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REAL ESTATE | HOMES

## Guam's Rising Luxury Real-Estate Market

Prices of luxury homes are rising, driven by second-home buyers from Asia, as well as plans to expand U.S. military operations on the island



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By **ALYSSA ABKOWITZ**

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**Here's some** intelligence for Americans who think of Guam only as a military outpost. The U.S. territory in the Western Pacific offers white-sand beaches and ocean vistas—at far lower prices than its closest American neighbor, Hawaii.

Last year, Cielo and Roberto Martinez purchased a three-bedroom beachfront condo for \$930,000 in La Stella Maris, a 12-unit building on Tumon Bay. Originally from New Orleans, the couple moved to Guam from Las Vegas nearly four years ago because “my husband always wanted to live by the ocean,” says Mrs. Martinez, a 59-year-old retired honorary consul general of the Philippines in New Orleans, whose husband is a radiologist. “It’s like living in a cruise ship, we’re so close to the ocean. Every morning we sit on the balcony and have breakfast and sometimes we can see stingrays and dolphins.”

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Currently, the real-estate market is surging on the island, which is about 30 miles long and has about 170,000 inhabitants. Tourism has increased, with travelers from Korea, Taiwan and China buying beachfront condos and other property for less than it costs to buy a one-bedroom unit in their own country. And Guam Regional Medical City, a new, private hospital that opened earlier this year, is bringing doctors and other medical professionals to the Hagåtña area, Guam’s commercial district and the seat of government.

Also significant is the relocation of U.S. military personnel from Okinawa, Japan, to Guam. In August, the Navy completed plans to start moving 5,000 Marines and 1,300 family members to Guam. The move is the latest in an effort designed to bolster military defenses in the western Pacific.

“A lot of attention is on Guam because of the military buildup,” says Beverly Alerta Brady, a local real-estate agent. “That’s helping push the real-estate market.”

Annual sales of single-family homes priced at \$500,000 or above increased 52% from

January 2012 through August 2015, according to annualized data from Cornerstone Valuation Guam, a local real-estate valuation and advisory company. What's more, only six homes sold for \$1 million and above from 2008 to the middle of 2014. From August 2014 to September 2015, there have been seven sales for \$1 million or more.

The highest sale of the year so far, which closed in September, was a 2,871-square-foot home overlooking Tumon Bay on a street called Paseo de Oro, or "avenue of gold," considered one of the island's premier streets. The home, which was listed for \$1.58 million, received multiple bids within several weeks and sold for \$1.68 million to a local businessman and his wife, according to public records.

Down the street, a four-bedroom, 2½-bath home was listed for \$1.53 million in early October and already has received several offers, according to real-estate agents familiar with the listing.

"In 2013 the market was really slow, listings would just sit there," says Norma Del Carmen, an agent. "Then last year, things really started to pick up, with some places being gobbled up."

In July, Ms. Del Carmen sold a condo in Villa Kanton Tasi, a luxury tower with only 22 units that's less than 100 feet from the sea. Pediatrician Edna Santos paid \$1.25 million—the priciest condo sale so far this year—for the three-bedroom, three-bath unit, which has granite countertops, hardwood floors and a 500-square-foot wraparound balcony.

Dr. Santos, a native of the Philippines who has lived on Guam since 1996, decided to downsize and sold her 6,000-square-foot home for \$1.39 million in July. "I was ready for a change and tired of maintaining a house," Dr. Santos, 53, says. "Villa Kanton Tasi was on the beach in the center of Tumon with a spectacular view of the ocean."

The buildings where the Martinezes and Dr. Santos have condos are some of the most sought-after oceanfront properties because current construction rules no longer allow buildings so close to the ocean. Guam's new supply of luxury homes has been limited. One of the higher-end buildings, 468 San Vitores, where the 12 units were priced between \$600,000 and \$1.5 million, was completed in 2014, along with the gated community of Talo Verde Estates, where cookie-cutter dwellings start at about \$750,000, and cliff-side luxury homes overlooking Tumon Bay are priced in the millions. As of now, brokers say, there aren't any new high-end projects in the works. Currently, the median price for a single-family home on the island is about \$210,000. In the rental market, the average monthly rent on a single-family home was \$2,255, according to the Guam Multiple Listing Service. Condos rent for an average \$1,617 a month.

The real-estate market on such a tiny island can be shaky. “We have a saying that when the world sneezes, Guam catches a cold,” says Siska Hutapea, owner of Cornerstone Valuation Guam. “We are very susceptible to external forces.” Several new projects that were under way when the global financial crisis hit have been stalled for years and are just now starting to get back on track.



The home of Joe Marchal is currently Guam’s most-expensive listing, priced at \$6.5 million. *PHOTO: STEVE HARDY*

There are no limits on U.S. citizens who purchase property in Guam. Foreigners are allowed to purchase one property, but many bypass the cap by purchasing through a limited-liability company, says Anthony Godwin, principal broker at Today’s Realty. Most buyers are looking for investment properties or vacation homes. Also appealing to some homeowners is that Guam is the closest U.S. soil to Asian countries.

While desirable locals on Guam include the centrally located Tumon, Tamuning and Barrigada Heights, there are still poor areas, with about 20% of the population living below the poverty line. Some commercial areas are somewhat gritty, with massage parlors and bars lining the street less than a mile from Louis Vuitton, Jimmy Choo and Prada luxury stores.

Joe Marchal, a semiretired investment banker who used to live on Guam full time, is selling his home for \$6.5 million now that his family lives in Las Vegas. The 8,100-square-foot home, which sits on the cliff-lined street in Talo Verde Estates, includes an infinity-edge pool with waterfalls, a music room, Japanese soaking tubs and a dine-in wine cellar. On the market since 2013, the house has had some offers, but nothing that satisfied him. “I’d like to get my money back,” Mr. Marchal says, adding it cost more than \$5 million over three years to build.

It is currently the highest single-family home listing—an outlier, since only nine single-family homes are for sale above \$1 million.

Much of Guam’s housing market started to take shape in the 1970s, about 30 years after the U.S. recaptured the island from Japanese forces in 1944. (The U.S. first claimed Guam as its own territory in 1898, following the Spanish-American War.)

Rita and Jay Miller, originally from the U.S., have lived in their luxury beachfront condo for the past 10 years. They purchased the home, which has solid teak floors, granite countertops and high-end kitchen appliances, for \$1.1 million. Today the couple—he’s an electrical engineer and she’s a retired corporate executive—estimate it’s worth about \$1.7 million, based on a sale for the same price in the building last year. While the couple say they have no plans to sell, they aren’t immune to a good deal.

“If someone offered us \$2 million, we’d probably take it,” Mrs. Miller says.

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#### FROM THE ARCHIVES: GUAM

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- Guam Prepares for Massive Military Buildup (<http://www.wsj.com/video/guam-prepares-for-massive-military-buildup/2D9A949B-4593-488E-A991-C72AF265FA07.html>) (Video; 2009)
- Guam Struggles to Find Its Roots Beneath Growing Piles of Spam (<http://www.wsj.com/articles/SB954201730536425417>) (2000)
- Island Is Luring Vacationers With Kmart and Courvoisier (<http://www.wsj.com/articles/SB840727739445128000>) (1996)

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