

# SUMNER

## REAL ESTATE NEWS

by

**Robert Jenets**

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### 2006 Review +

The suspense is over; you can all resume breathing. The real estate “bubble” did not “burst” after all. Yes, it made great headlines for much of the year, but at this point, even the media have begun to realize that the real estate market, at least in our Bethesda area, is OK. It is being called a soft landing, a necessary correction and a much-needed easing of prices to keep housing affordable as related to income.



Robert Jenets  
Vice President

A very good Washington Post writer named Ken Harney, wrote on Saturday, January 6th, that the bulk of the correction in pricing seems to be over, interest rates are low, and it is an ideal time to buy a home. Prices are more realistic than they were last year and it is a more buyer-friendly market. It is also a good time to sell a home for a reasonable price. Buyer confidence is on the rise and, provided the value being offered matches the price, you can get your home sold in a reasonably short period of time. Mr. Harney’s article was an accurate portrayal of our real estate market, and it was a positive view, indeed.

Let’s review how we got to this point. At the beginning of 2006, we experienced our normal surge in real estate activity. The new year brings new buyers and the early 2006 sellers were rewarded with brisk sales. The usual factors which contribute to this pattern were in place, most significantly, a small number of homes available at any one time. Interest rates and the economy were manageable and the year got off to a good start.

In recent years, when housing inventory increased in March and April, there were enough buyers to absorb the new listings and the market continued to thrive through the Spring. The market broke pattern in 2006 when March saw *double* the number of homes come up for sale in the 20816 zip code (44) as compared with 21 new listings in March of 2005.

Some of that increase was due to investors who thought they would be smart to “cash out” of their rental properties before the market collapsed, if the news reports were to be believed. So, sellers were frightened, buyers were frightened, interest

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### NEIGHBORHOOD NEWS

In the year 2006 there were 13 home sales in Sumner, which is *even fewer* than in the previous year when there were 16. Thirteen sales represents a turnover rate of only 2.88%. While this is a remarkably low number, it is an obvious result of the slower paced real estate market that was in place during the second half of last year. It is also consistent with the data from all across the Bethesda area.

A lower number of sales does not, in and of itself, indicate a “bad” market. I know that in 2005 we saw both a great number of sales as well as high prices and that combination is something that is universally perceived as a “great” market. However, for most people, a qualitative judgment of the health of the market is more meaningfully tied to price and the time necessary to accomplish the sale, rather than the number of transactions.

The data for 2006 reveals an average sale price for the neighborhood of \$1,156,027—a slight *increase* over 2005’s average of \$1,130,190, or just a little over 2%. In light of the fact that 2006 was reported to be such a horrible year for real estate, 2% is a positive number and that is important, if only because it is positive. There were areas outside Bethesda where homes lost value. One should also remember that home values rose 24% in 2005, so over two years, the average price rose 26%, or 13% per year.

The time it took to get a home sold, however, was three times longer than what it was in 2005, when the average time on the market was only nine days. By national standards, last year’s 27 days to get your home sold is not bad, but comparatively, it caused the market to be perceived more poorly than perhaps it deserved. Taken together, the averages for price and time point to a relatively good market, notwithstanding the low number of sales.

Looking at the list from last year, it is notable that 10 of the 13 sales were finalized at, or above the listed price. Nine of the sales were for more than a million dollars and eight of the sales happened in eight days or less.

The low sale for the year was a brick rambler on Sangamore Road with two bedrooms and two baths built in 1983. The home was listed for \$699,000 and sold for \$730,000. Homes in this price range attract a lot of attention because they are in short supply in our area.

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# 2006 Review + ...

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rates rose a little and the inventory piled up. Interestingly enough, during those two months, there were just as many contracts written and accepted in 2006 as there were the previous year—even a few more. But because every home did not sell immediately, as they had in 2005, the perception was that things weren't selling.

It is normal for home sales to diminish during the summer but not as *soon* as they did last year. The perception of a changing market began sometime around April/May and there was a dark cloud over real estate for months. It seemed worse than it really was, though. Statistically, according to the MRIS real estate multiple listing service, during the period of May 1st through August 31st, 2005, 77 homes in 20816 went under contract. Comparing that with 2006, your impression would undoubtedly be that the number of sales would be less, but, in fact, during those same months, there were 81 contracts ratified!

The difference is in the greater number of listings, and the difficulty sellers experienced in that less robust market, which caused homes to stay on the market longer. Regardless of the greater number of sales, the perception was clear that real estate was hurting. During these bleak months there was always the hope that things would pick up in the Fall, but that did not happen and the market limped along rather feebly.

Then, in November, when it would be normal to expect sales to slump even further through the Holiday season, interest rates quietly slipped down a bit and worries about the "bubble bursting" dissipated somewhat and the sales pace increased. Rather subtly, the market improved and sales at the end of the year were much stronger than usual. It was an upbeat ending to a rollercoaster of a year.

So where are we now? If I can draw conclusions from my own business, we are in a good place. In the second week of January, I put a home on the market in Chevy Chase, DC for \$820,000. This is a traditional brick colonial on a good, quiet street in Barnaby Woods which has been updated with a new granite kitchen, a recently finished third floor office/playroom and has a startlingly large, well-landscaped backyard. The house showed well and after a Sunday open house which attracted about sixty people, we had six simultaneous offers and the home sold for \$65,000 more than the asking price.

In the third week of January, I put a home on the market in Springfield (across Massachusetts Avenue, near Kenwood Country Club) for \$979,000 which has been totally renovated in the past three months. I put 75 information sheets in the property on Saturday morning and by 3:00 pm on Sunday, I ran out of sheets! That home, too, attracted multiple offers and is currently under contract over the asking price. It varies with price range, but in general, 2007's real estate market is starting well. Stay tuned!

# Neighborhood News ...

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The high sale for the year is located at 4809 Fort Sumner Drive and sold for \$1,650,000. I described this house in my September newsletter as having a half-acre lot backing to the Crescent Trail. With a semi-circular drive and an incredible backyard, it is a special property, indeed.

## Here is the list of sales from 2006:

5109 Sangamore Road	2 BR	2 BA	\$ 730,000
5902 Madawaska Road	3 BR	1.5 BA	787,000
5805 Overlea Road	4 BR	4.5 BA	860,000
5110 Lawton Drive	3 BR	3 BA	909,350
5707 Rockmere Drive	4 BR	4.5 BA	1,100,000
5009 Scarsdale Road	6 BR	5.5 BA	1,180,000
5117 Scarsdale Road	6 BR	5 BA	1,195,000
5813 Rockmere Drive	5 BR	4.5 BA	1,240,000
5106 Randall Lane	4 BR	3.5 BA	1,250,000
5108 Westpath Court	5 BR	4.5 BA	1,275,000
5005 Scarsdale Road	5 BR	4.5 BA	1,277,000
5001 Baltan Road	4 BR	3.5 BA	1,575,000
4809 Fort Sumner Drive	4 BR	4.5 BA	1,650,000

As I write this letter, there is only one home for sale in the neighborhood, just listed on January 29th. It is 5603 Wood Way which has three bedrooms and two baths upstairs, a bedroom and a bath on the main level and a renovated kitchen, priced at \$1,195,000.

## BETHESDA STATISTICS

Let's take a look at the sales statistics for the three main zip codes that comprise Bethesda, starting with our zip code, 20816. The number of sales in our area (not including any condos or townhomes) was down from 234 in 2005 to 225 transactions this past year. The average price increased by about 6.5% to \$1,018,227, as compared with \$955,672 in 2005. The statistical increase in undoubtedly due, in part, to the continuing knock-down/rebuild trend, which yields very high-priced sales, pulling the average up. There was also one unusually high sale of a home overlooking the river that has the most amazing river vista I have seen in our area. It sold for \$4,100,000 and will most certainly be torn down to make way for a new home.

There were 197 sales in the 20814 zip code—57 less than the prior year—with an average price of \$921,272. That is about 7.3% higher than the average price for 2005.

The 20817 zip code had 442 sales last year, only six fewer than in 2005, at an average price of \$1,039,543. That average is only 1% higher than the average price for 2005. Given the solid statistical gains in the other areas, that is a surprising number.

*I remain dedicated to professionally representing the real estate interests of this community and its residents.*

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