



Condo Pricing Model for a New Jersey based large real estate firm

Business Problem

Our client wanted to estimate the sale prices of different condo units in high-rise buildings located in New Port area in Jersey City, NJ. They also wanted to understand the pricing effect of various factors, such as square footage, number of bedrooms, bathrooms, floor height, patio area, view, etc. Additionally, they wanted to consider the effects of location of the building, closeness to public transportation, mall, parks, schools, etc.

Challenge

Most real estate companies do not use a scientific approach for setting prices of condo units in a building. They mostly rely on the sales director's recommendations and experience, leading to subjective pricing decisions. Since there was no prior information available we used data from the builder and publicly available tax data to scientifically estimate the relative prices of the condos in a high-rise building.

Solution

We gathered data from various databases within the company and from data sources available in public domain with the help of our client. We built a multivariate regression model to estimate the sale prices of various condos, and also estimate the weights of the features that differentiate the houses from each other.

We were also able to identify the features that do not affect the home prices in any statistically significant

manner. Getting rid of those variables helped us in focusing on the important variables and simplifying the model.

We used open source tools for all our mathematical modeling to reduce the cost to the client. They did not have to license any costly enterprise software for this work.

We also built an Excel based UI to help the client run our model and use it to adjust the prices of the condos. The client was able to use our pricing model and thus reduced the manual effort previously used to decide the prices.

Impact

Knowing the weightage of each of the house feature helped them understand the desirability of those features. They were able to advertise the more desirable units accordingly at better rates.

About Tiger Analytics

We are a boutique analytical consulting firm. We use advanced analytical techniques, business insights and data engineering to make data-driven decisions and solve complex business problems.

Contact details: info@tigeranalytics.com
+1-408- 508-4430

For more information visit: www.tigeranalytics.com