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Introduction

My name is Kent Davis and I have been in the Panama real estate game now for two years; humbly, things are going very well. Demand is high, supply is low, and good information about real estate in this country is very much absent from the market which puts me, the real estate agent, in a powerful position: in terms of selling real estate, all the stars appear to be aligned.

What you as the reader need to understand is that nowhere in this expose are my words challenged: not by real estate associations or agencies or tourism board directors. I am using it as an outlet to present my own opinions and experiences with all the people I dealt with, on both sides of the Panama real estate fence. This is written in first person, mainly because I'm not a journalist and don't know how to write any other way.

I am sure I'll get a lot of flack (even rage) for writing this from other agents who rely on the tactics I'll discuss: and it is not without symbolic pride that I expose how even the most intimidating Panama real estate market is full of backstabbing and empty promises. Ideally, I'd like for this report to earn respect as the first true accounts of my place in the game, but that may prove difficult in an effort not to bite the same hands that have fed me. In the end, I am still a real estate agent. I still sell property.

In this report I detail my, at times, disturbing rise in the Panama real estate game from my first contact with Panama as an enthusiastic traveler, to my current success as a real estate agent. I was raised in a caring home by two wonderful parents, taught to avoid certain dangers and never question my ethics or compromise what I know to be right. But when those same dangers started feeding me a regular paycheck upon arriving in Panama, my morals and values became momentarily tested and tried.

The Panama real estate market is a national gold mine and what I describe in this report is that it's not nearly as glitzy or glamorous as you think. This report has been on the drawing board for some time now, but I decided when better to release it than at the height of one of the most talked about and competitive real estate markets in the world: Panama. I hope it to be an

insightful meditation on the inner-workings of a beast that I have ridden now for almost three years for better or worse, through thick and thin.

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Chapter I: About Me

Before getting into the “meat and potatoes” of this report, I should probably tell you a bit about myself. Feel free to skip to the good parts if you don’t really care, but in the interest of building a bit of credibility, I’ll fill you in on the guy behind the keyboard....I was born in Honolulu, Hawaii into a good Roman Catholic household.

I ended up attending high school in Virginia and later pursuing a degree in Marketing Information Systems at James Madison University in Virginia.

After college, I was fortunate enough to be recruited by one of the largest wholesale distributors of construction materials in the world, Hajoca Corporation. I spent the next five years working in places like Cleveland, Richmond, and ultimately Atlanta, Georgia. I ran their commercial plumbing supply business from 2001-2006, and I loved my job. At the peak of my career in the US, I was responsible for managing over \$3MM worth of inventory and had ten employees working for me.

I never sold real estate, and I felt blessed to be doing something I truly enjoyed. And I made good money doing it. But there was a deep dark secret that no one knew about...I always had this nagging itch to try and make something out of myself outside of the country--to live abroad and support myself doing it. And that's how I ended up here.

Most of my clients usually end up asking me " Why Panama"? So I tell them my thought process: I knew I wanted to leave the country, but I had to figure out a place where my skill set and business sense could find me a job.

My Spanish was pretty good, and I was always a hard worker. Here's what happened: after my 6 month study in Spain in 1999, I was exposed to the beauty and culture of that magical country and I decided that Sevilla was the place for me. The dollar tanked in 2004 and I scrapped that idea and set my radar south to Venezuela, which I saw as an emerging, resource rich country that could present opportunity for a gringo in the pipe, valve, and fitting business. Chavez came out of the woodworks and ended up proving himself to be a crack job, so I ditched that plan too.

Meanwhile, I kept getting promoted in the States and the idea of leaving became less and less appealing. Then one day in 2005, a surfing buddy of mine called me up having just returned from an epic Central American surf tour. "Dude, you gotta check out Panama! I'm telling you man, that place is so YOU". That piqued my interest and I began looking into it, and the more I discovered about the country, the better it started to look.

Costa Rica was on everyone's radar in the 90's. I think that we all know at least one person who struck it rich in Costa Rica after finding some amazing land deal and sitting on it for a few years to eventually turn an unbelievable profit. I had seen pictures and the place reminded me a lot of

Hawaii, but in 2006 I felt like I had already missed the boat. That's why Panama seemed like an attractive place – sort of like “the next Costa Rica”.

The more I looked into it (by talking to people that had visited Panama, researching on the internet, and basically doing as much homework as I could), the place looked like it had some major potential.

So one cold February morning, I pulled the trigger. I quit my job, sold my car, and broke up with my girlfriend. Well, it didn't actually happen that quickly, but I won't bore you with the details. But it all ended up with me here in my new Urban Jungle: Panama! I absolutely love this country and could write a novel about all of the amazing people that I have met and beautiful things that I have seen, but we'll save that for the email to Mom.

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Why am I writing this report?

While I would love to say that my time and energy spent over months writing this report was simply my gift to new buyers, it's not necessarily all that philanthropic.

The first reason I decided to sit down and document my time in the industry was for myself. I decided that, years from now, it will be interesting to look back on a time and a country that was

booming in every single way. So in documenting my journal-like experiences, I attempted to find a safe harbor where I could express, without censorship, my time in the Panama real estate game.

An author I like, Lois Guarino who wrote *Writing Your Authentic Self*, said a journal should be "a record of internal life ... It is a place where...you can commune with rarely explored parts of yourself and where those parts can answer back. It is this dialogue, carried on over an extended period of time, that has the potential to bear surprising insights, support truth-telling, and foster courage." Smart dude.

And that's where the second implication of this report became clear. In writing this journal and concentrating on specific issues, I decided the information might be useful to outsiders looking to find a Panama real estate agent of their own. The amount of misinformation and suspicious activity I've seen with Panama real estate agents is disturbing, so hopefully this report will help alleviate some of that tension and clear up some misconceptions and fallacies about the market here in Panama.

In the course of my job, I have come across some very talented and savvy real estate agents in this great country. People that had other, very interesting lives before coming to Panama and have managed to carve out a very nice slice of the pie selling real estate here. They have shown me the ropes, offered me guidance, and mentored me about the pitfalls to avoid and the tactics to use.

I have also been burned, stabbed in the back, lied to and otherwise screwed every which way from Sunday. I am not going to name any specific names, because that would be truly damaging and not the intent of the article. However, upon reflecting on my experience and always making NEW mistakes, I was able to document what happened and why, and I think that type of information needs to be made public.

The idea of living, investing, or retiring in Panama is more than a trend. I think this country has tremendous potential: as a new home for expats, as the play ground for central and south America's rich and famous, and as a world class tourist destination. Either way, I don't want some dishonest real estate deal turning anyone off to this country, so I figured the best thing to do would be to write a book and explain to people what to look out for. From somebody that's been on both sides of the game.

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Chapter II:

Lets face it, Panama real estate is hot, and word is starting to get out to the savvy investor that something big is happening here. The way the agent in me likes to put it is that we are in the middle of the beginning of our economic boom, and it's the economy driving the real estate market, not the other way around. 2008 is certainly not the year the boom started, but it's still a buyers market, and I believe we have a long way to go.

I have had the opportunity to work with people from all over the world, and my clients have run the gambit; everyone from Fred and Nancy from Milwaukee looking to escape the winter chill to Mike Johnson, hedge fund manager from HLNP looking for opportunities and 7-figure land deals.

With that said, I have met some pretty worldly investors in the course of my 9 to 5. Inevitably In the beginning, I also met a few suckers that were like putty in my hands. And I have learned a great deal about real estate from some very smart clients who have taught me a thing or two. I have an inbox full of leads every morning, I get to meet amazing people from all corners of the earth, and I'm doing it all in Panama! Panama: Who would have thunk it!

“But with the credit crunch and the economic downturn in the US, hasn't things slowed down in Panama for you?" they inevitably ask... Yes and no.

Yes- I have seen a definite slowdown in demand from our US market. Not necessarily because people are getting worried that Panama is no longer a good investment, but rather they are taking a “wait and see” approach with their local market, and want to see how their personal financial situation unfolds before they go and make any major life changes or major investments.

The flip side of that coin are the mature investors that have experienced the cyclical nature of the real estate game and are still comfortable investing in an area where they see a huge potential upside. And for the most part, any recent decline in US demand has been more than compensated for by the European and Canadian markets. With the falling value of the dollar, there has been a feeding frenzy from places like Moscow, Toronto, and London where \$2,000 USD per square meter is seen as a bargain.

That's the beauty of this market; people come down here for so many reasons, and each client is a new challenge. I'll get into this more later, but I always like to cover a certain number of criteria to discover exactly what each client is looking for, and that is half the fun. Sometimes it's a tremendous letdown for them, because the days of \$200,000 city apartments with ocean views and a large balcony are over, and it breaks my heart to tell people that all the hype they have seen

on www.panamawhatever.com is outdated, misleading, and downright harmful to the image of real estate in Panama.

False expectations are one of my biggest obstacles, but once I am able to present an accurate picture of the market and help my client focus on the product that is right for them, we usually end up finding something that meets or even exceeds their end target. And that makes me feel good. Mission accomplished, now pay the man!

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Chapter III:

OK, so now that you've seen all the nice things about life down here, its time to take off the rose colored glasses and start looking at what is truly going on with this market. I think it would have to be acknowledged at this point that purchasing real estate, especially in a foreign country is all about trust.

Most of the people that come down here know very little about what is available, what a fair price is, and that they need to watch their back and leave a paper trail whenever possible, and these factors playing a huge role in the power, be it good or bad, of a Panama real estate agent. Granted, I am a pretty decent guy, and I have never lied or deliberately decieved anyone in the course of my work here, but there are some people out there that have made good money doing exactly that. MORE HERE ABOUT BAD PEOPLE MANIPULATING TRUST

However, from personal experience, it is VERY easy to either glaze over the details, tell the client what they want to hear, or allow them to believe flagrant misinformation. And that in my book is lying.

This market is full of misinformation and I have seen it first hand. In fact I have at times unknowingly participated in the dissemination of false and deceptive information. Other instances, I have allowed myself to believe the misinformation because I knew it was the answer my clients wanted to hear. I don't do that anymore, because I know how to call a spade a spade and question what people are telling me, but that's not to say that in the early years of the real estate boom here, where clients were literally desperate to get into something, I did not always walk the high road. And there are certainly people (agents) out there that still take everything at face value and never question the source.

In retrospect, I think that was more my naiveté than anything, but the fact remains that I had to do some major soul searching and come to a decision with myself and my creator that I would not willingly spread false information or "tell my clients what they wanted to hear". But enough of that "holier than thou" nonsense, here are some of the things I have seen:

False availability and time constraints

"This is the last two bedroom unit I have left!"

"After that the price is going up over \$200 per square meter!"

"As a matter of fact, I just had someone cancel on that unit, but you have to reserve it NOW!"

I used to use these tactics, and most of the time I had some very flimsy piece of information to support my cause: "I have only one two bedroom unit left!" What I wasn't telling them is that I have one two bedroom left on the 4th floor facing the ocean for under \$200,000. My mom always said, "Not telling the whole truth is lying" but it's easy for an eager young salesman to tell these little half truths, when in fact they aren't ACTUALLY lies. In the example above, what I didn't know then (and I know now) is that developers often release units in stages, and if you have a client that's looking for, say, a two bedroom unit and there doesn't appear to be one available on the current price list, odds are the developer is sitting on a few choice units to sell at a premium later. Again, it's something you have to experience (or read about) to know. So ask!

In the rare case that the real estate agent shows you the developer's published price list and the building looks 90% sold out, ask the following: "Are all of these units actually sold"? Nothing wrong with putting your agent on the spot, and it's an easy phone call to the developer to verify (assuming the developer gives you a straight answer).

How about this one: "The price is going up next week!" Actually, in this market that could very well be the case, but don't let that affect your decision. If you are really thinking about purchasing a unit in said development, odds are your agent (if he's good) can get you in at the old price, at least that's what I aim for with my clients. Just make sure that when the price actually DOES go up, you are in a position to make a move and either put in an offer at the old price or accept the new price.

Useful Tip: Just remember, an extra \$50 per square meter on a 100m unit (\$5,000) is a small price to pay for piece of mind, and the assurance that you didn't just jump into something because the price was going up.

Promises: I usually tell my friends down here that the movie is starting at 8pm when it is actually scheduled for 8:30. We are lucky to make the previews. Know why? Because Panamanians have absolutely no concept of time. But it's not impossible to deal with. When that developer tells you that they are going to start construction in the next three months and should be completed with the project in 12-18 months, plan on AT LEAST two years.

Useful Tip: I've now come to learn, over my years here, that NOTHING gets done in this country in the month of November, the month of December, and the week proceeding, during, and after Carnival. And this goes for small contractors as well: tenfold. They'll show up two hours late and then be MIA for two weeks. How do you avoid that? You don't, you just plan on it and take a deep breath because you know that you are paying a fraction of the price it would cost you back home. And you go get a delicious \$2.00 lunch from the lady on the street.

False representation: Scam alert! Everybody here in Panama these days seems to have a piece of property that someone they know is selling. Of course its titled! Ocean views! \$2.00 a meter with road access! Under \$100,000 in El Cangrejo! Nine times out of ten, you are not talking to the actual owner and are probably not getting the full story.

I cannot tell you how many times I have gone to show a client a piece of property in the Caribbean or Pacific coasts only to find out (after the fact) that the gentleman claiming to be the owner is now only 'representing the owner'. Good luck ever getting in contact with the actual owner, or getting a straight answer from his representative.

How do you avoid this? Just like they taught us in sales 101: find the decision maker! In this case, I insist on speaking directly with the owner. If his “representative” is worried about getting cut out of the deal, then I draw up a very informal but binding contract (with a space for everyone’s signature, including the potential buyer, the potential seller, and myself) that protects everyone’s interest. That will show this bozo that I am serious, and that I want to speak to the man, and not the man’s man.

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What’s Up With Competition In Panama?

Increased competition in any industry generally leads to more choices, better prices, and stepped-up service for both buyers and sellers alike. And with the rise of the real estate industry in Panama, competition has certainly increased ten-fold. But the market is far from mature, and the effects of competition in Panama are not as healthy as one might think. Competition also brings innovation, but at times this market seems to be trapped in the backwards thinking and antiquated systems of a colonial village of days past.

One of my biggest annoyances is the fact that there is no industry-standard multiple listing service, or MLS. Instead of writing a chapter on how this affects you as a buyer though, I’ve decided to lay out what it means to me as an agent: so that you in turn can get a different perspective and perhaps understand better what you’ll be up against.

The majority of my clients who arrive in Panama are already familiar with an MLS- essentially a giant warehouse in which properties from across the country are stored. The typical MLS system is a database of information that allows agents across said country to collaborate and buyers to compare and contrast. Information is consolidated and organized in such a way that it's as easy as selecting from a list that includes: a neighborhood, price range, size, amenities, etc. If you're reading this, you probably already know how an MLS works, so I won't get into it.

In Panama, that giant warehouse doesn't exist. Instead, we have hundreds of small, competing warehouses known as real estate agencies. Each real estate agency in Panama has their own inventory of properties, some of which overlap with other agencies. Not unlike a tiny version of the really early MLS system in the USA, each agency generally has someone who compiles information regarding sales and new properties on the market, then posts it live for the rest of the agency employees to see: so that everyone knows the new product, and so that no one is selling property that's already been sold. But keep in mind that all of this is done internally, and very few competing companies share their listings.

I can only imagine how useful a MLS service would be as a real estate agent. To think, after defining my clients needs, I could easily identify available property and present said property to my clients in a reliable and well organized format. Ha! That'd be the day!! At this point it's only a dream, because the concept of "sharing commission" makes everyone nervous, even though no one is seeing the big picture clearly enough to realize that we would all be 20 times more efficient and thus able to close 20 times as many sales...

The luxury of an MLS doesn't exist and the negative effects are multi-fold. Primarily, the lack of an MLS limits each agency's (and accordingly each agent's) access to buyers, meaning if I had the most spectacular piece of property I knew about, I wouldn't necessarily be able to find the best buyer for it because my reach was only as far as my marketing tools spanned. This applies

to niche real estate like mountain property or beachfront property: it dissuades me from becoming specialized in a specific region or property type because there's no direct or steady feed of buyers. For me, the easiest real estate markets to buy property in are the ones with various experts or specialists who know more about, say, waterfront valley property, than anyone else: so that when someone wants to buy waterfront valley property, they are referred directly to that agent.

Second, not having an MLS severely restricts the portfolio of many agents: so that if a client comes in looking for something like, say, waterfront valley property, chances are he/she will have nothing. As you might imagine, this restrains the agent's flexibility in terms of what they can offer, thus encouraging them to push a different product. Any good company that's earned their stripes should be able to offer their clients both wide variety AND niche products. A good agency has the responsibility to acquire a wide enough spectrum of property listings so that they have something within their arsenal for any client that walks in the door. This however, is not a motto all agencies in Panama live by.

Imagine sitting down for a nice dinner at a fancy restaurant in Italy, having craved mushroom risotto for weeks before your trip. What if the waiter not only told you he was out of mushroom risotto, and that no one else in town would have mushroom risotto, but in addition tried mercilessly to persuade you into ordering the steak fajitas.

“ I didn't come to Italy to eat steak fajitas,” you might say. “I came to eat mushroom risotto! Give me my mushroom risotto!”

So you leave the restaurant only to find that no one in town has the mushroom risotto you're looking for, and that no one will tell you somewhere outside of town that does, wanting instead for you to take a deep sigh and accept the house specialty: steak fajitas.

As a real estate agent in Panama, my job used to be extremely hard because I had to search like a gopher for that risotto and in the process avoid resorting to a bread-and-butter property which the client probably won't like. While I personally am a fan of referring clients if I don't have what they want, most agents in the City are not, which leads me to my last point.

Not having an MLS in Panama makes my job difficult because I am not encouraged to communicate or interact with other real estate agents. The MLS system ensures referral commissions from agent to agent and the United States judicial system is pretty reliable if worse comes to worst: meaning one agent wants to sue another on the grounds of not compensating for the referral. That protection does not exist here, so collaboration is pretty much unheard of. Like I said, I've got no problem "phoning a friend" if I don't have a good fit within my inventory but I think I may be one of the few who believe in working together.

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Why doesn't someone just make an MLS?

Easier said than done and it's been tried a number of times both in Panama and the further-developed Costa Rican real estate market. Main point, there is nowhere near the amount of organization and cooperation in real estate in this country to achieve an MLS. And the various sites that you'll see online that claim to have an MLS basically just mean to say, "we've got a lot of listings." Websites and agents use this tactic because it's what foreigners know. Foreigners are familiar with the system so they search Google for "Panama MLS" but in reality nothing like what they want exists.

Does it sound Wild Wild West-ish? Does it seem like it's easy for you to get scammed or confused by a market you're not used to? Does the lack of an MLS make getting what you truly want, a mushroom risotto, an incredibly arduous and depressing task? Trust me, I feel your pain.

But as a real estate agent, those forces are what gives ME the advantage over my competition. Most large firms are able to offer almost all types of properties (with such a large inventory) and generally have access to the best sellers and most reputable developers.

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Dealing With The Competition

My best clients usually end up being people that have dealt with another agent or agency before they found me. I love to hear horror stories of agents showing up two hours late, getting lost looking at properties, speaking very little English, or trying to push one particular property even though it's not at all what the client is looking for.

My experience has been when the market is booming, the housewives come out to sell. This is especially the case here in Panama where no license is required. To close a real estate transaction, one needs a real estate license here in Panama, but there are many ways around it and a good portion of those in the game are license-less and still acting within the scope of the law.

My competition is so worried about someone stealing their client that they forget that the buyer drives the sale, and not the salesman. I cannot tell you how many times I have gone to show a property (with another agent, who knows the seller or has some other relationship with them), and the other agent is so worried about me stealing their seller that they won't even publish the address of the property . Forget about me directly asking the owner any questions, which adds to the confusion, delay, and inefficiency as I have to wait for another agent to get back with me.

Because there is no MLS, the selling agent feels that they must protect their inventory because I could go around them and buy directly from the owner. I actually never have done that, because this country is small, and words get out quickly about people who do things like that. Even with the juego vivo culture, people talk. Once you become known for doing something like that, people don't want to work with you. And in the end, in business it's not who you know, but who knows you.

Maybe I should take a step back at this point and tell you that I haven't always walked the high road of ethics in this market. When I first came to Panama, I had never sold real estate, so I had no idea how much power an agent had, especially in a market where the client is relying exclusively on ME for information.

I was operating as an unlicensed independent agent working on my own, with no affiliation to any local real estate agency here. Basically, I was a free agent and I got my inventory by surfing the net and forming relationships with the few developers that would give me the time of day. I trolled hotels, casinos, and restaurants for tourists with real estate on the mind. Let me tell you, it was not an easy gig and once I found a potential client I latched on like a crab.

As much as I tried to position myself as "their guy" that could find them exactly what they were looking for, the truth was that all I had in my inventory was a handful of properties, which naturally became " the best projects in Panama." In fact, since these were all I had to offer, I was not presenting a fair and accurate picture of the market.

“Oh, you saw it in a magazine? That developer's no good, trust me you don't want to work with them.” Those real estate magazines were the end of me, because once my client got a clue and realized that there were hundred's of projects out there, I was out of a job as they usually went around me or better yet found a more "connected " agent.

This is a phenomenon you'll see a lot in Panama: with such limited inventory due to no MLS system; agents are pushing specific properties harder than ever, hoping to make the few they have as attractive as possible.

This put a lot of pressure on me as an individual, because the best real estate agencies are a one-stop-shop, offering legal, banking, and financing out of one office. Get with the wrong firm and you'll lose your shirt in more than one ways. Back to me for a second, or at least me two months in.

Eager to please, full of answers, and driving around this city like a deer in the headlights. I let developers walk all over my clients. I failed to advise my clients properly and I basically approached my new gig as if I were a pistol toting gun slinger in the wild west, shooting from the hip. But for the record: I never lied to any of my clients, I never stole from my clients, and I never knowingly cheated anyone out of anything.

That I can say with confidence, because in the end I am an ethical man and a strong believer in Karma. What I did do, however, was allow myself to fall into the world of hype. To take everything at face value and question nothing if I thought it would get me a sale. I also increased the price to include a nice commission for myself, which (I found out later) is not ethical. This is something also to keep an eye out for: agents (like me back then) who add exorbitant commissions on to the price tag, meaning the buyer pays more than the true value of the property. Granted, agents do need to be compensated for their time but anything over 6% is considered out of line.

Well, we're standing here in this field and this farmer is telling me that what we are looking at is his his land, showing me a piece of paper he claims is a title and insisting that the neighbors sold their farm for \$50/meter. My clients were hot to buy and I was hot to close my first sale so we shook on it and left with the understanding that we would review the terms of the contract and forward the deposit monies. Two weeks later, we delivered the \$2,000 deposit check and one week after the contract was executed. Cha Ching right? Not so much...

One thing that struck me as a bit strange after my first sale is that this man, who was selling a 2.5HEC piece for \$150,000 had to borrow my cell phone because he was out of minutes, and hopped on the bus after we closed the sale. Red flag number one and two...

It turns out that this guy was NOT the owner of the property, and this piece of land was NOT titled, but rather in the "process of being titled" which can last anywhere from two months to two years plus. Good thing I had formed a relationship with a very diligent and seasoned attorney, who eventually advised me (and my clients) to walk away from the sale.

Fortunately for us, the contract was worded in such a way that my clients could get out having only lost their deposit monies. Otherwise, that could have been a very bad situation. What to take away from this little tale of rookie salesman and over eager customers: make sure you are dealing with the owner or owner's agent, and make sure to get a lawyer involved as early in the game as possible.

It's one thing to be buying in your native country, where you are familiar with all of the laws, restrictions, and pitfalls of your local market. Switch gears and put yourself in a foreign country and its a whole new ballgame...

Panama is a country that has its own set of ethics, a very complicated bureaucracy, and a culture of "juega vivo" that it is like nothing my clients have ever seen (at least those that have never done business in South or Central America). This country has always had a culture of taking advantage -- and not necessarily just taking advantage of foreigners. In a land of banks and the banking industry, one would think that opening up a new account would be as simple as it is in the United States. Walk in with a check, show some ID and voila! Not so much.

You have to have two letters of reference (which are a joke, but an absolute requirement), a Panamanian sponsor, two forms of ID, and a litany of mundane requirements. And I laugh when foreigners just try to walk into a bank and expect to be seen immediately and leave within the hour having set up a bank and pre-qualified for a mortgage.

Form a corporation, set up a bank account, do your due diligence. My clients are usually informed enough to know that they need to take care of this bullet list before they sign the dotted line, but they still have no idea what a pain in the ass it is to get any or all of this accomplished in the short time frame that they have allotted (usually one week or less).

That said, it becomes that much more important to be working with someone that is going to call you back, going to help you dot your I's and cross your T's, and basically act in your best interest when you return home.

Let me tell you about some of my experiences with agents here, without tooting my own horn: they don't show up on time, they speak little to no English, and they are usually interested in only selling you off of a very short list of projects that they'll get paid commission on. I don't want to dwell, because it is more of a cultural thing than a professional thing.

Panama's native language is Spanish, so why should it be unreasonable to expect anything other than Spanish? Some people go so far as to be offended if you want to speak English...I counter with this: when the majority of the buyers are from North America and Europe, then those buyers deserve to be dealt with in their native tongue. In the business of buying hundred thousand dollar properties, for me impeccable fluency in the language of the buyer is required.

And furthermore, buyers deserve to be treated with respect. That means following up on promises, arriving on time for appointments, and doing what you say you are going to do. I cannot tell you how many times I have had to beg, plead, and ultimately demand information from some of these developers because nothing seems to be accomplished via phone or internet.

Some people are still operating on the old school way of doing business, which is face to face. Get with the times! Answer your cell phone! Leave a message when you call me! Respond to an email!! Sometimes I get really worked up about the cultural differences and the laid back way of doing business and antiquated view on customer service, but I have to remind myself T.I.P. (This Is Panama).

In the end, I ended up getting a job with CPanama Real Estate Corporation, and that's when it all changed for me. Working for a larger agency gave me a number of benefits, which allowed me to do my job better. Developers come to US to list their properties, and I've got hundreds of listings to pull from. I could go on and on about my current company, but we still to get into the dirt.

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Chapter IV: The Sleaze

DO WE HAVE THIS CHAPTER SOMEWHERE? YES, THE UGLY

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Chapter V: Investment Questions

So after welcoming a number of clients to Panama and spending significant time with them either on the road looking at properties or in the office discussing contracts, I like to think I've identified a few commonalities between the experienced buyers and the rookies.

For you, it might be helpful to know the questions that, for me, distinguish a seasoned buyer so that you can at least look as though you've done this before. International real estate can be different in each country across the globe, so just because you've purchased in Europe or Latin America, doesn't necessarily mean you'll sit atop the pack in Panama.

1. Tell me a little bit about yourself?

Panama is currently experiencing a gold rush and this means that hoards of people, both honest and devious, are flocking to the isthmus. The amount of shady characters who have arrived in Panama because they aren't welcome elsewhere is frightening: so it's always a good idea to get a good grasp as to who your agent is, where they come from, and how they arrived in Panama. The rookie investor who just jumps right into the deal without getting to know me first represents a trigger-happy tendency: someone who's more interested in buying something fast, than doing due diligence and getting to know the agent who'll be representing him.

2. How many sales have you made in the last six months?

Yes, it sounds a little personal, but knowing the record of a sales agent means knowing their productivity and accessibility. Top agents are always highly sought after for their hard work, honesty, and knowledge: so it makes sense to go with one who's made a good number of sales in the recent past and isn't looking for a sucker to break his/her slump.

3. Who do you represent?

This is the a great question a seasoned investor will ask anywhere in the world, but in Panama it is especially important seeing as though the credentials and regulations for those who sell real estate are simple and not enforced. The right answer should ALWAYS be you, the buyer. In order to have a completely fair and honest buying process, it wouldn't make sense to be discussing negotiations with someone linked to the seller. The inexperienced Panama investor would forget to ask this and thus go into a deal with no one really on their side.

4. Do you have a support staff?

Because there are so many nuances associated with buying and selling real estate in Panama, oftentimes the amount of work for a deal is simply too much for one agent to handle. The best agents in Panama are partnered with good assistants or at least other professionals who can help them get the small (or niche) stuff done. Tasks such as forming corporations, finding comparable properties, and combing through contracts among other things. This will allow the agent to focus on you the buyer, while his team is busy hammering out the kinks. A first-time or naïve investor might bypass this question and mis-assume that his/her agent can take the process head-on.

5. What separates you from the competition?

Because the real estate boom in Panama is so hefty, there are a ton of real estate agencies competing for the same client (and in a lot of cases, the same property). A good question I like to hear is what makes me different from my competition, because it allows me to explain the service that I offer, which I feel is unique to Panama. It also allows me to detail the company I work for which is, in my opinion, top notch. It's the inexperienced buyers who tend to not ask this question and instead go with the first, friendly real estate agent they find.

6. Where would YOU invest right now?

I really like this question because it allows me to be honest and actually reveal where I AM currently investing. It also represents a balanced point of view from the buyer, in realizing that the best value investment in Panama may not necessarily be what they were envisioning. If a better investment exists, than the one currently being considered, the wise investor always finds it with this inquiry. Oppositely, a novice investor in Panama might forego this question because they have their head set on something different (which might not be the best bang for its buck, or may be based on a faulty sources of information).

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Bad Questions:

On the other hand, there are some red flags too: questions I get from clients on occasion that read inexperience. Here are a few of them, which you should try to avoid in asking your real estate agent in Panama, as it connotes less-attractive buyer qualities.

1. What's the cheapest thing you have?

OK, so maybe your interested in a small scale investment. Or maybe you'd like to get your feet wet with something inexpensive. But asking this question certainly tells me you are a tire kicker and in my experience it's these clients who are the most difficult to work for. A true investor in Panama, even if he/she is interested in something below, say \$100,000, won't demand "the cheapest thing on the market" as they know that probably means poor craftsmanship, materials, location, etc. They would also probably be interested in something a tad above their price range if it meant big enough rewards.

2. Where would YOU invest right now?

I've listed this one in both sections for a reason. You and I are different, and this is not my money that we are playing with. It is my job to find out enough about your investment strategy to make recommendations and suggest properties based on your personal strategy and investment philosophy. I am 28 years old, and I plan on being here for a long time. With that said, I can afford to buy a piece of property and forget about it for 10 years. If you are looking for a short term flip, then we are not comparing apples to apples.

3. I want a beachfront condo in good condition close to the city under \$250,000 ready NOW!

This may not seem like an unreasonable request, but if you knew enough about this market you would realize that the majority of inventory on the market will not be delivered until next year. Its not so much the question that is a red flag, its the reaction to the answer. " I apologize, but unfortunately that is not available in this market right now ". If the client is not willing to compromise a bit i.e. raise their price range, allow for more time, or look further outside of the city, I usually tell them that my firm will not be able to help them and then I throw em to the sharks.

4. I would like to double my money in one year and then flip

If I knew exactly what the market was going to do in one year, I would be driving a lot nicer car. Hindsight is 20/20, and I've watched investors double their money in 6 months. At the time, I advised them that this particular investment could show promising returns, but in the end no one can predict the future. A more reasonable way to put it is " my investment time frame is somewhere in the neighborhood of one year, and then I would like to get out." I can work with that, because it demonstrates a clear investment strategy and gives me some parameters to work with.

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The Rental Myth

It might be helpful too to provide the following approach I often see taken by real estate agents which buyers regularly don't question as much as they should:

You can also read a lot of places that hotel occupancy in Panama is high. Both the City and various beach and mountain towns do indeed experience high rates of occupancy, but this fact, especially when proclaimed by real estate agents, can sometimes be misleading.

I have heard many times, clients say to their buyers "oh, you'll have no trouble renting this out all the time for X amount of dollars." In fact, when I was relatively new to the market, I believed and assured people of the same thing. Times have changed though and I've come to realize the truth.

Rental rates are high, because at the moment supply is very low and demand is high, so finding a tenant these days is not a problem. However, make sure to have a good property management company (few of which exist in Panama) lined up before you sign the dotted line. And also keep in mind that in this dynamic market it is difficult to predict where rental rates are going as supply increases.

Additionally, it's important to realize that tourism in Panama is very new also, so take tourism predictions with a grain of salt. Granted, this country is experiencing significant growth in the tourist sector, but nothing is ever set in stone. Long story short: do your homework (or get your agent to do it for you) and check online at places like www.comprealquile.com or even craigs list for current rentals rates before jumping into a rental property.

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Chapter VI. What To Know About Every Agency in Panama

First, it might be helpful for me to tell you what you should expect to experience upon arriving in Panama...

The onslaught of promotion will probably begin on your flight down here, from the in-flight literature to the chatty neighbor in the seat beside you. When you reach Panama's Tocumen International Airport, you'll find hundreds of magazines with beautiful buildings on the cover, filled with advertisements, unbelievable prices, and promises of "your dream home".

All of these magazines (and most of the content within) is paid for. This is not New York Times unbiased information, so take these magazines with a grain of salt and the understanding that almost everything you will read or hear in Panama has a spin.

Once in Panama, you'll probably be approached by a number of people, both locals and foreigners, asking if you're here for investment purposes. If you answer yes, chances are they are either selling something or have a friend who is. Fight off the sensation of feeling special, having made an "amazing contact in Panama just minutes after you reached your hotel."

Trust me: it happens to everyone. Take a deep breath and stick to your plan. If you don't have a plan, find an agent. Not someone with a property that they are trying to sell, but rather someone who has access to what you are looking for (more on that later).

During your tour of the City or outlying areas, you'll come across a second slew of shameless promotion: billboards, flyer's, magazines, newspapers, and TV ads. Ivanna Trump beckoning you to see her "jewel of Panama". Huge signs on job sites, some of which have grown dirty and

rusted, promoting projects that are still years from completion, and still others that may never even get started.

So let's say you've withstood this barrage of information and advertising and are still willing to consider buying real estate in Panama. What do you do?

Well, most visitors contact someone, whether it's a real estate agency or an actual developer. Because the majority of developers in Panama don't focus on sales (instead hiring agencies to do it for them), I would suggest finding a good agent and not ever getting involved directly with the developers. Avoid the temptation of the shiny developer offices and beautiful people working the front desk (more on this later). **FIND AN AGENT!**

The first thing to know about Panama real estate agents is that not all of them will have a license. This is a double-edged sword: the obvious downside is that it's not traditionally sound to do business with a professional who doesn't have a license. Certainly not a misconception, but more of a general rule in business because we all assume that licenses usually require tests, and passing a test usually requires some body of accumulated knowledge or level of expertise. Panamanian law does not require a real estate "advisor" to be licensed. They can show property and close the sale, but the agency that they work for must be licensed and is subject to compliance with the law.

What this means is that some of Panama's most competent and connected agents are foreigners and don't have licenses themselves. These are usually the people that have been showing property in this market for some time, and can guide you through the pitfalls and headaches that you are likely to encounter, and advise you in your native language with an understanding of your expectations and your background.

These are usually the people that know the ins and outs of doing business in Panama, and have over time developed good business practices having done business at some point in North America or Europe. I have met some excellent unlicensed agents operating in this market, and I have learned a lot from them.

Long story short is that working with an agent that does not have a license is not necessarily the kiss of death, because some of these people end up doing a better job than a certified, card carrying Panamanian real estate agent. Many of the unlicensed agents also work for licensed agencies as "consultants" which is entirely legal.

Because real estate is so new to Panama, it's understandable that many of the locals who have obtained their licenses are not as well versed as they could be. In fact, most of the agents are still looking at real estate as a get-rich-quick business and a part-time gig, making them green to the market and its intricacies.

And while many foreigner experts in real estate have flown in from Costa Rica, Belize and even European nations to take advantage of the booming market, these foreigners are not permitted licenses until they've spent five years in this country and can pass a test that is entirely in Spanish.

The theory of the law is meant to protect Panamanians from losing jobs to foreigners. What that has translated into is a bunch of licensed Panamanian housewives, running around trying to close deals with no real knowledge of the market. All they see is what is directly in front of them, as opposed to a 5,000 foot view; that macro understanding of a market, and the effects of scarcity,

over supply, pricing pressures, and the ability to identify true market opportunities. They lack that "big picture" approach that is important in real estate, especially investment-focused real estate. Granted, they may do a great job finding you a two bedroom pre-construction condo in San Francisco because in all honesty you could throw a stone from Atlapa and hit seven of them.

It doesn't take a genius to pick up a real estate magazine and make a phone call on behalf of a client to close a sale. However, if you are looking for solid and financially sound investment advice, a licensed Panamanian agent may not always be your best bet. Not to say they are not out there, but the whole license thing is worth only as much weight as the agent that is carrying it.

My biggest problem with agents in Panama really boils down to the little eccentricities that define this culture. What I am about to say will probably piss off a lot of my Panamanian friends and associates, but I think that most people, including the very Panamanians that I am talking about would agree with the following: Panamanians are chronically late for appointments, Panamanians never check their voice mail, there is no word for "follow up" in Panama, and the *juega vivo* culture is and always will be a part of life here.

That's why I really cannot stand working with most agents in this country: they never show up on time, I can't ever reach them on the phone, and after the first interaction they usually disappear. They may be great tour guides, and have tons of historical information about this amazing country, but in the end I would prefer to deal with someone that is professional, and accustomed to the North American way of doing business. So with that said, buyer beware!

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Types of Agents

When I first arrived in Panama and started taking clients, I realized that to the first-time investor, a Jack-of-all-trades agent was fine. There were very little details and complexities to selling to these clients. After a while though, I found that truly savvy investors walk a different path. They look for expertise in an agent. So from that point, I started focusing on specific markets and referring a client, when I didn't have the proper inventory, to other experts like me in separate niches.

That being said, you probably won't often come across too many agents who like to do referrals. As explained earlier, this market doesn't breed a sharing mentality. Perhaps in the future, more agents will do this but to date, myself (and the handful of agents I refer to) are some of the only ones who work together.

Resale agents can find the good deals. The internet creates its own market, and prices can be inflated based on " what my neighbor is doing " pricing mentality. Certain agencies focus on existing properties, and have an entire department dedicated to actively acquiring new listings, keeping these listings up to date, and maintaining some sort of master database of properties sortable by various criteria (The in-house MLS that I referred to in a previous chapter).

Land guys have scouts in the interior of the country, scouring the beaches, mountains, and even the city for raw undeveloped land. Most agencies do not focus on this side of the business, because it is very labor intensive and requires some very strong local relationships with landowners. If you are looking for raw land, i am probably going to hand you off to one of three agents that specialize in "land", depending on where and what you are trying to purchase.

Master brokers- these are your best bet if you are looking for something either existing or in pre construction. This is the agency that has a good relationship with a number of developers, brokers, and specialized agents (the land guys). Often times, developers will chose to form an exclusive arrangement with a master brokerage, and pass along all of the sales and marketing responsibilities to said "Master Broker". For this reason, the master broker will have relationships with a number of other small real estate agencies, because these smaller brokerage firms will be selling the master broker's product. This "catch all " type brokerage house is usually the best type of firm to work with.

Knowing Thy Developer

There are about 10 big developers in Panama, and about 100 other “one hit wonders” who are doing their first project here and may be getting in over their heads. However, big does not necessarily mean best because some of my worst experiences have been with the “big boys”.

Preconstruction is based on trust- you see the slick designs and all of the fancy graphic renderings of what the building is GOING to look like, but the fact remains that all of this is based solely on promises. If you commit to the wrong developer, you are going to have problems. I have seen clients that have waited for five years for a project that was slated for completion in two, and I have seen other clients that were told that they would have to pay an additional \$20,000 because the developer “underestimated the rising cost of materials ” or was “unable to continue in good faith with the terms of the presale contract”. Align yourself with the right developer and you wont have any problems. Find an agent that can give you a complete developer bio, and google them yourself to see what comes up.

I have seen horror stories in the last two years of clients being over promised and under delivered. I have even seen developers completely back out of their contractual obligations and refund all deposit monies to my clients. I raised hell, but in the end there was nothing I could do, because of the wording of the presale agreement. There are definitely some companies in Panama that I now know to steer clear of, but when I first got started, I had no idea.

During my time here, I have compiled a list. Lets call it:

A few things to consider when purchasing pre construction:

1) What other projects has this developer done? This is an obvious question, but too many real estate agents will glaze over the fact that this is the developer's first project here in Panama and they have literally no point of reference for other projects anywhere else in the world. This is a big red flag. Actually, I would say this is a yellow flag...be cautious!

Just because a firm is doing their first project in Panama doesn't necessarily mean that the project is going to be a disaster or will never actually come to fruition . It is just an indication that further research needs to be done, and your realtor should be in a position to tell you about the entire Development TEAM (builder, architect, site engineer, etc). Make sure someone has a track record in Panama, because you DO NOT want to work with a bunch of hot shot developers, builders, and engineers ALL from outside of the country. Its a recipe for disaster, because connections in the beauocracy can either make or break a project.

I like to keep a complete developer profile on all of the projects that I sell. Be wary when an agent tells you “ this is one of the most well known developers in Panama “. What are they known for-lousy projects? I would say “established” is probably one of the most important criteria for determining a developer, with a proven track record of similar projects. Just because the developer has built four gas stations in Rio Bajo doesn't mean that they have the expertise to build a 60-story high-rise in Panama City.

2) Financing- I always like to give my clients some indication about what percentage of the building is sold, because in all likelihood the developer has some magic number whereby once they reach it, they'll start construction. Most of the time, the developer usually wants to have at least 30% of the building sold before starting the site work and laying the foundation. Sometimes its as much as 50-60%, so its very important to ask your sales person how much of the building is sold, which is an indication of a lot of things.

I cannot tell you how many times I have seen projects get held up because either pre sales have been slow, or there is some financing issue within the developer that will at best delay the project and at worst halt the project indefinitely. There are three projects here in Panama as we speak that I would not invest in for this reason, but I cant name names here, but give me a call and if you end up asking about this one, I'll make sure to steer you clear of it.

There *are* those rare projects that are so well financed that the start of construction is a firm date that will be strictly adhered to and set in stone regardless of the amount of presales. However, that does not mean that after great hoopla and an on-time-start, the project may not come to a screeching halt because sales have been poor.

3) The Builder is one of the most important parts of any development team, and oftentimes the developer sub contracts the work to an outside building firm. Nine times out of ten, the company doing the building is Panamanian. In that rare instance that someone tells you “ They are bringing in one of the best building companies from Country XYZ to do all of the construction !” be vary wary.

Construction in Panama is a very sticky subject, and 99% of the work force is unionized so its virtually impossible to keep any sort of construction on schedule if a foreign builder is doing the work. Not only will there be political headaches and work stoppages due to protesting workers, but in all likelihood the building firm will get so fed up with the bureaucracy and the nuances in Panama (availability issues, language issues, juego vivo, etc) that they will probably end up picking up shop and heading back to their home country.

Useful Tip: Make sure that the project you end up investing in is being completed by a Panamanian building firm with a solid track record.

Take that extra hour and have your realtor drive you across town to show you another building that has been completed, so you can get a look and feel of the craftsmanship and quality of work that this builder has done. Things to look for in a model apartment or existing building:

lines, seams, and symmetry: start with the bathrooms- does the door close flush with the floor and wall? Is the toilet and lavatory set properly and plumed professionally? How do the walls line up with the roof?

Doors, floors, and cupboards- do they close and seal? Are tiles caulked, doors solid, and cupboards set even?

The way I figure, if the developer doesn't put their best foot forward with a model apartment, what will the rest of the building look like? Has the existing building stood the test of time, or are tiles falling off of the roof, paint peeling from the walls, and doors coming off of their hinges?

Who do I like to work with? Again, without naming names, there are definitely certain developers that I feel more comfortable dealing with.

Quick point- if you think you can save money buying directly from the developer, trust me- its not a good idea. Developers dedicate very few resources to their sales department, even if they have a big beautiful office with very attractive and seemingly attentive sales people. Trust me, once you leave their office, you are not going to be taken care of. Good luck getting any of your calls or emails returned, and heaven forbid you should have an important question that you need answered like " when is my next payment due " or " what does this notice that I received, all in Spanish, saying about Cancelado."

Don't try to buy directly from the developer; because 1) you probably wont get a better price and 2) you definitely need someone on your side should things go wrong.

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VII. Contract Debacles

So you've found that perfect place here in Panama. Most of the time, some sort of deposit is required to hold the unit, usually between \$1,000 and \$10,000. By putting down money before signing, you are basically holding your specific unit and locking in the price. Most developers and real estate agencies that I deal with will hold a unit for 30 days, however some of them like to put added pressure and knock the terms down to four days.

You can usually get the number of due diligence days negotiated, and if you have money in hand, that's usually enough credibility to buy yourself an extra week or two. I always suggest that my clients make sure that the deposit money is fully refundable (less bank charges) in the event that you decide to cancel.

Useful Tip: Get everything in writing (Spanish language): even email stands up in court in Panama.

First piece of advice, find yourself a good lawyer: preferably someone here in Panama who is already familiar with the project, location, or developer with whom you are signing your life away. How do you know you have a good attorney?

Connections are huge in Panama, perhaps more so than wit or talent. So I always like to refer my clients to the same three or four lawyers I know can get the job done simply because, as it seems, everyone owes these guys a favor or two. While it might seem logical to go for the biggest and the best firm, these guys are often overbooked and less able to give you, the lonely visitor, great customer service. I like to recommend my clients find a smaller firm (of which there are many), as the personal relationship here is very important. Prices with the smaller firms are also much lower so it's a win, win.

All legally binding contracts are in Spanish here in Panama, so what you will usually find is a contract in Spanish with a side by side exact English translation attached. If your contract is only in Spanish, someone like me should be able to get you a translated version. If your agent hands you a contract that is only in English, walk away because either there is something fishy is going on or you are dealing with rookies.

There are almost always two parties involved in the contract, the first being the seller and the second being the buyer. I like to make sure that the party listed as the seller is truly the seller. In the case of purchasing a pre-construction unit from an individual seller (a resale), make sure that the property is held in corporation (or else the seller will be hit with 12% taxes and may try to pass this cost on to you).

Also, make sure that the property is actually listed with the government as being held under said corporation. In the event of a pre-construction purchase directly from the developer, make sure that the seller in said contract owns said property or represents the developer in some way. This verification can be handled by a simple inquiry with the government agency on Via Espana.

Having come across a number of contracts during my days here, I have come to identify a few red flags. The following are clauses I have encountered, sometimes the hard way, which I believe are of the utmost importance for an agent in Panama to focus on:

Materials escalation clause: This is contained in every single pre-construction contract, with the exception of those that are within six months of being completed or in the event of a resale where the previous buyer has negotiated its removal. If you see a materials escalation clause in a contract for a building that is going to be completed within six months, I would get rid of it.

Otherwise, it's a fact of life and not a dirty trick used by developers to squeeze that extra penny out of you. Actually, it is a dirty trick, but everyone's doing it, especially in today's inflationary times. However, there are ways to have this clause removed. First of all, know that the maximum possible rise in your price should be 5%. If I see anything more than this as an agent, I always make an effort to get it reduced to 5% at the most.

What I usually tell my clients is that because this clause is fairly standard wording, we need to do something that will set you the buyer apart from the pack. What does that mean? One obvious tactic would be to purchase more than one unit. If you are not in a position to purchase multiple units, don't worry.

Another bargaining chip would be to put more than the required amount of money down, or at least accelerate the down payment time line (thus showing your interest and seriousness). Most projects require a total of 30% down before the unit is delivered. A typical down payment schedule is the following:

- 10% upon signing (less the deposit monies)
- 10% when construction starts
- 10% three to six months after the start of construction

In the case of a unit that is more than one year into construction, the developer will often ask for the full 30% down upon signing the contract. Remember, it doesn't hurt to ask. Some developers are eager to get a sale and will drop the escalation clause just for asking. At the same time, I am always on guard when more money is requested down, seeing as though it can indicate the builder is a) running out of money, b) behind schedule, or c) low on sales.

I always recommend my clients keep in mind that developers here are usually in the power seat: they often start buildings with very little down themselves, instead waiting until a certain percentage is sold to begin construction. What does this mean? Low risk on behalf of the developer CAN (but not always does) represent a lack of commitment. This is why, as noted before, I always recommend dealing exclusively with reputable developers. People like me, in the business, know these guys like the back of my hand. But as a new buyer, chances are these names will be new to you. In such case, do find an agent who can give you the green light before you start to fall in love with a unit and its developer.

Maintenance Charges clause: Pretty much worthless. Actually, you can count on the developer holding this maintenance charge (which is usually a flat fee or a per square meter charge) for no more than one year after they deliver the building. After one year the developer's obligation to manage the property terminates (and they relinquish liability regarding any defects in construction). That's when the professional property management firms step in, and the fees can go up.

After the first year, the property administration (home owners association) takes bids from private firms and it is up to them to try to find a company that is offering prices at or near the original maintenance fees. That usually doesn't happen, so budget on paying at least 25-50% more after the first year. That being said, to date there are very few property management firms in Panama, much less quality ones. So take this into account and make sure your agent is giving you proper quotes.

Cancellation clauses: Be very wary if anywhere in the contract you see wording such as: The seller has the option to cancel this contract at any point, at which point all deposit monies will be refunded. I have seen this happen, especially in a market of rising prices where the developer feels like they can break with the original buyer and turn around and sell the same property for double.

Not cool anywhere in the world, but it does happen here in Panama, regularly: perhaps the result of such a new market. As a representative of the buyer, I always make sure that you are covered in the event that the project does actually fail. Some developers offer a return on all deposit monies plus an extra 2-6%. If I don't see any of this protective wording in the contract, I always inquire about it.

Non-transferability clause: Some developers include in the wording of their contract a clause that prohibits the buyer from reselling his property. Sometimes this will be "within six months of occupancy", or other times you have to get written approval from the developer. What does that mean? It means that they are going to try to collect commission, which comes directly off of your bottom line.

This clause can create it's own set of headaches, and it is becoming increasingly difficult to get around. The best way would be to put the property under corporation and use nominee directors, and not your personal friends! Not only will this save you money in taxes, but in this case transferring ownership is merely a matter of passing the bearer stocks of the corporation to a new buyer without the need to create a new board of directors. In the event that you decide to "flip" the property before occupancy, a typical resale contract will be between two individual parties (the selling corporation and the new buyer), so in theory neither the developer nor the government does not need to be involved.

VIII. Conclusion

I'll make this short and sweet because nobody likes a speech or book that goes on for too long. This country is amazing! Cost of living is very low, the people are wonderful, and the real estate is still affordable for what you are getting. There are thousands of people moving here every month, and this country has absorbed them with (for the most part) open arms. Panama's long history has always been one of tolerance: Religious tolerance, political tolerance, racial tolerance, and tolerance of foreigners living in country. Unfortunately, this tolerance has been extended into the real estate world and to date, no one has stepped up and called out some of the games that are being played and the tricks that are being used.

The real estate market in Panama has made and will continue to make smart investors a lot of money.. The negative stuff I mentioned in this report and not meant to dissuade anyone from coming down to Panama because the benefits (in my humble opinion) far outweigh the risks. Just find the right partner, and you'll do fine. Know what pitfalls to avoid, know the tricks people will use, and know Im here to help if you need me.

Nothing makes me happier than a satisfied customer who will go home and tell all his friends how wonderful his experience purchasing real estate in Panama was. Like I said earlier, I am writing this report so you the perspective buyer can be clued in to what I the real estate guy have seen in my time here in Panama. I'm not going anywhere, and I will probably be hard at work while you are sitting in your office reading this boring report. So if you like what you saw here, give me a call, even if it's just to chat about non-transferability clauses.

Your man in Panama,

Kent Davis

Real Estate Advisor

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Blood on the Streets: Everything wrong with Panama real estate agents and why I'm one of them.