

GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

July-September 2024 № 184



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In compiling this review, the report data of St. Petersburg Statistic Committee for 2007-2024 on the Socio-Economic Situation in St. Petersburg and the Leningrad Oblast was used.

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1. CITY ADMINISTRATION

LEGISLATION

Amendments to the Law of St. Petersburg on the fundamentals of scientific and technical policy

Based on the Law of St. Petersburg of July 2, 2024 No. 401-91, amendments were made to the Law of St. Petersburg of September 16, 2009 No. 411-85 "On the fundamentals of scientific and technical policy of St. Petersburg", concerning clarification of the responsibilities of the Government of St. Petersburg in the field of scientific and technical policy and issues of state support of innovation activity. The provisions of the Law establish that financial support for scientific and (or) scientific and technical activities in St. Petersburg can be provided, among other things, by creating infrastructure and conditions for conducting scientific research and development, introducing high-tech technologies that meet modern principles of organizing scientific, scientific and technical and innovative activities.

Amendments to the Law of St. Petersburg on Maternity Capital

Based on the Law of St. Petersburg of July 9, 2024 No. 441-96, amendments were made to the Law of St. Petersburg of November 30, 2011 No. 810-151 "On maternal (family) capital". The amendments relate to the extension of the validity period of maternity capital until December 31, 2030 and the establishment of the right to maternity (family) capital at the birth (adoption) of the third and each subsequent child.

The minimum subsistence level is set for 2025.

Based on the decree of the Government of St. Petersburg No. 682 of August 8, 2024 № 682 the subsistence minimum values for various socio-demographic groups of the population were set for 2025. On average, minimum per inhabitant is set at 19329 rubles (in September 2023, this value was set for the year 2024 at 16322 rubles), for the working-age population – 21 069 rubles (17 791 rubles), for pensioners - 16 623 rubles (14 037 rubles), for children – 18 749 rubles (15 832 rubles). Compared to 2024, the cost of living will increase by 18.4% in 2025. In 2024, this growth, in comparison with 2023, amounted to 8.1% (at the time of setting the subsistence minimum for 2024 in September 2023).

St. Petersburg's long-term development forecast approved

The forecast of St. Petersburg's socio-economic development for the period up to 2042 has been approved by St. Petersburg Government Resolution No. 774 of September 4, 2024. The provisions of the forecast determine that the main priority in the development of the city for the period up to 2042 will be ensuring the economic, financial, technological and personnel sovereignty of the country. The city is not expected to enter the post-industrial stage of development. The main direction of St. Petersburg's development will remain ensuring the growth of its industrial potential. According to the forecast, the priority areas of investment activities will be industry, transport and logistics, tourism, information technology and telecommunications.

The Social Code of St. Petersburg has been updated

Based on the Law of St. Petersburg No. 477-105 of September 25, 2024, amendments were made to the Social Code of St. Petersburg. According to the changes made, the composition of the categories of the population to be provided with free travel in public transport, has been clarified. They also include children from large families under the age of 18 and children from large families aged 18 to 23. A condition for granting benefits for these categories of children is their full-time enrollment at an educational organization.

MEETINGS AND COLLABORATIONS

The Governor of St. Petersburg held a working meeting with the Chairman of the All-Russian public organization "Business Russia"

The meeting was held on July 2, 2024 at Smolny. A. Beglov and A. Repik discussed issues of improving the investment situation in St. Petersburg, implementing offset contracts, implementing the Regional Investment Standard, and the results of the rating of regions by the investment climate. During the meeting, it was noted that in 2023, the volume of investments in St. Petersburg reached 1.2 trillion rubles. In total, in recent years, investors have invested about 4.7 trillion rubles in the city's economy. Investors submitted more than 7500 applications for the provision of real estate objects for construction, reconstruction, adaptation for modern use. Based on the results of the regional rating of the Ministry of Economic Development of the Russian Federation on the level of PPP development in 2023, St. Petersburg entered the top three.

St. Petersburg develops cooperation with the Altai Republic

On July 5, 2024, the Governor of St. Petersburg A. Beglov held a meeting with the Acting Governor of the Altai Republic A. Turchak. The participants discussed the implementation of projects stipulated by the Agreement on Cooperation between St. Petersburg and the Altai Republic in trade, economic, scientific, technical, cultural and social fields. Priority areas of cooperation include: tourism, pharmaceuticals, healthcare, food supplies, culture, social services, mechanical engineering, and energy conservation.

The Governor of St. Petersburg held a working meeting with the General Director of the Agency for Strategic Initiatives

The meeting took place on July 9, 2024 at Smolny. A. Beglov and S. Chupysheva discussed issues of cooperation. In 2003, a cooperation agreement was signed between St. Petersburg and the Agency for Strategic Initiatives (ASI). The city and ASI are implementing a number of joint projects. Among them: the Council for the Quality of Life, the Regional Social Standard, the Regional Standard for the Development of Creative Industries, the Regional Climate Change Adaptation Plan, and others.

The Taurida Palace hosted the Xth BRICS Parliamentary Forum

The Forum events were held from July 11 to 12, 2024. The Forum was dedicated to strengthening inter-parliamentary cooperation among the BRICS member-states. The forum participants discussed areas of cooperation in the humanitarian and cultural spheres, issues of improving the system of international relations, achieving greater democratization, countering the fragmentation of international trade, and overcoming the consequences of global crises.

The President of Russia met the Governor of St. Petersburg

The meeting was held on July 12, 2024. The Governor of St. Petersburg A. Beglov reported to the President of Russia V. Putin on the socio-economic situation in the city and discussed the issues of indexation of pensions for working pensioners. The Governor said that about 400 thousand employees of retirement age continue to work in St. Petersburg. Many of them work in the military-industrial complex, shipbuilding, retail trade, education and healthcare. Employees of retirement age make a great contribution to solving the development problems of St. Petersburg.

The Governor of St. Petersburg held a working meeting with the head of the North-West Department of Rostekhnadzor

The meeting took place on July 12, 2024. A. Beglov and K. Davydov discussed the development of the St. Petersburg metro. During the conversation, it was noted that by the end of 2024, it is planned to complete work at three stations: Gorny Institut, Putilovskaya and Yugo-Zapadnaya. The Teatralnaya station will operate in transit mode until ground entrances and exits are created and opened.

The Governor of St. Petersburg held a working meeting with the Artistic Director of the Mariinsky Theatre

The meeting took place on July 12, 2024. A. Beglov and V. Gergieiev discussed the reconstruction of the historic building of the Mariinsky Theater. The theater needs a temporary platform for the duration of work. For this purpose, at the end of 2023, the city handed over to the theater the building of the former Rodina cinema, located at the corner of Sadovaya Street and Lermontovsky Prospekt. The city authorities and the theater will create a joint working group to prepare the concept of using the building for the needs of the theater.

Russia's Main Naval Parade held in St. Petersburg

On July 28, 2024, on the Day of the Russian Navy, the Main Russian Naval Parade was held in St. Petersburg. The parade was held for the 8th time. The tradition of holding annual naval parades was revived in 2017. Parade formations of ships and submarines passed along the Neva River and the Kronstadt roadstead. The parade was attended by 20 surface ships and boats, 1 submarine, 4 sailing vessels and more than 2.5 thousand military personnel. In addition to the Russian Navy, ships of the navies of the People's Republic of China, the People's Democratic Republic of Algeria and the Republic of India took part in the parade. After the parade, on the same day, the Russian President held a meeting with representatives of foreign delegations in the Main Admiralty building.

St. Petersburg strengthens ties with Belarus

On July 31, 2024, the Smolny hosted a working meeting between the Governor of St. Petersburg and the Ambassador Extraordinary and Plenipotentiary of the Republic of Belarus to Russia A. Rogozhnik. The meeting participants discussed priority areas of cooperation and the upcoming relocation of the Consulate General of Belarus to the building at 5, Tverskaya Street. Among the CIS countries, Belarus ranks first in terms of trade turnover with St. Petersburg. By the end of 2023, the trade turnover increased by more than 7% and exceeded USD 2 billion. A decision was made to build a multifunctional transshipment complex in the port of Bronka, which, among other things, will be used

for processing products of Belarusian manufacturers. The role of Belarusian enterprises in the work of the elevator industry in St. Petersburg is significant. The Nevsky Lift joint venture operates in the city. In recent years, as part of the renovation of the elevator industry in the city, 14 thousand elevators have been replaced, 70% of which are manufactured in Belarus. More than 1.5 thousand Belarusian buses and trolleybuses operate on the route network of public transport in St. Petersburg. Supplies of Belarusian food products are growing.

Regional agreement on the minimum wage was signed in St. Petersburg

On August 19, 2024, a regional agreement on the minimum wage in St. Petersburg in 2025 was signed at Smolny. In addition, the parties signed a Commitment for 2025. Both documents are annexes to the Tripartite Agreement between city authorities, employers and trade unions for 2023-2025. They contain measures in the field of economy, labor market development, labor remuneration, education, healthcare, housing and other areas of urban development. In particular, the signed documents provide that from January 1, 2025, the minimum wage in St. Petersburg should be 28 750 rubles, which is 15% more than the current year's level. At the signing ceremony, it was noted that the increase in the minimum wage was made possible by the high economic growth rate.

Elections of the governor and deputies of municipal councils were held in St. Petersburg

Voting took place over three days - from September 6 to September 8, 2024. The incumbent mayor A. Beglov won the gubernatorial election with 59.8%. The second place was taken by the representative of the Liberal Democratic Party M. Yakovlev – 18.3%. In third and fourth places – P. Bragin (Green Party) – 11.8% and S. Malinkovich (Communist Party) - 8.6%. The turnout was 37.88%, which is higher than in the 2019 elections.

St. Petersburg develops ties with Indonesia

On September 17, 2024, the Smolny hosted a meeting between the Governor of St. Petersburg A. Beglov and the Fifth President of the Republic of Indonesia, Chairman of the Democratic Party of Struggle of Indonesia Mrs. M. Sukarnoputri. During the conversation, issues related to the development of bilateral cooperation were discussed. M. Sukarnoputri is the first female President of Indonesia and the daughter of the first President Sukarno (1945-1967). She held the highest leadership post from 2001 to 2004.

2. EMPLOYMENT

In June 2024, 1592.8 thousand people worked at large and medium-sized enterprises (excluding small businesses). In the structure of employees, 94.1% were full-time employees, 2.2% were part-time employees, and 3.7% of the total number of employees worked under civil law contracts. 50.4% of employees work at small and medium-sized enterprises.

In January – June 2024, the number of employees employed at these enterprises increased by 1.7% compared to the same period of 2023. The number of full-time employees remained the same, the number of part-time employees increased by 3.8%, the number of employees working under civil-law contracts increased by 22%.

In June 2024, education, transport and communications, manufacturing, healthcare, wholesale and retail trade accounted for the largest number of jobs, while agriculture and forestry, hotels and restaurants, and other types of services accounted for the smallest number. 47% of all employees employed at large and medium-sized enterprises of the city worked in the public sector of the economy.

According to Petrostat, the number of employees scheduled for discharge in the third quarter of 2024 in organizations of St. Petersburg (excluding small businesses), amounted to 1 249 people, or 0.08% of the total number of employees of organizations of St. Petersburg (excluding small businesses) in May 2024. At the same time, the number of employees required for vacant jobs at the end of the second quarter of 2024 in organizations of St. Petersburg (excluding small businesses) amounted to 138.8 thousand people.

In April-June 2024, the number of economically active population (EAP) amounted to 3 261.7 thousand people, of which 3 213.5 thousand were employed and 48.2 thousand were unemployed. Persons outside the labor force accounted for 1 534. 6 thousand people. During the period under review, the employment rate was 67.0% (the share of the number of employees in the total population aged 15 to 72 years), the level of economic activity – 68.0% (the share of the number of economically active population in the total population aged 15 to 72 years). (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

The tension in the labor market (the number of unemployed citizens registered with the Employment Service, per vacancy) at the end of July 2024 was 0.23 people / vacancy (at the beginning of 2024-0.27 people / vacancy).

TABLE 1. St. Petersburg enterprises' demand for workforce, January 2023-July 2024

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 2023	15.1	1.1	137.5	122.2
February	15.1	1.1	100	122.2
March	19.9	0.9	81.8	100
April	20.9	0.8	88.9	72.7
May	25.7	0.7	87.5	77.8
June	26.2	0.7	100	77.8
July	24.5	0.6	85.7	75.0
August	24.3	0.6	100	66.7
September	51.6	0.3	50	33.3
October	57.8	0.3	100	50.0
November	60.1	0.3	100	37.5
December	51.5	0.3	100	37.5
January 2024	51.2	0.3	100	27.3
February	54.1	0.2	66.7	18.2
March	52.5	0.2	100	22.2
April	56.5	0.2	100	25.0
May	59.0	0.2	100	28.6
June	51.9	0.2	100	28.6
July	50.1	0.2	100	33.3

According to the Employment Service, as of the end of July 2024, the largest number of vacancies was announced by organizations related to the following types of economic activity: manufacturing - 19.5%; activities in the field of health and social services – 8.3%; education - 8.2%; professional, scientific and technical activities -7.7%; construction – 6.8; administrative activities and related additional services – 6.7%; transportation and storage – 6.1%; wholesale and retail trade, repair of motor vehicles and motorcycles -5.3%; hotels and public catering enterprises -4.9%; real estate operations -3.7%; public administration and military security, social security – 2.3%.

At the end of July 2024, the need for employees declared by employers to the Employment Service amounted to 50 137 vacancies, the share of working-profession vacancies was 61.9% (see Table 1).

In July 2024, as in the same period in 2023, programmers, doctors, engineers, managers, foremen, technologists, and economists remain the most in-demand employees among the top ten specialists in short supply. In July 2024, new positions of employees appeared in the ranking of sought-for specialists: designers, legal advisers and accountants. In July 2024, as in the same period last year, among the specialists of working specialties that were included in the top ten in short supply, the most popular are lathes, machine operators with software control, tractor drivers, fitters-assemblers and electric and gas welders. Compared to the same period in 2023, the rating of software-controlled machine tool operators in the top ten specialists in short supply increased, the rating of turners

and tractor drivers decreased, and the rating of fitters-assemblers and electric and gas welders remained unchanged.

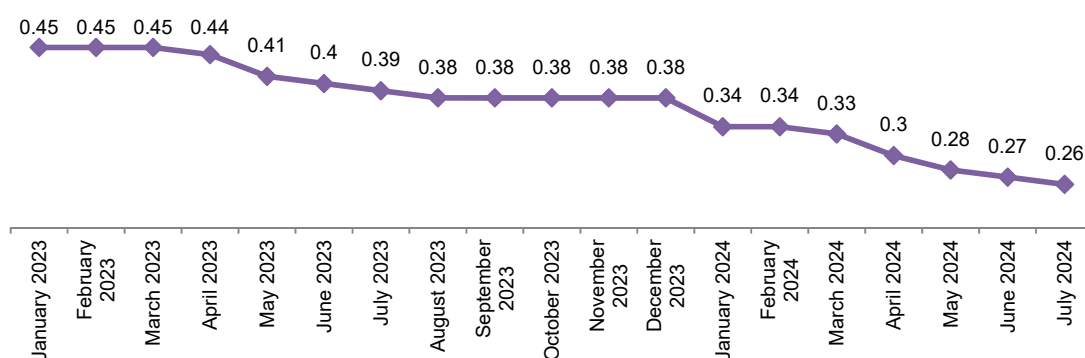
In July 2024, new professions of workers appeared in the rating of scarce specialists: car drivers, car repair locksmiths, installers of radio-electronic equipment and devices, ship installers and electricians (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

According to Headhunter Agency, the shortage of personnel in the labor market in St. Petersburg continues to be acute. In July 2024, in the database of this organization, there were 2.8 resumes per vacancy, while the norm used to be 4-8 resumes. The number of vacancies increased in July 2024 compared to the same period last year by 19%, and the number of resumes increased by 8%. In order to attract employees, employers are forced to increase salaries, compared to July last year, they increased by 35% (hh.ru.ru). Employers have not been able to adapt to remote, platform-based employment and self-employment.

By the end of July 2024, 11.7 thousand citizens were registered at the Employment Service (Table 2). In July 2024, 73.5% of those registered with the Employment Service were officially recognized as unemployed. In July 2024, 1.9 thousand people received the status of unemployed (0.2 thousand people or 9.7% less than in July 2023.). The amount of job-placement of unemployed people in July 2024 was 0.2 thousand people or 22.4% less than in the same period in 2023, and amounted to 0.6 thousand people.

TABLE 2. Changes in the number of officially registered unemployed people in St. Petersburg, January 2022 - July 2024

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 2022	26,2	20,3	84,3	24,9
February	23,5	18,1	89,0	22,8
March	25,5	16,6	91,5	33,2
April	23,3	17,6	106,4	38,9
May	23,1	17,5	99,5	45,2
June	23,5	17,6	100,6	52,1
July	21,6	17,0	96,6	55,0
August	21,2	16,9	99,1	60,1
September	21,1	17,1	101,2	66,4
October	20,1	16,9	93,1	63,6
November	19,1	15,2	95,8	61,1
December	17,1	15,2	99,4	62,8
January 2023	17,1	14,0	92,4	68,8
February	17,1	13,9	99,2	76,7
March	17,5	13,8	99,3	83,3
April	17,3	13,6	98,8	77,3
May	17,7	12,7	93,1	72,3
June	17,2	12,3	97,0	69,7
July	15,9	11,9	97,0	70,1
August	15,4	11,6	97,3	68,8
September	15,7	11,9	102,2	69,4
October	15,9	11,8	99,3	74,0
November	15,4	11,8	100,4	77,6
December	13,8	11,7	99,2	77,4
January 2024	13,4	10,7	90,9	76,1
February	13,0	10,6	99,3	76,3
March	12,6	10,2	95,9	73,6
April	12,1	9,8	96,2	71,7
May	12,6	9,3	94,7	73,0
June	12,2	8,9	95,7	72,0
July	11,7	8,6	96,8	71,8

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

The number of unemployed citizens at the end of July 2024. was 8 575, including women – 66.5%; young people aged 16-29 – 8.7%; citizens of pre-retirement age - 20.5%; disabled people - 10.7% (at the end of July 2023., the number of unemployed was 11 936 people). (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

According to Rosstat, in April-June 2024, in St. Petersburg, the unemployment rate (according to the methodology of the International Labor Organization) was 1.5% of the economically active population (EAP). St. Petersburg had one of the lowest levels of unemployment among the regions of the Russian Federation (in the North-Western Federal District – 2.2%, in Moscow – 1.0%, in the Russian Federation – 2.6%).

The registered unemployment rate (the ratio of the number of registered unemployed to the labor force on average for 2023) at the end of July 2024, was 0.26% (at the end of July 2023, this indicator was 0.39%) (www.rspb.ru) (Figure 1). This is the lowest indicator among the regions of the North-western Federal District.

3. PERSONAL INCOMES AND EXPENDITURES

PRICES

In January-July 2024, prices in the consumer sector of the St. Petersburg economy increased by 4.3%.

Consumer price growth in January-July 2024 in St. Petersburg was 0.1% higher than the national average. In July 2024, consumer prices increased by 0.4% (Figure 2).

In January-July 2024, in St. Petersburg, tariffs for paid services to the population increased by 7.2%.

The growth of prices for paid services in St. Petersburg in January-July 2024, was 1.9% lower than the national average. Prices for paid services increased by 0.8% in July 2024.

In January-July 2024, prices for food products and non-food products increased by 3.5% and 2.6 %, respectively. The growth of food prices in St. Petersburg in January-July 2024 was 0.7% lower than the national average, while that of non-food prices - 0.2% lower than the national average.

Prices for food products in July 2024 in St. Petersburg increased by 0.2%, for non-food products – by 0.4%.

ROMIR calculates a statistical deflator index that reflects real changes in the general level of

prices for consumer goods (FMCG) for a certain period of time. Based on a unified ROMIR data panel, information about actual purchases made at real prices is analyzed, so the deflator actually shows the average personal inflation of each consumer. According to ROMIR monitoring, consumer prices in Russia increased by 27.5% compared to July last year 27,5% (<https://romir.ru/index>).

In July 2024, there was an increase in prices for butter and fats (by 3%), cereals and legumes (by 1.3%), alcoholic beverages (by 0.9%), cheeses (by 0.8%), bread and bakery products (by 0.7%), fish and fruit and vegetable products (by 0.5%), confectionary (by 0.1%).

This month, there was a decrease in prices for sausage products (by 1.8%), dairy products (by 0.4%), meat and poultry (by 0.1%).

In July 2024, fruit and vegetable products rose in price by 0.3%.

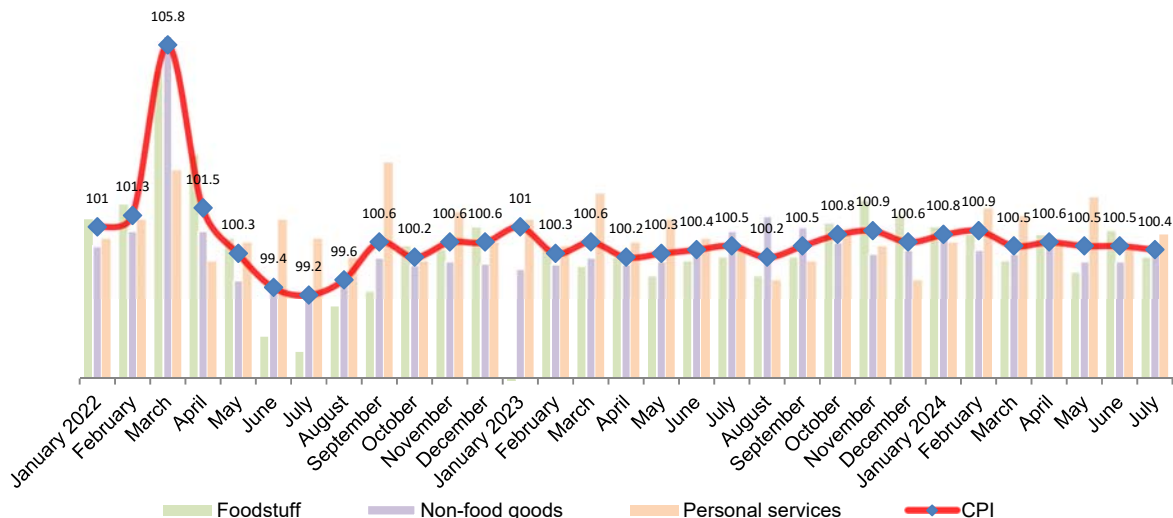
Among non-food products in July 2024, there was an increase in prices for stationery (by 1.9%), paper and white goods (by 1.8%), tobacco products (by 1.0%), hosiery (by 0.7%), clothing (by 0.6%), medicines (by 0.3%), fabrics (by 0.1%).

Washing and cleaning products (by 1.2%), footwear (by 0.9%), electrical goods (by 0.5%), building materials (by 0.3%), furniture (by 0.2%), haberdashery and perfume and cosmetics (by 0.1%) fell in price.

In July 2024, electricity charges increased by 8.6%, gas charges – by 9.8%, housing repair, and maintenance fees – by 5.8%, maintenance and major repairs – by 4.5%, and fees for cold and hot water supply, and sanitation remained unchanged.

In July 2024, the cost of living in holiday homes and boarding houses increased by 12.4%, air travel - by 8.9%, sending a simple letter within Russia - by 6.9%, and services provided by housing and communal services organizations to the population - by 2.4%.

FIGURE 2. The dynamics of the consumer price index in January 2022 - July 2024, % to the previous month



Services in the field of foreign tourism became cheaper by 3.8%, hotel accommodation - by 2.8%, travel on long-distance trains - by 2.6%, sightseeing services - by 2.1%.

In January-July 2024, gasoline prices increased by 5.6%, while diesel fuel prices increased by 4.3%. In July 2024, gasoline price increased by 2.1% and diesel fuel price increased by 1.6%.

PERSONAL INCOMES AND EXPENDITURES

The amount of monetary income of the population in Q2 2024 was equal to 1387.9 billion rubles. In real terms, monetary incomes calculated based on the consumer price index increased by 6.9% compared to Q2 2023. Cash expenditures of

the population in Q2 2024 amounted to 1,315. 8 billion rubles and in nominal terms increased by 11.1% (Table 3).

The average nominal salary accrued for June 2024 was 112 559 rubles. The average nominal salary of Russian citizens in June 2024 was 20.8% less than in St. Petersburg and amounted to 89 145 rubles. The average median salary in St. Petersburg in June of this year was 65 176 rubles per month.

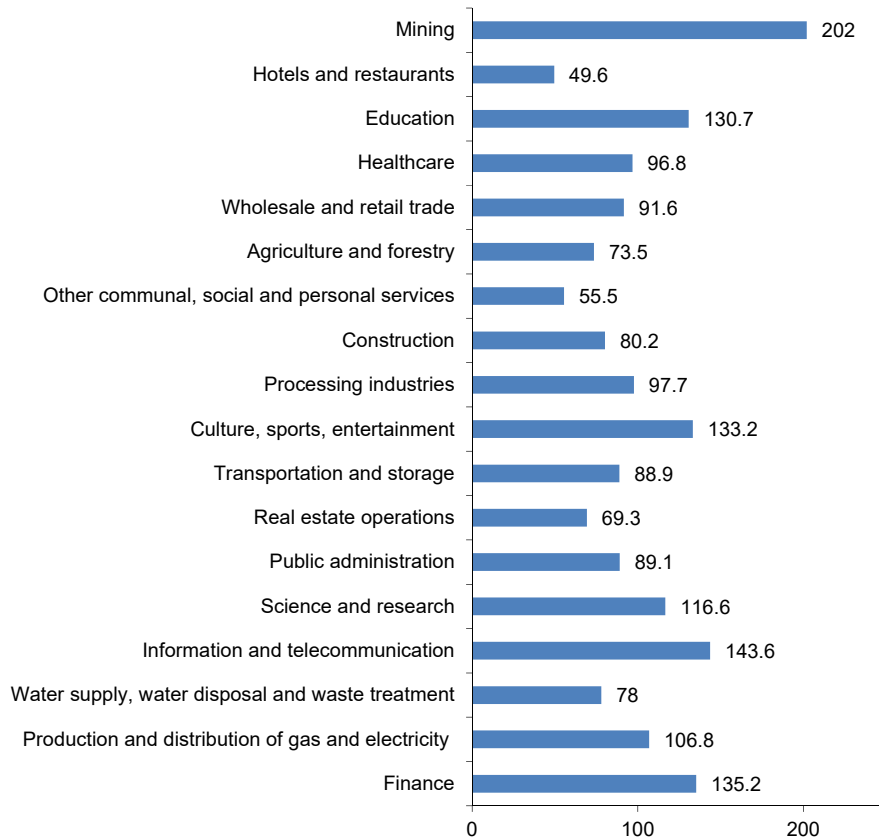
DIFFERENTIATION OF INCOMES AND SALARIES IN ST. PETERSBURG

The gap between the highest salary (mining) and the lowest (hotel and restaurant activities) in June 2024 was 8.2 times, compared to 4.2 times in March 2024 (Figure 3).

TABLE 3. The dynamics of real incomes in St. Petersburg, for 4 quarters of 2023, 2 quarters of 2024, %

	Real incomes	
	% to the previous quarter	% to the corresponding month of the previous year
2023 Q1	88.6	102.8
Q2	109.1	110.9
Q3	99.5	103.3
Q4	105.4	99.1
2024 Q1	97.4	111.5
Q2	104.6	106.9

FIGURE 3. Inter-industry differentiation of average salary in March 2024 in St. Petersburg, % of the average level (average salary = 100%)



The highest wages in June 2024 were paid in the mining industry (the salary of employees in this industry was 2.02 times higher than the average salary in St. Petersburg).

In June 2024, the average salary for employees in St. Petersburg was significantly higher than the average salary for employees in the field of information and communication (by 43.6%), financial activities (by 35.2%), cultural activities (by 33.2%), and scientific and technical activities (by 16.6%).

And the lowest wages were paid to those employed in hotels and restaurants (49.6% of the

average salary), in the provision of other public, social and personal services (55.5% of the average salary).



4. INDUSTRY

The index of industrial production in St. Petersburg in January-July 2024 compared to January-July 2023 was 112.2%, in July 2024 compared to July 2023 - 114.1% (Figure 4).

FIGURE 4. Industrial production index by industry, January-July 2024 to January-July 2023



The opening ceremony of a new assembly line for "Dostoevsky" trams was held at the Oktyabrsky Electric Car Repair Plant. The tram was developed by JSC Uraltransmash specifically for St. Petersburg. "Dostoevsky" is equipped with modern active safety systems, including autonomous braking and monitoring of the driver's condition, as well as an interactive screen with navigation information. Nine trams have already arrived in the city and are in active use. This year alone, more than 40 retro-style "Dostoevsky" trams will be delivered, and the Tram Fleet No. 3 serving the city's central routes will be fully equipped (spb.mk.ru 01.09.2024).

The passenger catamaran "Ravelin" of the "Sommers" project was launched at the Sredne-Nevsky Shipyard. The vessel was built for the Neva Travel company. "Ravelin" is the second vessel in a series of four catamarans. The project 04710 "Sommers" was developed by the St. Petersburg design bureau "Forss Technologies" for Neva Travel Company. Vessels of this series will deliver passengers to the completely isolated forts "Kronshlot" and "Emperor Alexander the First", which will be restored and opened to the public as part of the "Island of Forts" project in Kronstadt by 2026. The catamarans were designed taking into account the peculiarities of the location of forts in the Gulf of Finland (https://paluba.media 20.09.2024).

The official opening ceremony of the second production line of the Luzar plant took place in Levashovo. The new line was launched with funding from the St. Petersburg Industrial Development Fund. The second line of the plant will produce brazed radiators. The volume of investments in the expansion of production amounted to 400 million rubles. Currently, the plant's capacity allows to produce 600 thousand units of products per year, mainly for passenger cars. By 2027, the production

of car radiators at the Luzar plant may grow 1.5 times to 900 thousand units per year (https://dvi-zhok.su 21.06.2024).



5. FINANCE

In January–July 2024, the net financial result (profit minus loss) of the city-based organizations amounted to 949.2 billion rubles, which is 18.3% less than in the corresponding period of 2023.

In January–July 2024, the share of unprofitable organizations was 22.9%. Compared to January–July 2023, the number of unprofitable organizations increased by 30 units or 3.5%, and the amount of loss increased 1.9 times.

According to operational data of the Department of the Federal Tax Service for St. Petersburg in January–August 2024, the fiscal system received taxes, fees and other mandatory payments in the amount of 1 464 billion rubles, which in nominal terms is 4.7% more than in January–August 2023.

According to the Finance Committee of St. Petersburg, in January–July 2024, the revenues of the consolidated budget of St. Petersburg amounted to 756.8 billion rubles, which in nominal terms is 11.4% less than in January–July 2023, while consolidated budget expenditures amounted to 660.5 billion rubles, which is 17.1% more than in the same period last year.

STATE DEBT

The information on the structure of the state debt as of July 1, 2014 is presented in tables 4 and 5.

TABLE 4. St. Petersburg's state debt structure as of October 1, 2024

	mln rubles
State domestic debt, including:	83 506.3
Bonds	53 606.1
Budget loans from other budgets of the budgetary system of the Russian Federation	29 900.2
State external debt	0.0
TOTAL state debt of St. Petersburg	83 506. 3

Source: St. Petersburg Finance Committee

TABLE 5. State debt service expenditures of the budget of St. Petersburg, as of October 1, 2024 (mln rubles)

	Updated plan for 2024	Executed as of 01.10.2024
Expenses for servicing the state domestic debt	5 080.4	2 262.5
Total expenses for servicing the state debt of St. Petersburg	5 080.4	2 262.5

Source: St. Petersburg Finance Committee

6. CITY AFFAIRS

BEAUTIFICATION, RESTORATION, CAPITAL REPAIRS

A competition has been announced for capital repairs at the Baltiyskaya metro station. The initial (maximum) contract price is 205.8 million rubles, and the works will be carried out from November 2024 to November 2026. It is assumed that the repair work will be carried out at night, and in the daytime the station will continue to function. As part of the ongoing work, the contractor will have to dismantle and install the radio communication waveguide and perform other repairs. Applications for participation in the contest are accepted until October, 7. (Based on the materials of Business Petersburg)

The State Order Committee of St. Petersburg has announced a competition for the improvement of Kupchinsky Square on Belgradskaya Street. The initial (maximum) contract price is 258 million rubles. The completion date is August 2025. The contractor will have to carry out landscaping works, design playgrounds, walking and jogging paths, organize a modern recreation area on a surface of decking and river pebbles. (Based on the materials of Business Petersburg)

The final stage of restoration of the Exchange building on the Spit of the Vasilyevsky Island has started, the State Hermitage Museum is the customer, and the Stroy-Expert is the contractor. The restoration of the facility began in 2014, but its completion was postponed several times due to lack of funding or unfair actions of contractors. (Based on the materials of the portal "Real estate and construction of St. Petersburg")

TRANSPORT, ENERGY AND WATER SUPPLY

The passenger traffic at Pulkovo Airport in the first half of 2024 amounted to 9.6 million passengers, which is 4% more than in the same period in 2023. During the period, 7.8 million passengers were transported on domestic flights via Pulkovo, and 1.8 million passengers on international flights. The most popular domestic destinations in addition to Moscow were Kaliningrad, Sochi, Yekaterinburg and Kazan. Among the most popular foreign destinations were Antalya, Istanbul, Minsk, Dubai and Tashkent. At the end of June, Uzbekistan Airways launched regular flights from Pulkovo to Karshi (Uzbekistan). In October 2024 it is planned to launch direct flights between St. Petersburg and Muscat, the capital of Oman (flights will be operated by Oman Air). The leaders in terms of traffic volume in 2024 among Russian airlines were Rossiya, Pobeda and Smartavia, and among foreign airlines

— Turkish Airlines, Uzbekistan Airways and Belavia. (Based on the materials of VVSS LLC)

In the first half of 2024, St. Petersburg transport organizations transported 10.8 million tons of cargo (10.2% less than in January-June 2023.) and 343.6 million passengers (4.6% more than in the same period in 2023). At the same time, cargo turnover amounted to 1816 million ton-km (6.4% less than in January-June 2023), and passenger turnover – 2412 million pass-km (3.3% more than in the same period in 2023.). The significant reduction in cargo turnover is still associated with a decrease in container cargo transshipment through the Large Port of St. Petersburg. A neutral trend in January-June 2024 is observed in relation to road safety in the city. The number of road accidents in the first half of 2024 was 2.6% higher than in the same period of 2023. At the same time, the number of road accidents involving children under 16 years of age in January-June 2024 was 1.6% lower than in January-June 2023. (According to Petrostat)

SUE "Vodokanal of St. Petersburg" announced a competition for construction and installation works for the reconstruction of sewer networks with a total length of 1.7 km on Pogranichnika Garkavogo Street. The cost of work is 308.6 million rubles. The expected completion date is July 31, 2026 (According to the public procurement portal).

SUE TEK SPb has started reconstruction of 5.5 km of heating networks in Kolomyagy, on the territory between Shcherbakov Street, Verbnaya Street, Zemsky Lane and Novokolomyazhsky Avenue. As part of the ongoing work, it is planned to lay energy-efficient steel pipelines, as well as flexible pipes to select the optimal route of the heating main, and install an operational remote-controlled system to monitor the insulation condition. (Based on the materials of SUE TEK SPb)

MAJOR URBAN PROJECTS

Preparations for the construction of the Moscow – St. Petersburg high-speed railway are nearing completion. The railway will pass through the territory of six subjects of the Russian Federation: Moscow, St. Petersburg, Moscow oblast, Tver oblast, Novgorod oblast and Leningrad oblast. In July, a concession agreement was signed between the state representative, the Federal Railway Transport Agency, and the concessionaire, HSR Dve Stolitsy LLC. The founder of the concessionaire is JSC "HSR Management Company Dve Stolitsy" and CJSC "Leader". The term of the agreement is 40 years. The concessionaire will build, purchase and operate high-speed trains using its own and borrowed funds, as well as acquire the right to own and use the mainline infrastructure. (Based on the materials of Business Petersburg)

7. REAL ESTATE

HOUSING AND CIVIL CONSTRUCTION

According to the Construction Committee, in July 2024, 215891.20 sq. m. of housing was commissioned in St. Petersburg, or 100 houses for 4831 apartments, including individual construction. During the month, 14 multi-apartment buildings were built in the city for 4745 apartments and 86 individual residential units with a total area of more than 13.5 thousand square meters.

Since the beginning of 2024, the city has already built more than 1 million 613 thousand square meters of housing. More than 60% of the planned amount for the year was completed. The annual plan for commissioning, agreed by Smolny with the Ministry of Construction, is 2.65 million square meters.

The 15th All-Russian conference "Russian Construction Complex" was held in St. Petersburg. The participants discussed the cancellation of temporary measures to support the construction industry. Cities will have to rely on the integrated development of territories, the algorithm of which still needs to be adjusted. In the near future, a new mechanism for resettling emergency housing will appear, self-regulation in the housing and utilities sector will be introduced, and in general, the responsibility of SROs will be strengthened.

Oleg Speransky, Director of the Legal Department of the Ministry of Construction of the Russian Federation, recalled the task set by the President of the Russian Federation: creating a system of master plans. This will make it easier to allocate land plots and invest in construction, and shorten the investment cycle. The document should combine the basics of the economy, the development of certain industries, as well as maps of the location of these objects in specific territories. "At the conceptual level, we understand what a master plan is, but there is no legal definition yet. It is also unclear what place this document will occupy either in the system of urban planning documents or among strategic planning documents".

Dmitry Panov, Chairman of the Investment Commission of the Legislative Assembly of St. Petersburg, is confident that the current situation will spur competition among developers: "After the galloping growth, a conscious maturity has come. Until recently, we observed rapid development, and after the abolition of preferential mortgages, many developers' sales decreased by up to half. Not everyone understands that this is a new reality in which one can exist and compete."

TERRITORIAL DEVELOPMENT AND REGULATION

According to the Construction Newspaper (stroygaz.ru), a governmental decree was signed

approving the rules for granting subsidies to regions for the completion of construction or reconstruction of facilities that were not completed on time. "Subsidies will be allocated based on applications received from the heads of regions. Such applications will be considered by the headquarters of the Government Commission for Regional Development. The funds will be provided on a co-financing basis. Thanks to them, it is planned to complete work on sites included in the federal register of unfinished capital construction projects" - the Government announced. The work is carried out within the framework of the State Program "Providing affordable and comfortable housing and communal services for citizens of the Russian Federation".

Based on the decree of the Government of the Russian Federation No. 331 of 05.03.2021, starting from July 1, information models of capital construction objects will be used without fail in the implementation of shared-equity construction projects under Federal Law No. 214-FZ (with the exception of residential housing). The norm will start to apply to individual housing units from January 1, 2025. Shared-equity construction occupies a significant market share and is one of the leading sectors of the economy. This means that there will be new mandatory requirements for participants in the construction industry, which will entail major changes at all stages of the construction cycle. For those developers who refuse to use information models in their work, it will be impossible to pass the state examination of the results of engineering surveys and project documentation. Without this expertise, construction companies will not be able to build most of the objects. (<https://stroygaz.ru/news/info-partners-news/v-2024-godu-vstupayut-v-silu-vazhnye-normativnye-izmeneniya-dlya-stroitelnoy-otrasli-/>)

In the early 2024, it is planned to launch a single GISOGD "Stroykompleks.RF". The new resource will be much larger than the current GISOGD RF system. "Stroykompleks.RF" will include many services, registers and resources necessary for construction activities. Many related resources will also be integrated with the system. In addition, "Stroykompleks.RF" will contain a classifier of construction information, a register of construction requirements, information on construction permits and permits for putting objects into operation.

The register of requirements that will be included in the new information system is being developed in accordance with the requirements introduced by the Decree of the Government of the Russian Federation No. 1417 of 31.08.2023. The introduction of this service is extremely important for the industry, as Federal Law No. 653-FZ "On Amendments to the Federal Law "Technical Regulations on the Safety of Buildings and Structures" and Certain Legislative Acts of the Russian Federation" was signed on December 25, 2023. The document cancels the lists of the evidence base of the technical regulations and replaces them with a "Register of Requirements" - so that the work with requirements

instead of entire documents becomes urgent for every specialist.

Other changes made to the industry's fundamental regulations include the following: it becomes possible to apply foreign documents in the field of standardization; standards of organizations acquire greater legal force; the format of special technical specifications (STU) is canceled. The changes will take effect on September 1, 2024.

After much discussion, announcements and joint work, the Central Bank of Russia and the Committee on Standards of Credit Institutions approved a new mortgage standard. It will come into force on January 1, 2025. (restate.ru.ru)

What will change for borrowers in 2025:

- Banks will be banned from receiving a commission from developers for reducing the interest rate, if this leads to an increase in the cost of housing.

- The initial payment can only be made from the borrower's own funds - without using cashback.

- Banks are obligated to honestly and fully warn the borrower about the impact of fees on the real cost of the loan.

- Money will not be held on letters of credit for longer than a certain period of time - it is expected that this will reduce the risks for borrowers.

- Banks are recommended (there is no indication that this is a requirement - editor's note) to conclude contracts for a period of up to 30 years. The recommended loan amount is no more than 80% of the property value.

Earlier, developers have already warned about the problems that will arise after the ban on subsidized mortgages, which today saves many home buyers who do not fall under the criteria of existing preferential programs. Representatives of the construction sector believe that restrictions of this kind can reduce sales of new buildings by almost 40%.

As noted by Restate experts, despite declaring concern for the financial security of the borrower and supporting its creditworthiness, it is obvious that the standard is focused primarily on ensuring the security of the banking system itself.

At the same time, the head of the Central Bank E. Nabiullina insists that the main goal of the standard is to combat "unfair schemes" that lead to inflating the price of residential real estate.

"There has been no preferential mortgage for almost three months, but we see, unfortunately, as always, various very creative schemes are beginning to appear, the so-called "preferential" rates, options with a change in the rate, a tranche mortgage, options without a downpayment, installments with mortgage transformation - a lot of schemes" - Nabiullina said during the International Banking Forum.

Thus, according to the Central Bank, any alternative schemes for issuing mortgages are unfair and subject to a complete ban, and only official

preferential (limited by many criteria) and market mortgages can be used in the real estate market. Moreover, the latter is not available for the majority of borrowers who need better housing conditions due to the increase in the key rate by the Central Bank.

The Accounts Chamber in its latest report revealed an alarming pattern: according to the agency, there is a direct relationship between state support for mortgages and rising housing prices, moreover, the scale of growth depends on the amount of this support. So, in 2021, new buildings' prices due to preferential lending showed an increase of 26%, in 2022 went up by another 21%.

The auditor of the Accounts Chamber Alexey Savatyugin reported that in 2021-2023, 568.1 billion rubles were actually spent on subsidizing loans under the reviewed programs. And in just six years (from 2021 to 2026), it is planned to allocate more than 1.6 trillion rubles for these purposes. The analysis showed that the planned results were achieved for the IT mortgage, family mortgage, Far Eastern mortgage, and preferential mortgage programs. Thus, the activities of the responsible executors of these programs can generally be considered effective."

It is noteworthy that as of January 1, 2024, there were 114.9 thousand borrowers who obtained two or more preferential mortgage loans totaling 1.1 trillion rubles (34% of "duplicates" are on preferential mortgages, 62% – on family ones). At the same time, 1563 people obtained five or more preferential loans worth 42.45 billion rubles, and one citizen took 26 loans with state support for 196 million rubles. (<https://nsp.ru/39760-kak-zarabotat-na-lgotax-1149-tysyac-zaemshhikov-oformili-po-dve-lgotnye-ipoteki-i-bolee>)

NSP experts note that "a borrower who is able to obtain and service five or more loans has above-average incomes and does not need state support to improve housing conditions."

Apparently, a citizen took several preferential loans not because he had several families in need of housing, but for sale. Let's do the math. Preferential mortgages were introduced in May 2020. According to the Central Bank, individuals from 2020 to 2023 obtained mortgages worth 22.6 trillion rubles. Of these, 8.76 trillion rubles are spent on new buildings. And at least 1.1 trillion – that is, 12.6% - was used "for investment purposes", that is, for resale.

One can also argue about "efficiency". There is no doubt that the measures taken – the introduction of benefits and preferences - have greatly helped developers and banks. In 2023, Sberbank reported a record profit of almost 1.5 trillion rubles. VTB received slightly less - 432 billion rubles of net profit.

But how much preferential mortgages helped citizens is a controversial topic. The report of the NSP modestly states that the decrease in the weighted average rate by one percentage point on loans "corresponds to an increase in the real price

of housing in the primary market by an amount from 0.9 to 2%." The NSP editorial board warned back in the summer of 2021: the introduction of benefits leads to an increase in prices, an increase in regular payments, and the amount of overpayment on the loan.

According to restate.ru.ru, the Ministry of Construction is looking for new ways and "alternative scenarios" for the development of the real estate market after the official report of the Accounts Chamber on the direct relationship between preferential mortgages and the rapid rise in prices for new buildings - but it seems that the Ministry still has no real plan. Deputy Head of the Department Nikita Stasishin said that "the Ministry of Construction of Russia is in constant dialogue with the authorities, the Dom Development Institute of the Russian Federation, representatives of the professional community and public organizations involved in the development of mortgage programs with state support. Market development scenarios are being worked out. After analyzing the issuance of mortgage loans and the sale (of housing under construction - Ed.) in the third quarter of 2024, if necessary, alternative scenarios for market development will be worked out and presented," Stasishin said.

The State Duma supports the possibility of opening escrow accounts remotely, ABN agency reports. This initiative will allow citizens to open accounts remotely if certain conditions are met. The State Duma Committee on the financial markets approved the proposed draft amendments and even recommended its adoption in the first reading. According to representatives of the Committee, the innovation will increase the level of availability of financial services for Russians planning to buy housing, and at the same time - will stimulate the sale of this housing by eliminating unnecessary procedural stages in the transaction.

When working remotely with escrow accounts, the most important point will be the identification of the client - for this one can use certified copies of their documents, data from information databases and systems of state authorities.

As part of the initiative, changes are expected to be made to the so-called "anti-money laundering" law, as well as to the law on participation in shared construction.

Rosreestr is going to once again complicate the access to data. Starting from January 1, 2025, the agency will double the tariffs for providing information from the Unified State Register of Real Estate (EGRN).

According to the new tariffs:

- A paper statement will cost 1740 rubles. for individuals and 5100 rubles for legal entities; previously the prices were 870 and 2550 rubles, respectively.

- An electronic statement will cost 700 rubles for individuals and 1400 rubles for legal entities; previously, it cost 350 and 700 rubles, respectively.

The main reason for the increase in prices according to Rosreestr is inflation. According to the explanatory note, tariffs have not been indexed for the last 8 years. In addition, Rosreestr also expects that the increase in tariffs will help "reduce the burden" on the State Real Estate Register.



8. INVESTMENT PROJECTS

According to Petrostat, the volume of investments in fixed assets by the city enterprises in January-June 2024 amounted to 579.9 billion rubles, which is 26.4% higher than last year. The specific structure of investment for this period is as follows: the largest share of capital investments was made in machinery and equipment (including household appliances, inventory and other objects) — 53.2%; buildings (except residential) and structures - 29.2%; intellectual property objects - 10.3%; residential buildings and premises - 8.1%. The sources for these were firms' own funds (62.2%) and attracted funds (37.8%), of which 19.8% were budgetary funds, including 14.7% from the budgets of the constituent entities of the Russian Federation

The Expert Council of the city's Special Economic Zone approved 3 new investment projects.

Among the new residents of the Special Economic Zone is the Znamya Pobedy plant, which will build a complex for the development and production of pipeline fittings and electric drives. The company invests about 10 billion rubles in the project.

Another innovative producer - PIK Agni LLC - will create a production of high-temperature muffle furnaces and aluminum-silicate microspheres. There are plans to build two stages of the production complex.

The company "Technologies of extra-large plates" is implementing a project of innovative production of facade glazing made of curved and flat architectural glass. In total, the investment of three new residents of the SEZ will amount to 24 billion rubles.

Also, construction of a plant for the production of electrical equipment has begun in the special economic zone (SEZ) "St. Petersburg".

The new production facility of Elektroapparat will produce a wide range of high-voltage equipment. The investment will amount to at least 2.2 billion rubles. The completion is scheduled for the end of 2025.

St. Petersburg company "EndoArt" (part of the pharmaceutical holding "BSS") has launched the production of endoprostheses

The first line is designed for the annual production of 35 thousand sets of hip joints, which will meet one-third of the country's need for endoprostheses. The total amount of initial investment at the first stage exceeded 1 billion rubles, the work was carried out using the holding's own funds. As part

of the second and final stage, the company plans to launch production of 35 000 sets of knee replacements per year with additional funding from the Industrial Development Fund.

City Solutions company starts restoration of Golovin's wooden dacha on Vyborgskaya embankment

The Golovin's dacha was built in 1824. All its elements are made of pine. The building is recognized as one of the brightest monuments of wooden architecture of the classicism era. Before the revolution, it was the residence of members of the imperial family. In the first half of next year, design and estimate documentation will be prepared, and then restoration will begin. Both the exterior and interior of the building will be completely restored. The work will use wood scanning and processing technologies on 3-DCNC machines, which allow making details with complex geometries and accurately restore unique finishing elements. The park adjacent to the dacha will also be improved. The work will be carried out in accordance with pre-revolutionary drawings. After the restoration, the building will be used as an office building. The cost of the work is tentatively estimated at 80 million rubles.

Reconstruction of the Jurgens Mansion, located at 19 Zhukovsky Street, has been completed

After the reconstruction, the building formerly owned by the Arnaut bakery, will house a mini-hotel, several restaurants, a fitness room and a coworking space. The 220-seat workspace will fully meet the standards of the PAGE chain, and will also be connected to its own IT platform for managing coworking spaces. It is planned to launch all projects in November of this year. The company did not disclose the amount of investment in the project.

Vimpelcom's venture division "Hive" LLC has invested in the production of Briskly smart refrigerators and autonomous trading technologies

The funds raised will be used to purchase industrial equipment for the production of refrigerators, as well as to launch mass production of autonomous coffee-making machines.

In the spring of 2021, Briskly acquired the production complex of the Vyborg Refrigeration Plant and the Linnafrost trading house.

A gastro market opens in the Rumba Shopping Center. It will be the first in the Kirovsky district of the city, the new foodhall is designed for three main target audiences: visitors to discounts and outlets located in the Rumba shopping center, employees of office centers and of nearby enterprises. The amount of investment in the project was not disclosed

Former "Stepan Razin" brewery to be turned into multimedia art space in Admiralteysky district

A new multimedia art space "Cisterna x T-Bank" will open on the historical territory of the "Stepan Razin" brewery this fall. It will host major exhibitions, large-scale media installations and immersive music shows. The event program and technical equipment of the location will be supervised by the *Dreamlaser* team, while the development of the space will be handled by the *Urban Context* team, a full-cycle company that manages multifunctional public spaces and cultural urbanization projects. The organizers want to implement four large-scale exhibition projects and a series of parallel musical events in the coming year. The first multimedia installation "Cisterna" will be open for guests on October 4. Along with the launch of the project, a beautified factory yard will be opened for pedestrians.



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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