

Housing Valuation Tool

A Guide to this powerful tech

Overview

What can it do?

This tool is capable of intaking information about a house and evaluating the price. This can be useful in a variety of ways. The 3 ways that will be demonstrated today are:

- Market Valuation
- Remodeling Advice
- Investment Guidance

How Accurate is the Model?



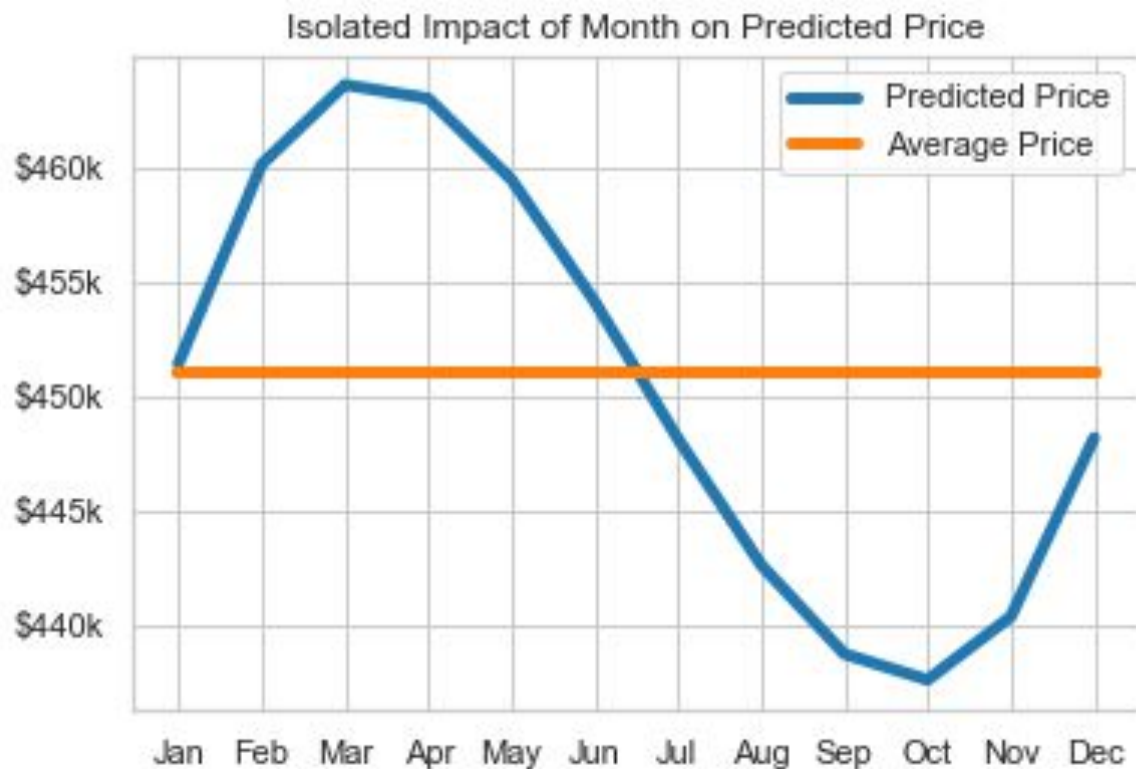
Market Valuation

Set the Market

This tool can be used to input the relevant information into the predictive model, and assist real estate professionals in setting the price of the home that will most likely help them make the sale.

It could also be used by real estate developers to put a value on land, and assess what types of homes should be placed on it.

Timing is Everything



High Demand = Higher Prices



What's Next?

- Digging deeper to find the 'why?' of these relationships.
- Investigating the powerful relationship between location and pricing.
- Investigating the principles of Progression and Regression by analyzing the differences in home values based on their size relative to neighbors.

Recommendation

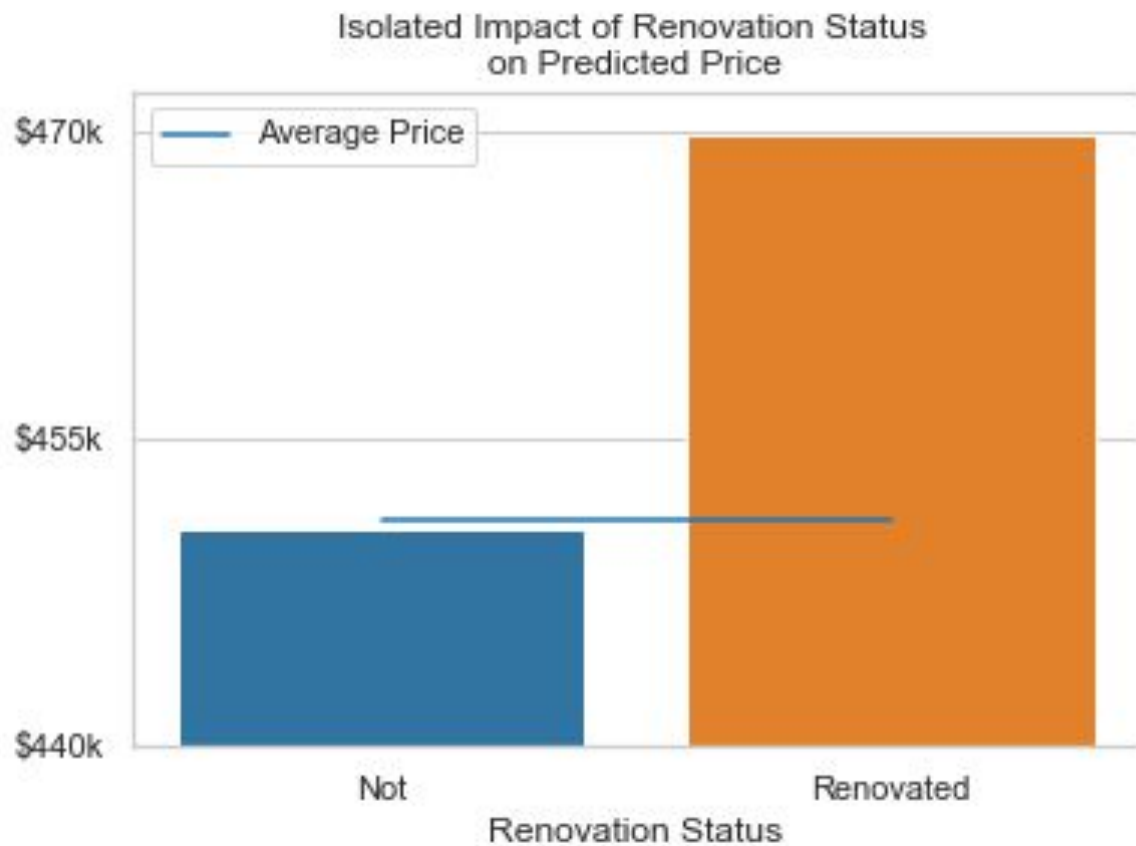
Home Valuation

Due to the observed impact of number of viewings and month of sale. It is recommended that real estate professionals invest heavily in marketing during the spring in order to increase interest in the homes on the market.

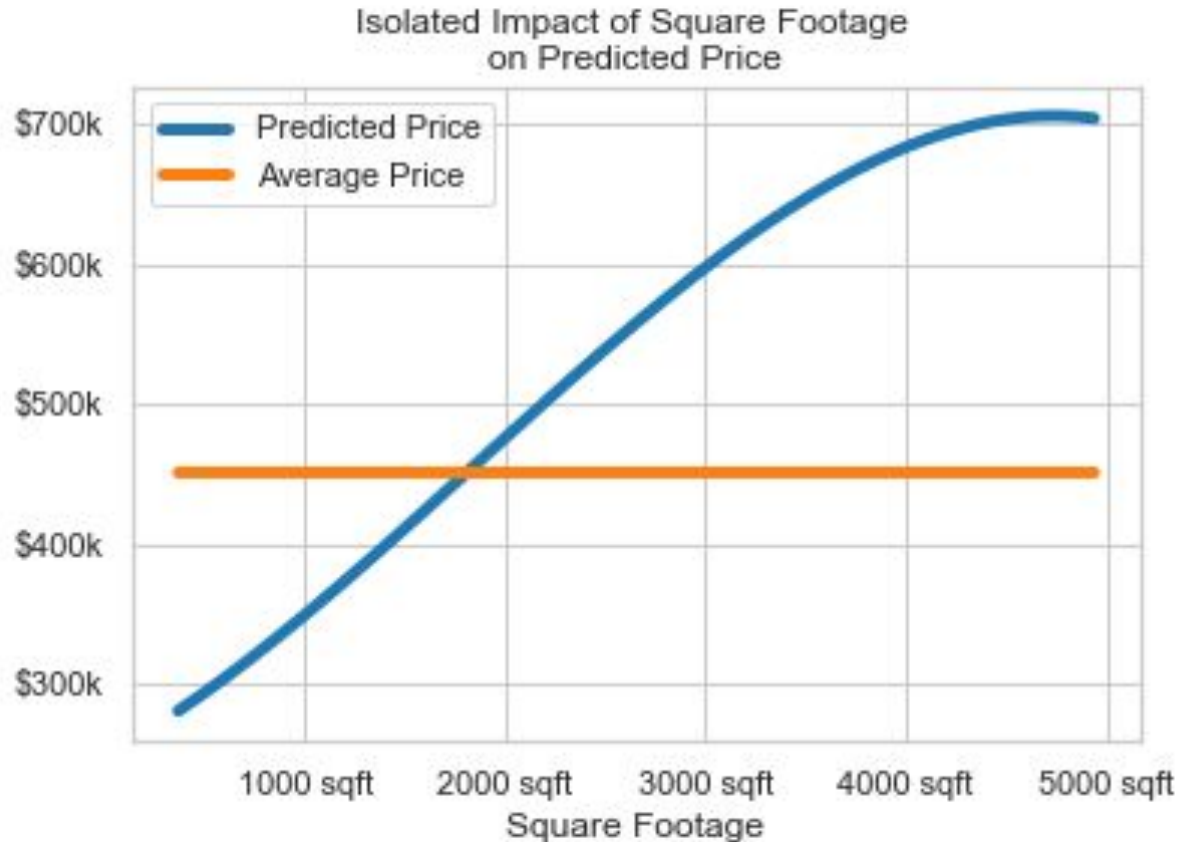
Conversely, home buyers should plan to buy during the fall to get the best deal,

Renovation Advice

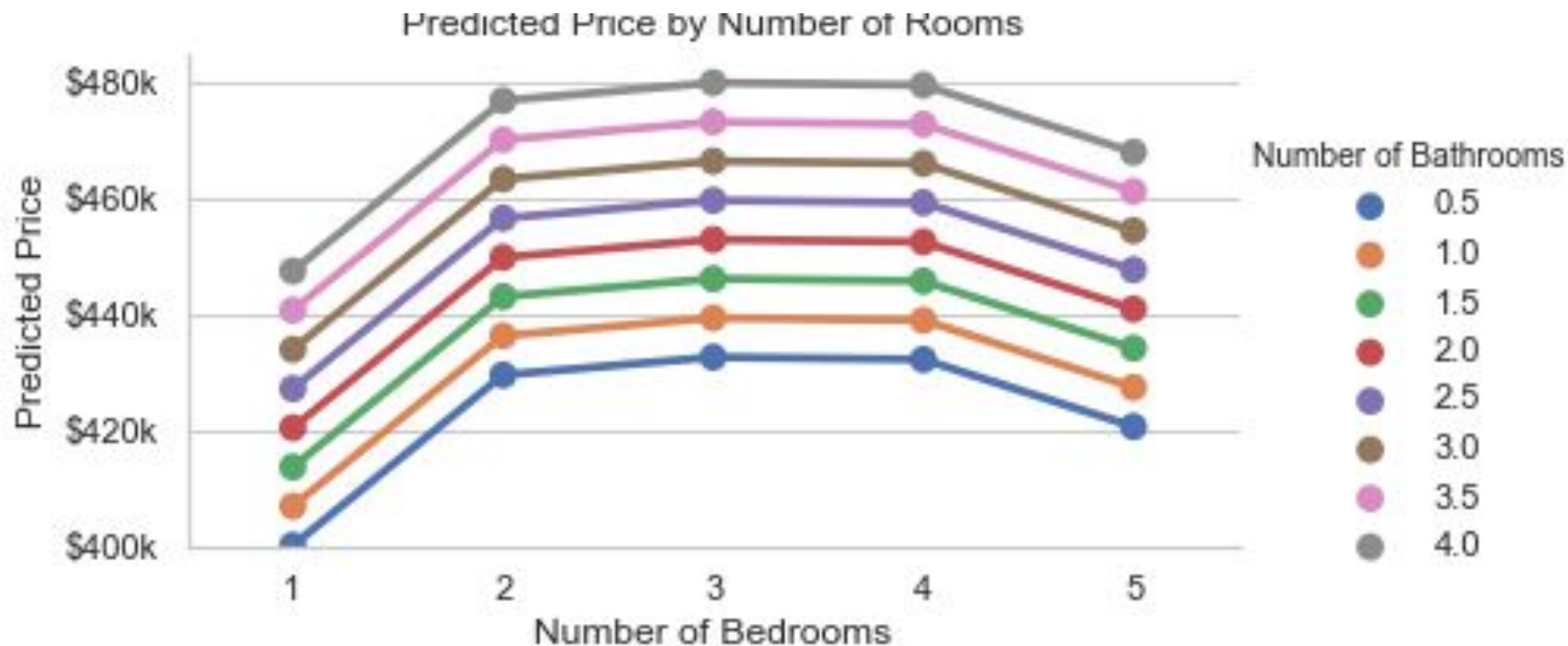
Is Renovation Worth it?



How much difference can an addition make?



What kind of addition increases value most?



What's Next?

- Investigate the impact of adding a basement or additional above ground floors.
- Gather additional information about the homes, such as fireplaces, pools, landscaping features, and appliances to get a truly definitive understanding of the benefits of renovation

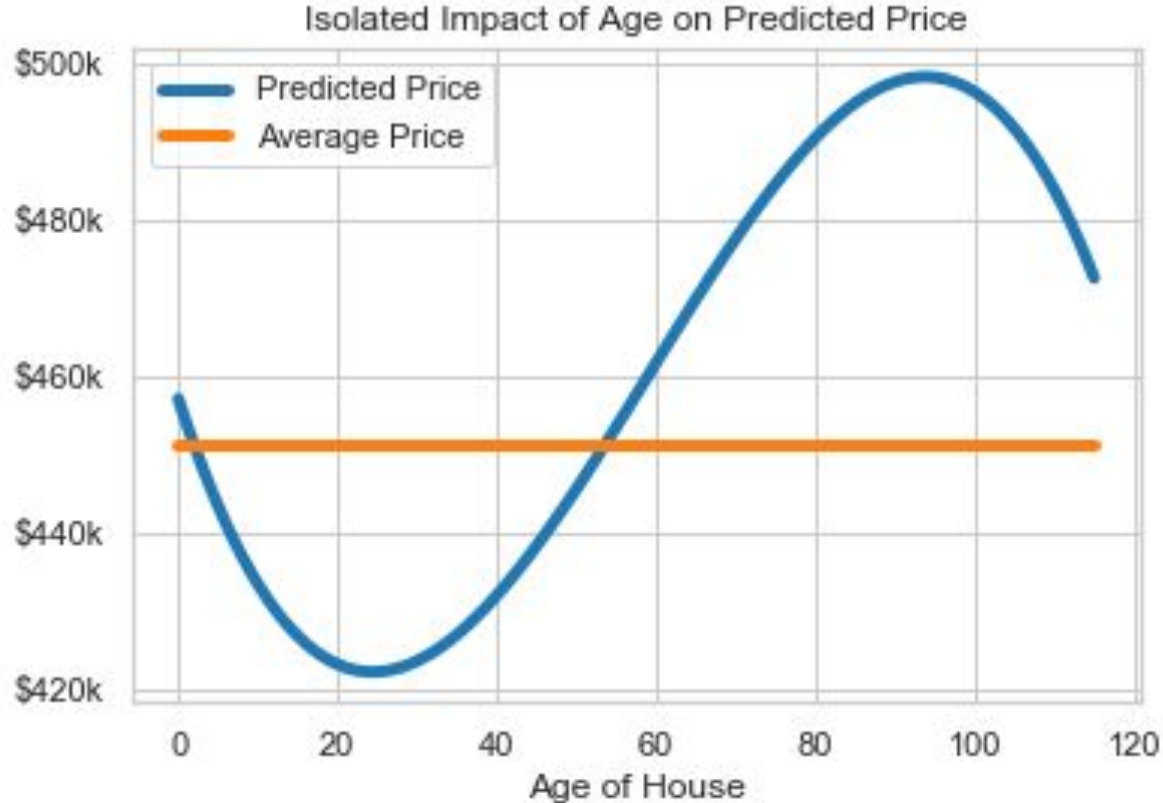
Recommendation

Renovation Advice

Homeowners should invest in renovating their home with additions. Using this model as a guide, budgets for these renovations should be set at less than \$12,000 per 100 added square feet. For homes with at least two bedrooms, additional living space or bathrooms is preferable. For homes with a single bedroom, a second should be added.

Investment Guidance

When should you buy and sell?



What's next?

- Investigation of which types of houses lead to the greatest potential profit over their lifespan
- Investigation of why this pattern exists
- Expand the years of data so that the trend can be observed over time

Recommendation

Investment Guidance

Real estate investors should attempt to invest in homes that were built approximately 24 years ago to allow the increase in value to benefit them. Houses older than 94 years old are not a good investment.

Thank you!

Questions? Email me at shsobieski@gmail.com

Appendix

Does the adage hold true?

Principle of Progression and Regression

The principle of progression states that houses surrounded by higher value homes will increase in value, and houses that are surrounded by lower value homes will decrease in value.

In this analysis, the effect of relative size was not a statistically significant predictor of value, suggesting that this adage may not be true. To fully investigate the effect of being the highest or lowest value home in a neighborhood, more specific data than relative size may be necessary.