

High-End Rental Rates to Rise

By [The Moscow Times](#)

November 29, 2010

The  **Moscow Times**

Luxury-home rents will rise about 15 percent next year as the expanding economy and a government plan to attract foreign technology companies fuels demand, Penny Lane Realty said Monday.

The average monthly rent for high-end apartment is currently about \$4,000, according to Vadim Lamin, head of prime residential properties at the property broker. Rents range from \$2,000 for a studio to \$35,000 for a 600-square-meter apartment, Lamin said.

“This market has traditionally been dominated by the foreign workers, but it’s the Russians who are driving the demand nowadays,” Lamin said by telephone.

Average rents reached a record high of \$8,000 in 2007 as foreign companies moved their employees to Russia. Since then, the proportion of non-Russian individuals signing rental contracts has fallen to 49 percent from 62 percent, Penny Lane estimates.

Many foreign companies now tend to replace top executives with Russian specialists, who

usually don't receive relocation benefits and a housing allowance, said Mikhail Zhukov, head of online recruitment company HeadHunter.

"Unlike five years ago, top Russian managers now have enough experience and education to replace expatriates," Zhukov said in a telephone interview. "This is likely to continue next year."

Nissan Motor Corporation in March replaced Fujio Hosaka, the Japanese head of its Russian unit, with a Russian national. Dmitry Mikhailov, the new chief, previously oversaw the company's production in St. Petersburg. Nissan announced the appointment in an e-mailed statement.

The economy is recovering, fueled by rising commodity prices and consumer spending, following last year's 7.9 percent contraction. Growth will amount to at least 4 percent this year, Prime Minister Vladimir Putin said last week.

The government plans to create a hub in Skolkovo to develop and market new technologies, which will attract both foreign and Russian specialists, looking for high-end housing in the capital, Lamin said. Siemens and Cisco Systems are among the companies that have agreed to participate in the project.

"We expect recruitment to really pick up next year," said Teri Lindeberg, founder and chief executive officer of Moscow-based recruitment company Staffwell. "Russia is experiencing a much faster comeback after this crisis than the United States."

In the second quarter, the average number of "elite" homes available to rent in Moscow fell 14 percent from the previous three months as some owners tried to sell their properties, according to Knight Frank. Apartments with space of 101 square meters to 150 square meters accounted for 46 percent of the total, the London-based property broker said in a report.

Original url: <https://www.themoscowtimes.com/2010/11/29/high-end-rental-rates-to-rise-a3368>