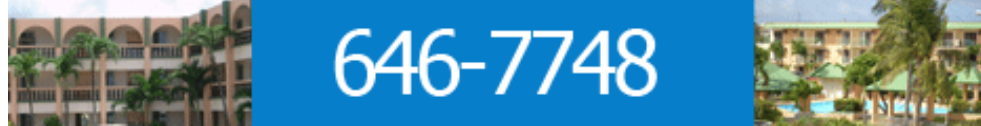




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Investment conference wraps up Optimism for housing market tinged with worry

By Gaynor Dumat-ol Daleno
Pacific Daily News
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Some of the new players in developing high-end housing subdivisions, condominium buildings and shopping-and-condominium complexes on Guam shared yesterday their optimism about the island's economic future.

Guam's new investments are unlike the largely speculative property buys in the early '80s, according to members of a panel at a regional real estate conference yesterday.

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The fourth Micronesia Real Estate Investment Conference opened yesterday with more than 300 participants, about a third of them from off island.

Presented every two years by the Captain Real Estate Group of Companies, the conference wraps up today at the LeoPalace Resort.

Back then, price was not

an issue for the speculative buyers, according to attorney Ed Calvo, whose firm has represented

Zoom Photo



Masako Watanabe/Pacific Daily News/mwatanabe@guamp

Keynote speaker: David B. Cohen, deputy assistant secretary for the Department of the Interior's Office of Insular Affairs, delivers the keynote speech during the fourth Micronesia Real Estate Investment Conference at the LeoPalace Resort.

TO THE POINT

- Optimism in the local real estate market is cooled by worries that homeownership for many local residents might become out of reach.

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clients in major Guam real estate transactions.

"This time around, we're grounded as far as tourism" investments, he said.

And in addition to renewed interest in tourism investments on Guam, Calvo said, "the 'big elephant' in the room, which people are talking about," will be an economic boost to the island for decades to come -- if it happens on the scale being discussed.

Calvo was referring to the pending military buildup on island.

A recent U.S. Government Accountability Office report states the buildup will cost around \$13 billion -- about four times the size of the local economy.

David Su, whose Guam investments have reached \$80 million in the past few years, and who plans about \$150 million more in additional real estate investments on island, said "three Ms -- military, military, military" are helping to bolster optimism about investing on Guam.

Su said one of the projects he has in the planning stage: a 17-story building for shopping and condo units across from the Westin Hotel on San Vitores road.

But the military's plan is not only what's driving new investments to Guam, he said.

Taiwan's high real estate prices, and the loosening of regulations for South Koreans to invest their money overseas, are some of what's driving investors from those places to invest on Guam, Su said.

Brian Suhr, whose Guam investments include development of luxury residential communities in the Tumon area, said the economic boost from the military buildup "reduces the risk of uncertainty" for today's Guam investors.

Local homebuyers

But along with the optimism comes a concern, expressed at the conference by Lou Leon Guerrero, the Bank of Guam's chairwoman of the board.

The rise in real estate prices has Leon Guerrero worried that home buying will become out of reach for low- to middle-income Guam residents.

"We don't want to be like Hawaii," Leon Guerrero said.

Guam as a community should address the question of how to provide affordable

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housing as real estate prices go up, Leon Guerrero said.

In 2003, the median price of a Guam home was \$114,995, according to statistics from Captain Real Estate.

During this year's third quarter, the median price of a home on Guam was \$204,800, according to Captain Real Estate.

The number of real property transactions this year on Guam will reach 1,821 by December or almost double 2001's 1,012 total transactions, according to the company.

But while there's a busy market for home buyers and sellers, the commercial lease market is still slow, said Sonny Ada, whose family business includes commercial properties for lease.

While there's anticipation of economic growth because of the buildup, Ada said, the anticipated population growth has yet to occur.

The majority of the thousands of military personnel and their families who are expected to be stationed on Guam won't be here until around 2014.

"That's seven years out," Ada said.

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