



# Russia – Moscow

## End to recession as commodities pick up

### Economic outlook

The Russian ruble started to rise against the US dollar by the end of 2016 as commodity prices surged and inflation slowed down. Private consumption increased as a result, and a strengthening labour market helped drive down interest rates.

### Construction markets and trends

Transport infrastructure projects such as roads, high-speed railways and airports are ongoing as well as stadium and hotel projects ahead of the 2018 World Cup.

The country is also expected to benefit from a significant increase in the mortgage market in 2016 after contracting 32 percent in 2015. The main factors in this increase are reduced interest rates and the government's support programme for home buyers.

### Future outlook

Large-scale infrastructure projects ahead of the 2018 World Cup are expected to fuel Russian growth over the coming months.

The recession in Russia is expected to have come to an end in 2016, with rising commodity prices, along with a possible end to sanctions to allow for foreign investment, all pointing to improvements in the Russian economy.

President Trump has been welcomed in Russia in anticipation of warmer US-Russian relations and a lifting or easing of sanctions against Russia over their involvement in Ukraine.

International building costs per m <sup>2</sup> of internal area, in 2016	USD (exchange rate: 64.74)	
	RUB	
<b>Airports (building only)</b>		
Domestic terminal, full service	210,000	3,244
Low-cost carrier terminal, basic service	131,300	2,028
<b>Car parks</b>		
Multi-storey above ground	31,500	487
Multi-storey below ground	36,800	568
<b>Commercial</b>		
Offices – Business Park	63,000	973
CBD offices – up to 20 floors medium (A-Grade)	68,300	1,055
CBD offices – high-rise prestige	73,500	1,135
<b>Education</b>		
Primary and secondary	47,300	731
University	73,500	1,135
<b>Hospitals</b>		
Day centre (including basic surgeries)	52,500	811
Regional hospital	73,500	1,135
General hospital (e.g. city teaching hospital)	78,800	1,217
<b>Hotels</b>		
3 Star travellers	68,500	1,058
5 Star luxury	119,500	1,846
Resort style	94,500	1,460
<b>Industrial</b>		
Warehouse/factory units – basic	38,500	595
Large warehouse distribution centre	45,700	706
High-tech factory/laboratory	71,000	1,097
<b>Residential</b>		
Individual detached or terrace style house – medium standard	31,500	487
Individual detached house – prestige	47,300	731
Townhouses – medium standard	37,800	584
Apartments low-rise – medium standard	42,000	649
Apartments high-rise	47,300	731
Aged care/affordable units	31,500	487

		USD (exchange rate: 64.74)
Russia – international building costs		
RUB		
<b>Retail</b>		
Large shopping centre including mall	63,000	973
Neighbourhood including supermarket	47,300	731
Prestige car showroom	57,800	893
<b>Composite trade rates</b>		
Excavate basement (m <sup>3</sup> ) (1,800m <sup>3</sup> job)	640	10
Excavate footings (m)	860	13
Concrete in slab (m <sup>3</sup> ) (1,500m <sup>3</sup> job)	9,700	150
Reinforcement in beams (tonne)	68,990	1,066
Formwork to soffit of slab (m <sup>2</sup> )	1,620	25
Blockwork in wall (m <sup>2</sup> ) (10,000 block job)	1,830	28
Structural steel beams (tonne)	116,970	1,807
Pre-cast concrete wall (m <sup>2</sup> )	9,350	144
Curtain wall glazing including support system (m <sup>2</sup> ) (1,000m <sup>2</sup> job)	51,600	797
Plasterboard 13mm thick to stud wall (m <sup>2</sup> ) (3,000m <sup>2</sup> job)	3,130	48
Single solid core door including frame and hardware (no) (50 door job)	34,550	534
Painting to walls primer + 2 coats (m <sup>2</sup> )	650	10
Ceramic tiling (m <sup>2</sup> ) (1,000m <sup>2</sup> job)	4,040	62
Vinyl flooring to wet areas (m <sup>2</sup> ) (500m <sup>2</sup> job)	3,310	51
Carpet medium tufted (m <sup>2</sup> ) (4,500m <sup>2</sup> job)	3,060	47
Lighting installation (m <sup>2</sup> ) (5,000m <sup>2</sup> + job)	3,620	56
Copper pipe 15mm to wall (m) (1,000m+ job)	930	14
Fire sprinklers (per m <sup>2</sup> ) (5,000m <sup>2</sup> job)	1,750	27
Air conditioning including main plant (m <sup>2</sup> ) (5,000m <sup>2</sup> + job)	8,980	139
<b>Labour costs</b>		
Group 1 Tradesman e.g. plumber, electrician	760	12
Group 2 Tradesman e.g. carpenter, bricklayer	760	12
Group 3 Tradesman e.g. carpet layer, tiler, plasterer	760	12
General labourer	680	11
Site foreman	1,100	17
<b>Material costs</b>		
Concrete 30 MPa (m <sup>3</sup> ) (1,500m <sup>3</sup> job)	5,280	82
Reinforcement bar 16mm (tonne) (120 tonne job)	33,900	524
Concrete block (400x200) per 1,000 (>10,000 block job)	75,010	1,159
Standard brick per 1,000	18,960	293
Structural steel beams (tonne) (100 tonne+ job)	51,750	799
Glass pane 10mm tempered (m <sup>2</sup> )	7,660	118
Softwood timber for framing 100mm x 50mm (m)	270	4
13mm plasterboard (m <sup>2</sup> )	240	4
Emulsion paint (litre)	67	1
Copper pipe 15mm (m) (1,000m+ job)	559	9
Copper cable (m) (3C + E, 2.5mm PVC) (100,000m+ job)	108	2
<b>Plant</b>		
Hire 50t mobile crane + operator (day)	63,000	973

<b>Market:</b>	<b>Cold</b>
<b>Tendering:</b>	Warmer
<b>Cost escalation 2016–17:</b>	6.0%
<b>Cost escalation 2017–18:</b>	5.0%
<b>Contractor's margin:</b>	8.0%
<b>Preliminaries:</b>	8.0%
<b>Location factor (USD):</b>	55
<b>PPP coefficient:</b>	40.18