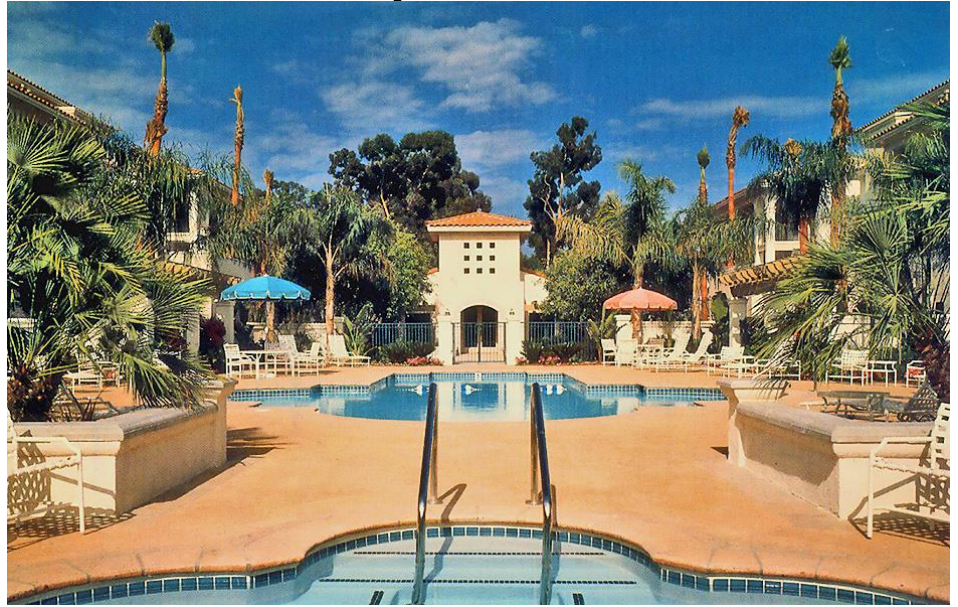


El Escorial Villas at East Beach

April 2014

Bob & Karin's Real Estate Newsletter



This is the fourth publication of our newsletter, focusing on the Santa Barbara area real estate condo market and specifically as it relates to El Escorial. This issue provides a summary of the real estate market statistics for the initial two months off 2014. The market is off to a reasonably good start, considering this is typically a very slow period. We will be including features in this and future publications, presenting some facts about El Escorial Villas and the history of the property. We continue to welcome your feedback and any suggestions of topics that we could focus on in our future publications. We also invite you to view our website at www.SBBeachHome.com. We would be pleased to expand our distribution to include any friends, family or acquaintances that you think would enjoy receiving this newsletter. Just let us know and we will be happy to add their names to our address book.

Bob Oliver & Karin Holloway

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Some Interesting El Escorial Villas Facts

El Escorial Villas is a condominium conversion of what previously was the El Escorial Hotel and apartments. The conversion was initiated in the early 90's and was performed in four phases. Phases 1 and 2 were nearly simultaneous, involving conversions of Building 100 (Phase 1) and Building 400 (Phase 2). The very first units sold in Phase 1 were closed in September of 1991 and the first units in Phase 2 were in December of 1991. Buildings 100 and 400 are basically mirror images of each other with 64 units per building and the exact configuration of studios, one, two and three bedroom units (See the Site Plan/Layout on the following page). During the sales activity, the current Clubhouse served as the sales office with the sales agents (including Karin Holloway) working out of what is now the Property Manager's Office and the Library. There were models of the various floor plans in the 100 Building.

The conversion of the 200 Building was Phase 3 and the developer made a number of changes to the configuration of the layout in the building. The 3-bedroom units were eliminated and the number of 1-bedroom units and studios increased. The very popular San Ysidro floor plan was reduced in numbers from six to three. The three San Ysidro units that were eliminated were each replaced by two 1-bedroom units. In addition, the 3-bedroom units that existed in the initial two phases were eliminated. On the 1st and 2nd floors the 3-bedroom footprint was replaced by a 2-bedroom Biltmore floor plan and a studio. The top-floor 3-bedroom unit was replaced by a penthouse that covered the same footprint. The penthouse, called the Santa Barbara floor plan, is a large 2-bedroom unit, overlooking the pool, with a spiral staircase up to a loft with a door to a private deck on the rooftop. It was built specifically for the family that provided the financing for the El Escorial condo conversion. This penthouse is currently for sale, and is listed at \$2,150,000. Phase 3 provided 2-car garages for the three San Ysidro units and the penthouse. These changes resulted in a building configuration with 69 units. The first sale of units in the 200 Building occurred in July of 1994.

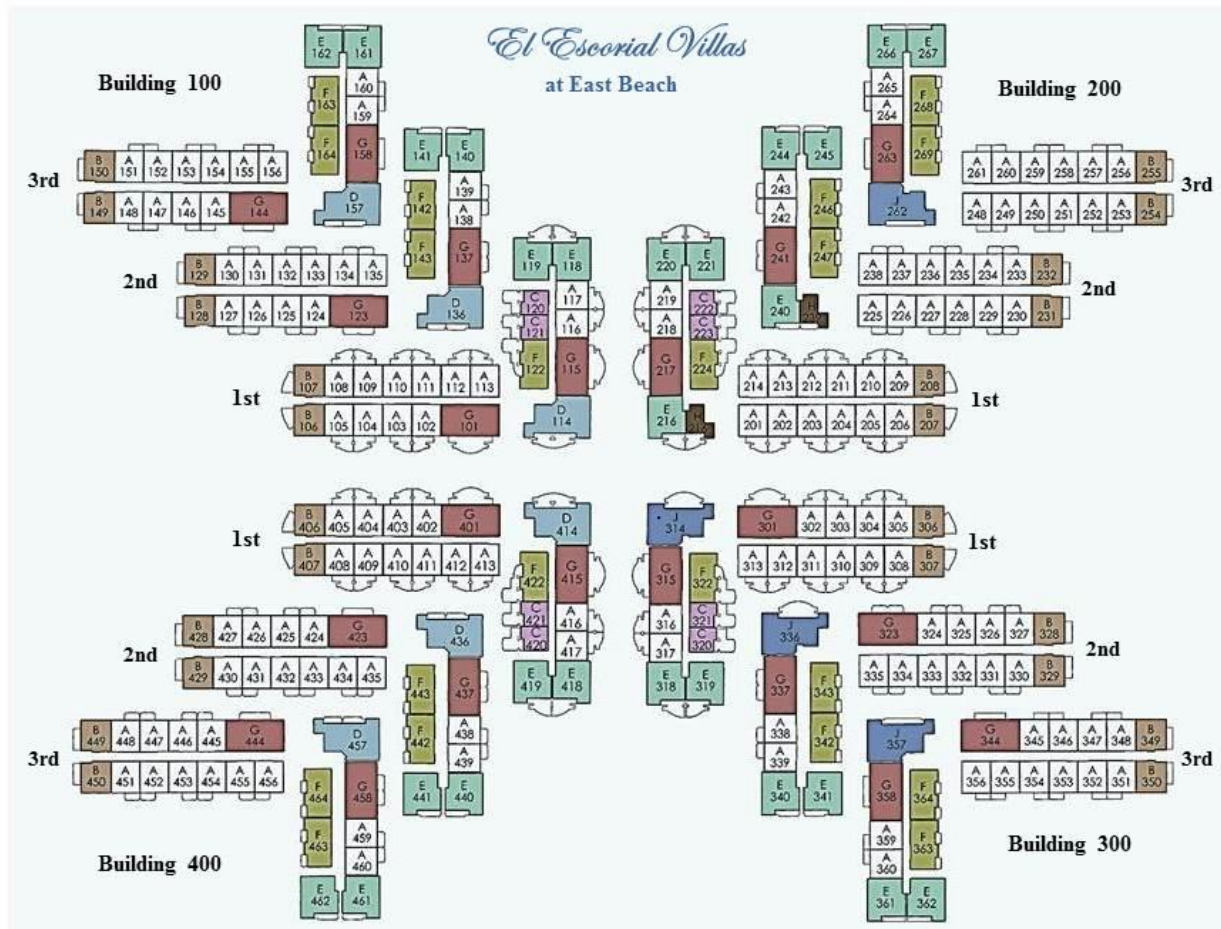
Phase 4 was the final phase involving the conversion of the 300 Building. The developer made additional changes in this phase, but the building configuration closely resembles the layout of the 100 and 400 Buildings. The primary difference in the 300 Building is that the 3-bedroom units were replaced with the 2-bedroom Santa Barbara floor plans which resulted in another penthouse on the top floor. Another major difference is that a total of 15 garages were built to accommodate all of the Santa Barbara, San Ysidro and Biltmore floor plans. This configuration resulted in a total of 64 units. The initial sales in the 300 Building occurred in August of 1996 the final sale occurred in August 1997.

During the entire period of sales of new units by the developer from 1991 to 1997, there was almost no appreciation of the prices. This was a very slow period in Santa Barbara real estate and the developer maintained the prices of the condos pretty flat throughout this entire period. However, when the last of the developer units closed out and the resale market kicked in, the prices started to skyrocket and continued on until some serious issues with construction defects surfaced. The sales history for El Escorial is provided in the chart displayed on page 4. Of the 261 condos in El Escorial, 97 are still owned by the original buyers. There have been a total of 306 resale's and there are four units that have been resold five times.

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El Escorial Site Plan/Layout



<u>Plan</u>	<u>Floor Plan</u>	<u>Bedrooms/Baths</u>	<u>Square Feet</u>	<u>Number of Units</u>
Plan A	Riviera	1-BR/1-BA	680	150 Units
Plan B	Miramar	1-BR/1-BA	680	24 Units
Plan C	Rincon	Studio/1-BA	475	8 Units
Plan D	Montecito	3-BR/2.5-BA	1575	6 Units
Plan E	Biltmore	2-BR/2-BA	1100	26 Units
Plan F	San Miguel	2-BR/2-BA	950	20 Units
Plan G	San Ysidro	2-BR/2-BA	1360	21 Units
Plan H	El Escorial	Studio/1-BA	475	2 Units
Plan J	Santa Barbara	2-BR/2.5-BA	1575	4 Units
				261 Units (Total)

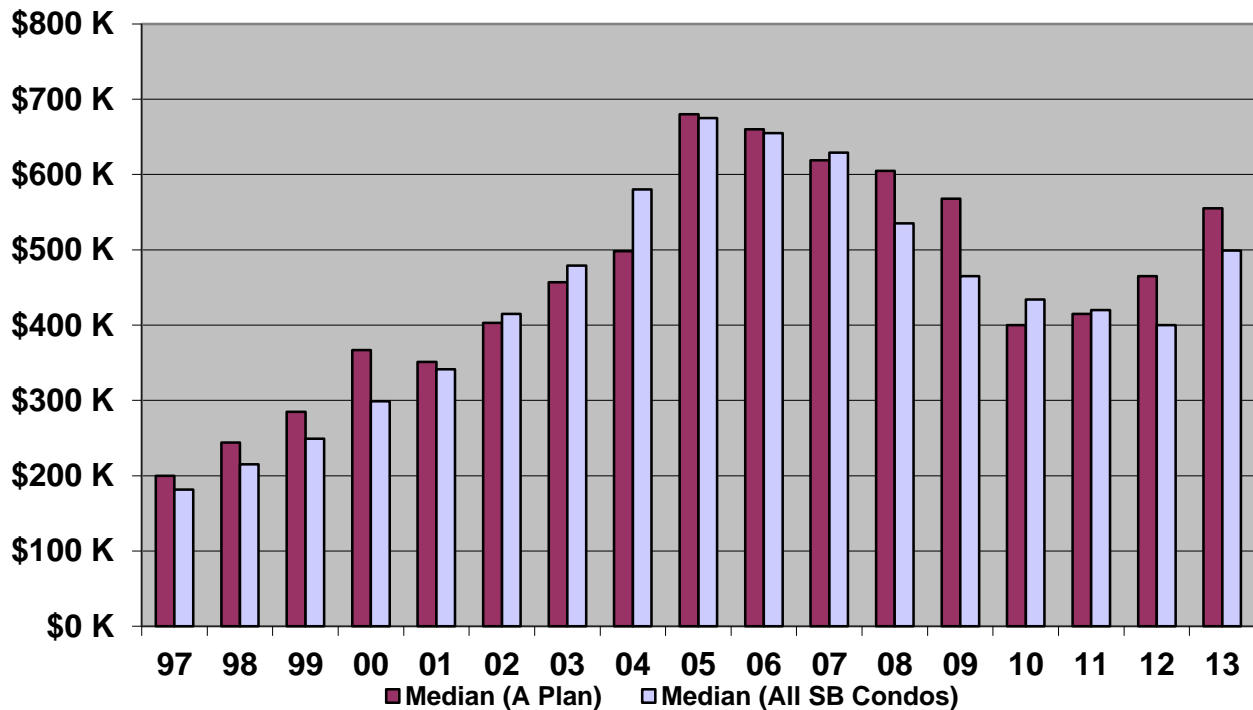
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El Escorial Villas' Prices History

The chart below provides a snapshot of the annual El Escorial median 1-bedroom (Riviera Plan) prices (Crimson Bars) compared to the overall Santa Barbara South Coast condo market (Gray Bars). The period starts with 1997 which was the year that the developer sold the last of the El Escorial condos as new units. Subsequent sales were all resale's, dictated by the open market supply and demand, unencumbered by the new sale pricing. The prices appreciated rapidly after 1997 and continued to rise until El Escorial went through the period of construction defect issues with construction remediation and numerous legal issues, starting in 2001 (with the pipe replacement project) and continuing to 2007 when the final reconstruction project was completed and all litigation settled. The El Escorial 1-bedroom prices peaked in 2005 at \$680,000 and declined along with the rest of the condo market, reaching the bottom of the market in 2010 at \$400,000 (a loss of 41%). The El Escorial prices were especially hard-hit in 2010 and 2011 by several foreclosures and short sales that depressed the values during this period (5 foreclosures from a single owner). El Escorial prices saw a significant recovery in 2012 (12% increase) while the overall Santa Barbara condo prices continued to decline. This recovery accelerated in 2013 showing a 19% increase in prices.

El Escorial Median 1-BR Prices vs. South Coast Condo Market



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El Escorial Inventory Declines

The real estate activity for 2014 got off to a reasonably good start for this time of year. Changes since the last newsletter include a 1-bedroom unit that went into escrow and three units that closed; a studio, a 1-bedroom Riviera and a 2-bedroom Biltmore. There were no new listings. The studio closed for \$385,000. The 1-bedroom unit that closed was a Riviera floor plan that sold for \$545,000. The 2-bedroom Biltmore unit went into escrow three days after it was listed and closed at \$785,000. There are currently five active listings at El Escorial; four 1-bedroom units and the 2-bedroom penthouse. There is currently a high demand for 2-bedroom units, but there are no 2-bedroom listings, other than the penthouse. This period is typically a slow time for real estate, but we will very quickly be approaching a very active period.

Comparable El Escorial Sales Activity

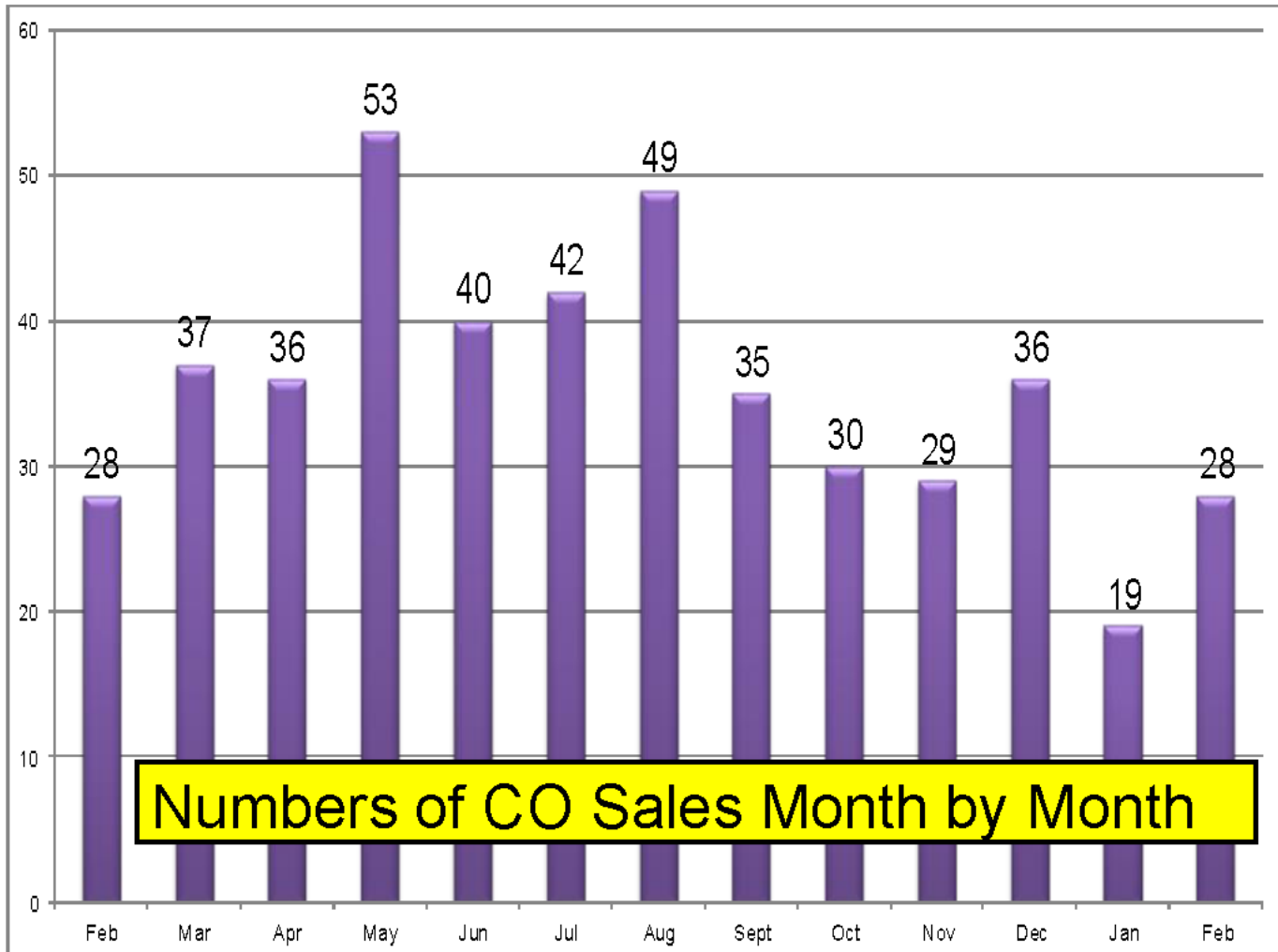
Address	Floor Plan	Bedrooms	Sq. Ft.	Price	\$'s/Sq. Ft.	Activity Date
Active Listings						
232 Por La Mar Circle	Miramar	1	680	\$559,000	\$822	1/24/2014
117 Por La Mar Circle	Riviera	1	680	\$575,000	\$846	12/17/2013
159 Por La Mar Circle	Riviera	1	680	\$559,000	\$822	11/23/2013
262 Por La Mar Circle	Santa Barbara	2	1609	\$2,150,000	\$1,336	10/17/2013
125 Por La Mar Circle	Riviera	1	680	\$600,000	\$882	10/17/2013
Pending Listings						
460 Por La Mar Circle	Riviera	1	680	\$555,000	\$816	3/4/2014
456 Por La Mar Circle	Riviera	1	680	\$585,000	\$860	5/9/2013
Sold Listings						
240 Por La Mar Circle	Biltmore	2	1100	\$785,000	\$714	2/25/2014
153 Por La Mar Circle	Riviera	1	680	\$545,000	\$801	2/19/2014
321 Por La Mar Circle	Rincon	0	475	\$385,000	\$811	2/14/2014
236 Por La Mar Circle	Riviera	1	680	\$544,050	\$800	11/26/2013
328 Por La Mar Circle	Miramar	1	680	\$565,000	\$831	11/15/2013
109 Por La Mar Circle	Riviera	1	680	\$555,000	\$816	9/6/2013
122 Por La Mar Circle	San Miguel	2	950	\$735,000	\$774	7/15/2013
360 Por La Mar Circle	Riviera	1	680	\$559,000	\$822	5/9/2013
115 Por La Mar Circle	San Ysidro	2	1360	\$900,000	\$662	5/3/2013
120 Por La Mar Circle	Rincon	0	475	\$369,000	\$777	4/19/2013
409 Por La Mar Circle	Riviera	1	680	\$446,500	\$657	2/28/2013
319 Por La Mar Circle	Biltmore	2	1100	\$710,000	\$645	2/27/2013

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2014 Santa Barbara Condo Sales Off to a Slower Start

Santa Barbara condo sales for the initial two months of 2014 are off to a slower start when compared to last year, after an especially slow January. However, this is typically the slowest time of year for real estate sales and we will be entering a much more active in the coming month or two. The total sale of 47 condos is seven fewer than for the same period in 2013. The inventory of condos currently available is 102 units which is up considerably over a year ago at which time there were only 49 condos actively listed.

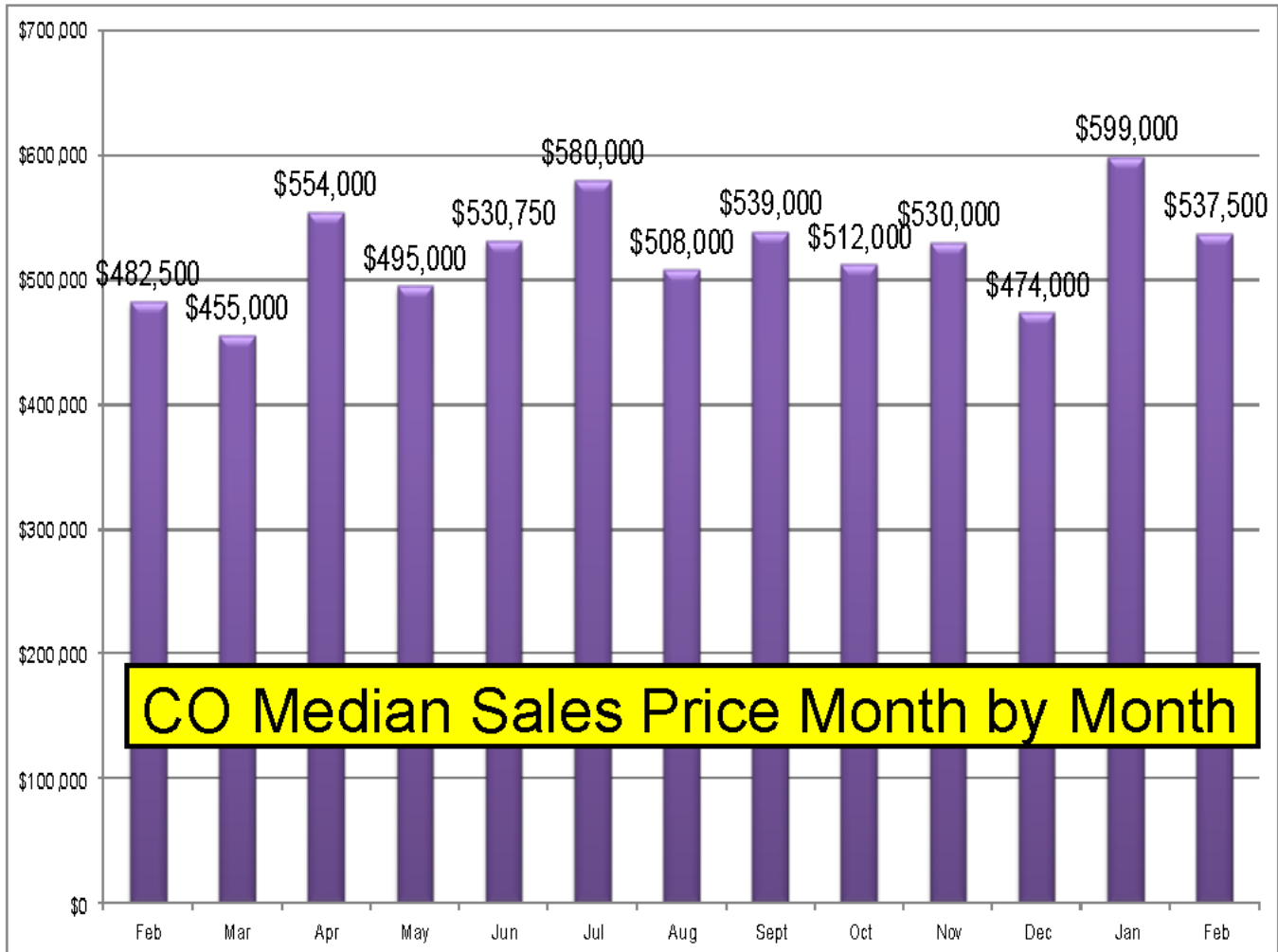


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2014 Santa Barbara Condo Prices Continue to Increase

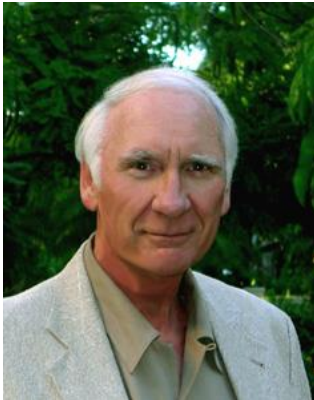
The sales of condos in the Santa Barbara area (Carpinteria through Goleta) continued to show an upward price movement. The median sale price for the two month period was \$540,000 which compares to a median price for the same period in 2013 of \$442,691. The inventory has increased from 88 units at the end of the year to a current total of 102 active units. The average days-on-market for the units sold in February was 71 days.



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