



MONTENEGRO
STATISTICAL OFFICE

METHODOLOGICAL GUIDELINES

PRICE OF DWELLINGS IN NEW RESIDENTIAL BUILDINGS

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The legal basis for the implementation of the survey on price of dwellings in new residential buildings is the Law on Official Statistics and Official Statistical System of Montenegro ("Official Gazette of Montenegro", No. 18/12 from 30. 03. 2012) and Annual plan for statistical surveys.

Law on Official Statistics and the system of official statistics reporting units are obliged to give information and individual data obtained in the survey are protected and can be used only for statistical purposes.

METHODOLOGICAL GUIDELINES

The aim of survey

The aim of this survey is collection of information about the level and dynamics of dwelling price. The contract price is used in order to observe the current price level of residential construction as well as insight into the level of investment in residential construction.

The observation unit is a contracted price of usable area of sold dwelling in new residential building in the residential, mainly residential and non-residential building. The exceptions are the dwellings which are constructed for own use.

Reporting units

Reporting units are the enterprises which are sell the dwellings.

The address book of reporting units on prices of dwellings in new residential buildings are:

- enterprises which are registered in sector F – construction (area 41, 42, 43) according to the classification KD 2010¹ and
- enterprises (KAU) which are not registered in sector F, but whose local units perform the construction works.

Coverage

The prices of dwellings in new residential building, as a subject of this survey, have to covered sold new dwellings (in the residential, mainly residential and non-residential buildings) on the territory of Montenegro for which is concluded a contract of sales and which produces an obligation relations.

For data collecting it is important to mention that are include only dwellings which satisfy the definition of price. It means that it does not include: price of dwellings which was subsequently established that it is sold during the period of previous quarter by which were

¹ Classification of activities 2010 (KD 2010) is harmonized with international Classification NACE Rev.2.

not covered, prices based on the annex to the contract that are defined during the construction with mechanism of the sliding scale and etc.

The subject of observation are not existing (old) dwellings.

The average price per the square meter of dwelling in a new residential building is published according to the following territorial categories:

Montenegro;

- The capital city of Podgorica;
- Coastal region: Bar, Budva, Herceg Novi, Kotor, Tivat and Ulcinj;
- Central region: Cetinje, Danilovgrad and Nikšić;
- Northern region: Andrijevica, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Pljevlja, Plužine, Rožaje, Šavnik and Žabljak.

The performance of average prices is done according to the weighting environment as a special form of arithmetic mean. It is used when one value has greater importance or greater weight than the other or only a higher frequency.

The weighting environment is obtained as a ratio of multiplication sum of individual prices of dwellings with the corresponding area to which the price refers to and the sum of the areas of these dwellings in that territory.

The average prices are calculated according to the general term:

$$\bar{C} = \frac{\sum C * Q}{\sum Q}$$

where C is the mark for the average price, and Q is the area to which the average refers.

An example for calculation of the average price of dwellings in new residential building:

AVERAGE PRICES OF DWELLINGS IN NEW RESIDENTIAL BUILDINGS

$$\bar{C} = \frac{\text{Dwelling price}_1 * \text{area m}^2 \text{ of the dwelling}_1 + \dots + \text{Dwelling price}_n * \text{area m}^2 \text{ of the dwelling}_n}{\Sigma \text{ of all areas}}$$

The average price per the square meter of dwelling in a new residential building is published according to the following categories:

Montenegro (*average price*)

- Enterprises (*average market price*)

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. employed in these institutions in all municipalities of Montenegro.

The average price of dwellings in new residential building includes dwellings sold by enterprises, as well as dwellings sold by solidarity housing development institution. The average market price of dwellings in new residential building includes dwellings sold by enterprises, but not including dwellings sold by solidarity housing development institution.

Data in a population that deviates from the usual values is considered to be an extreme value (outlier). An analysis of the problem of extreme values is very important. The quality of the time series depends on it, because the appearance of extreme values (outlier) can lead to unreliable and often incorrect conclusions about of the observed phenomena.

For the elimination of extreme values, a normal distribution of the price of dwellings in a new residential buildings is used. For this distribution, a rule of plus-minus of two standard deviations from the arithmetic mean ($\pm 2\sigma$) was used.

Organization of survey

Data collection at the level of municipality is done in the regional offices of statistics. Control, input, processing and dissemination of collected data are done in the sector of short-term statistics.

The data are collected via questionnaire which are provided by Statistical Office of Montenegro delivered through its regional departments to reporting units from construction area.

Methods of data collection

The data for reporting units are collected through quarterly survey on price of dwellings in new residential buildings (Građ-41).

The sources of data for the compiling of survey is the purchase contract that products the obligation relations. If the contract does not contain the information about the elements of prices, shall be used the other available documentation.

Reporting units received the questionnaire and instruction from the competent statistical services.

Statistical Office of Montenegro shall performed the all tasks of preparing for a proper and successful implementation of survey. For this purpose its performs the following steps: development of methodology for survey, making a questionnaire, determining the framework for the selection of the reporting units, address book of reporting units, printing of materials for conducting the survey, submission of questionnaire to the regional units which perform

their distribution to the reporting units. Regional units are collecting the material (questionnaire) and in the defined deadline sent to the statistician for data processing. In order to increase the response rate suggest the reminders by post, mail or phone.

After the processing of data its done calculation and logical control. In the case of illogical the reporting units are contacted for check.

Definition

The building is any building that has four independent wall and one or more inputs (with one or more house numbers), and was built to be dwelt upon, working, performing an activity or guarded material goods, as well as any building that meets the listed building requirements (for example, there were no independent wall), but has the shape of a building and is intended for dwelling, performing a certain activity, and so on. (eg. the building abuts the wall of another building which is used as a fourth wall-building abuts or partially embedded in the earth or rock slope, etc.).

As a **special building** considered a building leaning on each other which are connected only by internal passageway, and each input so. buildings that have two shared a common wall and roof, and at each entrance, which generally has a special number, there is an apartment (often in two floors) or two apartments in the lowest floor can have a garage (refers to storey building).

Exclusively residential building as a whole is intended for housing and there is no room for any activities, but may have garages and other common areas that are intended for the needs of the occupiers.

Mostly residential building is where much of the area, > 50% occupied apartments and rooms that serve beneficiaries (garage tenants, utility room), a useful space allocated for the activity is less than 50%.

Mostly non-residential building is where the bulk of the area, > 50%, occupy premises for carrying out various activities.

Dwelling is construction unit intended for habitation, consisting of one or more rooms with ancillary rooms (kitchen, hallway, bathroom, toilet, etc.) Or without them and may have one or more separate entrances.

The room is a room intended for habitation, which is from the other rooms of the apartment by permanent walls and has direct daylight, and whose area of at least 4 m². Direct daylight is considered a light that gets through the window to the room, and comes with an open space (from the street or from the yard), terrace or skylights, etc.

At half-room flats so. half the room is calculated as the entire room, and flat panel displays such as a bedroom. The same applies to the apartment, detached, and other similar

apartments. Rooms less than 4 m² are not shown in the total number of rooms, even though their surfaces included in the total area of the apartment.

The contracted price was determined on the basis of executed contract of sale between the seller and the flat end customer, regardless of whether the apartment was started, completed or under construction.

The price includes the following elements:

1. The price for arranging construction land:
 - Price of preparing the land;
 - Price equipping primary;
 - Price equipping secondary.
2. The price of construction works:
 - Price technical preparations;
 - Construction Price;
 - The construction costs of common facilities.
3. Other (contributions, tax and etc.).

Cost of housing construction in this sense can not be considered a so-called price, phase of construction (building and selling apartments user, no part of the craft and finishing works) and price adaptation or reconstruction of apartments already used. If it comes to upgrading or building entire floors to the existing building, such works are considered new construction and their price includes research.

Also, in terms of price, do not matter the type of material making up the apartment (eg, prefabricated wooden houses), if the apartment is such that it satisfies the definition and is capable of long-term (several decades) housing.

Under the new construction implies the construction of a new facility in a place where there was no object, or an object already existed, but was demolished.

Under upgrading implies adding new parts of structures (horizontal or vertical) to the existing facility.

Seller means any legal entity that appears as a salesman at a concluded contract of sale of an apartment building.

Month of contracting the month when it concluded a sales contract on the price between the seller and the buyer takes into account the first concluded contract of sale.

The traditional system of construction is characterized by the application of traditional (classical) building materials such as brick, stone, concrete, etc. traditional (artisanal) way, and to only use basic prefabs (assembly, and other carriers lintels, etc.).

Under the semi-mounting system refers to any system in which the mezzanine construction with lintels and window lintels and other supporting elements, and the walls are constructed of prefabricated elements that are installed with a minimum of wet processes at the facility. This group includes establishments with a steel support structure, and other mentioned elements.

Under mounting system is every system in which all constructive and walls, and floor constructions made of polufabrikovanih elements without final processing of wall and ceiling surfaces, assembling finally dressed windows and doors, and without fully embedded elements of the installation, sanitary equipment and other parts.

It is believed that the building is equipped with **central heating** installations if at least one dwelling has central heating installations, regardless of whether they are linked to a public or home network or not.

The building has a **lift** if at least one entrance of the building there are one or more elevators.

Usable area of flats includes the sum of areas of all rooms, kitchens, bathrooms, toilets, hall and other utility rooms in the dwelling, partly including the surface loggia (75% of the total area), covered terrace (25% of the total area). At that, the area includes all floor surfaces in niches, windows, radiator, built-in furniture parts and the like.

Confidentiality

According to the Law on Official Statistics and Official Statistical System of Montenegro Article 54, aggregates of economic units are considered to be confidential if composed less than three units and the share of one unit in the aggregate exceed 85% of the total.

Dissemination

The published data are available to users in the Quarterly survey of prices of dwellings in new residential buildings, Statistical Yearbook, in the publication "Montenegro in the Figures", on the Web and application for the Android devices. Depending to the requirements and user equipment the data shall be submitted by post, fax or e-mail.

Harmonization with EU regulations

The survey of prices of dwellings in new residential buildings are harmonized with the regulation of European union No. 1165/98, Classification of activities NACE Rev.2 and Classification of Types of Construction – CC 1997.

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