





Is ‘Location, Location, Location’ all it’s cracked up to be?

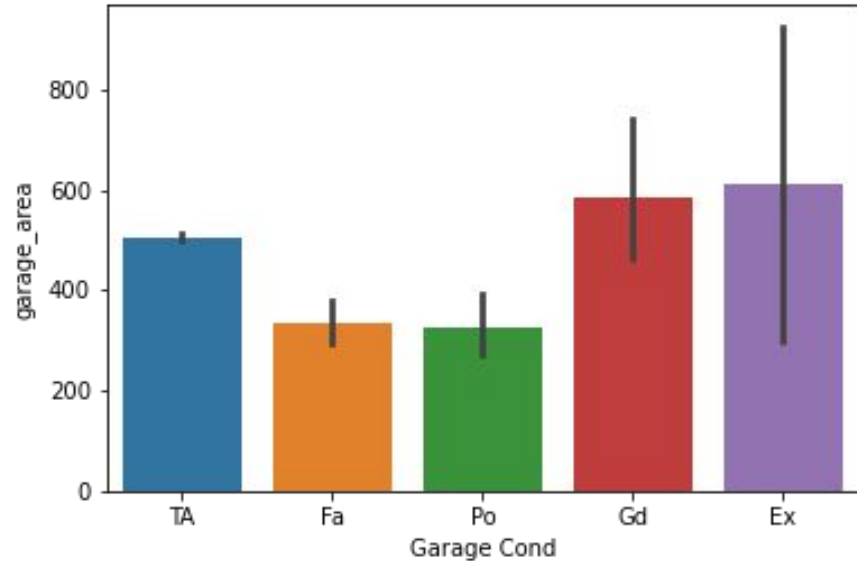
Deciphering the ‘what, where, and why’ of housing
Karthik Nambiar



Basic Processing

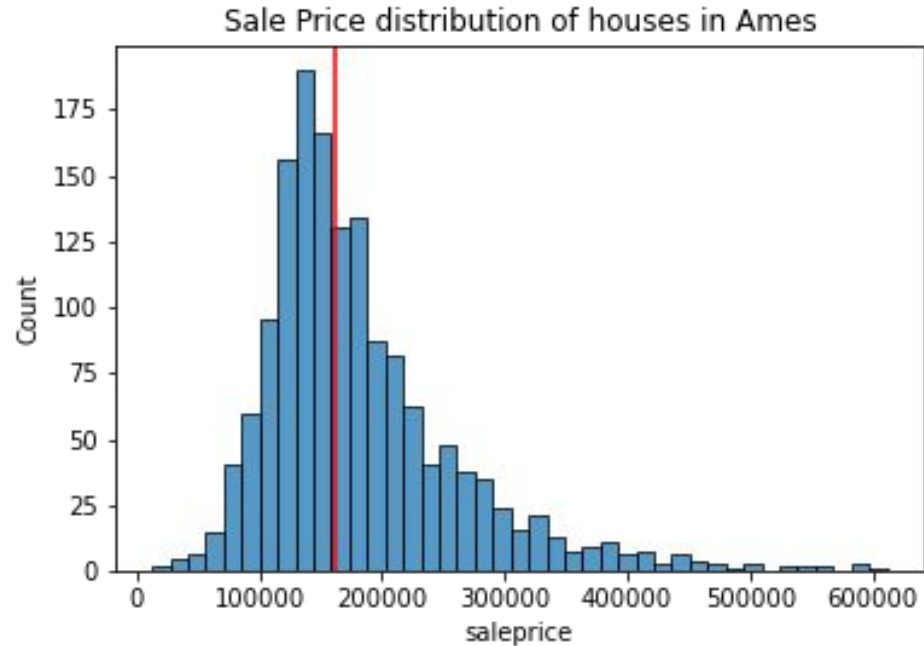
- Lots of attributes similar
 - Quality vs Condition?
- Lots of not-important factors too
 - Buyer's preference

Condition of the garage and its condition (Po=Poor, Fa Fair, TA passable, Gd



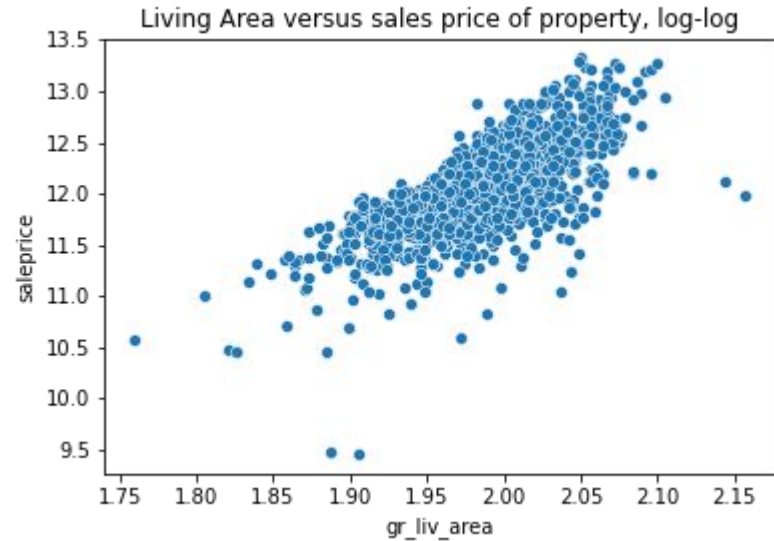
More processing

- First 50 feet > last 50 feet
- Economists agree[1]
- Land, Price, first 50 > last 50
- ‘Log-Transform’ helps avoid issue
- Notice more sales past peak than below



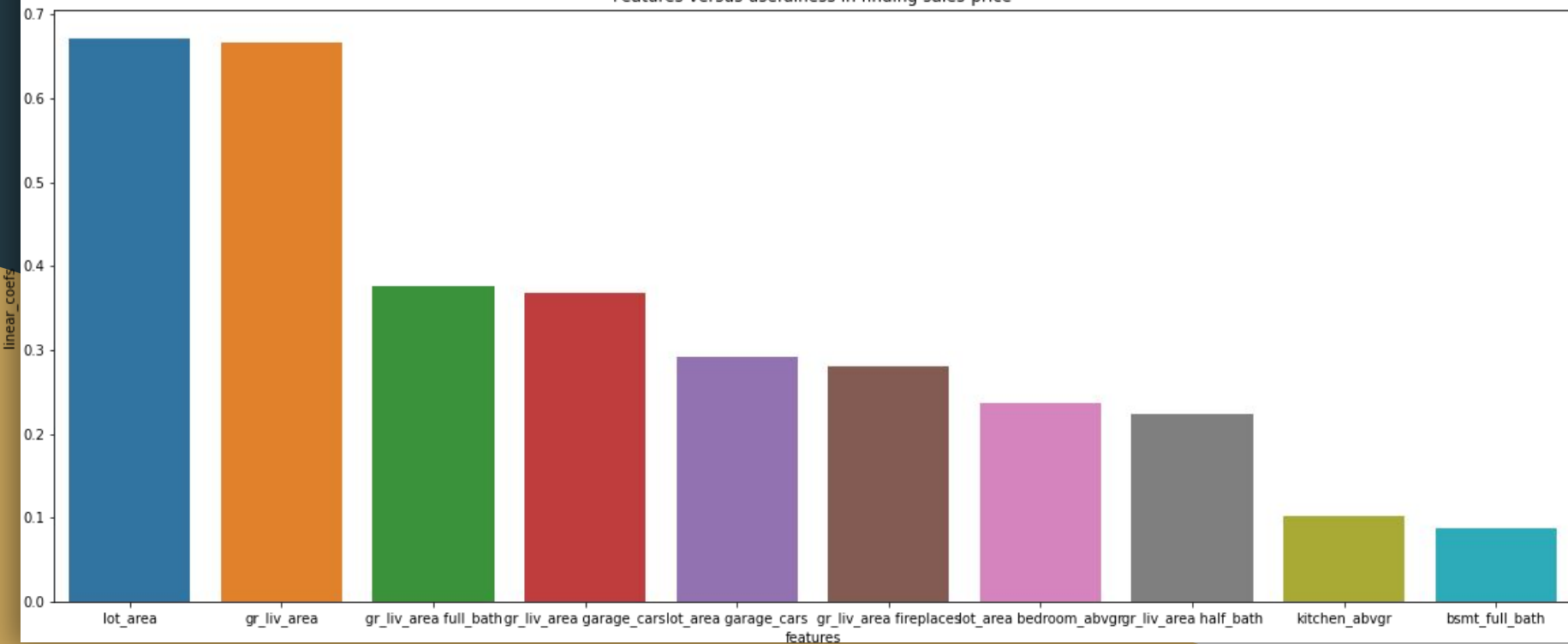
Big Picture Data

- Add interactions between variables, remove ones that don't work
- Mostly land/# of rooms



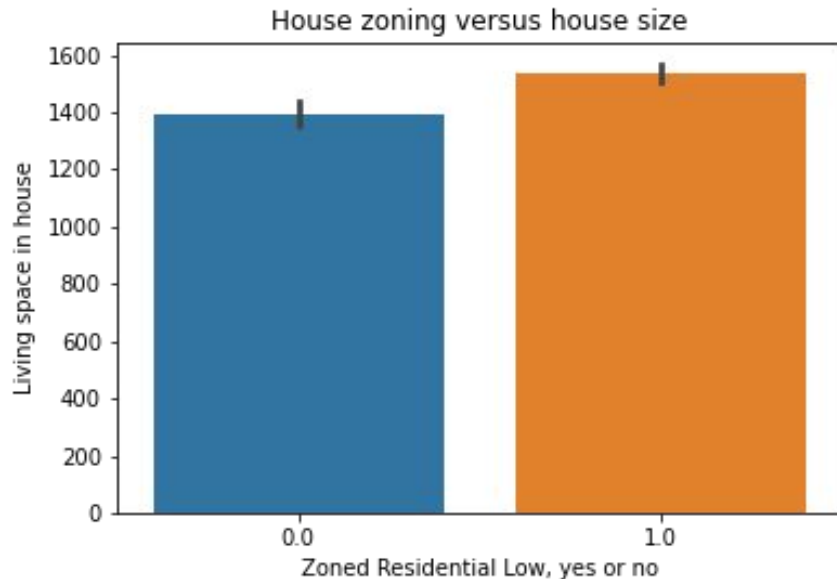
More generally,

Features versus usefulness in finding sales-price



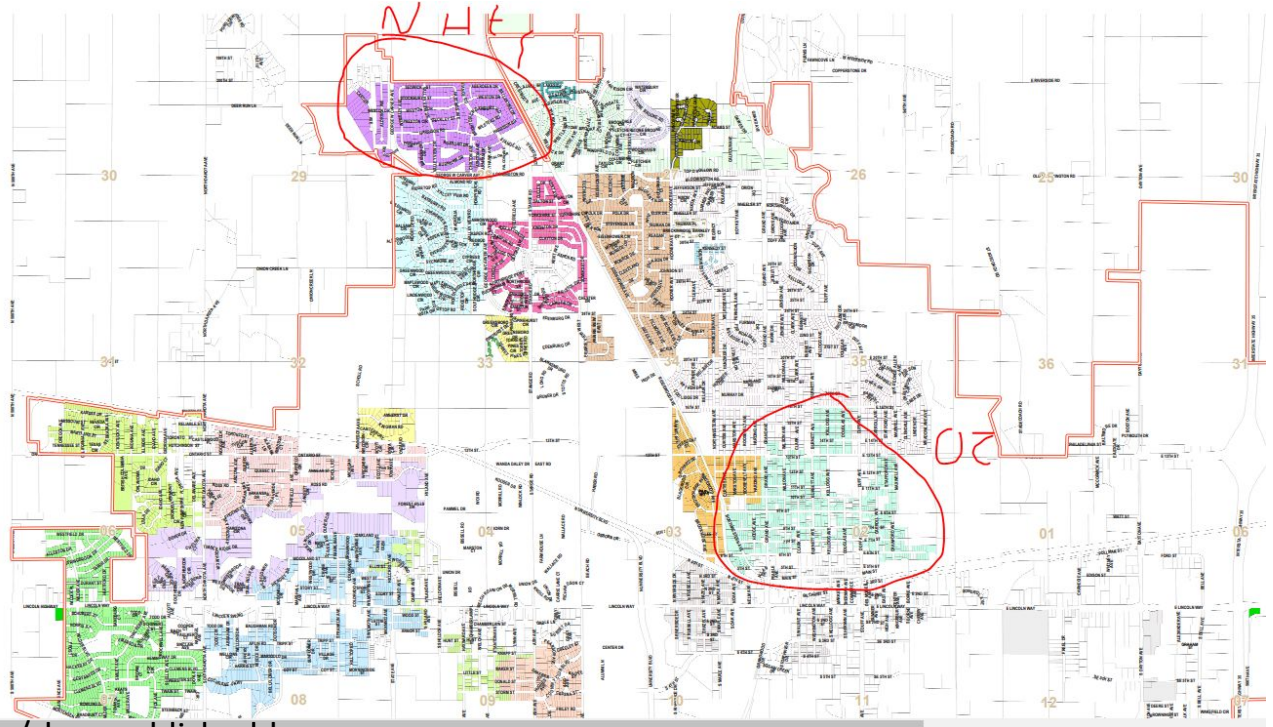
Zoning and neighborhoods

- Strip model to living area, some basic amenities, and zoning/neighborhood
- Zoning- proxy for house size?
- Low-Density is best predictor

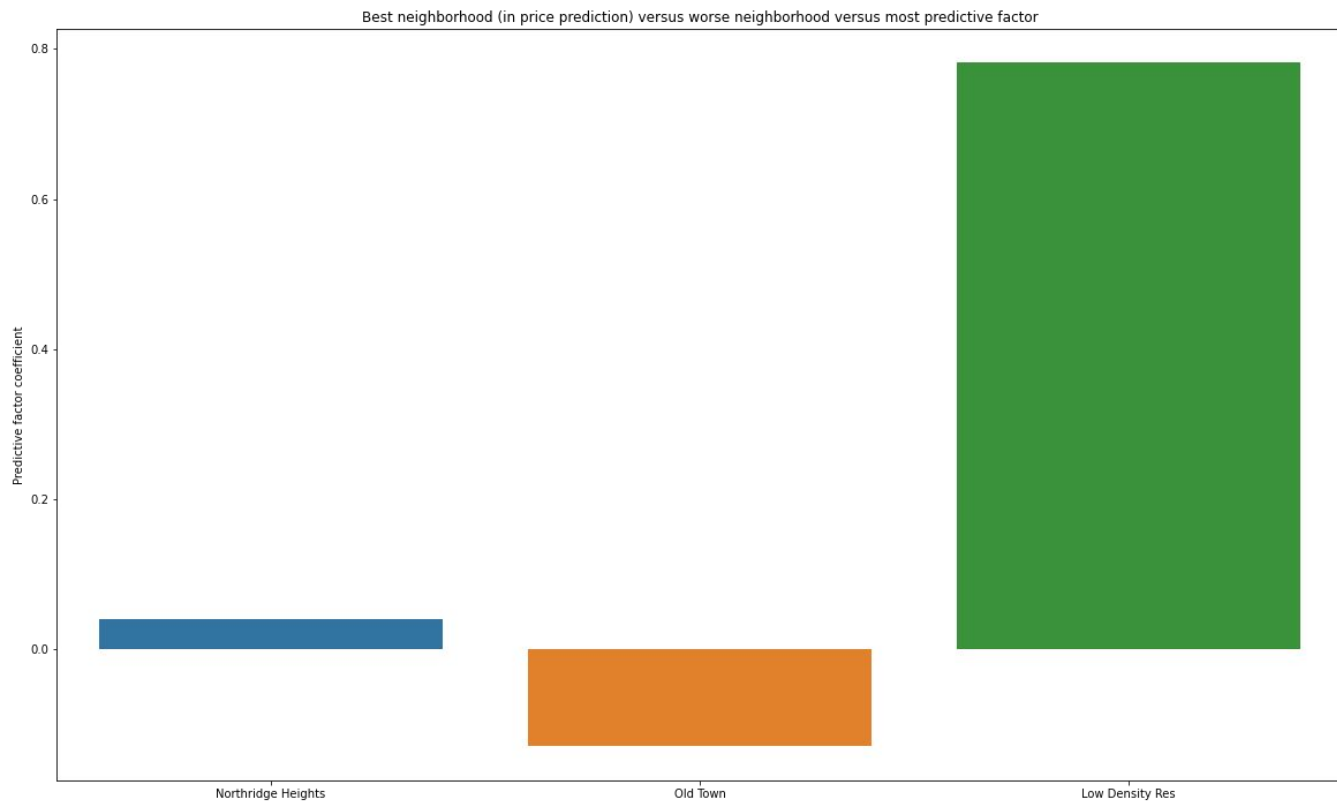


Do neighborhoods matter?

Neighborhoods
circled predict most
difference in sales
price
Northridge Heights
(High) vs Old Town
(low)



Not much difference



Conclusions

- Basic features of house best predictors
- Zoning mostly proxy for space
- No amenities *in Ames, Iowa* provide large benefits for one neighborhood over other

Sources

- <http://ise.amstat.org/v19n3/decock/DataDocumentation.txt>
- <https://www.cityofames.org/home/showpublisheddocument/1024/637356764775500000>
- Navarro-Gonzales et al- *“A Foundation for Logarithmic Utility Function of Money”*

Questions?