

SUMNER

REAL ESTATE NEWS FROM

Robert Jenets

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Annual Market Review



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ALL BETHESDA (20814, 20816, 20817)

I am not one to sensationalize, so I will just say this without the exclamation point—the 2014 average sale price of homes in Bethesda was greater than the average price at the market peak in 2007. There, I am finally able to say it. Since the market downturn in 2008, I can't tell you the number of times people would ask me if prices had returned to their peak level and each time I had to say, "No, not quite." I must admit there were times between 2007 and 2014 when it seemed that prices would never get back to the peak, and now here they are. Well it's good to get that out of the way!

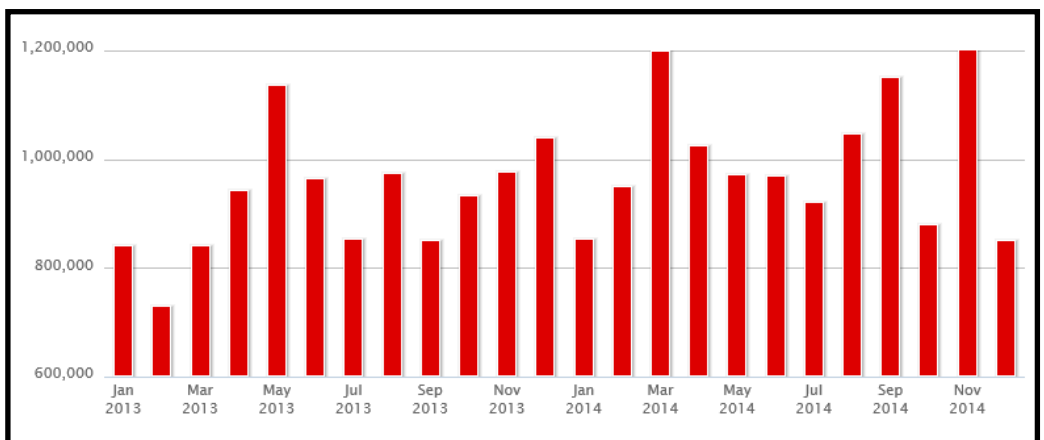
The average price in **2007** for the 747 detached homes that sold in the *greater Bethesda area* was \$1,052,368. **Last year, 2014, the average price of the 724 recorded sales was \$1,092,652—\$40,000 more.**

The pace and intensity of the market is not as exciting as it was back then but that is probably a good thing. It is a much more balanced market that did not skyrocket but worked its way back gradually so values are more likely to be sustainable. I am sure you have heard about mortgage rates and other financial systems being cyclical and often it is said to be a seven year cycle. How interesting—2007 to 2014—seven years.

ZIP CODE 20816

Consistent with the real estate trends in our area for 2014, there were fewer sales in Zip Code 20816 than the year before, but the average price was higher. Again, focusing just on detached homes (since there are no townhouses or condos in the neighborhood), **the number of sales in the Zip Code dropped from 214 units in 2013 to 186 units**

last year. The average price increased from \$1,025,023 to last year's **average price of \$1,090,568** for an **annual appreciation rate of 6.4%.** The chart above shows the gradual rise in prices from 2013 to 2014. Look at the differences in March and November particularly, for their respective years.



Earlier I showed that the average price for the greater Bethesda area is up \$40K over the 2007 peak average. The difference is not as great for the 20816 Zip Code. The average price of 184 single family sales in 2007 was \$1,071,393—at \$1,090,568, the 2014 average sets a new peak by \$19,175. Remember too that the average price reflects the high price paid for above-average homes and there are some below-average properties that would not sell today for the price they may have brought in 2007. But the prices in 2007 were stratospheric and for values to be back in that range has to make a homeowner feel good.

THE NEIGHBORHOOD

Focusing now on **Sumner**, the local multiple listing service reports 17 home sales in calendar year 2014. By crosschecking with the public record, I found one more sale that never made it to the mls, bringing the total to **18 sales** for the year. But not for the one private transaction, this would have been the third year in a row to post 17 sales. The 18 sale total represent a normal, healthy 4% turnover rate for the year.

The **average sale price** in **Sumner** for 2014 was **\$1,140,611**. That calculates to be an **increase of a little more than 6.1%** over the average price of \$1,074,706 in 2013. Another positive statistic is the significant decrease in the length of marketing time it took for homes in the neighborhood to be sold. The marketing time in 2013 was an unimpressive 45 days. Last year's **average time on the market** plummeted to **only 21 days** and ten of those happened in 9 days or less! These trends are a result of the reduced inventory condition that persisted throughout 2014. Remember, interest rates continue to hover around historically low levels which contributes to the strong demand for housing. But with fewer homes available for sale, there is the inevitable rise in prices and the pace of home sales quickens—Economics 101.

SUMNER SALES 2014

ADDRESS	LIVING AREA ABOVE GRADE	ORIGINAL LIST PRICE	FINAL SALE PRICE
5014 Fort Sumner Dr	1840 sq ft	\$ 860,000	\$ 850,000
5023 Sangamore Rd *	1664 sq ft	\$ 865,000	\$ 865,000
4913 Fort Sumner Dr	1930 sq ft	\$ 895,000	\$ 870,000
4903 Fort Sumner Dr	1595 sq ft	\$ 915,000	\$ 900,000
5128 Scarsdale Rd	2022 sq ft	\$ 949,500	\$ 950,000
4408 Sangamore Rd	2760 sq ft	\$1,090,000	\$ 950,000
5608 Overlea Rd	1888 sq ft	\$1,100,000	\$1,010,000
4915 Fort Sumner Dr	2379 sq ft	\$1,050,000	\$1,025,000
5501 Namakagan Rd	2015 sq ft	\$1,015,000	\$1,026,000
5104 Baltan Rd	2340 sq ft	\$1,100,000	\$1,045,000
5603 Pioneer Ln	2454 sq ft	\$1,175,000	\$1,175,000
4905 Brookeway Dr	2488 sq ft	\$1,350,000	\$1,090,000
4916 Brookeway Dr	2708 sq ft	\$1,225,000	\$1,200,000
4833 Fort Sumner Dr	2525 sq ft	\$1,199,000	\$1,250,000
6007 Corewood Ln	3899 sq ft	\$1,299,000	\$1,300,000
5922 Overlea Rd	2656 sq ft	\$1,199,000	\$1,315,000
4907 Rockmere Ct	3,176 sq ft	\$1,595,000	\$1,715,000
5008 Rockmere Ct	4997 sq ft	\$1,995,000	\$1,995,000

* Robert Jenets Sale

I mentioned earlier that there was one sale last year that does not appear in the MRIS and that is the home at 5603 Pioneer Lane. There were two other properties that sold prior to coming on the market and then those sales were added to the MRIS after the fact. One of those sales was **my listing at 5023 Sangamore Road** which sold while it was being prepared for market. During the spruce-up process, I mentioned the house to an agent friend of mine who had buyers that she thought might be interested in seeing it. Those buyers had



just missed out on buying a different house in a multiple offer situation and liked the idea of being able to pursue this house alone. The house is one of the Miller-built ramblers along Sangamore Road with a semi-circular driveway, extremely spacious living and dining rooms and a terrific walkout level basement. They liked it, made an offer that the sellers accepted and both parties considered it to be a win/win opportunity.

The other home that sold before reaching the market is the stately colonial at **4907 Rockmere Court**. A home with this much curb appeal will always attract a great deal of attention but sitting on a large Rockmere Court lot with estate-like grounds caused a lot of excitement. And that excitement produced a sale price *\$120,000 over the listed price!*

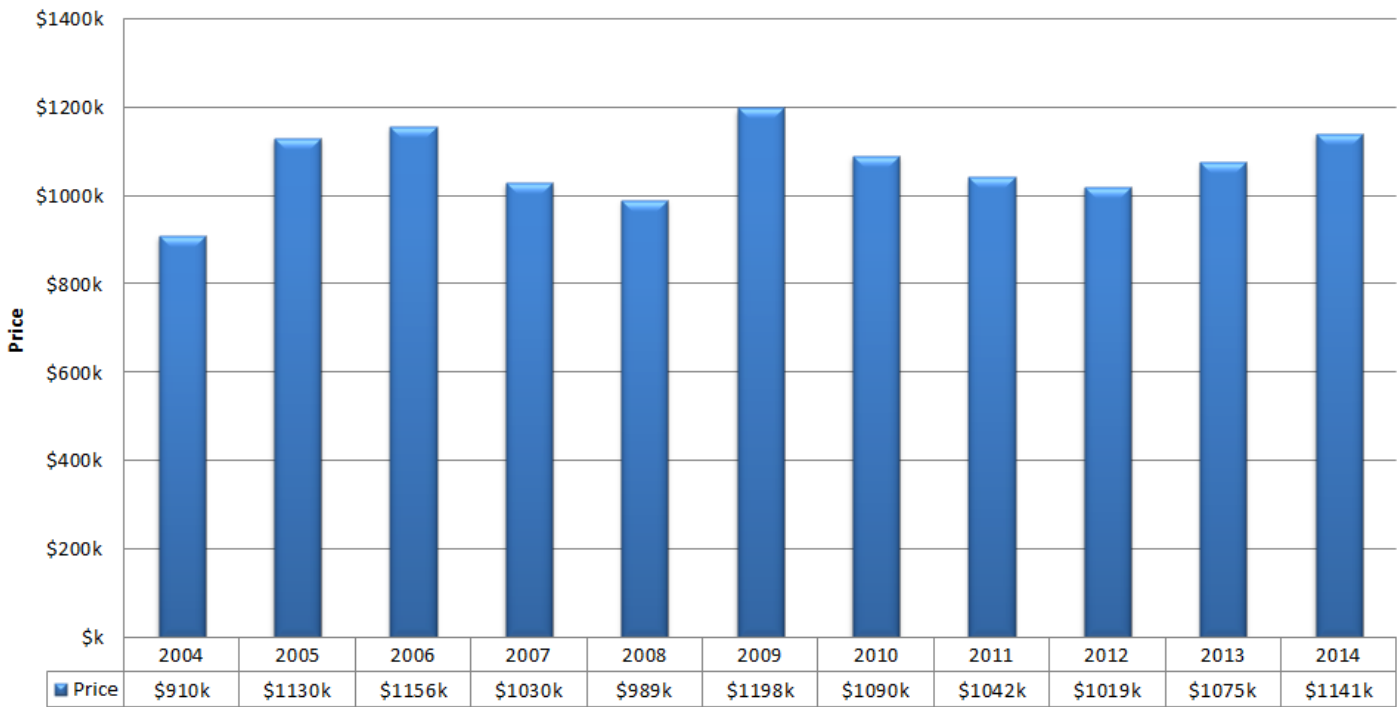


One other home that attracted intense competition was **5922 Overlea Road**. This home has the floor plan that features a main level bedroom and bath and then three more bedrooms and two baths upstairs. It is situated on almost a third of an acre lot and has a two-car garage. This excellent house commanded a final price that was *\$116,000 above list*.



Those two significant escalations plus a few other homes that sold over the list price more than compensated for the few homes that sold for less than their asking prices to result in a statistic that we have not seen for many years—in **2014, Sumner homes sold, on average, for 104.2% of their original list price!** The last time that the average Sold Price exceeded the Average Original List Price was in 2005!

Sumner Average Price



With the wide range of prices found in Sumner, the average price may not be the best way to judge value. The average price is susceptible to giving a skewed impression of value if the data sample includes some radically higher or lower sales. A more representative measure of value may be the **MEDIAN SALE PRICE** which is the midpoint of the data, with half of the sales above and half of the sales below the median price. It is considered to be a more accurate barometer of real estate activity, particularly for a small sample of prices. The median price for Sumner homes in 2013 was \$1,041,500 as compared with the **2014 median price of \$1,030,000**. So, the median price for the neighborhood actually fell by 1.1%.

BETHESDA/CHEVY CHASE HAS BECOME MORE EXPENSIVE

The number of sales across all of the Bethesda/Chevy Chase Zip Codes decreased by 11 percent last year. That represents 122 fewer homes sold in 2014 than the previous year—no small amount. But, the upside of that is that diminished supply usually leads to a rise in prices and that is indeed what happened. The average price of a single family home is at its highest level ever and Bethesda is a much more expensive place to live than it was even twelve years ago. **The average single family home sold for \$687,700 in 2002 and there were 1296 sales that year. This past year, with almost 300 fewer sales, the average price was \$1,142,400—a 66% increase!**

This gives you some sense of how hard it is for young people to buy a home in one of our communities and explains why so many parents are helping their children by contributing money towards the down payment. In some cases, parents are even signing on as co-purchasers with the thought that the kids will be able to refinance in their own names in the future. We often hear of the huge population block known as the “baby boomers” - 76 million people. Now we are told that there are 80 million Millennials! And these kids grew up at a time when financial markets and real estate were reeling and do not necessarily have the same predestined need to own a home instilled in them. Developers are offering an attractive alternative with an abundance of luxury hi-rise rental buildings going up in Bethesda. These buildings are usually near the Metro and allow one to walk out the door to restaurants, bars, shops and all of the exciting things found downtown. The buildings cater to young tastes with open, airy floor plans (although quite small), common rooms with big-screen TV, fitness rooms, dry cleaning and concierge services.

This type of living also addresses the new mobility that is a reality for the younger generation. They are not going to get a job at IBM and work there for 30 years until they retire. The nature of the job market today has recent college grads ready to go wherever a good opportunity takes them and they may change jobs several times during their peak earning years. That presents challenges for home ownership and other long term commitments that must weigh heavily on this generation. However, once they get married and start a family, putting down roots has an undeniable appeal and many of them will want to buy a house in a neighborhood with good schools to raise their children. Summer is one of those places and offers a wide range of opportunities for these young families. The evolution of the life cycle has things happening later for kids today than it did for us but ultimately, there will still be a demand for the high quality of life found here. I hope your year is off to a good start and I am always available for your real estate questions.

SHRED IT DAY 2015

The annual opportunity for you to have your important papers shredded before your eyes is coming up on **MARCH 28TH**. Just like last year, the truck will be available in the parking lot of the Washington Waldorf School on Sangamore Road from **10:00 AM to NOON**. Remember, metal and plastic are not allowed in the shredder so please remove any metal clips (regular staples are OK) and use paper boxes (not plastic bags) to transport the documents. Thanks!



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