

Pace of Residential Construction Plummets in Russian Regions

By [The Moscow Times](#)

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The rate of residential construction outside of Russia's urban centers has dropped by as much as 40 percent since the start of this year, the TASS news agency quoted Deputy Prime Minister Dmitry Kozak as saying late last week.

"We are already seeing a 30 to 40 percent drop in the pace of construction in the regions," said Kozak, who oversees regional issues within Prime Minister Dmitry Medvedev's administration.

Home building in Russia as a whole fell 10 percent in the first two months of this year, Housing Minister Mikhail Men said in March.

Developers have been slammed by the ruble's fall of around 40 percent to the U.S. dollar since last year, which raised the price of building materials and forced the Central Bank to hike interest rates to rein in volatility on the currency markets.

Last week Medvedev announced that the government would give banks 20 billion rubles (\$345 million) in subsidies to help boost mortgage lending and stimulate residential construction.

But even with government support, the housing loan market is likely to continue shrinking until the end of this year, news agency RIA Novosti cited Central Bank official Sergei Moiseyev as saying last week.

"We are in only the very beginning of the mortgage market's decline," Moiseyev said.

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