

# WOOD ACRES

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

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January, 2023

Dear Wood Acres Area Resident,

A financial pundit from the Wall Street Journal recently was 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 Wood Acres.

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 got my family settled and put down permanent 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. Often in the past it would 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 Wood Acres has sold since August 15th, 2022. There were 16 sales in the first seven and half months. The previous year there were five sales after August 15th. 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 Wood Acres but throughout Bethesda where the listing inventory is much lower and the number of real estate transactions have dwindled. There are only 78 single homes for sale in all of Bethesda/Chevy Chase right now. To complicate matters further, only 10 homes are priced under a million dollars and 2/3rds of the homes for sale right now are priced over \$1.5 million. In fact, 42 of the 78 homes 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 Wood Acres 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. Wood Acres average sales prices have increased 31% in the last three years; from \$1,012,750 in 2019, to \$1,333,411 this past year. Yes, it's fair to point out that Wood Acres 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 32.6% from 2019. Let's summarize that:

Wood Acres up **31%** 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 **32.6%** 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 their homes to support them in the later years of life. The downside of course is a rise in property tax expenses. It's been reported that State wide, this round of assessments is up 23%. Which is a touch less than our zip code and quite a bit less than Wood Acres or Bethesda/Chevy Chase have posted the past three years.

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 in 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 Wood Acres 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, Trulia 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 will 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 all of the comps in Wood Acres in 2022 are incredibly high and will not help you. It's hard to argue that your four bedroom home is assessed too high at \$1,325,000 when we've had multiple four bedroom homes sell over 1.75 million this year. It's hard to argue that your three bedroom home is too high at \$1,125,000 when there are many three bedroom homes that sold over 1.2 last year. 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.

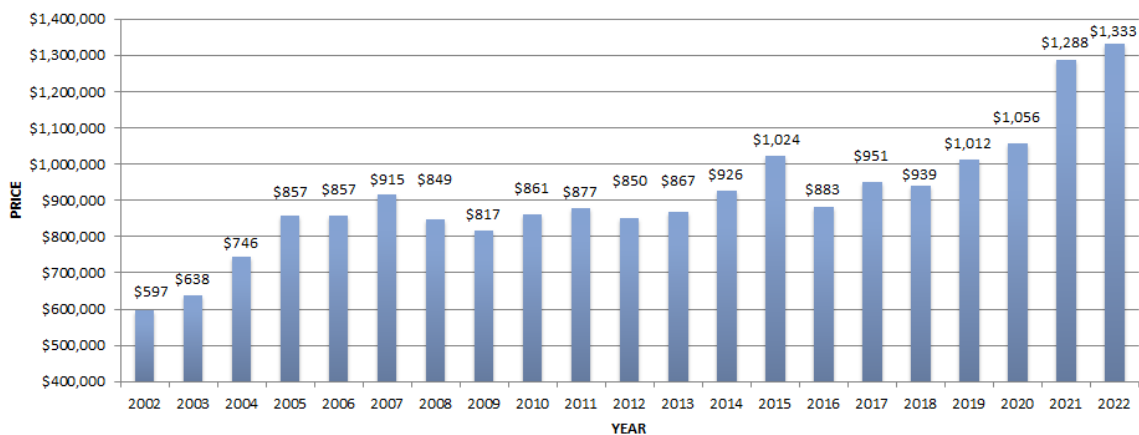
I undertook an exhaustive analysis of the 17 properties that sold in Wood Acres in 2022. Surprisingly, the State loaded all the new assessments into their database on Jan 4th so the data is all there for discovery. I have suspected for decades that the assessment process is most aggressive against homeowners who purchased recently. My theory is that if you bought your house for \$1,425,000, an assessment of \$1,387,000 just can't 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 17 Wood Acres sales last year had their assessment rise from an average of \$832,094 in 2019 to \$1,234,805 in 2022. That's an increase of 48.9%. Only two of these owners received a new assessment higher than what they paid for the house. In fact the assessments were 1.63% less than what homeowners paid for their home. The highest assessment increase I found was 56% , the lowest 5.9%. I'm hard pressed to believe that any Wood Acres owners has much of a shot of successfully getting their assessment lowered. I will help you if you want to try (gratis), but it's a tough road.
- I then randomly selected 70 Wood Acres homes that did not sell last year. I was careful to use 35% two story addition homes and 70% expanded but not upstairs. This approximates the percentage in Wood Acres. Surprisingly, the increase in assessment on these 70 Wood Acres homes was a whopping 45% (thank goodness for an Excel spreadsheet!). What we can conclude is that not only did recent owners get smacked, so did Wood Acres in general. Could you argue that the average Wood Acres price has not risen that much, using the data I've provided? Perhaps. But here's the thing, when I look at these assessments, they are still under what almost everyone was worth in July of 2022. 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 homes with beautiful Home Stretchers two-story additions assessed at 1.25 million. And others, just slightly larger at 1.75 million. Most properties seem under valued, not overvalued. 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 Wood Acres was \$2,114,00, the lowest I surveyed was \$793,000.
- 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:**

Wood Acres homes rose in value **3.5%** to an average price of **\$1,333,411**. 17 homes were sold last year, there were 19 the year before. The average Wood Acres home sold 105% of it's asking price and took a week to sell in 2022. The high sale (and the highest sale ever in the community) was on Cromwell for \$2,225,000. The low sale was for a home that never came "on the market" on Wynnwood for 835K. It needed work. A detailed list of all 17 sales is on the back page of this newsletter.

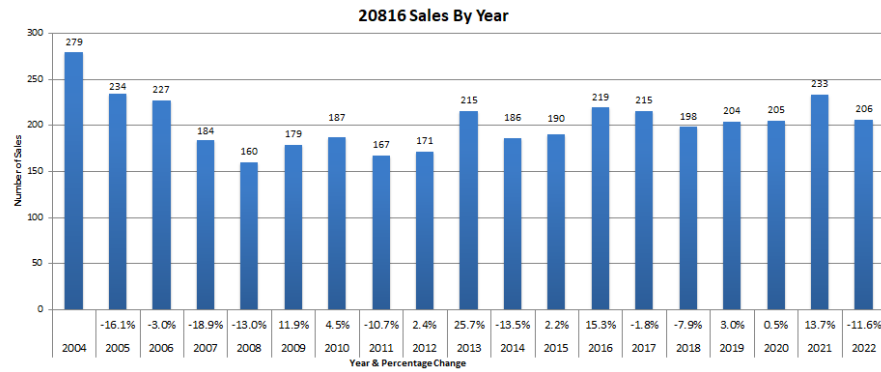
**Wood Acres Prices 2002-2022**



**20816 sales info**

The average price of a **20816** detached home rose a modest 3.5% in 2022. The increase base 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 nine homes for sale in the 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 coming on the market at all in 2022. There were 29 the previous year.



- The average price of a home sold in our zip code last year was **\$1,493,846**. That’s a modest increase of 3.77% over the previous year. Including the 28 “off market sales”, there were 206 homes sold, down almost 9% from 2021. This is in large part because so little came up for sale after August 15th. 20816 houses that came fully on the market in 2022 sold for 104.8% of their original list price. An incredible number coming on the heels of fabulous real estate years in 2020 and 2021. 20816 homes went under contract in 13 days on average.

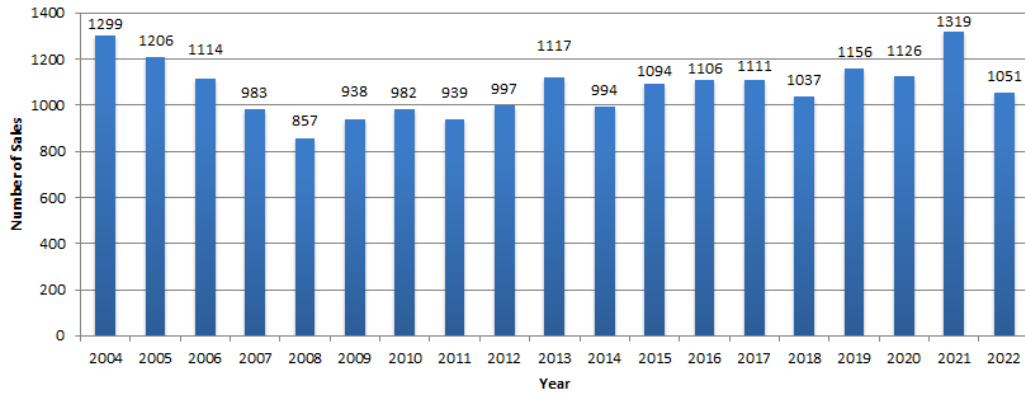
- The high sale for the zip code was a new home at 5118 Wapakoneta Rd. in Glen Echo Heights for \$3,115,125 (it’s important to get that last \$125!). Sheesh. There were 30 homes (14.5%) that sold over \$2,000,000. Nine of these sales took place in Glen Echo Heights, nine in Westmoreland Hills and five in the Springfield area. Wood Acres had it’s first sale over two million dollars this year as well.

- The low sale in the zip code took place, not surprisingly, at 5020 River Rd. 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 5.4% in 2021, and 15.3% 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 relatively 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 495 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.
- 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 was 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.

### Total Single Family Sales in ZIP Codes 20814-20817



### 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 Springfield/Westwood/Beacon Hill** the number of homes sold dropped from 30 to 23, a 25% decrease. Prices rose a whopping **19.6% up to an average of \$1,645,602**. This rise can be attributed in part to five sales over \$2,000,000, all homes newly built in the last 10-15 years or so. Springfield had four of the top ten sales in the zip code last year. The low sale was a home on Cromwell for \$1,014,00 (now being added on to and renovated). The high sale was on Marengo Rd for \$2,750,000. It's the highest sale in the history of the community.

Springfield had seven homes sell that never hit the market last year. **I sold three of them.** It is also interesting to note that Springfield sales last year were assessed for 35% more than the previous assessment, which is less than the 45% posted in Wood Acres for the same demographic. Frustrating, isn't it. And this demonstrates the random nature of assessments. These same homes in Springfield were assessed for 93.6% of what 2022 buyers paid for the property. That number was 98.4% for new Wood Acres owners. I have no explanation! Again, none of these percentage metrics can be used as part of an appeal.

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 vulnerable 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 "ear to the ground." It's what I've done for 42 years and I love the community I live in and where I serve.

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. A month ago I somehow got my first hole in one. Confirmation that I am playing better. It was surreal. Finally, below is my favorite photo of the year with the little guy, my grandson James.



Sincerely,

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

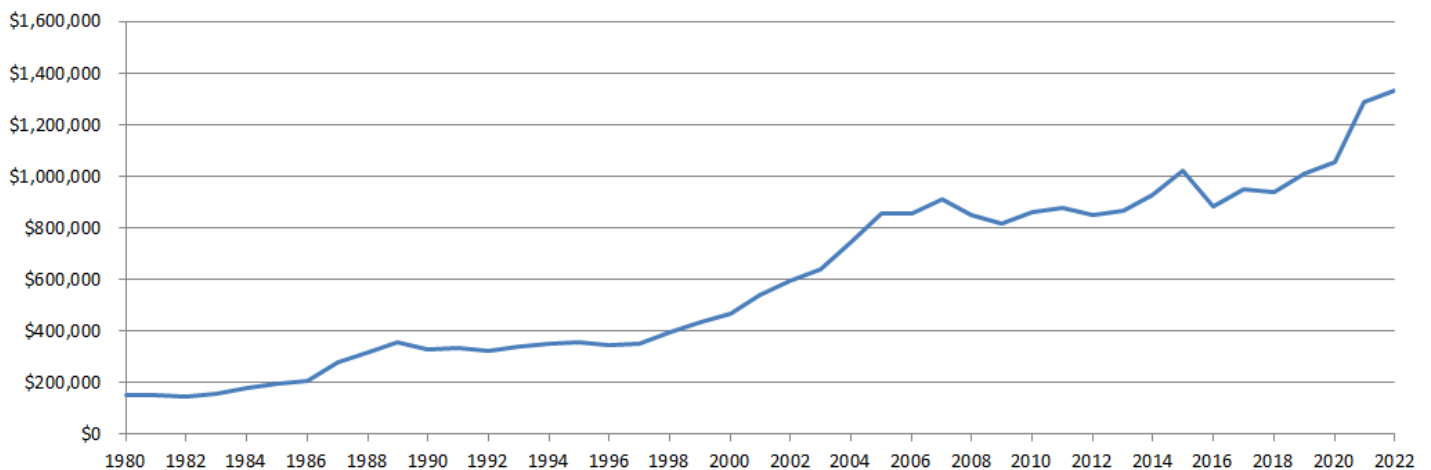
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# Wood Acres Sales History through the Years!

YEAR	AVG. SALES PRICE	# SOLD	GAIN/LOSS
1979	\$136,120	11	**
1980	\$149,300	11	10%
1981	\$153,785	12	3%
1982	\$148,456	20	3%
1983	\$159,808	23	7%
1984	\$179,280	29	12%
1985	\$194,000	26	8%
1986	\$209,543	31	8%
1987	\$276,972	22	32%
1988	\$319,808	25	15%
1989	\$358,000	19	12%
1990	\$328,626	19	-8%
1991	\$335,810	29	2%
1992	\$323,795	22	-4%
1993	\$343,366	29	6%
1994	\$354,481	27	3%
1995	\$355,411	18	0%
1996	\$347,846	13	-2%
1997	\$351,105	19	1%
1998	\$396,528	17	13%
1999	\$436,842	38	10%

YEAR	AVG. SALES PRICE	# SOLD	GAIN/LOSS
2000	\$470,800	20	8%
2001	\$543,312	24	15%
2002	\$596,541	25	10%
2003	\$638,465	19	7%
2004	\$745,664	28	17%
2005	\$856,876	21	15%
2006	\$856,658	22	Even
2007	\$915,014	11	7%
2008	\$848,921	14	-7%
2009	\$817,236	16	-4%
2010	\$861,263	19	5%
2011	\$876,957	14	2%
2012	\$849,859	14	-3%
2013	\$867,000	21	2%
2014	\$926,900	10	7%
2015	\$1,024,979	13	11%
2016	\$883,561	14	-14%
2017	\$950,608	18	8%
2018	\$938,607	20	-1%
2019	\$1,012,750	8	8%
2020	\$1,056,826	20	4%
2021	\$1,288,473	19	22%
<b>2022</b>	<b>\$1,333,411</b>	<b>17</b>	<b>+3.4%</b>

**AVG. SALES PRICE**





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## Wood Acres Sales in 2022

		Orig. Price	Final Price	BR	Baths	SQ. FT.*	DOM	Settle Date
1.	6101 Cromwell Dr.**	\$2,225,000	\$2,225,000	5	4.5	3618	1	March '22
2.	6000 Cromwell Dr.	\$1,595,000	\$1,833,000	4	3.5/5	2477	2	July '22
3.	5901 Cranston Rd.	\$1,725,000	\$1,725,000	4	4	2694	1	May '22
4.	6010 Woodacres Dr.	\$1,500,000	\$1,500,000	3	2.5	1886	1	June, '22
5.	5907 Cranston Rd.	\$1,375,000	\$1,470,000	3	3.5	2060	3	June '22
6.	5905 Woodacres Dr.	\$1,450,000	\$1,500,000	4	2.5	2760	6	April '22
7.	5901 Devonshire Dr.	\$1,150,000	\$1,425,000	3	2.5/5	1950	2	July '22
8.	5700 Gloster Rd. **	\$1,400,000	\$1,400,000	3	2.5	1854	6	Mar '22
9.	5802 Ramsgate Rd.	\$1,275,000	\$1,280,000	3	3.5	1650	6	Aug '22
10.	5914 Ramsgate Rd.	\$1,199,000	\$1,380,000	3	2.5	2045	0	Mar '22
11.	6201 Cromwell Dr.	\$1,490,000	\$1,200,000	3	3.2/2	1890	46	Nov '22
12.	6009 Corbin Rd.	\$1,429,000	\$1,150,000	3	2.5	1666	17	July '22
13.	6108 Welborn Dr. *	\$1,199,000	\$1,125,000	4	2.5	1922	1	Aug '22
14.	6215 Mass. Ave.	\$1,000,000	\$1,000,000	3	2	1546	6	May '22
15.	6101 Mass Ave. **	\$969,000	\$990,000	3	2.5	1815	4	Aug '22
16.	6316 Avalon Dr.	\$899,900	\$880,000	3	2	1320	1	Aug '22
17.	6106 Wynnwood Rd.	unknown	\$835,000	3	2.5	1842	5	Jan '22

\*Matthew Maury sales \*\* Bob Jenets sales Average Sales Price in 2022: \$1,333,411 105% of original list price, Source: Bright MLS, & careful memory .

\*Square footage/above grade is from public records.

