

## DFI launches €300m Danish micro living strategy

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Deutsche Finance International (DFI), the European group with €3.3 bn AUM, has revealed a significant investment push into the small, self-contained homes category in Denmark.

The pan European private equity real estate firm has kicked off the strategy with a €100 mln development in Copenhagen.

And this is just the start as it looks to aggregate €300 mln of micro living assets in the country.

The strategy, which is DFI's first in this sector, aims to bridge the 'significant supply-demand imbalance' for high quality affordable homes in Denmark's capital and help address the wider macro environment issue of a slowdown in the supply of rental accommodation.

In a statement, the firm explained it will create a branded platform with tech-enabled operational efficiencies. As a 'first mover', it hopes the new platform will become market leader in the country.

Micro living comprises small, self-contained homes for rent that are purpose-built and professionally managed with a combination of personal and shared amenity space.

The focus on micro living comes after DFI built the Blaekhus platform, which was established in 2018 and went on to own the largest student accommodation portfolio in Denmark, comprising 1,186 units across seven assets primarily located in Copenhagen. Blaekhus was sold to Germany's Patrizia earlier this year for €314 mln.

DFI's micro living debut in Copenhagen is structured as an off-market forward funding deal with a local developer. Scheduled for completion in the second half of 2024, the asset will comprise 350 rental units, each with its own bathroom and kitchenette, as well as a coffee shop, gym and a number of communal study rooms, lounges and kitchens.

The project is targeting a DGNB Gold certification, while offering accommodation at rents below the cost of renting a typical one-bed unit in the city.

The asset is located in the Copenhagen SV district, an emerging waterfront neighbourhood with an industrial heritage, approximately 5km south of the city centre. The area is undergoing major redevelopment to add new homes, schools, offices, hotels and grocery stores, while Aalborg University is a few hundred metres away and UCC Carlsberg Campus is within cycling distance.

Francesco Orofino, VP at DFI, said: 'This acquisition kickstarts our micro-living strategy in a market we understand well. The Danish living sector benefits from significant tailwinds, including a substantial undersupply and a structural shift in favour of rental housing versus home ownership, driven by stricter mortgage regulatory requirements and affordability constraints that are at the front of potential occupiers' minds in the current economic environment.'

Paul Nearchou, MD at DFI, added: 'We have a strong track record of building consumer-centric operating platforms in asset classes supported by long term, robust structural demand in order to maximise liquidity and create value.'

He explained: 'With Blækhus we successfully assembled and exited the leading student accommodation portfolio in Denmark and we are aiming to utilise that experience through the execution of our new Danish strategy. The current market backdrop and likely associated re-pricing presents us with an exciting opportunity to capitalise on the market cycle and utilise our experience investing in the Danish residential sector to deliver attractive returns on behalf of our investors.'

DFI was advised by Accura, Deloitte, Ramboll on technical aspects, Longevity on sustainability, and JLL.