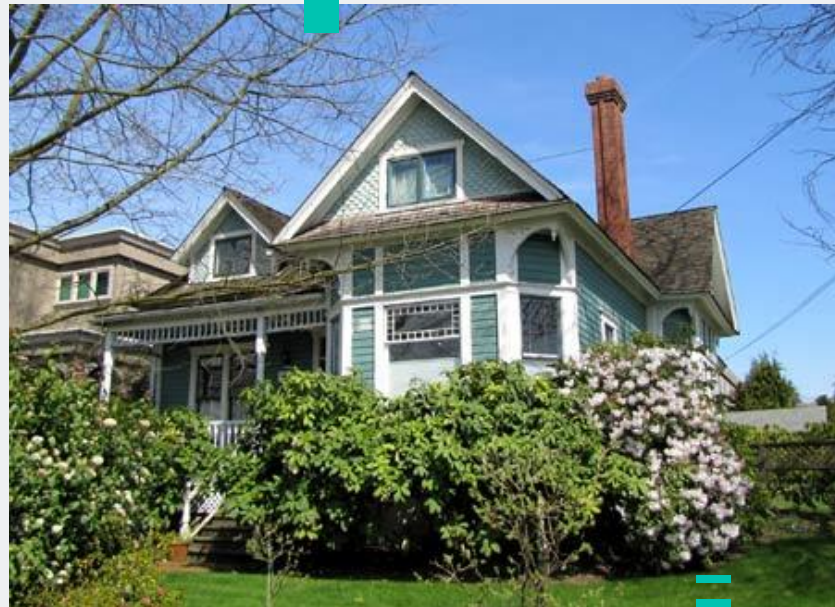# A real estate investment proposal for historical houses in King County

Su Wong
Premier Real Estate Group

Why choose Premier Real Estate?

- We specialize in historical houses in good neighborhoods within Washington State

- We apply state of the art Exploratory Data Analysis (EDA) approaches to real estate solutions

- We are willing to utilize traditional and cutting edge methods to find your dream home or the perfect investment opportunity

Client profile

Mr Brooks:

- invests in historical houses (houses older than 50 years)

- is interested in property in the best neighborhoods in King County, WA

- is interested in high profits

- would like to buy and sell within a year

- would like advice on whether to renovate his houses

Factors influencing house prices

- The better the condition*, the higher the price

- The better the grade**, the higher the price

- Having a house size similar to your neighbors (more uniformity) means a better neighborhood and therefore higher price

90th percentile of all house prices

* Condition: How good the condition of the house is (overall)

** Grade: Overall grade given to the housing unit, based on the King County grading system
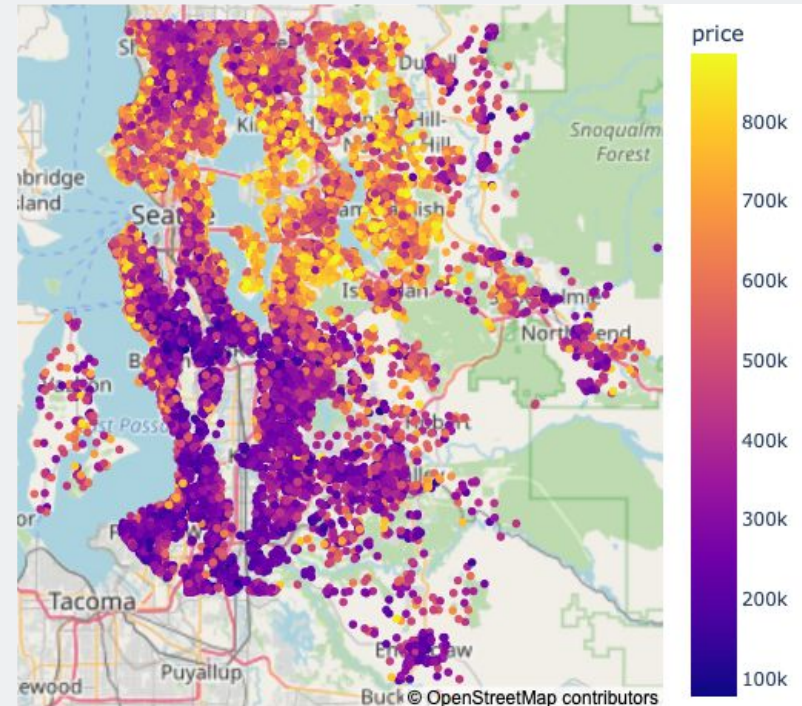
Neighborhood

According to the niche.com, the best places to live* in King County are:

- Sammamish

- Redmond

- Bellavue

- Seattle

https://www.niche.com/places-to-live/search/best-places-to-live/c/king-county-wa/

*This rating takes into account several key factors, including the quality of local schools, crime rates, housing trends, employment statistics, and access to amenities in an attempt to measure the overall quality of an area.
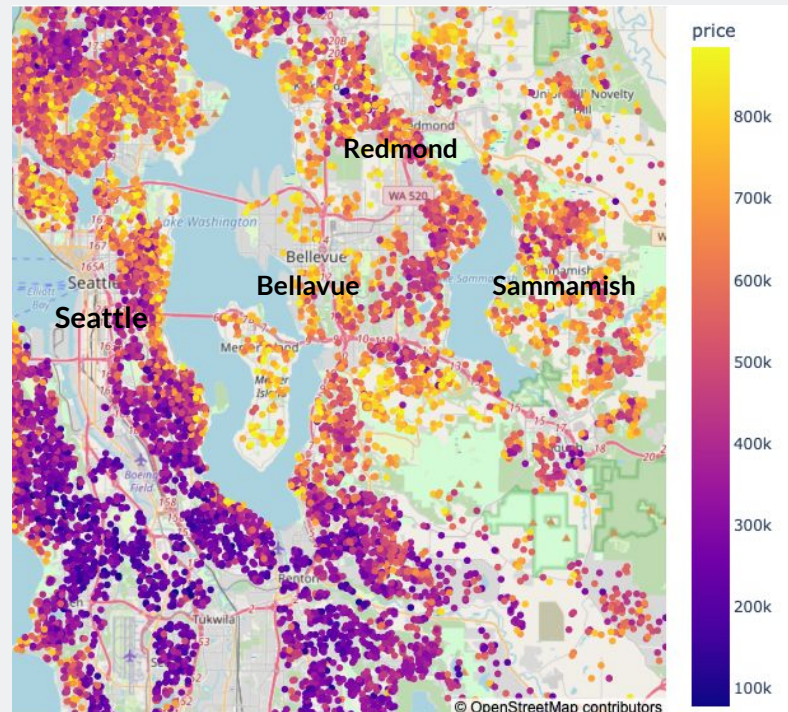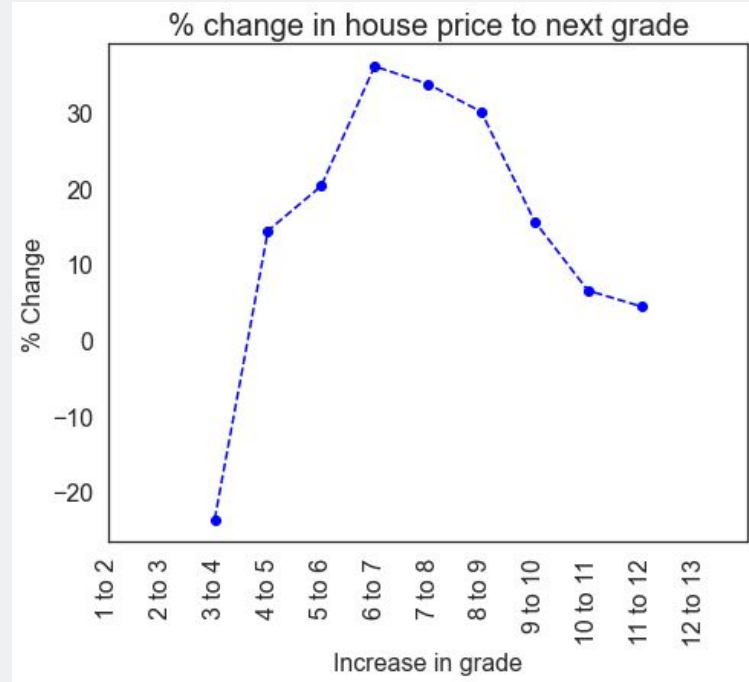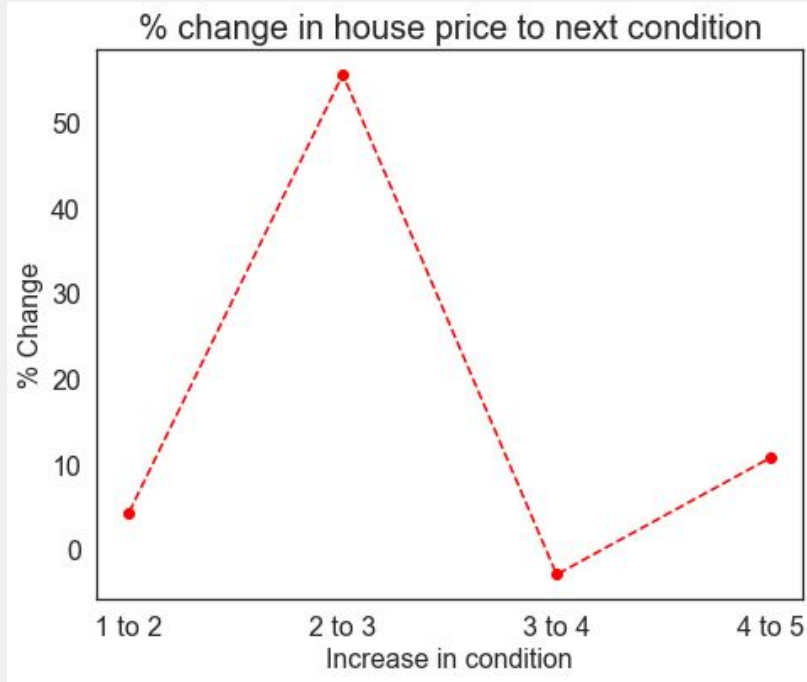

90th percentile of all house prices

Median house price by condition and grade
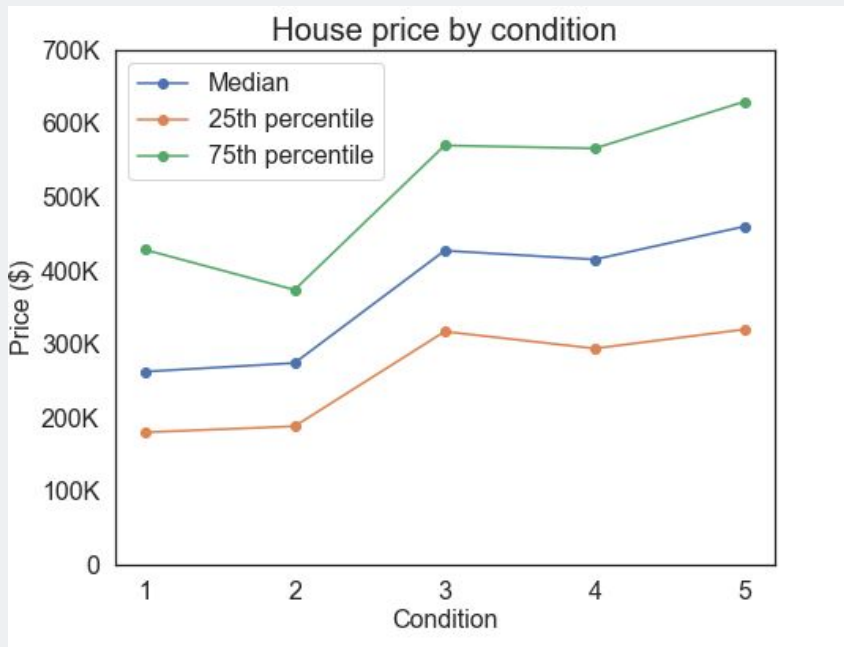
We should focus on houses with condition 2, with the goal of upgrading them to condition 3

Change in house price through upgrades

% change in house price to next condition

% change in house price to next grade

We should focus on houses with condition 2 and grade of 6 or 7

Search parameters for our model

- Houses built before 1972

- Zip codes from the top 4 best areas to live

- Similar house size to the 15 closest neighbours (< 100 sq ft difference)

- House condition of 2

- House grade of 6 or 7

Top 5 candidate houses by price

- One house was immediately ruled out because it is too close to an airport

- Using Google Maps Street View, two final candidates were selected based on the appearance of the neighborhood
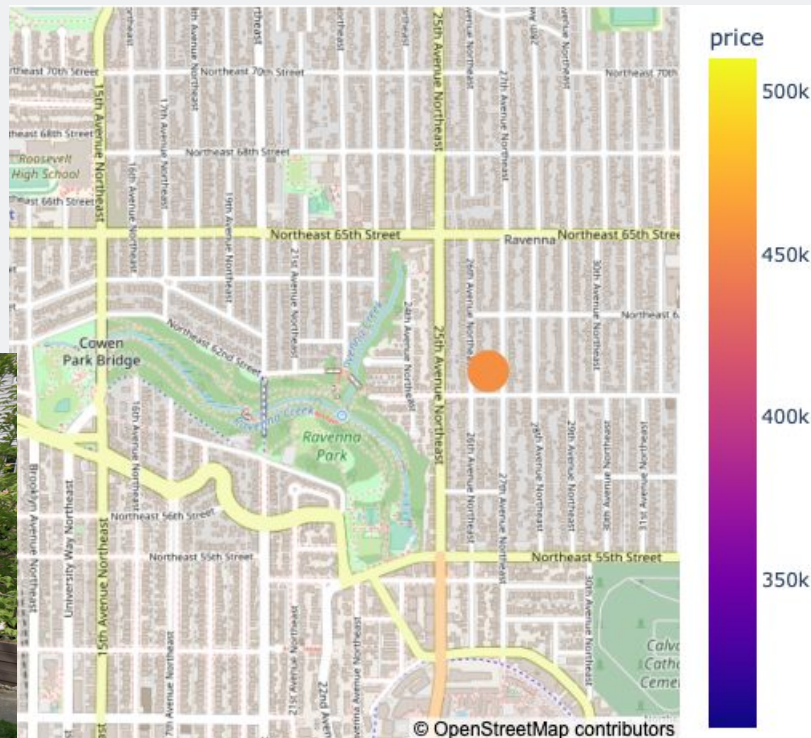
Price	Year built	Zip code	Grade
$455000	1925	98115	7
$480000	1950	98005	6
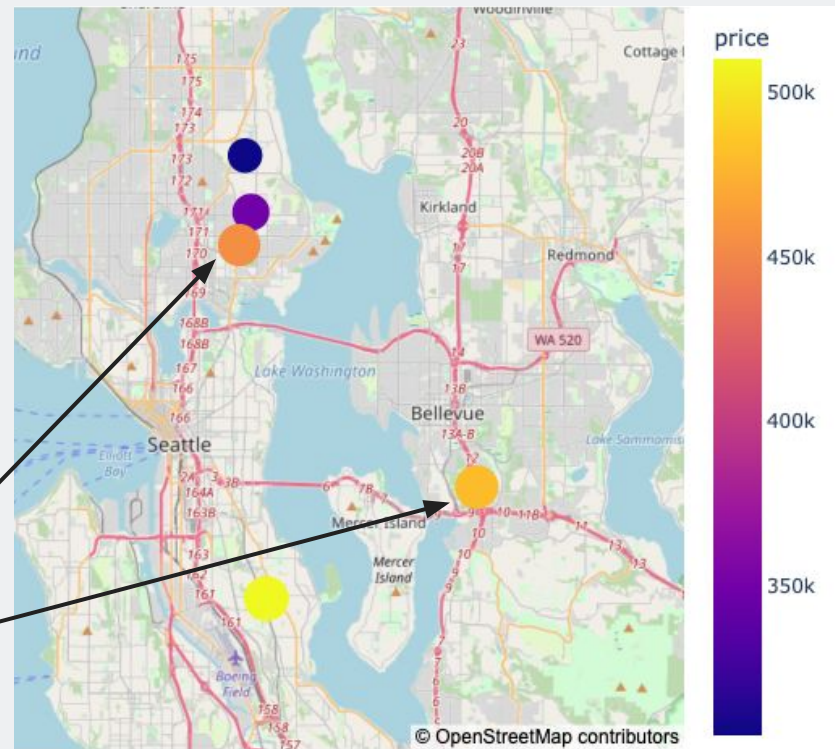
First candidate house

Year built: 1925
Price: $455000
Zip code: 98115
(Seattle)

Bedrooms: 2
Bathrooms: 1
House size: 1430 sqft
Lot size: 5000 sqft
Floors: 1.5
Grade: 7

Second candidate house

Year built: 1950
Price: $480000
Zip code: 98005
(Bellavue)

Bedrooms: 4
Bathrooms: 2
House size: 2180 sqft
Lot size: 10575 sqft
Floors: 1
Grade: 6

Takeaways

- Top areas to live in correspond to highest house prices
- Median house prices generally increase with condition and grade
- The biggest increase in profit can be achieved in upgrading houses from condition 2 to 3 and from grade 6 to 7
- Difference between house size and average house size of 15 nearest neighbors only had a weak correlation to price (0.18)

Should you renovate the house?

- Yes, but only minimum renovations lasting less than a year to upgrade it to the next condition up and the next grade up

Thanks!

Please direct questions to:
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https://github.com/suleenwong

SOURCES: kingcounty.gov, niche.com