

City Increasing Construction Investment

By [The Moscow Times](#)

August 22, 2011



When City Hall changed hands and then revised investment contracts, many companies switched their focus to the regions or laid off workers. **Vladimir Filonov**

Moscow authorities are upping investment in construction, though labor resources are already stretched.

According to a draft of the targeted investment program for 2012–14 released by Moscow's economic policy department, the city's spending on capital construction during that period will continue to grow. Investment will increase almost 70 billion rubles (\$2.4 billion) to 428 billion rubles next year — then to an estimated 446 billion rubles in 2013 and 476 billion rubles in 2014.

But even this year's investment is slow to be utilized. According to the city's finance department, out of 292 billion rubles earmarked for construction in 2011 only 23 percent has been spent so far. To fulfill the city's building program, a 1 billion ruble tender would have to be conducted every day.

"We are taking part in tenders but have yet to see any big volumes," said Boris Guretsky, general director of Mospromstroï.

"There is no rush to get hold of resources at any price. The main construction volumes and, accordingly, the financing thereof will come closer to the end of the year," said Andrei Bochkaryov, head of the city's construction department.

But a city official conceded that builders are already unable to take on additional projects — in infrastructure, for example.

This year the city has drastically stepped up road construction, but less than a dozen general contractor companies specializing in such work operate in the city, said Gennady Zhivotinsky, general director of the MISK construction company.

Due to forced downtime when the new city government was revising investment contracts, many construction companies switched focus to the regions or laid off personnel, a developer said on condition of anonymity. The funding halt caused an outflow of workers as well as engineering and technical staff, Zhivotinsky said. His company is running at capacity but does maintain a reserve.

Fellow developer ARKS is at maximum capacity, a manager said, while Ingeokom does have free road-building capacity in Moscow, vice president Dmitry Yevseyev said. "If there will be tenders, we will participate. The combined capacity of all the capital's construction companies should be enough to realize the city's programs," he said.

"There is currently enough work so that developers are occupied, and there are enough developers to perform all the planned work," Bochkaryov said. "If the capacities will not be sufficient for ongoing projects, we will add additional contractors."

Mayor Sergei Sobyenin also does not exclude bringing in other contractors from the regions, if necessary. But Marina Ogloblina, head of the department of economic policy and development of the city of Moscow, noted that in 2008 the city's investment program exceeded 500 billion rubles and was successfully fulfilled.

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