

# SPRINGFIELD!

## Westwood/Beacon Hill

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

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November, 2004

Dear Springfield/Westwood/Beacon Hill Area Resident,

Now that the election of 2004 is behind us, we can begin to focus on helping all those buyers that have been on the sidelines for the last six weeks. The real estate market did indeed take "a breather" as the Washington Post called it recently. While several excellent sales have occurred during the fall selling season, it is fair to say that the intensity of the market clearly waned. I'm going to cautiously speculate that the uncertainty surrounding the election simply caused many buyers to postpone making a major decision. Buying a house is one of the biggest financial commitments most people will make in their lives.



Perhaps buyers felt uneasy, one way or another, as we approached the election. There isn't any other clear indicator as to why homes were often taking longer to sell during late September and October. Interest rates remain almost shockingly low, there have been few clear negative tremors in the economy, inventory, at least in our zip code, remains very low. All the positive indicators are in place for a continuing healthy market. However, it is buyers, not sellers, that will decide if we go forward with continuing appreciation, or whether we consolidate our gains and level off for awhile.

The following is a complete list of real estate activity so far in 2004 in the Springfield/Westwood Area since my last newsletter in August:

	<b>Original/List Price</b>	<b>Final Sales Price</b>	
1)	5416 Albia Rd.	\$1,395,000	pending
2)	5604 Albia Rd.*	\$1,075,000	\$1,085,000
3)	5605 Chesterbrook Rd.	\$1,075,000	pending
4)	5805 Searl Terrace*	\$849,000	\$975,000
5)	5611 Lamar Rd.**	\$825,000	pending
6)	5709 Ogden Rd.**	\$799,000	\$820,000
7)	5401 Kirkwood Dr.	\$799,000	pending
8)	5611 Springfield Dr.	n/a	\$775,000
9)	5509 Cromwell Dr.	\$699,000	\$750,000
10)	5714 Springfield Dr.*	\$699,000	\$699,000
11)	5605 Pollard Rd.*	\$599,000	\$615,000

\* **Matthew Maury sale.**

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

It can sometimes be very interesting to go back and look at what a home sold for the last time around and compare it to the sales price this time. In the above list, the home on Pollard that sold for \$615,000 recently was previously sold a year ago

for \$530,000. The owners invested about \$25,000 in the home. The Kirkwood Dr. home currently pending settlement priced at \$799,000, was purchased by the current owners in 1999 for \$460,000. The Ogden Rd. property which sold recently at \$820,000 was purchased by the previous owners in 1999 for \$399,900. Finally, the Chesterbrook home was bought in 1999 for \$642,000 and sold immediately with an asking price of \$1,075,000 a few weeks ago! Now don't you wish you had bolted out in 1999 and bought a few houses in our area?

Well, yes, I *have* been really busy. **I have sold 14 of the 22 homes sold** in the Springfield/Westwood area this year. The fourteen sales includes five homes that were sold without coming fully on the market, in which I matched the right house with the right buyer.

It's been a great party during 2004. And yet there are indications that the market is indeed consolidating the gains of the past few years. This Spring, I sold a home on Ridgefield Rd. for \$814,000, \$45,000 over the asking price. The home had seven offers. I currently have two excellent homes for sale at prices of \$738,000 and \$749,000. We have been for sale for several weeks in each case. The homes show beautifully and many, many buyers have been through the door on open house and the homes have been shown repeatedly by other agents. We do not yet have a contract on either home yet. The buying public seems to have taken a step back this fall and buyers are being more cautious.

Inventory throughout the County rose in September. In fact, there were 282 homes for sale in September of 2004 priced between \$600,000 and \$1,000,000. There were only 171 homes for sale during the same period in 2003. That's a **65% increase in inventory** and an indicator that a combination of optimistic pricing and fewer buyers has led to a "breather."

More startling is the breakdown of the inventory that does exist. There are currently 133 single family homes for sale in Bethesda and Chevy Chase, not located on busy streets. 71 of them are priced over a million dollars. In Chevy Chase, 27 homes are priced over a million and only 10 are priced under. In our zip code, we have eight homes for sale under a million and seven priced over a million. Even in the large and varied zip code of 20817, 31 of the 54 homes for sale are priced over a million dollars. The amount of speculative construction in the price range of \$1,800,000 to \$2,000,000 is stunning. We will see, over the coming months, if there are really that many buyers available in that price range

The inventory in the 20816 zip code has not ballooned like the rest of the County, but it's important to remember that our offerings must still compete with other quality sections of Bethesda and Chevy Chase. While many buyers who walk into an open house in the Springfield area are set on living in our community, many others are considering or even preferring communities close to the center of Bethesda where the "action" is.

A colleague of mine recently referred to areas of Bethesda where you can walk into Bethesda Ave. as "beach front property." You get the idea. While there are numerous "knockdowns" taking place in Glen Echo Heights and a few in Springfield, the real action is taking place in Edgemoor, Bradley Village next to Edgemoor and Chevy Chase Section 4; all right next to the center of Bethesda. Roll out your front door on a summer evening, walk three minutes to the Bethesda Row movie theater, take in dinner at a sidewalk café and walk home. This is a very appealing lifestyle to many potential Bethesda buyers. The Springfield/Westwood area certainly offers its own appealing set of charms, a Mass. Ave. commute to downtown, the Park and Woodacres Elementary chief among them, but it is sometimes important for us to remember that we do compete with other communities in the area. We can take comfort in the fact that the inventory in the 20816 zip code remains very low and

each listing continues to receive a great deal of attention.

In January, I will provide a more detailed review of what has taken place in real estate in 2004. For now, it's worth saying that as long as interest rates continue to hover at or under 6% for fixed rate 30-year money, the residential real estate market in Bethesda/Chevy Chase is going to remain vibrant. Another recent Federal Reserve up-tick in the discount rate took place in mid-November. With rates threatening to rise a bit, one very interesting nuance has surfaced in the lending industry in the last year. **Interest only loans** have come to the forefront as a vehicle for cushioning the blow of higher prices. Borrowers now have the option to consider taking a 30-year loan in which the first five years do not require principal payments. The effect on the monthly payment can be quite dramatic. The following illustrates the point:

Purchase price:	\$750,000	Purchase Price:	\$750,000
Loan amount:	\$600,000	Loan amount:	\$600,000
Interest Rate:	6%/fully amortized	Interest Rate:	5%/interest only
Payment:	<b>\$3600.00 a month</b>	Payment:	<b>\$2500 a month</b>

Wow, the difference in the monthly payment is remarkable. The monthly payment is **\$1100.00 LESS** for the first five years. For those counting, that's **\$66,000 less** that has to be paid in the first five years. Yes, it is true that starting in year six, the loan becomes a one-year adjustable and yes it is true that no principal will be paid whatsoever during the first five years. However, that \$1100.00 a month is the equivalent of increasing the purchasing power of a buyer by almost \$200,000 in sales price. This loan vehicle is a fantastic way for buyers to get into a community like ours earlier than they imagined. The ideal candidate for this kind of loan would be young purchasers with excellent jobs and excellent prospects for income growth in the coming years. This sounds like a lawyer at a downtown law firm to me!

Another appealing aspect to interest only loans is that a buyer can choose to pay principal whenever they like and the monthly loan payment will adjust accordingly. This isn't the case in a regular amortizing loan. In a fully amortizing loan you can send the bank an extra \$1,000 each month but your *payment* will not change. If you pay down your loan with a \$10,000 principal payment on an interest only loan, the interest owed adjusts with the next monthly payment.

Obviously, this loan vehicle can be used to move to the next step beyond the Springfield area as well. The home you thought you could not afford at \$1,300,000 in Sumner or Searl Terrace may suddenly be within your reach using these techniques. You could use the loan product to dramatically renovate your home. These loans are not well suited for buyers with limited incomes or tenuous future employment prospects. It is possible to get into trouble with a very small down payment, a fall in housing prices and an interest only loan in which the loan amount could become larger than the value of the net you could get out of your property. Caution in using these loan vehicles must be exercised. It's best to look at the loan as an opportunity to decide when you want to make principal payments, rather being required to make them every month. Are you the kind of person that saves money every year, or do the dollars fly out of your pocket on discretionary spending if your obligations are reduced each month?

The creation of the interest only product is an important advance in the home buying process. It may be the perfect way for "thirty somethings" to reach into Springfield/Westwood and start their path to quality homeownership sooner than they imagined. And we all know the benefits of getting started early. I venture to say that the money made owning a Springfield area home has beaten just about any investment you could have been made in the last few decades. (Well, I *do* wish I had

paid attention when someone told me about Microsoft in 1982!).

Currently, on Briley Place in our community, I have a three bedroom, two and half bath center hall colonial with a 23 foot living room for \$738,000. On Pollard Rd. we are offering a four-level split with an expanded dining room, a first floor den and a spacious master suite for \$749,000. I also have a great new listing on Wynnwood Rd. for \$769,000 in Wood Acres featuring an open expanded table space kitchen, two first floor dens, an exquisite stone patio and a daylight lower level with full bath. Perhaps you have a friend or relative interested in the Woodacres Elementary area? Let me know how I can help!

So far in 2004 I've sold over **57** houses totaling over **\$40,000,000** in real estate value. I've now sold over 135 Springfield area homes and another 295 Wood Acres homes. On December 6th I will be starting my 25th year in the real estate business. Every day is interesting, every day is demanding. I love living in a community where I can stand in line to vote for an hour and a half and see literally hundreds of people that I have helped in the past. I appreciate all your referrals and your trust over the years.

**Sincerely,**

**Matthew Maury  
Principal Broker  
Stuart and Maury Inc. Realtors  
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.

Finally, a pet project mine for the last several years has been to support and promote the terrific arts program at Whitman. They are mounting a sensational production of "Les Miserables" which will be performed on November 18th, 19th and 20th, 2004. The lead in this year's production, Marshall Nannes (Jean Valjean) won the "Cappie Best Lead Actor in a Musical" award last year for his lead role in "Fiddler on the Roof." He competed with actors from 48 local high schools.

This year's crop of Whitman performers includes a remarkable stable of male singers, quite rare for a high school production. Wood Acres own Ian McEuen (Newburn Dr.) stars as Marius and Springfield's pride and joy, Christian Gero (Ridgefield Rd.) also stars as the foreboding Inspector Javert. Of course, the young female performers are great too! All three shows will sellout early, call the box office at 301-320-6569 to arrange for your tickets! Come out and support the artistic endeavors of our teens. You'll have a great time.