KANSAS MARKET ANALYSIS

BY KANSAS CAPITAL CONSULTING

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OVERVIEW

Problem Statement:

- This project aims to provide insights into the real estate market in Kansas City. With the real estate market's volatility and complexity, investors and buyers need accurate forecasts and insights to make informed decisions.

Stakeholder:

- A Real Estate company looking to expand it's operations in Kansas City.

Business problem:

- As a consultancy firm contracted by a real estate company in Kansas City, our goal is to provide actionable insights and strategic recommendations to facilitate informed decision-making for investors and buyers in the local real estate market.

Data:

- The dataset consists of information on over 14,000 zip codes in the United States.

STRATEGY

| OBJECTIVES	APPROACH
To forecast the future price outlooks for house prices in Kansas City over the next 3 years	Utilize time series analysis and the ARIMA forecasting model to analyze historical prices and predict future trends
To identify growth potential across top 5 zip codes within Kansas City and recommend areas of investment	Conduct regional comparison and growth analysis to identify regions with the most promising prospects for investment
To analyze the impact of macroeconomic events in the top performing zip codes	Explore the seasonal trends in real estate prices and asses the impact of the economical shocks on market dynamics

RESEARCH QUESTIONS

- Forecasting Future Prices:

    - Will Kansas City's housing market boom, stabilize, or
    - correct in the next 3 years?

- Regional Comparison and Growth Analysis:

    - What are the top 5 zip codes in terms of growth?

    - Which areas should investors or buyers look out for?

- Impact of Economic Events:

    - How do economic shocks like the financial global crisis, affect the growth in real estate prices in the top 5 zip codes?
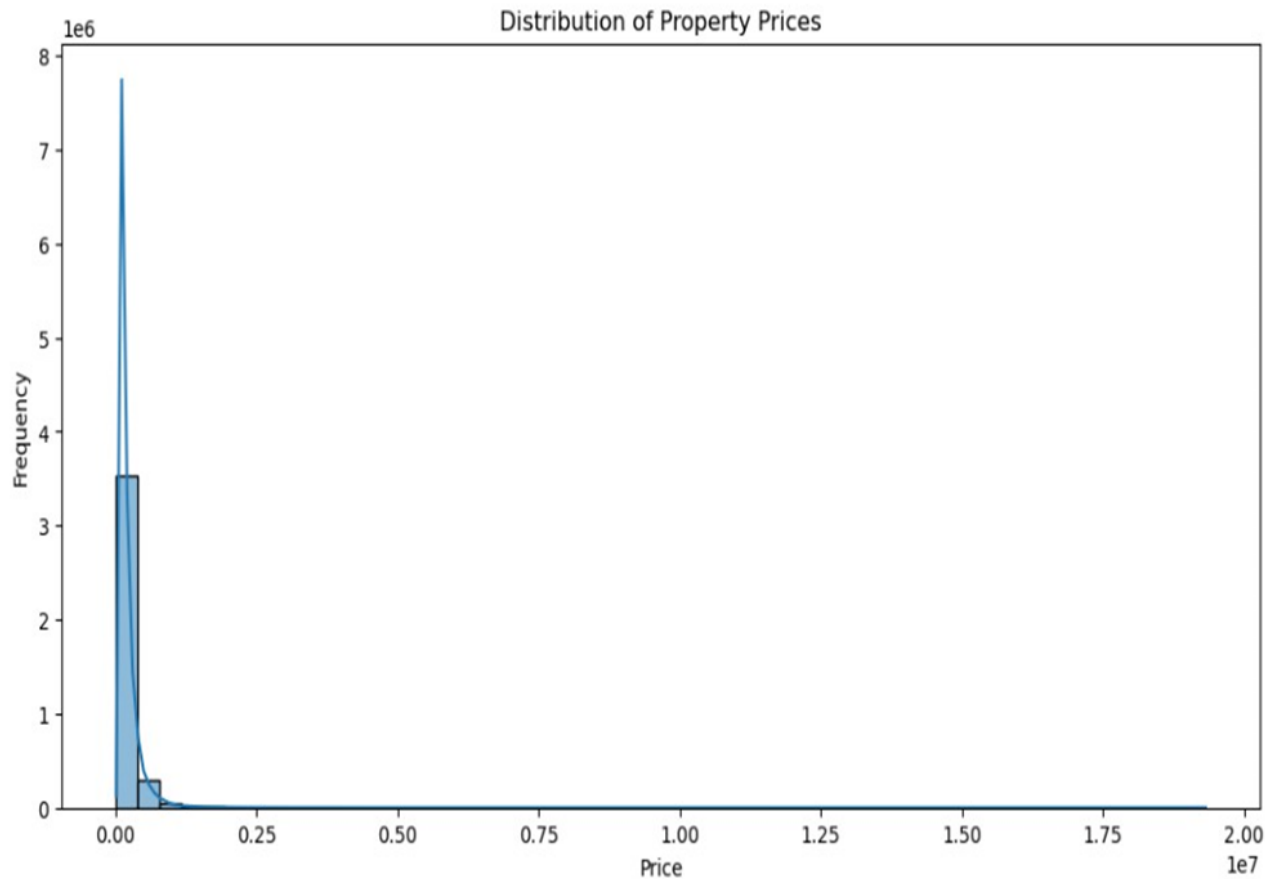
FINDINGS

Growth Rate Comparison from 1996 to 2018
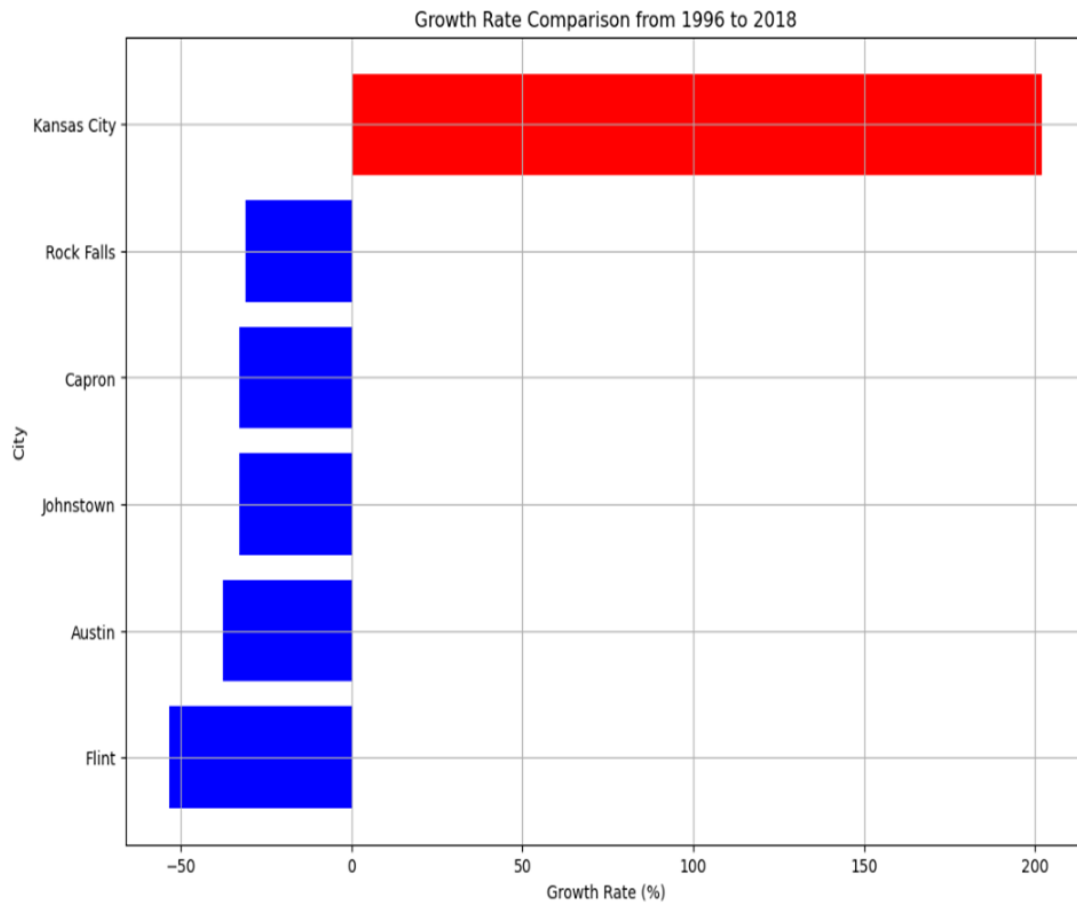
- Robust market with growth potential.

FINDINGS

Price Trends for Top 5 Regions
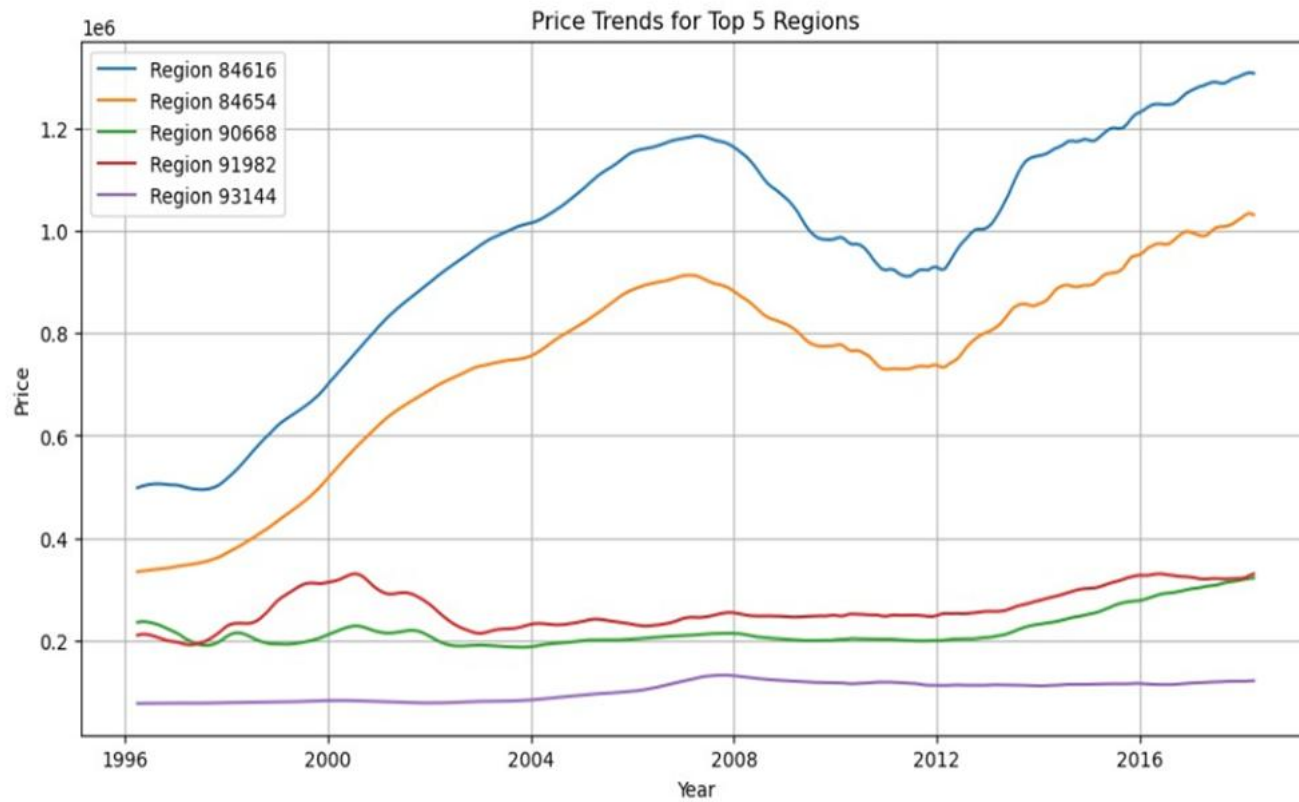
- Upward trend in average property prices until 2008 with correction post 2012.

FINDINGS: DISTRIBUTION

Distribution of Property Prices

- Distribution of property prices is uneven, with most properties falling within the lower range pricing for affordable housing for the general population.
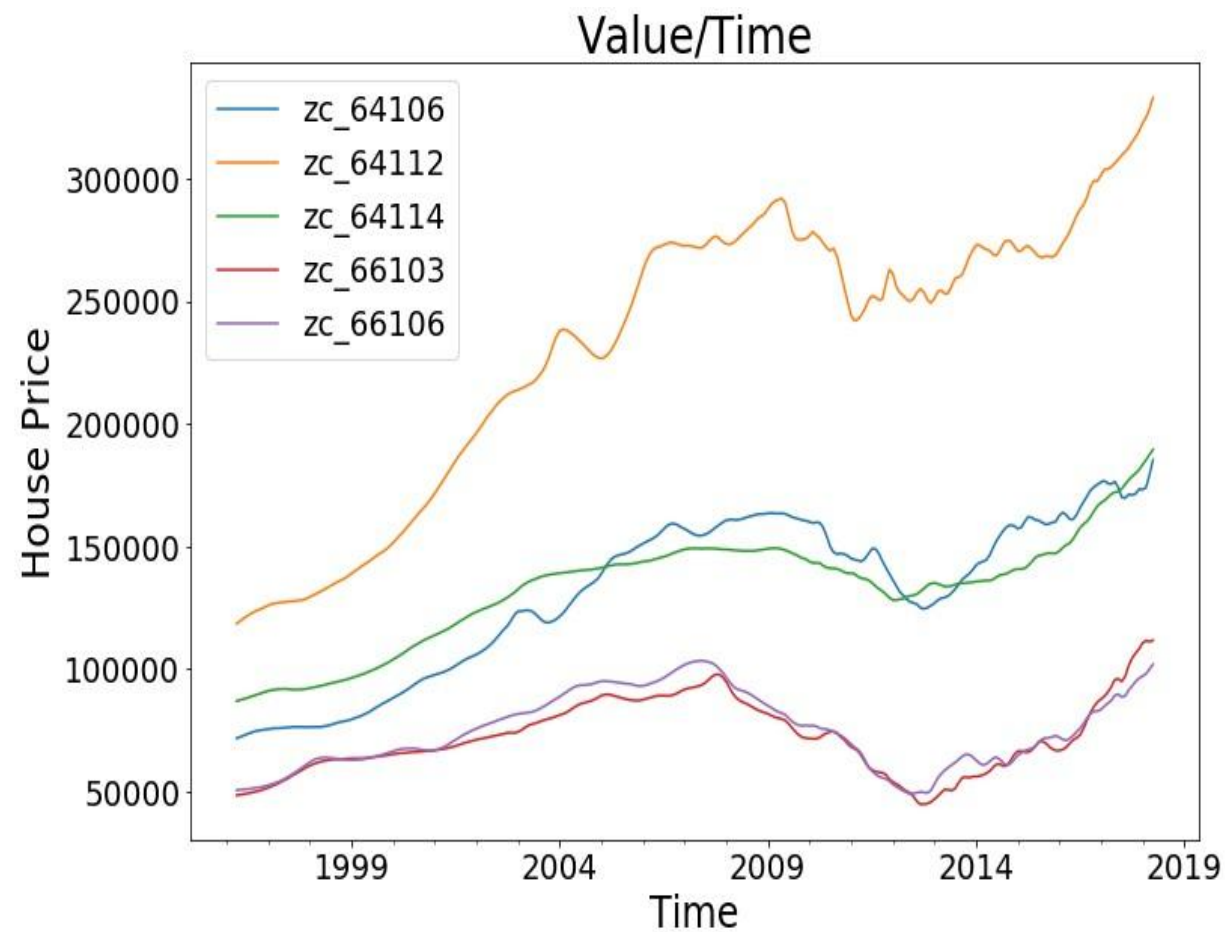
FINDINGS: PRICE

Average Property Price Over Time

- Presence of a few extremely high-value properties, possible luxury or located in high-demand areas.

FINDINGS: TOP 5 ZIPCODES (ROI IN 3 YEARS)

ZipCode	ROI	Value in 3 Years 1000000 Invested
64106	0.15	1147370.96
66106	0.14	1137398.54
64114	0.12	1119297.07
64112	0.11	1105926.92
66103	0.1	1101555.08

Value/Time

FINDINGS: EXTERNAL FACTORS

Housing Prices over time with Recession and Recovery Annotations
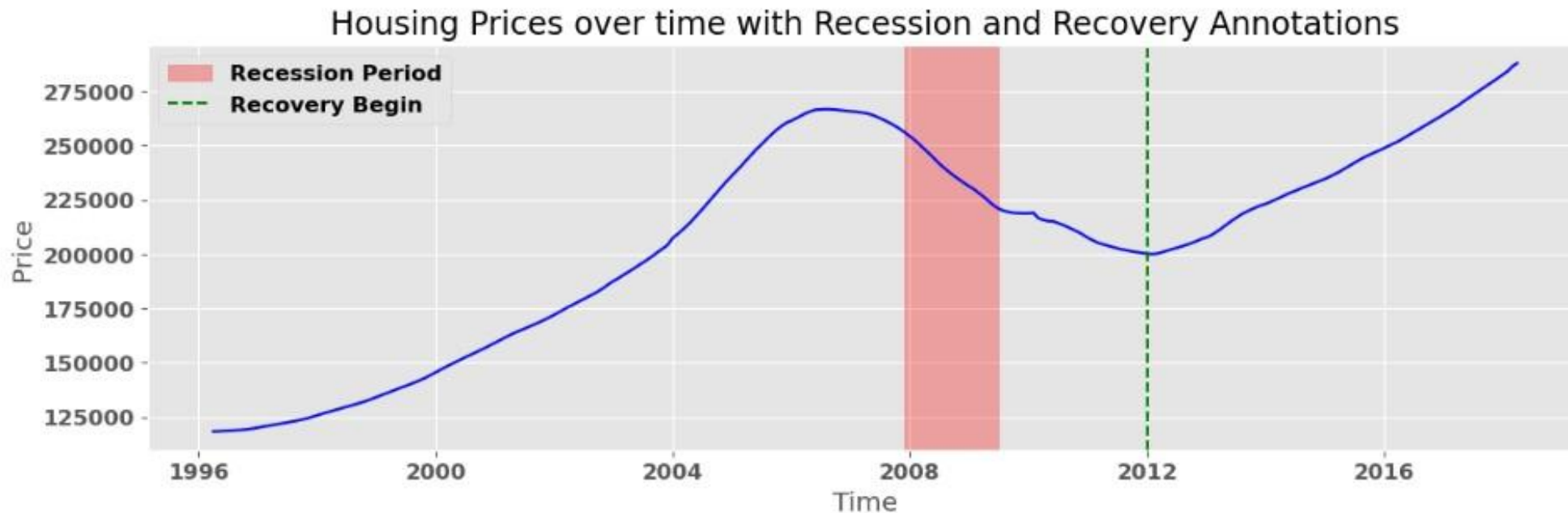
- Significant recovery post-2008 financial crisis.

- Consistent upward trend in property values, especially after 2012.

RECOMMENDATIONS

- **Invest in Growth Areas:**
  - Focus on regions exhibiting strong and consistent property value increases, such as Zip Code 66103.
  - These areas signify robust market conditions and potential for high return on investment (ROI).

- **Diversify Investments:**
  - Consider diversifying investments across multiple zip codes to mitigate risk and leverage diverse market dynamics.

- **Monitor Market Trends & Timing:**
  - Monitor long-term market trends to make well-informed investment decisions.
  - Investors should exercise caution regarding market timing and evaluate broader economic indicators.

WHAT'S NEXT?

- **External Factors Integration**:
  - Include more economic indicators and policy changes in models.
  - Develop hybrid models combining traditional and machine learning methods.

- **Collaborative Research**:

  - Join industry forums and partner with experts & stakeholders for insights

  - Pool expertise to address modelling challenges and drive innovation

- **Model Refinement**
  - Explore advanced techniques like deep learning for better accuracy and finer trend analysis.
  - Incorporate additional variables for enhanced performance.

- **Dynamic Evaluation**:
  - Utilize real-time data for continuous model updates.
  - Develop adaptive approaches for changing market conditions.

CONCLUSION

Market Resilience: The market has demonstrated remarkable resilience, experiencing substantial recovery following the 2008 financial crisis.

Steady Growth: A consistent upward trend in property values, particularly evident post-2012, reflects the market's stability and growth potential.

Diverse Investment Landscape: From affordable properties to upscale markets the market offers a diverse range of investment opportunities.

THANK YOU

ANY QUESTIONS?