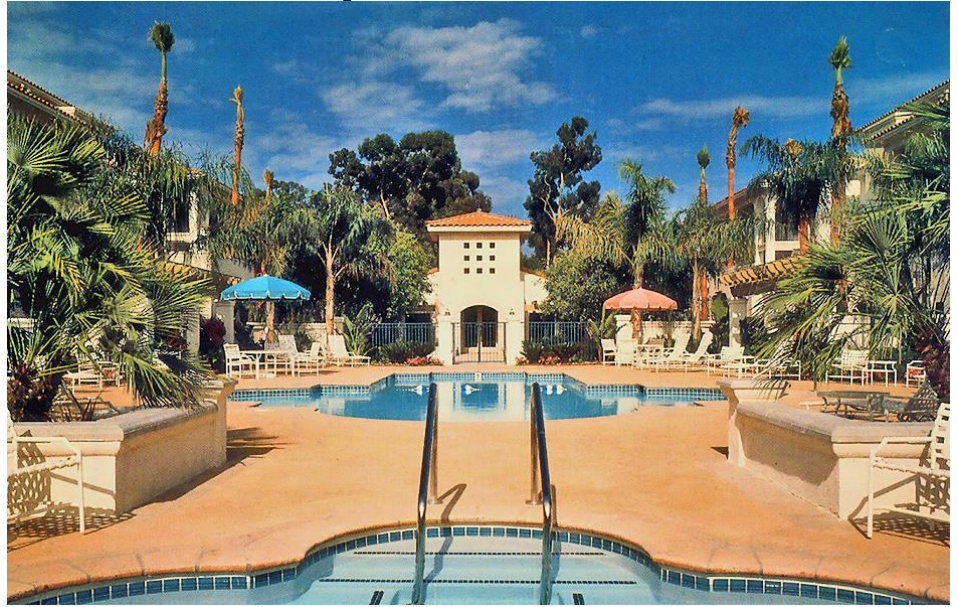


El Escorial Villas at East Beach

September 2017

Bob & Karin's Real Estate Newsletter



This is the 20th 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 first eight months of 2017. El Escorial sales continue at a healthy pace. We have included a story regarding the pending closing of our fantastic neighboring restaurant, the East Beach Grill. 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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East Beach Grill Closing

We at El Escorial have been so fortunate for all of these years to have the East Beach Grill, a very special place just across the street from us. A place where with a very short walk, we can have a casual, super delicious breakfast or lunch while taking in the beauty of our gorgeous beachfront. I don't know what your favorite menu items might be, but mine have always been the incredible strawberry or banana wheat germ pancakes. YUM! Well, sadly, we are about to lose this irreplaceable venue. The Cabrillo Pavilion and Bathhouse, the home for the East Beach Grill, is scheduled for a major renovation, starting in January 2018. As a result, the lease for the East Beach Grill expires on December 31, 2017. So, we only have a few short months to enjoy this special Santa Barbara landmark.



East Beach Grill

The Cabrillo Pavilion and Bathhouse Renovation Project has been in the planning stage for several years. The city is currently getting bids from general contractors to perform what is anticipated to be a 14 million dollar, 18 month project. The Cabrillo Pavilion and Bathhouse was originally constructed in 1926 by David Gray, a local philanthropist. The old bathhouse, at the Plaza del Mar was destroyed in the disastrous Santa Barbara earthquake of 1925. Gray and his wife initially offered the city \$100,000 to build a new pavilion and bathhouse at East Beach, but the cities funds were depleted by the earthquake's recovery costs, so the Gray's took on the project themselves. Upon completion in 1927, they donated the structure to the city, with the stipulation that it be dedicated for park purposes and public recreation.

The same year that the Cabrillo Pavilion was built, the Mar Monte Hotel (now the Hyatt Santa Barbara) was also constructed, directly across the street. These two projects opened up East Beach and greatly expanded the Santa Barbara waterfront recreational area. The Cabrillo Pavilion during World War II served as an Army Redistribution Headquarters with medical stations located in the top floor. In the 1950's the complex was leased by the Mar Monte Hotel and used as a convention center. The management of the complex was subsequently turned over to the City Parks & Recreation Department and from that time until now has served a special event rental facility and bathhouse. The street level floor of the Pavilion is available for wedding receptions, private parties, corporate meetings and nonprofit fundraisers. The beach level contains the East Beach Grill and also offers warm showers, lockers, a weight room, and beach wheelchair rental.

In 1983, the City entered into a lease agreement with John Williams to operate a concession on the bathhouse floor. Mr. Williams opened the East Beach Grill for operation in 1984. Mr. Williams also owned and operated the Char West and the Great Pacific Ice Cream Company, both businesses on Stearn's Wharf. He hired a young man as a dishwasher in the grill, by the name of Francisco Aguilera, who had emigrated from Durango, Mexico at the age of 14. Mr. Williams was so impressed with Francisco's diligence and hard work that he promoted him over the years to cook and eventually to manager. When Williams decided to retire in 2008, Francisco was able to purchase the three businesses from his mentor and has been operating them with great success since then,



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East Beach Grill (Continued)



John Williams and Francisco Aguilera and his wife Rita

increasing his profits every year. He still arrives every morning at the crack of dawn to open the doors by 6 a.m. Over the years with his friendly service and great food, he has cultivated a loyal and dedicated clientele.

When the Pavilion renovation project was approved by the City Council to move forward to the planning and design stage in 2014, Aguilera volunteered to cooperate with the city to bring the grill into conformance to what the City Parks and Recreation Department envisioned as an upgraded restaurant in the same location as the current grill. As the Department planning proceeded, it became apparent that the Park

Department administrators had little interest in continuing an ongoing dialogue with Mr. Aguilera. The vision for these Park Department employees was for a greatly up scaled restaurant that includes fine dining and a full bar, with the objective to significantly increase the leasing revenue to the city. The decision was made within the Parks and Recreation Department to pursue a competitive bid process to select the next restauranteur.

This plan was presented by the Parks and Recreation Director to the City Council for approval in September 2016. The City Council meeting was overwhelmed by the Grill's loyal fan base, as patrons packed the council chambers. Nearly 40 people spoke in favor of giving Aguilera the exclusive right to negotiate a lease before any bidding process was initiated. After this lengthy demonstration, the Council voted 5 to 1 to direct the Parks and Recreation Department to enter into an exclusive negotiation period of 120 days with Aguilera to arrive at a mutually agreeable lease contract agreement.

Aguilera subsequently presented a proposal to the Parks and Recreation Department in which he proposed to transform the East Beach Grill from a casual breakfast and lunch venue into a full service restaurant. He agreed to rebuild the dining room and kitchen at a cost of \$1.5 million. However, the terms of the lease became the sticking point. The city wants an annual income of \$400,000, which is more than twice what the Grill now pays. Aguilera believes it would be impossible for anyone to afford that kind of rent, even with the upscaled offerings. Aguilera subsequently received an abrupt email rejection of his proposal from the Parks and Recreation Department and they moved forward with the competitive bid process.

The Department prepared a Request for Proposal (RFP) to solicit potential restaurant operators. The RFP was released by the city on May 10, 2017 with proposals due on July 17. The winning bidder has not been announced to date. Many of the Grill's patrons still harbor the hope that somehow the RFP process will not result in a successful bidder and that the city will renew its negotiations with Aguilera, but this is mostly wishful thinking

It is a sad result for a man who personifies the "American Dream". He came to the country as a 14 year-old emigrant from Mexico and with diligence and hard work created a successful business with the participation of



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East Beach Grill (Continued)

his wife and children. He has been a great family man, role model and an exemplary citizen. He and his wife obtained their U.S. citizenship in 2001. He has provided a fantastic service to the East Beach waterfront for all of these years while providing employment for over 20 employees and has contributed \$5,000 annually to the city's Junior Lifeguard Program. While Aguilera is heartbroken at the loss of the East Beach Grill, he is resolved to move forward when the lease expires and will continue to concentrate on his businesses on the wharf.

We neighbors only have a few months to enjoy this special venue before it closes.



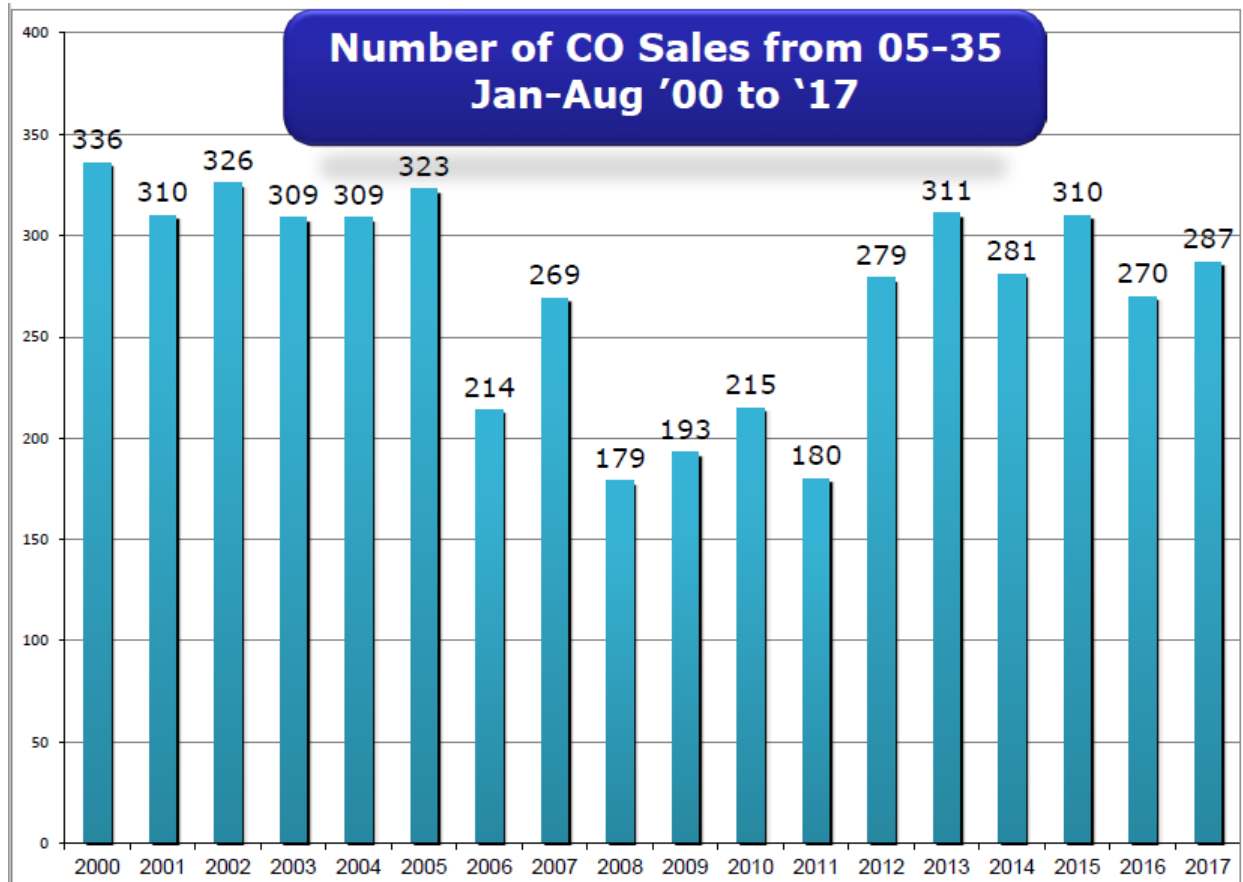
**Parks & Recreation Department Rendering of the
Renovated Cabrillo Pavilion**



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Healthy Pace Continues for Santa Barbara Area Condo Sales

The Santa Barbara area (05-Carpinteria through 35-Goleta) condo sales for the first eight months of 2017 continued at a healthy pace, above the sales for the same period last year and nearly equal to the average sales for the last six years for the initial eight month period. There are 103 current active listings which at the current rate of sales represents an approximate ten week inventory.

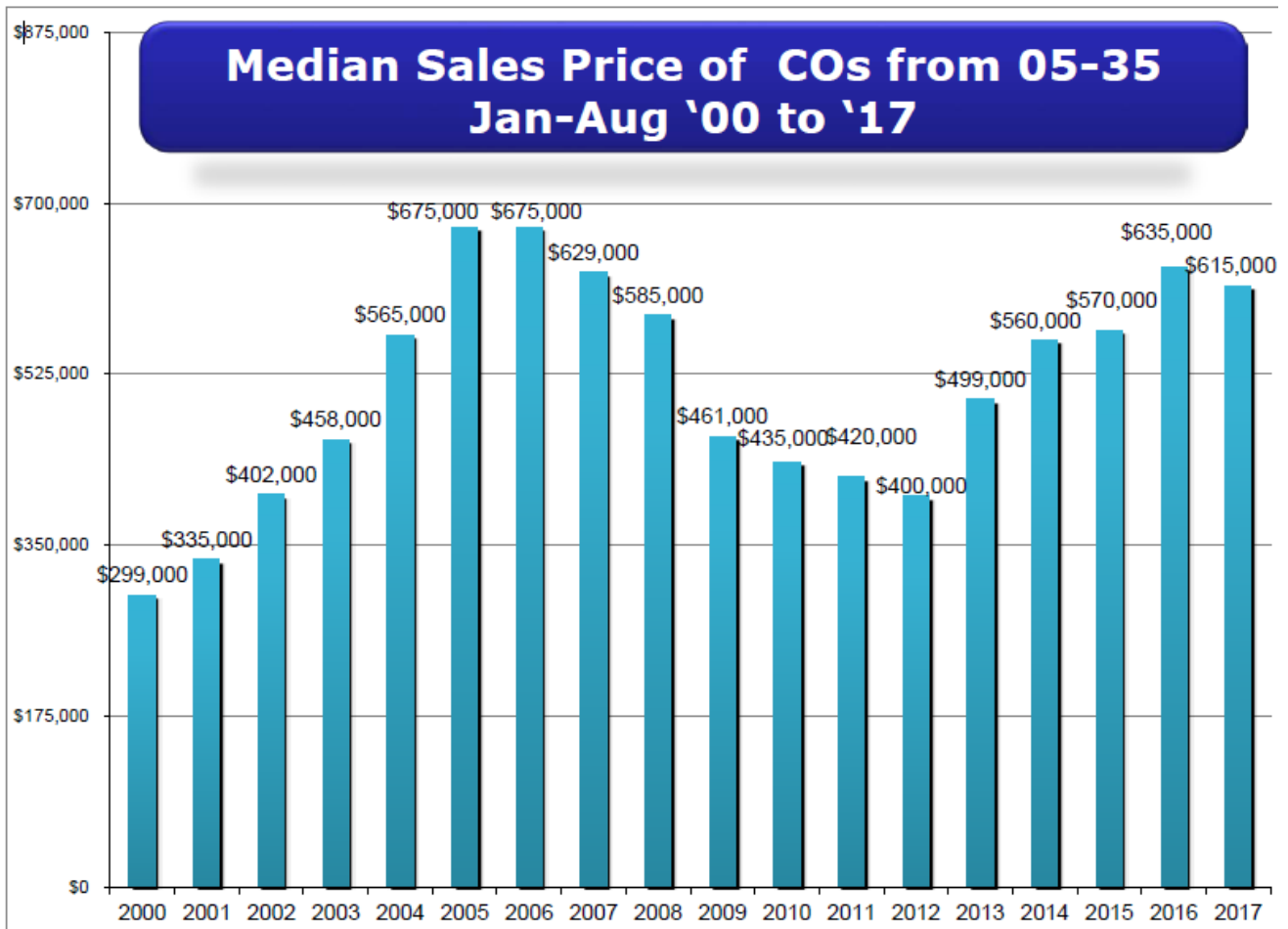


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Santa Barbara Condo Prices Slightly Down from Last Year

The median price of condos in the Santa Barbara area (05-Carpinteria through 35-Goleta) for the first eight months of 2017 is lower than in the last year. The median sales price to date in 2017 is \$615,000 as compared to the \$635,000 median for 2016. This reduction in the median price is largely driven by a fewer sales volume in the high-end luxury condo market. This year's median price still represents a 52% growth from the bottom of the market in 2011, but still well below the peak prices of 2005 and 2006.



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El Escorial Sales Continue on a Steady Pace

The table below summarizes the El Escorial condo sales for the past 12 month period, including the current active and pending listings. Sales continue to proceed at a steady pace with a total of 15 sales over the past one year period. A total of twelve sales have closed to date in 2017. Since the June newsletter, there have been six new listings, two cancellations, one new pended listing and four sales. The sales consist of three 1-bedroom Riviera floor plan units (selling for \$570,000, \$623,000 and \$685,000) and one Biltmore 2-bedroom unit (selling for \$889,000). The \$685,000 price paid for unit 455 is the highest price paid for a Riviera floor plan since March 2006 and the price paid for unit 162 is the 2nd highest price paid for a Biltmore since August 2008. The average of the eight 1-bedroom sales for 2017 is over \$613,000. These prices continue to reflect a strong market and a significant recovery from the lows of 2010. Another indicator of market strength is “Days on Market” which is the time from the listing date until the listing goes into escrow. The median “Days on Market” for the 12 sales and one pending sale for 2017 is seven days. The current inventory consists of four active listings; two 1-bedroom Riviera’s, a 1-bedroom Miramar and a studio.

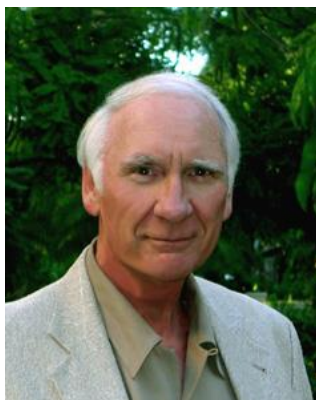
Comparable El Escorial Sales Activity

Address	Floor Plan	Bedrooms	Sq. Ft.	Price	\$'s/Sq. Ft.	Activity Date
<i>Active Listings</i>						
239 Por La Mar Circle	Rincon	0	475	\$459,000	\$966	9/25/2017
428 Por La Mar Circle	Miramar	1	680	\$665,000	\$978	9/21/2017
126 Por La Mar Circle	Riviera	1	680	\$629,000	\$925	8/18/2017
146 Por La Mar Circle	Riviera	1	680	\$649,000	\$954	8/9/2017
<i>Pending Listings</i>						
402 Por La Mar Circle	Riviera	1	680	\$655,000	\$963	9/5/2017
<i>Sold Listings</i>						
162 Por La Mar Circle	Biltmore	2	1100	\$889,000	\$808	9/8/2017
455 Por La Mar Circle	Riviera	1	680	\$685,000	\$1,007	8/18/2017
425 Por La Mar Circle	Riviera	1	680	\$570,000	\$838	8/15/2017
447 Por La Mar Circle	Riviera	1	680	\$623,000	\$916	7/24/2017
161 Por La Mar Circle	Biltmore	2	1100	\$852,500	\$775	6/2/2017
305 Por La Mar Circle	Riviera	1	680	\$589,000	\$866	5/2/2017
328 Por La Mar Circle	Miramar	1	680	\$609,000	\$896	4/27/2017
423 Por La Mar Circle	San Ysidro	2	1360	\$1,110,000	\$816	4/21/2017
436 Por La Mar Circle	Montecito	3	1575	\$1,375,000	\$873	4/3/2017
460 Por La Mar Circle	Riviera	1	680	\$587,600	\$864	4/1/2017
410 Por La Mar Circle	Riviera	1	680	\$570,000	\$838	3/28/2017
449 Por La Mar Circle	Miramar	1	680	\$675,000	\$993	3/22/2017
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

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