

GLEN ECHO HEIGHTS

REAL ESTATE NEWS

by

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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,



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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.

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

For the last five years in Glen Echo Heights (the legal subdivision which includes Mohican Hills), the first four months of the year have yielded approximately 7 settled home sales. After last year’s “rocket fast” start of 12 closings, the first four months of this year have yielded a just-above-average **8 home sales**. Last year’s average marketing time was also remarkably short (41 days) while this year that number has returned to a more typical **62 days on the market**.

With a small data sample of only eight sales that includes three sales in the \$600’s, there is not much to be inferred by the **average price of \$902,188**, which is considerably lower than last year’s average. Three of the *pending* contracts are for approximately \$2M each, so the average price for the year should rise significantly once they have settled.

The low sale for the period was the house at **6203 Walhonding Road** which never actually came on the market. The house is in very poor condition and has been rented for the last several years. The owners preferred to sell it quietly without disturbing the tenant, and asked me to find a buyer for the property. I did find a builder who was willing to pay \$600,000 and a new home will be under construction soon with an estimated completion date very early next year. I have a set of the architectural drawings, so feel free to contact me if you know someone who may be interested in such a new home.

Another success story can be told for the home at **5320 Sangamore Road** which attracted a full price contract—\$630,000—in only five days. This well-maintained rambler was in very good condition and had an old fashioned feeling of “home.”

The sale of **6107 Wiscasset Road** is just one of many homes like it that languished in the fall market but succeeded in the spring. This cozy rambler had been listed in May of 2011 for \$780,000 and was eventually reduced to \$720,000 before being taken off the market for the winter holidays. Coming back to the market at \$699,000 in mid-January (one of the “early birds”), this time it sold in about three weeks for \$682,500.



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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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There were two recent sales in the \$700's: **5116 Wehawken Road** is a four bedroom brick rambler that went for \$730,000 and a stylishly updated split level home on a large lot at **6508 Wiscasset Road** was sold for \$745,000.

The next higher sale on the list is the home at **5026 Wissioming Road**, originally listed for \$975,000. A handsome home with a unique floor plan, the front entrance is actually into the nicely finished lowest level. The main level is the second story of the house and includes a nice bedroom and bath. With a lovely backyard off the kitchen, it doesn't feel like the second level at all and is quite pleasant. There are three more bedrooms and two full baths above that. It is a lot of house for the money and sold for \$900,000.



The second highest sale this period was a home constructed in the year 2000 by Carter, Inc. at **6201 Walkonding Rd.** With five bedrooms and four and a half baths, this appealing home has everything that one would expect in a recently built colonial—the final sale price was \$1,450,000.



I talked about the highest sale on our list in an earlier newsletter when it was being marketed as a distressed property, which we rarely see in this area. Built into the hillside at **5400 Mohican Road** (coincidentally, also in the year 2000), this is a very large home that was in surprisingly good condition. (Foreclosures are often in very poor shape.) The bank eventually lower the asking price to \$1,499,000 which is jaw-droppingly low for a house like this. With over 10,000 square feet of finished space for the final sale price of \$1,480,000, this has to be one of the best deals a buyer has seen in this neighborhood for a very long time. Wow!



One of the homes *currently for sale* in the neighborhood is my listing at **6312 Walkonding Road**. This very high quality renovation and expansion done in 2005 has 5000 square feet of beautifully finished space! Check out the virtual tour at my website: robertjenets.com. Very competitively priced at \$1,298,000!



I want to remind you that I have a strong bond with Glen Echo Heights / Mohican Hills and my first sale in the neighborhood on Madawaska Road dates back to May 2, 1985—that's 27 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.

For up-to-date real estate information, call me or send an email to Robert@robertjenets.com.

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