

# Redrawing the infrastructure map of Europe

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With business slowing down in some of the countries that have seen most of Europe's infrastructure activity over recent years, a number of other markets seem ready to pick up the baton.

Among these are Spain and Ireland – both still rising from the ashes of the 2008-2009 financial crisis and the individual difficulties that resulted from it – and unlikely candidate Belgium, where although projects are admittedly smaller than across the border in the Netherlands, the pipeline of emerging deals is notably robust.

## The Netherlands

First to the good-byes. The Netherlands was for some time the darling of the infrastructure sector, with a slew of massive, largely transport-focused schemes. However, with financial close for the [Aflsuidijk](#) dyke project expected by the end of May (2018), the [A16](#) road PPP to follow in early June, and the [Blankenburg](#) tunnel in July, it seems the sun may be setting on the Dutch market.

Of course, a few stragglers may still make it past the finish line. These include the [Via15](#) road project, which connects the port of Rotterdam and inland Europe, [A9](#) road PPP with its unusual 14-year concession casting doubt on the ability of equity providers to secure return over such a short timeframe, and the Michiel Adriaanszoon de Ruyter [barracks PPP](#) in Vlissingen – although this project seems to be facing opposition from marines who don't want to move to Vlissingen, and may even be scrapped.

Beyond that, not much else is likely to happen in the Netherlands over the next few years as the country's infrastructure now seems to meet its needs, sources say.

## Turkey

Meanwhile, another market that had seen some activity over the last couple of years was Turkey with both transport schemes and its behemoth hospitals.

Financing for the €3.1 billion (\$3.7 billion) [Çanakkale](#) bridge project was signed in March (2018), after the February close for the mirrored financings of the two BOT [North Marmara](#) motorway projects. Then April saw the signing of the €330 million [Izmir-Menemen-Aliğa-Çandarlı](#) highway project.

Now tenders have been announced for the Aydın-Denizli and Csmeli-Tasucu roads. However, on the healthcare front, the momentum seems to have dropped with no projects currently on the horizon.

## Spain

...which means that attention is shifting to newer or resurgent markets. One of which is Spain, where eight out of [nine roads](#) bankrupted by lower-than-expected traffic volumes amid the financial crisis have now been taken back under government control, and a new €5 billion road investment programme is on the brink of being launched.

The roads under state control and the dates of their renationalisation are:

- R-4 – 21 February (2018)
- R-2 – 28 February
- AP36 Ocaña-La Roda – 14 March
- AP7 Cartagena-Vera – 1 April
- Alicante Ring Road – 1 April
- M12 access road to the Barajas Airport – 11 April
- R-3 – 10 May
- R-5 – 10 May

The only bankrupt toll road yet to be renationalised is the AP41 Madrid-Toledo, whose concession holder is not yet in liquidation, although this is expected soon.

And the plan is to retender all nine roads this year (2018), in two bundles. The first will include the roads near Madrid – R-2, R-3, R-5, R-4, M-12, AP-41 and AP-36 – and the second will be for the AP-7 and the Alicante ring road.

Meanwhile, Spain's €5 billion Plan de Inversión Extraordinaria de Carreteras is expected to see projects tendered and awarded by the end of 2019.

A number of companies are thought to be preparing to bid for the projects, including:

- ACS and DIF
- Sacyr and Aberdeen Asset Management
- Acciona and John Laing
- Ferrovial
- FCC

The first tender to be launched is expected to be for the Murcia bypass project, for which capex will be €400-500 million.

This is expected to be followed by tenders for projects including:

- a new road parallel to the A1 in Madrid
- expansion of the A5
- completion of the ring road around Seville
- addition of a third lane to the Autovia Norte road linking Santander and Biscay
- widening lanes on the road between Burgos and Aguilar de Campoo

The schemes were expected to be availability-based, benefiting from €350 million of yearly availability payments over a 30-year concession period, unlike the bankrupt toll roads. However, there is now talk that an element of traffic risk may be introduced whereby – if traffic is below expectations – the state pays less, which has raised concerns among potential bidders.

## Ireland

Another market that seems to be having a resurgence is Ireland, where the 10-year, €115 billion National Development Plan – which was announced in February (2018) – has kicked off with an invitation to prequalification for the €900 million [M20 highway](#) connecting Cork to Limerick – a project that has been under discussion for years and will replace a road with some of the country's worst accident statistics.

This is expected to be followed by the following schemes:

- upgrading the N4 between Collooney and Castlebaldwin in Co Sligo
- widening the M7 between Naas and Newbridge
- upgrading the N8/N25 Dunkettle interchange
- upgrading the N28 Cork to Ringaskiddy Road
- upgrading the N21/N69 Limerick to Adare and then Foynes
- upgrading the N22 from Ballyvourney to Macroom
- upgrading the M11 Gorey to Enniscorthy
- upgrading the N5 Ballaghaderreen to Scramogue
- improving the N52 Ardee Bypass

At the same time, social housing projects are in procurement, with prequalification documents recently submitted for the second of three bundles of Ireland's €300 million [social housing PPP](#) programme, and €18 billion is expected to be spent over coming years on the country's [water](#) infrastructure.

## Belgium

And picking up the slack in the Benelux region, Belgium seems to have a healthy pipeline of projects.

Under an infrastructure programme launched by Belgian Prime Minister Charles Michel, around €60 billion will be spent by 2030 – with contributions from the private sector – on digital infrastructure, energy, transport, healthcare, defence and justice projects.

For now, procurement processes include the Walloon [highway lighting](#) project, where BAFOs are expected this summer (2018), and the [Antwerp prison](#), for which preselection occurred in April (2018), and which is part of a group of nine prisons expected to be built over coming years in the following locations:

- Leopoldsburg
- Lantin
- Vresse-Sur-Semois
- Verviers

Meanwhile, BAFOs are expected soon on the [Liege tram](#) PPP and the troublesome Flanders schools PPP – under which 42 schools, in 13-14 clusters, should come to market over the next two or three years. This will be the revival of a project that back in [2010](#) struggled to get individual municipalities to sign up to the programme.

At the same time, preselection is underway for the second cluster of Albert Canal bridges, a Flemish tram depot PPP is expected later this year, BAFOs have been submitted for a [conference centre](#) PPP in Brussels, and a military [hangar](#) PPP project is also in procurement, with first offers due in June (2018).

Much more is expected over coming years, Prime Minister Michel says.

And so it should be. Because with patchy activity elsewhere in Europe, the infrastructure sector really needs everything it can get.

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