

Jumeriah Settles Near Kremlin

By [Lena Smirnova](#)

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When the building is finished residents will have a great Kremlin view. **Igor Tabakov**

An Arab luxury-hotel operator will take the reins of the multifunctional Tsarev Sad complex, which is being built on Bolotny Ostrov opposite the Kremlin.

An agreement has not yet been signed, but investors and the hotel operator, Jumeirah Group, confirmed the deal.

The Sberbank Capital-owned Tsarev Sad development will include 70,000 square meters of office space, apartments, a spa, a fitness club and parking. Investments in the project are expected to come in at about \$300 million.

The expected deal will make Jumeirah Group the operator of the complex's serviced apartments.

The hotel operator has 22 projects around the world, including the self-proclaimed "six-star" hotel Burj Al Arab, whose sail-shaped tower has become a Dubai icon. Jumeirah Group has

scoured Russia for projects, but Tsarev Sad is the first platform it accepted, said Yulia Sloutskova, spokeswoman for the company in Russia.

"Jumeirah Group unquestionably considers Russia a strategically important area for its development," Sloutskova said. "Our hotels were bound to appear here."

Tsarev Sad will not be Jumeirah Group's first project in Russia. Its daughter company, Jumeirah Restaurants, is opening its first franchised restaurant in Moscow in September. The company signed a licensing agreement three months ago with the Dubai-based Ingeo Limited to open 10 Noodle House casual dining restaurants in Moscow and St. Petersburg, Sloutskova said.

Although Jumeirah is one of the world's most prestigious hotel operators, the brand's entry into the Russian market is not expected to have much impact on the work of existing luxury-hotel operators, said Stanislav Ivashkevich, associate director of hospitality development at CBRE.

Ivashkevich said the move will not have much of an effect because the company plans to operate apartments rather than hotels.

While Jumeirah Group did not comment on the details of the deal, the head of hospitality for Russia and CIS at Cushman & Wakefield, David Jenkins, said there will likely be tough competition to get operating rights for Tsarev Sad. The luxury-hotels niche in Russia is very competitive, he said.

"Lots of international luxury-hotel operators want to work in Moscow, but there are not a lot of developments," Jenkins said, adding that four to five new luxury-hotel projects are expected to open in the coming years.

The market for serviced-apartment operators is even smaller. Although it is common for international five-star hotels to operate serviced apartments, the trend is new to Russia, so Jumeirah Group's experience will be one of the first such experiments.

The Radisson Royal Hotel and Renaissance Monarch Centre also have serviced apartments intended for long-term stays.

Construction on Tsarev Sad began in 1998 but stopped because of the death of Gennady Shulman, owner of Keystone, the project's developer, Vedomosti reported. The development then passed to Sberbank and was later transferred to Sberbank Capital. Midland Development was brought in as a co-investor last year.

Ivashkevich said the complex will likely not open for at least two years.

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