

Title:

Ice Tower Failed - Panama Real Estate Bubble Bursting Now?

Word Count:

702

Summary:

Today (06/23/07) one of our major Panama newspapers carried the story of Ice Towers failing to move ahead to completion.

Keywords:

asset protection, offshore banking, offshore bank account

Article Body:

Today (06/23/07) one of our major Panama newspapers carried the story of Ice Towers failing to move ahead to completion. Ice Towers was a Panama City icon condo project projected to reach 104 stories in height making it one of the highest residential buildings in the entire world. Ice Towers was to come complete with shops, hotel, casino, amenities etc. It is now been announced that the project will not go ahead and be built to completion according to La Prensa Newspaper today.

This is the second major project that has officially announced failure to complete, the first being Placio de la Bahia which was another icon projected to be 97 floors also on Avenida Balboa.

We hold the opinion that these are not the only projects to fail. They were some of the biggest and grandest with a lot of publicity. It is possible that other projects have failed already and it is impossible to know that. A significant amount of these projects are nothing more than a piece of land with a fence and a billboard portraying the project in all of its projected glory. These projects stay in pre-sell mode and the developers keep hoping to sell enough to move ahead. Only time will tell if they ever complete. The official loss of Palacio de Bahia and now Ice Towers is certain to cool down what was a sizzling real estate market. The modification recently in the Panama Tourist Visa Laws reducing tourist visa to 30 days down from 90 days, will certainly only serve to cool things down further since a lot of people simply wish to come to Panama a few months a year as tourists and reside in the home in Panama. Now they are forced to pursue a residency program they did not foresee pursuing when they bought their home.

For many months we kept driving by the site of Ice Tower and were wondering why

we just saw a big hole in the ground with some lights and a few guys working. This was not consistent with a world-class project that should have been built out much sooner. Now we know why.

Our contacts in the building industry inform us that once you get up over about forty floors the construction costs soar to about triple what the lower floors cost. Think about hauling up all those construction materials with super cranes for starters without even getting into foundations, wind shear, internal integrity, plumbing, phones, electrical, etc.

Many of the speculator owners of Ice Tower units paid \$1000.00 a sq. meter and now rates for icon projects have soared to \$2000 all the way up to \$3500 a sq meter.

It was announced that the owners would be receiving refunds. No dates for the refunds were announced in the newspaper. The newspaper did not say whether or not any interest would be paid on the money put down or if so what the rate would be. It was also announced that another real estate project would be built on the site for current fair market values. No further details were provided. It is doubtful that it would be anything as dramatic as Ice Tower. The site is on prime Balboa Avenue property with unobstructed water views and could undoubtedly house a prime project but probably one of no more than 50 floors.

Our law firm has been advocating to our clients that they should only buy real estate, which has already been built. If you can't go into the condo or single-family house and flick a light switch and flush the toilet don't buy it, it may never get built. The prices of the older condos and homes are much cheaper and the houses are better built.

Our law firm also advocates strongly never buying any real estate or renting any real estate without having a Panama Attorney review any documents before you sign them and never place any funds down on a property without paperwork previously reviewed by a Panama lawyer.

Stay tuned for more updates on the Panama Real Estate Market. We will be posting articles any time a major development occurs or if there are any changes to laws that would affect tourist, homeowners or real estate investors.