

SPRINGFIELD

Westwood/Beacon Hill...

A real estate letter from Matthew Maury of Stuart & Maury Inc.

August, 2022

Dear Springfield/Westwood Area Resident,

So much has happened, so many records smashed, so many astounding sales, both nationwide, in our area and in our particular community. It truly has been a run like we have never seen. And yet.....

In December of 2021, the average fixed rate 30-year mortgage nationwide stood at 2.69%. That was the lowest in the 100 year recorded history of 30 year mortgages. Ever. While mortgage rates are subject to several important factors such as credit score, amount of down payment and source of funds, the average rate today is around 5%, which is near the highest we have had since the dark days of late 2008. That 5% rate is down from 5.7% in June. The point being that “affordability” fueled the astounding surge in demand over the past couple of years. When rates are unbelievably low, buyers can spend more and still have what they perceive to be a reasonable monthly payment. Now rates are up almost 2.5% in a six month span. This has to have an impact on the market, right? It would seem to be real estate 101. And yet.....

At least so far this summer, even this abrupt rise in interest rates does not seem to have had a significant impact on home prices. Yes, nationwide, home sales have fallen and inventory is rising. And it would seem logical that this scenario is coming to our area soon, but our summer real estate market has been remarkably resilient with several fantastic sales and continuing rising prices. Perhaps the demand has so far exceeded supply that there are *still* buyers out there who couldn’t “win” a house throughout the spring and are still trying to get relocated before school starts. The clock is ticking for them and inventory and choices remain very thin. This has been the magic of our local real estate market for a very long time. We just don’t have enough houses for sale to meet the demand of a Millennial generation that is moving into the child bearing years and started late to the game. They were scarred by the Great Recession of 2008-2011, uncertain about their economic future for many years and wary of purchasing a home. That dam started to break around 2018 and met it’s zenith as the Pandemic unfolded. As long as there are many young couples with babes in arms, they will seek the serenity, convenience and enduring value of our community.

It doesn’t hurt that hundreds of millions of dollars are being spent at Westbard Square just a few blocks away. For almost a decade it was a “discussion”, now it’s an unfolding reality. I had the good fortune to end up on the phone with one of the main project managers for this development recently. He was impressive and very certain about how this project would be received when completed. So much so that he bought a house moved his family from downtown DC to our neighborhood. The thing he said that really jumped out to me was “the community does not fully understand how great this is going to turn out.” I explained to him that we are all naturally guarded in our enthusiasm and that developers talk a good game but sometimes fail to deliver. He understood the skepticism but insisted that Westbard Square is going to be a significant amenity.

Are we experiencing traffic related hassles? Yes, especially on Ridgefield Rd. And you would not be alone if you absent mindedly drove down Ridgefield to go to Whole Foods and then thought “oops, I can’t go this way anymore.” Lots of us have had that moment. There is dust and dirt, large trucks and noise and all the inconvenience that comes with construction. But we can also see the glimmer of a future at Westbard for the first time and it’s exciting. I watched the old shopping center get built in 1960. It ran it’s course and was ready for a complete overhaul. I didn’t quite imagine such a grand scale and I remain concerned about the “Great Wall of Westbard” that could emerge where the bowling alley now sits. But the representative I talked to said we are at least a decade away from that unfolding drama.

Young families considering Springfield/Westwood as a permanent home look at the Westbard development as a significant plus. I have had a number of them say “we want to be able to walk to it.” Placing a potential premium on lower Newington, Albia, lower Ridgefield and Kirkwood. “Walkability” is a big thing for the younger generation and Westbard Square will give them a destination. I can’t foresee what the real estate market will do in the next five days much less five years, but I think we are well positioned to hold our gains over the next few years. Could prices soften and multiple contract bidding wars recede? Probably. But then again, I



didn't think a pandemic would be rocket fuel for real estate prices. I mean, "who knew?"

One aspect of the market in Springfield/Westwood fascinates me. We have had 19 sales through early August this year and half of them never hit the market That's an amazing stat right there. Let's look at the NINE homes that maybe you don't even know sold:



5606 Parkston Rd.
Sold for \$2,445,000
Settled April, 2022



5952 Searl Terrace
Sold for \$2,600,000
Settled April, 2022



5411 Kirkwood Dr.
Sold for \$1,550,000
Settled April 2022



5512 Pollard Rd.
Sold for \$1,380,000
A tear down!
Settled June 2022



5512 Parkston Rd. *
Sold for \$1,360,000
A tear down!
Settled May, 2022



5411 Newington Rd. **
Pending
Settles August 2022



5704 Ogden Rd. *
Sold for \$1,360,000
Settled July 2022



5911 Springfield Dr.
Sold for \$1,200,000
Settled June, 2022



5973 Searl Terrace ***
Sold for \$1,040,000
Settled March 2022

* Matthew Maury sale (2)

** Kevin Cullinane & Matthew Maury (1)

*** Robert Jenets (1)

I suppose the two tear downs catch your eye. The 5500 block of both Parkston and Pollard are very sought after and have long been considered a prime location. The Pollard house was bought by Mid-Atlantic Builders, a prominent new home in-fill builder. They are going to build a new home "on spec." They most recently built a new home on Briley Place in Springfield. Given the amazing price, I wouldn't be surprised to see a new home rise on that lot with a price tag near \$3,000,000. Stay tuned. The Parkston house was purchased by a user to build their dream home. Parkston is beautiful, the lot substantial, and of course a new home is already rising across the street. These two tear down prices are the second and third highest knock down price in our community all time. The highest tear down price was at 5937 Searl Terrace for \$1,595,000 in 2019. And the new 9000 square foot home that now exists at that location is easily worth \$3,500,000-\$4,000,000 in my opinion.

The two Searl "quiet" sales are interesting too. 5952 Searl was sold in August of 2021 for \$1,025,000. It was in a state of serious disrepair. The developer John Nunez (a class of 1970 Whitman friend of mine) grew up in the house! His transformation of what was probably the least appealing home on the block was stellar and the \$2,600,000 home that now stands on that lot is a beauty. It's the highest sale ever on Searl. The 5973 home also

needed updating and following the lead of the sales price across the street, sold for \$1,045,000. It has since been updated nicely and is also an improvement for this “street of dreams.” Finally, the 5606 Parkston Rd. house that sold for \$2,445,000 was purchased new in 2007 for \$2,400,000. New homes carry a premium when first sold, after all everything is indeed brand new, and 15 years later, a new home can be ready for upgrades to the HVAC, kitchen, even baths. This home sold quietly to a Wood Acres family. It was a deal for the buyers at that price, good for them!

Let’s take a look at a few 2022 sales at the upper end of our community in the past seven months:



5607 Chesterbrook
Listed: \$2,495,000
Settled May: \$2,661,000
166k over asking price

5985 Searl Terrace
Listed: \$1,500,000
Settled June: \$1,800,000
\$300k over asking

5300 Ridgefield Rd.
Listed: \$1,695,000
Settled June: \$1,745,850
\$50K over asking price

5905 Cromwell Dr.
Listed \$1,295,000
Settled May: \$1,545,000
250k over asking price

Stories abound. Chesterbrook is the highest sale in the history of Springfield/Westwood. It had multiple offers over the price, confirming it’s value. This home sold brand new in 2016 for \$1,800,000, struggling it’s way down from an original list price of \$2,195,000. Time heals all wounds! 5985 Searl sold just 30 months ago for \$1,255,000. With modest improvements it jumped in value \$545k. That’s a wow. The Ridgefield home above also had multiple offers. That home sold in 2014 for \$1,324,000. My listing on Cromwell above had five offers and blew up 250K over the list price. We’ll miss owners Bob and Janet Higgins, I coached their son in BCC Baseball back in the ‘90s. The Higgins bought their Cromwell home in 1992 for...ready?...\$395,000.

Our next tier, includes the sale of these fine Springfield area homes in 2022:



5511 Westbard Ave.
Listed \$1,550,000
Settled April: \$1,550,000

5405 Christy Dr.
Listed \$1,249,000
Settled May \$1,400,000

5612 Marengo Rd.**
Listed \$1,195,000
Settled April: \$1,352,000

5609 Marengo Rd.***
Listed \$1,198,000
Settled July: \$1,250,000

**Bob Jenets sales (2)

Take note that both the Westbard and Christy sales above are the highest sales ever on those streets.

The final tier of 2022 neighborhood sales I’ll discuss here include the following transactions



5420 River Rd.
Listed \$1,099,000
Settled April: \$1,246,000

5707 Ogden Rd.
Listed \$1,030,000
Settled Jan \$1,175,000

5402 Cromwell Dr.
Listed: \$899,950
Sold: \$1,014,000

5409 Newington Rd.
Pending August
Settlement

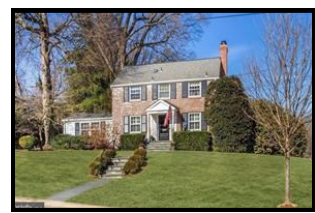
All of the settled properties above sold over the asking price. The River Rd. house is actually the first home off of River Rd. on Westbard. That block, in my opinion is going to experience a leap in value when it is permanently closed off to through traffic. It’s proximity to the value of Westbard Square is going to be a major

plus to home values. The 5707 Ogden home is being transformed, added onto and renovated by John Nunez of recent Searl Terrace success. The Cromwell house, which settled seven months ago sits vacant awaiting an apparent tear down. The amount of time it is taking for the County to approve such endeavors seems to be expanding dramatically. I'm not sure what takes so long to obtain a tear down permit but with interest rates rising builders have told me they may head to the sidelines as the cost of carrying property from purchase to an eventual settlement 12-24 months later has gone up significantly. Time will tell.

The pending Newington sale is an interesting one. I sold a wonderful young couple's home in Glen Mar Park this spring. They came to the realization that the only way they were going to get a bigger house was to have their home sold. Most sellers don't want to sell until they know where they are going. Understandable. But most sellers need the funds from the sale of their current house to buy another one. Especially in this heated, competitive sales environment. So my sellers took the leap and committed to selling first, putting most of their stuff in storage and camping out at their eastern shore house for the summer while they pursued a purchase of their next residence. It didn't exactly hurt that their Namakagan Rd. house sold for \$151K over the list price! They were targeting only Springfield/Westwood and wanted to be close to both Little Flower and the coming Westbard Square. With the help of my compadre and fellow Stuart & Maury agent Kevin Cullinane, I was able to secure for them a wonderful home on Newington that matches their needs superbly. This is the rewarding part of being a real estate agent.

In summation, we've had **twenty** Springfield/Westwood area homes sales in 2022, at an **average sales price of \$1,551,442**. It's an extraordinary number, buoyed by three of the four highest sales of all time. I believe that the coming year will be a transition to establishing these benchmarks as the "new normal" and I don't expect a significant drop back in initial pricing or final sales prices. I do think that the days of every home receiving multiple offers over the asking price are likely to fade but one thing I have learned over the past 42 years in this business is that sellers don't give up their gains easily and inventory is always tight where we live. The now pending sale at 5909 Searl Terrace which took three weeks to sell rather than three *minutes* is perhaps the first evidence of a softening of the market in our area. Again, we will see.

Let's talk for a moment about our sister community Wood Acres next door. Springfield/Westwood is not the only Bethesda community on fire. 13 settled homes sales this year in **Wood Acres** have a drop dead astounding average sales price of **\$1,442,538**. This includes the highest sale ever (by a mile) of \$2,225,000. Four homes have sold at or over \$1,500,000. Let's look specifically at four remarkable Wood Acres sales:



6101 Cromwell Dr.
Listed at \$1,875,000
Sold \$2,225,000
\$350k over asking

6000 Cromwell Dr.
Listed at \$1,595,000
Sold \$1,833,000
238k over asking

5901 Cranston Rd.
Quietly listed \$1,725,000
Sold \$1,725,000

5901 Devonshire Dr.
Listed at \$1,150,000
Sold 1,425,000
275k over asking

All four homes are very good looking and were in excellent condition. The highest sale on 6101Cromwell is a home I have sold twice before, each time the highest sale in the community. It was sold most recently in 2015 for \$1,525,000. The 6000 Cromwell sale at 238K over the asking price is a wow. That home is 2477 sq. ft. above grade, a nice house with a good two-story addition on the back. \$1,833,000 is a stunner of a price. The Cranston house sold for 500K more than more than they paid for it in 2015.

More Remarkable 20816 sales in 2022:



**5606 Mohican Rd.
Glen Echo Heights
List Price: \$1,575,000
Sold Price: \$2,110,000
535k over asking**



**5013 Randall Lane
Sumner
List Price: \$1,850,000
Sold Price: \$2,350,130
\$500k+ over asking**



**5107 Worthington Dr.
Westgate
List Price: \$1,095,000
Sold Price: \$1,550,000
455K over asking**



**#3 Carvel Circle.
Westmoreland Hills
List Price: \$1,795,000
Sold Price: \$2,225,000
430K over asking**



**5240 Duvall Dr.
Westmoreland Hills
List Price: \$1,299,000
Sold Price: \$1,675,000
376k over asking**



**5241 Westpath Way
Fort Sumner
List Price: \$1,575,000
Sold Price: \$1,948,000
373k over asking**



**5213 Augusta St.
Glen Mar Park
List Price: \$1,050,000
Sold Price: \$1,405,000
355K over asking**



**4711 Overbrook Rd.
Brookdale
List Price: \$995,000
Sold Price: \$1,350,000
355k over asking**



**4507 Tournay Rd.
Westmoreland Hills
List Price: \$1,399,000
Sold Price: \$1,725,000
326k over asking**

The Devonshire house, a three bedroom, two bath house upstairs with a modest 1970s FR addition on the side sold for 275K more than the list price and had many offers. It is a great looking house. It was, for a few months, the highest original three bedroom house to ever sell in Wood Acres but that record was short lived when a home on Woodacres Dr. quietly sold for \$1,500,000 recently without coming on the market. In this heated environment, records were “made to be broken!”

Wood Acres homes have been significantly improved over the years, with 142 of the 400 homes now enhanced by two and three story additions. The cost of building one of these today has exploded. I can remember a time not too long ago when a two story 1000 square foot addition on the back of a home could be done for 400k. Not any more. There are homeowners spending twice that. In fact, there are homeowners spending over a \$1,000,000 on their additions. We now have a substantial amount of evidence that a very high quality four bedroom, 4.5 bath colonial in Wood Acres can be worth more than \$2,000,000. And thus, many of these homeowners are opting to add on to their homes rather than move to Springfield/Westwood, Sumner, or Chevy Chase. It’s worth remembering that as much as your homes have gone up in value, so has everything around you. And in more expensive communities, the rate of increase in dollars is more than your house has gone up because those move up homes are more expensive. A 20% increase on 1.5 is 300k. A 20% increase on 1.2 is 240k. You get the idea. This renovation preference for many homeowners contributes to the scarcity of homes for sale and helps make each offering in our community special and sought after and *that* helps support our increase in home values.

The homes sales on the previous page represent sales with a remarkable disparity between the original list price and the final sales price in our 20816 zip code. This wildfire is happening everywhere. It unfolds when multiple buyers want the same house at the same time. At it’s most frenzied this Spring, the strategy of a large part of the real estate community was to come on the market mid week and announce in advance that contracts, if any, would be considered by the owner the following Monday, or perhaps Tuesday. This strategy allowed for open houses not only on the weekend, but often on the first day or two on the market. Stuart & Mauzy kind of pioneered this idea and we were successful in drawing as many as 40-50 buyers to an open house on a Thursday or Friday afternoon from 4-6pm. It was drop dead amazing how many buyers came to see houses during this time. And they often were appreciative of the opportunity to see the house right away so as not to conflict with weekend commitments such as kid’s sporting events and family gatherings. Seeing a house several days in advance of submitting an offer also affords buyers the opportunity to line up their financing so they can make a non-contingent offer. It allows time to return to the house again on the weekend with family for second opinion. Most importantly, it often allows a buyer the time to arrange for a “pre-inspection” of the property by a licensed professional home inspector. We have gone through an era in which a seller was not going to take a home inspection contingency when they had choices. It’s almost never about being worried about the results as much as the possibility of a buyer changing their minds and using the contingency to exit the deal. A seller can rarely put the magic of that one moment back in the bottle if a contract falls through and they have to come back on the market. Thus, buyers who lost repeatedly trying to buy a home with an inspection contingency turned to spending the money for at least a “walk and talk” inspection, which usually costs a few hundreds dollars less than a \$700-\$800 full blown inspection. The inspector talks as he carefully views the house, the buyer takes notes. Rarely are there substantive issues that aren’t already obvious, but at least in this way a buyer knows what they are getting into.

I think if you polled real estate agents, the vast majority would say that despite the gray hair that inspections cause, they are a very good thing. When spending millions of dollars, buyers should understand the condition of a home. And...buyers should understand that these homes are old and used, they are not brand new and there will be the inevitable quirks and small disappointment that comes with age. When a buyer was in the driver’s seat in the past, it was not unusual for them to literally ask for the repair of every flaw identified on an inspection. This wasn’t a fair process for a seller. Many items are easily seen and often disclosed. As agents we try to educate buyers to expect and accept a small number of items that aren’t quite right. If a major issue arises such as a leaking roof or an unsafe furnace, then of course, asking the seller for remedy is fair. But when an inspector covers *his* backside and deems the 15 year old roof “about ready” for replacement, even though it’s working perfectly and has no issues, the back and forth between buyer and seller can be contentious. Inspectors are trying to avoid the phone call a few years later when the roof leaks and a buyer says “but you didn’t tell me this could happen.” And so inspectors hedge their position, sometimes leading to a buyer conclusion that they should extract a pound of flesh from a seller. This is the conundrum of old equipment in your house. The HVAC, hot water heater, kitchen appliances and roof are all working just fine, but a buyer starts adding up the coming costs soon and it’s troubling for them.

All of this back and forth has disappeared in the last few years as the sheer volume of buyers and offers has shoved the inspection contingency to the side. It’s great for sellers, harrowing for buyers, and thus the “pre-

inspection has evolved as a solution. But I know buyers who have spent \$300-\$400 over and over again on houses only to lose out to better offers. That is disconcerting to buyers as well. Interestingly, there are buyers that let everybody else do a pre-inspection. When it is apparent that there *are* many buyers proceeding, they draw the conclusion that the inspections must have been okay and proceed without doing one.

I have to admit I don't have much taste for talking a young couple into bidding 500K over the list price. In fact, they would have to talk ME into it. But I try to remind myself that were I in their shoes, needed a house before school starts, concerned about whether anything else is going to come up for sale soon, and tired of losing, I would have more empathy for their situation. Yes, there are agents and sellers who purposely underprice homes to create a bidding war. It's always seemed precarious to me but the sheer volume of buyers out there has made it less so this year. More often, agents are pricing based on what has happened in the recent past and then let the public do what they are going to do. We more often "learn" from buyers what the value of a home is at a particular moment in time. This is the true test of value.

And so the art is to ask as much as you dare but not so much as to be left without an offer. We are now saddled with astounding comparable sales that occurred in the most overheated environment any of us have ever seen. Is it still real and supported? Will rising interest rates change the equation? Will the Fall market absorb all this and continue on unabated or pull back? This is why we get up every morning! What will happen next?

I recently mailed out to you a letter regarding the Homestead Exemption. I hope many of you read it. If not, find it and read it for detail. Bottom line: go online and google the Maryland Department of Assessment and Taxation. Enter your address. If your home is your principle residence scroll to the bottom and make sure your Homestead Exemption application is **approved**. **If it is not it could cost you \$692 a year and contribute to higher property taxes. Learn how to get an approved application prior to next May.**

My free SHREDDER DAY will be held once again in front of Wood Acres Elementary on Sept 10th, 2022. Because participation at this event participation is very high, I've added another hour. The event will now run from 10am-1pm. Please plan to take your cardboard boxes with you when you have emptied your documents into the shredding bins. And please don't put items covered in plastic into the bins. Thanks! There are literally hundreds of participants each year and I couldn't get a shredding truck this spring so I'm expecting a great crowd!

Finally, my 60s/70s band The VI-Kings, will be appearing at AMP by Strathmore in the Pike Rose shopping center at Old Georgetown Rd. and Rockville Pike on Sat Sept 24th, 2022. It's a gorgeous facility and we have a great evening of music planned. There simply isn't a better place to see the band. Big stage, great sound and lights, intimate concert setting. Tickets: www.strathmore.org/our-spaces/amp/



Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Maury".

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