

REAL ESTATE


King County House Market

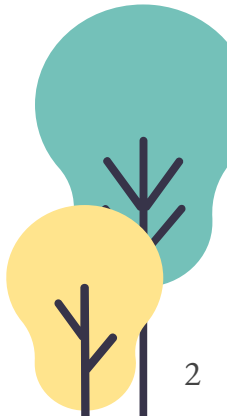
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The Client

Chinese Tech Tycoon



King County, WA



The King County House Market

2080 sqft

Is the average living space
In King County

120 Years

Counts the oldest houses

49 Years

Old are the houses on average

\$540,296

Is the average price
For a house

2014

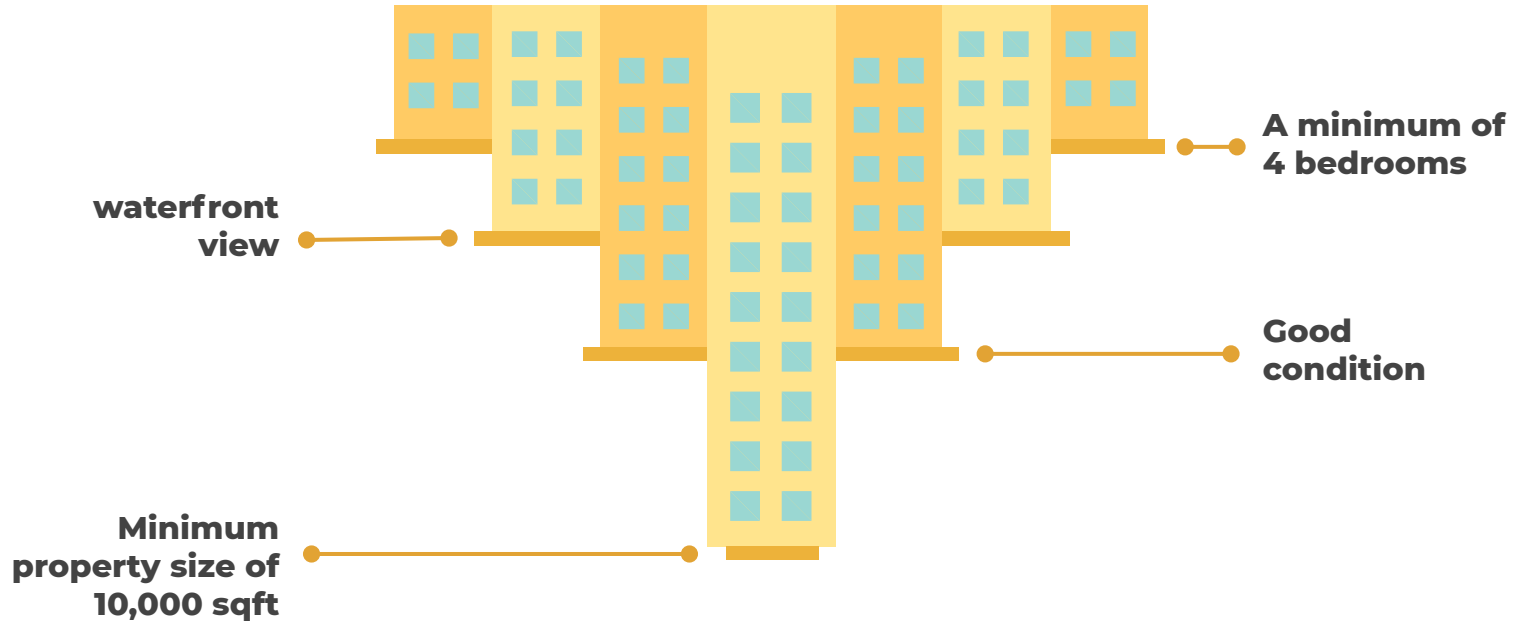
Year most houses
have been built

\$7,7M

Is the highest price
Paid for a property

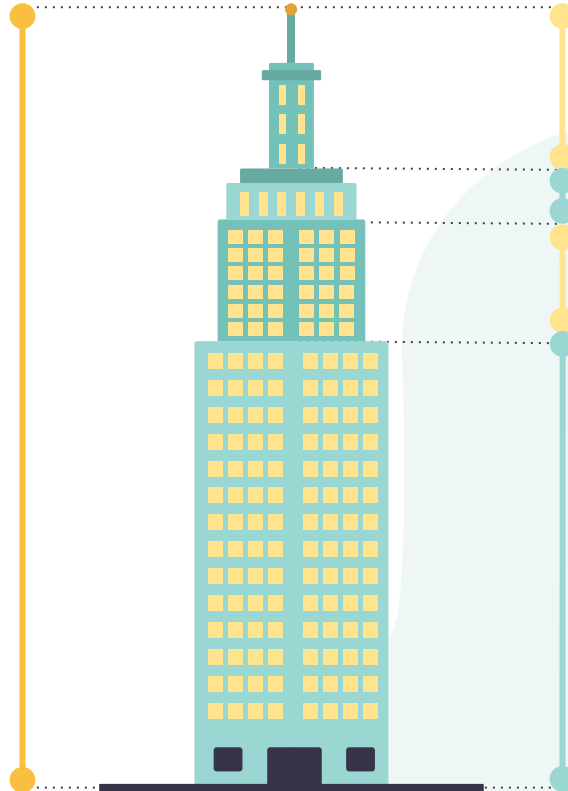


The Client's interests



Price segment

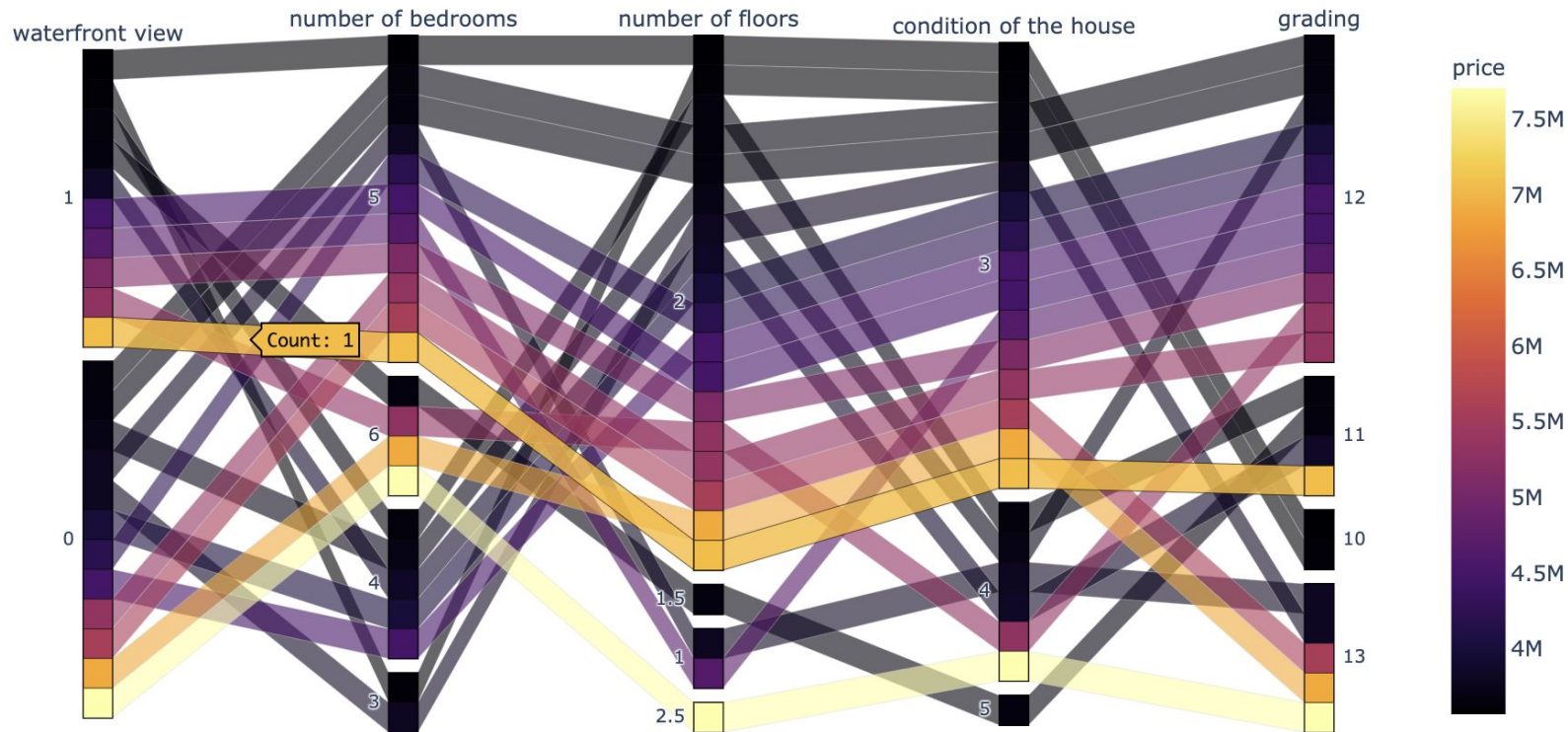
\$3,500,000+



**In this price segment
properties are on
average:**

- 34 years old
- 4.6 million dollars
- 34,373 square feet in total

The Client's dream house - among mansion size houses

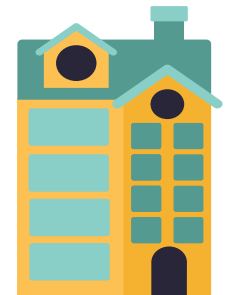


Average Price Calculation for mansion sized properties (10,000 sqft and above)

	With waterfront view	No waterfront view
Ø price	4,5 M	4,7M

floors	1	1.5	2	2.5
Ø price	4.2M	3.6M	4.5M	7.7M

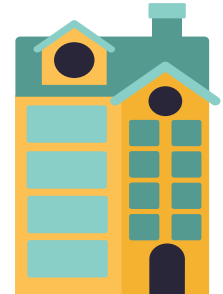
bedrooms	3	4	5	6
Ø price	3.7M	3.9M	4.6M	5.9M



Average Price Calculation for mansion sized properties (10,000 sqft and above)

condition	3	4	5
∅ price	4.7M	4.7M	3.6M

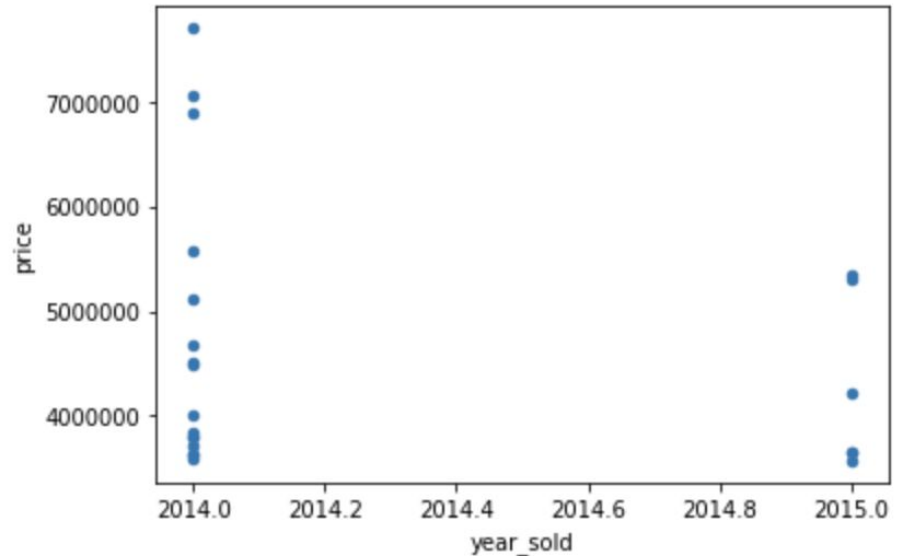
grade	10	11	12	13
∅ price	3.6M	4.6M	4.4M	5.6M



Price changes for mansion sized houses compared to previous year

Year sold	2014	2015
Ø price	4.8M	4.3M
Highest price	7.7M	5.3M
Lowest price	3.6M	3.6M

→ 10.4% decrease of luxury house prices

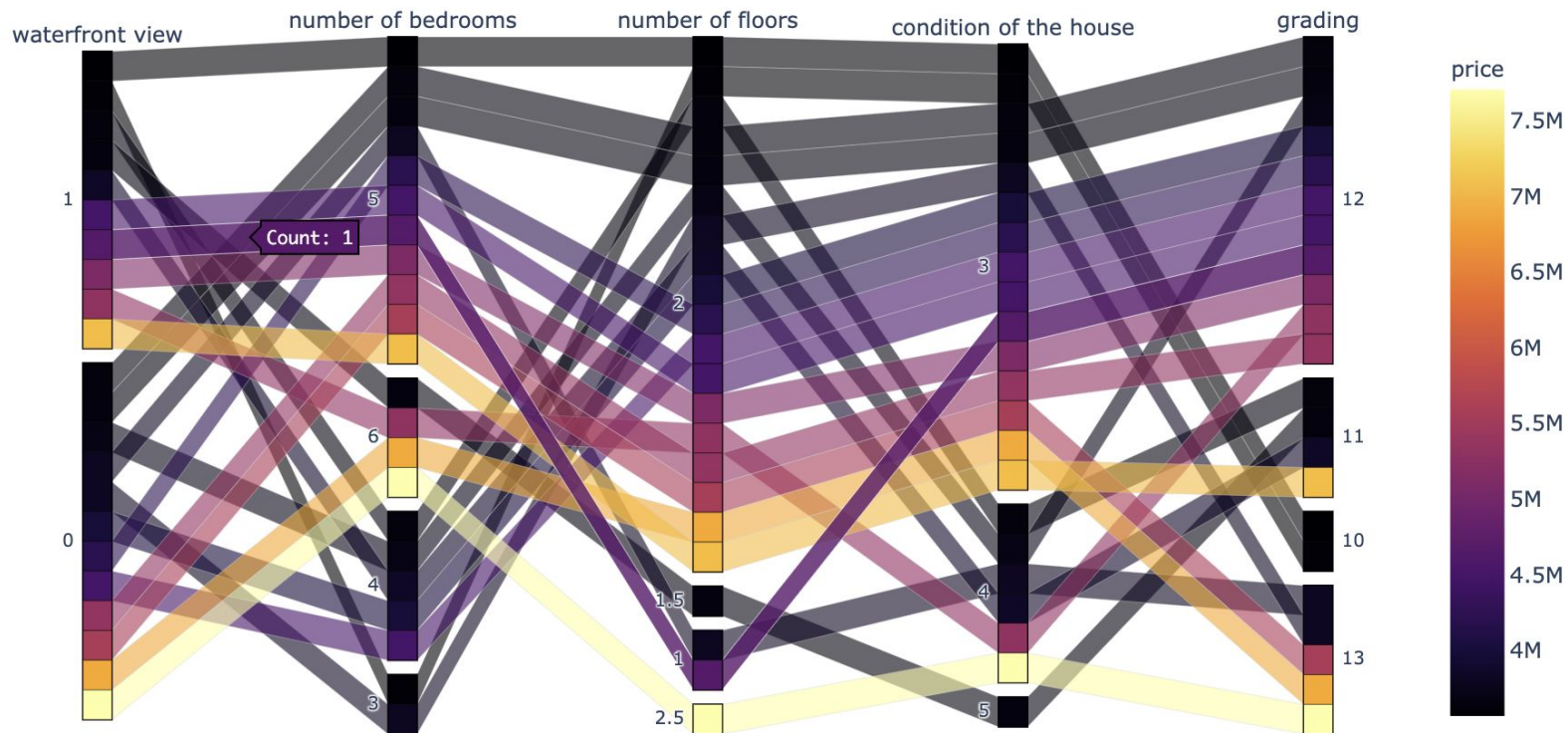




Recommendations

1. It is recommended to by a luxurious mansion sized house in 2015
2. When buying a property of more than 10,000 sqft space
 - a. Buy at the waterfront
 - b. with 1.5 of floors
 - c. Graded with a 10 or 11

More reasonable choice





Implications for future projects

- Adjust and apply regression model
- Compare price segments
- Explore multicollinearity

Linear Model

OLS Regression Results

Dep. Variable:	log_price	R-squared:	0.771
Model:	OLS	Adj. R-squared:	0.771
Method:	Least Squares	F-statistic:	3177.
Date:	Wed, 10 Jun 2020	Prob (F-statistic):	0.00
Time:	10:55:15	Log-Likelihood:	-654.51
No. Observations:	15117	AIC:	1343.
Df Residuals:	15100	BIC:	1473.
Df Model:	16		
Covariance Type:	nonrobust		

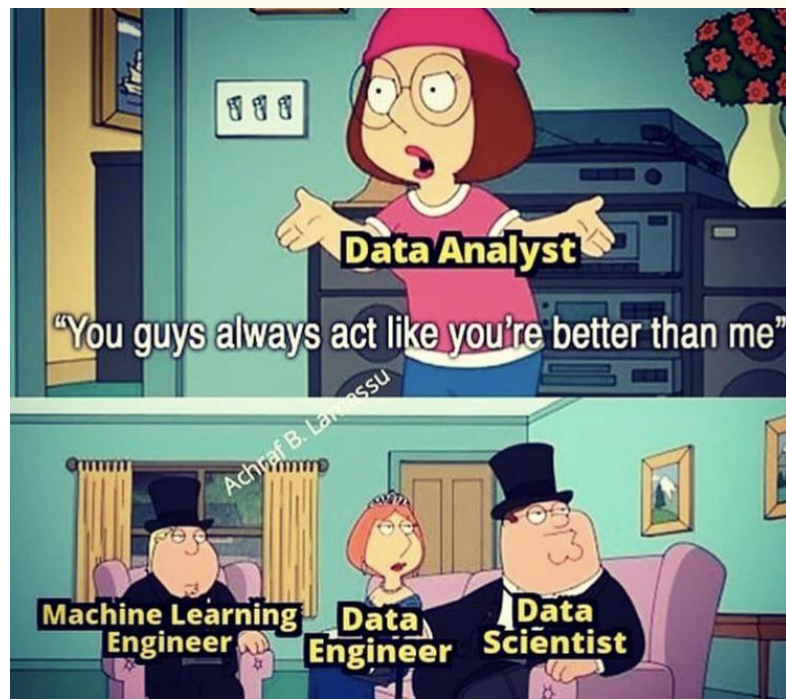


THANKS

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Linear Model

	coef	std err	t	P> t 	[0.025	0.975]
const	-14.4245	4.327	-3.334	0.001	-22.906	-5.943
bedrooms	-0.0151	0.003	-5.122	0.000	-0.021	-0.009
bathrooms	0.0898	0.005	18.877	0.000	0.080	0.099
sqft_lot	-5.992e-05	3.16e-06	-18.957	0.000	-6.61e-05	-5.37e-05
waterfront	0.4131	0.027	15.234	0.000	0.360	0.466
view	0.0594	0.003	18.660	0.000	0.053	0.066
condition	0.0601	0.004	17.072	0.000	0.053	0.067
grade	0.1650	0.003	51.035	0.000	0.159	0.171
sqft_above	8.428e-05	4.73e-06	17.807	0.000	7.5e-05	9.36e-05
yr_built	-0.0032	0.000	-30.785	0.000	-0.003	-0.003

Linear Model

yr_renovated	4.232e-05	6e-06	7.053	0.000	3.06e-05	5.41e-05
zipcode	-0.0006	4.92e-05	-11.792	0.000	-0.001	-0.000
lat	1.3986	0.016	86.686	0.000	1.367	1.430
long	-0.1814	0.020	-9.263	0.000	-0.220	-0.143
sqft_living15	9.602e-05	5.17e-06	18.563	0.000	8.59e-05	0.000
sqft_lot15	-3.479e-07	1.09e-07	-3.203	0.001	-5.61e-07	-1.35e-07
sqft_total_property	6.035e-05	3.16e-06	19.113	0.000	5.42e-05	6.65e-05

Omnibus:	207.665	Durbin-Watson:	2.002
Prob(Omnibus):	0.000	Jarque-Bera (JB):	388.084
Skew:	-0.014	Prob(JB):	5.35e-85
Kurtosis:	3.784	Cond. No.	2.18e+08