

Palo Alto Rental Property Newsletter – June, 2006 ©

Leon Leong, Realtor
Office: 650-330-6223
E-Mail: lleong@cashin.com
Website: www.leonleonghomes.com

Cashin Company Realtors
400 Hamilton Ave – Suite 130
Palo Alto, CA 94301
www.cashin.com



Neighborhood Rental Rates

I counted over **92** single family/condominium properties advertised for rent in May, as compared to 76 in April. Although there are more rentals being advertised (as tenants plan their moves for the summer), there are also many tenants looking to move into the area, so this increase is typical for the season. I've seen advertised rents jump from 5 – 15% from last year for typical 3 bedroom/2 bathroom South Palo Alto home.

Overcrowding in the North Palo Alto elementary schools may affect the demand for rental properties in those neighborhoods. Duveneck, for example, has 25 more kids registered for kindergarten than they have space for. Addison & Walter Hays together have 13 more kids registered than they have space. Many of those kids will need to go cross town to the schools located in the Barron Park neighborhood – for some parents, that means driving 16 miles a day (2 round trips).

See Page 2 for neighborhood Rental rates.

Property Sales

The Palo Alto real estate market continues to be as active as last year. As the following chart shows (data is from REILweb, the MLS service), a higher percentage of single family homes are selling this year over last year, while condominium sales are close to the same level:

<u>Single Family Homes</u>	<u>2005</u>	<u>2006</u>
Listed	341	331
Sold	221 (65%)	237 (71%)
<u>Condominiums</u>		
Listed	91	84
Sold	71 (78%)	63 (75%)

Multiple offers are common on those properties that are priced at or below market value.

Although interest rates have risen from 6% in 2005 to 6-1/2% in 2006, lenders have provided new loan products (40 year & 50 year loans) to help keep the sales prices at or slightly above the same level as in 2005.

If you know of anyone who would like help in buying or selling real estate, have them give me a call.

Using Credit Reports to Screen Tenants

Credit reports can be a valuable tool in choosing among several rental applicants. Rita Lo, one of the owners of Spinner Mortgage, will be writing a series of articles on using credit reports in your rental screening process. If you have questions about this topic or real estate loans, call her at 650-522-4190 or email rita@spinnerinc.com.

Why should a landlord request a credit report? A landlord should request a credit report when screening rental applicants for a number of reasons.

The credit report is a predictive model of a consumer's behavior; it will be a likely indicator of timely rent payments. The credit report utilizes past history to identify the probability that a consumer might have a late payment for all monthly debts, including the largest monthly payment...rent. The credit report will serve as a tool during the screening process, whether identifying a pattern of poor repayment history or even a difficult period in an applicant's past. For example, if the credit report showed a short duration of undesirable payment behavior, it would be the landlord's opportunity to discuss it with the applicant to review the issue. If the credit report indicated that there has been no derogatory pattern since then, it might be weighed less heavily in the applicant's overall consideration.

The credit report will also show the installment payments that the applicant may have (credit cards, auto loans, student loans, etc). Habitual over-spending can lead to late repayments. Rent is another payment that needs to be factored into an applicant's finances. A credit report that shows an applicant, who stretches their finances often, should also be an alert to a landlord that timely rent payments may also be problematic.

The credit report isn't a complete picture of an applicant; it is merely a tool to help facilitate the applicant screening process for a landlord. A credit report will help protect your time and money from potential losses if the credit report is used as an aid to screen applicants, as well as avoiding the aggravation of dealing with a tenant who is not timely with their rent payments. Time and money are two very valuable assets...why not protect them?

Who provides credit reports? To be continued...

To receive this newsletter by e-mail, please send your e-mail address to lleong@cashin.com

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Rental Rates by Neighborhood © - Single Family Homes/Condos

Neighborhood	2 Bedroom	3 Bedroom	4+ Bedroom
Barron Park, Green Acres	Range: \$1495-2450 Average: \$1969	Range: \$1800-5000 Average: \$2783	Range: \$2500-6800 Average: \$3759
College Terrace, Evergreen Park, Southgate	Range: \$1400-3300 Average: \$2082	Range: \$2000-3850 Average: \$2721	Range: \$2900-5400 Average: \$4271
Crescent Park	Range: \$1550-6250 Average: \$2766	Range: \$2000-7500 Average: \$3994	Range: \$4200-9000 Average: \$6243
Downtown North/University South	Range: \$1645-5000 Average: \$2415	Range: \$1695-6500 Average: \$3239	Range: \$2900-6900 Average: \$5083
Duveneck, Triple El, Community Center	Range: \$1600-3200 Average: \$2240	Range: \$2000-5900 Average: \$3045	Range: \$2400-7500 Average: \$4319
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1500 Average: \$1500	Range: \$1800-3000 Average: \$2499	Range: \$2250-4800 Average: \$3439
Green Meadow	Range: \$1295-2100 Average: \$1774	Range: \$1899-3500 Average: \$2486	Range: \$1950-3675 Average: 2738
Midtown	Range: \$1350-2750 Average: \$1993	Range: \$1595-4800 Average: \$2518	Range: \$2250-5500 Average: \$3306
Old Palo Alto, Leland Manor	Range: \$1400-3200 Average: \$2206	Range: \$1995-8000 Average: \$3484	Range: \$2400-6900 Average: \$4581
Palo Verde, South of Midtown	Range: \$1395-2195 Average: \$1723	Range: \$1975-3600 Average: \$2500	Range: \$2750-5495 Average: \$3906
Ventura, Charleston Meadows	Range: \$1500-2600 Average: \$1920	Range: \$1600-3000 Average: \$2334	Range: \$1995-3100 Average: \$2579

Data Points: 1138

Sample Property Sales: Mar - May, 2006

Neighborhood	Street	Property Type	Bed	Bath	Sales Price
Green Acres	Hubbartt Dr	House	3	2	\$1,568,000
Barron Park	Campana Dr	House	3	1.5	\$1,215,000
College	Stanford Ave	House	2	1	\$1,151,000
Evergreen	Park Blvd	Condo	2	2.5	\$641,000
Downtown	Tasso	House	4	3	\$1,680,000
Downtown	Ramona	House	3	2	\$1,250,000
Downtown	High St	Condo	2	2.5	\$900,000
Green Gables	Rhodes	House	4	2	\$1,600,000
Green Gables	Elsinore	House	4	2	\$1,585,000
Green Gables	Walnut	House	3	2	\$1,435,000
Fairmeadow	Ramona Cir	House	3	2	\$1,075,000
Greenmeadow	Mackay Dr	House	3	2	\$1,250,000
Midtown	South Ct	House	3	2	\$1,350,000
Midtown	Stelling Dr	House	3	2	\$1,175,000
Palo Verde	Evergreen	House	3	2	\$1,250,000

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