The Moscow Times
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Russian Automotive Sector in Decline as Hundreds of Dealerships Close

July 09, 2025



Alexander Shcherbak / TASS

Approximately 200 car dealerships have closed in Russia since the beginning of 2025, Autonews.ru reported Tuesday.

The closures reflect a sharp decline in consumer demand and the broader impact of a slowing economy.

The closed dealerships account for about 5% of the nation's roughly 4,000 dealerships, Alexey Podschekoldin, head of the Russian Automobile Dealers Association, told Autonews.

Podschekoldin added that another 30% of car dealership companies are currently in dire financial straits and may soon be forced to halt operations.

Russia has seen an influx of new car brands since the full-scale invasion of Ukraine began.

In early 2022, there were 60 brands in the market; by June 2025, there were 124, with the overwhelming majority of these new brands coming from China.

However, the increase in brands has not led to higher overall sales. Dmitry Yeregin, deputy head of the Avtostat analytical center, claimed that 601,800 cars were sold in Russia in the first 6 months of 2025, a 28% year-on-year decrease.

Analysts at Avtostat identified several primary factors for the downturn, including high vehicle prices, the Central Bank's stricter car loan policies and increased interest rates on loans and deposits.

Until recently, Avtostat analysts forecasted a recovery in sales in the second half of the year, although they have since lowered their predictions.

Together with the Automobile Manufacturers Committee of the Association of European Businesses, Avtostat projects that 1.25 million passenger cars will be sold in Russia by year's end, a 20% drop compared to 2024. This figure, once considered a worst-case scenario, is now the baseline.

The new worst-case forecast anticipates a possible decline to 1.1 million vehicles for the year, signifying a potential 30% contraction of the Russian car market.

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