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INTERNATIONAL REAL ESTATE

For Sale in ... Moscow

By LISA KEYS

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TWO-BEDROOM ONE-AND-A-HALF BATH RENOVATED FLAT WITH KREMLIN VIEWS

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Oleg Nikishin for The New York Times

This 915-square-foot two-bedroom flat is on the top floor of an eight-story brick building that dates to 1910. [More Photos](#) »

This 915-square-foot two-bedroom flat is on the top floor of an eight-story brick building that dates to 1910. During the Soviet era, it served as a “communal apartment” — a home occupied by multiple families, each living in one room and sharing a kitchen. In 2007, the flat was gutted and renovated, and now has modern amenities like air-conditioning, a washing machine and an intercom system.

There are two bedrooms, a small office, and an open living and dining area. From the six oak-framed windows in the living room, there are panoramic views of the city, including the Kremlin and St. Basil's Cathedral. Updates made during the renovation include a modernized kitchen and en suite bathroom (there is an additional half bath) and parquet oak floors throughout the apartment. Ceilings are 11.5 feet high.

The flat is in Zamoskvorechye district, a predominately low-rise neighborhood on the banks of the Moscow River in central Moscow, which is home to numerous historic buildings and museums, as well as many shops and restaurants. Tverskaya Street, Moscow's main avenue, which is filled with shops, restaurants and clubs, is two metro stops away; the nearest airport, Sheremet'ev, is about 40 minutes by car.

MARKET OVERVIEW

After years without a true real estate market during the Soviet era, Moscow housing has gone through a roller-coaster ride in the last few decades.

After the dissolution of the Soviet Union in 1991, Moscow residents who were officially registered at an address were given the right to purchase their government-owned homes for pennies, said Nuri Katz, the president and chief executive of Century 21 Russia. “Wherever you were at the time, you got to own at the time, free and clear,” he said. “It was amazing.”

From there, Moscow housing prices took off, and the influx of foreign companies and their employees — many of whom were willing to pay astronomical rents, Mr. Katz said — helped fuel a real estate frenzy. But Russia's

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[A Moscow Flat](#)[Enlarge This Image](#)

Oleg Nikishin for The New York Times

The flat is in Zamoskvorechye district, a predominately low-rise neighborhood on the banks of the Moscow River in central Moscow, which is home to numerous historic buildings and museums, as well as many shops and restaurants. [More Photos](#) »

economic crisis in 1998 caused the real estate market to crash. For about two years, he said, there was little activity.

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Recovery was swift, however, once oil prices began to rise, and wealthy Russians — and, to a lesser extent, foreigners — began funneling their money into Moscow and its real estate market, said Mr. Katz, who explained that there is a direct correlation between Moscow's housing prices and the price of oil. The result is that the Moscow real estate market is one of the most expensive emerging markets in the world, though there are signs of prices dropping once again.

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Beginning in 2001, housing prices throughout Moscow increased, on average, 33 percent each year, peaking at \$7,580 per square meter (\$704 per square foot) in August 2008, said Alexander Shatalov, a partner and chief executive of IntermarkSavills Russia, a real estate firm in Moscow.

Price increases were even more stunning in the high-end housing market, which the jump in 2006 alone was 96 percent, according to Ekaterina Thain, the director of the residential department of Knight Frank Russia. Prices for such properties peaked at about \$23,000 per square meter (\$2,138 per square foot), Mr. Shatalov said.

Beginning in the fall of 2008, however, the global economic crisis hit Russia hard. Falling oil prices, combined with a bottoming out of Russia's stock market, have again sent real estate values on a downward trend, Mr. Katz said.

Today, prices citywide average \$4,900 per square meter (\$455 per square foot) "and are still on their way down," Mr. Shatalov said. In the upper reaches of the market, he said, asking prices are now about \$17,000 per square meter (\$1,580 per square foot) and actual transaction prices are closer to \$10,000 and \$14,000 per square meter (\$929 to \$1,301 per square foot).

Mr. Shatalov said that recent reports predict the downward trend will last six to nine more months, and that property values will slowly rebound from there, though he added that such a change is difficult to predict.

WHO BUYS IN MOSCOW

Foreigners represent a small fraction of the real estate market, Ms. Thain said. Most non-Russians who buy space in Moscow are Europeans or Americans who have either jobs or families in the city, she said.

BUYING BASICS

For foreigners purchasing property in Moscow, "there are no restrictions, other than your pocketbook," said Bill Reichert, a partner in charge of the Moscow office at Haynes & Boone, an international law firm. However, Mr. Reichert cautions that citizens of most countries need a visa to enter Russia.

The use of a lawyer is recommended; real estate purchasing fees vary but start at about \$2,000, Mr. Reichert said. In order to ensure the deal is done properly, he also recommends the use of a notary, which will add about 1 percent of the purchase price, he said.

Property purchase agreements must be registered with the Federal Service for State Registration, Land Register and Mapping. The fee is nominal, 500 rubles (about \$15.70), but because long lines and bureaucracy are involved, many buyers hire a registration agent to process the application on their behalf, Mr. Reichert said. Agents' fees vary but are typically between \$100 and \$300.

Mortgages are uncommon and interest rates tend to be high; the majority of foreign buyers pay in cash, Ms. Thain said.

USEFUL WEB SITES

English-language daily newspaper: www.themoscowtimes.com

Presidential Web site: www.kremlin.ru/eng/

LANGUAGES AND CURRENCY

Russian; rubles (1 ruble = 3 cents)

TAXES AND FEES

Common charges are 3,500 rubles (about \$110) a month, which includes utilities and property taxes.

CONTACT

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