

Assessing the Value of Your Client's Home in King County

By Ethan Kunin



Agenda

- Overview of King Country
- What is our model and what is it predicting?
- How to accurately **assess** the value of a home in King County
- Share how your client can **increase** their home value
- Final thoughts

King County Overview

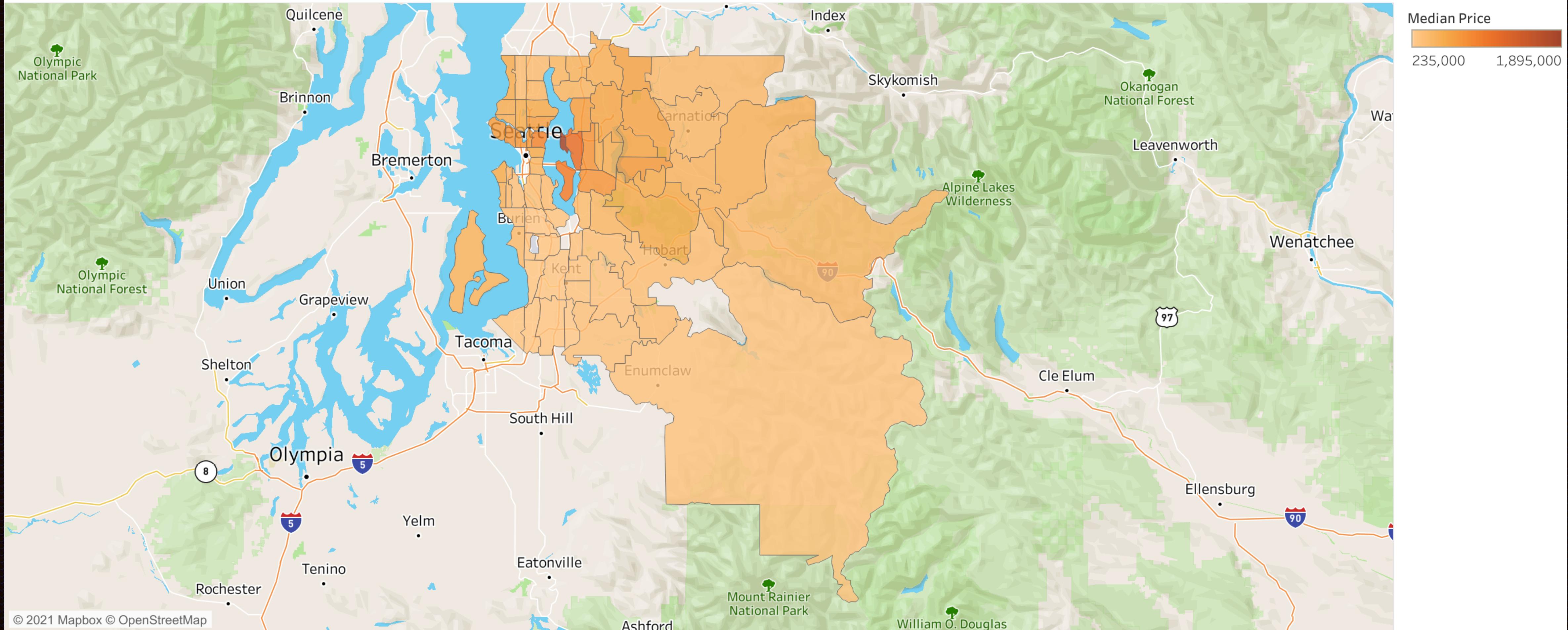
- **Population** of ~2.5 million residents (16% increase in the past 10 years)
- 970,301 **housing units**
- Median **home value** of \$549,200
 - \$397,900 for the state of Washington
- Median **gross rent** of \$1,606
 - \$1,359 for the state of Washington
- 17,919 **building permits** in 2019



Multiple Linear Regression Model

- The model is designed to infer the value of homes priced between **\$78,000** and **\$1,120,000**
- Based on raw data of 21,387 observations, model was trained with 20,235 observations
- The model explains **83%** of the variance in price
- Predictor Values: Sqft_living, waterfront, view, grade, basement, renovation, living_vs_neighbor, lot_vs_neighbor, floors, bedrooms, and condition
- Target: Price (\$)
- The model is designed to **infer** an existing homes current vale, **NOT predict** what it will be worth in the future

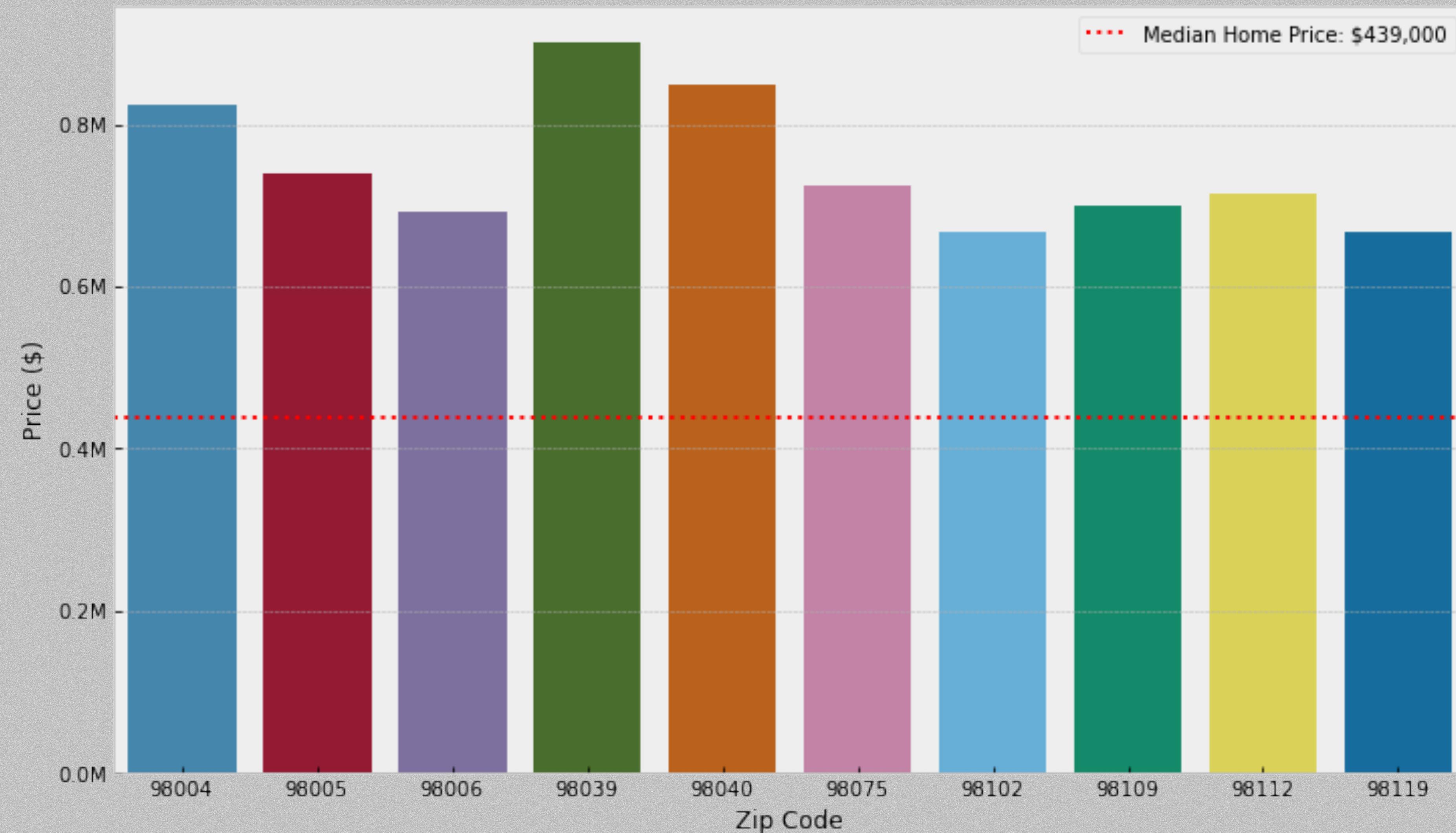
King County Zipcodes by Median Price



Focus on **enhancing** your client's home to increase value

- LOCATION, LOCATION, LOCATION.... But seriously....
- Zip code is the most impactful feature for determining the price of a home
- After zip code comes view of a **waterfront**, **condition** of the home, and **square foot living**
- Adding **bedrooms**, **floors**, and a **basement** decrease the value of the home

Top 10 Most Expensive Zipcodes



Condition

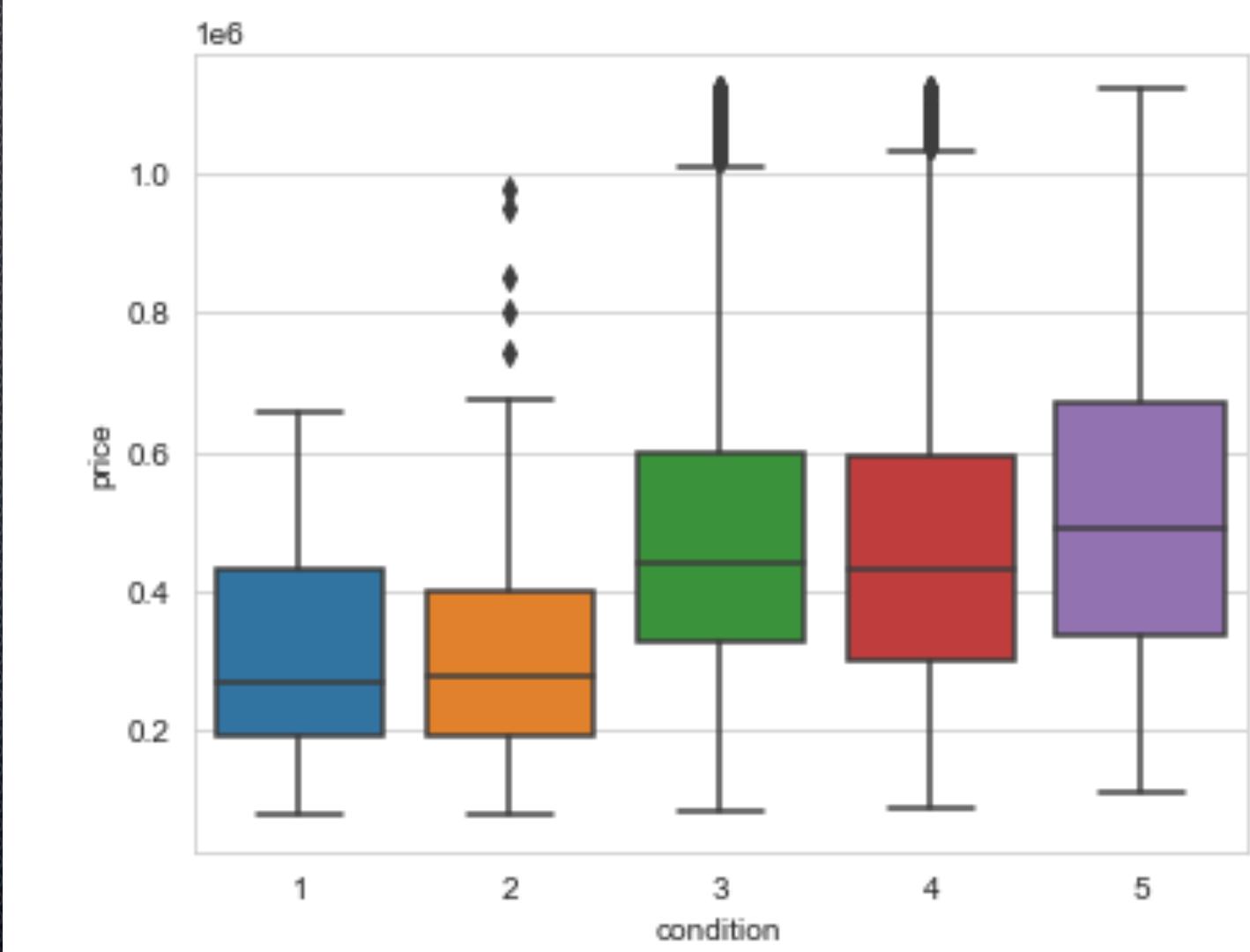
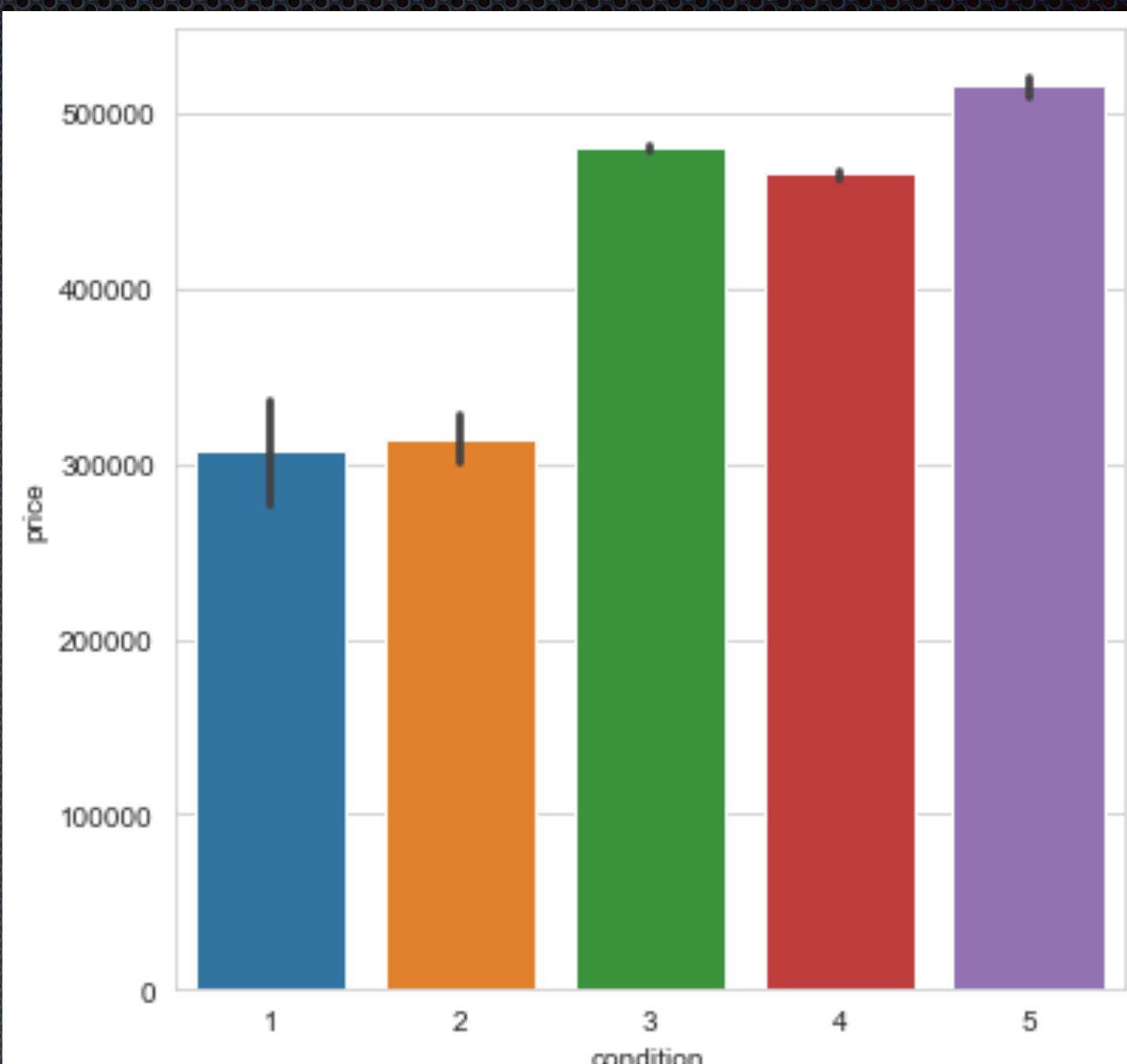
1= Poor Many repairs needed. Showing serious deterioration.

2= Fair Some repairs needed immediately. Much deferred maintenance.

3= Average Depending upon age of improvement; normal amount of upkeep for the age of the home.

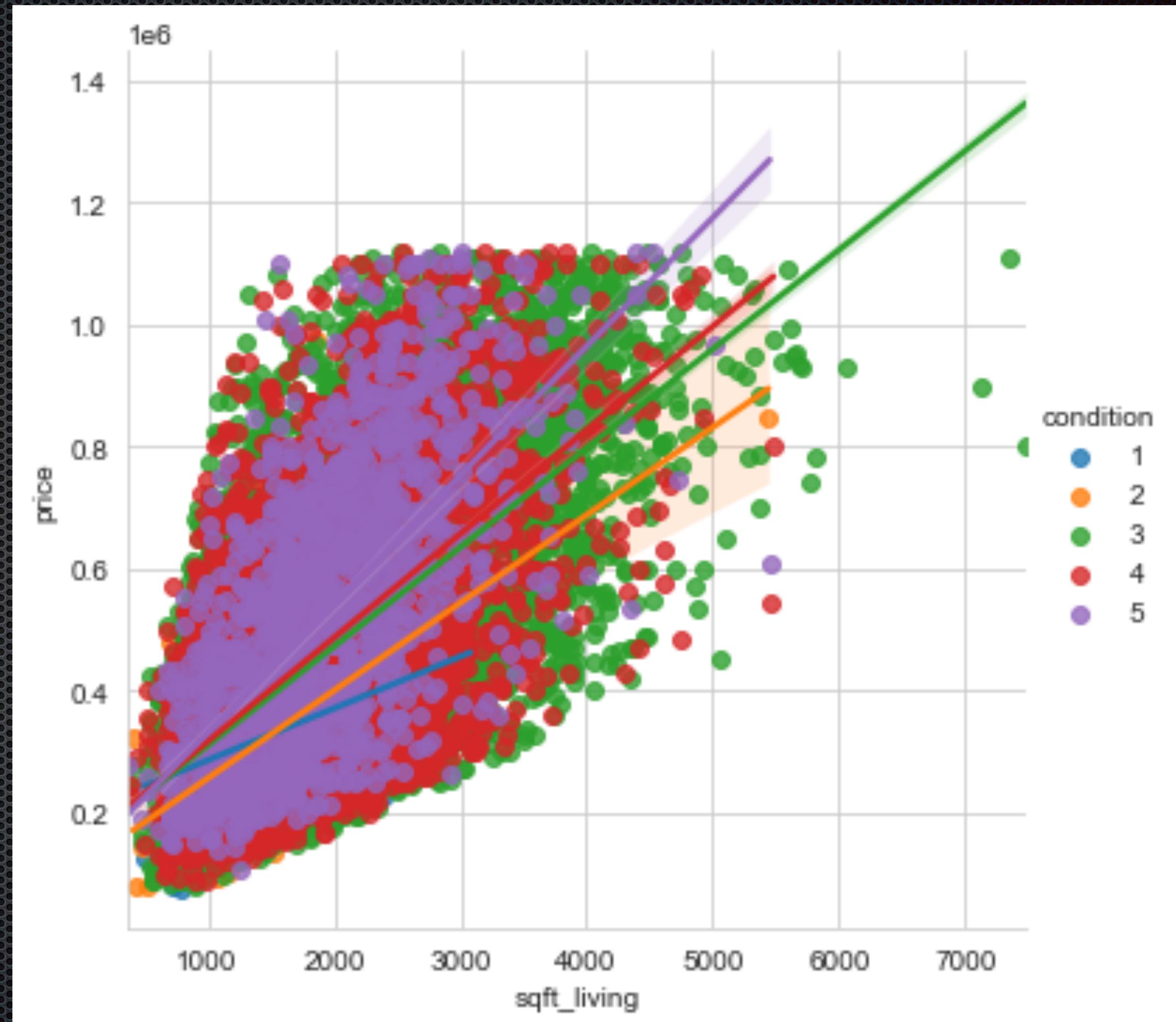
4= Good Condition above the norm for the age of the home. Indicates extra attention and care has been taken to maintain.

5= Very Good Excellent maintenance and updating on home. Not a total renovation.



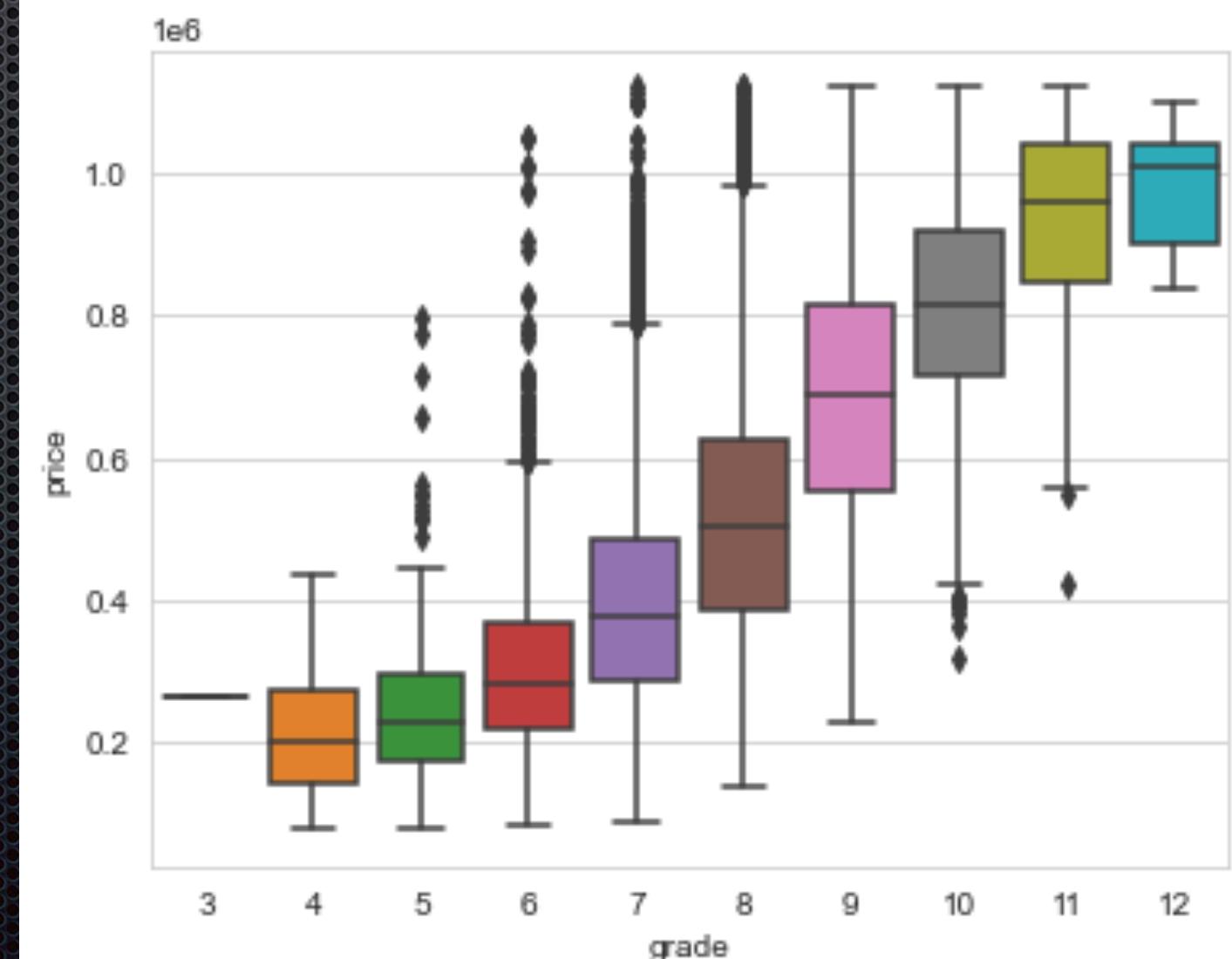
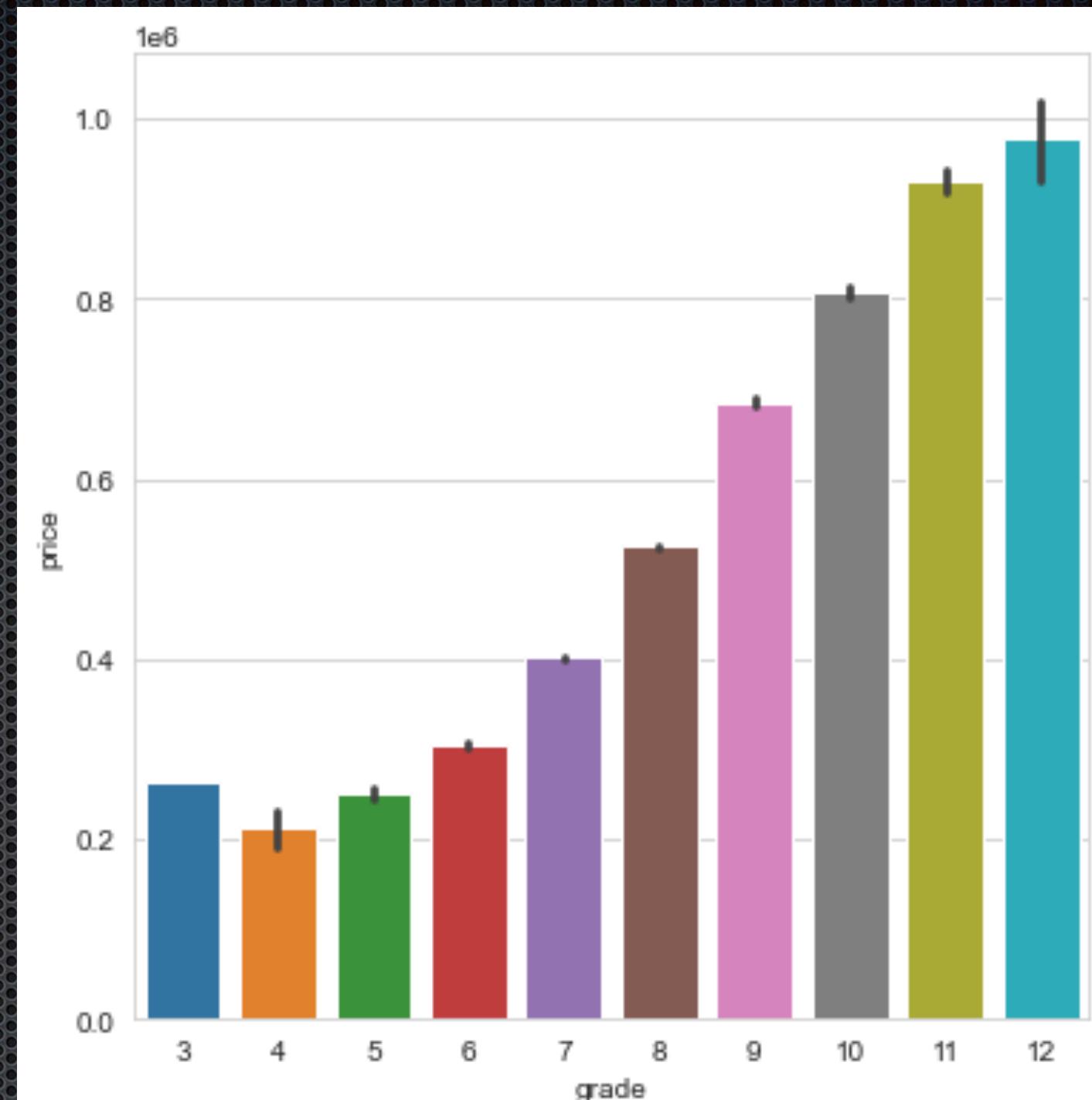
Square-foot Living

- Increasing the square footage increases the home value by \$121 per sf
- When adding square footage, better condition homes have a more positive relationship with price
- Adding square footage to increase living space is better than adding additional bedrooms



Grade

- Grade is assigned by King County assessment team
- Represents quality of construction ranging from 1 to 13
- Spectrum ranges from poor construction quality that does not meet standard building code to custom built with high quality features



If you are considering an extra bedroom

- Given that an additional bedroom reduces home price by \$7,644 and 1 sf of additional living space increases home price \$121, it would take a minimum of a 63 sf bedroom to breakeven

Incremental Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms
Price Reduction	-\$7,188	-\$1,594	-\$1,933	-\$18,240
\$/sf	\$121	\$121	\$121	\$121
Minimum Size to Breakeven	60 sf	13 sf	25 sf	152sf

Thank you for your time

Any questions or comments?