

SPRINGFIELD!

Westwood/Beacon Hill

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

October, 2003

Dear Springfield/Westwood/Beacon Hill Area Resident,

On June 10th of this year fixed 30-year **jumbo** mortgages with no points hit the bottom of the cycle at just below 5.5%. There may have been a lucky few that got 5.375%. For over a year we have all wondered where the bottom would be. For the first time in years interest rates cascaded down in the Spring, a time when demand for money usually rises and rates rise slightly. It was the best of times for sellers, with buyers falling over themselves to pay more than anyone else. It was the best of times for lenders, with thousands and thousands of homeowners refinancing to take advantage of the lowest interest rates in a generation. It was the best of times for agents, especially experienced agents with the means and skill to convert opportunities into sales in a very competitive market. It was the best of times for settlement companies, churning buyers and sellers and refinances in and out the door with settlements.

With apologies to Dickens, it was also the worst of times. It was the worst of times for many buyers who were shut out of purchases over and over, driving them to despair as they struggled to find a home they could actually buy. It was the worst of times for lenders, overburdened by the crush of business, especially the refinances. When a homeowner refinances, there is no real estate agent explaining everything. Lenders have to do double duty. Thousands of homeowners "floated" their loans, hoping to get even lower rates. Many homeowners locked in rates, only to have rates go lower. The borrowers then refused to settle unless the lender gave them an even lower rate. Lenders were under enormous pressure.

It was the worst of times for many settlement companies. They couldn't handle the load, and were subject to changing conditions hourly as papers from lenders did not appear. Homeowners, confused by a million details in the loan process, were often unhappy with some detail of the refinance and refused to sign papers. It was the worst of times for house appraisers, pressured from all sides to appraise homes at ever higher numbers without recently settled properties to support the astronomical prices that the market was producing.

It would be silly to suggest that it was the worst of time for real estate agents, but we did struggle with being put in the position of having to advise buyers to do things that seemed ridiculous just to get a house. Over the asking price? Of course! How much? As much as you can stand! These were never easy discussions. Conversations with sellers weren't a whole lot of fun either. You want to ask how much? Well, if you say so! You won't fix anything? Ok! The pace has been breathtaking and it just hasn't stopped for over 24 months, as the value of homes skyrocketed to record levels. In short, it has been an amazing ride.

Today's rates for **jumbo** fixed rate 30-year mortgages stand at 6.25%. That's a nice drop from a two months ago when rates soared to 6.5%. We saw significant rate improvement in September back under the 6% range and then a gentle rise to the 6.25% rate today. It can also be said that every single one of us would have loved to have gotten a 6.5% interest rate, even two years ago. By historical standards, the rates remain exceptional. But that magic moment, when almost inexplicably, the rates nose dived to the mid 5% range, appears to have passed.

What is the consequence of rates rising a bit? It's a story that has yet to unfold. August is historically a slower month for the real estate market. People are away and distracted by vacations. It takes a few weeks into September for things to heat back up anyway. Certainly, there is plenty of data to suggest that houses in our area are taking a bit longer to sell. There is also plenty of evidence to suggest that multiple offers, buyers paying over the asking price and a continuing hot market are all still with us. I recently did a bit of research on the Bethesda and Chevy Chase zip codes. The results were revealing:

Bethesda/Chevy Chase sales in 2003:

April 2003 listings 219	April 2003 sales 132 (60.%)
May 2003 listings 276	May 2003 sales 165 (59%)
June 2003 listings 164	June 2003 sales 91 (55%)
July 2003 listings 165	July 2003 sales 95 (57%)
August 2003 listings 102	August 2003 sales 57 (55%)
September 2003 listings 175	September 2003 sales 75 (43%)

During the months of April through August, the conversion rate from listing to sale in the month the home was listed hovered between 55% and 60%. Take note of the drop to 43% in September. All this is a fancy way of saying that a higher percentage of new listings went under contract between April and August than in September across the Bethesda/Chevy Chase region. It's some comfort that in our zip code of 20816, the conversion percentage has remained above 50% in September, although it dipped in August. Note the exceptional 68% conversion rate in April as well. Here's a quick chart:

20816 Statistics sales in 2003:

April 2003 listings 44	April 2003 sales 30 (68%)
May 2003 listings 40	May 2003 sales 24 (60%)
June 2003 listings 18	April 2003 sales 10 (55%)
July 2003 listings 28	July 2003 sales 14 (50%)
August 2003 listings 19	August 2003 sales 8 (42%)
Sept. 2003 listings 37	Sept. 2003 sales 18 (49%)

New listings are the “canary in the mineshaft.” When new listings sell quickly, it’s an indication that serious buyers are descending upon the new offerings and gobbling them up. The “conversion” rate in April, 2003 for Bethesda/Chevy Chase sales was 60%. The slip to 49% in September is worth monitoring.

When listings do not sell right away, seller optimism is often the culprit. It’s natural to see your neighbor’s home sell and figure, “well if they got that, I can get this!” There have been some terrific sales in our Springfield area this year. But sellers must remember that there are not an infinite number of buyers out there and that the time of year (especially the school year), interest rates and property amenities and condition all factor into the equation.

Let’s take a look at what has transpired in the Springfield area in 2003:

	Original/List Price	Final Sales Price
1) 5607 Albia Road	unknown	\$1,100,000
2) 5602 Albia Rd.*	\$1,000,000	\$1,000,000
3) 5405 Newington Rd.*	\$1,089,000	\$959,000
4) 5406 Albia Rd.**	\$950,000	\$950,000
5) 5300 Ridgefield Rd.*	\$899,000	\$901,000
6) 5601 Lamar Rd.*	\$899,000	\$850,000
7) 5700 Springfield Dr.*	\$729,000	\$730,000
8) 5306 Brookeway Dr.	\$719,000	pending
9) 5211 Ridgefield Rd.	\$629,000	\$696,000
10) 5504 Cromwell Dr.*	\$679,000	\$679,000
11) 5415 Newington Rd.+	\$689,000	\$655,000
12) 5801 Kirkwood Dr.	\$639,000	\$629,000
13) 5509 Westbard Ave.	\$649,000	\$625,000
14) 5316 Briley Place	\$559,000	\$559,000
15) 5401 Cromwell Dr.*	\$529,000	\$550,000

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

** **Stuart and Maury sale.**

+ **Listed with another company, sold by Matthew Maury**
(60% of the above were sold by Stuart and Maury!)

The home that sold for \$1,100,000 on Albia Rd. is the highest sale ever in our community. This sale was a private, direct sale from seller to buyer. That home sold twice in the last decade, for \$623,000 in April of 1999 and for \$499,000 in July of 1997. Therefore, it can be said that the home more than doubled in value in the last six years! This home joins the other Albia Rd. property that I sold earlier this year as the first two \$1,000,000 sales in Springfield.

There's an even more fascinating story to relay however. In September, a home on Parkston Rd. came on the market for \$1,395,000. This 7/8 bedroom renovated masterpiece, rebuilt by Bell Builders in 1997, received four offers in a matter of days and a contract was ratified **substantially** over the asking price. However, the sellers opted to invoke an escape clause following the home inspection of their next residence and decided not to sell their home. While the comparable sale will never enter our database, it was a revealing test of value for our community and our finest residences and confirms what I have been preaching for a few years. There is almost no limit to what a home could be sold for in our community any more. The investment being made by new purchasers in the Springfield/Westwood area that choose to substantially renovate and expand existing homes is protected and in tune with the marketplace.

The sale of the \$950,000 home on Albia was noteworthy because there was a large covered pool in the backyard and the home featured not only four bedrooms on the second floor but a third floor with two more bedrooms. The house needed cosmetics but is one of the great looking homes in Westwood.

The sale of 5601 Lamar Rd. for \$850,000 is another interesting story. This home was listed in the Spring with a competing Realtor for \$899,000. The highest split level sale ever in our community has been \$934,000 on Parkston Rd. in 2002. The Lamar property has a wonderful Home Stretchers built family room on the first floor and an expanded master bedroom suite, but it was a three bedroom home upstairs and the sale on Parkston in 2002 had four bedrooms above the first floor. \$899,000 as an asking price was a reach. The home did not sell. The owner took the home off the market in July and listed the home with me in September. We priced the home at \$839,000, got two offers in the first few days, and ratified a solid clean contract for a quick settlement date at an escalated price of \$850,000. Moral of the story? The right asking price at the beginning makes a BIG difference.

On the flip side, my listing of the classic, renovated Frank Bell split-foyer on Newington Rd. sold for \$959,000 in September. The home had been listed at the optimistic price of \$1,089,000. It's a jewel of a home that needed a very specific buyer. I was pleased to help find that buyer and the home went to settlement a few weeks ago. I am pleased to have sold 60% of the homes in the Springfield/Westwood area this year. I need more houses for several serious buyers so if the time is right, I would love to hear from you.

You may well have stared at the sold prices on the previous page and said, "wow, prices are UP!" And they are! The average sales price on the sale of 33 homes in 2002 was \$616,812. In 2003, only two of fifteen sales sold for *less* than last year's average. **The average sold price in the Springfield/Westwood area in 2003 so far has been \$773,779.** That's an astounding 25% leap. A smaller sample contributes to that leap and certainly we have had several exceptional homes sell in 2003, but the trend is unmistakable.

The following home is for sale in the Springfield area as of this writing:

	Current Price	Days on Mrkt*
1) 5605 Pollard Rd..	\$549,000	25

*Days on market as of 10/17/2003.

If you have friends, relatives or business acquaintances interested in our community, send them to me, or, if they like a bit of distance between themselves and an agent (not unusual), send them to my web site. The experience and knowledge that comes from selling over 120 Springfield/Westwood houses over a 23 year period can be a valuable tool for today's buyers and sellers.

Sincerely,

**Matthew Maury
Principal Broker
301-928-8686-24 hours**

P.S. This Springfield/Westwood newsletter, past newsletters, virtual tours of many recent sales in Wood Acres, a 2002 year end recap of sales activity in Springfield/Westwood and a history of Springfield sales going back to 1980, can be accessed at my web site **www.matthewmaury.com**. Click on Springfield.

The next Environmental Housing Issue: MOLD

Finally, the topic of mold is creeping its way into the real estate transaction. Mold and mildew have been with us since our ancestors crawled out of the ocean and started walking upright. However, buyer concerns now have to be taken into account by sellers. I recently had Paul Ramsey of RTS Environmental Systems speak to our office on the topic of mold and mildew. Paul is an environmental residential housing expert. He pointed out that mildew, identified as being whitish, greenish or occasionally brownish in color, is relatively harmless, except to the small portion of the population that has severe allergies. You may see mildew in your shower stall, on unused sports apparel, in your garage or basement. It is rarely harmful. Darker color mold, sometimes ominously referred to as "black mold" can be seen most often on drywall and cardboard in basements and garages where a consistent moisture source is present.

Paul described that the whitish crystal like residue that can often be seen on your cinder block basement walls is “efflorescence” and is completely harmless. Even blackish growth on cinder block is very rarely of a toxic nature. Cinder block and brick are not conducive to serious mold growth. Additionally, home inspectors, in an effort to cover their liability, are identifying whitish mold areas in attics and recommending further investigation. This process can be troublesome and alarming to potential buyers during their home contingency period. According to Paul, the whitish residue he has encountered in attics has been as harmless as a bit of mold on your unused bread. It requires only a spraying of bleach to dissipate.

Drywall is the main conduit for serious black mold growth. The emergence of drywall as the preferred wall and ceiling finishing material in basements has resulted in a perfect breeding ground for mold spores when water is introduced. In the 50’s and ‘60’s, pine paneling was often used for finished wall material in lower levels. It turns out that the pine is more impervious to water and a less likely candidate for mold. Drywall is often used now because it is less expensive, easier to work with, especially around ducts, and is brighter and more easily painted. But it gets wet more easily and stays wet longer.

Professional testing of affected material can cost between \$90.00 and \$200.00. Air sampling can cost a similar amount if you are concerned about airborne particles. Paul informed us that a professional inspection of your residence cost \$240.00. Professional remediation under EPA guidelines, complete with “ET” like suits, plastic everywhere and face masks can start at \$1200.00 and go from there. Paul Ramsey can be reached at 301-607-6276,

Have I scared you? Here’s the bottom line. More than ever, homeowners must exhibit vigilance when it comes to water in your house. This includes the obvious culprits such as wet basements, pinhole copper pipe leaks and other plumbing and air conditioning related mishaps. Less obvious is your attic. The widespread use of humidifiers, especially central humidifiers, puts an enormous amount of moisture into homes today. Paul explained that older homes built in the 50’s are prone to excess moisture in the attic. If you replace your roof, install a ridge vent to allow the attic to breathe. Consider the installation of a roof vent, or clear and open your existing gable vents to allow moisture that rises through the home to vent out of your home. An attic fan with both a thermostat and a humidistat is a great idea.

Homeowners don’t go in their attics very often. Sometimes, there’s a science project growing up there. Buyers are more attuned to these issues and more concerned than a few years ago. Your home may well be your most valuable investment. Protecting your value these days should include a thorough examination of your basement surfaces and your attic. Eliminate the sources of moisture by improving exterior grade and installing quality gutters and downspouts to extend water away from the property. If you get water in your house, dry it up completely and quickly. Do not allow moisture to fester in drywall. Taking great care to completely clean up and dry out all surfaces will ensure that you are protecting your home and keeping it in a state of readiness should you decide to sell the home at some point in the future.