

# SUMNER

## REAL ESTATE NEWS

by

*Robert Jenets*

May 2012

### MARKET NEWS

During the first four months of 2012, there were 91 single family homes listed in the 20816 Zip Code and, as of this writing, 53 of them are either pending sales or sold. That represents an absorption rate of 58% which is just a little less than the 60% rate for this time period last year.

MRIS statistics show that there are fewer sales taking place this year than last, although the “vibe” in the marketplace is positive. As usual, some homes take longer to sell than others but the incidences of multiple contract offers and a number of quick sales have given the market a generally favorable disposition.



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There is a disparity between the sales rates for homes priced under \$1M and those that are above that psychological break point. The more expensive homes listed since January 1st have an absorption rate of 34% with an average number of days on the market of 105. The time required to get a contract is misleading though, because a few of those sales are new homes that were put into the computer before breaking ground, thus racking up a huge number of days. For the most part, buyers do not seriously consider those homes until they are nearly complete and so the effective marketing period is actually much shorter than the average would indicate. On an encouraging note, several of the homes priced above \$2M have recently sold.

In sharp contrast, the homes listed since the first of the year under \$1M have an absorption rate of 76% with an average of only 16 days required to obtain a contract. As such, there is a shortage of inventory in this range and buyers are having to move very quickly and aggressively to succeed in purchasing a home. I am aware of several instances of sales that have taken place before the homes were put on the market. Agents talk to one another in an effort to uncover choices for their clients to buy and matches are often made behind the scenes. On that note, it is worth mentioning that buyers who are managing their home search without professional help, may not have access to all of the homes that a good buyer agent might provide.

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### NEIGHBORHOOD NEWS

Real estate sales got off to a slow start in Sumner this year, but there has been much more activity lately. Focusing on the date that the *contract* was written (not settlement), the MRIS data shows that, after a couple of sales last October, not another Sumner home went under contract until the listing at 4701 Fort Sumner Road was sold in February this year. After that there was another drought until four houses sold in April! (That would have been five sales if there were 31 days in April because another home went under contract on May 1st.)

So sales are back on track with the average marketing time for these recent homes clocking in at 40 days. The most expensive of the listings, the three year old home at the corner of Fort Sumner and Brookeway, took the longest to sell with a marketing time of 165 days. If that unusually long sale is taken out of the statistics, the rest of the sales had an average marketing time of only 15 days.

There were two *settlements* that took place during these first four months of the year. The home at 4701 Fort Sumner Drive was listed early in February for \$899,000. It is a four bedroom colonial in very nice condition and it sold in only six days for \$915,000—the apparent result of multiple offers.



The other sale to settle during this period was the home at 4910 Rockmere Court which had been listed in July of 2011 for \$1,185,000. A handsome colonial with an updated kitchen and a nice two story addition, it went under contract in September 2011 but did not settle until January of this year—final price, \$1,140,000.



As I write this letter, there are **five homes for sale** in Sumner, ranging in price from a low of \$969,000 to the most expensive offering at \$1,525,000. Five homes for sale at one time could be considered a mild oversupply but with the average marketing time as short as it is, these homes should be sold before it becomes a cause for concern.

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## MARKET NEWS...

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You may have seen various articles or news items over the past few months that have presented information or opinions as to the state of the housing market. By my observation, the overall tenor of those articles is optimistic. The general opinion of the writers is that our area is well past the “bottom” and that values are rising. I think the statistics support that view, notwithstanding the occasional chart that seems to indicate that values in certain areas are dropping slightly.

The reports that draw much attention but have little to do with the long term trend of our market are the *monthly* statistics. I am sorry, but it just does not mean much if housing starts were up 100% in January or if the number of resale contracts for February was down 20% (*made up examples!*) - those statistics could easily reverse themselves the very next month. You have to look at longer patterns to make any sensible judgments about where the real estate market is headed.

It is always the case that real estate trends tend to change slowly, over a long period of time. As such, there is a lag time or delay before a significant number of buyers or sellers mobilize themselves to take advantage of new conditions. It seems to take months, sometimes many months, for the new “message” to sink in before people begin to act.

From the Fall of 2008 until recently, selling a home was generally harder than it had been previously, and so people who may have wanted to move up to a bigger house found that it was very difficult to make such a move. Many chose instead to wait, or renovate their existing home or they simply decided that they did not need a bigger home. Now, homes in that price range could easily be sold and those people could make the next move to a bigger home in the \$1.1M - \$1.5M price range. But the message does not seem to have reached them and we are not yet seeing a resurgence in that move-up market. What a shame because, with interest rates remaining so low, it is truly a good time to take advantage of the conducive sale conditions that our area is fortunate enough to enjoy.

There are signs to be seen of improving consumer confidence and none is more significance for our local real estate market than the fact that in-fill builders are aggressively buying lots where they can build a new house. These guys have to be on the cutting edge of the trend to be successful because they are investing a lot of time and money on an expectation that is almost a year in the future. And yes, if they guess wrong, they will suffer great losses, as many of them did in 2008. But they are buying now and building. There is a definite sense from their activity that the demand for new homes in our area is reviving and that it is safe for them to speculate again. Let’s hope they are right and that the market continues to improve.

## Neighborhood News...

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Getting back to the homes that recently went under contract and are **pending settlement**, the most expensive one is the home at 4907 Fort Sumner Drive. As a brand new home three years ago, this house was sold for \$1,850,000. It boasts over 5,000 square feet of finished living space that includes six bedrooms and five and half baths on four levels. There is a price premium associated with new construction and now, as a resale, the original list price of \$1,899,000 proved to be a bit ambitious. Eventually, the price was reduced to \$1,750,000 and the house is now under contract.



At the opposite end of the spectrum, the least expensive listing in the neighborhood was also one of the quickest sales. The home at 5015 Fort Sumner Drive was listed at \$795,000 and almost immediately attracted multiple offers. I am sure the price point has a lot to do with why this home sold so quickly. It is a rare opportunity for a buyer to get a colonial home with four bedrooms on the second level and a nice backyard in a terrific neighborhood like Sumner at this low price!



The other three recent pending sales are:  
5011 Sangamore Road—\$799,000—sold in 4 days  
6013 Corewood Lane—\$899,000—sold in 39 days  
5101 Westpath Way—\$1,100,000—sold in 19 days

**FYI:** Although the subject of mold has been a hot topic as it relates to home sales and leasing for the past several years, it seems that many home inspectors have a new sensitivity to the issue. If you have plans to sell or lease in the near future, you might want to have your home checked out in advance and resolve any problems before there is a buyer or a tenant involved.

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*Sumner is an area of particular interest to me and I have been reporting the neighborhood real estate news for the past ten years. My first sale in the neighborhood, on Scarsdale Road, dates back to August, 1991—that’s 21 years ago! Times have changed and I have changed right along with them so I remain confident that my real estate experience and abilities are second to none. Let me know if I can help you.*

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