

Q3 South Coast Commercial Sales Summary

Contribution by Rhonda Henderson

Selective but steady: South Coast market shows depth and discipline in Q3 2025

Sales in the South Coast commercial real estate market closed the third quarter with **selective but steady momentum**. The market recorded **23 transactions totaling \$75.75 million** (not including sales volume from hotel properties) across Santa Barbara (16 deals), Carpinteria (5), and Goleta (2). The mix favored owner-user (12) over investment (11), a continuation of the year's theme: **users and long-hold capital will transact when the real estate solves an operational need and the underwriting makes sense**.

Q3 looked a lot like Q2 in pace, but sales edged higher on quality and deal composition. The quarter's headline transaction was in downtown Santa Barbara at **111 E. Victoria St.** This 21,970 SF Class

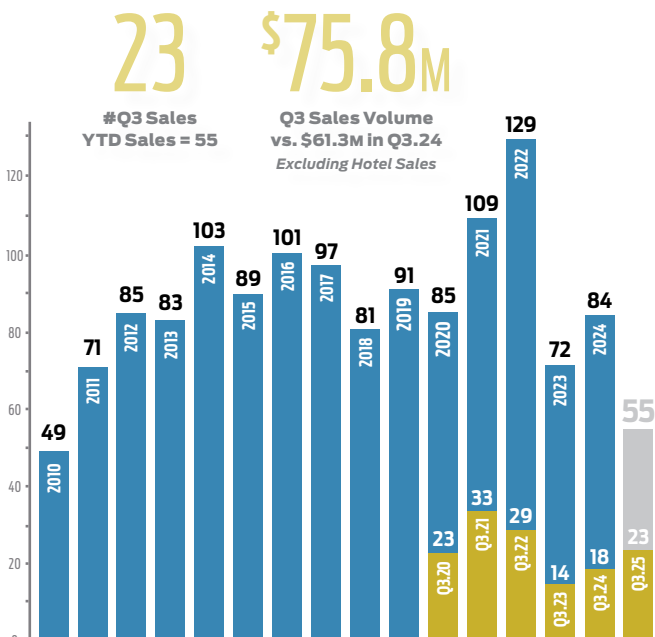
A medical office building traded at \$21.3 million or approx. \$970/SF on a 5.44% cap (flat lease) — a clear vote for credit, location and medical-grade build quality. The next notable sale was in the Funk Zone at **132 Santa Barbara St.**, which closed

at \$6.875 million (10,000 SF/ \$688/SF) to a well-known local operator for their production facility with a likely visitor-serving retail component—evidence that walkable product in the Funk Zone continues to command attention. Rounding out the coastal core, **35 Anacapa St.** changed hands off-market at \$5.05 million (entitled for boutique hotel + F&B), keeping optionality alive in a submarket built on mixed-use experiences.

A few additional notable transactions: **404–414 Por La Mar Dr.**, Santa Barbara (Industrial) acquired at \$4.3 million by a seasoned investor looking to remodel and reposition the multi-tenant asset; **35 S. Kellogg**, Goleta (Office) at \$4.0 million was an owner-user; and **402 N. Milpas St.**, Santa Barbara (Starbucks café-only prototype) at \$3.7 million, an impressive \$1,722/SF, proof that credit still commands premium pricing (as we saw with the 111 E. Victoria transaction), also setting a high PSF bench mark not seen on the Milpas corridor previously.

Below the surface, market activity remained balanced. By asset type, Office led with approximately \$27.3 million across four (4)

Q3.25 South Coast Commercial Sales



Commercial Sales Summary Continued on P.2

Q3 South Coast Commercial Sales Summary

Continued from P.1

deals, followed by Retail at \$18.0 million (7), Industrial at \$17.9 million (6), Land/Agricultural at \$8.2 million (3), and Self-Storage at \$4.3 million (1). There were also two (2) sales of hotel properties. Again, Santa Barbara led the region, accounting for 16 of the 23 total transactions, with Carpinteria (5) and Goleta (2) rounding out activity.

Year-over-year, Q3 volume of \$75.75 million / 21 sales (not including hospitality) outpaced Q3 2024 (\$61.33 million / 18) and more than doubled Q3 2023 (\$33.46 million / 14), while remaining below the 2020–2022 “cheap-money” highs. Quarter-to-quarter, Q3 was essentially level with Q2 (\$74.68 million / 20) — the difference was mix rather than raw count. The takeaway is straightforward: **liquidity has returned for Santa Barbara-core and other high-quality assets; everything else prices to the work required.**

Financing isn’t cheap, but it’s predictable again. With the Fed cutting rates in September and signaling the likelihood of additional easing this year, volatility has cooled and bid-ask spreads have tightened — letting buyers underwrite with conviction and sellers price to reality. Locally, that’s exactly what we’re seeing: **selective capital, steady debt availability for the right story, and most trades led by owner-users and long-hold investors.**

As we enter the final quarter of the year, the Radius team recommends that sellers lean into certainty — **clean financials, clear entitlements, and realistic guidance** — particularly in the Santa Barbara core, where buyer depth remains strong. For investors, credit, location and quality continue to command premiums; and for owner-users, acting early still pays dividends in a market defined by limited supply and stable pricing. Notably, roughly 20% of this quarter’s transactions traded off-market — underscoring the continued value of trusted relationships and targeted representation over broad, public marketing efforts. ■



132 Santa Barbara St., Santa Barbara
10,000 SF Retail (Owner-User)
\$6,875,000 (7/18/2025)



404-414 Por La Mar Dr., Santa Barbara
12,826 SF Industrial (Owner-User)
\$4.3M (9/4/2025)

Q3 South Coast Leasing Summary

2025 So. Coast Leasing Quick Stats

		VACANCY	
		Q2.25	Q3.25
OFFICE	Santa Barbara	10.5%	9.9%
	Goleta	8.6%	8.0%
	Carpinteria	9.8%	10.9%
INDUSTRIAL	Santa Barbara	1.7%	2.0%
	Goleta	3.2%	4.1%
	Carpinteria	0.3%	7.1%
RETAIL	Santa Barbara	3.4%	3.8%

		GROSS ABSORPTION (SF)	
		Q2.25	Q3.25
OFFICE	Santa Barbara	65,600	88,500
	Goleta	46,600	111,000
	Carpinteria	N/A	44,400
INDUSTRIAL	Santa Barbara	8,100	1,000
	Goleta	97,100	27,900
	Carpinteria	N/A	N/A
RETAIL	Santa Barbara	32,300	17,400

		AVG. GROSS ASKING RATES (\$/SF)	
		Q2.25	Q3.25
OFFICE	Santa Barbara	\$3.18	\$3.28
	Goleta	\$2.33	\$2.35
	Carpinteria	\$2.77	\$2.56
INDUSTRIAL	Santa Barbara	\$2.90	\$2.98
	Goleta	\$1.88	\$1.80
	Carpinteria	\$1.58	\$1.54
RETAIL	Santa Barbara	\$4.26	\$4.33

		AVG. GROSS ACHIEVED RATES (\$/SF)	
		Q2.25	Q3.25
OFFICE	Santa Barbara	\$3.01	\$3.13
	Goleta	\$2.51	\$2.30
	Carpinteria	N/A	\$3.22
INDUSTRIAL	Santa Barbara	\$3.45	N/A
	Goleta	\$3.01	\$1.77
	Carpinteria	N/A	N/A
RETAIL	Santa Barbara	\$4.44	\$3.41

Contributions
by Justin Diem,
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Gene Deering

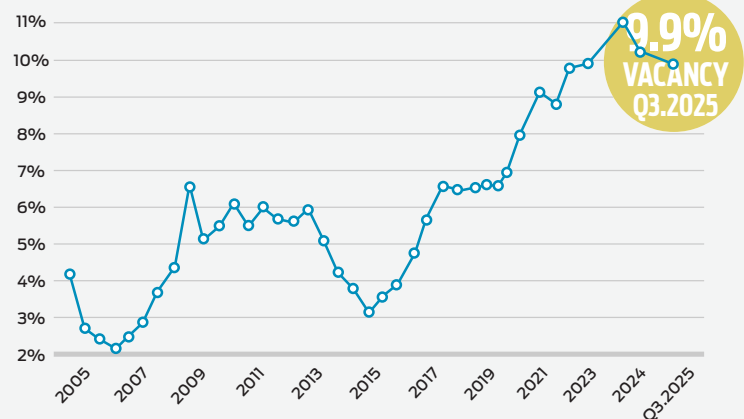
Office

As of the end of the third quarter 2025, Goleta's office

vacancy rate stands at just 8.0%, down from 8.6% in Q2. The largest change in the Goleta market is the appreciation in rents. We are seeing more and more rents approaching \$2.00/SF NNN for higher-end spaces. Meanwhile, the largest deal of the quarter was UCSB leasing 105,257 SF at **71 S. Los Carneros Rd.** The university intends to use the building to help incubate local tech startups. This should further fuel demand in Goleta as local companies will have a place to grow and expand their business. This transaction along with Google's continued expansion in Goleta have many of us excited about the future of Goleta's already burgeoning tech scene.

Moving on to Santa Barbara, the office vacancy rate dipped below 10% during Q3 for the first time in six quarters, now sitting at 9.9%. The biggest lease of the quarter was SBCC's school of cosmetology's lease of the 13,156 SF space at **419 State St.** This was a major win for

Santa Barbara Office Vacancy



State Street. Not only was this a large lease, it also brings a great deal of cosmetology students in and out of the building every day helping the 400 block immensely. Meanwhile, the largest vacancy remains approx. 111,819 SF at the former Nordstrom's site downtown, which will ideally become apartments in the future.

Leasing Summary Continued on P.4

Q3 South Coast Leasing Summary

Continued from P.3

Finally down to Carpinteria, the office vacancy rate continues to hover around 10%, up slightly from 9.8% in Q2 to 10.9% in Q3. The largest deal of the quarter (and the year) was PlanMember Services taking the 42,395 SF space at **6267 Carpinteria Ave.**, next to their current location on the bluffs at \$1.95/SF NNN. Meanwhile, the largest vacancy remains the 18,000 SF space at **1155 Eugenia Pl.**

Industrial

While industrial vacancy rates remain relatively low across the South Coast, we did witness vacancy increases in all three submarkets during the third quarter. Carpinteria was the most dramatic shift (partly because it is a small-inventory market) with 34,400 SF coming online for sublease at 6385 Cindy Lane. This helped bump the vacancy rate from 0.3% to 7.1%. Again, swings like this are noticeable when just one larger availability hits the market.

In Santa Barbara there is now nearly 94,000 SF of vacant space with about half of that space in just four listings. The vacancy rate sits at 2.0%, up from 1.7% in Q2. There was just one small lease in the quarter for 1,000 SF.

Meanwhile, Goleta's industrial vacancy rate jumped from 3.2% in Q2 to 4.1% in Q3, with the largest new offering of 33,395 SF at **400 Rutherford St.**, the site of the former Moss Motors. As mentioned in previous reports this year, the larger (10,000 SF+) tenants have been quiet with very few new requirements for larger spaces. In the last quarter only one new lease over 10,000 SF was signed (pending contingencies), at **165 Castilian Dr.** (12,252 SF). In total there were six new industrial leases accounting for 27,904 SF. This slowdown in activity represents a number of factors including scaled operations not expanding on the South Coast and various economic uncertainties.

Lease rates have remained relatively flat but we expect that the larger industrial tenants will have the advantage in negotiations until we see more positive space absorption. As such rates should remain flat with exceptions in the larger spaces that do not easily divide.

Retail

Retail vacancy in Santa Barbara continued to climb in the third quarter of 2025, marking six straight quarters of rising inventory. Leasing activity remained slow, with only 11 new leases totaling 17,427 square feet of positive

Office/Flex | 71 S. Los Carneros Rd.
Goleta • ±105,257 SF
Leased 8/4/2025 (The Regents of the University of California)



Office | 419 State St.
Santa Barbara • ±13,156 SF
Leased 9/12/2025 (SBCC Cosmetology)



absorption, contributing to the higher vacancy rate.

The overall retail vacancy rate increased from 3.4% in Q2 to 3.8% in Q3, reaching a two-year high and well above the 2.0% rate recorded two years ago in Q3 2023. Asking rents rose slightly from \$4.26 to \$4.33 per square foot (gross equivalent), while achieved rents declined from \$4.44 to \$3.41 per square foot, though Q2 was notably skewed by three high-rent leases.

The largest lease of the quarter was 3,540 SF at Mesa Shopping Center located at **1900-2300 Cliff Dr.**, where FS8, a group fitness studio, will open soon. Two new leases totaling 3,650 SF were completed at **1014 State St.**, highlighting continued demand for efficiently sized downtown retail spaces. Anacapa Architecture also completed its new retail office at **1023 State St.**, adding to the positive momentum on the 1000 block.

Leasing Summary Continued on P.5

Q3 South Coast Leasing Summary

Continued from P.4

Challenges persist at the State & Gutierrez corner, where Habitat Home & Garden closed its Santa Barbara location. However, recent office leases at 419 State St. have brought three new tenants, Unwrap, DSBA, and SBCC to the block. Along with the planned upgrade of 330 State Street and UCSB's investment in the Soltara apartment project, there are encouraging signs of revitalization at this key entry point to Downtown State Street.

Despite slow overall activity, fitness users continue to be an important driver of the retail market. Montecito retail remains exceptionally strong, characterized by low availability and high achieved rents. Meanwhile, the RiteAid bankruptcy has created several large vacancies across the region, including in Carpinteria, in Santa Barbara on Milpas Street and in the Mesa Center, and in Goleta at the Fairview Shopping Center. In today's environment, securing any retail lease larger than 5,000 square feet is considered a major win in the evolving Santa Barbara retail landscape. ■

Retail | 1014 State St.
Santa Barbara · Two leases totaling 13,650 SF
Leased 8/31 & 8/15 (Polette International Eyewear; Fitness Use)



Q3 Ventura County Leasing Summary

Contribution by Andres Uribe

West Ventura County / Conejo Valley Office

The West Ventura County and Conejo Valley office market has continued to remain stagnant. The overall office vacancy rate has increased to 26.3%. Negative net absorption has continued since Q2 and is expected to increase through at least the near term due to upcoming lease expirations with expectations of downsizing or non-renewal. ■

The three largest contiguous availabilities are:

- **31051 Agoura Rd.,** Westlake Village – 66K RSF
- **26707 W. Agoura Rd.,** Calabasas – 71K RSF
- **5601 Lindero Canyon Rd.,** Westlake Village – 99K RSF

**WEST
VENTURA
COUNTY**

Q3 Ventura County Leasing Summary

Contributions by Daniel Bagdazian, Rob Devericks, Lisa Shields

West Ventura County Retail

Ventura County's retail market in the third quarter of 2025 remained steady, supported by **strong tenant demand for small and mid-sized spaces and minimal new supply**. Leasing momentum was concentrated among service-oriented and experiential users, while box/anchor vacancies continued to challenge absorption.

Net absorption for the quarter totaled approximately 91,833 SF, keeping the county-wide vacancy rate stable at 5.8%. The overall availability rate edged up to 6.6%, its highest level since 2021, due to lingering large and midrange box closures from Jo-Ann Fabrics, Big Lots, Rite Aid and Forever 21.

Asking lease rates averaged \$29.24/SF annually, reflecting 1.8% year-over-year growth. Over the past five years, Ventura rents have increased by 14.5%, supported by resilient demand in core trade areas. More than 60% of vacant space has remained on the market for over a year, highlighting the ongoing divide between well-located, functional centers and older, obsolete inventory.

The quarter's largest lease was Burlington Coat Factory's 25,000 SF deal at The Marketplace at Oxnard. Other notable transactions included Old Navy's 18,761 SF relocation from Pacific View Mall to Ventura Gateway; Goodwill's 17,052 SF lease at Freemont Square in Oxnard; Hope the Mission's 14,490 SF sublease at Trolley Plaza in Oxnard; and Aqua-Tots' 8,500 SF lease at Mountaingate Plaza in Simi Valley.

On the investment side, private capital continues to dominate Ventura County's retail ownership structure, controlling approximately two-thirds of total asset value. Institutional and REIT investors collectively hold about 20%. Over the past four quarters, private buyers accounted for more than 90% of total transaction volume, signaling continued confidence from individual investors and family offices. **Sales volume totaled \$327 million over the past year, up from \$279 million during the prior 12 months**, representing a 30% year-over-year increase in Q3 2025.

Significant Q3 investment activity included **The Gerrity Group's \$45.5 million purchase of a portion of Conejo Valley Plaza (August 2025)**, a 130,000 SF center anchored by Ralphs, CVS, HomeGoods, and Marshalls. The property was 68% occupied at the time of sale, with a former Jo-Ann Fabrics space representing the largest vacancy. Some investors shifted their focus to smaller, single-tenant NNN properties with stable cash flow. Wesco Properties purchased the freestanding Walgreens at the Thousand Oaks Marketplace (August 2025) for \$12.3 million at a 5.4% cap rate. Walgreens occupies the site on a long-term NNN lease with 6% rent increases every 10 years and a decade remaining on the term, along with seven (7) five-year renewal options.

These transactions underscore the health of Ventura County's retail investment market, where private capital and regional operators continue to drive activity. With only 33,825 SF under construction county-wide — nearly all of which is pre-leased — new supply remains limited. The lack of speculative development has helped sustain occupancy levels, though big box backfills are expected to remain a headwind through the end of the year. Overall, Ventura County's retail market remains resilient, supported by strong local demand, disciplined construction, and sustained investor interest heading into late 2025. ■

WEST
VENTURA
COUNTY

Leased | The Marketplace at Oxnard
±25,000 SF (Burlington)



Q3 North Santa Barbara County & Santa Ynez Valley Summary

Contribution by Sierra Falso

North Santa Barbara County Overview

Santa Barbara's North County — which includes the cities of Santa Maria, Lompoc, Orcutt and Guadalupe — welcomed 43 new commercial leases during the third quarter. The largest being 49,895 SF at 1401 W. Fairway Dr., Santa Maria, which leased to Wheelpros for \$0.97/SF. Meanwhile, the vacancy rate for North County is 5.3%.

On the sales side, there were 17 total sales of commercial property during Q3, with the most notable being:

- **1300 E. Cypress St.:** Cypress Professional Center purchased by Dignity Health for \$5.6 million (\$364.58/SF).
- **1637 W. Central Ave.:** 20,000 SF manufacturing building sold for \$3,040,000 (\$152/SF).
- **525 South Broadway St.:** Former coffee shop sold for \$1.2 million; 1,400 SF on a 0.39-acre parcel. On market for 64 days.
- **800 West Main St.:** Hyundai dealership sold at a 14.24% cap rate for \$2.95 million after 349 days on market.

Sold · Cypress Professional Center
1300 E. Cypress St., Santa Maria
\$5.6 Million



Ribbon cuttings: Notably, the Santa Maria Airport held a ribbon-cutting ceremony for its new nonstop service to Phoenix Sky Harbor International Airport, which launched on October 15th. Other ribbon cuttings in Santa Maria include Tee Box Social Club; Equipment Share; Efren's Mexican Restaurant #2; Coastal Dermatology & Aesthetics. Ribbon cuttings in Lompoc include Pour Decisions; new Supportive Housing Development; new State Farm office.

Coming soon or under construction: 101 Crab in the former Hometown Buffet space; Betteravia Plaza Gas & Convenience Store; second Chick-Fil-A at 101 & Broadway; Furniture Land in the long vacant Costco, set to open by end of October.

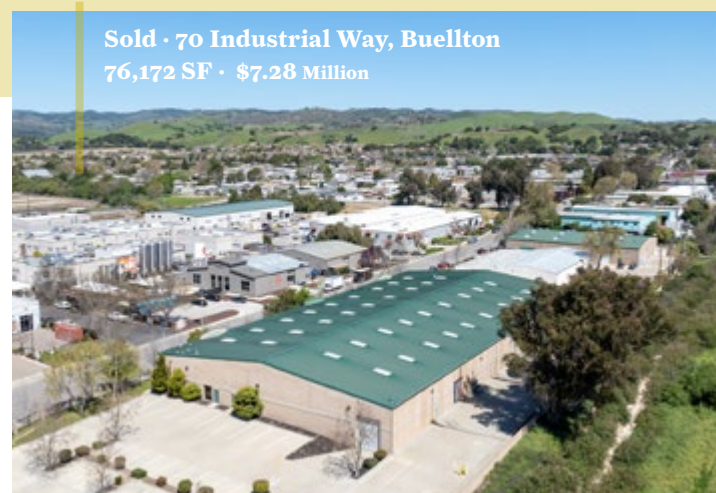
Santa Ynez Valley Overview

Santa Ynez Valley — which includes the communities of Solvang, Buellton, Los Alamos, Los Olivos, Santa Ynez and Ballard — recorded four (4) commercial sales in the third quarter. The most notable was **70 Industrial Way, Buellton**, a 76,172 SF building that sold for \$7.28 million (\$95.51/SF). The building will be renovated from a hardware store into a storage facility.

Santa Ynez Valley ribbon cuttings: MACHER Market Santa Ynez; Lucky Penny Los Olivos; SYV Pantry & SYV Midwifery, Santa Ynez.

In summary, Santa Ynez Valley has limited and high-demand small-shop retail, traditional office, and medical space. North County/Santa Maria remains active with significant sales and developments, while Lompoc has steady but less dynamic market presence. ■

Sold · 70 Industrial Way, Buellton
76,172 SF · \$7.28 Million



Q3 San Luis Obispo County Commercial Summary

Contribution by Jay Peet

San Luis Obispo County's economy remained steady through the third quarter of 2025, supported by a diverse employment base, university-driven population stability, and ongoing infrastructure investment. The unemployment rate hovers around 3.9%, slightly below the statewide average, while the region continued to benefit from tourism, education, and healthcare employment.

Population growth has stabilized post-pandemic, with limited new housing deliveries continuing to pressure affordability and sustain rental demand. Across property types, the overarching theme remains low new supply, steady demand, and subdued transaction volume due to financing headwinds.

SAN LUIS OBISPO COUNTY

Q3 2025 Market Snapshot

	INVENTORY (SF / UNITS)	VACANCY	AVG. RENT	NET ABSORPTION (Q3)	CONSTRUCTION PIPELINE	CAP RATE RANGE
Office	5.2M SF	7.4%	\$2.05/SF FSG	+18,000 SF	+62,000 SF	6.25 – 7.00%
Industrial	9.3M SF	3.1%	\$1.27/SF NNN	+25,000 SF	+120,000 SF	5.75 – 6.50%
Retail	7.5M SF	4.3%	\$2.12/SF NNN	+12,000 SF	+70,000 SF	5.75 – 6.50%
Multifamily	20,400 Units	3.5%	\$2,315/mo	+48 Units	+240 Units	4.75 – 5.25%

Office Market Overview

The San Luis Obispo County office sector demonstrated measured stability through Q3 2025. Demand remains concentrated among professional services, healthcare, and public-sector tenants. While some smaller firms have reduced footprints, overall leasing volume held steady.

The vacancy rate increased slightly to 7.4%, still among the lowest rates in California's secondary markets. Rents averaged \$2.05/SF (FSG), effectively unchanged year-over-year. Leasing activity centered in Downtown SLO, the Airport Business Park, and Atascadero, with owner-users continuing to support sales volume.

Key Trends:

- Tenants continue to favor smaller, more flexible spaces.
- Build-to-suit and owner-occupant demand remain strong given limited Class A inventory.
- Cap rates range 6.25–7.00%, with pricing supported by low supply.

Forecast:

Expect mild positive absorption and stable rents through 2026, with most activity driven by local professional users and medical office tenants.

San Luis Obispo Summary Continued on P.9

Q3 San Luis Obispo County Commercial Summary

Continued from P.8

Industrial Market Overview

The industrial sector remains the strongest-performing asset class in San Luis Obispo County, with the vacancy rate at 3.1% and average asking rents at \$1.27/SF NNN. Net absorption totaled approximately 25,000 SF in Q3, marking ten consecutive quarters of positive demand. Owner-user and logistics operators continue to dominate leasing and acquisitions, while limited construction has kept supply tight.

Active Submarkets: San Luis Obispo Airport area, Paso Robles Industrial Park, and Grover Beach coastal corridor.

Key Trends:

- *Construction pipeline; 120,000 SF focused on light manufacturing and distribution.*
- *Rent growth up 2.5% year-over-year.*
- *Cap rates between 5.75–6.50%, slightly higher due to financing costs.*

Forecast:

Continued strength into 2026, driven by manufacturing, local trades, and logistics demand.

Retail Market Overview

Retail fundamentals in SLO County remained steady and resilient through Q3, underpinned by a robust tourism economy and limited new development. While retail fundamentals across California have faced headwinds from e-commerce and higher operating costs, the Central Coast continues to outperform, benefiting from affluent demographics, strong visitor traffic, and constrained inventory. Neighborhood and grocery-anchored centers continue to perform best, while older strip centers and Class C retail face slower absorption.

Active Submarkets: Downtown San Luis Obispo, Arroyo Grande Village, and Paso Robles remain the county's most active submarkets, with strong foot traffic and tenant mix stability.

Key Trends:

- *Tenant Activity: Restaurants, boutique fitness, health/wellness, and local service providers led leasing volume.*
- *Average Deal Size: 1,200–3,500 SF for in-line space; larger spaces dominated by grocers and regional operators.*
- *Vacancy Drivers: Primarily older Class C strip centers and big box spaces in secondary corridors.*
- *Cap Rates: 5.75–6.50%, depending on tenancy and lease term*

Overall supply growth remains below 1% annually, supporting ongoing rent stability and healthy occupancy levels.

Forecast:

The retail market is projected to remain steady to slightly positive through 2026. Demand will continue to concentrate in service-oriented and experiential retail, while older centers may face selective re-tenanting or redevelopment pressures. Rents are expected to rise modestly at 1.5–2.5% annually, supported by tourism and local spending growth. ■

Q3 Multifamily Investments Summary | 5+ Unit Assets

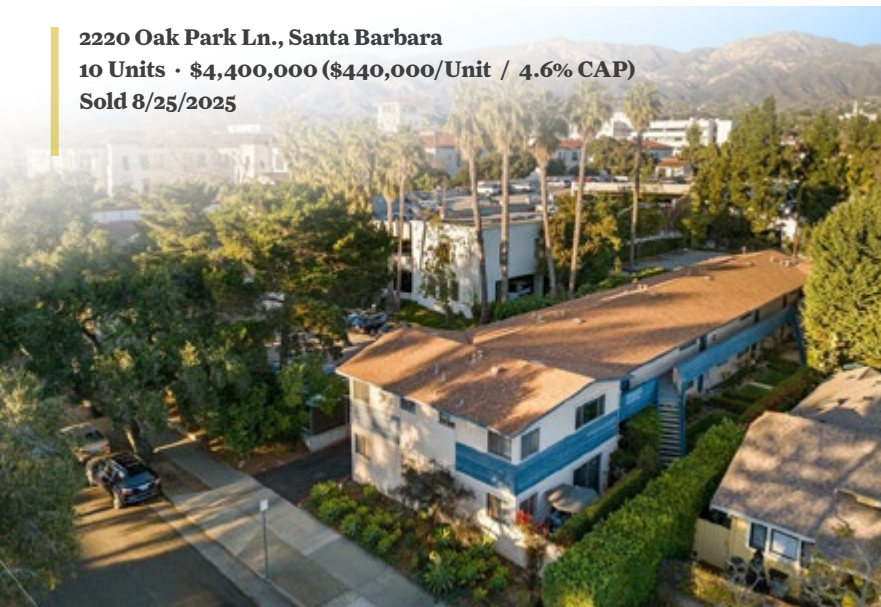
Contribution by Jack Gilbert & Steve Golis

Market Overview

Multifamily investment activity across the Central Coast gained modest traction in Q3 2025, marking the strongest quarter of the year in terms of transactions. A total of 18 sales closed, representing 460 units and \$147.9 million in volume. When removing the large \$100 million Cypress Point transaction in Ventura, total quarterly volume drops to roughly \$47.9 million. While overall activity improved, the market still feels fragile—consistent with prior quarters—defined by selective transactions, disciplined underwriting, and limited availability of standard stabilized trades. Most closings this quarter involved sellers seeking to exit assets where the management piece has become increasingly difficult and time-consuming, owners looking to relocate or leave the region, or those who have already found an upleg. We have also seen increasing appeal toward assets with larger lots or easy redevelopment potential utilizing new state laws such as SB 1211, especially in Santa Barbara's supply-constrained market where new development is nearly impossible. We are past the days of receiving multiple competitive offers on every property; many buyers continue to hold off until they find the right opportunity to write an offer.

Toward the end of the quarter, the Federal Reserve signaled and subsequently implemented a 25-basis-point rate cut. **This decision has already improved buyer sentiment and deal feasibility, helping certain transactions begin to pencil again.** While optimism has returned, participants remain realistic—few expect a return to the ultra-compressed pricing and cap rates of 2020–2022. Buyers have largely recalibrated, **focusing on achievable in-place performance rather than speculative upside.** The standard multifamily deal is increasingly rare, but when such properties come to market at fair pricing, they attract significant attention. Cap rates across the Central Coast continue to hover broadly based on location, condition, and immediate achievable upside with the right operator, typically ranging between the mid-4% to mid-6% band.

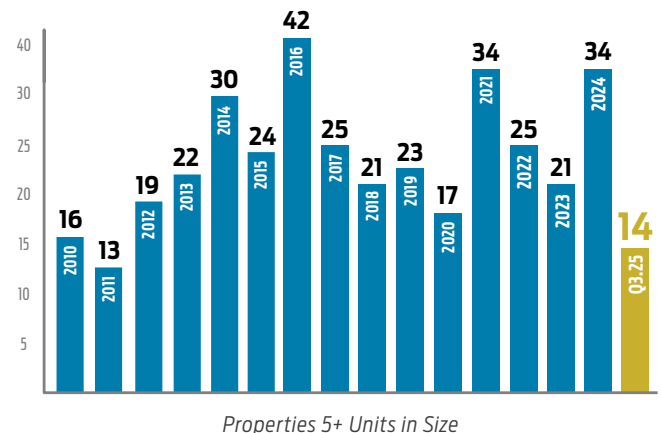
2220 Oak Park Ln., Santa Barbara
10 Units • \$4,400,000 (\$440,000/Unit / 4.6% CAP)
Sold 8/25/2025



MULTI-FAMILY SALES

5+ units

2025 South County Multi-Family Sales



Santa Barbara South County | 5+ Units

South Santa Barbara County recorded three transactions in Q3 2025, totaling 21 units and \$10.6 million in volume, bringing the year-to-date total to 14 total sales. The quarter reaffirmed **buyers' focus on in-place stability and well-located assets**, while rent growth has softened notably in 2025 compared to recent years.

2220 Oak Park Ln. traded for \$4,400,000 (\$440,000/unit) at a roughly 4.6% cap rate. The property consisted of eight two-bedroom/one-bath units and two one-bedroom/one-bath units near Cottage Hospital, offering a solid tenant base and clean operations. **1726 De La Vina St.** sold for \$2,900,000 (\$483,333/unit) at a 5.35% cap rate, featuring six two-bedroom/one-bath units with limited deferred maintenance and efficient layouts. **403 E. Anapamu St.** sold for \$3,344,788 (\$668,958/unit) at a 3.44% cap rate; this property included one large owner-occupant-style unit exceeding 1,800 square feet, while the remaining four units were each over 1,000 square feet. Its premium location near the Santa Barbara Bowl and unique layout made it

Multifamily Sales Summary Continued on P.11

Q3 Multifamily Investments Summary | 5+ Unit Assets

Continued from P.10

somewhat of an outlier among recent trades.

Buyer sentiment in South County remains mixed amid ongoing rent stabilization discussions in Santa Barbara. Although the city's proposed stringent rent control ordinance recently "failed", council members have stated that the topic will be revisited before year-end under a new framework. This pending policy conversation has created hesitation among owners and investors, influencing both pricing and transaction timing within the submarket. Even still, Santa Barbara continues to attract considerable attention from private and institutional capital due to its scarcity of product, high barriers to entry, and enduring rental demand.

Santa Barbara North County | 5+ Units

North County registered two transactions in Q3, highlighting the region's continued appeal for investors seeking yield and fewer regulatory pressures. **310 S. H St.** in Lompoc sold for \$2,075,000 (\$259,375/unit) at a 6.11% cap rate and featured six one-bedroom/one-bath units and two two-bedroom/one-bath units. The sale reflected a high price-per-unit for the submarket, illustrating growing intrigue and rising prices in the area—driven in part by the nearby Vandenberg/SpaceX facility and the property's turnkey condition, which resembled "luxury" product within a well-located pocket of Lompoc. Meanwhile, **310 5th St.** in Solvang traded for \$2,300,000 (\$230,000/unit) at a 3.13% cap rate. The 10 one-bedroom/one-bath units were acquired by a 1031 exchange buyer seeking long-term hold in the growing Santa Ynez Valley. The low price-per-unit and strong location demonstrate the premium investors are willing to accept to secure quality entry positions in that market.

310 S. H St., Lompoc
8 Units • \$2,075,000 (\$259,375/Unit / 6.11% CAP)



San Luis Obispo County | 5+ Units

San Luis Obispo County recorded five transactions totaling 45 units and \$11.4 million in volume, averaging \$265,290 per unit. The region remains driven by private buyers pursuing stable cash flow and manageable operations at realistic pricing.

9280 El Bordo Ave. in Atascadero sold for \$1,760,000 (\$352,000/unit), comprising four two-bedroom/two-bath units and one three-bedroom/one-bath unit. **2130 Main St.** in Morro Bay traded for \$1,852,500 (\$231,563/unit), with a mix of one-bedroom, two-bedroom, and studio layouts totaling eight units. **1527 Royal Way** in San Luis Obispo sold for \$2,337,500 (\$292,188/unit) and featured eight two-bedroom/one-and-a-half-bath units. **652 Morro St.** (\$3.2M) and **804 Boysen Ave.** (\$2.25M) rounded out the quarter. Boysen, located within the Cal Poly student housing corridor, benefits from its proximity to campus but faces headwinds from slower lease-ups and new university dorm developments underway. Overall, SLO continues to attract buyers who appreciate similar market fundamentals as Santa Barbara.

Ventura County | 5+ Units

Ventura County led all Central Coast regions in Q3 with eight transactions totaling 376 units and \$121.4 million in volume, averaging \$220,803 per unit and a 5.66% average cap rate. While the majority of sales have come from sellers wanting to exit the market rather than investors cashing in on stabilized product, nearly all of the quarter's total volume, stemmed from one institutional trade—**1241 Cypress Point Ln.** in Ventura—which sold for \$100,000,000 (\$373,134/unit). Excluding this transaction, Ventura's total volume drops to roughly \$21.4 million, aligning more closely with historical norms for the quarter.

Sidebar: the graphic to the right shows the number of institutional trades that have impacted Ventura County sales stats over the past two years, particularly in 2024.

Institutional & Notable Transactions Skewing Total Unit Count & Sales Volume

	2024	2025
Ventura County	\$88M / 255 units at 6250 Telegraph Rd (Ventura)	\$100M / 268 units at 1241 Cypress Point Ln (Ventura)
	\$95M / 212 units at 1692 Sycamore Dr (Simi Valley)	
	\$133.2M / 370 units at 51 Majestic Ct (Moorpark)	
	\$88.5M / 242 units at 645 Hampshire Rd (Westlake Village)	
	\$64.5M / 167 units at 555 Laurie Ln (Thousand Oaks)	
SLO County	\$44M / 20 units at 845 Madonna Rd (San Luis Obispo)	
SB North County	\$116M / 460 units at 740 S Western Ave (Santa Maria)	

Multifamily Sales Summary Continued on P.12

Q3 Multifamily Investments Summary | 5+ Unit Assets

Continued from P.11

The drop in institutional sales in 2025 (across all Central Coast markets) clearly demonstrates that larger firms, primarily REITs and major syndicators / REPE groups, have not viewed 2025 as an ideal time to sell, instead waiting for improved macroeconomic conditions and buyer sentiment, particularly for stabilized product, or opting to recapitalize and hold.

2951–3011 Albany Dr. in Oxnard traded for \$6,971,057 (\$217,846/unit) at a 5.55% cap rate and featured a favorable two-bedroom-heavy unit mix in a stable residential neighborhood. **2644–2646 Cortez St.** sold for \$2,805,000 (\$233,750/unit) at a 3.77% cap rate over \$300k above the list price, featured a favorable mix of two-bed and three-bed units in across 9 structures, while **443 Occidental Dr.** traded for \$4,995,000 (\$172,241/unit) at a 7.38% cap rate—its less desirable unit mix (mostly studios and 1-beds) offset by competitive pricing that enabled the deal to close. Stabilized properties in Oxnard and inland Ventura continue to show elevated cap rates, generally between 5.5% and 6.5%, reflecting both submarket location factors (especially north versus south pricing) and Oxnard's 4% annual rental cap.

Isla Vista | 5+ Units

No 5+ unit transactions occurred in Isla Vista during Q3 2025. The student housing submarket remains highly active operationally but cautious on the investment side due to growing concerns of potential oversupply. Recent completions such as The Cove, which delivered ahead of the 2025–2026 school year, along with additional on-campus housing planned by UCSB, have led to slower lease-ups and softened rent growth compared to prior years. Still, demand remains strong for well-located properties near the 65/66 block and Del Playa corridor, which continue to outperform broader submarket averages.

Market Summary & Outlook

Q3 2025 marked the most active quarter of the year, driven by renewed momentum in Ventura County and steady private-investor demand in SLO and North County. While the market still feels fragile, transactional motivation remains driven by circumstance rather than speculation. Traditional stabilized assets remain scarce, but when appropriately priced, they continue to draw significant interest from well-capitalized buyers.

The late-quarter Fed rate cut has already improved buyer optimism and underwriting confidence, and while expectations of further easing persist, participants have largely accepted the reality that early 2020s pricing is not returning. With monetary conditions easing and sellers increasingly aligning with buyer expectations, Q4 could see a modest uptick in deal flow, particularly for assets priced to reflect today's rate-sensitive environment. ■

Q3 2025 Multifamily Sales Comparisons (5+ Units)

	PERIOD	UNIT COUNT	NUMBER OF SALES	TOTAL SALES VOLUME	AVG. PRICE PER UNIT	AVG. CAP RATE
Ventura County	2024 (Full Year)	1,608	29	\$563,382,903	\$291,863	5.22%
	2025 (Q1–Q3)	593	16	\$187,192,888	\$243,166	4.85%
SLO County	2024 (Full Year)	318	17	\$97,905,000	\$301,825	4.19%
	2025 (Q1–Q3)	126	12	\$27,905,000	\$247,683	5.02%
SB South County	2024 (Full Year)	373	29	\$146,233,000	\$467,247	4.41%
	2025 (Q1–Q3)	113	11	\$51,144,788	\$414,268	4.76%
SB North County	2024 (Full Year)	674	16	\$153,085,000	\$189,235	5.10%
	2025 (Q1–Q3)	72	6	\$13,005,000	\$187,278	4.99%
Isla Vista	2024 (Full Year)	49	5	\$22,995,000	\$538,398	4.55%
	2025 (Q1–Q3)	24	2	\$10,475,000	\$436,458	5.34%

Q3 Multifamily Investments Summary | 2–4 Units

Contribution by Aneta Jensen

South Santa Barbara County | 2–4 Units

The third quarter of 2025 marked a clear upswing in sales activity across South Santa Barbara County's 2–4 unit multifamily segment. Seventeen new listings came to market, bringing a total available inventory to 27 properties. Sales activity accelerated sharply this quarter, with 23 closings recorded, up from 12 in Q2 2025 and 19 in Q3 2024, signaling renewed confidence and stronger absorption. This increase highlights a **growing sense of urgency among buyers, particularly those seeking stable, income-producing assets in a tightening inventory environment.**

Of the 23 closed deals in Q3, 16 were duplexes, five (5) were triplexes and two (2) were fourplexes. Thirteen of these sales were newly listed during Q3, showing that **buyers are acting decisively when pricing and condition align.** In fact, sixteen transactions closed within 30 days—many all-cash or involving pre-approved borrowers ready to move quickly.

(Note: The duplex category includes both traditional duplexes as well as “dual-living” properties—main homes with legal ADUs functioning as second dwellings.)

Compared to Q3 2024, when 19 properties sold and seven (7) expired, this quarter's 23 sales mark a clear year-over-year increase in activity. Quarter-over-quarter growth was also strong: Q2 saw 12 closings versus 23 in Q3, underscoring renewed buyer confidence. Pending listings rose from three (3) to 12 during the same period, signaling pent-up demand returning to the market.

Sales Performance and Pricing Metrics

DUPLEXES | 16 SALES | AVG. PRICE: \$1,970,600 | AVG. PPU: \$985,300

The standout duplex sale was **132 W. Yanonali St.**, which featured a strong short-term rental history. It sold off-market, fully furnished, and without contingencies for \$2,465,000, equating to \$1,232,500 per unit. In stark contrast, **519 W. Valerio St.**, a 1930s fixer on a large R-M lot, traded for \$425,000 per unit, highlighting the significant gap between entry-level income properties and high-end, turnkey investments.

TRIPLEXES | 5 SALES | AVG. PRICE: \$1,520,000 | AVG. PPU: \$506,600

Among the notable triplex transactions this quarter, **1031 De La Vina St.** stood out as a compelling value-add opportunity. The property, composed entirely of one-bedroom, one-bath units, was delivered vacant and sold for \$428,333 per unit. This sale underscores a clear buyer preference for properties offering immediate renovation or owner-user potential. Similarly, **822 Orange Ave.** and **2215 Oak Park Ln.** both featured at least one vacant unit, appealing to investors seeking a blank canvas for upgrades or those looking to occupy a unit while generating rental income. The trend suggests continued demand for small multifamily assets with repositioning upside and flexible occupancy options.

FOURPLEXES | 2 SALES | AVG. PRICE: \$2,450,000 | AVG. PPU: \$612,500

Only two fourplexes sold this quarter—**459 Linfield Pl.** (Goleta) and **250 Ash Ave.** (Carpinteria). No fourplexes sold within Santa Barbara city limits this quarter, reaffirming Goleta and Carpinteria as active submarkets for this product type.

459 Linfield Pl. sold for \$2,000,000 after multiple price cuts (down 28% from the original ask). Despite Section 8 tenants and an unpermitted studio, it sold in 44 days—showing strong appetite for value-add opportunities. Meanwhile, **250 Ash Ave.** closed for \$2,900,000, the quarter's highest price per unit at \$725,000. This was likely driven by proximity to the beach, six covered parking spaces, and recent unit upgrades.

MULTI-FAMILY SALES 2-4 units



Multifamily Sales Summary Continued on P.14

Q3 Multifamily Investments Summary | 2–4 Units

Continued from P.13

Buyer and Seller Dynamics

Buyer activity continues to be led by local, small-scale investors pursuing manageable assets with stable returns and light value-add potential. Institutional capital remains on the sidelines, favoring larger complexes with greater operational scale.

On the seller side, many listings originate from longtime family owners with little or no debt. These owners often prioritize tenant stability over rent optimization, creating opportunities for buyers to reposition underperforming assets. This balance—equity-rich sellers meeting return-driven buyers—defines today's 2–4 unit market.

Regulatory and Financing Environment

Regulation remains a key market driver. New tenant protection ordinances and rent caps are prompting some owners—especially out-of-area or older landlords—to divest before additional rules take effect. This is particularly evident in Goleta and Santa Barbara's high-density zones.

Interest rates continue to shape investor behavior. The Fed's first rate cut in mid-2025, with another expected before year-end, has improved sentiment. Lower borrowing costs are restoring confidence heading into 2026.

The 2–4 unit segment also benefits from hybrid financing: owner-occupants can leverage residential loans with lower down payments while still earning rental income, bridging the gap between residential and commercial investment.

Outlook for Q4 2025 and Beyond

Q4 is expected to bring an uptick in new listings, especially from estates and longtime owners repositioning portfolios. Demand should stay steady, supported by softening interest rates and an enduring affordability gap between single-family and income-producing properties.

Turnkey assets will continue to sell quickly—often within 30 days—while properties requiring upgrades or rent repositioning will trade at adjusted pricing. Overall, the market outlook remains stable to moderately positive, particularly in Santa Barbara and coastal submarkets.

Conclusion

Santa Barbara County's 2–4 unit multifamily sector remains one of the most resilient and active investment classes in the region. Sales volume rose sharply from both last quarter and last year, while faster absorption and higher pending counts suggest growing momentum.

This niche continues to serve as both an entry point for first-time investors and a cornerstone for experienced owners. As 2025 closes, the market reflects confidence, adaptability, and sustained local demand for tangible, income-producing assets. ■

Contribution by Don Katich, Radius General Manager

Who Needs a Bulldozer?

If I wanted to destroy affordable housing in Santa Barbara, I would...

POLICY AND REGULATION

If I wanted to destroy affordable housing in Santa Barbara, I wouldn't swing a wrecking ball. No, I'd smile politely and pass laws. I'd say I was protecting people, preserving neighborhoods, saving the environment, looking after the renters from evil landlords. And then — brick by brick, regulation by regulation — I'd make it impossible to build or maintain housing anyone could afford.

First, I would drown every new housing proposal in process. I'd let planning and permitting drag on for years, not months. I'd require stacks of studies — seismic, coastal, archaeological, biological — each one necessary, each one slow. I'd delay until developers gave up and lenders moved on.

“**Why stop new housing when I can punish the people who already provide it.”**

Then I'd make building small and dense — the kind that working families can actually afford — practically unlivable. Height limits, setback rules, coastal overlays, neighborhood overlays, aesthetic overlays — I'd stack them like sandbags around every parcel of land. The message would be clear: if you want to build homes, build somewhere else.

I would weaponize fees. Impact fees, traffic fees, school fees, transit fees — a fee for every dream. I'd whisper the word “inclusionary” and pretend it meant affordable housing, while quietly making every unit more expensive to construct.

Then I'd turn neighbors into vigilantes with “community review.” I'd hold public hearings that last until midnight and invite emotional testimony about “neighborhood character.” I'd call it democracy. But really, it's tyranny of the minority. It would be veto power for the loudest five percent.

But why stop new housing when I can punish the people who already provide it?

I'd pass rent control — the silent killer of affordable housing. I'd promise it protects tenants, but I'd ignore its history. I'd ignore that when you cap rent, you cap maintenance. When you freeze income, you freeze investment. And I'd act surprised when landlords sell, rental units disappear, and the housing supply shrinks.

Then I would raise energy costs. I'd mandate all-electric conversions, solar retrofits, EV infrastructure, energy compliance audits — noble ideas, every one of them. But I'd force landlords to pay for it alone. I'd call it climate policy, but I'd never admit it drives rents higher and pushes mom-and-pop housing providers out of business.

Next, I'd inflate property taxes and assessments with endless bond

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Continued from P.15

measures. A little extra for schools here, a little for transportation there — and before long, I'd have doubled the cost of holding a modest fourplex without building a single new home. And call into question the safeguards afforded all property owners through Proposition 13 making claims it creates “inequities.”

I would pass ordinances that quietly turn landlords into criminals — rent caps, relocation penalties, inspection schemes, private right of action lawsuits. I'd make it easier to sue a landlord than to lease from one. And I'd make sure the rules were confusing, so even good landlords lived in fear of technical violations.

Then I'd divide the community — tenants against landlords. I'd pass Tenant Protection Ordinances that presume guilt, that forbid “harassment” but never define it, that treat every no-fault eviction as a moral failure. Good people who provide housing would be treated as the enemy. And I'd call it justice.

Finally — I would ensure everyone blamed “the market” instead of the real culprit: bad governance.

Because if I wanted to destroy affordable housing in Santa Barbara, I wouldn't need a bulldozer. I would only need:

- Endless regulation
- Weaponized rent control
- Soaring energy mandates
- Escalating property taxes
- Ordinances that punish housing providers
- Laws that divide landlord and tenant
- And a government that says “yes” to process and “no” to housing.

And I would do it all while insisting I care deeply about affordability.

But — if we want a different ending to this story — we should remember a simple truth:

Housing is not created by speeches, hearings, or government slogans. Housing is created when we allow people to build it and control it. ■