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Palo Alto Rental Property Newsletter – July, 2009 ©

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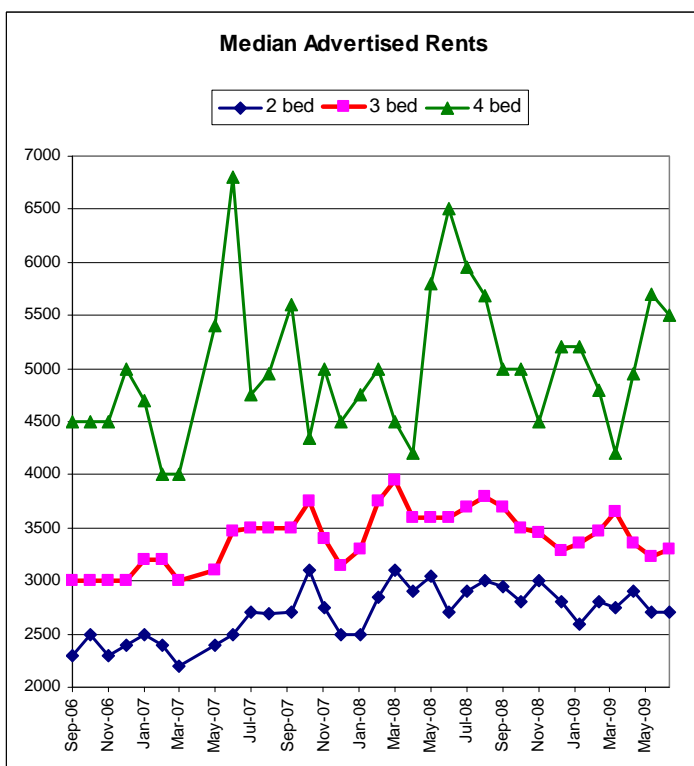


Neighborhood Rental Rates

I counted over **174** single family & condominium rentals this last month, versus the 167 advertised the month before.

- Of the 2 bedroom homes, the median advertised price is \$2,700/month, with 2/3rd priced above \$2,450.
- Of the 3 bedroom homes, the median advertised price is \$3,300, with 2/3rd priced above \$3,000.
- Of 4+ bedroom homes, the median advertised price is \$5,500 with 2/3rd priced above \$4,650.

Increasing vacancy and muted demand continues to be the trend in the rental marketplace. Renters have many choices in today's market, and are focused much more on price & condition of the rental. Seasonally, as we get closer to the start of the school year in late August, I expect demand to be reduced.



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

Business License Tax – Council Update

The Business License Tax was presented to the full council on June 22 for discussion. Quite a few in the business community spoke out about this tax. After a lengthy discussion, the council decided to go with a “simpler to administer” tax based on “employee count” for businesses, “unit count” for residential rentals, and “square feet” for commercial rentals.

The direction to the city staff is to prepare a ballot measure for the November election:

- Residential rentals of 3 or less units are exempt (this would apply to many of you); for 4 or more units, the tax would be \$25/unit.
- For commercial rental property, the tax would be 3 cents/square foot (with a \$75 minimum tax).

Non-rental businesses are taxed on employee count; the tax per employee depends on the type of business:

- retail is \$75 for the 1st employee + \$35 for each additional employee;
- professional services is \$75 for the 1st employee + \$77 for each additional employee;
- manufacturing companies would be \$75 for the 1st employee + \$35 for each additional employee. There is a \$30,000 cap for most businesses (except for retail, the cap is \$20,000).

The next step is for the city staff to prepare the ballot measure for city council to review.

Of the estimated \$3.35 million the tax will generate, city staff estimates that the

- professional services' businesses will pay 52%,
- retailers will pay 22%,
- the manufacturing companies 10%,
- and the rental businesses 15%.

The employee count of manufacturing companies is much higher than 10%, so this tax favors “big businesses” through it's cap of \$30,000 and lower tax per employee.

The city council will most likely approve putting the tax on the ballot. It will be up to the voters in November to decide if this tax is the right solution to the city's spending and budgetary problems, and if it distributes the tax fairly.

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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: \$1600-3500 Average: \$2,368	Range: \$1800-5950 Average: \$3,318	Range: \$2800-8000 Average: \$4,789
College Terrace, Evergreen Park, Southgate	Range: \$1400-3900 Average: \$2,394	Range: \$2000-4200 Average: 3,003	Range: \$2900-9000 Average: \$5,118
Crescent Park	Range: \$1550-6250 Average: \$3,186	Range: \$2000-8000 Average: \$4,499	Range: \$4400-15000 Average: \$7,419
Downtown North/University South	Range: \$1645-6000 Average: \$2,865	Range: \$1695-6500 Average: \$3,603	Range: \$2900-8900 Average: \$5,209
Duveneck, Green Gables, Community Center, Triple El	Range: \$1600-4850 Average: \$2,592	Range: \$2000-6000 Average: \$3,482	Range: \$2400-8950 Average: \$5,194
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$2100-3500 Average: \$2,842	Range: \$1800-4500 Average: \$3,016	Range: \$2250-11,500 Average: \$3,711
Green Meadow, Walnut Grove Grendell, Greenhouse	Range: \$1295-3000 Average: \$1,984	Range: \$1899-4500 Average: \$2,839	Range: \$2600-5000 Average: 3,501
Midtown	Range: \$1350-3600 Average: \$2,293	Range: \$1595-5500 Average: \$2,909	Range: \$2250-9500 Average: \$4,012
Old Palo Alto, Leland Manor	Range: \$1400-5000 Average: \$2,486	Range: \$1995-8000 Average: \$3,708	Range: \$2400-15000 Average: \$6,448
Palo Verde, South of Midtown	Range: \$1395-3200 Average: \$2,294	Range: \$1975-6200 Average: \$2,930	Range: \$2375-7000 Average: \$4,384
Ventura, Charleston Meadows	Range: \$1500-3500 Average: \$2,217	Range: \$1600-5800 Average: \$3,304	Range: \$2500-7500 Average: \$4,276

Data Points: 2,118 (Jan, 2004 – Present)

Sample Property Sales: April, 2009 – May, 2009

Neighborhood	Street	Type	Bed	Bath	Sales Price
Barron Park	Los Robles Ave	House	3	2	\$1,055,000
Greenmeadow	Ely Pl	House	3	2	\$1,075,000
Fairmeadow	Redwood Cir	House	3	2	\$1,000,000
Palo Verde	Kenneth Dr	House	4	2	\$999,000
Charleston Garden	Seminole Way	House	3	2	\$966,000
Midtown	Waverley	House	4	3.5	\$1,875,000
Midtown	Coastland	House	3	2	\$1,303,000
Duveneck	Edgewood Dr	House	3	2	\$1,250,000
Duveneck	Tulip Ln	House	3	2	\$1,245,000
Crescent Park	Forest Ave	House	3	2	\$1,598,000
University South	Cowper St	House	4	2	\$1,550,000
Downtown North	Hawthorne St	House	2	1	\$1,538,000

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