

# **King County Real Estate Insights**

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# Overview

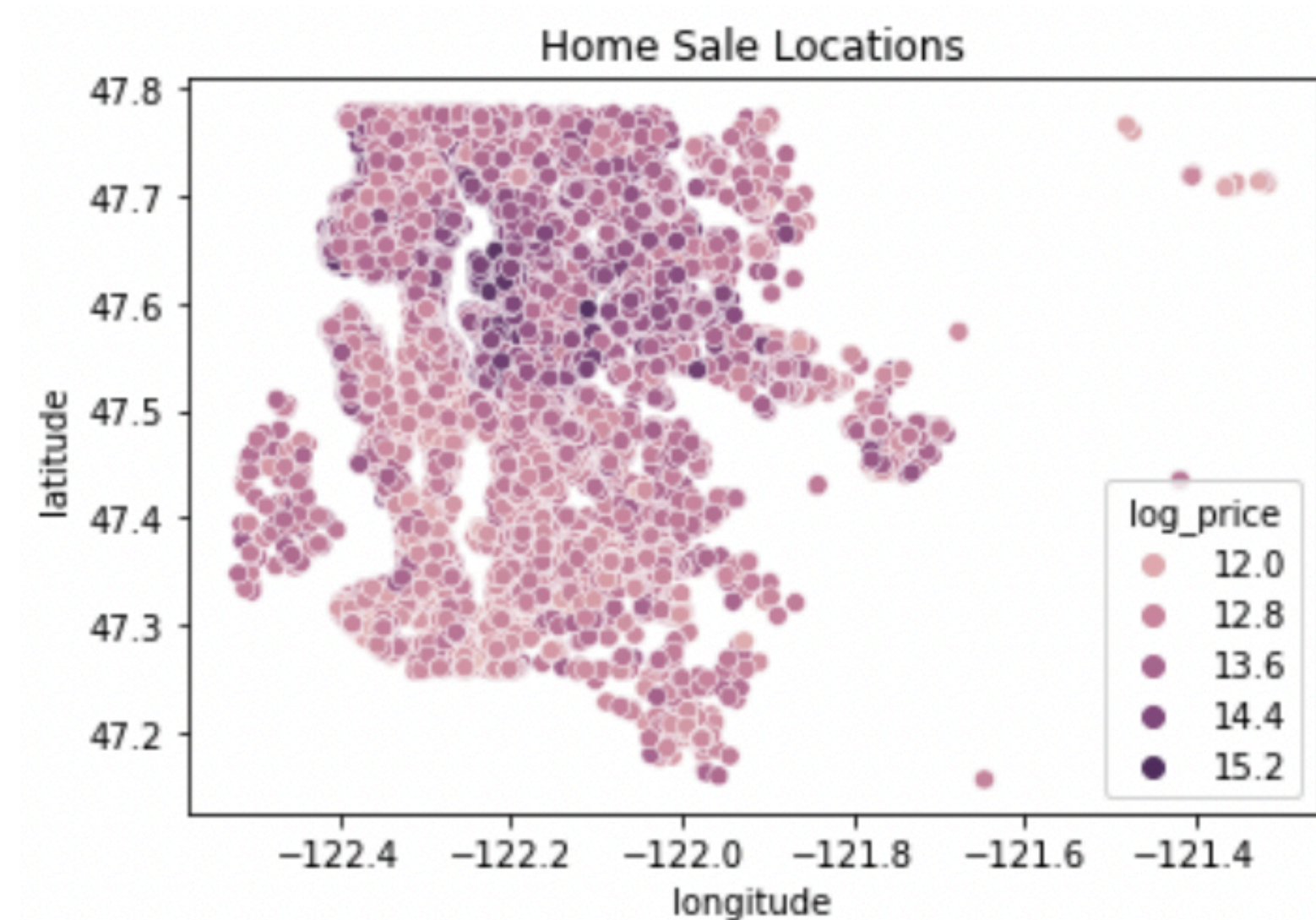
- Business problem
- Data and model
- Recommendations and areas for further analysis
- Conclusion

# Business Objective

- Build an inferential model based on real estate transactions in King County
- Make investment recommendations for an *individual real estate investor*
  - Select relatively lower cost properties to purchase
  - Renovate / upgrade properties
  - Re-sell property to at least capture original purchase + investment costs

# Data & Model

- Approximately 21,500 home sale transactions in King County
- Sale price and date plus physical details of the homes
- Multiple linear regression outputs numerical relationships between physical attributes and sale price



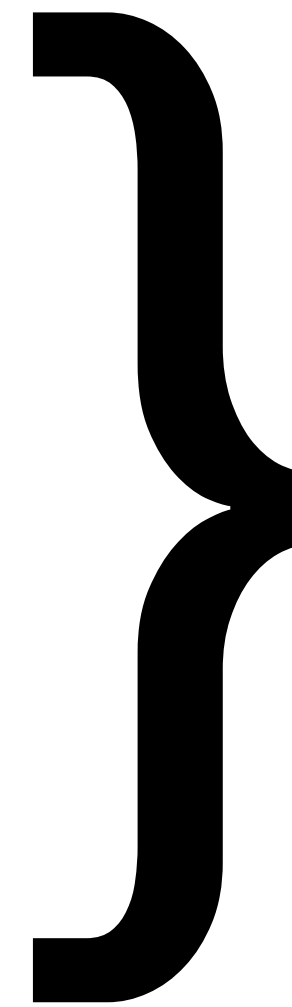
# Model

## Inferential Factors

- Northern / southern half of range
- Home's view
- Square footage of living area
- Number of bathrooms
- Number of floors
- Home condition
- Season of sale



An investor cannot change

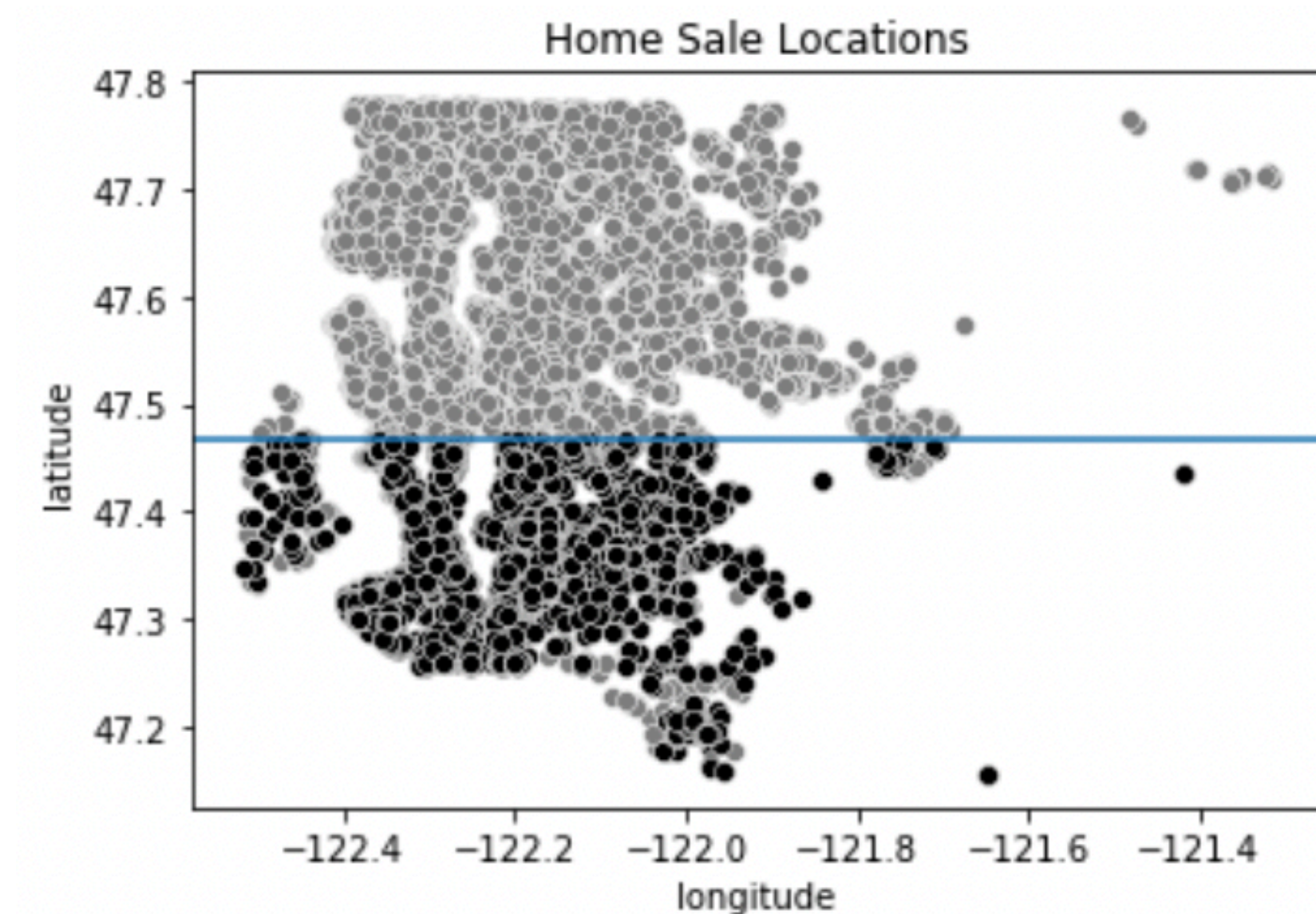


An investor can change (to some extent)

# Recommendation 1

**Look to purchase houses in the southern half of the county with no view**

- Discount for a house in the southern half of the county: 60%
- Discount for a house with no view (compared to average view): 20%
- Combined discount: up to 87%

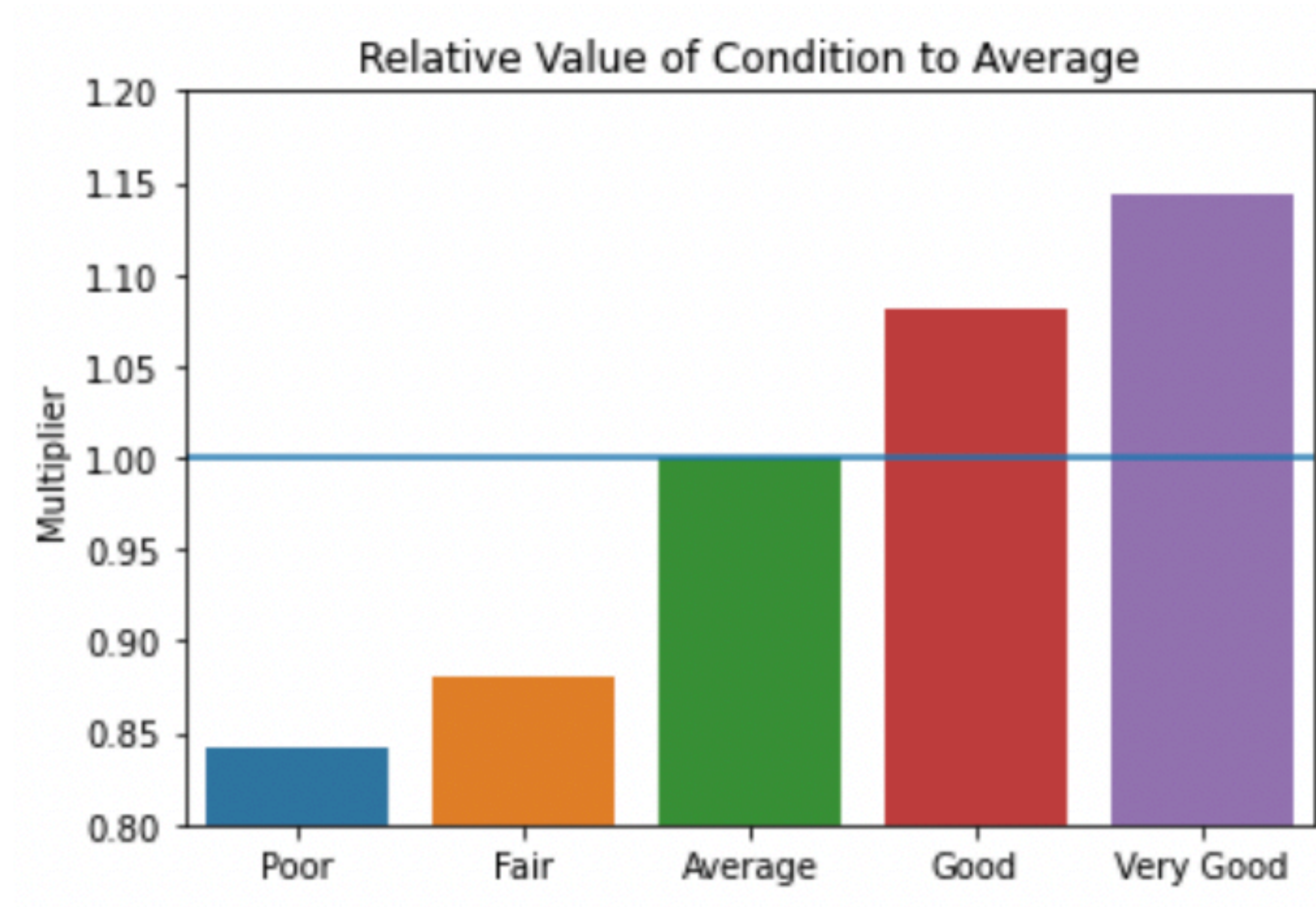




# Recommendation 2

## Focus on minor improvements to condition

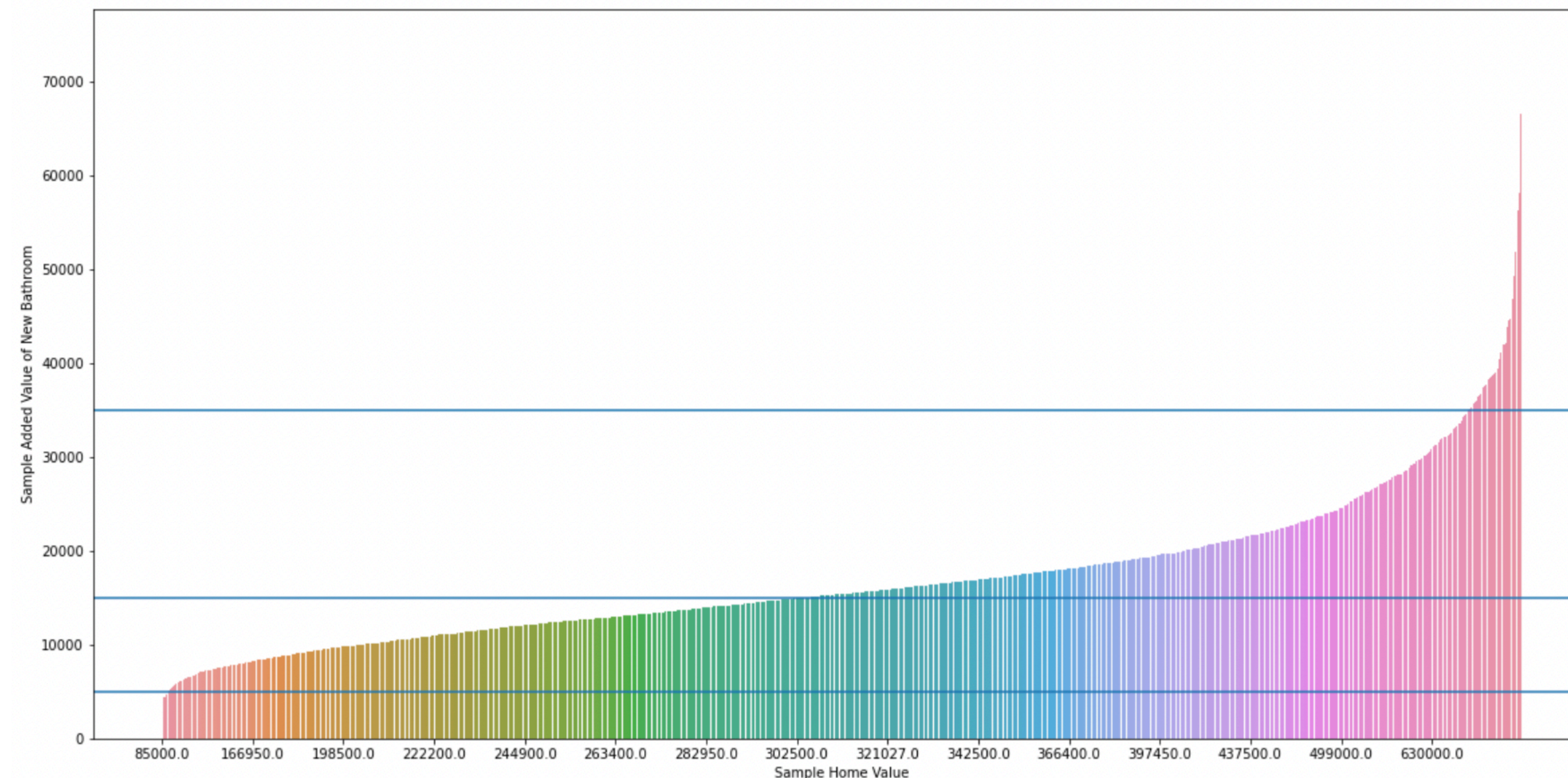
- Marginal increase from poor or fair value to average yields same percent increase as average to good condition



# Recommendation 3

## Adding another bathroom makes sense for low-priced homes

- According to HomeAdvisor, the cost of a new bathroom (converting existing space) ranges from \$5,000 to \$35,000, with an average of \$15,000
- Model suggests new bathroom yields home value increase of 5%





# Future Improvements to Analysis

- Increase analysis on location
  - Need to incorporate school districts and local amenities
- Take into consideration construction costs to make more concrete improvement recommendations

# Conclusion

- Focus on buying low cost properties: southern half of the county, poor / fair condition, no view
- Minimal improvements pack more punch than maximal
- Adding a bathroom needs to be considered in the context of total home value

# Contact

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