

Glen Echo Heights / Mohican Hills

Real Estate Report

Summer
2019

GREATER BETHESDA (20814, 20816, 20817)

At the beginning of 2019 the overwhelming opinion of economic prognosticators was that *this* would be the year that interest rates must inevitably rise to 5% or beyond. Hmm, so much for predicting the future. As I am sure you are aware, not only did mortgage interest rates not rise but they surprisingly moved in the opposite direction!

In early July of 2018 the conforming rate was 4.52%. By any measure that was an attractive rate that kept housing costs affordable for many people in our area. That same mortgage today can be had at 3.73%! Unbelievable. Rates have defied the odds for years by remaining around 4 and 5% and for someone who has been helping people buy and sell homes for 35 years (that is I) it is truly astounding. In the late 80's when interest rates dropped into the single digits, we could not write contracts fast enough to keep up with the demand. This is a "pinch me, I must be dreaming" time to buy a house.

It is contradictory then that the **number of home sales in Bethesda** for the first half of 2019 fell from last year's first half sales of 446 to only **415 sales so far this year**. It is relatively obvious to blame the decline on a dwindling inventory but more complex to try and explain why there are fewer homes for sale.

CoreLogic puts forth the theory that during the Great Recession, many homes were purchased by investors who turned them into rentals, thereby robbing the sale market of potential inventory. That makes more sense nationally than it does here. Areas of the country that were hit hardest by foreclosures and short sales may have felt that effect but Bethesda was not rife with distressed property sales. There must be other factors

affecting our inventory but I have yet to hear a definitive explanation.

Let's take a more extensive look at what the first half of the year has produced. The 415 sales represent a **total sales volume of \$479,943,868** which gives us an **average sale price of \$1,156,491**. Those corresponding statistics from the same period in 2018 showed a sales volume of \$507,631,900 and an average price of \$1,138,188. Well, that makes sense. Fewer sales reduced the total dollar volume but the lack of inventory fueled higher prices. That has been the recurrent theme for the past several years and the major market forecasters are saying there is no indication of that condition changing any time soon.

According to Bright, the **average time to get a contract** for a detached home in Bethesda so far this year is up from last year's 56 days to **69 days**. That is not a huge difference and I can tell you that homes properly presented are still selling quickly at good prices.

The distribution of sales by range shows 202 sales under \$1M—just about half the total. There were 135 sales between \$1M and \$1.499M, leaving the remainder, 78 sales, at \$1.5M or greater. The low sale is an interesting one because it is a 1915 cottage on a quarter acre lot in the Grosvenor area. It was in need of major renovation and carried restrictions stemming from its historic designation. That explains the sale price of \$399,000.

The high sale was a builder's own 12,000 sq. ft. mansion on about an acre near Woodhaven that sold for \$3,880,000. With that much space, a four car garage, an elaborate pool complex and the highest end finishes available, one might have expected it to sell for even more than that. Simply put, the housing market in Bethesda remains healthy and what looks to be a good year is well underway.

5701 Marengo Road is COMING SOON

Hartland Development has been building some of the most exciting new homes in the area and this one at the corner of Cromwell Drive and Marengo Road promises to be one of their best! This singular home will offer five bedrooms with en-suite baths and open bright spaces having 10' ceilings, all presented in Hartland's unique new style.

Delivery is expected later this year.

\$1,995,000

Contact Bob for more information.



Real Estate News from

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Neighborhood Sales

January – June 2019



5308 Sangamore Rd *



7215 MacArthur Blvd



6006 Massachusetts Av *



6111 Madawaska Rd



5136 Wissioming Rd



6528 Wiscasset Rd *



6016 Massachusetts Av



1 Wyoming Ct



6113 Madawaska Rd



6433 Wiscasset Rd



6604 Rivercrest Ct



6017 Onondaga Rd



5517 Mohican Rd



5300 Tuscarawas Rd



5201 Wissioming Rd



6201 Wiscasset Rd



5107 Waukesha Rd



5324 Wapakoneta Rd



5316 Wapakoneta Rd



5417 Mohican Rd

*Note: The homes pictured above were listed and sold by various brokers; *Robert Jenets sales*

Address	Beds	Baths	List Price	Price	Date	Total Finished	DOM/CDOM
5308 Sangamore Rd	3	3	\$748,000.00	\$775,000	06/14/19	2,224	5 / 5
7215 Macarthur Blvd	3	3/0	\$809,000.00	\$779,000	01/25/19	2,691	120 / 120
6006 Massachusetts Ave	4	3	\$868,000.00	\$869,000	05/17/19	2,778	9 / 9
6111 Madawaska Rd	4	3	\$875,000.00	\$875,000	04/19/19	2,788	11 / 11
5136 Wissioming Rd	3	3/1	\$900,000.00	\$900,000	05/06/19	2,385	1 / 1
6528 Wiscasset Rd	3	3	\$928,000.00	\$940,000	04/02/19	2,259	18 / 18
6016 Massachusetts Ave	4	3/1	\$995,000.00	\$995,000	04/23/19	2,936	10 / 10
1 Wyoming Ct	5	3/1	\$1,049,000.00	\$980,000	04/30/19	3,039	5 / 5
6113 Madawaska Rd	4	3	\$1,100,000.00	\$1,100,000	05/17/19	2,918	29 / 29
6433 Wiscasset Rd	4	3	\$1,150,000.00	\$1,150,000	06/26/19	3,140	6 / 6
6604 Rivercrest Ct	4	3/1	\$1,175,000.00	\$1,150,000	02/18/19	2,586	53 / 53
6017 Onondaga Rd	4	3/1	\$1,235,000.00	\$1,205,000	02/28/19	2,532	189 / 189
5517 Mohican Rd	4	2/1	\$1,479,000.00	\$1,479,000	06/06/19	2,093	9 / 9
5300 Tuscarawas Rd	5	5/1	\$1,699,000.00	\$1,654,000	01/11/19	4,600	73 / 174
5201 Wissioming Rd	6	6/1	\$1,749,000.00	\$1,725,000	03/18/19	4,550	238 / 238
6201 Wiscasset Rd	6	6/1	\$1,895,000.00	\$1,850,000	04/12/19	6,044	88 / 215
5107 Waukesha Rd	5	4/1	\$1,950,000.00	\$1,820,000	05/01/19	0	393 / 393
5324 Wapakoneta Rd	6	5/1	\$1,997,000.00	\$1,997,000	06/27/19	5,859	13 / 13
5316 Wapakoneta Rd	7	5/1	\$2,125,000.00	\$2,060,000	01/11/19	5,049	138 / 138
5417 Mohican Rd	5	4/1	\$2,495,000.00	\$2,300,000	02/26/19	2,252	397 / 397
5415 Mohican Rd	5	5/0	\$2,995,000.00	\$2,665,000	02/15/19	9,072	254 / 1080

THE NEIGHBORHOOD

The real estate update for Glen Echo Heights and Mohican Hills so far this year is consistent with the report for 2018 at this time. There have been exactly the same **number of sales—21**—balanced by **seven homes for sale** at this writing.

The chart above lists the properties that settled between the first of the year and June 30th along with some basic information about each. The column headings may not be obvious in their meaning so please note the following:

- ♦ The first dollar amount you see is the LIST PRICE—not the price at which the house sold.
- ♦ It is the second column of prices that shows the final SOLD PRICE.
- ♦ Total Finished refers to the size of the house—how much finished living space it has.
- ♦ DOM/CDOM is a dual category showing DOM, the days on market under the current listing number vs. CDOM, the cumulative days on market which may include marketing time from a prior listing number. (Sometimes when a home fails to sell at the current price, an agent will

cancel that listing and re-list the property at the reduced price. It is a technique aimed at getting more attention from agents for the new price because of the new listing number, rather than just reducing the price of the current listing. But to be fair, that is all part of the total marketing time.

The half-year average price for 2018 was skewed by several high priced sales in the early months of the year which resulted in an average price of \$1,300,643. Those of you who have been reading these reports for a number of years know that the neighborhood has moments like that due to the wide variation in home sizes and values. Much like a spike in the stock market, one must consider the statistics over a longer period of time to assess true value. But consistency holds true here too as we see a **half-year average for 2019 of \$1,393,714**. Once again we see a list of sales that includes a number of high-priced transactions. We'll see how that number holds up over the course of the year.

Such a wide variation in values gives increased relevance to the median price, which as you know is the midpoint of the sales list. This year to date, the **median price is \$1,150,000**—also higher than 2018's median of \$1,070,000.



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So, with interest rates so low and such a shortage of inventory, homes are selling very quickly, right? Well, that depends, in most cases, on the price range. Using the CDOM (total days on the market, even if the house was relisted to get a new mls number) provided by Bright MLS, I calculate the marketing time for homes priced under \$1.5M to be an average of 36 days. That is not a bad average for 13 sales and eight of those sold in 11 days or less.

Doing the math for the sales greater than \$1.5M reveals an entirely different sales environment. While it is expected for higher priced home to take longer to sell, the average for this group of eight sales is a whopping 338 days! A few of those were new homes that may have been listed before construction which results in an artificially long marketing time but the obvious culprit for this unusually high statistic is the highest priced sale, the Baltzley Castle.

You can see from the chart on page 3 that the castle (the last entry on the list) was on the market for 1080 days. To be fair, that is a very hard house to price and one cannot judge too harshly the decision to begin the process at nearly \$4,000,000. It is a truly special product and deserved a chance at that level. Removing that sale from the list would bring the average marketing time for the higher priced homes down to 130 days, which is more in line with what one might expect.

All that said, the **average marketing time** for the 21 sales this first half of the year is **148 days**. Omitting the Baltzley Castle sale from the list results

in an average marketing time of 102 days which is just a few days longer than the average for this time last year. An overview of the sales chart shows that just over half of the homes sold in less than 30 days which is a respectable statistic.

I am proud to note that the three home I listed for sale this spring all sold in a timely manner and each of them attracted simultaneous, multiple offers.

At the time I am writing this, the MRIS shows **six neighborhood houses under contract** pending settlement. They are:

ADDRESS	LIST PRICE
6250 Massachusetts Av	\$ 899,000
5315 Tuscarawas Rd	\$1,225,000
5111 Wehawken Rd	\$1,645,000
5311 Tuscarawas Rd	\$1,679,000
5431 Mohican Rd	\$1,899,000
5103 Wehawken Rd	\$3,225,000

The **seven homes** that are **currently for sale** in the neighborhood range in price from \$1,295,000 to \$2,195,000.

I want to thank those of you who attended my annual document shredding day in April and it is gratifying that so many voiced their appreciation for this convenient way to safely dispose of sensitive materials. I regret the misprint of the event date in the January newsletter and apologize to anyone who did not see the card I mailed later to clarify the date. Let me close by saying it is an honor to serve this fine community and I am ever grateful for your continuing support.

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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