

## **Russian Real Estate**

In 1981 Korean airliner 007 was shot down by a Soviet Fighter plane and crashed into the Sea of Japan. This constituted a Cold war crisis of major proportions. This incident initiated CCI (Center for Citizen's initiative) as a way to solve problems less lethal than armed conflict. CCI is a non profit organization dedicated to economic reform in Russia by training Russian entrepreneurs in US business practice. Depending on one's view, Russia is imploding and will degenerate into anarchy or Russia is making the difficult transition from a communist to a capitalistic type of economy.

CCI sponsored a group of 12 Russian Real Estate business people that visited Boulder last summer. The Boulder County Rotary Clubs with local Real estate professionals provided the home hosting, training and social agenda for the visiting Russians.

Russia today is coming out of a state run economy where the government owns the majority of the land. This creates a business environment where local officials have a significant impact on the sale of land.

For example in the sale of State Operated Enterprises (SOE's), there was a lot of opportunity for those well placed individuals to make a lot of money with insider information. SOE's included former manufacturing plants and the gas/oil industry.

Two of the Russians, Dimitri and Alexander stayed with me; both were from Siberia, Ekaterinburg and Novosibirsk respectively. Several items of interest that they shared with me were:

- Historically people in Russia rarely moved far from their place of birth. This is in contrast to our mobile society where people will relocate to another part of the country. As such the banking/mortgage industry, title companies, and the Real Estate commercial/residential industry in Russia is developing. There are no Codes of Ethics for Realtors as there are here.
- The young age of the Real estate professionals for the amount of responsibility they have. The reality is that the prior generation was part of an economic concept, communism that did not survive; hence it was left to the present generation to fill the void.
- Real Estate personal in Russia are all things to all people, i.e. Real Estate professionals do not focus on one specialty. That includes, appraising, property management, residential, commercial and leasing.
- My Russian colleagues challenged my notion that Russia is difficult to do business with. Much has changed since I traveled Russia following my tour of duty in the Marine Corps in 1991.

The time spent with our Russian guests in Boulder made a lasting impression on all of us that were involved. We made friendships with our Russian colleagues and in a small way we contributed to a better understanding between our people and our nations.

I still remember with a smile the last thing I heard from the last Russian visitor said to us as she boarded the bus to the airport with was “We love America”.