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# AmCham NEWS

An Insider Perspective on International Business in Russia



**The Real Estate Sector:  
Waiting for First Quarter '09 To Pass**

# Contents

<b>PRESIDENT'S LETTER: Holding on to Key Business Values During Challenging Times</b>	3
<b>Listening to the Winds of Change</b>	6
<b>Transparency and Disclosure by Russian Companies 2008: Insignificant Progress as the Number of IPOs Plummets</b>	10
<b>Darkest Before Dawn: Preparing for a Tough First Half</b>	18
<b>The Impact of the Strategic Sectors Law: Six Months in</b>	23
<b>The AmCham Real Estate Committee</b>	26
<b>Buying and Selling Real Estate in Russia: VAT and Profit Tax Concerns</b>	27
<b>Hiring Within the Real Estate and Construction Sectors: Sitting on a Fence</b>	29
<b>Moscow Office Snapshot: Forecast 2009</b>	30
<b>Missing Opportunities: The Critical Need for Infrastructure and the Development of the Russian Economy</b>	31
<b>Crisis Offers Opportunities for Re-assessment of Building Design Process</b>	33
<b>Regional Profile: Novgorod Oblast</b>	35
<b>Q&amp;A with the Governor of Novgorod Oblast, Sergei Mitin</b>	37
<b>Regional Briefing with Deputy Governor Alexander Gabitov</b>	39
<b>Big Role Models: Big Brother Big Sister</b>	40
<b>AmCham St. Petersburg Annual Labor Market Seminar: Handling HR in Tough Times</b>	41
<b>Moscow HR Conference</b>	42
<b>AmCham's Annual Tax Seminar Addresses Tax Reform in Russia</b>	43
<b>AmCham Holiday Party</b>	44
<b>Committee Briefs Moscow (Autumn 2008)</b>	46
<b>Committee Briefs St. Petersburg (Autumn 2008)</b>	48
<b>Off-the-Wire</b>	49
<b>Welcome Aboard</b>	51



35



44



6



33



42



**Novokossino Retail Centre** East of Moscow, Russia. 197,000 sq. m. (including parking) Gross Leasable Area: 75,656 sq. m. Parking: 2,898 car spaces

THE ECONOMIC SLOWDOWN PRESENTS NEW OPPORTUNITIES TO NURTURE THE ARCHITECTURAL DESIGN PROCESS IN RUSSIA AND ACHIEVE BETTER BUILDINGS. HERE, AN ARCHITECT SEES THE SILVER LINING.

# Crisis Offers Opportunities for Re-assessment of Building Design Process

By **Darren Gorodkin**, Head of Moscow Branch Office, Swanke Hayden Connell Architects (SHCA)

**A**FTER A LONG PERIOD of sustained growth the recent events on world financial markets have re-focused attention on quality. Investment funds are hovering to take advantage as highly leveraged developers and owners look to offload distressed real estate assets at lower prices.

One of the key criteria used by funds in establishing the value of an

asset is the quality of the development, and design plays a crucial role in shaping the future income generating potential of a building.

In the Russian real-estate market, there is still a significant shortage of first-class investment opportunities, largely due to the fact that design is often compromised during the development process. This is frequently the result of inexperienced develop-

ers who don't understand that their contributions to the design process are as important as the architect's.

Design is an iterative process between the architect and client, and there is much that can be done by developers to make this collaboration successful and to achieve enhanced results that later translate into improved property yields and higher asset value.

## The Design Process

Knowing how to nurture a good design process is a key skill for any developer. It has to be learnt over long period of time, and can't be learnt quickly during boom times. During recent years in Russia, many developers set aggressive design schedules that did not factor in the time required for their own careful, decision-making during the design



**Multi-purpose complex "Slava"** (above) Leningradsky Prospekt Moscow, Russia. 480, 000 sq. m.  
**Moscow-CITY, Eurasia Tower** (right and below) Krasnopresnenskaya Emb. Moscow, Russia. 208, 000 sq. m., 70 story, 300 m. height. This is the first high-rise steel-frame building in Russia. Column-free office space is a unique feature of the building. Under construction.

stages. This resulted in compromised buildings and lost opportunities in terms of overall value.

The design process in other established markets allows for realistic timeframes, sets key milestones, and allows the developer to review the design between stages and provide feedback to the architect. At the outset of the design process, great emphasis is placed on developing a detailed project brief. This allows both sides to have a clear understanding of the project aims, and the resulting

design is carefully tailored to meet these aims.

### The Development of Internal Teams

But the issue is not just about allowing adequate time for the design process: it is also about having the right level of in-house expertise to fulfil the developer's obligations. The economic slowdown now presents an important opportunity for Russian developers to map out a new approach to the process of how buildings are designed in Russia. One of the ways in which this will

likely manifest itself will be the emergence of higher levels of professionalism in the ranks of the developer's own internal team. In Europe and the United States, most developers have veritable in-house armies of professionals who work closely with the design team and give guidance and feedback where required.

These professionals are architects, engineers, quantity surveyors, and other construction specialists who represent the interests of the developer and who understand the design process intimately.

One of the difficulties during the recent construction boom in Russia has been that the developer's own team sometimes unknowingly hampers the design process. Knowing when to take the advice of your architect and trusting him to make design decisions based on professional judgement and experience is critical and demonstrates the client's experience.

The architectural profession in Russia is still struggling to emerge from its Soviet past, when architects were regarded more as creative artists, rather than as participants in a commercial process, and during a time when the commercial effectiveness of the buildings they designed was less important. But a new generation of architects is now emerging with experience in balancing the commercial, functional, and aesthetic challenges presented by the new building types currently demanded by the market. Many of these architects have trained or worked abroad or work in a foreign firm that has an office in Russia. Developers need to adopt the same approach and ensure that they are adequately resourced with the right calibre of people with international

backgrounds. Only then can the design process be optimised.

Most successful buildings manage to strike a balance between form and functionality and provide well-considered, efficient, and pleasing surroundings for people to live, work, and play in. In Russia, this combination is too seldom achieved. The approach to commissioning buildings needs to be re-evaluated because Russia certainly has the potential to achieve great things in terms of its built environment.

With construction credit increasingly difficult to find, many developers are now re-evaluating their strategies. The downturn presents an opportunity to prepare design documentation so that it ready to be used in the construction phase once funding becomes available again in the future. While the design costs are a relatively small part of the overall project cost, the design and approvals period required in Russia is a substantial part of the project program. Therefore it makes sense to move the design stages along in the current climate in order to save time when the market recovers.

Experience shows that a well designed development can endure even the most difficult market conditions. Therefore, allowing the design process to run its course successfully is a key attribute in creating a new generation of first-class real estate assets. ■

