# King County Housing Project

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# Agenda

- 01 Problem Statement & Business Value
- Methodology
- The Housing Model
- Recommendations
- Future Work





## **Problem Statement & Business Value**

# What is our business case here?

For this project we are looking to maximize the profit when selling a home in King County.

#### We are primarily concerned with:

- . What influences the housing prices in King County?
- 2. If we built a new home how accurately could we predict the sale price?

Value: Creating a model with high predictive ability will allow us to improve our original asking price for the homes we sell (so we can sell more profitably) and allow buyers to forecast what they will spend to enter this market.

#### **Data Used:**

**KC Housing Prices** 



## Methodology

## What was the Methodology?

For this project I evaluated the KC Housing Data Set and reviewed the factors that could potentially influence the prices of the homes in King County. After exploring the data, a few highly correlated factors were selected.

## Analysis was performed on:

- Square Footage of the Home
- # Of Bedrooms
- # Times viewed
- Waterfront View
- Grade of Home
- Condition of Home
- Location

## **Quick King County Data**

Avg. Price: ~\$540,000

Max Price: \$7,700,000

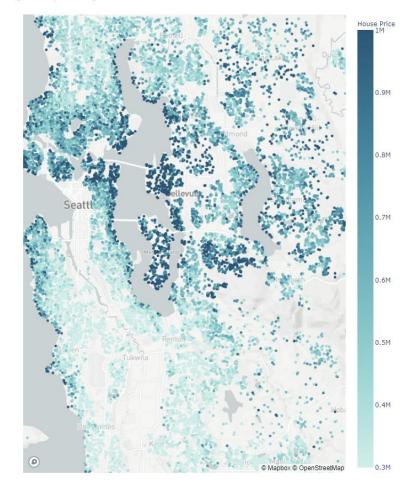
Low Price: \$78000

21597

Homes evaluated

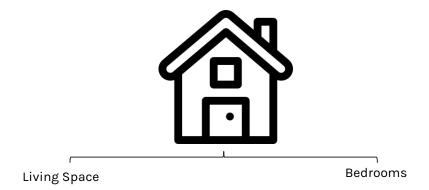
## Grade 7

Average Grade of Homes



## Test #1

**Hypothesis:** The items needed to predict the housing prices in King County are the size of the living space, number of bedrooms.



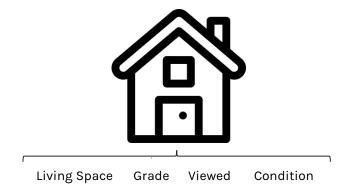
This Model's Accuracy is:

~47%

What was the end result?

## Test #2

**Hypothesis:** The items needed to predict the housing prices in King County are the size of the living space, the grade of the home, how many times it has been viewed, and the condition.



This Model's Accuracy is:

~58%

What was the end result?

## Test #3

Hypothesis: The items needed to predict the housing prices in King County are the size of the Living Space, the home grade, how many time it's been viewed, the condition of the home, the city, and whether or not it has a water view.



Living Space Grade Viewed? Condition City Waterfront?

This Model's Accuracy is:

~84%

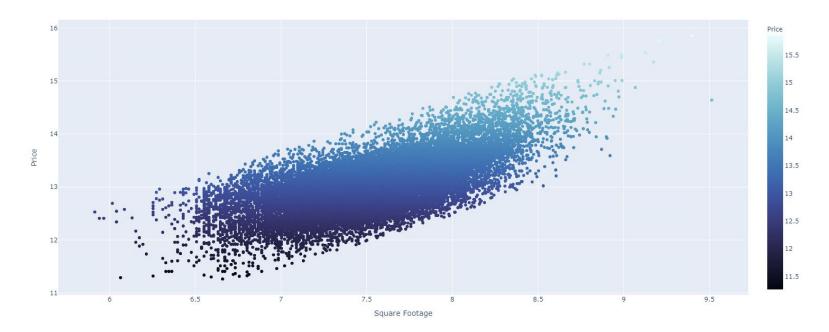
This is selected as our final model.

What was the end result?

# Big House, Big Profits

**Takeaway:** The larger the home we build, the higher the price. Adding on extra square feet can improve the total value of the home.

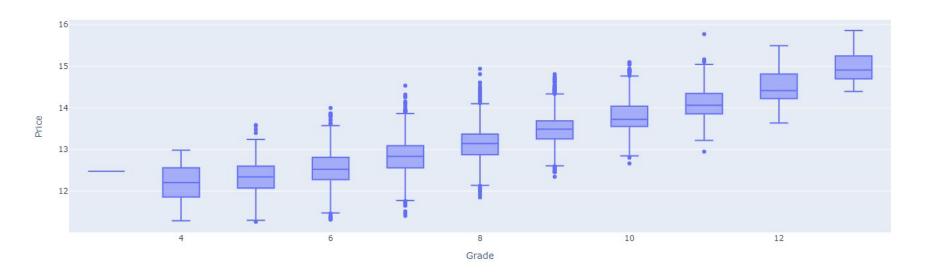
King County Prices



## **Keep It Classy**

**Takeaway:** Improving or maintaining the condition of the home through repairs or upkeep will maintain and increase the value of your home.

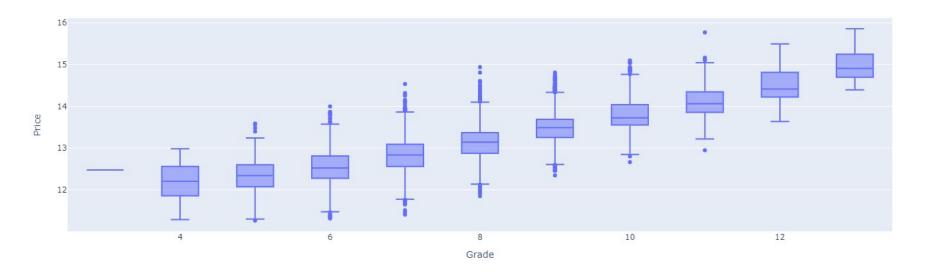
Grade of Homes



# Make It Fancy

**Takeaway:** The grade of the home is very important when it comes to maintaining the price, consider adding newer materials or improving construction quality.

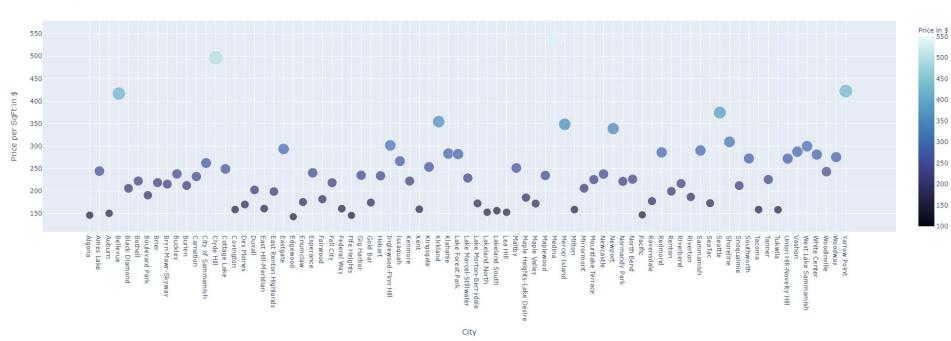
Grade of Homes



## **Location Matters**

Takeaway: Make sure you're aware of the housing prices in your city.

King County Prices



500

300

200

150



#### **Future Work**

## Where do we go from here?

The future of this project would involve adding more information to the model to better improve the accuracy which would in turn better improve our predictive ability for buyers and sellers looking at the KC housing market..

#### Some potential factors that might influence the price would be:

- Does the age of the home have an influence?
- How often should you renovate a home to maintain the value?
- Should we build homes taller to improve value or keep them flat?
- Would different models yield higher predictive power?

#### Additionally, other data sets that would be worthy of evaluation:

- Crime Data
- Public and Private School Locations
- Local Food Options
- Distance to Employers

# Thank you!