



## Report from Panama June 2019

### First, a note to the Reader

It has been two years since my last Report from Panama. The time and energy required to put one together is considerable and I wondered if it was really appreciated enough to continue. However, a few weeks ago when I wrote Retirement Wave members, who had heard nothing from me for so long, that I was going to write a new one, I was surprised at the flood of emails that arrived, thanking me for the news. Thank **you**.

First-time readers may be put off by the length of the Report. Much of it is space taken up by charts and graphs that help demonstrate change in ways that text can never do. So have faith! It is not nearly as long as it may look at first.

Others will wonder why I spend so much time on subjects that have little or nothing to do with cost of living, weather, housing, or any of a wide variety of topics that people focus on when they consider moving to another nation. There is a reason for that.

After 52 years of working and/or living in more than 40 nations around the world, I know that one of the things most important to expatriate residents is summed up in one word – stability. Panama is a stable nation. That stability was a critical factor in getting us through a “slow” period economically.

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Our recent elections were highly contested as in any functioning democracy with seven candidates for President, four from parties and three independents. They represented different viewpoints; they were not carbon copies of each other. At times they were so polite and serious that the campaign was boring compared to other Latin American nations and equally so compared to those in North America and Europe.

So maybe we were not as exciting as others, but when you live in a nation, especially one that is not yours, “boring elections” can be a good thing! Just ask anyone from Venezuela, Nicaragua, or many other nations, and not just in Latin America.

On that note, let me congratulate Laurentino "Nito" Cortizo as he is about to be inaugurated as Panama's new President, José Gabriel Carrizo, our new Vice-President, the 71 deputies elected to the National Assembly, and the hundreds of others elected at every level throughout the nation. In Panama, elections are held each five years and every elected position is filled on the same day. On July 1st, all of them will begin service together and we all, citizens and expat residents, will begin again too.

### **Panama's Growth Recession**

***“If the world were merely seductive, that would be easy. If it were merely challenging, that would be no problem. But I arise in the morning torn between a desire to improve the world and a desire to enjoy the world. This makes it hard to plan the day.”***

***E.B. White***

By “growth recession”, I mean a period during which the nation's economy continues to grow, but unemployment rises, and money is “tight” in the nation with a negative impact on local business.

Basically, Panama has been in that position for the last two or three years, depending on when you think it started. But the moment I say “recession”, people assume the worst and that is a mistake.

I will begin with the “macro-economy”. It is the total of all economic growth. Think of it as the “pie” from which each person in the nation receives a “piece of the pie”. Then we will take a look at the “micro-economy” that looks at the “pieces of the pie”, not the pie itself.

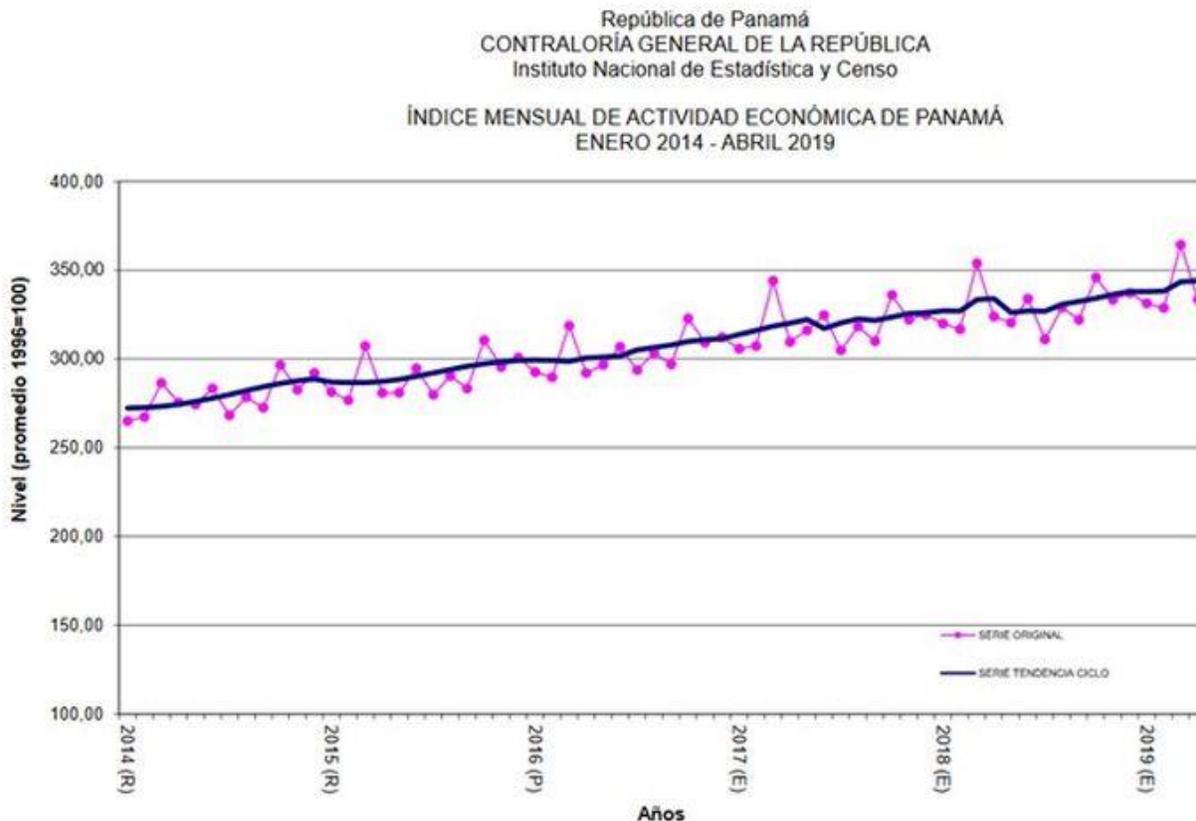
### **Looking at Panama's Macro-Economy**

The level of Panama's macro-economy results from its dynamic growth during the 21<sup>st</sup> century. It is not simply a matter of having the *highest* growth rate every year, but having one of the highest, sometimes the highest, on a regular basis.

In other words, it is not just a question of high-level growth; it is also about having *consistently* high-level growth.

Following this are a series of charts that can help us understand this.

Long-time readers of this report will recognize this chart as the Monthly Index of Economic Activity. It is very similar to GDP (Gross Domestic Product – the amount of wealth created in the nation annually), but shows growth on a monthly basis, not just an annual basis, and is updated more frequently.



It is corrected for inflation and shows two lines. Each monthly result is shown by the pink line above. This can be very volatile so the line in blue combines the various monthly results (a “running average”) to give a better picture of where the economy is going. This covers a little over five years and you can see the trend is generally positive.

However, there are a couple dips in the trend line that indicate difficult periods. One occurred last year as the nation suffered a month-long strike by construction unions, far longer than anyone had expected and, given the public reaction, not likely to happen again any time soon. In any case, the final contract is good for four years, so this will not come up again until 2022.

The basic point here is that regardless of the ups and downs of the economy, the direction is consistently positive, but that is only five years. Not bad, but there is more.

The next image is from McKinsey & Company who provide high-level consulting and advisory services to companies and governments. As a member of the McKinsey Global Executive Panel, I feel confident they will not mind my borrowing one of their images from a past report! It may be hard to read for some people, so I have added an arrow pointing out Panama.

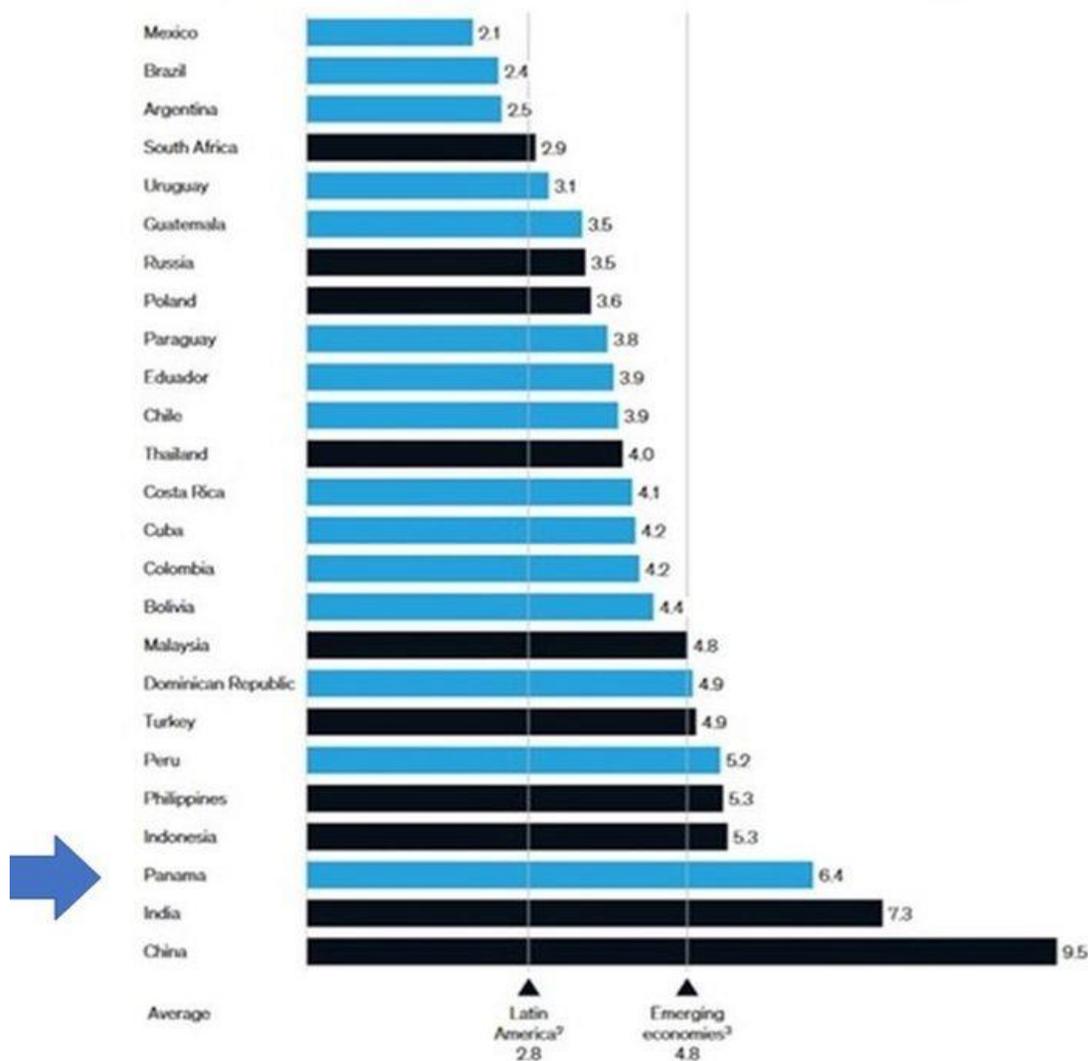
Compare the title of the chart with Panama's position. I think it speaks for itself.

**Since 2000, Latin American growth has lagged behind emerging economies, especially in Asia.**

GDP growth by country

Compound annual growth rate, 2000–16, %

■ Benchmarks<sup>1</sup> ■ Latin America

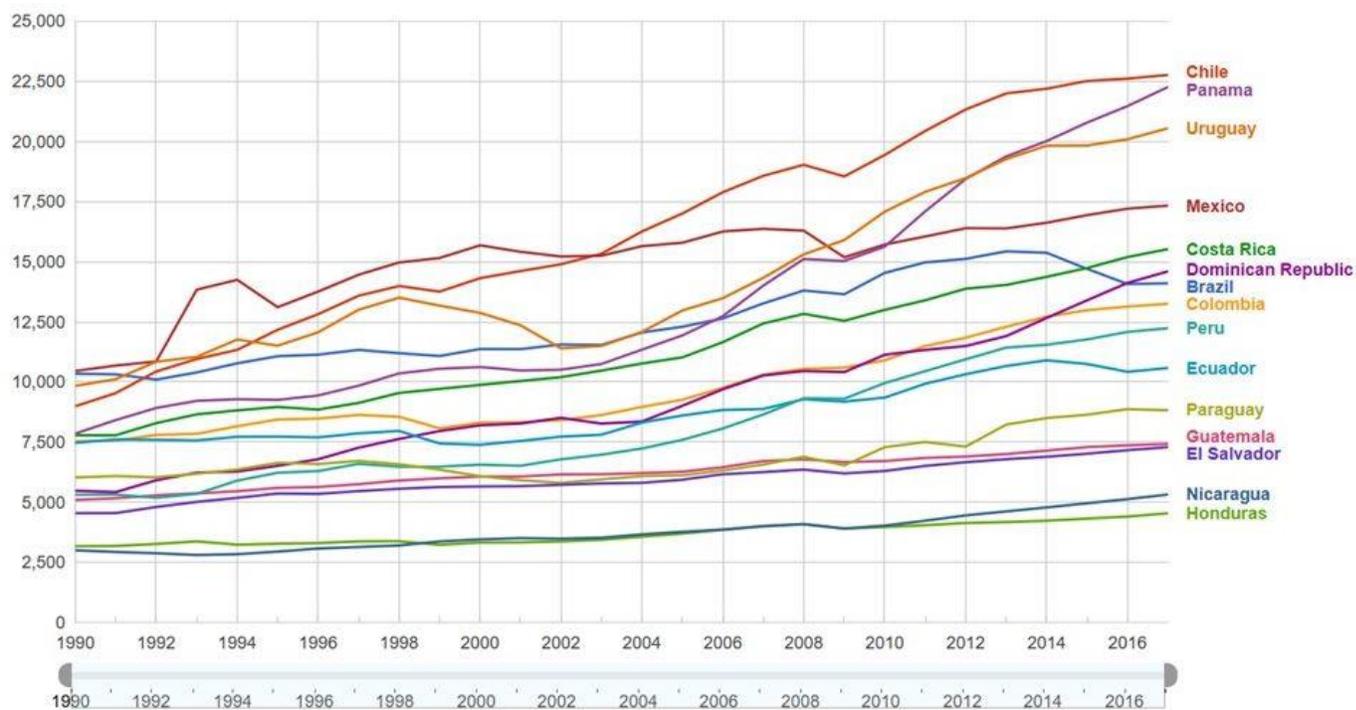


The next image will compare Panama's economic growth to other nations of Latin America from 1990 through 2017. The final 2018 stats for all nations are not yet available, but we know most of them and the difference will be very small.

This is one of the most important statistics used in investment. It takes the GDP (that measure of annual economic growth) and divides it by the nation's population to give us the "per capita" (per-person) result. Then it takes inflation and cost of living differences into account. Finally, it is formatted in a way that makes comparison among many nations more accurate. There is another similar way I could have done it and Panama would look even better, Panama would be #1, but it is not as useful for comparison.

For many of these statistics, I will use the per-capita result. As I often say, the reason to divide it by population and get a per-capita result is because *it is not only how much money you make, but how many mouths you have to feed*

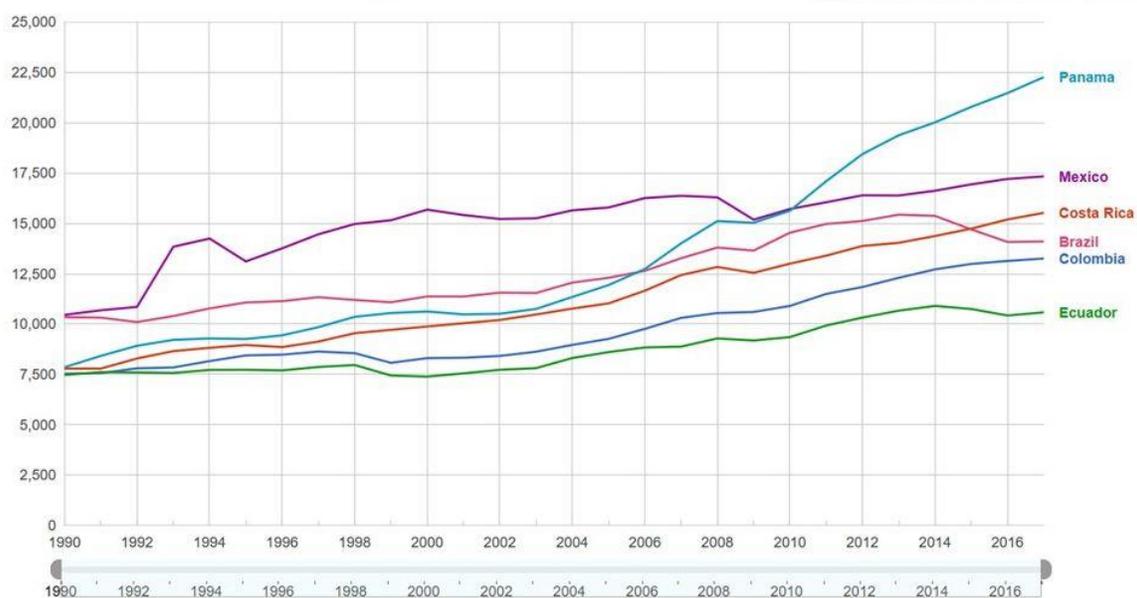
GDP per capita, PPP (constant 2005 international \$) ?



Data from World Bank Last updated: Jul 6, 2018

Now *that* is impressive. Panama started at almost exactly the same level as Costa Rica and Colombia, our neighbors, and Ecuador. Too many lines to see this clearly? Maybe this will help.

GDP per capita, PPP (constant 2005 international \$) ?



Data from World Bank Last updated: Jul 6, 2018

I included the “big guys”, Mexico and Brazil. They are big, but with many mouths to feed.

I have a couple more charts to show you that underline the difference between Panama and its neighbors to the west and north, the nations of Central America. One important measure of how the world’s business and investment community views your nation is a statistic called Foreign Direct Investment (FDI). No, it is not about one of us buying a house.

This is about large-scale investments including money that foreign corporations have earned in Panama and can either return as profits to their corporate home nation or reinvest in Panama. This is the business and investment sector actually putting their money where they think it is most likely to benefit them. No charity here. These stats are provided by the Economic Commission for Latin America and the Caribbean for 2018.



Again, dividing by population gives us a better idea of the impact on each nation.



The average per-person for all six is \$227. For comparison, the result for Colombia is \$210.

There is a lot more. I can tell you that Panama is not only a shipping hub, it is an *air* hub as well. Consider for a moment the airports of Mexico City and Panama City. With 129 million people, Mexico's population is 32 times greater than Panama's. It is extremely well-known and a major business center.

Not long ago, I took the time to count all the regular, year-round international destinations that connected with Mexico City. I did the same for Panama City. As you might imagine, Mexico City did very well, connecting with 53 cities in other nations. That is impressive, until you consider that Panama City's Tocumen Airport connects with **85** cities internationally today.

When we finally finish opening the new second terminal in the next few months, we will be able to add new flights and destinations. Until a few weeks ago when some of the gates opened, our airport was handling 16 million passengers annually, but it was built only for 12 million. With the delay in the new terminal, it has been really crowded. Now we will be able to handle 25 million passengers. Plans are being developed for constructing a third terminal to begin between 2022 and 2025, as we see how quickly additional traffic grows. *Panama is as much an air hub as a sea hub.*

But there is more. We are a growing information hub as well. Latin America does not have its own Internet Exchange Point which would greatly reduce expenses and increase the speed of Internet connections in our part of the world. There are not many of them in the world. For example, Europe has two, one in London and one in Amsterdam. An agreement was signed by Panama and the Latin American Development Bank in 2014 to begin the planning effort and it is now moving forward.

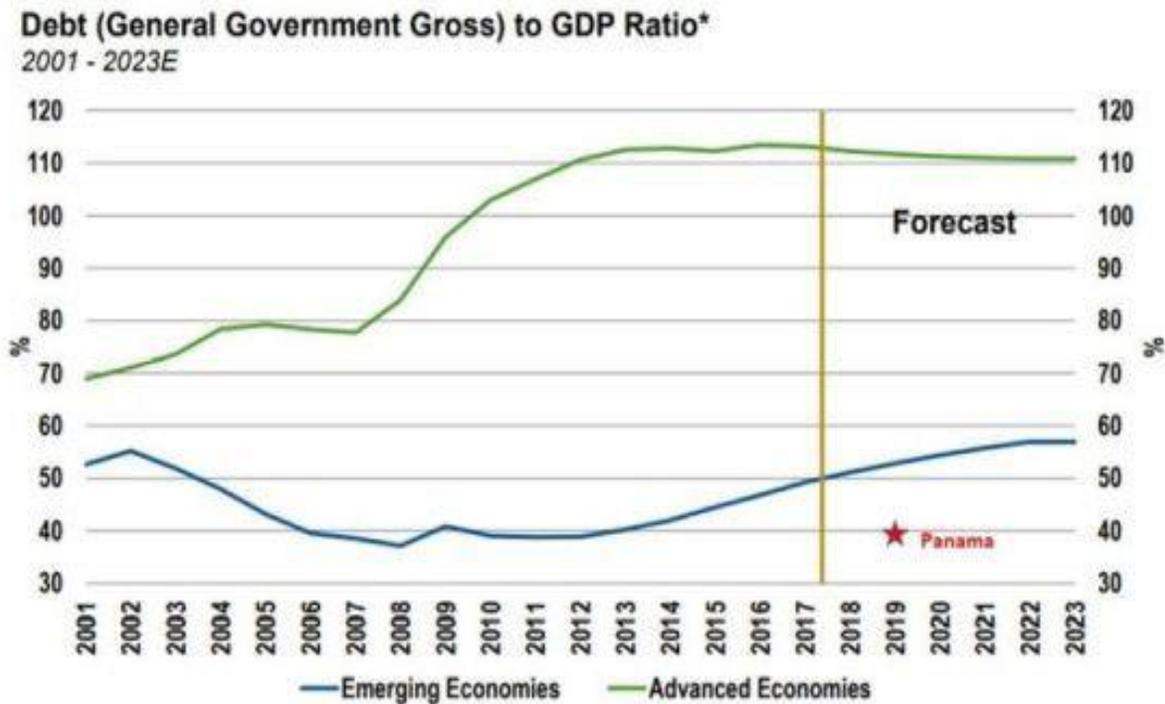
### **The growth is fine, Bob, but can Panama handle the debt?**

Thank you for your concern, but worry about your own nation, not us. Back in the 20<sup>th</sup> century from the 1960s into the 1980s, "developing nations" built a mountain of debt trying to "catch up" with the "advanced nations". In the late 70s and early 80s it exploded, some did it again in the 90s and that did not end well either.

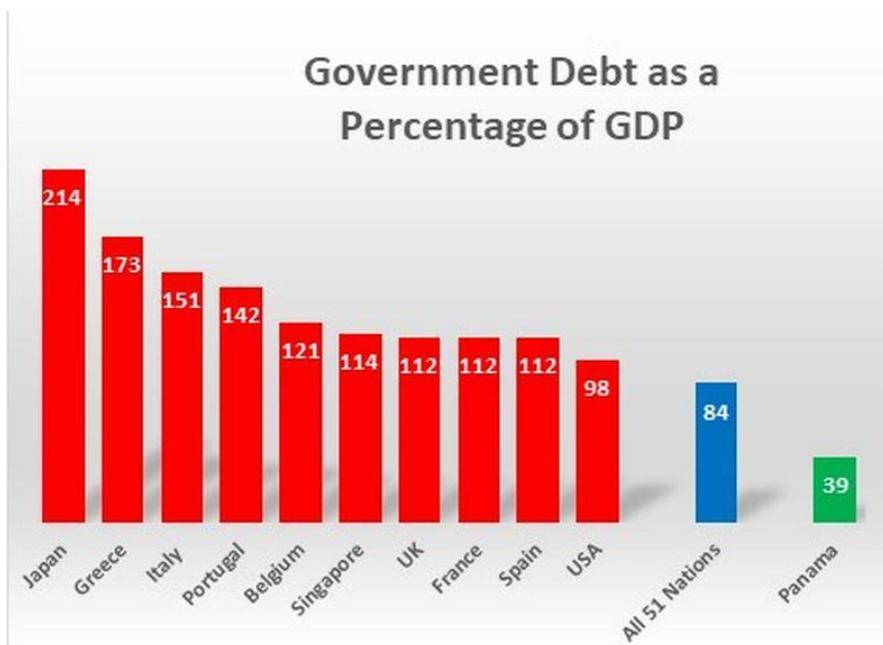
During those decades, I was a development consultant all over the world and I always had to remind the people I was advising that they had to keep their debt under control, but at first, I and others like me had little success. But that was then, and this is now. The debt crises of the 20<sup>th</sup> century left their mark and did more than any lecture to convince people they had to learn how to handle their national debt.

Below is a comparison prepared by Franklin Templeton funds of the government debt burden of the self-described "advanced" markets (where nearly all of you live) in comparison to today's debt burdens of the "emerging" markets. This is very recent, but the stats for 2018 were not all in, so the "gold line" is at the end of 2017 and the rest is estimated, but the 2018 results shown are likely to be very accurate. I have placed a red star where Panama fits into this chart as of today. So you tell me. Who has to worry about debt in the 21<sup>st</sup> century?

## Low Debt-to-GDP Ratios in Emerging Vs. Advanced G20 Economies



Here is another example. McKinsey & Company figured the stats for 51 nations and I show the Top Ten “advanced” nations below, plus the average for all 51. I added Panama.



As I said, you are probably better off worrying about your own nation's debt before you worry about Panama's. It is the "advanced" nations that wrote the rulebook on debt with the #1 rule being "keep it low, preferably 40% or less". Yes, we salute them for their rulebook. It has served Panama well. Forgive me for saying it, but maybe they should try following their own rules.

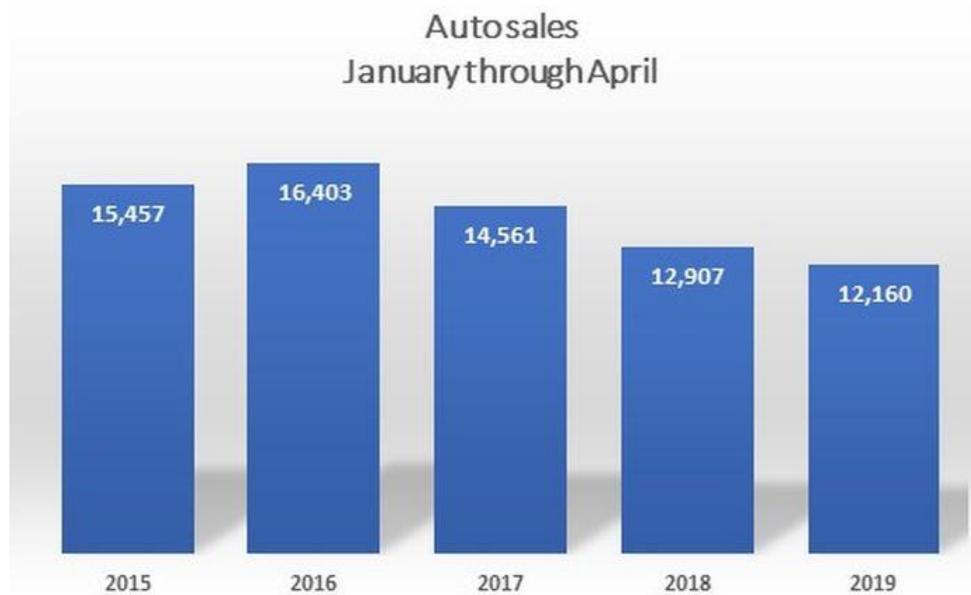
### **But you talked about "Panama's Micro-Economy". What about that?**

Fair enough. I have discussed the first half of "growth recession". Now, what about the second half, the recession?

First, I will discuss the results, then offer some analysis of the causes, discuss what I think may be coming, and finish by explaining what I think this is obviously not good news for some people, but may turn out to be good news for most of you.

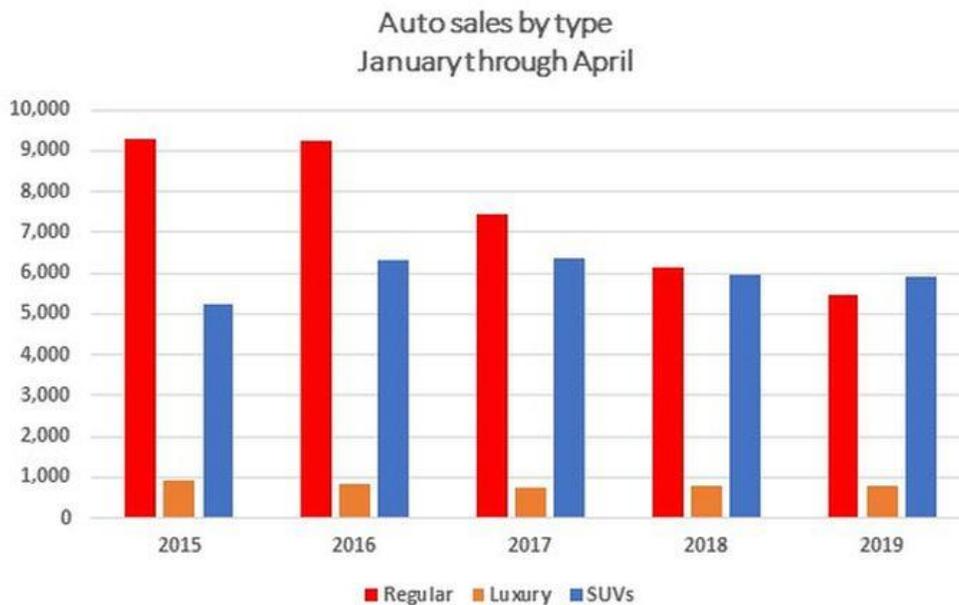
While the nation's growth has slowed, as is true of Latin America in general, some parts of the economy have really dropped substantially. Those sectors are dependent on single purchases by individuals or households.

I will begin with auto sales. Those sales are divided into three classes – luxury cars, SUVs, and everything else simply referred to as "regular cars". I use statistics for the period available right now in 2019, then compare it to the same period in earlier years. In this case, it is the first four months.



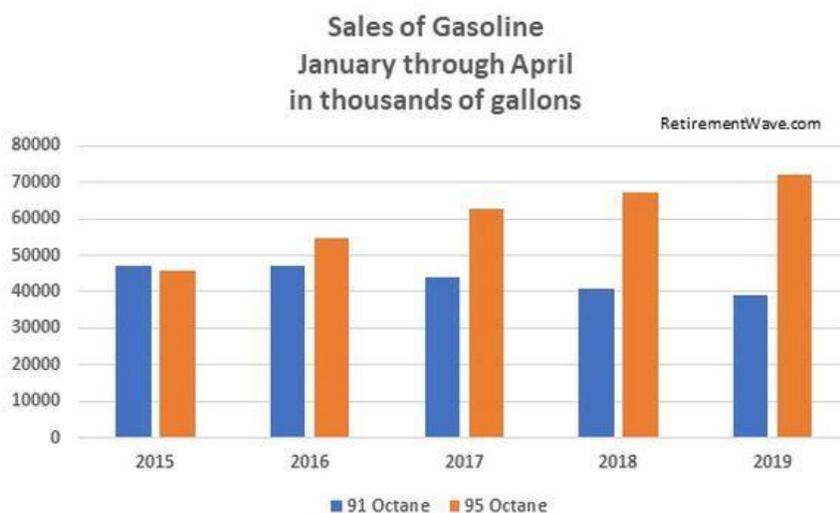
Obviously, overall sales have gone down. Indeed, they had been rising for a decade through to 2016. It seemed every month set a new record. As you can see, that stopped.

Now, we can take a look at the three categories I mentioned above. Which category would be the one covering most middle-class purchases? I will let you decide.



Perhaps you agree with me that “regular” cars are the ones most likely to appeal to the middle class, but one thing is very obvious - that is the category that has suffered the most. However, this is for **sales** of new cars. If we want to look at the *total* auto market, we can look at gasoline prices. Two octane grades are sold in Panama – 91 and 95. As I am sure all of you know, 91 is substantially less expensive than 95 and is most often used by “regular” cars.

On the next page, you will see the statistics for gasoline sales, again for the period from January through April.



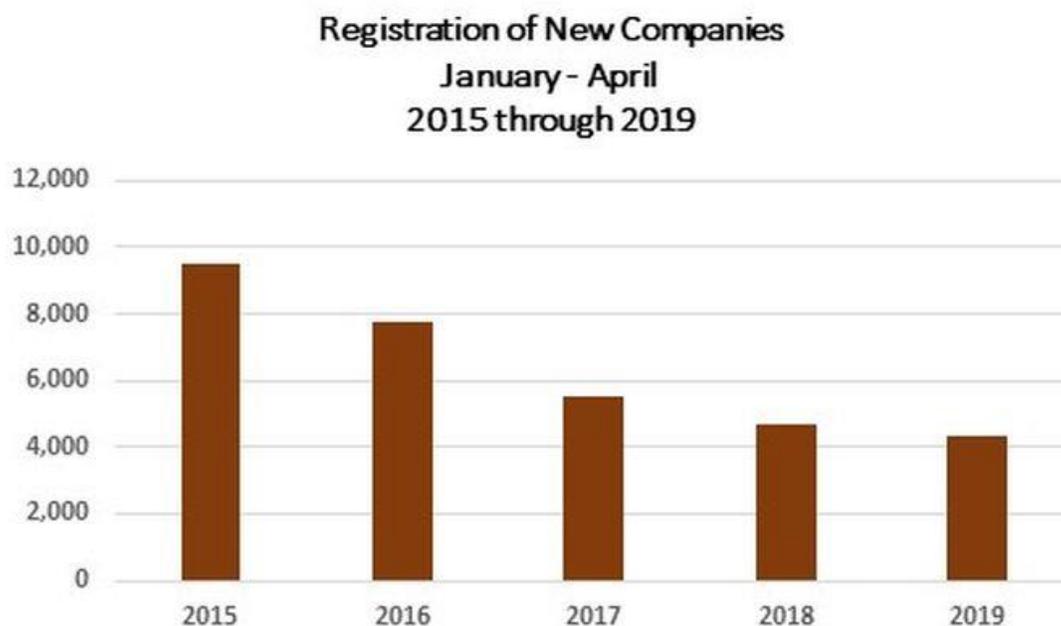
[Note: all statistics above are provided by [INEC](#) - Instituto Nacional de Estadística y Censo (the National Institute of Statistics and the Census)]

These numbers do not prove anything, but they do show change (just let your eyes jump from 2015 directly to 2019). They are not the full story, but they are chapters that need to be read too.

I will finish by providing one more relevant statistic. Panamanians are entrepreneurs in spirit. Some years ago, the government made it very easy to register a new company. If you have a credit card, you can do the entire process on-line. If not, you can do everything else, then take the payment to the agency responsible. There was an “explosion” of new companies and the popularity continued, despite the fact that many of those mini-corporations failed. If you are or ever have been an entrepreneur, you understand that this is the price you often pay on your path to success.

Most of these were very small businesses, but their owners were serious. We also had an “explosion” in courses, workshops, and seminars of small business development and they were very popular. But despite the entrepreneurial spirit, remember that Panamanians are also conservative when spending their own money, so they step back from that activity if they think it is not the right time.

You can see the results in the following chart. Again, I use figures for the first four months of the year so we can see the current situation too.



*[Note: statistics above are provided by [INEC](#)]*

I should add that these mini-corporations (some of which are no longer “mini”) do not reflect simply the middle class. Working class families where the head of household has a very modest income are involved too. Never forget one word in Panama – family. Many working-class families have three generations living under one roof and they may have four people earning more, in total, than a middle-class family with two earners. Individually, they would have trouble getting any business going. Together, it can be done. I buy my fresh fruit, especially watermelons, from three young men under a tent who know how to keep overhead low and prices below those at any supermarket. They are doing just fine.

So this statistic is one that I keep an eye on because significant changes can indicate a change in the economy among the general public. Unlike upper-class families, they live closer to “the edge”, so they can be far better judges of the real economy than the rich guys in the fancy cars. But did the upper-class go unaffected? No. As we broaden our view in the next section to include construction and real estate, you will see that they share the pain.

There are many more statistics I could provide, but I think this is enough to demonstrate that the “recession” in growth recession is real, despite the macro-economy’s continued growth.

### So why did this happen?

There is a long, detailed explanation that I am not going to burden you with. Simply put, three items were among those most important that especially affect the expat community.

1) Panama did not have an international advertising campaign to draw in more international visitors. That was a serious mistake. Competition for tourists is fierce. You must advertise.

2) Projects like the new much larger convention center, the second airport terminal, the new cruise ship terminal on the Panama City end of the Canal, and others were not finished, so they made no contribution to the economy beyond construction. All of this would have greatly increased traffic from outside and it will, but we had to wait *far* longer than expected. The “hospitality” sector (hotels, resorts and others) have really suffered as a result. They claimed to have not hired 25,000 people they would have hired if the projects had been done and the expected visitor increase occurred. The real estate sector was hit hard as well. It was more than just a lack of traffic as I will discuss in a moment, but that certainly had an impact. And there are a host of other businesses that sell things to the people visiting Panama like yourselves and, of course, tourists. They had to cut back too.

3) This takes a moment to explain, but it is a very important factor. Panama is a city-state for all practical purposes. The majority of its population lives in one metropolitan area surrounding Panama City and extending north up the Canal and west along the coast. As a result in practical terms, we all watch the same television channels, visit the same local websites, listen to the same “talk radio”, and so forth. Both good and bad news travels very, very, very quickly in Panama. In addition, Panamanian society remains very, very family-oriented.

I sometimes say that, if you get up in the morning at a reasonable hour, you can get in your car and have breakfast with at least 50% of Panama’s population, add another 20% and you can have lunch, and add another 15% and you can have dinner. That is 85%. The other 15% typically require an internal air flight, typically to Bocas del Toro, or more time to get to isolated areas, especially the *comarcas*, home to many of our indigenous people.

In simple terms, Panamanian families have “reunions” all year long on many occasions. Communication within the family (and that includes cousins, uncle, aunts, nieces, nephews and some beyond that) is common and frequent. Someone loses a job, everyone knows. Someone’s business is down 20%, everyone knows. When there is a slow-down in economic activity it is felt first at the family level and the news spreads quickly. If the situation does not turn around, but continues to slow down, the concern grows.

What do people who have no financial problems of their own do when their family (and friends) are facing job losses or too little business? If they are Panamanian, they reduce expenses. This is a very conservative country when it comes to their own money. They are less likely to turn to debt for support and even if they do, they still cut back. After all, someone else in the family may need help.

The problem is obvious. As people cut back on expenses, they reduce spending. This reduces business and more people lose jobs. This news causes others to reduce spending, and a “vicious circle” has begun. Back and forth it goes until the news turns more positive, than we see it shift to the opposite direction.

How can you tell when this is a primary force behind a recession? In general terms, a major drop in the economy can happen in weeks **if** there is a crisis that caused the shift. In Panama, economic activity has dropped a lot, but taken about three years to do it.

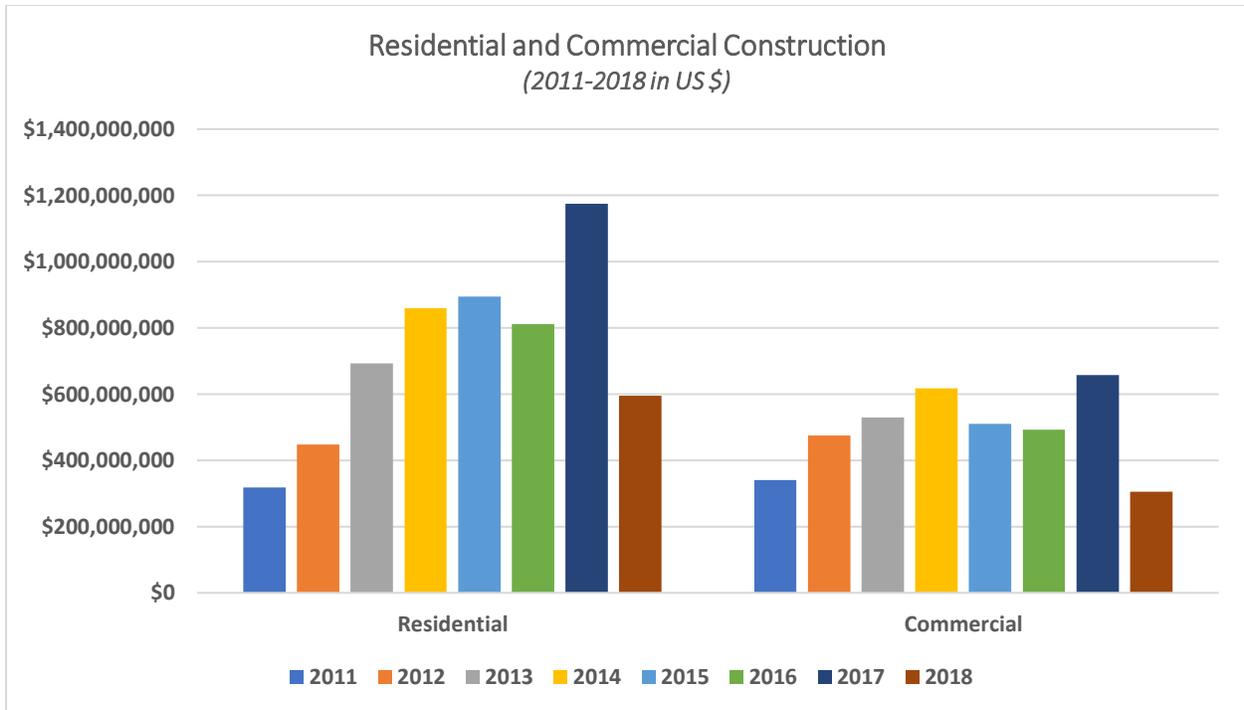
To me, that is indicative of people doing what they feel is best for themselves, instead of being forced to do it quickly by circumstances. In short, no “bubble” popped. Panamanians just went into a conservative spending pattern that I have seen here before in other nations, creating a “negative feedback loop” in the process.

Those three years of slowing economic activity at the “micro” (household) level were **not** accompanied by rioting in the streets, torching cars and businesses, massive street demonstrations with police intervention, or crowds of demonstrators with different viewpoints on an issue screaming obscenities at each other. For that, you need to go somewhere else.

That is stability. If there had been a crisis, things would not have been so orderly, and our recent elections would not have been so polite! It is not that the seven candidates did not have different ideas on what to do. But I felt that those with a hope of winning were in agreement as to why we had problems and what needed to be done to get the economy going again, disagreeing only on details and who was the most competent leader.

### **So what about real estate construction? Any effects?**

Sure. Sales are way down and they have been falling over the last three years, just like the others I showed earlier. Here is a look at the new construction. On the next page, you will find the results for full years from 2011 through 2018, both residential and commercial.



The drop is obvious. I cannot tell you exactly why the 2017 figures were so high, but it is possible that with sales beginning to fall in 2016 that developers tried to finish their projects underway to get them on the market as soon as possible, or perhaps it was simply that reality was becoming obvious.

Now, we can use quarterly statistics so we can include 2019. Here are the residential construction figures for the first quarter of 2019 compared to earlier years. If the final annual total for 2018 was bad, it looks like it will be even worse when 2019 is finished.



[Note: all construction statistics above are provided by [INEC](#)]

The direction looks familiar, but there is more to this story that has nothing to do with buying cars or gasoline octane.

Allow me to introduce you to what I call “The Box of Panama”. It is an area including Panama City and stretching along the Pacific coast to the west and behind the coast in the mountains. I include a few of the *many* towns in the beach areas, plus two mountain communities (the asterisks). The “PC” is the city.



This is the area where the great majority of new housing directed toward expats was built. 15-16 years ago when a wave of Americans and Canadians came down to look for homes, the real estate market was taken by surprise. When I arrived in early 2004, I spoke to a wide variety of real estate people, agents, promoters, developers, etc. and one common question was how long was this going to continue? They were pleased, but if it was only for a year or two, they did not want to get over-enthusiastic. I told them I could not predict the future, but I saw no reason why it should disappear, so I would plan for that.

Well, that turned out to be good advice for the next few years, but markets change and this one was no different. Unfortunately, the Panamanian real estate sector makes no effort to do market research outside Panama. Most small nations do not, but it can cause problems.

I am going to shrink a couple pages to a single paragraph to explain what happened. Because developers concentrated their efforts in the Box, land prices for ocean front in that area rose to \$1000 to \$1200 a square meter (that's roughly \$4,000,000 to \$5,000,000 an acre for those in the north), *and more!* That is completely out of balance with the rest of the nation and it required developers to charge more and more for a unit just to cover land costs, or crowd too many units into a small area. It took prices out of range for the great majority of expats from North America and much of Europe as well.

### **So, you are saying a bubble has popped, like in the US?**

You can say that, but you will be missing an important point. In the US, Spain, and other nations who suffered from real estate bubbles popping, the problem was granting mortgages for tiny (sometimes non-existent) down-payments that encouraged individuals to buy more and more expensive homes that

they could only afford if prices kept going up. When the market ran out of individual buyers with enough money to buy, even with easy mortgages, their bubbles popped.

In Panama, the “bubble” was not created by buyers. Mortgages were never easy to get in Panama. Foreigners had to pay 30% down-payments, for example. Instead, expats sold their homes up north for high amounts in the early years and bought cheaper homes without a mortgage in Panama. When the bubble in the US and other nations popped, they no longer had the money to pay the full price for properties that had hugely increased in value. Other nationalities helped slow the impact in Panama (Venezuelans with money were a major factor in the city for a few years, for example).

But this was exactly the right time for local developers to begin diversifying into other attractive areas instead of pushing the high land values even higher on the coast. They did not do that. This is the result. In effect, they created their own bubble, not the buyers, and they are now stuck with a giant pile of unsold inventory.

### **What can American expats tell us about residency in Panama?**

Today, I am updating a chart that I first created some years ago and update every year. It regards the number of retirees from the United States relocating to Panama. There is no list of Americans who live in other nations, so it is difficult to say exactly how many live in Panama or any other nation. However, there is one group that is counted and can help us understand the trend.

The US does not require its citizens to register if they leave the US, but retirees who want their Social Security payments deposited to an overseas account do need to register for that. As a result, we have a real statistic reported annually by nation of foreign residence.

This statistic does not include those who have their checks deposited in the US or who have not yet claimed their payments, but there is one fact that makes this statistic useful. It is very “sensitive” and will quickly reveal a trend, if there is any.

If Americans receiving Social Security in Panama go back to the US or anywhere else, you can bet they change their bank fast! So anyone having it deposited electronically in Panama is definitely living in Panama.

To see a trend over time, we need statistics for more than one year. Fortunately, these statistics are available to us for 2002 and every year through 2018. They are provided by the US Social Security Administration annually, but you have to do the work of finding the earlier numbers and I have done that.

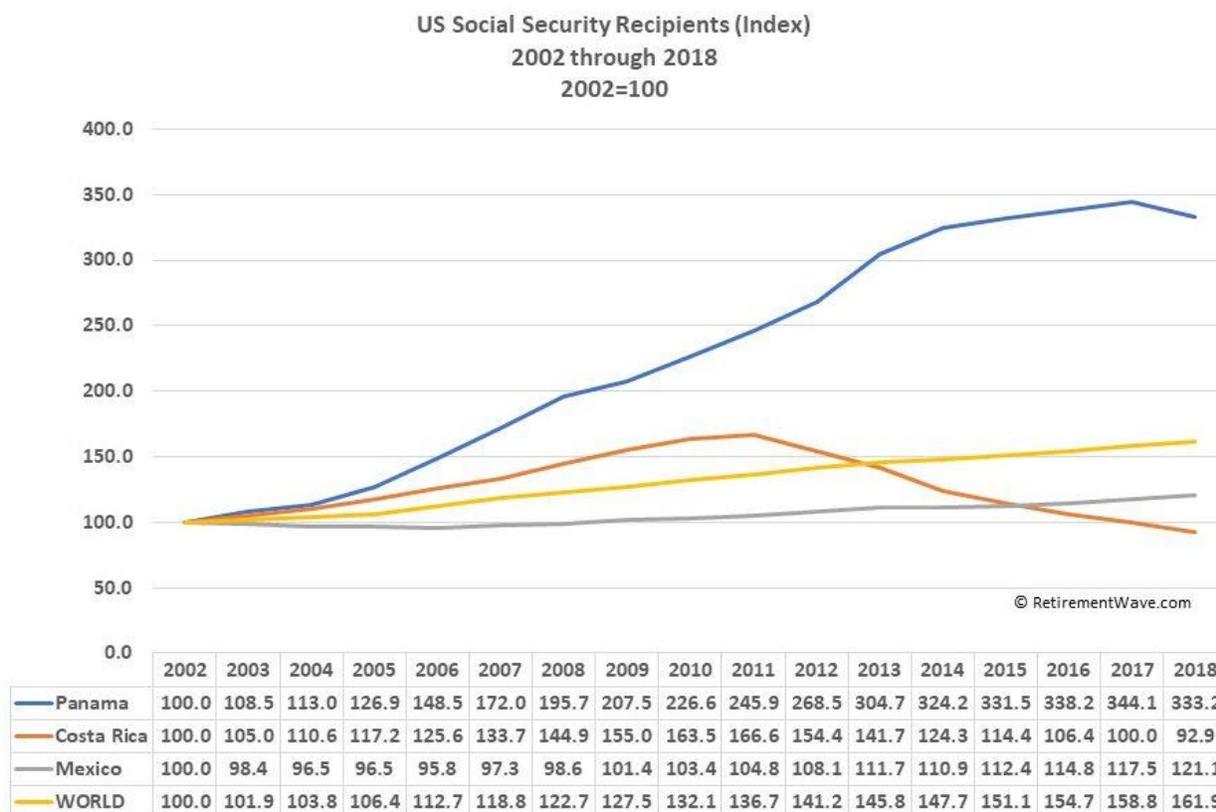
However, I want to do a little more. I will compare Panama's results with two other nations, Mexico and Costa Rica, and also with global statistics for all Americans claiming residency outside the US for Social Security, the global total. Why Mexico and Costa Rica? Because they were the nations Americans retired to during the late 20th century and into the 21st, so we can compare Panama to its greatest “competitors” over time.

We do not want to use actual numbers as obviously the global total would be far more than any one nation, and Mexico has always had a very large American resident community (over 1,000,000) since it is a next-door neighbor to the US. So how can we compare them?

We can “index” the statistics. Briefly, we can use 2002 as our base year and represent each group as 100. Then if one area goes up 8% the next year, the index number is 108. If it goes down 8%, the index number is 92. In other words, we are showing the percentage gains and losses, but since each group is set at 100, they can be shown in direct comparison in a graph. After all, we are not really concerned with the numbers, *we are only concerned with the trend* and this will show up quickly on a graph using this approach.

But some of you may ask, why should anyone outside the US care if American retirees are relocating to Panama or not? Americans and Panamanians have more than a century of experience with each other and, despite some difficult times in the past, they have been good friends. If more Americans were leaving Panama than arriving, that would be news.

Enough talk, what is the result?



The world-wide figure grows at a fairly steady rate over time. After years of losses or very poor growth, Mexico is slowly seeing its index number rise.

Costa Rica shows how dramatically that nation has been affected by the rise of Panama and some serious financial problems they have internally. For the first time, fewer Americans are receiving their checks in Costa Rica than were receiving them in 2002 when the index begins! They hit their high point in 2011 and have fallen every single year since then.

As for Panama, if you look carefully at the index numbers, you will see that the rate of growth slowed down in the 2014-15 period and now has dropped for the first time. What does that mean?

Well, it is entirely likely that the number of Americans moving down decreased as a result of the failure of Panama to advertise, a very serious criticism of the last administration that will leave office in a few days. It certainly did not help.

In addition, as I have been arguing for several years, the high prices of the over-built Box of Panama discourages a lot of people who might buy, but cannot find anything they can happily afford when they look in the traditional locations – the Box of Panama and “islands” of expat housing scattered around the nation where expats are also the sellers and often look for more than they can get for their properties. However, the Box is the biggest problem in my mind.

But there is a third group that has been growing and may be affecting this index, at least in Panama. Quite a few Americans fail to find what they can afford to buy, so they rent. No problem with that! They get their residency visas, but they do not own their own homes, at least for now.

Think about it. You live in someone else’s condo or house. You sit in someone else’s furniture. You do your cooking and laundry with someone else’s major appliances. Above all, you know that your lease will end in a year and you are not sure exactly what you will do then.

If I was in that position, I would not feel I had really made a commitment to live in Panama. I am just “trying it out”. Sure, I may tell people I live in Panama, but it does not feel the same as living in my own home that I own. This could be a reason why I choose not to submit the paperwork to get my Social Security check sent directly to my account in Panama. I may hold off on doing that and just bring money down by an ATM card or check or transfer or whatever until I know I am actually “living” in Panama. After all, many of us (including me) have our checks deposited in the US right now. I do it because there are expenses that I need to pay every month in the US and it is easier to do it if that money is in a US bank. But now that more and more people are renting before buying, that decision may be affecting this statistic.

It does not make any real difference. One “down year” is not a disaster for the nation. On the other hand, it can be very bad, even a disaster, for some expats who want to sell their properties. I know several and they have my sincere sympathies.

**“In more than a decade, I have not seen a better time to buy or rent in Panama.”**

However, for you who have not yet moved down, it is an opportunity. In more than a decade, I have not seen a better time to buy or rent in Panama.

Here’s the “short story” in bullet points.

- ✚ The last two decades have established Panama as a “rising star” among emerging markets - small, smart, and stable. Of the 33 “administrative divisions” of China, 31 have higher populations than Panama. In the 2010 census, even Hong Kong had more than twice Panama’s total. Small can be beautiful.

- ✚ Panama survived and even prospered through the real estate collapse on both sides of the North Atlantic, the global financial crisis, waves of unexpected migrants from Latin America's two "basket cases", Venezuela and Nicaragua, the negative publicity of the Panama Papers, and more. It has been tested over the last two decades and it has passed. It will be tested again, but we are building a great track record, even when it hurts.
- ✚ We have experienced a growth recession without civil unrest or violence due in large part to the **delay**, not the failure, of important projects. The most important will be finished this year. The delay was painful, but it was useful too. Panamanians do not blame other people for these delays. They did it to themselves and they know it. A little humility that teaches a lesson is a valuable commodity in life. This month Panama became a copper-exporting nation and that will positively impact our growth, but I think humility is every bit as valuable, even more valuable in the long run.
- ✚ This is the sort of information that can make the difference between being happy or unhappy as an expat living in another nation. If you could hear, as I did, from Retirement Wave members in Nicaragua when gunfire came to their town, you would understand *exactly* what I mean. You can pretend you live on the "surface" of an adopted nation, but in truth you are right in there with everyone else.

**Okay, Bob, you made your point. How can it benefit me?**

***"Change is the law of life. And those who look only to the past or present are certain to miss the future."***

***John F. Kennedy***

Come on down. Seriously, if you are truly interested in making Panama your home, do not try to do that sitting in front of a monitor thousands of miles or kilometers away.

Whether buying or renting or looking at both, if you find a place that *really* does interest you and you think is a reasonable price, say this at the end of your first visit.

"Thank you very much for your time. I think this is a very interesting offer, but I am new to Panama and I will be looking at several possibilities. If yours is the best deal, I will be back! Thanks again."

This gets rid of the silly "gringo price" argument. It has nothing to do with your passport. It is really an "ignorance price". If the person showing the property knows you are going to be seeing places as nice or nicer than theirs at better prices, you may get a new "special offer". And if you do not, so be it. You have the information you need. And be polite. You are never wrong being polite in Panama, or anywhere for that matter, but being impolite in a negotiation is more of an insult here than in many societies.

Life does not provide guarantees. The future will be what it chooses to be, not always what you and I want it to be. All I can do is share my viewpoint and help when I can.

To that end, I have created the MetroMatch program. You pay nothing for it. It only covers the Panama City metro area, as I am strict about how it operates and who does the work, so I only deal with people I know and trust. It is specifically designed to help an RW member buy or rent in the metro area. In the

15+ years since I first arrived in Panama City, the changes have been dramatic and that is an understatement. I think the years ahead are going to add a lot more value to the city. It has been ignored by expats for too long. It deserves serious consideration. MetroMatch is described at the [Retirement Wave website](#) and I have been and will be talking about it at the [YouTube channel](#).

I appear more frequently at the YouTube channel these days, it is the best place to hear from me more often than in writing, and I hope to be able to improve both it and the website in the future.

### How long will this opportunity last?

If I knew that I would be happy to tell you, but I have no crystal ball. Barring the unexpected (which is always a possibility), I would imagine that we are about at the bottom now and will stay there until we see how the new administration makes its plans public. I expect it could be a long time before the coast recovers to past levels. Panama City is an international business city and the expats who work here must live in the city. They do not live up the coast. It is too far from their offices and their kids' schools. In all cases, it also will be a question of attitude change among the public. How quickly will that change and in what direction are the questions to be answered, but it can change quickly. People want to be as positive as they have been in past years and they will work to get back to that as soon as possible.

In short, you do not have to jump on a plane tomorrow, but neither should you wait longer than you need to. I have tried to demonstrate that the macro-economy is fine and scheduled for improvements later this year. That is the foundation and it is one of the best created in this century. Short of a disaster, recovery will come. The business and investment communities still see Panama as the best place to work for a list of good reasons. And if a major disaster occurred, as it did a decade ago, I suspect Panama again will deal with it a lot better than most of nations. In any case, I would rather be here, if something bad happens.

Meanwhile, I will continue my efforts to get someone to develop a property that is exceptional in beauty, price, and proximity to the city. My hope is that the developer will be smart enough to create several price levels that fit in the wide variety of budgets out there. It is a struggle when business is slow, but it takes a few years from initial decision to having a residential project available for sale. We need to get started. Well, we will see what the future holds when it gets here!

### Final Words

I have written these Reports from Panama for many years now. They are long and no doubt boring to many readers, but I like to think they add something to your knowledge that you are not likely to find anywhere else. If that is my only contribution, I hope it's a good one for you!

If you are someone who has read my past Reports from Panama, you know exactly what comes next. The final words are always the same from the very first report I wrote nearly 15 years ago. So let us all read this together, once again.

**No one knows the future. Free markets go up and free markets go down. The future is not a simple extrapolation of the present. Anything can happen. Everyone has an opinion and those words above are just opinions.\***