

WOOD ACRES!

A Real Estate Letter from Matthew Maury of Stuart and Maury Realtors

November, 2002

Dear Wood Acres Area Resident,

It is said that a long distance runner hits “the wall” at the 17 mile mark of a marathon. The better runners fight through the pain and complete the race with a strong kick. The real estate market seems to have hit “the wall” and fought through it over the past 12 months. Our market continues along in a healthy and vibrant state. How it is that prices have continued to rise, record numbers of re-sales have taken place across the nation, and interest rates have remained the lowest in a generation is anybody’s guess. The potential body blows of a national tragedy in September of 2001 and a stock market decline as precipitous as any in the last 70 years have not slowed residential real estate. Even as I write this letter, the box on the front page of USA TODAY touts that consumer confidence is at its lowest point in a decade. And yet, like that great long distance runner, the real estate market marches on. The lofty prices achieved in Wood Acres this year mirror a terrific environment for buying and selling houses across the region.

Everywhere I go, I am asked, “is the market slowing down?” Sometimes current events are seen as defining moments. “Is the sniper affecting your business?,” is a question I heard often during October. When is a slowdown in sales considered seasonal or a natural pause, and when is it a sign that the market has turned? These are difficult questions that are not answered overnight. My associates at Stuart and Maury like to say that we take the emotional temperature of the market every day. An excellent home may linger on the market for a few weeks. Agents then filter that information through the memory of what the market was like in May of this year. Is it a sign that the home didn’t sell right away? Is it a sign when a home doesn’t receive multiple offers on the Monday following the first weekend of marketing? When a good house sells for \$20,000 less than its aggressive asking price, is that a sign? We are all watching carefully and assessing the ever evolving environment.

Evidence that the market remains brisk abounds. 365 homes in Bethesda went under contract between May and August of this year, exceeding the 342 homes that sold between January and April. The 365 sales in Bethesda exceeds the record breaking 336 sales recorded for the same time period in 2001. Inventory remains low in the 20816 zip code, with only 13 homes for sale at this writing that are not over \$1,000,000 or on a busy road. When few homes are for sale, each house will continue to receive a great deal of attention.

It is fair to say that the price range above \$1,000,000 has slowed as more and more builder offerings and rehabs flood the market. There are only so many of those kinds of buyers and the building community may have reached the saturation stage. At this writing, there are 72 homes for sale over \$1,000,000 in the Bethesda/Chevy Chase zip codes. That’s a lot of selection. In fact it’s way too much selection. In the

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Potomac zip code of 20854 alone , the number of homes over \$1,000,000 stands at 79. In addition to builder offerings, many long time residents view *now* as the time to cash out and move “down” or out of town. An overabundance of supply dampens this end of the market.

There has been a lot of media conversation about a real estate “bubble.” I categorically reject any suggestion that a bubble is about to burst. There is absolutely nothing on the horizon that would suggest that the demand for housing in our area has slackened off enough to cause prices to fall. Interest rates remain very low, buyers are still out there in impressive numbers. A recent open house in Wood Acres in October attracted about 50 buyers. Of course, we also had about 25 neighbors, which is great, I love seeing all of you. The 50 buyer turnout is probably a bit less than earlier in 2002, but still a healthy number. The job market in Washington is much stronger than the rest of the nation. Storm clouds of war will only focus more activity on Washington. People need to live in houses and there are very few being built where we live. Commuting nightmares on our major highways result in an increased interest in living inside the Beltway. All of these factors contribute to an enduring positive environment. Are the days of multiple offers and homes selling way over the asking price waning? A seasonal slowdown may well be expected over the winter months, but that happened in 2001 as well and the market was on fire by late February. Stay tuned!

If I was pressed to be “Carnac” I would advance the thought that price appreciation will level off to a pace that about keeps up with inflation or slightly exceeds it in the coming few years. I don’t expect double digit gains, not do I expect double digit declines in value. A consolidation and entrenchment of established prices will result. From 1993 to 1997, prices barely moved at all. Did some buyers and sellers believe housing prices would never go up again? You bet! The next move, when it comes will cause housing prices to rise even more. I have the indelible evidence of *forever* in my favor in advancing this view. Go back through any past decade in our history and you will find an increase in housing prices. Long term, it will happen.

The price gains established in Wood Acres this year have been impressive. Numerous terrific sales are included in the following information. Let’s take a quick look at just what has transpired in Wood Acres since my last letter in May:

		<u>Original/List Price</u>	<u>Final Sales Price</u>
1)	5913 Cromwell Dr.*	\$789,000	\$838,333
2)	6103 Gloster Rd.	\$824,900	\$824,900
3)	5702 Harwick Rd.*	\$729,000	pending
4)	6302 Newburn Dr.	\$725,000	\$725,000
5)	5914 Welborn Dr.*	\$599,000	\$623,000
6)	5814 Devonshire Dr.	\$595,000	\$630,000
7)	6016 Woodacres Dr.	\$610,000	pending
8)	5709 Harwick Rd.	\$599,000	\$599,000
9)	6202 Cromwell Dr.	\$629,000	pending
10)	6112 Wynnwood Rd.*	\$590,000	\$590,000
11)	6008 Cobalt Rd.	\$580,000	\$565,000
12)	6306 Newburn Dr.*	\$575,000	\$565,000
13)	6208 Newburn*	\$559,000	\$559,000
14)	6012 Welborn Dr.	\$550,000	\$530,000
15)	6213 Mass. Ave.	\$450,000	\$500,000
16)	6221 Mass. Ave.	\$449,000	\$440,000

***Stuart and Maury sales**

Twelve of the eighteen sales on the previous page were at the asking price or above. The two highest Wood Acres sales *ever*, at \$838,333 and \$824,900 are on the list above. A home on Mass. Ave. that sold for \$50,000 more than the asking price is on the above list. The average sale price in Wood Acres in 2002 is soaring towards \$600,000. We may get there yet! There are abundant signs of enormous strength in the above list. Are there a few negatives and dark clouds that doom and gloomers could latch onto? Yes. Witness the reduced asking price on a recent Cromwell sale from \$629,000 to \$599,000. Take note of the drop in the sales price on Cobalt from a \$580,000 list to a \$565,000 final price. Observe that we have not had more than two offers on any sale in Wood Acres since the sensational sale on Cromwell for \$838,333. Others may choose to look at the glass half empty, I much prefer to enthusiastically argue that the glass is way *more* than half full. This market has legs and will remain healthy for the foreseeable future!

The four bedroom sale on Cromwell Drive at \$838,333 exceeds the previous high sale for Wood Acres by more than \$100,000. The sale on Gloster, which sold quietly at \$824,900 confirmed that Cromwell Drive was certainly not an aberration. I am certain that Wood Acres has many, many homes worth more than \$750,000 and quite a few over \$800,000.

The two highest three bedroom sales ever in Wood Acres took place recently. The sale on Newburn Dr. at \$725,000 was a home that I purchased and renovated in 1991. The house was taken to another level by the owners that added a terrific family room kitchen and detached garage to the back of the house. The quiet sale at \$725,000 allowed the owners to go on their way to their new residence. They purchased a large split on Searl Terrace next door in Springfield.

My recent listing on Upper Harwick Rd. is now under contract and pending settlement. The list price was \$729,000, the home sold right away, and featured a truly exceptional kitchen/casual family dining addition on the back. A garage conversion to den and a porch conversion and expansion to sun room made this home special. It also had a fourth room upstairs, added in the '60's, which was accessed through a third bedroom. You can take a virtual tour of this home at my web site at **www.matthewmaury.com**. Click on the picture on the welcome page that says, "Hot Harwick listing." Virtual tours are a wonderful new marketing tool that I am using. No one will ever buy a home without actually going to see it, but imagine if you will that you are interested in a house and your parents live out of town. You would love to get their opinion and advice but it is completely impractical for them to come to Bethesda only for the purpose of seeing the home. Now, thousands of miles away, a parent or advisor can take a good, clear look at each room of the home, the streetscape, the exterior, all in manipulative detail. Goodness gracious isn't technology a great thing!

Ever wonder what's happening in real estate in 2002 in the neighborhoods surrounding Wood Acres? A review of the Metropolitan Regional Information System (The MLS) database reveals the following activity in 2002 so far:

Sumner	17 sales	\$773,482	3 pending at \$731,500 ave. list
Glen Echo Heights	23 sales	\$653,193	5 pending at \$726,400 ave. list
Springfield	24 sales	\$640,405	3 pending at \$627,933 ave. list
Glen Mar Park	11 sales	\$499,787	3 pending at \$466,300 ave. list

The above list reveals that the market is soaring in other fine communities as well. The data is probably not as dead on accurate as the data I compile on Wood Acres. Some homes are sold quietly without getting in the computer. But the story that unfolds is that Sumner and Springfield, on the whole, continue to be somewhat more expensive than Wood Acres, although the gap is closing. Glen Echo Heights,

because of the 100 or so newer homes built in the last 20 years, has taken quite a jump in average sales price. The smaller homes of Glen Mar Park have become increasingly sought after over the last five years as buyers, priced out of Wood Acres, seek the Mass. Ave. corridor at more affordable prices. The Glen Mar Park community is also experiencing something never seen before. There's a builder that bought two side by side ramblers and figured out to build three new homes on the ground once the houses are leveled. The asking prices for these new homes are between \$1,150,000 and \$1,250,000. In a community where the average price is below \$500,000 this year, this development is quite amazing.

You might wonder if builders will be knocking on your door looking to knock down your house one day. I hear the question from homeowners all the time. I don't think Wood Acres has a profile that fits with the builder's agenda. The homes in Wood Acres are very consistent with a harmony of architecture that would not particularly lend itself to a brand new house. The price of the most basic possible home in Wood Acres is going to exceed the mid-\$500's range, a difficult jumping off point for a builder. Additionally, and generally unknown to the builder community, the Wood Acres covenants would, in my opinion, block any razing of an existing home. This is part of the magic that makes Wood Acres special. The cohesiveness of the original architecture makes Wood Acres unique and I believe the covenants will help preserve the nature of the community. The variety of terrific additions, done in quality materials with great care and craftsmanship, add immensely to the value of Wood Acres, but a new house, lacking harmony with the existing homes, would be quite jarring in a setting such as ours.

As always, I am here to help long term. In just the past week, I talked extensively to a Wood Acres couple about a leaking copper entry pipe under their front yard; a Wood Acres owner in need of a tree man to trim or take down a very large tree; helped a new couple move into a Wood Acres home that Stuart and Maury manages for rent; visited with Ms. Hall, our Principal at Woodacres Elementary about the school web site; met with community leaders regarding exciting improvements to the Park and sold two homes, one in Wood Acres and one just a few blocks away. Busy, busy, busy! Call me anytime, I'd love to hear from you.

Sincerely,

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