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Real estate prices increase due to H-2B visa denials

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The Guam Association of Realtors will visit Washington D.C. in May to meet with legislators on the H-2B crisis.

Guam - It has been over a year since the U.S. Citizenship and Immigration Services has denied nearly 100% of H-2B petitions. Since then, 12 companies on Guam have filed a lawsuit against the U.S. Government, seeking to have H2B applications approved, arguing that there are not enough skilled workers on-island to complete the millions of dollars' worth of construction projects, both private and military.

Also heavily affected is the real estate market. PNC sat down with members of the Guam Association of Realtors to discuss the impact the H-2B visa crisis has had and will continue to have on the island's economy.

According to Deanna Palmer, the Immediate Past President of GAR, "a daily rate for a construction worker is like \$125, then it went up to \$150. We're up to \$200 a day." Palmer continued, "We really figure that by this summer, which is usually the high rental season, we'll be virtually upside down – there won't be enough inventory. There already is a low amount of inventory of available units. But if this doesn't get freed up, we will see some shortages, which will, in fact, make prices go up."

Maria Miller, GAR's 2017 President, added "they've already started going up. A couple of meetings we've had with the legislature, with Senator Chris Duenas, who is now president of Guam Housing Corporation, they're desperate to be able to refurbish homes to rent out."

A few weeks ago, Gov. Eddie Calvo met with USCIS officials and their attorneys in Washington D.C. to discuss the increased rejection of H-2B visa applications. According to a release, the governor stated that the growing tourism industry, and push to build new industries, as well as the military buildup is creating a great need for skilled workers in construction. He added "We've been told that there's no change to the labor policies. And yet we're seeing a record number of rejections – without explanation or recourse for relief... Your new interpretation on H-2B policy could cause economic catastrophe in Guam."

While the Guam Visitors Bureau has been reporting a record number of tourist arrivals, the concern is on the limited number of rooms and a freeze in the construction of new hotels putting a cap on tourist accommodation.

Miller says "if you talk to anybody in the tourism industry, they'll tell you there's a tremendous shortage of hotel rooms. The companies who want to come in and build hotels are just waiting."

And Palmer adds "If a developer wants to build a hotel, and it can't be built, then we'll cap at our current rate of tourism."

The issue about foreign labor versus domestic labor has been covered in many publications. John Robertson from Amorient Engineering wrote in a recent report about the workforce crisis on Guam that "the construction industry cannot transition to an all-U.S. workforce without considerable increase in cost of construction." The report adds that, while training a local workforce can aid in the worker shortage, it cannot be expected to provide a complete solution, and that off-island workers would still be needed.

You can read the full write-up by clicking on the attachment below.