

Rising with the trends

DeA Capital Real Estate on Europe's changing living needs

How Europeans live is changing. Households are fragmenting; more of us are living for longer; everyone is feeling the pinch from higher prices. DeA Capital Real Estate aligns its investments with these trends. In co-operation with public authorities, specialist operators, the firm invests in Purpose-Built Student Accommodation, Affordable Housing, warehouses, hotels and offices. Emanuele Caniggia, CEO and Emanuele Dubini, CIO of DeA Capital Real Estate, explain how they select the right type of building in the right location.



Emanuele Caniggia, CEO of DeA Capital Real Estate



Emanuele Dubini, CIO of DeA Capital Real Estate

Recent times have seen tough times for real estate as higher interest rates have left many owners seeking to refinance while creditors struggle with non-performing loans.

"Real estate is operating in a much more demanding environment than it was just a few years ago" says **Emanuele Caniggia, CEO of DeA Capital Real Estate**. "Increased rates and inflation fundamentally changed the way investors think about value creation and risk. Today, alignment with long-term structural trends is essential."

"It has become a lot more complicated to get capital rate compression," admits **Emanuele Dubini, CIO of DeA Capital Real Estate**. "The way you can give value is increasing Net Operating Income."

Dubini says that the days of handing keys to a new tenant and leaving the property to run itself are over. Institutional investors instead now act to ensure successful returns months in advance of actual letting. "A lot more institutions are becoming hands-on in dealing with property asset managers. They bring expertise inhouse or make joint ventures. They want to be closer to Net Operating Income production."

Dubini feels that increased confidence and competence among investors benefits specialised managers such as DeA Capital Real Estate, which itself has transitioned from vertical national offices to sector-led, cross-border expertise.

Long-term value

"This shift reflects how we see real estate evolving," agrees Emanuele Caniggia. "Long-term value today comes from understanding how assets are actually used and managed, not just from financial structuring. That is why we focus on sectors where operational depth and alignment with structural trends really matter."

Which is why Purpose-Built Student Accommodation (PBSA) and Affordable Housing are high on the list. The number of people in tertiary education in Europe continues to grow as the best academic institutions compete not just

for domestic but international students. France and the UK lead recent growth, with numbers up 19% and 22% respectively between 2016 and 2023. Provision of new accommodation, however, does not match the growth in numbers. DeA Capital Real Estate has recently partnered in France with Invesco and Banque des Territoires to manage assets in the main academic hubs to help close the gap between supply and demand.

Dubini notes that occupancy take-up for PBSA is fast. Students do not always physically inspect the prospect: they view it online and make the decision based on internet sources and location

Residents in Affordable Housing do not act as readily as students. Nevertheless, as with student accommodation, there are profound social and economic reasons why more Affordable Housing is required in Europe: rising costs of living; the fragmentation of households; ageing and immigration, to name a few.

"This is a Europe-wide issue for policymakers: people need decent, affordable accommodation in or near places where they work," says Dubini. "Good housing doesn't just happen; it requires planning and financing. DeA Capital Real Estate and our partners feel comfortable investing for these reasons."



Palazzo Missori, Milan, one of DeA Capital Real Estate's recently refurbished iconic assets

But what about caps on rent and similar protections for tenants imposed by public authorities? Dubini makes the point that first of all you need to have contacts on the ground to understand what the effect of different regulations mean in practice. At a general level, he argues that when there is doubt and instability regarding regulations on housing, it is better to be in the regulated sector than the open-market. Of course, rules vary from country to country. Germany has a longstanding tradition of renting and the highest percentage

of renters among Western European countries. Rules here are long-established. Spain, on the other hand, is witnessing a rebirth in social housing as its population growth outpaces supply. Just 24% of Spanish households are in controlled renting compared to the European average of 34%. In France, meanwhile, a highly structured regulatory framework governs the living sector, balancing affordability objectives with long-term investment visibility through clear, if demanding, rules.

Long-term transparency

Generally across Western Europe, Dubini feels that the rules in every country are set for the Affordable sector and are clear to financiers. "That enables us to plan and scale up over 7,12,15 years if necessary."

The fragmentation of households and rising costs underpin another real estate trend: the rise of self-storage. As more of us rent, often in single-occupancy dwellings smaller than the family homes of our parents and grandparents, the need for a place to store extra belongings grows. This sector is adjacent to logistics, which in spite of all their attention from investors, continues to grow. This is in part because of the age of warehouses, notably in France. JLL estimates that three-quarters of the stock there is more than 10 years. Dubini notes that it is often not worth reinvesting in the oldest facilities, hence the continuing appetite for new-builds with best-in-class certifications.

In conclusion, LPs are becoming more demanding about where their money gets put to work. Caniggia welcomes the greater scrutiny: "Clients want to be part of the process. As an asset manager, we have to demonstrate that we have the right teams, the right experience, the right contacts and strong operators in place. Then clients appreciate the strategy."

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