

## Russian Property Investments

Winston Churchill described Russia as a "riddle wrapped in a mystery inside an enigma". To many, this remains an apt description of the world's largest country. Most outsiders have a limited idea of what this nation is really like. Images of the extravagant glories of Tsarist Russia and austere, Orwellian society make up the common view. There are many parts of this huge country that justify those images, making it a place that both befuddles and beguiles.

Russia's natural bounty drove the wheels of communism and now drives the market economy. Its natural riches are not restricted to the subterranean. As you would expect in a country of this size, it has many natural beauties; the Aral Sea, the Ural Mountains, the Siberian plains, endless steppe and meandering rivers. Russia's urban beauty also abounds despite the impact of gloomy, utilitarian communist architecture. However, huge swathes of this country bear the scars of relentless industrialization and the bleakness of a harsh natural environment.

Even in the more sophisticated and developed conurbations, the unfolding effects of a deregulated market economy have led to increased crime and images of people in mile-long queues waiting for basic foodstuffs. These remain factors in Russia today, but the country is on the path to development. Some of Russia's cities are also home to glorious architecture and sophisticated suburbs of great appeal.

Moscow, the capital, is a dynamic and diverse city which is often seen as the nucleus of the changes sweeping through Russia. Moscow's history lies in layers. In the Kremlin, for instance, both Ivan the Terrible and Stalin orchestrated their terrors; Napoleon watched Moscow burn; Lenin fashioned the dictatorship of the proletariat; Khrushchev directed the cold war, and Gorbachev unleashed 'perestroika'. The city is at the heart of Russia's international connections and as such property prices can be extremely high.

Russia's second city, St Petersburg is also interesting to investors. It has been dubbed the Venice of the North for its palace-lined waterways. It managed to escape the architectural incursions of Stalinism and its grandiose relics of tsarist days are virtually intact. There are many beautiful buildings and even formerly state-owned palaces that are now available to buy. St Petersburg's long connection with the West has made it quite cosmopolitan and property prices are also quite high. The local property market is expected to perform well over coming years and will do particularly well if President Putin decides to shift the centre of Russia's political life away from Moscow to St Petersburg, as has been suggested.

Most other cities that may be of interest to foreign investors are in Western Russia. These include Yekaterinburg, Kaliningrad, Perm, Samara, and Ulyanovsk. Many of these cities are significantly cheaper than the capital after suffering significant property price deflation in the late nineties. However, each of these cities are likely to benefit from their proximity to Europe and the ever expanding trading block. Additionally, there is the odd resort town such as the subtropical Sochi.

Russia is a vast country with many conflicting facets to its nature. Property investment in this country is not easy, but considering its natural assets and one time status as a superpower, it is likely that the Russian real estate market will continue to develop as the country does.