

GLEN ECHO HEIGHTS (INCLUDING MOHICAN HILLS)

REAL ESTATE NEWS FROM

Robert Jenets

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MARKET REPORT

Often when I am called to consult with a homeowner in the neighborhood about the upcoming sale of their property, I am told that they have a file where they keep all of my past newsletters. I am flattered to hear that they consider the letters informative enough to be saved, but I can't help feeling self-conscious that the content may sometimes seem somewhat repetitive.

That thought came to me as I prepared to write this issue by reviewing some of my earlier letters. I read the first paragraph of my 1996 letter and it said, "...buyers are cautious and continue to be focused on value. As a result, sellers are expected to offer a property that is in excellent condition and accurately priced." Some things about real estate never change—that same statement applies today.



Robert Jenets
Vice President

The same 1996 newsletter went on to say that it was a great time to buy because interest rates were only about 8%! Okay, some things about real estate do change! Let that serve as a reminder of how lucky we have been to have mortgage rates under 5% for the last seven years.

Don't get the wrong idea—although my statement about buyer expectations from 1996 still applies today, the current real estate market is much healthier than it was then. The market was pretty stagnant in 1996 and there were only 10 detached home sales in Zip Code 20816 during the first four months of that year. The same period of time this year saw 47 such sales, and that is particularly good in light of the extraordinarily tough winter we had.

The weather in January, February and even March made it very difficult for sellers to prepare their homes for sale which exacerbated the already low inventory. Though it was messy and hard for buyers to get to the few homes that managed to get on the market, sales were brisk—a testament to the strength of pent-up buyer demand.

I had one memorable open house on a rainy Sunday in March for this home which was new on the market and



attracting a huge number of people. After about an hour and a half, I looked out the window and saw that the rain had turned into snow that was big wet flakes covering the lawn and becoming a thick layer of slush on the road. The flow of people into that open house never wavered and the worst part about it was the huge number of wet shoes strewn around the foyer! The end of the story is a happy one with the house attracting six offers (it was in excellent condition and was priced fairly) and ultimately sold for \$68,000 more than the list price!

But for every success story like that one, there are two or three others that do not enjoy such an idyllic sale process. Again, I know you have heard this before, but it is only the highly desirable, exciting listings that generate such intensity and attract multiple offers. If your house is part of the great average middle, the market is good but not crazy

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NEIGHBORHOOD NEWS

Focusing now on the neighborhood, data taken from MRIS shows that there were seven closings during the first four months of 2014 in the legal subdivision of Glen Echo Heights, which includes Mohican Hills. That is about normal for the neighborhood recently, except for the year 2011 when there were twelve settlements during that first four month time period.

I always marvel at the wide price range here and periodically there will be a giant sale that emphasizes that point. This is one of those occasions because the seven sales range from a low of \$645,000 to \$4,100,000. Make no mistake, those are two very different houses! The sale at \$645,000 (5311 Tuscarawas Road) was never on the market and is currently being offered as a new home to be built for \$1,739,950.

The high sale was one of the two spectacular contemporary homes overlooking the Potomac River, 10

Wissiomg Court. This award winning home was built in 2007 and originally sold for an all-time high \$6.6M. We all know what happened in 2008 and we are still working our way out of that mess. Lower priced



homes have recovered very nicely and in many cases are worth as much or more than they were at the peak. While the market in general is quite bullish, the unfettered enthusiasm that produced sales such as this one has not returned. Who knows when it ever will. So, this time around, the sale price was \$4,100,000—still an impressive number by any measure.

The small data sample of seven units, including one sale that is so far above the rest, renders the statistics for the first four months of the year useless. The average price is not worth mentioning and even the median price of \$1,307,500 is misleading under the circumstances. One statistic that is valid is the average number of days on the market that it took for a home to get a contract. That figure improved from last year's average of 84 days during this time period to this year's average of 69 days, according to RealEstate Business Intelligence, LLC. However, if the five sales currently pending settlement were to be included in the calculation, the average number of days on the market would drop to only 40 days, resulting from four of those five homes selling in 10 days or less.

One of those pending sales is a darling rambler style home located at 5505 Sangamore Road, on the other side of Massachusetts Avenue, but still technically Glen Echo Heights. I represented the buyers for this home which was offered at \$745,000. While there was competition for my buyers from one other offer, I would have expected more. It is my theory that the home may not have been considered by some, due to the Sangamore

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MARKET REPORT...

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and you can expect a more balanced marketing experience.

So what makes a home desirable and exciting? There are two major factors—condition and price. Houses with a recently updated kitchen and renovated baths, good natural lighting, a cheerful feeling, precise landscaping that shows pride of ownership and a fresh paint job using some of today's popular pigments is likely to be a winner that gets potential buyers excited enough to compete for it. That scenario usually translates into an excellent price and terms for the seller after only a few days on the market. But no matter how nice the house is, the asking price must be fair and reasonable to create such a stir. It has been proven that even a great home will fail at the wrong price.

Regardless of condition, an asking price that presents an excellent value will attract a lot of attention as well. Many homes in poor condition have sold with the same intensity as the gorgeously renovated homes, if the list price accurately reflects the need for renovation. One such offering was the home at 5600 Namakagan Road that appeared on the market in



April. Although the house had been cleaned up, the kitchen did not have any appliances or even a finished floor and the baths were disgusting! Still, at \$725,000, on a good lot in such a fine location, there were 10

contracts and the home sold for \$825,000.

Some of those homes in poor condition are so far gone that buyer interest comes from builders planning to raze them and build a new home. The housing market has improved enough over the last few years that the building community is in high gear trying to find infill lots to do their work. Like a canary in the mine shaft, builder activity is the first sign of a good market. The finish line for them is nearly a year in the future so they have to anticipate the demand and buy as soon as they have confidence in the positive market trend.

In the Zip Code 20816 there were 69 detached homes listed for sale during the first four months of the year (down from 83 listings the year before). At this writing, 54 of them are sold or under contract which yields an absorption rate of just over 78%. For comparison, remember, the rate for last year was 82% and in 2012, only 77% of the listed homes eventually sold. Given that perspective, it is fair to say that our local real estate market is good overall, but only *great* for sellers with a home that is distinguished by excellent condition and/or an eye-catching price.

The detached home in our Zip Code that generated the highest escalation over the list price is a rambler style home on Osceola Road. The home was sought after by two distinctly different sets of buyers. Due to the fact that there are no stairs to enter the home, it had great appeal to an older group of buyers looking for essentially one level living. But, because it has a big, bright finished basement that is walk-out level to a terrific, green flat yard, it also drew the young families whose children would make great use of that yard. This home was listed for \$869,000 and attracted eight contracts. The final sale price was \$972,000—\$103,000 over list.

As impressive as that sale was, it was outdone by a home in the 20814 Zip Code on Maple Avenue. The house is a small bungalow built sideways on its 6,000 square foot lot



having only 1,365 square feet of finished living space. Priced at \$650,000 and valued highly for its proximity to Metro and downtown Bethesda, it sold for an astounding \$780,000—\$130,000 over list price! To misquote singer Joni Mitchell, “You don’t know what you got, till you put it on the market!”

NEIGHBORHOOD NEWS ...

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address, who did not realize that it is on the north side of Massachusetts Avenue which sees less traffic than the rest of Sangamore Road.

Another of the pending sales is for the home at 6006 Onondaga Road which recently came on the market for \$830,000. A red brick cape cod with a very attractive street presence, this home attracted two offers within the first few days on the market. The buyer's agent is one of my associates at Stuart & Maury who happens to live in the town of Glen Echo, nearby. I am told that her clients had been trying to buy a home for nearly a year prior to succeeding in this effort. The buyers had gotten frustrated on more than one occasion and “dropped out” of the hunt, but their agent did not give up on the search and ultimately found them a great house.

At this writing there are nine homes actively on the market for sale in the neighborhood. Three of those are new construction in the \$1.7M price range. Two others are smaller homes offered at \$845,000. One of the homes currently for sale is my listing at 1 Wyoming Court. This unique home built in 1990 blends a rustic, arts and crafts exterior with a bright, wide-open interior design. The dramatic floor plan features a two-story foyer and a living



room with a 22 foot vaulted ceiling. There is a balcony overlooking the living room from the upper hallway. There are skylights and a wrap-around deck that give this home an abundance of charm and personality.

There is almost always a lot of real estate activity going on in Glen Echo Heights which makes it an exciting place to do business. I sold my first home in the neighborhood in 1985, a rambler style home on Madawaska Road, and I am proud to say that the home is still owned and occupied by my client! I have focused my attention here for nearly the last twenty years and look forward to helping people buy and sell homes in Glen Echo Heights for many years to come. Thank you for your continued support.

NEW SMOKE ALARM LAW

The law is not really new—it was passed last year and took effect on July 1, 2013—but the requirements of the law may not have come to your attention. In response to fire deaths that were caused, in part, by non-working or disabled smoke alarms, the new law aims to have all existing alarms replaced with sealed alarms that contain a 10-year lithium battery by 2018. The fire code for new construction (including additions) requires 1 alarm in each sleeping room, plus 1 alarm in the common area outside of the sleeping rooms, and at least 1 alarm on each level of the home, including basements. The alarms are required to have AC power and battery backup and must be configured to sound simultaneously. The goal is to save lives by requiring all homes to be upgraded by 2018. As of now, the seller disclosure form used in real estate transactions has been revised to have the seller state the age and type of alarms present in the home.

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