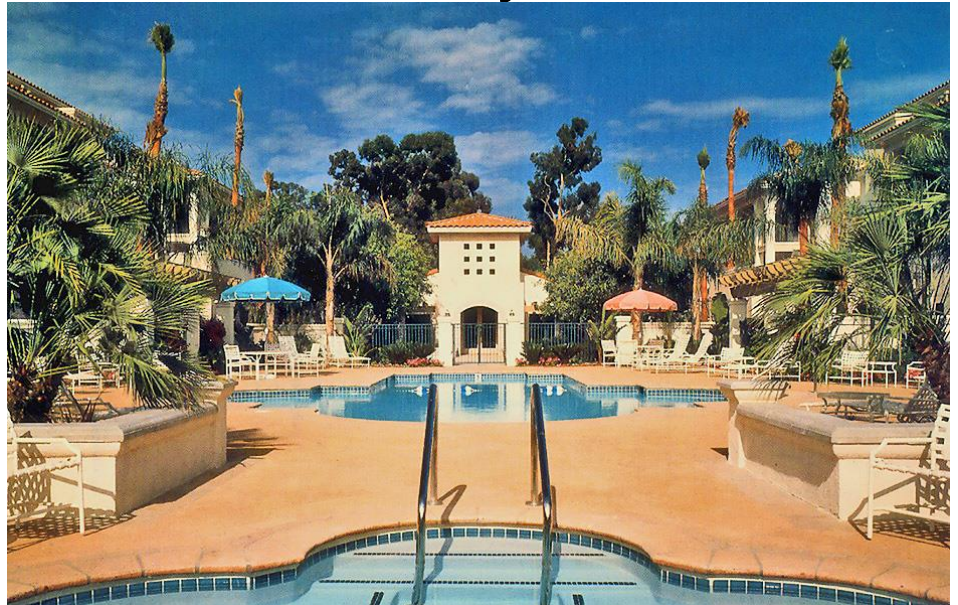


El Escorial Villas at East Beach

February 2017

Bob & Karin's Real Estate Newsletter



This is the 18th publication of our newsletter, focusing on the Santa Barbara area real estate condo market and specifically as it relates to El Escorial. This issue presents Santa Barbara real estate statistics providing a market summary for the full year of 2016. Overall 2016 Santa Barbara condo sales were down from 2015, but still represented a reasonably active market for the year. Conversely, El Escorial sales were at the highest level in the last thirteen years with 23 closings during the year. The two-year total sale of 42 units represents a significant turnover in El Escorial ownership of over 16%. 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 who you think would enjoy receiving this newsletter. Just let us know and we will be happy to add their names to our address book.

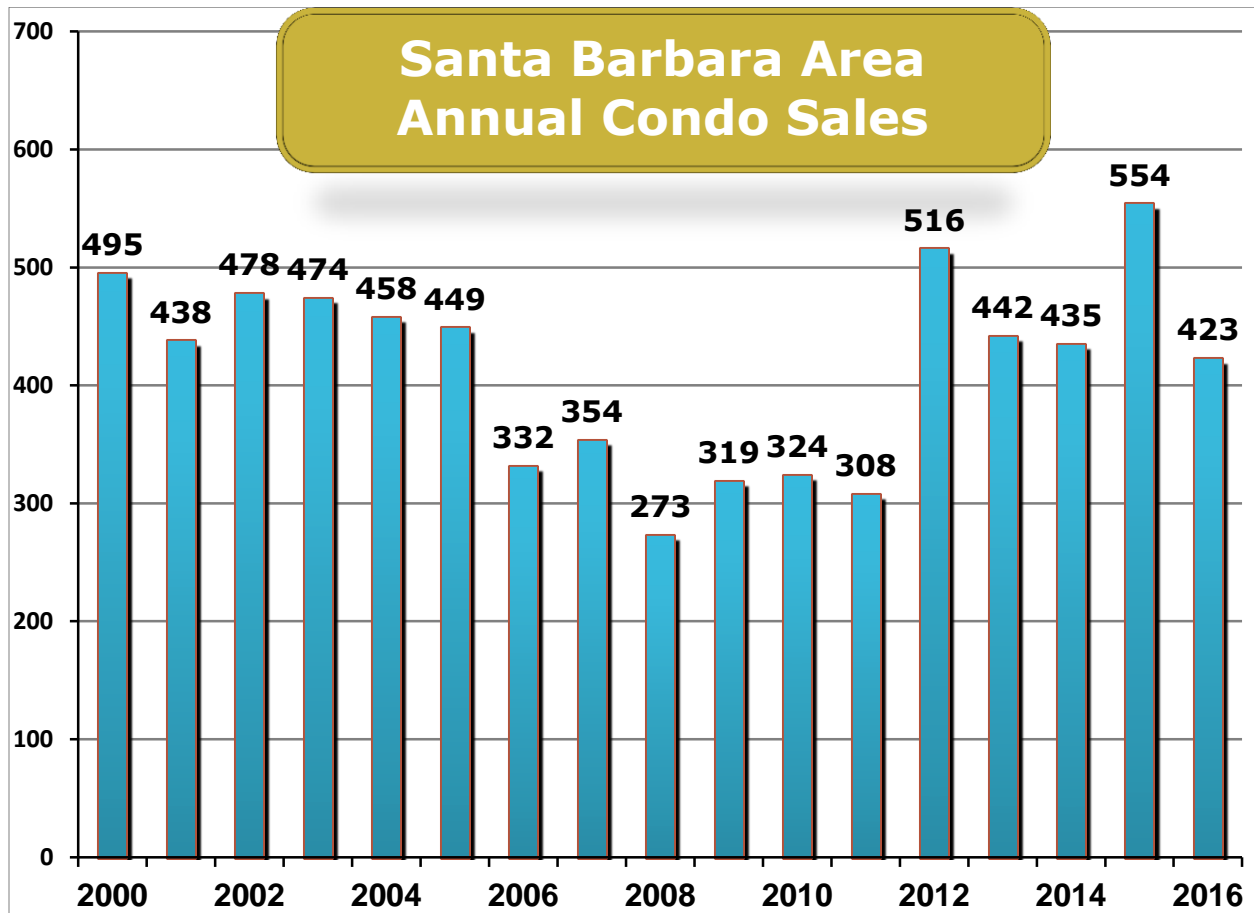
Bob Oliver & Karin Holloway

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Santa Barbara Area Condo Sales Down From Last Year

The Santa Barbara area (from Carpinteria through Goleta) condo sales for all of 2016 saw a 23.6% decline from 2015. However, considering that the 2015 sales were the highest total since 1999, this year's return to a normal market activity is not unexpected. This year's total of 423 sales still represents a healthy market, the fifth highest in the last 11 years and is 9% above the average for the 11 year period. A significant factor in the reduced sales for 2016 is that there were 71 fewer sales in the luxury condominium projects of Alma Del Pueblo, Sevilla and the Hideaway Bungalows as these projects are selling out.

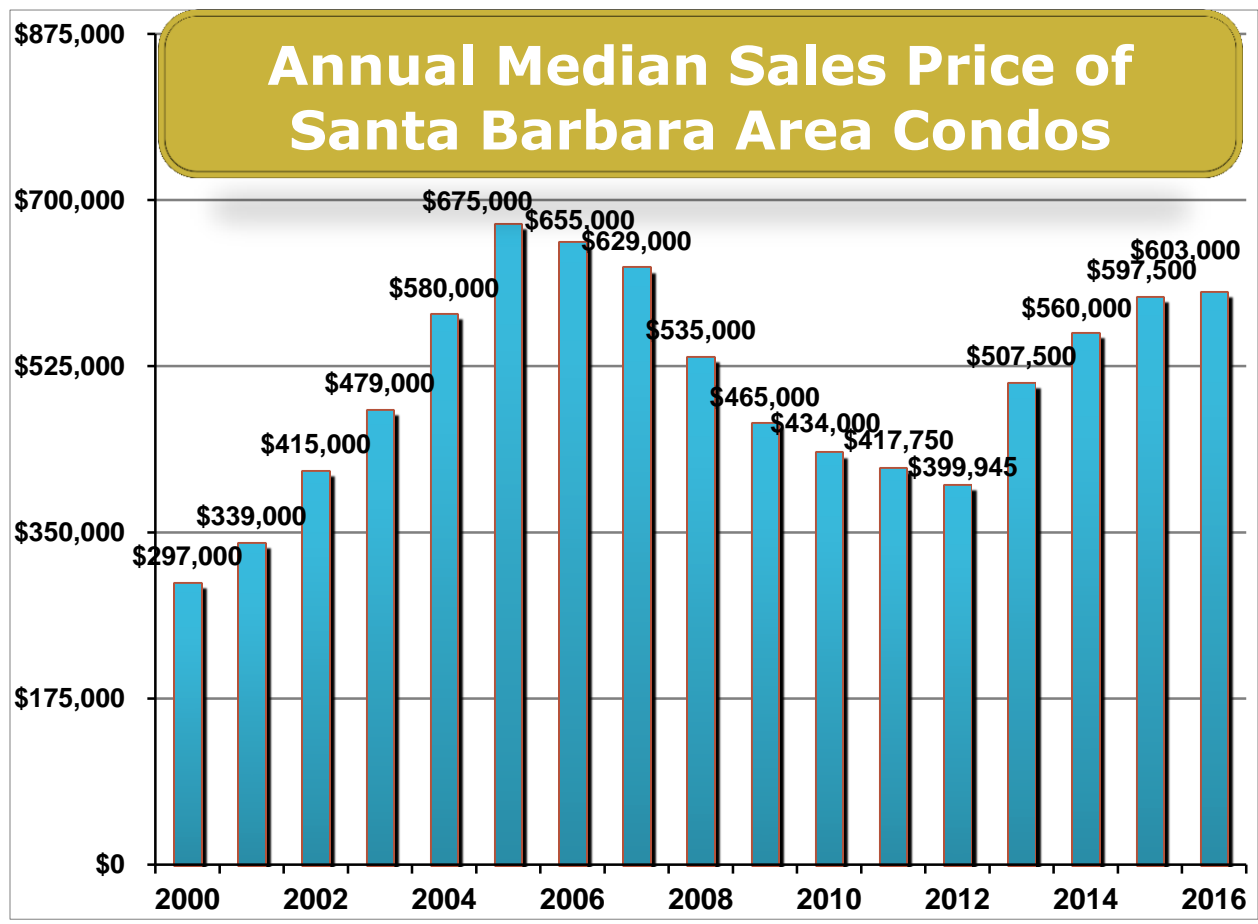


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Santa Barbara Condo Price Recovery Rate Slows

The prices of condos in the Santa Barbara area (Carpinteria through Goleta) for 2016 continued to show an upward movement from the bottom of the market in 2012, although the recovery rate for 2016 was only a modest 1% over last year's median price. The median sale price for all of 2016 was \$603,000 compared to a median price of \$597,500 for 2015. From the market bottom median of \$399,945 in 2012, the 2016 price represents a recovery of 50.8% during the four year period. This year's prices are still well below the \$675,000 for the peak year of 2005. The median price for 2016 continues to be somewhat skewed to the high side by sales in the three luxury condo projects in the Santa Barbara area; Sevilla, Alma Del Pueblo and Hideaway Bungalows. These projects represented a total of 33 sales in the area, with a median sales price of \$1,150,000.



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El Escorial Sales the Highest Total in 16 Years

The following table provides a summary of the El Escorial condo sales for 2016 and the status of current listings. The sales total for 2016 of twenty three units was the highest total since 2003. The sales for 2016 consisted of twelve 1-bedroom Riviera floor plans, two 1-bedroom Miramar's (end-units), two Rincon studios, one 2-bedroom Biltmore, three 2-bedroom San Miguel's and three 2-bedroom San Ysidro's. Changes since the last newsletter include three new listings, two new closings and one new pending sale. The two closings were one Riviera floor plan selling for \$580,000 and a 2-bedroom San Miguel that sold at \$815,000. The price paid for the San Miguel was the highest price paid for that floor plan since January 2007. While the last two years have produced very active sales results, 2017 is off to a slower start. There continues to be a strong buyer demand, but the lack of inventory is the fundamental factor for an anticipated slowing in sales. There is currently only one active listing in El Escorial Villas, which is a penthouse listed at \$2,250,000.

Comparable El Escorial Sales Activity

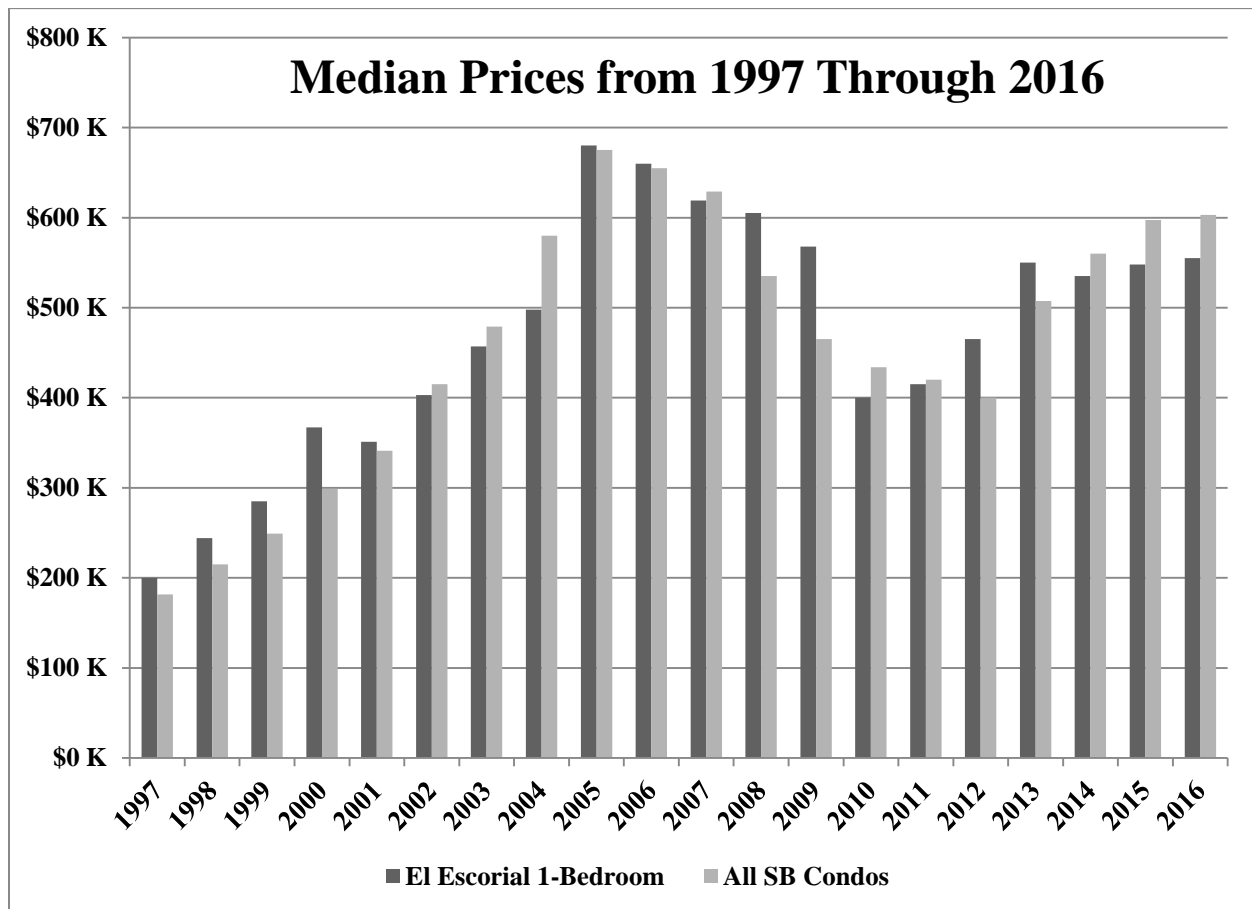
Address	Floor Plan	Bedrooms	Sq. Ft.	Price	\$'s/Sq. Ft.	Activity Date
Active Listings						
262 Por La Mar Circle	Santa Barbara	2	1780	\$2,250,000	\$1,264	11/11/2016
Pending Listings						
410 Por La Mar Circle	Riviera	1	680	\$579,000	\$851	1/30/2017
Sold Listings						
322 Por La Mar Circle	San Miguel	2	950	\$815,000	\$858	12/22/2016
309 Por La Mar Circle	Riviera	1	680	\$580,000	\$853	12/1/2016
109 Por La Mar Circle	Riviera	1	680	\$580,000	\$853	10/12/2016
301 Por La Mar Circle	San Ysidro	2	1360	\$1,000,000	\$735	9/2/2016
143 Por La Mar Circle	San Miguel	2	950	\$799,000	\$841	8/30/2016
411 Por La Mar Circle	Riviera	1	680	\$570,000	\$838	8/29/2016
120 Por La Mar Circle	Rincon	0	475	\$449,000	\$945	7/26/2016
123 Por La Mar Circle	San Ysidro	2	1360	\$975,000	\$717	7/12/2016
242 Por La Mar Circle	Riviera	1	680	\$545,000	\$801	6/15/2016
133 Por La Mar Circle	Riviera	1	680	\$536,000	\$788	6/7/2016
122 Por La Mar Circle	San Miguel	2	950	\$795,000	\$837	5/23/2016
445 Por La Mar Circle	Riviera	1	680	\$549,500	\$808	5/10/2016
210 Por La Mar Circle	Riviera	1	680	\$545,000	\$801	5/6/2016
461 Por La Mar Circle	Biltmore	2	1100	\$930,000	\$845	5/3/2016
208 Por La Mar Circle	Miramar	1	680	\$570,000	\$838	4/29/2016
254 Por La Mar Circle	Miramar	1	680	\$630,000	\$926	4/27/2016
360 Por La Mar Circle	Riviera	1	680	\$579,000	\$851	4/1/2016
101 Por La Mar Circle	San Ysidro	2	1360	\$970,000	\$713	3/25/2016
320 Por La Mar Circle	Rincon	0	475	\$465,000	\$979	2/26/2016
425 Por La Mar Circle	Riviera	1	680	\$515,000	\$757	2/10/2016
205 Por La Mar Circle	Riviera	1	680	\$565,000	\$831	2/9/2016
454 Por La Mar Circle	Riviera	1	680	\$560,000	\$824	1/29/2016
230 Por La Mar Circle	Riviera	1	680	\$522,500	\$768	1/20/2016

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El Escorial Historical Prices

The chart below provides a comparison of El Escorial condo prices (dark shaded bars) versus the overall Santa Barbara condo market (light shaded bars - Carpinteria through Goleta) for the period from 1997 through 2016. The El Escorial median prices are for a 1-bedroom Riviera floor plan (57% of El Escorial condos are Riviera's). 1997 was the final year of sales in Phase 4 (Building 300), during which, the sale prices were dictated by the developer. The 1997 median price for the Riviera floor plan was \$200,000. Sales subsequent to 1997 were resales, with prices dictated by the normal real estate market pressures as well as events within the El Escorial project. Sale prices for El Escorial condos grew dramatically from 1997 to 2005, peaking at \$680,000. This represents an annual growth rate of 16.5% per year for the eight year period. However during that period, there was a significant impact on El Escorial property values beginning in 2001 when the issue of leaking drain pipes in the walls became known. From 2001 to 2007, construction defects, litigation issues, special assessments and buildings' repair and remediation were major factors in effecting the El Escorial market values. All of these issues were resolved by 2007 and subsequent sales reflected the normal local market pressures. Prices took a big hit in 2010 because of seven El Escorial foreclosures (five with one owner) that resulted in a dramatic 30% reduction in prices. After a healthy recovery in prices from 2010 through 2013 (a 37.5% increase), the El Escorial prices have been fairly flat for the last four years with median prices of \$550,000 in 2013, \$535,000 for 2014, \$548,000 for 2015 and \$555,000 for 2016. The 2016 median price represents a modest 1% increase over the 2015 median.

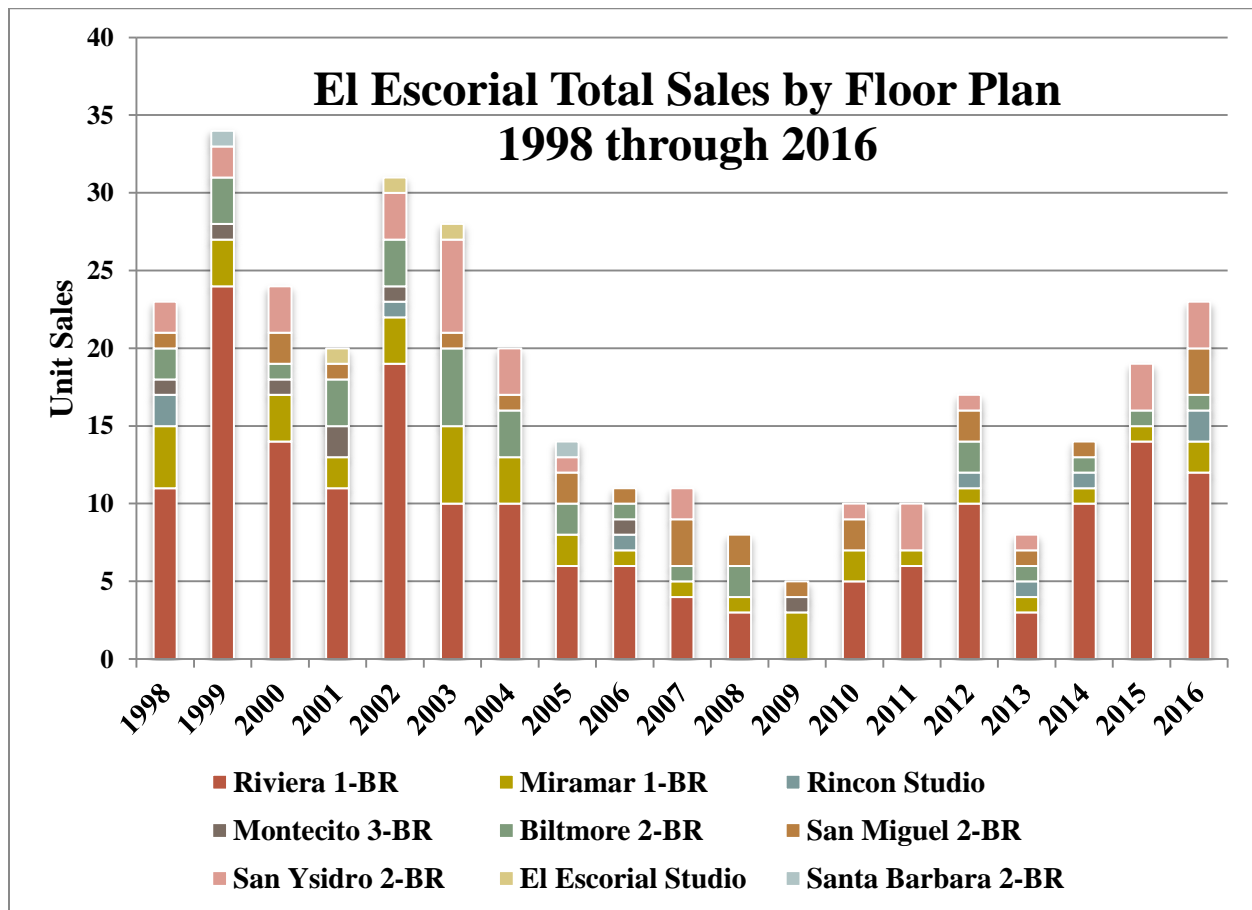


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El Escorial Sales Totals

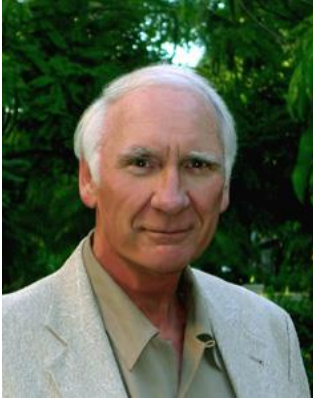
The chart below shows the total sales volume of El Escorial condos for the period from 1998 through 2016. The bars are color coded to represent the nine different El Escorial floor plans. The total sales of 23 units for 2016 were the highest total since 2003. The 2016 sales consisted of 12 Riviera's, 2 Miramar's, 2 Rincon's, 1 Biltmore, 3 Sam Miguel's and 3 San Ysidro's. The project sold out in 1997, and subsequent sales from that time forward were resales on the open market, subject to the normal real estate market supply and demand pressures. From 1998 through 2004, the sales activity was vigorous as many initial buyers were taking profits resulting from the rapidly increasing prices. The low in the sales was in 2009 when there were only five sales all year. Sales over the last two years totaled 42 units, which represents a 16% change in El Escorial ownership. While potential buyer interest remains strong, sales for 2017 are likely to decline based upon the lack of inventory. There have been no closed sales to date in 2017 and there is currently only one active listing and one pending listing (scheduled to close in mid-March).



The El Escorial Experts



Please Contact Us



Bob Oliver
(805) 965-0863
(805) 895-6967 Cell
(805) 965-0834 Fax
reoliversb@msn.com
CalBRE #01462467



Karin Holloway
(805) 895-3718
karinholloway@ymail.com
CalBRE #00836401



RESIDENTIAL BROKERAGE

1290 Coast Village Rd.
Montecito, CA 93108
(805) 969-4755

Our Web Site
www.SBBeachHome.com

The El Escorial Experts

