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Number of Dissolved Contracts Specified

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Moscow authorities have dissolved real estate contracts totaling more than 30 million square meters since the end of 2010, Vedomosti reported, citing Deputy Mayor Marat Khusnullin.

This number is almost triple the 11 million square meter estimate that municipal authorities were previously said to have dissolved, most of them due to concerns that the projects would worsen the transportation situation in the city.

The projects that make up the new number include dissolved investment contracts, land lease agreements and cancelled site planning initiatives.

Officials looked over the land development plans and terminated land lease agreements for 629 sites whose construction was expected to cover 14.8 million square meters. According to a representative of the city's construction committee, almost all of the projects were terminated because their documents had expired.

"It was a crisis situation then," explained Igor Pushchyon, senior consultant at Cushman &

Wakefield. "The future of the projects was unknown, and the authorities didn't want the territories to stand empty, so they came up with a pool of projects that weren't feasible. The move made sense."

Some of the casualties included an office and retail complex on Dmitrovskoye Shosse and a shopping mall. Site planning projects included a land improvement project totaling 520,000 square meters near the Park Pobedy metro station and two districts in Lefortovo for 325,000 square meters.

The termination of land lease contracts has freed up an estimated 600 hectares of land for the city. Authorities are planning to bring this land back on the market through bids, Vedomosti reported.

The millions of square meters left without investors will likely be brought back on the market gradually rather than in one swoop, Pushchyon said. There is also no guarantee that all of the land will be made available to future potential investors.

"If [the authorities] haven't released them yet, it doesn't mean that all of these meters will be kept in the future," he said, adding that the total size of the areas put back on the market will likely be smaller than what was on offer before 2010. "The numbers can change."

In comparison to the dissolved contracts, city authorities have carried through with investment projects for another 30.5 million square meters since the end of 2010.
The construction on these territories is expected to bring the city an investment flow of up to $5,000 per square meters over the next six to seven years. As a result, Moscow could get up to 50 billion rubles ($1.5 billion) in tax revenues from the projects.

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