

# Visualizing the Impact of Climate Change on Housing Prices in California

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CSE 6242 Class Project



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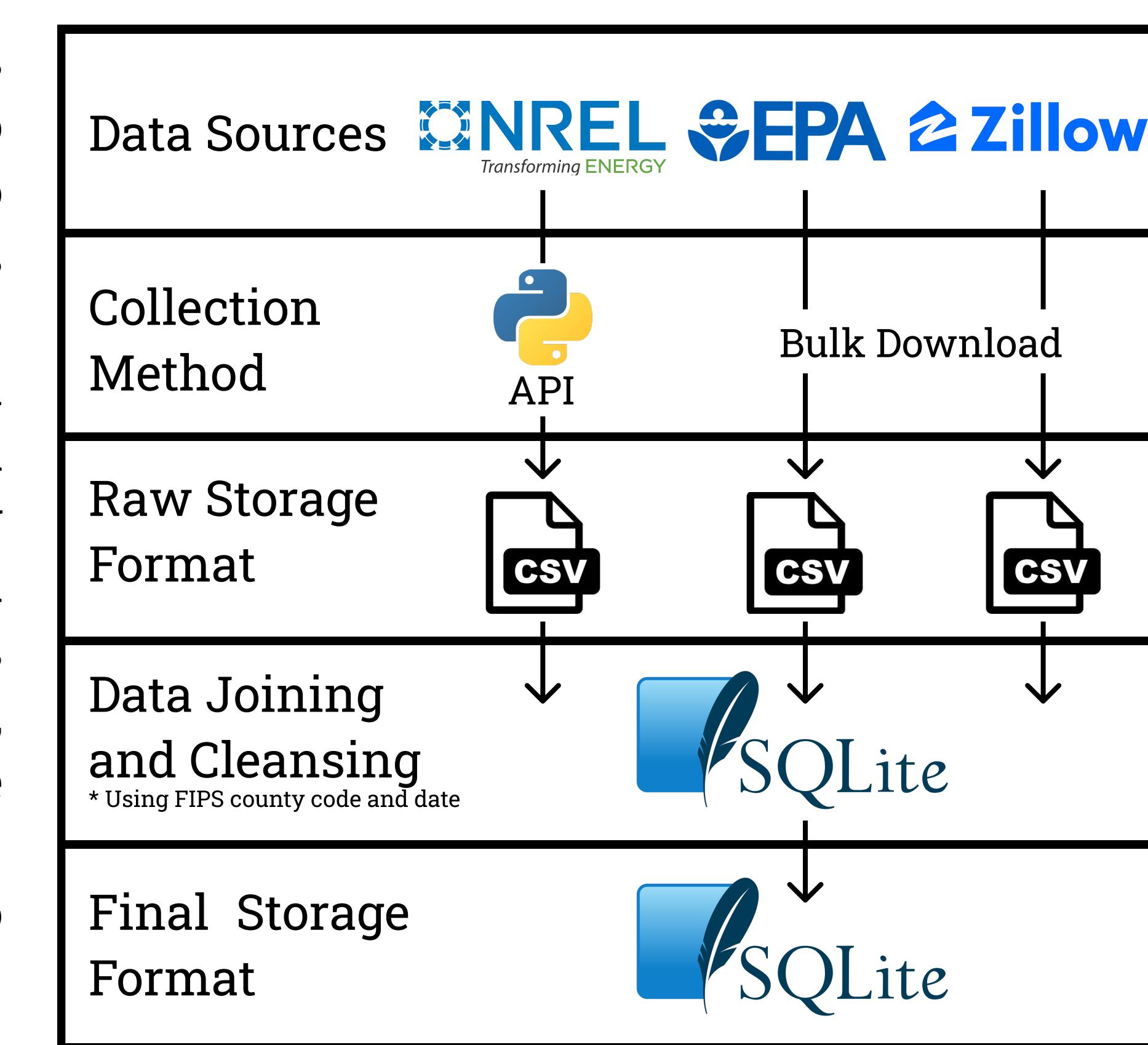
## MOTIVATION

Climate change is causing irreparable damage to our living conditions. Wildfires, floods, hurricanes, and other natural disasters are threatening the infrastructure of the United States' highly populated areas. The frequency and intensity of these climate-related events are worsening causing a trickle down effect on the real estate market through the destruction of peoples' homes and places of business. Real estate investments once thought "safe" are now at risk due to the yearly wildfire season in California or the inevitable summer hurricane in Louisiana.

In this project we will link historical weather patterns with trends in the real estate market in California while utilizing time-series computation methods to predict future trends on a county by county basis.



## DATA GATHERING



## APPROACH AND EXPERIMENTS

### Historical Data (2010-2021)



Average Housing Prices



Air Quality Index (AQI)



Transforming ENERGY

Temperature/Precipitation

ARIMA Model

Develop optimized model for each attribute and county

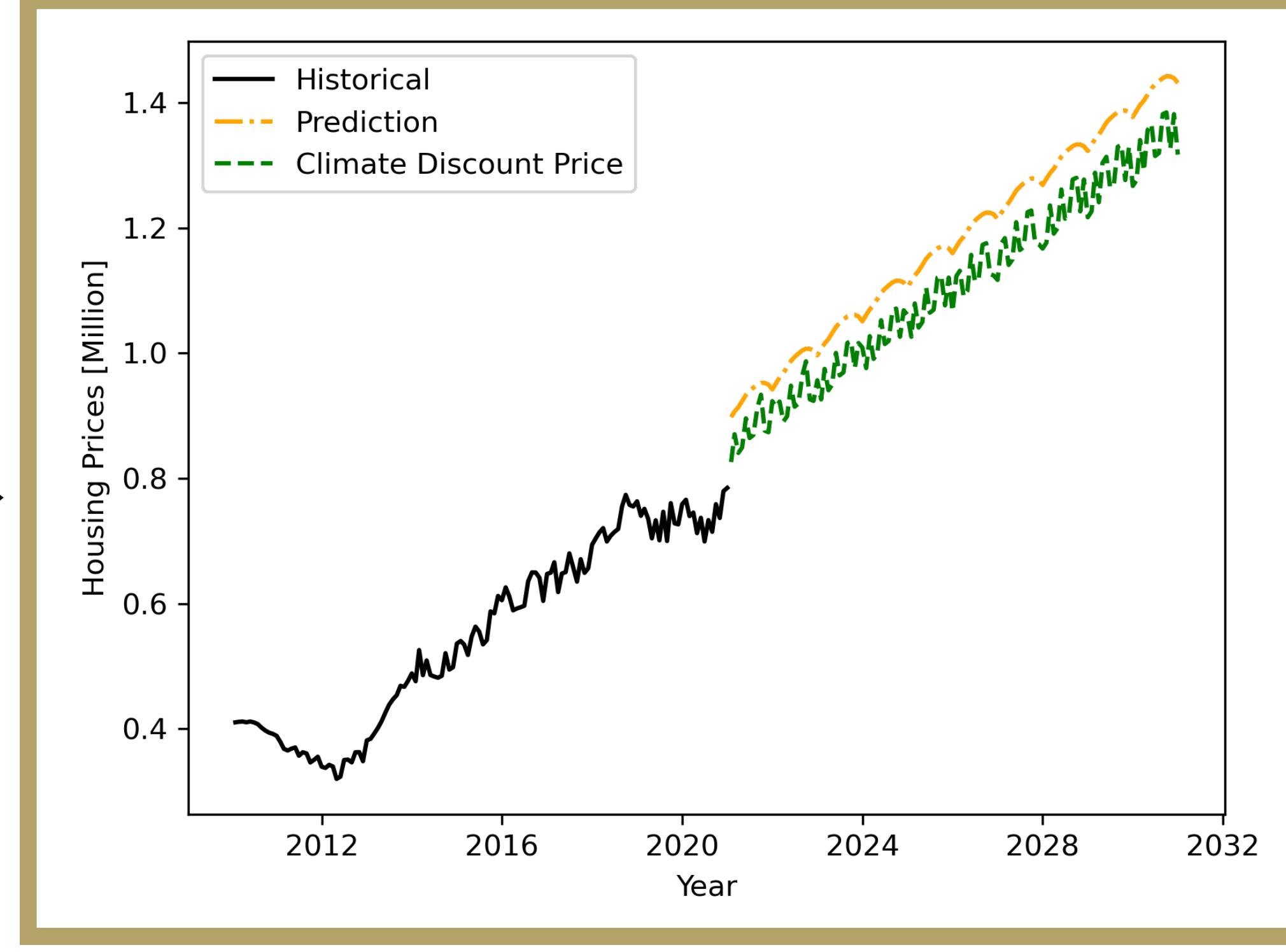
### Future Predictions (2021-2031)

Average Housing Prices

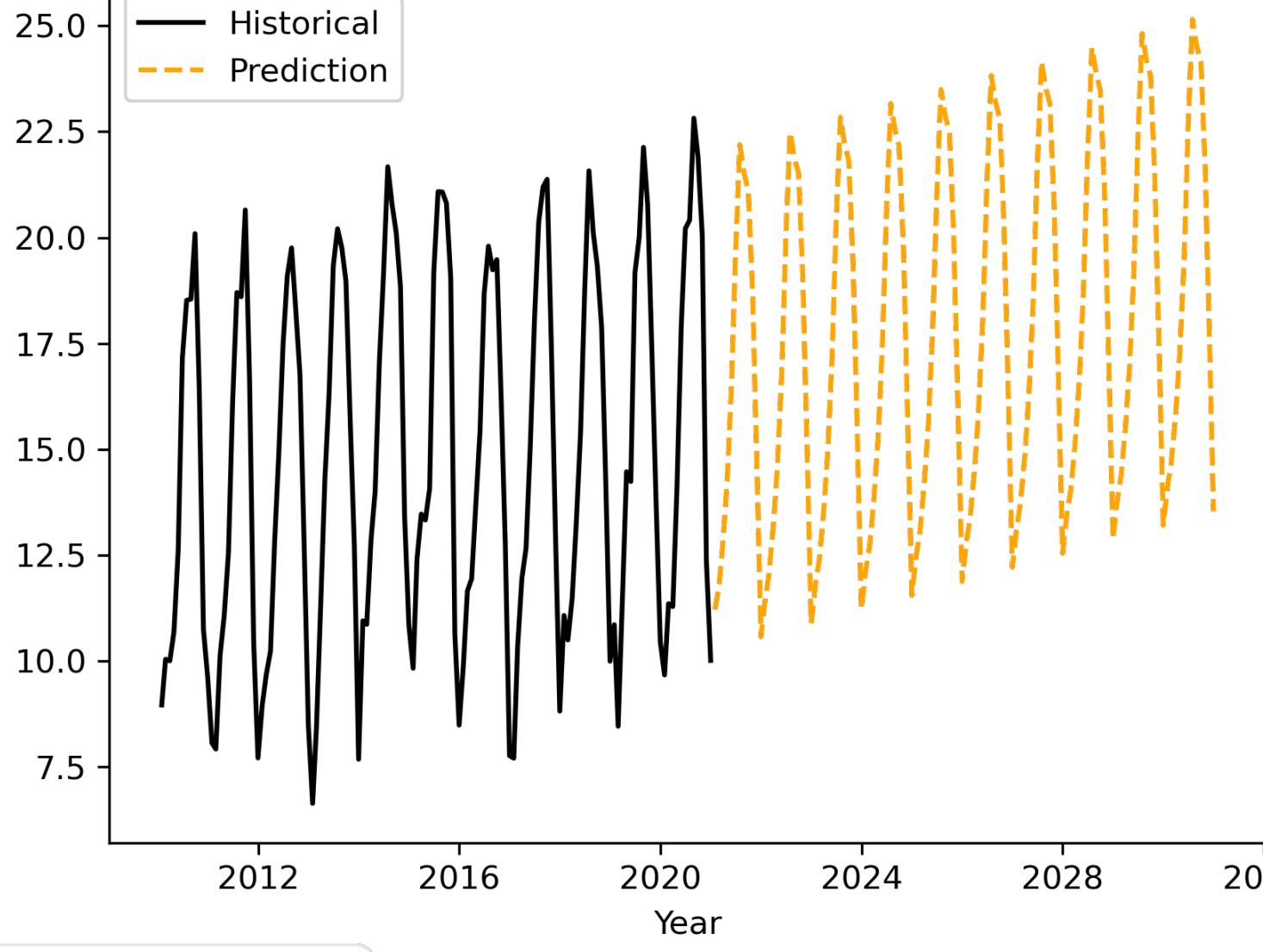
Air Quality Index (AQI)

Temperature/Precipitation

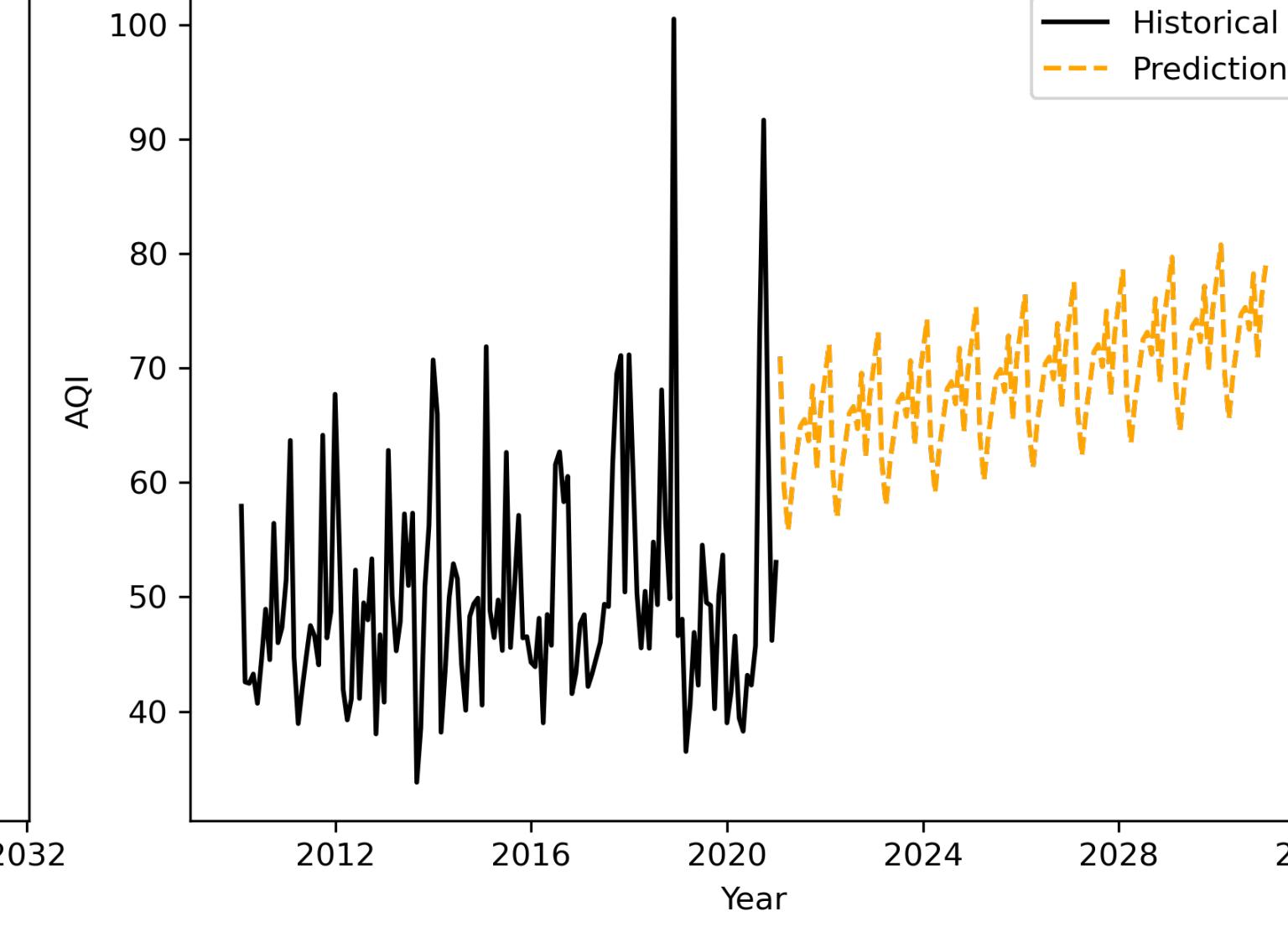
Scoring Matrix



### Temperature ARIMA Model



### AQI ARIMA Model



ARIMA models were generated using a stepwise approach (AIC) for each attribute and county to predict future records. An example of the historical and predicted values for Alameda County (Temperature and AQI) are shown above. The data presented is representative of the bulk data where temperature shows strong seasonality and trend while AQI shows less correlation with time. The full results of the ARIMA predictions can be visualized through Tableau using the QR code.



ALL ARIMA MODELS

The scoring matrix shown below was used to determine the county's climate related risk and the percentage to discount the county's housing prices. The innovation in the current project is the counties with poorer living conditions will be discounted to a lower value to provide an accurate assessment of the region's property value. Property values in areas less impacted by climate change will not be discounted.

The percentage discount to housing prices was extrapolated from research by Wang and Lee [1] who showed air quality impacted the housing market in China. Our current project expands on this research by adding additional climate related variables (temperature and precipitation).

### Risk Weightage

AQI - 40%  
Temp - 30%  
Precipitation - 30%

### Overall Scoring (AQI + Temp + Precipitation)

Score (out of 100%)	Category	% Discount to Housing Prices
>99 and <=100	Great	0%
>97 and <99	Good	2%
>95 and <97	Fine	4%
>90 and <95	Moderate	6%
>85 and <90	Bad	8%
>80 and <85	Very Bad	10%
<=80	Extremely bad	15%

### AQI Scoring (40% of total score)

AQI Level	Monthly* Score
AQI <= 50	1
AQI >50 and <=100	0.98
<=150	0.95
AQI > 150	0.85

### Temperature Scoring (30% of total score)

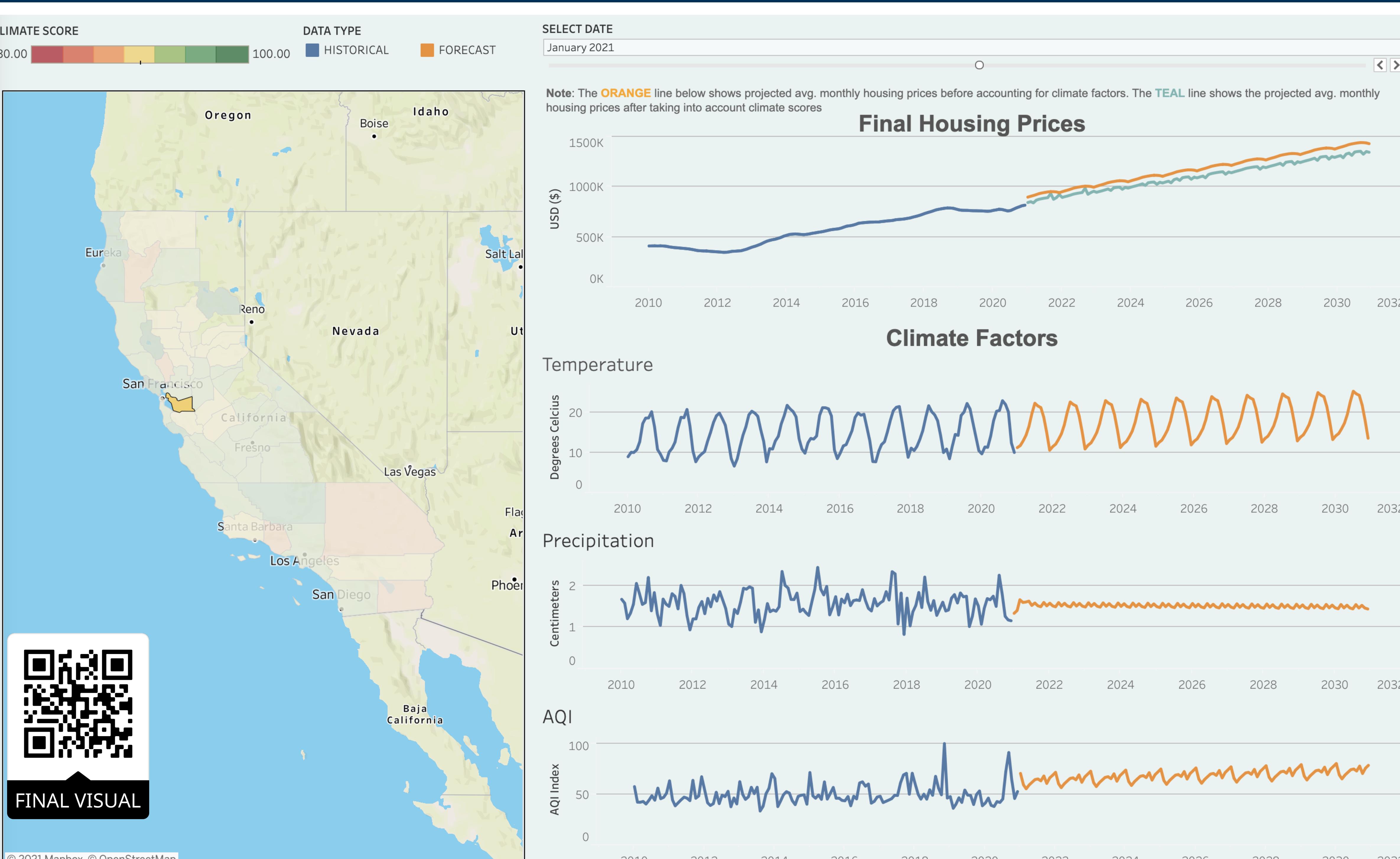
Temp Increase (Compared to 2010 baseline)	Monthly Score
<1 C	1
>1C and < 1.5C	0.95
> 1.5C and < 2 C	0.85
>= 2 C	0.75

### Precipitation Scoring (30% of total score)

% Change (Compared to 2010 baseline)	Monthly* Score
<10%	1
> 10% and < 25%	0.95
> 25% and <50%	0.85
>= 50%	0.75

\* For Temperature and Precipitation, the daily metrics are averaged to achieve a monthly average. The average monthly metrics are then compared to the same month in 2010 and then scored based on the above criteria.

## RESULTS



The final visualization is shown in the image on the left. The end product can be seen in its entirety by using the QR code.

The visualization uses a map of California segmented by county to depict the climate score observed or predicted for the time selected by the user. The climate score is calculated using the AQI (air quality index), temperature, and precipitation as shown in the scoring matrix. Detailed data of the historical and forecasted AQI, temperature, precipitation and housing prices are shown in the plots. The final housing price plot includes both the forecasted housing price and the climate score discounted price.

Initial analysis using the visualization shows a general warming trend amongst most counties in California. This leads to a poorer climate score causing higher discounts on housing prices.

## FUTURE

The goal of the project was met but additional ideas were generated that could better the product in the future:

1. Inclusion of additional climate variables (e.g., wildfires, earthquakes, and drought) to improve the scoring algorithm
2. Refine the visualization to allow users to drill down to the zip code and neighborhood granularity
3. Extend the visualization and prediction model to more states and countries
4. Implement a more rigorous machine learning model to determine the discounted housing rate with better precision
5. Improve ARIMA models that display inaccurate predictions