

# Sumner Real Estate Report

January  
2019

## ALL BETHESDA (20814, 20816, 20817)

I have good news—Bethesda property values do *not* behave like the stock market! Can you imagine if they did? Wow, what a stressful ride that would be. Luckily for us, the price of housing in this area is generally stable and the market has been cruising at 35,000 feet for several years now. Of course, homeowners would love for values to appreciate more quickly but this steady ride certainly beats the alternative. You can see in the chart below that statistically, there has been an increase in the average price but for an individual house, it feels more like maintaining and sustaining than climbing.

The big news for Realtors in 2018 was our involuntary conversion to a new multiple listing service—Bright MLS. While it is similar to the previous MRIS, we are still adjusting to the different ways it presents the information and sometimes we struggle to get the data we are used to using. While we would prefer not having to learn a new system, I must admit that it offers some enhanced features that will be useful going forward.

According to Bright MLS, the three Bethesda Zip Codes posted **793 closed sales** of single family detached homes last year, about 6% fewer than the 844 sales from 2017. The average **marketing time** was down from 61 days in 2017 to last year's average of **55 days** for a purchase contract to be ratified.

The combined value for all 793 home sales last year was \$943,896,553—less than the \$970M from 2017 but still almost a billion dollars of real estate. The final sale price was about 98% of the original list price which is 2% higher than the percentage for 2017. Doing the math results in an **average price** calculation for all Bethesda single family home sales of **\$1,190,286**, which represents an increase of approximately 3.5% over the previous average.

## ZIP CODE 20816

In compiling the data for our Zip Code analysis, I use the information provided by our multiple listing service, Bright MLS, and add to it the home sales that never made it to that database. Those sales are discovered through a painstaking comparison of the MLS sales with all of the transactions listed in the public record for Montgomery County. That exercise turned up 21 private sales last year which, when added to the 177 sales reported in Bright MLS brings the total to **198 single family detached home sales in Zip Code 20816**. For those of you keeping score, that is *17 fewer sales* than we saw in 2017.

Once again this past year, the pace of sales in our Zip Code was a little faster than the other two Bethesda Zips by eleven and twelve days respectively. The length of marketing time ranged from pre-market sales of zero days to a lengthy 438 day stretch for the longest listing. The **average listing period was 46 days on the market** before getting a contract. Once again, it is worth noting that 58 homes sold within the first two weeks. That is not as impressive as the 2017 stat which showed 108 homes selling in that short time. It is fair to say that the 2018 real estate market in our area did not have quite as much energy as the 2017 market.

The **average price** of the 198 sales last year was **\$1,143,592**, only **\$971 less than the previous year's average!** Talk about stability. There were eight sales at or above \$2M in 2017 which differs from the list for 2018 that includes only three sales at that price level. There were nine sales between \$1,800,000 and \$1,999,000 but overall, the upper range was not as active last year. The lower range was also different. Whereas 2017 had 23 sales below \$750,000, 2018's list only includes 12 home sales in that lower range. The most active segment of the market was from \$900,000—\$1,200,000, representing 39% of the transactions—77 sales.



### MLS STATISTICS by ZIP CODE—2018

	# of Sales	Days for Sale	Average Price	%Change from '17
20814	191	57	\$ 1,216,530	+ 4.68%
20816	177	46	1,164,635	+ 1.75%
20817	425	58	1,185,170	+ 4.61%

**Robert Jenets**

PRESIDENT & PRINCIPAL BROKER

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

 Robert@RobertJenets.com  
 RobertJenets.com



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Maury**  
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# Neighborhood Review

2018



**5908 Madawaska Rd**  
**\$781,000**



**5701 Rockmere Dr**  
**\$925,000**



**5704 Overlea Rd**  
**\$1,025,000**



**5616 Overlea Rd**  
**\$1,029,000**



**5711 Overlea Rd**  
**\$1,050,000**



**6012 Overlea Rd**  
**\$1,070,000**



**5606 Pioneer La**  
**\$1,110,000**



**5010 Brookeway Dr**  
**\$1,172,001**



**4915 Fort Sumner Dr**  
**\$1,195,000**



**6015 Overlea Rd**  
**\$1,198,000**



**5900 Overlea Rd**  
**\$1,199,000**



**4906 Baltan Rd**  
**\$1,230,000**



**5016 Baltan Rd**  
**\$1,245,000**



**5600 Pioneer La**  
**\$1,275,000**



**5806 Madawaska Rd**  
**\$1,295,000**



**6003 Overlea Rd**  
**\$1,340,000**



**5104 Scarsdale Rd**  
**\$1,492,000**



**4901 Rockmere Ct**  
**\$1,500,000**

This annual review of real estate activity in Sumner comes exactly ten years after the financial fiasco of 2008 when, in September of that year, Lehman Brothers went bankrupt. You undoubtedly remember the domino effect their failure initiated and how we cringed as one financial giant after another became insolvent.

You may also remember that two years before that, the financial markets were rocked by the avalanche of risky mortgage foreclosures which had a detrimental effect on the 2007 real estate market. Thus, my newsletter of January 2009—ten years ago—began like this: *“As I prepare to describe the real estate market of 2008, I am struck by the remarkable similarity it bears to the market of 2007.”*

While there are certainly some differences, I could start this newsletter with those same words, only changing the dates to 2017 and 2018. It happened that the number of sales in Sumner for 2017 was duplicated in 2018. You see above, the 15 sales listed in the MLS plus the three that I found in the public record for a total of **18 Sumner sales in 2018**. That is a typical number of sales for the neighborhood which averages a turnover rate of about 4% and is exactly the same as the prior year.

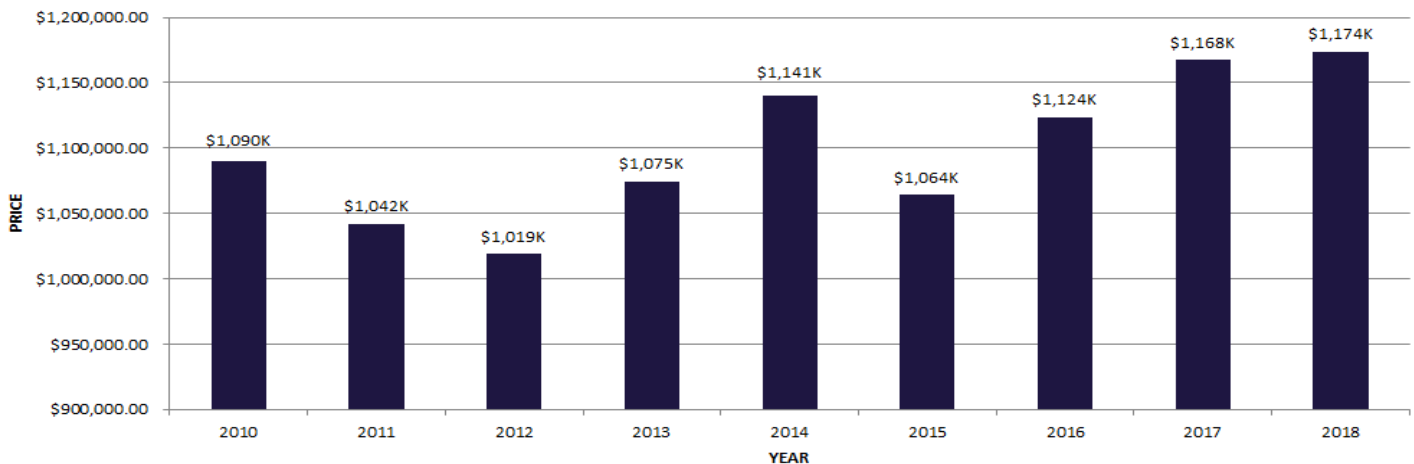
The other important similarity between the two years is the average price. I will remind you that the average for 2017 was \$1,167,500. **The 2018 average price for Sumner home sales was \$1,173,945.** A quick calculation shows that to be a negligible

increase of about one half of one percent—just about the same. Thinking back over 2018, I’ll say it felt very much like sales activity was just keeping pace with the prior year’s market. But 2017 was a good year for sales and with mortgage rates creeping up and some economic concerns, I’ll consider that a good thing.

Where the two years differ is in the average marketing time. The average number of days it took for a listing to get a purchase contract in 2017 was 42 days. Last year, the average **marketing time was only 24 days**. It is important to note here that this is the one statistic that may be somewhat inaccurate this year. We switched to Bright MLS in October and the way it computes days on market is different from how it was done in MRIS. During the conversion, I believe some of the days were increased because the new system continues to count the time when a listing is in its contingency period, perhaps for inspection, until the status is changed to Pending. For example, my listings at 6015 Overlea Road and 5104 Scarsdale Road both had contracts after only a few days yet their days on market are showing as 13 and 17 respectively. The accurate statistic may be even better than 24 days.

Another improvement over 2017 is found in the percentage of the list price for which homes eventually sold. That year, homes only sold for 98.5% of the list price when they got a contract and only 95% of the original list price. In 2018, **Sumner homes sold for a very healthy 99.7% of the original list price!** That is a great statistic in which you can take pride.

### Summer Average Prices



*So where do we stand now, ten years after the “meltdown”?* The short answer is that Summer home values have weathered the storm well. Arriving at that simple statement is a bit complicated but here is the process.

The average price for 2008’s 14 sales was only \$989,311 which, compared with the 2018 average of \$1,173,945 would seem to indicate that home values have risen dramatically. Then you have to take into consideration that the 2009 average price jumped to \$1,198,277, a calculation based on only 11 transactions that year as the fallout from 2008 really hit home, but included a handful

of higher priced homes that happened to sell in 2009. And, the peak price before the “meltdown” came in 2006 when the average neighborhood sale was \$1,156,027.

Distilling all that information leads to this conclusion: *If a Summer home has been maintained, updated and improved over the last ten years, its value has returned, or even may exceed its peak value before 2008.* The buying public today is focused on good condition and is willing to pay top dollar for a home that requires no improvement prior to move in. Conversely, buyers expect a deep discount for a home they deem to need work.

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

### SHRED-IT DAY 2019

*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. 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 7th of April!*



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**Robert Jenets**  
Stuart & Maury, Inc.

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

✉ [Robert@RobertJenets.com](mailto:Robert@RobertJenets.com)  
[RobertJenets.com](http://RobertJenets.com)