

The background of the cover is an aerial photograph of a coastal town in Montenegro. The town is built on a hillside overlooking a large marina filled with many sailboats. The water is a deep blue, and the surrounding landscape is green with some rocky areas. In the distance, there are mountains and a larger body of water.

GUIDELINES

CONSTRUCTION INVESTMENT IN MONTENEGRO

2024



Montenegrin
Investment
Agency



Overview of the document

The main goal of these guidelines is clarify the process of purchase and construction of facilities in Montenegro for investors.

Contracting party of this research project is Montenegrin Investment Agency.

NB: Throughout the preparation of these guidelines, authors were following the requirements set by the contacting party. These referred to:

- The process of the lot purchase,
- Construction,
- Usage – selling the construction facility.

These guidelines provide average prices and deadlines for all required steps for the realization of the investment. Average prices are obtained from the extensive annual experience in the field of construction and financial consulting.

Authors have designed these guidelines for construction of facilities ranging from 250m² up to 5.000m², following the quality type that is currently most often realized for commercial purposes ranging from average to better quality of construction and realization of the investment.

Authors do not guarantee that given prices can always be realized on the market, especially in cases when the investor wants to construct or realize an investment that is not described in these guidelines in terms of size or quality of construction.

These guidelines only provide general information on steps required for the realization of the investment and shall not represent the basis for detailed financial projections or timetable for the realization of the project.

Summary

I REGISTER A COMPANY					
PHASE I	Negotiations with Chamber of Lawyers	Working contract and working permit	Business and VAT registration		Negotiations with accounting agency
Costs (depending on the complexity of work)	700 – 1,000 EUR				150 – 200 EUR per month
Deadline for completion	10 - 25 days				Complete negotiations and arrange a cooperation as soon as possible; this is very important part of doing business in Montenegro
II PURCHASING THE BUILDING LAND					
PHASE I	Market research and business plan	Purchase of the building lot			
PHASE II		Negotiations	Notary costs	Registering	Tax on immovable property
Costs (depending on the complexity of work)	700 – 3,000 EUR	3-5% provision to Agency	200-700 EUR	up to 100 EUR	3% of the property value
Deadline for completion	7-20 days	7-10 days			
III DEVELOPMENT OF ENGINEERING DOCUMENTATION					
PHASE I	Zoning and technical specifications	Research for the design engineering company	Signing a contract with the design engineering company	Conceptual design	Final design
PHASE II				Approval of the Chief State Architect	Architectural design
					Construction design
					Electrotechnical design
					Mechanical design
					3D structure visualisation
Costs (depending on the complexity of work)	10 – 50 EUR/m2	15 - 30 EUR/m2 (gross size)			

IV REVIEW OF ENGINEERING DOCUMENTS

PHASE	Price	Deadline
Selection of Review company	2,00-6,00 EUR/m2 (gross area)	7 – 15 days
Signing a contract		
Review Report		

V FEE FOR CONNECTION OF BUILDING LAND TO UTILITIES

PHASE I	Entire payment	Payment in instalments
PHASE II	15% discount	up to 5 years
Costs (depending on the complexity of work)	Up to 300 EUR/m2 (depending on the municipality and the zone)	
Deadline for completion	15 - 30 days	

VI BUILDING PROCESS

PHASE I	Notification of building work	Selection of the executing works contractor	Selection of Engineering supervision	Contracting		Building works commencement	Rough structural civil works	Construction craft works
PHASE II			Contracting	Turnkey contract	Per unit measure contract			
Costs (depending on the complexity of work)			4 – 7 EUR/m2			650 - 1000 EUR/m2		
Deadline for completion	UP TO 5 YEARS (prescribed by Law)							

VII REGISTRATION

PHASE I	Final Engineering Supervision Report	Surveying	Filling the registration request	Registration
PHASE II				Obtaining property deed
Costs (depending on the complexity of work)		0.70 – 1.50 EUR / m ²	35 – 70 EUR	12 EUR per piece
Deadline for completion	25 – 40 days			

VIII HANDOVER OF THE STRUCTURE

Deadline	From the date of the submission of Final Engineering Supervision Report to the Handover 60 days
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IX USE AND SALE

PHASE I	Presale during building works	Sale after building is finalized
PHASE II	Notary contract	Agency and direct sale
Deadline for completion	Depending on the market	

1. Documentation

Authors have based the study according to following documents and informations from the following institutions:

- Government of Montenegro,
- Ministry of Finance,
- Ministry of Economic Development,
- Ministry of Energy and Mining,
- Ministry of Spatial Planning, Urbanism and State Property
- Montenegrin Investment Agency,
- Municipal regulations and decisions (multiple municipalities of Montenegro) – Municipalities' website,
- Real Estate Administration of Montenegro,
- Central bank of Montenegro,
- Statistical office of Montenegro (Monstat),
- Notary chamber of Montenegro,
- Chamber of lawyers of Montenegro,
- Chamber of economy of Montenegro.

These guidelines are based on multiple feasibility studies, value assessments, court expert opinions, audits and analysis performed by the authors (internal database).



2. Construction industry in Montenegro

Since becoming an independent nation again in 2006, Montenegro has established an investment framework aimed at promoting growth, job creation, and exports. While the ongoing transition has not entirely eliminated structural barriers, the government recognizes the importance of removing obstacles, implementing pro-business policies, and increasing transparency and openness to foreign investors.

In Montenegro, there is no distinction between domestic and foreign companies. Foreign companies have the ability to own 100% of a domestic company and can repatriate profits and dividends without limitations or restrictions. This policy is only exceptioned in a few cases related to defense industries.

The construction sector experienced a robust investment cycle last year, particularly in infrastructure developments around planned ski resorts in the municipality of Kolašin, alongside enhancements to tourism facilities within the city's vicinity. This surge was prompted by clear strategies for ski resort expansion and the completion of the Smokovac-Matešev segment of the Bar-Boljare highway.

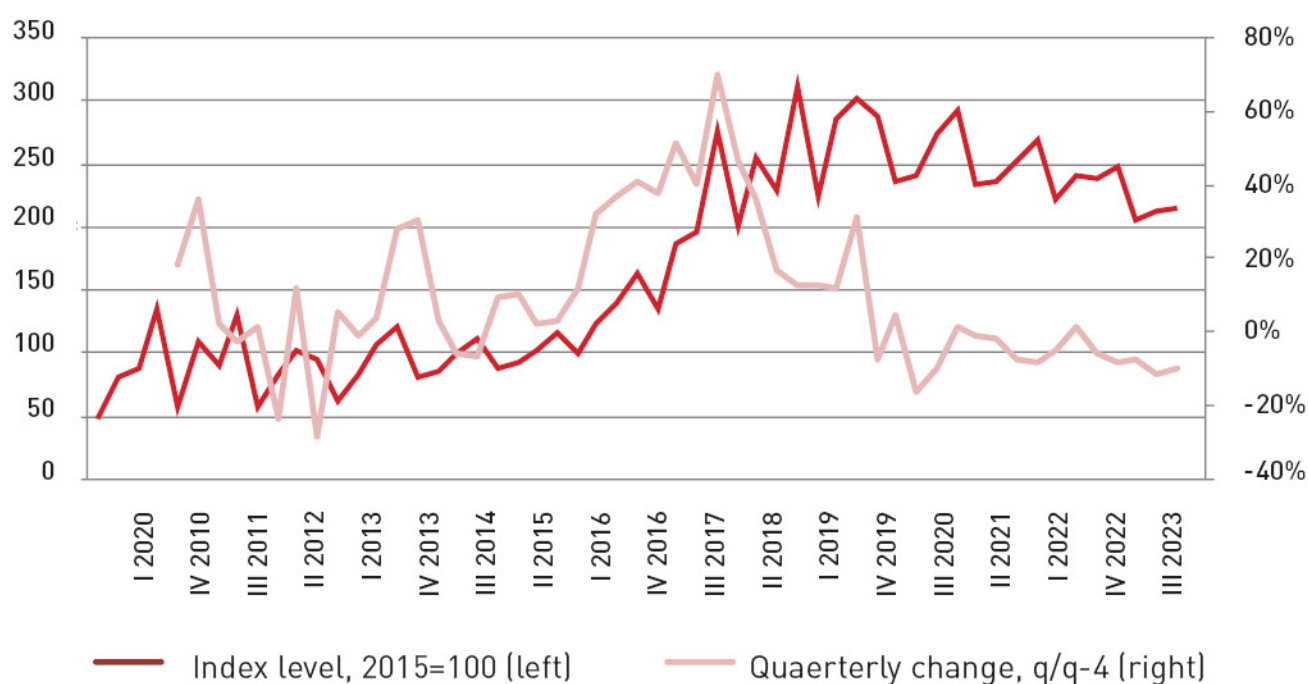
The value of completed construction projects during the initial three quarters of 2023 totaled 460.3 million euros, marking a 9.62% decline compared to the corresponding period in 2022, when it reached 508.9 million euros. Effective work hours logged at construction sites during this 2023 time-frame amounted to 12,959 hours, representing a 4.2% decrease from the same period in 2022, which recorded 13,521 hours.

The rebound in business activities in 2021 following the pandemic-induced downturn led to a rise in the sector's workforce, with 12,684 workers employed, constituting 6.7% of the total workforce. Positive trends persisted in 2022 (15,590 employees) and continued in 2023. The average number of employees over the first eight months stood at 17,215, with a record high of 17,908 individuals employed in August alone, representing 7.06% of the total workforce for that month.

During the first three quarters of 2023, Montenegro issued 261 construction permits and work notices. Out of this total, 167 permits were issued to individuals, while 95 were allocated to legal entities. Compared to the same period the previous year, the total number of apartments and their combined area, as indicated by issued work notices in the initial three quarters of 2023, amounted to 1,481 (a 0.5% increase), with a cumulative area of 101,543 square meters (a 5.6% increase).

According to preliminary data from MONSTAT, in 2022, there was a decline in majority of construction indicators. Compared to the previous year, the value of completed construction works decreased by 4.44% (amounting to 688.72 million euros), while construction activity measured by effective working hours decreased by 2.89% (amounting to 18.12 million euros). The value of new contracts for other buildings was 166.98 million euros, an increase of 24.21%, while the value of new contracts for residential buildings amounted to 87.12 million euros, representing a decrease of 11.47%.

Value of finalized construction works, index level, 2010=100



Source: Monstat

Average prices per square meter of dwellings in new residential buildings by region¹, in EUR, III quarter of 2023 (p)

	Average prices per 1m ² in EUR (1)=(2)+(3)+(4)	Price for arranging construction land (2)	Price of construction works (3)	Other costs (4)
Montenegro (average)	1.643	188	1.316	139
Enterprises (average market)	1.647	188	1.318	141
Solidarity housing development ²	589	-	589	0
The capital city of Podgorica (average)	1.700	171	1.390	139
Enterprises (average market)	1.700	171	1.390	139
Solidarity housing development	-	-	-	-
The capital city of Podgorica (average)	1.584	232	1.208	144
Enterprises (average market)	1.584	232	1.208	144
Solidarity housing development	-	-	-	-
Coastal region (average)	662	101	486	75
Enterprises (average market)	682	128	458	96
Solidarity housing development	589	0	589	0
Northern region (average)	1.288	171	1.003	114
Enterprises (average market)	1.288	171	1.003	114
Solidarity housing development	-	-	-	-

Coastal region: Bar, Budva, Herceg Novi, Kotor, Tivat and Ulcinj.

Central region: Cetinje, Danilovgrad, Nikšić, Tuzi and Zeta.

Northern region: Andrijevica, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Pljevlja, Plužine, Rožaje, Šavnik and Žabljak.

Solidarity housing development includes the sale of dwellings by housing cooperatives and organizations in cooperation with local self governments (municipalities) or other institutions, under more favorable conditions. Construction is done for the state institutions needs, organization and enterprises i.e. employee in these institutions in all municipalities of Montenegro.

- no occurrence

Efforts are currently underway to draft new legislation, including laws on Spatial Planning, Building Construction, and Legalization of Unauthorized Constructions. These new laws aim to streamline processes identified by entrepreneurs as previous business obstacles. Additionally, work is ongoing to develop Montenegro's Spatial Plan, a vital tool for establishing a sustainable framework for social, territorial, and economic development in the country.

Regarding the property market, the average price per square meter of newly constructed commercial properties in Montenegro rose by 13.6% in the third quarter of 2023 compared to the same period in 2022. In Podgorica, prices increased by 15.7% during the same period.

Prices of new apartments - third quarter 2023 (MONSTAT)

According to the methodology of survey 'Prices of dwellings in new residential buildings', the calculation of average price per square meter of dwellings in new residential building takes only dwellings that were sold on the market for the first time, or for which a purchase contract was concluded for the first time.

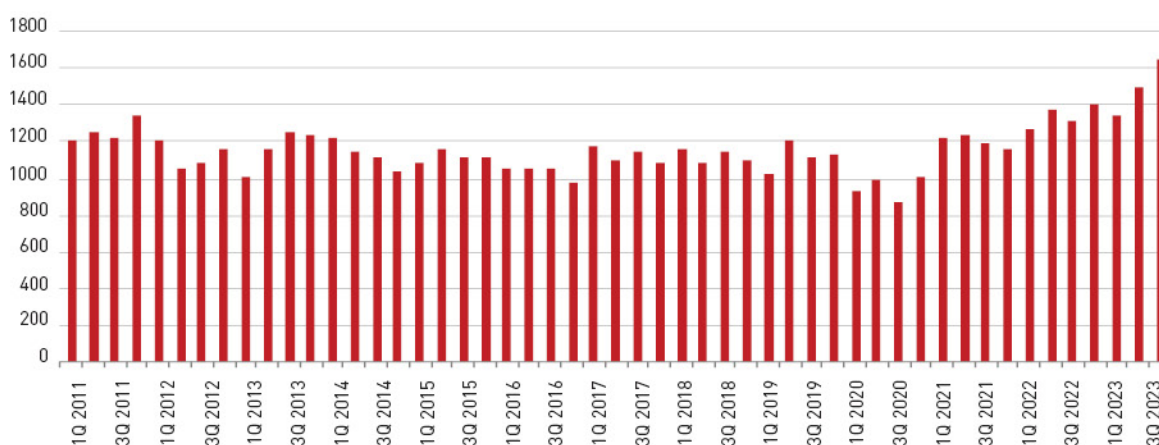
The subject of this survey is neither the existing (old) dwellings, nor other types of real estate: business facilities, land, and others. The survey does not reflect supply and demand of new dwellings on the market, but prices calculated on the basis of concluded sales contracts.

The average price per square meter of dwellings in new residential building in the third quarter 2023 was: in Montenegro 1 643 EUR; in Podgorica 1 700 EUR; in coastal region 1 584 EUR; in central region 662 EUR, and in northern region 1 288 EUR.

The average price of dwellings in new residential building significantly depend on the share of solidarity housing development dwellings. If the share of these dwellings is higher, the average price of dwellings in new residential building will be significantly lower, or if this share is lower, the average price will be higher.

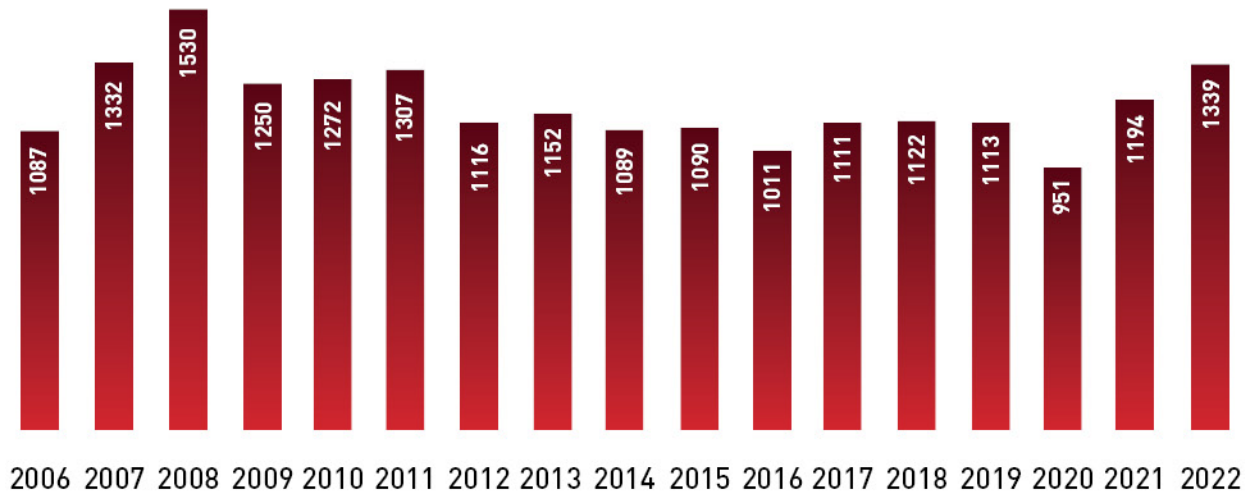
This release shows the average price per the square meter of dwelling in new residential building according to the following categories: enterprises (average market price), and solidarity housing development. The average price per square meter of dwellings in new residential building in Montenegro, in category enterprises, in the third quarter of 2023 is 1 647 EUR, while in category solidarity housing development is 589 EUR.

Average quarter price of square meter dwellings in new residential building, in EUR



Source: Monstat

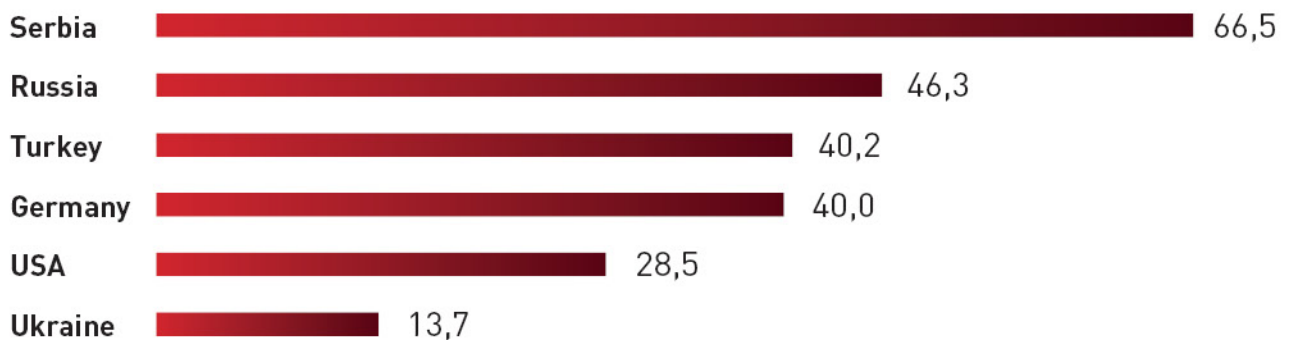
Average annual price of square meter dwellings in new residential building, in EUR



Source: MONSTAT

Data from CBCG shows that foreigners bought total of 380 million euros value of real estates in first three quarters of the 2023.

Foregin buyers of real estate in Montenegro, until 31.10.2023.



Source: Central Bank of Montenegro

STEP BY STEP

Following overview represent phases of investment realization in Montenegro.



These steps are described in details, with special emphasis that the introduction of this document shall always be advised.

1. REGISTER A COMPANY

PHASE I	Negotiations with Chamber of Lawyers	Working contract and working permit	Business and VAT registration	Negotiations with accounting agency
Costs (depending on the complexity of work)	700 – 1,000 EUR			150 – 200 EUR per month
Deadline for completion	10 - 25 days			Complete negotiations and arrange a cooperation as soon as possible; this is very important part of doing business in Montenegro

Pursuant to Law on business organizations, organizations shall be formed as follows:

1. the individual entrepreneur;
2. the general partnership ("GP");
3. the limited partnership ("LP");
4. the joint stock company ("JSC"),
5. the limited liability company ("LLC");
6. the foreign company branch.

It is encouraged that the company is registered as the limited liability company

The minimum initial capital is 1.00 EUR.

The registration of business entities in Montenegro is conducted with the Central Register of business entities run by the Tax Administration. Since 20th May 2011, new business entities have been able to register any economic activity in one place. With an introduction of a one-stop system, business entities are enabled when conducting registration in the Central Register of economic entities to be automatically registered in the register of the Statistical Office, the Register of taxpayers, the Register of customs payers and the register of value added tax payers and excise taxpayers, in case they want it.

From the moment of registration in the Central Register of economic entities all business entities become members of the Chamber of Economy of Montenegro.

If one or more natural persons or a legal person start to perform or perform economic activity but fail to register in accordance with the provisions of the Law on business entities, they shall be deemed to be, respectively, an individual entrepreneur or a general partnership for purposes of relations with third parties.

In Montenegro, a Limited Liability Company (D.O.O) can be established with a minimum of one shareholder but the number of shareholders cannot exceed 30. The members' responsibility is limited to their contribution to the company's capital. Despite not requiring a minimum share capital, the company must open a bank account for its transactions. The capital of the D.O.O is divided into non-transferable shares. The shareholders' general meeting serves as the highest authority in the company, and the directors appointed by it are responsible for making all necessary decisions to run the business daily.

The investor may found a company on his own, but it is recommended due to time frames and administration that this step is performed by either a law firm or bookkeeping agency. This service (establishing a company) ranges between 700.00 EUR and 1,000.00 EUR (stamp design, accounts opening etc).

Accounting

Authors of this study recommend that an accounting company with good references be selected immediately, especially in business activities of similar area. This is very important for the development of business in terms of Value Added Tax (VAT) calculation, invoices and of course compliance with laws and legal provisions, where the accounting agency is very helpful.

This service costs between 150.00 EUR and 500.00 EUR per month, depending on the size of the company, number of employees, investment and the flow.

In Montenegro, a Joint Stock Company (Akcionarsko društvo) is suitable for large businesses as it requires a substantial amount of capital (25,000 EUR) and its shares can be traded publicly. The General Meeting of the shareholders is responsible for making major decisions, while the daily decisions are made by the Board of Directors appointed by the General Meeting. An auditor is also appointed to review the company's finances.

Foreign investors who own a company in another country can establish a branch in Montenegro by providing the minimum share capital and taking full responsibility for its actions. Other business forms that foreign companies can establish in Montenegro include subsidiaries and representative offices for research purposes.

Foreign entrepreneurs can also opt for a General Partnership in Montenegro. This type of business requires at least two members, known as partners, who can be natural persons, other companies, or a combination of both. All partners must enter into a partnership agreement and will be equally responsible for the business's debts and obligations, as well as sharing the same profits.

Foreign investors can also set up Limited Partnerships in Montenegro, which have similar requirements as a General Partnership with the main difference being the level of responsibility of the partners. In a Limited Partnership, there must be a General Partner who manages the business and a Limited Partner who acts as a silent partner. The General Partner is responsible for their personal assets to meet the business's obligations, while the Limited Partner is only responsible up to the limit of their contribution.

The simplest business form in Montenegro is the individual entrepreneur, which requires only one member who must be a natural person and who will be entitled to all the profits of the business. They will also be personally responsible for the business's debts using their personal assets.

Buying a property in Montenegro

Foreign individuals can purchase properties in Montenegro without any legal restrictions, except for limitations specified in the Law on Ownership Rights. One of these limitations pertains to the purchase of agricultural land, which is restricted for foreign individuals, except if the land is below 5000 sqm and used as a residential property. Nonetheless, the purchase of agricultural land is possible by creating a company. In addition, Montenegro has granted EU nationals national treatment for buying real estate in the country through the Agreement on Stabilization and Association.

Tax changes in 2023

The Montenegrin Parliament enacted set of amendments to tax laws. These are published in the Official Gazette of Montenegro no. 028/23 dated 10 March 2023.

An overview of the most significant amendments and start of their application is presented in the following lines.

The Law on real estate sales tax

Progressive taxation of real estate sales is introduced in the following way:

- Sales of real estate up to EUR 150,000 is taxed at a rate of 3%;
- Sales of real estate ranging from EUR 150,000 to EUR 500,000 is taxed at a rate of 5%;
- Sales of real estate above EUR 500,000 is taxed at a rate of 6%.

Amendments apply as of 1 January 2024.

The Corporate Income Tax (CIT) Law

Payments made by taxpayer on the basis of a loan to individuals who do not have the status of a related party up to the amount of EUR 5,000 on an annual basis are exempt from withholding tax.

The obligation to pay withholding tax at a rate of 30% on payments made by CIT payer to non-resident legal entity that is established or has a registered seat or has a seat of management or has a place of effective management in a territory with tax sovereignty is introduced. The list of territories with tax sovereignty is to be published by the Ministry of Finance on its website. This provision does not apply to a non-resident legal entity with a tax residence status in a country with which Montenegro has concluded Double Tax Treaty.

In addition, entity that is established or has a registered seat or has a seat of management or has a place of effective management in a territory with tax sovereignty is considered a related party to tax resident income distributor.

Beneficiary of incentives for research and development in accordance with the law regulating incentives for research and development are exempt from CIT payment.

A new provision is introduced which defines that transactions between Montenegrin branch office and its non-resident headquarter are to be included in local transfer pricing documentation file.

Amendments apply as of 18 March 2023.

II PURCHASING THE BUILDING LAND

PHASE I	Market research and business plan	Purchase of the building lot			
PHASE II		Negotiations	Notary costs	Registering	Tax on immovable property
Costs (depending on the complexity of work)	700 – 3,000 EUR	3-5% provision to Agency	200-700 EUR	up to 100 EUR	3% of the property value
Deadline for completion	7-20 days	7-10 days			

In the process of a location selection, multiple parameteres shall be taken into consideration:

- Location
- Zoning specifications
- Market.

Location

The investor shall choose the location according to his interest. Montenegro is a very attractive country for investment in real estate, and therefore there are many locations that are offered. For each part there is a certain average selling price of the real estate, which has, of course, the main influence on the price of the land.

Zoning specifications

Upon the identification of the potential location, zoning specifications for potential of construction on the lot need to be checked. This information can be obtained without the official request for Urban and Technical conditions by reviewing public spatial planning documents published on the website of the municipality where the location is placed.

Market research and feasibility study (business plan)

It is highly recommended that one part of location review is research of market and economic indicators that affect the investment.

All of the three aforementioned activities can be performed by a financial consulting company. Value of performing feasibility studies and/or market research ranges from 700.00 EUR to 3,000.00 EUR, depending on the complexity of the assignment.

III DEVELOPMENT OF ENGINEERING DOCUMENTATION

PHASE I	Urban and technical specifications	Research for the design engineering company	Signing a contract with the design engineering company	Conceptual design	Final Design
PHASE II	Urban and technical specifications	Research for the design engineering company	Signing a contract with the design engineering company	Approval of the Chief State Architect	Architectural design Construction design Electrotechnical design Mechanical design 3D structure visualisation
Costs (depending on the complexity of work)	10 – 50 EUR/m ²	15 - 30 EUR/m ² (gross size)			
Deadline for completion	20-35 days	45 - 90 days			

Urban and technical conditions

Urban and technical conditions (UTCs) for engineering documents development shall be issued by the Ministry within 20 days of the submission of interested party's application (which can be submitted to Municipality where the location is placed as well). In real time, this time-frame can last up to 35 days.

The application, in addition to information prescribed by the law governing administrative procedure, shall also include data regarding cadastral parcel's identification.

Urban and technical conditions shall be issued on the form prescribed by the Ministry. It can also be obtained from the Municipality.

The Ministry shall publish Urban and technical conditions on the website within one working day as of issuance thereof.

A fee shall be paid for the issuance of specifications, the amount of which shall be fixed by the Government. Most often it ranges from 10 – 50 EUR.

Research for the design engineering company

Business organization developing engineering documents (design engineer) or business organisation building the structure (contractor) shall have, for the needs of developing engineering documents at least one employed chartered engineer per types of designs developed, as follows: architectural, construction, electrotechnical and mechanical.

Business organization shall appoint a chartered engineer managing the development of the entire engineering documents and a chartered engineer managing the building of structure in its entirety.

Development of the engineering documents

Engineering documentation is developed with respect to zoning and technical specifications, - Law on spatial planning and construction of structures („Official Gazette of Montenegro” number: 064/17 of 06 October 2017, 044/18 of 06 July 2018 and No. 082/20 of August 6, 2020), special regulations and rules.

Depending on the level of conceptual idea, engineering documents shall be developed in the forms of:

- a. conceptual design;
- b. preliminary design;
- c. final design; and
- d. as-built design.

The final design shall be developed for the needs of building a structure.

The conceptual design, depending on the type and designated use of the structure, may comprise of:

- 1) architectural design,
- 2) construction design,
- 3) electrotechnical design, and
- 4) mechanical design.

A mandatory part of the final design for a building shall be the 3D visualization.

Integral part of technical documentation, alongside the Final design is As-built drawing, designs, studies and base maps that depend in the type and designated use of the structure (geodetics, soil mechanics, technology, etc.).

Price of development of Final design is 15-30 EUR/m² (gross area).

As of December 2023, a new Regulation on the Conditions for the Preparation of Technical Documentation for Residential Buildings applies.

The technical documentation for a residential building, as per this regulation, refers to the documentation relating to the architectural design of the residential building and includes technical specifications of construction products intended for installation, as well as the characteristics and properties of materials, equipment, and installations.

This regulation does not apply to residential buildings with a single housing unit, residential buildings under reconstruction during construction or within existing dimensions, residential buildings designated as cultural heritage according to the provisions of the law regulating the protection of cultural heritage, and residential buildings for which different conditions than those prescribed by this regulation are defined by urban planning documents.

Additionally, this regulation does not apply to residential buildings for which approval has been obtained or an application has been submitted for approval by the chief state or city architect for the conceptual architectural design of the building, as well as residential buildings for which the preparation of an Individual Assessment by a professional team within the Kotor Area has commenced or the preparation of an Individual Assessment for the protected environment in accordance with the law regulating the protection, management, and special conservation measures of the natural and cultural-historical area of Kotor, which is listed as a natural and cultural heritage site on the UNESCO World Heritage List, until December 31, 2023.

PREPARATION OF TECHNICAL DOCUMENTATION FOR RESIDENTIAL BUILDING

A. CONDITIONS FOR DESIGNING A DWELLING UNIT

A.1. Spaces in a dwelling unit

A.1.1. The dwelling unit consists of:

1. living space;
2. auxiliary space;
3. circulation space; and
4. open space.

A.1.1.1. The living space is the area of the dwelling unit intended for occupancy, including:

- living room;
- bedroom and workspace;
- multipurpose room;
- dining area (hereinafter referred to as "dining room"); and
- kitchen area (hereinafter referred to as "kitchen").

A.1.1.2. The auxiliary space is the area of the dwelling unit intended for:

- food storage (pantry and/or food cupboard);
- personal hygiene (bathroom and WC); and
- storage and/or maintenance of the dwelling unit (closet, space or room for household needs, and/or storage cupboard for household needs).

A.1.1.3. Circulation space refers to the area between living and auxiliary spaces in the dwelling unit, including: entrance area, vestibule, hallway, and internal staircase.

A.1.1.4. Open spaces belonging to the dwelling unit include balconies, terraces, gardens, etc.

The apartment is designed according to the following structures:

1. Studio apartment which includes: entrance area, kitchen, multipurpose room, and bathroom;
2. One-bedroom apartment which includes: entrance area, kitchen, living room, dining room, bedroom for two people, and bathroom;
3. One-and-a-half-bedroom apartment which includes: entrance area, kitchen, living room, dining room, bedroom for two people, bedroom for one person, and bathroom;
4. Two-bedroom apartment which includes: entrance area, kitchen, living room, dining room, two bedrooms for two people each, vestibule, bathroom, and WC;
5. Two-and-a-half-bedroom apartment which includes: entrance area, kitchen, living room, dining room, two bedrooms for two people each, one bedroom for one person, vestibule, bathroom, and WC;
6. Three-bedroom apartment which includes: entrance area, kitchen, living room, dining room, three bedrooms for two people each, vestibule, two bathrooms, and WC; and
7. Four-bedroom apartment which includes: entrance area, kitchen, living room, dining room, four bedrooms for two people each, vestibule, two bathrooms, and WC.

All types of apartments, except for the studio apartment, should have terraces, balconies, or loggias.

	Area (m2)												
Apartment type	Living room	Dining area	1-person bedroom	2-person bedroom	Bedroom- king size bed	Entrance-hallway	Bathroom	WC	Hallway	Storage room - closet storage	Open space - balcony, loggia, terrace (near the living room)	Open space - balcony, loggia, terrace (near the bedroom)	TOTAL MINIMAL APARTMENT SIZE
Studio	18.00					1.50	3.50						26.00
One-bedroom	18.00	4.00			12.00	1.50	3.50			0.50	3.00		46.50
One-and-a-half	18.00	6.00	9.00		12.00	1.70	3.50		1.50	0.70	3.00		60.60
Two-bedroom	20.00	6.00		12.00	12.00	1.70	4.00	1.20	1.50	0.70	3.00	2.50	68.80
Two-and-a-half	20.00	6.00	9.00	12.00	12.00	1.70	4.00	1.20	1.50	0.70	3.50	2.50	78.30
Three-bedroom	22.00	8.00		2*12	14.00	2.00	4.00	1.20	1.50	1.00	4.00	2.50	89.10
Four-bedroom	24.00	8.00		3*12	14.00	2.50	4.50+3.50	1.20	1.50	1.50	4.50	2*2.50	112.70



IV REVIEW OF ENGINEERING DOCUMENTATION

PHASE	Price	Deadline
Selection of Review company	2,00-6,00 EUR/m2 (gross area)	7 – 15 days
Signing a contract		
Review Report		

The investor shall appoint the responsible reviewer, i.e. a reviewing company with which a Review contract is signed.

The manner of performing the review of the final design shall be prescribed by the Ministry.

Review of the final design shall be mandatory for all structures.

A report shall be drawn of review conducted, signed by the responsible reviewer, which may be positive or negative.

Review of Engineering Documents Developed Pursuant to Regulations of Other Countries

Engineering documents developed pursuant to regulations of other countries shall be subject to review with the purpose of verifying their compliance with the present Law and it needs to be positive.

V FEE FOR CONNECTION OF BUILDING LAND TO UTILITIES

PHASE I	Entire payment	Payment in instalments
PHASE II	15% discount	up to 5 years
Costs (depending on the complexity of work)	Up to 300 EUR/m2 (depending on the municipality and the zone)	
Deadline for completion	15 - 30 days	

The fee shall be calculated per m2 of the net surface area of the structure on the basis of the reviewed preliminary, i.e. final design and per m2 of lot open space designated for the adequate business.

Depending on the local municipality, certain fee for land development and connection to utilities shall be paid.

Regulations on land development are set by municipalities and decisions on land development. These are available on the website of the municipality.

Building land development is ensured by local self-government units.

In case that the location of the building land lot is already developed (sewerage, water supply, power supply), a discount for utilities fee may be obtained (30-50%).

There are two options for utilities fee payment:

- **Entire payment (15-20% discount) – deadline is 7 days from the conclusion of the contract.**
- **Payment in instalments (payment deadline is 5 years for structures up to 500m2 of net size area, and 3 years for other structures). First instalment is 20% of total amount and the deadline is 7 days from the conclusion of the contract.**

Prices also depend on the zone and the municipality and vary up to 300 EUR per m².

Obtaining the approval of Chief State Architect

Chief State Architect approves Final and Preliminary design.

The approval of the urban development design shall be given by means of a decision, upon an application filed by the investor, within 15 days as of the date of submission of the application.

The tasks of the chief state architect shall be devolved to the local self-government unit that appoint the chief city architect.

The chief city architect shall submit the conceptual design, the approval application submitted by the investor and the approval to the chief state architect within one day as of the date of submitting the application or approval-giving.

Prices of the aforementioned services vary 2 – 3 EUR/m² (gross developed area).

VI CONSTRUCTION PROCESS

PHASE I	Notification of building work	the executing works contractor	Selection of Engineering supervision	Contracting		Building works commencement	Rough structural civil works	Construction craft works
PHASE II			Contracting	Turnkey contract	Per unit measure contract			
Costs (depending on the complexity of work)			4 – 7 EUR/m2			650 - 1000 EUR/m2		
Deadline for completion	UP TO 5 YEARS (prescribed by Law)							

Notification of construction works

The investor is obliged to submit a notification of construction works. As of the date of notification of construction work, the investor shall put up an information board at the construction site, with information related to: the investor, design engineer, responsible reviewer, contractor, engineering supervisor, chartered engineer who managed the engineering documents development, reviewer who managed the engineering documents review, chartered engineer who is managing the building and the reviewer who is managing engineering supervision, 3D structure visualisation i.e. cable run layout etc.

Building of structures

The investor shall build the structure on the basis of a notification of building work and documents stipulated by the Law.

The documents shall contain in particular:

- 1) The final design stamped pursuant to the Law;
- 2) Positive review report of the final design;
- 3) Evidence of liability insurance of the design engineer that has developed the final design or of the responsible reviewer that has reviewed the final design;
- 4) Contractor agreement;
- 5) Engineering supervision agreement;
- 6) Evidence of ownership right.

Submission of the Notification

The investor shall file the notification of construction works to the competent inspection authority within 15 days prior to the commencement of building.

The notification of construction work may also include the notification of removal of the existing structure in compliance with the zoning and technical specifications.

The notification of building work shall be published on the website of the competent inspection authority within one day as of the date of filing the notification.

Responsibilities of the investor

Prior to the commencement of structure building, the investor shall submit to the contractor the stamped and reviewed final design in electronic and analogue forms respectively.

Selection of the executing works contractor

Business organization developing building the structure (contractor) shall have, for the needs of building and execution of certain types of structure building works, at least one employed chartered engineer per types of works executed on the basis of such designs.

Business organization shall appoint a chartered engineer managing the building of structure in its entirety.

Business organisation shall appoint a chartered engineer for each type of work executed on the basis of those designs.

With selected Contractor, the investor concludes the building contract. Most typical contract types are “turnkey project” or “per unit measure”.

The investor shall finalise the building of structure within five years as of the date of submitting the notification of building work, with exception of complex engineering structures.

During the structure building, the investor shall perform engineering supervision.

The supervision shall be performed as of the date of execution of preliminary works on the structure until the completion of all works and putting the structure into service and it shall include all building stages.

Construction prices range from 650.00 EUR to 1.100.00 EUR per m2, depending on quality, payment method, contract.

Construction shall be finalised within 3 – 8 months for structures up to 1,000 m2.

Engineering supervision

The investor selects a licenced company to perform engineering supervision over the building of the structure. The suggestion is to select an independent company in order to improve the realization and quality of building works.

Prices range from 4.00 – 7.00 EUR of gross developed area depending on the complexity of the structure.

Engineering Supervision Report

The engineering supervisor shall draw up a report on the engineering supervision performed.

The report shall be drawn up as per the structure building stages and as a final report.

The manner of performing engineering supervision, obligatory stages during the building for which the report is developed and the method of development and more detailed contents of the engineering supervision report is laid down by the Ministry.

Final Engineering Supervision Report

The engineering supervisor shall in the final engineering supervision report indicate accurate statements on the works executed on the building of the structure, make a written statement that the structure is fit for occupancy and that it can be used in the designated manner.

The report shall also contain the study of original as-built field data, stamped by a licenced surveying organisation.

VII REGISTRATION

PHASE I	Final Engineering Supervision Report	Surveying	Filling the registration request	Registration
PHASE II				Obtaining property deed
Costs (depending on the complexity of work)		0.70 – 1.50 EUR / m2	35 – 70 EUR	12 EUR per piece
Deadline for completion	25 – 40 days			

Registration is the process completed after the finalisation of the building of the structure. It is necessary that a licensed surveying organisation attends the field, measure the structure and file a report with the managing authority – Real Estate Cadastre of Montenegro.

Registration fee varies between 0,70 – 1,50 EUR/m2 (net area), and the process lasts 25 - 40 days.

VIII HANDOVER OF THE STRUCTURE

Deadline	From the date of the submission of Final Engineering Supervision Report to the Handover 60 days
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Use of the structure shall not be allowed prior to registering the structure into the Real Estate Cadastre.

The investor shall file an application for registration into the Real Estate Cadastre within 15 days of the receipt of the final engineering supervision report

Enclosed with the application, along with the evidence laid down by the law governing the registration of rights to real estate, the investor shall submit the final engineering supervision report.

IX USE AND SALE

PHASE I	Presale during building works	Sale after building is finalized
PHASE II	Notary contract	Agency and direct sale
Deadline for completion	Depending on the market	

Sale of the structure can be initiated during the building of the structure, but it is recommended that the activity is carried out by the professional agency for property sale, that will follow all procedures and finalisation of the sale, network notary offices with cadaster and with all other relevant entities for completion of this part of work.

Selling prices depends on the market and the sale time frames depends entirely on the location, designated use of the structure and the selling price.



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