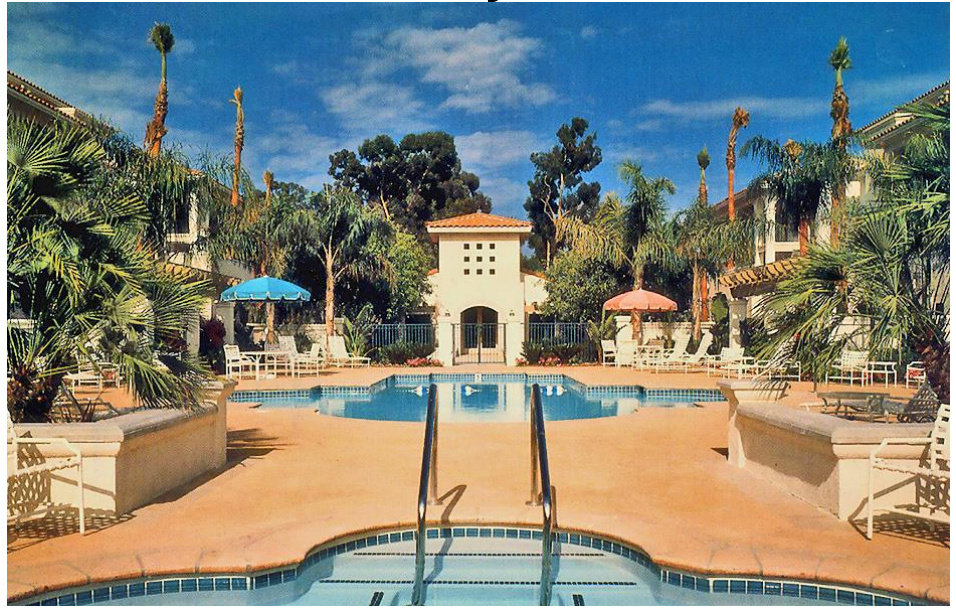


El Escorial Villas at East Beach

January 2023

Bob & Karin's Real Estate Newsletter



This is the 38th publication of our newsletter, focusing on the Santa Barbara area real estate market and specifically as it relates to El Escorial. This issue presents Santa Barbara statistics for the full year of 2022. The 2022 Santa Barbara real estate market saw a significant reduction in overall sales, primarily limited by a lack of inventory. While sales totals were down, the market continued to set new record high prices. The median home price in the Santa Barbara area is now well over two million dollars and the median condo price is just short of one million. The total El Escorial sales for 2022 was 14 units, down 6 from last year. There have been three new El Escorial sales since the last newsletter and there are currently no active listings. 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

The El Escorial Experts



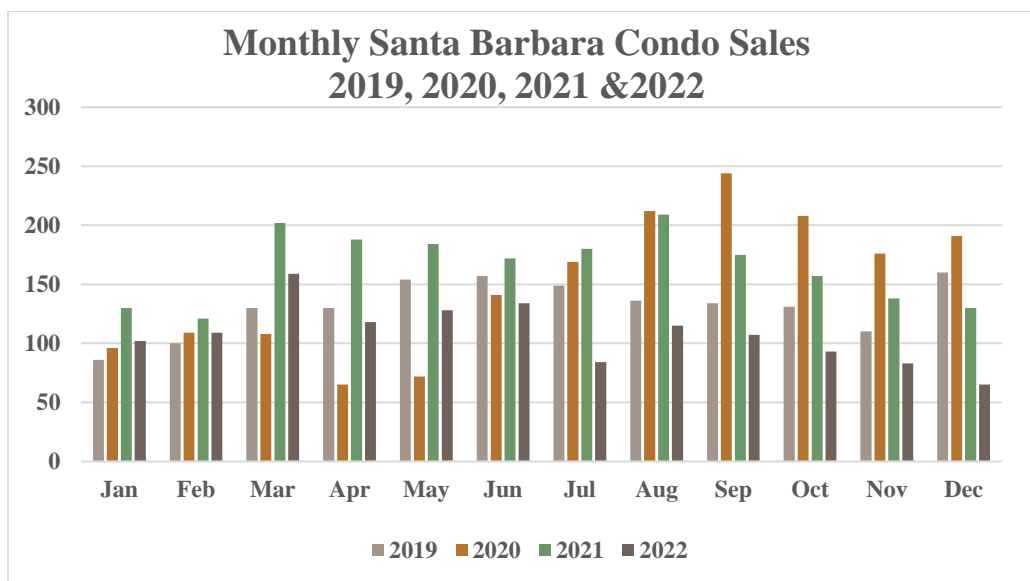
Overall Santa Barbara Residential Real Estate Sales

The chart below provides the total Santa Barbara area residential real estate monthly sales (combined totals for condos, homes and estates) for 2019, 2020, 2021 and 2022.

2019 was the last year that was unaffected by the coronavirus pandemic and represents a typical year for Santa Barbara real estate sales. Historically, 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 anticipated 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 pace 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. The early months of 2022 continued to produce strong sales activity through mid-year, but the latter half of 2022 showed a significant falloff of sales volume. This decline can be attributed to a couple of factors. First, the available inventory has been low and continues to remain low. However, another strong factor affecting the market is the rapid rise in mortgage interest rates that means that fewer Buyers will qualify to participate in the existing housing market. Higher interest rates also effect the available inventory in the sense that current homeowners who may be considering moving up in the market are reluctant to exchange their favorable mortgage rates on their existing homes for the current high rates in today's market.

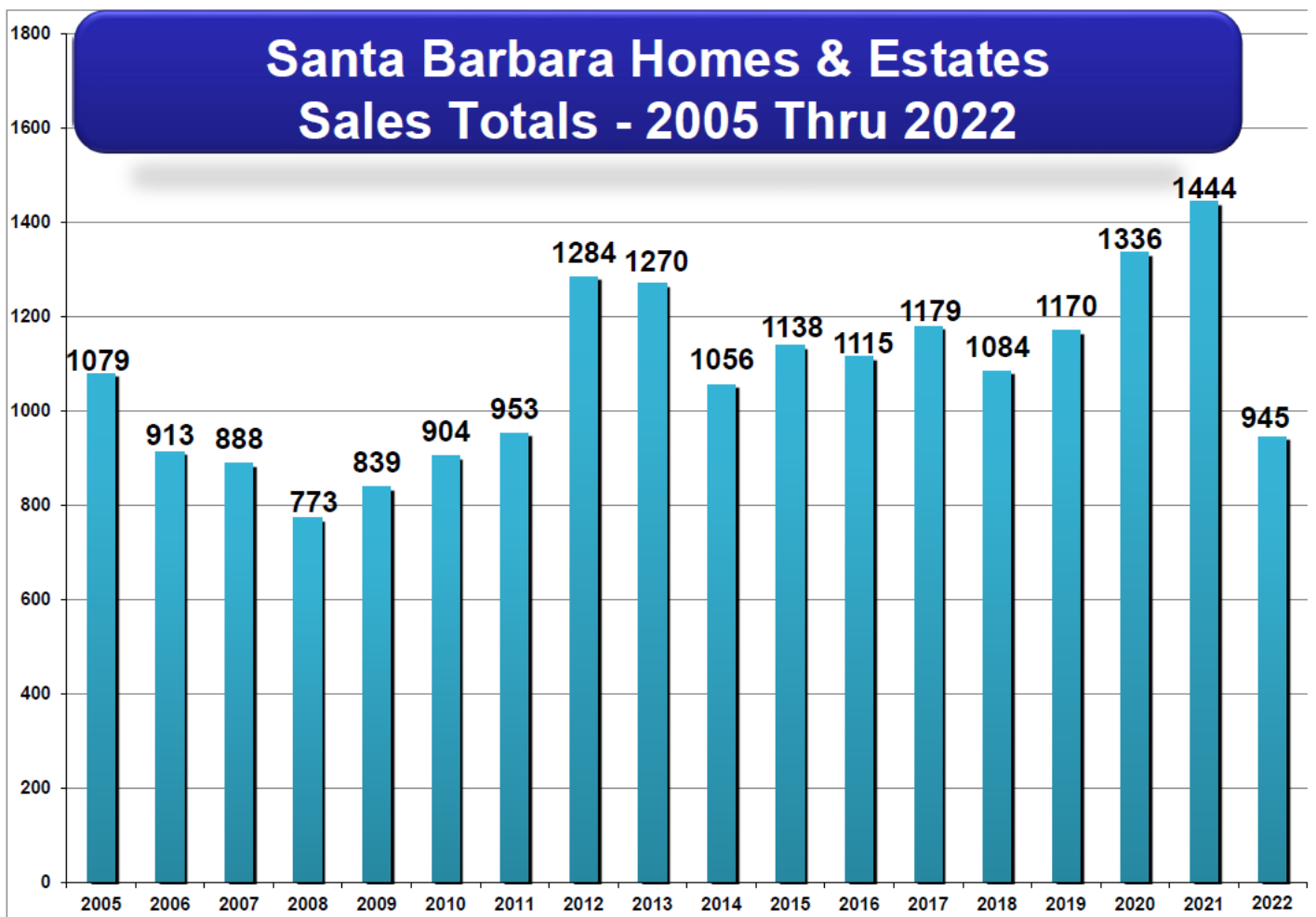


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Santa Barbara Area Homes & Estates Sales Decline

Total Homes & Estates sales in the Santa Barbara area for 2022 were well below the record level for 2021. The 2022 total of 945 units represents a 34.6% reduction in sales from the 2021 record total of 1,444 sales and is the lowest sales volume in the last twelve years. The reduction in sales was largely driven by a lack of available inventory. An ongoing buyer demand continued to drive increases in median sales prices. The “Days-on-Market” (DOM) measures the accumulated days from when a property is listed until it has an accepted offer and is a gauge of the intensity of the market. The median DOM for the 945 sales in 2022 was ten days. By comparison, the DOM for 2019 was 28 days. However, there are signs of a slowing in the market which has been anticipated as a result of a significant increase in mortgage interest rates, reducing the pool of qualified buyers. The median DOM for properties sold the first 6 months of 2022 was nine days while the median DOM for recent three-month period sales is twenty-one days.

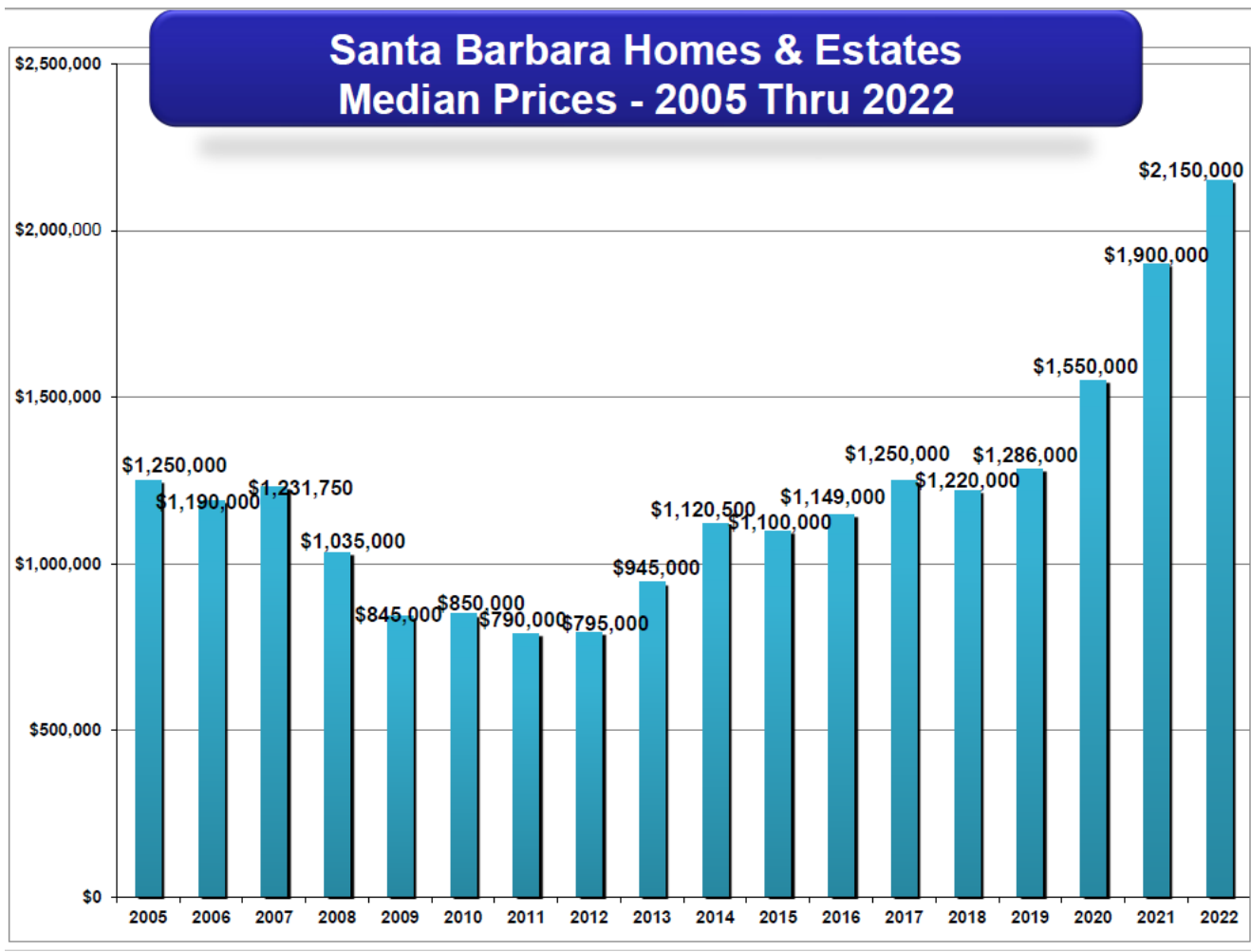


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Santa Barbara Homes and Estates Set New Price Record, But Market is Slowing

Homes and Estates in the Santa Barbara area (Carpinteria through Goleta) continued to sell at record high prices with a median selling price of \$2,150,000 for the year. This is a 13.2% increase over the 2021 median price of \$1,900,000 and a 38.7% increase over the median price of just two years ago. However, the most recent three months are showing signs of a slowing in the market. The median selling price for the first 6 months of 2022 was \$2,350,000 which was \$155,000 above the medium list price and with a DOM median of nine days; whereas the median price for the most recent three-month period is \$1,935,750 which was \$159, 259 below the median list price and with a DOM median of twenty-one days. In general, properties are staying on the market longer and are no longer attracting multiple offers and selling above the list price.

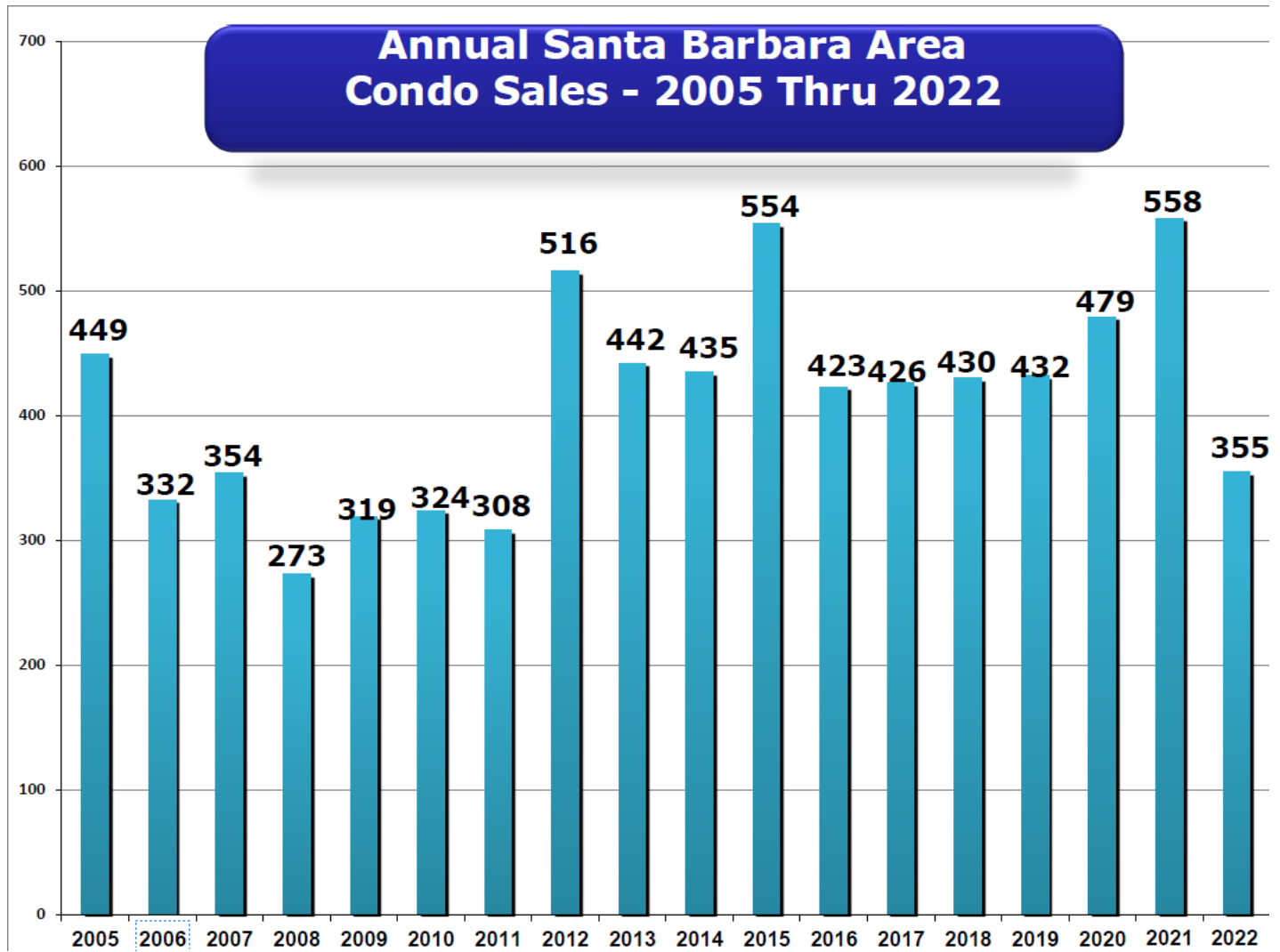


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Santa Barbara Area Condo Sales Down, Driven By Lack Of Inventory

The Santa Barbara area condo sales for 2022, totaling 355 units, was 36.4% below last year's record pace and the lowest sales volume in the last eleven years. The reduced sales are basically due to a lack of inventory. The median Days-On-Market (DOM) for the 2022 sales was only eight days, compared to a historically DOM of from 21 to 28 days. However, there are some subtle signs of a slowing. As of this publication there are 28 active condo listings in the Santa Barbara area which is a significant increase over the 8 active listings a year ago.

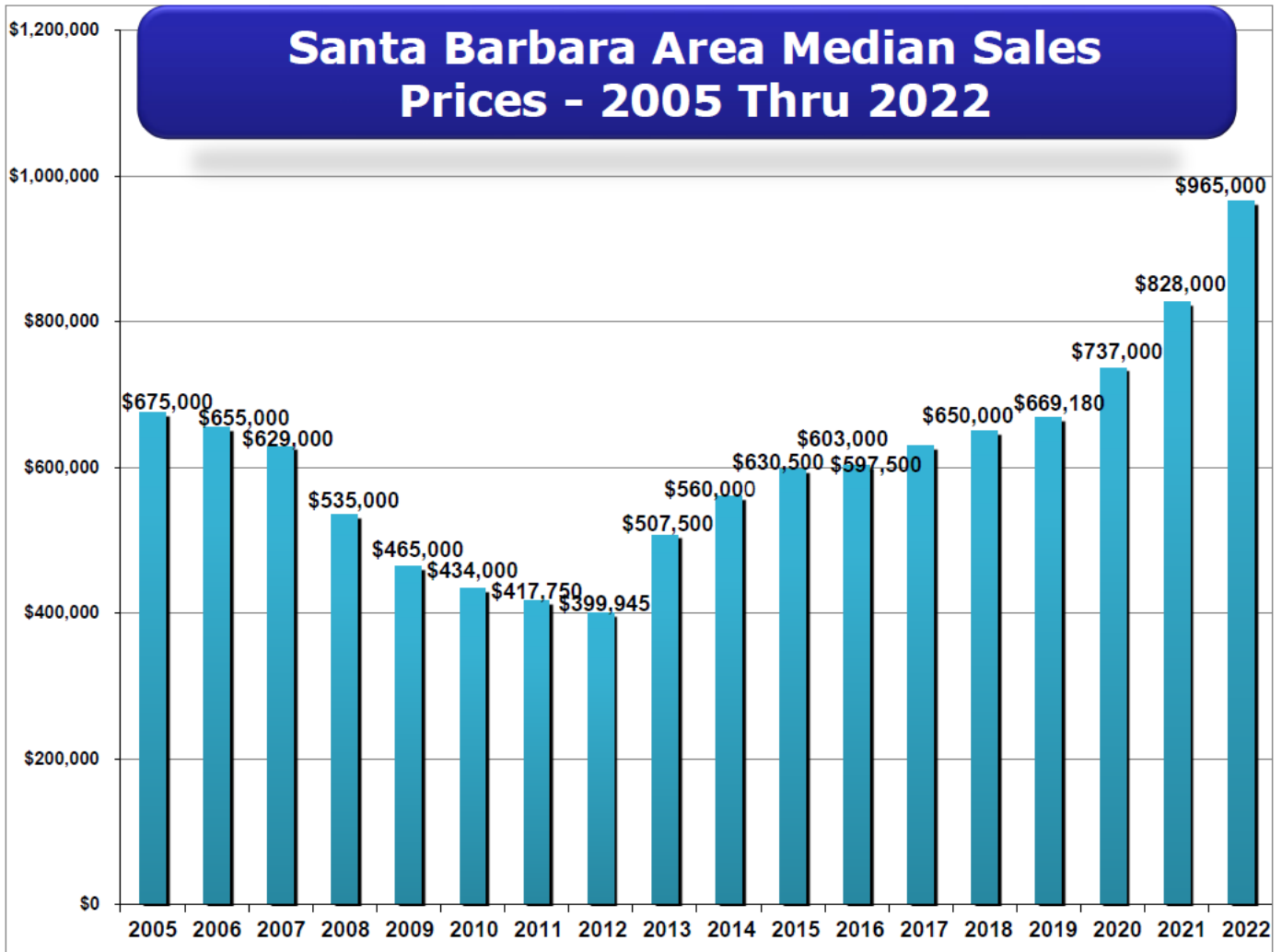


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Santa Barbara Condo Prices Set New Record Highs

The prices of condos in the Santa Barbara area (Carpinteria through Goleta) showed a significant upward movement in 2022. This year's median price of \$965,000 continues to set new price records and is an increase of 16.5% over the median price for 2021 and 30.9% increase over the last two-year period. This strong price gain continued the upward growth from the bottom of the market in 2012, with a 141.3% price increase over the ten-year time frame.



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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 2022. There was a total of fourteen sales in 2022, which is six less than the 2021 total. The total sales for the year consisted of seven 1-bedroom Riviera floor replans, four 1-bedroom Miramar end-units, one San Miguel 2-bedroom unit, one San Ysidro 2-bedroom unit and a Santa Barbara plan 2-bedroom penthouse. Notable new all-time high sell prices include a Riviera 1-bedroom unit selling for \$910,000, a San Miguel 2-bedroom unit that sold for \$1,300,000, a San Ysidro 2-bedroom that sold for \$1,800,000 and the Santa Barbara 2-bedroom penthouse selling for \$1,975,000.

Activity since the October newsletter includes three new listings (2 closed and 1 pending) and three closings. The closed sales were all Riviera floor plans, ranging in price between \$775,000 and \$907,000. There are no current active listings.

Comparable El Escorial Sales Activity

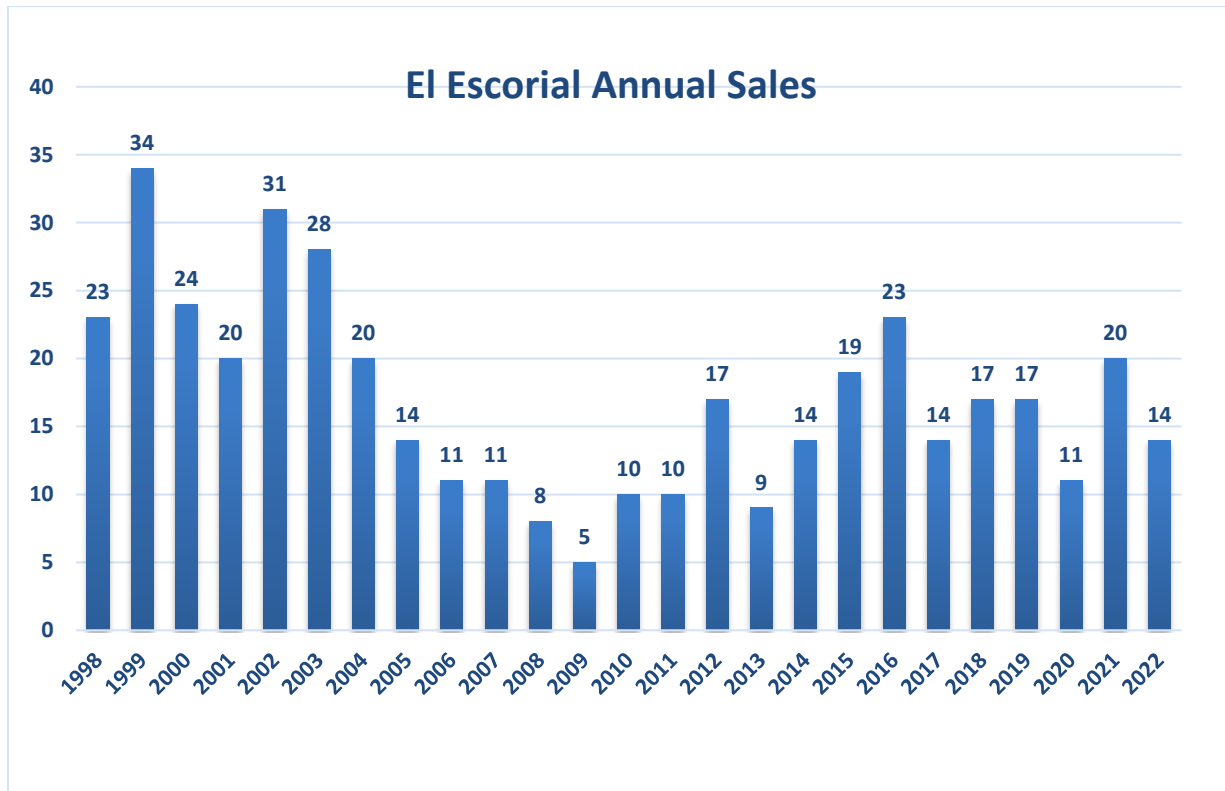
Address	Floor Plan	Bedrooms	Sq. Ft.	Price	\$/s/Sq. Ft.	Activity Date
Active Listings						
None						
Pending Listings						
325 Por La Mar Circle	Riviera	1	680	\$765,000	\$1,125	1/25/2023
Sold Listings						
206 Por La Mar Circle	Riviera	1	680	\$785,000	\$1,154	1/17/2023
103 Por La Mar Circle	Riviera	1	680	\$907,000	\$1,334	1/16/2023
243 Por La Mar Circle	Riviera	1	680	\$775,000	\$1,140	10/28/2022
219 Por La Mar Circle	Riviera	1	680	\$780,000	\$1,147	9/16/2022
310 Por La Mar Circle	Riviera	1	680	\$825,000	\$1,213	9/14/2022
269 Por La Mar Circle	San Miguel	2	950	\$1,300,000	\$1,368	8/26/2022
252 Por La Mar Circle	Riviera	1	680	\$845,000	\$1,243	8/6/2022
208 Por La Mar Circle	Miramar	1	680	\$849,000	\$1,249	7/29/2022
107 Por La Mar Circle	Miramar	1	680	\$840,000	\$1,235	3/28/2022
407 Por La Mar Circle	Miramar	1	680	\$850,000	\$1,250	3/15/2022
449 Por La Mar Circle	Miramar	1	680	\$891,050	\$1,310	3/11/2022
113 Por La Mar Circle	Riviera	1	680	\$900,000	\$1,324	3/8/2022
301 Por La Mar Circle	San Ysidro	2	1360	\$1,800,000	\$1,324	2/23/2022
331 Por La Mar Circle	Riviera	1	680	\$910,000	\$1,338	2/10/2022
304 Por La Mar Circle	Riviera	1	680	\$775,000	\$1,140	1/25/2022
262 Por La Mar Circle	Santa Barbara	2	1780	\$1,975,000	\$1,110	1/25/2022

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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 2022. There were fourteen sales in 2022, a decrease of six sales from last year. The El Escorial Villas at East Beach condo conversion project was sold out in 1997 and sales from that time forward were all 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 lowest sales volume was in 2009 when there were only five sales for the year. Of the ten sales in 2010, seven were foreclosed sales. Sales over the last eight years have totaled 149 units, which represents a 57% change in El Escorial ownership. Of the 261 total units in El Escorial, 54 units (or 20.7%) are still owned by the original owners. The reduction of sales in 2020 was a result of a lack of inventory. The El Escorial market for the last three year period has been vigorous as indicated by the median Days-On-Market during that time frame of 7 days. Sales have been limited only by a lack of available inventory.



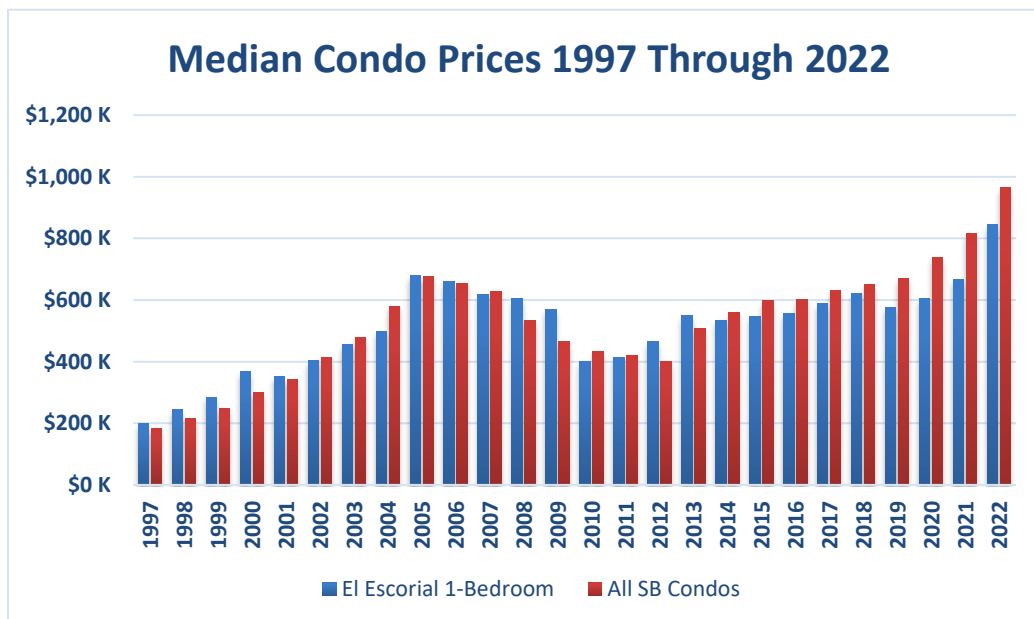
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El Escorial Historical Prices

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 2022. 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 was an annual growth rate of 16.5% per year for the eight-year period. 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 surfaced. From 2001 to 2007, construction defects, litigation issues, special assessments and building repairs/remediations were major factors affecting the El Escorial market values. These issues were resolved by 2007 and subsequent sales reflected normal local market pressures. El Escorial prices took a big hit in 2010 as a result 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.

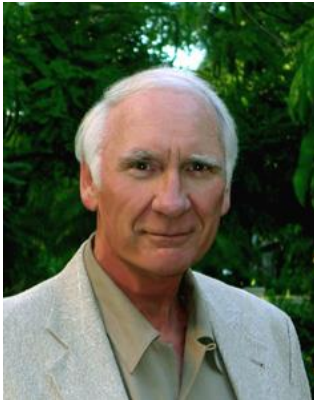
El Escorial prices lagged behind the overall condo market growth over the period 2019 through 2021. A potential factor may be a response to the Federal tax laws that went into effect four years ago that significantly impacted the economics of owning a 2nd home. That new tax law eliminated the mortgage interest deductions on new 2nd home purchases and also set limits on state and local tax deductions, making it more expensive to own a 2nd home. Historically, many of the 1-bedroom sales at El Escorial have been 2nd home purchases and sales may have been adversely affected by the new tax laws. However, El Escorial 2022 sales did show a significant growth in prices. The 2022 median price of \$845,000 represents a nearly 26.9% increase over the 2021 median of \$666,000 and an increase of 113% over the past twelve-year period.



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