

Palo Alto Rental Property Newsletter – March, 2006 ©

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Neighborhood Rental Rates

I counted over 64 properties advertised for rent in February, versus 69 in January.

I have a family looking for a rental in Old Palo Alto. Minimum size is 3 bedrooms/2 baths, with at least a 1 year lease. Please contact me if you have a property coming up for lease.

See Page 2 for neighborhood Rental rates.

Property Sales

My recent listing on Maddux Drive, Palo Alto is an example of the difference a realtor can make in listing a property for sale. In July, 2005 I competed for listing this property with "Realtor X".

Our two proposals were very different. Realtor X set the expectation, that with extensive updates, the property would sell for over a million dollars. My advice was to focus on a limited set of improvements, and it would sell for \$850,000 - \$875,000. I expressed my belief that even with more extensive updates, the price would not exceed \$900,000.

The sellers chose Realtor X to list the property based on the "million dollar" expectation, and updated the property extensively. Once the updates were completed in Sept 2005, Realtor X told the owners a more appropriate listing price was \$925,000! The sellers were not very happy at this turn of events. No offers came, but the next door neighbor's house came on the market at \$895,000, and sold quickly. After many more weeks on the market, the Realtor X advised lowering the price to \$875,000. After lowering the price, the only offers received before the listing expired, were quite a bit below the list price.

After the listing contract expired (Dec 2005), the owners contacted me and asked me to list their property, as my previous advice proved to be correct. With many properties that don't sell, the price is typically the issue. However, after researching Realtor X's marketing, I felt that the property had not been exposed to its target market, and that the property could sell for much higher than any offer they had received. The owners & I agreed to put the property back on the market in January, at a higher list price of \$899,000. With the exposure my marketing plan created, the property sold in 3 weeks at list price, and for \$49,000 above any offer when marketed with Realtor X.

If you are considering buying or selling a property, give me a call to set up a free consultation.

Housing Developments

Progress is proceeding on three in-fill housing projects; these sites previous were either office or commercial properties that are being converted to residential: Ricky's Hyatt Hotel (185 units), Mayfield Mall/HP Office building site (48 of 570 units will be in Palo Alto), and the East Meadow Circle project (75 units). These projects will increase the number of condominium/townhouse units in South Palo Alto by 25%. Several more projects (Classic Communities near Loma Verde & Bayshore), and Alma Plaza are in the proposal stage, but haven't reached the stage where they are doing the demolition work.

Security Deposits – Part III

This is a continuation of information about security deposits from my last newsletter. All the following are concerning residential rentals (the Civil Code can differ for commercial leases), and are from the California Association of Realtor's (C.A.R) website:

Q 6. *What should a property manager or landlord do with the security deposit?*

If a real estate licensee is managing property for an owner, a security deposit should either be given to the owner or placed in a trust account. The property management agreement should specify which of these options is to be chosen. If the landlord and tenant agree, the security deposit may be placed into an interest-bearing account. The account must be in the name of the broker as trustee for the landlord and must be federally insured. The broker must also disclose what the interest payments are and to whom they will be made. None of the interest can be retained by the broker.

Some local municipalities with rent control statutes require that residential security deposits be placed in interest-bearing accounts for the benefit of the tenants.

The tenant has a right to recover the deposit superior to all of the landlord's creditors (Cal. Civ. Code § 1950.5(d)).

Q 7. *What happens to the tenant's security deposit when the property is transferred to another owner?*

To be continued in the next issue.

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: \$1938	Range: \$1800-5000 Average: \$2762	Range: \$2800-6800 Average: \$3736
College Terrace, Evergreen Park, Southgate	Range: \$1400-3300 Average: \$2057	Range: \$2000-3600 Average: \$2638	Range: \$2900-5400 Average: \$4105
Crescent Park	Range: \$1550-7000 Average: \$2794	Range: \$2000-7500 Average: \$3813	Range: \$4200-8000 Average: \$5913
Downtown North/University South	Range: \$1645-3300 Average: \$2315	Range: \$1695-6500 Average: \$3136	Range: \$2900-6900 Average: \$5118
Duveneck, Triple El, Community Center	Range: \$1600-3200 Average: \$2238	Range: \$2000-5900 Average: \$3013	Range: \$2400-7000 Average: \$4150
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1500 Average: \$1500	Range: \$1800-3100 Average: \$2470	Range: \$2250-4500 Average: \$3274
Green Meadow	Range: \$1295-2100 Average: \$1748	Range: \$1899-3500 Average: \$2470	Range: \$1950-3675 Average: 2725
Midtown	Range: \$1350-2750 Average: \$2001	Range: \$1595-3800 Average: \$2461	Range: \$2250-5500 Average: \$3275
Old Palo Alto, Leland Manor	Range: \$1400-3000 Average: \$2165	Range: \$1995-8000 Average: \$3500	Range: \$2400-6900 Average: \$4507
Palo Verde, South of Midtown	Range: \$1395-2000 Average: \$1723	Range: \$2000-3600 Average: \$2424	Range: \$2750-5495 Average: \$3852
Ventura, Charleston Meadows	Range: \$1595-2600 Average: \$1874	Range: \$1600-2950 Average: \$2326	Range: \$1995-3100 Average: \$2538

Data Points: 1028

Sample Property Sales: Dec, 2005 - Feb, 2006

Neighborhood	Street	Property Type	Bed	Bath	Sales Price
Barron Park	Vista Ave	Condo	2	1.5	\$648,000
Barron Park	San Jude	House	3	2	\$1,258,000
Charleston Meadow	Maplewood Ave	House	3	2	\$900,000
Crescent Park	Palo Alto Ave	House	2	2	\$995,000
Duveneck	Ivy Ln	House	3	2	\$1,060,000
Duveneck	Carmel Dr	House	3	2	\$1,050,000
Midtown	Loma Verde	Condo	3	2	\$775,000
Midtown	Maddux Dr	House	3	1	\$899,000
Midtown	Greer Rd	House	3	1	\$838,000
Midtown	Colorado Ave	House	3	2	\$1,160,000
Midtown	Emerson Ave	House	3	1.5	\$1,150,000
Midtown	Lawrence Ln	House	4	2.5	\$1,150,000

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