# King County, WA Housing Market Analysis & Recommendations for Homeowners

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# Background

King County, Washington, which includes the Seattle metro area, is a prime location for residential real estate investment.

Homeowners and house flippers should leverage this report to understand how they can improve the resale value of their property through renovations.



King County, Washington, USA

#### Data

#### Source:

Source data includes 21,597 residential houses publicly sold between May 2014 and May 2015.

# **Key Observation:**

Some descriptive analysis confirmed that, in general, houses that have been renovated do indeed tend to have a higher sale price.

#### **Data Cleansing:**

Data was processed prior to modeling to address some missing data elements, remove outliers, and explore the meaning and distribution of each element included in the raw source.



#### Model

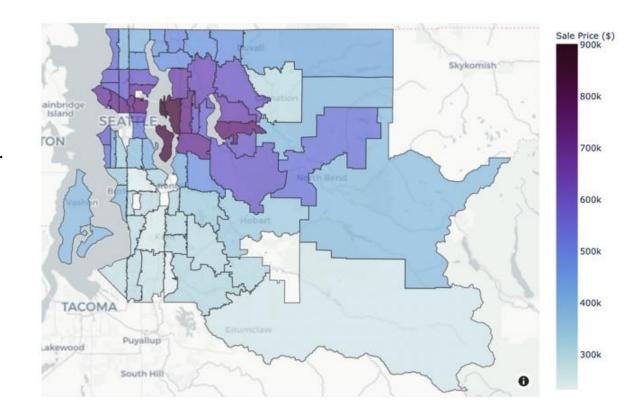
The following features together were found to explain ~84% of the variation in house sale price:

- Ratio of bathrooms to bedrooms
- Living space (sqft)
- Lot size (sqft)
- View
- Grade
- Condition
- Size of neighboring houses
- Age of house
- Years since renovation
- Waterfront
- Zip code

The following pages will dive into greater detail on some of the key factors: Zip code, living space, bathroom/bedroom count, and grade.

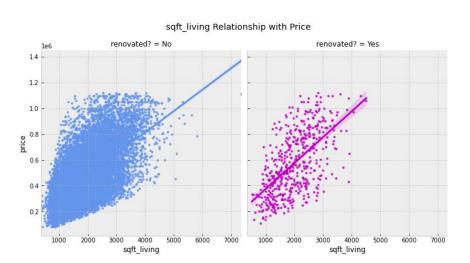
# Zip Code

Zip Code - while not something the homeowner can change - is a significant predictor of sale price. Homes in zip codes nearest Seattle and Bellevue have average and median home prices in the 800-900s, as compared to other zip codes in south King County with averages in the 200-300s.



# Living Space

The square footage of your home's living space has a positive linear correlation with sale price...



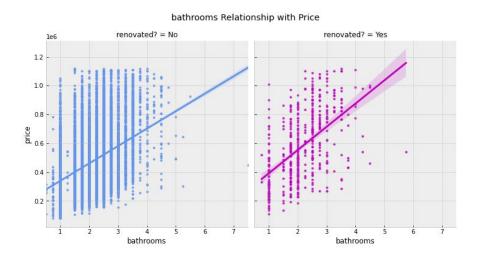
# ...as does the square footage of your neighbors' living spaces!



# Bedroom & Bathroom Count

The number of bathrooms has a much stronger correlation with price...

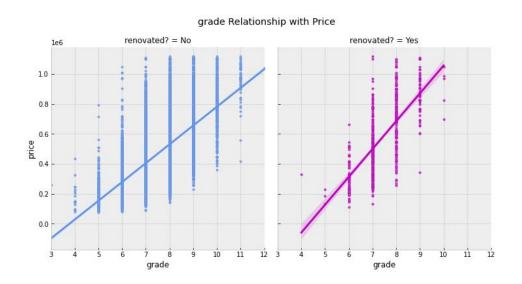
...than does the number of bedrooms.





# Grade

Grade - measured on a 1-13 scale - is a strong predictor of sale price.



#### **Grade Scale:**

- 1-5 Falls short of minimum building standards. 1-3 is typically a cabin, 4-5 are typically small, simply designed, low-cost houses.
- 6-7 Just meets building code. Low quality materials and simple designs. Commonly seen in older subdivisions.
- 8-9 Just above average in construction and design. Usually better materials in both the exterior and interior finish work.
- $10\text{-}11 \qquad \text{High quality design, features, finishes. Generally have a larger square footage}$
- 12-13 Custom design. All materials are of the highest quality and all conveniences are present. Large amount of quality cabinet work, wood trim, marble, entry ways etc.

## Recommendations

Based on the model, homeowners should consider three key recommendations when considering renovation plans:

- → Expand living space Consider finishing an unfinished basement if you have one, or adding on to your house.
- → Add a full or half bathroom Bring up your bathroom-to-bedroom ratio.
- → Invest in high-quality materials

  Raise your home's grade rating by bringing in marble or quartz countertops, new cabinets, crown molding, wood flooring, luxury finishes, etc.

# Thank You!

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