

WOOD ACRES

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

August, 2022

Dear Wood Acres 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 **5.2%**, which is near the highest we have had since the dark days of late 2008. That 5.2% rate is down a bit 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 Wood Acres/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 the streets on that side of Springfield/Westwood. And for the hearty, a walk from Wood Acres is certainly achievable. “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?"

Let's take a look at the **fifteen** homes to sell in Wood Acres in the past seven months:



6101 Cromwell Dr.**
Listed: \$1,875,000
Settled March: \$2,225,000
350k over asking price



6000 Cromwell Dr.
Listed: \$1,595,000
Settled July: \$1,833,000
\$238k over asking



5901 Cranston Rd.
Listed: \$1,795,000
Settled June: \$1,745,850
never on the market



6010 Woodacres Dr.
Listed unknown
Settled June: \$1,500,000
never on the market



5905 Woodacres Dr.
Listed \$1,375,000
Settled April: \$1,470,000
95K over asking



5907 Cranston Rd.
Listed \$1,329,000
Settled May \$1,470,000
141K over asking



5901 Devonshire Dr.
Listed \$1,150,000
Settled Mar: \$1,425,000
275K over the asking



5700 Gloster Rd.**
Listed \$1,400,000
Settled July: \$1,400,000



5802 Ramsgate Rd.
Listed \$1,275,000
Settled Aug: \$1,280,000



6009 Corbin Rd.
Listed 1,225,000
Settled July \$1,150,000



6108 Welborn Dr.*
Listed \$1,199,000
Settled Aug: \$1,125,000



6215 Mass. Ave.
Listed \$985,000
Settled July: \$1,000,000



6101 Mass. Ave.**
Listed \$969,000
Settled Aug:\$990,000



5914 Ramsgate Rd.
Listed \$979,000
Pending settlement



6115 Mass. Ave.
Listed \$1,025,000
Pending Settlement



6316 Avalon Dr.
\$899,000
Pending settlement

*Matthew Maury sale
** Bob Jenets sales

Stories abound. The Cromwell sales above represent the two highest sales ever in Wood Acres. The high sale had a three story GTM addition and has sold three times in the last ten years. It sold for \$1,325,000 in 2012 and \$1,525,000 in 2015. The next highest sale had a very nice addition on the back, each home featuring four bedrooms on the second floor. Two homes sold above without ever coming on the market, each for an exceptional price. And they were special homes that could command that sort of activity. My listing on Welborn above was owned by the same family for generations. To my knowledge it was the last home in the neighborhood still owned by the original 1940-41 family. We'll miss Frank and Kaye Cook, they were great neighbors and contributed much to our community over the years. Frank Cook was just a baby in '41 when his parents

bought a brand new Albert Walker home. Frank is now 82 years old and so is the house! The home had a Home Stretchers two story addition added in 1987, creating a fourth bedroom upstairs, but it is ready for a renovation and expansion, which the new buyers will be undertaking soon.

The grouping of the homes sold at \$1,470,000, \$1,425,000, \$1,400,000 are notable. All three are the original three bedrooms and two baths on the second floor. While they have first floor additions and improvements, prior to the Pandemic that price range was the exclusive domain of Wood Acres homes with four bedrooms upstairs. It's just an amazing testament to the ferocity of the market that these homes have soared into this price range. The lesson being if you maintain your home exceptionally well and keep it updated, very good things will happen down the road one day.

In summation, we've had **13 settled Wood Acres homes sales in 2022, at an average sales price of \$1,419,230**. 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 recent settlements in August are 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 Springfield next door. Wood Acres is not the only Bethesda community on fire. 20 settled homes sales this year in **Springfield/Westwood** have a drop dead astounding average sales price of **\$1,551,442**. This includes the highest sale ever for that community at \$2,661,000. And a Searl Terrace renovation at \$2,600,000. Let's look specifically at four remarkable Springfield/Westwood area sales:



5607 Chesterbrook Rd.
Listed at \$2,495,000
Sold \$2,661,000
\$166k over asking



5606 Parkston Rd.
Listed unknown
Sold \$2,445,000
never on the market



5985 Searl Terrace
Listed \$1,500,000
Sold \$1,800,000
300k over asking



5512 Pollard Rd.
Listed: unknown
Sold 1,380,000
A tear down!

The Chesterbrook home above sold brand new in 2016 for \$1,800,000. The Parkston above home sold for \$2,400,000 in 2007. The Searl home sold for \$1,255,000 just three years ago. It rose in value 535K! Finally, the Pollard Rd. sale above is the second highest "tear-down" sale of all time in Springfield. The highest was a few years ago on Searl Terrace for \$1,595,000. The original home was erased on Searl and a substantial 3.5-4.0 million dollar 9000 sq ft home now stands in its place.

On the next page are the nine Springfield/Westwood homes that sold before coming on the market. 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 tear down 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.

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."

One aspect of the market in our area fascinates me. There were three sales in Wood Acres and **nine** in Springfield/Westwood through mid August this year that never came on the market. That's an amazing stat right there. Thirty five homes have been sold in Springfield/Westwood/Wood Acres this year. A third of them never hit the market! Let's look at the nine homes in Springfield/Westwood 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)

You might wonder “why does a home not come on the market?” It's a fair question. Many sellers have experienced incredible offers way over the asking price as a result of buyers competing with each other. In almost all cases, these homes have been honed to perfection prior to full marketing. This preparation takes both time and money.

As buyers have been shut out of purchasing a home because of multiple offers, they have become creative in locating and targeting properties that are soon to come on the market. This pathway can include tips from friends and neighbors and buyer agents casting a wide net through their contacts to try to find a house for their buyers. Many sellers are not thrilled with the time, money and effort necessary to “compete” with the arms race that is “coming on the market.” The amount of money necessary to spruce up a home is not inconsequential. This can include painting, floor refinishing, carpet replacement, appliance replacement, landscaping...the list goes on and on. So much of an agent's value these days is in helping sellers understand what is necessary to accomplish the remarkable final price that you often see. And then helping the seller undertake the projects.

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**

Many sellers value privacy and would prefer to not have an army of buyers (and lookers) tromp through their home. When approached for a quiet sale, especially if the discussion is at an exceptional price, sellers are sometimes receptive. Over the past few years, there have been enormous benefits reaped for going to the time and trouble to shine your home to look like the homes you see on HGTV. Many of the homes above were headed towards the marketplace when they were discovered and approached.

It's an indication of just how competitive our real estate market has been in the last few years that so many homes have gone this route. It's not only Wood Acres that has been blisteringly hot. There have been remarkable sales throughout the 20816 zip code in 2020. There have been 124 detached single family homes settle in our 20816 zip code this year through 8/15/20. Surprisingly, there were exactly the same number of sales last year in the same time period. Throughout the Bethesda/Chevy Chase zip codes however there have been 679 homes settled through 8/15/22. That's a drop of a whopping 21% compared to last year. I can't explain why 20816 has had the same number of sales this year while the rest of Bethesda and Chevy Chase have had fewer sales.

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 & Maury 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 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 if I were 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 "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 when a new law kicks in.**

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,

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