Top 5 places for real estate investment

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About the project

Short term investments

- Focus on realizing profits within a short period of time
- Expect to sell in April 2021

Investment Strategy

- Development
- Fix and Flips

Data

locations
- 51 states
- 7754 cities
- 14723 zip codes

Time periods
- April 1994 ~ April 2018
- 265 months of average house prices in each zip code

Investment Risks Considered

Unpredictability of the market

- No guarantee for making profit

Bad Locations

- Determine the supply and the demand
  - ➢ Appreciation

Lack of Liquidity

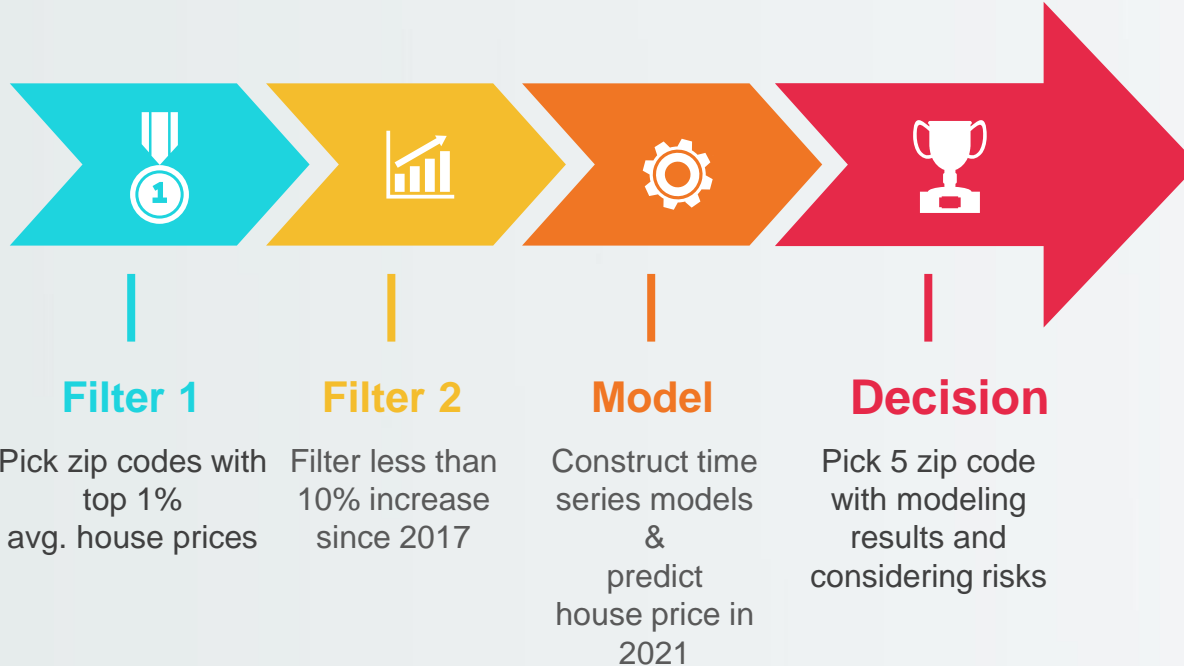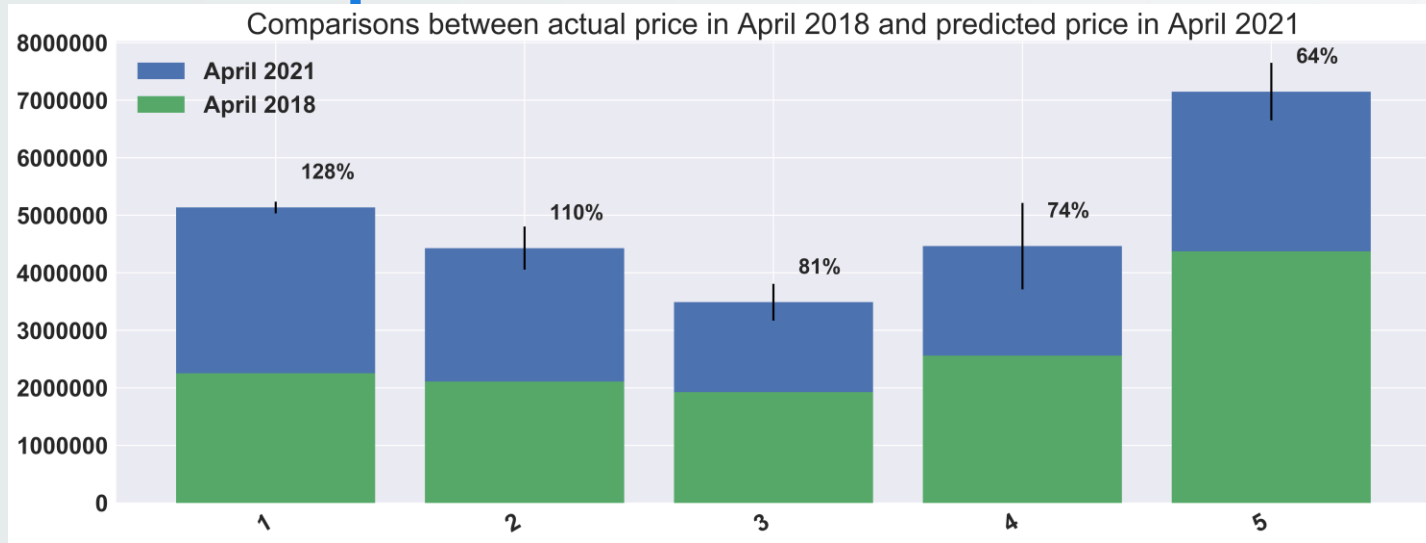Ability to access the money within an investment

Time series modeling

Technique to predict future house price based on the changes from the past

Decision Process

Filter 1

Pick zip codes with top 1%
avg. house prices

Filter 2

Filter less than
10% increase
since 2017

Model

Construct time
series models
&
predict
house price in
2021

Decision

Pick 5 zip code
with modeling
results and
considering risks

Best places for investment

Comparisons between actual price in April 2018 and predicted price in April 2021

1	Zip Code: 94041 (Mountain View, CA)
2	Zip Code: 95129 (San Jose, CA)
3	Zip Code: 94086 (Sunnyvale, CA)
4	Zip Code: 94025 (Menlo Park, CA)
5	Zip Code: 94022 (Los Altos, CA)

Future Direction

Understand the strength and the limitation of modeling 🧩

- Good for short term
- Good for narrowing down our options
- Only based on the history of the price changes
- Results depend on how far history to include in a model

Market Research 📖

- Domain knowledge on factors influence housing markets
- Events in the past that affected overall house prices (ex. Housing loan bubble)

Remodeling 👍

- Update our model with more knowledge

Thank you!