

[Chelyabinsk, Russia: Then And Now](#)

More In The Series

While based in Russia in the 1990s, NPR's Anne Garrels followed developments in the "real Russia" from the provincial town of Chelyabinsk. Returning 10 years later, much has changed. This series charts this transformation.

Economic Crisis Hampers Chelyabinsk's Growth

by [Anne Garrels](#)

A Collapsing Real Estate Market

Best Credit, one of the new real estate companies that have sprung up in Chelyabinsk, has also been hit. Agents were making \$2,000 a month, an extraordinary salary by local standards. These days, they don't have much business. The real estate market in Chelyabinsk has collapsed. Prices, which had tripled over the past three years, are dropping.

But agency owner Tatiana Gulyaeva says there are few bargain hunters.

"Other agencies are closing, but I am going to try to hang on," she says. "I want to be in a position to restart when things improve."

Only three of 40 banks that once offered mortgages are still in the business.

Mark Kelleher, an American teaching English in Chelyabinsk, shares a tiny one-room apartment with his Russian wife and 3-year-old twins.

Housing is still tight for families here. Kelleher's hopes of moving to a bigger place are now on hold. He says some banks are raising rates on what borrowers thought were fixed loans.

"This year, they had mortgages available for about 11 percent," Kelleher says. "That's not a good mortgage. That's a great mortgage. But people who took these mortgages out for 11 percent — suddenly, in September, their rates were increased to 17, 18 percent. Boom. One step."

The local government is scrambling to rewrite its budget. It has canceled anticipated increases in utilities. Tax revenues will be significantly down. New social programs are at risk. Construction on the new subway system has screeched to a halt. All of the signals of a crisis are here, but journalists writing about it have to be careful. Several local reporters are being investigated for what the prosecutor general calls "inflaming a mood of panic."

Journalist Marina Kudriashova with *Evening Chelyabinsk* is panicked by confusion and uncertainty.

She remembers the last economic crisis, when her family didn't know where it would get food to put on the table. She hoped she would never see that again in Russia. It might not be as bad this time, but Kudriashova had begun to imagine a future when ordinary Russians would begin to live like Europeans or Americans. She doesn't want that dream to go away.

Courtesy of JB Goodwin