

Which type of
house should
Fraiser Realty
invest in?



What's actually worth it?

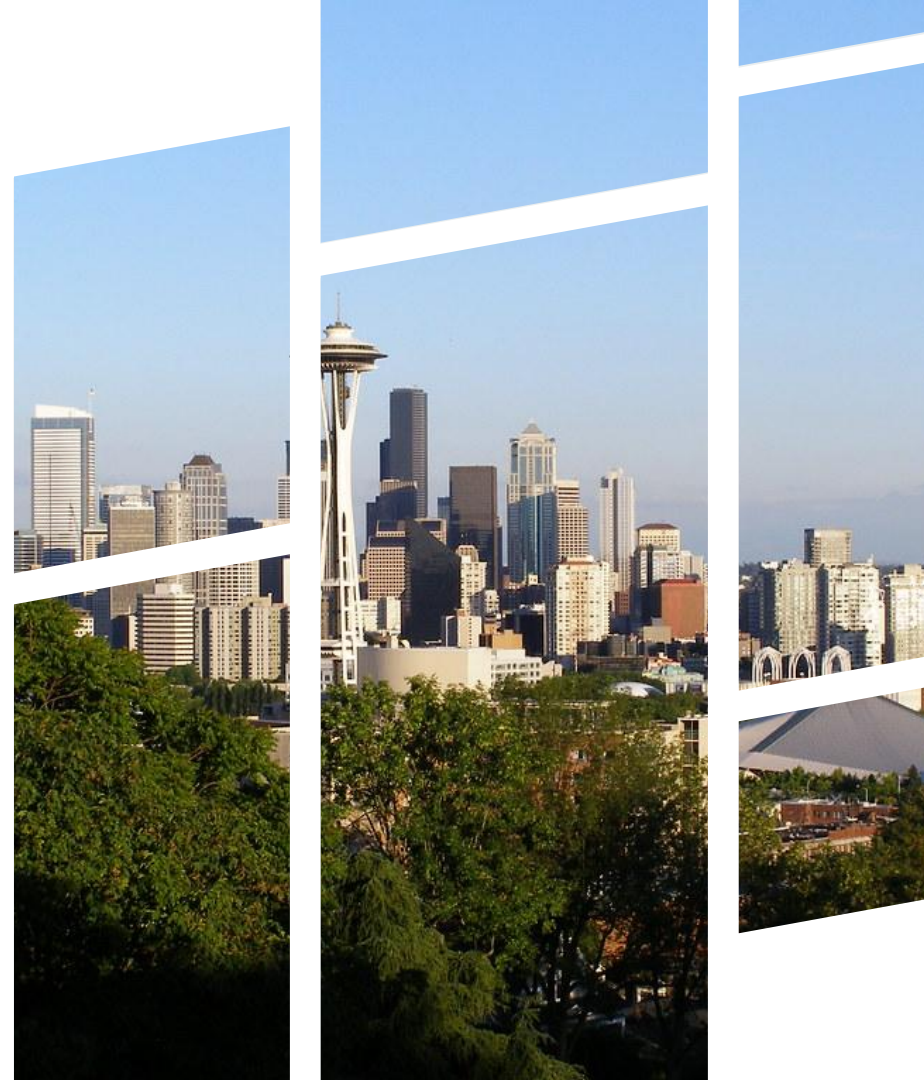
Investors want to buy a house
in the Seattle area to renovate.

What is the minimum to invest
for a good ROI?



Looking at Kings County Database

20,000 houses in the Seattle area.





What you'll see

- 1) Assumption
- 2) Actuality



1. Price per Square foot

Comparing Price to Square footage.
Is it the best determining factor?

Results

- ▶ Price increases by \$239 per square foot above basement, however
- ▶ Only accounted for %35 of available houses
- ▶ No, not the best factor



2. A combination of several factors

Things you can control more, such
as quality of materials

Results

Average cost of house is \$540k

- ▶ Price increases by \$58 per square foot
- ▶ Near waterfront = \$592k increase
- ▶ Higher Grade = \$100k per grade
- ▶ Better Condition = \$30k per condition level

Results

- ▶ Accounted for %100 of data (impossibility)
- ▶ Better condition DECREASED price
- ▶ Larger Living room DECREASED price
- ▶ Statistical significance DECREASED for several factors

While accounting for more, this was bad,

What to look for?

A house ideally near the waterfront, in central Seattle area, costing less than \$540k.

Expect it to cost more than \$260k





Condition, Grade

Look for something in “fair condition”

In need of repair

With low construction costs, and
simple design

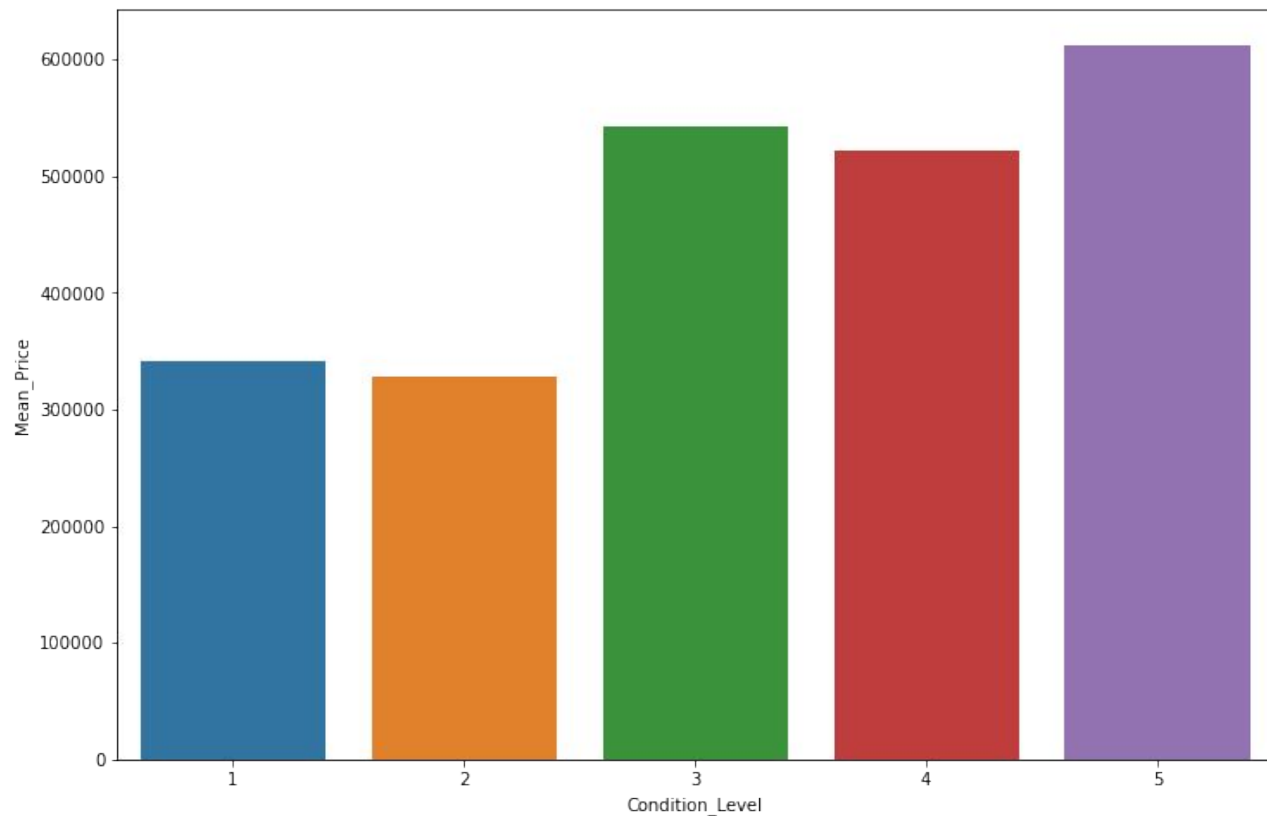
What to do?

Invest \$150k in renovations, using high quality materials

Renovation = increase in Grade and Condition!

Expect a minimum profit of about \$150k - \$300k

Condition increase

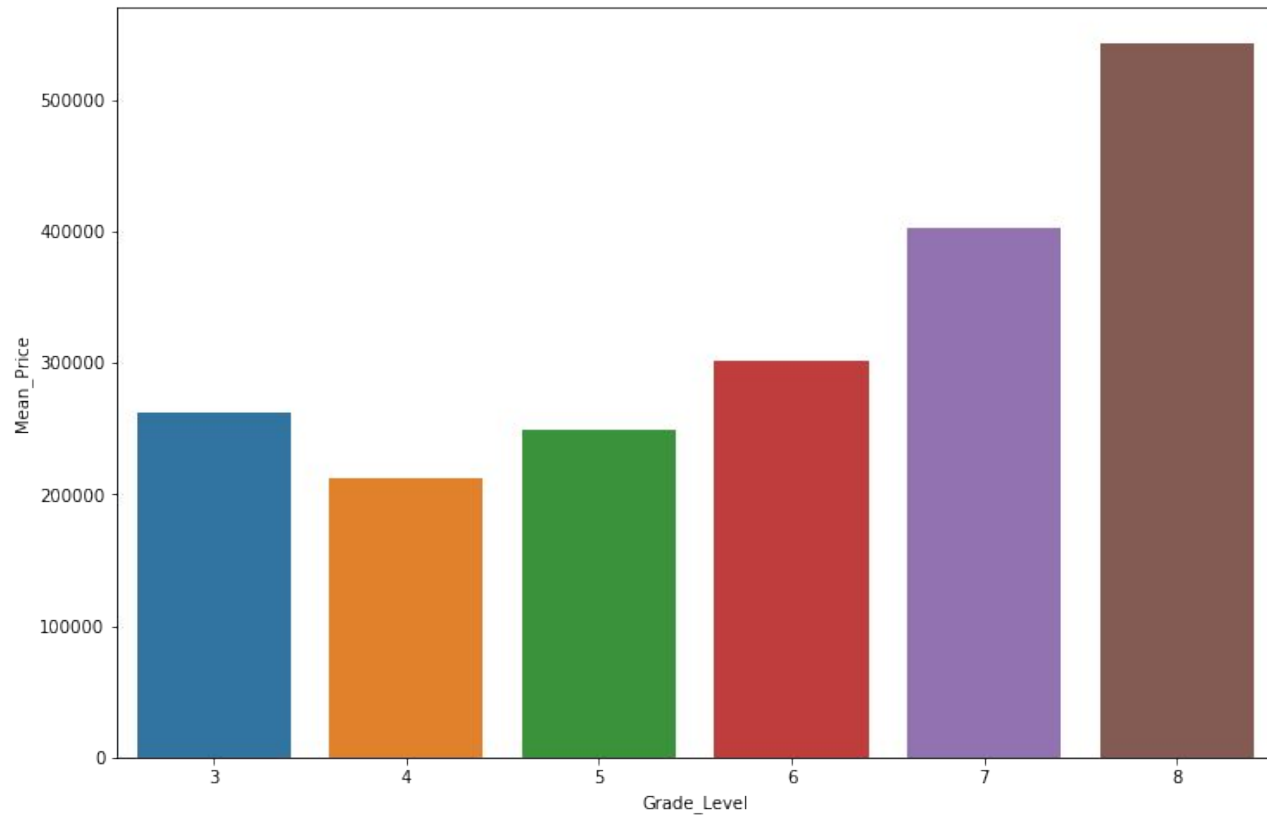


Condition increase

Increasing the condition level from 2 to 3, adds \$200k in value



Grade increase



Grade increase

Increasing the Grade from 4 to 5, adds \$50k

(With high quality materials, you can potentially raise it to grade 7, adding \$200k)

Takeaway

Invest **\$150k** in renovations,
using **high quality materials** as
possible

Expect a minimum profit of
about **\$150k - \$300k**



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