The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Mortgage Lending in Russia Dropped 40% in First Five Months

By The Moscow Times

July 08, 2015



In March the government handed over 20 billion rubles ($350 million) to banks in a program designed to boost mortgage lending by 400 billion rubles ($7 billion).

Russia's mortgage market shrank 41 percent between January and May year-on-year despite government efforts to support the industry, news agency Interfax reported, citing data from the Central Bank.

Credit institutions issued a total of 371 billion rubles ($6.5 billion) in loans in the first five months of the year, the report said. The slump accelerated sharply during this time, starting with an 11.1 percent fall in January and ending with a whopping 40.9 percent drop in May.

The volume of non-performing mortgage loans also increased by 15 percent to 33.3 billion rubles,($578 million) in the first five months of the year, Interfax reported.

The steep drop came even as Russia's government battled to sustain the crisis-stricken

mortgage industry, which saw lending rates rocket after the Central Bank raised its key rate last year to 17.5 percent in an effort to stem the ruble's collapse.

In March the government handed over 20 billion rubles ($350 million) to banks in a program designed to boost mortgage lending by 400 billion rubles ($7 billion). Demand for mortgages rose 32 percent in March compared to February, according to the United Credit Bureau, a leading player on Russia's credit history market, but the jump was not enough to drive a market recovery.

A new government program, however, may do better: In late June Russia increased subsidies for the loan market in order to support a total of 700 billion rubles ($12 billion) in mortgages loans.

Original url:
https://www.themoscowtimes.com/2015/07/08/mortgage-lending-in-russia-dropped-40-in-first-five-months-a48006