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Olympic Village Apartments Going on Sale

By Lena Smirnova

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Prices for the 25-square-meter apartments are starting at $112,500.

The Sochi Olympic Village, set to house athletes during the Games from January through March, will then morph into a premium-class residential resort, with sales of apartments to start by the end of this year, an executive at the project's main investor said Thursday.

Initial buyers will come from a pool of hopefuls who have already expressed interest in snatching up property in the 56-building complex, which is a short walking distance from the Olympic venues near the coast, said Andrei Elinson, deputy chief executive of tycoon Oleg Deripaska's Basic Element, which is funding and organizing the construction of the village.

"We have a whole pool of people who have been with us for a long time," Elinson said. "We have reached an agreement with them some time ago, but could not start selling because everyone was focused on completing the construction on time."

Total investment into the construction of the Olympic Village is expected to add up to 24.2 billion rubles ($733 million). Initial plans stated a sum of 23 billion rubles, but more expenses arose during the building process, Elinson said. These included building a coastal promenade and a safety perimeter around the complex.

All construction has now ended and the village is undergoing a final stage of cleanup and landscape work.

The buildings in the village contain 1,500 apartments, which will accommodate the 3,000 athletes and their families during the Games.

Protected Luxury

In the future, the 75-hectare gated territory will have parks, restaurants, fitness centers, heated pools and boutiques.

"It will be a closed territory," Elinson said. "We live where we live. Unfortunately, as much as we would like to avoid putting up gates, life does not allow it at the moment."

The club-like complex will have a service staff to make life there more comfortable for the residents. This staff will triple in number during the Winter Games with 500 people expected to be on hand in case a light bulb in one of the apartments goes out or a door starts creaking.

Prices for apartments in the village will start at 150,000 rubles per square meter, said Elinson. Given that the area of the apartments ranges from 25 to 30 square meters, the lowest price buyers may get is 3.7 million rubles ($112,500).

Basic Element is now looking into the different mortgage options buyers will have, but Elinson cautioned against trying to predict apartment prices before the Olympics take place and the real market demand for the new real estate becomes apparent.

"We can fantasize about this topic endlessly. We can say, like some pessimists, that all this spending was worthless, that this was wasted money that will bring us nothing but dead cities," Elinson said. "Then there is the unfounded optimism, which suggests that we will sell everything right away, that thousands and millions of buyers will dash to Sochi. We do not see that happening yet either."

Basic Element was initially planning to sell all of the village's commercial and residential real estate in the seven years following the Olympics and to keep only the Aivazovsky hotel open to tourists. The financial model has now changed with some apartments to be offered up for rent, and then eventually sold, depending on market demand, Elinson said.

Yacht Club

Basic Element was also in charge of modernizing the Sochi International Airport and building the Imeretinsky Port and a road parallel to Kurortny Prospekt, the main transportation artery along the coast between Sochi and the coastal Olympic venues.

Total investments into these projects exceed 45 billion rubles.

The Imeretinsky Port has already started to take in Olympics-related cargo — including the equipment used by foreign television crews — and will be a base for floating hotels during the Games.

Following the Winter Games, the port will be transformed into a yacht club that will be able to accommodate 430 vessels. The project is now in its design phase and expected investments range from 50 million euros ($68 million) to 100 million euros, with work to start in 2015.

There is already one foreign yacht-club operating company that is interested in buying 30 percent of the berths, though Elinson declined to name it.

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