

# Best ZIP Codes In Which To Invest

An Analysis of Zillow Data

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A dark blue diagonal gradient bar that starts from the bottom left and extends towards the top right, covering the lower half of the slide.

What are the 5 best ZIP codes with high ROI and low volatility?



# Overview

- Analyzed 1,200+ ZIP codes across ten metro areas deemed by Zillow to be best for investing
- Used average sales prices of previous years to find trends of low volatility and high ROI
- Note: only post-crash data was used to reach conclusions (Aug 2008 to Apr 2018)

# What Does “Best” Mean?

Each ZIP investigated had its Score calculated, based on predicted ROI (**R**) and confidence interval

$$\text{Score} = \begin{cases} \frac{10R}{\log(P_H - P_L + 2)}, & \text{if } R > 0, \\ R, & \text{if } R \leq 0. \end{cases}$$

ZIPs were ranked by highest Score to lowest:

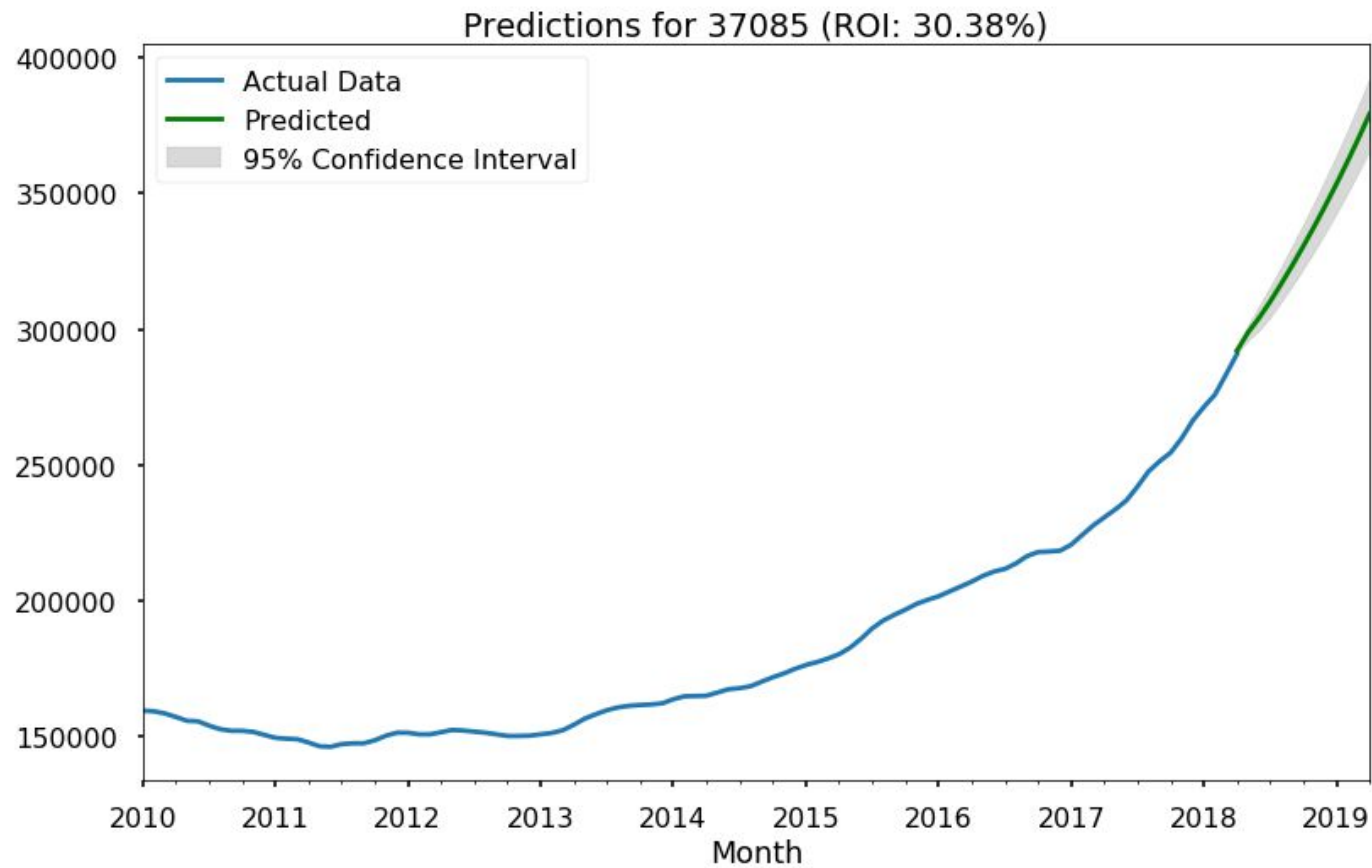
City	Zip	ROI	Score	Initial Investment	1-Year Profit
Dallas-Fort Worth	76114	35.18	34.75	137000.00	48196.60
Tampa	34691	32.85	32.20	104800.00	34426.80
Tampa	34652	33.34	32.19	114400.00	38140.96
Charlotte	28208	30.39	29.98	113400.00	34462.26
Nashville	37085	30.38	29.80	290900.00	88375.42

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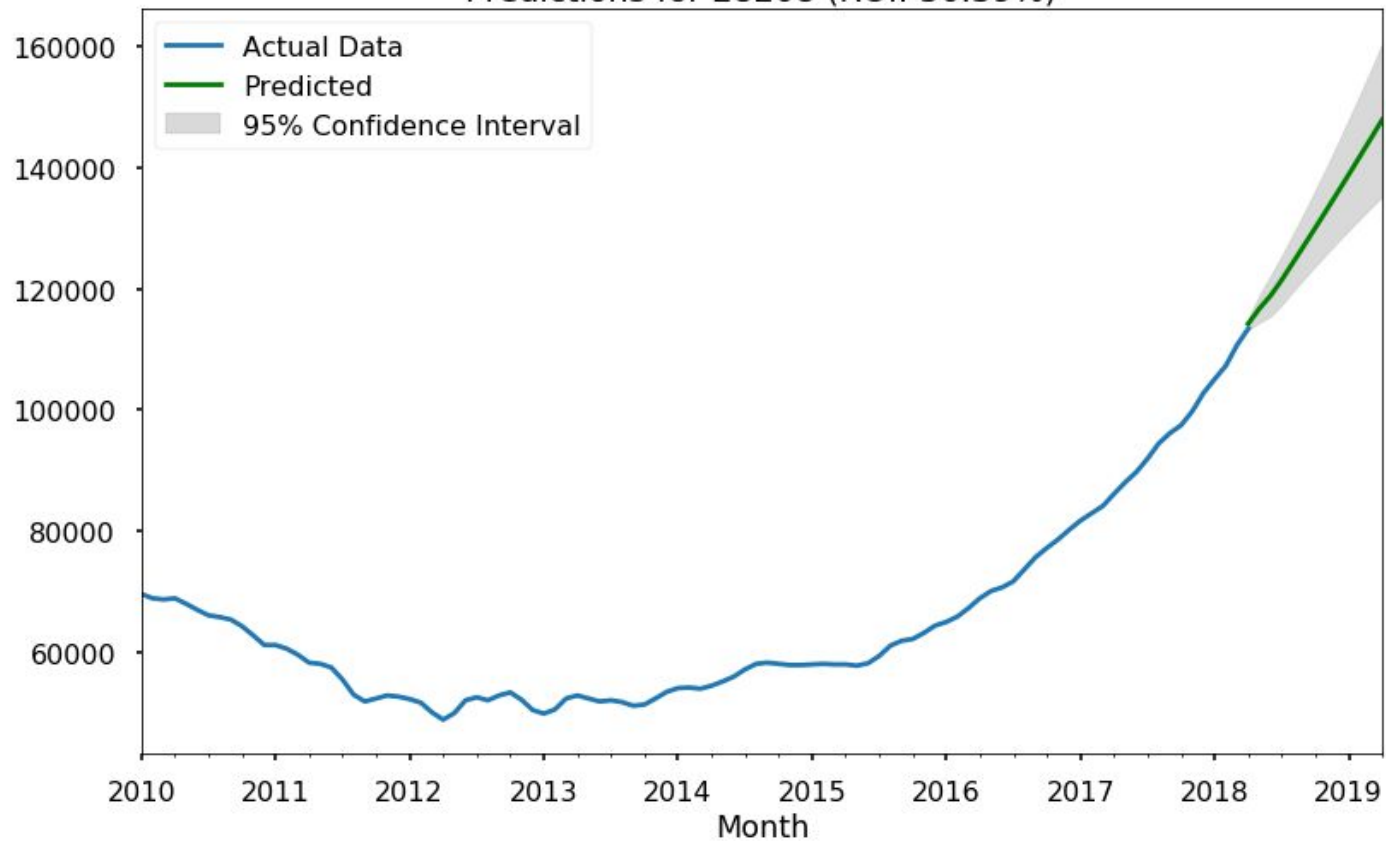
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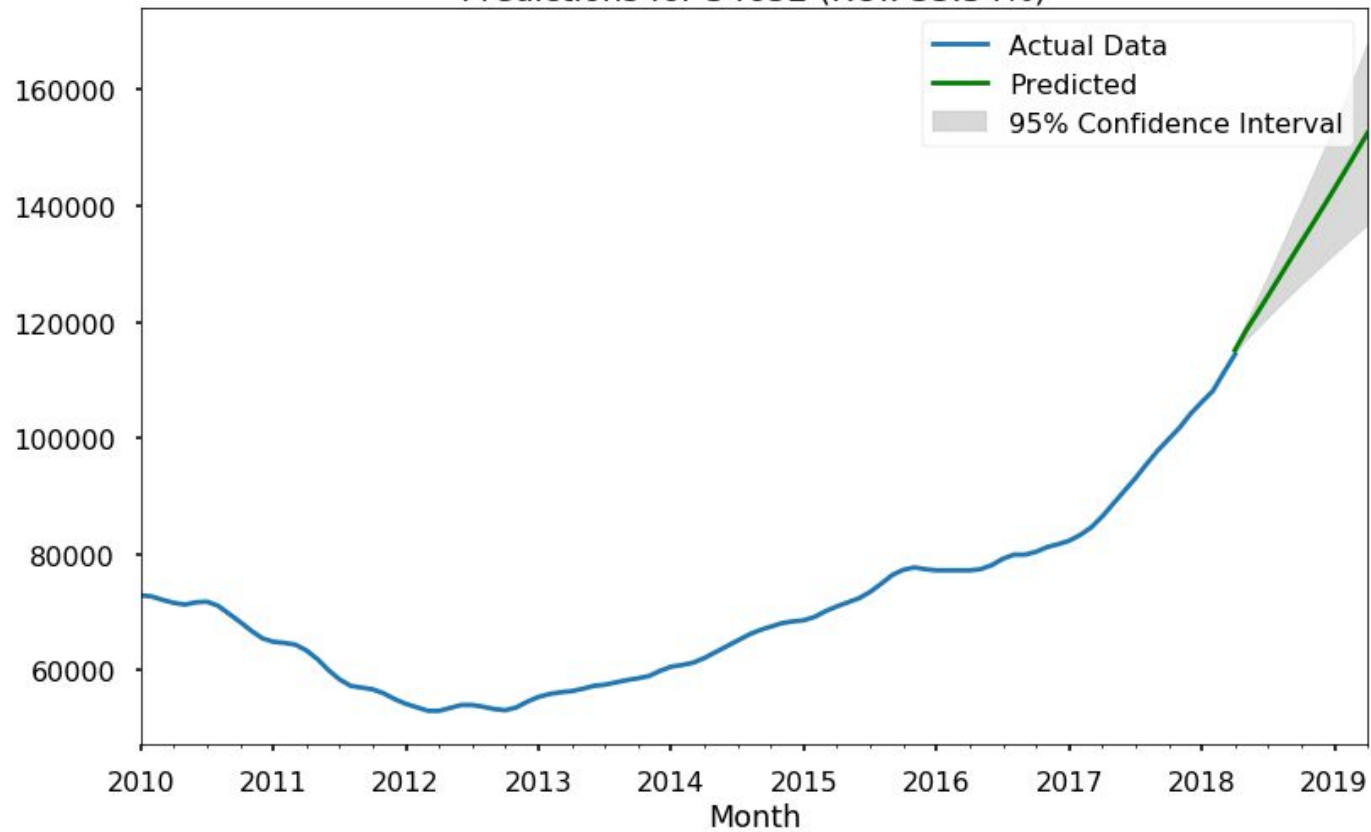
#5: Nashville, TN 37085. Score: 29.8

Predictions for 28208 (ROI: 30.39%)



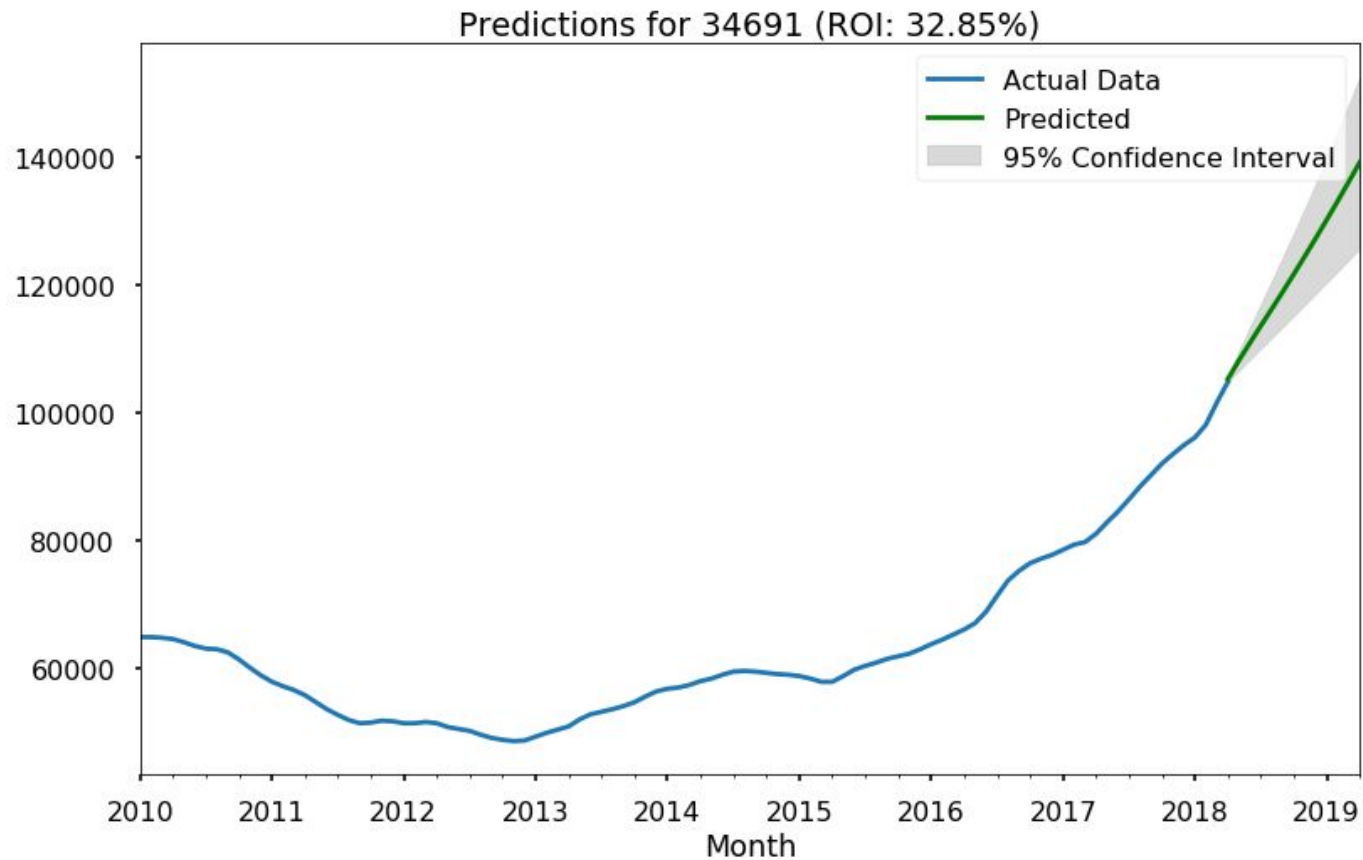
#4: Charlotte, NC 28208. Score: 29.98

Predictions for 34652 (ROI: 33.34%)

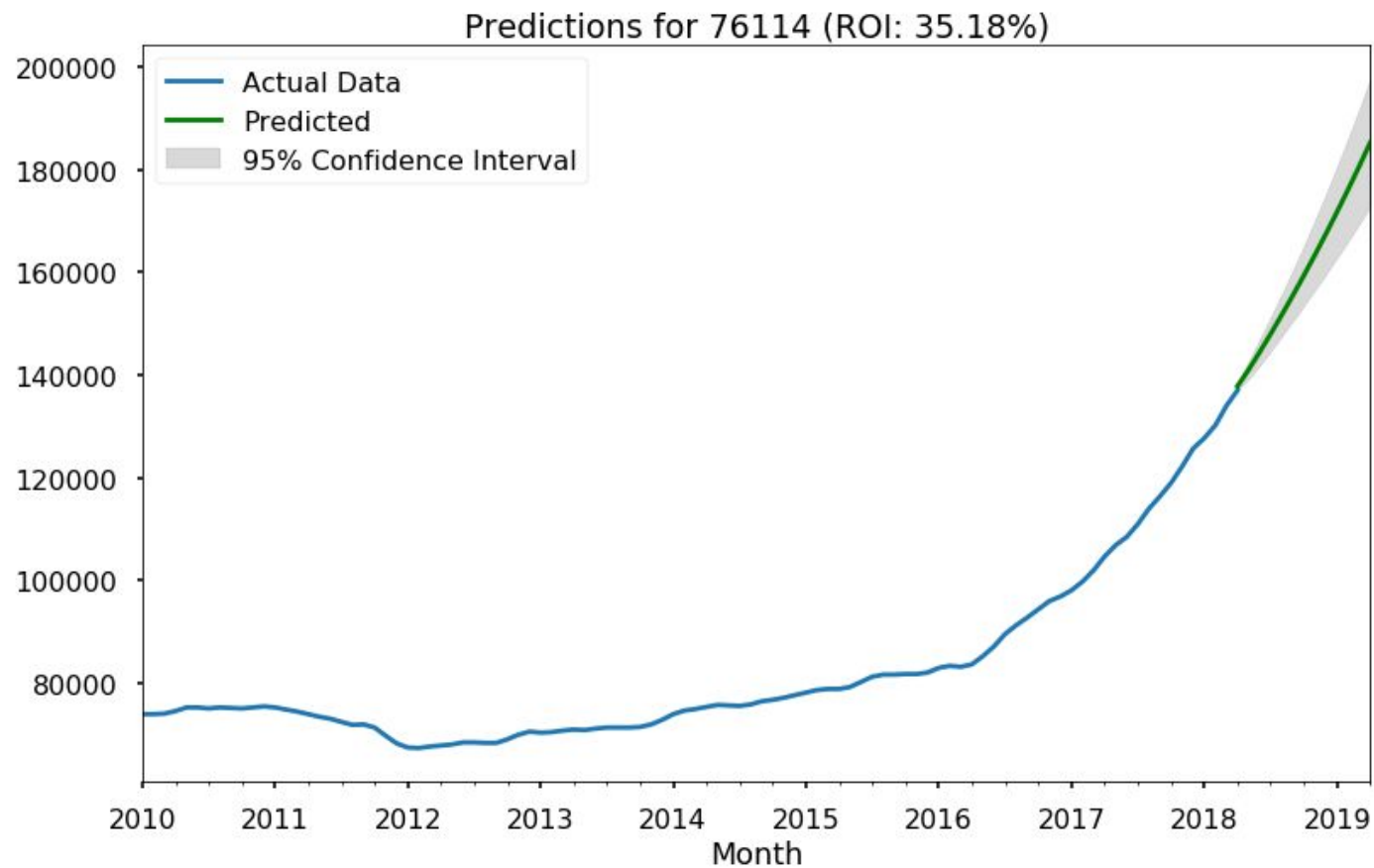


#3: Tampa, FL 34652. Score: 32.19





#2: Tampa, FL 34691. Score: 32.2



#1: Dallas-Fort Worth, TX 76114. Score: 34.75

# Other Metrics for “Best”

## Raw Profit After One Year

## Initial Investment

	City	Zip	ROI	Score	Initial Investment	1-Year Profit
	Miami-Fort Lauderdale	33480	4.02	2.96	4686200.00	188385.24
	Miami-Fort Lauderdale	33316	14.77	11.83	1079800.00	159486.46
	Tampa	33606	16.09	13.54	674600.00	108543.14
	Charlotte	28203	15.60	13.91	612100.00	95487.60
	Miami-Fort Lauderdale	33301	7.98	6.42	1145800.00	91434.84

	City	Zip	ROI	Score	Initial Investment	1-Year Profit
	Detroit	48146	9.02	9.38	75000.00	6765.00
	Detroit	48240	20.47	20.09	76800.00	15720.96
	Detroit	48021	11.96	11.98	79100.00	9460.36
	Atlanta	30216	17.67	17.25	82700.00	14613.09
	Dallas-Fort Worth	75453	8.22	8.72	85400.00	7019.88

# Summary and Recommendations

The highest scoring ZIP codes are:

City	Zip	ROI	Score	Initial Investment	1-Year Profit
Dallas-Fort Worth	76114	35.18	34.75	137000.00	48196.60
Tampa	34691	32.85	32.20	104800.00	34426.80
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Recommendations:

- Dallas and Tampa are good ideas for maximum Score
- Detroit has unbeatable initial investment levels
- Miami has the highest highs, and the lowest lows

# Further Research

- Investigate ZIP codes across wider area, possibly entire US
- Further investigate market ebb and flow in top 5 ZIP codes to get a better view of price changes
- Expand upon valid parameters for prediction model to include a wider range of possible models

# Thank You!

Zillow rankings source: <https://www.businessinsider.com/best-places-to-invest-in-real-estate-in-the-us-2019-7>