

RESEARCH REPORT

Montenegro Property Market

HOT TOPICS

- In March 2014, the UN Eco building was officially opened in Podgorica, being the first ultra-green building in the region
- Due to limited offer of shopping centers, high street retail zone represents very important segment of retail market
- Budva has been significantly developed during the last five years

OFFICE MARKET

In March 2014, the UN Eco building was officially opened in Podgorica, being the first ultra-green building in the region, designed to be completely self-sufficient in energy.

The construction of the building was financed by the Government of Montenegro with a total investment of EUR 3.5 million. The UN Eco building is situated on the plot of 4,000 sq m, comprising 1,550 sq m of GLA, having predicted lifetime of 100 years.



In general, Montenegro office stock is mostly located in Podgorica, where is the center of business activities. The speculative office stock remained unchanged with 57,400 sq m of GBA, while due to the growth of share of owner-occupied buildings, the total office stock exceeded 75,000 sq m.

Atlas Capital Centre is one of the largest projects in Montenegro, totaling app. 85,000 sq m. This mixed-use complex consists of office space, retail units, residential and business apartments, while the hotel should be opened during 2015.

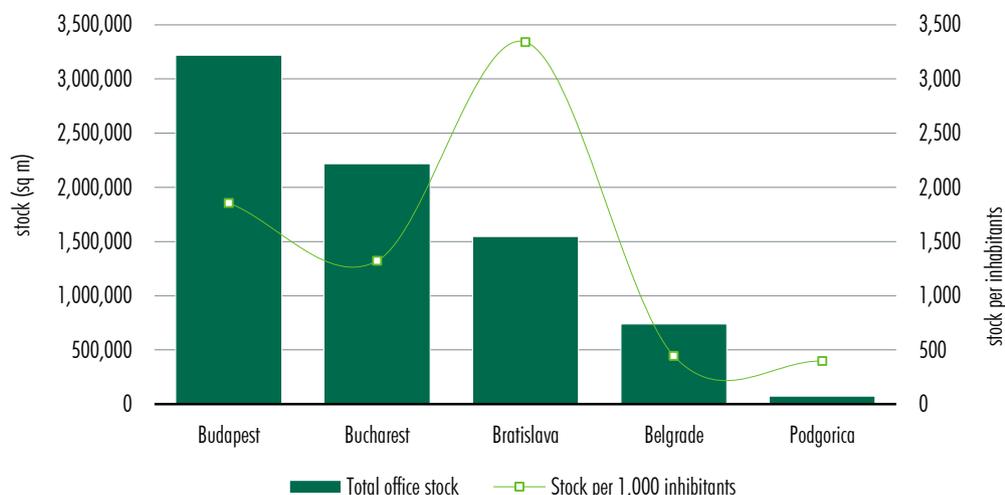
Telenor, one of the first green field investors in Montenegro, announced the beginning of the construction works on new building in Podgorica, covering the plot area of 900 sq m. The total investment will exceed EUR 5 million. The completion of the project is planned for April 2015.

The highest asking rental levels are recorded in the modern office premises in the center of Podgorica, ranging between EUR 15 -19 per sq m/month, while lower prices were marked in case of lower quality office space located in the old part of the city, varying between EUR 11 -14 per sq m/month. Depending on the requested size and location, rental prices can be reduced.

Montenegro essentials

Population (Census 2011)	620,029
Average salary (EUR) November 2014	477
Average Household Expenditure (EUR) 2013	547
Unemployment rate (Labor Force Survey –Q2 2014)	18.5%
GDP Q2 2014 e (y-o-y)	0.3%
CPI November 2014 (y-o-y)	0.0%

Source: MONSTAT



Source: CBS International/CBRE Group

RETAIL MARKET

With few shopping centers trading, such as Delta City, Bazar and Mall of Montenegro, Podgorica modern retail stock exceeds the level of 59,000 sq m, or 320 sq m per 1,000 inhabitants.

In addition to shopping centers, high street retail zone represents very important segment of Podgorica retail market. The excellent position in the city center and visibility attract retailers to choose this option for its business. Hercegovacka, Njegoseva and Sloboda streets, as well as Dzordza Vasingtona Boulevard are the main retail zone in Podgorica.

Rental prices range between 15-25 EUR/sq m, depending on the location, size and position, while some retail units can command higher prices.

RESIDENTIAL AND MIXED-USE MARKET

The largest mixed-use complex in Podgorica, City Quarter, developed by local company Celebic, was completed and all apartments and retail units have been sold out. The same developer recently commenced the construction works on new residential project in the immediate vicinity. This new complex will comprise 6 residential buildings, with retail units on the ground floor.

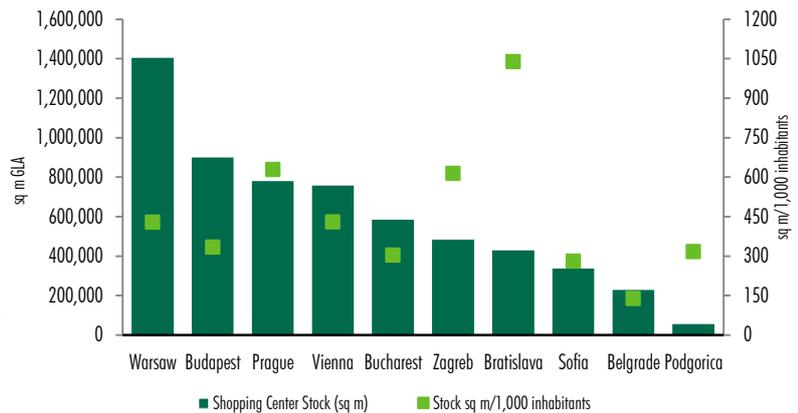
Podgorica residential supply will be enriched by Gradnja Promet's residential project Ljubovic, which is expected to be completed by mid-2015.

Budva region is located in the central part of the Montenegrin Adriatic coast and is considered to be the centre of tourism, thanks to the accessibility and good connectivity to other parts of Montenegro. With numerous projects being completed Budva has been significantly developed during the last five years.

Condo hotel Tre Canne, as one of the prime projects in Budva is located in immediate proximity to Adriatic Fair. The complex comprises 3 towers, central tower and two smaller ones with 275 luxurious apartments, ranging from one to four bedrooms, with gross building area of app. 37,000 sq m.

Dukley Gardens, the high-end project of 36 villas and 202 residential units located in Zavala peninsula, entered the final construction phase. Moreover, Monterra's second high-end residential project DOMXXI consists of 13 floors and underground floor with 70 parking places. The ground floor, the first and second floors are assigned to commercial purposes, while above floors are dedicated to residential purposes. The completion of the project is set for spring 2015.

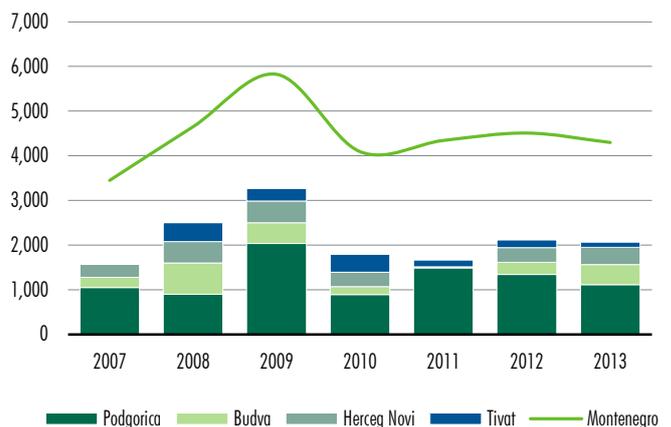
SHOPPING CENTRE STOCK



Source: CBS International/CBRE



NUMBER OF CONSTRUCTED APARTMENTS



Source: MONSTAT

The elite complex Belvedere Residence, developed by Russian company Sagio, is located in the heart of Budva Riviera. The residential complex features 63 apartments, as well as penthouses, apart-hotel with 34 rooms, one villa of 1,200 sq m, SPA, fitness centre etc. the realization of the complex is expected by 2016-year end.

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One of the most representative projects currently underway in Adriatic coastal area is Porto Montenegro, designed as a large-scale mixed-use waterfront project, totalling 200,000 sq m of GBA. As of August 2014, within the complex, hotel Regent Porto opened its doors to the guests. The construction works continued on residential complex Ksenija Residences which should be completed in the summer 2015.

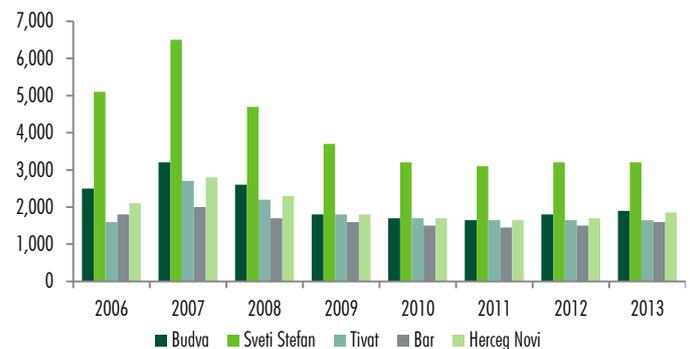
According to Orascom Development's plans, its luxury complex Lustica Bay will feature: 7 hotels, over 500 residential villas, over 1,000 apartments, 2 marinas, spa and wellness centres, conference centre. Although the complex covers 690 ha, less than 6% of the land will be developed. Preparatory infrastructure works have started in the late 2012. At the moment, the construction of apartment buildings within the first phase are almost completed, while the development of a luxury hotel is planned for the second half of 2015.

Another large-scale luxury resort Portonovi in Kumbor envisages the development of ultra-luxury hotel resort of 120 luxury rooms, high-end residences, Henri Chenot's wellness centre of 5,000 sq m, two marinas anchoring large yachts and conference centre. As per the investor plans, the resort should be finished by 2017.

Announced and planned by company Montenegro Resort, Porto Skadar Lake is new luxurious eco-resort, which should feature 30 villas and eco-spa, along with upscale amenities, situated along Skadar Lake.



AVERAGE PRICES OF APPARTMENTS EUR / SQ M



Note: Prices indicated are VAT included
Source: CBS International, Part of the CBRE Affiliate Network

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