

FOR SALE

CASA CASTILLO

Boutique Short-Term Rental Property



Fully Permitted

\$4,600,000 | 7.01% Cap Rate

Downtown Location



1124 Castillo St, Santa Barbara

Christos Celmayer
805.898.4388
christos@hayescommercial.com



PROPERTY OVERVIEW

Casa Castillo presents a rare opportunity to acquire a fully permitted, five-suite boutique hotel in the heart of downtown Santa Barbara. Ideally situated just half a mile from State Street and minutes from the vibrant Funk Zone, beaches, shopping, and an abundance of dining and entertainment options, the property offers an exceptional location in one of California's most desirable coastal destinations. As one of a limited number of fully permitted short-term rental properties in Santa Barbara's downtown core, Casa Castillo represents a unique opportunity to acquire a turnkey hospitality investment with an established operating platform and attractive cash flow.

Extensively remodeled in 2020 and further enhanced by more than \$212,000 in recent capital improvements, Casa Castillo features a thoughtfully designed collection of five beautifully appointed guest suites. Accommodations include two spacious two-bedroom, two-bathroom suites with full kitchens and private laundry facilities, complemented by three well-appointed studios with kitchenettes. Recent improvements include new furnishings and appliances, upgraded flooring and fixtures, enhanced sound insulation, landscaping, security and fire protection systems, and EV charging. Modern amenities such as air conditioning, high-speed internet, touchless entry, and private outdoor patios with BBQ facilities provide an elevated guest experience that appeals to both leisure travelers and extended-stay guests.

Professionally managed under its own established boutique hotel brand, Casa Castillo benefits from a dedicated website, sophisticated revenue management, and a streamlined hospitality operation designed to maximize revenue while delivering a consistent guest experience. The property has achieved approximately 80% year-to-date occupancy at an average daily rate of \$496, demonstrating its ability to attract guests at premium room rates in Santa Barbara's competitive hospitality market.

Offered at \$4,600,000, Casa Castillo combines the scarcity of a fully permitted downtown hospitality asset with the appeal of a substantially renovated property, established operations, and compelling investment economics. The offering reflects a 7.01% capitalization rate based on a twelve-month operating statement comprised of seven months of actual performance and five months of conservative projections. With significant recent capital improvements, an established hospitality brand, and professional management already in place, Casa Castillo offers its new owner the opportunity to acquire a high-quality, income-producing hospitality asset with an attractive return profile in one of California's most sought-after coastal markets.



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PROPERTY DETAILS

Price:	\$4,600,000
Cap Rate:	7.01%*
YTD Occupancy:	80%
YTD ADR:	\$496
Suites:	Five (2 x 2BD/2BA w/ kitchens; 3 x Studios w/ kitchenettes)
APN:	039-212-035
Building SF:	3,459 SF
Land SF:	10,558 SF
Parking:	7 striped spaces
Zoning:	R-MH
Renovations:	Completed '25 - '26 (\$212,000 of recent improvements)
Amenities:	In-place management, touchless entry, Wifi, vehicle charging station, private outdoor BBQ and sitting areas
Showings:	Call listing agent

**7.01% capitalization rate based on a twelve-month operating statement comprised of seven months of actual performance and five months of conservative projections*



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PROPERTY HIGHLIGHTS

- One of only a handful of fully permitted Short Term Rental properties allowed in the City of Santa Barbara
- Recent improvements include new furnishings and appliances, upgraded flooring and fixtures, enhanced sound insulation, landscaping, security and fire protection systems
- Managed by ZenStay which connects the guest experience, booking channels, revenue strategy, and technical infrastructure into one cohesive system
- Turnkey investment which was extensive remodel in '20 with recent '25-'26 improvements totaling \$212,000
- Management, brand, website, distribution and revenue management are all in place and stay with the property offering cash flow on day one for the Buyer
- Smart-lock self check-in and a centralized 24/7 guest team replace a front desk eliminating costly payroll expenses and staffing concerns

WEBSITES & SYNDICATES

CasaCastilloSB.com • Airbnb.com • VRBO.com
Booking.com • Expedia.com



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OPERATING SUMMARY | MARCH 2026 - FEBRUARY 2027

	MAR '26	APR '26	MAY '26	JUN '26	JUL '26	AUG '26	SEP '26	OCT '26	NOV '26	DEC '26	JAN '27	FEB '27	12 MONTHS
Room and guest revenue	\$53,199	\$62,885	\$49,456	\$65,298	\$70,100	\$64,541	\$66,919	\$56,577	\$49,353	\$49,064	\$45,153	\$46,252	\$678,797
Less occupancy tax collected	-\$5,107	-\$6,075	-\$8,133	-\$8,579	-\$10,960	-\$10,276	-\$10,556	-\$7,810	-\$6,813	-\$6,773	-\$6,233	-\$6,384	-\$93,699
Net revenue	\$48,092	\$56,810	\$41,323	\$56,719	\$59,140	\$54,265	\$56,364	\$48,767	\$42,540	\$42,292	\$38,920	\$39,867	\$585,098
Management fee	\$5,673	\$6,706	\$5,274	\$6,963	\$7,475	\$6,882	\$7,136	\$6,033	\$5,263	\$5,232	\$4,815	\$4,932	\$72,383
Cleaning	\$5,229	\$4,570	\$5,918	\$7,086	\$4,881	\$4,840	\$7,116	\$5,187	\$4,524	\$4,498	\$4,139	\$4,240	\$62,229
Supplies	\$2,593	\$4,761	\$1,563	\$2,149	\$478	\$4,150	\$2,714	\$2,409	\$2,101	\$2,089	\$1,922	\$1,969	\$28,897
Commissions and card fees	\$1,081	\$558	\$50	\$219	-	\$104	-	\$263	\$230	\$228	\$210	\$215	\$3,159
Repairs and maintenance	\$1,370	\$1,390	\$1,177	\$1,711	\$1,090	\$2,814	\$1,410	\$1,566	\$1,566	\$1,566	\$1,566	\$1,566	\$18,792
Water and sewer	-	-	-	-	-	-	\$4,027	\$575	\$575	\$575	\$575	\$575	\$6,903
Utilities	\$817	\$1,307	\$127	\$833	\$482	\$229	\$1,156	\$707	\$707	\$707	\$707	\$707	\$8,485
Marketing and guest relations	\$1,000	\$127	\$162	-	\$275	\$94	\$285	\$278	\$278	\$278	\$278	\$278	\$3,330
Franchise tax and licences	\$800	-	-	-	-	-	-	\$893	-	-	-	-	\$1,693
Insurance	-	-	-	-	-	-	-	\$8,198	-	-	-	-	\$8,198
Operating expenses	\$18,563	\$19,418	\$14,271	\$18,960	\$14,682	\$19,113	\$23,843	\$26,108	\$15,244	\$15,173	\$14,213	\$14,482	\$214,069
NOI before property tax	\$29,529	\$37,392	\$27,052	\$37,759	\$44,457	\$35,152	\$32,521	\$22,659	\$27,297	\$27,119	\$24,708	\$25,385	\$371,029
Property tax at \$4,600,000	-\$4,057	-\$4,057	-\$4,057	-\$4,057	-\$4,057	-\$4,057	-\$4,057	-\$4,057	-\$4,057	-\$4,057	-\$4,057	-\$4,057	-\$48,682
Net operating income	\$25,472	\$33,335	\$22,995	\$33,702	\$40,401	\$31,095	\$28,464	\$18,602	\$23,240	\$23,062	\$20,651	\$21,328	\$322,346
Nights sold	124	129	134	131	118	117	129	122	117	125	124	107	1,476
Occupancy	80.0%	86.0%	86.5%	87.9%	77.6%	76.0%	86.0%	78.7%	77.8%	80.3%	79.8%	76.6%	81.1%
ADR	\$384	\$408	\$415	\$525	\$580	\$575	\$499	\$394	\$374	\$355	\$325	\$402	\$436
RevPAR	\$307	\$350	\$359	\$461	\$450	\$437	\$429	\$310	\$291	\$285	\$260	\$308	\$354

Projected occupancy and ADR are by unit type (see the basis page). The management fee is at its effective rate of 10.7% of revenue.

Actual months are the hotel's cash-basis owner statement. Revenue is net of refunds and of OTA commission; occupancy tax collected from guests is shown and then taken out, since the hotel remits it.

Projected revenue (October to February) rests on four assumptions:

- Source. Casa De La Vina, the closest hotel under the same management, by unit type: its studios for these 3 studios, its two-bedrooms for these 2 two-bedrooms, same calendar month last winter (October 2025 to February 2026).
- Scaled to this hotel. Occupancy, ADR and revenue per night are multiplied by how this hotel's units ran against De La Vina's same unit type from March to September 2026.

- Growth on rate only. De La Vina's revenue grew 20.7% from September 2025 to September 2026. Half of that, 10.4%, is applied to rate, since De La Vina is the stronger property. Occupancy is not grown and runs 76.6% to 80.3%.
- Bookings as a floor. October is already booked above its estimate (\$53,882), so its revenue carries what is on the books (\$56,577) instead.

Projected costs use this hotel's own March to September rates: cleaning, supplies, commissions and occupancy tax as a share of revenue; repairs, utilities and marketing per unit per month. No outside benchmark is used.

Water and sewer. No water bill posted from March to August; September

carries \$4,027. Projected months use that total spread over March to September.

Insurance is the renewal premium effective October 15, 2026, \$8,198. Franchise tax and licences are as booked.

Property tax at a sale is 1.0568% of the price plus \$71 of special assessments. The current owner's bill is not used.

Capital spending (\$33,658 January to September) is excluded from operating expenses.

Net operating income is before debt service and reserves.



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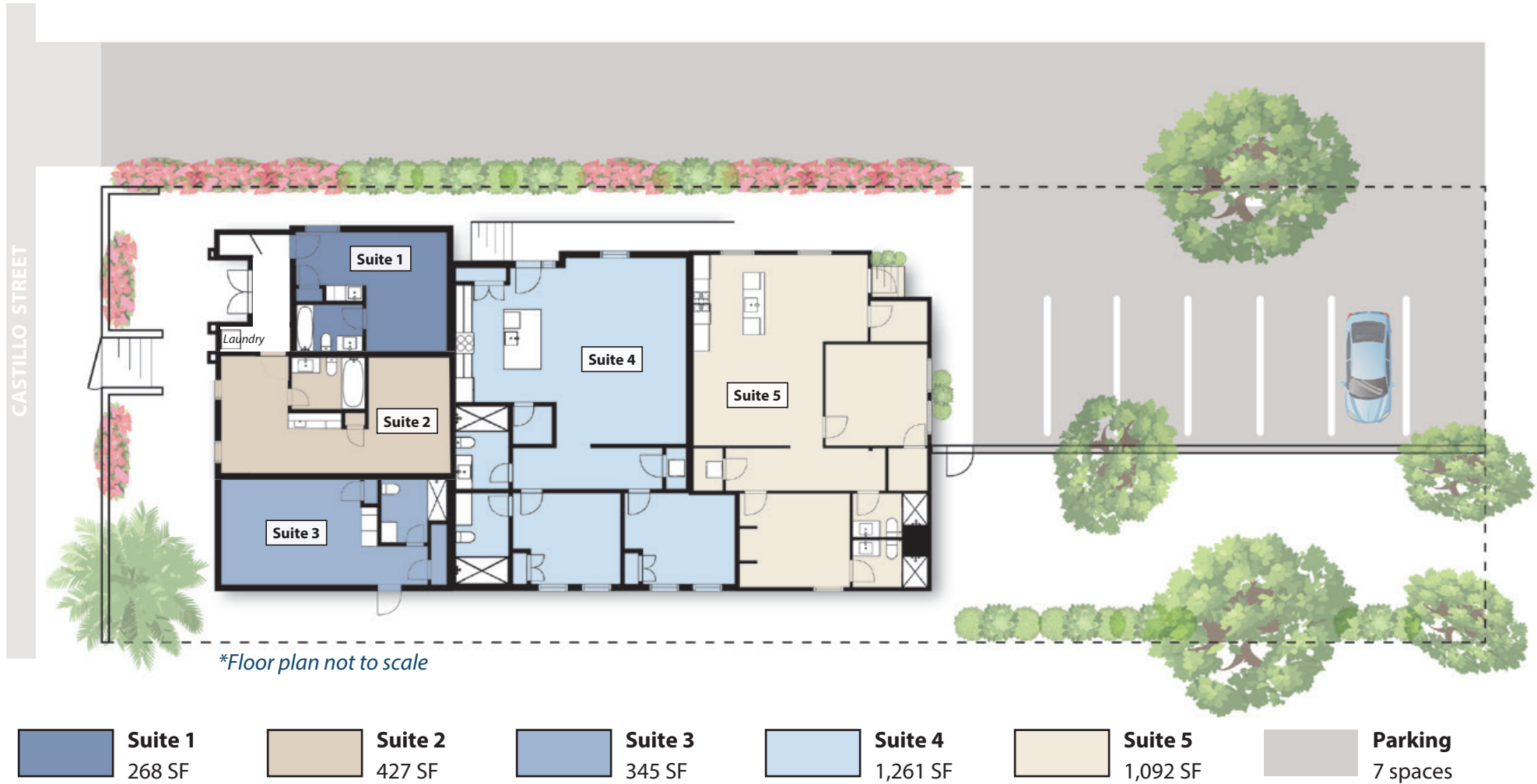
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SITE PLAN



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IN-PLACE MANAGEMENT



ZenStay built the hotel's current operation and will continue running it for the new owner on the same terms already reflected in the proforma — a flat 10% of revenue, all-in. Nothing about the offering depends on a buyer knowing how to run a hotel.

PORTFOLIO AT-A-GLANCE

Management Fee	10% of revenue, flat
Guest Support	24/7 phone · 5am–1am chat
Check-In	Keyless, self-service
Pricing	Dynamic, revenue-managed daily
Distribution	Direct, Airbnb, Expedia, Booking.com, Vrbo
Reporting	Monthly owner statements
Owner Payouts	2 business days
Portfolio	Santa Barbara · Santa Cruz Solvang · Lake Tahoe

WHY IT MATTERS AT THIS SIZE

A five-suite hotel can't carry a general manager, a front desk and a night auditor. Centralized management is what turns a small coastal inn into a 54.5% NOI margin — and it is already installed here.

HIGHLIGHTS

HOUSEKEEPING AND MAINTENANCE

Vendors contracted, turn protocols running, par levels stocked.

REVENUE MANAGEMENT

Rates repriced daily against live market data rather than a seasonal rate sheet.

A DIRECT CHANNEL THAT WORKS

Roughly a third of ZenStay portfolio bookings come direct, which is what keeps the channel-fee line at 11% instead of 18%

INSTITUTIONAL REPORTING

Full P&L visibility by month and by unit.

OPTIONAL

A buyer who wants to self-manage can, but the numbers in this memorandum assume ZenStay stays on as manager, as page 5 shows.



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IN-PLACE MANAGEMENT



ZenStay is a vertically integrated boutique hotel owner-operator specializing in the acquisition, repositioning and operation of hospitality assets throughout California. Founded by **Arvand Sabetian**, the company has assembled a portfolio of 14 hotels totaling 315 rooms at completion, with properties located throughout Santa Barbara, Santa Cruz, Solvang and South Lake Tahoe.

Since entering hotel operations in 2020, Mr. Sabetian has acquired and repositioned or is currently repositioning all 14 properties within the portfolio. Today, seven hotels totaling 123 rooms are open and operating, with an additional seven hotels and 192 rooms under construction, in pre-construction or entitled for development.

ZenStay currently manages 10 hotels totaling 137 rooms, including all seven of its operating properties and three hotels managed on behalf of third-party ownership.

Note: A new owner may choose to discontinue ZenStay management if they wish to self-manage the property.

VERTICALLY INTEGRATED OPERATING PLATFORM

In addition to hotel ownership and operations, Sabetian is a licensed California General Contractor (A & B) and serves as general contractor for the portfolio's development and repositioning projects. This vertically integrated platform allows ZenStay to oversee the full investment lifecycle—from acquisition and entitlement through construction, conversion, opening and ongoing hotel operations.

The company's experience includes several adaptive-reuse projects, including the conversion of an office building at 800 Garden Street into a 30-room hotel and the conversion of a former church at 1915 Chapala Street into a 37-room hotel, both in Santa Barbara. Additional office-to-hotel conversions are underway within the portfolio.

ZenStay self-operates each hotel it owns, with an in-house platform overseeing revenue management, guest operations and property maintenance, while also providing management services to select third-party hotel owners.

PORTFOLIO AT-A-GLANCE

Hotels Owned	14
Hotels Open & Operating	7
Hotels Under Development	7
Rooms at Completion	315
Hotels Managed	10
Portfolio Value	\$122.3M
Operating Portfolio Value	\$78.1M
Stabilized Revenue Run Rate	~\$11.7M

SELECT OPERATING & DEVELOPMENT EXPERIENCE

800 Garden Street | Santa Barbara
30 Rooms | Office-to-Hotel Conversion

1915 Chapala Street | Santa Barbara
37 Rooms | Church-to-Hotel Conversion

513 De La Vina Street | Santa Barbara
15 Rooms

Additional Portfolio
Santa Barbara • Santa Cruz • Solvang • South Lake Tahoe



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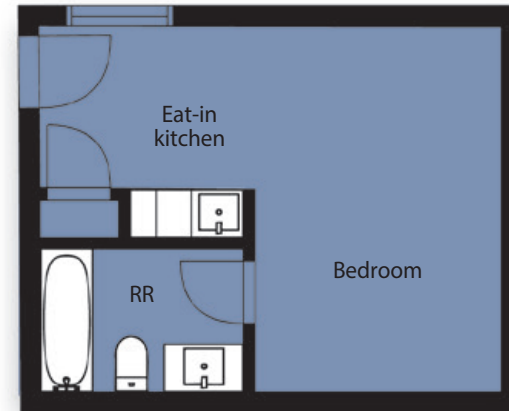
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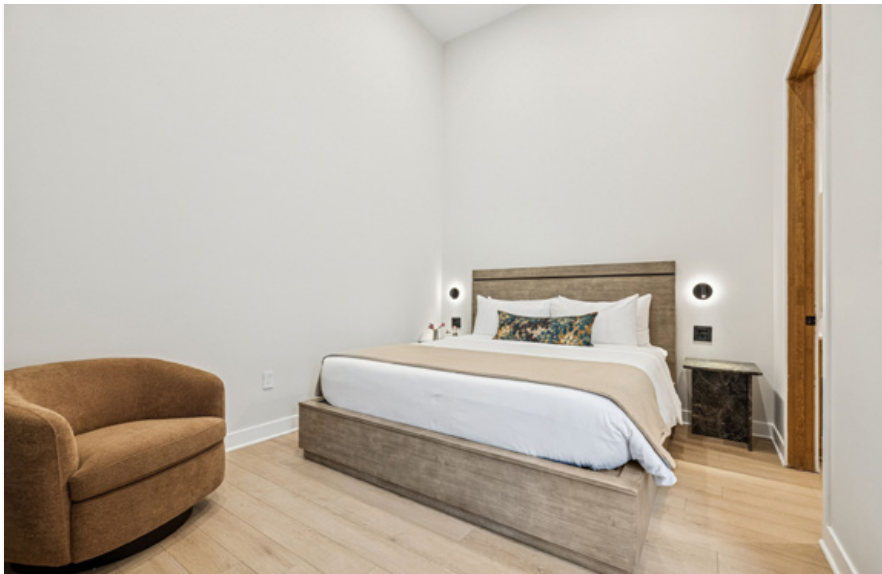
SUITE 1 | 268 SF

Visit this unit virtually at:

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**Floor plan not to scale*



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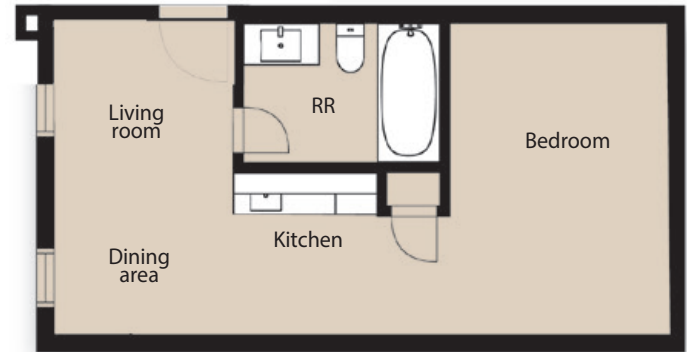
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SUITE 2 | 427 SF

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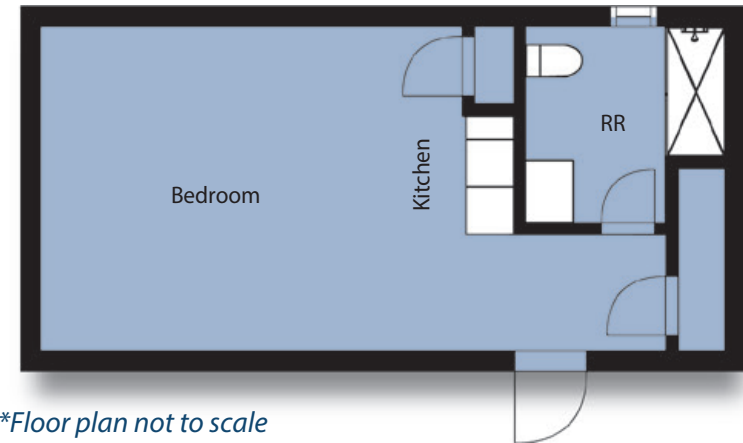
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SUITE 3 | 345 SF

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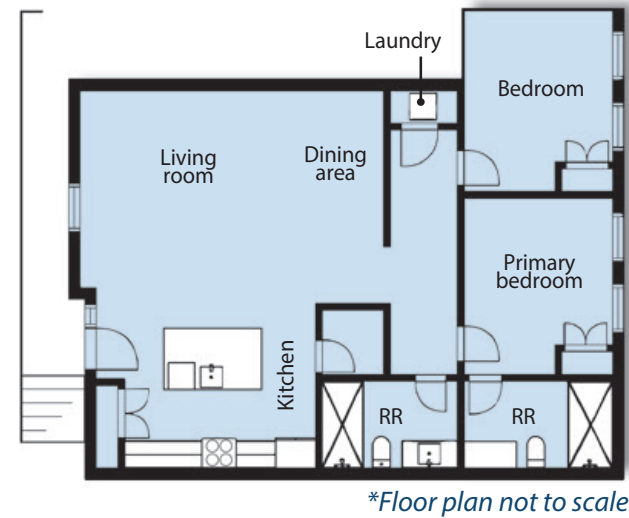
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SUITE 4 | 1,261 SF

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SUITE 5 | 1,092 SF

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HOSPITALITY MARKET

Big-city art and culture with the heart and hospitality of a small coastal town

Economy. Renowned for its fine restaurants, shopping, hotels and architecture, the tourism industry is the region's main economic driver. The city economy also includes a large service sector, education, tech, health care, finance, agriculture and manufacturing.

Culture. The city's history is evident in its Spanish architecture, emanating from the majestic Mission Santa Barbara. Downtown is brimming with eateries, theaters, museums, and hosts an annual international film festival. Wine lovers can sample the Urban Wine Trail or take a short drive to the world-class vineyards of Santa Ynez Valley.

BEACH | ART | HISTORY | WINE

Hospitality | 86%
hotel occupancy (2026) | \$284
Average daily rate

Area Tourism | 6.5 M
visitors annually | \$2.24 B
Tourist spend (2026)

Sources | SB Chamber of Commerce, esri,
Visit Santa Barbara, SBNP



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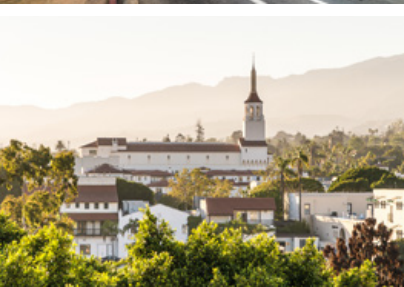
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Santa Barbara is 90 miles north of Los Angeles and served by Santa Barbara Airport and Amtrak. Tucked between the Santa Ynez Mountains and the Pacific Ocean, Santa Barbara enjoys a mild, Mediterranean climate averaging 300 sunny days a year.



89,095
current residents

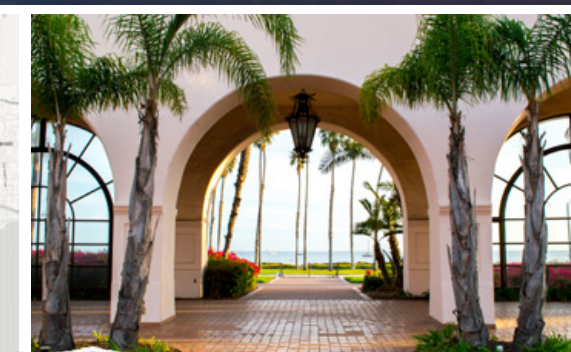
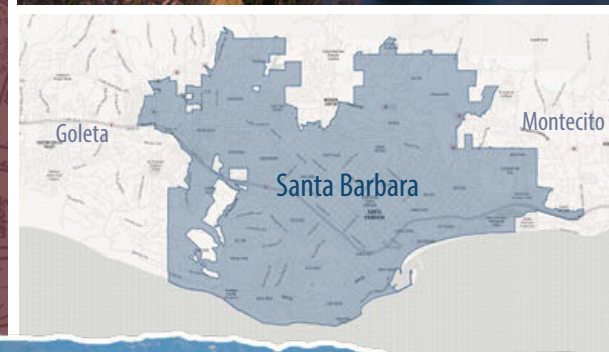


\$165,519
avg. household income



78%
college-educated

Source: esri. 2026 demographics



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