

Central Bank Raising \$117M Seaside Resort in Sochi

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The Central Bank will spend \$117 million to build a 200-room, four-star resort in Sochi as part of the effort to offset the shortage of hotel space for the 2014 Olympics, the Regional Development Ministry said late last week on its web site.

The building will be constructed between the seashore and an existing hotel. They will maintain a single architectural concept and give visitors to the Olympics additional access to the sea, the ministry said.

"The new resort, like the old one next to it, will be called The Southern. In essence, they are building a second wing," an official stated.

A spokesman for Deputy Prime Minister Dmitry Kozak said the project had been discussed with him and received his support. The Central Bank did not respond to enquiries about the project.

The ministry web site said the Central Bank would spend 3.5 billion rubles (\$117 million) of its own funds. That is the bank's largest outlay for construction in several years.

Between 2006 and 2009, it spent about 3 billion rubles a year, but on several projects per year, its accounts show. In 2009, it spent 3.04 billion rubles on 83 projects, and in 2008 it spent 2.7 billion rubles on 131 projects.

The Central Bank is joining the ranks of the Office for Presidential Affairs and the Prosecutor General's Office as Sochi hotel builders. Gazprom, and Interros affiliates, Basic Element and Renova are also building hotels.

The International Olympic Committee requires 41,467 rooms to be available by 2014. About 19,000 existing rooms will be remodeled, and the remainder will be built under the government's Olympic program, the Sochi organizing committee said.

Bulat Stolyarov, general director of IRP Group, said there are no major foreign hoteliers investing in Sochi. He said the problem is not the economic crisis, but the absence of a development plan for the city after the Olympics.

Stolyarov said the government builders would be well advised to hire professional developers. "Otherwise, we get a lot of facilities doomed to ineffective management," Stolyarov said.

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