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National decisions could drag real estate market back down



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The Guam real estate market is beginning to pick up, but that optimism is overshadowed by a pair of national decisions that could drag it back down. At the recent annual conference of the Guam Realtors association, new president Maria Miller says one of those stumbling blocks is the H2B foreign labor crisis that local government officials and construction industry leaders have been warning about for the past year.

Miller says if the US customs and immigration service's nearly 100-percent denial rate continues, it will have a chilling effect on the local economy. And that's the message her group plans to take to leaders in the nation's capitol, as she said, "There's a group of us going to Washington, DC, so we can talk to some more people, so they would understand that it can take a, it can make a major impact on our real estate market here. Consequently because there's no new construction, prices are going to go up. So you're going to see yourself priced out of the market for sales and for rentals. Rentals are going up daily."

Miller says like other Guam leaders, GAR will lobby for a return to pre-2016 conditions when the USCIS approval rate of foreign H-2 labor was closer to 100-percent. "Because labor is seasonal, it's hard to train people and its very expensive to bring them from the mainland. One it's too far, two, most of them are union members so they're used to getting tremendous amounts of money. So it makes a lot more sense to bring in people from the Philippines, from china, you know foreign laborers and we've always had that here. So it's been a lot more affordable to build," Miller said.

A second concern raised at the conference was over President Trump's proposed tax reforms. On hand for the meetings was National Association of Realtors Vice

President Leil Koch, who says based on an initial assessment, the 1.25-million member strong NAR cannot support Trump's plan. Koch said, "It will change sort of the norm over the last 30 or 40 years with things, not being able to expense off a lot of your deductions and things like that. Those are the things they're trying to get rid of which will then allow them to do a tax cut for whomever, the corporations and then those wealthier folks, which in and of itself doesn't translate well for the everyday citizen whether it be Guam, Hawaii, California or the nation."

"There's going to be a lot of discussion that's going to happen with all of that as we try to sit down at the table and try to work what's in the best interests of homeowners, but as of right now its sort of a non-starter from the realtors perspective."

Koch says the NAR will oppose any change that might put a damper on private property rights and home ownership. For example, the NAR wants to make sure the long-standing mortgage interest deductions remain intact. "Also 1031 tax like-kind exchanges which effectively creates a market for commercial real estate to move property back and forth, and so those things we're trying to protect on a national level that will help all the way down to local communities to create viable and economically sound communities," Koch said.

"You need good commercial, you need a viable residential market, so people can move in the market, out of the market, rent, sell, buy and in order to do that you need tax policies and stuff that will promote growth, in a good way, will promote and help environmentally, but create an economic engine."

Trump only released his tax reform proposal on April 26th, and the complete details are still sketchy. The NAR, like other groups has already staked out its battle lines, but also acknowledges it is taking a wait and see approach. "In its current form of what they're trying to do, and of course these are just suggestions, it was a one page thing that came out, so the likelihood of that actually getting through congress is doubtful, but it's the intention that it was actually put out on the table that would affect property owners throughout the country is a detriment and something that NAR will take a close look at."

And as a regional vice-president, Koch will be keeping an eye out for Guam, Hawaii and California.



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