

WOOD ACRES!

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

June, 2004

Dear Wood Acres Area Resident,

In game one of the 1988 World Series, a severely injured Kurt Gibson was sent in to pinch hit for the Dodgers in the ninth inning. Against all odds, he hit a home run over the right field fence to win the game. As he rounded first base, the announcer exclaimed, "I don't believe what I just saw."

My associates and I seem to be saying the same thing just about every day. A home comes on the market and then you hear what it sold for and you think, "Wow, that's amazing." It's not just Bethesda or Wood Acres either. The last 24 months or so have demonstrated the enduring demand for housing, spurred by the lowest interest rates in a generation. Now comes the interesting part. Where do we go from here?

In March of this year, fixed rate 30 year Jumbo loans with no points were averaging around 5.625%. Today the same rates are hovering in the 6.375% range. The housing market was torrid in March. I mean blisteringly hot, with multiple offers on houses the norm and all the competitive insanity that goes with it. On many offerings, a buyer had no chance of purchasing a new listing unless the offer included, in no particular order, no financing contingency, no home inspection contingency, a huge deposit, an "as is" clause that released the seller from any repair obligations and an escalation clause in the price that was substantial. If that sounds to you like a great time to be a seller and a tough time to be a buyer, you would be correct.

I sold two Wood Acres homes in early 2004. Each was sold quietly for a reason. The rest of the Wood Acres community was generally on the sidelines between January and April. In the case of my one quiet sale, a relocation to another city and an army of kids made it difficult for the sellers to show the home, thus selling to one particular buyer was appealing to the owners. In another case, a senior owner, moving to a retirement village, desired a degree of privacy with respect to selling her home and the house was sold to one particular buyer.

During the first quarter of 2004, there was a fully marketed home on Avalon Dr. facing the office building that received multiple offers and was sold for \$31,000 over the asking price at \$630,000. That home had been rented for decades. A Stuart and Maury listing of mine on Mass. Ave., backing into the Newburn alley and also a long-time rental, was sold on the first day for \$61,000 over the asking price. We had intended to wait seven days, have open houses and hopefully receive multiple bids. The buyer's proposal was snapped up by my overseas owner under the heading "you can only sell it to one person." The price was great and the owner was very pleased. Finally, an owner sold their own home on Woodacres Dr. quietly for \$640,000. In short however, the kind of fabulous, enhanced Wood Acres home that represents hundreds of similar properties throughout Wood Acres didn't come on the market during the first quarter of 2004.

In May that all changed when a number of enhanced Wood Acres homes came on the market and we all got a better indication of the demand for superior Wood Acres housing. It became more clear what the buying public might be willing to pay for such a home at that moment in time. The "poster child" for positive results was the **Stuart and Maury/Bob Jenets** listing on Gloster Rd., asking a price of \$825,000.

The home received four offers and sold substantially over the list price at an impressive price of \$891,900. Let's step back for a moment and acknowledge that this home sold for the highest price EVER for a three bedroom Wood Acres home. By a mile. At the time it was sold, it was sold for the most EVER in Wood Acres. There now appears to be a private sale in Wood Acres pending for well over \$900,000. More on that in my next newsletter.

The improvements on the first floor of the Gloster home are wonderful and done with a flair for today's sensibilities. The home had an excellently finished lower level. It's worth noting that the owners bought the home in 1999 for \$426,000. The home has more than **doubled** in value in five years. If that doesn't take your breath away, you really are an optimist!

Here's a list of the homes that have sold or gone under contract in Wood Acres in 2004:

	Original/List Price	Final Sales Price
1) 5900 Gloster Rd.**	\$825,000	\$891,900
2) 5908 Ramsgate Rd.*	n/a	pending
3) 6009 Ramsgate Rd.**	\$755,000	pending
4) 5907 Woodacres Dr.*	\$729,000	pending
5) 5917 Woodacres Dr.	\$699,000	pending
6) 5908 Gloster Rd.	\$669,000	\$669,000
7) 6307 Newburn Dr.*	n/a	\$649,000
8) 5913 Welborn Dr.*	n/a	\$645,000
9) 5918 Woodacres Dr.	n/a	\$640,000
10) 6314 Avalon Dr.	\$599,950	\$630,000
11) 6313 Mass. Ave.*	\$539,000	\$600,000
12) 6219 Mass. Ave.*	\$539,500	pending

***Matthew Maury sale. **Stuart and Maury sale.**

n/a: These homes were quietly sold without coming fully on the market.

It's not hard to see that the five highest recent sales have ratcheted up the range for our community. The big question is what happens next. The rise in interest rates is going to cost the typical Wood Acres buyer, borrowing 80% of a \$700,000 purchase price, about \$325.00 per month. Expressed another way, the buyers could have bought a home for almost \$50,000 more three months ago and ended up with about the same mortgage payment they will have today. Does that mean that home prices in Wood Acres should and will end up being priced \$50,000 less now that rates have risen? Of course not, as I have said many times, sellers don't give up their gains easily and the very small supply chain in our community should ensure a solidification of prices. But this illustration provides a window into the increasing viewpoint of buyers. We all knew in our hearts that rates just couldn't stay in the mid 5% range for long. I think "Mr. Market" has already factored in the rate hike by the Fed on June 30th. This increase will receive a great deal of attention in the media, but the market will have already taken this eventuality into account. It will signal, however, a new day for some buyers. Will their fragile psyche chose this moment to say, "enough"? Time will tell.

Under the heading, "I don't believe what I just saw..." try these recent nearby sales on for size:

- 1) My listing at 5708 Ogden Rd. in Springfield had 11 offers and sold \$110,100 over the asking price at **\$909,100**. This home was a classy five level Springfield split with an early '90's kitchen on the front and an expanded top level dormer.

- 2) My listing at 5301 Ridgefield Rd. had five offers and sold \$45,000 over the asking price at **\$814,000**. This colonial had four bedrooms on the second floor and had received a modest but thorough renovation.
- 3) 5720 Namakagan Rd. in Glen Mar Park went on the market for \$698,000, had multiple offers, and sold for **\$805,000**. This home was a three bedroom colonial with an open family room and renovated kitchen. The price is astounding for Glen Mar Park.
- 4) A home on Carvel Rd. in Westmoreland Hills, in need of a full-scale re-do, went on the market for \$814,000 and sold for **\$1,015,200** (I really don't believe what I just saw!)
- 5) A Stuart and Maury cape cod listing in Ft. Sumner at the edge of Glen Echo Heights came on the market for \$799,000, had nine offers and sold for **\$937,000**.
- 6) And finally, the "piece de resistance." A Miller Co. listing on Westpath Terrace in Ft. Sumner came on the market for \$899,000. The home had nine offers including two from Stuart and Maury agents. Our two offers were in the top three. I lost that one to my compadre Bob Jenets. His buyers purchased that superior four bedroom colonial for **\$1,207,000**, a full \$308,000 more than the asking price.

A few stats are in order:

- 83 single family homes have been settled through June in the 20816 zip in 2004 .
- Fifteen homes in our 20816 zip code have been sold for over a million dollars in 2004.
- Only eight homes have been sold for under \$500,000 in the 20816 zip in 2004.
- The average sales price for single family homes so far this year in the 20816 zip code is **\$820,044**.

Now take a look at a slightly wider picture:

- 538 single family properties have been sold in Bethesda and Chevy Chase in 2004 so far.
- The average sale price of these homes is a remarkable \$841,044.
- These 538 homes, on average, sold for 100.86% of their asking price.
- 121 (22%) of the 538 homes sold, have been sold for over a million dollars.
- Only 48 (8.9%) of the 538 sold homes, have been sold for under \$500,000.
- 59% of the homes sold in nine days or less.
- Only 104 of these homes (19%) took two months or longer to sell.

The average number of days on the market for all 538 homes was 42 days. This stat is skewed by a small but stubborn percentage of very expensive homes, including new construction, that were for sale for many many months prior to selling.

Not every home will receive multiple offers however. In fact, despite the exciting sales described above, the 83 single family homes that have settled so far in 2004 in the 20816 zip code have sold for **99.6% of their asking price**. This indicates that while many homes have been receiving the initial rush and multiple offers, not every home commands such attention and some homes are selling for less than their asking price. The following list from 2004 sales in the 20816 zip code illustrates the point:

- 1) Stuart and Maury sold the old “Sycamore Store” at the corner of Walhonding Rd. and MacArthur Blvd. The asking price had been \$549,900 but the home was sold, because of potential zoning issues, at a price of \$420,000 (\$129,900 under the asking price. There’s a post-settlement adjustment to the seller that’s built into the sale in the event the zoning issues are resolved.)
- 2) A home on Wiscasset Rd. in Glen Echo Heights that was hit by a huge tree during the storms of 2003, listed at \$725,000 and sold for \$665,000, (\$60,000 under the price.)
- 3) A home on River Hill Rd. in Glen Echo Heights listed for \$825,000 and sold for \$140,000 less at \$685,000.
- 4) A home on Falmouth Rd. in Spring Hill next to Westmoreland was listed for \$1,695,000 and sold for \$195,000 less at \$1,500,000.
- 5) Finally, the “castle” on Dahlonga Rd. in Glen Echo Heights has been for sale pushing several years. It was finally sold for **\$1,708,000**. That’s the second highest sale in the zip code so far this year, but a full **\$792,000 below** the optimistic initial asking price of \$2,500,000! The highest sale in the zip code took place on Newport Rd. in Spring Hill near Westmoreland Hills for \$1,712,000.

I’m pleased to say that I recently sold the home at 6219 Mass. Ave. in Wood Acres. We were asking \$539,500 for a home that sold just four years ago for \$325,000. I got a great call off of some internet advertising (technology again) and the buyers enticed the owners to sell them the home prior to the open house. The owners analyzed that a gain of 67% in four years (on the purchase and sold prices, not their equity) was more than satisfactory! The gain on their equity was off the charts.

I have sold six of the twelve sales so far in Wood Acres this year and Stuart and Maury as a company has sold a total of eight. Under the heading “work hard when times are good”, I managed to sell **forty** homes for over **\$28,000,000** worth of real estate in the first six months of this year, exceeding last years entire total already. I have never, ever been this busy. Certainly, 25 years in the business and the experience that comes with it, prepared me to take advantage of the “perfect storm” of low rates, incredible buyer demand and an apparently healthy economy.

Am I the only one that shakes his head when I hear the government say that inflation is under control? Have you tried to buy a house lately? Have you noticed

the price of gas? Have you seen the price of an entree at just about any decent Bethesda restaurant? Have you tried to book a flight to Syracuse and, oh by the way, have you written a check for your freshman's first semester in college?

Intuitively, we all know that there is and has been inflation lately and it definitely has something to do with slightly rising interest rates. Our market will continue to be strong and people will buy and sell houses. And I don't expect prices to go down appreciably anytime soon either. But the rocket-like ride up just may be taking a breather for awhile. We talk often in the real estate business about the "cocktail circuit" running about six weeks behind the market. If you go to a party and everyone there is talking about the incredible real estate market and how hot the market is, well, they are right. Or were right. We often experience a price appreciation pause in the doldrums of summer. We'll see if "Mr. Market" keeps taking us up and up and up in the Fall.

Sincerely,

Matthew Maury
301-928-8686-24 hours

P.S. This Wood Acres newsletter, past newsletters, a 2003 year end recap of sales activity in Wood Acres and a history of Wood Acres sales going back to 1980, can be accessed at my web site **www.matthewmaury.com**. Click on Wood Acres. You can also find similar data on the subdivision of Springfield. Additionally, check out numerous virtual tours of recent home sales in Wood Acres and Springfield at my web site. You can also register yourself to access multiple listing in real time with pictures and addresses. It's the wave of the future!