

SUMNER

REAL ESTATE NEWS

by

Robert Jenets

Fall 2012

MARKET REPORT

If you elect me to be the “Real Estate Czar” of Bethesda, I promise to give you an environment in which home values are relatively stable, marketing times are reasonably short, interest rates are UNBELIEVABLY LOW and a home can be bought or sold at a fair price. Oh wait, that’s what we have now! ...Oh well, I didn’t really want to be the Czar anyway.

All kidding aside, that about sums it up for the state of the market over the summer. It was business as usual with the very desirable homes generating multiple offers in many cases while other homes took a little longer to find their price point. Make no mistake, the buying public is still being careful about getting what they consider to be a good deal on a house. Their lingering concerns about the state of the economy and uncertainty about where things are going continue to cause people to try and buffer their purchase against the possibility of any further decline in value.



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There have been 547 detached home sales with a Bethesda address so far this year at an average price of \$953,189. That average price is down just a bit compared with Bethesda’s average price in 2011 of \$983,104. That number is slightly deceptive because there was one unusually high sale last year in Edgemoor for \$10,000,000! That is an outlier statistic which, if dropped from the data, results in the average for 2011 being \$970,278. So the year-to-date average is down about 3% from the prior year.

Zeroing in on the 20816 Zip Code through the end of August, we see that there have been 121 detached home sales at an average price of \$977,959. Looking back at last year, for the same period of time (Jan-Aug), there were 114 sales at an average price of \$1,031,439. So, it is encouraging that there have been a few more sales than last year but the average price is down about 5%. Also, the average marketing time is a little longer this year compared with last. In 2011 it was 50 days and this year the average home was on the market for 65 days before getting a contract.

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NEIGHBORHOOD NEWS

After a slow start to the year, real estate sales in Sumner came to life in the months of May through August, during which time the neighborhood posted **seven sales**. These seven homes were on the market an average of **35 days** before getting a contract, although four of the seven were under contract in less than a week. The **average price** of those sales was **\$1,103,929**, about 3.5% higher than the average for the same time period a year ago and almost 6% higher than the average price for all of 2011.

At this writing, there are six homes in the neighborhood that are under contract, pending settlement. And the remarkable fact worth noting here is that *five of those homes were sold during the month of August!* I point this out because it is commonly thought that real estate takes a break in August and that no one buys a house then. I won’t say there is no basis for that thought but clearly, it is not an absolute truth.

There were 14 Sumner sales last year in 2011. Taking into account the two contracts that settled earlier in the year, plus the seven from this time period brings us to nine sales so far this year. If everything that is on the books holds together, that will be six more and we are on track for a total of at least 15 sales—and it is only September.

There are also two homes for sale at the moment: 6001 Overlea Road, listed at \$1,425,000 and 6007 Corewood Lane, originally listed at \$1,750,000 but now reduced to \$1,525,000. These are both large colonials with great “bones” offering just under 4,000 square feet of living space above grade, plus full basements. If you want more space in Sumner, call me to discuss one of these fine homes.

One of the recent sales was my listing at **5106 Nahant Street**. If you are getting a feeling of déjà vu, you are correct—I had sold this house only about a year earlier. That owner encountered a job related relocation to another state and decided to sell the house, though they had only been there a short time. This house was substantially expanded about 10 years ago to include a large eat-in kitchen, a gracious family room and a very generous master bedroom suite. It sold for \$1,254,500, just a little more than the previous time.



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A year ago I reported that the absorption rate (the number of sales divided by the number of listings) for the time period from May through August was 54%, the result of peculiarly slow sales in July and August of that year. The absorption rate for that same time period this year is a healthy 69%. Clearly, there is a strong and continuing demand for housing in the Bethesda area and, with this year's relatively limited supply, the market has been fairly competitive.

As we all know, the DC Metropolitan area is blessed with favorable employment opportunities. In July, the Bureau of Labor Statistics reported the unemployment rate for Washington, DC to be 5.6% compared with the national rate of 8.3%. This, in combination with the transient nature of the area, is largely responsible for the consistency and resilience of our real estate market over the years.

You might be interested in a comparison of home sales in the Bethesda/Chevy Chase Zip Codes (20812, 20814, 20815, 20816, 20817, 20818) with sales in Northwest DC. The year-to-date absorption rate for single family homes in the two areas is identical—80%, although the number of transactions for DC is more than double. That is understandable with Northwest DC having a much higher density than the suburbs. However, the condo market in DC is a little stronger, showing a sales rate of 85% compared with our area's 80% rate.

I made reference on page one to the fact that some listings this year have generated multiple offers while others have struggled to get a contract. The main reason for that discrepancy is condition. There is still no substitute for carefully preparing a house for market to give it that "excitement factor." At this time of year I like to remind people that, if you have even tentative plans to sell your home in the spring, think ahead and schedule those repairs or upgrades that may be weather dependent. Many people ask me for advice about how to spruce-up their home for sale and I am happy to meet with anyone who would like my help.

I am happy to say that the September market has gotten off to a little better start than those of the last five years. It used to be that, immediately after Labor Day, there would be an influx of new listings and the Fall market would get underway. But for the past several years, September has tended to be very slow with only a modest increase in activity toward the end of the month. This year is somewhat different. As I am writing this in mid-September, there have already been 55 new single family homes listed for sale in Bethesda since September 1st, eleven of them in the 20816 Zip Code. There have also been 18 new Bethesda condo listings since the first of September. In a market starved for product, this increase in the number of homes for sale is exactly what is needed to reignite buyer interest for a strong finish to the real estate year.

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Another notable sale was the one at **4704 Fort Sumner Drive** which was listed for \$1,199,000. This stately home built in 1981 has great public spaces with high end finishes, four good sized bedrooms and a gorgeous backyard. Within just a few days, it generated multiple offers and sold for \$1,261,000.



The high sale this summer was the 3-year old house at **4907 Fort Sumner Drive**. As a new home, it originally sold for \$1,850,000 and began its marketing this time at \$1,899,999. The final sale price was \$1,650,000.



IMPORTANT ANNOUNCEMENT

Prior to 2008, an owner occupied home was automatically granted the MD Homestead Tax Credit which limits any increase in the assessed value to 10% per year. However, effective January 1, 2008, the Maryland General Assembly passed legislation requiring that owner occupants file a One-Time Homestead Tax Credit Application in order to continue receiving the tax credit. Homebuyers who have purchased a home in Maryland since that date have been informed of the requirement to file, usually by the settlement attorney. Persons who owned their homes prior to 2008 were given until December 31, 2012 to file their applications, but there has not been much publicity of this requirement. Recently you should have received a letter informing you of the need to file this application. Failure to do so will cause the credit to be disallowed as of July 1, 2013, resulting in a potentially large increase in one's property tax bill.

To determine if an application has been filed for your property, go to the SDAT website at: <http://www.dat.state.md.us>. Click on the Real Property page to find your address and you will see at the bottom of the page your Homestead Application Status. If it indicates that you have already filed, you need to do nothing more.

If the website indicates that an application has not been filed for your property, you can print the application from the website or call 1-866-650-8783 to request an access code so that you can file electronically. If you need help with this, contact me and I can check your status for you and offer guidance on how to file the application.

If you would like more information or have questions about real estate in Glen Echo Heights, phone or email me and I will be glad to help.

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