The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Key Real Estate Firm Sells Its Stake in Moscow Luxury Developer

By Ekaterina Norkina

August 24, 2015



Since the last economic crisis hit Russia in 2008, the prices for luxury real estate in Moscow have risen by 30.2 percent on average.

One of the key Russian real estate developers has sold its share in a company that constructs lavish luxury apartments in central Moscow, RBC news web site reported on Sunday.

In May 2014, O1 Group — which owns 14 high-end business center buildings in Moscow — bought a 70 percent share in Vesper, a company constructing luxury housing in prime Moscow locations, for $100 million.

But in December, the company's original owners have bought their stake back. By that time, the average price for luxury apartments in Moscow had fallen from $22,000 per square meter in the first half of 2014 to $19,950 in the second half, Kalinka real estate company reported. In the first half of 2015 the price had fallen still further to $17,350.

This decline has coincided with a comparable fall in the value of the ruble against the U.S. dollar.

O1 Group supported Vesper when it needed additional funding for its projects, and it is possible that O1 will continue working with it as a partner in the future, O1's owner Boris Mints told RBC.

Since the beginning of this year, no apartments have been sold from newly constructed buildings in Moscow's most prestigious Ostozhenka district, marking a sharp decline in overall sales on the market, IntermarkSavills real estate firm said in a news release as quoted by RBC news agency in July.

Among the 76 new apartments for sale in the area, not a single one was bought, the firm said.

In all of central Moscow, 219 newly-constructed apartments have been sold since the beginning of this year, the Contact Real Estate firm said in its July report.

According to the firm's managing partner Denis Popov, the elite apartment market has become worse on all counts. “At the same time, we cannot call it catastrophic,” he said in a statement published on the firm's web site.

Since the last economic crisis hit Russia in 2008, the price of luxury real estate in Moscow has risen by 30.2 percent on average, a Knight Frank report said at the start of August.

This result was the seventh highest in the world and the highest in Europe, excluding London, the real estate firm said.

The text of the article has been corrected to reflect that O1 Group sold its stake in Vesper in December, 2014 and to remove linkage between this sale and the market developments that followed it.

Original url:
https://www.themoscowtimes.com/2015/08/24/key-real-estate-firm-sells-its-stake-in-moscow-luxury-developer-a49138