

RADIUS Insight



SOUTH COAST MARKET REPORT

Q4 2024

Q4 Commercial Sales Summary

Contributions by Miles Waters

STRONG Q4 SALES LIFT 2024

An active fourth quarter in the South Coast market (Santa Barbara, Goleta, Carpinteria) saw 27 commercial sales totaling \$107.5MM in sales volume, a major uptick from Q4 2023 (14 sales / \$68.5MM), and back on par with Q4 2022 (29 sales / \$105MM).

In fact, Q4 was the most productive quarter of the year, a big bump from the 18 sales / \$61.3MM registered in Q3 2024. The year ended with 84 total commercial sales, surpassing 72 total in 2023.

Interestingly, office product led the way with the most transactions as the breakdown included 10 office sales, nine (9) retail, six (6) industrial and two (2) land sales. Nine (9) of the 10 office transactions were completed by owner-users, reversing the trend of fewer owner-user sales over the past year. On the other hand, the majority of the retail assets sold as investment properties. Over all, owner-users dominated the quarter with 16 sales, compared to 11 investment sales.

Notable deals from the quarter included the 208K SF Vercal Building at **1 N. Calle Cesar Chavez** in Santa Barbara, the largest commercial building on the South Coast; and the 33K SF retail/office complex at **250-270 Storke Rd.** in Goleta which traded for \$10.5MM.

Although the quarter produced robust statistics, it's important to note that assets that are overpriced continue to sit on the market and are forced to chase the market down with price reductions. Assets that hit the market with realistic pricing receive ample activity and typically trade swiftly. This is a testament to healthy buyer demand and liquidity keeping a close eye on the market.

250-270 Storke Rd., Goleta
33,000 SF Retail/Office Center
\$10.5MM (12/6/2024)



2024 South Coast Commercial Sales

27

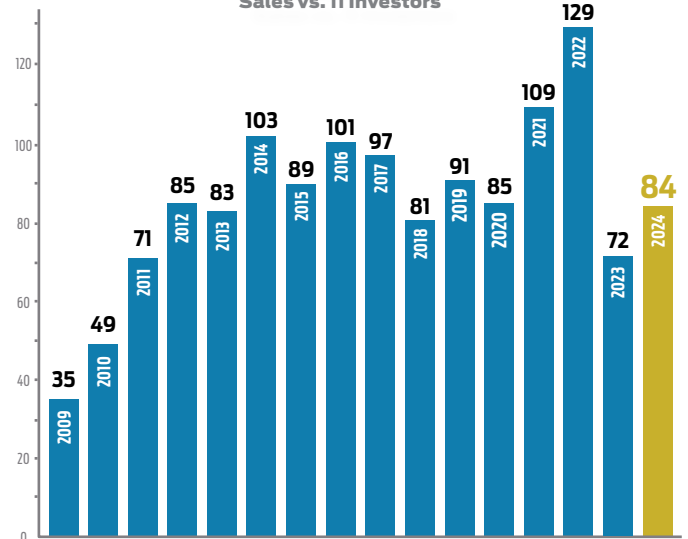
#Q4 Sales
vs. 18 in Q3

\$107.5MM

Q4 Sales Volume
vs. \$61.3MM in Q3
Excluding Hotel Sales

60%

16 Owner-User
Sales vs. 11 Investors



15-year average = 85.3 sales/year. Excludes apartment sales.

We attribute the increase in activity to a pent-up demand and increased inventory on the market as buyers and sellers have seemingly stepped off the sidelines. The increased participation in the market has transpired into more deal flow and, although interest rates have actually risen and the election has passed, asset values and buyer and seller expectations continue to find their place in the market.

As 2025 begins, further momentum points to an active year. With a new administration and expected improved economic data pertaining to inflation and interest rates, the broad outlook on commercial real estate is positive.

2024 So. Coast Leasing Quick Stats

| | | Q3.24 | Q4.24 |
|------------|---------------|-------|--------------|
| OFFICE | Santa Barbara | 11.0% | 10.3% |
| | Goleta | 7.9% | 7.9% |
| | Carpinteria | 29.1% | 29.3% |
| INDUSTRIAL | Santa Barbara | 1.1% | 1.1% |
| | Goleta | 2.9% | 3.0% |
| | Carpinteria | 3.3% | 2.8% |
| RETAIL | Santa Barbara | 3.0% | 3.2% |

| | | Q3.24 | Q4.24 |
|------------|---------------|--------|---------------|
| OFFICE | Santa Barbara | 62,700 | 56,900 |
| | Goleta | 29,300 | 41,400 |
| | Carpinteria | 0 | 0 |
| INDUSTRIAL | Santa Barbara | 1,500 | 31,600 |
| | Goleta | 37,400 | 35,200 |
| | Carpinteria | 5,000 | 5,800 |
| RETAIL | Santa Barbara | 21,900 | 15,700 |

| | | Q3.24 | Q4.24 |
|------------|---------------|--------|---------------|
| OFFICE | Santa Barbara | \$3.13 | \$3.16 |
| | Goleta | \$2.24 | \$2.27 |
| | Carpinteria | \$2.62 | \$2.61 |
| INDUSTRIAL | Santa Barbara | \$2.36 | \$3.21 |
| | Goleta | \$1.88 | \$1.89 |
| | Carpinteria | \$1.36 | \$1.31 |
| RETAIL | Santa Barbara | \$4.25 | \$4.06 |

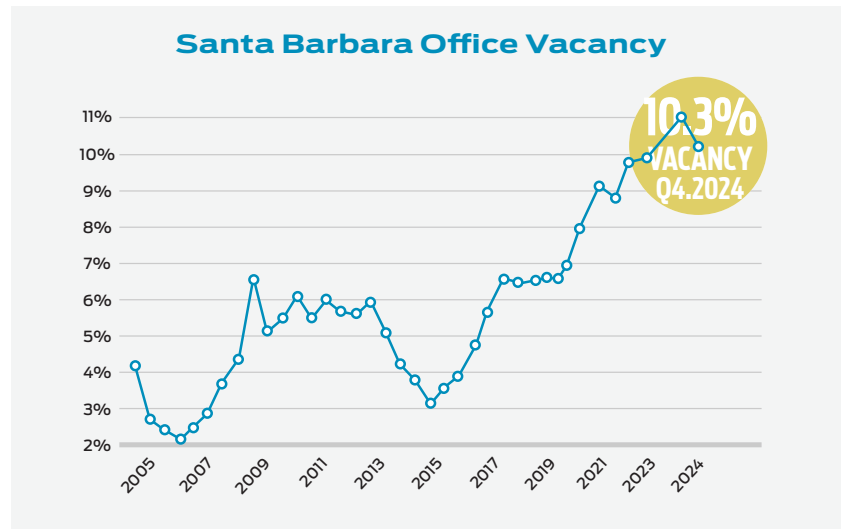
| | | Q3.24 | Q4.24 |
|------------|---------------|--------|---------------|
| OFFICE | Santa Barbara | \$3.43 | \$2.92 |
| | Goleta | \$2.42 | \$2.42 |
| | Carpinteria | N/A | N/A |
| INDUSTRIAL | Santa Barbara | \$4.18 | \$1.94 |
| | Goleta | \$1.76 | \$2.11 |
| | Carpinteria | \$1.50 | N/A |
| RETAIL | Santa Barbara | \$3.75 | \$3.85 |

Contributions by Justin Diem, Brad Frohling & Gene Deering

Office

Goleta's office vacancy rate remained stable below 8% for four of the last five quarters (finishing 2024 at 7.9%) and has not topped 9% since Q3 2023 when it stood at 9.5%. The largest new lease during Q4 2024 was Bardex moving into 11,136 SF of turnkey space at **130 Robin Hill Rd.** Meanwhile tech giant Google expanded its South Coast footprint by 12,669 SF at **6868 Cortona Dr.**, where it already occupies about 15,000 SF. The company operates its Google GQ2 Quantum AI campus at **301 Mentor Dr.** in Goleta, and they also purchased 7.6 acres to build a facility at **355 Coromar Dr.**

Lease rates for higher-end Goleta office have remained strong. Goleta's three largest office vacancies are subleases at **50 Castilian Dr.** (43,655 SF), **6500 Hollister** (29,372 SF) and **425 Pine Ave.** (22,964 SF).



The largest office renewal in Goleta in Q4 involved Tecolote Research renewing their 20,473 SF lease at **420 S. Fairview Ave.**

On to Santa Barbara, the year ended with the office vacancy rate ticking downward to 10.3%, from 11.0% in Q3. The largest lease of Q4 involved a local company taking the entire top floor (14,137 SF) at **25 E. Mason St.**, for flex space. Previously occupied by Sonos, the building has 32,829 SF of flex space remaining available between the first and second floors. At **801 Chapala St.**, Compass renewed their 4,975 SF class A office during Q4, while AdventureMinds signed a new lease for the 5,624 SF in The Platform at **126 E. Haley St.** which TapJoy vacated.

Finishing in Carpinteria, with zero new leases signed in Q4, the office vacancy rate remained a staggering 29.3% by year end. There also were no notable renewals during the quarter. Early in 2025 a few larger deals took place at the start of January which we will discuss in the 2025 Q1 market report; these should finally trim down Carpinteria's office vacancy rate given the market's limited inventory.

Industrial

Market stability with low vacancy and strong lease rates continued

Leasing Summary Continued on P.3

Q4 South Coast Leasing Summary

Continued from P.2

in the industrial leasing sector during Q4. Vacancy rates remained relatively unchanged in Santa Barbara (1.1%), Goleta (3.0%) and Carpinteria (2.8%).

Notable deals include 12,700 SF at **201 W. Montecito St.** (The Hangar) which leased to a car collector; 10,790 SF leased at **402 E. Gutierrez St.** by Panos Brands for storage and distribution of food products; and 29,465 SF at **147 Castilian Dr.** in Goleta which leased to Restoration Hardware in a short term storage deal—this space should be back on the market soon. A significant renewal occurred at **879 Ward Dr.** in Goleta with Sonatech re-signing for its 39,951 SF space, signaling the continued health of the technology market in our community.

Lease rates remain generally flat for the larger 10,000 SF+ spaces, with a slight increase in rates in spaces below 10,000 SF. We have witnessed a push by some owners in Santa Barbara to achieve \$3.00/SF+ lease rates on smaller spaces, however prolonged vacancies with these high rates continue to suggest there is a threshold being reached as to what industrial tenants will pay to be in Santa Barbara when both Goleta and Carpinteria are more cost effective options.

Looking forward into 2025 it will be interesting to see if larger industrial operations come forward to lease larger spaces such as **1120 Mark Ave.**, Carpinteria (22,000 SF), **147/149/151 Castilian Dr.**, Goleta (35,297 SF), and **415 N. Salsipuedes**, Santa Barbara (14,368 SF).

Retail

Retail leasing activity in Santa Barbara slowed significantly during Q4, stunting the positive momentum seen earlier in the year. Only eight (8) new retail leases were signed, absorbing a total of just 15,745 SF. While demand for smaller spaces remained steady, the availability of larger retail spaces continues to push overall vacancy rates higher.

The largest Santa Barbara retail lease occurred at **1207 State St.**, with Art Essentials moving into 6,000 SF after spending more than 20 years at **32 E. Victoria St.** Although the space was previously occupied, this lease by a local business helped activate an under-utilized storefront in the city’s arts district. Another notable arts district lease was **1323 State St.**, where Art & Soul Gallery took over a former real estate office spanning 2,272 SF. Lighthouse Skate Shop also relocated from the Funk Zone to lease 2,250 SF at 907 State St.

Despite sluggish leasing activity at the end of the year, downtown State Street showed resilience, which is always encouraging. Half of the Q4 retail leases occurred on downtown State, reflecting a potential shift of businesses toward increased affordability. Additionally, The Blue Door



LEASED

Flex | 25 E. Mason St., 3rd Flr.
Santa Barbara • ±14,053 SF
12/11/2024



SUBLEASED

Industrial | 201 W. Montecito St.
Santa Barbara • ±12,700 SF
10/3/2024



LEASE EXPANSION

Industrial | 6868 Cortona Dr.
Goleta • ±12,669 SF
12/1/2024 (Google)



LEASED

Office | 130 Robin Hill Rd.
Goleta • ±11,136 SF
11/25/2024 (Bardex Corporation)



LEASED

Retail | 1207 State St.
Santa Barbara • ±6,000 SF
10/12/2024 (Art Essentials)



LEASED

Office | 126 E. Haley St.
Santa Barbara • ±5,624 SF
10/9/2024 (AdventureMinds)

renewed its lease at **136 State St.**, maintaining its presence at a key location where State Street meets the Funk Zone.

Montecito, meanwhile, continued to gain momentum with two new leases at **1253 Coast Village Rd.** and **1236 Coast Village Circle.** The Post, a new retail concept, opened near the Andree Clark Bird Refuge in a formerly office-focused complex redesigned to capitalize on the strong local retail market. Montecito’s ongoing hospitality renovations and developments are further enhancing its appeal. In the wake of recent Southern California wildfires, Montecito and Santa Barbara have seen increased interest from residents seeking similar lifestyles which may positively impact business.

Overall, Santa Barbara’s retail market saw a slight uptick in vacancy rates, rising from 3.0% in Q3 to 3.2% in Q4. This increase was partly due to the sizable 24 Hour Fitness space becoming available downtown. Asking rents declined slightly, dropping from \$4.25/SF (Q3) to \$4.06/SF gross equivalent, while average achieved rents increased from \$3.75/SF (Q3) to \$3.85/SF gross equivalent, excluding the higher-priced leases in Montecito. ■

West Ventura County Summary

Contributions by Andres Uribe

Ventura County / Conejo Valley Office

The West Ventura County and Conejo Valley office vacancy rate has continued to climb in 2024, reaching 24.1% and totaling over 3.5MM SF of available office space. With roughly 113,000 SF in new leases signed in Q4, this resulted in the lowest new lease activity since 2020.

The three largest availabilities of contiguous space are at **225 E. Hillcrest Dr.** in Thousand Oaks (121K RSF), **112 S. Lakeview Canyon Rd.** in Westlake Village (121K RSF), and **5601 Lindero Canyon Rd.** in Westlake Village (99K RSF). ■

Santa Barbara County Agricultural Land Summary

Contributions by Jon Ohlgren

The big news for Ag-Zoned property in 2024 was the December codification of the **Agricultural Enterprise Ordinance (AEO)**, which became effective January 10, 2025. Passage of the AEO represents the most expansive increase in allowable uses for Ag-zoned properties in Santa Barbara County history. New and expanded activities include: campgrounds, incidental food service, educational experiences and opportunities, farm-stays, special events, agricultural processing, composting, aquaponics and fishing operations, farm stands, horseback riding and firewood processing.

As one example, here is a short breakdown of the number of campsites now allowed on Ag-II zoned properties:

- ≥ 40-100 acre (ac): up to 15 sites
- > 100-200 ac: 20 sites
- > 200-320 ac: up to 25 sites
- > 320 ac: up to 30 sites
- Plus 1 campsite per each additional 200 ac over 320 ac

For more detailed information:

<https://www.countyofsb.org/asset/6bc6e392-7bf1-4df6-ac97-fad41d6636ad>

With the completion of the AEO, the creation of the **Recreation Master Plan** is now in full-swing. One of the objectives is to create “public-private partnerships to provide public recreation benefits...Through collaborative efforts with community partners, public agencies, and private proponents, the County can help realize new and innovative ideas to help meet diverse recreation needs.” We will see plans proposed on private, Ag-Zoned properties that accomplish this goal. Many ideas are already in the works. Stay tuned or get involved; there will be some amazing projects that benefit the community resulting from this process.

For more detailed information:

www.SBCRecPlan.com ■

Q4 Multifamily Sales Summary | 5+ Unit Properties

Contributions by Mike Lopus & Steve Golis

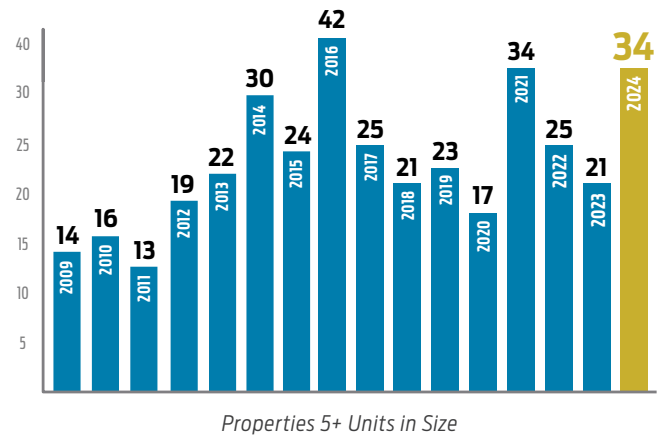
Santa Barbara South County | 5+ Units

Throughout Q4 2024, we continued to see strong demand for multifamily properties in Santa Barbara South County. With 15 of the year’s 34 total transactions completed in Q4 alone, market conditions from earlier quarters carried through, with properties continuing to trade below list prices. While there were a significant amount of value-add investors in the market this past year, the majority maintained their emphasis on current performance rather than future upside potential. This trend will undoubtedly become more pronounced with the prospect of new rent control measures following recent changes in the Santa Barbara City Council.

The fourth quarter saw several significant transactions, including two major existing affordable housing sales. The largest was **524 W. Canon Perdido St.**, a 70-unit affordable housing complex that sold for \$21,000,000 (\$300,000/unit). The other affordable housing transaction was **1502 San Pascual St.**, a 45-unit property that traded for \$15,000,000 (\$333,333/unit) at a 5.35% CAP rate. These transactions demonstrate the continued institutional interest in the affordable housing sector within Santa Barbara along with a slight discount due to the rent-stabilization component.

Beyond the affordable housing sector, we saw steady transaction activity throughout South County. In Santa Barbara proper, **110 Bodega Ln.**, a 14-unit property, sold for \$4,850,000 (\$346,429/unit) at a 4.75% CAP rate. Along Bath Street, we saw three transactions: **1403 Bath St.**, a 6-unit property that traded for \$2,250,000 (\$375,000/unit) at a 3.53% CAP rate; **2012 & 2016-2018 Bath St.**, a two-parcel, 11-unit property that sold for \$4,700,000 (\$427,273/unit) at a 4.55% CAP rate; and **1225-1229 Bath St.**, a 9-unit property that sold for \$3,400,000

2024 South County Multi-Family Sales



(\$377,778/unit). In Carpinteria, **4817 Sawyer Ave.**, a 5-unit property, traded for \$2,185,000 (\$437,000/unit) at a 4.75% CAP rate. All these transactions further reinforced the strong interest in the South County’s more desirable locations.

Isla Vista saw increased activity with three notable transactions in Q4, marking a departure from the typically limited transaction volume in this submarket. At **6591 Cordoba Rd.**, this 5-unit property sold for \$2,935,000 (\$587,000/unit) at a 5.14% CAP rate, while **6523 Trigo Rd.**, an 8-unit property, traded for \$4,275,000 (\$534,375/unit) at a 4.67% CAP rate. Additionally, while oceanside property in Isla Vista has struggled in recent years, **6521 Del Playa Dr.**, a 5-unit oceanside property, traded for \$3,900,000 (\$780,000/unit) at a 5.80% current CAP rate with significant and near immediate upside potential on rents. These sales reflect the strong demand for student housing assets, particularly those well-positioned near UCSB. The advantage of this student housing product in Isla Vista is that investors can achieve market rents in a shorter window as their tenant base graduates and moves out of the units. For these reasons, buyers can be slightly more aggressive with pricing, understanding that they have a much shorter runway to achieve their forecasted rents and capture potential upside at the property.

Properties that came to market continued to see solid activity, ultimately benefiting sellers in

Multifamily Sales Summary Continued on P.6

524 W. Canon Perdido St., Santa Barbara
70 Units Affordable Housing · \$21,000,000 (\$300,000/Unit)
12/31/2024



Q4 Multifamily Sales Summary | 5+ Unit Properties

Continued from P.5

achieving strong pricing. However, the looming concerns over new rent control guidelines in the City of Santa Barbara have made it increasingly difficult for buyers to view properties solely through a potential rental upside lens. Now more than ever, we are seeing buyers putting a greater emphasis on the property's current rental income that they would be receiving at the time of purchase, versus pro-forma income. Buyers will consider the AB annual increases, the potential market rents, the timeline to achieve those increased rents, and the work that will need to be completed on the property to position the building to achieve those rents.

Santa Barbara North County | 5+ Units

In Q4 of 2024, Santa Barbara North County saw 5 total transactions, with one in particular besting all other deals in the market, by a mile. The 460-unit La Vista Apartments at **740 S. Western Ave.** in Santa Maria traded for \$116,000,000 (\$252,174/unit), marking the largest multifamily transaction ever recorded in Santa Barbara County by both unit count and sales price. This sale represents a significant milestone for the North County market and demonstrates growing institutional interest in the region.

Additional activity in North County included the sale of **725-733 N. E St.** in Lompoc, an 18-unit property that traded for \$2,400,000 (\$133,333/unit) at a 5.6% CAP rate.

The price differential between North and South County remains significant, with North County properties typically trading at higher CAP rates and lower price-per-unit metrics compared to South County assets.

Ventura County | 5+ Units

In Ventura County, there were 5 transactions in Q4, a few of them particularly noteworthy. The largest transaction was at **57 N. Ann St.** in Ventura, a 20-unit property that sold for \$5,175,000 (\$258,750/unit) at a 5.02% CAP rate. Another significant sale was **130 N. Surfside Dr.** in Port Hueneme, a 15-unit property that traded for \$4,400,000 (\$293,333/unit). These properties demonstrated the continued appeal of coastal communities to investors seeking stable returns in well-located assets.

That said, the Ventura County market is experiencing a slight disconnect between buyer and seller pricing expectations, which has become particularly evident in recent months. Many sellers are still anchored to the higher valuations seen in 2021 and 2022 when interest rates were at historic lows and properties were trading at CAP rates in the high 3% to low 4% range. Meanwhile, buyers are underwriting to today's debt costs and required returns, typically seeking CAP rates at 5% or higher. This bid-ask spread has resulted in numerous multifamily properties sitting on the market without trading, some for six months or longer, as sellers resist adjusting their pricing expectations downward to meet current market conditions.

This pricing standoff has been particularly pronounced in Ventura County compared to other Central Coast submarkets, leading to reduced transaction velocity despite strong fundamental investor interest in the region. Properties that are trading are typically those where sellers have realigned their pricing expectations with current market conditions, as evidenced by the CAP rates on recent sales. The transactions that closed in Q4 generally reflected this new pricing reality, with CAP rates above 5% becoming the new normal for quality assets in strong locations.

740 S. Western Ave., Santa Maria (La Vista Apartments)
460 Units • \$116,000,000
(\$252,174/Unit)



Record Sale!

Multifamily Sales Summary Continued on P.7

Continued from P.6

San Luis Obispo County | 5+ Units

San Luis Obispo County saw a slight bump in transaction activity in Q4, with 6 of the year-end total of 17 transactions occurring in that quarter. One property, at **845 Madonna Rd.**, was picked up by Cal Poly Corporation, a self-supporting 501(c)(3) non-profit auxiliary of the California State University system, who plans to lease the units exclusively for Cal Poly faculty and staff. Given enrollment growth Cal Poly SLO has seen in recent years, investors are seeking future potential gains from well-located assets.

A few other transactions included the sale of a 6-unit property at **2029 Beebee St.** in SLO, which traded for \$1,400,000 (\$233,333/unit) at a 4.59% CAP rate; **3100 Main St.** in Morro Bay, which traded for \$2,800,000 (\$311,111/unit) at a 5.08% CAP rate; and **5220 Traffic Way** in Atascadero, which traded for \$2,125,000 (\$265,625/unit).

The vacancy rate in the South SLO Submarket has remained steady, and the region continues to see solid rental growth compared to other Central Coast submarkets.

2024 Year-End Summary | 5+ Units

Throughout 2024, we witnessed the multifamily market's continued adaptation to higher interest rates and evolving market conditions. The year began with expectations of potential rate cuts that did not materialize, leading to a prolonged period of price discovery between buyers and sellers. Traditional Santa Barbara County fundamentals remained in play, with a steady 0.5% population growth along with an approximate 3.5% vacancy rate. Furthermore, only about 120 market-rate units opened across the county, in line with what we have seen in the past given the difficulty of finding buildable land for multifamily development. Market rent growth has largely cooled down from the 10.2% increase we saw in 2021, with 2.1% in 2024 compared to 3.5% in 2023, yet still outperforming the nation average of 1%.

Adding further complexity to the market, insurance costs have continued to rise dramatically, and may continue to do so particularly in the wake of recent wildfires in areas like Pacific Palisades and Altadena. Insurance carriers are implementing increasingly stringent requirements regarding property conditions, especially concerning electrical systems, roofing and plumbing infrastructure. These requirements, coupled with rising contractor and development costs, have added another layer of consideration to buyers' underwriting processes. Despite these challenges, transaction activity remained steady, particularly in South Santa Barbara County where demand for quality assets persisted.

In South County specifically, we saw roughly 33 transactions of 5+ units, which was almost double what we saw in 2023. With only 4 of these transactions being over 20 units, the majority of product that sold was captured not by institutional investors, but by smaller, more local groups. However, the record-breaking La Vista Apartments transaction in Santa Maria (North County) highlighted the institutional capital still actively seeking opportunities in our market when they are present. Meanwhile, the prospect of new rent control measures in Santa Barbara has added another layer of consideration for investors evaluating properties in the South County market.

Looking ahead, we anticipate that interest rates will remain a key factor influencing transaction activity in 2025. The market has largely adjusted to the higher rate environment, with buyers and sellers finding common ground on pricing. However, the potential implementation of rent control measures in Santa Barbara could impact investment strategies and valuations in the South County market.

There will still be strong demand for rentals among tenants with the high cost of ownership on the Central Coast. The combination of higher interest rates and elevated sales pricing promotes renting versus purchasing homes in this region. This affordability gap only adds greater emphasis on the demand for additional multifamily development in the market.

We expect continued strong buyer demand for multifamily properties in 2025, particularly for well-located assets with stable current income. However, buyers will likely maintain their disciplined approach to underwriting, with continued emphasis on current performance rather than speculative upside potential. ■

Contributions by Aneta Jensen

South Santa Barbara County | 2-4 Units

In 2024, the residential income property market (2-4 units in size) in Santa Barbara South County, which includes Santa Barbara, Goleta, Carpinteria and Summerland, experienced significant activity. A total of 97 properties sold, comprising 63 duplexes, 21 triplexes and 13 fourplexes (241 units total), representing a total sales volume of \$189,722,031. The average price per unit (PPU) was \$840,690, though this figure was slightly skewed by three high-priced sales in Montecito. Minus these outliers, the adjusted average PPU was \$787,784, providing a more accurate representation of the market.

By comparison, only 122 total units were sold in 2023, so roughly 50% fewer units than in 2024. The previous year's sales volume was less than half of 2024's, amounting to \$93,264,032 sales volume with with an average PPU of \$761,149 (excluding one sale in Montecito that grossly skewed the PPU).

By submarket, Carpinteria recorded only one sale in 2024 in contrast to the prior year where there were four sales. That property, a fourplex, sold with a PPU of \$598,437. Summerland, meanwhile, matched 2023 with just a single sale, a duplex, which sold for \$2,395,000 after just 11 days on the market, achieving its full asking price.

Goleta saw 11 sales (an increase from nine (9) recorded in 2023) including nine (9) duplexes and two (2) triplexes, with a total volume of \$18,875,000. These 24 units sold at an average PPU of \$800,000, with properties typically spending around 30 days on the market. Notably, six of the sales in Goleta exceeded their asking prices, indicating strong demand for well-priced, income-producing properties.

In Isla Vista, there were eight (8) recorded sales for the year, comprising six (6) duplexes and two (2) triplexes. Most of the activity occurred in Q4 with six (6) sales, while Q1 and Q3 saw no activity and Q2 recorded only two (2) transactions. The total sales volume in Isla Vista was \$15,785,000, with 18 units sold at an average PPU of \$870,937. This concentration of activity in the final quarter may suggest seasonal trends or specific market conditions.

Santa Barbara accounted for the majority of activity with 73 sales, including 44 duplexes, 17 triplexes and 12 fourplexes. The total sales volume was \$135,283,058, with 187 total units sold at an average PPU of \$773,813. Activity peaked in Q4 with 29 sales, nearly 40% of the year's total. The third quarter saw 15 transactions, while the first two quarters were relatively slower. On average, properties in Santa Barbara were on the market for 50 days, though some sold much more quickly. One notable sale was a fourplex at **133 Chapala St.**, which sold for \$3,360,000—11% above its asking price of \$2,995,000. This property featured three vacant units and one rented at market rate, making it particularly attractive to buyers seeking value-add opportunities.

The sales volume nearly doubled in 2024 compared to the previous year, accompanied by a 3.5% increase in PPU.

Across all submarkets, six properties were sold off-market according to the MLS. Several properties throughout the county sold above their asking prices, underscoring the competitive nature of the market. Buyers showed a clear preference for properties with value-add potential, particularly those that were vacant, allowing for renovations and adjustments to market rents. This trend also reflects a desire to avoid the complexities of existing tenant-landlord relationships.

133 Chapala St., Santa Barbara
4 Units · Sold for \$3,360,000 (Asking \$2,995,000)
(\$840,000/Unit)



2-4 Units Summary Continued on P.9

Continued from P.8

North Santa Barbara County | 2-4 Units

In 2024, North Santa Barbara County recorded 17 sales of multifamily properties 2-4 units in size, including eight (8) sales in Lompoc, seven (7) in Santa Maria and two (2) in Santa Ynez. This marked a notable decrease from the 25 properties sold in 2023 across the region. The decline reflects a cooling market influenced by economic factors such as political and economic uncertainty amongst investors and rising interest rates in 2024.

Sales activity remained steady throughout the year with three (3) transactions closing in the first quarter, two (2) in the second quarter, three in the third quarter and five in the fourth. While the average PPU rose 5.4%, from \$290,547 in 2023 to \$307,092.65 in 2024, total sales volume declined significantly, dropping from \$17,905,000 to \$13,861,650.

North County Notable Transactions | 2-4 Units

- The highest PPU sale in Lompoc occurred in April with a duplex near Lompoc High School at **620 North F St.** This property sold over asking price for \$638,650 (\$319,325 PPU) after 68 days on the market.
- A fourplex at **620 Summerwood Lane** sold off-market along with the neighboring property at **700 Summerwood Lane.** Built in 1980, both properties were sold as-is to an out-of-town investor for \$870,000 each (\$217,500 PPU).
- In Old Town Orcutt, **300 Union Ave.** sold to a local investor for \$1,340,000 (PPU \$337,500) as part of a probate sale; while **325 Union Ave.** was acquired by an out-of-town investor for \$1,350,000 (\$335,000 PPU).
- Santa Ynez Valley saw two (2) total sales of duplexes, for \$925,000 and \$890,000, with both achieving the highest PPUs in North County at \$462,500 and \$445,000 respectively. Both occurred in the first half of the year.

North County Summary | 2-4 Units

- Transactions declined from 25 in 2023 to 17 in 2024
- Sales volume dropped from \$17,905,000 in 2023 to \$13,861,650 in 2024
- Average PPU increased 5.4%, from \$290,547 in 2023 to \$307,093 in 2024

The above stats underscore a market where fewer properties are changing hands, but those that do sell command higher prices, likely due to limited inventory and increased demand for quality assets. The decline in transaction volume reflects investor caution, driven by economic uncertainty and rising borrowing costs. However, the rise in PPU indicates sustained demand for well-located, well-maintained properties, especially in Santa Maria.

Looking ahead, the North County multifamily market in the 2-4 unit category is expected to remain competitive. Lower-priced assets in the region may continue to attract first-time investors and owner-occupant buyers who are not yet ready to invest in South Santa Barbara's higher-priced properties. ■

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COMMERCIAL, MULTI-FAMILY,
LAND & BUSINESS
SALES 2024

\$228

MILLION DOLLARS
TOTAL SALES VOLUME 2024
Commercial, Multi-Family,
Land & Business Sales

140

LEASES 2024
545,000 SF Buildings
43,000 SF Largest Lease



90,000 SF City Block in the Funk Zone • Sold for \$19MM



33,000 SF Retail/Office Center at 250-270 Storke Rd., Goleta • Sold for \$10.5MM



36,000 SF Industrial/Whse Space at 147 Castilian Dr. in Goleta • Leased

TEAM RADIUS. STRENGTH IN NUMBERS.

100% Local • Offices in
SANTA BARBARA

VENTURA

SANTA YNEZ VALLEY



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