

# GLEN ECHO HEIGHTS

## REAL ESTATE NEWS

by

**Robert Jenets**

Fall 2011

### MARKET NEWS

The phrase “shaky ground” took on new meaning in the past couple of months. In the literal sense we felt the ground shake during a surprisingly strong earthquake in August that was quite unusual for this area. The United States economy, in combination with the troubled World economy, experienced serious tremors from a worrisome Congressional battle over the debt ceiling and continues to struggle with a shaky

recovery from our recent recession. Lastly, from a real estate perspective, we observed the effects of some instability in home sales that has people feeling a bit shaky about the relative health of the market.

I am not a scientist to offer any clarifying information about earthquakes and it is above my pay grade to weigh in on the economic troubles of the world. But I can provide some facts and analysis about the real estate situation here in the



*Robert Jenets*  
Vice President  
Stuart & Maury, Inc.

Bethesda area.

Let's start by comparing the absorption rate (number of sales divided by the number of listings) for the first four months of the year, with the rate for the period May—August. January—April had 200 sales out of 329 listings, an absorption rate of 61%, with an average marketing time of 34 days. May—August posted 171 sales out of 316 listings for a rate of 54% and an average marketing time of 33 days. The latter rate registers a modest decline that one could almost write off as seasonal, except a closer examination of those summer months tells a different story.

Let's see if the “shaky” perception of the market is a more recent development than the broader statistics indicate by comparing the absorption rates of the last four months, month by month: May 36%, June 37%, July 19%, August 17%. So there it is; the market slowed considerably in July and August. While it is typical for real estate activity to wane in August, there is a feeling that these numbers reflect the recently increased uncertainty in other aspects of our lives.

There is an interesting nuance hidden in the aforementioned statistics. Notice that the

*(Continued on page 2)*

### NEIGHBORHOOD NEWS

In my last newsletter, I reported that the year had begun with twelve home sales in Glen Echo Heights (the legal subdivision that includes Mohican Hills) and now, four months later, I am about to report twenty-one more! The months of May through August were busy indeed and included sales that ranged from \$565,000 to \$2,000,000, with an **average price of \$1,129,214**. The average marketing time was 37 days and fourteen of the homes got a contract in 30 days or less—eight of them within 10 days of coming on the market. For your reference, the average sale price in the neighborhood last year was only \$871,625. Clearly, real estate activity this year has been vibrant and the average price has improved dramatically.

Taken as a group, the 21 sales over the past four months sold for 97.1% of their asking price at the time of contract. However, an analysis of the sales under a million dollars reveals that this group of twelve sold for three tenths of a percent MORE than the list price at the time of contract. Five of these sales were closed at a price in excess of the asking price.

The average price is up, in part, because there were two sales of \$2,000,000 during this period and

the interesting fact is that neither one was a brand new home. One of the houses, **6214 Dahlonge Road**, is an arts and crafts dream house that was built in 2005 by the locally



renowned Bethesda Builders, who have contributed several tasteful new homes to the neighborhood over the years. The other, **5432 Mohican Road** is a huge, Nantucket influenced design that was finished in 2008.

Over the past several years, a sale at that level was almost



always a new build. That is not to say that these exquisite homes were not drop-dead gorgeous, but there is a certain premium associated with “all-new” construction and it is good to see that a few years of age did not prevent their quality from shining through.

*(Continued on page 2)*

## MARKET NEWS...

(Continued from page 1)

absorption rate for each of the individual months is less than the rate for its four month period. That is because the monthly rates show only the listings that went under contract within *that month*, whereas the broader period gives credit for a listing that went on to sell in the next month or two. Some of the homes would have been listed in the later part of the month and went on to sell in only a couple of weeks, but that put them into the *next* month. It still comes down to the fact that the marketing time so far this year has been relatively short.

You might be interested to know how these sale statistics stack up against the same time period last year. The answer is, not very well. For the months of May—August of 2010, there were 224 detached homes listed in Bethesda, of which 167 of them sold. That calculates to an absorption rate of 75% - significantly better than this year's 54%. The early decrease in summer sales for July is largely responsible for the difference. The absorption rate for July 2010 was 40% - more than *twice the rate* of this past July.

So where does that leave us here in September? Well, we are about to find out because there have been numerous new listings this fall, with more on the way I am sure. This will be a good test to see if the summer doldrums were temporary or not. It will be interesting to see if the buying public can gain enough confidence to take advantage of the most amazing mortgage interest rates we have ever seen! As I write this, a 30-year fixed rate conforming loan (up to \$417,000) can be had at about 4% with no points. Even high balance loans (above \$625,500) are available under 5%. It is truly an opportunity that may not present itself again for many years!

One can certainly understand how listening to the economic news could give a potential homebuyer pause and some of those people are making the decision to rent instead of buying. It is not a perfect solution to rent because there are important aspects of living in a home that are missing as a tenant. People who have been accustomed to making their own decisions as owners, often find it irritating to have to ask permission to paint a room or hang some shutters. Being at the mercy of an inattentive owner for a critical repair like a failed air conditioner in the middle of the summer is more than upsetting. I have witnessed the severe inconvenience of families having to move after only a year because the owner decided to sell the house they were renting. And in today's tight rental market, it can be very challenging to find a suitable house where they can move that is in the same school district.

Real estate sales may not be the best they have ever been, but buying a home in Bethesda is still one of the most stable investments one can make. Moreover, there is a pride that comes with living in a home that is yours, and yours alone.

## Neighborhood News...

(Continued from page 1)

The next highest sale these past four months was my listing at **6212 Wiscasset Road** which was a brand new home. This excellent home built by Rasevic Construction is sited on a terrific walk-out basement lot with a side-loaded two-car garage. The unique second floor layout includes four bedrooms, each with an en-suite bath, plus two cool reading or study nooks that make it one of the most interesting designs I have seen. It sold for \$1,900,000.



As I write this letter, there are three homes in the neighborhood that are under contract, pending settlement. One of those is my listing at **7225 MacArthur Blvd.**, the "House on the Hill" as it has come to be known. This is one of the coolest properties I have ever represented. Sited on a beautiful, private acre and a half, this Victorian influenced home was built in 1913 and retains much of its original charm. Its need for a serious renovation does not detract from the romance of the rounded master bedroom or the huge wrap-around enclosed porch. The property is listed for \$1,499,000 and the purchasers plan to work with the existing structure to create their dream home.



It is a commonly held thought that because Bethesda is such an affluent area, that the foreclosure crisis skipped us completely. The truth is that there have been some foreclosures sprinkled among us, including the recent listing at 5400 Mohican Road. Built in 2000, this massive property has over 10,000 square feet of finished space! It is a prime example of the excessive exuberance of the housing boom. Tax assessed at \$2,348,300, it is being offered for sale at a price of \$1,596,900.

*One of the most important components of a successful house sale is the preparation. The 2012 selling season will begin shortly after the first of the year and it is not too early to start planning the improvements that will make your house shine! Some jobs are time consuming and you may want to get several estimates from which to choose. Other repairs are weather-dependent, like exterior painting. It can be beneficial to handle those repairs earlier, rather than later, in case you find that you want to take advantage of a selling opportunity that comes before the weather breaks. If you like, I can give you advice on which enhancements will provide the best return on investment.*

**Robert Jenets**

**Vice President & Associate Broker**

**(301) 257-3200**

**RobertJenets.com**

