

SPRINGFIELD

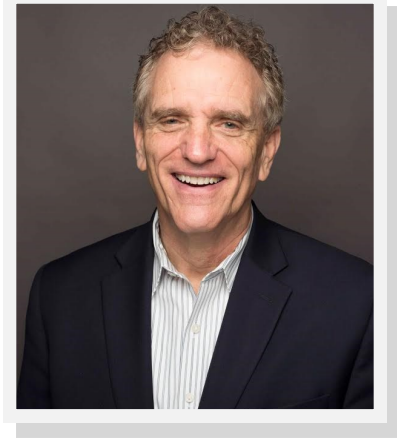
Westwood/Beacon Hill...

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

January, 2023

Dear Springfield/Westwood Area Resident,

A financial pundit from the Wall Street Journal was recently asked when the best time was to buy a house. He responded, “the best time is when interest rates are low and the price of housing is down. Of course, that’s never happened in the history of real estate!” His point of course is that it’s rare to have it both ways. We just went through a remarkable era in which interest rates were historically low. In fact, in early 2022 they were at their lowest point in the recorded history of the 30 year mortgage which spans over a century. Not surprisingly, in combination with exploding demand caused by the Pandemic, house prices rose dramatically. Prices rose everywhere, but especially in areas close to major cities such as Bethesda and neighborhoods like Springfield/Westwood/Beacon Hill.



Did buyers overpay in the past two years from March of 2020 to July 2022? It depends on your perspective. For the buyer who may have paid \$100K-200K, even 300K over the listing price, they may look at the purchase and say “yes, but I secured a fixed rate mortgage at 2.75% for thirty years and I don’t plan to move for decades. I got the house we wanted and my family settled. We were able to put down roots. I can afford the payment.”

Others might look at it and say “yeah, I felt like we were never going to get a house with all the competition out there, we lost repeatedly trying to obtain a house, and did what was necessary to finally win. I wish I had waited until prices receded. But history shows that price drops can take a long time, if at all.”

Another perspective might advance this nuanced viewpoint: “Yes, I overpaid, but I also sold my existing residence at an extraordinarily high price, which muted the pain of our 2022 purchase.” All these viewpoints have validity. It was often said during the relatively calm years of 2012-2017 that prices were not rising...yet. In the past it could take seven years to reach a position in which a seller made a profit after transaction costs. That wisdom was blown to smithereens between 2020-2022. It was possible to buy in early 2020 and sell two years later for hundreds of thousands of dollars more. That moment seems to have passed. Fixed 30-year interest rates jumping from 2.75% to over 6% will do that. Only **ONE** home in Springfield/Westwood has sold since August 1st, 2022. There were 22 sales in the first seven and half months of the year. In 2021 there were **TWELVE** sales after August 1st. There has clearly been a slow down. Many communications from Realtors tend to be “sunshine and roses.” It’s the nature of our business. But I have always been brutally frank with you on these topics over the past 42 years. I’m not Nostradamus but I saw this coming. It had to happen at the pace we were accelerating. Is your house worth what it was in April of 2022? Probably not, because the spring was breathtaking. Is it down a lot? We don’t know, the evidence is very thin, not only in our community but throughout Bethesda where the listing inventory is much lower and the number of real estate transactions have dwindled. There are only 68 single homes for sale in all of Bethesda/Chevy Chase right now. To complicate matters further, only 7 homes are priced under a million dollars and 80% of the homes for sale right now are priced over \$1.5 million. In fact, 39 of the 68 homes (57%) for sale right now are priced *over two million dollars*. And so the data is thin.

The rubber will hit the road early this coming Spring. Are there a lot of sellers who delayed a sales decision this past Fall hoping for a better sales environment in March? I certainly know a few. Will rates recede a touch providing a more palatable choice by this Spring? We all hope so but I think the days of rates under 4% are probably not coming back anytime soon.

I know this. Sellers do not give up their gains easily. Once your neighbor with the house not as good as yours sold for...**THAT**...you have a number in your head come hell or high water. But what I think or what you think your house is worth only matters if the buying public agrees with that assessment. Everything is gray right now. The silver lining as a homeowner is that when inventory is very low, there are few choices and some buyers are just ready to move on with their life and buy something. I don’t think 2023 will be a year in which prices drop dramatically in Bethesda, or Springfield/Westwood/Beacon Hill in particular. But five offers and 200K over the list price would appear to be in our rear view mirror.

Your New Property Tax Assessment

By now I am sure you have all received your new State of MD. Property tax assessment. The last round of assessments for our area took place at the end of 2019. Since then, property values in our area have exploded. This is where the historical data in this newsletter for decades comes in handy. Springfield/Westwood/Beacon Hill average sales prices have increased **46%** in the last three years; from \$1,123,384 in 2019, to **\$1,645,602** this past year. Yes, it's fair to point out that Springfield is a very small database. So, let's zoom out to the 20816 zip code in its entirety. The average 20816 single family home price rose 25.8% from 2019 to 2022. Still not enough data for you? Let's include all of Bethesda/Chevy Chase. The average single family house rose from \$1,186,737 in 2019 to a staggering \$1,625,935 in 2022. That's a rise of 37.0% from 2019. Let's summarize that:

Springfield/Westwood/Beacon Hill up **46%** since the last round of assessments

The 20816 zip code up **25.8%** since the last round of assessments

Bethesda/Chevy Chase zip codes 20814, 20815, 20816, and 20817 up **37%** since the last round of assessments

So you are staring at your new assessment and thinking, wow, this isn't fair. That's a natural reaction. But, the rising value of your home builds wealth and security. Over decades it can help pay for college and set you up for a comfortable retirement. I help a lot of seniors that lean against the significant built-up equity in the homes to support them in the later years of life. The downside of course is a rise in property tax expenses. The Statewide announced rise in assessments of 23% is literally HALF of what our community actually rose. Yikes! Our community average price was significantly fueled in part by the sale of either new homes or recently built/rebuilt homes during the past decade.

If you are considering appealing your tax assessment I urge you to keep a few things in mind. The SDAT website makes clear that the only successful arguments that can be made for a reduction of your assessment are:

- 1) **Are there factual errors on their worksheet?** Are there errors of square footage, number of bedrooms and baths, lot size etc. Occasionally there are errors that could support your appeal. But I caution you that it's also possible there are errors that cause your assessment to be lower than it should be. And the State could pick up on these during the appeal process. The assessment office is not great at accurate square footage, especially on homes that have been expanded. When we go to sell an expanded home we often hire a professional to measure the square footage above grade. And we are sometimes successful in being able to plausibly market a home as being "2510 square feet above grade" as opposed to the tax office number of ..say, 2275. The emergence of national web sites such as Zillow, Redfin, Realtor.com etc. are basing their algorithms off public records. Your Zillow "Zestimate" can be diminished if your low square footage is incorrect in the public record. The upside of incorrect low square footage is that your property taxes could be lower for years and years. But it's sometimes a hurdle we have to overcome when you sell. I sold a house in Wood Acres several years ago with a very large three story addition on the back that the State had somehow not been aware of for 8 years.
- 2) Most importantly, **you need to produce comparable properties that support the argument that your house is assessed too high.** The most germane comparables are in your neighborhood. And most of the comps in our area in 2022 are incredibly high and will not help you. It's hard to argue that your Springfield split is assessed too high at 1.1 million when we had six splits sell over \$1.3 million. And it's not inconceivable that your assessment could be *raised* in the appraisal process.

The State website makes clear that they won't consider or listen to arguments such as "but my neighbor's assessment is lower than mine." "The percentage increase of my house is more than my neighborhood, or more than my zip code, or more than Bethesda." I've attended appeal hearings in support of owners over the years; this argument is dismissed out of hand. Bottom line? Can you prove with data specific to your house that your assessment is too high. It's a high bar, especially this year with so many astounding comparable sales in your neighborhood. And they make you really want it; few are successful in the first round.

I undertook an exhaustive analysis of the 23 properties that sold in Springfield/Westwood/Beacon Hill in 2022. Surprisingly, the State loaded all the new assessments into their database on Jan 4th so the data is all there for discovery. I have suspected for decades that the assessment process is most aggressive against homeowners who purchased recently. My theory is that if you bought your house for \$1,425,000, an assessment of \$1,334,000 won't likely be challenged. The only defense would seem to be "I lost my mind." Recent sales are low hanging fruit for the tax office. And so I set about to prove it on a small scale. Here's what I found

- The 23 Springfield area sales last year had their assessment rise from an average of \$1,106,713 in 2019 to \$1,392,320 in 2022. That's an increase of 34.8%. Only two of these owners received a new assessment higher than what they paid for the house. In fact the assessments were 6.4% less than what homeowners paid for their home. The highest assessment increase I found was 73% . 40% of the recently sold properties

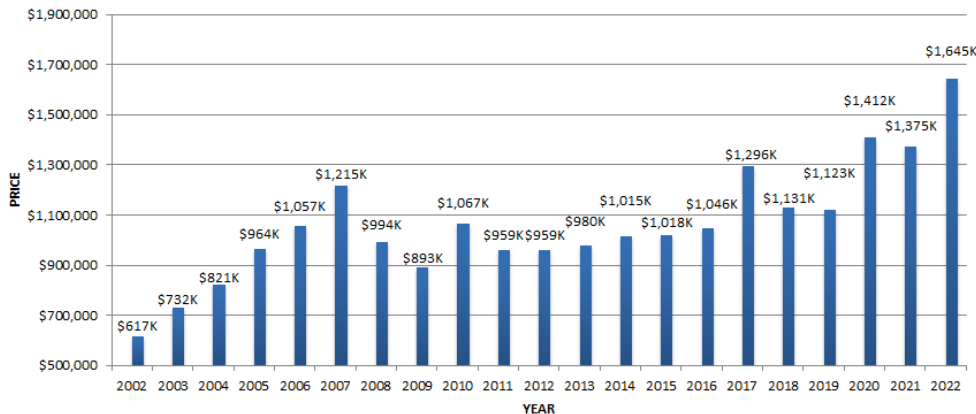
saw their assessment rise by more than 40% The smallest rise was 12%. I'm hard pressed to believe that any area owners have much of a shot at successfully getting their assessment lowered. I will help you if you want to try (gratis), but it's a tough road. Call me for a detailed discussion about your home if you wish.

- I then randomly selected 100 Springfield area homes that did not sell last year. I was careful to use a sensible representation of expanded or new homes, splits, colonials and ramblers. While 33% of these homes did experience an increase in their assessment of more than 35%, the average increase was a more modest 23%. Newer owners who paid high prices in 2022 got smacked harder than long time residents.
- When I look at these assessments, they are still under what almost everyone was worth in mid 2022 when the assessments were being determined. If indeed prices are down, we don't know that, nothing has sold. I am stunned at the randomness of this appraisal process. I am looking at completely renovated and expanded homes with assessments around \$1.5 million.. And similar homes at \$1.75 million or more. Most properties seem undervalued, not overvalued (hard as that might be to believe). I do think that the 2019 assessments were low to begin with, coming on the heels of five straight years of minimal increases.
- The highest assessment I could find in our area was a remarkable \$3,944,000. The lowest I could find randomly searching 100 properties was 806K. There's probably something lower but not many.
- Finally keep in mind that assuming you have the Homestead Exemption Approval in place (upper right hand corner of the assessment notice), your actual tax increase is limited to no more than 10% a year, and there is a three year phase in on your assessment increase and the associated costs. These will help mitigate your property tax payments to a degree. Just about everybody is facing an increase between \$1,000 and \$3,000/yr. in the coming years. It's the cost of living in a great area with increasing values. The sad irony would be for prices to fall now, reflecting a stifling interest rate environment. But we have been through many years of being undervalued, things have a way of evening out.

Let's take a look at the tale of the tape for 2022:

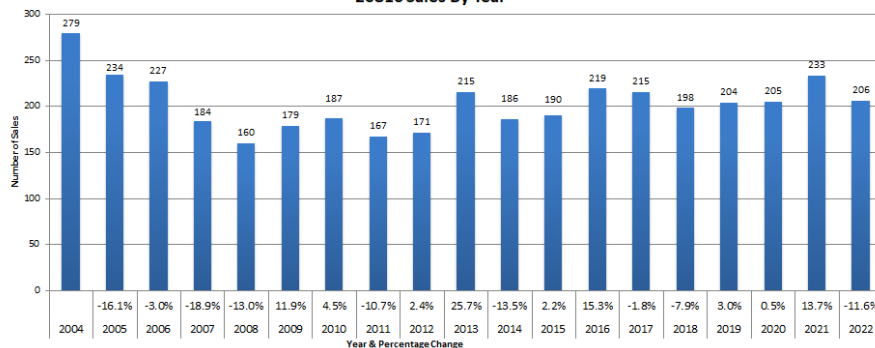
Springfield area homes rose in value **19.7%** to an average price of **\$1,645,602**. That's the highest average ever of course. 23 homes were sold last year, there were 30 the year before. ELEVEN homes sold without ever coming on the market. The high sale (and the highest sale ever in the community) was quietly sold on Marengo for \$2,750,000. A few months prior a home sold on Chesterbrook for \$2,661,000 and held the record for a short time. The low sale was on Cromwell Dr. for \$1,014,000 and is currently being expanded and renovated. It needed work obviously. A detailed list of all 23 sales is on the back page of this newsletter.

Springfield Prices 2002-2022



20816 sales info

20816 Sales By Year



2022 Springfield area Sales



5619 Marengo Rd.
List Price: \$2,750,000
Sold Price: \$2,750,000
Days on market: 0



5606 Parkston Rd.
List Price: unknown
Sold Price: \$2,445,000
Days on market: 0



5607 Chesterbrook Rd.
List Price: \$2,495,000
Sold Price: \$2,661,000
Days on market: 3



5952 Searl Terrace
List Price: \$2,600,000
Sold Price: \$2,600,000
Days on market: 0



5502 Albia Rd.
List Price: unknown
Sold Price: \$2,225,000
Days on market: 0



5909 Searl Terrace
List Price: \$1,975,000
Sold Price: \$1,900,000
Days on market: 20



5985 Searl Terrace
List Price: \$1,500,000
Sold Price: \$1,800,000
Days on market: 5



5300 Ridgfield Rd.
List Price: \$1,695,000
Sold Price: \$1,745,850
Days on market: 6



5511 Westbard Ave.
List Price \$1,495,000
Sold Price: \$1,550,000
Days on market: 4



5411 Kirkwood Dr.
List Price: \$1,550,000
Sold Price: \$1,550,000
Days on market: 0



5905 Cromwell Dr.*
List Price: \$1,295,000
Sold Price: \$1,545,000
Days on market: 7



5405 Christy Dr.
List Price: \$1,249,000
Sold Price: \$1,400,000
Days on market: 4

2022 Springfield area Sales continued...



5512 Pollard Rd.
List Price: \$1,380,000
Sold Price: \$1,380,000
Tear down (0 Days on mrkt)



5512 Parkston Rd. *
List Price: \$1,360,000
Sold Price: \$1,360,000
Tear down (0 Days on mrkt)



5704 Ogden Rd. *
List Price: \$1,360,000
Sold Price: \$1,360,000
Days on market: 0



5612 Marengo Rd.**
List Price: \$1,195,000
Sold Price: \$1,352,000
Days on market: 3



5409 Newington Rd. * ***
List Price: \$1,350,000
Sold Price: \$1,350,000
Days on market: 0



5609 Marengo Rd. **
List Price: \$1,198,000
Sold Price: \$1,250,000
Days on market: 4



5420 River Rd.
List Price: \$1,099,000
Sold Price: \$1,246,000
Days on market: 6



5911 Springfield Dr.
List Price: \$1,200,1000
Sold Price: \$1,200,000
Days on market: 0



5707 Ogden Rd.
List Price: \$1,030,000
Sold Price: \$1,175,000
Days on market: 7



5973 Searl Terrace **
List Price: \$1,040,000
Sold Price: \$1,040,000
Days on market: 0



5307 Cromwell Dr. **
List Price: \$899,950
Sold Price: \$1,014,000
Days on market: 9

*** Matthew Maury sales**
**** Bob Jenets sales**
***** Kevin Cullinane sale**

- The average price of a **20816** detached home rose a modest 3.5% in 2022. The increase average was 5.4% in 2021, and 15.3% in 2020. The average 20816 home value rose from **\$1,442,441 in 2021 to \$1,493,846 in 2022**. 206 homes were sold in this zip code in 2022, down from 233 the previous year. This is indicative of low/tight inventory last year. And especially a dearth of inventory from mid August to the end of the year. Low inventory is likely to be the one thing that will hold prices relatively firm in the coming year. Right now, there are only eight homes for sale in the entire zip code, only one home under a million dollars and only five homes priced under \$1.9 million. It's hard to sell a house when nothing is for sale! It was very telling that a whopping 28 homes were sold without hitting MLS in 2022. There were 29 the previous year.

- The high sale for the zip code was a new home at 5118 Wapakoneta Rd. in Glen Echo Heights for \$3,115,125 (it's important to get that last \$125!). Sheesh. There were 30 homes (14.5%) that sold over \$2,000,000. Nine of these sales took place in Glen Echo Heights, nine in Westmoreland Hills and five in the Springfield area. A Springfield home rose dramatically more than the average home in the zip code last year!

- The low sale in the zip code took place at 5020 River Rd. for \$665k near Little Falls Parkway.

- Only 30 homes (14%) were sold under a million dollars last year.

Bethesda/Chevy Chase info

- The average price of a Bethesda/Chevy Chase detached home rose in value **8.1% in 2022**. The increase was 9.9% in 2021, and 11.5% in 2020. The average home sold rose from **\$1,503,258 in 2021 to \$1,625,935** this past year. Marinate that for a moment, the *average single family home sold for \$1,625,935*.

- The number of homes sold in Bethesda/Chevy Chase last year fell dramatically in 2022. **1051 detached homes were sold, down 20% from the all time record 1319** Bethesda/Chevy Chase homes sold in 2021, On average, Bethesda/Ch Ch area homes took 19 days to sell, although the “median” number of days was seven. These homes sold for 104.4% of their original list price.

- 54 homes sold over \$3,000,000 in 2022 throughout Bethesda/Chevy Chase, that's the **EXACT** same mind boggling number as last year. Even more astonishing, the number of \$2,000,000+ homes that sold last year rose to **21% of all homes sold**. 222 homes sold over \$2,000,000. The percentage was 17% the previous year. I've followed this statistic for decades (it used to be how many sales were over a million, I've had to raise the perspective.)

- In January of 2022, Redfin pronounced that 2022 would be the most competitive real estate market in history. Welp, for six months, they were right. Then everything went quiet. From August 15th, 2022 to the end of the year, only 186 homes were sold and settled. If that pace were extrapolated over an entire year, only 496 homes would be sold. Less than half of what we did this year. Of course, more homes are always sold in the first half of the year so the data skews but... check this out....there were 468 homes sold after August 15th, the previous year. And only 186 this year. Wow. That's a 60% drop.

- 25% of the homes sold in 20816 sold over the asking price in 2022. This number is way down from the 62% of the homes that sold over the price in 2021. The **median** house sold for 2.2% over the list price in 2022, That number was 5% **more** than it's asking price in 2021. Both of these stats are indicators of a slowing market halfway through the year.

Average price for a Bethesda/Chevy Chase single family home sale

2014: \$1,142,000

2015: \$1,151,106 2016: \$1,170,138

2017: \$1,185,053 2018: \$1,220,928

2019: \$1,226,079 2020: \$1,368,233

2021: \$1,503,630 2022: **\$1,625,935**

Now, let's take a quick look at the tale of the tape for other Bethesda/Chevy Chase zip codes;

- The **20814** zip code had 189 sales, down 20% from the previous year. It can be theorized that this zip code has the highest percentage of tear down/builder activity and that slowed in the second half of the year. The average price in this zip code was **\$1,581,222, down 6.7%** as builder high end activity appeared to slow. The low sale was out Old Georgetown Rd. on Edward Ave for \$685K. The high was on Fairfax Rd. near the center of Bethesda for \$5,150,000.

- The number of homes sold in Chevy Chase/20815 dropped by a third from 339 to 226. The average

price, given thin inventory, continued to rocket forward at a **12.2% pace**, the highest of any zip code. Homes sold on average for **\$1,902,552** in Chevy Chase last year. The low sale was on Grubb Rd. for \$578K (the lowest sale in the area), the high was on West Lenox for \$8,350,000 (the highest sale in our area). Whoa!

- Prices rose 11% in the 20817 code last year with the average price rising to **\$1,578,917**. Homes in this zip code sold for 103.8% of their asking price. The low sale was a modest house on Clue Dr. for \$620,000. The high sale was a magnificent home on Country Club Dr. off of Persimmon Tree for \$6,600,000.

And finally, our year end discussion of nearby communities:

In neighboring **Wood Acres**, 17 homes sales rose in value 3.5% to an all time high of **\$1,333,411**. Wood Acres homes sold for 105% of their list price in 2022. The highest sale ever took place on Cromwell Dr. at \$2,225,000. It is also interesting to note that 2022 Springfield sales were newly assessed for 35% more than the previous assessment, which is less than the 45% rise posted in Wood Acres for the same demographic.

In **Sumner/Mass Ave. Hills**, 24 sales took place (down 20%) at an average price of **\$1,532,189** (up 7.6%). These homes sold for 102.8% of their list price last year and sold on average in 19 days. The sale this year at 5613 Wood Way for \$2,850,000 was the highest sale in the history of Sumner. The low sale took place at 5620 Namakagan Rd. for \$875,000.

- The real estate marvel that is **Glen Echo Heights** continues unabated. The number of homes sold dropped from a staggering 43 in 2021 to only 30 last year, while the average price, fueled by *nine* sales over \$2,000,000, rose to **\$1,718,405**. They had ten house sales over \$2,000,000 last year too! Nowhere has there been a more amazing value transformation over the past twenty years than this community. They had a significant housing stock susceptible to tear downs and it has happened with a vengeance.

- **Westmoreland Hills** again posted the highest average price for a community in the 20816 zip code. At an average price of **\$1,795,480**, they only rose 1.2% from the previous year but nonetheless, it's impressive that they solidified their remarkable gains and still advanced a touch. The high sale was on Blackstone for \$2,700,000, the low on Albemarle for \$960,000.

In last January's newsletter I wrote the following:

"For all the "sunshine" about the current real estate market in 2021 that I've discussed on the previous pages, it's worth saying that there are always storm clouds on the horizon. Runaway inflation, rising interest rates, a stubborn pandemic, stock market plunges and political upheaval all could turn this story in another direction in 2022." It just felt like the party needed to slow. Hopefully, rates recede a bit this spring and the buying public comes back. We'll see.

I had a really good year in 2022. I helped a lot of wonderful people buy and sell their homes and some of the sales I participated in (such as a house on Cromwell Dr. in Springfield selling 350k over the list price and within hours another listing of mine in Westgate selling for 234K over the list price) were breathtaking. I unearthed houses on Ogden, Welborn, Parkston and Newington and put deals together that wouldn't have happened without my expertise and my "ear to the ground." It's what I've done for 42 years. I love where I live and the community I serve. And yes, I still do this full time!



My musical group The VI-Kings (the '60s/70s Soundtrack of Your Life) will be performing an outdoor concert in front of 5804 Searl Terrace on April 8th. Check out VI-Kings.com for other performances. My real estate associate Kevin Cullinane and his wife Mary have graciously afforded us this concert opportunity three times before. A splendid time is guaranteed for all. I never played much golf in my life but the pandemic drove me to seek solace in the outdoors and I started playing with many of my former basketball buddies in 2020. Six weeks ago I somehow got my first hole in one. Confirmation that I am playing better. It was surreal. Finally, enjoy my favorite photo of the year with the little guy, my grandson James. And we've got another on the way!

Matthew Maury

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2022 Springfield Area sales...

	Address	Orig. Price	Final Price	BR	Full Ba	1/2 BA	Sq. Ft ^	Days on mrkt	Settle Date
1.	5619 Marengo Rd.	\$2,750,000	\$2,750,000	5	6	1	4328	0	Sept '22
2.	5607 Chesterbrook Rd.	\$2,495,000	\$2,661,000	5	5	1	4912	3	May '22
3.	5606 Parkston Rd.	unknown	\$2,445,000	6	6	1	5052	0	April '22
4.	5952 Searl Terrace	unknown	\$2,600,000	7	5	1	4454	0	
5.	5502 Albia Rd.	unknown	\$2,225,000	5	2	2	3416	0	Sept '22
6.	5909 Searl Terrace	\$1,975,000	\$1,900,000	6	3	2	3790	20	Sept '22
7.	5985 Searl Terrace	\$1,500,000	\$1,800,000	5	3	1	3465	5	June '22
8.	5300 Ridgefield Rd.	\$1,695,000	\$1,745,850	5	2	1	3212	6	June '22
9.	5411 Kirkwood Dr.	\$1,550,000	\$1,550,000	5	4	1	3000	0	June '22
10.	5511 Westbard Ave.	\$1,495,000	\$1,550,000	5	3	1	2716	4	April '22
11.	5905 Cromwell Dr. *	\$1,295,000	\$1,545,000	4	2	1	2170	7	May '22
12.	5405 Christy Dr.	\$1,249,000	\$1,400,000	3	2	0	2060	4	June '22
13.	5512 Pollard Rd.	unknown	\$1,380,000	4	2	1	2768	0	June '22
14.	5512 Parkston Rd.*	\$1,360,000	\$1,360,000	4	3	1	2143	0	May '22
15.	5704 Ogden Rd. *	\$1,350,000	\$1,350,000	3	2	1	1622	0	Aug '22
16.	5612 Marengo Rd. **	\$1,195,000	\$1,352,000	4	4	0	2684	3	Apr '22
17.	5409 Newington Rd. * ***	\$1,360,000	\$1,360,000	4	3	0	2203	0	Aug '22
18.	5609 Marengo Rd. **	\$1,198,000	\$1,250,000	4	3	0	2384	4	Jun '22
19.	5420 River Rd.	\$1,099,000	\$1,246,000	5	2	2	2228	6	Apr '22
20.	5911 Springfield Dr.	\$1,200,000	\$1,200,000	4	3	1	1924	0	Jun '22
21.	5707 Ogden Rd.	\$1,030,000	\$1,175,000	3	2	0	1927	7	Jan '22
22.	5973 Searl Terrace **	\$1,040,000	\$1,040,000	5	4	0	2604	0	March '22
23.	5307 Cromwell Dr. **	\$1,150,000	\$1,168,000	4	3	1	2654	4	Dec '21
	<ul style="list-style-type: none"> Matthew Maury sales (4) Stuart & Maury: 9 sales 	** Robert Jenets (4)	***Kevin Cullinane (1)				^above grade		

Average sales price in 2022: \$1,645,602. 106.8% of original list price. Source: Bright MLS