

Unlocking Social Value in Real Estate



A business redesign journey
for real estate organizations considering,
creating, and delivering social value

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*If we cannot define what we mean by value,
we cannot be sure to produce it, nor to share it fairly,
nor to sustain economic growth.*

(Mazzucato, 2018, p. xix)

Colophon

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Jaqueline Mongeroht,
Delft, June 2025

Executive Summary

The real estate industry plays a pivotal role in shaping sustainable urban environments, yet it faces significant challenges in integrating social value into its business models. This research adopts a comprehensive system perspective to explore how the European real estate industry can effectively incorporate social value into its strategies, aiming to contribute to systemic change towards a sustainable and equitable transition in the built environment.

Sustainability is multi-dimensional, encompassing environmental, economic, and social pillars. While environmental and economic sustainability often take precedence in the real estate industry, social aspects are equally critical to achieving comprehensive sustainable development. This research focuses on how real estate developers within the EU can embed social value into their business strategies, thereby advancing environmental and social sustainability. The primary objective is to mobilize systemic change in the industry to foster a more sustainable and just built environment. Integrating social value into real estate development is not merely a supplementary goal but a central component of a sustainable business model. Social value in this context refers to the impact of development projects on communities, including considerations of equity, accessibility, and quality of life. Organizations in the real estate industry must address these social dimensions alongside environmental and economic factors to ensure holistic sustainability.

Despite the recognized importance of social value, many real estate organizations face substantial barriers to its systematic adoption. These obstacles include limited awareness of social value frameworks, a lack of standardization in measuring social impacts, and resistance to change from established business practices. Additionally, the traditional focus on financial returns often overshadows social considerations, making it challenging for developers to prioritize social value in decision-making processes. The research identifies several key drivers and enablers that can facilitate the integration of social value into real estate business models. Including regulatory frameworks and legal incentives, green financing, training and education, and standardization of metrics.

The study proposes a strategic roadmap for real estate developers to implement a business design where social sustainability is integral to the value proposition. This step in the strategy includes assessment and planning, development of social value metrics, stakeholder collaboration, implementation and monitoring, and feedback and improvement. The research underscores that the real estate industry must urgently embrace sustainable practices to address the climate crisis and promote social equity. This report argues that, beyond moral and ethical imperatives, investing in a sustainable built environment is a strategic necessity for long-term business success. The proposed roadmap offers a practical framework for real estate developers to integrate social value into their business models, contributing to a more sustainable and equitable future.

Keywords: Social Value, Social Impact, Real Estate, Built Environment, Value Creation, Sustainable Development.

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1 INTRODUCTION

1.1 The Impact of Real Estate

Our built environment generates social impacts across a broad spectrum of areas, which can significantly influence the quality of life, health, and opportunities available to individuals and communities. Such an impact, however, is not always positive as the building industry can provide a window into several social issues. The building industry is responsible for almost 40% of global CO² emissions, heavily contributing to the climate crisis, which is inherently a social problem – Already affecting 85% of the world's population (Callaghan et al., 2021).

Multiple societal challenges are significantly heightened by the real estate industry: while rising home prices have triggered a debate about troubling levels of wealth inequality, barriers to obtaining property can point to fundamental problems with racial and ethnic marginalization. Also, an unregulated real estate market can be a source of instability, as in the case of housing bubbles, though environmentally sustainable planning and the focused use of technological innovation can help foster healthier urban living and reduced emissions (WEF, 2024). With growing societal challenges relating to climate change, urban densification, and social upheaval, there has been a shift in thought on how businesses operating in the building industry can improve people's lives (Samuel and Hatleskog, 2020). In this context, the real estate industry is critical to achieving a more sustainable future due to the impacts it creates. It is estimated that over the next four decades, global building floor area will double, adding the equivalent of a city the size of Paris every week in new building construction (UNEP, 2020). As one of the largest economic ecosystems in the world, the industry has a significant role in achieving global sustainability goals (World Green Building Council, 2021).

As such, the aim of sustainable real estate development has matured from reducing environmental harm to creating a positive impact on the environment and societies, thus improving social conditions from design to construction, management, and operation of buildings (Khatibi and Khaidzir, 2022). The sustainability movement within the building industry has been on a journey over the last three decades. Initially, the green building movement focused on operational energy use, efficiency, and primarily environmental concerns. However, the World Green Building Council (2021) suggests that the scope and breadth of sustainability ambition has dramatically expanded, encompassing now the diversity of the UN Sustainable Development Goals (UN SDGs), to be considered across all stages of the building and construction lifecycle, plus the communities and infrastructure that serve our buildings as well as the built assets themselves.

As a major economic activity, the real estate industry has become considered not only by governments but also by socially responsible investors to play a key role in mitigating societal problems by advancing sustainable development. As indicated by Raiden et al. (2018), on the one hand, there are several opportunities for companies operating in the real estate industry to create cross-sectoral partnerships to

deal with the challenge of measuring and reporting social sustainability indicators. On the other hand, such collaborations are often hindered by a complex landscape of actors usually facing opposing directions.

1.1.1 The Rise of Environmental, Social, and Governance

Environmental Social Governance (ESG) is a corporate benchmark for impact assessment. ESG evolved as a response from investors looking to assess the impact of businesses' activities on the environment and communities. Currently, ESG strategies and reporting are embedded in many companies' operations and, while the 'S' in ESG stands for Social Value, the focus is still mainly on the 'E' of environmental. ESG reporting has been rising in the last decade as indicators related to climate risk have become more relevant for large institutional investors and pension funds (Serafeim & Eccles, 2019).

Recent data shows that almost two-thirds of real estate investors express their concern for climate change, and therefore, adopting an ESG strategy could help them avoid investment risks, since more than 30% of properties acquired by Real Estate Investment Trusts' (REITs) are threatened by climate change (Chan & Paul, 2019). There is an upward trend for sustainable real estate with industry leaders increasingly prioritizing ESG performance (Serafeim & Eccles, 2019). However, to transition to a sustainable construction and real estate industry, a multidisciplinary and integrated approach to ESG is required.

Beyond financial gains, the ESG framework looks at how companies can create and share value across the supply chain. In the real estate industry, accounting for environmental, social, and governance impacts can represent a substantial contribution toward sustainable development. Real estate companies should consider ESG as an opportunity to challenge the status quo and a tool for tackling the climate crisis. They must also recognize that, although transitioning towards sustainability can be costly, it cannot be avoided much longer, and investing in reducing the environmental and social impact of their activities will benefit all in the long run (Deloitte Nederland, n.d.).

1.1.2 Sustainable Development in the EU

Several global treaties and agreements are encouraging countries to take steps to limit the global temperature increase to 1.5°C (United Nations, n.d.). The global efforts come together in the agreements made in the Paris Climate Agreement in 2015. There are also numerous global measures aimed at steering towards sustainable urban development. Topics such as "sustainable real estate" and a "greener built environment" receive considerable attention in current EU legislation and regulations (Deloitte Nederland, n.d.).

To achieve European goals, the European Union has introduced a series of policy goals and guidelines in recent years, which impact, among other things, the European construction and real estate industry. In this way, the policies and directives offer appropriate instruments to push the construction and real estate industry in a sustainable direction. However, the responsibility does not stop with our government. To

actually take steps, collaborations between the public and private sectors, including knowledge institutions and non-profit organizations, are of great importance (Deloitte Nederland, n.d.). A group of technical experts from the EU has pointed out that to achieve the set sustainability ambitions, there is a need for appropriate contracts, the formation of knowledge coalitions, and regulatory compliance. According to the team, all stakeholders involved in the many phases of the construction and real estate chain have their share of responsibility to advance sustainability by actively looking for the challenges and opportunities in the industry (European Commission, 2020).

A development from the Paris Agreement and making the Climate Goals actionable on the European level, the European Green Deal is an example of global leadership in ambitious sustainability policy. The EU Taxonomy is a key component of the European Green Deal and a pioneering step in global financial regulation, especially in promoting sustainable investment and ESG reporting. Now mandatory for many European financial institutions, it establishes a classification system to evaluate economic activities, including building and construction, based on their environmental impact and performance (European Commission, 2020). According to Birgisdóttir et al. (2023), by encouraging a decarbonized and resilient environment, the EU Taxonomy will help future-proof investments against regulatory risks. It also guides capital flow into sustainable urban development through regulations like the Sustainable Finance Disclosure Regulation (SFDR) and the Corporate Sustainability Reporting Directive (CSRD) (Birgisdóttir et al., 2023). The Taxonomy supports access to green financial products, promotes investment in energy-efficient buildings, combats greenwashing, sets a framework for best practices, enhances market competitiveness, and reduces risk by providing a clear sustainability language and criteria for the built environment.

Despite regulatory advancements, the real estate industry is far from achieving the Climate Agreement. Part of the problem is the lack of cooperation and alignment among the industry stakeholders agreeing on enforceable regulations, uncertainty on the benefits of sharing ESG data, and transparency benchmarking sustainability performance (Deloitte Nederland, n.d.).

1.1.3 The Social Value Potential

As with corporations in diverse sectors, accountability for environmental, social, and governance (ESG) practices now plays an important role in the strategic and operational activities of real estate organizations. Historically, nonetheless, the social dimension has been relatively neglected in comparison to the economic targets and environmental issues (Raiden et al., 2018). There is an urgency to fill this gap, with real estate organizations recognizing that sustainable development cannot be achieved without focusing on the social dimension. To achieve the social sustainability targets set for 2030 by law and regulations – specifically, UN SDG 11 concerning Sustainable Cities and Communities – we need a broader, coordinated, and systematic action toward social value creation amongst business leadership in real estate.

Without considering, creating, and delivering social value and prioritizing ‘people’ across sustainability bottom lines, real estate development cannot be considered sustainable. Real estate businesses must

rethink how they create value, recognizing that their value propositions need to go beyond profit considerations, accounting for how their activities impact the people and communities across the value chain of their business operations. In academic circles, the recent interest in the concept of ‘social value’ (or the capital ‘S’ in ESG) in the real estate industry has been largely a response to the need to fill this knowledge gap. In practice, social value has been driven by legislation, procurement, and growing community demands for greater social responsibility in real estate business practices (Raiden et al., 2018). Despite the governmental policies and public demand for compliance, there remains no agreed international standard for social value and social impact assessment in real estate activities, with some variability in the use of these terms across different disciplines (Raiden et al., 2018). How to operationalize social value remains one of the most controversial and challenging topics in this space and just one of several barriers to the real estate industry’s potential integration of the social dimension of sustainability in core business strategy and decision-making.

Creating social value also involves changes that require cooperation from numerous and dispersed actors, and it may be challenging to align their sometimes-divergent interests and to maintain focus and momentum on creating social impact, especially when other pressing business concerns (i.e., economic constraints) are brought to the fore. To innovate in the real estate industry, the involvement and management of multiple actors with diverse motivations are required (Alamoudi et al., 2022). A key concern to be addressed is how project partners negotiate and re-negotiate the terms so that the potential social impact is not compromised. Currently, the established research traditions on the economics and management of innovation pay only limited attention to stakeholder choices, engagement, and motivation (Alamoudi et al., 2022). Social value offers much promise, but it does require coordinated and sustained effort from multiple and diverse stakeholders (Samuel & Hatleskog, 2020).

In future chapters, those barriers (or challenges) will be discussed in detail, followed by the analysis of which drivers (or opportunities) might counter those challenges and the potential enablers to overcome current barriers. Moving beyond arguments for voluntary efforts or so-called “good intentions” and minimal standards compliance with available public instruments, this study points out the business case for real estate organizations actively considering, creating, and delivering social value and driving positive social impact throughout their activities.

1.2 Research Aim and Report Structure

The overall goal of this report is to analyze social value in theory and practice in the context of the real estate industry and to understand how social value principles can be integrated into real estate organizations. A particular focus will be put on developing conceptual thinking, as well as presenting common and aligned methods on how to consider, create, and deliver social value throughout decision-making processes in the real estate industry.

[Chapter 1](#) has introduced the research problem, contextualizing the current state and demand for social value in real estate. The remaining structure of this report is as follows: [Chapter 2](#) outlines several problems organizations in the real estate industry have faced in integrating social value as part of their daily operations and its impact on society. An overview of the industry is given by describing the main actors and activities in the real estate industry, followed by the main research question and sub-questions related to the industry challenge to create, consider, and deliver social value. In [Chapter 3](#) the conceptual and empirical research methods and expected research outcomes are defined.

[Chapter 4](#) details the empirical research for defining social value and highlighting its importance from public and private perspectives; the chapter concludes with a section on the social value relevance in the context of the real estate industry answering the first sub-question. In [Chapter 5](#) the results from the empirical research are outlined and grouped into different sections for answering the second, third, and fourth research sub-questions. Each section relates to one aspect of integrating social value in the real estate industry, namely the barriers, drivers, and enablers.

In [Chapter 6](#), a re-design of real estate developers' business model is proposed to include a social value strategy as part of the organization's value proposition, envisioning social value to be embedded in core business strategy and decision-making. The background research informing the design prototype is found in [Appendix G](#). In [Chapter 7](#) the conceptual and empirical research results are discussed while considering the study's limitations, concluding with recommendations for further research. Conclusions are addressed in [Chapter 8](#), followed by a personal reflection in [Chapter 9](#) closing this report.

2 PROBLEM STATEMENT

Real estate has consistently generated significant financial returns for investors worldwide, making the industry famous for attracting those interested in economic incentives more than environmental and social concerns (Birgisdóttir et al., 2023). To advance a sustainable and just transition of the built environment, a systemic change is necessary to overcome this imbalance between self-interest and resilient practices. As introduced earlier, private real estate development has substantial negative impacts on the environment and society, and an exploitative business model that has historically ignored its effects on people and planet urgently needs to review its purpose.

A new challenge for businesses operating in the real estate industry is to shift from short-term profit generation towards lasting positive impact on society. On one side, regulatory changes in the past 15 years following the Paris Agreement have been putting pressure on the private sector, including real estate. On another, a changing society increasingly impacted by climate change and social tensions has become more aware and demanding of sustainable practices in the built environment. As shown in Figure 2, these factors combined have been pressuring real estate developers to take action to become socially responsible.

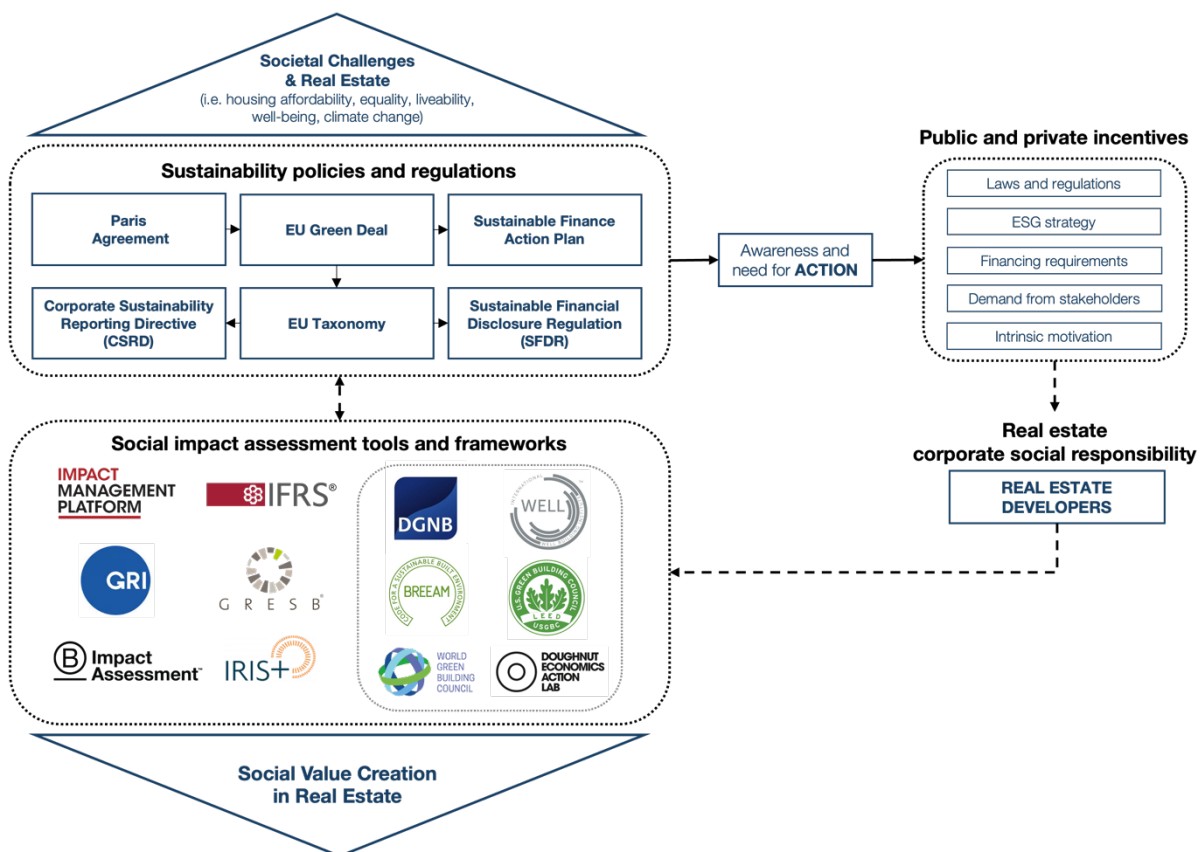


Figure 2: The conceptual framework of this research (By the Author).

As a response, following Environmental, Social, and Governance (ESG) strategies has become a new rule of how businesses should operate in general. For real estate specifically, this has been translated to a plethora of frameworks and tools for measuring and reporting on industry-specific ESG indicators, including social value creation (or the ‘S’), and assessing the impact of real estate activities. With no shortage of both reasons and means for delivering social value in real estate, part of the issue is mobilizing a systematic adoption of social value and impact frameworks by organizations across the industry.

The challenge is to activate leadership in the real estate industry to move from mere profit maximization to a holistic approach to sustainability, considering social value creation integral to business decision-making. Birgisdóttir et al. (2023) defend that this is a systemic problem in how real estate operates, calling for a revision of how the actors in the industry behave, how they relate to each other, and the function that they serve. Clearly, this is a fundamental problem way beyond the scope of this thesis, but that should be recognized nonetheless.

Within the scope of this research, the focus will be on understanding the change toward sustainable practices in the real estate industry. Currently, there is little academic focus on the real estate industry activities’ impact on society, with most sustainability studies relating to the environmental impacts the industry is responsible for. The objective of this research is to contribute to closing this knowledge gap by analyzing how social value creation and social impact management can work in real estate practices.

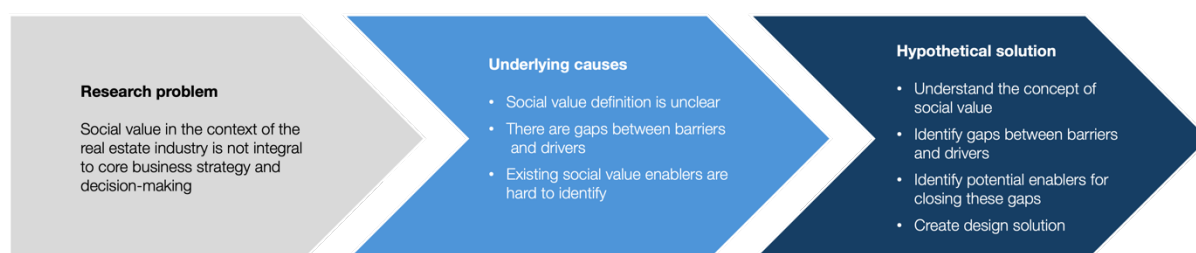


Figure 3: The research problem, underlying causes, and hypothetical solution (By the Author).

There are clear gaps between the drivers and barriers for social value creation in the real estate industry. The potential enablers for closing the gap are hard to identify. Understanding how this gap can be closed by identifying the key enablers of social value is the main goal of the research. The research problem, underlying causes, and hypothetical solution are summarized in Figure 3. To contextualize the research problem, the next section provides a non-exhaustive description of the real estate industry, its main actors, and activities.

2.1 What makes the real estate industry?

The real estate industry is defined by a complex interplay of activities, organizations, and professionals involved in the creation, management, and exchange of properties. The industry encompasses activities related to buying, selling, leasing, managing, and investing in properties. It deals with the economic aspects

of property transactions and ownership. The World Green Building Council (2021) defines the global real estate industry as responsible for the financing, development, designing, construction, operation, management, maintenance, and end-of-life actions of built assets. Raiden & King (2021) define different purposes for each organization in the built environment, according to the sectors they are part of. In the real estate industry these sectors might be described as follows:

- **Public sector** organizations follow a ‘public sector ethos’ centered on values like integrity, accountability, and community responsibility. Relevant to the real estate industry, it functions within numerous regulatory frameworks, including zoning laws, building codes, and property taxes, shaped by both national and local government policies and instruments.
- **Private sector** organizations prioritize delivering returns to shareholders, although there is a growing shift toward stakeholder capitalism, which considers broader societal needs. In real estate, key players include development firms, brokerages, property management companies, Real Estate Investment Trusts (REITs), appraisal firms, law firms, and consulting firms.
- **The third sector** includes charities, community groups, social enterprises, cooperatives, and professional bodies, all driven by social goals rather than profit. Surpluses are reinvested to further their missions, such as improving welfare or the environment. Real estate-related associations like the Urban Land Institute (ULI) address land use and development issues globally.

Because the myriad of organizations related to the real estate industry differ widely in purpose, priorities, and timeframes, this leads to challenges in collaboration. Public sector bodies often pursue long-term goals, while private firms focus on short-term, transactional outcomes. Variations also exist within sectors, for example, between innovators and those focused only on compliance, and further influenced by organizational size and leadership values (Raiden & King, 2021).

Although not exhaustive, a list of stakeholder groups represented by real estate investors and developers, asset managers, engineers, architects and design consultants, public and private project procurement agencies, contractors and construction suppliers, building owners and occupants, amongst many others comprising a long and complex supply chain, can all be considered potential catalyzers of systemic change in real estate (Brady et al., 2021). Each in its own area, providing products and services to the industry, holds a certain level of influence in the market.

Arguably, though, the system is locked by real estate investors and developers controlling where and how money is spent and who should benefit from their activities. While green and social investing has grown in recent years and a shift in the stream of investments in real estate can already be observed, real estate developers have been having a harder time transitioning to sustainable practices. One possible explanation could be the fact that financing institutions such as investment funds and banks can easily follow changing market demands and regulations when directing loans, different from development activities that are dependent on the available means for securing sustainable finance. Assuming sustainable real estate is

ultimately locked by developers, this is also the actor group holding the power to unlock potential value creation beyond economic gains.

While recognizing the fundamental importance and influence that the public and third sectors have in securing social rights, this study focuses on developing knowledge about the role, responsibilities, and impact of activities carried out by businesses in the real estate sector, and therefore, the private industry. More specifically, *real estate development* activity is considered for further investigation regarding the social value integration in the real estate industry. Unless stated otherwise, ‘real estate organizations’ in this report generally refer to real estate development firms, real estate developers, or simply developers. The aim is to catalyze sustainable action in real estate by engaging the developer’s senior management, recognizably the decision-makers in their operations. Facing the challenge of influencing and ultimately changing the direction of the real estate industry requires, of course, strong leadership.

2.2 Who makes the real estate industry?

Crucially, considering, creating, and delivering social value within real estate organizations requires investment, senior management support, and thought leadership. Magis & Shinn (2009) conducted a two-dimensional analysis of social sustainability and concluded that, although individual awareness is needed, it does not necessarily lead to change. They found out that a change on the institutional level is required. Therefore, senior management leadership should be responsible for establishing a cultural change and implementing the necessary sustainability strategies, as also noted by Raiden and King (2021). At the business level, real estate companies need to commit to strategies led by C-level and managers responsible for decision-making and leading people to agree on a changing agenda towards sustainability. While bottom-up initiatives certainly have an impact, it is unlikely that their localized and dispersed actions will lead to systemic change (Raiden and King, 2021).

Despite the arguable decision and influential power senior managers might have on their companies, at the industry level, these institutions operate in a system that offers enormous resistance to change. Raiden and King (2021) also point out that initiating a sustainable transition process will likely be met with skepticism, and leaders should be prepared to remove barriers and manage resistance, at the same time looking for support. Implementing a sustainability strategy is a long-term commitment, and it only makes sense that senior managers have a key role in steering social value. In their positions, they have probably been in the company for a considerable time and are likely to continue there. This not only means that they have a good overview of the business operations, power, and influence, but also will be able to implement, review, and refine the social value strategy (Raiden and King, 2021).

Creating social value in real estate requires multistakeholder collaboration in a complex environment in which most likely interests are not aligned. Undeniably, the biggest challenge is to keep the momentum for change in an industry famously driven by economic interests. The involvement of multiple actors representing multiple needs is then imperative to secure innovation in the industry (Alamoudi et al., 2022). Accordingly, attention should be given to how project partners negotiate and re-negotiate the terms so

that the potential social impact is not compromised. Samuel & Hatleskog (2020) also indicate that multi-stakeholder coordination is determinant for benefitting from the opportunities social value has to offer.

Building on top of work developed by the UK Green Building Council (UKGBC), Fujiwara and Dass (2020) suggest that creating a social value strategy involves four steps: (1) *understanding social value*; (2) *establishing local needs and understanding the context*; (3) *establish social value outcomes and metrics*; (4) *implementing and sustaining success over the long-term*. Those steps should be considered by leadership in real estate organizations looking to implement social value in their core strategy and decision-making. As such, I will bring these four steps back in [Chapter 6](#) when proposing a sustainable business roadmap for implementing a social value strategy in real estate organizations.

2.3 Research Question

While acknowledging the structural forces and effects behind the problem of creating social value in real estate development, the focus of the research is on how the engagement of senior management and leadership responsible for core business decision-making could define the social value and impact of a project. To understand the complex relationship between corporate strategy and social value creation in real estate developments, this study is set to identify what could support real estate leaders toward integrating social value into real estate business decisions. As such, the main research question (RQ) is:

RQ: How to unlock investment and leadership support to consider, create, and deliver social value in the real estate industry?

Firstly, to inform the problematic context in which the main research question is inserted, a closer look into the relationship between the real estate industry and societal challenges should be provided, followed by a working definition of what social value is, what its correlated terms mean, and how they relate to the real estate industry. Thus, a first sub-question (SQ) is:

SQ1: How can social value be defined in the practical context of the real estate industry?

Secondly, from the initial problematization, it is understood that multiple challenges or industry barriers are blocking the consideration, creation, and delivery of social value in real estate developments. Identifying those barriers and understanding their root causes is crucial to answering the main RQ. A second sub-question then is as follows:

SQ2: What are the main barriers for real estate organizations considering, creating, and delivering social value?

Thirdly, an exploratory literature review shows that there could be opportunities or potential industry drivers for considering, creating, and delivering social value in real estate developments which leads to the third sub-question:

SQ3: What are the main drivers for real estate organizations considering, creating, and delivering social value?

Finally, it is necessary to understand the gap between barriers and drivers, how they relate to each other, how this gap could be bridged, and by what means, to realize the consideration, creation, and delivery of social value in real estate developments. The final sub-question is set to understand what the available industry mechanisms and practices are that could catalyze social value in real estate:

SQ4: What could bridge the main gaps between the barriers and drivers to integrating social value in the real estate industry?

With the development of conceptual thinking on how social sustainability can be part of the value proposition of real estate companies and redefining how they create value, this study aims to offer a *Social Value Strategy* to organizations in the real estate industry, integrating social value into their core business strategy and decision-making.

3 METHODOLOGY

Adopting a design thinking approach, data collection and analysis combined diverse methods throughout the double-diamond phases. The Double Diamond model, introduced by the British Design Council in 2005 (Design Council, 2007), was influenced by a pre-existing divergence-convergence model from 1996 (Banathy, B. H., 1996). The Double Diamond outlines four key phases: (i) Discover, (ii) Define, (iii) Develop, and (iv) Deliver, which is why it is also known as the 4D model. The model features two "diamonds," each representing a process of diverging (exploring and investigating) followed by converging (making decisions and taking action). The first diamond focuses on the "problem space," where information is gathered (diverging) and the design challenge is clearly defined (converging) to ensure the correct problem is being addressed. The second diamond focuses on the "solution space," where potential solutions are generated (diverging) and one or more promising solutions are developed and validated (converging) to ensure an effective outcome.

The study kick-started with an initial literature review in the problem discovery phase. Following, in the 'define phase', a round of semi-structured interviews with experts in the building industry and social impact was meant to assess the professionals' perceptions of the problem and validate the findings from the literature. Information collected in the interviews was also used to develop the initial solution ideas on what could support the real estate industry integrating social value in practice – i.e., participants were asked about their knowledge of the state-of-the-art approaches already available in their fields and their views on what directions could be expected for effective integration of social value in the coming years. In the final delivery phase, individual workshop sessions were conducted for design piloting with a diverse group of experts connected to the building industry.

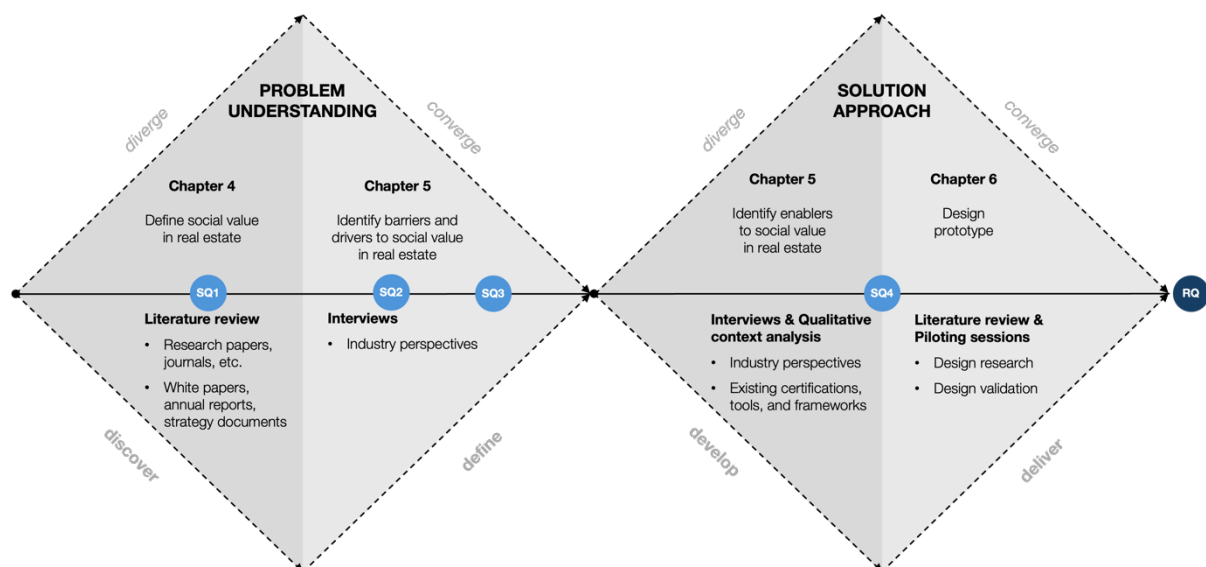


Figure 4: The research and report double diamond structure following a design thinking approach (Adapted from Design Council, 2007).

3.1 Research Methods

The purpose of this study is to understand the existing barriers, drivers, and enablers for social value consideration, creation, and delivery in the real estate industry. It will also look at the business case for social value and how it can generate benefits for real estate developers, as well as proposed ways to integrate new types of thinking in decision-making processes, making them more effective in allocating resources. [Figure 4](#) shows a schematic representation of the research methodology connected to the structure of this report. The chosen methods are described in detail below.

3.1.1 Conceptual research

The conceptual part of this research comprises an explorative literature review of the topic of social value in real estate, highlights common definitions and concepts, and guides the focus of the research. The literature reviewed consisted of journal articles, research reports, white papers, press releases from international organizations, and scientific papers.

The findings of the explorative method build upon qualitative research and literature reviews on the topic of social value. The data gathered through the conceptual research informs the answer to the first sub-question (SQ1) *'How can social value be defined in the practical context of the real estate industry?'* which can be found in Chapter 4 and lays the grounds for the three subsequent questions. I reviewed the literature on the latest thinking about the challenges and opportunities the real estate industry currently faces for shifting toward more sustainable practices and the emergence of the concept of 'social value' in the context of the real estate industry. By answering SQ1 and defining the directions for sub-questions SQ2, SQ3, and SQ4, I set the basis for conducting the interviews and collecting primary data on the participants' perceptions about the barriers and drivers commonly mentioned in theory, and test how that translates in practice.

Secondary data analysis involved the review of technical reports from the real estate industry, research papers, and reference books on the themes of social sustainability, social value, and social impact in the built environment, and the leading social impact assessment frameworks available. This was approached by analyzing existing frameworks and measurement tools. A comparative analysis of the collected knowledge (both from interviews and a qualitative analysis of existing frameworks and tools) was then conducted. The non-exhaustive selection of sources, as well as the analysis and comparison of available reference resources, is included in [Appendix B](#).

3.1.2 Empirical research

The practical part of this research involved conducting several semi-structured interviews with diverse professionals in the real estate industry and a social impact expert. It aimed at covering different perspectives to discover and understand current perceptions, challenges, and opportunities that the real estate industry is facing related to social value implementation in their practices. This phase focused on

answering the second and third sub-questions (SQ2) *‘What are the main barriers for real estate organizations considering, creating, and delivering social value?’* and (SQ3) *‘What are the main drivers for real estate organizations considering, creating, and delivering social value?’*.

A total of six interviews with professionals representing different stakeholder groups covered participants from academia, policymaking, and industry. Their selection criteria and detailed profiles are described in Chapter 5. Because of their strategic work in practice and distinct relationships with the real estate industry – either as a property developer, designer, engineer, or city advisor bridging public-private partnerships, they could provide new insights from the private and public industry perspectives. The industry actors’ representativity was preferred due to the industry complexity and recognized interconnectedness and interdependence of their activities. Thus, avoiding the one-sided view from a single stakeholder group (i.e., real estate investors or developers). The interview data and the qualitative analysis data form the answers to the two subsequent research sub-questions, SQ2 and SQ3, and lead to an interpretative answer to SQ4: *‘What could bridge the main gaps between the barriers and drivers to integrating social value in the real estate industry?’*.

The interviews were focused on gaining knowledge about their professional views and experiences regarding the social aspect of sustainability in practice. To validate initial information from theory and assess how social value in the real estate industry is experienced in practice, the interview protocol was designed to cover the main factors that might lead to such *barriers* and *drivers*, and understand the underlying events that lead to the status quo and potential change (i.e., *enablers*). More specifically, how social value could be fully achieved as part of the core strategy and decision-making in their organizations, including the common challenges usually faced by 'non-traditional' approaches, such as implementing social value, and potential opportunities to overcome those.

Additionally, participants were questioned about the foreseen opportunities that might attract new interindustry partnerships and broad support for businesses in the real estate industry adopting social impact assessment frameworks. The aim was to have an overall understanding of the main barriers to integrating social impact frameworks in practice. By collecting the views and practical experiences from these experts, I aimed to gain insights on how to address those challenges from a business management perspective and propose a roadmap for facilitating the adoption of social impact frameworks across the real estate industry.

The analysis focused on the current practices, challenges, and opportunities from different stakeholders’ viewpoints about integrating innovative, sustainable business practices in the real estate industry. Primary data were analyzed by combining tools such as ATLAS.ti and Miro board to identify patterns, relationships, and themes related to social value and impact in the real estate industry. The main hypothesis tested was how sustainability can become a core value in business strategy by supporting key real estate decision-

makers to systematically consider, create, and deliver social value in their project developments. In [Appendix F](#), the detailed coding and analysis process is available.

3.2 Research output

The research data from the conceptual and empirical results is combined in a main design output: a *Social Value Strategy* embedded in a business redesign journey for real estate organizations, integrating social value into their value propositions. The design outcome not only directly addresses the main research question by incorporating the insights gained from the sub-questions but also serves as a practical tool that real estate industry professionals can immediately utilize.

Lastly, three individual online sessions were organized with experts to test the underlying assumptions included in the social value strategy design prototype and collect feedback for designing the business redesign journey's final MVP (Minimum Viable Product). A brief overview of the feedback gathered through the validation sessions is included at the end of [Chapter 7](#).

4 CONCEPTUAL RESEARCH

This chapter examines the relationship between the real estate industry and social value. To answer the sub-question (SQ1) *‘How can social value be defined in the practical context of the real estate industry?’*, conceptual research was conducted to define social value against its different encompassing terms and interest levels from the public and private sectors. The second part of this chapter shows how social value is linked to real estate development.

4.1 The Social Dimension of Sustainability

More generally, ‘sustainable development’ was a concept developed by the Brundtland Commission, also known as the World Commission on Environment and Development (WCED), in the late 1980s, bringing attention to ecological concerns and aligning long-term environmental strategies (United Nations, n.d.). The term ‘sustainability’ was then defined by the Norwegian Prime Minister Gro Harlem Brundtland as meeting the needs of the present without compromising the ability of future generations to meet their own needs (United Nations, n.d.). Sustainability has evolved over the past 40 years to consider multiple aspects and the impact of life on Earth, being widely recognized as the balance between the environmental, social, and economic pillars. In corporate responsibility, this concept is also referred to as the so-called ‘triple bottom line’ as a way to consider people-planet-profit in business decisions (Miller, 2020).

Sustainability and sustainable development are fundamentally about people, their choices, and the associated consequences of all human activity. Previous studies exploring basic human needs show that people’s attraction to sustainability is both a social construct and a cognitive activity (Magis and Shinn, 2009). They also elaborate on the idea that, as such, social sustainability is responsible for the promotion of health and well-being, as well as institutional support for environmental and economic pillars (Magis and Shinn, 2009).

Harris and Goodwin (2001) refer to social sustainability as a system able to achieve a fair distribution of opportunities and basic social rights such as health and education, close the gender gap, and political representation. Although pointing out relevant factors to be considered on a social level, this kind of definition is not comprehensive, disregarding the fact that the other sustainability pillars, namely economic and environmental concerns, are also products of social processes. As Magis and Shinn (2009) note, social sustainability processes might have a bigger impact than outcomes, and in this view, it can represent both the means and an end in itself.

Another way to consider social sustainability is the established Doughnut Economics framework by economist Kate Raworth. The framework describes sustainability in terms of a ‘social foundation’ and an ‘environmental ceiling’, in which an ideal ‘safe and just space for society’ is possible by respecting both limits. The social foundation, which no society should fall below, sets the minimum social standards required for human well-being (Raworth, 2017). An influential work since its publication, the framework has been successfully applied by governments and businesses alike. The 12 dimensions of the social

foundation in the doughnut framework were developed based on the social and economic UN Sustainable Development Goals identified by the world's governments, and define minimum social standards and conditions considered necessary for humans to thrive within the means of the planet.

4.1.1 The UN SDGs and Social Value

In 2015, the United Nations presented the Sustainable Development Goals (SDGs), a set of 17 globally agreed-upon goals designed to drive sustainable development. The goals, developed collaboratively by the United Nations and representatives from diverse sectors of society, offer a guide for sustainable behavior and a framework for sustainability reporting for public and private institutions (United Nations General Assembly, 2015). The Stockholm Resilience Centre (2017) has developed a “wedding cake” illustration to demonstrate the interdependent nature of the global goals. Notably, while there is an underlying interconnectedness between the SDGs, from the 17 overall goals, almost half are more specific to the social dimension.

The real estate industry is closely connected to many of the social goals. On the one hand, the construction, maintenance, and operation of buildings are resource and energy-intensive. On the other hand, building and construction activities also offer a high risk of injuries and are often related to poor labor conditions. There are also issues in the industry's governance, including gender inequality and a lack of diversity and inclusivity. Furthermore, there are indications that buildings have impacts on humans' physical and mental health, commonly measured by indicators such as air quality, incidence of natural light, and access to greenery. Therefore, the industry can be linked to socio-economic goals such as SDG 3 (Good health and well-being), SDG 5 (Gender equality), and SDG 8 (Decent work and economic growth). When considering sustainable real estate and urban development specifically, SDG 11 (Sustainable Cities and Communities) is the closest one linked to the industry activities and their impacts. Goal 11 is about making cities and human settlements inclusive, safe, resilient, and sustainable.

To achieve Goal 11, policies and practices should focus on implementing resilient and sustainable urban developments, safeguarding basic human rights, promoting housing affordability, access to green spaces, and transportation (United Nations, n.d.). With numerous treaties and regulations already in place, the bottom line is that, given the size and potential impact of the industry, without real estate significantly transforming the way land and property are developed, sustainable development cannot be achieved. The real estate industry, nonetheless, is still far from achieving the targets set by the Climate Agreement. Urgent action is needed to change the industry's direction and how private urban land is developed, moving away from maximizing profit to maximizing positive impact for people and the planet.

4.2 Social Value in the Real Estate Industry

In the context of real estate, sustainability should also include a holistic approach to developments in which economic constraints and environmental concerns are in balance with social factors such as enhancing health and wellbeing. According to the World Green Building Council (n.d.), a sustainable real estate

development should, moreover, consider the building lifecycle since real estate activities impact the environment and communities before, during, and after the project development, including material sourcing, construction, operation, and building decommissioning. Seemingly, Brady et al. (2021) argue that real estate represents one of the biggest global investment opportunities and that there is also great potential for real estate to improve the quality of human life and foster resilient communities through sustainable development in the built environment.

As earlier mentioned, it should be noted that “social sustainability” is an umbrella term encompassing several socially related concepts, including social value. Consequently, the term *social value* might be used interchangeably with social equity, justice, or impact. These terms have received an industry definition by the BRE (Building Research Establishment) as follows (BREEAM, 2020):

- **Social equity:** the equitable access of all people to resources and opportunities and full participation in the social and cultural life of a community regardless of their background, e.g. age, gender, ethnicity, culture, socio-economic status, sexual orientation, or perceived abilities. Recognizing that each person has different circumstances and providing equitable access for all people to resources and opportunities and full participation in social and cultural life, regardless of background. Social equity first requires recognizing the inequities in our societies to develop and implement practices that address them.
- **Social justice:** the pursuit of a system that recognizes fairness for all, in which everyone deserves equal economic, political, and social rights and opportunities.
- **Social impact:** the effects on people and communities caused by a built environment-related action or activity. Communities include existing residents, businesses, and other stakeholders in the local area and all those who interact with the place both now and in the future.
- **Social value:** the cumulative benefit of all social impacts from the built environment to individuals, communities, and local businesses measured through added financial and wider non-financial metrics.

Social value is ultimately a holistic measure of social, environmental, and economic value. The term Social Value became common after the Public Services (Social Value) Act entered into force in the UK in 2012. Also known as the Social Value Act, the law regulates public procurement by requiring service providers to deliver a positive social impact in their contracts (Cabinet Office & Lopez, 2020). A comprehensive definition of social value is elaborated by Raiden and King (2021: 3): *“Social value is a powerful way to rehumanize people and business. It encourages people to reconnect to the spaces they inhabit and the people and communities they connect with and are part of. It changes the way organizations manage people and the way that businesses relate to each other. It is about participative and collaborative placemaking. It is a way of being and a way of doing. It offers the means for shaping a constructive response to the pressing challenges of our present times.”*

For further reference, a non-exhaustive list of other commonly accepted definitions and approaches to social value from the literature was included in [Appendix A](#). In practice, and by many definitions, social value is about the social impact that an individual, organization, or project makes on the community within which they operate. Foremost, social value is always subjective and dependent on the specific needs and aspirations of the communities directly or indirectly affected by development projects (Raiden and King, 2021). In this research, I work with the following definition for social value:

Social Value is the net positive social impact any individual, organization, project, or program has on the lives of internal and external stakeholders affected by its activities.

In this chapter, I have addressed the concept of social value, its challenges, opportunities, and how social value can be defined in the real estate industry context, therefore answering the first research sub-question (SQ1) ‘How can social value be defined in the practical context of the real estate industry?’. In conclusion, social value in the practical context of the real estate industry can be defined as the commitment of real estate organizations to enhancing societal well-being through strategic initiatives that include a wide range of positive impacts that go beyond financial returns to encompass social, environmental, and economic dimensions.

4.2.1 Barriers to Social Value in Real Estate

Despite multiple opportunities in real estate development for creating social value in theory, in practice, there is still little coordinated action across the industry, with several barriers hindering investment and support for social value creation and managing social impact. Currently, “green” or responsible development is mostly concerned with achieving environmental targets through green building certification schemes such as LEED, WELL, and DNBG. With mostly dispersed and niche initiatives, accounting for the social aspect of sustainable development is not a common practice in real estate. A complex and fragmented value chain designed to favor short-term gains, the imbalance between financial private interests and social needs, and the lack of industry regulation can be considered core challenges for advancing social value in real estate today.

Traditionally, most schools of economic thought and business management literature have given the responsibility for social aspects to the state and civil society, not private institutions. In the 1970s, economist Milton Friedman defended that the social responsibility of businesses is to increase their profit (Fox, 2012). Recognizably, businesses are driven by economic interests and aim to maximize shareholder wealth. This is not different in the real estate industry. Historically, private developments have been primarily driven by the interests of developers, investors, owners, and landlords, rather than by the needs of tenants, communities, and the environment. While business investors need to receive a fair return and appropriate governance rights, it is equally crucial to ensure that other stakeholders have a say in the process. This would help align interests and maximize value creation across multiple dimensions (Birgisdóttir et al., 2023).

Development stakeholders often prioritize short-term financial gains due to limited project involvement, yet buildings last decades. To ensure long-term value and sustainability, decisions must consider life-cycle costs. Incentives are needed to encourage all parties to focus on lasting outcomes, even if that requires higher upfront investment (Birgisdóttir et al., 2023). The decision to postpone investment in social value often comes down to the fact that the social dimension of sustainability is seen as secondary to environmental issues. This can be explained by the development of sustainability stemming from ecological concerns from the mid-twentieth century. Currently, there are several difficulties in understanding, measuring, and reporting on social targets (i.e., health and wellbeing, happiness and life satisfaction, and social cohesion) when compared with the systematized measurement and communication of environmental indicators (i.e., carbon footprint, air quality, energy and water consumption). Unlike the environmental aspects, by lacking the scientific means for analyzing and clear standards for measuring and reporting social value economically, the social dimension ends up being overlooked by real estate developers (Magis & Shinn, 2009).

On the one hand, multiple existing methodologies, frameworks, and tools are available for planning and managing the social impact of building projects. On the other hand, the lack of clear regulations and standardization makes its integration into current real estate development practices difficult. With no common understanding of the definition and assessment of social value, the increasing market-led development of several tools, frameworks, and certification schemes has become an issue since navigating this complicated and non-standardized landscape can be difficult. Surging new regulations meant to direct corporate sustainability actions are complex, such as the EU Social Taxonomy, and the lack of technical capacity to properly interpret and put them into practice is a burden.

4.2.2 Drivers for Social Value in Real Estate

According to Raiden and King (2021), there are three main drivers for social value. First, the argument for ethically sound decision-making in business is very strong: social value is the right thing to do. Second, legislation, public procurement, and the regulatory frameworks that govern the built environment are becoming increasingly mindful of and seeking to incorporate social value. Third, it makes good business sense to capitalize on the opportunities created by client-led demand for value-based business transactions.

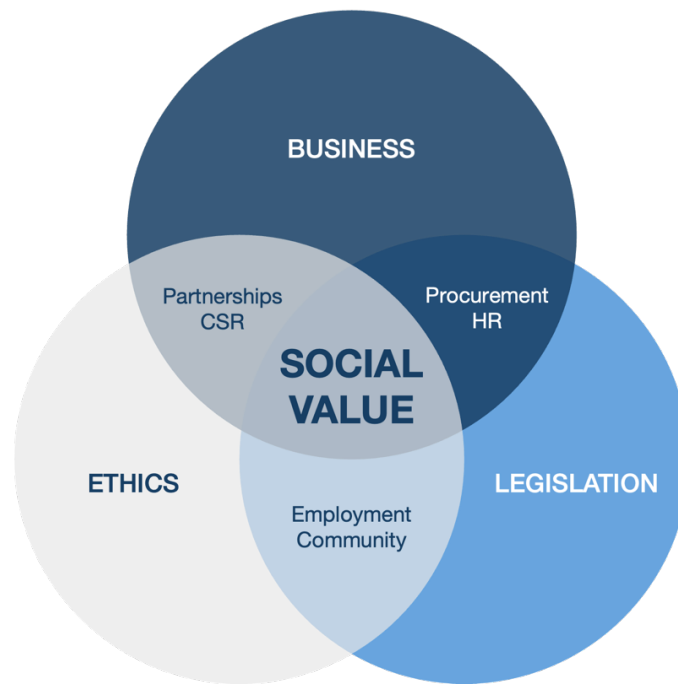


Figure 5: What drives social value (Adapted from Raiden and King, 2021).

Contributing to society, treating others with fairness, and caring for the environment have been inherent human values throughout history. The challenge for organizations is to understand how these principles shape and influence modern business practices. Although a legitimate driver, we should also consider the risk of relying on personal values. Raiden and King (2021) point out that whether something is morally considered right or wrong in our society, in the end, humans are free to make decisions according to their own intentions.

Organizations that consider the needs of users and the community during the design and construction process have seen an increase in the value of their building assets. This has led to greater awareness of the private industry around social value and has resulted in corporate pressure on supply chains to demonstrate and report ethical and environmental practices through Corporate Social Responsibility (CSR) reports. CSR broadens the traditional view of corporate obligations, suggesting that companies owe responsibilities not just to shareholders but also to various societal groups. Mitchell, Agle, and Wood (1997) explain how this idea is reflected in Jones's early definition, where he argues that corporations have duties to stakeholders beyond legal or contractual requirements. He raises key questions still central to stakeholder theory today, such as which groups qualify as stakeholders, how many should be considered, and how their interests should be balanced (Mitchell et al., 1997).

Porter and Kramer (2006) argue that the foundation of CSR rests on the principle that businesses and society are mutually dependent. For long-term success, companies must consider the societal impact of their decisions and pursue "shared value," for instance, actions that benefit both the firm and the community (Porter & Kramer, 2006). A gain for one at the expense of the other jeopardizes long-term

prosperity. Therefore, businesses should incorporate a social perspective into their core competitive and strategic frameworks, ensuring that ethical, sustainable, and socially beneficial considerations are embedded in decision-making processes (Porter & Kramer, 2006). CSR is not just a moral obligation but a strategic necessity for sustainable growth.

Governments, activists, and the media are increasingly holding companies accountable for the social impact of their actions, with regulations now requiring social responsibility reporting. These pressures highlight the financial risks of poor conduct and the growing influence of external stakeholders. While businesses recognize these risks, many lack clear strategies to address them. A new approach is needed, one that integrates social issues into core business strategy. By applying the same analytical frameworks used for business decisions, companies can view CSR not just as a cost or obligation, but as a driver of opportunity, innovation, and competitive advantage (Porter & Kramer, 2006).

Many companies use a checklist approach to CSR, relying on standardized risk lists like the Global Reporting Initiative's (GRI) 141 CSR issues. While helpful as a starting point, this method lacks strategic depth. To create real value, companies must go beyond best practices and adopt a tailored, proactive approach that aligns with their unique position in the market (Porter and Kramer, 2006). Strategic CSR integrates both internal operations (inside-out) and external social impacts (outside-in), creating opportunities for shared value. When business and community success are mutually reinforcing, CSR becomes a powerful driver of competitive advantage and long-term strategic growth, as highlighted by Porter and Kramer (2006).

Compliance with evolving policy requirements is also driving the push for social value in all business activities, including real estate. The public sector plays a key role in both setting an example through procurement and driving the market transformation through policies and incentives. The EU has introduced regulations emphasizing 'sustainable real estate' and 'greener built environment', aligning with global efforts like the Paris Climate Agreement to limit temperature rise well below 2°C.¹ Europe is leading the charge toward the 2050 climate goals, with its policies significantly impacting the real estate industry, encouraging them to adopt more sustainable and responsible practices (Deloitte Nederland, n.d.). For instance, the European Commission directly includes social goals in business activities through initiatives such as the development of the EU Social Taxonomy (EU Platform on Sustainable Finance, 2022)². The

¹ The European Green Deal is an example of global leadership in ambitious sustainability policy. The EU Taxonomy is set to be a foundational tool of the European Green Deal and represents global innovation in financial regulation. It is increasing global awareness in sustainable investment and ESG reporting, creating a classification system for economic activities and sectorsect critical to climate change mitigation and adaptation, based on impact and performance – including the building and construction industry. It will strengthen the value proposition for a sustainable built environment by: Enabling owners and developers to access dedicated green financial products; Stimulating investment for renovating less energy efficient buildings and constructing new energy efficient buildings; Advancing market competitiveness and combat 'greenwashing'; Creating a context for corporate best practice, influencing reputation and risk management; Reducing risk by establishing a common sustainability language and criteria The EU Taxonomy will be mandatory within 2022 for a significant number of European financial institutions and companies (European Commission, 2020).

² Fundamental EU documents provide strong foundations for a social taxonomy. These documents include: the document on the European pillar of social rights and the associated action plan; the European Social Charter; the EU Charter on Fundamental Rights; and the European Convention on Human Rights.

Taxonomy is accompanied by various Directives that specific organizations, including those involved in different stages of the real estate industry, must comply with³.

This way, the policies and directives offer appropriate instruments to push the construction and real estate industry toward sustainability. Whilst legislation is often a necessary force for good, it is not without its problems. Mainly, people will see it as something they ‘have to’ do and thus may not believe in it or put their best into the project. Additionally, instead of empowering agents to take action, often prescriptive laws can promote conformity behavior, such as only checking the boxes (Raiden and King, 2021). Lastly, public instruments in practice can be quite difficult to implement and police. Therefore, the responsibility does not stop with our government. Achieving sustainability goals requires strong collaboration between the public and private sectors, knowledge institutions, and non-profits. Effective partnerships, clear contracts, and regulatory compliance are essential. All stakeholders in the construction and real estate chain must assess risks, opportunities, and improvements through a sustainable lens across all project phases (Deloitte Nederland, n.d.).

While climate motivates some leaders, broad market action requires a value proposition centered on most organizations’ top priority: finance (Brady et al., 2021). Beyond ethical “good intentions” and compliance, a third and powerful driver leading the development of social value in real estate is the business case. Led by a shift in demographics and a growing user demand for human-centric, socially connecting, and prioritized well-being, investment in more livable, sustainable, resilient, and affordable buildings has never been more urgent. Additionally, a change in demographics, such as an ageing population with specific needs and a younger generation raised around sustainability concerns, creates pressure on the role real estate has to play in serving societal needs (World Economic Forum, 2024).

Real estate, historically focused solely on profit, can also benefit from integrating broader considerations. Sustainable business models remain essential for lasting competitiveness and are central to societal and political decisions. Financial viability is still crucial since, without adequate funding, no business or project can survive, regardless of its sustainability goals (Raiden and King, 2021). Nevertheless, factors beyond financial gain are becoming central to the business case, driven by growing awareness of disparities in well-being and economic prosperity both locally and globally (Lansley, 2015).

There is also a client-led demand for value-based business transactions and societal systems since the benefits of sustainable and inclusive business are clear. Business leaders are increasingly seeking more than just financial success. Transparency and progress in environmental, social, and governance (ESG) issues are becoming increasingly important (Harvard Business Review, 2019). Improved ESG metrics help investors make informed, impact-driven decisions. The construction industry must enhance sustainability across all phases to meet stricter ESG standards. Brady et al. (2021) indicate that by aligning with the

³ Especially relevant to the European real estate industry are the EU Circular Economy Agenda and the EU Buildings Directive.

Sustainable Development Goals and Paris Agreement, real estate developers can strengthen their financial position and gain a long-term market advantage through ambitious sustainability commitments.

4.2.3 Gaps for Social Value in Real Estate

There are clear gaps between the challenges and opportunities for social value in real estate. While the challenges, or *barriers*, are mainly systemic and market-led by private interest, industry fragmentation, and a lack of regulation reinforcement, the key opportunities, or *drivers*, stem primarily from the external pressure from consumers and the public sector. Critical gaps are the promotion of industry standards that can facilitate integration of social targets in the value chain, the investment in technical capacity and the education of a new generation of professionals with the ability to go through the complex regulatory environment, and ultimately the promotion of strong industry leadership able to transition from traditional real estate development towards sustainable business opportunities.

Within countries in the Global North, it has become more prominent to measure and report on social indicators related to real estate business activities and the building industry more generally. As pointed out before, currently, there are numerous sustainability and impact frameworks available. These might differ in scope, with some being considered globally as the SDGs and might be applied by different sectors, while others are broadly applied to the private sector in general, like the GRI standards and the B-Corp. Relevant to the real estate industry, there are also multiple sustainability frameworks developed by local green building councils. These mostly have a regional focus, since they are bound to local targets and provide specific building certifications like DGNB in Germany, LEED in the US, and the independent BREAM in the UK.

From a business perspective, such certifications have become a great way to prove the environmental and social impact of projects to real estate investors and to attract sustainable financing. They also set benchmarks for how a new building should be designed, built, and operated, and how old ones could be refurbished to meet current sustainability standards (Brady et al., 2021). Critically, for real estate developers, a myriad of standards might represent no standardization at all. Although having more options could mean larger impact areas being covered in different contexts, there are also multiple underlying problems with the growing number of sustainability and impact frameworks to choose from. One is, of course, which framework to use. These are often large, international companies that operate in multiple regions that need to comply with specific local policies, and building the capacity to apply multiple framework options is costly and highly inefficient. Moreover, there are different methodologies for measuring and reporting on social value and impact, which are also split into industry-level and business accountancy frameworks. Finally, it is still very challenging to find trained personnel able to apply at least one sustainability framework, let alone to navigate multiple ones according to a given context.

5 INDUSTRY PERSPECTIVES

As the conceptual research concludes, the real estate industry has a central role in creating social value through its contribution to the SDGs. Stricter regulation and increased investor interest and pressure have caused the industry to focus on delivering social value. However, social value is less tangible and quantifiable than the other sustainability dimensions, namely financial and environmental aspects. This has hindered action from actors in the industry since they are not clear on how to proceed. To examine this challenge, I conducted semi-structured interviews with different experts in organizations in the real estate world.

Multiple perspectives from the industry are considered: the one from a real estate developer, one from a policy advisor, an urban designer, an architect specialized in co-creation, a sustainability engineer specialized in social value, and an expert in social impact. This ensured that the views of key stakeholders directly and indirectly responsible for the consideration, creation, and delivery of social value in the real estate industry would be accounted for. The purpose of the interviews was to get input from industry professionals on how social value should be integrated into decision-making processes. Their input might reinforce conceptual findings, but it might as well provide new insights.

5.1 Selection Criteria and Interview Participants




Since this research is exploratory, the selection criteria are limited in nature, allowing for more companies and interviewees to be considered. The profiles of the companies within the real estate industry ecosystem with participants representing diverse stakeholder groups in the interviews are described.



Figure 7: Some of the disclosed companies represented in the interviews: Amongst others, participants representing an engineering consultancy, a real estate developer, and an architectural design firm were interviewed.

- **Home.Earth** is a real estate investor and developer pushing the bar for social and planetary impact in urban development. Backed by a broad group of investors including the Danish Export & Investment Fund. Home.Earth is a Certified B Corp.
- **Buro Happold** is an international, integrated consultancy of engineers, designers, and advisers. The company is synonymous with the delivery of exceptionally complex projects on every continent, working with the world's leading architectural practices and organizations, such as the United Nations, UNESCO, and C40 Cities.
- **UNStudio** is a global studio network specializing in architecture, interior, product, and urban design. With seven full-service international offices and over 400 employees, their mission is to design for lasting impact and contribute to the societal challenges of urbanization, climate change, aging populations, and socioeconomic inequality.

Additionally, a co-creative designer, a policy advisor, and an expert on social impact could provide more conceptual knowledge of the topic. These participants opted for having their data anonymized, therefore their names and company affiliations are undisclosed. The interviewees who participated in this research were all seniors in their respective organizations, typically at a director or manager level. All participants' profiles are detailed below.

			
Interviewee	Emil Lassen	Bianca Latini	Olga Kotta
Stakeholder type	Real estate developer	Sustainability Engineer	Urban Designer
Company	Home.Earth	Buro Happold	UNStudio
Role	Social Impact Manager	Social Impact Lead	Social Sustainability Expert
Country	Denmark	UK	Netherlands




			
Interviewee	Anonymous	Anonymous	Anonymous
Stakeholder type	Architect	Policy Advisor	Researcher
Company	N/A	N/A	N/A
Role	Co-creative Designer	Manager Climate Resilience	Social Impact Expert
Country	Netherlands	Netherlands	Netherlands

Figure 8: Participants in the interview representing diverse stakeholder groups and expertise.

Real estate investor and developer

- Co-founder, Home.Earth (Denmark) – Emil B. Lassen

Emil Strategy & Impact Management. Currently a Crown Prince Frederik Fellow at Harvard Kennedy School, where he is exploring systemic solutions to climate change and urban inequality. Previously co-founded Project Access International and was recognized as a WEF Global Shaper.

Sustainability engineer

- Associate Sustainability Engineer, Buro Happold (UK) – Bianca L. Latini

Bianca is an Associate Engineer in the UK sustainability and physics team and is currently the Global Lead of Buro Happold's social impact service offering. Her breadth of expertise spans holistic sustainability frameworks, strategic housing decarbonization, and social impact strategies that consider environmental and social sustainability in tandem on building, masterplan, city, and portfolio scales.

Urban designer

- Urban Designer, UNStudio (Netherlands) – Olga Kotta

Olga specializes in sustainable urban planning and design. Her expertise spans green infrastructure, energy-efficient buildings, and livable public spaces, ensuring that every project enhances both quality of life and ecological stewardship. Committed to advancing sustainable urbanism, Olga has collaborated with multidisciplinary teams including on public-private projects to shape cities that are both beautiful and sustainable for future generations.

Policy advisor

- Manager Programs, Climate Resilience (Netherlands) – Anonymous

Co-creative architect

- Expert in co-creation and participatory design (Netherlands) – Anonymous

Social impact researcher

- Social impact researcher (Netherlands) – Anonymous

The interviewees represent a vast collection of stakeholders in the real estate industry. Companies covered include a real estate developer, a sustainability engineer, an urban designer, a policy advisor, a co-creative architect, and a social impact expert. Through this selection of interviewees, a wide range of expertise's within the real estate industry is covered, such as development and management, planning, design, and sustainability consultancy.

5.2 Data Analysis

Interviewees were asked a set of questions relating to social value barriers, drivers, and enablers. The complete interview protocol can be found in [Appendix D](#). Their responses were analyzed based on the interviewee's perspective/profile, as shown in [Figure 8](#). The intention here is not only to map some existing stereotypes among the main stakeholders but also to look for new insights and disagreements. Corresponding graphs accompanying each interview topic illustrate how responses vary or appear similar based on perspectives. The data gathered through the semi-structured interviews were analyzed using the ATLAS.ti software, where interviewee responses were coded and labeled with concepts identified throughout the conceptual research. This labeling was carried out on a question-base and more detailed information is included in [Appendix F](#).

5.3 Data Management and Storing

Before the commencement of each interview, participants were asked to sign an Informed Consent Form, which can be found in [Appendix E](#). The Informed Consent Form asks interviewees to confirm that their participation is voluntary, that they are made aware of the fact that the interviews will be audio recorded

and that the data will contribute to this graduation research. The form also gives interviewees the right to remain anonymous and review and select quotations that may be used in the final report. The form also informed interviewees that the interview results, as part of the graduation thesis, will be published and accessible at TU Delft's online student thesis repository. Regarding data storage, audio files were stored offline on the researcher's laptop and will be discarded up to a week after the final version of this research has been submitted. Personal information, such as email addresses, will remain private and will not be shared. The TU Delft's DMPonline tool was used to set up a data plan that was compliant with the GDPR.

5.4 Interview Results

To direct the interview discussions toward the research questions of this research, the interview questions were split into three parts: questions related to the barriers to social value, questions related to the drivers of social value, and questions about the potential enablers of social value consideration, creation, and delivery in the real estate industry.

5.4.1 Perceived barriers to social value in the real estate industry

To support the answer to the second research sub-question (SQ2) *'What are the main barriers for real estate organizations considering, creating, and delivering social value?'* the interviewees were asked a series of questions related to the general social value barriers previously identified from the literature review. The exact questions asked are in the interview protocol in [Appendix D](#). These barriers were categorized into various themes or 'codes' such as cultural resistance to change, financial constraints, regulatory and policy issues, measurement and reporting challenges, stakeholder engagement difficulties, lack of expertise, and so on. A more detailed overview of the coding process can be found in [Appendix F](#). All interviewees recognized that real estate organizations face several barriers to considering, creating, and delivering social value. According to their perceptions, three barriers could be considered the most challenging ones and, therefore, the ones to be overcome for achieving systemic, industry-wide transformational change: cultural resistance to change, difficulties in measurement and reporting, and the lack of expertise and 'know-how' about doing social value in the real estate industry. An overview of the collected data supporting this claim is outlined below.

- **Cultural resistance**

When asked *'How can we activate the 'S' of social value? What is holding the industry back and why are we not there yet?'* the general perception amongst participants was that there is insufficient market demand for properties that prioritize social value, leading developers to focus on more traditional, profit-oriented projects. Resistance to change within organizations, particularly among senior management, is one of the main causes hindering the adoption of social value principles in real estate. The social impact researcher pointed to the power dynamics and vested interests involved in real estate in maintaining the status quo:

“Real estate is a big industry, and a lot of money is going on there. There are a lot of vested interests. And usually, when we're going to change things, it's also going to affect power dynamics and the people who often are in power now will see some of their power disappear because of these changes. But now they're still in power, so they can also stop these changes and often they are. They want to try at least to stop them, so that's something to keep in mind. And you will need to do a lot of talking and to get people on board.”

– Anonymous, Social Impact Researcher

Financial constraints seem to have quite an impact on real estate organizations considering social value principles. The cost implications of integrating social value often require additional upfront investment, which can be challenging in a market driven by profit margins. A common argument is that sustainable materials, community amenities, and affordable housing initiatives can increase costs without clear prospects of returns (either financial or non-financial). This kind of thinking only reinforces the status quo of how the industry operates. The financial argument was challenged by two participants. The real estate developer mentioned that integrating social value principles in real estate developments is more a matter of taking a systematic approach and being resource-efficient than costing more money.

“Much of the impact you can create on the planetary and social side would not require more money. It would be completely free. You need to work more systematically and think about the long-term incentives and value you are creating. But because of the structural challenges in the industry, with a complex, fragmented ecosystem, and the short-term focus, you leave this value under the table. And because that's not reflected in your financial returns either you don't need to think about it.”

– Emil Lassen, Real Estate Developer

However, the financial benefits of social value initiatives may not be immediately apparent, leading investors and developers to prioritize short-term gains over long-term social benefits. Additionally, there is either a lack of adequate funding or incentives from government bodies to support projects that deliver social value or a lack of knowledge about public financing and sustainability grants available. The sustainability engineer mentioned that the perception of higher costs is often higher than actual costs, so finding ways to “make the case” for the upfront investment by showcasing future benefits is the way to go. Another recognized difficulty related to the industry culture is engaging various stakeholders in real estate development. According to one participant, community buy-in and gaining the trust and cooperation of local communities can be challenging, particularly if there is a history of distrust or if the community feels that their needs are not being genuinely considered. This is only made more difficult when trying to balance the diverse interests of various stakeholders, including investors, developers, local authorities, and community members, which can be difficult and may lead to conflicts.

“We see it in practice that people are a bit careful, and they postpone the involvement of residents until they are sure about certain things. But it is usually a mistake because you are preparing and preparing and then it's too late. There's already a fixed idea in your head, and you've invested already in quite some things, and internally all kinds of ideas

already started to grow and then you're not willing to take a step back. On the one hand, it's a common mistake and a kind of behavior I see more in practice, not because of bad intentions, but of not being able to deal with uncertainty in the process. And that's a tricky thing because I would say involve people as early as possible. After all, especially in the early stage, it's very important that they can set the goals or influence the goals at least. Also enriches your ideas of what people want, what they need, and what the neighborhood is. As co-creators, we accept that reality is layered, it's a multi-perspective thing. That means that on my own I will never be able to say what the neighborhood is or needs. So, you need to include different voices. And that's a danger, if you're involving people too late, you might not be open to different voices anymore.”

– Anonymous, Co-creative Designer

When asked about ‘How to deal with collaboration challenges such as balancing divergent interests, expectations, and demands from diverse actors?’ the social impact researcher mentioned how theory can be best put into practice to support such challenges. He pointed out the importance of stakeholder identification, engagement, and management for social impact.

“Stakeholders can have three attributes. They can have power, legitimacy, and urgency. And if you want to move an issue forward, you need a stakeholder group that has all these three attributes. And often we see that one is missing. Academics are really good at collaborating with people who feel an urgency. The minorities in society, for example. Academics themselves often have this legitimacy. People look to scientists for answers, but then no one with power is on board, either companies or governments, that can tell others to change something, and then it's not going to fly, according to theory. Applying the Stakeholder Salience Theory in practice can help to identify who should be involved in moving this issue forward. If you just have government and companies, it might not be enough. You also need people who feel the urgency, like activists and lobbyists.”

– Anonymous, Social Impact Researcher

To conclude, all interviewees shared the view that social value is essentially described as actions targeted at making a positive, long-lasting difference in people’s lives. It was highlighted by interviewees that social value should be strategic and intentional and should be embedded as a core component of an organization’s leadership and business model to overcome systemic challenges imposed by the industry’s status quo.

- **Measurement and reporting challenges**

Measuring social value is inherently challenging due to its qualitative aspects that are hard to quantify. The absence of standardized metrics and methodologies further complicates this process. Additionally, consistent and transparent reporting on social value can be resource-heavy, often necessitating specialized systems and procedures. Current policies and regulations also contribute to these measurement difficulties rather than simplifying them. Navigating complex planning regulations and varying regional requirements adds to the challenge of standardizing social value initiatives. Although the European Union’s Social Taxonomy initiative has been acknowledged and appreciated, it has yet to be fully

implemented, leaving a gap in clear governmental guidelines. Furthermore, the lack of uniform guidelines or frameworks for measuring and reporting social value makes systematic integration difficult for organizations.

“One of the things we scream for in real estate and which I think is extremely needed are solid, well-researched standards that everyone lives up to and comply with, and that's just not the case today. And that's a massive challenge because you have very strong monetary interests in keeping this status quo with everyone working across different standards. After all, it's very difficult then for investors and the public to see what's good versus bad.”

– Emil Lassen, Real Estate Developer

Despite the differences in expected outcomes depending on the project or location, the ultimate goal of social value is to enhance quality of life. This goal was consistently highlighted in the interviews, with respondents from various stakeholder groups emphasizing the importance of building and nurturing communities. They discussed addressing key megatrends such as livability and affordability, as well as improving people's health and well-being. When asked ‘Do you have any experience with alternative methodologies for assessing social value and impact or ideas on which kind of qualitative methods could be used?’ the co-creative designer highlighted the importance of the design process when considering social value creation and making positive social impact. The urban designer made a similar point, explaining that their creative process starts by thinking about how they can involve end-users in the design process and decisions as much as possible. In her case, a bigger challenge is how to translate the subjective approaches to a language that can communicate and “prove” the value created to the project developers.

“We always start with designing a process for the design process. If you really care for the impact, then you need to use the design process to discover the way you can create that impact in the best way, but also use it as a process to already start making an impact. The impact already starts during the process because you are shaping relationships between neighbors, creating a connection between historical stories of the place that people are proud of, and establishing relationships between people and the place they live. That's very important.”

– Anonymous, Co-creative Designer

Interviewees were also asked about how their organizations define social value. Apart from the real estate developer and the social impact researcher, the others mentioned that they have not yet arrived at a clear and coherent definition and considerations are made on a project basis. As evidenced in the conceptual research, social value is known for being difficult to define, especially for building projects. The reason for this is the fact that each project is unique in terms of its stakeholders and their interests, as well as needs and expected outcomes. For example, one community could benefit from job creation, while another could gain social value through improved social infrastructure. While this was recognized by the participants, not having a clear ‘social value strategy’ on the organizational level can be quite threatening to social value

creation in the long term. Changes in leadership and team members more attuned and experienced with social value principles could represent diminished social value consideration.

“My struggle and I think the struggle of our team, is not being able to make social sustainability measurable. With environmental sustainability, we can always measure, and this gives good enough reasons for the clients to decide why they would go with one design over another. But with social sustainability, it's always a bit more difficult because the conversations happen at a high level and then when it comes to making it tangible and measurable is a big challenge. I feel like we're missing the language. To have a common language and then through this, we can understand each other.”

– Olga Kotta, Urban Designer

- **Lack of knowledge and expertise**

Real estate organizations may lack the necessary expertise and knowledge to design and implement projects that deliver social value effectively. This includes understanding sustainable practices, community engagement, and impact measurement. Moreover, there may be insufficient training programs and educational resources available to equip professionals with the skills needed to incorporate social value. All six interviewees basically answered the question ‘*Why real estate organizations are still not adopting these frameworks more broadly?*’ in the same way: people simply do not know how to use them. While the urgent demand for capacity building was recognized, the lack of clear incentives for the real estate industry to take action prevents investment in new skills for measuring and reporting social value, creating a vicious cycle.

“You have a quite fragmented environment of different certifications and navigating that is a challenge in itself. That complexity and the lack of knowledge about where to start and how to adapt these things is the first challenge. The second challenge is a lack of investor pressure. The third element is capacity building more generally. These three things combined mean that you have very poor incentives to invest in the capacity building needed to systematically address real estate sustainability performance.”

– Emil Lassen, Real Estate Developer

In sum, all interviewees agree that the barriers persistency in blocking industry action can be explained by the complexity of interposed factors; from not understanding what social value can be in different contexts, to not exactly knowing what to do, who to involve and when, to a lack of ‘know-how’ to do it. In this sense, every barrier transposed seems only to review the following barrier, making it ever challenging for real estate organizations to have a real grasp of how to integrate social value into their operations. The second research sub-question (SQ2) ‘*What are the main barriers for real estate organizations considering, creating, and delivering social value?*’ is then answered by the analysis of all interviewees’ perceptions regarding the identified barriers to social value from which we can conclude that the barriers real estate organizations face to considering, creating, and delivering social value are mainly a cultural resistance to change, followed by the lack of clarity on how to assess social value, and the lack of expertise for navigating the complexity of existing tools and regulations.

5.4.2 Perceived drivers of social value in the real estate industry

Real estate organizations have several compelling drivers to consider, create, and deliver social value in their projects. As previously identified through the literature review, these drivers can stem from regulatory requirements, market opportunities, competitive advantages, and broader societal trends. To answer the third research sub-question (SQ3) *'What are the main drivers for real estate organizations considering, creating, and delivering social value?'* the perception of which of those identified opportunities could be considered the key drivers to social value was tested with the interviewees. The real estate developer pointed out that the rise in ESG reporting will drive more organizations to prioritize social value to access cheaper funding. The sustainability engineer observed significant advancements in carbon efficiency and legislation over the past three years, suggesting that social value practices will similarly become more standardized and relevant. The policy advisor agreed, noting that regulatory requirements will push for standardization.

- **Legislation and regulatory incentives**

When asked *'How could governments play a better role in driving social value creation in the real estate industry?'* all participants considered government policies and incentives a *fundamental driver*. It was consistently mentioned in all interviews that governments increasingly mandating or incentivizing social value creation through policies, grants, tax incentives, and subsidies is perceived as the most important factor for driving real estate organizations to change their business actions. The policy advisor pointed out the risks if the incentives are not right or regulations are not thought through to cover unintended risks:

"With greening and general sustainability, there's a huge risk of greenwashing. At the same time, a huge risk of gentrification because the minute you make a neighborhood significantly nicer and improve the quality of life, it also means housing prices are going to go up. It also means people might face the risk of not being able to afford their rent anymore and then having to move out. And that's sort of the opposite of what you want to achieve when you want to improve the quality of life for all people. In that sense, I think a lot of cities are thinking about these risks."

– Anonymous, Policy Advisor

Compliance with these regulations can drive organizations to integrate social value into their projects. Another regulatory incentive highlighted was planning permissions since local authorities may require social value considerations as part of the planning approval process. Meeting these requirements can be essential for obtaining necessary permits.

- **The business case**

When asked *What kind of opportunities might attract or generate financial support and accountability pressure from the investors?* the sustainability engineer emphasized that sustainability in real estate is becoming the norm. There is a great need for an integrated and multidisciplinary transition to a sustainable

construction and real estate industry. This broad attention to the environment, society, and good corporate governance comes together in the ESG framework which provides an approach to measure sustainability performance.

Looking beyond just the creation of financial value has become the starting point, ESG is based on the idea that companies can achieve strong returns if they create sustainable value for all stakeholders. She mentioned that the argument for “futureproofing” investments through financing sustainable projects and initiatives is currently a strong one. So there are more demanding investor expectations since institutional investors are increasingly considering Environmental, Social, and Governance (ESG) criteria in their investment decisions. Demonstrating social value can help attract and retain investment from these sources.

“If a developer has a good reputation of sustainability the next logical step is to have a good reputation in social sustainability. It comes down to reputation and wanting to be the ones with the best project and demonstrating that people will be flourishing, people will be happy in their projects. I sometimes make the argument that Jane Jacobs made around vitality and how you can make or break a neighborhood based on how it's designed. There is a case to be made around what actually brings people together, what draws people to a place, what makes them linger, and what makes people feel safe. What does it mean for younger generations? What does it mean for older generations? Considering all those things can only be a positive thing. So that's one thing. Another case that can be made is about synergies and thinking holistically about strategies. Environmental and social strategies, thinking about design interventions and design choices, and how if you consider them holistically, you can hit 4 to 5 birds with the same stone.”

– Bianca Latini, Sustainability Engineer

To answer the same question, the real estate developer pointed to changing market demand and trends in consumer preferences. According to him, especially amongst younger European generations there is a growing demand from consumers for sustainable, community-oriented, and socially responsible developments. Projects that deliver social value can attract buyers and tenants who prioritize these attributes. Additionally, the urban designer and the sustainability engineer mentioned collaborating with external consultants, including anthropologists, to gain insights into the most effective ways to frame social value.

- **Increased focus on social value in the private industry**

Sharing data with other industry players can help real estate organizations better address pressures from stakeholders, such as NGOs, the public, and shareholders, to adopt responsible practices. It also aligns with corporate social responsibility (CSR) goals, enhances employee engagement, and contributes to positive social and environmental impacts. The policy advisor gave an example of how organizations can improve community development, environmental stewardship, and overall corporate strategy, through collaborations on data-sharing, leading to broader societal benefits and greater industry-wide progress.

“In EU-funded projects, there is an opportunity to test your methodology and test your product. I think it's a win-win collaboration because when you work with certain cities and with certain communities, of course, you are helping them achieve a broad set of goals, whether it's like community impact or environmental impact or even just building capacity in that city to be able to improve their knowledge and their ability to do certain things. But of course, it's also an opportunity for them to improve their dataset or to improve the testing to develop new products, because this collaboration also could mean that they develop new ideas and the innovation aspect of it is I think quite a crucial one.”

– Anonymous, Policy Advisor

This openness could make organizations more receptive to sharing data, as it supports their mission and amplifies the positive outcomes of their projects. Asked ‘What could be the advantages of sharing your data with other industry players that can make organizations more open to that?’ the real estate developer mentioned his company’s “right to copy” principle as an alternative to “copyrights”:

“We believe in open source as much as possible, the Doughnut for Urban Development is available for download completely free on our website, so the entire framework, the book, the tools and everything can be downloaded for free. When it comes to applying the framework, that's where we believe that the real value is uh. There are a lot of great impact frameworks out there already but applying them is where the ‘secret sauce’ is and where the real value is. So that's the part that we keep internal to ourselves.”

– Emil Lassen, Real Estate Developer

This section concludes by answering the sub-question (SQ3) ‘What are the main drivers for real estate organizations considering, creating, and delivering social value?’ with three main drivers commonly identified amongst the participants. Namely, legislation and regulations, making the business case for social value, and extrinsic pressure from stakeholders demanding real estate organizations’ responsibility, accountability, and transparency on the social impacts their activities create. The last part of the interviews dived into identifying possible enablers that could align these drivers to the main barriers.

5.4.3 Perceived enablers of social value in the real estate industry

To answer the sub-question (SQ4) ‘What could bridge the main gaps between the barriers and drivers to integrating social value in the real estate industry?’ the last part of the interviews was dedicated to identifying the means to bridge the common gaps between the barriers and drivers to social value in real estate. Leveraging *enablers* or ‘means of change’ could bridge the gaps between the barriers and drivers of social value in the real estate industry. Key enablers can bridge identified gaps by providing the necessary support, resources, and frameworks to align motivations with practical implementation.

- **Sustainable financing**

Social value is on an increasing trajectory of importance that will soon be reflected in financial metrics. The financial drivers are improving and it’s also the right thing to do. Considering social and environmental value

considerations strengthens the business case, making sustainable built assets a powerful financial opportunity. This view was particularly shared between the sustainability engineer and the developer.

“Different financing exists for different things. I hope that financing starts to look more holistically at social issues as well. With the rise of ESG, I think a lot of ESG finance or impact investing are going to start making that more common and more possible. But at the moment there's no sure way of doing it and you have to get creative and see what's available at the time. It's a tricky part of it, but also public-private partnerships are really important.”

– Bianca Latini, Sustainability Engineer

Actively engaging with governments to drive and secure financial support and incentives such as subsidies and grants can be a huge opportunity for driving social value forward in real estate. Governments can offer subsidies and grants specific for projects that demonstrate strong social value components, offsetting initial costs and incentivizing developers. On the private side, impact investment funds are already available with specific funds dedicated to investing in projects that deliver measurable social value, providing financial backing and attracting investors interested in social impact. Finally, governments can act on offering tax incentives and breaks for developers who incorporate social value elements such as affordable housing, green spaces, and sustainable practices.

“It is important that the public industry, public investment companies, and investments through green bonds and other green instruments can be used in creative ways to strengthen the link between sustainability performance and lower risk for potentially even better business outcomes. Because literature is growing on something sustainable also actually being a better investment simply because it's more future proof.”

– Emil Lassen, Real Estate Developer

- **Alignment of social value metrics and capacity building**

There exists a long list of sustainability and impact frameworks already. These fall into different categories regarding their scope and level of influence. There are global sustainability frameworks, for instance, the SDGs, and the UN principles of responsible investment. At the industry level, there are certification frameworks such as the ones originating from regional green building councils like DGNB in Germany and LEED in the US, and the independent BREAM in the UK. Finally, there are specific corporate frameworks and company certifications like the B-Corp movement.

“I think there is a methodological gap. Knowledge of not just tools and means but one step higher. We, for instance, tried to grasp our process in a kind of method and I think that kind of thinking is important to offer to project managers, for example, so that they are able to kind of judge the kind of proposed process.”

– Anonymous, Co-creative Designer

What is needed according to the developer and the sustainability engineer is a regulatory simplification and standardization with clear guidelines. On a higher level, governments and industry bodies can and should work more closely together to develop and disseminate clear, consistent guidelines for social value integration and measurement, reducing regulatory complexity.

The sustainability engineer anticipated improvements in social value measurement, making it more comprehensive and quantifiable. This shift towards a customer-centric approach, focusing on user experience and retention, could enhance social value practices. However, she questioned whether five years would be enough to see significant progress, comparing it to the slow evolution of carbon legislation. Both the developer and the social impact expert agreed that while it will take decades to refine social value measurement recognizing that reporting accurate indicators to capital facilitators is crucial now. Most interviewees suggested that understanding the social value business case and establishing clear definitions and standardized measurement approaches are key initial steps. Leadership and conviction in organizations were also noted as important drivers of social value creation.

“Breaking things up in ‘scopes’, for example, as we did with environmental sustainability is quite powerful because it breaks things down in people's minds and helps them understand which part they have agency over affecting.”

– Bianca Latini, Sustainability Engineer

The adoption of standardized frameworks like BREEAM, LEED, or WELL Building Standard can definitely guide developers in implementing and certifying social value initiatives. However, there is still a huge gap in sustainability literacy in the industry. All interviewees agreed on the complexity of these frameworks and that education and training programs for professional development should be more accessible. Companies should offer opportunities for training and certification programs for real estate professionals on sustainable development, community engagement, and social impact measurement. Also, real estate organizations could take the lead in hosting workshops, seminars, and webinars to disseminate best practices and innovative approaches to integrating social value. More education, training, and awareness can bridge this divide and equip professionals with the necessary skills.

- **Strategic partnerships**

The participants mentioned several opportunities for partnerships to drive social impact in the real estate industry. For example, collaborative shared data sets, and industry benchmarking (the necessary data input for feeding the frameworks’ targets and indicators, and collecting the impact outputs). Also, partnerships for financing sustainable action and sustainability projects. Real estate organizations can also actively seek to build public-private partnerships and engage in policy advocacy to influence government regulations and policies that support social value in real estate. Organizations can also take an active role in fostering strategic collaborations is forming or joining industry coalitions and networks focused on promoting social value, facilitating knowledge exchange, and amplifying advocacy efforts.

“It's about how various partners can contribute beyond just money. The private industry, whether it's consultancies or financial institutions, for example, have a very wide access to data that can also help cities to plan better for either the sustainability criteria or with socioeconomic factors. I think there's a little bit of that creativity in going beyond of ‘OK, this is a project I will finance’ versus how they can also become part of the project. Whether it's collaborating on developing a value case and understanding that a value case also has returned or providing some kind of knowledge or access to data. Private organizations can also provide technical support and that's also some of the collaboration models that we experiment with.”

– Anonymous, Policy Advisor

The social impact researcher gave an example of how businesses can benefit enormously through partnerships with academic institutions, collaborating with universities and research institutions to develop curricula and research projects focused on social value in real estate.

“I believe that we should develop the frameworks that others in practice can use to design indicators that are meaningful to them (...). We developed a game that people can play. We've played it with researchers, but also with the city, and you can also bring other stakeholders on board. A company could invite researchers, their suppliers, their customers, and the general audience to all work on this. Asking the questions ‘How can we create this vision, what's necessary to create this vision, and what kind of indicators tell us how we are moving forward in realizing this vision?’, also helps to bring people together.”

– Anonymous, Social Impact Researcher

In the end, participants were asked about the future of social value practices, and all six agreed that the importance of social value measurement will continue to grow. Asked ‘What is the perspective for shifting the industry leaders’ mindset to transition real estate to a truly sustainable and innovative industry? What will it take to bring us there?’ they cited emerging global megatrends like urbanization, income inequality, loneliness, and obesity as key factors. For instance, the real estate developer noted that the affordability crisis will gain social and political significance, prompting governments to implement more housing policies and regulations. He also highlighted that adapting to climate change by focusing on livability and indoor climate will become essential. The urban designer noticed the generational shift in consumers and professionals as a signal of the potential for changing the industry’s direction toward sustainability:

“I also had an experience where we had to work within a company of developers and we had workshops with them on what the city of the future is, and what is the best city we can create. The Board of Directors and the more experienced people of a different generation had totally different principles of what a good city is than people of our generation. This contrast gives me a lot of positivity. Because I thought, ‘Oh, if these are the new generations of developers, then I think it should be easier in the future to negotiate with them over with people that are asking us questions about parking spots per residential unit in the development’. I'm generally positive.”

– Olga Kotta, Urban Designer

The answer to the SQ4 *'What could bridge the main gaps between the barriers and drivers to integrating social value in the real estate industry?'* identifies three enablers of social value in real estate. Firstly, actively applying for sustainable finance, can fund the additional costs of integrating social value into projects. Secondly, the alignment of tools, definitions, and roadmaps to work in a coordinated, systematic way to move the system forward. Thirdly, seeking partnerships and collaborations with strong partners is a powerful but untapped way to create sustainable development outcomes.

5.5 Summary of Results and Design Criteria: Addressing social value gaps

Through the collection of industry perspectives on the barriers, drivers, and enablers to social value in real estate, this research found a couple of opportunities for addressing the gaps for considering, creating, and delivering social value in the industry. The findings point out to directions for ultimately accelerating social value integration in the real estate industry through identified enablers that can align key drivers to overcome main barriers and close the current gaps between them.

To overcome these barriers, real estate organizations can consider the following strategies shown in the results. Actively seek partnerships for collaborating with governments, non-profits, and community organizations to share resources, knowledge, and expertise. Next, real estate organizations need to focus on stakeholder engagement and develop robust community engagement strategies to build trust and ensure that projects meet the needs of residents. To ensure transparency and accountability, organizations should adopt existing reference frameworks for measuring and reporting social value. Finally, a point heavily emphasized by all participants was the urgency of investing in specialized education and training programs to build internal capabilities around social value – so adoption and implementation of those frameworks can work in practice.

By recognizing and leveraging key drivers, real estate organizations can strategically integrate social value into their operations, leading to more sustainable, inclusive, and resilient developments. Examples of key drivers in action could be targeting and investing in green building certifications. Achieving certifications such as LEED (Leadership in Energy and Environmental Design) or BREEAM can actually drive organizations to adopt sustainable practices that deliver social value. Beyond the knowledge development partnerships, public-private partnerships with governmental bodies could support the development of affordable housing or community infrastructure driven by shared goals of social value creation. Lastly, participants also mentioned the often-untapped opportunity to access impact investment and specialized funds focused on social and environmental impact which can incentivize and financially back up organizations to align their projects with social value goals.

Despite social value barriers and drivers' clear recognition amongst experts, there are also multiple gaps in bridging those. The gaps between social value barriers and drivers in the real estate industry represent areas where the alignment between motivations for delivering social value and the obstacles hindering its implementation can be improved. Addressing these gaps can facilitate the more effective incorporation of

social value into real estate projects. The research has found that the main gaps between the barriers and drivers for delivering social value in the real estate industry often revolve around issues of industry alignment, knowledge, measurement, and resource allocation. The collected data points out that real estate organizations can take advantage of a couple of enablers to bridge these gaps.

“Real estate developers and other actors in the ecosystem are already overwhelmed because working and navigating real estate is not just about sustainability. There's a big challenge in how we take all we now know about sustainability and simplify it so that new people who need to push this further are better equipped. Knowing what to do needs to become natural every time you must make one of those 1000 decisions every day. You have some frameworks that are completely embedded in your mindset and in your way of working. A framework that recognizes what the right thing to do is, and who the different stakeholders you need to get on board are.”

– Emil Lassen, Real Estate Developer

Mainly, by adopting an integrated approach to social value, combining financial and regulatory incentives to strategic planning to create a cohesive social value strategy that fits the organization. Another point stressed was harnessing the power of partnerships and collaboration: by building public-private partnerships to work with governments, NGOs, and other stakeholders, real estate organizations can drive the much-needed alignment of goals and resources for social value. Finally, real estate organizations must commit to transparent reporting and accountability to build trust and demonstrate the impact of social value initiatives, which can be enabled by adopting the available social impact assessment and reporting tools. By addressing these gaps, real estate organizations can better align their drivers and overcome barriers to effectively deliver social value in their projects.

By leveraging these enablers, real estate organizations can more effectively bridge the gaps between barriers and drivers, facilitating the integration and delivery of social value in their projects. Accordingly, these enablers form the foundation for a proposed design solution to bridge the gaps between social value barriers and drivers in real estate. Finding concrete ways for leveraging the identified enablers seems to be one way to unlock investment and leadership support for social value integration in real estate organizations' decision-making, therefore pointing to a clear direction for answering the main research question. This will be explored in the next chapter a business redesign journey is outlined to accommodate a social value strategy for real estate organizations embedding social principles in their core decision-making.

6 CHANGE BY DESIGN

The research results outlined in the last chapter form the foundation for the solution design. The design criteria are based on the three enablers identified. These are now taken as the guiding principles for developing a social value strategy for real estate organizations effectively integrating social value into their business.

- ***Enabler #1: Align financial incentives to social value implementation costs***

There is often a perceived conflict between the immediate financial goals of real estate projects and the long-term benefits of incorporating social value. Developers may prioritize short-term financial returns over investments in social initiatives, especially if the financial benefits are not immediately clear. Resource constraints, both in terms of funding and human resources, can limit the ability of real estate organizations to prioritize and implement social value initiatives. However, there are increasing regulatory incentives, market demand, and long-term financial advantages associated with social value projects, such as enhanced property value and tenant satisfaction. There are also increasing opportunities for funding through government incentives, impact investment funds, and public-private partnerships that should be strategically pursued.

The gap lies in aligning these financial incentives more clearly with social value outcomes, demonstrating that social initiatives can contribute to long-term profitability and risk mitigation. Technological advancements can drive social value creation, but high implementation costs and lack of expertise can be barriers. The focus should be in the allocation of these resources and the prioritization of social value initiatives within organizational strategies, using a more strategic approach to identifying and leveraging available resources. This can be addressed by real estate organizations developing clearer financial models and frameworks to demonstrate the long-term economic benefits of social value initiatives. One solution is actively seeking more robust financial incentives and subsidies to offset initial costs. This might be coupled with investment in technology through financial incentives and partnerships with tech firms, alongside the training of people on the use of new technologies to ensure successful implementation.

- ***Enabler #2: Align social value metrics to regulations combined with capacity building***

Measuring and reporting social value is complex, with challenges in quantifying qualitative outcomes and a lack of standardized metrics. This can make it difficult to demonstrate the value of social initiatives to investors and stakeholders. A significant barrier is the lack of expertise and knowledge within the industry regarding how to effectively integrate social value into real estate projects. This includes a limited understanding of sustainable practices, community engagement strategies, and social impact measurement. Governments may mandate social value through policies, but the complexity and inconsistency of regulations across regions can create barriers.

There is an increasing availability of frameworks and tools, such as Social Return on Investment (SROI) and ESG reporting standards, which provide methodologies for measuring social value. Another driver is a

growing body of knowledge, best practices, and frameworks available to guide the incorporation of social value. Additionally, professional development opportunities are increasing as the demand for ESG expertise grows. The gap here involves the practical application of these measurement tools and the establishment of industry-wide standards. There is a need for more consistent, transparent, and comparable reporting to build trust and showcase the benefits of social value projects. Creating social value can provide a competitive advantage, but difficulties in quantifying and measuring social impact can hinder efforts. Moreover, despite growing market demand for sustainable and socially responsible projects, there is a lack of expertise and knowledge within organizations to implement these initiatives effectively.

To close the gap, the solution needs to be twofold. At the governmental level regulations must be standardized and provide clearer, more consistent guidelines to simplify compliance while offering support and resources to help developers navigate regulatory requirements. At the industry level, practice leaders need to drive a coalition to develop and adopt standardized measurement frameworks and tools to quantify social value in real estate aligned with the regulations. Both should be combined with public and private incentives to invest in education and training programs to build the necessary skills within the workforce. A key initiative is to foster partnerships with academic institutions and industry bodies to promote knowledge exchange and the dissemination and adoption of this knowledge and expertise within the industry.

- ***Enabler #3: Build strategic partnerships based on shared transparency and accountability***

Resistance to change and a traditional focus on financial metrics over social outcomes can be significant barriers within organizations. Gaining community buy-in and effectively engaging stakeholders can be challenging, especially in areas with historical mistrust or where there is perceived indifference to community needs by developers. The growing emphasis on Corporate Social Responsibility (CSR) and ESG criteria among investors and consumers is pushing organizations towards greater accountability and social responsibility. Successful case studies and growing recognition of the importance of stakeholder engagement as a driver for project success and community acceptance are encouraging more inclusive practices.

While CSR is a strong driver, internal cultural resistance within organizations can impede the adoption of social value initiatives. The gap involves cultivating a culture that values and prioritizes social value alongside financial success. This requires leadership commitment, internal advocacy, and a shift in organizational culture. Public and investor pressure can drive social value, but the industry's traditional short-term profit focus often conflicts with long-term social value goals. Real estate organizations recognize the importance of stakeholder engagement, but gaining genuine community buy-in remains a challenge. Consistently implementing effective stakeholder engagement practices and integrating community feedback into project planning and execution requires not only intent but also resources and structured processes.

What is needed is a culture of social responsibility at all levels of the organization. One way to promote this culture is by highlighting successful case studies and the benefits of social value to gain buy-in from senior management and staff. Although considered the biggest challenge since it involves systemic change, shifting the focus from short-term gains to long-term value creation can start by educating investors and stakeholders on the long-term benefits of social value, including resilience and sustainability. Finally, implementing more inclusive and transparent engagement processes that involve communities early in the planning stages and ensuring their feedback is genuinely considered and acted upon building trust amongst stakeholders. As discussed, the identified main opportunities or enablers for closing the social value gaps in real estate are the alignment of financial incentives and costs, alignment of metrics to regulatory requirements, and strategic partnerships. By addressing these gaps, real estate organizations can better align their barriers and drivers, facilitating the more widespread and effective delivery of social value in their projects.

6.1 Creating a Strategy that Delivers Social Value

To operationalize the identified enablers, a social value strategy should be followed for real estate organizations, considering, creating, and delivering social value as part of their value proposition. The UK Green Building Council (UKGBC, 2018) offers guidance on developing a social value strategy for local authorities and development teams in its report, *'Social value in new development: An introductory guide.'* The main guideline considerations are included in [Appendix G](#) for further design input reference. According to Fujiwara and Dass (2020), creating a social value strategy involves four steps: (1) *understanding social value*; (2) *establishing local needs and understanding the context*; (3) *establishing social value outcomes and metrics*; (4) *implementing and sustaining success over the long term*. Moreover, to be effective, a social value strategy should be embedded in core real estate business operations (Fujiwara and Dass, 2020). The recommended approach is illustrated in [Figure 9](#).

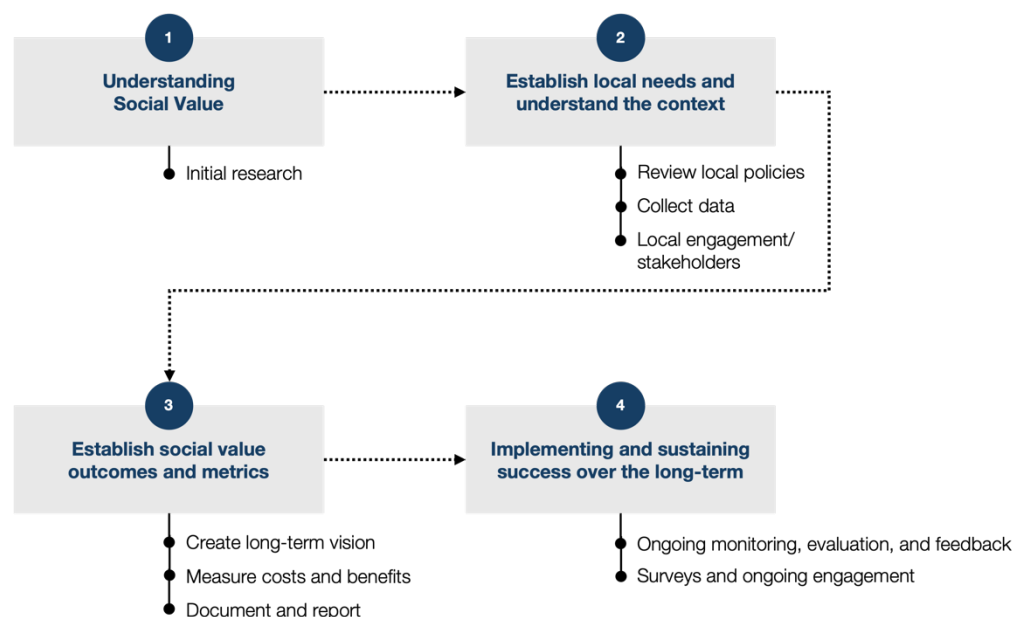


Figure 9: Social value strategy roadmap (Adapted from Fujiwara and Dass, 2020).

Putting a social value strategy into action requires a well-structured approach, encompassing detailed planning, stakeholder engagement, resource allocation, and continuous monitoring and evaluation. Therefore, sub-steps should be added to make to social value strategy as clear and straightforward as possible. Building on top of the social value strategy roadmap developed by Fujiwara and Dass (2020), I detail my proposed step-by-step roadmap to operationalizing social value enablers in a social value strategy. Figure 10 illustrates these steps and summarizes key action points throughout the roadmap. Below is a detailed description of the proposed actions. By following these steps, a real estate organization could effectively put its social value strategy into practice, ensuring that its developments not only contribute to sustainability but also enhance the well-being of the communities they serve.

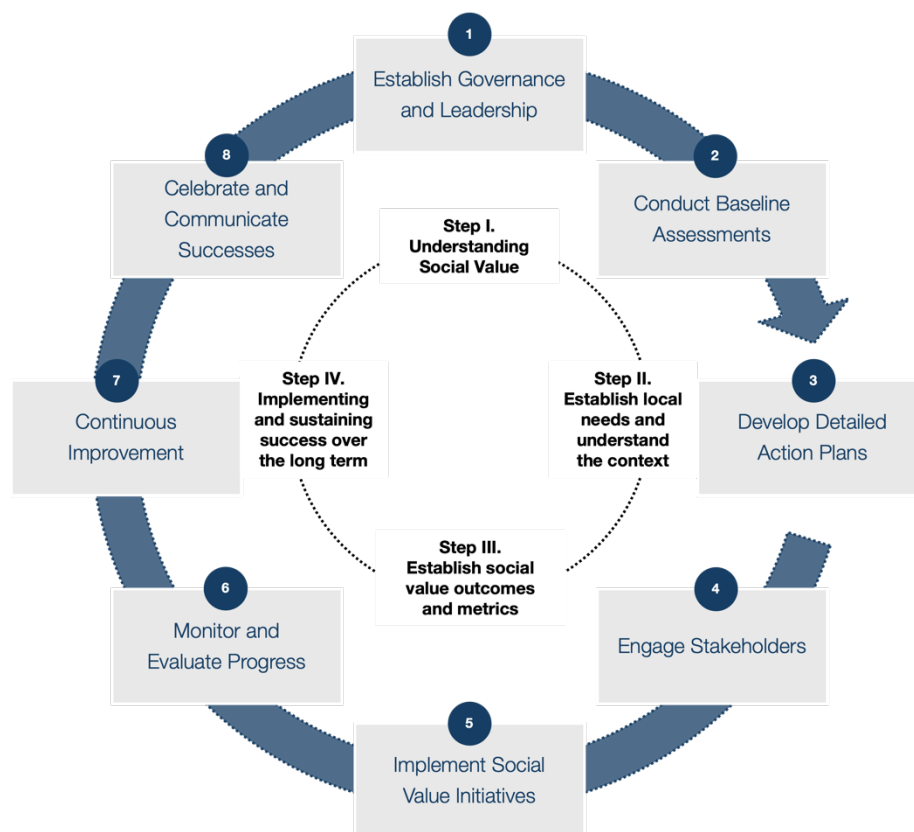


Figure 10: Social value strategy prototype. The strategy steps have been identified based on conceptual and empirical evidence and operationalized into action points (By the Author).

Step I. Understanding social value

Given the status quo, the first step is often the hardest to take. Governments and civil society must keep pushing these companies to take steps in the right direction, and these stakeholder groups are fundamental at this stage. Once incentives are clear, existing frameworks provide valuable insights to help organizations comprehend and set social value objectives and targets. The UN's Sustainable Development Goals (SDGs) set a global benchmark for social goals and offer a well-sourced and structured database of global indicators as a starting point. The different green building councils' guidelines and the Doughnut for Urban Development manual, for example, can support industry-specific assessments on social value and

the contributions of built environment projects. These are accompanied by detailed guides on incorporating social value in the built environment, addressing topics such as defining social value, measurement methods, and useful resources.

To drive systemic change, the social value strategy described should be implemented at the business level, not on a project basis only. While the importance of taking the first step to understanding social value is focused on the real estate development companies, they should not do it alone. Apart from public pressure, different stakeholders from the real estate industry must educate themselves in the process of social value creation, to also be prepared to engage with real estate developers and share common knowledge of social value. From designers to investors, building owners and occupants, and service providers all have a role to play in not only pressuring but also supporting real estate development companies to take this first step.

For the developers to understand social value properly, there are several action points to support the initial strategy implementation. Leadership is fundamental to championing social value considerations on a company level, followed by internal policies that can guide efforts and make them consistent. On a project basis, developers must involve affected communities and interest groups early in the project development.

1. Establish Governance and Leadership

- **Create a Dedicated Team:** Form a cross-functional team responsible for driving the social value strategy. This team should include members from community relations, development, operations, and finance. Appoint a Chief Sustainability Officer (CSO) or Social Value Director to lead the initiative and report to the executive team.
- **Develop Policies and Guidelines:** Draft policies that outline the organization's commitment to social value, including affordable housing, community engagement, and inclusion. Ensure all employees are trained on these policies and understand their role in implementation.

2. Conduct Baseline Assessments

- **Community Needs Assessment:** Engage with local communities to understand their needs and priorities through surveys, focus groups, and public meetings. Analyze data to identify key areas where the organization can make the most significant social impact.
- **Internal Assessment:** Review current projects and practices to identify existing social value contributions and areas for improvement. Benchmark against industry best practices and standards.

Step II. Establishing local needs and understanding the context

Once there is a clear understanding of social value, what it entails, who should be involved, and how it can be put into practice, a second step is setting clear guidelines to define the relevant social value objectives for each new development. These should be context-specific and integrated with regional policies and the

local development plans. As each project will have its priorities depending on the location, asset type, expectations from stakeholders, and the final user group.

At this stage, community involvement is fundamental, before, during, and after the strategy implementation. Consultation with local groups from the areas the companies have developed in the past, as well as those in planning, could provide useful feedback at the same time, fostering collaborations that could facilitate backing for future projects, for example. These interactions also help inform common social needs that the company often encounters. While some projects might require providing affordable housing units, others could focus on creating educational or job opportunities, a new green area, and access to public transport.

3. Develop Detailed Action Plans

- **Project Planning:** Integrate social value objectives into project planning processes. For each new development, set specific social value goals (e.g., number of affordable housing units, local employment targets). Develop a timeline for achieving these goals, with clear milestones and responsibilities.
- **Resource Allocation:** Allocate budget and resources for social value initiatives, such as community programs, affordable housing subsidies, and skills development workshops. Identify potential funding sources, including social bonds, grants, and partnerships.

4. Engage Stakeholders

- **Community Engagement:** Establish regular communication channels with community members, including town hall meetings, advisory boards, and online platforms. Encourage community participation in planning and decision-making processes.
- **Partnerships:** Forge partnerships with local governments, NGOs, educational institutions, and other stakeholders to support social value initiatives. Collaborate with these partners to co-create and co-deliver programs.

Step III. Establishing social value outcomes and metrics

As shown in [Appendix B](#), several established social impact assessment frameworks can be used by organizations aiming to measure and report their social value initiatives. These frameworks can help evaluate social programs' effectiveness and communicate their impact to stakeholders. However, with no clear industry guidelines on measurement beyond ordinary reporting and disclosure activities, many organizations are struggling to adequately assess the impact of their contribution. Based on similar analysis, real estate organizations should implement social value initiatives and target outcomes focused on covering select core themes such as health and well-being, affordable housing, jobs and education, and community spaces.

Given the complexity and multifaceted nature of social impact in the real estate industry, it is often beneficial to use a combination of different frameworks and methodologies, taking a portfolio approach to develop

a comprehensive social value strategy. For example, a real estate company might use a combination of *BREEAM Communities* for sustainability certification and *SROI* for monetizing and communicating the financial value of their social impacts. In [Appendix B](#) there is also a comparative analysis of the commonly used frameworks in the European context, showing their usefulness and recommendations for the real estate industry. This combination ensures comprehensive reporting and robust stakeholder engagement. By adopting a portfolio approach, real estate organizations can leverage the strengths of multiple frameworks, ensuring a robust and comprehensive strategy for social impact. This integrated methodology allows for a more nuanced and effective assessment and reporting of social value, tailored to the specific needs and objectives of the organization.

A team of architects, engineers, and other specialized design consultants should be selected based on their capacity to apply the relevant frameworks, advise on the relevant social targets, and deliver a project that meets the established ambitions. Contractors and material suppliers also need to be screened based on their qualifications for meeting social criteria.

5. Implement Social Value Initiatives

- **Health and Well-being:** Design and construct buildings with health-focused features such as green spaces, recreational areas, and wellness facilities. Partner with healthcare providers to offer services and wellness programs on-site.
- **Affordable Housing:** Begin development of affordable housing units as part of new and existing projects. Work with local authorities to ensure these units meet community needs and regulatory standards.
- **Local Employment and Skills Development:** Launch training and apprenticeship programs in collaboration with local educational institutions. Prioritize hiring local labor for construction and property management roles.
- **Education and Community Facilities:** Develop educational and community facilities as part of property developments, such as schools, daycare centers, and libraries. Provide financial or in-kind support to local educational initiatives.

6. Monitor and Evaluate Progress

- **Implementing the Frameworks:** By leveraging frameworks, real estate organizations can effectively measure, manage, and communicate their social impacts, enhancing their sustainability profile and contributing positively to communities. Comparing the social impact assessment frameworks mentioned in [Appendix B](#) highlights their commonalities and differences, helping senior managers to determine which is most useful for reporting social impact in the real estate industry.

1. Choose Relevant Frameworks: Select frameworks that align with your organization's mission, project types, and stakeholder expectations.

2. Set Clear Objectives: Define specific, measurable goals for social impact.

3. Collect Data: Implement robust data collection methods to gather quantitative and qualitative data.

4. Engage Stakeholders: Involve community members, investors, employees, and other stakeholders in the assessment process.

5. Report Transparently: Use the chosen frameworks to produce clear, comprehensive reports on social impact.

6. Continuous Improvement: Use feedback and evaluation to refine social impact strategies and improve future outcomes.

- **Tracking Metrics:** Use the established KPIs from the select frameworks to track progress on social value goals, such as the number of affordable housing units delivered, local employment rates, and community satisfaction. Implement a robust data collection and management system to ensure accurate reporting.
- **Regular Reporting:** Publish annual social impact reports detailing achievements, challenges, and future plans. Share progress with stakeholders, including investors, community members, and employees.

Step IV. Implementing and sustaining success over the long term

Ultimately, impact is about value creation over time. Implementing a social value strategy is about sustained efforts aligned with the overall goal of the company. The impact of one-off sustainable projects is very small when compared with all the potential value creation real estate developers hold. Also, companies following a social value creation cycle should conduct post-occupancy evaluations to make sure the social goals established were achieved, reflect, and act on any negative outcomes.

7. Continuous Improvement

- **Feedback Mechanisms:** Establish feedback loops with community members and other stakeholders to gather input on social value initiatives. Use this feedback to refine and improve programs.
- **Innovation and Best Practices:** Stay informed about emerging trends and best practices in social value creation. Pilot new initiatives and scale successful ones across all projects.

8. Celebrate and Communicate Successes

- **Recognition and Awards:** Apply for industry awards and certifications that recognize social value contributions. Celebrate successes internally and externally to build a strong reputation and motivate employees.
- **Marketing and PR:** Highlight social value achievements in marketing and PR campaigns. Share stories and case studies of positive community impact to enhance brand reputation and attract like-minded investors and tenants.

6.2 Redesigning Real Estate Businesses

As discussed, increasingly, organizations need to realize that single solutions and short-term efforts no longer fit with the growing awareness of collective concerns toward sustainability in society. Designing foresight and innovation strategies that thrive on long-term values becomes vital. This section shows how a business redesign could support a social value strategy in real estate organizations.

To overcome the societal challenges the real estate industry faces today, the business design of the companies operating in the built environment must be revisited, moving from short-term profit maximization to long-lasting, holistic value creation. This research aims to support real estate organizations on this journey and proposes a business design and stakeholder-anchored governance model based on the Doughnut Economics regenerative and distributive principles. As previously discussed, creating and implementing a strategy that delivers social value should be part of a larger redesign of real estate organizations' business operations.

Part of the design proposal is a *deep business redesign journey* for real estate organizations, integrating social value in core business strategy and decision-making. To deliver a potential solution aligned with those concepts the proposed design follows the principles for *Deep Business Design* developed by the Doughnut Economics Action Lab (2022). The Doughnut Design for Business is the DEAL's guide to redesigning businesses through Doughnut Economics and describes a journey of enterprise redesign, the deep design of business. The five layers of deep business design and what it could look like for real estate organizations. The design of an enterprise determines its priorities, how it interacts with its environment, makes decisions, who holds influence and decision-making power, and how it allocates and invests profits.

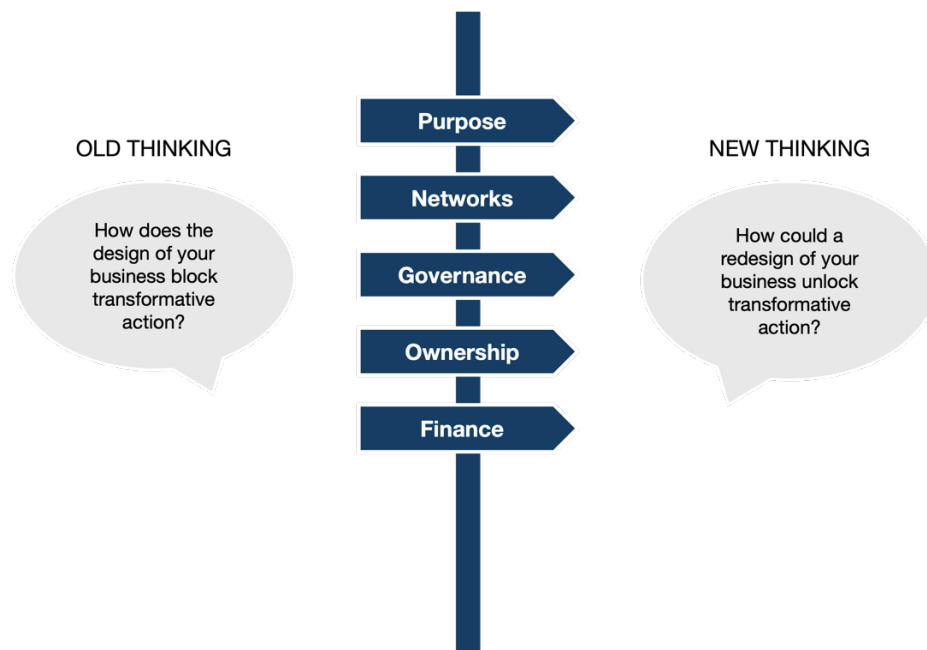


Figure 11: The five layers of deep design (Adapted from DEAL, 2022).

By reimagining business design to prioritize regenerative and distributive objectives, we can hasten the adoption of these practices throughout the business industry. This approach can bolster the efforts of individuals striving to implement transformative changes in business. For this reason, DEAL is dedicated to fostering and promoting innovations in business design. In essence, Doughnut Economics calls on businesses to demonstrate how they are going to transform themselves to belong to a sustainable, prosperous future. Reaching this scale of ambition calls for transforming not only the design of products and the practices of business but also the deep design of the business itself. According to DEAL (2022), most businesses find they are limited by design.

Applying Doughnut Economics to business involves rethinking and transforming the core design of a business. This deep design encompasses the business's purpose, its operational networks, governance structure, ownership model, and its relationship with finance. The deep design is key to enacting the regenerative and distributive actions necessary for achieving Doughnut Economics' goals. Inspired by the work of Marjorie Kelly, a recognized author and thought leader, Doughnut Economics has adopted Kelly's concept of the five "design elements of enterprise ownership," summarizing them as five layers of business design: Purpose, Networks, Governance, Ownership, and Finance. [Table 3](#) summarizes what each design layer entails and offers some practical examples of how they could be applied.

Table 3: The deep design of business – as inspired by author and theorist Marjorie Kelly's five "design elements of enterprise ownership" (Adapted from DEAL, 2022).

DESIGN LAYER	SUMMARY	EXAMPLE OF DESIGN IN PRACTICE
Purpose	The purpose of a business is the fundamental reason why it exists. It is not only found in a company's words but in its culture and operations, and across its core products and services. It is reinforced by the broader design of the business.	<ul style="list-style-type: none"> • Mission-lock through a social enterprise structure. • The stated social and / or ecological purpose is embedded through other layers of the design.
Networks	Businesses create and belong to multiple networks. This includes trading networks across their supply chains, networks with commercial partners, and networks with their staff, customers and governments. Businesses also belong to networks of peers in their industry and broader association.	<ul style="list-style-type: none"> • Long-term and committed partnerships with suppliers. • Long-term commitment to staff, upholding all labor rights. • Part of progressive business networks.
Governance	The governance structure of a business determines how decisions are made. This covers who is represented on the board, how trade-offs are navigated, transparency of the business, what information and metrics are included in annual accounts, and the use of internal	<ul style="list-style-type: none"> • Multi-stakeholder representation on the board. • Mission-lock through an NGO or purpose foundation holding veto power.

	incentives to pursue the company's purpose.	
Ownership	Who owns the business, and to what extent can these owners change or undermine its intended purpose? Deciding which stakeholders are represented in the ownership mix, and the expectations of owners on ecological, social, and financial performance, can be pivotal.	<ul style="list-style-type: none"> • Multi-stakeholder representation on the board. • Mission-lock through an NGO or purpose foundation holding veto power.
Finance	The relationship with finance is a key determinant of a business's ability to become regenerative and distributive. Margin requirements, dividend expectations, and internal reinvestments (capital expenditure) and profit allocation rules are a key part of this. To shape financial parameters so as to enable transformative ideas, the question of a fair return for investors will also arise.	<ul style="list-style-type: none"> • Flexible margins for positive impact ideas. • Dividends cap to enable internal investments in regenerative ideas.

In this study, 'transformative action' means the implementation of a social value strategy as the backbone of core business decision-making to ensure a holistic approach toward sustainable development in real estate. By integrating sustainability into all aspects of operations, real estate organizations in the EU can not only meet regulatory requirements and market demands but also contribute positively to the environment and society. This comprehensive business redesign provides a roadmap for achieving long-term success and resilience in the ever-evolving real estate market.

6.3 Integrating a Social Value Strategy to Deep Business Design: A Journey

From a communication perspective, the journey design should function as a guiding tool and should be understood as an application of the results found in this research into practice. As such, at first, it should provide information about social value, share a common understanding among the involved stakeholders, and create awareness. Secondly, the tool should facilitate the users/actors reflecting on their current attitude toward social value and identify the practical challenges and opportunities they face. Thirdly, this tool should offer some guidance for stakeholders involved in property development to navigate a complex regulatory and reporting environment. Ultimately, the tool could potentially nudge the change in user behavior. Importantly, this tool is not meant to solve the grand problem of real estate developers' resistance to considering social value creation a core sustainable business priority, alongside economic gains and environmental performance.

To inform the business redesign journey exercise, I applied my background in architecture and working experience in the industry for almost three years as a business developer in a large, international architectural firm, where the main private clients are real estate investors and developers. Arguably,

architects and urban designers can be considered a middle ground actor and ‘influencer’ between the public demands and the private interests, and this is also a powerful position to be in. Although I still consider real estate developers the key decision-makers of social value creation and therefore direct the redesign journey towards them, I have seen (and also collected data from the interviews) how designers communicate and negotiate the importance of integrating social value goals. Undoubtedly, architectural and engineering companies could greatly benefit from reflecting on their current business structures and taking a strategic redesign journey themselves.

As mentioned, creating a truly sustainable business design for real estate organizations in the EU involves integrating environmental, social, and governance (ESG) principles into all aspects of their businesses. To be the most effective in truly making a positive impact, a social value strategy should not be a stand-alone, one-off initiative, but rather be integrated into the business design. This means the strategic actions outlined in [Section 6.1](#) should be embedded in the deep business design of a real estate organization to ensure social value is considered, created, and delivered in every project that the organization might pursue.

Following, I outline a comprehensive step-by-step journey for such a business redesign while embedding a social value strategy into it. Integrating a social value strategy into the sustainable business model for a real estate organization involves embedding social impact initiatives into core operations, stakeholder engagement, and community development efforts. By integrating these strategies into a sustainable business model, real estate organizations can create lasting social value, enhance community well-being, and build stronger, more resilient communities across the EU.

6.3.1 Why take on a journey to redesign your business?

When operating within incumbent practices, the deep design of a business might hold back transformative ideas. Business as usual is designed to maximize margins and dividends, versus a business redesigned to unlock social value. As shown in the conceptual and empirical research ([Chapters 4 and 5](#), respectively), it is important to consider that there are many effective ways to start transforming business, including external public pressure from governments and civil society to change business practices. Additionally, there is a lot of effort to improve leadership across the business world, the setting of new targets and metrics, and making the business case of better returns in the long term. While all these have been highlighted throughout this report, to drive further ambition to transform the real estate industry and achieving the sustainable development goals, the Doughnut Economics approach – exactly for its unique focus on transforming the deep design of business as a means for systemic change – was chosen.

6.3.2 How to use this strategy and begin the journey?

The strategy includes key impact themes addressed in social value theory, frameworks, and certifications, confirmed by industry professionals. Recognizing measurement as a major obstacle to social value creation, the strategy provides available measurement approaches and KPIs for each impact theme. Users should select the most suitable social value assessment and impact management frameworks, and

measurement techniques based on project context and available resources, amongst other factors. This ensures that the main social value criteria are reliably and meaningfully covered.

The strategy is, of course, flexible to be tailored allowing users to add as many KPIs and alternative measurement techniques as needed. It is designed to inspire, not restrict. Users should first read through the proposed strategy actions to identify relevant impact themes and highlight those of most interest. The following exercise on taking a business redesign journey to embed a social value strategy into a real estate organization's core business operation can be seen as a "guidance" in that sense. It contains key questions and detailed steps with initial suggestions on how such strategy implementation could look like in practice. It should be noted that the destination exemplified in the business redesign exercise should not be considered as the end of the journey. Periodic reviews and updates are necessary to stay effective as new opportunities, strategies, and relationships arise.

6.3.3 What are the stops, directions, and destinations in this journey?

As proposed by the Doughnut Design for Business (2022) tool, the journey starts by asking real estate organizations two essential questions:

- *How does the design of your business block transformative action?*
- *How could a redesign of your business unlock transformative action?*

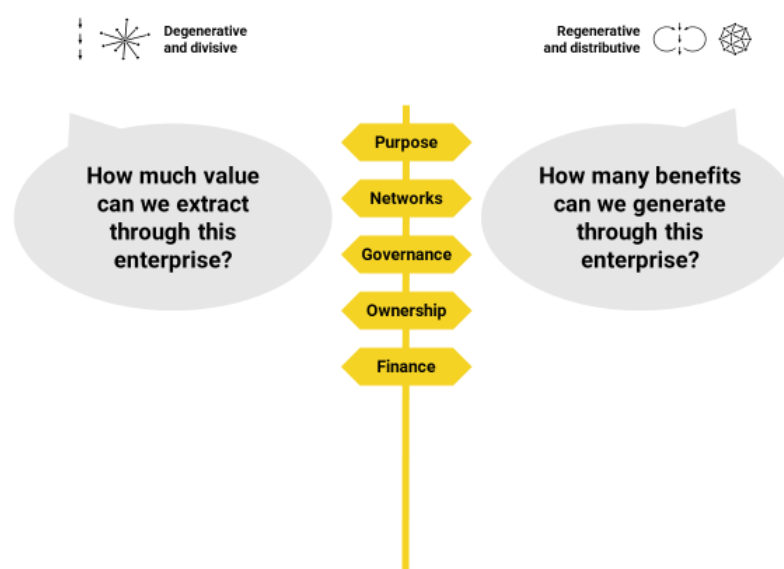


Figure 12: The five layers and fundamental questions of deep design for business – Deep design shapes what organizations can be and do (DEAL, 2022).

This is a workshop tool Developed by the Doughnut Economics Action Lab (2022) that allows companies to understand and engage with Doughnut Economics. It is a journey into transforming the deep design of business (e.g. their ownership and governance) to ensure the business can pursue regenerative and distributive strategies, practices, and business models to help bring humanity into the Doughnut. Any business hoping to engage with Doughnut Economics can only do so through a focus on enterprise design,

which is the central focus of this tool. This is explored through five design layers: a company's *purpose*, *networks*, *governance*, *ownership*, and *finance*. These design layers powerfully shape the strategic decisions and operational impacts of businesses, and ultimately determine whether businesses can transform to become part of a regenerative and distributive future. By diving into the five layers of deep design, this tool reveals both design blockages that prevent transformative action, and design innovations that can unlock its possibility.

To redesign the real estate developer business using the Doughnut Design for Business tool, we can follow the workshop's four key parts: *Rapid doughnut mapping*, *Regenerative & distributive ambitions*, *Knowing your business design*, and *Redesigning your business*. A simulation exercise – or a thought experiment based on the application of research results – of how the deep business redesign journey could be applied in a generic real estate organization is shown below.

1st STOP: Rapid Doughnut Mapping

Objective: Identify how the business currently helps or hinders social and ecological goals.

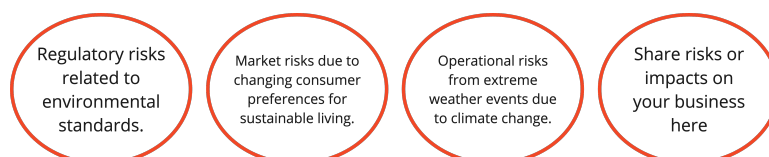
Direction A: Identify Positive Impacts – Use green sticky notes to identify ways your business helps humanity move into the Doughnut.



Direction B: Identify Negative Impacts – Use red sticky notes to identify ways your business contributes to social and ecological pressure.



Pit Stop 1: Identify Business Risks – Use the circles to identify where social and ecological pressures create risks or impacts for your business.



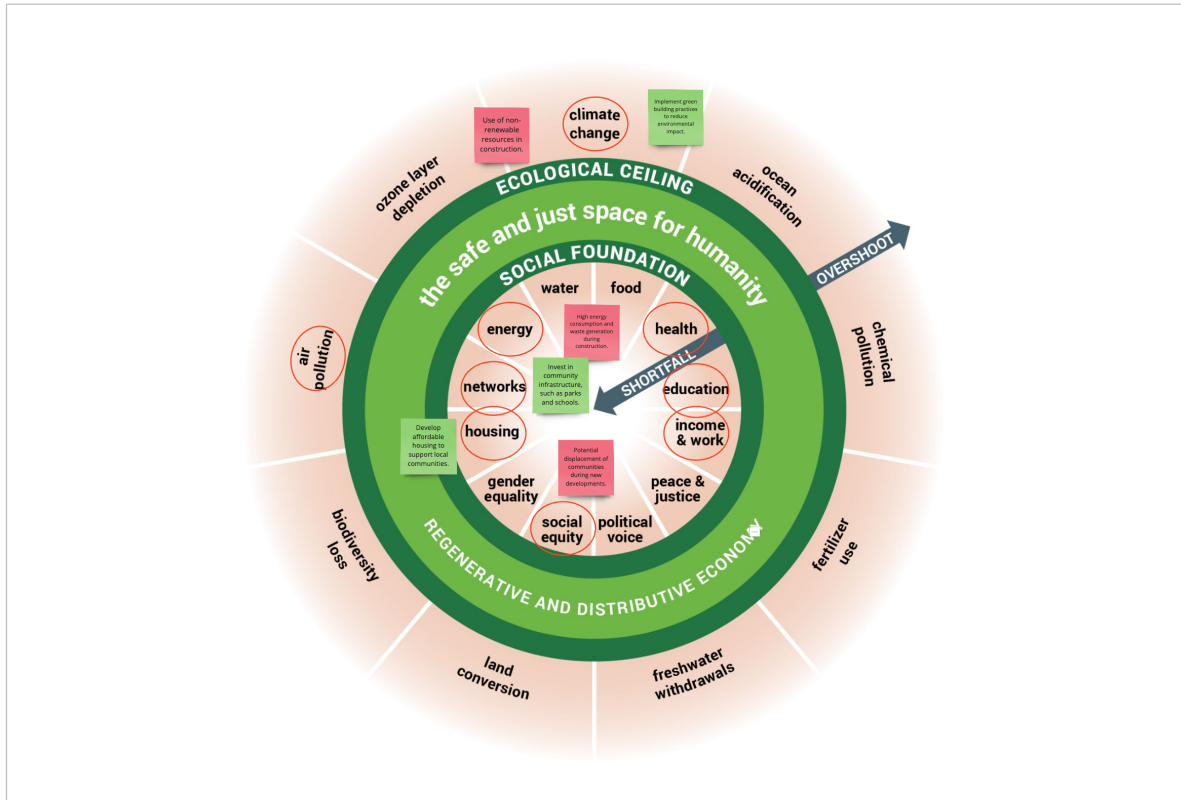


Figure 13: Rapid Doughnut mapping (Adapted from DEAL, 2022).

2nd STOP: Regenerative & Distributive Ambitions

Objective: Generate transformative ideas for the future.

Direction A: Regenerative Ideas – Use yellow sticky notes to capture transformative ideas.

Transition to using 100% renewable energy in all projects.	Implement circular economy principles, ensuring materials are reused and recycled.	Restore and protect local ecosystems as part of every development project.	Share your transformative idea here	Share your transformative idea here	Share your transformative idea here	Share your transformative idea here	Share your transformative idea here	Share your transformative idea here
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Direction B: Distributive Ideas – Use yellow sticky notes to capture transformative ideas.

Ensure fair wages and labor practices throughout the supply chain.	Create opportunities for local businesses and contractors in development projects.	Design buildings that promote social inclusion, such as mixed-use developments with affordable housing.	Share your transformative idea here	Share your transformative idea here	Share your transformative idea here	Share your transformative idea here	Share your transformative idea here	Share your transformative idea here
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Pit Stop 2: Select the blue dots around the transformative ideas to draw lines from the ideas to the relevant dimensions on the Doughnut.

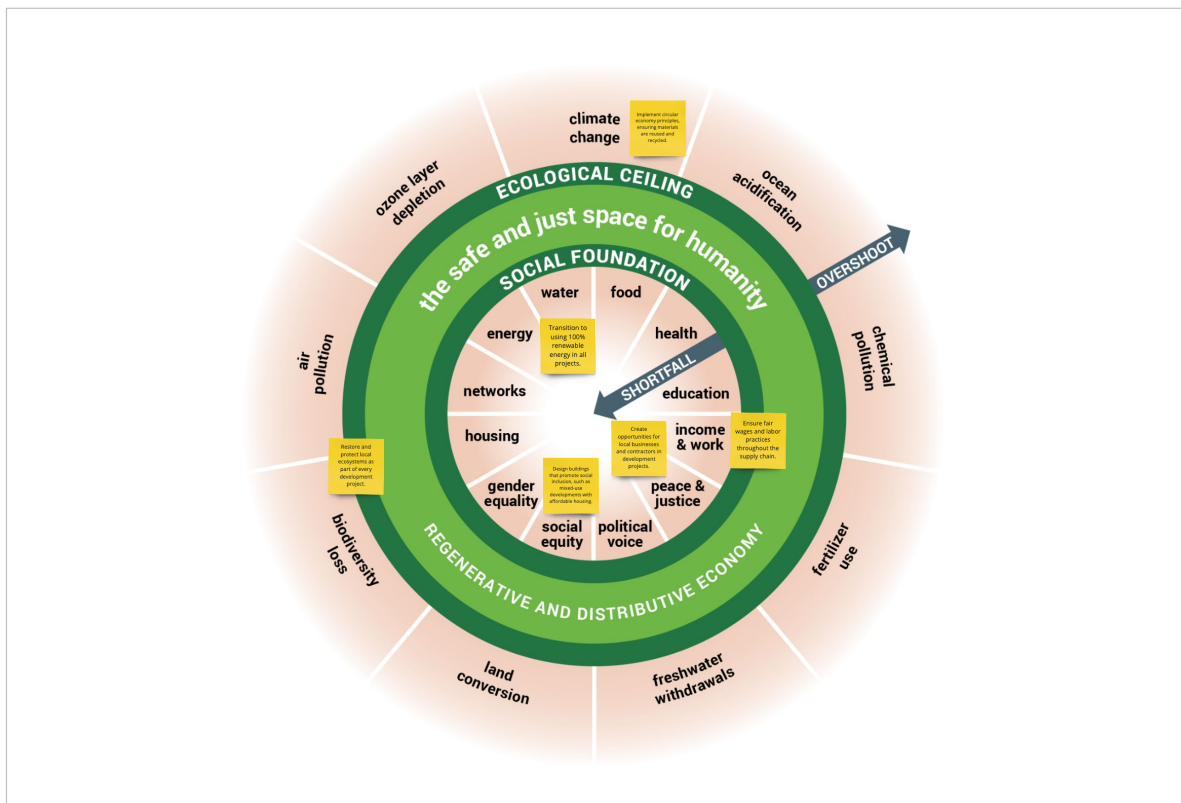


Figure 14: Regenerative & distributive ambitions (Adapted from DEAL, 2022).

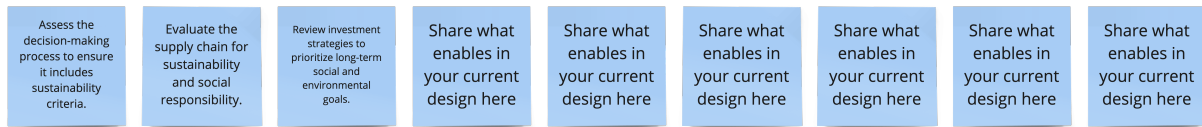
3rd STOP: Know Your Business Design

Objective: Understand how current business design supports or blocks transformative ideas.

Direction A: Identify Barriers – Use red sticky notes to identify ways in which your current design blocks or holds back your most transformative ideas. Place them to the left.



Direction B: Examine Business Structure – Use blue sticky notes to identify ways in which your current design unlocks and enables your most transformative ideas. Place them to the right.



Pit Stop 3: Summarize – At the bottom of the canvas: identify the three main ways in which your business design blocks or enables you to pursue transformative ideas.

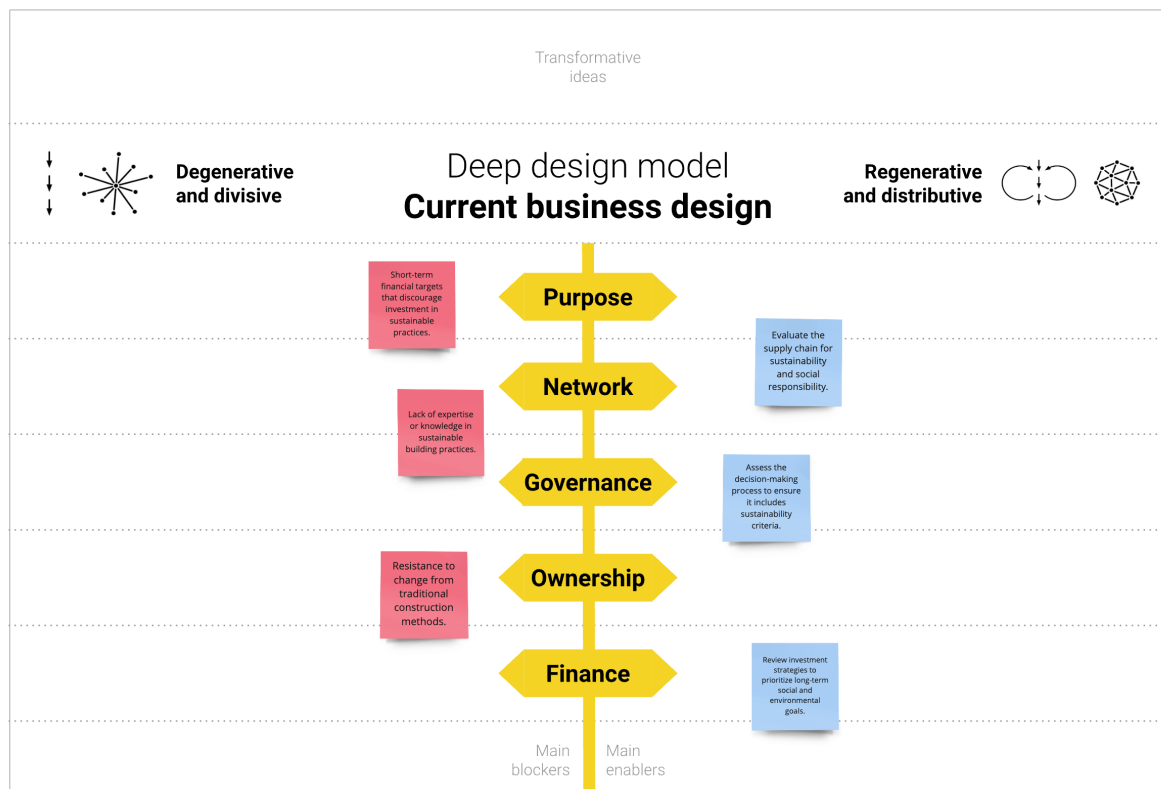
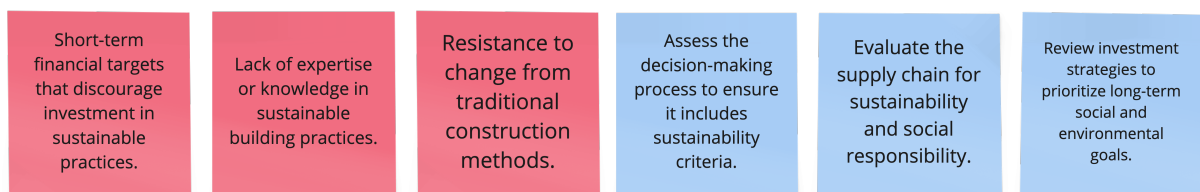


Figure 15: Current business design (Adapted from DEAL, 2022).

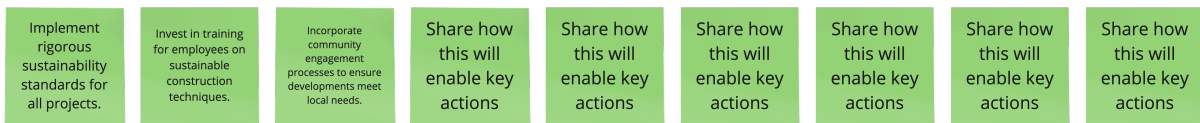
4th STOP: Redesign Your Business

Objective: Create a plan to integrate transformative ideas into business strategy and operations.

Direction A: Business Model Changes – Use the yellow sticky note 'proposed changes' to identify design changes that can enable transformative ideas.



Direction B: Operational Changes – Use the green sticky note 'how this helps' to explain how this can enable transformative ideas.



Direction C: Governance Changes – Use the blue sticky note 'how to implement' to identify some important considerations in pursuing these changes in the design.



Pit Stop 4: Move sticky notes – At the top of this canvas, place your three most transformative ideas (copy-paste from part 2). Also, place at the top the three main enablers and the three main blockers in the current design (copy-paste from part 3).

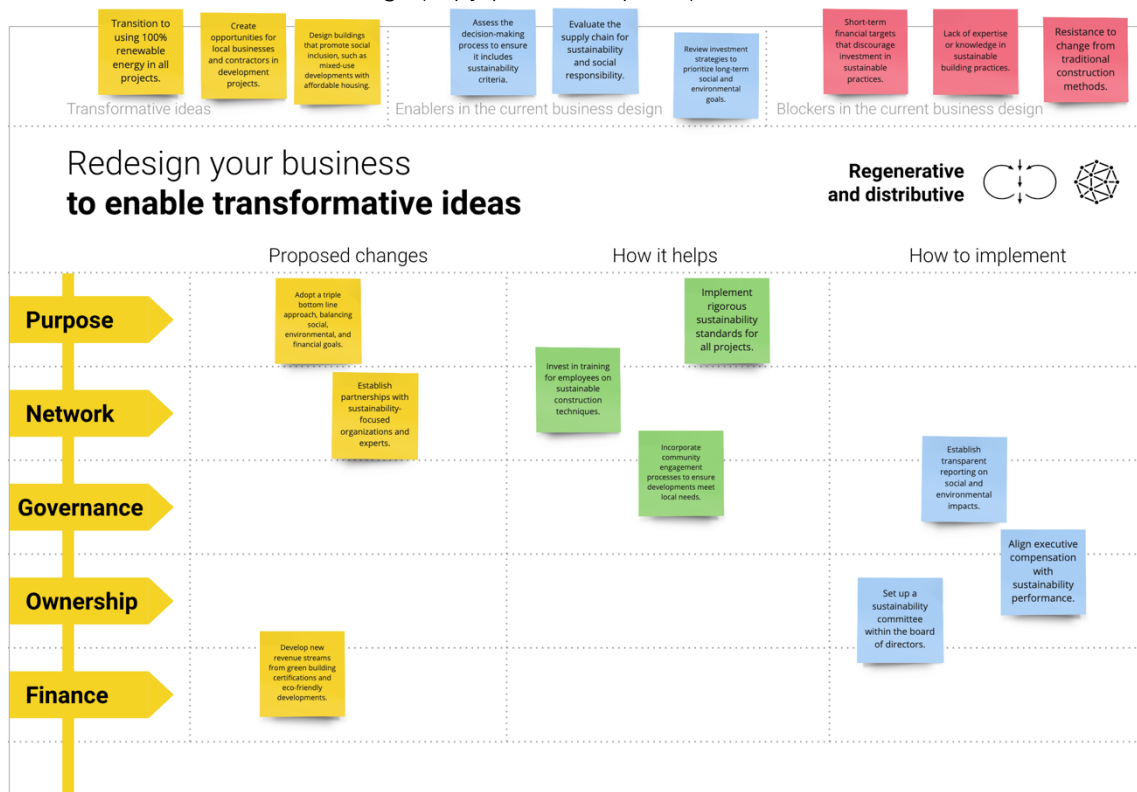


Figure 16: Future business redesign (Adapted from DEAL, 2022).

DESTINATION: Business Redesign Story

The redesigned real estate developer business should by now be committed to building communities that thrive within the ecological and social boundaries of the Doughnut. By embracing regenerative and distributive principles, the new business not only reduces its environmental footprint but also enhances the well-being of local communities. Through sustainable practices, fair labor policies, and inclusive development strategies, the organization sets a new standard for the real estate industry, contributing to a resilient and equitable future.

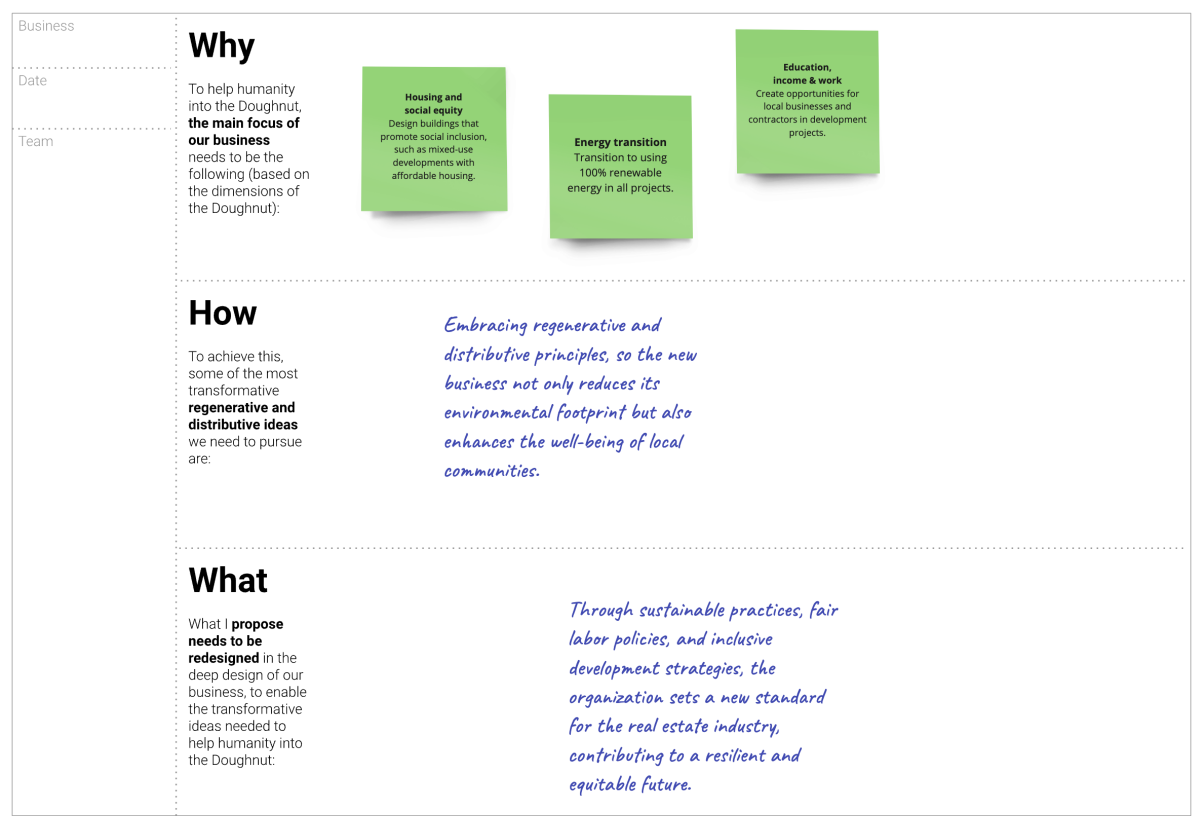


Figure 17: Business redesign story (Adapted from DEAL, 2022).

When considering what next steps may be needed to begin the journey of further developing and implementing this idea examples could be to create an internal group or committee within the business, seek legal advice, or meet with key shareholders. In conclusion, this roadmap provides a comprehensive guide for real estate developers in the EU to redesign their current businesses and implement a sustainable business model around social value creation. By integrating sustainability and social value into every aspect of their operations, developers can achieve long-term success while contributing positively to the environment and society.

6.3.4 Who could embark on this journey?

The *social value strategy* is primarily designed to serve real estate developers, investors, and contractors. However, it should be recognized that a plethora of other stakeholder groups operating in the real estate industry could benefit from it. Below the main intended uses are described in detail.

- **Real estate investor and developer** – to learn about and choose social value goals, as well as decide on measurement approaches.
- **Project team** – to start developing the project with the checklist in mind, allowing the team to consider issues of social value at the different project stages.
- **Community, and other stakeholders** – to use the checklist as a guide helping them to consider what their neighborhood needs before working with the city officials or a developer, e.g. creating a manifesto of wishes to send to developers.
- **Municipality and government** – to use as a guide helping them to list requirements while preparing for a request for proposal (RFP).

7 DISCUSSION

Previous research on social value in the real estate industry has attempted to explain the lack of business support toward social value creation, given the absence of a clear concept definition, and means of measurement and reporting. In the present study, I adopt a systems perspective and take a business management and strategy approach to argue that a plethora of existing industry tools and frameworks are neither the core problem nor the answer to social value creation in real estate. With no shortage of options, the persistent and deliberate non-adoption of the available measurement and reporting tools by real estate industry leaders is a central problem in my research.

From the literature review, the main barriers to social value frameworks adoption are industry fragmentation, reinforcing self-interest, and a short-term mindset focused on economic benefits rather than long-term prosperity, allowed by the absence of more strict and industry-specific regulations. The conducted interviews validated most of these factors, pointing out industry-wide cultural challenges and technical capacity for understanding sustainability concepts and the application of complex tools. While ethical behavior is considered a legitimate driver, it is not a reliable one since individual interests often dominate decisions. Increasing pressure from legislation and public procurement requiring social value to be part of new project developments, and a consequential sustainable financial constraint, has driven a business case scenario in which creating social value also means future-proofing private assets, giving access to capital, and improving business reputation.

7.1 Summary of Research Findings

The literature review and the interviews with experts provided valuable insights into integrating social value in the real estate industry. This report highlights the most common challenges and opportunities found in the literature, validating those during the interviews and identifying possible enablers for closing the gaps between the main challenges and opportunities.

The way real estate development is traditionally carried out negatively impacts people and the planet. Although efforts have been made towards sustainability, social value is largely overlooked in the industry. Even when positive intention and consideration toward integrating social value into real estate activities exist, motivation for effectively creating and delivering social value is still low since numerous challenges impede the implementation of their intentions. Social value remains a niche practice struggling to become mainstream.

What came as a surprise during the research was the budgetary factor having a minor influence as a barrier to adopting social impact principles. According to the literature and interviewed experts, the argument that 'implementing sustainable solutions might cost more' often plays a smaller role than thought. As long as good reasons for the advanced costs are well justified in the long term and considered a project investment instead of an additional cost. Aligning financing incentives with implementation costs is considered a key enabler for real estate developers implementing a social value strategy. Applying for green loans and/or

attracting investment from sustainable funds could unlock the necessary resources for social value creation.

For dealing with the regulatory burden and social value measuring and reporting complexity, these should be aligned to meet the most pressing social demands from a development area, while assuring compliance. This could be enabled by directing investment to training and hiring professionals, such as sustainability engineers, or sub-contracting specialized sustainability consultants that could be dedicated to implementing social value strategies. On a deeper level, real estate leaders could champion industry-wide partnerships with the public sector and non-governmental institutions.

Recognizably, the identified enablers can also act as roadblocks since they seem to depend on the real estate developer's intentional efforts and inclination to consider social value in the first place. In Chapter 6, I noted that multiple actors in the real estate industry could influence such decisions, pressuring real estate developers to take action. In the following section, I will reflect on the existing literature and the knowledge gap this research could fill, also pointing out the opportunities for diverse real estate stakeholders to not only exercise pressure but also build partnerships and to increase their influence on real estate developers, unlocking social value.

7.2 Comparison with Existing Literature

Arguably, social value in real estate is still an under-explored field of research. During this study, most of the available literature related to social value in the built environment focused specifically on the building and construction industry, with most cited practices and case studies coming from engineering and infrastructure firms. Some academic studies have attempted to develop a workable definition for social value in real estate, while others have focused on the challenge of measuring social value by analyzing existing frameworks and aiming for an industry standard.

The geographic representativity in the theme is noticeable, with most literature originating from the UK and Europe, notably led by advances in legislation for the regulation of sustainability in the past 10 years. These policy documents and governmental directives regulate the implementation of social value as part of business activities, such as the EU Social Taxonomy and the Social Value Act in the UK. Since public procurement started requiring social value delivery, the private sector's interest in the topic has become more prominent, but academic research on the field of social value in the built environment is still mostly concerned with the building and construction industry. In general, most studies focus on civil engineering work, given the social, environmental, and economic impact of these large urban infrastructure projects, such as roads and bridges. When considering research on real estate specific activities (the private development and management of land and buildings), there is a clear focus from urban planning on the negative impacts that speculative property developments have in urban areas and local communities. From a private perspective, social value in real estate is still primarily led by industry organizations such as the Urban Land Institute (ULI) and the World Green Building Council (WGBC), and its regional branches (the British UKGBC, the American USGBC, responsible for the LEED rating system, and the DGNB in

Germany). Either independently or in collaboration with big consultancy firms like PricewaterhouseCoopers (PwC), Deloitte, and McKinsey, these bodies are responsible for most of the industry research and reporting on social value in the context of real estate development and management.

In my research, I zoomed out and tried to look at the topic from a systems perspective, taking a business management approach to understand the challenges and opportunities for real estate developers adopting a social value strategy as part of their business model. While there is, understandably, much criticism of the negative social impact of real estate activities, there is also a movement in the industry to become more sustainable. Gaining knowledge on the drivers behind the apparent change in direction and which barriers are keeping the industry from a full transition is relevant for all groups affected and concerned by the impact of real estate. Understanding the tension between challenges and opportunities and unlocking action enablers can support not only the interested real estate companies themselves, but also all the other stakeholders in the industry to focus on activating potential enablers. There is much potential for transparency, collaboration, and innovation between real estate businesses themselves to advance the industry, as well as multi-sectoral collaborations. For instance, police makers collaborating with industry leaders in a task force to develop social value standards, governments launching public-private partnerships for new developments, and educational institutions tapping into the practical knowledge from companies to advance research in the field, while also training future professionals.

7.3 Generalizability of Results, Limitations, and Future Research

This research takes a systemic multi-stakeholder perspective to understand the challenges and opportunities for social value in real estate. While recognizing that the conducted interviews give a broad overview of perspectives from different agents, the results do not necessarily represent the views of business leaders in real estate management and development. Therefore, the generalizability of the results from this research project, particularly within the European context, is somewhat limited due to the small sample size and the specific professional backgrounds of the interviewees.

The insights gathered from the six participants – a real estate developer from Denmark, a sustainability engineer from the UK, an urban designer and a co-creative architect, a policy advisor, and a social impact researcher from the Netherlands – provide valuable and diverse perspectives on the topic. However, the findings are limited to the experiences and viewpoints of these individuals within their respective roles and geographic contexts. These insights offer a rich understanding of the challenges and opportunities related to social value in the real estate industry. Nonetheless, the results may not fully represent the broader industry across different European countries or commercial real estate sectors.

While the research contributes to the ongoing discourse on social value in real estate, further studies with larger and more varied samples across different regions and industry sectors would be necessary to enhance the generalizability of the results and to develop a more comprehensive understanding of social value practices across the European real estate industry. Moreover, it should be noted that further research would be required to adequately test, iterate, and refine the business redesign journey in a real setting.

Continuous studies could be conducted to evaluate how the business redesign journey could work in practice for different organizations in the real estate industry (i.e., focusing on case studies from comparable real estate developers regarding, for example, their organization size and revenue, location, market presence, and core activities operation).

As seen, creating social value in real estate is a complex theme concerning multiple stakeholder groups, public, private, and non-governmental bodies, interested in advancing sustainable development. There is plenty of opportunity for future research in the field, with different approaches to be considered. For instance, a focused scope on social value creation in a specific real estate sector, such as commercial office or residential, in a defined EU country, with research participants representing equivalent job roles and functions in comparable real estate companies, would be recommended. From a communication perspective, for example, further research could address the transparency issue by investigating innovative collaboration models for real estate ESG data sharing. Another line of research to be developed is on the intrinsic motivations for real estate leadership *taking action* to drive transformative change in the industry. Tapping into the field of behavioral economics, the legitimacy of the ethical driver for social value creation could be studied, either on an institutional or individual level.

7.4 Design Validation and Considerations

In the final delivery phase, individual workshop sessions were conducted for design piloting with different experts connected to the building industry. A TU Delft researcher in management in the built environment, a policy advisor from the municipality of Rotterdam, and a PwC consultant in sustainability for real estate participated in 1-hour online sessions. The main feedback gained included a step between identifying impact areas and defining future ambitions for recognizing/agreeing on the minimal standard of impact according to investors' requirements, law and regulation compliance sets a baseline, and the non-negotiables.

As positive feedback, participants proposed to highlight specific design strengths, like the choice of focus on real estate developers while keeping a systemic overview, proposing the targeting senior management and leadership as change agents, and including diverse views and perspectives from different stakeholder groups in the real estate industry. The main consideration to be taken is that proposing a business redesign in practice should be a holistic strategy considering all sustainability and ESG aspects, financial, environmental, and social as a core strategy, for instance, avoiding the sentiment of trade-off between social and economic value.

8 CONCLUSION

The built environment has a critical role to play in tackling the climate crisis and advancing sustainable development. This study argues that real estate businesses can be strengthened by social value creation. In this research, I investigated the current practices of social value creation in the industry. Bringing a specific focus to real estate development, I explored the barriers to the integration of social value and impact frameworks across the real estate industry and presented how real estate developers in the European context can integrate social value into core business practices and decisions.

8.1 Unlocking Social Value in Real Estate

In this research, I analyzed how social value principles found in theory could work in practice by being integrated into real estate businesses. With a changing real estate industry landscape, businesses have to deal with multiple external pressures to become more sustainable. There are clear incentives for companies to adopt the social value frameworks that can guide developers on the creation, measurement, and reporting of the social value of their projects. There is also a business case behind creating social value. However, the complexity and implementation costs make the adoption of the available tools challenging, and their application in the industry is limited. From a business perspective, the challenges still seem to outweigh the potential benefits since social value is difficult to define, measure, and prove, and therefore, realize benefits. The main research question tried to capture a core problem in business decision-making, balancing the economic gains and environmental performance with social value creation:

RQ: How to unlock investment and leadership support to consider, create, and deliver social value in the real estate industry?

To address this question, I used the double diamond methodology and reviewed relevant literature to define social value in the context of real estate development during the discovery phase. Following, I defined the practical gaps between the key industry drivers and barriers for social value creation in real estate. A series of interviews with industry experts was conducted, in which I tested and validated the most common barriers and drivers for social value in practice, while exploring the potential enablers for closing the gaps between challenges and opportunities in real estate. Using the results from the conceptual and empirical research, I proposed a design solution as a roadmap to integrating social value action into real estate business strategies and overall value proposition. Finally, a business redesign journey was prototyped by applying the Doughnut for Business framework to the real estate industry.

In conclusion, investment and leadership support could be unlocked by a social value strategy that outlines social value objectives and key actions relevant to the real estate company on a business level, then embedding this strategy into a sustainable business model to ensure actions are aligned with the company's core principles, ambitions, and available resources. Given the scope and limitations of this study, further investigation is needed on how real estate developers can create social value, deliver a positive impact, and ultimately contribute to more sustainable, equitable, and inclusive built environments.

9 REFLECTION

This research was conducted within the Communication Design for Innovation master track at Delft University of Technology. Three supervisors supported the study. Éva Karlmar, assistant professor of Design, Organization & Strategy at the Faculty of Industrial Design and the Master Communication Design for Innovation (CDI), specializes in the dynamics of transdisciplinary collaborations in mission-driven innovation and technology development. Caroline Wehrmann, assistant professor and coordinator of the Master Communication Design for Innovation, specializes in collaborative networks and transdisciplinary teams. Roberto Rocco, associate professor of Spatial Planning and Strategy in the Department of Urbanism, specializes in Governance of Urban Sustainability Transitions.

Throughout my education at CDI, following multidisciplinary courses in my technical background at the Faculty of Architecture and the Built Environment, and through various extracurricular activities, I developed a strong interest in sustainable development and circular economy in the built environment. In parallel with my studies, I started researching economics in real estate, value creation, and social value through my internship and work experience at the architectural firm UNStudio. This opportunity put me in direct contact with the topic of social value creation in the real estate industry for the first time, allowing me to see not only the complexity and challenges but also the untapped opportunities in this field. Therefore, I decided to dedicate my graduation project to exploring the gaps between existing barriers and drivers for social value in real estate to unblock the way and find new paths to a value-based, impact-oriented industry contributing to the sustainability transition in our society.

Throughout my research and graduation process, I encountered several significant challenges that definitely have an impact on both my academic and personal growth. Balancing work commitments alongside my studies proved to be more demanding and at times more frustrating than I had initially anticipated. One key challenge was the scope of my chosen topic for exploring social value in real estate. While my professional background motivated me to delve deeply into this area, the theme's complexity became apparent as it unfolded in multiple directions, making it difficult to narrow down my focus early on. Looking back, concentrating on a specific case study or target group might have streamlined the process, but I had to navigate time constraints and access to industry experts, which further complicated my progress. Despite my efforts, including a planned work break intended to facilitate dedicated thesis writing, the four-month period proved insufficient. Reflecting on this, I realize that my ambition, combined with imperfect planning, contributed to these challenges. Nevertheless, the process was not without its rewarding moments, especially during the interviews and the subsequent data analysis. These experiences deepened my understanding of the topic and enhanced my research skills. Ultimately, this journey has taught me valuable lessons about project management, the importance of focus, and balancing professional and academic responsibilities. It has also reinforced my interest in exploring social value in real estate, despite the obstacles, and I believe these insights will inform my professional practice.

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Appendices

Appendix A: Social value approaches and definitions

Table 4: Different approaches to defining social value and related advantages and disadvantages (Adapted from Raiden and King, 2021).

Approach to defining social value	Advantages	Disadvantages
One universally agreed definition	<ul style="list-style-type: none"> Everyone is working to the same understanding and expectations Helps standardize practice 	<ul style="list-style-type: none"> May not suit the specific industry, organization, project, or community needs Constrains innovation
Many different bespoke definitions	<ul style="list-style-type: none"> Allows for flexibility Opportunity to develop a unique organization, project, community specific approach Needs and focus will change over time and definitions should reflect this Opportunity to engage a variety of partners from their point of view 	<ul style="list-style-type: none"> Hinders the development of a common or shared understanding of what social value is about Variability in the use of terms Can be difficult for project partners to understand and meet differing requirements Challenging to measure and report

Table 5 presents a short Q&A on what social value is about based on the work of Raiden and King (2021). Since there is no single definition of social value applicable specifically to the real estate industry and the built environment more broadly, it is encouraged that real estate professionals and organizations reflect upon on what social value means for them and the communities they operate.

Table 5: What social value is and what it is not (Adapted from Raiden and King, 2021).

Question	Answer
How do you define social value?	<p>There are all-purpose definitions that may work as a starting point, such as the one by the British Standards or this one by Emerson (2000):</p> <p><i>'Social value is being-created when resources, inputs, processes or policies are combined to generate improvements in the lives of individuals or society as a whole.'</i></p> <p>It is encouraged everyone to explore the different definitions, reflect on what social value means to them, and discuss with others.</p>
How can we create social value?	<p>There are many ways to create social value, including generating employment opportunities and favorable conditions of employment, training, social procurement, adopting circular vision and business models, safeguarding environment, collaborative and participative design and placemaking, urban planning.</p>

Is social value different from sustainability?	No, it is generally understood that there are three converging aspects to sustainability: social, environmental, and economic sustainability. Social value encompasses them all.
Is social value about compliance and law?	Yes, in part. There are laws and regulations that relate to social value, for example, <ul style="list-style-type: none"> • the Public Services (Social Value) Act in the UK • various EU Directives • legislation about environment and employment worldwide. However, social value is also much more than compliance with legislation, as shown throughout this research.
Should social value be a standalone 'special project'?	Generally, no. At best, social value is embedded in the business model of an organization and recognized as important for the industry as a whole, disseminated through industry-wide bodies, professional bodies and through the adoption of the Sustainable Development Goals (SDGs). It can be useful to have specific projects which focus on social value too, for example, to engage with particular community groups.
Is social value different from Corporate Social Responsibility (CSR)?	In practice they have much in common. The main difference is that social value is philosophically more of a core concept that lies at the heart of socially responsible action. Social value can relate to individuals as well as organizations and corporations, CSR is about the continuing voluntary commitment by business to behave ethically and contribute economic development whilst improving the quality of life of their workforce, the local community, and society at large (Watts and Holme, 2003). There is a business case and often a moral argument for both CSR and social value. CSR has been criticized for a lack of conceptual clarity (much like social value), and that organizations have used it as a mere publicity stunt to distract and misdirect stakeholders (an issue emerging in relation to social value too). Another difference is that social value benefits from legal provisions in many countries, unlike CSR, which is still mainly voluntary (Lin, 2019).
How do SDGs and social value relate to each other?	Social value is a national and organizational level tool for achieving the SDGs. The SDGs are universal, global call for action.
Is social value about charity?	Not really, it is about considerate and humane ways of acting, relating, and doing business. Some specific projects may focus on charitable causes.
Why is social value important to businesses?	There are three key drivers for social value: <ul style="list-style-type: none"> • legislation and regulations • client-led demand • it is the right thing to do

Table 6 below summarizes some of the key definitions of social value found in the academic literature. From these definitions, scholarship on social value can be classified into two main groups: those concerned with defining how social value is measured as a consequence (output⁴ or outcome⁵), and those identifying the conditions (inputs) that deliver social value.

Table 6: Examples of varied social value definitions in academic literature (Adapted from Mulholland et al., 2019).

Social value definition	Source
<p><i>"Social value is concerned with how we contribute positively to the communities in which we work." (p, xvii)</i></p> <p><i>"Social value is simply the 'social impact' any construction organization, project or program makes to the lives of internal and external stakeholders affected by its activities." (p. 32)</i></p>	Raiden et al. (2019)
<i>"Social value can take many forms such as improved income, health and well-being and reduced crime, substance abuse and incarceration."</i>	(Denny-Smith and Loosemore, 2017: 653)
<i>"In reference to social value, this can be interpreted as envisaging how a community's social efficacy and an individual's networks and trust can be improved by the award of a construction contract."</i>	(Cartigny and Lord, 2017: 109)
<i>"The term 'social values' has also been used in diverse ways. It can refer to the values of a particular community or the cultural values and norms of society at large, but can also be used to refer to the public interest, values for public goods, 'altruistic' values and feigned altruistic values, the values that people hold in social situations, contribution to welfare or well-being, the willingness-to-pay (WTP) of a group, the aggregated WTP of individuals, or values derived through a social process."</i>	(Kenter et al., 2015: 88–89)
<i>"We define social value creation as an activity that leads to the realization of any of the three core values of development, i.e. sustenance, self-esteem, and freedom from servitude."</i>	(Sinkovics et al., 2014: 692)

⁴ Outputs are the activities undertaken by an organization, which are usually listed in an action plan or a set of objectives (Raiden and King, 2021).

⁵ Outcomes are the long-term observed effects of the outputs, which are often the real changes that organizations are trying to make (Raiden and King, 2021).

Appendix B: Social value assessment and measurement tools

Table 7: An outline summary of selected tools and methods for assessing and measuring social value (Adapted from Raiden and King, 2021).

Tool name	Cost	Description	Advantages	Disadvantages
Cost-Benefit Analysis (CBA)	In-house resource & expertise required	An assessment and measurement in monetary terms of the positive and negative outcomes (benefits and costs) of a project and their impacts on people's quality of life.	<ul style="list-style-type: none"> Public industry preferred best practice Comprehensive and customizable Engages stakeholders Long history in research and policy making 	<ul style="list-style-type: none"> Assessment and measurement in monetary terms only Very resource intensive
GIIRS	\$4,000 per annum	A tool designed to assist investors in understanding and measuring the impact the organizations they invest in have upon numerous stakeholders. Assigns a score (and not a monetary metric).	<ul style="list-style-type: none"> Analyses an organization's impact on workers, community and the environment Allows results to be recorded, measured and viewed in graph form An easy-to-understand medal/star rating 	<ul style="list-style-type: none"> Aimed at investors only Assesses the impact organizations have generally only Scores based on perception of fund managers and may not be easily understood
Global Reporting Initiative (GRI)	Free and subscription	Helps organizations understand and communicate their impact upon society and the environment by introducing expected reported standards.	<ul style="list-style-type: none"> Extensively used Focuses upon clear communication and specifically how sustainability is communicated Can be used internationally 	<ul style="list-style-type: none"> Doesn't focus on impact measurement Offers guidance on areas to measure but not on how to measure them The metrics are numerous and broad and so can be difficult to compare

IRIS	Free and subscription	A framework of guidance and metrics which allows investors to track social and environmental 'outputs' of their investments as well as the financial returns.	<ul style="list-style-type: none"> • Uses existing standardized metrics • Allows the user to select the metrics used 	<ul style="list-style-type: none"> • Only really measures 'outputs' • All outputs are in different formats • No consideration on identifying and measuring impacts
Social Impact Assessment (SIA)	Free	A method of identifying and assessing any social concerns (including areas for positive enhancement and reducing negative impacts).	<ul style="list-style-type: none"> • Good framework to adopt to identify what areas can be impacted during projects • Used proactively before a project commences • Impacts can be selected to suit project needs 	<ul style="list-style-type: none"> • Only offers guidance on identification and not measurement • Not suitable to provide detailed measurement assistance of how practices may have an impact on individuals
Social Return on Investment (SROI)	Free and subscription	A framework method of quantifying and measuring environmental and social value. It results in a financial figure of social value created and a ratio of how this compares to every £1 spent.	<ul style="list-style-type: none"> • Widely recognized, comprehensive tool • Results in easy-to-understand metrics and graph • Promotes stakeholder involvement • Considers the original investment 	<ul style="list-style-type: none"> • Monetizes all impacts, even if they are not easily monetized • Very resource intensive • Broad metrics, risk ignoring deeper impacts and overlook impacts on individuals
Social Value & Procurement Tool Bank	Free and subscription	A tool bank with guidance and processes for Housing Providers and their bidders to help them engage with social value in a legally compliant manner.	<ul style="list-style-type: none"> • Comprehensive tool bank • Industry specific • Associated web-based tools, for example, Community Insight and Value Insight 	<ul style="list-style-type: none"> • Specific to housing (Albeit the 'social value bank' list of social values is transferable to other contexts)

Social Value Self-Assessment Tool	Free and portfolio account pricing	A tool to help users judge how well they are measuring and reporting social value. Provides guidance, support and advice on how improve measuring and assessing social value delivery.	<ul style="list-style-type: none"> • Customizable survey • Results in easy-to-understand metrics/graph • Promotes stakeholder involvement • Comprehensive support and resources 	<ul style="list-style-type: none"> • Survey questions generic • Focus on measuring and reporting, risk steering attention away from practice
Social Value Bank (SVB)	Subscription	A web-based portal providing real-time tracking and monetization of social value created from procurement and operational activity.	<ul style="list-style-type: none"> • Comprehensive, geographically sensitive • Real-time tracking of performance • Accounts for both positive and negative impacts to provide a realistic picture 	<ul style="list-style-type: none"> • Results are financial • Subscription-only service
Social Value Maturity Framework	Free	A guide for infrastructure organizations and/or project teams to reflect on their maturity in terms of embedding social value and maximizing positive social impact through their business operations.	<ul style="list-style-type: none"> • Flexible checklist for actions • Benchmarking aid • Suggestions for specific tools to use in combination with the framework 	<ul style="list-style-type: none"> • Generic guide, no specific ways/guidance on assessing and measuring social value
Social Value Portal (SVP)	Membership level subscription	An online tool that allows organizations to measure their added social value. Uses and results in both financial and non-financial data. Assigns KPIs to goals of stakeholder organizations. Linked to the TOM (Theme/Outcome/Measures) framework.	<ul style="list-style-type: none"> • A logical approach to measuring impacts • Attempts to identify metrics for individuals • Easy to use and understand • Offers validation as an independent third party 	<ul style="list-style-type: none"> • Similar to IRIS • Confuses inputs, outputs, and impacts • Monetary value can be easily manipulated • Non-monetary outputs include quotes and case studies which can't be easily compared

TOMs framework	Free	Open source, MS Excel based TOM (Theme/Outcome/Measures) framework method for quantifying, measuring and reporting environmental and social value. Uses financial proxies for many measures and results in monetized figures of social value.	<ul style="list-style-type: none"> • Comprehensive tool, widely recognized • Clear guidance • Results in easy-to-understand metrics • Various plug-ins allow customization • Promotes stakeholder involvement • Impacts can be selected and prioritized 	<ul style="list-style-type: none"> • Results are financial • Possibly reduces impact by assigning a monetary value • Monetary value can be easily manipulated • Requires in-house resource to learn and use the tool
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Comparative analysis

Considering the non-exhaustive list of commonly used and referred methods and frameworks for assessing social value and impact, I outlined a comparative analysis between key characteristics to direct to the most suitable available tools for measuring and reporting social value in real estate. As highlighted throughout this report, there is no “one-size-fits-all” solution. Therefore the suggestion is for real estate organizations to take a ‘portfolio approach’ when selecting and working with these frameworks according to the project context, scope, goals, and resources.

Commonalities

- 1. Stakeholder Engagement:** All frameworks emphasize the importance of engaging stakeholders to understand their needs and measure the impact accurately.
- 2. Standardization:** Each framework provides a set of standardized metrics or guidelines to ensure consistency in reporting.
- 3. Transparency and Accountability:** Emphasize transparent reporting and accountability to stakeholders.
- 4. Alignment with Global Goals:** Many frameworks align with broader global sustainability goals, such as the UN’s Sustainable Development Goals (SDGs).

Key Differences

- 1. Focus Areas:**
 - SROI: Focuses on translating social outcomes into monetary values to show the return on investment.
 - GRI: Broad sustainability reporting covering economic, environmental, and social impacts.
 - IRIS+: Standardized impact metrics aligned strongly to SDGs and impact investing.

- BREEAM Communities: Focuses on the sustainability of large-scale developments, including social, environmental, and economic factors.
- WELL Community Standard: Prioritizes health and well-being in community design.
- ESG Reporting Frameworks (SASB and TCFD): Focus on material sustainability issues and financial disclosures, with some attention to social factors.

2. Methodology:

- SROI: Involves detailed stakeholder engagement and monetization of social impacts.
- GRI and ESG Frameworks: Use a broader set of indicators and are more focused on comprehensive sustainability reporting.
- IRIS+: Provides standardized metrics that can be customized to specific goals.
- BREEAM and WELL: Certification-based frameworks that assess the built environment's impact on sustainability and health.

3. Application Scope:

- SROI: Can be applied to a wide range of projects but may be resource intensive.
- GRI and ESG Frameworks: Suitable for organizations seeking comprehensive sustainability reporting.
- IRIS+: Ideal for organizations needing to report to impact investors.
- BREEAM and WELL: Specifically designed for real estate and urban development projects.

Framework Usefulness for the Real Estate Industry

Social Return on Investment (SROI)

- Provides a clear financial metric for social impact, which is useful for communicating the value of social initiatives to investors.
- Best for projects where demonstrating the monetary value of social outcomes is critical.

Global Reporting Initiative (GRI)

- Comprehensive and widely recognized, making it suitable for organizations seeking to align with international standards.
- Covers broad sustainability reporting beyond just social impact.

Impact Reporting and Investment Standards (IRIS+)

- Excellent for organizations that need to align with SDGs and report to impact investors.
- Provides a comprehensive and customizable set of metrics.

BREEAM Communities

- Specifically designed for assessing the sustainability of large-scale real estate developments.
- Incorporates social, environmental, and economic aspects, making it highly relevant for real estate projects.

WELL Community Standard

- Focuses on health and well-being, which is increasingly important in urban development.
- Best for projects prioritizing the health and wellness of occupants.

ESG Reporting Frameworks (SASB and TCFD)

- Suitable for organizations needing to disclose material sustainability issues to investors.
- Provides a financial perspective on social impacts but may lack depth in social metrics compared to other frameworks.

Recommendation for Real Estate Industry

BREEAM Communities and *WELL Community Standard* stand out as the most useful frameworks for reporting social impact in the real estate industry.

BREEAM Communities

- Offers a comprehensive approach to assessing the sustainability of real estate projects, incorporating social, environmental, and economic dimensions.
- Provides a certification that can enhance the marketability of projects and demonstrate a commitment to sustainability.

WELL Community Standard

- Focuses on health and well-being, aligning with growing market demands for healthy living and working environments.
- Complements BREEAM by adding a robust framework for health and wellness.

Appendix C: Interview selection process and participation invite

Participants' selection procedure

The search for participants started with a list of people from my professional network and my thesis supervisors' contacts related to this research theme. The participants were recruited either via indirect reference/invitation emails from my first supervisor, through direct email (when professional email addresses were publicly available on the participants' company website, for instance), or via the LinkedIn messenger tool. All interviews were conducted online, recorded, and transcribed via Microsoft Teams. Each interview lasted about one hour and was guided by a semi-structured interview protocol with 15 open questions. The main questions were split in two parts, the first one covering aspects related to the barriers to social value while the second part focused on the drivers to social value. Because the participants have different technical backgrounds, expertise, and levels of experience within the industry, I slightly adapted the questions per interview, respecting the two aspects to be covered within the questions, to fit every expert profile to get the most out of their professional perspective relating to the problem of social value integration in real estate development. The interview protocol can be found in [Appendix D](#).

INVITATION EMAILS

Email subject: Let's talk about social value in the built environment

Message:

Dear [invitee name],

I am a TU Delft student from the Science Communication master's with a technical background in Architecture & Urbanism. I also work as a Business Development Officer at the international architecture practice UNStudio in Amsterdam. For my master's thesis, I am researching how social impact management and social value creation can be broadly considered and adopted in sustainable urban development.

I'm interviewing experts from academia, government, and industry, and it would be great to talk to you as part of such an innovative real estate developer. Because of your experience at [company] and with social innovation, you could give me new insights from the private industry perspective. I would like to hear, for example, about your views and experiences regarding the social aspect of sustainability in practice. More specifically, how social impact can be fully achieved as part of the [company] strategy, including the common challenges usually faced by 'non-traditional' approaches and how to overcome those. Also, the foreseen opportunities that might attract new partnerships and broad support for the company's ambitions adoption and realization.

By gaining more insights into how social sustainability is being considered in novel business models in the real estate industry, I hope to say something about the extent to which it contributes to adopting social impact approaches across the industry. In that way, I would be able to find out what best practices or lessons can be taken away from these cases, to make future built environment design and development processes truly sustainable, resilient, and “future-proof.”

Would you have time in the coming week(s) to talk about this online for about an hour? Otherwise, is there someone else from [company] you think I could talk to?

I am looking forward to hearing from you soon.

Thank you in advance.

*Kind regards,
Jaqueline Mongeroht*

Appendix D: Interview protocol

Research: Social Value in the Built Environment: Understanding challenges and opportunities for social value creation in the built environment industry

Institution: Delft University of Technology

Interviewer: Jaqueline Mongeroht

Introduction

Thank you for taking the time to participate in this research. This interview contributes to my Master's Communication Design for Innovation (CDI) graduation project at TU Delft, which would not be possible without your contribution. The research focuses on social value in the context of real estate developments and addresses the challenges and opportunities for the adoption of social value and impact assessment tools. The research aims to suggest an adoption strategy based on theoretical and empirical findings.

Main Research Question: *How to unlock investment and leadership support to consider, create, and deliver social value in the real estate industry?*

SQ1: How can social value be defined in the practical context of the real estate industry?

SQ2: What are the main barriers for real estate organizations considering, creating, and delivering social value?

SQ3: What could be the drivers for real estate organizations considering, creating, and delivering social value?

SQ4: How might real estate organizations consider, create, and deliver social value?

Data Collection

The information collected in the interview will be used to adjust the propositions that have resulted from my theoretical research and provide new insights into best practices on social value creation. Please remember there are no "correct" or "incorrect" answers, and the responses will be used for academic purposes only.

Before we proceed, I will need you to complete and sign the Informed Consent Form. Additionally, I will ask for your consent to record the interview for facilitating transcription into text format, afterwards the recording will be deleted. Your answers in the interview will remain confidential unless permission for personal quotation is given. The findings will be presented in the format below to preserve anonymity. You can decline to answer as question or withdraw from the interview at any point.

Part 1: Introductions and defining the case (10 min)

- *Can you briefly explain your role at your organization, what you are responsible for, and how many years you have been working in the field?*

Part 2: Perceived barriers to social value (15 min)

1. *ESG (Environmental, Social, and Governance) strategies have made advances toward environmental sustainability in the real estate industry in the past years. How can we activate the 'S' of social value? What is holding the industry back and why are we not there yet?*
2. *In theory, there are two common challenges for integrating social value in the real estate industry: one is the lack of consensus on the 'social value' definition; the other is the lack of standards for measuring and reporting it. In practice, however, there are quite some methodologies, frameworks, and tools already available for defining, measuring, and reporting on social value. Why real estate organizations are still not adopting these frameworks more broadly?*
3. *Despite social value being subjective, there is a growing movement in practice to objectively measure and quantify social value and impacts similarly to what has been done to environmental aspects. What are your thoughts on that? Do you have any experience with alternative methodologies for assessing social value and impact or ideas on which kind of qualitative methods that could be used?*

Part 3: Perceived drivers to social value (15 min)

4. *Considering the growing demand for social value standardization and benchmarking in the real estate industry, open-source and knowledge-sharing initiatives could be leveraged to advance social value in practice. But in a corporate environment having data access and knowledge control as intellectual property can be seen as a competitive advantage. What could be the advantages of sharing your data with other industry players that can make organizations more open to that?*
5. *One recognized driver for creating social value is compliance with laws and regulations. Legislation and governmental instruments such as the EU Taxonomy have the promise to push momentum for social value creation in multiple industrys including the building and real estate industry. There is some criticism though on the effectiveness of these regulations in practice – first on the complexity of the regulatory frameworks which require expert knowledge not commonly found in the industry, and second on the unclarity of how these will be policed. How could governments play a better role in driving social value creation in the real estate industry?*

6. *Another potential driver for social value in real estate is stakeholder pressure, particularly from real estate development investors. On the one hand, a class of investors might require ESG for investing in projects as a way of future-proofing their investments. On the other hand, traditional funding is still skeptical about ESG offering neither the pressure nor the financial support needed for backing up sustainability innovations and transition in real estate. What kind of opportunities might attract or generate financial support and accountability pressure from the investors?*

Part 4: Perceived enablers to social value (15 min)

7. *What potential partnerships do you see fostering innovation in the real estate industry? How these could look like and who should be involved? Can you share a positive experience on collaboration for sustainability and industry innovation in your company?*
8. *Apart from the mentioned opportunities arising from multi-stakeholder collaborations, how to deal with collaboration challenges such as balancing divergent interests, expectations, and demands from diverse actors?*
9. *Reflecting on the real estate industry's evolution toward sustainability in the past years and looking at it now, what is the perspective for shifting the industry leaders' mindset to transition real estate to a truly sustainable and innovative industry? What will it take to bring us there?*

Part 5: Wrap-up and closing (5 min)

- *Is there anything else that you would like to mention that you think could be relevant to my study?*
- *Are there any other material/documents that you can share that would help me better understand the case?*

Thank you!

Again, thank you for taking the time to participate in my research. If you would like, I can share my case study report with you before I publish it so you may confirm the details of the report, and either decide to remain anonymous or opt-in to include your identity. Additionally, if you would like, I can share my finished project with you later this Summer once I graduate.

Appendix E: Informed consent form

Delft University of Technology
HUMAN RESEARCH ETHICS
INFORMED CONSENT FORM
(English Version: January 2022)

Participant Information

You are invited to participate in a research study titled *“Barriers to Social Value Creation and Positive Impact in the Built Environment.”* Jaqueline Mongeroht is doing this study from the Master’s Communication Design for Innovation at TU Delft.

The purpose of this research study is to examine the general perception of professionals in the built environment industry about adopting social impact (ESG) frameworks in their practice, and it will take you approximately 60 minutes to complete. The collected data will be used for the master’s thesis purposes, potential journal publication, and conference presentation. The master’s thesis will be published on the TU Delft repository, making it publicly accessible. You will be asked, for example, to share your views and experiences regarding the social aspect of sustainability in practice. More specifically, how social impact can be fully achieved as part of an ESG strategy, including the common challenges usually faced by 'non-traditional' approaches and how to overcome those. Also, the foreseen opportunities that might attract new partnerships and broad support for the [sustainability] framework adoption and realization.

As with any online activity, the risk of a breach is always possible. This form includes an option for participants to specify their preference regarding anonymity. If you opt for anonymity, you will be referred to as, for instance, an 'expert in the built environment sector'. If you opt for anonymity, to the best of our ability, your answers in this study will remain confidential. I will minimize risks by deleting any data that could potentially identify the interviewee. The interviews are captured in both video and audio formats using Microsoft Teams. However, if participants are not comfortable with video recording, only the audio will be recorded. After transcribing the interviews, both the video and audio recordings will be erased. The transcripts will be stored on Microsoft Teams and SURFdrive, accessible solely to me and my TU Delft supervisor. The findings will be anonymized unless the participant states they don’t need to stay anonymous. The digital informed consent forms will be stored separately on SURFdrive, accessible solely to me and my TU Delft supervisor.

Participation in this study is entirely voluntary and you can withdraw within one month after the interview. You are free to omit any questions.

Contact details:

Corresponding Researcher: Jaqueline Mongeroht

Responsible Researcher: Éva Kalmár

Explicit Consent points

PLEASE TICK THE APPROPRIATE BOXES	Yes	No
A: GENERAL AGREEMENT – RESEARCH GOALS, PARTICIPANT TASKS AND VOLUNTARY PARTICIPATION		
1. I have read and understood the study information dated 20/05/2024, or it has been read to me. I have been able to ask questions about the study and my questions have been answered to my satisfaction.	<input type="checkbox"/>	<input type="checkbox"/>
2. I consent voluntarily to be a participant in this study and understand that I can refuse to answer questions, and I can withdraw from the study within one month after the interview, without having to give a reason.	<input type="checkbox"/>	<input type="checkbox"/>
3. I understand that taking part in the study involves: <ul style="list-style-type: none"> • Capturing information in an audio-recorded interview format. • Recording given information in audio, video, and written notes. • The audio/video recordings will be transcribed as text and the original recording will be destroyed. 	<input type="checkbox"/>	<input type="checkbox"/>
4. I understand that I will NOT be compensated for my participation.	<input type="checkbox"/>	<input type="checkbox"/>
5. I understand that the study will end on 15/08/2024.	<input type="checkbox"/>	<input type="checkbox"/>
B: POTENTIAL RISKS OF PARTICIPATING (INCLUDING DATA PROTECTION)		
6. I understand that taking part in the study also involves collecting specific personally identifiable information (PII) such as video and audio and associated personally identifiable research data (PIRD) including personal or professional views with the potential risk of my identity being revealed.	<input type="checkbox"/>	<input type="checkbox"/>
7. I understand that steps will be taken to minimise the threat of a data breach and protect my identity in the event of such a breach by (optional) anonymous data collection and secure data storage/limited access.	<input type="checkbox"/>	<input type="checkbox"/>
8. I understand that, when I opt for anonymity, personal information collected about me that can identify me, such as my name or where I live, will not be shared beyond the study team.	<input type="checkbox"/>	<input type="checkbox"/>
9. I understand that, when I opt for anonymity, the (identifiable) personal data I provide will be destroyed on 30/08/2024.	<input type="checkbox"/>	<input type="checkbox"/>
C: RESEARCH PUBLICATION, DISSEMINATION AND APPLICATION		
10. I understand that after the research study the de-identified information I provide will be used for journal publications and conference presentations.	<input type="checkbox"/>	<input type="checkbox"/>
11. I agree that my real name can be used for quotes in research outputs.	<input type="checkbox"/>	<input type="checkbox"/>
12. I agree that my responses, views, or other input can be quoted anonymously in research outputs.	<input type="checkbox"/>	<input type="checkbox"/>
D: (LONGTERM) DATA STORAGE, ACCESS AND REUSE		
13. I give permission for the de-identified qualitative data that I provide to be archived in the 4TU repository so it can be used for future research and learning.	<input type="checkbox"/>	<input type="checkbox"/>
14. I understand that access to this repository is restricted to the supervisor.	<input type="checkbox"/>	<input type="checkbox"/>

Signatures

Name of participant [printed]

Signature

Date

I, as researcher, have accurately read out the information sheet to the potential participant and, to the best of my ability, ensured that the participant understands to what they are freely consenting.

Jaqueline Mongeroht
Researcher name [printed]



Signature

24 May 2024
Date

Study contact details for further information:

Jaqueline Mongeroht
Phone number: +31 6 1775 2531
Email: jmongerohtdasi@tudelft.nl

Appendix F: Empirical data coding process, analysis, and results

Perceived barriers to social value in real estate

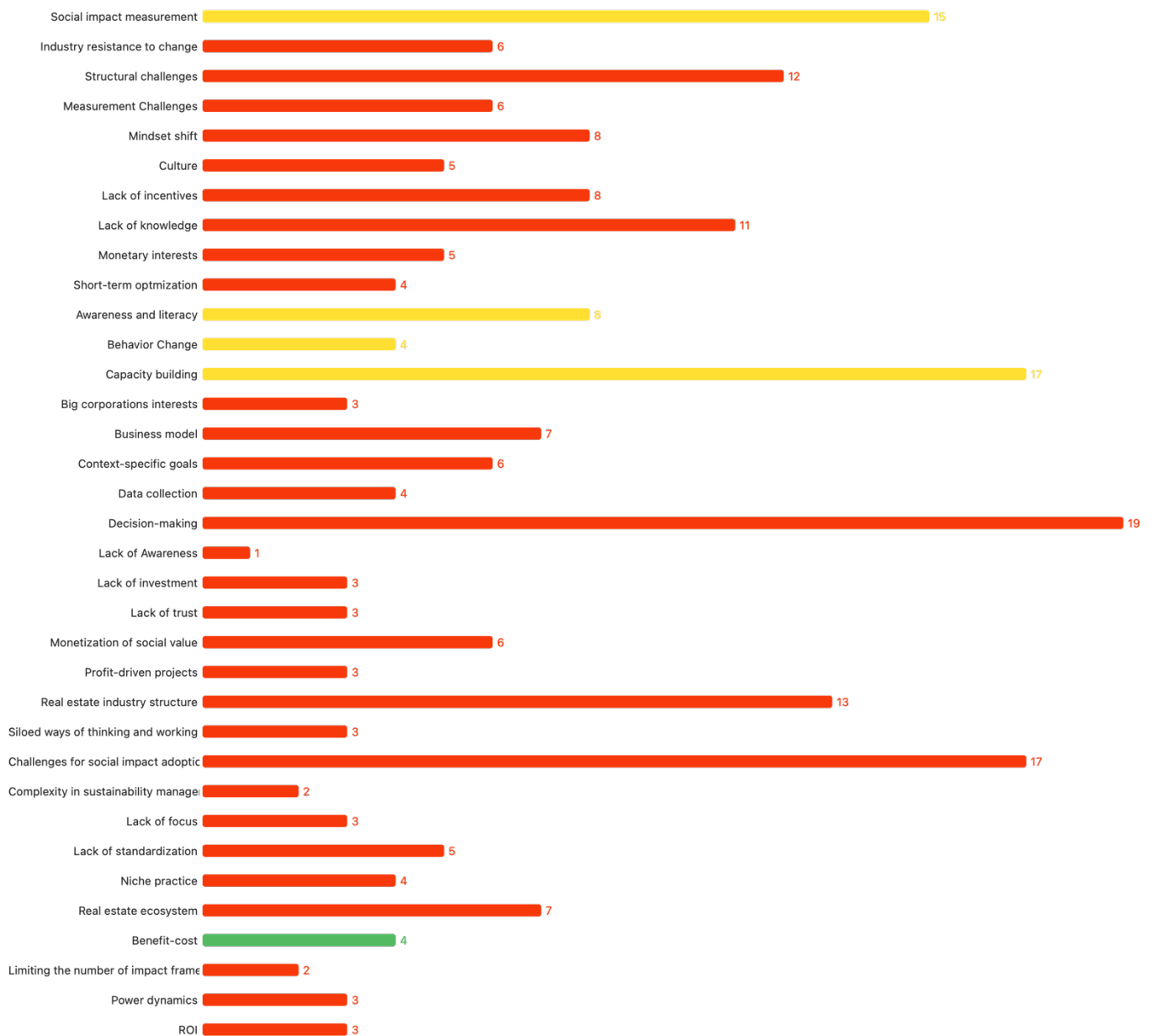


Figure 18: Codes for barriers to adopting social impact principles.

Barrier's categories/factors

Cultural/systemic

- Industry resistance to change, Mindset shift, Behavior Change
- Culture, Structural challenges, Real estate industry structure
- Real estate actors' disconnection, Siloed ways of thinking and working

Operational

- Business model, big corporations' interests
- Monetary interests, Short-term optimization, Profit-driven projects, Cost-benefit, ROI
- Decision-making, Power dynamics
- Lack of incentives (legal and financial)

Procedural

- Lack of knowledge [technical capacity], Lack of Awareness
- Measurement Challenges, Data collection, Monetization of social value
- Social impact measurement, Challenges for social impact adoption
- Complexity in sustainability management, Context-specific goals, Lack of standardization

Perceived drivers of social value in real estate



Figure 19: Codes for drivers to adopt social impact principles.

Drivers' categories/factors

Cultural/systemic

- Strategic partnerships
- Reshaping Industry [leadership, being actor of change]
- Sustainability transition, Sustainable urban development, Achieving sustainability goals, Climate resilience

Operational

- Business opportunities
- Best practice, Business reputation
- [access to] Alternative funding, Impact/Responsible/Green investment
- Regulations compliance

Procedural

- Sustainability performance, Holistic approach, Tripple bottom line
- Value creation, Benefit-cost
- Establishment of standards [benchmarking], having a common language, Open-source resources

Perceived enablers to social value in real estate

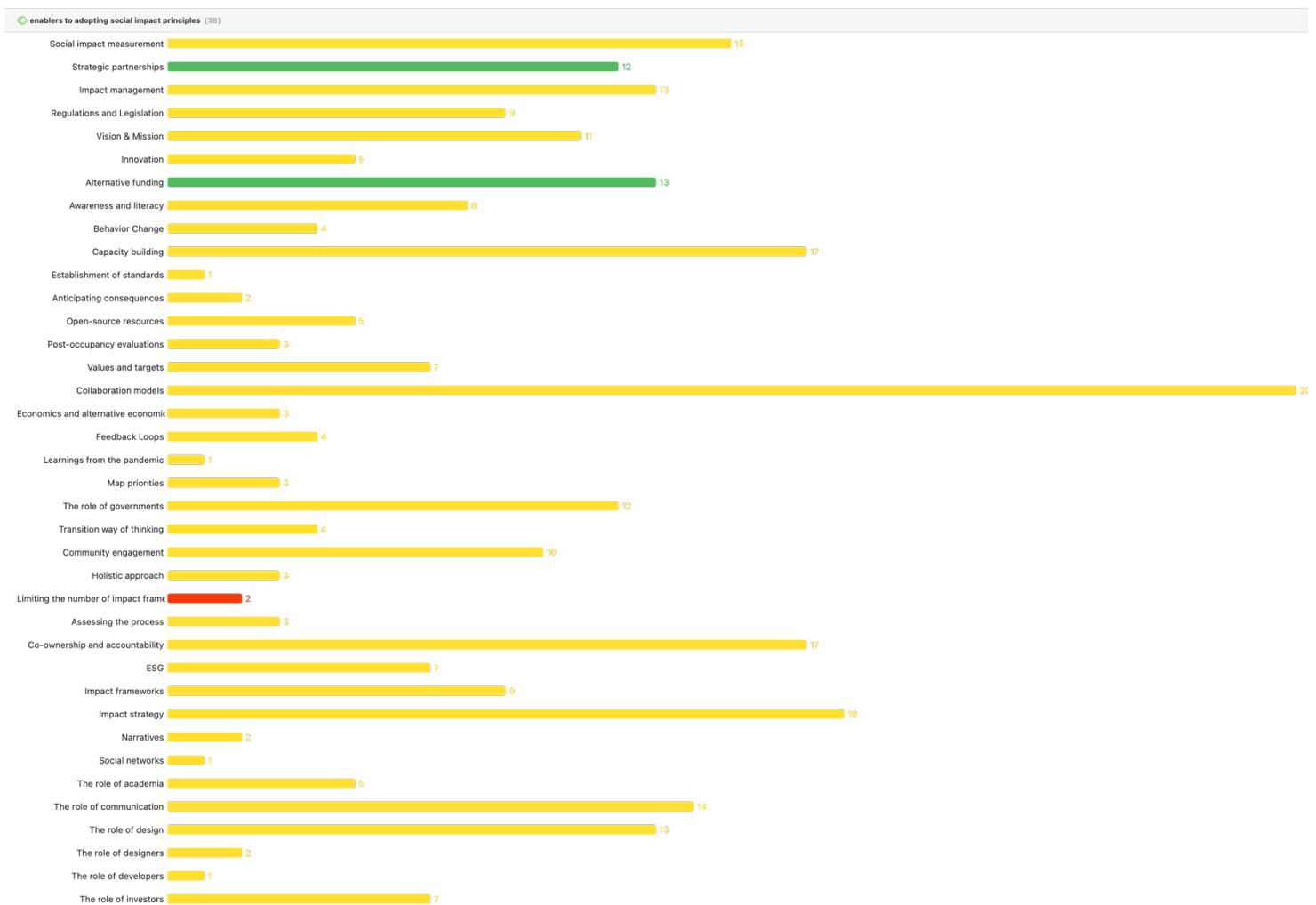


Figure 20: Codes for enablers to adopting social impact principles.

Enablers categories/factors

Cultural/systemic

- Regulations and Legislation
- Collaboration models, partnerships, networks/coalitions
 - The role of governments and regulation
 - The role of academia and communication (impact narratives)
 - The role of designers and design
 - The role of developers and strategy
 - The role of investors and financing

Operational

- New economic models, Alternative funding, Public funding and finance schemes
- Long-term strategy, ESG and Impact strategy, Anticipating consequences, Mainstream practice
- Vision & Mission, Values and targets, Co-ownership and accountability, Business innovation

Procedural

- Capacity building, Awareness and literacy, Knowledge sharing (learning processes)
- Establishment of industry standards, Holistic approach, Limiting the number of frameworks
- Impact management, Community engagement, Social impact measurement, Assessing the process, Post-occupancy evaluations, Feedback Loops, Change narratives

Code Analysis

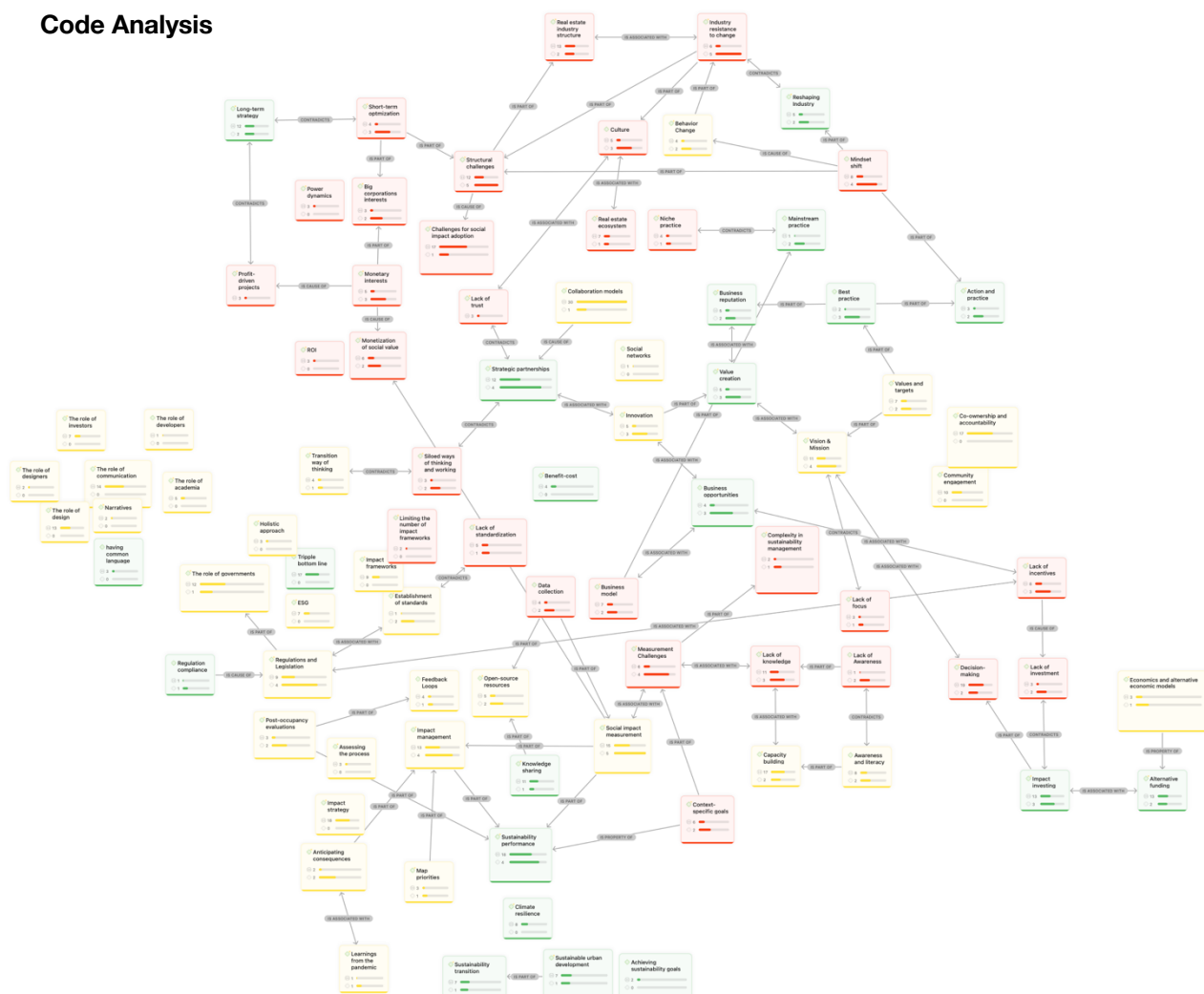


Figure 21: Found interconnections between social value barriers, drivers, and enablers.

Coding Results

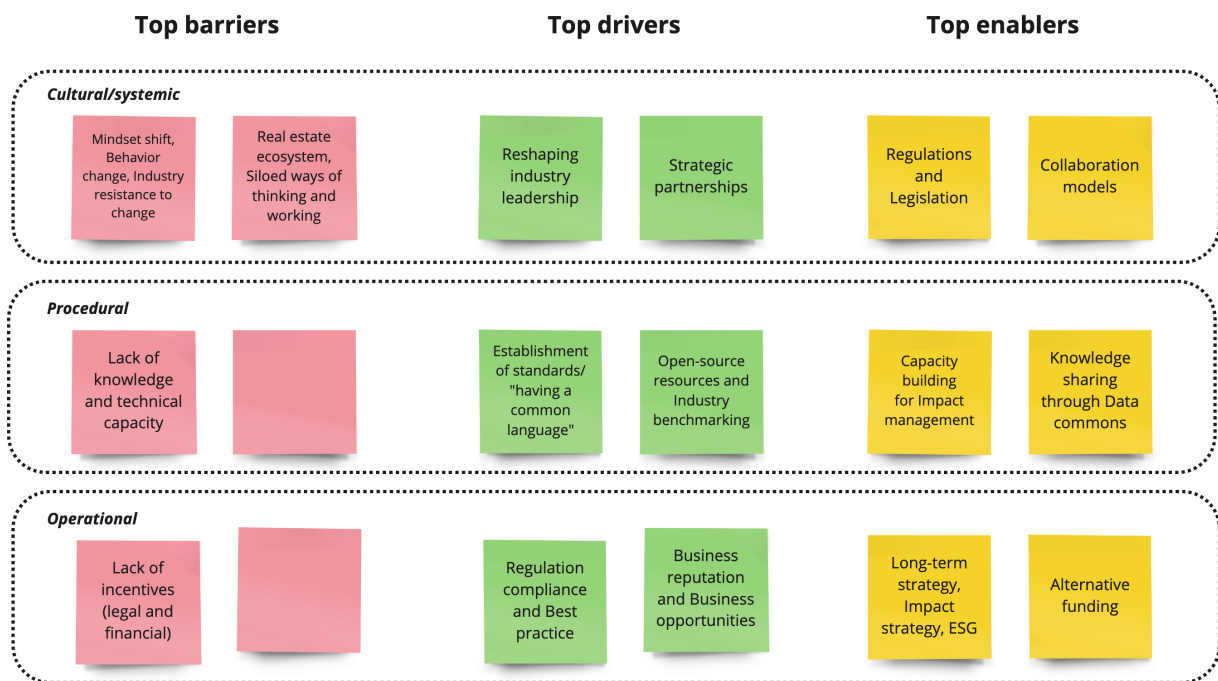


Figure 22: Results with the main social value barriers, drivers, and enablers from the analyzed theoretical and empirical data.

Appendix G: Design input

Social value strategy guideline

In their 2018 report ‘*Social value in new development: An introductory guide*’ the UKGBC offered guidance on developing a social value strategy for local authorities and development teams. Table 8 below sets out the UKGBC recommended approach to creating a social value strategy. The guidance is primarily targeted at development teams, however, when the local authority retains a strong interest in the development, they will also play a role in driving the social value strategy.

Table 8: Social value strategy for real estate development guideline (Adapted from UKGBC, 2018).

	Jobs and economic growth	Health and the environment	Community life
Understanding social value			
Initial research	Research similar regions that have successfully implemented social value policies or have a social value guide.		
	Use best practice guides to understand how to set a social value strategy.		
	Use development frameworks and case studies to understand best practice for different development types.		
Establish local needs and understand the context			
Desktop research	Review any local social value policies including procurement strategies.		
	Use the Local Plan and strategic objectives of the local authority to understand which issues are most important to the wider area.		
	Review and collate data on the proposed development site and surrounding area from existing dataset, such as the Index of Multiple Deprivation (IMD), for instance:		
	<ul style="list-style-type: none">household incomespovertyemploymentskills & educationfuel povertyhomelessnessaffordability	<ul style="list-style-type: none">air qualitynoisewater qualitybiodiversityflood riskmental healthphysical health	<ul style="list-style-type: none">crimeovercrowdingsafety and securityvolunteeringcharitable givingcivic participationsocial cohesion
	Develop priorities based on the opportunities associated with the particular development type.		
	Research future trends and future targets of the local authority and consider how they may influence the area in the long-term.		
	Visit the site to get a feel for the site and the surrounding area.		
	Map out who the local stakeholders are and interview them to gain first-hand insight into the issues in the area. Identify key needs, priorities and opportunities.		
	Reach out to specialist third industry organizations (especially those operating in the local area), appropriate teams in the local authority and other bodies to understand local needs and challenges to addressing those needs, for example accessing hard to reach groups.		

	Jobs and economic growth	Health and the environment	Community life
	<ul style="list-style-type: none">• Business networks• Schools & colleges• Community organizations• Voluntary, community and social enterprises	<ul style="list-style-type: none">• NHS (the local clinical commissioning group)• Health charities• Local groups• Social care providers	<ul style="list-style-type: none">• Community initiatives• Social care providers• Faith groups• Community centers• Youth centers• Local traders' association
	Run workshops or interviews with the local community to understand their priorities and aspirations for the local area. Engage under-represented groups via a variety of methods (questionnaires on the local authority's website, social media, face-to-face engagement, posted feedback letters).		
	Understand perceived barriers to work and skills.	Understand the local concerns and aspirations on health and wellbeing.	Understand challenges around social cohesion and events that may have impacted these.
	Consider any recent and future developments in the area as they can provide insight into further opportunities that may arise and/or cumulative benefits that can be achieved in the locality.		
Establish social value outcomes and metrics for the development			
Creating the aspiration	Create a positive vision for the area based on the information gathered.		
	From the vision for the area and the established local needs specify social value outcomes for the new development.		
	Regularly review, and update, if necessary, the outcomes stipulated at the start of the project to ensure that they are addressing the most up-to-date issues.		
	Consider the impact that the design of the development site will have on the wider area.		
Consider the long-term	Avoiding on micro-trends and prioritize any issues which will provide value in the long-term.		
	Prioritize people moving towards employment, not just short-term employment and trainee outcomes.	Prioritize interventions that will have long-term impact on cause of ill-health, over short-term response to symptoms.	Ensure ambitions for social cohesion do not push issues onto other locations rather than addressing them.
Measuring and reporting	Establish a set of metrics which should be applied to track the development and help indicate the extent to which those outcomes are realized. Ideally the metrics would measure both inputs, such as the number of apprenticeships, and outcomes. The outcomes can be based on the local data of the site and surrounding area. See the measurement section for best practice guides for measuring social value.		
	Consider assigning a member of the project team chosen to oversee measurement and reporting of the project throughout the development lifecycle.		
	Set benchmarks based on the local data of the site and the surrounding area.		

	Jobs and economic growth	Health and the environment	Community life
Frameworks and certification	Consider using holistic development frameworks or certification schemes which encourage social value outcomes such as BREEAM Communities.		
	Consider which certification schemes and environmental standards can help achieve the specified outcomes, for example the WELL Standard if there is a strong focus on health and wellbeing outcomes, or the Home Quality Mark if there is a significant number of new homes being built.		
Implementation and sustaining success over the long-term			
Ongoing monitoring and feedback	Where possible, set up monitoring of metrics for continual feedback and improvement.		
	Conduct regular occupant surveys/interviews with the residents and occupiers to assess the impacts of the new development.		
	Consider partnerships with academia for long term data collection.		
	Schedule ongoing reviews of outcomes with key stakeholders.		
	Consider certification schemes which require ongoing measurement of the development, such as BREEAM In-Use.		
	Apply a 'soft landings' approach to optimize operational performance.	Consider opportunities to use digital technologies to continuously monitor and measure health and the environment.	Conduct a follow up Community Life Survey.
	Feedback to the resident, tenants and building occupiers as to how they can improve their interaction with the built environment.		
	Inform local stakeholders of positive outcomes of the project.		
Maintenance and handover	Collate successes and lessons learnt, and share with wider industry and government stakeholders, to ensure that future developments can better address the needs of the local community.		
	Make sure there are long term investment mechanisms for site maintenance.		
	Set up a plan to ensure social value aspirations are retained through handover, it is especially important for new parties to take on the responsibility of community engagement and maintenance.		
	Ensure that strategies to maximize social value that can be included in a contract are included so the new owner is obliged to comply by certain laws.		
	Ensure that the handover process is clear, rigorous and effective.		
	Consider identifying a group of resident 'champions' to be the conduit between communities and landlords, representing and communicating the respective interests and goals from each side.		
	Local authorities will have an ongoing role to play in ensuring their planning requirements are upheld.		