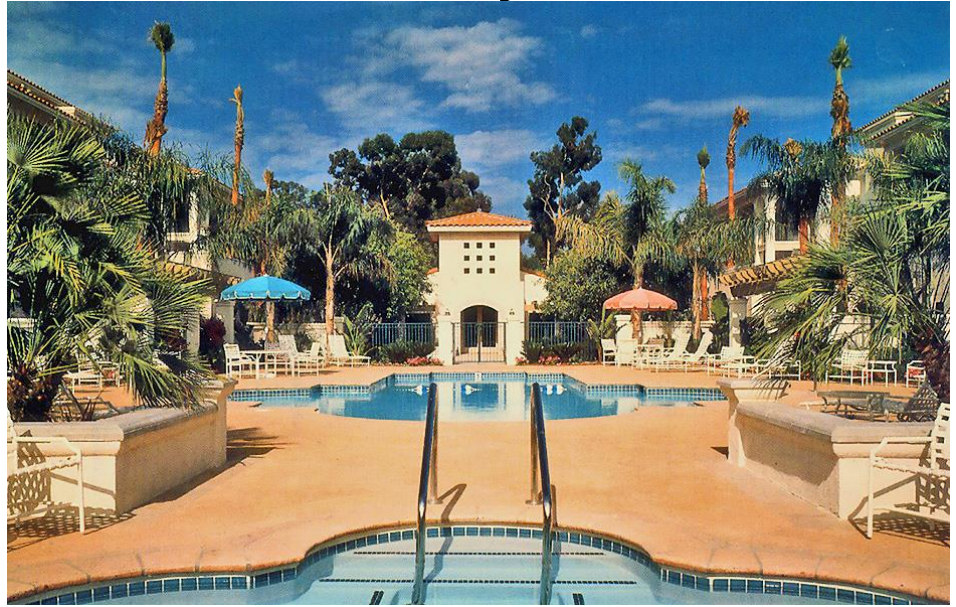


# *El Escorial Villas* at East Beach

## February 2021

### **Bob & Karin's Real Estate Newsletter**



This is the 31st 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 statistics for the full year of 2020. The 2020 market was dominated by Coronavirus issues with a significant increase in sales during the latter half of the year and a healthy growth in prices. El Escorial sales were down from last year, primarily because of a lack of inventory, but prices for 1-bedroom units increased. 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](http://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*

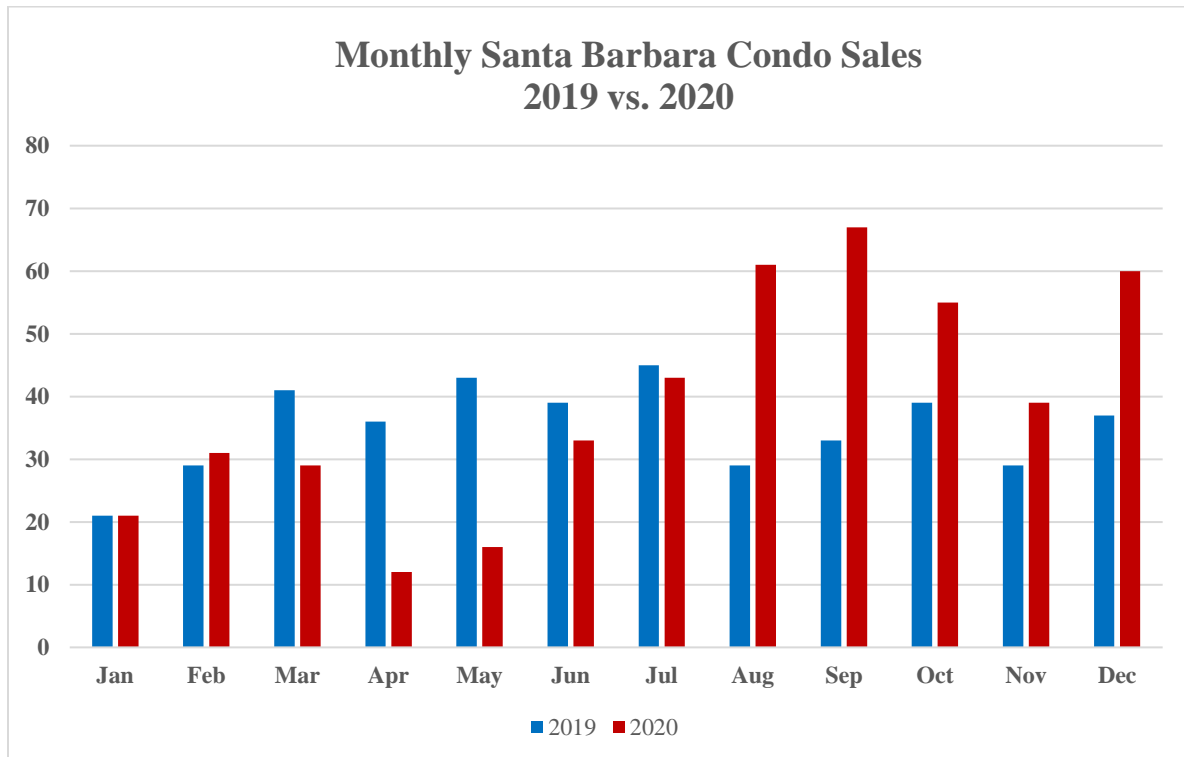
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## **2020 Santa Barbara Condo Sales Impacted by Covid Driven Issues**

The chart below provides a comparison of monthly sales for the years of 2019 and 2020 and shows the impact of the Covid-related effects on the Santa Barbara area condo market. The statewide “stay-at-home” order issued in mid-March of 2020 produced an immediate reduction in sales. Closed sales for April and May totaled only 28 condos, which compares to a total of 79 sales in 2019 for the same two-month period, a reduction of 65%. The sales for first seven months of 2020 remained below 2019 totals (185 in 2020 vs. 254 in 2019), a reduction of 27%. However, sales picked up dramatically in August, 2020 and continued at a torrid pace for the remainder of the year. The 2020 sales for the five-month period, August through December, more than made up for the earlier deficiencies, with condo sales for that period of 2020 totaling 282 units as compared to 167 units in the same 2019 timeframe, an increase of nearly 70%. The total sales of 467 for 2020 is an increase of 11% over the 2019 total of 421 sales. This trend has continued into 2021 with January sales totaling 38 units as compared to last year’s sales of 21 units.

The perceived reaction to the coronavirus pandemic is that many people are rethinking their lives and their lifestyles and there is a strong perception that buyers are migrating to desirable communities like Santa Barbara to escape the densely populated big cities. It is interesting to note that what was initially anticipated to be a devastating impact on real estate sales only produced a temporary setback and the strength of the market seems to have overcome the impediments created by the virus.

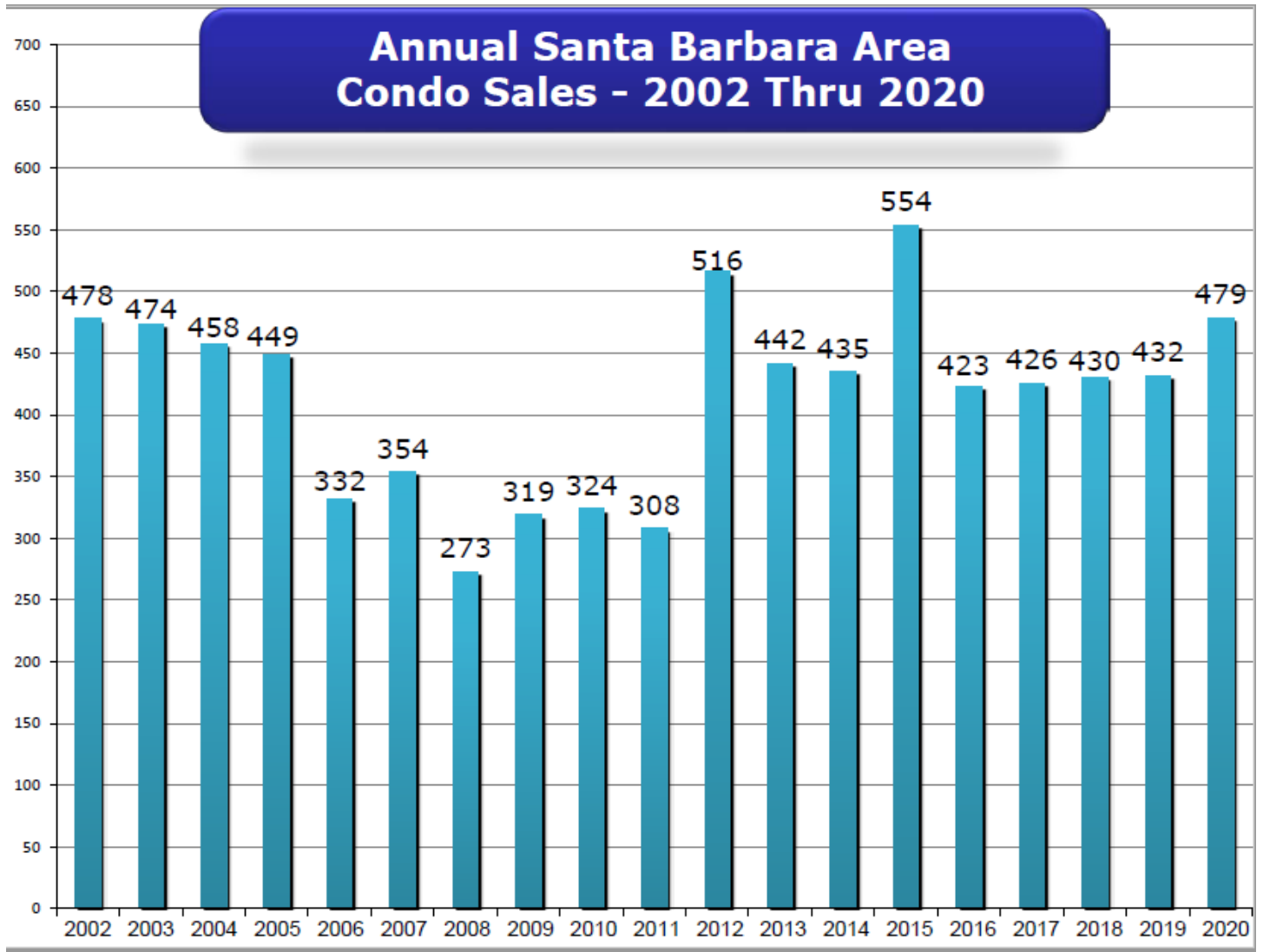


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## Santa Barbara Area Condo Sales Are Strong

The Santa Barbara area total condo sales (from Carpinteria through Goleta) for 2020 finished well ahead of the 2019 total and was the 3<sup>rd</sup> most active market in the last 19 years. This sales total was achieved in spite of the stringent protocols imposed regarding the marketing and showing of real estate properties dictated by Covid-19 regulations. Traditional marketing tools such as open houses and real estate caravans were prohibited and showings required strict protocols to minimize the potential of Covid virus exposures. The 2020 sales total of 479 condos represented a 12% increase over the average of the previous four years. The peak condo sales of 2015 were driven by three large-scale luxury condominium projects which subsequently sold out.

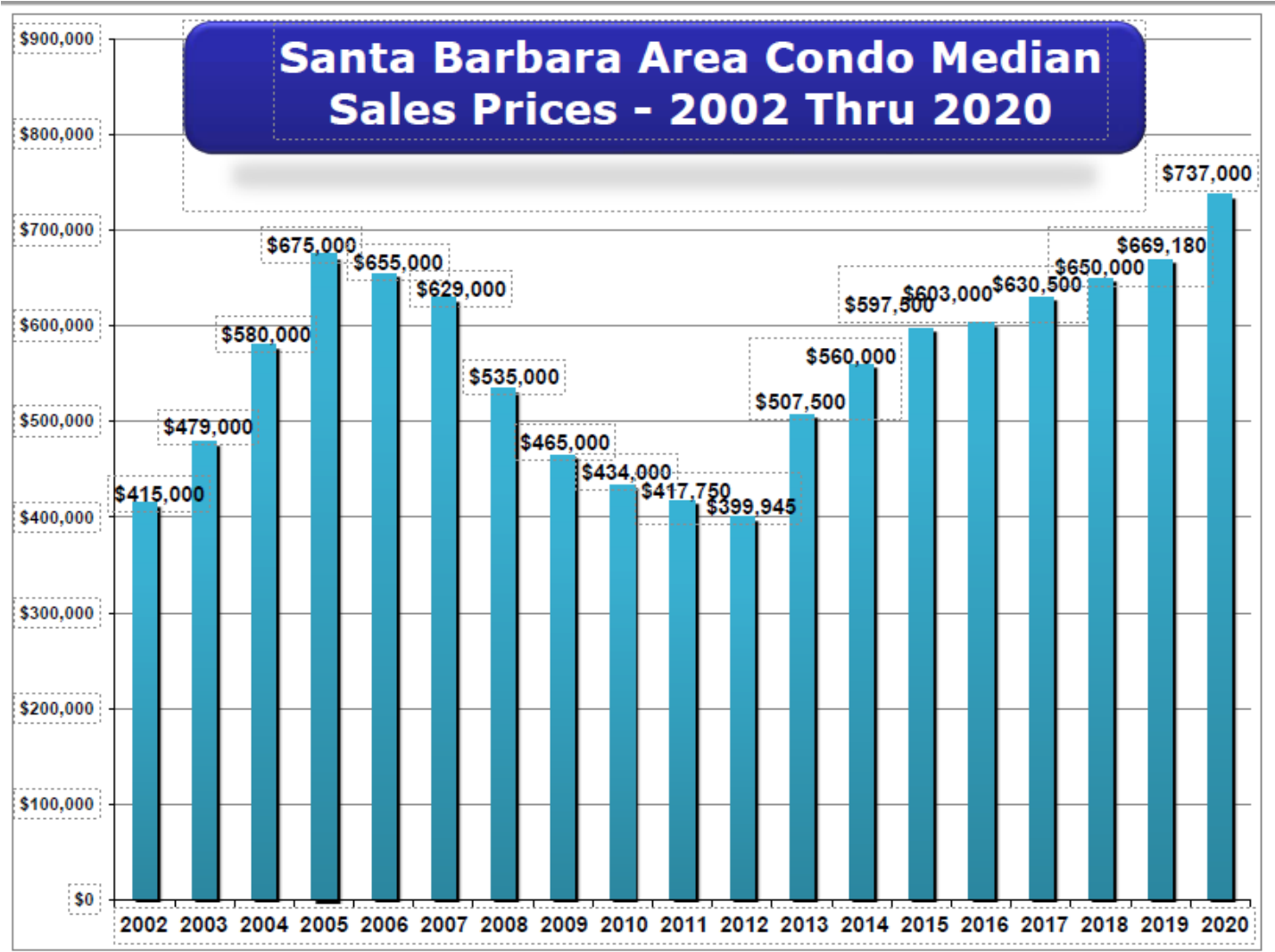


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## Santa Barbara 2020 Condo Prices Show Sharp Increase

The prices of condos in the Santa Barbara area (Carpinteria through Goleta) showed a significant upward movement in 2020, in spite of the Covid-related market complexities. The year's median price of \$737,000 represented a 10% increase over the 2019 median price of \$669,180. This strong price gain continued the upward trend from the bottom of the market in 2012, with an 84% price increase over the last eight years. This year's median price has finally exceeded the 2005 peak market price of \$675,000, representing a new peak for the Santa Barbara condo market after a 15-year decline and recovery cycle.



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## El Escorial Market Summary

The following table provides the status of all El Escorial current listings and a summary of sales for all of 2020 and of 2021 sales to date. There was a total of eleven sales in 2020, which is six fewer sales than in 2019, but there have been five closed sales already in 2021 with two additional sales in escrow. The reduced sales in 2020 was primarily a result of low inventories throughout the year rather than a lack of buyer interest. Current buyer interest remains strong. The 2020 sales consisted of nine 1-bedroom Riviera floor plans, one 1-bedroom Miramar (end-unit) and one 2-bedroom San Ysidro plan (with a garage). Changes since the December newsletter include two new listings, two new pending sales and five new closings. The five closed sales were two 1-bedroom Riviera's selling at \$580,000 and \$649,000, a 1-bedroom Miramar floor plan selling for \$610,000, a 2-bedroom Biltmore floor plan selling at \$926,000 and a 3-bedroom Montecito floor plan selling at \$1,196,000. There is only one current active listing.

### *Comparable El Escorial Sales Activity*

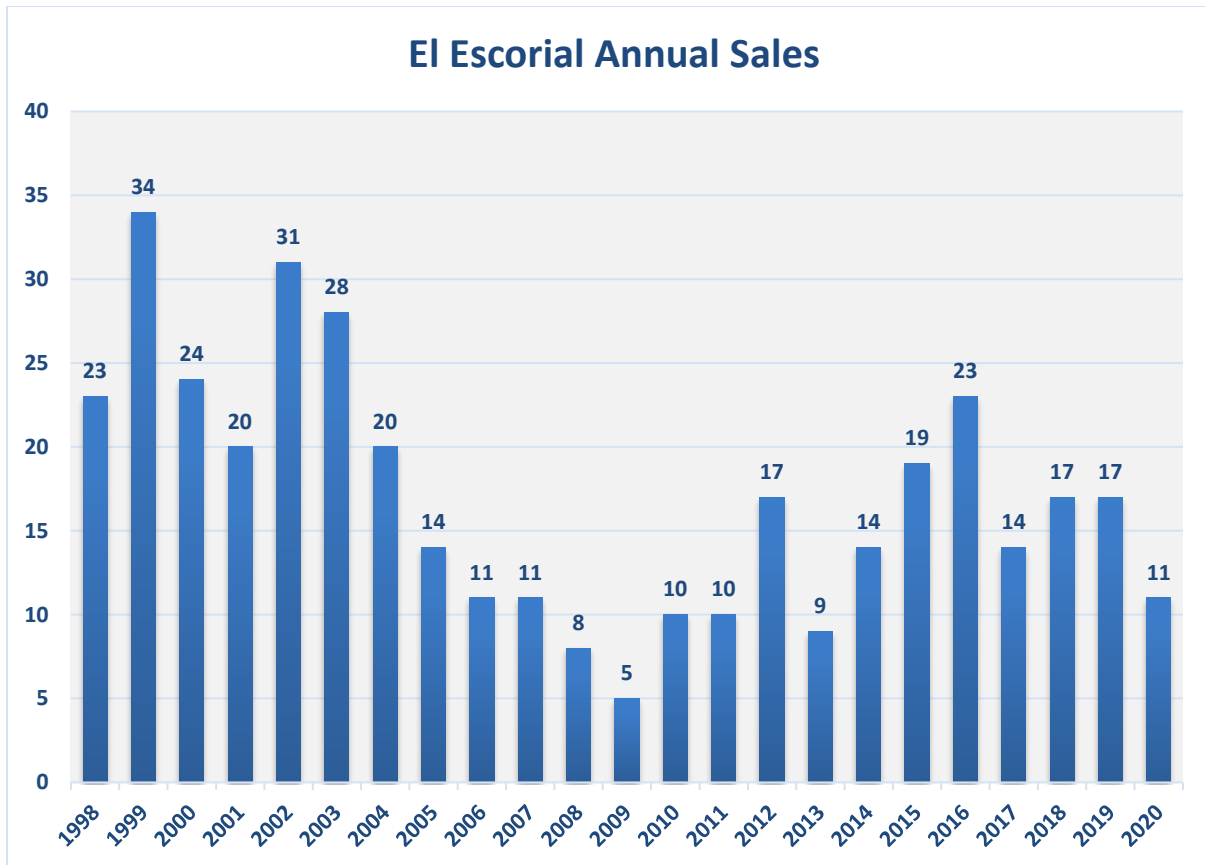
Address	Floor Plan	Bedrooms	Sq. Ft.	Price	\$'s/Sq. Ft.	Activity Date
<b>Active Listings</b>						
156 Por La Mar Circle	Riviera	1	680	\$685,000	\$1,007	2/19/2021
<b>Pending Listings</b>						
363 Por La Mar Circle	San Miguel	2	950	\$930,000	\$979	2/3/2021
452 Por La Mar Circle	Riviera	1	680	\$660,000	\$971	1/13/2021
<b>Sold Listings</b>						
136 Por La Mar Circle	Montecito	3	1575	\$1,196,000	\$759	2/9/2021
220 Por La Mar Circle	Biltmore	2	1100	\$926,000	\$842	1/29/2021
132 Por La Mar Circle	Riviera	1	680	\$580,000	\$853	1/19/2021
329 Por La Mar Circle	Miramar	1	680	\$610,000	\$897	1/11/2021
108 Por La Mar Circle	Riviera	1	680	\$649,000	\$954	1/5/2021
337 Por La Mar Circle	San Ysidro	2	1360	\$1,212,500	\$892	11/3/2020
353 Por La Mar Circle	Riviera	1	680	\$610,000	\$897	10/28/2020
432 Por La Mar Circle	Riviera	1	680	\$575,000	\$846	9/2/2020
231 Por La Mar Circle	Miramar	1	680	\$620,000	\$912	8/28/2020
125 Por La Mar Circle	Riviera	1	680	\$598,000	\$879	7/21/2020
409 Por La Mar Circle	Riviera	1	680	\$658,000	\$968	7/10/2020
316 Por La Mar Circle	Riviera	1	680	\$650,000	\$956	6/12/2020
412 Por La Mar Circle	Riviera	1	680	\$580,000	\$853	3/31/2020
359 Por La Mar Circle	Riviera	1	680	\$560,000	\$824	3/31/2020
303 Por La Mar Circle	Riviera	1	680	\$560,000	\$824	2/19/2020
205 Por La Mar Circle	Riviera	1	680	\$617,500	\$908	1/31/2020

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## El Escorial Annual Sales Totals

The chart below displays the total annual sales volume of El Escorial condos for the period from 1998 through 2020. There were eleven sales in 2020, a reduction of six sales below the previous two years. The project was 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 point in the sales was in 2009 when there were only five sales all year. Sales over the last six years have totaled 125 units, which represents a 48% change in El Escorial ownership. Of the 261 total units in El Escorial, 61 units (or 23%) are still owned by the original owners. There is one unit that has resold seven times and three units that have resold six times over the duration of the project. The reduction of sales in 2020 was primarily a result of a lack of inventory, but there has been a continuing vigorous market in 2021, with five closings to date and with two pending sales. There is currently only one active listing.



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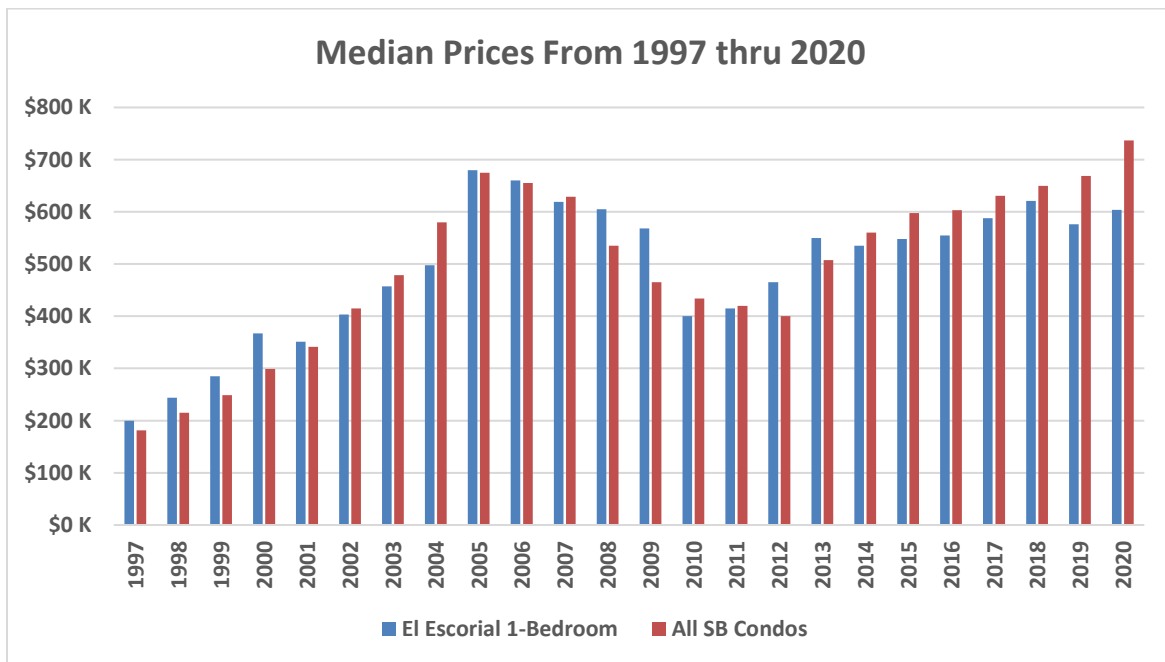




## El Escorial Historical Prices

The chart below provides a comparison of El Escorial condo prices (blue bars) with the overall Santa Barbara area condo market (red bars) for the period from 1997 through 2019. The El Escorial median prices are for 1-bedroom floor plans (67% of El Escorial condos are 1-bedroom units). 1997 was the final year of sales in Phase 4 (Building 300), during which, the sale prices were fixed by the developer. The 1997 median price for 1-bedroom floor plan was \$200,000. Sales after 1997 are all 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 interior walls became known. From 2001 to 2007, construction defects, litigation issues, special assessments and building repairs/remediations were major factors affecting the El Escorial market values. All of these issues were resolved by 2007 and subsequent sales reflect the normal local market pressures. El Escorial prices took a big hit in 2010 because of seven foreclosures (five with one owner) that resulted in a dramatic 28.5% reduction in prices. The overall Santa Barbara condo market continued to decline through 2012, but El Escorial prices began to recover from the market bottom price of \$400,000 in 2010 to the 2020 median price of \$604,000, representing a 51% increase for that ten-year period. The 2020 median price of \$604,000 represents a nearly 5% increase over the 2019 median of \$576,000.

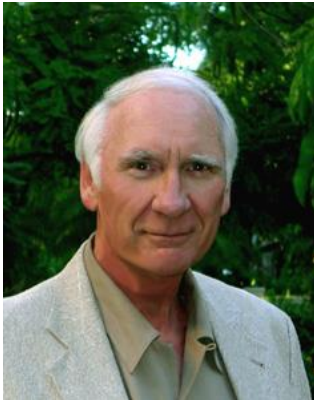
It is clear from the chart that the El Escorial prices have not seen the same growth that the overall Santa Barbara condo market has experienced. The lag behind the overall market is especially apparent over the last two-year period. A Potential factor as to why the El Escorial market has lagged may be a result of the Federal tax laws that went into effect two years ago that significantly impacted the economics of owning a 2<sup>nd</sup> home. The new tax law eliminated the mortgage interest deductions on new 2<sup>nd</sup> home purchases and also set limits on state and local tax deductions (limit of \$10,000 on the combination state income and local property taxes). As a result, it has become more expensive to own a 2<sup>nd</sup> home. Historically, many of the 1-bedroom sales at El Escorial have been 2<sup>nd</sup> home purchases. This traditionally strong segment of the market may have seen a meaningful decline.



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