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Moscow Developers Could Sell $1 Billion in Land

By The Moscow Times

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The market could see more than 220 hectares of land (2.2 million square meters) worth about $1 billion flood the market, the statement said.

Swathes of land worth up to $1 billion could go on sale in the Russian capital in the near future as developers look to trade in land for liquidity, real estate consultants said.

The cost of financing construction projects has soared since the Central Bank last December hiked its key interest rate from 10.5 percent to 17 percent in an effort to halt a drastic slide in the value of the ruble. Western sanctions on Russia over the Ukraine crisis have exacerbated the situation by restricting Russian banks' access to international capital markets.

The regulator has since lowered its rate to 12.5 percent, but financing remains costly, creating an incentive for developers with unused land in their portfolios to sell it off for cash.

"Why would you take expensive loans if you have a chance to compensate a deficit of current

assets with your own reserves?" Alexei Sidorov, director of development at the Kalinka Group real estate consultancy, said in a statement.

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Asian investors with experience as contractors and subcontractors in Russia are likely buyers for the newly available properties, said Yekaterina Rumyantseva, chairman of Kalinka Group's board of directors.

Twenty-seven such investment offers have been announced in Moscow since the beginning of the year, according to the company.

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