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State Officials Buy Up Luxury Moscow Real Estate as Foreigners Steer Clear

By The Moscow Times

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The number of foreigners buying elite property in Moscow fell 500 percent — just 2 percent of all posh Moscow apartments sold in the first half of 2014 went to expats.

A third of all elite housing in Moscow was owned by government officials at the end of first half of 2014, a 6 percent increase since the start of the year, according to a report published Tuesday by real estate consultancy Kalinka Group.

The number of elite real estate deals clinched by state officials in Moscow grew by 250 percent in the first six months of 2014 compared with the same period last year, the report said.

At the same time, the number of foreigners buying elite property in Moscow fell by five times — just 2 percent of all posh Moscow apartments sold in the first half of 2014 went to expats.

Analysts at Kalinka said the demand for Moscow elite real estate among Russian officials grew

due to the difficulties they now face when trying to buy overseas property.

Last year, in an effort to fight corruption and help bring about the "de-offshorization" of Russia's economy, the government adopted a law that banned officials from having foreign bank accounts and from owning stocks or bonds abroad. Officials are allowed to own overseas properties but have to declare them.

The ban on having foreign bank accounts created some difficulties for officials trying to look after their property abroad, but did not prevent them from buying more houses and land in popular getaway destinations, research published last month by news agency RBC showed.

Out of the nearly 500 government officials who declared overseas property in 2013, only a handful have sold their foreign premises since the ban came into effect, while 30 officials have since been added to the list.

Bulgaria is the most popular country for buying real estate among Russian officials, the RBC report said.

This article has been corrected to say that the number of foreigners buying elite property in Moscow fell by five times in the first half of 2014. Due to an editing error, an earlier version of this report said that the number had dropped by 500 percent.

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