

Demand for High-End Housing in Moscow Drops

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While the overall demand for high-end housing in Moscow decreased in the first quarter of 2013, the upper segment of the market demonstrated considerable growth, reflecting an inflow of Western top executives who prefer luxury housing, a report by real estate agency IntermarkSavills said.

The number of applications for elite rental in the last three months of the current year decreased by 7 percent, compared to the results of the fourth quarter of 2012, and by 30 percent as compared to the figures recorded a year ago, the report said.

There was also a lack of supply of expensive property for rent. In January 2013 the amount of available residential space in the market dropped to the lowest levels since 2008.

Elite property has also become more expensive to rent. As of the end of March 2013, residence was on average offered for \$7,800 for an apartment per month and \$680 for a square meter

per year, demonstrating annual growth of 8 and 4 percent, respectively.

The highest average budgets are still recorded in districts such as Arbat, Kropotkinskaya, Lubyanka-Kitay-Gorod and Zamoskvorechye — apartments there on average will cost 9 to 19 percent higher to rent. Most tenants still prefer districts such as Arbat-Kropotkinskaya and Tverskaya-Kremlin, which are clear favorites, accounting for 18 and 17 percent of demand, respectively.

While the number of transactions worth up to \$4,000 decreased by 12 percent as compared to the first quarter of 2012, those worth more than \$10,000 doubled and amounted to 18 percent of total demand.

"This particular budget structure reflects the development of large Western companies in Moscow, which has resulted in an inflow of new employees, including top managers with high housing budgets," the report said. This phenomenon is temporary and does not represent an ongoing market trend, IntermarkSavills said.

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