

Real Estate Investment

Michael Cheng

Introduction

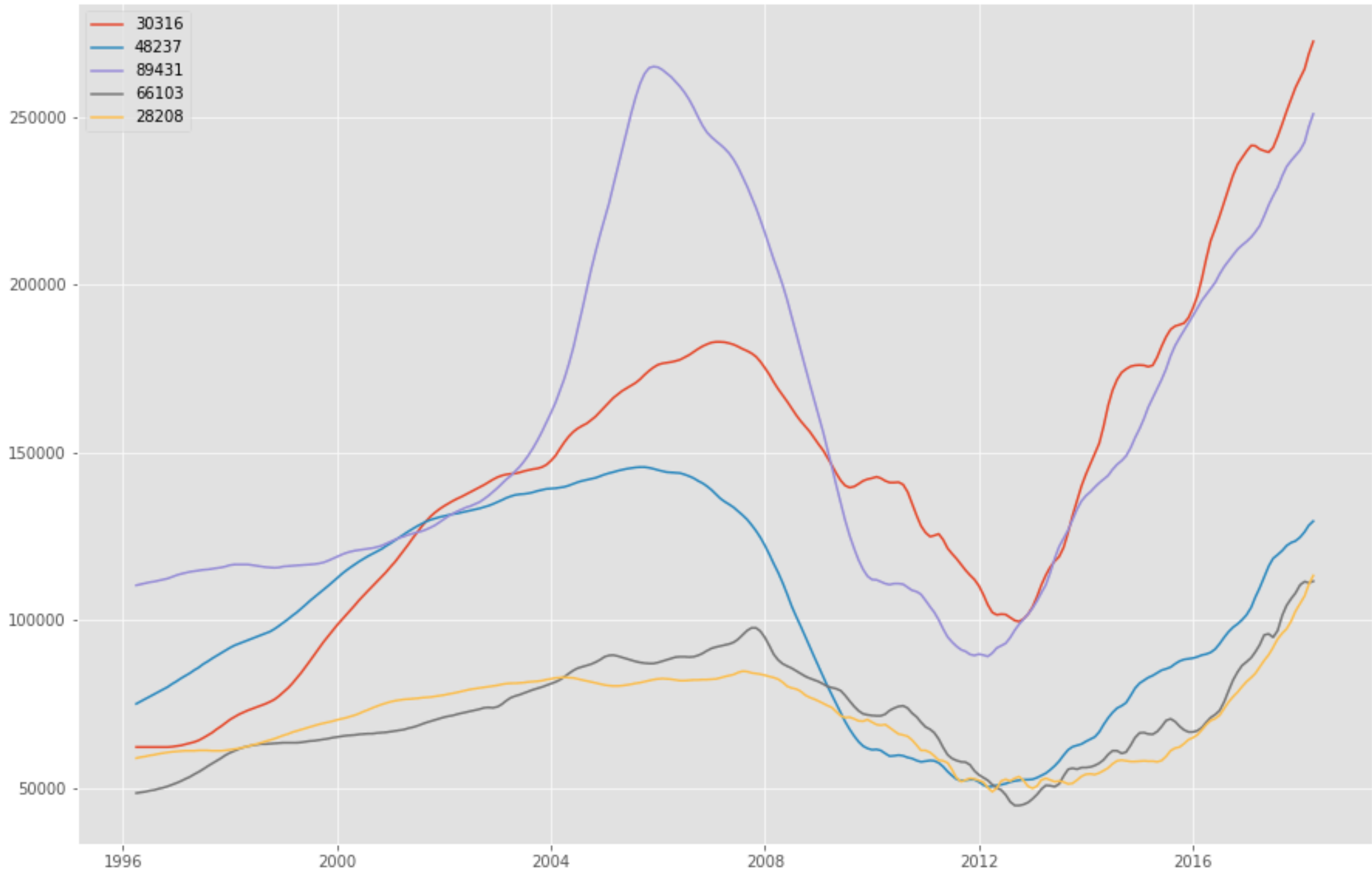
- Consultant for a real estate investment firm
- What are the best 5 zip codes to invest in?
- Data from Zillow Research, over 14000 zip codes
- 22 years of pricing data, 1996 to 2018



Criteria for choosing best zip codes

- High rate of return recently, calculated by percentage of increase since 2013
- Low price volatility, calculated by standard deviation since 1998
- For risk diversification, pick 5 different metro areas to invest in
- Best estimated percentage price increase by 2023

Home Price Trend in Selected Zip Codes

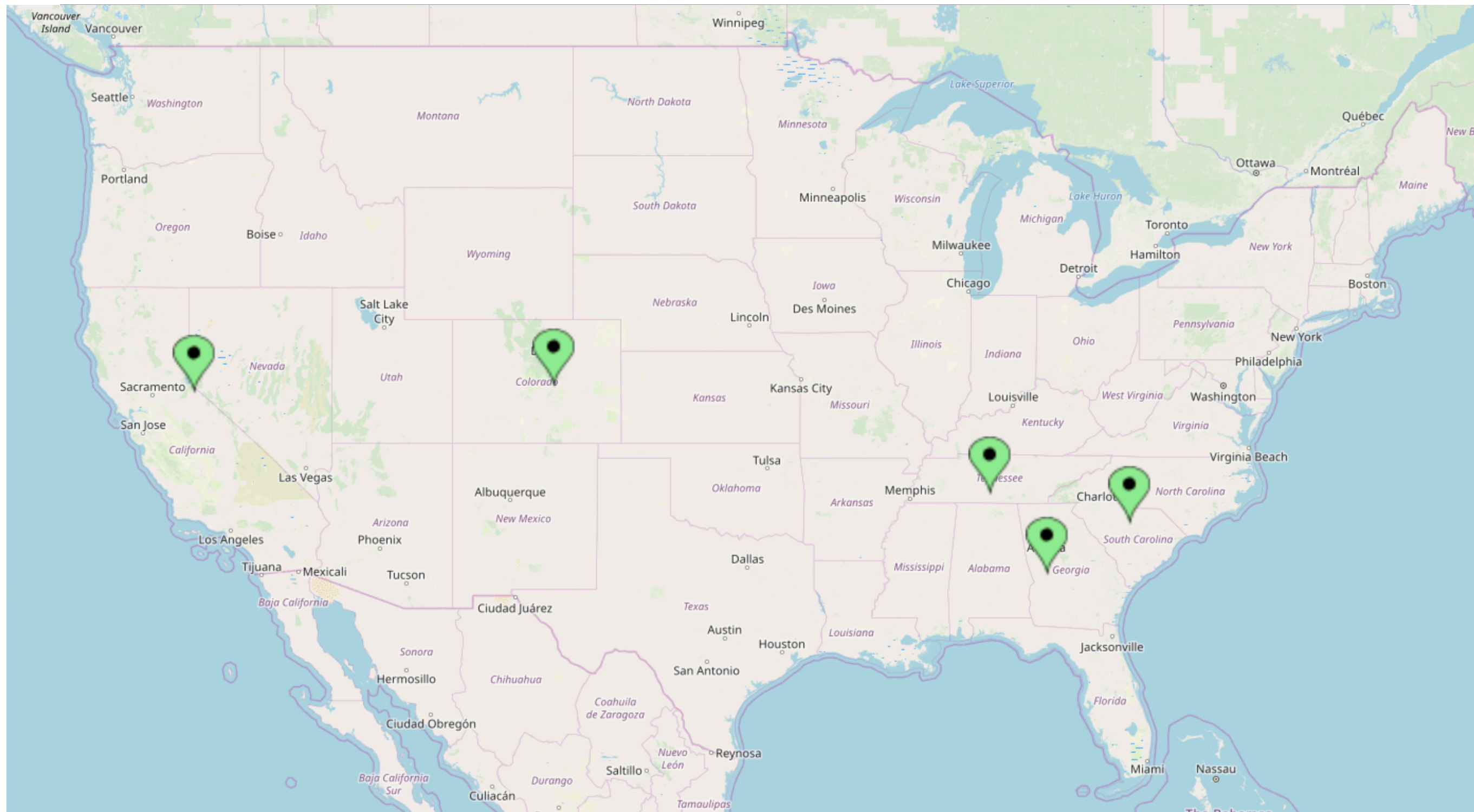


- Going up, except from 2008-2012

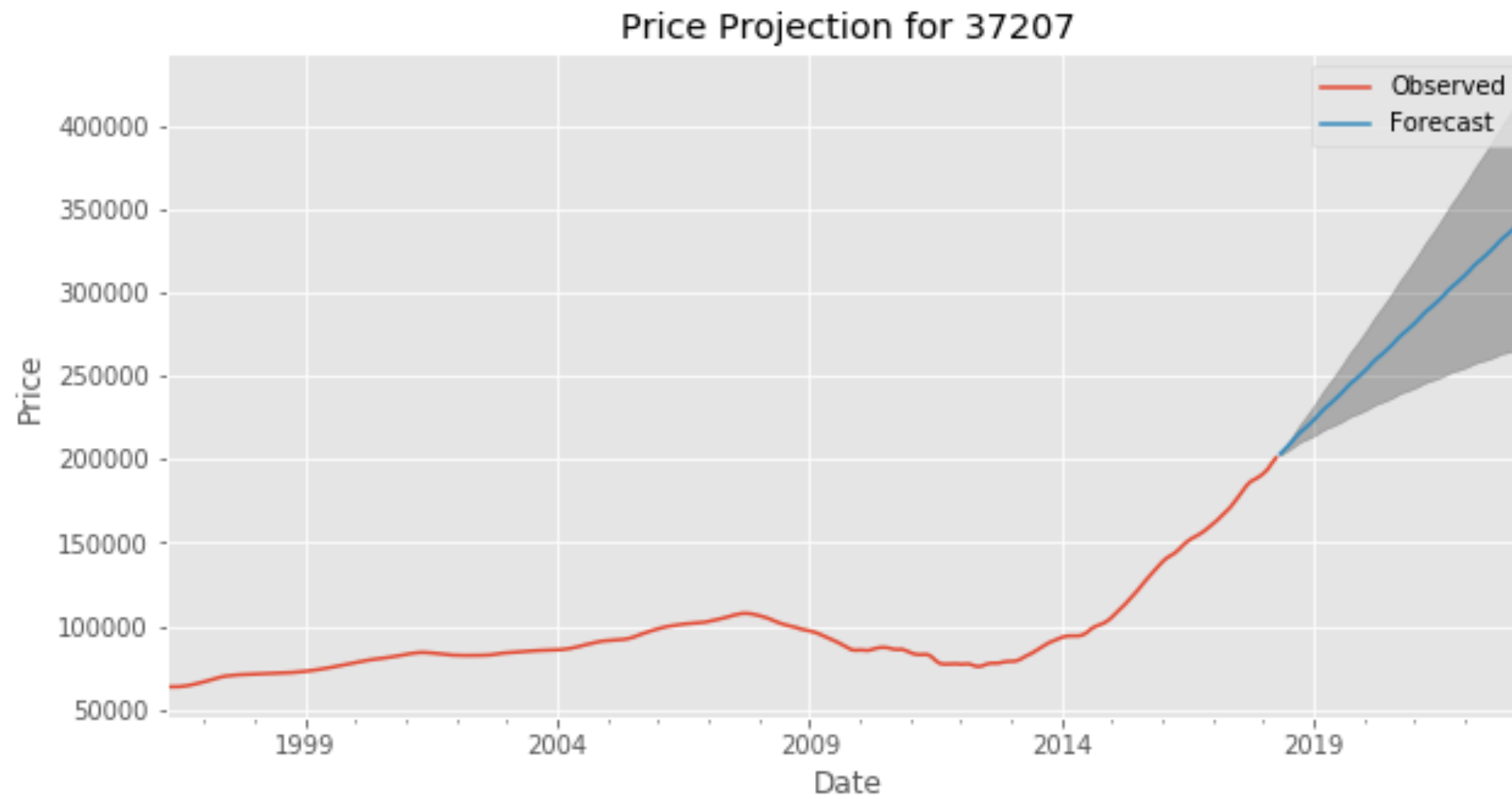
Top 5 Recommendation (with 2023 price forecast)

	City	State	Metro	2018 Price	2023 Price	% increase
30238	Jonesboro	GA	Atlanta	102900	184913	79.7%
28208	Charlotte	NC	Charlotte	113400	201593	77.7%
37207	Nashville	TN	Nashville	200800	346858	72.7%
89433	Sun Valley	NV	Reno	272600	452048	65.8%
80010	Aurora	CO	Denver	277600	433940	56.3%

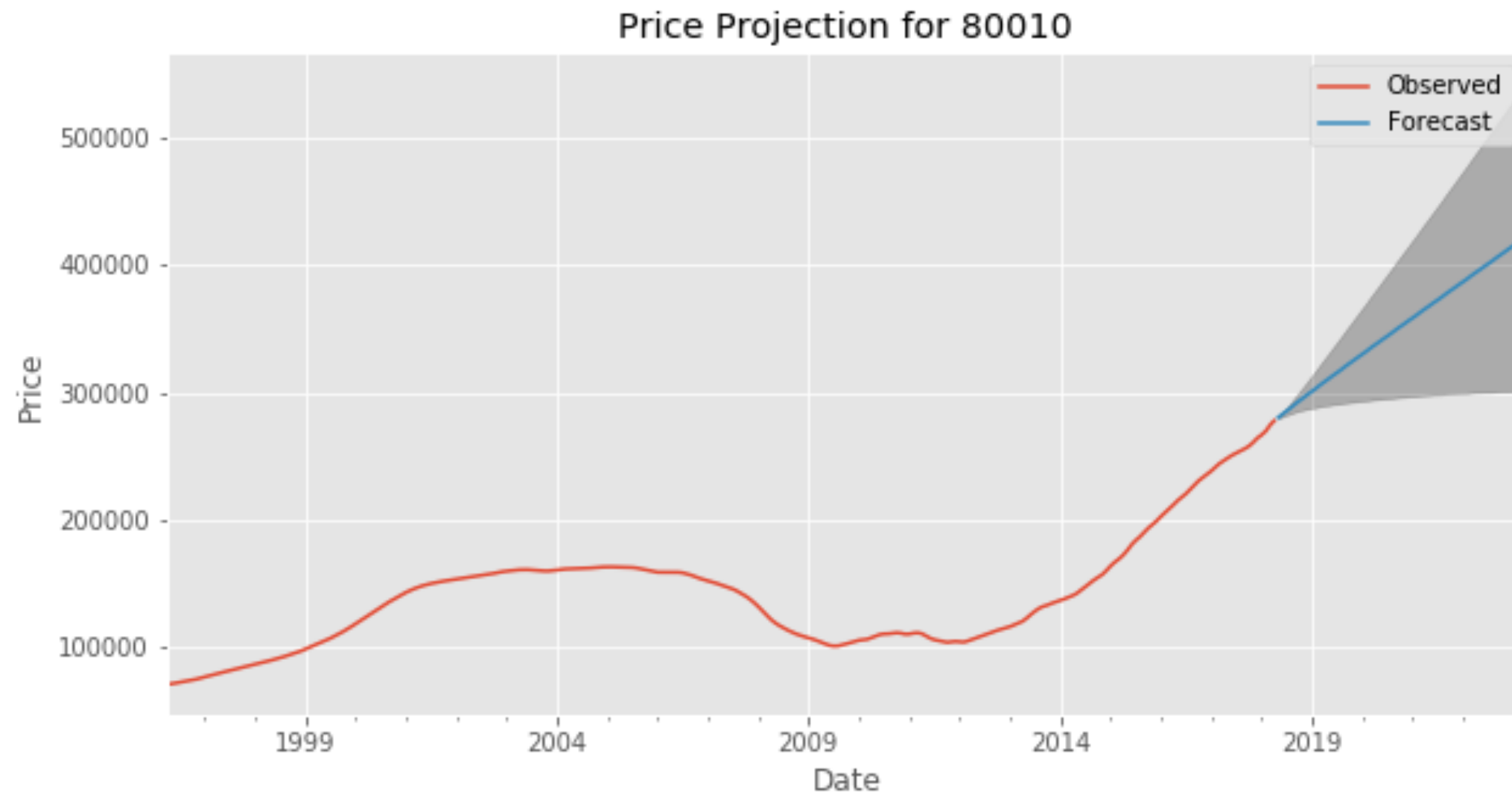
Top 5 Recommendation



Nashville, TN



Aurora, CO



Future Work

- Compare the 2019 projected price with actual data
- Experiment with more expensive homes, with price over 1 million
- Use other time series algorithms
- Try other timeframes, such as 3 years or 10 years
- Incorporate future economic outlook with external reports

