**Calculation of Index of Real Estate Market for the Forecasting of the Housing Prices in Moscow**

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**I. Introduction**

The Real Estate Market is a very difficult, diverse and intricate to comprehension system. Even if it is only the urban housing market it is millions of apartments with their own unique characteristics like the view from the windows or the level of repairs, the state of the entrance or presence of a concierge. All these apartments are located in different regions of the city, each of which has its own infrastructure and transport accessibility, has a certain level of ecological environment and own prestige.

Despite the complexity and intricacy of the Real Estate Market more and more people become interested in understanding its current stateand in timely tracking the new trends of the Real Estate market. It isrelevant not only for the direct real estate market participants - realtors or real estate developers, but also for the investment and insurance companies, banks and financial groups, individuals interested in improving their living conditions or wishing to invest free money in real estate.

**Calculation of Index of Real Estate Market**

 The housing market in Russia began to develop in the beginning of the 1990s, when it was destroyed pre-existing system of mandatory supplies of real estate to the public sector. The reform of the housing sector has led to the legalization of operations in this sphere; participate in these operations individuals and legal entities. Transition housing sector to a market relation demanded the establishment of an appropriate information base and methods of statistical observation.

Calculation of the index of housing market is conducted on two groups of databases. The first group - a database of supply of apartments based on exclusives real estate firms. The second is the data of the actual real estate transactions. Databases of the first group are more capacious (from 10,000 to tens of thousands of variants) and widely available. This data is needed to build the index through the narrow segment of the market like a separate area of ​​the city. Database of the second group is less capacious (from a few hundred to several thousand variants). They basically need to build a system of adjustments in the bid prices to the prices of actual transactions.

To calculate the index of real estate market using data aftermarket. This is due to the fact that the aftermarket is regulated by the laws of economics, based on the balance of supply and demand. In most areas of the city (with the exception of areas mass building) exactly aftermarket determines the price level and its dynamics. Why not the primary market? The primary market is mainly governed not economic but political and administrative law. Price and dynamics are set by the builder, who may have a goal to sell out quickly all apartments or, on the contrary, to wait a moment and sell at a higher price. But in any case the influence of the price level of the aftermarket does not go past the primary.