

Palo Alto Rental Property Newsletter – April, 2008 ©



Leon Leong, Realtor
California DRE License #01432446
Office: 650-224-4574
E-Mail: lleong@cashin.com

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



Neighborhood Rental Rates

I counted over 64 single family & condominium rentals this month, versus the 72 advertised the previous month. The median advertised prices:

- Of the 2 bedroom homes, the median price is \$3095/month, with 2/3rd priced above \$2,600.
- Of the 3 bedroom homes, the median rental price is \$3,950, with 2/3rd priced above \$3,495.
- Of 4 bedroom homes, the median rental price is \$4,500 with 2/3rd priced above \$4,100.

What has caused a spike in the 2 bed & 3 bed rental prices? There are a couple of contributing factors:

- (1) very few of the higher priced rentals have been renting from the previous month, so they are staying on the market. As the lower priced units are rented, more and more of the inventory becomes the higher priced rentals.
- (2) Quite a few of the higher priced rentals are in the new condominium developments (800 High St, Arbor Real, Vantage). The investors who purchased these places have a much higher cost structure (bigger mortgage, higher property taxes), so they are hesitant to lower their rent to be competitive with rental properties that have been owned for many years with a lower expense structure.

Taxes & Expenses

There are quite a few future potential expense increases that you should start planning for: utility rate increases, school bond & library bond.

If you are paying for some or all of your tenant's utilities, you should be aware that starting July 1st, the city is raising the rates for electricity by 14%, gas by 7.1% and water by 8%; they estimate an average of three will amount to a 9.6% increase.

The school board is placing on the June ballot a bond to improve the facilities of \$378 million. This will amount to a \$44.50 per \$100,000 of assessed valuation, if the ballot measure passes. Since your assessed value is based on Prop 13, the actual payment will be dependent, in most cases, on when you bought your property.

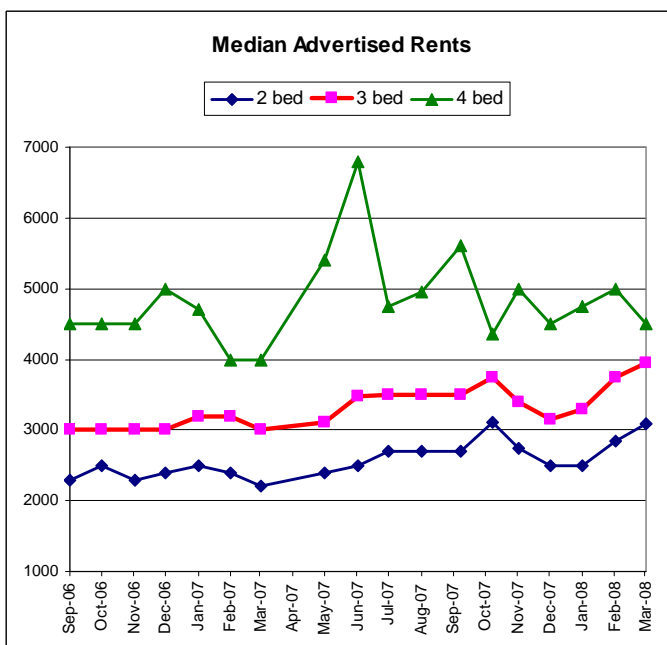
The city is planning on placing on the November ballot a bond to improve the libraries. The bond currently is estimated at \$80 million dollars; according to media reports, this will work out to \$27-\$28 per \$100,000 of assessed value, if the ballot measure passes.

Needs & Wants

I have a client looking for property to buy in Palo Alto. Here are their needs: Single Family house, with 4 bedrooms, around 2300 square feet or larger; location in South Palo Alto, and in proximity to Hoover Elementary/Mitchell Park.

I have a family who is looking to rent a home in either Old Palo Alto, or around Downtown (Downtown North, Professorville, University South, Community Center, Crescent Park) areas, starting in late July/early August. If you have a rental that is coming available, let me know.

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



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: \$1600-3200 Average: \$2,180	Range: \$1800-5950 Average: \$3,144	Range: \$2800-8000 Average: \$4,266
College Terrace, Evergreen Park, Southgate	Range: \$1400-3950 Average: \$2,147	Range: \$2000-3900 Average: \$2,896	Range: \$2900-8000 Average: \$4,740
Crescent Park	Range: \$1550-6250 Average: \$2,956	Range: \$2000-8000 Average: \$4,406	Range: \$4400-15000 Average: \$6,903
Downtown North/University South	Range: \$1500-6000 Average: \$2,694	Range: \$1695-6500 Average: \$3,402	Range: \$2900-7250 Average: \$4,965
Duveneck, Triple El, Community Center	Range: \$1600-3500 Average: \$2,375	Range: \$2000-6000 Average: \$3,385	Range: \$2400-7900 Average: \$4,495
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1900-2100 Average: \$2,000	Range: \$1800-5500 Average: \$2,862	Range: \$2250-4800 Average: \$3,569
Green Meadow	Range: \$1295-3000 Average: \$1,930	Range: \$1899-4500 Average: \$2,704	Range: \$2600-4700 Average: 3,431
Midtown	Range: \$1350-3600 Average: \$2,198	Range: \$1595-5500 Average: \$2,746	Range: \$2250-9500 Average: \$3,778
Old Palo Alto, Leland Manor	Range: \$1400-3500 Average: \$2,350	Range: \$1995-8000 Average: \$3,587	Range: \$2400-15000 Average: \$5,807
Palo Verde, South of Midtown	Range: \$1395-2800 Average: \$1,765	Range: \$1975-6000 Average: \$2,794	Range: \$2375-7000 Average: \$4,274
Ventura, Charleston Meadows	Range: \$1500-3500 Average: \$1,983	Range: \$1600-5800 Average: \$2,942	Range: \$2500-5800 Average: \$4,073

Data Points: 1662

Sample Property Sales: Dec,07 – Feb,2008

Neighborhood	Street	Type	Bed	Bath	Sales Price
Barron Park	Cereza	House	3	1	\$1,652,000
Crescent Park	Lytton	House	4	2.5	\$1,475,000
Downtown	Bryant St	House	2	1	\$1,180,000
Downtown	High St	Condo	2	2	\$907,000
Duveneck	De Soto	House	3	2	\$1,600,000
Fairmeadow	Redwood Circle	House	3	2	\$1,250,000
Greenmeadow	Parkside	House	3	2	\$1,475,000
Midtown	Colorado	House	3	2	\$1,291,000
Midtown	Greer	House	3	1	\$1,018,000
Old Palo Alto	Kellogg	House	2	1	\$1,100,000
Professorville	Webster	House	3	2	\$1,835,000

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