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Economist: Guam on upswing despite labor shortage

Neil Pang | The Guam Daily Post 14 hrs ago

Despite the shortage of skilled foreign workers in the construction and health care sectors, Guam continues to see economic growth and an increase in local jobs, an economist said yesterday.

Gary Hiles, chief economist at the Guam Department of Labor, yesterday gave his "Guam Economic Outlook report for 2018" presentation at the Rotary Club of Guam meeting at the Pacific Star Resort & Spa in Tumon.

"The economy of Guam has generally continued to grow in terms of employment, revenues (and) economic activity in the last five to seven years," he said.

The most recent data show a slight overall decline in employment, but that can be attributed mostly to the repatriation of temporary workers on H-2B visas, he said.

Employment of local residents has increased over the past year, and the job growth is seen primarily in the construction industry, and the hotel/tourism and telecommunications sectors, he said.

Military construction contracts, however, were at a record low in 2016, and so far in the first six months of this year there have been no large military contracts issued, he said. Large military contracts in Guam are generally worth \$8 million or more, he said.

Hiles said slow issuance of defense contracts may have to do with a bid protest last year involving a multiple-award construction contract. That contract may be reissued this year, he said.

The tourism industry continues to be the largest source of Guam's revenue, he said.

Visitor numbers are up 19 percent, but more importantly the Hotel Occupancy Tax, which is a gauge for visitor spending, has been up over the last couple of years, he said. In 2016, the Hotel Occupancy

Tax was up 54 percent.

While military construction contracts are down, local government and private sector construction activities are way up, he said.

In 2016, the number of building permits issued increased 92 percent from 2015.

In the first six months of 2017, the number of building permits issued has almost caught up with 2016 numbers.

Hiles said if this trend continues, 2017 building permits may exceed 2016's total, and possibly even exceed 2013 numbers. In 2013, building permits reached a record not seen in 20 years.