

UNIVERSITY OF TARTU
Faculty of Social Sciences
School of Economics and Business Administration

Mariia Teslenko

RESIDENTIAL REAL ESTATE MARKET PROSPECTS IN THE AFTERMATH OF
EXTERNAL SHOCKS: THE CASE OF THE 2022 RUSSIAN INVASION OF UKRAINE

Bachelor Thesis

Supervisor: Lecturer Mark Kantšukov

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I have written this Bachelor Thesis independently. Any ideas or data taken from other authors or other sources have been fully referenced.

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Introduction

Residential real estate plays a fundamental role in the life of every person, as it serves as a place for living, ensuring comfortable living conditions. Moreover, real estate properties may serve as an alternative investment (Dotsis et al., 2023). Investments in real estate, both commercial and residential, have been in demand for a long time due to their benefits. Some investors consider real estate investments as a good method of portfolio diversification, for others it is a stable passive income, others are attracted by the advantages of taxation and there are many more reasons why investors choose to invest in real estate.

However, the real estate market is extremely sensitive to external shocks, such as natural disasters, pandemics, and, of course, wars. During times of military conflicts, the residential real estate market usually experiences a rapid fall or unjustified growth in prices, panics, and uncertainty about the future, which adversely affects demand in the market (Case et al., 2000; Azzam et al., 2024). Quite often the market experiences a deadlock due to pent-up demand or supply shortages under the influence of military shocks (Rhodes & Mullins, 2009; Biletskyi & Doroshenko, 2022). At the same time, some risk-seeking investors see this period as an opportunity to acquire a residential property at the bottom of the market for the purpose of further resale or rental, as well as for personal use in the case of private buyers. Thus, to gain a full understanding of the residential real estate market under the influence of military conflicts, it is necessary to analyse the performance of the market after the outbreak of military actions, focusing on the prospects of the market in wartime. Awareness of future market dynamics will allow investors to earn more return on their investments in the real estate market with fewer risks, will help realtors and real estate agents to make profitable deals and will be useful for private buyers who want to buy a property at the best available price and the most suitable time.

Although several studies have examined the impact of the Russo-Ukrainian war on the residential real estate market, the number of studies remains limited. As the conflict is ongoing, regular and updated studies are necessary to provide relevant insights for informed decision-making. Most existing studies have focused on the immediate consequences of the war, while the short- and long-term prospects of the market in the aftermath of the war remain largely unexplored. Notably, two key studies were conducted in 2022, and their findings may now be outdated (Biletskyi & Doroshenko, 2022; Hrabynskyi et al., 2022). A more recent study by Pavlov (2024) offers updated insights by comparing market trends in 2024 to pre-war conditions, but it relied solely on statistical data and only briefly discussed future developments. This underlines the need for further research that incorporates expert

opinions and stakeholder perspectives to provide a more comprehensive view of the market's future. Similar studies have been carried out in other contexts. For instance, Bas (2024) analysed the impact of the Russo-Ukrainian war on the residential real estate market in Poland, while Elkahout (2019) explored the case of post-conflict housing reconstruction in the Gaza Strip, but these differ significantly from the Ukrainian case. Therefore, the study aims to address the existing research gap.

The aim of this bachelor thesis is to map the short-term prospects of the residential real estate market in the aftermath of the 2022 Russian invasion of Ukrainian. This Russian invasion of Ukraine, which is a part of the ongoing war since 2014, is considered the main external shock to the Ukrainian residential real estate market in the recent years. When examining the prospects of the residential real estate market, the author plans to rely on interviews with experts in real estate and related fields, employing a qualitative method. Additionally, the author will support the research results with secondary data analysis, such as statistics and reports. The desired outcome for the author after conducting empirical research is a comprehensive understanding of the expected future development and trends of the residential real estate market in Ukraine during the next 2-3 years. To reach the aim of this research, the author set the following research tasks:

- to discuss the role of the residential real estate market in the economy;
- to develop a theoretical framework for the impact of military shocks on a country's residential real estate market;
- to provide an overview of previous studies on the residential real estate markets in times of military conflict;
- to introduce the methodology of the research and argue its choice;
- to analyse secondary data (analytical reports, statistics) on the performance of the residential real estate market in Ukraine post-2022 Russian full-scale invasion;
- to conduct interviews with Ukrainian experts in the real estate field;
- to analyse and discuss the results of the empirical study, linking them to the theoretical framework

The thesis comprises two chapters: theoretical and empirical. The first, theoretical chapter explores the significance of the residential real estate market within the economy and its contribution to social welfare. It explores the theoretical impact of military shocks on the residential real estate market, also considering the consequences for related industries. Afterwards, the author provides an overview of previous empirical studies on the residential

real estate market performance in the aftermath of war, as well as in post-war reconstruction context, analysing methodologies employed and key findings.

The second chapter, the empirical part of the thesis, involves a detailed description of chosen methodology and data sources, while it also argues the choice of the methodology employed. It is followed by an analytical overview of secondary data and results of interviews conducted with experts in the field of the residential real estate market of Ukraine. Finally, the results are synthesised, and the prospects of the Ukrainian residential real estate market are discussed, connecting theoretical and empirical findings.

The author would like to express her sincere appreciation to all those who contributed to the completion of this Bachelor thesis. The author is especially grateful to the supervisor, Mark Kantšukov, for his continuous support, valuable feedback, and guidance throughout each stage of the research. The author is also thankful to the experts – Anna Ternovska, Dmytro Pryshupa, Ernest Shterdock, Rostyslav Khoma, Rostyslav Sahayda, Sean Almeida, Svitlana Shchelkunova-Goncharska, and Participant 8 (anonymous expert)– who kindly agreed to take part in interviews and shared their professional insights, which were essential for the development of this thesis.

Keywords: Residential real estate, military shocks, Russo-Ukrainian war, prospects

1. Behaviour of residential real estate market under external shocks – theoretical foundation

1.1. The role of the residential real estate market in the economy

Real estate is an integral sector of the economy worldwide, which stimulates economic growth, influencing both financial markets and social development of the country. In general, real estate forms a substantial portion of national wealth, contributing to gross domestic product (GDP). For instance, 11% of China's GDP was composed of real estate investments in 2022 (Nong, 2024). According to statistics provided by the U.S. Bureau of Economic Analysis (2024), the real estate industry accounted for 13.7% of GDP in 2023. This shows that the countries with the largest economies are highly reliant on the real estate industry, meaning that this market may significantly influence the economic state of the country and the global economy. Beyond its economic impact, real estate, especially residential real estate, contributes to social stability and welfare since housing access is a basic human need and is an essential aspect of overall quality of life (Rolfe et al., 2020; Idrus & Siong, 2008). Moreover, the world population has grown almost threefold since the mid-20th century and exceeded the 8 billion mark, which subsequently should have increased the demand for housing (World Bank Open Data, 2023).

For further analysis, it is necessary to distinguish between the main types of real estate by assets underlying the investment and usage purpose. According to Kaslauskas et al. (2021), the real estate types can be classified as: residential, commercial, industrial, special-purpose and mixed-use properties. The author of this thesis will narrow the focus to residential real estate, which is crucial to the economy and, unlike commercial or industrial real estate, is extremely sensitive to demographic changes, household incomes, and social factors. Moreover, this asset class has distinct implications for economic stability, especially in the aftermath of external shocks, such as natural disasters or wars. Understanding the role of residential real estate within the economy is critical for evaluating its ability to endure shocks and its importance in fostering long-term financial resilience and economic growth. In this subchapter, the author proposes to consider what can be defined as residential real estate and which role it plays in the economy.

The author has collected seven definitions of residential real estate, also often referred to as housing, which are presented in Table 1. These definitions show how differently some authors define this term: some of them focus only on economic factors, while others highlight social aspects. However, there is no precise definition of residential real estate that would

cover all the aspects mentioned by different authors, thus it will be introduced by the author of this research.

Table 1

'Residential real estate' or 'housing' definitions

Author(s), year and page	Definition
Dotsis et al. (2023, p.1)	Housing is viewed as both an investment asset and consumption good and is generally considered to be the largest asset and capital expense of a typical household.
Aladangady (2017, p.3416)	First, housing wealth is a large part of household net worth... Second, housing is one of the most commonly used sources of collateral available to households.
Fan & Yavas (2020, p.43)	The primary reason is that housing constitutes a large share of the economy and is a significant component of household expenditure and household total wealth.
Flavin & Yamashita (2002, p.345)	For most homeowners, the house is the single most important consumption good appearing as an argument of the utility function, and, at the same time, the dominant asset in the portfolio.
Yang (2022, p.881)	Residential real estate is real property that is used for residential purposes, such as departments, condos, or townhouses.
Coffe et al. (2013, p.2)	Residential property may well be the most valuable asset owned by many individuals and can provide the basis for a residential property wealth indicator reflecting socio- economic status (SES). Housing is a major concern for all people in every corner of the world as the wellbeing of a country is reflected in its people
Idrus & Ho (2008, p.1)	enjoying a certain standard of living. Residential and neighbourhood satisfaction is an important indicator of housing quality and condition, which affects individuals' quality of life.

Source: compiled by the author based on the sources presented in the table

A widely accepted definition of residential real estate provided by Yang (2022) states that “residential real estate is real property that is used for residential purposes, such as departments, condos, or townhouses” (p.881). This definition makes it possible to define residential real estate as a tangible asset, which can also be called housing, according to its primary purpose. Other authors suggest a more economical point of view, claiming that housing is typically a large part of household wealth, being also the main asset in their investment portfolio or the main consumption good (Dotsis et al., 2023; Aladangady, 2017; Fan & Yavas, 2020; Flavin & Yamashita, 2002). Aladagady (2017) expands the definition by adding an important financial feature of residential real estate, saying that “housing is one of the most commonly used sources of collateral available to households” (p.3416). Therefore, residential real estate not only serves as a property for living but also plays a critical role in the financial and economic stability of households, providing access to credit. It is also

important to note that while residential real estate primarily implies properties intended for housing, it also provides opportunities to generate passive rental income or earn capital gains from the sale (Eichholtz et al., 2021). Residential property is also viewed as an indicator that reflects a household's socio-economic status and an influential factor in the quality of life, health and individual well-being (Coffe et al., 2013; Idrus & Ho, 2018; Rolfe et al., 2020). The author of this research would define residential real estate as a property primarily used for housing, which typically serves as a household's main financial asset for wealth accumulation, income generation, or collateral for credit access, while also influences quality of life and overall well-being.

As any other market, the residential real estate (RRE) market relies on supply and demand, where the process of buying or selling a real property takes place at the market equilibrium. Pavlov et al. (2024) state that RRE market – “is a set of economic relations consisting in the purchase, sale and lease of residential real estate objects” (p.78).

The residential real estate market is an influential sector of the economy, as it drives economic growth, which can be observed through its contribution to GDP (Case et al., 2000; ESRB, 2015). The contribution to GDP may happen in two basic ways. The first way is through residential investments, such as expenditures on construction or purchases of new housing objects and renovation of existing properties. Rising property values encourage investments as investors look to the potential capital gains from the future sale of property. The second way is through consumption expenditures (also often called PCE) on housing services, such as gross rental value, real estate agents or brokers fees and utility expenses (Mayerhauser & Reinsdorf, 2007). The study by Aladangady (2017) also showed that there is a positive correlation between housing prices and homeowner's spending. With the increasing value of properties, homeowners feel confident in their economic position, which enables them to spend more on other consumption goods. The increased consumption expenditures lead to a boost of economic activity. Therefore, the housing market can be considered as one of the drivers of economic growth.

The residential real estate market has a multiplier effect on economic development, stimulating demand in related industries (Nong, 2024). Construction of new residential properties requires building materials, such as steel, cement, wood, etc., which increases the demand in these industries and generates revenue, boosting economic activity. To put residential buildings into operation, it is necessary to purchase furniture and home appliances, which also increases demand in these industries, contributing to economic growth. Therefore, the multiplier effect on economic development occurs. In addition, it is worth mentioning the

revenue from taxes on property, which also increases the amount available for government spending (Nong, 2024). It allows the government to spend more on infrastructure development, education, and public services, which further drives economic activity.

A considerable influence of the residential real estate market on employment level can also be observed. The housing market supports job creation in multiple sectors, such as construction, real estate brokerage services, architecture, and interior design. Yang (2022) states that the residential real estate market “gives the space for businesses to operate and provide job opportunities, especially those who are in the construction industry” (p.881). For instance, the significant increase in the employment rate was caused by the housing boom in 2007, mainly in the construction industry (ESRB, 2015). Case et al. (2002) support this idea claiming that “local labor markets have often been substantially buoyed by construction employment” (p.146). Additionally, the availability of affordable housing promotes workforce stability, allowing employees to live near their workplaces. It can be concluded that there is a tight connection between residential real estate and labor markets, where the RRE market is an essential source of employment.

The housing market is closely linked to the financial sector, influencing financial stability and growth. The residential real estate market can be considered a backbone of the mortgage market, as mortgage debt accounts for almost two-thirds of all household debts in countries such as China and the U.S. (FRBNY, 2024; Fan & Yavas, 2020). The study by Fan and Yavas (2020) found that households with a mortgage have less uncertainty regarding savings for a future home purchase, allowing them to lower their monthly savings and absorb a larger portion of their income than households without a mortgage. This proves the positive impact of the housing market on growth of financial sector due to the high demand for mortgages. Moreover, residential properties are often used as collateral. Rising property values can improve the financial flexibility of credit-constrained households, allowing them to use their real estate as collateral for borrowing (Aladangady, 2017). This means that higher collateral values lead to increased supply and demand for credit. However, this also entails some financial risks, as the decline in property values reduces the value of available collateral and, consequently, debtors perceived wealth, leading to lower demand for other goods (ESRB, 2015). This negatively affects the production sector, which faces decreased employment and investments due to lower demand. At the same time, banks face increased risk of residential real estate lending because of decreased collateral value, which means the value that banks can liquidate in case of a loan default. Therefore, “during the downturn phase, tighter credit conditions, higher risk aversion, and corrections in house prices may

impact the resilience of financial institutions and depress economic conditions” (ESRB, 2015, p.36). It is also worth mentioning that the financial risk can be caused not only by the decreased value of collateral but also by mortgage defaults. Such events destabilise banks and the financial market, demonstrating the influence of the residential real estate market on financial stability.

The residential real estate market is closely tied to monetary policy. As Apergis (2021) mentioned in his study, monetary policy efficiency is affected by the phase of the cycle in the housing market, as house prices are significant factors in determining banks’ propensity to lend. With increasing residential property prices, the mortgage’s collateral values increase, thus improving the bank’s asset position and lending capacity. Monetary policy also significantly shapes the RRE market. The monetary policy easing tends to expand mortgage lending (Jordà et al., 2014). The loose monetary policy implies lower interest rates, which stimulates borrowing and, as a result, demand for residential property purchases. Also, the loose monetary policy increases money supply, which also benefits the residential real estate market, as the funds may be used to finance new projects. Yin (n.d.) also claims that under loose monetary conditions, investors may be inclined to take more risks, investing their funds in the real estate market and seeking higher returns during this expansionary phase. However, mortgage and house price booms may be caused by this type of policy, leading to financial risks and instability (Jordà et al., 2014; Yin, n.d.). The study by Dotsis et al. (2023) showed a tight connection between a monetary policy and housing market risks based on the relationship between short-term interest rates and housing price crashes. This relationship “suggests that increased downside risk in house prices from policy tightening could be incorporated into the transmission channels of monetary policy” (p.18). This means that increased interest rates significantly reduce the demand for housing due to higher costs of borrowing, resulting in a sharp decline in residential property values. Therefore, even though the tightening monetary policy is historically considered an effective strategy to control inflation, it may also have side effects, which adversely affect the RRE market. To address this problem, macro-prudential tools can be used, such as LTV (loan-to-value) and DTI (debt-to-income) caps, which would limit the probability of mortgage default and ensure the financial system resilience (Jordà et al., 2014; ESRB, 2015). The following Table 2 summarises the role of the residential real estate market in the economy and its relationship with other sectors.

Table 2

Role of residential real estate market in the economy

Influence on economy through...	Role of residential real estate
Economic growth	<ul style="list-style-type: none"> • Contribution to GDP through residential investments and consumption expenditures on housing services
Multiplier effect	<ul style="list-style-type: none"> • Stimulates demand in related industries • Revenue from taxes on property used on government spending
Labour market	<ul style="list-style-type: none"> • Job creation in multiple industries • Support of local labour market
Financial sector	<ul style="list-style-type: none"> • Backbone of mortgage market • Residential properties used as a collateral allows more borrowings • Financial risks in case of decreased properties values
Monetary policy	<ul style="list-style-type: none"> • Monetary policy is affected by the phase of housing cycle • Loose monetary policy increases demand and prices for residential properties, may lead to housing boom • Tight monetary policy reduces demand and prices for residential properties, may lead to market crash

Source: compiled by the author

The residential real estate market plays a critical role in the economy, influencing economic growth, employment, financial stability, and the effectiveness of monetary policy. By understanding its significant influence, policymakers and stakeholders can more effectively support the residential real estate sector to foster sustainable development and economic resilience. However, as in any other economic sector, the housing sector is sensitive to external shocks that adversely affect its stability and performance. These shocks may have different origins, but whether they are political, social, or natural, they disturb the normal functioning of the market. One particular type of external shock that has a significant impact on the residential real estate market is war, or military conflict, which brings uncertainty and resource reallocation.

In the next subchapter, the author proposes to examine the impact of military shocks on the residential real estate market, focusing on the challenges it faces and adaptation processes. Particular attention is given to how conflict-induced disruptions influence market stability, housing demand, investment activity and policy responses, along with their broader implications for the financial market.

1.2. The theoretical impact of military shocks on a country's residential real estate market

Abele and Akinbobola (2020) stated that “external shocks occur when unpredictable change in an exogenous factor affects endogenous economic variables” (p.1). One of the

most disruptive and destabilising external shocks for national economies are military shocks, such as full-scale wars or armed conflicts. Military shocks adversely affect the infrastructure, human capital, institutions, and the overall macroeconomic stability of the country. One of the most directly affected sectors is the real estate sector, particularly the residential real estate segment. The dual role of residential real estate properties as a consumption good and an alternative investment enhances the severity of a war's impacts. Military shocks' impact on the housing market extends to economic, social, and demographic indicators, highlighting its vulnerability to such external shocks. This subchapter develops a theoretical framework that explains how military shocks affect the residential real estate market.

One of the main adverse effects of military shocks on the residential real estate market are economic and demographic disruptions. Military conflicts almost always result in the destruction of real estate properties and infrastructure. This leads to a sudden and severe supply shortage, influencing property prices. Theoretically, property prices and rents should significantly increase in relatively safe or unaffected regions due to increased demand driven by the forced displacement of populations. However, Andrews et al. (2011) emphasised that the elasticity of the housing supply significantly affects price changes. The authors claimed that a less elastic supply leads to larger price increases when demand rises. In contrast, countries with more flexible supply experience smaller price increases and more rapid adjustments in housing investments in the case of positive demand shocks (Andrews et al., 2011). Population displacement also reshapes buyer preferences, increasing demand for properties with safety features, such as bomb shelters or proximity to secure zones. These shifts align with behavioural economic theories, especially the prospect theory and loss aversion model developed by Kahneman and Tversky (1979), that emphasise risk aversion under uncertainty (Raj, 2024). This implies that homebuyers prioritise safer living conditions and functionality over long-term investment considerations, leading to higher demand for ready-to-move-in properties over those under construction.

Simultaneously, conflict zones experience a sharp decline in property prices due to decreased demand and unsafe living conditions, leading to substantial wealth losses for homeowners and investors. Buyers delay purchases due to the risks associated with property ownership during the period of military conflicts. At the same time, sellers may hold off on transactions, expecting future price recovery. This leads to a housing market stalemate, further hindering economic activity (Parkinson et al., 2009, as cited in Rhodes & Mullins, 2009). Moreover, such demographic and demand shifts exacerbate regional disparities in the housing market.

Military actions also lead to decreased investments and disruption of the transaction activity in the residential real estate market, undermining investors' confidence and reducing liquidity (Case et al., 2000). In regions affected by war, there is a considerable risk of property damage and uncertainty about future circumstances, which discourages investors from committing capital in residential real estate. However, there is a potential for growth in residential real estate investments in safer or unaffected regions, as Edelstein and Tsang (2007) claimed that there is a positive correlation between property values and housing investment. Increased property prices and significantly lower risks of property damage positively influence investors' confidence, stimulating housing investments in less affected regions. It is also important to mention that the willingness to invest depends on the risk appetite of investors (Raj, 2024). While the earlier described scenarios imply that investors are risk-averse, there are also risk-seeking investors who would take advantage of an opportunity to invest at lower prices with higher risk, betting on further price growth in case of the resolution of military conflict. Thus, reduced investments and disrupted trading processes in regions affected by military shocks provoke strong residential real estate market volatility and economic instability.

The residential real estate market is closely interlinked with financial systems, as was mentioned earlier. Mortgage lending, a crucial component of the financial market, is severely undermined by military shocks. Financial institutions face a heightened risk of mortgage or other loan defaults (where residential properties are used as collateral), as residential property values fall in conflict zones. This scenario mirrors the findings of economic models, where declining collateral values restrict credit access, further restraining financial market activity (Aladangady, 2017). On the contrary, Anatar (2024) explored that higher property prices and higher loan-to-value (LTV) ratio are associated with reduced mortgage default risk. Therefore, the probability of a mortgage default is lower in safer regions with increased residential property values. However, there are a lot of other factors that influence the likelihood of mortgage default, such as interest rates, debt-to-income ratios, employment type, etc. (Anatar, 2024). During the war, borrowers in regions affected by military conflict may face reduced income or job loss, raising default risks. In safer regions, borrowers may face an analogous situation due to the surplus of human labour created by a large number of internally displaced persons (IDPs). Thus, the mortgage default risk cannot be assessed solely based on property price dynamics. Nevertheless, it is clear that military shocks adversely affect the mortgage market, heightening mortgage default risks and restricting credit accessibility. Moreover, disruptions of the financial system significantly slow down the

process of construction of new residential buildings, as construction projects require additional financial resources besides the owner's initial funds (Allen et al., 2017). The traditional method of financing such projects is a construction loan, when "banks and other financial institutions provide capital for the projects in the form of long-term loans to qualified owners" (Allen et al., 2017, p.8). Additionally, the reallocation of government and private sector resources toward war efforts diverts funding from housing development projects, aggravating supply shortages. Therefore, military shocks have a significant negative impact on both residential real estate market and financial systems, as they are intricately connected.

Furthermore, military shocks disrupt the labour market and, consequently, housing affordability due to reduced employment opportunities and declining household incomes. Stone (2006) stated that "the higher-income household could thus afford to spend more for housing, both as a percentage of income and in monetary terms" (p.163). Lower disposable incomes limit the ability of households to secure financing for property purchases or other housing spending, such as rent or mortgage payments. This situation also aligns with Engel's law, which suggests that under financial constraints and uncertainty, households prioritise basic consumption needs, such as food, over investments like housing (Pope, 2012).

The adverse effect of military shocks on the residential real estate market also extends to social dimensions. Housing serves as more than an economic asset, as according to Article 25 of the Universal Declaration of Human Rights (1948), it is one of the fundamental human rights. The destruction of residential properties during military conflicts not only disturbs civilians' lives but also undermines social stability and individuals' well-being. This aligns with the theoretical framework that views housing as a determinant of societal health and quality of life (Rolfe et al., 2020). Access to safe and stable housing contributes to mental and physical health, educational outcomes, employment opportunities, and overall economic productivity with community cohesion. Under military shocks, this access is disrupted, which has corresponding negative consequences. Moreover, military conflicts amplify housing and socio-economic inequality. While wealthy people might move to safer regions or invest in multiple properties as hedges against risk, vulnerable households are often left without adequate housing options. This divergence exacerbates existing socio-economic disparities. The following Figure 1 summarizes the theoretical impact of military shocks on the

residential real estate market, also showing the interlinkages with other sectors.

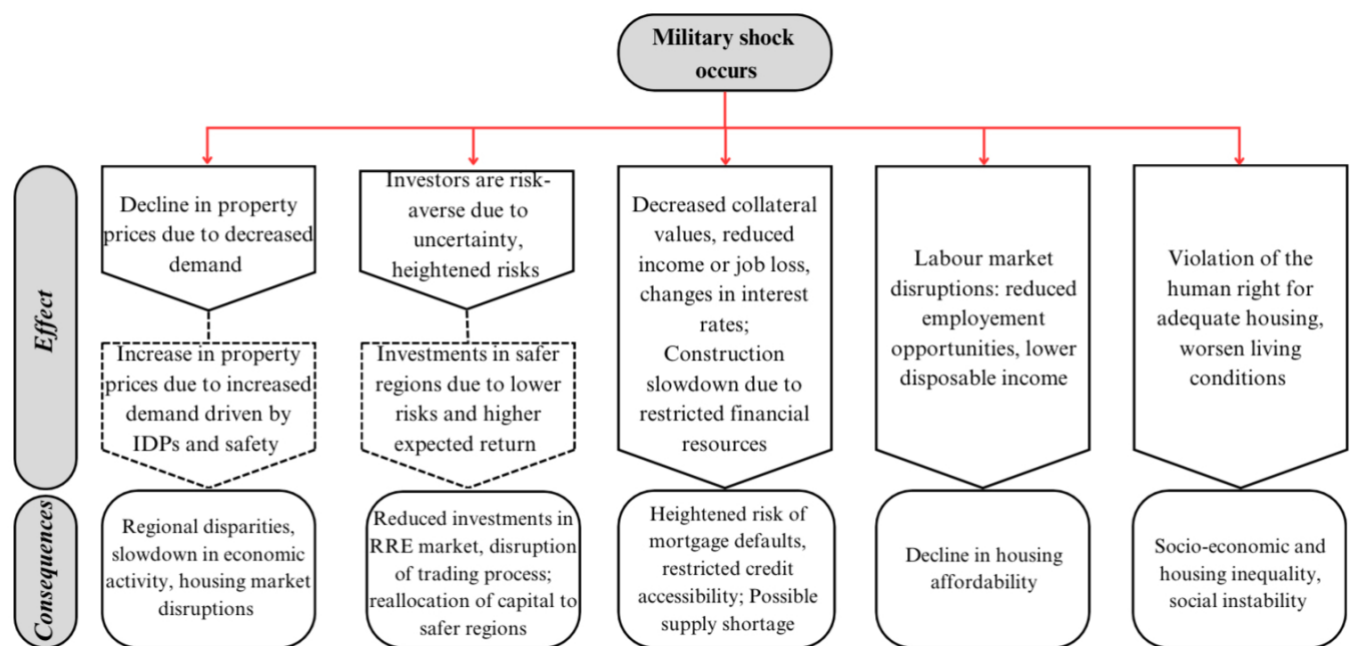


Figure 1. Theoretical impact of military shocks on the residential real estate market

Source: compiled by the author

In conclusion, military shocks have a significant negative impact on the residential real estate market, as the destruction of residential properties is almost always inevitable in military conflicts. This leads to economic and market instability, disrupting the market equilibrium, aggravating regional disparities, and decreasing housing affordability. Demographic shifts significantly increase the demand for safe conditions, while the regions most affected by military actions experience a decline in the housing market, which entails long-term negative consequences. Investors tend to be risk-averse during military shocks and uncertainty period, leading to decreased investments in the residential real estate market. However, safer regions may benefit from this situation because of the reallocation of funds and greater capital commitment. Financial systems also experience serious consequences due to increased risks and probability of mortgage defaults.

Despite all these severe consequences of military shocks, the residential real estate market shows resilience with the help of various adaptation and recovery mechanisms. Government interventions play a crucial role in stabilising the market during the war and post-war. Government policies, such as reconstruction subsidies and national funds, compensations for destroyed properties, mortgage relief programmes, and tax incentives, can stimulate reconstruction efforts and market recovery (Alkhalefy et al., 2016). Besides government support, international and local organisations, local authorities, and private sector

initiatives can contribute to the market recovery process through financial aid (Barakat, 2003). Historical examples, such as post-World War II housing reconstruction programmes in Europe, especially the Marshall Plan, demonstrate the potential for targeted investments to help economies and restore housing stock (Bianchi & Giorcelli, 2023). Therefore, the ability to adapt to military actions plays an important role in stabilisation and further development of the residential real estate market. Of great importance are also mechanisms for restoring the residential real estate market after the end of the military conflict, as well as assistance from international organisations. It is also worth remembering the concept of creative destruction introduced by economist Joseph Schumpeter (1942), which “refers to the incessant product and process innovation mechanism by which new production units replace outdated ones” (Caballero, 2008, p.1). In the context of residential real estate, the reconstruction process may lead to innovation, improved urban planning, sustainability measures, and modernised building codes, creating long-term benefits for housing markets.

1.3. Residential real estate market in times of military conflict – a review of previous studies

The following subchapter provides an overview of previous empirical studies on similar topics, which will help to analyse the effect of military conflict on the residential real estate market and demonstrate methodologies used in the previous studies. Even though the real estate sector is a wide research area that has been studied a lot, it still requires further narrowed analysis on the topic of residential real estate under military shocks. Nevertheless, the author was able to find five studies where the impact of the war was analysed within the context of the residential real estate sector. Three of the studies presented in Table 3 examine the impact of the Russo-Ukrainian War on the Ukrainian residential real estate market. However, these studies focused on the impact of the war and its consequences, considering market dynamics and without thoroughly addressing the topic of prospects. The other studies analyse the impact of war and the post-war recovery process based on the case of other countries. For a coherent visual representation, the author created a general Table 3 in which the information about each study is disclosed.

Table 3

Overview of previous studies on residential real estate markets in times of military conflicts

Study	Scope of the study	Research approach	Key findings
Elkahlout (2019)	Assesses the feasibility of an agency-driven housing approach in post-conflict housing reconstruction in the Gaza Strip, highlighting the challenges associated with its implementation	Qualitative approach – semi-structures interviews with project's beneficiaries and key stakeholders; analysis of secondary data (academic papers, articles, technical reports)	<ul style="list-style-type: none"> • The reconstruction project provided a few thousands housing units and job opportunities • Issues with governance, poor communication, delays in implementation • The project failed to provide affordable housing to vulnerable groups
	Examines the impact of the full-scale Russian-Ukrainian war on the development of primary residential real estate market in Ukraine in the first half-year of the invasion, accounting for regional disparities	Quantitative approach – cluster (5 clusters according to the level of influence of the war) analysis of primary residential real estate market indicators	<ul style="list-style-type: none"> • Market recovery process, especially in safer regions • Price increase in the primary market • Decrease in the number of new buildings for sale • The highest number of IDPs in Central Ukraine • Severe market instability in regions which suffered most from the war
Biletskyi & Doroshenko (2022)	Analyses the state and main trends of the real estate market in Ukraine half a year since the beginning of the 2022 Russian invasion of Ukraine, focusing on price dynamics, market restructuring and legal framework adjustments	Quantitative approach - analysis of diverse indicators; statistical survey among Ukrainians	<ul style="list-style-type: none"> • Significant increase in residential property prices in both primary and secondary markets • Pent-up demand due to uncertainty • Higher requirements for safety
	Analyses the Ukrainian residential real estate market dynamics in the pre-war and war (post-2022) periods, focusing on prices trends and evaluating the effectiveness of governmental support policies	Quantitative approach – analysis of nominal indicators; consideration of effectiveness of state policies aimed at market recovery	<ul style="list-style-type: none"> • Market recovery: increased demand and number of mortgages driven by state supportive policies • The highest increase in prices in regions far from military actions • Migration processes directly cause fluctuations in demand
Pavlov et al. (2024)	Assesses the impact of the full-scale Russo-Ukrainian war on the residential real estate market in Poland based on the case of Szczecin city, with a focus on market activity and price dynamics	Quantitative approach – statistical analysis of pre-war and post-war period indicators for sales and rental market dynamics	<ul style="list-style-type: none"> • Rate of price growth slowed down • “Wait-and-see” strategy implemented by market participants in the initial period of the war • Fluctuating number of transactions with sharp increase in Q1 of 2022 • Significant increase in rental prices due to high demand from refugees • Volatility in number of rental contracts

Source: compiled by the author based on the sources presented in the table

The study by Biletskyi and Doroshenko (2022) explores the state and main changes in the Ukrainian residential real estate market after half a year since the beginning of the Russian invasion of Ukraine. The authors additionally provide an analysis of legislative innovations that concern the residential real estate market, which also had a significant influence on demand and market effectiveness. The study conducted by Hrabynskiy et al. (2022) is focused exclusively on the analysis of the primary residential real estate market. The impact was analysed after half a year since the beginning of the full-scale Russo-Ukrainian war. The study of Pavlov et al. (2024) offers a more current analysis. The authors compare the states of the Ukrainian residential real estate market, examining how the market has changed and assessing the effect of state policies implemented for market and social support. Unlike the previous studies, the study of Bas (2024) assessed the impact of the Russo-Ukrainian war on the residential real estate market in Poland, Szczecin city, focusing on the changes in pricing and transaction volumes on the sales and rental markets. This study offers valuable insights, as the largest number of refugees from Ukraine fled to Poland.

All four studies assessed the impact of the Russo-Ukrainian war on the residential real estate market of Ukraine and Poland, employing a quantitative approach for the empirical part of the study. The indicators the authors used for quantitative analysis mostly varied, even though some of them were similar. The common indicators analysed by all authors include average property prices and transaction volumes across different markets (Biletskyi & Doroshenko, 2022; Bas, 2024; Hrabynskiy et al., 2022; Pavlov et al., 2024). The study of Hrabynskiy et al. (2022) stands out due to its methodological approach, as the authors have conducted a cluster analysis, employing an agglomerative hierarchical clustering. This method involves combining smaller clusters into larger ones. As a result, the authors singled out 5 clusters of the regions of Ukraine that experienced similar losses from the war, while also excluding occupied regions from the analysis due to the lack of available data. This approach enables a comprehensive analysis of regional disparities that emerged as a result of war and internal displacement. Other authors have also considered regional differences by analysing each region separately and including statistics on internal displacement (Biletskyi & Doroshenko, 2022; Pavlov et al., 2024).

Pavlov et al. (2024) additionally analysed indicators, such as the volume of mortgages under the state program and the ratio of apartment cost to average annual salary. These indicators allowed the authors not only to analyse the market dynamics, but also to assess the effectiveness of state policies and housing affordability, providing a comprehensive overview of the current situation in the housing market. At the same time, Hrabynskiy et al. (2022)

employed unique indicators that best reflect the impact of war on the primary market, such as total area of the residential buildings put into operation and number of internally displaced persons (IDPs). Biletskyi and Doroshenko (2022) conducted a survey among Ukrainians to provide statistics about the citizens' expectations regarding their place of residence after the end of the war. This survey can help to shed light on the prospects of the housing market, especially in the context of expected demand, however the results can be considered outdated, as more current surveys were conducted recently.

The sources of data used for quantitative analysis are similar in the majority of studies. The authors of three studies used data from real estate marketplaces, such as LUN and DIM.RIA, and government statistics (Biletskyi & Doroshenko, 2022; Pavlov et al., 2024; Hrabynskiy et al., 2022). The use of diverse data sources in the study of Biletskyi and Doroshenko (2022), including data from real estate marketplaces and a survey, demonstrates the study's comprehensive approach. Data used in the study of Bas (2024) was obtained from the West Pomeranian Association of Realtors (ZSPON), with author emphasising that the entire market was not covered due to the nature of the data collection method.

All of the studies showed a significant increase in property prices in Ukraine driven by the devaluation of the national currency, more complicated logistics, increased construction costs, and increased demand in safer regions with a substantial number of refugees (Biletskyi & Doroshenko, 2022; Pavlov et al., 2024; Hrabynskiy et al., 2022). Pavlov et al. (2024) showed that only some regions that suffered most from military actions experienced a decrease in residential property prices. The highest price increase (up to 76%) occurred in the Transcarpathian region due to safety reasons (Biletskyi & Doroshenko, 2022; Hrabynskiy et al., 2022). The study of Biletskyi and Doroshenko (2022) also draws attention to buyers' requirements for security features, such as the availability of bomb shelters. In the conditions of war, safety is a priority for most residents, especially those whose homes were destroyed, which explains such demand shifts in the market. Interestingly, the rate of price growth in the residential real estate market of Poland slowed down in comparison to the pre-war period, even though no significant decline was observed in 2022 (Bas, 2024). However, transaction volumes decreased substantially due to the reluctance of buyers to purchase real estate at the same or higher prices than before the war under conditions of uncertainty (Bas, 2024). "Wait-and-see" strategy was also mentioned as one of the potential reasons for decline in market activity (Bas, 2024). At the same time, rental prices showed a sharp increase right after the outbreak of the war due to high demand from Ukrainian refugees (Bas, 2024).

Following the initial few months of the full-scale war, a gradual process of market recovery in Ukraine was observed due to resumed construction and sales (Biletskyi & Doroshenko, 2022; Hrabynskiy et al., 2022). The most recent study by Pavlov et al. (2024) highlighted a continuing market recovery process throughout 2023, showing growth in related industries and stabilising demand. The highest percentage increase in the area of residential buildings put into operation was recorded in Kyiv city (Hrabynskiy et al., 2022). This increase happened in the period from January until March 2022, therefore, it can be assumed that most of the buildings were put into operation before the war outbreak. Moreover, this growth can also be explained by great economic opportunities and developed infrastructure, encouraging people to settle in the capital despite the risks. This helped the construction companies to resume their activities, enhancing economic growth during the war. The results of cluster analysis conducted by Hrabynskiy et al. (2022) showed that a substantial number of refugees resettled in Central Ukraine, as these regions are located closest to the occupied territories. However, due to the considerable risk of war actions, a significant number of construction companies did not resume their operations, and people were afraid to invest in new residential properties. The cluster of regions that suffered most from the war is characterised by the highest decrease in demand and construction of new residential buildings, leading to critical instability in the residential real estate market. Pavlov et al. (2024) detected a rising preference for ready or nearly completed properties, which reflects increased risks of investing in objects still under construction, confirming the theory of risk aversion under uncertainty. Moreover, the authors also mentioned a potential risk of supply shortages driven by a decrease in the construction sector and the effects of migration processes, predicting that further stabilisation depends heavily on the absence of escalation of military conflict.

As was mentioned in the theoretical framework, the residential real estate market recovery highly depends on government interventions and support policies. The study of Pavlov et al. (2024) pays great attention to the role of the state in the restoration of the market, analysing the effectiveness of the state support programs. The main positive result is an increased number of issued mortgage mortgages with the help of one of the programs 'eOselya', which stimulates the financial market and residential real estate market activity. Bas (2024) highlighted the banks' procedures for granting mortgages as one of the obstacles to enhancing activity in the sales market in a period of uncertainty and decreased demand.

Regarding the future development of the RRE market, Biletskyi and Doroshenko (2022) and Pavlov et al. (2024) predicted a continuing growth trend in the post-war period.

However, the topic of the residential real estate market prospects in the aftermath of the war was not fully explored in these studies. Hrabynskiy et al. (2022) mentioned the need for further research in this field due to quickly changing conditions and the development of war scenarios, highlighting the existing research gap. The authors stated that “it is necessary to conduct further research in this field to have relevant results for the current period for making management decisions” (Hrabynskiy et al., 2022, p.847). Bas (2024) supported this idea: “The planned further research includes observation of the housing market, as the war is still ongoing and continues to affect not only politics and the economy, but also other areas of life, including the real estate market” (p.3012). Nevertheless, the review of these studies helped to understand the initial market dynamics and the general impact of the war on the housing market in Ukraine.

The study by Elkahlout (2019) was chosen for the review, as unlike all previous studies, the author conducted qualitative research. The author studied the practicability of using an agency-driven housing approach for post-conflict reconstruction in the Gaza Strip. The author used primary (interviews) and secondary (academic papers, articles, reports) data for the research. The interviews were conducted with beneficiaries of the project and key stakeholders, including the Qatari Committee for the Reconstruction of Gaza and the Ministry of Public Work and Housing (MPWH) in the Gaza Strip. This two-pronged approach to interviewing helped the author gain a comprehensive understanding of the feasibility of an agency-driven approach. The author raised issues mentioned by the beneficiaries and asked relevant questions directly to government agencies responsible for the project. The list of questions for the interviews was semi-structured, allowing the interviewees to ask follow-up questions that would most accurately reveal the topic. The results of the study showed that the agency-driven approach had its contributions, as this Sheikh Hamad city project created thousands of new job opportunities and constructed thousands of housing units with modern design and services. However, there were a lot of shortcomings in the project, namely delays in implementation, poor coordination, and the project’s failure to provide affordable housing to vulnerable low-income groups. Therefore, mixed approaches would be more effective for reconstruction in the Gaza Strip. All the problems mentioned, including internal ones, were identified at the interview stage, which proves the effectiveness of this research method. (Elkahlout, 2019)

To sum up, four studies focused on the Russo-Ukrainian war case employed the same methodology, while the study of the Gaza reconstruction case used interviews in order to obtain broad and transparent information on the research topic. The author of this thesis will

proceed to empirical research of the prospects of the market in the aftermath of the Russo-Ukrainian war. While previous studies have primarily relied on quantitative data and focused on initial wartime effects, there is a lack of in-depth, qualitative exploration of expert perspectives on the Ukrainian residential real estate market prospects. The author of this thesis fills the existing research gap by integrating both analytical and qualitative methods to provide a forward-looking view. Initially, the author will conduct an analytical overview based on the secondary data, with a focus on the indicators used in the previous studies. The author will further incorporate qualitative research, namely interviews with experts, which has not yet been systematically applied to the Ukrainian residential real estate context. This approach could broaden the insight into the market dynamics in wartime and provide a comprehensive understanding of the future development and prospects of the residential real estate market in the conditions of war and post-war recovery. Moreover, similarly to Hrabinskyi et al. (2022), the author will implement a cluster analysis approach for empirical research in order to provide concise results.

This theoretical chapter provides a comprehensive foundation for understanding the residential real estate market in both general economic and conflict-related contexts. Hence, the RRE market plays a vital role in the economy, contributing significantly to economic growth and maintaining strong interconnections with the labour market. It also constitutes a crucial part of the financial sector, particularly through its reliance on the mortgage market, and is sensitive to shifts in monetary policy. Military shocks drastically affect the RRE market, leading to instability, reduced market activity, heightened financial sector risks, decreased borrowing, and significant regional disparities driven by security concerns and internal displacement. These effects are also reflected in the findings of previous empirical studies. Overall, these insights underscore the relevance of this research, which aims to explore the prospects of Ukraine's residential real estate market in the aftermath of the 2022 Russian invasion.

2. Empirical study of short-term prospects of Ukrainian residential real estate market in the aftermath of the 2022 Russian invasion of Ukraine

2.1. Methodology and data

In order to achieve the research aim of the thesis, the author employed a qualitative approach, namely semi-structured interviews with experts in the residential real estate market. Additionally, the author conducted an analytical overview of the Ukrainian residential real estate market after the outbreak of the full-scale war based on secondary data. In previous empirical studies, quantitative research was mainly used to assess historical data

and analyse market dynamics and the current state of the market. However, for studying the prospects of the Ukrainian residential real estate market in the aftermath of war, the qualitative approach seems to be the most suitable methodology, as this method allows the author to gain valuable insights directly from field experts. A similar approach was used by Elkahlout (2019) to study the post-conflict housing reconstruction. By mapping the prospects of the market, the author aims to explore the future development of the Ukrainian residential real estate market. The study will provide meaningful insights into further market dynamics, price trends, the profitability of investing in residential real estate, and the impact of state support policies. This will help to outline what stakeholders, investors, and households can expect in the next 2-3 years in the residential real estate market in Ukraine.

The initial stage of the empirical research involved a secondary data analysis aimed at providing a comprehensive overview of the Ukrainian residential real estate market dynamics following the full-scale Russian invasion of Ukraine in 2022. This overview considers the consequences of the war, market dynamics, buyer and investor behaviour patterns, and relevant legislative changes. The secondary data for the analytical overview were sourced from statistical agencies and residential real estate marketplaces, such as LUN and DIM.RIA, as well as from governmental and international reports. When choosing these data sources, the author relied on previous studies that used similar datasets (Biletskyi & Doroshenko, 2022; Hrabynskyi et al., 2022; Pavlov et al., 2024). In addition, for a clear comparison of post-war price dynamics, the author calculated Year-over-Year growth.

The primary data collection involved semi-structured interviews with experts in residential real estate, namely Ukrainian real estate developers, agents, appraisers, and representatives of Ukrainian investment companies, who actively analyse investment activities and their profitability in residential real estate projects in Ukraine, as well as researchers and scholars in the fields of macroeconomics and land administration. By integrating insights from experts who specialise in different areas of residential real estate, this study will provide a complete picture of the prospects of the RRE market, taking into account the impact on different beneficiaries. Employing semi-structured interviews allows for in-depth exploration of expert opinions while maintaining enough structure and ensuring consistency across interviews, which makes this method especially suitable for capturing the complex dynamics and development considerations unique to Ukraine's residential real estate market. The analytical overview helps provide a comprehensive context and reinforce the findings of qualitative study. Empirical research consists of several gradual stages, as shown in the author's plan of empirical part of study in Figure 2.

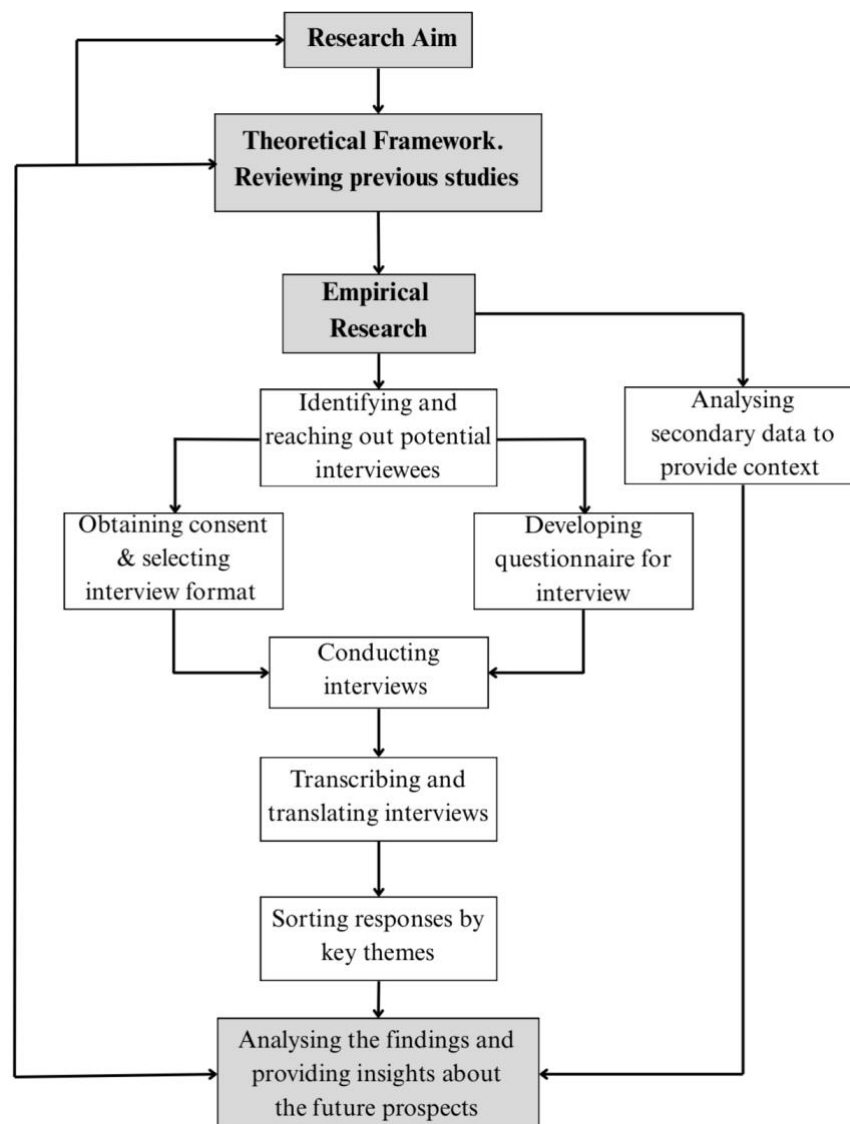


Figure 2. Stages of empirical research.

Source: compiled by the author

Qualitative research starts with the selection of experts for interviews depending on their field of activity, qualifications, and experience in real estate, followed by establishing contact with these experts. To reach potential interviewees, the author used different social media platforms, such as LinkedIn, and emails, which were found on the company's official websites. The author encountered some difficulties in the process of contacting representatives, as many potential interviewees either did not respond or refused to participate in the study. Nevertheless, the author managed to arrange interviews with eight experts from the real estate industry in Ukraine. For all interviewees online format was chosen due to the location of the interviewees, as they all currently work and live in Ukraine. The majority of interviews were conducted via Zoom platform, while one interviewee preferred to answer the questions in a written format. It is worth mentioning that due to the

limited availability of interviewees and a distinction in their specialisation, the pilot interview was not conducted, as the list of questions was partly different for each occupational category. The following Table 4 introduces more detailed information regarding the interviewees, including the names of respondents, their occupations, and the names of companies. Moreover, the technical details of interviews, such as interview date and duration, have been provided in Table 4.

Table 4

Information regarding the interviews and interviewees

Participant	Occupation	Company	Date	Duration
Participant 1	Head of Sales Department	International real estate agency "Hayat Estate"	22.03.2025	45 min
Participant 2	Head of Sales Department	Real estate company "Golden Gate"	23.03.2025	56 min
Participant 3	CEO	Real estate agency "Vestor.Estate"	24.03.2025	36 min
Participant 4	Real estate appraiser, Director	Law firm "VSESVIT"	26.03.2025	44 min
Participant 5	Construction Project Manager	Construction Investment Company TM, NGO "Dobrobrat"	02.04.2025	119 min
Participant 6	Real estate appraiser, Head of the Assessment and Engineering, Associate Professor	Real estate company "GIS- consulting", Department of Land Administration at the Kharkiv National University of Urban Economics	03.04.2025	40 min
Participant 7	Head of Real Estate Advisory Services	EY Ukraine	04.04.2025	53 min
Participant 8	Investment Analyst	Confidential information	07.04.2025	Written format

Source: compiled by the author

The next step was to develop a list of interview questions, following the chosen method of semi-structured interviews, which involves a pre-determined list of open-ended questions with the possibility to ask clarifying follow-up questions during the interview process. The theoretical part of this study served as a strong foundation for the formation of interview questions. The author decided to make a general list of questions for all interviewees and allocate the last set to occupation-specific questions since the selected representatives have different occupations in the field of real estate. The list of questions was created for the following occupations in the real estate sector relevant to the interviewees: real estate agents and brokers, real estate developers, real estate appraisers and institutional

investors (see Appendix A). This approach allowed the author to not only assess residential real estate market prospects but also gain important insights from different perspectives depending on the expert's area of specialisation. The interview questionnaire was divided into the following four sets:

- General Market Overview
- Prospects of the Residential Real Estate Market
- Role of Government and State Support Policies
- Occupation-Specific Questions

The first set of general questions was aimed at discussing the current state of the residential real estate market and the impact of war. The second set was the main one, as it was focused on exploring the prospects of the residential real estate market, namely the future market development, expected price dynamics, shifts in demand and supply, potential attractiveness and risks for investors, and different factors affecting the future development of the market. In addition, this set of questions included several questions regarding potential market developments in the event of the end of the war and post-war reconstruction. In the author's opinion, this scenario is an important consideration for assessing the market prospects for the next 2-3 years. Since currently the events related to the Russo-Ukrainian war are unfolding quickly and unexpectedly, the circumstances can change at any moment during the following 2-3 years, therefore, it is crucial to consider different scenarios. The third set of questions focused on evaluating the role of government and state support policies in the context of the residential real estate market. The fourth set was occupation-specific and differed for interviewees, as was mentioned previously. These lists of questions were developed based on key themes, findings and assessments from previous studies reviewed in subchapter 1.3, which emphasised key aspects related to the residential real estate market in the aftermath of war and post-war recovery processes.

The last step involved transcribing and translating interviews for further analysis and discussion of the results. Since all of the interviews, except one interview in English, were held in Ukrainian, they required translation into English. To assist with this stage, the author employed "TurboScribe" platform for initial transcription and translation, followed by a thorough manual review and correction of all interviews to ensure accuracy and alignment with the original content. The author compiled coding tables categorised by key themes identified in the interviews (see Appendix B-D).

The author would like to highlight the ethical considerations relevant to this study, as the chosen research method involved interviews with human participants. In accordance with ethical research standards, informed consent was obtained from all interviewees to participate and to be recorded during the interview, while in case of a written interview, the consent was also provided in written form. Interviewees consented to the disclosure of certain personal information, including names, specific occupations, and company names, except for one respondent who preferred to remain anonymous and agreed to share the occupation only. All recorded interviews and transcripts were securely stored on a password-protected device to ensure safe data storage. Upon the completion of the study, all research data will be deleted to protect privacy of the interviewees.

Before turning to the discussion of the results, it is important to acknowledge the limitations of this study. While the sample of interviewees includes a wide range of professionals from various areas, representatives of public institutions could not be reached. This limits the ability to incorporate insights from the state's perspective. Additionally, due to the ongoing military activity in the eastern and southern regions of Ukraine, where most construction processes remain suspended, the study was unable to include input from real estate developers based in that part of the country. Nevertheless, the situation in these regions was addressed through interviews with other experts who regularly analyse and assess trends across all regions of Ukraine.

Another important limitation is rapidly changing political and security context. While this study provides a well-informed outlook based on current conditions and expert insights, the situation remains dynamic and may shift unexpectedly. Developments in the ongoing war and potential sudden shifts in agreements, policies, or broader geopolitical dynamics could influence the residential real estate market in the coming 2-3 years. Therefore, the findings must be viewed with an understanding that future changes may significantly alter the trajectory of the market.

2.2. Ukrainian residential real estate market post-2022 Russian invasion: an analytical overview

The full-scale Russian invasion of Ukraine, which began in February 2022, caused severe damage to Ukraine across all areas of life. This war significantly disrupted the country's economy, financial systems, human capital and caused huge material losses, including the destruction of real estate properties. After the start of the war, the residential real estate market was immediately and adversely affected, leading to a difficult situation and a period of instability. Looking ahead, the author would like to quote one of the experts, the

Head of Real Estate Advisory Services of EY Ukraine, who described the state of the market over the past three years as follows:

“It should be noted that in the last three years there has been significant turbulence in the market. This turbulence is caused by military actions, economic recession in Ukraine, devaluation of national currency, as well as the massive migration of Ukrainians abroad. Therefore, the situation was somewhat difficult.” (Participant 7, personal communication, April 4, 2025)

In this subchapter, the author will present an analytical overview of the Ukrainian residential real estate market post-2022 Russian invasion. The goal is to provide a solid foundation for understanding both the direct and indirect impacts of the war on the market and assess its current condition. The analytical overview will cover several key components of the market and main impacts of the war, such as destruction volumes, demand and supply shifts, migration patterns, price dynamics, and financial accessibility. The author will also analyse the role of governmental support policies in the context of market recovery.

As there is a substantial difference between heavily affected regions, such as Donetsk and Kharkiv, and more stable ones, such as Lviv or Kyiv, the author employs regional segmentation for the analytical overview. An analogous cluster analysis approach was used by Hrabinskyi et al. (2022), whose research was discussed in subchapter 1.3. In this study, the author will refer to the traditional administrative regions of Ukraine divided into western, central, southern, and eastern regions, or clusters, as these areas suffered similar losses from the war. Figure 3 presents a cartogram of administrative-territorial division of Ukraine, where regions are grouped into clusters according to their geographical location.



Figure 3. Ukraine map with regions divided into western, central, southern, and eastern regions.

Source: From “Ukrainization and the effect of Russian language on the web: The Google Trends Case study,” by H. Yao, A. Crowded, & R. Vaisman, 2023, *Problems of Post-Communism*, 71(4), p.3. Copyright 2023 by Taylor & Francis Group, LLC.

In addition, Table 5 provides a more detailed breakdown of this regional mapping. This regional clustering provides a clearer structure for presenting the observations from the analytical overview, making it easier to highlight patterns and make comparison of how residential real estate market has been affected across different parts of the country. It helps to capture the unique challenges faced by specific regions and the issues that are common across multiple areas.

Table 5

Detailed administrative-regional mapping

Region id	Region	Admin. division	Region id	Region	Admin. division
1	Chernivtsi	West	15	Sumy	Centre
2	Ivano-Frankivsk	West	16	Vinnytsia	Centre
3	Khmelnyskyi	West	17	Zhytomyr	Centre
4	Lviv	West	18	Crimea*	South
5	Rivne	West	19	Dnipropetrovsk	South
6	Ternopil	West	20	Kherson ^Δ	South
7	Volyn	West	21	Mykolaiv	South
8	Zakarpattia	West	22	Odessa	South
9	Cherkasy	Centre	23	Sevastopol*	South
10	Chernihiv	Centre	24	Zaporizhzhia ^Δ	South
11	Kyiv (city)	Centre	25	Donetsk ^Δ	East
12	Kyiv (region)	Centre	26	Kharkiv	East
13	Kirovohrad	Centre	27	Luhansk ^Δ	East
14	Poltava	Centre			

Notes. 27 Ukrainian Administrative Divisions; *- the Crimean Peninsula and the city of Sevastopol were annexed in 2014 by Russian Federation; ^Δ - the regions of Kherson, Zaporizhzhia, Donetsk and Luhansk are partially controlled by occupiers.

Source: Adopted from “Ukrainization and the effect of Russian language on the web: The Google Trends Case study,” by H. Yao, A. Crowded, & R. Vaisman, 2023, *Problems of Post-Communism*, 71(4), p.3. Copyright 2023 by Taylor & Francis Group, LLC.

Three years after the onset of full-scale Russo-Ukrainian war, Ukraine has suffered significant losses, which, as of 31 December 2024, amount to €506 billion, according to the Fourth Rapid Damage and Needs Assessment (World Bank Group, Government of Ukraine, European Union, & United Nations, 2025). This amount is approximately 2.9 times more than Ukraine’s nominal GDP in 2024, and it represents the estimated cost needed for the country’s reconstruction as of the end of 2024. It is important to note that the original

estimates in RDNA4 are provided in USD; therefore, the corresponding amounts in EUR depend on the applied exchange rate and may fluctuate over time. The exchange rate applied in this study is current as of early February 2025, with USD/EUR=1.03.

As reported in RDNA4, 13% of the total housing stock of Ukraine has been damaged or destroyed, resulting in €55.9 billion in total damage cost and €20.5 billion in cumulative loss. In other words, roughly one out of every eight residential properties has been damaged or destroyed because of the war. Recovery and reconstruction needs for the housing sector are estimated at €81.2 billion, making it the largest single category of the total long-term funding needs. Across all regions, eastern regions, closest to the frontline, and Kyiv region sustained about three-quarters, or 76%, of the total damage, with the highest concentration of damage in Donetsk and Kharkiv regions. Consequently, these regions account for the greatest recovery and reconstruction needs, even though most of the territories in Donetsk and Luhansk regions are currently occupied by the Russian Federation. Detailed information regarding the damage, losses and needs by regions is given in the table in Appendix E. Such volumes of housing destruction, along with a number of other factors, have had a significant impact on internal and external displacement of the population. (World Bank Group, Government of Ukraine, European Union, & United Nations, 2025)

More than 6 million Ukrainians were internally displaced by the full-scale invasion of Ukraine in 2022, and millions more were forced to flee the country. According to the latest statistics from the UNHCR (2025), almost 7 million refugees currently live abroad, with the majority of them in Europe. A recent survey by Mykhailyshyna et al. (2025) revealed that only 19.9% of Ukrainians living abroad definitely planned to return to Ukraine. This indicator decreased substantially compared to 2022 when 49.7% expressed such intentions. Such a low percentage of Ukrainians returning can adversely affect the economy of Ukraine and exacerbate the ongoing demographic. Despite the significant number of refugees abroad, the number of total IDPs decreased to 3.6 million as of January 2025, indicating a gradual return of IDPs to regions considered relatively safe (International Organisation for Migration [IOM], 2025a). The eastern region, primarily Donetsk and Kharkiv regions, is the origin of the majority of IDPs (69%) (IOM, 2025a). This migration pattern is driven by the proximity to active hostilities and the occupation of certain territories by Russian Federation forces. The largest number of IDPs resided in Dnipro (14%) and Kharkiv (12%) regions, as well as in Kyiv city and Kyiv region (19%) (IOM, 2025a). Most IDPs relocated to cities near their habitual residence, with over a quarter remaining within their home region, reflecting a general preference of IDPs to stay close to their regions of origin. Therefore, the largest

concentration of IDPs is currently observed in Central and Southern Ukraine, as well as in Kharkiv region. In contrast, western regions host relatively small number of IDPs, with the highest figure of 4% in Lviv region (see Appendix F). Notably, during the first month of the war, Lviv region ranked third in terms of the number of IDPs, hosting approximately 10% of IDPs (IOM, 2022). This confirms the gradual return of IDPs to their home regions or nearby regions over the past two years. These demographic shifts and large-scale destructions have reshaped the dynamics of the residential real estate market in Ukraine, provoking notable shifts in demand and supply and deepening regional disparities.

As one of the consequences, home-buying activity fell significantly across the country, as people became increasingly cautious about purchasing or investing in residential properties under wartime conditions. This aligns with previously mentioned loss aversion concept developed by Kahneman and Tversky (1979), where the fear of potential losses outweighs the perceived benefits from property ownership in conditions of heightened risk. Moreover, in the first months of the war, the State Register of Property Rights to Real Estate was suspended and only resumed operation in May 2022. This also served as one of the main factors in the stagnation of the real estate market.

It is worth mentioning that different segments of the Ukrainian residential real estate market were affected in distinct ways, influenced by regional disparities and varying degrees of destruction. Therefore, the author proposes to examine three key segments of the RRE market separately: the secondary market, the rental market, and the primary market.

Secondary Market. According to the analysis provided by EY Ukraine based on data from the Ministry of Justice of Ukraine (2023), the demand for housing on the secondary market dropped by 69% in 2022 in comparison to the previous year, 2021. The most significant decrease happened in eastern and southern regions, reaching up to 98% (Appendix G). In the first year of full-scale war, all construction projects were frozen, thus, the volume of concluded purchase and sale agreements for apartments and residential buildings on the secondary market serves as the main indicator of demand at that time. In 2023, the volume of concluded agreements increased significantly, by 71%, compared to the previous year, 2022 (Appendix H) (Fedirko et al., 2023). However, such a high growth rate is explained by low base figures. In 2024, demand has slightly increased by 3.4%, but it is still lower by approximately 45% in comparison to the pre-war figures, which is almost half of the pre-war demand (UTG, 2025). Demand for secondary housing is also influenced by government policies, such as preferential mortgage programs, although their influence on this segment of the residential real estate market diminished in 2024 (2024 Real Estate Market Summary by

LUN, n.d.). The dynamics of the number of purchase-sale agreements for apartments and residential houses in Ukraine, which indicate demand in the secondary market over the past ten years, and the Year-Over-Year growth are presented in Figure 4.

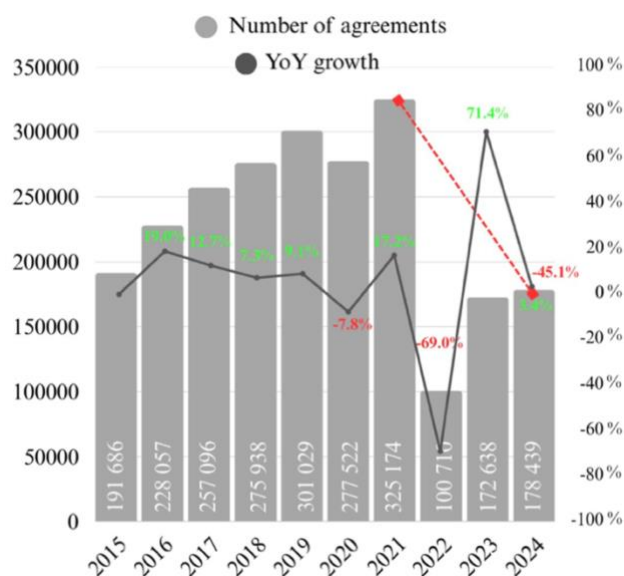


Figure 4. Dynamics of the number of purchase and sale agreements for residential properties in Ukraine and Year-over-Year growth (%), 2015-2024.

Source: compiled by the author based on data cited in UTG (2025), originally from the Ministry of Justice of Ukraine.

In addition, there is a substantial pent-up demand for residential properties, estimated at 380 000 post-poned purchase-sale agreements that, as expected, will be realised within 4-5 years after the end of the war (UTG, 2025). The share of investment agreements and speculative purchases during the past three years remains uncertain, as different sources present conflicting statistics. For instance, Rezhnychenko et al. (2024) report a significant decline in such transactions since the beginning of the war, indicating that end-users have become the primary buyers of residential properties. In contrast, UTG (2025) states that share of investment and speculative purchases increased from 40-50% to 85-90% over the same period. Thus, the investment attractiveness of residential real estate in the secondary market remains controversial. Even though it is still considered an alternative method of capital preservation and a passive source of income due to the devaluation of national currency, rising inflation, and limited availability of other investment opportunities.

After the initial stagnation of the secondary housing market, supply began to recover in line with demand. By the end of 2024, supply had increased significantly compared to 2022 in the western regions, as well as in Poltava and Sumy regions (DIM.RIA, 2023;

DIM.RIA, 2025). At the same time, many central and southern regions experienced a substantial decline in supply (DIM.RIA, 2023). This is to signal a potential supply shortage, especially in wartime, due to constant destruction and reduced construction volumes.

Nevertheless, prices have been rising in most regions, especially in western regions, over the past two years after a sharp decline in 2022 (DIM.RIA, 2023; 2023 Real Estate Market Summary by LUN Statistics, n.d.). This slow but steady price increase was driven by increasing demand, government mortgage programs, and limited supply in the primary residential market. Additionally, inflation and devaluation of national currency urged part of the population to seek for ways to preserve capital, and residential real estate was one of the investment options. However, foreign direct investments in residential real estate have largely paused. As of the end of 2024, Kyiv continues to hold the highest average prices for residential apartments on the secondary market (DIM.RIA, 2025). The second most expensive regions are Lviv and Zakarpattia, namely Uzhhorod city with an average price growth of 15% during 2024 (2024 Real Estate Market Summary by LUN Statistics, n.d.). Uzhhorod has grown in popularity since the beginning of the war due to its perceived safety features and location. However, eastern and southern regions experienced a decline up to 42% during the last year (DIM.RIA, 2025; 2024 Real Estate Market Summary by LUN Statistics, n.d.). Such decline is mainly explained by heightened security concerns and decreased demand. A detailed analysis of average price dynamics for one-room apartments on the secondary market by regions over the past two years is demonstrated in the table in Appendix I, as well as in Figure 5. To summarise, the following key trends in the secondary market can be highlighted:

- Demand dropped drastically in 2022 but has shown signs of gradual recovery
- Regional divergence is significant, with western regions rebounding more quickly
- Investment activity is uncertain, with conflicting data on speculative purchases
- Price dynamics reflect both recovery and risk, varying sharply by location

Rental Market. Rental demand for residential properties has undergone significant structural changes due to the war. In 2022, after the start of the Russian full-scale invasion of Ukraine, rental demand in regions closest to the frontline fell critically due to military actions and shelling, uncertainty, mass migration, large-scale destruction, and economic destabilisation. As mentioned earlier, many affected households were forced to relocate and temporarily rent housing in other regions, exacerbating regional disparities. According to analytics of the Ukrainian marketplace DIM.RIA (2022), in March 2022, the long-term and daily rental

market increased by 3 times compared to pre-war levels. This sharp increase can be explained by an enormous number of IDPs from the eastern and southern regions of the country. The highest increase in demand for long-term rentals occurred in Western Ukraine, while Central Ukraine experienced increased demand for daily rentals. Although demand in the rental market showed signs of stabilisation over the following months, it continued to grow throughout the next two years, reaching record levels in August 2024 (2023 Real Estate Market Summary by LUN Statistics, n.d.; 2024 Real Estate Market Summary by LUN Statistics, n.d.). Rental demand remained strongest in western regions, particularly in Lviv and Uzhhorod, as well as in the capital – Kyiv. One-room apartments have been in the greatest demand over the past three years.

Despite strong demand, the rental housing supply did not increase proportionately. Many properties were destroyed or damaged, particularly in eastern and southern regions, while western and central regions faced a shortage of rental housing due to the high concentration of IDPs. According to Kovalenko (2024), in March 2022, the demand for daily rentals exceeded the number of available offers by more than 14 thousand times. This imbalance between supply and demand contributed to consistent rental price growth across the market during 2022, especially in western and central regions. For instance, in the Lviv region, the monthly rental price for a one-room apartment doubled in 2022 (State Statistics Service of Ukraine, n.d.). In contrast, the eastern and southern regions experienced significant price declines, which can be explained by proximity to active hostilities and decreased demand provoked by mass civilian outflows from frontline regions. Nationwide, monthly rental prices increased by an average of 32.7% (State Statistics Service of Ukraine, n.d.). Over the past two years, the rental market gradually stabilised, even though prices continued to rise in line with growing demand, especially in the central and western regions, where price growth in 2024 ranged from 30% to 36% (DIM.RIA, 2025; 2024 Real Estate Market Summary by LUN, n.d.). Notable growth of 81% was recorded in the Chernihiv region in 2024, reflecting its transition from a war-affected zone to a relatively stable area with increasing population return and housing demand. The detailed dynamics of average rental costs for one-room apartments over the past two years are presented in the table in Appendix J and illustrated in Figure 5. The following key trends in the rental market can be observed:

- Dual effect of the war: a positive demand shock in relatively safe regions and a negative demand and supply shock in the hardest-hit areas
- Rental prices soared in central and western regions

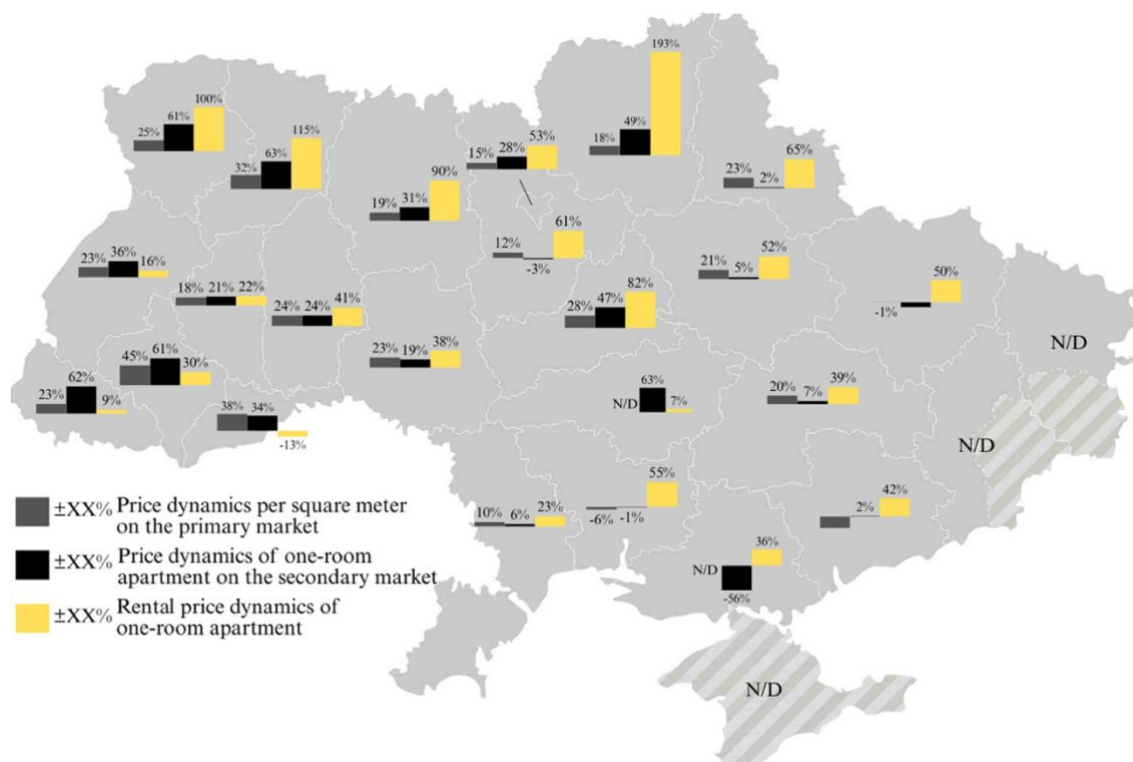
- Investment interest in rental housing may rise due to steady returns, while some potential sellers may consider becoming landlords instead
- Property developers may begin to explore the rental market more actively, offering a certain stock of completed apartments specifically for long-term lease.

Primary Market. The primary housing market and construction industry can be considered the most affected segments of the residential real estate market due to the war. During the pre-war year of 2021, the supply of new housing in Ukraine reached its highest levels in the last 30 years, and the upward trend was expected to continue in the following years (Fedirko et al., 2023; State Statistics Service of Ukraine, 2021). However, with the outbreak of the war, almost all developers suspended construction work for a certain period. As a result, in 2022, the total area of newly commissioned housing was 38% lower compared to 2021 (Fedirko et al., 2023; State Statistics Service of Ukraine, 2021; State Statistics Service of Ukraine, 2022). In 2023, the volume of newly commissioned housing across Ukraine was only 4% higher than in 2022 and remained 35% below the pre-war figures (Appendix K). Throughout 2024, construction continued to recover, as evidenced by the growing number of new residential properties available for sale (DIM.RIA, 2025; 2024 Real Estate Market Summary by LUN Statistics, n.d.). Notably, positive dynamics are observed not only in relatively safe regions, such as Western and Central Ukraine, but also in parts of the East and South. Lviv and Kyiv recorded the highest construction volumes after the initial wartime decline. However, these figures remain much lower than pre-war levels in most cities of Ukraine. For example, in Kyiv, the number of apartments put into operation in 2024 constitutes only 30% of the pre-war figures for 2021 (2021 Real Estate Market Summary by LUN Statistics, n.d.; 2024 Real Estate Market Summary by LUN Statistics, n.d.). In contrast, 2024 was a difficult year for Kharkiv, where the volume of newly commissioned housing decreased by almost 50% compared to the previous year, 2023 (2024 Real Estate Market Summary by LUN Statistics, n.d.). This decline is likely due to proximity to the frontline, ongoing damage of infrastructure and residential buildings, and lack of financing caused by heightened investment risk and limited demand. Due to the slow pace of construction and the risks of unfinished construction of residential buildings, demand in the primary market has decreased substantially (Rezhnychenko et al., 2024).

During the first year of the full-scale war, prices from developers in the primary residential market experienced considerable volatility (Fedirko et al., 2023). However, over the next two years, significant price growth was observed across nearly all regions of

Ukraine, with the most substantial increase in the western and central regions (DIM.RIA, 2023; Rezhnychenko et al., 2024; 2024 Real Estate Market Summary by LUN Statistics, n.d.). Such price increase, despite limited demand, is driven by increasing costs of building materials, complicated supply chain logistics, a shortage of labour and devaluation of the national currency. As of the end of 2024, the highest average cost of properties in a new residential building is in Kyiv. The second highest price is in Zakarpattia, with a 14% increase from the previous year, followed by the Lviv region in third place. The detailed price dynamics for newly developed residential properties over the past two years are provided in the table in Appendix L and depicted in Figure 5. It is worth noting that average prices on the primary market have increased in hryvnias, but in dollar terms, half of the regions experienced a decline due to significant inflation and devaluation of the national currency. For the analysis of this segment, data are presented in hryvnias to reflect domestic dynamics and assess affordability for Ukrainians. Key trends in the primary market:

- Construction volumes dropped sharply in 2022, with slow, uneven recovery
- Demand is low due to completion risks and affordability challenges
- Prices increased in hryvnia terms but showed mixed results in USD
- Regional variation is high, with Kyiv and Lviv leading new development



Source: compiled by the author based on data from Appendices I, J, L

Looking at the price dynamics over the past two years, it can be stated that the residential real estate market is gradually stabilising and recovering from the initial turbulence caused by Russia's invasion of Ukraine. However, with rising prices, housing affordability decreases due to the challenging economic situation and reduced purchasing power of the population. Lviv is considered the least affordable city for purchasing housing on the secondary market, Uzhhorod takes second place, while Lutsk and Kyiv share third place. In the primary market, the most expensive property rights to future apartment are observed in Kyiv and Lviv. Such trends are primarily shaped by the relatively stable security situation in western regions, along with infrastructural advantages, economic activity, and employment prospects available in the capital. The most affordable housing can currently be found in the city of Kherson, where the military situation remains critically difficult. Similar trends are observed in the rental market. The most affordable rental properties are in Kharkiv, while in the western regions and Kyiv, rental costs constitute a large part of the average salary. For instance, in Uzhhorod (Zakarpattia region), rent accounted for approximately 84% of the average monthly income in 2024. The affordability of residential properties on the primary and secondary market is positively affected by the state-supported program "eOselya", which provides preferential mortgage loans. In the primary residential market, accredited high-completion-stage projects and newly built properties are eligible for purchase under this program. (2024 Real Estate Market Summary by LUN Statistics, n.d.)

In response to the housing crisis, the Ukrainian government introduced a range of measures aimed at supporting the internally displaced population and facilitating reconstruction efforts. These include affordable housing loan program mentioned above, compensation program 'eRecovery' ('eVidnovlenya'), and legal reforms aimed at simplifying procedures for obtaining construction permits, as well as strengthening the legal protection of investors (Mukhin & Yurchenko, 2024). As of February 2025, 21% of households that applied for eRecovery had received compensation from the program (IOM, 2025). A large part of applicants cannot receive assistance since their housing is located in an area of active hostilities or in occupied territories, which is a considerable limitation of this program (IOM, 2025). International financial institutions and sponsors also play a crucial role in supporting the recovery of the Ukrainian residential real estate market, including financial aid from the International Monetary Fund (IMF), EU partners and many others. For instance, the European Investment Bank (EIB) has committed €55 million under the Ukraine Recovery Programme to reconstruct social infrastructure (EIB, 2025). As a result of these financial

initiatives and the implementation of thoughtfully developed state reconstruction plans, the residential real estate market in Ukraine is positioned for a further gradual recovery. In the following subchapter, the author will present interview findings that offer deeper insights into the prospects of the Ukrainian residential real estate market, complementing the analytical overview with qualitative perspectives from industry experts.

2.3. Results of interviews

In this subchapter, the author proposes to consider the findings of the conducted interviews in order to map the prospects of Ukraine's residential real estate market in the aftermath of the 2022 Russian invasion of Ukraine. For a more comprehensive consideration of results, this subchapter is divided into several key themes:

- Anticipated Demand Shifts and Buyer Behaviour (Appendix B)
- Regional Market Divergence and Migration Trends (Appendix C)
- Supply and Construction Sector Recovery (Appendix D)
- Investment Climate and Financial Accessibility (Appendix D)
- Role of Government Policies and Market Recovery Tools (Appendix D)

Anticipated Demand Shifts and Buyer Behaviour. The first theme aims to explore how buyer preferences have changed under the influence of war and what demand shifts are expected on Ukrainian residential real estate market, considering the initial and ongoing impact of Russia's full-scale invasion of Ukraine.

The respondents confirmed that the behaviour of buyers in the residential real estate market has been significantly altered by the war. Traditional factors affecting buyer choices, such as affordability of housing and location, remain relevant. However, many new factors have emerged that notably influence buyer preferences nowadays and shape demand. The primary buyer priority highlighted by all experts is security – specifically, choosing safer locations away from the frontline regions and critical infrastructure or military facilities that are often targeted, as well as ensuring the availability of shelters. Interestingly, CEO of real estate company in Kyiv, Participant 3, mentioned that properties located near embassies, which have always been in demand, have gained even greater popularity. This trend is driven by the assumption that such locations are less likely to be targeted by missile or drone attacks, thereby limiting the downside risk. Participant 6, real estate appraiser and Associate Professor of the Department of Land Administration, also pointed out that in Kharkiv region, small cities or villages are currently becoming more popular than the city itself due to the safety factor: *“I anticipate a continued trend toward suburban residential real estate*

development – it's simply safer and more comfortable there, with fewer perceived risks compared to the city" (personal communication, April 3, 2025). The increasing demand for private houses driven by safety and autonomy was also mentioned by other interviewees, but one expert emphasised the greater demand for townhouses, duplexes and other alternatives that are more affordable than private houses. Speaking of other types of properties, one-room apartments, as before, remain in the greatest demand, especially among investors. However, it was noticed that ultra-small smart apartments have not gained traction in Ukraine.

Moreover, practicality has replaced aesthetics and status as top priorities, with buyers paying significant attention to energy autonomy, emphasising a trend toward war-adapted real estate decision-making. This is due to the constant shelling of energy infrastructure, which left Ukrainians without electricity for a certain period of time, called "blackouts", blocking basic needs such as heating, cooking, and elevator operation. Head of Sales at the real estate company "Golden Gates" noted that features, once considered premium, are now seen as vulnerabilities: *"No more demand for upper floors or panoramic windows. Buyers prefer properties with gas and lower floors"* (Participant 2, personal communication, March 23, 2025). Although another expert stated that Ukraine has adapted to wartime conditions, and the times of "blackouts" are unlikely to return. Some developers also began designing backup power sources already at the construction stage, so that in case of blackout, the operation of engineering systems, such as elevators and heating supply, could be supported. This suggests the potential for renewed demand for this type of properties.

The primary residential market is currently experiencing significant challenges in terms of sustaining buyer demand. As was mentioned by the majority of respondents, unfinished properties with bare walls, requiring further investment in repairs and furnishings, are facing low demand. Instead, move-in ready housing and turnkey apartments, including secondary housing, are strongly preferred by buyers. Participant 8, investment analyst, specified that the reason lies in *"construction delays and a crisis of trust in some developers"* (personal communication, April 7, 2025). This is also caused by a labour shortage in the construction sector, which delays the completion of projects and increases the overall cost of repairs and fit-outs. However, Participant 1, Head of Sales at the real estate company "Hayat Estate", expressed a different point of view regarding the future demand for new properties: *"New buildings will be in demand, especially those featuring bomb shelters, parking, and on-site infrastructure. The most sought-after projects are 'city within a city' developments—where residents have everything they need, from shops to cafes, right in their own courtyard"* (personal communication, April 4, 2025). It is difficult to estimate the real demand in the

primary market, as, according to Participant 7, “*over the past few years, sales in the primary market were conducted through financial instruments, derivatives, and future money rights, rather than through notaries, and this wasn't reflected in the registers*” (personal communication, April 4, 2025). The overall trend, according to many developers, is that the number of agreements today is about 20-30% of pre-war levels, although successful developers can see figures closer to 70-80% during particularly good months with positive news and fewer air attacks. However, this is still a significant issue for the market, as the number of agreements remains lower on average across Ukraine. It’s important to note, though, that trends vary widely by region.

Government-supported programs such as ‘eOselya’, ‘eRecovery’ and ‘eZhytlo’ may stimulate demand. These programs also reshape buyer behaviour, influencing preferences toward eligible housing types, often newly built or certified properties, and encouraging formal financial transactions. However, sellers quite often resist these cashless transactions due to bureaucratic constraints or tax implications, making cashless buyers less picky. As a result, cash buyers consider themselves dominant and dictate their terms to sellers, which can lead to tensions in negotiations, according to the experience of some experts. The impact of these programs will be discussed in greater detail in the subsequent thematic section.

Four experts also mentioned economic and labour aspects as one of the main factors influencing demand. Participant 8, investment analyst, stated that “*economic instability, declining purchasing power, and employment levels also play a significant role*” (personal communication, April 7, 2025). The availability of jobs and overall high economic activity makes the region more attractive and stimulates demand for residential properties.

Pent-up demand was often mentioned by the interviewees, which they attributed to uncertainty and internal migration. Due to pent-up demand, most experts anticipate a significant increase in demand in the coming 2-3 years, especially in case of a truce. Pent-up demand is mainly accumulated by the majority of IDPs who are waiting for the military-political situation to improve in order to return to their habitual residence or buy new properties at their current place of residence. Demographic shifts due to population displacement significantly affect the regional demand structure, especially in the rental market, exacerbating regional disparities. All experts expressed a positive vision of future demand in the residential real estate market, claiming that growth is anticipated, particularly in case of positive resolution of the military conflict and stable economic situation. Currently, a cautious growth in demand is observed in relatively safe central and western regions. However, Participant 4, real estate appraiser, noted that “*demand will balance out, as it is*

expected to increase in central and eastern regions, but to decline in the west as IDPs return home, reducing both rental and sales markets” (personal communication, March 26, 2025).

The other expert also highlighted the fluctuating pattern of demand, which depends on the season and the intensity of military shelling.

Regional Market Divergence and Migration Trends. The ongoing Russo-Ukrainian war has caused significant shifts in regional real estate markets, primarily driven by internal displacement and migration trends. The second theme explores current and expected migration trends, how they altered price dynamics and created market imbalances across different regions of Ukraine, and what are the market prospects in different regions.

Mixed expectations were expressed regarding future migration trends. However, most agreed that refugees who sold their properties and settled in other countries are unlikely to return to Ukraine. At the same time, there are cases where external migrants left their properties ‘hanging’, as they cannot be sold due to documentation and legal issues. Return prospects depend on how the war ends, the nature of the agreements reached, and their long-term sustainability. Some interviewees highlighted the large number of people waiting to emigrate once the borders open, which could worsen the demographic crisis and result in serious consequences for the economy and future development of the residential real estate market. Regarding IDPs, most experts believe that those whose housing was not destroyed are likely to return homes once it becomes possible and safe. Participant 5, construction project manager at the construction investment company “TM” and NGO “Dobrobrat”, referred to the experience of Kharkiv region and noted: *“As soon as people feel safe and the city is livable, I am confident that 70-80% will return, just like they did after the liberation of the Kharkiv region”* (personal communication, April 2, 2025). This signals a potential recovery in demand in the most affected regions. Otherwise, *“if people’s homes were destroyed, it is not certain they will return – they will be forced to buy new housing, and not necessarily in Kharkiv or Kherson”* (Participant 4, personal communication, March 26, 2025). The real estate agent also shared that many IDPs waited for a year or more before purchasing properties due to uncertainty, causing pent-up demand.

As discussed, demand is no longer evenly distributed, but follows patterns of perceived safety, economic opportunity, and demographic shifts. Interviewees consistently emphasised that migration is the driving factor for regional divergence. Participant 8 (personal communication, April 7, 2025) described it the following way: *“There is a significant regional disparity: active price growth in the west and centre contrasts with a frozen market in the east and south”*. Western Ukraine became the first “safe haven” during

the full-scale invasion. Demand surged due to the influx of IDPs, with rental prices doubling and the number of sales agreements increasing more significantly than in other regions. The residential real estate market in western regions has been actively developed since the beginning of the war: *“Lviv, Uzhhorod, Ivano-Frankivsk are being constructed very actively now”* (Participant 2, personal communication, March 23, 2025). Many experts paid special attention to Uzhhorod, a small yet very safe city that has gained popularity since the war outbreak and is currently undergoing active residential development. Prices in western regions have increased accordingly, therefore a concentration of interest from investors and buyers is observed in these regions. However, there is an opinion that soon the prices will level off in those regions: *“I realized that prices in Uzhhorod’s primary market are very high. For me, it seems overvalued because Uzhhorod is Uzhhorod, it will never be Kyiv, or Kharkiv, or Odesa, and such prices are very situational”* (Participant 4, personal communication, March 26, 2025).

Many IDPs from eastern and southern regions preferred to stay close to their place of habitual residence, relocating to central regions and Kyiv in particular. After the initial decline, prices in Kyiv gradually increased and have now almost reached pre-war levels. Even under threat and constant shelling, Kyiv remains resilient and attractive. Participant 3 shared that *“rental prices in the centre of Kyiv are generally the same or higher than before the war. While many embassy families left, a whole new crew arrived—whether it is the Red Cross or new embassy staff”* (personal communication, March 24, 2025). Some experts also claim that there is a shortage of residential apartments in Kyiv due to halted construction. However, the construction project manager emphasised that there is active construction in suburban areas of Kyiv: *“I live in the suburbs of Kyiv and see active construction – IDPs who can afford it are gradually relocating and buying properties”* (Participant 5, personal communication, April 2, 2025). Market activity, including construction, is also observed in such cities of Central Ukraine as Cherkasy, Kropyvnytskyi, Poltava, due to demand from IDPs and perceived safety. Several interviewees highlighted a growing trend of price increases in central regions, particularly Kyiv, noting that the current period presents an optimal opportunity to buy property or invest, as future price escalations may make such purchases unaffordable relative to local salaries. It is worth noting that Kyiv and Lviv stand out as the most dynamic and expensive markets.

Eastern and southern regions suffered the most from military actions. Many residents fled these regions and have no intention of buying there unless the war ends and reconstruction begins. Cities such as Kharkiv, Dnipro, Odesa, Zaporizhzhia, and others have

experienced a market freeze or collapse. For instance, waterfront properties in Odesa are being sold at a significant discount, up to 65%, due to security concerns, while construction activity remains suspended in these regions. Participant 6 described the situation on the primary market in frontline regions: “*Such cities as Kharkiv are not being built now, all the constructions are frozen*” (personal communication, April 3, 2025). Nevertheless, demand has been stimulated by government-supported compensation programs, which result in a modest price increase, although prices are still substantially lower than pre-war levels. Participant 1 noted, “*The main challenge in front of the market is the revival of these regions that have suffered from military actions, where people have fled, and which lie in close proximity to the border line, within 40 to 50 kilometres*” (personal communication, April 22, 2025). Local experts in Kharkiv hope for a significant rise in housing prices and a market recovery, should long-term peace prevail, citing the region’s well-developed infrastructure. In addition, there are risky investors who are purchasing properties at the bottom of the market, anticipating future profits from resale or rental activity.

Supply and Construction Sector Recovery. The supply side of the Ukrainian residential real estate market has been severely affected by the war, leading to critical shortages and uneven regional recovery. The third theme examines the process of construction recovery, the main challenges faced by developers, and potential obstacles to the future recovery of the primary market.

Across interviews with experts, several trends and challenges have been consistently emphasised. All interviewees agreed that the war caused a sharp decline in construction activity, particularly in Kyiv and frontline regions. As one expert noted, “*Almost nothing new is being built in Kyiv; there is a shortage of apartments, because there is no one to work*” (Participant 2, personal communication, March 23, 2025). It was also added that construction sites often appear active but are actually stalled, with developers marking projects as ‘in progress’ to avoid formal suspension. A construction project manager explained that while some building continued, particularly in Western Ukraine and Kyiv suburbs, the overall supply of new housing remains insufficient to meet future demand: “*We will need to build hundreds of thousands of units, as many homes were destroyed; only then will prices balance out*” (Participant 5, personal communication, April 2, 2025). Thus, while the primary market has revived in western and central regions, the indicators have yet to return to pre-war levels.

Real estate developers have faced numerous challenges over the past three years, which remain relevant and hinder the full resumption of construction. The major obstacle highlighted by all the experts is a critical shortage of labour. This issue was also mentioned in

the first thematic section, where it was noted that buyers often prefer the secondary market over new buildings due to long queues for final repairs and fit-outs. The main reasons for the shortage of labour remain human losses in the war and injuries, which prevent people from working physically. In addition, Participant 7 explained, “*Mobilisation measures and high wage requirements for reserving employees have caused a significant shortage of professional workers on the market*” (personal communication, April 4, 2025). Consequently, construction wages have increased, which is one of the reasons for the price growth in the primary market. Another significant challenge frequently mentioned is the rising cost of construction materials due to disrupted supply chains and complicated imports. The cessation of material imports from Russia and Belarus, combined with the occupation of territories where domestic production was located, has led to substantial material cost increases. This rise is directly pushing primary market prices higher despite the limited supply. As Participant 8 noted, “*In the primary market, the most significant price increase in the national currency is forecasted, up to 15-25% during 2025, driven by inflation, increasing construction costs and limited supply of new developments*” (personal communication, April 7, 2025).

Residential real estate developers also faced serious problems in financing construction. Financing of construction in Ukraine largely relies on pre-sales, where developers sell apartments at early stages to fund further work. However, due to wartime uncertainty, sales volumes have dropped sharply, creating a vicious cycle, where “*in order to build well, you need to sell well, but to sell well, you need to build well*” (Participant 7, personal communication, April 4, 2025). Now buyers and investors are looking exclusively at high-quality, reputable developers with a strong commissioning history to minimise risks of underdevelopment. As a result, developers are forced to maintain a high pace of construction to attract buyers and continue funding operations. They have also begun developing various financial tools to encourage investments. An alternative way to finance construction is credit loans, but in Ukraine, the high cost of borrowing limits this option for most developers. On a positive note, some funding is being sourced through government programs that help developers continue or resume their construction.

Interviewees expect construction to completely recover only after large-scale investment flow in, tied to security guarantees and war termination. Participant 8 stated, “*A major challenge is the need for large-scale capital investment to rebuild destroyed housing, restore trust in developers, and ensure stable financing for construction projects*” (personal communication, April 7, 2025). The majority of experts noted that the supply of new housing

in the coming 2-3 years will decrease compared to pre-war figures, based on the current number of newly launched projects. Nevertheless, developers are actively preparing for future growth: *“Now developers are also focusing on preparing new construction sites, they are buying land plots, designing them, receiving permissible documentation, which may take a long time due to bureaucratic reasons in Ukraine”* (Participant 7, personal communication, April 4, 2025). The reconstruction of destroyed cities, especially in the East, will be a long-term and extremely complex process. As one construction manager put it, *“We have not yet seen any real concept for rebuilding completely destroyed cities – it will take decades... This will also have to be regulated normatively”* (Participant 5, personal communication, April 2, 2025). In the meantime, temporary solutions such as modular and prefabricated housing are being used to address immediate needs, as described by the construction manager of NGO “Dobrobrat”, which specialises in rapid aid. These new housing options offer greater affordability and faster deployment, giving them an advantage over conventional construction in the short term. However, such solutions are not sufficient for long-term stabilisation, and experts anticipate that a massive wave of reconstruction will be necessary to fully rebuild Ukraine’s housing stock.

Investment Climate and Financial Accessibility. The fourth theme explores the investment attractiveness of the residential real estate market in Ukraine in the aftermath of the war, both for local and foreign investors, while also addressing the impact of the war on housing affordability for local buyers. The experts shared valuable insights into the investment climate and financial accessibility within the Ukrainian residential real estate market.

One of the key topics that emerged was interest from foreign investors, with experts expressing mixed views. One noted that recent investment forums have demonstrated a strong interest in Ukrainian residential real estate, but the ongoing war remains the primary barrier to large-scale capital inflows: *“They were shocked that, despite the war and low salaries, people are actively buying and selling apartments. They see real potential here. This is a very good prospect, but it all depends on the war”* (Participant 2, personal communication, March 23, 2025). The interviewee also mentioned expats investing in the RRE market without planning to return, or waiting for the war to end to enter the market. Investment analyst expressed a similar vision on the prospects of foreign investment:

“There is a potential for increased role of foreign investors, especially in the context of post-war reconstruction and European integration. However, their current activity is limited due to high risks. Initially, we can expect the participation of institutional investors and international financial organisations in large-scale reconstruction. Private investors are

likely to become more active after the situation stabilises, investing in development projects or rental properties in key regions” (Participant 8, personal communication, April 7, 2025)

At the same time, others emphasised the importance of risk-return tradeoffs: *“Since Ukraine is a high-risk zone, the return must be higher to attract investors – if profitability is the same as in Poland, they will not choose Ukraine”* (Participant 7, personal communication, April 4, 2025). Given high risks and relatively low returns, two interviewees deemed residential real estate unattractive for foreign investors at this stage.

The ongoing conflict creates a substantial degree of uncertainty, influencing local investor behaviour as well. Despite the uncertainty, residential real estate is still seen as the most attractive investment segment by many, offering better IRR and NPV compared to other property types. Its advantage lies in shorter project cycles and lower payback periods. However, recent legislative changes have slightly altered the investment profitability:

“Previously, selling an apartment at the construction stage was just a rights transfer without extra taxes. Since 2023, all new sales must go through notaries and are registered as FREPs – future real estate properties – incurring additional taxes like duty, pension fund, and military levy. Therefore, profitability and the number of such investments have decreased, but it’s fair – entrepreneurs should pay taxes.” (Participant 7, personal communication, April 4, 2025)

Local investors tend to prioritise liquid and safe investments, focusing on one- and two-room apartments, especially in completed or nearly finished buildings. Investment-driven purchases are heavily influenced by rental potential in safer regions, with expected yields of 7-8% annually. Opportunistic behaviour is also common, as investors seek to purchase properties below market value, exploiting moments of seller urgency. This indicates their confidence in future price appreciation and perception of real estate as a hedge against inflation and currency devaluation. Still, such investments are not without risks, given the ongoing war. As an investment analyst pointed out: *“...potential depreciation of assets and rental rates, and low real estate liquidity. For investors in the primary market, there is a risk of delays or halts in construction”* (Participant 8, personal communication, April 7, 2025). That said, previously mentioned legislative changes regarding FREPs mitigate the risk of underdevelopment, legally obligating developers to complete projects and eliminating the possibility of double or triple sales. The economic risks were further stressed by another expert: *“The residential real estate market is more likely to quickly react to financial market volatility, namely rising inflation can lower the value of your investment”* (Participant 4, personal communication, March 26, 2025).

Interestingly, affected regions are seen as high-potential areas for risk-seeking investors: *“It is an attractive time for investment, especially in affected regions, for those willing to take the risk – once everyone realises things are getting better, it will be too late”* (Participant 6, personal communication, April 3, 2025).

Emerging investment tools, like Real Estate Investment Trusts (REITs) and crowdfunding platforms, are also discussed as potential mechanisms to broaden access to the market by lowering entry threshold. However, institutional barriers such as weak regulation, low average incomes, and distrust in legal protection still limit their widespread adoption.

Financial accessibility and housing affordability remain critical issues for the majority of Ukrainian citizens. While real estate prices in Kyiv and western regions returned to or exceeded pre-war levels, wages and purchasing power have not. Comfort and economy-class housing dominate demand, while premium-class properties are losing traction due to high costs and international competition. Experts anticipate significant post-war price increases, potentially pushing Kyiv prices closer to those in other Eastern European capitals, which could further limit access for average buyers. Considering declining housing affordability, rising prices and limited supply, real estate agent recommended: *“I would advise not to wait – take what is available now, or you might end up without any option.”* (Participant 2, personal communication, March 23, 2025). This highlights the importance of state support programs such as ‘eOSelya’ and ‘eVidnovlenya’ for maintaining market stability and supporting transaction volumes. Without addressing affordability, experts warn that demand will remain artificially constrained despite rising investment interest and ongoing price inflation.

Role of Government Policies and Market Recovery Tools. The final theme focuses on evaluating the effectiveness of government support policies and legislative changes in fostering resilience and recovery of the Ukrainian residential real estate market. It also considers potential improvements suggested by experts. However, the author decided to anonymise expert responses in this section to avoid any potential risks associated with commenting on the government regulation during martial law.

As discussed earlier, government support policies have played a vital, though sometimes controversial, role in stabilising Ukraine’s residential real estate market. Interviews with experts reveal both positive effects and limitations of key state-supported initiatives, such as eOselya, eVidnovlenya, and Domivka+. The eOselya program, which provides affordable housing loans, has emerged as a central policy instrument. This program offers preferential interest rates, varying from 3% to 7%, to eligible categories such as teachers, medical workers, and military personnel. According to experts, eOselya helped

sellers retain value, effectively sustained activity in the primary market, and enabled thousands of buyers to purchase properties. One expert noted: *“The governmental programs, such as eOselya, will significantly impact market development, revival, and pricing, as well as the market of mortgages and lending will have significant impact.”*

Despite its benefits, interviewees often mentioned the limitations of this program. Eligibility is restricted not only by certain professions, but also by property criteria, such as a cap on building age (up to 3 years, or 10 for IDPs) and square footage. One expert suggested: *“It would be beneficial to expand the list of eligible citizens and allow housing up to at least 10 years old for loans under 3% because the current range of options is very limited.”* On the other hand, such eligibility requirements stimulate demand in the primary market. However, many sellers are unwilling to handle the complexities of non-cash transactions through eOselya program, narrowing the options for buyers even further.

The compensation program eVidnovlenya (eRecovery) supports those whose homes were destroyed by war, but its implementation is seen as both inconsistent and nontransparent. Experts raised concerns about unequal distribution and bureaucratic delays. A real estate appraiser stated: *“I am not very satisfied with the approach that was used to calculate compensations – using the regional average price per square meter leads to budget overspending.”* The war revealed a lack of trust in real estate appraisers, proved by limited role in damage assessment and compensation processes, and exposed weak spots in the valuation system. In response, there is a gradual shift toward adopting European standards and re-certifying professionals to improve reliability and transparency. This will also facilitate cooperation with foreign investors, who expect compliance with international valuation standards. Another interviewee also highlighted inefficiencies: *“In Bakhmut, there is no city left, but they still require a commission to assess the damage on-site. Why, when satellite images show complete destruction?”* Meanwhile, others in relatively undamaged areas received compensation sufficient for purchasing multiple apartments, raising concerns about unfair distribution. The same expert added: *“Nevertheless, it is efficient, there are more positive benefits than negative, the system works – it just needs to be properly managed.”*

Another major limitation highlighted by several interviewees is the lack of sufficient funding, which undermines these programs' effectiveness: *“They are moderately effective. To improve them, the state needs to look for additional funds and allocate them for these programs.”* Another expert added: *“It works effectively, but there are certain risks that we are tied to foreign money... It would be good for the state to work on how to attract foreign investors.”* Some respondents pointed to post-war European models, such as state-supported

social housing or concessional lending, as potential examples for Ukraine's strategy: "*We need a plan like in the UK after WWII or Bosnia in the 1990s – massive social construction with state loans*". Despite these shortcomings, most experts agreed that the existence of such programs during wartime is a major achievement. The digital platform Diia has simplified access and made the process of applying and finalising agreements relatively quick.

Beyond financial assistance, experts also emphasised the state's role in regulating the primary market development during wartime, as new construction requires a complex approach. There is a need to revise general city planning, reconsider detailed plans for construction sites, and update building requirements, adapting them to wartime conditions or post-war recovery strategies. Security zones near the Russian border are expected to be implemented, impacting urban planning and requiring more protective infrastructure, which will result in higher construction costs. Local authorities have already begun implementing such changes. For instance, the Lviv City Council, in addition to the State Building Codes of Ukraine (DBN), introduced additional requirements for developers, such as mandatory underground parking in new residential buildings, which must also serve as a bomb shelter. Two interviewees also mentioned that urban planning in Ukraine faces serious challenges, with chaotic, uncoordinated construction and a lack of centralised development strategy. In major cities, dense population and outdated infrastructure have led to mismatched architecture, traffic issues, and limited space for quality development. Experts suggest developing modern, well-planned districts outside city centres as a sustainable alternative.

Other regulatory gaps were mentioned, such as the lack of benefits for paying rent or land taxes in affected regions. Given different security and economic conditions across the country, experts suggested to introduce preferential tax systems and lower entry barriers for investors in high-risk areas. Additionally, they called for more flexible market tools, such as rent-to-own mechanisms, simplified regulatory procedures for developers, and incentives to encourage investor participation in reconstruction.

Finally, real estate agents pointed out the major issue in their field: the lack of formal licensing. Real estate agents are not legally recognised as third parties in transactions, weakening accountability and consumer protection. As one agent put it, "*We are all waiting to be licensed – like in Europe or the U.S., where realtors ensure legal security and share responsibility in contracts.*"

The following Table 6 summarises the findings of the interviews with experts across the key themes. For each theme, key risks and barriers are also identified, as these continue to

play a significant role in shaping the short-term prospects of the Ukrainian residential real estate market.

Table 6

Summary of expert interviews by key themes

Theme	Expert consensus	Key risks/barriers
Demand shifts and buyer behaviour	<ul style="list-style-type: none"> • Risk-aversion • Focus on safety, autonomy practicality, and affordability • Demand concentrated in safer regions 	<ul style="list-style-type: none"> • Security concerns • Lower purchasing power and economic instability • Risk of underdevelopment of new properties
Regional market divergence and migration trends	<ul style="list-style-type: none"> • Concentration of IDPs in central/western regions • Gradual return of IDPs • Uneven recovery with growth in west/centre and stagnation in east/south 	<ul style="list-style-type: none"> • Perceived safety • Proximity to frontline • Ongoing hostilities limit recovery in hardest-hit regions
Supply and construction sector recovery	<ul style="list-style-type: none"> • Uneven recovery • Intensive development in west • Suspended construction in east • Future reconstruction depends on security guarantees and large-scale investments 	<ul style="list-style-type: none"> • Labour shortages • Lack of financing • Increasing construction costs • Limited demand
Investment climate and financial accessibility	<ul style="list-style-type: none"> • Cautious interest from domestic investors • “Wait-and-see” approach • Potential for increased interest from foreign investors 	<ul style="list-style-type: none"> • Uncertainty • Sensitivity to financial market volatility • Liquidity
Role of government and state support policies	<ul style="list-style-type: none"> • Crucial but limited • War-adapted legal frameworks • Remaining regulatory gaps 	<ul style="list-style-type: none"> • Narrow eligibility • Lack of funding • Non-transparent distribution of aid • Dependence on international financial aid

Source: compiled by the author based on the results of interviews

2.4. Discussion of Results

The empirical findings of this study show that the ongoing Russo-Ukrainian war has significantly altered the Ukrainian residential real estate market, resulting in substantial damage to the housing stock, market volatility, and severe regional disparities. Despite these challenges, the housing market has shown resilience, supported by state-backed policies and international financial assistance. As demonstrated in both analytical overview and expert interviews, this market exhibits gradual recovery, regional restructuring, and evolving patterns in investor and consumer behaviour patterns. However, the residential real estate

market remains vulnerable to external shocks that could completely change its development trajectory despite the war-adapted mechanisms and policies. This subchapter synthesises these findings and discusses their interaction with existing literature and theoretical frameworks.

The war has significantly reshaped buyer behaviour, with buyers prioritising security, autonomy, resilience to energy shortages, and practicality. These criteria align with prior findings by Biletskyi and Doroshenko (2022), who noted a strong preference for properties located in safer areas. The analytical overview and interview results confirm this, with central and western regions (e.g., Uzhhorod, Lviv) attracting substantial demand due to perceived safety, even leading to localised overvaluation. This also caused a significant increase in demand in the rental market, which remains the most active segment in Ukraine. Findings by Bas (2024) showed a surge in rental demand in Poland, where many refugees fled immediately after the war's outbreak. Additionally, Pavlov et al. (2024) confirmed a notable growth in rental demand, initially concentrated in western regions and currently observed in central regions, where a majority of IDPs have settled, as shown in the analytical overview.

Significant pent-up demand (estimated at approximately 380000 postponed transactions) has accumulated during the war, largely due to the anticipated partial return of IDPs. The realisation of this pent-up demand is expected over the next 2-5 years, which will contribute to market reactivation. It is assumed that many IDPs will return to their home regions and purchase new properties if needed, thereby revitalising the housing market in the most affected regions, such as eastern or southern regions. Meanwhile, those IDPs who choose to settle permanently in their current places of residence will continue to stimulate demand in those regions, a trend also predicted by Hrabynskyi et al. (2022).

The war has exacerbated regional disparities, leading to divergent market trends. Western and central regions, benefiting from relative safety, have seen stable or rising prices and renewed, in some regions intensive, construction, particularly in Lviv, Kyiv and Uzhhorod. In contrast, eastern and southern regions, such as Kharkiv and Kherson, have experienced market stalemate, a phenomenon described by Rhodes and Mullins (2009), alongside destruction, and declining prices. Similarly, Hrabynskyi et al. (2022) characterised the most affected regions by "high instability of the real estate market and significant deterioration of indicators" (p.846). In line with rising demand, the rental market has experienced a significant increase in prices, exceeding pre-war levels in the western and some central regions, as was also mentioned by Pavlov et al. (2024). Such activity in the rental market and its development prospects in safer regions make it the most attractive option for

investors, according to the interviewees. However, the potential also exists in the eastern and southern regions in the event of a truce and security guarantees.

The construction sector has faced the most severe and prolonged impact. Initial suspension of construction, labour shortages, financing gaps, and increasing material costs have dulled new supply, especially in frontline regions. Although Pavlov et al. (2024) stated that mentioned above challenges had been resolved, interview results revealed that these problems remain and significantly hinder the development of the primary market. Moreover, these issues led to ongoing price growth in the primary market despite the limited demand. However, prices may begin to decline once the war is completely over and domestic production opens up.

In Kyiv and the central regions, development has resumed, while in western regions, such as Lviv and Uzhhorod, construction is proceeding very intensively. This construction recovery pattern confirms the conclusion made by Pavlov et al. (2024) and Hrabinskyi et al. (2022) that reconstruction efforts tend to concentrate on resilient regions with well-developed infrastructure and investor confidence. Yet, in most regions, construction activity has not reached pre-war levels, and therefore, there is a risk of supply shortage in the coming years. State-supported programs, such as preferential housing loans for high-completion-stage properties, play significant role in the construction sector recovery and development.

The interview results also showed emerging trends in the primary market as a result of the war. For instance, modular housing is gaining popularity due to its quick assembly and affordability, which also allows it to serve as a temporary solution for IDPs. Hrabinskyi et al. (2022) mentioned: “State or local funding programs for the construction of housing for IDPs, in particular modular houses, is also a significant factor in the change of the place of residence for IDPs” (p.840). The study of Elkahlout (2019) also highlighted the importance of providing affordable housing units for middle- and low-income groups in the context of post-conflict housing reconstruction. Moreover, numerous legislative changes have occurred during the wartime period, introducing additional requirements such as underground parking adapted for bomb shelters and other security measures, also mentioned by Biletskyi (2022).

Investor confidence has diminished but is cautiously returning, especially in the rental and secondary markets. While capital inflows from foreign investors remain limited, domestic investment activity is increasingly directed toward residential real estate market. Some local investors view this as a hedge against inflation, while others focus on rental or resale income. Foreign investors primary adopt a “wait-and-see” approach, also observed by Bas (2024). However, there is a divergence in perceptions of speculative activity identified in

the analytical overview. Some reports indicate a drop in such deals, while others note a rise in short-term, high-risk investments. Furthermore, interview results suggest that investments in hardest-hit regions may be considered by risk-seeking investors as long as the price of properties in those regions is below the market value. Also, significant activity from foreign institutional investors is anticipated after the end of the war and the start of reconstruction.

Interest rate volatility and monetary tightening, discussed in Dotsis et al. (2023), have impaired credit affordability, leading to low uptake of conventional mortgages. However, this risk is being mitigated by state-backed programs like eOselya, which offer preferential housing loans. Moreover, these programs mitigate declining housing affordability caused by the devaluation of the national currency, reduced purchasing power, and rising inflation.

Government policies have played a crucial role in stabilising the residential real estate market, even though the impact of state-supported programs was also often described as uneven. Programs like eRecovery, eOselya, and foreign-funded projects, such as the €55 million EIB infrastructure loan, provide vital support, but limitations remain, especially in conflict zones. This aligns with Alkhalefy et al. (2016) and Barakat (2003), who emphasised that effective recovery requires both domestic government coordination and international financial commitment. While Pavlov et al. (2024) reported positive impact of these government-supported programs, several issues were revealed during the interviews. Key limitations of these programs include tight eligibility restrictions, unequal distribution of compensation for destroyed properties and a poorly designed approach to calculating compensation.

Additionally, the lack of a cohesive national rebuilding strategy was highlighted as a key regulatory gap. Experts advocated for more transparent urban planning reforms, better regulatory frameworks for both developers and investor protection, and introduction of regional benefits. The war and massive destruction are also seen as an opportunity to rebuild better cities or residential complexes from ‘scratch’, which reflects the concept of creative destruction developed by Schumpeter (1942).

The full realisation of recovery will depend on the interplay between military-political stability, macroeconomic situation, and sustained support from domestic and global stakeholders. Several key conclusions emerge:

- Security and regional safety are now primary determinants of housing demand
- Western and central regions show clear signs of stabilisation, while eastern and southern regions remain unstable and inactive

- State-supported housing finance and international financial aid play crucial roles but need expansion
- The return of IDPs, labour restoration, and institutional investment will define the long-term trajectory of the market development

These findings, derived from both analytical overview and expert interviews, highlight the Ukrainian residential real estate market's capacity for partial recovery in the aftermath of war-related disruptions. Short-term growth remains cautious and region-specific, shaped by migration trends, institutional resilience and strategic policy support (Figure 6).

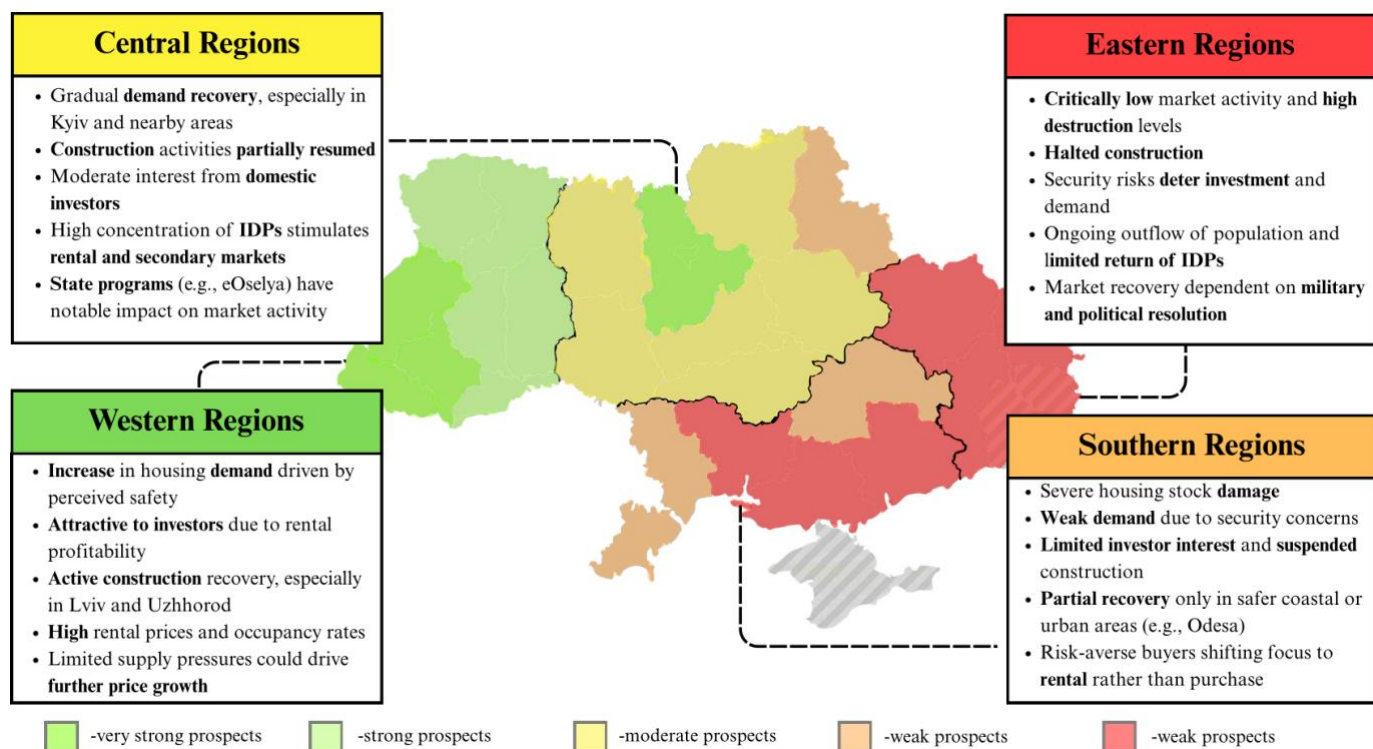


Figure 6. Current state and prospects of Ukrainian residential real estate market in the aftermath of Russo-Ukrainian war.

Source: compiled by the author

Summing up the analytical overview and interview results, the author concludes that the Ukrainian residential real estate market, despite serious negative consequences of the Russo-Ukrainian war, has demonstrated resilience and is gradually recovering. Cautious market growth is expected in the next 2-3 years, particularly in safer regions – Western and Central Ukraine (Figure 6). Considering macroeconomic factors, the residential real estate market in these regions remains attractive for investment, while for end-users, the current moment may be considered optimal for purchasing housing due to rising prices and decreasing housing affordability. The real estate market is in a difficult condition in the frontline regions – Eastern and Southern Ukraine, but significant prospects for revival are

expected upon the cessation of hostilities, primarily driven by the return of IDPs and reconstruction efforts.

Conclusion

The residential real estate market in Ukraine has undergone several external shocks over the past decade, such as the onset of the Russo-Ukrainian war in 2014 and the COVID-19 pandemic. However, the most severe disruption was caused by the Russian full-scale invasion of Ukraine, which began in 2022 and continues to this day. This military conflict has adversely affected the country's economy and social welfare, impacting all sectors, including residential real estate. The large-scale destruction of housing stock and the resulting disruption of market operations have directly undermined one of the fundamental human rights to adequate housing. The recovery and stabilisation of the housing market are critical not only for economic recovery but also for improving the quality of life of Ukrainian citizens – making this topic particularly relevant for research.

The theoretical part of this study underscores the pivotal role of residential real estate in the economy, including its contribution to economic growth, impact on financial and labour markets, and interaction with monetary policy. From a theoretical perspective, the study also highlighted that military shocks negatively and immediately affect the housing market, with all ensuing consequences across related sectors. Warfare leads to significant regional disparities, with relatively safer regions experiencing higher market activity and rising prices, while hardest-hit regions suffer from market stagnation or collapse. Investor and buyer behaviour becomes risk-averse during such periods of uncertainty, with priorities shifting towards rental properties and capital reallocated to safer regions. Many property owners on the secondary market delay selling, and primary market construction often comes to a halt. All these dynamics result in overall market stagnation. Simultaneously, the financial market faces a heightened risk of mortgage defaults and reduced lending, while declining employment and income losses constrain housing affordability, creating a vicious cycle that suppresses recovery.

The empirical findings of this study support these theoretical expectations. The Ukrainian residential real estate market experienced all these anticipated consequences of war, especially during the first year of the full-scale invasion. The war led to significant regional disparities, increased rental demand due to the large number of IDPs, and stalled construction. Over the following two years, a gradual recovery of the market was observed, and there is a cautious optimism about the market's prospects over the next 2-3 years.

In relatively safe regions, demand and prices are expected to continue rising, making them attractive to investors, especially due to rental yields. Construction activity is ongoing in these regions, although the primary market remains constrained by shortages of labour and financing, which slow down its further development and force prices to rise. In contrast, more affected regions experience low market activity, leading to lower prices and reduced investor interest. However, these regions have hidden potential: once the war ends, the partial return of IDPs and renewed reconstruction efforts could stimulate market revival. Risk-seeking investors may see these markets as opportunities for acquiring undervalued properties with long-term growth prospects. It is worth noting that the future trajectory of the residential real estate market remains highly dependent on both the military-political situation and macroeconomic conditions. The above-mentioned prospects assume no significant escalation of military conflict.

Government support policies and international financial assistance play a vital role in market recovery. Government-supported programs have demonstrated their effectiveness, but they still have structural and operational shortcomings that must be addressed to ensure the sustainable development of the housing sector.

Considering the limitations of this study, the author emphasises the importance of further research in this field. As the war is still ongoing, the development of military actions may significantly shift the future market trajectory, which highlights the essence of continuous monitoring to obtain relevant results. Although this study considered potential outcomes in post-war scenarios, future research should also focus on long-term market development, particularly on reconstruction efforts and post-conflict dynamics once the war ends, and specific terms of peace or agreements become clear. Given the broader regional implications of the Russo-Ukrainian war, further research is essential in the context of other affected countries. Moreover, the author of this work focused on the residential real estate market only, while the war also affected other segments of the real estate market, such as commercial or industrial, which deserve a separate analysis for a comprehensive understanding of the sector's role in the country's recovery in the aftermath of military shock. Further research is needed to examine the applicability of the findings in the context of other markets recovering from external shocks, such as armed conflicts. Finally, future studies should further explore the role of government in residential real estate market recovery, including state-level perspectives, which was a methodological limitation of this study.

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Appendices

Appendix A

Interview questions to interviewees

1. General Market Overview

1. How would you describe the current state of the residential real estate market in Ukraine?
2. What are the key factors (economic, demographic shifts) influencing property demand in different regions of Ukraine?
3. How has the war impacted housing prices in both primary and secondary markets?
4. Have any new real estate trends emerged as a result of the war, such as a preference for certain types of housing or locations?

2. Prospects of the Residential Real Estate Market

5. How do you expect the Ukrainian housing market to develop in the next 2–3 years in terms of pricing, demand, supply, and investment activity? If possible, also share your perspective on its potential development over the next 5 years?
6. How do you expect property prices to change in the near future? Will the trend be different for primary vs. secondary markets?
7. What are the major challenges facing the market in 2025 and the market recovery during the following 2-3 years?
8. Which regions of Ukraine are expected to experience the highest residential real estate price growth, and what factors will drive this trend?
9. How do you see the balance between demand and supply evolving? Will there be a housing shortage or oversupply in certain areas (for example, due to migrations and stalled construction projects)?
10. Do you think residential real estate will remain an attractive investment in Ukraine? If so, in which regions do you expect the most promising opportunities, and why?
11. What are the biggest risks for homeowners and real estate investors in the coming years?
12. Are you seeing investors or buyers showing more interest in certain cities or regions over others? If so, why?
13. How do you expect the behaviour of homebuyers and real estate investors to change post-war?
14. Do you anticipate an increase in housing demand due to the possible return of displaced people and the potential boost in market activity driven by reconstruction efforts?

3. Role of Government and State Support Policies

15. How effective do you think the Ukrainian government's current housing policies are in supporting the real estate sector? (e.g., eOselya, reconstruction subsidies – eVidnovlenya, Domivka+)

Note: effectiveness could be measured by factors such as the speed of housing recovery, the level of increased housing supply, affordability improvements, the number of beneficiaries, and overall market stabilization.

16. What kind of state support programs are most beneficial for market recovery, particularly in terms of boosting new construction, attracting capital inflows, and restoring destroyed properties?

17. What additional state support measures could help stimulate the recovery of residential real estate sector? Can you provide particular measures as examples from European or other countries?

4.Occupation-specific sets of questions (4th set):

Real Estate Agents and Brokers:

18. How do you expect the role of real estate agents to evolve due to possible market stabilisation and demand shifts in the next 2–3 years?
19. What property types (apartments, houses, suburban homes) do you predict will be the most in demand?
20. How do you expect the return of displaced people to impact housing demand and transaction volumes across different regions? Which regions do you think are likely to recover faster than others?
21. Do you expect technological advancements (e.g., digital platforms, AI-driven pricing models) to reshape the way real estate is bought and sold in Ukraine?

Real Estate Appraisers:

18. How has the war affected or how do you expect it to affect property valuation methods?
19. Do you expect long-term changes in the criteria used to assess real estate value in Ukraine? If so, what factors will become more critical?
20. How will rebuilding efforts and new construction projects impact property valuation trends across different regions?
21. What role will international investors and financial institutions play in shaping future property valuation trends?

Real Estate Developers:

18. What types of residential developments are likely to be most in demand in Ukraine over the next 2-3 years (e.g., affordable housing, high-rise apartments, suburban homes)? Also, how important do you think housing with bomb shelters will be in this demand?
19. How do you anticipate financing conditions for developers to change as reconstruction accelerates? Will institutional and private investors become more willing to fund new projects?
20. How will post-war rebuilding efforts shape construction priorities? Will developers focus more on restoring damaged housing or building entirely new projects?
21. Do you foresee shifts in regulatory policies or urban planning strategies that will impact the way new residential projects are designed and approved?

Real Estate Investors:

18. What segments of the residential real estate market do you expect to offer the highest returns for investors in the coming 2-3 years?
19. How will geopolitical factors and reconstruction efforts influence investor confidence and capital inflows?
20. Do you foresee foreign institutional and private investors playing a bigger role in the Ukrainian housing market? If so, in what capacity?
21. What emerging investment vehicles (e.g., REITs, crowdfunding, property syndication) could shape real estate investment strategies in Ukraine?

Appendix B

Coding table for theme 1: Anticipated Demand Shifts and Buyer Behavior

Theme	Codes	Category	
1. Anticipated demand shifts and buyer behaviour	Locations with more security	Factors affecting buyer behaviour and demand (positive)	
	Government programs		
	Compensation programs		
	Greater autonomy and safety		
	Business relocation, overall economic activity		
	Availability of jobs		
	Developed infrastructure		
	Distance from the combat zone		Factors affecting buyer behaviour and demand (negative)
	High floors and unsafe areas		
	Heavy shelling or bad news		
	Cashless payments complicate deals		
	War risks and uncertainty		
	Economic instability		
	Declining purchasing power		
	Labour shortage		
	Pent-up demand		
	IDPs waiting to return home		
	IDPs concentrate demand in safe regions (Kyiv and Western Ukraine)	Expected demand shifts	
	Cautious market growth		
	More viable market after war termination		
Increase in demand everywhere			
A race to either buy or rent, if refugees will come back from abroad			
IDPs will stimulate demand when they decide to settle or return			
If territories not liberated, people will permanently relocate and buy elsewhere			
Demand will balance out			

Source: compiled by the author based on conducted interviews

Appendix C

Coding table for theme 2: Regional Market Divergences and Migration trends

Theme	Codes	Category
2. Regional market divergence and migration trends	Refugees who did not succeed to integrate want to return	External displacement trends
	Young people and those with kids will not return	
	Those who left and sold, they will not return	
	Those who settled in Europe, they will not return	
	People are waiting to leave Ukraine forever	
	Hard to track how many people will return	
	IDPs have plans to return home	Internal displacement trends
	Potential return of IDPs after the end of the war	
	People will return if the city is livable	
	70-80% of IDPs will return	
	People are gradually relocating	
	Uzhhorod is being built intensively	Western Ukraine boom
	Primary market in western regions is developing well	
	Increase in rental prices due to high demand from IDPs	
	Prices are even higher than before the war	
	Active price growth is expected	
	Market in Uzhhorod is overvalued, it will level off	
	Most active and expensive market in Lviv	
	Increase in rental prices due to high demand from IDPs	Kyiv resilience and Central Ukraine market
	A shortage of housing in Kyiv due to halted construction	
	Active construction in the suburbs of Kyiv	
	Stable growth in primary market	
	Secondary market in Kyiv is in demand	
	Increase in prices is expected	
	Positive expectations regarding the market trends	
	Most active and expensive market in Kyiv	
	Frozen markets, constructions are stalled	Eastern and southern market collapse
	Residential market is alive, but in a bad state	
	Big cities (Kharkiv, Dnipro) are ruined substantially	
	Demining and clearing rubble will complicate the recovery process	
	Market activity is supported by government programs	
	Revival of those regions is the main challenge	
	If there is long-term peace, prices will increase	
	Eastern regions will be attractive for investors and buyers after the end of the war	
	Future market recovery depends on foreign investments for reconstruction	

Source: compiled by the author based on conducted interviews

Appendix D

Coding table for themes 3-5: Supply and Construction Recovery; Investment Climate and Financial Accessibility; Role of Government Policies and Market Recovery Tools

Theme	Codes	Category	
3. Supply and construction recovery	Construction in Kyiv suspended	Challenges in construction sector	
	Shortage of new supply		
	Shortage leading to high prices		
	Labour shortage after war casualties and emigration		
	Interruptions of electricity supply		
	Complicated supply chains		
	Rising material costs		
	Lack of financing		
	Financing through state-supported programs		Temporary solutions
	Prefabricated houses and container-type villages meet immediate needs		
Modular housing popular as a quick solution			
	Prices will continue rising until the military-political situation stabilises	Future recovery and challenges	
	Potential for prices to fall in long-term, once the war ends and domestic production ramps up		
	Capital construction will be needed for recovery		
	Large-scale need to rebuild destroyed housing will stimulate construction sector		
	Definite reconstruction wave coming		
	Massive investments will be needed		
	Recovery depends on security guarantees		
	No clear plan yet for rebuilding destroyed cities		
4. Investment climate and financial accessibility	High interest post-war	Foreign investors	
	Wait-and-see approach		
	Interest in rental and development for private investors		
	Potential contribution of institutional investors to large-scale reconstruction		
	Preference for safe regions		
	Need for risk guarantees	Local investors	
	Stable interest		
	Opportunistic purchasing		
	Investment in 1-2 room apartments		
	Rental yield focus		
Avoidance of unfinished buildings	Market risks		
Military risks			
Risk of speculative behaviour			
Risk of underdevelopment			
Rising inflation			
Asset value depreciation	Housing		
Rising prices			

	Declining purchasing power Lower housing affordability Limited access for average buyers in capital State-supported programs address affordability	affordability
5.Role of government policies and market recovery tools	3-7% mortgage rates Compensation for destroyed housing Stimulates primary market Fast digital processing Maintains market liquidity Supports transaction volumes Perceived efficiency	Strengths of government programs
	Restricted eligibility Uneven distribution Bureaucratic delays Lack of on-site access in war zones Overcompensation in some areas Cashless transactions complicate deals Strong dependence on foreign funding	Weaknesses of government programs
	Expand program eligibility Simplify regulations for developers Update building requirements Revise urban planning Rent and land tax relief in most affected regions Professional realtor regulation Legal security for contracts	Suggested reforms
	Rent-to-own mechanisms Social housing programs Volunteer assistance Incentives for investors	Potential market support tools

Source: compiled by the author based on conducted interviews

Appendix E

Housing: Damage, loss, and needs by oblast (US\$ million)

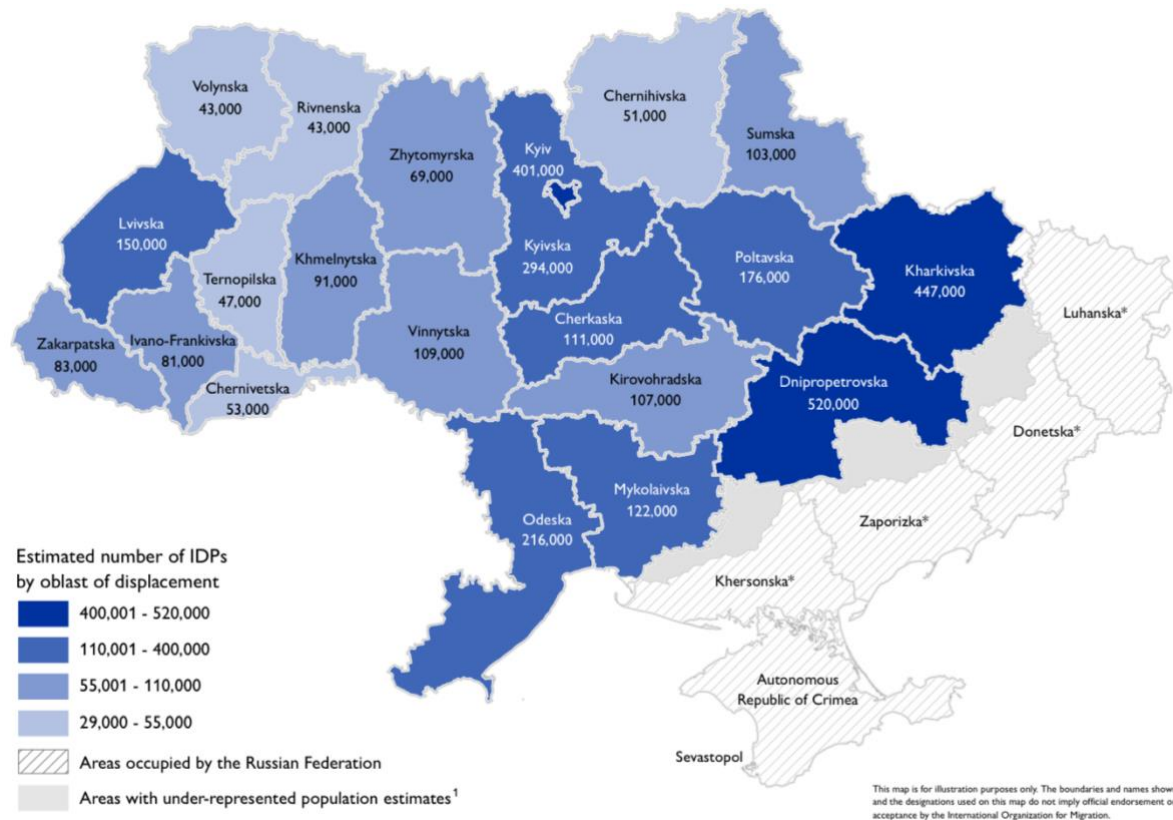
Oblast	Damage	Loss	Needs
Cherkaska	117.9	29.6	173.9
Chernihivska	1,575.8	593.3	2,327.2
Chernivetska	0.1	7.6	9.0
Dnipropetrovska	1,825.7	2,820.6	2,545.6
Donetska	21,071.3	3,348.8	31,248.0
Ivano-Frankivska	0.3	1,531.7	36.6
Kharkivska	12,567.4	4,421.0	18,033.3
Khersonska	3,297.7	1,500.8	4,780.5
Khmelnyska	124.7	19.8	184.7
Kirovohradska	20.1	16.5	31.0
Kyiv (City)	2,167.1	148.3	2,908.1
Kyivska	4,459.1	1,626.3	6,598.8
Luhanska	5,135.6	1,226.8	7,122.7
Lvivska	119.9	20.0	183.5
Mykolaivska	1,591.6	968.9	2,323.4
Odeska	568.2	300.0	841.6
Poltavska	48.4	20.3	73.2
Rivnenska	12.0	8.0	28.6
Sumska	1,129.2	559.7	1,633.6
Ternopilska	31.7	13.5	95.5
Vinnytska	47.0	23.3	73.6
Volynska	0.8	559.0	49.2
Zakarpatska	2.5	1,184.7	25.1
Zaporizka	1,450.8	133.2	2,052.3
Zhytomyrska	239.6	23.2	350.4
Total	57,604.5	21,105.7	83,729.3

Note. Damage covers 34 months between February 24, 2022, and December 31, 2024; loss covers a total of 52 months, which includes 34 months between February 24, 2022, and December 31, 2024, and an additional 18 months until June 30, 2026; needs cover the period of 10 years from 2025 to 2035.

Source: Reprinted from “Ukraine- Fourth Rapid Damage and Needs Assessment (RDNA4): February 2022 – December 2024” by Himmelfarb, A., 2025, World Bank. Copyright 2025 by the World Bank, the Government of Ukraine, the European Union, the United Nations.

Appendix F

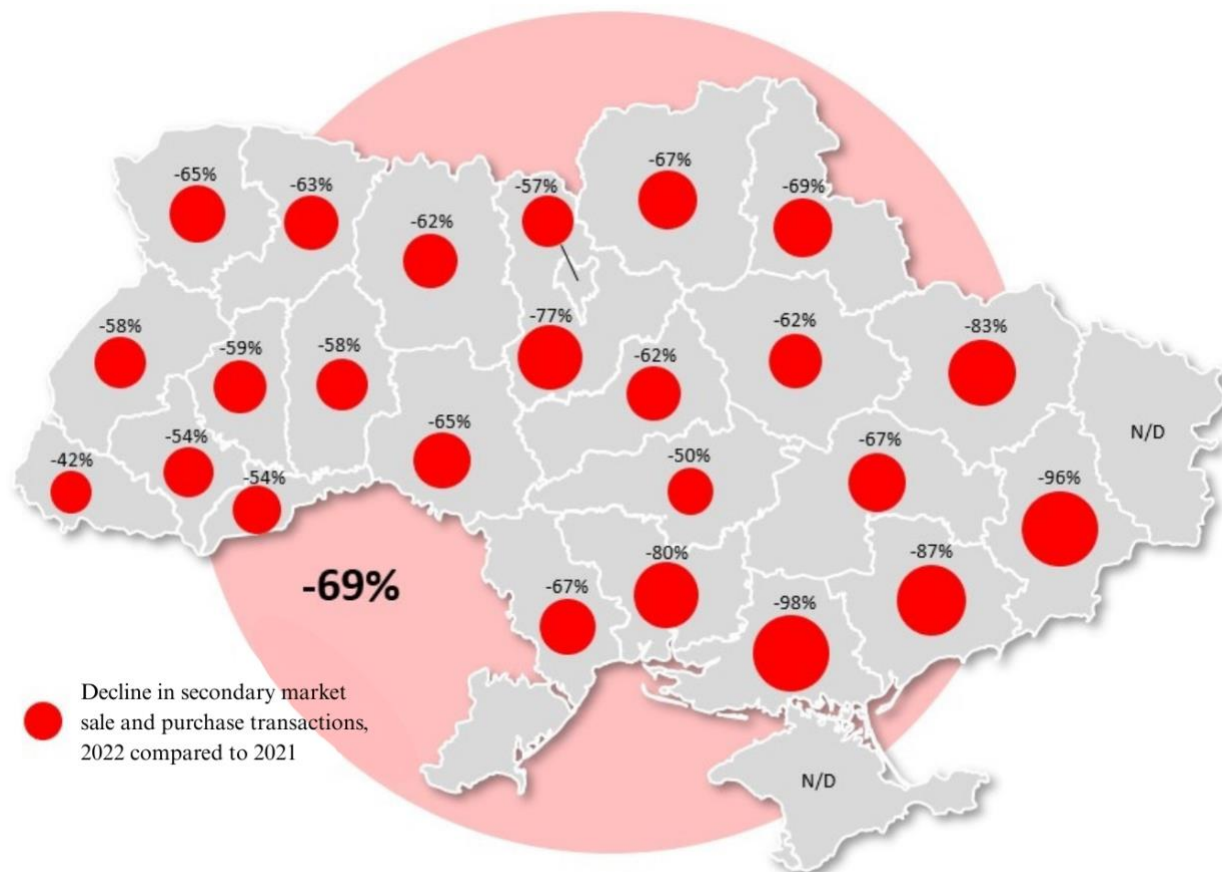
Estimated distribution of IDPs by regions of Ukraine



Source: From “Ukraine internal displacement report: General population survey, round 19”, by International Organization for Migration, 2025. Copyright 2025 by International Organisation for Migration.

Appendix G

Dynamics of the number of residential property purchase-sale agreements on the secondary market in Ukraine, 2022 compared to 2021



Note. N/D (н/д)- no data

Source: Adopted from “Budivnytstvo skorotylosya, popyt obvalyvsya, ale tsyny ne padaiut. Doslidzhennia rynku nerukhomosti pid chas viiny vid Ernst & Young”, by Fedirko, A., Khoma, R., & Rezhnychenko, D, 2023, based on data from the Ministry of Justice of Ukraine. *Forbes Ukraine*. Copyright 2023 by Forbes Media LLC.

Appendix I

Average price of 1-room apartment on the secondary market and YoY growth,
2022-2024

Region	1-room apartment				
	Average price in 2022, USD	Average price in 2023, USD	Average price in 2024, USD	YoY growth 2023-2024, %	YoY growth 2022-2024, %
Cherkaska	30154,74	41704,00	44325,00	6,28%	46,99%
Chernihivska	23641,18	35249,00	35200,00	-0,14%	48,89%
Chernivetska	35662,21	40013,00	47921,00	19,76%	34,37%
Crimea	N/D	N/D	N/D	N/D	N/D
Dnipropetrovska	36879,37	44329,00	39629,00	-10,60%	7,46%
Donetska	N/D	N/D	N/D	N/D	N/D
Ivano-Frankivska	32660,79	44484,00	52522,00	18,07%	60,81%
Kharkivska	28770,20	32050,00	25511,00	-20,40%	-11,33%
Khersonska	31673,77	23787,00	13800,00	-41,99%	-56,43%
Khmelnyska	31328,13	36090,00	38860,00	7,68%	24,04%
Kirovohradska	17813,64	25331,00	28969,00	14,36%	62,62%
Kyiv (City)	68219,23	88685,00	87654,00	-1,16%	28,49%
Kyivska	43710,08	41612,00	42290,00	1,63%	-3,25%
Luhanska	N/D	N/D	N/D	N/D	N/D
Lvivska	53318,40	66648,00	72611,00	8,95%	36,18%
Mykolaivska	22757,75	23486,00	22422,00	-4,53%	-1,48%
Odeska	43032,02	47034,00	45399,00	-3,48%	5,50%
Poltavska	33902,87	40141,00	35526,00	-11,50%	4,79%
Rivnenska	31080,83	37297,00	50629,00	35,75%	62,89%
Sumska	21650,44	27128,00	22149,00	-18,35%	2,30%
Ternopil'ska	34510,41	38134,00	41632,00	9,17%	20,64%
Vinnyska	45320,51	49490,00	53897,00	8,90%	18,92%
Volynska	30075,34	35128,00	48420,00	37,84%	61,00%
Zakarpatska	42789,26	53401,00	69278,00	29,73%	61,91%
Zaporizka	19432,45	23591,00	19733,00	-16,35%	1,55%
Zhytomyrska	34344,08	36233,00	44880,00	23,86%	30,68%

Note. N/D- no data. One-room apartment was taken for comparison analysis, as this type of residential property is considered to be in the greatest demand over the past few years.

Average prices and YoY growth are calculated using data from December of each respective year (2022, 2023, 2024).

Source: author's calculations based on data from DIM.RIA (2023) and DIM.RIA (2025) statistics

Appendix J

Average rental price of 1-room apartment and YoY growth, 2022-2024

Region	1-room apartment				
	Average price in 2022, UAH	Average price in 2023, UAH	Average price in 2024, UAH	YoY growth 2023-2024, %	YoY growth 2022-2024, %
Cherkaska	7272,73	12000,00	13200,00	10,00%	81,50%
Chernihivska	3813,23	6166,00	11167,00	81,11%	192,85%
Chernivetska	8396,23	5340,00	7288,00	36,48%	-13,20%
Crimea	N/D	N/D	N/D	N/D	N/D
Dnipropetrovska	9752,91	13420,00	13522,00	0,76%	38,65%
Donetska	N/D	N/D	N/D	N/D	N/D
Ivano-Frankivska	9342,32	9361,00	12135,00	29,63%	29,89%
Kharkivska	3185,78	4527,00	4787,00	5,74%	50,26%
Khersonska	2931,94	2800,00	4000,00	42,86%	36,43%
Khmelnyska	7521,99	9064,00	10638,00	17,37%	41,43%
Kirovohradska	6285,00	6285,00	6750,00	7,40%	7,40%
Kyiv (City)	11203,96	16425,00	17176,00	4,57%	53,30%
Kyivska	7642,27	9293,00	12316,00	32,53%	61,16%
Luhanska	N/D	N/D	N/D	N/D	N/D
Lvivska	12220,81	14445,00	14116,00	-2,28%	15,51%
Mykolaivska	3997,87	5641,00	6200,00	9,91%	55,08%
Odeska	6499,58	7663,00	8005,00	4,46%	23,16%
Poltavska	7584,10	9829,00	11530,00	17,31%	52,03%
Rivnenska	5751,00	10093,00	12379,00	22,65%	115,25%
Sumska	3185,78	4527,00	5250,00	15,97%	64,79%
Ternopilska	6250,00	6450,00	7638,00	18,42%	22,21%
Vinnyska	9247,79	11532,00	12804,00	11,03%	38,45%
Volynska	6769,72	12700,00	13519,00	6,45%	99,70%
Zakarpatska	11548,66	12461,00	12591,00	1,04%	9,03%
Zaporizka	4644,91	6619,00	6578,00	-0,62%	41,62%
Zhytomyrska	5793,32	9362,00	11027,00	17,78%	90,34%

Note. N/D- no data. One-room apartment was taken for comparison analysis, as this type of residential property is considered to be in the greatest demand over the past few years.

Average prices and YoY growth are calculated using data from December of each respective year (2022, 2023, 2024).

Source: author's calculations based on data from DIM.RIA (2023) and DIM.RIA (2025) statistics

Appendix K

Dynamics of new residential supply in Ukraine: 2023 compared to 2022 and 2021



Note. N/D (н/д)- no data.

Source: Adopted from “Skorochnnia budivnytstva novoho zhytla, zrostannia vtotrynnoho rynku ta tsin. Shcho vidbuvaet’sia z nerukhomistiu Ukrainy? Ohliad vid E&Y”, by Fedirko, A., Khoma, R., & Rezhnychenko, D, 2024, based on data from the Ministry of Justice of Ukraine. *Forbes Ukraine*. Copyright 2024 by Forbes Media LLC.

Appendix L

Average price per square meter in a new residential building and YoY growth, 2022-2024

Region	1-room apartment				
	Average price in 2022, UAH	Average price in 2023, UAH	Average price in 2024, UAH	YoY growth 2023-2024, %	YoY growth 2022-2024, %
Cherkaska	24508,01	27547,00	31479,50	14,28%	28,45%
Chernihivska	22185,22	26112,000	26093,75	-0,07%	17,62%
Chernivetska	28882,55	33937,00	39913,00	17,61%	38,19%
Crimea	N/D	N/D	N/D	N/D	N/D
Dnipropetrovska	37563,15	39554,00	44923,00	13,57%	19,59%
Donetska	N/D	N/D	N/D	N/D	N/D
Ivano-Frankivska	24787,07	44468,00	35821,50	-19,44%	44,52%
Kharkivska	31325,00	30072,00	31145,50	3,57%	-0,57%
Khersonska	N/D	N/D	N/D	N/D	N/D
Khmelnyska	22105,73	25090,00	27388,00	9,16%	23,90%
Kirovohradska	22469,83	33143,00	N/D	N/D	N/D
Kyiv (City)	48930,80	57983,00	56028,50	-3,37%	14,51%
Kyivska	29101,69	32623,00	32648,50	0,08%	12,19%
Luhanska	N/D	N/D	N/D	N/D	N/D
Lvivska	37096,44	42698,00	45507,50	6,58%	22,67%
Mykolaivska	30822,03	31346,00	28891,00	-7,83%	-6,27%
Odeska	33509,68	38067,00	36907,00	-3,05%	10,14%
Poltavska	27063,66	30609,00	32815,50	7,21%	21,25%
Rivnenska	26475,69	29944,00	34861,25	16,42%	31,67%
Sumska	21185,47	24787,00	26135,50	5,44%	23,37%
Ternopilska	22514,69	26815,00	26636,50	-0,67%	18,31%
Vinnyska	29537,71	33289,00	36364,25	9,24%	23,11%
Volynska	26958,72	28738,00	33650,50	17,09%	24,82%
Zakarpatska	39815,12	43717,00	48889,25	11,83%	22,79%
Zaporizka	27019,94	25750,00	19914,7500	-22,66%	-26,30%
Zhytomyrska	24707,25	26585,00	29392,00	10,56%	18,96%

Note. N/D- no data. Average prices and YoY growth are calculated using data from December of each respective year (2022, 2023, 2024). The average price for December 2024 was calculated using the official NBU exchange rate at that time, which was UAH 41.75 per USD.

Source: author's calculations based on data from DIM.RIA (2023) and DIM.RIA (2025) statistics

Resümee

ELAMUKINNISVARATURU VÄLJAVAATED VÄLISTE ŠOKKIDE JÄREL: 2022.

AASTA VENEMAA SÕJALISE SISSETUNGI JUHTUM UKRAINASSE

Mariia Teslenko

Eluasemeturul on ülioluline roll nii riigi majanduses kui ka elanikkonna sotsiaalses heaolus. Kuid viimastel aastatel on eluasemesektor pidanud silmitsi seisma mitmete väliste šokkidega, nagu Venemaa-Ukraina sõja algus 2014. aastal ja ülemaailmne koroonapandeemia. Kõige tugevama mõju avaldas eluasemeturule 2022. aasta Venemaa sissetung Ukrainasse. See väline šokk põhjustas ulatuslikku kahju ja hävingut Ukraina elamufondile, destabiliseerides turgu ja kõiki selle protsesse.

Selle bakalaureusetöö eesmärk oli uurida Ukraina eluasemeturule avalduvaid perspektiive sellise välise šoki nagu Venemaa täiemahulise sissetungi mõjul. Esiteks uuriti töös sõja mõju eluasemeturule pärast 2022. aastat, sealhulgas hinnadünaamikat, olulisi muutusi nõudluses ja pakkumises, samuti seda, kuidas sõjast põhjustatud sise- ja välisränne mõjutas uute turusuundumuste kujunemist. Samuti käsitleti riigi ja toetavate programmide rolli turu taastamisel. Turu väljavaadete analüüsimiseks viidi läbi intervjuud eluasemesektori ekspertidega, et saada sügavamalt ja usaldusväärsemat teavet turu arengu kohta spetsialistide vaatenurgast.

Uuringu tulemusena selgus, et sõda muutis oluliselt olukorda eluasemeturul, tekitades tugevaid piirkondlikke erinevusi. Turvalisemates piirkondades, näiteks Lääne- ja Kesk-Ukrainas, suurenes oluliselt sisepõgenike nõudlus, mis tõi kaasa hindade tõusu ja turu elavnemise, eriti üüriturul. Samal ajal seisid rindelähedased piirkonnad, nagu Ida- ja Lõuna-Ukraina, silmitsi nõudluse ja hindade järsu langusega, mis põhjustas eluasemeturul stagnatsiooni. Praegu oodatakse eluasemeturul hinnatõusu ja aktiivsuse kasvu just Lääne- ja Kesk-Ukrainas nende suhtelise turvalisuse tõttu, mis muudab need piirkonnad atraktiivseks investeerimiseks. Ida- ja Lõuna-Ukraina on endiselt keerulises olukorras sõjategevuse tõttu ning nende arengut ja turu elavnemist oodatakse pärast sõja lõppu ja julgeolekugarantiide saavutamist. Siiski võivad investorid neid piirkondi käsitleda kui riskantseid, ent potentsiaalselt tulusaid sihtkohti edasise üüri- või müügitulu eesmärgil.

Järk-järgult toimub ka esmaturu taastumine, kuigi ehitussektor seisab praegu silmitsi mitmete takistustega, nagu tööjõupuudus ja rahastamiskeskused. Olulist rolli mängivad riiklikud toetusprogrammid ja rahaline abi rahvusvahelistelt partneritelt. Hoolimata positiivsest mõjust, mida riiklikud toetusprogrammid on avaldanud, on nende tõhusust võimalik veelgi parandada ning neid aspekte on käesolevas uurimistöös käsitletud.

Autor soovib samuti välja tuua selle uurimistöo piirangud ja rõhutada edasiste uuringute olulisust selles valdkonnas. Kuna sõda jätkub, võivad arengud rindel oluliselt mõjutada turu edasist trajektoori, mis rõhutab pideva seire vajadust asjakohaste tulemuste saavutamiseks. Kuigi käesolevas töös käsitleti ka võimalikke stsenaariume pärast sõja lõppu, peaksid tulevased uurimused keskenduma taastamistöodele ja eluasemeturgu mõjutavatele arengutele rahu- või kokkuleppetingimuste selgumisel. Lisaks keskendus see töö ainult eluasemeturule, kuigi sõda mõjutas ka teisi kinnisvarasektori harusid, näiteks ärikinnisvara või tööstusobjekte, mis väärivad samuti eraldi analüüsi, et mõista sektori rolli riigi taastamisel.

Töö kokkuvõtteks soovib autor märkida, et vaatamata Venemaa sissetungi tõsistele tagajärgedele on eluasemeturg näidanud üles vastupidavust ja taastub järk-järgult tänaseni. Seadusandlikud muudatused ja riiklikud toetusprogrammid on kaasa aidanud turu arengule ning mängivad olulist rolli ka eluasemeturgu edasises taastamises tulevikus.

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13/05/2025