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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.

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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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