

# Palo Alto Rental Property Newsletter – November, 2007 ©



**Leon Leong, Realtor**  
 California DRE License #01432446  
 Office: 650-224-4574  
 E-Mail: [lleong@cashin.com](mailto:lleong@cashin.com)

**Cashin Company Realtors**  
 400 Hamilton Ave – Suite 130  
 Palo Alto, CA 94301  
[www.cashin.com](http://www.cashin.com)



## Neighborhood Rental Rates

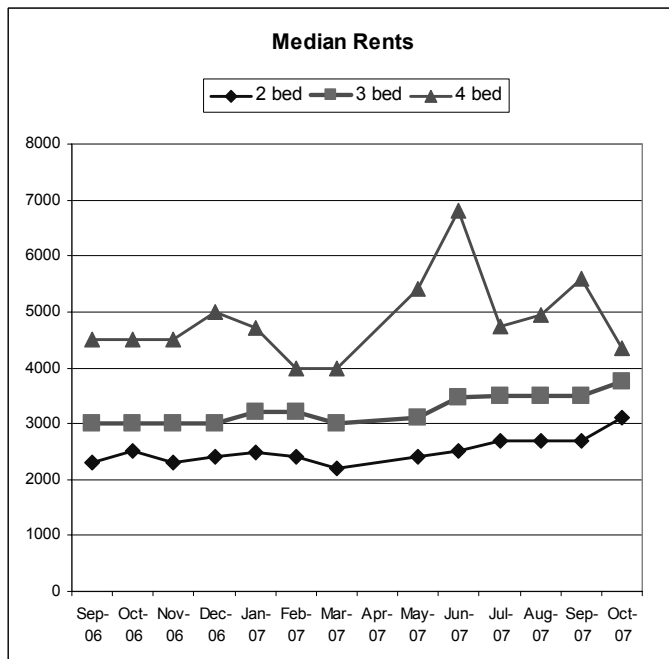
I counted over 65 single family & condominium rentals in October, down from the 51 advertised in September. The median advertised prices:

- Of the 2 bedroom homes, the median price is \$3,100/month, with 2/3<sup>rd</sup> priced above \$2,500.
- Of the 3 bedroom homes, the median rental price is \$3,750, with 2/3<sup>rd</sup> priced above \$3,100.
- Of 4 bedroom homes, the median rental price is \$4,350 with 2/3<sup>rd</sup> priced above \$3,850.

The 2 bedroom homes/condos took a jump this month, as there were many in this category around the downtown area. One growing start-up company located around downtown, Facebook, has been offering a \$600/month rent subsidy to their employees if they live within 1 mile of their offices.

The opposite is the case with the 4 bedroom homes/condos, where there were more available in South Palo Alto, which moved the median down this month.

The following chart show the median prices for 2, 3 & 4 bedroom houses/condos for the past year. There is no data for April (I was on vacation during that month and could not gather accurate statistics).



## Property Sales – when less is more.

Although there has been minimal inventory of single family houses at the entry level (i.e. around \$1.2 - \$1.4 million dollars), pricing is still an important factor in maximizing the sales price of a property. Sometimes pricing a home less than market, can get one a better sales price.

Just this last month, October, a 3 bed/2 bath, 1550 square foot house came on the market in midtown on Ramona street; it listed for \$1,349,000 – about what homes have sold for in the neighborhood this year. It got just 1 offer.

The following week, the house next door, a 3 bed/1 bath, 1396 square foot house was listed for \$1,199,000. This was priced under the market. It got 7 offers, and sold for about \$1,400,000 – \$50,000 more than the house next door, which had an extra bathroom, and more square footage.

The houses were on the market within one week of each other, and being next door to each other, the location would be targeting the same set of buyers. But what this example shows, is that by pricing below the market, a seller could possibly get more than the market price by having buyers compete in a multiple offer process.

An interesting comparison is of the appreciation rates in the different school districts. The following chart is the median price of a 3 bed/2 bath single family house:

School District	2006	2007	
Las Lomas Elementary	\$1,195,000	\$1,350,000	13.0%
Palo Alto Unified	\$1,175,000	\$1,295,000	10.2%
Menlo Park Elementary	\$1,195,000	\$1,295,000	8.4%
Los Altos Elementary	\$1,298,000	\$1,375,000	5.9%
Mt View Elementary	\$899,500	\$999,000	11.1%
Cupertino Elementary	\$925,000	\$1,020,000	10.3%
Sunnyvale Elementary	\$725,000	\$760,000	4.8%
Redwood Elementary	\$875,000	\$935,000	6.9%

Of the areas that have median prices above \$1 million, Palo Alto & West Menlo Park have continued to enjoy greater appreciation rates. For the areas with median prices less than \$1 million, Mt View & Cupertino are showing similar appreciation rates.

**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: \$2,146	Range: \$1800-5950 Average: \$3,012	Range: \$2800-6750 Average: \$4,098
College Terrace, Evergreen Park, Southgate	Range: \$1400-3500 Average: \$2,136	Range: \$2000-3850 Average: \$2,845	Range: \$2900-7000 Average: \$4,540
Crescent Park	Range: \$1550-6250 Average: \$2,956	Range: \$2000-8000 Average: \$4,309	Range: \$4200-15000 Average: \$6,897
Downtown North/University South	Range: \$1500-6000 Average: \$2,626	Range: \$1695-6500 Average: \$3,379	Range: \$2900-7500 Average: \$5,048
Duveneck, Triple El, Community Center	Range: \$1600-3500 Average: \$2,354	Range: \$2000-6000 Average: \$3,384	Range: \$2400-7900 Average: \$4,466
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1500-2100 Average: \$1,800	Range: \$1800-5500 Average: \$2,849	Range: \$2250-4800 Average: \$3,482
Green Meadow	Range: \$1295-2700 Average: \$1,864	Range: \$1899-4500 Average: \$2,644	Range: \$2600-3675 Average: 3,158
Midtown	Range: \$1350-3600 Average: \$2,156	Range: \$1595-4800 Average: \$2,696	Range: \$2250-9500 Average: \$3,737
Old Palo Alto, Leland Manor	Range: \$1400-3500 Average: \$2,334	Range: \$1995-8000 Average: \$3,576	Range: \$2400-12000 Average: \$5,514
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: \$2,692	Range: \$1995-6200 Average: \$3,560

Data Points: 1564

### Sample Property Sales: Aug - Oct, 2007

Neighborhood	Street	Type	Bed	Bath	Sales Price
Barron Park/Green Acres	Driscoll Pl	Townhouse	3	3.5	\$1,035,000
Charleston Meadows	Duluth Circle	House	3	2	\$1,280,000
Charleston Meadows	El Camino Real	Townhouse	2	2.5	\$902,000
College Terrace	College Ave	House	2	2	\$1,300,000
Community Center	Forest Ave	House	3	2	\$1,850,000
Downtown	Cowper St	House	4	3	\$1,700,000
Fairmeadow	Bryant St	House	3	2	\$1,210,000
Green Gables	Garland Dr	House	4	2	\$1,821,000
Green Gables	Alannah Ct	House	3	2	\$1,550,000
Green Gables	Embarcadero	House	3	1	\$998,000
Greenmeadow	Ely Pl	House	3	2	\$1,400,000
Leland Manor	Barbara Dr	House	4	2.5	\$2,650,000
Midtown	Cowper St	House	3	2	\$1,615,000

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