

## IGOR CHUMACHENKO ON RBC TV CHANNEL: NOT ALL ADMINISTRATIVE BARRIERS FOR CONSTRUCTION ARE DOWN YET

On May 25, 2016, VEGAS LEX Partner, Head of Real Estate, Land & Construction practice [Igor Chumachenko](#) gave an interview to the **Company News** program on **RBC TV Channel**. He was asked to comment on the first annual forum, *Real Estate in Russia*, conducted by RBC.

There are not many new projects on the market; for the most part, developers are finishing the existing jobs in their portfolios. Although over 20 million square meters of property have been completed and put to use since the beginning of the year, the same period in 2015 was 14% more active. Yet, experts at the forum said the first quarter of 2016 still showed some growth on 2014. Which means now is the best time to buy property, as housing has never been so affordable before. Now the average mortgage interest rate is 13.4%, or 2% below the 2015 level.

A state program to subsidize mortgage interest is seen as an important cooperative effort between government and business. A 1% decrease in mortgage rates should promote the development of the mortgage securities market. The first bonds guaranteed by the Agency for Housing Mortgage Lending may appear on the market as early as this year.

The last two years have been particularly indicative of the change: over that period, a number of changes in the legislation were made, including simpler procedures for land plot development plan issue and approval. Yet, despite the positive developments, many obstacles are still there.

According to Mr. Chumachenko, 60% of the lengthy procedures to obtain construction permits have to do with connection to utilities, and only about 24% have to do with actual construction issues. "Here, of course, dealing with the monopolies and harmonizing these problems remains a burning issue," Mr. Chumachenko said.

The program went on air on May 25, 2016 at 17:19. A video is available at [http://tv.rbc.ru/archive/comp\\_news/5745b8219a79474f75863b93](http://tv.rbc.ru/archive/comp_news/5745b8219a79474f75863b93)

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Source: [RBC website](#).

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