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State Support Rescues Russian Homebuilder PIK From Slump in Sales

By The Moscow Times

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PIK, which builds mass-market residential properties mainly in the Moscow region, said mortgage-backed sales reached 39.4 percent of its total sales in the second quarter.

Russian homebuilder PIK Group said Monday its proportion of mortgage-backed sales had returned to the level of early 2014, helped by a state support program.

Russia saw a slump in mortgage-backed sales in the first quarter of 2015 after the Central Bank hiked its key rate last December to stop a steep fall in the ruble fueled by a sharp drop in oil prices and Western sanctions over Ukraine.

In January-March, mortgage lending dropped 35 percent year-on-year to around 218 billion rubles ($3.8 billion) and in April Russia launched a mortgage-lending support program.

Under the scheme, Russia has allotted 20 billion rubles to subsidize mortgages by compensating certain banks for lowering their interest rates. It estimates the subsidies will

help to issue 400 billion rubles in mortgage loans.

PIK, which builds mass-market residential properties mainly in the Moscow region, said mortgage-backed sales reached 39.4 percent of its total sales in the second quarter, compared with 25.3 percent in the first quarter and 36.8 percent a year ago.

It also posted a rise in cash collections from real estate sales.

PIK's second-quarter cash collections from sales to individuals grew 19.2 percent year-on-year to 9.5 billion rubles, with growth boosted by a low base the year earlier.

Its new retail sales contracts to customers jumped 45.7 percent to 118,000 square meters and the value of contracts grew 40 percent to around 10 billion rubles, it said in a statement.

Rival developer Etalon has said mortgage-backed contracts also rose as a proportion of its total sales to 20 percent in the second quarter from 11 percent in January-March.

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