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Prices for Moscow's Top Residences Fastest-Growing in Europe

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Analysts say Moscow clinched the top growth spot among European cities because of the relatively short time it has been a player on the elite market. **Maxim Stulov**

Moscow has the fastest-growing prices for luxury residential property among European cities, according to a study international consulting company Knight Frank released last week.

The quarterly Prime Global Cities Index looked at the top 5 percent of the housing market in 27 cities around the world, and Moscow showed the fastest-growing prices of all European cities on the list.

Average prices for prime real estate in the city have grown 28.6 percent over the past five years. Prices in London and Paris grew 24.9 and 23.6 percent, respectively.

Analysts say Moscow clinched the top growth spot among European cities because of the relatively short time it has been a player on the elite market.

"London and Paris [real estate] markets formed a long time ago, but Moscow's market is new," said Yelena Yurgeneva, regional director of residential real estate at Knight Frank Russia & CIS.

Prime real estate in London and Paris is still more expensive than in Moscow, but Yurgeneva said prices for such high-end property, which currently average at $23,491 per square meter, will catch up to New York and Paris within the year.

Matching London's prices, which currently rank as the world's most expensive, at $51,590 per square meter, will take up to five years, Yurgeneva added.

Apartments in Moscow that cost an average of about $23,000 per square meter can be found for sale in the Kropotkinskaya, Mayakovskaya, Polyanka and Pushkinskaya neighborhoods, according to the database of real estate agency Paul's Yard.

Famous residents of these areas include the Russian diva Alla Pugacheva, director Nikita Mikhalkov and television showman Andrei Malakhov.

Despite the boom, Russia's capital remains a very local market. About 90 percent of the people who buy such property in the city are locals or ethnic Russians from abroad, Yurgeneva said.

Moscow is not attractive to foreign buyers, Yurgeneva said. Investors are often required to pay the full price in advance on properties while they are still in their initial construction phase.

In contrast, advances on European properties are usually paid in installments depending on how much work has been done on the site.

"Nowhere else in the world besides Moscow are such advance payments required," Yurgeneva said. "Foreigners are not interested."

Globally, the only cities where prices for prime real estate are rising faster than in Moscow are booming Asian cities like Jakarta — which saw price growth of 88.3 percent — Beijing, Hong Kong and Shanghai.

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