REAL ESTATE MARKET ANALYSIS

08

In July 2025, the CBCG conducted its regular survey on the movement of real estate prices in Podgorica. The questions in the survey referred to the qualitative features of housing units (heating, internet connection, number of rooms, number of balconies, etc.) aimed at determining the relative influence that these qualitative features have on the dwelling value. A subjective value of an apartment unit was assessed with the following question: A subjective value of an apartment unit was assessed with the following question: "Which is the price that a housing unit owner would not go below at this moment?" The collected data were used to calculate the Hedonic index of real estate prices which measures the effect of such qualitative characteristics on the value of a housing unit.

The calculation of an average price per square meter in July 2025 was based on a sample of 58,296 apartments in the locations Podgorica 1, Podgorica 2, and Podgorica 3[77]. The survey included a random sample and 403 questionnaires were successfully completed.

The results of the survey showed that the average price of a square meter of real estate units in Podgorica amounted to 1,819.5 euros, which is a 14.7% increase in relation to December 2024. Most of the sampled residential facilities were apartments (66.5%) and the remaining were houses (33.5%). The price of individual housing units ranged between 3,857 euros/m^2 at high-end city locations to 725 euros/m^2 at locations further away from the city centre.

The sample showed that the average price of an apartment square meter in the first zone amounted to 1,956.2 euros. The highest average price of an apartment square meter was seen in the first zone and it reached 2,081.7 euros. In the second and third zones, the prices per square meter were lower and amounted to 1,937.5 euros and 1,809.3 euros, respectively.

The average price of an apartment square meter was the highest in the first zone and it amounted to 1,548.1 euros. The average price per square meter of a house in the first zone was 1,780.2 euros, while in the second and third zones it was 1,627 and 1,494.2 euros, respectively.

[77] In the previous survey, a reorganization of the city zones was carried out so that now Zone 1 includes the urban core and more expensive locations, which roughly comprise the city center, Gorica C, Preko Morače, Blok 5, part of Kruševac, City Kvart, Central Point, and Master Kvart. Zone 2 includes Blok 6, Blok 9, part of Stari Aerodrom, Stara Varoš, Drač, part of Zabjelo, Ljubović, part of Kruševac, and part of Zagorič up to Nikola Tesla Street, while all other areas fall under Zone 3.

Table 8.1

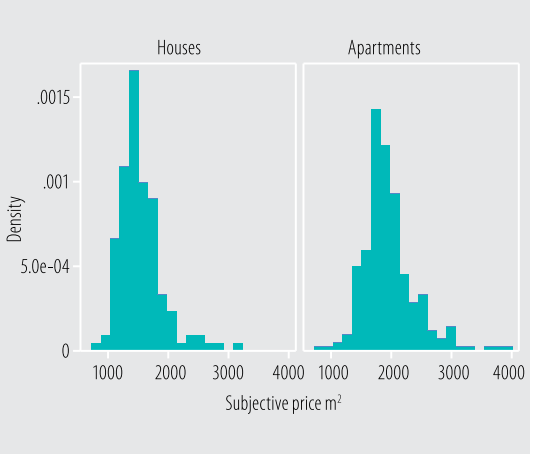
Summary statistics of average values; standard deviation; minimum and maximum prices by the type of housing in Podgorica in July 2025, in euros

Variable	No. Observations (valid)	Medium value	Standard deviation	Minimum price	Maximum price
Average housing price per square meter - apartment	268	1,956.2	433.2	833.3	3,857.1
Average housing price per square meter - house	135	1,548.1	358.5	725	3,200

Source: CBCG calculations

Graph 8.1

Histogram of distribution of housing unit prices (lhs) and apartments (rhs), July 2025



Source: CBCG calculations

The empirical results of applying the average residential property price model[78] indicate that, as measured by the level of statistical significance (F-test, $p < 0.001$), the model explains approximately 42% of the variation in residential property prices. By averaging the results and analysing other factors we come to the conclusion that a square meter of an apartment is more expensive than a square meter of a house and that housing units in the first and second zones in Podgorica are more expensive. Newer properties are generally more expensive (as determined by the survey classification of purchases made before and after 2013). Consistent with this finding, the presence of an elevator and a garage space further increases apartment prices. In this iteration of the model, characteristics such as property size, number of rooms and balconies, as well as certain technical features (type of heating, availability of a telephone line and internet access, and floor levels), do not exhibit a statistically significant effect on the price per square meter. Multicollinearity does not pose a serious issue in the model (VIF = 2.93), and the Ramsey RESET test ($p = 0.33$) suggests the absence of significant omitted variables and functional form misspecification.

[78] The available data provided for the preparation of an econometric real estate model which assesses the effect of qualitative characteristics of a housing unit on the price of that unit. Graph 8.1 shows the price range of housing units, and this price is also the dependant variable in the model. In order to achieve a normal distribution, the value of standard errors necessary when applying the econometric method of the ordinary least square (OLS) and the interpretation of results in the form of percentage changes, prices per square meter are logarithmic. The independent variables used were qualitative characteristics related to the type of a residential unit (apartment or house), square metres, age, location, type of heating, the number of balconies, the number of rooms, available internet connection, parking space, and elevator. Also, in order to fulfil the correct functional form, properties of extremely high/low values of real estate were excluded, as well as poor quality data (e.g. detected errors in entering the qualitative characteristics of a residential unit). This resulted in a reduced sample for he modelling purpose to 401 observations.