



NEWMARK

Research Central America:
Panamá City Industrial Market

4Q25

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Overview

As of December 2025, the Panama City industrial market has continued to expand its total inventory, reflecting developers' confidence in the country's long-term logistics potential. However, the third quarter showed a marked slowdown in demand. This suggests that regional caution in logistics activity, coupled with uncertainty surrounding trade with the United States, has led companies to postpone major expansion decisions.

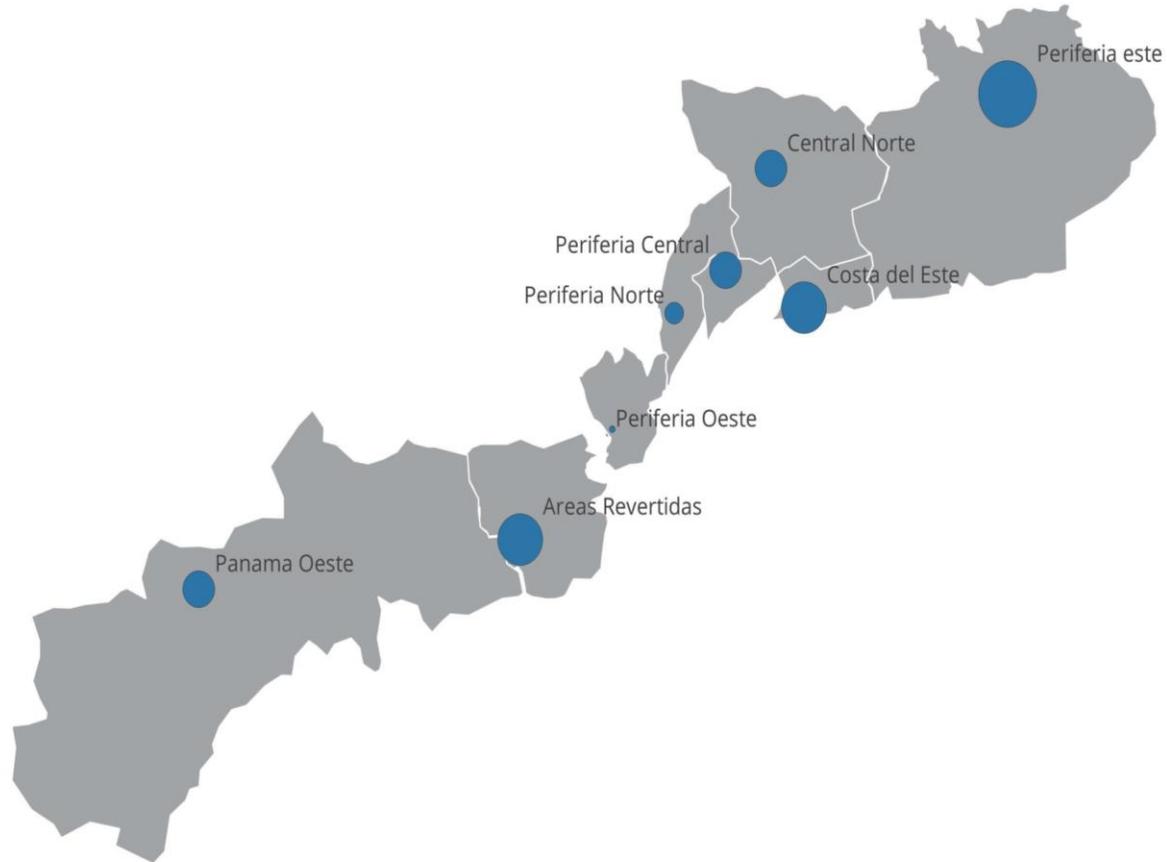
The increase in inventory was not fully absorbed by the market, resulting in a slight decrease in the availability rate. Despite this lower transactional activity, list prices remained stable, indicating that the new supply entering the market is concentrated in high-quality projects located in prime submarkets with strong structural demand.

This surge in space supply continues to be driven by strategic sectors such as logistics, distribution, and light manufacturing. The first half of the year saw a significant influx of new speculative supply, responding to the market's need for modern properties adapted to current trends and available for immediate occupancy.

Industrial market growth continues to concentrate in established geographic areas with robust infrastructure, primarily in the Eastern Periphery and the Reverted Areas. These areas maintain their attractiveness thanks to their excellent logistical connectivity, offering direct access to major transportation routes, ports, and airports, making them preferred locations for companies seeking operational efficiency. Despite the quarterly slowdown in demand, the outlook remains positive. There is growing interest from developers and local authorities in expanding industrial development into submarkets with potential that are seeking to overcome infrastructure or connectivity limitations. The goal is to diversify growth and ensure more balanced urban and economic development across the country.

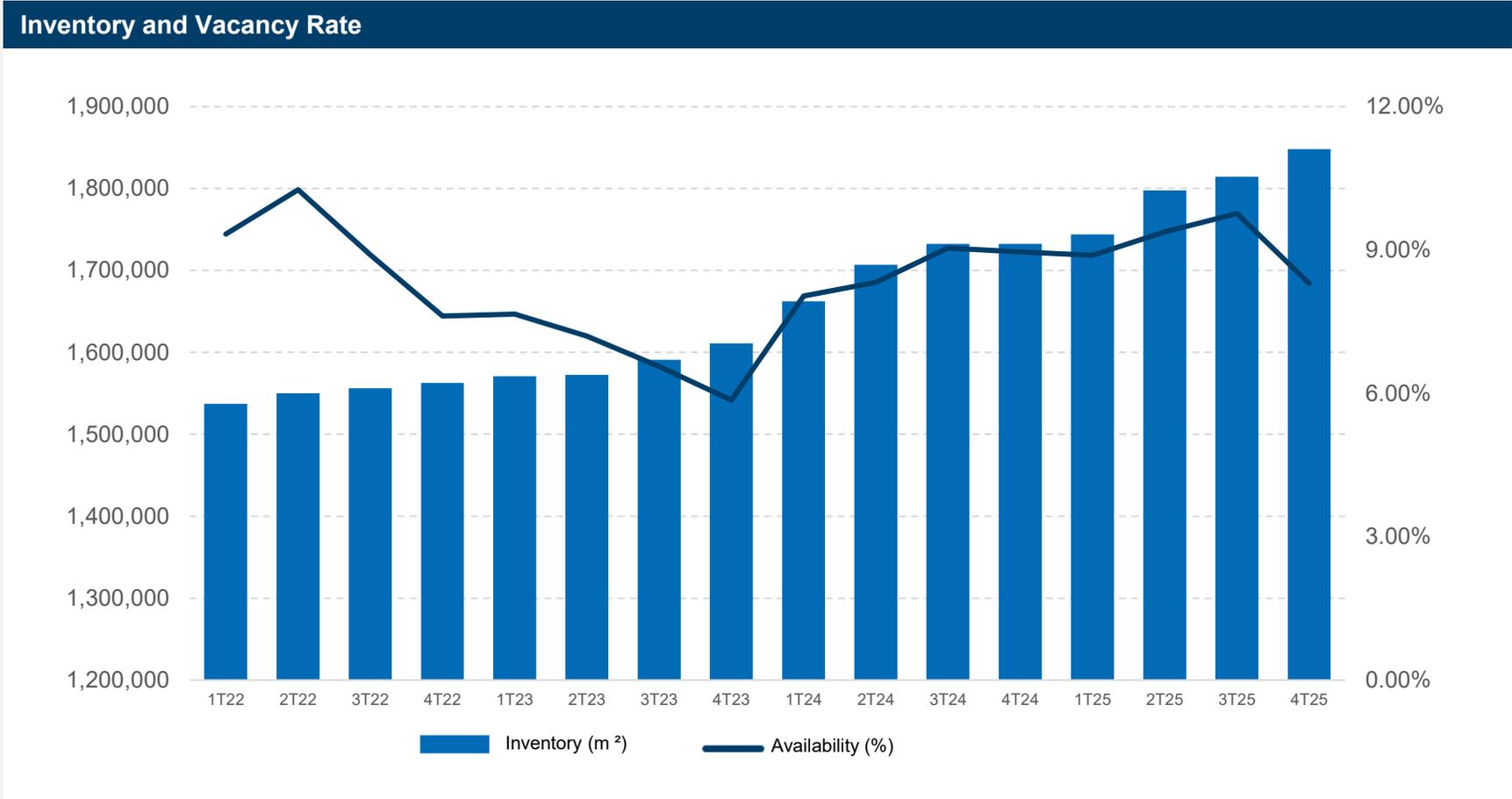
Submarkets

Submarkets in Panama City



Submarket	Inventory (sqm)	Vacancy (sqm)	Vacancy Rate (%)	Gross (sqm) Absorption	Net (sqm) Absorption	Asking Rent (USD/sqm/month)
Areas Revertidas	293 123	18 224	6,22%	0	0	\$8,50
Central Norte	41 463	6 098	14,71%	0	0	\$7,87
Costa del este	205 988	2 598	1,26%	0	0	\$8,88
Panama Oeste	52 619	7 233	13,75%	0	0	\$6,02
Periferia Central	53 323	4 770	8,94%	0	0	\$7,17
Periferia Este	1 134 221	110 475	9,74%	58,789	57,395	\$7,15
Periferia Norte	38 890	2 478	6,37%	0	0	\$6,38
Periferia Oeste	28 300	1 455	5,14%	0	0	\$7,90
Total	1 814 228	177 027	9,76%	58 789	57 395	\$7,34

Decrease in Vacancy Rate

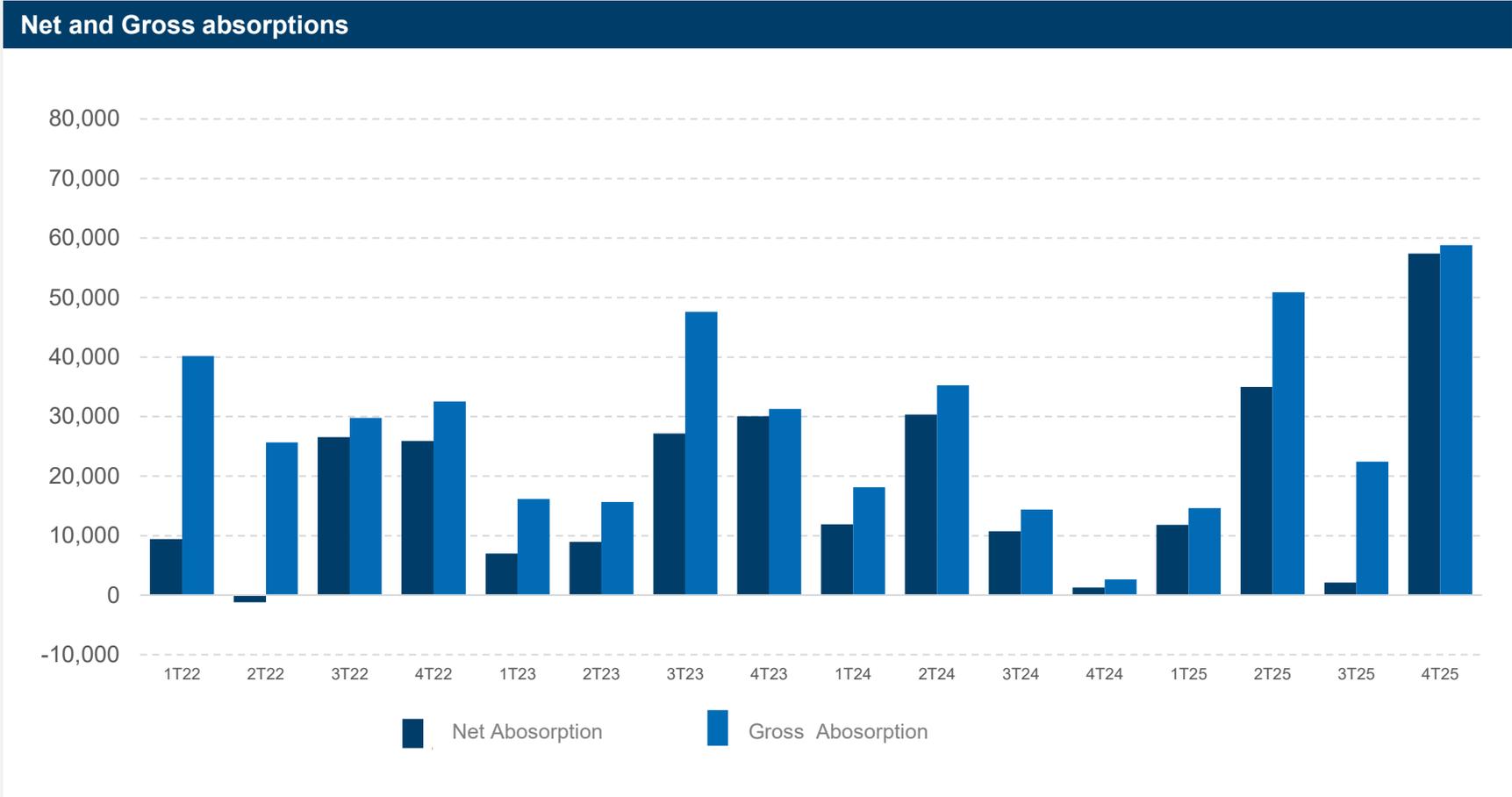


Panama City's industrial market maintained solid growth throughout 2025, driven by a steady supply of new speculative space. Inventory reached 1,847,922 m² at the end of December, reflecting developers' confidence in the country's logistical role and their commitment to more modern and efficient spaces.

As a result of these additions, the availability rate decreased from 9.76% to 8.30%, indicating an adjustment period where new supply has temporarily exceeded immediate demand. The market's ability to absorb this space will be key to stability in the coming months.

Growth has been concentrated primarily in established areas such as the Eastern Periphery and the Reverted Areas, thanks to their infrastructure and connectivity. However, there is also interest in expanding industrial development to other areas to diversify the supply and foster urban and economic growth.

Demand



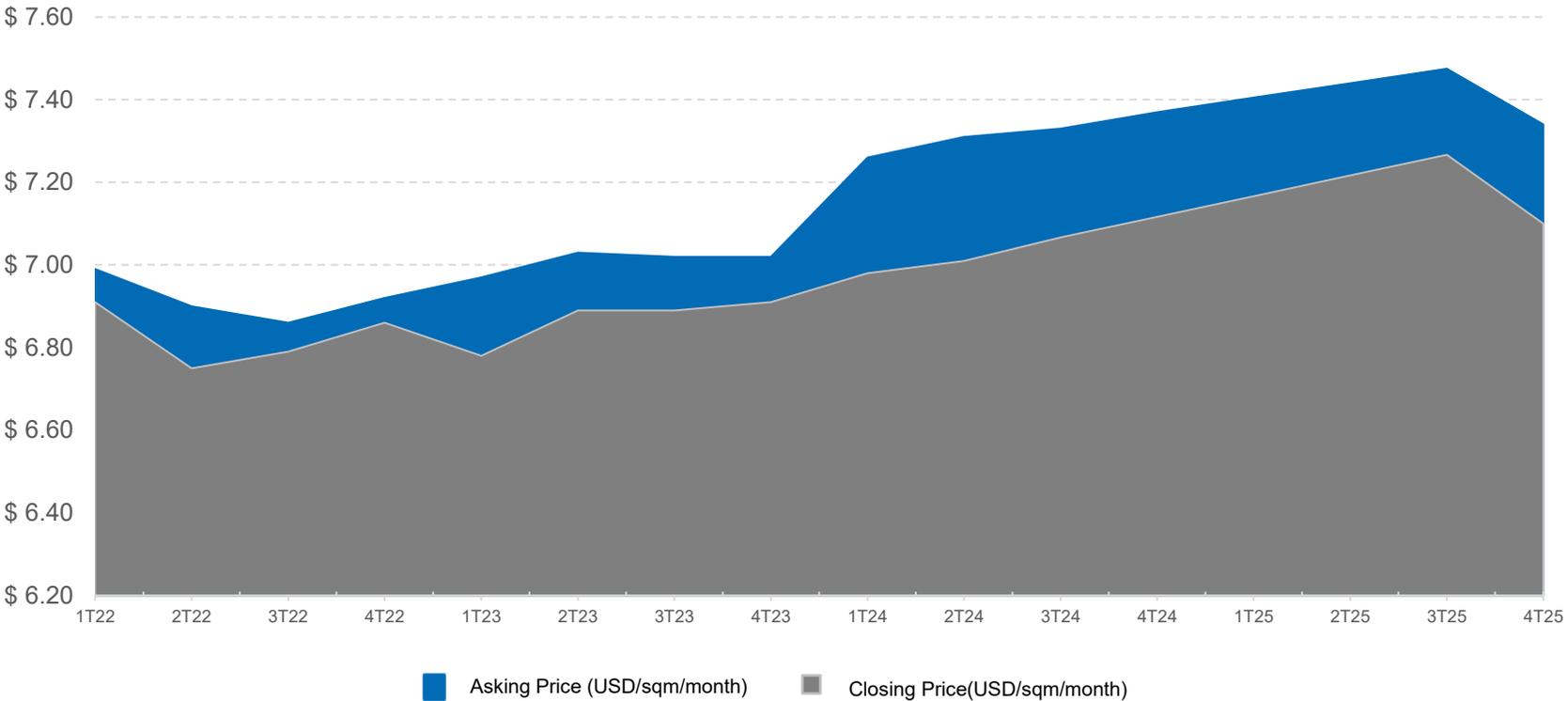
The industrial market experienced a sharp contraction in demand during Q4 2025. Although the previous quarter had shown very strong absorption, this period saw more moderate growth, insufficient to offset the large amount of new supply entering the market. This reflects a pause in investment and expansion decisions, which will prolong the time needed for the market to regain its equilibrium.

Business caution stems from the lagged effect of recent sociopolitical instability, regional logistical uncertainty, and potential changes in US trade policies, factors that have led companies to postpone space commitments. Furthermore, the exit from operations in key areas significantly reduced net absorption for the quarter.

Even so, industrial demand is expected to remain solid in the medium term, driven primarily by the trade, logistics, and manufacturing sectors, which will continue to generate development opportunities..

Prices

Asking and Closing Prices

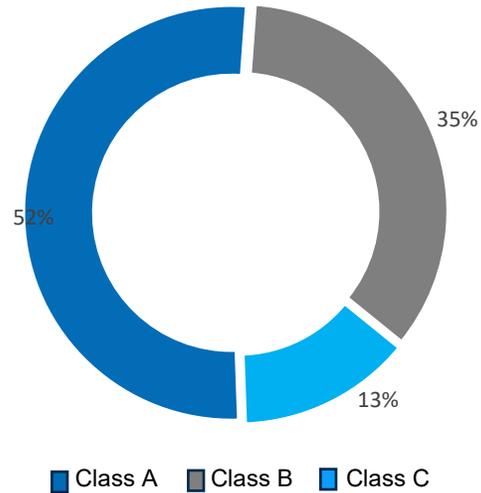


At the close of 2025, office rental prices in Panama City showed significant variation due to the mix of new and second-generation spaces, creating a favorable market for tenants and longer lease terms. The average list price rose to US\$16.86/m² due to investments in improvements, and premium properties saw closings above US\$19.00/m². In the medium term, a gradual increase is expected, driven by modernization, inventory absorption, and competition based on quality and amenities, contingent upon economic stability and foreign investment.

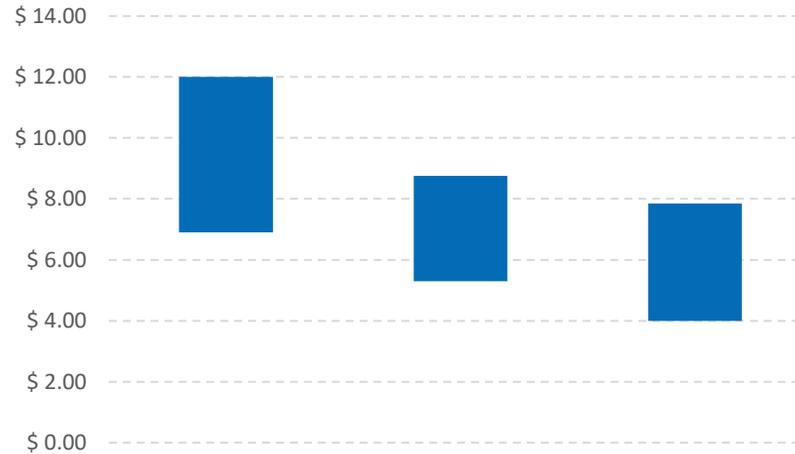
Classes in Panama

Analysis by Class

VACANCY COMPOSITION



PRICE RANGES BY CLASS (USD/sqm/month)



Class	Inventory (sqm)	Vacancy (sqm)	Vacancy Rate	Gross Absorption (sqm)	Net Absorption (sqm)	Ask. Price (USD/sqm/month)
A	996 372	61 311	6,15%	56 290	55 230	\$8,49
B	610 655	65 294	10,72%	500	166	\$7,20
C	240 899	26 725	11,09%	1 999	1 999	\$6,67
Total	1 814 228	177 027	9,76%	58 789	57 395	\$7,34

An analysis by property class in Panama City's industrial market reveals significant trends. Class A properties are positioned as the most attractive, driven by strong demand that translates into higher rental prices. This dynamism suggests that companies prioritize quality and, possibly, strategic locations, being willing to invest more to secure prime spaces. In contrast, Class B is experiencing a notable weakness in demand, marked by negative net absorption, which points to users' need for more efficient properties. On the other hand, Class C presents an interesting picture. Despite offering the lowest average rents, these properties demonstrate positive demand. This finding indicates a preference for more economical spaces, whether due to operating cost considerations or the specific needs of certain types of industries. Taken together, these disparities between property classes underscore the heterogeneity of the Panamanian industrial market and the changes in demand that landlords are currently facing.

César Guerrero
Market Research
Central America
Cesar.Guerrero@nmrk.com

Panamá
Pacific Center, Torre 1000, Piso 20, Oficina
20, Boulevard, Ramón H. Jurado de Paitilla,
Ciudad de Panamá
T +507.838.8234

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