

WOOD ACRES!

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

Dear Wood Acres Area Resident,

October, 2009

A year ago at this time, it felt like the financial world was coming apart at the seams. Indeed, when you hear experts on Wall Street and in government talk about last September and October, the fear they experienced is very apparent. Now, a year later, finally, it feels like we have achieved a relative equilibrium. The real estate market is coming back, ladies and gentlemen, in a slow, steady, measured sort of march. There's no denying that prices fell, dramatically in many parts of the country, but very gently in this precious bubble on the west side of Bethesda. All of a sudden, in the last month or so, the market has taken a dramatic turn upwards, with houses selling in days, not months, and multiple contracts reappearing for the very best offerings.



Why did we dodge the more severe bullet? I have said for thirty years that the most you can ask out of your real estate investment is that it goes up in good times and holds its own in bad times. When the market is roaring, Wood Acres soars as well, and when we hit rough patches like '81/'82, '90/'91, or '08/'09, we continue to sell houses at prices just a touch lower than before. I am impressed at the resiliency of the Wood Acres market. We have avoided, so far, appraisal related calamities, and the intrinsic construction quality of the homes has allowed us to overcome a more difficult home inspection environment; in short, we have weathered the storm.

Buyers are beginning to flood open houses again, homes are being sold more quickly, more deals are holding together, in general, activity has picked up. In neighboring Springfield, there's been a bit of a land rush in the last few weeks. Check out the sales that have transpired there, just since early August:

| | *Stuart & Maury sales | Orig Price/Last price | Final Price |
|-----|----------------------------------|------------------------------|--------------------|
| 1) | 5908 Searl Terrace* | \$1,249,000 | Pending |
| 2) | 5507 Pollard Rd. | \$989,000/\$949,000 | Pending |
| 3) | 5200 Ridgefield Rd. | \$1,159,000/\$1,075,000 | Pending |
| 4) | 5622 Lamar Rd.* | \$885,000 | \$880,000 |
| 5) | 5808 Ridgefield Rd. | \$880,000 | Pending |
| 6) | 5303 Brookeway Dr. | \$1,045,000 | \$830,000 |
| 7) | 5602 Knollwood Rd. | \$879,000 | Pending |
| 8) | 5505 Kirkwood Dr. | \$829,000 | Pending |
| 9) | 5500 Christy Dr.* | \$819,000 | Pending |
| 10) | 5803 Ogden Rd. | \$799,500/\$749,500 | Pending |
| 11) | 5709 Cromwell Dr. | \$725,000 | \$650,000 |
| | *Matthew Maury Sales | | |

Eleven sales in Springfield alone in just the last two months or so is certainly an indication of the improving environment. My listings on Searl, Christy, and Lamar all sold immediately for superb prices. Note that for the most part, the sweet spot of the market in the Springfield sales on the previous page can be found in the \$800,000's. This part of the price range is showing the first signs of recovery. This may be a result of the brisk activity taking place in the price range below that, outside the Beltway, where prices have dropped far enough to draw back first-time home buyers rushing to access the \$8,000 tax credit which is set to expire December 1, 2009. As those buyers come back to the market, those lower priced homes get sold, which allows those buyers to move up to the \$700,000s and \$800,000s and still take advantage of the "super-conforming" loan limits up to \$729,000. These super-conforming loan limits are also set for governmental re-examination at the end of this year - hold your breath.

Let's take a look at the finalized and pending activity that has taken place in **your** community of Wood Acres since my last letter a few months ago:

| | | Orig Price / Last price | Final Sales Price |
|-----|-----------------------|--------------------------------|--------------------------|
| | *Stuart & Maury sales | | |
| 1) | 5901 Cranston Rd. | \$996,000 | \$1,005,000 |
| 2) | 6203 Newburn Dr. | \$900,000 | Pending |
| 3) | 6010 Woodacres Dr. | \$860,000 | Pending |
| 4) | 5925 Gloster Rd. | \$949,000 / \$875,000 | \$870,000 |
| 5) | 5908 Harwick Rd.* | \$869,000 | \$869,000 |
| 6) | 5910 Ramsgate Rd.* | \$889,900 | \$855,000 |
| 7) | 6203 Welborn Dr. | \$860,000 | \$845,000 |
| 8) | 5908 Ramsgate Rd.* | \$825,000/\$810,000 | \$797,778 |
| 9) | 6010 Cobalt Rd.* | \$795,000 | \$791,500 |
| 10) | 6009 Cobalt Rd.* | \$795,000/\$779,000 | \$779,000 |
| 11) | 5602 Harwick Rd.* | \$749,500 | Pending |
| 12) | 6318 Avalon Dr.* | \$768,500 / \$739,000 | \$730,000 |
| 13) | 6205 Mass. Ave. | \$795,000/\$699,900 | \$675,000 |
| | *Stuart & Maury sales | | |

Again, 13 sales in the past several months should register as a "wow." The sale of Cranston (above) becomes the ninth home in the history of Wood Acres to sell over \$1,000,000 and only the second to do so since 2007. As stated repeatedly before, while there are now 112 two-story additions in Wood Acres, very few of them come up for sale, thus the opportunity to buy one seldom presents itself. The owners who expanded these homes, for the most part, made a commitment to stay and the size of the homes affords them the opportunity to stay. Low supply results in high demand. I worry about how the owners of these homes are fairing with respect to appraisals, especially for those who might consider refinancing in this low interest rate environment. Rates are really quite exceptional right

now, especially for money under \$729,000. But you now live in a community with very few sales of four bedroom homes since the downturn last fall. Appraisers, who used to be your neighbors and were well versed in Bethesda pricing, are now often coming from Damascus or Mt. Airy. They are part of government mandated “pool”, working for huge companies that are paying them less, all in the name of separating the loan officer from pressuring the appraiser. This sounds good in theory, but the resulting practice seems to be that appraisers are sometimes ill-informed for the area they are working. Never before has it been more critical to have a real estate agent involved who can properly educate an appraiser. You get one chance, they will review and consider whatever information is provided. It helps enormously to be able to say, “I’ve sold 340 of these homes over the past 30 years.” If you need help with an appraisal, call me; I am here to help.

It’s big news that both Newburn and Harwick went under contract in less than a week. It’s been awhile since homes were popping in this manner. It helped that Newburn Dr. is exquisitely finished inside. I remember that house in part because my father owned it for about a week back in the ’60’s when he was trying to help an older schoolteacher get to her next residence! A sale of a three bedroom home at this price point will help a lot of owners with refinancing in the neighborhood. My new listing on Upper Harwick, now under contract, is a wonderful home owned by the same family for many decades. I have in my possession a true treasure, a movie made into a VHS tape, of Upper Harwick being built in 1939. That block of Harwick has always been one of my favorites, quiet, classic, and flat enough to learn how to ride a bike.

Let’s take note of the fact that six homes in the chart on the previous page have been sold under \$800,000 in 2009 so far. Only one of these was on Mass. Ave., where prices are slightly lower because of traffic concerns. In 2008, no homes in the interior of Wood Acres were sold under \$800,000 (two Mass. Ave. homes were sold under 800K in 2008). In 2007, only three homes in the interior were sold under \$800,000. These stats are the canary in the mineshaft. They indicate that the market has indeed taken a toll on value. Homes that might have brought as much as \$825,000 at the peak of the market in 2005-06, now have come to rest in the \$760,000-\$780,000 range.

It’s interesting to observe that the home that sold in late July of this year on Welborn for \$845,000 was purchased just a year ago in May of 2008 for \$840,000. The next time someone tells you that prices have dropped A LOT since last year, point out this sale to them!

Note as well that the sale on Mass. Ave. at \$675,000 was a short sale. That home was purchased in June of 2006 for \$725,000, underwent an extensive renovation that included removing the wall between kitchen and dining room as part of a kitchen expansion. The home was put on the market for \$795,000 in August of 2008, underwent several price reductions and eventually went under contract in late December 2008. This was a “short” sale, to my knowledge the first in Wood Acres, which means that the loan on the property was more than the seller could net from the sale of the property. The sale took another FIVE MONTHS before it finally settled, as the lender, Countrywide/Bank of America, slowly twisted through the agonizing process of agreeing to sell a house for less than the loan amount. It was “agony” according to the selling agent and it was only the patience of determined buyers that resulted in the sale eventually reaching completion. How banks expect the buying public to put up with this sort of bureaucratic nightmare is beyond me.

I recently sold a home in Bethesda to ready, willing, and able buyers, only to discover during the negotiating process that the sellers were “upside down” and owed more than they could net from the sale of the home. We were hung up more than a month and had spent money on home inspections and appraisals, etc. Most importantly, my buyers could not move on with their life. It became apparent that the sellers were only now beginning to understand the implications a short sale would have upon their credit (big surprise, it’s a disaster in the making). The seller refused to proceed, the deal fell apart, those buyers, having lost all that time while they waited, had to rent a home, in short a

train wreck. Welcome to my world these days. I have made a promise to myself to carefully consider the wisdom of participating in trying to sell a home that is “upside down”. There are too many elements involved in which the sale might not go through. I took a course recently about how to sell “short sales” but came away more convinced than ever that this sector of real estate was no fun and extremely non-productive.

We should all be cautiously pleased with the sales results posted so far in 2009 for the Wood Acres community and the greater 20816 ZIP code area. There is so much suffering in so many areas, including many greater DC areas such as Gaithersburg, Silver Spring, Germantown, etc. The Realtor multiple listing service recently added a powerful search parameter for Realtors that links directly to public information on foreclosures, pre-foreclosures, and bank owned property. While this information has always been public, it has never been so easily assembled and disseminated before. The search parameters, which can be done by ZIP code, are chilling. A recent search of 20854 in Potomac revealed 80 properties in various stages of the foreclosure process, including dozens of very expensive homes. In our 20816 ZIP code, there are eight properties listed as being “in process.” Many of these will never go to foreclosure or auction. Some homes will be sold before that occurs, in other cases, the loan will be brought current, and in others, the bank will limp along with the owner, hoping for things to improve. It’s all a reminder that the financial troubles of many run deep and the long slow process of working this out of the real estate system isn’t nearing an end yet.

Let’s examine our ZIP code of 20816 more closely. The chart below will frame the discussion. Let’s compare 20816 **settlement** activity for single family detached houses in **June** for the past five years:

| | June 2009 | June 2008 | June 2007 | June 2006 | June 2005 |
|-----------------------------|---------------------|------------------|------------------|------------------|------------------|
| Settled properties: | 20 | 22 | 23 | 43 | 26 |
| Total Volume: | \$17,335,800 | \$22,428,350 | \$26,830,500 | \$41,394,570 | \$24,733,500 |
| Ave. sold price: | \$866,790 | \$1,019,470 | \$1,166,543 | \$962,664 | \$951,288 |
| Days on Market: | 57 | 42 | 32 | 36 | 12 |
| Ave % of list price: | 97.5% | 98.2% | 97.4% | 99.4% | 104.8% |

Ouch. The data is a bit skewed by the very small sample of only 20 sales but that in and of itself tells us something about the slower overall activity in the marketplace earlier this year. Homes that settled in June generally went under contract in March, April and early May. The market began to severely struggle in September of 2008 and certainly was still struggling this year in the early Spring. For over a decade, the “spring” market seemed to start in late February/early March. This year, we did not see a bump until May, when many of the pending contracts and recent Wood Acres area settlements took place. Note that total sales were down 30% from the average of the previous four years, but very close to the number of homes that settled in June of both 2008 (22) and 2007 (23). The aberration in the chart is the astounding 43 homes that settled in June of 2006, six months after the market began to die in most parts of the country.

The average price dropped precipitously for June settlements over the past two years. There is a technical reason for this. The part of the market hurting the most right now is over \$1,000,000 and especially over about \$1,300,000. Many of these types of sales are discretionary.

After all, how many people really “need” a home that expensive, it’s all about “want” not “need”. When times get tough, homeowners hunker down and are thankful for what they have; they are just not as willing to part with substantial sums for the next “bigger” house. The data proves this. Note that this year’s June sales averaged \$866,000, while 2008 posted \$1,109,470 and 2007 topped out the chart at \$1,166,543.

Additionally, the cost of money has been significantly higher when you borrow more than \$729,000. This spread, in combination with reduced interest deductions for loans over a million dollars is conspiring to depress prices above a million dollars. Finally, however, the lending industry is beginning to find equilibrium on this topic. More flexibility and creativity is beginning to surface from lenders, eager to attract high quality borrowers in the upper price ranges. None of us want the lending industry to go back to the days of throwing money at anyone, but rigorous verification combined with flexibility to allow homeowners to buy the next house, perhaps before their current home is under contract, is critical to the market. On the up side, six homes sold over a million dollars in our 20816 ZIP code in June, which was 30% of the total sales.

If you were to consider being a contrarian, I would point out that the opportunities to purchase exceptional property at a discount exist, especially in the range of \$1,500,000 to \$2,000,000. **This window is going to close soon.** There are very few new homes being built now in that price range. The inventory is shrinking and when it is gone, it is not likely to be replenished anytime soon, builders are going to be very cautious about re-entering that risky price range. You will see fewer teardowns and less speculation. Over time, the existing housing stock of superb homes in that price range in Bethesda ZIP codes will once again become quite valuable as the competition from new homes nearly vanishes and the ability for existing homeowners to create them through remodeling is greatly thwarted by more onerous zoning requirements and stipulations. When a four year old home in Glen Mar Park on Cleves Ln. settled in May of this year for \$1,342,500 (purchased new for \$1,750,000 in 2005) I thought to myself, “long term, somebody just made a killing.”

Note as well from the previous chart that the average number of days to sell a home for the June settlements was 57 days, an 80% increase from two years ago when the average was 32 days. Want to remember the “good old days”? In 2005, the average time it took to sell a home was only TWELVE days. Not only that, homes sold for 104.8% of their asking price in 2005. This year, that figure stands at 97.5% for June sales, still a respectable posting but nothing like the “go-go years.”

Let’s take a look at current offerings in Wood Acres as of this mid October writing:

| | | Original Price | Status |
|----|-------------------------|-----------------------|---------------|
| 1) | 6110 Cromwell Dr. | \$995,000 | Active |
| 2) | 6200 Welborn Dr. | \$847,500 | Active |
| 3) | 5917 Woodacres Dr. | \$829,000 | Active |
| 4) | 6003 Massachusetts Ave. | \$699,000 | Active |
| | | | |

All of the homes above are 3 bedroom homes. Cromwell is an exceptional three bedroom house with dramatic first floor improvements. It’s been for sale for three months now. The Welborn home has undergone an extensive renovation after being rented for decades. The Woodacres Dr. home was purchased in 2004 for \$831,000 at one of those moments when people were wrestling each other in the front yard for a house. Finally, a classic Mass. Ave. home just came up for sale in September, priced under \$700,000 at, \$699,000. The final price of the short sale that settled down the street recently is driving that price determination.

In my last newsletter, we discussed the exterior of your home, how to care for it and improve it. In this issue, let's talk about the interior of the home and some of the issues that should be considered in an effort to defend value.

- **Paint.** It's so obvious, and yet can be so disruptive. If you have kids, pets, lots of furniture and rugs, it's such an upheaval to move everything in order to paint. And yet, nothing will freshen your home, make it brighter and more inviting, more "ready" if you were suddenly to get that job offer in Seattle, than a fresh coat of paint. For a frame of reference, Butch Rall of Pride 'N Painting, my #1 painter for 30 years, charges about \$5,000-\$6,000 to paint the entire interior of a standard sized Wood Acres home. That's a two-toned color scheme of flat Duron Bone white on the walls and a brighter, semi-gloss Shell White on the trim. The contrast of the two off-whites brings out the inherent quality of the Wood Acres trim, door casing and baseboards. This figure can be influenced greatly by wallpaper removal, basement painting etc., but it is a jumping off point. Note that I deal in the world of "neutral." There was a time when we always painted in off-white, and for the most part we still do. How boring you might say. Well, I agree, but never once in 30 years have I had a buyer say, "I don't like it, the walls are white." What they DO say is, "I don't like the red in dining room, the yellow in the living room, the wallpaper from the '70's in the bathrooms, that peach in the breakfast room" and on and on and on. Color choices are personal and they tend to get in the way during the sales process. Even more troublesome can be wallpaper, which is often "personal" on steroids. My mom was an interior decorator for many years and her house was on the Potomac House Tour twice. She had more wallpaper going on than you could imagine. When we sold the house, I told her, it's all fantastic, and every inch of it is going to be ripped out by the next buyer. We struggled a touch selling the home because the buying public considered the decorating "too strong."

There's always a caveat, however. Color is making a comeback, and for a reason you might not have thought about. Real estate in today's world is being driven by the internet. The online experience of looking at houses and the vast tools to convey the appearance of the home through high quality digital photography has had an interesting effect. Your eye is strongly driven to color when looking at online photos. Off-white rooms, especially rooms without much furniture, can seem washed out and boring online. Live, a buyer might appreciate the neutrality, but they are looking for some sizzle online and thus what I call "Pottery Barn/Urban Country" colors can be quite effective. I have solicited the advice of my sister, master house stager Elizabeth Bower of Persimmon Tree Design (301-775-0521), on several occasions to help me provide a touch of color. As is often the case, touring new homes and seeing what the builders are doing and observing through your own online experience looking at houses on line may guide you in choosing paint colors. I have a collection of oriental rugs that provide color for vacant houses. I call them my "lucky" rugs and they really help when it comes to photos.

In general, it can be said that public rooms should lean toward the neutral, such as living rooms, dining rooms and family rooms. Perhaps finding the color in window treatments (which can easily be removed either by you to take to the next house or by your new buyer if they do not like them), is the way to go. Colorful throw blankets, Oriental area carpeting, and oversized colorful pillows are ways to provide striking color that do not translate into detriments in the sales process one day. I'm not suggesting you can't get adventurous with paint and wallpaper, but when you can confine those choices to baths, kids bedrooms, and perhaps above the chair rail in the dining room, it strikes what I consider a necessary and reasonable balance.

You might be thinking, “wow, do you really have to worry about all this stuff?” Between about 1999 and 2006, not so much, but now, the marketplace is more demanding and every advantage that can be obtained is important. I often say, “you have to live your life in a home and make it your own” (with apologies to Paula Abdul). You can’t make every decision worrying about what the buying public will think 10 years from now. But you want to be careful not to go so far out there that we are left struggling with a major remodeling down the road. If you could ride on my shoulder for a year, and get in the car with me when a buyer says, “what WERE they thinking when they wallpapered that kitchen” you would appreciate these cautionary words.

- **The hardwood flooring in Wood Acres is timeless.** It’s practically indestructible. I bought a Wood Acres home to renovate twenty years ago that had been “visited” by 17 cats for about 20 years. Even THAT floor was returned to a superior appearance. To refinish flooring, I still use the legendary George Huff, who has been breathing polyurethane for over 50 years now. The expense of refinishing floors in a standard Wood Acres house is usually a touch over \$3,000, an incredibly small amount of money for the electrifying improvement in appearance, freshness and durability that it provides. Ah, but here’s the rub, the process is catastrophically invasive. It’s a mess, with dust inherent in the process, no matter the degree of care. Few owners can endure the disruption of trying to do this while they are living in the home. I recently achieved this mission when we renovated 6010 Cobalt earlier this year, even as the owner, an elderly woman moving to a retirement home, resided in the residence. George graciously moved the furniture to the screened porch on the first floor, my owner Grace went to a friend’s for two days, and the first floor was sanded, stained, and polyurethaned. We moved the first floor furniture back in and then attacked the second floor, room by room, as we moved bedroom furniture around. Then we cleaned extensively. While it was a nightmare, the finished product was great and helped sell the house. Maybe the best way to put it is this. If you are going on a protracted vacation for a few weeks, your floors are worn out and the finish is pretty much gone, or pets, kids, and life have beaten them up pretty good, for about \$3K you can electrify the appearance of your home. You’re going to have to make a commitment to inconvenience but the end result is pretty special.
- **That small kitchen.** Just about every house in Wood Acres started out as a galley kitchen. The austerity of the ‘40’s and most of the ‘50’s is very evident in an original Wood Acres home. Indeed, the primary room of the home that is eyed for expansion and renovation in a Wood Acres house is almost always the kitchen. You can track the changes in lifestyle that occurred over the decades by observing the builder’s efforts to build a larger, table space kitchen in the last homes built along lower Ramsgate and lower Cromwell Dr. in the mid to late ‘50’s. Then, jump to the 10’ x 12” breakfast rooms that were built off the back of the house in the 60’s. These rooms were cutting edge at the time and they still serve the useful purpose of creating a space where the family can dine casually. The rooms got larger, becoming what came to be known as family rooms in the 1970’s. The houses being built in Potomac in that era had not only a large table space kitchen but an adjacent room where the family could gather. This addition, in Wood Acres, was often about 14’ x 16’ and served those families well. In the last 25 years, this concept has just blown up. The sweeping openness of a kitchen and family room is the single most sought after aspect of an addition in Wood Acres. The cost can be substantial to achieve this of course. Thus, the alternative for many buyers is to simply remove the wall between

kitchen and dining room and go casual. Hey, if wearing a tie can almost go the route of the horse and buggy, so can that wall. Ask yourself this: how many times a year do you have a formal meal with the boss in your dining room? Compare that to the everyday convenience of being able to monitor the kids homework efforts while you are cooking dinner. The removal of that wall is relatively inexpensive and can yield an openness that is quite valuable.

If knocking down the wall is not in the cards for you (usually determined by large dining room furniture), then a remodeling of the core kitchen can be considered. What are the elements of that renovation today? Granite or Silestone counters, Maple or Cherry cabinets, stainless steel appliances, and hardwood flooring. Is this an oversimplification? Of course, there are plenty of choices other than above. But, you can't go wrong with this combination. Not everybody is into the stainless look, but most buyers are. We've lived long enough for those all white kitchens of the '90's to look at touch dated, perhaps 10 years from now, stainless will feel the same way, who knows. Vinyl flooring, or Kentile, so popular in the '70's and '80's, is now passé. 30 years ago, hardwood was not put in kitchens, but today, the sealing processes are so much more effective that the hardwood is a viable choice and can make the kitchen feel seamless with the rest of the first floor. Dan Millen Handyman Services can put in hardwood in your galley kitchen for about \$1800. It's a small cost for the positive effect. You do not need to spend \$25K on your kitchen to achieve a very clean, fresh up to date look. But you need to be thinking quality. I'm a big fan of a back door on your kitchen that lets in a ton of light with multi-paned glass. It makes a very, very small space feel larger.

Elements in the kitchen such as cabinets that go to the ceiling (rather than a soffit above), built-in microwaves, gas cooking rather than electric are all contributing factors to a valuable kitchen. It can be said that purchasers recognize and appreciate quality. This must be your guiding principle.

- **There was a time when draperies or heavy window coverings were all the rage.** The emphasis today is on light, thus metal (not vinyl) mini-blinds, wood plantation shutters, soft light blinds and generally less restrictive fabric window coverings are the more common style nowadays. The ability to close them and create privacy but also be able to throw them open and let in the natural light is the key feature needed. Buyers are very sensitive to whether a home is sunny and bright. We all love the tall trees of Wood Acres, but they can block the natural light, a balance needs to be achieved and you want to be careful not to block too much sunlight. I will say that window treatments that are made of very high quality, in gorgeous classic colors, can lend a badge of class to a home.
- **I'm conflicted when it comes to bathrooms.** Clearly, original Wood Acres bathrooms are very small. Expanding them is no easy trick, especially when working within the confines of the original footprint. I have seen some clever reworking of walls and closets which improves the bath size *slightly* but I always come away wondering if the expense was worth it. The tile in Wood Acres baths are set in heavy cement and thus are superior high quality. However, the colors are another thing. Maybe you are lucky and got the muted gray tile, but if you have turquoise, or peach, or yellow or green, you are dealing with the kinds of colors that don't seem to have stood the test of time. These colors have proven to be argumentative and many of today's buyers would prefer a look that is more "today." Ripping out an entire bathroom and retiling is expensive, a budget of \$20,000 is not unusual and I have heard of homeowners spending as much as \$50,000 when wall modifications come into play. It's hard for me to say that the return on investment justifies the expense. On one

hand, the enjoyment and comfort that this expense provides is of value, after all, there are few rooms you spend more time in every day. On the other hand, unless the bath is expanded to allow two people to comfortably occupy the space at the same time, what you have achieved is a more attractive bath without a lot more functionality.

Here's an alternative. The tile in your older bath is high quality, just the wrong color. For about \$1400 you can hire Porcelite to re-glaze your tile and tub or shower. They essentially bake on a new, perfect finish. The tiles look brand new. It freshens a bath dramatically and costs a lot less. Your floor tile cannot be treated in this way, the finish would rub off over time. But you can install a new tile floor over the top of the old one at a cost of about \$700. Toss in a new vanity, or pedestal sink, mirror, and light and you are good to go with a fresh, simple but effective updating of a bath, and you only spent about \$4,000, which is a lot less than \$20K! Of course, it's not the same as a smashing renovated bath, but then again, few people are buying a Wood Acres home because the baths are terrific.

One more thing, if you are building a very large addition, then by all means it is important your baths indeed be special, especially the master bath. Elements of this improvement would include a private commode, separate shower and tub, dual sinks, and accenting tile. It all costs money, but it's part of "defending value" when you start spending big bucks. For those of you that renovated and expanded your house 15 to 20 years ago, cast a critical eye at your baths and ask the quintessential question, "are we getting close to needing to redo this again to keep it fresh and up to date?" So many times people say to me, "the baths are new!" I then ask, "really, when were they done?" The answer is something like 1988. Guess again!

- **More square footage can be had downstairs.** The standard original Wood Acres home had less than 1500 square feet of finished space. With over 350 additions, most homes offer more than that these days. A simple, inexpensive place to provide more finished living space is in the basement. This is not a place for elaborate expenditures. The basics will work just fine. Finished drywall on the walls and ceilings, recessed lighting, a quality carpet pad and medium quality carpet and a full bath with a vinyl shower enclosure is all you need. The full bath can be incredibly valuable, affording an opportunity for a visiting relative or teenager to sleep on that level on a pull-out sofa bed. Many owners feel they don't need the full bath, but stretching the budget to provide for it will pay dividends one day when you go to sell, the space just becomes more multi-dimensional.

Depending on your needs, finishing half the basement and using the rest for storage can be a useful course of action. This would be the route to go if you do not have a garage and need the storage space. If storage is not critical, the more space you can finish in an open style the better. Try to closet off the washer/dryer/laundry tub if possible. Replace the old metal casement windows, in short, make the space the kind of pleasant environment that will cause young children to want to play down there. When buyers look at a Wood Acres home, a quality finished lower level can be the tipping point at which a buyer imagines being able to fit into a relatively small home. If you are lucky enough to have an out-of-ground window in your lower level, make sure that the sun isn't blocked by bushes, let that sun in!

If you are contemplating the big mama addition, I would encourage you to have your plans looked at by someone outside the process. As a homeowner describes to a builder/architect what they want, and plans get drawn to satisfy those needs, occasionally, the process results in a highly stylized vision that may not be the best idea when it comes to

defending long term value. An example would be the owner who builds a two-story addition creating a fourth room upstairs, but requires occupants to go through the third bedroom to get to the new fourth bedroom. This is not a four bedroom house and when that owner goes to sell the home, this issue will arise. If a Realtor had been consulted, this aspect could have been examined. In short, most of the time the homeowner and builder are designer an addition of lasting value, but it can't hurt to get a second opinion on floor plan, functionality and materials. As always, I would be glad to look at your vision on paper at anytime.

I should mention that I had a very unique listing sell last week, a Searl Terrace home with four bedrooms on the second floor, a third floor with bedroom #5, a family room and den on the first floor, a finished lower level with a two-car garage AND a good, useable flat back yard. This kind of house surfaces about once every two years. With dozens of former Wood Acres owners living on Searl over the years, it's a natural move to consider. The home was listed for \$1,249,00 and sold in about 48 hours, after receiving an excellent face-lift of paint, floor refinishing, carpet and general cleaning.

Finally, a brief conversation about interest rates are in order. In an effort to jump-start the economy and provide relief to the beleaguered housing industry, the federal government is clearly holding down interest rates. They are at historic lows. A recent conversation with Steve Jacobs, now with the excellent bank BB&T, revealed that fixed rates loans up to \$729,000 can be had at the remarkable rate of 4.875%. That's about \$5.25 a month for every thousand dollars you borrow. While fixed rate money is excellent for loans above \$729,000 (about 5.625%), the real action is on the 10/1 ARMs at 5%, maybe even lower than that depending on the day. I know what you are thinking, ooooh, I don't want an ARM, that's how people got in trouble during the past few years. Step back, take a breath and consider the benefits of paying 5/8% LESS a year for 10 years in a row. That's a guaranteed savings of 6.25%, no matter what. You can refinance during that time, sell, move away etc. For those of you with growing incomes, or an occupancy arc that doesn't exceed about 13 or 14 years (the time it might take in the worst case to eat up the remarkable savings), this is a product worth seriously considering.

As always, I am available to help counsel you if you wish. I might also point out that rates are not likely to stay in this range too much longer. Storm clouds on the horizon might include a re-examination by the Fed as to whether the \$729K "Jumbo" loan limit for our area should be rolled back to \$625,000, whether the first-time homebuyer credit will extended, and whether rates should be allowed to find their rightful place in the marketplace. We'll see, meanwhile, refinancing or considering the "next" house (after hunkering down for several years) should be seriously discussed around the dining room table.

Sincerely,



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Stuart & Maury, Inc. Realtors

The #1 real estate agent in the 20816 ZIP code, 25 years in a row.

P.S. This Wood Acres newsletter, past newsletters, a 2008 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.