

# SPRINGFIELD!

## Westwood/Beacon Hill

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

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October, 2005

Dear Springfield/Westwood/Beacon Hill Area Resident,

By any measure, 2005 has been a terrific year for real estate in our community. The average price of a Springfield/Westwood area home has soared well over \$900,000 this year, up more than 15% from the average sale posted in 2004. In the last two years, the average home in your community has risen in value **by almost a third**. This is heady stuff. I think we all know intuitively that these kinds of increases are not likely to continue in the near term. A consolidation and natural leveling for awhile would be considered a remarkable achievement in my book.



The market seems to redefine itself every few days and we are constantly trying to take the “emotional temperature” of buyers and sellers. Fall markets are often brisk but it is not usually a time of year when boundaries are stretched and prices accelerate dramatically. That is the domain of the February to April market. One factor that has driven price appreciation throughout this bull market has been a lack of inventory. When few homes are available in a given area, each home receives enormous attention. Throughout Bethesda and Chevy Chase, a lot of homes have come up for sale this Fall. More than the market seems to be able to absorb. Many of the sellers have priced their homes extremely aggressively. This has resulted in winners and losers. The winners are the sellers who have stayed in line with comparable sales, paid attention to the condition of their homes, and skillfully picked agents with intelligent marketing concepts. These sellers have sold their homes at solid, impressive prices with few contingencies and quick settlement dates. The losers reached just a bit too far with their asking price. They may have made it difficult to show their property, or thrown it on the market without doing the extra cosmetic improvements that can make a big difference in how a home shows.

My recent listing on Searl Terrace is pending settlement at the highest sale ever in this enclave I often affectionately refer to as **“the 20816 gold standard.”** Listed at \$1,395,000, the home sold the first week it was on the market. Prior to the home coming on the market, I supervised painting, floor refinishing, carpet installation, pool updating, and the liquidation of personal belongings through an estate sale. While the home was still basic, it was fresh, clean and showed well. The money invested by the family in this classic five bedroom center hall colonial was

wise and we were pleased at the market reaction to this special home, one of a precious few backing to the Park.

The following homes are currently **for sale** in our community:

	<b>Subdivision</b>	<b>List Price</b>	<b>Days on Mrkt</b>	
1)	5401 Kirkwood Dr.	Springfield	\$1,875,000	55
2)	5711 Ridgefield Rd.	Springfield	\$1,825,000	45
3)	5513 Westbard Ave.	Westbard	\$1,199,000	93
4)	5620 Knollwood Rd.	Springfield	\$935,000	15

The listing on Kirkwood has been purchased by a group of investors, my younger brother Brian being one of them. They plan to put a “top” on the current low lying rambler, converting it to a two-story colonial. The home that will eventually appear is for sale for \$1,875,000. There’s quite a bit of debate in our industry as to the wisdom of placing a home up for sale in multiple listing months, or even a year, in advance of the home being completed. Some builders think it’s a good idea to try to attract a buyer who would like input into the decisions that are made on materials inside the home. Other builders believe that until a home is a finished product and can be appreciated for what it is rather than what it *will* be, few buyers are going to react positively to a construction site and a home that is a “work in progress.” I personally believe the second opinion is the most accurate. When a new home sparkles in every detail, buyers react emotionally and positively. It’s just very hard to make the leap of faith necessary to buy a home when you can’t tell in what manner it will be finished.

The new home on Ridgefield is nearing completion. If you have wondered why the last details of driveway, sod, the removal of port-o-johns and dumpsters, and a complete finishing of the interior is taking so long, you are not alone. When the home is finished and sparkles, then it can be fairly judged. It’s worth noting that the highest sale ever in our community (on Newington Rd.) was presented for the first time as a completely perfect finished product. It sold for \$2,055,000, \$110,000 over the asking price, and it is no coincidence that the home hit all the emotional buttons straight on.

In September of 2005, 182 single family homes came on the market in Bethesda and Chevy Chase. In early October, 84 of them were under contract, an “absorption rate” of about 46%. This demonstrates that the market is still thriving, but no longer insane. I don’t have data for what the absorption rate may have been in early 2005, but I would guess it could have been closer to 70%. That kind of frenzy could not be sustained and indeed a natural leveling was to be expected. It would now be a mistake to assume that any home put on the market is going to get multiple offers. Some will, like the renovated rambler on Carlton Lane in Glen Mar Park recently which had seven offers and sold more than \$50,000 over the

price. A home on Cranston Rd. in Wood Acres was listed for \$879,000, received three offers, and sold for \$940,000. Some homes won't receive multiple bids. Price will be the culprit in most cases, but sometimes a very good home just needs to find its buyer and that can take a few weeks. Remember, as well, that the new crop of listings this Fall have factored into the asking price the settled properties of the Spring market. Prices are now higher than they were six months ago. At some point, the buyers inevitably push back. This pull and tug is playing out now. It's very important for sellers to remember that one or two fabulous Spring sales do not necessarily establish a definitive value for comparable homes. Occasionally, "irrational exuberance" has taken over in multiple offer situations.

The market is also saturated with speculative new homes for sale at astronomical prices. Exhibit A could be the new home behind the Glen Echo firehouse on Walhonding Rd. priced at \$1,799,000, down from an original price of \$1,825,000, or the new home on Ridgefield Rd. in Springfield priced at \$1,825,000, or the renovated home rebuilt on River Hill Rd. in Glen Echo Heights listed for \$1,695,000. A home sold on lower Cromwell near Mass. Ave. for \$725,000 earlier this year is now being rebuilt with a top, making it into a colonial. It should be very interesting to see what kind of asking price results on this home.

At this mid October writing, 18 of the 34 homes for sale in the 20816 were priced over \$1,000,000. 11 of the 18 million-dollar houses are priced over \$1,500,000! It's not hard to see why the market is becoming more challenging at these prices. The builders may have reached a bit further than the public is ready to go, we'll see.

**I have sold several homes in Springfield this year that were not "on the market."** The right buyer at the right time is something that experienced real estate agents are able to produce. Sometimes a seller connects directly with a buyer. A seller's privacy interests can be a factor in the decision to sell to one buyer as well. Sellers who have been in their homes for decades are often uncomfortable with the "passing parade" marching through their homes. Neighbor turnout at open houses can be very high and some sellers would prefer not to go through that. It is an agent's job to educate a seller as to the pros and cons of selling to one buyer. Confidence in the certainty of the transaction plays a role in the decision too. The personal relationship that is often forged between agent, buyer, and seller is also a factor. An awareness of diminishing multiple offer scenarios also plays into the decision to sell privately. Rest assured that the sellers who make these decisions have been fully educated as to their alternatives. These sellers are extremely pleased with their results and, using this technique, I sold homes at prices of \$825,000, \$825,000, and \$895,000 this year.

Going forward into the winter months, I expect that the market will remain stable. The very best homes are going to sell at very good prices. Some homes will receive multiple offers, but many good homes are going to have to work for the right buyer over the course of several weeks. It will once again be critical that owners pay very close attention to the cosmetic details that help a house sell. Fresh paint, orderly landscaping, sunlight streaming in, clean windows, tasteful decorating; all these things matter. In a torrid market such as the past few years, many of these basics may

have been forgotten. We will need these tools in place if we are going to support the prices of early 2005.

Let's take a quick look at just what has transpired in the Springfield/Westwood/Beacon Hill area since my last letter in June:

	<b>Original/List Price</b>	<b>Final Price</b>
1) 5917 Searl Terrace*	\$1,395,000	pending
2) 5501 Albia Rd.	\$1,600,000	\$1,325,000
3) 5716 Marengo Rd.*	\$1,195,000	\$1,266,500
4) 5623 Ogden Rd.*	\$975,000	\$1,025,000
5) 5500 Pollard Rd.	\$925,000	\$963,000
6) 5607 Marengo Rd.	\$900,000	\$925,000
7) 5627 Lamar Rd.*	\$899,000	\$920,000
8) 5618 Jordan Rd.**	\$879,000	\$920,000
9) 5418 Kirkwood Dr	unknown	\$850,000
10) 5401 Kirkwood Dr.**	\$865,000	\$850,000
11) 5520 Westbard Ave.	\$829,900	\$846,000

\*Matthew Maury sale \*\*Stuart and Maury sale

**Stuart and Maury Realtors** has now been involved in the sale of **17 of the 26** homes sold in the Springfield/Westwood/Beacon Hill community in 2005. I have sold twelve of them to date. In the above list, note that four homes sold recently for over a million dollars in our community. The Albia Rd. property sold well under the initial ambitious asking price, but was nonetheless the highest sale, by far, ever on Albia Rd. The home is undergoing a renovation. I am told that the vacant lot next door on Aliba is also under contract; the asking price for that lot was \$850,000. The Ogden Rd. sale is the first five-level original split ever to sell over a million dollars in our community. The original Bell built home was truly exceptional in it's maintenance and care. Additionally, the backyard was more than 180 feet deep, one of Springfield's finest backyards.

Filed under "well now, that's interesting," the following properties have gone under contract or settled in the last few months in neighboring communities:

	<b>Subdivision</b>	<b>List Price</b>	<b>Final Price</b>
1) 6440 Wiscasset Rd.	Glen Echo Hts	\$2,200,000	\$2,156,000
2) 5001 Rockmere Ct.	Sumner	\$1,285,000	\$1,410,000
3) 5308 Wriley Rd.	Westgate	\$1,250,000	\$1,377,000
4) 5006 Nahant St.	Glen Mar Park	\$1,195,000	\$1,265,545
5) 2 Bay Tree Ln.	Tulip Hill	\$1,000,000	\$1,236,000*
6) 5107 River Hill Rd.	Glen Echo Hts.	\$1,125,000	\$1,050,000*
7) 5241 Westpath Way	Ft. Sumner	\$1,150,000	\$1,000,000
8) 5910 Welborn Dr.	Wood Acres	\$899,000	\$930,000*
9) 5009 Overlea Ct.	Sumner	\$824,000	\$900,000

\*Matthew Maury sales

The above list is full of winners, with a number of sales over the asking price. Several houses did sell under the price, usually as a result of an overly optimistic initial asking price. Let's take a look at a few offerings now for sale in the 20816 zip code as of this mid-October writing:

	<b>For Sale now</b>	<b>Subdivision</b>	<b>List Price</b>	<b>Days on Mrkt</b>
1)	5026 Westpath Terrace	Ft. Sumner	\$1,595,000	40
2)	5105 Baltan Rd.	Sumner	\$1,285,000	35
3)	5104 Westpath Way	Sumner	\$1,249,000	25
4)	5620 Knollwood Rd.	Springfield	\$935,000	15
5)	6617 Tulip Hill Terr.	Tulip Hill	\$975,000	36
6)	5914 Namakagan Rd.	Glen Mar Park	\$749,000	220
7)	5810 Augusta Lane.	Glen Mar Park	\$725,000	20
8)	6116 Lawton Dr.	Glen Mar Park	\$650,000	20

Most of these homes have been for sale just long enough to have lost the initial rush of enthusiasm that comes with a new offering on the market. At about 10 days on the market, any hope of multiple offers has all but disappeared. There may have been 75 people through a listing at the 21 day mark. The 76th buyer through a house may turn to his agent and ask, "how long has this home been for sale?" The question and the answer are revealing. The question from the buyer carries with it a set of wheels turning in the buyer's head which goes something like this: "Why am I the only guy that likes this place? It must be overpriced." The answer "three weeks" from an agent carries with it the point that we can now make an offer off the price, we can propose a home inspection contingency, perhaps a financing contingency, etc. These leverage aspects are not present when a home first comes on the market.

On the other hand, quite often the best houses don't survive the first 10 days. My recent Searl Terrace listing at \$1,395,000 attracted intense interest from several Wood Acres families. In the final analysis, no one from Wood Acres "pulled the trigger." I really thought 5917 Searl Terrace, backing to the Park, was a perfect fit for a Wood Acres family seeking a "once in a decade" opportunity to own a 4500 square foot five bedroom colonial on a fabulous street just a few blocks away. Beacon Hill is populated by many families who once called Wood Acres their home. The offering, which sold in seven days, was bought by a couple from Bethesda near Suburban Hospital.

Finally, effective October 1st, 2005, there's a new property disclosure law in Maryland. For many years, sellers have been able to choose between signing a "disclosure" or a "disclaimer" statement. In the disclosure, a seller fills out a form and answers questions as to the current condition of a property. The seller was also afforded the opportunity to sign a "disclaimer" which effectively said, "check it out for yourself." Those of us practicing residential real estate at the highest level have always encouraged sellers to disclose important information to a prospective buyer.

The new law now *requires* sellers to disclose "known latent defects" even if they are

disclaiming. A latent defect would be a material defect in the home that 1) a purchaser would not reasonably be expected to ascertain or observe by a careful visual inspection of the property and/or 2) would pose a direct threat to the health or safety of the purchaser.” Needless to say, the devil is in the details. You would think that a loose flagstone on the front walk constitutes something that could easily and reasonably be observed by a buyer, right? Yet, it does pose a direct threat to the safety of a potential buyer. Trying to help sellers determine exactly what ought to go on the form is often difficult. No seller wants to needlessly scare a potential buyer, but few sellers want to be less than forthcoming either. Many issues are blurred by events that happened in the past and have not reoccurred. If your garage floods every time it rains hard, that’s clearly an important item to disclose. But if it flooded just once, during Hurricane Andrew, and you installed better oversized gutters since then and it hasn’t happened again, does that need to be disclosed?

If you have rodents in your crawl space from time to time, that needs to be disclosed. But if you sealed up the crawl space, had it inspected several times over the years, and the problem appears to have been solved, do you still need to disclose? Some attorneys would tell you that those issues that happened in the past and have been corrected do not need to be disclosed. Other attorneys would tell you to disclose whenever you are in doubt, better to be safe and tell the buyers. I subscribe in general to the philosophy, “if YOU were buying would you want to know?” The answer to this question will usually guide a seller to the right decision.

It is interesting to note that any defect that an agent has “actual knowledge of” needs to be disclosed by the agent, even if the seller chooses not to disclose. As an example, if the seller is out of town for a month, and the basement floods and the agent sees this, it has to be disclosed by the agent, even though the seller may protest. The days of “caveat emptor” are over. While buyer’s should be “aware,” sellers have a more stringent set of responsibilities than they did previously. The long term residual effect of this full disclosure environment can only be seen as a positive.

It’s worth noting that homes kept continually in excellent condition have fewer issues to deal with when the time comes to sell. Given the extraordinary prices now being commanded by homes in our area, keeping your home in superb condition is a great way to protect both your investment and your liquidity. Keep it dry, keep everything working, perform routine maintenance, and update constantly. Your efforts will be rewarded!

**Sincerely,**

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

**P.S.** This Springfield newsletter, past newsletters, a 2004 year end recap of sales activity in the Springfield area and a history of Springfield sales going back to 1980, can be accessed at my web site [www.matthewmaury.com](http://www.matthewmaury.com). Click on Springfield. You can also find similar data on the subdivision of Wood Acres.