

## Location, Location ... Inflation

The Moscow Times

*In the third part of a four-part series on Moscow neighborhoods, seven realtors answer the question: Which are Moscow's most overrated suburbs and why?*

### **Michael Bartley,**

*agency director, Four Squares:*

Probably the most overrated area in relation to price and quality is on and around Tverskaya Ulitsa, one of the capital's most expensive districts. The upsides of the central location and the large number of clubs, bars and pubs are offset by the traffic congestion, noise and the lack of green space. A lot of the apartments on Tverskaya are old communal apartments with inefficient floor plans and lots of small rooms. Many of the entrances lack proper renovation and, of course, there can be a problem with parking. Unlike most other districts within the Garden Ring, Tverskaya also lacks new elite residential construction, due mainly to the astronomical cost of land and lack of building plots.

### **Marina Pshevecherskaya,**

*president and founder, Beatrix Realty:*

Komsomolsky Prospekt: houses with low ceilings, incompatible with those on Frunzenskaya Naberezhnaya, are still priced at \$6,000 to \$7,000 per square meter.

Ostozhenka, with its broad PR, is also overpriced, and one can find something better in other central areas for the same price. The price is paid for the overinflated image of the district.

### **Karina Kheifetz,**

*managing partner, Evans:*

Firstly, Kropotkinskaya / Ostozhenka. In spite of the fact that we listed Kropotkinskaya as one of the best areas in Moscow, we still believe it is overvalued. It is presumed to be the best and most desirable area, mainly due to the line of luxury construction between Ulitsa Ostozhenka and the Moscow River. Therefore, it is the most expensive. However, as wonderful as Ostozhenka is, it is not as green as Frunzenskaya, it is not as quiet and peaceful as Zamoskvorechye, and it doesn't have such good infrastructure or as many good restaurants and stores as Patriarch's Ponds. Therefore, we do believe that the prices are kept high mostly due to fashion, and fashion is short-lived.

Secondly, Sokol -- one of the most prestigious and desirable areas to live in during Soviet times. The reason was Stalin's residential development in the 1940s and 1950s. Newly constructed apartments in the popular Stalin-era buildings were distributed among the Moscow elite of the time, intelligentsia, artists, scientists and engineers. The legacy of that period is still living, and prices per square meter are on par with the center. However, the underlying reasons for the high prices are long gone.

In spite of the large green area of Chapayevsky Park and Beryozovaya Roshcha, there are several research institutes in the area with a high chance of major pollution, including from the Kurchatov Institute with its nuclear reactor.

Leningradsky Prospekt is a busy, polluted 10-lane road. Huge new high-rise developments built in recent years will only increase the traffic. As a result, Sokol is a noisy area half an hour away from the center, with very few advantages apart from nostalgia for the past.

Thirdly, Tverskaya-Yamskaya Ulitsa, 1st, 2nd and 3rd Tverskaya-Yamskaya streets, and the Tverskaya-Yamskaya lanes between Mayakovskaya and Belorusskaya. This may be an unexpected selection, but the price per square meter in the Tverskaya-Yamskaya area is almost on a par with Tverskaya Ulitsa, which is the highest in the city.

It is surprising enough that apartments on Tverskaya Ulitsa itself are more expensive per square meter than those in Patriarch's Ponds or Kropotkinskaya. However, it can be explained -- at a stretch, we must admit -- by the unique central position and ambiance, similar to Fifth Avenue in New York or the Champs Elysees in Paris. It is, nevertheless, a little too much traffic and action for nontourists.

Tverskaya-Yamskaya is a mile [1.6 kilometers] from Red Square and does not have immediate proximity to the Kremlin, Bolshoi Theater and other tourist attractions. But it does have noise and traffic. So why pay to be there when you can live at Patriarch's Ponds, Chistiye Prudy or even Kropotkinskaya at the same price? Unless you are in the hotel business, we would not recommend investing in Tverskaya-Yamskaya apartments at current prices.

**Ruslan Seit-Lumanov,**  
*managing director, Miel-Brokerage:*

There is no definite answer to this question. When speaking about certain areas being overrated and enjoying unjustifiably high demand, one should bear in mind that the drawbacks of such areas are compensated by some obvious advantages.

For instance, it is possible to consider North and South Butovo as overrated, since they are too far from the city center. Yet people are attracted by the excellent internal infrastructure of the district, which may be the best in Moscow. Butovo has everything to meet the requirements for a comfortable lifestyle -- modern buildings, new schools, kindergartens and nurseries, shops, recreation places, fitness centers and so on.

**Olga Pavlova,**  
*development director, Delight Realty:*

However strange it may seem, Ostozhenka can be considered an overrated area. Apartment prices in this area are significantly higher than in other lucrative locations in central Moscow. It is more the image of the area and its reputation for prestige, rather than other, more objective features, that lie behind the current popularity of Ostozhenka.

Samotyoka and Sretenka can also be included in the category of overrated areas, since both areas enjoy high demand without any obvious reason.

**Konstantin Kovalyov,**  
*managing partner, Blackwood:*

Interest in the Zamoskvorechye area is extremely high. Lately, it has been the most dynamically developing area, where new buildings have been constructed at a record speed. Yet the area still has a vast number of industries, and there is a whole industrial area along its embankments. And its historical core is formed not by aristocratic estates like in Ostozhenka, but by small merchants' houses. The situation is slightly different near the Polyanka area, where there is a large number of quiet lanes and the houses are famous for good views.

However, Zamoskvorechye will gain more popularity and even become the "golden mile" of Moscow after all the industrial plants are moved away and new buildings and infrastructure are built on Zayachy Island.

**Olga Bogoroditskaya,**  
*head of Knight Frank Russia's Moscow residential sales department:*

In Moscow's booming real estate market, demand far exceeds supply and it is hard with absolute certainty to name areas that can be labeled as overrated.

The common stereotype is to regard Ostozhenka as overrated. Well, the prices of apartments in this location are far higher than in other areas where conditions are not significantly worse. Ostozhenka indeed has certain drawbacks: its internal infrastructure is not very well developed and one cannot expect a broad panoramic view from apartments, since most of the buildings are clustered in a rather limited space. No doubt, prestige is the most decisive reason behind Ostozhenka's fame. Yet we cannot call Ostozhenka overrated, since demand is still high and apartments do not stay on the market longer than one month. Even prices above \$20,000 per square meter do not scare off potential buyers. Furthermore, Ostozhenka is the most lucrative district in terms of investment, since prices are steadily rising.

Overall, no area can be called overrated as long as there are enough people eager to purchase an apartment there. And strong demand persists. Even such expensive items as penthouses are hard to find in order to immediately meet the demand of our clients.