

WOOD ACRES!

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

May, 2002

Dear Wood Acres Area Resident,

I know. You've heard wild stories about the real estate market in the past few months. You've heard that the house around the corner sold over the asking price. You've heard that multiple offers happen on houses and that buyers are falling all over themselves trying to outbid each other. You've heard that there are not enough houses for sale and that the lack of inventory is driving up prices. You've heard that some buyers lose out on houses over and over again. IT'S ALL TRUE! Never, in the twenty two years I have been in real estate, has the market been like this. It's been an education in psychology and patience and it doesn't seem to be letting up. This newsletter will be a longer discourse than usual, but I think the times warrant a detailed discussion about real estate right now.

As a homeowner, you should of course be delighted with the performance of your investment. In an environment in which the stock market has been crushingly disappointing over the last four years, residential real estate has outperformed everything. The NASDAQ is down from its lofty high around 5000 to a sobering 1700 or so. The DOW has struggled to stay above the 10,000 figure it achieved a few years ago. Fixed rate investments such as T-bills, or money market funds pay a paltry 2%+. The technology sector touted as the engine that would drive the future is stalled in a shakeout of serious proportions. In the face of all this, the real estate market roars. Your Wood Acres home is worth about 50% more than it was in 1998. That's a staggering increase. How did this happen? Why have prices climbed so far so fast?

All theories are speculation and there are plenty of them. I have heard it advanced recently that the events of September 11th, 2001 have driven Americans into a "nesting" mode in which the safety, serenity and cocoon like nature of their homes provides a sense of security. The theory goes that people are spending a greater percentage of their available funds to enhance the quality of life within their homes. Thus, we see large, elaborate additions, advanced landscape plans, spectacular kitchens and baths. The theory goes that America is traveling less and spending more time at home. It is very true that one of the reasons that prices are higher is that more valuable homes are being sold. These are homes that have received substantial improvements compared to the sales of the past.

Other theories point to the increase in the Washington Area population over the past five years. The Post recently cited 400,000 newcomers to the Washington Area since 1997, at a time in which only 50,000 new domiciles were built. The public emphasis on quality of life has slowed the pace of home building in the outlying areas. I think many of us agree with the idea of "smart growth" in which controls carefully try to match infrastructure capabilities with housing demand. If you have ever tried to park in Bethesda on a Friday night, or drive the Beltway

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between 5-7 PM on a Friday, you know what I am talking about.

The population crush in our area has fed a mismatch between supply and demand. Too many buyers, not enough sellers. This is the best explanation as to why prices have jumped so high, so quickly. Low interest rates are another part of the story and after creeping up a bit through February and March, they turned back down under 7% in April and remain at levels as low as at any time in a generation. If you missed the first refinance boom, try again, rates are terrific.

Many people ask me, "how can people afford these prices?" Interestingly, the Post also ran a large front page Real Estate section article recently citing a study done nationally that concludes that incomes have indeed *kept up* with price appreciation. The article identifies two income families, with women earning a much better income than in the past, as part of the reason combined incomes have kept pace. Certainly, this is true in Wood Acres, where many successful attorneys and business people are also moms. At a recent Wood Acres gathering, one mother lamented to me that she feared the increase in homes prices would reverse the trend we have seen in the mid to late '90's in which more spouses (both men and women) were home for at least part of the weekday and were able to be with their kids after school.

For those Wood Acres owners with an eye on retirement in the coming years, this incredible run up in prices will serve you quite well. For those owners looking at college costs, the increases of the past four years may well send a kid or two to a four year college. That's real money my friends. The downside to this appreciation is that your property taxes are going to go up significantly in the coming years. Retired owners will have to devote more of their fixed resources to these increased costs.

On the other hand, the owner contemplating a move to a larger home in the future faces a daunting task. Wood Acres is not alone in dramatic appreciation. The Wood Acres home that has increased from \$400,000 to \$600,000 in the last few years has been outpaced by the \$600,000 Sumner home that is now worth \$900,000. Considering a move outside the Beltway, where appreciation has been substantial but not like close-in property may be appealing to some buyers. But I find once Wood Acres owners get used to the great commute inside the Beltway, it's hard to adjust to the drive farther out.

It's not hard to understand why so many owners have signed on for large one and two story additions to their homes. Over 20% of the Wood Acres has undertaken this endeavor and more are on the way. Nationally, homeowners are seeking and demanding larger homes. The typical 1500 square foot home of the 40's has been supplanted by the 2500-3500 square foot home of 2002. And the demand for 4500 square foot homes inside the Beltway seems insatiable. Drive through Edgemoor, or Chevy Chase or Glen Echo Heights, or portions of Springfield and you will find the new breed of housing sought by so many owners.

I believe that along with these stunning new values comes a deepening commitment on the part of homeowners. Condition is king. Updating is important. Enhancements should be made with at least an eye on future resale. I encourage owners to be vigilant with the basics, such as paint, roofing, landscaping and appliances. The disparity between homes that meet the standards of today's market and those homes that have fallen behind will surprise some owners. Let me illustrate the point.

Stuart and Maury Realtors recently handled the sale of 5913 Cromwell Drive, listed at \$789,000. This home received three offers and is pending settlement at a price well above that figure. This home will be the highest sale ever in Wood Acres, and by a large margin. Why did it bring this kind of money? First and foremost, a large, well conceived two story addition on the side added the valuable fourth bedroom and third full bath. Walk in closets and a good sized bath in the master were well received. The home, featured in the past on the Wood Acres house tour, had a snazzy kitchen with granite countertops opening to a spacious family room. The

home had an entry foyer, made out what was originally the dining room. The home also had a second family room, acting as a first floor play room for the kids. The basement had been enlarged to accommodate an au pair suite with full bath. The condition was superb. In short, the home met the demands and expectations of today's public.

A visit to the four terrific homes on the house tour this year will reveal the sensibilities being applied to today's living. It can be a shock to any would be owner to hear about remodeling costs these days. In 1985 I added a one story addition on the side of my Wood Acres house for \$30,000. I think it would be hard to get a contractor to consider any 300 square foot room for much less than \$60,000 now and many of the top guys are edging into the \$250 per square foot range. A two story addition adding 500 square feet on each floor, with a great kitchen and baths can easily cost \$350,000 now. And yet in the mid 1980's I know of several Wood Acres homes that spent less than \$100,000 for the same thing.

Not every home needs to feature a huge addition to sell at an impressive number. Numerous sales in the list below are stunning examples of the strength and depth of Wood Acres real estate. But the higher numbers have one thing in common. They were very well cared for homes and featured improvements. The other end of the spectrum would be the sale of my recent listing on Newburn Dr for \$519,500. This is one of the lower sales to take place in Wood Acres this year. The home was sold by the heir of the longtime owner. The home was painted well on the inside and out, but had a very old kitchen, older rose colored carpeting, and no den or powder room on the first floor. It sold for less than homes offering more amenities. Still, the final price is a very impressive number for what it was and a wonderful opportunity for buyers looking to bring their own imagination and skills to the mix.

If you are planning an addition or renovation, I would be glad to take a look at your plans. While nothing is more important than designing improvements that please you as the homeowner, creating lasting value will prove to be quite wise. Real estate agents show and see thousands of homes every year. Over decades, we eventually begin to anticipate how buyers will react. Elements of light, space, design, amenities and flow can be assessed, if only because we see how the buying public reacts to houses every day.

Let's take a quick look at just what has transpired in Wood Acres since my last letter in January:

	<u>Original/List Price</u>	<u>Final Sales Price</u>
1)	5913 Cromwell Dr.*	\$789,000 pending
2)	5904 Welborn Dr.	\$695,000 pending
3)	5814 Devonshire Dr.	\$596,000 pending
4)	5709 Harwick Rd.	\$599,000 pending
5)	6112 Wynnwood Rd.*	\$590,000 pending
6)	5603 Harwick Rd.	\$579,000 \$579,000
7)	6302 Avalon Dr.*	\$549,000 \$577,000
8)	6306 Newburn Dr.*	\$575,000 pending
9)	6005 Gloster Rd.	\$539,000 \$541,000
10)	6105 Wynnwood Rd.	\$539,000 \$540,000
11)	6305 Newburn Dr.*	\$525,000 \$519,500
12)	#5 Ardmore Court*	\$459,000 \$459,000
13)	6213 Mass. Ave.	\$450,000 pending

*Stuart and Maury sales

Oh yes, there *are* a lot of sales you may have never heard about in the list above. Many of these homes came and went so quickly you may not have known

they were for sale, Some homes were sold quietly and never appeared on the market. The sale on Welborn at an asking price of \$695,000 is such a sale. This is a *three bedroom* home, but exceptional in its quality. It is by far the highest three bedroom sale ever in the community and it does not have an enormous first floor addition on the back. A home on lower Harwick last year sold for \$660,000 but it had an enormous, dramatic addition on the back of the house! There were multiple offers on the Devonshire property and it is said to have sold for tens of thousands of dollars more than the \$596,000 asking price. Amazing days indeed.

It is worth taking a look at what is selling around us too. Below is a random sample list of settlements and pending sales that have occurred in 2002 in the 20816 zip code. The sales are ordered by subdivision. Note the differential in list price and sales price that sometimes occurs:

		<u>Subdivision</u>	<u>List Price</u>	<u>Sales Price</u>
1)	5236 Westpath Way	Ft. Sumner	\$799,000	pending
2)	5201 Westpath Way	Ft. Sumner	\$725,000	\$725,000
3)	5 Wyoming Court	Glen Echo Hts.	\$399,900	\$470,000
4)	6348 Dahlonga Rd.	Glen Echo Hts.	\$589,000	\$610,700
5)	6017 Onondaga Rd.	Glen Echo Hts.	\$875,000	pending
6)	5115 Waukesha Rd.	Glen Echo Hts.	\$1,099,000	pending
7)	5214 Belvoir Rd.	Glen Mar Park	\$389,900	\$422,700
8)	5209 Augusta St.	Glen Mar Park	\$525,000	pending
9)	5210 Augusta St.	Glen Mar Park	\$529,000	pending
10)	5018 Smallwood Rd.	Greenacres	\$289,000	\$350,000
11)	5330 Allandale Rd.	Greenacres	\$329,000	\$367,000
12)	5609 Parkston Rd.	Springfield	\$540,000	pending
13)	5606 Marengo Rd.	Springfield	\$595,000	\$632,000
14)	5507 Parkston Rd.	Springfield	\$825,000	pending
15)	5804 Marengo Rd.	Springfield	\$995,000	\$950,000
16)	5609 Wood Way	Sumner	\$749,500	\$752,700
17)	5117 Scarsdale Rd.	Sumner	\$825,000	\$760,000
18)	6006 Corewood Ln.	Sumner	\$799,900	pending
19)	4809 Newport Ave.	Spring Hill	\$1,275,000	pending
20)	5017 Worthington Dr.	Westgate	\$862,500	pending
21)	4916 Earlston Dr..	Westgate	\$795,000	\$825,000

It's the wild, wild West out there. Knowing the right property for the right buyer at the right time doesn't necessarily translate into a sale anymore. The competition is fierce and many buyers must try repeatedly before getting a house. Experience in the real estate business has never been more valuable and my 22 year journey has helped this year. My sales volume for 2002 is now over **\$18,000,000**, and we still have another six months of selling this year. Times are good but never more challenging. Technology in my field is ever changing. I now have multiple listing in the "Palm" of my hand, literally. The data is downloaded overnight. My web site at www.matthewmaury.com is constantly being refined and offers a wealth of services. Recent additions include a school assignment locator link that can tell you what schools serve a particular address, a recommended contractor list, testimonials, my career sales, and of course, the most valuable feature, the opportunity for visitors to search the multiple listing database with addresses in real, updated time. There are few real estate web portals more current or useful when

searching Washington Area real estate information.

The following are a few useful news and notes:

- Household Hazardous Waste Collection will take place at Westland Middle School on Saturday June 22nd 2002, from 10 am. to 2 pm. What a great opportunity to rid the garage, basement and shed of old pesticides, herbicides, batteries, paint thinners, solvents, photo chemicals etc. Oil paint is accepted but latex paint is not. The County asks that you dry latex paint up with paint hardener and put it in with your trash. Disposal of solvents and chemicals is often a problem at walk through when a home is sold. Now's your chance and you don't even have to drive to Rockville to do it!
- A serious congrats goes out to the Wood Acres Citizens Association leadership. Over the last few years, the quality of the newsletter, spearheaded by Renny Ponvert and now Jim Lystad, has really been exceptional. The addition of Ham Peterson's crime report is a very valuable and important community service as well and unique in its detail and thoroughness. Community events seem energized. New projects such as the cleanup detail that I participated in at the Triangle recently demonstrate a willingness on the part of many Wood Acres owners to make the community something special. It does not go unnoticed by buyers and Wood Acres' reputation as a place where people share an interest in the quality of their community is legendary.
- On the legislative front, closing costs are now more expensive in Montgomery County. By a vote of 9-0 recently, the County Council passed legislation increasing the Recordation Tax when a home is sold from 4.40 per thousand of value, to 6.90 per thousand. Total transfer tax costs, which were previously 1.94% of sale price, will now be 2.19%. There's a small break of about \$100.00 in there, but the bottom line is that the sale of a \$600,000 Wood Acres home will now increase the total taxes collected to \$13,040. These taxes are almost always split 50/50 between buyers and sellers, resulting in about \$6,520.00 each. Prior to this increase, buyers and sellers would have split total costs of \$11,640, or \$5820 each. That's an increase of \$700 upon the sale of your home and \$700.00 more to your buyer as well. No small sum and yet, completely in line with the cost of recordation taxes in D.C., seemingly with no ill effect. At least the money is earmarked for school construction and renovation. Realtors have worked hard for many years to reduce closing costs in our County and programs like the first time Md. Home buyer credit and property tax escrow limitations have helped dramatically. This is seen as a step backward by my Association and yet I can understand the crying need for school construction and renovation funds. Balance in all things, I can live with it.
- Did you know that there has been an 80% decrease in elevated blood lead levels State wide in just the last six years. This is in no small part to the lead paint disclosure legislation that our State has been most vigilant in advancing. Still, most abuses take place in properties that are not in compliance with the law. Those landlords participating in the law, along with Realtors, recently defeated legislation that would have placed even more inspection and regulation pressure on homeowners. The costs connected to compliance with lead standards has resulted in thousands of landlords selling properties in Maryland. Realtors believe most lead problems result from landlords that do not comply with the current laws. We don't think further restrictions and requirements on complying landlords are necessary.
- Out of Cycle Property Tax Assessments Legislation passed the General Assembly recently. Montgomery County was petitioning the State to review and reassess property outside the normal triennial assessment cycle. Hundreds of homeowners

who recently bought homes for more than \$150,000 over the current assessment were getting hit with huge tax bills based on their new purchase price. It was felt that this practice, not used by any other County in the State, was unfairly targeting new homeowners, not exactly the "Welcome Wagon!" The bill is retroactive back to January of 2000 to help homeowners already within the appeals process. Quick, what do you think your home is worth? Now, what is your current assessment? I'm sure many of you have more than a \$150,000 disparity. This bill helps and makes sense.

Feel free to call me anytime to discuss your house, whether it's a repair, a remodel, a sale, a rental or just long term help and advice. I'm here to help. I have now sold over 250 Wood Acres homes and recently crossed the \$275,000,000 mark in career sales. Experience and a life long commitment to the community can be valuable assets to put to work when you need me.

Sincerely,

Matthew Maury
Principal Broker
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P.S. This Wood Acres newsletter, past newsletters, a 2001 year end recap of sales activity in Wood Acres and a history of Wood Acres sales going back to 1980, can be accessed at my web site www.matthewmaury.com. Click on Wood Acres. You can also find similar data on the subdivision of Springfield.

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