

Increasing quality rental housing through energy efficiency



PROJECT:
Rental housing



COMPANY:
Slättö Förvaltning AB



LOCATION
Nordics

Challenge

The challenge is how to expand housing that is accessible to a broad share of society, while also improving energy efficiency and delivering stable returns to institutional investors such as pension funds.

Improving the existing for-rent housing stock is key. Around 31% of EU households rent their homes (52% in Germany), yet most buildings were built before 2000, and 75% have poor energy performance. The renovation rate is just 1% annually.

Residential buildings account for about a quarter of all EU energy use, and nearly two-thirds of total building consumption.

The for-rent segment is especially important: institutional capital is active in this market, which means energy upgrades can be implemented faster than in the fragmented owner-occupied sector—improving both housing access and the energy transition.



Solution / Approach

Slättö is a Nordic real estate private equity firm investing on behalf of institutional investors and family offices. Residential housing is one of our main focus areas. We develop new for-rent homes and acquire and improve existing stock.

In the Nordic countries, rent levels in the regulated segment are capped based on specific criteria to ensure affordability. Heating costs are typically paid by the building owner.

We focus on older residential assets with potential to lower energy costs, especially where previous management has been weak. We improve building operations and reduce energy use — without increasing rent. In newer buildings, we also see opportunities to lower heating costs using available technology.

Energy retrofit is one of the most effective levers the EU has for affordable housing.

We conduct energy audits, install solar panels to offset electricity use, and implement AI-driven systems to optimise heating. In selected properties, we replace district heating with on-site geothermal to reduce long-term costs. For example, we have achieved 5–10% reductions in heating costs through AI balancing. In one older building, we are targeting a 30% reduction in total energy use.

Our approach leads to:

- Improved quality in existing rental housing, without increasing costs for tenants
- Reduced operating costs and energy demand
- Long-term, stable returns for institutional investors



Results

As this approach is scaled across a larger share of Slättö's portfolio, the expected outcomes include:

- Improved quality in existing rental housing
- No additional costs for tenants
- Lower operating costs and reduced energy demand
- Increased use of on-site, renewable energy sources
- Long-term, stable returns for institutional investors
- A more attractive investment case for for-rent residential, which increases availability of housing over time

This approach could be accelerated if EU-level measures—such as the Energy Performance of Buildings Directive (EPBD)—are implemented as planned and supported by cost-efficient incentive schemes. Targeted support for energy upgrades in the rental segment could enable wider adoption while safeguarding affordability and housing availability.

Approximately 65% of Slättö's residential assets already meet the energy efficiency thresholds of the EU Taxonomy for climate mitigation. By acquiring lower-performing



Slättö

Company

Slättö is a mid-sized real estate private equity firm with a Nordic focus. We have completed more than 100 transactions with a total value of EUR 4 bn since 2013. We are one of the leading firms in our sector and take pride in having executed over 80 percent of our deals off market. Since 2013, we have raised multiple funds with both Core Plus and Value Add strategies.

buildings and improving them, we contribute to broader EU objectives such as increased housing affordability and reduced emissions.

Outcome

Increasing the availability and quality of rental housing — and contributing to the EU energy transition

Slättö focuses on increasing the supply and quality of rental housing in Nordic urban markets, while contributing to the EU's energy transition objectives. Since 2013, we have developed or are currently delivering over 10,000 apartments. Our residential portfolio includes more than 160 assets and over 13,000 apartments, primarily in Stockholm and other Swedish cities, as well as a smaller share in Helsinki. We also have several active development projects.

In the Nordic countries, rent levels are regulated to ensure affordability. Within this framework, we improve energy and cost performance without increasing rent levels.

Approximately 65% of Slättö's residential portfolio meets the energy efficiency thresholds of the EU Taxonomy. Our strategy targets older buildings with high energy use, where systematic upgrades reduce operating costs and improve asset performance.

For example, in a portfolio segment valued at EUR 100 million, we estimate that an

investment of EUR 7 million in energy improvements leads to annual cost savings of EUR 500,000. These savings translate into an asset value increase of approximately EUR 3 million, excluding additional benefits such as improved financing access and reduced exit risk. These improvements are made within existing rent caps.

This approach supports the EU's energy transition targets by reducing energy demand and emissions in a key sector.

Another large benefit of energy retrofits in residential is to cut EU gas imports from Russia, as buildings account for ~50% of the EU's gas consumption.

Population growth and urbanisation continue to drive demand. Nordic countries are forecast to grow at a rate five percentage points above the EU average through 2035, and Sweden, Denmark, and Norway are among the countries expected to be more than 90% urban by 2050.

We focus on rental housing projects at various stages of development, creating value through in-house capabilities across the full investment and asset management cycle.

More information: [Residential - Slättö](#)

