

Russia Luxury Residential Real Estate Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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Report description:

The Russian luxury residential real estate market is expected to grow at a CAGR of over 3% during the forecast period.

The Homeownership rate in Russia has been among the highest in Europe over the past years. Amidst the coronavirus outbreak and ruble devaluation in 2020, the demand for residential real estate grew further at an average annual 12 percent, leading to increased housing prices. The pandemic effects were still notable in 2021.

The highest average selling prices in the housing market were reported in the resort area of Krasnaya Polyana at over RUB 257 thousand (USD 3.1 thousand) per square meter as of May 2021. Moscow ranked a close second with an average selling price exceeding RUB 250 thousand (USD 3 thousand) per square meter. However, in the most expensive district of the capital - Ostozhenka, the square meter price was nearly twice as high as the city average.

The Russian-Ukraine War is likely to have an impact on the Russian residential real estate market. The luxury residential real estate market for vacation and luxury homes is likely to be the first sector impacted. These purchases are easier to delay and draw a larger part of the financing from the volatile financial markets.

Russia Luxury Residential Real Estate Market Trends

Growth in the Apartment Buildings Driving the Market

PIK Group was the largest apartment building developer in Russia as of December 2021, with nearly 5.6 million square meters under construction. LSR Group, based in the Northwestern federal district, ranked second with roughly 2.7 million square meters

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under construction.

Krasnaya Polyana, located in the Krasnodar Krai, has become a new destination for ski lovers in Russia over the past years, leading to a surge in real estate prices in this area. Consequently, the average selling price of apartment buildings in Krasnaya Polyana exceeded that of the capital city. It was measured at over RUB 257 thousand (USD 3.1 thousand) per square meter as of May 2021.

Sochi was ranked first with the highest average apartment rental price of residential real estate in Russia as of May 2021. Krasnaya Polyana, home to ski resorts in Krasnodar Krai, had the second-highest rental price per square meter, measuring at RUB 1.3 thousand (USD 15.9) as of January 2021. Svobodny, a town in the Amur Oblast, ranked third.

Moscow accounted for the largest area of multi-apartment buildings in construction as of August 2021. In St. Petersburg, the country's second-largest city, over 10 million square meters of multi-apartment residential housing were under construction.

Social Media and Internet Usage Driving the Market

More people are using social media to shop for homes, pushing up market sales. More informed and smart buyers took advantage of tech platforms that made pricing and home tours more accessible, increasing social media leads and referrals. The agent's function has become even more important as real-time connectivity has become the norm.

Companies are incorporating multiple photos of each listing and using the contact information as a call-to-action. Real estate on social media involves many moving pieces and keen attention to detail. It also became a prime place to prospect and generate leads.

There were 129.8 million internet users in Russia in January 2022. Russia's internet penetration rate stood at 89.0 percent of the total population at the start of 2022. The internet users in Russia increased by 5.8 million between 2021 and 2022.

The Russian Federation had 106.0 million social media users in January 2022. The number of social media users in Russia at the start of 2022 was 72.7 percent of the total population. The social media users in Russia increased by 7.0 million between 2021 and 2022.

Russia Luxury Residential Real Estate Market Competitor Analysis

The Russian luxury residential real estate market is fragmented, with many players. Some major players are PIK Group, Glavstroy, LSR Group, and Ingrad. Competition and pricing have increased strongly, and new investors and developers have entered the market. Domestic developers are making joint ventures to gain a foothold in the country and enhance their financial strength and management expertise.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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