

Sales of Used Apartments in Moscow Plummet

By [The Moscow Times](#)

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Sales of pre-owned apartments in Moscow this April fell to nearly half of last year's levels as the market suffered a steep drop in demand following a buying spree late last year.

About 11,400 title deeds for residential properties were transferred in April, down from about 20,000 in April 2014, according to the Moscow property registry — a fall of 47 percent. The drop in sales over the first four months of this year, compared to the same period in 2014, was 30 percent.

The decline follows a surge in sales late last year that was prompted by a rapid slide in the value of the ruble against the euro and U.S. dollar, said Taras Pazyak, managing partner of the Miel Group chain of real estate agencies.

Faced with the falling ruble, Russians rushed to exchange their rubles for devaluation-proof assets such as apartments and cars.

"Even buyers who had been planning to buy real estate later entered the market," Pazyak said. This burst of activity all but exhausted demand, leaving only those buyers who are in no hurry to make their purchases, he said.

Exacerbating the slump in sales was the cost of mortgages, which rose as the Central Bank hiked interest rates to protect the ruble, said Grigory Poltorak, president of the Best-Realty real estate agency.

According to the Central Bank, the average rate for a mortgage loan is now 14.5 percent. The average rate on mortgage repayments last year was 12.5 percent, according to official figures.

This rise in lending rates has had its toll. Before, up to 40 percent of deals on the secondary market involved mortgages. Now, only 10 to 20 percent do, Taganov said.

The situation with apartments in new buildings is entirely different. This market has come to life again this year thanks to the launch of a state program to subsidize mortgage lending rates at a level of 12 percent or less — but only on sales of apartments in new buildings.

Developers are now seeing a significant increase in demand for apartments in new buildings — on average, a rise of 15 to 20 percent, a spokesman for the OPIN real estate company said.

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