

EUROPEAN PPP EXPERTISE CENTRE

Market update

Review of the European public-private
partnership market in 2023

March 2024



European
Investment Bank

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Data collection and methodology

The data used in this publication are EPEC's own aggregation of information collected from a variety of sources, in particular Inframation, Partnerships Bulletin, IJ Global and Inspiratia. Where appropriate, the data have been cross-checked against the EIB's own project files. The list of public-private partnership projects forming the dataset has been reviewed, where possible, by EPEC members. Project data contained in this publication may be subject to future revisions due to the late availability of information or corrections to previously reported values. Please note that the public-private partnership pipeline section of this publication is under development. The data and the findings of this publication should therefore be treated with appropriate caution.

This publication covers:

- transactions that have reached financial close in the EU-27 countries, the United Kingdom, Israel, Türkiye and countries of the Western Balkans (Albania, Bosnia and Herzegovina, North Macedonia, Kosovo*, Montenegro and Serbia);
- transactions structured as design-build-finance-operate (DBFO) transactions, design-build-finance-maintain (DBFM) transactions or concession arrangements that feature a construction element, the provision of a public service and genuine risk sharing between the public and the private sector and can include regulated assets;
- transactions financed through project financing;
- transactions of a value (see definition below) of at least €10 million.

The project values quoted in this publication refer to the external financing requirements for projects at the time of financial close (the sum of debt and equity) and exclude public capital contributions. Readers should note that the external financing requirement of a project can be significantly different to its capital investment cost (the latter being difficult to obtain on a consistent basis).

* This designation is without prejudice to positions on status and it is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.



(1) Espoo Schools PPP (© Espoo), (2) Krakow Tramway PPP (© MPK SA Krakow), (3) A9 Amsterdam PPP (© Rijkswaterstaat) and (4) High-Speed Channel Tunnel Trail Link (CTRL) London-Folkestone PPP (© EIB) — *different European public-private partnerships over the years.*

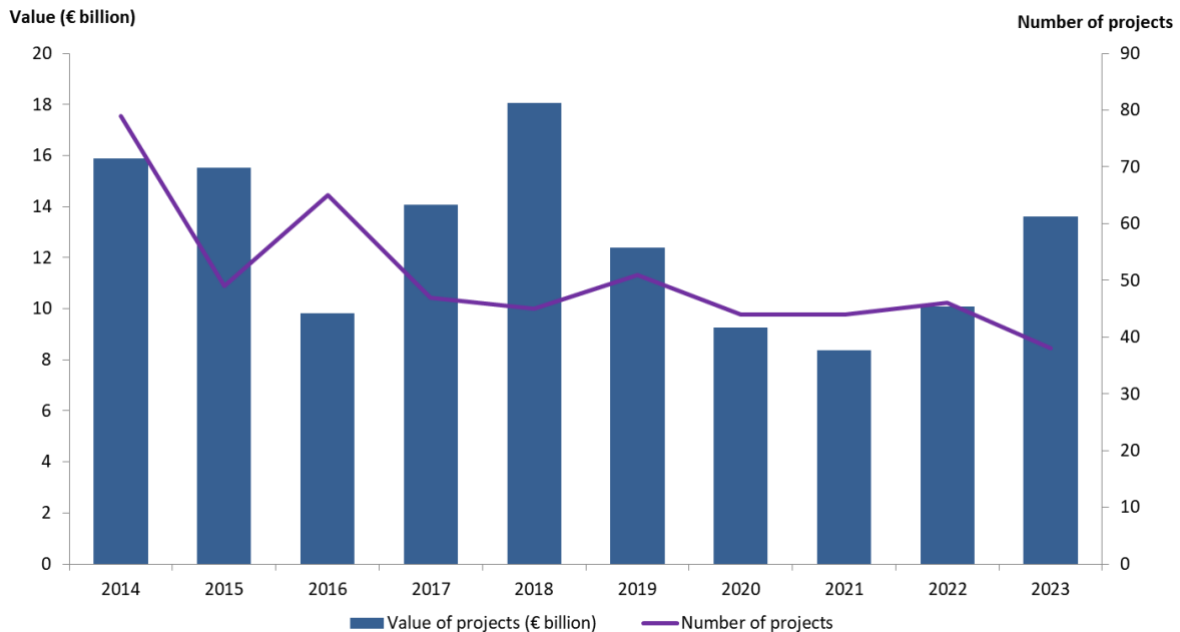
Executive summary

- 38 public-private partnership transactions reached financial close for an aggregate value of €13.6 billion in 2023.
- In value terms, the market increased by 35% compared to 2022.
- In number terms, the market decreased by 17% compared to 2022.
- The most active market was Germany, by value and number of projects.
- 13 countries closed at least one public-private partnership project, compared to 15 in 2022.
- Transport was the largest sector both in value and number terms.
- Over 53% of the transactions closed were government-pay public-private partnerships.

1 Overview

In 2023, the **aggregate value** of public-private partnership transactions¹ that reached financial close in the **European market**² totalled **€13.6 billion**³, a **35% increase** from 2022 (€10.1 billion).

Figure 1: Ten-year view of the European public-private partnership market by value and number of projects (2014-2023)



- The **average transaction size increased** to €367.7 million (€219 million in 2022).
- The **number of public-private partnership transactions** reaching financial close **decreased** to 38⁴, compared to 46 in 2022.
- **Eight large transactions**⁵ **were closed** in 2023 (compared to three in 2022). Their aggregate value amounted to €9.4 billion, representing 69% of the total market value (compared to 42% in 2022). The large transactions reaching financial close in 2023 were⁶:
 - S-Bahn Munich Public Transport Trains Financing PPP (Germany) — €2.8 billion
 - Grand Est Rolling Stock Fleet Upgrade (France) — €1.3 billion
 - Bristol City Leap Energy Partnership (United Kingdom) — €1.1 billion
 - Tel Aviv Light Rail Green Line PPP (Israel) — €982 million
 - Tel Aviv Light Rail Purple Line PPP (Israel) — €948 million

¹ See the previous page for details of the qualifying project characteristics.

² Defined as the EU-27 plus the United Kingdom, countries of the Western Balkans, Israel and Türkiye.

³ This estimate does not consider the transaction volume of the German Justice Building PPP closed in 2023. It has been excluded from any sector or other aggregate transaction volume estimates here and below, as financial information is limited to the volume being in a mid-three-digit million range.

⁴ The German Justice Building PPP is considered in project counting exercises such as this one.

⁵ Defined as deals of €500 million or greater.

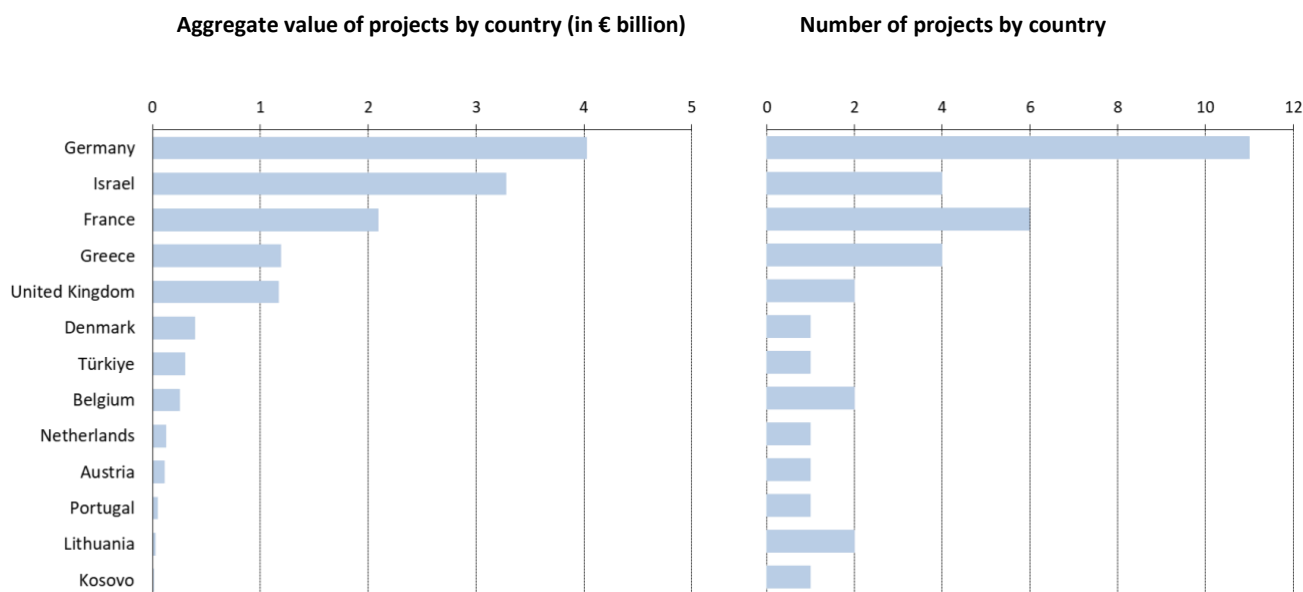
⁶ See Annex 1 for more details.

- Highway 6 Upgrade and Expansion PPP (Israel) — €879 million
- Buildings for German Federal Office of Criminal Investigation (Germany) — €759 million
- E10 / RV85 Tjeldsund-Langvassbukt Road PPP (Norway) — €555 million
- **53%** of the transactions closed were **government-pay public-private partnerships** (mostly based on availability payments) compared to only 28% in 2022.
- The increase in transaction value but decline in the number of private-public partnerships closed in 2023 may reflect to a certain degree the **inflationary environment with respect to construction prices** that continues to be evident in many European markets. The **high interest rate environment** in most European countries in 2022 and 2023 (despite variation between countries) will also drive up the total cost of projects over their lifecycle. This may have resulted in a squeeze with delayed projects or halted tendering processes due to **decreased private sector profitability and increased public sector cost of the projects**.

2 Country breakdown

- As Figure 2 shows, **Germany was the largest public-private partnership market in Europe**, both in terms of value, with a total of €4 billion (only €460 million in 2022) but also in terms of **the number of projects**, with 11 deals closed (compared to four in 2022).

Figure 2: Country breakdown by value and number of public-private partnership projects in 2023

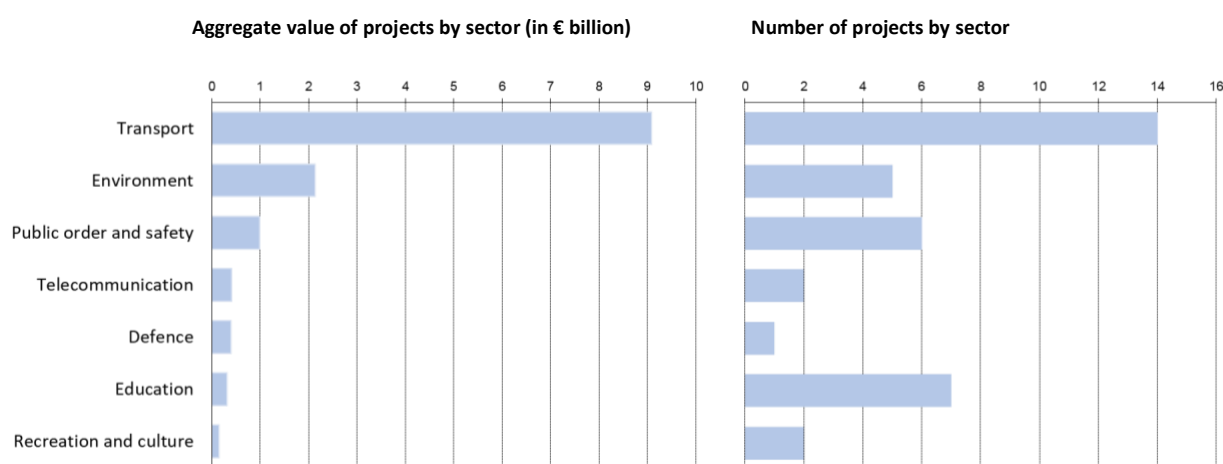


- **Israel was the second largest public-private partnership market in terms of value**, with a total of €3.3 billion. **In terms of the number of projects, France was the second largest public-private partnership market** with six deals closed (21 deals were closed in 2022).
- **Seven countries closed at least two deals** (nine countries in 2022) and **13 countries closed at least one public-private partnership transaction** (compared to 15 in 2022).
- As shown in Annex 2, over the past five years, **France, Germany and the United Kingdom** have led the European public-private partnership market in terms of **the total number and value of deals closed**.

3 Sector breakdown

- As shown in Figure 3, the **transport sector** was the largest in terms of value in 2023, with over €9.1 billion worth of transactions (€5.2 billion in 2022) but also in terms of number of projects, with 14 deals closed (vs. 17 in 2022⁷). This included the €2.8 billion heavy S-Bahn Munich Public Transport Train Financing PPP in Germany, the €1.3 billion Grand Est Rolling Stock Fleet Upgrade in France, four road projects (three of which were in Greece), two port upgrades/expansions (in France and the Netherlands, respectively) and two urban light railways in Israel (also among the largest public-private partnerships by value of 2023, see section 1).
- The second largest sector by transaction volume was the **environment sector** (€2.1 billion in 2023 vs. €1.3 billion in 2022). This was its largest volume in a decade, and mainly consisted of district heating projects with an aggregate volume of €1.7 billion (three in France, one in the United Kingdom). The **education sector** beat the environment sector for the second place in project number terms, recording seven project closes in 2023 (vs. eight in 2022). However, it had a relatively low transaction volume of only €320 million (with four projects in Germany, and one each in Belgium, Lithuania and Kosovo), considering the strong year for the sector in 2022 with a volume of €910 million.
- The **public order and safety sector** came in third place, both in transaction volume terms and in the number of projects closed, after three years of no registered financial closes⁸. The aggregate volume of at least €995 million⁹ consists of six public-private partnerships, four of which are located in Germany (with the other two in Lithuania and Belgium). Four of the six public-private partnerships are contributing to police service provision in the form of either training centres (two), office buildings (one among the large transactions, see section 1) or police stations (one).

Figure 3: Sector breakdown by value and number of public-private partnership projects in 2023



- The remaining transaction volume of €1.1 billion in the 2023 European public-private partnership market is shared among the following sectors: telecommunication (with a volume of €413 million vs. €231 million in 2022), defence with only 28% of the previous year’s value with €397 million in 2023 (vs. €1.4 billion in 2022) and recreation and culture (€150 million in 2023 vs. €172 million in 2022). The transactions concerned a broadband bundle in Greece, the development of a fibre network in Austria, the provision of three laboratory buildings in Germany, a cable car in Portugal, a museum archive in France and domicile buildings for the Danish Defence Intelligence Service.

⁷ See Annex 3 for more details on the evolution of the public-private partnership market in the transport, education and environment sectors over the last five years.

⁸ The lack of documented private-public partnerships in the public order and safety sector in previous years may be partially explained by the observation that they often do not meet or exceed the minimum €10 million transaction volume applicable to the EPEC data collection methodology (see methodology section at the beginning of the document for more information).

⁹ This is a conservative estimate as the unknown transaction volume of the German Justice PPP building is not included in the aggregation.

4 Financing¹⁰

- **At least nine of the 38** transactions that reached financial close in 2023 (compared to 17 of 46 in 2022) involved the provision of debt by institutional investors (such as insurance companies and pension funds) through a variety of financing models.
- While eight countries closed transactions involving institutional investor debt in 2022, six countries (Belgium, Denmark, France, Portugal, Israel and Norway) benefited from institutional investor involvement in 2023.
- The role of the **European Union, national governments** and **public financial institutions** (domestic or supranational) remained relatively limited in 2023.
- As far as the EIB is concerned: **Four public-private partnership projects** that reached financial close during the year were financed by the EIB, for an aggregate lending volume of €1.9 billion.¹¹
- The four projects in question were the Tel Aviv Light Rail Green Line and the Western Galilee Desalination Plant in Israel, the S-Bahn Munich Public Transport Trains Financing in Germany and the Grand Est Rolling Stock Fleet Upgrade in France.

5 Noteworthy transactions and developments

- **Germany reached its highest transaction volume** in the public-private partnership market **since EPEC began its records**, exceeding the past maximum volume of €3.6 billion from 2020 by 12% with a volume of €4 billion, closing 11 projects in 2023. This was strongly driven by the S-Bahn Munich Public Transport Trains Financing PPP, with a volume of €2.8 billion.
- **France's transactional volumes in the public-private partnership market halved in 2023 compared to 2022** (with €2.1 billion reaching close in 2023 compared to €4.2 billion in 2022), including the Grand Est Rolling Stock Fleet Upgrade PPP of €1.3 billion.
- **Greece** has developed a strong pipeline in recent years that is now **reaching financial close** on some projects. It is also building on past successes, closing **three** further **availability-based road public-private partnerships** in 2023 after closing its first project of this kind in 2022. Thessaloniki Ring Road PPP (€300 million) reached financial close in 2022, followed by the Kalamata-Pylos-Methoni Motorway PPP, the Northern Road Heraklion-St Nicholas Motorway PPP and the Northern Road Axis of Crete PPP in 2023.
- The **United Kingdom continues to develop electrical vehicle charging networks** via forms of public-private partnership — this time in the form of a residential charging network for the city of Coventry (€24 million).
- Bristol (United Kingdom) is setting an **example on private market and public sector cooperation for green urban transformation** with their multi-faceted City Leap Energy Partnership spanning projects from heat and power plants to battery storage projects for the City Hall, together with on-street electric vehicle charging stations, energy efficiency projects for homes and businesses and rooftop photovoltaic installations (€1.1 billion, among the large transactions of 2023, see section 1).

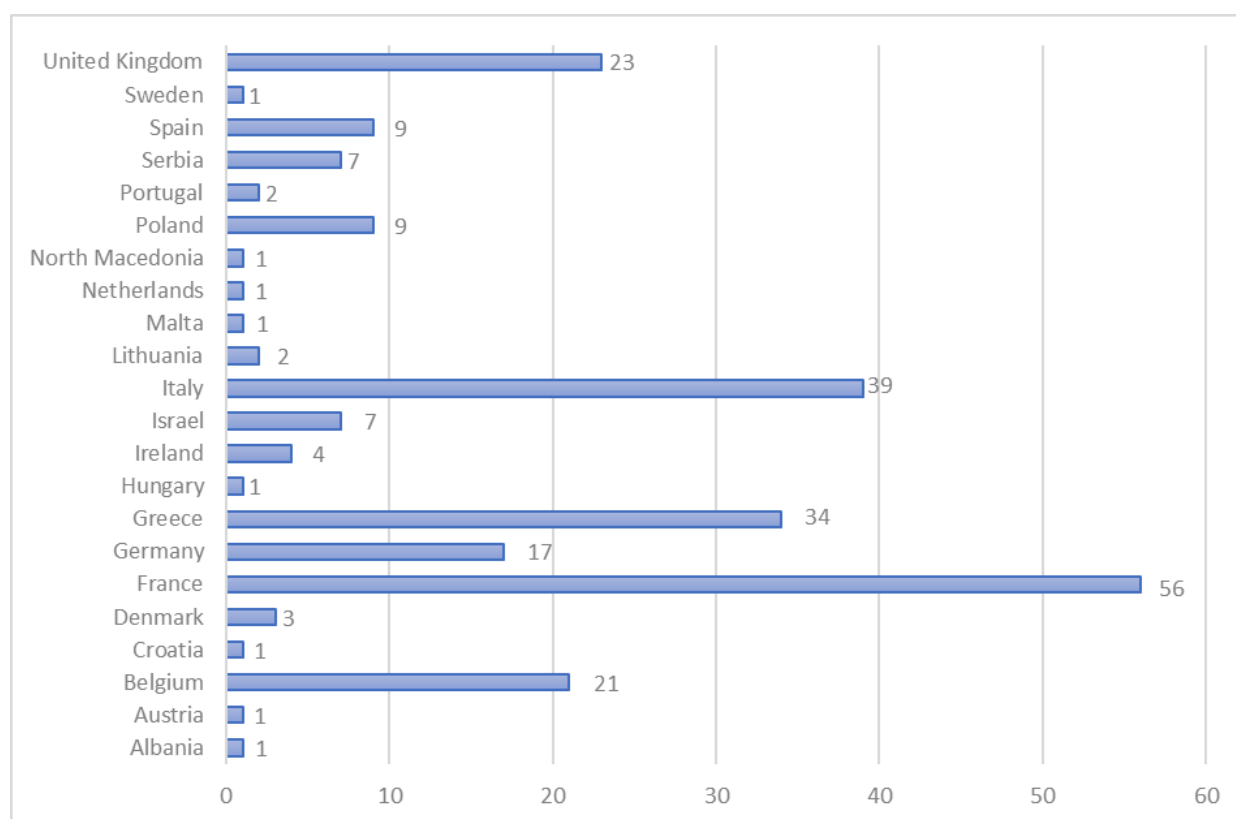
¹⁰ As the availability and quality of data on financing terms is limited in places, the information provided in this section should be treated with caution.

¹¹ Annual updates of the list of public-private partnerships financed by the European Investment Bank are available on its [publications website](#), currently under the title Public-private partnerships financed by the European Investment Bank from 1990 to 2023.

6 Project pipeline

- As Figure 4 shows, the three countries with the **highest number of projects in the pipeline**¹² are **France** (56 projects), **Italy** (39 projects) and **Greece** (34 projects).
- **France** has developed a strong pipeline of projects. **45% are in the environment sector**, closely followed by the **transport sector with 36%**. Of the 25 environment projects, 20 are district heating projects (and five waste-related projects), and of the 18 transport projects, six concern urban transport and seven water transportation.

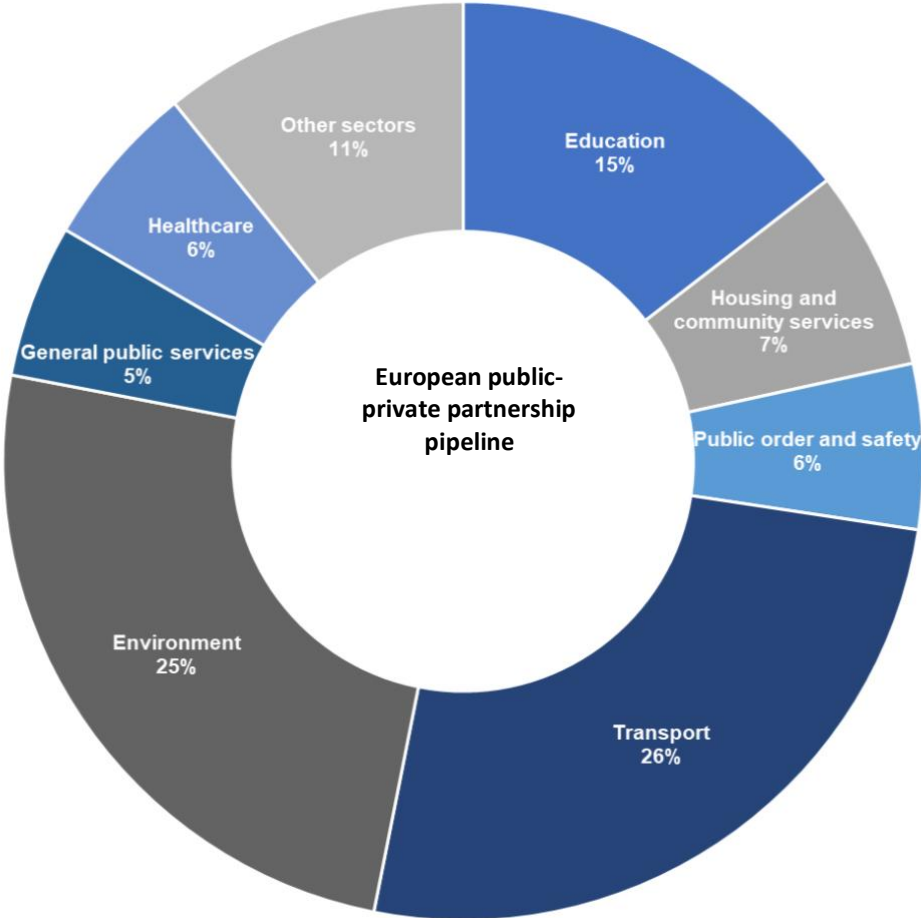
Figure 4: Number of public-private partnership pipeline projects by country



- Both **Italy** and **Greece's pipelines** consist **mainly of environment projects** (15 in Greece and nine in Italy). Greece, however, is particularly active in the water management sector (11 of 15) and to a lesser degree in the waste sector (four tenders), while Italy has seven waste-related projects in their pipeline (and two in district heating).
- In terms of the **number of projects**, the **transport sector continues to dominate the European public-private partnership pipeline**, closely followed by the environmental sector and — with a certain amount of backlog — the education sector (Figure 5).

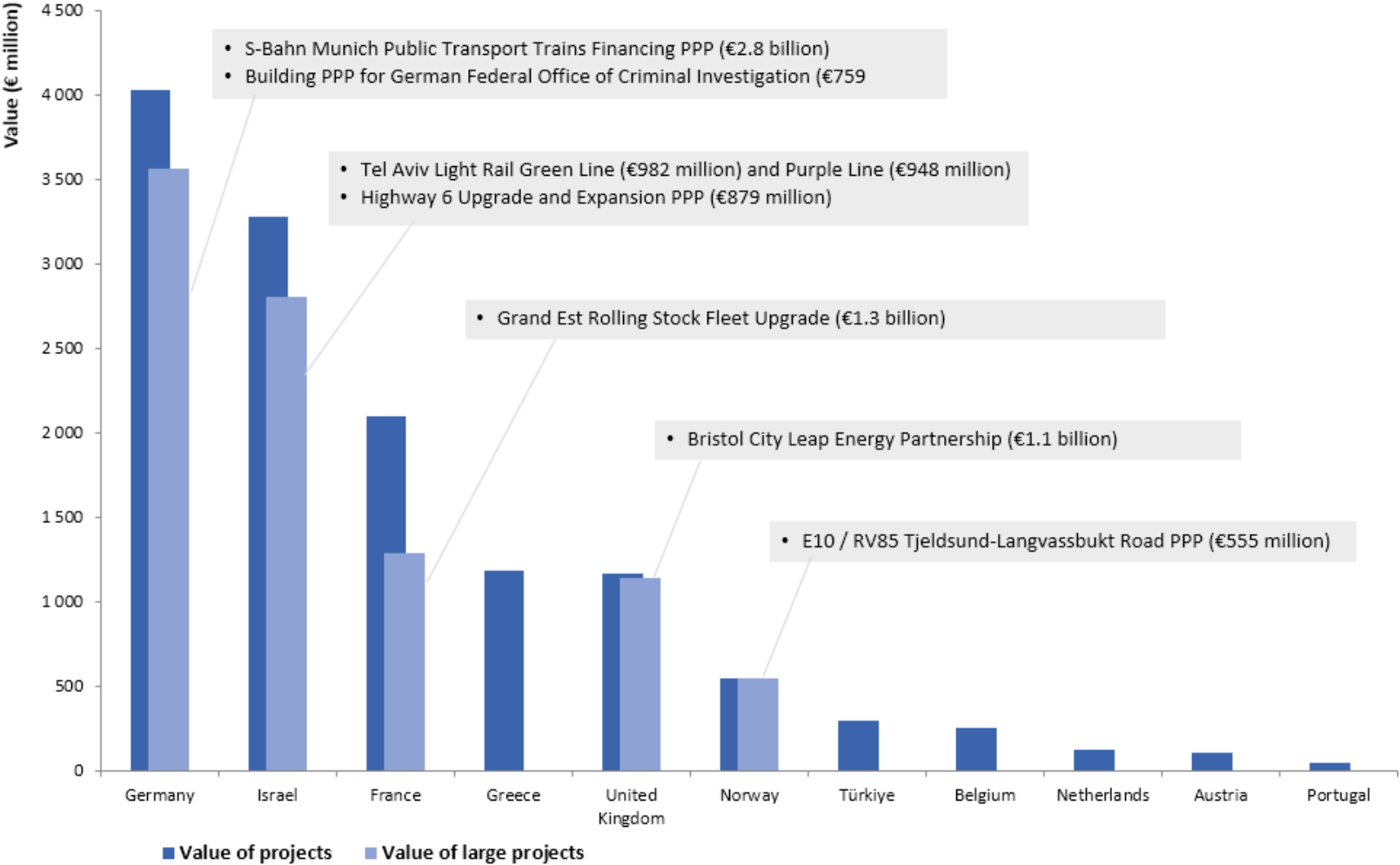
¹² Here a pipeline project is defined as one that has published a contract notice in the Official Journal of the European Union but has not yet reached financial close. Projects that have not shown signs of progress in the past three years have been excluded.

Figure 5: Number of projects by sector in the pipeline



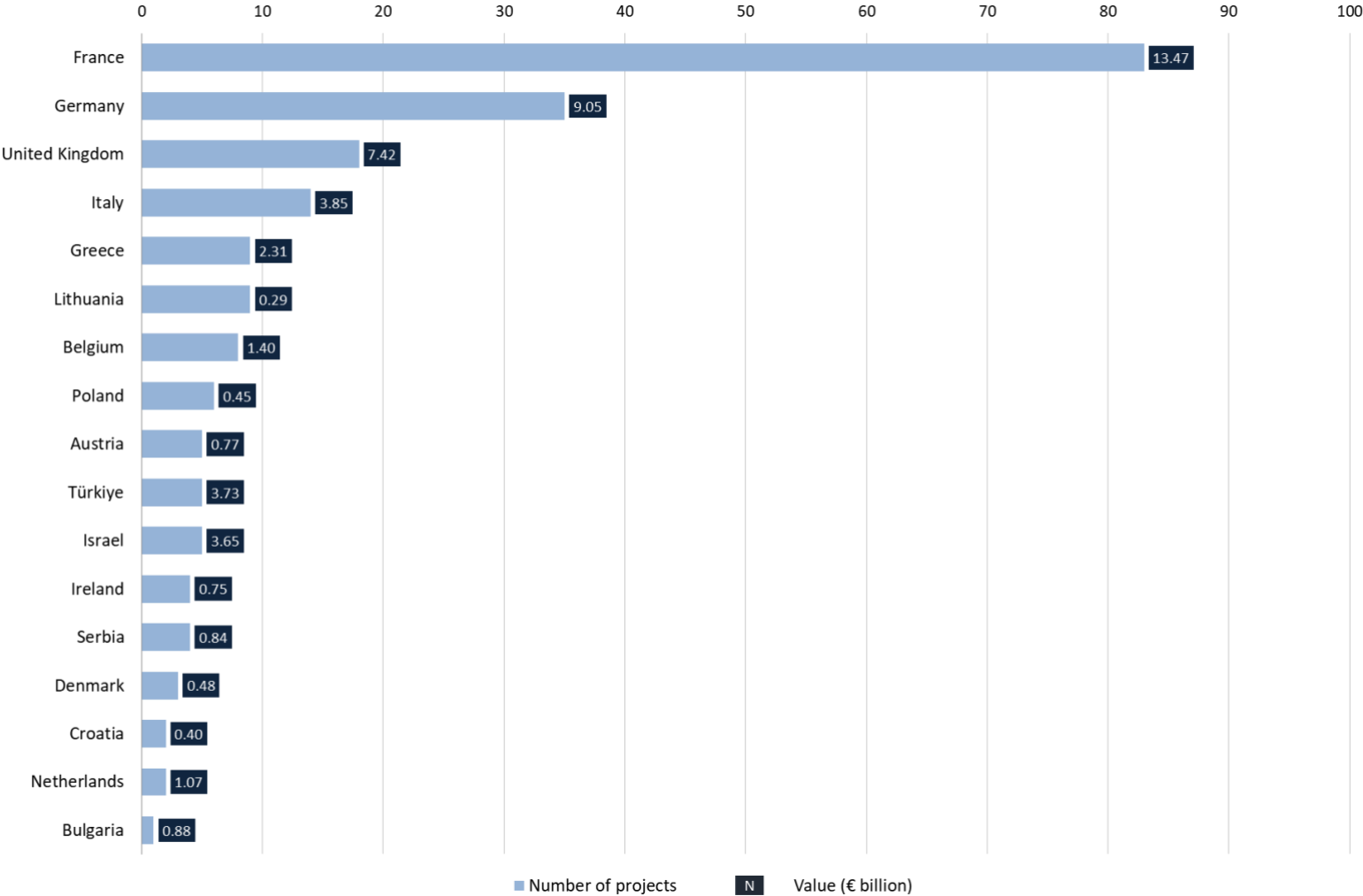
Annex 1

Large public-private partnership projects (€500 million or more) as a proportion of overall activity in 2023



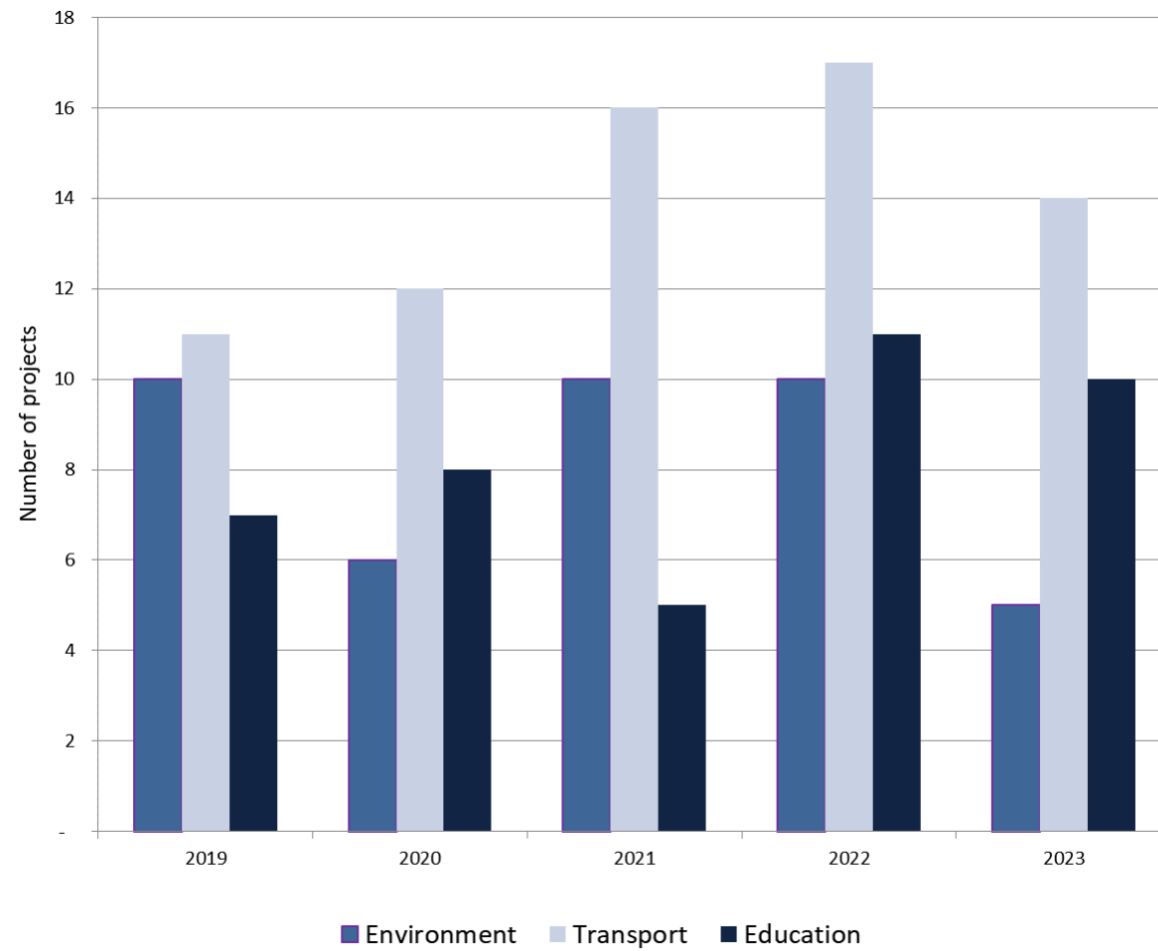
Annex 2

Evolution of the European public-private partnership market by country (2019-2023)

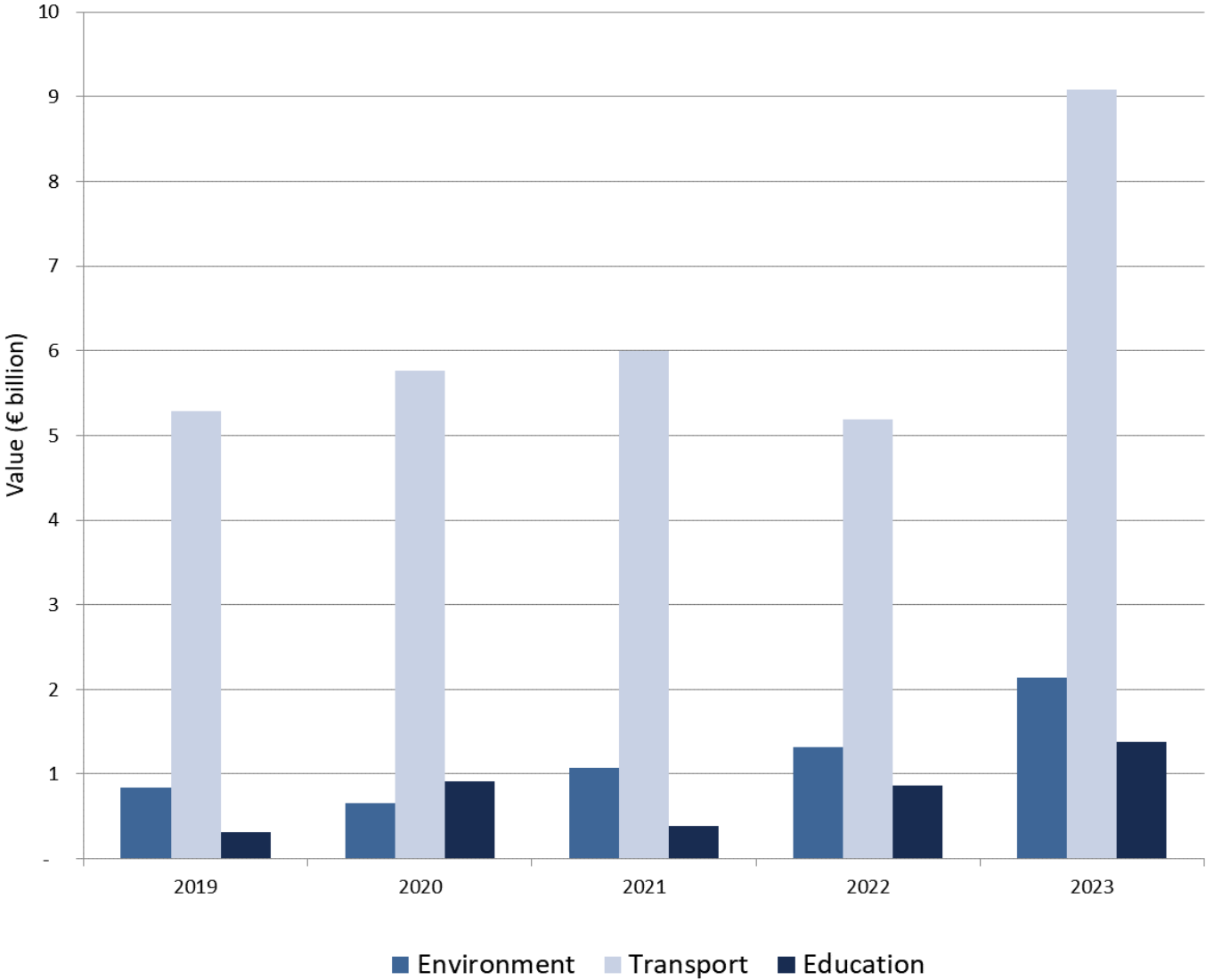


Annex 3

Evolution of the main public-private partnership sectors by project number (2019-2023)



Evolution of the main public-private partnership sectors by project value (2019-2023)



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