

Glen Echo Heights / Mohican Hills Real Estate Report

January
2018

ALL BETHESDA (20814, 20816, 20817)

Looking back over the events of 2017 can be a dizzying experience and I feel fortunate in having only to review the real estate component of that frenetic year. Amid the constant barrage of negative news, real estate understatedly provided one of the few positive topics. There were no blazing headlines about a huge number of sales or skyrocketing prices but by year's end, the statistics for Bethesda home sales described a healthy market that was generally balanced between buyers and sellers.

The three **Bethesda** Zip Codes posted **844 closed sales** of single family detached homes last year (according to the MRIS) which is slightly fewer than the 858 sales in 2016. For all the news about a shortage of inventory and fewer sales, a decrease of 14 transactions (about 1.6 %) over an area the size of Bethesda is not remarkable. But complaints about the lack of homes for sale derives more from the fact that there is a greater demand for quality listings than is being met. One could surmise that with more supply, the number of sales would be significantly increased.

Continuing with the theme of consistency of the statistics for the last two years of home sales in Bethesda, the **61 days** a home was **on the market** in 2017 represents an improvement of 4 days compared with 65 days in 2016.

You might be interested to know how much real estate is sold in our area during the course of a year. The combined value for all 844 home sales last year was \$970,323,300—almost a billion dollars of real estate! The final sale price was 96% of the original list price, and 98% of the list price at the time of sale. The **average price** of those transactions was **\$1,149,672**. Once again, that is very similar to the average price for 2016 which was \$1,144,849, representing a statistical **increase of only .42%**.

ZIP CODE 20816

In compiling the data for our Zip Code analysis, I use the information provided by our multiple listing service, the MRIS, and add to it the home sales that never made it to that database. Those sales are discovered through a painstaking comparison of the MRIS sales with all of the transactions listed in the public record for Montgomery County. That exercise turned up 16 private sales last year which, when added to the 199 sales reported in the MRIS brings the total to **215 single family detached home sales in Zip Code 20816**. For those of you keeping score, that is *4 fewer sales* than we saw in 2016.

I imagine most residents along the Massachusetts Avenue corridor consider it to be one of the most desirable parts of Bethesda and the statistic for the average number of days it took for a home to sell last year suggests that home buyers agree. The Zip Code clocked in at only **41 days on the market**—significantly shorter than the 61 day figure for the greater Bethesda area. But remember, that is the average length of time it took for a home to sell and a close look at the stats shows that 108 of the homes (*half!*) sold within the first two weeks!

The **average price** of the 215 sales last year was **\$1,144,563—up 5.27%** over the price for 2016. There were eight sales at or above \$2M and three of those were north of \$2.8M. There were ten other sales between \$1,850,000 and \$1,999,000. At the other end of the price range, there were 23 sales below \$750,000, two of which were below \$600,000!

A hot topic for much of the year in this part of Bethesda was the proposed redevelopment of the Westbard Sector and whether it will have an impact on property values nearby. Buyers are asking questions about it but with any breaking of ground estimated to be about two years distant, I have not heard of anyone citing that as a reason not to buy in our area.



STATISTICS by ZIP CODE—2017

	# of Sales	Days for Sale	Average Price	%Change from '16
20814	188	66	\$ 1,162,141	+ 1%
20816	215	41	1,144,563	+ 5.27%
20817	457	67	1,132,954	- 2.3%

Robert Jenets

PRESIDENT & PRINCIPAL BROKER

(301) 257-3200 (cell)
(301) 654-3200 (office)

 Robert@RobertJenets.com
 RobertJenets.com



**Stuart &
Maury**
REALTORS®

I realized as I began writing the annual recap of real estate activity in Glen Echo Heights and Mohican Hills that this is the 20th such review—my first newsletter came out in January of 1998. It was interesting to read in that letter that there were 32 homes sold in 1997 ranging in price from \$210,000 to \$590,000! The average sale price was only \$363,252. What a difference twenty years can make!

In that first letter I also talked about a wide variety of creative new mortgage products including loans with as little as 5% down and no mortgage insurance. Little did I know at that time how tame such programs would seem compared to the no doc, interest only and negative amortization loans soon to follow that contributed to the mortgage crisis of 2006.

Since the disastrous year of 2008 when only 16 homes were sold, the neighborhood has been averaging 33 sales per year. Many people think 2005 was the pinnacle of real estate activity before the crash but it was actually in 2004 that Glen Echo Heights and Mohican Hills experienced the highest number of sales since I began keeping track of them—a staggering 55 homes closed in that year!

Fast forward to **2017** and we see that **37 homes were sold** in the neighborhood during a year when the most prevalent real estate headline was the lack of inventory resulting in fewer sales. There were 33 total sales in 2016. The MRIS shows 33 sales closing in 2017 and there were four private transfers that I found in the public record, bringing the total to 37.

Perhaps where we see the effect of insufficient inventory is in the statistic for marketing time. In 2015 it took 73 days for a home to sell and that ballooned to 100 days of marketing in 2016. Last year that number came down to an average of **63 days on the market** for a home to get a contract. That is a little longer than the average for all of Bethesda and quite a bit longer than it took homes to sell in the 20816 Zip Code. But considering the number of developers who favor Glen Echo Heights and Mohican Hills for replacing old homes with new ones, and the extended marketing times associated with that activity, 63 days is actually pretty good for an *average*. About half of the sales last year occurred within 10 days of becoming available.

In my summer newsletter, I reported 12 homes for sale with list prices around \$2M and that one such high priced home was under contract. The one under contract was 5313 Wehawken Road (right) which turned out to be the **high sale** last year at **\$2,210,000**. The only other sale to start with a 2 was the home at 6225 Madawaska Road which sold for an even \$2M. The others that sold in 2017 did not fare as well.

The opposing page shows the list of homes that sold last year. Space limitation does not allow for me to print a picture of each one but **to view** the entire listing of any one of the sales along with **all of the pictures, go to my website: roberttjenets.com**. You will see a link to the 2017 sales which will give you access to all of the MRIS information.

I mentioned that the MRIS reported 33 sales in Glen Echo Heights and Mohican Hills last year and the average price for those sales was \$1,106,985. It so happens that the four private sales reported in the public record were all low priced homes and when they are factored into the data, **the average price for 2017 was \$1,068,392**. There is a graph on page four that shows the neighborhood average price history over the last eight years. You can see there that last year's average was **down about 7.75%** from 2016.

The graph shows a downward trend in the average price from 2014 which was an unusual year that included sales at \$2,325,000, \$3,400,000 and \$4,100,000! Well no wonder. And 2015 had sales of \$2,700,000, \$2,350,000, \$2,130,000 and \$2,075,000. OK, I get it. These are statistical averages from a relatively small data sample which can be misleading. **Does this mean your property value has been decreasing since 2014? Of course not.**

The real estate market in Bethesda over the last several years has been rising only modestly from year to year. And homes in Glen Echo Heights/Mohican Hills follow that trend. The average home is not worth a lot more than it was four or five years ago, but it certainly is not worth less. That being said, keeping pace with the market requires normal maintenance and improvement when necessary. Deferred maintenance will definitely have a negative effect on value and because buyers are so busy these days and not interested in doing work on a house, the effect is magnified beyond the actual cost of the maintenance.



MRIS 2017 SALES - GLEN ECHO HEIGHTS / MOHICAN HILLS

Address	FB	HB	BR	# Gar	OrigListPrice	ListPrice	ClosePrice	CloseDate
6005 MASSACHUSETTS	2	0	4	1	\$625,000	\$625,000	\$625,000	25-Apr-2017
6001 WALHONDING RD	2	0	2	2	\$725,000	\$689,000	\$689,000	10-Jul-2017
6204 WINNEBAGO RD	2	0	4		\$775,000	\$775,000	\$775,000	04-May-2017
5223 WYOMING RD	3	0	4		\$799,500	\$799,500	\$799,500	24-Mar-2017
6214 MASSACHUSETTS	2	0	3		\$849,900	\$849,900	\$800,000	31-Aug-2017
5103 WEHAWKEN RD	1	0	2		\$849,999	\$849,999	\$805,000	17-Nov-2017
6201 WISCASSET RD	3	0	4	1	\$750,000	\$750,000	\$810,000	25-Sep-2017
5324 WAPAKONETA RD	3	1	5		\$799,900	\$799,900	\$820,000	02-Oct-2017
5201 WISSIOMING RD	3	0	5	2	\$850,000	\$850,000	\$825,000	10-Feb-2017
6604 VIRGINIA VIEW C	3	0	5		\$835,000	\$835,000	\$840,000	15-Aug-2017
6320 WALHONDING RD	2	1	4		\$825,000	\$850,000	\$850,000	15-May-2017
5302 WANETA RD	3	1	4	1	\$869,000	\$869,000	\$850,000	20-Jun-2017
6302 MASSACHUSETTS	3	1	4		\$865,000	\$865,000	\$865,000	20-Dec-2017
6113 WALHONDING RD	3	0	4	1	\$875,000	\$875,000	\$875,000	31-Mar-2017
6300 MASSACHUSETTS	2	2	3		\$920,000	\$895,000	\$885,000	24-Dec-2017
6202 MADAWASKA RD	2	0	4		\$899,000	\$899,000	\$894,000	03-Mar-2017
6437 DAHLONEGA RD	3	0	4		\$895,000	\$895,000	\$937,000	06-Jun-2017
4 WYOMING CT	2	1	4	1	\$995,000	\$950,000	\$950,000	17-Nov-2017
6024 ONONDAGA RD	3	1	5		\$1,028,000	\$1,028,000	\$1,028,000	14-Sep-2017
5305 WANETA RD	2	1	4		\$1,064,000	\$1,064,000	\$1,045,000	14-Aug-2017
5220 SANGAMORE RD	5	0	5	2	\$1,195,000	\$1,149,000	\$1,062,000	30-Oct-2017
6409 WISCASSET RD	6	0	8	2	\$1,350,000	\$1,250,000	\$1,102,000	02-Sep-2017
6001 MASSACHUSETTS	3	1	6		\$1,179,000	\$1,179,000	\$1,179,000	30-Nov-2017
5108 WEHAWKEN RD	4	0	5		\$1,100,000	\$1,100,000	\$1,200,000	25-Apr-2017
6103 NAMA KAGAN RD	4	1	5	2	\$1,395,000	\$1,300,000	\$1,280,000	14-Jul-2017
5113 WISSIOMING RD	3	1	4		\$1,375,000	\$1,375,000	\$1,300,000	30-Jun-2017
7 WYOMING CT	4	1	5	1	\$1,400,000	\$1,400,000	\$1,400,000	17-Jul-2017
6216 WINNEBAGO RD	5	1	6	2	\$1,699,000	\$1,590,000	\$1,500,000	28-Feb-2017
6416 DAHLONEGA RD	4	1	5	2	\$1,575,000	\$1,575,000	\$1,535,000	02-Jun-2017
6021 WALHONDING RD	5	0	6		\$2,200,000	\$1,995,000	\$1,895,000	08-Dec-2017
5402 WEHAWKEN RD	5	1	5	2	\$2,495,000	\$2,295,000	\$1,900,000	27-Oct-2017
6225 MADAWASKA RD	4	1	5	2	\$2,349,000	\$2,224,900	\$2,000,000	18-Aug-2017
5313 WEHAWKEN RD	6	2	7	2	\$2,269,000	\$2,269,000	\$2,210,000	31-Jul-2017

The 2017 median price was \$885,000. I know that sounds extremely low compared with last year’s median of \$1,025,000 and indeed, it is startling. I will point out that if the median was to be determined from the above list of homes, not including the private sales, it would be a little higher—\$937,000. But the four private sales were on the lower end of the price scale—one at \$600,000 and the other three at \$800,000. It is what it is but I reiterate that you may rely on the pricing trend for greater Bethesda as a better gauge of your home’s value.

UNDER CONTRACT

At the time I wrote this newsletter, the MRIS showed three homes in the neighborhood as being under contract, pending settlement:

- 6416 Wiscasset Road—listed for \$799,000
- 5704 Mohican Place—listed for \$925,000
- 6112 Winnebago Road—listed for \$2,099,000

The design of the home at 6112 Winnebago Road caught my eye as being a little different. During the early 2000’s, as new homes gravitated toward the “Arts & Crafts” style, it seemed that they all looked the same. This house has some new design elements that differentiate it from what had become the default style of new homes. Nice job Rembrandt Builders!



I am now in my 34th year as a Realtor and still find it as exhilarating as when I first began. Sharing my clients’ excitement at settlement as they look forward to a new stage in their lives is the emotional charge that keeps me energized. Since I acquired Stuart & Maury four years ago, I have been blessed with a good market, great agents and the company is thriving. Our proven success record in this area is due to the specialized attention we have devoted to Bethesda, Chevy Chase and DC since 1956. We’ll be here when you need us. Thank you for your support!

SHRED-IT DAY 2018

The annual opportunity for you to have your important papers shredded before your eyes is coming on April 7th. Just like last year, the truck will be available in the parking lot of the Washington Waldorf School on Sangamore Road from 11:00 AM to 1:00 PM. Be aware that they prefer paper containers (no plastic) and will probably empty the contents into the shredding bin and give you back the container itself. There is no need to remove paper clips or file fasteners but they do not take three ring binders. I hope to see you on the 7th of April!

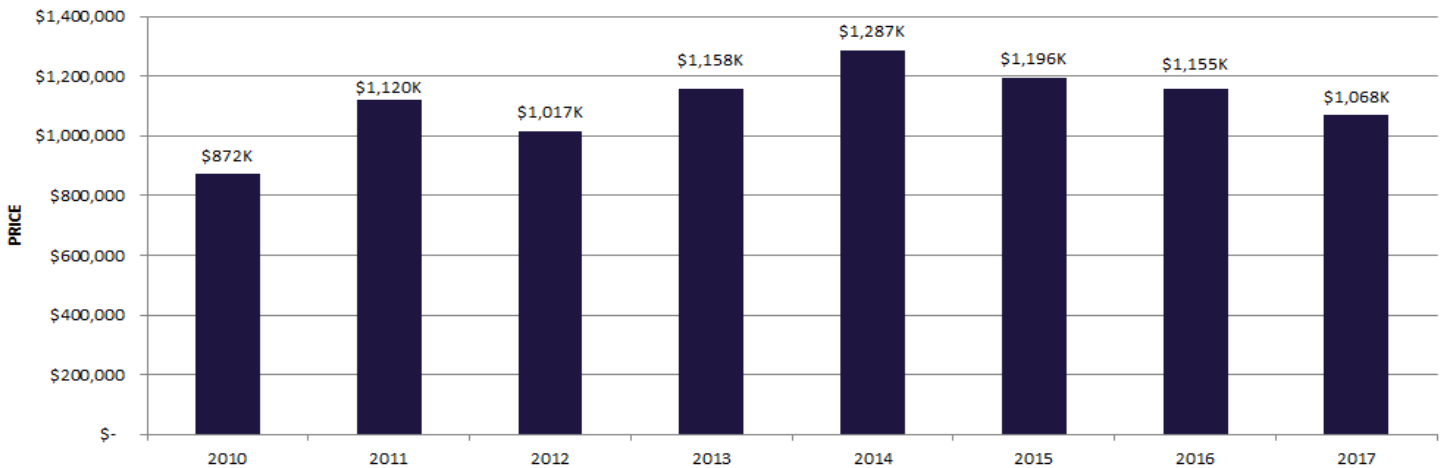
Information deemed to be reliable but not guaranteed. This is not meant to solicit the listings of another broker.



«AddressBlock»

«City/State/Zip»

Glen Echo Heights / Mohican Hills Average Price



The new tax law is provoking much discussion and analysis from various sources, with somewhat differing views of the impact it will have on people's finances. Changes of this magnitude will undoubtedly result in some winners, some losers and some unintended consequences. Everyone agrees on one thing—there are a number of ambiguities which make it impossible to know for certain what the impact will eventually be. We will have to wait for some IRS clarifications and let some time go by to see how things pan out.

The changes affecting the ownership of real estate are probably not good. The deductions for mortgage interest and property tax are strong incentives to own a house that have long supported real estate values. Once thought to be unassailable, the new limitations imposed on these fundamental elements of home ownership may give some potential buyers pause.

Think particularly about the young people just about to establish their own residences. Many of them would buy at a price level where the interest and tax deduction would not equal the new standard deduc-

tion. Without that incentive to itemize, might more young people decide to rent rather than own? Maybe, but I would like to think the benefits of ownership (community roots, ties to schools, long term appreciation, etc.) will guide them in the "right" direction.

Many neighborhood homes fall in the price range that will be affected by the new law. At the average price of \$1,068,392, a 20% down payment would leave a mortgage of \$855,000. At 4% interest, that would result in \$4,200 of non-deductible interest—about \$150 a month in lost tax benefit. That is not catastrophic but it does represent about \$30,000 in home purchasing power. Whether that will translate into an erosion of values remains to be seen.

I will say that after almost 34 years as a Realtor, I have seen the market adapt to many changes and I am not overly worried about the effects of this latest challenge. Uncertainty about the provisions of this tax law may have had something to do with the slower fall market and now that we know the rules, the accountants will be figuring out the best way for us to navigate this new terrain. They will, and we will be alright.