

SPRINGFIELD!

Westwood/Beacon Hill

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

January, 2006

Dear Springfield/Westwood/Beacon Hill 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 the Springfield/Westwood/Beacon Hill area just two years ago and say, "is it really sustainable that prices in our area 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 150 Springfield area 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 the Springfield/Westwood/Beacon Hill area in 2005, all at your fingertips on the computer. You'll find all the details on sales in our area plus, in many cases, virtual tours and extra pictures. The link is as follows:

<http://matrix.mris.com/Matrix/Public/Email.aspx?ID=11379719262>

Now let's move on to an analysis of the terrific real estate events that took place in your community in 2005:

- 32 homes sold in our area in 2005, five more than the previous year. This represents about 5% of the community. The Springfield community has averaged 26 sales a year on average over the last 23 years.
- The average price in the Springfield area rose a **17.4%** during the past year to an astounding **\$964,430**, up from the 2003 average of \$821,325. The average price has risen every year since 1997. Average Springfield area values have now increased more than **\$450,000** in just the last five years, including a **\$232,000** rise in the past two years. One important caveat. The home that sold on Newington Rd. this year for \$2,055,000 certainly skews the sample. If this sale is removed from the stats, the average sales price drops to **\$929,250**, still a remarkable increase of 13.9% last year. I would argue that the Newington sale should **not** be factored out however. There are certainly several homes in the community that approach or exceed that \$2,000,000+ sales mark. One of them may be coming up for sale this month. Several more are "in the works" for the Springfield area in the coming years. They are an important part of the value of the community.
- The high sale for the year was of course the Newington sale at \$2,055,000, rendering the 2004 high sale of \$1,240,000 a distant memory. Additionally, I sold a home on Searl Terrace for the highest ever in that enclave at \$1,400,000 and a private

sale took place on Albia Rd. at a price of \$1,325,000. Stuart and Maury also sold two other "Beacon Hill" homes at prices of \$1,266,200 and \$1,195,00 last year. There were also million plus sales on Jordan Rd. and Ridgefield Rd. This brought the total number of million plus home sales in our community to eight in 2005. This, obviously, was the highest total ever.

- In 2002 the low sale in our area was on Marengo for \$410,000. In 2003 it was a sale on Brookeway for \$529,000. In 2004, the low sale was on Pollard Rd. for \$615,000. Continuing the trend, the **low sale in 2005 was on Pollard Rd. for \$719,000**. It is a testament to the depth and breadth of value in the Springfield area community that no home was sold for less than \$719,000 in 2005!
- Once again homes in our community sold, on average, over the asking price last year. 32 sales sold for 100.94% of their original listing price. 19 of the 32 sales in 2005 were sold above the asking price with the largest spread taking place on Jordan Rd. where a home sold for \$270,000 over the initial asking price.
As always, a few sellers were a bit overly optimistic with their initial price. The second highest sale on Albia sold for \$1,325,000 but was originally listed for \$1,600,000. One of the newer houses built on Ridgefield at the turn of the century (2000!) was originally listed for \$1,297,000 before finally selling for \$1,100,000.
- Ten of the thirty two sales last year were the colonial style homes. The average price of these nine sales was **\$1,191,820, a rise of 10.8% from the 2004 average colonial of \$1,074,833**. Throw out the high colonial sale of \$2,055,000 on Newington and the average falls to \$1,095,911. Throw out the low colonial sale on Briley Place for \$728,000 and the average rises to \$1,243,355. The top 7 sales in the community last year were all colonials.
- In 2005, 12 split levels were sold in our community, the same number as the previous year. The average sales price of these twelve homes was **\$906,129, an 17.1% increase from the 2004 average of \$773,566**. The high split-level sale for was on Ogden Rd. for \$1,025,000, the first original split without expansions to sell over \$1,000,000. This home had an exceptionally well cared for interior and a fantastic, flat backyard. The low split-level sale was on Knollwood Rd. for \$787,000.
- **Eight rambler style homes were sold in 2005 at an average price of \$798,500.** The 2004 average rambler sale was \$683,625 so the ramblers posted an **increase of 16.8%** last year. The high rambler sale was on Kirkwood where two homes sold for \$825,000. The low sale was on Pollard Rd. for \$725,000. The Pollard sale is not generally known to the public. This home is going to be torn down and a new home built in its place. The estimated price of the new home will be just under \$2,000,000. Additionally, both the rambler sales on Kirkwood for \$850,000 were bought with the intention of either knocking them down or building on top of them. The new price of one of these homes, upon completion, is expected to be in the range of \$1,895,000. A home on Cromwell in 2005 sold for \$725,000 and is now undergoing a two-story

renovation with an expected price of \$1,450,000 in the Spring. Spoken another way, four of the nine rambler sales in 2005 were sold with the expectation of either knocking them down (3) or building on top (1).

- It took on average about 14 days to sell a home in our community in 2005. This average is up a bit from seven days in 2004. This can largely be attributed to five homes that took longer than 30 days to sell last year. It can also be pointed out that 24 of the 32 sales went under contract in less than 10 days.
- These Springfield area homes have sold since my last letter in the fall:

	List Price	Final Price
1) 5711 Ridgefield Rd.	\$1,775,000	pending
2) 5917 Searl Terrace*	\$1,395,000	\$1,400,000
3) 5400 Christy Dr.*	\$819,000	pending
4) 5620 Knollwood Rd.+	\$799,000	\$787,000

***Matthew Maury sale**

+**Stuart and Maury sale**

Now let's take a quick look at the bigger picture of the entire 20816 zip code and the real estate activity that took place 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 at a rate just slightly less than the 18.3% increase in the Springfield/Westwood area 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 43% 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-plus 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 nine homes for sale in the entire zip code under \$1,000,000 and only eighteen 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. Here are the 2005 stats on several communities of interest nearby:

	# 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!

- **Stuart and Maury sold 17 of the 32 homes sold in in the Springfield/Westwood/Beacon Hill community in 2005**, five more than the previous year. I sold 12 of these homes. I have now achieved over **\$400,000,000** in career sales. I have now sold 152 Springfield area homes. As we celebrate Stuart and Maury's 50th anniversary, my father Deane Maury, and Bill Stuart, who started the company in 1956, continue to be at the office every day and their experience and wisdom is invaluable.
- **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 musical 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 Springfield/Westwood/Beacon Hill newsletter, past newsletters, a 2005 year end recap of sales activity in the Springfield area and a history of Springfield area sales going back to 1983, can be accessed at my web site **www.matthewmaury.com**. Click on Springfield. You can also find similar data on the subdivision of Wood Acres.

Springfield Area Sales Recap 2005

Address Original homes	Original price	Final price	Style of home	Total Bedrms	Full Baths	Half Baths	List Month	Days on market	Settlement Date
1. 5606 Newington Rd.	\$1,945,000	\$2,055,000	Colonial	5	4	1	Apr 05	6	Jun 05
2. 5917 Searl Terrace*	\$1,395,000	\$1,400,000	Colonial	6	4	1	Sept 05	9	Nov 05
3. 5501 Albia Rd.	\$1,600,000	\$1,325,000	Colonial	5	4	0	May 05	48	Aug 05
4. 5716 Marengo Rd.*	\$1,195,000	\$1,266,200	Colonial	5	3	2	Jun 05	2	Aug 05
5. 5508 Jordan Rd.*	\$989,000	\$1,259,000	Colonial	5	4	0	Mar 05	8	May 05
6. 5714 Marengo Rd.*	\$1,185,000	\$1,195,000	Colonial	6	2	2	Aug 05	37	Jun 05
7. 5206 Ridgefield Rd.	\$1,297,000	\$1,100,000	Colonial	4	3	1	Feb 05	20	May 05
8. 5623 Ogden Rd.*	\$975,000	\$1,025,000	Split level	5	2	1	Jun 05	5	Aug 05
9. 5701 Springfield Rd.	\$975,000	\$986,100	Split level	3	2	1	Oct 05	9	Dec 05
10. 5506 Kirkwood Dr.	\$950,000	\$950,000	Split level	5	3	1	Unk	1	Apr 05
11. 5500 Pollard Rd.	\$925,000	\$963,000	Cape	4	4	0	Jun 05	9	Aug 05
12. 5509 Christy Dr.*	\$879,000	\$931,455	Split level	4	2	1	Mar 05	7	May 05
13. 5607 Marengo Rd.	\$900,000	\$925,000	Split level	4	3	0	Mar 05	6	Jun 05
14. 5618 Jordan Rd.*	\$879,000	\$920,000	Split level	4	3	0	Jun 05	7	Aug 05
15. 5627 Lamar Rd.*	\$899,000	\$920,000	Split level	4	2	0	Jun 05	2	Jul 05
16. 5704 Newington Rd.*	\$879,000	\$895,000	Split level	5	2	1	Jan 05	1	Feb 05
17. 5505 Christy Dr.	\$889,000	\$890,000	Split level	4	2	1	Mar 05	4	Apr 05
18. 5401 Kirkwood Dr.	\$865,000	\$850,000	Rambler	4	2	0	Apr 05	9	Jul 05
19. 5418 Kirkwood Dr.	\$850,000	\$850,000	Rambler	4	2	0	Unk	14	Jul 05
20. 5520 Westbard Ave.	\$829,900	\$846,000	Rambler	5	3	0	May 05	9	Jul 05
21. 5621 Newington Rd.*	\$825,000	\$825,000	Split level	4	3	0	Dec 04	1	Feb 05
22. 5611 Lamar Rd.*	\$825,000	\$825,000	Colonial	4	3	0	Nov 04	1	Jan 05
23. 5605 Cromwell Dr.*	\$749,000	\$819,000	Split level	4	3	0	Feb 05	9	Apr 05
24. 5405 Kirkwood Dr.	\$825,000	\$810,000	Rambler	2	2	1	Sept 05	6	Nov 05
25. 5506 Cromwell Dr.	\$725,000	\$792,000	Rambler	4	3	0	Jan 05	6	Apr 05
26. 5811 Cromwell Dr.*	\$789,000	\$790,000	Rambler	3	2	1	Mar 05	6	Jun 05
27. 5620 Knollwood Rd.*	\$799,000	\$787,000	Split level	4	2	0	Nov 05	39	Dec 05
28. 5312 Briley Place*	\$749,000	\$765,000	Colonial	3	2	2	Oct 04	1	Jan 05
29. 5315 Briley Place*	\$749,000	\$728,000	Colonial	3	2	1	Sept 04	51	Feb 05
30. 5303 Cromwell Dr.	\$769,900	\$725,000	Rambler	3	3	0	Feb 05	33	Apr 05
31. 5517 Pollard Rd.	\$699,000	\$725,000	Rambler	3	2	0	Sept 05	1	Nov 05
32. 5603 Pollard Rd.*	\$749,000	\$719,000	Cape	3	2	0	Oct 04	85	Feb 05
Average:	\$955,619	\$964,430					Average		
		100.92%	Of list price				Days on market	14	

Source: Metropolitan Regional Information System, exhaustive public record research & careful memory.

*Stuart and Maury & Matthew Maury participated in the sale of these homes (Seventeen of thirty two!)

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Springfield area sales history through the years!

YEAR	AVG. SALES PRICE	HOUSES SOLD	GAIN/LOSS
1983	\$194,511	22	**
1984	\$202,464	28	+4.0%
1985	\$221,315	29	+9.3%
1986	\$247,090	22	+11.6%
1987	\$312,560	33	+26.5%
1988	\$404,444	45	+28.1%
1989	\$391,091	19	-3.3%
1990	\$453,300	20	+15.9%
1991	\$383,591	28	-15.4%
1992	\$372,950	16	-2.8%
1993	\$421,695	22	+13.0%
1994	\$404,260	23	-4.1%
1995	\$393,294	17	-2.7%
1996	\$387,227	26	-1.5%
1997	\$382,227	36	-1.3%
1998	\$409,821	31	+7.2%
1999	\$476,245	31	+16.2%
2000	\$511,386	22	+7.4%
2001	\$570,112	19	+11.5%
2002	\$616,812	32	+8.2%
2003	\$732,150	20	+18.7%
2004	\$821,325	27	+12.1%
2005	\$964,430	32	+17.4%

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