



Building Prosperity

Unlocking the potential
of a nature-positive,
circular economy for Europe

Overview of key insights:

- A set of nature-positive, circular strategies can unlock **more than half a trillion euros** annually across the built environment value chain by 2035
- With low barriers to implementation, these strategies can also generate **several hundred billion dollars of wider economic benefits** for businesses, municipalities, and citizens by 2035
- Beyond economic gains, the adoption of these strategies can yield a **broad set of nature, climate, and social benefits** for all stakeholders
- To reap these benefits, financial institutions and investors can **mobilise capital flows towards nature-positive, circular solutions**

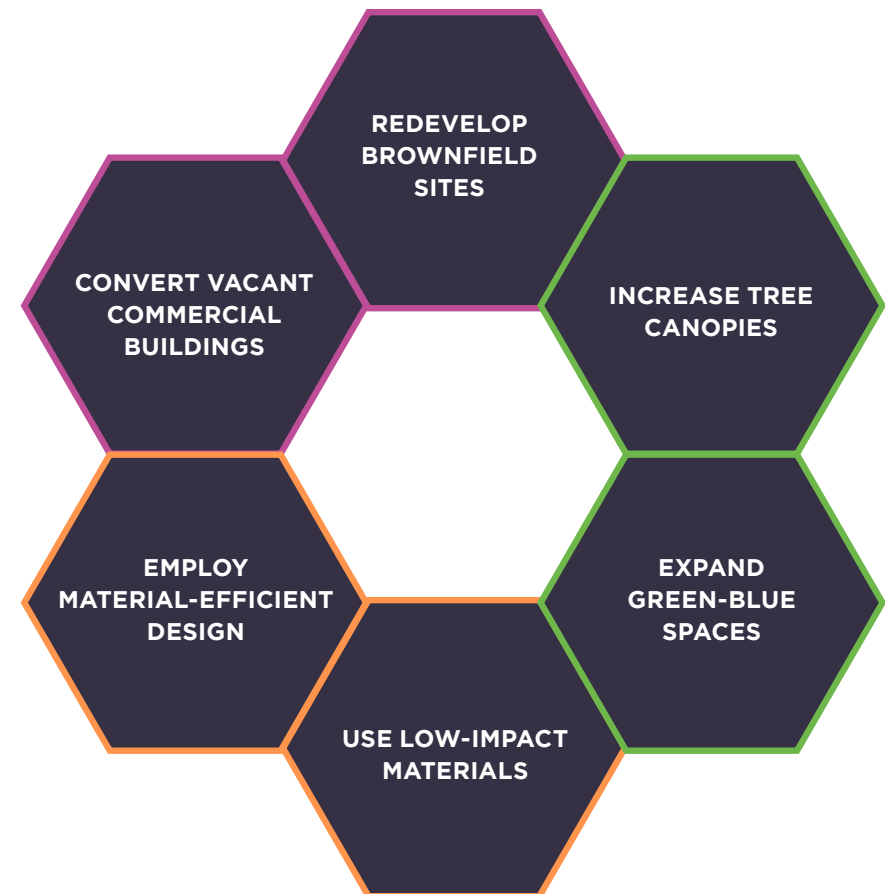
Over the past 10 years, circular economy strategies have risen up the agenda, providing solutions to gradually decouple economic activity from its negative impacts. While its material savings benefits and its contribution to reducing emissions are well documented,¹ the circular economy can also help rebuild natural capital and contribute to ecosystem health — a dimension too often overlooked. With more than half of the world's GDP relying on nature,² now is the time to make the case for the regenerative potential of the circular economy.

Focusing our analysis on the built environment offers the opportunity to illustrate how the benefits of a nature-positive, circular economy can be realised in a tangible, high-impact

way. Europe's built environment is central to its economic vitality, yet it stands at a critical juncture, requiring immediate and concerted action. While efficient compared to other high-income regions, this material-intensive sector still consumes vast amounts of materials and emits significant amounts of greenhouse gases (GHG). With a demand for millions of new homes and over 30 million buildings in need of renovation,³ the time is ripe for transformation. The Ellen MacArthur Foundation's report [Building Prosperity: Unlocking the potential of a nature-positive, circular economy](#) demonstrates that the built environment sector's future contribution to the European economy does not have to be a choice between economic growth and nature preservation.

A nature-positive, circular built environment can generate substantial economic, environmental, and social benefits for European businesses and citizens by 2035

The report highlights six circular strategies with prominent potential to concurrently drive economic and nature-positive gains, and to achieve wider environmental and social outcomes. Covering the entire value chain, these six interventions, all identified as mature and scalable with low barriers to implementation, can reinforce each other and amplify benefits when applied as an integrated system.



SYSTEM-WIDE BENEFITS OF A CIRCULAR AND NATURE-POSITIVE BUILT ENVIRONMENT, BY 2035

EUR 575 billion

Potential annual revenue distributed across the built environment value chain

EUR 117 billion increase in annual revenue to city-centre shops, restaurants, bars, and cafés, driven by more vibrant and attractive cityscapes

EUR 101 billion of revenue can be derived from revitalising urban land and assets

EUR 363 billion of revenue from optimising design and material sourcing

EUR 111 billion of revenue comes from maximising nature in cities

EUR 22 billion of annual benefits to households and businesses from more efficient infrastructure networks and reductions in energy and water charges

EUR 632 billion of properties and business value safeguarded through maximising nature in cities and employing nature-based climate adaptation strategies

EUR 158 billion

Wider economic benefits realised annually for businesses, municipalities, and citizens

1°C - 3°C reduction in average urban peak temperatures in cities by increasing tree canopies and expanding green spaces

EUR 19 billion worth of benefits from improved health and productivity

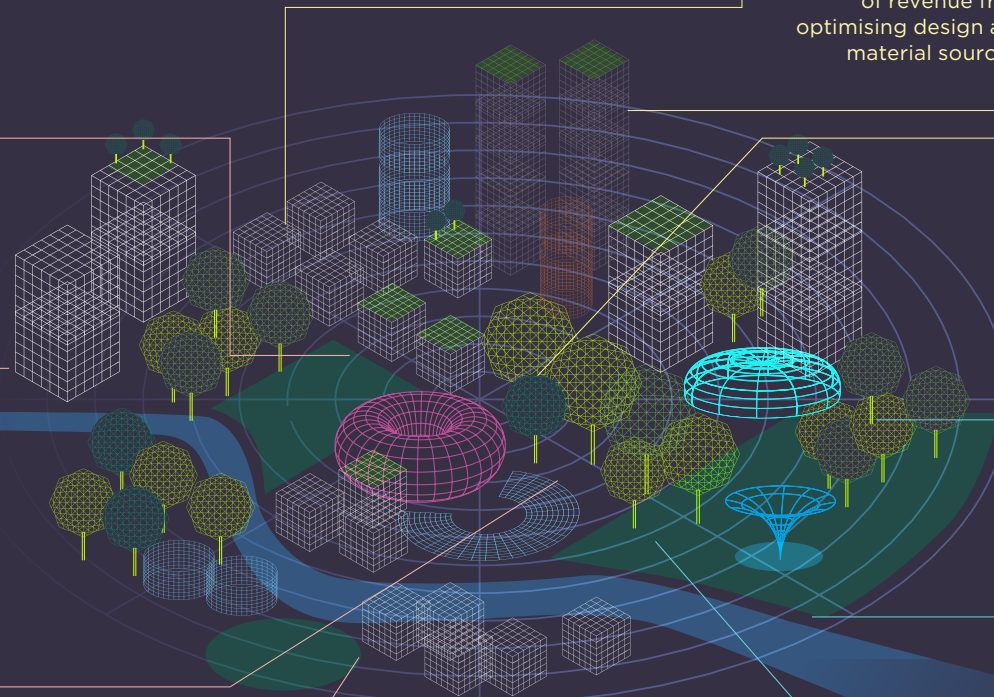
Nature, climate, and social benefits

Increased job creation potential

Properties adjacent to new green spaces and regenerated brownfield sites will benefit from improved liveability

5% reduction in EU CO₂ emissions from lower demand for carbon-intensive building materials, more compact urban centres, and expansion of green space

16,000 km² of green space in Europe created or protected by applying six circular economy strategies



Together, the six strategies can unlock EUR 575 billion of potential revenue distributed across the built environment value chain

Revitalise land and assets to minimise further pressure on nature

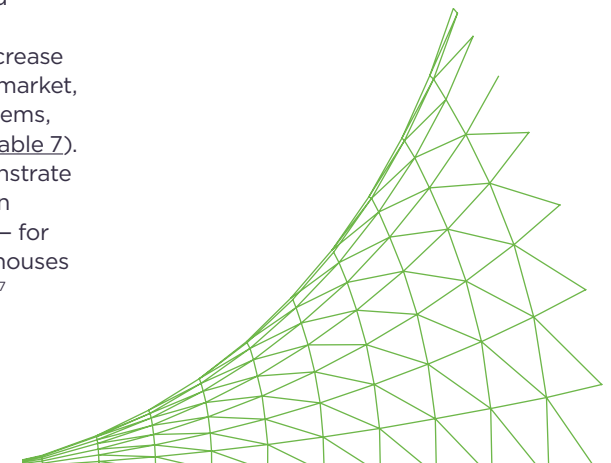
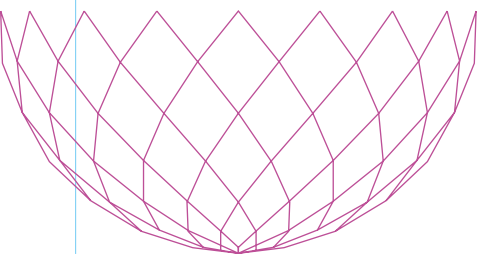
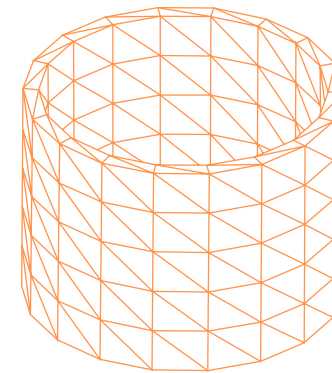
Revitalising Europe's abandoned plots and buildings could usher in a new wave of urban development that makes the most of available land without encroaching further on valuable natural habitats. Focusing on **brownfield site redevelopment** and the **conversion of vacant commercial buildings** can help the EU deliver on its targets to halt the net loss of urban green spaces by 2030, and simultaneously address the need for housing. **EUR 101 billion** of annual revenue can be derived from revitalising urban land and assets for those involved in repurposing these sites. These benefits can be unlocked even when applying the strategies across a relatively small area (see [Table 2](#)). At the same time, these strategies combined could help address Europe's housing needs depending on the spatial distribution of brownfield sites relative to housing demand.

Maximise nature in cities to create resilient and vibrant urban landscapes

The principal ways in which European cities can maximise nature are through strategically **increasing tree canopies** and **expanding green-blue spaces**⁴ by adding areas of native vegetation and water well-suited to local conditions throughout the cityscape. Maximising nature to a minimum threshold of 45% overall green cover across all EU cities could generate **EUR 111 billion** of potential annual revenue by 2035, with more than half benefiting the landscape construction sector (see [Table 5](#)). A high proportion of the greening will target areas of cities that are both sealed and underutilised thereby providing a double benefit, not only revitalising neglected spaces but also enhancing the cooling, infiltration, and other ecosystem services associated with these areas. Besides the highly beneficial strategic integration of tree canopies into streetscapes, urban planners and landscaping companies also have a vast palette of potential nature interventions that can be applied in a locally-attuned way to increase ecosystem integrity depending on the local climatic context, scale, and the ecosystem function that is needed. Cities such as Turku in Finland and Ljubljana in Slovenia have already started employing these methods as part of their revitalisation strategies.

Optimise building design and material sourcing to capture economic value, and achieve climate targets

Optimising building design can drive economic benefits by reducing the material and carbon footprint of Europe's future building and infrastructure construction and positively impact nature. This can be achieved through **material-efficient design** and the use of **low-impact material** substitutes,⁵ including reused or recycled materials, regeneratively sourced bio-based alternatives, and materials produced using low-carbon manufacturing processes.⁶ These two strategies can unlock **EUR 363 billion** of direct economic benefits. In particular, material and component suppliers will reap a significant benefit driven by an increase in the prefabricated construction market, demand for modular building systems, and lower-impact materials (see [Table 7](#)). Frontrunners in this market demonstrate that these design and construction practices can be adopted widely — for example, in Sweden, 84% of new houses comprise prefabricated elements.⁷



Case study: **Ginkgo**

Ginkgo specialises in the remediation and regeneration of brownfield sites and abandoned built environment assets across Europe. In Lyon, on a 4.5-hectare plot, a former factory site, Ginkgo is developing over 40,000 m² of housing, featuring 35% green space and 200 trees, with plans for an additional 9,000 m² of greenery and an urban farm. The project required more than EUR 7 million of initial funding for site remediation and has already returned more than three times the equity invested, with an internal rate of return of over 20%. Meanwhile, the project is contributing EUR 10 million to urban development taxes and infrastructure including roads, green spaces, and schools.



Ginkgo Advisor

Case study: **Copenhagen**

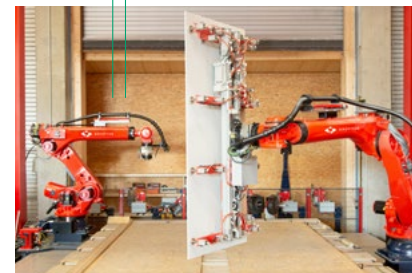
The city of Copenhagen, in response to an extreme rainfall event that left around EUR 1 billion of property damage in 2011, established nature-based solutions as a key approach to urban water management. To relieve pressure on the traditional sewage system, the city extended permeable areas through maximising green spaces, wetlands, and drainage corridors to absorb and retain runoff water. The delivery of the plan required localised, collaborative efforts between engineers, utility providers, investors, and municipalities. Analysis showed that these solutions reduced mitigation costs by over USD 200 million versus conventional piping. Inspired by Copenhagen's example, other cities have embraced nature-based solutions for water management, for example New York City has launched a USD 400 million infrastructure programme.



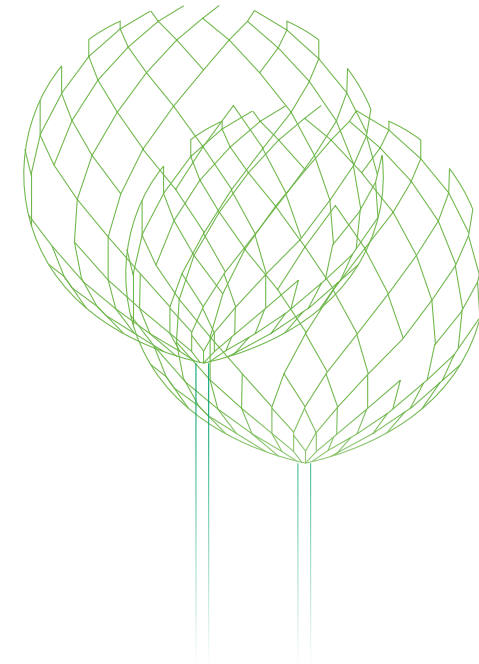
Troels Heien

Case study: **GROPYUS**

GROPYUS is an Austrian-German construction technology company based in Vienna and Berlin, focused on providing affordable living through modular construction. With over 400 employees, GROPYUS has developed its own prefabricated building platform and end-to-end digital platform to optimise the real estate cycle. Since 2019, the start-up has raised over EUR 300 million in total funding, including a EUR 100 million loan in 2024 to expand its operations. A partnership with automation specialist KUKA was established to create an automated manufacturing facility in Richen, Germany, with a planned capacity of 3,500 apartments per year.



GROPYUS



EUR 158 billion can be realised annually in wider economic benefits for businesses, municipalities, and citizens

City-centre shops, restaurants, bars, and cafés can benefit from a EUR 117 billion increase in annual revenue driven by more vibrant and attractive cityscapes. Achieving an average urban green cover of 45% in European cities could result in up to EUR 37 billion in additional business for retail stores located on tree-lined streets by 2035. The presence of trees in commercial areas provides shade, reduces heat, and improves air quality. This vibrant and welcoming environment encourages people to visit and linger longer in the area, which increases foot traffic to shops and businesses. More significantly, an ambitious office-to-residential conversion programme could counter the 10–20% Covid-related reduced foot traffic near stores located in downtown metropolitan areas, generating an additional EUR 80 billion for Europe's bricks and mortar businesses (see [Table 8](#)).

Households and businesses can benefit from EUR 22 billion annually through more efficient infrastructure networks and reductions in energy and water charges. Prioritising brownfields over greenfields development replaces urban sprawl, with higher density city-centre development. These central locations can save on infrastructure development costs, through the rehabilitation of existing roads and pipes as well as more resource-efficient networks. For our

analysis, we estimated that prioritising brownfield site redevelopment could avoid EUR 16 billion in infrastructure costs compared to business-as-usual greenfield home building. Households and businesses located in tree-lined streets or close to green spaces could also benefit from more than EUR 6 billion of economic savings through a reduction in heating, cooling, or water drainage costs (see [Table 8](#)).

Citizens can benefit from improved health and productivity, equivalent to EUR 19 billion. Maximising nature in cities can help mitigate the urban heat island effect, leading to improved health, more comfortable working conditions, and lower rates of absenteeism, with an estimated EUR 11 billion in productivity benefits. Exposure to nature has been shown to reduce stress, improve mental health, and increase creativity and focus — leading to improved overall wellbeing, job satisfaction, and even staff retention⁸ (see [Table 8](#)).

Increasing green spaces and regenerating brownfield sites can enhance the liveability and desirability of urban areas, leading to the creation of new businesses and amenities. For example, the gradual expansion of green spaces and elimination of motorised vehicles in Ljubljana's city centre in Slovenia has resulted in a 58% reduction in carbon black air particulates.

In addition, these strategies can boost job creation. While this study did not model the impact of the six strategies on the labour market, our desk research shows that, globally, a nature-positive economy could create over 117 million jobs⁹ in the building and infrastructure sector.



Photo by CHUTTERSAP on unsplash.com

Beyond economic gains, the adoption of the six strategies can yield a broad set of nature, climate, and social benefits for all stakeholders

Maximising nature in cities and employing nature-based climate adaptation strategies could safeguard billions of properties and business value. Greening and protecting land could deliver an additional EUR 632 billion in benefits through the avoidance of downside risk. For example, more permeable surfaces could reduce flood intensity by 10–20% and help recharge groundwater aquifers, mitigating future droughts. Studies have shown that increasing tree canopy together with other nature-based solutions, such as permeable pavement and green roofs, are both more cost-effective than ‘hard infrastructure’ solutions, and far more effective at building resilience to the intensifying impacts of climate change.

Applying the six strategies could create new and protect existing green space in Europe totalling over 16,000 km², the equivalent of half the size of Belgium. Maximising the integration of nature so that all EU cities achieve a threshold cover of 45% could create an additional 8,500 km² of urban green space — helping to achieve the objectives for urban ecosystems set out in the Nature Restoration Law. By designing higher density, mixed-use multi-family home developments, and prioritising underused land and assets over greenfield development, an estimated 7,700 km² of natural land (primarily farmland) can be protected (see Table 10).

A nature-positive built environment helps reduce GHG emissions, thereby supporting climate goals. By 2035, 131 MtCO₂ could be avoided or captured through a reduced demand for carbon-intensive building materials, more compact urban centres, and an expansion of green space (see Table 10).

Social benefits are equally compelling, with improvements in health and wellbeing for citizens through increased access to green spaces, improved air quality, and a more attractive urban environment.

To maximise the social benefits of a circular built environment, it is imperative that the conditions for a just transition are put in place and prioritised

For example through ensuring:

- **Affordability** – strategically supporting affordability is key to ensuring social fairness and continued vibrancy of places. Developers and investors can better value the long-term benefit of mixed-price/mixed-income neighbourhood design ensuring vibrancy.
- **Upskilling over a million workers** – a significant programme of skills and knowledge development will be needed to Europe’s future workforce.¹⁰ This will entail significant investment in education and capacity-building programmes across all types of jobs.
- **Access to green space** – fair and equitable access to urban green spaces is a key consideration, such as

the inclusive green space planning policy ‘3-30-300’ guideline for urban forestry.¹¹ This stipulates that every home, school, or business should have a view of three trees, every neighbourhood should have at least 30% tree canopy, and every resident should be within 300 m of a park.

- **Fair distribution of economic gains** – in particular when investment comes from the public purse. This is particularly relevant in case of property value increases in proximity to new green spaces, infrastructure, or brownfield sites conversion.



Financial institutions and investors can mobilise capital flows towards nature-positive, circular solutions

By strategically investing in public-private partnerships and stimulating a critical mass of demand for the built environment value chain, financial institutions and investors have the power to unlock impactful circular economy projects at scale, including large-scale urban regeneration projects. Their role extends beyond mere funding; they are also instrumental in pioneering and validating new value-capture models and providing technical assistance to support assessment criteria to highlight the economic viability and environmental benefits of circular practices.

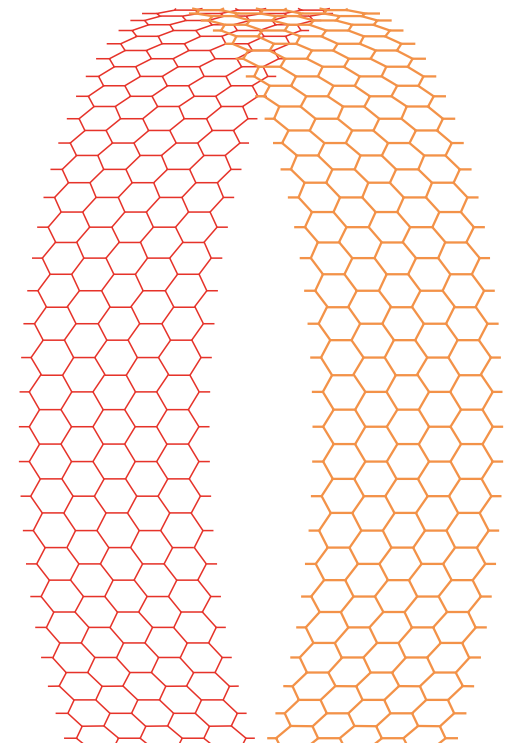
A commitment to circular economy principles is increasingly crucial for financial institutions and investors as the interconnectedness between the financial sector and the built environment intensifies, with environmental risks and opportunities becoming more pronounced. Financing and Investment trends, influenced by frameworks such as TNFD, CSRD, and SFDR,¹² are pushing investors towards a deeper understanding of circular economy benefits and risks. By aligning financing, support, and investments with circular economy principles, financial institutions and investors not only contribute to circular economy development but also position themselves to capitalise on emerging opportunities, setting new benchmarks in value creation that go beyond traditional financial returns to encompass environmental and societal gains.

- **Understand the general concepts of natural capital and biodiversity and how they apply to the specific market conditions.** Financial institutions and investors can pilot financial mechanisms, such as blended finance models, to capture value and mitigate risks in proposals for nature-positive, circular solutions. Additionally, they can refine these mechanisms with real-world data, implement thorough risk assessment strategies, and collaborate with a range of stakeholders, such as policymakers, to gain wider perspectives. Success in pilot projects can lead to scaling and replicating successful mechanisms. This approach encourages investment by mitigating risks and enhancing the viability of projects focusing on environmental resilience and the circular economy.

- **Integrate circular economy strategies into investment decisions, adapting asset classes and funds to enable large-scale urban regeneration projects.** Financial institutions and investors can integrate natural capital considerations into decision-making processes by developing, using, and disclosing metrics and accounting practices that reflect the economic value of natural assets and their future benefits in urban projects.¹³ By pricing in the risks associated with resource scarcity and supporting the transition, investors can drive positive

change while also enhancing the long-term resilience of their portfolios. This integration helps in identifying and managing risks associated with the depletion and degradation of these resources and in harnessing opportunities for investments that contribute to their regenerative use and conservation.

- **Commit to investing in technological innovation and upskilling the current workforce to spur a critical mass of built environment value chain providers across the six strategies.** Financial institutions and investors can drive regenerative innovation by channelling funds into start-ups and companies that are developing construction technologies which deliver nature-positive outcomes, and by supporting research and training in advanced areas like artificial intelligence (AI) and the Internet of Things (IoT) for optimising building designs. Encouraging a critical mass of providers through collaboration, incentives for regenerative practices, and impact investing can also play a key role. Such strategic investments not only foster the revitalisation of land and assets, maximise the integration of nature, and optimise design and material sourcing, but also align financial returns with long-term environmental resilience.



Now is the time to scale the nature-positive, circular economy

The built environment is a compelling example of how deploying nature-positive, circular economy principles can promote economic opportunity, climate resilience, and better outcomes for people's health and wellbeing.

Beyond Europe, comprehensively applying this solutions framework to other regions, but also to other key systems — such as food, fashion, and industrial sectors — has the potential to concurrently drive economic and nature-positive gains. With digital technologies and material innovation in place, and success stories showing the way, the time is right to make the circular economy vision a reality at scale.

To read more detail about our quantitative modelling that supports the economic, social, and environmental benefits presented in the report, see the [Technical Appendix](#).



Economy Society Nature

Acknowledgements



The Ellen MacArthur Foundation is an international charity that develops and promotes the circular economy in order to tackle some of the biggest challenges of our time, biodiversity loss, climate change, and waste and pollution. We work with our network of private and public sector decision makers, as well as academia, to build capacity, explore collaborative opportunities, and design and develop circular economy initiatives and solutions. Increasingly based on renewable energy, a circular economy is driven by design to eliminate waste, circulate products and materials, and regenerate nature, to create resilience and prosperity for business, the environment, and society. Further information: www.ellenmacarthurfoundation.org

SYSTEMIQ

Systemiq, the system-change company, was founded in 2016 to drive the achievement of the Sustainable Development Goals and the Paris Agreement, by transforming markets and business models in five key systems: nature and food, materials and circularity, energy, urban areas, and sustainable finance. A certified B Corp, Systemiq combines strategic advisory with high-impact, on-the-ground work, and partners with business, finance, policymakers, and civil society to deliver system change. In 2020, Systemiq and The Pew Charitable Trusts published *Breaking the Plastic Wave*: a comprehensive assessment of pathways towards stopping ocean plastic pollution, an evidence-based roadmap that shows how industry and governments can radically reduce ocean plastic pollution by 2040. Systemiq has offices in Brazil, France, Germany, Indonesia, the Netherlands, and the UK. Further information: www.systemiq.earth

ARUP

Dedicated to sustainable development, Arup is a collective of 18,000 designers, advisors, and experts working across 140 countries. Founded to strive for humanity and excellence, Arup collaborates with clients and partners, using imagination, technology, and rigour to shape a better world. Arup is a longstanding knowledge partner to the Ellen MacArthur Foundation, working together over nearly a decade to enhance recognition of the circular economy in the built environment. In 2022, Arup and the Ellen MacArthur Foundation launched the Circular Buildings Toolkit, a practical tool designed to bring the circular economy into the mainstream for real estate players, helping asset owners, developers, and investors to future-proof assets as sustainability policies redraw the industry. Further information: www.arup.com

Endnotes

- 1 Ellen MacArthur Foundation, [Growth Within: a circular economy vision for a competitive Europe](#) (2015); Ellen MacArthur Foundation, [Completing the picture: How the circular economy tackles climate change](#) (2021)
- 2 World Economic Forum, [Scaling Investments in Nature. The Next Critical Frontier for Private Sector Leadership](#) (2022)
- 3 The European Commission wants to start a Renovation Wave, upgrading 35 million buildings by the end of this decade. Achieving this will mean tripling renovation rates and increasing the depth — that is the energy improvement of each renovation — by a factor of six. Source: Green Finance Institute, [Unlocking the Trillions: Public-private innovation to deliver the EU's Renovation Wave ambition](#) (2021)
- 4 Includes urban parks and 'pocket parks', nature-based solutions also known as 'blue-green infrastructure', SuDs (Sustainable urban Drainage Systems), and permeable roads or paving
- 5 Material-efficient design describes a range of strategies that reduce the material volumes in building components without compromising the structural integrity including prefabrication, biomimetic design, modular construction, and 3D printing. Low-impact materials are non-toxic, low-embodied carbon material substitutions such as low-emission steel and cement, engineered timber, and other bio-based materials.
- 6 Low-emission cement processes include replacement of coal with hydrogen (e.g. Cambridge Electric Cement), reverse calcination where carbon dioxide is reinjected into the curing process (e.g. CarbonCure), electric external kiln heating (e.g. Calix), and the use of microalgae in a 'biomineralization' process (e.g. Prometheus). Most low-emission steel processes are based on the replacement of coking coal with hydrogen in the oxidation process (H2 Green steel)
- 7 Forbes, [Extraordinary Prefab Houses Around the World](#) (2019)
- 8 BBC, [Why you can't afford to ignore nature in the workplace](#) (2016)
- 9 World Economic Forum, [The Future of Nature and Business](#) (2020)
- 10 A comprehensive report by the International Trade Union Confederation estimates that by 2030, 1.5 million additional workers need to be attracted and retained to achieve the ambitious climate and resilient growth targets set out by the EU, adding that "investments in green construction have strong knock-on effects with millions of additional jobs being created along the value chain"
- 11 Nature Based Solutions Institute, [The 3-30-300 Rule for Healthier and Greener Cities](#) (2024)
- 12 TNFD: Taskforce on Nature-related Financial Disclosures, CSRD: Corporate Sustainability Reporting Directive, and SFDR: Sustainable Finance Disclosure Regulation
- 13 CFA Institute, [Integrating Natural Capital and Biodiversity in the Investment Process](#) (2022)



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