



---

## News release

**Date** 2 October 2015

**Contact** Hilary Downes, Media Relations, PwC  
Tel: + 44 (0)207 213 4706 | +44 (0)7718 340 113  
e-mail: hilary.n.downes@uk.pwc.com

**Pages** 4

---

### **Global transport infrastructure investment predicted to reach unprecedented levels - PwC**

Transport infrastructure investment is projected to increase at an average annual rate of about 5% worldwide between 2014 and 2025, according to analysis released today by PwC.

The analysis on transport infrastructure spending to 2025, for which Oxford Economics provided research support, estimates the scale of current transport infrastructure investment and assesses the prospects for future investment from now to 2025.

Sub-Saharan Africa is expected to have the fastest average annual growth rate of over 11%, while Asia-Pacific remains by far the largest transport infrastructure market, with investments increasing from \$557bn to nearly \$900bn over the forecast period. However, transport infrastructure investment levels in Western Europe are expected to take a long time to recover due to continual fiscal austerity – returning only to 2008 levels in 2022.

Investment in sea ports is predicted to grow the fastest at 5.8% on average per year over the forecast period (led by, for example, large investments in Indonesia), while airport investments are expected to slow down to an annual growth rate of 2.6%.

Roads will likely remain the biggest area of investment, especially for growth markets. This is partly due to the rise in prosperity and, hence, car ownership in developing countries.

Railways, by contrast, are forecast to see relatively strong growth in advanced economies with mature transport markets like Western Europe where there is a growing opinion in favour of public transport – and particularly in the UK and Spain where high-speed networks are expected to undergo further development.

<b>PwC / Oxford Economics Transport Infrastructure Spending to 2025</b>	<b>2014 US\$bn</b>	<b>2025 US\$bn</b>
<b>Road network (including bridges and tunnels)</b>	559	946
<b>Railroad network (including stations and terminals)</b>	261	426
<b>Sea Ports</b>	62	116
<b>Airports</b>	60	80
<b>Global Total Transport Infrastructure Spending</b>	942	1,568



Julian Smith, capital projects & infrastructure partner at PwC, comments:

“Since the global financial crisis, spending on infrastructure has been constrained by the general squeeze on government expenditure while the long term infrastructure gap continues. In some growth countries like Indonesia and India, the lack of transport infrastructure investment has been inhibiting growth. However, there are some signs of change with new governments in those countries.

“In some developed countries, the global financial crisis has increased support for investment in roads and other infrastructure to drive economic and employment growth. Many infrastructure projects around the world suffer from obstacles such as local political opposition, technical challenges or other unexpected issues. Better design can help to avoid claims and disputes in the construction phase while better procedures for project planning, preparation and approval will allow projects to be built much faster. But in many growth markets, the major issue for governments is that they lack experience in how to prepare the projects.

“Our forecasts present a positive picture of a growing market for transport infrastructure, but it is important to ensure that this money is invested carefully and wisely, delivering increasing value to the funders, including all of us as users, taxpayers or investors.

### **Western Europe**

The analysis predicts that transport infrastructure investment growth in Western Europe will be moderate in the near future, given the already well-developed transport networks in many of the advanced countries as well as continuing fiscal constraints and a high demand for more social infrastructure, especially in healthcare. Infrastructure spending will likely be limited to targeted schemes for relieving traffic congestion. Rail investment, however, is poised for growth. For example, after a six-year slump, Spain is expected to see renewed investments in railways between 2016 and 2025. With this mix in subsector investments, Western Europe’s share of global transport infrastructure spending is forecast to remain broadly unchanged from 11% in 2014 to 10% in 2025.

### **USA and Canada**

Given the maturity of transport networks in the US and Canada, investment is expected to grow by an average of just 3% per year over the coming decade. Overall, a decline in the US-Canada share of global transport spending – from 14% in 2014 to 11% by 2025 – is expected. The lack of emphasis on transport spending is best illustrated by Canada’s investment in airports, which is projected to decline year by year and will see modest growth only in 2023.

### **Asia-Pacific**

Large-scale development of transport networks will likely continue in many Asia-Pacific economies, given the shift in economic power from the West to the East, the rise in Asian wealth and rapid urbanisation. Significant investment in road infrastructure to accommodate ever more cars, along with investment in public transport infrastructure to relieve congestion in urban areas, is expected. Strong growth in sea port infrastructure is also anticipated to support expansion in international trade.

### **Latin America**

Rising wealth levels in Latin America are expected to drive strong increases in car ownership and, in turn, a need for investment in road infrastructure. Road spending is expected to increase by an average of 11% per year between 2014 and 2025, more than double the world average rate. Increased prosperity will likely also generate demand for other forms of transportation: in particular, investment in sea ports is expected to grow at a similar rate to that in roads due to both increased consumer demand for imports and commodity exports. Airport spending is also expected to increase, particularly



during the first half of the forecast period as the first stage of development of the new airport in Mexico City gets under way.

### **Middle East**

While mega-projects such as the metro for Riyadh and Qatar airport grab headlines, roads still make up the largest subsector for transport spending in the Middle East. The rate of car ownership is expected to increase sharply over the coming decade; consequently, the investment in roads is expected to increase as well – by almost 116% over this period to reach \$31bn per year by 2025.

### **Russia and Central & Eastern Europe**

While the Former Soviet Union/Central Eastern European (FSU/CEE) countries currently devote a smaller percentage of infrastructure investments to transportation than the global average, this is projected to change over the forecast period. For most of the FSU countries, investment in good transport networks remains relatively important due to the need to transport extractive outputs to other markets. Spending on ports, in particular, is expected to increase an average of nearly 10% annually from 2014 to 2025. In contrast, non-mineral exporting countries like Poland and Hungary will have much slower growth in transport spending. Sub-Saharan Africa is the fastest growing regional infrastructure market, with a projected average increase in transport spending of over 11% per year from 2015 to 2025. Most of this growth is expected in roads and ports.

### **Notes to Editors**

This report from PwC, with research by Oxford Economics, is part of an overall package of materials that provides the first consistent data analysing projected capital project and infrastructure spending across the globe. For investors, public officials and companies planning capital investments, it highlights the sectors and countries expected to benefit from this investment resurgence. And it provides insight into the factors driving the expected investment growth.

In developing this analysis, Oxford Economics used data sets to provide consistent, reliable, and repeatable measures of projected capital project and infrastructure spending by sector and country. Historical spending data is drawn from government and multinational organisations' statistical sources. Projections are based on proprietary economic models developed by Oxford Economics at the country level. The results for this report have been estimated using the following underlying data sources: World Health Organisation, UNESCO, World Bank, Annual Capital Expenditures Survey, Association of American Ports, Edison Electrical Institute, Office of Highway Policy Information, Federal Highways Authority, Department of Transportation, National Clearinghouse of Educational Facilities, Department of Education and Oxford Economics. The analysis, completed over the first half of 2015, incorporates all available information at that time.

### **About PwC**

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 200,000 people who are committed to delivering quality in assurance, tax and advisory services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com)

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

© 2015 PricewaterhouseCoopers. All rights reserved.