

Forecasting Real Estate Prices

Using Time Series Analysis to
Predict Future Values

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Overview

- San Jose, CA
- Predict future values
- Highest 3 year ROI

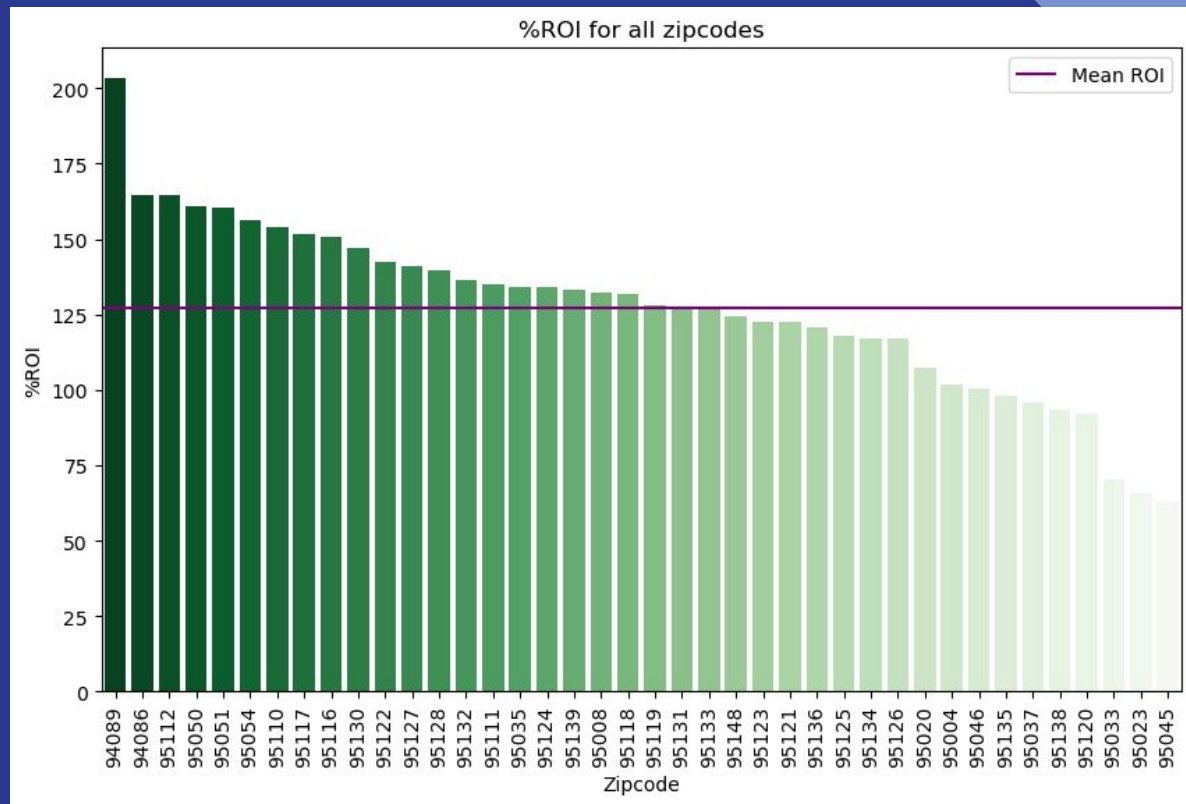


Business Understanding

- Invest in real estate
- San Jose, CA area (rapid growth)
- 3 year investments
- Under \$2 million budget

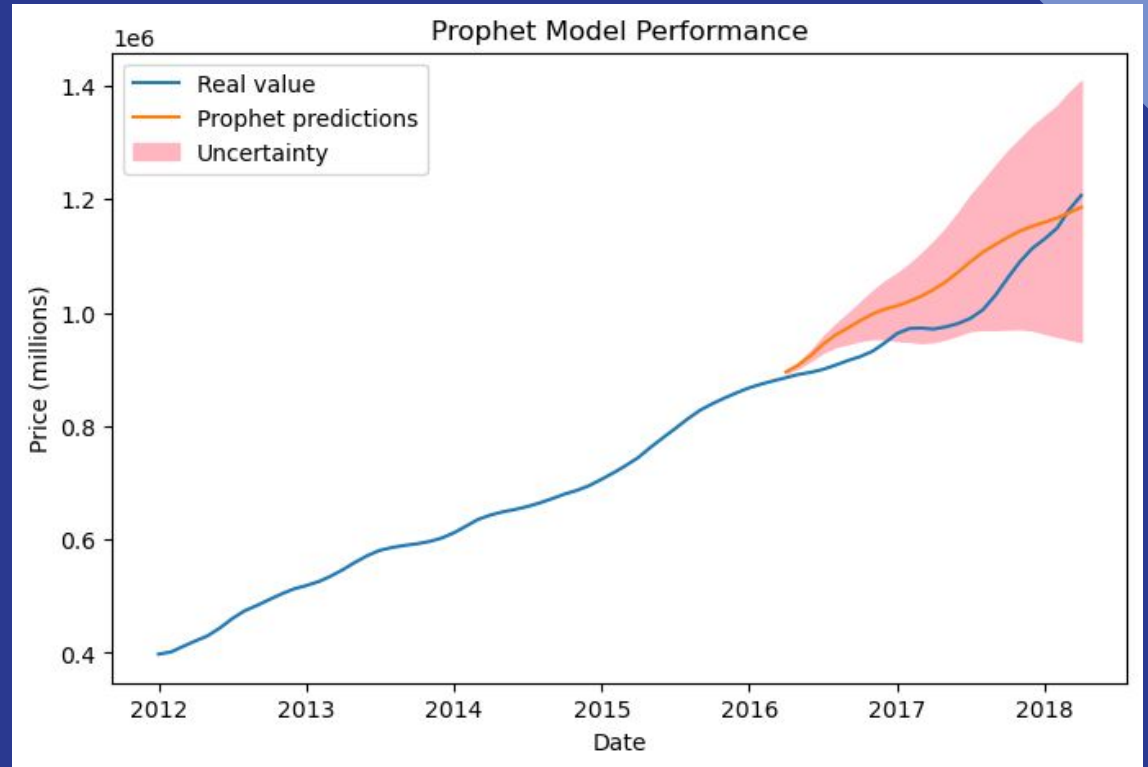
Data

- 40 zipcodes
- 2012- 2018
- Mean ROI 127%.
- Average price \$1.16 million



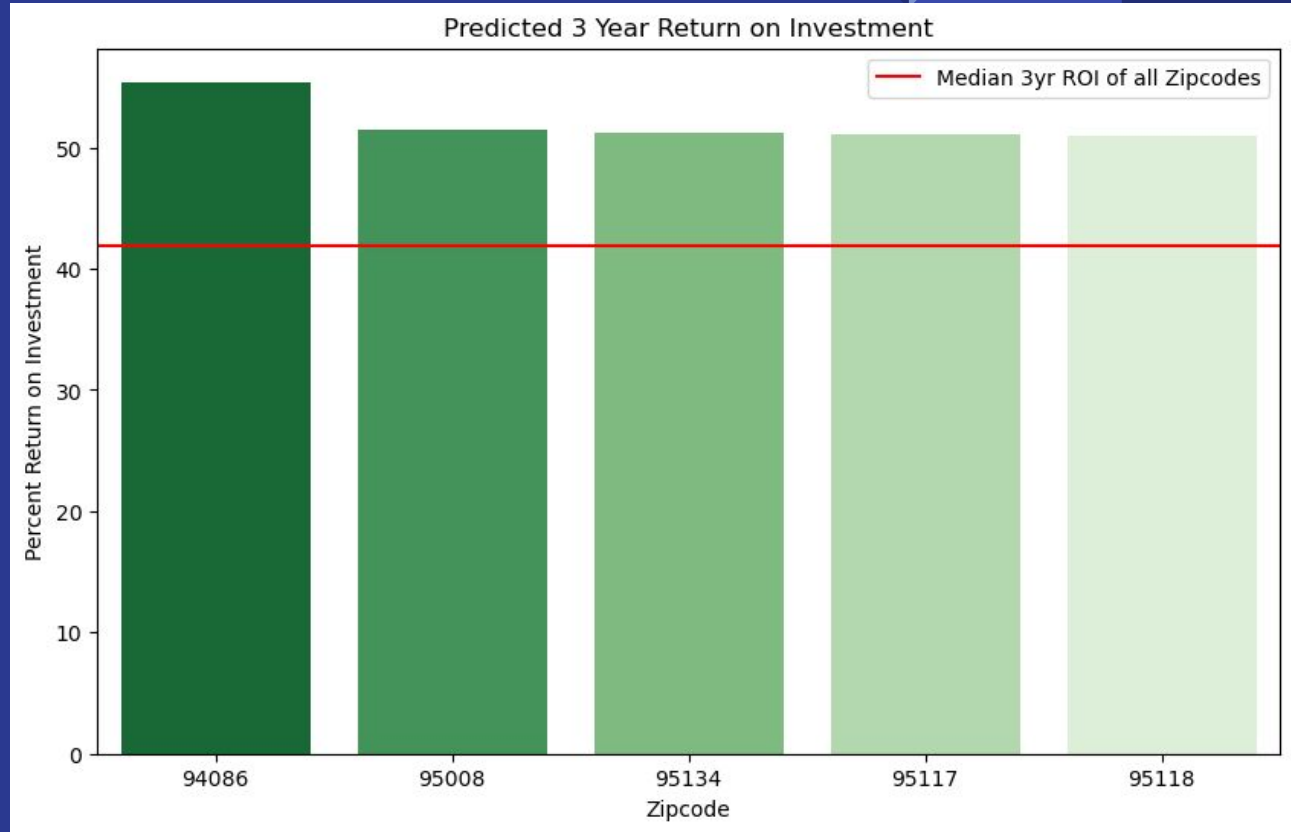
Modeling

- Zipcode 94089 used to explore models.
- Prophet model performed best



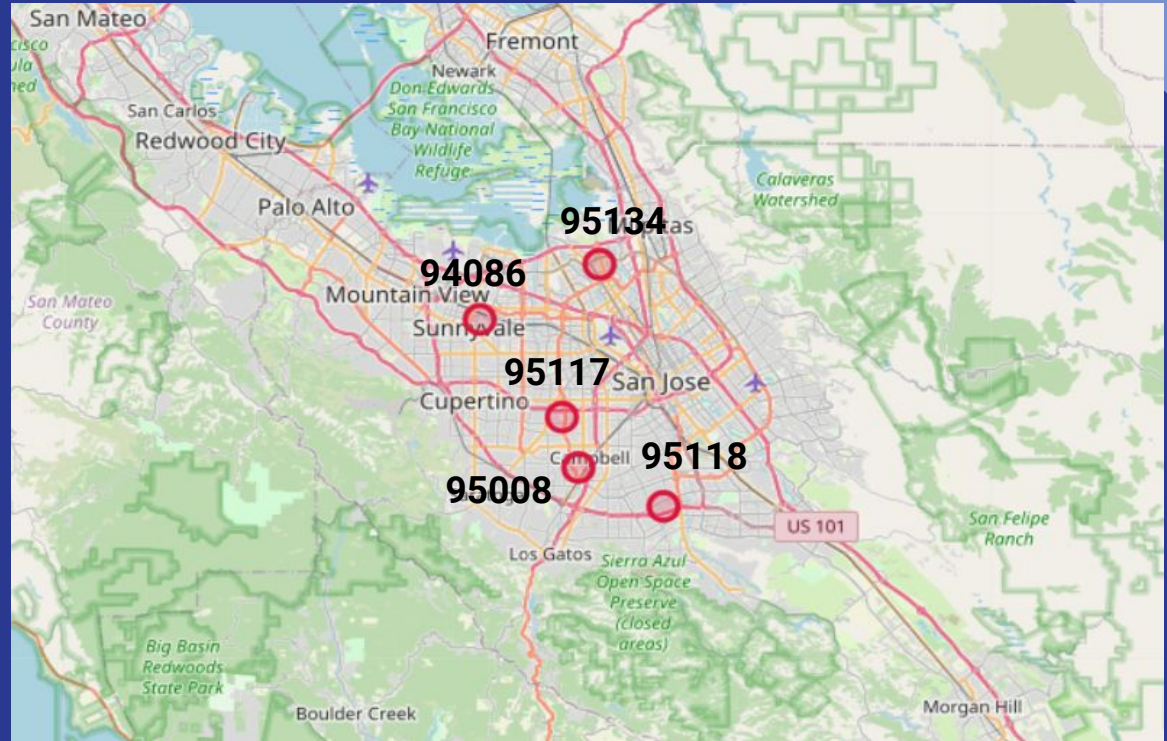
Recommendations

- Forecasted 3 year ROI between 51% and 55%
- Mean of 40% and median of 42% for all zipcodes



Conclusions

- Mean 2018 price: \$1.5 million
- 29,000-49,000 population
- 6,500-18,500 households



Next Steps and Limitations

- Economic recessions
- Other factors that contribute to housing demand
- Most recent observations from April 2018

Thank You!

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