

SUMNER

REAL ESTATE NEWS

by

Robert Jenets

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2003 REVIEW



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The National Association of Realtors tallied the statistics for real estate sales nationwide and declared 2003 to be the best year ever. That assessment is based on the number of units sold, which went up from 5.6 million in 2002 to a new record of 6.1 million sales in 2003. Our local real estate market was very active as well. There were more homes sales last year than we have seen since 1999 and prices continued to rise. Statistically, the marketing time required to get a contract was a little longer than it was in 2002, so it was not always obvious that we were involved in a record-breaking year. Nonetheless, by year's end the numbers were impressive.

One of the hottest topics last year in the world of home ownership was property insurance. With the advent of the C.L.U.E. report and the insurance industry's increased aversion to risk, some people lost their present insurance company due to a history of claims which labeled them as high risk. Others had trouble getting reasonably priced insurance for their home purchase because of their own claim history or because their were too many claims made for the house they were buying. Luckily, I am hearing now that most companies are focusing on the person, not the house. The worst claims are those related to water because they could be a harbinger of future mold problems which have been responsible for costly payouts by the insurers. You should learn your company's policy regarding your C.L.U.E. rating, *before* making a claim, or even inquiring about a potential claim.

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NEIGHBORHOOD SALES UPDATE

The Metropolitan Regional Information System reported 22 home sales in Sumner during 2003, as compared with 21 sales in 2002. **The average sale price was \$817,028** which represents an **8.29% increase** over 2002's average of \$754,438. The increase in value for the neighborhood is a little less than the average sale increase for the zip code. Having analyzed the statistics for each neighborhood nearby, it seems that the average price increase for the zip code is driven higher by the newly built homes which cost well in excess of \$1,000,000. For neighborhoods like Sumner and Wood Acres where there have not been any "knock-downs," the increase is a little less. In a direct comparison of resale homes in Bethesda, it is fair to say that the homes in Sumner have appreciated as well as any in the area.

Homes in the neighborhood sold for an average of 100.41% of the listed price last year, which is consistent with the average for the zip code. However, it is interesting to compare the list price and sold price for all of the sales. Only a few sold for a significant amount more than the listed price, and 14 of them sold for the list price or *less*. This is a predictable result of a strong seller's market. As asking prices push the envelope ever higher, it reaches a point where there is some buyer resistance. Presumably, the marketplace finds the appropriate value for each house, but I believe a home can bring less than optimum value if an unrealistically high list price causes it to take a long time to attract a buyer. It does not matter if you have a long time to sell your house, you are most likely to get your maximum price and the best terms within the first two weeks. Proper pricing and a comprehensive marketing strategy are still the most important keys to success in selling a home in our intense real estate environment.

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2003 REVIEW...

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Locally, 2003 was a very strong year for real estate sales, although by the measure of percentage of increase in price, it does not qualify as the best ever. Most of us remember the late 80's, but it has been long enough ago and so much has happened since, that some may forget the staggering price gains in 1987 and 1988—a higher percentage increase than we had last year. However, prices have become so high, that the percentage of increase yields a dollar figure that could call into question which was “the best.” For example, the average price of a home in Bethesda in 1986 was about \$250,000. The value rose about 28% in 1987 which equals \$70,000. The average price in 2003 for our zip code, 20816, was around \$750,000. So an increase of even 10% is \$75,000. Of course, one could argue that the value of the dollar is different, and that is true, but clearly, it becomes harder to match those high percentage gains at the current price level. Lets look at the numbers.

BETHESDA STATISTICS

There were 236 single family homes sold in the 20816 zip code during calendar year 2003 – up a little from last year's 210 sales. **The average sale price was \$768,327.** That represents an **19.9% increase** over the 2002 average of \$640,650. It is fair to say that the average cost of housing in 20816 rose dramatically in 2003, but, because we had two sales over \$2,000,000 and 28 sales over \$1,000,000, one should not necessarily assume that every home in the zip code increased 20% in value. A comparison of homes that sold for *less than \$1,000,000* in our zip code in 2002 (average sale price \$614,738) and 2003 (average sale price \$680,936) shows an **increase of 11%**, which seems about right.

Further evidence to support my analysis of the above data comes from the statistics for zip codes 20814 and 20817. The average price in 20814 of the 257 sales was \$659,804. There were over 500 sales in 20817 (it is a much larger area with more space for big, expensive homes) with an average sale price of \$769,802. Both averages represent an 11% increase over last year's figures.

Neighborhood Update...

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The high sale for the neighborhood was 4820 Fort Sumner Drive which listed for \$1,395,000 and sold for \$1,450,000 in mid October. A fine property in need of an update, when purchased recently, the owners promptly set about making it their dream home. An unexpected change of plans caused them to have to market the home before it was finished. They designed a three story addition which added a fabulous gourmet kitchen a large family room, and a new master suite upstairs, for a total of five bedrooms on the second floor. The original parts of the house were spruced-up too and there was a beautiful, level, grassy backyard. Virtually a big, new home, in a quality Bethesda neighborhood, this seldom available product is the most highly valued on the market. There is a huge demand for the home that has been tastefully expanded and renovated to offer openness and today's features.

If you would like specific information about your home and/or our local market, contact me at 301-257-3200, or robert@robertjenets.com.

So what is in store for us in 2004? I noticed an article in the Washington Post on January 3rd that was overwhelmingly positive on the future of local real estate values. The tone of the article was significant to me because the Post is often pessimistic, or at least, cautious, when it comes to real estate. Citing an expectation for interest rates to remain low, a growing demand for a limited supply of homes and an economy on the steady road to recovery, the article was unequivocally optimistic about brisk sales and rising values in the coming year.

The predictions for 2004 call for a solid performance, with good, but not crazy appreciation. Nationally, experts are expecting 4-5% appreciation, but acknowledge that certain local markets may exceed that level. Considering our impressive statistics for 2003 and the fact that the Washington D.C. Metropolitan area was recently ranked to be the #1 retail real estate market in the country, I think it is safe to expect 2004 to be another strong year for home sales in Sumner and the Bethesda area.

Robert Jenets, Associate Broker

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Property Type: Residential

CMA Summary Report

Status Group: # Listings
Active 2

Avg List Price \$882,000.00
Avg DOM-Prop 4

Status	Address	List Price	Sold Price	Style	BR	FB	HB	#Lvs	#Fds	Bsmt	Lot SE	Age	DOM-Pr	Total Tax	Orig. Price	Settle Date	Subsidy
ACTIVE	5004 BROOKWAY DR	\$879,000	\$	Colonial	3	3	1	3	1	YES	7732	54	5	\$7,025	\$879,000		\$
ACTIVE	5105 NAHANT ST	\$885,000	\$	Bungalow	4	2	2	3	1	YES	7727	51	2	\$7,593	\$885,000		\$

Status Group: # Listings
Sold 21

Avg List Price \$813,728.56
Avg Sale Price \$817,027.69
Avg DOM-Prop 22

The average property sold for 100.41% of the listed price.

Status	Address	List Price	Sold Price	Style	BR	FB	HB	#Lvs	#Fds	Bsmt	Lot SE	Age	DOM-Pr	Total Tax	Orig. Price	Settle Date	Subsidy
SOLD	5113 SANGAMORE RD	\$585,000	\$575,000	Rambler	4	3		2	2	YES	7921	20	5	\$4,409	\$585,000	22-JUL-2003	\$0
SOLD	5114 NAHANT ST	\$599,000	\$580,000	Colonial	3	1	1	3	1	YES	6466	50	50	\$4,148	\$639,900	19-DEC-2003	\$500
SOLD	4711 FORT SUMNER DR	\$629,500	\$630,000	Cape Cod	3	2	1	2	1	YES	6292	19	94	\$6,026	\$629,500	24-MAR-2003	\$12,500
SOLD	5807 OVERLEA RD	\$650,000	\$636,000	Rambler	4	3	0	2	3	YES	13546	49	25	\$5,268	\$695,000	30-SEP-2003	\$0
SOLD	4905 SANGAMORE RD	\$649,900	\$649,900	Colonial	4	2	2	3	3	YES	7450	36	21	\$6,174	\$719,000	14-JUL-2003	\$1,500
SOLD	5625 OVERLEA RD	\$695,000	\$695,000	Colonial	5	3	1	3	2	YES	720C	50	17	\$5,897	\$695,000	06-JAN-2003	\$0
SOLD	5005 FT SUMNER DR	\$699,000	\$695,000	Colonial	4	2	2	3	2	YES	840C	55	83	\$5,758	\$699,000	20-APR-2003	\$0
SOLD	5710 OVERLEA RD	\$675,000	\$700,000	Colonial	4	2	1	3	1	YES	759E	50	0	\$5,730	\$675,000	19-NOV-2003	\$0
SOLD	5617 OVERLEA RD	\$735,000	\$735,000	Colonial	4	3	1	3	1	YES	6600	55	4	\$5,678	\$689,000	30-MAY-2003	\$0
SOLD	5004 BROOKWAY DR	\$749,000	\$749,900	Colonial	3	3	0	3	1	YES	7732	52	11	\$5,870	\$749,000	13-JAN-2003	\$0
SOLD	4906 BROOKWAY DR	\$765,000	\$765,000	Colonial	3	3	1	3	2	YES	9562	52	0	\$7,096	\$765,000	14-OCT-2003	\$0
SOLD	4924 FT SUMNER DR	\$795,000	\$791,025	Colonial	5	3	1	3	3	YES	8840	54	25	\$6,471	\$795,000	25-JUN-2003	\$0
SOLD	4907 SANGAMORE RD	\$825,000	\$800,000	Colonial	4	3	1	3	3	YES	7878	36	20	\$6,672	\$825,000	24-JUL-2003	\$0
SOLD	5108 WESTPATH CT	\$799,000	\$805,000	Colonial	4	3	1	2	3	YES	14563	46	5	\$6,616	\$799,000	20-JUN-2003	\$0
SOLD	4902 FT SUMNER DR	\$839,900	\$866,000	Colonial	5	3	1	4	2	YES	1174E	51	4	\$7,366	\$839,900	30-JUN-2003	\$0
SOLD	5106 RANDALL LN	\$860,000	\$873,000	Colonial	4	3	1	3	1	YES	733E	19	9	\$7,484	\$860,000	14-MAY-2003	\$0
SOLD	5006 NAHANT ST	\$898,000	\$898,000	Colonial	4	2	1	2	2	YES	8800	49	15	\$6,916	\$898,000	30-AUG-2003	\$5,000
SOLD	5006 BROOKWAY DR	\$975,000	\$960,000	Colonial	4	3	2	3	2	YES	7841	53	3	\$5,952	\$975,000	12-JUN-2003	\$0
SOLD	6016 OVERLEA RD	\$1,095,000	\$1,128,757	Colonial	5	4	1	3	3	YES	17508	20	13	\$8,375	\$1,095,000	30-JUN-2003	\$0
SOLD	5613 WOOD WAY	\$1,175,000	\$1,175,000	Colonial	5	4	0	4	2	YES	14577	55	6	\$6,519	\$1,175,000	12-NOV-2003	\$7,017
SOLD	4820 FT SUMNER DR	\$1,395,000	\$1,450,000	Colonial	6	5		3	1	YES	825C	51	5	\$6,678	\$1,395,000	03-DEC-2003	\$0