

# Glen Echo Heights / Mohican Hills

Real Estate Report from ROBERT JENETS

January  
2023

## ALL BETHESDA (20814, 20816, 20817)

In 1973 the Edgar Winter Group had a hit song called “Free Ride”. “...yeah, yeah, yeah, yeah.” With mortgage interest rates staying low for about ten years and going even lower when the federal government bought billions of dollars worth of mortgage backed securities to prop up the economy during the pandemic, the real estate market has enjoyed a very long (nearly) free ride. Well, the ride isn’t as free anymore.

Last year’s market began right where 2021 had left off with soaring prices and fast sales. When interest rates started to rise in March, it was not gradual; they shot up faster than anyone might have anticipated, and kept rising to a peak of about 7% in November. Well, needless to say, the real estate market did not like that and by summertime, the pace of sales had slowed considerably.

The slower pace resulted in listings taking a little longer to sell and with less competition, buyers were sometimes able to include normal contingencies like home inspections and financing. Some buyers paused their searches, thinking that the higher rates would drive prices down. In the short run, there were fewer escalations and prices seemed to plateau, but the dire shortage of available homes has kept prices pretty level. And that lack of inventory may even be exacerbated in 2023 which is predicted to prevent any significant drop in housing values.

With the predictable contraction of the market due to the changing economy, homebuying activity during the first six months of the year outpaced the second half. For example, in one Bethesda Zip Code, the number of closings from January through June was 98 as compared with 80 closings in the second half of the year. But perhaps more telling is the comparison of how many contracts were ratified. Signed contracts from January to June numbered 105 vs. 81 from July to Dec-

ember—a decrease of about 23%. Admittedly, the second half of the year is typically not as robust as the first, but that is a significant drop. Although, from way it is presented in the media, one would imagine that sales activity might have dropped by 50 or 75%. Not so.

The fact is that the pool of would-be buyers is very deep in our area and everyone needs a place to live. The option of continuing to rent is not palatable to many people and they will look to buy. Yes, there will be an adjustment period for buyers and sellers to modify their expectations to the new reality, but houses will still sell.

It is important for would-be sellers to know that it is still a good time to sell a house. The appreciation we have enjoyed over the past few years is real and even in this more temperate market, homes are worth much more than they were before the pandemic. While “the ride” may no longer seem “free”, the ride goes on and our area will support a strong real estate market in 2023.

According to Bright MLS, the three **Bethesda** Zip Codes accounted for **775 closed sales** of single family detached homes last year, an **18.5% decrease in the number of sales** (951) posted in 2021. A year ago, I reported that the time it took to sell a home dropped dramatically from 55 days to only 21 days in 2021, largely due to the lack of inventory. Notwithstanding the slower market conditions discussed above, the statistic for 2022 was *even lower*, with homes going under contract after only **19 days on the market**. Overall, sales were still pretty fast and the *median* marketing time was 7 days.

The combined value for all 775 home sales last year was \$1,210,967,309, obviously down from the 2021 total by more than \$156M. It is a fact that 2021 was a stellar year for real estate and homes then sold for 102% of their original asking price. It is hard to believe but in 2022, the average home sold for 103.2% of its original list price! That impressive statistic leads us to the highest ever **average price of \$1,562,538** for a single family home in Bethesda — approximately an **8.7% increase** over the previous average which was \$1,437,755.



## MLS STATISTICS by ZIP CODE—2022

	# of Sales	Days for Sale	Average Price	% Change from '21
20814	189	18	\$ 1,581,222	+ 7.9%
20816	178	13	\$ 1,505,159	+ 4.0%
20817	408	22	\$ 1,578,917	+ 11.1%

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# Neighborhood Review (Homes Sold by All Brokers – per MLS)

## 2022

Address	Beds	Baths	List Price ↓	DOM	Close Price	Close Date	Total SQFT
5133 Wissioming Rd	2	2	\$750,000.00	47	\$700,000.00	09/14/22	1,905
5308 Iroquois Rd	3	2	\$799,900.00	5	\$805,000.00	11/04/22	2,252
6005 Massachusetts Ave	5	2	\$949,000.00	34	\$949,000.00	11/23/22	2,721
5123 Wissioming Rd	3	2	\$950,000.00	5	\$950,000.00	06/10/22	1,490
5115 Wissioming Rd	3	3	\$1,085,000.00	14	\$1,025,000.00	06/15/22	2,061
5307 Iroquois Rd	7	7/1	\$2,999,000.00	25	\$1,050,000.00	03/16/22	6,800
7209 Macarthur Blvd	5	3	\$1,150,000.00	0	\$1,150,000.00	03/11/22	3,058
6424 Dahlonga Rd	5	3	\$1,195,000.00	26	\$1,195,000.00	09/15/22	2,400
5401 Waneta Rd	3	3	\$999,000.00	5	\$1,275,000.00	07/29/22	2,530
6318 Walhonding Rd	3	2/1	\$1,325,000.00	11	\$1,325,000.00	05/25/22	3,447
6210 Massachusetts Ave	3	3/1	\$1,249,000.00	4	\$1,325,100.00	04/11/22	3,252
6522 Walhonding Rd	4	3/1	\$1,380,000.00	7	\$1,480,000.00	04/19/22	2,683
5211 Wehawken Rd	7	3/1	\$1,250,000.00	7	\$1,485,000.00	04/22/22	4,176
5109 River Hill Rd	5	2/2	\$1,625,000.00	18	\$1,600,000.00	08/29/22	3,252
6227 Walhonding Rd	4	4	\$1,550,000.00	7	\$1,600,001.00	04/22/22	2,610
5401 Wehawken Rd	5	2/2	\$1,722,000.00	0	\$1,722,000.00	07/05/22	4,300
5107 River Hill Rd	5	4/1	\$1,875,000.00	36	\$1,799,000.00	11/10/22	4,395
5707 Mohican Rd	6	4/1	\$1,699,000.00	7	\$1,815,000.00	10/21/22	4,357
5138 Wissioming Rd	6	4/1	\$1,780,000.00	8	\$1,870,000.00	06/17/22	5,925
6435 Wiscasset Rd	4	3/1	\$1,695,000.00	6	\$1,886,000.00	04/28/22	4,479
6204 Madawaska Rd	5	4/1	\$1,895,000.00	80	\$1,895,000.00	11/25/22	5,003
5606 Mohican Rd	5	3/1	\$1,575,000.00	6	\$2,110,000.00	06/06/22	4,220
5410 Wehawken Rd	6	5/1	\$1,995,000.00	7	\$2,235,000.00	02/17/22	5,638
6107 Madawaska Rd	7	7	\$2,475,000.00	97	\$2,375,000.00	12/15/22	7,435
6409 Dahlonga Rd	6	6/1	\$2,549,000.00	26	\$2,450,000.00	07/08/22	6,716
5417 Mohican Rd	5	4/1	\$2,495,000.00	5	\$2,495,000.00	03/08/22	4,074
6017 Walhonding Rd	6	5/1	\$2,495,000.00	7	\$2,525,000.00	04/01/22	6,653
6213 Dahlonga Rd	7	8/1	\$2,895,000.00	36	\$2,959,110.00	08/01/22	8,153
5308 Wapakoneta Rd	7	7/2	\$3,195,000.00	14	\$3,115,125.00	03/25/22	7,411

The home sale statistics for Glen Echo Heights/Mohican Hills (GEH/MH) for 2022 show the neighborhood retaining the sharp increase in average value from the prior year which yielded a highest ever price of \$1,698,334. **Last year's average sale price came in at \$1,695,356**—a relatively insignificant decrease. That number is based on **29 sales**, representing a decrease of about 25% from the 39 sales in 2021. Consistent with the slowdown in homebuying activity resulting from the increase in interest rates, 21 of those sales were contracted by the end of July and only 8 were inked from August to December. **The median price average was \$1,600,001.**

When the market raged in 2021, GEH/MH homes sold for 104.6% of the original list price. According to the MLS, 2022's homes went for 100.3% of the original list price. But wait a minute. That statistic is completely misleading because of one unusual circumstance. Rembrandt Builders planned to build a new home at 5307 Iroquois Road and had it listed in the MLS for \$2,999,000. The buyer ended up closing on the land only for \$1,050,000 and making a separate construction contract for the house, but the list price was never changed. Therefore, the MLS thinks the "house" sold for 35% of its original list price which completely skews the calculation.

Omitting that sale from the data, the math shows GEH/MH homes selling for **102.7% of the original list price** in 2022. You may compare that to the prior year's 104.6% and wonder why it decreased so much. Remember that listing prices last year were much higher to start with because they were based on the incredibly high sales of 2021. Consider that along with the slowdown in the second half of the year and 102.7% looks pretty respectable.

The pace of sales in 2021 was hypersonic, an average of only 13 days on the market. In that year the median was 6 days. For 2022, the average time from listing to contract was **24 days on the market**. It is interesting to note though, that the 2022 *median* average of 7 days on market was only one day more than the median for 2021. Half of the homes went under contract in a week or less.

The list on the facing page shows sales in the usual wide range of prices that is typical for the neighborhood. The list is a bit top-heavy, with eight homes selling for more

than \$2,000,000 and only four that sold for less than \$1,000,000. There were **thirteen sales above the original list price** that ranged from only a few thousand dollars to one amazing escalation of \$535,000! Perhaps just as noteworthy is the fact that there were **ten sales below the list price**. Clearly the 2022 market was less predictable than what it was the year before, which can be attributed to overly ambitious pricing in the Spring coupled with the contraction of the market in the Fall.

## Your New Property Tax Assessment

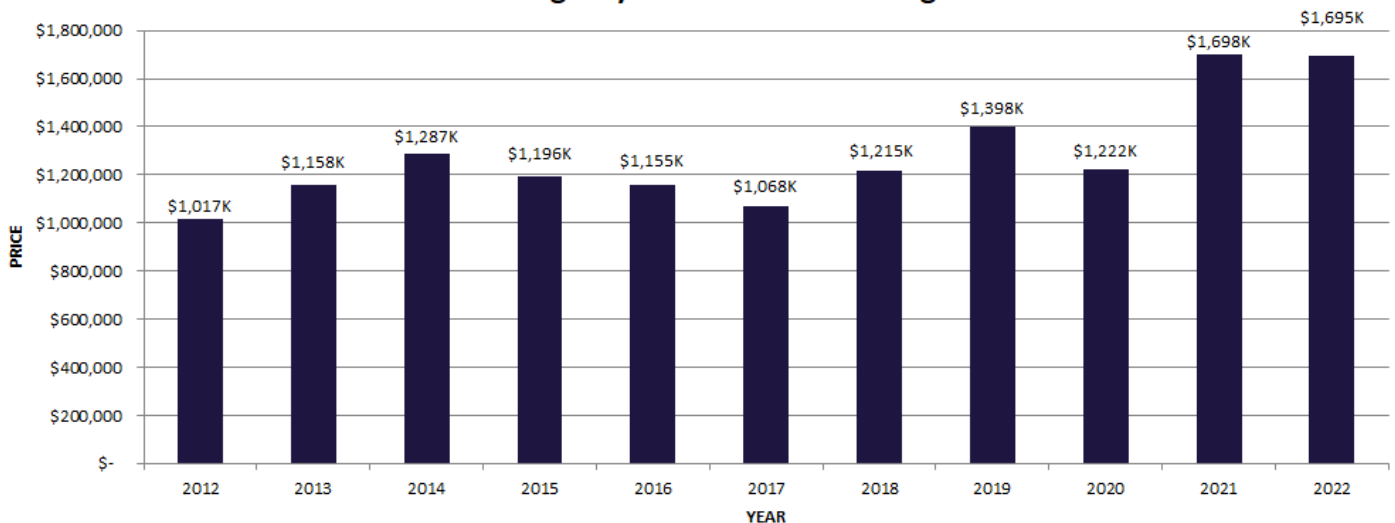
By now you should have received your new State of Maryland property tax assessment and perhaps you read it with mixed emotions. It feels good to know your house is worth so much more now than it was on the last assessment. But you may not be thrilled about the higher tax bill that comes with that increased value. The last assessment of our area took place in 2019 and since then property values have exploded. It has been reported that State-wide, assessments are up by 23%. Property values in Zip Code 20816 have risen by almost 26%.

Nobody wants to pay more tax and there are some for whom the higher tax bill will be a real financial hardship. If the property is your principal residence and you have the Homestead Exemption Approval (this is noted in the upper right hand corner of the assessment notice), you may take some comfort in knowing that your actual tax liability cannot increase more than 10% in one year. And there is a three year phase-in of your assessment increase that softens the blow to a degree.

If you think your assessment is not fair, you might consider making an appeal; that would be a natural reaction. Before you do, be aware that I have analyzed many properties and found that nearly every one of them is worth more than the assessed value. Further, the SDAT website makes clear that the only arguments that will be successful are factual errors in their worksheet like an extra bedroom or fireplace. Be careful about challenging their calculation of square footage because if they discover that you have more living area than they were aware of, your appeal could result in an even higher assessment.

The only other strategy is to produce comparable sales that support your contention that the new assessment is too high. The most relevant comps are sales within the neighborhood but prices have risen so much that it may be hard to come up with any that prove your point. That said, if you want to explore the possibility of making an appeal, I will be happy to use my resources to try and help you make your case. Just give me a call.

**Glen Echo Heights / Mohican Hills Average Price**



## ZIP CODE 20816

As it has been my practice for many years now, when calculating the average price for the 20816 Zip Code, I like to include off-market sales found in the public record that are not represented in the MLS statistics. This is an effort to present a truer picture of our local sales activity. A careful examination of the public record turned up 28 private sales last year which ranged in price from \$665,000 to \$2.85M. Only eight of those sales were under a million dollars and 12 of them were greater than \$1.5M. Four of those were over \$2M.

Adding the 28 private transactions to the 178 sales reported in Bright MLS brings the total to **206 single family detached home sales in Zip Code 20816**. So, with the private transactions included in the calculation, sales in the Zip Code were off about 12% from the 233 sales in 2021, as opposed to the 18.5% drop in greater Bethesda.

Here are some other statistics to ponder. The average number of days a listing took to sell decreased again from 15 days the previous year to only **13 days on market for 2022**. The number of sales that happened within the first 7 days decreased from 140 in 2021 to 126

quick sales last year. Sales closing at a price greater than the list price numbered 134 in 2021, and that number decreased to 104 such sales in 2022.

The **average price of the 206 sales in Zip Code 20816 last year was \$1,493,846**, an increase of about 3.6% over 2021's average of \$1,442,451. You may wonder why the appreciation in 20816 did not match the higher increase for all of Bethesda. One reason for that can be seen in the chart on page one that shows the change in average prices for the three Bethesda Zip Codes. Last year was a particularly strong one for 20817 which is a larger geographical area than the other two Zip Codes and it had more than twice as many sales.

On that note, one other comparison that is rather interesting is the average percentage of sale price to list price among the three Bethesda Zip Codes. Homes in 20814 sold for 102% of the original list price. 20817 came in at 102.8%. Home in 20816 sold last year at an average of 105.3% of the original list price. Not too shabby, right? The old TV show said "Green Acres is the place to be." For my money, 20816 is the place to be! Be well.—Bob Jenets

*As always, thank you for your support and I welcome your questions or comments.*

## SHRED-IT DAY 2022

*The annual opportunity for you to have your important papers shredded before your eyes is coming on **April 15th**. 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. There is no need to remove paper clips or file fasteners but they do not take three ring binders.*

**If you would like to receive Shred-It Day notices by email, simply send me your email address and I will be happy to keep you informed.**

**I look forward to seeing you on the 15th of April!**



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