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# Sales of New-Build Homes Plummet in Russia as Mortgage Subsidy Ends

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**Oleg Spiridonov / Business Online / TASS**

Sales of newly built homes in Russia tumbled in the first half of 2025 as the end of a popular mortgage subsidy program and high borrowing costs pushed many buyers out of the market.

According to a report published Tuesday by the state-owned financial institution Dom.RF, sales of new residential developments fell 26% year-on-year between January and June, totaling just 10.4 million square meters sold.

The downturn coincides with the July 2024 closure of Russia's flagship state-supported mortgage program, which had allowed buyers to secure loans at 8%.

Analysts at Dom.RF also reported a staggering 66% drop in mortgage issuance in June compared to the same month last year, though they predicted that figure represented a low point, with the pace of decline expected to ease starting in July.

The southern Krasnodar region posted the sharpest drop in new home sales, plunging 46% in

the first half of the year. Declines were less severe around Moscow and St. Petersburg, with sales down 14% in both the capital region and the Leningrad region.

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Sales declines were also uneven across housing segments.

Standard and comfort-class apartments, typically the most dependent on subsidized mortgages, saw sales fall 28%, while sales of higher-end business and luxury properties, which rely less on government-backed loans, declined by 14%.

Amid tighter credit conditions, more buyers are turning to cash and installment payment plans.

In the first half of the year, the share of mortgage-financed sales dropped to about 60%, down from previous years. Installment transactions surged to an estimated 1.4 trillion rubles ($17.9 billion) by the end of May.

Russia's Central Bank reports that nearly nine out of 10 mortgages issued this spring were backed by government subsidy programs.

The "family mortgage" program offered to families with children accounted for 88% of subsidized loans issued in June.

Developers are scaling back in response to weakening demand, with new project launches dropping 22% year-on-year in the first half of 2025. Total launches are expected to reach between 35 and 38 million square meters by year-end.

Dom.RF analysts warn that this slowdown could lead to tighter housing supply starting in 2027, a concern echoed by Deputy Prime Minister Marat Khusnullin.

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