

Sumner Real Estate Report

Summer
2022

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

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Real Estate News from

Robert Jenets
President & Principal Broker



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Sumner Sales

January — June 2022



5003 Sangamore Rd **
\$1,045,000



5103 Lawton Rd **
\$1,300,000



5105 Scarsdale Rd
\$1,315,000



4911 Sangamore Rd
\$1,400,000



6016 Corewood Ln
\$1,450,000



6708 Overlea Rd
\$1,475,000



5604 Ontario Cir
\$1,480,000



5108 Baltan Rd
\$1,800,000



5013 Randall Ln
\$2,350,000



5613 Wood Way
\$2,850,000

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

NEIGHBORHOOD NEWS

After the past three years of Sumner having only five sales in the first half of each of those years, the neighborhood turnover rate returned to a more normal level this year with **10 closed transactions YTD**. The most recent year with more first half sales was 2016 when there were 15 transactions between January 1 and June 30. The two years after that had nine sales each. Most areas have experienced a decline in closings so far this year so this counter-trend burst of sales comes as a bit of a surprise.

When the data sample is very small, the average price may be misleading so for the past few years, I have not reported an average price for the first half sales. But with ten sales this year, you might be curious to know how prices are stacking up as compared with last year's average. The average price for the entire year's sales in 2021 was \$1,502,387. The ten sales so far this year have an **average price of \$1,646,513**. Whether the second half of 2022 can sustain that level remains to be seen but these first ten sales certainly have the neighborhood on track for the highest yearly average price ever.

You probably know the market has been really fast with most homes selling within the first several days. The statistical average for this data sample is **13 days on market**. Last year's first half sales averaged only five days on the market. This year's number is skewed by a January closing that was actually for a home that was on the market in the fall of 2021 and is therefore not representative of the spring market. A close look at the stats shows that seven of the ten sales happened in 7 days or less—nothing to complain about there.

Six of the ten homes that sold so far this year closed at a price greater than the listed price. The positive margins of those sales more than counteracted the few that sold below the asking price, to such an extent that **the average Sumner home sold for 107.7% of the advertised price**.

A home that went under contract in June but is not included in the statistics above because it did not settle until July 5th, is the home pictured here, 5001 Rockmere Court. This property came on the market with a



list price of \$1,750,000 and went under contract almost immediately. It closed for \$1.9M.

At this writing, there is a home pending settlement that is also located on Rockmere Court, at 5007. Listed on May 19th for \$1,950,000, it went under contract within five days. A few paragraphs back, I said it remains to be seen if the high average price will hold up during the second half of the year. I think these two properties provide an optimistic prognosis in that regard!

There are currently two homes for sale in the neighborhood. They are 5600 Overlea Road which is listed at \$1,545,000 and 5009 Randall Lane for \$2,095,000. It is interesting to note that the only house this year to be listed under \$1M was my listing at 5003 Sangamore Road which sold for \$1,045,000. The next lowest was my listing at 5103 Lawton Drive which listed at \$1.1M and sold for \$1,300,000.

“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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