

GLEN ECHO HEIGHTS (INCLUDING MOHICAN HILLS)

REAL ESTATE NEWS FROM

Robert Jenets

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MARKET REPORT

Frank Sinatra once sang, "When I was seventeen, it was a very good year..." Well, I can't claim to be that age (except as a multiple that shall remain unstated!) but the rest of the line applies perfectly to the Bethesda real estate market of 2013—it was indeed a very good year! Notice that I am not saying that it was the best year (we have seen higher average prices and more sales in years past) but it ranks high enough to invite comparisons with our best years ever. Speaking of which, on a personal level, I have to thank everyone whose support contributed to 2013 being my highest achieving year since entering the real estate profession 30 years ago—I am truly grateful.

Since the turn of the century (the 21st, that is), the greatest number of single family home sales for the Zip Code 20816 was recorded in 2005 (surprise!) when there were 279 transactions. That figure dropped to 234 sales in 2006 and then into the 100's for the next six years. Last year there were 200 sales reported in the MRIS and my investigation of the public record yielded 14 direct sales for a total of 214—the first time since 2006 that we have seen more than 200 homes turn over in a year.



Robert Jenets
Vice President

The average sale price for our Zip Code peaked in 2007 at \$1,071,393. **The average sale price for detached homes in 2013 was \$1,025,023**, which represents the highest average sale price for 20816 since 2008. The average sale price in 2012 was only \$960,131 which means that we saw a **statistical increase of 6.8%** last year. While homeowners always appreciate an increase in value, I think the increase in the number of sales may be the more encouraging statistic of the two.

ZIP CODE 20816

YEAR	# OF SALES	AVERAGE PRICE
2009	172	\$ 964,754
2010	167	947,751
2011	153	1,020,010
2012	164	960,131
2013	214	1,025,023

Certainly, the greater number of sales can be attributed partially to the record low interest rates that were available for much of the year, but to a greater degree it reflects the public's improving confidence in the economic recovery. Another factor worth noting is that the high sale numbers from 2005 and 2006 were achieved when there were far more aggressive mortgage options available to buyers and sellers. Remember that banks were still offering loans with low down payments, limited documentation, and interest only which made it easy to buy your next home independently of the sale of your present home. The number of home sales that took place last year is particularly impressive when you consider the more rigorous loan qualification process that buyers must navigate in today's mortgage market.

The three Bethesda Zip Codes combined for 867 home sales last year (see chart on page 2) which represents a sizable increase over the 762 sales of 2012. The increase in sales was greatest in 20816 which clocked 25% more transactions than the year before and 20817 saw 12.5% more sales. While 20814 had only four more sales, that Zip Code

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NEIGHBORHOOD NEWS

Last year's home sale activity was greater than usual in Glen Echo Heights (which legal subdivision includes Mohican Hills), surpassing the number of transactions that happened in 2012 by a dozen. With a robust **41 sales**, 2013 posted the *second highest number of sales* since I began keeping statistics for the neighborhood in 1996. Only 2004 had a greater turnover with a whopping 55 sales that year!

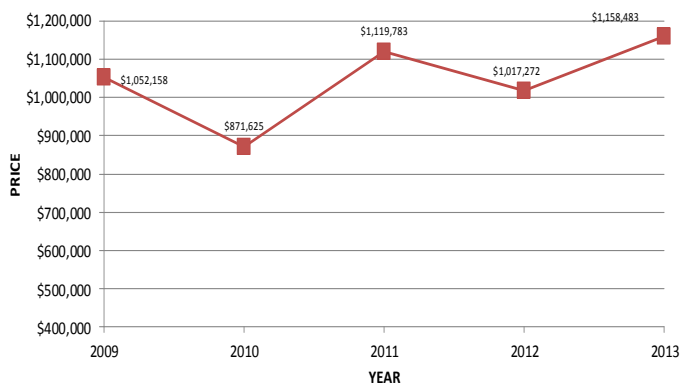
The average price of Glen Echo Heights homes in 2013 was \$1,158,453—exceeding 2012's average price by **12.2%**. Now before you get too excited, you need to know that a contemporary house overlooking the Potomac River, **24 Wissioming Court**, (right)

was sold privately for \$3.5M—the high sale for the year. That one sale certainly has an impact on the math and the average price would not have risen so dramatically without it. But, even removing that sale from the data, the average price would have been \$1,099,915. Compared with the 2012 average of \$1,017,272 we are still looking at a very substantial appreciation figure of 7.5%.



You have heard many times how lucky we are to live in this "bubble" where our home prices did not suffer the catastrophic decline that befell many areas of the country. Since "that recent unpleasantness" that began in 2008, home values in Glen Echo Heights have taken three steps forward, two steps back but, as you can see in the chart below, are generally trending upward. The fact is, Glen Echo Heights is a high-quality neighborhood that has held its property values well over a very difficult period in our real estate history.

Glen Echo Heights Prices 2009-2013



The statistic for last year's marketing time is not very impressive (**80 days**) because there were a number of homes that spent an unusually long time for sale. However, about half of the sales happened within three weeks of the home's entry to the market and another handful went under contract within a few months. For a year that was noteworthy in many ways, it is a little surprising that only five sales closed at a price that was higher than the listed price.

One of last year's quiet sales was my listing at **6026 Onondaga Road**. The owner called me in January saying that she wanted to sell her house of 35 years but that it was so full of clutter and an elderly dog that was no longer house trained, it would be impossible to put it on the market. However, knowing how active I am in the neighborhood, she asked me if I could

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MARKET REPORT...

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had the greatest statistical appreciation—a whopping 14.7%. I say “statistical appreciation” because a small data sample is subject to being skewed by a few extraordinary sales. In this case it is worth noting that there were eight sales in Edgemoor above \$2M, including sales of \$3.25M, \$3.925M and \$4M.

Also interesting is the apparent reversal of fortune for Chevy Chase—the only *decrease* on the chart below. You may remember that the 2012 numbers showed a decrease for all of Bethesda while Chevy Chase showed the only positive appreciation. Again, I would hesitate to assign too much significance to these statistical changes in value. I assure you that every home in Chevy Chase did not lose 1.6% in value last year and every house in 20814 did not gain 14.7%.

On a national level, it is reported that home values increased 7.8% in 2013. Although most areas are still below their peak values, they are moving in the right direction. *Home values in our area are gently increasing as well and a steady rise is better for the long term health of the real estate market than would be a dramatic leap in appreciation.*

STATISTICS by ZIP CODE—2013

	# of Sales	Average Price	%Change from '12
20814	195	\$ 1,067,244	+ 14.7%
20815	249	1,226,043	- 1.6%
20816	214	1,025,023	+ 6.8%
20817	458	1,041,996	+ 7.8%

Mortgage interest rates were in motion throughout the year, descending through the first five months to a low of 3.34% and then rising for the later part of the year. I thought that might have caused a significant difference in sales activity between the first half of the year and the second, but not so much. January through June accounted for 103 sales at an average price of \$1,036,640 and July through December, with mortgage rates around 4.35%, hung in there pretty well with 97 sales at an average of \$1,026,351. Not bad...

One aspect of the 2013 market that was a constant topic of news relating to real estate in our area was the short supply of homes available for purchase. As if buying a home isn't stressful enough, the scarcity of choices made the process even more challenging for buyers last year. Buying a home always involves compromising to some degree but prioritizing the most essential criteria and being flexible on the rest is particularly helpful in our present marketplace.

All of this talk about strong demand and short supply might lead one to think that every house that came on the market ended up being sold. That is called the absorption rate and while last year's rate was really good, not every house was sold. Out of 218 detached homes that were listed for sale in the Zip Code 20816, 179 of them sold. That is a healthy absorption rate of 82%. The rate for 2012 was about 77%. I mentioned that 2007 was the peak year for single family home values in 20816 and the absorption rate for that year was about 84%.

What happened to the homes that did not sell? Some may have changed their plans and decided not to sell after all while others will come back on the market this year and try again. I am personally aware of several homes that were listed in 2012 but failed to sell and then came back on the market in 2013 and were sold. In most cases, the owners did something to make the home more appealing by improving the condition or choosing a more realistic price, but for others, the market just saw them in a more flattering light the second time around.

What can we expect from the 2014 real estate market? **Well Frank Sinatra also sang, “We’ve got, HIGH HOPES, we’ve got HIGH HOPES...”** While there is some concern about rising interest rates and the Federal government easing out of buying mortgage backed securities, most indicators are positive for continued improvement in DC area home sales. Kiplinger's prediction for 2014 is listed on littlebighomes.com as “UP”, not only for 2014 but for the next three years! The accuracy rating for their predictions is listed as 76% - we'll see.

NEIGHBORHOOD NEWS ...

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find a buyer without the traditional marketing techniques of a sign, open houses and frequent agent showings, all of which require a level of condition and access that she could not meet.

Indeed, by networking my prospects and fellow agents, I made special arrangements to show the house on a few occasions, with BOLD disclaimers for the compromised showing condition! Even in that rough shape, we managed to find an interested party who had enough imagination to see how nice the house could be and we made the sale. This approach works best when there is not much available inventory and they jump at the chance to see a private offering. If you are thinking of selling your house but can't really handle the normal preparations, call me and we can discuss whether there is an alternative marketing plan that may work for you.

At this writing the spectacular contemporary home at **10 Wissioming Court is under contract**, pending settlement with a list price of \$4,490,000. Similar to the home that sold last year at 24 Wissioming Court, this dramatic home features soaring spaces with huge windows and sharp lines which produce the stark, clean look that appeals to lovers of contemporary homes. Take these award-winning designs and perch them above the Potomac River and it becomes more understandable why these homes command the prices they do.



As I write this letter, there are four properties available for sale in Glen Echo Heights ranging in price from \$995,000 to \$1,825,000. The home at 7001 MacArthur Blvd. is actually being marketed for new development, so there are really only three residences being offered for sale. I am sure that by the time this letter reaches you, there will be new inventory on the market and I am expecting sales activity in the first several months of 2014 to be pretty intense. As much as you hear that mortgage rates are due to rise this year, I spoke with a weighty source who told me that the Fed is unlikely to let rates rise very much in the near term. That being said, it is fair to say that if your plans of the next couple of years involve a real estate sale or purchase, you would be well advised to attend to it now, while the marketplace is ever so conducive.

Here is something that may surprise you: last year in nearby Sumner Village, 29 of those condos were sold with an average marketing time of only 26 days! Sale prices ranged from \$380,000 to \$815,000 with an average price of \$543,620. There were several years not too long ago when sales were very sluggish there but considering the few condo choices available in this part of Bethesda, it makes sense that there should be ample demand for Sumner Village.

SHRED IT DAY

Last March many of you took advantage of the opportunity to safely dispose of your sensitive paper documents in the commercial shredding truck that I arranged to have at the Washington Waldorf School parking lot. I got a lot of positive feedback from that day and decided to make it an annual event. I will send a reminder but put it on your calendar now for March 29th!

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.

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