

**TOP 5 ZIP CODES**

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# **INVESTING IN LOS ANGELES REAL ESTATE**

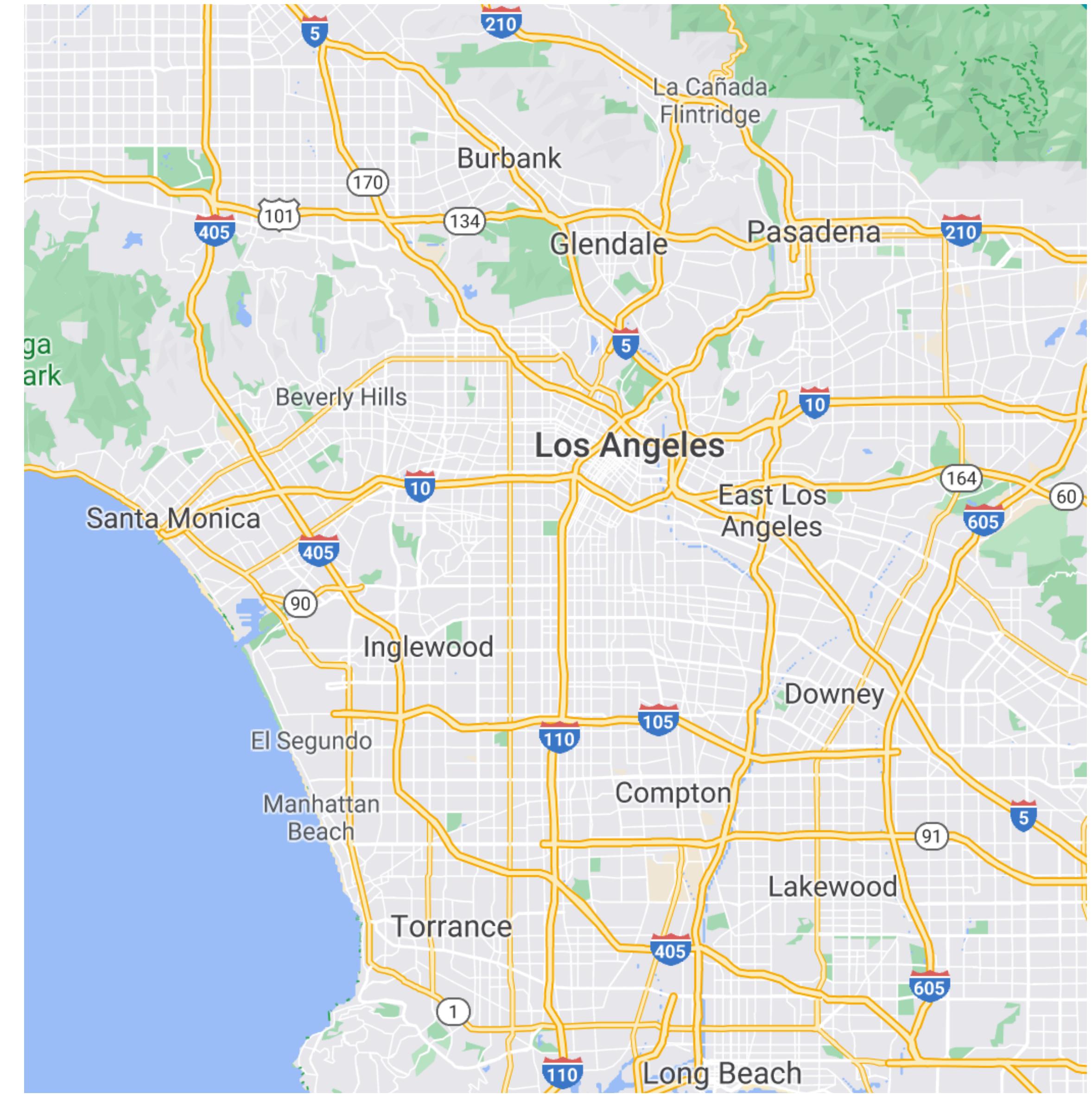
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JESSICA FORREST-BALDINI

27 SEPTEMBER 2020

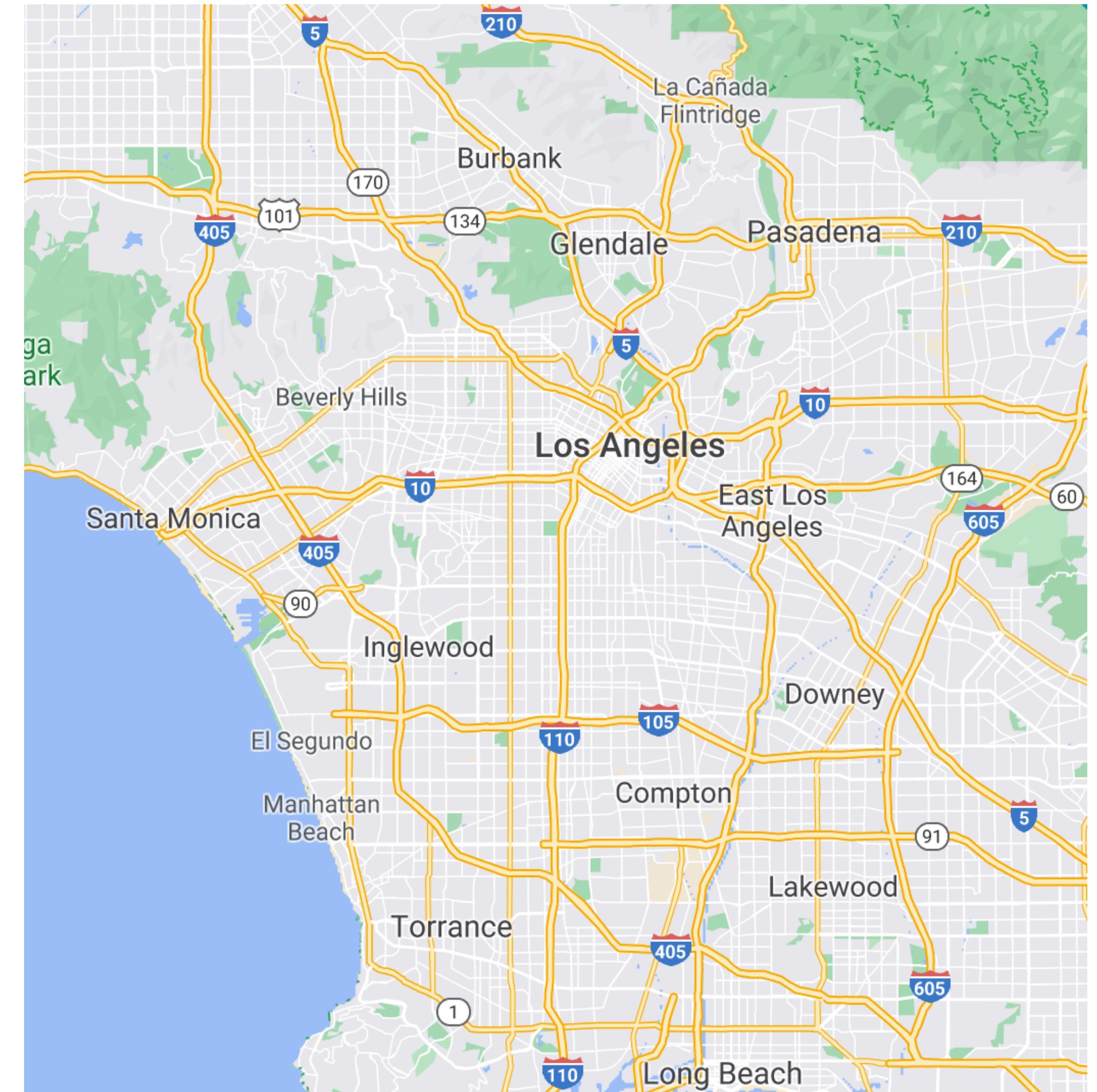
# **BUSINESS CASE**

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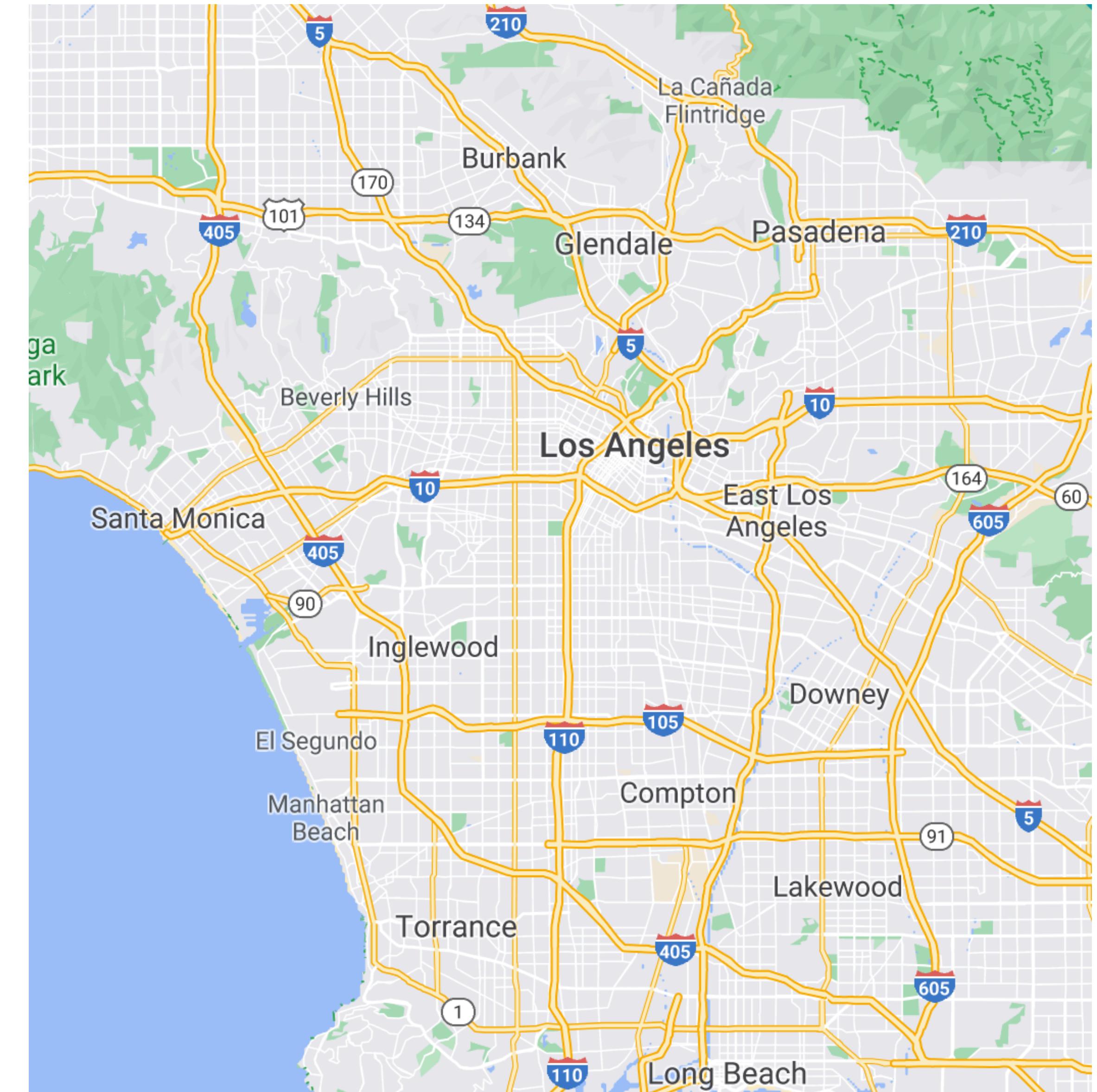
# BUSINESS CASE

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



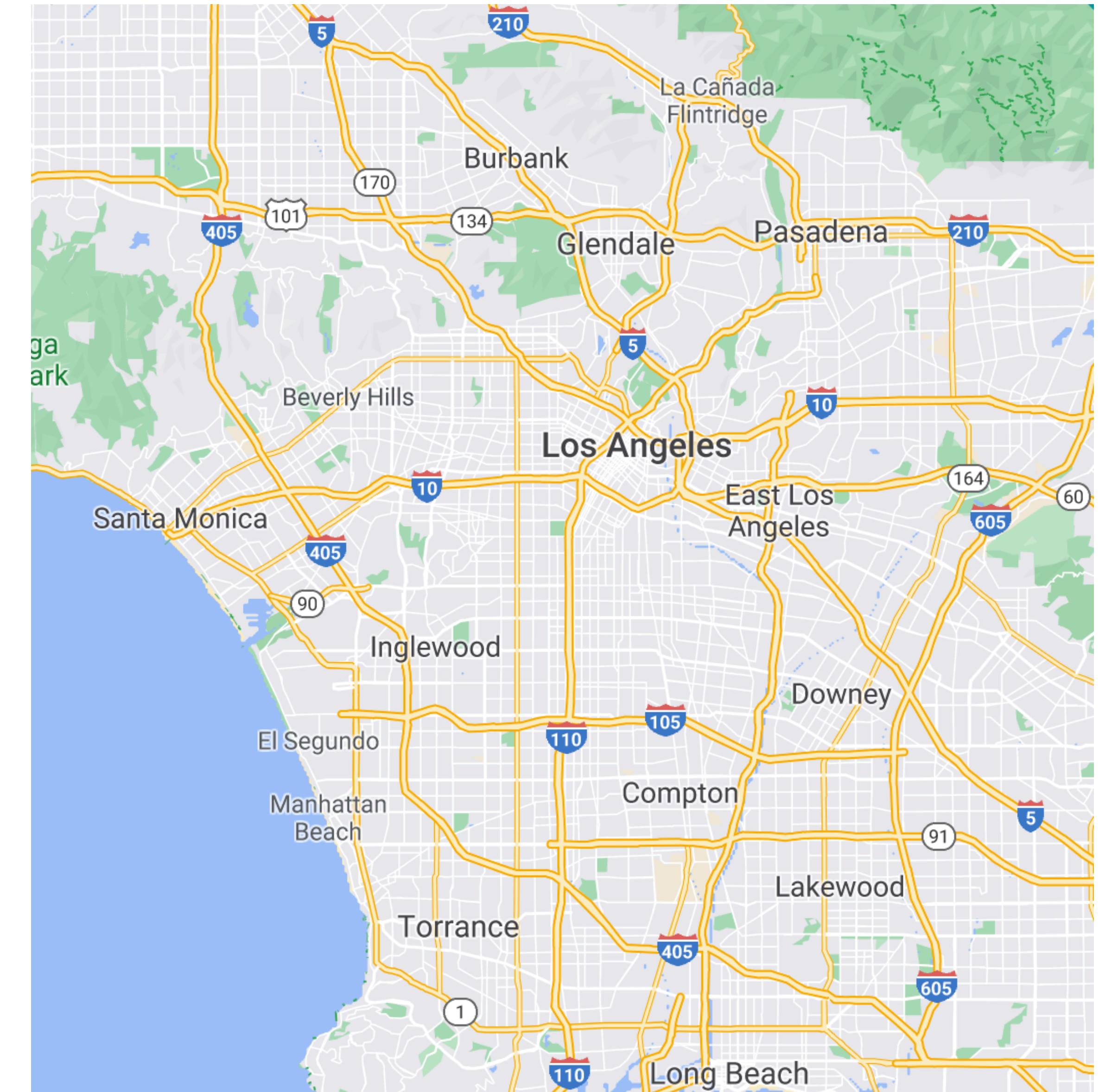
# BUSINESS CASE

- 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



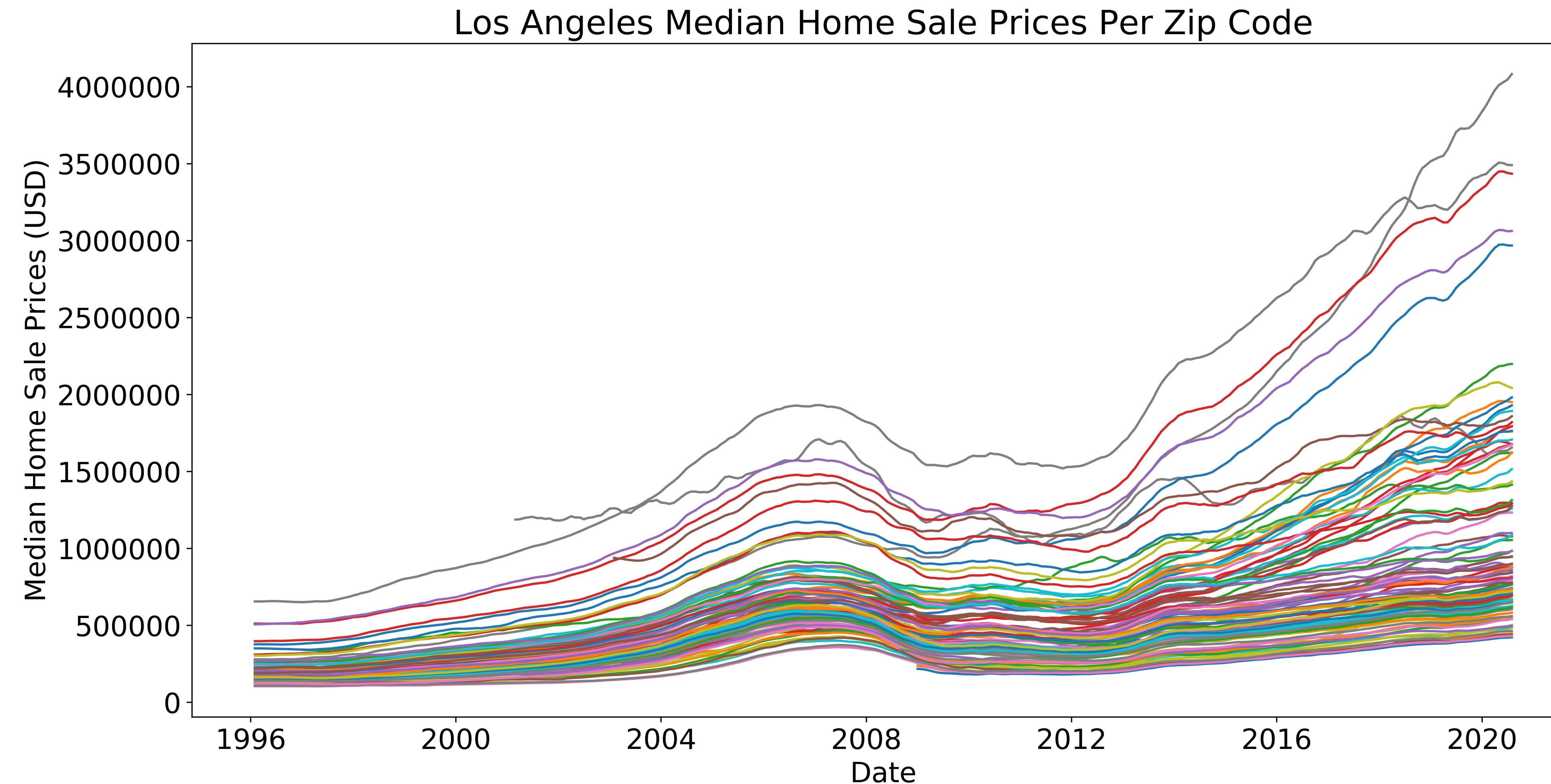
# BUSINESS CASE

- 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



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- 33rd - 67th percentile for each zip code



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- 100 zip codes total



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- 100 zip codes total
- 1/31/1996 - 7/31/2020



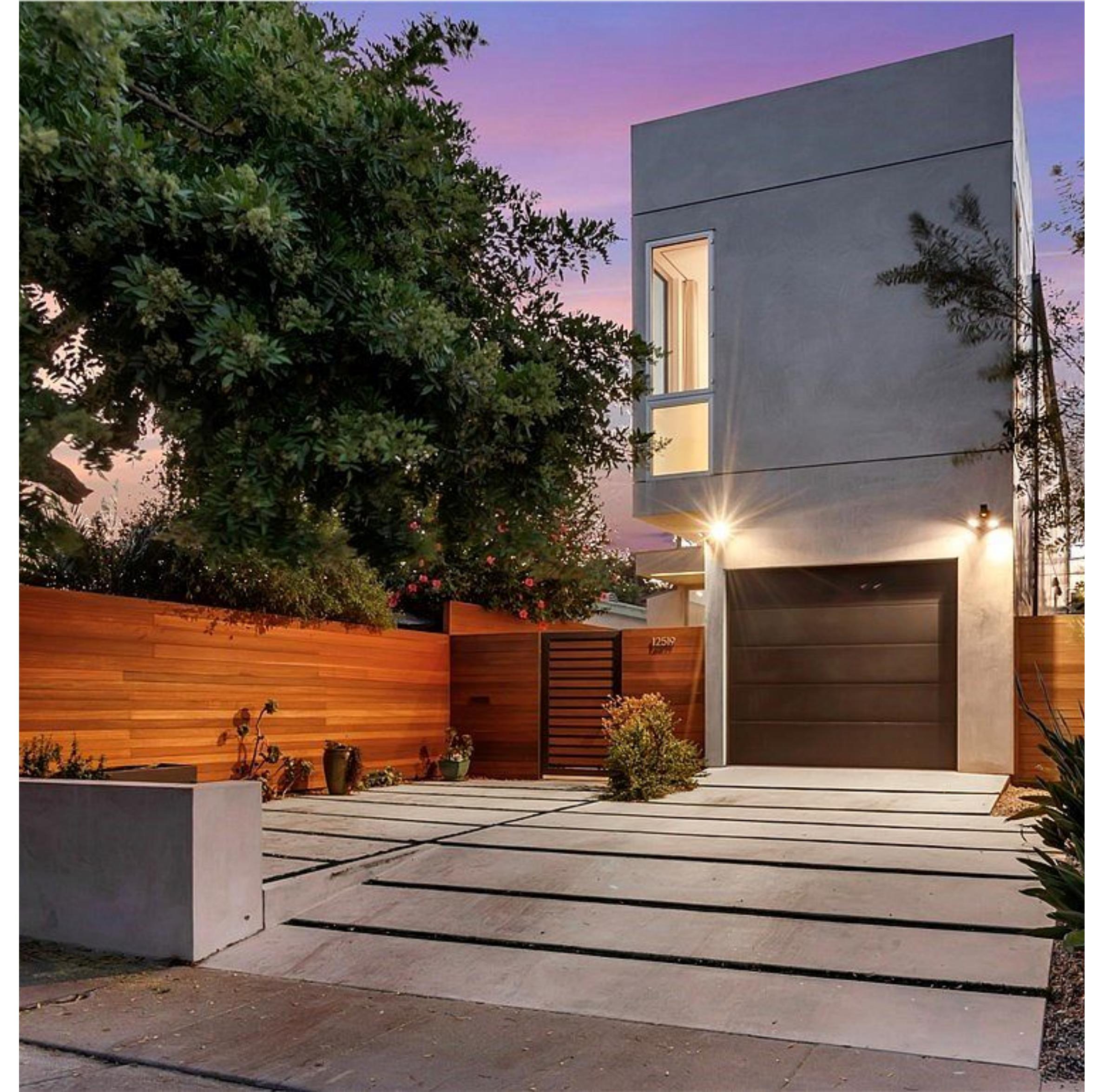
# DATA

- 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



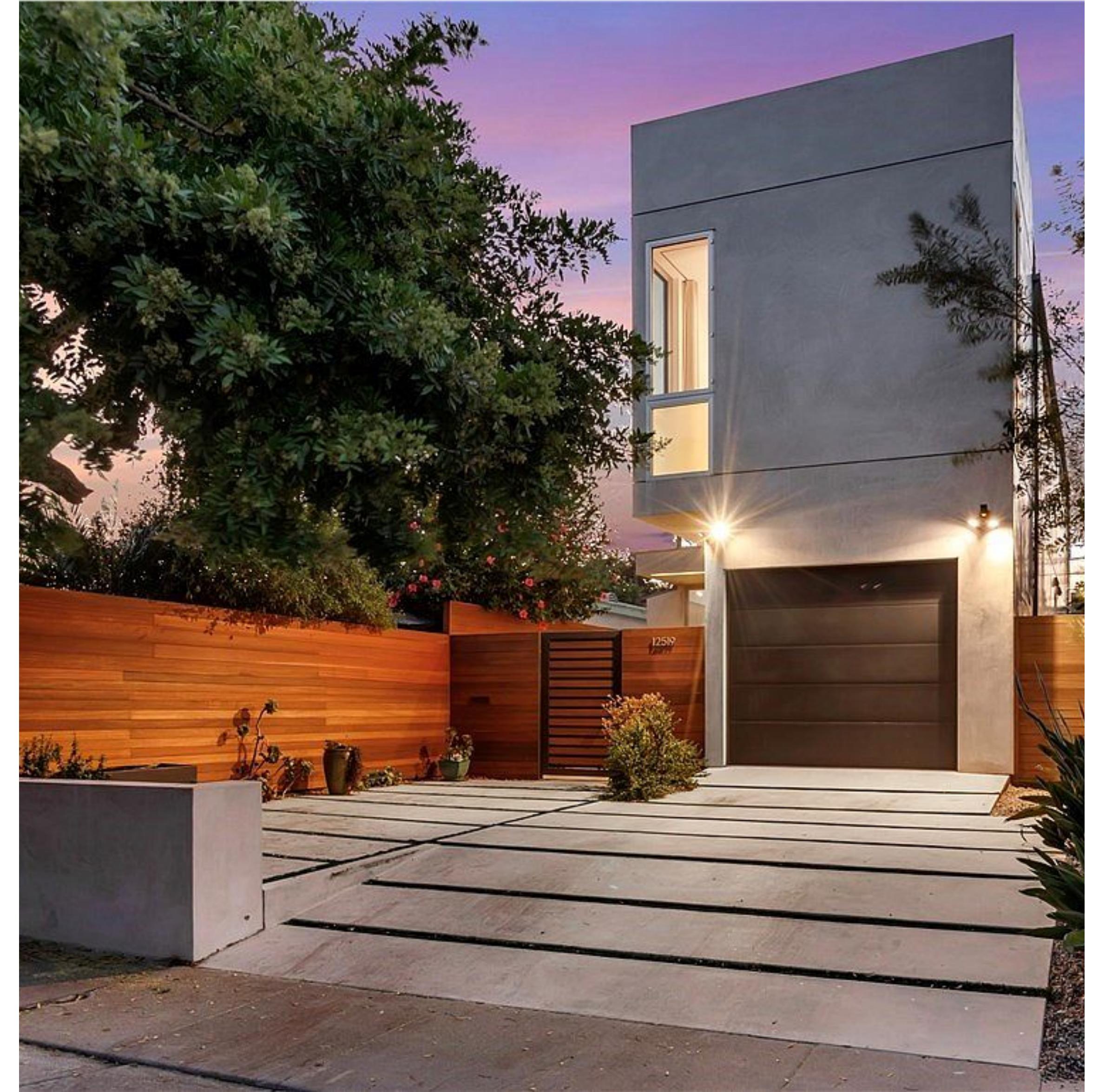
# METHODS

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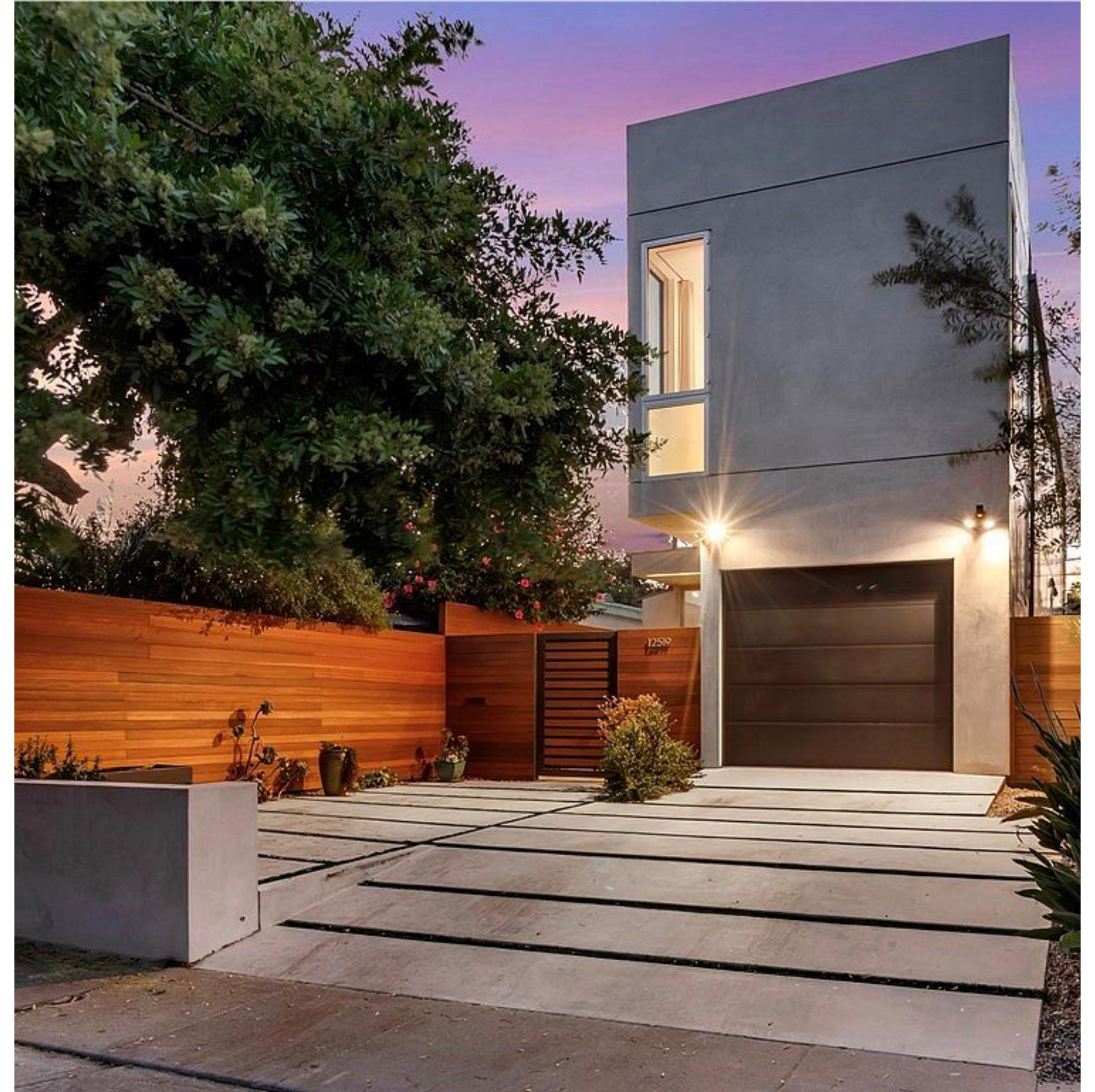
# METHODS

- SARIMAX Time Series Model



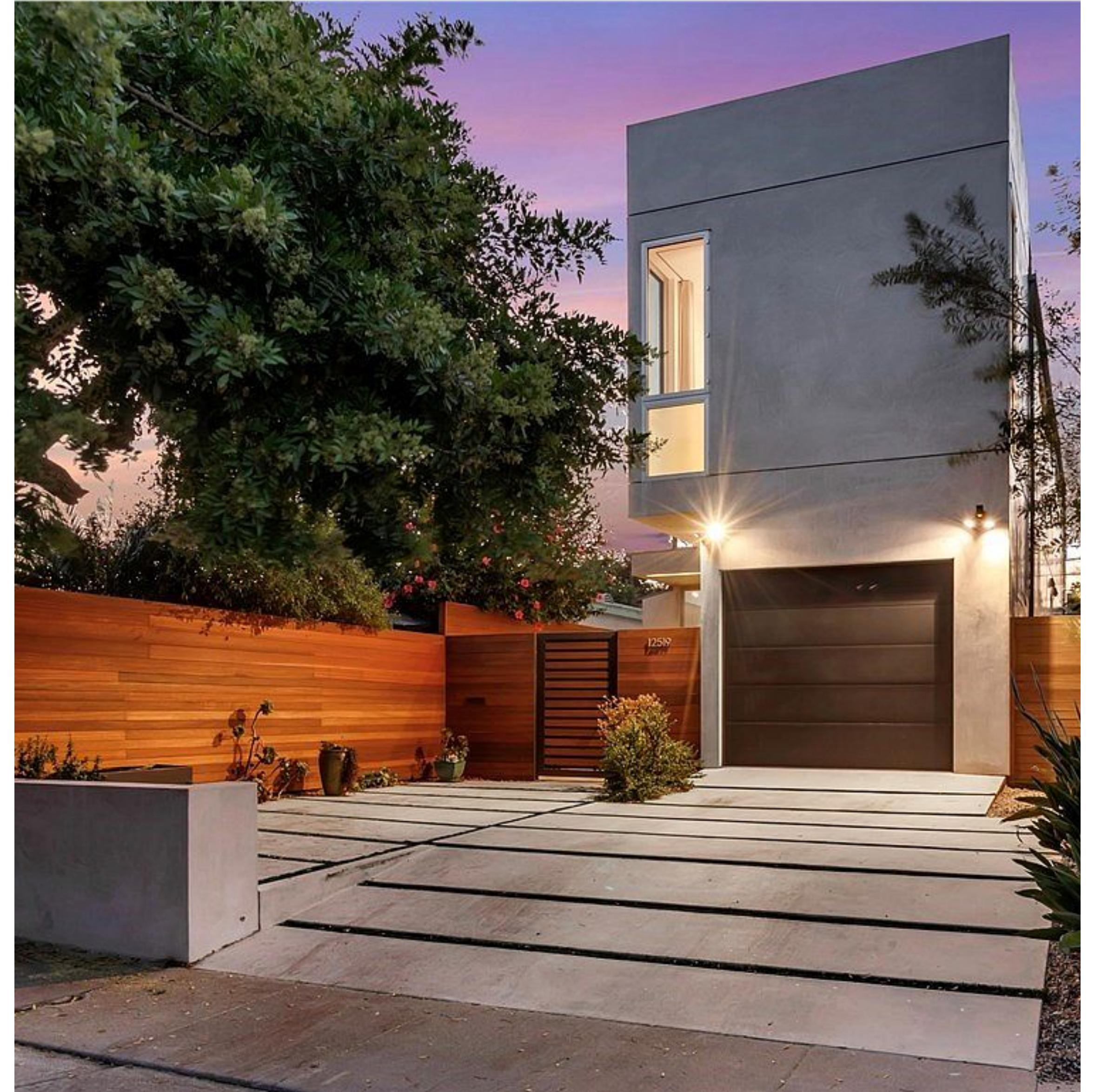
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- SARIMAX Time Series Model
- Dynamic Forecasting - 5 Year Projections



# METHODS

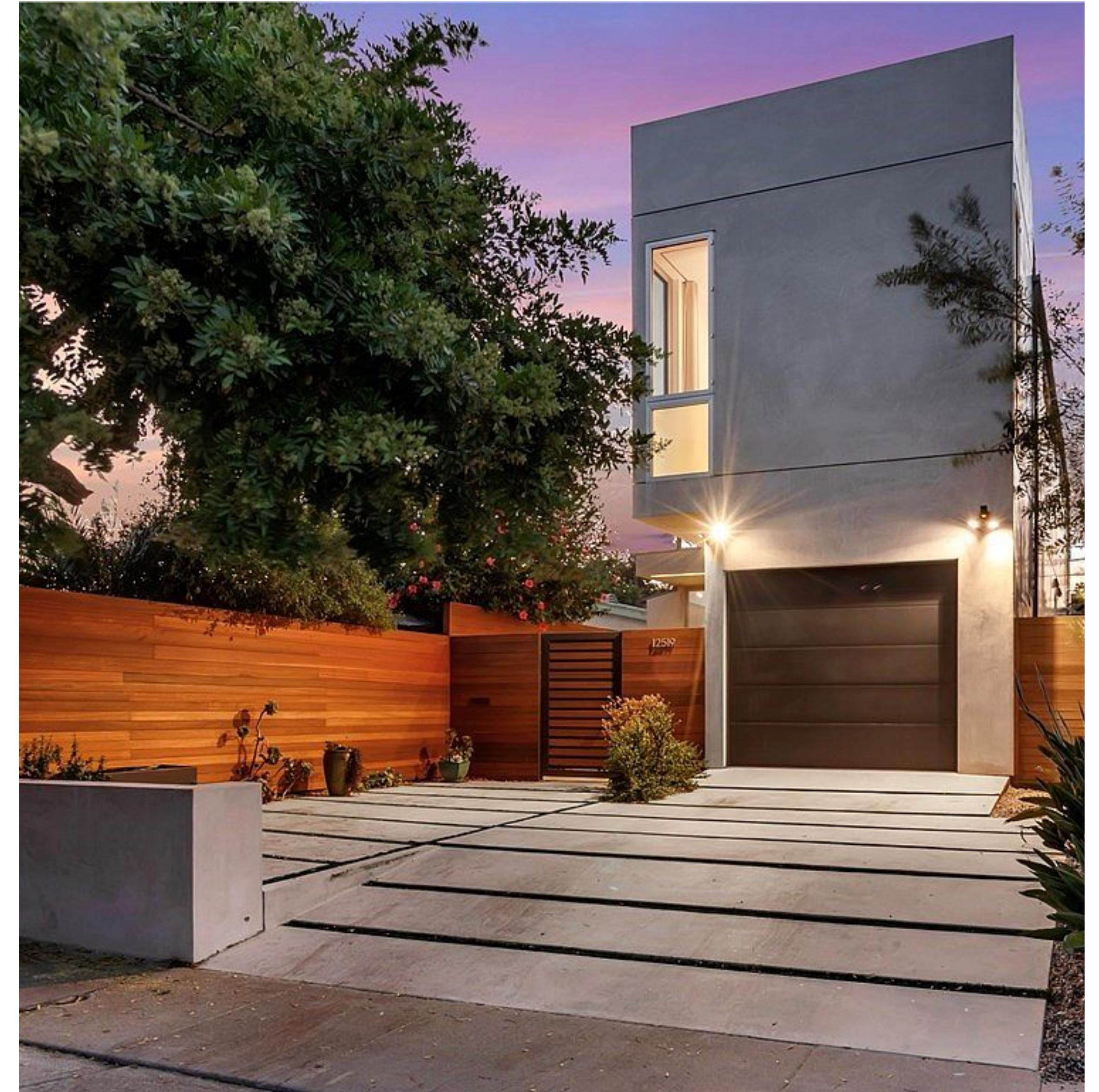
- SARIMAX Time Series Model
- Dynamic Forecasting - 5 Year Projections
- Calculated ROI as:



# METHODS

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

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

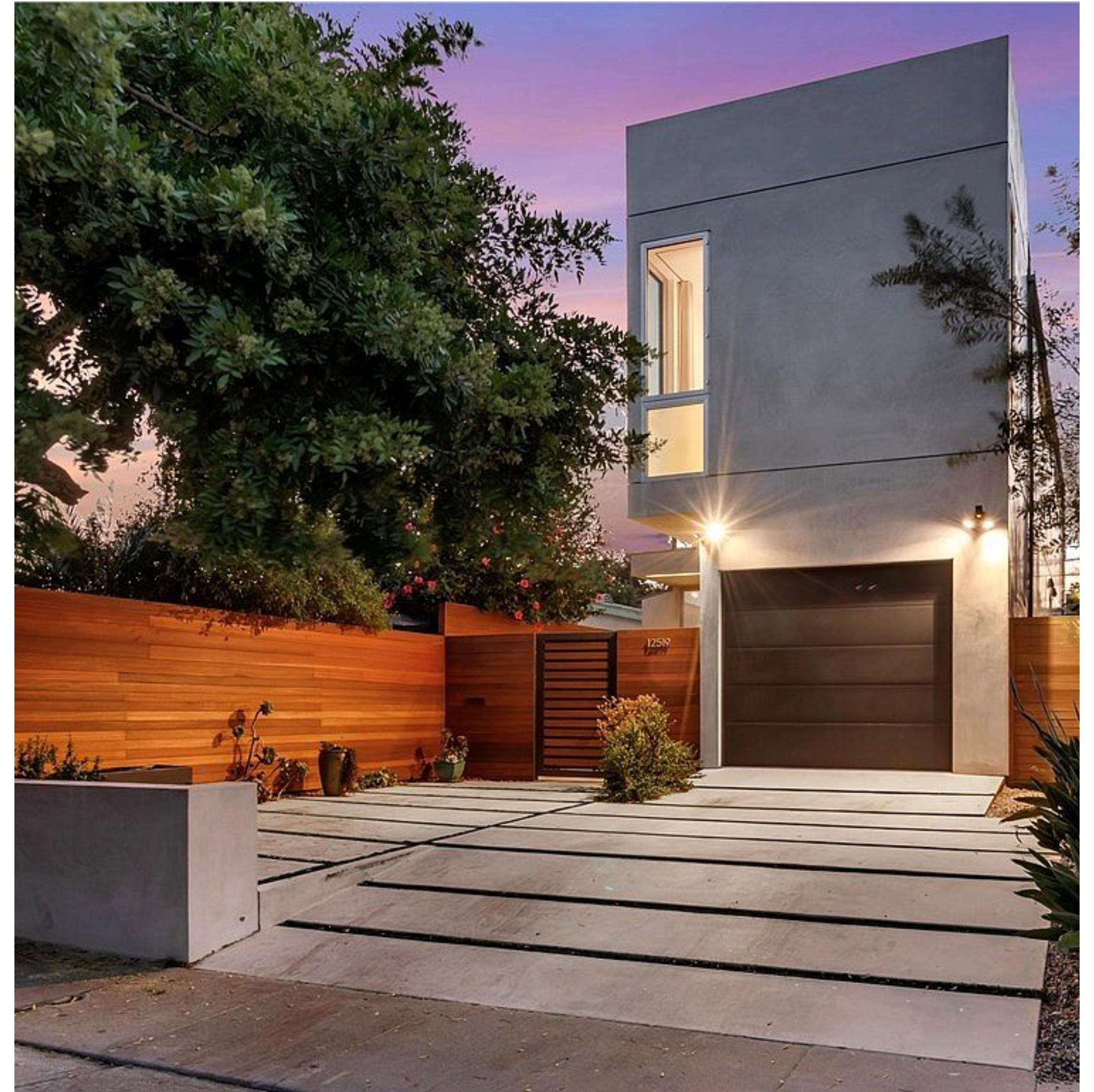


# METHODS

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

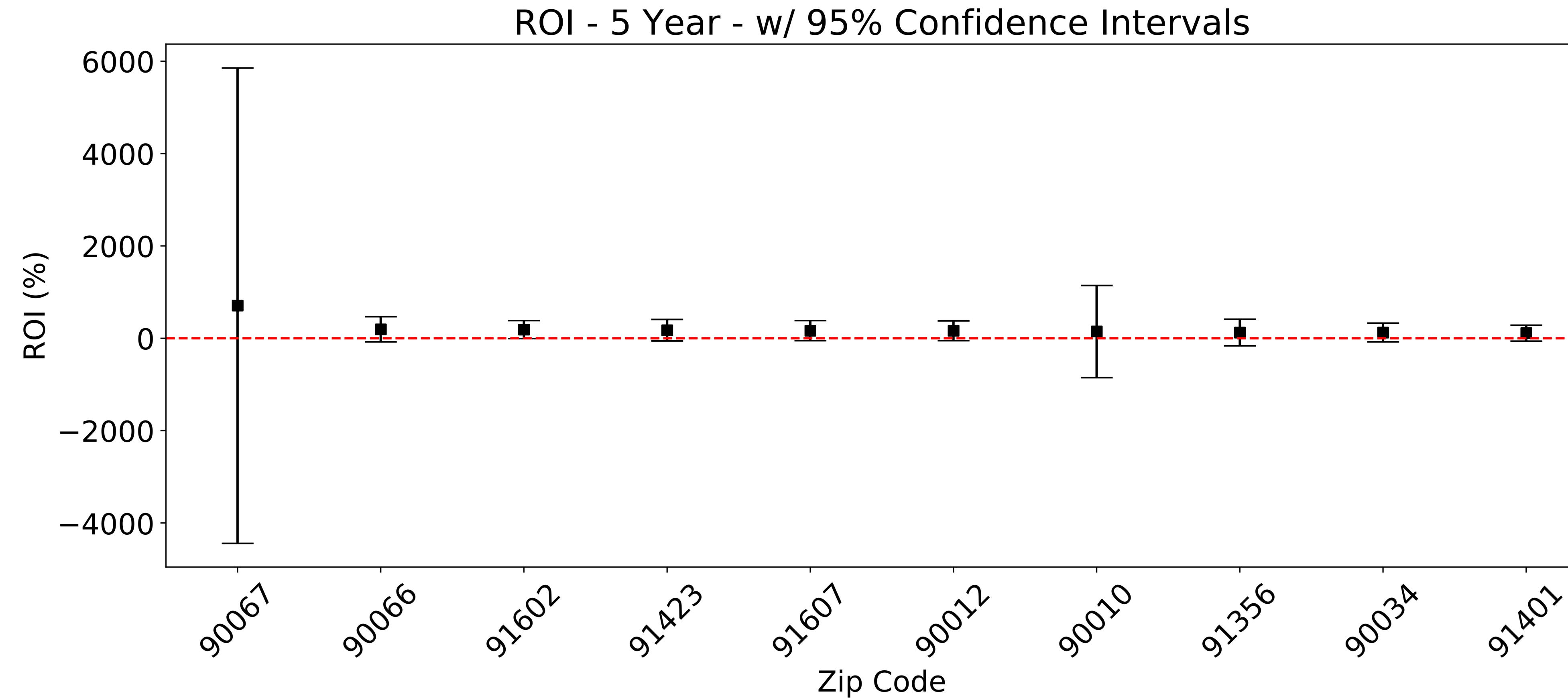
$$ROI = \frac{Forecasted\ Value - Current\ Value}{Current\ Value} * 100$$

- Highest ROI, Lowest Risk

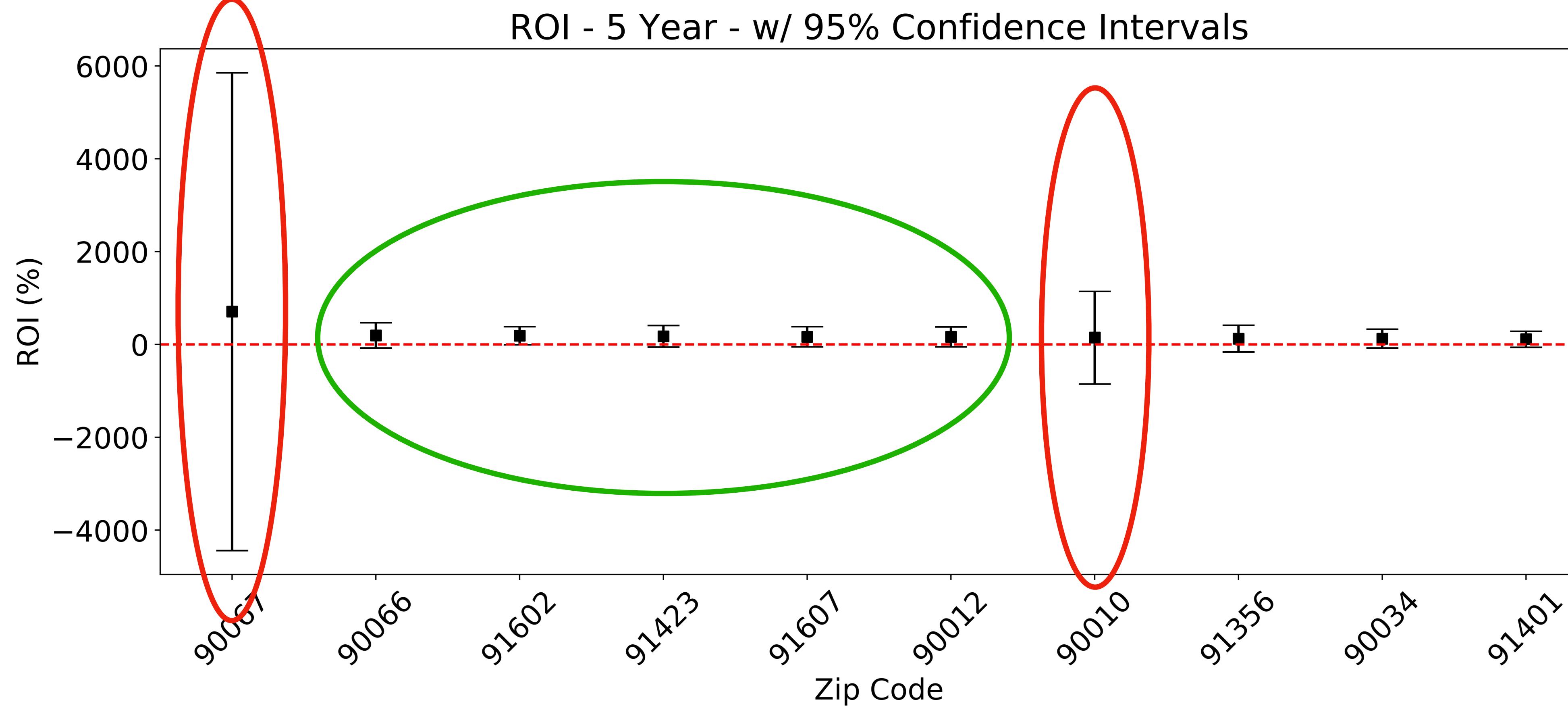


# **RESULTS**

# TOP 10 ZIP CODES

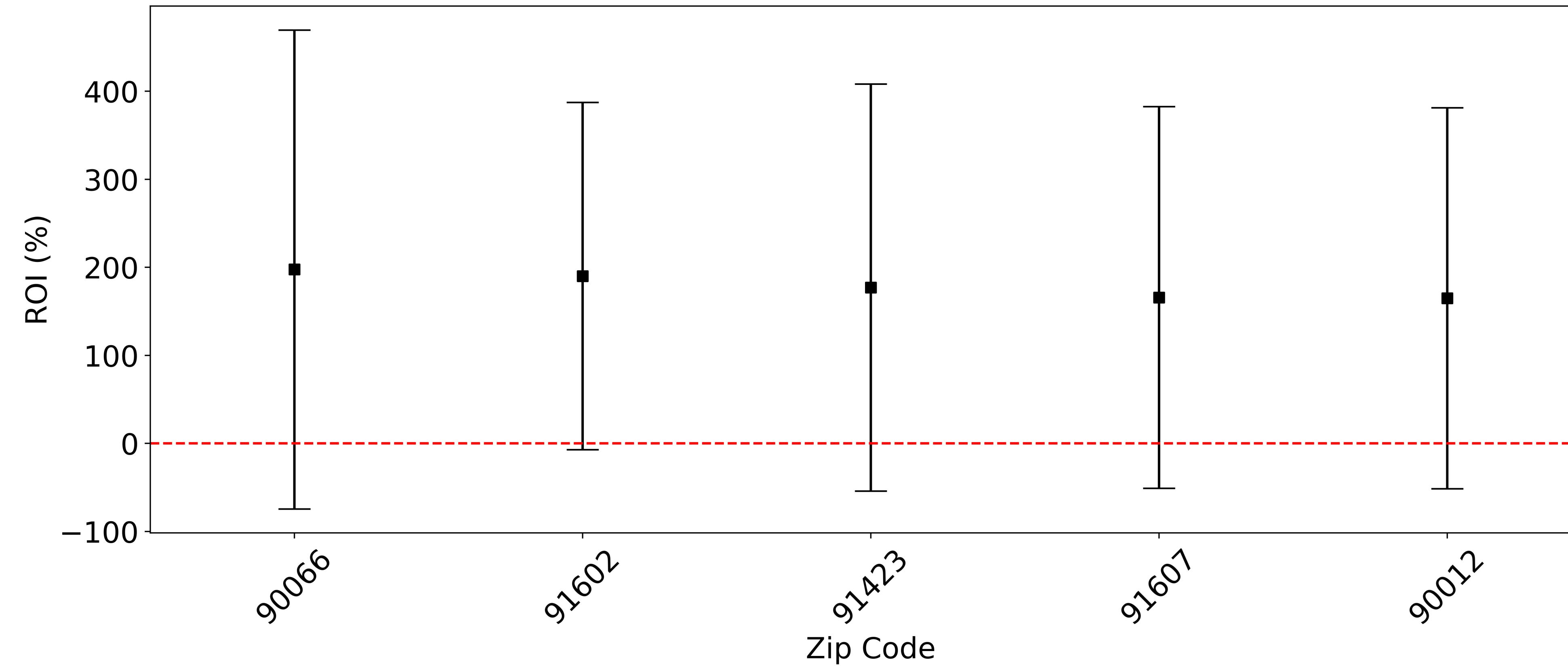


# TOP 10 ZIP CODES



# TOP 5 ZIP CODES

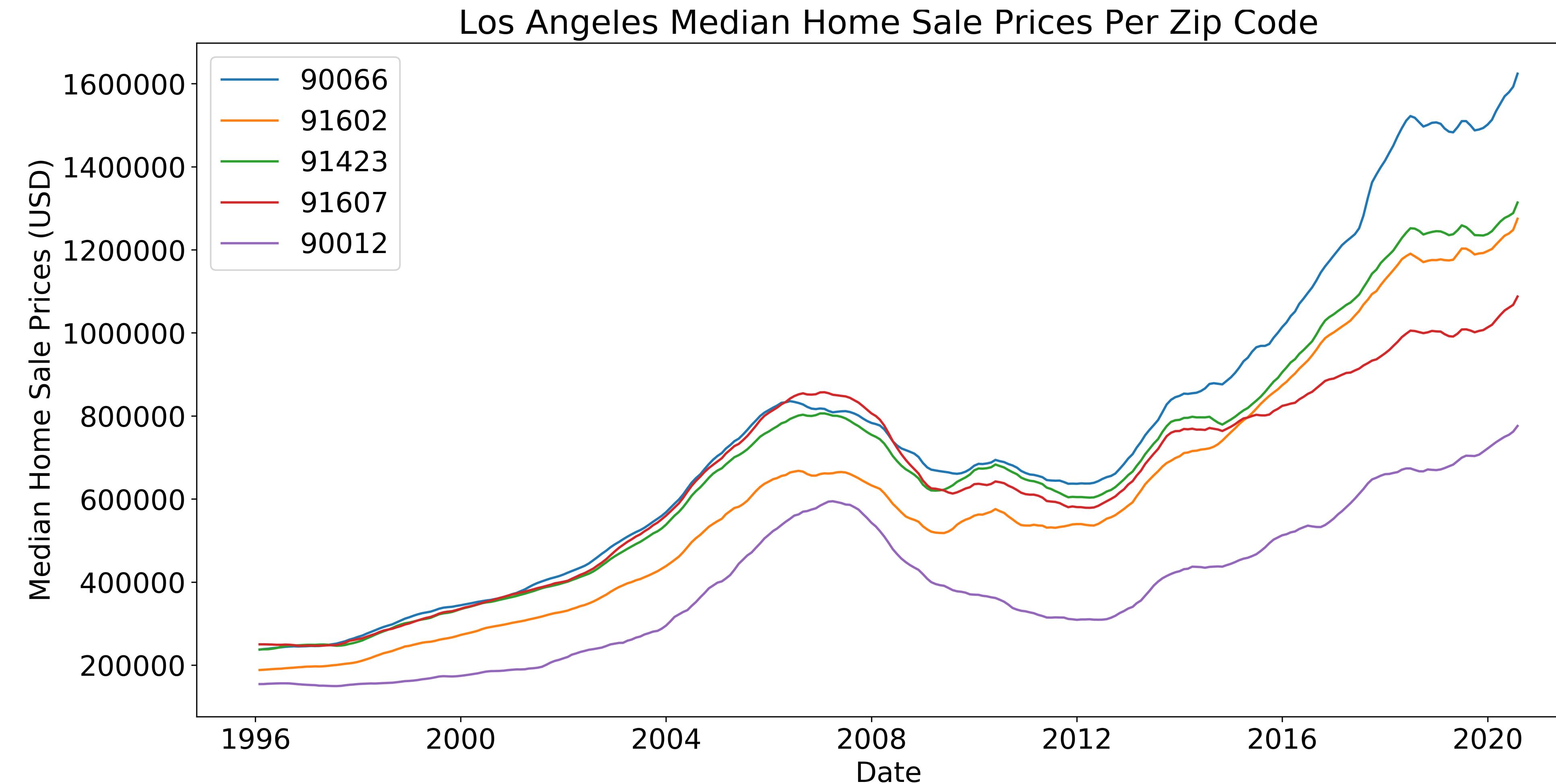
ROI - 5 Year - w/ 95% Confidence Intervals



# 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



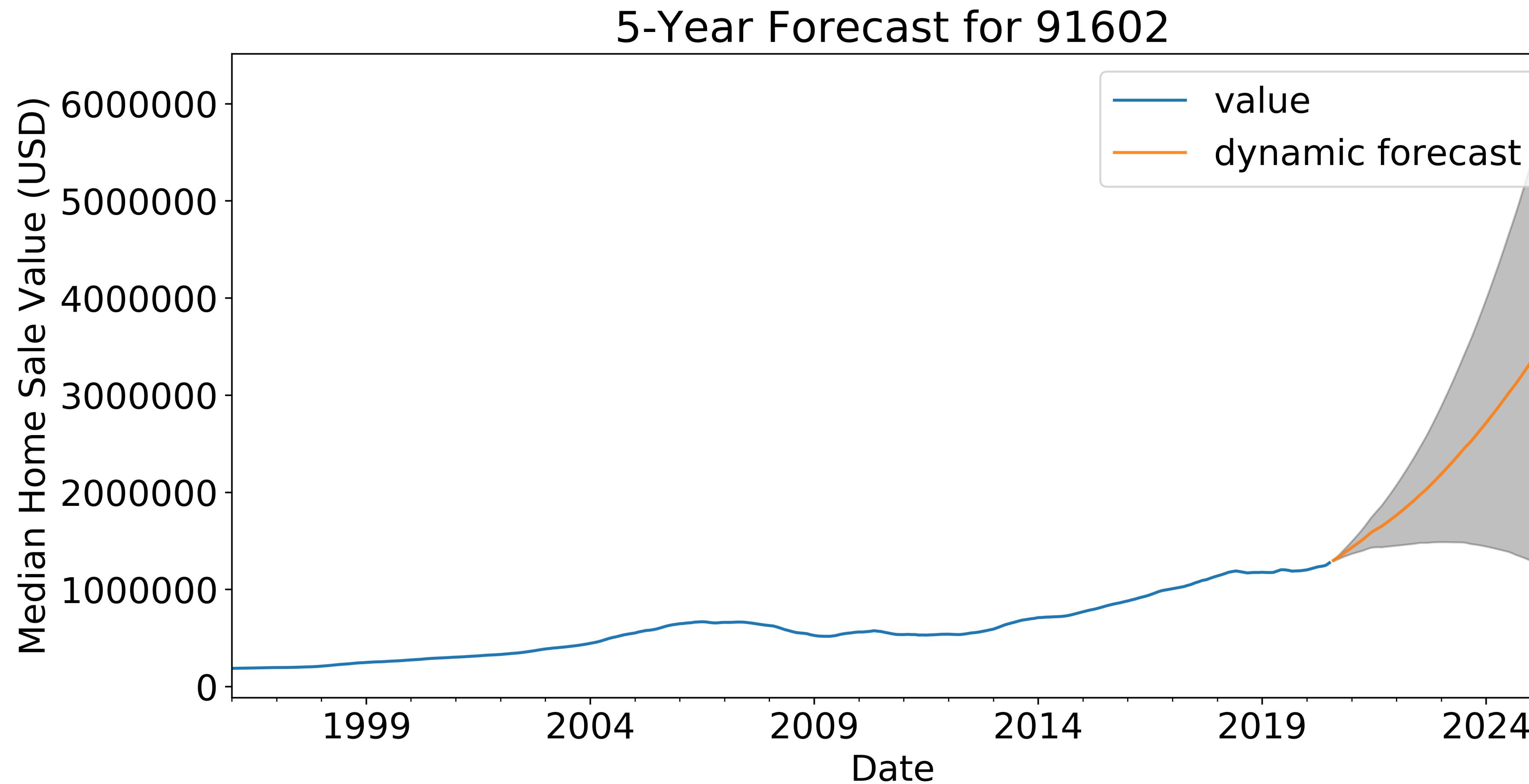
# TOP 5 ZIP CODES

	<b>Zip Code</b>	<b>Investment Value</b>	<b>5-Yr Projected Value</b>	<b>Profit</b>	<b>ROI (%)</b>	<b>ROI Min (%)</b>	<b>ROI Max (%)</b>
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
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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®](#)

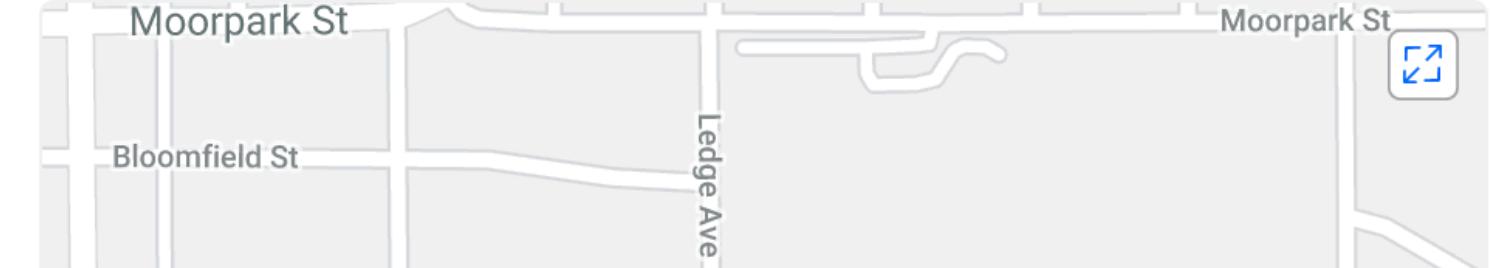
Est. payment: \$8,799/mo [Get pre-qualified](#)

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

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

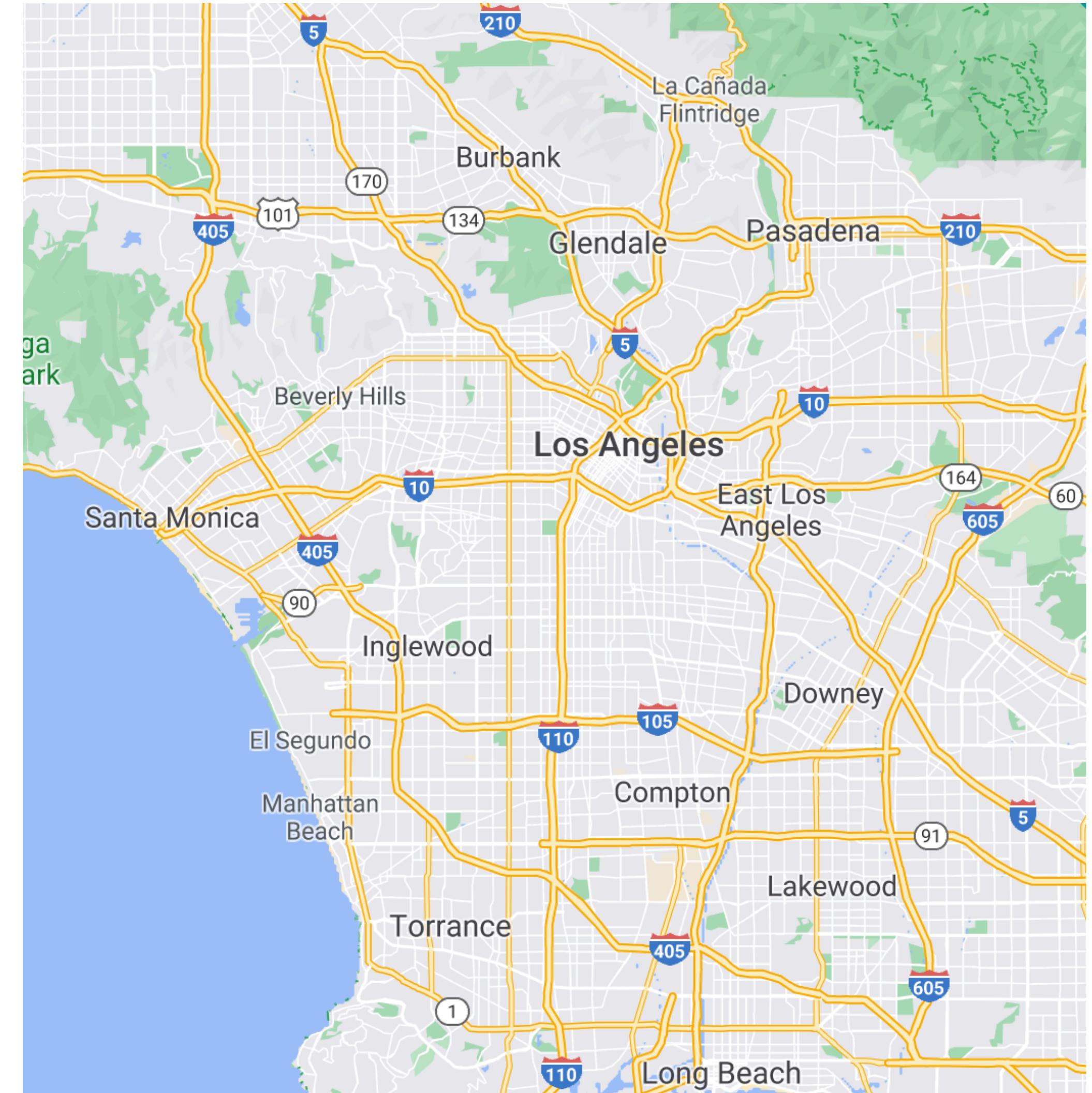
 **Love this home?** Sell your current home to Zillow, and close on your schedule.

[Check eligibility](#)



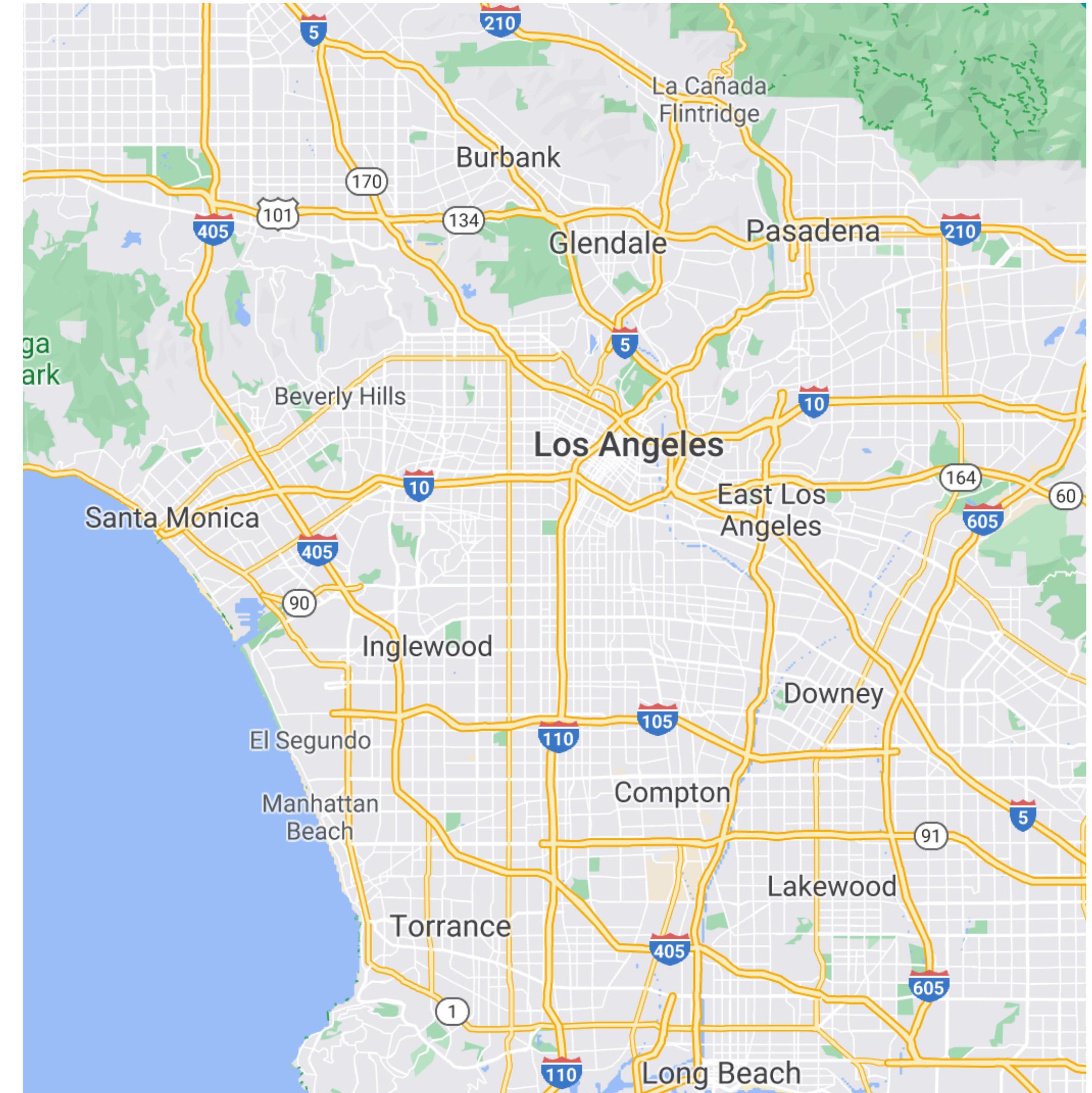
# **RECOMMENDATIONS**

# RECOMMENDATIONS



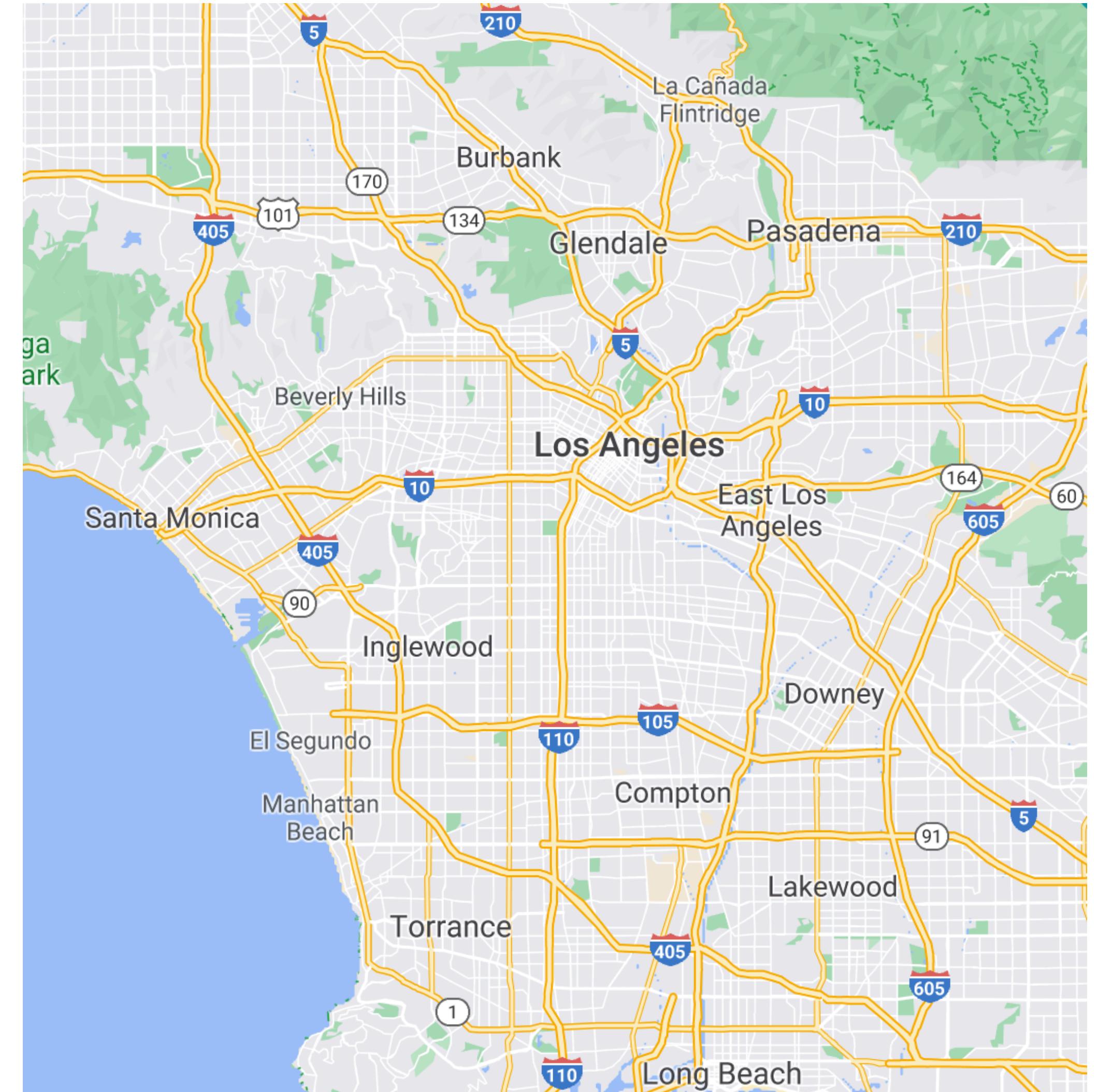
# RECOMMENDATIONS

- Top 5 Zip Codes



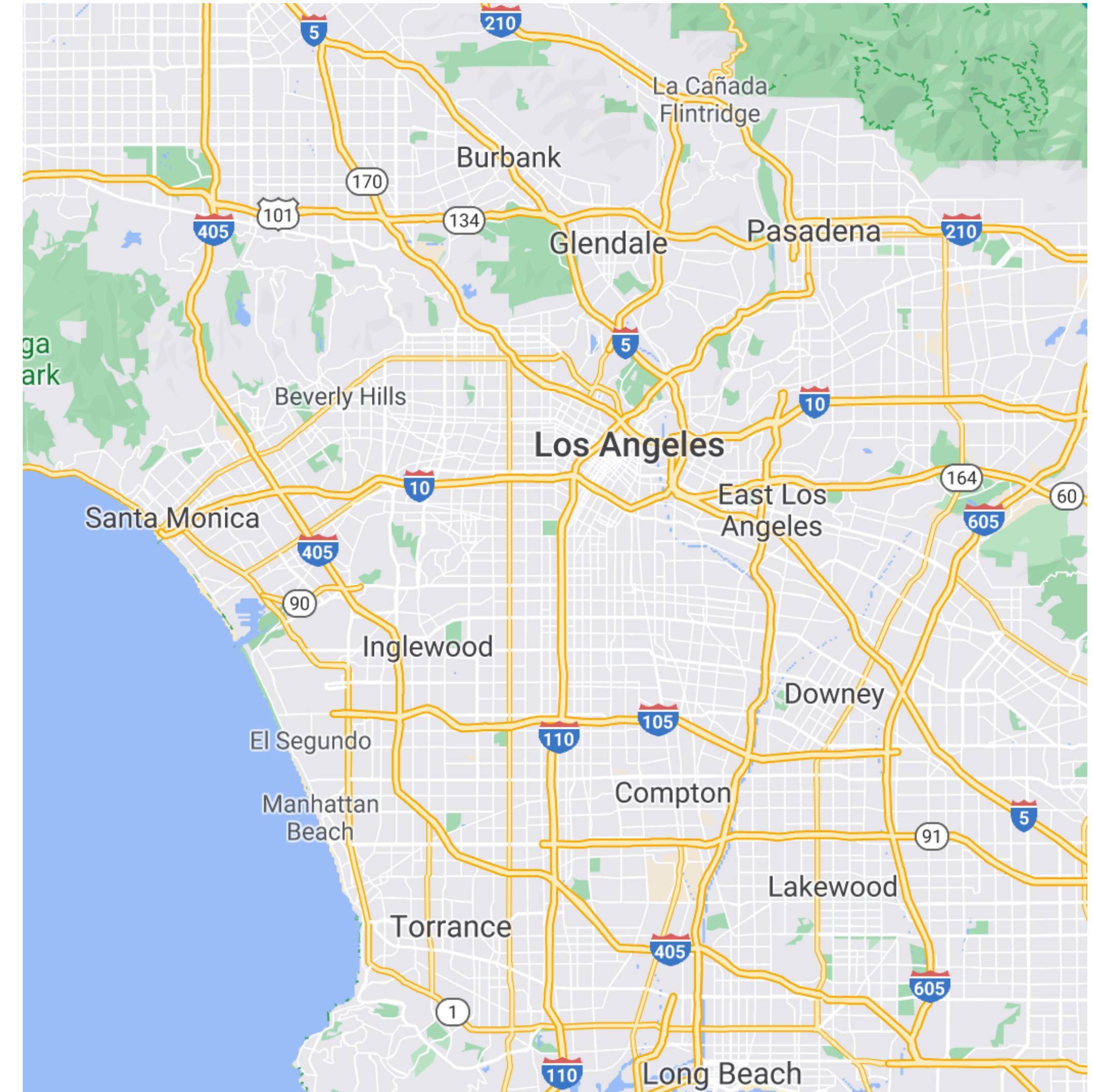
# RECOMMENDATIONS

- Top 5 Zip Codes
- 91602: Toluca Lake



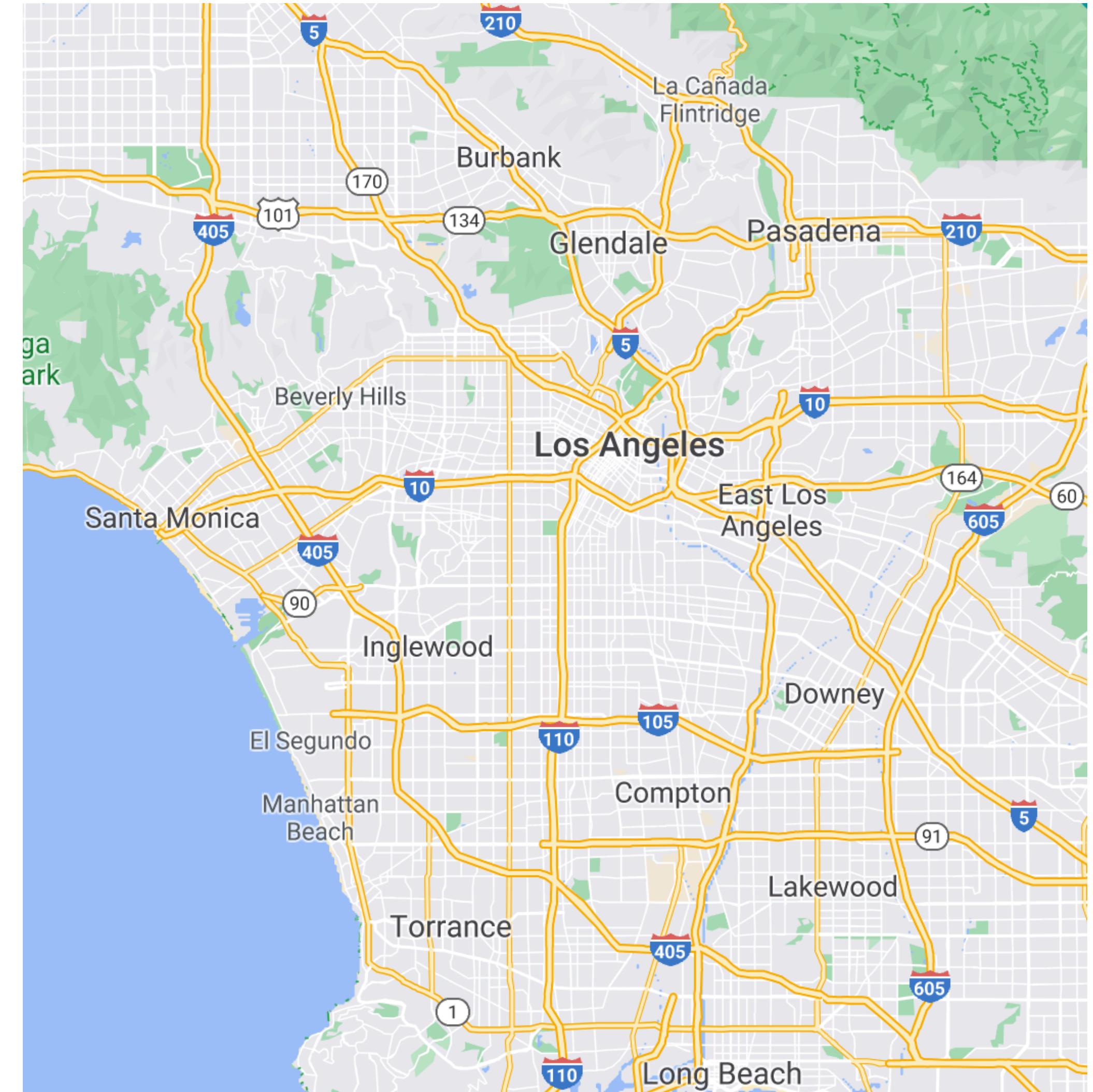
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- Top 5 Zip Codes
- 91602: Toluca Lake
- Housing Bubble



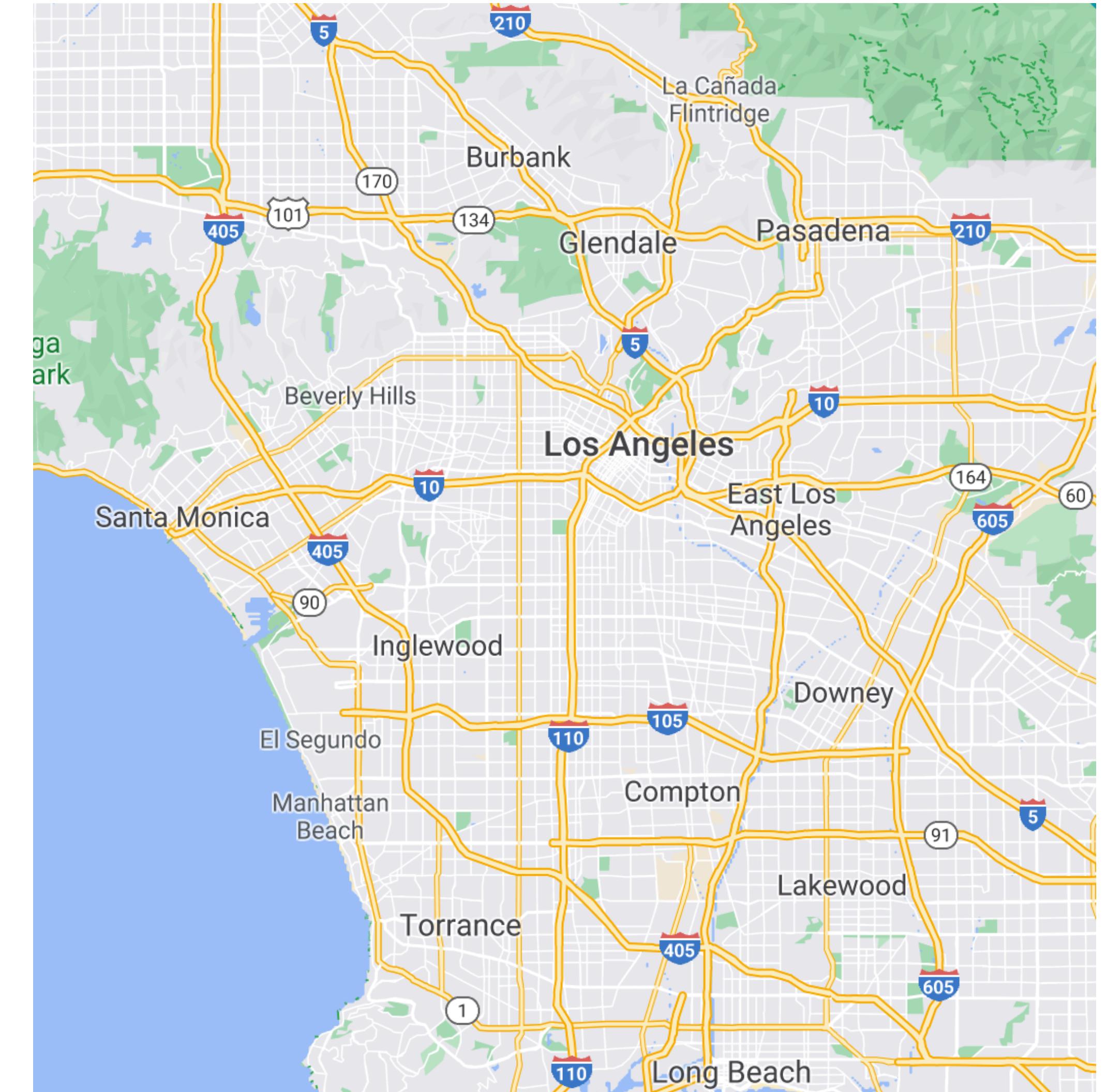
# RECOMMENDATIONS

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



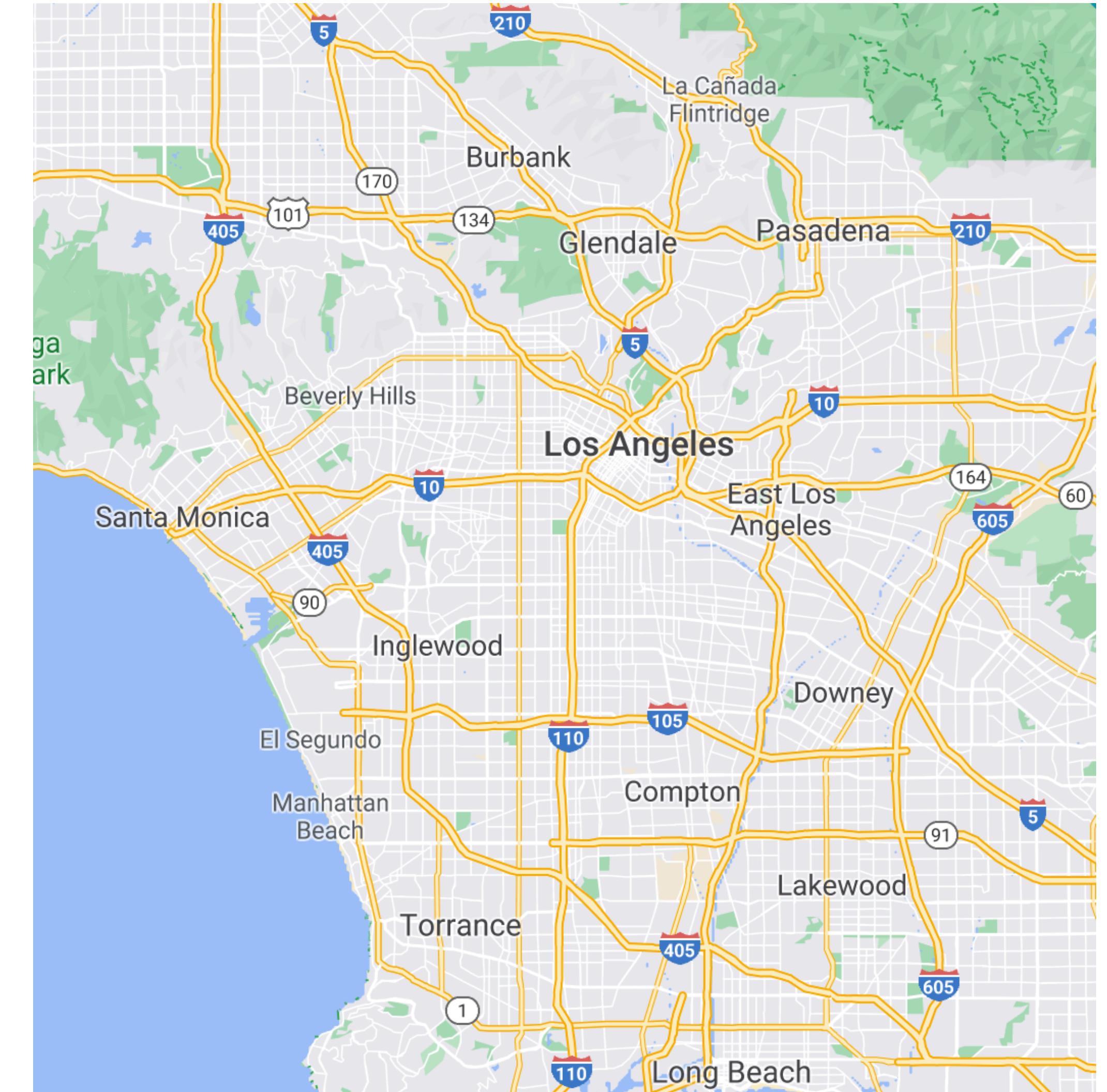
# **FUTURE WORK**

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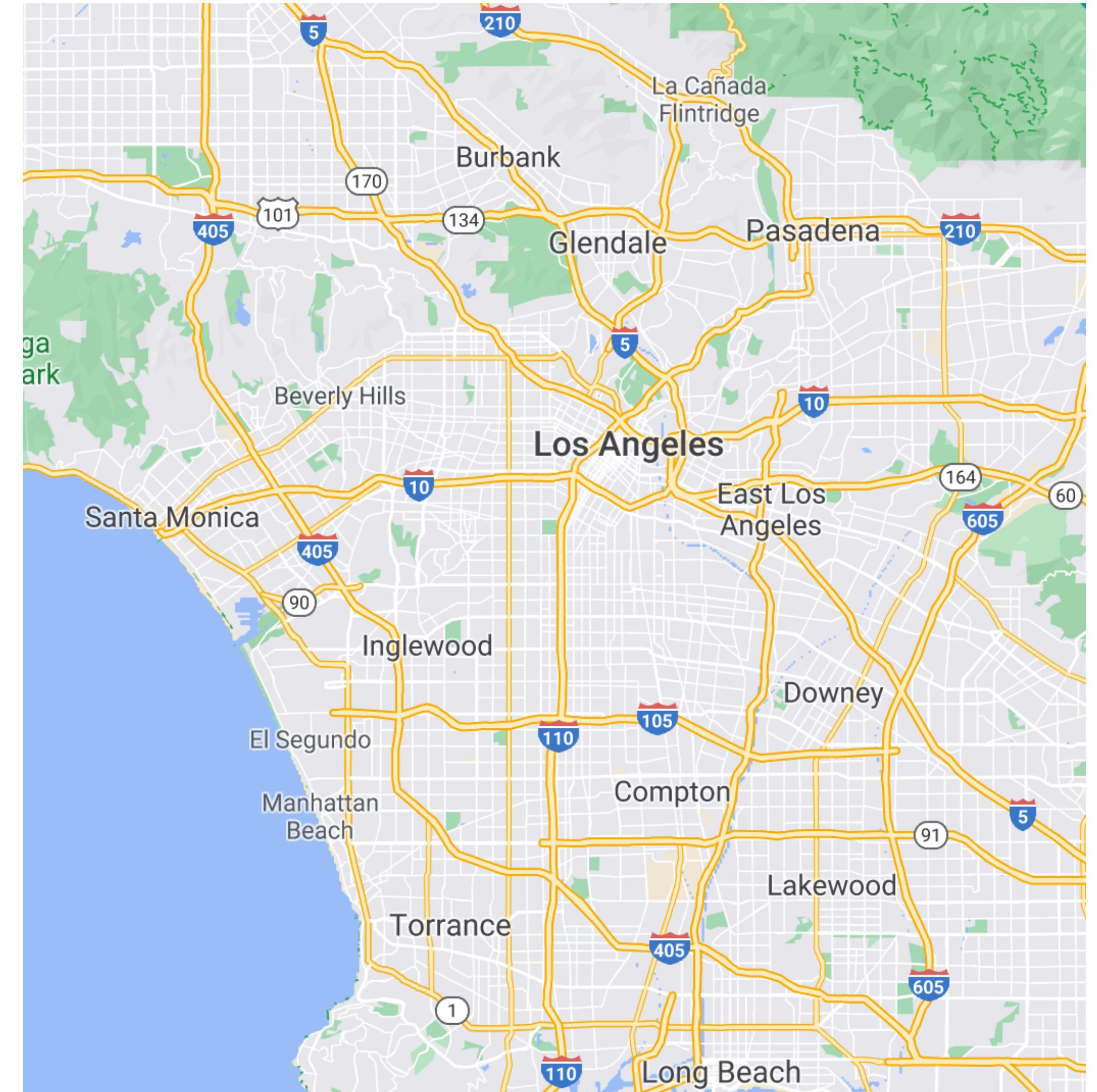
# FUTURE WORK

- Rental Market Analysis:



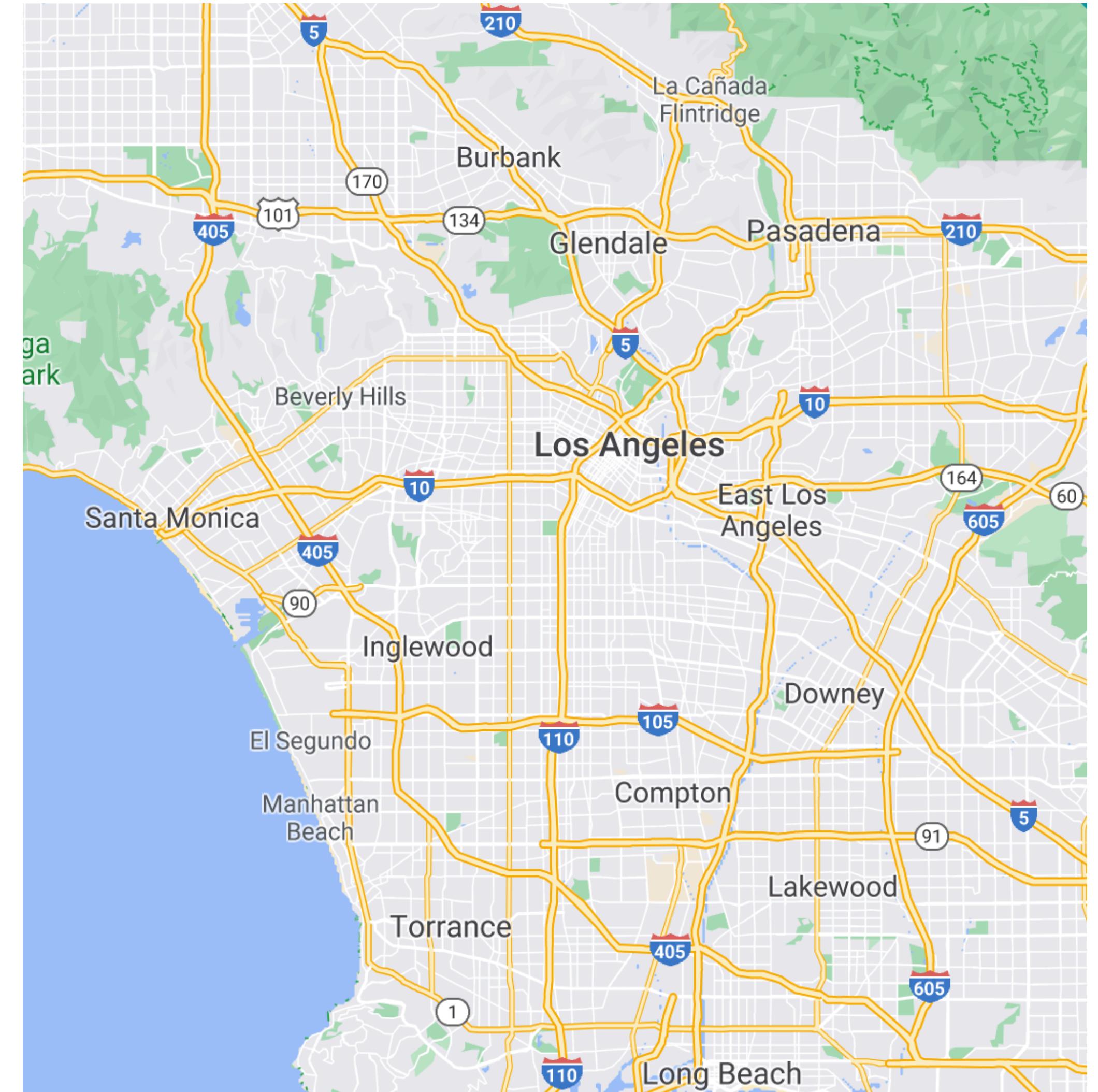
# FUTURE WORK

- Rental Market Analysis:
  - 2008 Bubble



# FUTURE WORK

- Rental Market Analysis:
  - 2008 Bubble
  - 2020 Pandemic



**THANK YOU!**

# **APPENDIX**

# TOP 10 ZIP CODE METRICS

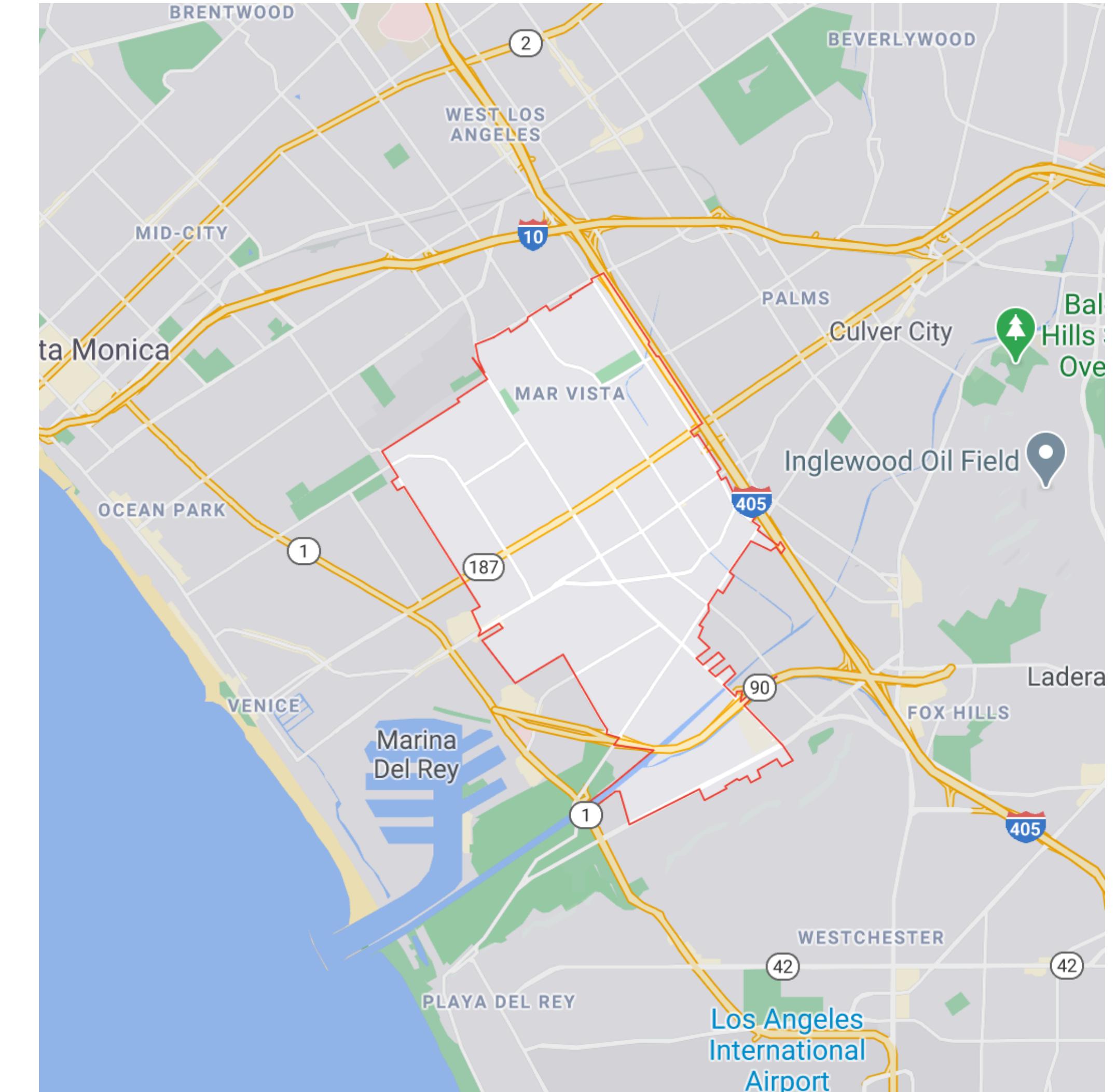
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6	90012	\$776,170.00	\$2,055,693.23	\$1,279,523.23	164.9	-51.4	381.1
7	90010	\$1,656,265.00	\$4,105,536.47	\$2,449,271.47	147.9	-850.8	1146.6
8	91356	\$1,292,149.00	\$2,939,499.18	\$1,647,350.18	127.5	-162.1	417.0
9	90034	\$1,515,853.00	\$3,443,347.09	\$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

# **TOP 5 ZIP CODES:**

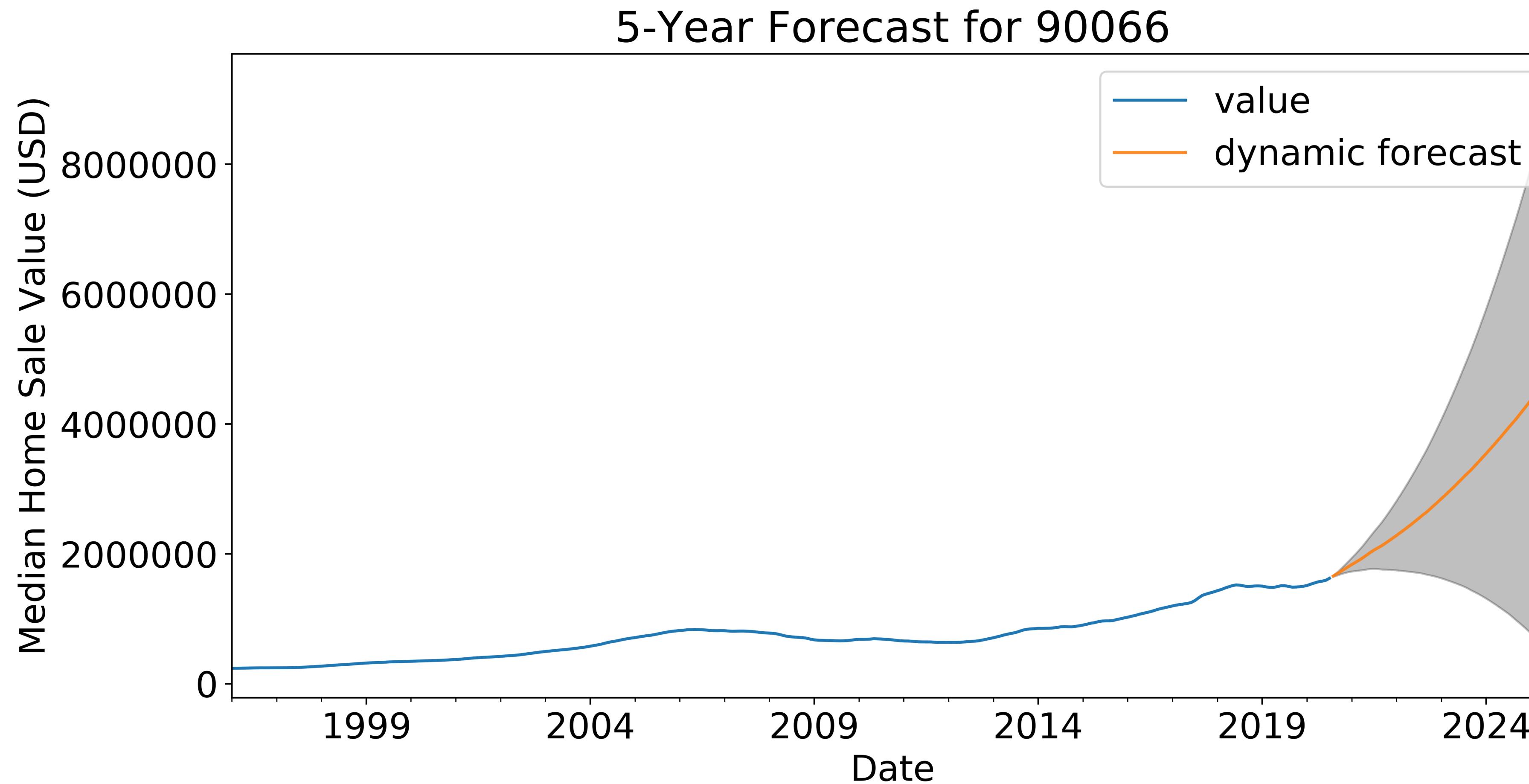
## **BOUNDARY MAPS, METRICS & FORECASTS**

# 90066: Mar Vista

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

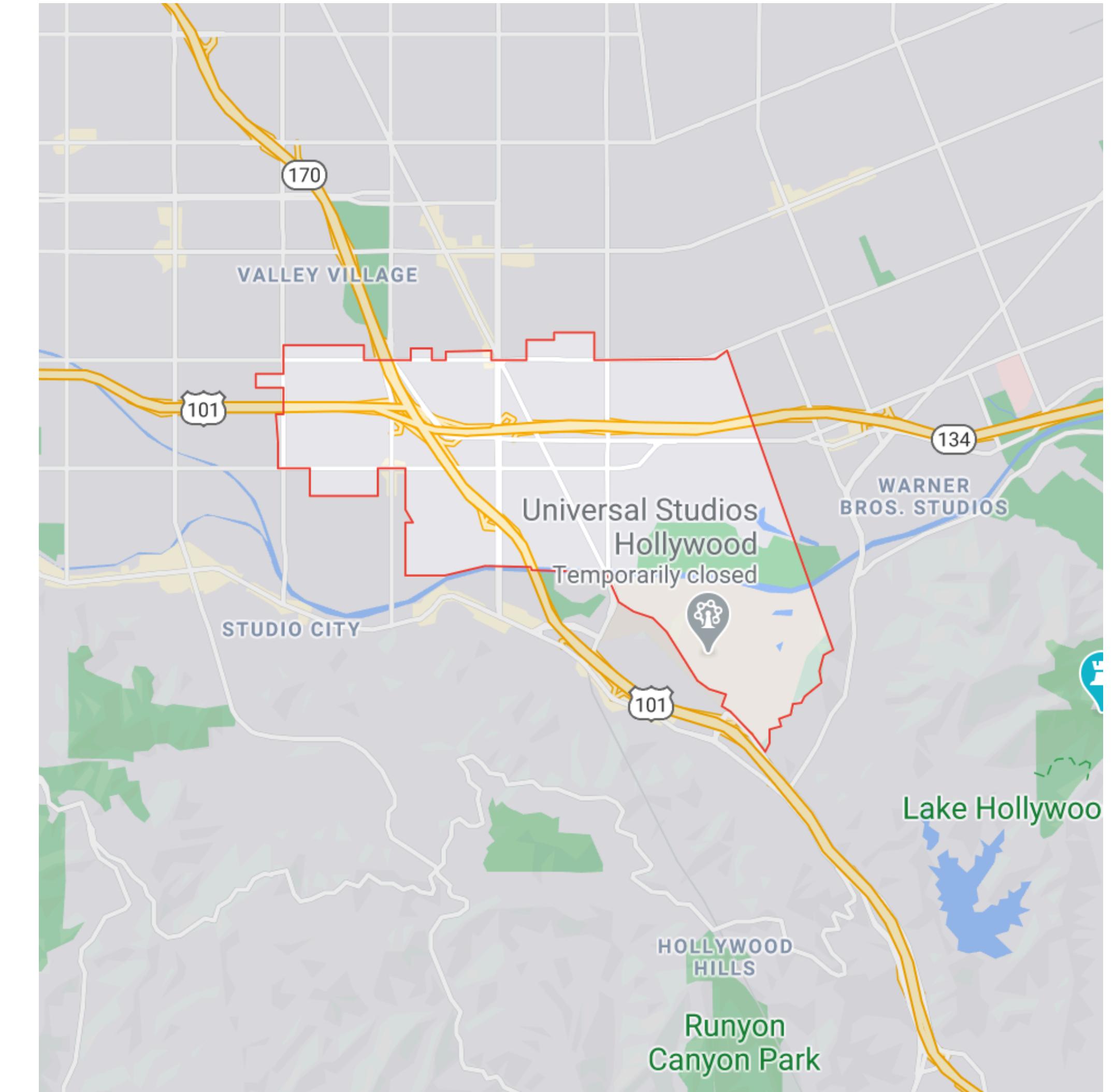


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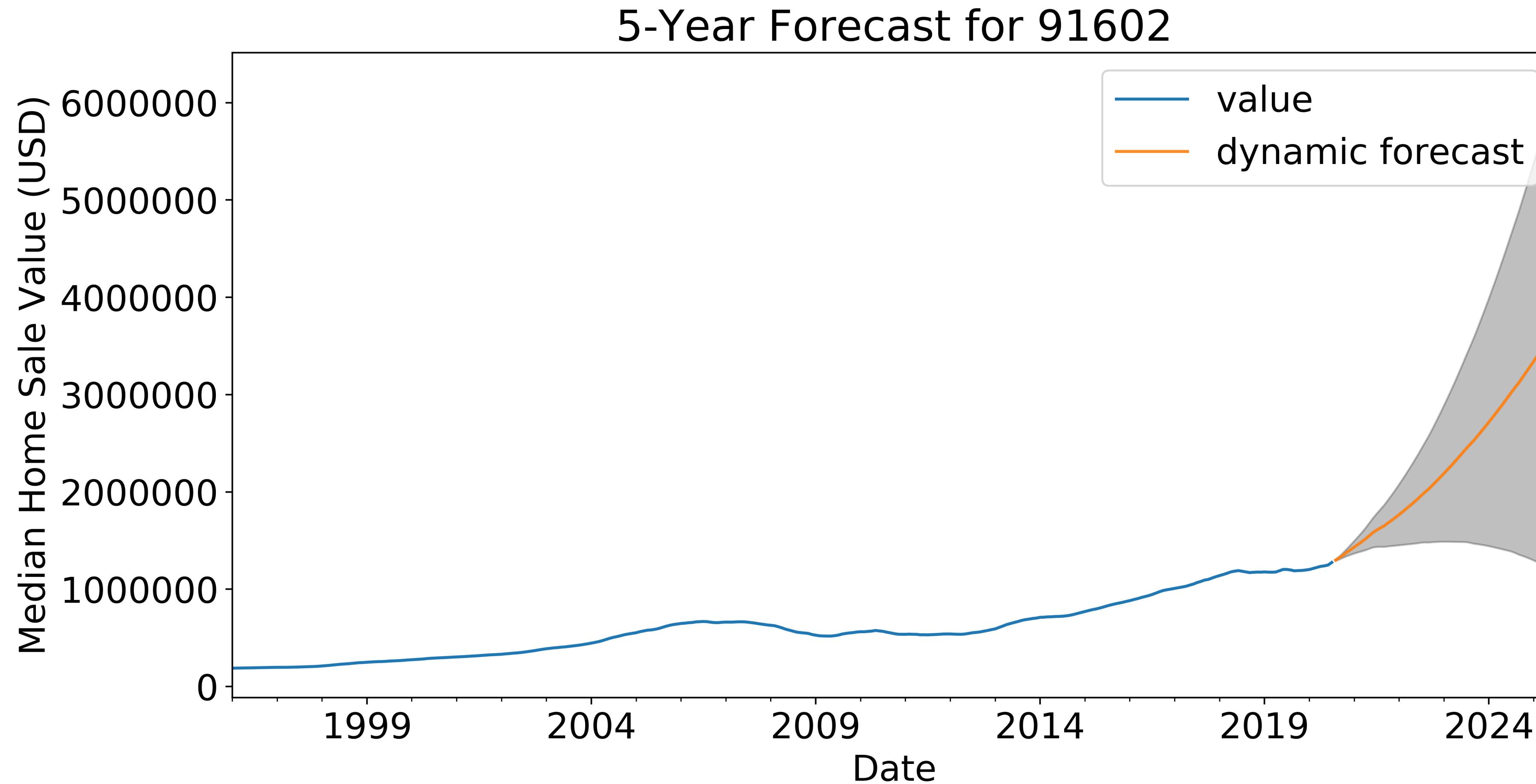


# 91602: Toluca Lake

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

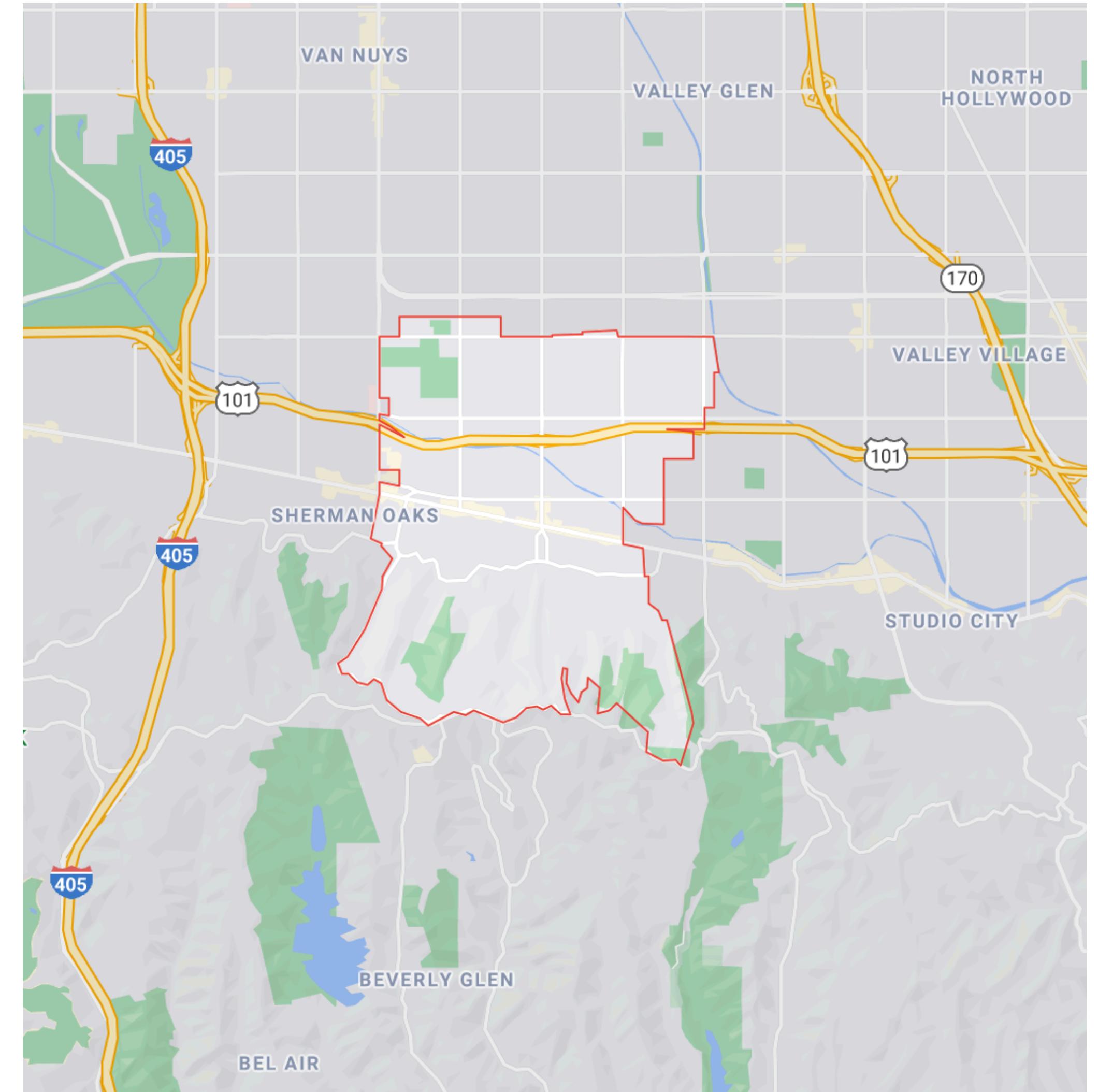


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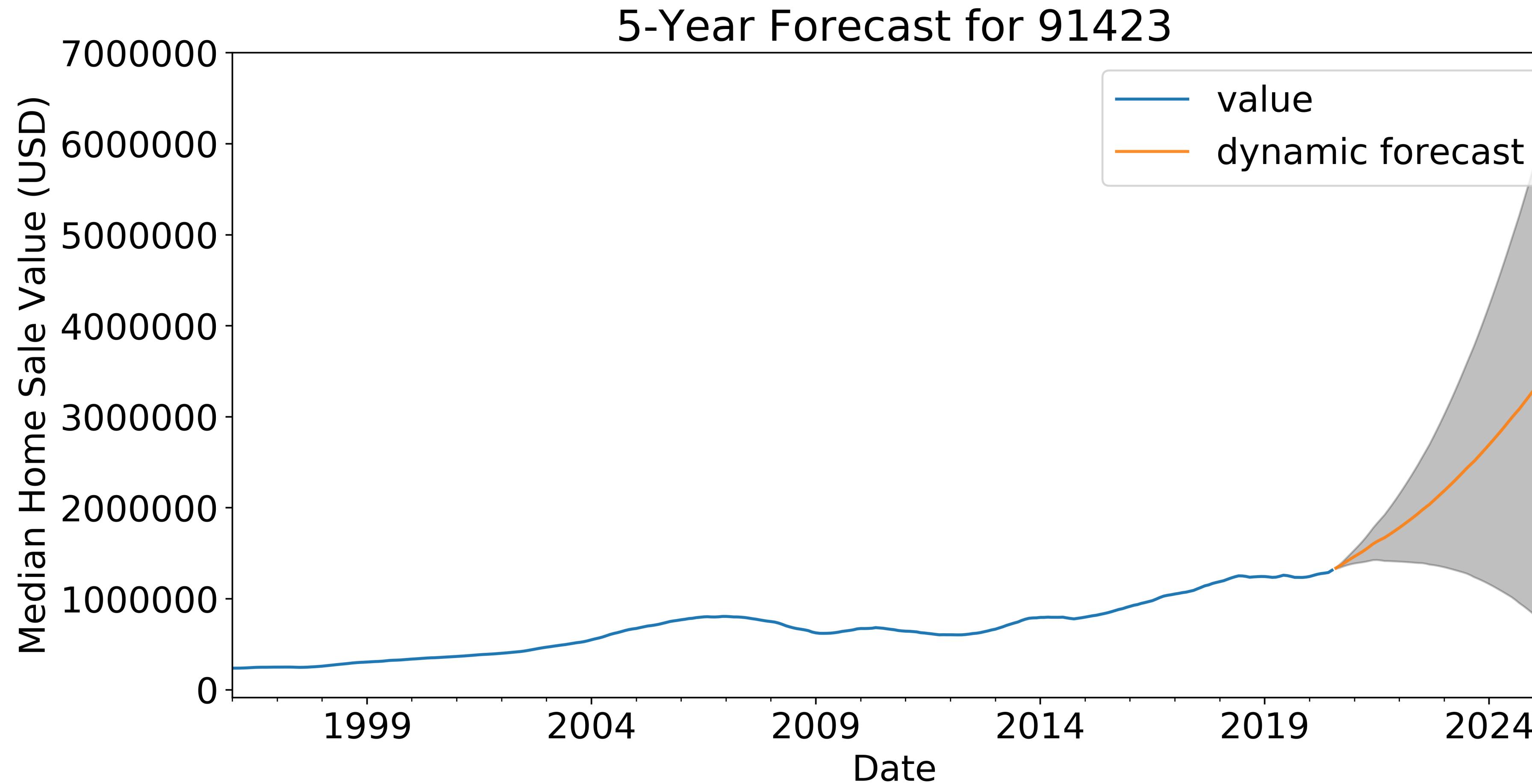


# 91423: Sherman Oaks

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

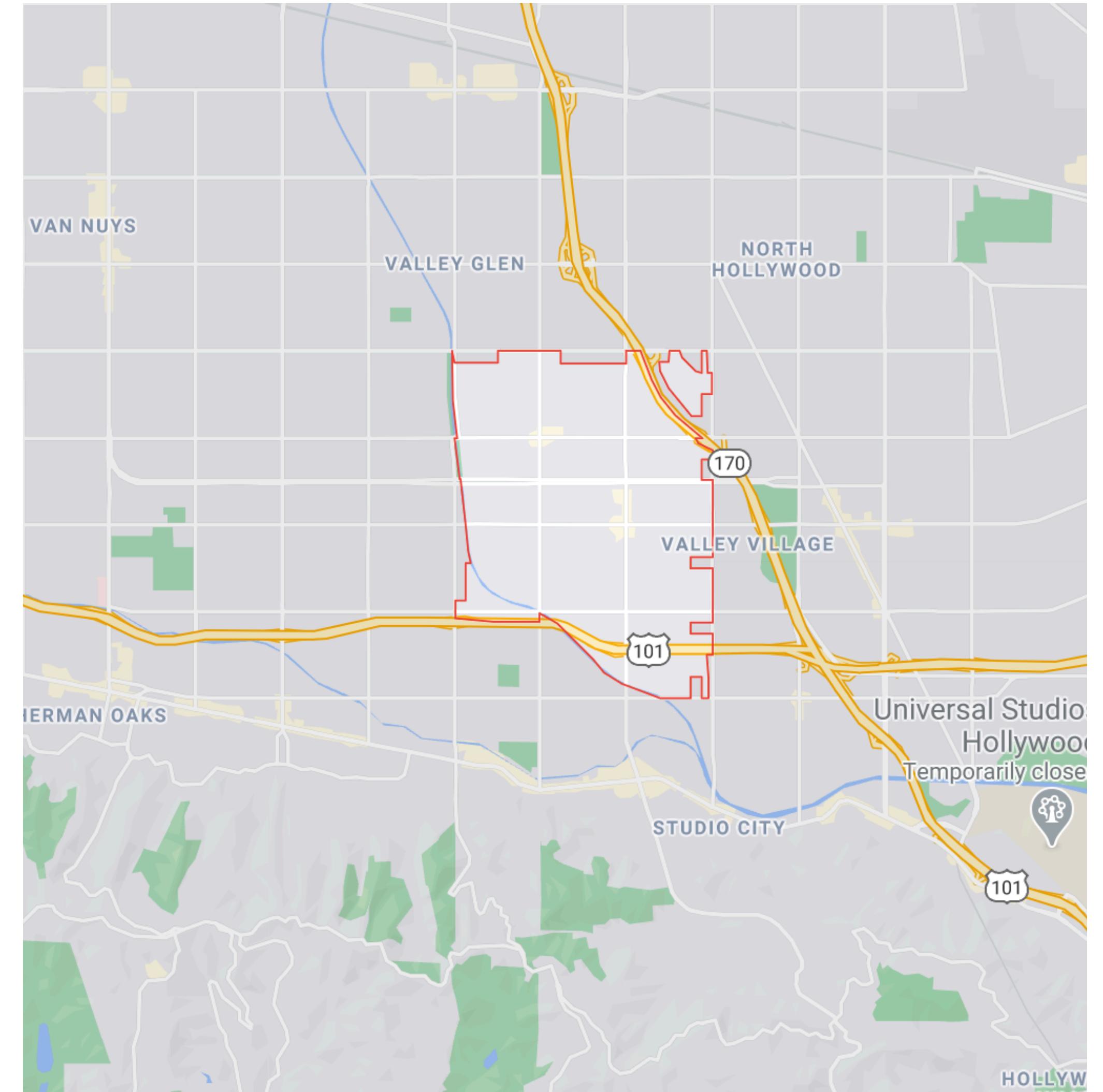


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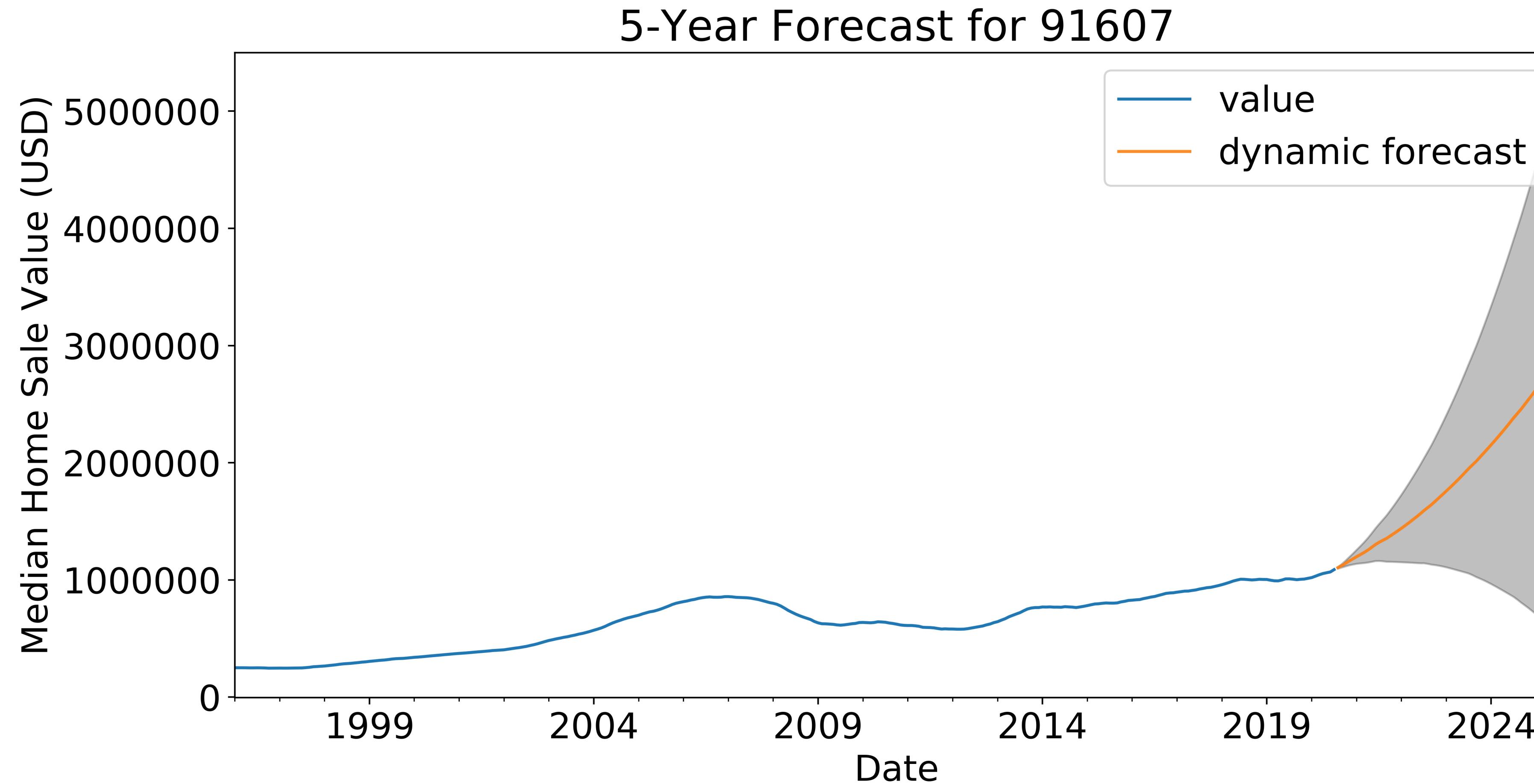


# 91607: Valley Village

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



# 91607: Valley Village

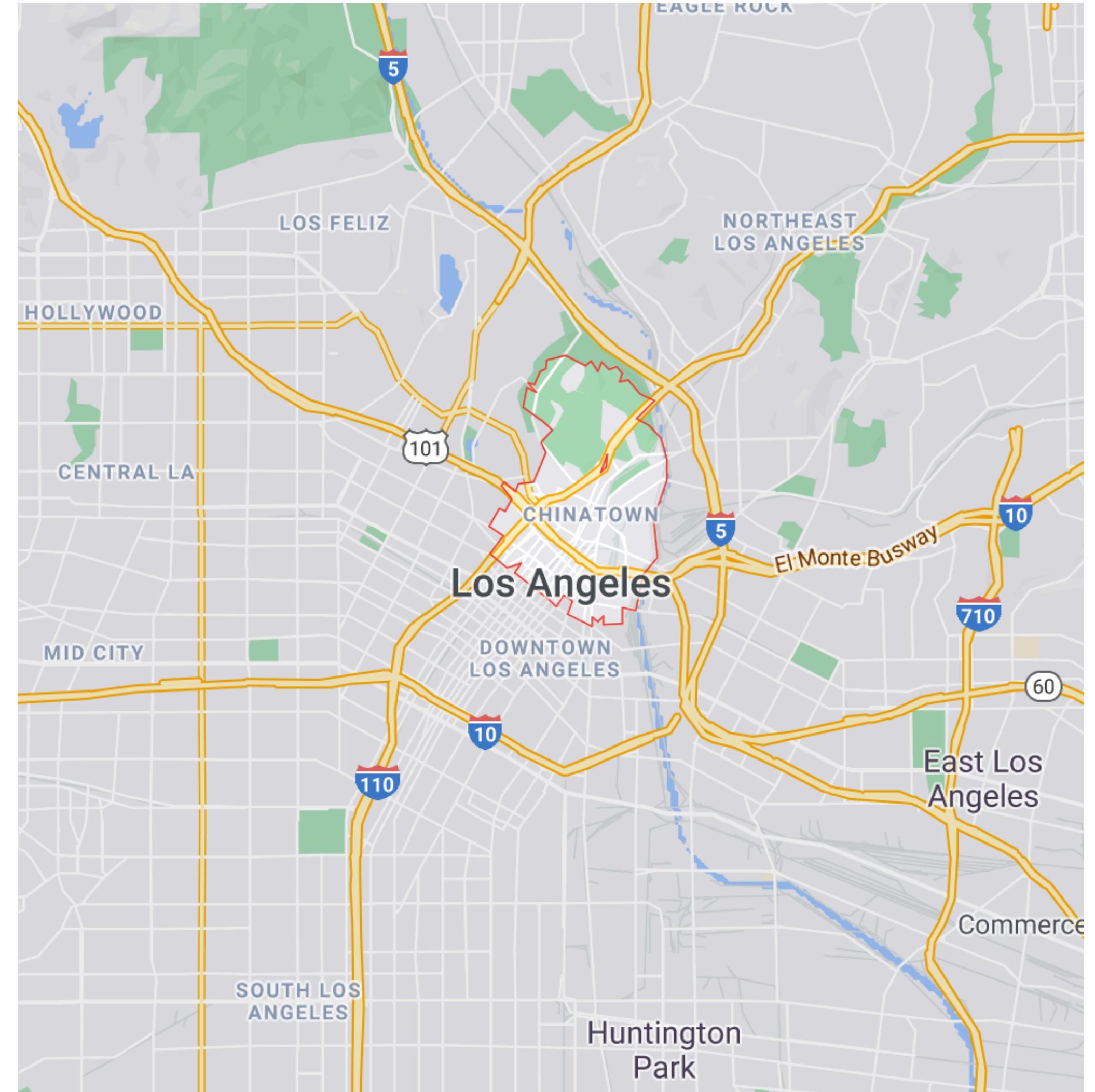


# 90012: Chinatown/DTLA

- 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

