

GLEN ECHO HEIGHTS

REAL ESTATE NEWS

by

Robert Jenets

Fall 2012

MARKET REPORT

If you elect me to be the “Czar of Real Estate” in Bethesda, I promise to give you an environment in which home values are relatively stable, marketing times are reasonably short, interest rates are UNBELIEVABLY LOW and a home can be bought or sold at a fair price. Oh wait, that’s what we have now! ...Oh well, I didn’t really want to be the Czar anyway.



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All kidding aside, that about sums it up for the state of the market over the summer. It was business as usual with the very desirable homes generating multiple offers in many cases while other homes took a little longer to find their price point. Make no mistake, the buying public is still being careful about getting what they consider to be a good deal on a house. Their lingering concerns about the state of the economy and uncertainty about where things are going continue to cause people to try and buffer

their purchase against the possibility of any further decline in value.

There have been 547 detached home sales with a Bethesda address so far this year at an average price of \$953,189. That average price is down just a bit compared with Bethesda’s average price in 2011 of \$983,104. That number is slightly deceptive because there was one unusually high sale last year in Edgemoor for \$10,000,000! That is an outlier statistic which, if dropped from the data, results in the average for 2011 being \$970,278. So the year-to-date average is down about 3% from the prior year.

Zeroing in on the 20816 Zip Code through the end of August, we see that there have been 121 detached home sales at an average price of \$977,959. Looking back at last year, for the same period of time (Jan-Aug), there were 114 sales at an average price of \$1,031,439. So, it is encouraging that there have been a few more sales than last year but the average price is down about 5%. Also, the average marketing time is a little longer this year compared with last. In 2011 it was 50 days and this year the average home was on the market for 65 days before getting a contract.

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NEIGHBORHOOD NEWS

Home sale statistics taken from the Metropolitan Regional Information Service for the time period from May 1st through August 31st of this year include **fifteen sales** from the neighborhood of Glen Echo Heights, which legal subdivision includes Mohican Hills. The average price of those sales was **\$1,109,593** with an average marketing time of 54 days. During the same four months last year, the average price was \$1,129,214 with a marketing time of only 37 days. Needless to say we don’t get too worked up over the difference in one small part of a year’s statistics but, for those who may be interested, that represents a decrease of about 1.8%. The year-end totals will be more meaningful for gauging the direction of neighborhood values.

The difference in the high and low sale prices is typical for Glen Echo Heights; they range from \$668,000 to \$2,100,000. In examining the list of sales, it is interesting to see the price groupings. Nine of the sales are between \$668,000 and \$825,000 and then there is a price gap before reaching the cluster at \$1,225,000—\$1,325,000, a gap of \$400,000. That is an important void because, for most people selling a house in the \$700’s, \$1.2M is too big a jump to make. Those buyers are looking for something around \$1M, a range that has been lacking for the past year and a half in the neighborhood.

The next price gap spans a range of \$625,900! After the sale at \$1,325,000, the next higher sales are all the way up at \$1,950,900, \$2,052,000 and \$2,100,000. At this writing there are three homes for sale on either side of \$1.5M so we may see this gap fill in by the end of the year.

One of the sales in the middle price cluster was my listing at 6312 Walhonding Road which sold for \$1,275,000. Set well back from the street, this impressive home is larger than it appears, offering approximately 5,000 square feet of beautifully finished living space. The main level has a very large gourmet kitchen and breakfast area that flows nicely to the adjacent family room with its cathedral ceiling and floor to ceiling stone fireplace. Upstairs, the luxurious master suite includes a cozy



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A year ago I reported that the absorption rate (the number of sales divided by the number of listings) for the time period from May through August was 54%, the result of peculiarly slow sales in July and August of that year. The absorption rate for that same time period this year is a healthy 69%. Clearly, there is a strong and continuing demand for housing in the Bethesda area and, with this year's relatively limited supply, the market has been fairly competitive.

As we all know, the DC Metropolitan area is blessed with favorable employment opportunities. In July, the Bureau of Labor Statistics reported the unemployment rate for Washington, DC to be 5.6% compared with the national rate of 8.3%. This, in combination with the transient nature of the area, is largely responsible for the consistency and resilience of our real estate market over the years.

You might be interested in a comparison of home sales in the Bethesda/Chevy Chase Zip Codes (20812, 20814, 20815, 20816, 20817, 20818) with sales in Northwest DC. The year-to-date absorption rate for single family homes in the two areas is identical—80%, although the number of transactions for DC is more than double. That is understandable with Northwest DC having a much higher density than the suburbs. However, the condo market in DC is a little stronger, showing a sales rate of 85% compared with our area's 80% rate.

I made reference on page one to the fact that some listings this year have generated multiple offers while others have struggled to get a contract. The main reason for that discrepancy is condition. There is still no substitute for carefully preparing a house for market to give it that "excitement factor." At this time of year I like to remind people that, if you have even tentative plans to sell your home in the spring, think ahead and schedule those repairs or upgrades that may be weather dependent. Many people ask me for advice about how to spruce-up their home for sale and I am happy to meet with anyone who would like my help.

I am happy to say that the September market has gotten off to a little better start than those of the last five years. It used to be that, immediately after Labor Day, there would be an influx of new listings and the Fall market would get underway. But for the past several years, September has tended to be very slow with only a modest increase in activity toward the end of the month. This year is somewhat different. As I am writing this in mid-September, there have already been 55 new single family homes listed for sale in Bethesda since September 1st, eleven of them in the 20816 Zip Code. There have also been 18 new Bethesda condo listings since the first of September. In a market starved for product, this increase in the number of homes for sale is exactly what is needed to reignite buyer interest for a strong finish to the real estate year.

NEIGHBORHOOD NEWS...

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sitting area with a gas fireplace and a sizable exercise room.

Detailed information and photos of all of the neighborhood sales included in the data for this May—August newsletter can be accessed through my website at: RobertJenets.com/summer-sales.

You may have seen my sign on the home presently under construction at 6203 Walhonding Road. I am proud to report that the property is under contract and should be completed in early 2013.

At this writing there are ten homes actively for sale in Glen Echo Heights ranging in price from \$739,000 to \$6,499,000. The homes located at 6007 Massachusetts Avenue and 5204 Sangamore Road, listed for \$659,000 and \$699,000 respectively, are now under contract, pending settlement.

IMPORTANT ANNOUNCEMENT

Prior to 2008, an owner occupied home was automatically granted the MD Homestead Tax Credit which limits any increase in the assessed value to 10% per year. However, effective January 1, 2008, the Maryland General Assembly passed legislation requiring that owner occupants file a One-Time Homestead Tax Credit Application in order to continue receiving the tax credit. Homebuyers who have purchased a home in Maryland since that date have been informed of the requirement to file, usually by the settlement attorney. Persons who owned their homes prior to 2008 were given until December 31, 2012 to file their applications, but there has not been much publicity of this requirement. Recently you should have received a letter informing you of the need to file this application. Failure to do so will cause the credit to be disallowed as of July 1, 2013, resulting in a potentially large increase in one's property tax bill.

To determine if an application has been filed for your property, go to the SDAT website at: <http://www.dat.state.md.us>. Click on the Real Property page to find your address and you will see at the bottom of the page your Homestead Application Status. If it indicates that you have already filed, you need to do nothing more.

If the website indicates that an application has not been filed for your property, you can print the application from the website or call 1-866-650-8783 to request an access code so that you can file electronically. If you need help with this, contact me and I can check your status for you and offer guidance on how to file the application.

If you would like more information or have questions about real estate in Glen Echo Heights, phone or email me and I will be glad to help.

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