

# Top 5 Zip Codes for Rental Property Investment

A Data Driven RE Approach to  
Investing

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# Agenda

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Background

Evaluation Process

Conclusion

Next Steps

Appendix

# Background

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**Q.** What are the TOP 5 **BEST** zip codes for us to invest in?

Us → Small REIT\* with \$1.5 - 2 Million USD seeking double-digit portfolio performance to attract future investors. Focus exclusively on converting domestic single family homes as rental properties.

“BEST” → We are seeking out to maximize potential **profit** over the next 5 years, given capital constraints.

# Evaluation Process

$$\text{Return on Investment} = \frac{\text{Average Annual Rent}}{\text{Average Home Price}}$$

## Key Statistics:

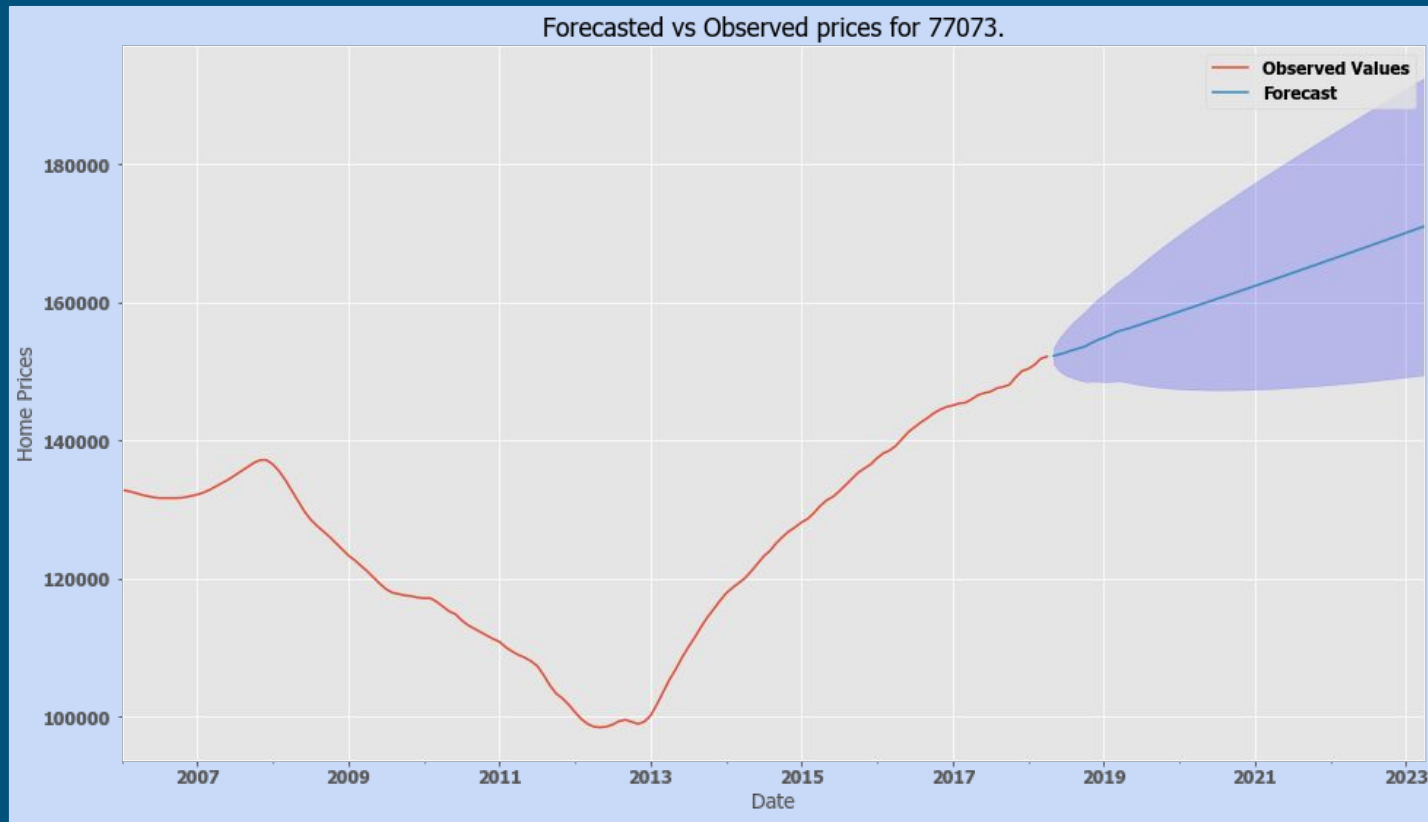
- Market Size
- Number of Opportunities
- Average Price of Homes
- STD of Home Price

Metro	#	Avg. \$	STD
Houston	20	\$170 K	\$19 K
Atlanta	11	\$136 K	\$16 K
Chicago	9	\$132 K	\$38 K
Memphis	9	\$96 K	\$36 K
DFW	9	\$158 K	\$27 K
Baltimore	9	\$136 K	\$39 K

# Conclusion

## Our Top 5

- 77073
- 77338
- 77396
- 77373
- 77083



# Next Steps

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Further Investigation at each Zip Code

- Data-Driven property search matching portfolio strategy
- Understand neighborhoods / communities
- Explore Local Rental behavior
- Spending demographics

Fully Understand Operating Costs

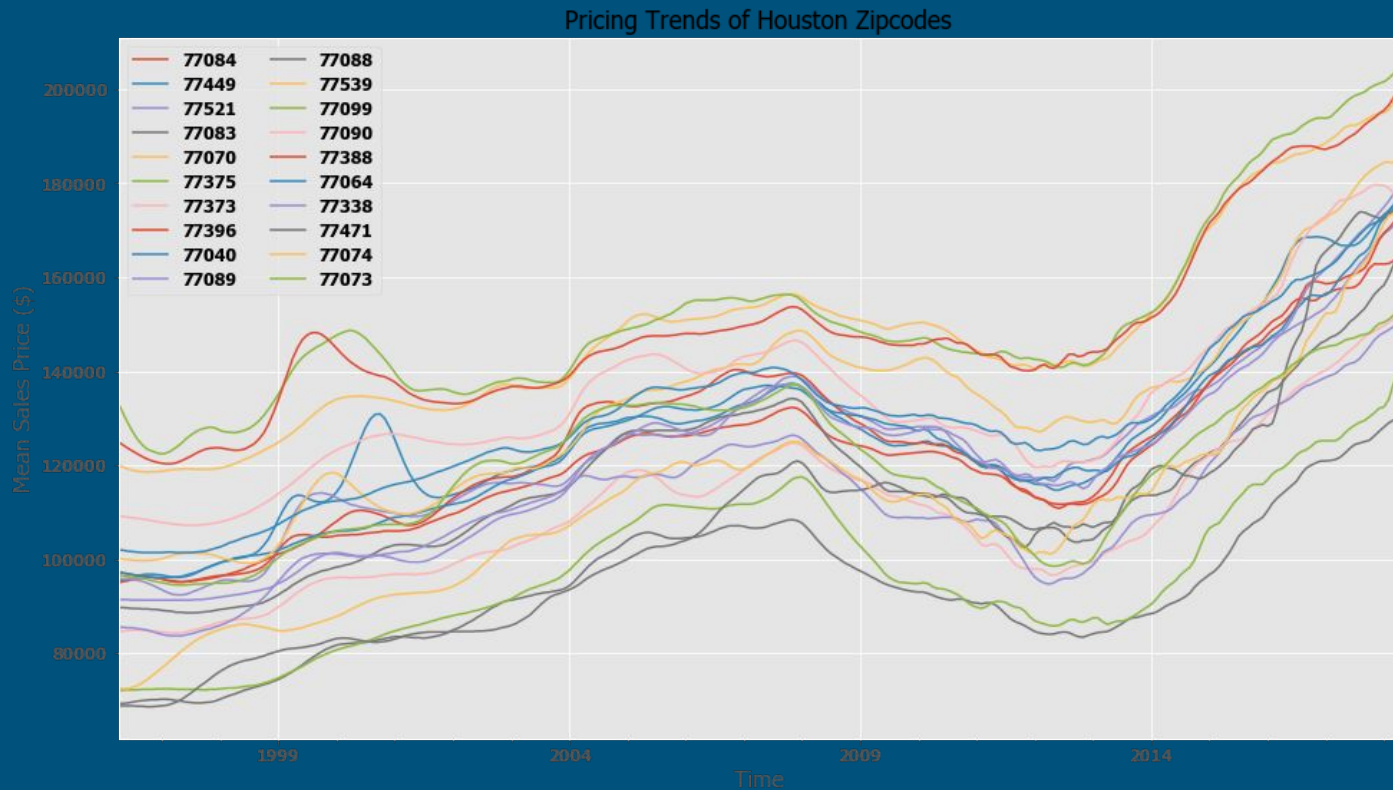
Build out and incorporate into business model

Consider Commercial Real Estate

# Appendix

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# Overview of the Houston Market

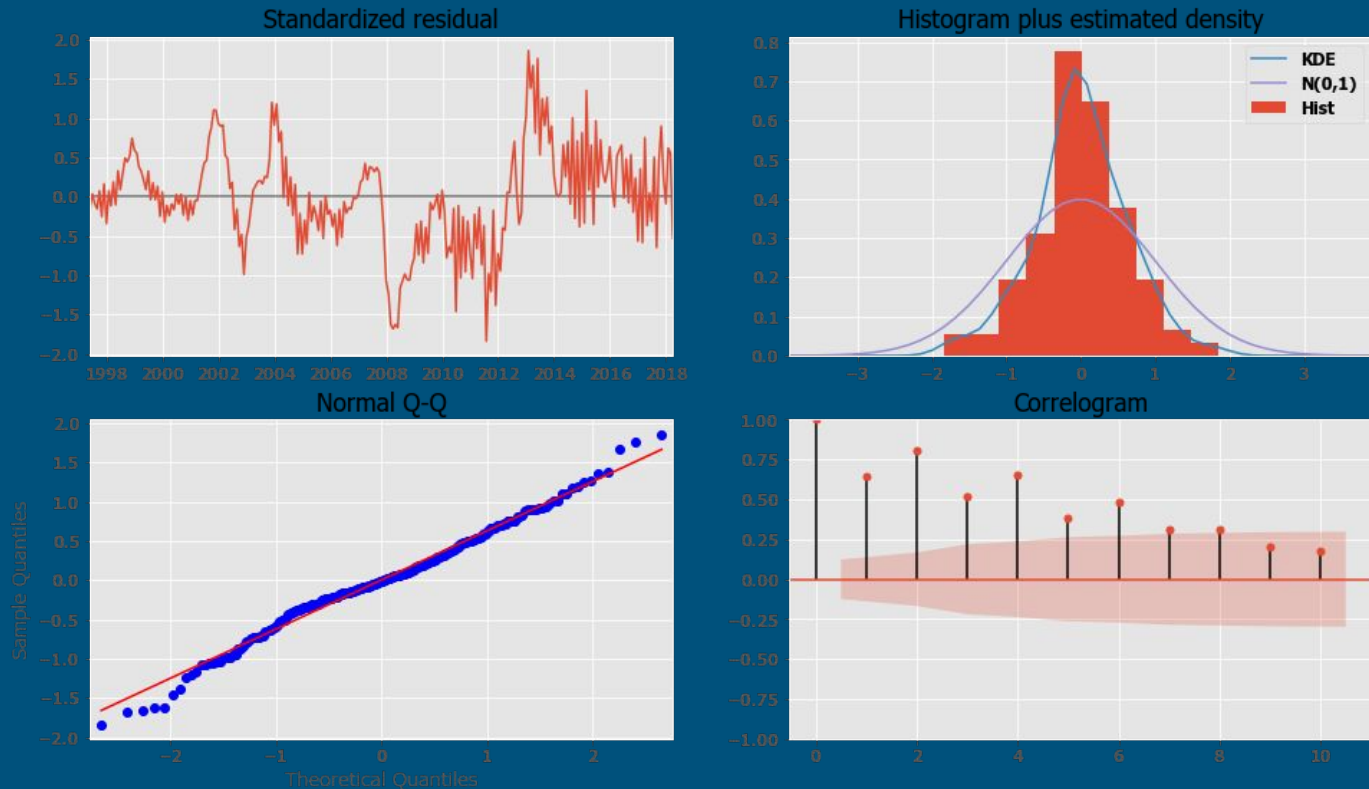




# All Zip Codes with > 16% ROI

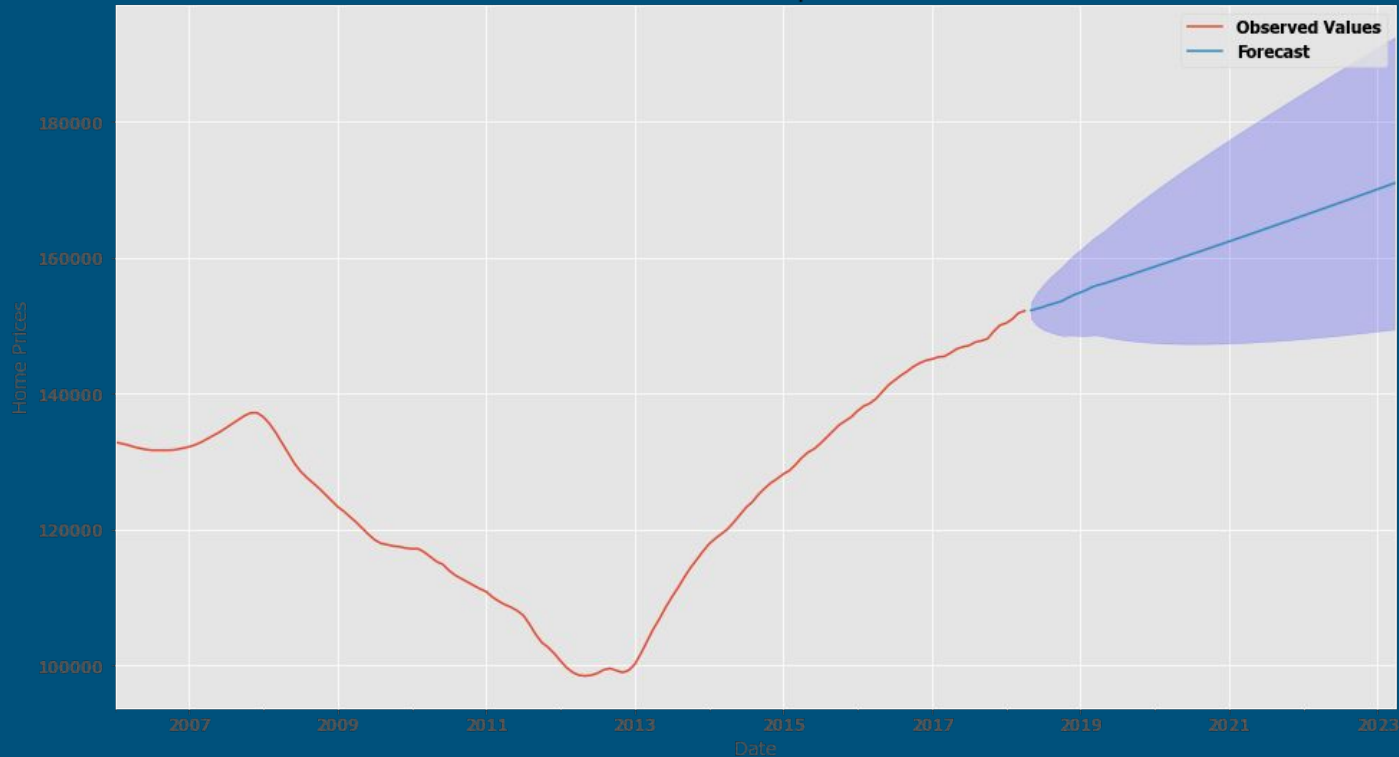
	RegionID	RegionName	City	State	Metro	CountyName	SizeRank	today_price	2018-04	ROI
630	84466	60411	Chicago Heights	IL	Chicago	Cook	883	77700	1300.0	0.200772
1427	61129	8618	Trenton	NJ	Trenton	Mercer	2418	81100	1325.0	0.196054
226	66825	21215	Baltimore	MD	Baltimore	Baltimore City	317	75000	1200.0	0.192000
1186	84464	60409	Calumet City	IL	Chicago	Cook	1865	82500	1300.0	0.189091
1100	74663	38127	Memphis	TN	Memphis	Shelby	1691	42700	650.0	0.182670
1206	81298	53218	Milwaukee	WI	Milwaukee	Milwaukee	1917	69000	1050.0	0.182609
1589	85642	62703	Springfield	IL	Springfield	Sangamon	2795	55600	800.0	0.172662
862	65367	18102	Allentown	PA	Allentown	Lehigh	1280	73300	1050.0	0.171896
16	92515	78572	Mission	TX	McAllen	Hidalgo	27	103900	1412.5	0.163138
897	60390	6606	Bridgeport	CT	Stamford	Fairfield	1332	184300	2500.0	0.162778
703	66839	21229	Baltimore	MD	Baltimore	Baltimore City	1005	95600	1285.0	0.161297

# Example Diagnostics Plot (for 77073)

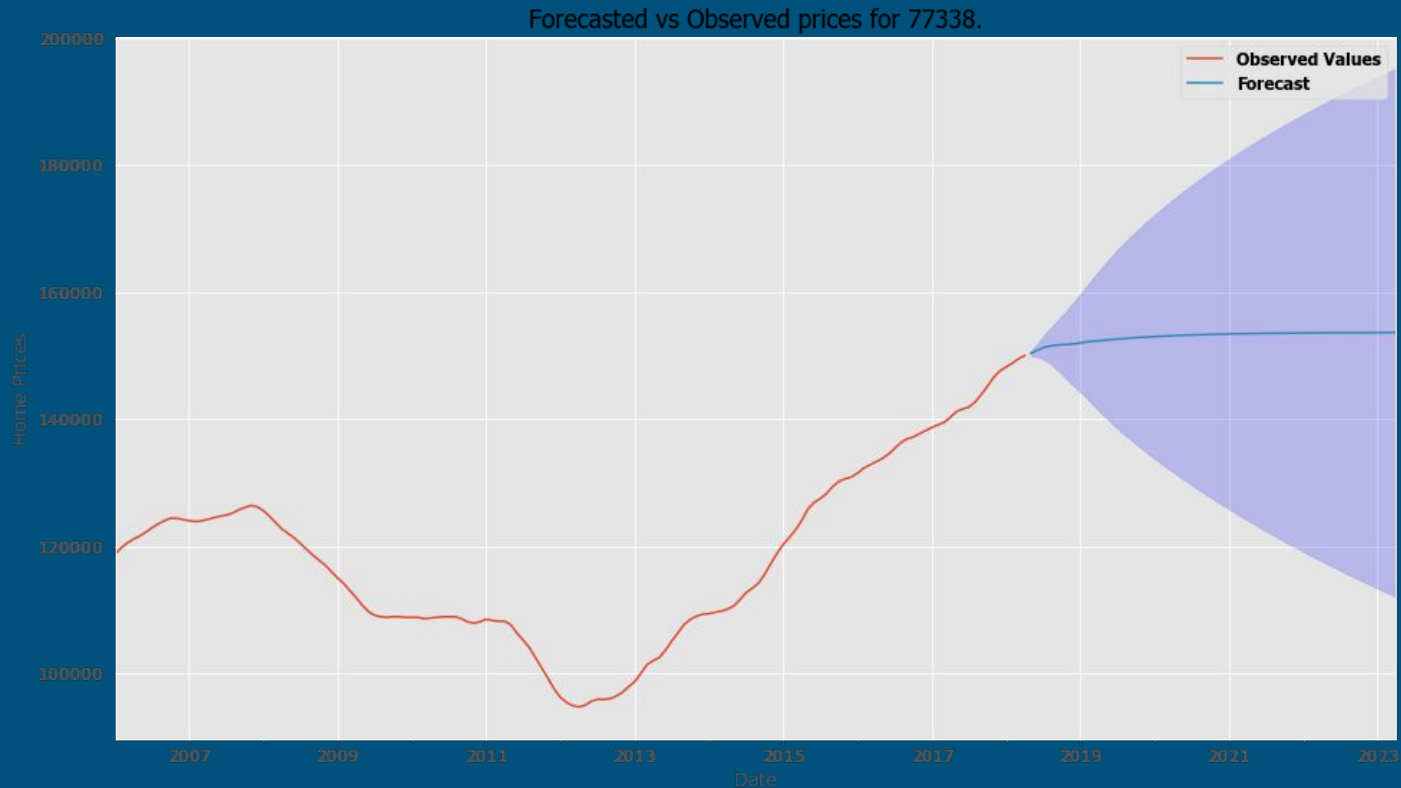


# 77073 - Westfield, TX

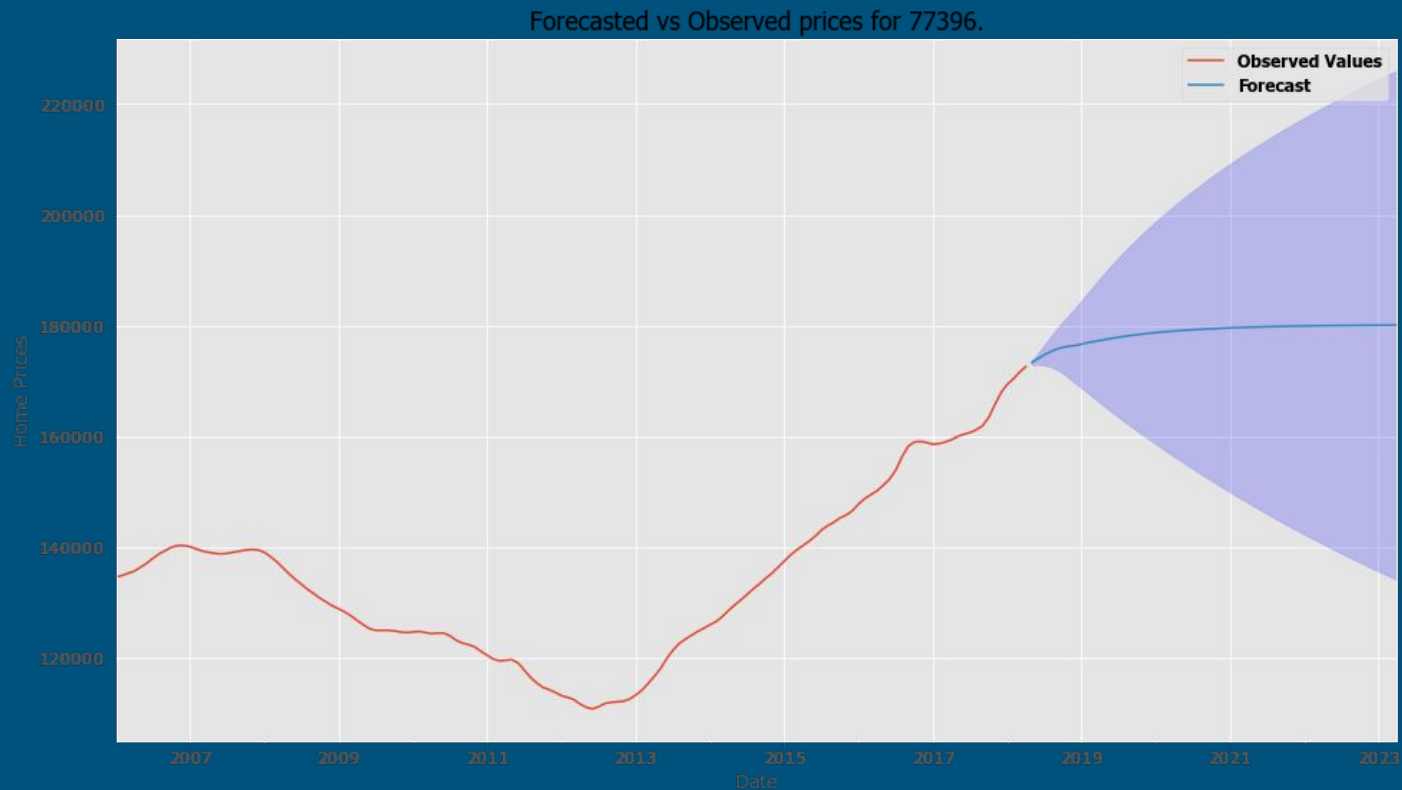
Forecasted vs Observed prices for 77073.



# 77338 - Humble and Atascocita, TX

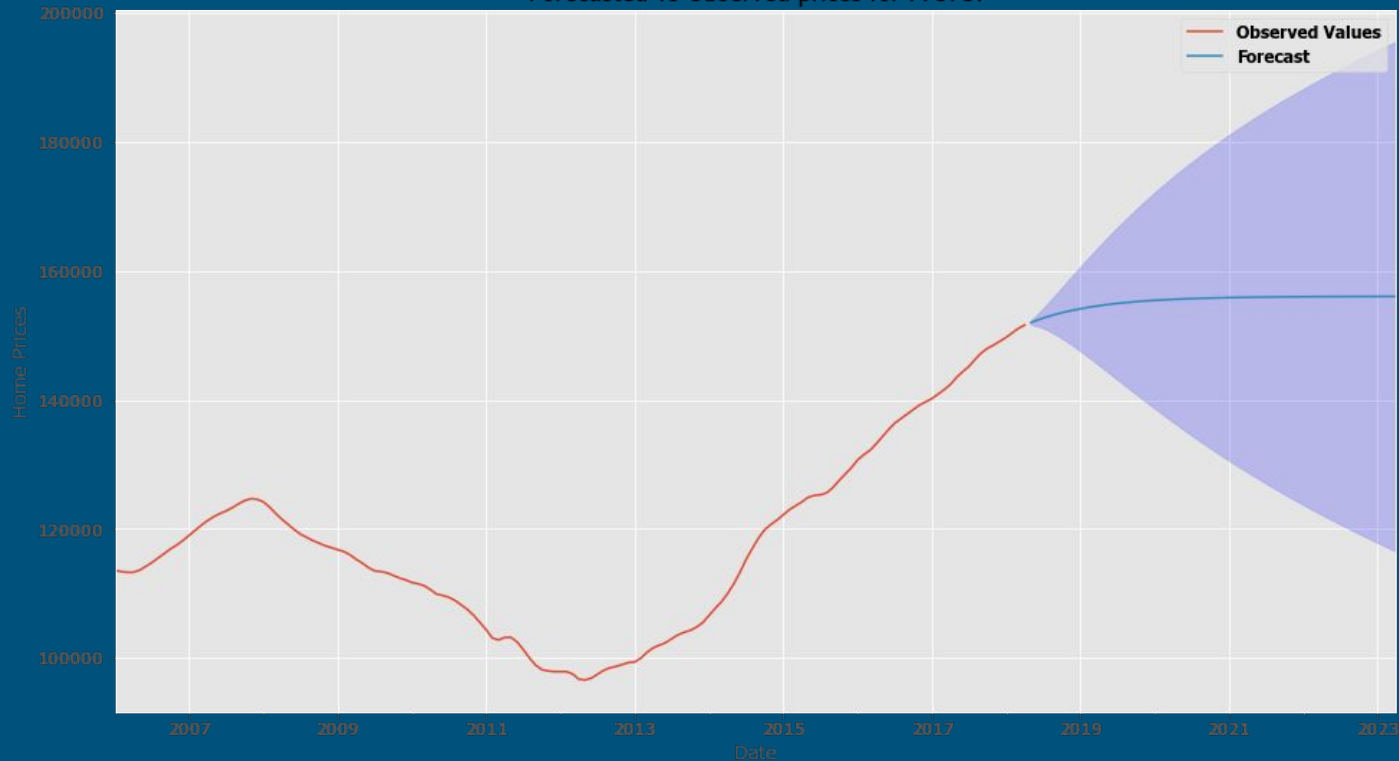


# 77396 - Humble and Atascocita, TX



# 77373 - Spring, TX

Forecasted vs Observed prices for 77373.



# 77083 - Mission Bend and Four Corners, TX

