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Ukraine Crisis Forces Some Expats to Sell Elite Moscow Property

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Some foreigners owning elite real estate in Moscow have started selling their property amid political tension between Russia and the West over Ukraine, real estate companies said. They have also witnessed some expats pulling out of Moscow and canceling their rental agreements.

There are real estate companies which say the trend is visible, but only time will tell whether it may expand further. It all depends on the political situation, which is changing rapidly.

"The real estate market has reacted to the recent political developments. We have fewer foreign clients and the general mood on the market is not positive," said Natalya Smolyaninova, executive director at Seven Hills Property. "We were having problems even before the New Year, however the deepening political crisis has made things even worse," she said. Some clients have put their deals on hold and are waiting to see how the situation is going to develop, she added.

The real estate firm IntermarkSavills confirms the trend. Dmitry Halin, executive partner of the company, said the number of foreigners selling their elite property has doubled during the last two months. "Foreign clients rarely put their property on sale, but it happens now because of the Ukrainian crisis and the falling ruble rates," he said.

According to IntermarkSavills, foreigners prefer to buy real estate either in the historical center of Moscow, or near international schools. The number of foreign clients is not that big. They comprise about 3 percent of the deals made. The average prices range from $10,000 to $15,000 per square meter. People from the U.S., England and Italy are the main international clients of the company.

"Rental property has also been affected by the crisis. The number of clients has fallen a little bit in the past couple of months," Halin said. He explains the trend by citing the anxiety foreigners feel because of the mounting tension between Russia and the West. None of the foreign companies have closed their branch offices in Moscow, but some of them are cutting their personnel. For example, U.S. firms send fewer workers to Russia after the recent political developments.

Not all real estate firms are feeling the trend. Some say the political tension has not affected them much. "We work in the segment of elite real estate and our clients are top managers of leading international companies. They still buy and rent apartments for themselves and their staff," said Zhanna Lebedeva, head of the residential real estate department in Welhome company.

She said the company has not witnessed any significant pulling out of foreigners. However, another trend is taking shape: there are more and more Ukrainian businessmen willing to buy and rent elite real estate in Moscow.

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