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Строительная отрасль — важная составляющая экономики любого государства. Ввиду этого, вопрос развития данной отрасли заслуживает особого внимания. Финансирование строительных проектов зачастую сопровождается рядом проблем, особенно в странах, экономика которых не является стабильной. Строительная отрасль нуждается в новых банковских инструментах для финансирования проектов. Целью данной работы является обоснование необходимости внедрения новых банковских инструментов для финансирования строительных проектов.

Ключевые слова: процентная ставка, строительство, банковские инструменты

Construction projects are long-term and have long payback period. Banks are not willing to participate in financing such long-term projects, particularly now when the economy is unstable and interest rate fluctuates strongly in many countries, including Russia. That can affect the whole industry as there are many factors preventing construction companies from getting financing for development. It is quite obvious new banking instruments are necessary to avoid the industry from stagnation and provide people with work places.

This paper will discuss the necessity of involving new banking instruments on the example of Russia. In this country, there are conditions that demand construction companies to look for solutions constantly, particularly after adjustments in the law on shared construction. According to these adjustments, construction companies are not allowed to take money from apartments buyers on the stage of building. Money from equity holders can be accepted only through banks that are accredited by state officials on conducting such kind of activity as demands are severe. In other words, in past, companies could use easily money that was pre-paid, and now they are limited in it. Indeed, construction

companies have to get permissions on each action from those banks, and they will not be able to use even this option if their own money constitutes less than ten percent of the whole project cost. There are few companies that can afford such conditions. It is actual for infrastructure projects too where public private partnership was commonly practiced but now this topic is also goes through hard times [1]. If construction companies take loans from banks, they are obliged to have at least sixty percent of their own equity, which is almost unreal for the most companies. That is why new banking instruments are necessary to implement actively in the industry.

Moreover, stock market volatility can also undermine many companies from getting financing as there are many risks and obscurity with interest rates. Instability on the market impacts the eventual interest rate too. One of the consequences of volatility is higher risks, whose consequence is higher interest rate and return. More expensive money can make products and services, including apartments, rise in self-cost which can influence the general turnover in the real estate market. For better understanding, let's apply to the graph below showing how rate affects stock prices.

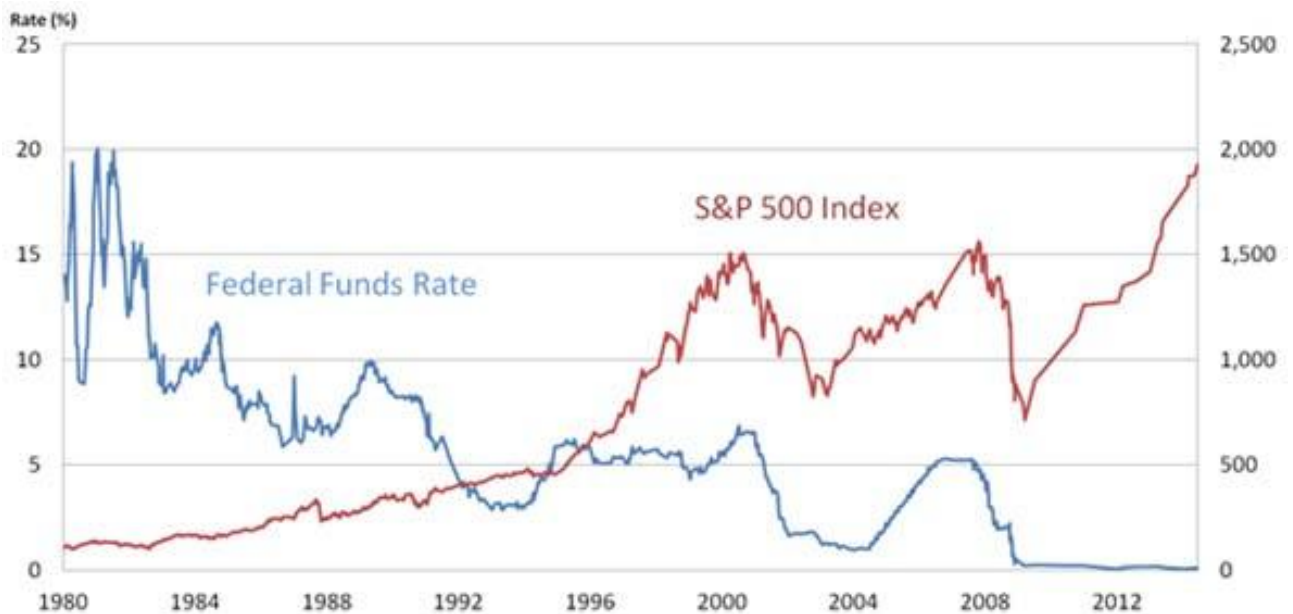


Figure 1. Dependence of Federal Funds Rate and S&P 500 Index. Source: [5].

These things depict interdependency between the market elements, and as property prices also influence the rate and inflation, we can admit construction industry needs some new instruments that also hedge risks. Banks have their own risks, and so do construction companies. There are eight key factors: economic growth rate, spare capacity, wage inflation, unemployment, commodity prices, exchange rate, consumer confidence, and house prices [2]. The last one deserves more attention as this is our issue. The industry is strongly affected by the market, and there is need in use of some new instruments for financing the projects.

As for legislation correction, the official reason of preventing construction companies from taking money from buyers before commissioning is to protect co-investors from fraud by unscrupulous companies. My opinion is that it is just an attempt of large companies to monopolize the market as little ones will not be able to do anything under current conditions — they do not have enough money in their own capitals. Little companies, which relied strongly on money of co-investors, are not able work this manner anymore. Only big companies that have sixty percent of construction projects' cost will stay on the market [4]. Another point is that these changes will stimulate development of banking sphere, but anyway, construction companies

lose the opportunities to continue their work. Companies that are allowed to take money from buyers before commissioning have to keep them on escrow accounts, but do co-investors need it? Such policy will also decrease amount of buildings which is aimed to diminish speculation demand among people. Real estate is often considered as an investment, and the government makes people invest money in other assets, for instance, in treasury bonds, but not in real estate as money there do not circulate enough and cannot be checked always. Because of the state's mistrust, property tax, real estate resale tax, and capital repairs fund rise.

After political events of 2014 (when Russia joined the Crimean peninsula) Russia and several businessmen were imposed a lot of sanctions from Europe and the United States. Russian economy strongly depends on resources it exports abroad. After sanctions, many key Russian companies lost in price as top-managers and owners of big stakes of those companies were accused of interfering in the elections in the USA. Moscow Exchange reacted to this by falling by 9%. Such huge companies as UC Rusal, Nornikel, Polus, VTB, Gazprom lost in average more than fifteen percent in price [3]. Russian Trade System (RTS) Index is Russian analogue of S&P 500 index. It is presented below and shows how strongly it fell after these events.



Figure 2. RTS Index for 2018. Source: google.com.

The Russian market is volatile, and its legislation creates new difficulties for construction companies to involve all available resource to the projects. In such conditions, long-term investments are not attractive to banks at all; even though, not every company can afford to borrow money, which only proves the fact new banking instruments are necessary.

As an alternative to existing instruments, the market players can practice securitization when debt converts to securities, when instead of credit obligations banks deal with bonds or some other forms of co-financing. For instance, a company can develop a road and issue bonds on that project ensured by constant payments and maturity date. Expansion of such tools to other areas of construction industry will improve the efficiency of financial sector of the country and stimulate development of already falling real estate market. So far, many companies work on projects permissions for which they got before legislation corrections. In near future, this topic will be relevant.

Constant changes are an integral feature of the modern world, which is relevant for every sphere of life and business. Changes in legislation can be considered as an example for that. Without adequate reaction on those changes, companies are at risk of getting unable to continue working and existing. In case of this article, an example of such reaction on changes are new banking instruments. ■

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Banking instruments in the construction industry

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Construction industry is an important part of the economy of any country. Therefore, the question of its development deserves special attention. Financing projects of this type often encounters various problems, especially when it comes to countries with not very stable economies. Construction industry needs new banking instruments for financing. The purpose of this work is substantiating that implementation of new banking instruments for financing projects of the construction industry is necessary.

Keywords: interest rate, construction industry, banking instruments
