

Modeling Sale Price

Phase 2: Linear Regression of Home Prices

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Modeling Sale Price



Overview of Model



Data to develop model



Data insights



Recommendations



Conclusion & Next Steps



A Model for Sellers

- King County home sellers:
 - Homeowners
 - Realtors
 - Developers (flippers)
- House Features:
 - Impacted by renovations
 - Increase the sale price
- Prioritize decisions that will maximize sale price



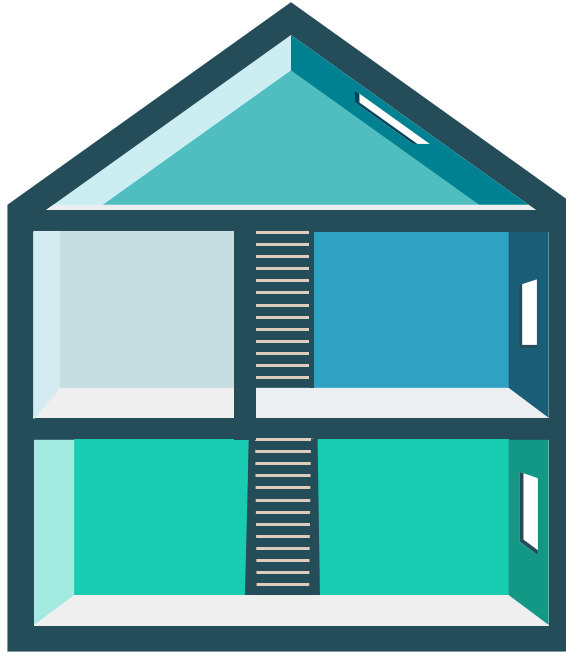
Data used to develop the model

01

21,597 records of
King County home sales
between 2014 - 2015

02

Included elements and
developed features that
sellers **can** control



Features

- Bedrooms
- Bathrooms
- Floors
- Square footage
- Building Grade
- Renovated
- House size : neighbors
- House size : bedrooms

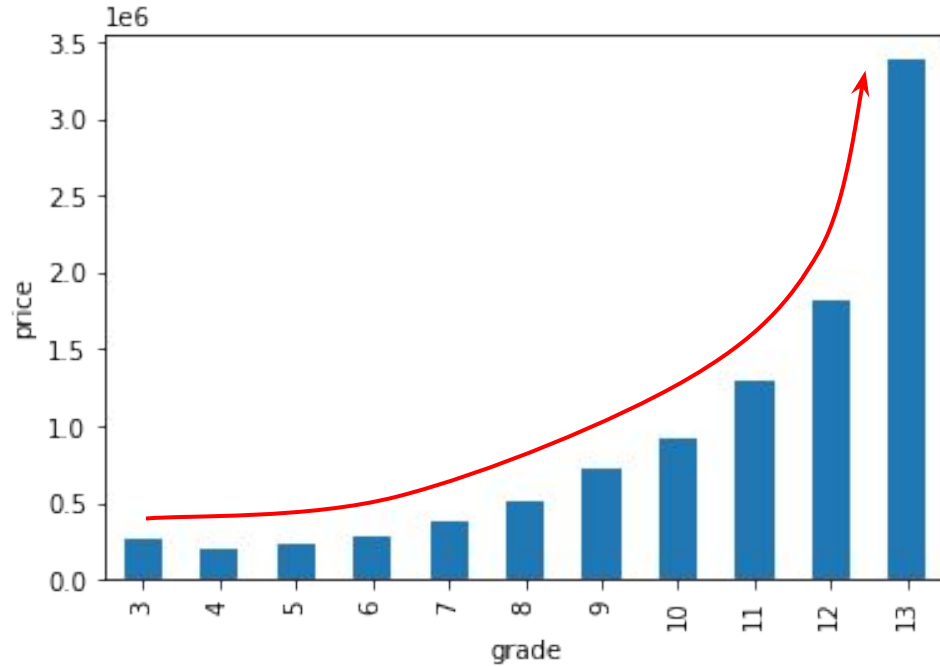
Square footage of home

Positive trend in the square footage of a home and sale price.

Data Insights



Data Insights



Building Grade

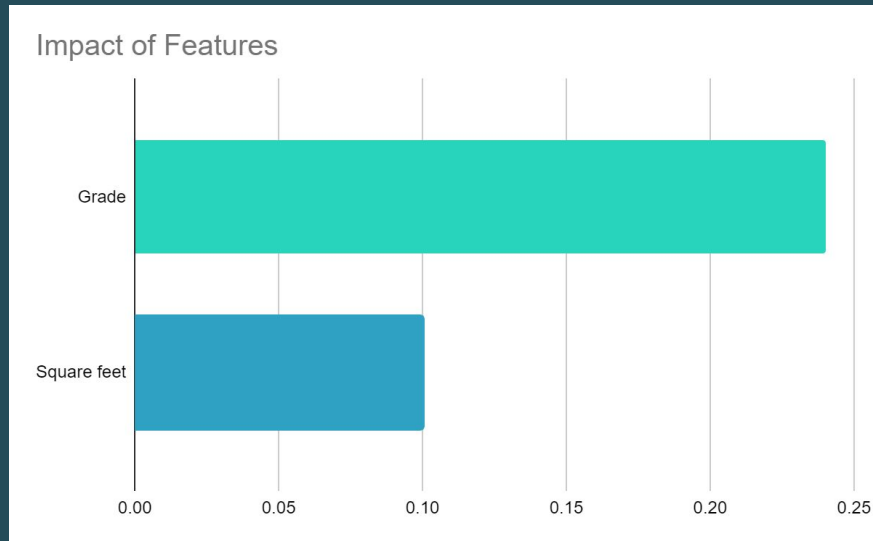
Measurement of construction quality on a scale from 1 - 13.

Model Results

Model accounts for 54% in variance

Features most important:

- Building Grade
- Square feet



Recommendation: Improve Building Grade

\$108,000

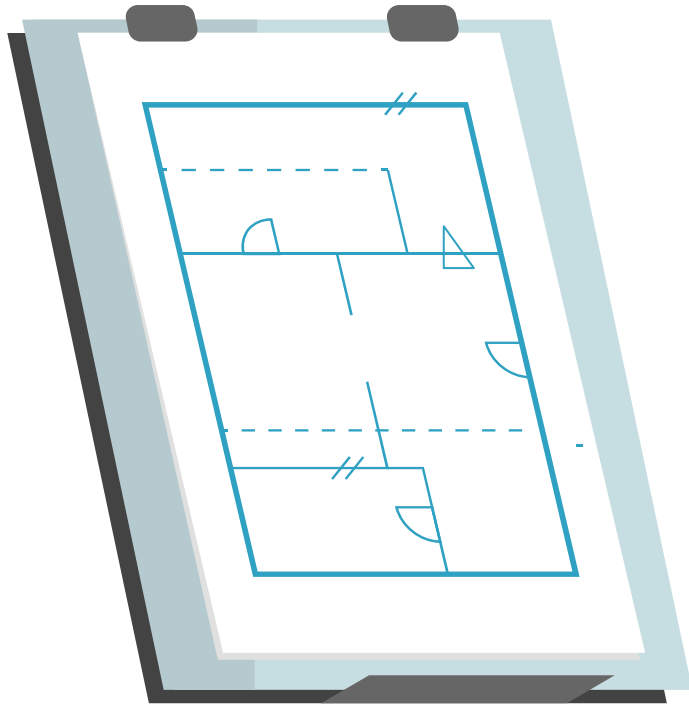
price increase on average of
improving the grade by one point.

Elements that increase grade

Quality materials, finishes,
bathroom fixtures



Recommendation: Increase Square Footage



\$165.00

price increase per additional square foot of home.

Where time and budget allows, add square footage to your home.

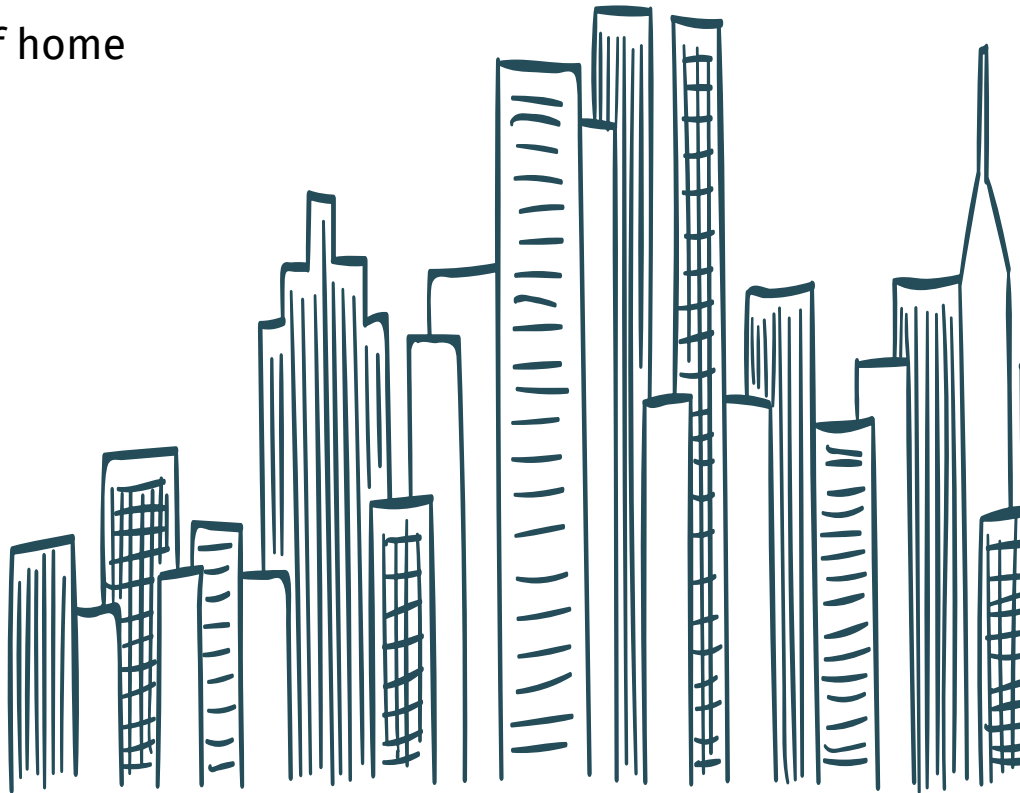
- Addition
- Sunroom
- Basement

Conclusion

- Focus on improving grade and size of home

Future Model improvements

- Consider location
- Include more economic indicators
- Reduce error



Thank You



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