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## **ASSESSMENT OF STATE REGULATION METHODS IN THE APARTMENT MARKET OF THE RUSSIAN FEDERATION: TRENDS AND DEVELOPMENT PROSPECTS UNDER DIGITALIZATION**

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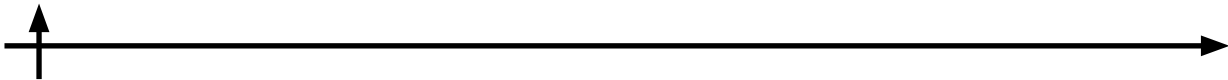
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**Abstract.** The St. Petersburg apartment market is a relatively new and rapidly developing segment of real estate. To choose the right direction of development and the subsequent development of tasks that contribute to the overall economic and social development of the city, it is necessary to correctly classify apartments and identify their trends and prospects. The purpose of the study is to evaluate the methods of state regulation of the apartment market in the Russian Federation in the context of digital transformation, as well as to identify factors that hinder and contribute to their development. In the course of the research, the concept of "apartment" is considered, the classification is carried out and the main differences with related concepts are identified, the main methods of state regulation of apartments in the conditions of digital transformation are considered. As a result of the study, trends in the development of the apartment market have been identified and solutions to the identified problems have been proposed.

**Keywords:** apartments, residential premises, real estate, government regulation, restrictions, strategy

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## ОЦЕНКА МЕТОДОВ ГОСУДАРСТВЕННОГО РЕГУЛИРОВАНИЯ РЫНКА АПАРТАМЕНТОВ РОССИЙСКОЙ ФЕДЕРАЦИИ В УСЛОВИЯХ ЦИФРОВОЙ ТРАНСФОРМАЦИИ: ТЕНДЕНЦИИ И ПРОБЛЕМЫ РАЗВИТИЯ

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**Аннотация.** Рынок апартментов Санкт-Петербурга является относительно новым и быстро развивающимся сегментом недвижимости. Для выбора верного направления развития и последующей разработки задач, способствующих общему экономическому и социальному развитию города необходимо верно классифицировать апартменты и выявить их тенденции и перспективы. Целью исследования является оценка методов государственного регулирования рынка апартментов российской федерации в условиях цифровой трансформации, а также выявление факторов, сдерживающих и способствующих их развитию. В процессе исследования рассмотрено понятие «апартмент», проведена классификация и выявлены основные отличия со смежными понятиями, рассмотрены основные методы государственного регулирования апартментов в условиях цифровой трансформации. В результате исследования выявлены тенденции развития рынка апартментов и предложены решения выявленных проблем.

**Ключевые слова:** апартменты, жилое помещение, недвижимое имущества, государственное регулирование, ограничения, стратегия

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### Introduction

For the Russian Federation, apartments are a relatively new segment that has not been fully studied. In view of this, there is no clear definition of their concept. To form a definition, we turn to various foreign and domestic sources. In Europe and the USA, the terms "flat" and "apartment" are often used synonymously.

In America, the following definitions of the concept of "apartments" are given:

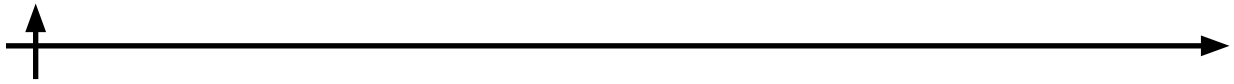
- Several rooms for living on the same floor (level) of a building or house (Cambridge Dictionary)
- Flat
- A general term for all categories of housing located in an apartment building

The American approach uses the concept of "apartment" to generalize the general definition of a place to stay. In cases where the value "flat" is used, we are talking about elite class housing. The legislation mainly uses the definition of "apartment" (Kovalev, 2020).

In the UK, the approach is different: "apartment" is equated to high-class housing, and "flat" means any ordinary housing located in an apartment building. However, there is no official concept of "apartment" in Europe, and there are also no regulations governing this definition, which allows us to draw a parallel with Russian legislation.

Turning to the various definitions of the concept of "apartment" in our country:

- One or more premises intended for human habitation. The apartment has a plumbing unit, a



kitchen, one or more living rooms. They can be located in residential buildings or commercial buildings, depending on the type.

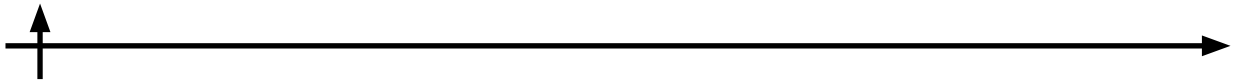
- Non-residential premises that can be used for temporary residence, as a hotel or rental.
- Premises or complexes of premises arranged in a separate building, having access to common property and the full range of amenities inherent in the apartment.
- A room in a means of accommodation consisting of several rooms with kitchen equipment.

It is important to highlight the general definition of the concept of "apartment": an apartment is a non-residential premises located in a residential complex or in a commercial building, equipped with everything necessary for living, intended for rental or independent living (Kuracheva, 2020).

For a more precise definition, we will conduct a comparative analysis of the characteristics of the apartment and the apartments, which is presented in Table 1.

**Table 1. Comparative characteristics of “apartments” and “flats”**

Comparison Parameter	Apartment	Flat
Possibility of registration	Temporary, and only if the apartment is a hotel room	Constant
Maintenance of common property	Everything is regulated by the management company	The decision is made by the owners' meeting
The amount of utility payments	On average, it is 15-20% higher compared to the apartment. May be changed by the management company	In accordance with the officially adopted in the region
Main use	Accommodation/income generation	Accommodation
State support	Missing	Use of maternity capital, preferential mortgage conditions, subsidies
Construction	They can be built, as well as under Federal Law 214, and at the developer's own expense	Only under Federal Law No. 214 on Shared-equity construction with the help of project financing
Technical requirements	Missing	SanPiN 2.1.2.2645-10 Requirements for living conditions in residential buildings and premises, Decree of the Government of the Russian Federation of 28.01.2006 N 47 (ed. of 17.02.2022) "On approval of the Regulations on the recognition of premises as residential premises, residential premises unsuitable for habitation, an apartment building in emergency and subject to demolition or reconstruction, a garden house as a residential house and a residential house as a garden house".
Social burden	Is not mandatory. However, developers are trying to ensure the presence of nearby hells, shops, schools, etc.	In accordance with state requirements
Cost	From 250 thousand/m <sup>2</sup>	From 200 thousand/m <sup>2</sup>
Property tax	0.1% of the cadastral value	0.5% of the cadastral value
Major repairs	At the expense of the owners	General house contributions and/or at the expense of the regional budget
Management company	Provides a high level of infrastructure: laundry services, cleaning of common areas and rooms, providing areas for work, recreation, etc.	Performs minimal functions for communal maintenance and cleaning



Analysis and identification of differences between an apartment and an apartment is necessary for several reasons:

1. Identify risks and possible consequences resulting from the use, purchase and sale of real estate;
2. Understand the methods of regulating activities and the requirements that affect the issues of residence, income generation, operation and maintenance of premises;
3. Identify the main purpose of buying real estate: own living or income generation;
4. Plan the future "fate" of the property: the possibility of resale, payback period, development trends, etc. (Yakubovich, 2019)

Let's highlight the main advantages of an apartment in comparison with an apartment:

1. Lower property tax;
2. The management company can take on all the burden of maintenance, both for a specific unit and for the complex as a whole, which will ensure a high-quality infrastructure corresponding to the Western level of service.;

3. A new segment in the real estate market, which continues to develop and attracts a large number of investors and tenants in the case of renting an apartment (Kostrikin, Buadze, 2013.).

For further analysis of the concept of "apartments", it is necessary to classify this segment of commercial real estate. Types of apartments:

- recreational;
- non-service/"pseudo-housing";
- service (Kraev, 2021).

Figure 1 shows the percentage of apartments in St. Petersburg by format at the end of 2021.

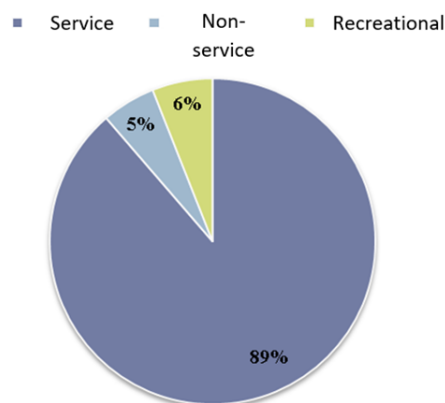
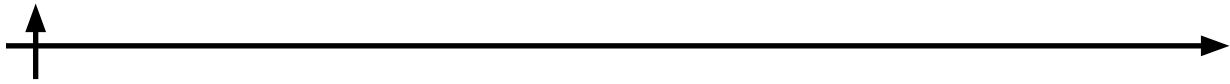


Fig. 1. Percentage ratio of apartments by type in St. Petersburg, %

Recreational apartments are located in the resort areas. As a rule, swimming pools, recreation areas, medical offices, spas are located in such territories. This type of apartment is intended exclusively for recreation. For the most part, such projects appear on the site of former sanatoriums or rest homes, where, according to the requirements of the legislation, it is required to preserve the original purpose of the land with a recreational status. Despite the climate of St. Petersburg, which is dominated by the number of cloudy and rainy days, this type of apartment is at an acceptable level of development: since the beginning of the Covid pandemic, an increasing number of residents of the city have begun to move out of town. This type of apartment allows you to combine outdoor recreation with a high level of service (in comparison with country houses and dachas) (E-Journal RBC, 2022).

Non-service apartments, or, as they are sometimes called, "pseudo-housing" perform all the same functions as residential real estate. Such real estate was built as apartments for permanent residence, but on a plot of land intended for non-residential development. This type of apartment was the first to appear during the crisis of 2008-2009. At that time, developers bought land for the construction of



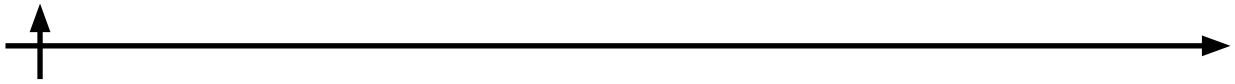
non-residential facilities, which freed them from the requirements for the availability of social infrastructure, simplified the possibility of construction, which did not have to meet the standards of residential premises, which allowed to reduce the cost of costs. Buyers, in turn, were attracted by a lower purchase price compared to similar apartments. Now these are projects of comfort and business classes, which are located in successful locations, near the metro and/or reservoirs. Most often, non-service apartments are purchased for their own living, less often for renting (Manaenkov, 2019; Zheksembayeva, 2021).

The main difference between service apartments and non-service apartments is the availability of internal infrastructure and a number of services similar to hotel ones. At the same time, service apartments are an investment product with various profitability programs. The peculiarity of this type of apartment is the presence of a professional management company (CC), which takes over the maintenance of the complex, provides the implementation of hotel services and the loading of the room stock to maintain a high level of payments for investors who have purchased apartments. Very often, people who stay in such apartments do not even know that each room has its own owner. They see only an ordinary hotel with an appropriate set of services. In turn, for investors, this type of apartment may have certain purchase conditions: the impossibility of independent living, a mandatory lease agreement with the management company, the inability to terminate this agreement, the mandatory purchase of a tenant package, etc. (Panteleeva, Dmitriev, 2019)

There is often a confusion of concepts between apartments, apart-hotels and hotels. A comparative analysis of these types of real estate is presented in Table 2.

**Table 2. Comparative characteristics of the hotel, apart-hotel and apartments (MINSTROY Russia, 2022; St. Petersburg Administration, 2022)**

Comparison Parameter	Hotel	Apart-hotel	Apartments
Services	Organized meals in the hotel cafe; reception; additional services (excursion, currency exchange, taxi order), daily cleaning	Close to the hotel: Cleaning 1 time/3-4 days; breakfast, change of towels, laundry; reception	There is no daily cleaning, usually only the final one. There is no reception
Rules of accommodation	Check-in from 14, check-out until 12. It is forbidden to: find guests after a certain time, hand over keys, pets, noise	Check-in from 14, check-out until 12. The rules of accommodation are less strict than in hotels. For example, pets may be allowed for an additional fee, the possibility of guests staying	Landlords practically do not restrict guests with conditions, there is no ban on accommodation with animals. A deposit may be charged upon arrival, which will not be refunded in case of damage to the property
Infrastructure	Shops, laundries, hairdressers, gyms, swimming pool, conference rooms	Similar to a hotel	It depends on the specific complex: there may be several buildings with all the necessary shops, beauty salons. There may be a separate building near which there is no developed infrastructure
Room equipment	There is no kitchen. Small room size depending on the category. Standard amenities for short-term stays: bed, shower, armchair/chair	Kitchen or small kitchen corner. It is similar in size and equipment to a hotel room	Apartment-type room with kitchen, refrigerator, storage closet
Cost/payment procedure	Daily payment (in output is increased). Discounts and promotions for regular customers and group arrivals	Daily payment (increased on weekends). Discounts and promotions for regular customers and group arrivals	Most often, a lease agreement is concluded for medium and long-term accommodation. The guest also pays for the CU separately (Tanina, Kalmykova, 2020).



It follows from the table that the biggest and most significant differences between a hotel and a separate apartment. An apartment hotel is a mixed concept between a hotel and an apartment, it is a complex with separate apartments, but at the same time it has all the necessary hotel infrastructure and a set of services that can provide a high level of hotel service and profitability for investors.

### Materials and Methods

The methodological basis of the research consists of various general scientific methods: collection and analysis of information, comparison, description, classification and generalization of thematic material.

### Results and Discussion

Despite the constant development and some uncertainty regarding the new segment of real estate – apartments, the main system of their regulation is included in the general system of regulation of the real estate market of the Russian Federation.

State regulation of the real estate market is carried out using two main methods: administrative and economic.

Let's analyze in more detail each of these methods in the context of the apartment market.

Administrative methods are implemented through the influence of executive power structures. They represent the interrelation of methods and mechanisms of the impact of legal norms and legal requirements. The list of these methods for regulating the apartment market is shown in Figure 2.

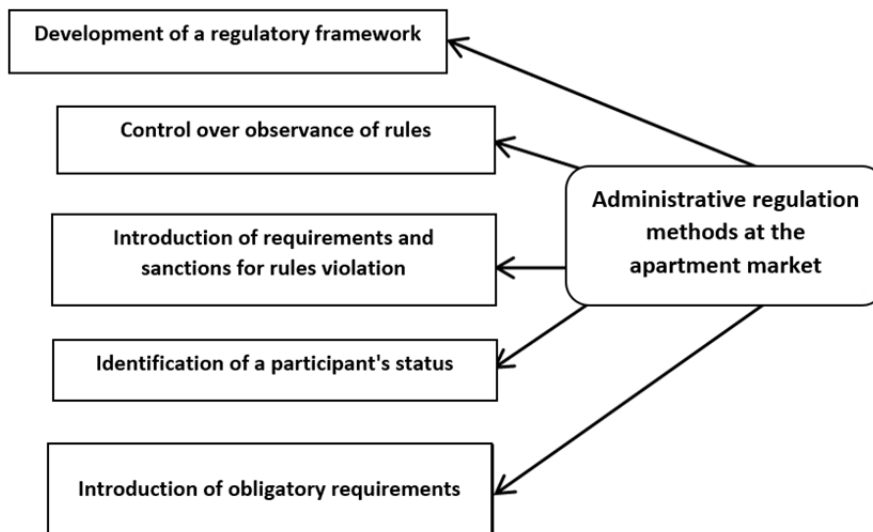
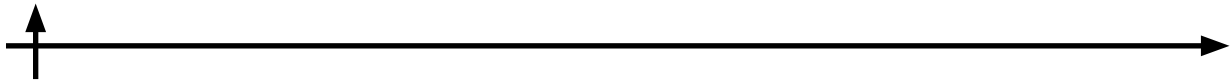


Fig. 2. The content of administrative methods of regulating the apartment market

It is essential to analyze in more detail the regulatory framework of the apartment market, which includes: Legal framework for mortgages (No. 102-FZ "On Mortgage (pledge of real estate)" dated 16.07.1998; No. 122 -FZ "On State Registration of Rights to Immovable Property and Transactions with it" dated 21.07.1997).

It should be noted that due to the different types of apartments, there may be different mortgage conditions. For example, if the apartments are serviced and the lease agreement is mandatory, some banks will not give a mortgage under such conditions. This is due to the fact that the unit, which is collateral for obtaining a mortgage, has an encumbrance for the bank in the form of a long-term lease agreement, which may make it difficult to sell it if the borrower does not pay the loan (Lazarenkova, Alekseeva,



2020).

For the most part, there are 3 types of contract when buying an apartment. An equity participation agreement (valid under Federal Law No. 214 of 2004), which is concluded if the apartment complex is being built from scratch or from the pit. In this case, the equity participation agreement is first registered, after the completion of construction and the signing of the act of acceptance and transfer, the transfer of ownership takes place (Zheksembayeva, 2021).

This type of contract was adopted after frequent cases of fraud by shareholders who transferred their funds to an unscrupulous developer, who subsequently did not fulfill his obligations to deliver the object. The security of shareholders is provided by "escrow accounts", a bank account from which funds become available to the developer only after the completion of construction and commissioning of the facility. Thus, the developer is an interested person in the rapid delivery of the complex. For the construction and the right to sell apartments on "escrow accounts", the developer must provide documents: a construction permit, a feasibility study of the project, constituent documents, accounting reports, etc. (Tanina, 2020)

The preliminary contract of sale is typical for apartments, the construction of which does not happen from scratch, but occurs as a result of the redevelopment of the building. In this case, the buyer signs a preliminary contract of sale, which specifies the conditions for carrying out the procedure of the building (floor), as a result of which there will be a separate cadastral number for each individual apartment. After fulfilling this condition, the main contract of sale is signed, as a result of which the buyer becomes the sole owner of the premises. If at the time of the conclusion of the contract, separate cadastres have already been allocated for each apartment, a purchase and sale agreement is signed with the developer immediately (Mokhov, Dement'eva, 2021).

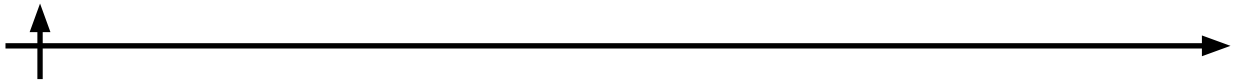
The contract of sale of premises is a document confirming the mutual consent of the seller and the buyer for the transfer of ownership. This agreement confirms the rights and obligations of both parties that must be fulfilled in order to complete the transaction. Mandatory information that should appear in the contract is: the characteristics of the premises, the justification for the emergence of the seller's ownership, the cost and form of payment. The forms of payment can be:

1. Transfer of cash from the buyer to the seller directly "into the hands" before or after the transfer of ownership (depending on the terms of the contract);
2. The transfer of cash using a bank cell, which can be "opened" by a bank employee accompanied by the participants of the transaction only if certain conditions are met (most often the transfer of ownership, but there may also be other conditions);
3. Transfer of cash by receipt, which indicates the data of the person who received and transferred the money, the exact amount and date of transfer;
4. Transfer of funds by wire transfer to the seller's current account;
5. By means of a letter of credit – a bank account, the condition for disclosure of which is a registered contract. The main difference from a safe deposit box is that the funds are first transferred to a bank account and stored in it until the conditions for the transfer of ownership arise, and only then become available to the seller (Tsokur, 2020).

A cession agreement arises if a client who has concluded an equity participation agreement or a preliminary purchase and sale agreement (i.e. the ownership right has not yet been received) has decided to assign his rights to a future purchase to another citizen. In this case, it is necessary to take into account that the new contract is not concluded with another person, but only passes to him. That is, all encumbrances (if there were any), unpaid contributions to the developer or the bank are transferred to the assignor (the one to whom the rights are transferred) from the assignee (the one who cedes the rights) (Kurakin, 2019).

#### *Non-residential premises for rent*

It is regulated by Section 4 of Chapter 34 of the Civil Code of the Russian Federation and Articles 650 (drafting a lease agreement), 651 (registration of a lease agreement), 654 (transfer of an object and



payment establishment).

Depending on what the main goal of the apartment owner is: income generation or own accommodation, the lease agreement with the Management Company can be either short-term (up to 1 year) or long-term (more than 1 year). Also, instead of a lease agreement, the following can be used: an agency agreement, a management agreement.

*Execution of the transaction*

A purchase and sale agreement, an equity participation agreement, a long-term lease agreement and an assignment agreement (with an equity participation agreement) are subject to mandatory registration in Roseestr. You can transfer documents using the multifunctional center (MFC). On average, it takes 9 working days to register a transaction, and now it is also possible to sign contracts using an electronic digital signature (EDS) and register electronically via the Kontur-Crypto service.

To register transactions, it is necessary to provide documents certified by a notary, among which may be: the consent of the spouse to purchase real estate, a copy of the marriage contract, a notarized translation of the passport (for non-residents).

The various forms of payment described above are also required to rely on a certain sequence of actions, as well as the rights and obligations of the seller, which are most often regulated by the Civil Code of the Russian Federation.

Economic methods of regulating the apartment market will include taxation systems. The following taxes are provided for the apartments:

- Immovable property tax (0.1% of the cadastral value of the premises. Most often it is about 2 times lower than the market price);

- Sales tax. It is 13% for individuals and 6% for Individual entrepreneurs of the total cost of the sale. It should be borne in mind that there are no special tax reduction conditions for apartments compared to apartments. For example, the minimum term of ownership, a large family, a tax deduction.

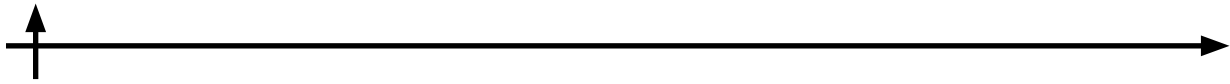
- Income tax. If the apartment was rented out and the owner received income, he needs to pay 13% or 6% (for sole proprietors) of the profit received. Due to the fact that the apartments are non-residential premises, it is not possible to rent them to the self-employed and pay a 4% tax, since this amount of tax can be paid by renting only apartments.

One of the ways to reduce income tax is to switch to the patent taxation system (PSN). In this case, the tax is also 6%, but the object of taxation is the potential, not the real annual income of the entrepreneur. Switching to this system is not always advisable. Tables 3-4 present a comparison of USN and PSN, depending on the level of income from apartments.

**Table 3. Comparison of taxation systems for sole proprietors for an apartment with an area of 37.4 m2 (Apartment analytics, 2022)**

	USN Revenue	PSN
the area is 37.4 sq.m., the average monthly income is -73000 rubles	876 000.00	561 000.00
Insurance premiums (SV)	40 874.00	40 874.00
Insurance premiums in the amount of 1% if the income exceeds 300 thousand rubles	5 760.00	5 760.00
Tax rate	6%	6%
Tax	52 560.00	33 660.00
Tax minus SV	5 926.00	0.00
Total taxes	52 560.00	46 634.00
Saving on taxes		-5 926.00





**Table 4. Comparison of taxation systems for sole proprietors for an apartment with an area of 22.3 m<sup>2</sup>**

	USN Revenue	PSN
area-22.3 sq.m., average monthly income-43400 rubles	520 800.00	334 500.00
Insurance premiums (SV)	40 874.00	40 874.00
Insurance premiums in the amount of 1% if the income exceeds 300 thousand rubles (for yourself)	2 208.00	2 208.00
Tax rate	6%	6%
Tax	31 248.00	20 070.00
Tax minus SV	0.00	0.00
Total taxes	43 082.00	43 082.00
Saving on taxes		0.00

It can be seen from the tables that the transition to the patent taxation system does not always reduce the amount of tax paid. PSN will be beneficial if the actual income is more than the potential possible. Also, in case of an increase in profit, the value of the patent remains unchanged, and under the simplified taxation system, the amount of tax will increase, which will also help reduce payments.

Another economic method of regulating the apartment market by the state is the implementation of state targeted programs.

Since apartments do not belong to residential premises, standard housing programs, as well as preferential and subsidized mortgages do not act as a regulator of the market of this segment. However, it is possible to single out Federal programs that can have an impact:

- Federal target program "Development of the unified state system of registration of rights and cadastral registration of real estate" from 2013 The main objectives: to increase the number of subjects of the Russian Federation in whose territories the Unified State Register of Real Estate has been introduced, to reduce the waiting time in the queue when applying for registration, to shorten the period of state registration of rights; to increase the share of services provided through information technology;

- The direction "Improving the level of comfort of living in St. Petersburg" from the Socio-economic strategy of the city's development until 2035. The main goal is to create a humane and comfortable living in St. Petersburg that meets the principles of a "smart city" in terms of spatial development and diversity of the urban environment.

### **Conclusions**

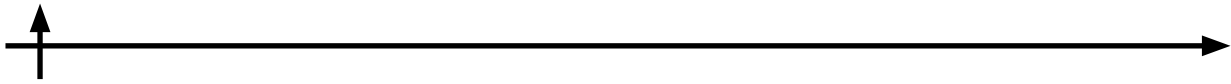
Conclusions based on the conducted analysis system are the basis for further study of the specifics of the legal status of apartments and their place in the current legislation of the Russian Federation, as well as for improving the legal regulation of new "unique" types of real estate. Despite the fact that people live in many apartments as in ordinary apartments, at the moment the status of this type of real estate is non-residential. The study of the introduction of the legal status of apartments cannot be carried out without an analysis of the housing legislation of the Russian Federation:

"A residential premise is an isolated room that is intended for the residence of citizens, is immovable property and is suitable for living."

Housing, in its standard sense, must meet the requirements:

- Location in houses that are located in a residential area in accordance with urban zoning;
- Load-bearing and enclosing structures are in good condition;
- Security of engineering systems (power supply, cold and hot water supply, sanitation);
- Protection from rain, melt and ground water.

Analyzing the problem of assigning the legal status of apartments, it is necessary to take into account



their classification and divide their purpose according to the type. Accordingly, there are the following solutions to this issue:

1. Apartments related to "pseudo-housing" should be transferred to the status of residential premises, for which it is necessary to carry out a thorough check: provide social infrastructure, if necessary, carry out repair and finishing works that will fulfill all the requirements that comply with the current legislation of the Housing Code.

2. Service apartments, which are hotel rooms, are regulated by laws related to tourism activities. For example: The Rules for the provision of hotel services in the Russian Federation, approved by the Decree of the Government of the Russian Federation dated October 9, 2015 No. 1085, the Law "On Consumer Rights Protection", the Law "On the Basics of Tourist Activity in the Russian Federation" dated 11/24/96 No. 132-FZ (with amendments and additions effective from 11/01/2012), the Order July 21, 2005 No. 86 "On approval of the classification system of hotels and other accommodation facilities") (IbGroup consulting company, 2022).

Determining the legal status of apartments has been an unsolved problem for 10 years, since the construction of the first complex of this type of real estate. However, the legislation makes attempts to resolve this issue. At the moment, there are the following options:

1. A bill describing the construction of multifunctional buildings. According to him, it was proposed to introduce the concept of "multifunctional building". The authors proposed to consider a multifunctional building in which two or more groups of residential and/or non-residential buildings are connected to each other through public spaces. At the same time, residential and non-residential premises should not be located on the same landing, access of owners and users of non-residential premises to residential premises should be limited.

2. Regulation of the status of apartments should be divided into already built objects and those that are only at the development stage. In this case, it will be necessary to create a new division on the basis of the Construction Committee, which specializes directly in apartments (i.e. to create appropriate requirements for them), which will decide whether the apartments belong to the living space or not. Those apartments that have already been built should be designated with the statuses: "service apartments" or "residential apartments".

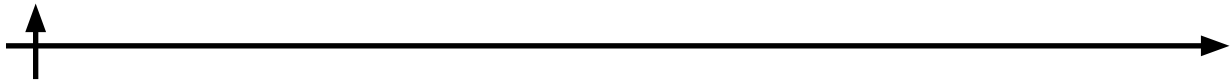
3. Equate apartments with second-category housing that are not provided with kindergartens, schools and polyclinics, but at the same time they have the opportunity to register. This status can be designated only those premises that comply with urban planning standards. To implement the idea, it is advisable to create a register of apartments distributed by category.

4. Recognize the apartments as rental housing, which will allow people arriving for a long time to register in them.

The adoption of these draft laws and/or other regulatory legal act defining the legal status and legal norms in relation to apartments may lead to the following consequences:

- There will be a possibility of permanent registration;
- The risk of losing the right to property in connection with the bankruptcy of the developer will be reduced, since the rights of purchasers of both apartments and apartments will be equally protected;
- There will be benefits for utilities;
- Property tax will be reduced;
- There will be additional social services;
- Tax revenues to the budget will be reduced;
- The increase in the cost of apartments for the buyer;
- Creation of a new body/unit that controls the construction and operation of apartments;
- Closure of complexes that do not comply with the norms

The real estate market, which includes apartments, is one of the most traditional areas of the economy, and at the same time, one of the most developing. Therefore, it is so important to understand the



factors of development of this segment.

The following factors influence the apartment market:

1. Economic;
2. Socio-cultural;
3. Scientific and technical;
4. Political;
5. Demographic.

Economic factors are expressed by the level of economic development of the state, monetary policy, inflation rates, purchasing power of the population. Since February 2022 and to date, the influence of this factor has become especially vivid. The dollar exchange rate ranges from 75 rubles to 120 rubles, which leads to an increase in prices for construction materials, the cost of essential goods also increases. In this regard, citizens began to open deposits at 20% per annum in comparison with the purchase of apartments, the yield of which in unstable times is about 6%. The interest rate on loans is currently kept at 15%, which also reduces the demand for the purchase of apartments.

Socio-cultural consist of the income level of the population, the education and interest of citizens in the little-studied sphere of apartments, the ability of consumers to perceive a new segment, the increasing needs associated with the developed infrastructure of residential and non-residential complexes. The impossibility of forecasting real estate prices (in the context of the situation for April 2022) casts doubt on the issue of the liquidity of apartments and reduces the level of purchase needs, because some citizens are trying to keep their accumulated savings and wait for a calmer situation.

Scientific and technical factors are related to the information and technological development of the provision of services and construction: the use of energy-intensive materials in construction, the use of smart home systems in commercial real estate.

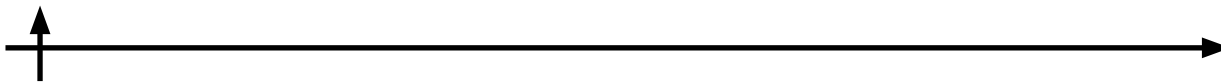
Political factors are formed by the restrictions imposed by politics, which are aimed at the activity of the real estate market. After a number of new restrictions related to the inability to use foreign accommodation booking portals (AirBnb, Booking), the flow of both foreign and Russian tourists has decreased (due to the inability to even just book accommodation on familiar sites), because of this, the level of occupancy of apartment hotels and the profitability of units for investors is decreasing.

It is also possible to designate another group of factors related to real estate and transactions with it:

- Terms of sale/purchase (availability of different payment options: installments, credit, possibility of sale);
- Location;
- Qualitative features (year of construction of the complex, finishing options, materials used);
- Financial requirements (profitability, payback period, liquidity).

The main problem hindering the development of this segment at the theoretical and regulatory level is the uncertainty of the status of this type of real estate. The legal status of the apartments should be determined in the near future. The solution of this issue may lead to an increase in the cost of apartments, as well as change the direction of supply and demand for service and non-service apartments. It can also be an incentive for the development of the market.

Due to the different areas of activity and development of the real estate segment, it is advisable to develop an orderly strategy, i.e. a plan of actions and tasks for the apartment segment in St. Petersburg. The strategy of managing the development of the apartment market for the period up to 2035 can be a fundamental document of strategic planning and development of the real estate market of St. Petersburg, it will allow you to determine the priorities, goals and objectives of one of the segments of the real estate market in the long term.

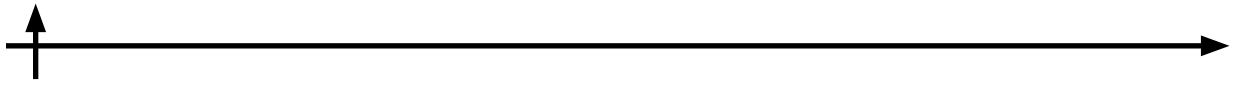


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