

SUMNER

REAL ESTATE NEWS

by

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MARKET NEWS

Here are some Frequently Asked Questions (FAQs) that I have been getting lately, and my answers:

FAQ#1—How's the market? This question refers, obviously, to the condition of the real estate market in Bethesda. When asked this question in January and February, the answer was "Terrible!" I cannot remember a winter in the 26 years that I have been a Realtor when it was harder to get anything done than this past winter. With mountains of snow everywhere, most sellers did not want to be on the market. You could not see the yard, there was nowhere to park, and buyers would be tracking in snow and muck all over the floors. As a result, there were only 20 new listings in January and then February's inventory dropped to nine new listings in the 20816 zip code.



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With very little to see, buyers were largely on standby, waiting for homes to come on the market. Rather than sitting around waiting, I managed to find a home that was not on the market for one of my buyers to see. They liked it and wanted to buy it, but we had to get their home sold first. So, snow and all, we listed their house, and got a buyer. But those buyers had to sell *their* home, and, the sellers of the home my clients were buying did not yet have a place to go. It turned out to be one of the most challenging and complicated strings of transactions in which I have ever been involved, but eventually it all fell into place. The last buyer got their home sold in a couple of weeks and the first seller found a house to buy—even though they had to pay about \$75,000 above the list price to beat three other offers to get it! We made it through contract negotiations, home inspections, appraisals and loan approvals! With a lot of hard work and a little faith on everyone's part, this "high wire act with no net" involving four interdependent transactions succeeded and made a lot of people happy this winter.

The answer to FAQ#1 when asked in March and April was, "Alright! We're back in business!" Once the weather broke, 20816 saw 31 new listings in March and 36 more in April. That sparked a flurry of activity and the market was quite robust. During that time I had a buyer client who was overseas when he saw a listing online that caught his attention. He would soon be returning to the United States with his wife, pregnant with twins, and needed a house, NOW. So, he asked me to go to the house and take about 50 pictures which I emailed to him. He liked what he saw and said that he

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NEIGHBORHOOD NEWS

Real estate activity in Sumner during the first half of this year has been busier than usual. At this writing, there are two homes on the market for sale, five homes under contract, pending settlement and seven sales that have closed. There were only eleven sales for the entire year in 2009! It is encouraging to see this level of success in home sales and what a statement that makes about our area. We truly live in a "bubble" that has weathered the real estate decline and general economic troubles of the nation rather gently.

The seven sales that have closed so far this year ranged in price from \$739,000 to \$1,662,500. The average time that it took to get a contract was 49 days and the average price was \$1,125,957.

The least expensive home sale, **6013 Corewood Lane**, is a rambler that sits almost at the corner of Corewood and Sangamore Road and was one of the first listings of the new year in January. Even with the weather as bad as it was, the house went under contract in a respectable 35 days. The high sale so far this year, **4819 Fort Sumner Drive**, is a very handsome brick colonial on a huge lot with a swimming pool and a basketball court. This four level house has up to seven bedrooms and six and a half baths! With a double lot (possible to subdivide?) like it has, it is a very special property indeed.

The second home on the sold list is one where I represented the buyers—**5009 Sangamore Road**. This is one of the surprisingly spacious ramblers built in the mid 1980's with a nice little family room addition off the kitchen. With a semi-circular driveway and a terrific walkout basement, this home was a great value at \$795,000 (net \$775,000 after closing cost credit).

A modest sized split level at **5107 Scarsdale Road** that features a screened porch, a good family room addition and a large backyard sold for \$855,000 after only about two weeks on the market. It only took about a week for the home at **6005 Overlea Road** to get a contract. This sizable 1982 colonial has four bedrooms upstairs and a family room on the main level. Listed at \$1,270,000, this traditional home sold for \$1,193,200.

The home at **5606 Ontario Circle** is another success story from the "ice age". Just a few days after being listed, we had the first of our terrible winter storms and it was more of the same after that. Despite the difficult marketing conditions, this lovely home with a modern kitchen, large family room addition and an expanded master bath sold in 29 days for \$1,212,000.

The second highest sale so far this year is the brick colonial at **6016 Overlea Road** which was listed at the end of March for \$1,500,000 and sold for \$1,425,000. With four bedrooms and three baths on the second level and a beautifully renovated granite and cherry kitchen, this home boasts a fabulous two-tiered back garden with a patio, gazebo and swimming pool.

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MARKET NEWS...

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thought he wanted to make an offer, sight unseen. Well, I found out that there were about five other people who also wanted to make offers and so the listing agent picked a day the following week when offers would be reviewed. Since the presentation of offers was a few days away, I had time to get a home inspection of the property and the buyer was satisfied. All of the paperwork was done via scanning and emailing and my client's offer was accepted—\$100,000 over the asking price—pretty exciting!

The answer to FAQ#1 in May and June was somewhere in between the first two answers. New listings dropped off for no apparent reason to only 18 new properties in May and then 17 in June. Fewer new listings made the pace seem slower than it had been in March and April, as buyers struggled with the existing inventory—homes that had already been for sale for a few weeks or so. People tend to be most interested in new listings and the excitement that goes along with being fresh on the market is what makes the first couple of weeks that a home is for sale so important.

The overall answer to FAQ#1 is “Not bad.” Comparing detached homes in the 20816 zip code, the MRIS data shows 84 contracts ratified in the first six months of 2009 as compared with 102 contracts in 2010. During the first half of 2009, there were 69 closings, at an average price of \$915,693. Through June this year, there were 86 closings at an average of \$954,435. It is also significant that 29 of the sales this year were over \$1,000,000. The average marketing time in 2009 was 80 days, and that figure is down to 60 days for the first six months of this year. One last thing—I am proud to report that *Stuart & Maury, Inc.* was involved in over 22% of the 20816 sales during the first half of this year. Not bad.

FAQ#2—What is the interest rate? This question always tickles me because there is no one set interest rate. Depending on the type of loan program you want, the term of the loan, the size of the loan and any points you decide to pay, the interest rate quote will vary greatly. But I think most people are interested in knowing the rate for a 30-year, fixed rate loan with no points, in the high balance conforming range (\$417,000—\$729,750). That rate has hovered around 5% for most of this year.

You may remember that there was concern for a potential rate increase when the Federal government stopped buying mortgage backed securities at the end of March. Luckily for us, because the global economy is shaky and the Euro is so volatile, foreign investors have stepped in to take the place of the Fed and are “parking” huge sums of money in U.S. dollars as a safer alternative. This has allowed rates to stay unbelievably low for a remarkably long time. At this writing, the loan described above would be offered at an incredibly low 4 3/4% and a true jumbo (non-conforming) loan, greater than \$729,750 would be priced at about 5 5/8%! Unbelievable.

You should be aware that the high balance conforming loan limit of \$729,750 was part of the Federal government's plan to stimulate real estate sales and was to have expired at the end of 2009. Congress passed a *reduced* high balance limit of \$625,000, but then determined that the recovery would be jeopardized by the reduction and extended the higher limit through this year. That higher limit has been very helpful in our price range and we have to hope that it will be extended, yet again.

Well, we're all out of time—no more questions.

Neighborhood News...

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One of the five homes that are under contract awaiting settlement is my listing at **5104 Nahant Street**. This home was renovated to expand the kitchen which is open to a first floor family room with French doors to a nice backyard that has a sport court. The expansion also yielded four bedrooms and three and a half baths on the second level, making this a terrific value at \$1,095,000.

Another pending sale is the home at **5807 Overlea Road** which was listed very recently by one of my associates at Stuart & Maury. This attractive stone and brick rambler was listed at \$869,000 and went under contract in only six days.

The other three listings that are under contract are **5703 Overlea Road, 5137 Westpath Way and 4706 Fort Sumner Drive**—all of which are priced over a million dollars. Again, it is good news that this neighborhood is able to support home sales in this range when so many others cannot.

The two homes that are actively for sale as I write this report are **6018 Overlea Road**, which was listed originally for \$1,279,000 but has been reduced to \$1,195,000 and **4711 Fort Sumner Drive** for \$993,000.

You may be interested to know that the rental market is quite robust at this time, particularly for a home in great condition. An example of that is the home that I just rented at **4907 Scarsdale Road**. This is a modest sized colonial on a great block, with four bedrooms and two baths on the second level. As an owner occupied home, just now being offered for rent, the excellent condition caused a great deal of interest from prospective tenants and the house rented immediately for \$4,150/mo.

It is worth mentioning that, during the marketing of my listing on Nahant Street, I was reminded of the positive value people place on being able to access the Crescent Trail. Life in the Washington area runs at a fast pace and many of our jobs are very demanding. Recreation on the Trail represents a ready and economical opportunity to de-stress. The other component is the general awareness and emphasis that our society places on physical fitness. While many people belong to health clubs or exercise in their homes, the possibility of walking, jogging or biking on a beautiful trail with exciting destinations along the way (downtown Bethesda and Georgetown) is highly attractive. It is a resource that adds another layer of appeal to Sumner's long list of attributes. We should cherish and protect it.

There is a new disclosure requirement affecting sellers in Montgomery County who have occupied the home they are selling for any part of the 12 months prior to marketing. Those owner occupant sellers are being asked to complete a form to disclose the usage and cost of their utilities during that time. For those of you who do not save your Pepco and Washington Gas bills, you might be surprised at the trouble it is to get that information from those companies in a timely fashion. Be aware that if you have plans of selling the home where you live any time soon, it will save you time if you can refer to your recent utility bills for the required information.

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