

Moscow Residential Real Estate Prices down 5.7% in 2013

By [The Moscow Times](#)

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Secondary housing prices fell the fastest in Moscow last year compared with other Russian cities, with a drop of 5.7 percent to an average of 189,200 rubles (\$5,520) per square meter in the capital, a news report said.

Experts of the government real estate portal Mir Kvartir compared prices of one square meter of secondary housing in 46 Russian regions from January through December and calculated that the growth rate of housing prices had slowed down considerably in 36 of them, while in ten regions the prices had decreased over the period, news agency Prime said last week.

The previous study, conducted last year, showed falling prices in only one of 40 regions studied, the report said.

Average secondary real estate prices rose 2.1 percent in 2013, while the previous year's average growth was 12.9 percent, the study found.

Taking into account the official rate of inflation of 6.5 percent, the price of secondary housing fell last year, said Pavel Lutsenko, director of Mir Kvartir.

While in 2012 residential real estate prices rose in Moscow by 9.6 percent, last year the capital saw a price decline of 5.7 percent – the sharpest of all Russian cities.

The drop was the result of overheated prices in previous years as well as the overall slowdown of the Russian economy in the previous year, real estate consultants said.

The other reason is the increased volume of residential construction in areas beyond the Moscow Ring Road recently incorporated into the city, which also pushed housing prices in Moscow down.

The leader of price growth in the residential housing sector was Ivanovo, a town in the Moscow region, where housing prices rose 8 percent in 2013 to an average of 44,400 rubles per square meter. Housing prices in Kaliningrad rose 7.3 percent to 54,600 rubles, while in Tolyatti the price of residential property rose 6.4 percent to 46,100 rubles per square meter, the study found.

At the same time, the average price of one square meter of residential housing in Olympic host city Sochi climbed 4.6 percent to 75,200 rubles, while housing prices in St. Petersburg showed a modest increase of 1.2 percent to reach 101,000 rubles, Mir Kvartir's report said.

Volgograd and Tula also saw average housing prices decrease in 2013 by 3.6 percent and 2.7 percent respectively. By year's end one square meter of residential housing cost 49,200 rubles in Volgograd and 49,800 rubles in Tula.

Analysts predict that the Russian housing market will continue to stagnate throughout the year with residential prices in the regions gaining up to 5 percent in value on average combined with a growing number of places where housing prices will fall.

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