

Montenegro - One of Europe's Best-Kept Secrets



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What makes Montenegro an attractive destination, especially given the current state of the global pandemic?

First of all, this is a beautiful country, as you can see behind me, with wonderful people. It's a small country. And historically, at times our size was perceived as a negative aspect. But recently, and particularly in this time of pandemic, this is definitely perceived as positive. In terms of the pandemic, we were the first 'Corona-free' country in the world (after the first wave), which we managed due to our size and the solidarity of the people. And when the mass vaccination started, we succeeded in vaccinating let's say 1.5% of the total population in one day. So there are a lot of positive things which I can tell you about my country. But the essence is, there are really good people living here. This is a multinational, multicultural community. This came about through our history. In this area we had contact, as you may know, with Venice, with Turkey, with the French empire, so people are really tolerant of ex-pats and foreigners. And as I said, our nature is amazing. Our national tourism organisation's slogan is "wild beauty".

Why has this Citizenship-by-Investment Program been very popular?

There has been renewed interest in the country since it gained independence 15 years ago. Furthermore, we are very advanced in tourism. The last 10 to 15 years have seen many high-profile hotel brands coming to Montenegro, such as Aman, One&Only, The Chedi, Kempinski and Regent. I don't think there is anywhere else in the world with as many hotel brands concentrated in such a small area.

This level of economic growth, combined with the natural beauty of the country and the fact that we are on the Mediterranean, that we are perfectly geographically located, has created something which might come as a pleasant surprise to many people in the industry. Even perhaps to some of my colleagues, who have not yet had a chance to visit Montenegro. I wasn't surprised, to be honest, because I have worked in the international

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community for all my career, more than 20 years, and I know how people – ambassadors, or staff from the embassies, or members of the international community, or global companies – feel about Montenegro. There is a good investment component, which is investment in hotels. Overall, it is a nicely packaged program with a very thorough due diligence process and a good calibre of applicants. Montenegro is an interesting country, which has had a nice boost in tourism. It is the combination of these factors that makes our program interesting to investors all over the world.

What are the key benefits of the program?

Entrance to the Schengen area, as well as visa-free entrance to 124 countries. Another great drawcard for applicants from all over the world, is of course possible entrance into the European Union. All the applicants are monitoring the progress, and it is really no secret, or it wouldn't be something unexpected, if Montenegro becomes the next European Union country. Another aspect of the program that holds great appeal is investment in hotels. As you perhaps know, we have two options. One is in the north, which is the less developed part of the country, which is mountainous, and the minimum threshold is EUR250,000. The other is in the south, where the minimum threshold is EUR450,000. And in addition, a donation of EUR100,000 is required.

To come back to investment, a successful applicant actually invests in hotels that will be built in the next two or three years. Hotels have to be at least five stars in the south, four stars in the north, for the projects approved by the government and most of them will be led by leading hotel operators, like the SIRO brand

by Kerzner or Intercontinental in the south, or brands like Swissotel or Mövenpick in the north.

Additionally, successful applicants will have the opportunity and ability to continue their work in Montenegro. My goal, when I joined the Henley & Partners team, was to meet investors who are not simply making one investment but would like to continue their businesses in Montenegro. This is a vibrant business community with the advantage of our tax regime, with 9% income tax rate. We have a 21% VAT rate. We have a really nice set of incentives for some parts of the country. Many of our applicants are interested in continuing their business operations now as citizens of Montenegro, which makes me really happy.

Typically, what types of clients apply?

There is great diversity in the range of countries we receive applications from. We have of course, CIS countries interested, the Middle East, and Turkey. This is something which, due to my previous experience before joining the industry, wasn't a surprise. What was a little bit of a surprise for me, however, was the interest from the US, and interest from South Africa. And of course, we have significant interest from China and some from Singapore. The applicants mostly come from the banking and finance industry and the IT industry. They are high net worth individuals, very sophisticated, mostly business owners and in C-suite positions. There is also some interest in retirement in Montenegro, and some are experts in their fields, such as medical doctors and so on.

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Montenegro has been a very popular real estate-investor market in the Mediterranean. What are some of the most attractive options currently available?

Actually, I did some research and reputable real estate companies like Savills and King Sturge mention that about 20,000 properties were purchased in the past 10 years by ex-pats in Montenegro, which, considering its size, is a significant number. The government did not want to build new residences. It wanted to promote investment in hotels. Hotels create 100 times more benefits to our economy than the residential market. What I mean here is 10 times more income to the government, and 10 times less space. When multiplied, this amounts to 100.

Our tourism law was written in 2019 and is very modern. You have the condo model and mixed-use model of operating in hotels. What this means practically for our applicants is they can have title deeds of ownership in these hotels. So they are investors in the hotels, but again, they have the title deed and become owners of units in hotels. The hotels, as I said before, will be operated by well-known operators, there should be some yields, of course not guaranteed income, but there are pretty good projections and pretty good benchmarks in the south, and some in the north. So it is a nice exercise for applicants who are smart and decide on making a good investment. And I can tell you they research this very, very, very thoroughly. But from my side, I can say that there are different options, and I encourage people to investigate them. ■