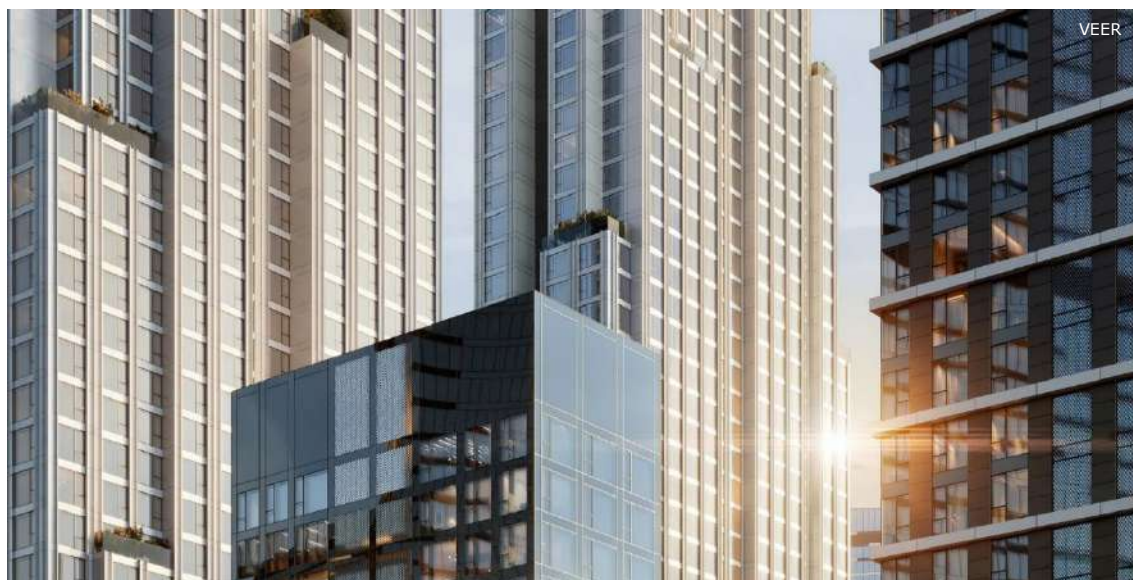


Russia | Moscow

Residential Real Estate

Q4 2024



2024: Results and forecasts for the Moscow market of new builds*



Demand at the level of 2019-2020

Throughout 2024 the Bank of Russia increased the key rate three times and by the year's end it soared to the record mark of 21%. The average key rate for 2025, according to the latest version of the macroeconomic survey of the Bank of Russia's analysts (December 2024), is predicted at the level of 21.3%. In the lack of any additional impact factors and preservation of the current market environment, the sale volumes of 2024 may well be repeated. The demand will be backed by auction offers in business and premium classes that are less dependent on borrowed funds, the start of sales in some housing projects at a discount to the market for accelerated filling of escrow accounts, as well as by instalment plans from developers.

Whereas in Q4 2024 a multitude of various instalment forms and plans were on offer in all real estate classes, in 2025 their variety and scale may well be contracted, given that this mechanism slows down the filling of escrow accounts, thus creating extra risks for developers, and is used as an alternative in the lack of other financial instruments. Furthermore, in 2024 the Bank of Russia announced the development of a whole range of measures to regulate this form of payment.

63,600
CPCS

Amount of transactions in Moscow in 2024

Overall, 20% fewer deals were closed in 2024 as compared to the year before (a reduction from 79,100 deals in 2023 to 63,600 deals in 2024). The toughening of the monetary policy and terms of issuing housing mortgage loans were the key impact factors. The number of mortgage-backed transactions decreased by 36% (from 58,700 contracts for participation in shared construction in 2023 to 37,500 CPCS in 2024). By and large, despite the differences in the key rate, the current volumes and structure of transactions are comparable with the period of 2019-2020, when the massive program of preferential lending had not been at work yet.

The number of transactions with residential real estate over the quarter had grown by a fourth, mainly due to the seasonal reinvigoration of demand amid the implementation of instalment plans and Christmas promo actions rolled out by developers. Some building contractors mention a dramatic rise in the share of transactions based on instalment plans.

* Hereinafter in our report we quote the data for Moscow within its "old" boundaries and do not cover the elite housing segment, reviewing only comfort, business and premium classes.

2024: Results and forecast for the Moscow market of new builds*



Prices keep growing

The weighted average price on housing in exposure within the boundaries of "old" Moscow has risen by 3.6% over the quarter reaching RUB 534,700 (undiscounted), whereas its annual accrual stands at 16%. The growth of per sq m prices was conditioned above all on the rollout of quite a few lots in the premium class. Over the year their number had grown by 12%.

In 2025 prices will keep rising at the pace of inflation due to further expansion of supply in business and premium classes. In spite of soaring prices, the revenues of some developers may shrink in the midst of growing construction costs, more expensive project financing, as well as the introduction of the "mortgage standard" that limits the subsidizing of rental rates at the client's expense.



The structure of supply changed to match the solvent demand

Sales kicked off in 47 new projects during 2024. More than half of this newly built space is business-class housing, 15% belongs to the premium class, while comfort class accounts for only one third of the new space on offer. This distribution reflects the current dynamics of demand: in 2024 the greatest reduction in the number of deals over the year occurred in the comfort class - by a third (to 33,200 CPCS). In the business class demand sagged by 4% (to 28,200 transactions), while in the premium class demand went up by 45% (to 2,200 transactions).

In Q4 2024, the number of lots (residential units and apartments) in exposure increased by 2% year-on-year (to 48,200 lots from 47,600 lots). The number of lots in exposure went down over the quarter and yet this indicator was still higher in the fourth quarter than its average level in two recent years.



The share of business class rose to 54% by projected floor space among the new developments of 2024

In the current situation developers can optimize their portfolios, including by way of selling a portion of their land banks or non-core assets, as well as pushing back the launch of sales in their new projects, which will affect the amount of commissioned housing in the future. As an alternative source of project financing, developers may place more bonds in 2025. During 2024, seventeen developers floated bonds worth RUB 600 billion in total.

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Main indicators



Total supply in exposure on the off-plan housing market of “old” Moscow contracted by 3% versus the previous quarter to 2.69 million sq m of residential units and apartments. The supply had grown by 1.9% year-on-year.

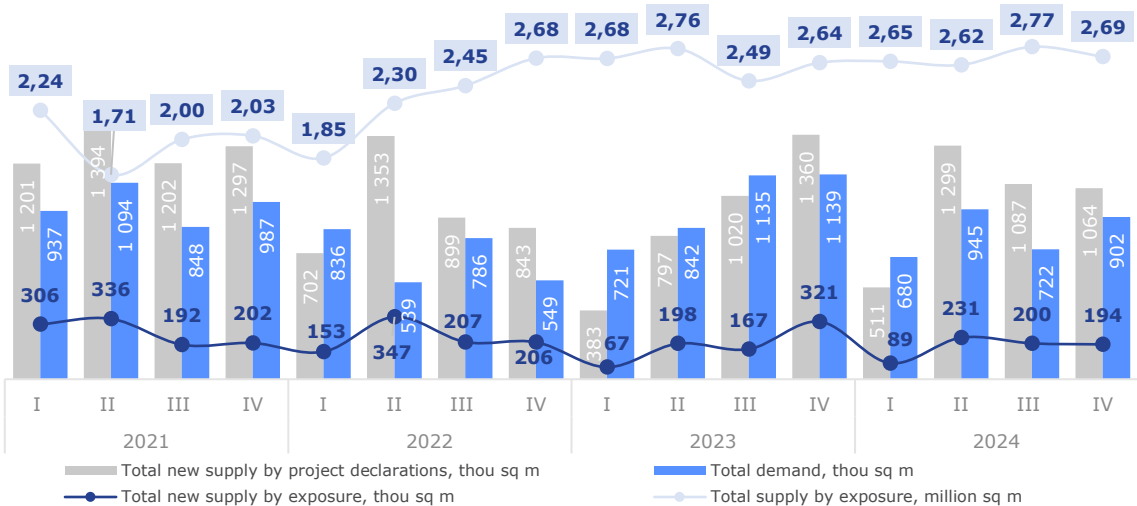
The number of lots on offer dwindled by 3.1% versus the third quarter to 48,100 lots. Compared to the previous year, the supply is still 1.2% higher. The new supply in exposure amounts to 194,000 sq m, which is 3% below the previous quarter and 40% lower than in Q4 2023.

The pace of the weighted average housing price growth (undiscounted) accelerated, judging by the results of Q4 2024. Over the quarter the price had risen by 3.6% after the 1.8% growth in the previous quarter. Over the year, the weighted average price had increased by 16%. This being said, developers offer discounts for a limited pool of lots. The average discounts throughout the quarter amounted to 6%, and they were offered for each second lot in exposure. Just for comparison, a quarter earlier the average discount had come to 4.6% and was offered for 57% of lots.

In the fourth quarter 17,500 lots totaling to 902,000 sq m were sold, which is 25% higher than in the previous quarter and 21% lower year-on-year.

The average floor area of a sold lot remained almost unchanged during the quarter, but grew by 8.3% (from 48 to 52 sq m) versus Q4 2023.

Demand and supply dynamics



Source: Nikoliers, excluding elite real estate

New projects launched

All new projects including those in the premium segment with sales started in the fourth quarter lie outside of the Third Ring Road (TRR)



Supply



89%

The share of residential units in the supply breakdown by type of real estate (+3 p.p. vs Q4 2023 and +2 p.p. vs Q3 2024), the share of apartments standing at 11%

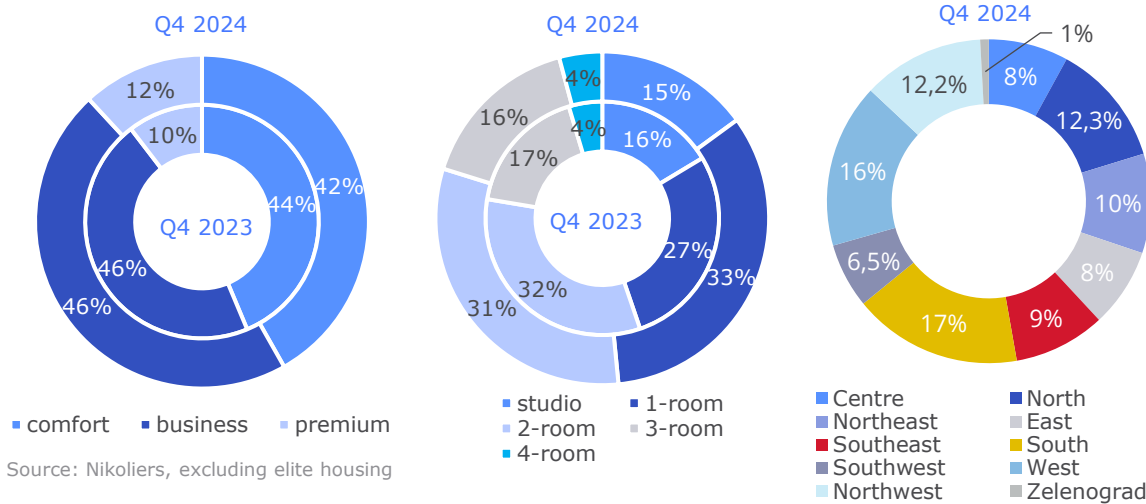
In the fourth quarter of 2024, following the ban on the construction of apartments as “quasi housing” in Moscow, their share in total supply went down by 2 p.p. over the quarter. The cumulative amount of new developments (by project declarations) launched in the current quarter has sagged by 12% year-on-year. The slowdown in the amount of new projects launched is but natural, given a prolonged period of the high key rate, even though the activity is still quite robust in the residential real estate market.

The supply breakdown by classes has remained almost intact over the quarter, with business and comfort segments dominating, their market shares standing at 46% and 42%, respectively. Over the year the share of comfort-class housing has shrunk by 2 p.p. due to the growing share of premium-class housing. In absolute terms, the comfort-class living space in exposure amounts to 1.126 million sq m in Q4 2024 (versus 1.154 million sq m a year earlier), while there is 0.32 million sq m of the premium-class housing (versus 0.27 million sq m a year before).

The greatest supply is concentrated in the southern and western administrative districts (17% and 16% accordingly). These districts have been holding the lead by housing in exposure since the beginning of 2024.

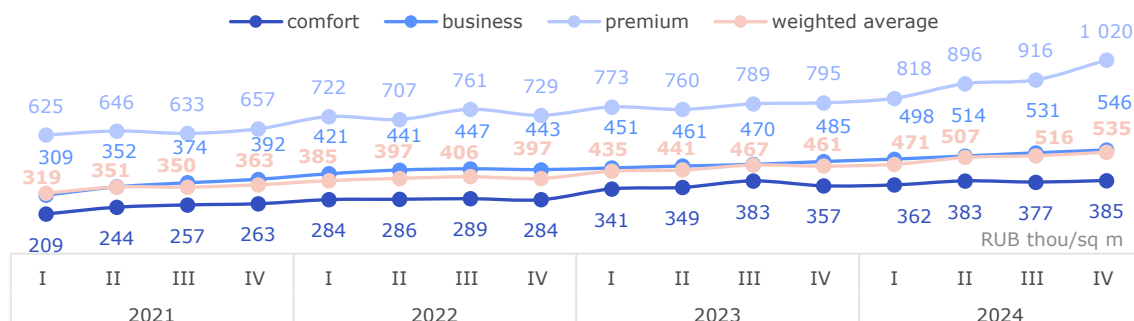
As in the previous quarter, the Wave project (42,000 sq m) in South Moscow and Luchi-2 (45,000 sq m) in West Moscow from LSR developer are holding the lead by the amount of supply.

Breakdown of supply



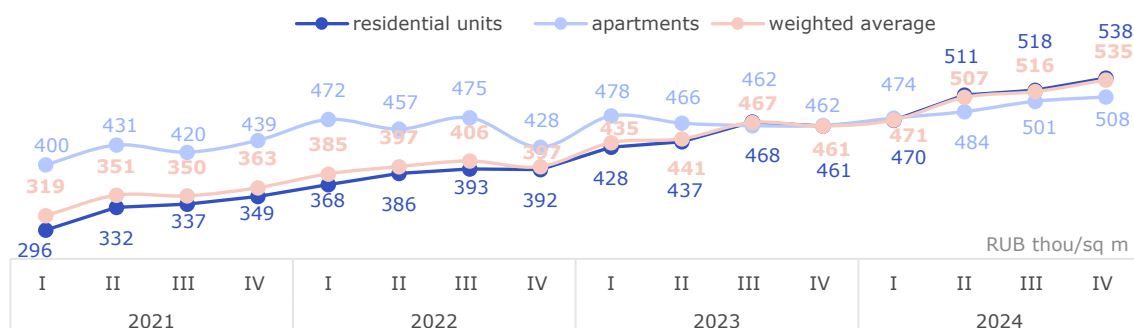
Prices

Dynamics of the weighted average price by classes



Based on the results for Q4 2024, the premium segment has demonstrated the steepest climb of prices (+11.4% per sq m) both due to the appreciation of prices in residential buildings already on sale and due to the rollout of new residential units to the market. Thus residential units with a fine finish went on sale in the Vesper Kutuzovsky development from Vesper.

Dynamics of the weighted average price by real estate type

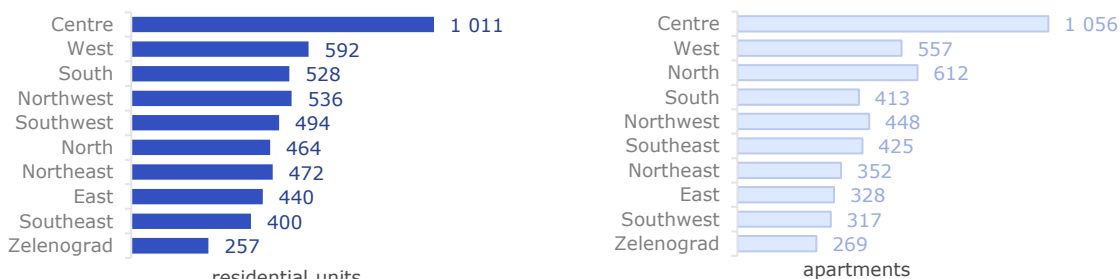


Whereas the prices of residential units have grown by 3.8% versus the previous quarter, the apartment prices have risen by only 1.4%. Year-on-year residential units have become 16.6% more expensive, while the apartment prices have upped by 9.8%. In the future the dynamics can be less indicative due to the rapid absorption of apartments.

The highest growth of prices in projects with residential units on offer was recorded in Central Moscow (+11%), West (+8%), Northeast (+6%) and Northwest (+5%). The leaders by the growth of prices in projects with apartments (over the quarter) have been Southeast (+17%), Northwest and Zelenograd (+11% each), as well as Central Moscow (+10%).

The prices of residential units in Zelenograd and East Moscow have sunk by 6% and 1%, accordingly. In the East this has happened due to burgeoning supply in the comfort-class housing and its reduction in the business class, while in Zelenograd this was caused by the drop of prices in the Green Park project from PIK, boasting the highest share of supply in the district.

Weighted average price by districts, thou rubles/sq m



Source: Nikoliers, excluding elite housing

Demand

94%

Share of residential units in total demand, apartments accounting for 6%

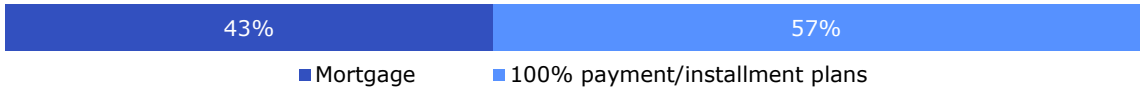
Despite the gradual reduction of the apartment share in the supply structure, their share in the demand structure has not changed. Overall, 17,500 deals had been closed in Q4 2024, 26% more than for the third quarter (13,800 deals). Thus, the recovery of demand indicates that the market is getting adapted to new realities. In Q4 2024, the core of demand was generated by one-room lots (37%) with 6,500 one-room lots sold, while in Q4 2023 around 8,000 lots had been sold.

The demand breakdown by classes did not undergo any significant changes over the year, with most transactions still falling to the share of the business segment (51%) and comfort-class housing (42%). It's important to note that cumulatively comfort and business-class housing generated 93% of total demand in the fourth quarter of 2024, despite a lesser share of those segments in the supply (only 88%).

West and South remain the most popular locations with 18% and 17% of housing sold there, respectively. The demand for lots in Southeast (12% of the total demand) should also be noted, since this is 3 p.p. more than the share of this district in the supply struture (9%).

The projects of PIK were the leaders of sales over the fourth quarter both in West and South Moscow. In the West the highest amount of housing was sold in Matveevsky Park residential project where 345 lots had been sold with the aggregate floor space of 15,300 sq m. In South Moscow the highest number of lots were sold in the Moskovorechye project (419 lots or about 17,000 sq m).

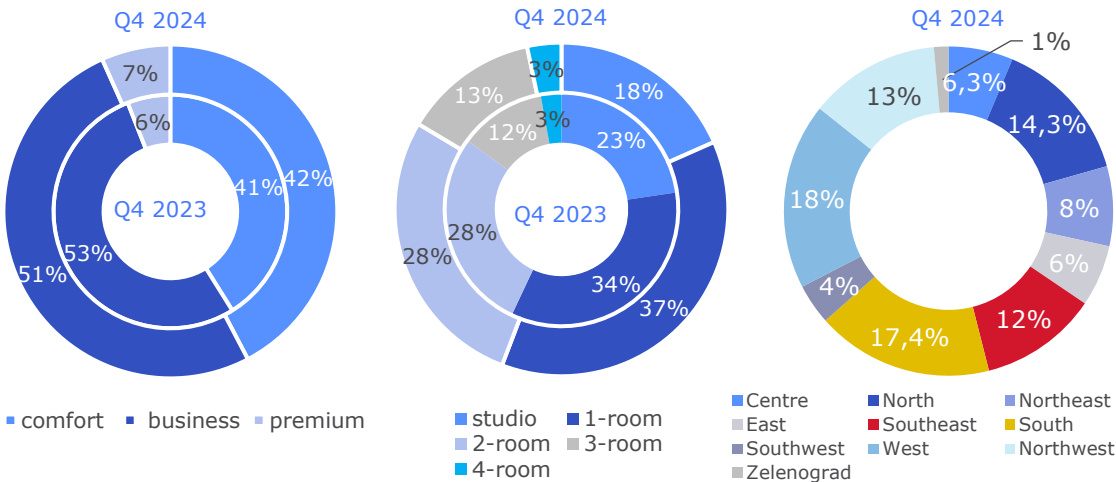
Demand breakdown by type of payment in Q4 2024



-34
p.p.

The reduction of mortgage-backed transactions over the year (from 77% in Q4 2023 to 43% in Q4 2024).

Breakdown of demand



Source: Nikoliers, excluding elite real estate

Classifier* of Moscow's new builds

Criterion	Classes			
	comfort	business	premium	elite
Location	No requirements	Comfortable residential areas near the TRR (Third Ring Road), unique zones outside the TRR	Central Moscow outside the Garden Ring, prestigious areas outside Central Moscow	Central Moscow inside the Garden Ring, prestigious areas outside the GR - Khamovniki, Presnya
Architectural solution	No requirements	Customized design with offbeat architecture	Customized design with well-known architects involved, including foreign ones	Unique design with top-notch foreign architects involved
Material of the walls	Standard and European panel, in-situ concreting	In-situ concreting + ceramic brick + foam blocks	In-situ concreting + ceramic and regular brick	In-situ concreting + ceramic and regular brick
HVAC systems (heating, ventilation, air-conditioning)	Niches for customized split systems are possible	Niches for customized split systems, extraction ventilation, laid ducts, central air-conditioning possible, aluminum radiators, smart home elements	Central or multizonal air-conditioning, combined input and extraction ventilation, ready ducts to the points of split systems or fan coils, aluminum radiators, convectors built in the floor, smart home	Finished ducts to the points of split systems or fan coils, aluminum radiators, convectors built in the floor, smart home
Height of ceilings (exclusive of finishes)	from 2.7 m	2.8–3.2 m	from 3 m	from 3.2 m
Floor area	Min. area is 19 sq m, average space ranging from 40 to 60 sq m	Min. 28 sq m, the average space ranging from 60 to 80 sq m	Min. 42 sq m, the average space ranging from 80 to 100 sq m	Min. 50 sq m, the average space ranging from 100 to 120 sq m
Number of lots per floor	No requirements	8 at the most	6 at the most	4 at the most, for penthouses - 2 at the most per floor
Doors	Metal	Enhanced class metal doors	Metal ones with inserts from natural wood	Premium metal ones with inserts from natural wood
Facade and glazing	No requirements	Plastered facade, clinker tiles, artificial stone; window profile: PVC and/or aluminum	Plastered facade, clinker tiles, artificial and/or natural stone; window profile: aluminum, timber-aluminum	Plastered facade, clinker tiles, natural stone; window profile: aluminum, timber-aluminum
Elevators	Domestic manufacturers or inexpensive models from foreign manufacturers	Foreign manufacturers: Otis, LG, SEC, Sigma, Monitor, Kleemann, SJEC	Foreign manufacturers: KONE, ThyssenKrupp, Schindler	Flagship elevator equipment from best foreign manufacturers
Security	Intercom or video surveillance	Video surveillance, intercom, videophones, keyboard-driven gate, concierge	Video surveillance, intercom, videophones, keyboard-driven gate, security, entry by application through the reception counter	Video surveillance, intercom, videophones, keyboard-driven gate, several 24/7 security checkpoints, entry by application through the reception counter and other hi-tech systems
Inner courtyard	Optionally "a car-free courtyard, a playground in place	Playground of an improved type, gated car-free courtyard	Gated and illumined car-free courtyard with security guards and landscape design, children's playground from natural environmentally friendly materials	Gated and illumined courtyard with security guards and premium landscape design
Public spaces	Entrance lobby, fit-out by Euro standards	Entrance lobby, concierge room, public bathrooms, baby stroller and bike rooms, fit-out by Euro standards	Entrance lobby, fireplace chamber and lounge zones, reception counter, public bathrooms, baby stroller and bike rooms, designer fit-out	Entrance lobby, fireplace chamber and lounge zones, reception counter, public bathrooms, baby stroller and bike rooms, paw wash, bar, fit-out from eminent designers
Parking space	Optional (surface/underground or no parking)	Underground	Underground	Underground
Number of parking spaces per 1 residential unit	from 0.3	from 0.5	from 1	Preferably from 2 and more depending on the floor area of residential units

Source: Nikoliers

*This classifier is relevant for projects with residential units on offer. For apartment developments the requirements for classification can be different in each particular case.

Services



Offices



Industrial



Retail



Residential



Hotels



Land plots



Property management



Managing construction projects



Strategic consulting



Business and property valuation



Investment



Lease & sale



Representation of tenants



Research & analytics



Marketing

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