

2223 MONTEREY STREET

San Luis Obispo, California

FOR SALE | Freeway-Adjacent 83-Key Hotel Site with Entitlements | **4.21 ACRES**



46,500 CPD

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Property line is approximate

THE OFFERING

Site of the original Motel Inn — the “World’s First Motel” — this freeway-adjacent property is destined to be the Central Coast’s next great development. Fully entitled for an 83-key hotel, this construction-ready opportunity combines a storied past with a bright hospitality future.

Alternatively, the property can be re-entitled as a mixed use project focusing on a variety of allowed residential types including multi-family and assisted living uses, in addition to a variety of commercial uses.

Situated along US Highway 101 with 46,500 CPD, the 4.21-acre site offers exceptional freeway visibility, immediate highway access, and a central location between Cal Poly and downtown SLO.

This property carries a story that cannot be replicated and represents a once-in-a-lifetime hospitality redevelopment opportunity in San Luis Obispo.



SALE PRICE	Unpriced	YEAR BUILT	1925
LAND SIZE	4.21 Acres (183,387 SF) (owners open to a lot line adjustment)	CONDITION	Shovel-ready site with existing historic structure
BUILDING	2,410 SF	ENTITLEMENTS	83-key hotel
APN	001-075-024, 025, 026	SIGNAGE	Immediate freeway visibility in both directions
ZONING	Tourist Commercial (C-T) Zone Specific Plan: Upper Monterey Area	TRAFFIC COUNT	46,500 CPD

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HIGHLIGHTS

- Entitlements secured - City-approved entitlements for an 83-key hotel are in place, eliminating the most time-consuming and uncertain phase of the development process.
- Construction-ready - Construction permits are approved and ready to issue.
- Timeline compression - With entitlements already secured, a developer can move directly to design development and permitting, potentially shaving years off a ground-up hospitality project timeline.
- Scarcity of comparable hospitality sites - Freeway-adjacent, entitled hotel parcels of this size are exceptionally rare in San Luis Obispo, where the development pipeline is constrained by topography, infill conditions, and a stringent approvals environment.
- Long-term coastal California asset positioning - San Luis Obispo sits at the heart of California's Central Coast — one of the state's most desirable and supply-constrained lifestyle markets — offering durable long-term value supported by land scarcity and sustained demand.
- Legacy and historical narrative - The site is recognized as the birthplace of the American motel, where Arthur Heineman opened the world's first Milestone Mo-Tel in 1925, providing a developer with a rare and compelling brand story.
- Future ADR growth - San Luis Obispo's lodging market has demonstrated consistent rate growth, with city hotel occupancy historically exceeding 68% annually and pre-pandemic peaks above 70%, supporting a favorable outlook for average daily rate appreciation.
- Lifestyle migration trends - San Luis Obispo continues to attract residents and visitors drawn by its climate, outdoor recreation, and quality of life, reinforcing demand for lodging and residential uses in the market.
- Central Coast tourism expansion - San Luis Obispo County recorded \$2.4 billion in direct travel spending in 2024 — a figure that has grown consistently year over year — underscoring the region's expanding role as a premier California leisure destination.
- Constrained supply conditions - Limited developable land, high entitlement barriers, and a slow-growth regulatory environment restrict new lodging supply, creating favorable long-term demand dynamics for any new hotel product entering the market.
- Replacement cost inflation - Rising construction costs across California make entitled, shovel-ready land increasingly valuable, as the cost to replicate this site's approvals, location, and scale would far exceed the current asking price.
- Long-term legacy positioning - An asset at this address — the literal origin point of the American motel industry, on a major coastal highway corridor — offers an investor or developer a generational holding with intrinsic historical and locational permanence.

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RENDERINGS OF ENTITLED PROJECT



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AN IRREPLACEABLE LOCATION



The subject property comprises 4.21 acres of level, freeway-adjacent land at one of the most visible and accessible locations in San Luis Obispo. Positioned directly along US Highway 101, the site benefits from outstanding freeway visibility and signage exposure to approximately 46,500 vehicles per day, while offering convenient on/off access via one of the city's primary interchange points. Monterey Street serves as a well-established hospitality and commercial corridor, with multiple hotel properties within two blocks of the site.

Beyond the immediate corridor, the property is ideally situated between two of San Luis Obispo's most significant demand generators: Cal Poly San Luis Obispo — a university of approximately 22,000 students and faculty — lies roughly 1.2 miles to the north, while the city's award-winning downtown core is approximately one mile to the southwest. This combination of freeway presence, corridor positioning, and proximity to the city's primary employment, education, and entertainment anchors makes the site a compelling opportunity for hotel or other development.

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DEVELOPMENT POTENTIAL

Investment Highlights

- Shovel-ready development on the site of the world's first motel, the historic Milestone Mo-Tel (1925)
- Fully entitled with no entitlement risk. Construction permits are ready for issuance. owners prevailed over project appeals and completed a multi-year entitlement process with City support.
- High barrier-to-entry market. SLO's complex entitlement environment has produced no meaningful competitive hotel supply in the near-term pipeline.
- 83 bungalow-style rooms and suites on 4.21 acres. an urban resort concept unlike any existing hotel in the market.
- Prime Highway 101 location connecting SLO to Los Angeles, the Bay Area, and the Central Valley. Downtown SLO and Cal Poly campus are a 15-minute walk or 5-minute drive away.
- Gateway to Paso Robles wine country, Edna Valley, Avila Beach, and Pismo Beach. year-round demand drivers across leisure, wine, collegiate, and corporate travel segments.

Redevelopment Potential — C-T-S Zoning

The site is fully entitled and shovel-ready as Hotel Project. For buyers seeking alternative development scenarios, the C-T-S (Tourist Commercial with Special Considerations) zoning supports a range of uses, several of which require only a Minor Use Permit or Conditional Use Permit from the City of San Luis Obispo. The historic Motel Inn building (1925) is a Master List historic property and must be incorporated into any development program.

POSSIBLE USES

Below is a list of potential uses for the property and the permits required to pursue them.

Boutique Hotel / Urban Resort

ENTITLED: PERMITS READY

83 bungalow-style rooms on 4.21 acres. Shovel-ready. No entitlement risk.

Elderly & Long-Term Care Facility

MINOR USE PERMIT (MUP)

Resort-style senior living leveraging the existing bungalow layout, landscaped pathways, pool, spa, and gym on a campus ideally suited for upscale memory care or assisted living.

Multi-Unit / Student Housing*

CONDITIONAL USE PERMIT (CUP)

Up to 12 Density Units/acre by-right, expandable via California Density Bonus Law. 15-minute walk to Cal Poly campus drives strong rental demand. Approx. 50+ units feasible.

RV Park / Glamping Resort

CONDITIONAL USE PERMIT (CUP)

Highway 101 frontage, 4.21 acres, and tourist-serving zoning make this a natural fit. Premium glamping-style parks in comparable Central Coast markets command high nightly per space rents.

Mixed-Use Development

ENCOURAGED BY ZONE

C-T zoning expressly encourages integration of visitor-serving and other uses.

Auto / Vehicle Dealership

CONDITIONAL USE PERMIT (CUP)

Highway 101 frontage and high daily traffic counts support auto-oriented retail. CUP required per Table 2-1.

Single Family Detached/ Townhomes*

**Use is allowed but only as part of a mixed-use project.*

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A PIECE OF HISTORY - THE WORLD'S FIRST MOTEL



The Motel Inn, originally called the Milestone Mo-Tel, opened on December 12, 1925 at 2223 Monterey Street and is recognized as the world's first motel.

Key facts:

- The property was designed by Pasadena architect and developer Arthur S. Heineman in a Spanish Colonial Revival style resembling a California mission, located beside Highway 101 at the base of the Cuesta Grade.
- Heineman designed the property so guests could drive directly to their room door. He called it a "motor hotel" and shortened it to "motel" — this was the first place in the world to use that word.
- San Luis Obispo was chosen because it sat roughly halfway between Los Angeles and San Francisco — about a day's drive in 1925.
- The motel suffered during the Great Depression, closed in 1932, then enjoyed a mid-century revival as a destination for movie stars traveling between LA and San Francisco, before eventually closing for good in 1991.



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AERIAL OVERVIEW



Downtown

Adventist Health

Dignity French Hospital

Cal Poly San Luis Obispo

Nearby Hotels
Apple Farm Inn
Hotel Buena Vista
Mission Inn
Peach Tree Inn

SITE

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San Luis Obispo County is one of California’s premier drive-to leisure destinations, drawing visitors year-round to its wine country, coastline, state parks, and the city’s vibrant downtown. Direct travel spending in San Luis Obispo County reached \$2.4 billion in 2024, a 2.6% increase over the prior year. Tourism is the county’s second-largest economic driver, and in 2024 it generated \$105.6 million in local tax revenue — equivalent to a \$21,707 per-household benefit if residents were to fund it directly. At the city level, lodging demand has been particularly strong: the City of San Luis Obispo collected a record \$11.4 million in transient occupancy tax in FY 2024–25, a 3.2% increase over the prior year. The Monterey Street corridor where this site is located is the city’s primary lodging corridor and captures a significant share of that overnight demand.



Tourism Factors

Direct Travel Spending (County, 2024)	\$2.4 billion
Local Tax Revenue from Tourism (2024)	\$105.6 million
Tourism-Supported Jobs (2024)	~23,800
City TOT Revenue (FY 2024–25)	\$11.4 million (record)
City Lodging Occupancy Rate	~68% annual avg.

Sources: Visit SLO CAL, City of SLO

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San Luis Obispo is a thriving Central Coast city with a well-educated, economically active population and a strong growth trajectory. The city’s 2025 population of 49,252 is projected to reach 51,104 by 2030, supported by consistent household formation and an expanding employment base. The average household income of \$119,433 is forecast to grow to \$133,165 by 2030, reflecting a significant concentration of higher-earning residents. Over 83% of adults 25 and older have some college education or higher, and 57% hold a bachelor’s degree or advanced degree. Median home values of \$925,800 underscore the city’s position as a high-demand, supply-constrained housing market. Notably, the city’s daytime population of 67,341 significantly exceeds its residential base, reflecting the substantial inbound workforce and visitor activity that drives demand for lodging, food and beverage, and retail services throughout the week.

Demographic Factors (City of San Luis Obispo)

<i>Metric</i>	<i>2025</i>	<i>2030</i>
Population	49,252	51,104
Average Household Income	\$119,433	\$133,165
Median Home Value	\$925,800	\$1,013,427
Median Age	33.1	34.7
College Degree or Higher (25+)	57.1%	—
Some College or Higher (25+)	83.4%	—
White Collar Workforce	68.7%	—
Daytime Population	67,341	—

Source: ESRI

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SAN LUIS OBISPO

San Luis Obispo is located on California's Central Coast, midway between Los Angeles and San Francisco. Downtown SLO is a humming, pedestrian friendly zone of shops, restaurants and galleries in turn-of-the-20th century buildings. Cost of living is lower than the Bay Area and Southern California, and the population is highly educated, with 60% of residents having a college degree or higher. Tech is a major industry in San Luis Obispo, attracted by the large student base at Cal Poly and coastal lifestyle. Major employers include Mindbody, Amazon, and Rosetta.

Tourism is another important industry and the third-largest contributor to the municipality. San Luis Obispo wine country starts five minutes south of downtown, putting two dozen premier wineries within easy reach. The SLO Coast AVA is one of the largest producers of wine in California, behind only Sonoma and Napa Counties.

Boasting 80 miles of Pacific coastline, San Luis Obispo County is a land of picturesque beaches, rolling vineyards, and small-town charm. Popular sites include Hearst Castle, Cambria, Morro Bay, Lake Nacimiento, and Oceano Dunes, just to name a few. SLO averages 315 days of sunshine, providing a year-round destination for adventure, rejuvenation, and quality time. From expansive dunes to turquoise waters and a thriving farm-to-table culinary scene, there are endless possibilities to discover—all within an hour's drive of the city.



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NEARBY EDUCATION

CAL POLY: A TOP-TIER STEM UNIVERSITY

California Polytechnic State University, San Luis Obispo is a public university, organized into six colleges offering 65 bachelor's and 39 master's degrees, and more than 150 undergraduate majors and minors. Undergraduate enrollment is approximately 21,000 students. The programs emphasize hands-on learning and real-world experience in their curriculum. Owing 9,178 acres, Cal Poly has one of the largest college campuses in the US. According to U.S. News & World Report's 2022 "Best Regional Universities West Rankings," Cal Poly is ranked 2nd overall in the western United States out of 127 regional schools whose highest degree is a Master's, first in "Top Public Schools", first in "Best Colleges for Veterans", first in "Most Innovative Schools", third for "Best Undergraduate Teaching".



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