



# Real Estate Investment Strategy For NYC



By Isabella Lindgren

Hi, my name is Isabella Lindgren and today I will be presenting my real estate investment strategy for the NYC Metropolitan Area

# Background

- Consultant for Citi Habitats Real Estate in NYC
- Criteria:
  - Urbanization
  - Median House Price
  - Profitability/ROI



My approach as a consultant for Citi Habitats Real Estate was to find ideal areas in NYC with the following characteristics:

- Highly urbanized areas
- Median house price range
- Highest historical return on investment with low risk

# Objective

What are the top 5 zipcodes to invest in?



We are looking to identify the top 5 zipcodes in NYC to invest in to maximize profit and limit the risk over the short term

# Methodology

- Zillow Housing Data
  - 1996-2018
- Filter to criteria
- Time Series Modeling
- Forecasting



- Our dataset ranges from 1996 to 2018 and contains the median home values for each zipcode for every month which was obtained from Zillow.
- We filtered the dataset using the criteria for our investment strategy (urbanization, median house price, ROI)
- Created a time series model using ARIMA method to forecast future values for our top selected zip codes

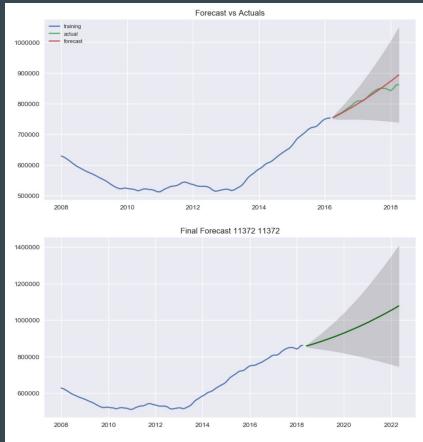
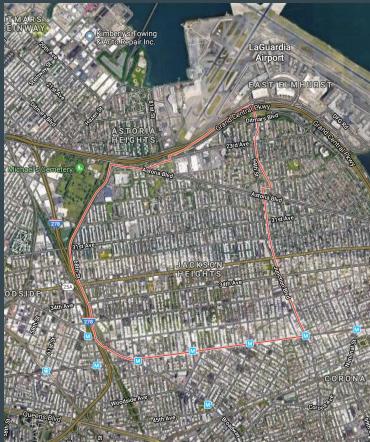
# Results

## Queens and Brooklyn



Using our criteria, we narrowed our focus down from 104 zip codes to 5 zip codes which were all located in either Queens or Brooklyn. Let's look at each of our top zip codes.

# Jackson Heights, Queens - 11372



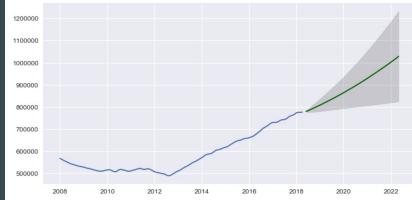
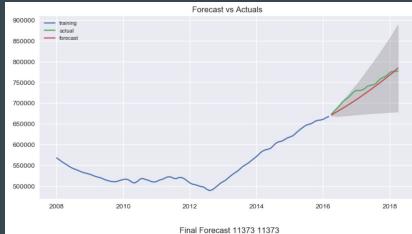
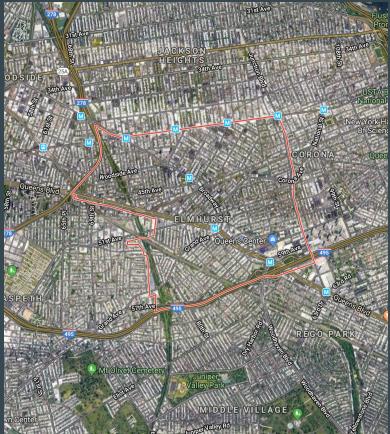
	2022 ROI
High	63%
Base	25%
Low	-13%

We identified three zip codes in Queens as potential investment areas. The first zip code is Jackson Heights which is located in the north western portion of Queens. This area is an ideal commuter location since it is close to LaGuardia Airport and the 7 train. Northern Boulevard also runs directly through it.

When tested against historical data, our model was fairly accurate. Our model predicts a base case of a 25% increase in ROI in the next four years with a high case of 63% and a low of -13%

Demographics: 2nd most overcrowded neighborhood in NYC behind Elmhurst, may be an ideal area to develop housing since it is in high demand and has low unemployment and high income compared to the average in NYC

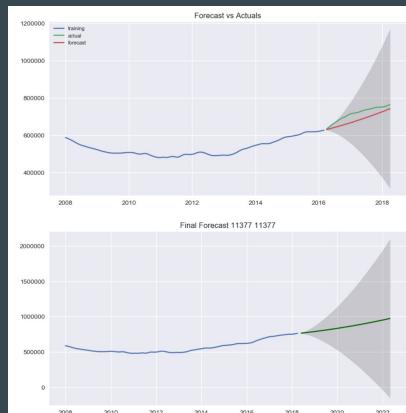
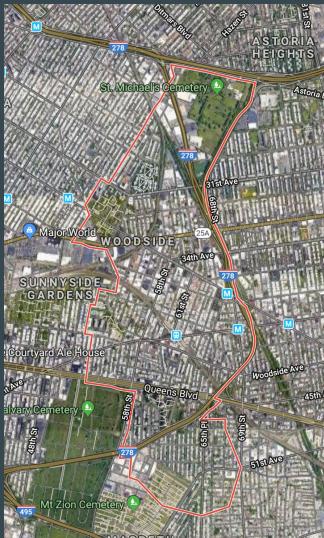
# Elmhurst, Queens - 11373



2022 ROI	
High	58%
Base	31%
Low	5%

Elmhurst performed the best in our model. The base case showed a 31% increase in ROI with a high forecast of 58% and a low forecast of 5%. It is the most overcrowded neighborhood in NYC due to a large influx of immigrants (64% of Elmhurst identifying as such) with the majority of inhabitants are middle aged and youth. This neighborhood is very desirable since it is close to main subways into Manhattan like the 7 and has a low crime rate and a good school system which is great for families. This may be a great area to invest in a large housing development.

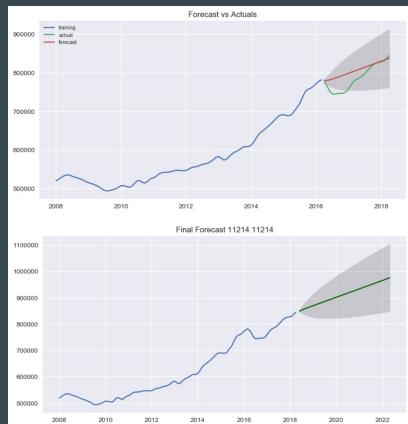
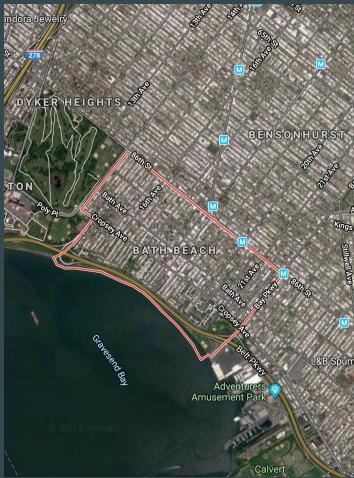
# Woodside, Queens - 11377



	<b>2022 ROI</b>
<b>High</b>	173%
<b>Base</b>	27%
<b>Low</b>	-119%

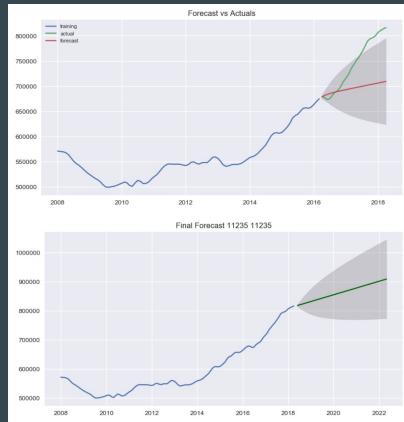
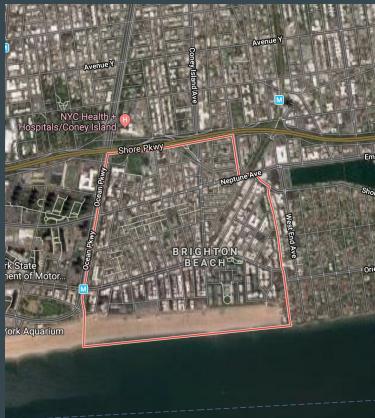
Woodside's projection had the widest range: from -119% to 173%. Considered high income compared to the rest of NYC and have a lower unemployment rate. Most inhabitants are middle-aged and youth. This area has wider streets and many parks and is a commuter hub since it is close to the 7 and the Long Island Rail Road. This may be a good place for families looking for affordable housing near Manhattan or looking to reverse commute to Long Island.

# Bath Beach, Brooklyn - 11214



Bath beach is located in the southwest portion of Brooklyn. Bath beach had a base case of 15% increase in ROI over the next 4 years with a high case of 30% and a low of 0. This area is a small, primarily working class area and is composed of small residential buildings. It is a good mix of small businesses with access to larger shopping centers. The public school system is above average and there are scenic views of the ocean and Coney Island. This may be a good area to invest in renovating existing homes or replacing the small residential homes with larger buildings.

# Brighton Beach, Brooklyn - 11235



	<b>2022 ROI</b>
<b>High</b>	27%
<b>Base</b>	11%
<b>Low</b>	-5%

Brighton Beach outperformed our model when compared with historical data. This may have been due to the large amount of re-construction of waterfront properties in the aftermath Hurricane Sandy in November of 2012. The baseline ROI prediction is an 11% increase with a high of 27% and a low of -5%. The demographics show an average income slightly higher than the NYC average and low unemployment. This area would be ideal to invest in reconstruction or large housing units.

## Recommendations

- In Queens, invest in building larger residential developments
- In Brooklyn, look into renovating damaged homes or replacing small homes with larger homes
- Top Neighborhoods: Elmhurst, Queens and Bath Beach, Brooklyn

## Future Work

- Up-to-date data
- Include current demographics/economic data in initial criteria

