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Guam real estate sales activity down in 2009

But Captain forecasts improvement in 2010

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AFTER peaking in 2007, Guam's real estate market suffered from sharp declines in sales activity during 2008 and 2009, the Captain Real Estate Group reported in its latest market update.

According to Nick Captain, president of the Captain Real Estate Group, the decline in overall sales activity in 2008 was over 46 percent while the contraction in 2009 reflected an additional 32 percent.

Compared to the \$687 million in sales activity during 2007, the 2009 annual figure of \$251 million reflects a decline of 63 percent.

"The 2009 figure was the lowest annual total since 2004, a bit shocking considering the vast difference in market fundamentals between 2004 and 2009," Captain said.

The most significant contributing factors affecting the shrinkage in sales activity since 2007 involve foreign investment, which plummeted along with the global financial crisis, and the widening gap between buyer and seller expectations.

Despite the downturn in foreign investment last year, the Captain Real Estate Group expects foreign investment

to increase significantly as Asia continues to recover and massive military buildup related contracts are awarded in 2010.

During the past year, all sectors reflected sales volume contraction. According to Captain, the land sales sector reflected the sharpest sales volume decline of 57 percent, down to \$45.6 million. Island-wide land sales volume is down almost 80 percent from the 2007 peak.

In the housing sector, Captain says condominium sales activity reflected a decline of nearly 53 percent to \$21.7 million and single family house sales reflected a decline of over 16 percent to \$136.4 million. The commercial, industrial and multi-family residential market sectors likewise reflected declines of 10 to 17 percent in 2009.

In addition to sales volume figures, another indicator of real estate market conditions is the number of transactions closed.

In 2009, 1,187 real estate transactions closed on Guam, a drop of 20 percent from 2008. Captain said the 2009 total is the lowest since 2002, near the bottom of the recent cycle, and approximately one-third less than the peak year of 2007. The industrial and apartment markets reflected only 6 trans-



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actions closed in 2009, down from 35 sales in 2007 while the single family residential market reflected 616 transactions closed in 2009, down 20 percent from 2007 and approximately the same figure reflected in 2004 and 2005. The 150 condominium transactions closed in 2009 reflects a drop of 38 percent from 2008 and 61 percent contraction from the 2007 peak.

Housing median prices, however, appear to have stabilized, with only a modest contraction in 2009. Single family houses reflected the second highest median price on record at \$200,000. Captain said this figure is down 7 percent from 2008, but still 60 percent higher than five years ago. The median price of a condominium unit on Guam in 2009 was \$122,500, down over 12 percent from 2008, but still up by 36 percent compared to 2004. Prices in other sectors moved in different directions,

with industrial land reflecting the strongest performance.

While the world was awash in capital, Captain said Guam's Q4 2006 to Q3 2007 sales volume reflected between approximately \$150 to \$200 million.

"That figure plummeted to \$36 million during the first quarter of 2009, as risk and fear concerns wiped out foreign investment and high priced deals. However, the next three quarters of 2009 reflected sales growth of 55, 25, and 26 percent growth, respectively, with fourth quarter 2009 sales activity reflecting a robust \$88.6 million," Captain said.

The Captain Real Estate Group is currently projecting 2010 sales volume at \$300 million or 20 percent growth with growth in 2010 projected due to the unusually weak first quarter of 2009, prevailing market forces, and anticipated military buildup related economic growth.