



MONTENEGRO TO CHANGE ITS FOREIGN OWNERSHIP LAWS

[Montenegro](#), [Pluto Developments](#), [Land Ministry](#), [Kotor](#), [Tivat](#), [Russia](#), [UK](#), [Serbia](#), [Ireland](#), [Colliers International](#)

The Montenegrin government has backed a draft law which will make it easier for foreign investors to purchase land in the country. Although there are currently no restrictions on foreigners owning property in the country, buying land for personal use or to develop property in Montenegro is viewed by some property professionals as a time-heavy exercise, requiring a buyer to set up a Montenegrin company – a task generally only undertaken by serious investors.

"No-one likes red tape and for a long time, Montenegro was one of the world's top producers," said Justin Faiz, MD at Montenegrin-based property agents Pluto Developments. "In the early days we needed 30 permits to build, including one from the Yugoslav army which had ceased to exist. Luckily the Montenegrin government has been changing its approach in the last couple of years to help attract investment and speed its path to EU membership. By changing the law, Montenegro will make it more straightforward for overseas individuals to buy land. Unfortunately most of the best land on the coast has already been taken and inland, prices have been rising fast but there are certainly still rewards for anyone prepared to do their research."

Foreign ownership

According to Rajko Jankovic, head of the Montenegrin government's Land Ministry, foreign citizens have been snapping up property regardless of restrictions and now own 19,209 hectares of land and 1.52 million sqm of apartments, houses and business space in the country. In the city of Budva 25% of property or business is foreign owned, followed by the towns of Bar and Tivat with 20% and Herceg, Novi and Kotor which have 16.6% of all property and business in the respective areas owned by foreign nationals. In total, foreigners account for 8.49% of all non-business space in Montenegro.

The ministry also released a breakdown of the total land area and square metreage of apartment space owned by foreign residents in 2007. Serbia dominated the list owning 15,936 ha and 1,100,746 sqm of apartment space, followed by Bosnia Herzegovina 1,721 ha - 131.621 sqm, Russia 292.1 ha - 131.6 sqm, UK 216.6 ha - 52.328 sqm, Slovenia 259.2 ha - 48.969 sqm, Croatia 532.7 ha - 29.801 sqm and Macedonia 112.1 ha - 13.290 sqm.

Faiz added that although the British were the most active buyers coming through his company, a slowdown in the British economy would make other buyer markets more important to agents in the country. "We expect a greater proportion of buyers to come from places such as Ireland, Russia and the Netherlands in the near future," he said. "Russians are probably the fastest growing group right now thanks to walk-in business in Montenegro and word of mouth."

Investor interest

The proposed law changes from the Montenegrin government come off the back of a year which saw Montenegro strengthen its position as one of Europe's top property investment destinations. Holiday-Rentals.co.uk, the largest holiday rental portal of its kind with over 50,000 listings, recently ranked the city of Kotor in the country as the most up and coming destination of 2007. "The total number of enquiries received for properties in Kotor in 2007 increased by a huge 220% when compared to 2006," said Greg Grant, the portal's UK country manager. "The number of properties listed also increased by 179%. It seems travellers and holiday home owners alike are being drawn to the country's scenery, Adriatic coastline and the World Heritage town of Kotor."

Real estate prices on Montenegro's coast are also rising by up to 50% per annum in some areas, according to research from Colliers International Serbia. New modern buildings in the popular towns of Herceg, Novi, Ulcinj, Bar

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and Tivat are now between €2,500 – €5,000 per sqm while in Budva, Sveti Stefan and Petrovac prices are ever higher.

Environmental awareness

Colliers also noted that industry professionals are urging investors to look at the region soon, as the World Bank has agreed to invest £5million into Montenegro's tourist industry - helping maintain its sustainability.

"Montenegro's coastline has become one of the most potent property investment markets in the world, said Jovan Jovanovic, manager of Colliers International Serbia Investment and Corporate Advisory Service. "Revenue from the sale of real estate in Montenegro has increased by 400% in just two years according to official figures," Jovanovic added.

However, Montenegro has recently ratified the Barcelona Convention, a treaty signed by countries with a Mediterranean coastline, to ban the development of residential and commercial premises within 100 meters of the Mediterranean Sea – a move designed to stop the over development of coastal resorts.

In response, Louis Maguire, manager of developer UEP Montenegro, told OPP the town of Tivat is proving popular amongst environmentally aware international investors, with its research revealing that in 2006, some 70 UK residents moved into the town compared to 850 in 2007. Maguire put the sharp rise in investment activity down to plans by the Serbian government to reorganize coastal development in the region, by issuing new licences for development by June this year. UEP believes prices in the region will take off as a result.