

SUMNER REAL ESTATE NEWS

by

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MARKET NEWS

For the four month period from May 1st through August 31st (let's call it "the period") the unquestionable headline for real estate news had to be "INTEREST RATES HIT ALL TIME LOW!"



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The statistical bottom happened around mid June when a 30-year, fixed-rate, non-conforming loan could be had at 5.5% with no points! For someone like me who started in the real estate business in the early 1980's with rates around 14%, and saw the late 80's "boom" when rates hit 8%, I was euphoric with rates between 6% and 7%. It seems like a dream to be able to borrow money at 5.5%! Many people who had no need to buy a new

house took advantage of the savings opportunity by refinancing the loan on their present home. But many people took advantage of the low rates by making a move that they may not otherwise have been able to afford.

The incredibly affordable mortgage money generated some remarkable sales figures for the period. During the first four months of this year, 343 detached homes in Bethesda went under contract. From May through August the MRIS real estate computer recorded 392 contracts for Bethesda—and increase of 14% over the January through April number! The bad weather could be blamed, in part, for suppressing winter sales, but rates undeniably fueled the May/June figures. In 2002, by comparison, there were 361 sales in the first third of the year and 372 sales from May

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NEIGHBORHOOD SALES UPDATE

During the time from May 1 through August 31, 2003, eleven Sumner home sales were finalized. The **average sale price was \$825,607** which is more than the average *list* price of \$823,345, reflecting the fact that four of the eleven homes sold for something greater than their asking price. The high sale of the period was 6016 Overlea Road which is a twenty year old, five bedroom colonial on a 17,508 square foot lot. The home was advertised at \$1,095,000 and sold for \$1,128,757.

Compared with my last newsletter in May, the average sale price increased by \$133,132, which would mean an appreciation of approximately 19%. But, the average price for the first four months of the year was based on a small sample of only four settled sales. A better comparison is with last year's average for the same time period, which was \$811,900. Simple math would indicate that home values have increased only about 1.7%, which is, of course, ridiculous. The average sale price for detached homes in 20816 went from \$651,115 in 2002 (May thru August) to \$738,149 for the same period in 2003. That math indicates a rise in prices of over 13% which would seem about right. Sumner is a prized neighborhood that will always enjoy property value increases commensurate with the rest of the Bethesda area.

As one would expect, most of the sales which closed in the period, went under contract during the *first* third of the year, reflecting the early spring market. During this very brisk time, many of the sales were contracted in only a few days, and the longest marketing time was 21 days.

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MARKET NEWS...

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through August. You can see the obvious difference in the 2003 numbers caused by the special opportunity during the period to obtain a mortgage in the 5.5% to 6% range.

Aside from the hyper-activity related to super low interest rates, the market followed the expected seasonal trends: increased activity and great intensity during the first several months of the year, followed by a gradual decline and a more controlled market during the summer. However, August, traditionally one of the slowest months of the year, seemed to be more active than usual.

Despite the amazing statistics, the general temper of the market right now is relatively calm. The pressure that buyers felt in April and May is relieved and it is not unusual for a home to stay on the market for a few weeks. There are still plenty of buyers looking for a home and the inventory is still low. But, part of the trend involves pricing. When you put an "April price" on a home in August, the activity is not there to support it and it takes a while for the right buyer to come along. As always, the informed advice of a full-time Realtor specializing in your area is more valuable than ever. A professional knowledge of the intimacies of your neighborhood and an up-to-the-minute sense of the present sales climate is key to formulating an effective marketing strategy, of which, pricing and timing are the two most important parts.

I focus my newsletter on single family detached homes, since that is the most prevalent housing in our area. However, you may be interested to know that the condo market is thriving. In the past, condos appreciated in value at a slower rate than homes and townhouses. Recently, that has changed. With traffic causing commute times to rise (along with blood pressure!) and a growing desire for the convenience of being able to walk to "where it's happening," close-in condominiums have been appreciating faster than single family homes. The lower price of a condo as compared with a costly single home and the easier maintenance play a part, as well. Condos cater to busy people who want to spend most of their time working and "playing," not taking care of a home and yard. With interest rates so low, more and more people recognize that a condo mortgage is about the same as their rent.

NEIGHBORHOOD...

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Something extraordinary about Sumner during this reporting period was the lack of inventory. There were two homes listed in the early part of June, one of which sold and settled, and the other which is under contract. THEN, NOTHING HAPPENED! *There was not one Sumner listing all summer!* Need I remind you about the supply and demand principle of economics?

On September 8th, the first home to be offered for sale since June 12th hit the market. The home at 5613 Wood Way is a handsome five bedroom, four bath colonial with a unique kitchen open to a "domed" family room, with a two-car garage on a large corner lot. It was listed at \$1,175,000 and the market responded—it went under contract after only six days!

There are no Sumner homes available at this writing and demand is still strong for this highly regarded neighborhood. That can only mean good things for the sales climate this fall.

The following list of sales information is taken from the Metropolitan Regional Information System:

ADDRESS	SOLD PRICE
5113 Sangamore Rd	\$ 575,000
4905 Sangamore Rd	649,900
5617 Overlea Rd	735,000
4924 Ft Sumner Dr	791,025
4907 Sangamore Rd	800,000
5108 Westpath Ct	805,000
4902 Ft Sumner Dr	866,000
5106 Randall Ln	873,000
5006 Nahant St	898,000
5006 Brookeway Dr	960,000
6016 Overlea Rd	1,128,757

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