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Moscow Sees $1 Billion in Elite Apartment Sales as Ruble Falls

By The Moscow Times

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The ruble's slide has had a decisive impact on the prices of elite property developments in Moscow.

The elite property market in Moscow is booming this year with more than $1 billion in sales as new offerings and the ruble's slide against the dollar spur wealthy Russians to safeguard their earnings in real estate, a report released Monday found.

February and March saw record demand for top class residential real estate, with over 67 deals closed in February, according to the report by real estate consultancy IntermarkSavills. The total number of deals declined slightly from 518 in 2013 to an estimated 502 in 2014.

The strong demand is tied to the falling ruble, which has lost more than 45 percent of its value under pressure from sinking oil prices and Western sanctions over Russia's role in the Ukraine crisis. Russians in all market segments see real estate investments in Moscow as a safe bet, and for a certain wealthy upper class with income in hard currency, ruble-priced apartments now appear attractively cheap.

The market debut of the second phase of elite development project Sadoviye Kvartaly ("Garden Quarters") in the Khamovniki area of southwest Moscow also pushed up the sector's total sales volume.

The ruble's slide has also had a decisive impact on the prices of elite property developments in Moscow, about 60 percent of which are denominated in rubles, the report said.

The average dollar price of elite Moscow apartments has fallen 19 percent since December last year to an estimated $15,700 per square meter by the end of 2014. The average price in rubles, meanwhile, has risen 42 percent since Jan. 1.

The average price of properties listed in dollars is now $23,900 per square meter, nearly three times the average price of those listed in rubles, which cost about 508,000 rubles per square meter ($8,500).

The most popular area this year was Khamovniki, across the river from the popular Gorky Park, which accounted for about half of all elite property deals. The average elite apartment in this region costs about $2.3 million.

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