Adding Objectivity to Your Asking Prices

FRIEDRICH
IOWA Realty
Welcome Home!

Outline:

I. Introduction and problem statement
II. Data and methodology
III. Findings
IV. How to use your model
V. Questions

Introduction and problem statement:

I. **Who am I?**

Elliot Richardson, Real Estate Analytics Consultant

II. **Problem Statement:**

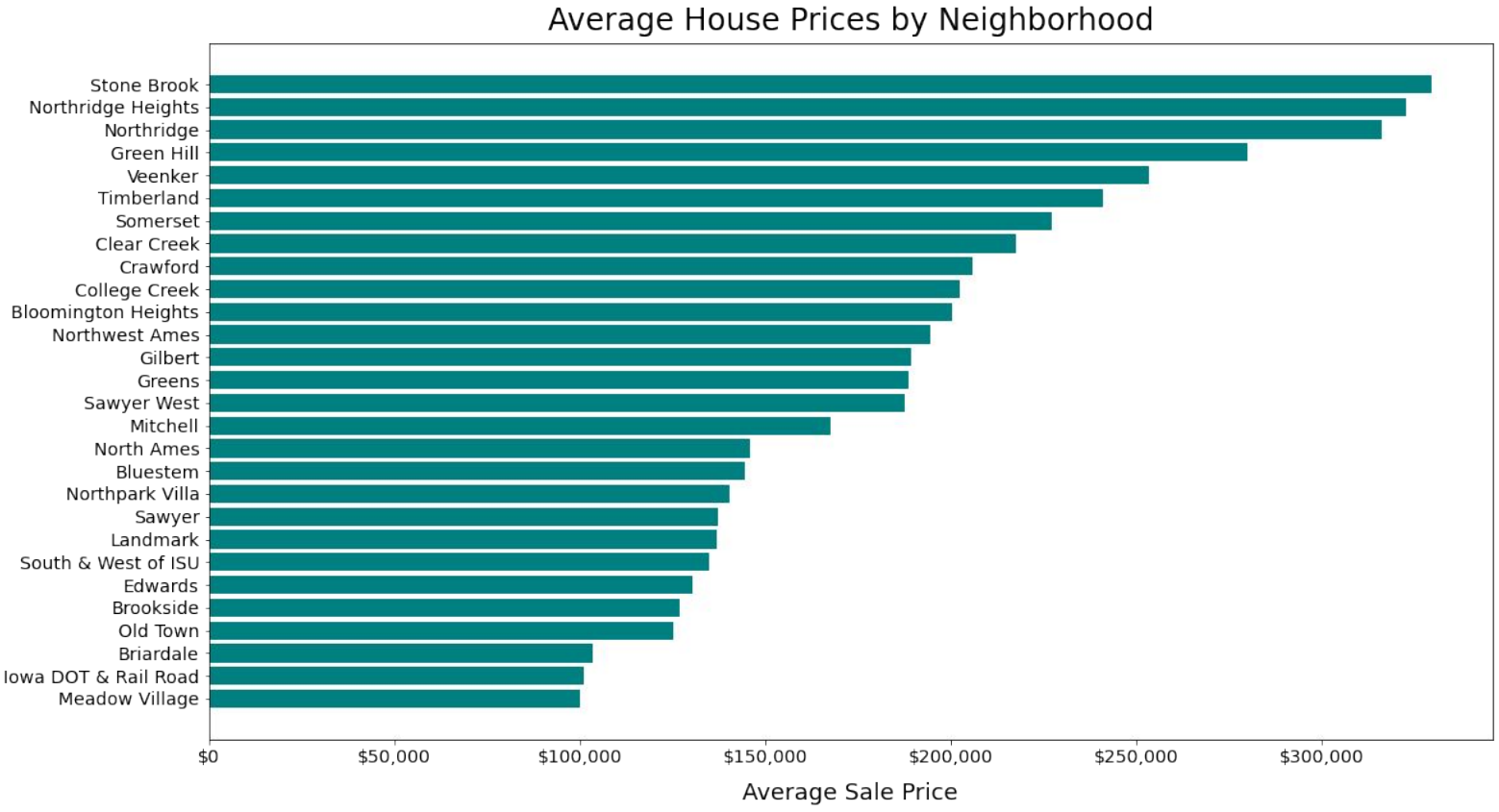
“Realtors at Friedrich Realty have severely over- and undervalued houses when setting asking prices. We need a more objective way of assessing a house’s value.”

Data and methodology:

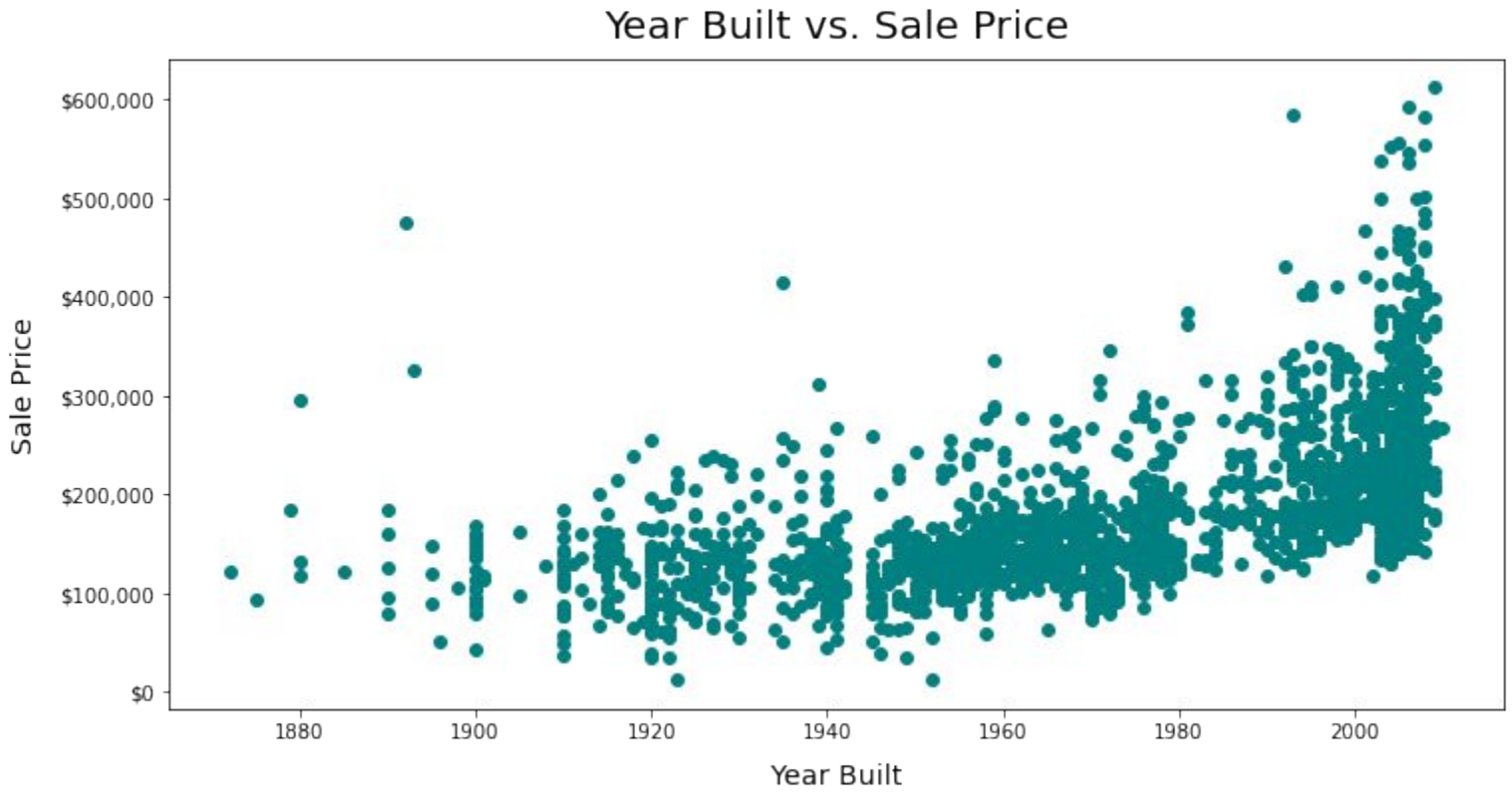
I. Data collected by Friedrich realtors over the past 4 years (it's 2010)
   A. Lot attributes (size, shape, slope, etc)
   B. House layout information
   C. Quality and condition ratings
   D. Neighborhood and zoning classification
   E. And much more!

II. Created regression model to generate market prices

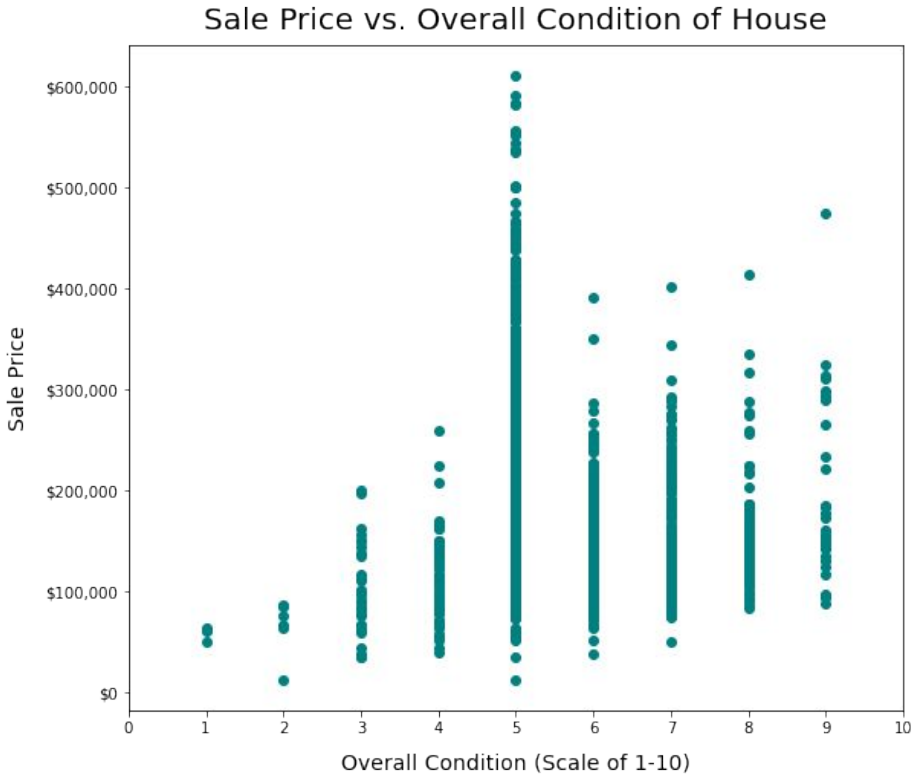
Examples of findings: Which neighborhoods are most desirable?



Examples of findings: Are historic houses more or less expensive?



Examples of findings: Are fixer uppers with good bones desirable?



How to use this model:

I. Average error of ± $25,000

II. Generates a $50,000 range for realtors to use their discretion

III. Ideal combo of objectivity and subjectivity

Any questions?

FRIEDRICH

IOWA Realty

Welcome Home!