

CONSTRUCTION SECTOR IN RUSSIA

H1 2021



Market analysis and development forecasts
for 2021-2026

**DATA INCLUDE IMPACT OF
THE CORONAVIRUS EPIDEMIC**

TABLE OF CONTENTS

Methodology	7
Executive summary	10
Construction overview	16
Construction market value	16
Construction companies	22
Employment and wages	24
Construction costs	26
Business confidence in construction	29
Cement production and consumption	30
Macroeconomic overview	34
Assessment of 2020	34
Forecast for 2021	36
Medium-term outlook for 2022-2026	38
Development forecasts for the construction output in 2021-2026	42
Civil engineering	47
Environmental protection-related projects	47
Major projects	55
Road construction	56
Avtodor	62
Major projects	67
Railway construction	71
Major projects	74

Airport infrastructure construction.....	76
Major projects.....	77
Investments in heavy industry.....	78
Power generating industry.....	78
Renewable energy.....	84
Oil and gas industry.....	86
Major projects.....	89
SWOT analysis.....	91
Development forecasts for civil engineering output in 2021-2026.....	92
Non-residential construction.....	97
Office construction.....	97
Moscow.....	97
St. Petersburg.....	99
Major projects.....	101
Shopping centre construction.....	103
Overview.....	103
Moscow.....	105
St. Petersburg.....	106
Outside Moscow and St. Petersburg.....	108
Major projects.....	112
Logistics centre construction.....	115
Moscow.....	115
St. Petersburg.....	117
Outside Moscow and St. Petersburg.....	118
Major projects.....	120
Hotel construction.....	124
Overview.....	124
Moscow.....	127
St. Petersburg.....	129
Major projects.....	132
Public building construction.....	134
Major projects.....	134
SWOT analysis.....	139
Development forecasts for non-residential construction output in 2021-2026.....	140

Residential construction	144
Overview	144
Single-dwelling buildings.....	148
Multi-dwelling buildings.....	152
Major projects.....	157
Residential construction development programmes.....	162
Mortgage market.....	165
SWOT analysis.....	172
Development forecasts for residential construction output in 2021-2026.....	173
Competitive environment	179
Major construction companies in Russia.....	179
Major property developers in Russia.....	181
List of graphs	184
List of tables	188
About PMR	192
Contact PMR	192

METHODOLOGY

This report was prepared with the use of PMR Market Insight methodology. PMR's proprietary Market Insight methodology supports the comprehensive development of industry analysis reports. It defines how data should be gathered for such reports and, once collected, how it should be analysed as to obtain a reliable picture of the researched market. PMR Market Insight also precisely defines report content and structure. Industry reports prepared with PMR Market Insight methodology rely on information garnered from existing statistical sources, industry (trade publications and the internet), and general and official sources, as well as PMR's in-house databases and primary research independently conducted by PMR. The sources are selected individually for each project. PMR Market Insight has evolved over PMR's more than fifteen years of experience in developing industry analyses on markets of the Central and Eastern Europe.

Abbreviations used in the report

- CEE** – Central and Eastern Europe
- CHPP** – combined heat and power plant
- CIS** – Commonwealth of Independent States
- CPA** – capacity provision agreements
- CPI** – consumer price index
- EU** – European Union
- FD** – federal district
- FDI** – foreign direct investment
- FTP** – Federal Targeted Programme
- GBA** – gross building area
- GDP** – gross domestic product
- GLA** – gross leasable area
- GSU** – gas steam unit
- GTU** – gas turbine unit
- HPP** – hydroelectric power plant
- NPP** – nuclear power plant
- PPI** – production price index
- PPP** – public-private partnership
- RZhD** – Russian Railways (Rossiyskie Zhelezniye Dorogy)
- RZhS** – Fund for the Support of Housing Construction in Russia
- SRO** – self-governing organisations
- TPP** – thermal power plant
- UES** – Unified Energy System

- bn** – billion
- e** – estimate
- EoP** – end of period
- f** – forecast
- H1, H2** – first half, second half
- k** – thousand
- m** – million
- n.d.** – no data
- n/a** – data not available
- p.p.** – percentage point
- Q1, Q2, etc.** – first quarter, second quarter, etc.
- YoY** – year-on-year

Exchange rate

The exchange rate used throughout the report is €/RUB=65.8 for 2017, 73.9 for 2018, 72.5 for 2019 and 82.0 in 2020.

Companies present in the report

A101 Development, AK Elektrosvkavmontazh Corporation, Atomstroycomplex, BOES Construction, Brusnika, Bryanskagrostroy, Capital Group, Concern Titan-2, Concern YIT, Dalpiterstroy, DK Drevo, Donstroy, DSK Voronezh, Edinstvo Group, EKS Group of Companies, Energo-stroy (part of Ronesans Holding), Etalon Group, FSK Group, FSK Lider, Gazartstroy, Gazpromstroy, Gazenergoservis, GK 1,520, Glavstroy, Glorax Development, Granelle Group, Hals-Development, INGRAD Group, Kortros Group, KP Upravlenie grazhdanskogo stroitelstva, Lengazspetsstroy, LSR Group, MIP-Stroy No.1, MITs Group, Mosinzhproekt, Mosmetrostroy, Mostostroy-11, Mostotrest, MR Group, MSU-1, MT Russia, Neftekhimremstroy (OOO NKhRS, Odintsovo), NIPI Peton, OOO Inzhiniring Stroitelstvo Obsluzhivanie, OOO Nova, Samara, Peton Construction, PIK Group, Pioner Group, Pobeda Group, Polis Group, PSN Group, Renaissance Construction, Renaissance Heavy Industries, RG-Development, Rozhdestveno, Samolet-Development, Setl Group, Sibpromstroy Company, SK Vybor, Soyuzdorstroy (DSK Avtoban), Spb Renovatsia, Stroygazmontazh, Stroytransgaz truboprovodstroy, StroyTransNefteGaz, Trest Koksokhimmontazh, TsDS Group, Unistroy, VAD, Velesstroy, VKB-Novostroyki, Vostokneftezavodmontazh, Vybor Construction Company, YugStroyInvest, YuSI Group

LIST OF GRAPHS

1. Construction output in Russia (RUB bn) and real change (% YoY), 2017-2026	12
2. Total housing floor area to be commissioned in Russia (million m ²), 2021-2026	15
3. Construction output in Russia (RUB bn) and real change (% YoY), 2013-May 2021	17
4. Construction output in Russia (%), by leading regions, 2020	19
5. Construction output in Russia (%), by leading regions, January-May 2021	19
6. Number of active construction entities in Russia (thousand, EoP), 2011-2020	22
7. Number of members in active SROs in Russia (thousand firms, EoP), Q1 2016-Q1 2021	23
8. Average number of people employed in the construction industry in Russia (thousand), 2008-2009 and 2012-2020	24
9. Share of construction companies in Russia interviewed by Rosstat that expanded, reduced or kept their workforce unchanged (%), Q2 2017-Q2 2021	24
10. Share of construction companies in Russia interviewed by Rosstat that experienced a shortage of skilled employees (%), Q2 2016-Q2 2021	25
11. Average nominal monthly wage in the construction industry in Russia (RUB) and nominal change (% YoY), 2011-April 2021	25
12. Producer price indices in construction in Russia (% YoY), 2008-2009 and 2014-May 2021	27
13. Business confidence index in the construction industry in Russia (%), 2008-2009 and Q4 2013-Q2 2021	29
14. Average capacity use rate in the Russian construction industry (%), 2008-2009 and Q1 2016-Q2 2021	29
15. Cement production capacity and actual production in Russia (million tonnes), 1992-2020	30
16. Consumption of cement in Russia (million tonnes) and change (% YoY), 2008-2009 and 2012-2021	33
17. Import and export of cement in Russia ('000 tonnes), 2014-2020	33
18. Production of cement in Russia (million tonnes), 2008-2009 and 2012-2021	34

19. Bank loans awarded to construction companies in Russia (RUB bn) and change (% YoY), 2012-May 2021	43
20. The proportion of overdue payments on outstanding bank loans in construction sector in Russia (%), March 2010-Mar 2021	44
21. Real change in construction output in Russia (% YoY), by development scenario, 2017-2026	46
22. Construction output in Russia (RUB bn) and real change (% YoY), 2017-2026	46
23. Construction market breakdown in Russia (%), 2017-2026	46
24. Share of regional and inter-municipal road network complying with regulatory requirements in Russia (% EoP), 2011-2024	56
25. Share of local road network complying with regulatory requirements in Russia (% EoP), 2011-2020	57
26. Hard-surfaced public roads commissioned in Russia after construction and reconstruction (thousand km), 2009-2019	59
27. Plan for extensive repair of federal roads in Russia (km), 2019-2024	60
28. Plan for development of regional roads in Russia (km), 2019-2022	60
29. Actual spending on maintenance, repair and extensive modernisation of regional roads vs needs in Russia (%), according to regulatory requirements, 2013-2019	61
30. Total length of roads under management by Avtodor in Russia (km, EoP), 2011-2020	62
31. Average service speed of freight trains in Russia (km/h), 2005 and 2011-2020	72
32. Railway construction in Russia (km), 2011-2020	72
33. Planned completion of additional main lines and new railway tracks in Russia (km), 2013-2021	73
34. Structure of installed power capacity in Russia (%), by generation plants, May 2021	79
35. Electricity consumption in Russia (bn kWh) and change (% YoY), 2009-2020	80
36. Planned production of electricity in Russia (billion kWh), by scenario, 2015-2025	80
37. New power generation capacity commissioned in Russia within the Unified Energy System (MW), 2006-2020	81
38. New power generation capacity activated in Russia (MW), by type of agreement, 2007-2018	81
39. Total installed capacity of generation units in Russia and maximum load of generation capacities per year (GW), 2013-2020	83
40. Planned production of crude oil in Russia (million tonnes), 2011-2024	86
41. Capital investments of vertically integrated oil companies in Russia (RUB bn), 2011-2020	86
42. Production of natural and associated gas in Russia and exports (billion m ³), 2000 and 2012-2024	87
43. Investments in development of gas petrochemical production capacities in Russia (RUB bn), 2011-2018	87
44. Production of coal in Russia (million tonnes), 2000 and 2012-2025	88
45. Civil engineering construction output in Russia (RUB bn) and real change (% YoY), 2017-2026	96
46. New supply of net take-up office space in Moscow (thousand m ²), 2011-2021	97
47. New supply and net take-up of office space in St. Petersburg (thousand m ²), 2012-2021	100
48. Completion of shopping centre GLA in Russia (thousand m ²), 2011-2021	103
49. Number and GLA (thousand m ²) of shopping centres in Moscow, 2011-2020	106
50. Distribution of shopping centre space stock in Russia (%), by region, June 2021	108
51. Completion of shopping centre space in Russia's regions* (thousand m ²), 2011-2020	109

52. Completion of shopping centre space in Russia (%), by region, 2014-2020	110
53. Saturation with shopping centre space in major cities in Russia (m ² per 1 thousand inhabitants, EoP), 2015 and 2020	111
54. New supply and take-up of industrial and warehouse space in Moscow area (thousand m ²), 2011-2021	115
55. Completed warehouse space in Moscow (%), by type, 2016-H1 2021	116
56. New supply and take-up of industrial and warehouse space on regional markets in Russia (thousand m ²), 2012-2021	118
57. Total area of class-A and class-B warehouse space in Russia, by city, December 2020	119
58. Number of hotels and similar accommodation facilities and rooms stock (thousand rooms) in Russia, 2010-2020	124
59. Distribution of rooms stock in collective accommodation units in Russia (%), by federal district, 2020	125
60. Distribution of rooms stock in hotels under international hotel brands in Russia, by region, February 2021	125
61. Breakdown of hotel room stock in St. Petersburg (%), by hotel category, 2008 and 2020	129
62. Change in manufacturing production output in Russia (% YoY), 2007-2021	141
63. Non-residential construction output in Russia (RUB bn) and real change (% YoY), 2017-2026	143
64. Completion of housing space in Russia and change in main residential construction support factors (% YoY), 2015-Q1 2021	144
65. Average interest rate on rouble-denominated bank loans granted to non-financial entities in Russia (% EoP), by maturity, 2007-2009 and 2013-April 2021	145
66. Distribution of total floor area of residential space commissioned in Russia (%), by rural and urban area, 2008-2010 and 2015-May 2021	145
67. Change in registration of the residential space in Russia (% YoY), by rural and urban area, 2007-2010 and 2015-May 2021	145
68. Completion of residential space in Russia with public funding (million m ²), by source, 2014-May 2021	146
69. Newly commissioned homes in Russia (%), by number of rooms, 2012-2020	147
70. Average size of homes built in Russia (m ²), 2000 and 2010-2020	147
71. Individual construction of housing space as a proportion of total housing space completed in Russia (%), 2009 and 2013-May 2021	148
72. Total floor space of single-residence houses completed in Russia (million m ²) and change (% YoY), 2013-May 2021	151
73. Total number of dwellings in detached houses built by individuals in Russia (thousand units) and change (% YoY), 2010-2020	151
74. Distribution of total floor area of residential space commissioned by individuals in Russia (%), by rural and urban area, 2010-2020	151
75. Change in completion of residential space commissioned by individuals in Russia (% YoY), by rural and urban area, 2010-2020	152
76. Total floor area of residential space in multi-dwelling buildings commissioned in Russia (million m ²) and change (% YoY), 2013-May 2021	152

77. Total number of homes in buildings built by developers in Russia (thousand units) and change (% YoY), 2010-2020.....	153
78. Completion of multi-dwelling floor space in Russia (%), by leading regions, 2020.....	154
79. Completion of multi-dwelling floor space in Russia (%), by leading regions, January-May 2021	154
80. Housing space completion within regional mortgage support programmes in Russia (thousand m ²), 2011-May 2021	164
81. Share of mortgage-backed transactions in total residential purchase-sale deals on the primary market registered in Russia (%), 2015-2020.....	165
82. Regional distribution of total value of loans for home purchases granted in Russia over the period (%), 2020.....	166
83. Regional distribution of total value of loans for home purchases granted in Russia over the period (%), January-May 2021	167
84. Number of mortgages (thousand) granted in Russia and change (% YoY), 2012-May 2021	168
85. Value of mortgages granted in Russia (RUB bn) and change (% YoY), 2012-May 2021.....	168
86. Total value of outstanding mortgages granted to population in Russia (RUB bn) and share of rouble-denominated loans (% EoP), 2009-May 2021.....	169
87. Breakdown of total value of new mortgages granted by banks in Russia (%), 2020.....	169
88. Breakdown of total value of new mortgages granted by banks in Russia (%), January-May 2021.....	170
89. Total housing stock in Russia (million m ² , EoP), 2007, 2010, 2015, 2020	173
90. House Price Index changes in Russia (% YoY), 2011-Q1 2021	175
91. Total housing floor area to be commissioned in Russia (million m ²), 2021-2026	176
92. Growth in real wages in Russia (2012=100), 2012-2021	178
93. Residential construction output in Russia (RUB bn) and real change (% YoY), 2017-2026.....	178

LIST OF TABLES

1. Top 10 residential property developers in Russia, by completed housing, 2020.....	15
2. Construction output in federal subjects of the Russian Federation, 2019-May 2021	20
3. Top 15 major construction SROs in Russia, by number of members, April 2020	23
4. Top 10 major construction SROs in Russia, by value of compensation fund (RUB m), April 2020	23
5. Administrative regions in Russia, by construction and assembly works price index (%), 2020	26
6. Administrative regions in Russia, by construction and assembly works price index (%), January-May 2021	27
7. Producer price indices for construction in Russia (% YoY), 2017-Q1 2021	28
8. Structure of total cost of carrying out construction work in Russia, by component (%), 2007-2009 and 2013-2019	28
9. Main obstacles to doing business for Russian construction companies (% share of companies as a proportion of the total number), Q4 2019-Q2 2021	30
10. Cement production in Russia (k tonnes), by company, 2019-2020	31
11. Production capacity of cement plants in Russia, company and type of production process, 2021	31
12. Cement production in Russia (k tonnes), by production method, 2019-2020	34
13. Key macroeconomic indicators for Russia, 2017-2026.....	41
14. Fixed capital investment in environmental protection and sustainable use of natural resources in Russia (RUB bn), 2011-2020.....	47
15. Spending on environmental protection projects in Russia (RUB bn) and its share in GDP (%), 2011-2019.....	47
16. Distribution of spending on extensive repair of environmental protection-related fixed capital assets in Russia (%), by federal district, 2016-2020.....	48
17. Proportion of wastewater treated consistent with normative requirements in total volume of wastewater passed through treatment plants in Russia (%), by administrative region, 2015 and 2019-2020.....	49

18. Proportion of existing municipal water supply network in need of replacement in Russia (%), by administrative region, 2015 and 2019-2020	51
19. Proportion of existing municipal wastewater network in need of replacement in Russia (%), by administrative region, 2015 and 2019-2020	53
20. Environmental protection facilities completed in Russia (thousand m ³ /day), 2011-2020	55
21. Large environmental protection projects in Russia, 2020-2022	55
22. Budget allocation on road maintenance in Russia (RUB m), by road type, 2018-2019	56
23. Administrative regions in Russia, by share of regional and inter-municipal road network complying with regulatory requirements (%), 2020	57
24. Administrative regions in Russia, by share of local road network complying with regulatory requirements (%), 2020	57
25. Total length of public motor roads in Russia (thousand km), by type of road and road surface, 2020	58
26. Total length of motor roads in Russia (thousand km), 1992, 1995, 2000, 2005 and 2011-2020	58
27. Planned funding for the Safe and Quality Motor Roads national programme (RUB bn), 2019-2024	59
28. Federal roads commissioned in Russia after construction and reconstruction (km), 2007-2020	60
29. Financing of federal road projects through Rosavtodor in Russia (RUB bn), by type of project, 2012-2020	60
30. Financing of regional road projects in Russia (RUB bn), 2009-2019	61
31. Actual spending on maintenance, repair and extensive modernisation of regional roads vs needs in Russia (%), according to regulatory requirements, 2013 and 2016-2019	61
32. Construction and reconstruction of roads by Avtodor in Russia (km), 2010-2020	63
33. Extensive overhaul and repair of roads (km) and road structures (running metres) by Avtodor in Russia, 2011-2020	63
34. Repair of roads by GK Avtodor in Russia, by route (km), 2015-2020	63
35. Development of roads under management of GK Avtodor in Russia, by route, 2018-2020	64
36. Projects involving construction of M11 Moscow-St. Petersburg motorway in Russia, 2009-2019	65
37. Ongoing projects involving construction of the Central Ring Road in Moscow, 2014-July 2021	66
38. Large road projects in Russia, 2021-2023	67
39. Large railway projects in Russia, 2021-2023	74
40. Large airport projects in Russia, 2021-2023	77
41. Electricity generation units with at least 200 MW of installed capacity activated in Russia, by power station and capacity, 2015-May 2021	82
42. Rosseti Group's yearly capital investment plan, 2020-2024	84
43. Capacity secured by investors of tendered quotas for completion of renewable energy generation in Russia (MW, EoP), by type of renewable energy source, 2014-2024	85
44. Demanded level of manufacturing and construction works localisation for renewable energy projects planned in Russia (%), by year of completion, 2015-2024	86
45. Production of gasoline and diesel in Russia (million tonnes), by class, 2013-2020	87
46. Large heavy industry projects in Russia, 2021-2023	89
47. Total quality office space stock in Moscow, by property class and real estate agency (million m ²), March 2021	98

48. Basic indicators for Moscow office property market, Q1 2021	98
49. Major office buildings commissioned in Moscow (m ²), 2018-Q1 2021	99
50. Basic indicators for St. Petersburg office property market, Q1 2021	100
51. Major planned business centre launches in St. Petersburg in Q2-Q4 2021	100
52. Large office construction projects in Russia, 2021-2023	101
53. Shopping centres with over 50 thousand m ² of GLA launched in Russia, 2018-Q1 2021	104
54. Major shopping centres launched in Moscow region in 2017-Q1 2021	105
55. Major shopping centres commissioned in St. Petersburg, 2013-Q1 2021	107
56. Shopping centres with at least 20 thousand m ² of GLA opened in Russia outside Moscow, 2018-Q1 2021	109
57. Large shopping centres with at least 40 thousand m ² of GLA planned to be opened in Russia outside Moscow in Q2-Q4 2021	112
58. Large retail, service, transport and communication buildings construction projects in Russia, 2021-2023	112
59. Basic indicators for Moscow warehouse property market, Q2 2021	115
60. Major new warehouse properties commissioned in Moscow and Moscow Province, 2019-H1 2021	116
61. Take-up and sale of warehousing space in Moscow region (thousand m ²), 2019-Q1 2021	116
62. Take-up of warehouse space in Moscow (%), by business sector, 2016-H1 2021	117
63. Basic indicators for St. Petersburg warehouse property market, Q1 2021	117
64. Large industrial and warehouse construction projects in Russia, 2021-2023	120
65. Number of hotels and hotel rooms managed by major international hotel operators in Russia, by hotel operator, February 2021	126
66. Existing hotels under international hotel brands in Sochi, by number of hotel rooms and hotel operator, February 2021	126
67. Classified collective accommodation facilities in Moscow, by category, January 2021	127
68. Existing hotels under international hotel brands in Moscow, by number of hotel rooms and hotel operator, February 2021	127
69. Major hotel openings in Moscow region, 2014-2020	127
70. Existing hotels under international hotel brands in St. Petersburg, by number of hotel rooms and hotel operator, February 2021	131
71. Large hotel construction projects in Russia, 2021-2023	132
72. Educational and healthcare buildings completed in Russia, 2019-Q1 2021	134
73. Large public building construction projects in Russia, 2021-2023	134
74. Non-residential buildings completed in Russia, 2019-Q1 2021	141
75. Completion of housing space in Russia (thousand m ²), by source of funding, 2013 and 2018-May 2021	146
76. Breakdown of completed residential space in Russia, by number of floors in completed buildings (% of total), 2013 and 2017-2020	146
77. Total floor space of homes built by individuals in Russia, by administrative region, 2019-May 2021	149

78. Total floor space of multi-dwelling buildings registered in Russia, by administrative region, 2019-May 2021	155
79. Large residential projects in Russia, 2021-2022	157
80. Completion of housing space with funding from the public sector in Russia (thousand m ²), by type of budget, 2013 and 2017-May 2021	164
81. Number of transactions with residential properties registered by population in Russia (thousand deals), 2017-20	165
82. Distribution of housing stock in Russia (%), by type of building material, 2005 and 2018	174
83. Administrative regions in Russia, by housing space per capita (m ²), 2020	174
84. Major contractors in Russia by revenues (RUB bn), 2017-2019	179
85. Top 30 residential property developers in Russia (m ²), by completed housing, 2020	181
86. Top 30 residential property developers in Russia, by completed housing, 2018-2019	182
87. Top 30 residential space developers in Russia (thousand m ²), by space under development, as of December 2020	183

ABOUT PMR

We are PMR (www.mypmr.pro), a dedicated team of market research and analysis experts specialising in Central and Eastern Europe. We are focussed on the following sectors: Construction, Retail and FMCG, Pharmaceuticals, Healthcare, IT and Telecommunications and our services include market reports, proprietary forecasts, insights, statistical databases, product databases, investment project databases, and company databases. PMR arranges business meetings for executive staff and conduct custom projects for companies and institutions as well as having a successful track record of developing data analysis tools.

For over 20 years now, we have helped more than 500 global corporations and a number of local companies in the construction, implementation, and monitoring of their business strategy. The results of our work are unique data, forecasts, and analysis. Thanks to our knowledge combined with the many years of experience of our analytical teams, our clients always increase market share, improve their sales figures and successfully expand into new markets.

CONTACT PMR

PMR Ltd. Sp. z o.o., ul. Królewska 57, 30-081 Kraków, Poland
tel.: /48/ 12 340 51 00, fax: /48/ 12 340 51 08, www.pmrporate.com

Customer service

tel.: /48/ 12 340 51 30
e-mail: moreinfo@pmrporate.com

Marketing

tel.: /48/ 12 340 51 29
e-mail: marketing@pmrporate.com