The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

$3.9Bln Plan to Turn Domodedovo Into 'Aerotropolis'

By Roland Oliphant

September 27, 2011



An artist’s rendering of Domodedovo Airport after the $3.9 billion upgrade.

DOMODEDOVO AIRPORT, Moscow Region — An ambitious 10-year airport development plan with a third runway, hotels and upgraded rail and road links could see the rise of a de facto new city on Moscow’s southern outskirts, managers of Domodedovo Group, the company that runs Moscow’s only privately owned airport, said Tuesday.

The plans — which include the third runway, a revamped landing apron and expanded terminal facilities — are grounded in a general development concept that the privately owned airport's management began working on in the late 1990s.

But a new version of the plan could make the airport the center of a new commercial area extending as much as 20 kilometers from the airport itself, Dmitry Kamenshchik, chairman of the board of directors, told reporters.

The grandiose plan also has firm backing from both federal and regional governments, he said.

"None of this would be possible without the support of all kinds of government departments and ministries," Kamenshchik said. "Are we happy with our relationship with the federal government? Yes, we are."

But he ducked a question about the details of collaboration with the state, saying only that "we think this is a great benefit to the region and the country, and so we think the government would like it."

Domodedovo's relationship with the authorities has been strained by a collapse of services during ice storms last December and perceived security failings leading up to a suicide bomb attack there in January.

In July, the Investigative Committee said it had failed in an effort to establish who actually owns the airport. The committee said Kamenshchik is listed as the 100 percent beneficiary owner of the company, but it refused to disclose whether there had been any ownership changes since the airport rescinded its initial public offering proposal in May.

Domodedovo is operated by a company called East Line Group, in turn owned by FML Limited, which is registered in the Isle of Man. DME Limited, which is the official face of Domodedovo, attempted an IPO in May.

Backed by John Kasarda, the U.S. academic who claims to have coined the term "Aerotropolis," Kamenshchik said Domodedovo forms the kernel of a "synergistic conurbation" of commercial development that could stretch up to 15 to 20 kilometers from the airport itself.

A nine-year project to upgrade the airport's first runway, due to be fully completed this fall, has already made Domodedovo the first Russian airport certified to receive the Airbus A380.

Next year work will start on a five-year, 26 billion ruble ($807 million) renovation of the airport apron, the area where aircraft park for loading and refueling, in a bid to increase the number of parking spaces for aircraft.

Work on the third runway is set to begin in the first quarter of next year and will be completed by the end of 2016, according to a schedule distributed to journalists. The project is priced at 30 billion rubles.

Meanwhile, work is continuing on a long-planned renovation of the terminal complex. Development of the terminal complexes at a collective cost of 47.1 billion rubles will raise passenger capacity to 15,200 per hour.

T-2, the part of the complex that handles international flights, will more than double in size by 2017, which the T-3 domestic terminal will gain 10,000 square meters.

Also on the drawing board are two multistory parking garages and upgrades to the cargo terminal.

Investors are expected to fund a new four-star hotel privately. A $300 million "cargo village" will include a freight terminal, office space and hangers, and a $23 million service hangar for Boeing 747s.

Also on the menu is a new $4.5 million in-flight meal factory run by the Sky Chef catering company, which should come into operation next year.

Who's Paying?

Documents distributed by the company on Tuesday show that the airport's construction projects will run to 126 billion rubles — while privately funded "development" projects including the hotel and the cargo village will require $420.5 million.

"We have four sources of investment — ourselves, the federal government, the regional government and private investors," Kamenshchik said. "Together these sources give us enough money to cover all our projects over the next ten years," he said.

The airport group itself is set to invest 108 billion rubles of its own funds in upgrades by 2020, Kamenshchik said.

But he said the airport has no current plans to raise funds by selling stock in the airport, and that the situation has not changed since a proposed IPO was shelved in July.

Kamenshchik told reporters that the land Domodedovo planned to build on was either federally owned or belonged to a company incorporated by the airport itself, meaning that there would be "no ownership disputes."

"There are no residential homes in this area, so I see no problems connected with relocating," he said.

Plans to build a new runway at state-owned Sheremetyevo Airport, north of the city, ran into controversy earlier this month after facing opposition by local residents.

Contributions from the federal and regional governments will include a new link to the fourth ring road and improvements to the existing rail link so that trains will be able to run every 15 minutes, rather than every half an hour as they do now.

A New City?

The plans to expand Domodedovo have no direct link to earlier announced proposals to dramatically expand Moscow to the south and east.

Kasarda said the project could generate up to a million jobs, but gave no source for the estimate.

Dmitry Gurodetsky, head of the Domodedovo administrative district, said the airport already accounts for about 30,000 jobs in the area.

But while admitting that residents might face some "inconvenience" from expansion, he brushed aside questions about the impact on local residents to concentrate on what he called

the "benefits," including jobs, higher-than-average wages and a thriving business area.

Original url:
https://www.themoscowtimes.com/2011/09/27/39bln-plan-to-turn-domodedovo-into-aerotropolis-a9805