JANUARY 6, 2020

Finding Flips

Flip Consulting

AGENDA

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Why Choose Us

Practical solutions

Our insights and tools help identify homes in Seattle that are listed for less than our model predicts

This means we can identify potential flip opportunities faster and more accurately than the competition

Seattle Housing

Key Market Insights

Flipping Over the Competition

King County Homes by Price Per Square Foot

Location, Location, Location...

- Location drastically impacts the price per square foot
- Depending on your flipping budget we can tailor the model to target specific home prices

Legend

- 87 - 190 $/sqf
- 190 - 294 $/sqf
- 294 - 397 $/sqf
- 397 - 500 $/sqf
- 500 - 603 $/sqf
- 603 - 706 $/sqf

The Changing Seattle Housing Market

Over the past few years, housing in Seattle has skyrocketed. Even with this shift and using 2014 & 2015 data, our models still accurately predict **current** home prices.

Our Proprietary Models:

- Original Model - Predicts home prices in King County, Seattle
  - Mean Absolute Error of $65,000
  - R2 value of 0.9
- Redfin Model - Compares the home prices to the current Redfin listing value
- Recommends potential flip opportunities in real-time

The original model learned from

21,000

homes in Seattle in 2014 & 2015 yielding an accurate mean absolute error of just:

$65,000

And a high R2 value of

0.902

The Redfin model was tested on

340

homes sold in 2019 (to validate to model at current conditions). This produced a mean absolute error of:

$98,000

And a high R2 value of

0.77

Note that the Redfin model uses less parameters than the original. improvements are expected as we collect additional data.

Proof of Concept - Redfin Example

We looked at 350 homes currently on the market in Kings County Seattle and identified 32 potentially undervalued homes for further evaluation:

Redfin Listing

- 30639 122nd Ave SE
- $499,950
- 5 Bed 2.5 Bath
- 3110 square feet
- $161/sq.ft
- built in 2005

Redfin Model

- We predict that this house likely has a value closer to $577,000

SUMMARY/NEXT STEPS

Improve and speed up your flip opportunity identification with our models

Gain market insights as the housing market changes

Future expansion and insights into other cities. Gather more data to make 2020 models more accurate

FLIP DATA SCIENCE TEAM

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Questions