

WOOD ACRES!

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

July, 2010

Dear Wood Acres Area Resident,

I've often said over the years that I wish I had bought a Wood Acres house every year for the past 30 years. The intrinsic long term value of Wood Acres has never been on display in a more certain manner than during the past six months. While the economic "recovery" struggles along in fits and starts, and the stock market teases us with gains and then wild fluctuations, the steady march of Wood Acres real estate reaffirms my impression that owning a Wood Acres home is a truly exceptional investment. The historical average number of homes sold in Wood Acres per year, over the past 30 years, has been twenty one. In the past three years, 2007-2009, we have had 11, 14 and 16 homes sell in Wood Acres. So it is with more than a little pride that I point out that in the first **half** of 2010, we have had 13 sales already. Even more impressive, the average sales price on these thirteen homes has rocketed to over \$910,000. Considering that the average sale in Wood Acres last year was \$817,236, this is a startling development. I have waited a touch to write this letter so that I could report as many final sales prices as possible, here's the "tale of the tape" so far:



		<u>Orig Price / Last price</u>	<u>Final Sales Price</u>
1)	6208 Newburn Dr.	\$1,095,000	\$1,095,000
2)	6103 Ramsgate Rd.**	\$1,139,000	\$1,129,000
3)	6110 Cromwell Dr.	\$995,000 (last yr)	Pending
4)	6106 Cromwell Dr.*	\$975,000	\$940,000
5)	5703 Gloster Rd.*	\$919,000	\$905,000
6)	5903 Gloster Rd.	\$849,900	\$897,000
7)	6204 Welborn Dr.	\$895,000	\$895,000
8)	6308 Avalon Dr.*	\$844,000	\$844,000
9)	6104 Welborn Dr.*	\$849,000	Pending
10)	6004 Milo Dr.*	\$899,000	\$840,000
11)	5916 Welborn Dr.*	\$835,000	\$835,000
12)	6102 Welborn Dr.	\$839,000	(\$800,000) \$825,000+
13)	6005 Welborn Dr.	\$869,000 (2 yrs ago)	(\$762,000) \$747,000+
	*Matthew Maury sales (6)	**Bob Jenets sale	+adjusted net

As of this early July writing, a lead story in the Washington Post is full of gloom. Housing starts nationwide are down, inventory of existing housing is rising again, and a second wave of foreclosures seems to be leaking into the market as lenders reach the end game with struggling borrowers. All these problems are real and they may indeed eventually reach our door...again...only time will tell. However, the argument, as to why housing is suddenly struggling nationwide, advances a few notions that don't apply much to our area:

- 1) **The tax credit expired.** Certainly the \$8,000 first time home buyer credit spurred the housing market over the past year or so. But the effect on our Wood Acres area was very indirect. I have never MET a homebuyer who was planning to benefit from the credit. That says more about the price range and area that I work than the marketplace in general but it does demonstrate that buyers of Wood Acres housing were not using the credit to purchase. Maybe they sold their home in Gaithersburg, Silver Spring, Germantown, Burleith in DC, to a buyer who used the credit. This is possible. I can tell you that the credit was not on the front burner in selling Wood Acres housing and thus, the loss of the credit isn't likely to seriously affect housing prices in our area in my opinion.
- 2) **Foreclosures are going to erode surrounding property value.** So far, there has been one Wood Acres sale, on Mass. Ave., in which the transaction was a "short sale.", meaning the bank agreed to allow the home to be sold for less than the existing indebtedness. There have been no foreclosures. If we haven't seen a foreclosure during the nasty years of 2008-2009, I don't see it happening going forward. Thus, Wood Acres values will NOT be negatively affected, directly, by foreclosures that would drag down the value of everything around it. This has to be agonizing in places like Florida where streets have multiple foreclosures. Can you imagine how hard it would be to sell a home in Wood Acres if 10 or 15 of your neighbors had lost their homes to the bank? If you just shuddered, join the club. Bottom line. It isn't happening here and thus, our values are not impacted negatively. The reason it's not happening here leads to the next point.....
- 3) **Unemployment is still high and people can't buy when their jobs are not secure or they don't have a job.** Makes sense, doesn't it? And yet, the unemployment figures for the DC area are healthier than just about anywhere in the country. Yes, even in our area, unemployment is too high and lots of people are struggling. In general, however, the DC job market is so much more healthy and vibrant than the rest of the country, mostly because our primary "industry" is the government. Even our private sector feeds off Federal dollars in so many ways. I can tell you that lots of buyers have been on the sidelines for a couple of years. They want to live where you live. They want "in" on the quality of our schools, the quick commute to downtown, the safety and serenity of tall trees and classic architecture. They want lasting property value. They want to be where there are lots of young kids. They want well built houses that have stood the test of time. It's hard to find a community in which the "center" of the market is more prevalent. Three bedroom, two bath colonials on quiet streets are a hot commodity, always have been, always will be.

When you read and hear in the media about housing and the “market”, try to remember that we live in a bubble. We live about a mile to the DC line, less than 10 miles from the White House, in an area that was very gently affected by the economic catastrophe of 2008-2009. Of course we were going to come back, and quickly. Will there be ups and downs going forward? Sure. But we are proving right now that all the basic aspects that caused Wood Acres homes to go up in value and hold their value, are in place and as rock solid as they have ever been.

There are lots of stories that revolve around the 13 sales listed on the front page, let’s take a look at several of them:

- **Sales over a million dollars.** Here’s a quick trivia question. In the history of Wood Acres, how many homes have sold over a million bucks? With the settlement of the two properties on Newburn and Ramsgate, the number now stands at 11 homes. Newburn was a classically enhanced home with a two story addition creating four bedrooms, three baths, and a family room and mud room. It sold for full price at \$1,095,000 and settled this spring. My associate, Bob Jenets, listed a terrific, and quite unique lower Ramsgate Rd. home which sold for \$1,129,000. This home remained a three bedroom house, but oh what a master bedroom and master bath. Plus, the home had a two car garage. There are only a few Wood Acres houses with a two-car garage in the entire community. Combined with over 3000 square feet of living space on the first two floors, this was a special house.
- **Finally!** In a community where homes rarely stay on the market for more than a few weeks, having a home on and off the market for *years* is very unusual. The home on Welborn that sold at the stated price of \$762,000 first came on the market in November of 2007. It finally settled in May of this year. That’s a long haul. Along the way, the home, which was originally priced at \$869,000, was pulled off the market and rented to a Wood Acres couple who were building a major addition on their home. Then it was rented to another couple in Wood Acres who were building a major addition, then it quietly went under contract, contingent upon the sale of a DC property (I was involved in that one!). The DC home didn’t sell within the contingency period and the owner opted to rent the home, once again, to another tenant, rather than continue on with my buyers. The DC house sold about 5 days later and my couple bought an even better house for less money. The price wandered down and around over the years, coming to rest this spring at \$799,000 and then \$759,000. The home was sold with the sellers paying a \$15,000 closing cost credit for the buyers, effectively reducing the net from the stated sold price of \$762,000 to an effective \$747,000. It’s a nice home and deserved a better fate. There aren’t going to be too many Wood Acres homes that will be sold down in that range anymore, and a few minor modifications can make that home a great buy.

We’re not done with “finally” yet. Two other homes sold recently that have been at it for awhile too. My listing at 6106 Cromwell Dr., one of the very best looking homes in all of Wood Acres with an appealing front porch, settled in June for \$940,000. Two doors away, 6110 Cromwell is pending settlement. Both of these homes tried to sell in the summer of 2009, without success. My sellers at 6106 ended up renting the home, again to a couple in Wood Acres building a large addition, after being on the market last summer for just a month. We were offered a great price for an eight month rental and it got us out of the doldrums of the summer ‘09 market and into the improving environment of the 2010 Spring market. The 6106 sellers bought the home in 2006 for \$950,000 and put in a marvelous, very expensive expanded master bath.

The 6110 owner was unable to sell last year, after being for sale for 173 days. This time around the price was brought down from \$995,000 to \$975,000 and it is scheduled to settle shortly. Great job Kat!

- **Hey, I didn't know about that!** Three sales on the above list were quiet sales in which I matched the right buyer with the right house that was not "on the market.". I sold a home in the middle of the Blizzard of 2010. I quietly showed the home on Welborn Dr. the day the snow started coming down, wrote an offer by scan and email and went over there and presented the thing with about 24 inches of snow covering *everything*. The buyers had to make a certain leap of faith regarding the condition of the home, the backyard, bushes, what it would look like without Mt. Everest covering it. We worked our way through the appropriate inspections as the snow melted. They got a great house. The home backs to the splendor that is Wood Acres Park. We will all miss the sellers of 5916 Welborn Dr., Jim and Pam Seale, who were long time Wood Acres residents. Jim and Pam are plotting a move to the Eastern Shore in about a year. They found a place, bought it, but can't move into it until next summer (the seller is building a home). So they sold Welborn and I found them a rental nearby. They are currently "parked" in a home on Wilson Ln. owned by a church which is pretty ironic considering that Jim is a minister!

The buyers of 5703 Gloster Rd. purchased that home from sellers who had bought at the peak of the market in 2006 for \$950,000. At the time, the home had five offers. This time around the house sold for about 5% less. It backs to the park and has a Home Stretchers one story family room addition on the back. We have had several owners need or want to sell homes that they purchased in 2004-5-6. In general, we have been able to help them move on with their lives, although a few have suffered an economic hit. Even if a seller is able to sell at or near the price they purchased at, closing costs in and out can result in a pretty painful loss.

The third of my three "not on the market Wood Acres sales", and the most recent, is at 6104 Welborn Dr., which had an asking price of \$849,000. Again, I had the right buyer at the right time. The sellers are headed to the Denver area. They purchased in Dec of 2005 for \$820,000, put about 50K into improvements, and are pending a settlement in August.

- **I just didn't get it at all.** A home on Gloster Rd. was listed for \$849,000, had five offers, and sold way over the asking price at \$897,000 this spring. I wrote an offer at \$910,000, but the owner took the "cash" offer rather than an offer contingent on financing, which we considered a slam dunk. This home was sold in the fall of 2004 for \$920,000 and at the time, had about four offers and sold \$41,000 over the asking price. Many of you may remember the Allens, a wonderful British couple, who built the two-story addition creating a fourth bedroom upstairs. We all know the kind of value this creates. The garage was finished into a very large open kitchen and it has a first floor family room and a great backyard. Consider the following: Wood Acres prices, on average, rose 14.9% in the year following the 2004 purchase (2005), they were even in 2006, went up 7% in 2007, dropped 7.23% in 2008 and dropped again by 3.73% in 2009. Forget that we are up dramatically in 2010, if you bother to do the math on all those years, you would come out around \$1,075,000, NOT \$849,000 as an asking price. I've spent the better part of this spring explaining to appraisers that this sale has to be considered an aberration. I'm pleased to say that every appraiser has accepted and agreed with my analysis too. Bank appraisals, which used to be so easy in the go-go years, have gotten scary during the past year. Because I have been in every house that has sold in Wood Acres for the last 30 years, I am able to provide appraisers with the necessary information, mitigating factors, and analysis necessary to insure that the homes I am involved in are appraised fairly and correctly. Knock on wood, we have had no train wrecks. Appraisals in general are going to be easier now that we have so many great sales this year.

- **Au Revoir!** Without a doubt, two of my favorite all-time Wood Acres residents were Bert and Eliane Lomax, who recently had me sell their residence on Milo Dr. Eliane is French and just about the most pleasant woman you would ever want to meet. Bert, well, he's a rascal. Together, they were great folks to have in the community since they bought (from Stuart and Maury!) in 1973. They figure that with a flat in Paris and a condo in Hawaii, and family in the Upper Northwest, it's time to enjoy them all. They will be greatly missed. Their home on Milo, which sold for \$840,000, was enhanced by a very large addition placed on the home in 1985. I can vividly remember talking them into being on the house tour in 1985 and it was the talk of the community at the time. I would say something else clever in French about them if I could but as Belushi said, "seven years of college down the drain." The French language will always remain a mystery to me.
- **How does \$800K become \$825K?** A recent sale on Welborn came out with a final price of \$800,000, but I have listed it as an effective net of \$825,000. The real estate agent was the mother of the seller, an unrepresented buyer proposed that she back out the "buyer's agent" commission from the deal, which was worth 3% of the sales price, to help her son. 3% of \$825,000 is \$24,750 and the lower sales price resulted in transfer taxes being lower to the seller by \$250. There you go, \$24,750 + \$250 = \$25,000. It's really important that appraisers, especially refinance appraisers, understand this nuance.

And so we come to rest with the notion that life is pretty good. Your home is up in value this year. I am not advancing the notion that the "average" Wood Acres home has risen in value to over \$900,000, even if the 13 sales this year says it has. We have had a superb crop of homes come up for sale so far this year and things are likely to even out with more modest sales as the year unfolds. I have a wonderful listing at 5606 Gloster for \$799,000 which just came up for sale. It's a basic home with a fantastic rear yard, perfect for that big addition one day. Not every Wood Acres lot is appropriate for the two-story add on, so this yard makes the home special. Pass the word, the best Wood Acres salespeople in the world are the residents themselves. You know what a great place it is.

Sincerely,



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

P.S. This Wood Acres newsletter, past newsletters, a 2009 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.