

# SUMNER

## REAL ESTATE NEWS

by

*Robert Jenets*

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### 2007 Review +

If real estate was literature, 2007 would be A Tale Of Two Markets. I borrow Dickens' title (with slight modification) because the first half of the year was quite good for home sales in Bethesda. However, with sales slowing in the summer, followed by the sub-prime mortgage foreclosure problem, the second half of the year experienced a significant drop in activity.

If the real estate market was judged by the amount of time the media spent talking about it, 2007 would have been a **BANNER YEAR!** I feel compelled to remind you that most of the information about how horrible home sales were going was not germane to our marketplace. Certainly sales were not as brisk as they were in 2005 (our unavoidable point of comparison), but considering the amount of negative energy surrounding us, 2007 was a pretty good year overall.



*Robert Jenets*  
Vice President

Undeniably, the first six months of the year had to carry a slower second half—but they did. Data taken from the MRIS (our multiple listing service) shows 106 single family homes in the zip code 20816 going to contract in the first half of the year, contrasted with only 53 contracts ratified from July 1st through the end of the year. Despite this sharp drop in activity, the average price rose from \$1,018,227 last year to \$1,071,393 this year—an increase of a little more than 5%.

The publicity about slowing sales, falling prices, looming foreclosures and tightened credit painted a picture of uncertainty that caused many buyers and sellers to suspend their moving plans during the second half of the year. However, with interest rates remaining affordable and the sales climate more balanced than it had been in years, those people who did buy a house in the last few months of the year experienced “old-fashioned” real estate. You know, the kind of real estate where people are able to negotiate a bit, and even include a contingency or two.

The rate of absorption for the two halves of the year is an interesting comparison. There were 125 detached homes listed in 20816 during the first half of the year and 106 of them sold—a

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### NEIGHBORHOOD NEWS

During 2007 there were 13 home sales in Sumner, which is exactly the same number as in the previous year. Thirteen sales represents a turnover rate of only 2.88% which is a little below average for Sumner. Considering the turmoil in the real estate and financing markets during the latter half of the year, it is somewhat surprising that we even matched last year's total.

The data for 2007 reveals an **average** sale price for the neighborhood of **\$1,030,269**—almost 11% *less* than 2006's average of \$1,156,027. Now before you get upset let's analyze this. First of all, I'm not going to make excuses for the numbers; they are what they are. However, a comparison of the list of sales from the two years shows that in 2006 there were nine sales over one million dollars, but only six sales with seven figures last year. And 2006 included two stellar sales of \$1,575,000 and \$1,650,000. Obviously, the absence of sales in that range brought this year's price down.

Further, there were no sales in the mid to high \$900's that would cause one to think that last year they would have been above one million dollars. It is not that a decrease in value dropped some homes out of the million dollar range; there were just more homes of a smaller caliber this year. So, combining the greater number of sales of smaller homes with the absence of a couple big sales, the lower average price is understandable—and mostly coincidental.

That being said, what did happen to the value of a Sumner home in 2007? A comparison of similar homes, one from each year, may provide some valuable insight. In 2006 the home at 5805 Overlea Road was sold for \$860,000. This rambler had a living area (from the public record) of 2,262 square feet and sat on a corner lot of 14,392 square feet. In 2007 the home on the 13,546 square foot corner lot across the street, at 5807 Overlea Road, with a living area of only 1705 square feet, sold for \$890,000. This is about as close a comparison as one could hope to find and it shows that 2007's smaller home on a smaller lot sold for \$30,000 more than the similar home from 2006. That doesn't sound like an 11% drop to me.

The average time that it took for a home to get a contract just about doubled last year. However, closer examination shows that the average was skewed by a few listings that struggled later in the year. Eight of the 13 homes sold in nine days or less.

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## 2007 Review + ...

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respectable 85%. The second half of the year saw 72 homes listed with 53 of them going to contract—that's 74%. That is not the horrendous drop-off that one might have anticipated. Considering the poor perception of the market from August through December, I would have expected an absorption rate in the single digits. I'm not saying it was easy, but it is important to know that in our area, homes were still selling. The fact that the market could absorb three out of every four homes listed during that tough time illustrates the unique quality of the Bethesda real estate market. To put it in perspective, the absorption rate during the last half of the year for the Gaithersburg zip code of 20878 was 57%.

The basic principles of selling a home do not change much over the years, but as market conditions vary, certain factors become more or less important. During the boom market, sellers were able to succeed in spite of being lax about fixing up their homes for sale and/or asking too high a price. That was not the case in the last half of 2007. The condition of the home became more important than ever and homes that showed the effort of preparation were rewarded with a timely sale. It is a fact that people are very busy and do not want to take the time and effort required to renovate the home they purchase. Homes that are in excellent condition always have the most appeal.

The year 2007 also saw more effort going into all aspects of a home's presentation. It became common for sellers to rent a storage facility and remove excess furniture and clutter before going on the market. Fresh, precise landscaping was emphasized to improve curb appeal and give the impression of a well-maintained home. We saw more and more staging as well. "Staging" a home by adding attractive accent pieces to one that is already furnished or dressing up a vacant home by bringing in a whole set of rented furnishings is a burgeoning business that has been effective in this market.

That brings us to the present; what happens now? It should be apparent that the bottom is not going to drop out of the real estate market in this area. What happened to the 26% of the listings in the last half of the year that did not sell? Some are still available, some were rented and some were temporarily removed from the market. What did not happen was for them to be sold at astounding discounts. Real estate in Bethesda is an excellent investment and not too many people are foolish enough to sell in desperation. Instead, they figure out how to weather the storm and wait for another opportunity to sell at a fair price.

The market has softened somewhat but the next several months are likely to be a very active time for Bethesda real estate in which it should be feasible to make a relatively smooth transition from one home to another. If you have real estate dreams, the opportunity to make them come true is here now.

## Neighborhood News ...

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### Here is the list of sales from 2007:

5114 Nahant Street +	3BR	1.5BA	\$ 739,000
5144 Westpath Way +	4BR	3 BA	839,500
5111 Westpath Court	4BR	3 BA	850,000
5103 Sangamore Road	4BR	3 BA	880,000
5807 Overlea Road +	4BR	3 BA	890,000
5008 Rockmere Court	3BR	3 BA	900,000
5008 Nahant Street *	4BR	2.5BA	935,000
4416 Sangamore Road	5BR	3.5BA	1,050,000
4916Brookeway Drive	5BR	4 BA	1,195,000
5108 Baltan Road	4BR	2.5BA	1,205,000
5603 Wood Way	4BR	4 BA	1,225,000
5021 Baltan Road	5BR	5 BA	1,275,000
4800 Scarsdale Road +	4BR	3.5BA	1,410,000

\* Robert Jenets Sale + Stuart & Maury Sale

After 96 days on the market, the rambler at 5005 Sangamore Road, asking \$825,000, is now under contract. The only home available for sale at this time is 5128 Baltan Road which was initially asking \$899,000 and is now listed for \$875,000.

### BETHESDA STATISTICS—2007

	# of Sales	Average Price	%Change from '06
20814	201	\$ 991,000	+ 7.5%
20815	231	1,256,417	+ 1.2%
20816	184	1,071,393	+ 5.4%
20817	370	1,039,543	+ 3.3%

**New Tax Assessments were sent to our area recently and there is an important change that I want to bring to your attention. If your home in Sumner is your principle residence, you receive the benefit of homestead credits which reduce and limit the amount of property tax that you pay each year. In the past, the credits were automatically applied to your bill without you having to take any action.**

**Under the new law which took effect January 1st, a homeowner is required to complete and submit an application for the credits in order to receive them. The application is simple and was included with your assessment. The law allows plenty of time to submit the application but you should send it now, lest you forget. You can also complete the application online. If you have questions about your assessment, the application or need help, feel free to give me a call.**

*I am dedicated to representing the real estate interests of this community and its residents with honor and integrity.*

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