



Palo Alto Rental Property Newsletter – June, 2009 ©

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Neighborhood Rental Rates

I counted over **167** single family & condominium rentals this last month, versus the 146 advertised the month before.

- Of the 2 bedroom homes, the median advertised price is \$2,700/month, with 2/3rd priced above \$2,300.
- Of the 3 bedroom homes, the median advertised price is \$3,200, with 2/3rd priced above \$3,000.
- Of 4+ bedroom homes, the median advertised price is \$5,750 with 2/3rd priced above \$4,900.

Many of the higher priced 4 bedroom rentals have stayed on the market, which explains why the median price has been rising in this category of rentals. Quite a few of the homes are either on sale or have been on sale – and when the home hasn't sold, the owners turn to renting to wait for a better market.

Judging from the calls I get, very little the local high tech industry is doing very little hiring, while I continue to get calls from professionals in the biotech & medical fields, groups of Stanford students who want to live together, as well as families who want their kids in Palo Alto schools.

Sales Update

Although the Palo Alto real estate market has changed from previous years, it's good to compare sales in Palo Alto with those in nearby cities. I pulled data from the MLS on single family home sales from January 1, 2009 through May 15, 2009 :

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Palo Alto	\$1,355,000	\$1,550,000	\$1,548,400
Mt View	\$890,000	\$1,000,000	\$1,071,000
Los Altos	\$1,435,000	\$1,810,000	\$1,727,000
Menlo Park	\$1,050,000	\$1,500,000	\$1,320,328

Although the median sales price has dropped by 13% in Palo Alto, some of the neighbor cities have experienced a larger drop in their median sales price (Los Altos – 21%, Menlo Park – 30%).

Why do values hold up better in Palo Alto? People desire the schools, services, and community that the city has to offer.

Business License Tax Update

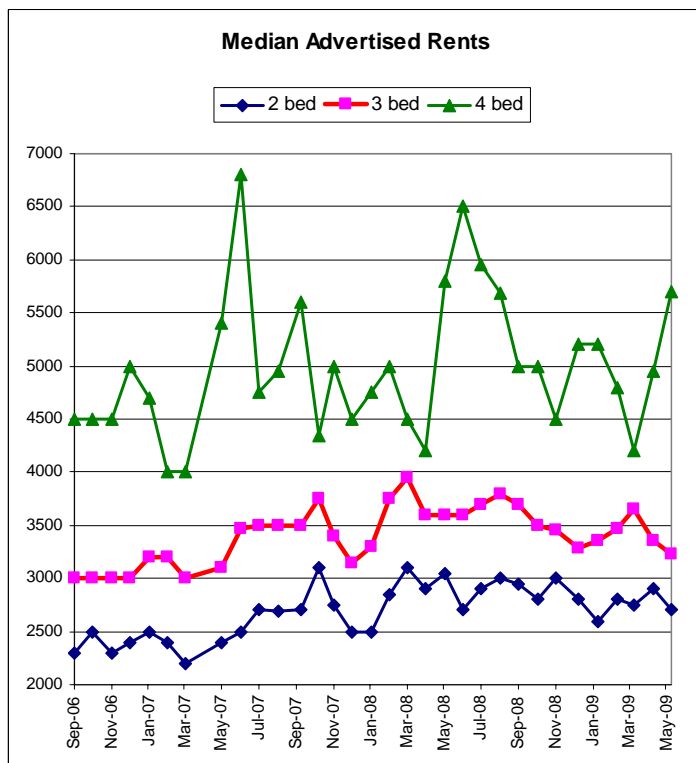
The Finance committee of the city council voted 3-1 to recommend that the full city council consider a Business License Tax. They committee could not agree on which way to tax: based on "gross receipts" or based on employee count. Many in the business community are against a tax, but if given a choice would prefer a tax based on employee count, as it is easier to administer (tax is based on business done in Palo Alto – if you do business in other cities, you have to track which is in Palo Alto, which is outside of Palo Alto), and less intrusive (any government audit would not involve diving into customer transactions, important for some businesses like psychologists, doctors, attorneys, ...).

The "gross receipts" tax would tax rentals based on the amount of rent - \$1.00 for every \$1,000 in rent received, with a \$75 minimum. The "employee count" tax would tax rentals based on the number of units.

The next step is for the full city council to discuss the business license tax on June 22, 2009. If you have opinions about the tax, you should e-mail the city council at

city.council@cityofpaloalto.org

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: \$1600-3500 Average: \$2,368	Range: \$1800-5950 Average: \$3,322	Range: \$2800-8000 Average: \$4,797
College Terrace, Evergreen Park, Southgate	Range: \$1400-3900 Average: \$2,385	Range: \$2000-4200 Average: 2,999	Range: \$2900-9000 Average: \$5,181
Crescent Park	Range: \$1550-6250 Average: \$3,190	Range: \$2000-8000 Average: \$4,419	Range: \$4400-15000 Average: \$7,438
Downtown North/University South	Range: \$1645-6000 Average: \$2,865	Range: \$1695-6500 Average: \$3,581	Range: \$2900-8900 Average: \$5,216
Duveneck, Green Gables, Community Center, Triple El	Range: \$1600-4850 Average: \$2,592	Range: \$2000-6000 Average: \$3,463	Range: \$2400-8950 Average: \$5,181
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$2100-3500 Average: \$2,842	Range: \$1800-4500 Average: \$3,022	Range: \$2250-11,500 Average: \$3,711
Green Meadow, Walnut Grove Grendell, Greenhouse	Range: \$1295-3000 Average: \$1,984	Range: \$1899-4500 Average: \$2,805	Range: \$2600-5000 Average: 3,501
Midtown	Range: \$1350-3600 Average: \$2,288	Range: \$1595-5500 Average: \$2,907	Range: \$2250-9500 Average: \$4,004
Old Palo Alto, Leland Manor	Range: \$1400-5000 Average: \$2,484	Range: \$1995-8000 Average: \$3,724	Range: \$2400-15000 Average: \$6,495
Palo Verde, South of Midtown	Range: \$1395-3200 Average: \$2,294	Range: \$1975-6200 Average: \$2,954	Range: \$2375-7000 Average: \$4,386
Ventura, Charleston Meadows	Range: \$1500-3500 Average: \$2,217	Range: \$1600-5800 Average: \$3,312	Range: \$2500-7500 Average: \$4,276

Data Points: 2,098 (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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