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Dubai Developer a Pioneer in Residential Development

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The high-end housing market outside Moscow saw a surge in buyers' activity last year, with the number of deals rising 20 percent from a year earlier, a consulting company said Monday.

The number of deals ranged from 150 to 220 a month, with buyers' activity peaking in the first and fourth quarters, according to a survey released by IntermarkSavills.

Among the major growth drivers were general positive trends in the country's economy and changes in developers' approach to customers, said Dmitry Khalin, the company's managing partner.

Developers have learned a lesson from the economic crisis of 2008 and started to better understand customers' needs.

"They now offer more of the right products at the right price," Khalin said, adding that

buyers' confidence is also growing, with mortgage loans becoming more affordable and key projects nearing completion.

In an effort to capture a share of the burgeoning market, Dubai-based developer Limitless has launched sales in its Zagorodny Kvartal housing complex, a joint venture with Russian developer RDI Group, which holds 50 percent in the project.

Construction of the business-class complex occupying 111 hectares 24 kilometers northwest of Moscow started in 2009 and is due to be completed in 2015.

The sides didn't disclose the size of investment in the project, but Khalin said it's estimated at between $1.2 billion and $1.5 billion.

"Russia has always been a strategic market for Limitless because of its macroeconomic climate and promising real estate trends," the company said in e-mailed comments. "The start of construction and sales at Zagorodny Kvartal reinforces our commitment to Russia."

Limitless — a development arm of state-owned holding Dubai World with projects in the United Arab Emirates, Saudi Arabia and Vietnam — also said it's eyeing new projects in Russia.

The company formed the joint venture with RDI Group in 2008, and Khalin said the project is unique for the Russian residential property market.

Foreign developers work primarily in the market for commercial real estate because the standards of such property in Russia are in line with those abroad, while the housing market is very different from international standards, Khalin said.

It also takes a housing project longer to become profitable, he added.

A joint venture with a Russian company allows a foreign developer to save time and money and reduces risks.

It's easier for the domestic partner to get a construction permit and undergo other bureaucratic procedures, so a foreign company doesn't have to start the project from scratch, Khalin said.

For a Russian company, having a big international partner reduces the financial burden and ensures access to loan funds both in Russia and abroad, he said, adding that the quality of joint projects is usually higher, since a foreign partner can share its experience.

Khalin said the joint venture between Limitless and RDI Group is a hallmark project for the country's housing market, since it could attract more foreign developers.

"If it's successful, foreign investors will understand that it's possible to make money not only in the commercial real estate market but in the housing market as well," he said.

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