

Palo Alto Rental Property Newsletter – December, 2007 ©



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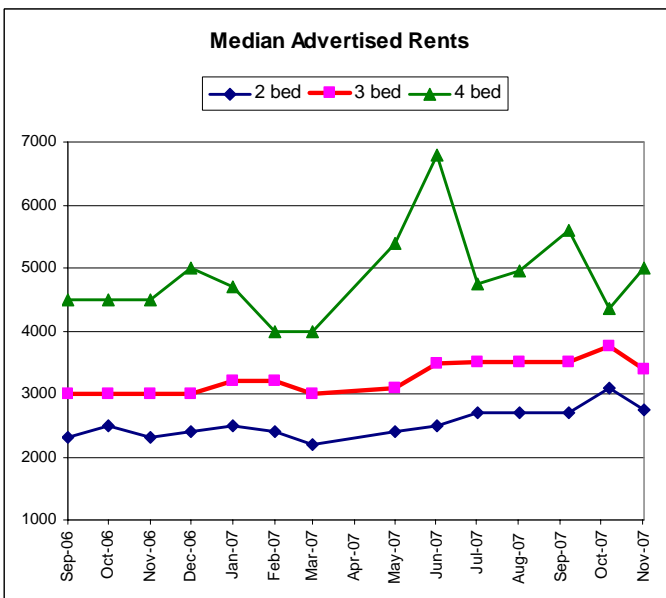


Neighborhood Rental Rates

I counted over 61 single family & condominium rentals in November, down from the 65 advertised in October. The median advertised prices:

- Of the 2 bedroom homes, the median price is \$2750/month, with 2/3rd priced above \$2,500.
- Of the 3 bedroom homes, the median rental price is \$3,400, with 2/3rd priced above \$3,150.
- Of 4 bedroom homes, the median rental price is \$5,000 with 2/3rd priced above \$3,950.

Seasonally, demand drops off dramatically, as fewer people are looking to move during the holidays. The number of available single family/condominiums has been steady, so potential renters have less competition than earlier in the year.



Sales Update

This year has been a difficult year for buyers in the Palo Alto market – less inventory & higher prices. Here's the sales vs listing statistics compared to last year (up to November):

	2006	2007
Listings	662	503
Sales	489	443
% Sales/Listings	74%	88%

This high ratio of sales vs listings is indicative of the high demand for Palo Alto properties.

Legal Update

There are quite a few questions you should not ask in, as they could be viewed as discriminatory (family status, race, religion, etc). Recent California legislation has added another item (from the California Association of Realtors):

“Anti-Discrimination of Tenants' Immigration Status: Beginning January 1, 2008, a landlord or landlord's agent cannot inquire into the immigration or citizenship status of an existing or prospective tenant or occupant. A landlord may, however, request information or documentation necessary to determine or verify the financial qualifications of a prospective tenant, or to identify a prospective tenant or occupant. This law also prohibits any city or county from requiring a landlord or landlord's agent of residential rental property to inquire into, or take any action based upon, the immigration or citizenship status of an existing or prospective tenant or occupant. (Source: Assembly Bill 976.)”

Housing Update

City staff is proposing to change the ordinances affecting what is known as “Inclusionary Zoning” – what is more commonly known as Below Market Rate (BMR) units. The BMR program requires a developer to contribute a percentage of their development to low income/moderate income households. Pricing & appreciation on these units are strictly controlled based on formulas in the ordinance.

There are two changes that may significantly affect property values for certain owners:

- 1) Dropping the threshold in which the BMR program is invoked from 5 units to 3 units – potentially affecting properties zoned multi residential (eg. 3 & 4 plexs). This change is also proposed for subdivisions.
- 2) Requiring the BMR contribution to be what could be built on the property, not what is actually built on a property. This means that if you could build 10 units, but decide to build only 4 units, you are still responsible for contributing based on 10 units, which will change the economics of property development.

These issues are expected to come for review before the City Council in early 2008. If you would like to keep updated on this, as well as more information on what you may want to do to get your input on these changes, please contact me.

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: \$2,154	Range: \$1800-5950 Average: \$3,039	Range: \$2800-6750 Average: \$4,238
College Terrace, Evergreen Park, Southgate	Range: \$1400-3500 Average: \$2,147	Range: \$2000-3850 Average: \$2,829	Range: \$2900-7000 Average: \$4,540
Crescent Park	Range: \$1550-6250 Average: \$2,956	Range: \$2000-8000 Average: \$4,313	Range: \$4200-15000 Average: \$6,897
Downtown North/University South	Range: \$1500-6000 Average: \$2,628	Range: \$1695-6500 Average: \$3,378	Range: \$2900-7500 Average: \$5,045
Duveneck, Triple El, Community Center	Range: \$1600-3500 Average: \$2,354	Range: \$2000-6000 Average: \$3,383	Range: \$2400-7900 Average: \$4,443
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1500-2100 Average: \$1,800	Range: \$1800-5500 Average: \$2,845	Range: \$2250-4800 Average: \$3,510
Green Meadow	Range: \$1295-2700 Average: \$1,908	Range: \$1899-4500 Average: \$2,675	Range: \$2600-3675 Average: 3,158
Midtown	Range: \$1350-3600 Average: \$2,160	Range: \$1595-4800 Average: \$2,714	Range: \$2250-9500 Average: \$3,730
Old Palo Alto, Leland Manor	Range: \$1400-3500 Average: \$2,332	Range: \$1995-8000 Average: \$3,576	Range: \$2400-12000 Average: \$5,602
Palo Verde, South of Midtown	Range: \$1395-2195 Average: \$1,765	Range: \$1975-7500 Average: \$2,741	Range: \$2750-6850 Average: \$4,318
Ventura, Charleston Meadows	Range: \$1500-2600 Average: \$1,973	Range: \$1600-5450 Average: \$2,778	Range: \$1995-6200 Average: \$3,560

Data Points: 1589

Sample Property Sales: Sep - Nov, 2007

Neighborhood	Street	Type	Bed	Bath	Sales Price
Barron Park/Green Acres	Josina Ave	House	3	2	\$1,567,000
Downtown	Emerson St	House	2	1	\$1,400,000
Downtown	Cowper St	House	4	3	\$1,700,000
Downtown	High	Condo	2	2	\$815,000
Duveneck	Channing	House	4	3	\$1,760,000
Duveneck	Embarcadero	House	3	1	\$998,000
Greenmeadow	Ely Pl	House	4	2	\$1,400,000
Greenmeadow	Ferne	House	4	2	\$1,488,000
Midtown	Greer	House	4	2	\$1,228,000
Midtown	Colorado	House	3	1	\$1,115,000
Midtown	Ramona	House	3	2	\$1,475,000
Palo Verde	Talisman	House	3	3.5	\$1,717,279
South Midtown	Alger	House	3	1	\$1,270,000

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