

# SPRINGFIELD!

## Westwood/Beacon Hill

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

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January, 2003

Dear Springfield/Westwood/Beacon Hill Area Resident,

Ever higher. I'm running out of ways to describe what has happened to prices in the Springfield/Westwood Area. For that matter, the entire zip code is off the charts. 2002 proved that no one has a perfect handle on what will happen with real estate values. Given the troubling events of September, 2001 and a struggling economy, I doubt many of us could have predicted that prices in the Springfield/Westwood area would rise another **8.2%** in 2002. After the 11.5% increase in prices achieved in 2001, few real estate professionals anticipated that the market could soar to the present heights.

One thing I have learned as I enter my 23rd year in real estate is that sellers do not give up price appreciation gains easily. I encounter buyers that think prices will recede after such a remarkable advance. If, indeed, prices do step back, it will be a long, slow struggle. In my opinion, only sharply higher interest rates can result in lower prices. As I argued in my last newsletter, it would be reasonable to speculate that prices may level off over the course of the next year and remain stable as we consolidate these gains. Note that I said that would be the "reasonable" thing to believe. There have been precious few "reasonable" real estate moments during the last two years.

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 and a stock market decline as precipitous as any in the last 70 years have not slowed residential real estate. Recently, a box on the front page of USA TODAY warned 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 the Springfield/Westwood area 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 the past 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. More homes in our zip code sold during the past six months than the same interval in 2001. Inventory remains low in the 20816 zip code, with only 10 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 a 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 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 first open house in neighboring Wood Acres attracted about 50 buyers. 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 2001-2002 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, nor 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.

For the 20th straight year, this newsletter will serve to provide the Springfield/Westwood/Beacon Hill community with comprehensive information on the real estate market during the past year. Let's take a closer look at the highlights from 2002:

- 33 homes sold in your community in 2002, about 5.5% of the 600 or so homes in the Springfield area. That's a 73% increase in the number of homes sold in your community compared to the year before. The low total of 19 sales in 2001 was an aberration. The average number of sales over the past 20 years has been 26, so it was to be expected that we would see a rise in 2002. The 33 sales *are* the most since 1997, when 36 sales took place, but still way below the record number of 45 in 1988. When the number of home sales is stable and inventory remains reasonably low, each offering will be viewed by the public as special and will continue to garner a great deal of attention.
- The average price in the Springfield area **rose 8.2% to \$616,812**. The average price has risen every year since 1997. **Average Springfield area values have now increased more than \$234,000 in just the last five years, including a \$105,000 rise in the past two years.** It's important to note that Springfield/Westwood area prices have risen **61%** in the last five years, a compound average a bit over **9%**. Nobody has been making that kind of gain in the stock market recently! And that 9% figure is on your total value, the percentage of increase on your *equity* is even more startling.

- The high sale for the year was my Stuart and Maury listing on Marengo Rd. next to Searl Terrace. That home sold for \$950,000, very close to 2001's high sale of \$953,000 on Searl Terrace. The Marengo sale was a large, impressive, six bedroom colonial with four finished levels. While our community did not crack the \$1,000,000 with a *settled* property in 2002, I can announce with pride that I quietly sold a home on Albia Rd. this past summer for \$1,000,000 and settlement is scheduled for late April of this year. This will become the highest sale ever in our community. I believe strongly that there may well be as many as 30 to 40 homes worth over \$1,000,000 in the Springfield/Westwood/Beacon Hill community at this point.
- In 2001, the top seven sales were all Colonials. In 2002, only one of the top seven sales was the colonial style. This is a seismic shift and demonstrates the depth of the market in our area. The sale of a split on Parkston Rd. for \$934,000 represents the highest split sale ever, by a mile, and the second highest split sale on Knollwood is also a stunning sale at \$805,000. Many area splits have received dramatic improvements and updates in the recent past and these sales represent the rising capabilities of this type of housing. At this writing, three Newington Rd. splits are undergoing dramatic renovations and remodeling.
- The low sale in the Springfield area was a split level on Marengo Rd. that sold for \$410,000. That sale was a private sale, effected directly between buyer and seller. The home went under contract in 2001 and settled in January of 2002. There were only five homes that sold under \$500,000 in the past year, the other four of which were ramblers, including two on Chesterbrook Rd., one on Briley Place next to Mass. Ave. and one on Cromwell Dr.
- Springfield area homes sold for **99%** of the asking price last year, matching the figure posted the previous year. For many years, the spread between asking price and selling price was in the 95-96% range for our community, indicating overpricing on the part of sellers in many cases. The gap has been closed considerably and that is a positive development. 11 of the 33 sales that took place in 2002 were sold **over** the initial asking price. This results when multiple offers occur when the home is first placed on the market. A home will then "float" in value to its highest level at that very moment. In the upside down world of 2002, multiple offers within days or hours of a home coming on the market resulted in a home selling for \$109,000 on Parkston Rd.  
 On the other hand, there were five sales last year that sold well off their initial asking price, including one home on Marengo that sold for *\$132,500 less* than the originally optimistic asking price of \$750,000! A home on Brookeway sold for *\$49,000 less* than the asking price and a home on Chesterbrook sold for *\$59,000 less* than the original price of \$489,000. This data demonstrates that, even in a very healthy market, it is entirely possible to misjudge the value of a piece of property. At some point, buyers say "no."
- Only four colonials sold in 2002. The average price was **\$735,875**. This figure is **up 7.9%** from last year's average of \$681,867. The high colonial sale was on Marengo as mentioned for \$950,000. The low colonial sale was \$630,000 for a home in need of major renovation on Ridgefield.
- 2002 was the year of the Springfield/Westwood split! Eighteen of these homes sold in 2002, compared to only *four* the previous year. In fact, for years, the real estate community has been hoping more of these homes would come on the market and 2002 was the year! The average split sale during the past year jumped to **\$638,809**, a fabulous leap of \$127,000 on average! That's a 25% increase and is indicative of the market catching up when a few exceptional splits hit the market. The high split sale in 2002 was \$934,000 on Parkston Rd.

The high split sale in 2001 was a tear down for \$550,000. In 2002, we had a *tear down* on Newington Rd. sell for \$725,000! In fact, 14 of the split sales in the past 12 months sold for over \$575,000! The low split sale was the private Marengo Rd. sale at \$410,000 followed by an Ogden Court sale early in the year for \$515,000.

- The low split sale in 2001 was at 5405 Newington Rd. for \$470,000. The buyers of that home planned a renovation but never started the job or even moved in and ended up selling the home for \$575,000 a bit more than a year later. That property, sitting vacant, rose in value \$105,000 in just over a year. It's worth saying that the purchase price of \$470,000 in 2001 was probably under true market value.
- Eight ramblers sold in the Springfield/Westwood area in 2002, at an average price of \$508,250. That's way up from last year's average of \$455,439. The high rambler sale for the year was at the corner of Brookeway Dr. and Mass. Ave., for \$600,000. That price was matched by the **Stuart and Maury** sale on the corner of Lamar and Cromwell for \$600,000. The low rambler sale was a **Stuart and Maury** listing on Chesterbrook for \$430,000.
- We had three cape cod sales in 2002. The high was a private sale that took place at the corner of Pollard and Kirkwood for a great price of \$749,000. That's a special Kettler built home with strong Williamsburg overtones. The low cape sale took place on Knollwood Rd. for \$541,000 and is currently receiving a major expansion and renovation.
- On average, it took about 16 days to sell a Springfield/Westwood area home in 2002. That is very similar to the 15 day average in 2001. It should be noted that 19 of the 33 sales went under contract in less than a week, including nine sales that never even came "on the market." On the flip side, six homes took at least 30 days to sell, including one home that sold after being on the market for 127 days. Not coincidentally, that home sold for \$137,500 less than its original asking price.
- There were 210 homes sold in the 20816 zip code in 2002, down about 8% from 2001. The following chart tells an interesting story:

# of sales In 2002	Ave. Price in 2002	% increase from 2001	Ave. Days on market	Hi sale in 2002	Low Sale in 2002	# Sales over Million
<b>20814 Zip Code</b>						
261	\$592,915	+8.02%	41	\$1,895,000	\$263,000	17
<b>20815 Zip Code</b>						
304	\$798,195	unavail	35	\$3,150,000	\$242,500	56
<b>20816 Zip Code</b>						
210	\$640,650	+10.60%	28	\$1,693,480	\$350,000	7
<b>20817 Zip Code</b>						
520	\$690,531	+15.50%	44	\$3,395,000	\$257,500	67

- The above chart indicates that prices rose across the Bethesda/Chevy Chase region in 2002. The most dramatic gains occurred in the 20817 zip code, where larger lots afforded builder/renovators the opportunity to "tear down" and rebuild. 67 homes were sold over \$1,000,000 in that zip code during the past year! In fact, seven homes were sold over \$2,000,000 in 20817 this past year.  
In the 20816 zip code, prices rose 10.6% across the board, with the high sale on Wiscasset Rd. in Glen Echo Heights occurring at \$1,693,480. Only two detached homes, not on Mass. Ave., were sold under \$400,000 in the *Whitman* school district in 20816 during 2002. Both homes were in Glen Mar Park.
- On the legislative front, State recordation taxes were increased during the past year. It used to be

that something called “State Stamps” were charged at a rate of 4.40 per thousand of sales price. That figure, for the most part, is now 6.90 per thousand, a whopping 56% increase. In a real estate transaction in which the buyer and seller are splitting these costs, it raises the cost of a \$600,000 home sale by \$1500.00; \$750.00 each to the buyer and the seller. The total transfer taxes now paid at settlement by both buyer and seller for a \$600,000 sale total 2.19% of sales price, or a total of a whopping \$13,140. Think that’s bad? The District of Columbia just raised their total fees to 3.0% of the final sales price, or \$18,000 on a \$600,000 sale. All these municipalities are struggling for funds in a down turned economy and real estate is a big, fat target.

If you refinance your current mortgage for the same amount or less, no stamps are charged. But if you increase your loan amount, say from \$300,000 to \$400,000 in order to do renovations, you will pay 6.9% on the \$100,000 difference and get hit with a \$690.00 charge. Welcome to Montgomery County and the State of Maryland! Realtors lobbied hard to reduce closing costs on housing in our state and county throughout the late ‘80’s and early ‘90’s. Property tax escrows are half of what they used to be and transfer and recordation taxes are now split 50/50 instead of being paid entirely by the buyer. However, rising transaction costs inhibit purchases, especially first time buyers, who feed the chain up the ladder.

- 2002 was a banner year for most of the agents in my office. Competition was fierce and intense market specialization and knowledge was the key to success. 2002 was **Stuart and Maury’s** best year ever, going all the way back to 1956. With the experience of having endured close to 1000 real estate transactions in my 22 year career, I was able to post numbers I would never have dreamed about in the ‘80s. I sold over **\$34,500,000** worth of real estate in the past year, exceeding my best year by over \$8,000,000. My career sales exceed **\$300,000,000** and I have now participated in the sale of over 115 Springfield/Westwood area homes.
- **Stuart and Maury** and I sold 15 Springfield/Westwood area homes in 2002. That’s 45% of all the homes sold in your community. I live here, my commitment is long term. It is my pledge to you to know as much as possible about real estate in our community and transfer that knowledge with professionalism, to buyers and the rest of the real estate community. No other agent can tout this degree of effort.

I was recently approached by community leaders to fund a major replanting of Wood Acres Park. I decided that there simply was not a more appropriate and worthy endeavor for me to participate in. My ties to Wood Acres Park run deep. The Park was certainly my stomping ground as a ballplayer growing up in the ‘60’s and has been a wonderful place to watch my own sons play ball during the last ten years. The rebuilding of Woodacres Elementary was a great thing for our community. With change always comes some downside and the wooded, green nature of the Park has been altered. With the planting of more than 45 new trees, all selected by professional arborists to grow tall and magnificent in the *decades* to come, I feel I can look back and know I was a part of that rejuvenation and restoring.

Call me anytime to discuss your real estate needs, I’m here to help.

Sincerely,

**Matthew Maury**  
**Principal Broker**  
**Stuart and Maury Inc. Realtors**  
**301-928-8686 24 hours**

**P.S.** This Springfield/Westwood/Beacon Hill newsletter, past newsletters, a 2002 year end recap of sales activity in the community and a history of Springfield sales going back to 1983, can be accessed at my web site **[www.matthewmaury.com](http://www.matthewmaury.com)**. Click on “Springfield”. Wood Acres data is also available.

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## Springfield Area Sales Recap 2002

Address Original homes	Original price	Final price	Style of home	Total Bedrms	Full Baths	Half Baths	List Month	Days on market	Settlement Date
1. 5804 Marengo Rd.*	\$995,000	\$950,000	Colonial	6	3	2	May-02	35	14-Feb-02
2. 5507 Parkston Rd.	\$825,000	\$934,000	Split level	5	3	1	Apr-02	5	1-Jul-02
3. 5606 Knollwood Rd.	\$799,000	\$805,000	Split level	4	3	0	Nov-03	17	20-Dec-02
4. 5500 Pollard Rd.	\$749,000	\$749,000	Cape Cod	4	3	0	Spring 02	1	11-Jul-02
5. 5602 Newington Rd.*	\$725,000	\$725,000	Split level	6	3	1	May-02	1	28-Jun-02
6. 5619 Newington Rd.*	\$725,000	\$715,000	Split level	5	3	0	Oct-02	1	5-Dec-02
7. 5804 Searl Terrace	\$745,000	\$714,000	Split level	6	3	0	Jul-02	15	26-Jul-02
8. 5514 Ridgefield Rd.	\$649,000	\$703,500	Colonial	4	2	1	Mar-02	6	8-Jul-02
9. 5409 Kirkwood Rd.*	\$679,000	\$679,000	Split level	4	2	1	Jul-02	5	6-Sep-02
10. 6005 Springfield Dr.	\$660,000	\$660,000	Colonial	3	2	1	Spring 02	1	25-Jul-02
11. 5618 Jordan Rd.*	\$669,000	\$640,000	Split level	4	2	0	Jul-02	17	8-Nov-02
12. 5700 Newington Rd.*	\$630,000	\$634,060	Split level	5	3	0	Mar-02	1	10-Jul-02
13. 5606 Marengo Rd.	\$595,000	\$632,000	Split level	5	3	0	Mar-02	10	26-Apr-02
14. 5704 Ridgefield Rd.	\$589,000	\$631,500	Split level	3	3	0	May-02	6	31-Jul-02
15. 5604 Ridgefield Rd.	\$630,000	\$630,000	Colonial	5	2	3	May-02	18	17-Jun-02
16. 5612 Marengo Rd.	\$750,000	\$617,500	Split level	5	4	0	Dec-02	127	27-Dec-02
17. 5705 Ridgefield Rd.	\$637,000	\$601,500	Split level	3	3	0	Oct-02	15	13-Nov-02
18. 5630 Lamar Rd.*	\$599,900	\$600,000	Rambler	3	3	0	Sep-02	11	8-Nov-02
19. 5300 Brookeway Dr.	\$649,000	\$600,000	Rambler	4	4	0	Apr-02	53	19-Jun-02
20. 5620 Lamar Rd.*	\$615,000	\$590,000	Split level	4	2	1	Oct-02	29	23-Dec-02
21. 5405 Newington Rd.*	\$575,000	\$575,000	Split level	6	3	0	Jul-02	1	28-Aug-02
22. 5607 Springfield Dr.*	\$560,000	\$560,000	Split level	4	2	2	Nov-01	1	6-Sep-02
23. 5609 Parkston Rd.*	\$540,000	\$556,750	Cape Cod	4	2	1	Apr-02	4	20-Aug-02
24. 5613 Knollwood Rd.	\$530,000	\$541,000	Cape Cod	4	3	0	Mar-02	5	2-May-02
25. 5631 Knollwood Rd.*	\$539,000	\$530,000	Rambler	3	2	0	Apr-02	7	8-Jul-02
26. 5702 Marengo Rd.	\$525,000	\$525,000	Rambler	3	2	1	Winter 02	1	30-Apr-02
27. 5300 Cromwell Dr.	\$549,900	\$520,000	Split level	4	2	1	May-02	36	28-Jun-02
28. 5804 Ogden Court*	\$524,500	\$515,000	Split level	5	3	1	Nov-01	14	18-Jan-02
29. 5503 Cromwell Dr.	\$469,000	\$469,000	Rambler	3	2	1	Oct-02	1	16-Nov-02
30. 5608 Chesterbrook Rd.	\$449,000	\$462,000	Rambler	3	2	0	Jan-02	4	27-Feb-02
31. 5300 Briley Place*	\$465,000	\$450,000	Rambler	4	3	0	Apr-02	3	28-Jun-02
32. 5509 Chesterbrook Rd.*	\$489,000	\$430,000	Rambler	3	1	0	Jun-02	88	15-Oct-02
33. 5801 Marengo Rd.	<u>\$410,000</u>	<u>\$410,000</u>	Split level	4	2	1	Summer 01	<u>1</u>	11-Jan-02
Average:	\$622,433	\$616,812					Average	16	
		99.00%						Days on Market:	

Source: Metropolitan Regional Information System, exhaustive public record research & careful memory.

\*Stuart and Maury & Matthew Maury participated in the sale of these homes (15 of 33) (45%).

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## Springfield area sales history through the years!

YEAR	AVG. SALES PRICE	HOUSES SOLD	GAIN/LOSS
1983	\$194,511	22	**
1984	\$202,464	28	+4.0%
1985	\$221,315	29	+9.3%
1986	\$247,090	22	+11.6%
1987	\$312,560	33	+26.5%
1988	\$404,444	45	+28.1%
1989	\$391,091	19	-3.3%
1990	\$453,300	20	+15.9%
1991	\$383,591	28	-15.4%
1992	\$372,950	16	-2.8%
1993	\$421,695	22	+13.0%
1994	\$404,260	23	-4.1%
1995	\$393,294	17	-2.7%
1996	\$387,227	26	-1.5%
1997	\$382,227	36	-1.3%
1998	\$409,821	31	+7.2%
1999	\$476,245	31	+16.2%
2000	\$511,386	22	+7.4%
2001	\$570,112	19	+11.5%
2002	\$616,812	32	+8.2%

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