

# Size Matters, but so does... Location, Location, Location



Guidance for Real Estate Developers in Kings County, Washington

# Our Mission: Support You, the Developer

## You Are

- West Coast Residential developer
- Expanding into the Seattle area
- Looking to Build Quickly

## Your Problem

**Unfamiliar Market.** You don't know

- Where to build
- What to build
- Target Sales Prices

## Our Solution

Our Brokerage Analytics Tool advises on:

- Zipcodes
- Square Footage
- Price Predictions
- Additional Property Features

# Data Process

## Get the Data

- **Kings County Housing Sales from fiscal year (06/21 - 06/22)**

## Data Cleaning & Refinement

- **Inspect and remove erroneous data**

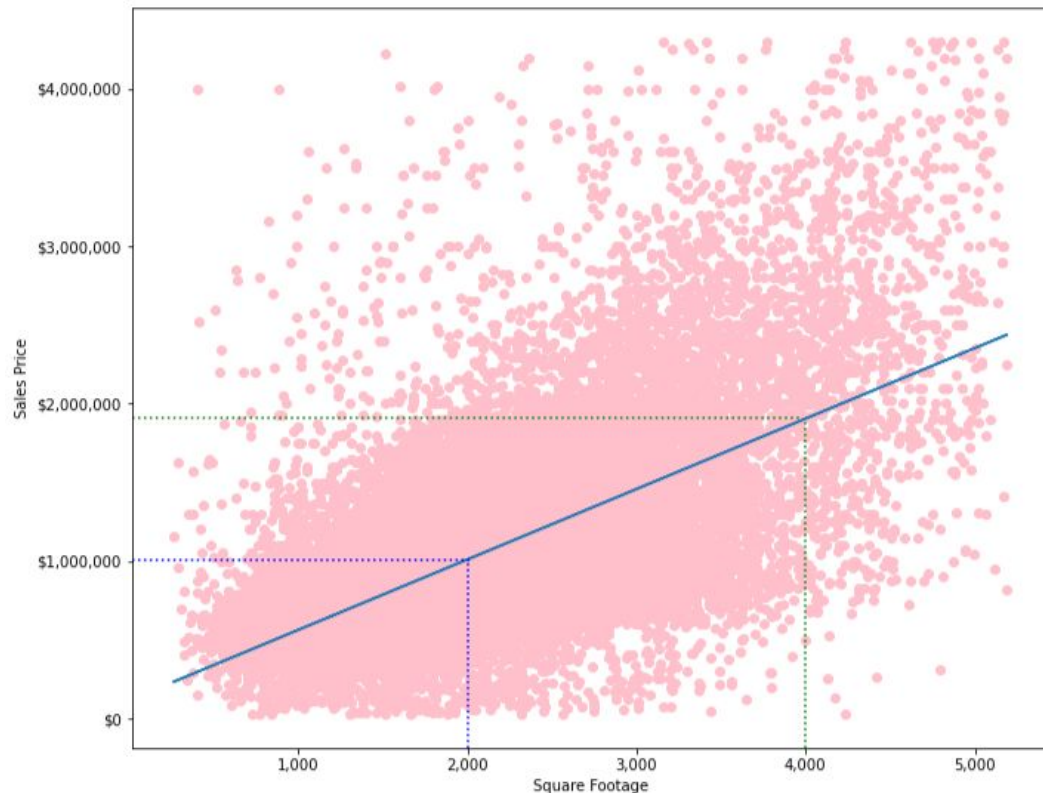
## Analysis

- **Start with simple, linear regression model**
- **Iterate to add complexity**
- **Determine which factors have greatest impact on price.**

# Approximate Pricing: Homes Sell at \$500/sq.ft.

- Includes approximately 30,000 listings in Kings County
- Blue line is best-fit approximation of all listings
- A 2,000 sq.ft home sells for approximately \$1M

Non-Mansions sold in Kings County, WA, Fiscal year 2021-22



\* Excludes mansions (homes larger than 5,200 sq. ft. and higher than \$4.3M)

\* Best fit approximation line is  $\$447/\text{sq. Ft.} + \$115,000$

# Location Matters: Comparison of 2 Zipcodes

- 98004 homes have an increase of \$1.3M
- 98023 homes have a decrease of 445K

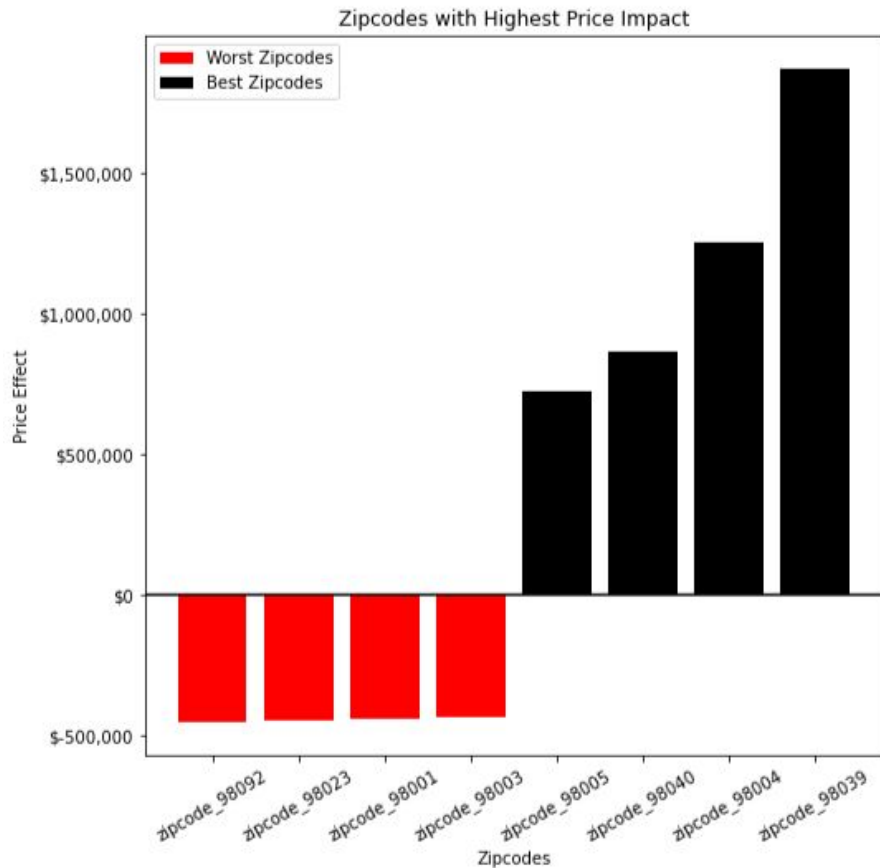
\* as compared to an average zipcode



# Where to Build: Impactful Zipcodes

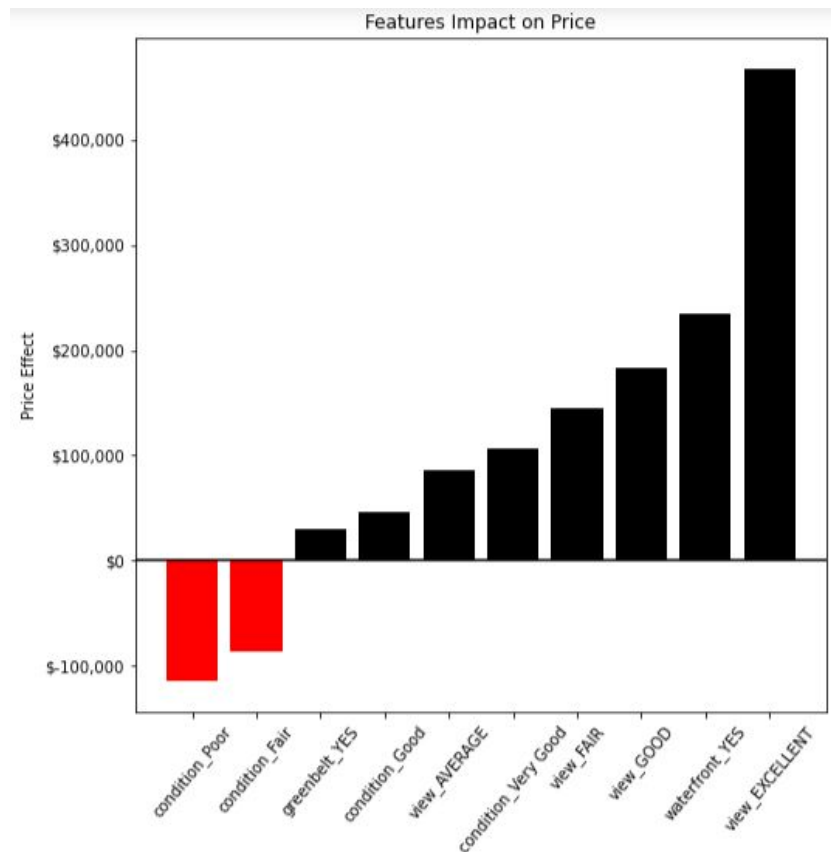
98039	+	\$1.95M
98004	+	\$1.34M
98040	+	\$843K
98005	+	\$775K
98042	-	\$422k
98010	-	\$425k
98023	-	\$445k
98092	-	\$450k

- As compared to prices in a typical neighborhood, 77 zipcodes total



# Additional Features

View - Excellent	+	\$468K
Waterfront	+	\$235K
View - Good	+	\$183K
View - Fair	+	\$144K
Very Good Condition	+	\$106K
View - Average	+	\$86K
Good Condition	+	\$45K
Greenbelt	+	\$29K
Fair Condition	-	\$87k
Poor Condition	-	\$115k

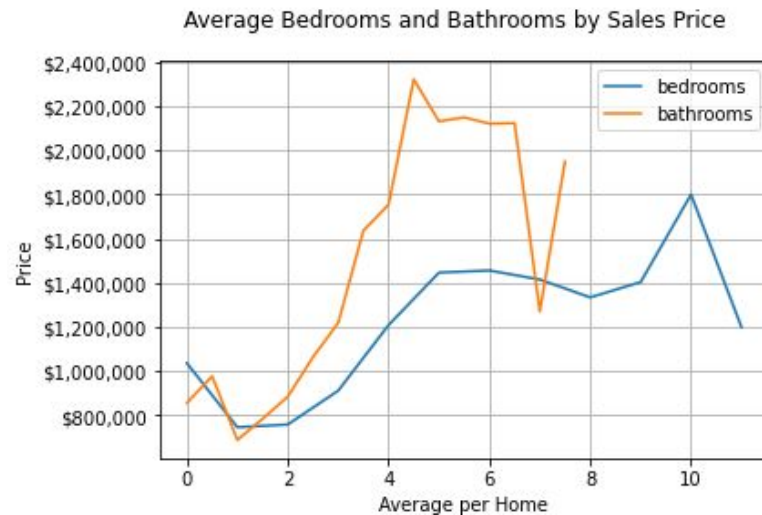


# How many Bedrooms & Bathrooms?

- Trends are nonlinear
- The graphs shows relative price peaks at 5 Bedrooms and 4.5 Bathrooms.

	bedrooms	bathrooms
count	28726.000000	28726.000000
mean	3.420769	2.300442
std	0.957244	0.837446
min	0.000000	0.000000
25%	3.000000	2.000000
50%	3.000000	2.500000
75%	4.000000	3.000000
max	11.000000	7.500000

The median home has 3 beds, and 2.5 baths.



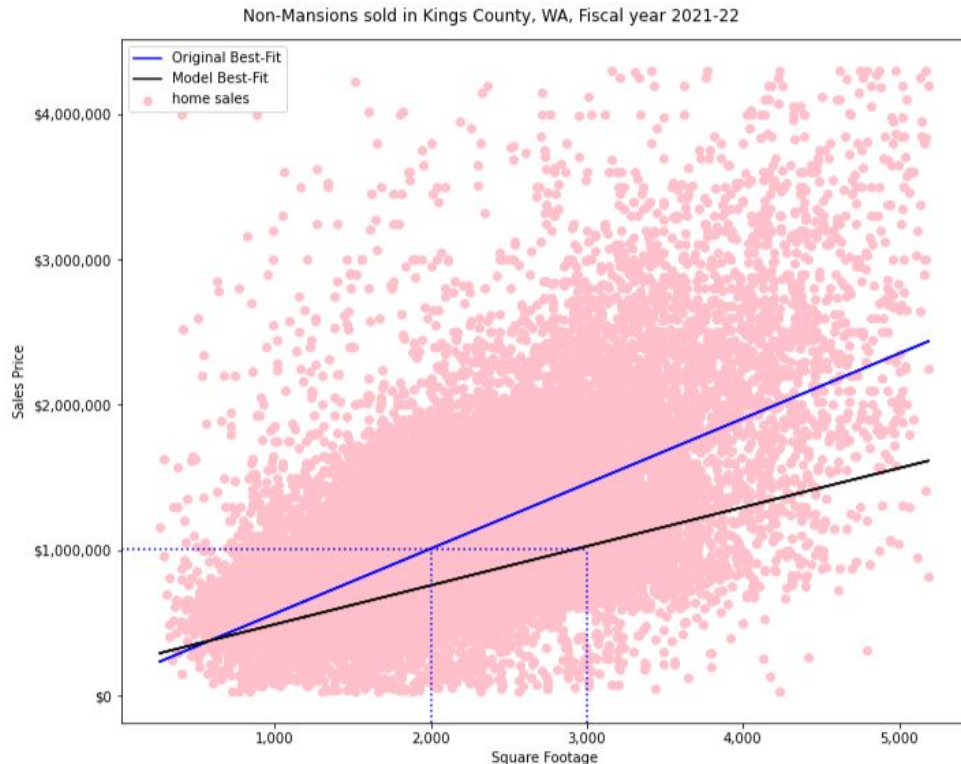


# What to Build? Less Square Footage

- The impact of square footage decreased from \$447/sq ft to \$229/sq.ft as we considered other factors
- The ~\$1M home we originally considered for 2,000 sq ft. now is 3,000 sq. ft.
- **Recommendation** - Build just enough home to provide a “very good condition” with between 3-5 bedrooms and 2.5 - 4.5 bathrooms.

count	28726.000000
mean	2080.274003
std	862.668048
min	260.000000
25%	1430.000000
50%	1930.000000
75%	2600.000000
max	5190.000000

Median home is 1930 sq. ft.



# Recommendations

- Build or Renovate in a Desirable Neighborhood
  - Build houses to accommodate NO MORE than 3-5 bedrooms, and 2.5 - 4.5 bedrooms.
  - Target home sizes between 1500-2500 sq. ft. that can accommodate bedrooms and bathrooms.
  - Consider the perks (views, etc) when siting a project.
  - Hire us, your local brokerage firm!
- 
- As compared to prices in a typical neighborhood

# Questions:

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