

WOOD ACRES!

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

January, 2006

Dear Wood Acres Area Resident,

Take a deep breath. The market is fine. Repeat after me, “the market is fine.” The media has been beating to death the idea that a real estate “bubble” is imminent, or even bursting as we speak. If you listen long enough to news reports, it would appear that the end of civilization as we know it is upon us. I *would* argue that the days of multiple contracts over the asking price, buyers wrestling each other on the front lawns of houses, and ever soaring prices each month are going to be a bit more rare. After an astounding run of double digit appreciation during the last several years, I would consider it a significant achievement if housing prices in our area stabilized and consolidated the impressive gains we have all experienced.



The Washington D.C. economy is roaring. Unemployment is low, job creation leads the nation, the stimulation of massive government spending brought on by increased homeland security has rained money on our region. Interest rates are only 1/4% higher than a year ago, about \$100 more a month on a \$600,000 mortgage. The Fed seems poised to cease raising interest rates.

Mortgage interest products are vast and varied and allow buyers the flexibility to find ways to manage their money. As I have said before, the media will tell you that certain interest only products are the devil, but these loans, used by wise and responsible borrowers, help younger couples reach farther up the ladder earlier in their lives. Young couples with excellent incomes and job growth prospects can now often bypass the “Kenwood Forest Townhouse” and go directly to Wood Acres. Consumer confidence is critical to the real estate market. Over the last several months, the experts have been “surprised” that consumer confidence has *increased*, even in the face of Katrina, the feared “real estate bubble” and spiking gas prices. All these factors point towards a healthy market in the coming year.

Having said all that, I totally “get” the worry pervading the market at the moment. Allow me a Don Henley reference, “End of the Innocence” from 1989: “Who knows how long this will last, or how we came so far so fast.” It’s natural to stand back and look at the average price in Wood Acres just two years ago and say, “is it really sustainable that prices in Wood Acres have risen over \$100,000 in each of the past two years?” My explanation is pretty simple. No one knows for sure what will happen in the future. Last year’s soaring mutual fund is this year’s bust. But over time, quality wins out and trying to time markets just doesn’t work. I had a close friend sell his home in 1999, convinced that real estate had peaked and the world was nuts. He missed out on five incredible years of appreciation and hundreds of thousands of dollars. No one knows! What we *can* quantify is that great

schools, intense community participation in the quality of neighborhood life, classic architecture, magnificent tall trees, and a short pleasant commute all contribute to long term value. Your home may or may not go up in value this year, perhaps it will recede a bit. Or maybe we all get slapped in the face and prices continue to rise.

As we watch this next challenge unfold, it's worth mentioning that 2006 marks not only the completion of my **25th year in real estate**, but also **Stuart and Maury Inc. Realtors 50th anniversary**. There truly is no substitute for experience in my business. I have been the #1 real estate agent in the 20816 zip code every year for over two decades. I have sold over 300 Wood Acres homes during the past 25 years. There have been great markets with multiple offers and all the challenges that come with them. I also sold dozens and dozens of homes when interest rates were over 14% and no adjustable rate mortgages *existed*, and everything in between. I have sold over 1200 homes. An agent experiences a lot of odd things over such a period of time and one day I just may write a book. But all those "gray hair" experiences add up to being both wise and seasoned, a valuable asset to any seller.

I have created a "link" that will provide you with superior detail on just about every home sale in Wood Acres in 2005, all at your fingertips on the computer. You'll find all the details on sales in Wood Acres plus, in many cases, virtual tours and extra pictures. The link is as follows:

<http://matrix.mris.com/Matrix/Public/Email.aspx?ID=11265124115>

Okay, for the 26th year in a row, here are the details of another terrific year for Wood Acres real estate:

- The average final sold price in Wood Acres in 2005 skyrocketed again to **\$856,876**. That's a **14.9%** increase over last year's average of \$745,664. For perspective, the average sold price of a Wood Acres home in 2000 was \$470,800. Five years later, the average is up 82%, or \$386,076, just a tad under 13% per year. Keep in mind that's 13% a year on the gross value of your home, not your equity. The return on *equity* is truly astounding.
- As evidenced by the accompanying chart at the back of this letter, Wood Acres prices have experienced double digit appreciation in **five** of the past eight years. Double digit Wood Acres appreciation occurred only **four** times between 1979 and 1997.
- 21 homes were sold in the Wood Acres community in 2005, a 25% drop in inventory. Of course, it can also be said that 175 of the 400 homes in the community have turned over in the past seven years. Geez, maybe it's time to get out and introduce yourself to all the new neighbors again!
- The high sale in Wood Acres this year was the record setting sale of \$1,180,000 on lower Ramsgate Rd. This home is the second house in the community to sell for more than \$1,000,000. However, we all know that dozens of homes have major renovations and expansions and the number of homes in Wood Acres that exceed a million dollars in

value may approach as many as 80 or 90. These homes rarely come up for sale. The homeowner who built a two-story addition made a choice to stay long term. Occasionally, buyers, or appraisers say to me, “well, there haven’t been too many million dollar sales in Wood Acres.” It takes a deeper, more intimate knowledge of the community to understand just how much value is present throughout Wood Acres.

- A home on Welborn Dr. sold for \$719,000 in 2005, the lowest sale in the community. This home had been rented since 1965 and obviously needed a full scale renovation which is now underway. During the past year, only one home sold on Mass. Ave., for \$751,000. The previous year, in 2004, there were four sales on Mass. Ave. This held down the average sold price in that year. The low sale price in 2004 was \$545,000, on Mass. Ave.
- Six of the twenty one sales in the community in 2005 were sold without coming fully on the market. This included both the high sale and the low sale. Every year, I’m able to match several sellers and buyers in Wood Acres. Sometimes, sellers prefer the quiet route.
- In 2005, Wood Acres homes sold for exactly the same percentage of sales price as the previous year, 2.8% *above* the initial asking price. 10 of the 21 sales last year involved multiple offers. This phenomenon *could* fade in 2006, but exceptional homes may continue to attract more than one buyer. One of the critical decisions listing agents and sellers will have to face in the coming year is when to consider an offer on a property. In the past few years, we often waited five to seven days. I’m not sure that will be the best strategy in the coming year, we’ll have to see.
- The rental stock in Wood Acres dropped by two homes to a total of 20 in 2005. This represents about 5% of the community. Rental rates have been flat for several years now, a by-product of the strong sales market. On the high side, Stuart and Maury Inc. Realtors manages a home in Wood Acres that commands \$3,800 a month and to my knowledge the low rental rate in the community is about \$2,225.00. For the most part, the average home rents in the mid to high \$2,000’s.
- For the 25th straight year, I will try to reassemble where the departing 21 owners moved to in the last year. Five owners moved out of town to places such as Georgia, Williamsburg, Va., Maine, and Charleston S.C. Five owners moved to other areas in Bethesda, including Springfield, Greenacres, English Village, Sumner Village and Sumner. Two sellers moved to River Falls and another to deeper Potomac. Two sellers retired to smaller quarters and one estate was sold. Surprisingly, three owners moved to close-in D.C., the first time I’ve seen that move in a number of years. Finally, two rentals were sold.
- The statistics that I assemble each year do not include sales of the Greenberg built Avalon Ct. homes. In 2005, a home was sold on Avalon Ct. for \$870,000. Strangely, the new owners then rented the home for \$4200 a month, then put the

house back on the market for sale at \$1,299,900. I don't know what that is all about but I suppose you might find a picture of that house if you looked up the word "ambitious" in the dictionary.

Let's step back now and take a wider look at the market in the 20816 zip code in 2005:

- 234 single family homes sold in the 20816 zip code in 2005, a **drop of 16%** from the 279 sales posted in 2004. The average sold price in the 20816 soared again to **\$955,672**, an **increase of 16.1%** over 2004's posted average of \$822,471. The zip code overall increased just slightly more than the 14.9% increase in Wood Acres last year. The high sale in the zip code took place on Wiscasset Rd. in Glen Echo Heights for \$2,156,000. The low sale took place on River Rd. near the intersection of Little Falls Parkway for \$499,000.
- The number of \$1,000,000+ sales in the 20816 zip code increased more than 40% in the past year. 73 detached homes sold at or above the million dollar mark, a significant jump from the 51 posted the year before. It can now be said that almost 1 in 3 sales in our zip code last year sold over a million dollars.
- So where is the action in the upper bracket market taking place? 16 of the 73 million dollar sales took place in Glen Echo Heights, where knockdowns continue to be a large part of the market. 17 million+ sales took place in Westmoreland Hills/Overlook, all of which were existing re-sales. Seventeen more million dollar sales took place in Sumner and Ft. Sumner, all but one of which were re-sales. The Springfield/Westwood/Beacon Hill area had Eight sales over the million mark, and Tulip Hill posted four million plus sales. The Westgate area had four million plus sales, and Glen Mar Park had three.
- In addition to 204 sales that were reported through our Multiple Listing database in '05, I also discovered, correlated and included in my averages 30 detached sales that took place "under the radar screen." I found these sales through an exhaustive analysis of public record transfers in 2005. Expressed another way, a full 13% of the market last year in 20816 was transacted outside public advertising, newspapers, or general public knowledge. It might be suggested that a buyer ought to be interested in "connecting" with this part of this market. Knowing a true expert in the zip code can help in this process.
- As we sail into '06, I can report that very few homes are for sale in our area. I find it ironic that the media is pounding the point that inventory is up dramatically across the country. This is not the case in our area, at least not yet. Right now, there are only four homes for sale in the entire zip code under \$1,000,000 and only eleven offerings in total. Stuart and Maury sold two homes in early January immediately upon coming on the market, one in Wood Acres, one in Springfield. When there are few homes for sale, each new listing will garner enormous attention from the buying public. That all sounds like an environment that still favors the seller, at least here in January.

- Once again, the chart below will give you a snapshot of real estate activity in the communities of interest to Wood Acres residents:

	# Sales	'04 prices	'05 prices	High Sale	Low Sale
Brookmont	6	\$733,893	\$829,916	\$850,000	\$725,000
Fort Sumner	6	\$933,600	\$971,500	\$1,162,200	\$945,000
Glen Echo Hts.	34	\$856,417	\$1,051,206	\$2,156,000	\$601,000
Glen Mar Park	17	\$727,446	\$800,353	\$1,750,000	\$515,000
Greenacres	11	\$603,809	\$789,717	\$1,295,000	\$499,000
River Falls	18	\$1,200,166	\$1,413,167	\$1,795,000	\$1,150,000
Springfield	31	\$828,781	\$972,153	\$2,055,000	\$719,000
Sumner	19	\$936,764	\$1,012,626	\$1,285,000	\$675,000
Westgate	19	\$780,712	\$890,094	\$1,377,505	\$675,000
Westmoreland	16	\$1,054,703	\$1,295,500	\$1,775,000	\$975,000
Wood Acres	21	\$745,664	\$856,876	\$1,180,000	\$719,000

- Again, there were 234 single family homes sold in the 20816 zip code in 2005, about an 16% *decrease* over the previous year. The following chart tells an interesting story:

# of sales In 2005	Ave. Price in 2005	% increase from 2004	Ave. Days on market	Hi sale in 2005	Low Sale in 2005	# Sales over Million
20814 Zip Code						
254	\$858,370	+13.6%	34	\$2,400,000	\$449,000	60
20815 Zip Code						
270	\$1,147,586	+15.3%	34	\$3,850,000	\$489,000	136
20816 Zip Code						
234	\$955,672	+16.1%	21	\$2,156,000	\$499,000	73
20817 Zip Code						
448	\$1,029,247	+17.1%	40	\$4,500,000	\$440,000	146

Yes, there were 415 sales over a million dollars in the Bethesda/Chevy Chase zip codes in 2005. That's an increase of 43%. Note that the appreciation rates of all four zip codes are roughly similar. The high sale in the area was \$4,500,000 on Saunders Lane near Congressional Country Club (still the 20817 zip). The low sale in the area was on Montauk Ave. out the Old Georgetown Rd. corridor for \$430,000. While I am sure that the median sold price in the Bethesda/Chevy Chase zip codes was under \$1,000,000, the *average sold price for the 1206 sales above was \$1,005,474. Wow!*

- These Wood Acres homes have sold since my last letter in November:

	Original/List Price	Final Price
1) 6003 Corbin Rd.*	\$949,000	\$990,000
2) 6117 Ramsgate Rd.	\$850,000	\$850,000
3) 6104 Welborn Dr.+	\$820,000	\$820,000
4) 6205 Newburn Dr.+	\$800,000	pending
5) 6007 Wynnwood Rd.*	\$749,000	\$749,000

***Matthew Maury sale**
+Stuart and Maury sale

- **Stuart and Maury sold 17 of the 21 homes sold in Wood Acres in 2005, 80% of all homes sold.** My 25 year sales total in Wood Acres is now well over 300. **My career sales now top \$400,000,000.**

In 2005 I had my best year ever, again, selling over \$48,000,000 in real estate. I sold over 50 homes for the fifth straight year. Closer to home, I sold 32 homes in the 20816 zip code in 2005. The agent with the next highest total sold 18, followed by a third agent who sold eight. **I was involved in one out of every seven detached home sales in 20816 in 2005.**

What is more important to me is that each of these sales was completed entirely through my own efforts. I don't hire "assistants" and "buyer's agents" who essentially do the work while the credit accrues to me. When a seller or buyer hires my services, they get me. I'm there to show you homes, write contracts, negotiate prices, advise as to home inspections, arrange and attend virtual tours, supervise repairs, help stage property, attend appraisals, obtain termite reports, attend settlement and coordinate financing. All this work is done by me. When an agent is entirely involved in every step of the process, things get done right and homes settle.

Finally, on a personal level, my son Andrew is now a sophomore at Syracuse. You can visit www.andrewmaury.net and click on "music" and listen to "Night On Repeat", his most recent original composition. Aah, to be 20 again! Patrick, the 16 year old, is deep into SAT tutoring, preparing for his own college experience. My wife Barbara and I are preparing ourselves for the day when the house is empty, the next adventure is always right around the corner. The basketball phenomenon known as WAMBA (Wood Acres Mens Basketball Association) continues to attract over 45 participants each week. We were saddened to lose a WAMBA brother and Wood Acres resident this year. Tillman Saylor died in November. He was a great guy and will be missed by us all. Finally, thanks to so many of you who have referred me business over the years. It is always appreciated and I value your trust.

Sincerely,

Matthew Maury
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Principal Broker
Stuart & Maury Inc. Realtors

P.S. This Wood Acres newsletter, past newsletters, a 2005 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.

Wood Acres Sales Recap 2005

	Address	Original price	Final price	BR Tot	Full Baths	Half Baths	List Month	Days on market	Settlement Date
1.	6111 Ramsgate Rd.*	\$1,180,000	\$1,180,000	4	4	1	Jan-05	1	2/28/2005
2.	6003 Corbin Rd.*	\$949,000	\$990,000	3^	2	1	Sep-05	1	11/11/2005
3.	5905 Cranston Rd.*	\$875,000	\$940,000	4	2	0	Jul-05	3	8/16/2005
4.	5910 Welborn Dr.*	\$899,500	\$930,000	3^	2	1	Jun-05	6	9/1/2005
5.	5707 Gloster Rd.	\$899,000	\$900,000	4	2	1	Jan-05	5	2/24/2005
6.	6116 Wynnwood Rd.+	\$949,900	\$899,900	4	2	1	Apr-05	28	7/27/2005
7.	5907 Cranston Rd.+	\$829,000	\$895,000	3	2	2	Mar-05	4	7/1/2005
8.	5701 Harwick Rd.+	\$850,000	\$893,000	3	3	1	Apr-05	6	6/24/2005
9.	6103 Ramsgate Rd.+	\$799,500	\$850,000	3	2	1	Jul-05	4	8/31/2005
10.	6117 Ramsgate Rd.	\$850,000	\$850,000	3	2	1	Sep-05	1	11/30/2005
11.	5607 Harwick Rd.+	\$775,000	\$847,500	3	2	1	Mar-05	5	4/29/2005
12.	5603 Harwick Rd.+	\$769,000	\$830,500	3	2	1	May-05	5	7/19/2005
13.	6202 Cromwell Dr.+	\$755,000	\$822,500	3	3	1	Feb-05	5	4/6/2005
14.	6104 Welborn Dr.+	\$820,000	\$820,000	3	2	1	Sep-05	1	12/23/2005
15.	5911 Ramsgate Rd.+	\$815,000	\$815,000	3	2	0	Feb-05	1	4/29/2005
16.	6207 Cromwell Dr.	\$799,000	\$785,000	3	2	1	Apr-05	10	7/21/2005
17.	5917 Welborn Dr.	\$735,000	\$781,000	3	2	1	Mar-05	6	4/8/2005
18.	6111 Mass. Ave.*	\$724,000	\$751,000	3	2	0	Jul-05	7	9/6/2005
19.	6007 Wynnwood Rd.*	\$749,000	\$749,000	3	2	1	Sep-05	1	11/1/2005
20.	6105 Cromwell Dr.*	\$745,000	\$746,000	3	2	1	Jan-05	5	2/28/2005
21.	5922 Welborn Dr.*	\$719,000	\$719,000	3	2	0	Sep-05	1	11/1/2005
Average:		\$832,662	\$856,876				Average Days	5	
			102.91%				on market		

^had 4th room upstairs

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

* Matthew Maury participated in the sale of these homes

+ Stuart & Maury participated in the sale of these homes

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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	9.60%
1981	\$153,785	12	3.00%
1982	\$148,456	20	3.20%
1983	\$159,808	23	7.00%
1984	\$179,280	29	12.20%
1985	\$194,000	26	8.20%
1986	\$209,543	31	7.50%
1987	\$276,972	22	32.10%
1988	\$319,808	25	15.40%
1989	\$358,000	19	12.10%
1990	\$328,626	19	-8.20%
1991	\$335,810	29	2.20%
1992	\$323,795	22	-3.60%
1993	\$343,366	29	6.00%
1994	\$354,481	27	3.20%
1995	\$355,411	18	0.02%
1996	\$347,846	13	-2.10%
1997	\$351,105	19	1.00%
1998	\$396,528	17	12.90%
1999	\$436,842	38	10.10%
2000	\$470,800	20	7.80%
2001	\$543,312	24	15.40%
2002	\$596,541	25	9.80%
2003	\$638,465	19	7.00%
2004	\$745,664	28	16.80%
2005	\$856,876	21	14.9%

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