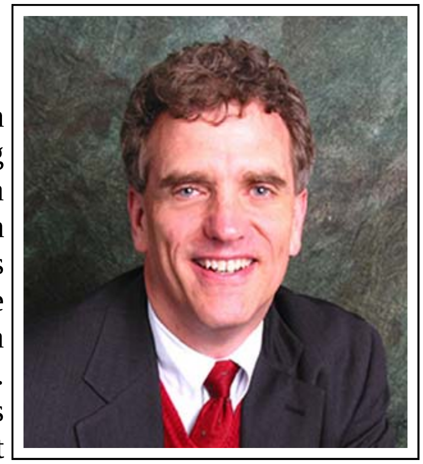
SPRINGFIELD
Westwood/Beacon Hill
A Real Estate Letter from Matthew Maury of Stuart and Maury Realtors

November 2010



Dear Springfield/Westwood area resident,

The road to "recovery" is certainly not a wide open four-lane superhighway. It appears that we are navigating something more akin to a bad stretch of the Pennsylvania Turnpike. Potholes, road work, tolls, etc. You get the idea. In the real estate industry there are many divergent opinions about what is really going on and in what direction we are headed. The "Bulls" will point out that the average price of a sold property is rising, both locally and around the nation. They will also point out that inventory is drifting down, banks are slowly chipping away at the mountain of bad loans, interest rates are the best in a generation, and that the market is stabilizing. The "Bears" will tell you that these improvements are a mirage. They fear a "second-wave" of foreclosures as struggling homeowners, who have held on to this point, finally capitulate and lose their homes to the weight of crushing debt. The Bears claim that rates have to rise soon, further dampening the real estate market and it's tenuous recovery. They point out that there is a "shadow" inventory of homes that failed to sell and were turned into rentals by reluctant owners who simply had no choice. The Bears will also claim that the foreclosure mess hasn't nearly turned the corner and that it will be years before all of the problems of delinquent loans are flushed through the system. These pessimists fear that these factors will scuttle any improvements we may have made this year.

The developing national story of the faulty foreclosure process is troublesome. I have little doubt that "foreclosure mills' were indeed prevalent at major lenders and title companies across the country. I have little doubt that paperwork was processed without due diligence and care. The sheer volume of foreclosure activity almost assured this result. We have laws and protections that are supposed to ensure that something as devastating and serious as a foreclosure follows careful procedures. It's unconscionable to me that such procedures might have been short circuited.

Having said that, intuition tells me that very few people had their homes taken from them without cause. You are either way behind on your payments or you are not. And millions of people are way behind, the result of a toxic mix of poor judgment on the part of borrowers, predatory and lax qualification standards on the part of lenders, and a struggling economy with high unemployment. My heart goes out to people on the edge who may lose or have lost their homes. Thanks goodness, my career has barely been touched by these sort of troubles, I have no interest in selling foreclosures, buying foreclosures, or dealing with the massive uncertainty connected to them. Of the one thousand houses that comprise Wood Acres (400) and Springfield/Westwood/Beacon Hill (600), ONE home has been sold at “short sale” over the past three years. Now of course, my career spans more than these two communities, but it is the heart and soul of what I do. We are very, very fortunate to live where we live. Have we been affected by this mess? Of course. The real estate market has been massively affected by foreclosures and short sales and eroding consumer confidence, which seemed on the rise earlier in the year, but has waned again this Fall. A recent media article emphasized that nationwide, 20% of those with a mortgage owed more than the house is currently worth. Another whopping 33% had equity of less than 10% of the value of the home. Wow! That will give you pause. I see very little of this “edge” type of purchase in our area, most owners are far better positioned.

However, when buyers are afraid that prices may go lower, they hesitate. “What if I buy this house and prices go lower?” This mentality seeps into everything. It could be correctly pointed out that this question could be asked on Wall St. every day. “What if I buy GM and it goes lower?” There is risk involved in all financial decisions.

Still, for what seemed like decades, buying a home was a no-brainer, it would go up over time in our area. I believe this is still the case, although the time arc is certainly longer. Buyers need to step back and see the bigger picture. Everyone needs a place to live. When they consider our area, they are buying into a “macro” Montgomery County infrastructure of excellent schools, an extremely safe community, tall trees, a community Park, a quick commute to one of the greatest cities in the world, an economy that is thriving compared to the rest of the country, superior home construction materials, ...in short, all the ingredients necessary to sustain long term protected value.

In our area in 2010, we HAVE made strides; the average sales price this year is going to up UP substantially. We have been getting homes sold, and for good prices too. Let’s take a look at the 2010 activity so far in the Springfield area:

		Orig Price / Last price	**Final Sales Price**
1)	5606 Newington Rd.	$2,150,000	$2,055,000
2)	5608 Jordan Rd.	$2,395,000/$1,999,999	$1,900,000
3)	5921 Searl Terrace*	$1,539,000	$1,539,000
4)	5714 Marengo Rd.**	$1,195,000	$1,160,000
5)	5606 Ogden Rd. *	$975,000	$975,000
6)	5404 Newington Rd.	$925,000	$925,000
7)	5441 Jordan Rd.	$950,000/$915,000	$880,000
8)	5708 Marengo Rd.*	$895,000	$867,000
9)	5504 Kirkwood Dr.*	$875,000	$864,500
10)	5604 Ridgefield Rd.	$1,049,700/$899,999	$850,000
11)	5618 Jordan Rd.	$847,000	$830,000
12	5606 Jordan Rd.	$899,000/$849,000	$837,000
13)	5311 Briley Place	$770,000	$700,000
14)	5411 Newington Rd.**	$699,000	pending
15)	5631 Massachusetts Ave.	$604,900	$560,000
	***Matthew Maury sales (4)**	**Bob Jenets sale	

As of this early November writing, which viewpoint (Bear or Bull) will prove correct is anybody's guess. Meanwhile, we are selling houses. Our ZIP code has proven to be extremely resilient over the past 18 months. The legitimate argument as to why housing may continue to struggle nationwide is rooted in notions that , in my opinion, 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 20816 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 in rather than the marketplace in general but it does demonstrate that buyers of 20816 housing were not using the credit to purchase, by and large. Maybe they sold their home in Gaithersburg, Silver Spring, Germantown, or 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 20816 housing during the past year and thus, the loss of the credit has not likely seriously affected housing prices in our area.

2) **Foreclosures are going to erode surrounding property value**. So far, in our Springfield area, there have been NO short sales or foreclosures. 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. If we haven't seen a foreclosure during the nasty years of 2008-2010, I don't see it much happening going forward. Thus, 20816 values have not been directly affected by the foreclosure crisis. Indirectly, we are affected in that buyers continue to be cautious and concerned. It must be agonizing in places like Florida where streets have multiple foreclosures. Can you imagine how hard it would be to sell a home in Springfield 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 holding up well. 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 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. Quality built homes on quiet streets close to Washington DC 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 fight our way back. Will there be ups and downs going forward? Sure. But we are proving right now that all the basic aspects that caused Springfield area homes to recover in value are in place.

There are lots of stories that revolve around the 15 sales listed on the front page, let's take a look at several of them:

- **Sales over a 1.5 million dollars**. During the incredible real estate years of 2005-2007, the Springfield area had 10 homes sell over 1.5 million dollars, including six homes that sold over $2,000,000. This was an amazing era. In 2010, so far, we have had 3 homes sell over $1,500,000, a very, very respectable performance. The recent sale of a home on Newington for $2,055,000 is instructive. This home was built new and sold in June of 2005 (considered the peak of the market nationally but about a year before the peak in our area). The home sold at that time for $110,000 over the asking price at $2,055,000. This time around the home sold again for $2,055,000, $95,000 off its original asking price of $2,150,000. That's right, the home ended up selling for the EXACT same price it was sold for in 2005.

  The second interesting sale in this price category took place on Jordan Rd. I listed a modest rambler in July of 2007 for $830,000, just months before the meltdown. The home was in an estate and needed updating. It had three offers, one with an escalation clause to $875,000, but the owner took the "as is" sale to a builder for $855,000. The builder originally intended to build on top of the home but ended up tearing it down, keeping the foundation, and building a brand new home at that location. The construction process took almost a year, by the time it was ready to be sold, the real estate market was in the throws of 2008 and all it's difficulties. The new home price was $2,350,000. The builder had sold a newly built home on Albia for over $2,350,000 in 2007 and had hopes and ambitions for the Jordan Rd. property that exceeded the evolving marketplace of 2008. I was not the listing agent. Eventually, I ended up renting the home, short-term, to some buyers who needed to park somewhere for six months while they waited for a Sumner short-sale to work it's way out. This new home came back on the market at a more realistic price of $1,999,999 in January of 2010. Because of the better asking price, the home finally went under contract quickly in 30 days and sold for $1,900,000. Do the math. The builder paid $830,000, carried the property for almost 29 months, AND built a 7000 sq. ft. plus home. They couldn't have made much on this endeavor.

  The third home to sell in this price range was a terrific Searl Terrace property which I listed and sold for $1,539,000 which settled in January of 2010. This is the highest sale ever on Searl Terrace. The home backs to the splendor of Wood Acres Park and had over 4000 sq. ft. of enhanced living space.

- **Ouch, that sounds low!** Stuart & Maury agent Bob Jenets just sold in October a Long and Foster listing on Newington Rd. that was listed for a remarkable price of $699,000. The home had four offers the first week. Yes, the home needs work and is not for the faint of heart. When a home slips beyond the level of needing simple cosmetics (paint, floor refinishing etc), the potential pool of buyers in the market narrows. This house is a 5BR, 4BA home with over 3200 sq. ft. of living space above grade, It is tax assessed at $1,054,000. A low sale like this can hurt our property values. Knowledgeable community real estate agents must defend our values for future purchase and refinance appraisals by being aware of the circumstances that resulted in this low sale. Six months from now, when a renovation is complete, that home will be one of the great buys of the last few years in Springfield/Westwood. Again, where there is ***risk***, there is ***reward***.

- **Where have all the split levels gone?** In a community where more than half of the 600 homes in our area are splits, it strikes me as really surprising how few of these homes have been for sale in the past few years. Only three splits have sold this year so far. Over the past four years, no more than seven have been sold in any one year and the average has been around five a year. There is demand in the marketplace for this style of housing, which offers abundant, functional family living space. I can only conclude that the split level style allows homeowners to stay in their homes longer. I sold a 5-level split on Ogden for full price at $975,000 in early 2010 and also a four -level Kettler built split on Kirkwood for $864,500. I love these homes and this style, and think that it is a great value for many buyers to consider. The word “split” doesn’t exactly trip off the tongues of buyers, who have a predisposition to the colonial style, but when buyers get inside a Springfield split, they appreciate the great space for the dollar. I wish we had more product like this to sell.

- **Limited inventory protects our values.** In 1988, the Springfield area had 45 homes sell, in 1997 there were 36 homes sold. Even last year, we had 29 sales in our community. We are headed towards the second lowest number of sale in 30 years, with only 15 homes sold so far this year. We have averaged 25 homes a year in our community for the last 8 years. It may not be all that great for Realtors (present company included!/but that’s okay!), but it is an undeniable fact that the limited supply of homes for sale in our community is helping to keep property values up and solid. Each home that comes up for sale commands attention because there are so few of them. Bottom line? If a home is correctly priced in our area, it will sell. Exhibit ’A” would be the four offers on the Newington Rd. property this month.

- **So, what’s for sale now?** There are currently three homes for sale in our community:

		ORIG LIST PRICE	**CURRENT PRICE**
1)	5210 Ridgefield Rd.	$1,275,000	$1,075,000
2)	5810 Cromwell Dr.	$1,049,000	$1,049,000
3)	5602 Ridgefield Rd.*	$919,000	$919,000
	*Stuart & Maury listing		

The home at 5210 Ridgefield is in an estate, has been updated inside and has been for sale for three months. The ambitious original list price has been modified recently by $200,000. A 4 bedroom Cooley built colonial at 5810 Cromwell Dr. is offered for $1,049,000. This home was purchased in February of 2006 for $870,000 and has received quality renovations since purchase. It has been for sale for 45 days as of this early November writing. Finally, the Stuart & Maury listing at 5602 Ridgefield is exquisite and just listed in late October. This home was purchased in 2006 for $810,000 and has been gorgeously renovated inside.

•**Au Revoir!** I recently helped original owner Kitty Wyland sell her Cooley built colonial on Marengo Rd. near Searl Terrace. Kitty moved to Maplewood, an independent retirement living facility on Old Georgetown Rd. Kitty and her husband moved to our community in 1957 and her memories and stories about the origins of the community, the construction of Beacon Hill, the eventual construction of the shopping centers in our area, etc. are fascinating. It’s always a delight and a treasure to learn about the community from homeowners who were here “back in the day.” I am told that Kitty is loving Maplewood and making new friends quickly. This is one of the more rewarding aspects of my job and helps balance all the bickering over $$$. Our community will miss Kitty and we wish her well in her new surroundings.

And so we come to rest with the notion that life is pretty good. I've sold over $27,000,000 worth of real estate so far in 2010. The chances are very good I will once again be the #1 selling agent in the 20816 ZIP code this year, for the 26th year in a row. Your home is back up in value this year. In fact, despite the small sample, we are headed towards the second highest average sale price in the history of Springfield, thanks in no small part to the three sales over $1,500,000 that took place in 2010. Right now, the average sales price in Springfield is up more than 15% for the year. Continue to pass the word, the best Springfield area salespeople in the world are the residents themselves. You know what a great place it is. Remain positive, it beats the alternative.

Sincerely,

Matthew Maury

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

P.S. This Springfield/Westwood/Beacon Hill newsletter, past newsletters, a 2009 year end recap of sales activity in the Springfield area and a history of Springfield area sales going back to 1980, 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.