440 POR LA MAR DRIVE
SANTA BARBARA, CALIFORNIA
$8,700,000

EXCLUSIVELY OFFERED BY:

KEN SWITZER

BERKSHIRE HATHAWAY
COMMERCIAL DIVISION

440 Por La Mar Drive
Flexible-Use Luxury Rentals
At Santa Barbara's East Beach

OFFERING MEMORANDUM

4. Property Overview
6. Summary Data
8. Long-Term Rental Use
10. Short-Term Rental Use
12. The Tenant Experience
13. Alternative Uses
14. Unit Floorplans
15. Site Plan
16. Unit-By-Unit Details
17. Photos
20. Nearby Area Information
24. About Santa Barbara

PROPERTY **OVERVIEW**

Trophy Beach-Area Investment, Flex-Use Luxury Apartments

The sky's the limit for this rare waterfront-area 8-unit multi-family offering steps to Santa Barbara's best beach East Beach. The building is all 2-bedroom/1-bath units, with 6 of the 8 units recently transitioned to be under landlord control, allowing the next owner to position the property for their investment and use preferences. The apartments are currently being held as mostly vacation rentals to maintain maximum flexibility for the future, while providing immediate cash flow and preserving the ability to leverage the A+ location for creative and sustainable long-term profitable uses.

Current ownership has added updates to 6 of the apartments and furnished 5 of them, with the majority of the furnishings included in the sale. A new owner may choose to bring the apartments to an even higher level of luxury, tapping an unmet inventory demand for exquisite luxury furnished beach-area rentals in this world-class vacation destination. Or the next owner could more simply finish moderate upgrades and furnish the last few units to position as standard-grade luxury rentals, furnished or unfurnished.

The property's zoning as Coastal/R-4 is favorable for short-term rental (STR) use, though different STR rules may be implemented in the next 1-2 years. If STR use is allowed to continue, the next owner could choose to keep/add some or all of the units as STR's. Buyers are advised to investigate land-use current and possible future rules for STR's, as well as rules for tenant rights under state and local laws.

Pro-forma financial projections are shown for these many potential use scenarios in the Financials section of this Offering Memorandum – any of the proposed uses result in net capitalization rates well above average for the beach areas of Santa Barbara. Also consider Accessory Dwelling Unit (ADU) laws may allow for more units to be constructed on the property, Buyer to investigate.

Review the Offering Memorandum to see more property details, financial projections, and a description of the many nearby amenities for guests and tenants. Short-term or longer-term tenants are within 1-2 blocks of casual and upscale dining, and have easy level walking access to 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!

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

Short-Term: 5 units, updated/furnished

Vacant: 1 unit, kept vacant for new owner

Long-Term Tenants: 2 units

Renovated Units (6): Unit #'s 1, 4, 5, 6, 7 and 8

Unrenovated Units (2): Unit #'s 2 and 3

Owner-Paid Utilities: All for short-term,
Water/trash for long-term

Media/Streaming: New Cat 6 t/o, owner-paid

Laundry: 6 in-unit W/D, plus laundry room

LONG-TERM LUXURY EST. RENTAL ANALYSIS

PRO-FORMA LONG-TERM LUXURY RENTAL INCOME

RENT ANALYSIS	UPGRADED UNFURNISHED	UPGRADED FURNISHED	HIGH-END LUXURY FURNISHED
Unit Square Footage (average)	860	860	860
Rent / SF for Beach Area	$6.50	$7.25	$8.00
Monthly Rent for Beach Area	$5,590	$6,235	$6,880
Number of Units	8	8	8
Total Monthly Rent	$44,720	$49,880	$55,040
TOTAL ANNUAL INCOME	**$536,640**	**$598,560**	**$660,480**

PRO-FORMA LONG-TERM LUXURY RENTAL EXPENSES

EXPENSE ITEM	UPGRADED UNFURNISHED	UPGRADED FURNISHED	HIGH-END LUXURY FURNISHED
Property Taxes (~1.064%)	$92,568	$92,568	$92,568
Insurance	$5,800	$5,800	$5,800
Water/Sewer (master meter)	$8,400	$8,400	$8,400
Trash	$3,600	$3,600	$3,600
Gas (common only)	$600	$600	$600
Electric (common only)	$1,200	$1,200	$1,200
Repairs/Maintenance/etc.	$12,000	$12,000	$12,000
Grounds Maintenance	$3,000	$3,000	$3,000
Reserves + Vacancy (4%)	$21,466	$23,942	$26,419
Property Management (5%)	$26,832	$29,928	$33,024
TOTAL ANNUAL EXPENSES	**$175,466**	**$181,038**	**$186,611**

PRO-FORMA LONG-TERM RENTAL FINANCIAL SUMMARY

SUMMARY ITEM	UPGRADED UNFURNISHED	UPGRADED FURNISHED	HIGH-END LUXURY FURNISHED
Annual Income	$536,640	$598,560	$660,480
Annual Expenses	$175,466	$181,038	$186,611
Net Operating Income	$361,174	$417,522	$473,869
Purchase Price	$8,700,000	$8,700,000	$8,700,000
Remaining Investment Needed	$100,000	$200,000	$600,000
Total Investment	$8,800,000	$8,900,000	$9,300,000
CAPITALIZATION RATE	**4.10%**	**4.69%**	**5.10%**
GROSS RENT MULTIPLIER	**16.40**	**14.87**	**14.08**

NOTES:

- "Rent / SF for Beach Area" figures in the luxury rental income chart are estimates based on the extreme rarity of supply combined with very high demand for this type of rental product in the waterfront and beach areas of Santa Barbara.
- Property Taxes and Management use a Buyer's expected expense not Seller's, all other figures are approximations of actual expenses.
- "Remaining Investment Needed" in the Financial Summary is a Buyer's estimated additional cost for either basic upgrades and furnishings for the 2 lesser-condition apartments, or for more significant upgrades to all units to achieve even higher-end luxury.

AN UNMET DEMAND WITH A HIGH BARRIER FOR SUPPLY

Should a new owner of 440 Por La Mar Drive shift to a long-term "beach luxury" rental model, the charts on the next page show a pro-forma analysis example for three possible variations of this rental model: 1) Upgraded Unfurnished, 2) Upgraded Furnished, and 3) High-end Luxury Furnished. The pro-forma investor return for this simpler operating model remains solidly above returns normally paid for most beach-area multi-family properties, which are usually not positioned to be able to rent their apartments in this manner. There is high unmet tenant demand for luxury furnished and unfurnished long-term rentals in the premier beach areas of Santa Barbara, with a tiny supply of apartments to meet this high demand.

Tenants for this type of longer-term rental can include:

- Local residents needing a place to stay during a lengthy renovation of their primary residence
- Frequent weekend vacationers from the Los Angeles area, who prefer to not stay in different hotels or vacation rentals each weekend, and also see renting this way as more economical than the alternative of purchasing a beach-area condominium
- Relocating employees in high-paying industries who are looking to rent in a prime Santa Barbara location for a year or so, while deciding if and where to purchase a home

SHORT-TERM RENTAL EST. ANALYSIS

PRO-FORMA SHORT-TERM RENTAL INCOME ANALYSIS (if all units operated as short-term rentals)	
HIGH SEASON (12 weeks mid-June through Labor Day, plus 5 weeks of holidays / Spring Break / Film Festival / etc.)	
Number of Weeks for High Season	17
Occupancy Rate for High Season	75%
Rent/Unit High Season Per Night	$700
Revenue Per Available Room (RevPAR) High Season	$525
Rent/Unit High Season Per Week	$4,900
Number of Units (all similar 2-bed/1-bath)	8
Total Rent High Season	**$499,800**
LOW SEASON (all other weeks of the year)	
Number of Weeks for Low Season	35
Occupancy Rate for Low Season	50%
Rent/Unit Low Season Per Night	$475
Revenue Per Available Room (RevPAR) Low Season	$238
Rent/Unit Low Season Per Week	$3,325
Number of Units (all similar 2-bed/1-bath)	8
Total Rent Low Season	**$465,500**
AVERAGE ESTIMATED MONTHLY RENT	**$80,442**
TOTAL ESTIMATED ANNUAL RENT	**$965,300**

PRO-FORMA SHORT-TERM RENTAL EXPENSES

EXPENSE CATEGORY	EST. ANNUAL EXPENSES
Property Taxes (~1.064% of purchase price)	$92,568
Insurance	$10,000
Water/Sewer (master meter)	$8,400
Trash	$3,600
Electricity / Gas (separate meters, but paid by owner)	$8,400
High-Speed Internet/TV Stream (whole building)	$3,000
Supplies/Repairs/Maintenance/Grounds	$24,000
Furnishings Reserve ($15K/unit, 10-year cycle)	$12,000
Prop. Mgmt. and/or Booking/Marketing (16%)	$154,448
TOTAL ANNUAL EXPENSES	**$316,416**

PRO-FORMA SHORT-TERM RENTAL SUMMARY

SUMMARY METRIC	PRO-FORMA TOTALS
Annual Income	$965,300
Revenue Per Available 2-Bedroom (RevPAR)	$331
Annual Expenses	$316,416
Net Operating Income	$648,884
Purchase Price	$8,700,000
Added Investment if All Short-Term Rentals	$150,000
Total Investment	$8,850,000
CAPITALIZATION RATE	**7.33%**
GROSS RENT MULTIPLIER	**9.17**

Santa Barbara, California is one of the premier vacation destinations in the world, combining idyllic year-round weather with scenic and architectural beauty in a cozy yet cosmopolitan coastal community. The city welcomes over 7 million visitors per year, who spend over $2.2B. While there are many hotel rooms to accommodate these visitors including concentrations of rooms in the beach areas, almost no hospitality offerings are available which can provide multiple bedrooms and a kitchen, or if available can cost $2000-$5000 per night.

Vacation rentals fill the niche for families, small groups or couples looking for more space and amenities for their visitor experience in Santa Barbara. There are a small handful of vacation rental properties in the beach zones of Santa Barbara, and most are in the West Beach area. Very few vacation rental units exist in the East Beach area, while demand is unending from millions of annual tourists, many looking for the vacation rental waterfront-proximate experience at what is considered Santa Barbara's best beach, East Beach. Capture this ready and lucrative high-barrier market - 440 Por La Mar Drive is a truly rare investment opportunity offering incredible potential today and into the future.

LEGISLATIVE UPDATE REGARDING SHORT-TERM RENTALS

Currently in the City of Santa Barbara, short-term rentals are allowed to be licensed in the Coastal Zone due to rulings of the California Coastal Commission. Vacation rentals at 440 Por La Mar Drive are handled through a business license and paying Transient Occupancy Tax. Local proposed legislation may partly or fully curtail the ability to use the apartments as short-term rentals subject to Coastal Commission approval or rejection. Regardless of the outcome of potential new legislation, no change is expected in land-use rules until mid-to-late 2027, allowing the next owner to maintain landlord control of the apartment use while a transition is made to long-term beach luxury rentals. A buyer is advised to research these issues to their satisfaction; listing Broker, listing agent and Seller make no guarantees as to any representations of the present and future legality of short-term rentals at the property.

THE TENANT **EXPERIENCE**

Tenant Amenities On-Site

- Clean renovated apartments for 6 of 8 units, incl. for all vacation rental units
- Fully-furnished vacation rental units with popular and fashionable quality décor
- Newer bathrooms and mostly newer kitchens
- Air conditioning in 6 of 8 units, incl. for all vacation rental units (note: many visitors from out-of-area screen for A/C in their online search, even if A/C is rarely needed in Santa Barbara's low-humidity moderate climate by the beach)
- In-unit laundry in 6 of 8 apartments, incl. for all vacation rental units
- Lush beautiful landscaping, appropriate for Santa Barbara beach life
- Attractive center courtyard with congregating spaces, for guests to enjoy Santa Barbara's outdoor climate just outside their door
- Gated and locked building perimeter and courtyard

Tenant Amenities Nearby

Unlike parts of the Santa Barbara area near the waterfront, East Beach is a level neighborhood with no elevation change or stairs needed to get to the beach or other nearby amenities

- East Beach is 1.5 blocks away – Santa Barbara's widest, longest, sandiest and most popular beach!
- Professional-level beach volleyball courts at East Beach
- Santa Barbara Zoo – a hidden gem of a zoo just 2 blocks away
- Dwight Murphy Park is across the street – undergoing a $32M renovation, soon to be Santa Barbara's nicest park!
- High-end restaurants at multiple resort-style hotels within 1-3 blocks
- Cabrillo Pavilion event center, Reunion restaurant at the beach
- Chase Palm Park along the waterfront, plus outdoor concert venue and skate park, 5-7 blocks away
- The Funk Zone and Stearns Wharf are within 1 mile, featuring 2 dozen restaurants, wine tasting trail, and boutique retail
- Montecito's Lower Village is within 1 mile, with high-end dining and retail
- Downtown Santa Barbara is within 1.5 miles, with several dozen restaurants, performing arts theaters, museums, retail

ALTERNATIVE **USES**

With most of the building's units currently under landlord control, other normally hard-to-achieve but desirable owner uses can be possible, not just vacation rentals or luxury long-term rentals. See below a couple of other possible use types which can provide either higher investor returns through a hospitality partnership, or flexibility for immediate owner use of multiple apartments.

Hospitality Partnership

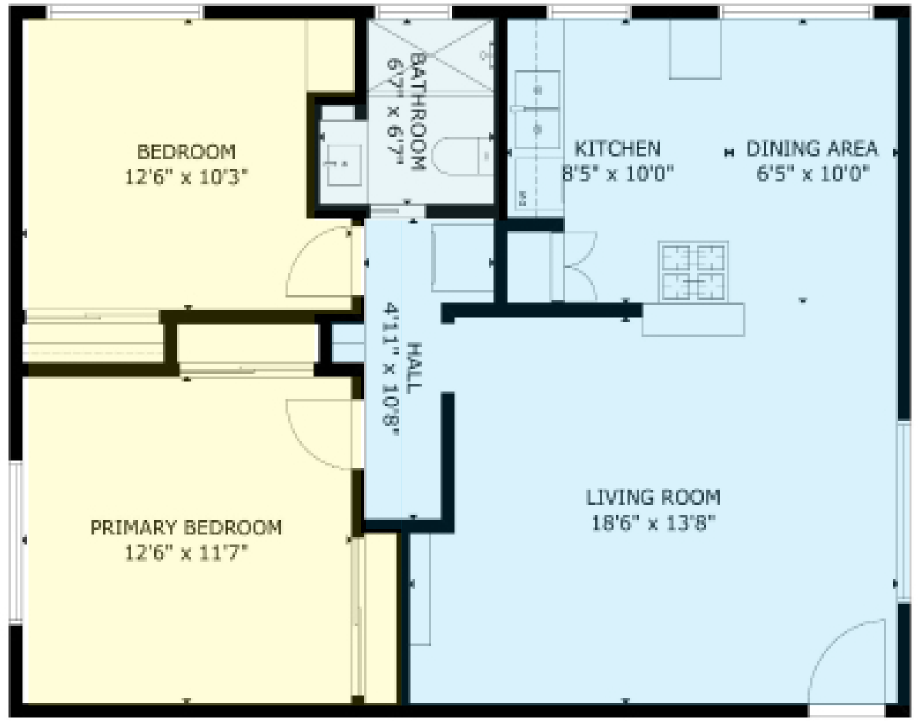
- Minimal additional investment needed
- Multiple high-end hotels/resorts within ½ mile
- Also several mid-range hotels, motels and inns
- Hospitality need to expand offerings for families
- 2-bedroom luxury units nearby would fill the need
- Marketing partnership could work many ways

Owner-User (Partial/Full)

- Waterfront/beach area, desirable for owner use
- 5 units under landlord control, start right away
- 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

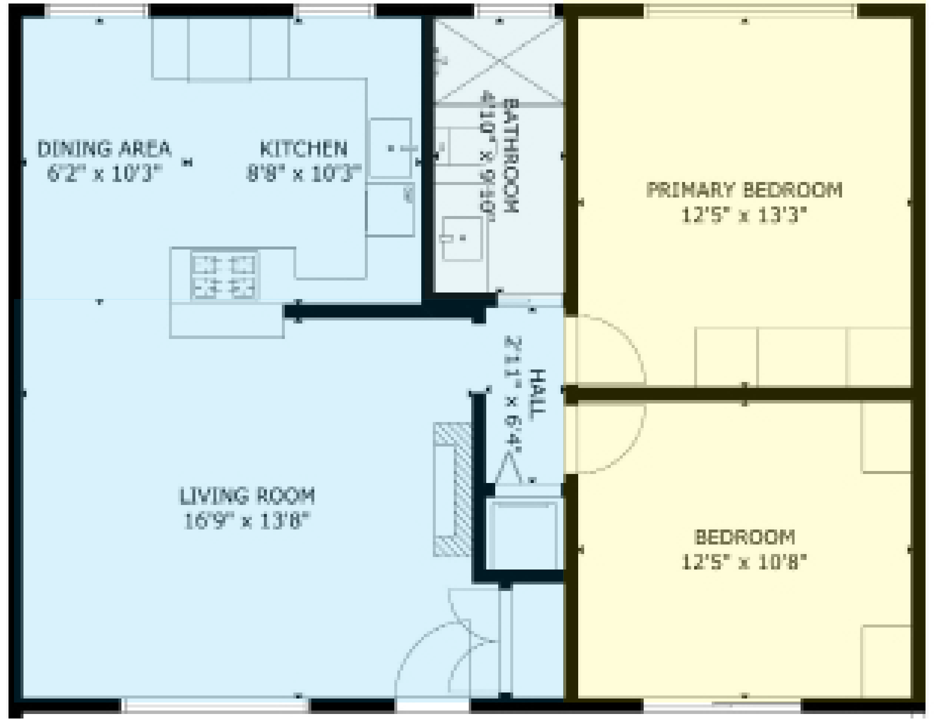
It doesn't get any better than Santa Barbara by the beach!

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 guarenteed 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.

UNIT-BY-UNIT **DETAILS**

UNIT #1
Bed/Bath/SF: 2 / 1 / 859+-
Current Use: Short-Term (started Apr. 2025)
Furnished: Yes, fully
Kitchen Upgrade: Partial
Bath Upgrade: Full
Flooring: Tile, throughout
Air Conditioning: Yes

UNIT #2
Bed/Bath/SF: 2 / 1 / 862+-
Current Use: Vacant
(kept vacant intentionally)
Furnished: No
Kitchen Upgrade: No
Bath Upgrade: Partial
Flooring: Tile, throughout
Air Conditioning: No

UNIT #3
Bed/Bath/SF: 2 / 1 / 862+-
Current Use: Long-Term Rental
Long-Term Rent: $3,695/month
Lease End Date: Month-to-Month
Furnished: No
Kitchen Upgrade: No
Bath Upgrade: Partial
Flooring: Tile, throughout
Air Conditioning: No

UNIT #4
Bed/Bath/SF: 2 / 1 / 859+-
Current Use: Short-Term (start June 2026)
Furnished: Yes, fully (in progress)
Kitchen Upgrade: Full (in progress)
Bath Upgrade: Full (in progress)
Flooring: Tile, throughout
Air Conditioning: Yes

UNIT #5
Bed/Bath/SF: 2 / 1 / 859+-
Current Use: Short-Term (started May 2025)
Furnished: Yes, fully
Kitchen Upgrade: Partial
Bath Upgrade: Full
Flooring: Tile, throughout
Air Conditioning: Yes

UNIT #6
Bed/Bath/SF: 2 / 1 / 862+-
Current Use: Long-Term Rental
Long-Term Rent: $4,300/month
Lease End Date: Month-to-Month
Furnished: No
Kitchen Upgrade: Full
Bath Upgrade: Full
Flooring: Tile, throughout
Air Conditioning: Yes

UNIT #7
Bed/Bath/SF: 2 / 1 / 862+-
Current Use: Short-Term (started June 2025)
Furnished: Yes, fully
Kitchen Upgrade: Full
Bath Upgrade: Full
Flooring: Tile, throughout
Air Conditioning: Yes

UNIT #8
Bed/Bath/SF: 2 / 1 / 859+-
Current Use: Short-Term (start June 2026)
Furnished: Yes, fully
Kitchen Upgrade: Partial (in progress)
Bath Upgrade: Full (in progress)
Flooring: Luxury Vinyl Plank, Tile
Air Conditioning: Yes

PHOTOS **INTERIOR**









PHOTOS **EXTERIOR**

Newly Renovated Courtyard
with Guest Amenities

Courtyard Close-Up

Lushly Landscaped in a
Santa Barbara Vacation Theme

View of Courtyard from
Upper Level Walkway

Front Exterior Showing Driveway
with Parking Privately in Back

Front Gate - Building and
Courtyard are Fully Gated

PHOTOS **AERIAL**

Overhead Photo Showing
Property Boundary and Layout

View from Street Showing Privacy
Landscaping, Driveway to Back

Aerial Photo Showing Proximity
to Beach and Pacific Ocean

View Towards the East
and Montecito

View Towards the Southwest
and Santa Barbara's Waterfront

View of East Beach and City
and Mountains Behind

EAST BEACH **TRANSFORMED**

While always a jewel in Santa Barbara's waterfront, the East Beach area is in the homestretch of a multi-year restoration and re-imagining. The historic Cabrillo Pavilion 2 blocks from 440 Por La Mar Drive has been recently remodeled to cement its stature as a renowned event venue, perfect for attracting families and couples as guests who wish to stay for several days at a vacation rental nearby.

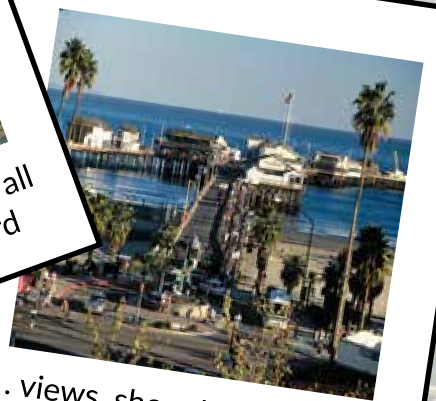
A new beach restaurant called Reunion recently opened right on the sand of East Beach. The Santa Barbara Inn was completely re-built a few years ago in a gorgeous Spanish Colonial motif, to take its place alongside the East Beach major resorts of the Hilton Doubletree and Mar Monte, both also recently updated. And the crown jewel will be Santa Barbara's largest park project in decades, the new $32M Dwight Murphy Park opening in 2027, across from 440 Por La Mar Drive. The next owner will enjoy the benefits of a substantial civic and hospitality re-investment in the beautiful East Beach area.

WATERFRONT AREA **MAP**

NEARBY **ACTIVITIES**

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

. . . 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

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

. . . 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

Santa Barbara is a World-Class Coastal Vacation and Tourism Destination

(Volleyball Courts at East Beach by 440 Por La Mar Drive)

$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

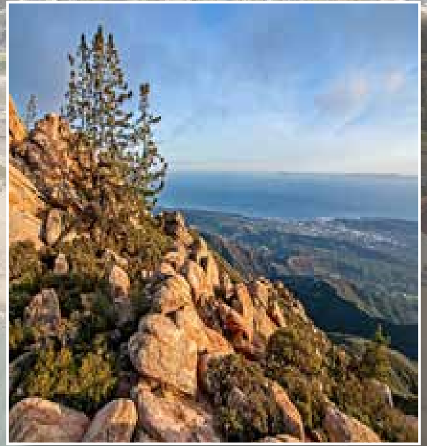
"The American Riviera"

Beautiful Mediterranean Architecture

Downtown Life

3 Grand Performing Arts Theaters

Waterfront and Beaches



Mountain Recreation

Santa Barbara Harbor

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

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 luxury apartments for either long-term or short-term tenants, in premier locations such as 440 Por La Mar Drive.

440 POR LA MAR DRIVE
SANTA BARBARA, CALIFORNIA

BERKSHIRE HATHAWAY HomeServices | California Properties

COMMERCIAL DIVISION

KEN SWITZER
COMMERCIAL SENIOR ASSOCIATE
CAL DRE # 01245644

| 805.680.4622
| KenSwitzer1@yahoo.com