

Palo Alto Rental Property Newsletter – August, 2007 ©



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Neighborhood Rental Rates

I counted over 86 single family & condominium rentals in June. From the advertisements for June that I've seen:

- Of the 2 bedroom homes, the median price is \$2,695/month, with 2/3rd priced above \$2,400.
- Of the 3 bedroom homes, the median rental price is \$3,495, with 2/3rd priced above \$3,200.
- Of 4 bedroom homes, the median rental price is \$4,950 with 2/3rd priced above \$4,700.

The Palo Alto rental market is becoming more balanced now between landlords & tenants (although it still favors landlords) due to a couple of reasons: more rentals available, higher prices dampening demand, and the seasonal nature of demand.

The neighborhood rental rates that I show on page 2 show the differences in price between neighborhoods, collected over several years. The median values I show above for all of Palo Alto are the current market rates for the entire city, that you can adjust using rental rate for your neighborhood.

Property Sales.

I recently co-listed for resale one of the new single family homes that were recently built at the old "Ricky's Hyatt Hotel" site. My client, a real estate investor, reserved the property last October, 2006, by putting 3% down, and fixing the price at \$1.61 million. The builder completed construction in April, 2007, at which time, my client paid the remaining balance. The home was put on the MLS in the latter part of April, and after marketing it for several months, it ended up selling for \$1.77 million, nearly 10% over what it was bought for just 6 months earlier!

This worked out for my client because of the unique nature of the Palo Alto real estate market: highly desirable community to live, and few homes that are "new construction".

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

Recent Political Activity

This year I chair the Local Government Relations committee for the Palo Alto District of Realtors. Chairing this committee, we look at legislative activity and their effect on property rights.

There were two recent proposals that have been stalled for now. The first is California Senate Bill 464; this bill would have required property that has been a rental to remain a rental for a minimum of 3 years, and would have required a one year notice to all tenants if they plan on terminating their tenancy if any tenant was over the age of 62 years old. The California Association of Realtors as well as the California Apartment Association took a position against this bill, and it has been failed to pass out of the California Senate floor. This means the soonest this bill could be proposed again will be January, 2008.

The second proposal was to the Santa Clara Board of Supervisors, to rescind the county's participation in the Prop 90 program. As a reminder, Prop 90 was passed in 1988, and it allows a person, 55 or older, from another county, to transfer their primary residence property tax base provided certain conditions are met. This has been used by senior citizens who downsize from another county, usually to move closer to children who are working in Santa Clara County. The Silicon Valley Association of Realtors took a position against Santa Clara County opting out of Prop 90. The Board of Supervisors voted to send this back to the county staff for further study, which means it most likely won't be considered again until 2008.

The remainder of this year will be focused on the city council elections (four of nine seats are up for election), and the school board elections (three of five seats are up for election).

In 2008, several bond and tax issues that will affect your property tax bill will most likely be placed on the ballot (new police building, library upgrades, school upgrades). There are some other tax measures (increased hotel occupancy tax, employee tax) that also may make their way onto the ballots either in 2007 or 2008.

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: \$2,093	Range: \$1800-5950 Average: \$2,974	Range: \$2800-6750 Average: \$4,036
College Terrace, Evergreen Park, Southgate	Range: \$1400-3500 Average: \$2,112	Range: \$2000-3850 Average: \$2,808	Range: \$2900-7000 Average: \$4,615
Crescent Park	Range: \$1550-6250 Average: \$2,956	Range: \$2000-8000 Average: \$4,294	Range: \$4200-15000 Average: \$6,897
Downtown North/University South	Range: \$1500-6000 Average: \$2,560	Range: \$1695-6500 Average: \$3,321	Range: \$2900-7500 Average: \$5,008
Duveneck, Triple El, Community Center	Range: \$1600-3500 Average: \$2,332	Range: \$2000-6000 Average: \$3,321	Range: \$2400-7900 Average: \$4,550
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1500-2100 Average: \$1,800	Range: \$1800-5500 Average: \$2,815	Range: \$2250-4800 Average: \$3,486
Green Meadow	Range: \$1295-2700 Average: \$1,842	Range: \$1899-4500 Average: \$2,593	Range: \$2600-3675 Average: 3,103
Midtown	Range: \$1350-3600 Average: \$2,134	Range: \$1595-4800 Average: \$2,671	Range: \$2250-9500 Average: \$3,696
Old Palo Alto, Leland Manor	Range: \$1400-3500 Average: \$2,274	Range: \$1995-8000 Average: \$3,559	Range: \$2400-12000 Average: \$5,424
Palo Verde, South of Midtown	Range: \$1395-2195 Average: \$1,765	Range: \$1975-7500 Average: \$2,725	Range: \$2750-6850 Average: \$4,142
Ventura, Charleston Meadows	Range: \$1500-2600 Average: \$1,973	Range: \$1600-5450 Average: \$2,643	Range: \$1995-6200 Average: \$3,350

Data Points: 1501

Sample Property Sales: May - Jul, 2007

Neighborhood	Street	Type	Bed	Bath	Sales Price
Barron Park/Green Acres	La Jennifer	House	3	2	\$1,625,000
Charleston Meadow	Edlee	House	3	1	\$1,070,000
College Terrace	College	House	2	1	\$1,350,000
Crescent Park	Pitman	House	4	2	\$1,765,000
Downtown North	Waverley	House	2	1	\$1,251,000
Duveneck	Hilbar	House	3	2	\$1,550,000
Duveneck	Channing	House	3	2	\$1,550,000
Fairmeadow	South Ct	House	4	2	\$1,500,000
Greenmeadow	Ferne	Condo	2	2	\$630,000
Meadow Park	Nathan Way	House	4	2	\$1,425,000
Midtown	El Carmelo	House	3	2	\$1,550,000
Midtown	Kipling	House	3	1.5	\$1,368,000
Southgate	Portola	House	3	1	\$1,435,000
University South	Forest	Condo	2	2	\$950,000

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