



# Assessment of Market Performance and Price Appreciation

Pacaso Properties and Luxury Real Estate Markets

Prepared for  Pacaso

**RCLCO**  
REAL ESTATE CONSULTING

August 2024

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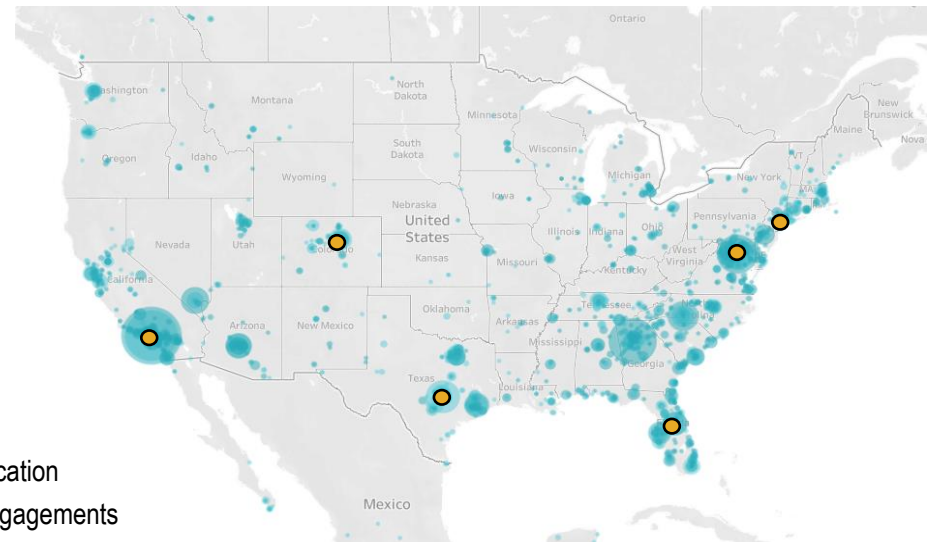
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# TABLE OF CONTENTS

<b>Research Background and Methodology</b>	<b>5</b>
<b>About Pacaso</b>	<b>6</b>
<b>Summary of Pacaso Market Performance</b>	<b>7</b>
<b>Top-10 Pacaso Markets by Outsized Performance</b>	<b>8</b>
▶ 1. Napa-Sonoma, California	9
▶ 2. Malibu, California	10
▶ 3. Lake Tahoe, California	11
▶ 4. Vail, Colorado	12
▶ 5. Charleston, South Carolina	13
▶ 6. Park City, Utah	14
▶ 7. San Diego, California	15
▶ 8. Newport Beach, California	16
▶ 9. Palm Springs, California	17
▶ 10. Miami-Fort Lauderdale, Florida	18
<b>Disclaimers</b>	<b>19</b>

# RESEARCH BACKGROUND AND METHODOLOGY

## Background and Objectives

As a distinguished tech-enabled marketplace, Pacaso (“Client”) operates luxury vacation homes in several markets across the United States and internationally. Its operational model has brought outsized appreciation to its owners in comparison to the average appreciation of the luxury resale market in select cities and municipalities in which it operates. To highlight the value appreciation seen by its owners, Pacaso has engaged RCLCO to analyze the resale performance of Pacaso shares in comparison to the price appreciation for the market of similarly-located luxury residential homes. RCLCO was engaged to perform this research for Pacaso’s largest markets, including Napa-Sonoma, Malibu, Lake Tahoe, Vail, Charleston, Park City, San Diego, Newport Beach, Palm Springs, and Miami-Fort Lauderdale.

The following report has been designed to respond to the key questions below:

- ▶ What are the returns in each case studied market for Pacaso operated properties?
- ▶ What are the returns in each case studied market for luxury residential properties (those priced over \$1 million)?
- ▶ How do Pacaso shares perform relative to the luxury residential market in each selected area?

## Methodology

To arrive at the average returns for Pacaso shares in each market, RCLCO relied on data provided by Client that included the initial offering price and subsequent resale prices for each share sold, along with the dates of each sale. Using this information, RCLCO calculated the Compound Annual Growth Rate (“CAGR”, also referred to as “annual growth rate”) for each property. RCLCO then took an average of the CAGR for each property in a given market to arrive at the average annual appreciation of Pacaso shares in that region. All data for Pacaso shares and resales, including the locations shown on maps throughout the report, have been provided by Client.

To calculate the average returns for luxury real estate in each market described in the following report, RCLCO relied on third-party real estate transactional data sourced from Zillow (in most cases), or Redfin (in the case of Park City). RCLCO analyzed the publicly-available transaction data for the specific cities/municipalities in each region where Pacaso homes were located. A minimum price of \$1 million was used in order to filter primarily for luxury-oriented residential real estate. RCLCO calculated the average sale price for transactions in each region for each year from 2021 through 2024. RCLCO then calculated the CAGR for each market using the average market transaction price in 2021 and 2024 year-to-date at the time this report was written (early August) to arrive at the annual market appreciation figures shown throughout this report.

# ABOUT PACASO

**Own the place that brings everyone together — again and again. With Pacaso, buyers can find a luxury vacation home, choose their amount of ownership, and leave the details to Pacaso.**

Pacaso offers real estate ownership through a fully managed LLC model, replacing the decades-old practice of DIY co-ownership. This enables buyers to own a vacation home without the hassle. Buyers can purchase 1/8 to 1/2 of their dream property, share costs with fellow co-owners, and enjoy exclusive access for themselves and their loved ones.

- ▶ **Turnkey Design:** Pacaso homes are outfitted with premium furnishings, luxury essentials, high-end décor, and all the amenities owners dream of.
- ▶ **Local Support:** Owners are supported by a dedicated Home Manager team who provides service before, during, and after stays.
- ▶ **Simple Scheduling:** Owners can book stays easily in the Pacaso owner app and enjoy their home for an average of 6-7 times during the year.
- ▶ **Resale:** Owners can sell their home at a time and price of their choosing.
- ▶ **Home Management:** Pacaso fully manages every aspect of the owner's home from maintenance to billing, so it is always ready to enjoy.
- ▶ **Financing:** Buyers can finance up to 70% of their home's purchase price, with mortgage rates under 5% for some eligible listings.

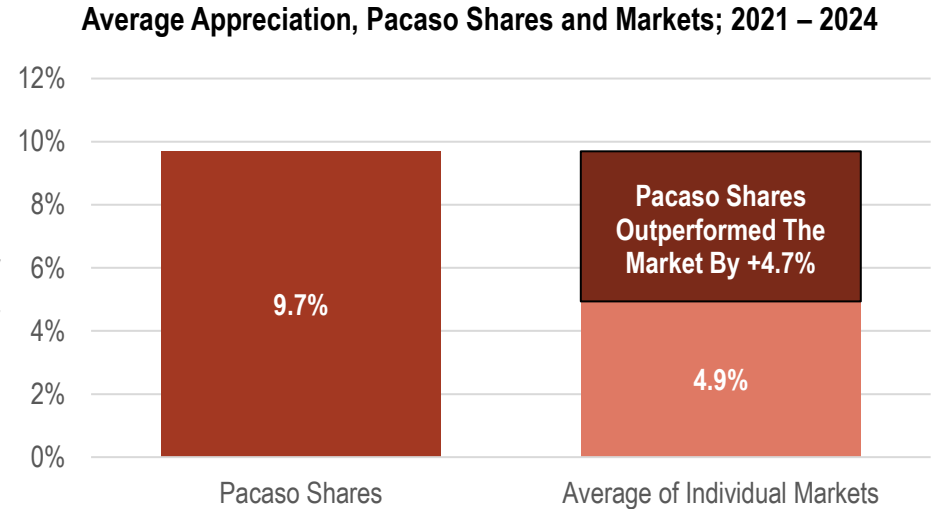


*Note: Information above regarding Pacaso's operating model and offerings has been provided to RCLCO by Client. Questions about Pacaso's operating model and unique offerings should be directed exclusively to Pacaso representatives.*

# SUMMARY OF PACASO MARKET PERFORMANCE

**Shares of Pacaso homes have outperformed their respective markets by an additional 4.7%, with a Compound Annual Growth Rate of nearly 10%.**

Shares of Pacaso homes in the markets shown below have, on average, outperformed the price appreciation of other luxury homes (those priced over \$1 million), within their respective market areas. The markets below represent approximately 191 Pacaso shares and are the largest markets for Pacaso homes within the United States.



**Pacaso Shares and Market Appreciation Overview, Select Markets; 2021 – 2024**

Market	Pacaso Shares: Annual Appreciation	Luxury-Oriented Market: Annual Appreciation	Pacaso Shares: Outperformance
Napa-Sonoma	12.4%	0.4%	12.1%
Malibu	9.6%	2.2%	7.3%
Lake Tahoe	9.5%	3.2%	6.4%
Vail	6.7%	1.2%	5.5%
Charleston	7.9%	2.9%	5.0%
Park City	11.9%	7.2%	4.7%
San Diego	8.2%	5.4%	2.7%
Newport Beach	9.6%	7.5%	2.1%
Palm Springs	9.3%	8.4%	0.9%
Miami-Fort Lauderdale	11.9%	11.0%	0.8%
<b>Average</b>	<b>9.7%</b>	<b>4.9%</b>	<b>4.7%</b>

Pacaso shares analyzed = 191



Source: Zillow; Redfin; Client

Pacaso | August 2024 | 7

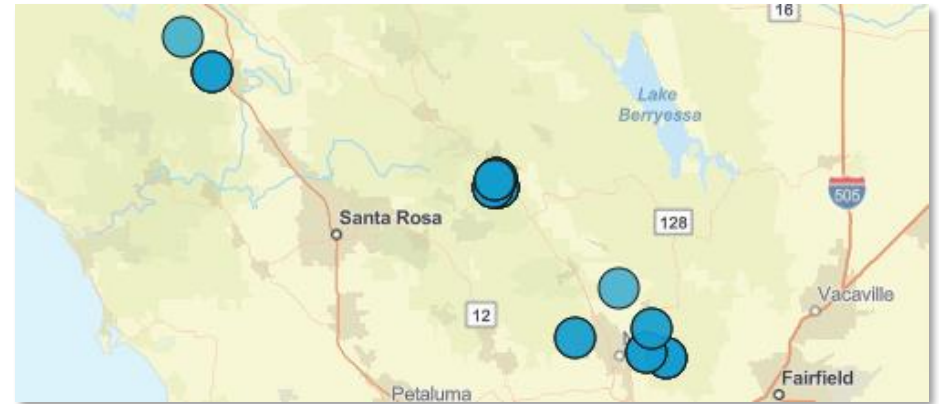
# Top-10 Pacaso Markets by Outsized Performance

# 1. NAPA-SONOMA, CALIFORNIA

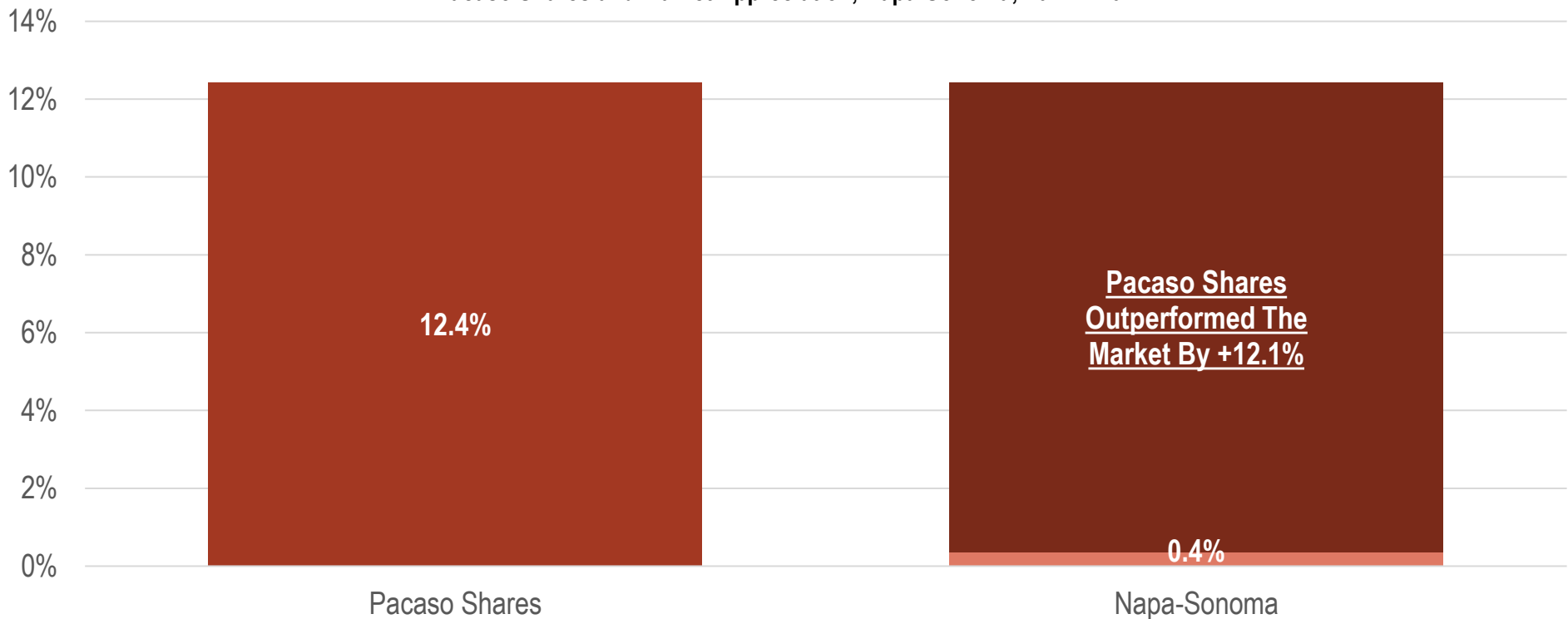
Luxury Homes sold in the Napa-Sonoma, CA market experienced average appreciation of 0.4% from 2021 to 2024. During the same period, Pacaso shares in the region experienced an average appreciation of 12.4%.

This suggests that Pacaso shares in Napa-Sonoma outperformed the broader luxury market by 12.1%.

Locations of Pacaso Shares, Napa-Sonoma, CA



Pacaso Shares and Market Appreciation, Napa-Sonoma; 2021 – 2024



Note: Markets researched above include the cities of Napa and Headsburg

## 2. MALIBU, CALIFORNIA

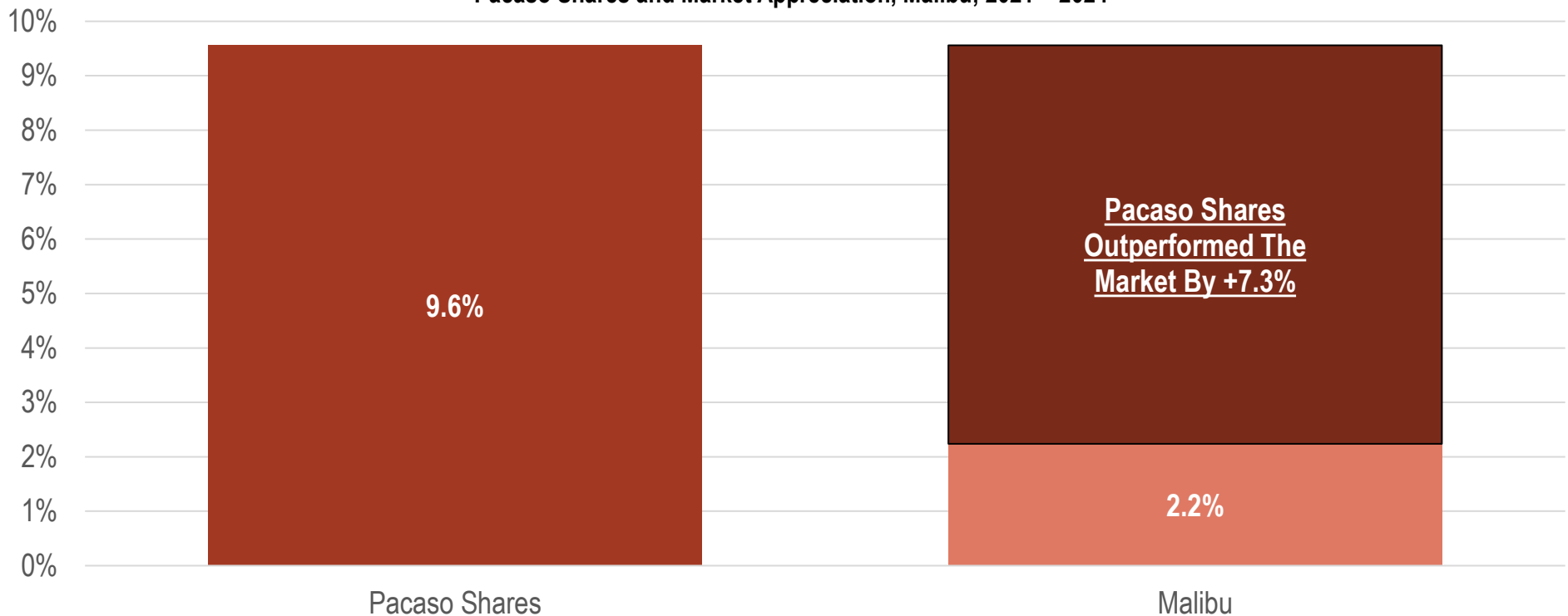
Luxury homes sold in the Malibu, CA market experienced average appreciation of 2.2% from 2021 to 2024. During the same period, Pacaso shares in the region experienced an average appreciation of 9.6%.

This suggests that Pacaso shares in Malibu outperformed the broader luxury market by 7.3%.

Locations of Pacaso Shares, Malibu, CA



Pacaso Shares and Market Appreciation, Malibu; 2021 – 2024



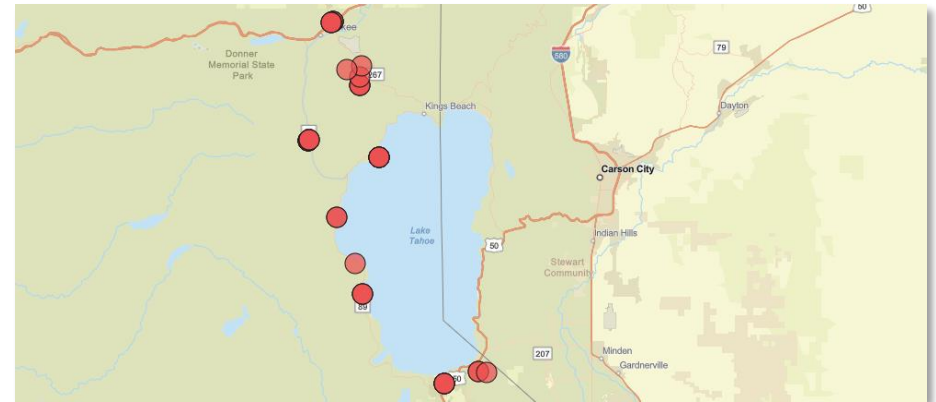
Note: Markets researched above includes the City of Malibu

# 3. LAKE TAHOE, CALIFORNIA

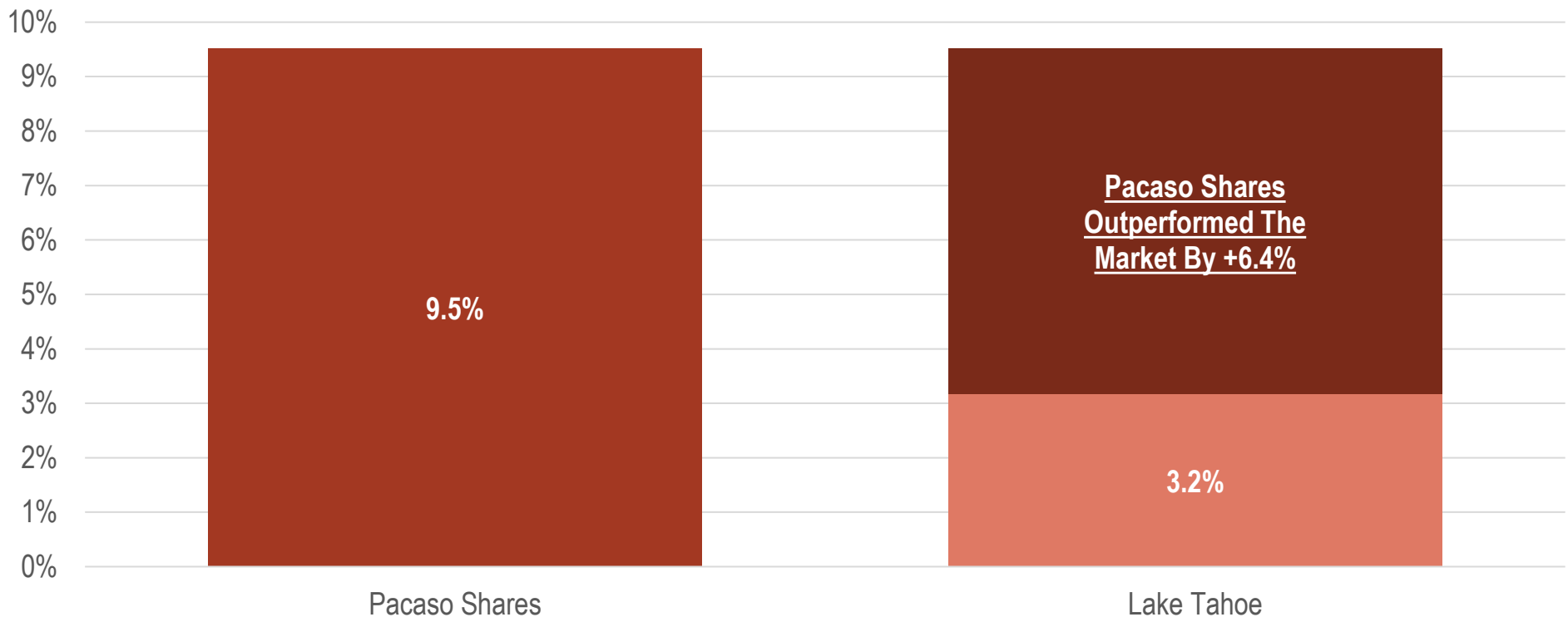
Luxury Homes sold in the Lake Tahoe, CA market experienced average appreciation of 3.2% from 2021 to 2024. During the same period, Pacaso shares in the region experienced an average appreciation of 9.5%.

This suggests that Pacaso shares in Lake Tahoe have outperformed the broader luxury market by 6.4%.

Locations of Pacaso Shares, Lake Tahoe, CA



Pacaso Shares and Market Appreciation, Lake Tahoe; 2021 – 2024



Note: Markets researched above include the cities of South Lake Tahoe, Tahoma, Tahoe City, Olympic Valley, and Truckee

Source: Zillow; Client; ArcGIS

# 4. VAIL, COLORADO

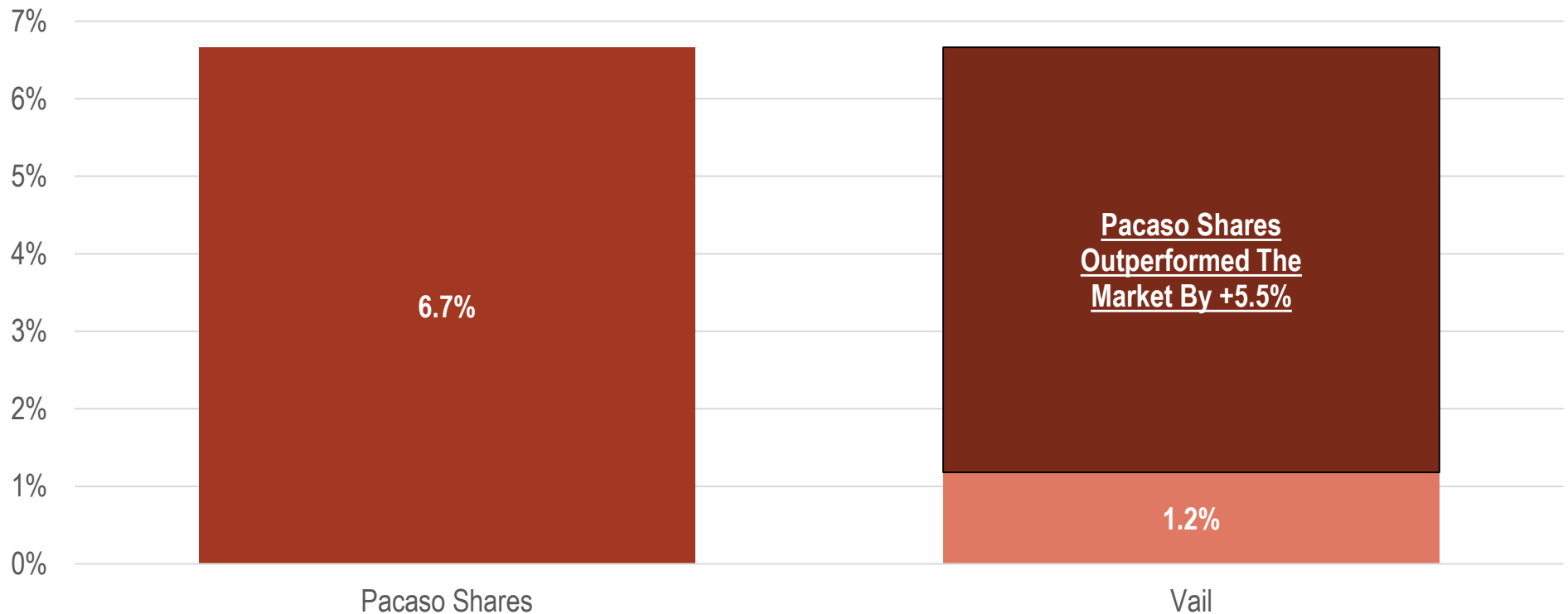
Luxury Homes sold in the Vail, CO market experienced average appreciation of 1.2% from 2021 to 2024. During the same period, Pacaso shares in the region experienced an average appreciation of 6.7%.

This suggests that Pacaso shares in Vail outperformed the broader luxury market by 5.5%.

Locations of Pacaso Shares, Vail, CO



Pacaso Shares and Market Appreciation, Vail; 2021 – 2024



Note: Markets researched above includes the City of Vail

# 5. CHARLESTON, SOUTH CAROLINA

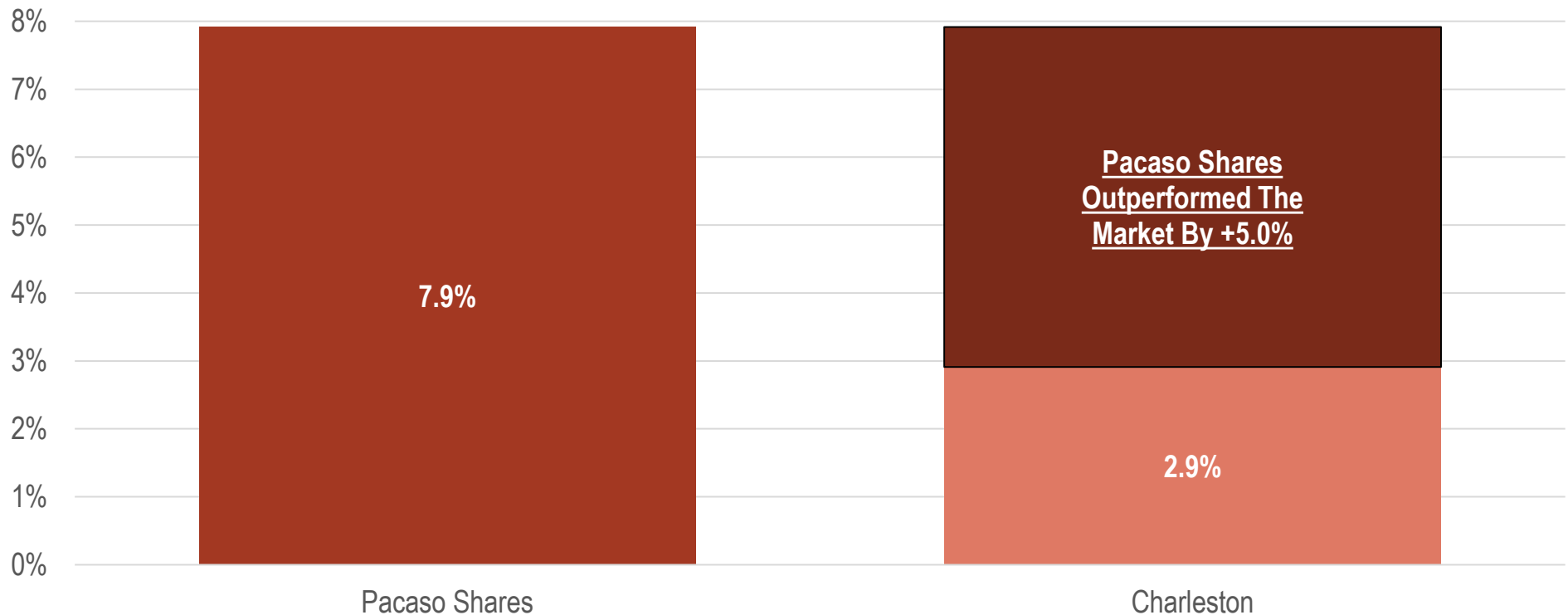
Luxury Homes sold in the Charleston, SC market experienced average appreciation of 2.9% from 2021 to 2024. During the same period, Pacaso shares in the region experienced an average appreciation of 7.9%.

This suggests that Pacaso shares in Charleston outperformed the broader luxury market by 5.0%.

Locations of Pacaso Shares, Charleston, SC



Pacaso Shares and Market Appreciation, Charleston; 2021 – 2024



Note: Markets researched above include the cities of Seabrook Island, Kiawah Island, and Isle of Palms

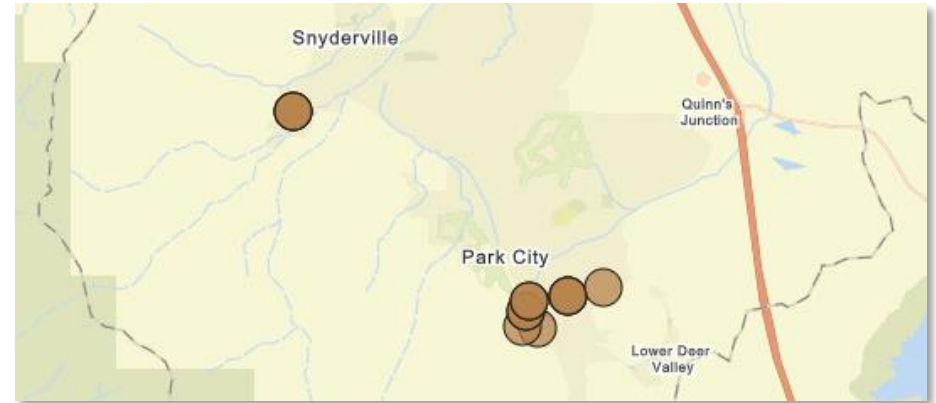
Source: Zillow; Client; ArcGIS

# 6. PARK CITY, UTAH

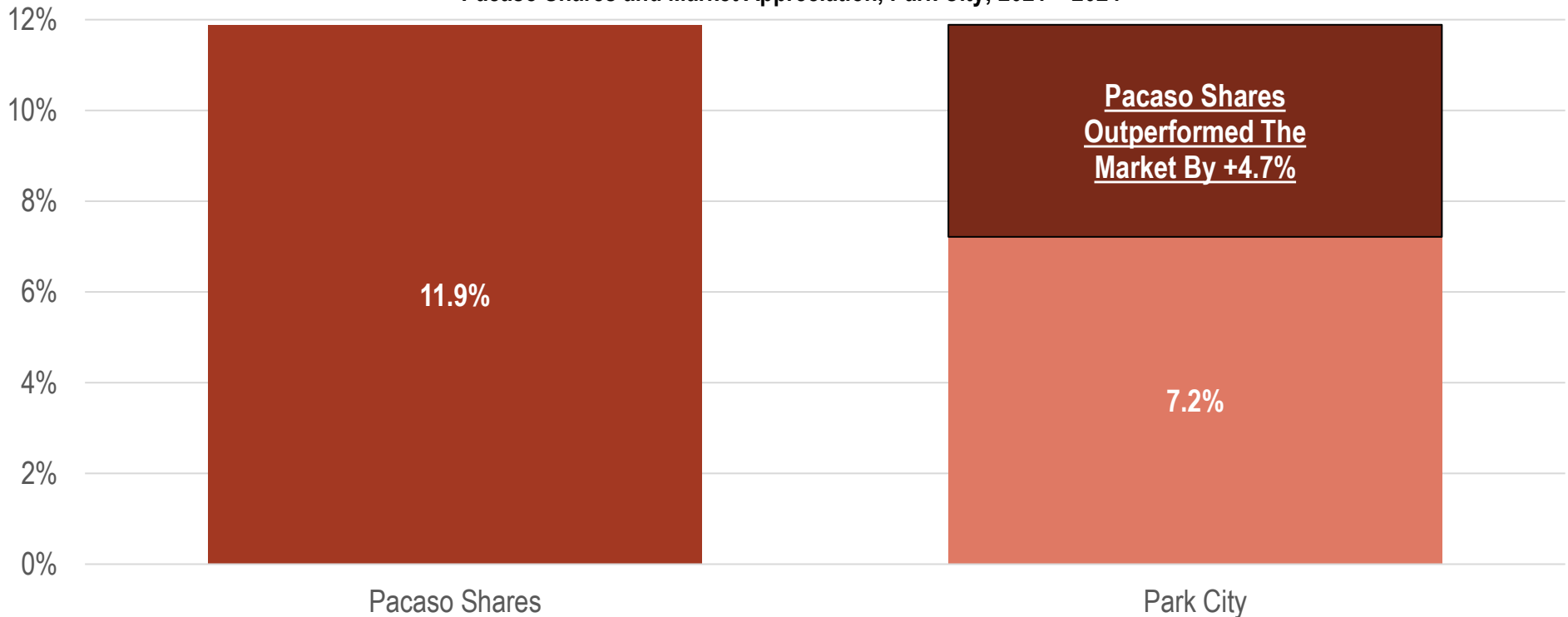
Luxury Homes sold in the Park City, UT market experienced average appreciation of 7.2% from 2021 to 2024. During the same period, Pacaso shares in the region experienced an average appreciation of 11.9%.

This suggests that Pacaso shares in Park City outperformed the broader luxury market by 4.7%.

Locations of Pacaso Shares, Park City, UT



Pacaso Shares and Market Appreciation, Park City; 2021 – 2024



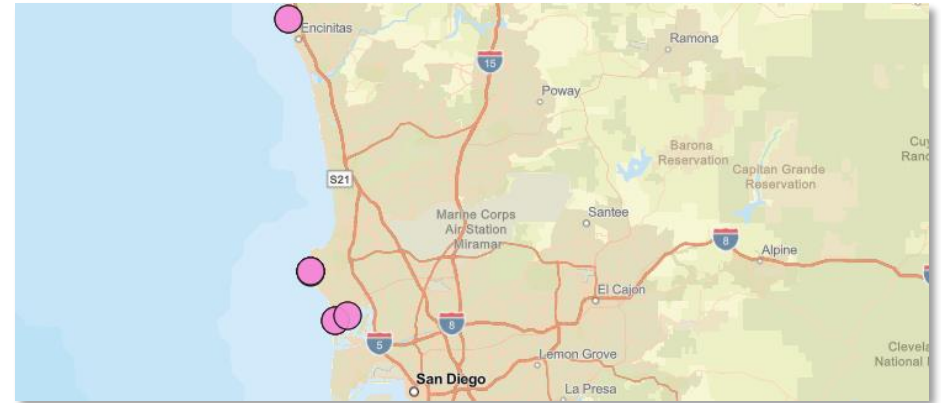
Note: Markets researched above includes the City of Park City

# 7. SAN DIEGO, CALIFORNIA

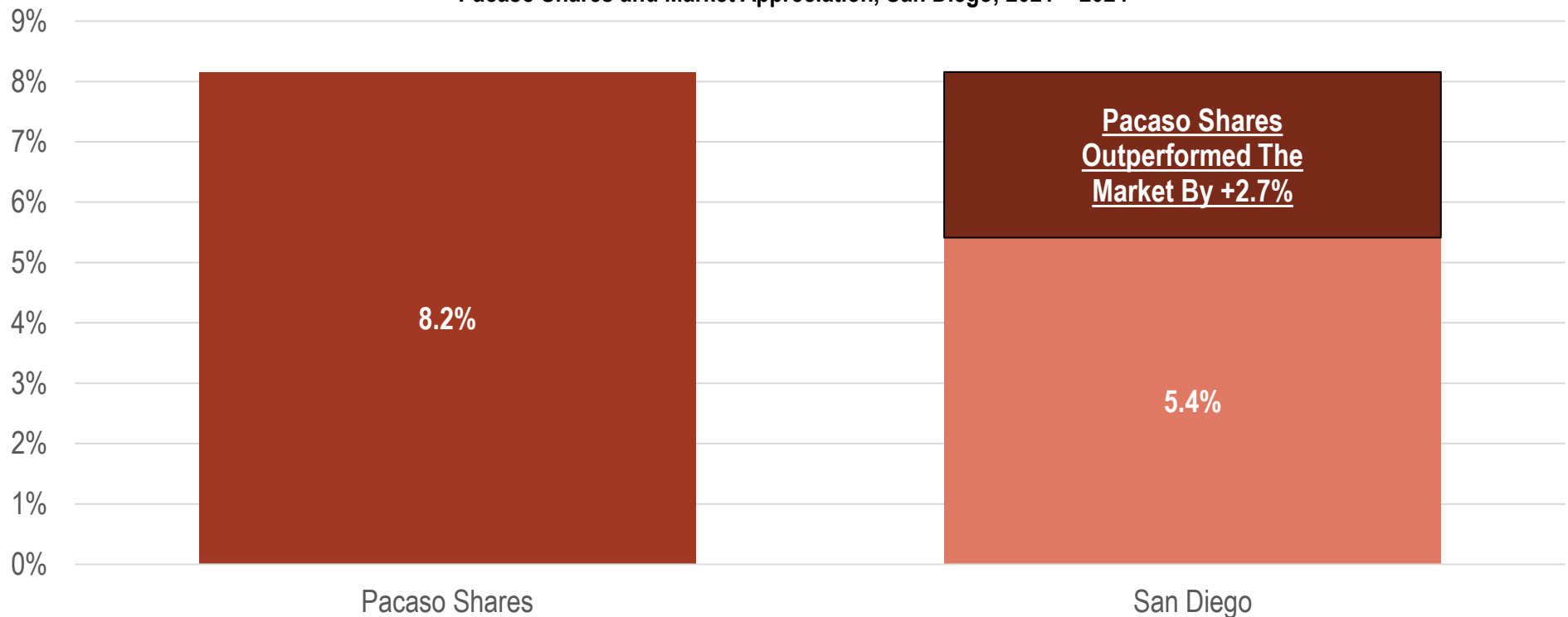
Luxury Homes sold in the San Diego, CA market experienced average appreciation of 5.4% from 2021 to 2024. During the same period, Pacaso shares in the region experienced an average appreciation of 8.2%.

This suggests that Pacaso shares in San Diego outperformed the broader luxury market by 2.7%.

Locations of Pacaso Shares, San Diego, CA



Pacaso Shares and Market Appreciation, San Diego; 2021 – 2024



Note: Markets researched above include the cities of Mission Beach, Pacific Beach, La Jolla, and Encinitas

# 8. NEWPORT BEACH, CALIFORNIA

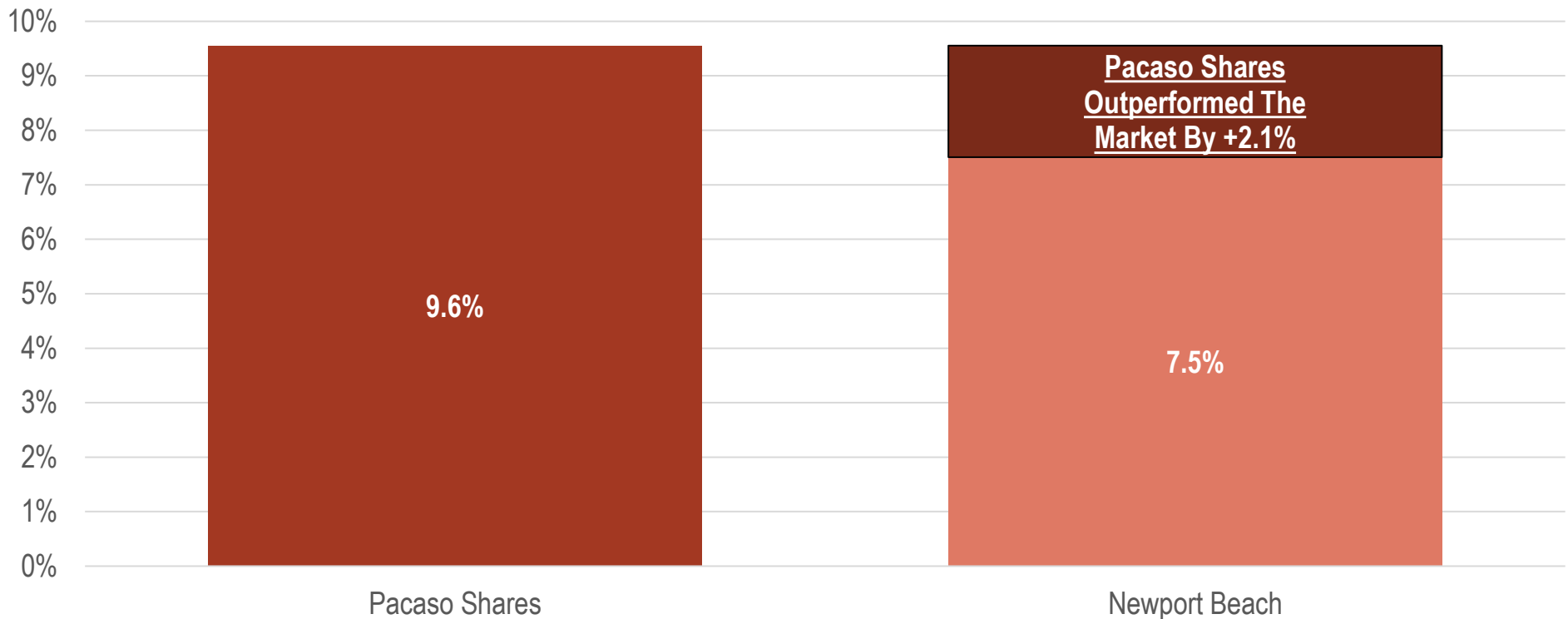
Luxury Homes sold in the Newport Beach, CA market experienced average appreciation of 7.5% from 2021 to 2024. During the same period, Pacaso shares in the region experienced an average appreciation of 9.6%.

This suggests that Pacaso shares in Newport Beach outperformed the broader luxury market by 2.1%.

Locations of Pacaso Shares, Newport Beach, CA



Pacaso Shares and Market Appreciation, Newport Beach; 2021 – 2024



Note: Markets researched above includes the City of Newport Beach

# 9. PALM SPRINGS, CALIFORNIA

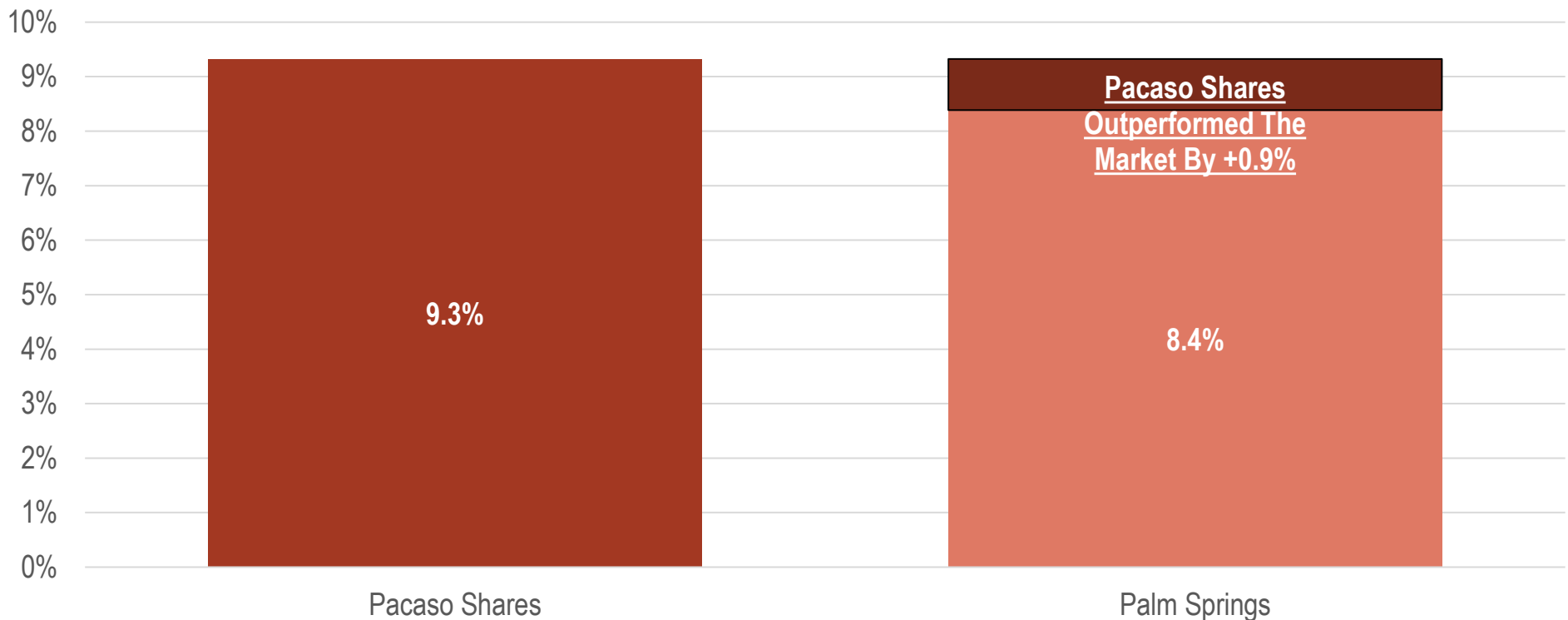
Luxury Homes sold in the Palm Springs, CA market experienced average appreciation of 8.4% from 2021 to 2024. During the same period Pacaso shares in the region experienced an average appreciation of 9.3%.

This suggests that Pacaso shares in Palm Springs outperformed the broader luxury market by 0.9%.

Locations of Pacaso Shares, Palm Springs, CA



Pacaso Shares and Market Appreciation, Palm Springs; 2021 – 2024



Note: Markets researched above include the cities of Indian Wells, Palm Desert, La Quinta, and Palm Springs

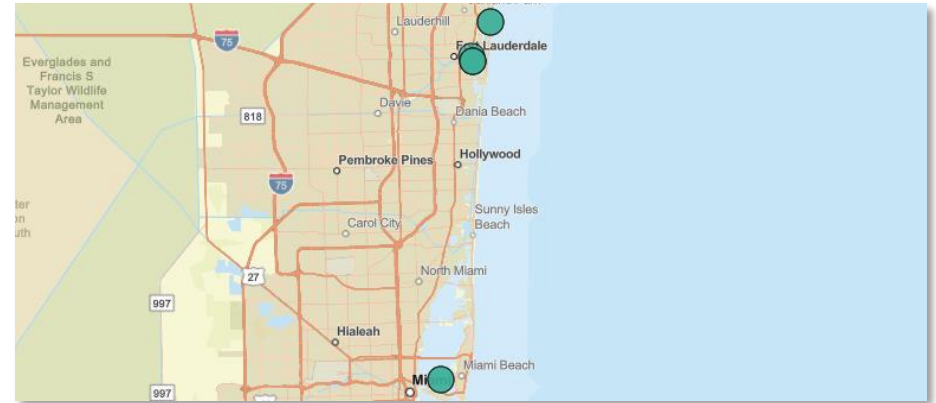
Source: Zillow; Client; ArcGIS

# 10. MIAMI-FORT LAUDERDALE, FLORIDA

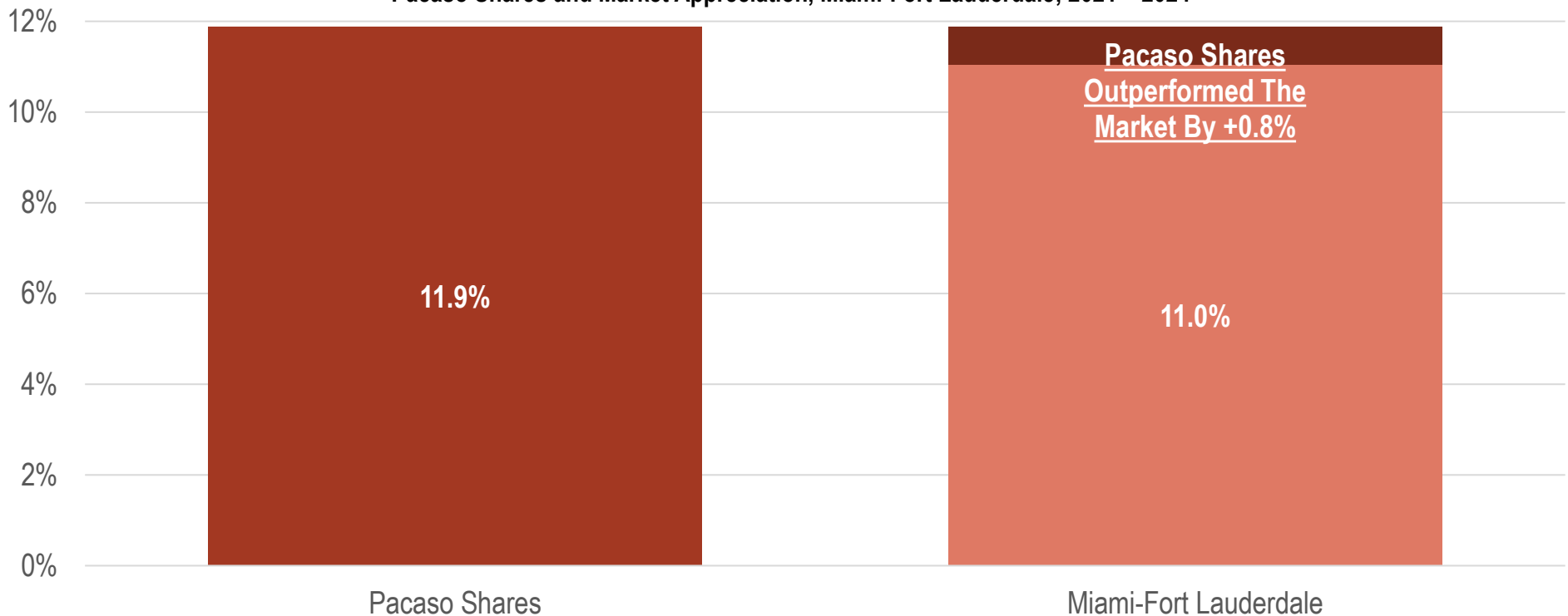
Luxury Homes sold in the Miami-Fort Lauderdale, FL market experienced average appreciation of 11.0% from 2021 to 2024. During the same period, Pacaso shares in the region experienced an average appreciation of 11.9%.

This suggests that Pacaso shares in Miami-Fort Lauderdale have outperformed the broader luxury market by 0.8%.

Locations of Pacaso Shares, Miami-Fort Lauderdale, FL



Pacaso Shares and Market Appreciation, Miami-Fort Lauderdale; 2021 – 2024



Note: Markets researched above include the cities of Miami Beach, Victoria Park, and Lauderdale Beach

Source: Zillow; Client; ArcGIS

# Disclaimers

# CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will experience a period of slower growth in H2 of this year, and then return to a stable and moderate rate in 2025 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when inflection points in economic and real cycles will occur.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- ▶ Economic, employment, and household growth
- ▶ Other forecasts of trends and demographic and economic patterns, including consumer confidence levels
- ▶ The cost of development and construction
- ▶ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▶ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▶ Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand
- ▶ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

# GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

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