

Dear GEH/MH Resident,

One of my favorite songs from Frank Sinatra's extensive catalogue of music is a swinging tune entitled "On The Sunny Side Of The Street". The musical arrangement blends perfectly with Sinatra's patented delivery to bring a smile to my face every time I hear the song. The lyrics have an upbeat message touting the benefits of having a positive attitude and choosing to look on the bright side of whatever comes your way.

I will be the first to admit that it is hard to do so under our present circumstances. I won't bother listing the challenges we face as a nation in the world today but only point out that there is still much for which we have to be grateful. Many of our troubles are what are sometimes called "first world problems".

Relating this to real estate is not hard to do. A buyer could lament the lack of inventory and high prices. A seller could gripe about the inconvenience of preparing their home for sale and being out of the house for showings, (although there would be little sympathy for that). Both could have concern about rising interest rates and inflation. But from a wide perspective, these are first world problems. Most of us do not have to worry about getting enough food for our families or an invading foreign army.

I have often said that my job is not sales but rather, a combination of teacher and psychologist. Educating a buyer to the practicalities of this market in such a way that they succeed on the first or second try minimizes the stress of buying a home in this furious market. When that happens, it is fairly common for the buyer to second guess whether they did the right thing or if they overpaid.

That is when the psychologist part of the job comes into play. Reminding buyers why they chose the home to begin with and offering data to support the wisdom of their choice helps them accept victory and move on to excitement.

When helping sellers, my primary job is to provide them with all of the pertinent sales data, combined with my experience for interpreting that information, in order to determine an accurate value range for their home. Some sellers also need to be educated on the steps needed to prepare their home for market. Finally, guiding them through the mental stress of the sale process often proves to be invaluable.

Nationally, the first few months of this year offered a historically low inventory of available homes, with January being the lowest on record since I began my real estate career in 1984. The next lowest point occurred in the year 2000 when the number of available homes was about 1,750,000. In January of 2022, there were 860,000 homes available—less than half of the previous historic low!



Our local inventory was similarly low, and stayed low even as more homes were listed for sale in the spring. But because most of them sold in only a few days, there was no rise in inventory. It was only at the beginning of June when I read that inventory had finally shown an
(Continued on page 4)



Real Estate News from

Robert Jenets
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Glen Echo Heights/Mohican Hills Sales

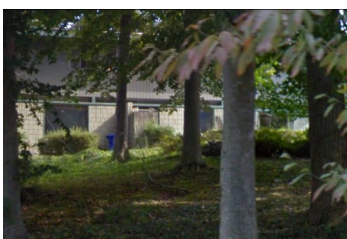
January — June 2022



5123 Wissioming Rd
\$950,000



5115 Wissioming Rd
\$1,025,000



5307 Iroquois Rd (Lot)
\$1,050,000



7209 MacArthur Blvd (Lot)
\$1,150,000



6318 Walhonding Rd
\$1,325,000



6210 Massachusetts Ave **
\$1,325,100



6522 Walhonding Rd
\$1,480,000



5211 Wehawken Rd
\$1,485,000



6227 Walhonding Rd
\$1,600,001



5138 Wissioming Rd
\$1,870,000



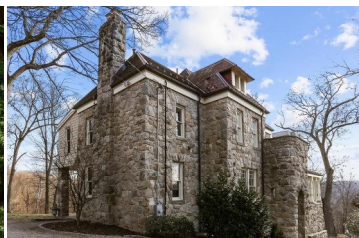
6435 Wiscasset Rd
\$1,886,000



5606 Mohican Rd
\$2,110,000



5410 Wehawken Rd
\$2,235,000



5417 Mohican Rd
\$2,495,000



6017 Walhonding Rd
\$2,525,000



5308 Wapakoneta
\$3,115,125

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

NEIGHBORHOOD NEWS

Last year, 2021, was truly a special year for real estate in our area and nationwide. Rebounding from the first pandemic year that held sales down, we saw a robust 21 neighborhood sales in the first half of 2021. In keeping with the area-wide decrease in the number of sales this year, GEH/MH has had only **16 transactions YTD**.

Also in keeping with the overall trend of fewer sales and higher prices, homes in the neighborhood this year have sold at an **average price of \$1,726,639**. Last year at this time, I pointed out that the average price had jumped a statistical 30%. The average price so far this year represents an additional **11% appreciation!** I say “statistical” appreciation because the data sample is relatively small and with four sales above \$2M and one at \$3,195,000, the average may be skewed a little to the high side of reality.

While we are examining remarkable aspects of this intense sales climate, it is fitting to talk about the incredible statistic for Days on Market—the time it took for a listed home to go under contract. To review, 2020 contracts came in an average of 53 days and that figure dropped to only 24 days for the first half of last year. Even when I took out one exaggeratedly long listing, the average was still 13 days. So far this year, homes have gone **under contract in an average of only 8 days**.

On the subject of MLS statistics, it is worth mentioning that the data shows neighborhood homes selling at 101.6% of their asking price. That is not a bad number but it certainly does not reflect the intensity that I have been describing. The reason for that unimpressive statistic is the unusual circumstance with the property at 5307 Iroquois Road.

A builder purchased the “lot” and proceeded to list the proposed new home at a price of \$2,999,000. It would appear that, for whatever reason, the “lot” was sold to the buyer separately and I am guessing that the parties then entered into a construction contract for the final product. But the price paid for the “lot” was only \$1,050,000 which skewed the statistic for percentage of sale price to list price significantly lower. The computer thinks a \$2,999,000 house sold for about a third of its asking price! When the Iroquois sale is removed from the list, **the data shows GEH/MH homes selling for 106.1% of the list price**.

I am proud to have sold the home at 6210 Massachusetts Avenue earlier this year. I had the listing when the house was sold in the fall of 2014

for \$665,000. At that time, it was a charming house in need of much updating that the elderly owner wanted to sell “as-is”. Thus, the low price, even by 2014 standards. The buyers then meticulously updated the house



and expanded it with an addition nearly as large as the original house. It turned out beautifully and the house showed like a dream. There were multiple offers and the price escalated by \$76,100 to a final sale price of \$1,325,100.

As I write this report there are two homes in Glen Echo Heights/Mohican Hills under contract, pending settlement. One is the 2006 Victorian-styled home at 6409 Dahlonga Road which is listed for \$2,549,000 and the other is the new home under construction at 6213 Dahlonga Road listed at \$2,895,000. And, there are three homes listed as Active in the MLS—two lower priced resales and one new home under construction.

“SO, HOW’S THE MARKET?”

Throughout my real estate career I have been asked that question countless times because people who own homes are always interested in keeping tabs on the value of, what is usually, their greatest asset. Often the question is thrown out casually because they already know it is pretty good. But as the economy has worsened and rates have risen over the past few months, people are asking the question because they are concerned that our hot market may be cooling.

While there are some mixed signals, in general the market is still excellent. A few homes have not sold immediately because the asking price is too high and there have been some price reductions, but for every one of those there are three that had multiple offers and sold above list.

True, with higher rates the monthly payment is higher, so some buyers have decided to scale back their price range (and their expectations). But that does not negate their desire to buy a house. So, while buyer comfort levels may have shifted lower, it seems there are still buyers for every price range.

We will see if that continues over the second half of the year but real estate economists are optimistic that the imbalance of demand to supply will sustain the market. The rate of appreciation is likely to slow somewhat but housing prices have holding power and should remain firm.



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increase. For Maryland, the end of January low point of 5,217 active units grew to 7,706 active units in May. That number was still 35% fewer listings than the same month last year. At this writing, June's statistics are not yet available.

The general trend this year has been fewer sales at higher prices. The severe lack of inventory had the dual effect of a reduction in the number of unit sales coupled with upward pressure on prices. According to Bright MLS, **the three Bethesda Zip Codes combined for 412 January–June detached home sales** as compared with last year's total of 460. **That's a drop of almost 11% in the number of sales.**

The average price of those sales rose from \$1,447,157 to \$1,547,297—up about 6.5% year over year. The median price jumped from \$1,287,038 to an impressive \$1,406,500—up over 9%.

The first half of the year list of sales from the MLS includes 82 homes that sold for less than a million dollars. It is good to know that there are still affordable possibilities available and 27 of those went for less than \$850,000.

The higher end continues to thrive with the list showing three sales between four and five million dollars, 12 sales above \$3M and fully 60 homes sold between \$2M and \$3M!

The “X-factor” for the real estate market

recently has been sharply rising mortgage interest rates. The year began with rates just a little over 3%. For years, the expectation was that rates would eventually rise slowly, allowing the buying public to adjust gradually over time. So much for predicting the future! Instead, changes with the U.S. economy and global unrest caused a sudden spike that saw rates move up over the last two months to about 5.9%.

Let me give you two points of perspective in this regard. In our area, it is not unusual for a buyer to borrow \$1,000,000 to purchase a home. In March, a 30-year fixed rate mortgage at 3.25% would result in a monthly principal and interest payment of \$4,352. That same loan today at 5.9% would cost \$5,931—a difference of \$1,579/month. That is not an insignificant cost differential and surely, some buyers have scaled back their price range to compensate. That \$1,579 represents a whopping \$266,000 worth of buying power, suggesting that we may see some curtailment of price appreciation in the near future.

The other point of perspective worth noting is that during the housing boom of the early 2000's, rates were hovering right around 6%. From a historical standpoint, it is still considered to be a good rate and is not expected to have a major impact on home sales. The main reason for that is the continued imbalance of supply and demand. Fingers crossed for the rest of the year.

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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