

SUMNER

REAL ESTATE NEWS

by

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MARKET NEWS

Buying and selling homes has been much more difficult since the worsening of the economy and financial markets last Fall. A lack of buyer confidence, more stringent lending requirements, uncertainty in the job market and changing prices have altered the landscape for home sales from a smooth path to a rocky road. Real estate activity in January was tentative with few listings and wary



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buyers. But early in February there were already signs of improvement. In that first week, I listed a house in Wood Acres for \$869,000 and, after a very busy Open House, it was sold in six days for full price. A mix of sales successes and struggles continued through the month of March. There were listings that sat on the market for weeks until they got a contract and others had multiple offers in the first week. Then about mid April, home sales activity increased dramatically. I am not going to use the word “hot” but, in spite of what you may think, our real estate market in May has become encouragingly healthy.

The first trimester of 2009 was a challenging time during which buyers, sellers, agents and loan officers had to deal with numerous obstacles to the sales process. There were the familiar issues associated with changing values, where sellers have expectations that may or may not match those of the buyers who are worried about whether prices are still going down. Those issues became even more complex as the market improved and buyers who were still in the mindset of hard bargaining found themselves missing out on homes that sold quickly at, or even above, the list price. Who would have guessed?

Another challenge for people who have a home to sell before purchasing is how to get liquid. It is still possible to get a bridge loan if you have ample income to qualify. That allows you to buy before you sell, although you may have two mortgage payments for a while. There have been some instances of sellers accepting a contract that is contingent upon the sale of the buyer’s present home. Some people go so far as to sell first and

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NEIGHBORHOOD NEWS

The real estate market in general is suffering from a drastic reduction in sales activity resulting in a greater number of homes for sale, but that is not the case in Sumner. During the first trimester of the year, four neighborhood sales completed settlement, as compared with three settlements for the same time period last year. There are four homes for sale but two others have just gone under contract. Further, two of the four homes for sale are high priced new homes which typically take a longer time to sell. That is not a bad report compared to the statistics for the greater market.

Each of the four sales is a home that was on the market during the later part of last year. The house at 5906 Overlea Road had a rough time, with ratified contracts falling apart on more than one occasion. Originally listed for \$1,125,000, the price was reduced to \$995,000 and eventually closed at \$975,000. With the market so unsettled at that time, we saw an unusually high percentage of buyers who second-guessed themselves, got nervous and backed out of their contracts.

The house at 4806 Fort Sumner Drive began its time for sale at a price of \$1,250,000. After a long marketing period at the reduced price of \$1,170,000, the house closed at a price of \$1,060,000. The property is a four bedroom colonial with an excellent walk-out level finished basement opening onto a beautiful backyard with a gazebo.

The next highest sale at 5824 Rockmere Drive defied the odds and attracted a contract at the beginning of November 2008 after only four days! Sited on a prominent lot at the corner with Baltan Road, this large cape cod style home offered six bedrooms above grade. It was listed for \$1,195,000 and sold for \$1,160,000. You have to admire both parties for having the good judgment to recognize an opportunity and being decisive enough to capitalize on it, when so many around them were “grinding it out”.

The high sale for the trimester was 5013 Nahant Street which listed for \$1,595,000 and sold for \$1,400,000. This handsome colonial on the circle at Overlea Road featured five bedrooms (counting the two on the third floor) and had been renovated to include a beautiful kitchen open to a family room addition.

The average price of the four sales so far this year is a healthy \$1,238,750.

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MARKET NEWS...

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move into a temporary rental until they find the house they want to own. Where there is a will there is a way to make it work.

A new issue that has started to appear in our area is the "short sale". For those who are unfamiliar with this term, it refers to a situation where the value of the home (the contract price) is not sufficient to pay off the indebtedness. In a case like this, if the seller does not have enough money to make up the difference, the seller often tries to work out a deal with the bank to accept less than what is owed. The main problem with a short sale is the uncertainty and/or the delay. Most banks are not good about handling these sales efficiently, so a buyer may be in suspense for months, not knowing if they have bought a house or not. It is uncomfortable for everyone involved. Similarly, some of the homes for sale are bank-owned, meaning that the bank has foreclosed on the loan and taken possession of the property. Again, you are dealing with a corporate entity and it is a very different experience from the immediate, hands-on way a normal sale is handled.

Homes priced under a million dollars or so have been selling better than the higher priced homes. That is generally the case in any market, simply based on the fact that more people can afford the lower priced homes. But at this time, the greater discrepancy can be explained, in part, by the lower interest rates at that level. The government has extended the temporary "super-conforming" loan level of \$729,750 and the interest rate for that money is significantly lower than for true jumbo loans. So most of the time, a home sale under a million dollars will involve that less expensive loan.

While the market has definitely picked up, the number of contracts during the first trimester was down considerably from the same period last year. In the first four months of 2008 there were 77 contracts ratified on detached homes in the 20816 zip code. This year, that number was 53. True, there was much less activity but it is significant to note that, as more sellers have priced their homes realistically, the sale prices have firmed up. There is a growing perception that the market is at, or near, the bottom and with interest rates as low as they are, more people are deciding that it is time to take advantage of these favorable circumstances.

The average price for a detached home during 2008 in our zip code was \$1,052,140, but that figure does not accurately reflect the depressed sale prices for the last several months of the year. Those late year sales averaged a sale price of \$942,601. The 29 sales that have closed so far this year have averaged a sale price of \$960,793. And the brisk sales that we have seen lately are going to boost that number considerably for the next trimester. I am cautiously optimistic that the Bethesda real estate market is beginning to work its way out of the terrible condition we experienced last Fall.

Neighborhood News...

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The home at 4820 Fort Sumner Drive, listed at \$1,499,000, is currently under contract. This is a home that had a substantial expansion and renovation a few years ago and offers the modern amenities and open spaces that are popular today. It also has five bedrooms and three baths upstairs and a wonderful level backyard.

Another success story is taking place at 4911 Rockmere Court. This handsome colonial home was listed on Friday of Memorial Day weekend and had a ratified contract in place two days later! The list price of \$1,250,000 reflects the need for a lot of updating but the home has a presence that makes that price seem like a bargain.

The least expensive property available in the neighborhood is 4914 Brookeway Drive, listed at \$788,500. Although this home has no basement, it does offer four bedrooms and three baths and a location just half a block from the Crescent Trail.

The home at 5805 Overlea Road is for sale at the price of \$1,688,000. This home sold as a rambler in 2006 and was then reconstructed as a colonial with two levels and a basement. Because it was renovated and expanded for the owners use, the design and workmanship is of extremely high quality. All the popular pieces are there as well as a unique individuality that makes it a very special offering.

That brings us to the two new homes that are available at 4907 Fort Sumner Drive and 5008 Rockmere Court. Coincidentally, both homes have six bedrooms and five and a half baths but in different configurations. The Fort Sumner house has five bedrooms and four baths on the second floor while the Rockmere Court house has four bedrooms and three baths on the second floor and then an additional bedroom and bath on the third level. Priced at \$2,190,000 and \$2,395,000 respectively, you can imagine that they both offer incredible spaces, high-end fixtures and beautiful finishes.

Certainly from the perspective of the constant media attention paid to the negative aspects of the national real estate story and the economy in general, the information contained in this review of Sumner real estate has to be considered as encouraging news. Undeniably, neighborhood values are down from the peak, but homes are still selling and the prices are respectable. To date, we have been spared the bloodbath of foreclosure sales at fractional prices that undermine the value of the entire neighborhood. Sumner is a desirable community in a great location where people want to live. The homes are attractive, the public schools are great and access to work and play is convenient, making Sumner one of the best neighborhoods in Bethesda.

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