

Billionaire Deripaska's Plans for \$740M Redevelopment of Moscow Factory Approved

By [The Moscow Times](#)

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Billionaire Oleg Deripaska's company Basic Element has been given the green light by the city's urban planning commission to develop the 12-hectare territory of an aircraft instruments factory in central-west Moscow into a residential area.

The redevelopment of the factory, located near the Moscow City business center, has been repeatedly delayed since Deripaska's company bought a 51 percent stake from the government in 2006 for 5 billion rubles (\$142 million).

After Basic Element partnered up with property tycoon Sergei Polonsky and drew up plans to invest \$2 billion in the project, the idea was blown off course by the economic crisis of 2008 to 2009. The crisis caused Polonsky's plunge into debt and the redevelopment was further complicated by the oligarch's flight to Cambodia with a criminal case for embezzlement

hanging over his head in Russia.

Basic Element has now bought out Polonsky's share, Vedomosti reported last week, citing sources close to the company and City Hall. Basic Element declined to comment.

Permission to start construction has yet to be given, but the urban planning commission has approved the bare bones of the project and agreed to its further development at the end of last year.

The commission set a limit of 30,000 square meters of residential space per hectare of land for the project, located near the thoroughfare Kutuzovsky Prospekt and next to the Third Ring Road.

Of the 361,000 square meters planned for the development, 288,960 can be residential, while the remaining part is to be offices. The investors must also build a school, a kindergarten and a sports and recreation center.

The construction cost of the residential space will be \$550 million to \$600 million, and the offices will cost a further \$120 million to \$140 million, Maria Stolnikova of real estate consultancy CBRE said. Property website Irn.ru estimated the price of real estate in the Kutuzovsky Prospekt area at \$7,533 per square meter, meaning that just the residential part of the project could generate revenue of around \$1.7 billion.

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