

Demand for Luxury Apartments in Moscow Plummet

By [The Moscow Times](#)

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Rental demand for luxury apartments in Moscow fell steeply in May, a recent report said, as Russia's economic recession drove an exodus of the segment's main clientele: high-earning foreign professionals.

Demand for apartments with a rental rate of between \$4,000 and \$10,000 a month fell around 30 percent year-on-year in May, according to the report issued last week by real estate firm IntermarkSavills.

The fall came as many companies relocated their highly paid foreign staff in the face of Russia's current economic recession. The economy is expected to contract about 3 percent this year due to a steep fall in the price of oil and Western sanctions over the Ukraine crisis.

Top foreign employees, whose firms often pay for their lodgings, typically account for around two-thirds of clients in the luxury rental market, an IntermarkSavills analyst told the Moscow Times earlier this year.

The crisis has also seen those tenants remaining in the luxury real estate market grow increasingly frugal. Interest in apartments with a rental rate of between \$6,000 and \$8,000 a month grew by 23 percent in May compared to the same period in 2014, the report said.

The drop in demand, however, has not led to a decline in the prices landlords are willing to charge. Luxury apartment rental rates grew around 4 percent in May, according to IntermarkSavills, the first increase since September of last year.

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