

# WOOD ACRES!

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

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October, 2003

Dear Wood Acres Area Resident,

On June 10th of this year fixed 30-year **jumbo** mortgages with no points hit the bottom of the cycle at just below 5.5%. There may have been a lucky few that got 5.375%. For over a year we have all wondered where the bottom would be. For the first time in years interest rates cascaded down in the Spring, a time when demand for money usually rises and rates rise slightly. It was the best of times for sellers, with buyers falling over themselves to pay more than anyone else. It was the best of times for lenders, with thousands and thousands of homeowners refinancing to take advantage of the lowest interest rates in a generation. It was the best of times for agents, especially experienced agents with the means and skill to convert opportunities into sales in a very competitive market. It was the best of times for settlement companies, churning buyers and sellers and refinances in and out the door with settlements.

With apologies to Dickens, it was also the worst of times. It was the worst of times for many buyers who were shut out of purchases over and over, driving them to despair as they struggled to find a home they could actually buy. It was the worst of times for lenders, overburdened by the crush of business, especially the refinances. When a homeowner refinances, there is no real estate agent explaining everything. Lenders have to do double duty. Thousands of homeowners "floated" their loans, hoping to get even lower rates. Many homeowners locked in rates, only to have rates go lower. The borrowers then refused to settle unless the lender gave them an even lower rate. Lenders were under enormous pressure.

It was the worst of times for many settlement companies. They couldn't handle the load, and were subject to changing conditions hourly as papers from lenders did not appear. Homeowners, confused by a million details in the loan process, were often unhappy with some detail of the refinance and refused to sign papers. It was the worst of times for house appraisers, pressured from all sides to appraise homes at ever higher numbers without recently settled properties to support the astronomical prices that the market was producing.

It would be silly to suggest that it was the worst of time for real estate agents, but we did struggle with being put in the position of having to advise buyers to do things that seemed ridiculous just to get a house. Over the asking price? Of course! How much? As much as you can stand! These were never easy discussions. Conversations with sellers weren't a whole lot of fun either. You want to ask how much? Well, if you say so! You won't fix anything? Ok! The pace has been breathtaking and it just hasn't stopped for over 24 months, as the value of homes skyrocketed to record levels. In short, it has been an amazing ride.

Today's rates for **jumbo** fixed rate 30-year mortgages stand at 5.875%. That's a very nice drop from a month ago when rates soared to 6.5%. We have seen significant improvement in September and that is encouraging. It can also be said that every single one of us would have loved to have gotten a 6.5% interest rate, even two years ago. By historical standards, the rates remain exceptional. But that magic moment, when almost inexplicably, the rates nose dived to the mid 5% range, appears to have passed.

What is the consequence of rates rising a bit? It's a story that has yet to unfold. August is historically a slower month for the real estate market. People are away and

distracted by vacations. It takes a few weeks into September for things to heat back up anyway. Certainly, there is plenty of data to suggest that houses in our area are taking a bit longer to sell. I recently did a bit of research on the Bethesda and Chevy Chase zip codes. The results were revealing:

### **Bethesda/Chevy Chase sales in 2003**

	<u>2003 listings</u>	<u>2003 sales</u>
<b>April</b>	<b>219</b>	<b>132 (60.%)</b>
<b>May</b>	<b>276</b>	<b>165 (59%)</b>
<b>June</b>	<b>164</b>	<b>91 (55%)</b>
<b>July</b>	<b>165</b>	<b>95 (57%)</b>
<b>August</b>	<b>102</b>	<b>57 (55%)</b>
<b>September</b>	<b>175</b>	<b>75 (43%)</b>

During the months of April through August, the conversion rate from listing to sale in the month the home was listed hovered between 55% and 60%. Take note of the drop to 43% in September. All this is a fancy way of saying that a higher percentage of new listings went under contract between April and August than in September across the Bethesda/Chevy Chase region. It's some comfort that in our zip code of 20816, the conversion percentage has remained above 50% in September, although it dipped in August. Note the exceptional 68% conversion rate in April as well. Here's a quick chart:

### **20816 Statistics sales in 2003**

	<u>2003 listings</u>	<u>2003 sales</u>
<b>April</b>	<b>44</b>	<b>30 (68%)</b>
<b>May</b>	<b>40</b>	<b>24 (60%)</b>
<b>June</b>	<b>18</b>	<b>10 (55%)</b>
<b>July</b>	<b>28</b>	<b>14 (50%)</b>
<b>August</b>	<b>19</b>	<b>8 (42%)</b>
<b>September</b>	<b>37</b>	<b>18 (49%)</b>

New listings are the "canary in the mineshaft." When new listings sell quickly, it's an indication that serious buyers are descending upon the new offerings and gobbling them up. The "conversion" rate in April, 2003 for Bethesda/Chevy Chase sales was 60%. The slip to 49% in September is worth monitoring. However, our Stuart and Maury listing on Newburn Dr. in late September received multiple offers and sold immediately. The home featured superior condition inside and out and generated the kind of frenzy that suggests there is plenty of life left in this market.

When listings do not sell right away, seller optimism is often the culprit. It's natural to see your neighbor's home sell and figure, "well if they got that, I can get this!" There have been some terrific three bedroom sales in Wood Acres this year. But sellers must remember that there are not an infinite number of buyers out there and that the time of year (especially the school year), interest rates and property amenities and condition all factor into the equation.

Let's take a look at what has transpired in Wood Acres since my last newsletter earlier this year in May:

	<b>Original/List Price</b>	<b>Final Sales Price</b>
1) 6002 Corbin Rd.	\$739,000	\$734,000
2) 5606 Harwick Rd.*	\$755,000	\$725,000
3) 6000 Cromwell Dr.*	\$719,000	\$722,500
4) 6303 Newburn Dr.*	\$700,000	\$700,000
5) 5705 Gloster Rd.*	\$699,000	\$700,000
6) 6201 Newburn Dr.**	\$669,000	pending
7) 5913 Welborn Dr.+	\$695,000(\$669,750)	\$669,750
8) 5602 Gloster Rd.	\$699,000(\$649,000)	pending
9) 5903 Harwick Rd.*	\$629,000	\$629,000
10) 6112 Cromwell Dr.*	\$579,000	\$625,000
11) 6102 Welborn Dr.*	\$579,000	\$579,000
12) 6203 Mass. Ave.*	\$595,000(\$575,000)	\$572,000
13) 6117 Mass. Ave.	\$549,500	\$528,500

- \* **Matthew Maury/Stuart and Maury sale.**
- \*\* **Bob Jenets/Stuart and Maury sale.**
- + **Listed with another company, sold by Matthew Maury**  
(Ten of the thirteen homes above were sold by Stuart and Maury!)

This is the first year ever that five Wood Acres homes have sold for over \$700,000. Even more impressive is the fact that all five homes had three bedroom upstairs. There has not been a four bedroom upstairs home come on the market in Wood Acres in 2003. By my count, we now stand at 74 homes with a two-story addition and more seem to be sprouting everyday. It's getting harder to know what they may be worth. When a community doesn't have a sale of a certain kind of house for a long time, an appraisal can become an issue. There was a sale recently in Westgate, along the Massachusetts Ave. corridor, closer to Westmoreland Circle. It was a Walker built house with a large, substantial two story addition creating a big family room/kitchen and a fourth bedroom with master bath above (sound familiar?). The two-story addition was probably close to 1000 square feet. It came on the market and sold quickly for \$947,000. This was good news. Was it an aberration? Was there one perfect buyer out there, or were there several possible buyers? Would it have sold for more if the home had been in the Whitman district? Don't know, don't know, don't know. The next sale of a big house in Wood Acres will be interesting!

I have talked to many Wood Acres owners contemplating a large two-story addition. I am hearing from many sources that builders are quoting and getting over \$200 a square foot for finished space, sometimes as high as 250 a square foot. There may be a few excellent values still out there, such as my friend Ned Hengerer and his company Home Stretchers, but price pressures are upward, with labor and material costs rising exponentially. Added to the cost of an addition are kitchens and baths. Kitchen allowances seem to start at about \$30,000 and can easily rise over \$50,000. Bathrooms, depending on levels of quality can add plenty as well. Most homeowners are looking at \$250,000 as a starting point and many have spent more.

Clearly, the question on everyone's mind is the same: If your quality Wood Acres home is now worth between \$650,000 and \$700,000, will a \$250,000 addition make you a mid \$900's house or even over a million? Don't know, don't know, don't know, it depends, maybe. There! Is that honest enough for you? The recent sale in Westgate is encouraging. Stay tuned.

Significant first floor improvement has been the common characteristic of the five homes that have sold over \$700,000 in Wood Acres this year has been . You can find a virtual tour of four of the five homes at my web site at [www.matthewmaury.com](http://www.matthewmaury.com). Click on Wood Acres. These homes are worth seeing. In the case of the \$700,000 sale on Gloster, the location backing to our magnificent Park, was a rare offering. Only a handful of homes in the community have this feature and for the right kind of buyer, the opportunity was irreplaceable.

Large kitchens and family room enhance value. It's what today's buyers want. It is comforting to see that sellers are being rewarded for their investment decisions, the wise use of quality materials, and well thought out planning. The value of Wood Acres homes is deep and continuing. I would be curious to learn of your appraisal experiences during this refinancing boom. I have spoken to many of you and many of your appraisers during the refinancing process over the past year. The appraisers will often call me to confirm details of past sales. My web site has now accumulated a wealth of information for appraisers as the virtual tours of past sales multiply. If you had an interesting experience, high or low, with an appraisal during the past year, email me at [matthew@matthewmaury.com](mailto:matthew@matthewmaury.com) and describe it to me. I'd love to hear more about what appraisers are thinking about Wood Acres values these days.

The following homes are for sale in Wood Acres as of this writing:

	<b>Orig. List Price</b>	<b>Current Price</b>	<b>Days on Mrkt*</b>
1) 6011 Cobalt Rd.	\$729,000	\$729,000	42
2) 5800 Devonshire Dr.	\$679,000	\$679,000	25

\*Days on market as of 10/01/2003.

It's worth pointing out that the home on Devonshire was built by Shultz in 1972 and does not have a basement. The home on Cobalt has a brand new kitchen with granite countertops and top end appliances plus two dens.

My just settled sale on Upper Harwick Rd. was asking \$755,000 when it went under contract after being on the market for three weeks. The kitchen alone is 17 x 17' and was added along with a den in 1991. I was very pleased to be the first of the four August/September offerings to go under contract. Harwick sold for \$725,000.

If you have friends, relatives or business acquaintances interested in our community, send them to me, or, if they like a bit of distance between themselves and an agent (not unusual), send them to my web site. The experience and knowledge that comes from selling over 280 Wood Acres houses over a 23 year period can be a valuable tool for today's buyers and sellers.

**Sincerely,**

**Matthew Maury  
Principal Broker  
301-928-8686-24 hours**

**P.S.** This Wood Acres newsletter, past newsletters, virtual tours of many recent sales in Wood Acres, 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](http://www.matthewmaury.com). Click on Wood Acres.

One more thing. Yes, I'm the guy running the Wood Acres Men's Basketball Association (WAMBA) We're like a secret society of guys that are probably a bit too old to be playing full court basketball but we refuse to believe it. We let a few young pups play now and then but we try our best to shun them! Call or email me if you have an interest in playing on a regular basis. Over 35 community residents play each week. You can learn more about our group by going to my web site and clicking on WAMBA

### **The next Environmental Housing Issue: MOLD**

Finally, the topic of mold is creeping its way into the real estate transaction. Mold and mildew have been with us since our ancestors crawled out of the ocean and started walking upright. However, buyer concerns now have to be taken into account by sellers. I recently had Paul Ramsey of RTS Environmental Systems speak to our office on the topic of mold and mildew. Paul is an environmental residential housing expert. He pointed out that mildew, identified as being whitish, greenish or occasionally brownish in color, is relatively harmless, except to the small portion of the population that has severe allergies. You may see mildew in your shower stall, on unused sports apparel, in your garage or basement. It is rarely harmful. Darker color mold, sometimes ominously referred to as "black mold" can be seen most often on drywall and cardboard in basements and garages where a consistent moisture source is present.

Paul described that the whitish crystal like residue that can often be seen on your cinder block basement walls is "efflorescence" and is completely harmless. Even blackish growth on cinder block is very rarely of a toxic nature. Cinder block and brick are not conducive to serious mold growth. Additionally, home inspectors, in an effort to cover their liability, are identifying whitish mold areas in attics and recommending further investigation. This process can be troublesome and alarming to potential buyers during their home contingency period. According to Paul, the whitish residue he has encountered in attics has been as harmless as a bit of mold on your unused bread. It requires only a spraying of bleach to dissipate.

Drywall is the main conduit for serious black mold growth. The emergence of drywall as the preferred wall and ceiling finishing material in basements has resulted in a perfect breeding ground for mold spores when water is introduced. In the 50's and '60's, pine paneling was often used for finished wall material in lower levels. It turns out that the pine is more impervious to water and a less likely candidate for mold. Drywall is often used now because it is less expensive, easier to work with, especially around ducts, and is brighter and more easily painted. But it gets wet more easily and stays wet longer.

Professional testing of affected material can cost between \$90.00 and \$200.00. Air sampling can cost a similar amount if you are concerned about airborne particles. Paul informed us that a professional inspection of your residence cost \$240.00. Professional remediation under EPA guidelines, complete with "ET" like suits, plastic everywhere and face masks can start at \$1200.00 and go from there. Paul Ramsey can be reached at 301-607-6276.

Have I scared you? Here's the bottom line. More than ever, homeowners must exhibit vigilance when it comes to water in your house. This includes the obvious culprits such as wet basements, pinhole copper pipe leaks and other plumbing and air conditioning related mishaps. Less obvious is your attic. The widespread use of humidifiers, especially central humidifiers, puts an enormous amount of moisture into homes today. Paul explained that older homes such as Wood Acres are prone to excess moisture in the attic. If you replace your roof, install a ridge vent to allow the attic to breathe. Consider the installation of a roof vent, or clear and open your existing gable vents to allow moisture that rises through the home to vent out of your home. An attic fan with both a thermostat and a humidistat is a great idea.

Homeowners don't go in their attics very often. Sometimes, there's a science project growing up there. Buyers are more attuned to these issues and more concerned than a few years ago. Your home may well be your most valuable investment. Protecting your value these days should include a thorough examination of your basement surfaces and your attic. Eliminate the sources of moisture by improving exterior grade and installing quality gutters and downspouts to extend water away from the property. If you get water in your house, dry it up completely and quickly. Do not allow moisture to fester in dry-wall. Taking great care to completely clean up and dry out all surfaces will ensure that you are protecting your home and keeping it in a state of readiness should you decide to sell the home at some point in the future.

**MM**