



# **København/Copenhagen Metro Financing through sale of land**

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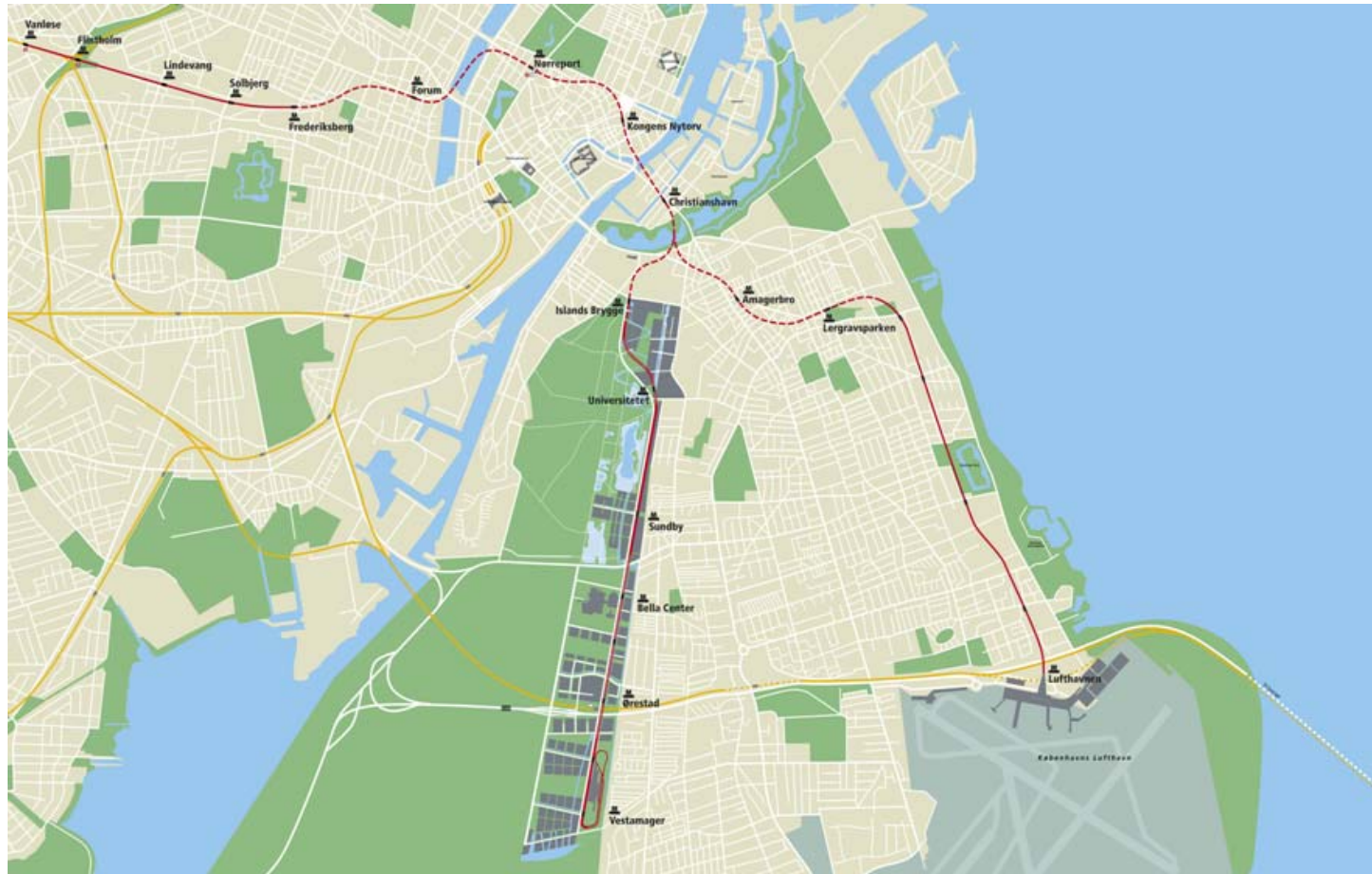


## **Background to the Metro scheme**

- 3 sq km of land near the city centre was unused
- Give land to a consortium free
- Develop the unused land for housing and offices
- Finance the Metro through real estate sales
- Additional financing through passenger revenues



# København and its Metro





# The Metro and other rail services



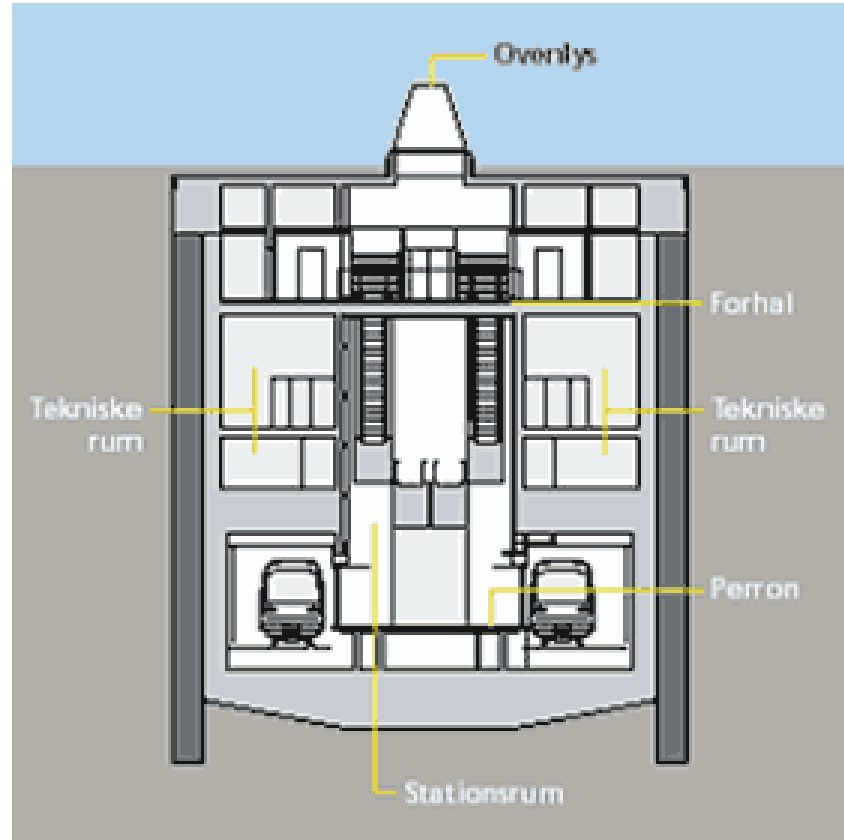


# Above ground view





# Station profile





# Tunnel view





## Conditions

- Land was given to the consortium free of charge
- Consortium is owned by City of Copenhagen (55%), Danish State (45%) – not a true PPP
- Land could be sold at market prices
- Consortium obliged to build the Metro (most of it)
- Strict Metro operating incentives
- Borrowing guaranteed by City and State
- No real contract but a special Law of 1992



## Developments

- Light rail was possible but a metro was chosen, claimed to have a higher cost/benefit ratio
- One not foreseen station was built
- Several stations were **much more** complicated to build than foreseen
- A 2 years general delay of constructions
  
- Land sold much better than expected
- Lower interest rates than expected



## Results

- Very high punctuality and reliability (> 99%) – despite intense media coverage of every single problem
- Ridership very much lower than expected
- Disputes about revenue sharing (fares set by MOVIA)
- Serious cost overruns
  
- 2 000 M DKK claim on consortium not yet settled
  
- Political hot potato (The Metro, not the real estate)
- More Metro (the city ring) will probably be built...





## Conclusions

- Land revenues can be used to improve Public Transport
- Vice versa – PT can increase land value (?)
- Stick to original plans if they are not complete crazy
- Be careful with untried technology
- Agree on revenue sharing well in advance



# Thank you for your attention!

