The Moscow Times
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Moscow High End Real Estate Sales Up 18%

By The Moscow Times

December 23, 2013

Spending on luxury property in Moscow and the surrounding region rose 18 percent over last year to a total of more than $3.8 billion in 2013, according to a report by real estate agency IntermarkSavills.

Sales of newly-built high-end apartments and apartamenty— residences in non-residential buildings— rose 40 percent, from 460 to 650 units, as buyers responded to the instability of the ruble and to a recent ban on officials holding assets abroad, said Roman Popov, director of Kalinka Real Estate Consulting Group's department of strategic consulting, Vedomosti reported.

About 100,000 square meters of brand-new luxury housing were sold for a total of more than $1.9 billion in 2013.

The average apartment in a luxury building sold for about $1 million while properties in suburban housing developments went for around $1.7 million, said Dmitry Khalin, managing partner at IntermarkSavills.

Apartamenty accounted for 50 percent of the total sales on the primary luxury housing market.

But despite the sales increase, supply still exceeded demand by a substantial margin, with 1260 new apartments available in 2013 for the 650 that were ultimately purchased.

About half of the buyers on the luxury market were officials, bankers and employees of construction companies, with the other half typically working in finance, the legal profession and the oil industry.

Well heeled buyers from the regions made up about 30 percent of purchasers of high-end properties. "They shift their business to the capital and consequently move the entire family to Moscow," Khalin said.

Realtors expect demand for luxury real-estate to grow despite the economic slowdown, thanks to growth in mortgage lending, the aforementioned ban on officials purchasing foreign real estate and anticipation of an economic crisis, Popov said.

Forty to 45 luxury developments with a total area of 650,000 square meters could go on the market between 2014 and 2016, selling for around $14.5 billion, Popov said.

Kalinka was more conservative in its three-year estimate, predicting that 25 developments with a combined space of between 400,000 and 450,000 square meters could sell for about $10 billion.

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