

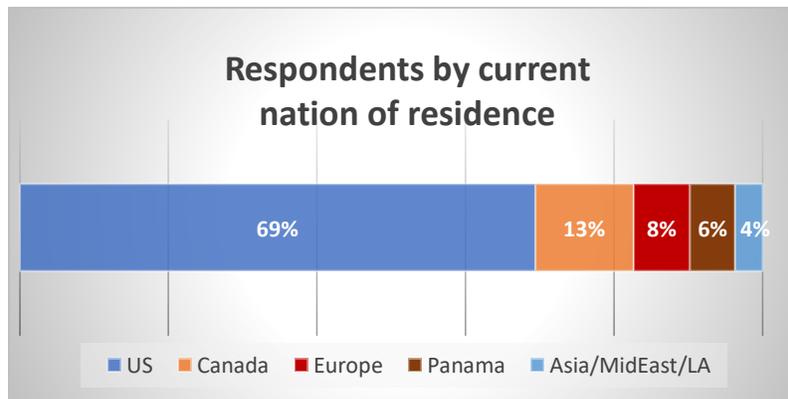


The Survey

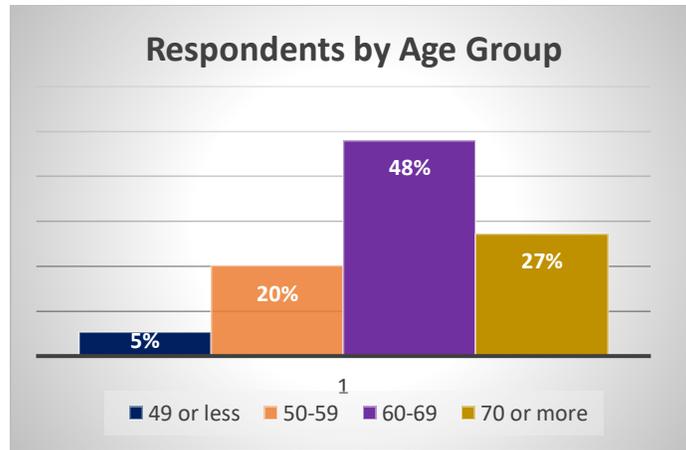
In late July and early August of 2017, I asked some RW members if they were willing to take a few minutes to complete a survey. The members invited were those who were seriously interested in Panama and who expected to buy, build, or rent a home in Panama. Despite doing this at the very peak of the vacation period in North America and Europe, 673 members took the time to respond. A big “thank you” to all those who took part!

So, who were these people?

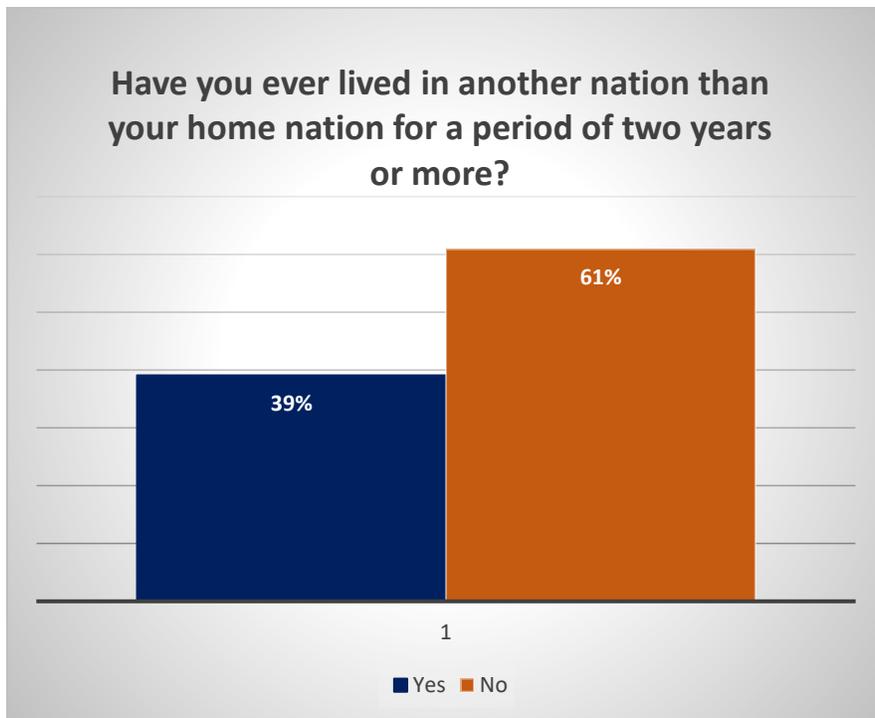
Americans are the single largest group, but that is no surprise. They and their Canadian cousins have been coming to Panama for a long time. The European percentage is just beginning to grow. Germany represents the largest group, but there more than a dozen nations are represented among the 51 Europeans responding. The 6% from Panama are primarily people currently renting, but now looking to buy, although a few may be looking for a second property.



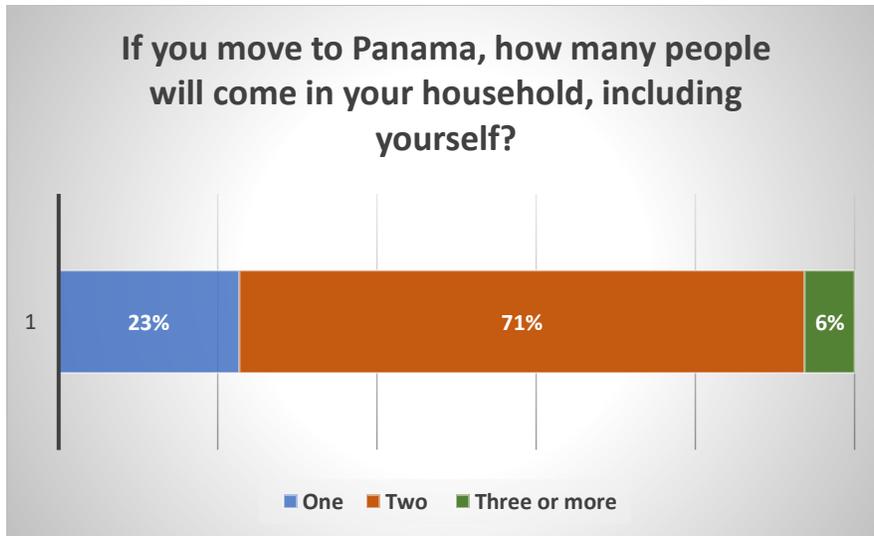
The age distribution on the next page was also no surprise, given Retirement Wave’s name, but experience indicates that less than half currently plan a traditional retirement. The others hope to earn some income in one form or another, whether in Panama in cyberspace or elsewhere, while living here.



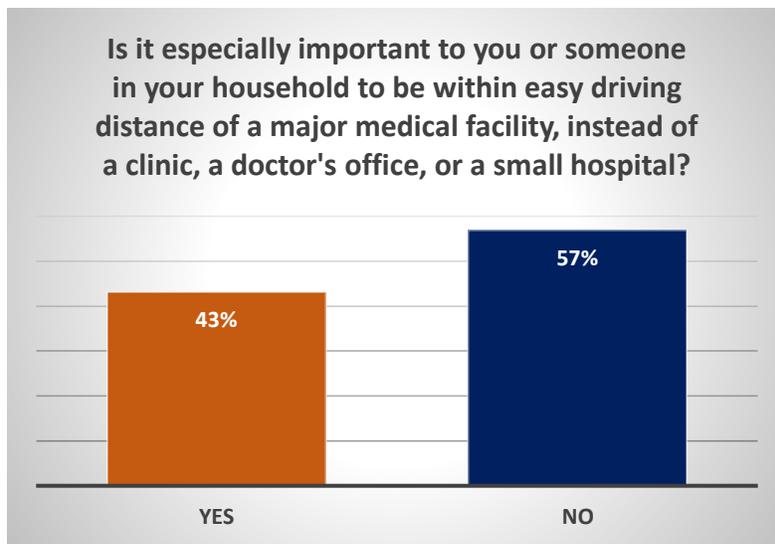
What did come as a surprise is that roughly 2 out of every 5 members have already lived two or more years outside their home nation. I would have expected half that or less. It simply shows how much more common travel and living in other nations is today.



As you might imagine, the chart on the next page shows that one and two-person households are the most common, but there are definitely some bigger ones. Included in the “3 or more” category below are 16 households of 4 or more people bringing a total of nearly 80 new residents to Panama all by themselves!



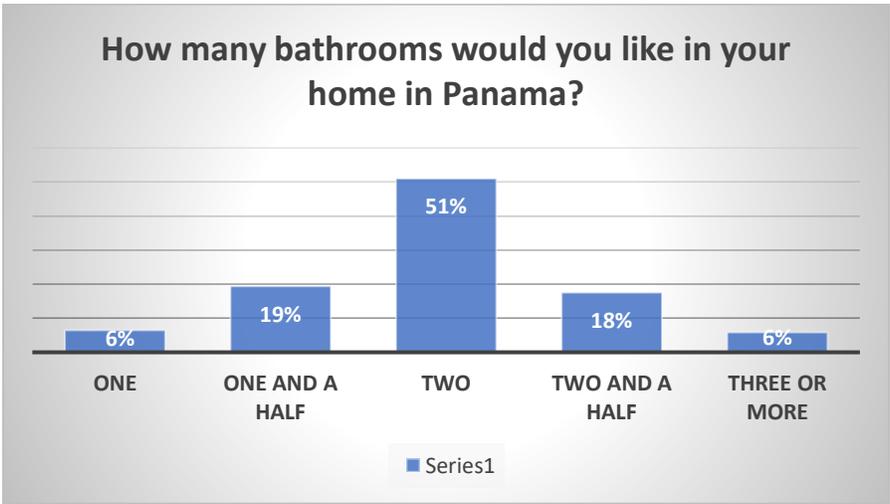
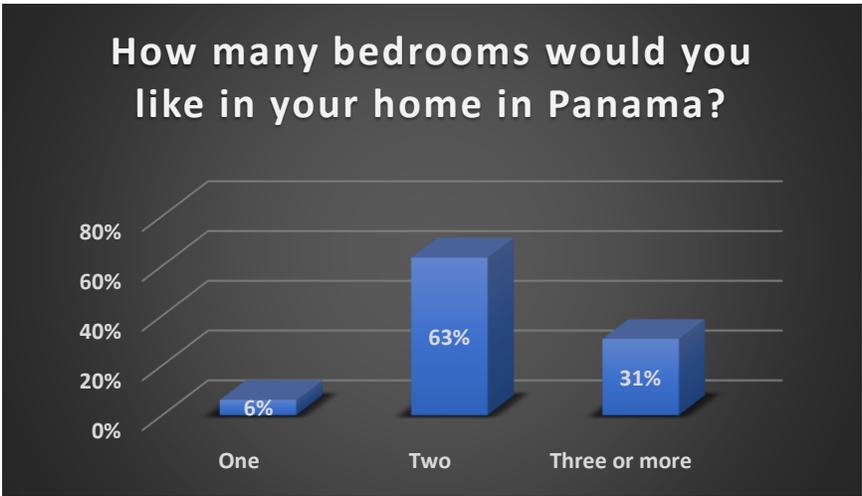
The next statistic was higher than I had expected. I suspect it is the wording that made the difference. “Major medical facility” has a nice ring to it! But it also demonstrates a practical awareness of the importance of medical care as we get older.



However, once people are here and interested in living in one area or another, they forget to check the local medical facilities. Some of the smaller hospitals in the regions are very much liked by expat residents, both for the quality of care and the low cost, so you really need to check out a facility and not assume anything just because it is in the provinces.

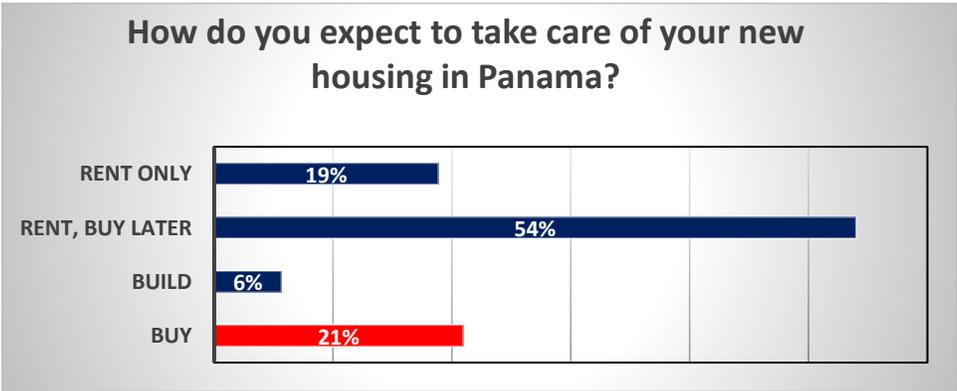
On the other hand, the more specialized and sophisticated your needs, the more likely you will want to be closer to Panama City. This is exactly a question to ask residents in an area that interests you. If they have had an experience with medical care, it is certain to be something they remember (hopefully with a smile!).

Then there were two standard questions for any real estate market.



I was a little surprised at the 31% who want three or more bedrooms, but that is why a survey is useful. Otherwise, I think the answers to both questions are quite normal and not surprising.

This next statistic is an important one. Let's stop and take a good look at it.



In the first decade of this century, North American retirees came down and bought homes and usually paid 100%, no mortgage or other debt. Some rented, but that was usually short term.

Today, as you can see above, the situation is the reverse. Most rent, fewer buy. Three-quarters come looking to rent, at least for now, but possibly forever.

What is the problem? Based on my discussions and correspondence with RW members and the answers to the open-ended questions on the survey provide clues. A decade ago, many Americans brought their real estate market down here, so to speak. They bought with the idea of reselling for a big profit as some had done in the US. The word “flip” became part of the real estate language of Panama too. It was painful to watch going on. The real estate market simply does not work that way here, but those were the “good days” when people’s unrealistic expectations sometimes overwhelmed their common sense.

That US “bubble” popped and by 2009 the popping could be heard in some European markets as well (Spain was an excellent example, but not alone). However, that did not happen in Panama, except for the most distant areas where expats were almost always retirees and North Americans made up the great majority of local expats. For the greater Panama City metro area where roughly half the population already lives, the market surprised many people with its stability. Other expats from Latin America, especially refugees from Venezuela getting their families and their money out while they still could, arrived and purchased homes. The great majority of our Latin American expats are working, not retired. They need jobs and they need schools for their kids that are high quality. There is no place in Panama that can compete with Panama City when it comes to jobs and schools.

Today, the North Americans are still coming and Europeans are beginning to come in larger numbers, but few talk about “flipping” real estate (thank god). Some were seriously “burned” by the US and European bubble-popping of early years and cannot forget. That is completely understandable.

Without the enthusiasm for real estate as a speculative investment, expats became more concerned that they get a good price and not over-spend. Not speaking Spanish and not knowing how the market works here in Panama, they look on many real estate agencies with suspicion. This has been aggravated by some agencies whose advertising constantly stress properties \$400K or \$700K or even a million dollars-plus.

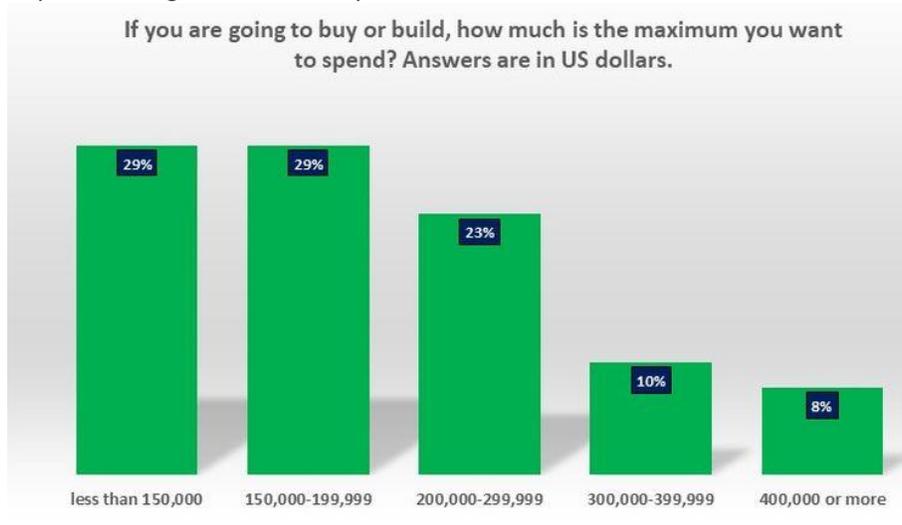
People have gotten the impression that there are no homes reasonably priced in the city and its greater metro area. *This simply is not true*, but if no one is interested in helping you find a home for 175K or 225K or whatever your price is, why bother asking?

I have absolutely nothing against renting! I have often encouraged people to try it, if they have not really made up their minds about living here on a full-time basis. But there are others who really do not want to pay rent. They prefer to own and potentially profit from that in a future sale. They are the ones who do not get the support they need from the real estate community as it operates currently.

I will talk more about this later and offer one new effort that may help at least some of you get a better deal. For the moment, let us continue with the survey responses.

Obviously, a critical factor in buying is the money you have available for that. So, the next question is an obvious one. How much do you plan to spend?

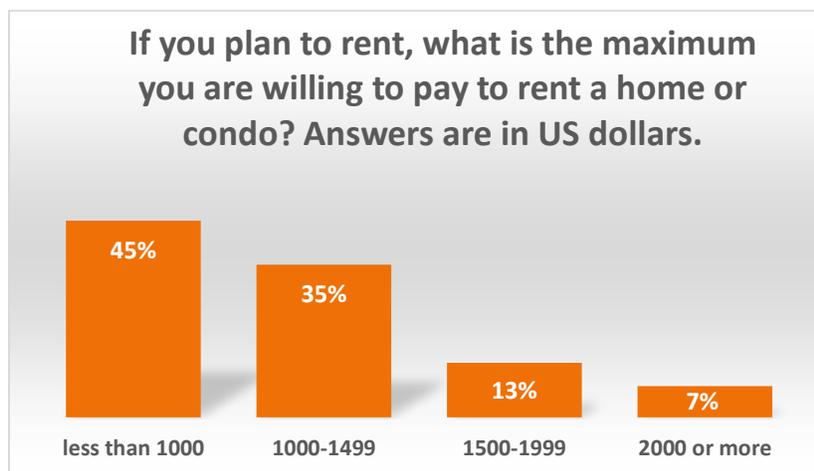
537 people responded to this question. By the way, the small number of people planning to build fall into the same expense categories as the buyers.



Considering that the average survey respondent is in his or her 60s, is without children living at home, and very possibly is looking for something smaller than they used to own that requires less effort on their part to maintain, I think this is pretty good range. I was surprised that 18% expect to pay \$300,000 or more, nearly half of them expecting to pay more than \$400,000. But they are not going to have any problems. There are plenty of homes for them.

But the 82% need equal attention. They may spend less, but there are more of them. Yet, too many times, I have members complain that when they ask for a price in the 100s or 200s, they get passed along to a “junior agent”, or the agents get impatient and people feel they are being pushed to decide too quickly. It only takes one experience like that and people begin to think they just are not going to find something they like and can afford, so they rent.

But raises another problem with local agencies. A house sale generates a 5% commission typically in Panama. A rental pays a commission of one month’s rent typically. There is no question about it. Think of a \$200,000 home, not the cheapest, but far from the most expensive. Its sale will bring a \$10,000 commission. Now take a look at what people are willing to spend for rent.



As you can see, agents are not too excited about spending their time showing rentals, unless they are very high-end and even that is far from being as profitable as a single sale of an inexpensive home.

The result is that people frequently ignore agents when they look for a rental and many agents are okay with that. I would say that a larger proportion of rentals result from owner ads in social media ranging from Craigslist-Panama to Facebook.

The real frustration with the rental situation is that you can end up with two groups of people – 1) agents that could be and *should* be helping with this are missing out and 2) a group of renters who would prefer to be buyers, but are not being shown homes they can afford.

I understand agents and their fixation on sales commissions, but it reminds of a couple of real estate agents in the past who preferred buyers, but when approached by a renter, did all they could to help. Why? Because they knew that finding a good agent you can trust is very, very difficult in any society, especially when it is not your society! Help me find a good rental and when I am ready to buy, I will naturally come to you.

I especially remember Pedro, the first agent I met in Panama. Pedro became a friend and took me around with him when he was showing homes to clients so I could see what the market offered. If he had sold or rented a property in the past to someone and it was a quiet day, he would be on the phone calling past clients or, if he was in their neighborhood, stopping by to see them at home. He would greet them as friends and just ask them how things were going.

Even if people had problems, the fact that Pedro took the time to check in with them impressed them thoroughly. He got more than a few new clients from references from old clients. He understood that every client is an important client. Every client is an advertisement, good or bad, for his services and he took that seriously. And when his renters were ready to buy, you know who they called first.

Let me finish this by adding a couple comments from survey respondents that reflect what I have said above. These are their words entirely and reprinted in full.

“Most of the ex-pat focus is directed to areas surrounding Panama City which is more expensive. I am not interested in living in these areas. Mass transit and walkable are top priority as well as convenience to shopping and medical and dental care.”

This is sad. To begin with, we have the assumption that a property in metro Panama City is “more expensive” is not necessarily accurate. I cannot be specific, as I do not know the price range he or she is looking for, but there is a real chance that the right place is available in the city. I hope so, because the very next sentence asks for things (mass transit, convenient shopping and medical/dental care) that are most likely to be found in the metro area. This is one of the reasons why I am offering a new “metro match” service to help people like this either find what they need. Nothing can be guaranteed, but the service is intended to be a step up from the normal. I will discuss that in more detail here shortly.

Here is another comment. “The infrastructure in Panama City is pretty beat up. Just a note - My wife and I came down there to view apartments - we gave the realtor our list and price range. We were shown only 3 apartments, all well over our price range and only those that they had. I know from

looking on the websites, there were many in the area we wanted that fit - we were not shown any of them, which really turned us off from the realtor and Panama.”

The fact is that the city’s “infrastructure” is improving steadily and much more rapidly than many guessed in the past. But that means construction, so what is actually improving comes across as a “problem” right now. However, the key words from that comment to me are, “...all well over our price range and only those that they had.”

That last comment (only those that they had) is the practice of an agent only showing properties his agency represents. The agency and its agent get the full commission for those properties, but only half if it is someone other agency’s property to sell, so they only show their own listings. That is also something our project means to avoid. So hang on, there is more to come on that topic!

These are the primary results of the survey. There are a few others. About three-quarters of those who answered the survey were men. Of the 673 respondents, only 25 needed schools for their children (7 an elementary school, 10 a secondary school, and 8 needed both). About half expect to be relocating this year or next, the others following that.

I included a long list of activities that people might want to have available. The two most popular were swimming and hiking, with fishing and boating a little further behind, but everything had its supporters, plus people shared a whole variety of other activities in a blank space left open to them for suggestions. In the future, I will include the most popular of those too.

The answers to the open-ended questions were very interesting, but either were the same (weather, cost of living, security, infrastructure, real estate prices) as they have been in the past, or very specific to the individual writing. One thing about RW members, you all have a lot in common and you are all very different from each other! What pleases one does not please someone else, and vice-versa.

But one complaint continues to come through loud and clear. Trying to find a good property that is affordable is the single biggest challenge.

The purpose of this survey was to provide me with the information I needed to approach developers and the real estate community in general with suggestions for change. That is a long-term struggle, but progress is slowly being made.

However, because of an unexpected email, one idea came to my mind and we are now working to make it a reality. Let me explain.

A Surprise

It came in as any other email. At first, I was not too excited. A member wrote that her mother was coming down to Panama with her husband for a week, during which she wanted to buy a condo in Panama City. Could I help?

My standard (and necessary) answer is “no”. I am not a real estate agent and cannot act as one, but most importantly, I know it is common for people to come down who think they know where they want

to live in Panama, then change their minds once, twice, three or more times as they look around. I love my members, but they must be on their own when they are getting to know Panama. I would end up being a tour guide and I simply do not have the time or interest in doing that.

But Brenda, the buyer, soon wrote me and attracted my attention. It turns out that she and her husband have visited Panama on prior occasions and traveled extensively, so she was not new to the nation. She knew exactly the kind of condo unit she wanted, what her budget was, and the kind of neighborhood that attracted her.

That caught my attention. She was different. She clearly knew what she wanted. She only had set aside a week to find it and I knew she was very unlikely to get it done on her own. So I took it as a challenge!

I called John, a Panamanian in real estate who I have known for more than a decade and fully trust. Why John? If you remember that complaint about being shown only the properties that one agency represented, John was the perfect choice. Although he is a fully-certified to act as an agent, his firm is a developer, the people who build the projects so many of us live in. Best of all, his firm has **no** developments in Panama City. He cannot show any of “their properties” because there are none to show. He is free to check out any property. If he sells one, then he gets half the commission and he earns it, but he does not care which property is sold. He can focus solely on what the client needs without a conflict of interest. When I told him Brenda’s price range, he took that *seriously*.

It was an intense week. John set up several appointments and he and Brenda were off and running. Even though Brenda found one she was happy with on the first day, John insisted that she see others to be sure she was getting the best property for her needs. In the process, I discovered Brenda had not yet chosen a lawyer and it is essential that anyone buying a home have a lawyer to take care of the paperwork. I found her a lawyer, but she could have chosen anyone she wanted. She and he made an agreement (it is their business, not mine) and he went to work too. Yes, it was an intense week.

There was still paperwork that needed to be completed after Brenda’s departure, but a very specific power of attorney allowed the lawyer to represent her. When it was all done and over, it had been a complete success and Brenda was delighted. We were delighted too!

The Metro Match

When something unexpected happens that might be useful to someone else, I try to think of ways I can share it with you.

How would you benefit? One factor is understanding that the real estate market in the city and the metro area is highly competitive. Another is to understand that an agency receives the full commission on a sale if the property sold is their listing. If it is another agency’s listing, the most they can expect is half of the commission. Obviously, agents are under pressure from their agencies to sell the agency’s listings. They can do that simply by showing you only their listings. Or if you insist on seeing others, they can always find a couple that are clearly not as good as the ones they list. There is nothing evil about this. It is just common sense and you would do precisely the same thing, if you were in their position.

We do not have that problem. During Brenda's visit, John took her only to properties listed by other agencies. How do we know that for a fact? Because he had to set up the appointment with the other agent who would be present when the property was visited. It is all very transparent. John is not under pressure to sell a specific property since he has no exclusive properties of his own. His goal is to find something that fits your needs and no one else's. That can make a very big difference. In essence, the agent is working for you, not for his agency. Yes, his agency will get a share of the commission, but that is **not** a primary goal in Panama real estate (or in any other nation, really). That's fair. He earns it and you benefit from it too.

And There is Something Else

Anyone who knows me or Retirement Wave over time is also aware that I refuse to predict the future of a free market. Real estate in Panama is a free market. Events that we are not thinking about could make problems for the market here, but that is always true. For 13 years, I have heard some expats argue that Panama real estate is a "bubble" and is about to burst. I call them the "boo birds" because they are consistently negative on the real estate market and they have been consistently wrong. In that respect, nothing has changed.

It is too much to deal with in this report, but I will post a video at the [YouTube Channel](#) that discusses the real estate market in Panama City and the metro area. Prices are "soft" today. In the years since I arrived in Panama, this is as close to a "buyer's market" as I have seen. Why? That will be the purpose of the video. In brief, I think this year and into early next year will be as good a time as any to buy a home in the metro market as any I have seen since I arrived in 2004.

Various changes will begin in 2018 and continue in 2019 that should have a *very* positive impact on the metro market, so I see today's soft market as temporary. In my mind, this is not a "prediction", it is a general "forecast". No one can tell you exactly what the future holds, but the signs are very positive for buyers right now and for coming months, if not for sellers! No one is going to offer 30% or 40% discounts. But this is a time when you can negotiate a better price with a higher probability of saving some real money than has been true in the past in my experience. I think this is a useful service under any circumstances, but especially so now.

The Key Factor in Metro Match - You

The purpose of this "project" is to help you get what you want, *but like Brenda, you must know what you want!* Of course, no one expects you to commit to buying a property in advance. Of course not.

However, we need to feel you are truly serious in your interest because we will have to make an intense effort to meet your requirements and you need to be clear on what those are. If you are coming to Panama for the first time, you are not ready. I know from years of experience that you will not be able to make a good judgment until you are here and see the possibilities yourself. You cannot do it on the Internet alone. You need to be here. Since most people only come for a week or two the first time, it is very unlikely you will have enough time both to make the right decision as to the area where you want to live, as well as find and buy a home. I suppose if you come down for a month, for example, determined to choose a location and buy, then that might work because you are committed to making it work and you have given yourself time to check out different areas.

So, if you are interested, what do you do?

[Write me](mailto:RAdams@retirementwave.com) (RAdams@retirementwave.com) and let me know what you are looking for, your budget, and any useful information. We should be able to tell you whether there is good potential to find something that suits you or not before you arrive. If we do not think the potential is good, we will say so. None of us wants to waste our time when we know we cannot offer you anything.

Finally, there is no charge to you. The agent gets his piece of the commission and, if you ask us to help find a good lawyer, you will have to make your own arrangement with him or her. Otherwise, you pay nothing that you would not be paying anyhow. No hidden charges, but people working on your behalf. And yes, I look forward to meeting with you too! I am not a real estate agent or lawyer, so I will not be directly involved, but I want to talk to people to see if we are doing the right thing in the right way.

Beyond the Metro Area

I have no doubt that there will be people who write and ask about other areas of the nation, like Boquete, Pedasi, Bocas del Toro, etc. Can we help them there? Unfortunately, no, not now. First, we must be sure this works well. If we are convinced that it is working, then we must find the appropriate agents in other parts of the nation who can meet the same requirements as we expect here in the metro area. That will be a challenge and not one we want to confront until we know we are doing the right thing with Metro Match.

Pulling It All Together

I know a few of you have been impatiently waiting for this report because you wanted to hear the survey results. But as I have said many times, the purpose of the survey is not to satisfy curiosity or provide material for dinner conversations. The survey has its own “work” to do too and that is what has been going on in recent weeks.

This is a first report to members. It provides an overview of the survey results. Thanks to an unexpected “surprise”, I have something to offer in the way of a useful service to members, even if it is limited at this point. Finally, it is too early to discuss, but I continue to push developers to consider changes in their approach that I know will appeal to many of you because you tell me what you want and the survey helps back that up. It is a first step and there is more to be done if we are to see some long-term results too. If I make progress with developers, I may be back with another survey, but only if I think there are ready to take your “advice” seriously.

Rome was not built in a day. Panama City has been “under construction” for 498 years and more is coming!

But to paraphrase a famous song of the last century, we may not get what we want the first time, but if we try hard enough, we just might get what we need.

[PS - Don't forget to visit the [YouTube Channel](#) and subscribe, as you like.]