



NEWMARK

Research Central America:
Panama City Office Market

1Q26

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Overview



Inventory Stabilization

- The decision to maintain a static inventory of **1,833,260 m²** suggests a prudent response from developers to previous economic cycles.
- By not injecting new square meters into the market, a necessary "breather" is created, allowing supply and demand to stabilize. This controlled inventory is fundamental for the Panamanian market to overcome oversupply and begin improving its real estate health indicators.



Market Fundamentals

	Current Quarter	Previous Quarter	Previous Year	Projection 12 Months
Inventory (m ²)	1,833,260	1,833,260	1,833,260	→
Availability Rate	23.73%	24.45%	25.24%	↓
Net Absorption (m ²)	6,983	3,445	4,097	→
Gross Absorption (m ²)	12,296	10,485	7,671	↓
Rental Price (USD/m ² /Month)	\$16.86	\$16.90	\$15.18	↑



Employment Recovery

- The drop in availability to **23.73%** is not just a number, but a reflection of renewed confidence in the corporate sector. Most importantly, the net absorption of 8,788 m² confirms that this dynamic is not a game of musical chairs between buildings, but real growth.
- Companies are expanding their operations or formalizing their physical presence, validating that office space remains a strategic asset for productivity in Panama City.



Price Increase and Optimization

- The increase in closing prices indicates that negotiating power is beginning to balance between landlords and tenants. Faced with rising prices, organizations have adopted a "less is more" approach, preferring to pay slightly more per square meter in exchange for buildings with better certifications, technology, and location.
- This shift toward hybrid work is transforming the traditional office into a highly efficient collaboration hub, where the quality of the space takes precedence over the quantity of rented area.



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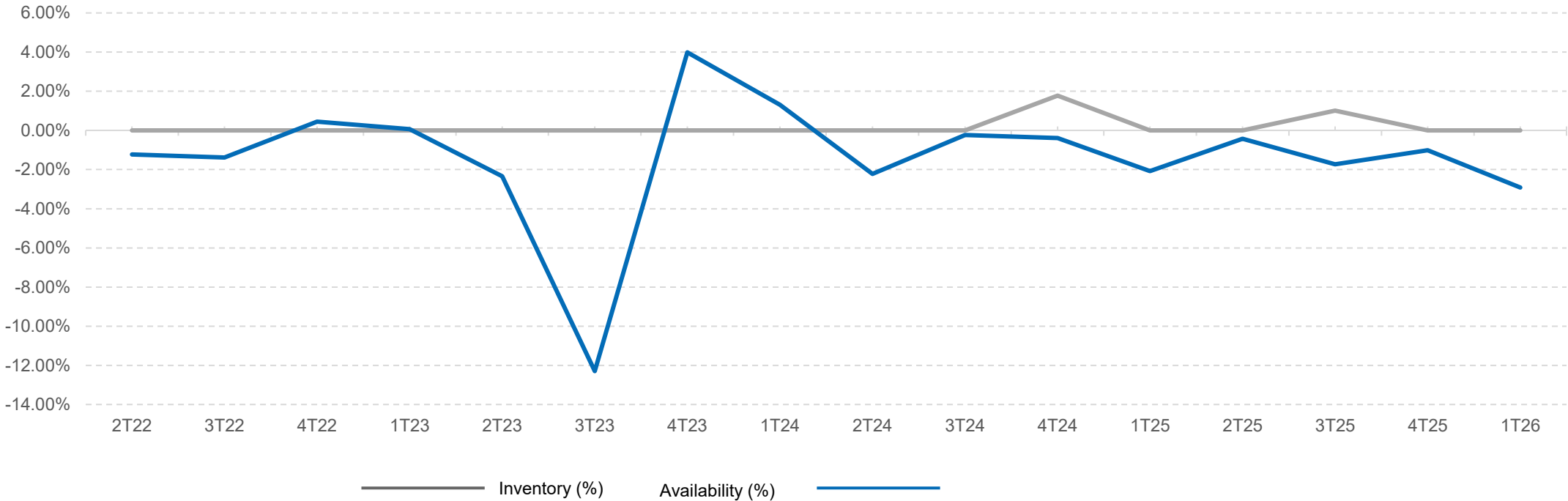
Market Fundamentals

1Q26

Industrial: Overview

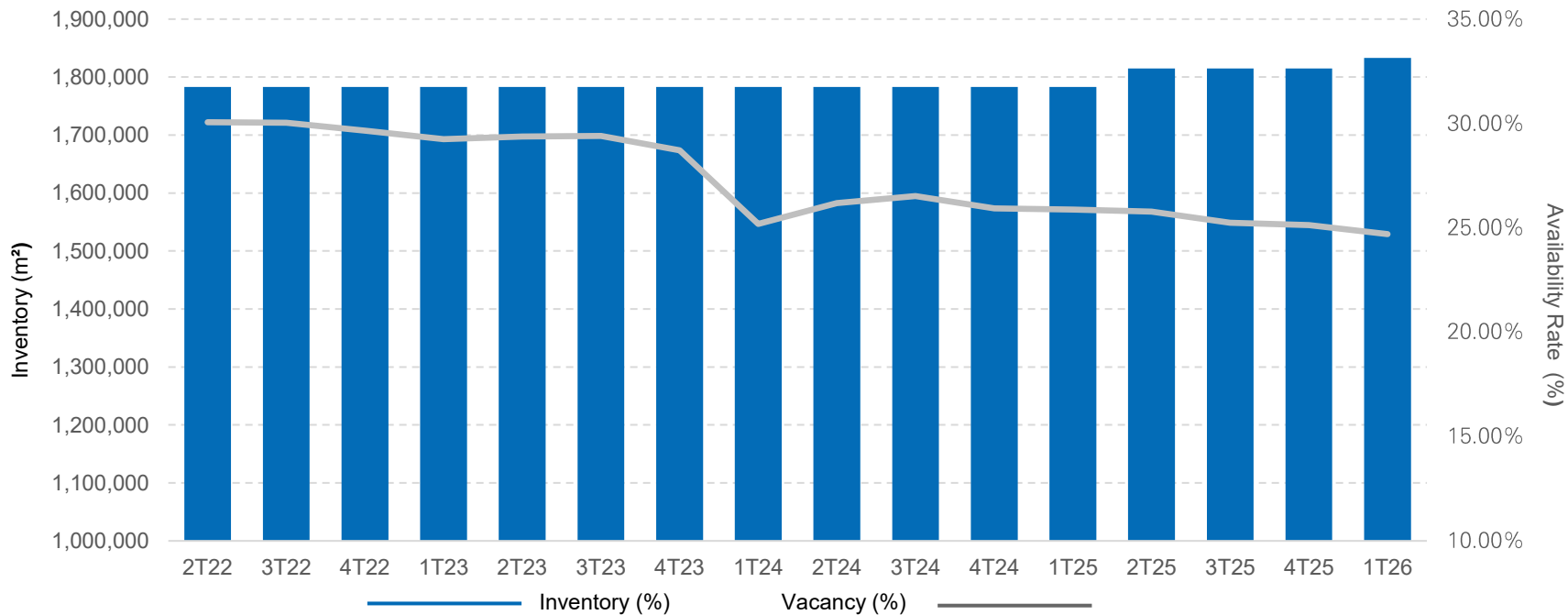
The office market in Panama City is showing clear signs of a gradual recovery, supported by a sustained decrease in vacancy rates and improved absorption. In the absence of significant new supply, the sector is moving toward a progressive rebalancing, driven by space optimization and more strategic and selective demand.

Quarterly Variation in Supply



Offer

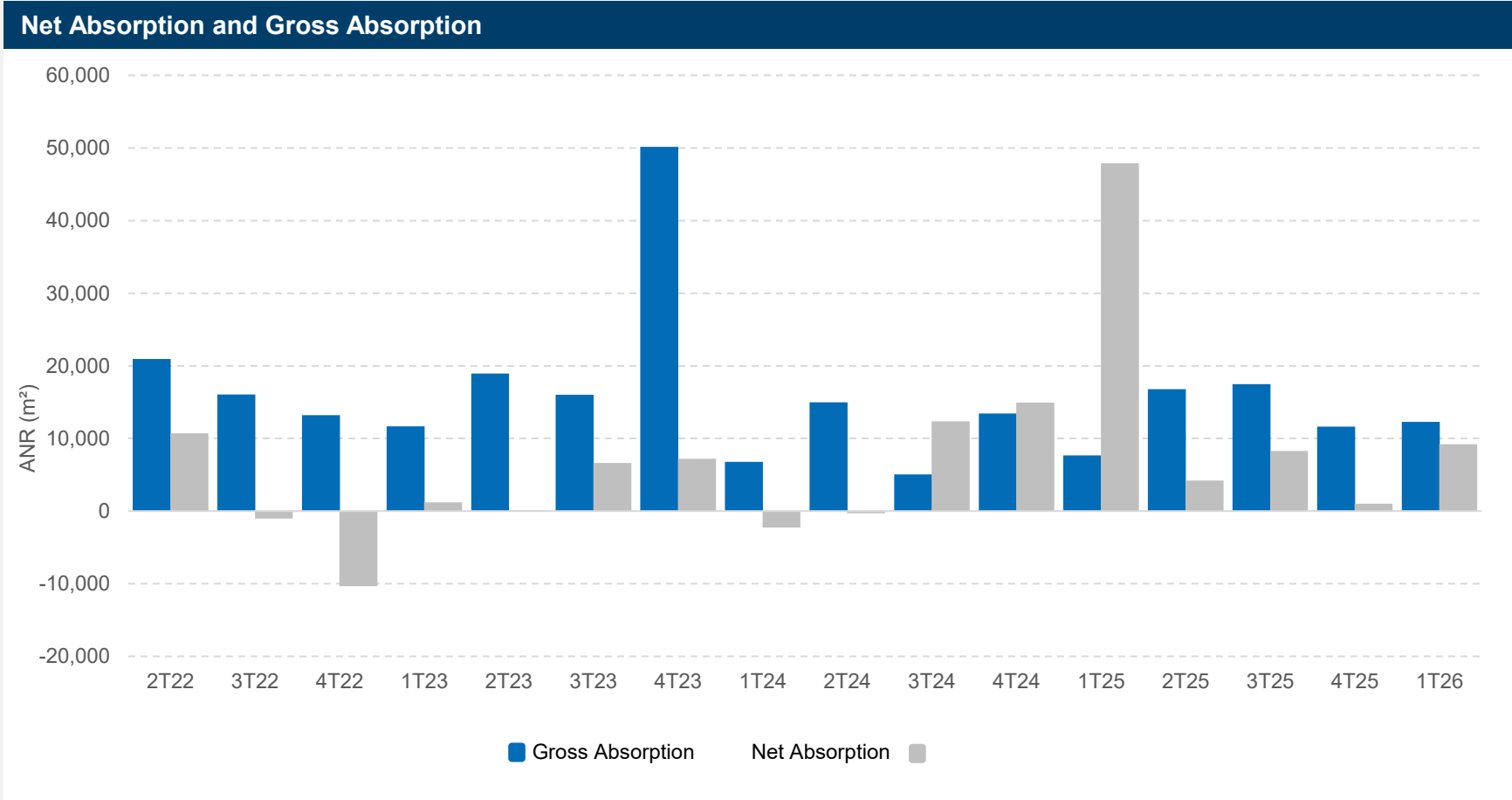
Inventory and Availability



The office market in Panama City maintains absolute stability in its inventory, which remains unchanged at **1,833,260 m²** of leasable area. This stagnation in new supply reflects a cautious approach by developers, who have decided to halt the initiation of new projects to prioritize absorbing existing stock, thus consolidating the prudent trend observed in recent quarters.

At the same time, the vacancy rate has continued its downward trajectory, settling at **23.97%**, the lowest figure recorded since the recovery began in 2023. This improvement is due to more consistent demand and, above all, to landlords' strategy of repositioning their assets through renovations and improved commercial terms, successfully reactivating and reintroducing previously underutilized spaces.

Demand



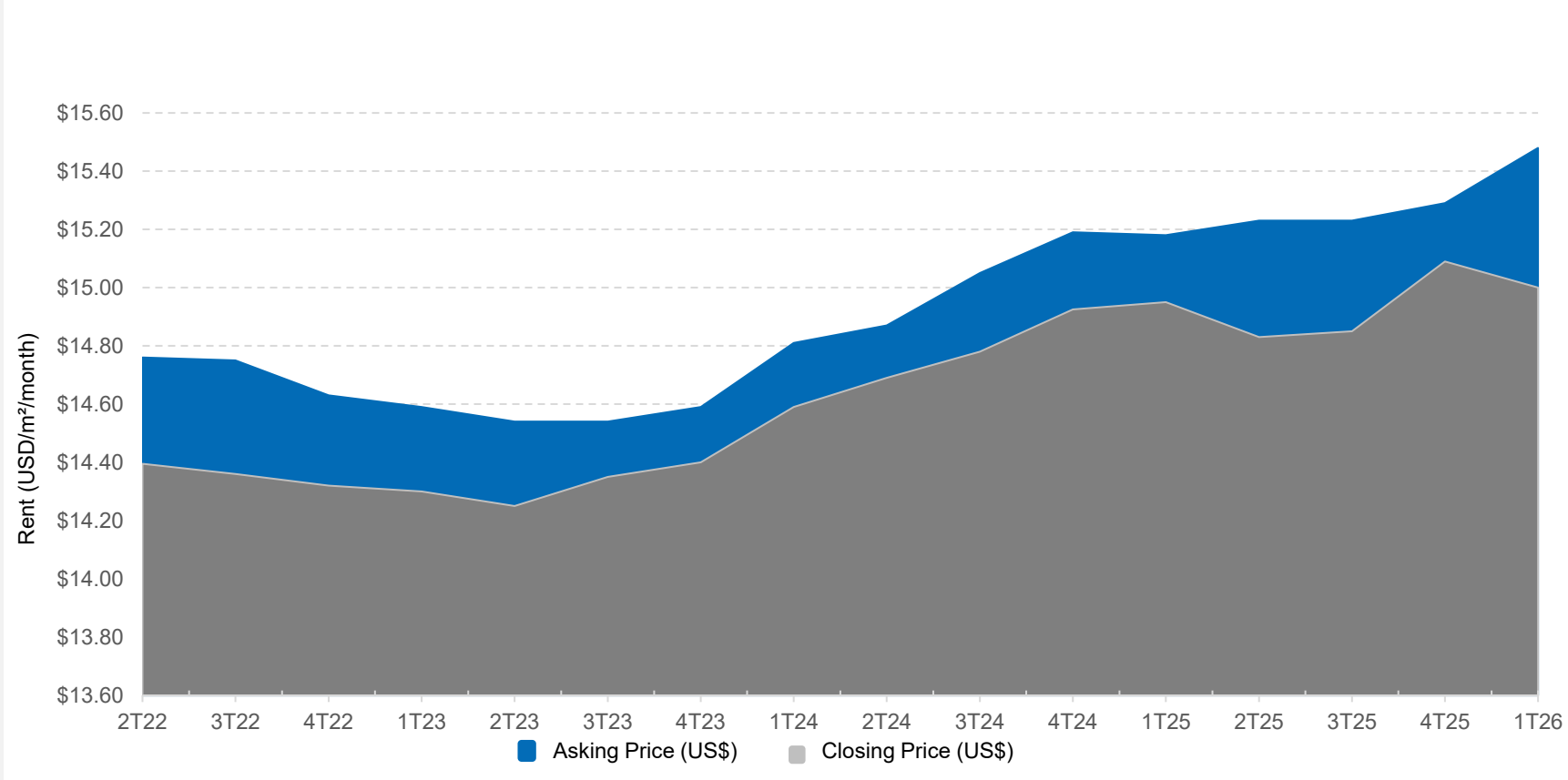
During the first quarter of 2026, demand in the Panama City office market showed signs of a gradual recovery, reflected in increased transaction activity. Gross absorption reached approximately **14,101 m²**, reflecting an increase compared to the previous quarter and confirming greater activity in space occupancy.

Meanwhile, net absorption registered a significant improvement, reaching **8,788 m²**, indicating that a larger proportion of transactions correspond to the effective occupancy of available space, and not solely to relocations. This behavior reinforces the perception of a gradual recovery in real market demand.

Despite this positive trend, demand remains selective, with companies prioritizing efficiency, location, and property quality. In this context, factors such as space optimization and the adoption of hybrid work models will continue to influence the absorption rate in the short and medium term.

Price

Opening and Closing Prices



At the close of Q1 2026, office rental prices in Panama City showed a moderate adjustment, with an average list price of **\$15.48/m²** and a closing price of **\$15.00/m²**, reflecting a narrower gap and a more balanced market. However, this average is influenced by the inventory composition, where a greater share of Class B and C spaces tends to put downward pressure on overall rental levels compared to higher-quality assets.

When segmented by category, Class A and A+ assets remain stronger, with prices close to **\$17.18/m²** and **\$19.19/m²**, respectively, while Class B and C spaces are at **\$15.29/m²** and **\$13.44/m²**. This confirms a competition focused on quality, where better-located spaces with higher specifications command higher values. In the medium term, a gradual increase in prices is expected, driven by the absorption of inventory and the modernization of spaces, although this will depend on the behavior of corporate demand, economic stability and the incorporation of new requirements.

Submarkets

Panamá City Submarkets



Submarkets	Inventory (m ²)	Availability (m ²)	Availability (%)	Gross Absorption (m ²)	Net Absorption (m ²)	Rent (USD/m ² /month)
Área Bancaria	952 893	250 517	26,12%	1 712	-107	\$14,51
Áreas Revertidas	78 077	11 234	16,41%	2 434	1 578	\$15,89
Costa del Este	355 169	66 346	18,68%	5 083	4 265	\$17,77
Periferia Este	16 429	5 320	32,38%	0	0	\$19,56
Periferia Norte	93 771	21 052	22,45%	728	728	\$14,50
Periferia Oeste	8 740	6 100	69,79%	0	0	\$9,50
Punta Pacífica	257 899	71 357	27,67%	1 839	1 839	\$16,73
Santa María	70 282	3 170	4,51%	500	-1 319	\$17,28
Grand Total	1 833 260	435 096	27,25%	12 296	6 984	\$15,48

Categories

Panama City							Analysis by Submarket / Class					
Class	Inventory (m ²)	Availability (m ²)	Availability (%)	Gross Absorption (m ²)	Net Absorption (m ²)	Rent (USD/m ² /month)	Submarker/ Class	Inventory (m ²)	Availability (m ²)	Gross Absorption (m ²)	Absorption Net (m ²)	Rent (USD/m ² /month)
A	728 607	195 527	26,84%	3 380	705	\$17,18	Área Bancaria	952 893	250 517	1 712	-107	\$14,51
							A	259 771	83 287	0	0	\$17,18
							A+	37 905	28 900	0	0	\$15,00
							B	435 324	110 854	490	-1329.00	\$14,87
							C	219 893	27 476	1 222	1 222	\$13,27
A+	219 056	54 109	24,70%	4 938	4 869	\$19,19	Áreas Revertidas	78 077	11 234	2 433	1 577	\$15,89
							A	31 314	1 937	1 684	828	\$17,00
							A+	13 299	2 159	749	749	\$17,00
							B	11 673	5 891	0	0	\$17,79
							C	21 791	1 247	0	0	\$13,56
B	618 353	155 388	25,13%	2 006	186	\$15,29	Costa del Este	355 169	66 346	5 083	4 265	\$17,77
							A	173 890	46 287	104	104	\$17,68
							A+	123 652	15 430	4 607	3 789	\$21,88
							B	54 657	3 847	372	372	\$14,96
							C	2 970	782	0	0	\$15,79
C	267 244	34 327	12,86%	1 222	1 222	\$13,44	Periferia Este	16 429	5 320	0	0	\$19,56
							B	16 429	5 320	0	0	\$19,56
							Periferia Norte	93 771	21 052	728	728	\$14,50
							A	7 000	96	92	92	\$14,50
							B	64 181	16 089	636	636	\$15,00
Total General	1 833 260	439 096	23,73%	12 295	6 983	\$16,28	Periferia Oeste	8 740	6 100	0	0	\$9,50
							B	8 740	6 100	0	0	\$9,50
							Punta Pacífica	257 899	71 357	1 839	1 839	\$16,73
							A	198 350	60 750	1 000	1 000	\$16,77
							A+	32 200	7 620	331	331	\$16,00
Total General	1 833 260	439 096	23,73%	12 295	6 983	\$16,28	Santa María	70 282	3 170	500	-1319	\$17,28
							A	58 282	3 170	500	-1319	\$17,53
							A+	12 000	0	0	0	\$18,00
							Total General	1 833 260	435 096	12 295	6 983	\$15,48

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