

SPRINGFIELD

Westwood/Beacon Hill

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

October 2011

Dear Springfield Area Resident,

I suppose the best word I could use to describe the current real estate market is *uncertainty*. It's unclear whether we are headed towards a double-dip recession or whether brighter days are just ahead. There's little certainty as to whether the current, superb long term interest rates will hold steady, despite pronouncements from the Fed that interest rates will be held in check for a couple of years. Buyers feel uncertain about home values and pricing. As agents, we can point to many excellent sales earlier in 2011 as evidence of what homes now on the market are worth. But buyers stepped back from making decisions during July and August, leaving us to wonder if this was a seasonal slowdown or symptomatic of a deeper underlying sense of caution on the part of the buying public. There have been a couple of sporadic good sales in September, but caution continues to rule. The political discord of this past summer has taken a toll on consumer confidence in my estimation. Can we get anything done? The almost ridiculous commencement of a new election cycle, a full 18 months prior to the November 2012 general election, isn't helping either. Our airwaves will now be full of accusations and recriminations for a seemingly never-ending period of time. How it got this way is beyond me. My grandmother was a big-time Miami political operative in the 1950's. I have in my possession a letter to my grandmother from JFK announcing his candidacy for the Presidency. The letter is dated January 15th, 1960, ten months before the election. Now we have about ten candidates who have been actively campaigning for *months* and we are still 14 months away from voting.



As I have said many times before, people buy houses when they are confident about their future. It's been a tough slog for the past five years on a National level, and yet, our marketplace has been remarkably resilient. For that we should be thankful. Is your house worth more than it was in 2005? Maybe, and the mere fact that many homes are up in value in our area is a testament to the enduring value of living close-in, near the most important city in the world. I almost laughed out loud when I read that real estate analysts Case-Shiller had somehow decided that BETHESDA was included as one of the top-ten areas of the U.S. that were expected to experience the largest DROPS in value in 2012. We were listed at #9. The unemployment rate in our area is 5.1%, all of the other areas in the Top Ten were over 14%. There was NO explanation on the part of Case-Shiller as to why we were included in this list, but my guess would be that "smaller government" translates into fewer jobs in our area, which translates into lower demand, which means falling prices.

Now, seriously, all that is supposed to happen in the first half of 2012. What a joke. IF, and that's a big if, we do have significantly reduced employment in the DC area, it will be years and years in the making, not 2012. These kinds of media pronouncement can take their toll. I was dropping off something in the community the other day and a passerby, who knows that I am a Realtor, said, "what do you think of Bethesda being named one of the Top

Ten areas in which prices are going to fall?" This kind of message erodes confidence and can lead to *uncertainty*.

Few homes have sold in Springfield/Westwood/Beacon Hill in 2011, mostly because very little has come up for sale. That tells you something. Sellers are hunkered down too, not just buyers. Many people think now is not the time. They may have gotten their most recent tax assessment, which in most cases appears to be DOWN in value, and decided to wait until their value recovers. For years, tax assessments were under the actual value, then they flipped and for the past few years have often been over the value. Now the most recent round of assessments in our area appear, by and large, to be under again. To demonstrate the point, let's take a look at the homes that have settled in the Springfield area in 2011, and what the current assessment is on them:

Address	Orig price/list price	Final sold price	2011 assessment	2010 assessment
5932 Searl Terrace	Unknown	\$1,425,000	\$1,236,633	\$1,222,400
5504 Albia Rd.	Unknown	\$1,255,000	\$809,500	\$986,730
5705 Ogden Rd.	\$1,075,000	\$1,075,000	\$917,600	\$1,026,880
5814 Wiltshire**	\$959,000	\$959,000	\$806,100	\$982,510
5501 Parkston Rd.**	\$945,000	\$945,000	\$849,800	\$1,033,590
5602 Ridgefield Rd.**	\$919,000	\$900,000	\$706,800	\$878,390
5210 Ridgefield Rd.	\$1,275,000/\$995,000	\$880,000	\$823,300	\$1,003,360
5711 Cromwell Dr.	\$849,900	\$830,000	\$816,700	\$930,830
5813 Ogden Ct.	\$749,000	\$755,000	\$747,600	\$906,050
5411 Newington Rd.**	\$699,000	\$724,000	\$864,800	\$1,054,750
5403 Brookeway Dr.*	Unknown	\$650,000	\$615,000	\$742,000
**Stuart & Maury sales				

There's a lot of information to be analyzed above. Note that a home was quietly sold on Searl Terrace in February of this year. The price was the second highest sale ever for Searl Terrace. The home sold for almost 190K more than the current new assessment. What is interesting to me is that while most of Springfield and Westwood received assessments that were lower, in some cases, dramatically lower, the Searl and Beacon Hill Construction Co built homes, almost without exception, were assessed mildly *higher* this go around. The assessment on those 40 or so homes were up about \$10,000 to \$25,000 in most cases. Still, as demonstrated by the sale above, all your homes are still worth more than the current assessment so I wouldn't be calling the tax man anytime soon to complain.

Note that every home except one above sold for more than the current assessment. Thank you very much to the State of Maryland, the savings are appreciated, but I would plan for the next time around because these numbers are too low. The homes above were sold about 10.9% *above* the new assessment. Only one home was sold for less than the new assessment, and that sale, the lowest on the chart above, was a home sold as part of an estate and in need of work. Those kinds of offerings always offer the biggest reward, because not every buyer is willing to undertake the work and the risk of a fixer-upper. A drive by that house will reveal a home that now looks great and

turns out to be one of the exceptional buys of the last few years. The home was listed with another company and Stuart and Maury agent Bob Jenets helped the buyers grab that opportunity.

Note as well from the previous page that I quietly sold a home on Wiltshire for \$945,000. I have a soft spot for that home, as I watched it being built in 1958, as I gazed out the window of my first grade classroom at Woodacres Elementary. I can vividly remember the construction scene on Wiltshire throughout my first year at Woodacres! This classic 4 Bedroom colonial featured a gorgeous pool in the private backyard. The mother of this new buyer lives right around the corner, so babysitting is now covered.

I can also report that two homes have been sold on Albia without coming on the market, one pending which I am involved in at well over a million dollars and 5504 Albia which settled for \$1,255,000. I'll report more details on them in the next newsletter. It's worth pointing out that even with the two Albia sales, only twelve homes have been sold in the entire community in 2011. From 2000-2007, your community averaged 25 home sales a year. From 2007 to Sept of 2011, the average has dropped to 16 a year, and we are not likely to get there this year with only a few months left in the 2011 selling season. It's not that homes fail to sell; it's that the opportunities are diminished as more and more sellers sit on the sidelines, waiting...for prices to rise again.

Several community residents have asked about the home that was offered both for sale and for rent at 5700 Cromwell Dr. Those of us who have lived in the community for a long time have certainly been frustrated with the condition of this home over the years. The home was offered for sale at \$930,000 and for rent for \$4150. The rent was dropped to \$3850 and appears to have been rented now. Here's hoping that the exterior condition of that home improves. I'm usually pretty diplomatic, but a relatively scathing note from me to the agent handling that property went unanswered. It's just not right that an absentee landlord's irresponsibility can diminish value.

The home at 5210 Ridgefield was finally sold in April for \$880,000 after being for sale for over 200 days, starting with an asking price of \$1,275,000. That home was previously assessed at \$1,003,360 but the new assessment dropped it to \$823,300. This is an example in which the State of Maryland tax assessment can result in a very misguided impression of value by absentee owners.

Several residents are watching with interest as the new home at 5403 Brookeway Dr. begins to come out of the ground. The three bedroom rambler style home that was on that lot for 58 years is now gone, having been sold to a builder for \$650,000. Rising in its place is a five bedroom, five and half bath \$2,250,000 home. It's worth remembering that in 2007, several homes sold over \$2,000,000 in our area. Some think those days are over, but Paul Rasevic, the builder, successfully sold a new home he built on Wiscasset Rd. in Glen Echo Heights earlier this year for \$1,900,000. The progress of this offering will tell us a great deal about the market.

While the sales market was sleeping this summer in July and August, I rented about 20 houses. The rental market was on fire this summer. The Washington DC area is an interesting mix when it comes to rentals. We have the consistent source of the World Bank, IMF, and Diplomatic Corp. who come to this city for a duration of several years and need housing. When the market was very hot for sales, they would buy property, but often now, with *uncertainty* reigning supreme, they often rent. Toss in all the people coming here from parts of the country where they either cannot sell their current home or had to sell it at a loss. They often don't see themselves as purchasers right now, preferring to "park" themselves for a while until value, in their minds, becomes more clear. Almost all of these kinds of tenants are exceptional people with great jobs and income that puts them in the top 3% of the country, and yet, they are renting. It's a frustrating experience for them too because these are people that could own a home. Often, they have owned a home in the past and one of the great things about owning your home is being in control of its maintenance, care, improvement, decorating etc. Renting feels temporary, and indeed it is. Rental prices were up across the board in 2011, as demand overwhelmed supply. Very few homes have been sold for investment in the past 20 years. The housing stock of available quality rentals has diminished in

the great ZIP codes of Bethesda and Chevy Chase. I've speculated previously that the next generation of buyers, in their 20's and early 30's, seem reluctant to put down roots and make commitments. The impact, long term, on value and prices for homes in our area and across the nation is somewhat dependent on this next generation buying into the notion that owning your home remains a building block of financial success.

The following homes are offered or are pending for sale in your area at this writing:

		ORIG LIST PRICE	STATUS
1)	5403 Brookeway Dr.*	\$2,250,000	Active
2)	5500 Parkston Rd. *	\$1,675,000	Pending
3)	5603 Springfield Dr.	\$799,000	Active
4)	5626 Lamar Rd.	\$779,000	Active
	*Stuart and Maury listing		

That's right, the somewhat legendary "Frank Bell" house at 5500 Parkston Rd. has been sold again. That's the third time since 2006. This was Frank's own personal home, which he sold for \$1,850,000 in 2006 when he moved to Poolesville. The home was then sold last year for \$1,640,000. The current owners are headed to the San Diego area for a job reassignment and the home was placed on the market and sold within a week...again. The magic of superior style and construction is alive and well, even in a difficult market. I was pleased to be the listing agent for this fine home for the third time.

Finally, slowly but surely I am seeing buyers who are thinking, "wow, interest rates are unbelievable, maybe now really is the time to make a move." Only time will tell whether this moment in time turned out to be a great time to buy a house and sell a house or not. It's my sense that enduring value is created by superior location and construction, excellent schools, and top notch maintenance and improvements. Certainly, Springfield/Westwood/Beacon Hill meets this criteria. Of *that* we can be **certain**.

Sincerely,



Matthew Maury

301-928-8686

The #1 real estate agent in the 20816 ZIP code, 26 years in a row.

P.S. This Springfield/Westwood/Beacon Hill newsletter, past newsletters, a 2010 year end recap of sales activity in the Springfield area and a history of Springfield area sales going back to 1980, can be accessed at my web site **www.matthewmaury.com**. Click on Springfield.