

WOOD ACRES!

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

January, 2003

Dear Wood Acres Area Resident,

Ever higher. I'm running out of ways to describe what has happened to prices in Wood Acres. For that matter, the entire zip code is off the charts. 2002 proved that no one has a perfect handle on what will happen with real estate values. Given the troubling events of September, 2001 and a struggling economy, I doubt many of us could have predicted that prices in Wood Acres would rise another **9.8%** in 2002. After the 15.4% increase in prices achieved in 2001, few real estate professionals anticipated that the market could soar to the present heights.

One thing I have learned as I enter my 23rd year in real estate is that sellers do not give up price appreciation gains easily. I encounter buyers that think prices will recede after such a remarkable advance. If, indeed, prices do step back, it will be a long, slow struggle. In my opinion, only sharply higher interest rates can result in lower prices. As I argued in my last newsletter in November, it would be reasonable to speculate that prices may level off over the course of the next year and remain stable as we consolidate these gains. Note that I said that would be the "reasonable" thing to believe. There have been precious few "reasonable" real estate moments during the last two years.

It's important to note that Wood Acres prices have risen **70%** in the last five years, a compound average a bit over **11%**. Nobody has been making that kind of gain in the stock market recently! And that 11% figure is on your total value, the percentage of increase on your *equity* is even more startling. By any measure, your Wood Acres house is likely to be your greatest investment.

In 2002, the average price of a Wood Acres home reached the lofty height of **\$596,541**. Five years ago that average price stood at \$351,105. The demand for quality housing inside the Beltway is not receding, it is intensifying. A classic, well-built brick colonial on a quiet street beneath tall trees with great schools, *inside the Beltway*, is the center of the market. The community of Wood Acres is further enhanced by the terrific quality additions springing up everywhere. The substantial sums being invested in Wood Acres homes speaks to potential buyers in a way that is quite convincing.

For the 22nd year in a row, this newsletter will serve to report on real estate activity during the past year in Wood Acres. Let's take a closer look at the resilient year of 2002:

- The rise in the average price of a Wood Acres sale to **\$596,541** brings us tantalizingly close to a \$600,000 average. The average was not "skewed" by a few very high sales either. The "median" sale last year was \$590,000, indicating that as many homes sold above that figure as below it. In fact, when the three Massachusetts Avenue sales are factored out of the equation, the average sales price of a Wood Acres home in the "interior" of the community rises to \$613,569. The average price of a Wood Acres home rose **9.8%** in the last year, up from \$543,312 in 2001 to this year's \$596,541. In fact, only four homes in the interior sold for less than \$541,000 this year. That is certainly an indicator of the strength and depth of the market. We almost achieved double digit appreciation for the fourth year in the last five!

- 25 homes sold in Wood Acres last year. We sold 24 in 2001. The five year average as been 24.8 homes a year. The slightly leaner years of '93-'97 averaged 21 sales a year. What these numbers indicate is that about 6% of the community turns over each year, a stable, healthy low inventory. When only a few dozen homes change hands a year, every listing is special and generates great interest.
- The high sale in Wood Acres this year set an all-time record. No surprise there, a record has been set each year for the last several years. What is noteworthy is that the sale of a home on Cromwell Dr. at \$838,333 exceeded the previous high sale in the community by **\$118,333** dollars. Right on the heels of this sale was a home that sold on Gloster for \$824,900. Each of these sales validated the wisdom of the many owners who have invested significant amounts of money in their homes over the years. It is a nationwide trend that families want larger homes and the two-story additions in Wood Acres are certainly a part of that trend. I have been preaching for years that Wood Acres as a location can support higher prices and we were able to confirm that viewpoint this year. Very few of the truly great homes come up for sale in Wood Acres because the owners that created these improvements made a commitment to stay in their homes for years.

The Cromwell owners moved only a few blocks away, where they created, along with builder Frank Bell, a masterpiece on Newington Rd. That home is easily the largest home in Springfield and probably worth close to \$1,400,000-\$1,500,000. The Gloster owners bought a home in Sumner for \$875,000, seeking larger room sizes throughout. In answer to the inevitable question, "can a Wood Acres house sell for a million dollars?" I would say, the following: The owners of a quality Wood Acres home nearing \$600,000 in value decide to add on a large two-story addition, creating about 1000 square feet of extra space and several hundred more square feet of basement space. The materials being used are first class and the appointments inside are the best. This addition could easily cost \$400,000 to \$500,000 when using the very best builders around. Now, you tell me. Does \$600,000+\$400,000 add up to a million? Stay tuned.

- The low sale for the year was on Massachusetts Ave at \$440,000. Three of the four lowest sales took place on Mass. Ave., although one of the greatest sales in the last decade took place on Mass. Ave. this year when a multiple contract situation resulted in the home selling for \$50,000 more than the asking price of \$450,000. The real estate community struggled with competing offers on houses all year. Six months after I entered the real estate business in 1981, interest rates soared to 16%. Selling a house was next to impossible. If someone had told me one of my biggest problems in 2002 would be how to ethically handle five offers at the same time, I would have laughed at them. Five of the twenty five sales in Wood Acres this past year were multiple contract presentations and all five sold over the asking price. These five homes sold for 6.2% MORE than their asking price on average.
- Seven of the twenty-five sales in Wood Acres last year never got fully on the market, including the second highest sale on Gloster at \$824,900. There are circumstances in which sellers desire a degree of privacy. Sometimes, the right buyer presents himself at the right time. Sometimes an owner has a friend that wants the home. Only by paying close attention can an agent accurately keep on top of *everything* that is really going on! I have to chuckle when real estate agents run the computer and mail homeowners a print out of sales in their community. In the case of Wood Acres this past year, an agent would have missed a good 28% of the activity that took place last year!

- The highest three bedroom sales in the history of Wood Acres took place in 2002. My listing at 5702 Harwick set the bar at \$730,000, featuring a large sweeping family kitchen on the back and two extra dens on the first floor plus a 4th room upstairs through a third bedroom. Upper Harwick Rd. is certainly in the running as one of the finest streets in Wood Acres and the backyard was great too. Close behind in second place, the three bedroom sale on Newburn Dr. for \$725,000 featured a home with a large family room and detached garage.
- Wood Acres homes sold for **100.41%** of their asking price in 2002, almost identical to the 100.69% mark posted in 2001. That's two years in a row in which our houses sold on average over the asking price. Wood Acres is hardly alone in this phenomenon, as multiple contract presentations and sales over the asking price occurred all over the Metropolitan Region.
- The average Wood Acres home took seven days to sell last year, but that number is misleading. Because many agents brought a home onto the market on a Friday and would not consider offers until Monday or Tuesday, the actual number of days it took to get a buyer to say, "yes, I want this house" was shorter. The longest marketing effort was 33 days, and that home was reduced in price and received a whole new lawn in order to get it sold. A home on Welborn took a month to get a contract and a home on Cromwell took 29 days and was reduced \$30,000. The lesson there is that the market will tell you pretty quickly what they think about your home and the price. Not *every* house gets multiple offers and it is certainly possible to ask too much. The initial asking price is the single most important aspect of selling your home.
- For the 22nd year, I will try to reassemble where the departing 25 owners moved to in 2002. It's not always possible to know where everybody went, but I can report that three more rentals were sold in Wood Acres in the past year, reducing the rental stock one step more. Two owners moved to Springfield, two to Sumner, one to Glen Echo Heights and one to Westmoreland Hills. Five owners moved out of town, one other moved to Potomac, two to Virginia, one retired to smaller quarters and one estate was sold. That's a diffuse sample with little discernible trend, unlike a few years ago when it seemed most owners were moving out of town.
- On the subject of rentals, by my careful count there are now 20 rentals in the community out of 400 homes. This is fewer than at any time since I started this newsletter in 1981. I looked back into my archives file and found a newsletter I wrote in 1982 that referred to a total of 40 Wood Acres rentals. That's about a 50% reduction in Wood Acres rental housing stock in the past twenty years.

As best as I can tell, I believe that I was the last homeowner to purchase a Wood Acres house for investment. I bought a home on Wynnwood Rd. in 1991 with the idea of renovating it and re-selling. The market turned south, I rented the home to a truly exceptional tenant and I held onto the home instead. The economics would never work were it not for the appreciation, which was non-existent until 1997. The rest, as they say, is history.

I manage eleven of the twenty rentals in Wood Acres. Prices range from a high of \$3600 a month for a wonderful four bedroom home owned by owners currently residing in Paris, to a low of about \$2150.00 a month for a modest colonial with fewer updates and improvements. Passing lead dust tests, dealing with pinhole plumbing leaks, and constantly caring for homes now exceeding 60 years in age, is a challenge. But I take seriously the effort required to maintain the homes

I am entrusted with in a manner consistent with the community.

These Wood Acres homes have sold or are pending since my last letter:

	Original/List Price	Final Sales Price
1) 5702 Harwick Rd..*	\$729,000	\$730,000
2) 6016 Woodacres Dr.	\$610,000	\$610,000
3) 6202 Cromwell Dr.	\$629,000	\$599,000
4) 6004 Cobalt Rd.	\$549,000	pending

***Matthew Maury sale.**

- On the legislative front, State recordation taxes were increased during the past year. It used to be that something called "State Stamps" were charged at a rate of 4.40 per thousand of sales price. That figure, for the most part, is now 6.90 per thousand, whopping 56% increase. In a real estate transaction in which the buyer and seller are splitting these costs, it raises the cost of a \$600,000 home sale by \$1500.00; \$750.00 each to the buyer and the seller. The total transfer taxes now paid at settlement by both buyer and seller for a \$600,000 sale total 2.19% of sales price, or a total of a whopping \$13,140.00. Think that's bad? The District of Columbia just raised their total fees to 3.0% of the final sales price, or \$18,000 on a \$600,000 sale. All these municipalities are struggling for funds in a down turned economy and real estate is a big, fat target.

If you are refinancing, this increase in State Stamps could hit you harder than expected. If you refinance your current mortgage for the same amount or less, no stamps are charged. But if you increase your loan amount, say from \$300,000 to \$400,000 in order to do renovations, you will pay 6.9% on the \$100,000 difference and get hit with a \$690.00 charge. Welcome to Montgomery County and the State of Maryland! Realtors lobbied hard to reduce closing costs on housing in our state and county throughout the late '80's and early '90's. Property tax escrows are half of what they used to be and transfer and recordation taxes are now split 50/50 instead of being paid entirely by the buyer. However, rising transaction costs inhibit purchases, especially first time buyers, who feed the chain up the ladder.

- 2002 was a banner year for most of the agents in my office. Competition was fierce and intense market specialization and knowledge was the key to success. 2002 was **Stuart and Maury's** best year ever, going all the way back to 1956. With the experience of having endured close to 1000 real estate transactions in my 22 year career, I was able to post numbers I would never have dreamed about in the '80s. I sold over **\$36,000,000** worth of real estate in the past year, exceeding my best year by over \$8,000,000. My career sales now exceed **\$300,000,000** and I have participated in the sale of 262 Wood Acres homes over the past 22 years.

Many of you may have read the kind words sent my way by the Wood Acres Citizens Association recently. Wood Acres Presidents Renny Ponvert and Jim Lystad do exceptional work for the community of Wood Acres. We are fortunate to have so many people that contribute to the Wood Acres community and make it special. When I was approached by Renny to help restore the Park, I decided that there simply was not a more appropriate and worthy endeavor for me to participate in.

Wood Acres have been kind to me over the years, going all the way back to when I moved in as a child in 1956. There are still a few of you that remember me from those days! I sold Kay Pope's Avalon Dr. home for her this past year. I played with her

daughter Georgia when I was eight years old. I love to see Charlie Kocher out on his walk; his son Robbie and I were friends in the early '60's. The Harding's on Cranston may remember the "haunted house" their son and I put together in the late '50's in their basement.

My memories also include Linda (Seal) Manning on Upper Harwick, one of the first homes I ever sold in Wood Acres in 1981. The owner was a terrific couple, the Lingbach's, who were original owners. My recently sale at 5702 Harwick Rd. was sold by owners that bought the home in the early '60's and remember fondly that my father talked their father into letting them buy the house!

My ties to Wood Acres run deep. The Park was certainly my stomping ground as a ballplayer growing up in the '60's and has been a wonderful place to watch my own sons play ball during the last ten years. The rebuilding of Woodacres Elementary was a great thing for our community. With change always comes some downside and the wooded, green nature of the Park has been altered. With the planting of 45 new trees, all designed to grow tall and magnificent in the *decades* to come, I feel I can look back and know I was a part of that rejuvenation and restoring.

Call me anytime to discuss your real estate needs, I'm here, long term.

Sincerely,

Matthew Maury
301-928-8686-24 hours

P.S. This Wood Acres newsletter, past newsletters, a 2002 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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Wood Acres Sales History through the Years!

YEAR	AVG. SALES PRICE	HOUSES SOLD	GAIN/LOSS
1979	\$136,120	11	**
1980	\$149,300	11	+9.6%
1981	\$153,785	12	+3.0%
1982	\$148,456	20	+3.2%
1983	\$159,808	23	+7.0%
1984	\$179,280	29	+12.2%
1985	\$194,000	26	+8.2%
1986	\$209,543	31	+7.5%
1987	\$276,972	22	+32.1%
1988	\$319,808	25	+15.4%
1989	\$358,000	19	+12.1%
1990	\$328,626	19	-8.2%
1991	\$335,810	29	+2.2%
1992	\$323,795	22	-3.6%
1993	\$343,366	29	+6.0%
1994	\$354,481	27	+3.2%
1995	\$355,411	18	+0.02%
1996	\$347,846	13	-2.1%
1997	\$351,105	19	+1.0%
1998	\$396,528	17	+12.9%
1999	\$436,842	38	+10.1%
2000	\$470,800	20	+7.8%
2001	\$543,312	24	+15.4%
2002	\$596,541	25	+9.8%

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Wood Acres Sales Recap 2002

	Address	Original price	Final price	BR Up	Full Baths	Half Baths	List Month	Days on market	Settlement Date
1.	5913 Cromwell Dr*	\$789,000	\$838,333	4	4	1	Apr-02	4	30-May-02
2.	6103 Gloster Rd.*	\$824,900	\$824,900	4	3	2	May-02	1	12-Aug-02
3.	5702 Harwick Rd.*	\$729,000	\$730,000	3	3	1	Oct-02	3	16-Dec-02
4.	6302 Newburn Dr.	\$725,000	\$725,000	3	3	1	Aug-02	1	30-Oct-02
5.	5904 Welborn Dr.	\$695,000	\$695,000	3	2	1	Apr-02	1	14-Jun-02
6.	5814 Devonshire Dr.	\$595,000	\$630,000	3	2	1	Jan-02	1	5-Apr-02
7.	5914 Welborn Dr.*	\$599,000	\$623,000	3	2	2	Jun-02	8	26-Jul-02
8.	6016 Woodacres Dr.	\$610,000	\$610,000	3	2	1	Sep-02	1	16-Dec-02
9.	6015 Woodacres Dr.*	\$599,900	\$599,900	3	2	2	Dec-01	12	15-Jan-02
10.	5709 Harwick Rd.	\$599,000	\$599,000	3	4	0	Feb-02	1	24-Sep-02
11.	6202 Cromwell Dr.	\$629,000	\$599,000	3	3	1	Oct-02	29	10-Dec-02
12.	6112 Wynnwood Rd.*	\$590,000	\$590,000	3	3	0	Apr-02	1	19-Jun-02
13.	5603 Harwick Rd.	\$579,000	\$579,000	3	2	1	Jan-02	1	12-Apr-02
14.	6302 Avalon Dr.*	\$549,500	\$577,000	3	2	1	Feb-02	2	29-Mar-02
15.	6306 Newburn Dr.*	\$575,000	\$565,000	3	2	1	Mar-02	33	31-May-02
16.	6008 Cobalt Rd.	\$580,000	\$565,000	3	3	0	Aug-02	23	24-Sep-02
17.	6208 Newburn Dr.*	\$559,000	\$559,000	3	2	1	Jun-02	5	28-Aug-02
18.	6005 Gloster Rd.	\$539,500	\$541,000	3	2	2	Feb-02	1	17-Mar-02
19.	6105 Wynnwood Rd.	\$539,900	\$539,900	3	2	0	Dec-01	5	1-Mar-02
20.	6102 Welborn Dr.	\$550,000	\$530,000	3	2	0	Jun-02	31	20-Aug-02
21.	6305 Newburn Dr.*	\$525,000	\$519,500	3	2	0	Jan-02	9	30-Apr-02
22.	6213 Massachusetts Ave.	\$450,000	\$500,000	3	2	0	Apr-02	2	20-May-02
23.	6105 Massachusetts Ave.	\$485,000	\$475,000	3	2	0	Aug-02	14	30-Sep-02
24.	5 Ardmore Court*	\$459,000	\$459,000	3	2	1	Dec-01	1	31-Jan-02
25.	6221 Massachusetts Ave.	\$477,000	\$440,000	3	2	1	May-02	30	27-Jun-02
	Average:	\$594,108	\$596,541				Average Days	7	
			100.41%				on market		

Source: Metropolitan Regional Information System, Public Records & careful memory

For Sale by owners list date is approximate.

***Stuart and Maury & Matthew Maury participated in the sale of these homes**