GUAM CHAMBER OF COMMERCE
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The State of Guam’s Economy

2026 Annual Economic Outlook

January 15 (Thursday), 2026

Presented by Ho Eun
GVB KMC Chair
Chairman of Core Tech

For clarity, I am participating in today’s discussion in my personal capacity as an industry professional. The views and opinions I share are my own and do not represent the official positions or views of the Guam Visitors Bureau or its board of Directors.

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Tourism as Guam's Economic Engine

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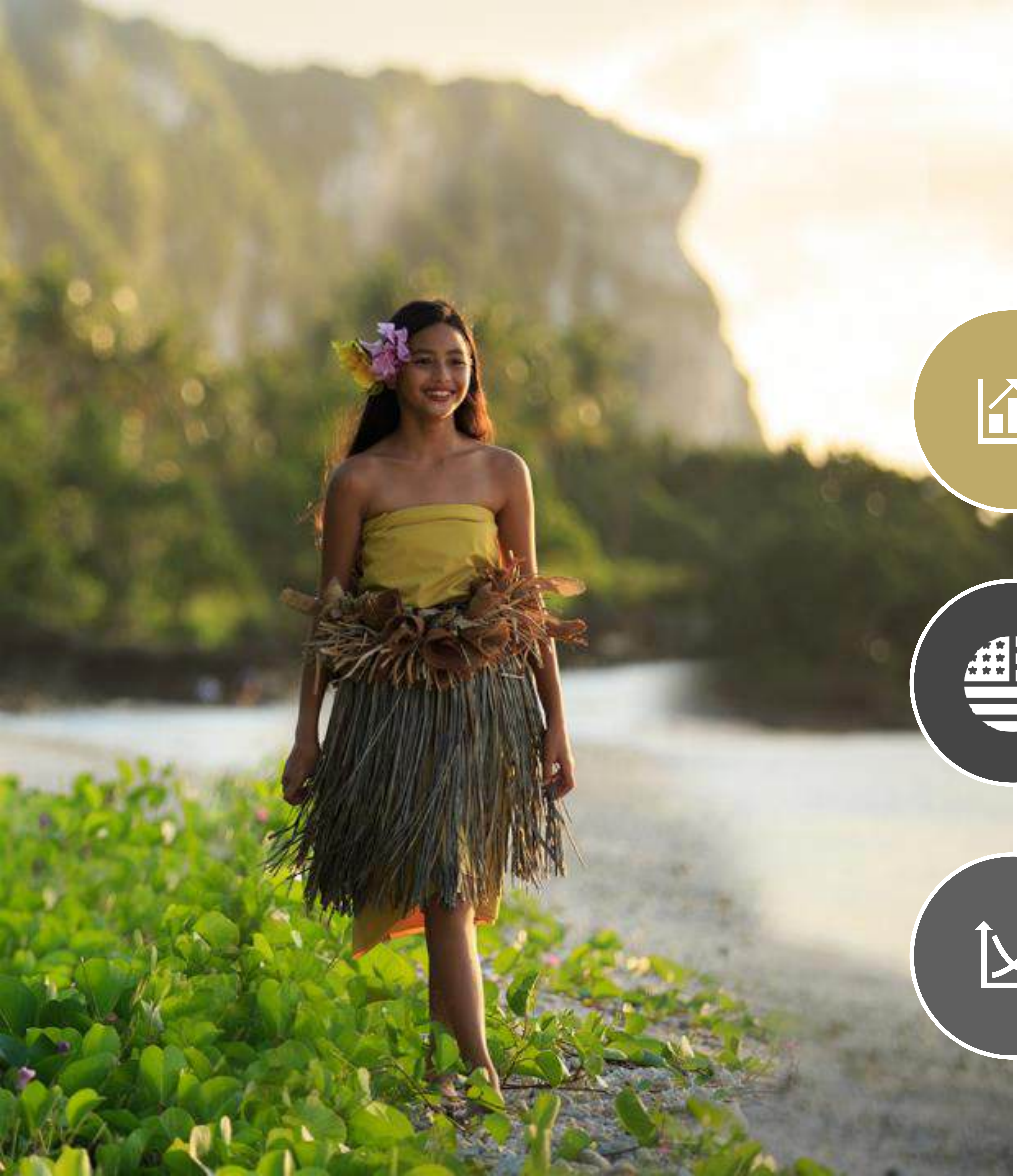
Creating a Healthy Business Environment for Sustainable Island wide Growth



2026 Global Economic Outlook: What Changes Next

Steady Global Growth at 3.1% in 2026

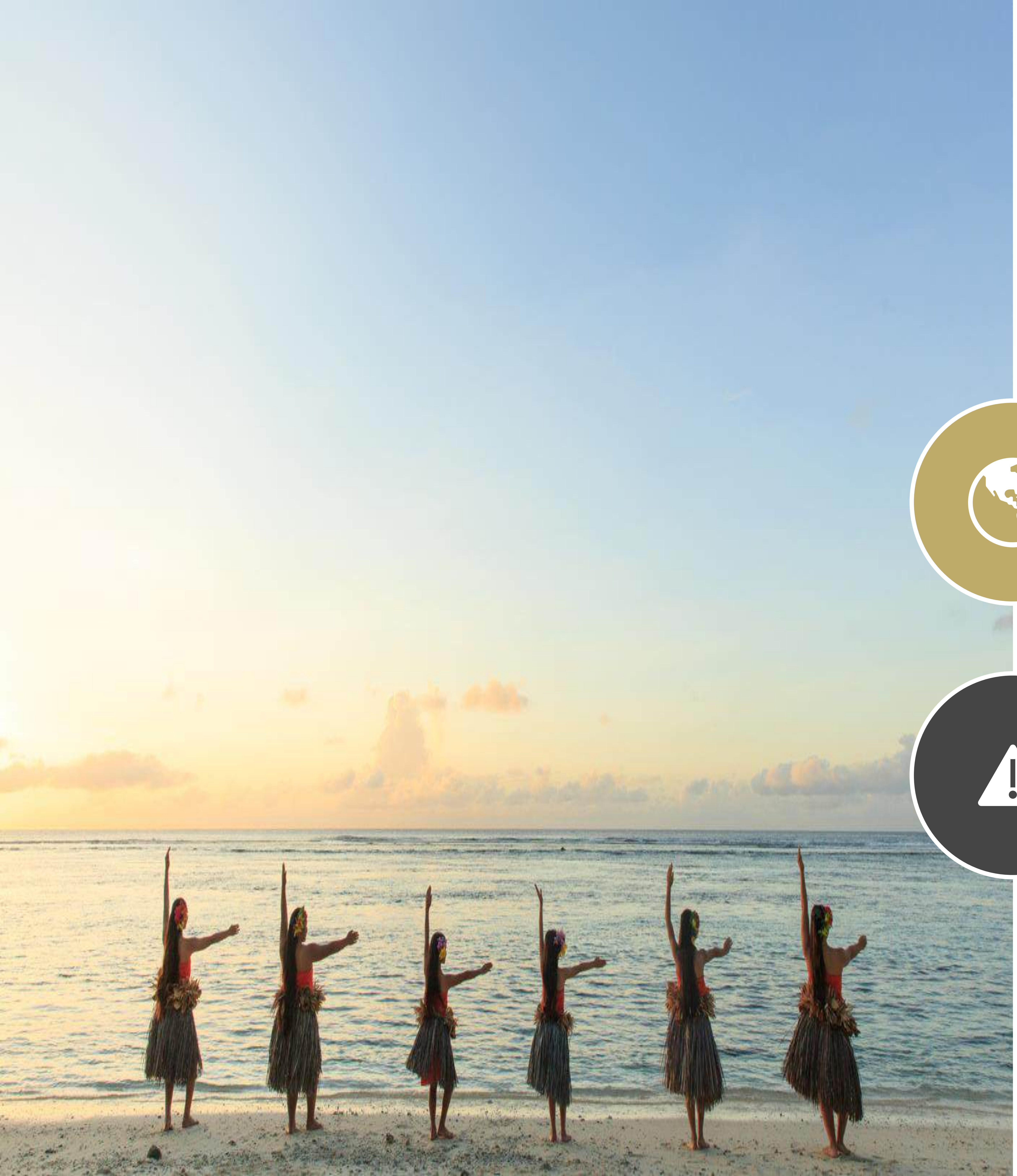
Global real GDP growth is projected to **moderate slightly to around 3.1% in 2026.** The global economy remains in expansion, but growth is modest and underlying momentum has weakened compared to pre-pandemic levels.

U.S.-Led Momentum in Global Demand

The U.S. economy is expected to remain the **primary driver of global demand**, maintaining solid growth of around 2%, while **China's structural slowdown** continues — reinforcing a U.S.-led global growth pattern in 2026.

Stabilizing Inflation with Residual Risk

Inflation is easing toward target and rates are expected to decline gradually, but **geopolitical pressures mean financial conditions will remain tighter than in the past.**



2026 Global Economic Outlook: What Changes Next

Policy and Geopolitics as Core Macro Drivers

Global growth is increasingly shaped by **trade realignment, national-interest policies, and geopolitical risk.** These dynamics continue to shape **broader conditions,** including currency movements, capital flows, and global trade patterns.

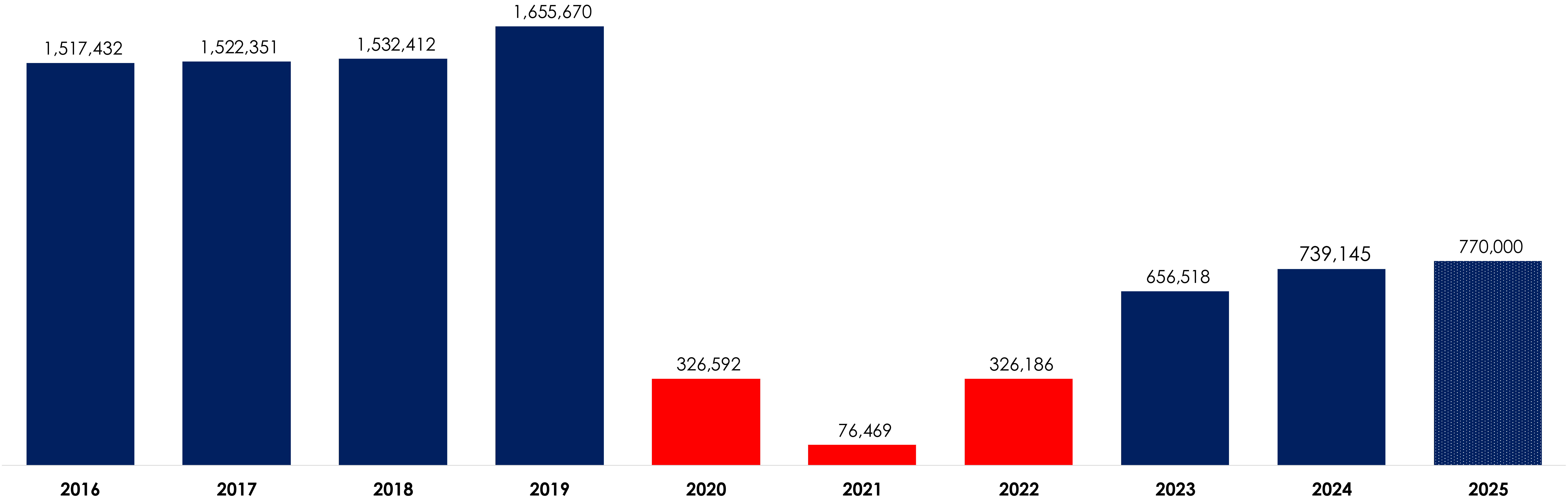
Risk Factors Slightly Outweigh Upside Drivers

Upside drivers such as gaining AI-driven productivity and continuing resilient trade flows supporting the global economy exist, but **U.S. policy uncertainty, geopolitics, and market volatility** suggest downside risks will slightly dominate in 2026.

Tourism as Guam’s Economic Engine

Tourism as Guam’s Economic Engine

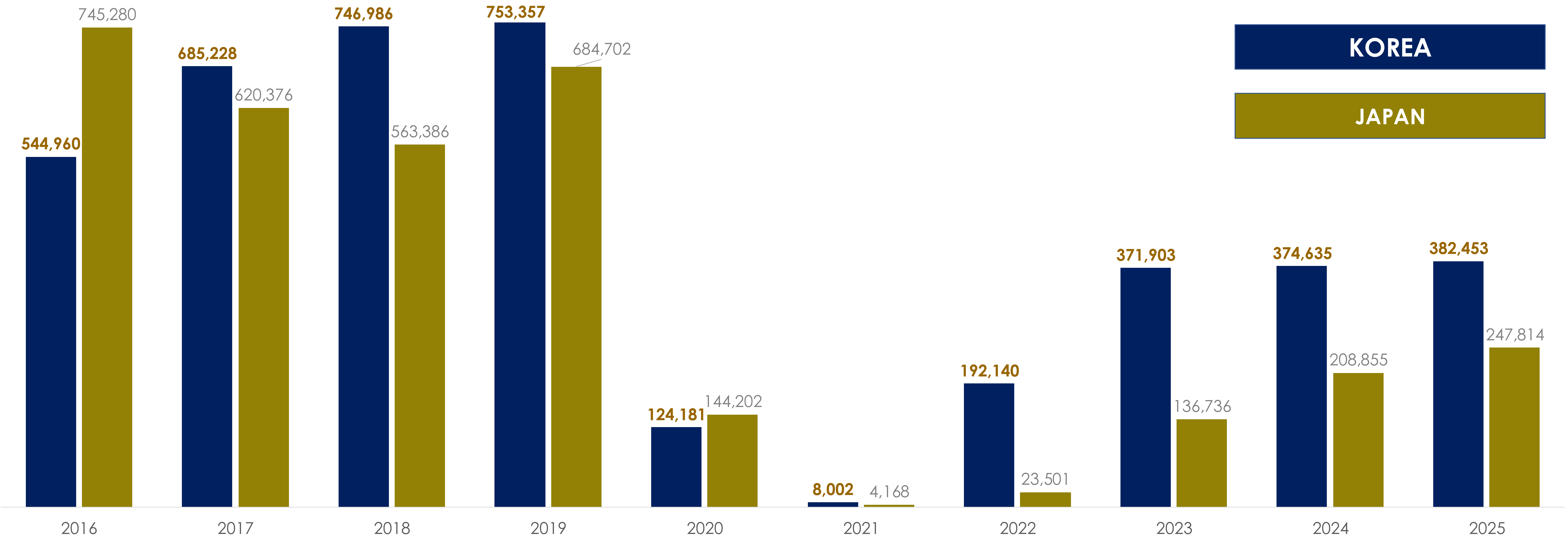
Total Number of Arrivals in Guam



* CY2025 arrivals, including estimated arrivals of 2025 Nov and Dec

Tourism as Guam's Economic Engine

2 Major Source Market: Korea & Japan Arrival Comparison



Tourism as Guam's Economic Engine

Visitor Economy Impact in 2024

739K VISITORS TO GUAM

$1.1B VISITOR SPENDING

$1.4B TOTAL ECONOMIC IMPACT

$393M TOTAL PERSONAL INCOME

14.4K TOTAL JOBS SUPPORTED

$151M LOCAL GUAM TAXES

Guam Visitor Spending
$ millions

Category	2019	2020	2021	2022	2023	2024	2024 Growth
Total visitor spending	**$1,788.1**	**$404.4**	**$88.1**	**$414.6**	**$1,020.4**	**$1,088.6**	**6.7%**
Lodging	$627.6	$146.5	$37.1	$173.9	$424.5	$444.1	4.6%
Retail	$472.3	$115.6	$15.6	$83.3	$231.1	$274.7	18.9%
Food & beverage	$297.4	$74.0	$20.4	$91.6	$214.0	$214.3	0.2%
Transportation	$170.7	$34.9	$9.4	$38.7	$81.9	$80.3	-2.0%
Recreation	$220.2	$33.5	$5.6	$27.1	$69.0	$75.2	9.0%

- In 2024, out of the total spending of $1.1B

Lodging: 40.8%

Retail: 25.2%

Dinning: 19.7%

Tourism as Guam's Economic Engine

Visitor Economy Impact in 2024

Tourism Capital Investment

$ millions

Category	2019	2020	2021	2022	2023	2024	2024 Growth
Total Tourism CAPEX	**$70.4**	**$40.1**	**$18.9**	**$21.2**	**$23.1**	**$24.5**	**6.2%**
Machinery & equip.	$32.6	$7.2	$1.8	$2.2	$2.7	$3.0	13.3%
Construction	$37.8	$32.9	$17.1	$19.0	$20.4	$21.5	5.2%

Tourism Spending & Investment in Guam

$ millions

Category	2019	2020	2021	2022	2023	2024	2024 Growth
Total Tourism Spending & Investment	**$1902.3**	**$489.4**	**$128.0**	**$457.0**	**$1070.3**	**$1145.8**	**7.1%**
Domestic Visitor	$107.4	$41.5	$58.7	$87.4	$109.1	$116.3	6.6%
International Visitor	$1680.8	$362.9	$29.4	$327.1	$911.3	$972.3	6.7%
Governmental Support	$43.8	$44.9	$21.0	$21.2	$26.8	$32.6	22.0%
Capital Investment	$70.4	$40.1	$18.9	$21.2	$23.1	$24.5	6.2%

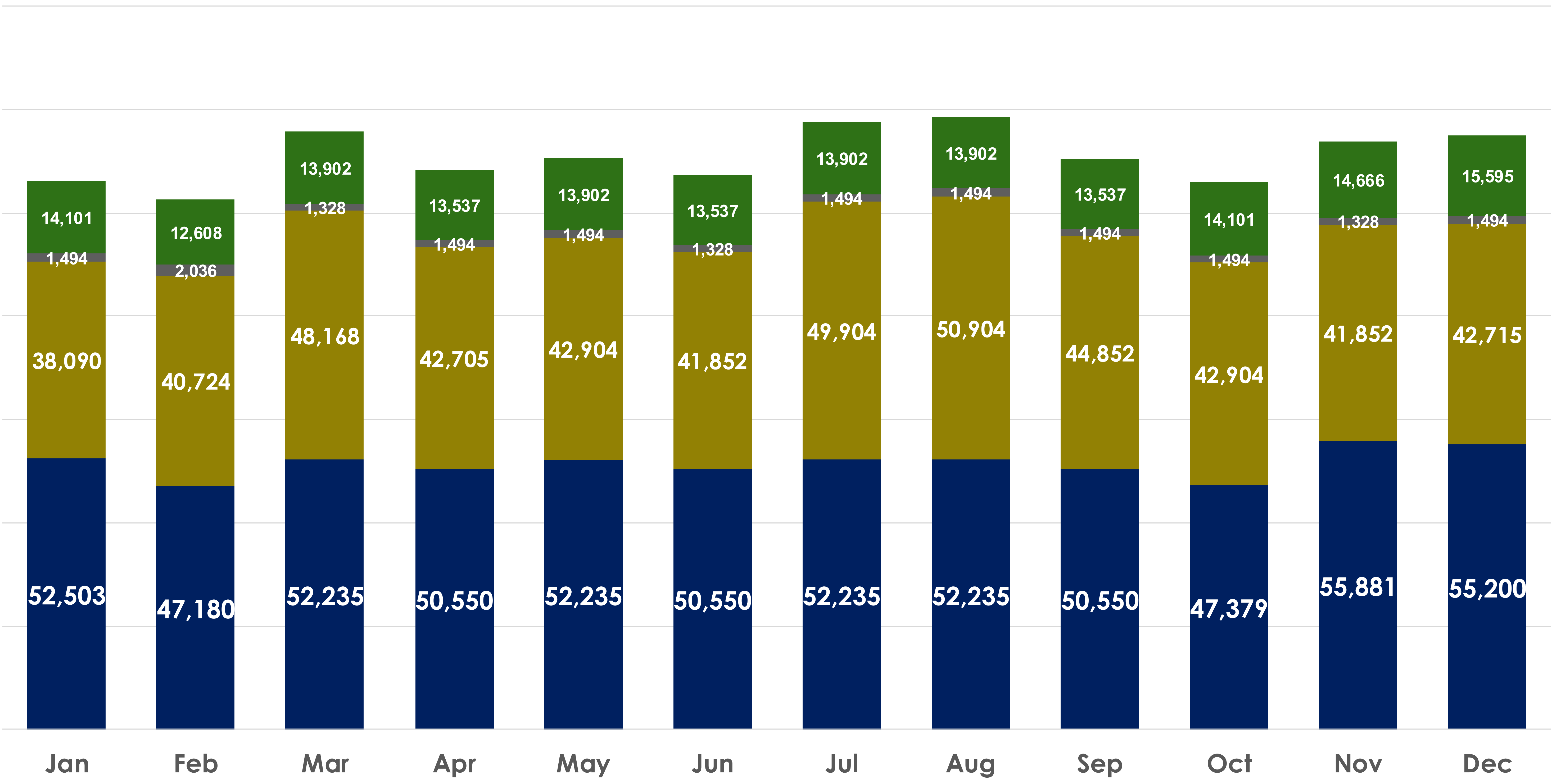
- Total tourism capital investment amounted to $24.5 million, a 6.2% increase from 2023. Government expenditures in support of tourism totaled $32.6 million. Including direct visitor spending and TSA components, total tourism demand was $1,145.8 million in 2024.

- In 2024, domestic spending - defined as US visitors - bringing in $116 million and international spending accounting for $972 million.

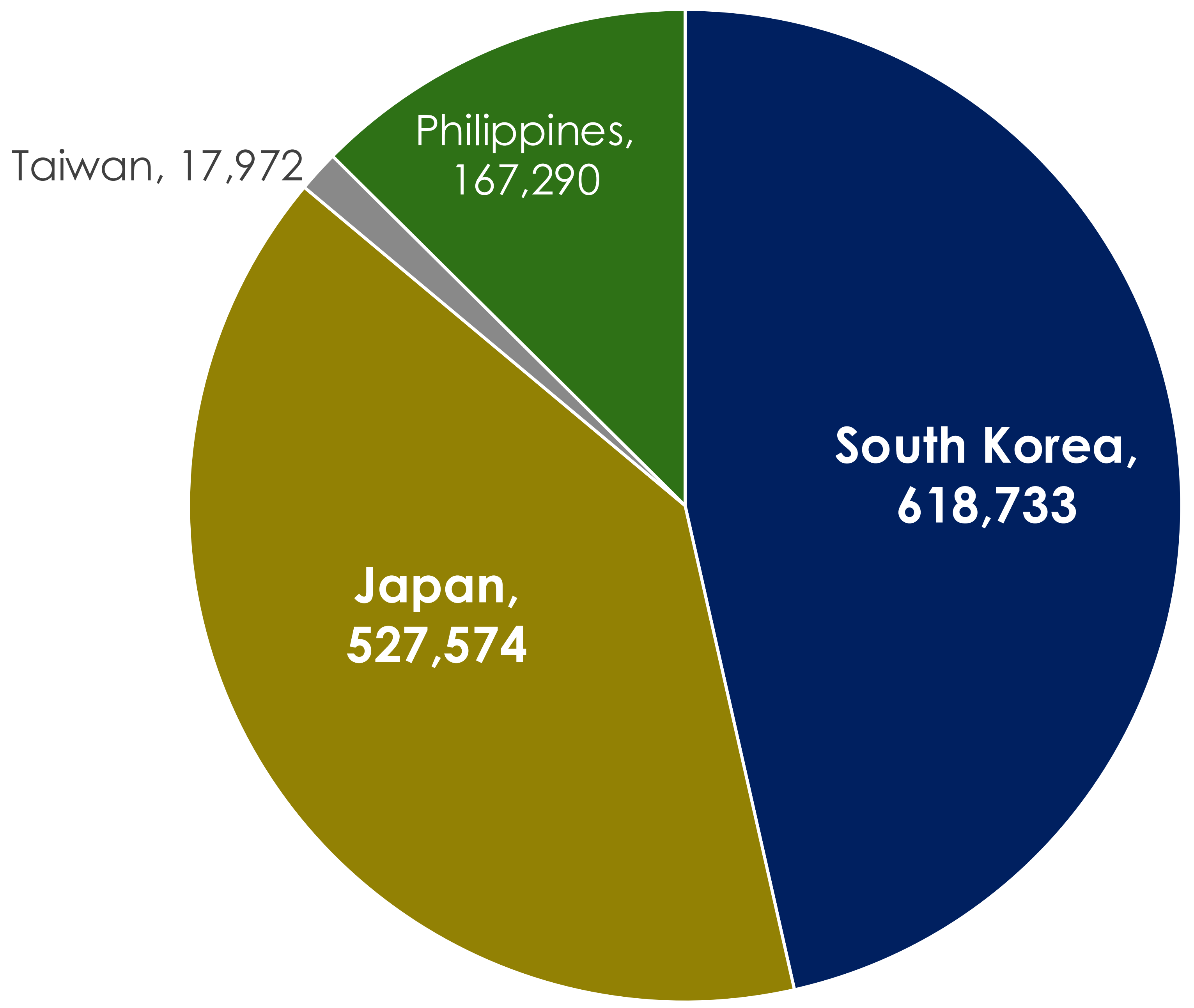
Tourism as Guam's Economic Engine

CY2026 Airline Supply Projection (as of 2025 Dec)

CY2026 Monthly Airline Seat Supply



CY2026 Airline Seat Supply by Source Market



- **Total airline seat supply in CY2026: 1,331,569 seats**
- **South Korea (46.5%)** and **Japan (39.6%)** account for a combined 86.1% -> Major Source Markets
- *These figures are subject to change at any time.*

Reference

1) Key Source Markets: Korea & Japan PEST Analysis
2) Korean Air – Asiana Airlines Merger Issue
3) 2026 GVB Major Local Events

Reference 1.

Key Source Markets: Korea & Japan PEST Analysis

Political Factors:

Administration Change & Geopolitical Risk

A new administration **strengthening alignment with the U.S.** and ongoing regional security tensions continue to elevate geopolitical uncertainty and policy sensitivity across the economy.

Social Factors:

Super-Aged Society & Demographic Drag

South Korea has formally entered a **super-aged society (65+ >21%),** with **shrinking household size** and structural demographic decline reshaping consumption, labor supply, and long-term growth potential.

Economic Factors:

Weak Won & Foreign Exchange Volatility

The Korean won remains weak and volatile, even as exports recover on semiconductor strength, while high rates, property adjustment, and financial-market uncertainty restrain domestic demand and risk appetite.

Technological Factors:

AI-Driven Hyper-Digital Market

Korea remains a **hyper-digital and AI-intensive economy**, with rapid integration of data, automation, and advanced infrastructure reshaping industry productivity and competition.

Reference 1.

Key Source Markets: Korea & Japan PEST Analysis

Political Factors:

Defense Buildup & Elevated Geopolitical Risk

The new conservative administration is reinforcing Japan's defense posture and **deepening U.S. security alignment,** while **tensions with China remain elevated**, sustaining regional geopolitical risk.

Social Factors:

Super-Aged Population & Demographic Decline

One of the world's most aged societies, with **over 30% aged 65+ and a low fertility rate (~1.2),** driving labor shortages, demographic decline, and higher social-security costs.

Economic Factors:

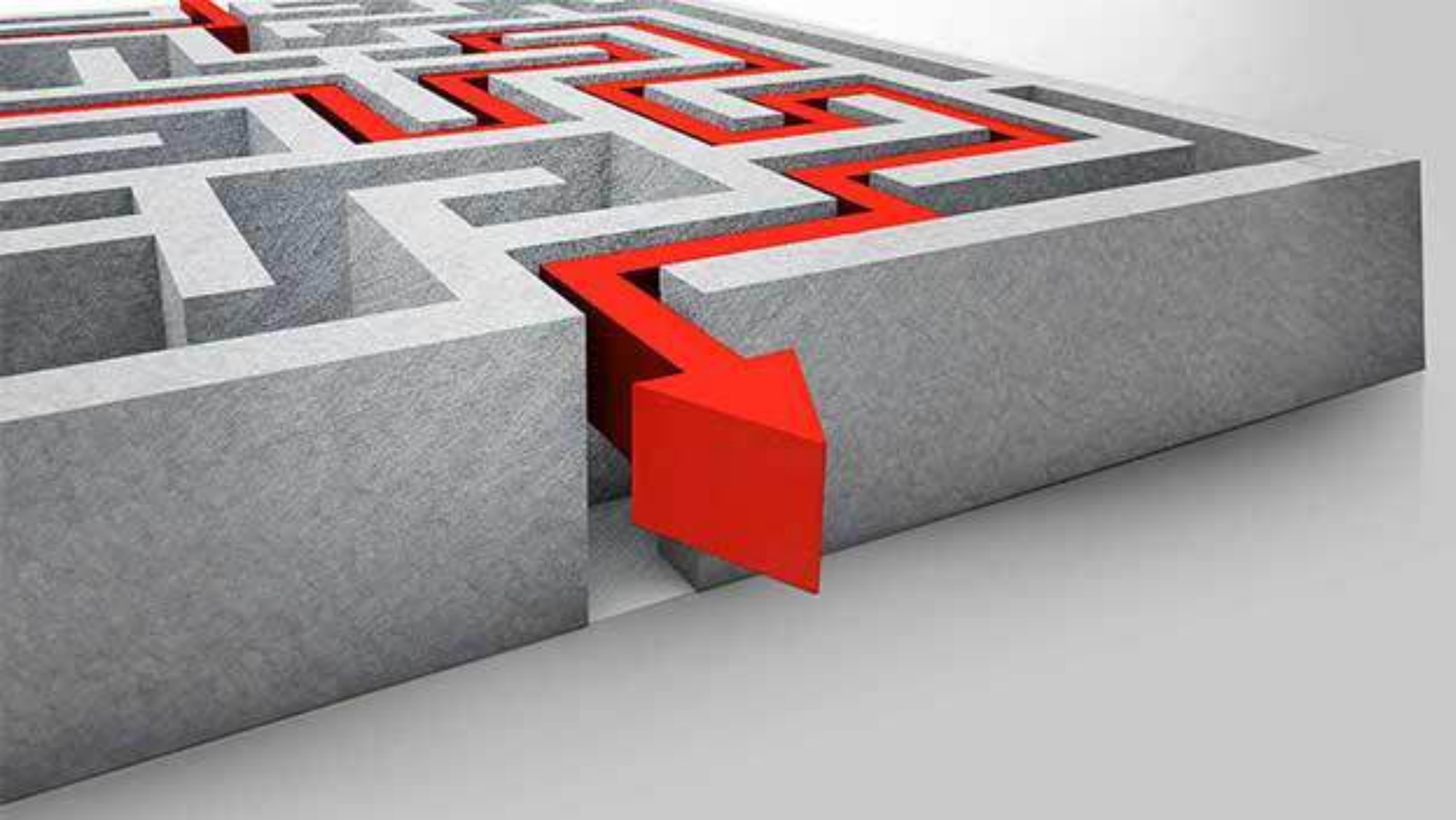
Weak Yen & Heavy Fiscal Burden

The **yen remains historically weak,** supporting exports but raising import-driven inflation. Fiscal expansion continues, pushing government debt above 200% of GDP, while real growth stays modest at ~1%.

Technological Factors:

Automation-Led Productivity

Accelerating automation, robotics, digitalization, and AI adoption across manufacturing, public services, and consumer industries to **offset labor shortages and raise productivity.**



Reference 2.

Korean Air – Asiana Airlines Merger Issue

Market Situation: KE–OZ Merger Remedies

Opportunities

- Stable Capacity: KE Group is required **to maintain 90% of 2019 seat levels**
- Predictable supply and more consistent fare structure

Challenges

- Demand Gap: **Oversupply vs. weak demand under KRW depreciation**
- **Profitability Risk**: Seat/fare restrictions squeeze margins
- Uncertainty: **Remedies not statutory** → possible policy changes

Strategic Approach

- **Set a reasonable and achievable seat supply target for each airline, and have them develop a more realistic operation plan**
- **Reinforce trust with airlines** – especially KE Group – via targeted support & subsidy programs
- At the same time, it is crucial to **show good faith to other LCCs** such as **Jeju Air and T'Way**.
- Approach ensures:
  - Stable year-round air service
  - Stronger long-term partnerships

Reference 2.

Korean Air – Asiana Airlines Merger Issue

Korean Air Group – Total 308 Aircraft

Integration of Asiana Airlines

- Korean Air is in the process of **acquiring Asiana Airlines** and plans to integrate its three low-cost subsidiaries — **Jin Air, Air Busan, and Air Seoul** — under a unified structure within the **Korean Air Group.**

Korean Air Fleet

Korean Air operates **169 aircrafts** including:

- B777-300ER (25 units)
- B787-9 (14 units)
- B747 freighters, among others

The airline boasts a robust long-haul and cargo network, supported by diverse wide-body fleet.

Asiana Airlines

Asiana Airlines Maintain a strong long-haul capability with aircraft **82 aircrafts** such as:

- A350-900 (15 units)
- B777-200 (9 units)

The Asiana brand **is expected to be retired** following the full integration.

LCC Subsidiaries

Jin Air, Air Busan, and Air Seoul collectively operates **57 aircrafts**, primarily on **domestic** and **short-haul international routes**.

- Jin Air Currently operates **B777s** but scheduled for **retirement** by the end of next year.
- Integration of the three LCCs is **actively underway**.

Reference 3.

FY2026 GVB Major Events

Tumon Night Market

- Jul 2025 ~ Sep 2026
- Vibrant night market featuring local food, culture, and entertainment

Reference 3.

FY2026 GVB Korea: Guam Sports Market Activation

Guam Sports Ambassador

Kang So Yeon

(@kangsoyeon__) 1.6M (@kangsoyeon__) 20.5K

Inspiring sports & wellness travel to Guam
through ambassador-led participation
and digital contents

SPOEX

Seoul International Sports & Leisure Industry Show (SPOEX 2026)

March 26 – March 29, 2026

Korea's largest and most influential
Sports and leisure industry exhibition

Reference 3.

FY2026 GVB Major Events: Guam Wellness Island

GUAM KO'KO' ROAD RACE

Ko'ko Road Race& Ko'ko Kids Fun Run

April 11 ~ 12, 2026

Signature running event bringing together families, local communities

TOUR OF GUAM

Tour of Guam

April 26, 2026

Annual cycling competition across Guam's diverse routes

Tourism as Guam’s Economic Engine

Tourism Infrastructure Capex

Investment in <u>air-conditioned restrooms</u> and landscaping to <u>enhance visitor experience</u>

GEDA’s SSBCI program

Financing <u>support for optional tours, experiential products</u>, and standout <u>local restaurants</u>

Enhancing Tourism Aesthetics (ETA) Program

Islandwide upgrades to <u>improve visual quality and visitor-facing environments</u> experience

Duty Free Retail Quality Control (QC) Program

Strengthening duty-free retail standards to protect Guam’s premium tourism brand

Area	Project Description	Estimated Cost
HAGÅTÑA	Palacio and Spanish Wall. Includes restroom repair and upgrades.	$10,000,000
	Connect Angel Santos Latte Park to CHamoru Village with signage, QR-code-activated mobile trail, and audio tour production	Included
ISLAND WIDE	Special projects for the Mayor's Council to select and administrate	$2,000,000
	Repair, repaint, repair restrooms, upgrade visitor sightseeing spots including signage, QR codes, and audio tours (10 spots @ $100K each)	$1,000,000
	Install solar-powered CCTV cameras at key sightseeing spots (100-200 cameras total + monitoring equipment). Monitored at GVB. Streamed online	$150,000
	Install safety signage, emergency phones, and CCTV at 1-2 popular hiking trails and elsewhere	$50,000
	Multilanguage audio tours with QR codes on signage at key sightseeing spots around the island	$250,000
	Cultural project TBD	$250,000
	Transportation. Low interest loan guarantees for bus companies to borrow and reinvest in new coaches for public transport	$2,500,000
	NOTE: Removal of abandoned cars is critical but is not included. Must be funded elsewhere	Not included
TAMUNING & HAGATNA	Paint over graffiti fronting Marine Corps Drive from Micronesia Mall to Hågatña (and coordinate GPA for ongoing maint)	$100,000
	Paint curbs, medians, traffic light bases, and sidewalks (Camp Watkins Road, Carlos Camacho, Farenholt, across Tamuning)	$350,000

Area	Project Description	Estimated Cost
TUMON REPAIR & UPGRADES	Note: Tumon has not had a major investment or upgrade in 30 years The goal is a major refresh with minimal or no underground work. Make what we have sparkle. Improvements geared to benefit residents and visitors alike Repair damaged sidewalks, light posts, and crosswalks. Repair and paint medians, curbs, walls, fences, safety issues, etc. Repair and refresh feeder roads such as Ypao Road and Fujita Road. Moderate upgrades to landscaping and hardscape. Repair and paint or replace street light posts (condition TBD). Refresh and rebrand. Support the Tumon Street Market (our only new anchor attraction and an opportunity for local vendors to reach visitors). Signage, portable stage, distributed audio, lighting, vendor tents and accessories, and Waikiki-style tiki lamps Sidewalk replacement to stamped concrete if budget permits (unlikely) Includes low-cost flood resolution using the former Fujita hotel property. Excludes land acquisition, which would require land exchange	$55,000,000
INFRASTRUCTURE	Matapang Park flood repair and improvements. Inlcudes fire safety rescue station, VSO office	$5,000,000
	Abandoned building fund	$6,500,000
TOURISM RECOVERY	Airline Incentive Program (2 years @ $5M/year)	$10,000,000
	Rebranding and Supplemental Marketing Campaigns (2 years @ $5/year)	$10,000,000

Leveraging the Military Buildup for Broader Local Benefit

3

Source: CRS compiled the map based on publicly available information from sources that included the Homeland Infrastructure Foundation-Level Data (HIFLD) Open Portal website; U.S. Government Accountability Office reports, Naval Facilities and Engineering Command documents, the Guam Visitors Bureau, Marine Corps Base Camp Blaz website, and Google Maps.

Leveraging the Military Buildup for Broader Local Benefit

Increased Withholding Tax Revenue

Estimated $20M annually (5,000 H-2 workers × $4,000)

Military Construction BPT Windfall

Approximately $100M in Business Privilege Tax from military construction activity: absent before and gone after 9 years

Leveraging the Military Buildup for Broader Local Benefit

The “Grey Rhino Risk” & Strategic Choice

- Failure to prepare now leads to a post-boom fiscal cliff once military spending declines
- Build long-term resilience like Dubai, not short-term dependence like the Republic of Nauru

- **Key Action:**

Establish a Guam Future Reserve Fund (Sovereign Wealth Fund) to convert temporary military spending into permanent economic security

Creating a Healthy Business Environment for Sustainable Island wide Growth

Moving Beyond a Two-Pillar Economy

Tourism + Military Construction alone are not enough:
Guam needs diversified, resilient growth engines

Creating a Healthy Business Environment
for Sustainable Islandwide Growth

Digital Hub Development: Building a Third Economic Pillar

- *Establish **<u>Guam as a digital junction</u>** between Asia and the U.S.*
- ***<u>Develop data centers(10–20MW)</u>** to attract global cloud and tech firms*
- *Introduce a **<u>"Digital Toll" model</u>** to monetize data flow and connectivity*
- *Secure reliable, affordable energy as the foundation of digital growth*

Creating a Healthy Business Environment for Sustainable Islandwide Growth

Public Utility Reform: Improving Efficiency & Competitiveness

- *Implement **District Cooling Networks in SWAC in Tumon***
- ***Reduce electricity demand, operating costs**, and carbon emissions*
- *Support tourism, healthcare, and public facilities with resilient infrastructure*

Creating a Healthy Business Environment
for Sustainable Islandwide Growth

Education System Efficiency: Investing in Human Capital, Reducing Fiscal Burden

- ***Expand Charter Schools alongside GDOE***
- *Enable **flexible staffing, performance-based management, and outsourcing***
- *Achieve up to **$100M in annual cost savings** through structural reform*

Creating a Healthy Business Environment for Sustainable Islandwide Growth

GovGuam Transformation: From Administration to Asset Management

- ***GovGuam is an administrative body***, *not a political organization*
- *Its role is* ***to serve residents and taxpayers****, not internal interests*
- *Public services must reflect fairness, efficiency, and accountability*
- *GovGuam should* ***manage public resources as strategic assets****, not expenses*

The State of Guam's Economy

Strategic Pillars Creating One Economic Flywheel

"Create a self-reinforcing economy where capital investment, productivity gains, and resilient tourism demand amplify one another to drive sustainable island-wide growth."

Tourism Recovery: Demand Engine

Restoring and upgrading Guam's tourism sector as a reliable source of steady visitor demand, spending, and island-wide economic circulation.

Military Buildup: Capital Conversion

Turning large-scale federal and defense investments into lasting local economic value through jobs, infrastructure, and community-linked opportunity.

Business & Gov Reform: Productivity Platform

Building a more efficient, transparent, and business-friendly environment that unlocks higher productivity and sustainable private-sector growth.

Si Yu'os Ma'åse'

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