

Guam's Real Estate Market Overview

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Introduction

- ◆ Cyclical Overview
- ◆ The Downturn
- ◆ Recovery & Growth
- ◆ Primary Activity
- ◆ Notable Transactions
- ◆ Price Decline: Mixed Signals
- ◆ Future Projections

Cyclical Overview

- ◆ Early 1970s boom sparked by political fears combined with explosion in tourism
- ◆ 1974 OPEC pulled global recession started the Guam's first major real estate bust
- ◆ The market remained depressed thru early 1980s with U.S. interest rates above 20 percent crippled growth

Cyclical Overview (Cont.)

- ◆ 1989/1990 Guam's second real estate boom sparked by Japanese investment
- ◆ Highest demand land prices increased nearly 10 times within a 3-year period
- ◆ Early 1990s Japan economic contraction started the longest downward spiraled in Guam real estate values

Cyclical Overview (Cont.)

- ◆ 2006/2007 Guam's third real estate boom sparked by 3Ms
- ◆ 2008/2009 Guam's "calm before the storm?" phase fueled by external forces (global financial crisis, H1N1, the money's not here yet)

The Downturn

Year/Item	All Transactions	
	No. of Trans.	Total \$ Volume (\$ millions)
1989	1,448	\$1,067
1999	1,101	\$173
% Change	-24%	-84%
1990	1,771	\$806
2000	1,119	\$128
% Change	-37%	-84%
1989 to 1990 Aggregate Totals	3,219	\$1,873
1999 to 2000 Aggregate Totals	2,220	\$301
% Change	-31%	-84%

Downturn – the Sequel

Year/Item	All Transactions	
	No. of Trans.	Total \$ Volume (\$ millions)
2006	1,697	\$435
2009 Ann.	1,151	\$212
% Change	-32%	-51%
2007	1,774	\$687
2008	1,485	\$368
% Change	-16%	-46%
2006 to 2007 Aggregate Totals	3,471	\$1,122
1999 to 2000 Aggregate Totals	2,636	\$581
% Change	-24%	-48%

Recovery & Growth

Year/Item	All Transactions	
	No. of Trans.	Total \$ Volume (\$ millions)
1999	1,101	\$173
2006	1,697	\$435
% Change	54%	151%
2000	1,119	\$128
2007 Ann.	1,821	\$747
% Change	63%	484%
1999 to 2000 Aggregate Totals	2,220	\$301
2006 to 2007 Ann. Aggregate Totals	3,518	\$1,182
% Change	58%	293%

Recovery & Growth – Next?

- ◆ Military Driven
- ◆ Slow and spread out, or sudden growth spur?
- ◆ Guam is susceptible to external forces, let's not forget
- ◆ When?

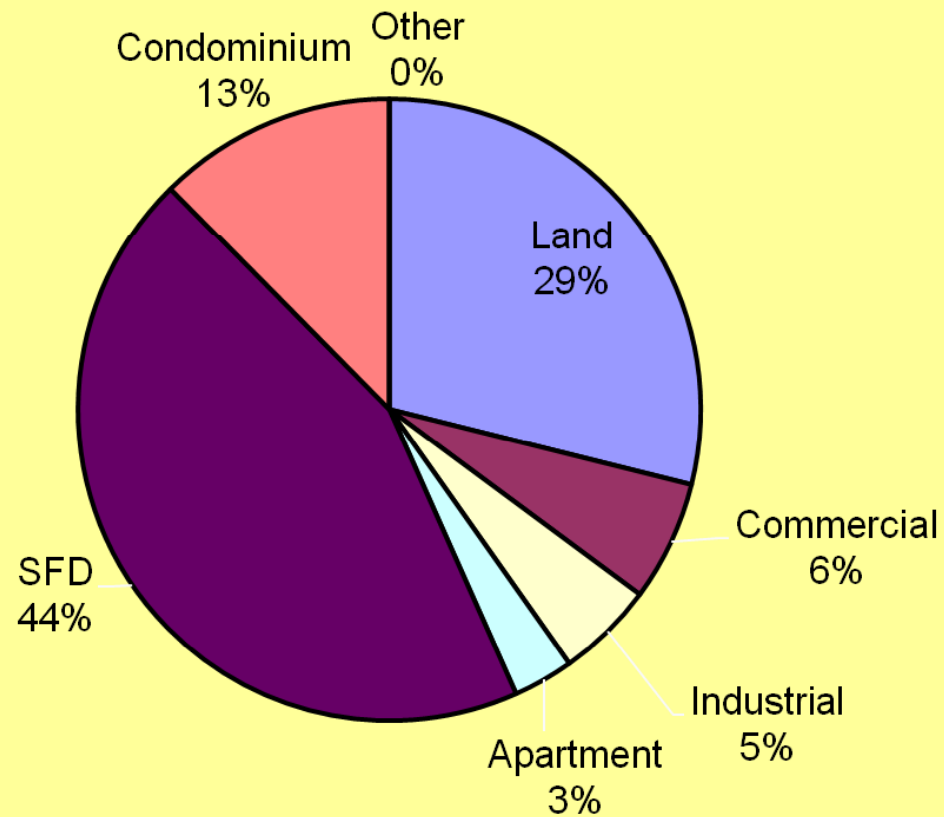
Boom to Gloom to Boom to Gloom and so on...

<i>Year</i>	<i>Total Sales (Mil.)</i>	<i>No. of Trans</i>
1989	\$1,067	1,448
2002	\$124	1,016
2007	\$687	1,774
2009 Ann.	\$212	1,151

2007 GUAM REAL ESTATE GONE WILD WHERE ARE THEY NOW?

Property	Old Transaction		New Transaction		Total Appreciation	Current Status
	Date	Price \$/unit	Date	Price \$/unit		
Western Blvd. and Cliffline	11/98	\$100	06/07	\$278	178.5%	Under construction with Emerald Ocean View, a 280 units luxury apts Start from Mid \$500Ks Reservation anyone?
Gun Beach	10/02	\$75	05/07	\$240	276.1%	Proposed for 700 unit condo plus On hold
Tumon						
Ypao Road	03/06	\$21	05/07	\$156	655.9%	Transaction fell through, still available for sale
Tamuning Confidential	07/05	\$6	11/06	\$19	208.3%	Proposed for half acre subdivision, revised to high density mixed use, now on hold
Tumon Beachfront	05/04	\$115	03/07	\$499	333.3%	Proposed for Dubai style luxury condo Project on hold

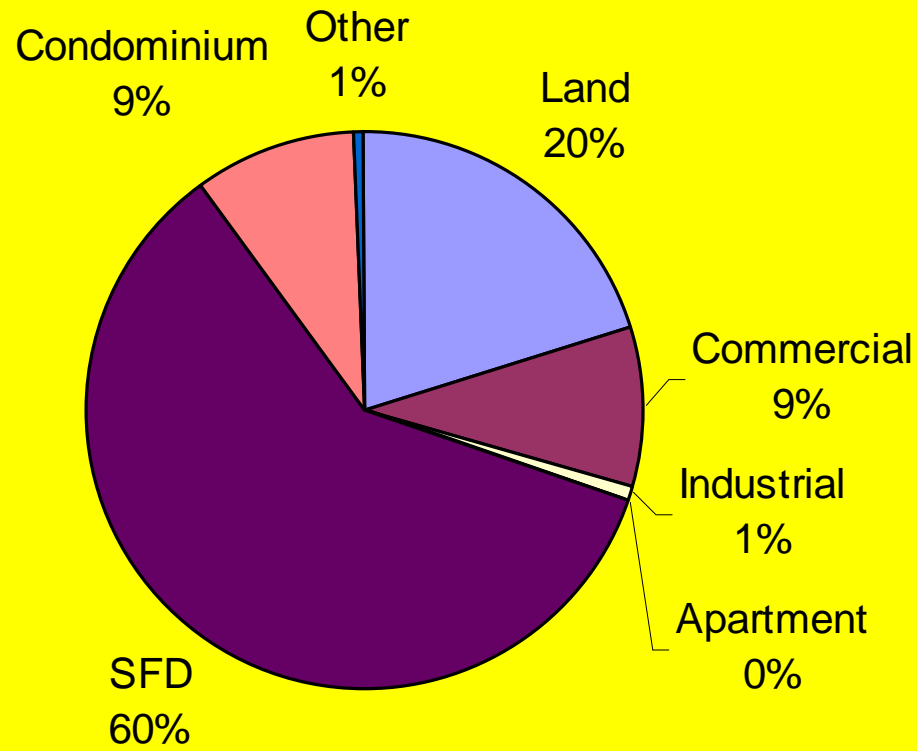
Primary Activity: 2008



Primary Activity: 2008

Category	Total \$	% of Change
Land	\$106,456,428	-51.1%
Commercial	\$22,965,414	-70.1%
Industrial	\$18,671,700	95.5%
Apartment	\$11,555,000	-75.0%
SFD	\$163,086,540	-4.6%
Condominium	\$45,725,829	-45.8%
Other	NA	NA
Totals:	\$368,460,911	-46.4%

Primary Activity: 2009



Primary Activity: 2009

Category	Total \$ (Million)	% of Change
Land	\$43.1	-60%
Commercial	\$19.4	-15%
Industrial	\$1.6	-91%
Apartment	\$0.0	NA
SFD	\$126.8	-22%
Condominium	\$20.0	-56%
Other	<u>\$1.5</u>	<u>NA</u>
Totals:	\$212.3	-42%

Notable New Constructions

◆ COMMERCIAL/INDUSTRIAL

- New Air Cargo Facility at A.B Won Pat International Airport (168,000 sq. ft)
- CTSI Cargo Related Facility (40,000 sq. ft.)
- Build to suit MCV Facility (26,000 sq. ft.)
- Gov. Guam Fed. Credit Union Headquarters in Maite
- Pay-Less Mangilao
- Tumon Bay Shopping Center (200,000 sq. ft)
- Tumon Bay Commercial Building (14,000 sq. ft)

◆ RESIDENTIAL

- Pago Bay 98 house lot subdivision
- 26 Units Bel-Air Townhouses in Upper Tumon
- 42 SFDs at Talo Verde Estates
- 280 Units Emerald Ocean View Condominiums in Jonestown
- Phase III Paradise Estates

New Constructions (Cont.)



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New Constructions (Cont.)



2008-2009 Notable Transactions

- ◆ January 2008 \$11.0 million purchase of former federal excess property in Tiyan
- ◆ Includes nearly 39 acres of land and more than 165,000 sq. ft of former Navy BEQs
- ◆ Acquired for renovation and barracks related uses
- ◆ Currently leased as JFK Campus



2008-2009 Notable Transactions (Cont.)

- ◆ July 2008 approximately \$7.5 million purchase of M1 Zoned property, former Harmon Flea Market Site
- ◆ Includes nearly 16 acres of land and various abandoned buildings



2008-2009 Notable Transactions (Cont.)



Nov 2008

Marine Corps Drive ¼ acre
Property
\$309/sm



June 2009

Marine Corps Drive
¼ Acre Land
\$259/sm

2008-2009 Notable Transactions (Cont.)



July 2008

Route 9, near AAFB

51 Acre Land

\$31/sm



January 2008

Agana Bay Oceanfront 1.5
acre Land

C/R2 Zone \$395/sm

2008-2009 Notable Transactions (Cont.)



November 2008
10,000 sf Hornet Building
\$228/sf



August 2008
Former Sunleader Building
\$350/sf

2008-2009 Notable Transactions (Cont.)



August 2009
41 Units Former Rich Hotel
\$975,000



September 2008
38,400 sq. ft Metal
Warehouse in Harmon
\$1.8 million

2008-2009 Notable Transactions (Cont.)



March 2008

21 Units Benbea Apartment

\$95,000/unit



May 2008

29 Units Oasis Apartment

\$77,600/unit

2008-2009 Notable Transactions (Cont.)



\$800,000 and up (5 sold in 2008,
No Sales in 2009)



June 2008
Villa Kanton Tasi
\$1.6 million (highest price)
Two other units sold in 2008 between
\$1.1 to over \$1.2 million
No Sales in 2009

Price Decline: Yes?

- ◆ Half Acre Happy Landing Road Land (Tumon)
 - April 2007 Transaction at \$500,000: Proposed for condominium development
 - May 2009 Transaction at \$430,000 (14 percent decline)
- ◆ Oceanfront Tumon Land
 - December 2006 Transaction at \$9.0 million
 - 2009 Offer at 50 percent off

Price Decline: No?

- ◆ Hornet Building
 - November 2007 Transaction at \$1.8 million
 - November 2008 Transaction at \$2.3 million, 28 percent increase
- ◆ Former Sunleader Building
 - June 2006 Transaction at \$2.5 million
 - August 2008 Transaction at \$5.75 million, 230 percent increase
- ◆ La Isla Plaza Mixed Use Complex in Tamuning (including Royal Hawaiian Apartments, Warehouses, Commercial Buildings, etc.)
 - December 2006 Transaction at \$5.65 million
 - July 2009 Transaction at \$6.95 million, 23 percent increase

SFD Median Prices Summary

Year	SFD Median Prices	Percentage Change
2001	\$129,500	-6.2%
2002	\$119,500	-7.7%
2003	\$114,995	-3.8%
2004	\$125,000	8.7%
2005	\$145,920	16.7%
2006	\$165,000	13.1%
2007	\$196,850	19.3%
2008	\$215,000	9.2%
2009 Ann.	\$187,000	-13.0%

Land Median Prices Summary

Year	Land Median Prices	Percentage Change
2001	\$42,500	-13.3%
2002	\$40,000	-5.9%
2003	\$40,000	0.0%
2004	\$45,000	12.5%
2005	\$48,200	7.1%
2006	\$60,500	25.5%
2007	\$60,000	-0.8%
2008	\$65,000	8.3%
2009 Ann.	\$55,000	-15.4%

Future Projections

- ◆ Military build up driven growth
- ◆ Industrial: Growth
- ◆ Commercial: Quality Space
- ◆ Residential: affordability, abundant inventory of high end
- ◆ Residential MFDs: Current rent still does not warrant new construction
- ◆ Tourist related: Private public partnership