

WOOD ACRES!

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

January, 2008

Dear Wood Acres Area Resident,

2007 will be remembered by most as the year that the credit crisis emerged and put the brakes on the eight-year long roaring real estate market. The data you will read about in this year-end recap will surprise you. 2007 was a remarkably good year. I know, you are thinking, “how can that be?” While numbers DO sometimes lie, the depth of the data, especially when looking at hundreds of sales in the entire zip code, tells a story. Prices on average were UP in 2007, not at the same pace as previous years, but UP just the same. The number of sales continued to slide and the last five months of the year were certainly more difficult than earlier in the year.



The market seems to have a crisis of confidence. This will pass. The depth of money in this city is substantial. And we are an extremely mobile society, especially the Washington area. People will want to move and need to move. There will be a market. Sellers will have to adjust their expectations but will be able to “make it up” on the other side of a purchase if they are clever and resourceful. There are bona fide opportunities out there in the marketplace for the larger “next” house. Inventory in the best close-in areas continues to be thin however, and being educated on value and prepared to take intelligent action quickly when an opportunity is identified has never been more important.

The lending industry is still in quite a lather. Your credit score has never mattered more. I encourage all of you to examine your credit carefully. Correct errors, employ strategies to improve it where you can (minimize credit card debt and make those payments on time!). More than ever, the best interest rates are going to go to the best applicants. The options available to structure the ability to buy independent of the sale of your current residence are not as wide as they once were. Talking to a lender well in advance to understand what your options are, if you were to decide to purchase in the coming year, has also never been more important. I am a big proponent of referring business to people I trust. I recommend Steve Jacobs at FNMC because he is a neighbor, a quality guy and his company is very competitive and reliable. Unlike most of the major real estate companies out there, I don’t have my hand out to lenders and title companies looking for “compensation” for referring business. I think it’s wrong. I just want lenders and title companies to do a great job and make the thing work.

The amount of detail in this letter can easily overwhelm even the most eager reader. But if you dig down inside it, it will make you feel better. Things were much better than they may have seemed in 2007. Here’s hoping we can make 2008 happen in a similar manner!

Here we go again, for the 28th year in a row, here are the details of a challenging, but ultimately impressive year for Wood Acres real estate values:

- The average price of a Wood Acres home **rose 6.8% in 2007** to a lofty and all-time record high of **\$915,014**. The sample was very, very small, about half the number of sales we usually experience, and the numbers were enhanced by the sale of three homes with a fourth bedroom addition. However, it can be fairly argued that more than a quarter of Wood Acres now has the two-story addition and these homes are very much reflective of Wood Acres value. The year before, in 2006, prices remained flat in Wood Acres, averaging around \$856,000, about the same number as 2005. Aaah, to remember the “good old days” in 2004 and 2005 when appreciation rates of 14.9% and 16.8% took our breath away! And still, I wrote in early 2006 that if we could just consolidate our gains and hold them, we would have really achieved something. Wood Acres more than achieved this in the last year. Numerous other high quality communities also posted gains in 2007. This is evident in the table you will find in the coming pages.
- Only 11 homes were sold in Wood Acres in 2007, one of the lowest total in 25 years. Wood Acres has averaged 24 sales a year over the decades. Other than 1996 when 13 homes were sold, the last time we had so few sales was in 1981 when 11 homes were sold. Why is this? It can be noted that a couple of homes came on the market and did not sell in 2007. A home on Welborn was for sale for months, reduced \$54,900 and eventually was rented. Another home which was sold this summer on Cobalt for \$955,000 was put back on the market at \$989,000 for a month in the fall, did not sell, and those new owners also decided to rent the home. The home rented quickly for \$3800 a month. It is clear that the troubles brought on by the credit crisis in August have deterred families from making major decisions. As I have said before, these dreams haven’t been extinguished, just delayed. Meanwhile, the decision to add a large addition onto a Wood Acres home continues to be a popular one. Two huge additions on Cranston Rd., and large additions on Devonshire, Wynnwood and Cromwell in recent months are evidence that owner confidence in the long term value of Wood Acres has not wavered.
- The high sale in Wood Acres last year took place on Newborn Dr. for **\$1,201,000**. This is the second year in a row in which a home has sold over \$1,200,000. I continue to believe that there may be as many as 10 to 15 homes worth between \$1,300,000 and \$1,400,000 in Wood Acres, but those owners made a decision to stay for the long term when they built and these houses just don’t come up for sale very often. Until we actually post a sale above the \$1,300,000 range, the market value for Wood Acres finest homes will be a debatable question.
- The low sale in Wood Acres in 2007 was a home I sold on Massachusetts Ave. for **\$728,000**. The home had been held by same family for decades and had been rented for many years. The low sale in 2006 was also on Mass. Ave. for \$689,000. I would be hard pressed to believe that any Wood Acres homes in the interior of the community would be worth much less than mid \$700’s at this point, but it is very hard to get a handle on just how much of a toll the mortgage drama and subsequent buyer resistance has taken on

values. The first four months of this year will be an important proving ground.

- In our business we sometimes look for “benchmarks” which will reveal the state of the market. A home on Cranston was sold in 2005 for \$940,000 at approximately the height of the “multiple contract” phenomenon. The home had been listed for \$875,000, had five offers and sold \$65,000 over the asking price. The new owners lived in the home for two years but got a great job offer in the Boston area and asked me to put the house back up for sale in June of 2007. The house sold again, in two days, this time for \$995,000. It says a lot about the house and the intrinsic quality and appeal of the home. It also says something about the market. Many will tell you that the “bubble” has burst and housing prices are way down from the “hey day.” I would point to this story as an example that, in the very best communities, this is not necessarily the case.
- Five Wood Acres homes sold over the asking price in 2007, defying the trend in the marketplace. It is true that these sales took place earlier in 2007 before the credit crisis took hold in August, but when almost half of the homes in a community still sold above the asking price it can only be seen as impressive. It can also be stated that experienced and knowledgeable Realtor specialists knew what they were doing when they priced these homes. It took, on average, only 12 days to sell a Wood Acres home in 2007, a 50% *improvement* over 2006 when it took 24 days. However, all around us, homes are taking longer to sell now and I would expect that this may be the case in the coming year, even in Wood Acres. If the now rented home on Welborn had eventually been sold last year, the days on market stat would have risen dramatically.
- During the past 12 months, Wood Acres homes sold for 99.2% of their asking price on average, besting the superb performance of 98.5% in 2006. This isn't supposed to be happening anymore. Since August, it is a more rare occurrence for a seller not to have to demonstrate flexibility. I recently sold a brand new home in Bannockburn. The original price from the builder was \$2,550,000. The home was reduced several times and for sale for most of 2007. I represented a buyer who made an aggressive offer and eventually purchased the home for \$1,950,000. I would encourage sellers to prepare themselves for negotiation and flexibility, it's a brave new world out there.
- When I sold the Mass. Ave. home this year for \$728,000, it reduced the rental stock in Wood Acres down to 17 homes, but then late in the year, when homes on Welborn and Cobalt struggled to sell and converted to rentals, the rental total rose back to 19 homes. This is about 4.5% of the community. Stuart and Maury manages about half of these homes. A superior Wood Acres rental brings in the upper \$3,000's a month. Six Wood Acres have rented above \$3500 in the last two years. A more modest home rents between \$2400 and \$2750 a month. It's rarely discussed, but the State of Md. smacks landlords when it comes to property taxes. There are no caps on yearly increases, unlike owner occupants who have increase protections of 10%. Thus, the property taxes paid by landlords, who often have

owned these homes for decades, end up with yearly property tax payments exceeding \$8000-9000 a year in Wood Acres. This potentially filters down into monthly rental increases for tenants.

- For the 28th straight year, I have assembled information as to where the departing Wood Acres owners moved to in the last year. Three owners moved out of town, to the Eastern Shore, Boston and Baltimore. Four owners bought a bigger home nearby in Sumner, River Falls, Tulip Hill and Searl Terrace. One owner moved to retirement living, one rental was sold and two estates were settled. With a sample this small, I doubt it's worth trying to identify any trends.

Let's step back now and take a wider look at the market in the **20816 zip code** in 2007:

- 184 single family homes were sold in the 20816 zip code in 2007. This continues a march downward in the number of sales over the last four years. Follow the decline:

2004: 279 sales **2005:** 234 sales **2006:** 227 sales **2007:** 184 sales

The 184 sales in 2007 represents a decline in the number of sales of single family homes sold in the 20816 zip code of 34% from 2004. Our zip code was not alone in this decline. 159 homes were sold through MLS. A very detailed and careful research of public records reveals that another 25 homes were sold in the 20816 zip code and I have included these sales in the stats printed in this letter. 11 of the 25 "off the books" sales were sold to builders between the prices of \$500,000 and \$752,000. In all of these cases, the homes have been torn down and new homes are rising. It is not unusual for builders to be approached, either directly by homeowners of tired, disadvantaged housing, or by real estate agents searching for builder product.

Be aware that you will receive all kinds of conflicting information regarding the average sales price in your zip code in the coming weeks. Remember, the numbers described here are for single family homes, no condos! Also, I don't think anyone else is going to take the time and trouble to locate those 25 sales that did not appear in MLS. But I consider that information a critical part of understanding what really happened in the last year. In short, I lay claim to the following information being the most accurate and exhaustive analysis you will receive:

Single family homes in the 20816 zip code increased in value in 2007 by 5.4%, to an average price of \$1,071,393. 74 homes sold over \$1,000,000, with seven of those selling over \$2,000,000. The high sale took place on Parkston Rd. at \$2,400,000, a new home built by Brett Tulacro, a builder who also holds a real estate license with Stuart & Maury, Inc.

- For the third year in a row, Westmoreland Hills posted the most million dollar home sales, with 20 of their 22 sales exceeding \$1,000,000. The big story above a million dollars in our zip code was the Springfield area, where the sale of several new homes rocketed their numbers to eleven million plus sales, including four of the seven homes that sold over \$2,000,000 in the zip code!

Glen Echo Heights dropped from thirteen million dollar sales to eight, followed by Springfield/Beacon Hill area with eleven and Sumner with six. The Brookmont area posted four homes sales exceeding \$1,000,000 in 2007. In total, 401 homes in

Bethesda and Chevy Chase sold over \$1,000,000, just 2 fewer than the 403 in 2006 and only 14 fewer than the “go-go” year of 2005. 40% of Bethesda/Chevy Chase single family homes sold over a million dollars. These are enduring stats you will never read in the Post!

- The average sales price in all four major Bethesda/Chevy Chase zip codes ***increased again in value in 2007***. Is that possible in light of the downturn so widely reported everywhere? Yes, it’s true that these numbers reflect the entire year and not just the last five troubled months, but it does demonstrate just how good the market was from January through July last year. Let’s look carefully at the “days on market” stats. It is clear that homes are selling more in the range of 60 days on average from list date, not the 30-40 range we were seeing just a year ago. This is a “canary in the mineshaft” stat, indicating that things were more challenging than in previous years. Inside the numbers, take note that the four zip codes of Bethesda and Chevy Chase, 20814-20817, posted total single family sales numbers of 983 sales. This is a 12.0% DROP across the board in sales volume compared to a year before. It’s a 18.5% drop compared to 2005, and a 25% drop from 2004. Here are the tallies:

The following table breaks down the sales information for the four critical area ZIP codes:

# of sales in 2007	Ave. Price in 2007	% increase from 2006	Ave. Days on market	Hi sale in 2007	Low Sale in 2007	# Sales over Million
20814 Zip Code						
201	\$991,000	+7.5%	61	\$4,000,000	\$495,000	67
20815 Zip Code						
231	\$1,256,417	+1.2	61	\$5,300,000	\$490,000	122
20816 Zip Code						
184	\$1,071,393	+5.4%	63	\$2,400,000	\$490,000	74
20817 Zip Code						
370	\$1,039,543	+3.3%	70	\$4,700,000	\$351,000	138

Total single family sales for the 20814-20817 zip codes over the past four years:

2007: 983 sales **2006:** 1114 sales **2005:** 1206 sales **2004:** 1299 sales

No zip was immune to the drop in sales. Some would argue that fewer sales are taking place in part because so many people took action in the last four years. That would explain part of it, but it is also fair to say that the public has become more cautious too.

- We can take heart in the stats on the next page for individual neighborhoods. In 6 of 10 cases the average price in the communities listed below rose in value. In some cases substantially. New home building contributes to this phenomenon. In neighborhoods where several new homes have been built, such as Springfield or Glen Mar Park, the new homes of course cost more and drag the average sales price up substantially. In established

communities such as Sumner, Westmoreland and Wood Acres, where new home building is practically non-existent, the prices are naturally held back to a degree.

	# Sales 2007	'04 prices	'05 prices	'06 prices	'07 prices	High sale
Brookmont	6	\$733,893	\$829,916	\$1,047,143	\$1,389,120	\$2,219,096
Glen Echo Hts.	20	\$856,417	\$1,051,206	\$1,198,163	\$1,096,783	\$2,375,000
Glen Mar Park	17	\$727,446	\$800,353	\$819,794	\$1,067,279	\$1,775,000
Greenacres	9	\$603,809	\$789,717	\$771,660	\$865,777	\$1,475,000
River Falls	20	\$1,200,166	\$1,413,167	\$1,319,438	\$1,382,245	\$2,049,900
Springfield	26	\$828,781	\$972,153	\$1,056,909	\$1,214,792	\$2,400,000
Sumner	15	\$936,764	\$1,012,626	\$1,156,027	\$1,022,233	\$1,475,000
Westgate	16	\$780,712	\$890,094	\$921,374	\$908,780	\$1,400,000
Westmoreland	22	\$1,054,703	\$1,295,500	\$1,365,053	\$1,348,863	\$1,995,000
Wood Acres	11	\$745,664	\$856,876	\$856,658	\$915,014	\$1,201,000

- I sold 6 of the 11 homes sold in Wood Acres in 2006, bringing my career total to more than 331 Wood Acres homes sold. **Stuart and Maury Inc. Realtors sold 10 of the 11 homes sold in your community in 2007. My career sales now exceed \$500,000,000**, a milestone that would seemed impossible when I started in 1980. In 2007, I once again sold over **\$40,000,000** worth of houses, almost all of them within a few miles of Wood Acres. I was involved in the sale of 32 home sales in the 20816 zip code in 2007, eight more than the year before. For the **23rd year in a row**, I was the leading real estate agent in the 20816 zip code. I'm proud to say that the next highest selling agent was also a Stuart & Maury agent, Bob Jenets. Together, Bob and I were involved in about one out of every 5 homes to sell in the zip code last year. When you consider that there are about 10,000 agents out there (sometimes it feels like ten million), it's an accomplishment.

With two sons off at college, a senior at Syracuse and a freshman at Vermont, my wife and I rattle around the house and enjoy getting down to Rehoboth, when we can, with the Golden Retriever. He sees the suitcase come out and goes nuts. I continue to administer my real "full-time job", which is the Commissioner of WAMBA (Wood Acres Mens Basketball Assoc.). We added a *fifth* weekly game this year, a spirited 6:00 AM game at Wood Acres elementary. What we are doing awake at that time of day is anybody's guess but I am really proud of the 12 guys who show up every Friday morning! WAMBA finally captured a title in the Jelleff Boys Club Holiday tournament last month, the first one in eight tries and THAT was satisfying too!

While it's not reasonable to expect that 2008 can match the remarkable pace of the last few years, real estate has a way of surprising. Through ups and downs, experience matters. I look forward to the challenges the new year brings.

Sincerely,

Matthew Maury
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Principal Broker
Stuart & Maury Inc. Realtors

P.S. This Wood Acres newsletter, past newsletters, a 2007 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.

Finally, many of you received your triennial tax assessment in the mail in early January. Feel free to call me if you feel the assessment is unfair. I have the resources necessary to guide you and place the very best defense in your hands. Don't focus on how your assessment might differ from your neighbor or the percentage of the increase or anything like that. Focus instead on the central question. In mid-2007, was my house worth that? It's always possible to see the glass half empty or half full. We can pull together comparables that speak negatively if you wish. Request the worksheet the appraiser used to determine your individual assessment. Look for errors and mistakes. I can help provide you with square footage for comparable sales. In general, my observation is that the tax man did a pretty good job. It's, of course, ironic that the market turned weaker at just about the exact moment they finished their work. That must be driving them nuts. We have all read about the nasty deficit that Maryland now has; a result of spending like a drunken sailor when times were good. The State *needs* your money, an appeal isn't going to be easy, but in some cases, it will be justified.

Also, please, please, please note that in order to maintain and protect the "credits" you may have accumulated over the years on your property taxes, resulting from a 10% cap on how much your taxes can rise because you are an "owner-occupant", you **MUST** file the form that came with your tax assessment. Unlike previous years, the default is not to assume you are an owner-occupant, the State wants you to state, under penalty of perjury, that you are indeed an owner occupant. File the form, protect your savings!

Wood Acres Sales Recap 2007

	Address	Original price	Final price	BR Tot	Full Baths	Half Baths	List Month	Days on market	Settlement Date
1.	6318 Newburn Dr.**	\$1,195,000	\$1,201,000	4	3	1	Jan-07	3	03-15-07
2.	6103 Ramsgate Rd.**	\$1,039,000	\$1,086,150	4	3	2	Apr-07	4	07-16-07
3.	5903 Gloster Rd.**	\$1,010,000	\$1,010,000	3	3	1	Jan-07	1	03-21-07
4.	5905 Cranston Rd.*	\$989,000	\$995,000	4	2	0	June-07	1	08-06-07
5.	6005 Cobalt Rd.*	\$949,900	\$955,000	3	2	2	July-07	5	08-31-07
6.	6303 Newburn Dr.**	\$875,000	\$880,000	3	2	1	Apr 07	2	06-18-07
7.	5901 Gloster Rd.*	\$860,000	\$849,000	3	2	2	Dec-06	34	01-26-07
8.	6002 Milo Dr.*	\$819,000	\$809,000	3	2	1	July-07	2	08-16-07
9.	6105 Ramsgate Rd.*	\$799,000	\$790,000	3	2	0	Apr-07	1	05-11-07
10.	5903 Cranston Rd.	\$849,000	\$785,000	3	2	1	Oct-06	44	01-12-07
11.	6209 Mass. Ave.*	\$759,000	\$728,000	3	2	0	Sept-07	39	11-08-07
	Average:	\$922,172	\$915,014 99.2%				Average Days on market	12	

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

*Matthew Maury participated in the sale of these homes (6)

**Bob Jenets/Stuart and Maury Inc. participated in the sale of these homes

~ Average is adjusted slightly for two final sales that do not reflect seller closing cost payments.

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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%
2006	\$856,658	22	Even
2007	\$915,014	11	7.0%

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