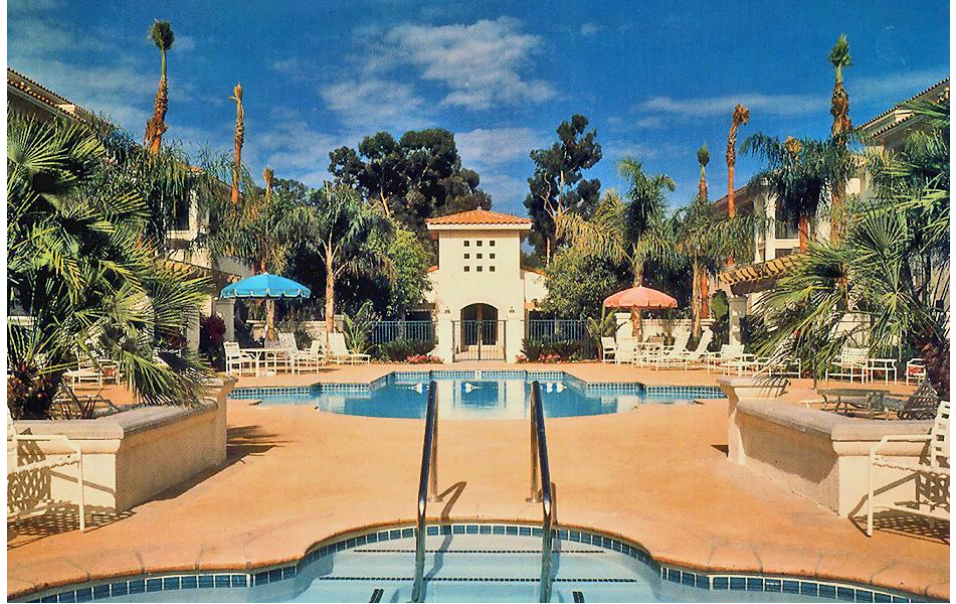


# *El Escorial Villas* at East Beach

## January 2022

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



This is the 34th 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 2021. The 2021 Santa Barbara real estate market continued at a furious pace establishing new records for the year for both total sales and median prices. Our newsletter typically focuses only on local area condo sales statistics, but we have included in this newsletter “Homes & Estates” statistics that highlight the intensity of the area sales activity. El Escorial 2021 sales were equally active for the first seven months with a total of nineteen closed sales, but a total lack of inventory produced only one additional sale during the remainder of 2021. Recent sales have produced record high prices. 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*

## *The El Escorial Experts*



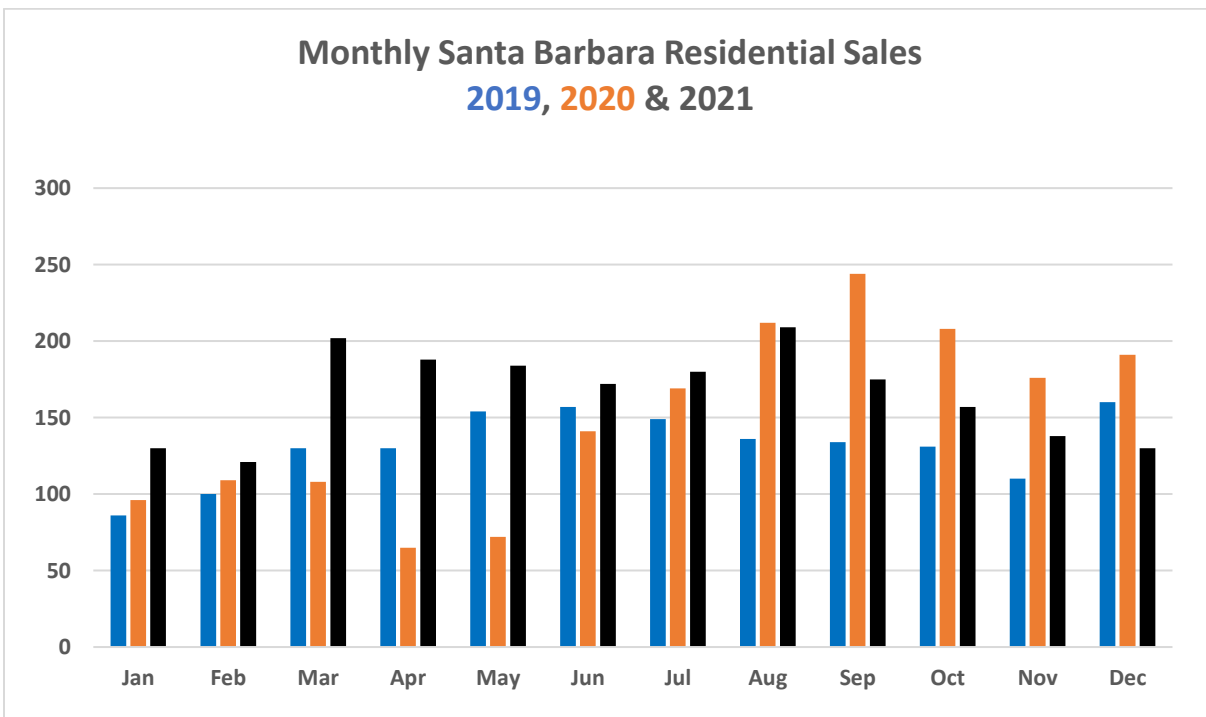
## Overall Santa Barbara Residential Real Estate Sales

The chart below provides the total Santa Barbara area residential real estate monthly sales (combined totals for condos, homes and estates) for 2019, 2020 and 2021. The chart's blue bars represent 2019 sales, the orange bars 2020 sales and the black bars 2021 sales.

2019 was the last year that was unaffected by the coronavirus pandemic and represents a typical year for Santa Barbara real estate sales. Typically, sales tend to be relatively slow at the beginning of the year and start to pick up in the spring and remain relatively strong through the early summer months. The market generally starts to taper off in late summer and early fall. The market normally declines throughout the fall, but frequently shows a short-term uptick at the end of the year.

2020 started out as a normal year. The real estate community was anticipating an exceptionally good year, given a booming national economy, low mortgage interest rates and pent-up buyer interest. When Covid hit, the impact was almost instantaneous. California issued a "stay at home" order in mid-March. As a result, real estate offices were closed, property showings were prohibited and numerous listings were cancelled. Sales showed an immediate decline (see April and May sales). In response, the real estate community was forced to rely on virtual showings using a cadre of quickly developed internet tools. Real estate services were recognized as an essential service by the state of California on May 8, enabling property showings, but with very strict protocols. At that point the market accelerated and quickly reached a level of intensity that was totally unforeseen. The market continued at record levels throughout the remainder of 2020.

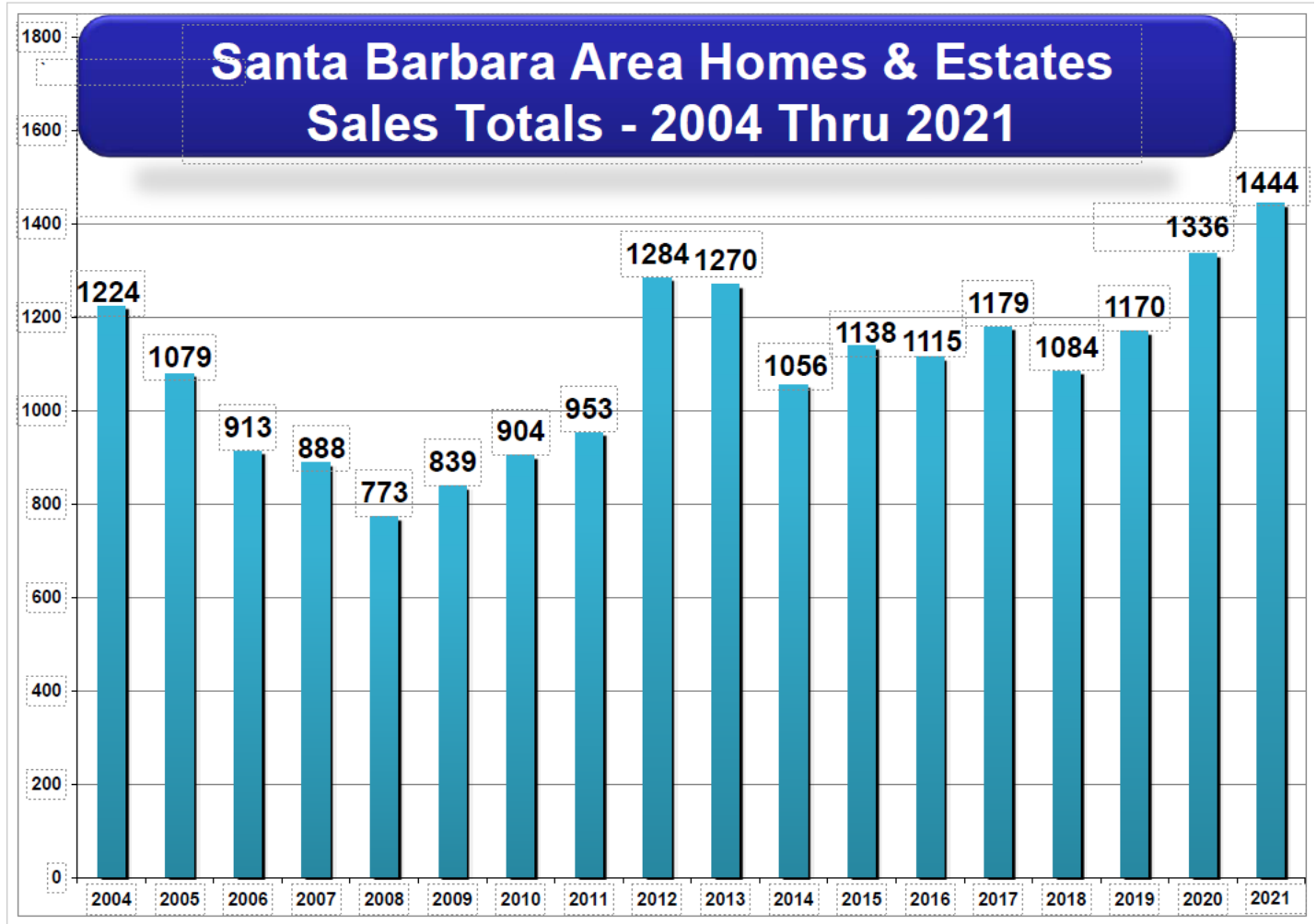
2021 sales continued at an intense level and produced record sales totals for the year. Sales tapered off in the last four months of 2021 driven primarily by a lack of inventory as well as normal seasonal declines. At the time of this publication, there are only 117 active residential listings (total of Condos and Homes and Estates) which equates to less than a one-month inventory and will result in fewer sales going forward.



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## Santa Barbara Area 2021 Homes & Estates Sales Set New Record

Homes & Estates sales in the Santa Barbara area (Carpinteria through Goleta) for all of 2021 produced a record high sales volume as well as record high prices. The sales for the year totaled 1,444 properties and represents an 8 % increase over the 2020 total (which had set the previous yearly record of 1,226 sales). Another measure of the intensity of the market is the “Days-on-Market” (DOM), which measures the accumulated days from when a property is listed until it has an accepted offer. The median DOM for the 1,444 sales in 2021 is ten days. By comparison, the DOM for all of the 2019 sales total of 1170 properties was 32 days. As of this publication, there were only 104 active homes and estates listings, which at the current sales volume, is little more than a one-month sales inventory. Historically, in a typical market, the inventory available would be at least four months.

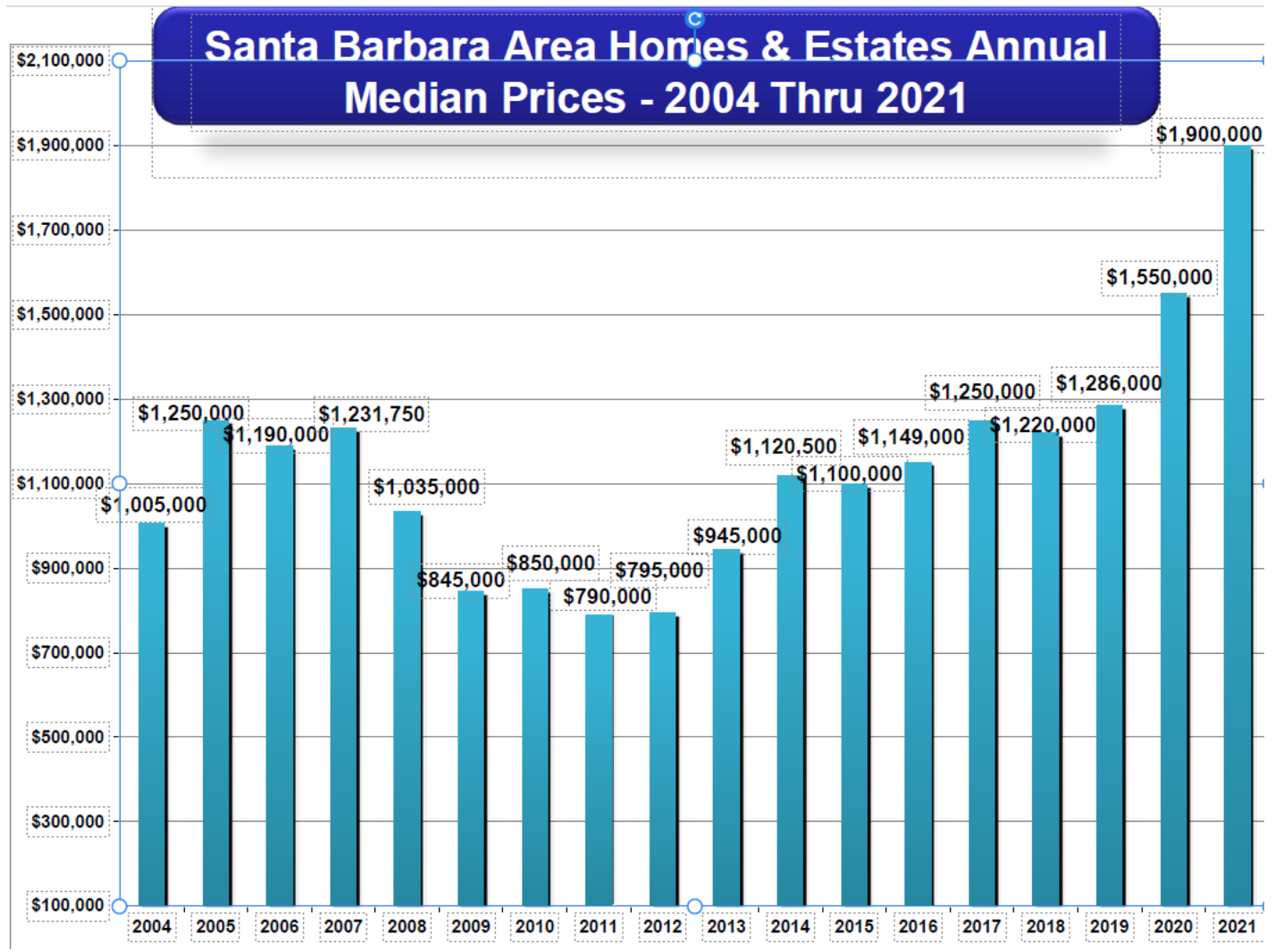


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## Santa Barbara Homes and Estates Sold at Record High Prices

Homes and Estates in the Santa Barbara area (Carpinteria through Goleta) sold at a record level for 2021 with a median price of \$1,900,000. This is a 23% increase over the 2020 median price of \$1,550,000 and a 48% increase over the median price of just two years ago. Numerous properties continue to sell at or above the list price with many sales attracting multiple offers.

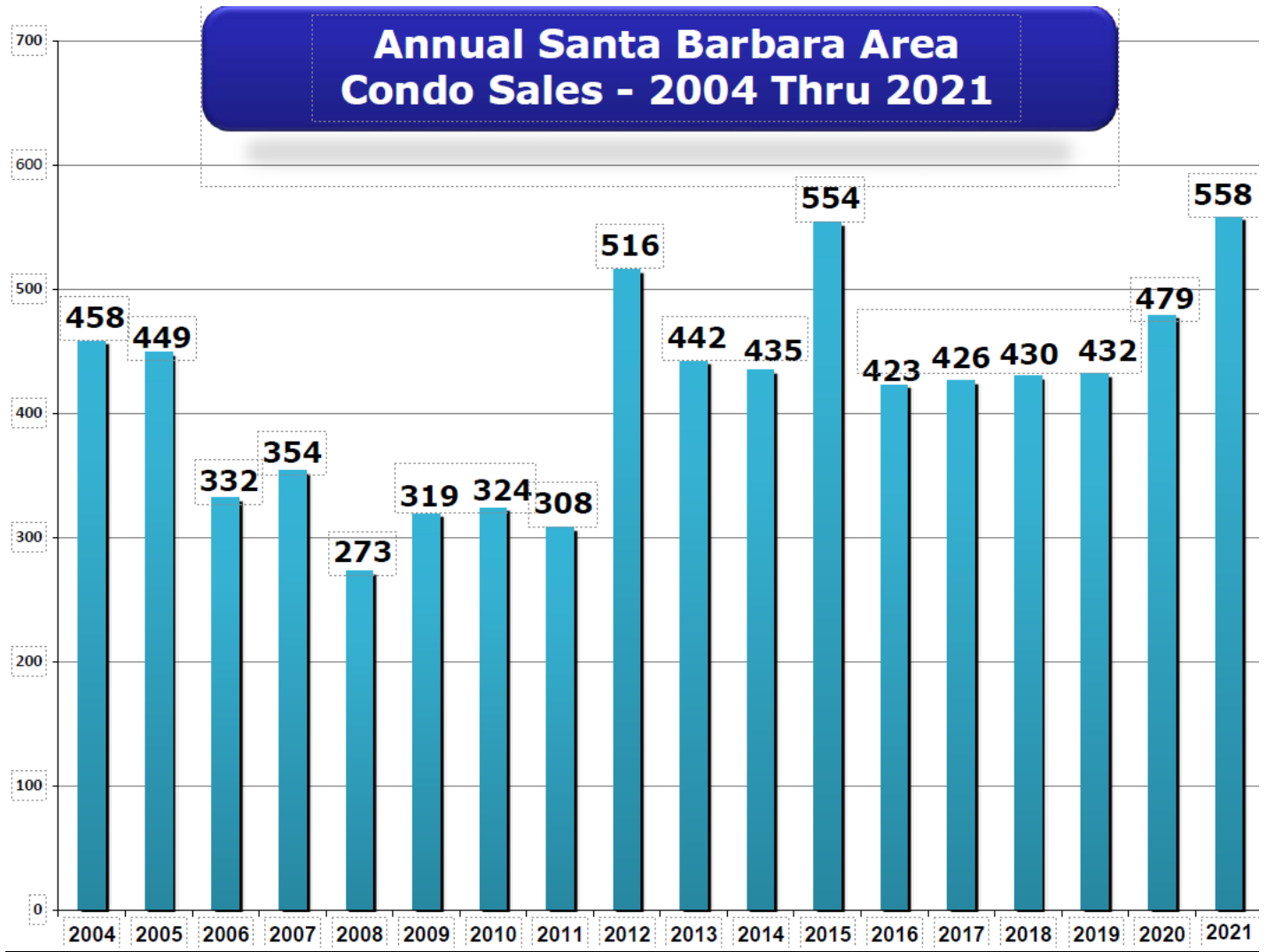


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## Santa Barbara Area Condo Sales Set New Yearly Record

The total Santa Barbara area condo sales of 558 units for the year of 2021 produced a new yearly record, eclipsing the previous record of 554 condos sold in 2015. The 2021 sales represent a 27% increase over the average annual sales of the previous five years. The current market continues to be a “seller’s market” with buyer demand far outstripping the currently available inventory. As of this publication there are only 13 active condo listings in the Santa Barbara area. At the current sales volume, there is less than a 2-week inventory of condos available for sale. This will continue to put pressure on the market and result in continuing high prices.

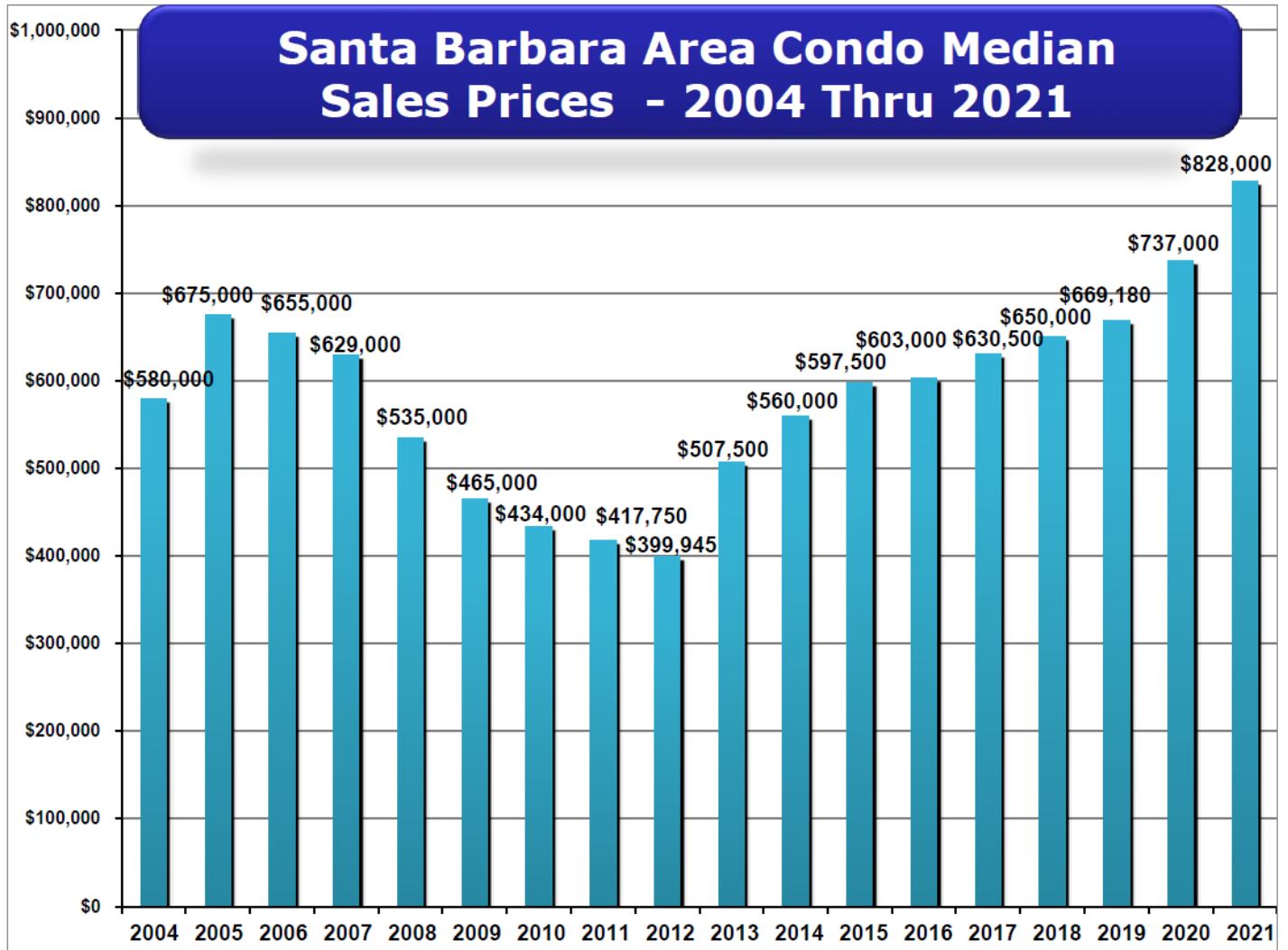


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## Santa Barbara Condo Prices Reach New Record Highs

The prices of condos in the Santa Barbara area (Carpinteria through Goleta) showed a sharp upward movement in 2021, in spite of the Covid-related market complexities. The year's median price of \$828,000 represented a 12.3% increase over the 2020 median price of \$737,000 and a 23.7 increase over the previous two years. This strong price gain continued the upward trend from the bottom of the market in 2012, with an 107% price increase over the last nine years



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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 2021. There was a total of twenty sales in 2021, which is nine more than the 2020 total. The sales activity was very brisk for the initial seven months of 2021 with a total of nineteen closings during that period. However, there were only two listings during the latter half of the year and only one additional closing. There are currently two active listings and no pending sales. The total sales for the year consisted of two studios, ten 1-bedroom Riviera floor replans, four 1-bedroom Miramar end-units, one San Miguel 2-bedroom unit, two Biltmore 2-bedroom units and a 3-bedroom Montecito floor plan. Notable new all-time sell prices include a studio selling for \$575,000, a Miramar 1-bedroom unit selling for \$915,000, a San Miguel 2-bedroom unit that sold for \$905,000 and a Biltmore 2-bedroom unit selling for \$1,100,000.

Activity since the October newsletter includes five new listings, three of which have closed and two are currently active. One of the recently closed sales was the penthouse (unit 262) that closed at an El Escorial all-time high price of \$1,975,000.

### **Comparable El Escorial Sales Activity**

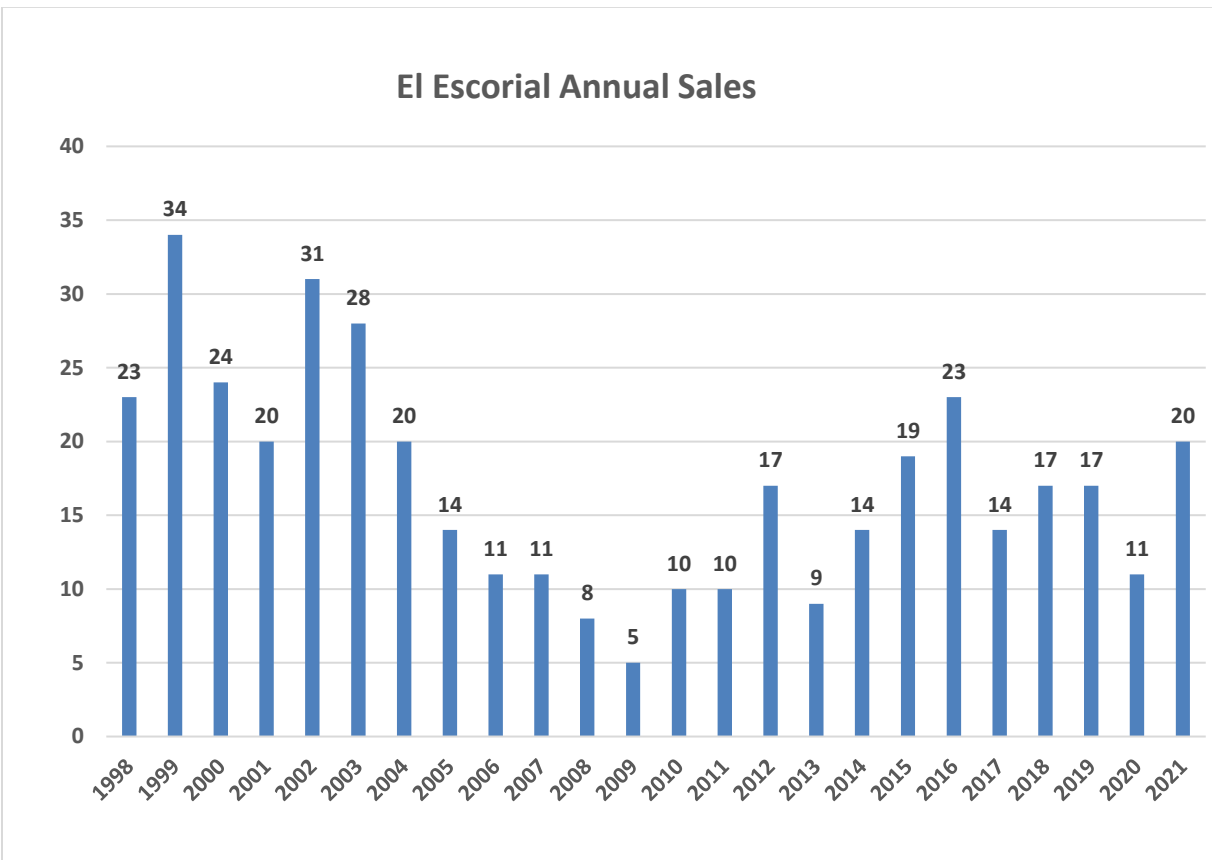
Address	Floor Plan	Bedrooms	Sq. Ft.	Price	\$'s/Sq. Ft.	Activity Date
<b>Active Listings</b>						
301 Por La Mar Circle	San Ysidro	2	1360	\$1,549,000	\$1,139	1/20/2022
331 Por La Mar Circle	Riviera	1	680	\$849,000	\$1,249	1/19/2022
<b>Pending Listings</b>						
None						
<b>Sold Listings</b>						
262 Por La Mar Circle	Santa Barbara	2	1780	\$1,975,000	\$1,110	1/25/2022
304 Por La Mar Circle	Riviera	1	680	\$775,000	\$1,140	1/25/2022
450 Por La Mar Circle	Miramar	1	680	\$915,000	\$1,346	12/29/2021
159 Por La Mar Circle	Riviera	1	680	\$705,000	\$1,037	7/23/2021
106 Por La Mar Circle	Miramar	1	680	\$810,000	\$1,191	7/19/2021
257 Por La Mar Circle	Riviera	1	680	\$710,000	\$1,044	7/16/2021
240 Por La Mar Circle	Biltmore	2	1100	\$1,100,000	\$1,000	7/9/2021
317 Por La Mar Circle	Riviera	1	680	\$619,000	\$910	6/2/2021
239 Por La Mar Circle	El Escorial	0	475	\$575,000	\$1,211	5/21/2021
346 Por La Mar Circle	Riviera	1	680	\$706,000	\$1,038	5/18/2021
120 Por La Mar Circle	Rincon	0	475	\$556,500	\$1,172	5/4/2021
429 Por La Mar Circle	Miramar	1	680	\$750,000	\$1,103	4/13/2021
452 Por La Mar Circle	Riviera	1	680	\$660,000	\$971	3/31/2021
156 Por La Mar Circle	Riviera	1	680	\$672,500	\$989	3/29/2021
331 Por La Mar Circle	Riviera	1	680	\$649,000	\$954	3/23/2021
363 Por La Mar Circle	San Miguel	2	950	\$905,000	\$953	3/5/2021
136 Por La Mar Circle	Montecito	3	1575	\$1,196,000	\$759	2/9/2021
313 Por La Mar Circle	Riviera	1	680	\$599,000	\$881	2/2/2021
220 Por La Mar Circle	Biltmore	2	1100	\$926,000	\$842	1/21/2021
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

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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 twenty sales in 2021, an increase of nine sales over last year. The El Escorial condo conversion project was sold out in 1997, with subsequent sales from that time forward being 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 seven years have totaled 146 units, which represents a 56% change in El Escorial ownership. Of the 261 total units in El Escorial, 63 units (or 24%) are still owned by the original owners. The reduction of sales in 2020 was primarily a result of a lack of inventory. The initial market in 2021 was vigorous with a total of 19 sales closing during the first seven months, but there was only one additional closing during the remainder of the year. The lack of sales during the latter months of 2021 was due to the lack of listings during that period. There were only two additional new listings after mid-June.



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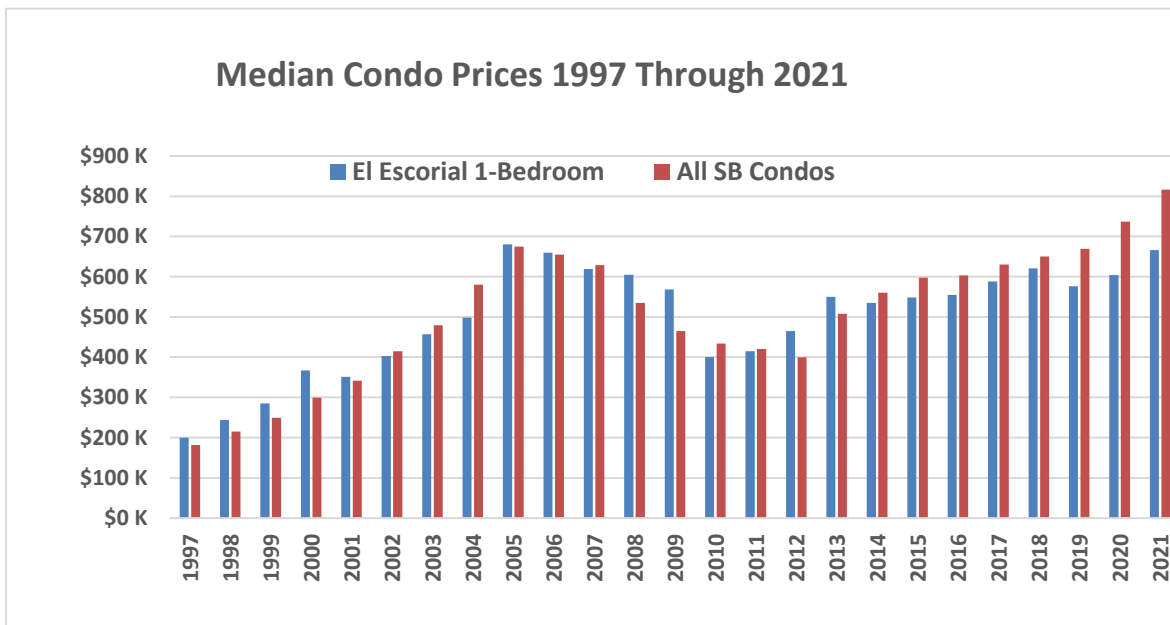




## El Escorial Historical Prices

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 2021. 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 2021 median price of \$666,000, representing a 66.5% increase for that eleven-year period. The 2021 median price of \$666,000 represents a nearly 10.3% increase over the 2020 median of \$604,000.

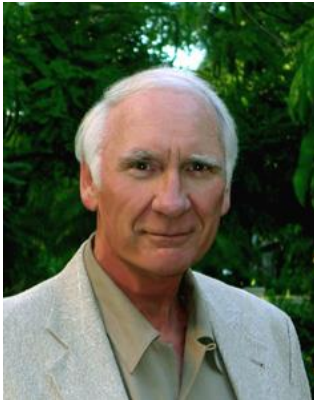
It is clear from the chart that the El Escorial prices have not seen the same growth rate that the overall Santa Barbara condo market has experienced. The lag behind the overall market is especially apparent over the last three-year period. A potential factor as to why the El Escorial market has lagged could be a result of the Federal tax laws that went into effect three 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. But, the most recent sales are showing significant price increases that should continue throughout the year.



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