

# **GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG**



*January-February 2020 № 163*



---

**1. CITY MANAGEMENT:** *Staff changes in the City Government committees*

---

**2. EMPLOYMENT:** *Higher demand for vacancies*

---

**3. PERSONAL INCOMES AND EXPENDITURES:** *Real salary in St. Petersburg is growing faster than in Russia on average*

---

**4. INDUSTRY:** *Hyundai plant has manufactured 2-millionth car*

---

**5. FINANCE:** *Information on the execution of the consolidated budget*

---

**6. CITY AFFAIRS:** *GUP «Passazhiravtotrans» will buy 110 new buses in 2020*

---

**7. REAL ESTATE:** *The goals of the National Project on Housing have been reached*

---

**8. INVESTMENT PROJECTS:** *Tauride Garden greenhouses to be reconstructed*

---

**Founder: IC SER Leontief Centre**

**Editor in chief:**

*Nina Oding*

**Editors:**

*Olga Varlamova*

*Denis Kadochnikov*

© IC SER Leontief Centre, 2020. When quoting from this publication, reference to "A General Overview of Socio-Economic Situation in St. Petersburg" is required.

In compiling this review, the report data of St. Petersburg Statistic Committee for 2007-2020 on the Socio-Economic Situation in St. Petersburg and the Leningrad Oblast was used.

**Editorial office address: 190005, St. Petersburg, ul. 7-ya Krasnoarmejskaya, 25; Phone: (812) 314-4119 (812) 746-8872; Fax: (812) 570-3814**



## 1. CITY MANAGEMENT

### APPOINTMENTS, GOVERNMENT COUNCILS

#### **The Chairman of the Construction Committee was replaced**

On January 19, 2020, the Governor of St. Petersburg, A. Beglov, has dismissed L. Kulakov from the post of Chairman of the Construction Committee. Since January 20, 2020, the Committee is managed by I. Kreslavsky.

#### **A new head has been appointed to the Transport Infrastructure Development Committee**

On February 12, 2020, A. Levakin has been appointed the Chairman of the Committee for the development of transport infrastructure. Before him the acting Chairman of the Committee was the first Deputy Chairman A. Semchenkov. Former Chairman S. Kharlashkin, who has worked in the Committee since 2014, in December 2019, joined Metrostroy as General Director of the company.

#### **Personnel changes in the leadership of the Committee on Physical Culture and Sports, the Committee on Industrial Policy, Innovation and Trade, and the Social Nutrition Department**

On January 29, 2020, the Chairman of the Committee on Physical Culture and Sports, N. Antyukh, and the Chairman of the Committee on industrial policy, innovation and trade, Yu. Kalabin, were dismissed from their positions based on the decree of the Government of St. Petersburg. The temporary duties were assigned to the Deputy chairmen of the committees, N. Safonova and A. Yakovlev, respectively. From February 18, 2020, A. Shantyr was appointed the Chairman of the Committee on physical culture and sports, and A. Barabanshikov - the head of the Department of social nutrition. On February 27, 2020, K. Soloveychik was appointed the Chairman of the Committee on industrial policy, innovation and trade. Prior to this appointment, in the period of 2012-2020, he held the post of President-General designer of JSC "Lenpoligrafmash". From 2010 to 2012, K. Soloveychik worked as a Deputy Chairman of the Committee for economic development, industrial policy and trade.

#### **In St. Petersburg, a new Commissioner for children's rights was elected**

According to the results of the parliamentary vote on February 26, 2020, A. Mityanina was elected to this position. In the second round of the vote, she received 26 votes from the city's Parliament and was ahead of another candidate, a member of the legislative Assembly's Staff, Yu. Shik, who received 11 votes. Before being elected to the post,

A. Mityanina was a member of the city Government and held the position of Vice-Governor, who oversaw the social block of issues. The election of a new children's Ombudsman was required because S. Agapitova worked in this position for the maximum allowed by law 10 years (two consecutive terms). After being elected to a new position, A. Mityanina left the city Government. Since February 27, 2020, the social block she oversees has been temporarily transferred to the authority of Vice-Governor V. Kirillov.

#### **A meeting of the coordination Council for local self-government under the Governor of St. Petersburg was held**

The meeting was held on January 16, 2020. It was the first after the elections of deputies of municipal councils held in September 2019. According to the results of voting, the corps of deputies was updated by 58%. At the meeting, it was noted that the main area of work of municipalities is the improvement of the territory. In the course of joint work with the city authorities, work was carried out in 145 parks and 500 courtyards.

#### **At an expanded meeting of the Board of the Main Directorate of the Ministry of Internal Affairs of Russia for St. Petersburg and the Leningrad region, the results of work in 2019 were summarized.**

The Board meeting was held on January 30, 2020. The Board noted a decrease in the crime rate in St. Petersburg. In 2019, the number of registered crimes decreased to 903 per 100000 inhabitants (in 2018-960 crimes), which is significantly less than the average for Russia - 1379 (in 2018 - 1355). According to sociological surveys, more than 80% of the city's residents are satisfied with the level of personal security and law and order.

#### **Operational staff for the prevention and control of the spread of coronavirus infection in St. Petersburg has been established**

On February 4, 2020, the corresponding decree of the Governor of St. Petersburg was published. The management of the Operational staff was entrusted to the Vice-Governor - head of the Governor's Administration V. Pikalev. The operational headquarters will coordinate the activities of the Executive bodies of the state power of St. Petersburg and territorial structures of Federal authorities in the field of prevention and control of the spread of coronavirus infection, and the development of operational measures to prevent its occurrence.

#### **St. Petersburg is preparing to host the European Football Championship**

The issues of preparing the city for the football tournament were discussed on February 18, 2020 at a meeting of the St. Petersburg organizing Committee for the preparation and holding of the European football championship 2020. The meeting discussed the results of the UEFA inspection visit to St. Petersburg on February 7, 2020. In order to support the city's efforts to prepare for the championship, the Federal budget plans to allocate 200 million rubles. These funds will be used to create zones for public viewing of football broadcasts on Konyushennaya and Dvortsovaya squares.

#### LEGISLATION

##### **Changes have been made to the laws of St. Petersburg on taxes and fees**

Based on the laws of St. Petersburg dated February 19, 2020 No 40-6 and February 20, 2020 No 49-10, amendments were made to the city laws on transport tax, on property tax of organizations, on tax benefits, and on land tax. In order to bring the legislation of St. Petersburg in line with the Federal law, the provisions that set the terms for payment of land and transport taxes and advance payments on them are excluded from these laws.

##### **Citizens who glass their balconies will be brought to administrative responsibility**

Based on the law of St. Petersburg of February 27, 2020 No. 69-13, amendments were made to the Law of St. Petersburg of May 12, 2010 No. 273-70 "On administrative law violations". According to the amendments, the actions of persons who place (install) additional glazing will be considered illegal after the entry into force of the Law of St. Petersburg of December 18, 2019 No. 674-151 "On amendments to the Law of St. Petersburg "On administrative offenses in St. Petersburg", i.e. on January 11, 2020.

##### **In St. Petersburg, the validity period of the regional (parent) capital has been extended**

Based on the law of St. Petersburg of February 28, 2020, No. 73-15, amendments were made to the City Law of November 30, 2011, No. 810-151 "on maternal (family) capital in St. Petersburg". According to the changes, the validity period of the regional maternity (family) capital is extended until December 31, 2026.

#### MEETINGS, COOPERATION

##### **The Governor of St. Petersburg held a working meeting with the Chairman of the Gazprom management board**

The meeting was held on January 20, 2020. A. Beglov and A. Miller discussed cooperation between St. Petersburg and Gazprom. The focus was on improving the streets and squares of St. Petersburg, which is financed by Gazprom, further improving the reliability of gas supply and gas distribution systems in the southern part of the city, and converting vehicles to gas-powered fuel. In addition,

issues related to the purchase of high-tech products by Gazprom PJSC from St. Petersburg enterprises and the construction of sports complexes under the Gazprom-for children program were discussed.

##### **The Concept plan of infrastructure development of the St. Petersburg railway hub was discussed**

The document was reviewed on January 24, 2020 during a working meeting between the Governor of St. Petersburg, A. Beglov, and the General Director and Chairman of the Board of JSC "Russian Railways", O. Belozеров. Participants in the implementation of the Concept are St. Petersburg, Leningrad region and JSC "Russian Railways". The key measures of the Concept are: construction of the North-Eastern and South-Western bypasses for the withdrawal of freight transit railway traffic beyond the borders of residential zones, the launch of new suburban routes from Beloostrov to Oranienbaum and from Gatchina to Toksovo, the construction of new railway stations. During the meeting, the Governor of St. Petersburg met the new head of the Oktyabrskaya railway - a branch of JSC "Russian Railways" V. Golomolzin.

##### **St. Petersburg and Leningrad region will prepare a joint integration plan**

This was announced by the Governor of St. Petersburg A. Beglov on February 4, 2020. Earlier, the Governor of Leningrad region A. Drozdenko made a proposal for the integration of two neighboring regions. Integration does not involve merging St. Petersburg and the Leningrad region into a single subject of the Russian Federation. We are talking about achieving greater coherence in the implementation of urban planning, social, tariff, transport, environmental and other policies. According to A. Drozdenko the city and the region should operate the same tariffs for utilities, water, electricity, gas, social payments. The construction of roads linking the city and the region should be financed on a parity basis. In the Government of St. Petersburg, Vice-governors E. Elin and V. Knyaginina will be responsible for preparing the integration plan.

##### **The delegation of St. Petersburg visited Turkmenistan on an official visit**

The official delegation of St. Petersburg, headed by Governor A. Beglov, visited Turkmenistan from February 12 to 14, 2020. In addition to high-ranking officials, the St. Petersburg delegation included heads of enterprises in the road and shipbuilding industries, energy, information technology, pharmaceuticals, public utilities, as well as the International Russian-Turkmen archaeological expedition. During the visit, a Roadmap for cooperation in trade, economic, scientific, technical and cultural fields for 2020-2025 was signed.

##### **St. Petersburg strengthens cooperation with the Republic of Korea**

Issues of cooperation development were discussed on February 18, 2020 at a meeting of the Governor of St. Petersburg A. Beglov with the Ambassador of the Republic of Korea to Russia Lee Sok Pae, the General Director of the Hyundai Motor manufacturing Rus automobile plant Song Gyeong-su and the General Director of the Hyundai VIA Rus automobile engine manufacturing plant Oh Sunghun. During the conversation, issues related to the construction of a plant for the production of engines in St. Petersburg were discussed. According to the plans, the company, which will employ about 500 people, will start working in 2021. Currently, issues of infrastructure provision for the territory where the plant will be located are being resolved.

#### **The President of Russia held a working meeting with the Governor of St. Petersburg at the Konstantinovsky Palace**

The meeting was held on February 19, 2020. President of Russia Vladimir Putin and Governor of St. Petersburg Alexander Beglov discussed the use of funds allocated in 2019 from the Federal budget for the purpose of acquiring buildings and premises for educational and health institutions. The Governor of St. Petersburg informed the President that all funds in the amount of 10.6 billion rubles were fully disbursed and on time. In 2019, 44 kindergartens, 12 schools, and 16 medical facilities were built in the city. During the conversation, the progress of work on the creation of the Tuchkov Buyan Park, the development of the Judicial quarter, the implementation of national projects, the reform of public passenger transport and the provision of housing for preferential categories of population was reviewed.

#### **The annual Congress of the Council of municipal formations of St. Petersburg was held**

The Congress was held on February 26, 2020. The Chairman of the Council of municipalities of St. Petersburg V. Belikov made a report on the results of local government in 2019 and on current issues. The participants of the Congress discussed the initiative to form a single collegial body for the implementation of national projects with the participation of representatives of local governments.

#### **The IV International labor forum was held in St. Petersburg**

The Forum was held on February 27-28, 2020 at the Expoforum Convention and exhibition center. The forum was organized by the Government of St. Petersburg, the Interparliamentary Assembly of CIS member States, St. Petersburg State University and Expo Forum international. The Forum is aimed at creating the country's largest platform for discussing issues of human capital development, contributing to the creation of a comprehensive strategy for the development of Russian human capital based on advanced scientific research and best global practices. One of the main topics of this year's forum is the regulation of the labor market and the development of human capital through dialogue.



## **2. EMPLOYMENT**

In December 2019, **1522.8 thousand people were employed at large and medium-sized enterprises** (table 1). Full-time employees accounted for 94.5% of those employed at these enterprises. In comparison with the previous month, the number of full-time employees increased by 0.2%, the number of contracted employees increased by 11.1%, and the number of part-time employees decreased by 0.1%.

In January-December 2019, the number of employees at these enterprises increased by 2.1% compared to the same period in 2018. The number of full-time employees increased by 2.2% over the same period. The number of part-time employees fell by 3.8%, while the number of employees working under temporary contracts increased by 5.5%.

In December 2019, manufacturing, education, transport and communications, healthcare, wholesale and retail trade accounted for the largest number of jobs, while agriculture and forestry, hotels and restaurants, and other services accounted for the smallest number (table 2). Public sector employed 49.1% of all employees at large and medium-sized enterprises.

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

	<i>December 2019</i>		<i>January-December 2019 in % to January-December 2018</i>
	<i>'000 people</i>	<i>In % to November 2019</i>	
Filled jobs total, including:	1522,8	100,5	102,1
Registered permanent employees	1439,0	100,2	102,2
External by-workers	33,6	99,9	96,2
Contracted labour	50,2	111,1	105,5

**TABLE 2. Employment at enterprises and organizations of St. Petersburg by the type of economic activity in December 2019 (without small enterprises)**

Industry	Total employment	
	'000 people	% of the total
Total, including:	1522,8	100,0
Manufacturing	214,1	14,1
Production and distribution of electric power, gas and water	44,8	2,9
Agriculture and forestry	4,6	0,3
Construction	49,4	3,3
Transportation and telecommunications	211,9	13,9
Finance	57,0	3,7
Real estate transactions, leasing and services	38,9	2,6
Wholesale and retail trade, repair of motor vehicles and home appliances	170,2	11,1
Hotels and restaurants	28,8	1,9
Public administration, security and social care	93,1	6,1
Education	225,9	14,8
Healthcare and social services	169,5	11,1
Culture, sports, entertainment	50,2	3,3
Science and technology	118,7	7,8
Administrative services	37,4	2,5
Other services	8,3	0,6

In Q4 2019, the number of economically active population (EAN) was 3087.3 thousand people, including 3042.0 thousand employed and 45.3 thousand unemployed. 1480,3 thousand people are not included in the workforce. During the period under review, the employment rate was 66.6% (the share of the employed in the total population aged 15 to 72 years), the level of economic activity was 67.6% (the share of the economically active population in the total population aged 15 to 72 years) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

According to Petrostat, the number of employees scheduled for release in the fourth quarter of 2019 in organizations of St. Petersburg (without small businesses) amounted to 3727 people or 0.25% of the total number of employees of organizations of St. Petersburg (without small businesses) in November 2019. At the same time, the number of required employees for vacant jobs at the end of the third quarter of 2019 in organizations of St. Petersburg (without small businesses) was 68.6 thousand people.

In January 2020, the need of Petersburg enterprises for employees amounted to 30.3 thousand people (table 3).

At the end of January 2020, the need for employees declared by employers to the Employment Service amounted to 30,300 vacancies, of which 56.5% were in working professions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January 2020, the largest number of vacancies was declared by organizations related to the following economic activities: manufacturing-14.5%; wholesale and retail trade, repair of motor vehicles and motorcycles-12.1%; health and social services – 10.1%; hotels and catering – 8.7%; transportation and storage-8.3%; education

– 7.7%; public administration and military security – 7.6%; construction – 7.4%; administrative and related services – 7.3%; real estate operations-4.4%; professional, scientific and technical activities-2.1% (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January 2020, as in the same period of 2019, programmers, teachers, managers, engineers, doctors, and nurses remain the most popular among employees who are among the top ten in short supply. In 2020, the deficit of police officers, managers and engineers increased, and the deficit of doctors and craftsmen decreased. There was a shortage of medical staff-anaesthetists, interpreters, educators.

In January 2020, compared to the same period of the previous year, anti-corrosion specialists, car drivers, bricklayers, and installers are still in demand among the specialists of the working professions. The shortage of car drivers and installers has increased, and the shortage of installers has decreased. There was a shortage of manicurists, carpenters, concrete workers, sinkers, installers of steel and iron-concrete structures, and rebar workers.

Labor market tension (the number of unemployed citizens registered with the employment Service, per vacancy) at the end of January 2020 was 0.75 people / vacancy (at the end of January 2019 – 0.57 people / vacancy).

In January 2020, 22.6 thousand people were registered in the employment Service of St. Petersburg. This is the same as in January 2019 (table 4). In January 2020, 61.5% of those registered with the employment Service were officially recognized as unemployed.

At the end of January 2020, the total number of people who applied to the state employment service of St. Petersburg (the employment Ser-

vice) was 26448 (at the end of January 2019-25,368).

The number of registered unemployed citizens at the end of January 2020 was 13904, including: women – 56.2%; youth aged 16-29 – 11.1%; entrepreneurs-13.1%, citizens of pre-retirement age-22.6% (at the end of November 2018, the number of unemployed was 12689)

(<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January 2020, 2.2 thousand people received the status of unemployed (0.2 thousand people or 12.3% more than in January 2019). The employment rate of the unemployed in January 2020 was 0.2 thousand people or 1.6 times more than in the same period of 2019, and amounted to 0.7 thousand people.

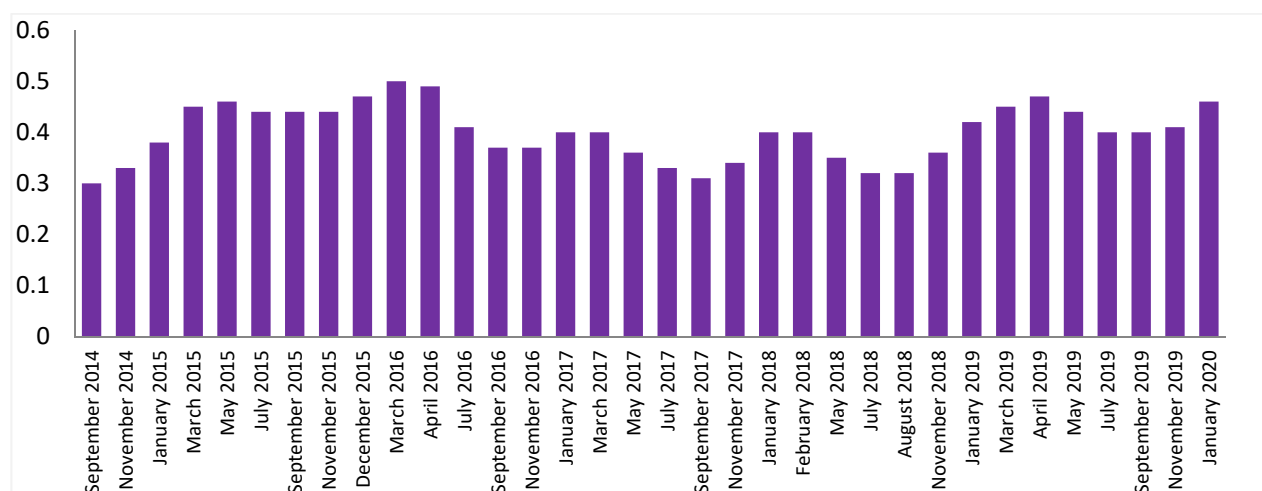
**TABLE 3. St. Petersburg enterprises' demand for workforce, January 2019 – January 2020**

Month	Demand for workforce reported to the Employment service, thous. people	Number of unemployed people per 1 vacancy		
		persons	In % to the previous month	In % to the same month of the previous year
January 2019	39,6	0,6	120	85,7
February	40,4	0,6	100	85,7
March	40,5	0,6	100	85,7
April	40,9	0,6	100	100
May	43,7	0,5	83,3	83,3
June	44,5	0,5	100	100
September	37,6	0,6	120	120
October	35,4	0,6	100	150
November	33,9	0,6	100	120
December	31,2	0,7	116,7	140
January 2020	30,3	0,7	100	116,7

**TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2019, January-2020**

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 2019	22,6	12,7	105,4	106,5
February	24,3	13,8	108,5	112,6
March	24,2	13,6	98,8	119,0
April	24,1	14,2	104,4	126,7
May	21,7	13,3	94,0	123,8
June	20,4	12,3	92,4	126,6
July	20,4	12,3	99,8	126,9
August	20,5	11,9	97,0	124,3
September	22,1	11,9	99,6	124,4
October	21,4	12,3	103,1	118,4
November	21,7	12,5	102,2	115,1
December	21,3	13,9	110,8	115,1
January 2020	22,6	13,9	100,3	109,6

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



According to Rosstat, in the fourth quarter of 2019, the unemployment rate (according to the methodology of the international labor organization) was 1.5% of the economically active population (EAN). St. Petersburg had one of the lowest unemployment rates among the Russian regions (3.6% in the North-Western Federal district, 1.5% in Moscow, and 4.5% in the Russian Federation).

The registered unemployment rate (the ratio of the number of registered unemployed to the number of the labor force on average for 2018) at the end of January 2020 was 0.46% (at the end of January 2019, this indicator was 0.42%) ([www.rspb.ru](http://www.rspb.ru)) (RISU-NOK 1). This is the lowest indicator among the regions of the North-Western Federal district.

### 3. PERSONAL INCOMES AND EXPENDITURES

#### PRICES

In 2019, prices in the consumer sector of the economy of St. Petersburg increased by 3.0%. In the same period of 2018, it was 3.9%.

The growth of consumer prices for 2019 in St. Petersburg was the same as the national average. In January 2020, consumer prices increased by 0.7% (table 5).

In 2019, in St. Petersburg, tariffs for paid services to the population increased by 3.9%. For comparison, their growth in 2018 was 3.3%.

The growth of prices for paid services in St. Petersburg in 2019 was 0.1% higher than the average Russian level. Prices for paid services increased by 1.1% in January 2020.

In 2019, prices for food and non-food products increased by 2.4% and 2.6%, respectively. The growth of prices for food products in St. Petersburg in 2019 was below the national average by 0.2%, and for non-food products below the national average by 0.4%.

Food prices in January 2020 in St. Petersburg increased by 1.0%, and non-food prices increased by 0.2%.

In January 2020, prices grew for fruits and vegetables (by 6.9%), butter, fats (by 1.1%), cheeses, milk and dairy products, sausages, confectionery, alcoholic beverages (by 0.4%), cereals and legumes (by 0.3%), fish (by 0.1%).

During the period under review, meat and poultry, bread and bakery products fell in price (by 0.5%).

Among non-food products in January 2020, St. Petersburg recorded an increase in prices for detergents and cleaning products (by 1.3%), tobacco products (by 0.7%), tableware, medicines (by 0.4%), knitwear and (by 0.2%), electrical goods (by 0.2%), fabrics, clothing, shoes (by 0.1%).

**TABLE 5. Consumer price index dynamics in 2019, January 2020, % to the previous month**

	<i>St. Petersburg</i>				<i>Russian Federation</i>			
	<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 2019	101,1	101,8	100,5	101,0	101,0	101,3	100,6	101,1
February	100,4	100,8	100,1	100,3	100,4	100,8	100,9	101,3
March	100,3	100,7	100,3	99,95	100,3	100,5	101,2	101,5
April	100,4	100,5	100,3	100,2	100,3	100,4	100,2	100,2
May	100,5	100,6	100,2	100,7	100,3	100,4	100,2	100,4
June	100,1	99,4	100,2	100,8	100,0	99,5	100,2	100,6
August	99,4	98,7	99,7	99,8	99,8	99,1	100,2	100,2
September	99,9	99,4	100,2	99,98	99,8	99,6	100,2	99,8
November	100,2	100,3	100,03	100,2	100,3	100,5	100,2	100,1
December	100,4	100,5	100,1	100,6	100,4	100,7	100,1	100,2
January 2020	100,7	101,0	100,2	101,1	100,4	100,7	100,2	100,2
December 2019 in % to December 2018	103,0	102,4	102,6	103,9	103,0	102,6	103,0	103,8
December 2018 in % to December 2017	103,9	104,0	104,3	103,3	104,3	104,7	104,1	103,9

**TABLE 6. Real salary dynamics in St. Petersburg and the Russian Federation in 2018-2019, %**

	<i>St. Petersburg</i>		<i>Russian Federation</i>	
	<i>Real salary</i>		<i>Real salary</i>	
	<i>To the previous month</i>	<i>To the same month of the previous year</i>	<i>To the previous month</i>	<i>To the same month of the previous year</i>
January 2018	80,5	117,9	76,3	111,0
February	99,5	111,9	102,5	110,5
March	104,7	108,9	104,7	108,7
April	98,3	108,9	102,4	107,6
May	95,6	106,9	100,9	107,6
June	109,1	104,9	103,6	107,2
July	95,0	108,5	92,2	107,5
August	94,3	105,4	97,5	106,8
September	102,3	105,5	100,9	104,9
October	100,9	104,5	101,0	105,2
November	100,2	104,0	100,0	104,2
December	132,3	102,5	128,4	102,5
January 2019	72,5	93,1	74,8	101,1
February	102,8	97,2	101,1	100
March	109,5	101,3	107,2	102,3
April	98,4	100,8	103,2	103,1
May	95,3	100,4	101,6	99,4
June	107,5	99,2	102,9	102,9
July	96,6	100,3	103,0	93,9
August	94,4	100,6	102,4	96,7
September	101,8	100,2	103,1	101,3
October	103,3	102,6	103,8	102,0
November	99,4	100,5	102,7	99,1
December	136,2	104,3	106,9	134

As of February 1, 2020, salary arrears amounted to 144.2 million rubles. The amount of arrears increased by 5.4% compared to February 1, 2019. 10.9 million rubles of debt was formed in 2018. Construction sector accounted for 50.5% of the total debt, manufacturing - 48.8%, and research and development - 0.7%.

#### **DIFFERENTIATION OF INCOMES AND SALARIES IN ST. PETERSBURG**

During the period under review, paper and stationery products' prices fell by 0.4%, construction materials - by 0.2%, haberdashery and perfumes-by 0.1%. The price of hosiery has remained unchanged.

In January 2020, payments for cold and hot water supply, sanitation, housing maintenance and repair, operating expenses, gas and electricity, and capital repairs remained unchanged.

In January 2020, public transport became more expensive by 8.3%, kindergarten attendance by 5.1%, and long-distance telephone service by 1.7%.

The cost of travel on long-distance trains fell by 10.9%, flight by plane-by 9.7%, hotel accommodation - by 6.8%.

In 2019, gasoline prices increased by 2.1%, and diesel prices increased by 1.9%. In January 2020, gasoline prices increased by 0.3%, while diesel prices increased by 0.8%.

#### **PERSONAL INCOMES AND EXPENDITURES**

In 2019, real wages in St. Petersburg increased by 4.3%, while in Russia they increased by 2.9% (table 6).

The average monthly nominal wage accrued in St. Petersburg in December 2019 was 83582 rubles. The Average nominal salary of Russian citizens in December 2019 was 25.5% less than in St. Petersburg and was equal to 62,239 rubles.

Thus, the gap between the highest wage (mining) and the lowest (hotels and restaurants) was 9.4 times in this month, compared to 4.9 times in October, 6.9 times in August and 5.8 times in June 2019.

The highest wages in December 2019 were for mining (the wages of employees in this industry were 4.58 times higher than the average wage in St. Petersburg).

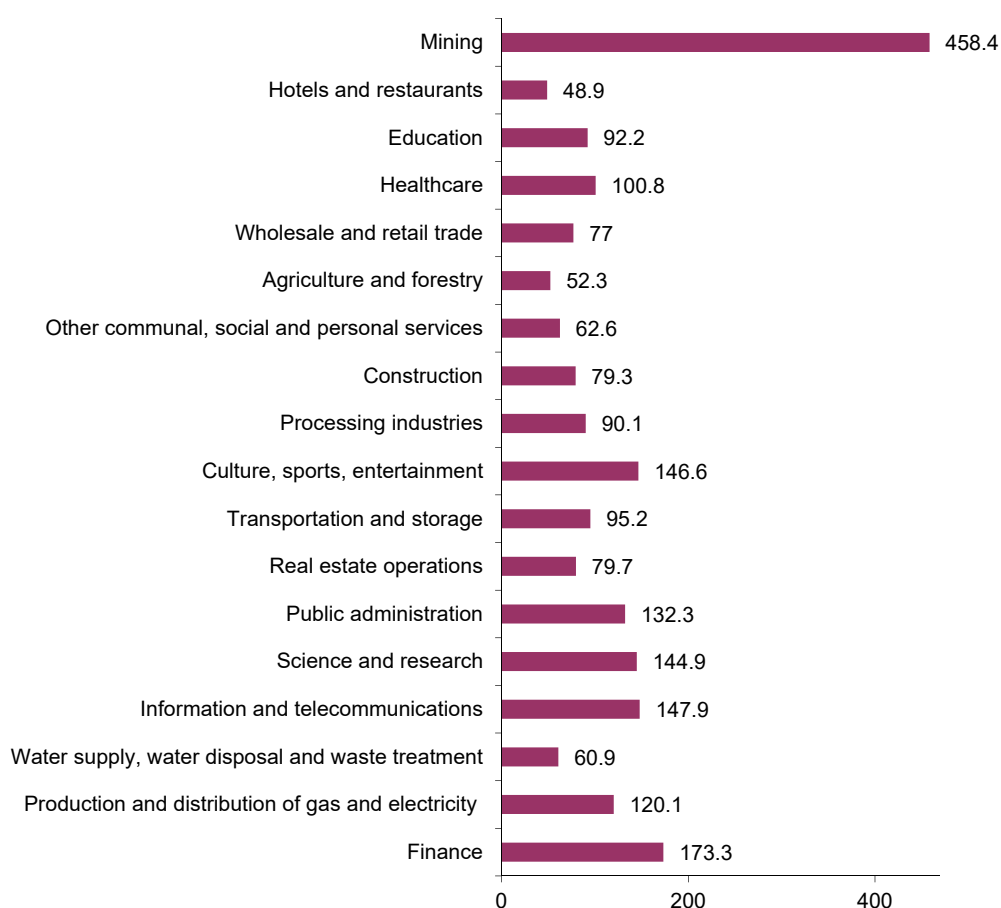
In December 2019, the average salary in St. Petersburg was significantly higher than the remuneration of employees engaged in financial activities (by 73.3%), in the field of information and communication (by 47.9%), in scientific and technical activities (by 44.9%), in the field of culture, sports, leisure and entertainment (by 46.6%).

And the lowest wages were paid to employees in hotels and restaurants (48.9% of the average salary), in agriculture (52.3% of the average salary) and in providing other public, social and personal services (53.4% of the average salary).



**TABLE 7. Salary arrears in St. Petersburg in November-December 2018, 2019, January-February 2020 (on the 1<sup>st</sup> of each month), mln. rubles**

	November 2018	December	January 2019	February	March	April	May	June	July	August	September	October	November	December	January 2020	February
Total arrears	174,3	159,8	129,1	136,8	90,9	53	75,4	85,9	94,3	115,8	139,6	118,3	175,3	290,9	145,3	144,2
Including arrears due to the lack of budget financing	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	3,8	0,0	0,0	0,0	0,0

**PICTURE 2. Inter-industry differentiation of average salary in December 2019 in St. Petersburg, % of the average salary (the average salary = 100%)**

#### 4. INDUSTRY

The industrial production index in St. Petersburg in January-December 2019 compared to January-December 2018 was 104.8%. In January

2020, compared to January 2019, the industrial production index in St. Petersburg was 104.4%.

On February 5, a smart manufacturing shop for the synthesis of plastic lubricants for automotive and ton-building started operating in the Kirovsky district of St. Petersburg. The shop is 80% automated and requires almost no human

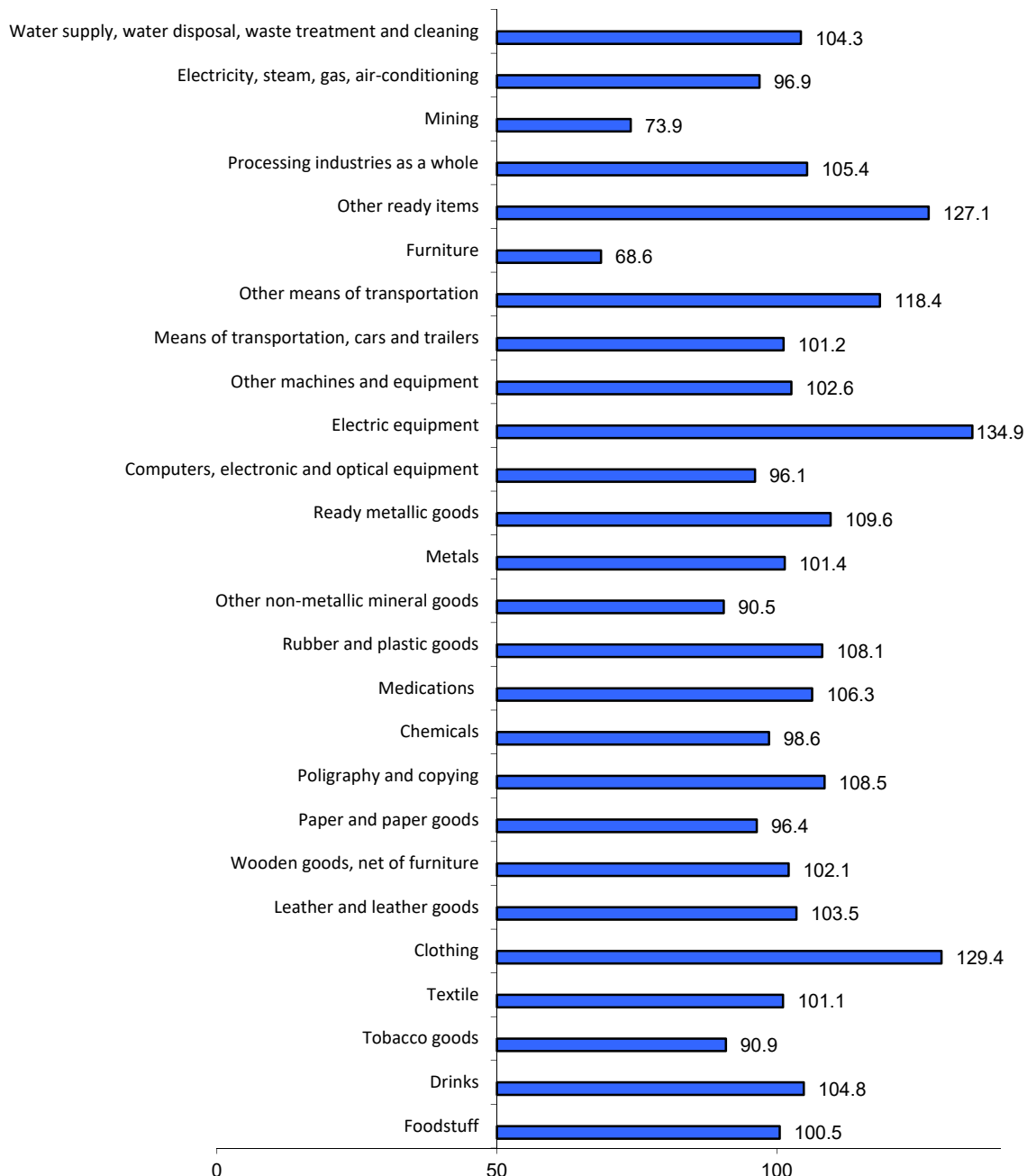
intervention. The finished product is unloaded in just 8 hours. Previously, the entire process could take 24-48 hours. (<http://www.kirnnews.ru/> February 5, 2020).

Hyundai plant in St. Petersburg ("Hyundai Motor Manufacturing Rus") has released on February 18, 2020 2-millionth car since the beginning of the enterprise, according to OOO "Hyundai Motor CIS". The 2-millionth car was the updated Hyundai Solaris of blue color. It took 9 years for the Russian Hyundai Motor plant to produce 2 million cars. Production was launched in January 2011. Of the 2 million vehicles produced, 930000 were Hyundai Solaris and 245000 were Hyundai

Creta (Hyundai Motor CIS LLC, February 18, 2020).

On January 29, 2020, the "Yakov Balyaev" mine defense ship of project 12700 Alexandrit was launched at the Sredne-Nevisky shipyard (part of the United shipbuilding Corporation). The ship was laid down in December 2017, it is the fourth ship in the line of project 12700 "Alexandrit". The lead ship of the series "Alexander Obukhov" was transferred to the Russian Navy in 2016. Later, the minesweepers "Ivan Antonov" and "Vladimir Yemelyanov" were built and transferred to the customer. At the moment, three more ships of the project 12700 are in various stages of readiness at the shipyard ([www.kommersant.ru](http://www.kommersant.ru) January 29, 2020).

**PICTURE 3. Industrial production dynamics in St. Petersburg by industry, January-December 2019 in % to January-December 2018**



## 5. FINANCE

In January–November 2019, the net financial result (profit minus loss) of organizations amounted to 848.1 billion rubles, which is 41.6% more than in the corresponding period of 2018.

In January–November 2019, the number of unprofitable organizations decreased by 8 units or 1.1% compared to the same period in

2018, and the amount of loss decreased by 31.7%.

### CITY BUDGET

Information on the implementation of the consolidated budget is provided in table 9.

### STATE DEBT

Information on the structure of the state debt as of February 1, 2020 is provided in the tables 10 and 11.

**TABLE 9. Consolidated budget execution as of December 1, 2019 (bln rubles)**

	Revenues	Expenditures	Surplus (+) Deficit (-)
January-October	542	500	42
January-November	586	554	32

Source: Petrostat

**TABLE 10. St. Petersburg's state debt structure on February 1, 2020**

	Mln rubles
State domestic debt of St. Petersburg, including:	30 100
Bonds	30 100
Budget Credits	0,0
State external debt of St. Petersburg	0,0
Total	30 100

Source: Petrostat

**TABLE 11. Debt service expenditures of the budget of St. Petersburg, as of February 1, 2020 (mln rubles)**

Item	Plan for 2020	Fact on 01.02.2020
Domestic debt service costs	3923,0	0
Total	3923,0	0

Source: Committee on finance of St. Petersburg

## 6. MUNICIPAL AFFAIRS

### BEAUTIFICATION, RESTORATION, CAPITAL REPAIRS

The Directorate of the State Hermitage Museum has terminated the contract with the contractor for the restoration of the Exchange building. The contract with a total value of 299.5 million rubles was signed with OOO "Meander" in November 2018, but the company was unable to complete the work on the restoration of facades, roofs and engineering networks on time. The new competition will be announced as soon as possible. (Based on the materials of Kommersant»)

In 2020, it is planned to repair the facades of 30 multi-apartment residential buildings in Kronstadt, which is about 25% of the gardens in need of repair. The total cost of the work will be more than 217 million rubles. As the press service of GATI notes, at the beginning of 2020, 39% of facades in St. Petersburg were in poor condition. In 2019, 275 facades were repaired. (Based on the materials of Kommersant»)

### TRANSPORTATION, ENERGY, WATER SUPPLY

In January 2020, transport organizations in St. Petersburg transported 743 thousand tons of

cargo (which is 15.1% higher than in the same period of 2019) and 45.9 million passengers (which is 2.7% higher than in January 2019). At the same time, cargo turnover was 462 million ton-km (38% more than in January 2019), and passenger turnover was 277.8 million passenger-km (which is 7.3% higher than in 2019). The number of road accidents was 467, which exceeded the level of the same period in 2019 by 10.4%. (According to Petrostat)

In January 2020, Pulkovo airport served more than 1.3 million people, which is 8% higher than in the same period of 2019. The volume of traffic on international routes increased by 4.8% to 407 thousand people. On domestic airlines, passenger traffic amounted to 921 thousand people — 9.4% more than in January 2019. In total, more than 12.4 thousand take-off and landing operations were performed in Pulkovo during the first month of 2020. Russia, Aeroflot, Pobeda, S7 Airlines and Smartavia became the leaders in terms of traffic volume by the end of January 2019. Among foreign carriers, Belavia, Lufthansa, Uzbekistan Airways, Emirates and Finnair are the leaders. The most popular Russian destinations were Moscow, Sochi and Kaliningrad, while international destinations were Minsk, Dubai and Helsinki. (Based on the materials of the press service of VVSS LLC»)

In 2020, the state unitary enterprise "Passazhiravtotrans" plans to purchase 110 new buses on leasing terms, 60 of them will be gas-powered, and 50 – diesel. The total cost of purchases will be 2.17 billion rubles, of which 1.18 billion rubles will be spent on gas-powered equipment. Thus, the average cost of one gas bus will be 19.7 million rubles, and diesel, depending on the class, from 16.7 to 23 million rubles. By 2023, the enterprise plans to expand the fleet of buses using alternative fuels to 385 units, electric buses – up to 50 units. (Based on the materials of Komersant»)

The operator of the Western high-speed diameter, LLC "Mainline of the Northern capital", introduces a fee for the use of transponders from March 10, 2020. The cost of purchasing a transponder will be 1000 rubles, and renting the device will cost 50 rubles per month. For owners of transponders, the terms of use will not change. Since January 18, the cost of driving on the ZSD has also increased: up to 150 rubles per tariff zone for drivers of motorcycles and passenger cars, and up to 250 rubles for truck drivers. For transponder owners, the cost was reduced by an average of 16%. One of the reasons for the increase in the cost of travel was a 10% increase in traffic for the FTA in 2019, which reached more than 97 million trips. (Based on the materials of the press service of LLC "MSS»)

## MAJOR CITY PROJECTS

The administration of St. Petersburg plans to announce a tender for the construction of a Western high-speed diameter interchange on Vasilievsky island in the area of the Skipper's Bay and the reconstruction of the road network next to the interchange. The goal of the project is to improve the transport accessibility of alluvial areas and increase the capacity of the highway. The preliminary cost of the project is 7 billion rubles, and the completion period is 2.5 years (based on RBC materials)

Investments in the railway hub of St. Petersburg by 2030 may amount to about 600 billion rubles. The main expenses will be investments in two lines of modern electric trains – from Toksovo to Gatchina and from Belo-Ostrov to Oranienbaum. It is planned that these routes will also be integrated with metro stations and Pulkovo airport. (According to the REGNUM)



## 7. REAL ESTATE

### HOUSING AND CIVIL CONSTRUCTION

In 2019, the Ministry of construction and housing and communal services of the Russian Federation approved normative indicators for housing commissioning under the national project "Housing and urban infrastructure" and the Federal project "Housing".

According to the results of the year, St. Petersburg is one of the leading regions of housing construction, along with the Moscow region, Moscow, Krasnodar territory, Tatarstan, Rostov, Leningrad and Sverdlovsk regions.

In 2019, the volume of housing commissioning in Russia increased by 6.1% to 43.5 million square meters of housing in multi-apartment buildings and 36.8 million square meters of individual construction.

According to the press center of the Committee on construction of St. Petersburg, 3.45 million square meters of housing were commissioned over the past year, including individual construction. There are 1,645 houses and 72,700 apartments in the city. Most of them were built in the Primorsky district—98 houses, 15275 apartments or 618 thousand square meters of housing. In the Primorsky district, 98 houses with a total area of 618 thousand square meters were handed over, and in the Vyborg district, 188 houses with an area of 467 thousand square meters were handed over.

In addition, 65 General-use civil facilities were put into operation, including a social and household complex in the Primorsky district, a state hospital in the Vyborg district, an office center in the Nevsky district, and an ambulance station in Pushkin. At the end of December, Detskoselskaya, the first 35/10 kV power substa-

tion in St. Petersburg, was launched to power the M11 Moscow-St. Petersburg Expressway and residential buildings in the Pushkinsky district.

According to the press service of the Construction Committee, in January 2020, 220124.30 square meters of housing were commissioned in the city - 34 houses with 4345 apartments, including individual construction.

In mid-January, a 218-seat kindergarten was opened in Shushary. A new school has been opened in the Krasnoselsky district; so far it has 625 children, while the school is designed for 1400 students.

### NON-RESIDENTIAL

As reported by bsn.ru with reference to Colliers International's research, the office real estate market in St. Petersburg increased by 18 business centers with a total area of 129700 square meters (GLA) in 2019. The 2019 offer is mainly represented by class B properties, accounting for 83% of office space.

Most of all - 30,000 sq. m of new space - is concentrated in the Primorsky district, of which just over half is formed only by the Business Box business center (GLA 15,750 sq.m). In general, the structure of distribution of offices by city districts has not undergone significant changes – the Moscow, Central, Primorskiy and Petrogradsky districts remain the leaders. The current development is concentrated in the Moscow and Primorsky districts – where 29% and 24% of offices under construction are located. The first place in the demand rating with a 34% share was again taken by Gazprom and other representatives of the energy sector of the economy. With their participation, the largest lease deals were concluded for the year: offices with an area of 8,800 sq. m and 7,230 sq.m were leased in BC Energo-2 and BC New Holland under construction, respectively.

According to research by Knight Frank St Petersburg, 3.7 thousand apartments were commissioned in 2019 in the city, which is 21% more than in 2018. In 2019, sales in 9 new apartment hotels (or queues of objects already being sold) with 9.6 thousand units were opened. The list of commissioned objects includes such large complexes as Salut (buildings 5.1 and 5.2), Like, and VALO (1st stage). The service apartments segment is progressing the most, according to the Knight Frank St Petersburg study: their share in the total offer was 81%. Average prices for all types of apartments have increased over the past year, with an increase of 8-16%, depending on the format of the objects. The average price for service apartments was 154 thousand rubles/sq. m., for non – service apartments-163 thousand rubles/sq. m.

By the end of 2020, it is planned to put on sale 7 objects with a total of 3.6 thousand apartments. Important events of this year are the appearance of the draft law of the Ministry of con-

struction of the Russian Federation on the status of apartment hotels, as well as the possible tightening of requirements and regulations applied to the design and construction of this type of real estate (restate.ru).

According to Becar Asset Management, in 2019, 15 new co-working groups with 862 seats were launched in St. Petersburg. However, 10 previously opened "flexible" offices were closed (restate.ru)

### CO-INVESTORS

According to the Minister of construction of the Russian Federation V. Yakushev, the first results of the implementation of the national project "Housing and urban environment" show that the housing construction sector has reached positive dynamics. 101 million square meters of housing are currently under construction. Of these, using escrow accounts — 28.04 million square meters of real estate. Houses that are built according to the old rules must be put into operation within two years. As of February 2020, there are 2992 houses in 75 regions of the Russian Federation in the Unified register of problem objects.

St. Petersburg in 2019 was able to complete the construction and commissioning of 20 distressed residential complexes on 6320 apartments with a total area of 283 thousand square meters including a complex "Okhta Modern" on Bolsheokhtinsky prospect and one of the buildings of "New Scandinavia" on the Suzdal highway, one of the three "problem" complexes the residential complex "urban Park". It is planned to complete the construction of at least 22 problematic residential buildings with 4416 apartments in 2020.

### TERRITORIAL DEVELOPMENT, REGULATION

At a meeting in the Ministry of construction on January 22, Deputy Prime Minister M. Khusnullin identified the tasks for the near future: working out the regulatory framework and freeing the construction sphere from unnecessary restrictions, radically changing the approach to pricing, and increasing the amount of capital repair financing. The head of the Ministry of construction noted that in order to achieve the goals set in the national project "Housing and urban environment", it is necessary to build and modernize the municipal infrastructure, distribute emergency housing, and implement the program of individual housing construction.

In St. Petersburg, as a city of Federal significance, cadastral assessment of objects for taxation should be carried out no more than once every two years and no less than once every five years. The last cadastral assessment was approved in November 2018, a little more than a year ago. Nevertheless, in 2020, the next real estate revaluation begins for tax purposes and replenishment of the city budget.

This year, the reassessment shall be applied to 3 204 384 objects. From the unified state register of land, the appraisers received information about the characteristics of 145358 plots, 120202 buildings, 13716 structures, 1191 objects of unfinished construction, and 16513 parking spaces. The main array – apartments, rooms and "extensions": specialists of the state institution "Cadastral assessment" will assess 2 907 404 spaces, including 2 380 233 residential and 527 171 non-residential. As the portal reports nsp.ru at the first stage, experts will group objects, determine the factors that affect the price, and form economic models. The results will be published in April on the websites of the CIO ([www.commim.spb.ru](http://www.commim.spb.ru)) and GBU "Cadastral assessment" ([guko.commim.gov.spb.ru](http://guko.commim.gov.spb.ru), [www.ko.spb.ru](http://www.ko.spb.ru)). Within 50 days, citizens can submit complaints and challenge the assessment. The final figures will be approved at the end of 2020 and will come into force in 2021. Citizens will receive payment cards with updated amounts in early 2022. Under the current law, the tax on land plots and real estate objects cannot grow by more than 10% per year.

From 2020 in St. Petersburg, the payment for major repairs of houses will increase from 4-5 rubles per square meter immediately to 8-9 rubles. Residents of pre-renovation houses and those that were built after 1980 and have external multilayer, and plastered enclosing structures, as before, will pay the most: depending on the presence or absence of an elevator, the rate is 8.5 or 9 rubles. The lowest contributions are intended for residents of brick houses of the 1970s and 1980s: 8 or 8.5 rubles (according to the materials: [bsn.ru](http://bsn.ru))

## 8. INVESTMENT PROJECTS

According to Petrostat, the total volume of financial investments of organizations (excluding small businesses) in January-December 2019 was 16986,8 billion rubles, including long-term investments of 1656,1 billion rubles or 9.7%, and short-term investments of 15330,7 billion rubles, or 90,3%.

### **Gazprom has officially confirmed its intention to reconstruct greenhouses in the Tauride garden**

Smolny has completed accepting applications for participation in the competition for the reconstruction of greenhouses in the Tauride garden. Of the three previously known applicants for this concession agreement, only one has applied – the Gazprom's Fund Social Initiative Support Fund. According to the terms of the competition, the investor will have to create a public space with three orange trees with an area of at least 1000 square meters, exhibition and concert facilities on

the territory of abandoned greenhouses on Potemkinskaya street in 34 months. At least 60% of the area should be used for greenhouses and leisure facilities. Last year Smolny decided to transfer the complex of emergency buildings of greenhouses of the Tauride garden to a private investor under a concession agreement.

### **Invitro plans to establish a network of outpatient departments with the same name in St. Petersburg**

The first of them has already started working at the Sportivnaya metro station; nine more are planned to open in the next two years. We are talking about creating polyclinics in the format of "next door", which provide services to adults and children, each of them will have its own laboratory department with diagnostic equipment. The average area of such a center will be from 80 to 150 square meters, and the volume of investments will be about 5 million rubles.

### **Setl Group starts work on restoration of the production building of the Kinovievsky ultramarine plant on Oktyabrskaya embankment**

Kinovievsky plant was founded by an industrialist George Vege in 1876 and became the first enterprise in Russia that produced ultramarine - a pigment designed to give a shade to paint materials. The buildings of the enterprise, built in the "brick style", were rebuilt several times; there were production workshops, workshops, baths, laundry, and workers' apartments. In Soviet times, the plant was nationalized, and in 1954 it became known as "Pigment".

The project for the restoration of the production building for Setl Group was prepared by "NII-PI Spetsrestavratsiya". Given the rich history of the plant, the designers had a task to preserve valuable architectural monuments of different eras, but at the same time to adapt the building to modern use. The project assumes that the exterior walls will be restored in historical dimensions and the roof — in historical forms, structures and dimensions. The chimney is preserved, and the letters with the Soviet name "Pigment" are preserved.

Functionally, the Northeastern corner of the first floor level is intended to be used for renting, and a business center will be located there on 2-4 floors. The Southwestern part of the building is planned to be used as a fitness center.

The restoration and reconstruction of the factory building is expected to be fully completed in 2022.

### **A new private maternity hospital has been commissioned in Sestroretsk**

Investments in the project, which was implemented by Icaplast, amounted to 1 billion rubles. The project for the construction of this maternity hospital was developed in 2011, but the project implementation period was delayed. Currently, according to the press service of the St. Petersburg Investment Committee, Gosstroy nadzor has issued a permit to OOO Icaplast to put the

hospital complex into operation. The new hospital in Sestroretsk will include an outpatient clinic and a 74-bed maternity hospital. It will also include a surgical department, departments of rehabilitation and rehabilitation treatment, anesthesiology and resuscitation, a consulting and diagnostic department and a women's consultation. It is assumed that the medical facility will be opened in the second-third quarter of 2020, and some of the patients in the maternity hospital will be admitted under MHI policies.



## ***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.

All editions of the overview are posted on the website <http://www.obzor.leontief.ru/>