

Minotti Shah would have been hard pressed to locate Montenegro on a map until she hired a builder to do some work on her north London home in 2011. A proud native Montenegrin, he regaled her with so many descriptions of its dramatic mountains, pristine Adriatic beaches and ancient towns set around fjord-like bays that she, her husband, Ameet, 52, a communications director, and their two sons, Rahul, 19, and Rohan, 17, booked a summer holiday there that year.

"We adored it," says Shah, 50. "I love the sea and nature, we are an active family, and there is lots of hiking, running and biking. The weather is perfect. I decided I wanted a house there."

Three years later, in 2014, Shah realised her dream. But rather than buying a flat in a new development along the Balkan country's coast, she

paid just under £170,000 for two ruined stone farmhouses, which came with an old olive mill and a third of an acre. She is busy converting the homes into a three-bedroom house and hopes to begin staying for weekends and holidays by Christmas.

If this were the 1990s or early Noughties, this renovation adventure would have been played out in a different location. That was the Year in Provence era, when Britons fell in love with the French countryside and went on a mission to rescue its ruined chateaux and gites.

Now, though, the most picturesque run-down buildings have all been taken. And with the French property market in such dire straits, and its tax regime so punitive, buyers are staying away.

Perhaps the fickle hand of fashion has also played a part — there is no longer anything envelope-pushing about a second home in France.

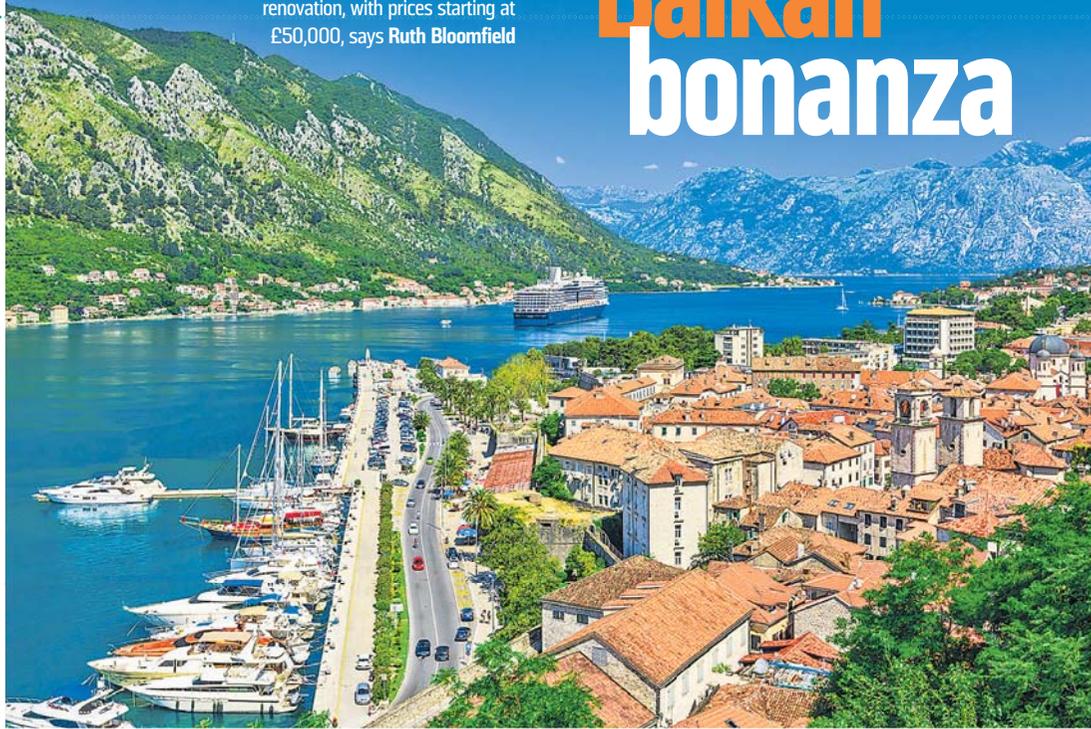
Enter Montenegro. This small Balkan state gained independence a decade ago and is making its name across

western Europe as a hot tourist destination. Lonely Planet named the ancient port of Kotor as the number-one city in the world to visit in 2016.

Montenegro is also increasingly accessible. This year, easyJet launched flights to Tivat airport from London Gatwick and Manchester. These augment services to the capital, Podgorica, from Stansted, with Ryanair, and Heathrow, with Montenegro Airlines.

The other reason the country is gaining traction with romantics is that it has an ample supply of scenic ruins left behind after a powerful earthquake in 1979. But some ruins were caused by "people migrating to towns and cities", says Aleksandar Kovacevic, sales director at Dream Estates Montenegro, a local associate of Savills estate agency. "These were family houses that were abandoned. Until 2004 or 2005, when foreign buyers first arrived, nobody wanted to buy them."

Shah knows little about the history of her house in the village of Riguilu, on the lovely



Montenegro is a hot tourist destination — and there are ruined houses ripe for renovation, with prices starting at £50,000, says Ruth Bloomfield

Balkan bonanza

of post-independence Montenegro, she went on a fact-finding trip.

Like Shah, she was impressed by its glorious scenery — and atmosphere. "It is a uniquely lovely place, in an old-fashioned way," she says. "People are nice to each other and interested in each other."

Spurway designs top-end homes for a living, but the property she bought — two houses linked by an external staircase — was a wreck. "It had huge cracks in it, probably from the earthquake, and the villagers had abandoned it," she recalls. "Part of the roof was falling in, it had no services and it needed rebuilding brick by brick."

She paid about £75,000 for the 300-year-old property but soon found herself mired in red tape. "It took years to get planning permission, because after independence they kept on changing the regulations, so I kept having to start again," she said. "Now they have worked out



what they are doing, but it was stressful at the time."

Kovacevic says that people who wish to rebuild a town will find permits easy to obtain. Those who want to alter or enlarge a property, perhaps adding a pool or a guest house, would be taking more of a chance. "It is more of a grey area, but it should be fine," he says.

Shah has been impressed by her Montenegrin builders, sourced via her expat contact in London. (Local agents will also recommend firms.) It seems learning English is now a priority for them.

Work on Spurway's project eventually started this year

and she hopes to have a three-bedroom house by early 2017. The slowness of the system has not put her off Montenegro one bit. In fact, last year she came across another ruin in the waterside village of Zabrdje, and snapped it up for £169,000. She plans to create a four-bedroom house with a large garden; work is due to start soon, and she thinks the renovation will cost about £150,000 per property.

Spurway plans to live in Zabrdje for half of the year, letting her home there and the house in Milovici the rest of the time. Quite what the locals make of buyers such as her and Shah is hard to imagine, particularly in a region where the average salary is about £400 a month after tax.

"Initially, there was a bit of shock that people would pay for a house the locals had left for 20 years," Kovacevic says diplomatically. "Then they saw that it could work well, and now many of them with houses like this are starting to renovate themselves."

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Lustica peninsula, other than that it was occupied by allied forces during the Second World War, when the area was heavily shelled. During the project, workmen discovered an unexploded German bomb in the garden.

This has not been the only challenge during the £150,000 project. "The house is on a hill, and when they started clearing away the area for the pool, they found that the land was like quicksand," says Shah, who manages the family's portfolio of rental properties in Britain. "It was more work than we had anticipated."

Unusual local regulations have not helped. "We are on hiatus at the moment — you cannot do building work between June and September because that is the tourist season, and they don't want any noise."

Most of Kovacevic's ruin buyers are, like Shah, Brits looking for a holiday home, but he has found that these discretionary buyers always have a weather eye on investment potential. Over the past decade, Montenegro's coastal property market (few foreign buyers venture into

the mountainous interior) has been so reliant on overseas buyers that it has mirrored the rise, fall and recovery in western Europe as a whole.

Prices are still lower than they were in 2007-08, but the cautious return of second-homers in 2014 has started to push values up, according to Peter Flynn, the British founder of nRealty, an estate agency specialising in the Bay of Kotor. He estimates that a ruined cottage in a rustic coastal village, with the potential to become a three-bedroom house, would start at £50,000.

For £230,000, you could buy a ruined farmhouse with sea views on the Lustica peninsula. Once renovated, it could be worth about £375,000, Flynn says.

Many British buyers favour Lustica for its beautiful beaches. It is also the focus of investment and infrastructure improvements. The first residents have already moved into Lustica Bay, a £1.1bn development by the Egyptian company Orascom Development. Qatari Diar is working on a new resort nearby, as is NorthStar (backed by European and

the full Monte Kotor, above, is Lonely Planet's destination of the year. Minotti Shah, below, paid £170,000 for a pair of ruined houses, right, and is converting them into a three-bedroom home

KAVAC €113,000
A short drive from Tivat airport, this ruin has an overgrown terraced garden and views of the Bay of Kotor. It's ripe for conversion into a bolthole with two or three bedrooms. **00 382 32 333424, nreality.me**

RISAN €550,000
Once a sea captain's palace, this mountainside wreck could be rebuilt to provide more than 5,000 sq ft of living space — enough for a large family home or a boutique hotel. **00 382 32 333424, nreality.me**

Middle Eastern capital), which is redeveloping a 131-acre site.

At the top end, ruins in Montenegro can be, well, ruinous. In Perast, a beautiful baroque stone town on the Bay of Kotor, a "captain's palace" — one of the 17th-century mansions built by local sea captains in ornate Venetian style — will set you back between £2.3m and £2.9m.

Perast, like much of Montenegro's coastline, is protected by Unesco, and renovating a ruin will require building permits — as Philippa Spurway knows to her cost. The London-based interior architect, 57, was ahead of the curve when she bought a ruined house in the village of Milovici, on the Lustica peninsula, back in 2007.

At the time, she had "very little" money to invest — not enough to buy a property in the UK — and after reading about the potential



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