

REAL ESTATE NEWS

for

SUMNER

by

Robert Jenets

MARKET NEWS

In the 1960's a rock band named Buffalo Springfield sang, "There's something happenin' here...what it is ain't exactly clear..." Those words may be applied to the 2013 real estate market in Bethesda because *it is happening!* The pace and intensity of home sales this year has been reminiscent of the wild market we experienced in the early 2000's. What isn't clear are the exact reasons for this strong performance and for how long it will continue at this pace.



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For the Zip Code 20816, all of the important indicators are better this year than last – the number of sales is up by about 28%, marketing time is down 9% and the average price rose by almost 5%. The increased number of sales is a little surprising because there has been much publicity about the low inventory of available houses. The fact that sales rose in spite of it speaks to how competitive it has been for buyers this year. There have been many instances where sellers are choosing among multiple offers and the terms of those offers have been more aggressive than what we were seeing the past couple of years. **The average sale price for detached homes in the 20816 Zip Code during the first six months of the year was \$1,028,449.**

The strong pool of buyers may be explained by the fact that the economy has been steadily improving and consumers are feeling cautiously more confident. The housing crisis of 2008 forced many potential buyers to the sidelines while they waited to see what was going to happen

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NEIGHBORHOOD NEWS

Anyone paying attention to the real estate news is aware that sales activity has been brisk and Sumner is off to a good start with **10 sales so far this year**. (I am proud to note that I was involved with three of those sales including two listings and one as the buyer's agent.) One of the statistics that reflects the intensity of the market is the number of days that a home is for sale before getting a contract and that number for this year's sales is an **average of only 28 days!** Indeed, seven of the sales happened in eight days or less. For perspective, the average marketing time last year was 57 days.

Of course, the statistic that probably gets the most attention is price and these first ten sales of the year had an **average price of \$1,145,200**. That is a healthy increase over last year's average of \$1,018,971—up 12%. Now that number includes the raging Spring market and could slip a little if the Fall market does not keep pace. We will have to wait and see how the math works out at the end of the year.

The lowest priced sale of the year so far was 5144 Westpath Way, a rambler at the corner of Sangamore Road that sold for \$869,000 (full price), followed by my listing at 5009 Sangamore Road which went for \$935,000. The former owners had updated this home with a sparkling new kitchen that opens to a family room addition. These Miller ramblers have great room sizes. Next is another Westpath Way house, 5116, a four bedroom split level that sold for \$950,000.

A few years ago, I was the listing agent for 5617 Overlea Road which sold with multiple offers. Those new owners made significant improvements including a gorgeous new kitchen, but after a couple years, moved out of state for a job opportunity. They rented the house for a year until they were sure that the job would be permanent. It turned out to be so and they called me to sell the house this Spring but explained that marketing was going to be tricky with a tenant in the house who had two St. Bernards! As it turned out, we took advantage of a week that the tenants went on vacation and sold the house for \$975,000.

The next two houses on the list are similar to one another—large cape cods with bedrooms on the main level and more bedrooms upstairs—5914 Overlea Road and 5120 Baltan Road. They both needed some modernizing and sold for \$1,130,000 and \$1,135,000, respectively.

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MARKET NEWS...

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with the market. However, the Washington area has been one of the best job markets in the country and we have had a steady influx of people who need a place to live. Many of those people probably chose to rent for a while, possibly because they hadn't sold their home in Indiana or because they weren't familiar with the area. Maybe their house sold for less than they had hoped and some time was needed to get their finances back in order. There may be other reasons as well but it seems evident that many of those people who waited have crossed over to swell the ranks of people trying to buy a house in Bethesda.

The anemic inventory of available homes has caused agents to work harder and more creatively to find homes for their buyer clients. With my reputation as one of the most active agents in this area, I have had an unprecedented number of inquiries from agents asking me if I have any homes that are not yet on the market that they could present to their clients. There is a lot of sharing among agents and similarly, I have had to use my network to find homes for my buyer clients. Five of my twenty-six sales so far this year were homes that never made it to the market! That speaks to the added value of using an agent who specializes in the area where you want to buy or sell, but ultimately, it is how experienced and conscientious the agent is that gives you the best chance for success in this market.

Certainly it is a combination of factors that has caused this surge in home sales but the realization on the part of prospective buyers that mortgage interest rates cannot stay this low forever must have played a part. Mortgage rates hit bottom in April and a 30-year fixed rate mortgage of \$417,000 might have been 3.125% at that time. Interest rates have risen in the past few weeks and today that same mortgage rate might be 4.375%. Though, on a positive note, "jumbo" rates, which are usually higher, are available from 1st Mariner Mortgage at about that same level. So let's not fall into any "missed the boat" thinking because today's rates are still excellent. For a little perspective, check out the chart to the right which shows the history of mortgage interest rates since May of 1980.

Neighborhood News...

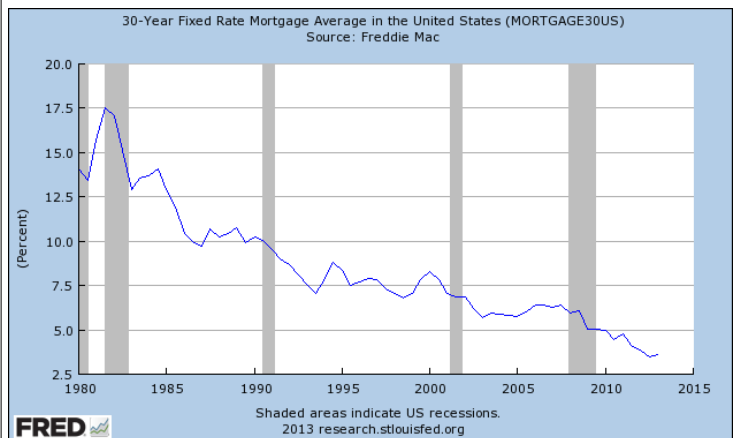
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The next sale was 6001 Overlea Road, for which I was the buyer's agent. This is a very large five bedroom colonial that took a long time to sell due to its overly ambitious initial price combined with its need for redecorating. We had to get creative to put this one together (including a healthy seller credit toward the buyer's closing costs) but eventually found a way to make it work and the buyers got a remarkable deal on this excellent diamond in the rough at \$1,200,000.

Coincidentally, the house right next door at 6003 Overlea Road came on the market shortly thereafter. It was not quite as big but had a very nice swimming pool in the backyard and a similar need for redecorating. Notwithstanding that, it sold very quickly for \$1,240,000. In between those last two sales, the house at 6006 Corewood Road came on the market for \$1,499,000. This four bedroom colonial was professionally staged and showed very nicely. It sold in about a month for \$1,379,000.

The high sale so far has been the extensively renovated and expanded house at 4912 Baltan Road. This house came on the market at \$1,540,000 sporting all of the "new home" sensibilities that people have come to value and expect at this price point. It showed perfectly and had multiple offers, eventually settling for \$1,639,000.

It is refreshing to have good news in the real estate market after several years of doom and gloom but prudence suggests that we measure our enthusiasm to a degree. The summer months of July and August, which are normally a little slower anyway, were accompanied this year by rising interest rates, resulting in a more relaxed pace at the moment. But as you can see below, interest rates are still fantastic and there is optimism among the prognosticators for the market to intensify in the Fall and maintain momentum for a strong finish to the year. Let's hope so!



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