

## QUICK STATS

	Actual	Change from last	
		2H 2011	1H 2011
Absorption	86%	↓	↓
Lease Rate	\$7.96	↑	↑
Sales Price	\$1,516.61	↑	↓
Construction	381,475m <sup>2</sup>	↑	↑

Note: The arrows are trend indicators over the specified time period and do not represent a positive or negative value.

## NEWS

- During the first half of 2011, the new offer was absorbed by 87%. Currently stands at 86%.
- Achieving these logistic centers will allow Panama to become an active player in the international supply chain, adding value to products.
- For the first months of the year, the average for rental prices were in \$ 7.66/ sqm / month. In the second half of the year the price increased slightly to \$ 7.96/ sqm/ month.
- The facilities offered by Panama in connecting with the most important sea routes in the world, helps for the creation of multimodal bridges for this country.

In 2011 Panama demonstrated strong economic development and stability. Which outlines a fast growth, estimated a gross domestic product by 8%. As well as the FMI and ONU predict that Panama will lead the growth in the region over the next 5 years. All because of strong foreign direct investment and economic stability, as well as by its geographical position.

In 2011 Panama has achieved a positive improvement in the country's credit rating awarded by the international agency Fitch Ratings, which rises from BBB-to BBB with a stable perspective. This is due to political stability and the strength of the banking system, the favorable investment cycle driven by the Panama Canal expansion, and the five-year public investment program of about \$ 13,500 million. In the country are developing large projects that will turn around the various markets that make this economy. The consolidation of Panama as a logistics platform in a continental hub, not only of goods and passengers, but also with the potential to make a powerhouse. The construction of the air hub of the Americas at the Tocumen International Airport.

Among others is the construction of the first line subway project, which has an advance of 14% and is expected to be ready in 2013. The proposed expansion of the Panama Canal construction continues, now with an advance of 28%. At the end of this extension, scheduled for 2014, the growth in container traffic will triple in the area, which can turn the country into the main focus of the continent logistics.

Our country serves as a place of passage to ships and containers, but this activity is derived from a lower profit. Achieving these centers are developed logistics to Panama would become an active agent in the international supply chain, adding value to products that pass through there.

The possibilities are endless. Logistics Centers projects in Panama, correspond to a service sector, which includes basic services to the charge and additional operations are performed. The facilities offered by Panama in connecting with the most important sea route in the world, helps in the creation of multimodal bridges, whose potential in the market areas and production of important dimensions. The development provides to the customers, more physical industrial space, where they can locate more merchandise with a quality service, so that the country becomes more competitive in the logistics sector.

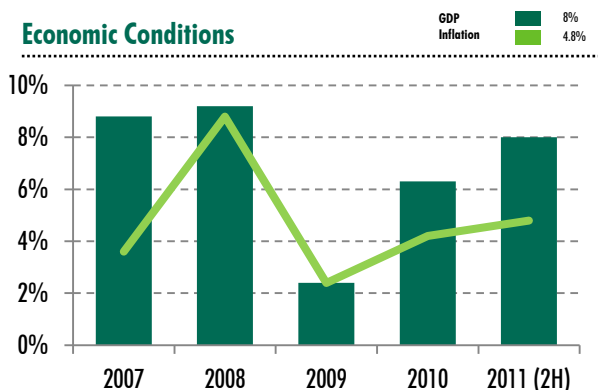
The real estate market in this sector according to the behavior of the indicators showed a slightly decreased absorption to (86%) in the second half of 2011 over the previous semester. Similarly been added 58.365 square meters of constructed area, reflected according to the results obtained reflect the total amount of 238.778 square meters. However, rental prices for Class A projects with facilities still competitive as the previous semester, with an average price of (\$ 7.96 / sqm / month), this as a result of the continued development of projects with amenities that supply demand in the growing industrial market, which expands on the various sub-markets of the country.

## Panama City – Class A Industrial Market

Submarket	Leasable Area	Vacancy (m <sup>2</sup> )	Absorption Rate	Under Construction (m <sup>2</sup> )	Average Asking Lease Rate (USD/m <sup>2</sup> /month)
Costa del Este	175,500	3,611	98%	0	\$7.00 – \$8.00
Reverted Areas	58,500	7,086	62%	71,285	\$8.00 – \$8.50
North Periphery	41,158	14,247	71%	0	\$9.00 – \$10.00
East Periphery	77,347	54,980	78%	310,190	\$7.00 – \$7.50
<b>Total</b>	<b>352,505</b>	<b>79,924</b>	<b>86%</b>	<b>381,475</b>	<b>\$7.50 – \$8.50</b>

Betania, North, Center and South don't have Class A facilities.

### Economic Conditions

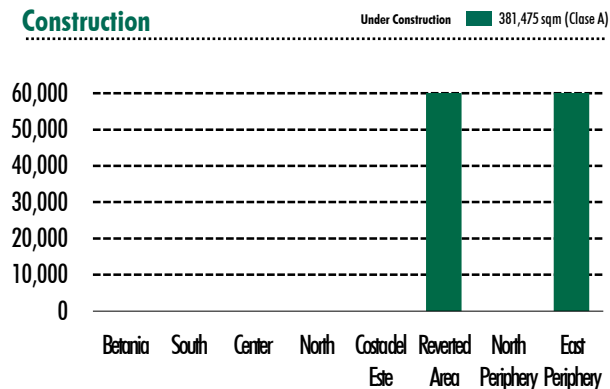


/e: estimated  
Source : Panama General Comptroller's Office.

Gross domestic product increase in the reports, before the year ends, reflecting 10.4% and projected of 10.5% growth over the previous year, this represents more than 4.5 percentage, more than the 6.5% that the International Monetary Fund (IMF) was calculated for Panama.

No doubt that the country's domestic demand and all the infrastructure including the construction of the Metro Line one and the expansion of the Panama Canal has become the driving force behind these figures.

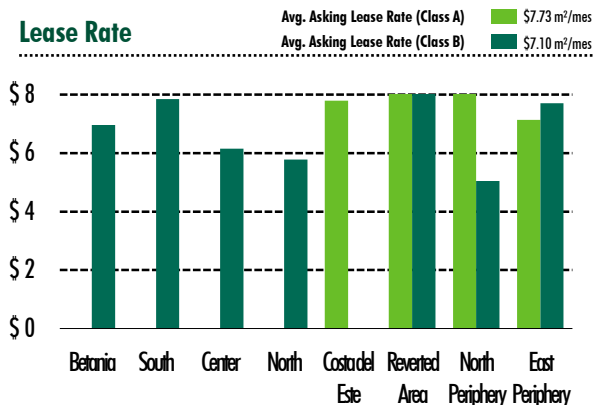
### Construction



During the second half of the year, the construction was orienting primarily to the development of neighborhoods and shopping centers, offices, warehouses and hotels, however detailed the works of public and private infrastructure will begin to note differences from the last two years.

In the next 3 years, the East Periphery submarket will have about 255 thousand square meters of leasable area (including the current offer and the one that is under construction). Also in the North Periphery submarket is continuing to develop several projects that will add about 30,000 square meters in total to the industrial market. In the Reverted Areas submarket are 45,700 square meters under construction to be delivered during 2011 and 2012.

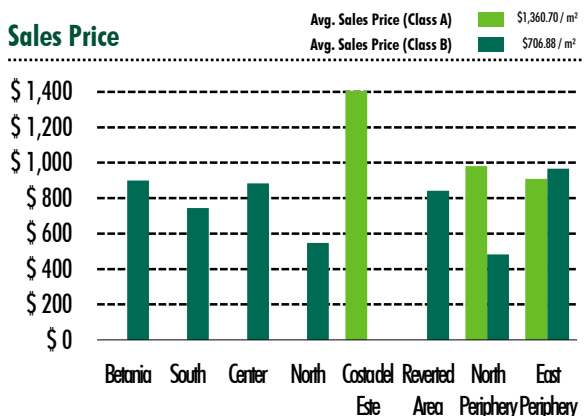
### Lease Rate



At the end of 2011 there was a slight increase in the rental price, product projected of the real states market, as one of the most benefited by the boom in Panama, also as Hub of the Americas and because of it use as a meeting point internationally.

Demand remains high, and that is why the number of square meters is growing faster. Earlier this year, the lease rate reached \$ 7.66 sqm / monthly. At the end of the second half, prices rose slightly to \$ 7.73 sqm/ monthly. Just as the price of Class B facilities rent went from \$ 6.68 sqm to \$ 7.10 sqm per month.

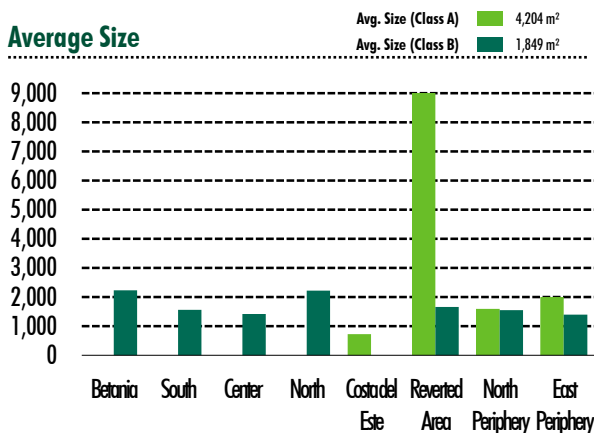
### Sales Price



The sale price for Class A was increased from an average of \$ 1,360 sqm during the period between January and June, increasing to \$ 1,516.61 sqm at the end of the year.

The East Coast submarket is in an average sales price higher of \$2,125 per square meters, while the East Periphery has continued to maintain the current price level with a slight increase in the sale price average of \$ 908.23 per square meters. The Class A projects that are offering in the industrial parks style for sale and rent, are in the East Periphery and the Reverted Areas. But, in the last one mentioned, is only rent on demand, based in the client request in the space. And the North Periphery is in the same line, at the moment with some warehouse spaces ready to be occupy.

### Average Size



The average for Class A projects still remains the same, with buildings that can have up to fifteen thousand square meters, that can be divided among several users. This will provide flexibility in case the users can need more spaces, at the same time allowing this to be less expensive for the clients.

The reverted areas submarket continues to lead the largest industrial buildings, with an average of 10,000 square meters, but the divisions are from 2,000 to 15,000 square meters. East Coast is in a second place with an average size of 2,500 square meters.

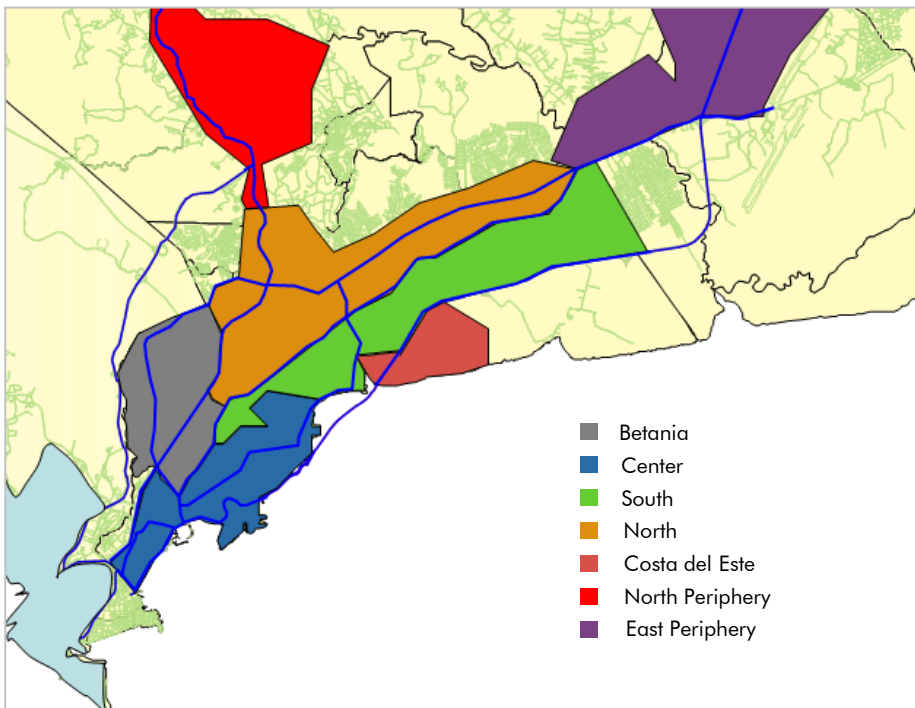
Class B facilities that are currently on the market, offers a size ranges between 900 and 4,200 square meters, depending on customer requirements and availability.

## MarketView Panama City

### Submarket Areas – Panama City

Submarket	Areas
Betania	Los Ángeles, La Locería, El Dorado, Vista Hermosa.
South	La Exposición, Bella Vista until Avenida Ernesto T. Lefevre.
Center	Parque Lefevre, Juan Díaz, Río Abajo, José Agustín Arango Ave.
North	North of Vía España and Vía José Agustín Arango, north part of Vía Transístmica, San Miguelito, Ricardo J. Alfaro Ave. and peripherals.
Reverted Areas	Albrook, Clayton, Corozal y Howard.
North Periphery	Las Cumbres, Milla 8, along Transístmica Ave. to North.
East Periphery	Pedregal, Tocumen, along Tocumen Ave. and Pan American Highway to east.

### Panama City Industrial Submarkets



#### AVERAGE ASKING LEASE RATE

Rate determined by multiplying the asking net lease rate for each warehouse by its available space, summing the products, then dividing by the sum of the available space with net leases for all warehouses in the summary.

#### AVERAGE SALES PRICE

Rate determined by multiplying the sales price for each warehouse by its available space, summing the products, then dividing by the sum of the available space for sale for all warehouses in the summary.

#### ACCESSIBILITY

It refers to the type of access and security of the land area where the warehouses are located.

#### AVAILABILITY

Status of the size of the available usable space of warehouses within a Submarket (High, Medium, Low).

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