



# Forecasting Real Estate ROI: NYC vs Jersey City

Where should Wesley Capital invest now based on next year's forecast?  
This analysis uses ARIMA modeling to project ZIP-level real estate  
returns across NYC and Jersey City.

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## How Growth Was Measured (Data Description)

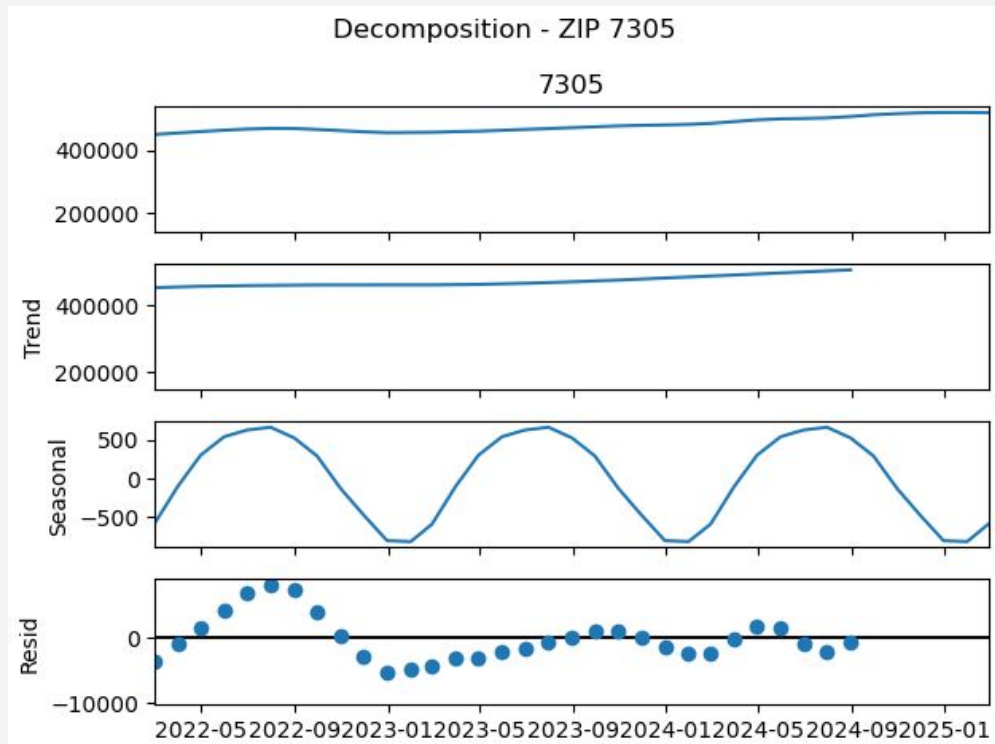
- Data Source: Zillow ZHVI (typical home values for mid-tier homes, seasonally adjusted)
- Timeframe: Post-Pandemic - March 2022 to February 2025 (Current as of March 2025)
- Scope: ZIP codes across NYC's five boroughs and Jersey City

## Which ZIP Codes Are Gaining Fastest?

- Measured 3-year price growth across all valid ZIP codes
- Selected top 5 based on percentage increase since March 2022
- Includes ZIPs from Jersey City, Queens, Brooklyn, Bronx, and Manhattan
- These areas showed strong momentum and were prioritized for forecasting

## Forecasting Home Values with ARIMA

- An ARIMA(1,1,1) model was fit to each ZIP code's time series
- Seasonality was excluded because Zillow data is already adjusted
- The model was set up to recognize that prices have been rising consistently
- Forecasts extend through February 2026



- This ZIP shows a steady upward trend with low residual noise.
- A mild seasonal pattern appears but does not affect model reliability.
- ARIMA does not rely on seasonal components so the forecast remains stable.

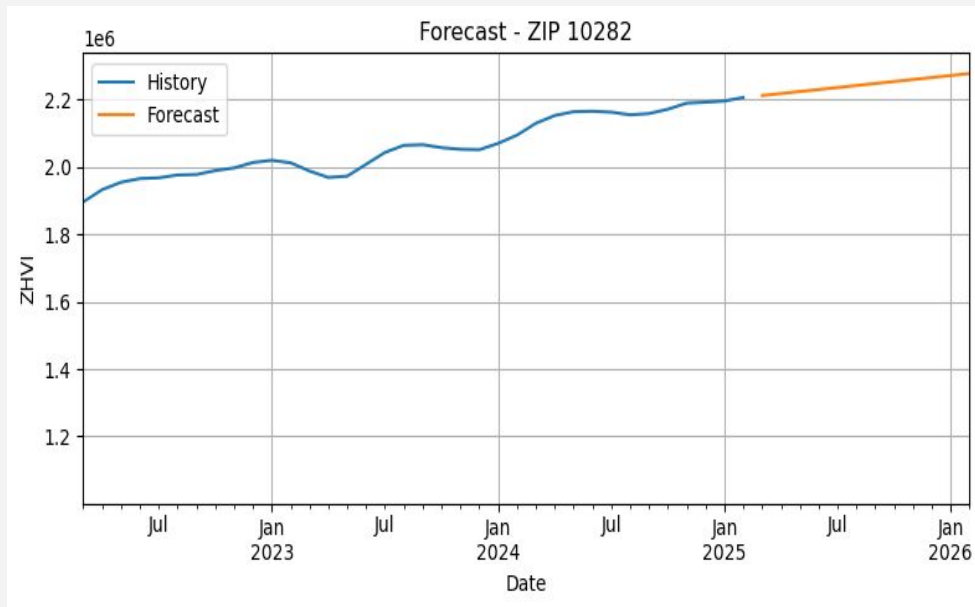
## Why ARIMA, not SARIMA?

- ARIMA was used to model price trends over time.
- It's a time series model that captures past patterns to forecast future values.
- Since Zillow ZHVI is already seasonally adjusted, there was no need for seasonal differencing.
- If clear seasonal patterns had been present, a SARIMA model would have been more appropriate.

## Why ARIMA(1,1,1) Was Chosen

- This model captures long-term price trends
- It's simple and works well across different ZIP codes
- No extra tuning was required
- Forecasts were stable for every case

## Forecast Results for Selected ZIPs

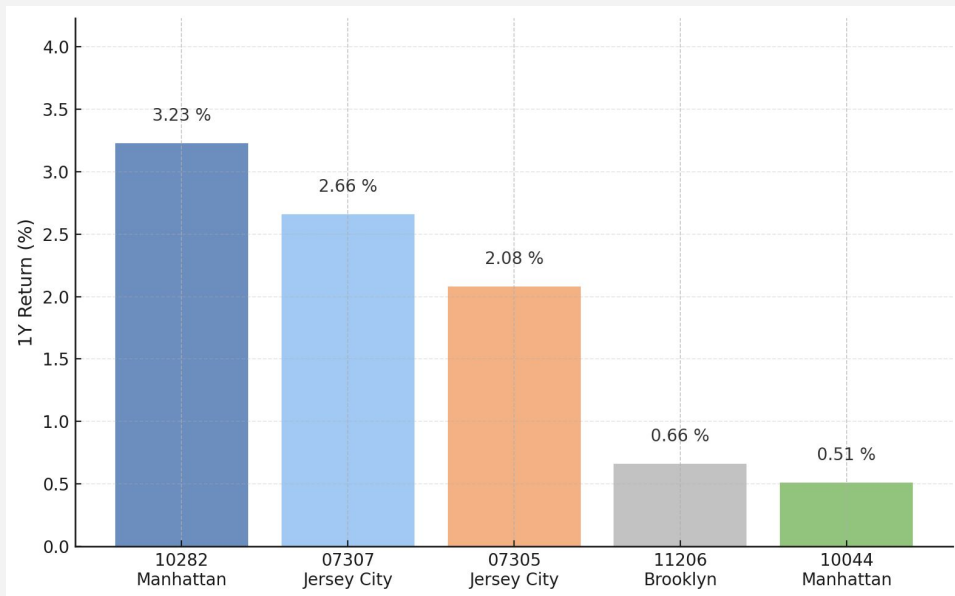


This ZIP has shown steady growth over the past three years.

The forecast continues that pattern, with moderate but consistent gains through 2026.



## Projected 1-Year Returns by ZIP Code



- Forecasted returns range from 0.5 to just over 3 percent.
- Manhattan's 10282 ranked highest overall and Jersey City ZIPs followed closely with solid projected growth.
- Returns were modest across all areas, but both markets remain competitive.

## Investment Takeaways



**10282 (Battery Park City)** showed the highest return with stable performance in a high-end Manhattan neighborhood.

**07307 (The Heights)** and **07305 (Greenville)** followed with solid momentum supported by accessibility and ongoing development.

**11206 (East Williamsburg)** and **10044 (Roosevelt Island)** showed lower returns and have limited potential in the near term.

## Next Steps

- Future improvements may include rental income and local economic factors to better reflect full ROI.
- Incorporating variables such as neighborhood development or market demand could also improve forecast quality.
- This approach can be extended to additional cities or applied over longer time horizons for broader insight.

Thank you!