

# Influence of War on Russian Buildings

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## ABSTRACT

In this research paper area regarding the conflict between Russia and Ukraine is covered and how does it have affected the Russian buildings due to the international sanctions imposed on Russia. Many MULTINATIONAL CORPORATION, Big Brands, Fast Food chains, Showrooms and many more got empty after the sanctions. Due to which Buildings were left empty. The main reason of these sanctions were to brake Russia financial backbone and Russia will be in great debt. Nevertheless, Russia got some measures and able to cover up everything. So this is report all these points will be covered and how Russia isn't affected by any of this.

**KEYWORDS-** Sanctions, Empty building, Economy, War.

## REPORT-

On 24 February 2022, Russia invaded and occupied parts of Ukraine in a major escalation of the Russo-Ukrainian War, which began in 2014. The invasion has resulted in tens of thousands of deaths on both sides, and instigated Europe's largest refugee crisis since World War II. About 8 million Ukrainians were displaced within their country by June, and more than 8.1 million had fled the country by March 2023.



The Ukrainian government launched a military operation against the separatists, resulting in fighting and violence in the eastern regions of Ukraine. The situation quickly escalated, with Russia accused of providing military and financial support to the separatists.

The conflict remains complex and challenging, with deep-rooted political, economic, and social issues at play. The situation is further complicated by geopolitical tensions, as Russia's relations with Western countries remain strained due to the conflict and other issues.

Western sanctions have hit Russian banks, wealthy individuals and technology imports.

Western nations are trying to limit Russia's access to money.

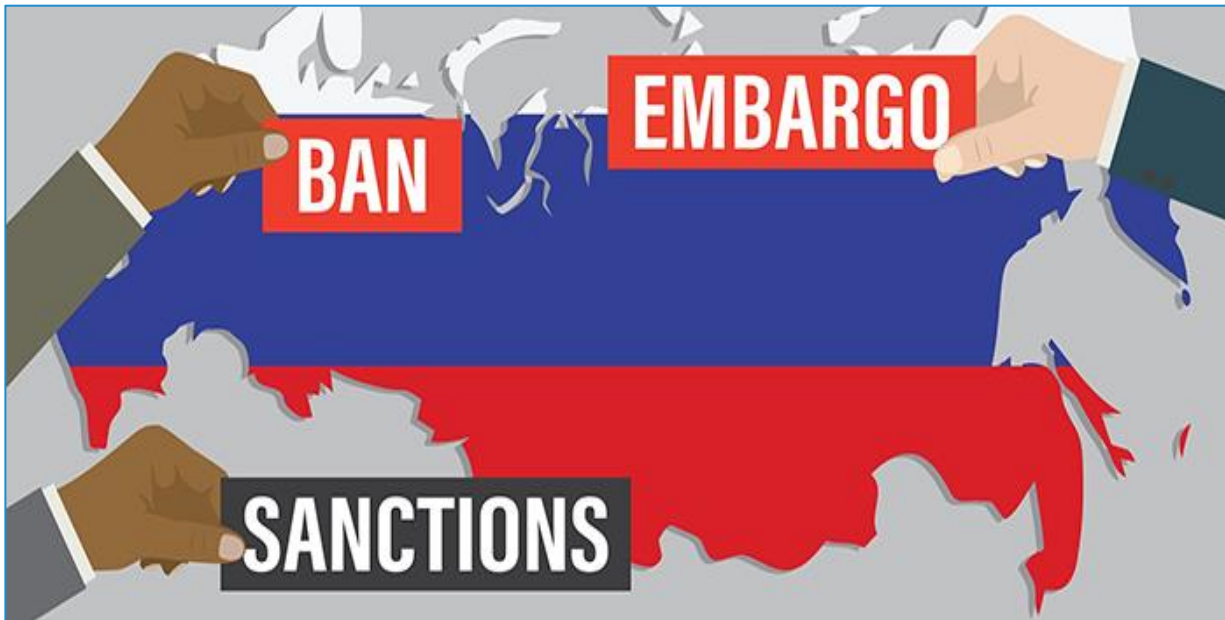
The US has barred Russia from making debt payments using foreign currency held in US banks.

Major Russian banks have been removed from the international financial messaging system Swift. This has delayed payments to Russia for its oil and gas exports.

The UK has excluded key Russian banks from the UK financial system, frozen the assets of all Russian banks, barred Russian firms from borrowing money and placed limits on deposits Russians can make at UK banks.

- A ban on the export of dual-use goods - items with both a civilian and military purpose, such as vehicle parts - by the UK, EU and US
- A ban on all Russian flights from US, UK, EU and Canadian airspace
- An import ban on Russian gold
- A ban on the export of luxury goods to Russia
- The UK has imposed a 35% tax on some imports, including vodka

Many international companies have either suspended trading in Russia or withdrawn altogether.



Due to all these sanctions, there are many buildings vacant. Russian malls half-empty after Western firms exits over Ukraine War. Dozens of foreign and international companies have withdrawn from the country, leaving behind half-empty malls and closed doors in places that once buzzed with customers.

However, some changes are visible mostly those prompted by Western sanctions and a massive, unprecedented pullout of Western businesses that had become entrenched in the landscape of Russia's daily life over three decades.

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Ever since the invasion of Ukraine began, over 1,200 companies and counting left the country.

Over 1,000 companies have publicly announced they are voluntarily curtailing operations in Russia to some degree beyond the bare minimum legally required by international sanctions — but some companies have continued to operate in Russia undeterred.

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The issue of vacant buildings in Russia due to sanctions has been a topic of much debate and concern. The economic sanctions imposed on Russia by the United States and European Union in 2014 have had a significant impact on the country's economy, causing a decline in foreign investment and a devaluation of the ruble. This, in turn, has led to a decrease in demand for real estate, resulting in a significant number of vacant buildings across the nation.

There are several reasons why vacant buildings have become a significant problem in Russia. Firstly, the sanctions have limited the ability of Russian companies to obtain financing from foreign banks. This has had a direct impact on the construction industry, as it now finds it challenging to secure the funding necessary to complete new projects. As a result, many buildings remain unfinished, and construction sites are left abandoned.

Secondly, the sanctions have led to a decrease in foreign investment in Russia. This has resulted in a reduction in demand for commercial and residential property, which has caused a sharp decline in real estate prices. Property owners have found it increasingly difficult to rent or sell their properties, leading to a rise in vacant buildings across the country.

Furthermore, the sanctions have also had a knock-on effect on the retail sector, with many businesses closing due to reduced sales and investment. This has resulted in many commercial buildings remaining unoccupied, further contributing to the issue of vacant buildings.

While the issue of vacant buildings in Russia is undoubtedly a cause for concern, there are also potential opportunities that can be explored. For instance, some entrepreneurs have converted vacant buildings into co-working spaces, art galleries, and community centers.



But there's a catch regarding the empty shops, firstly when the sanctions were imposed on Russia, companies played smartly. They all thought the war would be over in six to eight months, so they didn't close their shops. After six to eight months Putin continued bombing Ukraine the pressure on the international brands and shops were increased.

They had no options but to shut their places down, So now they started searching for locals to buy their services. Many brands made a lot of profit immediately.

Examples-

Alexander Govor, a Russian businessperson, bought Russia's closed McDonald's restaurants in May and rebranded them as Vkusno & Tochka, which translates as "tasty and that's it."



A new coffee chain is taking over Starbucks outlets in Russia after the US company pulled out over the ny completely withdrew from Russia in May. Starbucks was rebranded into Stars co-owner, the resta invasion of Ukraine. The cafés were closed by Starbucks in March and the compaurateur Anton Pinsky, said the outlets would be reopened gradually. The logo of Stars Coffee is similar to that of Starbucks, featuring a woman in the center of a circle but wearing traditional Russian headgear.





- Previously, the company named BP petrol pumps had around 5000 shops but due to sanction they were closed but soon after a company name ROXNEFT replaced it.
- Ikea made a big contribution to the economy, but all the stores are closed right now. It had major impact because majority of people in the Russia was depended on Ikea. But their small store (costumer care team) is still open for warranty and defeated products even after a year.

Locals are planning to take over their empty stores and rebrand ikea like Starbucks and McDonalds.

- Many big Car brands like **Volkswagen, Audi, Suzuki, Daimler-Benz, Mercedes-Benz, AB Volvo, Ford Motor Company, Renault, Skoda, Mitsubishi Motors** it would halt all of its business activities in Russia.

Their buildings are vacant. Some of the chinese brands has taken over their building. Haval, Chery and Geely now account for almost 40% of Russia's new car sales, data from analytical agency AutoStart and consulting company PPK showed, up from less than 10% in January-February of 2022, pouncing on the opportunity left by the exit of firms such as Renault, Nissan and Mercedes.

But people can buy these cars from Kazakhstan. They go by road and then buy cars from these brands.

- Movie theaters are still empty because films aren't made in Russia, they were depended upon Hollywood and Europe films. Indian films have started releasing there but the it's not that profitable.
- Apple has stopped selling products in Russia, but Wildberries, the country's biggest online retailer, offers the iPhone 14 for about the same price as in Europe. Online retailer Svaznoy lists Apple Air Pods Pro. Yet people buy it from adjacent countries.

ABInBev says it's no longer getting money from the venture and that Leffe production has been halted. Wildberries and Svyaznoy didn't answer emails asking about their sourcing.

But it's clear goods are skirting sanctions through imports from third countries that aren't penalizing Russia. For example, Armenia's exports to Russia jumped 49% in the first half of 2022. Chinese smartphones and vehicles are increasingly available.

Companies are facing public pressure from Kyiv and Washington, but some have found it's not so easy to line up a Russian buyer or say they're selling essentials like food. Moscow residents, meanwhile, have downplayed the impact of sanctions. "Maybe it hasn't affected me yet," 63-year-old retiree Alexander Yeryomenko said. "I think that we will endure everything."

Dmitry, a 33-year-old who declined to give his last name, said only clothing brands had changed. "We have had even worse periods of time in history, and we coped," he said, but added that "we need to develop our own production and not to depend on the import of products."

One big reason for Russia's resilience: record fossil fuel earnings of \$325 billion (about \$1,000 per person in the US) last year as prices spiked. The surging costs stemmed from fears that the war would mean a severe loss of energy from the world's third-largest oil producer.

That revenue, coupled with a collapse in what Russia could import because of sanctions, pushed the country into a record trade surplus meaning what Russia earned from sales to other countries far outweighed its purchases abroad.

The boon helped bolster the ruble after a temporary post-invasion crash and provided cash for government spending on pensions, salaries and above all the military.



In conclusion, Russia still has many vacant shops, but they are trying their best not to be affected by the sanctions and many Russian officials says that Russia isn't likely to run out of money this year but instead will face a slow slide into years of economic stagnation.

It will have enough money under any kind of reasonable scenario, Chris Weafer, CEO and Russian economy analyst at the consulting firm Macro-Advisory, said in a recent online discussion held by BNE Intellites.

Even if they'll face any financial problems in the future Russia can or will organize Winter Olympics as they have climatical advantage over other countries.

They also held Winter Olympic in 2014 and invested a lot of money on the sports arena and

Sochi Winter Olympics made an operating profit of 3.25 billion roubles (\$53.15 million).

Also, India and China is also investing in Russia. Soon after when the war will be over Russia will recover from the financial debt which has been caused by the War.



