

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)
- 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



Findings??

First narrow homes by features
one cannot change:

- **zipcode**
- **latitude**
- year built
- average area of neighbors' homes
 - lot size
 - longitude

These have the most effect on price.

The features one can change:

- **total area of home**
- **grade***
- condition*
- number of bathrooms
- floors
- number of bedrooms
- month to sell home

Glossary for Improved Sales

Condition: Relative to Age and Grade

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.

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.

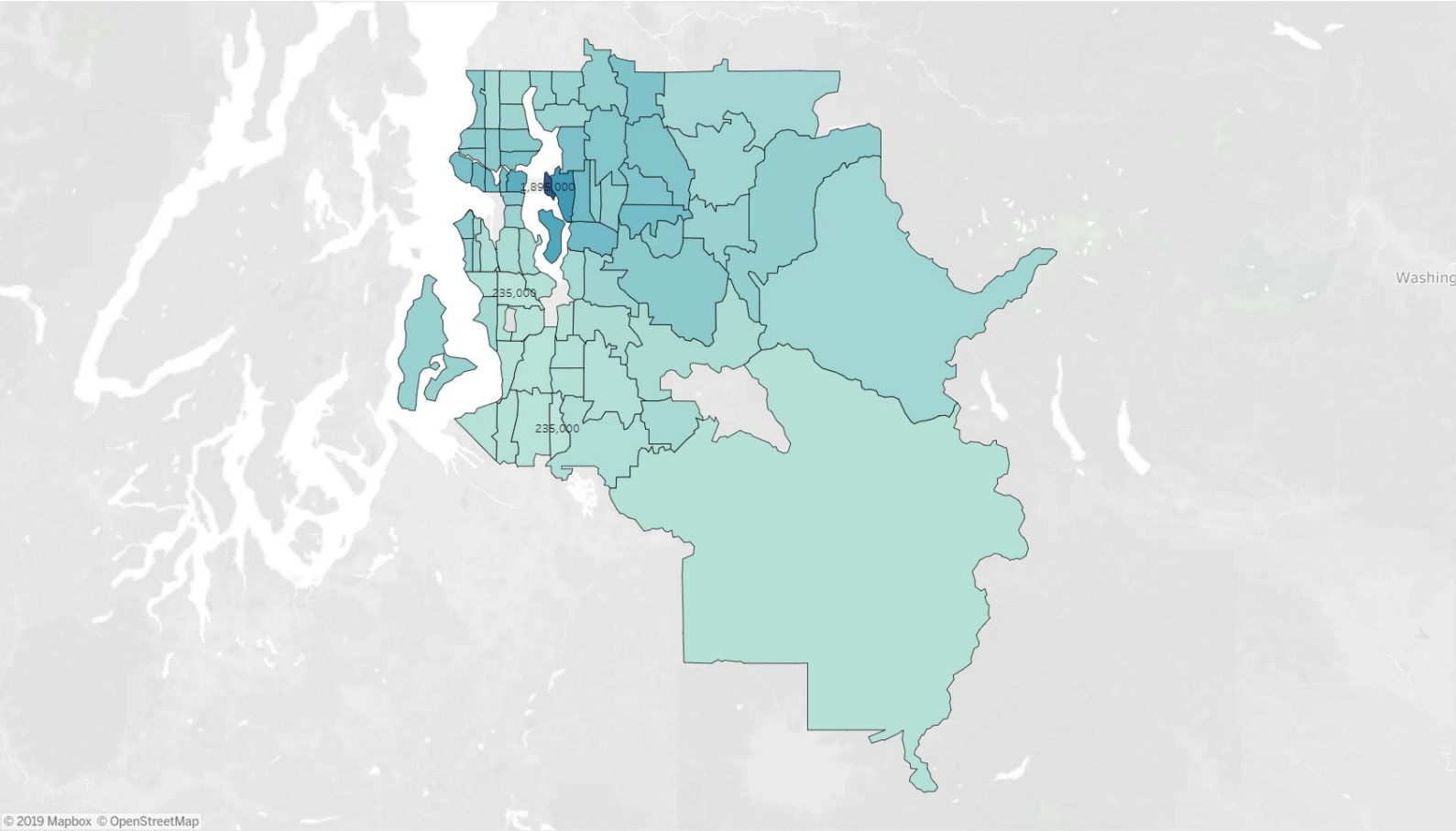
Grade/Condition??
Scales King County uses to determine the design quality and maintenance of property.

Aha!
My discoveries

Best indicator #1



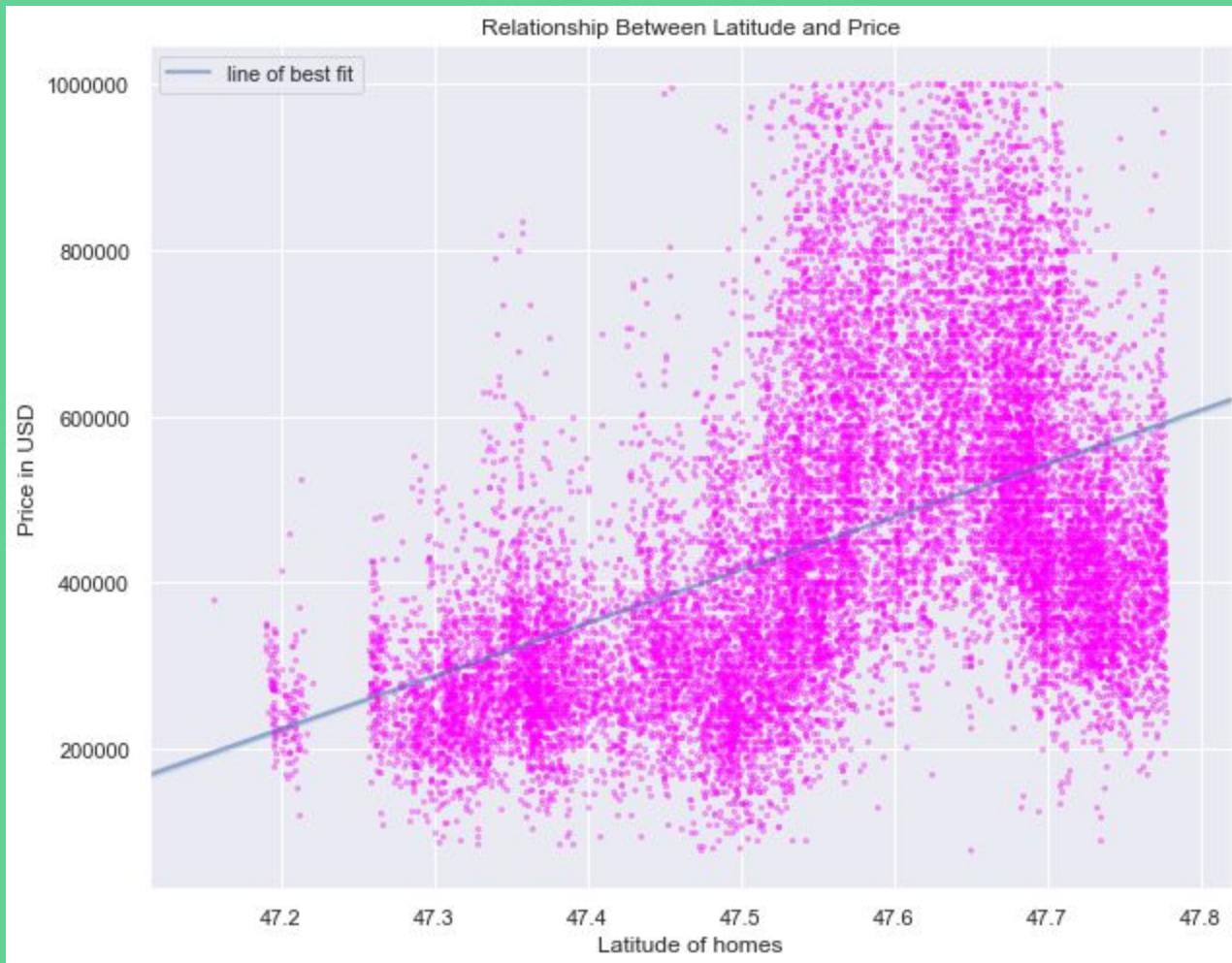
Median Home Prices in Each Zipcode in King County



Indicator #2

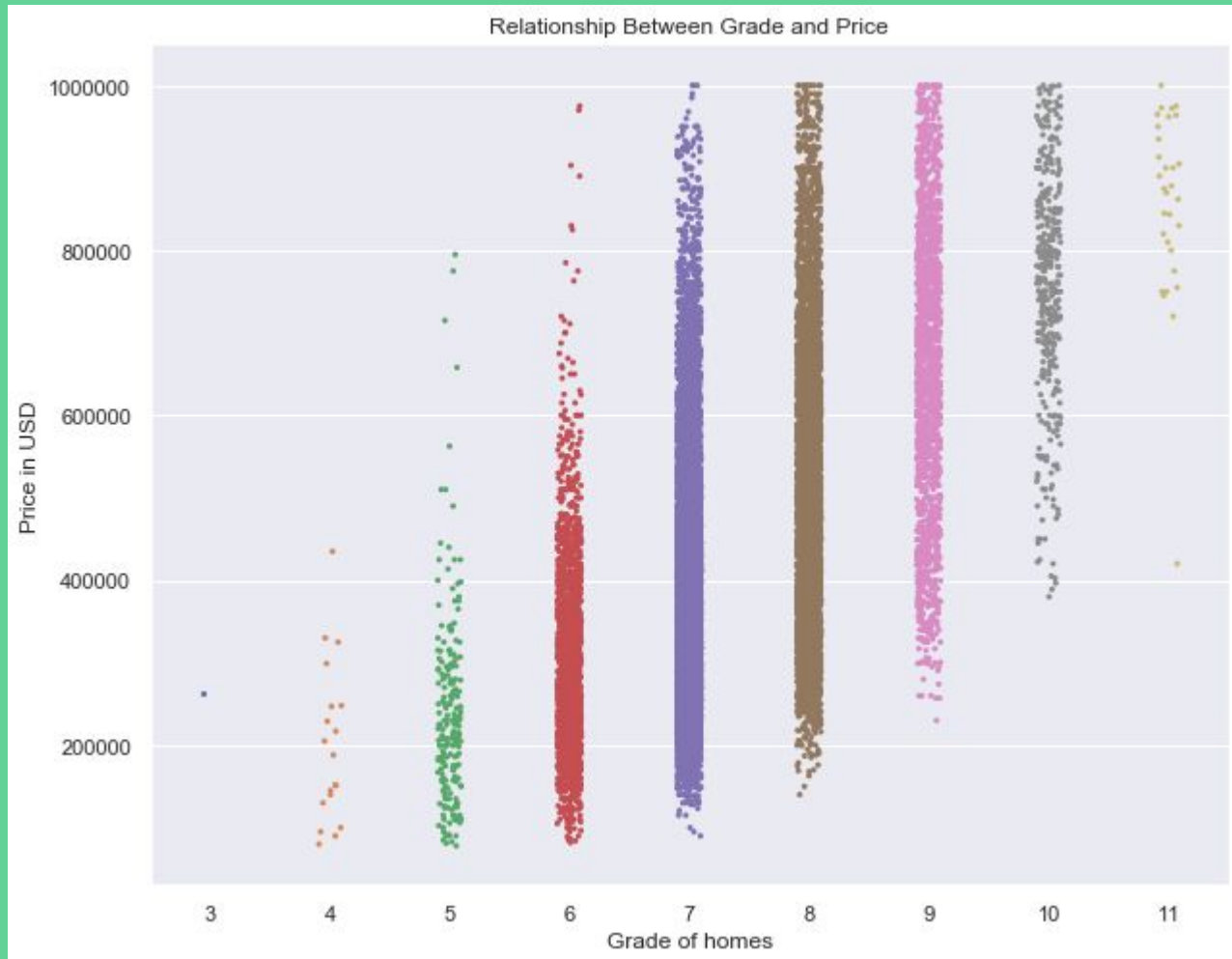
Total Area of Home

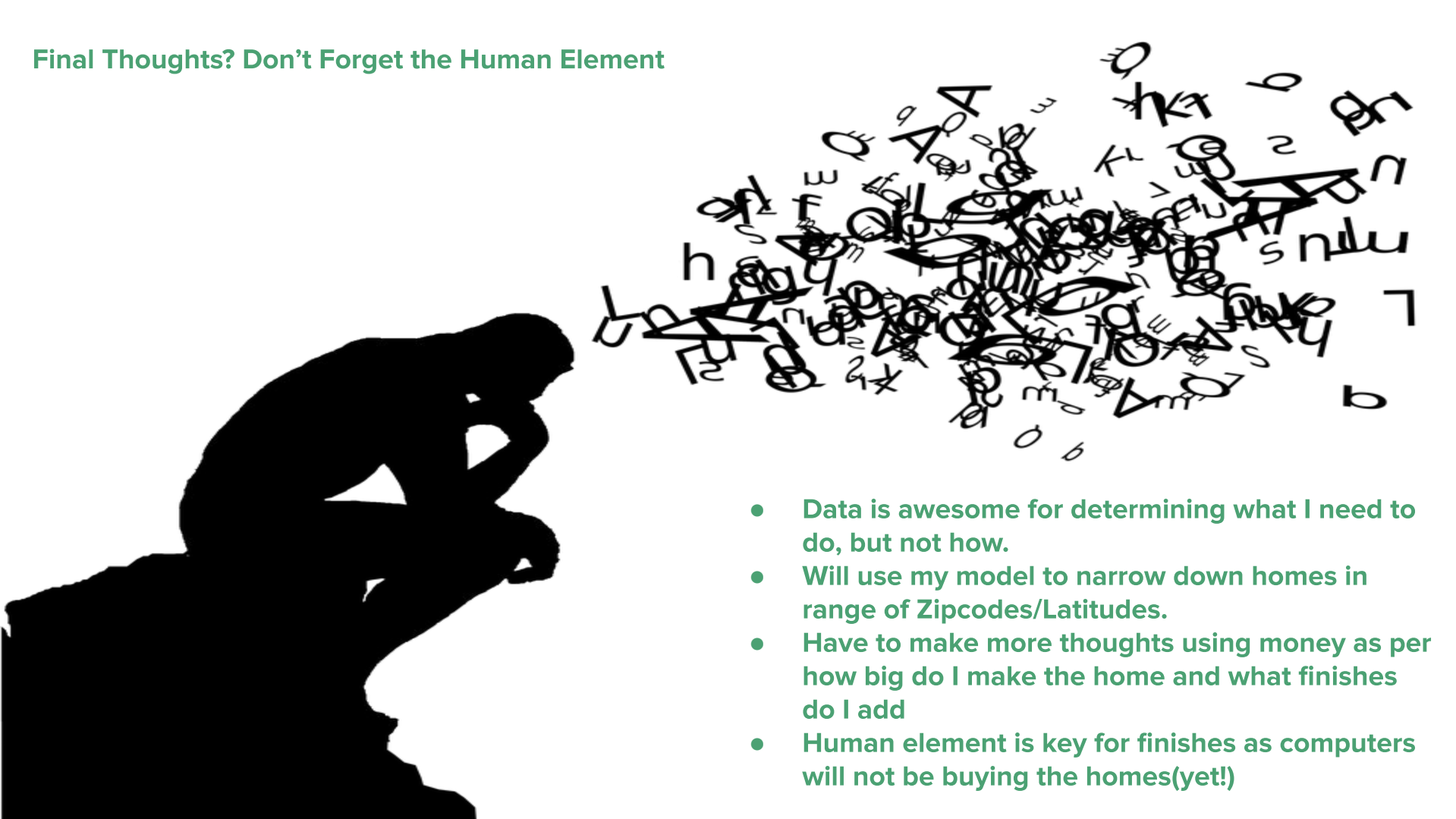




Indicator # 3:
Latitude

Indicator #4: Grade





Final Thoughts? Don't Forget the Human Element

- Data is awesome for determining what I need to do, but not how.
- Will use my model to narrow down homes in range of Zipcodes/Latitudes.
- Have to make more thoughts using money as per how big do I make the home and what finishes do I add
- Human element is key for finishes as computers will not be buying the homes(yet!)

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