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THE POCKETROCKET

IT MAY BE TINY, BUT MONTENEGRO IS *THE* TOURISM HOTSPOT OF RECENT YEARS, WHICH IS WHY PROPERTY INVESTORS ARE FLOCKING TO ITS DRAMATIC SHORES. GEORGE SELL REPORTS.

"At the birth of our planet, the most beautiful encounter between the land and the sea must have happened at the coast of Montenegro. When the pearls of nature were sown, handfuls of them were cast on this soil." Lord Byron

The newly independent Adriatic state of Montenegro is now firmly on the overseas property map, even though it is a thorn in the side of cartographers who have perennially struggled to fit its name in the tiny space it takes up in an atlas. Since it split from Serbia in 2006, the country has begun to attract the kind of well-heeled visitors it hosted during the 1960s and 1970s, when Sveti Stefan Resort was a playground for the jet set. Elizabeth Taylor and Richard Burton are said to have disturbed guests with their tumultuous rows here, and Sophia Loren taught the hotel's chef how to cook pasta.

Visitors and property buyers are drawn by the country's stunning natural beauty, and a landscape that encompasses mountains, fjords, walled cities and miles of beaches.

The World Travel and Tourism Council says Montenegro has seen more tourism growth over the last ten years than any other country, and visitor numbers are expected to rise by an average of 9.9 per cent every year between 2007 and 2015.

As a result property prices are rising fast and the country is no longer the preserve of those looking for bargain basement homes.

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Sian McDermott of Montenegro Premier Properties says: "The market is quieter now than it was 18 months ago when property was very cheap and was snapped up very quickly. As markets mature they appeal to different buyers. First you have the speculators and developers hoping to renovate or build and sell on in a reasonably short period of time. Now we have the developments being built, with off-plan selling, and land still being sold. Hopefully this will bring the stability that the new buyers are looking for. These purchasers are looking, not for the quick turn around, but for the longer-term gain. They want to use their properties for themselves, to enjoy this stunningly beautiful country, while feeling comfortable that their equity will rise over the years to give them a substantial capital gain. Furthermore they will be able to rent these properties to cover their costs and maybe provide some additional income."

Much of the property activity in Montenegro is centred around Kotor Bay, and the towns of Kotor, Risan, Tivat, Perast and Herceg Novi. Often described as Europe's southernmost fjord, the twisting bay is actually the submerged canyon of the river Bokelj, which used to flow from nearby Mount Orjen to the Adriatic.

Someplace Else is selling two new-build schemes in Kotor Bay. Boka Heights is a development of one- and two-bedroom apartments in Dobrota, 300 metres from the water with stunning views of the Boka Bay.

The development is located five kilometres to the west of Kotor, a walled Venetian town which is home to museums and heritage sites, a marina, shopping facilities, bars, restaurants and nightclubs.



LEFT INTERIOR Lounge and terrace at the Lustica Panorama apartments. Prices from £157,000, through Montenegro Premier Properties
 MIDDLE INTERIOR A double-height galleried apartment at the Blue Laguna Beach Resort, where prices start at £135,000, through Simple Overseas Properties
 RIGHT INTERIOR Bedrooms at Montenegro Premier Properties' Lustica Panorama development boast views across the Adriatic

Phase One of the development will consist of 32 apartments, each with balconies or patios and access to a communal swimming pool in landscaped gardens. Prices start from £70,000.

The Kotor Bahia development is described as a high-specification, luxury scheme and features underfloor heating, parquet flooring, air conditioning, two jacuzzis and two swimming pools, with views across the bay to Kotor old town. Prices for apartments here start at £160,000.

Staying in Kotor Bay, Pluto Developments has unveiled its latest off-plan project, Kotor Vista. The 36-apartment development is situated in the village of Muo, which is characterised by stone houses built in the traditional medieval style, and surrounded by wooded mountains. The apartments overlook the bay and Kotor's UNESCO-listed old town.

The scheme features balconies, open-plan living spaces, two double bedrooms and two bathrooms each, a café, children's adventure playground, private parking and a 24-hour concierge service.

This development also has impressive environmental credentials. Filtered rainwater is recycled for watering the grounds and filling the swimming pools, while the pools and hot water systems are partially heated by solar power and the gardens are lit with solar-powered lights.

Floor spaces range from 78 to 85 square metres and prices from £155,000 to £173,000. The apartments are scheduled for completion in 2008.

Justin Faiz, managing director at Pluto Developments said: "Kotor Vista provides the fast-growing number of overseas property investors in Montenegro with a highly differentiated and upmarket alternative. No detail has been overlooked in its design and it's one of the last developments to be granted permission in the municipality, meaning the unique character of the area will be preserved."

Faiz adds that Montenegro has seen what he calls a "spectacular rate of capital appreciation, which has seen rises of between 20 and 40 per cent over the last year".

Simple Overseas Properties is marketing the Blue Laguna Beach Resort in the town of Tivat, where it is offering investors a six per cent rental yield, guaranteed for three years, with two weeks per year retained for the owner's use.

Due for completion in early 2009, the scheme will consist of 153 apartments, an 'aparthotel', a restaurant, beach bar, tennis courts, fitness centre and supermarket. Prices start from £135,000.

Tivat is tipped as a hotspot by many, and property prices here are set to rise significantly. Its airport makes it very accessible and it is also the site of a

huge marina and resort project on the site of a former naval dockyard proposed by Canadian gold-mining tycoon Peter Munk.

Away from the bay, on the Adriatic coast, Montenegro Premier Properties is marketing Lustica Panorama, a development of nine apartments close to the Mirista and Zanjice beaches on the Lustica Peninsula. The development will consist of three blocks of three apartments. Each block contains two duplex apartments and one penthouse. Each building has its own pool, parking and sea views. Prices start from £157,000.

Karl Morris of Simple Overseas Properties says that new-build apartments seem to be what most overseas purchasers are looking for: "Because Montenegro is an emerging market, the majority of purchasers are first-time buyers who are purchasing new properties off-plan, so a mature resale market has yet to develop."

His thoughts are echoed by Sian McDermott, who says: "Off-plan apartments are now the most asked for properties by purchasers, not only because of the possible financial advantages of buying before a development is built, but also because they tend, by their nature, to be designed for the holiday rental market. Being modern they are easy to run, easy to secure and suitable for renting."

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This is not to say that resales and renovation properties are not also popular.

"The traditional old stone properties, as well as anything that is waterfront, are always popular, but of course they are few and far between and go for a premium," says McDermott.

"Ruins are still popular," he says, "either for those who can only afford a ruin, but hope that in sitting on it for a year or so they will have increased their equity, or for those who want to develop the ruin and have the benefit over those just buying land because the 'object' avoids them having to form a company.

"Also an old stone ruin allows those who were keen to have an 'old stone house' the opportunity to rebuild the property, adding their own touches."

Someplace Else reports that land that has building permission or with a ruin on it, as well as old stone houses are definitely the most popular requests from its customers.

And as prices for waterfront properties rise inexorably, buyers are looking further inland for bargains, while Simple Overseas Properties says it is looking at ski developments in Kolasin.

So Montenegro may be a geographical minnow but it as its market rapidly matures it looks set to become a big fish in the overseas property world.

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THE BUYING PROCESS

- ✦ The most important tip for buying property in Montenegro is to hire an impartial lawyer and go through the deeds to any property with a fine-tooth comb. Lawyers fees are typically in the region of £500. Traditionally property has changed hands without registration and documents. During the communist regime, land and property were confiscated from wealthy families and sometimes divided up and given to poorer families. The original owners may now have a claim on the land.
- ✦ When clean title has been established, a pre-contract will be drawn up. A non-refundable deposit of around £2000 is paid to the seller at this point. After 28 days, the final contract is signed. You can give your lawyer power of attorney to sign this for you.
- ✦ Once the two per cent purchase tax is paid, your lawyer will present the purchase contract (signed by both parties), receipt of tax payment and official request for the change of ownership of the property to the local Cadastre. The change of ownership procedure is usually completed within 60 days.
- ✦ Stamp duty varies according to the value of the property up to €113,000 (£76,000). Above this figure it is a flat rate of €300 (£155).
- ✦ Property purchase is freehold. Houses, including ruins, can be bought by individuals, but you have to form a company to buy land.
- ✦ Montenegro does not have a double taxation treaty with the UK or Ireland.

