

## *Palo Alto Rental Property Newsletter – September, 2006 ©*

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### **Neighborhood Rental Rates**

I counted over **87** single family/condominium properties advertised for rent in August, as compared to 87 in July.

From the advertisements that I've seen this previous month:

- Of the 2 bedroom homes, the median price is \$2,300/month, with 2/3<sup>rd</sup> priced above \$2,100.
- of the 3 bedroom homes, the median rental price is \$3,000, with 2/3<sup>rd</sup> priced above \$2,800
- of 4 bedroom homes, the median rental price is \$4,500, with 2/3<sup>rd</sup> priced above \$4,000

See Page 2 for neighborhood rental rates.

### **Property Sales**

Much has been written in the media about the slowdown in the real estate market. In Palo Alto, we have been seeing as many single family homes sold this year as last. However two new condominium developments in South Palo Alto, targeted for completion in 2007 & 2008, may have a larger effect our market.

In a typical year, 150-180 condominiums are sold in all of Palo Alto, with 80-100 of those sales being in South Palo Alto (the other big area is around Downtown). The two new developments will increase supply by 245 units in the 2007/2008 timeframe, just about doubling the supply over the two years.

One is at the site of the former Rickey's Hyatt house, and will have 170 units are preliminary priced from \$800,000 to \$1,200,000; the second development of 75 units is at the corner of East Meadow Drive & East Meadow Circle; no preliminary pricing has been released yet.

I am a believer that part of what will determine value is competition. For those existing condominium properties that are in the \$800,000 or higher price range, these new developments will be the competitors that shape the value of your property in the next few years.

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

### **Pricing your Rental Property**

Continuing on from last month's article, **competition** is one of the biggest factors in determining the price & speed in which you will find a tenant. Since most renters have a finite time in which to find a property, most start with a bedroom/bathroom count, and then decide on price.

When determining a rental price, I will first start with a historical analysis, and what's rented in the previous six months in the same neighborhood, of a similar floor plan. Many renters start with number of bedrooms & bathrooms they desire, so I will only use rental rates of properties with the same number of bedrooms & bathrooms. That data provides a starting range to work from.

The next step is to look at the current rentals available on the market, and choose a specific price that factors in condition, size & location. Many years ago, the neighborhood would determine the elementary school; however many of the North Palo Alto elementary schools have maxed out on their enrollment, so an applicant that has elementary school age kids may be attending a school in South Palo Alto or Barron Park.

Sometimes it pays to price your rental rate slightly below others (\$100 - \$200), you will fill the vacancy faster, and you may have more applicants to choose from. Each month that a rental remains vacant is lost rent, and you can have a better rental income renting your property quickly, rather than having it sit vacant for several months. Beside getting the vacancy filled, I think having multiple applicants to choose from is always more desirable.

In summary, rental pricing requires tracking what's available on the market, as well as the history of what's rented in your property's neighborhood.

### **Special Wants**

I have a client who is searching for a duplex/triplex property in North Palo Alto (North of Oregon Expressway). If you are interested in selling, please contact me.

**To receive this newsletter by e-mail, please send your e-mail address to [lleong@cashin.com](mailto: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: \$1,987	Range: \$1800-5000 Average: \$2,906	Range: \$2500-6800 Average: \$3,856
College Terrace, Evergreen Park, Southgate	Range: \$1400-3300 Average: \$2,093	Range: \$2000-3850 Average: \$2,720	Range: \$2900-5400 Average: \$4,525
Crescent Park	Range: \$1550-6250 Average: \$2,705	Range: \$2000-7500 Average: \$4,073	Range: \$4200-9000 Average: \$6,225
Downtown North/University South	Range: \$1645-5000 Average: \$2,423	Range: \$1695-6500 Average: \$3,235	Range: \$2900-6900 Average: \$4,998
Duveneck, Triple El, Community Center	Range: \$1600-3200 Average: \$2,245	Range: \$2000-5900 Average: \$3,145	Range: \$2400-7500 Average: \$4,272
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1500 Average: \$1,500	Range: \$1800-3000 Average: \$2,511	Range: \$2250-4800 Average: \$3,441
Green Meadow	Range: \$1295-2100 Average: \$1,789	Range: \$1899-3500 Average: \$2,543	Range: \$1950-3675 Average: 3,109
Midtown	Range: \$1350-2750 Average: \$2,000	Range: \$1595-4800 Average: \$2,567	Range: \$2250-5500 Average: \$3,356
Old Palo Alto, Leland Manor	Range: \$1400-3200 Average: \$2,264	Range: \$1995-8000 Average: \$3,508	Range: \$2400-6900 Average: \$4,660
Palo Verde, South of Midtown	Range: \$1395-2195 Average: \$1,780	Range: \$1975-3600 Average: \$2,780	Range: \$2750-5495 Average: \$4,081
Ventura, Charleston Meadows	Range: \$1500-2600 Average: \$1,940	Range: \$1600-3000 Average: \$2,360	Range: \$1995-3100 Average: \$2,938

Data Points: 1247

### Sample Property Sales: June - August, 2006

Neighborhood	Street	Property Type	Bed	Bath	Sales Price
Barron Park	Encina Grande	House	2	1	\$1,258,000
Green Acres	Los Palos	House	3	2	\$1,480,000
Crescent Park	Hamilton Ave	House	3	2	\$1,480,000
Downtown	Alma St	Condo	2	2	\$725,000
Downtown	Forest Ave	Condo	2	2	\$740,000
Duveneck	Heather Ln	House	3	2	\$1,500,000
Duveneck	Iris Way	House	3	1	\$1,190,000
College	Park Blvd	Condo	2	2.5	\$645,000
College	Park Blvd	Condo	2	1.5	\$590,000
Midtown	Moreno	House	4	2	\$1,410,000
Midtown	Clara Dr	House	3	1	\$1,043,000
Midtown	Colorado	House	2	1	\$973,000
Old Palo Alto	Byron St	House	3	2	\$1,760,000
South Midtown	Emerson St	House	3	1	\$1,001,000

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