

Sumner Real Estate Report

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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**Stuart &
Maury**
REALTORS®

Neighborhood Review (Homes Sold by All Brokers)

2020



6020 Overlea Rd
\$900,013



5132 Baltan Rd
\$970,000



5612 Overlea Rd
\$1,055,000



4805 Scarsdale Rd
\$1,100,000



5002 Fort Sumner Dr
\$1,119,000



5619 Overlea Rd
\$1,150,000



5109 Nahant St
\$1,195,109



5007 Nahant St
\$1,265,000



4910 Baltan Rd
\$1,269,000



5101 Baltan Rd
\$1,467,500



6007 Overlea Rd
\$1,575,000



5605 Overlea Rd
\$1,737,000



4809 Fort Sumner Dr
\$1,747,500



5009 Scarsdale Rd
\$2,350,000

Focusing now on the neighborhood, MLS data show Sumner's sales activity to have been consistent with the entire 20816 Zip Code, with one significant variation—Days on Market. The other two Bethesda Zip Codes were almost unchanged from the previous year in the time it took to sell a home. The marketing time in 20814 increased only a day, from 40 to 41 days and sales in 20817 took three days longer, the previous average of 64 days growing to 67 last year. But in **Sumner**, 2019's average of 31 days on market plunged to only 12 days in 2020. Ten of the fourteen sales for the year 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-racking 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 viewing 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. 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 is why a close-in neighborhood like Sumner is especially appealing. There is a definite increase in the number of buyers seeking the perceived safety of the suburbs.

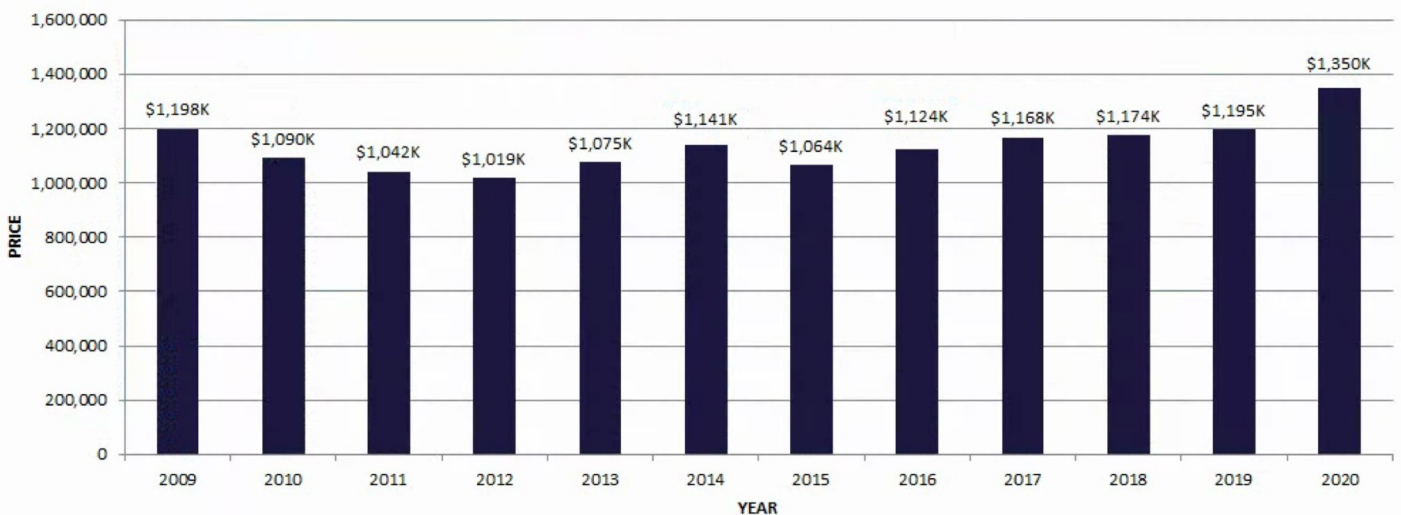
The speed of the market last year was also propelled by the continuing shortage of homes for sale, which looks to be an issue that will be with us into 2021. **There were only 14 home sales in Sumner during 2020**, down from 22 sales the year before. That is the fewest homes sold in a year since 2015 when the neighborhood saw only eleven sales.

With the intensity generated by low inventory, low interest rates, low number of sales and low days on market, what happened to the average price? It soared! The 2019 average price was \$1,195,159, just slightly below the all time high price from 2009. **The average price of a Sumner home sale in 2020 was \$1,350,009!** That represents an increase in value of 12.66%.

There have been years in the past when I would qualify a drastic fluctuation like that by pointing out some random oddity of the data pool—too small a data sample to be representative of an actual value change or the coincidence of several high or low priced homes that detracted from the validity of the statistic. But in this case, the list of sales is pretty well balanced and I am inclined to think this is real appreciation that will carry forward.

The average sale price last year was 101.3% of the *original* list price, in spite of the fact that a few homes did have to make reductions of the list price before receiving a contract. That means the homes that escalated to a price greater than list, went so high as to make up for those price reductions. Considering those adjustments, **the average sale price was 101.8% of the asking price** at the time of contract. That outshines with the statistic from a year ago which was not too shabby at 99.2%. Impressive!

Summer Average Prices



The graph above shows that the 12.66% average price change in 2020 was the greatest in recent memory, up or down. As a matter of fact, it is the second largest yearly increase since I started sending these reports in 2002. For the record, first place goes to the year 2005 when the average Summer sale price rose by 24.22%! The highest sale that year was 5001 Rockmere Ct. which sold for \$1,410,000.

ly red brick colonial at 5009 Scarsdale Road for \$2,350,000. The traditional façade belies the modern addition to the rear of the house. It features a huge, bright kitchen with an oversized fireplace, a really elegant owner's suite and meticulous workmanship and attention to detail throughout the home. A truly impressive property! It is an appropriate flag bearer for a 2020 housing market that in March, faced potential doom, but instead turned out to be a banner year for real estate in Summer.

Summer's highest priced sale in 2020 was the state-

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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