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Transaero Offices in Central Moscow Go On Sale for $80M

By The Moscow Times

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Dom Park Kultury, a 7,500-square-meter office center in central Moscow, is up for sale with an asking price of about $80 million.

Agreement has not yet been reached on the sale of the building, which is located on the Garden Ring and houses the offices of Russia's No. 2 airline Transaero, but the value of the deal being negotiated is about $83 million, Kommersant reported, citing sources close to the negotiations.

The building is being sold by Cyprus-based Basilica Estate Development, founded by a group of Israeli investors. Among the possible buyers is recently created investment fund Capital Global Partners, which plans to invest about $500 million into a commercial real estate portfolio, the paper reported.

Transaero, which occupies all 17 stories of Dom Park Kultury, moved into the building in 2012,

a year after its construction. The company has a -year rent agreement, a source said.

The business center will make a good investment, said Claudia Chistova, head of office research at CBRE: "It is located on the Garden Ring in one of Moscow's most prestigious regions. The net rent rate in offices of that class currently reaches $900 to $1,000 per square meter."

Chistova put the value of the property at $55 million to $65 million. Real estate company Knight Frank said in a 2011 report that it was worth $71 million. The real sum is much higher, said a source close to the sale negotiations — the $65 million assessment ignores rent income and the value of the land beneath the building.

The original investment in the project was put at $25 million by the developer back in 2007, when construction began.

The deal comes during a lull in the office segment of real estate. According to real estate firm Cushman & Wakefield, the volume of deals closed during the first quarter of this year fell 29 percent to 290,000 square meters, while the number of square meters built declined year-on-year by about 20 percent to 209,000 square meters.

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