

# WOOD ACRES!

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

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October, 2005

Dear Wood Acres Area Resident,

By any measure, 2005 has been a terrific year for real estate in our community. The average price of a Wood Acres home has soared over \$850,000 this year, up 15% from the average sale posted in 2004. In the last two years, the average home in Wood Acres has risen in value **by more than a third**. This is heady stuff. I think we all know intuitively that these kinds of increases are not likely to continue in the near term. A consolidation and natural leveling for awhile would be considered a remarkable achievement in my book.



The market seems to redefine itself every few days and we are constantly trying to take the “emotional temperature” of buyers and sellers. Fall markets are often brisk but it is not usually a time of year when boundaries are stretched and prices accelerate dramatically. That is the domain of the February to April market. One factor that has driven price appreciation throughout this bull market has been a lack of inventory. When few homes are available in a given area, each home receives enormous attention. Throughout Bethesda and Chevy Chase, a lot of homes have come up for sale this Fall. More than the market seems to be able to absorb. Many of the sellers have priced their homes extremely aggressively. This has resulted in winners and losers. The winners are the sellers who have stayed in line with comparable sales, paid attention to the condition of their homes and skillfully picked agents with intelligent marketing concepts. These sellers have sold their homes at solid, impressive prices, with few contingencies and quick settlement dates. The losers reached just a bit too far with their asking price. They may have made it difficult to show their property, or thrown it on the market without doing the extra cosmetic improvements that can make a big difference in how a home shows.

In September of 2005, 182 single family homes came on the market in Bethesda and Chevy Chase. In early October, 84 of them were under contract, an “absorption rate” of about 46%. This demonstrates that the market is still thriving, but no longer insane. I don’t have data for what the absorption rate may have been in early 2005, but I would guess it could have been closer to 70%. That kind of frenzy

could not be sustained and indeed a natural leveling was to be expected. It would now be a mistake to assume that any home put on the market is going to get multiple offers. Some will, like the renovated rambler on Carlton Lane in Glen Mar Park recently which had seven offers and sold more than \$50,000 over the price. Some homes won't receive multiple bids. Price will be the culprit in most cases, but sometimes a very good home just needs to find its buyer and that can take a few weeks. Remember as well that the new crop of listings this Fall have factored into the asking price the settled properties of the Spring market. Prices are now higher than they were six months ago. At some point, the buyers inevitably push back. This pull and tug is playing out now. It's very important for sellers to remember that one or two fabulous Spring sales do not necessarily establish a definitive value for comparable homes. Occasionally, "irrational exuberance" has taken over in multiple offer situations.

The market is also saturated with speculative new homes for sale at astronomical prices. Exhibit A could be the new home behind the Glen Echo firehouse on Walhonding Rd. priced at \$1,799,000, down from an original price of \$1,825,000, or the new home on Ridgefield Rd. in Springfield priced at \$1,825,000, or the renovated home rebuilt on River Hill Rd. in Glen Echo Heights listed for \$1,695,000. At this early October writing, 18 of the 34 homes for sale in the 20816 were priced over \$1,000,000. 11 of the 18 million dollar houses are priced over \$1,500,000! It's not hard to see why the market is becoming more challenging at these prices. The builders may have reached a bit further than the public is ready to go, we'll see.

Wood Acres is a bit insulated from a lot of this conversation. In September, five homes were sold in Wood Acres without ever coming on the market. **I sold three of these homes.** The right buyer at the right time is something that experienced real estate agents are able to produce. Sometimes a seller connects directly with a buyer. A seller's privacy interests can be a factor in the decision to sell to one buyer. Sellers who have been in their homes for decades are often uncomfortable with the "passing parade" marching through their homes. Neighbor turnout at open houses in Wood Acres, where the homes have such a similar lineage, is very high and some sellers would prefer not to go through that. It is an agent's job to educate a seller as to the pros and cons of selling to one buyer. Confidence in the certainty of the transaction plays a role in the decision as well. The personal relationship that is often forged between agent, buyer and seller is also a factor. An awareness of diminishing multiple offer scenarios also plays into the decision to sell privately. Rest assured that the sellers who make these decisions have been fully educated as to their alternatives. These sellers are extremely pleased with their results too! Using this technique, the second highest sale in Wood Acres in 2005 was achieved, as was the lowest sale.

Going forward into the winter months, I expect that the market will remain stable. The very best homes are going to sell at very good prices. Some homes will receive multiple offers, but many good homes are going to have to work for the right

buyer over the course of several weeks. It will once again be critical that owners pay very close attention to the cosmetic details that help a house sell. Fresh paint, orderly landscaping, sunlight streaming in, clean windows, tasteful decorating; all these things matter. In a torrid market such as the past few years, many of these basics may have been forgotten. We will need these tools in place if we are going to support the prices of early 2005.

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)	6003 Corbin Rd.**	\$949,000	pending
2)	5905 Cranston Rd.**	\$875,000	\$940,000
3)	5910 Welborn Dr.**	\$899,000	\$930,000
4)	6116 Wynnwood Rd.*	\$949,000	\$899,900
5)	5907 Cranston Rd.*	\$829,000	\$895,000
6)	5701 Harwick Rd.*	\$850,000	\$893,000
7)	10 Avalon Court.	\$849,000	\$870,000
8)	6117 Ramsgate Rd.	\$855,000	pending
9)	6103 Ramsgate Rd.+	\$799,500	\$850,000
10)	5603 Harwick Rd.*	\$769,000	\$830,500
11)	6104 Welborn Dr.*	\$820,000	pending
12)	6111 Mass. Ave.**	\$724,000	\$751,000
13)	6007 Wynnwood Rd.**	\$749,000	pending
14)	5922 Welborn Dr.**	\$719,000	pending

\*\* Matthew Maury sales

\*Stuart & Maury , Bob Jenets, Sue Bader sales

+Stuart & Maury sold another company's listing.

*It's worth noting that Stuart and Maury Realtors sold 12 of the 14 most recent sales in the community!* The only homes in the above list with four bona-fide bedrooms on the second floor were 5905 Cranston Rd., 6116 Wynnwood Rd. and 10 Avalon Ct. Cranston and Wynnwood featured additions built a long time ago, Avalon was constructed with four bedrooms upstairs in the early '80s. The homes at 6003 Corbin Rd. and 5910 Welborn Dr. had two story additions which created a fourth *room* upstairs, accessed through an existing bedroom.

The low sale on the board at 5922 Welborn Dr. is a home that has been continually rented since 1965, featuring the original untouched floor plan of living room, dining room and kitchen only on the first floor. As an aside, my father sold this home in 1966 to the current owner. I was 14 years old and my dad hired me to shovel mud out of the *bomb shelter* in the backyard. I remember well that miserable job. The air pipes can still be seen, now mostly covered by yard overgrowth. Aahh, the memories!

I took a careful drive through Wood Acres in late September of this year. *We*

*have now reached a milestone or sorts in the community.* With the commencement of construction on Ardmore Ct. and Osceola Rd., there will now be exactly **100 homes with two-story additions** above grade in Wood Acres. That's just about 25% of the neighborhood. A drive through Wood Acres when I first started in real estate in 1980 would have revealed fewer than 15 two-story additions. Why does this trivia matter? It demonstrates the long term trends that have taken place in Wood Acres over the past two decades. People love this neighborhood. They want to stay, they love the Park, the school, the sense of community. Creating more space is considered a necessity for many families today as they add children and those kids start growing up. The style of living today is less formal, and the casual family space desired by most families today did not exist in the original design of Wood Acres homes. The explosion of additions and modifications is to be expected and the vigilant work of community volunteers over the years by way of the covenant committee has resulted in a collection of homes that are classic and preserved on one hand yet redesigned and modified to today's expectations on the other. It's a wonderful mix of ideas and sensibilities. The size of Wood Acres homes, even modified, is not for everyone, and after 25 years I can figure out pretty quickly the kind of buyer that "gets it." I affectionately refer to these buyers as "having Wood Acres stamped on their forehead." Sometimes these buyers don't even know it yet, but I do. It's a great reward to sell them a house and see them at the 4<sup>th</sup> of July celebration a few years later. I can observe how embedded they are in the Wood Acres life, how happy their children seem, how many true friends and neighbors they have acquired. These are the rewarding aspects of a job that can too often be mired in money arguments and repair problems. The smiling face that says, "I love it here" is my ultimate reward.

A visit to the "well now, that's interesting," corner reveals the following recently sold and settled properties in neighboring communities near Wood Acres:

		<b>Subdivision</b>	<b>List Price</b>	<b>Final Price</b>
1)	6440 Wiscasset Rd.	Glen Echo Hts	\$2,200,000	\$2,156,000
2)	5001 Rockmere Ct.	Sumner	\$1,285,000	\$1,410,000
3)	5917 Searl Terrace	Beacon Hill	\$1,400,000	pending*
4)	5308 Wriley Rd.	Westgate	\$1,250,000	\$1,377,000
5)	5716 Marengo Rd.	Beacon Hill	\$1,195,000	\$1,266,000*
6)	5006 Nahant St.	Glen Mar Park	\$1,195,000	\$1,265,545
7)	2 Bay Tree Ln.	Tulip Hill	\$1,000,000	\$1,236,000*
8)	5107 River Hill Rd.	Glen Echo Hts.	\$1,125,000	\$1,050,000*
9)	5623 Ogden Rd.	Springfield	\$975,000	\$1,025,000*
10)	5241 Westpath Way	Ft. Sumner	\$1,150,000	\$1,000,000
11)	5500 Pollard Rd.	Springfield	\$925,000	\$963,000
12)	5009 Overlea Ct.	Sumner	\$824,000	\$900,000

\*Matthew Maury sales

The above list is full of winners, with a number of sales over the asking price. Several houses did sell under the price, usually as a result of an overly optimistic initial asking price. **I was the agent involved in the sale five homes in the above list.** These homes went under contract mid year '05. Now let's take a look at a few offerings now for sale in the 20816 zip code as of this early October writing:

	<b>For Sale now</b>	<b>Subdivision</b>	<b>List Price</b>	<b>Days on Mrkt</b>
1)	5026 Westpath Terrace	Ft. Sumner	\$1,595,000	35
2)	5105 Baltan Rd.	Sumner	\$1,285,000	30
3)	5104 Westpath Way	Sumner	\$1,249,000	20
4)	5620 Knollwood Rd.	Springfield	\$935,000	10
5)	6617 Tulip Hill Terr.	Tulip Hill	\$975,000	31
6)	5914 Namakagan Rd.	Glen Mar Park	\$749,000	214
7)	5810 Augusta Lane.	Glen Mar Park	\$725,000	14
8)	6116 Lawton Dr.	Glen Mar Park	\$650,000	14

Most of these homes has been for sale just long enough to have lost the initial rush of enthusiasm that comes with a new offering on the market. At about 10 days on the market, any hope of multiple offers has all but disappeared. There may have been 75 people through a listing at the 21 day mark. The 76th buyer through a house may turn to his agent and ask, "how long has this home been for sale?" The question and the answer are revealing. The question from the buyer carries with it a set of wheels turning in the buyer's head which goes something like this: "Why am I the only guy that likes this place? It must be overpriced." The answer "three weeks" from an agent carries with it the point that we can now make an offer off the price, we can propose a home inspection contingency, perhaps a financing contingency, etc. These leverage aspects are not present when a home first comes on the market.

On the other hand, quite often the best houses don't survive the first 10 days. My recent Searl Terrace listing at \$1,400,000 attracted intense interest from several Wood Acres families. In the final analysis, no one from Wood Acres "pulled the trigger." I really thought 5917 Searl Terrace, backing to the Park, was a perfect fit for a Wood Acres family seeking a "once in a decade" opportunity to own a 4500 square foot five bedroom colonial on a fabulous street just a few blocks away. The home, which sold in seven days, was bought by a couple from Bethesda near Suburban Hospital.

Finally, effective October 1st, 2005, there's a new property disclosure law in Maryland. For many years, sellers have been able to choose between signing a "disclosure" or a "disclaimer statement." In the disclosure, a seller fills out a form and answers questions as to the current condition of a property. The seller was also afforded the opportunity to sign a "disclaimer" which effectively said, "check it out for yourself." Those of us practicing residential real estate at the highest level have always encouraged sellers to disclose important information to a prospective buyer. Unique to Wood Acres is the ability to disclose on the form the presence of enforceable covenants in the

community. These are important pieces of information that a buyer should be told about. We post the most recent guidelines and community covenants on our web sites to help keep the public informed. It's very surprising how many other real estate companies and agents have no idea that Wood Acres has covenants at all.

The new law now *requires* sellers to disclose "known latent defects" even if they are disclaiming. A latent defect would be a material defect in the home that 1) a purchaser would not reasonably be expected to ascertain or observe by a careful visual inspection of the property and/or 2) would pose a direct threat to the health or safety of the purchaser." Needless to say, the devil is in the details. You would think that a loose flagstone on the front walk constitutes something that could easily and reasonably be observed by a buyer, right? Yet, it does pose a direct threat to the safety of a potential buyer. Trying to help sellers determine exactly what ought to go on the form is often difficult. No seller wants to needlessly scare a potential buyer, but few sellers want to be less than forthcoming either. Many issues are blurred by events that happened in the past and have not reoccurred. If your garage floods every time it rains hard, that's clearly an important item to disclose. But if it flooded just once, during Hurricane Andrew, and you installed better oversized gutters since then and it hasn't happened again, does that need to be disclosed?

If you have rodents in your crawl space from time to time, that needs to be disclosed. But if you sealed up the crawl space, had it inspected several times over the years, and the problem appears to have been solved, do you still need to disclose? Some attorneys would tell you that those issues that happened in the past and have been corrected do not need to be disclosed. Other attorneys would tell you to disclose whenever you are in doubt, better to be safe. I subscribe in general to the philosophy, "if YOU were buying would you want to know?" The answer to this question will usually guide a seller to the right decision.

It is interesting to note that any defect that an agent has "actual" knowledge of needs to be disclosed by the agent, even if the seller chooses not to disclose. As an example, if the seller is out of town for a month, and the basement floods and the agent sees this, it has to be disclosed by the agent, even though the seller may protest. The days of "caveat emptor" are over. While buyer's should be "aware," sellers have a more stringent set of responsibilities than they did previously. The long term residual effect of this full disclosure environment can only be seen as a positive.

It's worth noting that homes kept continually in excellent condition have fewer issues to deal with when the time comes to sell. Given the extraordinary prices now being commanded by homes in our area, keeping your home in superb condition is a great way to protect both your investment and your liquidity. Keep it dry, keep everything working, perform routine maintenance and update constantly. Your efforts will be rewarded!

Sincerely,

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