



MF Case 18: Copenhagen, Denmark

Nordhaven

The agency By og Havn has started the 668 million DKK expansion of Nordhavn into Øresund. The project is the largest construction job in Denmark. The City Circle Line is being extended to Nordhavn with at least one station. The new cruise ship quay is 1,100m long with 3 passenger terminals. The agency By og Havn has proposed plans to develop Nordhavn as a new city district that would have 40,000 residents and 40,000 jobs. The Municipality of Copenhagen also plans to build 600,000 m² for residence and industry in the area, which expected to be fully developed within 20–25 years.

Nordhaven, Copenhagen



Source: (WT-en) Elgaard at English Wikivoyage

Policy

The City of Copenhagen intends to make this area a model showing how cities can reverse climate change – including the use of sustainable energy generation solutions, heat storage, solar installa-

tions, wind turbines and geothermal, and greening the transport system by focusing on public transport (the metro) and cycling.

Preconditions

Copenhagen has established a development corporation for the site – By og Haven which has the flexibility to joint venture with the private and institutional sectors. It is owned 95% by the City and 5% by the Danish state.

Funding and Financing

The development corporation joint ventures with private sector developers for specific projects – to which they bring equity, capacity to finance the development and expertise. These projects range across many sectors including housing, retail development or port development. Its share of investments in FY 2015 was DKK 172 million (fixed assets net of value appreciation) which leveraged several times more private investment. The development corporation is also contributing to the construction cost of the metro extension.

The development corporation raises funds through the capital markets as an entity of the Danish state. It's cost of funding is consequently low. Outstanding debt at the end of financial year 2015 was DKK 19.7 billion. The corporation must however service the debt from its own revenues and has been able to do so. In 2015 debt service amounted to DKK 396 million.

Its revenues come from land leasing and sales, revenues from joint ventures such as parking, and from port operations.

Institutions

The structure of the development corporation and specific-purpose joint ventures has been highly successful. Such joint ventures have also enabled institutions (eg pension funds) to participate in financing the development.

Lessons learned

In a geographically-focused green development, the use of a development corporation enables an integrated approach to large scale investment.

References

<http://www.byoghavn.dk/english.aspx> retrieved 2 Nov 2017

Annual Report 2015 at <http://www.byoghavn.dk/english/about/economy-uk.aspx> retrieved 2 Nov 2017

Credentials

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