

OFFERING MEMORANDUM

440 POR LA MAR DRIVE
SANTA BARBARA, CA 93103

FOR SALE \$7,400,000



**BERKSHIRE
HATHAWAY** | California
HomeServices Properties
COMMERCIAL DIVISION



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A Rare Trophy Multi-Family Property in a Prime Coastal California Location . . .

The sky's the limit for this ultra-rare waterfront-area 8-unit multi-family offering steps to Santa Barbara's best beach East Beach. The building is currently operated as standard long-term unfurnished rental apartments, but the R-4 zoning designation and location within the Coastal Zone, could allow for shorter-term rental uses. As a true "trophy" asset in an A++ location, other creative higher-return uses such as furnished long-term luxury rentals, corporate rentals or specialty group rentals, all become possibilities. Furthermore, new Accessory Dwelling Unit laws may allow 2 more units to be built.

The property's current good condition is reflective of 20+ years of local pride-of-ownership hands-on management. 6 of the 8 units include various levels of existing upgrades, but with plenty of room remaining for a new owner's value-add to a next level of luxury appropriate for the location. Even with no further value-add improvements, the projected cap rate after a next AB 1482 round of rent bumps is estimated at ~4.0%, considered a great number for a solid waterfront-area apartment building in Santa Barbara. If value-add projects or other re-positioning is undertaken by a new owner, the cap rate potential could climb much higher. 2 of the 8 units have been kept intentionally vacant for the next owner to have a head start on re-positioning the property for their preferences.

Review the Offering Memorandum to see more property details, discussion of potential property uses, and a description of nearby amenities which would be enticing for future high-end tenants. Residents and/or an owner-occupant would be within 1-2 blocks of casual and upscale dining, as well as the world-renowned volleyball courts and soft sand of East Beach. Dozens of additional restaurants, wine tasting and boutique retail are all within about 1 mile either in the direction of State Street / Stearns Wharf to the west, or Coast Village Road in Montecito to the east. Only a small handful of multi-family properties of this size or larger were ever built in the waterfront areas of Santa Barbara - don't miss this rare generational investment opportunity! Private OM version with property financials and pro-forma scenarios is available upon request.

PROPERTY INFORMATION

Assessor Parcel Number: 017-322-006

Zoning: R-MH Residential Multi-Family/Hotel

Zoning Overlay #1: S-D-3 Special District #3

Zoning Overlay #2: CZ Coastal Zone

Lot Size: 10,890 square feet / 0.25 acres

Habitable Square Footage: 7,006 (per records)

Number Of Apartments: 8 Units

Unit Mix: All 2-bedroom / 1-bathroom

Parking: 8 spaces (uncovered)

CURRENT RENTAL OPERATIONS

Monthly Rents: \$4,205 average per unit

Laundry Income: \$150/month, \$1800/annual

Total Income: \$33,640/mo., \$403,680/annual

Owner Utilities: Water, trash, other common

Tenant Utilities: In-unit electricity, gas

Laundry: 6 in-unit, plus laundry room (2 x W/D)

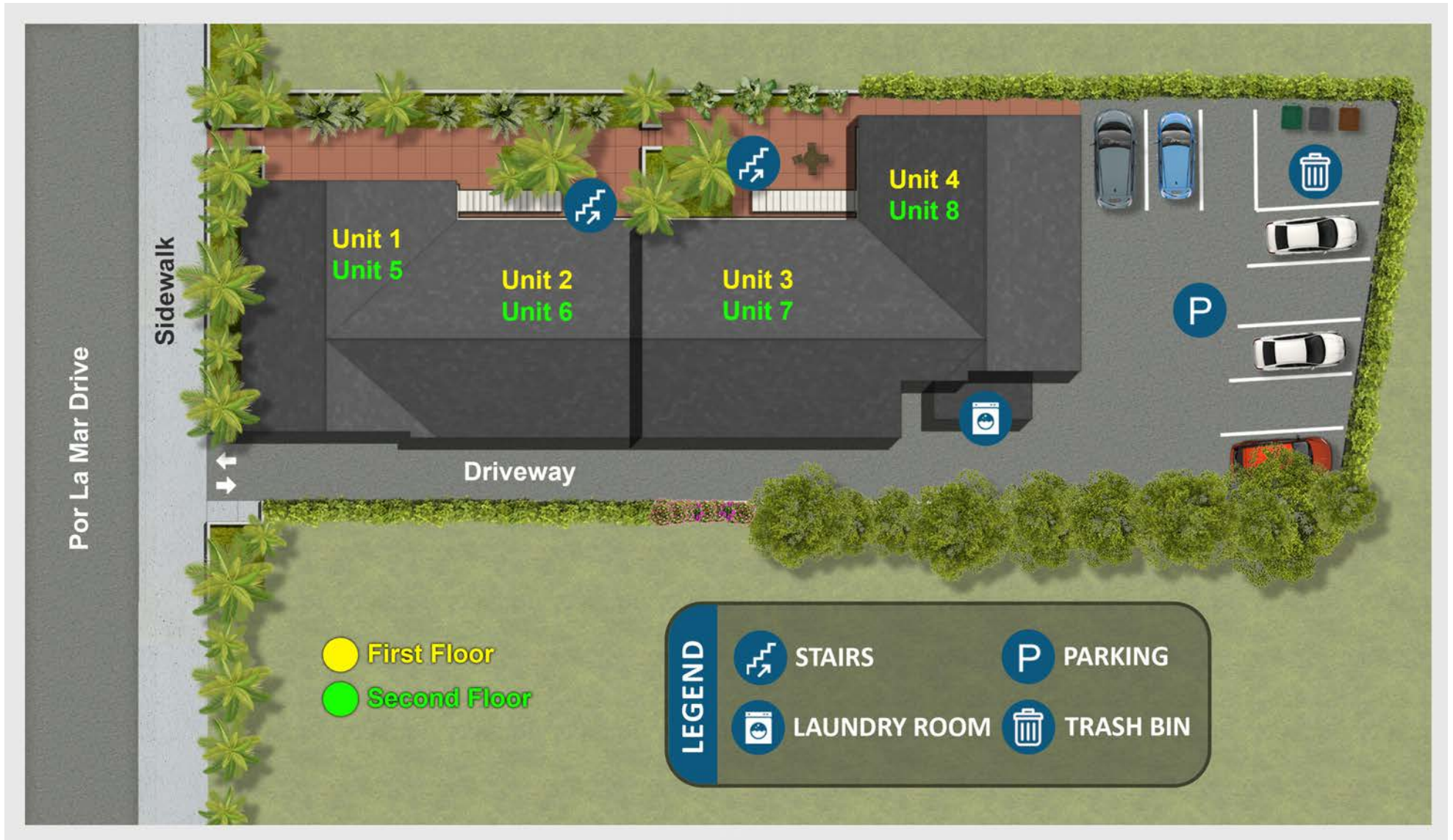
Fully-Renovated Units (2): Units 6, 7

Partially-Renovated Units (4): Units 1, 4, 5, 8

Unrenovated Units (2): Units 2, 3

SITE PLAN

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APARTMENTS #1, #4, #5, #8



Approx. 859 square feet (as measured)

APARTMENTS #2, #3, #6, #7



Approx. 862 square feet (as measured)

= LIVING AREAS
 = BEDROOMS
 = BATHS

Floorplans were measured and depicted by VirTour Media, measurements are thought to be accurate but are not guaranteed by VirTour Media or Listing Broker/Agent, Buyer to verify to their own satisfaction. Total habitable square footage noted as 7,006 SF per City of Santa Barbara records, Buyer to also verify this information.



**Front Entry
Into Courtyard**



**Courtyard View
From Upper Level**



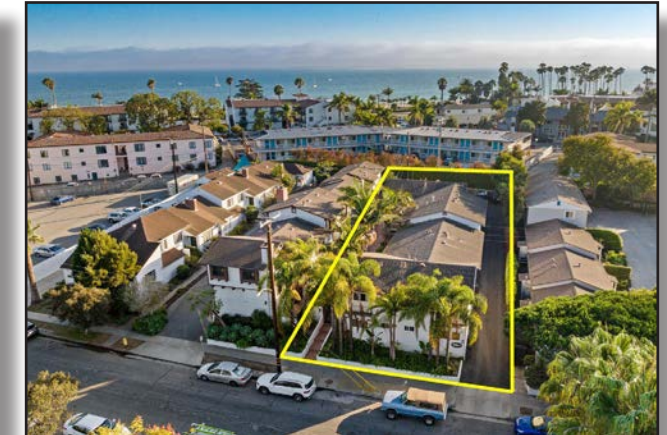
**Central Patio
For Tenants**



**Front Exterior Showing Driveway
With Parking Privately in Back**



**Overhead Photo Showing
Property Boundary and Layout**



**Aerial Photo Showing Proximity
to Beach and Pacific Ocean**



**Remodeled Kitchen
Unit #6**



**Living Room with Fireplace
Unit #7**



**Remodeled Kitchen
Unit #7**



**Main Bedroom
Unit #7**



**Second Bedroom
Unit #7**



**Remodeled Bathroom
Unit #7**

The property's location both within the Coastal Zone and also within the City of Santa Barbara R-4/R-MH zone, along with its premier waterfront-area location, offers the next owner the rare potential for higher-profit enhanced uses beyond only traditional long-term rentals. Below is a summary of some ideas for other uses, including a mention of potential partial or full use by an owner or for an owner's family/friends/clients/business associates.

Long-Term Luxury Rental

- Estimated \$75K/unit for upgrades (\$600K total)
- Plus \$200K for relocation/vacancy (now \$800K)
- Improve the net cap rate to 5% and above
- Option to furnish for corporate/high-end tenant
- Furnished add 7%-10% to rent (~\$500/month)
- Extreme lack of supply for local luxury rentals

Short-Term Rental (Partial/Full)

- Same added investment as long-term luxury rental
- Plus add furnishings (est. \$15K/unit in example)
- Analyze based on "high season" vs. "low-season"
- Approx. 1/3 of the year for "high", 2/3 for "low"
- Rental rates and occupancy much more for "high"
- Potential for net cap rate of 7%-8% if all short-term

Other possible property uses to consider, continued . . .

Hospitality Partnership

- Same added investment as long-term luxury rental
- Multiple high-end hotels/resorts within ½ mile
- Also several mid-range hotels, motels and inns
- Hospitality need to expand offerings for families
- 2-bedroom luxury units nearby would fill the need
- Marketing partnership could work many ways

Owner-User (Partial/Full)

- Waterfront/beach area, desirable for owner use
- Can start right away with owner use, 2 vacant units
- Use this way for extended family or friends
- Also consider for business clients, associates
- Start with 1 or 2 units, can expand later if needed

It doesn't get any better than Santa Barbara by the beach!



WATERFRONT AREA MAP

**440 POR LA MAR DRIVE
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NEARBY ACTIVITIES

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Santa Barbara's waterfront areas offer so much near to 440 Por La Mar . . .



. . . hotels and restaurants all along Cabrillo Boulevard



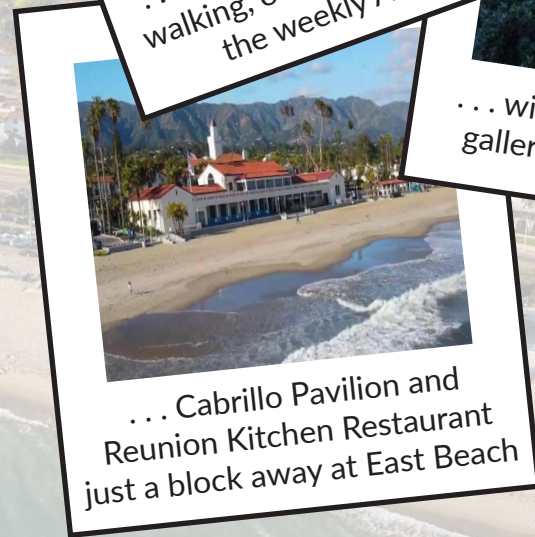
. . . views, shopping and dining at nearby Stearns Wharf



. . . Chase Palm Park - biking, walking, outdoor concerts and the weekly Art Walk



. . . beach volleyball at the famous East Beach courts, training grounds for many volleyball legends!



. . . Cabrillo Pavilion and Reunion Kitchen Restaurant just a block away at East Beach



. . . wine tasting, boutiques, galleries in the Funk Zone

NEARBY ACTIVITIES

440 POR LA MAR DRIVE
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Santa Barbara is a World-Class Coastal Vacation and Tourism Destination

\$2B+/-

ANNUALLY SPENT BY VISITORS
IN GREATER SANTA BARBARA

\$7M+/-

VISITORS ANNUALLY TO
SANTA BARBARA

5,000+/-

HOTEL ROOMS IN
SANTA BARBARA

400+/-

RESTAURANTS
IN SANTA BARBARA

A Renowned Boutique Coastal City

Santa Barbara, California with its moderate year-round climate and 330 annual days of sunshine on the Pacific Ocean, is one of the premier vacation and retirement destinations in the entire world, and offers its lucky residents a wealth of amenities, culture and recreation, diverse economic opportunities, and aesthetic beauty. Santa Barbara offers this package in a small size, with a population of ~95,000 in the city proper, and ~275,000 in the larger metropolitan area. The secluded and peaceful coastal location is isolated from the traffic and other issues in major cities, yet Santa Barbara is only 100 miles to the Los Angeles area and 300 miles to the San Francisco Bay Area, and is served by a national airport.

Beyond the \$2.2B annual tourism industry supporting dozens of boutique hotels and a couple of hundred restaurants, the Santa Barbara area is known for its world-class medical facilities including Cottage Hospital and Sansum Clinic, cutting-edge technology and software enterprises including Sonos and Pro-Core, and notable educational institutions including the University of California at Santa Barbara, Santa Barbara City College, and Westmont College. Annual festivals big and small happen nearly every week, and there are ample recreational opportunities by the waterfront and beaches, as well as in the Santa Ynez mountains right behind the city. There are 4 major performing arts theaters downtown, several celebrated museums, and a multitude of parks and specialty gardens. The city's energy is driven by an abundant spirit of hospitality, entrepreneurship, patronage of arts and culture, and love of life.

All these wonderful features of Santa Barbara provide bountiful employment opportunities and amenities for residents, and endless attractions for visitors, adding up to maximum demand for rare quality apartments for either long-term or short-term tenants, in premier locations such as 440 Por La Mar Drive.

ABOUT SANTA BARBARA

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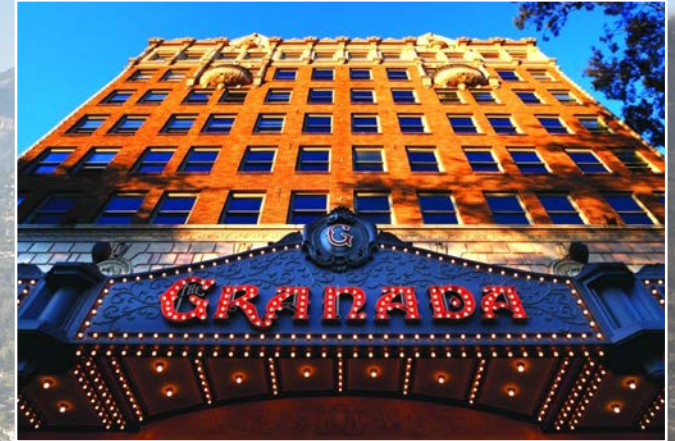
"The American Riviera"



Beautiful Mediterranean Architecture



Downtown Life



3 Grand Performing Arts Theaters



Waterfront and Beaches



Mountain Recreation



Santa Barbara Harbor





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