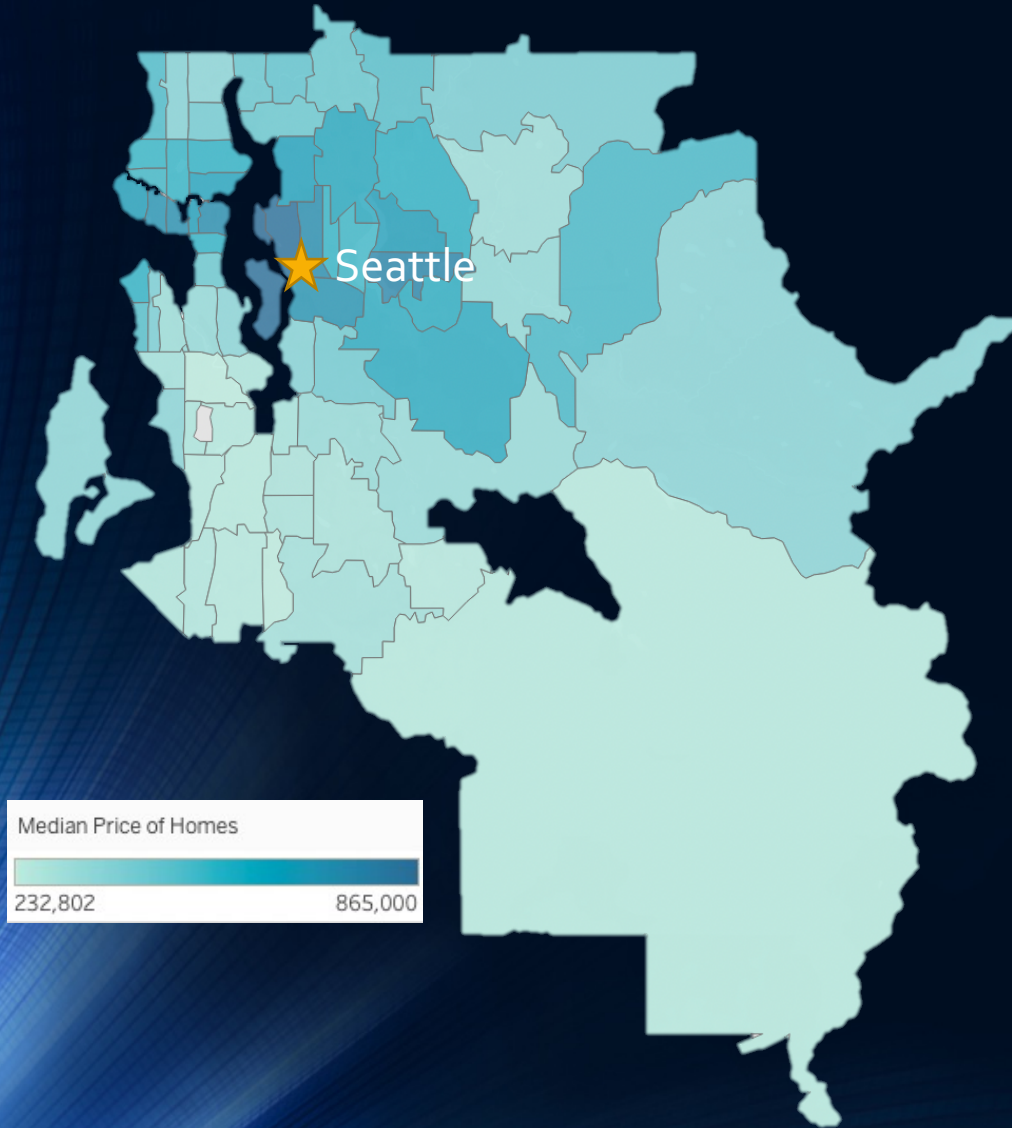




Evaluating Home Renovation Opportunities in King County, WA

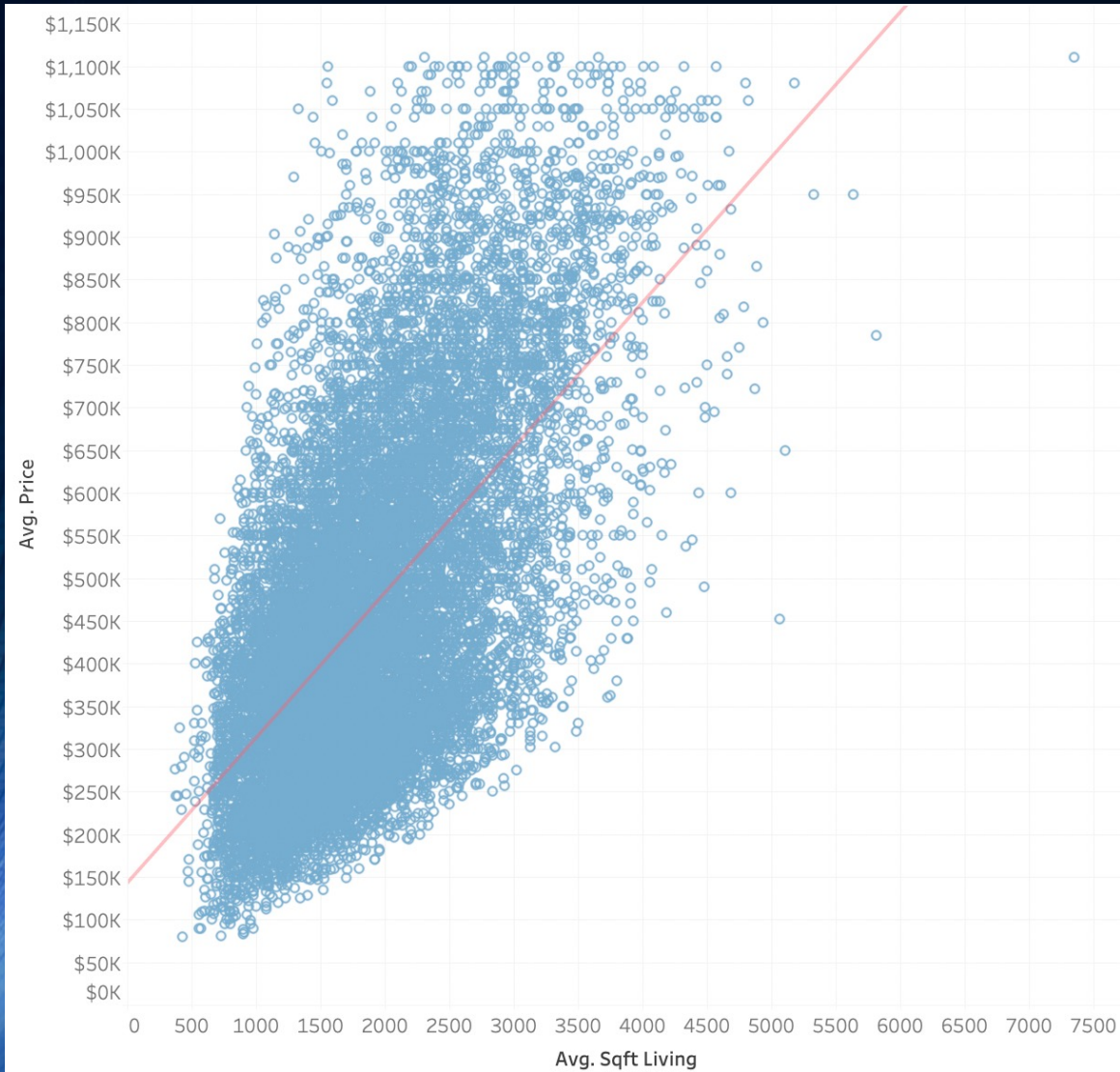
ANALYSIS BY BRIAN BENTSON

Analysis Overview



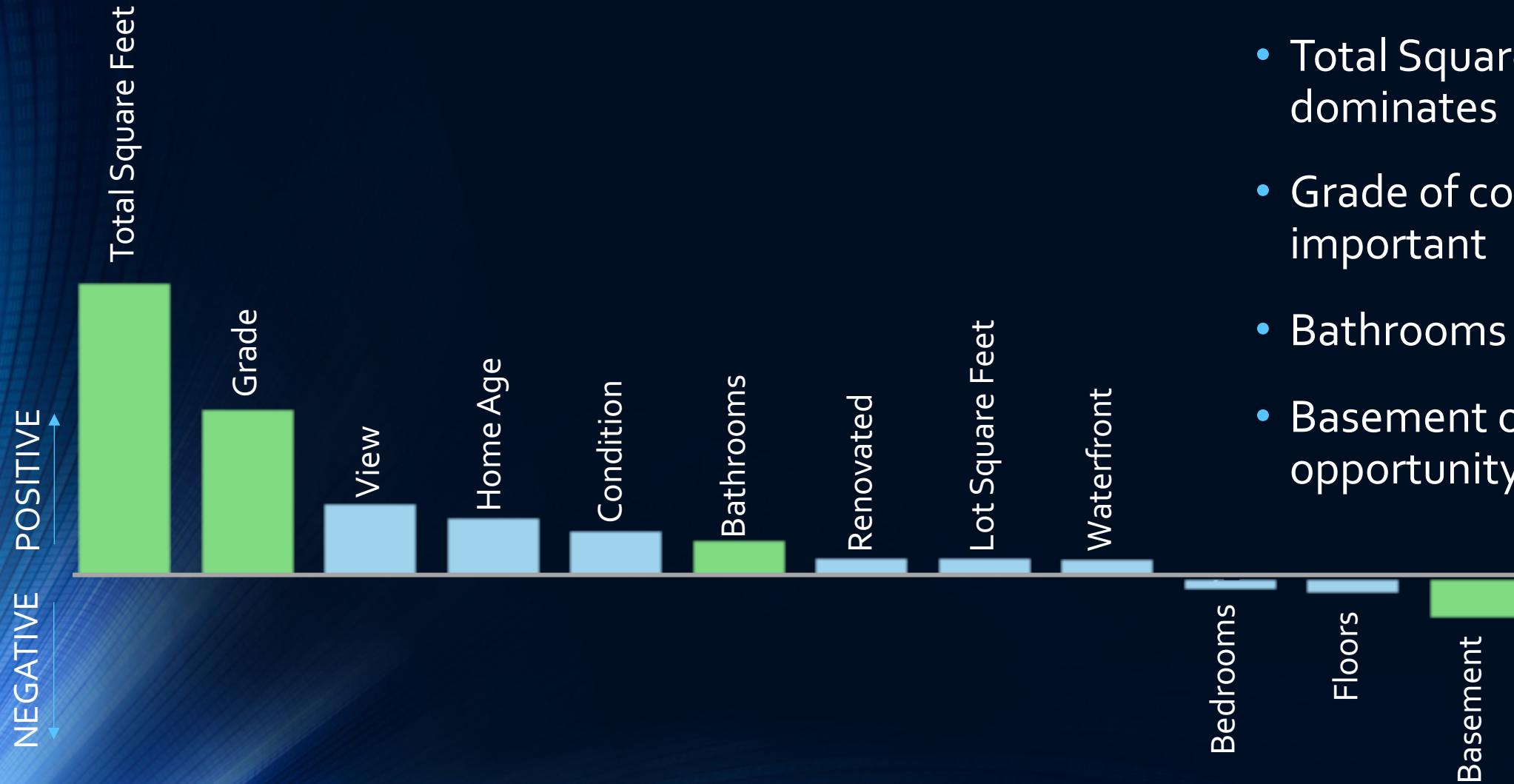
- Emphasized features of a home which can be renovated that improve home value
- ~15,000 home sales analyzed from 2014 and 2015
- Small and Midsize homes with less than 6 bedrooms
- Linear Regression Modeling to understand how housing features affect price

Best Fit Modeling of Home Price



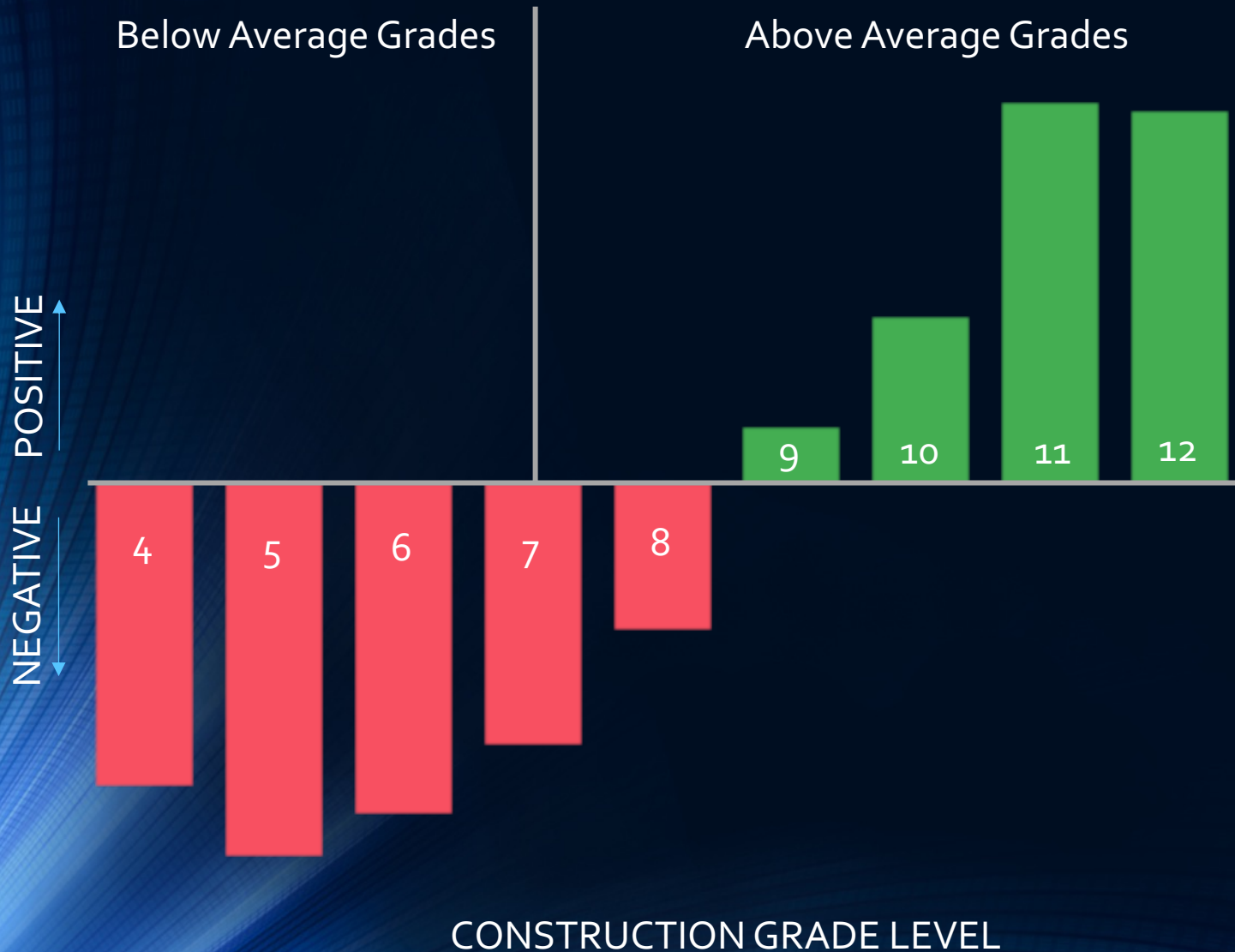
- Selected optimal variables that correlate with Price
- Focused analysis on center of the data
- Model can explain 83% of the variation in price
- Mixture of controllable and uncontrollable variables

Biggest Drivers of Home Price



- Total Square Feet dominates
- Grade of construction is important
- Bathrooms improve price
- Basement offers a unique opportunity

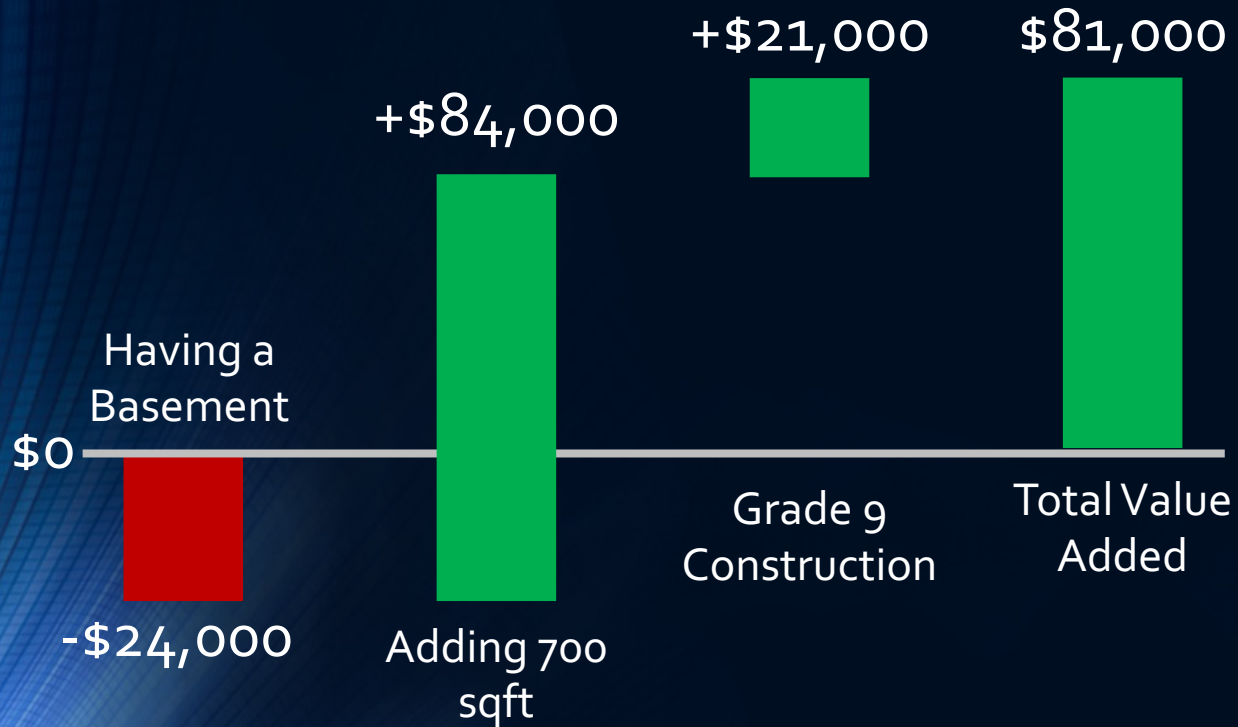
The Grade of Construction Matters



- Pay for above average construction quality and design (9-12)
- Not worth it to get the absolute best grade (13)
- Average construction grade is 7

Recommendation: Finish a Basement

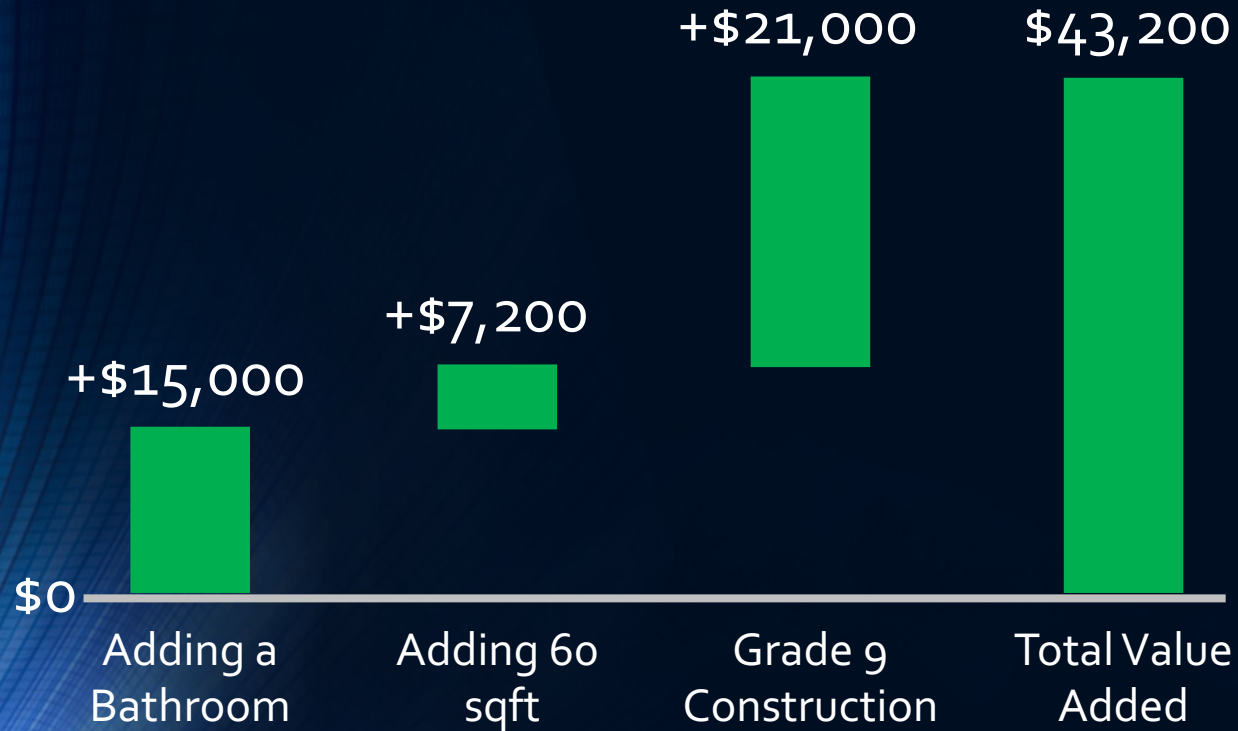
with 700 sqft and High-Grade Construction



- Having a basement effects home price negatively by itself
- Model predicts an additional \$120 to the homes value for every additional square foot
- Median basement size in the area is 700 sqft

Recommendation: Add a Full-Size Bathroom

with 60 sqft and High-Grade Construction



- Having a basement effects home price negatively by itself
- Adding square feet overwhelmingly offsets negative impact of basement
- Median basement size in the area is 700 sqft

Conclusion

- Finish the basement with over 350 sqft
 - Average basement size is 700 sqft in the area, finishing a 700 sqft basement yields **\$81,000**

Add a full bathroom (~60 sqft)

- **\$43,200** to the value of a home
- Use high grade construction materials
 - Use a grade between 9-12 (above average of 7)

DO's

Item	Potential Value
Add a Bathroom	\$15,000/bathroom
Add Square Feet	\$120/sqft
Finish a Basement with > 350 sqft	\$35,380/level
Use High Grade Construction	\$21,000 for level 9

DON'Ts

Item	Potential Value
Add a Bedroom	-\$45,000
Add a Floor	-\$8000
Finish a Basement with < 350 sqft	-\$24,000