

Self-Storage Blossoms in Panama City: A Brazilian Company Finds Success

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By: Nancy Torres

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When I first visited Panama, I was ready to hike exotic tropical rainforests, visit historical sites and, of course, see the Panama Canal. I wasn't expecting to find a U.S.-style capital city with modern architecture and first-class infrastructure. In fact, Panama largely resembles South Beach, Fla., with its shopping centers, upscale restaurants and seaside boardwalks.

Panama has a population of 3.3 million, and even though everybody speaks Spanish, English is spoken as a second language. It's the second largest free-trade zone in the world, and the U.S. dollar is its currency. Panama is also politically stable, safe, and the most globalized economy in Latin America, according to a 2007 study in *Foreign Policy* magazine. No other place in Latin America offers more direct flights to the Americas and the Caribbean. No wonder it's becoming the business capital of the region.

Getting Started

The self-storage industry began in Panama about 15 years ago, and it's experiencing rapid growth, with about seven completed facilities and as many others on entitlement or under construction. These facilities are operated by local owners and were built according to Panamanian standards.

When Brazilian company Galores Mini Depósitos, which was involved with cold storage, wanted to expand its business, Panama City was the logical choice. When the company executives arrived in the country, they visited a self-storage facility, looking to rent units. To their surprise, it was full. As they "shopped" for a local storage unit, they realized all facilities were at full occupancy and operating on waitlist status. They waited for more than three months for a unit that didn't meet their expectations.

That's when Galores Mini Depósitos made the decision to enter the self-storage business, bringing to the Panama market a complete U.S.-style product. How did it accomplish this? For starters, its team visited several facilities in the United States to understand how storage facilities are built. It also met with several operators in Puerto Rico to see how the U.S. concept was introduced and marketed to Latin American customers. It teamed with stateside vendors and attended tradeshows to gain the knowledge it needed to develop and operate a third-generation facility.

Panamanian zoning and approval processes are similar to those in the United States. Several agencies, including an environmental organization and the fire department, must review projects and endorse them. This process could take six to eight months. The biggest hurdle was finding local engineers who would understand and approve the use of a much lighter structural steel system, and then securing trained labor. The solution was to combine Spanish-speaking experienced crews from the United States with local manpower.



Amenities and Services

Galores Mini Depósitos concentrated on providing a clean and secure facility with all the U.S. amenities,

including Internet access, a conference room and work stations available to renters. Special attention was given to security, raising the bar with state-of-the-art monitoring and surveillance systems.

The company not only wanted to cater to upper-class and commercial customers but the emerging middle class. Pricing is scaled to make it accessible to the general public, using all the payment options available in the United States. This new approach seems to be working well, as the company's first facility, which opened last summer, is performing better than anticipated.

Reaching Customers

As part of its foreign policy, Panama wants to position itself as the preferred logistic center of the Americas. With the expansion of the Canal and several improvements in all areas related to transportation under way, the country considers self-storage to be a necessary element of this plan.

Galores Mini Depósitos' held an open house, which was attended by the mayor of Panama City. Even the president of Panama sent his congratulations! The Brazilian Ambassador was also present, as Brazil seeks to establish its main logistics center in Panama.

Another bonus: This project was made through foreign investments, which Panama works hard to attract. The building of the storage facility created new jobs and drew attention from the media. The entire event turned out to be an excellent opportunity to present the self-storage industry to the general public.

Another unique slant on the Galores Mini Depósitos approach is its marketing efforts, which include television, billboards, outside sales representation, and promotional activities such as live radio events. The company is using all available media to educate the public, letting people know what the product is and how it can benefit them. It plans to open two more facilities in the next year.



I anticipate more growth for the self-storage industry in the near future as Panama positions itself as the hub of the Americas. For now, I look forward to every trip I make to one of the friendliest places in Latin America.

Nancy Torres is the business director for Latin America at Janus International and the executive director of the Latin America Self Storage Association. To reach her call, 770.880.4659; e-mail nancyt@janusintl.com; visit www.janusintl.com.

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