

# SUMNER

## REAL ESTATE NEWS FROM

### Robert Jenets

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## MARKET REPORT

*Frank Sinatra once sang, "When I was seventeen, it was a very good year..."* Well, I can't claim to be that age (except as a multiple that shall remain unstated!) but the rest of the line applies perfectly to the Bethesda real estate market of 2013—it was indeed a very good year! Notice that I am not saying that it was the best year (we have seen higher average prices and more sales in years past) but it ranks high enough to invite comparisons with our best years ever. Speaking of which, on a personal level, I have to thank everyone whose support contributed to 2013 being my highest achieving year since entering the real estate profession 30 years ago—I am truly grateful.

Since the turn of the century (the 21st, that is), the greatest number of single family home sales for the Zip Code 20816 was recorded in 2005 (surprise!) when there were 279 transactions. That figure dropped to 234 sales in 2006 and then into the 100's for the next six years. Last year there were 200 sales reported in the MRIS and my investigation of the public record yielded 14 direct sales for a total of 214—the first time since 2006 that we have seen more than 200 homes turn over in a year.



**Robert Jenets**  
Vice President

The average sale price for our Zip Code peaked in 2007 at \$1,071,393. **The average sale price for detached homes in 2013 was \$1,025,023**, which represents the highest average sale price for 20816 since 2008. The average sale price in 2012 was only \$960,131 which means that we saw a **statistical increase of 6.8%** last year. While homeowners always appreciate an increase in value, I think the increase in the number of sales may be the more encouraging statistic of the two.

### ZIP CODE 20816

YEAR	# OF SALES	AVERAGE PRICE
2009	172	\$ 964,754
2010	167	947,751
2011	153	1,020,010
2012	164	960,131
2013	214	1,025,023

Certainly, the greater number of sales can be attributed partially to the record low interest rates that were available for much of the year, but to a greater degree it reflects the public's improving confidence in the economic recovery. Another factor worth noting is that the high sale numbers from 2005 and 2006 were achieved when there were far more aggressive mortgage options available to buyers and sellers. Remember that banks were still offering loans with low down payments, limited documentation, and interest only which made it easy to buy your next home independently of the sale of your present home. The number of home sales that took place last year is particularly impressive when you consider the more rigorous loan qualification process that buyers must navigate in today's mortgage market.

The three Bethesda Zip Codes combined for 867 home sales last year (see chart on page 2) which represents a sizable increase over the 762 sales of 2012. The increase in sales was greatest in 20816 which clocked 25% more transactions than the year before and 20817 saw 12.5% more sales. While 20814 had only four more sales, that Zip Code

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## NEIGHBORHOOD NEWS

**Let's get right to it!**

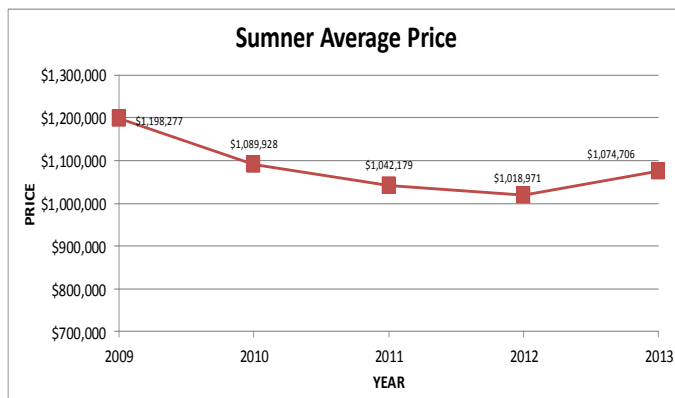
**Here is the list of sales from 2013:**

4914 Brookeway Dr	4 BR	3 BA	765,000
5101 Lawton Dr	4 BR	2 BA	820,000
5144 Westpath Way	4 BR	3 BA	869,000
5009 Sangamore Rd	4 BR	3 BA	935,000
5116 Westpath Way	4 BR	3 BA	950,000
<b>5617 Overlea Rd ***</b>	4 BR	3.5 BA	975,000
5002 Fort Sumner Dr	5 BR	3.5 BA	990,000
5825 Rockmere Dr	5 BR	4 BA	1,040,000
5619 Overlea Rd	4 BR	3.5 BA	1,040,000
<b>5113 Baltan Rd ***</b>	6 BR	4.5 BA	1,043,000
5813 Rockmere Dr	4 BR	4.5 BA	1,120,000
5914 Overlea Rd	5 BR	3.5 BA	1,130,000
<b>5120 Baltan Rd *</b>	5 BR	4 BA	1,135,000
<b>6001 Overlea Rd ***</b>	5 BR	3.5 BA	1,200,000
6003 Overlea Rd	4 BR	4.5 BA	1,240,000
6006 Corewood Rd	4 BR	3.5 BA	1,379,000
4912 Baltan Rd	5 BR	4.5 BA	1,639,000

\*\*\* Robert Jenets Sale      \* Stuart & Maury Sale

Coincidentally, the number of transactions in Sumner last year was the same as the number from 2012—**17 sales**. That is just two more than the average number of sales over the past five years which stands at 15. The average number of days that it took for a listing to get a contract improved from the prior year's 57 days to **45 days**. Although 45 days is faster than the number of days for the Zip Code (51 days), there were only a few cases of multiple contracts in the neighborhood and only two of last year's homes sold for more than their listed price. Buyers are still cautious not to overpay for a house.

**The average price of Sumner homes in 2013 was \$1,074,706**—up about 5.5% over 2012. You have heard many times how lucky we are to live in this "bubble" where our home prices did not suffer the catastrophic decline that befell many areas of the country. But, since "that recent unpleasantness" that began in 2008, homes in Sumner have traded within a pretty narrow range. Don't be confused by the unusually high average price for 2009; there were only 11 sales that year—eight of them over a million dollars and one at \$1,850,000. The resulting price is a statistical outlier that does not accurately reflect the true appreciation for that year. The fact is, Sumner is a high-quality neighborhood that has held its property values very well over a difficult period in our real estate history.



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## MARKET REPORT...

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had the greatest statistical appreciation—a whopping 14.7%. I say “statistical appreciation” because a small data sample is subject to being skewed by a few extraordinary sales. In this case it is worth noting that there were eight sales in Edgemoor above \$2M, including sales of \$3.25M, \$3.925M and \$4M.

Also interesting is the apparent reversal of fortune for Chevy Chase—the only *decrease* on the chart below. You may remember that the 2012 numbers showed a decrease for all of Bethesda while Chevy Chase showed the only positive appreciation. Again, I would hesitate to assign too much significance to these statistical changes in value. I assure you that every home in Chevy Chase did not lose 1.6% in value last year and every house in 20814 did not gain 14.7%.

**On a national level, it is reported that home values increased 7.8% in 2013.** Many areas are still below their peak values but moving in the right direction. *Home values in our area are gently increasing as well and a steady rise is better for the long term health of the real estate market than would be a sharp increase in appreciation.*

### STATISTICS by ZIP CODE—2013

	# of Sales	Average Price	%Change from '12
20814	195	\$ 1,067,244	+ 14.7%
20815	249	1,226,043	- 1.6%
20816	214	1,025,023	+ 6.8%
20817	458	1,041,996	+ 7.8%

Mortgage interest rates were in motion throughout the year, descending through the first five months to a low of 3.34% and then rising for the later part of the year. I thought that might have caused a significant difference in sales activity between the first half of the year and the second, but not so much. January through June accounted for 103 sales at an average price of \$1,036,640 and July through December, with mortgage rates around 4.35%, hung in there pretty well with 97 sales at an average of \$1,026,351. Not bad...

One aspect of the 2013 market that was a constant topic of news relating to real estate in our area was the short supply of homes available for purchase. As if buying a home isn't stressful enough, the scarcity of choices made the process even more challenging for buyers last year. Buying a home always involves compromising to some degree but prioritizing the most essential criteria and being flexible on the rest is particularly helpful in our present marketplace.

All of this talk about strong demand and short supply might lead one to think that every house that came on the market ended up being sold. That is called the absorption rate and while last year's rate was really good, not every house was sold. Out of 218 detached homes that were listed for sale in the Zip Code 20816, 179 of them sold. That is a healthy absorption rate of 82%. The rate for 2012 was about 77%. I mentioned that 2007 was the peak year for single family home values in 20816 and the absorption rate for that year was about 84%.

What happened to the homes that did not sell? Some may have changed their plans and decided not to sell after all while others will come back on the market this year and try again. I am personally aware of several homes that were listed in 2012 but failed to sell and then came back on the market in 2013 and were sold. In most cases, the owners did something to make the home more appealing by improving the condition or choosing a more realistic price, but for others, the market just saw them in a more flattering light the second time around.

What can we expect from the 2014 real estate market? **Well Frank Sinatra also sang, “We’ve got, HIGH HOPES, we’ve got HIGH HOPES...”** While there is some concern about rising interest rates and the Federal government easing out of buying mortgage backed securities, most indicators are positive for continued improvement in DC area home sales. Kiplinger's prediction for 2014 is listed on littlebighomes.com as “UP”, not only for 2014 but for the next three years! The accuracy rating for their predictions is listed as 76% - we'll see.

## NEIGHBORHOOD NEWS ...

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The average price last year might have been a bit higher if the sale of **5008 Rockmere Court** had settled a week earlier, before the end of the year. That home was new in 2009 but did not sell at that time because the market had turned. Instead, it was rented for several years and then remarketed last October when the tenants vacated. This time it sold! If it had been part of the database for settled properties last year, the average would have been \$1,125,833! That shows you how much one large sale can affect the numbers.



The high sale for the neighborhood in 2013 was the exciting home at **4912 Baltan Road**. The original house has been expanded and completely renovated to offer the features that are so highly prized by homebuyers today—a spacious, open floor plan, a gourmet kitchen with plenty of room for cooking and homework open to a large family room, a gracious master suite and a general attention to detail that makes the house shine. It was listed in the middle of May for \$1,540,000 and immediately attracted multiple offers, resulting in a final sale price of \$1,639,000.



At this writing there is only one house available in Sumner and that is the home at 5104 Baltan Road which has been on the market since November, now priced at \$1,045,000. This 1961 colonial has four bedrooms and two baths on the second level and a spacious kitchen that was renovated in 2001.

**Here is something that may surprise you: last year in nearby Sumner Village, 29 of those condos were sold with an average marketing time of only 26 days! Sale prices ranged from \$380,000 to \$815,000 with an average price of \$543,620. There were several years not too long ago when sales were very sluggish there but considering the few condo choices available in this part of Bethesda, it makes sense that there should be ample demand for Sumner Village.**

A year ago, I wrote about a zoning sign on Little Falls Parkway for a townhouse project by EYA Builders. Now, a year later, Little Falls Place is under construction and the MRIS database shows three of the townhomes (with elevators!) to be Under Contract with list prices around \$1.5M! It will be interesting to see how their sales go this year.

### SHRED IT DAY

Last March many of you took advantage of the opportunity to safely dispose of your sensitive paper documents in the commercial shredding truck that I arranged to have at the Washington Waldorf School parking lot. I got a lot of positive feedback from that day and decided to make it an annual event. I will send a reminder but put it on your calendar now for March 29th!

*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](http://www.robertjenets.com), where you will be able to access the listing information and pictures from the MRIS database.*

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