

Mortgage Loans Suffer ‘Largest Fall’ in Russia’s History – RBC

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Maxim Mishin / Mayor's Press Service / Moskva News Agency

Mortgage loans in Russia fell by their largest margin ever in April despite government measures to avert the economic fallout from war-related Western sanctions, the RBC news website [reported](#) Tuesday.

Russian banks approved 37,200 mortgage loans totaling 130.5 billion rubles (\$2 billion) in April 2022. That marked a 75% drop from March, when banks issued 529.3 billion rubles (\$8 billion) in mortgage loans, and a 77% drop in the number of mortgage loans.

“It’s the largest fall in history,” Equifax CEO Oleg Lagutkin was quoted as saying, warning of a further decline in May.

Last month’s drop compares to a 43% decline in the value and a 36% drop in the number of mortgage loans during the Covid-19 pandemic in April 2020.

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Russian banks hiked mortgage rates after the Central Bank more than doubled its key interest rate to 20% in the days after President Vladimir Putin ordered troops into Ukraine in late February. The key rate has since settled at 14%.

Banks and experts point to the high interest rate in explaining lower demand for mortgage loans. Some banks surveyed by RBC reported large shares of their mortgage loans being part of government-subsidized programs.

Experts say the mortgage market's future recovery depends on whether the Russian government would expand its subsidy program.

The mortgage rate has been cut from 12% to 9% under the current state-backed scheme that was extended into the end of 2022. Russia also launched a program offering 5% rates to tech workers — who were widely reported to have left the country in droves following the start of the invasion — until 2024.

“We can hardly expect a quick recovery until the end of the summer, but there may well be an increase in demand for mortgage lending in the fall, barring new shocks,” Lagutkin said.

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