

1 in 5 Russian Developers at Risk of Bankruptcy as Mortgage Costs Soar

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Vasily Kuzmichenok / Moskva News Agency

Nearly 20% of Russian property developers are at risk of bankruptcy due to plunging sales driven by high mortgage interest rates, Deputy Prime Minister Marat Khusnullin [said](#).

Khusnullin, who oversees housing and infrastructure in the government, warned that this figure could rise above 30% if financial conditions do not improve in the next six months.

“By my estimate, about 20% of developers face serious risks,” he told the Vedomosti business daily.

Although every fifth construction company has already delayed project completion by six months or more, he said, this is not a surefire sign that they will go bankrupt.

“But if the [Central Bank's] high key rate continues, if money doesn't flow into the sector, if citizens stop investing in real estate and if there's no mortgage support, the share could exceed 30%,” he said.

Khusnullin added that conventional housing loans have “almost ceased to exist as a class” since the end of a broad state-subsidized program in July 2024.

Related article: [Sales of New-Build Homes Plummet in Russia as Mortgage Subsidy Ends](#)

Eighty percent of all mortgages now issued under targeted government schemes, such as those for families with children, and only 20% on market terms, he said.

According to consulting firm Macon, [citing](#) figures from state housing agency Dom.RF, nine of the country’s 20 largest residential developers saw significant revenue drops in the first half of 2025.

Sales at YugStroyInvest fell 45% year-on-year to 29 billion rubles (\$362 million), GK Tochno’s revenue dropped 43% to 10 billion rubles (\$125 million) and Setl Group’s income slid 41%.

Analysts noted that these declines occurred even without a reduction in construction volumes for most affected companies.

Overall, developers [sold](#) 10.4 million square meters of new housing between January and June, down 26% from the same period in 2024. In monetary terms, sales fell by 2.1 trillion rubles (\$26.25 billion) in nominal terms, a 16% drop.

The downturn has already pushed some firms out of the market. In Yekaterinburg, former PIK Group general contractor StroyProekt Group is on the verge of collapse, while in Rostov-on-Don, DonStroy Construction Company has been declared bankrupt.

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