

What to Look for When Flipping a Home

Melvin Gonzalez, Jr.



Why King County, Washington??

Currently, one of the hottest housing markets in America!!

- Home Prices up 50% from January 2015!!
- Average home sells in 54 days(compared to 91 just earlier this year!)
- Home to major Fortune 500 companies such as Amazon, Starbucks, Costco, Nordstrom, and Microsoft!!



To determine how best to figure out what I need, I need reliable data.

The dataset I used comes from the official King County Open Data Portal.

<https://data.kingcounty.gov/>

Why is Data important?

- Numbers don't lie.
- People are fallible.



Lots of Data! :(

- Took out what doesn't make sense(waterfront/view)
- I also only examine homes that are easier for a new flipper
 - No homes over \$1 million
 - No homes over 9 bedrooms
 - No homes over 3500 sqft
 - No lots over half-acre



21597 homes!
×
21 columns!
=
453,537 entries!!!!



Findings??

Most important features one can't change:

- zipcode
- latitude

The features one can change:

- total area of home
 - grade*

These have more of an effect on prices.

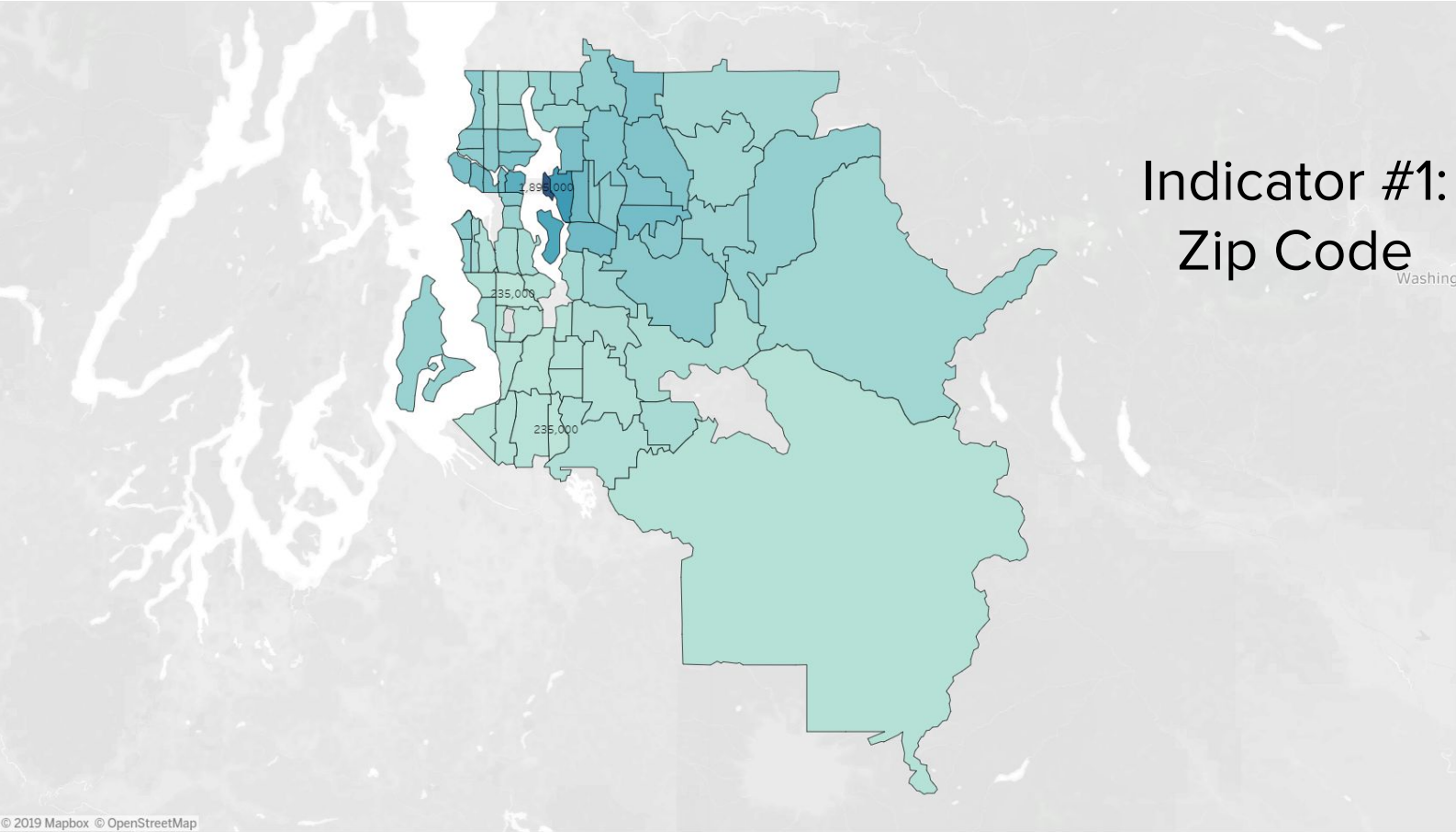
Grade??

A scale King County uses to determine the design quality of property.

Residential Building Grades

Grades 1 - 3	Falls short of minimum building standards. Normally cabin or inferior structure.
Grade 4	Generally older low quality construction. Does not meet code.
Grade 5	Lower construction costs and workmanship. Small, simple design.
Grade 6	Lowest grade currently meeting building codes. Low quality materials, simple designs.
Grade 7	Average grade of construction and design. Commonly seen in plats and older subdivisions.
Grade 8	Just above average in construction and design. Usually better materials in both the exterior and interior finishes.
Grade 9	Better architectural design, with extra exterior and interior design and quality.
Grade 10	Homes of this quality generally have high quality features. Finish work is better, and more design quality is seen in the floor plans and larger square footage.
Grade 11	Custom design and higher quality finish work, with added amenities of solid woods, bathroom fixtures and more luxurious options.
Grade 12	Custom design and excellent builders. All materials are of the highest quality and all conveniences are present.
Grade 13	Generally custom designed and built. Approaching the Mansion level. Large amount of highest quality cabinet work, wood trim and marble; large entries.

Median Home Prices in Each Zipcode in King County



Median Price

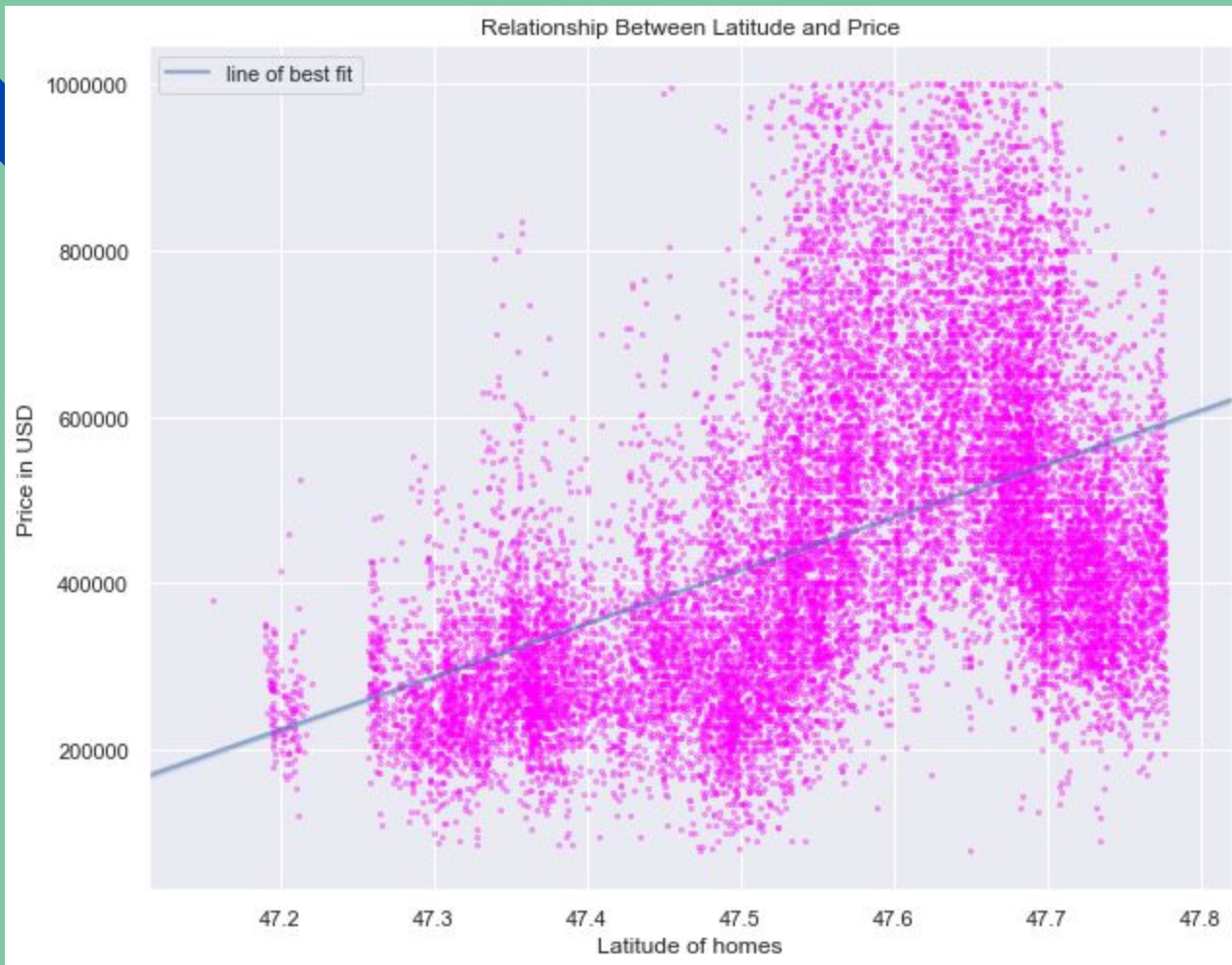
235,000 1,895,000

Indicator #1:
Zip Code

Indicator #2

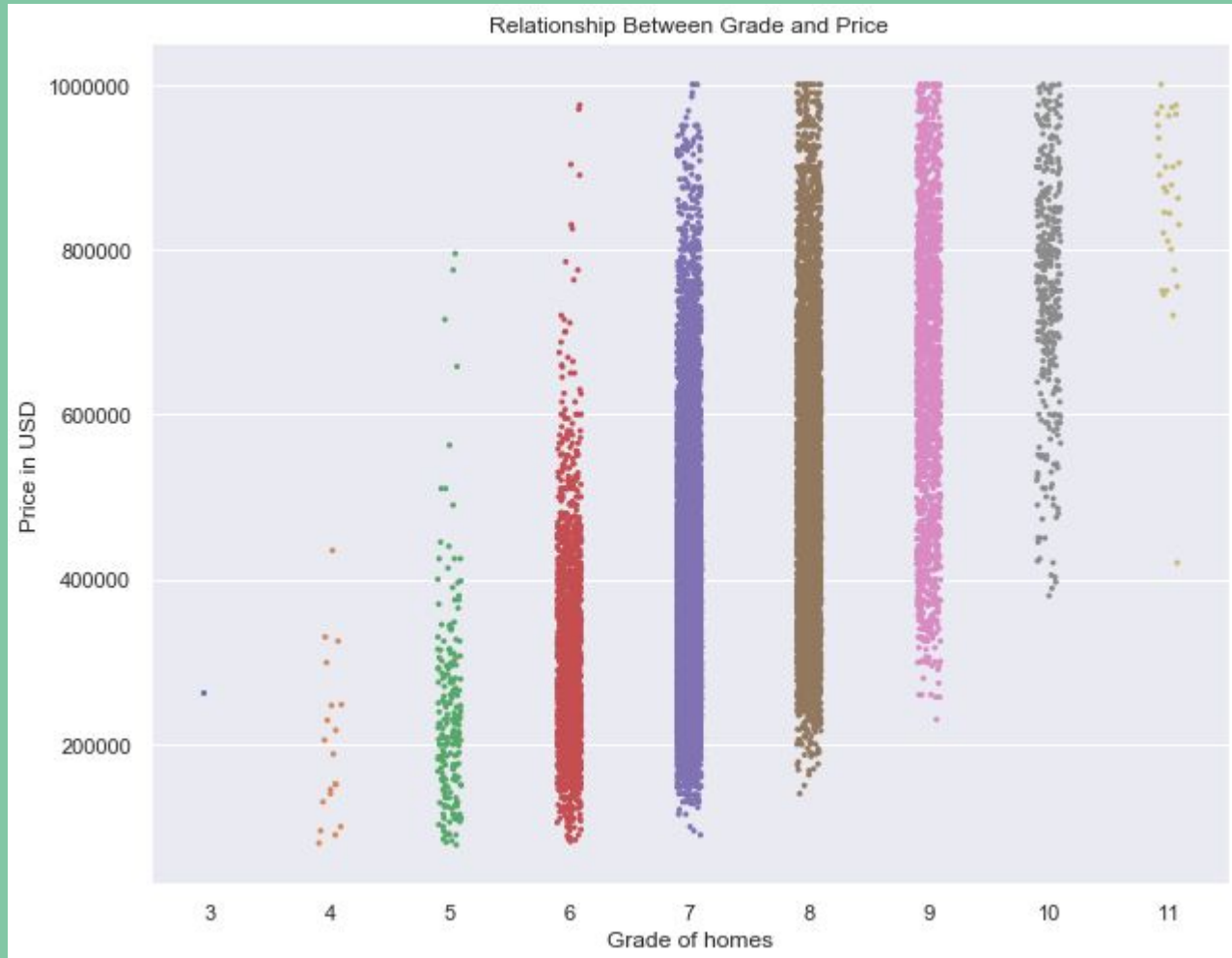
Total Area of Home





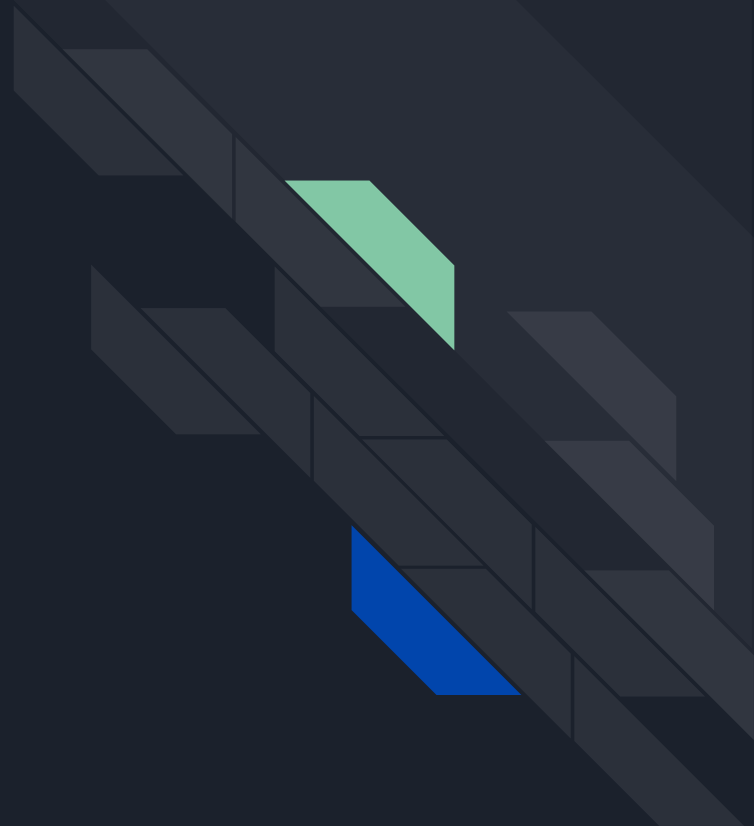
Indicator # 3:
Latitude

Indicator #4: Grade





FUTURE WORK

- Do work on outliers that are cheaper than predicted (more to gain through equity)
- Work on creating exact distance & travel time feature using longitude/latitude compared to Seattle
- Exploration of data to see when does my marginal benefits decrease (how many extra bathrooms is actually worth it? Adding a floor for extra area?)




Final Thoughts? Don't Forget the Human Element



- Data is awesome for determining what I need to do, but not how.
- Have to make decisions how best to use the money I would be investing.
- Human element is key for finishes as computers will not be buying the homes(yet!)

- **Data is awesome for determining what I need to do, but not how.**
- **Have to make decisions how best to use the money I would be investing.**
- **Human element is key for finishes as computers will not be buying the homes(yet!)**

A green diagonal bar is located in the top-left corner of the image.

**Thank
you!**