

MARINA DEVELOPMENT



RESUME

Marina development is an attractive investment area in Mykolaiv. As a location of strategic industries, city of Mykolaiv was closed for visitors during the Soviet period. Thus, the city is lacking large-scale recreational facilities and industries, despite its natural and tourism assets, .e.g one of the oldest and largest zoos in Europe. Mykolaiv has designated several river-front areas for marina development, one of the few cities in Ukraine to do so in zoning documentation. The city offers three models for marina development outlined below.



THE MARKET

- There are over 6 mln yachts and boats registered in the European Union countries. This commands a highly sophisticated and developed marina infrastructure along all major coastal lines, with facilities for mooring, storing, renovating and securing the boats.
- A typical European marina would cater both for local boat owners as well as tourists, providing a wide range of recreational activities, from cultural festivals to high-end hotels.
- In Ukraine, only 117.000¹ yachts and boats are registered, more than 4 times less (per person) than in the EU-28. Co-operative yachts / boats clubs and sport unions dominate the market for marinas in Ukraine, with just a handful of commercial marina real estate projects offering a comprehensive service portfolio.
- Southern Ukraine is a traditional maritime industries and water sports region, drawing tourists from Kyiv, Dnipro, and other Ukrainian regions. Mykolaiv is well

¹<http://dsbt.gov.ua/>



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suited for capturing a south-bound tourist traffic in Ukraine in addition to over 3mln residents within 200 km from Mykolaiv itself.

- During the Soviet period Mykolaiv has a *closed-city* status due to the military equipment facilities located in the city. The status required a special permit for visiting the city. Thus, recreational and tourist infrastructure is underdeveloped.



MYKOLAIV INVESTMENT FACTORS

Tourism potential

- Mykolaiv hosts the largest and oldest zoo in Ukraine, drawing family visitors all year round (over 200.000 visitors per year).
- There is the oldest yacht club in Ukraine located in Mykolaiv that was established in 1889.
- Southern Buh and Ingul rivers that cross Mykolaiv play host to local sailing competitions and could be used for other water activities, - festivals, cruises, sailing trips, water sports etc.
- Southern Buh offers downstream access to other regional tourist destinations (Ochakiv, Rybalivka, Kobleve), incl. historical sites and vineyard areas. Four natural reserves are located in Mykolaiv region.
- Due to closed-city status (see above) and lack of tourism promotion in the last 25 years, Mykolaiv has a pent up demand on a tourist destination market in Ukraine.

Supportive local authorities

- Mykolaiv has designated several river-front areas for marina development, one of the few cities in Ukraine to do so in zoning documentation.
- Mykolaiv City Council is willing to prioritize engineering infrastructure necessary for designated marina development areas, once an investor is identified.
- Tourism promotion strategy being developed by Mykolaiv could include new marina developments.



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- Mykolaiv local authorities provide support in recruiting and training personnel.
- Mykolaiv Development Agency (MDA) supports investors with local stakeholder engagement and could support in feasibility studies and project documentation development.

Existing business eco-system

- Due to historical presence of maritime industries in Mykolaiv and despite recent transformations, the city has over 20 companies from sector active on the market. They could be incorporated into marinas' value chains as suppliers etc.
- The post-industrial areas in Mykolaiv can offer multiple sites for locating supplementary workshops, laboratories or storage facilities.
- Investors can partner with existing Universities and/or vocational schools to recruit and train personnel.



PUBLIC-PRIVATE PARTNERSHIP

Public-private partnership (PPP) is offered as a preferred option for investors interested in marina development in Mykolaiv.

- The city offers two greenfield areas located near the historical centre and with connection points to engineering infrastructure.
- Due to their location and value to the city, Mykolaiv City Council has already embarked on developing a detailed zoning documentation for the areas (2017) and is willing to invest in subsequent feasibility studies and project documentation development.
- Once an interested investor (private partner) is identified, Mykolaiv City Council is willing to invest into construction of necessary road and engineering infrastructure provision on the land plots.
- The area and infrastructure are then transferred to the private partner on BOT (Build-Operate-Transfer) terms for up to 50 years.
- There is a PPP Support Office at the Ministry of Transport and Infrastructure of Ukraine that could assist with the PPP identification and facilitation. There are currently 12 PPP projects in Ukraine, with USD 1.663mln invested by private partners.

1 – Land plot for PPP

- Located in the city centre. Area for entertainment facilities, festivals and other cultural activities, water activities etc.
- Area size – 6,8ha (greenfield).
- 500m in length sandspit. Riverfront length – 610m.
- River depth near the area – 4m.
- Connected to asphalt road. Connected to public transport.
- Parking for 250 cars (adjacent to the area).
- Electricity connection point – 170m. Electricity supply – 6 kV substation.
- Water connection point – 180m. Capacity – 3.200 m³/h.
- Gas connection point – 150m. Capacity – 5.000 m³/h.
- Sewerage connection point – 170m. Capacity – 2.500 m³/h.



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2 – Land plot for PPP

- Located near the city centre. 1.000m in length sandspit.
- Boat co-operative is located on one side of the sandspit, - location for yachts/boats mooring walls, storage, renovation etc. The other sandspit side could be used for entertainment facilities, HORECA sites etc.
- Area size – 6,1ha (greenfield).
- Riverfront length – 1.300m.
- River depth near the area – 4m.
- Connected to asphalt road.
- Electricity connection point – 750m. Electricity supply – 6 kV substation.
- Water connection point – 530m. Capacity – 3.200 m³/h.
- Gas connection point – 530m. Capacity – 25.000 m³/h.
- Sewerage connection point – 530m. Capacity – 2.100 m³/h.

GREENFIELD

Mykolaiv City Council offers a greenfield site for purchase to interested investors. The site is suitable for marina development and is located on the right bank of Southern Buh river in direct vicinity to the city center.

3 – Land plot

- Area size – 0.75ha (greenfield).
- Has detailed zoning plans.
- Riverfront length – 360m.
- River depth near the area – 3m.
- Connected to asphalt road. Connected to public transport.
- Electricity connection point – 280m. Electricity supply – 6 kV substation.
- Gas connection point – 50m. Capacity – 25.000 m³/h.
- Water and sewerage connections not available.

YACHT CLUB MODERNIZATION

Qualified investors could enter into joint venture agreements to upgrade and modernize assets of oldest marina in Mykolaiv (est. 1888) – City Yacht Club (HORECA, maintenance facilities etc.) located in the city centre. The Yacht Club is owned by

Mykolaiv Oblast (regional authority). The area is located in the centre of the city and is suitable for large-scale water activities.

4 – Land plot

- Area size – 4.2ha (built area).
- Has detailed zoning plans.
- Riverfront length – 300m.
- River depth near the area – 3m.
- Connected to asphalt road. Connected to public transport.
- Electricity connection point – 45m. Electricity supply – 6 kV substation.
- Water connection point – 40m. Capacity – 120 m³/h.
- Gas connection point – 95m. Capacity – 5.000 m³/h.
- Sewerage connection point – 80m. Capacity – 2.100 m³/h.



FYI: INVESTMENT FACTORS' COSTS

1. Electricity - EUR/kWh 0.063
2. Raw water supply – EUR/m³ 0.43
3. Gas price for industrial use, EUR/kWh – 0.0613
4. Skilled workers, salary (gross), EUR/month – 235.00
5. Management staff, salary (gross), EUR/month – 470.00
6. Industrial facilities, rent price, EUR/m²/month – 1.00 – 2.00
7. Industrial facilities, purchase price, EUR/m² – 95.00 – 160.00
8. Land lease, EUR/m² – 0.50 - 1.00
9. Land for industrial use, purchase price, EUR/m² – 2.00 - 10.00



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