

Housing Guidance for New Home Buyers in WA

King County, WA, U.S.A.



Objective

Offer guidance on pricing expectations for home buyers looking for a home in King County, WA, particularly as it relates to:

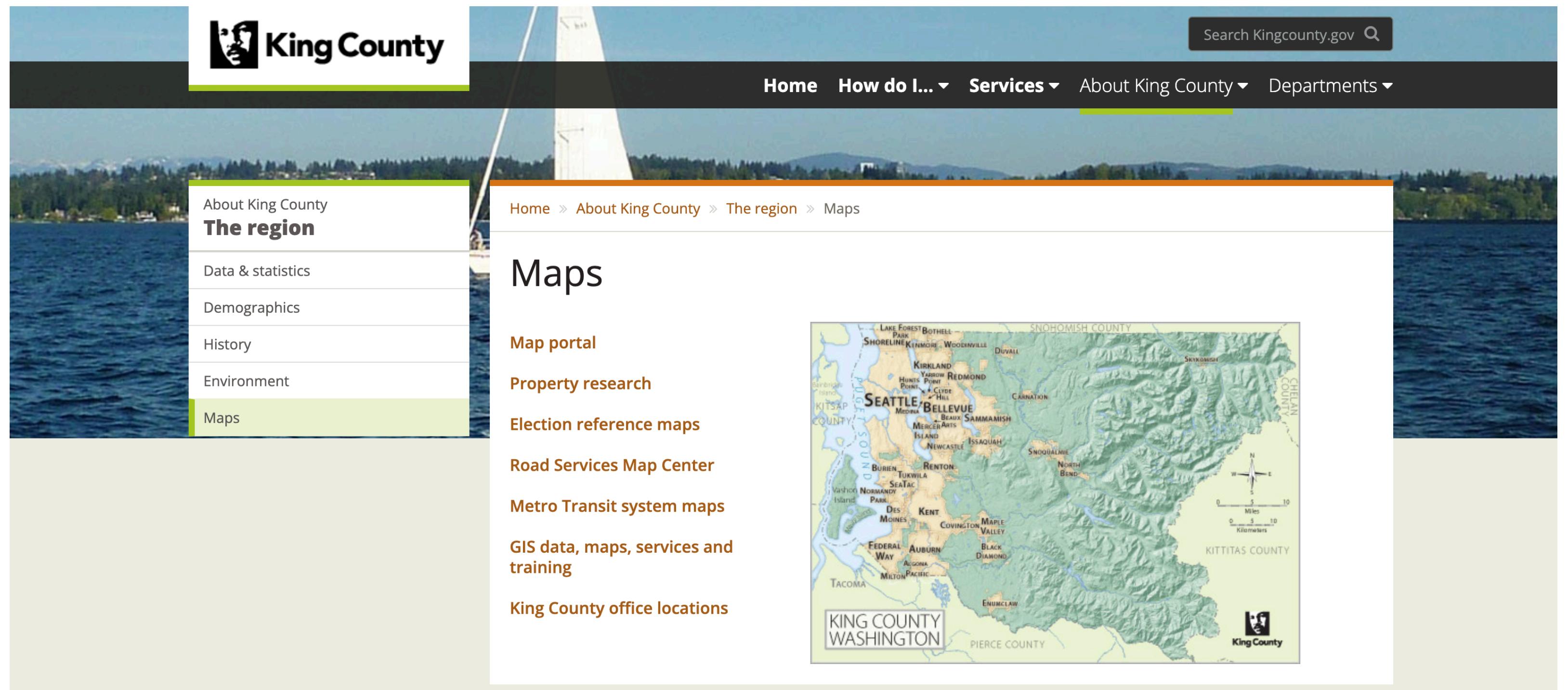
1. Square Footage
2. Condition
3. Grade

Data Source

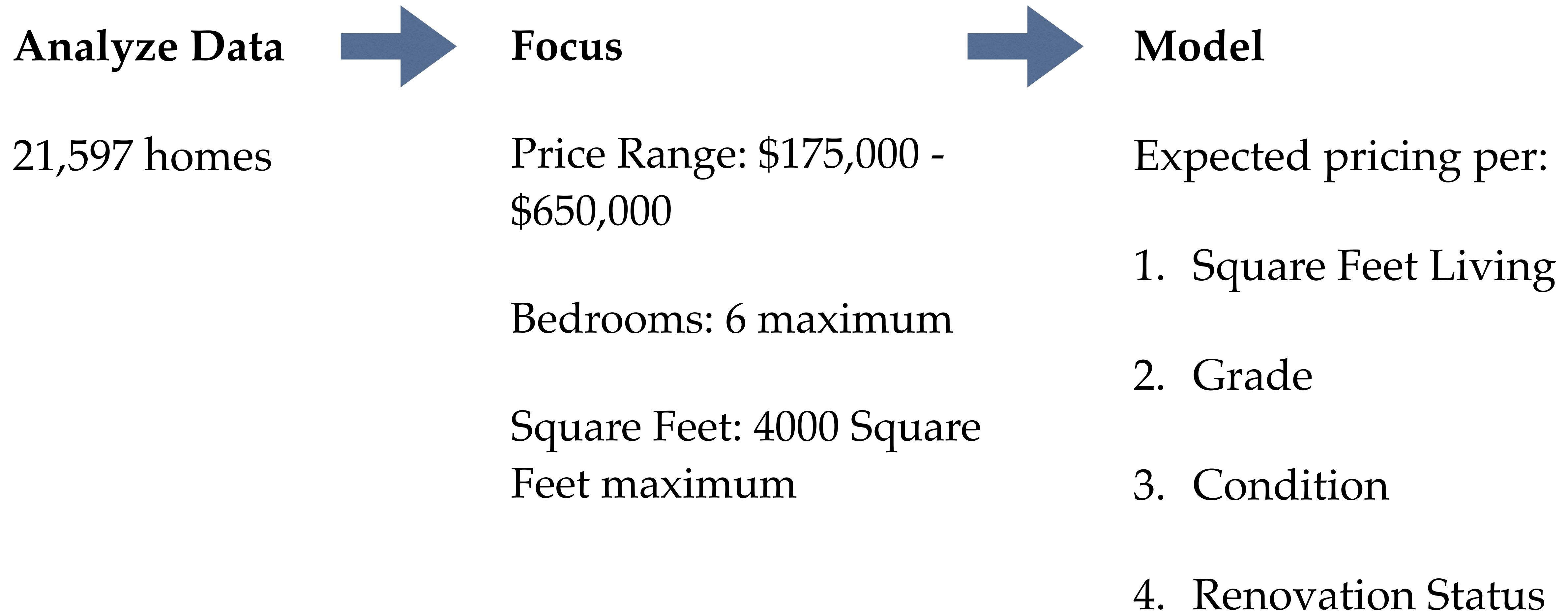
King County Housing Data from 2014-2015.

Includes:

- Price
- Square Feet
- Bedrooms
- Bathrooms
- Zip Codes
- Year Built
- Year Renovated
- Waterfront View

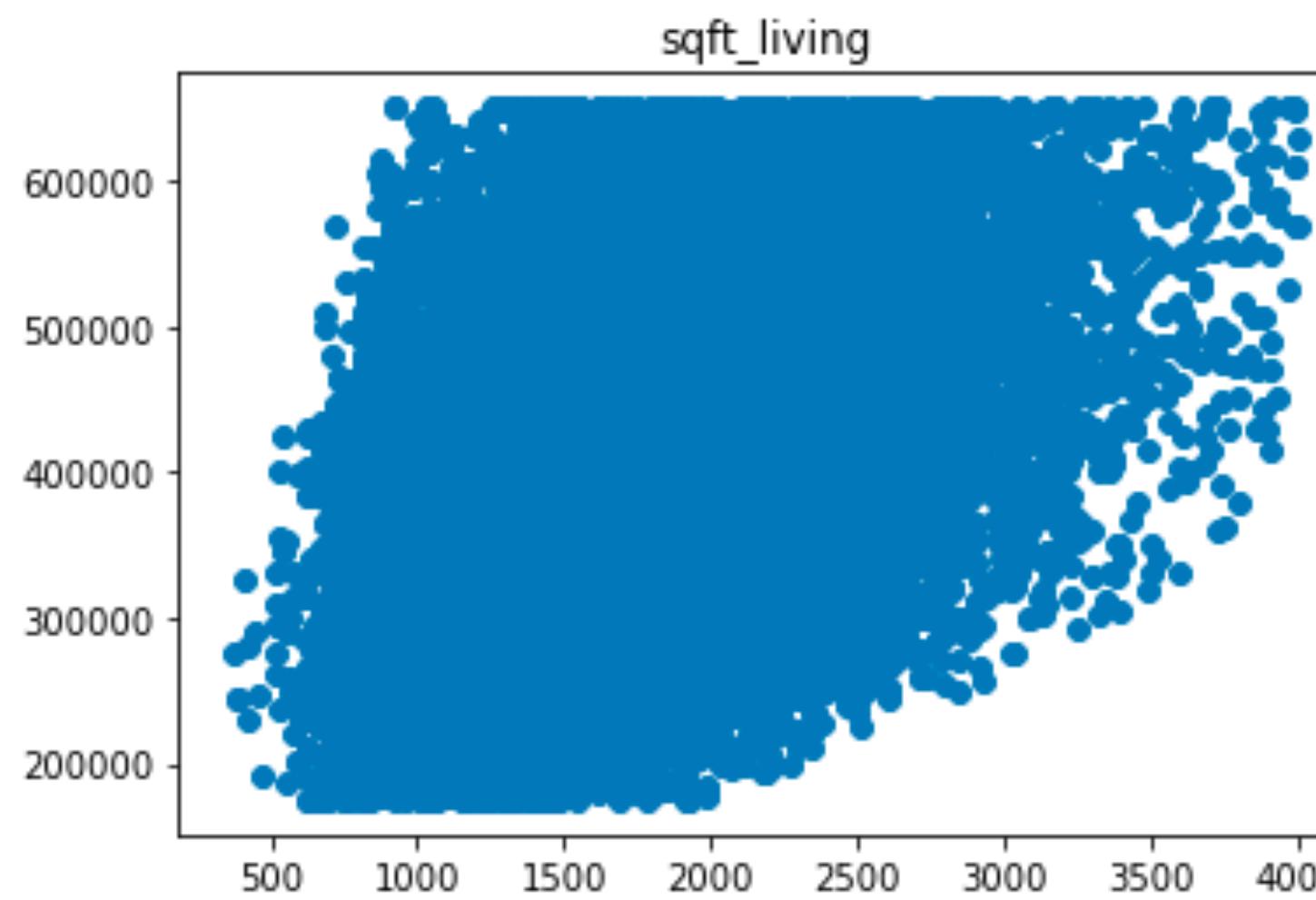


Methodology



Price per square feet: \$94-\$200

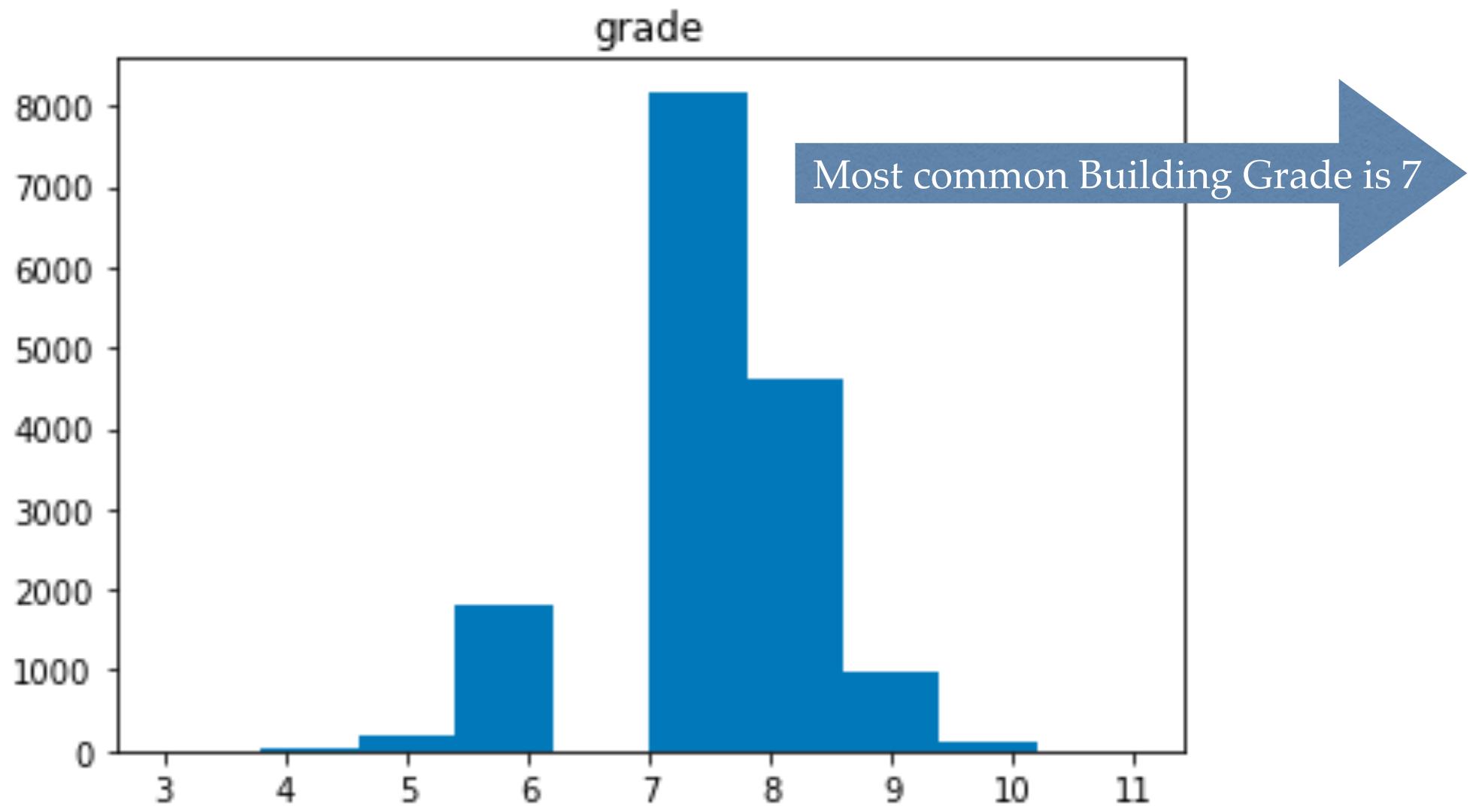
- Of the variables tested, the strongest predictor of price is square footage
- **The expected cost per square feet of a house in King County is \$94 per square feet**
(could increase to \$200 per square feet in densest part of county)



Model:	OLS	Adj. R-squared:	0.740		
Dependent Variable:	price	AIC:	297876.8343		
Date:	2021-11-07 12:33	BIC:	298453.0513		
No. Observations:	11937	Log-Likelihood:	-1.4886e+05		
Df Model:	77	F-statistic:	442.0		
Df Residuals:	11859	Prob (F-statistic):	0.00		
R-squared:	0.742	Scale:	4.0005e+09		
	Coef.	Std.Err.	t	P> t	[0.025]
const	-149137.4013	8569.2272	-17.4038	0.0000	-165934.4924
bedrooms	-4531.8375	919.3137	-4.9296	0.0000	-6333.8432
bathrooms	6163.4048	1414.0660	4.3586	0.0000	3391.6034
sqft_living	93.8186	1.6447	57.0442	0.0000	90.5948
floors	-14164.5223	1558.7061	-9.0874	0.0000	-17219.8420
waterfront	148666.6664	17556.7947	8.4678	0.0000	114252.4686
condition	15007.3150	990.0723	15.1578	0.0000	13066.6108
grade	31571.1934	990.4461	31.8757	0.0000	29629.7566
renovated	9812.2096	3909.6980	2.5097	0.0121	2148.5602

Price per Residential Building Grade Increase: \$31,571

- The grade of a home (grades 1-13) is a strong determinant of price
- **Every grade increase costs approximately \$31,571**

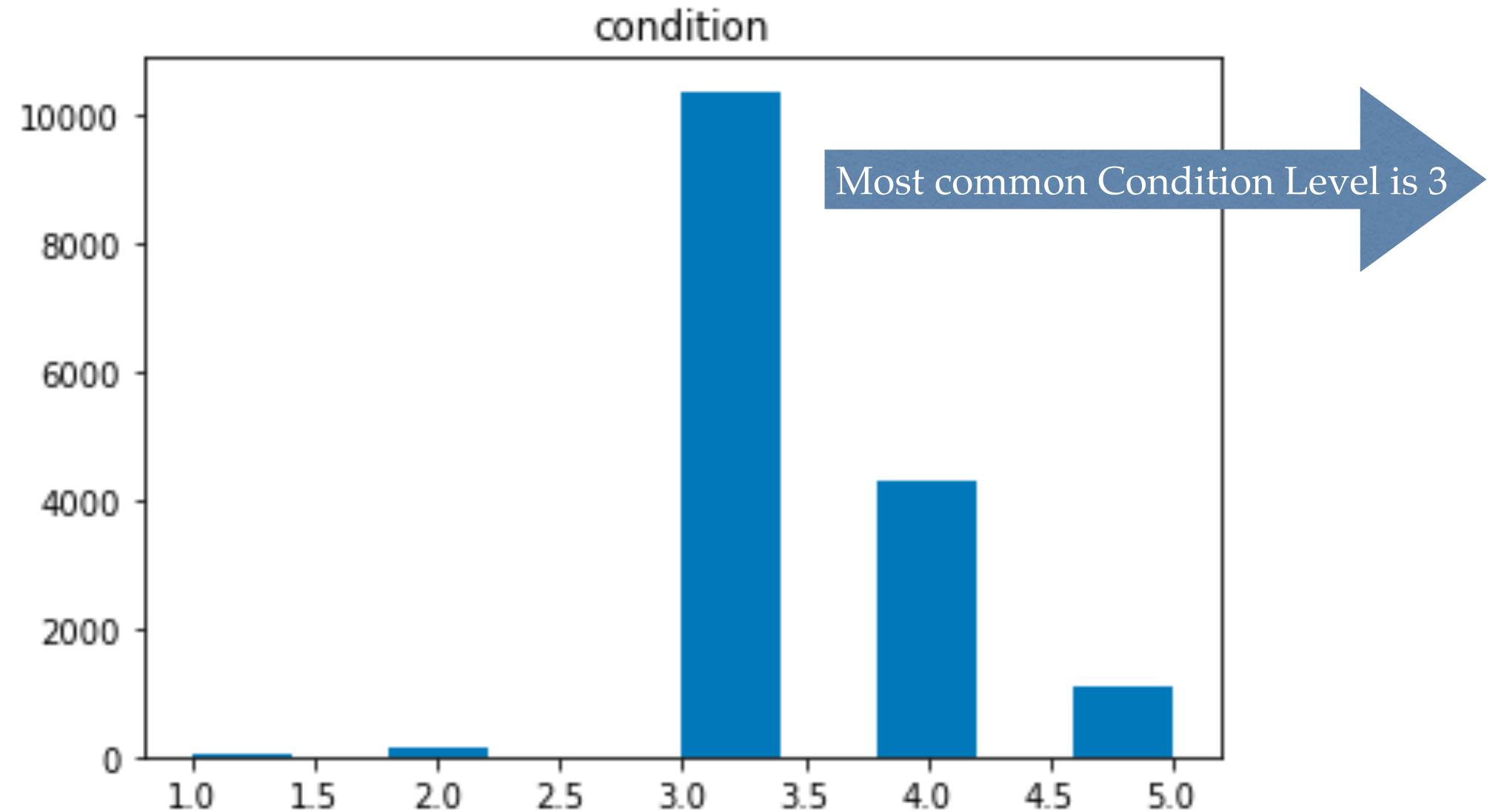


Residential Building Grades

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.

Price per Condition Grade/Level Increase: \$15,007

- The condition (level 1-5) is also a strong determinant of price
- **Every condition level increase costs approximately \$15,007**



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.

Summary - The Price for Paradise

- The **average price for a home in King County, WA is approximately \$400,358**
- The most important factors in our model, besides zipcode, are: **Square Feet Living, Grade, and Condition**
- **Every additional square feet of space costs approximately \$94**
 - Note: other models showed this cost could be up to \$200 per square feet in the densest zipcodes
- The grade of a home (grade 1-13) is a strong determinant of price
 - **Every grade increase costs approximately \$31,571**
- The condition (level 1-5) is also a strong determinant
 - **Every condition level increase costs approximately \$15,007**
- **If the home has been renovated, the price is expected to be approximately \$9812 more**

Future Work

- Refine existing models and expand dataset for different types of home buyers
- Explore relationship of price to zip code
- Build models for Suburbs (Medina, WA) vs. City (Seattle, WA)
- Build more comprehensive models considering other factors such as location, renovations, waterfront view



THANK YOU!!