

SUMNER

REAL ESTATE NEWS FROM

Robert Jenets

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MARKET REPORT

It wasn't very long ago that every article or report about the real estate market was negative and it seemed like we would never dig our way out of the hole created by the housing crisis of 2008. Apparently, we have, because now the media reports cite widespread improvement in housing prices and are quite optimistic about the outlook for an accelerating real estate market in 2013. That is not to say that the *number* of home sales has increased yet, but the sparse inventory is certainly one of the primary drivers behind rising prices. Our local multiple listing service (MRIS) reported a 10.5% year-over-year increase in the value of resale homes in the greater Washington DC Metropolitan area for 2012.

Certain markets are more robust than others with the District of Columbia leading the way. In American University Park, for example, 37 of the 62 detached home sales there last year had a single digit number of days on the market before getting a contract and the average sale price was *greater* than the average asking price. Condominium sales were also excellent in Northwest DC last year with 2,142 sales at an average price of \$456,162—about 98% of the asking price.



Robert Jenets
#1 in Listings for 20816

The MRIS reported 164 sales in the 20816 Zip Code last year and the chart below tracks the average price over the last five years:

ZIP CODE 20816

YEAR	# OF SALES	AVERAGE PRICE
2008	152	\$1,058,592
2009	172	964,754
2010	167	947,751
2011	153	1,020,010
2012	164	960,131

In addition to the sales reported in MRIS, the public record shows seven non-mls sales in the **20816 Zip Code**, for a total of **171 sales** last year at an **average price of \$956,067**. Examining the chart above, one could reason that the 8.4% increase in 2011 was somewhat of an aberration and that prices have really been kind of steady since the overall market correction of 2008.

The three Bethesda Zip Codes combined for 762 home sales last year which represents a sizable increase over the 714 sales of 2011. It is interesting that almost all of that greater number is attributable to 20817, which normally has the highest number of sales anyway but jumped from 354 sales in 2011 to 407 sales in 2012. However, all three Zip Codes saw a statistical decrease in their average sale prices (see the chart below) whereas Chevy Chase, on the other hand, had three more sales than the prior year and registered an increase of 8.4% in the average 20815 sale price.

STATISTICS by ZIP CODE—2012

	# of Sales	Average Price	%Change from '11
20814	191	\$ 910,116	- 7.7%
20815	228	1,245,667	+ 8.4%
20816	171	956,067	- 5.7%
20817	407	960,408	- .7%

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NEIGHBORHOOD NEWS

There were **17 Sumner home sales** settled during the calendar year 2012, as compared with 14 sales the year before. The neighborhood average over the past five years has been 15 sales per year and the last year to break 20 sales in one year was 2004, when 26 Sumner homes were sold.

Consistent with the 20816 Zip Code, the average price was a little lower last year, compared with 2011, when the average was \$1,042,179. **The average price for 2012 was \$1,018,971**, representing a year-over-year decrease of about 2.3%. Unlike the lower average price for the Zip Code 20816, the neighborhood drop is easily explained by examining the list of sales compared with the list from 2011. Both years had seven sales over \$1M but, of the three extra sales last year, one was at \$800,000 and two others were at \$900,000. In a sample this small, that is enough to make a noticeable mathematical difference.

A closer examination of the sales reveals encouraging evidence about individual values. For example, in 2011, 5021 Sangamore Road, one of the ramblers built in the early 80's, sold for \$769,000. Last year, 5011 Sangamore Road, a similar but slightly smaller home, sold for \$800,000. And there was another similar sale (5103 Sangamore Road) that went for \$839,000. Another example pits 4906 Baltan Road (from 2011) against 4900 Baltan Road (from 2012) - similar houses built in 1971 with four bedrooms and two and a half baths. The 2011 sale closed at \$840,000 and the 2012 sale closed at \$852,000.

It is fortunate to have these very similar properties to compare and, in the best example of all, we have my listing at 5106 Nahant Street, which sold in both years! That's right, in 2011, it sold for \$1,250,000 and it happened that those new owners were transferred only a year later. So in 2012, I sold it again, this time for \$1,254,500. Over the years I have attempted to distinguish the movement of the average price from the value of any given home and, as shown by the examples above, they are not necessarily the same. I think it is clear that home values in Sumner are certainly firm, if not increasing little by little.

The average number of days that a home was on the market last year before getting a contract varied greatly among the listings in the neighborhood. Of the 17 sales, seven of them sold in less than nine days, contrasted with six listings that were on the market for more than 100 days! The other four fell in between, taking between one and two months to sell, resulting in an **average marketing time of 57 days**.

Here is the list of sales from 2012:

5011 Sangamore Rd	4 BR	3 BA	800,000
5015 Fort Sumner Dr	4 BR	3.5 BA	805,000
5103 Sangamore Rd	4 BR	3 BA	839,000
4900 Baltan Rd	4 BR	2.5 BA	852,000
6013 Corewood La	4 BR	3 BA	880,000
4703 Fort Sumner Dr	4 BR	2.5 BA	899,000
5600 Ontario Cir	3 BR	2.5 BA	900,000
5007 Randall La *	4 BR	3.5 BA	900,000
4701 Fort Sumner Dr	4 BR	2.5 BA	915,000
4903 Sangamore Rd	4 BR	4 BA	945,000
5101 Westpath Way	4 BR	3.5 BA	1,077,000
5707 Rockmere Dr	5 BR	4.5 BA	1,095,000
4924 Fort Sumner Dr	4 BR	4 BA	1,110,000
4910 Rockmere Ct	4 BR	2.5 BA	1,140,000
5106 Nahant St ***	4 BR	4.5 BA	1,254,500
4704 Fort Sumner Dr	4 BR	3.5 BA	1,261,000
4907 Fort Sumner Dr	6 BR	5.5 BA	1,650,000

*** Robert Jenets Sale * Stuart & Maury Sale

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MARKET REPORT...

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One factor contributing to the undulation of the average price is the number of expensive homes that happen to sell in a particular year. For example, in *both* 2011 and 2012, there were five sales around \$2M but there was a significant difference in the number of homes between \$1.5M and \$1.9M. Last year there were only five sales in that range as compared with 13 the year before. That is most likely coincidental, but it has an effect on the average price. While the market can certainly be considered stable and healthy, there is still some occasional uncertainty that results in short term price fluctuations. The fact is that our market is holding its own and there is every reason to expect a strong rebound in 2013.

One thing I have learned in my 29 years in the real estate business is that you can only be certain of the present. Everything else is guesswork and trying to “time the market” is risky business. The most obvious example of short term timing is when the owner of a property delays marketing in the early part of the year, thinking that the market will be better once things green up in the spring. That may or may not work out but for the past several years, sales in the winter have been very brisk—no pun intended. Clearly, it is the lack of competing properties combined with the buying public’s urge to act after the new year begins that results in a surprisingly robust sales environment. Unless there are other scheduling considerations that dictate a later marketing time (like not being able to move until mid-summer) there is a definite advantage to being for sale when few others are.

Another circumstance that sometimes causes an owner to try and “time the market” occurs when people do *not* have to rely on the sale of their present home to facilitate the purchase of their next home. In that instance, an owner often wonders if holding on to their present home as a rental property for a few years makes more sense than selling now, especially if they purchased in the past several years at a higher price.

There are many aspects to consider when analyzing the pros and cons of that decision. While it would be hard to argue the wisdom of having Bethesda real estate as part of one’s investment portfolio, the potential for owing capital gains tax upon its eventual sale must be factored into the equation. The capital gains tax exemption, at present, applies only if you occupied the house as your principal residence for two of the last five years. So you could only rent the home for two to two and a half years before you would have to sell it, prior to the end of year three, to maintain your exemption.

Then there is the fact that a tenant is not likely to maintain the condition of the property as well as an owner, so it is likely that some renovation would be necessary before marketing the home. That would mean carrying the house vacant for a few (or several) months with no rental income, which would have to be included in the calculations of any potential net gain. When you factor in the renovation and carrying costs, plus the possible capital gains tax, delaying the sale for a couple years would mean that the value of the home would have to have risen by many thousands of dollars in those two years to offset the added expenses. Short term renting is most often just a way to delay the inevitable. Unless one plans to hold the property long term, it probably makes more sense to take advantage of its owner-occupied condition for the sale.

That brings me all the way back to my statement that the only thing about real estate that you can know for certain is the present. I, for one, would not like to bet any significant amount of money that the conditions for selling and/or buying a home will be better two or three years from now. NOW IS TERRIFIC! I sometimes think it is lost on people how special an opportunity we have at this time to take advantage of astoundingly low interest rates to make your housing dreams come true, at a much more affordable number than would be the case even at interest rates like we had in 2005. Making a move from one home to another is not as easy as it was in 2005 but people are doing it everyday. It is a great time to satisfy your real estate needs or desires and I am confident that in most cases, I can help make your hope a reality.

NEIGHBORHOOD NEWS ...

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At this writing, there are **two homes for sale** in the neighborhood:

6001 Overlea Road (\$1,295,000) is a large home with five generous bedrooms and three baths upstairs and spacious living areas on the main level. Built in 1982, the public record credits this home with 3,886 square feet of living area, PLUS the basement. The two-car garage in this house is awesome—you could fit four compact cars in there!

5813 Rockmere Drive (\$1,299,900) is a stone-front colonial that has been updated to include a very stylish, open and bright kitchen / breakfast room as well as a large first floor family room. There are four bedrooms and three baths upstairs, although the access to the fourth room is through one of the other bedrooms. This house also has a two-car garage and a finished basement.

I am working with a young couple who would like to move into the neighborhood sometime this year, in a little lower price range than the homes currently on the market. If you are contemplating the sale of your Sumner home in the near future, I would love to hear from you.

You may have seen a Zoning Request sign on Little Falls Parkway between Massachusetts Avenue and River Road. According to their website, a developer named EYA is going to build thirty luxury townhomes there, with plans to open early this year. I have copied the artist’s rendering from their ad here. The site says the pricing will start at \$1.4M. Let me know if you want more information about this project.



It has been said before but bears repeating that, under the current regulations for obtaining a mortgage, many buyers have less residual cash to make repairs to the home they buy. Also, people are very busy with their jobs and lack the time and experience to deal with extensive renovations. Therefore, presenting a home for sale in excellent condition will pay handsome dividends in today’s market. Buyer demand has been very strong since the new year began and I am optimistic of a healthy climate for home sales in the neighborhood this spring.

CONDO FOR SALE

I want to tell you about a unique condominium that I have listed for sale in Sumner Square, the townhome community on the left of Sangamore Road, just before you get to the Little Falls Mall. Most of those townhomes are two levels and do not include a basement. The buildings are designed with lower level condos that each extend underneath two of the townhomes. Although on the lower level, this large unit (1,413 square feet) has three double sliding glass doors to a private patio in the rear. There are two bedrooms and two full baths—the master bath has been totally renovated and is beautiful! The table-sized kitchen has granite counters and a pass-thru opening to a huge “great room” that is the main living area. The condo fee is very low (\$298/mo.) and the electric bill averages less than \$100 per month. This rarely available residence is listed at a price of \$555,000. Contact me if you would like to see it.

The scope of this newsletter does not allow for multiple pictures and more detailed information about each of the sales from last year. For that, you may visit my website, www.robertjenets.com, where you will be able to access the listing information and pictures from the MRIS database.

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