



Panama City Industrial Market

Market in expansion phase

At the end of the second quarter of 2022, a significant reactivation of the logistics and manufacturing industries has been observed, after a year in which the quarantine measures implemented by the health authorities considerably affected commercial activity and establishment initiatives. and expansion of both local and foreign companies in industrial facilities.

Before the pandemic crisis, the industrial market in Panama City had been showing healthy commercial activity thanks to the implementation of the BTS model (Built to Suit), considering that the speculative offer has been very limited and the existing properties available were not adapted to the needs of the users, due to specifications that reduced operational efficiency, for an increasingly demanding and modernized demand.

On the other hand, since the second half of the previous year, it has been possible to appreciate a greater participation in the requirements of operations related to value-added activities such as the assembly, packing, packaging and transformation of raw material.

Actual conditions

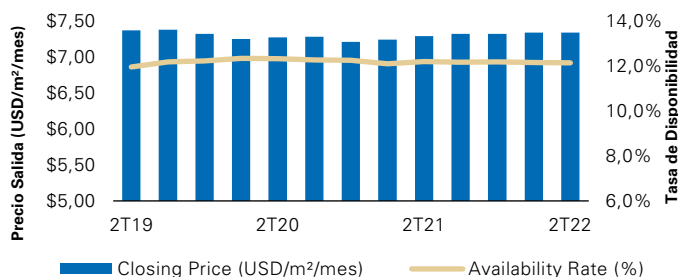
- The demand has encouraged the construction of new projects and new phases in existing parks.
- Compared to the same period in 2021, total inventory has increased by 9.36%.
- Companies in the pharmaceutical, logistics and domestic consumption industries have been the main applicants for industrial facilities.

Market Summary

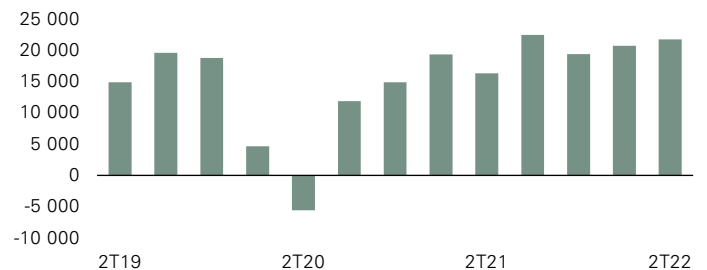
	Trimester Current	Trimester Previous	Year Previous	projection to 12 months
Total Inventory (m ²)	1.55M	1.54M	1.42M	↑
Cup of Availability	12.16%	12.22%	12.35%	↓
Net Absorption Quarterly (m ²)	21,764	20,720	16,299	↑
Rental Price (USD/m ² /month)	\$7.35	\$7.35	\$7.30	→
In construction (m ²)	204,320	186,344	146,136	↑

Market analysis

RENTAL PRICE AND AVAILABILITY RATE



NET ABSORPTION



Levels Healthy Offer

The inventory of the industrial market for the second quarter of this year 2022, was established at 1,553,394 square meters of the total leasable area. A 9.36% increase compared to the same period in 2021. The largest share in the offer corresponds to class A properties located in the Reverted Areas and Eastern Periphery submarkets. Mainly with spaces for logistics operations and light manufacturing.

As for the availability rate of the entire market, it remains at healthy levels, this indicator was established at 12.16%. Which corresponds to a slight decrease of -0.45%, compared to June 2021.

The entry of new supply for logistics operations also proposes greater dynamism in removals and new openings. Also the consolidation of manufacturing operations by new requirements generated by the approval of the EMMA law that offers incentives for the establishment of foreign operations in the country.

The e-commerce industry represents a great opportunity in the medium term for the development of large facilities that come to support the growth of stores

commercial / office warehouses located in the last mile by companies that are dedicated to the consolidation of merchandise acquired through online purchases.

Greater dynamism in demand

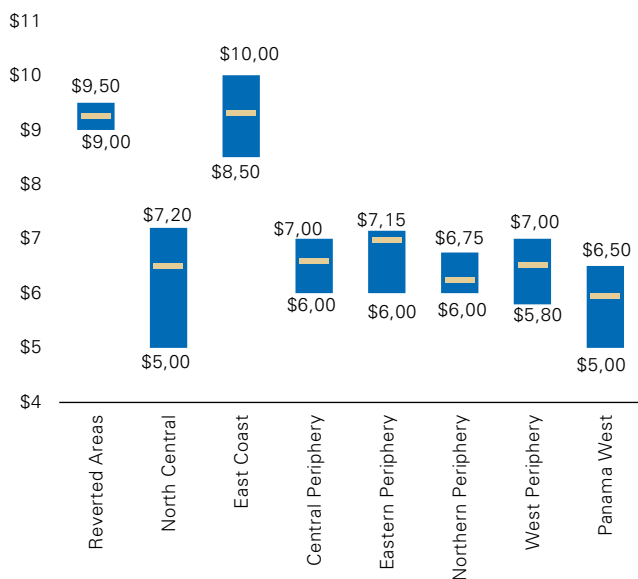
At the end of June 2022, a gross absorption of 24,064 square meters was registered, while the net absorption was 21,764 square meters. Which means the disuse of more than 3,000 square meters during the last year, as a result of the migration to more efficient buildings.

Economic stability and the announcement of the opening of economic blocks have reactivated the demand for companies that need to migrate or expand their operations. In the same way, the public works projects and the incentives offered by the country will continue to arouse the interest of foreign investors and companies for the acquisition of properties, product development and the establishment of operations in Panama City.

It is expected that during the rest of the year, the demand will stabilize at the levels presented before the health crisis, as a result of the reactivation of the economy, the increase in electronic commerce and the expansion needs of the domestic consumption industry and regional logistics.

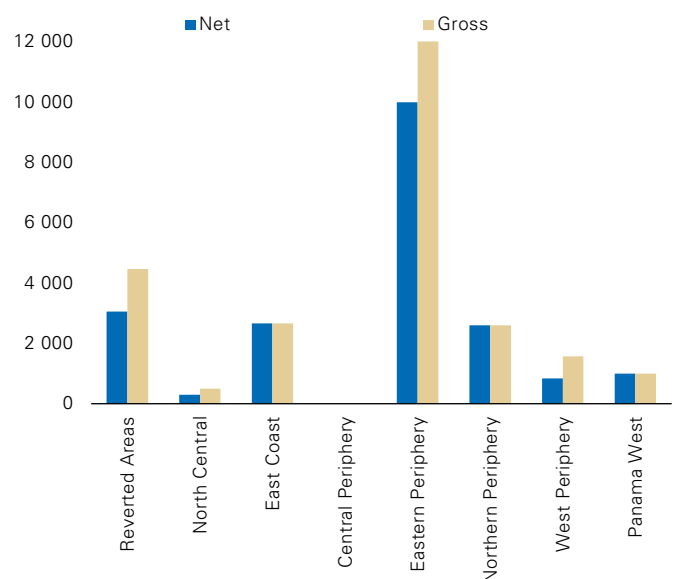
Starting Price Ranges by Submarket

AVERAGE RENTAL PRICE (USD/ m²)



Absorption by Submarket

IN SQUARE METERS



Origin of Demand

For the first quarter of 2021, the demand showed signs of a significant recovery whose net absorption showed a growth of almost 20.0% according to the same period of 2020. Most of the demand corresponds to new requirements, of which some represent needs that they remained paused during the quarantine period and have recently been reactivated.

Regarding expansions, the demand shows a genuine interest in expanding, but not all owners have the immediate capacity to satisfy said requirements, which represents a need to move or consolidate. This represents a great opportunity for developers who maintain a speculative and specialized offer.

It is envisaged that this market will be the one that shows the

most immediate recovery, considering the position of the country in the logistics industry and the impact of electronic commerce on the activities of storage and internal and external distribution of goods.

The adaptation of the product will be a fundamental element for the commercialization process in the industry of existing industrial parks that show signs of obsolescence.

In markets with a higher degree of maturity, it can be seen that the generation of " clusters " or integration of activities has given very positive results in the absorption times of units and land within a project and submarkets specialized in serving similar activities. and complementary..

Statistics by Submarket

Submarket	Total Inventory (m ²)	Under Construction (m ²)	Availability (m ²)	Availability Rate	Net Absorption (m ²)	Rent (USD/m ²)
Reverted Areas	266,353	20,500	14,548	5.46%	3,061	\$9.25
North Central	41,463	12,440	7,330	17.68%	300	\$7.51
East coast	205,253	0	8,152	3.97%	2,666	\$9.31
Central Periphery	53,323	0	4,496	8.43%	0	\$6.60
East Periphery	398,818	152,180	110,975	27.83%	9,997	\$6.98
Northern Periphery	30,889	0	695	2.25%	2,602	\$6.22
Western Periphery	25,188	10,000	1	11.02%	836	\$6.53
Panama West	26,300	9,200	0	0.0%	1,000	\$5.85
Total	1,553,394	204,320	188,968	12.16%	21,764	\$7.35

RESEARCH Q2 2022

For more information:

Costa Rica

Santa Ana, CC City Place,
Building B, Floor 3
t (506) 4000.5171

Danny Quiros

Research Director
Newmark Central America
danny.quiros@nmrk.com

Cesar Guerrero

MarketResearch
Newmark Central America
cesar.guerrero@nmrk.com

centroamerica.nmrk.lat

Newmark ha implementado una base de datos propia y la metodología de seguimiento ha sido revisada. Con esta expansión y refinamiento en nuestros datos, puede haber ajustes en las estadísticas históricas, incluyendo la disponibilidad, precios de renta, absorción y rentas efectivas. Nuestros reportes de mercado se encuentran disponibles en <https://nmrk.lat/reportes-de-mercado/>

Toda información contenida en esta publicación está basada en fuentes consideradas como confiables, sin embargo, Newmark no la ha verificado y no la garantiza. El destinatario de esta información debería verificarla de manera independiente, así como toda información que reciba y que utilice para la toma de decisiones, el cual debe consultar a profesionales de su elección, incluidos sus aspectos legales, financieros, fiscales e implicaciones. El destinatario de esta publicación no puede, sin consentimiento previo por escrito de Newmark, distribuir, difundir, publicar, transmitir, copiar, transmitir, cargar, descargar, o en cualquier otra forma reproducir esta publicación o cualquiera de la información que contiene. Este documento tiene exclusivamente fines informativos y nada de su contenido pretende asesorar o recomendar estrategias específicas. No debe de ser utilizado como base para predecir el comportamiento del mercado, transacciones, estrategias de inversión, ni cualquier otro asunto.