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Palo Alto Rental Property Newsletter – July, 2008 ©

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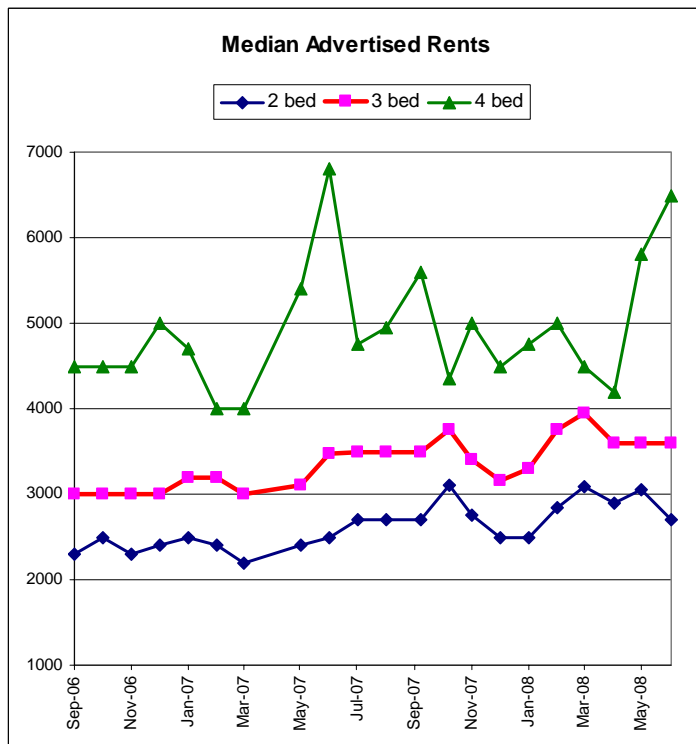
Neighborhood Rental Rates

I counted over 118 single family & condominium rentals this last month, versus the 95 advertised the month before. The median advertised prices:

- Of the 2 bedroom homes, the median price is \$2,700/month, with 2/3rd priced above \$2,450.
- Of the 3 bedroom homes, the median rental price is \$3,600, with 2/3rd priced above \$3,300.
- Of 4 bedroom homes, the median rental price is \$6,500 with 2/3rd priced above \$5,300.

The median rental price for 4 bedrooms continued to rise this month, as many rentals in this category are either newer homes, or homes located in Old Palo Alto or Crescent Park. Quite a few homes in this price range have been advertising since at least May, and some as far back as March.

The reverse is true for the 2 bedroom homes; the median price has dropped because quite a few rentals in this category are very small homes in College Terrace, or are condominiums located in South Palo Alto.



Fee, Fi, Fo, Fum! I smell money in Real Estate

Recent actions by City Council reminds me of the children’s story “Jack & the Beanstalk”; in the children’s fairy tale, Jack takes various treasures from the giant. The council has approved ordinance changes, which will make more expensive development of housing:

- Recently updated the inclusionary zoning laws, so that they apply to the development of 3-plex & 4-plex zoned properties. That means if your property is zoned for 3 or 4 units, and you decide to redevelop it, you need to pay fees to support the BMR (Below Market Rate) Housing program.
- Increased the parkland dedication fees. For subdivisions of less than 50 units, fees are charged (\$32,670 per condominium unit, \$47,700 per single family house). A 3-plex or 4 plex property which gets redeveloped into condominiums, could end up paying over \$100,000 in parkland fees.
- Changes to the building codes for “Green building”. Remodels over \$350,000 will require that the home reach a standards compliance of 70 points by a “Green certified rater”. These standards may force the retrofit of the entire home, rather than just the portion being added to. For remodels of less than \$350,000 there will not be specific requirements that need to be met.

Since the majority of the value of many multiresidential properties is in the land, these changes potentially will have a negative effect on the market value.

Sales Update

Here’s a comparison of this year’s market to previous years. All figures are from Jan 1 – Jun 15 of the year:

Year	Listed	Sold	%	Median Listed Price
2008	313	199	64%	\$1,695,000
2007	295	237	80%	\$1,495,000
2006	388	279	72%	\$1,395,000

As you can see, the jump in the median list price (ie. half the homes are listed above, half below this price) has affected the percentage of homes sold.

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

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Rental Rates by Neighborhood © - Single Family Homes/Condos

Neighborhood	2 Bedroom	3 Bedroom	4+ Bedroom
Barron Park, Green Acres I/II	Range: \$1895-3500 Average: \$2,301	Range: \$2950-5950 Average: \$3,297	Range: \$2800-8000 Average: \$4,554
College Terrace, Evergreen Park, Southgate	Range: \$1850-3900 Average: \$2,280	Range: \$2150-4200 Average: 2,974	Range: \$3200-8000 Average: \$5,071
Crescent Park	Range: \$2200-5900 Average: \$3,139	Range: \$2895-5600 Average: \$4,404	Range: \$4400-15000 Average: \$7,128
Downtown North/University South	Range: \$1850-7500 Average: \$2,722	Range: \$2800-6500 Average: \$3,495	Range: \$3500-7500 Average: \$5,181
Duveneck, Green Gables, Community Center, Triple El	Range: \$2200-3400 Average: \$2,422	Range: \$2300-6000 Average: \$3,434	Range: \$3600-8000 Average: \$4,770
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1900-2100 Average: \$2,000	Range: \$1800-5500 Average: \$2,971	Range: \$2250-4800 Average: \$3,696
Green Meadow, Walnut Grove Grendell, Greenhouse	Range: \$1295-3000 Average: \$1,974	Range: \$1899-4500 Average: \$2,737	Range: \$2600-4700 Average: 3,575
Midtown	Range: \$1350-3600 Average: \$2,206	Range: \$1595-5500 Average: \$2,780	Range: \$2250-9500 Average: \$3,887
Old Palo Alto, Leland Manor	Range: \$1400-3500 Average: \$2,393	Range: \$1995-8000 Average: \$3,648	Range: \$2400-15000 Average: \$6,227
Palo Verde, South of Midtown	Range: \$1395-2800 Average: \$2,256	Range: \$1975-6000 Average: \$2,851	Range: \$2375-7000 Average: \$4,244
Ventura, Charleston Meadows	Range: \$1500-3500 Average: \$2,160	Range: \$1600-5800 Average: \$3,127	Range: \$2500-5800 Average: \$3,994

Data Points: 1748

Sample Property Sales: April – June, 2008

Neighborhood	Street	Type	Bed	Bath	Sales Price
Barron Park	Cereza Dr	House	2	1	\$1,450,000
Barron Park	Josina Ave	House	3	1	\$1,425,000
College	Park Blvd	Condo	2	2.5	\$688,000
Crescent Park	Lytton	House	2	1	\$1,650,000
Downtown	Bryant St	Condo	2	2	\$849,000
Greenmeadow	Ferne	Condo	2	2	\$696,000
Greenmeadow	Creekside	House	3	2	\$1,482,000
Midtown	Greer	House	3	1	\$1,150,000
Midtown	South Ct	House	3	2	\$1,485,000
Midtown	Marion Ave	House	4	3	\$1,690,000
Meadow Park	Grove Ave	House	4	2	\$1,500,000
South of Midtown	Saint Claire Dr	House	4	2	\$1,478,750
Ventura	Maclane St	House	4	2	\$1,285,000

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