

422 N. MILPAS STREET
SANTA BARBARA, CA 93103

A RARE VALUE-ADD OFFICE/RETAIL OPPORTUNITY IN ONE OF
CALIFORNIA'S MOST SUPPLY-CONSTRAINED MARKETS



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EXECUTIVE SUMMARY/ FINANCIAL METRICS

422 N. MILPAS STREET | SANTA BARBARA



Karl Markarian of One West Group is pleased to present 422 N. Milpas Street — a 4,300 SF, 6-unit mixed-use commercial property anchored by a 1,620 SF ground-floor suite with existing development plans, situated on a 10,890 SF lot in the heart of Santa Barbara's Eastside corridor. This asset represents a compelling blend of in-place income, immediate value-add upside, and long-term land optionality in one of the most supply-constrained coastal markets on the West Coast.

Offered at \$1,800,000, the property has two income-producing tenancies in Units 6 and 7 generating \$3,075/month combined, one owner-occupied suite (Unit 2, 410 SF) that vacates at close of escrow, and three vacant suites — Units 1, 4, and 5, available for immediate lease-up. Unit 1 at 1,620 SF is the building's anchor space. The seller has developed plans for this suite, and the details and transferability of those plans are available for discussion with qualified buyers during the due diligence process. With 13 dedicated surface parking spaces, C-2 zoning, and a corridor actively adding residential density, Unit 1 represents the most significant single opportunity within the portfolio.

PROPERTY DETAILS

ASKING PRICE	\$1,800,000
ASSET TYPE	OFFICE / RETAIL (MIXED-USE COMMERCIAL)
BUILDING SIZE	~4,300 SF (6 UNITS 3,982 SF MEASURED)
LOT SIZE	10,890 SF (0.25 ACRES)
UNIT 1 — ANCHOR SUITE	1,620 SF VACANT SELLER PLANS IN DEVELOPMENT
UNITS 2, 4, 5, 6, 7 — OFFICE/RETAIL	335 SF – 570 SF RANGE
YEAR BUILT	1956 (RECENT RENOVATION)
ZONING	C-2 (COMMERCIAL)
PARKING	13 SURFACE SPACES
OWNER-OCCUPIED SUITE	UNIT 2 (410 SF) — VACATES AT CLOSE OF ESCROW
OCCUPIED & PAYING	UNIT 6 @ \$1,350/MO UNIT 7 @ \$1,635 + \$90 EXPENSE
VACANT SUITES	UNITS 1, 4, AND 5 (AVAILABLE FOR IMMEDIATE LEASE-UP)
IN-PLACE MONTHLY INCOME (BASE)	\$2,985/MONTH \$36,900 ANNUALIZED (INCL. \$90 CONTRIB.)
PRO FORMA MONTHLY INCOME (ALL UNITS)	~\$12,472/MONTH
PRO FORMA ANNUALIZED (STABILIZED)	~\$149,664/YEAR
EST. PRO FORMA NOI	~\$99,527/YEAR
EST. PRO FORMA CAP RATE	~5.53% (AT FULL STABILIZATION)
PRICE PER SF	~\$418/SF
PRICE PER UNIT	\$300,000



INVESTMENT HIGHLIGHTS

422 N. MILPAS STREET | SANTA BARBARA

- **PRIME INFILL LOCATION** — Milpas Street is one of Santa Barbara's most active commercial corridors, serving a dense, high-income residential population with virtually no available land for new commercial development.
- **FAVORABLE SUPPLY-DEMAND DYNAMICS** — Santa Barbara's coastally constrained geography and strict growth controls create a structural ceiling on commercial supply, systematically driving rent growth and asset appreciation over the long term.
- **13 SURFACE PARKING SPACES** — A genuinely rare amenity on Milpas Street, where street and lot parking is consistently tight. This is a competitive differentiator that elevates tenant retention and attracts premium users.
- **VERSATILE SUITE CONFIGURATION** — Six units ranging from 335 SF to 1,620 SF serve a broad spectrum of occupier needs: Unit 1 at 1,620 SF is ideal for a medical group, fitness operator, restaurant space or professional services anchor; the smaller suites (335–570 SF) target boutique, wellness, and single-practitioner users.
- **1,620 SF ANCHOR SUITE WITH DEVELOPMENT PLANS** — Unit 1 is the building's largest and highest-potential suite. The seller has developed plans for the space; the nature and transferability of those plans are available for discussion with qualified buyers during due diligence. At 1,620 SF with 13 dedicated parking spaces on a C-2 lot in a corridor adding 195+ residential units, the upside potential of this suite is significant regardless of the direction taken.
- **VALUE-ADD OPPORTUNITY** — Units 1, 4, and 5 are vacant; Unit 2 vacates at close, delivering four immediately leasable suites from day one. No capital expenditure required. The building has already undergone meaningful renovation: new tile floors, updated fixtures, fresh paint.
- **OWNER-USER READY** — Unit 2 (410 SF) is currently owner-occupied and vacates at close of escrow, creating a clean transition: an incoming owner-user can occupy any suite and lease the balance for immediate income.
- **C-2 ZONING FLEXIBILITY** — The C-2 designation is one of Santa Barbara's most permissive commercial classifications, accommodating retail, office, food service, personal services, and medical uses without conditional use permits for most tenant types.
- **LONG-TERM DEVELOPMENT POTENTIAL** — The 0.25-acre C-2 lot sits on a corridor the City of Santa Barbara has formally designated for the highest residential densities in the city. With 195+ units approved within half a mile and the Milpas corridor actively being reshaped, this site carries meaningful long-term redevelopment and intensification potential. Buyers with a multi-cycle perspective are acquiring not just a cash-flowing asset, but a well-located land position in one of California's most supply-constrained coastal markets.
- **COASTAL CALIFORNIA PREMIUM** — Santa Barbara routinely commands among the highest commercial rents and lowest cap rates in California — investors are acquiring stability and appreciation, not just income.

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EXTERIOR PICTURES

422 N. MILPAS STREET | SANTA BARBARA



EXTERIOR PICTURES

422 N. MILPAS STREET | SANTA BARBARA



FINANCIAL ANALYSIS

422 N. MILPAS STREET | SANTA BARBARA



Key Insight: Unit 1 is the single most powerful income lever in the building. At \$3.25/SF/month consistent with Santa Barbara's market rate for larger anchor retail and food-and-beverage-capable spaces - Unit 1 alone contributes \$63,180 annually. At full stabilization, projected NOI of ~\$99,527 implies a 5.53% cap rate on the \$1.8M purchase price. Buyer to independently verify all projections during due diligence.

RENT ROLL SUMMARY

UNIT	SF	STATUS	BASE RENT	ADDITIONAL	ANNUAL BASE RENT
UNIT 1	1,620 SF	VACANT	—	—	—
UNIT 2	410 SF	OWNER-OCCUPIED	—	—	VACATES AT CLOSE OF ESCROW
UNIT 4	335 SF	VACANT	—	—	—
UNIT 5	570 SF	VACANT	—	—	—
UNIT 6	525 SF	OCCUPIED	\$1,350/MO	—	\$16,200/YR
UNIT 7	522 SF	OCCUPIED	\$1,635/MO	+\$90/MO EXPENSE CONTRIB.	\$19,620/YR
TOTALS	3,982 SF	2 PAYING 3 VACANT 1 OWNER-OCC.	\$2,985/MO BASE	\$90/MO ADDL.	\$35,820/YR BASE

INCOME/EXPENSE ANALYSIS

INCOME / EXPENSE CATEGORY	ACTUAL 2025	PRO FORMA
UNIT 6 — 525 SF (IN-PLACE)	\$1,350/MO \$16,200/YR	\$1,350/MO \$16,200/YR
UNIT 7 — 522 SF (IN-PLACE)	\$1,725/MO \$20,700/YR	\$1,725/MO \$20,700/YR
UNIT 1 — 1,620 SF @ \$3.25/SF/MO (RESTAURANT-GRADE USE)	VACANT	\$5,265/MO \$63,180/YR
UNIT 2 — 410 SF @ ~\$3.25/SF/MO	OWNER-OCCUPIED	\$1,333/MO \$15,990/YR
UNIT 4 — 335 SF @ ~\$3.25/SF/MO	VACANT	\$1,089/MO \$13,068/YR
UNIT 5 — 570 SF @ ~\$3.00/SF/MO	VACANT	\$1,710/MO \$20,520/YR
GROSS SCHEDULED INCOME	\$3,075/MO \$36,900/YR	~\$12,472/MO ~\$149,664/YR
VACANCY & CREDIT LOSS (5%)	N/A	(\$7,483)
EFFECTIVE GROSS INCOME	\$36,900/YR	~\$142,181/YR
EST. OPERATING EXPENSES (30%)	(\$11,070)	(\$42,654)
NET OPERATING INCOME	~\$25,830/YR	~\$99,527/YR
CAP RATE (ON \$1,800,000)	~1.44%	~5.53%

FINANCIAL ANALYSIS

422 N. MILPAS STREET | SANTA BARBARA



Unit 1's estimated market rent of \$3.00–\$3.50/SF reflects its size, C-2 zoning flexibility, and the range of higher-value uses the space supports — including retail, food and beverage, personal services, and specialty concepts. The seller has developed plans for the space; interested buyers should inquire directly about the nature and status of those plans during due diligence. Unit 6's in-place rent of \$2.57/SF and Unit 7's base of \$3.13/SF both carry renewal upside to current market levels. All pro forma projections are estimates only and are not a guarantee of future performance. Buyer to independently verify all figures.

PRO FORMA MARKET RENT ASSUMPTIONS BY UNIT

UNIT	SF	USE TYPE	CURRENT RENT	EST. MARKET RENT/SF/MO	EST. MARKET MONTHLY	
UNIT 1	1,620 SF	ANCHOR / TBD	VACANT	\$3.00–\$3.50/SF	\$4,860–\$5,670	Seller plans in development
UNIT 2	410 SF	OFFICE/RETAIL	OWNER-OCC. VACATING	\$3.25/SF	\$1,333	Immediate lease-up at close of escrow
UNIT 4	335 SF	OFFICE/RETAIL	VACANT	\$3.25–\$3.50/SF	\$1,089–\$1,173	Boutique retail, single-practitioner, creative
UNIT 5	570 SF	OFFICE/RETAIL	VACANT	\$3.00–\$3.25/SF	\$1,710–\$1,853	Wellness, aesthetics, professional office
UNIT 6	525 SF	OFFICE/RETAIL	\$1,350/MO (IN-PLACE)	\$3.00–\$3.25/SF	\$1,575–\$1,706	In-place tenant; upside on renewal
UNIT 7	522 SF	OFFICE/RETAIL	\$1,635 + \$90 EXP. (IN-PLACE)	\$3.00–\$3.25/SF	\$1,566–\$1,697	In-place tenant; below market on base rent
TOTALS	3,982 SF	MIXED	\$3,075/MO COLLECTED	BLENDED ~\$3.08/SF	\$12,133–\$13,432/MO	Full stabilization scenario



PROPERTY DESCRIPTION

422 N. MILPAS STREET | SANTA BARBARA

PHYSICAL ASSET OVERVIEW

PROPERTY ADDRESS	422 N. MILPAS STREET, SANTA BARBARA, CA 93103
PARCEL NUMBER (APN)	031-311-029 (BUYER TO VERIFY)
ASSESSOR'S PARCEL AREA	10,890 SF (0.25 ACRES)
BUILDING AREA	~4,300 SF (GROSS)
NUMBER OF UNITS	6
UNIT 1	1,620 SF — ANCHOR SUITE (VACANT SELLER PLANS IN DEVELOPMENT)
UNIT 2	410 SF — OWNER-OCCUPIED (VACATES AT CLOSE)
UNIT 4	335 SF
UNIT 5	570 SF
UNIT 6	525 SF
UNIT 7	522 SF
YEAR BUILT	1956
CONSTRUCTION TYPE	WOOD FRAME / STUCCO
STORIES	SINGLE-STORY

BUILDING IMPROVEMENTS & CONDITION

Key Insight: Unit 1 is the single most powerful income lever in the building. At \$3.25/SF/month consistent with Santa Barbara's market rate for larger anchor retail and food-and-beverage-capable spaces - Unit 1 alone contributes \$63,180 annually. At full stabilization, projected NOI of ~\$99,527 implies a 5.53% cap rate on the \$1.8M purchase price. Buyer to independently verify all projections during due diligence.

UNIT 1 – ANCHOR SUITE (1,620 SF)

Unit 1 is the building's largest and most strategically significant space. At 1,620 SF, it is nearly three times the size of any other suite in the building and occupies the anchor position within the portfolio. The seller has been developing plans for this space, and those plans along with their current status and transferability are available for discussion with qualified buyers as part of the due diligence process. The suite is currently vacant and available for immediate occupancy or buildout.

C-2 zoning supports a broad range of commercial uses for this suite without conditional use permits for most tenant categories, including retail, food and beverage, personal services, professional office, and specialty uses. The suite's size, the building's 13 dedicated parking spaces, and the corridor's incoming residential density position Unit 1 to serve a wide and growing occupier market. The specific direction whether aligned with the seller's existing plans or repositioned by the incoming owner represents the single most consequential decision available to a new buyer.

UNITS 2, 4, 5, 6, 7 – OFFICE/RETAIL SUITES (335-570 SF)

The five remaining suites range from 335 to 570 SF and are independently accessible, self-contained office/retail units optimally sized for single-practitioner medical, wellness, personal care, boutique retail, or independent professional service users. Unit 2 (410 SF) is currently owner-occupied and vacates at close. Units 4 and 5 are vacant and immediately leasable. Units 6 and 7 are occupied with in-place paying tenants.



PARKING – A MEANINGFUL COMPETITIVE ADVANTAGE

The property features 13 dedicated surface parking spaces, a genuinely rare amenity on Milpas Street, where on-site parking directly impacts tenant demand, customer access, and achievable rents across virtually every commercial use category. For retail, food and beverage, medical, personal services, and professional office operators alike, accessible parking is a meaningful decision factor when selecting a location. On a corridor where street parking is persistently constrained and new residential density is being added without commensurate parking supply, this asset's 13 on-site spaces become more valuable over time, not less.

HWY 101

Stearns wharf

Santa Barbara Harbor Walk

**422 N. MILPAS STREET
SANTA BARBARA, CA 93103**

N MILPAS ST.



NEIGHBORHOOD OVERVIEW

SANTA BARBARA, CALIFORNIA

Santa Barbara, California consistently ranks among the most desirable and most supply-constrained commercial real estate markets in the United States. Bounded by the Santa Ynez Mountains to the north and the Pacific Ocean to the south, the city's physical geography creates a hard ceiling on developable land. The result is a market where commercial vacancy rates remain structurally low, replacement cost often exceeds achievable values, and long-term rent growth is driven by demand absorption rather than speculative development.

The Santa Barbara metropolitan statistical area boasts a median household income exceeding \$80,000, a highly educated workforce (with UC Santa Barbara and multiple professional institutions nearby), a tourism-driven economic base that generates year-round consumer spending, and a thriving small business and professional services sector that generates consistent demand for precisely the type of small-bay commercial space this asset provides.

THE MILPAS STREET CORRIDOR

Milpas Street is one of Santa Barbara's most commercially active arterials, serving the city's Eastside, a dense, primarily residential neighborhood with strong demographic support for neighborhood-serving retail and professional services. The corridor is characterized by a mix of long-tenured local businesses, medical and dental offices, personal services, boutique food and beverage concepts, and professional service providers.

The surrounding trade area reflects the demographics of a coastal California market: high household incomes, strong consumer spending, low unemployment, and a demonstrated preference for local and neighborhood-scale commercial amenities over large-format retail. These characteristics translate directly into sustained occupier demand for small-bay commercial space at 422 N. Milpas.

MARKET DEMOGRAPHICS (SANTA BARBARA COUNTY)

Demographic Indicator	1-Mile Radius	3-Mile Radius	Santa Barbara City
Population	~21,000	~62,000	~90,000
Avg. Household Income	\$85,000+	\$92,000+	\$88,000+
Median Home Value	\$950,000+	\$1,100,000+	\$1,050,000+
College-Educated (25+)	42%	47%	45%
Daytime Population	~18,000	~55,000	~85,000
Commercial Vacancy Rate	~5-7%	~5-7%	~6%

EMPLOYMENT & EDUCATION PROXIMITY

- Santa Barbara Downtown & State Street — Approximately 1.5 miles west; the city's primary commercial and cultural destination.
- Cottage Hospital — Santa Barbara's primary regional medical center is located approximately 0.5 miles from the property, supporting demand from medical ancillary tenants.
- UC Santa Barbara — World-class research university supporting professional services and innovation-economy demand within the broader market.
- Santa Barbara Airport — Serving regional and connecting travel, supporting a business traveler and corporate services ecosystem.
- Eastside Neighborhood — A dense, walkable residential neighborhood generating consistent day-traffic demand for the Milpas commercial corridor.
- Montecito Proximity — One of California's wealthiest ZIP codes begins just south, providing premium consumer spending in the broader trade area.



DEVELOPMENT PIPELINE & CORRIDOR MOMENTUM



422 N. MILPAS STREET | SANTA BARBARA

Few commercial assets in California offer investors the ability to acquire into an actively transforming corridor at a pre-transformation basis. The Milpas Street corridor is undergoing a generational shift driven by a combination of approved large-scale housing projects, active public infrastructure investment, and the City of Santa Barbara's formal designation of Milpas as a high-density priority zone. For the buyer of 422 N. Milpas Street, this pipeline is not a risk factor. It is a demand multiplier.

APPROVED & IN-PLANNING PROJECTS WITHIN ONE-HALF MILE

PROJECT	ADDRESS	UNITS / SCALE	STATUS	SIGNIFICANCE TO SUBJECT
Milpas Gardens	418 N. Milpas St. (Adjacent)	90 Units, 108,000 SF, 4-Story Mixed-Use	City Council Approved — Aug 2025	Directly adjacent. 90+ new residents within steps of subject property.
La Pachanga Site	518–524 N. Milpas St. (~500 ft N.)	23 Units, 3-Story Residential	Design Approval Received — Dec 2025	Replaces nightclub & car wash. Adds market-rate renters to the immediate trade area.
Capitol Hardware Redevelopment	711 N. Milpas St. (~1,300 ft North)	82 Units, 4-Story Mixed-Use	Entitled & Shovel-Ready — On Hold	Fully approved. Awaiting financing activation. When built, adds 82 units to the corridor.
La Cumbre Plaza (Macy's Site)	3805 State Street (~2.5 mi)	680 Units, Mixed-Use	Formal Application Filed — Jun 2024	Macro demand driver: 680 new residents in the broader SB market.
La Cumbre South (Sears Site)	3845 State Street (~2.5 mi)	443 Units, Residential	Formal Application Filed — May 2025	Combined with Macy's site: 1,123 units injected into SB housing pipeline.



Final Approval - North Elevation - With Street Trees



HWY 101

DOWNTOWN SANTA BARBARA



**422 N. MILPAS STREET
SANTA BARBARA, CA 93103**

E. HALEY ST.

N MILPAS ST.



ACTIVE PUBLIC INFRASTRUCTURE INVESTMENT – MILPAS STREET

MILPAS / US-101 OPERATIONAL IMPROVEMENTS PROJECT

The City of Santa Barbara is actively completing a major traffic and infrastructure overhaul at the Milpas Street / US-101 interchange — one of the corridor's primary access points. The project includes a new raised northbound bike lane, traffic signal upgrades, new street trees, signage, and pavement improvements. Completion is anticipated mid-spring 2026. This project is being delivered in coordination with the broader US-101 HOV widening program, representing a multi-agency, multi-million dollar investment in the Milpas gateway.

MILPAS STREET CROSSWALK SAFETY & SIDEWALK WIDENING PROJECT

A separate City-funded active transportation project is scheduled to begin construction on Milpas Street in Fall 2026. The scope includes new curb extensions, high-visibility crosswalks, widened sidewalks at corners and transit stops, new bike lane buffers, additional street lighting, and improved accessibility features throughout the corridor. The City has designated Milpas Street as a Vision Zero Priority Corridor, a designation that guarantees continued capital investment in the street environment over the coming years.

POSITIONING ANALYSIS

Comp 3 — 318–320 N. Milpas Street — is the most instructive data point in this analysis. It sold in November 2024 at \$1,900,000 (\$432/SF) with 4,400 SF and 50% occupancy — virtually identical in size, vintage, submarket, and occupancy profile to the subject property. The subject is offered at \$1,800,000 (\$418/SF): \$100,000 less than a directly comparable 50%-occupied Milpas building that transacted 16 months ago, before the 90-unit Milpas Gardens project was approved next door, before the City's \$1M+ streetscape investments were announced, and before the development pipeline added 195+ residential units to the immediate trade area. On a same-street, same-condition, same-occupancy basis, the subject is priced at a discount to a confirmed 2024 transaction.

The upper end of the comp set — 135 N. Milpas at \$817/SF and 526–528 N. Milpas at \$809/SF — reflects the premium the market assigns to smaller, fully leased buildings with strong in-place income. These comps frame the upside: a stabilized, income-producing 422 N. Milpas commands significantly more than \$418/SF. The gap between today's acquisition price and the stabilized comp set is where investor equity is created

THE INVESTMENT IMPLICATION: A CORRIDOR AT INFLECTION

RESIDENTIAL UNITS IN PIPELINE

195+

Within 0.5 miles of subject property

NEW RESIDENTS IN BROADER PIPELINE

1,318+

Across all approved & filed SB projects

Each approved residential unit within walking distance of 422 N. Milpas Street represents a household that will need medical care, professional services, wellness practitioners, and neighborhood retail, precisely the tenant categories this building is configured to serve. The incoming population density does not merely support the subject property's lease-up thesis; it accelerates it.

VERIFIED SALE COMPARABLES – N. MILPAS STREET (COSTAR, 2024-2025)

COMPARABLE SALES & MARKET POSITIONING

The following four comparable sales were sourced directly from CoStar and represent verified arm's-length transactions on N. Milpas Street itself - the same corridor, same submarket, transacted between November 2024 and May 2025. This is not a generalized market study; it is a precise, street-level pricing analysis for 422 N. Milpas Street.

METRIC	LOW	AVERAGE	MEDIAN	HIGH	SUBJECT
SALE PRICE	\$1,050,000	\$1,461,250	\$1,447,500	\$1,900,000	\$1,800,000
SALE PRICE PER SF	\$331/SF	\$481/SF	\$620/SF	\$817/SF	\$418/SF
LAND PRICE PER ACRE	\$5,937,500	\$7,690,789	\$8,638,158	\$9,807,692	~\$7,196,000
BUILDING SF	1,298 SF	3,037 SF	2,980 SF	4,891 SF	~4,300 SF
% LEASED AT SALE	50%	83.3%	100%	100%	33% PAYING*
YEAR BUILT	1910	1937	1950	1950	1956

SUBJECT vs. CORRIDOR MEDIAN

32% BELOW

\$418/SF vs. \$620/SF median on same street

SUBJECT vs. CORRIDOR AVERAGE

13% BELOW

\$418/SF vs. \$481/SF average on same street

ADDRESS	SALE DATE	BUILDING SF	OCCUPANCY AT SALE	SALE PRICE	PRICE/ SF	LAND SF	NOTES
135 N MILPAS ST	JUL 2024	1,560 SF	N/A	\$1,275,000	\$817/SF	5,663 SF	RETAIL BUILT 1910 SMALL LOT FULL VALUE SALE
305 N MILPAS ST	MAY 2025	4,891 SF	100% LEASED	\$1,620,000	\$331/SF	8,276 SF	RETAIL 1031 EXCHANGE FULLY STABILIZED AT SALE
318–320 N MILPAS ST	NOV 2024	4,400 SF	50% LEASED	\$1,900,000	\$432/SF	13,939 SF	RETAIL BUILT 1950 CONFIRMED PRICE CLOSEST COMP
526–528 N MILPAS ST	NOV 2024	1,298 SF	100% LEASED	\$1,050,000	\$809/SF	5,227 SF	OFFICE BUILT 1950 SMALL BUILDING FULL VALUE
SUBJECT — 422 N MILPAS ST	AVAILABLE NOW	~4,300 SF	33% (2 OF 6 PAYING)	\$1,800,000	\$418/SF	10,890 SF	OFFICE/RETAIL BUILT 1956 13 PARKING ANCHOR PLANS

VALUE-ADD STRATEGY

422 N. MILPAS STREET | SANTA BARBARA

The opportunity at 422 N. Milpas Street is not complicated. The building is renovated, the infrastructure is in place, the market is supply-constrained, and the corridor is actively transforming. What remains is execution and the path to a meaningfully stronger income stream runs through five clear, operator-controlled levers.

ACTIVATE THE ANCHOR SUITE

Unit 1 is where the most meaningful income upside lives. At 1,620 SF, it dwarfs every other suite in the building and opens a tenant conversation. Larger operators, longer commitments, and rents that reflect the scarcity of available anchor-sized space on this corridor. The seller has been developing plans for this suite, and those plans are available for discussion with serious buyers during the due diligence process. Whether a buyer engages with the seller's existing vision, adapts it, or brings their own direction entirely, the starting point is the same: a 1,620 SF ground-floor space with 13 dedicated parking spots, C-2 zoning, and a corridor that is actively becoming more valuable around it.

The incoming residential density with over 195 new units approved within half a mile is bringing exactly the kind of captive, walkable customer base and workforce population that anchor tenants across retail, food and beverage, personal services, and professional uses look for when selecting a location. Unit 1 does not need to wait for that demand to materialize. The approvals are in place. The trajectory is clear.

ACTIVATE UNIT 2 AT CLOSE

Unit 2 is owner-occupied today and vacates at the close of escrow. This is the lowest-friction income opportunity in the building — a renovated, move-in-ready 410 SF suite that becomes immediately leasable the day the transaction closes. There is no remediation required, no tenant to relocate, and no gap period to manage. For an owner-user, it is also the natural occupancy suite: take possession of Unit 2, operate from it, and lease the remaining suites around it.

LEASE THE SMALL-BAY SUITES

Units 4 and 5 are vacant and available today. Together with Unit 2 at close, they represent three small-bay suites in the 335–570 SF range — a size category that consistently outperforms larger spaces in terms of leasing velocity in supply-constrained markets like Santa Barbara. Small suites at this size serve a broad and resilient tenant universe: wellness and personal care practitioners, independent professionals, boutique service operators, and creative users. The suite configuration is a genuine strength: no single lease makes or breaks the building, and the mix of tenant categories distributes occupancy risk across multiple independent demand drivers.

GROW IN-PLACE RENTS ON RENEWAL

Units 6 and 7 are occupied with paying tenants, and both leases carry mark-to-market upside at renewal. This is a patient but reliable lever as leases roll, new terms should reflect current market conditions with structured annual escalations built in. The goal is not to displace good tenants; it is to ensure that as the building stabilizes and the corridor appreciates, the income stream keeps pace. Well-structured renewal leases with NNN or modified gross provisions also reduce the management burden and make the asset more attractive to a future buyer.

HOLD THE LAND

The 0.25-acre C-2 lot is the longest-horizon asset in this portfolio and in the context of what is being approved directly adjacent and throughout the Milpas corridor, it deserves serious attention as a development opportunity in its own right. The City's Land Use Element designates this corridor for the highest residential densities in Santa Barbara. The 90-unit Milpas Gardens approval next door at 418 N. Milpas establishes direct same-block precedent for density and scale. C-2 zoning supports mixed-use, residential-over-retail, and intensification scenarios that a patient owner can pursue while the current improvements continue generating income. The site does not need to be redeveloped tomorrow but the path to doing so is clearer here than almost anywhere else on the Eastside. See the Development Potential section of this memorandum for a full analysis.

DEVELOPMENT POTENTIAL & LONG-TERM SITE STRATEGY

Beyond the near-term income story, 422 N. Milpas Street sits on a site with meaningful long-term development potential — a dimension of value that is rarely available at this price point and this location in the Santa Barbara market. The combination of C-2 zoning, a 10,890 SF lot on a corridor undergoing active transformation, and the City's own land use policy creates a compelling case for investors who think beyond the first lease cycle.

Zoning & Permitted Uses

The property is zoned C-2 — one of Santa Barbara's most permissive commercial designations. C-2 zoning accommodates a wide spectrum of uses by right, including retail, office, food and beverage, personal services, medical, and a range of specialty and community-serving concepts. Critically, C-2 also supports

mixed-use development, which opens the door to residential component integration in any future intensification or redevelopment scenario. The City's Average Unit-Size Density (AUD) Incentive Program and State Density Bonus Law both actively utilized by developers on this very corridor, provide additional tools for a buyer looking to maximize the site's long-term yield.

City-Designated High-Density Priority Zone

This is not speculative positioning. The City of Santa Barbara's Land Use Element formally identifies portions of Milpas Street as a location where the highest residential densities in the city should be concentrated citing proximity to existing services and major transit corridors as the rationale. That policy designation, combined with the Builder's Remedy projects and density bonus approvals already being granted on this block, establishes

a clear municipal intent to support intensification along this corridor. A buyer acquiring 422 N. Milpas Street today is acquiring in alignment with, not against the City's long-term vision for the area.

Corridor Precedent: What's Being Approved Next Door

The development pipeline on N. Milpas Street is not theoretical. Three projects totaling 195+ residential units have been approved or received design approval within half a mile of the subject property since 2023. The 90-unit Milpas Gardens project at 418 N. Milpas, directly adjacent to the subject was approved by the Santa Barbara City Council in August 2025 at four stories and over 108,000 SF on less than one acre. That approval establishes a direct, same-block precedent for density and scale that a future buyer or developer can point to in any entitlement conversation involving 422 N. Milpas.



CalDRE #01932970

KARL MARKARIAN

SENIOR ADVISOR AND VICE-PRESIDENT OF SALES

PROFESSIONAL BACKGROUND

Founder – One West Group at eXp Commercial Commercial Real Estate Advisor | 30+ Years of Industry Experience

With over three decades in the real estate industry, Karl Markarian brings a wealth of experience, market insight, and a proven track record of success. Having closed more than \$200 million in commercial transactions, Karl has built a reputation for delivering results across multifamily, retail, office, and development properties. As the founder of One West Group, Karl leads a dynamic team of commercial advisors dedicated to excellence, collaboration, and client-focused solutions. Backed by the national platform of eXp Commercial, One West Group combines local market expertise with a national reach, offering strategic opportunities to investors, developers, and property owners. Karl's approach is hands-on and relationship-driven, with a deep focus on growth, leadership, and long-term success, for his clients, his team, and the communities they serve.

EDUCATION

York University, Toronto, Canada
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An aerial photograph of Santa Barbara, California, during the golden hour. The city is densely packed with buildings, mostly single-story structures with flat or low-pitched roofs. A prominent street runs north-south through the center. In the foreground, a large building with a blue roof is highlighted with a semi-transparent blue overlay. A white callout box with black text is positioned above this building, with a thin white line pointing from the text to the building's roof. The background shows a hilly landscape under a warm, orange sky.

**422 N. MILPAS STREET
SANTA BARBARA, CA 93103**

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A RARE VALUE-ADD OFFICE/RETAIL OPPORTUNITY IN ONE OF
CALIFORNIA'S MOST SUPPLY-CONSTRAINED MARKETS



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