



A Balkan beauty

Europe's newest state, Montenegro, is the fastest-growing tourist destination in the world — but investors need fat wallets, says **Cathy Hawker**

DRIVE slowly around the crystal waters of Boka Kotorska, southern Europe's only fjord, and the glistening beauty casts a magical spell. Steep mountains and green hillsides descend to the bay where Venetian stone villas, many falling elegantly to rubble, sit on the waterfront. On the calm water rickety fishing boats bob in small harbours, moored beside some seriously swanky yachts.

Welcome to Montenegro, an emerging property market lying between Bosnia and Albania and finely balanced between becoming one of Europe's most naturally beautiful coastal destinations or a future of architectural eyesores.

Montenegro's new independence has been hard won with years of communist rule as part of Yugoslavia, followed by the dark days of the Balkan wars. The referendum choice to separate from Serbia in 2006 made Montenegro Europe's newest country, and in spite of a weak infrastructure and poor tourist facilities, what a country it is.

The 200-mile coastline includes the awe-inspiring Boka Kotorska — a vast inland bay. Yet further along the coast towards the Budva

'People are coming for investment and lifestyle. They may be surprised by the prices'

Riviera, new hotels aimed at the affluent Russian market are being built — large, brash buildings that threaten to overwhelm the area.

Private investors are busy, too. Canadian businessman Peter Munk is building Europe's second-largest marina in unattractive Tivat, while Roman Abramovich has his eye on a nearby stretch of coastland. This interest means that while Montenegro may be emerging, its property prices are surprisingly steep.

"Three years ago you could find a stone ruin for £7,050," says Jugoslava Markovic of Sunny Estates. "Now even some ruins are more than £700,000. Villages such as Perast, near the Unesco heritage town of Kotor, are popular with British buyers but there's a shortage of older properties." Sunny Estates has a five-bedroom stone villa on the waterfront near Perast for sale at £1.83 million.

Markovic has lived in Montenegro all her life and says there is now a feeling of optimism in the country. "The government has good vision," she says. "We adopted the euro and tourist numbers are growing fast." Tourism numbers, up 8.5 per cent in 2005, are predicted to grow by 9.9 per cent annually until 2015, making Montenegro the fastest-growing tourist destination in the world,



Perast is popular with British buyers but there is a shortage of older properties. Sunny Estates has a five-bedroom villa near there for £1.83 million

according to the World Travel and Tourism Council. Yet there is a shortage of luxury villas and apartments for rental and this, according to Michael Trefz of Ready2Invest, is where potential investors should be looking.

"Buyers are coming here for investment and lifestyle," says Trefz. "People may be surprised by the prices but when they come and experience the beaches, the geography and the climate, it makes sense. Montenegro has four national parks and the second-biggest canyon in the world. You can ski, hike and swim here."

Ready2Invest is selling 19 off-plan villas at Androvići, a 17-hectare site near Sveti Stefan on the Budva Riviera. The two- to four-bedroom villas are designed by Robert Dallas in an attractive Provencal style with pale stone walls, green shutters and red-tiled roofs. Prices are from £563,400 to £845,100, with completion expected by 2010.

"Androvići will be run as a boutique resort," says Trefz. "The sea views and sympathetic design will appeal to a rental market looking for quality accommodation. The Balkans are already a favourite destination for Russians, Germans and Austrians."

ELSEWHERE, Markovic says, £211,270 will buy a two-bedroom resale apartment five minutes from the old town of Budva, £352,120 would buy a house in Kotor and £704,000 would secure an unmodernised four-bedroom waterfront property. But buyers should be aware that there are unfamiliar local laws and procedures in a market that is often unregulated. Property agents and developers should be carefully



£98,000 to £160,000: two- to four-bedroom flats at Acacia Hill in Djenovići, Kotor Bay. Through Pluto Developments (00 382 88 350300)

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'Land was half the price of Croatia'

PROPERTY developer Geoff Thomas, 50, from Bristol, says he has built his career by "getting in at ground level"; and his investment at Androvići in Montenegro was carefully researched.

"I invested a year ago because land was half the price of Croatia for the same coastline," says Thomas. "Montenegro hopes to join the EU and there's a booming market of affluent Russians keen to holiday there. The value of land has appreciated rapidly and local planners can afford to be more demanding," he adds. "High-quality, well-designed developments attract the upwardly mobile crowd that Montenegro is keen to encourage."



Geoff Thomas gets in early

Thomas's next tip for would-be investors is the inland skiing region. "Zabljak has potential as a ski resort as it is very high, with snow in July," says Thomas. "Infrastructure is the key and with a new road planned in the next two years from Boka I am considering buying land there."

checked out and employing the services of an experienced bilingual lawyer is crucial.

"Purchasing land in Montenegro is difficult," acknowledges Michael Trefz of Ready2Invest. "The market is highly fragmented and even the purchase of a single house can include dozens of sellers. The good news is that those who do complete on a purchase can secure good value for their money in a stunning location."

Contacts

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Pluto developments: 00 382 88 350300 Plutodevelopments.com.

Fact box

- Buying costs in Montenegro include stamp duty at two per cent — with plans to increase this to three per cent — and legal fees of one per cent. Agency fees average three per cent.
- There are no restrictions on foreigners buying property but to buy land they need to set up a local company.



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From £122,155 to £258,389: apartments at the Seagarden resort near Kotor. For more information, call Ready2Invest (01273 627900)

Elizabeth Taylor and Sophia Loren were visitors to Sveti Stefan in the Fifties



The celebrity island

MONTENEGRO "starred" in the last James Bond film, Casino Royale. Eagle-eyed viewers would have spotted that the filming was actually done elsewhere — the Czech Republic doubling for Montenegro — but this was a reminder of the days when the country did attract a glamorous crowd.

In the Fifties the picture-perfect fishing village of Sveti Stefan, an island on the Budva Riviera, became a holiday hotspot, welcoming celebrities such as Sophia Loren and Elizabeth Taylor. The tiny village of just 30 stone houses and narrow alleyways is reached by a small sandy spit. Now, after two decades of neglect, the entire island and two adjoining hotels have been leased by the government to upmarket hotel operator Amanresorts and hopes are high that when the island reopens in 2008, Sveti Stefan will regain its iconic status.