Figuur A1.1 – Overzichtskaart Kiev (Aroetjoenjan, 2005)

APPENDIX 2

Interview 15 Oct, Colliers International – Natalia Kravets

Natalia Kravets is Associate Director of the Retail Department at Colliers International, a company that is specialised in Real Estate Consultancy

How do you value Kiev's current economic development?
Despite the political instability of the last few years, we have experienced big growth. The average income almost doubled in Kiev in the last few years. There is a huge demand for retail premises to accommodate the increased spending of richer customers. At present Kiev is a 'Landlord's market', where demand greatly surpasses what is on offer. On the AT Kearney Index of Retail Market Attractiveness, Ukraine ranked fourth in 2006.

How do you explain the tremendous rise in prices of real estate and housing over the last few years?
The market is currently overheated. There is a lack of premises in almost every area of the market and when people want to have living space they often need the help of their parents. Other constructions are sharing the lease with three of four persons, or renting one room in an apartment. The market will start cooling down in two or three years, and prices will stabilise. For example the construction of a number of hotels will help to ease the availability of up-market hotelrooms.

What kind of retail landscape are we looking at in 5 years time? What division between different retail concepts will exist?
In two to four years most of the international companies that are starting to develop activities in Ukraine will have their malls developed. That will help to further saturate the market and normalise it. Street retail will further develop. Kreshatik is too small for all the retailers that want to open shops there, so there will be a spill-over to surrounding streets, such as Krasnoarmeyskaja. The rents will have probably stabilised. Furthermore, some of the shopping centres that have already been developed, will be rebranded or specialised in for example furniture.

What do you think the future of the traditional markets will be?
For example on the Left Bank of Kiev, two very big malls (GLA > 100.000 m^2) are planned. They will attract customers for their weekly shopping. But there are also a lot of small district centres (GLA > 20.000 m^2) planned for the area. Now a lot of these centres will have shops in them that can compete with prices at traditional markets, for example prices for clothing. That is why I think in the future the shares are 75% of shopping in malls and professional shopping centres, 25% of shopping at traditional (open-air) markets. A lot of them will disappear, for example Petrovka, where multiple new retail projects are being developed, and which is too expensive to be able to compete with new, fresh centres.

How do you define the popularity of a shopping centre in your research?
For existing centres we have a few important indicators. The first one is customer flow. > 20.000 = Popular. Then there are the opinions of retailers, with whom we stay in close touch. They can compare the popularity of their outlets. We have shopping 'tourists', who go and visit centres and check visually how many people

are there, how full the parking is et cetera. Another very important factor is the turnover per square meter.
For pipeline projects, we use four indicators, to define its probable popularity. The first and most important one is the location, then there is the concept, the architectural quality and planning of the centre and the site. The third one is the availability of transportation and the visual approach, and the last one is the tenant mix. After the centre has opened, mall management is very important, to keep the centre alive and up-to-date.

What kind of role does the local government play in facilitating growth or economic and spatial development? Is it supportive or a drawback?
The role of the local government is completely inferior to the national government. The colour of the political party in charge and the thriving corruption make the development of projects very unstable. A good example is the Troyetski Project, near the Olympic Stadium. At first everything was in order, partly due to the bribing of influential people, but after the government changed the project was halted, due to problems with escape routes. A research was carried out to compare the escape routes of the Olympic Stadium in Kiev and the Stade de France in Paris, and it turned out that the routes In France were more difficult to use, whilst that stadium is in perfect working order. It is this kind of instability that makes projects very difficult to carry out. It is also due to underdeveloped laws – we are a young democracy – and the corruption.

Also zoning exists, but if want it changed and you play completely by the rules, it will take you many years. So if you want the destination of a land plot changed, you are almost forced to do it illegally.

When do you think the city is going to clamp down on the way things are built here? In the Netherlands we have 'welstand', which checks the aesthetic qualities of buildings. Do you think a department like that is needed in Kiev as well?
A department like that exists in Kiev, and is called the Architectural Council. They check plans for their building quality and if it fits in the surroundings. However, the margins are quite large and exceptions exist. Globus, for example, forced the change and removal of a lot of fountains on the central square. The architect of the project was also a member of this council, so the system is flawed.

What kind of impact do you think the current traffic situation has on the city? How important do you consider the metro, or public transport in general, to be for the value of real estate?
The availability of metro is very important for retail projects. It defines 50% of the success of malls. You see the effects in Moscow – prices of real estate around metro stations are much higher, and the same goes for Kiev. The traffic is so difficult that a lot of developers will turn to the edges of town to develop green-field locations and out-of-town malls.

APPENDIX 3

Interview 16 Nov, Fozzy Supermarkets – Dhr. M. Goris

Dhr. M. Goris is sinds 1 januari 2007 logistiek directeur bij de Fozzy Groep, het grootste supermarktbedrijf van Oekraïne, onder meer bekend van Silpo en Fora Gastronom en met ongeveer 250 filialen marktleider

Waarom zit u bij dit bedrijf en wat is uw exacte functie?
Ik ben verantwoordelijk voor de distributie in dit bedrijf. Op dit moment is het zo dat de aanlevering van supermarkten gebeurt door leveranciers die allemaal hun producten komen brengen met kleine vrachtwagens. Dat moet in de toekomst via distributiecentra gaan. Mijn verantwoordelijkheid omvat onder meer de constructie van die distributiecentra.

Wat is het grootste verschil tussen werken in Nederland en werken in Oekraïne?
Wat is er niet anders… De hele infrastructuur is minder. Daarmee bedoel ik niet alleen wegen, maar ook de wetgeving is van slechte kwaliteit, communicatie is moeilijker, het opleidingsniveau is minder. Als je in Nederland van de universiteit komt, heb je een bepaald basisniveau, dat is hier allerminst zeker. Ook is er een gebrek aan know-how rond het efficiënt runnen van een detailhandelsbedrijf.

Hoe waardeert u de economische groei van Oekraïne de afgelopen jaren? Welke kant denkt u dat het op gaat met dit land?
Oekraïne op dit moment valt te vergelijken met Polen en Tsjechië 10 á 12 jaar geleden. Verschil is echter dat die landen op Frankrijk en natuurlijk Duitsland georiënteerd zijn, terwijl Oekraïne veel meer naar Rusland kijkt. Maar Oekraïne heeft ontzettend veel potentieel, er zijn grote ijzervoorraden, er is olie en gas, en het heeft ontzettend veel agrarisch potentieel, door de vruchtbare 'zwarte aarde'. Het is bijvoorbeeld wereldwijd de grootste producent van zonnebloempitten.

Toetreding tot de EU gaat nog lang duren, maar over een jaar of 10-15 zal men waarschijnlijk wel voor toetreding in aanmerking komen. Rusland heeft daarover niks te zeggen.

Waar verwacht u dat de Fozzy Group over 5 jaar staat?
De Fozzy Group zal vermoedelijk marktleider blijven, ondersteund door onze snelle groei. Er vindt veel consolidatie plaats in de markt; kleine bedrijven bieden zich aan bij ons om overgenomen te worden, omdat ze merken dat ze het anders niet redden. Buitenlandse overnames kunnen plaatsvinden, maar Westerse bedrijven richten zich met name op hypermarkten, terwijl wij veel meer met supermarkten (Silpo) en buurtwinkels (Fora) bezig zijn.

Wat zijn op dit moment uw grootste concurrenten, en wie verwacht u dat dat over 5 jaar zijn?
Op dit moment zijn er talloze winkels en ketens die allemaal concurrenten zijn. Ook als er een hypermarkt in de buurt opent is dat concurrentie. Op het gebied van groente en fruit zijn ook de open markten competitief. Er zal de komende jaren nog veel consolidatie plaatsvinden, maar dat gaat ook nog heel lang duren. Er zijn

op dit moment namelijk nog talloze bedrijven die een paar winkels in een stad hebben en het daarmee prima doen.

Hoe is de huidige marktverdeling tot stand gekomen? Klopt het dat er op dit moment niet echt sprake is van concurrentie?
Het is min of meer natuurlijk zo gegroeid. 15 Jaar geleden was hier niks, er waren geen bedrijven. Nu is er in razend tempo een groot aantal supermarkten ontstaan. Van concurrentie, zoals we die in Nederland kennen is hier echter geen sprake. Dat de prijzen zo hoog zijn komt echter niet alleen door hogere marges, maar ook doordat bedrijven op dit moment nog behoorlijk inefficiënt werken. Ze hebben veel te veel personeel in dienst, en ook de distributie kan veel beter.

Is het zo dat het gros van de klanten te voet naar de supermarkt komt en klopt het dat supermarkten in Oekraïne over een hoge 'spatial monopoly power' beschikken, hoger dan in West-Europa?
Dat klopt. Er is relatief weinig autobezit, en dat kan nog lastig worden voor de grote westerse bedrijven, die daar toch op mikken. Er worden al noodoplossingen gezocht door busjes te laten rijden om ook mensen die van het openbaar vervoer gebruikmaken bij de nieuwe winkels te kunnen laten komen, maar het zal moeilijk worden om iedereen met de auto naar de nieuwe winkels te trekken. Wat dat betreft hebben supermarkten redelijk goed afgebakende marktgebieden.

Waarom wachten westerse bedrijven zolang met het betreden van deze markt?
Er is behoorlijke politieke onzekerheid. De vlam kan nog steeds in de pan slaan. Westerse bedrijven willen best concurreren, als ze de spelregels maar kennen. Wetgeving hier is nog steeds van bijzonder matige kwaliteit – er zijn allerlei projecten vanuit de EU om Oekraïne te helpen daarmee – en op dit moment nog Multi-interpretabel. Dat creëert rechtsonzekerheid, net als de nog steeds zeer grote corruptie. Daarnaast is het heel moeilijk om land te krijgen, die markt is ondoorzichtig. Het interessante is dat lokale bedrijven een grote kennisvoorsprong hebben met betrekking tot deze markt. Ze weten wat er gebeurt en wie waarvoor verantwoordelijk is. Westerse bedrijven hebben qua kennis van de lokale markt een achterstand, maar weten weer veel beter hoe je efficiënt en goed detailhandel moet bedrijven. Daarom nemen Oekraïense bedrijven op dit moment ook mensen uit het westen in dienst, om die kennis zelf ook in huis te halen en zich zo voor te bereiden op de toekomst.

Hoe is de samenwerking met de overheid?
Zelf doe ik daar niks mee. Zogauw er contacten nodig zijn doen lokale werknemers dat, die de taal spreken en contracten begrijpen. Dingen gaan soms heel problematisch. Maar in het algemeen kun je zeggen dat wij als bedrijf geen maatschappelijke doelstellingen hebben. We bouwen winkels, zorgen dat die er normaal uitzien en dat is het. We zijn geen ontwikkelaar die ook nog geld steekt in openbare ruimte. De overheid heeft ook officieel wel allerlei regelgeving, maar die staat of valt met de mate waarin die wordt afgedwongen. In de praktijk kan met geld heel veel omzeild worden.

Hoe denkt u dat over 5 jaar de verdeling tussen de verschillende vormen van retail zal zijn? Wat zal er bijvoorbeeld gebeuren met traditionele markten?

De verschillen tussen stad en platteland zijn wat dat betreft heel groot. Op het platteland zal er niet zoveel veranderen, maar in de stad zullen dezelfde argumenten gelden als waarom we in Nederland zijn overgestapt naar supermarkten waar je in een keer alles kunt krijgen aan dagelijkse benodigdheden. Mensen hebben weinig tijd en veel haast, en willen dus niet vijf markten aflopen. Daarnaast willen mensen constante kwaliteit en niet belazerd worden. Supermarkten kunnen dat leveren en zullen dus in steden steeds meer marktaandeel winnen, onder meer ten koste van de traditionele markten.

Waarom zijn er zoveel supermarkten uit het centrum van de stad verdwenen?
Dat kan door allerlei dingen komen. Er is weinig bescherming voor huurders, dus de eigenaar van het pand kan het zomaar verkocht hebben aan speculanten. Er kan mismanagement hebben plaatsgevonden, waardoor de zaak failliet is gegaan. Dat is in feite zonde, want er is in het centrum veel potentieel. Als je op de plek van de voormalige Centrale Supermarkt een goed uitgeruste supermarkt kan vestigen, is dat een goudmijn. Iedereen gaat nu naar de Fursjet Gurman onderin Mandarin Plaza, maar zo’n fantastische supermarkt is dat niet. Je kunt er dure wijn krijgen, maar dat verkopen is geen kunst.

APPENDIX 4

Interview 27 November, Alexander Drapikovskiy

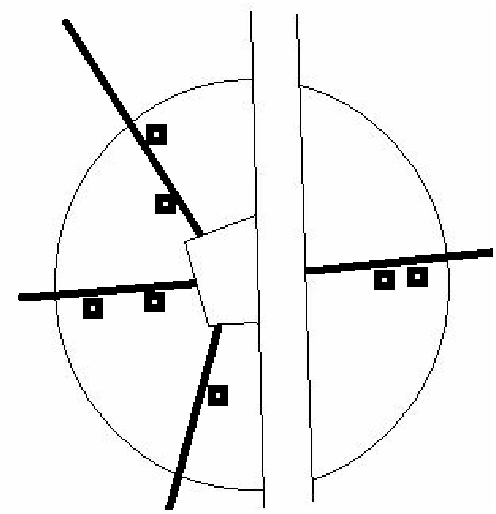
Alexander Drapikovskiy is a teacher of City Planning at the Faculty of Geography of the University of Kiev. He also is managing director of the Kiev-based Centre of Urban Land Use Management and Economics

Could you give me a description of the way Kiev and shopping in Kiev have developed over time?

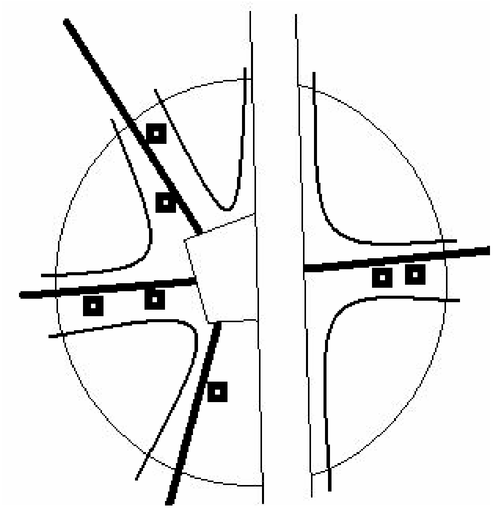
Before 1917
Retail was done in covered markets, such as Bessarabskiy, Pecherska and the Jewish market. These were located on strategic points in the middle of neighbourhoods. From 1870 onwards, Kreschatyk and Krasnoarmeyskaja were the main shopping streets of Kiev, together with the street running from Kontraktovaja to Poshtovaja Plosjadj, in the old district of Podol, the low part of Kiev.

1917-1940
With the introduction of communism to Kiev, heavy industrialisation started. Kiev was never industrial, much more a city of trading and banking, and the production of sugar and wheat. New industrial districts were planned everywhere, with connected residential areas. These areas had very few shops, and only for basic needs. Around 1937, the TsUM was constructed in Kiev.

Development happened mainly along the big roads out of the city, scattered in space around the old city. In a scheme it looked like this:



1945-1960
Further intensification of the city commenced. The building of Mikrorayons started, to fill up the space between all the industrial city blocks, and the former villages around Kiev:



More big department stores were built: Detskiy Mir on the Left Bank and the Ukraina Univermag near the central city. The Left Bank was primarily a sleeping district, where residential and industrial areas were located, but almost no social-cultural services.

1960s

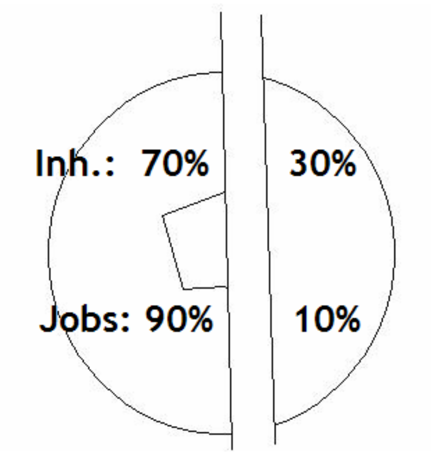
In the 1960s, a strict hierarchical system was invented, based on city planning principles:

1. Micro (mikroraion)
   Bread, milk, vegetables
2. Neighbourhood (zheloy massiv)
   Shops for once every two weeks to once a month. Gastronom (supermarket), providing fruit, domestic appliances, some clothing
3. District (raion)
   Central markets, specialised shops, for example in furniture
4. City (gorod)
   TsUM (GUM), Detskiy Mir, Ukraina Mall

This system was connected with the start of the development of shopping centres in the middle of neighbourhoods, instead of on first floors of residential buildings.

City planning was based on the building of complete city blocks: a factory (or industrial zone), residential areas and connected services. The amount of services provided was based on the amount of money left after the factory and connected residential areas had been constructed. In principle 6% of the budget for the whole city block was reserved for services, but in practice it often turned out that what was left was used for services, which often amounted to much less than 6%. Of this money, all cultural, social and retail services had to be paid.

From the 1960s onwards, the city kept being enlarged and intensified. Around 1980, the division of inhabitants and work was like this:



1986-1996
In the 1986 General Plan of Kiev, new major industrial zones were proposed for the areas of Troieschyna (Northeast) and Osokorky (Southeast). The collapse of the Soviet Union and the following crisis in the beginning of the 1990s led to nothing being built, apart from one factory for laser equipment near Troieschyna, where the National Bank of Ukraine now has its monetary depot.

Regarding retail, there were 3 periods. First kiosks appeared everywhere on streets and in underground street crossings. Then some big bazaars sprung up, with the first major one around the Respublikanskiy Stadion. The third phenomenon was the reconstruction of first-floor apartments into shops. Everywhere around town, small shops were opened on the first floors of residential buildings. Most of the shopping centres of the 2nd and 3rd categories were empty.

1996 onwards
Around 1996, Billa from Austria was a pioneer from the west, that opened its first store in the southeast of Kiev. Western-style retailers, mainly from Ukraine itself, started to fill the formerly empty second and third category shopping space, and other locations that were strategically located on crossings of big roads out of the city (Magistraly). Shopping malls were created in former 2nd and 3rd category centres, and also in some of the empty factories, that were abandoned in the crisis period. A good example of that can be found at and in the region of the market of Petrovka, a strategic location between the big residential areas of Mostitskiy and Troieschyna. In this region a lot of new retail has sprung up, for example Karavan and Promenada. Later on metro stations became main focus points.

I am currently focusing on two specific parts of the city, that I think are each other's counterparts: Khreschatyk, very expensive and Troieschyna, very cheap. Could you give me more information on how the market at Troieschyna came into existence and what you think is its future? What in general will happen to the open markets in Kiev?

The market of Troieschyna, but also those of Petrovka and Yunost, came into existence illegally, after the collapse of the Soviet Union, to provide for cheap consumer goods. These markets were very popular from the beginning, and although there were created illegally, the government decided to legalise them at the end of the nineties. Now these markets operate under the following construction: the government leases the land to the administration of the market, that collects rents from the tenants there. The land is therefore still government-owned. Specific for Troieschyna was that the government also more or less wanted the market to be located there, because the big residential area of Troieschyna had almost now jobs, causing a lot of mobility and people having to commute to the right bank for work everyday. Now a lot of tenants are Chinese, that are able to gather great quantities of cheap clothing, shoes and domestic articles and sell it at cheap prices. In the beginning, most of the tenants were Ukrainians, and people from Poland even came here to buy cheap stuff. Now most Ukrainians have moved on to better jobs, and therefore their places have been taken by Chinese.

But the phenomenon of illegal markets coming into existence after the collapse of the Soviet Union is not typical of Ukraine, it happened in Russia, Poland, most of the countries where the retail system had to overhauled completely. I think that within 10 years these markets will be closed. This already happened at the Vladimirskiy market, where rising land prices forced the market to close. Now a shopping centre is operating there.

After 1991, how did the government facilitate the growth of new retail and development in general, what was the legal framework?

In 1992, the government issued a law on property rights. Before 1991, only the state could own land, but now 3 different categories were created: private, collective and state land. Private land could only be owned by citizens, collective land was only meant for agricultural purposes and state land remained with the government. Two presidential decrees were the basis of the modern system:

1995: A decree on privatisation and lease, creating the possibility to buy land for retail and services;
1999: A decree on the sale of land, except land for agricultural purposes
2001: The decrees of 1995 and 1999 are put in the Land Code

Now, presidential decrees are not law, they are not stable enough for foreign investors to build upon, for example. Therefore, from 2001 onwards, when the decrees were turned into law by the parliament, shopping centres were really possible.

The procedure to get something built is as follows:

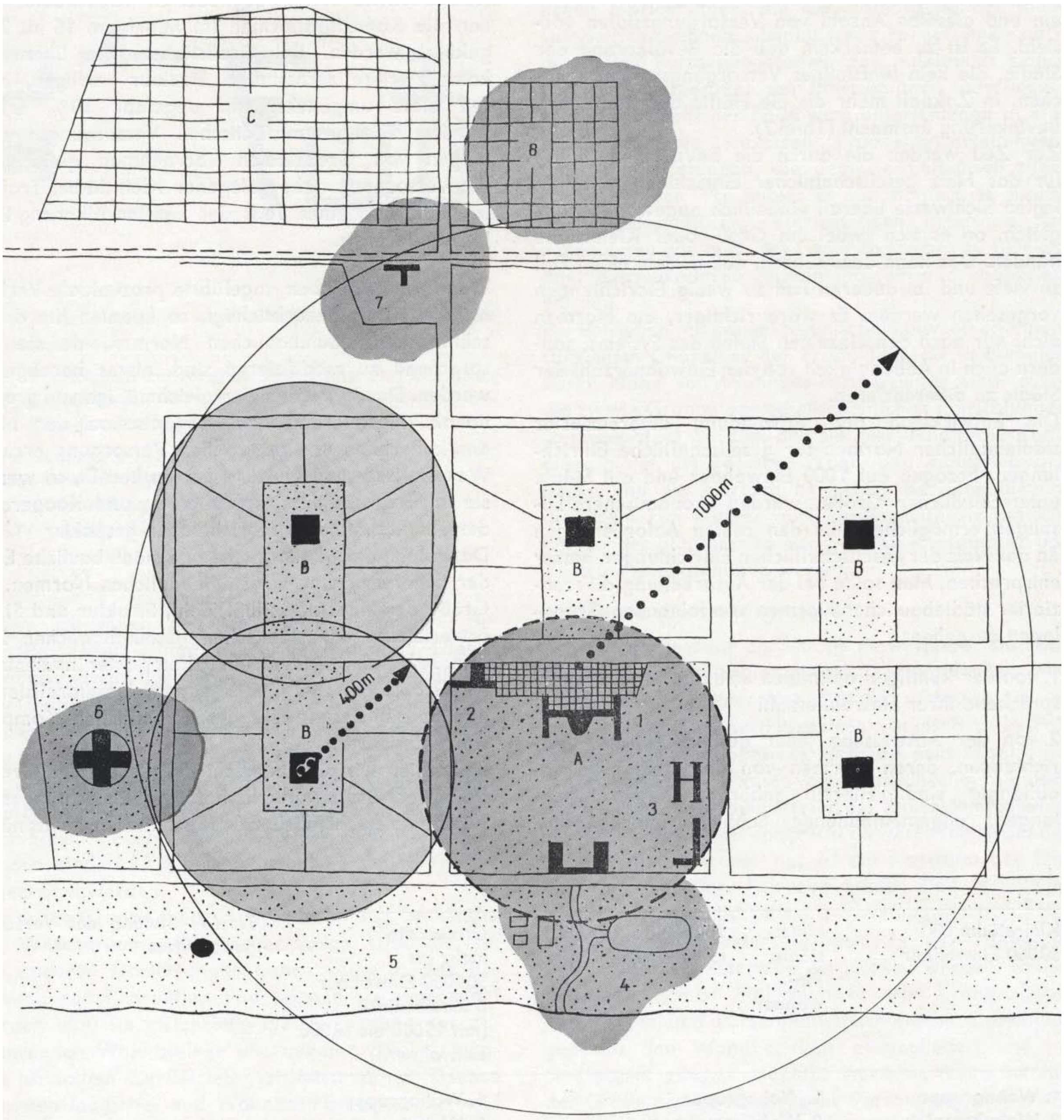
Step 1: Get the right on the land (either a lease or ownership)
Step 2: Get the necessary documents (the right zoning, etc.)
Step 3: Get the building permit based upon a development plan
Step 4: The master plan for the building has to be signed
Step 5: Construction
Step 6: After completion, the building is checked to see if it was constructed in accordance with the master plan and design

Now, this is how it officially works, but with the right connections and a lot of money, the first 4 steps go a lot quicker than normally. But big scandals have so far not really occurred, people stick to this system rather well.

What can we expect to happen in Kiev in the coming years?
Since 1936, General Plans have been drawn up for the city every so many years. These give an outline of what is supposed to happen in the city in the coming years. Now we have the General Plan 2020. I have to stress that they give the supposed development, not reality. In this plan I see forecasts that were already in the General Plan of 1986. But the biggest expansions will probably happen, which are a large expansion of the southeastern parts of the city, south of Osokorky and Pozniaky. Large new residential areas and a big new industrial zone will be constructed there. About the same is going to happen in the southwest. There are still some problems there, because the city is expanding beyond its own borders there, and the neighbouring Kiev Oblast is not really willing to facilitate all this growth of the city. But in fact they have already been flooded with developments.

In the neighbouring towns of Vishneve and Brovary big supermarkets have already been constructed, and along the road to Borispol a Fozzy Hypermarket will be constructed, so quite a lot is happening just outside of Kiev as well.

APPENDIX 5

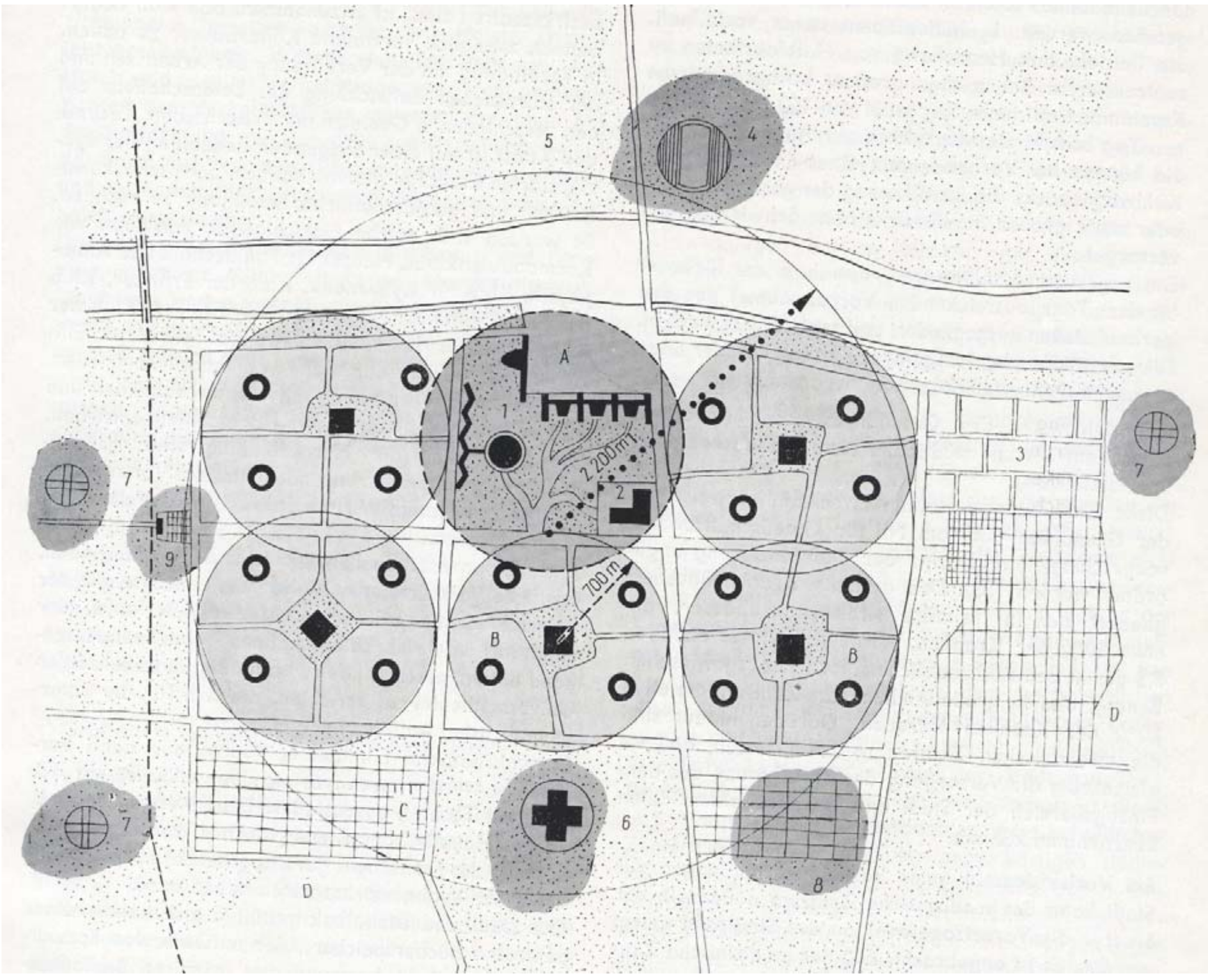


Figuur A6.1 - Basisschema voor opbouw van een kleine stad (50.000 inwoners)

A Stadscentrum: 1 Cultuur- en administratiecentrum; 2 Handelscentrum; 3 Onderwijsvoorzieningen; 4 Sportcomplex; 5 Stadspark; 6 Ziekenhuis met polikliniek; 7 Trein- en busstation; 8 Lokaaleconomisch complex

B Woongebouwen

C Fabrieken



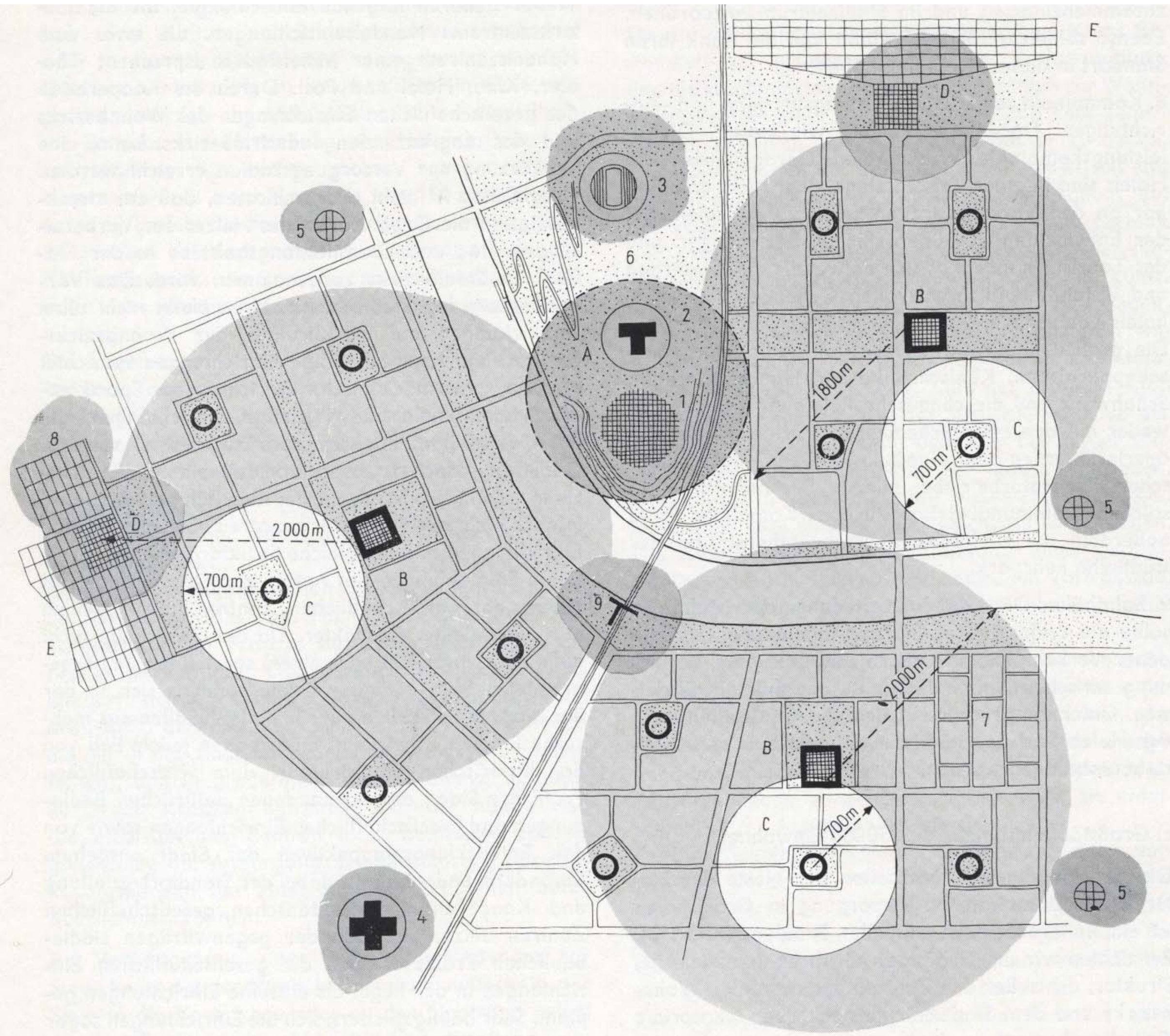
Figuur A6.2 - Basisschema voor de opbouw van een middelgrote stad (200.000 inwoners)

A Stadscentrum: 1 Cultuur- en administratief centrum; 2 Handelscentrum; 3 Onderwijs- en onderzoekscentrum; 4 Sportcentrum; 5 Stadspark; 6 Medisch centrum; 7 Stedelijke ziekenhuizen met speciale voorzieningen; 8 Lokaaleconomisch complex; 9 Bus- en treinstation

B Woongebied

C Bedrijvencentrum

D Fabrieken



Figuur A6.3 - Basisschema voor de opbouw van een stad (500.000 tot 600.000 inwoners)

A Stadscentrum: 1 Cultuur- en administratief centrum; 2 Handelscentrum; 3 Sportcentrum; 4 Medisch centrum; 5 Specialistisch ziekenhuis; 6 Stadspark; 7 Onderwijs- en onderzoekscentrum; Lokaaleconomisch complex; 9 Centraal station

B Wijkcentrum: Administratief gebouw (inclusief postkantoor, banken); bioscoop- en concertzaal, buurthuis, handelscentrum, hogeschool, gemeentelijk ziekenhuis met polikliniek, stadion

C Woongebiedscentrum

D Industriegebiedscentrum

E Fabrieken