

# Federal Real Estate Worth Up to \$2Bln

By [The Moscow Times](#)

November 21, 2011

**The**  **Moscow Times**

Industry experts calculate that billions of dollars of prime real estate will become available as federal agencies move out of downtown Moscow, as per President Dmitry Medvedev's June proposal to expand the city and move government buildings to the new zone.

The federal bureaucracy currently occupies 407,139 square meters, Penny Lane Realty analysts determined, based on the Federal Service for State Registration, Cadastre and Cartography statistics.

If the move in fact takes place, the area freed up for sale will be worth more than \$2 billion, based on a price minimum of \$5,000 per square meter.

The Foreign Ministry has the greatest area (92,019 square meters), followed by the State Duma (43,306 square meters), the Communications and Press Ministry (31,776 square meters), the Justice Ministry (30,309 square meters) and the Federation Council (30,198 square meters).

There are drawbacks to the buildings, the analysts note. Most of them are in heavily built-up historical districts where there is little parking. Stairways and corridors make up 30 percent of their area.

A spokesman for Colliers International said a square meter in those buildings could cost \$3,000 to \$4,000, depending on its condition, proximity to the Kremlin and whether or not the building is considered a historical landmark. By that estimate, the freed-up ministry space would be worth \$1.2 billion to \$1.63 billion.

But depending on how they are redeveloped, the buildings' value could more than double.

The construction of new buildings of that area for the officials and lawmakers would cost no more than \$1 billion, according to Penny Lane office real estate development director Maxim Zhulikov.

But it has not yet been determined which government agencies will move or how much space they will need, said Marat Khusnullin, head of City Hall's urban construction department.

Two employees in the Cabinet building said the government administration is operating normally, with no preparations to move under way. One of them added that discussions are continuing about the creation of a parliamentary and ministerial district in the area of the White House and on the site where the Hotel Rossia once stood.

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