

# **SPRINGFIELD!**

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## **Westwood/Beacon Hill**

August, 2004

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

**Dear Wood Acres Area Resident,**

In game one of the 1988 World Series, a severely injured Kurt Gibson was sent in to pinch hit for the Dodgers in the ninth inning. Against all odds, he hit a home run over the right field fence to win the game. As he rounded first base, the announcer exclaimed, "I don't believe what I just saw."

My associates and I seem to be saying the same thing just about every day. A home comes on the market and then you hear what it sold for and you think, "Wow, that's amazing." It's not just Bethesda or the Springfield/Westwood either. The last 24 months or so have demonstrated the enduring demand for housing, spurred by the lowest interest rates in a generation. Now comes the interesting part. Where do we go from here?

In March of this year, fixed rate 30 year Jumbo loans with no points were averaging around 5.625%. Today the same rates are hovering in the 6.125% range. The housing market was torrid in March. I mean blisteringly hot, with multiple offers on houses the norm and all the competitive insanity that goes with it. On many offerings, a buyer had no chance of purchasing a new listing unless the offer included, in no particular order, no financing contingency, no home inspection contingency, a huge deposit, an "as is" clause that released the seller from any repair obligations and an escalation clause in the price that was substantial. If that sounds to you like a great time to be a seller and a tough time to be a buyer, you would be correct.

Interest rates jumped from April to June, rising from the astounding low of 5.625% to as much as 6.5% until very recently. This rate rise was in anticipation of a rise in the discount rate by the Federal Reserve. As rates rose, the market seemed to cool, ever so slightly, partly because so many buyers had found a home and partly because we were reaching the end of the Spring selling season.

Rates have eased back down over the past few weeks, fueling a perceptible increase in activity throughout Bethesda. The market is healthy right now and activity remains brisk. There are fewer multiple offers on homes in part because we have raised the asking prices to reflect the gains sustained during the first half of the year. Still, sales in July continued to be very impressive.

It's not hard to see that the several recent sales have ratcheted up the range for our community. The big question is what happens next. The rise in interest rates is going to cost the typical Springfield buyer, borrowing 80% of a \$750,000 purchase price, about \$200.00 per month. Expressed another way, the buyers could have bought a home for almost \$30,000 more three months ago and ended up with about the same mortgage payment they will have today. Does that mean that home prices in our area should and will end up being priced \$30,000 less now that rates have risen? Of course not, as I have said many times, sellers don't give up their gains easily and the very small supply chain in our community should ensure a solidification of prices. But this illustration provides a window into the

increasing viewpoint of buyers. We all knew in our hearts that rates just couldn't stay in the mid 5% range for long. I think "Mr. Market" factored in the rate hike by the Fed on June 30th. This increase received a great deal of attention in the media, but the market had already taken this eventuality into account. In fact, rates fell two days later when the new unemployment figures came out. The Fed rise in rates will signal, however, a new day for some buyers. Will their fragile psyche chose this moment to say, "enough"? Time will tell. So far the answer seems to be "full steam ahead."

I recently sold a home on Albia Rd. which is now pending settlement. The list price was \$1,075,000. The wonderful original owner has cared for his home beautifully over the decades and there was a gorgeous pool in back as well. This is the one of the highest sales ever in our community, just under the sale of another Albia Rd. home at \$1,100,000 last year. Additionally, I have sold **eight** other homes in the Springfield/Westwood area since January.

You will also note that I have sold a total of four homes that never came fully on the market this year. Matching the perfect buyer and seller is an art acquired after 25 years in this business. In each case, a quiet sale met the needs of both the buyer and the seller and excellent prices were obtained. I appreciate the wonderful referrals that community members send my way and take pride in turning those referrals into neighbors!

Here's a list of the homes that have sold or gone under contract in the Springfield/Westwood area in 2004 so far:

	<b>Original/List Price</b>	<b>Final Sales Price</b>
1) 5920 Searl Terrace+/colonial	\$1,200,000	\$1,210,000
2) 5607 Albia Rd./colonial	\$1,149,000	\$1,000,000
3) 5604 Albia Rd./colonial	\$1,075,000	pending**
4) 5607 Lamar Rd./colonial	\$889,000	\$968,500
5) 5501 Pollard Rd./split	\$850,000	\$925,000
6) 5706 Ogden Rd./split	\$799,000	\$909,100*
7) 5301 Ridgefield Rd./colonial	\$769,000	\$814,000*
8) 5709 Ogden Rd./rambler	\$799,000	pending**
9) 5711 Ogden Rd./split	\$755,000	\$755,000**
10) 5707 Kirkwood Dr./split	\$739,000	\$745,000
11) 5407 Christy Dr./split	\$650,000	\$707,500
12) 5714 Springfield Dr./rambler	\$699,000	pending *
13) 5509 Cromwell Dr./split	\$699,000	pending
14) 5603 Parkston Rd./rambler	\$625,000	\$655,000**
15) 5811 Ogden Ct./split	\$645,000	\$645,000
16) 5631 Massachusetts Ave./rambler	\$599,000	\$640,000
17) 5611 Chesterbrook Rd./rambler	\$599,000	\$630,000*
18) 5604 Pollard Rd./rambler	\$625,000	\$625,000*

\* **Matthew Maury sale.**

\*\* **These homes were quietly sold by Matthew Maury without coming fully on the market.**

+ **This home was sold quietly by another company.**

The average settled price on the 18 Springfield area sales above in the first seven months of 2004 was \$810,172. This represents a solid 11% increase over the 2003 average sales price of \$736,600. The march continues upward. New benchmarks are being set for colonials (see Searl and Albia), the split-level style (see Ogden and Pollard) and ramblers (see Ogden).

When split-levels on Ogden and Pollard sold this year for \$909,100 and \$925,000, each with multiple offers, it solidified and confirmed the intense interest for this style of housing in our community. Further, the three bedroom rambler I sold on Ogden (for over \$800,000) confirms that quality three bedroom housing with a nice room off the kitchen can command this kind of money. The four homes that have sold under \$650,000 shared in common a few things. One was on a busy street ( Mass. Ave.) the other backed to River Rd. The Chesterbrook home had a pool and excellent renovations, but it is a two bedroom home. Finally, the Pollard sale at \$625,000 was a home with two bedrooms on one side of the first floor and the third bedroom separated on the other side of the first floor.

Under the heading, "I don't believe what I just saw..." try these recent nearby 20816 zip code sales on for size:

- 1) You will notice the quiet sale of a home on valuable Searl Terrace for the most ever in our community at a price of \$1,210,000. My understanding is that the home needs work as well. This sale certainly sets a new benchmark for value in the Springfield/Westwood area.
- 2) My listing at 5708 Ogden Rd. in Springfield had 11 offers and sold \$110,100 over the asking price at **\$909,100**. This home was a classy five level Springfield split with an early '90's kitchen on the front and an expanded top level dormer.
- 3) My listing at 5301 Ridgefield Rd. had five offers and sold \$45,000 over the asking price at **\$814,000**. This colonial had four bedrooms on the second floor and had received a modest but thorough renovation.
- 4) 5720 Namakagan Rd. in Glen Mar Park went on the market for \$698,000, had multiple offers, and sold for **\$805,000**. This home was a three bedroom colonial with an open family room and renovated kitchen. The price is astounding for Glen Mar Park.
- 5) A Stuart and Maury cape cod listing in Ft. Sumner at the edge of Glen Echo Heights came on the market for \$799,000, had nine offers and sold for **\$937,000**.
- 6) And finally, the "piece de resistance." A Miller Co. listing on Westpath Terrace in Ft. Sumner came on the market for \$899,000. The home had nine offers including two from Stuart and Maury agents. Our two offers were in the top three. I lost that one to my compadre Bob Jenets. His buyers purchased that superior four bedroom colonial for **\$1,207,000**, a full \$308,000 more than the asking price.

**A few stats are in order:**

- 83 single family homes have been settled through June in the 20816 zip in 2004 .
- Fifteen homes in our 20816 zip code have been sold for over a million dollars in 2004.
- Only eight homes have been sold for under \$500,000 in the 20816 zip in 2004.
- The average sales price for single family homes so far this year in the 20816 zip code is **\$820,044**.

**Now take a look at a slightly wider picture:**

- 538 single family properties have been sold in Bethesda and Chevy Chase in 2004 so far.
- The average sale price of these homes is a remarkable \$841,044.
- These 538 homes, on average, sold for 100.86% of their asking price.
- 121 (22%) of the 538 homes sold, have been sold for over a million dollars.
- Only 48 (8.9%) of the 538 sold homes, have been sold for under \$500,000.
- 59% of the homes sold in nine days or less.
- Only 104 of these homes (19%) took two months or longer to sell.
- The average number of days on the market for all 538 homes was 42 days. This stat is skewed by a small but stubborn percentage of very expensive homes, including new construction, that were for sale for many, many months prior to selling.

Not every home will receive multiple offers however. In fact, despite the exciting sales described above, the 83 single family homes that have settled so far in 2004 in the 20816 zip code have sold for **99.6% of their asking price**. This indicates that while many homes have been receiving the initial rush and multiple offers, not every home commands such attention and some homes are selling for less than their asking price. The following list from 2004 sales in the 20816 zip code illustrates the point:

- 1) Stuart and Maury sold the old “Sycamore Store” at the corner of Walhonding Rd. and MacArthur Blvd. The asking price had been \$549,900 but the home was sold, because of potential zoning issues, at a price of \$420,000 (\$129,900 under the asking price. There’s a post-settlement adjustment to the seller that’s built into the sale in the event the zoning issues are resolved.)
- 2) A home on Wiscasset Rd. in Glen Echo Heights that was hit by a huge tree during the storms of 2003, listed at \$725,000 and sold for \$665,000, (\$60,000 under the price.)
- 3) A home on River Hill Rd. in Glen Echo Heights listed for \$825,000 and sold for \$140,000 less at \$685,000.

- 4) A home on Falmouth Rd. in Spring Hill next to Westmoreland was listed for \$1,695,000 and sold for \$195,000 less at \$1,500,000.
- 5) Finally, the “castle” on Dahlonga Rd. in Glen Echo Heights has been for sale pushing several years. It was finally sold for **\$1,708,000**. That’s the second highest sale in the zip code so far this year, but a full **\$792,000 below** the optimistic initial asking price of \$2,500,000! The highest sale in the zip code took place on Newport Rd. in Spring Hill near Westmoreland Hills for \$1,712,000.

I’m pleased to say that I have sold **HALF** of the 18 homes that have been sold in our community in 2004. The nine Springfield area sales included four sales of homes that were not fully “on the market.” Sellers occasionally desire a quiet sale. In some cases, an older original owner may require a degree of privacy that precludes putting a sign in the front yard and hundreds of buyers and agents tromping through their home. In some cases, a seller needs a settlement date way off into the future, narrowing the pool of buyers dramatically. Sometimes an agent simply has the right buyer at a great price and the seller sees no need to market the property to the public.

Under the heading “work hard when times are good”, I managed to sell **forty four** homes for over **\$32,000,000** worth of real estate in the first six months of this year, exceeding last year’s entire total already. I have never, ever been this busy. Certainly, 25 years in the business and the experience that comes with it, prepared me to take advantage of the “perfect storm” of low rates, incredible buyer demand and an apparently healthy economy.

Am I the only one that shakes his head when I hear the government say that inflation is under control? Have you tried to buy a house lately? Have you noticed the price of gas? Have you seen the price of an entree at just about any decent Bethesda restaurant? Have you tried to book a flight to Syracuse and, oh by the way, have you written a check for your freshman’s first semester in college?

Intuitively, we all know that there is and has been inflation lately and it definitely has something to do with slightly rising interest rates. Our market will continue to be strong and people will buy and sell houses. And I don’t expect prices to go down appreciably anytime soon either. The rocket-like ride up just may slow a bit for awhile. We talk often in the real estate business about the “cocktail circuit” running about six weeks behind the market. If you go to a party and everyone there is talking about the incredible real estate market and how hot the market is, well, they are right. We’ll see if “Mr. Market” keeps taking us up and up and up in the Fall.

**Sincerely,**

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

**P.S.** This Springfield/Westwood newsletter, past newsletters, a 2003 year end recap of sales activity in our community and a history of Springfield area sales going back to 1980, can be accessed at my web site **www.matthewmaury.com**. Click on 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. It’s the wave of the future!