



THE RENDINO TEAM

EXPERIENCE • INTEGRITY • RESULTS



THE SONOMA COUNTY INCOME PROPERTY REPORT Q4 2021

Hello Friends,

We hope this report finds you and yours well. If this is the first time you have received our newsletter, this report aims to provide rental and sales trend information to Sonoma County income property owners. We all have unique financial goals and need to make our decisions armed with the best information available.

RENTAL MARKET

The average Sonoma County (Santa Rosa - Sonoma - Petaluma - Windsor - Rohnert Park - Sebastopol - Healdsburg) rent for apartments for the 4th quarter of 2021 was \$1,816, with an effective rent per sq. ft. of \$2.17. This represents a year-over-year rent increase of 7.27% and a .44% increase from the 4th quarter of 2021. The occupancy factor for the 3rd quarter of 2021 was 98.22%, which was virtually unchanged from the prior quarter. Presently, the 1st quarter to date shows an average rent of \$1,835 and an average occupancy factor of 98.21%.

SONOMA COUNTY EFFECTIVE RENTS **

Santa Rosa, Sonoma, Petaluma, Windsor, Rohnert Park CoStar projections highlighted.

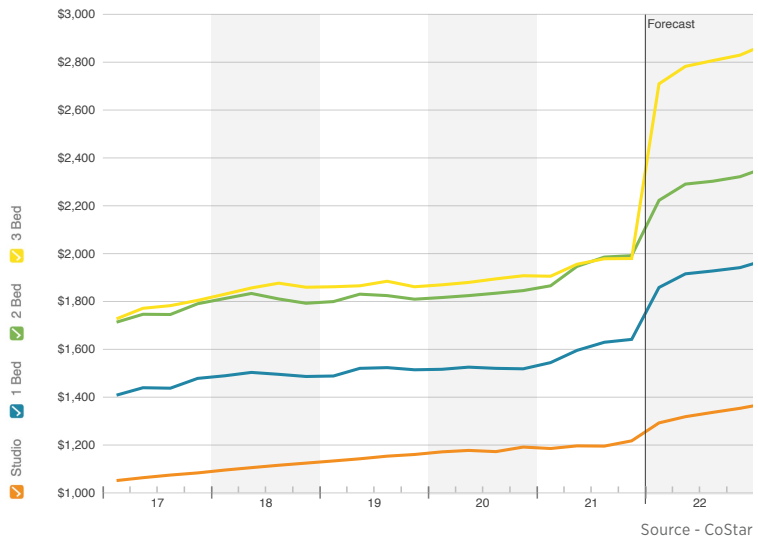
PERIOD	STUDIO	1 BED	2 BED	3 BED
2022 Q1 EST	\$1,291	\$1,857	\$2,221	\$2,708
2022 Q1 QTD	\$1,208	\$1,653	\$2,017	\$1,990
2021 Q4	\$1,216	\$1,640	\$1,990	\$1,978
2021 Q3	\$1,194	\$1,628	\$1,984	\$1,977
2021 Q2	\$1,195	\$1,594	\$1,945	\$1,954
2021 Q1	\$1,184	\$1,543	\$1,864	\$1,904
2020 Q4	\$1,190	\$1,517	\$1,844	\$1,906
2020 Q3	\$1,171	\$1,519	\$1,833	\$1,893
2020 Q2	\$1,176	\$1,524	\$1,823	\$1,878
2020 Q1	\$1,170	\$1,515	\$1,815	\$1,868
2019 Q4	\$1,159	\$1,513	\$1,808	\$1,860

Demand for apartments continued to be strong through the end of 2021, due in part to continued increased migration from urban Bay Area cities. Additionally, the red hot sales market and lack of affordable first time home buyer inventory has kept many would-be homeowners on the sidelines, while the dream of home ownership continues to slip further out of reach for many. Many renters who have been exploring markets outside of California are finding that the grass is not always greener on the other side, since many states are also finding tight rental markets, largely due to the exodus of California residents. Many popular cities such as Portland, West Palm Beach, Austin, Miami and Jacksonville have seen rental value hikes from 20% to 50% in 2021. The list of skyrocketing rental markets throughout the US is extensive and we have only mentioned a few.

With inflation being top of mind for most Americans, it is clear that construction costs will continue to climb through the end of 2022. The increased building supply prices, coupled with higher labor costs, all but ensure that builders will find a lack of incentive to build low-income and market rate housing in this environment. This makes it likely that tenants will find less inventory and more competition through the end of the year.

MARKET ASKING RENT PER SF BY BEDROOM

Santa Rosa - Sonoma - Petaluma - Windsor - Rohnert Park - Sebastopol - Healdsburg | Effective Rents



Source - CoStar

2-4 UNITS SALES

The average sales price for the 4th Quarter of 2021 was \$879,762. This represents a -6.06% decrease from the third quarter of 2021 and a 10.6% year-over-year increase from the 4th Quarter of 2020. The average price per unit (PPU) for the 4th quarter was \$336,930, which is down -11.81% from the 3rd quarter of 2021, which recorded an average PPU of \$381,146.

The average days on the market (DOM) for 2-4 units in the 4th quarter of 2021 was 65. This represents a -14.47% decrease from the same quarter of 2021.

CURRENT SNAPSHOT

As of this date, there are 15, 2-4 unit properties listed for sale in Sonoma County. 5 of these properties are presently under contract. The average list price for the properties not under contract is \$1,206,600, while the average list price for properties under contract is \$913,390. The average price per unit (PPU) for the active listings is \$395,553, with an average days on the market of 17. The average price per unit for the properties under contract is \$366,829, with an average DOM of 52.

1ST Q 2022 PROJECTION

As discussed, the average sales price during the 4th Quarter of 2021 was \$879,762, while the average list price for properties under contract is presently \$913,390. On average, the list-to-sale price differential had been 1-2% over the last several years. If this differential holds true, we will likely see a large quarter-over-quarter increase of up to 3.82% by the end of the 1st Quarter of 2022.

If rents do not continue to increase at the same rate of interest rate hikes, investors will eventually realize decreased cash flow. This in turn could put downward pressure on the sales market. So far, the market has absorbed the recent interest rate hikes and we will be watching to see how the second quarter of 2022 shakes out.

2-4 UNITS SALES

CITY	STREET ADDRESS	UNITS	LISTING PRICE	SOLD DATE	SOLD PRICE
Rohnert Park	260 W Cotati Ave	2	850,000	11/11/21	838,000
Healdsburg	443 1st St	3	1,650,000	11/23/21	1,600,000
Healdsburg	219 Piper	4	1,595,000	11/24/21	1,595,000
Healdsburg	328 North St	2	995,000	10/7/21	900,000
Healdsburg	440 March Ave	4	1,100,000	11/17/21	1,120,000
Petaluma	718 I St	3	1,275,000	10/19/21	1,250,000
Russian River	15676 Old River Rd	2	475,000	10/13/21	450,000
Russian River	14080-14084 woodland	2	499,000	11/3/21	471,939
Russian River	14604 Canyon 1	3	549,000	11/17/21	540,000
Russian River	10676 Forest Hills Rd	2	499,000	10/25/21	550,000
Russian River	20495 Highway 116	2	575,000	12/28/21	585,000
Russian River	6575 Covey Rd	0	660,000	12/7/21	690,000
Santa Rosa	1214 College Ave	3	725,000	12/23/21	725,000
Santa Rosa	6208 Montecito Blvd	4	1,050,000	11/19/21	940,000
Santa Rosa	6200 Montecito Blvd	4	1,050,000	11/19/21	965,100
Santa Rosa	6204 Montecito Blvd	4	1,050,000	11/19/21	940,000
Santa Rosa	6202 Montecito Blvd	4	1,050,000	11/19/21	940,000
Santa Rosa	1285 Morgan St	4	1,449,000	12/2/21	1,400,000
Santa Rosa	712 Morgan St	4	999,000	12/2/21	950,000
Santa Rosa	748 Morgan St	4	999,000	12/2/21	960,000
Santa Rosa	511 A St	2	650,000	12/8/21	615,000
Santa Rosa	746-746A Dexter St	2	699,500	11/16/21	700,000
Santa Rosa	1041 King St	2	700,000	12/29/21	800,000
Santa Rosa	1051 King St	2	700,000	12/29/21	800,000
Santa Rosa	1449 Ditty Ave	2	745,000	11/16/21	745,000
Santa Rosa	1248 Martha Way	2	785,000	12/22/21	754,000
Santa Rosa	918 Temple Ave	2	875,000	10/26/21	875,000
Santa Rosa	1541-1543 Neotomas Ave	2	825,000	10/7/21	850,000
Santa Rosa	1600-1610 Sebastopol Rd	3	875,000	12/2/21	957,500
Santa Rosa	1870 West Ave	3	975,000	10/15/21	1,160,000
Santa Rosa	101 Barham Ave	2	549,000	1/3/21	515,000
Sonoma	634-636 Verano Ave	2	925,000	10/18/21	895,000
Sonoma	17263 Sonoma Hwy	2	450,000	12/6/21	400,000
Sonoma	836 Third St W	2	1,135,000	11/22/21	977,200
Sonoma	546 3rd Street W	2	1,085,000	12/21/21	1,065,000
Sonoma	18787-18789 Polley Ln	2	995,000	12/19/21	1,030,000

2-4 UNITS AVERAGE FOR SALE VS. SOLD PRICE

Avg Price For Sale & Sold Source - BAREIS MLS



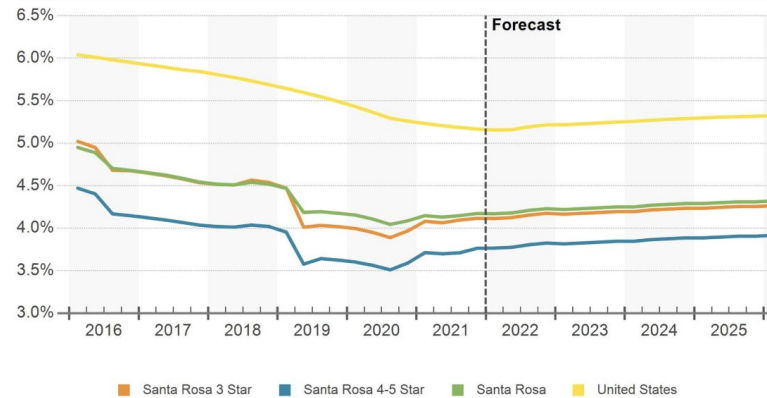
	Currnt vs. Prev Month			Currnt vs. Same Month 1 Yr Ago			Currnt vs. Same Qtr 1 Yr Ago		
	Jan. 22	Dec. 21	% Change	Jan. 22	Jan. 21	% Change	Nov. 21	Nov. 20	% Change
Avg. Active Price	1850	3103	-40.4% ▼	1850	1624	13.9% ▲	2197	1578	39.2% ▲
Avg. Sold Price	1099	1164	-5.6% ▼	1099	728	51% ▲	1157	791	46.3% ▲

5+ UNITS SALES

There were 12, 5+ unit properties sold in Sonoma County during the 4th quarter of 2021. This includes a 277 and a 180 unit complex in Santa Rosa. The average sales price was \$19,584,527, with an average price per unit of \$262,346. Please note that we are not able to provide year over year statistics, as the last quarter of 2020 did not record any sales.

The average cap rate for the properties sold during the 4th quarter was 4.56% on current rents.

MARKET CAP RATE



5+ UNITS SALES

CITY	STREET ADDRESS	TYPE	UNITS	SOLD PRICE	PRICE/UNIT	SALE DATE
Glen Ellen	1513 Warm Springs Rd	MF	5	\$1,800,000	360,000	8/23/2021
Glen Ellen	1515 Warm Springs Rd	MF	17	\$4,420,000	260,000	7/9/2021
Cotati	294 E Cotati Ave	MF	5	\$585,000	117,000	7/28/2021
Santa Rosa	220-240 Burt St	MF	7	\$2,450,000	350,000	9/2/2021
Rohnert Park	7394 Boris Ct	MF	19	\$5,646,000	297,158	7/7/2021
Sonoma	1515 Warm Springs Rd	MF	9	\$1,335,000	148,333	9/3/2021
Russina River	15096 Old River Rd	MF	11	\$2,450,000	222,727	9/1/2021
Russina River	15098 Old River Rd	MF	18	\$3,635,000	201,944	8/27/2021
Santa Rosa	720 Cherry St	MF	7	\$1,450,000	207,143	8/25/2021
Rohnert Park	7394 Boris Ct	MF	16	\$2,650,000	165,625	8/16/2021
Sonoma	671 5th St W	MF	5	\$1,425,000	285,000	7/16/2021
Sonoma	678 Broadway	MF	49	\$8,250,000	168,367	7/1/2021
Santa Rosa	4655 Quigg Dr	MF	8	\$2,335,000	291,875	9/20/2021

CURRENT SNAPSHOT

At the time of this report, there are 8, 5+ unit buildings listed for sale in Sonoma County. Four of these properties are under contract, with an average days on the market of 393. The average list price of the properties under contract is \$1,837,500, which represents \$229,686 per unit. The average list price for the properties not under contract is \$3,461,250, which represents \$317,194.81 per unit. The average days on the market for the properties not under contract is 133.

Presently, the income property market is mirroring the low inventory levels of the residential market. The excessive days on the market of the active listings is solely due to overpricing rather than market trends. Savvy investors will only buy properties that "make sense". The strategy of "lets price it high and see who bites" is only a strategy to not sell. Properly priced and market properties are still selling with excellent demand.

**SONOMA COUNTY SUPERVISORS
STRENGTHEN EVICTION PROTECTIONS.**

The Sonoma County Board of Supervisors passed an amendment on February 11th, during a very heated debate between landlords and tenant advocates. This amendment REMOVES some of the provisions that helped landlords start evictions during the pandemic.

Please see the amendment by the Sonoma County Administrator's Office below:

COVID 19 Eviction Defense Urgency Ordinance

The eviction protections approved unanimously Tuesday are an amendment to the eviction protection ordinance approved by the Board of Supervisors on March 24, 2020. It includes Just Cause Limitations, which closes loopholes that could have been used by landlords to evict tenants for minor lease infractions. This applies to residents who are unable to pay rent for COVID-19-related reasons and those who are able to pay rent but may have other minor lease infractions.

For instance, without Just Cause Limitations, landlords would have been able to evict tenants who were not paying rent for COVID-19-related reasons for minor lease infractions such as an unauthorized sublet or having a pet.

The Just Cause Limitations does allow landlords to evict residents who are unable to pay rent for COVID-related reasons when there are demonstrable health and safety concerns or when a property is removed from the rental market. Under the adopted amendment, health and safety is described as violence, threats of violence, or when a tenant poses an imminent threat to the health or safety of another. Exposure or suspected exposure to COVID-19 cannot be used as an imminent threat to the health and safety of another for eviction purposes. Alternatively, a tenant can be evicted if the property is immediately being removed from the rental market or if the renter is "leaving the rental business" using the Ellis Act, the 1985 California state law that allows landlords to evict residential tenants if they plan to exit the rental market.

EXPERTISE AND MARKETING MATTERS

Despite the challenges that we have endured during the pandemic, including the constant barrage of anti-housing provider legislation, it is our feeling that the investment market will continue to provide good opportunities for educated and disciplined investors. There will always be a need for rental housing, and it is our belief that savvy investors will adapt and thrive over the long run in this ever changing market.

As we always say: knowledge is power. If you do not have the time or will to educate yourself on the fine points of rent control, COVID-19, and other landlord-related legislation, surround yourself with the very best professionals in their respective fields who can help you navigate through these challenging times. There are a handful of professionals that we trust implicitly and we are always happy to offer a referral.

If you are considering selling, the right plan coupled with the very best marketing campaign matters more now than at any time in a decade. While there are many unknowns, we do know that change is inevitable. Sales and purchases will continue, and making good decisions is the key to thriving in changing markets. California will continue to be appealing to many investors seeking a fair return and a stable asset, regardless of the current state of affairs.

Here are a few questions you should ask yourself prior to selecting an agent:

1. Is the agent local and do they have vast experience in this segment of the market? Ask to see a 5-year production report for properties like yours. Make sure that these numbers reflect their production only, not the office. Ask the agent to detail their experience during the last financial crisis to find out how they will help you navigate this market. Lastly, ask where he/she resides.
2. Does the agent have an understanding of the market? Ask a few pointed questions which you already know the answer to. Ask about current cap rates for comparable properties, rental and sales trends, price per unit, and price per foot of comparable properties. How do your rents compare to market rents? Ask to see some current comps.
3. How will he/she present your property in its best light? In a market where many buyers have more knowledge than real estate agents, it is important to know how your agent will answer buyer objections. Do a little role-playing and see how he/she answers your tough questions and matters of negotiation. How will the agent navigate tenant's rights during the marketing and sale?
4. Ask to see detailed examples of marketing packages. During normal markets, just listing on the MLS and hoping for a great offer is not enough. Find out exactly how he/she is going to safely and virtually market the property, and make sure to ask to see examples of offering memorandums with pro forma income and expense statements.
5. Is the agent just trying to make a commission, or does he/she truly have your back, even if it is against their own financial interests? If you ask items 1-4, you will likely get to this answer.

OUR LISTINGS



903 SONOMA AVE, SANTA ROSA

**JUST LISTED
5 UNITS**

MULTI FAMILY HOME
\$1,500,000
BUILDING 3,001 SQFT
.79 ACRES
903Sonoma.com



3658 PRIMROSE AVE, SANTA ROSA

**IN ESCROW
2 HOMES**

MULTI FAMILY HOME
\$1,190,000
BUILDING 3,352 SQFT
2.74 ACRES
3658Primrose.com



888 PETALUMA BLVD S, PETALUMA

**IN ESCROW
4 UNITS**

MULTI FAMILY HOME
\$1,400,000
BUILDING 2,597 SQFT
4,792 SQFT LOT



884 PETALUMA BLVD S, PETALUMA

**JUST LISTED
2 HOMES**

MULTI FAMILY HOME
\$950,000
BUILDING 1,646 SQFT
6,125 SQFT LOT

David & Erika Rendino

Income Property Specialists
DRE# 01252035 01465104

707.696.3742

derendino@gmail.com

RendinosRealEstate.com

@Rendinos

@TheRendinoTeam

@therendinoteam



THE SONOMA COUNTY INCOME PROPERTY REPORT Q4 2021



RE/MAX MARKETPLACE

8220 Old Redwood Hwy, Cotati, CA 94931

Dear reader,

If you are planning on selling your property sooner or later, Erika and I would appreciate the opportunity to provide you with an obligation-free comparative market analysis and marketing proposal. Obtaining the highest possible price for your property takes careful consideration. Our market analysis includes an "as is" value, as well as partially repaired and fully repaired values. We provide a comprehensive list of recommended repairs and obtain competitive bids that will help you achieve the best possible return on your investment. If a repaired strategy is pursued, we will oversee all repairs from beginning to end. We have successfully helped income property owners achieve extraordinary results, and hope for the opportunity to show you how we can do the same for you. As usual, we are a phone call or email away if you have any questions. As seasoned agents, we will always have your best interests at heart.

Thank you for your loyalty,

David & Erika Rendino



Whatever your needs are, always make sure to work with an expert who has vast experience and a solid track record in this changing market. There is too much at stake to use someone who requires on-the-job training.

David & Erika Rendino, REALTORS®

(707) 696-3742



- Income Property Specialist
- Accredited Commercial Professional
- Certified Distressed Property Expert
- Single Family Residence Professional