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Moscow's Luxury Real Estate Rankings Could Use Improvement

By Derek Andersen

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Moscow made a mediocre showing in the Global Cities Survey by international luxury real estate agency Knight Frank, but the firm sees an upward trend in the city's fortunes.

Moscow climbed one place from last year to reach an averaged rank of 21st in the Knight Frank cities survey. The survey ranks the world's cities by economic activity (Moscow ranked 16th), political power (31st), quality of life (19th) and knowledge and influence (21st) — a category defined in the report as cities "seeking to exert power through investment in knowledge industries."

New York, London and Paris occupy the top three positions in the survey, but the agency notes a general eastward shift in ranking that is expected to gain momentum rapidly.

While seven of the top 10 cities in the 2011 survey are located in Western Europe, North America or Australia, another survey, called "Attitudes," focused on the future potential

of the world's top cities, has only four non-Asian cities in its top 10 for 2020.

Moscow moves up 11 places in its potential by 2020, to 10th place. This showing is in line with all the BRIC players. The biggest winners over time are Shanghai, moving from 18th to third, and Mumbai, jumping an impressive 31 places from 38th to seventh. Sao Paolo rose from this year's 25th to a projected 12th place.

Paris and San Francisco were the biggest losers, sinking from third to ninth and 16th to 20th, respectively. New York and London retained their leading positions.

Shanghai and Mumbai are the leaders on this year's Knight Frank Prime International Residential Index, with luxury property values rising 21 percent and 20 percent, respectively. Moscow ranked 30th with a 1 percent increase. No Brazilian cities were among the 85 cities listed in the survey. National economic policy and taxation were seen as the prime movers in the rankings, in which six of the top 10 cities were in Asia.

London, traditionally a favorite city among the Russian wealthy, ranked 12th in the index, with a property value increase of 10 percent. Knight Frank noted that Russians were the most active buyers of luxury property in London until two years ago. They now rank fourth in that category, behind buyers from China, Hong Kong and Malaysia.

The Knight Frank surveys are based on the conclusions of a panel of experts who consider the cities "in terms of their importance to HNWIs," or high net-worth individuals. The agency has been compiling its surveys annually since 2008.

Meanwhile, the World Bank published its World Development Report 2011 on Sunday. The report found that incomes in Russia have risen to the top half of the world range, with the country falling in the middle category, among those with average incomes between $3,946 and $12,195, Vesti FM radio said Monday on its web site. It joins its former Soviet neighbors of Azerbaijan, Belarus, Kazakhstan and Lithuania in that category. Latvia and Estonia are the only former Soviet republics where incomes are above the $12,195 mark.

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