



FORECASTING HOME PRICES IN AUSTIN, TX

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Contents

- 03 - Overview and Business Problem
- 04 - Data
- 05 - Methods
- 06 - Data Understanding
- 08 - Results
- 10 - Conclusions and Further Analysis



Overview and Business Problem

- How can a real estate investment firm find the 5 best zip codes to invest their money in?
- What does "best" mean?
- Why Austin?



Data

- Average Median sale prices for homes in nearly 15K zip codes across the U.S. from Zillow Research
- Covers the years April 1996 to April 2018 on a monthly basis
- Other provided features included City, State, Metro area, and County name
- 38 total zip codes within the city of Austin



Methods

Time Series forecasting

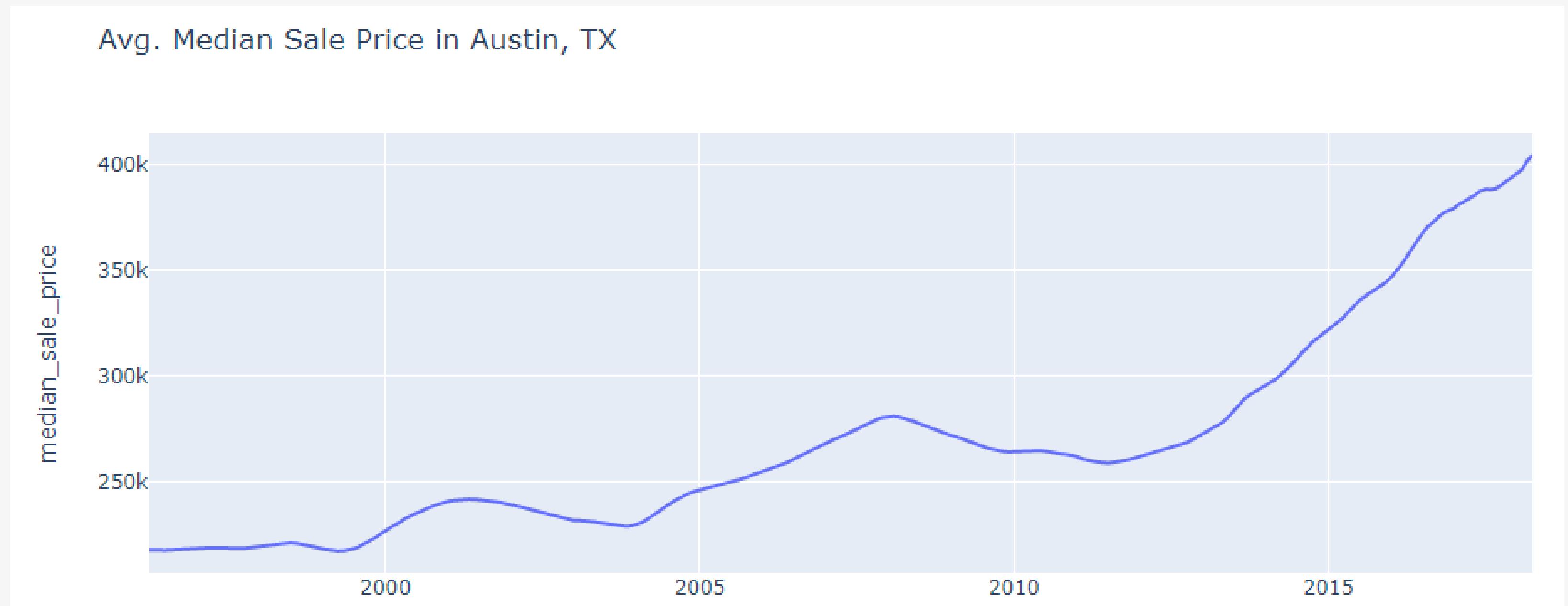
- How can we use the observed prices (2010 - 2017) in our dataset to predict future prices?
 - Similar methods to stock traders
 - Reduce errors
-

What Zip Codes have the highest projected 2-year growth rates?

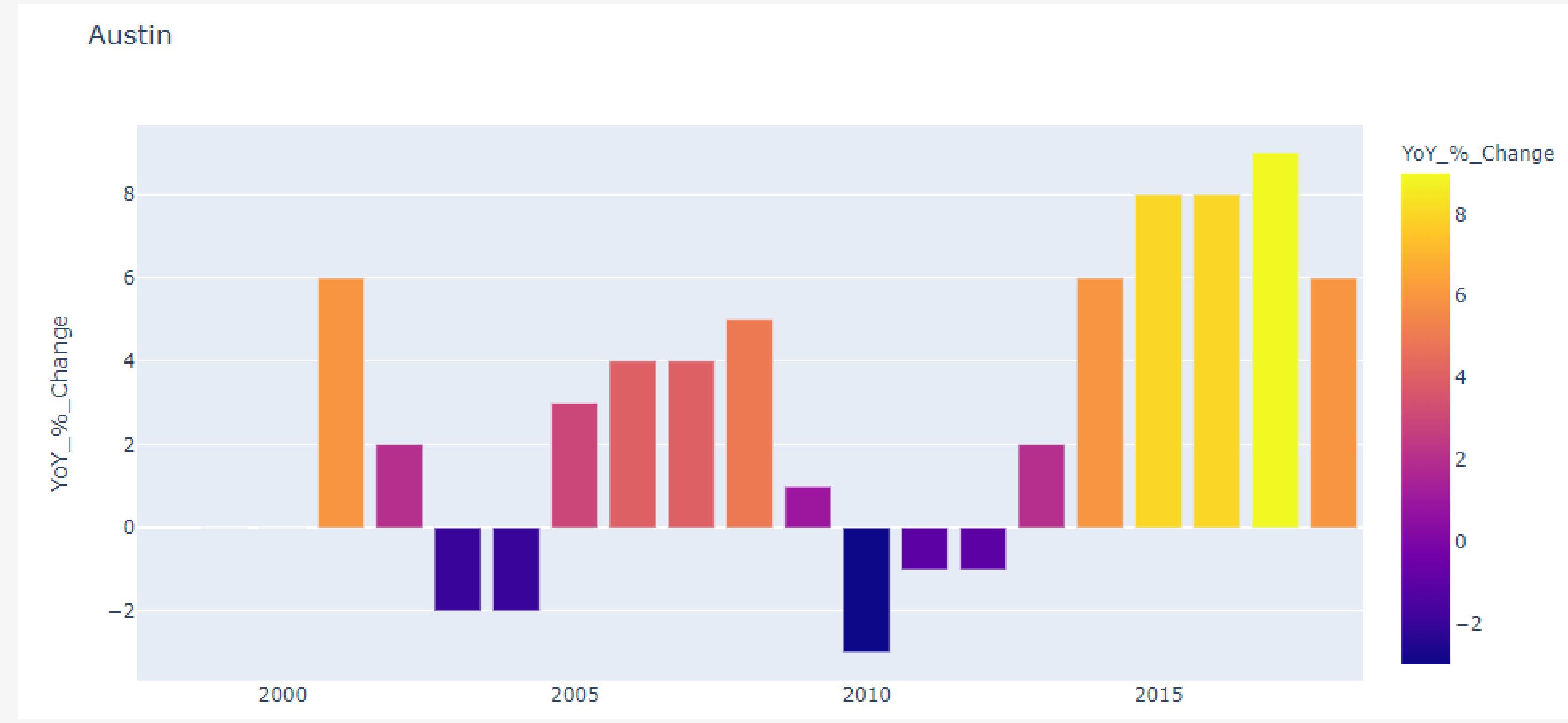
- Investment for only two years - high risk tolerance



Data Understanding



Data Understanding



Results



5 fastest-growing Zip codes

- 1) 78744 - South East Austin (Airport)
- 2) 78721 - East Austin
- 3) 78753 - North Austin (North Lamar)
- 4) 78741 - Riverside
- 5) 78724 - North East Austin (Daffan)

- Zip codes notably do not include downtown or other up and coming locations like Mueller
- All of East Austin has great investment potential

Conclusions and Further Analysis

High-Growth

Austin is the fastest growing metropolitan area with over 1 million people in the country

What makes a Zip code tick?

Future work would focus on what makes those Zip codes high-growth

Cross-Town Impact

Rising prices in Austin has favorably impacted other towns in the metro area like Cedar Park



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THANK YOU FOR YOUR TIME!