

TOP 5 ZIP CODES

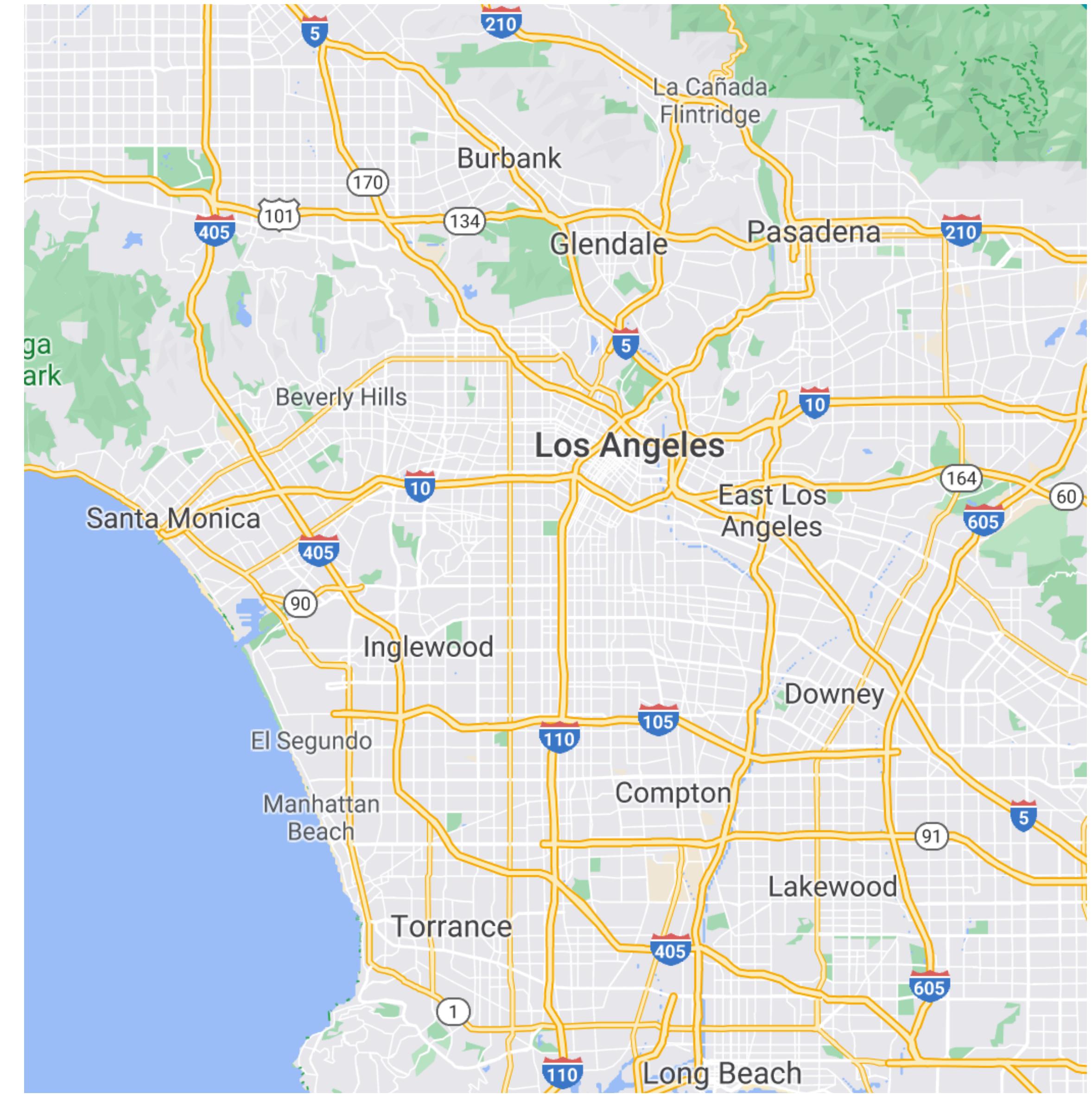
INVESTING IN LOS ANGELES REAL ESTATE

JESSICA FORREST-BALDINI

27 SEPTEMBER 2020

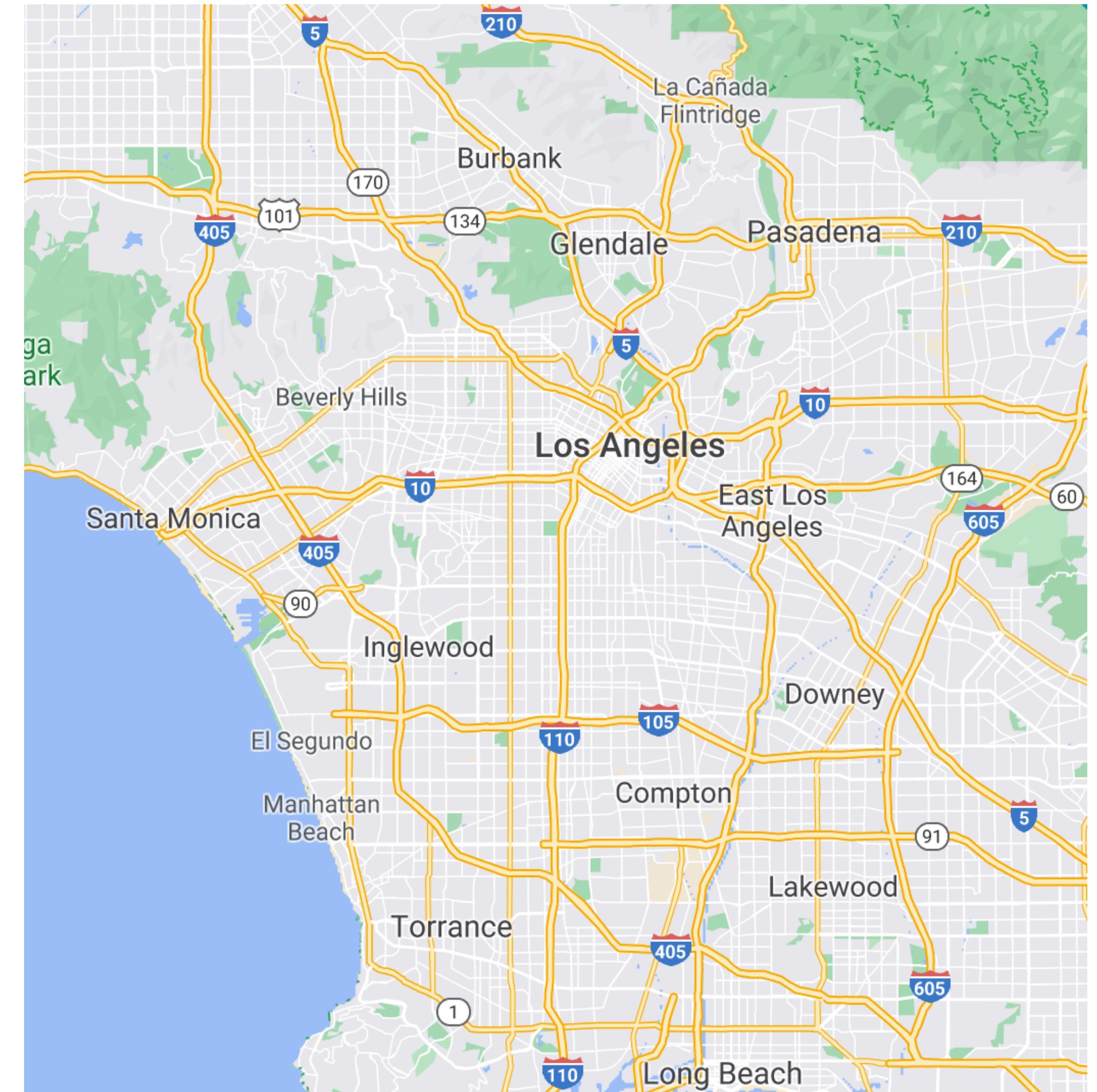
BUSINESS CASE

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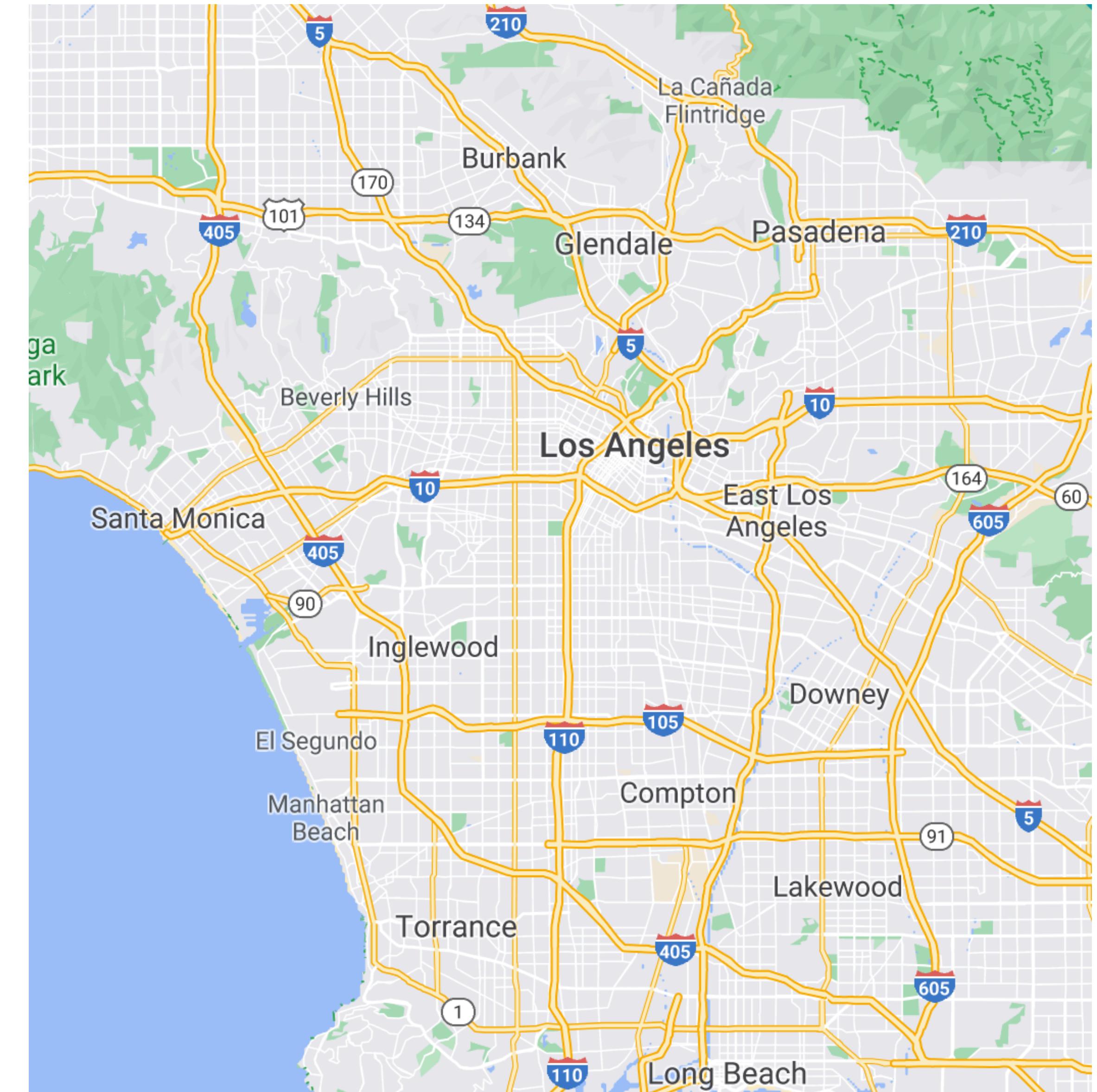
BUSINESS CASE

- A real estate investment group wants to know the top 5 best zip codes in Los Angeles to invest in for single family homes



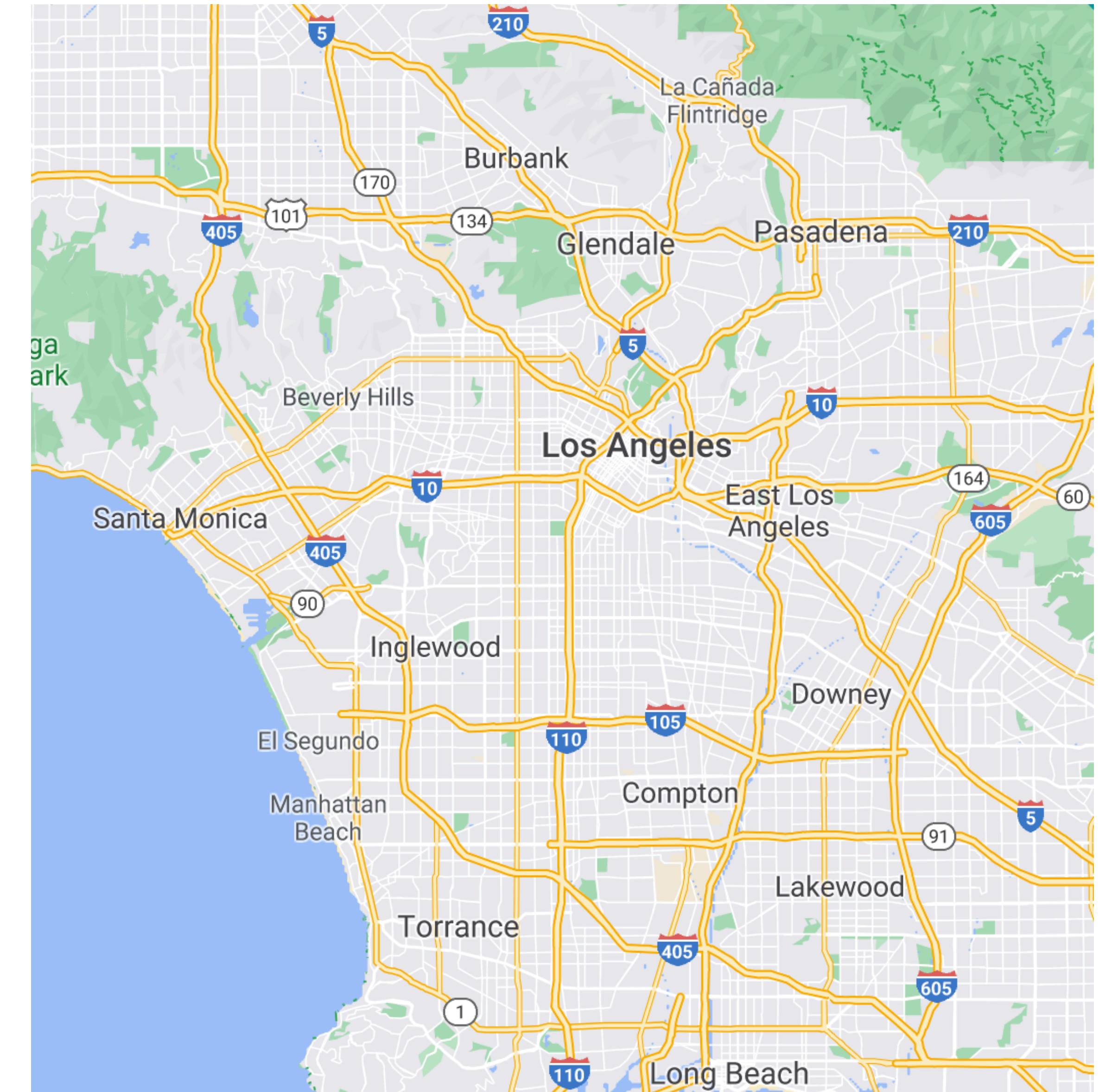
BUSINESS CASE

- A real estate investment group wants to know the top 5 best zip codes in Los Angeles to invest in for single family homes
- They want the highest returns with the least amount of risk



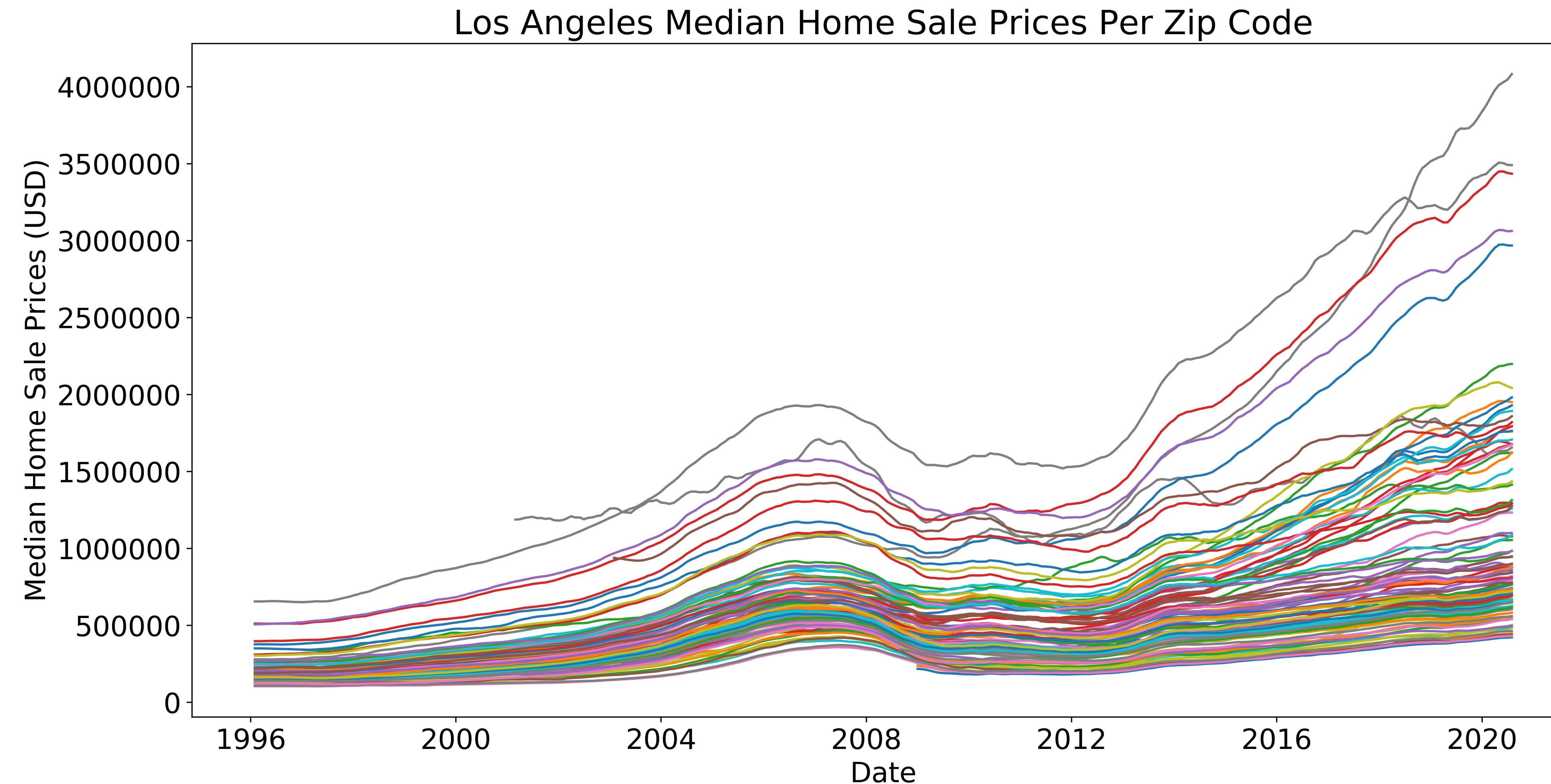
BUSINESS CASE

- A real estate investment group wants to know the top 5 best zip codes in Los Angeles to invest in for single family homes
- They want the highest returns with the least amount of risk
- The strategy is buy & hold, so they're interested in 5 year returns and plan to rent the properties



DATA

ALL ZIP CODES



DATA



DATA

- Median home sale prices from Zillow



DATA

- Median home sale prices from Zillow
- 33rd - 67th percentile for each zip code



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- 33rd - 67th percentile for each zip code
- 100 zip codes total



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- Median home sale prices from Zillow
- 33rd - 67th percentile for each zip code
- 100 zip codes total
- 1/31/1996 - 7/31/2020



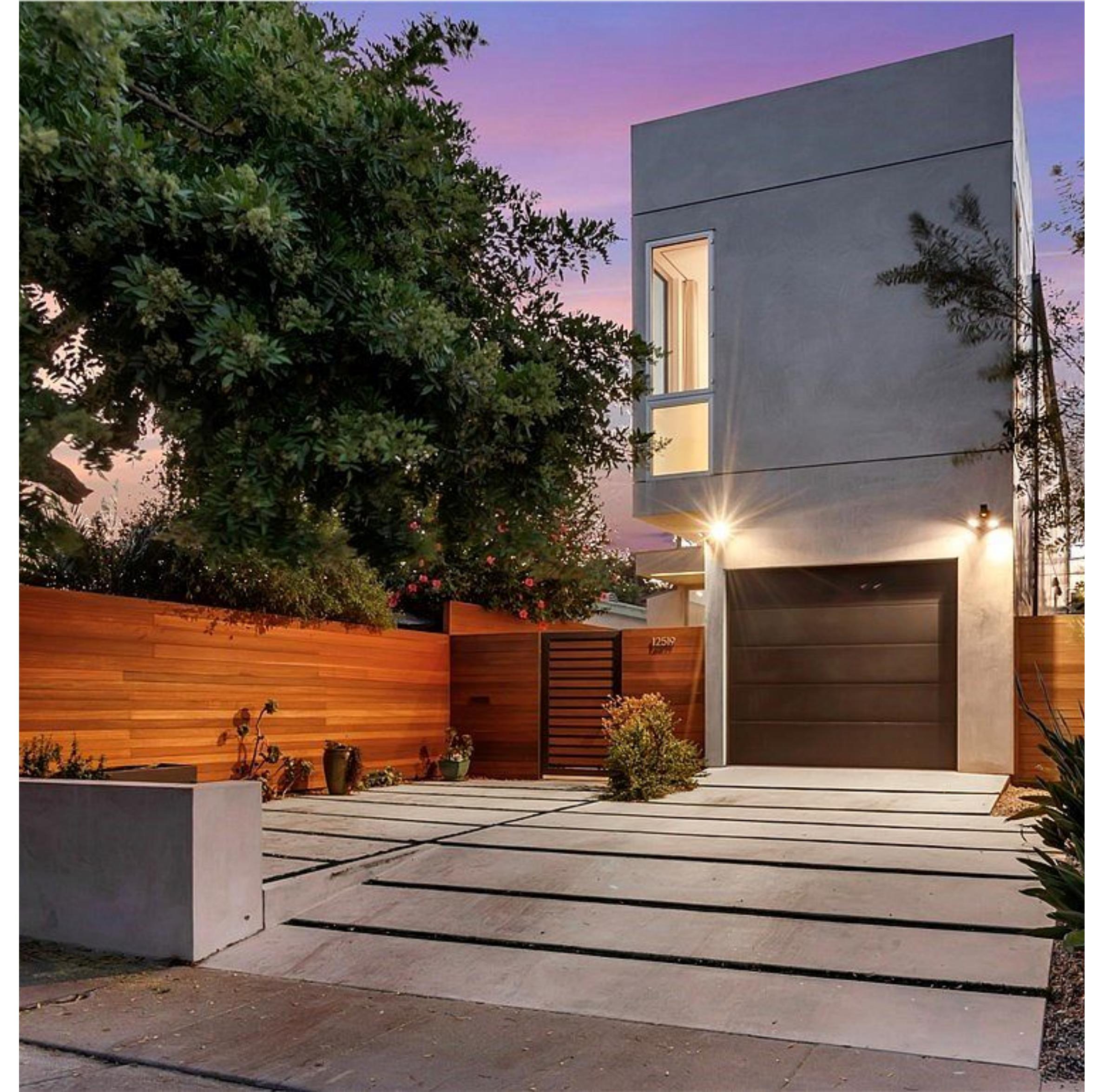
DATA

- Median home sale prices from Zillow
- 33rd - 67th percentile for each zip code
- 100 zip codes total
- 1/31/1996 - 7/31/2020
- 28,727 data points



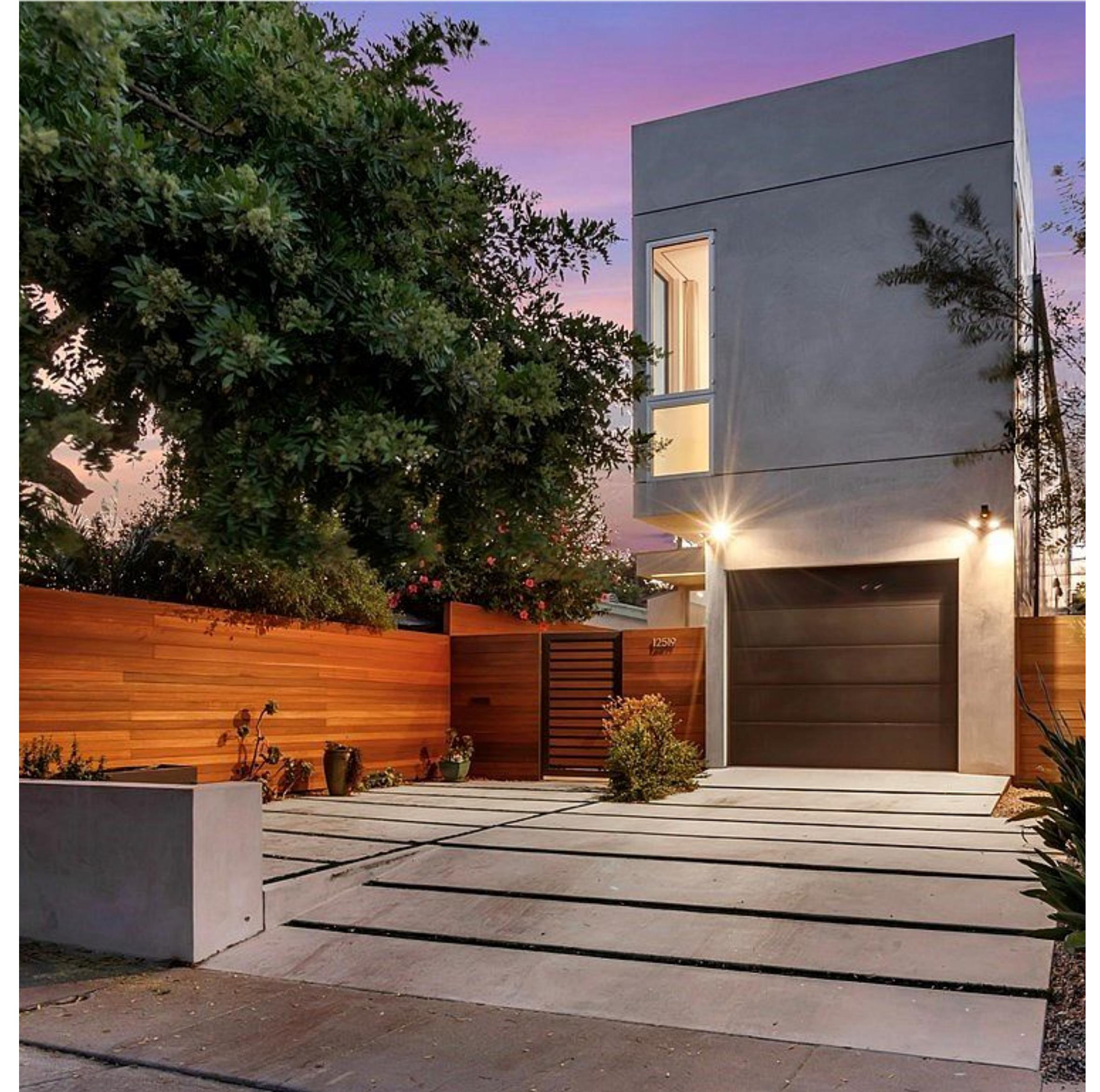
METHODS

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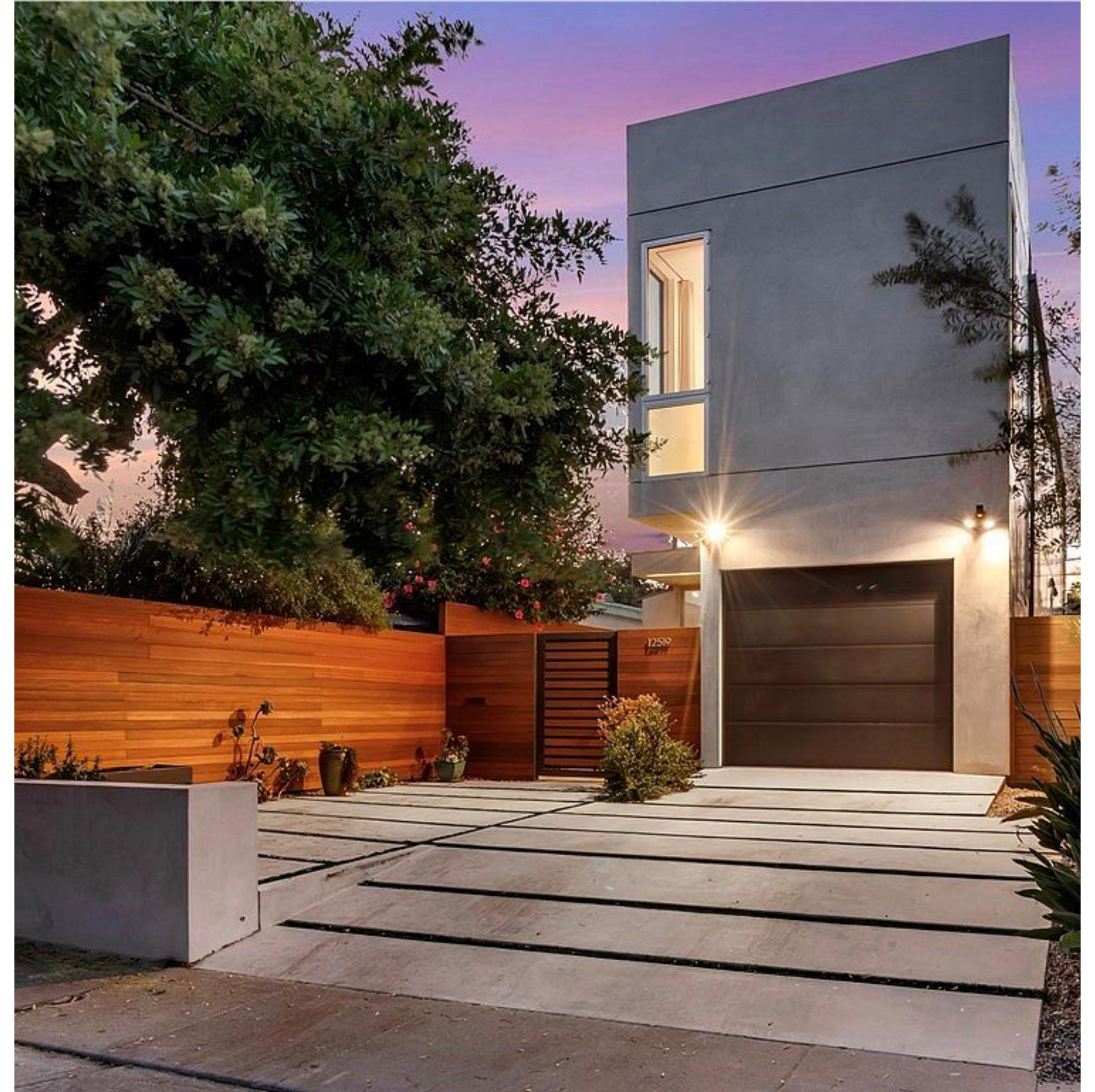
METHODS

- SARIMAX Time Series Model



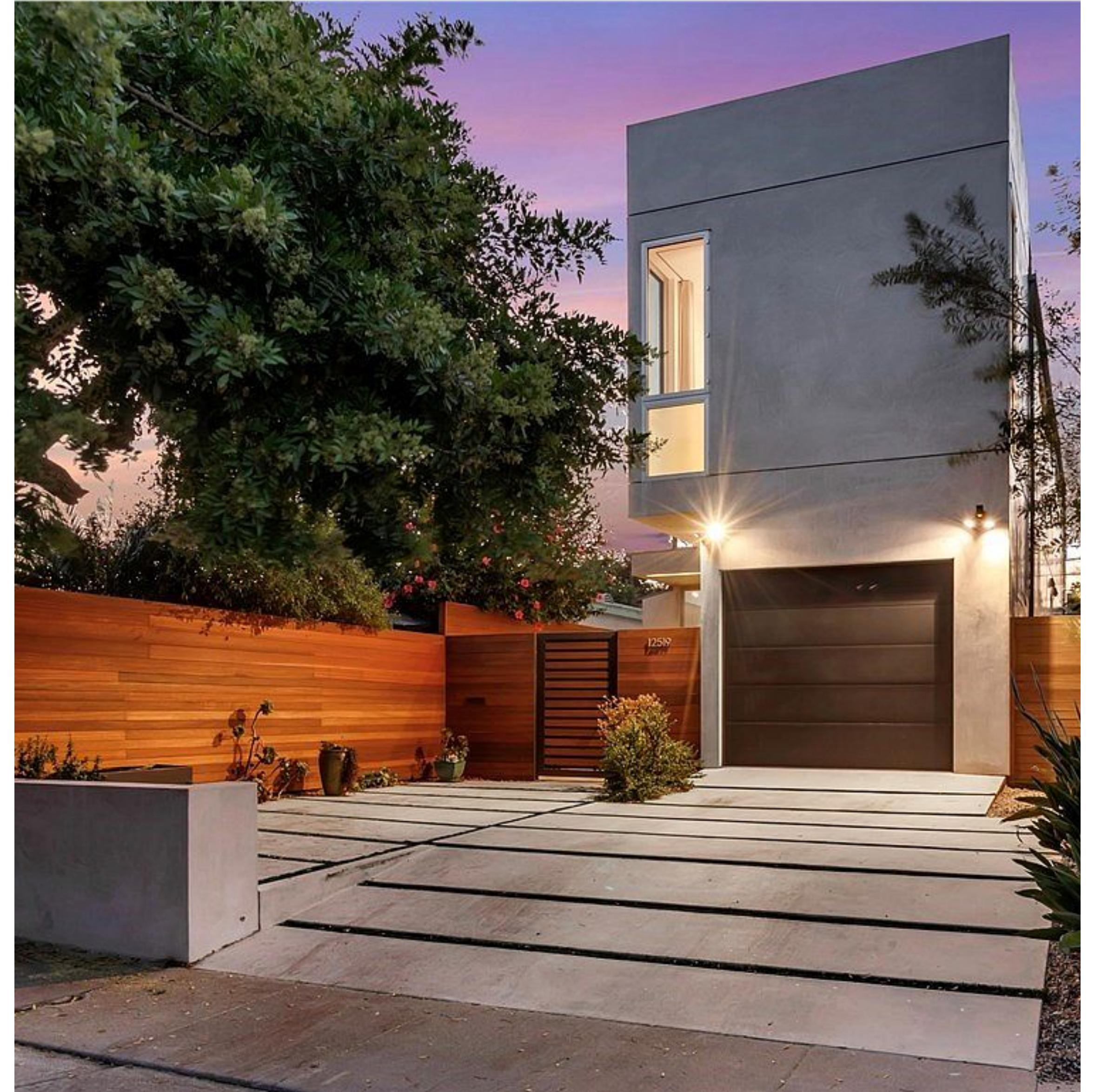
METHODS

- SARIMAX Time Series Model
- Dynamic Forecasting - 5 Year Projections



METHODS

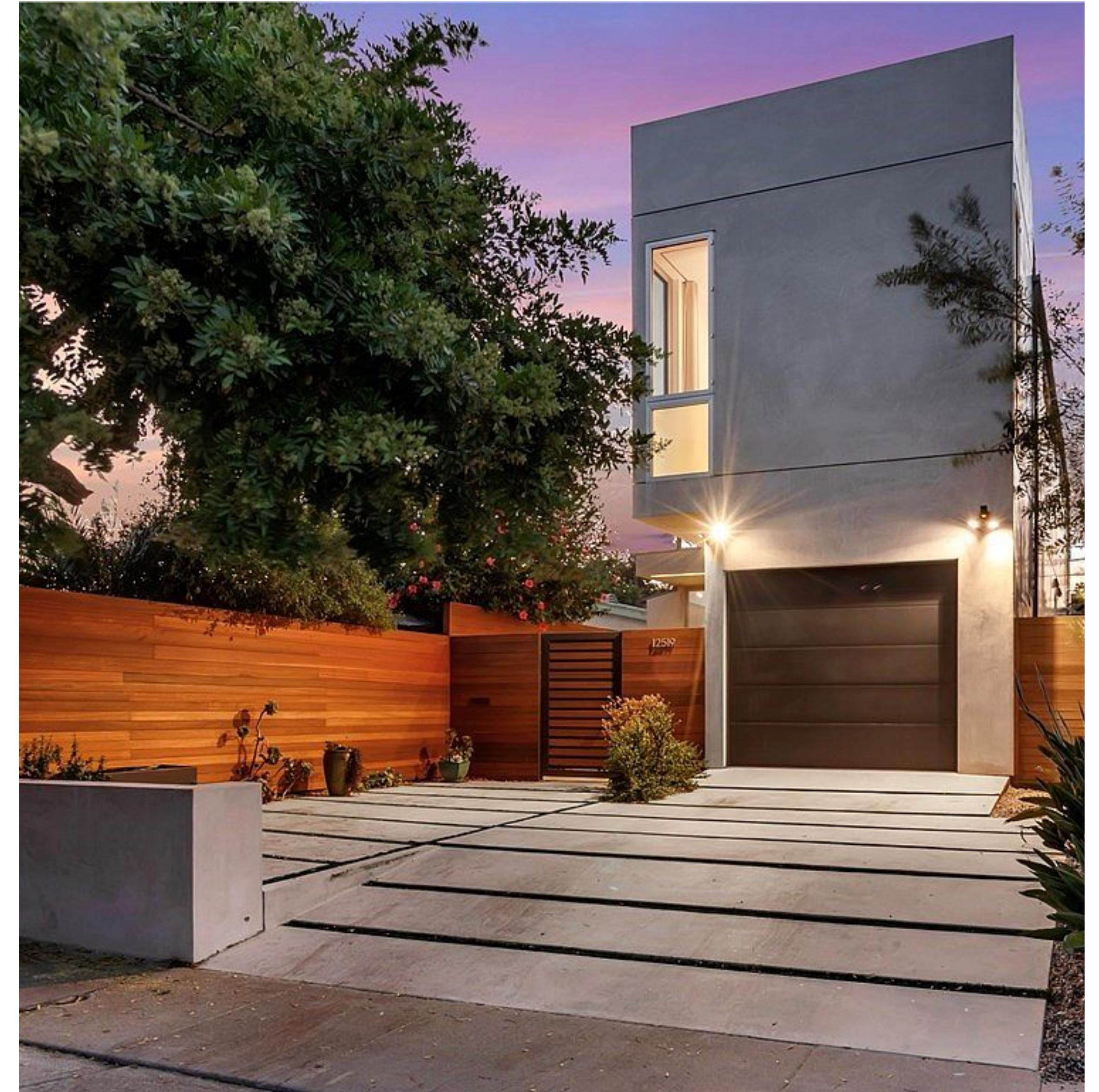
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- Dynamic Forecasting - 5 Year Projections
- Calculated ROI as:



METHODS

- SARIMAX Time Series Model
- Dynamic Forecasting - 5 Year Projections
- Calculated ROI as:

$$ROI = \frac{Forecasted\ Value - Current\ Value}{Current\ Value} * 100$$

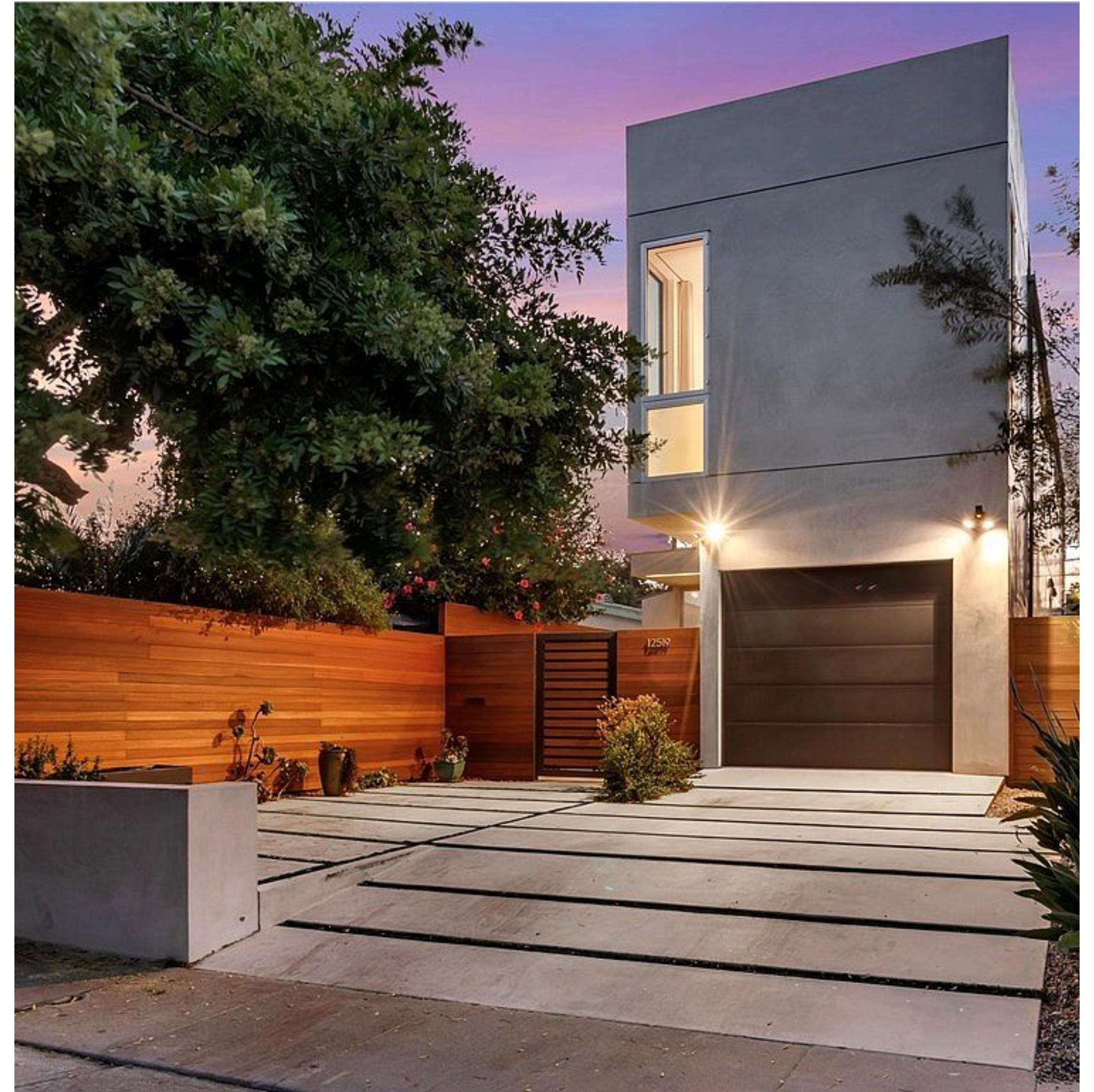


METHODS

- SARIMAX Time Series Model
- Dynamic Forecasting - 5 Year Projections
- Calculated ROI as:

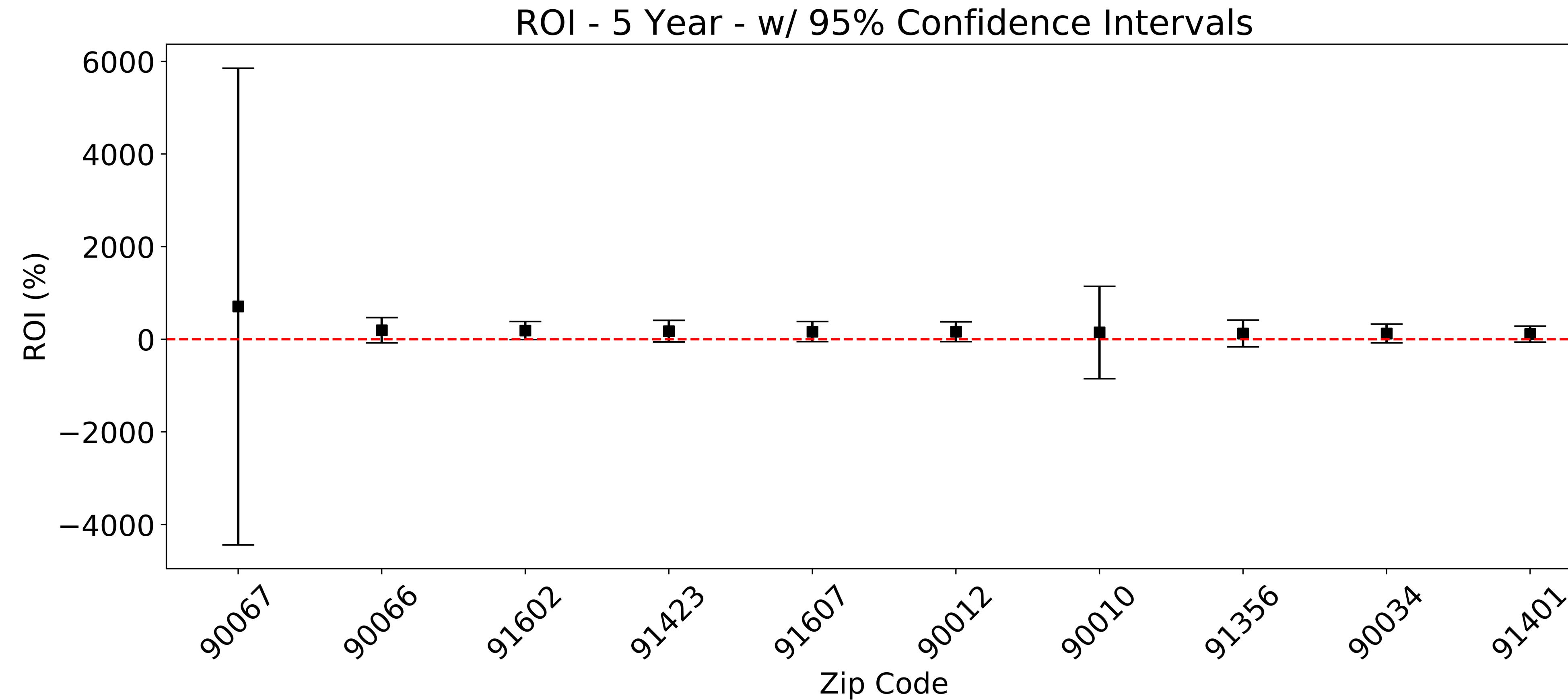
$$ROI = \frac{Forecasted\ Value - Current\ Value}{Current\ Value} * 100$$

- Highest ROI, Lowest Risk

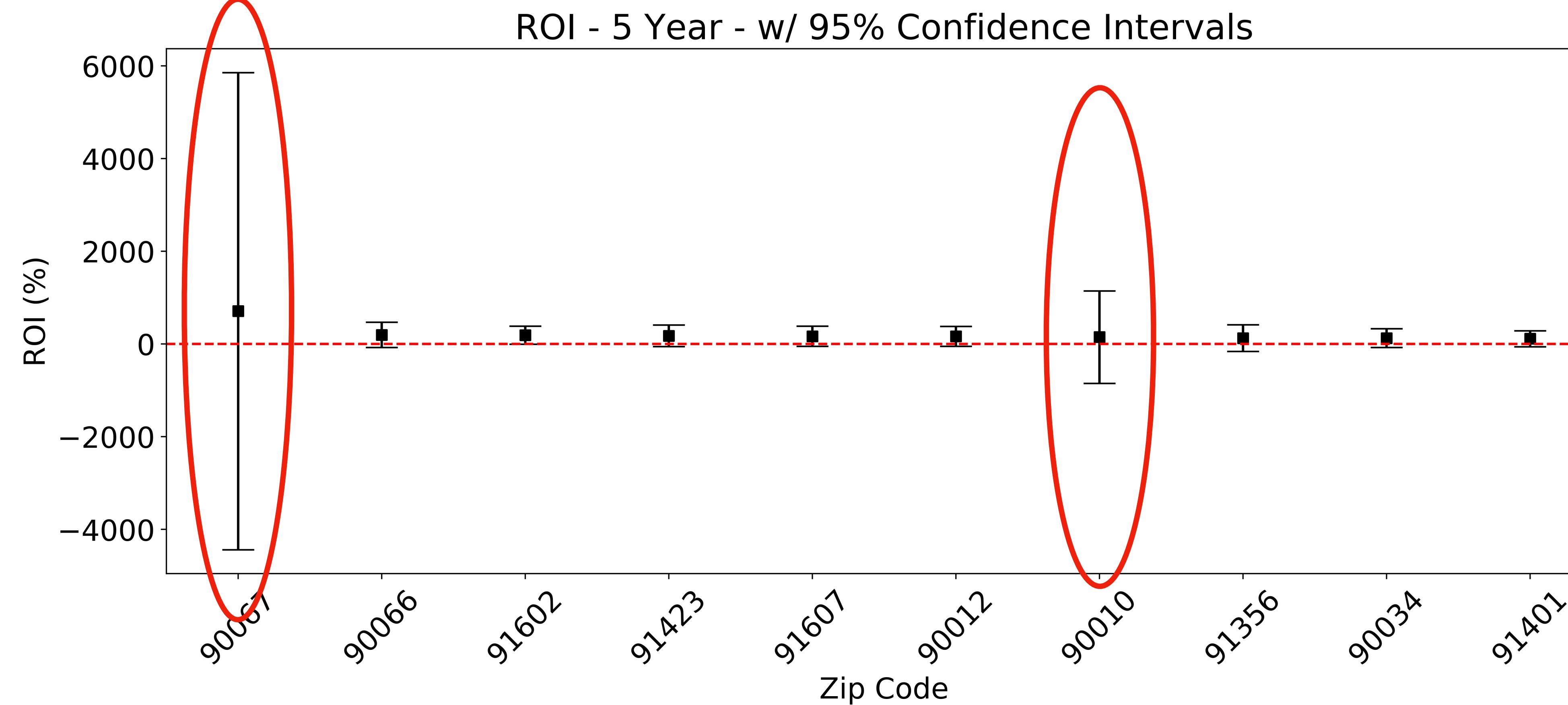


RESULTS

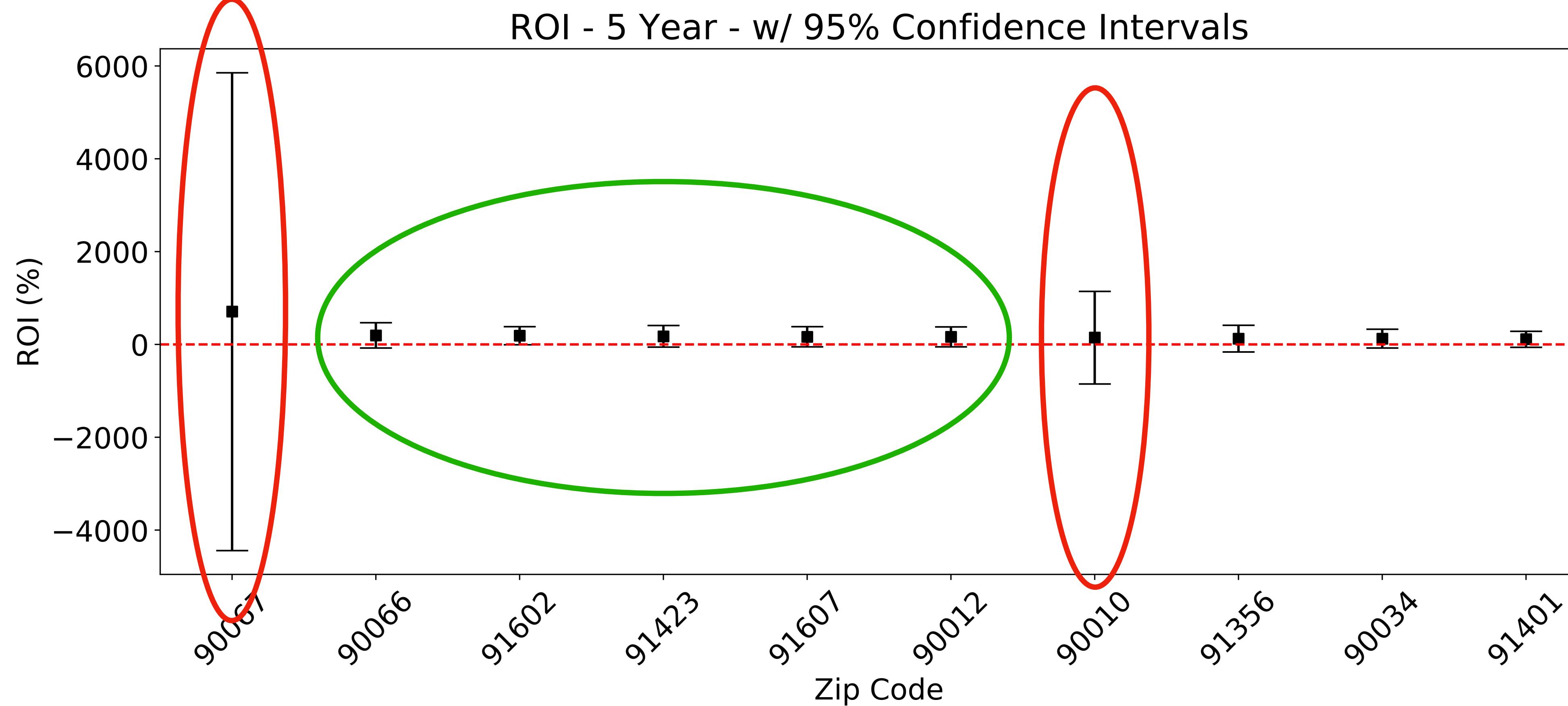
TOP 10 ZIP CODES



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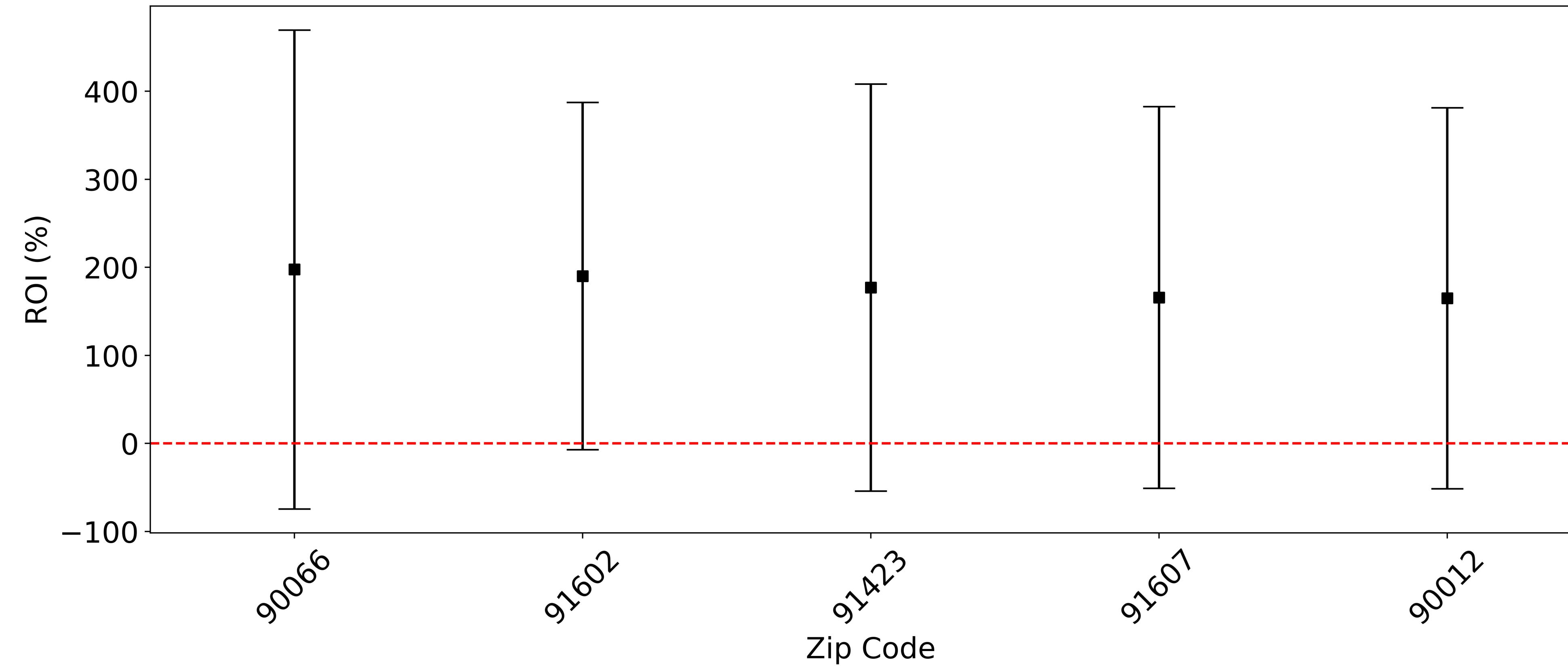


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TOP 5 ZIP CODES

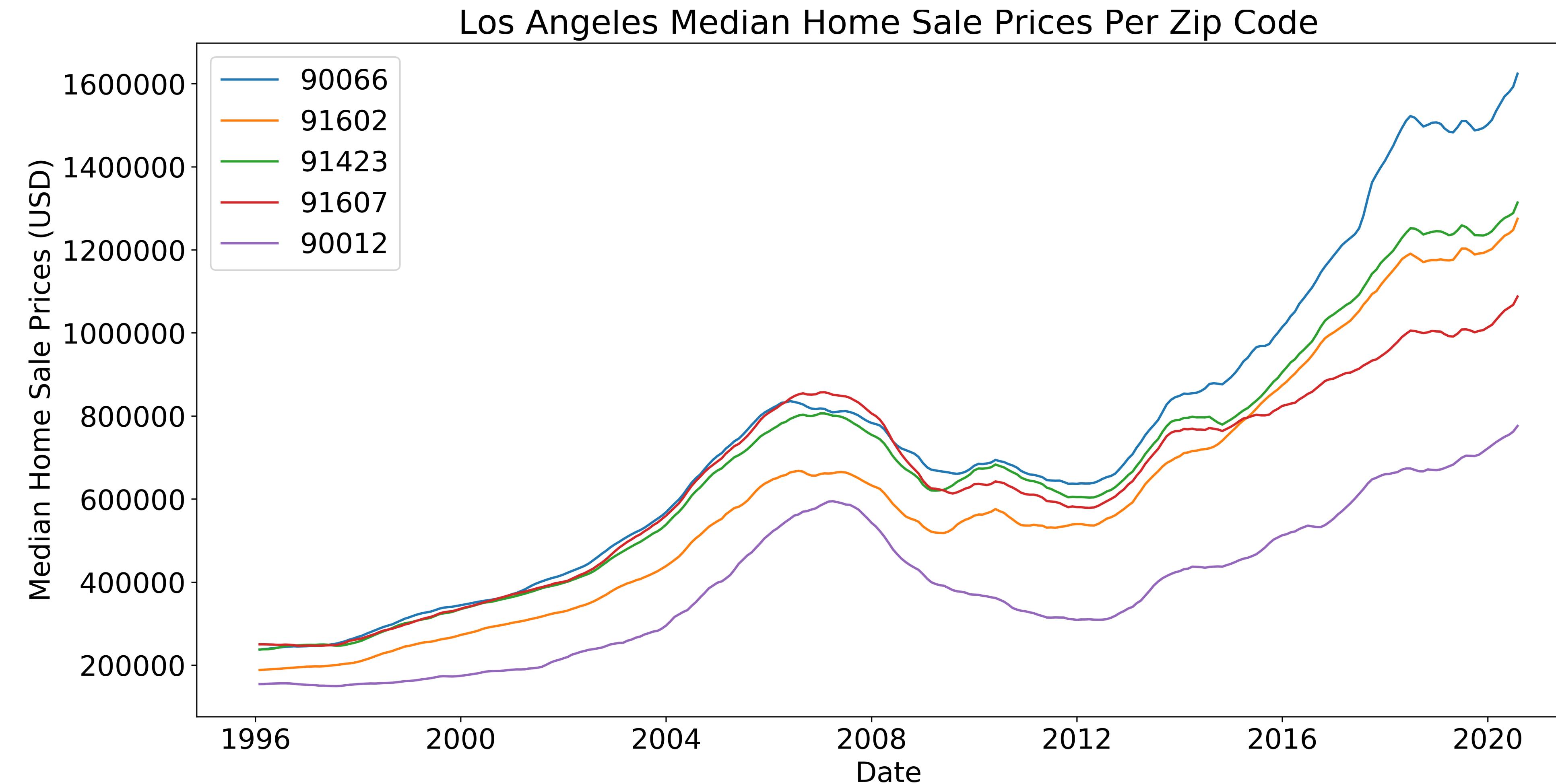
ROI - 5 Year - w/ 95% Confidence Intervals



TOP 5 ZIP CODES

- **90066: Mar Vista**
- **91602: Toluca Lake & parts of Studio City**
- **91423: Sherman Oaks**
- **91607: Valley Village**
- **90012: Chinatown/Downtown Los Angeles**

TOP 5 ZIP CODES



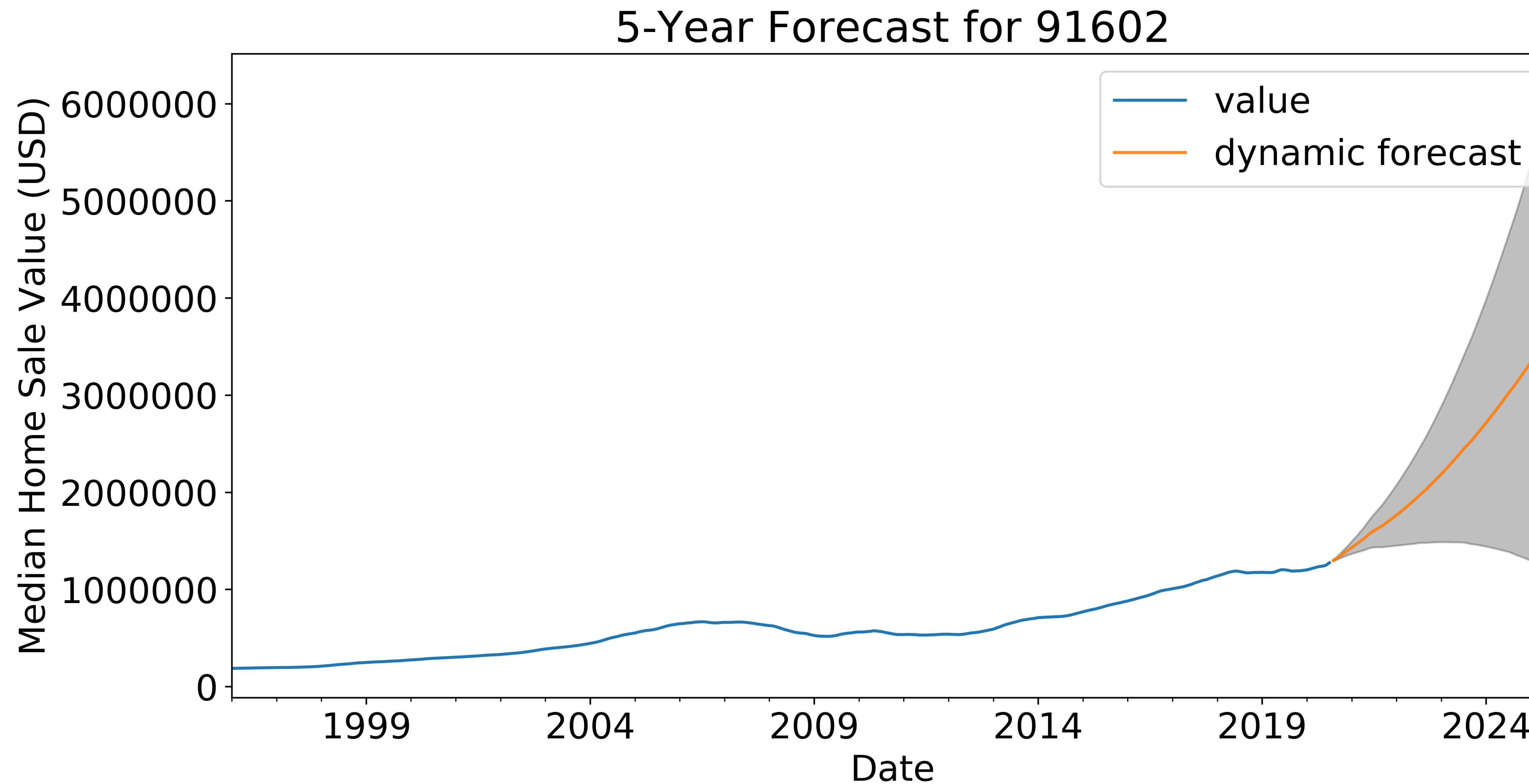
TOP 5 ZIP CODES

	Zip Code	Investment Value	5-Yr Projected Value	Profit	ROI (%)	ROI Min (%)	ROI Max (%)
1	90066	\$1,624,438.00	\$4,832,962.37	\$3,208,524.37	197.5	-74.5	469.5
2	91602	\$1,275,036.00	\$3,698,939.66	\$2,423,903.66	190.1	-7.1	387.3
3	91423	\$1,314,146.00	\$3,641,353.35	\$2,327,207.35	177.1	-54.1	408.3
4	91607	\$1,087,783.00	\$2,891,399.00	\$1,803,616.00	165.8	-51.0	382.6
5	90012	\$776,170.00	\$2,055,693.23	\$1,279,523.23	164.9	-51.4	381.1

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91602: Toluca Lake



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Zillow Save Share More

\$1,979,000 4 bd | 4 ba | 2,318 Square Feet

10418 Woodbridge St, Toluca Lake, CA 91602
For sale | [View Zestimate®](#)

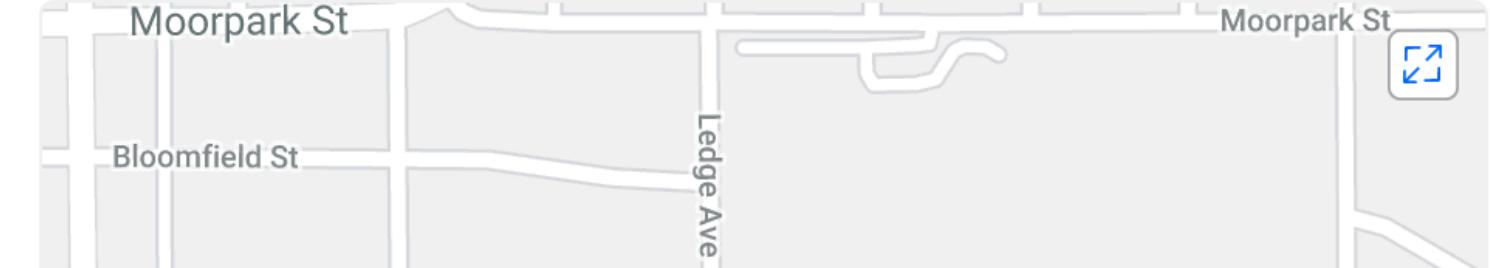
Est. payment: \$8,799/mo [Get pre-qualified](#)

[Contact Agent](#) [Take a Tour](#)

[Overview](#) [Facts and features](#) [Home value](#) [Price and tax hist >](#)

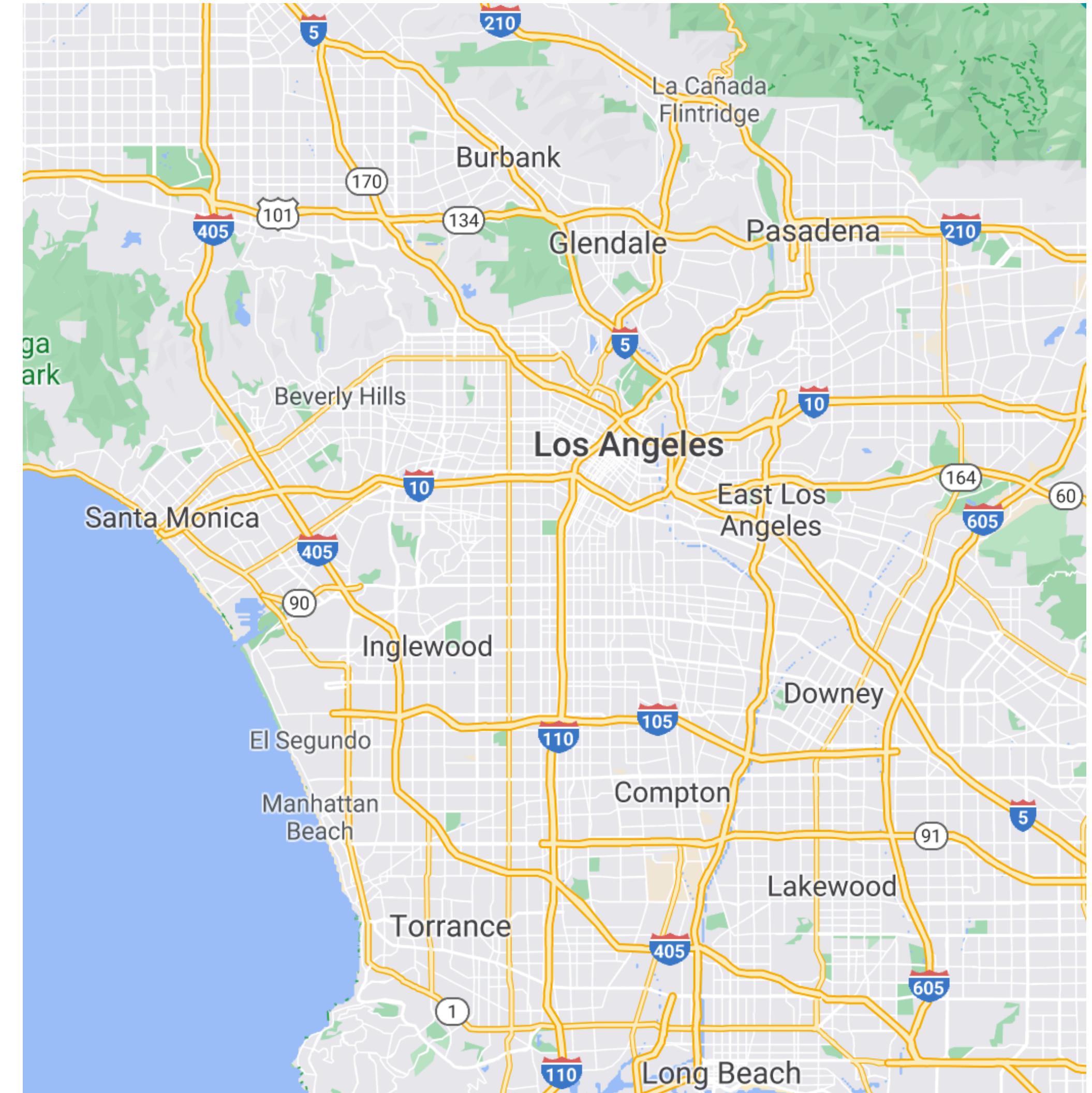
 **Love this home?** Sell your current home to Zillow, and close on your schedule.

[Check eligibility](#)



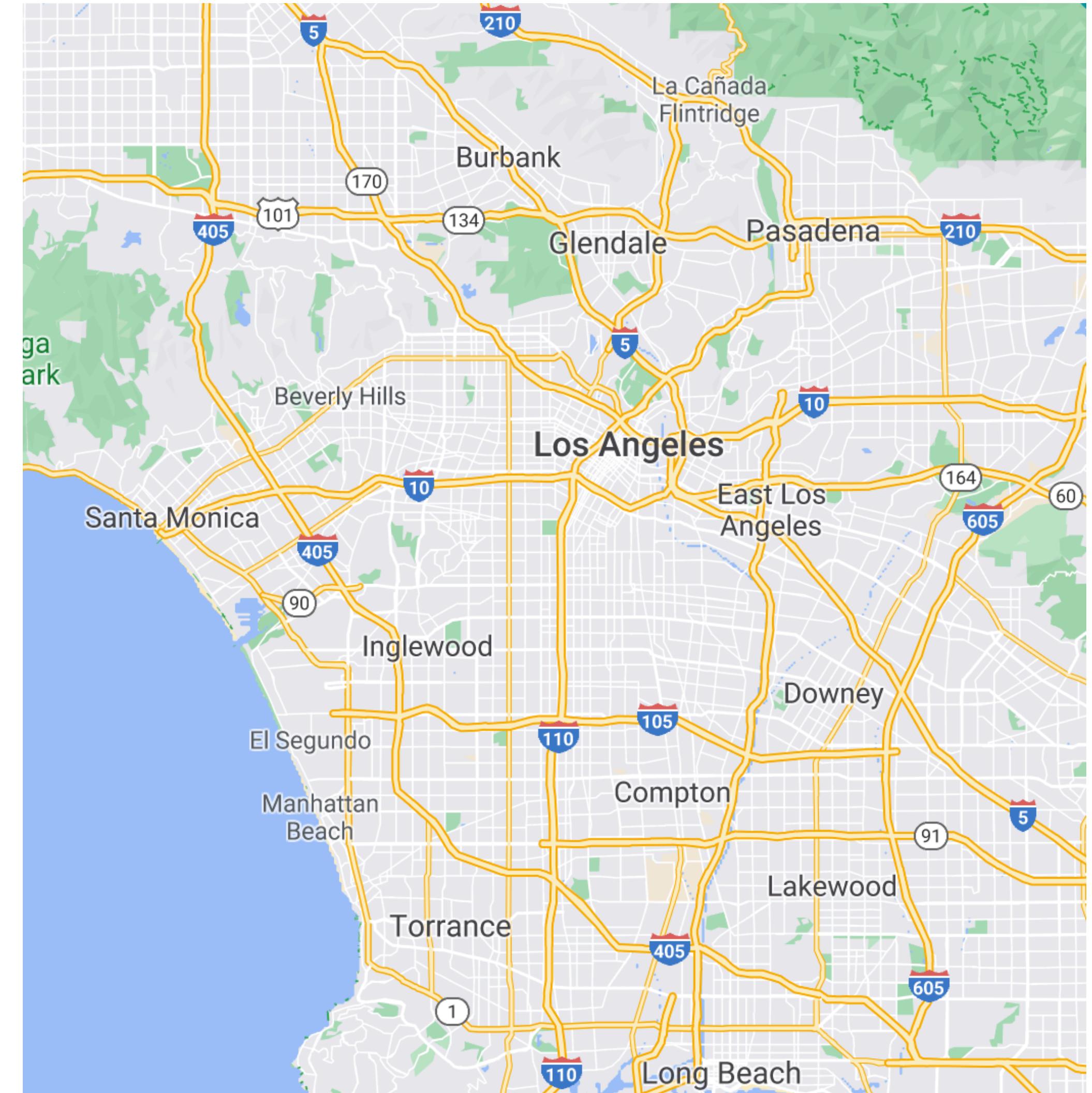
RECOMMENDATIONS

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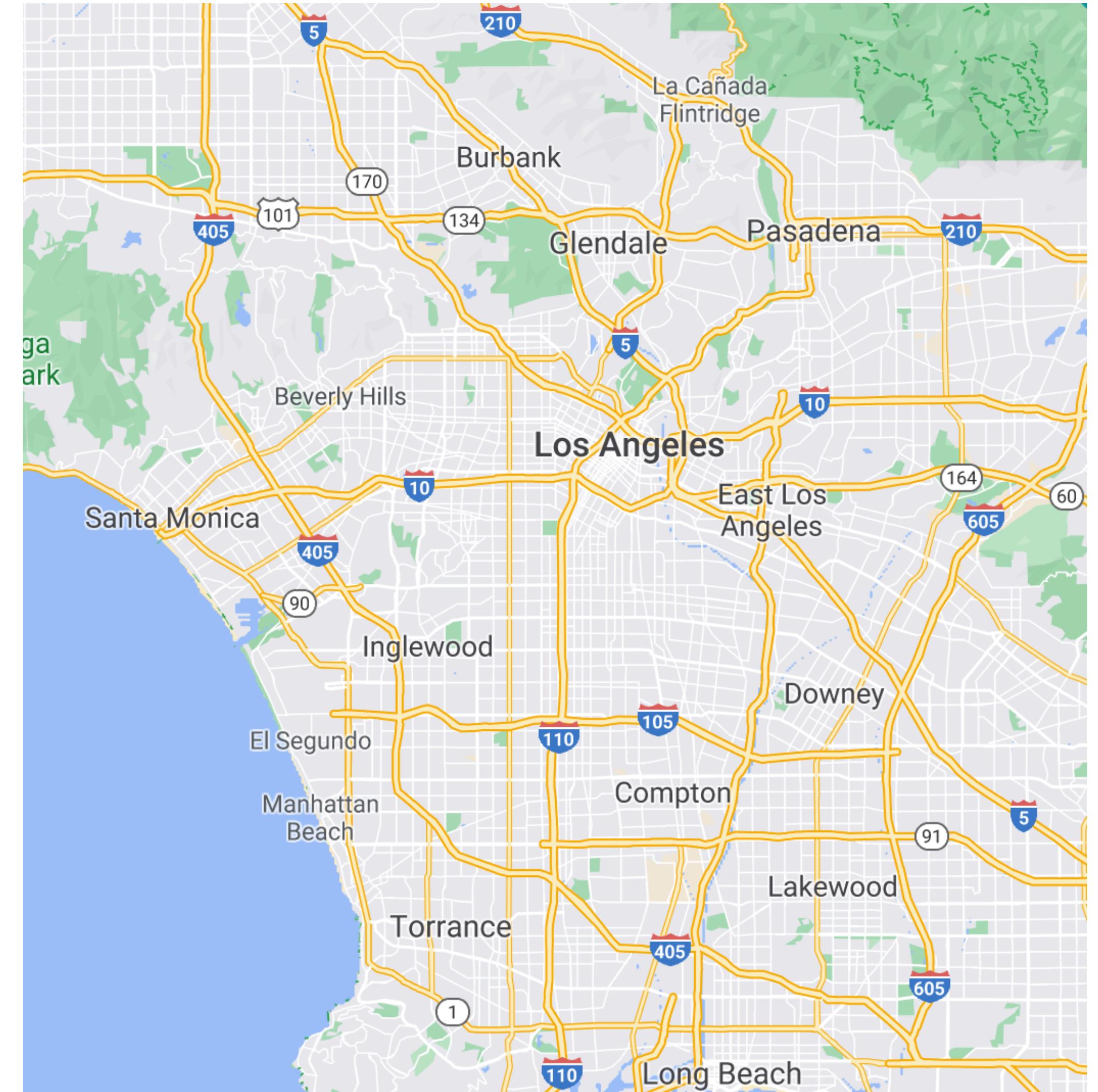
RECOMMENDATIONS

- Top 5 Zip Codes



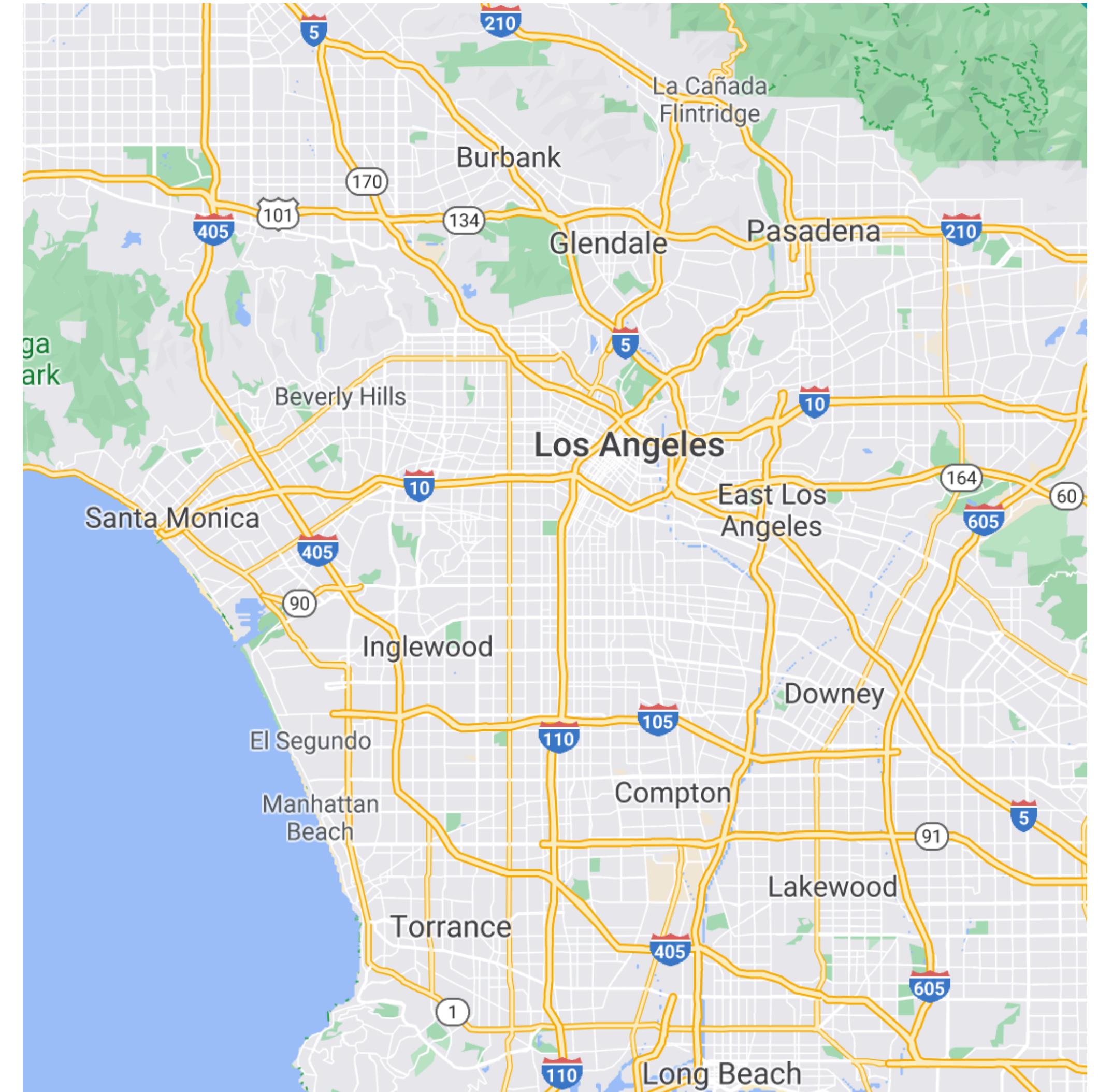
RECOMMENDATIONS

- Top 5 Zip Codes
- 91602: Toluca Lake



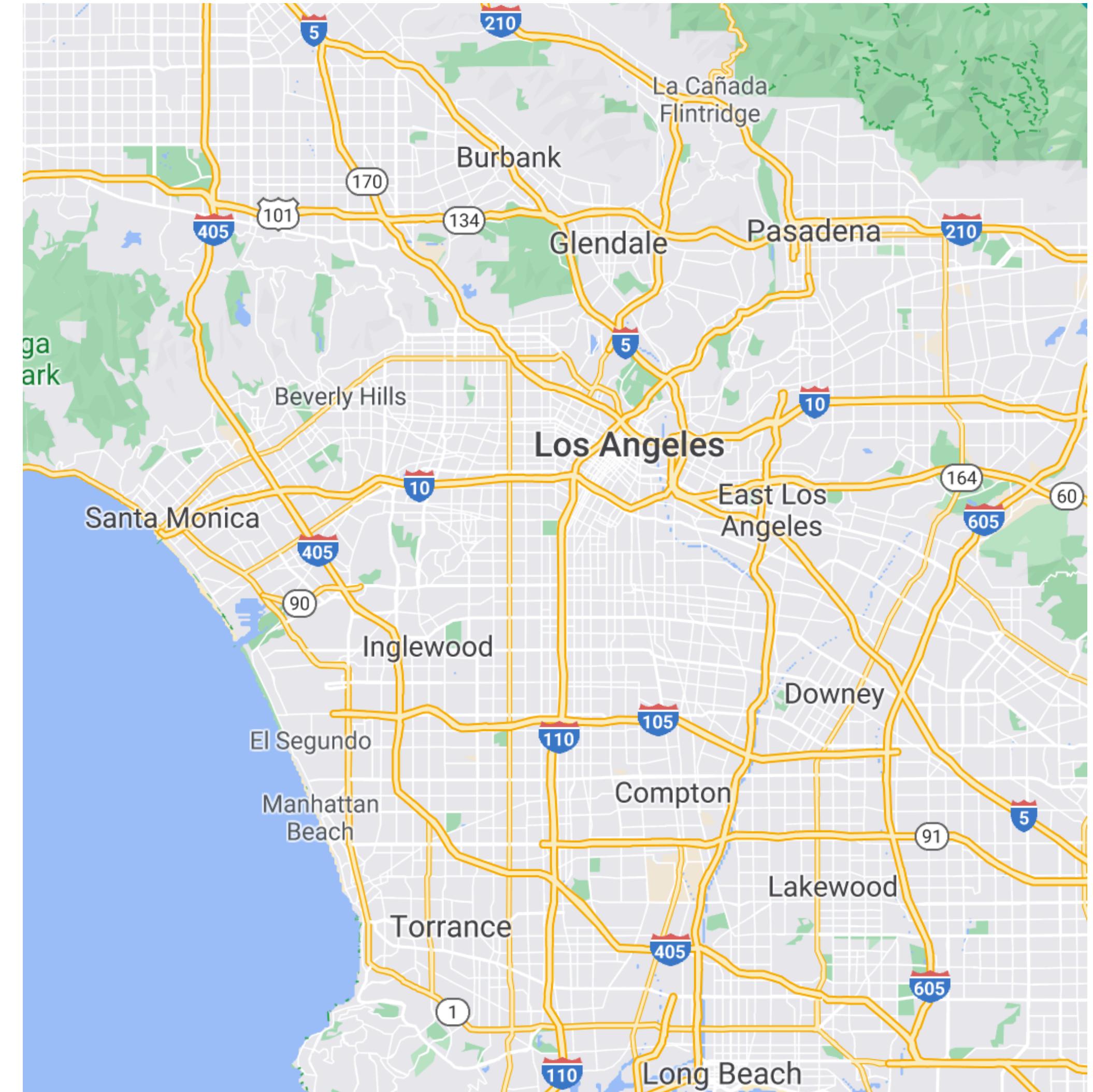
RECOMMENDATIONS

- Top 5 Zip Codes
- 91602: Toluca Lake
- Housing Bubble



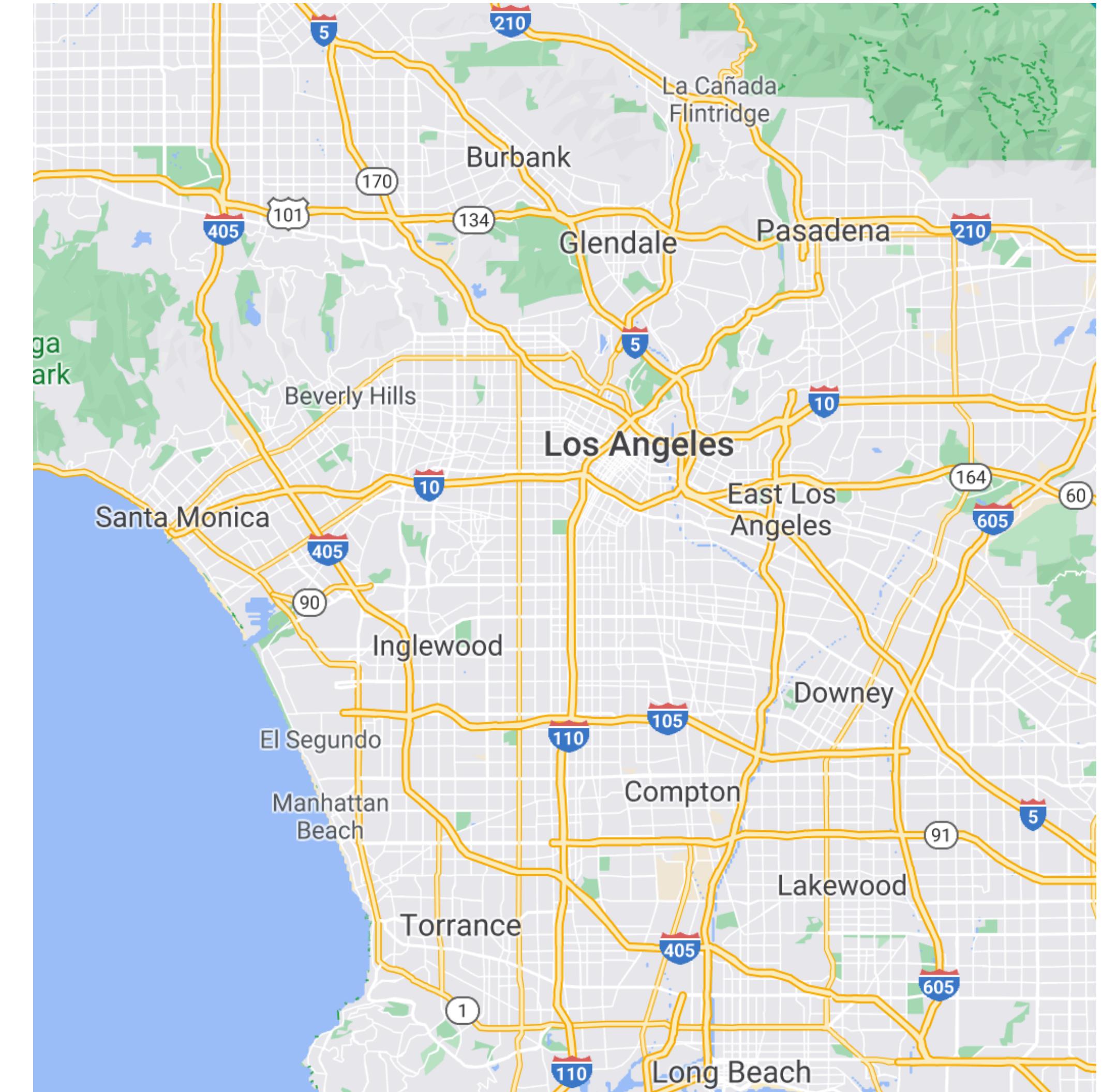
RECOMMENDATIONS

- Top 5 Zip Codes
- 91602: Toluca Lake
- Housing Bubble
- Rental Markets



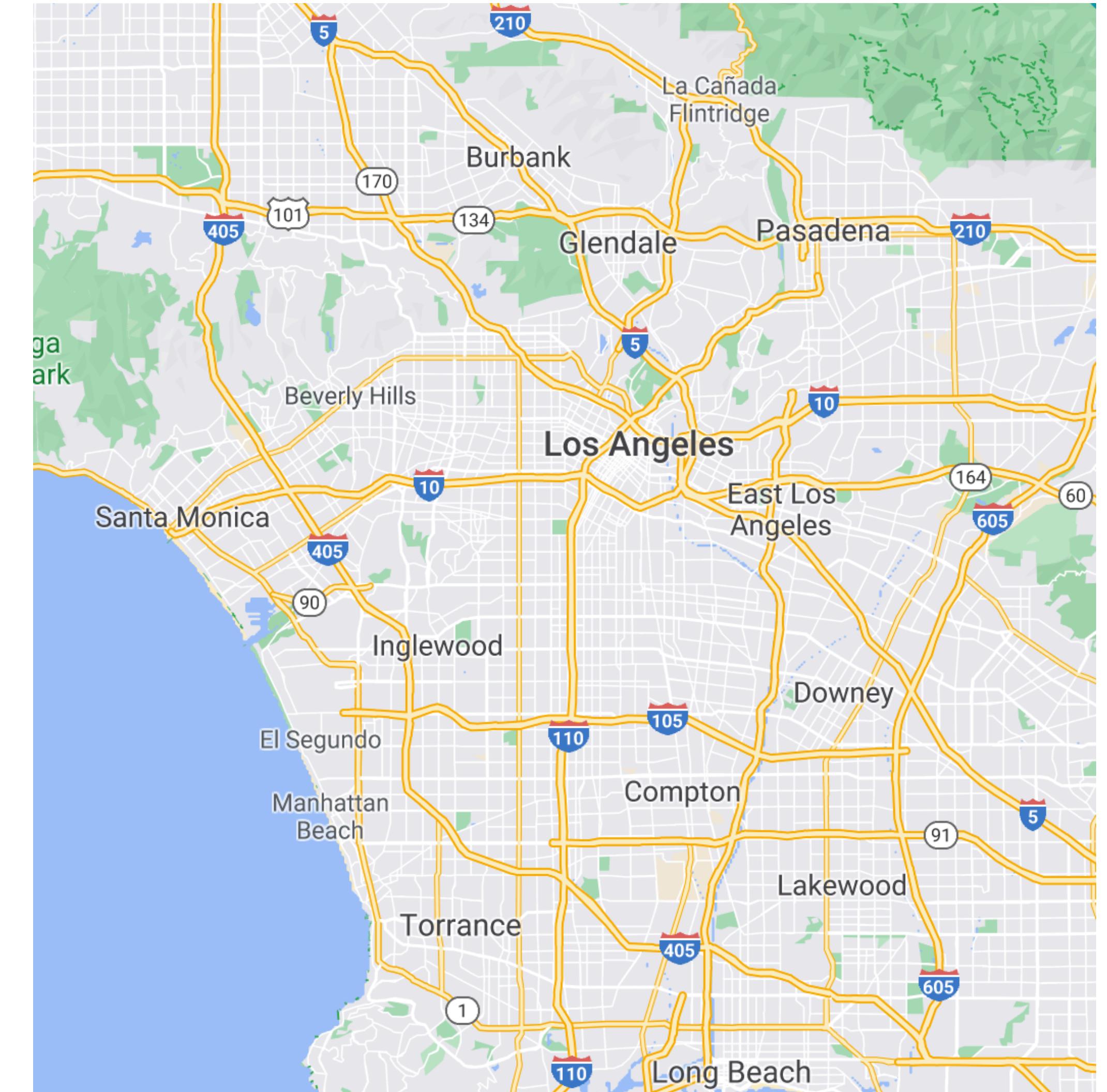
FUTURE WORK

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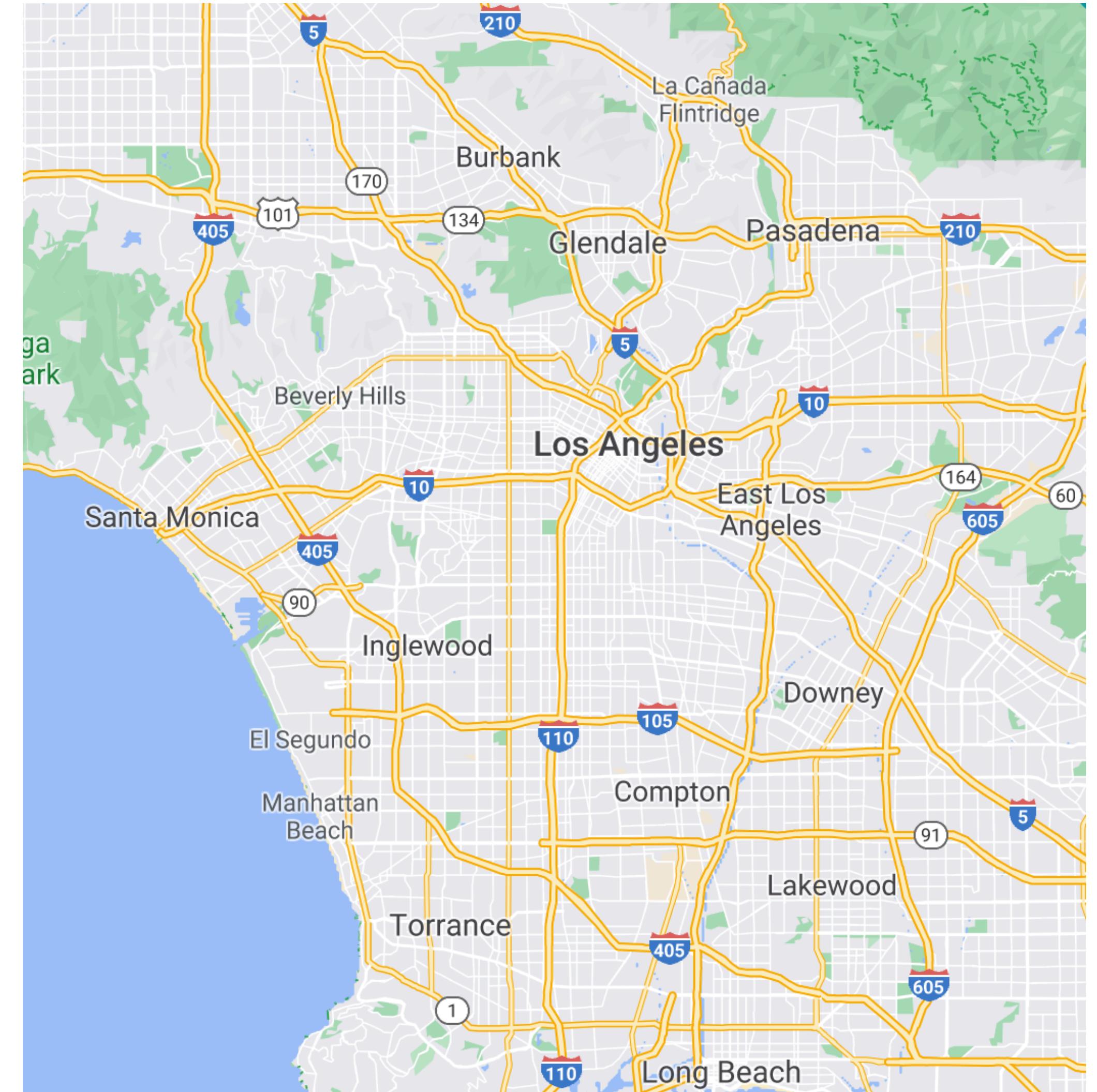
FUTURE WORK

- Rental Market Analysis:



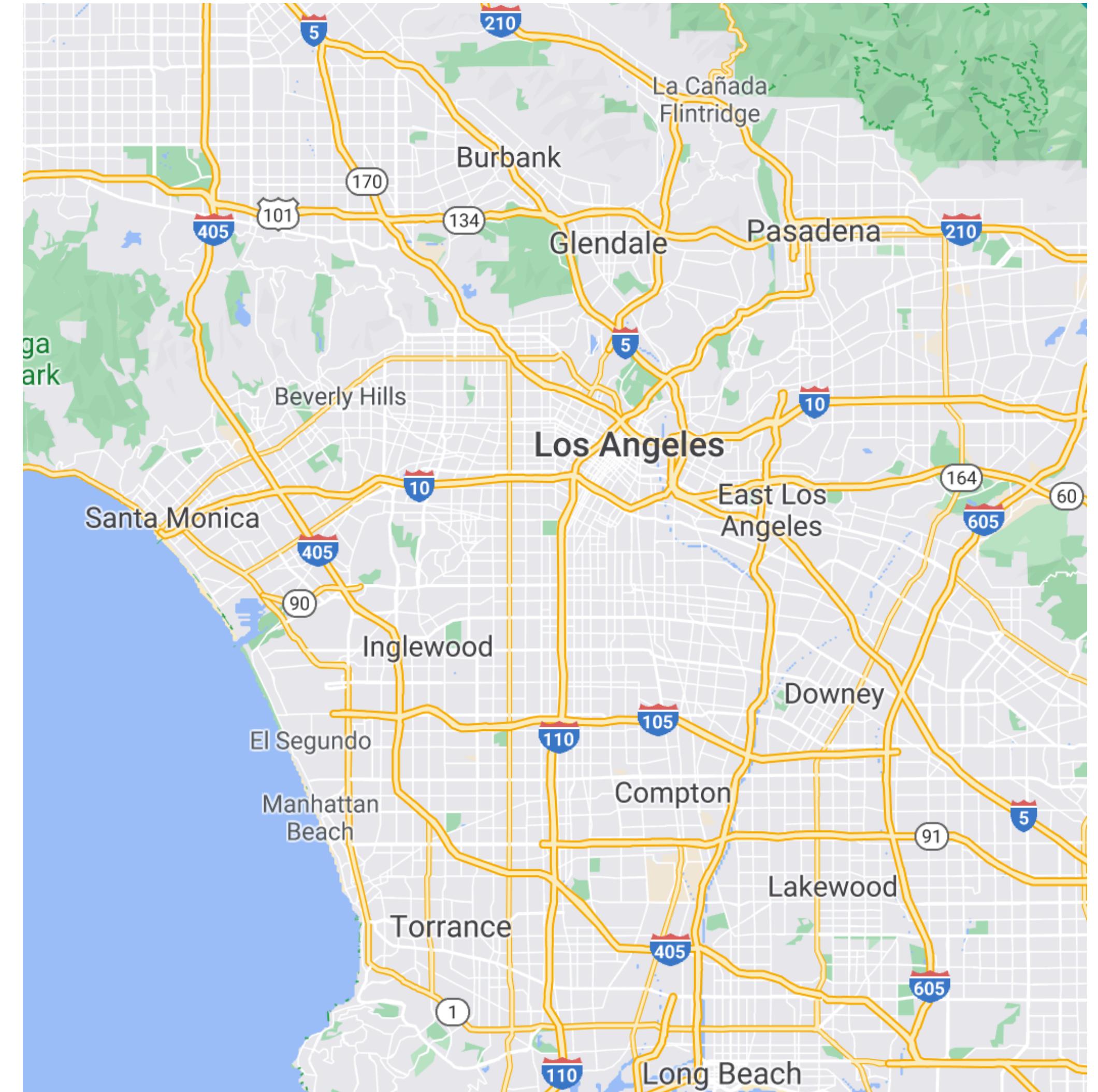
FUTURE WORK

- Rental Market Analysis:
 - 2008 Bubble



FUTURE WORK

- Rental Market Analysis:
 - 2008 Bubble
 - 2020 Pandemic



THANK YOU!

APPENDIX

TOP 10 ZIP CODE METRICS

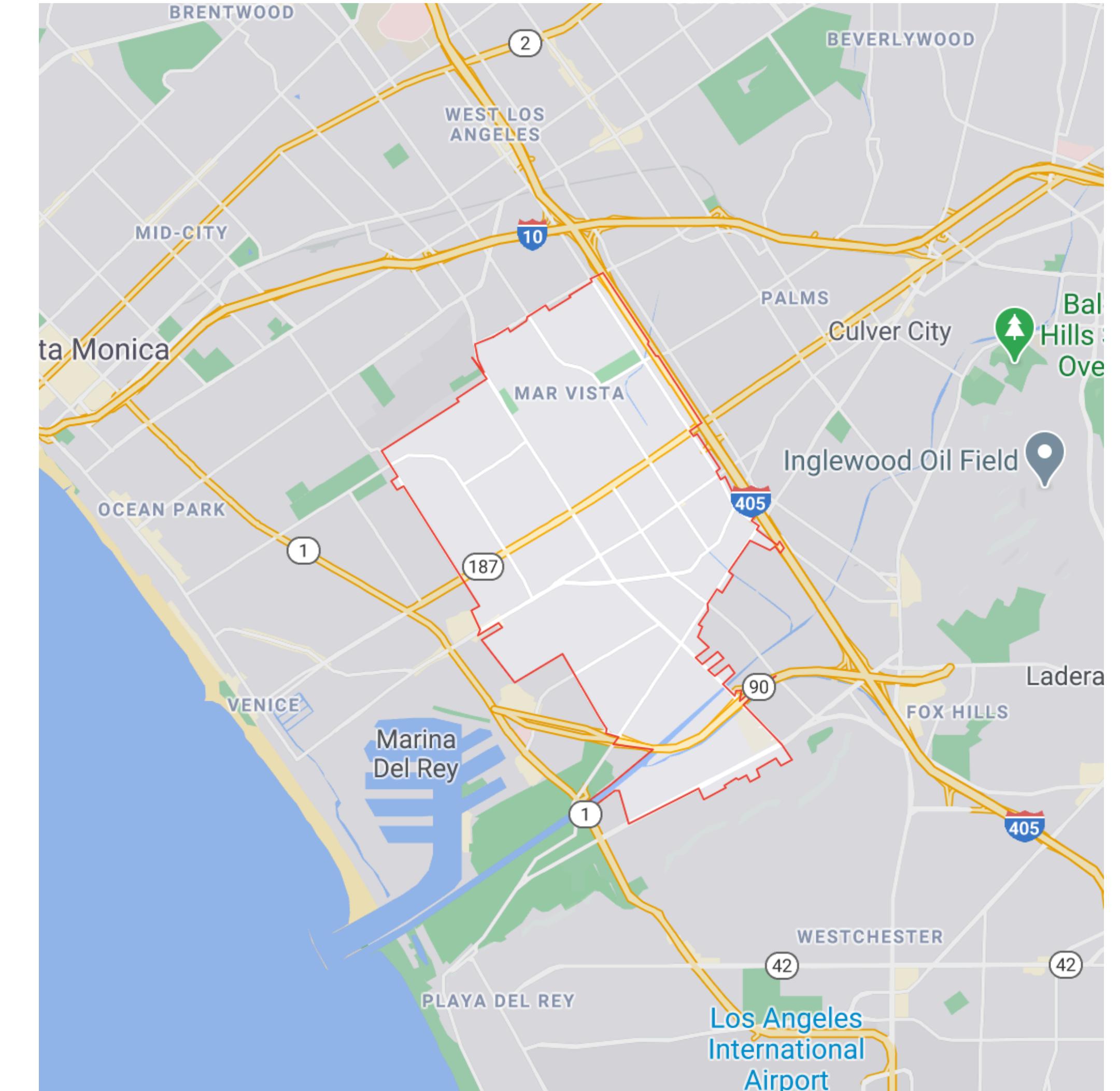
	Zip Code	Investment Value	5-Yr Projected Value	Profit	ROI (%)	ROI Min (%)	ROI Max (%)
1	90067	\$1,414,845.00	\$11,426,252.91	\$10,011,407.91	707.6	-4438.3	5853.4
2	90066	\$1,624,438.00	\$4,832,962.37	\$3,208,524.37	197.5	-74.5	469.5
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7	90010	\$1,656,265.00	\$4,105,536.47	\$2,449,271.47	147.9	-850.8	1146.6
8	91356	\$1,292,149.00	\$2,939,499.18	\$1,647,350.18	127.5	-162.1	417.0
9	90034	\$1,515,853.00	\$3,443,347.09	\$1,927,494.09	127.2	-76.5	330.8
10	91401	\$880,424.00	\$1,887,167.78	\$1,006,743.78	114.3	-57.9	286.6

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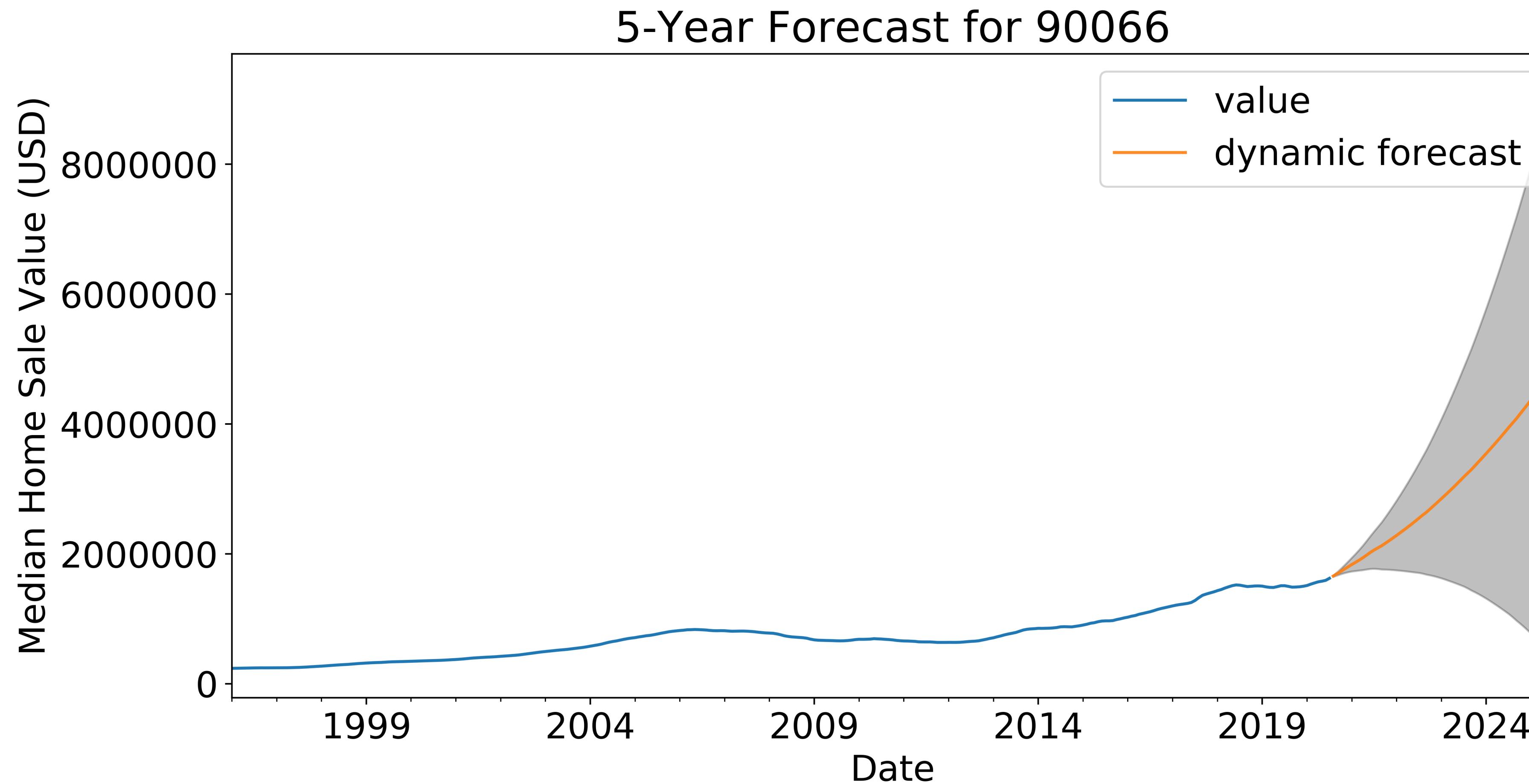
BOUNDARY MAPS, METRICS & FORECASTS

90066: Mar Vista

- Investment Value: \$1.62M
- 5-Yr Projected Value: \$4.83M
- Profit: \$3.21M
- ROI: 197.5%
- Zillow Homes for Sale

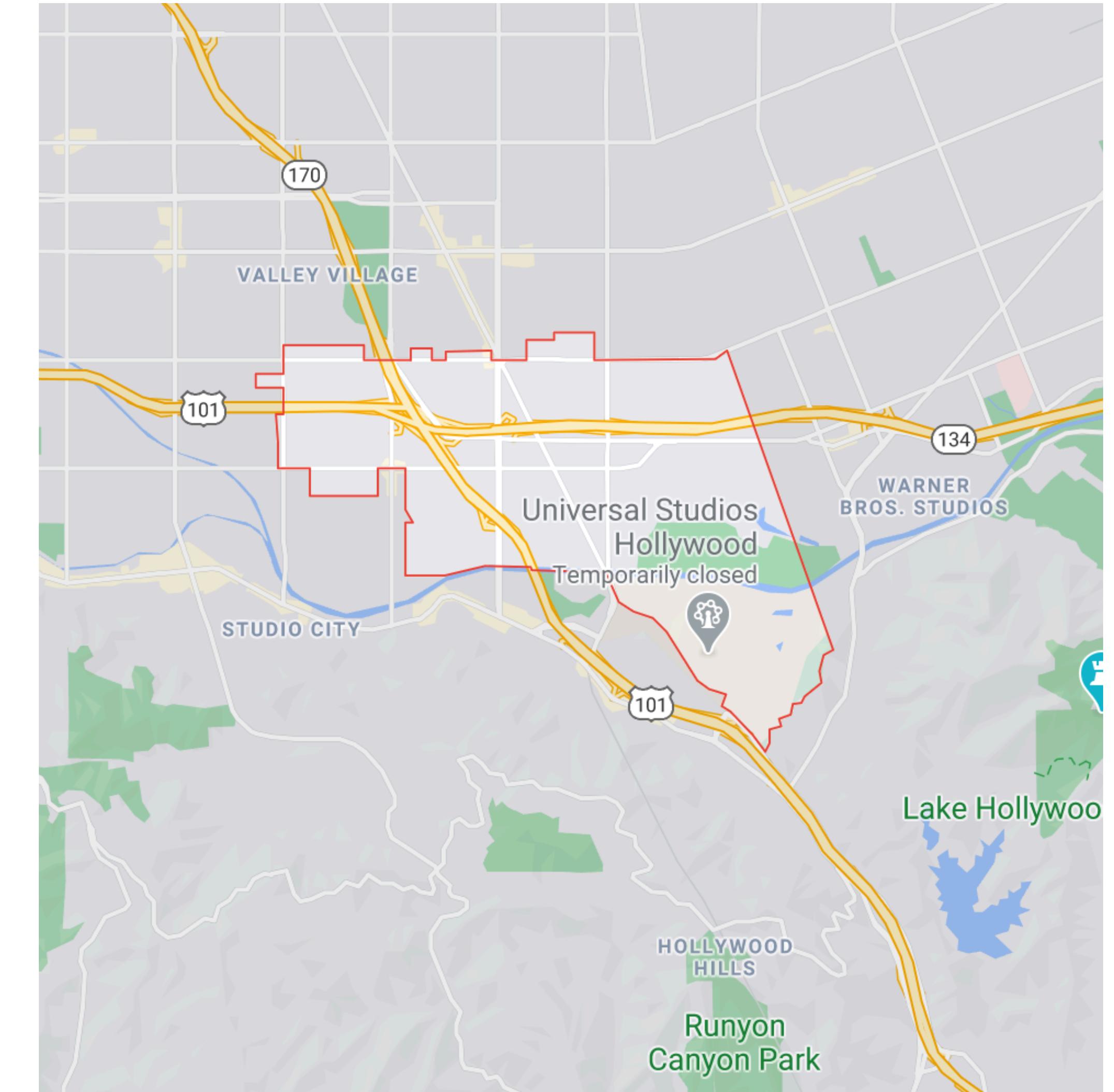


90066: Mar Vista

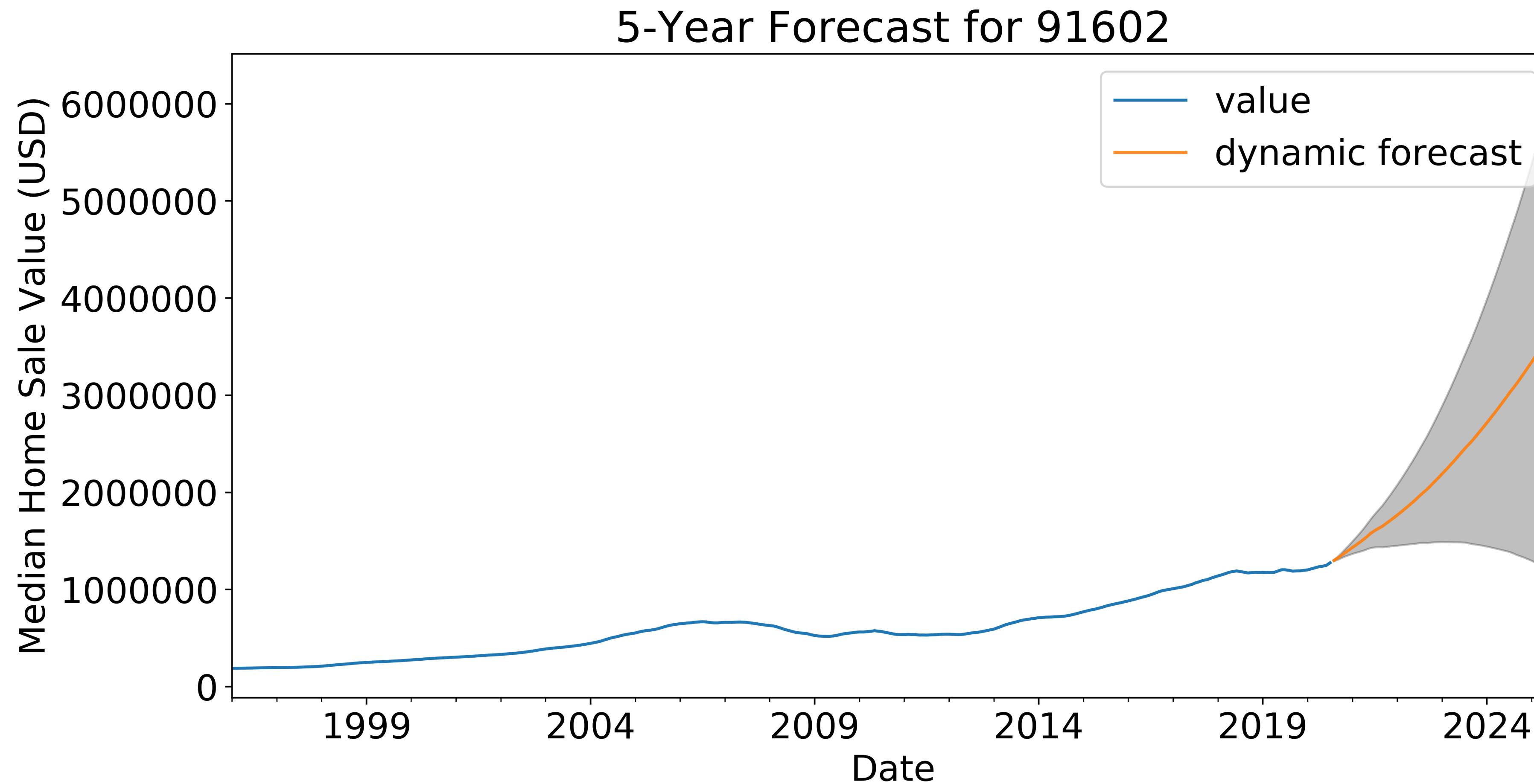


91602: Toluca Lake

- Investment Value: \$1.28M
- 5-Yr Projected Return: \$3.70M
- Profit: \$2.42M
- ROI: 190.1%
- Zillow Homes for Sale

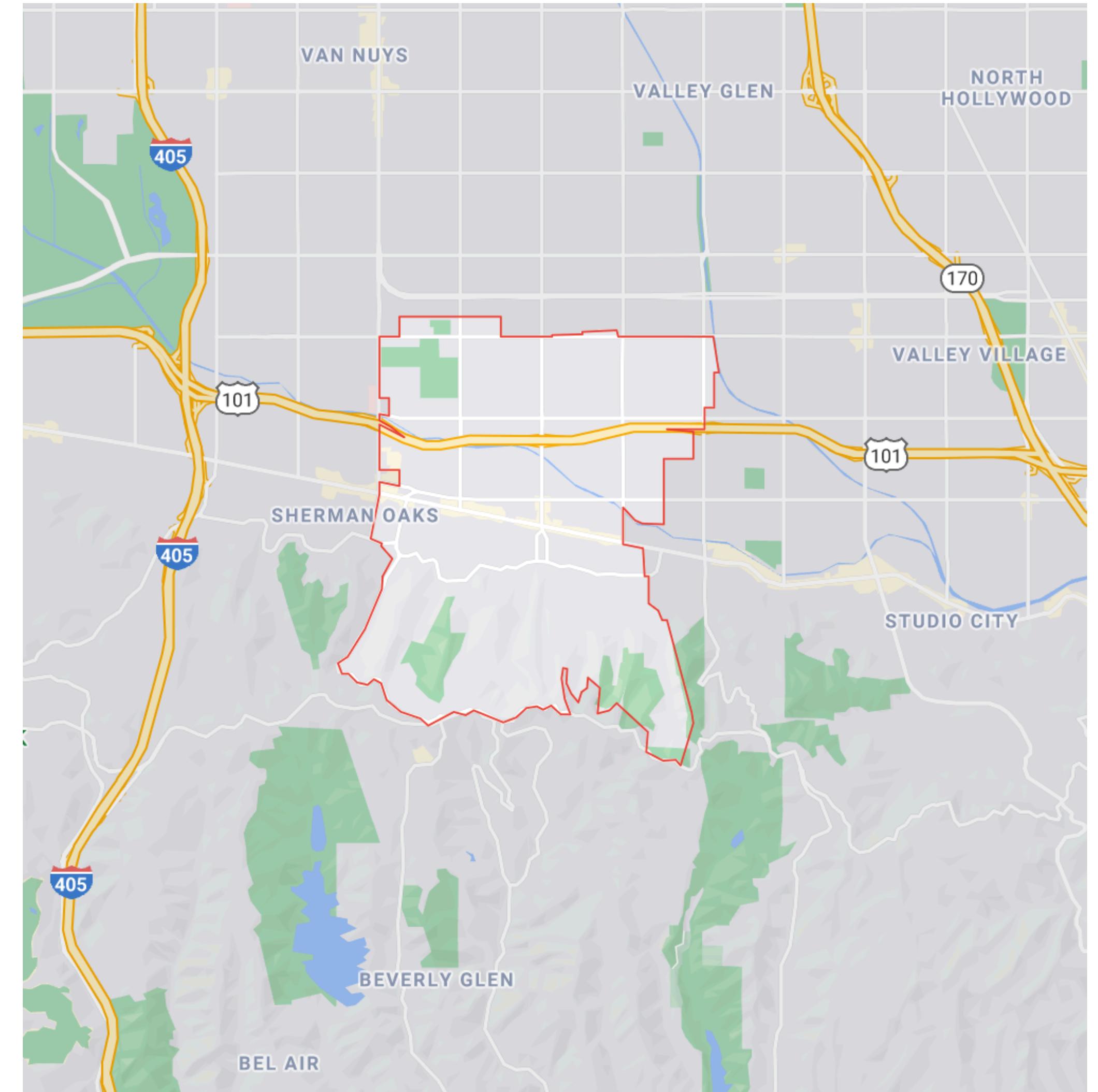


91602: Toluca Lake

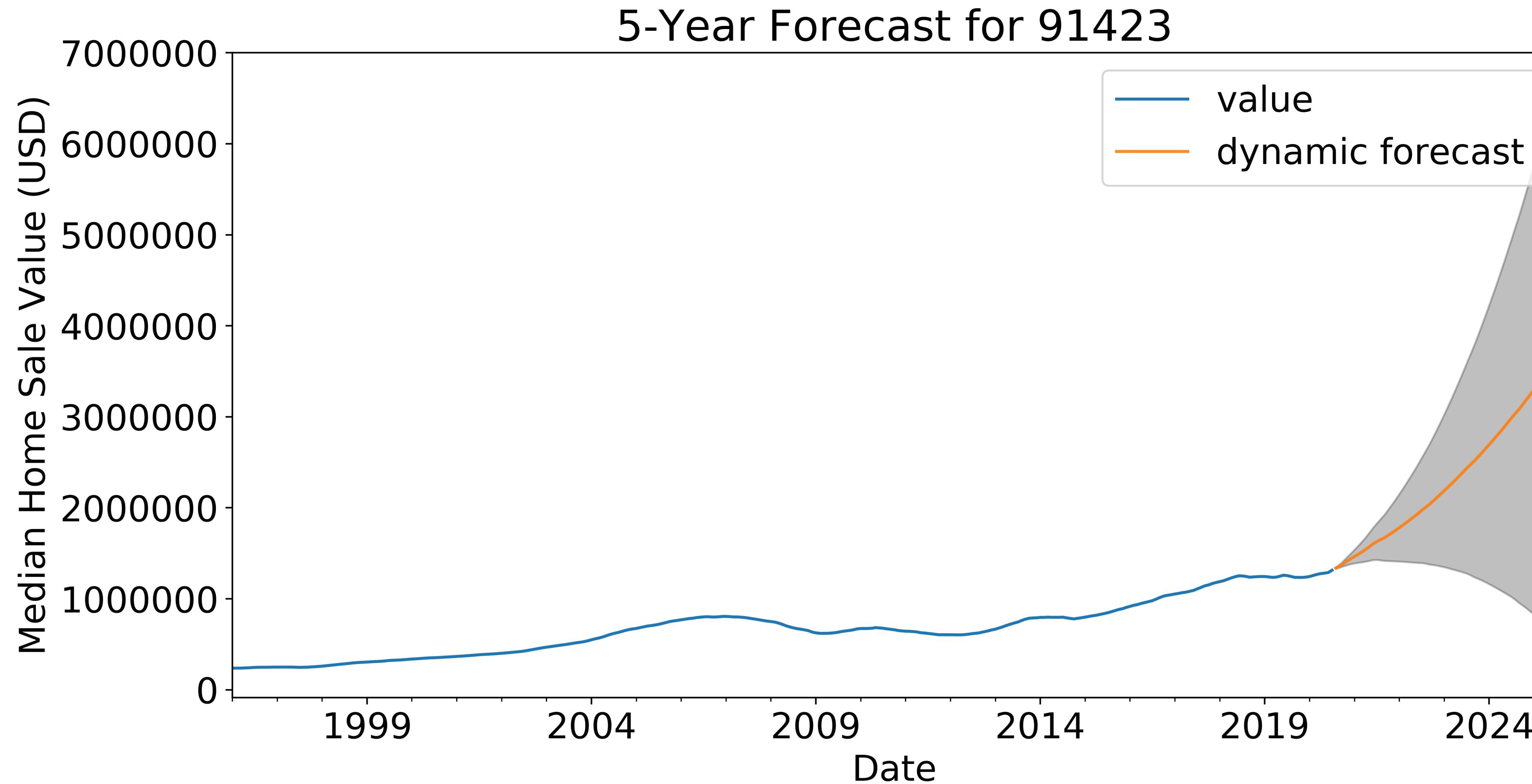


91423: Sherman Oaks

- Investment Value: \$1.31M
- 5-Yr Projected Return: \$3.64M
- Profit: \$2.33M
- ROI: 177.1%
- Zillow Homes for Sale

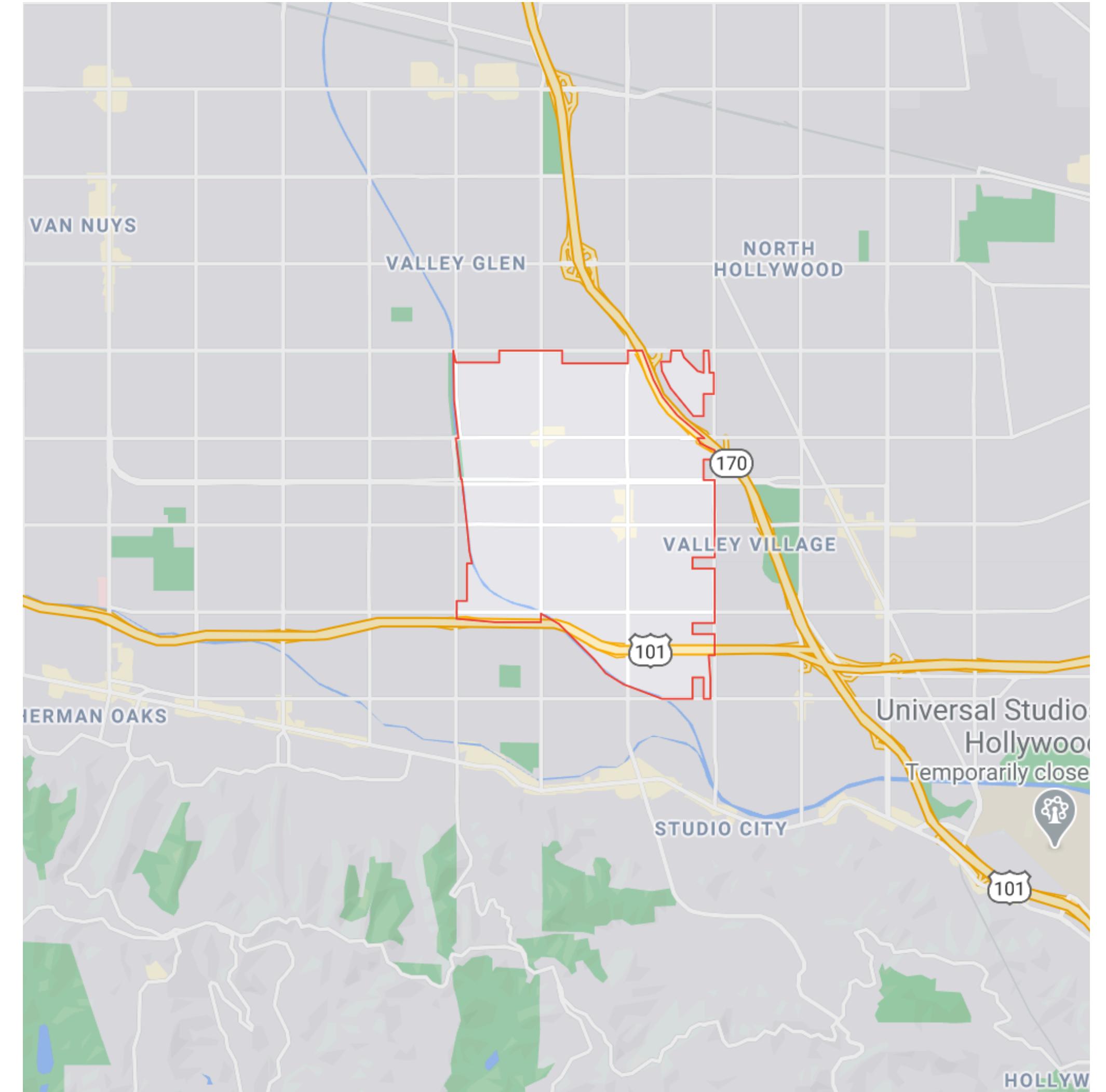


91423: Sherman Oaks

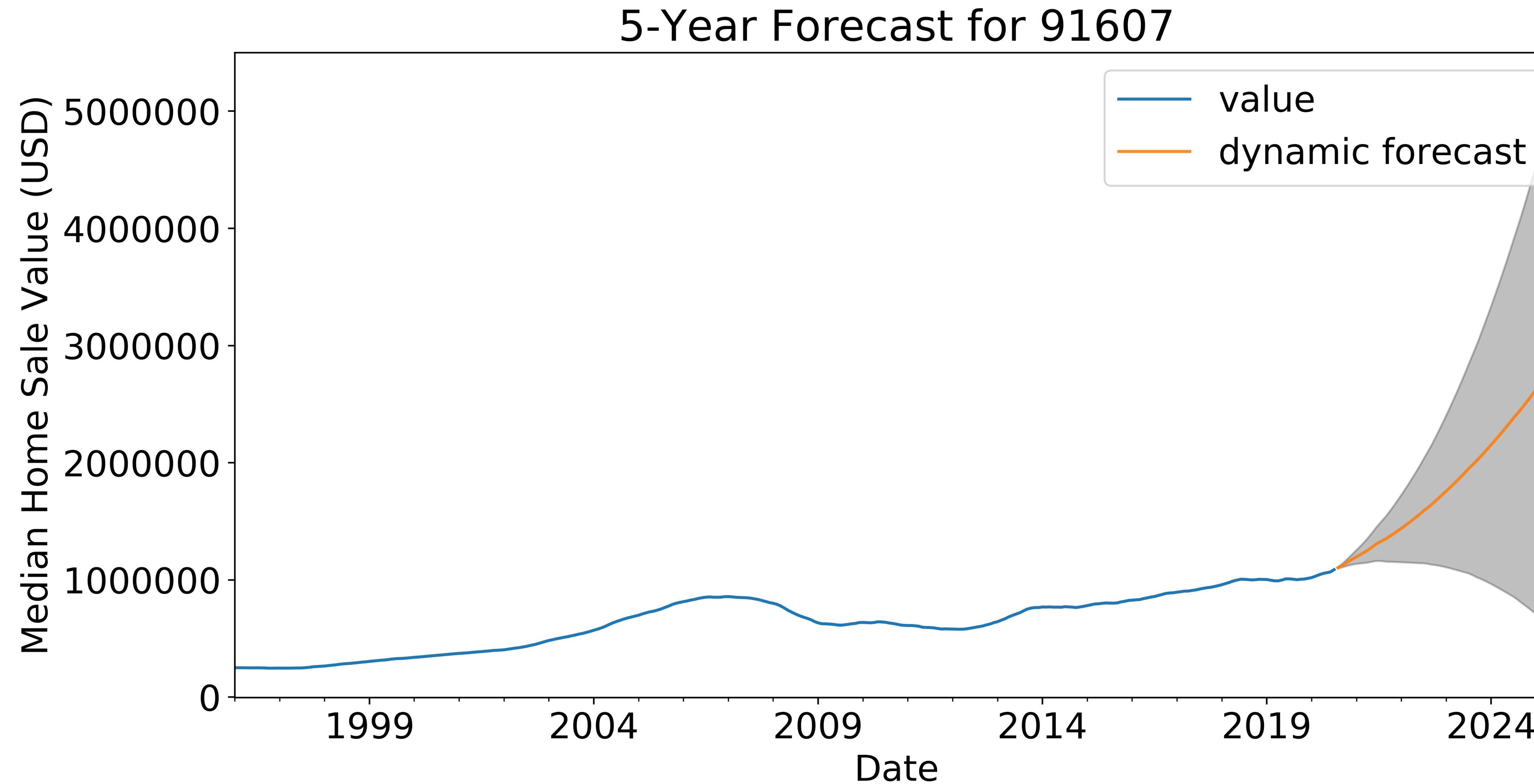


91607: Valley Village

- Investment Value: \$1.09M
- 5-Yr Projected Return: \$2.89M
- Profit: \$1.80M
- ROI: 165.8%
- Zillow Homes for Sale



91607: Valley Village

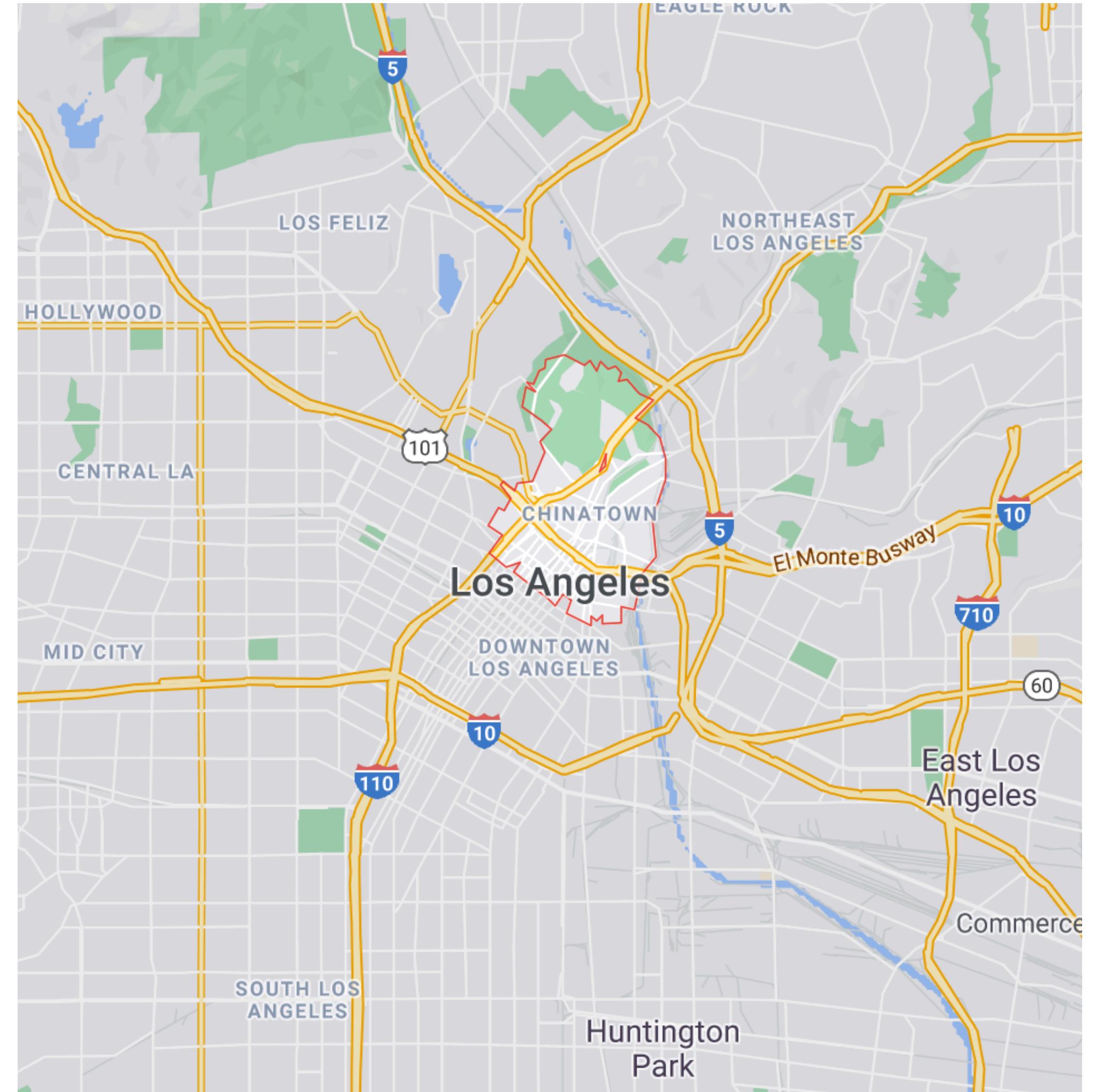


90012: Chinatown/DTLA

- Investment Value: \$0.78M
- 5-Yr Projected Return: \$2.06M
- Profit: \$1.28M
- ROI: 164.9%
- Zillow Homes for Sale

Note:

- ▶ Lower prices than original top 5
- ▶ Different neighborhood type
- ▶ Not as many homes for sale



90012: Chinatown/DTLA

