



Palo Alto Rental Property Newsletter – October, 2008 ©

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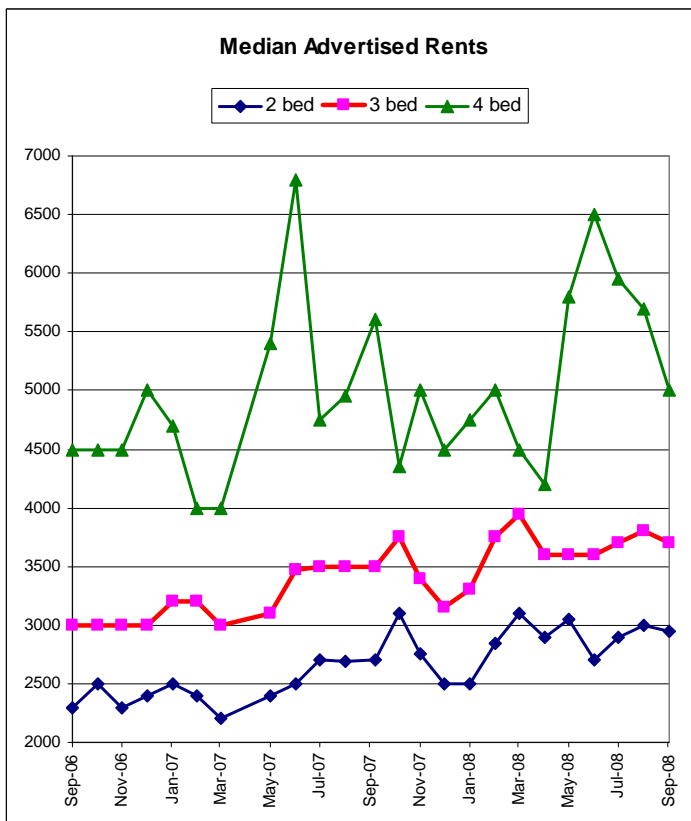


Neighborhood Rental Rates

I counted over **119** single family & condominium rentals this last month, versus the 132 advertised the month before. The median advertised prices:

- Of the 2 bedroom homes, the median price is \$2,950/month, with 2/3rd priced above \$2,750.
- Of the 3 bedroom homes, the median rental price is \$3,700, with 2/3rd priced above \$3,200.
- Of 4 bedroom homes, the median rental price is \$5,000 with 2/3rd priced above \$4,500.

We are now seeing the seasonal decline in the rental rates, where rents drop in the autumn & winter. An additional factor is the inventory level is quite a bit higher than in previous years. Locally, house sale prices continue to remain firm and at a level that makes renting an attractive alternative.



Sales Update

The market for single family homes continues to be good, but not quite at the same pace as last year:

Year	Listings	Sales	%
2008	413	280	67%
2007	434	348	80%
2006	553	385	70%

Looking at the details for this year, however, I find that homes priced up to \$1.6 million have an 80% completion rate; homes priced above \$1.9 million have a 54% completion rate. Equity creation has slowed, with the stock market down for the year, and fewer companies being acquired this year than in previous years. This has decreased the demand for the higher priced homes.

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

Treasure Hunt - City Business License Tax

Although the City of Palo Alto has one of the largest budgets for a city of it's size, it is looking for more revenue to help fund the bonds for the construction of a new Public Safety building. Based on polling that the City did earlier this year, a parcel tax for the bond would not pass, so the City intends to generate around \$5 million/year to pay for the bonds. In June, the City Council approved a budget that included raising a portion of this money through a business license tax, as well as other fees.

The City's target for the business license tax is between \$1.5 million - \$2.0 million/year. City Council has directed staff to develop a proposal for this tax. Many other cities do have some sort of license tax – some cities tax rentals, and other cities do not. The Finance sub-committee of the City Council will get an update on the proposed tax, and it's on their October 21 agenda.

This is an issue which you may want your voice heard, especially if a tax on rentals is part of the proposal; if you can provide me with an e-mail address or other contact info, I will alert you as to the details of the tax proposal.

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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: \$1600-4500 Average: \$2,346	Range: \$1800-5950 Average: \$3,302	Range: \$2800-8000 Average: \$4,758
College Terrace, Evergreen Park, Southgate	Range: \$1400-3900 Average: \$2,322	Range: \$2000-4200 Average: 3,011	Range: \$2900-8000 Average: \$5,345
Crescent Park	Range: \$1550-6250 Average: \$3,174	Range: \$2000-8000 Average: \$4,403	Range: \$4400-15000 Average: \$7,171
Downtown North/University South	Range: \$1645-7200 Average: \$2,771	Range: \$1695-6500 Average: \$3,576	Range: \$2900-8900 Average: \$5,220
Duveneck, Green Gables, Community Center, Triple El	Range: \$1600-3500 Average: \$2,443	Range: \$2000-6000 Average: \$3,462	Range: \$2400-8000 Average: \$4,892
Fairmeadow, Meadow Park, Charleston Gardens	Range: \$1900-3500 Average: \$2,500	Range: \$1800-4500 Average: \$2,986	Range: \$2250-11,500 Average: \$3,688
Green Meadow, Walnut Grove Grendell, Greenhouse	Range: \$1295-3000 Average: \$1,967	Range: \$1899-4500 Average: \$2,778	Range: \$2600-5000 Average: 3,567
Midtown	Range: \$1350-3600 Average: \$2,227	Range: \$1595-5500 Average: \$2,821	Range: \$2250-9500 Average: \$3,956
Old Palo Alto, Leland Manor	Range: \$1400-5000 Average: \$2,485	Range: \$1995-8000 Average: \$3,643	Range: \$2400-15000 Average: \$6,239
Palo Verde, South of Midtown	Range: \$1395-3200 Average: \$2,285	Range: \$1975-6750 Average: \$2,926	Range: \$2375-7000 Average: \$4,331
Ventura, Charleston Meadows	Range: \$1500-3500 Average: \$2,216	Range: \$1600-5800 Average: \$3,200	Range: \$2500-7500 Average: \$4,155

Data Points: 1829 (Jan, 2004 – Present)

Sample Property Sales: August – September, 2008

Neighborhood	Street	Type	Bed	Bath	Sales Price
Barron Park	Thain Way	Townhouse	3	2	\$971,352
Charleston Garden	E Charleston	Townhouse	3	2.5	\$980,000
College	S California Ave	Condo	2	1.5	\$673,000
Downtown	Hawthorne	House	3	2.5	\$1,712,000
Downtown	Everett	House	2	2	\$1,350,000
Duveneck	Patricia Ln	House	4	3	\$1,750,000
Duveneck	Hamilton Ave	House	4	3	\$1,380,000
Duveneck	Tulip Ln	House	3	2	\$1,395,000
Duveneck	Saint Francis	House	2	1	\$1,150,000
Midtown	Stelling Dr	House	3	2	\$1,409,000
Midtown	Bryson	House	3	2	\$1,260,000
Midtown	Loma Verde	Townhouse	3	2.5	\$921,500
Palo Verde	Middlefield Rd	House	4	2	\$1,370,000

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