

MarketView

Industrial Market – Panama

www.cbre.com/research

1st Half 2009

QUICK STATS

	Change from last Year
Availability	↓
Lease Rate	↑
Sale Price	↑
Construction	↑

NEW DEVELOPMENT



Parque Sur will be a logistics center, developed on 104 acres located just minutes from Tocumen International Airport. It will offer office and warehouse space with tailored turnkey concept, and value-added areas such as banks, gas stations and restaurants.

The performance of the Panamanian economy in the first quarter of 2009, measured by Gross Domestic Product Quarterly (GDPQ) showed an increase of 2.5% compared to the similar period last year. Panama's economy is divided in three groups: Agriculture, Industry, and Services (all companies that provide commercial or personal services). The largest participation belongs to the Service sector with 78% of GDP in 2008, followed by the Industrial sector (15%) and the Agricultural sector (7%).

The major domestic economic activities that have grown faster than expected are: rice cultivation, sugarcane and sorghum production, cattle ranching, mining, quarrying, construction, service, non-scheduled passenger transport by land, and telecommunications. Other activities that grew (albeit to a lesser extent) include: floriculture, dairy farming, fishing, hydropower electricity generation, the wholesale sale of goods, real estate, small business rentals, and social/domestic services.

Regarding activities oriented toward the global marketplace, tourism did well, with growth in the air travel and hotel services industries. However, port activities, the Panama Canal operations, Colon Free Zone wholesale trade, and fruit and shrimp productions all experienced negative growth in the first half of 2009.

The industrial real estate market in Panama City is composed by warehouses (or flexible spaces) used for storage, distribution, packaging, and other light industrial activities. During the last months, interest in industrial space within the City has increased, which will likely produce price increases due to the current limited availability.

The industrial market outside of the City is growing rapidly. Land is cheap and readily available. This fact, coupled with the completion of major infrastructure projects [the Corredor Norte and the Corredor Sur, the widening and rehabilitation of the Pan American Highway, and the Via Transistmica] is driving demand for industrial and commercial spaces outside of the urban core and fueling price increases, as well. These submarkets are referred to and the East Periphery and North Periphery.

The growth of economic activity related to the production, distribution and marketing of exports has fueled increasing demand for processing space and raw materials, along with storage space for products, collection centers, and logistics hubs. This need is currently being met by investors who offer specialized centers to supply commercial and industrial customers. The Peripheral areas are perfect locations for new Class A logistics development.

The largest industrial park developments at the moment are: Parque Sur, Plaza Las Mañanitas, Parque Industrial del Este, Tocumen Storage Complex, Tocumen Warehouse Park, the Santa Maria Business District, Parque Industrial Corredor Norte, and Panamá Pacifico which is located on the former Howard US air force base.

All new projects will be implemented under the industrial park scheme (that is, they will be designed as industrial parks, with Class A space). Until now only submarkets such as Costa del Este and the North and East Peripheries provided these type of facilities that are currently demanded by the market.

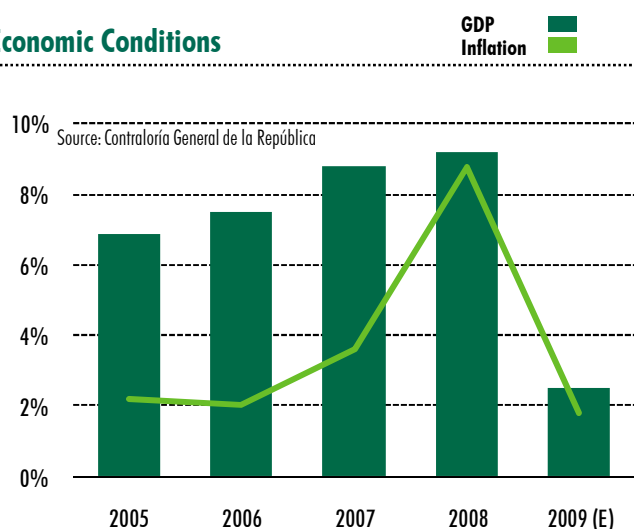
Ciudad de Panamá – Mercado Industrial Clase A

Submarket	Average Lease Rate (US\$/m ² /month)		Average Sale Price (US\$/m ²)		Average Size (m ²)	Availability
	Class B	Class A*	Class B	Class A*		
Betania	7.15	N/A	900.00	N/D	4,450	Very Low
South	8.36	N/A	1,200.00	N/D	1,300	Very Low
Center	7.64	N/A	590.00	N/D	1,500	Medium
North	6.00	N/A	580.00	N/D	3,100	Medium
Costa del Este	N/D	12.00	N/D	1,700.00	2,900	Very Low
North Periphery	5.00	5.50	670.00	750.00	3,000	Medium
East Periphery	5.71	6.00	550.00	650.00	2,500	Medium
Average	6.19	6.75	713.17	837.5		

(*) Class A projects, in presale and pre-construction stage.

N/A – Prices not available due to the fact that in that submarket you can not find that Class.

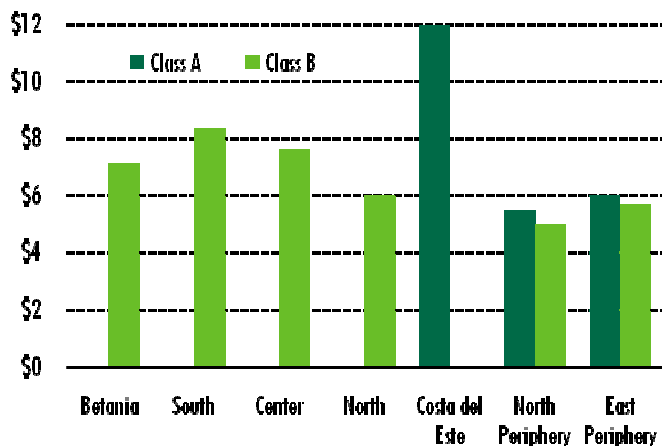
Economic Conditions



Economic growth slowed sharply during the first half of 2009 – GDP was only 2.5%, compared to the 9.2% achieved over the same period in 2008. Even so, one of the best performing sectors is Tourism, which grew by 3.3% during the first half of 2009 when compared to the same period in 2008. However, global market-oriented activities, such as imports, exports, wholesale trade and other Colon Free Trade Zone businesses, have been adversely affected during these first six months of 2009.

Lease Rate

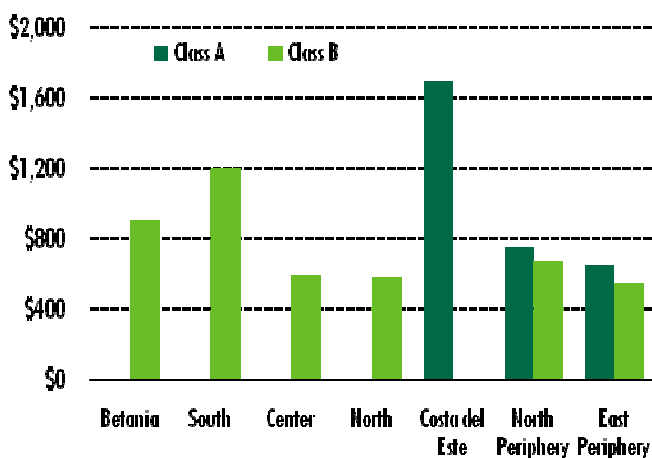
Average Asking Lease Rate ■ \$6.75/m²/month



Class A facilities are limited to the Costa del Este, the North and East Peripheral regions. The last two years have seen seven new projects developed at attractive rental prices ranging from \$5.00/m² to \$6.00/m² per month. During the first half of 2009, prices in the Costa del Este region increased to \$12.00/m² on average. Rental prices in the Class B market maintained their upward trend, particularly in the South and Central submarkets, which exceeded the average price of \$7/m² monthly.

Sales Price

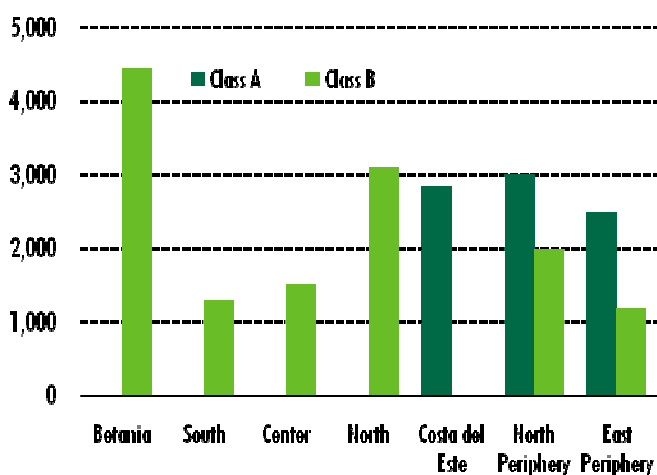
Average Sales Price ■ \$837.5/m²



The highest sale prices during the first half 2009 were in Costa del Este, with an average of \$1,700/m². Class A offerings in the peripheral areas are now very competitive due to the availability of low price land allowing for warehouses to be offered at around \$650/m², only 20% higher than Class B facilities located in the same areas. The Bethania and South submarkets command the highest prices for Class B offerings.

Average Size

Average Size (Class A) ■ 2,700m²



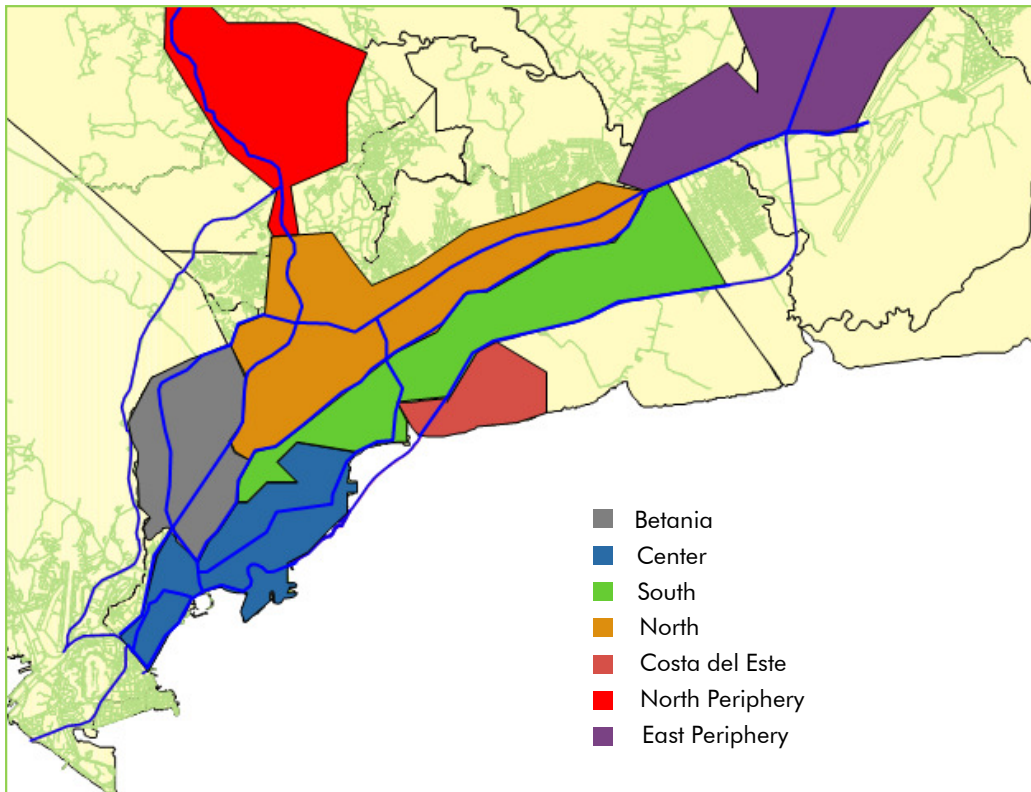
The Bethania submarket is characterized by a lower vacancy rate and large facilities, primarily located in the Industrial Construction Orillac, exceeding 4,000 m². The North, Central and South submarkets offer smaller warehouses, mainly oriented to citywide distribution and commercial activities. Costa del Este and the peripheral zones have become highly important because of their supply of Class A facilities. Facilities in the peripheral submarkets are currently being offered on a pre-sale basis for lots of 200 m² to 16,000 m² suitable for the construction of flexible warehouses.

MarketView Panama City

Submarket Stats – Panama City

Submarket	Areas
Betania	Los Ángeles, La Locería, El Dorado, Vista Hermosa
South	La Exposición, Bella Vista y hasta Avenida Ernesto T. Lefevre
Center	Parque Lefevre, Juan Díaz, Río Abajo, Vía José Agustín Arango
North	Norte de Vía España y Vía José Agustín Arango, tramo norte de la Vía Transístmica, San Miguelito, Vía Ricardo J. Alfaro y alrededores
North Periphery	Las Cumbres, Milla 8, a lo largo de la Vía Transístmica hacia el Norte
East Periphery	Pedregal, Tocumen, a lo largo de la Vía Tocumen y la Carretera Panamericana hacia el Este.

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).

© Copyright 2007 CB Richard Ellis (CBRE) Statistics contained herein may represent a different data set than that used to generate National Vacancy and Availability Index statistics published by CB Richard Ellis' Corporate Communications Department or CB Richard Ellis' Research and Econometric Forecasting unit, Torto Wheaton Research. Information herein has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the market. This information is designed exclusively for use by CB Richard Ellis clients, and cannot be reproduced without prior written permission of CB Richard Ellis.