

# WOOD ACRES!

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

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Dear Wood Acres Resident,

July, 2016

The elephant in the room is Westbard. Everywhere I go I am asked “so what do you make of Westbard?” It’s time to talk about it. Change is never easy and the plans for Westbard are indeed a substantial change. I watched that shopping center get built in the early ‘60’s. It’s been a part of our lives for a long time. Passions run deep on this topic, I’ll try to take a measured stance as I am not in the kind of business where it’s beneficial to alienate my audience. I am not a commercial real estate specialist and thus it would be fair to say that I have no special perspective beyond being an attentive long-time resident who cares intensely about our community.



I think it is widely agreed that the shopping center, in its present state, falls far below the standards of the evolving socio-economic area around it. It was progressive for it’s day, but that was over 55 years ago. Times change, priorities change, those massive sweeping asphalt parking lots simply do not get built today. It’s considered poor land use. I have attended several community forums and observed several long-time residents get up and say “I want to be able to drive up and park my car above ground and walk into the grocery store.” Understandable, but it’s not today’s vision. From the day that owner Laszlo Tauber died back in 2002 it has been clear that eventually the Westbard Shopping Center was going to get transformed into a 21st century mixed use concept. After a vicious recession and a couple of ownership changes, that day is almost upon us.

My initial sense was that the organization known as “Save Westbard” was tilting at windmills. It was easy to see them as “not in my backyard” types. Publicly, the passion has clearly been on the “against” side of this argument. There is definitely a political aspect to this debate, and a deep mistrust of governmental institutions and processes as well. If you talk with “Save Westbard” leaders (and I have) you come to understand that they are not against re-development, they recognize that change is inevitable and that the Shopping Center, in its current configuration, has an economic obsolescence that requires transformation. The devil is in the details of course. Save Westbard recognizes astutely that the impact of 1400 new residential units will dramatically affect traffic, particularly on River Rd. They are also keenly aware of the potential for school overcrowding. These are serious, legitimate concerns.

I have read the “Working Draft of the Westbard Sector” which passed the County Council procedural vote. I have also listened carefully to reasoned voices such as Phyllis Edelman, the President of the Springfield Civic Association. I follow the fiery political local blogger Robert Dyer with interest. I’ve also received all of County Council member Roger Berliner’s public emails on the subject. I’ve come to believe that the Save Westbard organization serves a very useful and valuable purpose. I don’t necessarily agree with all of their views on the topic but that doesn’t mean that they aren’t playing an important part in this process. My sense is that Councilman Berliner has tried very hard to find a compromise that serves the community. He’s been blasted for that. Some feel that Equity One, the developer, opened the “bidding” high a number of years ago with respect to density so that they could settle for something that was still way beyond what might have been generally accepted by the surrounding populace. Save Westbard fears 1400 residential units.

Understandable, there are currently only 1000 houses in all of Wood Acres and Springfield combined. It is argued that condos, townhouses and apartments don't attract kids. The powers that be seemingly apply some mystical formula across all areas of the County and come up with the concept that schools might not be impacted much. And, most troubling, they say "when it becomes a problem, then we will deal with it." That doesn't seem very forward thinking now does it? We all know this isn't correct. Sorry, but Whitman is not like other school districts. There will be plenty of kids in those new units. The schools can't handle them all right now. And we know well that the demographer for Montgomery County, Bruce Crispell, has consistently underestimated enrollment in our area going all the way back to when the new school was built in 2002.

Buried in hundreds of pages of the "Working Draft", I found references to "alternatives" if schools were to become even more overcrowded. Those include re-opening nearby facilities owned by the school system such as the Waldorf School or Clara Barton Center, additions to existing facilities (good luck with that, Woodacres Elementary is now tapped out!). Whitman and Pyle could be expanded more. And, at the end of that list of alternatives, the dreaded words "redistricting" was mentioned. That of course is a "third rail" firestorm in the making. Any eventual effort to redraw boundaries that moves communities out of the Whitman cluster one day would be met with a fury that makes the current Westbard argument look like a civil discussion. We all know that school boundaries are not guaranteed and they have been changed in other parts of the County, but to my knowledge the Whitman boundaries have not been changed once since I got into real estate in 1980.

Save Westbard is playing the role of holding elected officials and Equity One constantly accountable for each decision that is made. A recent community forum held by Equity One after the initial phase of the master plan was approved resulted in a lot of hedging on critical issues, such as the reconfiguration of Ridgefield Rd. at River, the "daylighting" of Willett Branch Creek, the sequence of construction at Westbard, the size of the proposed Park etc. There are lots and lots of decisions to be made. Not to be overly dramatic, but blind faith in our County Council to do the right thing by the residents of this community is probably not a good idea. They aren't bad guys, they mean well, but they don't live here. They are never going to understand traffic on River Rd. they way we do, or the draw that Woodacres Elementary has that exceeds other areas. There are a million details that go into a massive undertaking such as this. I admire those that choose to be involved and fight for every last inch of ground to make it as good as it can be.

Will we have very tall buildings on Westbard Avenue? Yes, we will, on the East side. There are tall buildings there now, but there will be more. The bowling alley is said to have more than five years left on their lease, one day it will be gone and a tower will take it's place but it could be a decade or more. Will you be able to park above ground? Nah, not too much, no one likes underground parking but I suspect that is what we will get. The townhouses will have more in common with the ones built recently on Little Falls Pkwy and you can expect prices near or around \$1,500,000. Again, I have no special inside info, just a gut feeling.

Will the tall towers be condos or apartments? My guess would be mostly luxury rental apartments. The national trend is capturing Millennials with the need for job mobility flexibility. Young people are just not buying homes at the rate of previous generations. They are lured to buildings with pools, gyms, common social areas and ride-on services to Metro. These are amenities that the towers will provide. It's just a guess, but that's what I expect.

In reading these reports, I surmised that the townhouses where the retirement home is now will be built first, then the core of the shopping center and the upper townhouses near Kenwood Place. I'm told that Giant is staying, it's a "done deal". That's a plus for our community. The fervent hope would be that they build the new Giant before tearing down the old one, similar in phase to the way they built the new Whitman before tearing down the old one. The Westbard II Shopping Center is currently only taking leases guaranteed through 2017, to hedge their bets on future development, but it could be many more years before it is razed, we'll see. The towers will come later. Phyllis in Springfield points out to me that all this won't be built at the same time, it could take 10-15 years for the full vision to be completed, maybe longer. And each step of the way there will be a fight and modulation and give and take. It's not over, it's just beginning. It's my understanding that a shovel isn't going in the ground until 2018 at the earliest.

I interviewed Jack Alexander of AMR Commercial Real Estate. Jack is my go-to guy for the commercial side of Bethesda real estate. Jack points out that the towers aren't going to get built

until there is a clear market signal as to their viability. They aren't going to build 18 stories and "hope" someone will rent the units, they are going to keenly observe the progress of the shopping center, the success of the townhouse sales, the evolution of the political environment. All of this is by way of saying that we are looking at a very long arc.

Jack believes that the long term impact of the transformation is a very good thing for our community. New amenities, new restaurants, new retail, all within walking distance, in theory it can all be quite great. I know a community member who has his eye on a neighborhood watering hole, a place where the ballgame is on the big screen, a few beers after playing basketball, a place where "everybody knows your name." It could be pretty cool.

What is the current impact on your property values? Frankly, it seems to be what everyone really wants to know. Uncertainty is never helpful and we have our share of it right now. I recently sold a house to a young couple in Glen Mar Park. After signing the contract, the wife called me, freaking out a touch about Westbard after reading a Post article. "Will the value of our house go down?" "Will we still be able to attend Woodacres Elementary?" I explained to her that I believe her property value will be deep and lasting. People will want to live near the great amenities that are going to be built. Problems will surface and be addressed. Schools and traffic will adapt. It might get messy at times, and it may be different than it was 30 years ago, but the elements that make the 20816 zip code a great place to live, long term, will be enhanced, not reduced. It is incumbent upon us as community members to be ever vigilant. I don't know what Save Westbard has in mind regarding their "Legal Defense Fund." I couldn't tell you if such an approach would be beneficial. But I personally love that there are people willing to put in their time and effort to influence the development in a way that is positive. I think leaders in surrounding communities collectively reached a logical conclusion that this thing was going to happen. So did Roger Berliner. They tried to scale it back. They had some success. Maybe not enough for some folks. Maybe the developers are too much in the ear of too many people in positions of power in our County, but they are embarking on an endeavor that will pour hundreds of *millions of dollars* into our community. Overall, I'll cautiously call it a plus, not a minus. I completely respect those who disagree, but encourage all to continue to try to work together for their betterment of our community.

Let's move on to the here and now. Here are the eight homes that have **settled** in Wood Acres in 2016:



**5911 Wiltshire Dr./\$979,000\*\***



**6119 Ramsgate Rd./\$925,000\***



**5909 Cobalt Rd./\$917,000**



**6002 Milo Dr. /\$869,000\*\***



**6102 Cromwell Dr./\$865,000\***



**6012 Welborn Dr./\$860,000**



**5704 Gloster Rd./\$849,000\*\*\***



**5801 Ramsgate Rd./\$810,000**

**\*Matthew Maury sales, \*\*Bob Jenets sales, \*\*\*Kevin Cullinane sale-all with Stuart & Maury!**

A few observations on the sales above. Collectively, sellers paid \$49,000 in “closing costs” on the eight settled sales above. This reduces the effective final sales price a seller receives of course. This charge was in addition to the standard 1/2 transfer and recordation taxes that sellers routinely pay. You might wonder, “what’s that all about.” Sometimes a buyer is looking to minimize their cash usage by paying more for the house and receiving a cash credit for “closing costs” at settlement. This allows them to borrow a certain percentage of the sales price (such as 80% of the appraised value) and use the cash credit for improvements or repairs. It’s a method for preserving cash. A seller has to look at it as a negotiation off their price, and if a home has been for sale for awhile, it’s a method often used to make a sale. The four homes that paid closing cost credits in the past six months in Wood Acres were on the market for 75, 37, 30 and 47 days. In most cases this was long enough to have flexibility in their price, which was often expressed in the “closing cost credit.” I put italics around those words because sometimes this credit is negotiated AFTER the contract is ratified, as a way of solving home inspection issues. The lenders don’t want credits for repairs identified as such, but they will allow it to be called “closing costs.” Go figure. Either way, issues such as needed or coming roof replacement, mold in basements and especially ATTICS, and the other assorted messy issues that arise as part of the home inspection process are often dealt with by negotiating a credit.

Mold in attics has become a bigger deal over the last few years. Stuart & Maury recently invited Paul Ramsey of RTS Environmental Systems (301-607-6276), to speak to us about mold issues. We’ve used Paul as an environmental housing expert for decades. He’s a very bright man and very fair and insightful. He believes that climate change has resulted in longer periods of warm moist weather, with heat starting sooner in the Spring and lasting longer into the Fall. Thus, mold has a longer window to fester and develop. We learned a lot. I will say this: if you have bathroom fans, you need to make sure they vent to the outside. Too often, slipshod workmen dump the vent into the attic. No one knows for decades. That moisture is trapped in a severely hot attic that is not well vented to begin with. A whitish, pasty film develops on the wood throughout the attic. This is not a serious issue for most people with a normal mold

tolerance. But for some, it is bothersome at best and a health concern at worst. While it's a relatively simple process to clean up, the liability related to it makes it an expensive proposition for a professional company like RTS. The cost can be as high as 4-5K in Wood Acres. Don't be that homeowner that has never checked the attic. There can be surprises up there!

Subtracting the 49K in credits, the average sale in Wood Acres this year has sold for **\$878,625**. That's down of course from last year's astounding average of \$1,024,979. There's an obvious explanation for this. No big expanded homes have come up for sale this year. There was a sale on Ramsgate that had a two story addition, built in the early 80's with four bedrooms upstairs, but in general, the "super" Wood Acres house just hasn't come up for sale in 2016. In 2015, there were FIVE of these type of homes, selling for \$1,525,000, \$1,275,000, \$1,225,000, \$1,240,000 and \$1,050,000. Without that upper bracket energy, the "average" home sale at \$878,625 is representative of the typical three bedroom Wood Acres home with good first floor improvements.

A great sale recently was completed on Cobalt Rd. for \$917,000. That home received multiple offers and sold 28K over the asking price. The wall was taken down between dining room and kitchen and that openness remains a "hot button" for today's buyers. A flat backyard distinguished that home as well. This is an issue with many Wood Acres homes. The rolling terrain of Wood Acres is quite wonderful, but most buyers prefer a useable flat backyard. In fact, half the homes sold in Wood Acres this year had topography issues that held down their final selling prices a touch. It's always been this way.

The real estate market in general in the first half of 2016 has been healthy and stable. Interest rates have been ridiculously good and they've gotten even better, as if that were possible, in the past few weeks. We will look back on this era one day and marvel at how low rates were. There were 552 single family homes sold in the Bethesda/Chevy Chase zip codes in the first six months of this year. For perspective, 508 were sold the previous year, so total units sold have jumped about 10%. That's good news, although it is my sense that the market has cooled since May. I dove into some research and ascertained that there are currently 315 single family detached homes for sale in Bethesda & Chevy Chase. The *average* asking price on these homes is an incredible **\$1,712,177**. The top end is overloaded with offerings. There are 17 homes priced over 3 million dollars, and 60 in total offered for over \$2,000,000. There is activity in that price range this year, with 44 homes selling over \$2,000,000 but still.....affordability is a clear issue in Bethesda. Bethesda and Olde Town Alexandria were recently named the most desired places to live in the DC area by a survey of DMV residents. According to the survey, only 14% of DMV area residents live where they truly want to live. **We are lucky to be Bethesdians!**

I have also followed with interest the evolving taxation issue in Montgomery County. This Spring, the County Council raised the recordation tax that is levied when a home is sold. This increase will go into effect on Sept 1st, 2016. There are layers upon layers to this, but the bottom line can be expressed this way. If you sell your home for \$900,000, the increased cost to you is likely to be about \$950 and \$950 more to the buyer as well. This is real money. I found it interesting that the only people who showed up to argue against the increase at the County Council hearing on the matter seemed to be real estate agents. This was to be expected. There is no *active* constituency who sees themselves as being harmed by such an increase. Most homeowners are not sellers right now. And most people are not buyers either. Down the road, years from now, a seller might be dismayed to learn of the increase, but right now, it's not on their radar screen. And thus, there was little public outcry.

It's a bit disingenuous for real estate agents to have argued that the increase will harm sales. The total transfer and recordation taxes jumped from about 2.25% of sales price to about 2.45%. The white hot DC real estate market deals with a total of 2.9% and has for years, without appreciably inhibiting sales. However, it is suggested that these tax increases will deter a group that we should care intensely about: first time home buyers. This is absolutely true, the more cash it takes to get into a first home, the harder it is. We desperately need those buyers to enter the market. Their purchasing power affects the entire "food chain." In this regard, the increase concerns me a bit. I understand that the added revenue is meant to go to our schools and I am all for that. I suppose I feel that if we need those funds, the revenue should come from all of us in the form of an across the board tax increase, not just buyers and sellers of real estate, but that's an entirely

different political hurdle. This solution struck me as more “stealth.” As in, almost no one knows about yet.

I note with interest that several recent substantial additions and modifications have been completed in Wood Acres and a few more are being built right now. Twenty to thirty years ago, it was quite common for Wood Acres owners to move to River Falls in Potomac near Old Angler’s Inn. That community has a pool and tennis facility, a sense of community spirit and, similar to Wood Acres, has a consistency to the colonial architecture because it was built by one builder: Gosnell. The migration was so common we took to referring to River Falls as “Wood Acres West.”

How times change. I cannot recall the last Wood Acres residents who moved there. There’s nothing wrong with River Falls at all these days, it’s still lovely and values have gone up over the years. But, it’s “out there.” Those seven miles are viewed entirely different today than they were twenty five years ago and that says a lot about how life has changed and how priorities have changed. Buyers want to be close in. They want to be able to get to work quickly. They want to be able to walk to amenities. They don’t want to have to get in their car for everything in life. People work later, traffic has gotten worse. Try driving to Potomac Village on a Friday night at 6pm, it’s a slog out one-lane River Rd. past the Beltway, almost bumper to bumper sometimes. There are still many buyers who start out their “real estate life” in Potomac and are used to it, or work out that way, or have kids who attend schools out that way, and that location works for them. But for those who live inside the Beltway *now*, heading out there isn’t in the cards for most folks. I think the phenomenon of very large additions, such as the gorgeous GTM project going on right now on Woodacres Dr., represents a desire to stay close in. More and more, Wood Acres owners have determined that they love where they are. It’s a known quantity. They know their neighbors, they know their commute, they love their home. Expanding makes perfect sense. Thus, fewer homes are for sale each year in Wood Acres than twenty five years ago when we used to see 25 homes a year change hands. Now, it’s not unusual to see 15 sales a year, that’s the pace that we are on for 2016. And limited supply increases demand, which is a great thing for sellers too.

Springfield, Beacon Hill and Chevy Chase are three communities that have long been sought after by Wood Acres owners who *are* considering the purchase of a larger home. I’ve been in the middle of a bunch of sales recently, including the following homes: (*\*all Matthew Maury sales*)



**5905 Searl Terrace/\$1,375,000 \***



**5508 Albia Rd./\$1,230,000\***



**5502 Christy Dr./\$1,050,000**



**7109 Beechwood Dr./\$1,350,000\***

The Searl Terrace home, listed with another company, featured the classic four bedrooms and two baths on the second floor. The baths were renovated. It had a third floor as well with two more bedrooms. It's a beautiful center hall colonial. Ironically, I also sold this home in 1988 for \$600,000. Jeez, I've been doing this a long time. I sold the home to a buyer who is now working with Ned Hengerer of Home Stretchers (240-460-7557) to renovate the 90's kitchen, taking down that wall between kitchen and dining room and opening up the classic floor plan. The home backs to the newly built Wood Acres Elementary addition and has great access to the Park. This transaction is the only sale of a Searl Terrace home this year.

The Albia Rd sale is a home in need of a renovation inside. Devastatingly pretty with a gorgeous backyard, the home features a large family room addition on the back that was built in the early 80's. It needs paint, floor refinishing, bath renovation, kitchen updating, but it's a great house on one of the truly great streets in the 20816 zip code. My owner was 95 years old. I have a lot of experience working with seniors. It's a challenging time of life for them and often there are few family members around to help. The process can be emotional for them and I often take on the role of a "son" to a degree. It's one of the most satisfying, yet difficult, aspects of my job. I was really pleased to help this owner make the transition to her retirement facility at Maplewood on Old Georgetown Rd. The home sold quietly without coming fully "on the market."

The Christy Dr./Springfield sale on the previous page at \$1,050,000 is an example of a quality Springfield split selling for an exceptional price because of a full scale renovation. I sold the home to the owner about three years ago for \$875,000 (she had been a tenant of mine for many years). She embarked on redoing the entire house. Bathrooms, kitchen, floors, walls, recessed lighting, new doors, new hardware, improved closets, window treatments, landscaping, fencing, patios, stone walkways. It is a gorgeous home. Why does someone do all that and then sell? Well, she got married and bought a home in Potomac Falls on two acres. Now, that's a change of lifestyle!

Finally, the home on Beechwood was my sister's home since 1982. She and her husband have bought a home in Charleston S.C. They got an apartment here in downtown Bethesda as well, and will wander back and forth as their whims dictate. A new adventure. They came on the market at \$1,299,000 and within hours we had a great offer for 51K *over* the asking price....done. Did I mention that my sister is a professional "stager"? She knows how to present a home.

It's not hard to see that real estate agents are in the middle of people's lives. The job is so much more than "selling." In fact, I would put that skill way down the list of attributes necessary to be successful in real estate. We are coordinators of the entire process. We are renovators (I supervised painting, floor refinishing, window washing and landscaping on another home on Christy Dr. that I sold this Spring for 840K); hand holders (helping a 95 year old out of a house she had lived since the early 80's is no easy feat); counselors (the buyer of Searl wasn't convinced that the street was worth it, now she is totally thrilled). And on and on.

By the way, I am asked from time to time "are you retired?" Hey, I'm 64, but I'm not done yet! I sold **\$14,000,000** in the first half of this year alone and I sold over **\$20,000,000** last year. I am still extremely productive. What I have done is reduce my responsibilities so as to focus on what I truly enjoy, which is selling Bethesda area homes and helping buyers in this area. I don't go to Gaithersburg or Silver Spring much anymore. Occasionally I will dip into DC but not too often. Real estate is hard but it's made easier when you know what you are doing and you are close to home. Thus, Wood Acres and Springfield remain very important to me. It's what I do best and what I enjoy doing the most. 35 years experience is an invaluable resource, I look forward to continuing to serve the community.

Sincerely



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Matthew Maury  
Over \$825,000,000 in career sales  
Over 350 Wood Acres sales spanning a 35 year career.

