UDC 332.832.4

Ovsiannikova T.Yu.
Prokopenko Ya.Yu.

Research of marginality of housing investment

The objective of this paper is to study the marginality of investment projects implemented by developers in the housing investment market. The paper claims that currently there is no unified understanding of such category as "marginality of housing investments" in economic theory and practice. Analyzing the etymology of the term, the authors give their own understanding of the essence of this category in relation to the housing investment market. It is shown that differences in quantitative estimates of projects' marginality in the housing investment market carried out in the framework of different studies indicate lack of a unified approach and necessity to form a common methodological framework for calculating and planning marginality of housing investments. Based on statistical analysis, it is shown that in the situation of transition to new conditions of financing housing construction, the housing investment market has not become less attractive for developers, which indicates that housing investments are still highly marginal.
Keywords: *marginality, housing investments, housing construction, developer, project feasibility*

Ovsiannikova Tatiana Yurievna,
Doctor of Economic Sciences, Professor, Head of the Department of Expertise and Real Estate Management; Tomsk State University of Architecture and Building (TSUAB); 2 2 Solyanaya Sq., Tomsk, 634003, Russian Federation; ID RSCI: 504255, Scopus AuthorID: 57200290377, WoS ResearcherID: E-6457-2016, ORCID: 0000-0002-0771-7114; tatovs@mail.ru

Prokopenko Yana Yurievna,
Master of Civil Engineering, Assistant of the Department of Expertise and Real Estate Management; Tomsk State University of Architecture and Building (TSUAB); 2 2 Solyanaya Sq., Tomsk, 634003, Russian Federation; ID RSCI: 1221285; yana-prokopenko@internet.ru

INTRODUCTION

Fully agreeing with V.Z. Balikoev that "accurate unambiguously understood scientific terminology is a sign of a well-developed scientific theory, its methodology and paradigm" [1], the authors of this paper have focused their research on one of the most debated categories of modern economics — marginality. Lack of a common understanding of such an important economic category as margin, presence of a multi-meaning interpretation of its derivatives (marginal income, marginal profit) signals the need and urgency of scientific research in this area. The objective of this paper is to study the concept of housing investments marginality and the factors influencing the marginality of investment projects implemented by dealers in the housing investment market.

The issues of investment efficiency in housing construction have traditionally attracted the attention of researchers and practitioners. The issues of assessing the efficiency and profitability of investment projects in housing construction remain a highly topical issue of modern scientific discussions, one of the key issues that requires the attention of the scientific community being the management of the margin of housing investment market development projects.

The modern understanding of marginality was formed as a result of a long historical process. First ideas about the nature of price and value appeared in antiquity, but the full development of the concept of marginality occurred only at the end of the 19th century. Scientific research devoted to marginalism (which is a neoclassical theory of economic processes based on marginal quantities (marginal utility) in which demand and prices are determined by subjective marginal estimates of the usefulness of products[1]), introduced definitions of equilibrium price values and output rate under various market structures, as well as the concepts of total and marginal revenue and costs into terminology. Subsequently, this theory became the basis of the methodology of the modern neoclassical trend of economic theory, introducing mathematical methods into economics.

Later, in the 20th century, scientists expanded their understanding of marginality linking it to issues of pricing, production planning, and cost management. However, theoretical categories are often assigned different meanings depending on the subject under analysis, and these meanings may not coincide with meanings used in practice. According to V.Z. Balikoev, the concepts of margin and marginality in economic theory and Russian applied economics may have different meanings due to etymological confusion [2]. In economic theory, marginal income is understood as additional income generated by an additional unit of sold goods. That being said, the concepts of margin, marginal income and marginal profit have also been utilized in the theory and practice of management accounting called direct-costing and are used in the marginal analysis of companies' activities in order to manage costs. Within the framework of this approach, marginal income is understood as the difference between revenue from the sale of products or services and variable production costs [3, 4].

This category has found its place in the theory and practice of cost management in the investment and construction sector [5, 6]. Modern understanding of marginality in the field of housing investments is associated with the development of the construction business and mortgage loan activity. The margin income indicator is often used as an indicator of investment efficiency. In practice, developers define marginal income as the difference between the income from the sale of apartments and construction costs (self-cost) throughout the life cycle of the project [7].

Effective management of the revenue-cost ratio is a key factor for a successful business development. When implementing projects, it is necessary

[1] Marginalism. The Great Russian Encyclopedia. URL: https://bigenc.ru/c/marzhinalizm-f93054 (rus.).

to constantly monitor cost structure and marginality in order to avoid reducing the profitability of the enterprise and ensure its financial stability. This, in its turn, requires to study the factors influencing marginality of investment projects and assess their impact on the final results of development activities.

DISCUSSION

According to the authors of this paper, the concept of marginality in the housing investment market ($M_{H.I.}$) can be viewed from two perspectives:

1. Marginality of a development project which is the ultimate profitability of development companies expressed by the ratio of the difference between revenue from sold construction products and total investment costs in housing construction to the sum of all investment costs for implementation of a development project:

$$M_{H.I.} = \frac{\text{Revenue from housing sales} - \\ - \text{Housing Investment}}{\text{Housing Investment}}.$$

2. Marginality of housing investments which is the total return on the activities of all subjects of the investment process expressed by the ratio of the difference between the total revenue from construction products and total operating costs for housing construction to the amount of investment costs for implementation of a development project:

$$M_{H.I.} = \frac{\text{Total revenue from contractors sales} - \\ - \text{Total contractors operating costs}}{\text{Housing Investment}}.$$

The first approach is based on profitability of a development company implementing projects in the housing investment market, the second approach is based on performance of all participants in housing construction and, in fact, overall marginality of housing investments. The latter approach takes into account the fact that the marginality of investment projects takes place at all stages of development project implementation starting from investment concept development, acquisition of land rights, completion of surveys and development of project documentation and ending with the sale of finished construction products (completed housing). Therefore, the total income from housing investments will be made up of the total expenses of all its participants including total operating costs. In case an investment project in the housing market is implemented by a large development company with vertical integration of all production processes also incorporating all main functions for making investments in the housing market, these two concepts become nearly identical and quantitatively almost equivalent.

DATA

Estimated marginality of investment projects is the main criterion for making an investment decision on implementation of developer's plan. Actual marginality of the project is a prerequisite for successful, effective functioning of the company in the real estate market. It often happens, that erroneous approaches to evaluation of the estimated marginality resulting from overestimating potential gross income from a project or underestimating potential gross costs of its implementation lead to a gap between the expected and actual marginality of the project. This leads to a decrease in financial stability of the developer, and often puts it on the verge of bankruptcy.

The level of housing investments marginality can vary significantly depending on the general economic situation and project implementation conditions. According to the study (SNL Financial, MPF Research)[2], margin of development projects in residential real estate market is quite high and takes the second place after the margin of commercial real estate projects, surpassing projects in the office or industrial real estate market. However, quantitative estimates of marginality vary significantly. For instance, according to the data given in the study[3] average rate of return in residential real estate is usually between 15 and 30 %. However, market research firm IBISWorld highlights an average industry profit margin at about 6 to 9 % and according to the National Association of Home Builders (NAHB) the average net profit margin for residential developers in recent years has ranged from 9 to 15 %. Such differences on the margin level of housing investments indicate the complexity of quantifying profitability of activities in the housing investment market and the need to develop a unified methodological approach for assessing and planning marginality of housing investments.

In Russia, the margin level in the construction business traditionally ranged from 12 to 18 %, which allowed developers to have certain financial backup in case of market instability and rising construction costs[4]. However, with the introduction of escrow accounts and stricter rules for attracting funding, developers have encountered increased costs, which directly affects their marginality. An increase in debt combined with the transition to project-tied lending reduces overall margin level for many developers and creates risks for projects' sustainability.

In 2019, prior to the transition to a new financing mechanism using escrow accounts, the current head of the Russian Ministry of Construction, V. Yakushev, stated that developers would receive project financing in case their margin between construction costs and sale revenues is at least 20 %[5] [10]. The experts' opinions on these ideas were mixed. Most of them agreed that not all developers are able to ensure this level of marginality for their projects, as it varies from 10 to 20 % and depends on a large number of factors.

Analysis of statistical data presented in the Unified Information System of Housing Construction NASH.DOM.RF u[6] shows that the period of steep decline in housing construction in 2020–2021 caused by adaptation of developers to the new project financing mechanism with escrow accounts, was replaced by a period of steady growth (Figure). Even changes in the macroeconomic situation, an increase in the cost of credit resources, and abolition of preferential mortgages in Russia as a whole did not lead to a decrease in the volume of multi-apartment residential housing construction.

After banks introduced stricter requirements for developers, it created certain difficulties in construction companies work and created some obstacles for new players to enter the market. Indeed, in 2020, there was a 10.9 % decrease in the number of developers

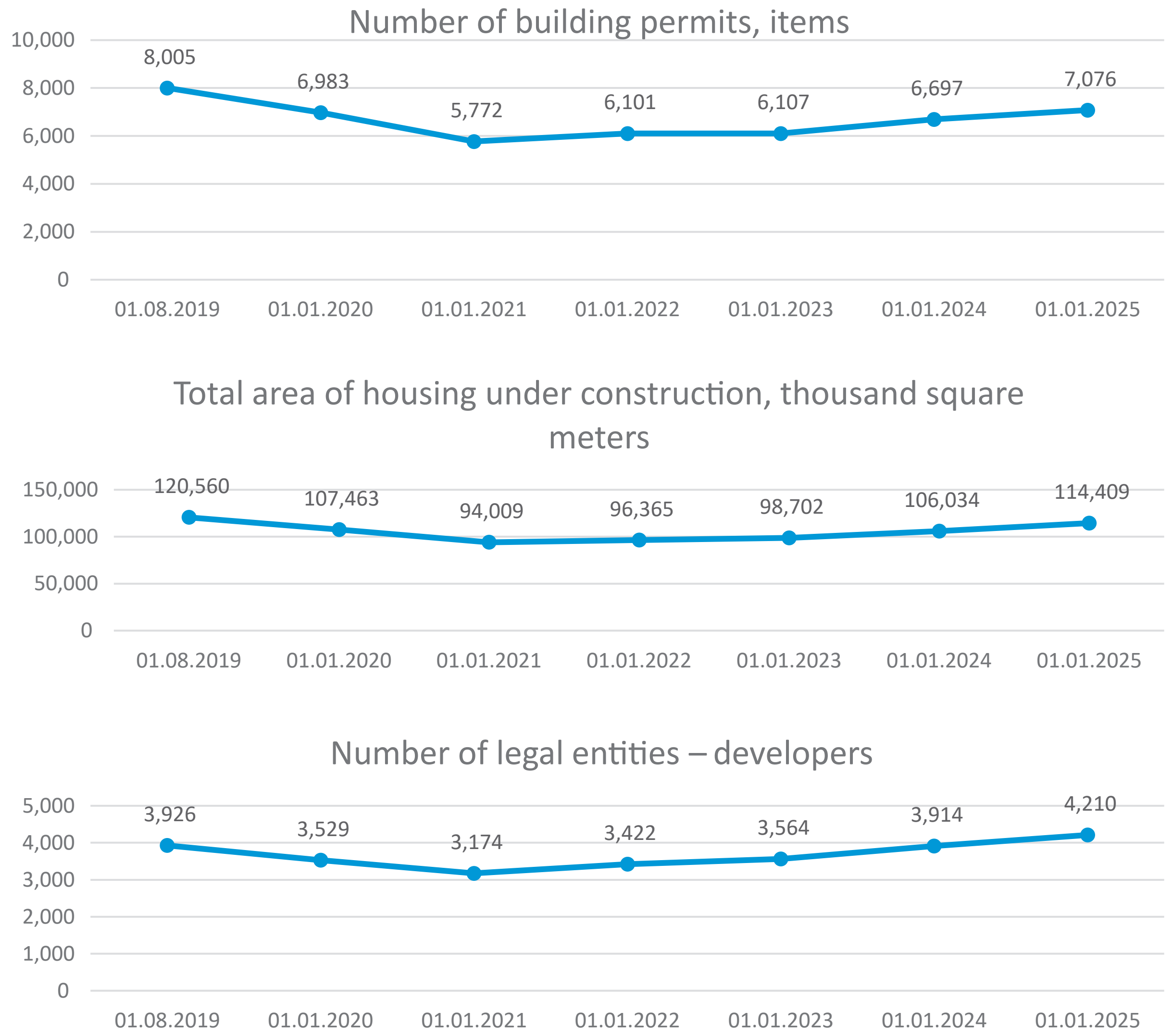
[2] Cited by An Inside View on Real Estate Profit Margins. URL: https://www.realpage.com/blog/an-inside-view-on-real-estate-profit-margins

[3] Sheykin H. How to Enhance Profitability in Residential Projects? *Finmodelslab*. August 6, 2025. URL: https://finmodelslab.com/blogs/profitability/residential-development

[4] Velesevich S. Developers's margin: how much do developers earn on housing sales. *RBC-Real Estate*. URL: https://realty.rbc.ru/news/5d6f8ad99a79476b1e5c6c17 (rus.).

[5] Burkovskaya N., Vermishev G. That's the margin. What determines developers' profitability? *Business Petersburg*. October 23, 2019. URL: https://www.dp.ru/a/2019/10/22/Vot_takaja_marzha (rus.).

[6] Shared-equity housing construction, including those with escrow accounts project financing. Unified Housing Information System NASH.DOM.RF. URL: https://наш.дом.рф/аналитика/долевое_строительство (rus.).



Main indicators of multi-apartment residential housing construction in the Russian Federation (compiled by the authors according to the data of NASH.DOM.RF)[3]

compared to 2019 (Table). However, banks' consistent funding of projects, which does not depend on sales, counter-balanced the costs incurred by the transition to a new financial mechanism. As of the end of 2023, according to the data from NASH.DOM.RF[7], the number of developers increased by 19.2 % compared to 2020. Despite the fact that 2025 was predicted to be a critical year for the construction industry as apartment sales had dropped significantly due to the abolition of preferential housing and some experts expected a massive bankruptcy of developers[4, 8], 139 new developers appeared on the housing construction market in the period between January – August 2025. While in 2019 a large housing construction market developer had a market share of 6.5–7 % of the total area under construction, in 2025 the biggest companies in residential real estate construction have a market share of not more than 3.5–4.5 % of the housing construction area. The majority of companies in the market share by housing area are those with a market share of up to 0.5 % of the total housing construction volume. These facts give evidence of positive changes in the structure of the housing construction market which is inherently oligopolistic and characterized by a large-scale localization of participants.

Based on the assessment of business activity conducted by DOM.RF[9], construction developers do not have any difficulties with availability of contractors. Only 6 % of developers mentioned deterioration in the level of competition in April 2025 compared to the previous year. However, competition still causes developers to lower marginality, especially in regions with low demand.

Despite the fact that overall situation is assessed by developers to be worse than the previous year, the arrival of new players to the market indicates the continued investment attractiveness of the housing investment market, even if there are other considerably attractive alternative investment instruments, for example, in the financial market. Consequently, the marginality of housing investments

[7] Will developer bankruptcy become a trend in 2025. Unified Resource of Developers. February 20, 2025. URL: https://erzrf.ru/news/stanet-li-bankrotstvo-zastroyshchikov-trendom-v-2025-godu ; Experts: there is a risk of bankruptcy in the housing industry, but primarily among small developers. Unified Resource for Developers. August 28, 2025. URL: https://erzrf.ru/news/eksperty-risk-bankrotstv-v-zhilishchnoy-otrasli-yest-no-prezh-de-vsego-u-nebolshikh-zastroyshchikov (rus.)

[8] Trubiolina M. The number of bankrupt developers may increase by 2026. *Rossiyskaya Gazeta*. February 4, 2025. URL: https://rg.ru/2025/02/04/nanesli-riski.html (rus.).

[9] Assessment of business activity of developers in April 2025. DOM.RF. URL: https://дом.рф/upload/documents/20250203-otsenka-delovoy-aktivnosti-zastroyshchikov-aprel-2025-komplekt-at.pdf (rus.).

Quantity of developers with their market share by housing construction area between 2019 and August 31, 2025, in numbers (calculated and compiled by the authors according to data from NASH.DOM.RF[4])

	2019	2020	2021	2022	2023	2024	31.08.2025
Quantity of developers, total items	2,440	2,175	2,208	2,379	2,591	2,593	2,732
Market share by total area ≤ 0.5 %, items	2,416	2,150	2,187	2,354	2,566	2,570	2,708
Market share by total area 0.5–1.0 %, items	16	16	11	17	17	12	13
Market share by total area 1–1.5 %, items	5	6	5	3	3	5	7
Market share by total area 1.5–2.0 %, items	–	–	2	2	2	4	2
Market share by total area 2–2.5 %, items	–	1	1	–	1	–	–
Market share by total area 2.5–3.0 %, items	1	1	1	2	–	–	–
Market share by total area 3–3.5 %, items	1	–	–	–	–	1	–
Market share by total area 3.5–4.0 %, items	–	–	–	–	–		1
Market share by total area 4–4.5 %, items	–	–	–	–	1	1	1
Market share by total area 4.5–5.0 %, items	–	–	–		1	–	–
Market share by total area 5.5–6.0 %, items	–	–	1	1	–	–	–
Market share by total area 6–6.5 %, items	–	1	–		–	–	–
Market share by total area 6,5–7,0 %, items	1	–	–	–	–	–	–

remains at a fairly high level. In spite of all mentioned above, quantifying profitability of housing investments presents a certain methodological problem and requires additional research.

CONCLUSION

Attractiveness of any sphere of economy for economic agents is determined by the potential profitability that an economic entity can receive as a result of its activities. According to the authors, this profitability can be characterized by a category called marginality. However, currently there is no unified understanding of the essence of this category in economic theory and practice. This article offers the authors' approaches to understanding profitability of housing investments based on the specifics of this market. Conducted statistical analysis shows that despite the transition to project-tied lending and the increase in the cost of loaned financial resources, the main indicators of the housing construction market functioning, after a slight decrease, demonstrate upward trends, the volume of housing construction is growing, new players are entering the market. The housing investment market has not become less attractive for developers, which indicates that a high level of marginality of housing investments has been maintained.

At the same time, it is shown that differences in quantitative estimates of housing investment market projects' marginality conducted in the framework of various studies indicate lack of a unified approach and necessity to form a common methodological framework for calculating and planning marginality of housing investments.

REFERENCES

1. Balikoev V.Z. In Scientific Research Should Be Used Scientific Terminology. Tomsk State University Journal of Economy. 2019; 45:6-18. DOI: 10.17223/19988648/45/1. EDN ZDNUZF (rus.).
2. Balikoev V.Z. Terminology stubs of economic sciences. Siberian Financial School. 2016; 1(114):3-11. EDN VOTMDF (rus.).
3. Khodorovski M.Ya., Zubkova O.V. The systemic contradiction between maximizing margin income and minimizing operational risk. Economic analysis: theory and practice. 2010; 23(188):16-22. EDN MSTQFT (rus.).
4. Averina T.N. Terminological paradox of marginal income. Philosophy of economy. 2024; 5:132-144. DOI: 10.5281/zenodo.13920263. EDN YDHPDD. (rus.).
5. Filatov E.A., Merkulov A.S. A forecast model of break-even funding investment in innovation in the production activity of construction companies. Financial research. 2016; 1(50):117-127. EDN WBCWQL (rus.).
6. Vladimirova I.L., Tsygankova A.A., Kosareva Yu.Yu. Transforming housing construction: project cost management challenges. Real estate: economics, management. 2021; 1:14-19. EDN LXVCJA (rus.).
7. Bekker T.A., Buzina M.V., Tupikova O.A. Approach to assessing the effectiveness of investment project for the construction of apartment buildings. Bulletin of Baikal State University. 2022; 32(3): 543-549. DOI: 10.17150/2500-2759.2022.32(3).543-549. EDN POGGHY (rus.).

Исследование маржинальности жилищных инвестиций

Целью данной работы является исследование маржинальности инвестиционных проектов, реализуемых девелоперами на рынке жилищных инвестиций. В статье показано, что в настоящее время в экономической теории и практике отсутствует единое понимание категории «маржинальность жилищных инвестиций». Исследуя этимологию термина, авторы дают свое понимание сущности этой категории применительно к рынку жилищных инвестиций. Показано, что различия в количественных оценках уровня маржинальности проектов на рынке жилищных инвестиций, выполняемые в рамках разных исследований, свидетельствуют об отсутствии единого подхода и необходимости формирования общей методической базы для расчета и планирования маржинальности жилищных инвестиций. На основе статистического анализа показано, что с переходом к новым условиям финансирования жилищного строительства рынок жилищных инвестиций не стал менее привлекательным для девелоперов, что свидетельствует о сохранении высокого уровня маржинальности жилищных инвестиций.

Ключевые слова: *маржинальность, жилищные инвестиции, жилищное строительство, девелопер, доходность проекта*

СПИСОК ИСТОЧНИКОВ

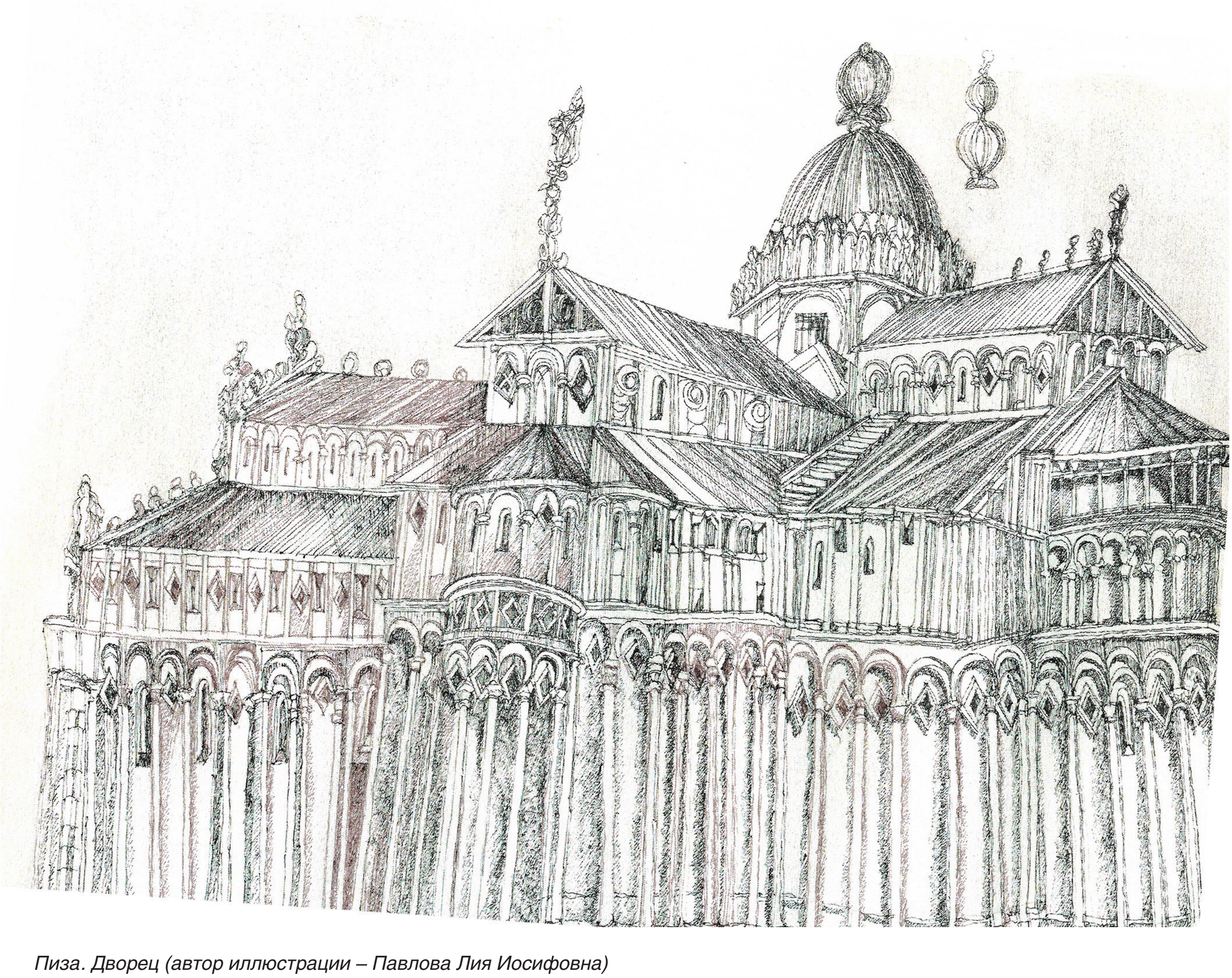
1. Баликоев В.З. В научном исследовании должна использоваться научная терминология // Вестник Томского государственного университета. Экономика. 2019. № 45. С. 6–18. DOI: 10.17223/19988648/45/1. EDN ZDNUZF.
2. Баликоев В.З. Терминологические тупики экономических наук // Сибирская финансовая школа. 2016. № 1 (114). С. 3–11. EDN VOTMDF.
3. Ходоровский М.Я., Зубкова О.В. Системное противоречие между максимизацией маржинального дохода и минимизацией операционного риска // Экономический анализ: теория и практика. 2010. № 23 (188). С. 16–22. EDN MSTQFT.
4. Аверина Т.Н. Терминологический парадокс маржинального дохода // Философия хозяйства. 2024. № 5. С. 132–144. DOI: 10.5281/zenodo.13920263. EDN YDHPDD.
5. Филатов Е.А., Меркулов А.С. Прогнозная модель безубыточности с учетом инвестиций в инновации производственной деятельности строительных компаний // Финансовые исследования. 2016. № 1 (50). С. 117–127. EDN WBCWQL.
6. Владимирова И.Л., Цыганкова А.А., Косарева Ю.Ю. Transforming housing construction: project cost management challenges // Недвижимость: экономика, управление. 2021. № 1. С. 14–19. EDN LXVCJA.
7. Беккер Т.А., Бузина М.В., Тупикова О.А. Подход к оценке эффективности инвестиционных проектов строительства многоквартирных жилых домов // Известия Байкальского государственного университета. 2022. № 32 (3). С. 543–549. DOI: 10.17150/2500-2759.2022.32(3).543-549. EDN POGGHY.

Об авторах: **Овсянникова Татьяна Юрьевна** — доктор экономических наук, профессор, заведующая кафедрой экспертизы и управления недвижимостью; **Томский государственный архитектурно-строительный университет (ТГАСУ)**; 634003, г. Томск, Соляная пл., д. 2, стр. 2; РИНЦ ID: 504255, Scopus AuthorID: 57200290377, WoS ResearcherID: E-6457-2016, ORCID: 0000-0002-0771-7114; tatovs@mail.ru;

Прокопенко Яна Юрьевна — магистр строительства, ассистент кафедры экспертизы и управления недвижимостью; **Томский государственный архитектурно-строительный университет (ТГАСУ)**; 634003, г. Томск, Соляная пл., д. 2, стр. 2; РИНЦ ID: 1221285; yana-prokopenko@internet.ru.

For citation: Ovsiannikova T.Yu., Prokopenko Ya.Yu. Research of marginality of housing investment. *Real Estate: Economics, Management.* 2025; 3:12-16.

Для цитирования: *Овсянникова Т.Ю., Прокопенко Я.Ю.* Research of marginality of housing investment // Недвижимость: экономика, управление. 2025. № 3. С. 12–16.



Пиза. Дворец (автор иллюстрации – Павлова Лия Иосифовна)