

# Palo Alto Rental Property Newsletter – Nov, 2005 ©

## Information for Rental Property Owners

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### Neighborhood Rental Rates

I counted 89 properties advertised for rent in October, versus 98 in September, another drop in the rental supply. Rising interest rates and an over 30% property value appreciation over the past 2 years (making those mortgage payments more expensive), are making rentals look more attractive and are keeping the rental rates stable.

**See Page 2 for neighborhood Rental rates.**

### Property Sales

Inventory grew rapidly in October, and for much of the month there were over 100+ residential properties for sale, versus 80+ that I noted in my last newsletter. Multiple offer situations, although they still occur, are not as typical as they were in the spring. When they do occur, there might be 2 – 3 or buyers who are making offers, versus the 10 – 14 buyers in the spring. We are even seeing price reductions on some properties (including properties priced below the \$1,200,000 price range), as sellers were mentally unprepared for the change in the market dynamics.

With my recent condominium listing at the Hamlet complex in Palo Alto, I faced a situation where there were three other units on sale at the same time. Additionally, my client wanted to 1031 exchange into another property. Because of the competition within the complex, the list price of the other units were cut, when they stayed on the market for more than a few weeks. My advice to my client instead was to raise the list price, since we would not likely have a multiple offer situation, and wait for the other units to be sold. Some Realtors were incredulous about raising the price when others were cutting their price, but the goal of my client was to 1031 exchange into a property, and a quick sale was not as high a priority. As it turned out, the other units sold after cutting their price, leaving my listing with no competition. It ended up selling for its increased list price, and only took four weeks longer to sell than the other units in the complex.

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

### Disclosures Needed for Residential Leases

Megan's Law was passed after the horrific story of a child who was molested in 1994. It provides for a database of addresses of known sex offenders. This has implications for leasing residential property. From the California Association of Realtors (C.A.R.) website:

**“Q13.** *What are the disclosure obligations of real estate brokers or property owners in the leasing of real property?*

**A.** California Civil Code §2079.10a states that any contract for the lease of residential real property shall contain a notice informing the tenant of the existence of a public database maintained by the California Department of Justice, and how to access this database through local law enforcement or a “900” phone number. The exact language of the notice is stated in subsection (a) of this statute, and that language is contained in all current versions of the C.A.R. lease contracts. The statute does not specifically require real estate brokers or property owners to provide this notice, but the statute provides a safe harbor for brokers and property owners if the notice is contained in the lease contract.

**Q14.** *Has the new law changed the statutory obligation of disclosure to a tenant?*

**A.** No. Once the specified notice is given, the notice is deemed to be sufficient to notify the tenant of the statewide database and provides a safe harbor to real estate brokers and property owners for further notification, absent actual knowledge of a sex offender. Nothing in AB 488 (California Penal Code §290.46) has changed the statutory framework of disclosure. However, to best protect the interests of participants in a residential lease transaction, real estate brokers and property owners can adopt a policy to inform prospective tenants of the existence of the new website that contains sex offender information.

**Q15.** *Should a landlord or property manager check the Megan's law website to see if any of their current tenants are on the database?*

**A.** No. There is no statutory or case law requiring a landlord or property manager to check to see if current tenants are on the Megan's law database.

**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: \$1495-2295 Average: \$1913	Range: \$1800-5000 Average: \$2771	Range: \$2800-5800 Average: \$3622
College Terrace, Evergreen Park, Southgate	Range: \$1400-2900 Average: \$2038	Range: \$2000-3350 Average: \$2579	Range: \$2900-5400 Average: \$4105
Crescent Park	Range: \$1550-3295 Average: \$2288	Range: \$2195-7500 Average: \$3757	Range: \$4500-8000 Average: \$5792
Downtown North/University South	Range: \$1645-3200 Average: \$2295	Range: \$1695-6500 Average: \$3105	Range: \$2900-6900 Average: \$5156
Duveneck, Triple El, Community Center	Range: \$1800-3200 Average: \$2231	Range: \$2000-4850 Average: \$2927	Range: \$2400-7000 Average: \$4136
Fairmeadow, Meadow Park	Range: \$1500 Average: \$1500	Range: \$2100-3100 Average: \$2508	Range: \$2250-5000 Average: \$3188
Green Meadow, Charleston Gardens	Range: \$1295-2000 Average: \$1720	Range: \$1800-3500 Average: \$2439	Range: \$1950-3675 Average: 3029
Midtown	Range: \$1350-2750 Average: \$1975	Range: \$1595-3800 Average: \$2464	Range: \$2350-5500 Average: \$3257
Old Palo Alto, Leland Manor	Range: \$1400-3200 Average: \$2150	Range: \$1995-8000 Average: \$3414	Range: \$2400-6450 Average: \$4395
Palo Verde, South of Midtown	Range: \$1395-1950 Average: \$1755	Range: \$1950-3600 Average: \$2427	Range: \$2750-5495 Average: \$3883
Ventura, Charleston Meadows	Range: \$1595-2600 Average: \$1911	Range: \$1600-2800 Average: \$2323	Range: \$1995-3100 Average: \$2548

Data Points: 935

### Sample Property Sales: Aug- Sept, 2005

Neighborhood	Street	Property Type	Bed	Bath	Sales Price
Barron Park	Donald Dr	House	3	2	\$1,551,000
Barron Park	Laguna Ave	House	2	1	\$1,200,000
Downtown	Forest Ave	Condo	2	2	\$801,000
Downtown	Forest Ave	Condo	2	2	\$700,000
Downtown	Waverley St	Condo	2	1	\$691,000
Duveneck	Elsinore Dr	House	4	2	\$1,405,000
Duveneck	Santa Ana	House	3	1	\$1,100,000
Fairmeadow	Redwood Cir	House	3	2	\$1,150,000
Midtown	Coastland Dr	House	3	2	\$1,305,000
Midtown	Emerson St	House	3	1	\$925,000
Midtown	Colorado Ave	Condo	2	2.5	\$650,000
Midtown	Loma Verde	Condo	2	2.5	\$735,000

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