

# SUMNER

REAL ESTATE NEWS FROM

Robert Jenets

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## MARKET REPORT

Often when I am called to consult with a homeowner in the neighborhood about the upcoming sale of their property, I am told that they have a file where they keep all of my past newsletters. I am flattered to hear that they consider the letters informative enough to be saved, but I can't help feeling self-conscious that the content may sometimes seem somewhat repetitive.

That thought came to me as I prepared to write this issue by reviewing some of my earlier letters. I read the first paragraph of my 1996 letter and it said, "...buyers are cautious and continue to be focused on value. As a result, sellers are expected to offer a property that is in excellent condition and accurately priced." Some things about real estate never change—that same statement applies today.



**Robert Jenets**  
Vice President

The same 1996 newsletter went on to say that it was a great time to buy because interest rates were only about 8%! Okay, some things about real estate do change! Let that serve as a reminder of how lucky we have been to have mortgage rates under 5% for the last seven years.

Don't get the wrong idea—although my statement about buyer expectations from 1996 still applies today, the current real estate market is much healthier than it was then. The market was pretty stagnant in 1996 and there were only 10 detached home sales in Zip Code 20816 during the first four months of that year. The same period of time this year saw 47 such sales, and that is particularly good in light of the extraordinarily tough winter we had.

The weather in January, February and even March made it very difficult for sellers to prepare their homes for sale which exacerbated the already low inventory. Though it was messy and hard for buyers to get to the few homes that managed to get on the market, sales were brisk—a testament to the strength of pent-up buyer demand.

I had one memorable open house on a rainy Sunday in March for this home which was new on the market and



attracting a huge number of people. After about an hour and a half, I looked out the window and saw that the rain had turned into snow that was big wet flakes covering the lawn and becoming a thick layer of slush on the road. The flow of people into that open house never wavered and the worst part about it was the huge number of wet shoes strewn around the foyer! The end of the story is a happy one with the house attracting six offers (it was in excellent condition and was priced fairly) and ultimately sold for \$68,000 more than the list price!

But for every success story like that one, there are two or three others that do not enjoy such an idyllic sale process. Again, I know you have heard this before, but it is only the highly desirable, exciting listings that generate such intensity and attract multiple offers. If your house is part of the great average middle, the market is good but not crazy

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## NEIGHBORHOOD NEWS

It has been an unusually busy beginning of the year for real estate in Sumner with *nine home sales* closing within the first four months. Last year there were only three sales closed by April 30th and considering that there were only 17 sales for the entire year, nine sales is truly remarkable. Actually, nine is the highest number of sales for this time period since the MRIS became our real estate database in the mid 1990's. The closest year to compete was 1999 when Sumner saw eight sales in the first four months of that year.

Even with a data sample this large, I don't think the statistics for such a short period of time have any significance. But with sales of \$1.995M, \$1.715M, \$1.3M, \$1.25M and \$1.2M, you won't be surprised to know that the **average price was \$1,197,167**. For whatever it is worth, the last time the average price was higher for the first group of sales at the beginning of the year was in 2006—an average of \$1, 252,837. However, that was a sample of only four homes and the highest was \$1,575,000—not nearly as impressive as the sales numbers this year.

Another good barometer for real estate activity in Sumner is the improved average number of days that it took for homes to receive a contract. For sales through April 30th this year, the average marketing time was only 20 days as compared with 63 days for the same time period last year. I would be surprised for the market to continue raging at this pace throughout the year, but if it does, we could see a record breaking performance by the neighborhood.

The highest price among the sales so far this year is associated with the home at 5008 Rockmere Court—\$1,995,000. I have described this house before as new construction from 2009 with almost 5,000 sq. ft. of beautiful living space, not counting the basement. It was contracted in the fall of last year and settled on January 3rd. A house of this size and quality in a prime location like Rockmere Court is a relatively rare commodity, deserving of its price.



The sale at \$1,715,000 is a house that sold quietly before ever coming on the market. This one sits on the other Rockmere cul-de-sac at 4907 Rockmere Court. A stately red brick colonial with six bedrooms and five and a half baths showing an asking price of \$1,595,000, it is clear from the final sale price that this handsome home was in high demand.



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## MARKET REPORT...

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and you can expect a more balanced marketing experience.

So what makes a home desirable and exciting? There are two major factors—condition and price. Houses with a recently updated kitchen and renovated baths, good natural lighting, a cheerful feeling, precise landscaping that shows pride of ownership and a fresh paint job using some of today's popular pigments is likely to be a winner that gets potential buyers excited enough to compete for it. That scenario usually translates into an excellent price and terms for the seller after only a few days on the market. But no matter how nice the house is, the asking price must be fair and reasonable to create such a stir. It has been proven that even a great home will fail at the wrong price.

Regardless of condition, an asking price that presents an excellent value will attract a lot of attention as well. Many homes in poor condition have sold with the same intensity as the gorgeously renovated homes, if the list price accurately reflects the need for renovation. One such offering was the home at 5600 Namakagan Road that appeared on the market in



April. Although the house had been cleaned up, the kitchen did not have any appliances or even a finished floor and the baths were disgusting! Still, at \$725,000, on a good lot in such a fine location, there were 10

contracts and the home sold for \$825,000.

Some of those homes in poor condition are so far gone that buyer interest comes from builders planning to raze them and build a new home. The housing market has improved enough over the last few years that the building community is in high gear trying to find infill lots to do their work. Like a canary in the mine shaft, builder activity is the first sign of a good market. The finish line for them is nearly a year in the future so they have to anticipate the demand and buy as soon as they have confidence in the positive market trend.

In the Zip Code 20816 there were 69 detached homes listed for sale during the first four months of the year (down from 83 listings the year before). At this writing, 54 of them are sold or under contract which yields an absorption rate of just over 78%. For comparison, remember, the rate for last year was 82% and in 2012, only 77% of the listed homes eventually sold. Given that perspective, it is fair to say that our local real estate market is good overall, but only *great* for sellers with a home that is distinguished by excellent condition and/or an eye-catching price.

The detached home in our Zip Code that generated the highest escalation over the list price is a rambler style home on Osceola Road. The home was sought after by two distinctly different sets of buyers. Due to the fact that there are no stairs to enter the home, it had great appeal to an older group of buyers looking for essentially one level living. But, because it has a big, bright finished basement that is walk-out level to a terrific, green flat yard, it also drew the young families whose children would make great use of that yard. This home was listed for \$869,000 and attracted eight contracts. The final sale price was \$972,000—\$103,000 over list.

As impressive as that sale was, it was outdone by a home in the 20814 Zip Code on Maple Avenue. The house is a small bungalow built sideways on its 6,000 square foot lot



having only 1,365 square feet of finished living space. Priced at \$650,000 and valued highly for its proximity to Metro and downtown Bethesda, it sold for an astounding \$780,000—\$130,000 over list price! To misquote singer Joni Mitchell, "You don't know what you got, till you put it on the market!"

## NEIGHBORHOOD NEWS ...

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The market in Sumner has been particularly robust since the beginning of the year. Earlier I mentioned that the number of marketing days dropped from 63 to 20, but that does not tell the whole story. That calculation includes sales that were actually contracted in 2013 and had longer marketing times. Focusing only on the homes that were *listed* in 2014, we see two sales that took 15 days and seven sales that occurred in 9 days or less!

At this writing, there is one **pending sale** in the neighborhood. The home at 5922 Overlea Road came on the market for \$1,199,000 and got a contract in five days, which is to say that, for all practical purposes, it sold immediately. Keep in mind that if a home is listed just before the weekend, it often has someone ready to buy on the first day. However, it is not uncommon for the seller to wait until Monday or Tuesday before taking offers. It may take an extra day to get all the signatures and initials, resulting in about five days until the contract status is changed in the MRIS.



### NEW SMOKE ALARM LAW

The law is not really new—it was passed last year and took effect on July 1, 2013—but the requirements of the law may not have come to your attention. In response to fire deaths that were caused, in part, by non-working or disabled smoke alarms, the new law aims to have all existing alarms replaced with sealed alarms that contain a 10-year lithium battery by 2018. The new sealed units will have a hush feature to deal with non-emergency activations but will not allow for the removal of a weak (chirping) battery that leaves the occupants vulnerable to fire hazards.

The current fire code for new construction (including additions) requires 1 alarm in each sleeping room, plus 1 alarm in the common area outside of the sleeping rooms, and at least 1 alarm on each level of the home, including the basement. The alarms are required to have AC power and battery backup and must be configured to sound simultaneously. Obtaining a building permit from the county will require that the smoke alarms in these new homes and homes getting an addition be upgraded to meet the current code, described above.

There are various events that trigger the change to the new type of smoke detector immediately. For instance, landlords are required to upgrade the battery only powered alarms in their rental properties if the current alarms are more than ten years old and/or when they get a new tenant. Depending on the age of the home, they may not need more alarms but only to upgrade to the new type of alarm. *Also, impacting real estate sales, the seller's property condition disclosure form was revised to have a question that addresses the age and type of smoke alarms present in the home.*

This is only a brief summary of the revised smoke alarm requirements for residential properties in Maryland; further information is available online at various websites including <http://www6.montgomerycountymd.gov/content/frs-safe/about/pressreleases/archive/2013/07162013.asp> You should be aware that these requirements are being phased in and know that upgrading to the 10-year battery sealed alarms will provide better fire safety for you and those in your home.

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