

Glen Echo Heights / Mohican Hills

Real Estate Report from ROBERT JENETS

January
2021

ALL BETHESDA (20814, 20816, 20817)

"In times like these, it helps to recall that there have always been times like these." - Paul Harvey

That quote from Paul Harvey seems wise and rather apt as we continue our struggle through these difficult times. But he might have done well to add that in times like these, there is little comfort in such recollection. The harmful effects of this crisis are widespread and helping each other through it deserves our full attention. Let's hope the situation improves very soon!

In previous publications, I have described the adaptations the real estate industry has adopted that allow our business to be conducted in a safe manner, some of which may be with us long term. For example, I have to wonder if open house will ever be quite the same. It is hard to imagine shaking hands with a house full of unmasked people! However, with the proper precautions, we are fortunately able to continue attending to people's housing needs and desires. And the statistics show that there are a great many such people.

According to Bright MLS, the three Bethesda Zip Codes accounted for **828 closed sales** of single family detached homes last year, a modest decrease from the 851 sales posted in 2019. That is a drop of only 2.78% which, considering the disruption of the pandemic, strikes me as a pretty remarkable statistic. The average **marketing time** fell slightly from 2019's 55 days on market to **51 days** for a purchase contract to be ratified in 2020.

The combined value for all 830 home sales last year was \$1,081,241,23, surpassing the 2019 total by \$70M even though there were 21 fewer sales. The final sale price was 99.2% of the original list price, improving from 97.1% the year before. Those impressive numbers presage the noteworthy **average price** for all Bethesda single family home sales of **\$1,302,700**, a significant increase over the previous average which was \$1,188,376.

ZIP CODE 20816

In compiling the data for this Zip Code analysis, I use the information provided by our multiple listing service, Bright MLS, and add to it the off-MLS transactions. 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 19 private sales last year which ranged in price from \$665,000 to \$2.5M. What is different about these sales from years past is the fewer low priced sales and a preponderance of expensive homes. Eight of the private transactions were greater than \$1.4M. Adding the 19 private transactions to the 186 sales reported in Bright MLS brings the total to **205 single family detached home sales in Zip Code 20816**. For those of you keeping score, that is *one more sale* than we saw in 2019—surprising under the circumstances.

The average number of days a listing took to sell decreased dramatically from 47 days the previous year to only **26 days on market for 2020**. To be fair, the marketing time statistic for 2019 was skewed by one unusual property that was on the market for over 1000 days. Notwithstanding that, it is clear that buyers were acting far more quickly last year than they had in prior years. It is worth noting that 108 homes sold within the first week and 80 sales closed at a price greater than the list price.

The **average price of the 205 sales in Zip Code 20816 last year** was **\$1,368,373**, a startling increase of approximately 15.3% over 2019's average of \$1,186,727. Affordability is a concern in our area and the list of sales includes only 61 homes that traded for less than \$1,000,000. The upper price ranges were particularly strong last year with 17 sales at \$2M or more. (In 2019 there were only 7 such sales.) There was one sale in Westmoreland Hills for \$5,652,000 and one "super" sale of a home on MacArthur Boulevard with perhaps the best Potomac River view ever that went for \$15,000,000!



MLS STATISTICS by ZIP CODE—2020

	# of Sales	Days for Sale	Average Price	% Change from '19
20814	211	41	\$ 1,250,818	+ 7.56%
20816	186	26	1,376,164	+ 13.23%
20817	433	67	1,296,425	+ 9.05%

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

2020

Address	Beds	Baths	List Price	Sold Price	Date	SQFT	DOM
5221 Wyoming Rd	4	2/0	\$729,000	\$700,000	06/26/20	1,444	53
5123 Wissioming Rd	3	2	\$745,000	\$775,000	04/07/20	1,490	4
6227 Madawaska Rd	4	2	\$860,000	\$860,000	05/28/20	2,235	3
5702 Mohican Pl	3	3	\$829,000	\$861,000	09/25/20	1,810	6
5318 Sangamore Rd	4	2/1	\$899,500	\$870,000	07/17/20	2,458	15
5405 Wehawken Rd	4	2/1	\$875,000	\$875,000	09/24/20	3,592	1
6114 Namakagan Rd	4	3	\$849,000	\$899,000	09/25/20	2,908	6
6113 Walhonding Rd	4	3	\$920,000	\$920,000	05/06/20	2,225	3
6520 Wiscasset Rd	4	2	\$885,000	\$925,000	05/07/20	2,240	6
5311 Mohican Rd	5	3	\$925,000	\$925,000	03/25/20	1,958	0
6302 Massachusetts Ave	5	3/1	\$949,900	\$949,900	06/05/20	2,523	13
6202 Madawaska Rd	4	2/0	\$995,000	\$965,000	06/22/20	2,143	22
5303 Waneta Rd	4	3/1	\$969,000	\$974,888	02/24/20	2,450	5
6104 Massachusetts Ave	5	3/1	\$950,000	\$1,000,000	12/14/20	2,642	5
5310 Sangamore Rd	5	3	\$1,149,500	\$1,080,000	07/15/20	3,201	36
5310 Tuscarawas Rd	5	4/1	\$1,200,000	\$1,175,000	02/21/20	3,592	69
5215 Wapakoneta Rd	6	4/1	\$1,299,000	\$1,345,000	11/13/20	3,850	6
6406 Wiscasset Rd	5	4/0	\$1,295,000	\$1,410,000	09/04/20	4,160	5
5454 Mohican Rd	5	4	\$1,500,000	\$1,500,000	08/10/20	3,937	5
5431 Mohican Rd	7	5/1	\$1,849,000	\$1,600,000	02/05/20	6,896	403
6418 Dahlonga Rd	5	4/1	\$1,776,000	\$1,827,000	08/21/20	5,270	95
5404 Waneta Rd	6	5/1	\$2,195,000	\$2,195,000	06/30/20	6,693	3
5106 Wehawken Rd	5	5/1	\$2,449,000	\$2,375,000	08/03/20	0	98
6401 Dahlonga Rd	7	5/2	\$2,395,000	\$2,395,000	12/28/20	6,775	51
5315 Wehawken Rd	7	7/1	\$2,695,000	\$2,620,000	04/03/20	7,600	111

The list above shows a sharp drop in the number of neighborhood sales compared with 2019. These 25 sales of last year are from the MLS and my research of the public record revealed four more, for a total of **29 home sales in 2020**. The previous year had been unusually active with a total of 45 transactions but to put it in perspective, remember that the average is about 34 sales per year. One has to assume that the thought of being on the market during the pandemic gave some potential sellers pause. Anyone without a compelling reason to sell last year may have decided to postpone moving until things get back to normal. Hopefully, that will be soon!

The closing thought of my newsletter a year ago was that there was no expectation for any significant increase of inventory in the near future and that I expected the intense nature of home sales to continue in 2020. That is what came to pass, as it turns out, and the decrease in the Days on Market statistic is the most obvious evidence of that intensity.

In 2019, the **average marketing time** for homes in Glen Echo Heights/Mohican Hills was 62 days. Last year, 2020, the selling time dropped to an average of **41 days**. That being said, you can see from the list above that over half of the homes sold in less than a week.

One trend in home buying that contributed to the sharp drop in marketing time is the return of the “preemptive offer”. I say *return* because many years ago during the housing boom of the late 80’s, that was the norm. When a house came on the market, agents and buyers rushed to see it immediately in hopes of buying it before anyone else could make an offer. It got to the point that in several cases, I had the offer written prior to showing the house and the buyer would sign it promptly after viewing the house, right there on the hood of my car! It was nerve-wracking to say the least and put a lot of pressure on everyone to be watching the market 24/7.

In subsequent years, the use of escalation clauses became prevalent and it was more common for sellers/agents to wait until after the weekend open house before reviewing offers. That gave everyone more time to organize their finances, write an offer and then hope to win the competition with other buyers on Tuesday or Wednesday. But under this practice, many buyers would lose several competitions before finally succeeding in getting a ratified contract.

That frustration has led to the return of the quick (preemptive) offer. It has become common lately that a house will come on the market Thursday or Friday and by Saturday, someone has written an offer well over the asking price with no contingencies. Often, the offer includes a short deadline for acceptance or the offer expires, as a means of trying to avoid competition. Sometimes it works, but as agents have learned to anticipate such a tactic, it is not uncommon for there to be multiple offers *before* the open house. So now it is a combination of both pressures—you have to be fast and you are probably competing anyway!

The return of the hurry-up approach to buying homes means that instead of an immediate sale registering five to seven days on the market (after waiting for multiple offers on Tuesday), there are many homes selling in one to three days. Thus, helping lower the statistic for marketing time.

The fast market I just described is an obvious consequence of strong buyer demand. In the early stages of the crisis when things were being shut down, it was unclear what effect it would have on home buying. That question has been answered rather emphatically as buyer demand has only increased since the onset of the pandemic.

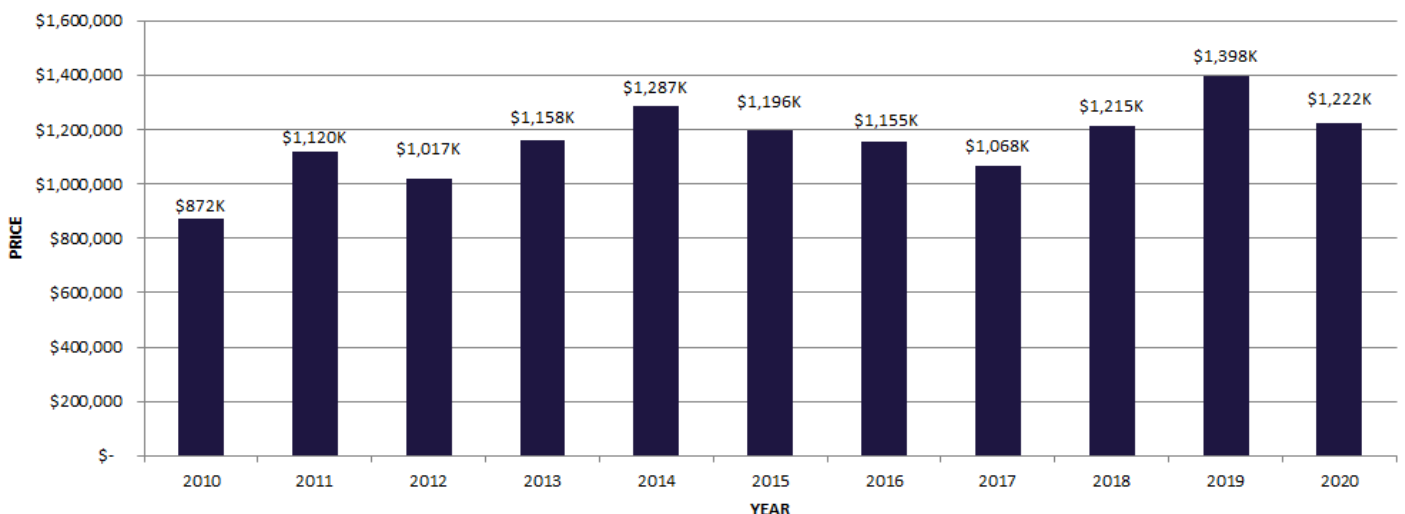
Why is that so? Our new normal has led to new housing needs. Many people are working remotely and now find that they have a need for a home office. Children are at home too with remote learning and that may create added space requirements.

For some people living in the city where space is at a premium, there is a desire to move where things are more spread out. But the suburbs seem a long way out for those who are used to being downtown. While they feel the need for less crowded conditions, they don’t want to go any farther than necessary. That, among other pluses, is why a close-in neighborhood like Glen Echo Heights/Mohican Hills is especially appealing. There has been a tangible increase in the number of buyers seeking the perceived safety of the suburbs.

Getting back to the statistics now, let’s see what happened to last year’s average and median prices. 2019 was a hard act to follow with its stunning average price of \$1,398,354 and even with the market as hot as it is, **the average price for 2020 was \$1,222,303**. Explanation? There were 18 sales of \$1.5M or more in 2019 compared with only 7 sales in that price range last year. That’s a huge drop and certainly plays a role in the decrease. Combine that with the fact that 17 of the 29 sales in 2020 were homes that sold for less than \$1M and you have the rest of the story.

With the high percentage of lower priced sales last year, it is no surprise that the **median price** comes in at only **\$965,000**. Over the years we have seen this kind of coincidental fluctuation of the statistical price but experience reassures us that home values did not drop 13% last year. Based on the

Glen Echo Heights / Mohican Hills Average Price



detailed familiarity with home values in Glen Echo Heights and Mohican Hills that I have gained by analyzing home sales here for the last 25 years, it is clear to me that last year's prices reflect the same level of increase as the rest of Bethesda.

The 25 neighborhood sales listed in the MLS last year sold for an average of 99.7% of the original list price which is pretty good considering that several homes had a price reduction before getting a contract. That means homes that escalated above the list price did so by a margin great enough to make up for those reductions. The sold percentage of the list price at the time of contract was 100.1%. Those are the numbers of a robust market.

UNDER CONTRACT

As I write this report, the only pending sale is the recent listing at **6213 Dahlonge Road** which is a 1955 mid-century modern house on a large level lot. It went under contract after only seven days on the market. The house was listed at \$850,000 and may have been perceived as a good site for a new home. We shall see.

CURRENTLY FOR SALE

There are only two homes available for sale at the moment in Glen Echo Heights/Mohican Hills. **6027 Walhonding Road** is the site of a new home under construction. The home at **6215 Dahlonge Road**, is the personal residence of the owner of Bethesda Builders, where he and his family lived since 1999. Of course it is a terrific house but perhaps

its most appealing feature while we continue to deal with concerns of COVID-19 may be the idyllic backyard oasis with this lovely pool!

As we look forward to 2021, industry analysts tell us home sales are predicted to continue with the same intensity we have been experiencing lately. Based on what I have seen so far, I agree. Be well!



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

SHRED-IT DAY 2021

The annual opportunity for you to have your important papers shredded before your eyes is coming on **March 20th**. 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 20th of March!



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