

GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

September – October 2016 № 143



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1. CITY MANAGEMENT

APPOINTMENTS, GOVERNMENT COUNCILS

New composition of the Legislative Assembly of St. Petersburg

Based on the results of elections of representative (legislative) authorities on September 18, the Legislative Assembly of St. Petersburg of the sixth convocation includes 50 members: 25 on party lists (from 6 political parties), the other 25 - elected in single mandate constituencies. The elections of deputies of the City Parliament involved 14 political parties and associations, as well as 241 candidates in 25 constituencies. Only 20 members elected in 2011 retained their mandates. On September 26 in the Mariinsky Palace, the Chairman of St. Petersburg Election Commission V. Pankevych presented the deputies with identity cards. The deputies of the City Parliament created 6 party factions. The largest of these is the faction of United Russia, composed of 36 members, the smallest faction is that of the party "Yabloko" (2 seats). LDPR, the Party of Growth, the Communist party and Fair Russia each got 3 seats. In the City Parliament of the last (fifth) convocation were represented 5 political parties: United Russia (20 members), Fair Russia (12), Communist party (7), Yabloko (6) and LDPR (5). At the first meeting of the new Legislature, which was held on September 28, Vladimir Makarov was re-elected the Chairman of the Legislative Assembly. The vice-chairmen are A. Drozdov and S. Soloviev (both represent United Russia). New member of the Council of Federation of the Federal Assembly representing the legislative body of state power of St. Petersburg elected by 39 votes is deputy A. Kutepov. He previously held the position of deputy chief of staff of the Federation Council - the head of Administration. In addition to the members of the Legislative Assembly on a single election day, September 18, in St. Petersburg there were elected deputies of the State Duma and of municipal councils in the three municipalities. 1238 thousand inhabitants of St. Petersburg participated in the polls.

Changes in the composition of the City Government

Following the results of elections of the representative (legislative) authorities, held in St. Petersburg on September 18, members of the City Government I. Divinsky and Yu. Avdeev (Chairman of the Committee for physical culture and sports) were elected deputies. I. Divinsky was elected to the State Duma, and Yu. Avdeev was elected to the Legislative Assembly of St. Petersburg. New members of the Government of St. Petersburg are the chairman of the Committee on transport A. Golovin, chairman of the Committee

for the City improvement V. Rublevsky, the head of administration of the Nevsky district K. Serov.

The Committee on physical culture and sports got a new head

On September 26 P. Belov was appointed the chairman of the Committee for physical culture and sports of St. Petersburg. Prior to this appointment, P. Belov held the position of the deputy chairman of the Committee for physical culture and sport. The position of the head of the Committee became vacant after on September 18 Yu. Avdeev was elected to the Legislative Assembly of St. Petersburg.

New head of administration of the Central district

On September 26 A. Khlutkov was appointed the head of the Central district administration. The appointment came due to the fact that the head of the district M. Shcherbakova on September 18, was elected deputy of the Legislative Assembly of St. Petersburg. Before the appointment A. Khlutkov was an advisor to the Governor of St. Petersburg. Previously for many years he worked in FSB administration for St. Petersburg and Leningrad region.

New head of St. Petersburg Vodokanal

The longtime head of Vodokanal F. Karmazinov, who led the company for nearly 30 years, resigned from his post on October 6, 2016. The new Director General of "Vodokanal of St. Petersburg" is E. Tselikov who had been working for the company since 1995. In recent years E. Tselikov held the position of Deputy General Director. "Vodokanal of St. Petersburg" is one of the most successful enterprises of the city. In the early 1990s, the wastewater treatment level was about 60%, by 2016 this figure increased to 98.6%. The company also established Water museum, the Center for the study and conservation of marine mammals and the Youth environmental center. F. Karmazinov continues to work in Vodokanal in the position of coordinator of strategic programs of the company. In addition, he performs the duties of the special representative of the Governor of St. Petersburg on housing-communal issues.

Tripartite agreement between the City authorities, trade unions and employers

On September 12 in Smolny Governor Georgy Poltavchenko, the chairman of the Federation of trade unions of St. Petersburg and Leningrad region Vladimir Derbin and the President of the Union of Industrialists and entrepreneurs of St. Petersburg A. A. Turchak signed a tripartite agreement for the 2017-2019. The annexes to the agreement contain commitments of the parties. The practice of signing the tripartite agreements exists in St. Petersburg for 25 years. In addition, the parties have signed the Regional agreement on minimum wage in St. Petersburg in 2017. Its

size is 16 thousand rubles, which is more than 2 times higher than the minimum wage in Russia.

In Smolny the first meeting of the Council on improving business conditions has been held

The meeting was held on September 15 under the chairmanship of the Governor Georgy Poltavchenko. Vice-Governor – head of administration of the Governor A. Govorunov spoke, as the one who since 2014 directed the activities of the Council to lower administrative barriers. In his report, he specifically noted that in recent years the city has managed to increase greatly the level of accessibility of energy infrastructure, to improve tax administration and business climate in the field of investment and construction activities. The time costs of receiving building permits have decreased in St. Petersburg from 540 to 212 days. The City has improved its position in the National rating of investment climate compiled by the Agency for strategic initiatives (ASI). It should be noted that in St. Petersburg there are several coordinating inter-agency organizations with similar profile of activities: Investment Council under the Governor of St. Petersburg, Public Council on small business development under the Governor of St. Petersburg, the Commission on sustainable economic development and social stability in St. Petersburg.

LEGISLATION

The Procedure for granting subsidies for measures of language, social and cultural adaptation of migrants

The procedure is approved by the decree of the Government of St. Petersburg dated September 7, 2016 No. 766. The document defines the rules for providing in 2016, the subsidies, the recipients of which can be socially oriented non-profit organizations except state and municipal institutions. Applicants for grants must conduct the following activities: prevention of socially dangerous forms of behavior of citizens; the development of international cooperation, preservation and protection of identity, culture, languages and traditions of the peoples of Russia; social and cultural adaptation and integration of migrants. Subsidies are provided on a gratuitous and irrevocable basis. To receive subsidies, applicants must participate and win in the bidding procedures conducted by the Committee on interethnic relations and implementation of migration policy in St. Petersburg. The total amount of subsidies is defined by the Annex 3 to the Law of St. Petersburg from 25.11.2015 No. 747-145 "About the budget of St. Petersburg in 2016 and the planning period of 2017 and 2018," and the resolution of the government of St. Petersburg from 04.06.2014 № 452 "About the state program of St. Petersburg "Creation of conditions to ensure social harmony in St. Petersburg" for 2015-2020".

Regulations on public discussion of draft strategic planning documents in St. Petersburg

The regulation was approved by decree of the government of St. Petersburg from September 14, 2016 No. 780. The position is that the period of public discussion of draft strategic planning documents of St. Petersburg is 14 days from the date of their placement on the official website. In case of the project of strategy of social-economic development of St. Petersburg the duration of the public discussion is 30 days. After the expiration of the public discussion period the draft of the document and the explanatory note to it are to be removed from the official website. Project developers should consider the proposals, if necessary, make changes to them within 30 days.

The Procedure for participation of local governments in the organization of temporary employment of certain categories of citizens

The procedure is approved by the decree of the Government of St. Petersburg from September 14, 2016 No. 790. It defines the forms of participation of local authorities of municipal formations of St. Petersburg in the organization of temporary employment of certain categories of citizens. These include the following categories: minors aged 14 to 18 who can work in their free time; unemployed citizens experiencing difficulties in job search; unemployed citizens aged 18 to 20 years, with secondary vocational education and seeking work for the first time.

Rules on City beautification and improvement

The rules were approved by the decree of the Government of St. Petersburg from October 6, 2016 No. 875. The document regulates the construction, repair and certain works associated with the beautification and landscaping in St. Petersburg.

Standards of communal services provision

The standards were approved by the Committee on tariffs of St. Petersburg from October 19, 2016 No. 119-R. The regulations pertain to the consumption of the following utilities: heating, hot and cold water and sanitation. The regulations came into force on November 1, 2016.

MEETINGS, COOPERATION

St. Petersburg strengthens ties with Dresden

On September 6 in Smolny Governor Georgy Poltavchenko met with the chief burgomaster of Dresden D. Gilbert, who arrived in St. Petersburg as the head of the official delegation. Among the most interesting areas of cooperation are bio - and nanotechnology, microelectronics, healthcare, creative industries, tourism, urban transport, hospitality, education, and culture. During the meeting it was noted that St. Petersburg is interested in the experience of Dresden in the establishment and application of the system "Smart city". St. Petersburg is ready for realization of such a project in Kronstadt in pilot mode, with the subsequent dis-

semination of this experience to other areas of the City. "Smart city" technology is planned to be used in the construction of urban blocks and of the satellite town of Yuzhniy.

St. Petersburg hosted the XV World conference of the Associated research centers for the urban underground space (ACUUS-2016)

The conference took place on September 13 to 15 at the hotel "Park Inn Radisson "Pribaltiyskaya". The conference was held in St. Petersburg and gathered experts in the field of urban planning. The conference was attended by over 500 specialists in the fields of architecture, urbanism and design of underground space.

The government of St. Petersburg and the Spiritual administration of Muslims of St. Petersburg and North-West region signed cooperation agreement

The agreement was signed on October 15 in the Smolny. Governor G. Poltavchenko and the Chairman of the Spiritual administration of Muslims of St. Petersburg and North-West region mufti R. Pancheev were the signatories. The agreement is aimed at strengthening good-neighborly relations between representatives of different ethnic groups and religions. The Governor informed R. Pancheev about working on the selection of buildings for St. Petersburg Oriental Academy. The Academy is planned to study the religious disciplines and to disseminate humanitarian knowledge.

St. Petersburg was visited by the delegation of the Sultanate of Oman

In the period from September 15 to 17 the delegation of Oman headed by the President of the Chamber of commerce, S. Al Kiyumi was in St. Petersburg. The delegation arrived in St. Petersburg for acquaintance with the economic situation and the establishment of trade-economic cooperation. The delegation has discussed the possibility of attracting investments for construction of hotels in St. Petersburg, organizing supply of food products from Oman to St. Petersburg and pharmaceutical products of St. Petersburg enterprises to Oman. During the visit of the delegation at St. Petersburg Chamber of commerce and industry there was held the first Russian-Omani business forum. In the framework of the summit, business negotiations were held in several sections: oil and gas, tourism, construction and real estate. Representatives of Russian companies presented their projects and discussed the issues of establishing business cooperation.

Governor of St. Petersburg met with the Deputy Prime Minister of the Socialist Republic of Vietnam

The meeting took place on October 20 at the Smolny. Deputy Prime Minister of Vietnam T. D. Dung arrived in St. Petersburg at the head of an

official delegation to participate in the 19th session of the intergovernmental Russian-Vietnamese Commission on trade-economic and scientific-technical cooperation. G. Poltavchenko and T. D. Dung discussed a wide range of issues of bilateral cooperation. For the Vietnamese side in St. Petersburg there are 6 diesel-electric submarines under construction, City universities host 273 Vietnamese students. In St. Petersburg, there is demand for the products of the agricultural sector of Vietnam.

IX St. Petersburg International Innovation Forum and XX Forum "Russian industrialist"

Events of the forums were held from September 21 to 23 at the Congress-exhibition Center "Expoforum". The forums were united by a common business program and the motto "There is a solution!". Governor Georgy Poltavchenko attended the opening ceremony of the forums and the accompanying exhibition. At the exhibition there were presented innovative products and technology. The business program of the forum included more than 100 events. The forums and the exhibition was attended by over 11 thousand people from 30 Russian regions and 14 countries, including Belarus, Denmark, Israel, Iceland, Finland and Japan. Exhibition space and rooms where events were held, took about 25 thousand square meters.

St. Petersburg has hosted the II international forum of spatial development

The forum was held on September 24 to 27 in the General staff building of the Hermitage and in the Alexandrinsky theatre. The Forum was organized by the Government of St. Petersburg and ITMO University. Main theme of the Forum in 2016 was "Extreme urbanism" ("X-Urban"). Participants focused on 3 thematic blocks: "Habitat. Extreme innovators", "Society. The boundaries of risk and geography. On the way to hyper-regions". The forum was attended by the representatives of authorities, entrepreneurs, scientists, and public figures. Participant also discussed issues of planning, development and management of urban development.

St. Petersburg hosted International gas forum

The VI St. Petersburg international gas forum was held on October 4 to 7 in the Congress-exhibition center "Expoforum". The forum attracted more than 3 thousand people from 36 countries. In the course of the forum leaders and representatives of the largest oil and gas companies, authorities and research organizations evaluated the condition and capacity of the natural gas market in the world and in different countries. Before the beginning of plenary session, the ceremony of launching of new automotive gas filling compressor-station was launched in the live mode at 14 sites located in 6 Federal districts.

St. Petersburg has hosted the XV All-Russian forum of strategic planning in regions and cities of Russia

The theme of the forum was "Dialogue in search of coherence". The forum was held on October 24 to 26 in the hotel "Park Inn by Radisson Pribaltiyskaya" and at remote sites at ICSER "Leontief center" and at a number of other organizations. The All-Russian forum "Strategic planning in regions and cities of Russia" is held annually since 2002. The Forum 2016 has gathered more than 1100 participants from 17 countries, 50 regions and 90 cities and more than 60 journalists. The Forum included 3 plenary sessions, 36 sections, including round tables, panel discussions, brainstorming, etc., in which about 300 speakers, moderators and discussants took part.

St. Petersburg has hosted an Investment forum

In the period of October 24-25 at the New stage of the Alexandrinsky theatre the first Investment forum was held. The Committee for investment of St. Petersburg organized this forum. More than 700 delegates took part in the forum. During the forum they discussed issues of implementation of public-private partnerships, the development of the creative sector of the economy, attracting investment in projects of small and medium business, they also took trips to the objects of investment activity. The forum organizers expect that it will be held in St. Petersburg annually and, in the future will become the largest event of investment character.

2. EMPLOYMENT

In August 2016 large and medium sized enterprises employed 1460.9 thous. people (Table 1). Compared to the previous month the number of staff fell by 0.4%, the number of by-workers - by 2%, that of contracted workers - by 3.6%.

In January – August 2016 the number of employees at these enterprises grew by 1.8% compared to the same period of 2015. The number of staff during the period grew by 1.6% that of by-workers fell by 0.5%, the number of contracted workers grew by 16.7%.

In August 2016, the largest number of vacancies filled was in education, processing industries, real estate operations, transportation and telecommunications, healthcare, and the least - was in agriculture and forestry, hotels and restaurants (Table 2). Public sector employed 38.6% of all employees of large and medium sized enterprises.

In June-August 2016 the number of economically active population (EAP) amounted to 3023.7 thousand persons, of them 2974.1 thousand employed and 49.6 thousand unemployed. During the reporting period, the employment rate was 73.5% (share of employed people in total population aged 15 to 72 years), the level of economic activity – 74,8% (share of economically active population of the total population aged 15 to 72 years) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In September 2016, the demand of St. Petersburg enterprises for workforce amounted 54.4 thousand people (table 3), 66.9% of them – workers' positions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January-September 2016 the greatest demand for employees was declared by the enterprises and organizations of such economic activities, as operations with real estate, rent and services – 20.3% of all reported vacancies; transport and communication – 11.8%; wholesale and retail trade – 9.7%.

The pressure in the labor market (the number of unemployed citizens registered at the Employment Service per one vacancy) at the end of August 2016 was 0,46 persons per vacancy (at the end of August 2015 – 0,39 persons per vacancy).

TABLE 1. Changes in total employment at large and medium enterprises of St. Petersburg

	August 2016		January - August 2016 in % to January – August 2015
	'000 people	in % to July 2016	
Filled jobs total, including:	1460,9	99,4	101,8
Registered permanent employees	1393,7	99,6	101,6
External by-workers	33,8	97,8	99,5
Contracted labour	33,4	96,4	116,7

TABLE 2. Employment at enterprises and organizations of St. Petersburg by the type of economic activity in August 2016 (without small enterprises)

Industry	Total employment	
	'000 people	% of the total
Total, including:	1460,9	100,0
Manufacturing	221,4	15,2
Production and distribution of electric power, gas and water	35,6	2,4
Agriculture and forestry	6,0	0,4
Construction	64,5	4,4
Transportation and telecommunications	154,1	10,6
Finance	55,2	3,8
Real estate transactions, leasing and services	218,6	14,9
Wholesale and retail trade, repair of motor vehicles and home appliances	149,6	10,2
Hotels and restaurants	28,3	1,9
Public administration, security and social care	89,2	6,1
Education	204,0	14,0
Healthcare and social services	166,1	11,3
Other utilities, social and individual services	68,3	4,8

TABLE 3. Change in the number of officially registered unemployed people in St. Petersburg, January 2015 – September 2016

Month	Number of unemployed people registered at the Employment Service	Those with the status of an unemployed person		
		'000 people	% to previous month	% to the same month of the previous year
January 2015	78,4	0,3	150	100
February	57,2	0,5	170	125
March	52,9	0,5	100	125
April	52,1	0,5	100	125
May	55,8	0,5	100	125
June	60,8	0,4	80	133
July	63,8	0,4	100	200
August	64,3	0,4	100	200
September	62,9	0,4	100	200
October	63,9	0,4	100	200
November	57,5	0,4	100	200
December	53,8	0,4	100	200
January 2016	49,0	0,6	150	200
February	44,4	0,6	100	120
March	42,4	0,7	117	140
April	43,0	0,8	114	160
May	48,1	0,6	75	120
June	51,5	0,5	83	125
July	52,5	0,5	100	125
August	55,2	0,5	100	125
September	54,4	0,5	100	125

In September 2016 24.9 thousand persons were registered at the Employment Service of St. Petersburg. It is 1.0% more than in September 2015 (table 4). In September 2016, 44.6% of those registered at the Employment Service were officially considered unemployed.

At the end of September 2016, the total number of those who turned to the State Employ-

ment Service of St. Petersburg amounted to 27600 people (at the end of September 2015 – 26092 people).

The number of registered unemployed at the end of September 2016 was 11085 persons, of them women – 51.4%; young people aged 16-29 years – 15.7%; persons with disabilities – 17.0% (at the end of September 2015 the number of un-

employed amounted to 12039 persons) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In September 2016, the status of unemployed was assigned to 1.9 thousand persons (0,3 thousand people or 15% less than in September 2015). The number of the job-placements in July 2016 was by 100 people or by 8% less than in the same period of 2015, and amounted to 0.8 thousand people.

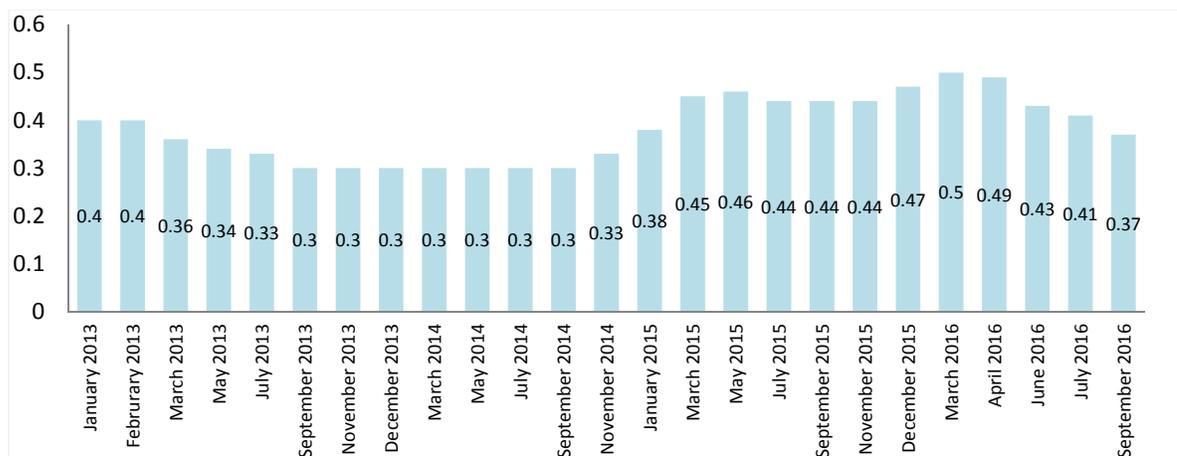
According to Rosstat, in January- September of the current year, the unemployment rate (according to methodology of the International Labor Organization) amounted to 1.6% of the economically active population (EAP). Over the same

period in 2015 it was 2.2%. St. Petersburg had one the lowest levels of unemployment among the subjects of the Russian Federation (in the North-Western Federal district – 4.6%, Moscow - 1.7%, Russia – 5.3 %).

The level of registered unemployment (ratio of registered unemployed to the economically active population) at the end of September 2016 amounted to 0,37% of the economically active population (in the end of September 2015, the figure was 0,40%) (www.rspb.ru) (figure 1). This is the lowest figure among the regions of the North-western Federal district.

TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2015, January-September 2016

Month	Number of unemployed people registered at the Employment Service	Those with the status of an unemployed person		
		'000 people	% to previous month	% to the same month of the previous year
January 2015	21,1	10,8	105	110
February	26,3	12,3	114	124
March	28,4	12,9	105	133
April	28,5	13,5	104	139
May	26,9	13,2	97	138
June	25,0	13,0	98	142
July	25,0	12,6	97	141
August	24,1	12,0	95	141
September	24,4	11,7	98	137
October	24,6	11,7	99,4	132
November	24,8	12,6	108	136
December	23,6	13,5	107	130
January 2016	27,5	13,6	101	126
February	28,4	14,6	107	119
March	30,5	14,5	99,4	112
April	32,3	14,5	99,6	107
May	30,1	14,1	97	107
June	25,1	12,9	92	99,3
July	25,2	12,2	95	97
August	24,9	11,8	96	98
September	24,9	11,1	94	94

PICTURE 1. The level of registered unemployment in St. Petersburg, % of the economically active population

3. PERSONAL INCOMES AND EXPENDITURES

PRICES

In January- September 2015 consumer prices growth in St. Petersburg was equal to 4.2%. In the same period of 2015 it was 10.7%.

The growth of consumer prices in January-September 2016 in St. Petersburg was higher than Russia's average by 0.1%. In September 2016 consumer prices grew by 0.2% (Table 5).

In January- September 2016, tariffs for paid individual services in St. Petersburg grew by 4.6%. For comparison: their growth in the same period of 2015 was 8%.

The rate of growth of tariffs for paid individual services in January- September 2016 was 0.2% lower than Russia's average. Tariffs for paid services in September 2016 grew by 0.4%.

In January- September 2016, prices of foodstuff grew faster than in Russia on average by 0.3% and those of non-foodstuff goods at the same rate as in the country. The growth was correspondingly – 2.7% and 5.2%. In September 2016 prices of foodstuff fell by 0.4% and those of non-food goods grew by 0.6%.

In September 2016, prices grew for oils and fats, meat and poultry (1.5%), cheese (1.1%), confectionery (0.8%), alcohol (0.5%), milk and dairy products (0.4%), bread and bakery products, (0.1%), sausage (0.02%). This month prices fell for cereals and legumes (0.1%), fruits and vegetables (5.9%), fish (1.0%).

Among non-food goods in September 2016 in St. Petersburg the following grew in price: clothing (1.5%), tobacco products (1.2%), haberdashery (1.0%), footwear (0.9%), textile (0.6%), cleaning products, kitchenware (0.4%), construction materials (0.3%), perfumes and cosmetics (0.1%).

In September 2016 payments for housing repairs and exploitation, communal services, water supply and sewerage, hot-water supply, electricity remained unchanged.

In September 2016 tariffs of public baths grew by 14%, that of physiotherapy – by 1.8%, of outbound tourism – by 1.2%, of ultrasound exam of abdomen – by 0.1%.

In January-September 2016 the price of gasoline increased by 3.1%, of diesel fuel – by 1.7%. In September 2016 gasoline prices increased by 0.2%, those of diesel fuel by 0.1%.

TABLE 5. Consumer price index dynamics in 2015 and January-September 2015, % to the previous month

	St. Petersburg				Russian Federation			
	<i>CPI</i>	<i>Including:</i>			<i>CPI</i>	<i>Including:</i>		
		<i>Foodstuff</i>	<i>Non-food goods</i>	<i>Personal services</i>		<i>Foodstuff</i>	<i>Non-food goods</i>	<i>Personal services</i>
January 2015	105,0	106,8	103,7	104,2	103,9	105,7	103,2	102,2
February	102,3	103,8	102,8	99,7	102,2	103,3	102,1	100,8
March	101,0	101,4	101,5	99,8	101,2	101,6	101,4	100,3
April	100,4	100,9	100,9	99,3	100,5	100,3	100,9	100,0
May	100,2	99,6	100,9	100,3	100,4	100,1	100,5	100,5
July	100,7	99,8	100,4	102,1	100,8	99,7	100,5	103,0
August	100,1	98,6	100,6	101,4	100,4	99,3	100,8	101,3
September	100,5	100,5	101,1	99,0	100,6	100,4	101,1	100,0
October	100,6	100,6	101,2	99,7	100,7	101,0	101,0	99,9
November	100,7	101,5	100,8	99,7	100,8	101,2	100,7	100,2
December	100,9	101,3	100,4	101,1	100,8	101,2	100,4	100,7
January 2016	101,8	101,9	101,1	102,6	101,0	101,2	100,7	101,0
February	100,6	101,0	100,7	100,1	100,6	100,7	100,8	100,3
March	100,3	100,7	100,7	99,2	100,5	100,4	100,8	100,1
April	100,4	100,7	100,5	99,7	100,4	100,4	100,6	100,3
May	100,1	100,0	100,4	99,8	100,4	100,4	100,4	100,5
June	100,1	99,8	100,2	100,3	100,4	100,1	100,5	100,6
August	99,8	99,0	100,4	100,1	100,0	99,4	100,4	100,3
September	100,2	99,6	100,6	100,4	100,2	99,9	100,6	100,1
September 2016 in % to December 2015	104,2	102,7	105,2	104,6	104,1	102,4	105,2	104,8
September 2015 in % to December 2014	110,7	110,8	113,0	108,0	110,4	110,2	111,2	109,4

PERSONAL INCOMES AND EXPENDITURES

Real salary in St. Petersburg in August 2016 fell by 4.8% and in Russia on average by 1.5% (table 6).

Average monthly nominal salary in St. Petersburg in August 2016 amounted to 46084 rubles.

Salary arrears on October 1, 2016 amounted to 115.6 mln. rubles. The processing

industries were responsible for 77.2% of the total, construction industry – for 11.4%, R&D sector – for 9.1%. State budget arrears were in education sector – 2.3% of the total.

In July - August 2016 the share of savings in deposits grew and the share of foreign currency did not change (table 8).

TABLE 8. Personal expenditures of St. Petersburg's residents in 2015, January – August 2016 (% of the incomes)

	<i>Expenditures:</i>				<i>Excess of incomes over expenditures (+), expenditures over incomes (-)</i>
	<i>Purchase of goods and services</i>	<i>Required payments</i>	<i>Savings in deposits</i>	<i>Foreign currency purchase</i>	
January 2015	110,7	15,1	- 15,5	16,7	- 36,3
February	64,5	15,5	10,0	13,3	- 11,4
March	72,7	16,3	1,8	15,0	- 17,7
April	61,3	15,7	8,3	14,4	- 11,1
May	68,9	14,1	8,6	10,5	- 12,2
June	69,5	16,1	4,7	11,6	- 9,1
July	66,9	17,0	5,5	13,2	- 11,3
August	70,2	15,3	6,9	13,4	- 12,9
September	74,2	15,8	3,8	13,3	- 14,2
October	68,7	14,8	6,5	13,6	- 10,0
November	66,0	13,7	11,5	11,2	- 10,6
December	55,0	18,3	10,9	9,0	- 0,6
January 2016	106,3	13,1	- 24,4	12,8	- 16,2
February	64,4	13,6	15,7	8,3	- 7,5
March	70,4	13,7	8,7	10,6	- 10,4
April	63,9	14,2	12,9	10,5	- 7,9
May	75,6	13,7	6,0	9,4	- 9,5
June	62,5	13,5	12,2	10,4	- 7,9
July	69,7	18,3	6,1	11,2	- 10,4
August	75,0	14,1	6,1	11,6	- 12,6

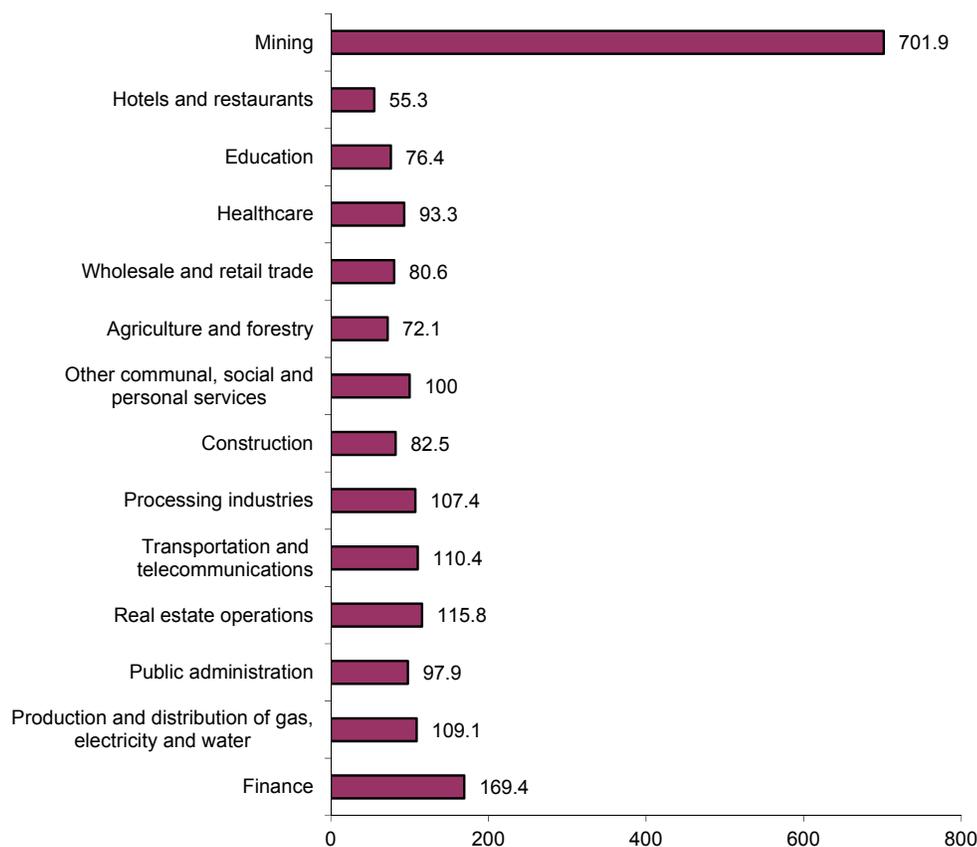
DIFFERENTIATION OF INCOMES AND SALARIES IN ST. PETERSBURG

In August 2016 the level of inter-industry salary differentiation grew compared to June 2016 (Picture 2). The gap between the highest salary (mining) and the lowest salary (hotels and restaurants) was during this month equal to 12.7 times compared to 4.6 times in April 2016, 4.8 times in June.

The highest salary in August 2016 were paid in mining (the salary in this sector was 7.02 times higher than the average for St. Petersburg).

In August 2016 the average for the City was significantly exceeded by the salary in the financial sector (1.69 times), in real estate operations (by 15.8%), in transportation and telecommunication (by 10.4%), provision of communal, social and personal services (by 9.1%),

The lowest salary was paid to those employed at hotels and restaurants (55.3% of the average), agriculture and forestry (72.1%).

PICTURE 2. Inter-industry differentiation of average salary in August 2016 in St. Petersburg, % of the average salary (the average salary = 100%)

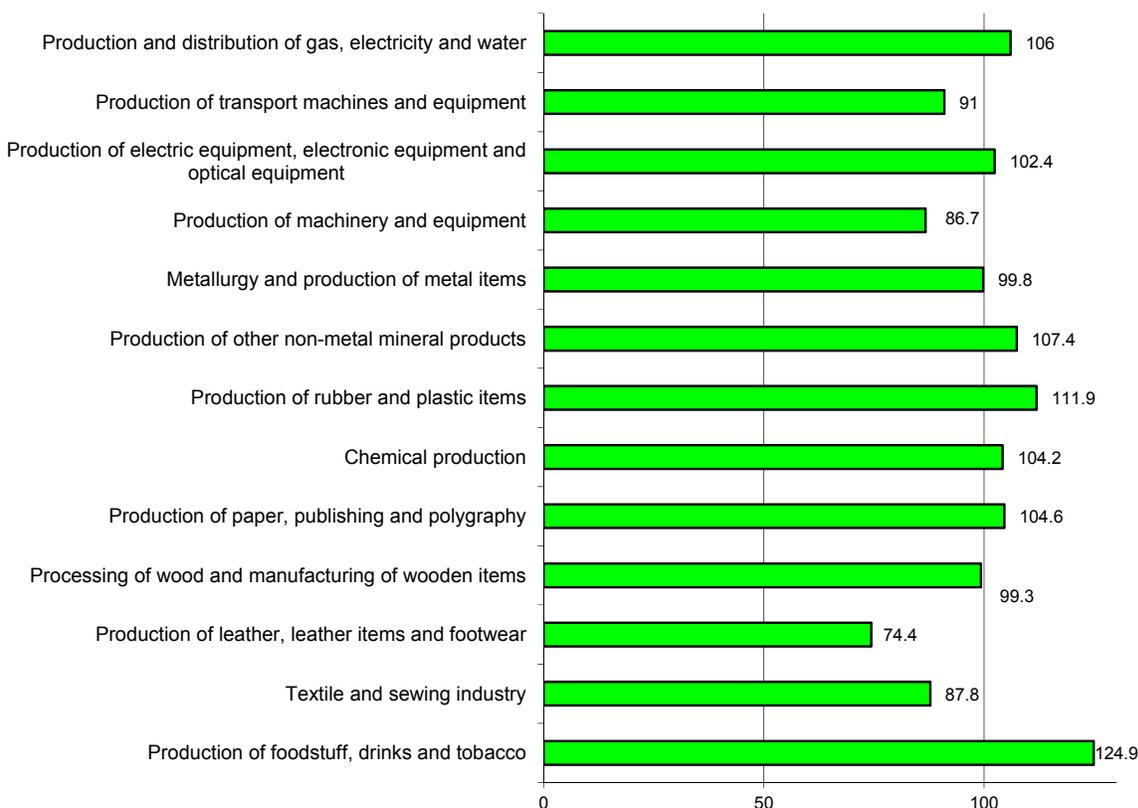
4. INDUSTRY

Industrial production index in St. Petersburg in January – September 2016 compared to the same period of 2015 amounted to 103,4%.

St. Petersburg-based AO "Concern "NPO "Aurora", which produces control systems for maritime equipment, launched a new production complex for the production of electronic devices. It will include an assembly plant and an automated warehouse. The first stage of the production of precision hydraulic equipment for submarines, surface ships and vessels, and nuclear power plants will also be launched, increasing the production capacity. The concern "NPO "Aurora" bought 2 years ago a former factory building next to the company's existing facilities for 1 billion rubles, the same amount was invested in its repair and reconstruction. The area of the new complex is 23 thousand sq. meters, thus the total area occupied

by the concern in St. Petersburg now is 140 thousand sq. meters. Among the customers of the company which is part of the United Shipbuilding Corporation, are Rostechnologii, Rosoboronexport, Rosatom enterprises, such as "Atomflot" and other shipbuilding and engineering companies. One third of orders of the company is from abroad, particularly from India and Vietnam. The company's revenue at the end of 2015 amounted to 8.7 billion rubles. (www.gov.spb.ru, October 28, 2016).

On October 25, 2016 at the Toyota factory in St. Petersburg a ceremony to mark the start of production of Toyota RAV4 was held. The investments into the expansion of capacities of the factory amounted to 9.7 billion rubles, now the conveyor can produce up to 100,000 cars annually. The launch of the new model has created 800 new jobs. (www.kolesa.ru, October 25, 2016).

PICTURE 3. Industrial production dynamics in St. Petersburg by industry, January-September 2016 in % to January-September 2015

The company Christy Hovercraft (St. Petersburg) has started serial production of the new model of the hovercraft (SVP) Christy-5143 (2017 model), which is an evolutionary continuation of the line 2016 developed by taking into account the results of the Helsinki International Boat Show (Vene Bat 2016). This model was developed after numerous requests for rescue services of Finland and Scandinavia for professional use when carrying out patrolling, conservation and rescue work (www.christyhovercraft.ru/news/start-christy-5143, October 17, 2016).

In St. Petersburg, OAO "OEVRZ" (Oktyabrsky electric railway car repair plant, part of ZAO "Transmashholding") has opened a new industrial complex specializing in the production of rolling stock for urban rail transport. The new production line was made possible due to the restructuring of plant, the mobilization of inefficiently exploited areas, and the concentration of production. The area of the newly commissioned production facility is more than 15 thousand sq. m. It is planned to organize production of modern metro cars and trams there (http://tmholding.ru/press_office/events/6294.html, September 30, 2016).

Large diesel-electric submarine "Veliky Novgorod" has been transferred to the Navy of the Russian Federation. The ceremony was held on October 26 on the "Admiralteiskie Verfi" in St. Petersburg. The ceremony was attended by the Deputy Commander of the Navy Vice Admiral Alexander Fedotenkov. The submarine "Veliky Novgorod" of project 636.3 is the fifth in a series under construction at OAO "Admiralteiskie Verfi" for the Russian Navy. All six ships of the series are named after cities, bearing the honorary title "City of military glory" (www.spbdnevnik.ru 26 October 2016).



5. FINANCE

CITY BUDGET

The information about the implementation of the consolidated budget is presented in table 9.

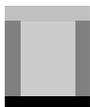
According to the data of the Federal tax service of Russia in St. Petersburg in January-September 2016 the revenues from taxes, fees

and other obligatory payments amounted to 669.8 billion rubles, which in nominal terms is 21.3% more than the corresponding period last year. In September 2016, compared with the previous month revenues to the budget system fell by 1.3%.

In January-August 2016 the consolidated financial result (profit minus loss) of organizations (excluding banks, insurance companies and budget organizations, without small businesses) amounted to 573.2 billion rubles, which is 1.8% more than in the corresponding period last year. In January-August 2016 the number of unprofitable enterprises in comparison with the same period of 2015 fell by 54 units or by 9.0%, the amount of the loss has fell by 34.4%.

STATE DEBT

The information about the structure of the state debt as of October 1, 2016, is presented in the tables 10 and 11.



6. MUNICIPAL SERVICES

BEAUTIFICATION, RESTORATION, REPAIRS

In September-October 2016 the Committee on beautification of St. Petersburg has cleaned

the Sennaya square of shopping pavilions and stalls. The Property Fund of St. Petersburg invited the owners to rent the city-owned space in other parts of the city for a period of 10 years. (RBC and Delovoy Petersburg)

At the end of October 2016 the traffic on the reconstructed section of the highway A-181 "Scandinavia" (44-52 km) has been opened from the exit of the Western high-speed diameter. The capacity of the site – 80 thousand vehicles a day, the service life of the pavement is at least 14 years. The work was carried out by ZAO "VAD", the value of the contract is 11.2 billion rubles. The completion of the reconstruction of the 52-65 km part is planned for next year, the necessary amount of funds is included in the Federal targeted investment program 2017. (Administration of St. Petersburg and Interfax)

The Ministry of culture of the Russian Federation plans to increase the cost of restoration of St. Petersburg Conservatory by 2.2 billion rubles (the originally approved cost is 2.6 billion rubles). The allocation of additional funds is due to the need to expand the building area by 10 thousand sq. m. (through increasing the area of the ground floor and floors of houses), as well as to hold a series of initially unplanned work (Delovoy Petersburg)

Table 9. Consolidated budget execution in 2016 (mln. rubles)

	<i>Revenues</i>	<i>Expenditures</i>	<i>Surplus</i>
<i>January - July</i>	280285	247005	33281
<i>January - August</i>	317480	281154	36326

Source: Petrostat

Table 10. St. Petersburg's state debt structure on October 1, 2016

	Mln. rubles	share, %
State domestic debt of St. Petersburg, including:	14 736,9	100,0
Bonds	5 858,9	39,8
Budget credits	8 878,0	60,2
State external debt of St. Petersburg	0,0	0,0
Total	14 736,9	100,0

Table 11. State debt servicing costs of St. Petersburg, October 1, 2016, mln. rubles

Item	Plan for 2016
Domestic debt servicing costs	574,9
Total	574,9

Source: St. Petersburg Committee of Finance

The budget of St. Petersburg in 2017 will allocate 7.1 billion rubles for the cleaning of roads (in 2016 this expenditure was 6.4 billion rubles). The cost of maintaining urban gardens and parks will increase and will amount to 2.2 billion rubles (Finance Committee of St. Petersburg and Delovoy Petersburg).

TRANSPORTATION, ENERGY, WATER SUPPLY

In January-April 2016, transport organizations of St. Petersburg transported 4.7 million tons of cargo and 397,2 million passengers, which exceeds the figures for the same period in 2015 (9.8% and 2.2% respectively). The freight turnover amounted to 979 million ton-km (7.4% less than the same period in 2015) and passenger traffic - 2297 million passenger-km (0.7% less than in January-July 2015). The number of road accidents, particularly involving children, continues to decline relative to last year. In January-September 2016 4510 accidents were registered, 176 people died (14.9% and 30.7% less than the same period in 2015) (Based on the data by Petrostat).

The draft budget of St. Petersburg for 2017, submitted to the Legislature, provides for the cost of construction of subway facilities in the amount of 19.7 billion rubles (including 9.9 billion rubles for the construction of Nevsko-Vasileostrovskaya line, and 7.7 billion for the creation of the Frunzensky radius), and the costs for the development of transport and road infrastructure in the amount of 22.4 billion rubles (the largest objects are Sinopskaya embankment, road junction near Poklonnaya hill, Pulkovo highway and interchanges in Kurortniy rayon) (Finance committee of St. Petersburg).

A competition for the right to advertise in St. Petersburg metro has been announced. The customer is the state unitary enterprise "City advertising center", the initial contract price is 1.6 billion rubles (monthly payment in favor of the metro is 13 million rubles.), the duration of the agreement is 10 years. The contractor will obtain the right to use 2661 advertising spaces with a total area of 6.6 thousand sq. m. (based on materials of RBC).

MAJOR CITY PROJECTS

St. Petersburg City administration has defined the route of the Fayansovaya-Zolnaya motorway (Eastern high-speed radius) – the road will connect the southern section of the Western high-speed diameter in the area of Bronevaya and the ring road in the district of Kudrovo, crossing the river via a new bridge in the alignment of Fayansovaya and Zolnaya streets. The main purpose of the facility is the transport unloading of the city center. The capacity of the road will be from 50 to 100 thousand cars per day. The preliminary cost of the entire highway may be about 160 billion rubles. The project will be realized according to

the model of public-private partnerships. (According to the Vedomosti and RBC).

The Investment committee of St. Petersburg announced an open competition for the right to conclude a concession agreement for the creation of a consultative-diagnostic center on the territory of Pushkinsky district. Throughput should be not less than 760 visits per shift for adults and 420 visits per shift for children. The term of the agreement is 30 years, the capital cost of the construction of the center is 1.8 billion rubles, the mechanism of compensation of investment costs to the investor is through subsidies from the City budget. (based on the materials of the Administration of St. Petersburg).

The construction of the Aeroexpress train, which will connect the Vitebsky railway station and Pulkovo airport is scheduled to begin in mid-2018 after the World Cup. Pre-works by Lengiprotrans will be completed by the end of 2016, changes to the General plan of St. Petersburg should be made until mid-2017, and the project planning area is expected to be approved in November 2017. The cost of the project is estimated at 15-18 billion rubles (based on the materials of Interfax).

Based on ITMO University it is planned to create an "Innovation city of science and technology" in the satellite town of Yuzhnyy by 2025. The total cost of the project to create "Innograd" is 41 billion rubles, 35% of which is to come from private investors (the key investor is the company "Start Development"), 53% of the anticipated funding is from the Federal budget. The project, which is scheduled to be completed in three phases, involves the construction of the university campus, research laboratories and centers, sports complex, hospitals and hostels for students. (based on the materials of the Committee on investments of St. Petersburg).

7. REAL ESTATE

HOUSING

In October 2016 in St. Petersburg there were commissioned 264 520,9 square meters of housing, in 112 houses for 5501 apartments, including individual construction.

The largest volume of space commissioned is in the Vasileostrovsky rayon –98 862,60 square meters of housing - 5 houses for 2609 apartments. In the second place is Krasnogvardeysky rayon, 60 067,50 sq. m. - 2 houses for 1409 apartments. The third is Krasnoselsky rayon, with 44 134, 70 sq. m. housing, 6 houses for 380 apartments.

By November 1, 2016 in St. Petersburg 2230987.2 sq. m. of housing have been completed, 842 houses for 40497 apartments including

individual construction
(<http://gov.spb.ru/gov/otrasl/komstroy/news/99350/>).

According to the "Bulletin of real estate", in the first nine months of this year compared to the same period of the last year, the activity of developers decreased by 11%, the volume of new housing completion has decreased from 3.1 to 2.8 million sq. m.

In the housing complexes placed on the market of St. Petersburg in January-September 2015, an average apartment, according to the "Bulletin of real estate", was 49.3 sq. m. large. This year this indicator decreased to 45.1 sq. m. Thus, the reduction of apartment size is becoming the norm in the market: developers adapt to declining budgets (<http://www.bn.ru/>).

In September 2016 the average level of prices in new buildings of St. Petersburg and Leningrad region was 94 140 rubles per sq. m. In the first nine months of 2016 prices rose by 5.4 %. The difference in cost between the primary and secondary sales (apartments in the secondary market are still more expensive) has decreased to 3%.

The variety of offers also is declining (for five months in a row). In September, the number of objects advertised fell by 1.9%, and in the nine months by 16.5% (<http://nsp.ru/analytics/187-dengi-stekayutsya-k-centru>).

In September, rooms' prices gained 0.2%. Offer price this month was 91 332 rubles per sq. m. The price of rooms grew up in the same way as for apartments on the secondary market.

GK "Etalon" intends to invest by 2022 in the creation of the residential complex "Galaxy" 60 billion rubles. This project will be located near the Warsaw railway station. On a plot of 36.5 hectares, the developer will build a 1.3 million sq. meters of real estate, of which 530 thousand sq. meters will be housing, 60 thousand sq. meters - commercial space, including two business centers with an area of 20 thousand sq. meters, social infrastructure on the area of 100 thousand sq. meters. There will be three schools, three separate kindergartens and six built-in kindergartens. There will be organized parking space for 5,5 thousand cars. The block will be able to accommodate 18 thousand people, the total number of apartments will be 10.5 thousand. The height of the buildings will range from 9 to 19 floors. The first phase of construction (13 buildings with an area of 300 thousand sq. meters) has started and will be completed in 2018; the average sales price in the project will be 107 thousand rubles. per 1 sq. meter. The concept plan was developed by "Studio 44" of Nikita Yavein. (http://news.nb.dp.ru/a/2016/11/01/GK_JEtalon_vl_ozhil_v_zhilo).

Moscow-based group of companies "PIK" has purchased two land plots, on which it intends to build a residential complex of comfort class. The first site is located in Dalnevostochniy pr., 15. It is

now filled with commercial facilities, to be replaced by six residential buildings with a total area of 72,000 sq. m., and two kindergartens with a total capacity of 315 places. The second plot is located in the north of the city, in the are of Novoorlovsky Park, next to the housing complex "Novoorlovsky" by "YIT" company (Orlov-Denisovsky pr, 3-6). The living area of the residential complex will reach 115 000 sq. m. There will be two kindergartens (the capacity is 250 places) and a school for 825 students. The implementation period of this project is 5 years (<http://nsp.ru/news/8265-pik-prishel>).

The Setl City company (part of the Setl Group) has received the permission for commissioning of the first building in the residential complex "Winter-Summer" in Prospect Energetikov in the Krasnogvardeysky rayon of St. Petersburg. The residential complex "Winter-Summer" is a project of redeveloping an industrial site, on which by 2018, there will be about 150 thousand sq. m. of housing, five underground parkings, open parking, a kindergarten and a school. Special attention will be paid to the improvement of recreational areas along the river Okhta, encircling the area to the South and East sides, and the organization of green areas on 10 ha of the site comprises about 5 ha of landscaping (<http://www.restate.ru/material/162973.html>).

The company "YIT St. Petersburg" has received a permit for commissioning of the residential complex "TOIVE" in the Respublikanskaya street, 22 in the Krasnogvardeysky rayon of St. Petersburg. 90% of the apartments in the house has been sold.

The "TOIVE" is a 13-storey complex, consisting of seven sections with a total area of 25.4 thousand sq. m. There are 486 apartments, from studios to five-room apartments with an area of 24 to 96 sq. m. A number of flats have space for organizing Finnish saunas (with an area of 3-4 sq. m). On the first level there will be 15 commercial premises. Near the house is a seven-level parking for 165 cars (<http://www.restate.ru/material/162902.html>).

Teorema Company has received permission for commissioning of the first stage within the low-rise residential neighborhood of townhouses "New neighborhoods of Peterhof" between Olginskoye and Ropshinskoye highways in Petrodvorets district of St. Petersburg.

There have been commissioned 17 townhouses of the first phase with an area of 90-120 sq. m. with land plots from 2.1 to 3.8 sotkas. All objects have been sold.

Sales of the second stage (40 sections ranging from 90 to 150 sq. m. planned completion date – autumn 2017) have commenced. The price of a section is 6 mln rubles. In total there will be built 82 townhouses.

"New neighborhoods of Peterhof" is a project of integrated territory development, which is being implemented on an area of about 60 hectares. In the project there are more than 4,5 thou-

sand apartments in low-rise buildings of comfort class and 82 town houses ranging from 90 to 150 sq. m. In addition, land is sold for the individual construction. There will be two kindergartens and two secondary schools (<http://www.restate.ru/material/162915.html>)

CO-INVESTORS

In the first nine months of Rosreestr for St. Petersburg has registered 34.4 thousand housing co-investing contracts. This is only slightly less than for all of last year (35.2 thousand). The growth compared to the same period in 2015, is nearly 50%. Similar dynamics is demonstrated by mortgages – in the 9 months nearly 30 thousand contracts (up 48%) have been signed. According to the management of Rosreestr for Leningrad oblast, the region is also seeing the increase in the number of housing co-investing contracts in the 9 months by almost 20% to 27.1 thousand.

Against the background of falling incomes and purchasing power, the citizens rushed to buy apartments in new buildings. Experts interviewed by kvadrat.ru agree that the completion of the mortgage rates subsidy program is influencing the market

(http://www.kvadrat.ru/articles/20161028_ryinok_jilya_vyizdorovel_ili_razogrelsyapered_zamorozkoy)

From January 1 amendments to the Law No. 214-FZ "About co-investing in building of apartment houses and other real estate and on amendments to certain legislative acts of the Russian Federation".

The new law provides for the issuance of conclusions on compliance of the developer and the project declaration to the requirements of 214-FZ, and stipulates control over the timing of the construction of houses, through carrying out planned and unscheduled inspections.

Developers are interested in explicit rules as since May 2016 the legislation provides for criminal liability for violations in the co-investing into construction. The distinction between administrative penalty and criminal liability is very shaky. For example, if the amount that the developer took from a citizen is more than three million rubles, the supervisory authority is obliged not to start administrative proceedings but to send materials to law enforcement agencies.

From 2017 under control will be small businesses in the industry of construction. However, it should be noted that by the summer of the next year, all developers will have to increase their authorized capital to a minimum of 2.5 million rubles, so that they do not fall in the category of small enterprises. However, now even small businesses will be checked if there are complaints of co-investors or information in the media about violations of 214-FZ. (<http://nsp.ru/analytics/188-bumazhnoe-cunami>)

Since the beginning of the year, the Construction committee of St. Petersburg has received 747 applications for inclusion in the Register of citizens whose funds are invested into construction of apartment houses and whose rights are violated. The decision on inclusion in the register was made in respect of 724 citizens, 17 citizens were denied, according to the press service of the Committee.

Since the start of the register (01.01.2014) the Committee received 2 455 statements of citizens about inclusion in the register, of which 2 151 were included, 288 were denied the inclusion into the register.

The Committee controls 67 problematic residential buildings for 20 932 apartments with total area of more than 1 million sq. m. Since the beginning of the year "Polezhaevsky Park" was commissioned in the Kirov region (Ulyanka, apt 4B, korp.1-8) by the company "Monolit-Kirovstroy": the apartments were handed over to 527 co-investors.

By the end of the year with sufficient funding, the Committee expects to commission eight more objects for 5 981 apartments with a total area of over 300 thousand sq. m. (<http://www.restate.ru/material/162936.html>)

NON-RESIDENTIAL

Finnish retailer Stockmann has put on sale its last asset in Russia — the mall "Nevsky center" on the corner of Nevsky prospect and Vosstaniya street in St. Petersburg.

The area of the nine-floor center makes 97 thousand sq. m. of which the leasable area is 44.7 thousand sq. m. Finnish retailer opened shopping center in November 2010, the volume of investments amounted to 185 million euros. This is the last asset of Stockmann in Russia. A year ago, the company announced the sale of all of its department stores in Russia. The CEO Per Thelin, said: "Shopping centers, which we sell in Russia, has been losing money for the past few years, and the devaluation significantly strengthened our losses". (<http://www.restate.ru/material/162986.html>)

According to the company "Bekar" in the third quarter of 2016 the total investment in real estate of St. Petersburg amounted to 145,3 million dollars. It is 100% improvement on the same period of the last year. Until the end of 2016 it is expected to close deals worth 39-54 million dollars, land accounting for about 20-25% of that.

The main driver of the investment growth in the third quarter was the growth in the number of transactions with commercial real estate. In the second quarter the volume of investments in commercial property increased by 369% (69.4 million dollars), the volume of transactions for the purchase of land, on the contrary, decreased by 31% (76 million dollars) – the investments in land and commercial real estate are almost equal.

The most significant increase occurred in the office segment - compared to the previous quarter, the volume of transactions has increased four times (+304%). The largest transaction on the office market was the sale of BC "Mezon Plaza" (35,0 thousand sq. m.) to the structures of "Gazprom" for 46.4 million dollars.

The retail segment also showed an increase due to the purchase of Yelisseyevsky store on Nevsky Prospek by a former tenant for 740 million rubles.

The largest investment transaction – the purchase by UK "Alta" of the assets of a chain of hypermarkets "Metrika" ("Corporation SBR"), which includes four plots of land and some real estate (<http://naibecar.com/news/163329/>).

According to the company JLL, the occupancy rate in the quality hotels in St. Petersburg for the first three quarters of 2016 increased slightly – the growth was from 0.3% in the upper limit of the high end to 3.7% in the middle segment, which did not prevent hoteliers to raise the average rate – by at least 17% since the beginning of the year.

Since the beginning of 2016 quality hotel supply in St. Petersburg increased by 314 rooms. Opening of new branded hotels is expected before the year-end.

The average occupancy rate for the first nine months was 69% (increase of 2,7%), the average tariff increased by 20% to 6.3 thousand rubles.

The leader in the growth of profitability in St. Petersburg is the middle segment. In connection with the growing interest of tourist groups and individual guests to the City and due to the stable demand hoteliers in this category increased the average tariff by 24% to 3.15 thous. rubles. The occupancy rate in the premium segment was 63%, exceeding the previous year by 3,5%, the rate grew 17.5% to 17.3 thousand rubles. As a result, luxury hotels continued to increase the profitability per room. (<http://www.jll.ru/russia/>)

TERRITORIAL DEVELOPMENT, REGULATION

The participants of the Legislature hearings "Presentation of the Report on the implementation of the General plan of St. Petersburg in 2015", organized by the permanent commission of the Legislative Assembly of St. Petersburg on City economy, town-planning and property issues have come to the conclusion that the current master plan of St. Petersburg suggests a chaotic structure of buildings without any plan. The reasons for this, according to the Chairman of KGA V. Grigoriev, is the difficult economic situation, changes in local planning laws, the late submission of documents by investors, the long process of project approval.

However, expert of the standing committee Alexander Karpov considers that it is impossible to conclude about the need for a comprehensive updating of the General Plan only on the ba-

sis of the report presented. <http://www.restate.ru/material/162942.html>

On October 27, 2016 under the deputy chairman of the Construction committee E. Baranovsky held a regular meeting on the program "Development of built-up territories in St.-Petersburg". The meeting discussed issues related to the implementation of the program of development of built-up areas. Reviewed were proposals on amending the St. Petersburg Law dated 06.05.2008 No. 238-39 "About the address program of St. Petersburg "Development of built-up areas in St. Petersburg", as well as related laws.

Currently, the targeted program "Development of built-up areas" involves 23 areas. They are divided into three groups. The first - the territories, where the program is already being actively implemented. The second – where preparatory work is under way. And finally, in a separate group are areas in which implementation of the program at the moment is impossible due to the lack of starting spots, proximity to buildings or other problems impeding construction work.

In October 2016 in the active stage of implementation are projects in the eight areas on which 18 houses stand. Since the implementation of the targeted program 9 apartment buildings for 1260 apartments with total area of 65 thousand 744 sq. m. were built and put into operation. The City acquired 83 apartments with a total area of 5 158.6 sq. m (it is planned to transfer a total of 980,7 thousand sq. m.). <http://gov.spb.ru/gov/otrasl/komstroy/news/99166/>

On November 1, 2016, the Order of Ministry of economic development dated June 7, 2016 № 358 "On approval of methodical instructions on the state cadastral evaluation" will come into force. This is one of the stages for the transition to a new assessment model of real estate.

"Consultant Plus" indicates that the approved guidelines include:

- collection and analysis of information about the market of estimated objects,
- identifying pricing factors, and substantiation of models of cadastral valuation,
- evaluation of zoning; cadastral value with application of methods of mass valuation
- individual calculation; quality control of the results of cadastral value determination and review comments to its definition.

The methodology refers to the valuation of land and other real estate (buildings, constructions, premises, objects of unfinished construction, unified real estate complexes). It does not apply to forest and agricultural lands, protected areas, water bodies, anything that is not intended for urban development activities. "The cadastral value is determined for the purposes provided by law, including taxation, based on market and other information related to the economic characteristics of its use, disregarding other, except the right of ownership, property rights to this object", - the document says.

The new law No. 237-FZ "On state cadastral evaluation" will enter into force in the beginning of 2017, but the new system should become fully effective by 2018.

Already in 2017 the cadastral valuation of land and valuation of real estate for individuals will only be done by appraisers from state budget institutions – assessors of the state cadaster.

This fall residents of a number of "pilot" regions will get bills with the new tax on property of physical persons. The tax is calculated based on the cadastral value, following cadastral valuation of real estate held in regions in 2012-2014.

The law approved the indicators of real estate market, which will be used to re-estimate objects if necessary. (<http://www.restate.ru/material/162966.html>)

8. INVESTMENT PROJECTS

On the site of the "Wrigley" company in Pulkovo highway, a solemn launch of a new production line was held. The new line will produce high-quality products with unique consumer properties, which will be delivered to a number of countries under the trademark "Made in St. Petersburg".

The new production line not only increases the capacity of the factory, but due to the automation raises the productivity. In addition, in the near future the company will open the program of ecological education of schoolchildren. The volume of investments amounted to more than 500 million rubles.

X5 Retail Group has launched in St. Petersburg a new logistics complex "St.Petersburg – South". The logistics complex will provide the supply of goods to 889 supermarkets "Pyaterochka", working in the North-West, in a total of 298 settlements and towns. The new distribution center is aimed at the optimization of logistics infrastructure in North-West Russia. X5 plans to increase the number of new centers and to increase the capacity and functionality of the existing ones. The project was implemented by the holding company "Adamant". The investment in construction amounted to 1.3 billion rubles.

The chain of coffee shops "Coffee Newman" enters the Russian market and opens the first restaurant in St. Petersburg. This year "Newman Coffee" plans to open three coffee shops in St. Petersburg — the first one in the shopping center "Gallery", two in Nevsky Prospekt and Bolshoy prospect of Petrogradskaya storona. In 2017 it will open three more points. The source of funding for the Russian project is own funds of the company. The chain "Newman Coffee" belongs to a Maltese company Zenith Holding Ltd.

The holding invests in enterprises implementing projects in different industries.

Moscow-based chain of clothing stores "**Fashion House**", specializing in collections of Russian industrial and designer brands, plans to open 15 boutiques in several St. Petersburg shopping centers. The first are to open in "London Mall" and in "Rodeo Drive", these will be multi-brand boutiques of the company. The chain operates in the segment of medium plus. In Moscow and St. Petersburg shops are 400-2000 sq. m, the company is engaged in operating them. In the spring of this year "Fashion House" began to develop in the regions. The investments in the opening of franchised outlets is 5 million rubles per shop. The chain already includes 30 boutiques, most of them working in Moscow, one shop in Tula and one in Nizhny Novgorod. "Fashion House" has been working in the Russian market for about 15 years, and began to open stores in Petersburg this fall.

Glorax Group will invest 3 billion rubles in the creation of a chain of fitness clubs. Glorax group is a group of companies with direct investment fund (Glorax Capital) established in 2014 for full-scale business development in priority areas: development, energy, info tech. It plans to build its own chain of fitness clubs focusing on mass market customers. The company is currently in search of land for construction and for long-term lease. The area of the future clubs will vary from 500 to 2 thousand sq. m. In addition, Glorax plans to open fitness centers in their residential complexes.



GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

This analytical overview is a publication of the International Centre for Social and Economic Research "Leontief centre" and is issued 6 times per year in Russian and English since 1992.

Each issue (20-25 pages) contains, in concentrated form, statistics and information (incl. unpublished) describing the situation in the industry, urban infrastructure, the budget sphere, the progress of privatization and investment projects in St. Petersburg, as well as the standard of living and employment.

The review provides a unique opportunity for investors, entrepreneurs, scholars, public figures to regularly and quickly obtain information about the development of the city.

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