

Demand for Elite Moscow Apartments Falls by Third

By [The Moscow Times](#)

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Rental demand for high-end Moscow apartments fell sharply in the first half of this year, a recent report said, reflecting an exodus of foreign businesspeople from Russia.

Demand for luxury apartments costing \$4,000–10,000 per month fell by one-third over January–June, compared to the same period last year, according to a report released last week by real estate firm IntermarkSavills.

The drop comes as highly paid foreign professionals who are the market's top clientele leave Russia, the report said. While foreigners still account for 68 percent of the elite rental segment, roughly the same as in previous years, demand is much reduced in real terms, it added.

Olga Tarakanova, an analyst at real estate agency Knight Frank, told The Moscow Times earlier this year that Russia's economic crisis was forcing many leading international companies, which typically subsidize luxury apartments for their top foreign employees,

to pull their workers out of Moscow.

Russia's economy is expected to shrink by around 3 percent this year as Western sanctions tied to the Ukraine crisis and the falling price of oil choke investment.

While the recession is pushing many expats to leave, tenants still interested in stylish living in Moscow are growing increasingly thrifty, the report said.

Rental prices have fallen 24 percent since the start of the year, with the average rate standing at \$5,719 per month in July, according to IntermarkSavills. Renters are also looking for smaller apartments, with just over 40 percent of renters favoring two-bedroom apartments over previously popular multi-bedroom apartments.

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