The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia Faces Looming Housing Shortage as Construction Slows

April 14, 2025



A view of Moscow. **Yaroslav Chingaev / Moskva News Agency**

Russia could face a significant housing shortage by 2027, as a sharp slowdown in new residential construction threatens to leave the country with a shortfall of up to 30 million square meters of housing, according to a report by DOM.RF, the government's housing and development financing agency.

New housing projects in the first quarter of 2025 amounted to just 8.1 million square meters — a 24% drop compared to the same period last year. The downturn is expected to continue through the end of 2025 if the Central Bank keeps its key rate high and sales stay low.

Even if the Central Bank's key interest rate falls to 7.5-8.5% from its current 21% by 2027, the housing construction industry is unlikely to rebound quickly enough to meet demand, the report warns.

Rising financing costs and the recent end of a subsidized mortgage program — which offered interest rates as low as 8% but expired in July 2024 — have forced developers to focus on

smaller, high-margin projects, Anna Akinshina, CEO of the Samolyot Group, told the Vedomosti business daily.

Related article: Rental Prices in Russia Rose 31% in 2024, Experts Say

At the same time, many Russians are putting off home purchases due to the steep cost of borrowing, said Larisa Maslyukova, head of sales at the Granel Group, in comments to Vedomosti. The longer the stagnation lasts, the more pronounced the shortage will become, she noted.

The slowdown is already being felt in the market. Just 569,000 apartments were sold across the country in 2024 — a 26% decline from the previous year, according to DOM.RF. Sales of mid-range and mass-market homes have dropped off particularly sharply in recent months, Irina Dobrokhotova, founder of the real estate data platform BnMap.pro, told Vedomosti.

In Moscow, the average time it takes to sell a new apartment has risen to at least 16 months. In Krasnodar — which currently has one of the country's largest inventories of unsold homes — the average timeline has stretched to 42 months.

As of February 2025, the total volume of unsold new housing across Russia's largest cities stood at 60.6 million square meters, up 10.3% from the year before, a representative for the Pulse of New Home Sales analytics platform told Vedomosti.

Despite the current oversupply, experts warn that a shortage could begin to emerge as early as 2027 — particularly in Moscow and the surrounding region, as well as in the Far East. Other large cities in economically weaker regions could also face shortages, Yaroslav Gutnov, the founder of SIS Development, told Vedomosti.

To help address the potential gap, DOM.RF has proposed subsidizing loans for developers launching new projects in 2025 and 2026.

But experts say that broader macroeconomic stability and a sustained decline in borrowing costs will also be necessary to restore the balance between supply and demand.

A serious housing shortage in the new-build market is only likely if there's a sharp rise in buyer demand — and this is not yet happening, Ilya Volodko, director at the consulting firm Macon, told Vedomosti.

Original url:
https://www.themoscowtimes.com/2025/04/14/russia-faces-looming-housing-shortage-as-construction-slows-a88726