

WOOD ACRES

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

October 2011

Dear Wood Acres Area Resident,

I suppose the best word I could use to describe the current real estate market is *uncertainty*. It's unclear whether we are headed towards a double-dip recession or whether brighter days are just ahead. There's little certainty as to whether the current, superb and truly unbelievable long term interest rates will hold steady, despite pronouncements from the Fed that interest rates will be held in check for a couple of years. Buyers feel uncertain about home values and pricing. As agents, we can point to many excellent sales earlier in 2011 as evidence of what homes now on the market are worth. But



buyers stepped back from making decisions during July and August, leaving us to wonder if this was a seasonal slowdown or symptomatic of a deeper underlying sense of caution on the part of the buying public. There have been a couple of sporadic good sales in September in our ZIP code, but caution continues to rule. The political discord of this past summer has taken a toll on consumer confidence in my estimation. Can we get anything done? The almost ridiculous commencement of a new election cycle, a full 18 months prior to the November 2012 general election, isn't helping either. Our airwaves will now be full of accusations and recriminations for a seemingly never-ending period of time. How it got this way is beyond me. My grandmother was a big-time Miami political operative in the 1950's. I have in my possession a personal letter to my grandmother from JFK announcing his candidacy for the Presidency. The letter is dated January 15th, 1960, ten months before the election. Now we have about ten candidates who have been actively campaigning for *months* and we are still 13 months away from voting.

As I have said many times before, people buy houses when they are confident about their future. It's been a tough slog for the past five years on a National level, and yet, our marketplace has been remarkably resilient. For that we should be thankful. Is your house worth more than it was in 2005? Maybe, and the mere fact that many homes are up in value in our area is a testament to the enduring value of living close-in, near the most important city in the world. I almost laughed out loud when I read that real estate analysts Case-Shiller had somehow decided that BETHESDA was included as one of the top-ten areas of the U.S. that were expected to experience the largest DROPS in value in 2012. We were listed at #9. The unemployment rate in our area is 5.1%; all of the other areas in the Top Ten were over 14%. There was NO explanation on the part of Case-Shiller as to why we were included in this list, but my guess would be that "smaller government" translates into fewer jobs in our area, which translates into lower demand, which means falling prices.

Now, seriously, all that is supposed to happen in the first half of 2012. What a joke. IF, and that's a big if, we do have significantly reduced unemployment in the DC area, it will be years and years in the making, not 2012. These kinds of media pronouncement can take their toll. I was dropping off something in the community the other day and a passerby, who knows that I am a Realtor, said, "what do you think of Bethesda being named one of the Top

Ten areas in which prices are going to fall?” This kind of message erodes confidence and can lead to *uncertainty*.

Twelve homes have sold in Wood Acres in 2012, there were 19 sales last year. That tells you something. Sellers are hunkered down too, not just buyers. Many people think now is not the time. They may have gotten their most recent tax assessment, which in most cases appears to be DOWN in value, and decided to wait until their value recovers. For years, tax assessments were under the actual value, then they flipped and for the past few years have often been over the value. Now the most recent round of assessments in our area appear, by and large, to be under again. To demonstrate the point, let’s take a look at the homes that have settled in the Wood Acres area in 2012, and what the current assessment is on them:

Address	Orig price/list price	Final sold price	2011 assessment	2010 assessment
5910 Welborn Dr.**	\$1,095,000	\$1,095,000	\$841,200	\$887,570
6102 Welborn Dr.	\$899,000	\$905,000	\$702,100	\$780,550
6005 Cobalt Rd.	\$899,000	\$900,000	\$819,700	\$923,830
6008 Wynnwood Rd.**	\$899,000	\$899,000	\$758,500	\$807,490
6203 Newburn Dr.	\$920,000	\$890,000	\$767,900	\$807,610
5913 Welborn Dr.**	\$899,000	\$890,000	\$814,000	\$843,090
6016 Woodacres Dr.**	\$899,000	\$799,000	\$799,700	\$832,870
5903 Harwick Rd.**	\$799,000	\$785,000	\$685,700	\$763,430
6213 Massachusetts **	\$769,000	\$745,000	\$640,200	\$695,560
6219 Massachusetts Ave.	\$739,000	\$735,000	\$622,900	\$681,010
6103 Massachusetts Ave.	\$649,900	\$649,900	\$623,500	\$691,550
Average	\$860,062	\$844,081	\$734,127	\$792,232
**Stuart & Maury sales				

There’s a lot of information to be analyzed above. While the average home sale, market tested in the real world, on these 11 Wood Acres sales was \$844,081, the average current tax assessment on these homes is \$734,127. This means that Wood Acres homes sold for 14.9% MORE than the current assessment. The State simply under assessed homes this last go around, severely. Stash the cash savings (probably over a \$1,000 per homeowner in each of the next three years) in your deep pocket but be prepared for a “catch-up” round the next time. In an era in which State governments are hemorrhaging debt, it’s amazing to me that they could miss so badly. Take note that the assessors reduced the average assessment from 2010 (\$792,232) to 2011 (\$734,127) by about 7.9% across the board.

Note as well that every home except one above sold for more than the current assessment. Thank you very much to the State of Maryland; the savings are appreciated. This phenomenon is not unique to Wood Acres either; in neighboring Springfield homes sold in 2011 for 10.9% more than the current assessment.

The grouping of sales on Wynnwood, Newburn and Welborn right around \$899,000 came in

rapid fire succession in the late Spring, all selling for excellent prices. These were all three bedroom sales. They had wonderful first floor amenities and great market appeal. In the case of the home at 6008 Wynnwood, that home had been purchased for \$880,000 in the fall of 2006 and sold for full price at \$899,000 this time around. There were a few significant and valuable improvements that had been made to the home. In the case of 6102 Welborn Dr., that home was purchased in June of 2010 for \$800,000 and sold a year later for \$905,000. Wow! Yes, that home also received some improvements, but the final sales price is impressive AND that sale had multiple offers. Finally, the sale of 5913 Welborn Dr., which sold quietly without coming fully on the market at \$890,000, had been previously purchased in 2003 for \$669,750. Eventually, in a coming newsletter, I will review and analyze the many homes that have **resold** in the past five years or so, it will be an interesting exercise.

From 2002-2006, Wood Acres averaged 22 home sales a year. From 2007 to October of 2011, the average has dropped to 14 a year. That's a significant number of families staying put and it accumulates over the course of five years to the point that 40 homes, or about 20% of the neighborhood, stayed up rather than moved. This would seem to be the new reality. Less mobility, less upward movement, more consolidation, and interestingly, from what I can see, more renovation! Look at the homes receiving major renovation that are nearing completion on Upper Gloster, Welborn Dr., Upper Harwick, Lower Cobalt, and numerous other projects. As each home renovation reaches completion, enduring Wood Acres value becomes more and more entrenched.

We have had few "tests" value in the neighborhood on the upper end in the last few years. I sold the highest sale ever in Wood Acres in 2006 on Cromwell Dr. This past month, I sold 5705 Gloster Rd., asking price \$1,295,000. The home backs to Wood Acres Park and features a magnificent Home Stretchers 2007 3-story addition. This home now sets a bench mark for appraisers and provides a much needed comp on the high end in Wood Acres. It's a fabulous house, but there are probably 25 of equal or greater value in your community. Because so few come up for sale, we rarely get to demonstrate this upper end value range in Wood Acres. The home settles later this month and I will report the final price in the year-end newsletter.

While the sales market was sleeping this summer in July and August, I rented about 20 houses. The rental market was on fire this summer. The Washington DC area is an interesting mix when it comes to rentals. We have the consistent source of the World Bank, IMF, and Diplomatic Corp. who come to this city for a duration of several years and need housing. When the market was very hot for sales, they would buy property, but now, with **uncertainty** reigning supreme, they often rent. Toss in all the people coming here from parts of the country where they either cannot sell their current home or had to sell it at a loss. They often don't see themselves as purchasers right now, preferring to "park" themselves for a while until value, in their minds, becomes more clear. Almost all of these kinds of tenants are exceptional people with great jobs and income that puts them in the top 3% of the country, and yet, they are renting. It's a frustrating experience for them too because these are people that could own a home. Often, they have owned a home in the past and one of the great things about owning your home is being in control of its maintenance, care, improvement, decorating etc. Renting feels temporary, and indeed it is. Rental prices were up across the board in 2011, as demand overwhelmed supply. Very few homes have been sold for investment in the past 20 years. The housing stock of available quality rentals has diminished in the great ZIP codes of Bethesda and Chevy Chase. I've speculated previously that the next generation of buyers, in their 20's and early 30's, seem reluctant to put down roots and make commitments. The impact, long term, on value and prices for homes in our area and across the nation is somewhat dependent on this next generation buying into the notion that owning your home remains a building block of financial success.

Incidentally, on a side note in next door Springfield, the somewhat legendary "Frank Bell" house at 5500 Parkston Rd. has been sold again. That's the third time since 2006. This was

Frank's own personal home, which he sold for \$1,850,000 in 2006. The home was then sold last year for \$1,640,000. The current owners are headed to the San Diego area for a job reassignment and the home was placed on the market and sold within a week...again. The magic of superior style and construction is alive and well, even in a difficult market. I was pleased to be the listing agent for this fine home for the third time.

Finally, slowly but surely I am seeing buyers who are thinking, "wow, interest rates are unbelievable, maybe now really is the time to make a move." Only time will tell whether this moment in time turned out to be a great time to buy a house and sell a house or not. It's my sense that enduring value is created by superior location and construction, excellent schools, and top notch maintenance and improvements. Certainly, Springfield/Westwood/Beacon Hill meets this criteria. Of *that* we can be **certain**.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Maury', with a long horizontal flourish underneath.

Matthew Maury
301-928-8686

The #1 real estate agent in the 20816 ZIP code, 27 years in a row.

P.S. This Wood Acres newsletter, past newsletters, a 2010 year end recap of sales activity in the Wood Acres area 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. Incidentally, the Wood Acres covenants are posted there as well if you need to review them. Please remember as well that if you are planning an addition, the original plans of your home may well be in my possession, I obtained them from the original architect, Will Worland, in 1986. They may save you a lot of money and be useful in planning your addition. Give me a call if you want copies.