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Sochi's Luxury Ski Chalets Enter World's Top 20 for Price Growth

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Russia's resort town of Sochi, host of the 2014 Winter Olympics, has broken into the world's top 20 ski resorts by price growth for high end residences, according to a recent study by real estate agency Knight Frank.

Sochi was ranked 11th out of 20 resorts on the Prime Ski Property Index, coming in just ahead of Switzerland's glitzy Gstaad. Knight Frank found that prices for ski chalets rose by an average of 4 percent between June 2013 and June 2014, despite the large number of new properties hitting the market in 2013 during the peak of the buildup to the 2014 Olympics.

A 1,700 square meter ski chalet near Sochi advertised by Russia's Vincent Realty costs 320 million rubles ($4.86 million), while a 1,980 square meter chalet in Gstaad costs 2.98 million euros ($3.34 million), according to Swiss realtor Prime Property Lounge.

Russia's 2014 Winter Olympic Games, estimated to be the most expensive Olympics ever, with a price tag of $50 billion, saw Sochi receive up-to-date roads, utilities and modern ski resorts, following decades of decay after the Soviet Union's collapse. The area has also become a high-profile resort for the nation's elite, with even President Vladimir Putin using a dacha in the region.

However, unlike most other top ski resorts, Sochi's buyers were exclusively homegrown, according to the Knight Frank report released last week.

The Sochi market may have benefited in part from an upsurge in patriotism that accompanied the 2014 Winter Olympics and the later standoff with the West over Ukraine.

Russia's economic downturn and the devaluation of its ruble currency have made foreign properties less affordable. Russia's economy registered almost zero growth in 2014 and is expected to contract by as much as 5 percent this year due to falling oil prices and Western sanctions.

But while Russians may be flocking to Sochi, they still love Europe. Russians make up 17 percent of global demand for ski resort properties, 61 percent of which are in Europe, according to Knight Frank's Marina Kuzmina. Around 50 percent of buyers at Carre Blanc, a new development in the French ski resort of Courchevel, were Russian, Kuzmina said.

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