

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Investment in Panama

As the Panama Canal expansion progresses we revisit offshore investment ideas that we published in 2012. In that article we noted that:

The Panama Canal Expansion will soon funnel much more trade through the old Panama Canal. The country never had a recession after 2008. When things were most bleak elsewhere Panama had a 3.5% growth rate. Buy property along the new metro line, rent to businesses, and bank your rent checks in dollars. Set up an offshore service center using skilled, English proficient workers at "offshore" rates. Or, notice the North American companies that do business here and invest in them. In fact, if you are investing for retirement you might just consider a "pensionado" visa and retire to this tropical paradise.

Investment in Panama is still a good idea. Many offshore opportunities have gone sour with the slowing of the Chinese economy and decreased demand for raw materials. Panama has strong banking and insurance sectors and receives a billion dollars a year directly from Panama Canal tolls. Before offering our suggestions regarding investment in Panama here are a couple of quick updates.



Panama Canal Miraflores Locks

Panama Canal Expansion, Metro Lines and Canal Tolls

Disagreements about cost overruns have been ironed out and the project is back on track. Completion of all construction is expected in 2015 with full operation of the new set of much larger locks in 2016. The new locks will be operating just in time for United States oil and natural gas companies to ship through the canal to Asia. Panama City, Panama is thriving and there is a huge growth west of the Canal. Japan is negotiating with the Panama government to build a \$2 Billion metro line including a bridge across the Canal to serve the growing population corridor extending west of the city. The word is that the price for loans and running the operation will be a better toll rate on Japanese shipping through the newly expanded canal.



Panama Canal Lock Construction

Opportunities for Investment in Panama

Regarding investment in Panama we are looking in the \$100,000 to \$10,000,000 range. When we wrote about **foreign real estate investments** we suggested that you want an area where there is growth, opportunity for asset preservation and real property that you can touch instead of shares of a real estate trust. And in this case we are looking at real estate for rental, renovation and resale. In our 2012 article we suggested buying property along metro line 1. When the new line across the canal and to the west opens, this will increase property values, especially for commercial property near stops along the route. Another metro line is planned to follow the other growth corridor to the east and connect Tocumen International Airport with its eight million passengers a year to the city. As the city spreads east and west some of the best real estate deals are in older parts of the city. Panama City was fifty thousand people mostly living on a peninsula until the canal was built century ago. Now the metro area has a million and a half people and is still growing. Because there was originally always more land to build on builders did not renovate but rather built new. Now there are sixty, seventy and eighty year old buildings ripe for remodeling and an increase in rents. An example is an apartment building with two dozen units in the El Cangrejo neighborhood near a Windham Hotel and Casino, the Veneto, being offered for \$4 million. This is probably negotiable. Rents are currently \$750 a unit providing a cash flow of \$18,000 a month. This investment in Panama is an example of a building in a neighborhood that is upgrading and becoming more lucrative to property owners. If an investment in Panama like this interests you feel free to contact us and we will put you in touch with our Panama office. When there are still **signs of a market correction** and global economic slowdown remember the little country that did not experience a recession this last time around!



New Construction on the Bay of Panama



Taboga Island Panama

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