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Moscow Real Estate Prices to Rise Sharply Next Year

By The Moscow Times

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Property sellers have seen a boom in demand as Russians rush to exchange ruble paper for devaluation-proof assets like real estate.

Many Moscow developers are planning sharp price rises on real estate as access to financing tightens amid a steadily worsening economic climate, reports said.

Homebuyers should expect a 15 to 20 percent average rise in the cost of apartments soon, construction company GBSU Center's deputy head Vladimir Savchuk told news website Gazeta.ru. Properties in their final stages of construction may even see price rises of more than 40 percent in 2015, Savchuk added.

Building firms including Morton-Invest, OPIN, Tekta Group, MR Group and others polled by Gazeta.ru and news agency RBC also said they have already increased prices or plan to do so soon.

"By the end of the year, the cost per square meter will grow by 10 percent," Morton-Invest CEO Anton Skorik told Gazeta.ru, adding that price inflation would continue in the new year.

The price rises threaten to end a buying spree stoked by the devaluation of Russia's ruble currency, which has lost a third of its value against the U.S. dollar since July. Property sellers have seen a boom in demand as Russians rush to exchange ruble paper for devaluation-proof assets like real estate.

Construction companies blamed their price increases on interest hikes by the Central Bank that raise the cost of borrowing. Faced with panic selling of rubles on the currency market last week, the bank raised its key rate to 17 percent. In the start of the month, the rate was 9.5 percent.

Developers have also been hit by the weakening ruble, which has stoked inflation to 10 percent and raised the cost of imported materials.

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