

Montenegro is Europe's latest prime location

# New kid on the bloc

**U**NTIL last year, many people thought it was a city in Brazil. But the little Mediterranean state of Montenegro, which broke from its union with unstable Serbia last year, is now firmly on the radar of British second-home owners.

Since word got out about the jaw-dropping scenery of the Kotor fjord, with its World Heritage towns and cheap waterfront houses, investors have flocked to the Balkan country, which has now adopted the euro.

Prices have risen by 30 per cent in a year and the World Travel and Tourism Council has predicted that property should 'triple, if not quadruple' between 2005 and 2014.

Less developed than fashionable Croatia, Montenegro is ripe for a property boom. But there are two problems: a shortage of homes and a lack of mortgages.

Not for much longer, though. The Austrian-based Hypo Bank has offered the first mortgage to British buyers, for up to 70 per cent of a property's value. Interest rates are high at 9 per cent but are expected to drop to 7-7.5 per cent soon.

'The market, which has been stifled by limited supply and thus high prices, will be unlocked by the availability of mortgages,' says Caroline Hollingworth who has been operating there for two years.

Andrea Marston of Dream Properties Montenegro agrees, and expects another bank to enter the market shortly.

'But the arrival of low-cost airlines and investment in infrastructure will also be significant in the country's re-emergence as a glamorous tourist destination,

by Liz Rowlinson

as it was before the Balkan Wars,' she says.

A total of £340 million has been invested in a super-marina at Tivat, and there are developments springing up along the coast.

One such development is a gated resort dubbed San Ference, in

Sutomore. Four five-star hotels will accompany 160 apartments starting at £65,000. These new-build projects are cheaper and more practical than the region's traditional properties, which can have complicated title deeds.

'Off-plan sales are now booming for the first time, and the British are the biggest buyers. The build quality is better, and they are ideal for people looking for a lock-up-and-leave property,' says Marston.

Three small developments are being launched at Kotor Bay next month. Kotor View at Muo has 13 apartments, with one-bedrooms from £90,000, and two-bedrooms from £110,000.

Max Nicholls is planning on capitalising on the summer rental market after buying a one-bedroom apartment for £65,000 in Kotor Muo through Pluto Developments.

Max, a 49-year-old fundraising consultant from Birmingham, says:



Breathtaking: Kotor Bay offers World Heritage towns and inexpensive waterfront homes

Picture: ALAMY

'Montenegro is laid-back, still a bit rough around the edges and won't appeal to those who like brash places such as Marbella. It's dirt cheap ten miles inland, but you really want to be in the Kotor Bay area. We're 15 minutes from Kotor Old Town, which is UNESCO protected.

'We considered old properties but the windows are too small and the balconies look out the wrong way,' he adds. A renovated older property now costs £2,000 per square metre, compared with £1,500 per sq metre for a new-build or wreck. Buying old can be fraught with pitfalls.

For this reason, Steve Tattershall, from Bridport in Dorset, has set up a business, A Home In Montenegro, aimed at guiding British buyers through the process.

'I cannot over-emphasize the importance of researching a property and of using a good lawyer,' he says. 'We will only recommend agents we trust and can help people avoid the horror stories that stem from buying at an over-exuberant price or from being in the wrong location.

'Montenegro offers huge potential and its break with Serbia has speeded up its chances of EU accession by 2010. I chose it over Morocco, Brazil and Estonia,' adds Tattershall.

■ **HYPOTHECA** (020 7730 7764); Hollingworth and Associates (0845 456 7737); Dream Properties Montenegro (dreammontenegro.com, 01753 831182); A Home In Montenegro (ahomeinmontenegro.co.uk, 01308 456253).

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