

Rental Market in Arbat-Kropotkinskaya, Leningradsky Prospekt

By [Galina Tkach](#)

November 22, 2010

The  **Moscow Times**



Galina Tkach

Head of Leasing Department
IntermarkSavills

Rent Leaders

The third-quarter results this year demonstrate that the most popular areas among affluent tenants remain Arbat-Kropotkinskaya, with 15 percent, and Leningradsky Prospekt, with 11 percent. During the crisis, rental rates in the Arbat-Kropotkinskaya area fluctuated, but they have not yet returned to pre-crisis levels, whereas those in the Leningradsky Prospekt area have already reached pre-crisis levels.

Arbat-Kropotkinskaya has traditionally been one of the most prestigious areas in Moscow and is always in high demand by affluent tenants because of its location, cultural heritage and well-developed infrastructure. The Leningradsky Prospekt area has only joined the top five during the last five years, partly because of increasing numbers of elite residential complexes and business centers accommodating major international companies. For the number of closed transactions and average tenant budgets, Leningradsky Prospekt lags behind only Arbat-Kropotkinskaya. On the other hand, Leningradsky Prospekt has one undeniable advantage compared with Arbat-Kropotkinskaya: its proximity to prestigious international schools, which is why many tenants with children are willing to rent an apartment in this district.

Tenants

Most tenants in these two districts are foreigners, 70 percent in Arbat-Kropotkinskaya and 75 percent around Leningradsky Prospekt. Arbat is usually the preferred option for embassy officials, and oil and gas company executives, while Leningradsky Prospekt is preferred by those working in auditing and consulting or in the major commodity-producing companies.

In Arbat 60 percent of tenants are married couples, while in Leningradsky Prospekt two-thirds are. Childless families prefer Arbat. Married couples in both districts prefer to rent three- or four-room furnished apartments with an average floor area of 130 square meters to 150 square meters with parking and security services.

The range of high-budget residential property available in Arbat-Kropotkinskaya is wider. In the Leningradsky Prospekt area one can only find apartments either in a newly build elite residential complex or in a building constructed in Stalin's time, whereas in Arbat one can also find apartments in pre-revolutionary buildings, or in completely renovated mansions or former Communist Party buildings.

Average Budgets

Although both districts are leaders by the volume of high-budget deals, the quantity of average budgets differs drastically between the two. At the end of the third quarter this year, the average budget for Arbat apartments in all categories was \$8,270 per apartment per month and \$720 per square meter per year, whereas in the Leningradsky Prospekt area the budget was almost the same as the average of the entire Moscow premium-class rental market: \$5,476 per apartment per month and \$500 per square meter per year. Even during the crisis the average budget of an apartment in Arbat remained 20 percent to 30 percent greater than the average market budget and reached the level of \$40,000 per apartment. Arbat is also the leader in supply quantity: 20 percent of Moscow high-budget residential property is located here.

Causes of Success and Future Prospects

IntermarkSavills experts believe that there are no prerequisites for a reduction in demand and a subsequent fall in rents in the Arbat-Kropotkinskaya area, and because of a continuing supply reduction, further growth in rental rates up to pre-crisis levels seems possible in the near future.

The results of the third quarter show that in the Leningradsky Prospekt area the rates and the average budget had already exceeded pre-crisis levels, which demonstrates that residential property in this district is popular among tenants.

Original url:

<https://www.themoscowtimes.com/2010/11/22/rental-market-in-arbat-kropotkinskaya-leningradsky-prospekt-a3165>