

MarketView

Retail Market – Panama

Quick Stats

Change from last

Current 2S 2008

Vacancy	8.63%	↑
Lease Rate	\$18.43	→
Sales Price	\$2,345.00	→
Construction	219,727 m ²	→

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

New Development



The new Metromall will have 130,000 m² when completed. Will be located on 23 hectares of land in the area of Juan Diaz; same area where Los Pueblos Mall is currently located. Metromall will be an important shopping center for “lay-over” travelers that only stay for a few hours and look for shopping close to the Tocumen International Airport.

Despite the global credit crisis, Panama is one the best performing economies in the Americas in 2009. GDP growth for the year is estimated to be between 2.5% and 3.5% -- a sharp decline from 2008's 9.2% growth, but still one of the highest growth rates in the region.

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%). Tourism's share of the Services sector (and thus its share of economic activity) has grown over recent years – in fact, air travel and hotel services were two of a very small set of non-domestic sectors that grew during the first half of 2009.

Tourism is tied closely to Foreign Direct Investment (FDI) in Panama. The major investor countries in Panama are the United States, Japan, Costa Rica, England, Mexico and Venezuela. FDI is concentrated in the Panama Canal, the banking industry, the Colon Free Zone, manufacturing, transport, storage, telecommunications and construction projects. Because of the upcoming enlargement of the Panama Canal, foreign investments are expected to grow even more. Given the Services sector's dominant share of the Panamanian economy, FDI is a major engine for economic growth.

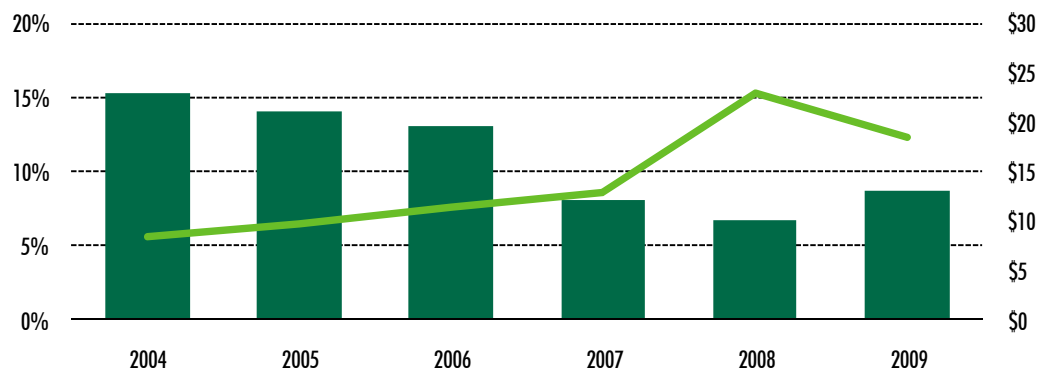
Mall construction has become a magnet of economic growth due to their appeal to Panama's tourists and investors. The most prestigious Class A malls are currently Multiplaza y Multicentro. They both offer excellent amenities for tourists who come to Panama largely to shop. Multiplaza commands the highest asking rent and sale prices, with rent at \$60.00 per square meter per month, and sales approximately \$6,000 per square meter.

During the first half of 2009, occupancy rates at the major shopping centers remained stable. However, the peripheral areas of the City have been adversely affected, with smaller specialty boutique shops closing their doors. This is due to the decrease in consumer spending by members of the middle and lower socio-economic classes.

In general, during the first half of 2009, asking rent and sales prices have remained unchanged from their year end 2008 levels. Two new retail developments are coming on-line in the near term. The first, Metromall, should be finished by the end of 2009. Located just a few kilometers from Tocumen International Airport, it will add more than 90,000 square meters to the retail market. Construction of West Land is expected to start in late 2009. The total project will comprise 170,000 and is expected to be finished in late 2011.

Vacancy vs. Average Asking Rent

Vacancy 8.6 %
Average Asking Rent \$18.43 /m²/month

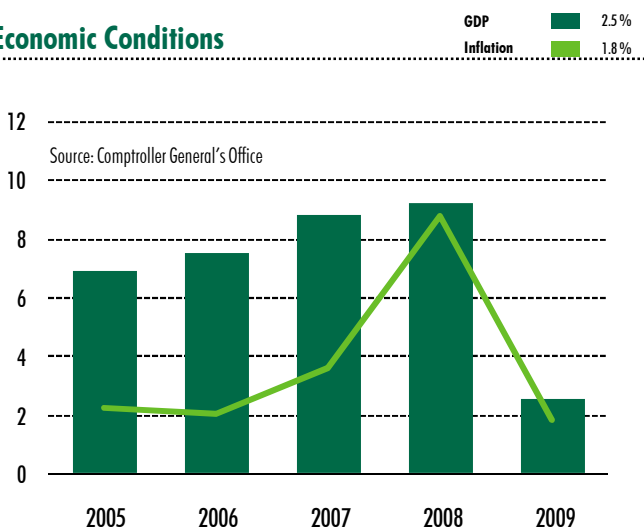


Panama City – Retail Market

Submarket	Leasable Area (m2)	No. of Store Units	Vacancy Rate	Lease Rate (US\$ / m2)
Reverted Areas*	206,105	606	3.69%	\$20.00 – \$45.00
<i>El Dorado</i>	93,869	261	13.63%	\$15.00 – \$20.00
East Area (<i>Costa del Este</i>)	20,976	113	2.15%	\$25.00 – \$35.00
East Periphery (<i>Vía Tocumen</i>)	271,702	711	10.66%	\$8.00 – \$18.00
North Periphery	174,429	435	12.29%	\$10.00 – \$18.00
South	133,595	471	5.11%	\$10.00 – \$60.00
Center	15,066	72	6.64%	\$12.00 – \$15.00
Panama City	915,742	2,514.00	8.63%	\$8.00- \$60.00

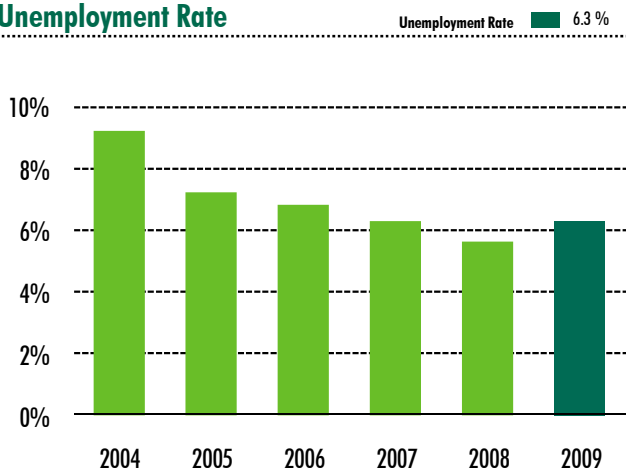
* Former Canal Zone

Economic Conditions



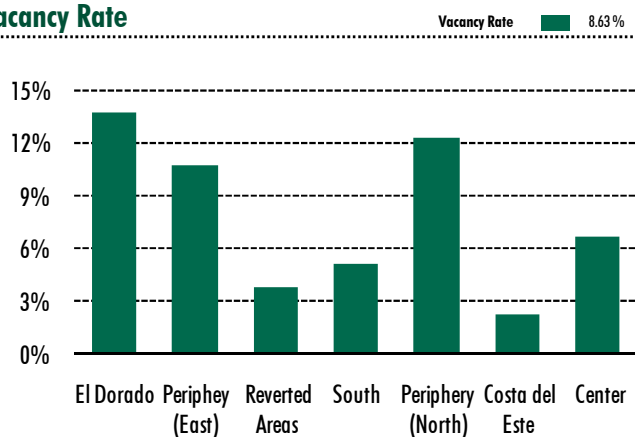
Economic growth slowed sharply during the first half of 2009 – GDP was only 2.5%, compared to the 9.2% achieved over the same period in 2008. Even so, one of the best performing sectors is Tourism, which grew by 3.3% during the first half of 2009 when compared to the same period in 2008. However, global 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.

Unemployment Rate



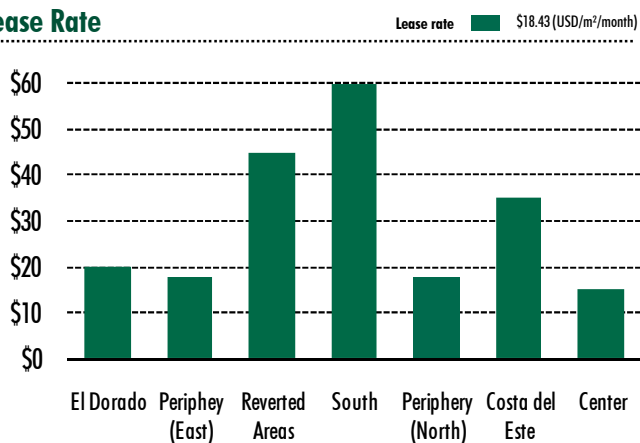
During the 2009 first six months, the unemployment rate reached 6.3%, up from 5.6% at the end of 2008, where it was 5.6%. Unemployment will likely increase throughout the remainder of 2009. Despite rising overall unemployment, several industry sectors and geographic submarkets of the City are doing quite well, showing few adverse effects of the economic slowdown.

Vacancy Rate



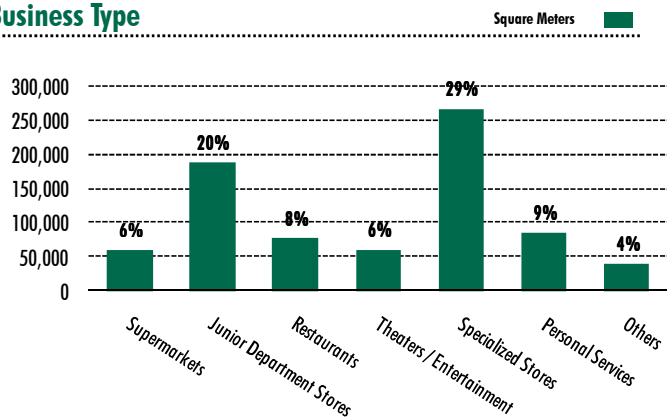
Total shopping centers vacancy rate by submarket is around 3% and 13% approximately, giving a total average of 8.63%. For the second half of 2008 vacancy rate was around 6.74%. However, vacancy in peripheral areas has been majorly affected due to the economic situation. This is because consumer spending has decreased, specially in the middle and low class. This economic classes are the principal target in peripheral areas. Malls that not only receive local customers but also foreign people, has maintain a stable occupancy.

Lease Rate



The South submarket remained the most expensive market, with lease rates reaching \$60.00 per square mete. This was followed by the Reverted Area with \$45.00 per square meter and Costa del Este with \$30.00 per square meter prices. The shopping centers located in those areas generally offer more amenities and are better located than the shopping centers in other submarkets – attracting more customers.

Business Type



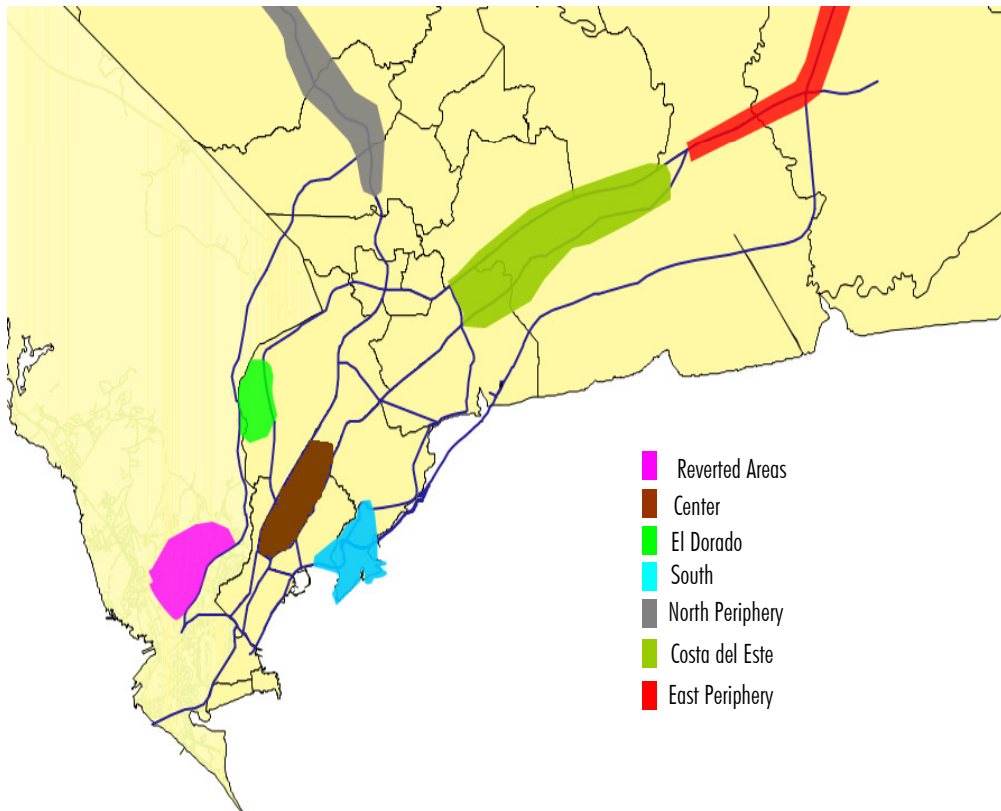
During the first half 2009 there was no increase in the amount of leasable area because the Metromall project was not yet finished. Metromall will add 90,000 square meters to the retail market. Panamanian shoppers like a wide variety of stores in a single location, which is why the large mall concept works so well here.

MarketView Panama City, Panama

Submarket Statistics

Submarket	Total m ²	Market Share
1. Reverted Areas	206,105	22.5%
2. El Dorado	93,869	10.3%
3. Costa del Este	20,976	2.3%
4. East Periphery	271,702	29.7%
5. North Periphery	174,429	19.0%
6. South	133,595	14.6%
7. Center	15,066	1.6%
Total	915,742.47	

Retail Submarkets in Panama City



Average Asking Lease Rate

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

Net Absorption

The change in occupied square meters from one period to the next.

Net Rentable/Usable Area

The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

Occupied Square Meters

Building area not considered vacant.

Under Construction

Buildings which have begun construction as evidenced by site excavation or foundation work.

Vacant Square Meters

Existing shopping center area which is physically vacant.

Vacancy Rate

Vacant Building Feet divided by the Net Rentable Area.

Main Shopping Centers:

The main shopping centers of the city are the following:

Mall Multiplaza Pacific

Located on Via Israel, it is the most prominent and modern shopping center in the city

Multicentro

Located on Avenida Balboa, it is a modern shopping center with Hotel and Casino

Super Centro El Dorado

Located on Via Ricardo J. Alfaro; first big shopping center to be built in the city

Centro Comercial Los Pueblos

Located in Juan Diaz, it is one of the largest shopping centers

Albrook Mall

Located in Albrook, next to the Albrook Bus Terminal, it is one of the most popular shopping centers

Los Andes

Located in front of Urbanización Los Nades N° 2, is an important shopping center in suburban area.

Panamá

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