

# Palo Alto Rental Property Newsletter – May, 2008 ©



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## Neighborhood Rental Rates

I counted over 92 single family & condominium rentals this month, versus the 64 advertised the previous month. The median advertised prices:

- Of the 2 bedroom homes, the median price is \$2,900/month, with 2/3<sup>rd</sup> priced above \$2,600.
- Of the 3 bedroom homes, the median rental price is \$3,600, with 2/3<sup>rd</sup> priced above \$3,400.
- Of 4 bedroom homes, the median rental price is \$4,200 with 2/3<sup>rd</sup> priced above \$3,900.

Our local market is seeing price compression at the higher end of rents; in previous years, the median price of a 4 bedroom rental would rent for \$1,000 - \$1,200 more than a 3 bedroom home. Last month the difference has been compressed to \$600, which will make the 4 bedroom rentals a better value.

Anecdotally, I've noticed a change in the applicant demographics from the previous year; in 2007, a larger percentage of people looking for housing were new hires in tech companies. This year, I am seeing more of a balance, with some applicants from high tech start ups, and applicants from professional service fields (doctors, attorneys, etc). As I mentioned in my last newsletter, the large, more established high tech companies are seeing slower growth rates and have moderated their hiring plans this year.

## Landlord Tips

Here's a tip from Bill Cohen, License #0421961, State Farm Insurance. For more information, contact Bill at 650-854-0500.

"Mike has been renting your unit now for five years. He is having a romantic dinner for his girlfriend and lights some candles. After a few glasses of wine, he goes to bed and forgets the candles are still burning. Luckily you had just checked the smoke detectors last month so everyone got out safely, but there was still a lot of damage to the rental. What happens next???"

You call your insurance agent the next day and he asks if Mike has a renter's policy. He doesn't. You do not require that of your tenants. Mike calls you to find out where he can stay that night. You tell him to call your insurance agent.

The insurance agent informs him that since he does not have a renter's policy, there is no coverage for him to stay elsewhere. There is no coverage for his belongings. There is also a chance that the insurance company is going to request that he pays for the damages since they were caused by his negligence.

Moral of the story: Have your tenants buy a renter's policy. They are very reasonable and they will protect your tenant. When Mike moves back in after the repairs have been made, he is still a loyal tenant and is very happy with you."

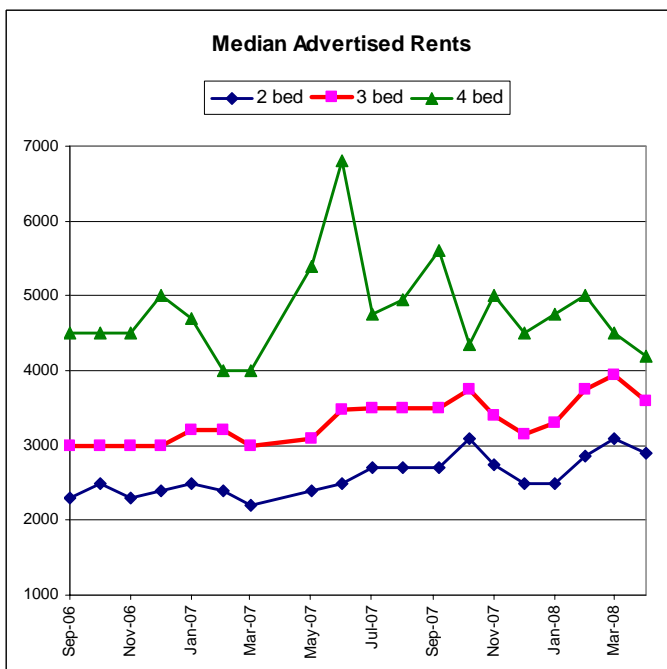
## Sales Update

Palo Alto continues to be a good market for those single family homes valued under \$2.2 million: about 76% of the homes listed for under \$2.2 million have sold (for those that sold, average days on market are 13 days).

For those homes list priced above \$2.2 million, approximately 38% have sold (for those that sold, average days on market is 15 days) – a big difference in the sales rate.

The pricing environment in today's market is more difficult than it has been in the previous few years; with a slow price appreciation environment, an incorrectly priced home may not bring about the best sales price, and may take a long time to sell.

**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	Range: \$1600-3200 Average: \$2,180	Range: \$1800-5950 Average: \$3,144	Range: \$2800-8000 Average: \$4,272
College Terrace, Evergreen Park, Southgate	Range: \$1400-3950 Average: \$2,253	Range: \$2000-4200 Average: \$2,955	Range: \$2900-8000 Average: \$5,071
Crescent Park	Range: \$1550-6250 Average: \$2,986	Range: \$2000-8000 Average: \$4,430	Range: \$4400-15000 Average: \$6,903
Downtown North/University South	Range: \$1645-6000 Average: \$2,691	Range: \$1695-6500 Average: \$3,407	Range: \$2900-7250 Average: \$4,965
Duveneck, Triple El, Community Center	Range: \$1600-3500 Average: \$2,403	Range: \$2000-6000 Average: \$3,390	Range: \$2400-7900 Average: \$4,500
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1900-2100 Average: \$2,000	Range: \$1800-5500 Average: \$2,888	Range: \$2250-4800 Average: \$3,633
Green Meadow, Charleston Meadows	Range: \$1295-3000 Average: \$1,936	Range: \$1899-4500 Average: \$2,704	Range: \$2600-4700 Average: 3,452
Midtown	Range: \$1350-3600 Average: \$2,178	Range: \$1595-5500 Average: \$2,749	Range: \$2250-9500 Average: \$3,805
Old Palo Alto, Leland Manor	Range: \$1400-3500 Average: \$2,378	Range: \$1995-8000 Average: \$3,658	Range: \$2400-15000 Average: \$5,929
Palo Verde, South of Midtown	Range: \$1395-2800 Average: \$1,765	Range: \$1975-6000 Average: \$2,818	Range: \$2375-7000 Average: \$4,260
Ventura, Charleston Meadows	Range: \$1500-3500 Average: \$1,983	Range: \$1600-5800 Average: \$3,026	Range: \$2500-5800 Average: \$4,073

Data Points: 1692

### Sample Property Sales: Feb – Apr, 2008

Neighborhood	Street	Type	Bed	Bath	Sales Price
Barron Park	Amaranta Ave	House	4	2	\$1,700,000
Barron Park	Maybell Ave	House	3	2	\$1,410,000
Barron Park	Thain Way	Condo	2	2	\$904,000
College Terrace	Bowdoin	House	2	1	\$1,016,000
Downtown	Ramona	Condo	3	3	\$1,359,000
Downtown	Palo Alto Ave	Condo	2	2	\$775,000
Duveneck	Saint Francis Dr	House	3	2	\$1,100,000
Meadow Park	Gailen Ave	House	4	2	\$1,425,000
Midtown	Marion Ave	House	3	1.5	\$1,772,000
Midtown	Amarillo Ave	House	3	2	\$1,275,000
Palo Verde	Torrey Ct	House	3	2.5	\$1,667,000
Palo Verde	Arbutus Ave	House	5	3	\$1,550,000
Old Palo Alto	Tasso St	House	3	2	\$1,800,000

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