

SPRINGFIELD!

Westwood/Beacon Hill

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

January, 2008

Dear Springfield, Westwood Beacon Hill Area Resident,

2007 will be remembered by most as the year that the credit crisis emerged and put the brakes on the eight-year long roaring real estate market. The data you will read about in this year-end recap will surprise you. 2007 was a remarkably good year. I know, you are thinking, “how can that be?” While numbers DO sometimes lie, the depth of the data, especially when looking at hundreds of sales in the entire zip code, tells a story. Prices on average were UP in 2007, not at the same pace as previous years, but UP just the same. The number of sales continued to slide and the last five months of the year were certainly more difficult than earlier in the year.



The market seems to have a crisis of confidence. This will pass. The depth of money in this city is substantial. And we are an extremely mobile society, especially the Washington area. People will want to move and need to move. There will be a market. Sellers will have to adjust their expectations but will be able to “make it up” on the other side of a purchase if they are clever and resourceful. There are bona fide opportunities out there in the marketplace for the larger “next” house. Inventory in the close-in areas continues to be thin however, and being educated on value and prepared to take intelligent action quickly when an opportunity is identified has never been more important.

The lending industry is still in quite a lather. Your credit score has never mattered more. I encourage all of you to examine your credit carefully. Correct errors, employ strategies to improve it where you can (minimize credit card debt and make those payments on time!). More than ever, the best interest rates are going to go to the best applicants. The options available to structure the ability to buy independent of the sale of your current residence are not as wide as they once were. Talking to a lender well in advance to understand what your options are, if you were to decide to purchase in the coming year, has also never been more important. I am a big proponent of referring business to people I trust. I recommend Steve Jacobs at FNMC because he is a neighbor, a quality guy and his company is very competitive and reliable. Unlike most of the major real estate companies out there, I don’t have my hand out to lenders and title companies looking for “compensation” for referring business. I think it’s wrong. I just want lenders and title companies to do a great job and make the thing work.

The amount of detail in this letter can easily overwhelm even the most eager reader. But if you dig down inside it, it will make you feel better. Things were much better than they may have seemed in 2007. Here’s hoping we can make 2008 happen in a similar manner!

Here we go again, for the 28th year in a row, here are the details of another solid year for Springfield/Westwood Beacon Hill area real estate. The format is the same because it works!:

- After property value increases of 18%, 12%, 17% and 8.7% in the last four years, you would think, given the troubles in the marketplace, that the average price of a Springfield area home would have eased off in 2007. You would be sorely mistaken. **The average price of a Springfield area home rocketed forward in 2007 to an astounding \$1,214,792, an increase of 14.9%** over the lofty average of \$1,056,909 posted in 2006. We all know what is going on here. 2007 was the year that several huge, expensive new homes came on the market and sold in our neighborhood. Four of the seven homes sold in the 20816 zip code over \$2,000,000 took place in our community last year. This moved the average sales price dramatically. For those of you who would like to throw out the new home sales from the data, the average sales price last year was **\$962,414**. Did **your** house go up 14% in 2007? Probably not. But the overall value of your community did and this is important. The “wash” that spreads from expensive sales rises all boats.
- There were 26 sales in the Springfield area last year, four more than the year before. Most interestingly, ten of these sales were never fully on the market. One measure of the popularity of a community is the number of homes that get sold under the radar. There are all sorts of circumstances that result in these sales. Most often, an agent meets the right buyer for a property and puts a deal together. I was involved in half of such sales last year, a direct result of the specialization and focus I bring to the Springfield/Mass. Ave. area.
- Springfield has been averaging 25 home sales a year for decades, so last year was right in line with the average with 26 sales posted. While sales were down significantly throughout the Bethesda and Chevy Chase zip codes, we can take heart in the fact that activity remained brisk in our community.
- The high sale for the year took place on Parkston Rd. for **\$2,400,000**. This home sale of a brand new 8000 square foot Brett Tulacro built home was also the highest sale in the 20816 zip code last year. The high sale the year before in our community was on Newington Rd. for \$2,350,000. There were two homes sold for \$2,350,000 in 2007 as well; a new home at the bottom of Kirkwood Dr. and on what had been a vacant lot on Albia Rd. Finally, I sold a Frank Bell masterpiece, rebuilt in 1999, on Newington Ct. for \$2,000,000. No other community in the zip code had four sales over \$2,000,000. It says a lot about the intrinsic value of the Springfield area that the buying public was receptive to prices at that level in our area.
- The low sale for the year took place on Cromwell Dr. for \$766,000. This three bedroom rambler sold \$37,000 over the asking price of \$729,000. In both 2005 and 2006, the low sale was \$690,000. As impressive as the high sales mentioned above were, the “floor” of \$766,000 is, in my opinion, even more impressive. This home was the **ONLY** home sold under \$800,000 in the Springfield community in 2007.

- Fourteen of the twenty six sales last year were sold at or above the asking price. This is not a trend that is likely to sustain itself. Negotiation off the listing price is becoming more common since the credit crisis deepened in August. However, when a home is special, or is located on a special street, such as Searl Terrace, it is still possible for more than one buyer to become interested in a new listing, resulting in a final sales price ABOVE the listed price. This occurred in the fall on Searl Terrace, an indication that the phenomenon is not entirely dead. Take note of the fact that on average it took 28 days to sell a Springfield area home, leaving out the 10 sales that were never on the market. This is about the same amount of time it took in 2006 (31 days). Later in this letter, it is established that it took a home in the 20816 zip code, on average, about 61 days. Again, the Springfield area demonstrated it's long term value and strength by selling homes in half the time the rest of the zip code took.
- In 2005, Springfield area homes sold for 102.92% of asking price, paralleling the "multiple contract bidding war" environment of that overheated market. In 2006, homes sold for 97.3% of asking price. **In 2007, Springfield area homes sold for 97.3% of their listed price.** In this case, the new homes were a two-edged sword. Because it can be extremely difficult to know with certainty in that price range what a new home might be worth, builders are often inclined to price aggressively, or at least they were up until the middle of 2007. The high sale on Parkston actually was sold for \$295,000 less than the original asking price. The \$2,000,000 sale on Newington Ct. sold for \$295,000 less than the original asking price. The remodeled new home I sold on Kirkwood for \$1,544,000 sold for \$236,000 less than the original asking price. Finally, the new home built on Pollard Rd. sold for \$236,000 less the asking price.
- There were 11 "colonial" sales in 2007 in our community. I use the word "colonial" loosely to include the new homes, mostly because the bedrooms were on the second floor and the homes are "up & down" as opposed to "side to side." I realize that the style of these homes is not "colonial" in the traditional sense. The average of these sales, including a total of six new homes, was **\$1,627,537**, up 10% from the previous year average on 12 sales. The high sale was Parkston Rd. at \$2,400,000, the low sale was a modest Cooley built colonial on Cromwell Dr., in need of a renovation, which sold for \$840,000.
- The number of split level sales almost tripled in 2007. Only four of them were sold the previous year, but in 2007, there were 11 Springfield splits sold. The average price for these homes was **\$936,835**, up a ton from the small sample of four in 2006 when the average was \$787,500. So much of this data is influenced by the luck of the draw on what comes up for sale. The high split was a listing of mine on Parkston Rd., which received multiple offers and sold for \$1,190,000. The low split sale was on Jordan Rd., also in need of a renovation, which sold for \$804,687. Six of the ten homes that sold without coming on the market in 2007 were splits.
- There were only three rambler style sales in 2007, averaging **\$848,666**. The high sale was on Brookeway Dr., a home with an addition on the back, which sold for \$925,000. The low was the aforementioned Cromwell Dr. rambler which sold for \$766,000. I sold a rambler on Jordan Rd. in July for \$855,000. The home had a very large "footprint" and the builder who bought it considered building on top of

the home. He has apparently decided to use only the basement and foundation and tore off the existing above ground structure and has started over. It should be interesting to watch the new home rise over the coming months.

- Two homes were sold on Searl Terrace in the last year and both of them sold for more than the asking price. We've discussed this before, it's simply one of the great streets in the zip code. I like to refer to Searl Terrace as the "gold standard" of the zip code. The two homes brought prices of \$1,259,600 and \$1,292,500. These numbers are in line with 2006 when two homes sold for \$1,302,000 and \$1,245,000. The high sale on the street continues to be the home I sold in 2005 for \$1,400,000, although I am quite certain that there are several homes on Searl Terrace worth a lot more than that.

Let's step back now and take a wider look at the market in the **20816 zip code** in 2007:

- 184 single family homes were sold in the 20816 zip code in 2007. This continues a march downward in the number of sales over the last four years. Follow the decline:

2004: 279 sales **2005:** 234 sales **2006:** 227 sales **2007:** 184 sales

- The 184 sales in 2007 represents a decline in the number of sales of single family homes sold in the 20816 zip code of 34% from 2004. Our zip code was not alone in this decline. 159 homes were sold through MLS. A very detailed and careful research of public records reveals that another 25 homes were sold in the 20816 zip code and I have included these sales in the stats printed in this letter. 11 of the 25 "off the books" sales were sold to builders between the prices of \$500,000 and \$752,000. In almost all of these cases, the homes have been torn down and new homes are rising. It is not unusual for builders to be approached, either directly by homeowners of tired, disadvantaged housing, or by real estate agents searching for builder product.

Be aware that you will receive all kinds of conflicting information regarding the average sales price in your zip code in the coming weeks. Remember, the numbers described here are for single family homes, no condos! Also, I don't think anyone else is going to take the time and trouble to locate those 25 sales that did not appear in MLS. But I consider that information a critical part of understanding what really happened in the last year. In short, I lay claim to the following information being the most accurate and exhaustive analysis you will receive:

- **Single family homes in the 20816 zip code increased in value in 2007 by 5.4%, to an average price of \$1,071,393.** 74 homes sold over \$1,000,000, with seven of those selling over \$2,000,000. The high sale took place on Parkston Rd. at \$2,400,000, a new home built by Brett Tulacro, a builder who also holds a real estate license with Stuart & Maury, Inc.
- For the third year in a row, Westmoreland Hills posted the most million dollar home sales, with 20 of their 22 sales exceeding \$1,000,000. The big story above a million dollars in our zip code was the Springfield area, where the sale of several new homes rocketed their numbers to eleven million plus sales, including four of the seven homes that sold over \$2,000,000 in the zip code!

Glen Echo Heights dropped from thirteen million dollar sales to eight, followed by Springfield/Beacon Hill area with eleven and Sumner with six. The Brookmont area posted four homes sales exceeding \$1,000,000 in 2007. In total, 401 homes in Bethesda and Chevy Chase sold over \$1,000,000, just 2 fewer than the 403 in 2006 and only 14 fewer than the “go-go” year of 2005. 40% of Bethesda/Chevy Chase single family homes sold over a million dollars. These are enduring stats you will never read in the Post!

- The average sales price in all four major Bethesda/Chevy Chase zip codes *increased again in value in 2007*. Is that possible in light of the downturn so widely reported everywhere? Yes, it’s true that these numbers reflect the entire year and not just the last five troubled months, but it does demonstrate just how good the market was from January through July last year. Let’s look carefully at the “days on market” stats. It is clear that homes are selling more in the range of 60 days on average from list date, not the 30-40 range we were seeing just a year ago. This is a “canary in the mineshaft” stat, indicating that things were more challenging than in previous years. Inside the numbers, take note that the four zip codes of Bethesda and Chevy Chase, 20814-20817, posted total single family sales numbers of 986 sales. This is a 12.0% DROP across the board in sales volume compared to a year before. It’s an 18.5% drop compared to 2005, and a 25% drop from 2004. Here are the tallies:

The following table breaks down the sales information for the four critical area ZIP codes:

	# of sales in 2007	Ave. Price in 2007	% increase from 2006	Ave. Days on market	Hi sale in 2007	Low Sale in 2007	# Sales over Million
	20814 Zip Code						
	201	\$991,000	+7.5%	61	\$4,000,000	\$495,000	67
	20815 Zip Code						
	231	\$1,256,417	+1.2	61	\$5,300,000	\$490,000	122
	20816 Zip Code						
No	184	\$1,071,393	+5.4%	63	\$2,400,000	\$490,000	74
	20817 Zip Code						
	370	\$1,039,543	+3.3%	70	\$4,700,000	\$351,000	138

No zip was immune to the drop in sales. Some would argue that fewer sales are taking place in part because so many people took action in the last four years. That would explain part of it, but it is also fair to say that the public has become more cautious too.

- We can take heart in the stats on the next page for individual neighborhoods. In 6 of 10 cases the average price in the communities listed below rose in value, in some cases substantially. New home building contributes to this phenomenon. In neighborhoods where several new homes have been built, such as Springfield or Glen Mar Park, the new homes of course cost more and drag the average sales price up substantially. In established communities such as Sumner, Westmoreland and Wood Acres, where new home building is practically non-existent, the prices are naturally held back to a degree.

- These Springfield area homes are currently for sale:

	<u>Original Price</u>	<u>Current Price</u>
1) 5603 Jordan Rd.	\$979,000	\$949,000
2) 5412 Kirkwood Dr.*	\$900,000	\$875,000

***Stuart and Maury listing.**

Total single family sales for the 20814-20817 zip codes over the past four years:

	# Sales	'04 prices	'05 prices	'06 prices	'07 prices	High sale
	2007					
Brookmont	6	\$733,893	\$829,916	\$1,047,143	\$1,389,120	\$2,219,096
Glen Echo Hts.	20	\$856,417	\$1,051,206	\$1,198,163	\$1,096,783	\$2,375,000
Glen Mar Park	17	\$727,446	\$800,353	\$819,794	\$1,067,279	\$1,775,000
Greenacres	9	\$603,809	\$789,717	\$771,660	\$865,777	\$1,475,000
River Falls	20	\$1,200,166	\$1,413,167	\$1,319,438	\$1,382,245	\$2,049,900
Springfield	26	\$828,781	\$972,153	\$1,056,909	\$1,214,792	\$2,400,000
Sumner	15	\$936,764	\$1,012,626	\$1,156,027	\$1,022,233	\$1,475,000
Westgate	16	\$780,712	\$890,094	\$921,374	\$908,780	\$1,400,000
Westmoreland	22	\$1,054,703	\$1,295,500	\$1,365,053	\$1,348,863	\$1,995,000
Wood Acres	11	\$745,664	\$856,876	\$856,658	\$915,014	\$1,201,000

- **I sold 12 of the 26 homes sold in your community in 2007. Stuart and Maury sold 16 of the 26 sales. My career sales now exceed \$500,000,000, a milestone that would seemed impossible when I started in 1980. In 2007, I once again sold over \$40,000,000 worth of houses, almost all of them within a few miles of the Springfield area. I was involved in the sale of 32 home sales in the 20816 zip code in 2007, eight more than the year before. For the **23rd year in a row**, I was the leading real estate agent in the 20816 zip code. I'm proud to say that the next highest selling agent was also a Stuart & Maury agent, Bob Jenets. Together, Bob and I were involved in about one out of every 5 homes sold in the zip code last year. When you consider that there are about 10,000 agents out there (sometimes it feels like ten million), it's an accomplishment.**

With two sons off at college, a senior at Syracuse and a freshman at Vermont, my wife and I rattle around the house and enjoy getting down to Rehoboth, when we can, with the Golden Retriever. He sees the suitcase come out and goes nuts. I continue to administer my real "full-time job", which is the Commissioner of WAMBA (Wood Acres Mens Basketball Assoc.). We added a *fifth* weekly game this year, a spirited 6:00 AM game at Wood Acres elementary. What we are doing awake at that time of day is anybody's guess but I am really proud of the 12 guys who show up every Friday morning! WAMBA finally captured a title in the Jelleff Boys Club Holiday tournament last month, the first one in eight tries and

THAT was satisfying too!

While it's not reasonable to expect that 2008 can match the remarkable pace of the last few years, real estate has a way of surprising. Through ups and downs, experience matters. I look forward to the challenges the new year brings.

Sincerely,

Matthew Maury
301-928-8686 24 hours
Principal Broker
Stuart & Maury Inc. Realtors

P.S. This Springfield area newsletter, past newsletters, a 2007 year end recap of sales activity in your community and a history of Springfield area sales going back to 1983, can be accessed at my web site **www.matthewmaury.com**. Click on Springfield. You can also find similar data on the subdivision of Wood Acres.

Finally, many of you received your triennial tax assessment in the mail in early January. Feel free to call me if you feel the assessment is unfair. I have the resources necessary to guide you and place the very best defense in your hands. Don't focus on how your assessment might differ from your neighbor or the percentage of the increase or anything like that. Focus instead on the central question: in mid-2007, when they research was done, was my house worth that? It's always possible to see the glass half empty or half full. We can pull together comparables that speak negatively if you wish. Request the worksheet the appraiser used to determine your individual assessment. Look for errors and mistakes. I can help provide you with square footage for comparable sales. In general, my observation is that the tax man did a pretty good job. It's, of course, ironic that the market turned weaker at just about the exact moment they finished their work. That must be driving them nuts. We have all read about the nasty deficit that Maryland now has; a result of spending like a drunken sailor when times were good. The State *needs* your money, an appeal isn't going to be easy, but in some cases, it will be justified.

Also, please, please, please note that in order to maintain and protect the "credits" you may have accumulated over the years on your property taxes, resulting from a 10% cap on how much your taxes can rise because you are an "owner-occupant", you **MUST** file the form that came with your tax assessment. Unlike previous years, the default is not to assume you are an owner-occupant, the State wants you to state, under penalty of perjury, that you are indeed an owner occupant. File the form, protect your savings!

Springfield Area Sales Recap 2007

	Address	Original Price	Final Price	Style of home	Total Bedrms	Full Baths	Half Baths	List Month	Days on market	Settlement Date
1.	5606 Parkston Rd.**	\$2,695,000	\$2,400,000	Colonial	7	6	1	April 07	17	June 07
2.	5503 Albia Rd.	\$2,350,000	\$2,350,000	Colonial	7	5	1	Feb 07	1	May 07
3.	5401 Kirkwood Dr.	\$2,350,000	\$2,350,000	Colonial	6	5	2	Jan 07	10	May 07
4.	5626 Newington Ct.*	\$2,295,000	\$2,000,000	Colonial	5	4	2	April 07	23	June 07
5.	5517 Pollard Rd.	\$1,798,500	\$1,692,310	Colonial	6	5	1	Jun 07	96	Nov 07
6.	5405 Kirkwood Dr.*	\$1,780,000	\$1,544,000	Colonial	6	6	0	Oct 06	134	Mar 07
7.	5956 Searl Terrace**	\$1,250,000	\$1,292,500	Colonial	4	2	2	Sept 07	3	Oct 07
8.	5981 Searl Terrace**	\$1,195,000	\$1,259,600	Colonial	4	3	2	Oct 06	4	Jan 07
9.	5217 Ridgefield Rd.*	\$1,295,000	\$1,225,000	Colonial	5	2	3	Mar 07	17	May 07
10.	5507 Parkston Rd.*	\$1,100,000	\$1,190,000	Split Level	4	2	2	Mar 07	5	April 07
11.	5705 Newington Rd.*	\$1,095,000	\$1,095,000	Split level	5	2	2	Aug 07	1	Sept 07
12.	5503 Newington Rd.**	\$979,000	\$997,500	Split Level	4	3	0	Jan 07	4	Feb 07
13.	5505 Christy Dr.*	\$929,000	\$960,000	Split Level	3	2	1	May 07	1	June 07
14.	5809 Wiltshire Dr.*	\$950,000	\$950,000	Colonial	4	2	2	April 07	1	June 07
15.	5302 Brookeway Dr.	\$939,500	\$925,000	Rambler	4	4	1	Sept 06	92	Mar 07
16.	5404 Ridgefield Rd.	\$925,000	\$920,000	Split Level	4	3	1	Mar 07	7	April 07
17.	5603 Cromwell Dr.*	\$879,000	\$900,000	Split Level	4	3	0	April 07	3	July 07
18.	5421 Albia Rd.	unknown	\$880,000	Split Level	5	3	1	unknown	1	May 07
19.	5412 Christy Dr.	\$889,000	\$869,000	Split level	4	3	0	Mar 07	31	May 07
20.	5707 Kirkwood Dr.*	\$869,000	\$869,000	Split Level	4	3	0	Jun 07	1	July 07
21.	5608 Jordan Rd.*	\$830,000	\$855,000	Rambler	3	2	0	Jul 07	3	Aug 07
22.	5508 Cromwell Dr.*	\$875,000	\$840,000	Colonial	4	2	2	Sept 07	1	Oct 07
23.	5602 Parkston Rd.	Unknown	\$830,000	Cape Cod	4	2	1	unknown	1	Aug 07
24.	5408 Kirkwood Dr.*	\$849,000	\$820,000	Split	5	3	0	unknown	1	July 07
25.	5607 Jordan Rd.	unknown	\$804,687	Split	4	3	0	unknown	1	Oct 07
26.	5305 Cromwell Dr.	\$729,000	\$766,000	Rambler	4	2	0	Mar 07	7	May 07
	Average:		\$1,214,792	97.51% of asking price					31	

Source: Metropolitan Regional Information System, exhaustive public record research & careful memory.

*Matthew Maury participated in the sale of these homes (12 of 26) **Stuart & Maury participated in the sale of these homes (4)

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Springfield area sales history through the years!

YEAR	AVG. SALES PRICE	HOUSES SOLD	GAIN/LOSS
1983	\$194,511	22	**
1984	\$202,464	28	+4.0%
1985	\$221,315	29	+9.3%
1986	\$247,090	22	+11.6%
1987	\$312,560	33	+26.5%
1988	\$404,444	45	+28.1%
1989	\$391,091	19	-3.3%
1990	\$453,300	20	+15.9%
1991	\$383,591	28	-15.4%
1992	\$372,950	16	-2.8%
1993	\$421,695	22	+13.0%
1994	\$404,260	23	-4.1%
1995	\$393,294	17	-2.7%
1996	\$387,227	26	-1.5%
1997	\$382,227	36	-1.3%
1998	\$409,821	31	+7.2%
1999	\$476,245	31	+16.2%
2000	\$511,386	22	+7.4%
2001	\$570,112	19	+11.5%
2002	\$616,812	32	+8.2%
2003	\$732,150	20	+18.7%
2004	\$821,325	27	+12.1%
2005	\$964,430	32	+17.4%
2006	\$1,056,909	22	+8.7%
2007	\$1,214,792	26	+14.9%

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