

GLEN ECHO HEIGHTS (INCLUDING MOHICAN HILLS)

REAL ESTATE NEWS FROM

Robert Jenets

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Annual Market Review



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ALL BETHESDA (20814, 20816, 20817)

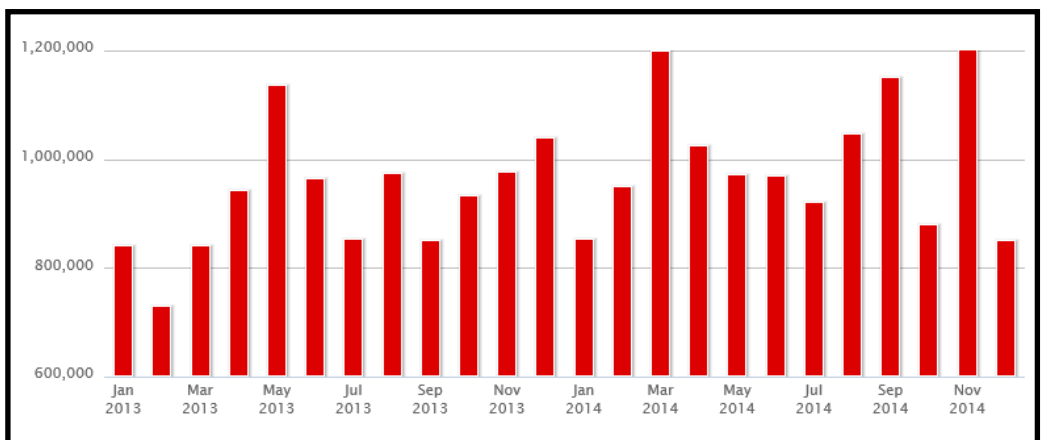
I am not one to sensationalize, so I will just say this without the exclamation point—the 2014 average sale price of homes in Bethesda was greater than the average price at the market peak in 2007. There, I am finally able to say it. Since the market downturn in 2008, I can't tell you the number of times people would ask me if prices had returned to their peak level and each time I had to say, "No, not quite." I must admit there were times between 2007 and 2014 when it seemed that prices would never get back to the peak, and now here they are. Well it's good to get that out of the way!

The average price in **2007** for the 747 detached homes that sold in the *greater Bethesda area* was \$1,052,368. **Last year, 2014, the average price of the 724 recorded sales was \$1,092,652—\$40,000 more.**

The pace and intensity of the market is not as exciting as it was back then but that is probably a good thing. It is a much more balanced market that did not skyrocket but worked its way back gradually so values are more likely to be sustainable. I am sure you have heard about mortgage rates and other financial systems being cyclical and often it is said to be a seven year cycle. How interesting—2007 to 2014—seven years.

ZIP CODE 20816

Consistent with the real estate trends in our area for 2014, there were fewer sales in Zip Code 20816 than the year before, but the average price was higher. Again, focusing just on detached homes (since there are no townhouses or condos in the neighborhood), **the number of sales in the Zip Code dropped from 214 units in 2013 to 186 units**



last year. The average price increased from \$1,025,023 to last year's **average price of \$1,090,568** for an **annual appreciation rate of 6.4%**. The chart above shows the gradual rise in prices from 2013 to 2014. Look at the differences in March and November particularly, for their respective years.

... NEIGHBORHOOD REVIEW ...

Earlier I showed that the average price for the greater Bethesda area is up \$40K over the 2007 peak average. The difference is not as great for the 20816 Zip Code. The average price of 184 single family sales in 2007 was \$1,071,393—at \$1,090,568, the 2014 average sets a new peak by \$19,175. Remember too that the average price reflects the high price paid for above-average homes and there are some below-average properties that would not sell today for the price they may have brought in 2007. But the prices in 2007 were stratospheric and for values to be back in that range has to make a homeowner feel good.

THE NEIGHBORHOOD

Focusing now on Glen Echo Heights (which legal subdivision includes Mohican Hills) the local multiple listing service reports 31 home sales in calendar year 2014. By crosschecking with the public record, I found five more sales that never made it to the mls, bringing the total to **36 sales** for the year. That is down from 2013's 41 sales but to lend a little perspective, there were only 34 sales during 2005. Those 36 sales represent a 4.9% turnover rate and that is still a pretty healthy amount of activity for one year.

The **average sale price** in **Glen Echo Heights** for 2014 was **\$1,287,192**—YIKES! That calculates to be an **increase of** a little more than **11%** over the average price of \$1,158,453 in 2013. Another positive statistic is the significant decrease in the length of marketing time it took for homes in the neighborhood to be sold. The marketing time in 2013 was an unimpressive 80 days—unusually high for this area. Last year's average time on the market rebounded to a more normal 38 days.

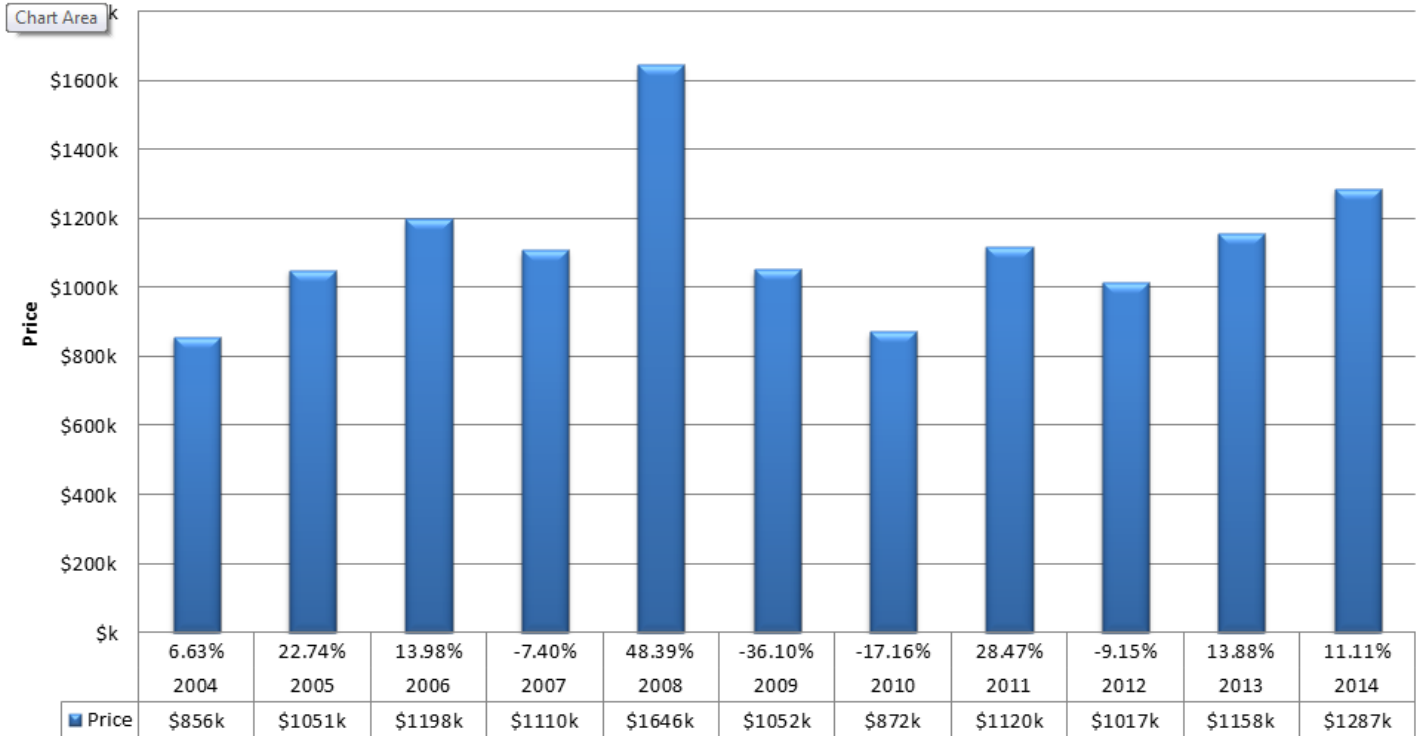
With the wide range of prices found in Glen Echo Heights, the average price may not be the best way to judge value. The average price is susceptible to giving a skewed impression of value if the data sample includes some radically higher or lower sales. A more representative measure of value may be the MEDIAN SALE PRICE which is the midpoint of the data, with half of the sales above and half of the sales below the median price. It is considered to be a more accurate barometer of real estate activity, particularly for a small sample of prices. Including the non-mls sales, the median price for homes in Glen Echo Heights in 2013 was only \$899,000 (even with 15 sales above \$1.25M!) as compared with the **2014 median price of \$1,049,950**. That huge leap represents a 16.8% year-over-year increase in the neighborhood median price! No matter how you analyze the data, these sales statistics for 2014 are remarkable.

Here is something interesting— There are only sixteen homes on the short street that is Iroquois Road and during 2014, four of them sold! Three of them sold to builders who either have, or will soon, build new homes on their respective lots. At 5309 Iroquois the new home already exists and is currently on the market for \$1,899,000. The original home at 5302 has been razed and the foundation for the new home is in place. Only 5207 Iroquois sold to someone who will occupy the home. It is totally coincidental that so much activity took place on one little street in such a short time, but it is certainly noteworthy. Further, the public record shows that the vacant 8,052 sq. ft. lot at the dead end of Iroquois that extends down the hill to Winnebago Road was sold for \$455,000. It is my understanding that any house being built on that lot would be accessed from Winnebago Road but technically, that makes five transactions on the street in 2014!

The highest priced sale for the year was the award winning Robert Gurney contemporary home located at **10 Wissioming Court**. This stunning property is perched on the ridge overlooking the Potomac River and was purchased originally for \$6.6M in 2008, just before the market turned. Years later, when the market would no longer support such a high price, the house was donated to Johns Hopkins University which sold the house last year for **\$4.1M**. Also, one of the non-mls sales was the other big contemporary at 24 Wissioming Court which shows in the public record as having sold for \$3.4M.



Glen Echo Heights Average Price



NOTE: In the chart above, the average price for 2008 was skewed greatly by one sale of \$6.6M.

5311 Tuscarawas Rd	\$645,000	5011 River Hill Rd	\$1,110,000
6210 Massachusetts Av	\$665,000 *	5215 Wissioming Rd	\$1,118,000
5305 Iroquois Rd	\$715,000	6433 Wiscasset Rd	\$1,150,000
6229 Walhonding Rd	\$725,000	5703 Mohican Rd	\$1,237,000
5505 Sangamore Rd	\$750,000 *	5505 Mohican Rd	\$1,270,000
5051 Waukesha Rd	\$765,000	6400 Dahlonga Rd	\$1,276,000
6101 Namakagan Rd	\$775,000	5449 Mohican Rd	\$1,310,000
5302 Iroquois Rd	\$790,000	6600 Rivercrest Ct	\$1,325,000
6006 Onondaga Rd	\$830,000 **	5138 Wissioming Rd	\$1,549,000
5110 River Hill Rd	\$832,500	5504 Scioto Rd	\$1,565,000
6413 Dahlonga Rd	\$840,000	6432 Wiscasset Rd	\$1,640,000
5303 Waneta Rd	\$845,000	6015 Walhonding Rd	\$1,775,000
6111 Wiscasset Rd	\$845,000	6008 Namakagan Rd	\$1,800,000
5207 Iroquois Rd	\$845,000	6008 Walhonding Rd	\$1,845,000
5214 Wissioming Rd	\$850,000	5309 Wehawken Rd	\$1,972,500
6601 Rivercrest Ct	\$905,000	5320 Wehawken Rd	\$2,325,000
5420 Mohican Rd	\$959,000	24 Wissioming Ct	\$3,400,000
5437 Mohican Rd	\$989,900	10 Wissioming Ct	\$4,100,000

* **Robert Jenets Sale** ** **Stuart & Maury Sale**

The list of sales from last year (above) includes **10 properties that sold for more than \$1.5M** which obviously has a lot to do with the average and median prices rising so much. The replacement of smaller homes with larger, more expensive new homes has been going on for decades in Glen Echo Heights and there has been a relatively consistent demand for them. It is not always brand new homes that sell at the highest price levels but also the homes that were rebuilt a few years ago. All of these homes offer the high ceilings, open floor plans and modern amenities that continue to be popular with the buying public. The builders can only hope that the demand continues because at this writing, **there are 7 new or newer homes available for sale in the neighborhood**. That is a lot of inventory to be absorbed at the high end of the price range which is a familiar theme throughout Bethesda. At this time the MRIS shows 84 homes on the market in Bethesda/Chevy Chase for \$1.8M and up!

«AddressBlock»

«DeliveryPointBarcode»

BETHESDA/CHEVY CHASE HAS BECOME MORE EXPENSIVE

The number of sales across all of the Bethesda/Chevy Chase Zip Codes decreased by 11 percent last year. That represents 122 fewer homes sold in 2014 than the previous year—no small amount. But, the upside of that is that diminished supply usually leads to a rise in prices and that is indeed what happened. The average price of a single family home is at its highest level ever and Bethesda is a much more expensive place to live than it was even twelve years ago. **The average single family home sold for \$687,700 in 2002 and there were 1296 sales that year. This past year, with almost 300 fewer sales, the average price was \$1,142,400—a 66% increase!**

This gives you some sense of how hard it is for young people to buy a home in one of our communities and explains why so many parents are helping their children by contributing money towards the down payment. In some cases, parents are even signing on as co-purchasers with the thought that the kids will be able to refinance in their own names in the future. We often hear of the huge population block known as the “baby boomers” - 76 million people. Now we are told that there are 80 million Millennials! And these kids grew up at a time when financial markets and real estate were reeling and do not necessarily have the same predestined need to own a home instilled in them. Developers are offering an attractive alternative with an abundance of luxury hi-rise rental buildings going up in Bethesda. These buildings are usually near the Metro and allow one to walk out the door to restaurants, bars, shops and all of the exciting things found downtown. The buildings cater to young tastes with open, airy floor plans (although quite small), common rooms with big-screen TV, fitness rooms, dry cleaning and concierge services.

This type of living also addresses the new mobility that is a reality for the younger generation. They are not going to get a job at IBM and work there for 30 years until they retire. The nature of the job market today has recent college grads ready to go wherever a good opportunity takes them and they may change jobs several times during their peak earning years. That presents challenges for home ownership and other long term commitments that must weigh heavily on this generation. However, once they get married and start a family, putting down roots has an undeniable appeal and many of them will want to buy a house in a neighborhood with good schools to raise their children. Glen Echo Heights is one of those places and offers a wide range of opportunities for these young families. The evolution of the life cycle has things happening later for kids today than it did for us but ultimately, there will still be a demand for the high quality of life found here.

SHRED IT DAY 2015

The annual opportunity for you to have your important papers shredded before your eyes is coming up on **MARCH 28TH**. Just like last year, the truck will be available in the parking lot of the Washington Waldorf School on Sangamore Road from **10:00 AM to NOON**. Remember, metal and plastic are not allowed in the shredder so please remove any metal clips (regular staples are OK) and use paper boxes (not plastic bags) to transport the documents. Thanks!



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