

GLEN ECHO HEIGHTS

REAL ESTATE NEWS FROM

Robert Jenets

January 2013

MARKET REPORT

It wasn't very long ago that every article or report about the real estate market was negative and it seemed like we would never dig our way out of the hole created by the housing crisis of 2008. Apparently, we have, because now the media reports cite widespread improvement in housing prices and are quite optimistic about the outlook for an accelerating real estate market in 2013. That is not to say that the *number* of home sales has increased yet, but the sparse inventory is certainly one of the primary drivers behind rising prices. Our local multiple listing service (MRIS) reported a 10.5% year-over-year increase in the value of resale homes in the greater Washington DC Metropolitan area for 2012.

Certain markets are more robust than others with the District of Columbia leading the way. In American University Park, for example, 37 of the 62 detached home sales there last year had a single digit number of days on the market before getting a contract and the average sale price was *greater* than the average asking price. Condominium sales were also excellent in Northwest DC last year with 2,142 sales at an average price of \$456,162—about 98% of the asking price.



Robert Jenets
#1 in Listings for 20816

The MRIS reported 164 sales in the 20816 Zip Code last year and the chart below tracks the average price over the last five years:

ZIP CODE 20816

| YEAR | # OF SALES | AVERAGE PRICE |
|------|------------|---------------|
| 2008 | 152 | \$1,058,592 |
| 2009 | 172 | 964,754 |
| 2010 | 167 | 947,751 |
| 2011 | 153 | 1,020,010 |
| 2012 | 164 | 960,131 |

In addition to the sales reported in MRIS, the public record shows seven non-mls sales in the **20816 Zip Code**, for a total of **171 sales** last year at an **average price of \$956,067**. Examining the chart above, one could reason that the 8.4% increase in 2011 was somewhat of an aberration and that prices have really been kind of steady since the overall market correction of 2008.

The three Bethesda Zip Codes combined for 762 home sales last year which represents a sizable increase over the 714 sales of 2011. It is interesting that almost all of that greater number is attributable to 20817, which normally has the highest number of sales anyway but jumped from 354 sales in 2011 to 407 sales in 2012. However, all three Zip Codes saw a statistical decrease in their average sale prices (see the chart below) whereas Chevy Chase, on the other hand, had three more sales than the prior year and registered an increase of 8.4% in the average 20815 sale price.

STATISTICS by ZIP CODE—2012

| | # of Sales | Average Price | %Change from '11 |
|-------|------------|---------------|------------------|
| 20814 | 191 | \$ 910,116 | - 7.7% |
| 20815 | 228 | 1,245,667 | + 8.4% |
| 20816 | 171 | 956,067 | - 5.7% |
| 20817 | 407 | 960,408 | - .7% |

(Continued on page 2)

NEIGHBORHOOD NEWS

The pace of home sales was steady last year in Glen Echo Heights (which legal subdivision includes Mohican Hills), although the average sale price was lower than it was the year before. The MRIS shows 28 sales for the neighborhood in 2012 and there was one non-mls sale for a total of **29 sales** at an **average price of \$1,017,272**. (There were 30 sales in 2011.) Looking back, it seems that 2011 was an especially good year for home sales so it is consistent with the greater Bethesda area that the average price for Glen Echo Heights in 2012 is lower than it was for 2011—statistically, **down 9.2%**. As I pointed out in the MARKET REPORT, the average price has been hovering around the value range that settled in after the “recent unpleasantness” of 2008 and a new upward trend has yet to be firmly established.

The number of days that a home was on the market before getting a contract was not appreciably different from what it was in 2011. That year it was 63 days (although there was one extremely long listing, without which the average would have been 51 days) compared with 2012's **average marketing time of 57 days**.

There are some interesting differences between the list of sales from last year compared with the sales from 2011. In 2011 there was one sale at \$565,000 and then everything after that was above \$700,000. In the list below you will see that there are *eight* sales in the \$600's before reaching the \$700K level.

It is also unusual that 2011 had nine sales in the \$800's compared with only two in that price range during 2012. The lists become much more similar in the upper price ranges, each with one sale in the \$900's and nearly the same number of seven figure sales. At the very top end, there were four in 2011 versus three sales last year around the \$2M mark.

Here is the list of sales from 2012:

| | | | |
|-------------------------------|------|--------|------------|
| 6203 Walhonding Rd *** | 3 BR | 2 BA | \$ 600,000 |
| 5320 Sangamore Rd | 3 BR | 3 BA | 630,000 |
| 6007 Massachusetts Av | 3 BR | 2.5 BA | 634,500 |
| 6407 Dahlonga Rd | 4 BR | 2 BA | 668,000 |
| 6420 Wiscasset Rd | — | — | 675,000 |
| 6107 Wiscasset Rd | 3 BR | 3 BA | 682,500 |
| 5204 Sangamore Rd | 4 BR | 2.5 BA | 685,000 |
| 6008 Namakagan Rd | 4 BR | 2.5 BA | 685,000 |
| 5126 Waukesha Rd | 3 BR | 3 BA | 700,000 |
| 6202 Dahlonga Rd | 3 BR | 3 BA | 715,000 |
| 6320 Walhonding Rd | 4 BR | 2.5 BA | 730,000 |
| 5116 Wehawken Rd | 4 BR | 2.5 BA | 730,000 |
| 5111 Wissioming Rd | 3 BR | 2 BA | 740,000 |
| 6508 Wiscasset Rd | 3 BR | 2.5 BA | 745,000 |
| 5219 Wapakoneta Rd | 5 BR | 2.5 BA | 749,000 |
| 6601 Rivercrest Ct | 5 BR | 3 BA | 789,000 |
| 6302 Massachusetts Av | 4 BR | 3.5 BA | 800,000 |
| 6104 Massachusetts Av | 4 BR | 3.5 BA | 825,000 |
| 5026 Wissioming Rd | 4 BR | 3.5 BA | 900,000 |
| 5204 Wissioming Rd | 5 BR | 4.5 BA | 1,225,000 |
| 6312 Walhonding Rd *** | 5 BR | 3.5 BA | 1,275,000 |
| 5210 Wissioming Rd | 5 BR | 4.5 BA | 1,325,000 |
| 5208 Wissioming Rd | 6 BR | 6 BA | 1,325,000 |
| 6201 Walhonding Rd | 5 BR | 4.5 BA | 1,450,000 |
| 5400 Mohican Rd | 5 BR | 5.5 BA | 1,480,000 |
| 5504 Mohican Rd | 5 BR | 4.5 BA | 1,635,000 |
| 5402 Waneta Rd | 6 BR | 4.5 BA | 1,950,900 |
| 5316 Wehawken Rd | 5 BR | 4.5 BA | 2,052,000 |
| 5113 Wapakoneta Rd | 6 BR | 6 BA | 2,100,000 |

*** Robert Jenets Sale

(Continued on page 2)

MARKET REPORT...

(Continued from page 1)

One factor contributing to the undulation of the average price is the number of expensive homes that happen to sell in a particular year. For example, in *both* 2011 and 2012, there were five sales around \$2M but there was a significant difference in the number of homes between \$1.5M and \$1.9M. Last year there were only five sales in that range as compared with 13 the year before. That is most likely coincidental, but it has an effect on the average price. While the market can certainly be considered stable and healthy, there is still some occasional uncertainty that results in short term price fluctuations. The fact is that our market is holding its own and there is every reason to expect a strong rebound in 2013.

One thing I have learned in my 29 years in the real estate business is that you can only be certain of the present. Everything else is guesswork and trying to “time the market” is risky business. The most obvious example of short term timing is when the owner of a property delays marketing in the early part of the year, thinking that the market will be better once things green up in the spring. That may or may not work out but for the past several years, sales in the winter have been very brisk—no pun intended. Clearly, it is the lack of competing properties combined with the buying public’s urge to act after the new year begins that results in a surprisingly robust sales environment. Unless there are other scheduling considerations that dictate a later marketing time (like not being able to move until mid-summer) there is a definite advantage to being for sale when few others are.

Another circumstance that sometimes causes an owner to try and “time the market” occurs when people do *not* have to rely on the sale of their present home to facilitate the purchase of their next home. In that instance, an owner often wonders if holding on to their present home as a rental property for a few years makes more sense than selling now, especially if they purchased in the past several years at a higher price.

There are many aspects to consider when analyzing the pros and cons of that decision. While it would be hard to argue the wisdom of having Bethesda real estate as part of one’s investment portfolio, the potential for owing capital gains tax upon its eventual sale must be factored into the equation. The capital gains tax exemption, at present, applies only if you occupied the house as your principal residence for two of the last five years. So you could only rent the home for two to two and a half years before you would have to sell it, prior to the end of year three, to maintain your exemption.

Then there is the fact that a tenant is not likely to maintain the condition of the property as well as an owner, so it is likely that some renovation would be necessary before marketing the home. That would mean carrying the house vacant for a few (or several) months with no rental income, which would have to be included in the calculations of any potential net gain. When you factor in the renovation and carrying costs, plus the possible capital gains tax, delaying the sale for a couple years would mean that the value of the home would have to have risen by many thousands of dollars in those two years to offset the added expenses. Short term renting is most often just a way to delay the inevitable. Unless one plans to hold the property long term, it probably makes more sense to take advantage of its owner-occupied condition for the sale.

That brings me all the way back to my statement that the only thing about real estate that you can know for certain is the present. I, for one, would not like to bet any significant amount of money that the conditions for selling and/or buying a home will be better two or three years from now. NOW IS TERRIFIC! I sometimes think it is lost on people how special an opportunity we have at this time to take advantage of astoundingly low interest rates to make your housing dreams come true, at a much more affordable number than would be the case even at interest rates like we had in 2005. Making a move from one home to another is not as easy as it was in 2005 but people are doing it everyday. It is a great time to satisfy your real estate needs or desires and I am confident that in most cases, I can help make your hope a reality.

NEIGHBORHOOD NEWS ...

(Continued from page 1)

The type of homes that come up for sale in any given year is somewhat random and when the number of modest homes is high, their commensurately lower sale prices will cause a lower average price. For example, some modest homes are affected by a term in real estate known as “functional obsolescence”. In today’s usage, people prefer to have more than one bathroom on the bedroom level, so a home lacking this feature is said to be functionally obsolete. In examining the features of the homes that sold last year for \$700,000 or less, five of those eight properties had only one bath on the level with multiple bedrooms, i.e. no private master bath. Not surprisingly, these homes sold in the lower price range.

In some cases, the issues with a house that detract from its value are incurable. For example, homes without basements sell for less than they would if they had basements. There is not much you can do about that. However, some items can be overcome. In the example of a home lacking a master bath, it is often possible to add a bathroom to improve the functionality of the home and thereby increase its value. If you are considering the sale of your home and wonder if there is a condition that could be addressed to yield a higher market value, you are welcome to contact me and I will be happy to advise you based on my extensive experience in these matters.

It has been said before but bears repeating that, under the current regulations for obtaining a mortgage, many buyers have less residual cash to make repairs to the home they buy. Also, people are very busy with their jobs and lack the time and experience to deal with extensive renovations. Therefore, presenting a home for sale in excellent condition will pay handsome dividends in today’s market.

At this writing there are four Glen Echo Heights **homes under contract**, pending settlement:

| | |
|---------------------|------------------------|
| 7215 MacArthur Blvd | List Price—\$799,000 |
| 6204 Walhonding Rd | List Price—\$1,270,000 |
| 5320 Wapakoneta Rd | List Price—\$2,700,000 |
| 24 Wissioming Ct | List Price—\$5,500,000 |

Needless to say there will be a serious change in the average price once this batch settles. At the moment there are **ten homes actively on the market** for sale, ranging in price from \$799,000 to \$2,299,000. Buyer demand has been very strong since the new year began and I am optimistic of a healthy climate for home sales in the neighborhood this spring.

CONDO FOR SALE

I want to tell you about a unique condominium that I have listed for sale in Sumner Square, the townhome community on the left of Sangamore Road, just before you get to the Little Falls Mall. Most of those townhomes are two levels and do not include a basement. The buildings are designed with lower level condos that each extend underneath two of the townhomes. Although on the lower level, this large unit (1,413 square feet) has three double sliding glass doors to a private patio in the rear. There are two bedrooms and two full baths—the master bath has been totally renovated and is beautiful! The table-sized kitchen has granite counters and a pass-thru opening to a huge “great room” that is the main living area. The condo fee is very low (\$298/mo.) and the electric bill averages less than \$100 per month. This rarely available residence is listed at a price of \$555,000. Contact me if you would like to see it.

The scope of this newsletter does not allow for multiple pictures and more detailed information about each of the sales from last year. For that, you may visit my website, www.robertjenets.com, where you will be able to access the listing information and pictures from the MRIS database.

Robert Jenets

Vice President & Associate Broker

(301) 257-3200



www.robertjenets.com

