

WOOD ACRES!

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

Dear Wood Acres Resident,

June, 2013

With apologies to Prince, “tonight we’re gonna party like it’s....2004”

The market over the past four months in the Bethesda area has pretty much exploded, taking on characteristics of the frenzy and excitement we saw back in 2004 when many homes sold in a few days, often over the asking price, with intense competition between buyers for hot properties. Inventory is low and there are more buyers chasing fewer houses thus prices are rising. Why is this happening? My sense is that historically low mortgage rates finally drove into the marketplace all those buyers who have been sitting on the sidelines since 2009. Coupled with that are rising (although cautious) consumer confidence and a general sense that the economy is indeed recovering.



I talk often about the fact that life marches on. Kids get older...and bigger...and families grow. Lots of potential buyers moved to the DC area in the last four years in part because the job market was healthier here than just about anywhere else. Maybe they couldn’t sell their home in Topeka, Kansas. Or they sold it but took a substantial loss and needed to recover financially. Lots of young buyers were scared to death, with good reason, in 2009 and parked themselves in rentals, figuring that they would wait out the storm. An entire up and coming generation of young buyers were introduced to real estate ownership at the exact moment that home prices were tumbling for the first time in forever and the media was full of foreclosure and short sale stories every day.

That our Bethesda area real estate market weathered the storm with such resilience was remarkable. Indeed, prices dropped ever so slightly in our area, unlike the devastation that took place in vast portions of the country. However, time does indeed seem to heal all wounds. While the political uncertainties of the 2012 election seemed to freeze many would be buyers for a large part of the year, slowly but surely in 2012 our market started to respond to low mortgage rates. And then, in January and February of this year, the dam broke and hundreds of buyers flooded out into the marketplace, seemingly all at once.

If you are a seller, this is a very good thing. If you are a buyer, you are suddenly faced with competition that just didn’t exist in 2009-2012. All those skills I honed back in 2002-2006 have come back into play; multiple contracts and how to deal with them; pricing in a rising market; how to help buyers actually WIN a multiple contract scenario...all these aspects are on the table again. It takes me back to Prince: “ I was dreaming when I wrote this....” Sometimes as a real estate agent, you just shake your head and say “again?”

Looking back on it, buying a house in 2009-2010, when the market was struggling and prices were a bit soft, was a wise move...IF...you had the stomach for it. Whatever the rates were then, a refinance to a truly exceptionally low rate in early 2013 fixed that issue. The same could be said of buying in 1981-1982 or 1990-1991. Down markets offer opportunities for those who have the patience and confidence to ride out the downturns. I

suppose a stock broker would make the same argument, although the volatility of the stock market certainly exceeds the ups and downs of our area real estate market.

With any rising market comes potential storm clouds. Mortgage rates may have hit the bottom in late March and, have risen in May and June. A fixed 30 year loan of \$417,000 in April might have cost you 3.125%. Today that rate rests at or over 4.0%. This is real money and rising rates are likely to restore a bit of balance to the market. As prices rise and owners test the edges of what they can get away with there is an inevitable push back from the buying public. The timing of this potential push back could well coincide with the slower hot summer months of July and August when half this city seems to be out of town. Sellers don't give up their gains easily though and buyers should expect to deal with paying more for properties in our area than they would have in 2012. I do wonder sometimes just how many buyers are out there in the pipeline. It's not an inexhaustible supply and we may be approaching the day when we have run through the backlog that sat on the fence for so long. We can take comfort in judging that rates are rising for the right reasons. They are not rising because the world economy is in the tank, but rather because we are recovering nicely and there is less need to artificially hold down rates. In the long run, if the economy is healthy, it will benefit us all.

There have been many great sales in your community this year, let's run through them:

		<u>Orig Price / Last price</u>	<u>Final Sales Price</u>
1)	6001 Woodacres Dr.*	\$1,175,000	\$1,140,000
2)	2 Avalon Ct.	\$1,175,000	\$1,147,700/\$1,119,700+
3)	5606 Harwick Rd.	\$959,000	pending
4)	5701 Harwick Rd.	Unknown	\$950,000
5)	6008 Wynnwood Rd.	\$920,000	pending
6)	5905 Harwick Rd.* #	\$875,000	\$881,000
7)	6002 Milo Dr. * #	\$869,000	pending
8)	6303 Newburn Dr. #	\$865,000	\$865,000
9)	6004 Cobalt Rd.	\$825,000	\$825,000/\$809,000+
10)	6121 Ramsgate Rd. #	\$839,000/\$799,000	pending
11)	5803 Devonshire Dr.	\$859,000/\$799,000	\$785,000/\$768,550+
12)	5916 Ramsgate Rd #	\$775,000	pending
13)	6318 Avalon Dr. *	\$729,500	\$729,500
	*Matthew Maury sales	#Bob Jenets sale	+adjusted by closing costs pd by seller

First, take note of the fact that 13 homes have been sold this year already. We have averaged only 14 sales a year over the past six years. We sold almost that many in the first half of the year. If we were to stay on this pace, you would have to go all the way back to2004! (there it is again) to find a year when 28 Wood Acres homes were sold. Bob Jenets and I have sold over half the houses sold in Wood Acres this year. And there are more in the pipeline coming soon.

I am privy to the final sales prices of all of the pending transactions above. The average sales price in Wood Acres in 2013 is \$874,295, UP about 3% from our 2012 average. That may not seem like much, but the \$874,295 would be the highest average EVER in Wood Acres other than 2007 when a very low sample of 11 sales pushed the average over 900K. You might note that the chart seems to suggest two levels of value in Wood Acres. We have the upper level, including a

4BR home I sold on Woodacres Dr. for \$1,140,00. This home had a 3-story Home Stretchers addition added in about 2002. We also have several excellent sales of three bedroom houses with additions which sold in the \$881,000 to hi-\$900's range on Harwick and Wynnwood. But we also have a collection of homes that have sold around or below \$800,000. There are of course reasons for this and traffic noise is the main culprit. The Devonshire house is very near River Rd., the Ramsgate house is very near Goldsboro and the Avalon house is near Mass. Ave. These factors result in lower sales prices. We haven't had a whole lot in the center this year, meaning a typical Wood Acres house on a quiet street with modest older additions. You might note that a few of the homes on the list were not "on the market." There is a percolating "quiet" market throughout Bethesda in which agents match serious buyers with properties. I recently sold a house in Westmoreland Hills that did not come fully on the market in this manner.



6001 Woodacres Dr - \$1,140,000



6006 Wynnwood Dr - Pending (\$920,000)

The home at 6008 Wynnwood Rd., which is pending settlement is an interesting story. This home sold in 2006 for \$880,000, again in 2011 for \$899,000 and now is pending with an asking price (sold right away) of \$920,000. I did not sell this house this time around, but I have sold it 3 times in the past! It's a great house and sells quickly each time and features a cool 1987 Ned Hengerer/Home Stretchers FR vaulted ceiling addition on the back.



5905 Harwick Rd - \$881,000

Another interesting story is the home I sold at 5905 Harwick Rd. which settled at the end of May this year for \$881,000. I sold this home in 2008 for \$815,000. I also sold the home in 1995 for \$358,000. This home isn't quite the record holder however, I've sold a number of Wood Acres homes four times. These owners improved the kitchen and family room this time around and moved to a wonderful newer house in Glen Echo Hts.



6318 Avalon Dr - \$729,000

Stuart and Maury has sold this home on Avalon Dr. three times in the past 9 years. In 2004 it sold for \$620,000, in 2009 it sold for \$730,000 and this time around in 2013 in sold for \$729,500. It's a sweet home with one of the better lower level finishing jobs you will ever see in Wood Acres. The topography of the home, both front and back, limits its value somewhat.

The market has been on fire in neighboring Springfield/Westwood as well, where an impressive seventeen homes have been sold already this year, with eight of them pending sale at this early June writing. The average price on the nine settled properties is \$906K, but the average asking price on the pending eight sales is \$968K and there is good reason to believe that almost all of the pending sales were at least at the asking price and in many cases OVER the asking price. Again, the Springfield area has been averaging 19 sales a year over the past five years, we've almost equaled that in the first half of 2013.

I've sold seven Springfield area homes this year already, including the six below:



5606 Jordan Rd



5613 Newington Rd



5719 Ogden Rd



5506 Jordan Rd



5709 Ogden Rd



5712 Cromwell Dr

5609 Jordan sold for \$1,175,000, it was a large 4/5 BR colonial with a big FR and about 4000 sq. ft. of finished space. 5613 Newington Rd. sold for \$1,150,000 and featured a huge 600 sq. ft. addition on the back of the home. 5719 Ogden is a five level split which sold for \$894,000. It is a spacious home on a great lot, ready for some kitchen updating. 5507 Jordan Rd., a wonderful house with a FR and a two-car garage, listed at \$1,159,000 and is pending a June settlement. 5709 Ogden, with a great FR addition, listed at \$995,000 is pending. 5712 Cromwell, which was asking \$899,000, had two offers and settles in June. All of these homes were sold quickly for excellent prices.

The lesson to be learned from the resurgent market of 2013 is that patience is almost always rewarded. In the depths of 2009, few would have believed that we would see the day that neighborhood homes received one, two, three offers again. And sell over the asking price. Not every home can command that kind of attention but the liquidity of your investment is once again stellar. For this we can be thankful.

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