In our view, 2026 must be the year that the energy question becomes institutionalised. Every significant investment decision should start with two fundamental tests:

Where is the power and can we secure it for the next decade in the most cost effective way.

Our lead feature examines why energy has become the critical variable in corporate real estate decision-making. It charts how occupiers are responding, from Google's $4.75 billion acquisition of renewable energy developer Intersect Power to AstraZeneca fuelling its UK operations with green gas from a purpose-built biomethane plant. Companies are prioritising locations with abundant and reliable power, insisting on energy clauses in leases, and collaborating with landlords and utility companies to fast-track grid upgrades.

Alongside access sits affordability. In the UK, for example, electricity prices remain almost double those seen before 2022, and the gap between what large and small users pay has widened significantly. Our second article unpacks energy procurement strategies, from fixed and flexible contracts to corporate power purchase agreements, on-site generation and private wire arrangements. It also addresses the carbon dimension. With GHG Protocol updates expected by 2027 that may require hourly matching and deliverability for Scope 2 reporting, procurement choices made today will determine whether occupiers' sustainability claims stand up to scrutiny tomorrow.

Our synopsis of recent news coverage reinforces these themes. The power challenge is accelerating a shift toward alternative energy strategies. Major technology companies are turning to renewables and power purchase agreements. And in our digital transformation section, Generali, Snapchat and HSBC illustrate how AI-led strategies are driving demand for highly connected, energy resilient facilities.

Finally, Knight Frank's Global Head of Energy and Sustainability, David Goatman, brings all these elements together through five critical steps that occupiers should take to get their energy strategy right.

David maintains that occupiers who treat power as a strategic asset, not a commodity, will be better placed to secure growth, manage risk and deliver on sustainability commitments. As disruption deepens, energy is not just shaping corporate real estate strategy. It is becoming its cornerstone.

Energy changes everything

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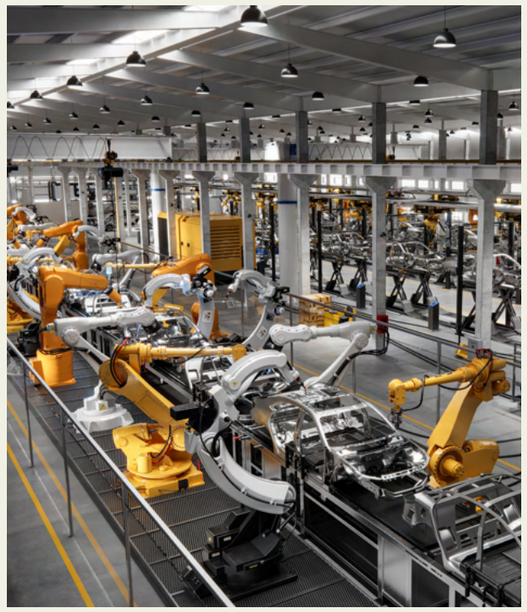
Why energy is now the critical variable in corporate real estate decision-making.

Traditionally, corporate real estate decisions have rested on a familiar set of variables such as talent availability, spatial requirements and cost. Today, a new set of questions is moving to the forefront: where is the power, how secure, scalable and stable is it, how affordable is it, and how low-carbon can it be.

Knight Frank's 2026 Corporate Real Estate Outlook, Balancing Acts 2026, argues that AI, global rearmament, and the broader electrification of industry and transportation are converging to make energy security and resilience critical differentiators and, in some cases, decisive factors in occupier decisions. At the same time, occupiers need access to greener, low-carbon energy to meet net-zero commitments. This is all set against rising and volatile energy costs and a tightening grid backdrop. Together, these forces will reshape corporate location strategies, leasing decisions, the design of facilities, and energy procurement and management. If energy is not part of your decision-making processes today, it should be.



The scale of the challenge

The energy story is perhaps most visible in data centres, because the numbers are so stark. The International Energy Agency (IEA) projects global data centre electricity consumption will more than double to around 950 terawatt hours (TWh) by 2030, reaching just under 3% of global electricity consumption in that year[1]. With $700 billion set to be deployed by just four tech companies on AI build-out in 2026[2], the power needed to support the rollout will be substantial[3]. Yet the spillover will be felt far beyond server farms.

The need for more power, and more acutely electricity, spans industry, transport and the built environment. Electrification is happening at scale because it is both an efficient energy source and a prerequisite for decarbonisation, automation and digitalisation.

Across industrial uses, battery plants, semiconductor fabs, advanced manufacturing and defence production are all power hungry. Furthermore, AI in the factory is no longer a pilot. Smart factories increasingly use AI for real-time quality control, predictive maintenance, and robotics. That moves electricity and broader energy demand from being a stable background utility to a core production input.

R&D occupiers are pivoting towards data-centric labs powered by AI, robotics and high-performance computing. These workloads raise power requirements materially, while the business case becomes more sensitive to resilience, because interruptions can destroy experiments, batches or regulated process integrity.

Outside of factories and labs, offices are also becoming increasingly digital, sensor-driven and AI-enabled. A prime example is financial services. Trading floors have long been heavy energy users, but the shift towards machine learning, real-time analytics and high availability systems has further raised expectations for both power density and power quality.

[1]https://www.iea.org/reports/energy-and-ai/energy-demand-from-ai

[2]https://www.cnbc.com/2026/02/06/google-microsoft-meta-amazon-ai-cash.html

[3]https://www.knightfrank.com/research/report-library/data-centres-global-forecast-report-2025-11877.aspx

Adding to the mix, transportation is becoming increasingly electrified, bringing with it additional power requirements.

How occupiers are responding

Given these growing demands, forward-thinking corporate occupiers are now taking strategic action to manage and mitigate both the needs and the inherent risk in soaring energy requirements. As we discuss elsewhere in this digest, energy procurement and partnerships have become C-suite issues. Increasingly, firms are turning to long-term power purchase agreements to secure additional (and often renewable) capacity for their sites, such as the growing UK Corporate Power Purchase Agreement (CPPA or PPA) market.

The practice is long established in the US with data centre operators, notably hyperscalers, leading the charge to expand clean power procurement. The technologies to do so have been broadening with nuclear power a key target in 2025, as we explore in the 2026 Data Centres Global Report. Recent examples are of Microsoft's 20-year, 835MW nuclear PPA to restart and offtake 100% of the output from the Three Mile Island facility, Google contracting up to 500MW of Small Modular Reactors (SMRs) capacity with Kairos Power, while Meta has issued nuclear procurement requests and signed long-term nuclear deals exceeding 6.6GW. Collectively, these agreements form a major share of the more than 55.9 GW of new PPAs signed in the last year, albeit largely concentrated in the United States.

At the same time, occupiers are doubling down on energy resilience and are taking matters into their own hands by moving towards on-site or near-site generation paired with storage. BMW's Leipzig plant, for example, includes four wind turbines built for direct supply, feeding electricity into the plant's network. BMW has also described how the turbines help cover base load and connect with on-site storage, including a battery farm using repurposed BMW batteries to create a more flexible relationship with the grid[4].

Such trends are also evident in parts of the data infrastructure world, with a "shadow power grid" emerging as large data centres build off-grid energy systems to bypass connection delays. OpenAI, for example, is shifting to a power-first design for its data centres. Instead of relying solely on existing grids, sites will include locally tailored energy plans, such as developing dedicated solar, battery storage and, potentially in some cases, using on-site natural gas microgrids[5].

Elsewhere, in February of this year, Google announced a $4.75 billion deal to purchase Intersect Power, a developer of wind and solar energy, making it the first tech giant to own a power company outright[6]. In the UK, AstraZeneca is fuelling its operations with "green gas" from a purpose-built biomethane plant. The plant is expected to supply 100 gigawatt hours (GWh) of renewable gas annually to AstraZeneca's sites in Macclesfield, Cambridge, Luton, and Speke[7].

Energy-related factors are now being considered from the outset when it comes to site selection. Companies are prioritising locations with abundant and reliable power supply that is scalable and cost effective, whether that means proximity to robust grids, access to renewable energy sources, or even locales where they can build their own generation. When Agratas (part of the Tata Group) progressed plans for its Somerset gigafactory, a senior construction lead described the site's National Grid electrical connection as "critical" and "fundamental" to ensuring a reliable energy supply.

Facility design upgrades are another emerging response. Occupiers that own facilities are retrofitting spaces with higher capacity energy infrastructure, cooling systems, metering, and back-up options. In offices, for example, layouts are evolving to include dedicated equipment rooms, each with its own cooling and back-up power.

Crucially, occupiers are not acting alone. They are actively engaging with landlords and utility companies early. They are insisting on energy clauses in leases, such as guaranteed power availability up to a certain load. Where the grid is proving to be a bottleneck, occupiers and landlords are working in partnership to approach utilities and regulators to find solutions, from fast-tracking feeder upgrades to exploring private substations. In extreme cases, entirely new power infrastructure is being put in place to serve clusters of high-tech occupiers. The relationship between occupiers, landlords and utility providers is becoming far more collaborative and strategic than in the past, which reflects the growing significance of the energy issue.

There is nothing more significant than growing cost exposure. In this respect, CFOs are closely watching energy markets and looking to secure stable rates, as well as implementing efficiency improvements. Ensuring real estate is optimised through the efficient use of energy is a critical lever. Not only through electrification, fabric and plant, but increasingly enabled through the application of data and technology to control both use and cost, again enhancing resilience. Deloitte's Amsterdam office at The Edge has become a totem of the smart building approach, with IoT-driven dashboards, the ability to shut down sections of the office on low occupancy days, supporting claims of a 70% reduction in electricity use in comparison to a standard office building.

In conclusion

It is an uncomfortable truth that energy is becoming a cornerstone variable in corporate real estate and location strategy. Those occupiers that treat power as a strategic asset will be better placed to secure growth, manage risk and deliver sustainability commitments in an era where kilowatts increasingly shape competitive advantage. Those who fail to do so are exposed to more risk, more cost, and more operational uncertainty.

How occupiers are responding

Forward-thinking occupiers are taking strategic action across eight distinct approaches to manage soaring energy requirements and mitigate the inherent risks. The following matrix maps each strategy to a real-world example and draws out the practical implications for occupiers approaching real estate decisions.

[4]https://www.bmwgroup-werke.com/leipzig/en/history.html

[5]https://www.networkworld.com/article/4119769/openai-shifts-ai-data-center-strategy-toward-power-first-design.html#:~:text=The%20company%20plans%20to%20build,on%20existing%20community%20grid%20resources.

[6]https://www.businesswire.com/news/home/20260310546074/en/TPG-Announces-Completion-of-%244.75-Billion-Sale-of-Intersect-to-Google-Launches-IPX-Power-as-Independent-Power-Producer

[7]https://trellis.net/article/astrazenecas-130-million-biomethane-plant-is-a-model-for-high-emitting-industries/

Direct acquisition of energy companies

real-world example

Google/Alphabet acquired Intersect Power for $4.75bn — the first Big Tech firm to own a renewable energy developer outright, bringing generation capacity in-house rather than relying solely on PPAs.

implication for occupiers

Signals that the largest occupiers now view energy supply as a core competency, not a utility. Smaller occupiers should expect tighter competition for grid access and renewable supply as the majors lock up capacity.

On-site generation and storage

real-world example

BMW's Leipzig plant includes four wind turbines feeding directly into the factory network, paired with a battery farm using repurposed BMW batteries to create flexible grid interaction.

implication for occupiers

Behind-the-meter solutions reduce grid dependence and provide cost hedging. Occupiers evaluating sites should assess rooftop/land suitability for solar, wind exposure, and structural capacity for battery storage.

Purpose-built renewable supply

real-world example

AstraZeneca is fuelling UK operations with green gas from a dedicated biomethane plant, supplying 100 GWh annually to its sites in Macclesfield, Cambridge, Luton and Speke.

implication for occupiers

Demonstrates that bespoke energy infrastructure can serve a multi-site portfolio. Owner-occupiers with long-term hold periods should model the business case for dedicated supply versus grid procurement.

Power-first facility design

real-world example

OpenAI is shifting to power-first data centre design, with locally tailored energy plans including dedicated solar, battery storage and, in some cases, on-site natural gas microgrids.

implication for occupiers

Energy is now the first design input, not an afterthought. Occupiers commissioning new facilities or major refurbishments should lead the brief with power density, resilience and scalability requirements.

Grid connection as site-selection criterion

real-world example

Agratas (Tata Group) described the National Grid electrical connection at its Somerset gigafactory as "critical" and "fundamental" to ensuring reliable energy supply.

implication for occupiers

Grid capacity is now a site selection filter on par with transport and talent. Occupiers should map available grid capacity and connection timelines before shortlisting locations.

Smart building energy optimisation

real-world example

Deloitte's Amsterdam office at The Edge uses IoT-driven dashboards and can shut down building sections on low occupancy days, claiming a 70% reduction in electricity use versus a standard office.

implication for occupiers

Technology-led efficiency is the fastest route to reducing energy cost exposure within an existing lease. Occupiers should audit sensor, metering and building management system capabilities as part of any lease event review.

Energy clauses in leases

real-world example

Occupiers are insisting on guaranteed power availability up to a specified load, with landlord commitments to upgrade substations or install on-site generation written into lease terms.

implication for occupiers

The lease is becoming an energy contract. Occupiers approaching lease events should negotiate power guarantees, scalability provisions and cost pass-through protections as standard.

Collaborative utility partnerships

real-world example

Occupiers and landlords are jointly approaching utilities and regulators to fast-track feeder upgrades, explore private substations, and in some cases build entirely new power infrastructure for high-tech clusters.

implication for occupiers

The occupier-landlord-utility relationship is now a strategic three-way partnership. Occupiers should engage with landlords early to assess and de-risk energy supply.

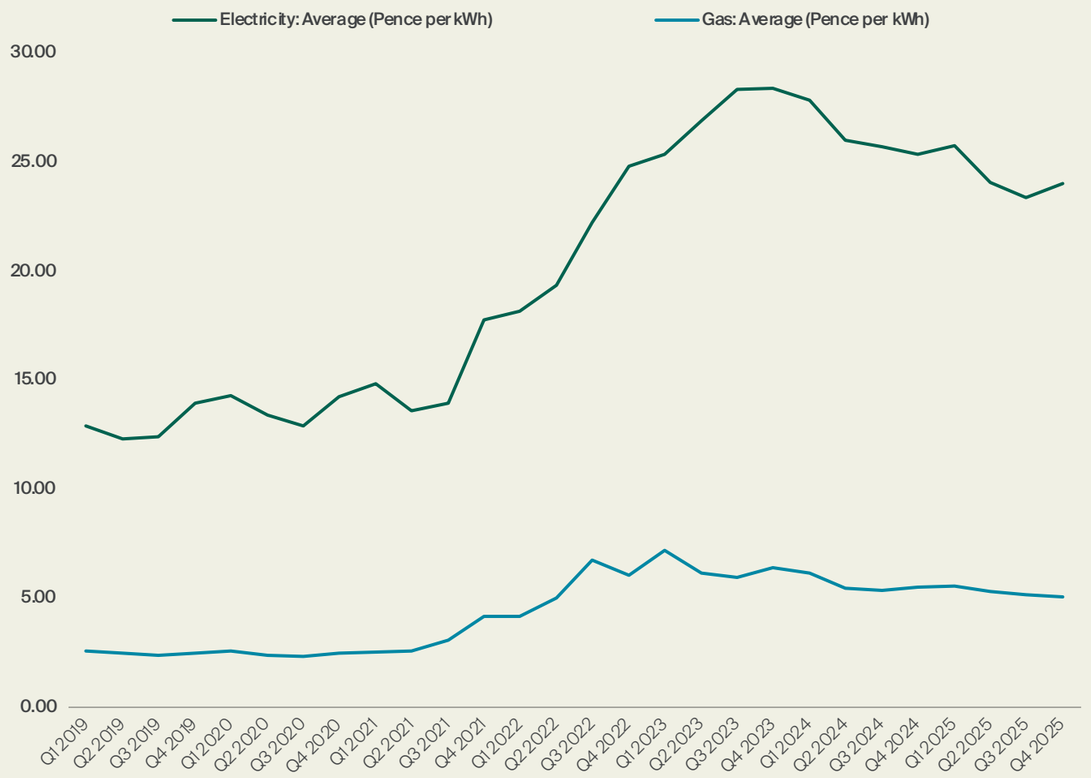
Routes to power: energy procurement for cost, carbon, and reliability

Flora Harley
Partner, Head of Energy & Sustainability Research

The source of energy and cost of energy is increasingly important for occupiers. Here we examine procurement options, cost implications, and carbon reporting requirements.

Fig. 1 Cost pressures

The average pence per kWh (including Climate Change Levy) for gas and electricity, non-domestic users all sizes



Source: Knight Frank Insight, DESNZ

With nine in ten corporate occupiers now viewing real estate as a strategic asset, according to the fourth edition of (Y)OUR SPACE, its ability to perform is non-negotiable. Power sits at the centre of that performance. Long treated as a given, energy can no longer be taken for granted. Demand is rising sharply, supply is increasingly constrained, and ageing grid infrastructure is exposing real estate strategies to new cost, operational and resilience risks.

Yet this is not just about access. It is also about affordability. More than two-thirds of the respondents to (Y)OUR SPACE, regard the primary goal of their real estate strategy to be delivering operational efficiency and cost management (68%). Energy availability is not only a driver but a key consideration in these elements, particularly for organisations with extensive property portfolios.

In the UK, this cost imperative has increased since late 2021, given the rise in electricity and gas prices, as shown in Figure 1. Although prices have eased since early 2024, they remained almost double those seen in 2019-2021, up 74% for electricity and 97% for gas in Q4 2025. The ongoing conflict in the Middle East is likely to lead to an increase from Q1 2026 onwards with the duration of the conflict dictating how high natural gas and oil prices rise and for how long. Even with ongoing talks, much remains uncertain.

While cost is a key focus, energy choices and considerations have wider resonance as they are central to sustainability targets and transition plans. Energy consumption directly influences Scope 1 (on-site combustion) and Scope 2 (purchased electricity) emissions. Reviewing sustainability reports and transition plans of major occupiers reveals clear trends: a shift toward electrified buildings, and increased reporting on the proportion of renewably sourced energy. This is likely to be coupled with efficiency considerations which are driving occupiers to increase the proportion of their portfolio which has sustainability certifications, such as BREEAM or NABERS.

Highlighting the opportunity, according to CDP (global non-profit that runs a global environmental disclosure system), companies implementing emission reduction initiatives in 2024 collectively reported $54.4 billion in annual cost savings[8], primarily from energy efficiency and low-carbon generation. These savings are expected to grow as initiatives mature over the next decade. Knight Frank's own illustrations of 'typical' and 'good' practice buildings show potential energy savings, especially with electricity being a more efficient fuel in its conversion to energy.

With this in mind, understanding energy procurement routes and their impact on reporting is essential if real estate assets, strategies and corporate ambitions are to be fully aligned.

[8]https://www.cdp.net/en/press-releases/companies-save-54bn-through-low-carbon-action

Energy procurement strategies

For occupiers, energy is either directly procured for own use or procured via the landlord. In the latter case, stipulations and conversations can be had to influence the landlord strategy. As either a landlord or occupier there are then a few options for energy procurement - starting with going direct to a supplier or through an energy broker. But now, the subsequent choices have opened up beyond traditional tariffs, with on-site and private wire options as well as virtual or sleeved/ unsleeved Corporate Power Purchase Agreements (CPPAs or PPAs) now in place.

Decision-making in this area involves a wide set of interrelated choices, ranging from whether to use fixed or flexible rate contracts to determining how much to procure, through which mechanism, and at what price. These commercial decisions are further complicated by the need to consider carbon reporting obligations and how procurement activity aligns with broader corporate sustainability strategies. The following section outlines some of the potential trade-offs and considerations at each stage of the process.

Type of contract

Fixed

Has a set length, typically 12 – 18 months, the price is set on the day the contract starts.

Pros

Fixed cost for the contract length enabling planning, enables flexibility in demand/usage.

Cons

Highly dependent on the price on the day the contract begins.

Flexible

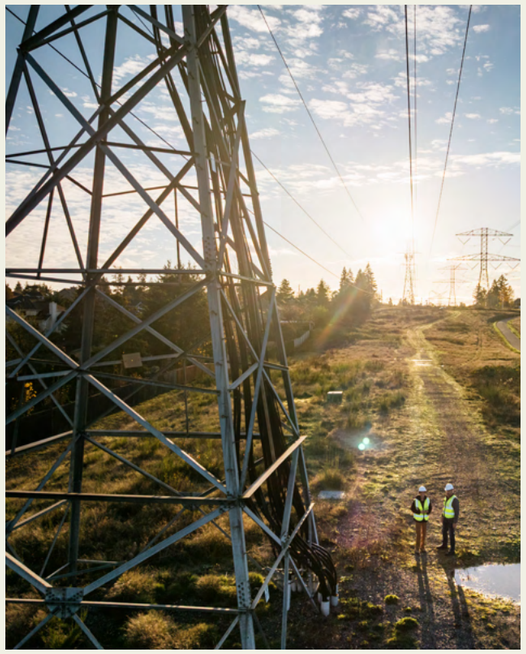
Can buy for set time periods or quantum. E.g., with a typical annual use of 100,000 kWh, the user could buy 30,000 kWh at a set price and then phase the buying of the additional requirement depending on market movements. This can include limits for buying i.e., if the price hits £x buy y kWh. This can be done as a 'pool' through a broker which may enable more preferential rates.

Pros

Can have some certainty and yet this still allows the ability to buy power at different prices to take advantage of fluctuations - essentially a type of hedging strategy. It also enables flexibility in demand/usage.

Cons

Active management required, cost not constant throughout the period, prices fluctuate due to geopolitics, weather, and other external and uncertain factors.



EXPLAINER

Carbon Implications

How can owners and occupiers secure renewable energy that counts towards emissions reduction targets? The UK Green Building Council (UKGBC)[9] recommends assessing procurement against three key principles listed in the following with an energy hierarchy for procurement routes which meet all three.

[9]https://ukgbc.org/our-work/topics/advancing-net-zero/renewable-energy-procurement/

01 | Energy attribute:
Exclusive ownership and claim of the renewable electricity's attributes, either through on-site generation or via Renewable Energy Guarantees of Origin (REGO) certificates. Each REGO represents the zero-emissions attribute of each 1MWh of renewable energy and must be retired to avoid double-counting.

02 | Renewable source:
Energy must come from non-fossil fuel sources such as wind, solar, hydro, biomass, and others.

03 | Additionality:
This principle is met when an organisation either generates its own renewable energy or enters into a contract that directly enables the construction of new renewable facilities. Projects that meet additionality result in real, verifiable emissions reductions by actively increasing renewable generation capacity.

While a popular route, REGOs alone are not enough to meet all three criteria. Each REGO can be traded separately from the actual electricity, meaning not all "green" power is truly renewable. Some suppliers purchase REGOs from the wholesale market to bundle and brand electricity as renewable. With many not linked to a specific asset, at a specific time, a REGO does not guarantee additionality as it may be harder to justify electricity received at all times is from renewable sources, for example when the sun doesn't shine. For genuine quality renewable energy procurement, energy must meet the additionality criteria, with the hierarchy as on-site first, then private wire, followed by contracts that enable new renewable capacity, such as CPPAs.

Beyond the Grid

With the expanded options to include on-site generation, private wire, and other types of CPPA, we highlight the dominant elements, with some of the potential pros, and cons, for consideration.

On-site

Solar panels on rooftops, adjacent land, or carports.

Pros

Carbon emissions reduction or even carbon positive. Can be either a fixed price and term if contracted with an installer/operates through a PPA, or can be self-generating and 'free' other than overheads and maintenance if self-owned and operated. Investing in on-site renewables provides direct additionality for carbon reporting. As an occupier there may be scope to invest and operate schemes directly, or this may be an option from the landlord or third-party operator, which can then be charged either through a PPA, included within rental payment or as a rental uplift.

Cons

Can be capex intensive, site suitability would need to be assessed and there could be contract negotiation implications.

Private wire

Connect to nearby renewable energy generation sites as a direct offtake.

Pros

Carbon emissions reduction or even carbon positive. Likely to be fixed price and term with a PPA, with prices typically those which would be seen through the grid due to removal of transmission network costs. These arrangements also provide greater clarity for where the electricity is being produced through respective metering compared to green tariffs.

Cons

Dependent on locality and available space, also on contract negotiations.

Sleeved/unsleeved/virtual CPPA

Buy for a set time period and quantum from a specified renewable site. E.g., 100,000 kWh per year for 10 years from Sunny Solar Farm.

Pros

With a set recharge rate with fixed indexation, long-term PPA arrangements provide some certainty in future electricity costs for tenants and landlords aiding decisions in investment opportunities. Typically at a lower cost, especially as removing some wholesale market charges. Carbon emissions reduction due to additionality element being met.

Cons

Fixed demand usage means that you must pay for what is purchased, even if below actual usage.

Key considerations and parameters

For any strategy there are several core considerations, including the organisation's power demand profile, the factors that drive power prices, and the carbon implications associated with different procurement choices.

First and foremost is energy demand.

Demand forecasting is critical for CPPAs because these agreements typically start at 20 MW and involve long-term commitments, making accurate volume estimation essential to avoid paying for unused energy. Generally speaking, organisations procure 50–60% of anticipated consumption through CPPAs to maintain flexibility for fluctuations and short-term market purchases. In addition, the demand profile is important to understand when considering source. For example, if the organisation consumes a lot of energy at night, it may be better suited for a wind farm PPA.

Landlords can allocate CPPAs across portfolios, and large occupiers can redistribute contracted energy across sites, but risks such as vacancies, operational variability, and seasonality must be factored in. Future growth, electrification of heating, and EV charging can significantly increase demand, so scenario planning is key. A buffer strategy which covers base load with CPPAs and sourcing the remainder via flexible tariffs, can help to balance cost certainty with adaptability.

Scale matters when securing energy prices. As shown in Fig 2, the gap between electricity prices paid by very large users and small/medium users widened sharply after the 2022 price spike, increasing from an average 2.1 pence/kWh in the 2019-21 period to 6.6 pence/kWh in 2022/23, before easing slightly to 6.1 pence/kWh average

in 2025.

Fixed or flex and lock-in period.

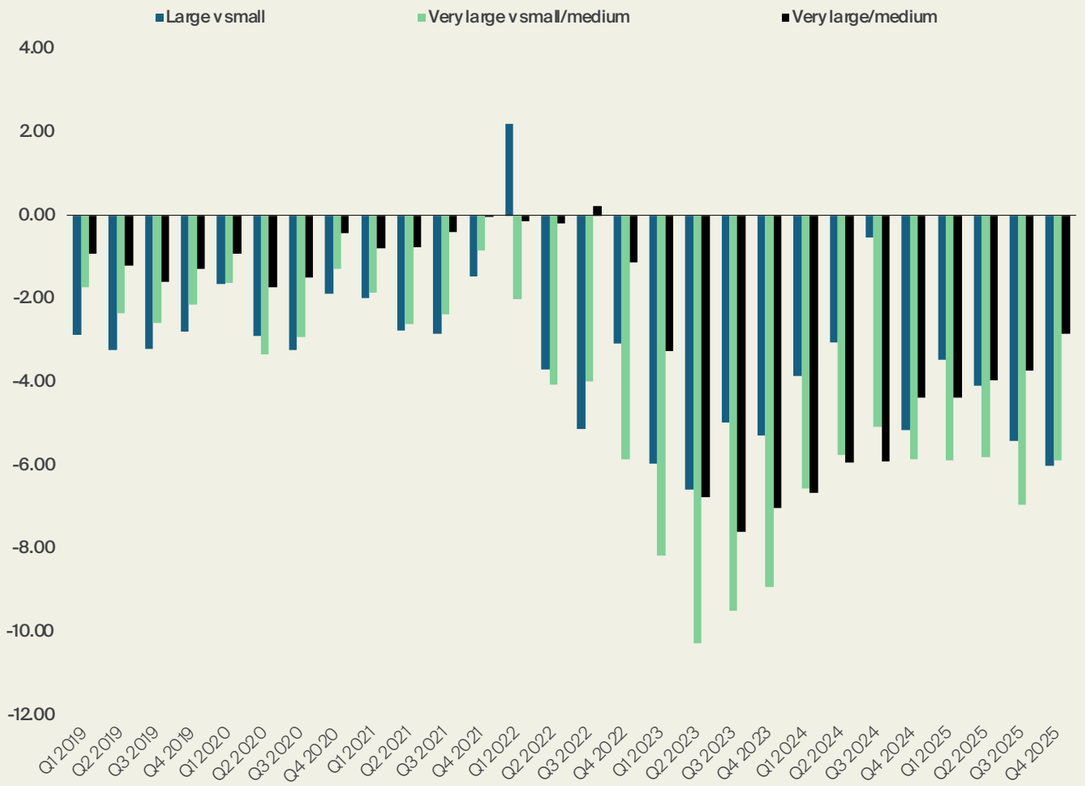
Understanding market drivers, reforms (e.g., UK REMA), and geopolitical risks and how these may influence price. Looking at the spiking of electricity prices in Q1 2022, Fig 2 highlights that small users were paying, on average 3 pence per kWh (p/kWh) less than large users, but this quarter was an outlier with small users typically paying an average 2.6 p/kWh more prior to the spike, and 4.7 p/kWh over the most recent 12 months. This may hint at the flex v fixed, length and procurement difference between smaller and larger users.

Carbon Integrity and future standards

Avoiding REGO-only solutions ensures renewable energy is genuinely additional. GHG Protocol updates (expected by 2027) may further tighten Scope 2 reporting with hourly matching and deliverability requirements. Seeking time-matched options can ensure this is captured in strategy and targets.

Fig. 2: Size matters

The average differential paid (in pence per kWh) for electricity for non-domestic users of varying sizes



Source: DESNZ, Knight Frank Research
Note: Annual consumption bands (in MWh) are: Very Large: 70,000-150,000, Large: 20,000-69,999, Small/Medium:500-19,999, Small: 20-499

Bottom Line

Energy procurement has evolved from a back-office task to a strategic lever for cost control, carbon reduction, and resilience. For occupiers and owners alike, aligning procurement strategies with corporate sustainability goals is critical to future-proofing real estate portfolios.

Matt Hayes
Senior Research Analyst,
Occupier Research

A selection of recent news stories that caught our eye and are illustrative of the trends and tone of occupier decision-making across global real estate markets.

01 The Rise of the Power Purchase Agreement

KEY TAKEAWAY:

Corporates are turning to renewable power purchase agreements (PPAs) to cut emissions and protect themselves against continued energy price volatility.

Virgin Media O2 Powers Up Its PPA Strategy

Read More

Virgin Media O2 has signed a 10-year power purchase agreement with egg Power to source solar energy from a new solar farm in Suffolk, UK. The site will supply around 5% of the company's total energy needs. The agreement follows a 2025 wind energy deal with The Renewables Infrastructure Group. Together, the two arrangements mean around 20% of Virgin Media O2's energy supply will come from power purchase agreements. Virgin Media O2 said the deal supports its commitment to use renewable energy at sites where it controls the bill, while helping to secure long-term clean energy at predictable costs.

Mars Steps Up Its Renewable Push

Read More

Mars continued to build out its Renewable Acceleration Program in early 2026, a scheme designed to help cut its total carbon footprint by 10% by 2030. In February, the company signed one of its largest renewable energy commitments in Europe to date, securing 70% of the output from the Kölvallen Wind Farm in Sweden through a long-term agreement with Foresight Energy Infrastructure Partners. In April, it followed up with its first PPA in Lithuania. The moves build on the programme launched in 2025 with Enel North America as Mars's first energy partner, followed by a deal with GoldenPeaks Capital to launch more than 100 solar projects in Poland.

Norsk Hydro Locks in Hydropower for Aluminium

Read More

In April, the Nordic aluminium engineering group signed two long-term power purchase agreements with Statkraft to supply its primary plants in Norway with hydroelectricity. The first secured the delivery of around 900 gigawatts of Aluminium is one of the world's most electricity-intensive industrial processes, accounting for around 4% of global power consumption. Covering 12.3 terawatt-hours over ten years, these deals are designed to strengthen the long-term competitiveness of Hydro's Norwegian aluminium operations and support its lower-carbon aluminium strategy.

Big Tech Dominated the PPA Market in 2025

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New research from BloombergNEF reveals that the world's leading technology companies are accounting for a growing portion of corporate clean energy purchasing. Meta and Amazon alone contracted an aggregated total of 20.4 gigawatts of green power in 2025, representing enough energy to power Denmark. Alongside Google and Microsoft, the only other organisations to have bought more than two gigawatts of clean energy in 2025, these tech giants accounted for 49% of all clean energy deals worldwide last year.

Both of these occupiers have continued to scale their green energy capacity in recent months. Meta has agreed deals with MN8 Energy and Engie North America to secure electricity generated at solar projects in Pennsylvania and Texas, respectively. It has also extended its relationship with Madrid-based Zelestra to expand the contracted capacity of their PPAs to around 1.2 gigawatts across seven US solar projects. Meanwhile, Amazon has also built its partnership with German power producer RWE, signing a new long-term PPA for 110 megawatts of electricity from RWE's Nordseecluster offshore wind project in the North Sea. While underlining the continued importance of PPAs to both of these occupiers' energy strategies, these developments also highlight points of divergence, as Meta's attention remains focused on US-based solar projects to power its national data centres, while Amazon addresses global needs with different kinds of green energy sources.

02 Other Green Initiatives

KEY TAKEAWAY:

Pressure to support global decarbonisation is pushing occupiers to devise more credible, transparent, and outcomes-focused climate strategies that will shape real estate needs. Premises with measurable energy, carbon, and resilience performance will gain strategic value as occupiers look to close the gap between stated climate commitments and real-world progress.

SBTi Target-Setting Rose 40% in 2025

Read More Read More

New data from the Science Based Targets initiative (SBTi) reveals that 9,764 companies had approved science-based sustainability targets at the end of 2025. This represents a two-fifths uplift year-on-year. Meanwhile, the number of companies with validated net-zero targets increased even faster, with a 61% increase over the course of the same period.

By sector, healthcare recorded the fastest growth in SBTi-aligned target setting in 2025, while IT and materials were also reportedly among the leading sectors for new targets. This is indicative of momentum across both service-based and industrial elements of the global economy. At a regional level, Asia recorded the fastest rate of new target adoption (53% up year-on-year). Meanwhile, Europe remained the largest contributor to the initiative in absolute terms, accounting for 49% of organisations with validated targets, although strong increases in the rates of adoption were also recorded across African companies (48% up year-on-year) and those in Latin America and the Caribbean (42%).

This data was published following news of the SBTi achieving an important milestone, with the number of companies with validated targets reaching 10,000 in January 2026. This, together with the latest data on adoption rates over the course of 2025, underlines how an increasingly substantial proportion of the world's leading occupiers are buying into the business case for climate action. With decarbonisation targets that have been validated by the SBTi, organisations are committing to globally-recognised sustainability standards and transparency regarding their progress. This will bring accountability, incentivising investments with measurable benefits, more impactful decarbonisation initiatives, and the strategic prioritisation of long-term organisational resilience and market positioning.

38% of Companies' Emissions Trajectories Align with Global Climate Goals

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The MSCI Transition Finance Tracker found that, while companies have continued to set climate targets over the past year, 62% are on course to align with a trajectory that would exceed the climate goal of limiting the global temperature increase to 2°C above pre-industrial levels this century. Indeed, MSCI found that 26% of companies align with a temperature increase of more than 3.2°C, and the world's listed companies' climate targets currently implying warming of 3.0°C, which indicates that publishing public environmental commitments and accountability to shareholders do not necessarily correlate with effective climate action.

MSCI reports that emerging markets are among those with the most significant temperature increase trajectories, with the strategies of companies based in Saudi Arabia, Indonesia, India and China translating to trajectories of 10°C, 7.9°C, 4.9°C, and 4.4°C, respectively. Meanwhile, the countries with the best performing companies are Italy (1.8°C), Germany (2.0°C), France (2.3°C) and Japan (2.4°C). We should therefore expect to see a number of companies based in Japan and Continental Europe's biggest economies enjoy sustainable growth on the back of investments in building long-term resilience, while watching out for evidence of organisations across the Middle East and Asia Pacific's fastest-growing markets taking action to remedy the most emission-intensive aspects of their operations.

JPMorganChase Scales Sustainable Real Estate

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JPMorganChase is extending its sustainable real estate strategy across its global portfolio of offices, branches and data centres, with a focus on lowering operating costs, cutting emissions and improving workplace performance. The strategy combines green building certifications, all-electric design and renewable energy procurement, with key examples including its new all-electric headquarters at 270 Park Avenue and the Polaris campus in Ohio, where on-site solar supplies most of the building's power. On the retail side, the firm says its newer sustainable branches have reduced energy costs, while in data centres it is consolidating into more modern private cloud-based facilities to reduce energy and water use. Across its office footprint, JPMorganChase has accelerated measurable sustainability outcomes. In 2024 alone, more than 1 million sq ft of space across its portfolio achieved green building certifications globally.

03 AI-Led Transformation

KEY TAKEAWAY:

Major corporates are accelerating large-scale AI-led transformation initiatives that will reshape how they design, optimise and operate within their real estate footprints. As occupiers adopt new tech to boost efficiency and agility, demand will increasingly focus on highly-connected, energy-resilient and flexible facilities that support continuous evolution and operational adaptability.

HSBC Weighs an AI-Led Workforce Reset

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Banks have been among the first adopters of enterprise-wide AI strategies, with deployments targeting operational efficiencies through streamlining back-office processes and automating iterative tasks, such as payment verifications. This is inevitably impacting workforce planning. As part of an AI-led overhaul of its operating model, HSBC is reportedly considering cutting up to 20,000 roles, or about 10% of its workforce, over the next few years. The roles most exposed are said to be non-client-facing positions in global service centres, but the review is still at an early stage and no final decisions have been made.

The story frames the possible cuts as part of chief executive Georges Elhedery's wider restructuring push, with AI seen as a source of cost savings in areas such as customer service, compliance, transaction monitoring and know-your-customer processes. A portion of these workforce reductions could materialise through the sale of business units or natural employee turnover.

Snapchat Leans Into AI for Coding

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Social media group Snap Inc reports that 65% of its new code has been generated by AI. This reflects the integration of a variety of solutions into the group's software development processes, from code generation and improvement to debugging. For Snapchat, the adoption of AI tools is allowing it to adopt a new 'jobs to be done' delivery model, focused on addressing users' individual needs, aggressively leveraging agents to move faster and deliver more. It is also the principal driver behind an operational streamlining programme, which will result in job cuts impacting around 1,000 roles (or 16% of its global headcount) and a reported $500mn of annual savings by H2 2026.

Generali Launches 'Software Factory'

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The Italian insurance and asset management group has announced the launch of Generali Core Tech. Acting as a centre of excellence, this 'software factory' will build a team of around 150 AI experts, including new and existing employees, and work in close collaboration with local IT and business teams across the group's business units to advance technological transformations. Generali describes how the new unit will build "scalable, shared and innovative platforms that support business growth and help deliver consistently higher value to customers and partners." In addition to accelerating the group's core systems transformation, this work will include the continued development of the group's 'Insurance in a Box' offering, a shared insurance platform for the delivery of life, property and casualty solutions.

This move is part of Generali's 'Lifetime Partner 27' strategic plan. The group has earmarked up to €1.3bn for investment in tech and AI projects, focused on improving operational efficiency, underwriting performance and customer experience. This context helps to underline the scale of occupiers' investment and the strategic emphasis on transformation initiatives that will reshape their operations and, in turn, redefine what they need from their CRE footprints.

Team in Focus: Energy and Sustainability

6 Questions with David Goatman

Partner, Global Head of Energy & Sustainability

How does Knight Frank's approach to supporting clients with energy procurement make it distinctive?

Knight Frank combines traditional energy procurement expertise with a deep understanding of renewable energy markets and real estate operations. There has been a shift in recent years from simply the lowest-cost supply, towards renewable procurement, visibility, and longer-term contracting, meaning that occupiers need advisers who can interpret both energy markets and building behaviour. Our approach integrates knowledge and advice on how occupiers use their buildings, how energy intensity varies across assets, and how renewables are financed and developed. Bringing these capabilities together allows us to structure procurement strategies that can best meet the goals of cost efficiency and support decarbonisation, while aligning with occupiers' operational realities.

Demand for power is rising fast. How does that change where occupiers choose to locate, the sustainability credentials they require, lease agreements, owner-occupied portfolio management and energy procurement strategies?

Severe pressure on grid capacity is now reshaping location strategy, asset choice, and procurement. Years of growing electrification, volatile renewable generation, and the acceleration of data centres and AI have pushed available grid capacity, which had already been constraining development, in many regions close to zero. As a result, sites once considered secondary may become prime because they have incoming power available. Traditional core locations may simply be undevelopable without major off-grid solutions. These pressures, alongside volatile energy costs as already noted, have been pushing occupiers to prioritise highly efficient, sustainability-led buildings. Portfolio planning now requires a sharper assessment of how efficient buildings operate, grid constraints, and the long-term scalability of supply at both owned and leased sites.

What are the five steps you think every occupier should be taking to de-risk their portfolio and secure affordable, resilient power?

1. The first step is always to ask: do you understand your energy use in detail? Reliable, verifiable, and granular data is the foundation of any energy strategy, how much energy are you actually using across your buildings and how does this change. Many occupiers still rely on crude datasets and estimates of usage. Having robust metering, platform integration, and real-time visibility enables benchmarking and informed decision-making.

2. The next step is identifying where the efficiency opportunities lie. Once high-quality data is in place, assess building design, age, and operational patterns to identify retrofit and on-site reduction measures. This could reduce energy usage, helping to make the asset more resilient as well as contributing towards sustainability targets.

3. Can on-site solutions reduce reliance on the grid? Batteries and on-site renewables are increasingly being looked at to reduce exposure to external grid constraints.

4. Does your energy procurement strategy match your long-term operations? As occupiers plan for the longer-term, the length of contracts and type of procurement are key. You need clarity on location strategy, operational scale, and how that will have an impact on energy requirements.

5. How do procurement choices support decarbonisation? Aligning contracts with renewable sources and matching them to operational needs creates a coherent energy strategy rather than a series of short-term cost decisions.

Looking ahead three to five years, what are the trends or new technologies that will most reshape occupier real estate strategy through the energy lens?

The most rapid change is likely to come from behind-the-meter solutions. Occupiers have limited influence over national grid decisions, which are slow and capital-intensive. The technologies that can be deployed directly on-site offer the most immediate resilience and cost benefit.

What personal or teamwide achievement are you most proud of in your time to date with Knight Frank?

We have built one of the largest renewable energy procurement contracts in the UK property industry. Through consistent delivery, we have grown the contract to close to 1,000 properties, securing renewable energy for many of the sector's largest owners. The resulting decarbonisation impact is significant, with an estimated 100,000+ tonnes of CO2 saved across the three years, and the contract continues to expand. It stands out in the industry not just for scale, but for its credibility and the value it delivers to clients.

And finally, what excites you about the future?

The scale of the energy challenge is unprecedented, but it is also catalytic. The demands of AI and data centre growth mean grid and on-site solutions will advance far faster than they otherwise would have. We will see efficiency technologies, storage, and renewable integration evolve at a pace measured in two to three years rather than 10 to 15. While some view AI as a sustainability risk, it is already too embedded to reverse. The opportunity lies in using this pressure to accelerate change across the entire built environment and push the system towards lower-carbon, more resilient energy models.

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We like questions, if you've got one about our research,
or would like some property advice, we would love to hear from you.

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