

ALL BETHESDA (20814, 20816, 20817)

It turns out life is like a box of chocolates and you never know what you're going to get. We got hit without warning by a raging pandemic but we could never have known we would also get a raging real estate market. For anything in which you are personally involved you have a keener focus and deeper understanding than others who are not. Therefore, people who bought or sold a home last year know tangibly that the term "raging" is not an exaggeration when describing the market. Only those who were prepared to compete at the highest level emerged as winners.

According to Bright MLS, the three Bethesda Zip Codes accounted for **951 closed sales** of single family detached homes last year, a **15% increase in the number of sales** (828) posted in 2020. The shortage of available homes for sale has been widely publicized so it is no surprise that the time it took to sell a home was shorter last year. What is startling is the dramatic **decrease in the Average Marketing Time** from 51 days in 2020 to **only 21 days** in 2021! Lightning fast.

The combined value for all 951 home sales last year was \$1,367,305,362, surpassing the 2020 total by more than \$286M. As good as 2020 was, the average home only sold for 99.2% of the *original* list price. Consistent with how stellar sales were last year, the average home sold for 102% of its original list price! Those impressive statistics lead us to the highest ever **average price of \$1,437,755** for a single family home in Bethesda—an impressive **10.37% increase** over the previous average which was \$1,302,700.

I think everyone took a much needed break from the action over the holidays but hang on to your hats; from all indications, the market is about to resume its breakneck pace as those of us actively involved in real estate are about to be swept back into the vortex.

ZIP CODE 20816

As the focus is narrowed from all of Bethesda to only the 20816 Zip Code, I like to include off-market sales found in the public record that are not represented in the MLS statistics. This is an effort to present a truer picture of our local sales activity. A careful examination of the public record turned up 29 private sales last year which ranged in price from \$755,000 to \$3.4M. Only ten of those sales were under a million dollars and ten were greater than \$1.5M. Six of those were over \$2M. Adding the 29 private transactions to the 204 sales reported in Bright MLS brings the total to **233 single family detached home sales in Zip Code 20816**. In 2020, the total was 205. Considering the pause in sales during March and April of 2020 due to the onset of the pandemic, the pace of sales last year was about the same. That statistic, taken in light of the fact that the market was even more intense in 2021, results from an even shallower pool of available homes.

The average number of days a listing took to sell decreased again from 26 days the previous year to **only 15 days on market for 2021**. As a result, the number of sales that happened within the first 7 days rose from 108 in 2020 to 140 quick sales last year. Sales closing at a price greater than the list price numbered 80 in 2020, and that number increased to 134 such sales in 2021.

The **average price of the 233 sales in Zip Code 20816 last year was \$1,442,451**, an increase of 5.41% over 2020's average of \$1,368,373. You may wonder why the appreciation in 20816 did not match the higher increase for all of Bethesda. One factor that could be considered is that the 2020 appreciation in 20816 was 15.3% compared with greater Bethesda's 9.6%. As such, the starting point for 2021 was much higher than for the other Zip Codes. And, you can see below that Zip Code 20814 had an unusually great statistical jump in price which skewed the overall number higher.



MLS STATISTICS by ZIP CODE—2021

	# of Sales	Days for Sale	Average Price	%Change from '20
20814	234	18	\$ 1,465,114	+ 17.13%
20816	204	15	1,446,962	+ 5.14%
20817	513	24	1,421,615	+ 9.66%

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

2021



5003 Sangamore Rd—\$850,000



5014 Fort Sumner Dr—\$955,000



6010 Corewood Ln—\$1,152,500



5607 Overlea Rd—\$1,170,000



5132 Scarsdale Rd—\$1,185,000



4903 Fort Sumner Dr—\$1,200,000



5010 Rockmere Ct—\$1,236,000



5615 Overlea Rd—\$1,261,000



5010 Fort Sumner Dr—\$1,285,000



4400 Sangamore Rd—\$1,300,000



5617 Overlea Rd—\$1,450,000



5812 Rockmere Dr—\$1,525,000



4711 Fort Sumner Dr—\$1,605,000



5809 Rockmere Dr—\$1,605,000



5713 Rockmere Dr—\$1,625,000



5612 Overlea Rd—\$1,846,850



4912 Baltan Rd—\$2,100,000



5011 Rockmere Ct—\$2,495,000

Pictured above and on the previous page are 18 of the **19 Sumner home sales** that closed in 2021. (Number 19, the highest priced sale, is pictured and discussed on the back page.) Over the prior five years, Sumner had seen an average of 20 sales per year and as such, last year's turnover was pretty typical for the neighborhood. There were three private transactions that are not included in the MLS data, so technically, sales were a little above average in 2021.

The big story is, of course, the sharp rise in prices. **The average price of a Sumner home in 2021 was \$1,502,387!** Look at the chart below and you can see what the pandemic has done to the price of housing over the past two years. Just three short years ago, the average price was about \$1.2M. From 2019 to 2020, the average price rose 12.66%. This new high represents **appreciation of 11.3%** on top of that. My goodness.

Even at the statistical peak of the market in 2007 before the "bubble burst", the average was only \$1,156,027. And it is comforting to know that these gains are not based on risky loans and shoddy lending practices like those of the early 2000's. Industry experts cite that as the basis for considering this staggering appreciation to be safe from the deflation we saw in 2008.

It is a great time to be a seller. **The average marketing time was only 14 days** last year and twelve of the nineteen listings were under contract within seven days. It is important to remember, though, that a quick sale cannot be taken for granted. Buyers still expect to see a home that was properly prepared for sale and priced right. Trust me, it is no fun having your home for sale and taking

the steps to minimize the inconvenience are well worth the effort.

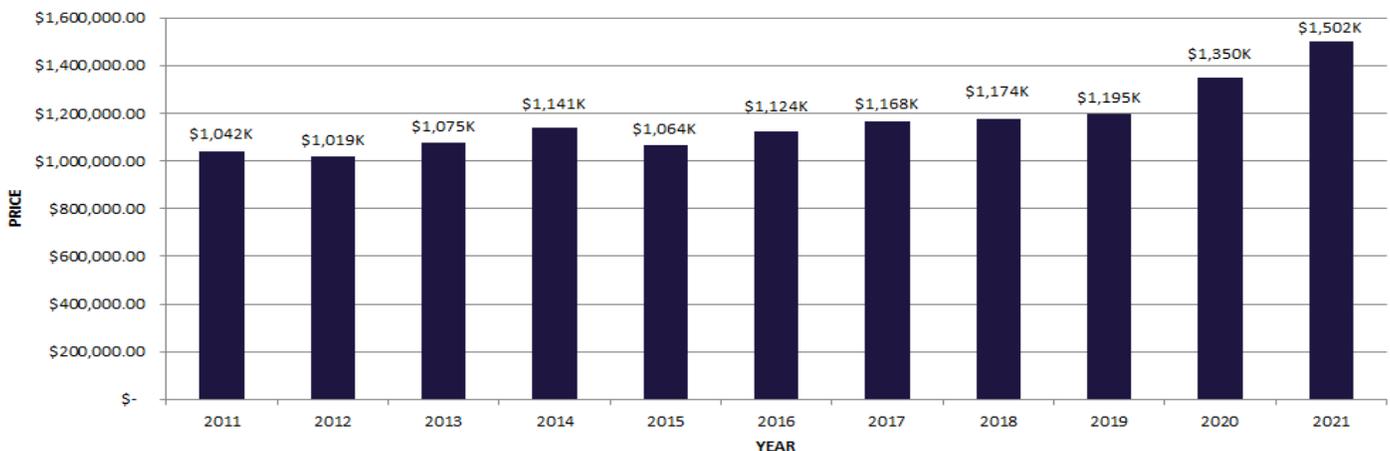
One glaring exception to what I just described was the remarkable sale of 5010 Rockmere Court. That home had been neglected for many years and was in poor condition. But based on its excellent location in the neighborhood and a silly low asking price (\$875,000), there were many offers after only a few days and the final price was bid up to \$1,236,000. It is my understanding the buyer will be having the house razed to build a new one.

It is coincidental that 5010 came on the market only a few days after clients of mine contracted to buy the house next door, 5011 Rockmere Court. This handsome stone colonial sits on a terrific lot and had been expanded by the previous owner with a three story addition. Recognizing it as a very special opportunity, the buyers decided to make an immediate offer before competition from other buyers might develop. Their strategy was successful and the seller accepted the offer.

In a hot market where competition is almost a certainty, that can be a difficult decision for a seller to make which is why a pre-emptive offer must be compelling. Over the last couple of years, many house-buying hopefuls have submitted offers that seemed like a sure bet to be the winning bid, only to fall victim to a more motivated buyer. That is a disappointment buyers can only hope *not* to experience.

Statistically, it was truly a real estate year to remember. But despite the impressive averages, it is interesting that only 10 of the 19 sales closed for an amount over the asking price and a few even sold for less than the

Sumner Average Prices



«AddressBlock»

«barcode»

listed price. However, those that did escalate, did so with such great margins that the percentage of Sold Price compared to List Price increased from 100.8% in 2020 to 106% in 2021! Those of you who are mathematically inclined can fully appreciate the weight of that statement.

In last year's January newsletter, I concluded by spotlighting the highest ever sale in the neighborhood,



5009 Scarsdale Road which sold in 2020 for \$2,350,000. Strange as it may seem, history repeats itself and the high sale for 2021 is, again, 5009 Scarsdale Road. When I sold 5011 Rockmere Ct. in late June, it was the new—

but short-lived— high sale at \$2,495,00 because only about a week later, Scarsdale sold again, this time at \$2,699,000. The 2020 buyers had further updated and improved this already beautiful home but I am told their plans changed and they decided to sell instead of moving in. It is rare to sell a home so soon after purchasing it without losing money, much less at a significantly higher price. That is a

testament to the value of fresh renovations and a real estate market for the ages.

As 2022 gets underway, there is no sign that the inventory will be improving any time soon, so at this point, it would seem that the market will continue to be as competitive as it was last year. There is no shortage of potential buyers and with nothing for sale in Sumner at the moment, the homes that come on the market early are sure to attract a great deal of attention.

The mortgage industry has seen some volatility recently as a result of inflation, the Fed announcing that it will begin tapering its purchase of mortgage backed securities and continuing worries about the pandemic. Jumbo loans that had been hovering just under 3% have crept up to about 3.25% with more increases likely in the next few months. But that is still an incredibly good interest rate and so far, there does not seem to be any negative impact on people's desire to buy a house. It may well motivate buyers to try even harder to succeed in buying something before rates rise higher.

The strategic nuances of buying and selling in this type of market are more important than ever and you should be sure to have expert guidance if you intend to try either or both. Let me know if I can help. Be well. - Bob

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

SHRED-IT DAY 2022

*The annual opportunity for you to have your important papers shredded before your eyes is coming on **March 19th**. 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 19th of March!



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