

Mortgage Lending in Russia Dropped 40% in First Five Months

By [The Moscow Times](#)

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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.

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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.

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