



Review of the first half of 2010: Elite Real Estate Rentals

Financial crisis of 2008 has led to staff reduction in many international companies and, consequently, to an outflow of foreign tenants in 2009, thus, at the beginning of the first half of 2010 the demand mainly came from the Russian lessees. But the situation has changed by the end of the first half of the year: May and June are marked by an influx of foreign managers in Russian offices of the companies.

The usual revision of lease contracts has been observed at the beginning of the year: there was not any considerable increase in rental rates as the offer still exceeded the demand, though it is worth mentioning, that landlords were reluctant to offer any additional discounts or bonuses as compared to the beginning of 2009. Moreover, the revision of lease contracts has defined the growth of market supply.

At the end of 2009 in great demand on the elite rental real estate market were apartments in the Central Administrative District of Moscow in the budget of 3500 – 7000 dollars, as well as houses in cottage compounds within Moscow. The tendency holds true for the beginning of the first half of 2010.

It is important to point out that in February there was a considerable increase in the number of clients with high budgets (of about 20000 dollars). And, if earlier such budgets were common only for rural real estate rentals, in February and March the demand has mainly focused on apartments in the centre.

It is worth mentioning, that the number of clients has grown considerably in first half of the year – by 20 % on the average. If earlier the high-budget clients were mainly families, nowadays, those are very often married couples or even single people.

By the end of the first half of 2010 in a traditionally great demand are apartments in Central Administrative District of Moscow: the most expensive offers are in the so-called “Golden mile” area and around the Patriarchal ponds (up to 45000 dollars per month). Second most popular residential area is Western Administrative District (particularly, apartments in Kutuzovsky Prospect).

In spring and summer, as is customary, a part of clients-tenants show a growing interest in out-of-town real estate or in-town residential areas highly suggestive of country-side mode and quality of life: for example, housing complex "Ekaterinovka", «Pokrovsky Bereg», «Silver Forest», etc.

The rural real estate market has considerably rallied by the end of the first half of the year, though the offer still exceeds the demand, which directly testifies to the continuous effect of the economic crisis. One of the important reasons of offer growth in the rental real estate market is the increased supply of cottages put up for sale, but not yet sold out.

European-type cottage compounds still remain very popular. Currently almost all of them are occupied. Most in-demand directions are: Rublevo-Uspenskoe highway, Novorizhskoe highway, Ilyinskoe highway. It is noteworthy, that by the end of the first half of the year the market has become more stable, and now it is possible to speak not only about the boost of market, but also about possible upsurge in prices in the second half of 2010.

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