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Sign of recovery: Realtor Shalyn Servais of Captain Realty Advisors inspects a newly constructed Yona house, Monday.

Home sales begin to rise

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Third-quarter figures show home sales on Guam have been on the rise since the beginning of the year, said Siska Hutapea, managing partner and chief appraiser at Captain, Hutapea & Associates, Guam.

However, home sales during the first three quarters of this year are still lower than the first three quarters of 2008, and the cumulative projection is expected to remain that way through the end of the year, according to the figures compiled by the Captain Real Estate Group.

The median price of homes right

now is \$194,000 — that's down from \$215,000 in 2008, Hutapea said. Yet, more standalone residential units priced higher than \$500,000 were bought this year than last year.

In the first quarter this year, 112 standalone residential units sold. In the second quarter, 158 units sold, and in the third quarter, 186 units sold. Since January, sales of standalone houses have amounted to \$100 million, and the cumulative projection for the end of the year is \$133 million, Hutapea said.

For all real estate sales, Guam has seen \$163 million as of Sept. 30, and Hutapea said \$250 million is the projection by the end of the year.

Although this number shows a de-

crease by \$118.5 million in total real estate sales since last year — of which only \$33.1 million is attributed to a drop in standalone home sales — Hutapea said the quarterly increases this year are a sign of market recovery.

"We're moving on the right track," Hutapea said.

The main reason for the drop in sales since last year is a lack of foreign investment, she said. Single-family dwellings did not plunge as much compared to foreign investor purchases because they are typically sought by local investors, she said.

According to Hutapea, 2007 was

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the most recent peak of Guam's real estate market. That year, Guam saw \$687 million in total real estate sales. The 2007 high was fueled primarily by foreign investors from Korea, she said.

"Historically, Guam's market has significantly increased only when foreign investment is flowing into real estate acquisitions and development," Nick Captain, president of the Captain Real Estate Group, wrote in the Guam Market Update Report. "Korean investment has shifted from acquisition into construction, which is positive, but we need foreign capital injections to push real estate to the next level."

Hutapea said home sales continue to remain lower than the previous year most likely because of the rough start Guam's real estate market saw in the first quarter of this

GUAM REAL ESTATE SALES BY THE NUMBERS

2008

▲ Single-family dwelling sales: \$163.1 million, Total real estate sales: \$368.5 million

2009 (projected)

▲ SFD sales: \$130 million, Total real estate sales: \$250 million

2009 CONDO SALES:

▲ 1st quarter: 25
 ▲ 2nd quarter: 38
 ▲ 3rd quarter: 41

2008 CONDO SALES

▲ 1st quarter: 71
 ▲ 2nd quarter: 66
 ▲ 3rd quarter: 57

2009 Single-family dwelling sales

▲ 1st quarter: 112
 ▲ 2nd quarter: 158
 ▲ 3rd quarter: 186

2008 Single-family dwelling sales

▲ 1st quarter: 156
 ▲ 2nd quarter: 204
 ▲ 3rd quarter: 192

Captain Real Estate

2008 SFD sales above \$500,000

▲ 1st quarter: 1
 ▲ 2nd quarter: 4
 ▲ 3rd quarter: 6

2009 SFD sales above \$500,000

▲ 1st quarter: 2
 ▲ 2nd quarter: 5
 ▲ 3rd quarter: 8

year. According to Hutapea, that period was a short-term low because it was the quarter right after the U.S. financial crisis and the H1N1 scare. But the market is currently in favor

of buyers, she added, and the homebuyer tax credit has helped provide incentive to first-time buyers.

"Right now, stars are aligned for first-time homebuyers," Hutapea said.

"(There are) a lot of good things to enable them to buy houses and position themselves before the buildup."

Last week, Congress voted to extend the homebuyer tax credit deadline to April 30, 2010. Purchase agreements must be signed by then and closings must be finalized by June 30, 2010.

The tax credit allows first-time buyers to file for a tax credit up to \$8,000, and repeat homebuyers up to \$6,500, according to the Joint Committee on Taxation.

Chris Murphy, owner and principal broker at The Real Estate Professionals, said the tax credit probably won't have a "super impact" in terms of pushing prices up, but it will affect how many first-time buyers enter the market.

"It's a perfect storm right now because prices are reasonable, interest rates are at all-time lows," Murphy said. "It's really an ideal time for

anyone who's in the market to buy a home. It's just a window of opportunity."

Hutapea said homebuyers shouldn't get complacent just because the deadline for the homebuyer tax credit has been extended. Rather, they should be looking more diligently because the extension gives them a chance to benefit from the incentive. Plus, getting approved for a loan and closing a deal on a house can take quite some time, she said.

"It takes an average of 45 days to close," Hutapea said.

Condo sales, too have been picking up through this year. In the first quarter, Guam saw 25 condos sold, 38 in the second quarter, and 41 in the third quarter.

Condo sales are still lower than last year's when Guam saw 71, 66 and 57 condos sold in the first, second and third quarters, respectively.