

Panama, the new Emerging Property Market...

- **Over 30% growth in the property market in past 12 month.**
- **Political and economic stability, over 13% GDP growth in 2007.**
- **US dollar used as the local currency**
- **Panamas rate of tourism increased by 30% in 2007**
- **Over 100 different banks have transformed Panama City in to one of the worlds leading banking and finance centres.**
- **Cosmopolitan Hub of the region**
- **Panama is exonerating property taxes on residential investments.**
- **High yielding (residential units achieve 8-10% yield).**
- **Major infrastructure changes ongoing**
 - **widening of the Panama Canal**
 - **construction of one of the world's largest ports along with a large oil refinery**
 - **Expansion of International Airport and improved roads.**

Panama is probably most famous for its hats and its Canal, linking the Atlantic with the Pacific Ocean. Construction of the canal was started by the French in 1880 and resumed by the U.S. between 1904 – 1914; controlled by the U.S. government until its hand over back to the Panamanian government in 1999. Since its handover, traffic through the canal has increased by 35%. Due to the many years of U.S., presence in the region the main currency used in Panama is the US dollar. making investing into the country a straightforward process and the USD currently gives you the opportunity to take advantage of the current cable rate showing the weakness of the Dollar against the Sterling. This will certainly benefit investors, whom will not only take advantage of the capital growth of their investment but also major gains when the Dollar strengthens in the future.

In the past two years, the Panamanian government has been able to attract large multinational companies such as Caterpillar, Cable and Wireless, Proctor and Gamble, Hewlett Packard, and HSBC to relocate their Latin American headquarters to Panama, by offering tax and employment incentives. This coupled with an excess of **\$12 billion dollars** of investment into the Canal Expansion, and other infrastructure such as ports and airport expansions; as well as a **\$7 billion** in an oil refinery project by Occidental petroleum in partnership with quarter petroleum. This has lead to an increase of over 13% in the countries GDP in 2007, more than triple its neighbouring countries, and almost as high as China.

Panama benefits from an amazing natural beauty, with over 2,000 natural islands and the largest rainforest in the Western Hemisphere outside the Amazon Basin.

The Airport expansion would host the increasing number of tourists, flying to Panama; securing the countries future as a tourist hotspot with over **80% hotel occupancy year around**, amongst the top three globally, and with an increase in the rate of tourism of 25% in 2006, and 30% in 2007 the shortage of hotel rooms is set to escalate.

Panama has seen an economical boom, fuelling the property market; which is receiving intense international interest from property developers and investors like Donald Trump, and the Livingston brothers, all trying to position themselves in this emerging market; investing almost **\$4 billion into real estate in 2007**. This is why the market has seen a growth of over 30% in the past year, with the expansion of the canal due for completion in 2014. Market analysts are predicting strong future growth in both residential and commercial sectors, as well as local and global construction companies concentrating within this region.

With an increasing cosmopolitan feel, and a world class healthcare as well as an abundance of shops, restaurants, bars, combined with an incredible night life and thousands of miles of beautiful beaches Panama has something to offer to every individual. Which is why in the past ten years the country has seen an ever increasing number of people migrating to take advantage of its natural beauty, combined with low cost of living, and world class facilities.

In 2007, the Washington Post compared Panama City to South beach Miami, stating, *"The city tucked on Panama Bay offers a hip urban vibe and a distinctive skyline. It has sunshine, seafood and shopping opportunities galore. And although Panama is part of Central America, its rhythm and stylish Latin inhabitants have a Caribbean flavor."*

Once considered the world's premier tax haven, Panama still has much to offer those looking for a retirement below the radar. While the nation of 3.3 million does have income tax, it is only payable on locally-earned money, meaning expats can import as much cash as they want tax free. The country is also home to the worlds second largest free zone, after Hong Kong home to over 2000 companies and corporation from all over the globe.

In 2007, Donald Trump in a joint venture with K-Group began to construct the Trump Ocean Club, a 68 storey tower housing the first true **six star luxury hotel and casino**, as well as luxury apartments and Lofts within Panama City. The structure set into the water which combines cutting edge design with breathtaking views over the ocean and Panamas surrounding natural beauty, this is the largest Trump project outside the US, and at a cost of over \$400 mil represents the scale of investment taking place in Panama City. Due for completion in 2010 this structure will remain an iconic figure in Panama Cities skyline for years to come.

At **Prime Residence**, we specialise in seeking out new emerging markets for our clients so that they can take advantage of their incredible returns. Over the past 6 years, we have brought our private clients substantial returns within the UAE market (Dubai, Abu Dhabi) and now we are proud to introduce the UK and European investors to Panama, the new emerging market. For further information regarding investing into Panama, please contact our international sales department, who will be happy to guide you.