

WOOD ACRES!

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

November, 2004

Dear Wood Acres Area Resident,

Now that the election of 2004 is behind us, we can begin to focus on helping all those buyers that have been on the sidelines for the last six weeks. The real estate market did indeed take "a breather" as the Washington Post called it recently. While several excellent sales have occurred during the fall selling season, it is fair to say that the intensity of the market clearly waned. I'm going to cautiously speculate that the uncertainty surrounding the election simply caused many buyers to postpone making a major decision. Buying a house is one of the biggest financial commitments most people will make in their lives.



Perhaps buyers felt uneasy, one way or another, as we approached the election. There isn't any other clear indicator as to why homes were often taking longer to sell during late September and October. Interest rates remain almost shockingly low, there have been few clear negative tremors in the economy, inventory, at least in our zip code, remains very low. All the positive indicators are in place for a continuing healthy market. However, it's buyers, not sellers, that will decide if we go forward with continuing appreciation, or whether we consolidate our gains and level off for awhile.

The following is a complete list of real estate activity in 2004 in the Wood Acres community:

		Original/List Price	Final Sales Price
1)	6204 Newburn Dr.*	\$950,000	\$1,135,000
2)	5915 Woodacres Dr.	n/a	\$940,000
3)	5903 Gloster Rd.**	\$879,000	\$920,000
4)	5900 Gloster Rd.*	\$825,000	\$891,900
5)	18 Avalon Ct.*	\$825,000	\$875,000
6)	5910 Cranston Rd.	\$879,000	\$890,000
7)	5921 Ramsgate Rd.**	\$879,000	pending
8)	5917 Woodacres Dr.	\$699,500	\$831,500
9)	6105 Welborn Dr.	\$775,000	\$792,000
10)	6119 Wynnwood Rd.*	\$775,000	\$783,000
11)	5908 Ramsgate Rd.**	n/a	\$765,000
12)	6009 Ramsgate Rd.*	\$755,000	\$755,000
13)	6103 Ramsgate Rd.	\$749,000	pending
14)	5704 Harwick Rd.*	\$699,000	\$736,024
15)	5907 Woodacres Dr.**	\$729,000	\$729,000
16)	6305 Mass. Ave.	\$719,000	pending
17)	6006 Milo Drive**	\$700,000	\$700,000
18)	5908 Gloster Rd.	\$669,000	\$669,000
19)	6307 Newburn Dr.**	\$649,000	\$649,000
20)	5911 Welborn Dr.**	\$645,000	\$645,000
21)	6311 Newburn Dr.	\$699,000	\$637,000

22)	5800 Devonshire Dr.	\$635,000	\$619,000
23)	6314 Avalon Dr.	\$599,950	\$630,000
24)	6318 Avalon Dr.**	\$599,900	\$620,000
25)	6311 Mass. Ave.**	\$539,500	\$600,000
26)	6219 Mass. Ave.**	\$539,500	\$545,000

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

Well, yes, we've been really busy. **Stuart and Maury Inc. Realtors** has been involved in the sale of 16 of the 25 homes sold in Wood Acres this year. I sold 10 of these Wood Acres homes, including four that never came fully on the market.

It's been a great party during 2004. For perspective, prior to 2004, only two homes had ever sold for more than \$800,000 in Wood Acres, the highest being \$838,000. So much for those stats. Over the past 10 months, seven homes have sold over \$800,000 in Wood Acres. We broke through the million dollar barrier when the Bob Jenets listing on Newburn Dr. sold for \$1,135,000, obviously the highest sale ever in the community. The contractor who built the addition on that home in 2002 told us it would cost well over \$400,000 to recreate the addition in today's dollars. The home had all the ingredients, a massive two-story addition featuring a great third bath upstairs and a spacious master suite with great closets. The first floor was opened up with a sweeping open kitchen/family room addition plus two dens. The home, which attracted 10 offers, came on the market in July. We hadn't had a superior four bedroom, expanded Wood Acres home on the market in more than two years and the demand was deep and impressive.

This fall, I sold a home on Gloster Rd. for \$920,000 and a home on Ramsgate Rd. in the high \$800's. Each home featured a slightly more modest two-story addition with four bedrooms on the second floor. It was an indication of the gentle shift in the current market that one home received two offers in September and the other home was for sale for about a month in October before selling. The final sales prices are terrific, but we were no longer receiving ten offers either. The buying public seemed to take a step back this fall and proceed more cautiously.

Inventory throughout the County rose in September. In fact, there were 282 homes for sale in September of 2004 priced between \$600,000 and \$1,000,000. There were only 171 homes for sale during September of 2003. That's a **65% increase in inventory** and an indicator that a combination of seller over-pricing and fewer buyers has led to a "breather."

The inventory in the 20816 zip code has not ballooned like the rest of the County, but it's important to remember that our offerings must still compete with other quality sections of Bethesda and Chevy Chase. While many buyers who walk into an open house in Wood Acres are set on living in Wood Acres, many others are considering or even preferring communities close to the center of Bethesda where the "action" is.

A colleague of mine recently referred to areas of Bethesda where you can walk into Bethesda Ave. as "beach front property." You get the idea. While there are numerous "knockdowns" taking place in Glen Echo Heights and a few in Springfield, the real action is taking place in Edgemoor, Bradley Village next to Edgemoor and Chevy Chase Section 4; all right next to the center of Bethesda. Roll out your front door on a summer evening, walk three minutes to the Bethesda Row movie theater, take in dinner at a sidewalk café and walk home. This is a very appealing lifestyle to many potential Bethesda buyers. Wood Acres certainly offers its own appealing set of charms, the Park and Woodacres Elementary chief among them, but it is sometimes important for us to remember that we do compete with other communities in the area. We can take comfort in the fact that the inventory in the 20816 zip code remains very low and each listing continues to receive a great deal of attention. As of this writing, only eight homes are offered for sale under a million dollars in the 20816

zip code. The “over the top” side of the market is that there are almost twice as many homes for sale in the 20816 zip code over a million dollars!

In January, I will provide a more detailed review of what has taken place in real estate in 2004. For now, it’s worth saying that as long as interest rates continue to hover at or under 6% for fixed rate 30-year money, the residential real estate market in Bethesda/Chevy Chase is going to remain vibrant. One very interesting nuance has surfaced in the lending industry in the last year. **Interest only loans** have come to the forefront as a vehicle for cushioning the blow of higher prices. Borrowers now have the option to consider taking a 30 year loan in which the first five years do not require principal payments. The effect on the monthly payment can be quite dramatic. The following illustrates the point:

Purchase price:	\$750,000	Purchase Price:	\$750,000
Loan amount:	\$600,000	Loan amount:	\$600,000
Interest Rate:	6%/fully amortized	Interest Rate:	5%/interest only
Payment:	\$3600.00 a month	Payment:	\$2500 a month

Wow, the difference in the monthly payment is remarkable. The monthly payment is **\$1100.00 LESS** for the first five years. For those counting, that’s **\$66,000 less** that has to be paid in the first five years. Yes, it is true that starting in year six, the loan becomes a one year adjustable and yes it is true that no principal will be paid whatsoever during the first five years. However, that \$1100.00 a month is the equivalent of increasing the purchasing power of a buyer by almost \$200,000 in sales price. This loan vehicle is a fantastic way for buyers to get into a community like Wood Acres earlier than they imagined. The ideal candidate for this kind of loan would be young purchasers with excellent jobs and excellent prospects for income growth in the coming years. This sounds like a lawyer at a downtown law firm to me!

Another appealing aspect to interest only loans is that a buyer can choose to pay principal whenever they like and the loan payment will adjust accordingly. This isn’t the case in a regular amortizing loan. In a fully amortizing loan you can send the bank an extra \$1,000 each month but your *payment* will not change. If you pay down your loan with a \$10,000 principal payment on an interest only loan, the interest owed adjusts with the next monthly payment.

Obviously, this loan vehicle can be used to move to the next step beyond Woodacres as well. The home you thought you could not afford at \$1,300,000 in Sumner or Searl Terrace may suddenly be within your reach using these techniques. These loans are not well suited for buyers with limited incomes or tenuous future employment prospects. It is possible to get into trouble with a very small down payment, a fall in housing prices and an interest only loan in which the loan amount could become larger than the value of the net you could get out of your property. Caution in using these loan vehicles must be exercised. It’s best to look at the loan as an opportunity to decide when you want to make principal payments, rather being required to make them every month. Are you the kind of person that saves money every year, or do the dollars fly out of your pocket on discretionary spending if your obligations are reduced each month?

The creation of the interest only product is an important advance in the home buying process. It may be the perfect way for “thirty somethings” to reach into Wood Acres and start their path to quality homeownership sooner than they imagined. And we all know the benefits of getting started early. I venture to say that the money made owning a Wood Acres home has beaten just about any investment you could have been made in the last few decades. (Well, I *do* wish I had listened when someone told me about Microsoft in 1982!).

I have a couple of excellent listings in Springfield next door right now. On Briley Place backing to Little Flower, I have a three bedroom, two and half bath center hall colonial with a 23 foot living room for \$738,000. On Pollard Rd. we are offering a four-level split with an expanded dining room, a first floor den and a spacious master suite for \$749,000. More to the point, I have a terrific new Wood Acres listing on Wynnwood Rd. for \$769,000, featuring a spacious table space kitchen and two dens on the first floor, plus a daylight lower level as well. Perhaps you have a friend or relative interested in the Woodacres Elementary area? Let me know how I can help!

So far in 2004 I've sold over **57** houses totaling over **\$40,000,000** in real estate value. I've now sold over 295 Wood Acres homes. On December 6th I will be starting my 25th year in the real estate business. Every day is interesting, every day is demanding. I love living in an area where I can stand in line to vote for an hour and a half and see hundreds of people that I helped in the past. I appreciate all your referrals and your trust over the years.

Sincerely,

**Matthew Maury
Principal Broker
Stuart and Maury Inc. Realtors
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.

Finally, a pet project mine for the last several years has been to support and promote the terrific arts program at Whitman. They are mounting a sensational production of "Les Miserables" which will be performed on November 18th, 19th and 20th. The lead in this year's production, Marshall Nannes (Jean Valjean) won the "Cappie Best Lead Actor in a Musical" award last year for his lead role in "Fiddler on the Roof." He competed with actors from 48 local high schools.

This year's crop of Whitman performers includes a remarkable stable of male singers, quite rare for a high school production. Wood Acres own Ian McEuen (Newburn Dr.) stars as Marius and Springfield's pride and joy, Christian Gero (Ridgefield Rd.) also stars as the foreboding Inspector Javert. Of course, the young female performers are great too! All three shows will sellout early, call the box office at 301-320-6569 to arrange for your tickets! Come out and support the artistic endeavors of our teens. You'll have a great time.