

REAL ESTATE NEWS

for

GLEN ECHO HEIGHTS (INCLUDING MOHICAN HILLS)

by

Robert Jenets

MARKET NEWS

In the 1960's a rock band named Buffalo Springfield sang, "There's something happenin' here...what it is ain't exactly clear..." Those words may be applied to the 2013 real estate market in Bethesda because *it is happening!* The pace and intensity of home sales this year has been reminiscent of the wild market we experienced in the early 2000's. What isn't clear are the exact reasons for this strong performance and for how long it will continue at this pace.



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For the Zip Code 20816, all of the important indicators are better this year than last – the number of sales is up by about 28%, marketing time is down 9% and the average price rose by almost 5%. The increased number of sales is a little surprising because there has been much publicity about the low inventory of available houses. The fact that sales rose in spite of it speaks to how competitive it has been for buyers this year. There have been many instances where sellers are choosing among multiple offers and the terms of those offers have been more aggressive than what we were seeing the past couple of years. **The average sale price for detached homes in 20816 during the first six months of the year was \$1,028,449.**

The strong pool of buyers may be explained by the fact that the economy has been steadily improving and consumers are feeling cautiously more confident. The housing crisis of 2008 forced many potential buyers to the sidelines while they waited to see what was going to happen

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NEIGHBORHOOD NEWS

Home sale activity here in Glen Echo Heights has been greater than usual this year with **29 homes sold year-to-date** and two more under contract, pending settlement. That already exceeds the total number of transactions for each of the last two years. The average marketing time was 91 days but the real story is told by the fact that **14 of those homes went under contract in twelve days or less.** It should come as no surprise that the bulk of those quick sales occurred in the price range under \$1,020,000 and I know that at least three of those homes were sold without ever coming on the open market.

The numbers above reflect *all* closings that have occurred so far this year but it is even more telling to examine the activity restricted to this calendar year. There have been 25 homes *listed since January 1st* in the neighborhood and 21 of those are either sold or under contract! That is an **absorption rate of 84%** which is very high considering that last year I was bragging about an absorption rate of 69%.

The **average price** of the home sales in the neighborhood so far this year is **\$1,196,623**, compared with last year's average of \$1,017,272. Admittedly, the average for this year includes the raging spring market and could end up being brought a little lower by the end of the year if the fall market does not keep pace. But if it holds, it would put 2013 among the three highest priced years ever.

There are some interesting aspects to the data thus far for 2013. For instance, of the 29 settled cases, the top 11 were homes built after the year 2000. For better or worse, Glen Echo Heights has seen a good deal of new home activity over the years and the public seems to value the attributes of the newer designs.

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MARKET NEWS...

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with the market. However, the Washington area has been one of the best job markets in the country and we have had a steady influx of people who need a place to live. Many of those people probably chose to rent for a while, possibly because they hadn't sold their home in Indiana or because they weren't familiar with the area. Maybe their house sold for less than they had hoped and some time was needed to get their finances back in order. There may be other reasons as well but it seems evident that many of those people who waited have crossed over to swell the ranks of people trying to buy a house in Bethesda.

The anemic inventory of available homes has caused agents to work harder and more creatively to find homes for their buyer clients. With my reputation as one of the most active agents in this area, I have had an unprecedented number of inquiries from agents asking me if I have any homes that are not yet on the market that they could present to their clients. There is a lot of sharing among agents and similarly, I have had to use my network to find homes for my buyer clients. Five of my twenty-six sales so far this year were homes that never made it to the market! That speaks to the added value of using an agent who specializes in the area where you want to buy or sell, but ultimately, it is how experienced and conscientious the agent is that gives you the best chance for success in this market.

Certainly it is a combination of factors that has caused this surge in home sales but the realization on the part of prospective buyers that mortgage interest rates cannot stay this low forever must have played a part. Mortgage rates hit bottom in April and a 30-year fixed rate mortgage of \$417,000 might have been 3.125% at that time. Interest rates have risen in the past few weeks and today that same mortgage rate might be 4.375%. Though, on a positive note, "jumbo" rates, which are usually higher, are available from 1st Mariner Mortgage at about that same level. So let's not fall into any "missed the boat" thinking because today's rates are still excellent. For a little perspective, check out the chart to the right which shows the history of mortgage interest rates since May of 1980.

Neighborhood News...

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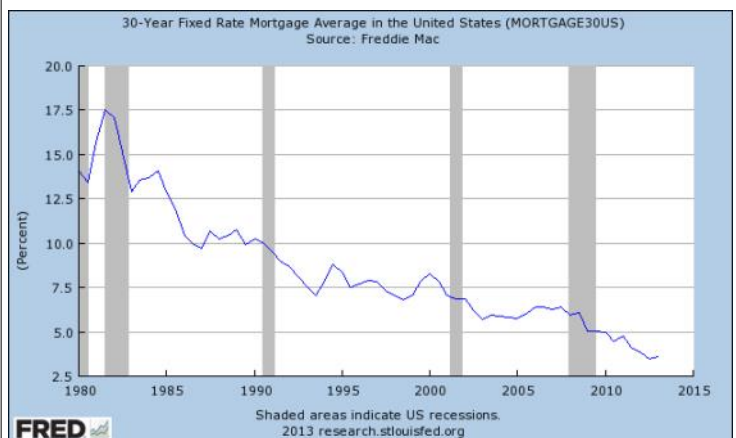
The lowest price for one of these newer products was a smaller home with a tiny lot on Waukesha Road that sold for \$1,365,000 and the group "topped out" with a



home on Wapakoneta Road (above) by Tulacro Construction, built in 2009, that went for \$2,550,000.

The sales so far this year are split right down the middle at \$1,000,000 with half below that breakpoint and half above. With several homes on the market and four months to go, this should be a banner real estate year for Glen Echo Heights and Mohican Hills.

It is refreshing to have good news in the real estate market after several years of doom and gloom but prudence suggests that we measure our enthusiasm to a degree. The summer months of July and August, which are normally a little slower anyway, were accompanied this year by rising interest rates, resulting in a more relaxed pace at the moment. But as you can see below, interest rates are still fantastic and there is optimism among the prognosticators for the market to intensify in the Fall and maintain momentum for a strong finish to the year. Let's hope so!



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