

Investment opportunities in King County

Profitable and socially responsible
at the same time

The client

Erin Robinson

- wants to invest in poor neighborhood*
- buying & selling
- costs back + little profit
- socially responsible

Also important: Doesn't want to spend more than 250,000 for a house and looks for houses in good or excellent condition

*poor neighborhood = cheap houses

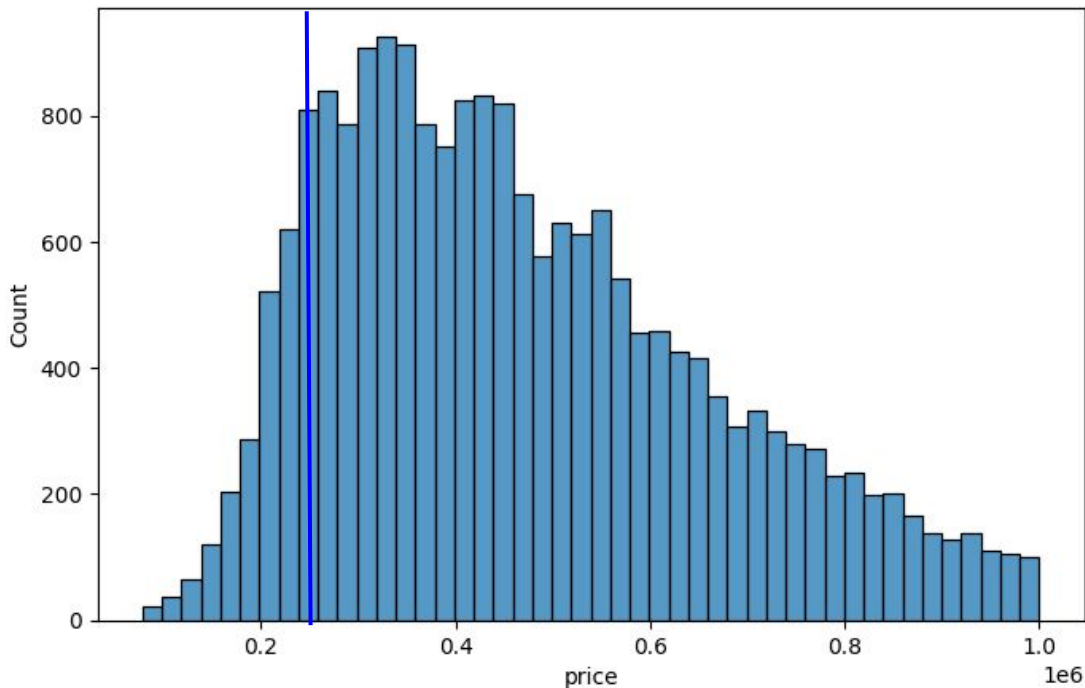
Our company & the data

KCH is the biggest real estate agent in the region running a huge database to answer every request:

- 21,597 houses
- all located in King County (Seattle and suburbs)
- covers every neighborhood and price class
- lots of details about the houses available (e.g. grade, view, year of construction,...)
- dated from May 2014 to May 2015

First glance on the data

- Houses starting from 80k up to 8mn* available
- Roughly 10% priced below 250,000 USD



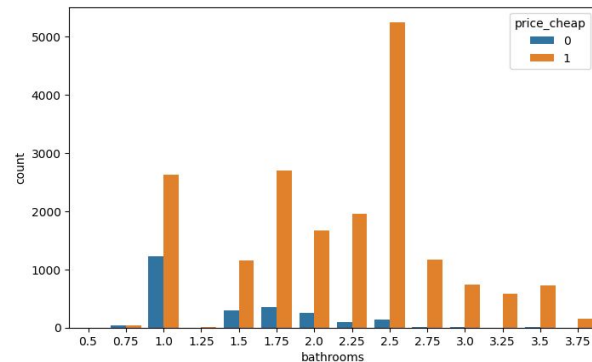
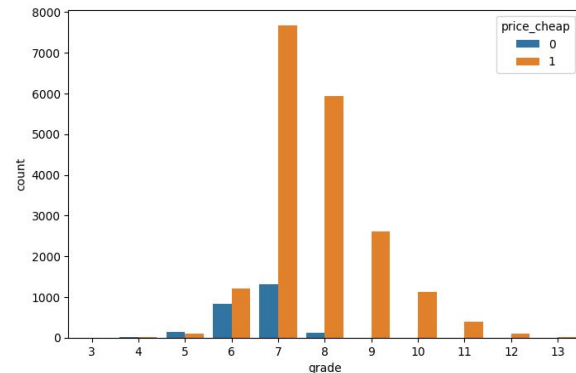
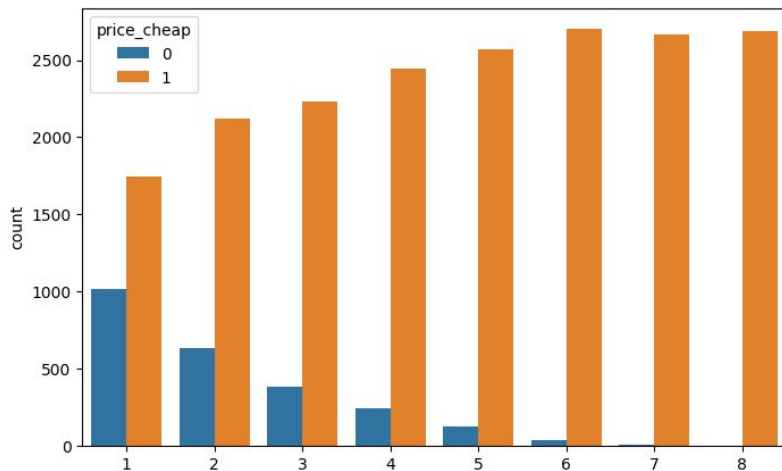
*outliers with price>1,000,000 excl. from graphs

Working Hypotheses

1. Low priced houses have less living space, bathrooms and a lower grade
2. Poor neighborhoods with cheap houses mainly present in suburbs
3. Development of house prices depends on location

Characteristics of low priced houses

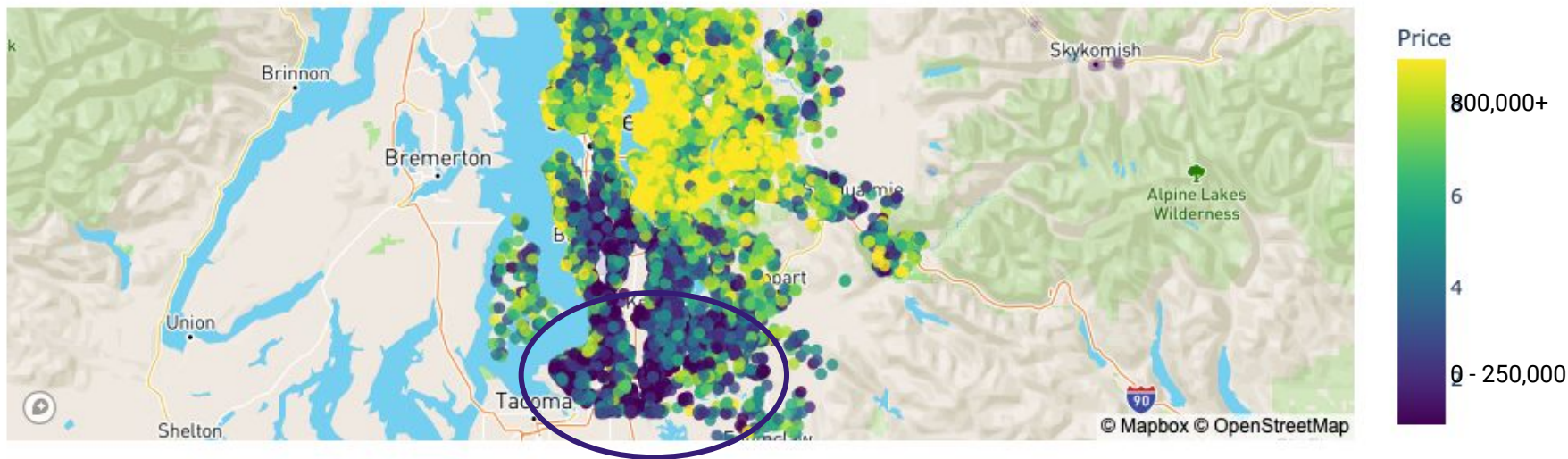
- Lower price strongly correlated with less living space
- Also # of bathrooms and grade is lower in cheap houses



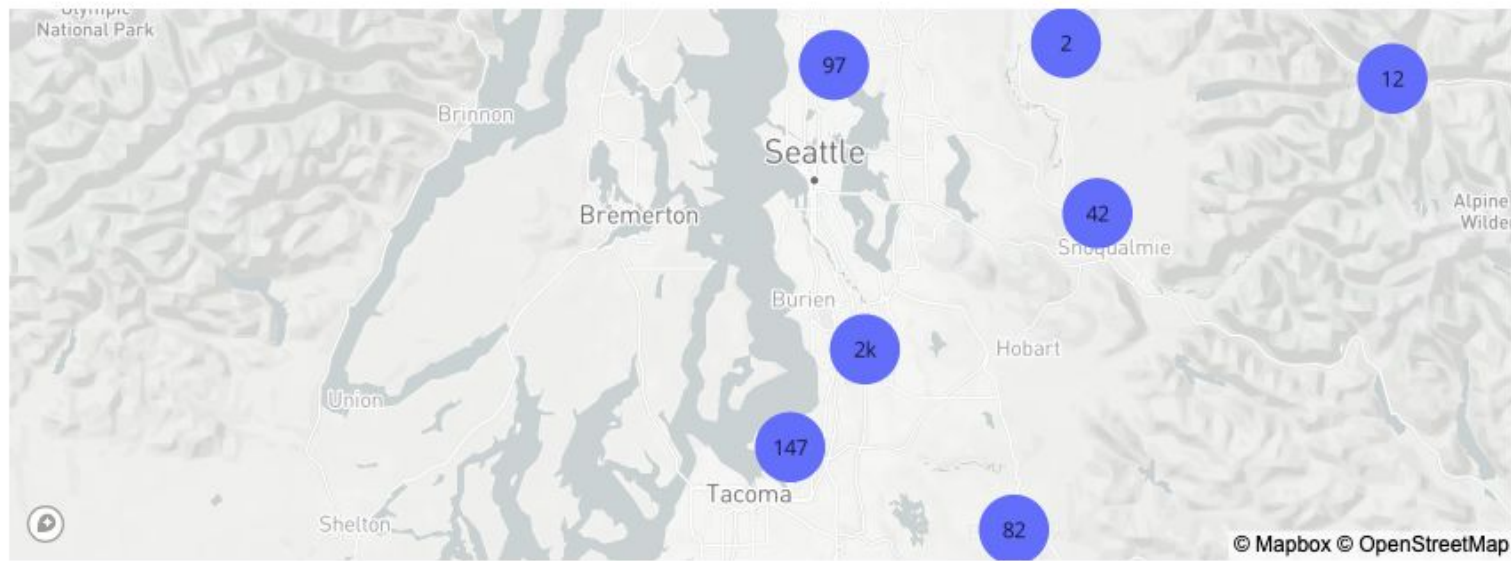
*Pearson correlation of 0.7 (price/ living space), 0.67 (grade) and 0.53 (bathrooms)

Poor neighborhoods in King County

Houses are cheaper in suburbs, especially to the south of Seattle

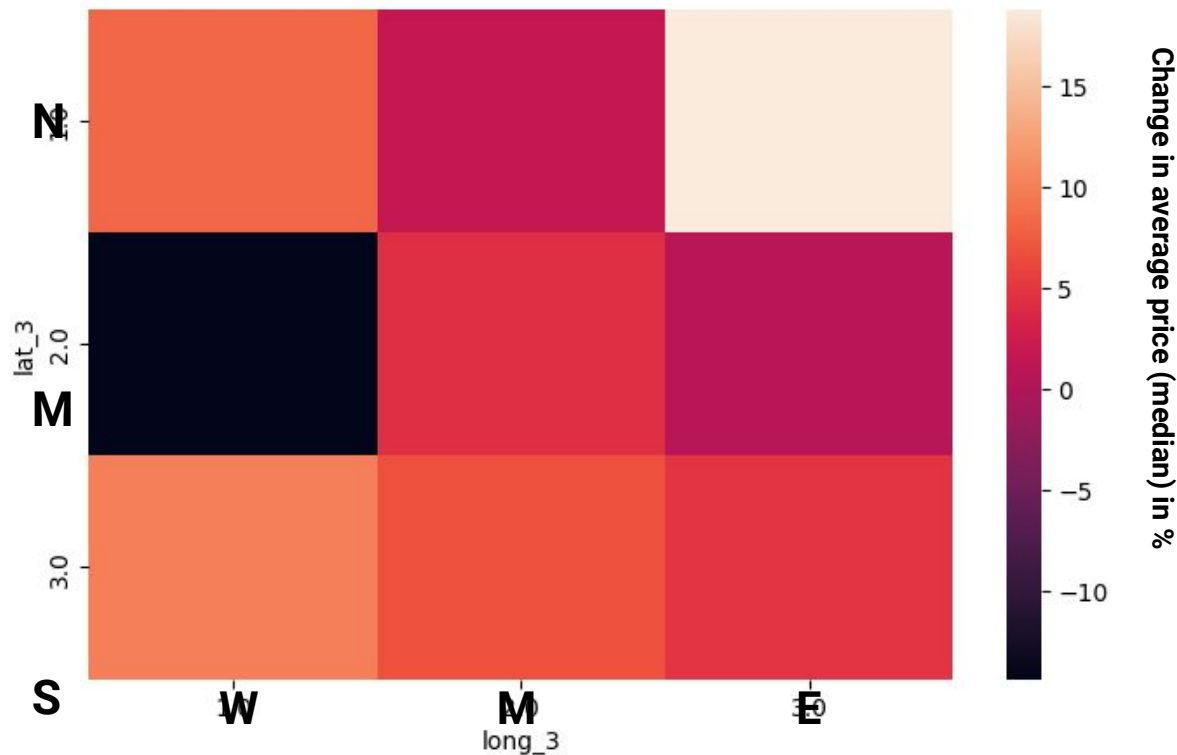


Poor neighborhoods in King County



Development of house price 04/2014 – 05/2015

- Increasing house prices in the South of King County → profit opportunity
- Also a “white spot” in N/E



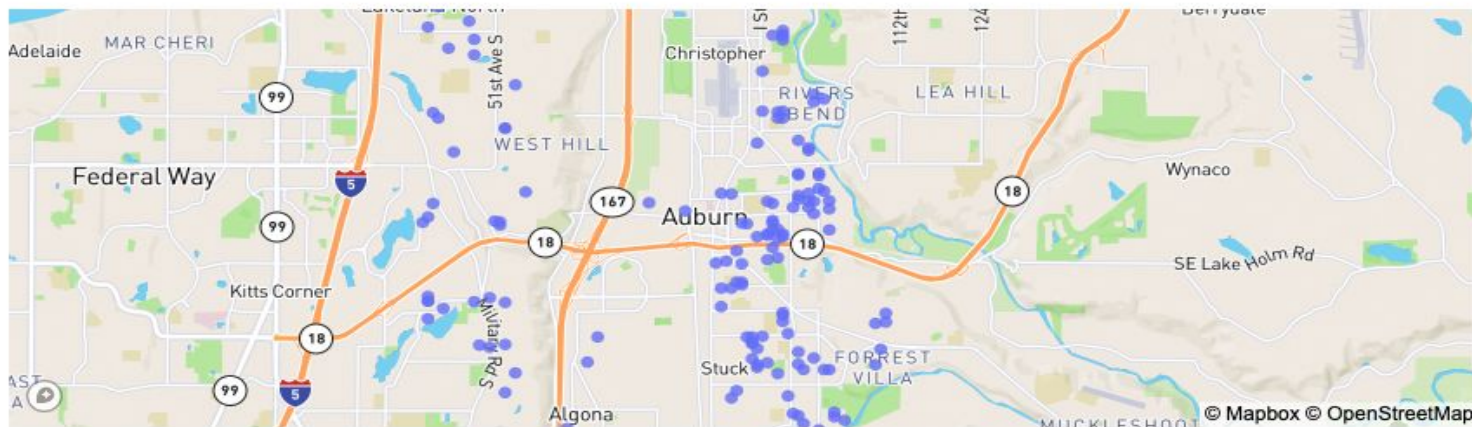
Insights & Conclusions

Suitable houses for Erin are:

- Smaller than the average in terms of living space
- Located in the suburbs of Seattle → poor neighborhood
- (Limited) profit opportunities in the South of King County
- Price less than 250,000 USD and good or excellent condition
 - 170 houses available

Recommendations & Outlook

Reco: Invest in the area of Auburn (cheap and sociable neighborhood) and sell with little profit!



If higher investment is considered investigate in N/E of King County