

Summer Real Estate Report

Summer
2018

GREATER BETHESDA (20814, 20816, 20817)

Consistent, steady, resilient—these are terms used to describe the real estate market in Bethesda in good times and bad. During the wild ride through the early 2000's, Bethesda certainly saw its fair share of appreciation, although not quite the staggering gains in places like Boston, Connecticut, New York and California. But when the "bubble" burst in 2008 and areas of the country saw their home values plunge 40% or more, our values dipped only about 10-15%. That is why on more than one occasion, I have referred to our real estate market as being like a blue-chip stock.

It should be no surprise then that the number of home sales in the first half of 2018 was consistent with the sales level of 2017—**446 sales** of single family detached homes, only two fewer than last year's 448.

Although it may be a surprise to some people. When the income tax revision was signed into law in late December, there was much speculation about the effect some of its provisions may have on the real estate market. The concerns focused on the reduction to \$750,000, the amount of mortgage interest eligible for deduction and the \$10,000 cap on real property taxes and state income tax which had previously been fully deductible.

Those two changes were expected to give heartburn to homebuyers in the (roughly) \$900K—\$1.5M range who might take out a mortgage greater than \$750,000. That is a range where the property taxes would exceed \$10,000 alone, not to mention the loss of the state income tax deduction.

The other concern came from the increase in the personal deduction to \$24,000 for a couple filing jointly. The thought was that the higher personal de-

duction would negate the need to itemize where one would get the advantage of the mortgage interest deduction. That deduction has always been one of the motivating forces in favor of homeownership.

So far, there is little or no evidence that those concerns have become actualities. I have not had this issue mentioned to me by my own clients nor have my associates related objections from their buyers or sellers. That is not to say that some sectors of the market won't feel the effects but the Bethesda statistics seem to indicate that the advantages of homeownership are perceived to outweigh any disadvantages resulting from the new tax law.

One could argue that the absence of vocal objection from home seekers is not irrefutable evidence that there has been no effect from the new law. The argument would be that I and my associates have not heard from people who decided against buying a home because they are not in the market. Fair point, but if that were true, would it not show in the statistics? Perhaps the other shoe has not yet dropped but for now, it would appear that buyer demand remains strong.

Speaking of statistics, let's take a look at what the first half of the year has produced. The 446 sales represent a **total sales volume of \$507,631,900** which gives us an **average sale price of \$1,138,188**. As a reminder, the 2017 average was a bit higher at \$1,155,061. The average time to get a contract for a detached home in Bethesda is a little shorter this year at **56 days on market**, compared with last year's marketing time of 59 days. The distribution of sales by range shows 217 sales under \$1M and 157 sales from \$1M—\$1.499M, leaving 72 sales at \$1.5M+ with a high sale of \$5.35M. These numbers are all consistent with their counterparts from 2017—STEADY AS SHE GOES!

6405 Walhonding Rd is COMING SOON

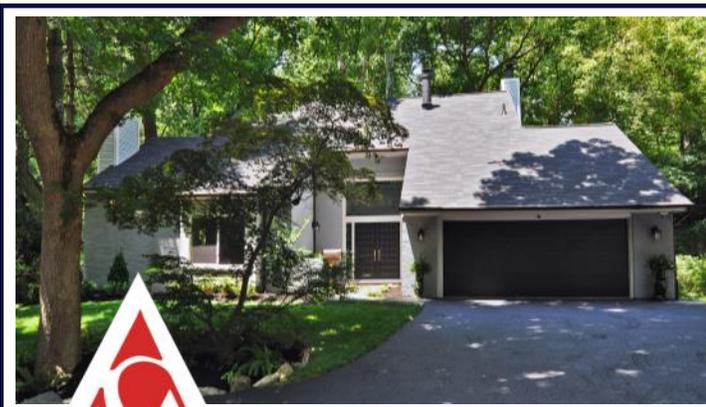
This spacious modern house features a dramatic interior design with **vaulted ceilings**, lots of architectural interest and walls of glass offering a lush green view of the wooded back yard.

There are **5 Bedrooms** along with **3 1/2 Baths**, a remodeled kitchen adjacent to a main level family room which opens to a newly rebuilt deck.

A hard-to-come-by **2-CAR GARAGE** is icing on the cake for this unique home in the Whitman Cluster.

\$989,000

Contact Bob for more information and a private showing.



Real Estate News from

Robert Jenets
President & Principal Broker



Stuart & Maury
REALTORS®

Serving Bethesda, Chevy Chase and DC since 1956!

Sumner Sales

January — June 2018



5704 Overlea Rd
\$1,025,000



5616 Overlea Rd
\$1,029,000



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



5806 Madawaska Rd
\$1,295,000



6003 Overlea Rd
\$1,340,000

Note: The homes pictured above were listed and sold by various brokers, not necessarily Stuart & Maury, Inc.

Address	FB	HB	BR	OrigListPrice	ListPrice	ClosePrice	CloseDate	TaxLivingArea	DOMP
5704 OVERLEA RD	2	2	3	\$1,025,000	\$1,025,000	\$1,025,000	06-Jun-2018	2,020	5
5616 OVERLEA RD	4	0	4	\$1,029,000	\$1,029,000	\$1,029,000	27-Mar-2018	1,569	6
4915 FORT SUMNER DR	4	0	5	\$1,195,000	\$1,195,000	\$1,195,000	15-May-2018	2,379	10
6015 OVERLEA RD	3	1	5	\$1,195,000	\$1,199,000	\$1,198,000	13-Apr-2018	2,718	5
5900 OVERLEA RD	4	0	5	\$1,199,000	\$1,199,000	\$1,199,000	26-Mar-2018	1,992	5
4906 BALTAN RD	2	2	4	\$1,249,000	\$1,249,000	\$1,230,000	18-Jun-2018	2,500	7
5016 BALTAN RD	3	1	4	\$1,245,000	\$1,245,000	\$1,245,000	29-Jun-2018	2,669	3
5806 MADAWASKA RD	4	1	5	\$1,349,900	\$1,349,900	\$1,295,000	29-Jun-2018	2,966	21
6003 OVERLEA RD	4	1	4	\$1,349,000	\$1,349,000	\$1,340,000	21-Feb-2018	3,328	37

SUMNER NEIGHBORHOOD NEWS

If you were to open your file of my past newsletters (ha ha) and pull out last summer's letter, you would see that the number of sales during the first half of the year is exactly the same this year—**nine settled transactions**. Sales for all of 2017 totaled eighteen so it will be interesting to see if this year holds to the pattern of nine sale per half year.

Houses have not remained available for long this year with an **average marketing time of only eleven days**. Last year's average was thirty-nine days although effectively, I think of it more like thirteen (after dropping one super long listing period from the data). Still, the market can only be described as "hot" when six of the nine contracts came in a week or less.

Not surprising in a "hot" market, there was very little negotiation on price this spring. The chart above shows **five of the sales at exactly the list price** but, curiously, none *above* the list price. You would expect that one or other of the listings would have had multiple offers and escalated above list. In fact, that is the case, although it is not apparent in the chart.

The house I sold at **6015 Overlea Road** attracted three offers and one of them had wisely rounded the \$1,199,000 list price up to an even \$1,200,000. That, among other things, made it the winning offer



but it shows in the chart as \$1,198,000 after subtracting a small credit toward the buyer's closing costs related to a minor home inspection issue.

The range of prices was remarkably tight for this first batch of sales. The range for 2017 spanned from \$949,000 to \$1,675,000 whereas this year, **most of the sales were essentially between \$1.2M and \$1.3M**. That is simply a random occurrence but interesting to note.

You can see in the chart that the high sale this spring was the home at 6003 Overlea Road. Some of you may be aware of the back story on this one but it is worth telling.

This property was originally listed on Valentine's Day of 2017—February 14th—at a price of \$1,599,000. It did not sell in that range and at the end of April, the price was reduced to \$1,499,000. It still did not sell and then shortly thereafter was taken off the market. The house came back on the market in June at the same price of \$1,499,000 and once again failed to attract a contract.

Then in November, the house was listed again, this time at only \$1,000,000! But wait, it was not really \$1M because reading further in the listing revealed that price to be an opening bid in a proposed auction. I guess the hope was that this type of sales technique which is so foreign to our area might bring the kind of price the owners hoped to achieve.

I attended the auction which literally took place on the front walk of the house with an auctioneer shouting prices in an attempt to drive up the bids. The bidding topped out at \$1,175,000 as I recall. At that point, the owner appeared from the back of the assembled spectators and went into the basement with the auctioneer.

Those of us in attendance waited with anticipation that someone was about to get this fine home for a really low price! Not so! The auctioneer emerged

five minutes later to say the top bid had been rejected by the owner and there was no sale. Obviously, everyone left feeling duped that it was not an absolute auction—just a gimmick to see if someone would be swept up in the excitement to pay more than the house is worth.

The moral of the story is that there is no substitute for the guidance of a seasoned neighborhood specialist when selling a home in our sophisticated marketplace. Buyers today are armed with all kinds of sales data that they can obtain online which they use to make their own valuation judgments about the homes they are considering.

That being said, not all the information they are viewing is necessarily accurate. It is widely known that the Zestimate of value found on Zillow may differ from actual market value by many thousands of dollars. A great listing agent will be your ally in countering any misinformation the buyers are getting online and justifying the highest possible price for your home.

UNDER CONTRACT

At this writing there is one home in Sumner that is in CONTRACT status, awaiting settlement. It is 5606 Pioneer Lane which is listed for \$1,100,000.

FOR SALE NOW

There is currently only one home for sale in the neighborhood at 4809 Fort Sumner Drive, listed with another broker. This well-renovated home offers about 4,000 sq. ft. of finished living space on the upper three levels plus a finished walk-out basement.



It has 5 bedrooms and 5 and a half baths with four of those bedrooms and three of the baths on the second level. The home is sited on a lush half acre lot backing to, and with direct access to the Crescent Trail. It is priced at \$2,100,000.

MORTGAGE RATES

After years of failed predictions that interest rates were bound to rise, this was supposed to be the year that it actually happened. Except it didn't. Indeed the Fed has raised short term lending rates twice this year but that has not caused loan rates to rise. They remain steady at the historically low range to which we have become accustomed. Lucky us!

Even if you have no definite plans to sell your home but would like a confidential, no-obligation consultation about what steps you might want to consider to maximize your value, please don't feel that you would be troubling me - I am always happy to help.

THANK YOU!

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