U.S. Real Estate Investment Opportunities

ZED^2 Solutions

Spring 2018

Agenda

- Headlines / Assumptions

- Methods

- Findings

- Recommendations / Future Work

Headlines

- Research provided information on US cities with upward trending population growth

| City	Pop. Growth 2017 → 2018
Provo-Orem, UT	2.6%
Bend-Redmond, OR	2.8%
Boise City, Idaho	2.9%
Greeley, CO	3.0%
The Villages, FL	3.1%
Odessa, TX	3.2%
Midland, TX	4.3%

38 Unique Zip Codes

Assumptions

- ROI is calculated assuming the property is purchased outright with no financing

- Rent is set at 1% of the property value, assessed and raised annually

- Maintenance averages 1% of the annual property assessment

- Insurance and property taxes cost an additional 1% per year, bringing the assumed annual return to 10% of property value

- Properties will be rented without interruption for a period of 5 years and then sold at the projected average home price of the given zip code

Methods

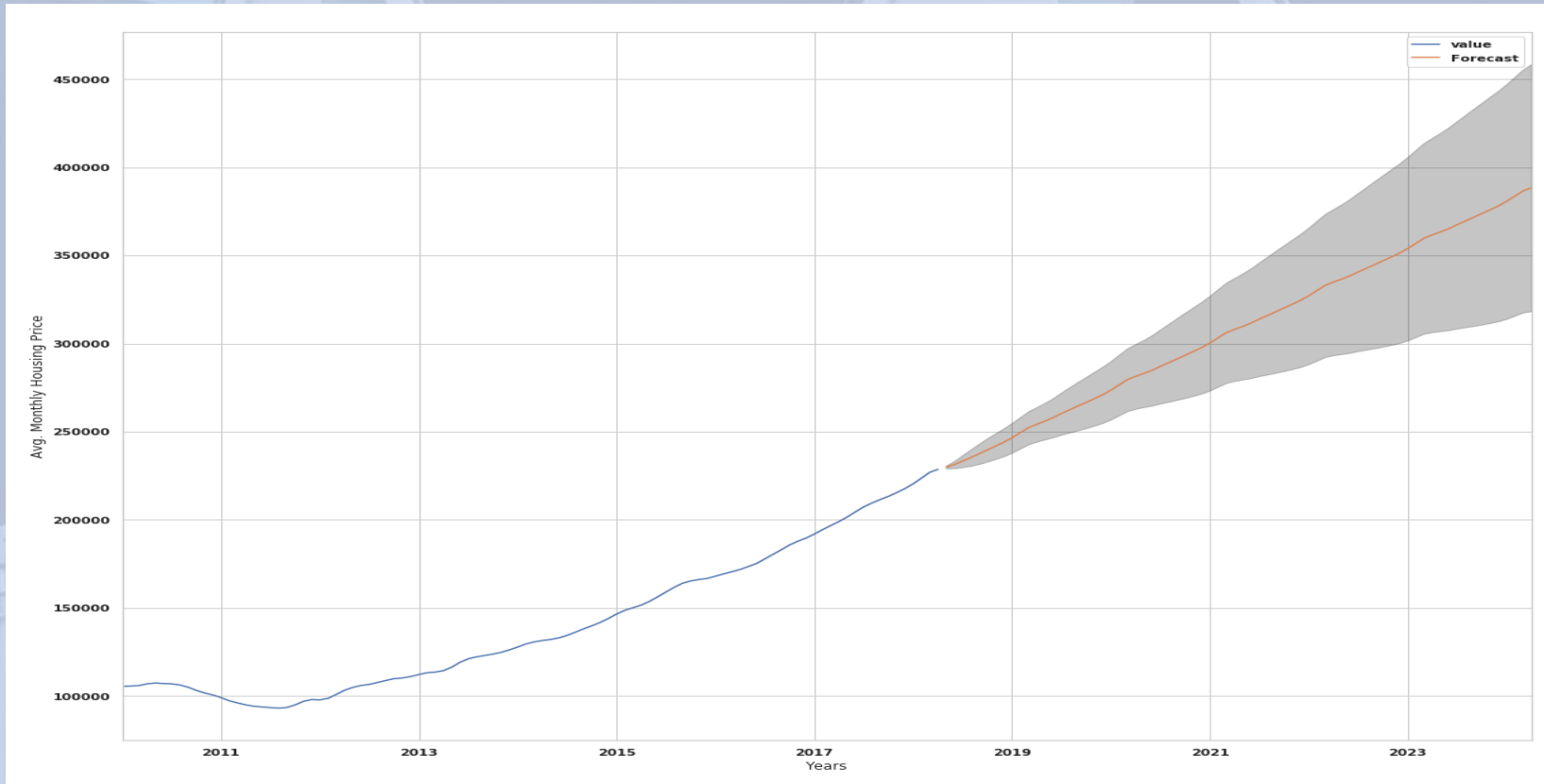- Began by inspecting the general shape of the data
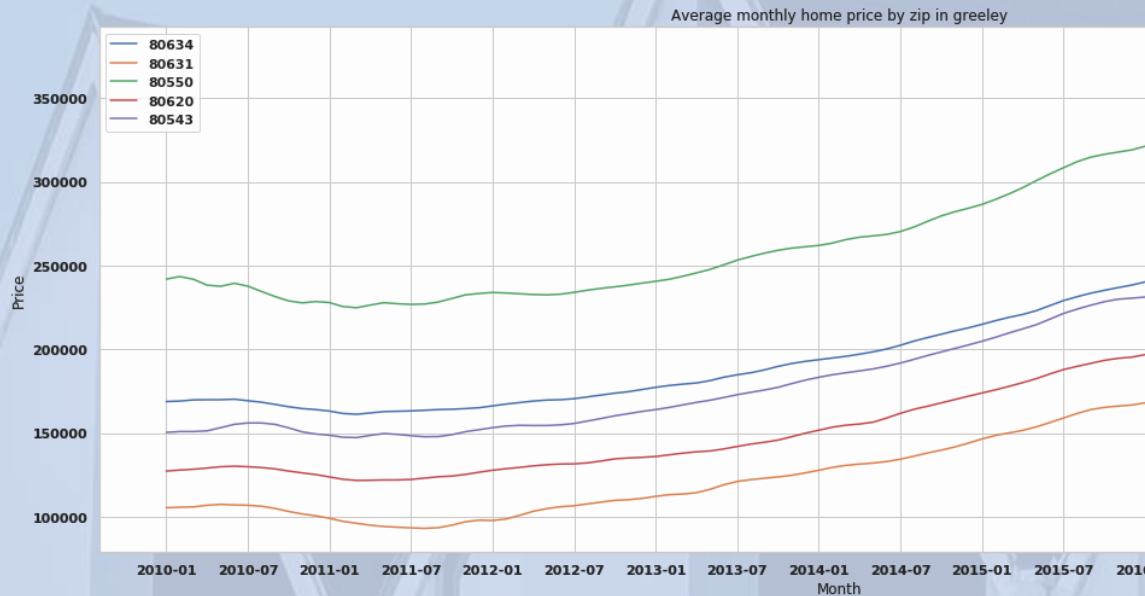
- Calculated the average YOY growth by zip code
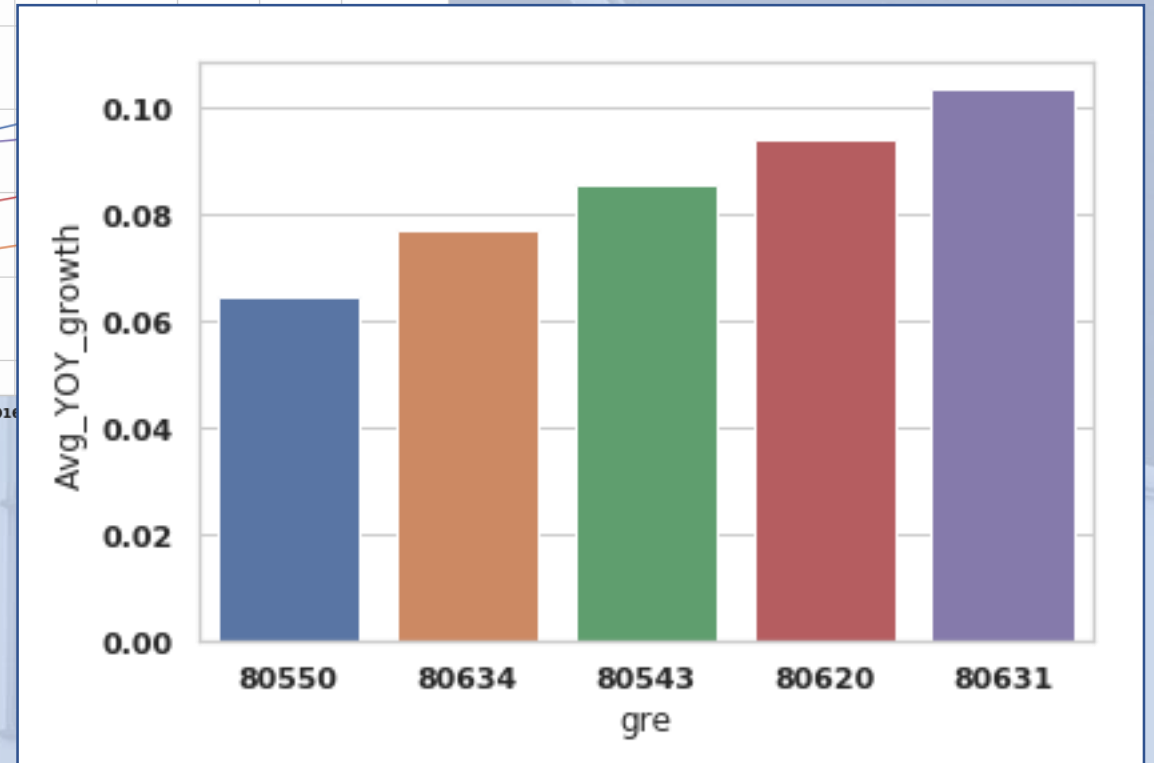
Methods

- Use Auto Regressive Integrated Moving Average models to predict growth over the next 5 years with confidence intervals
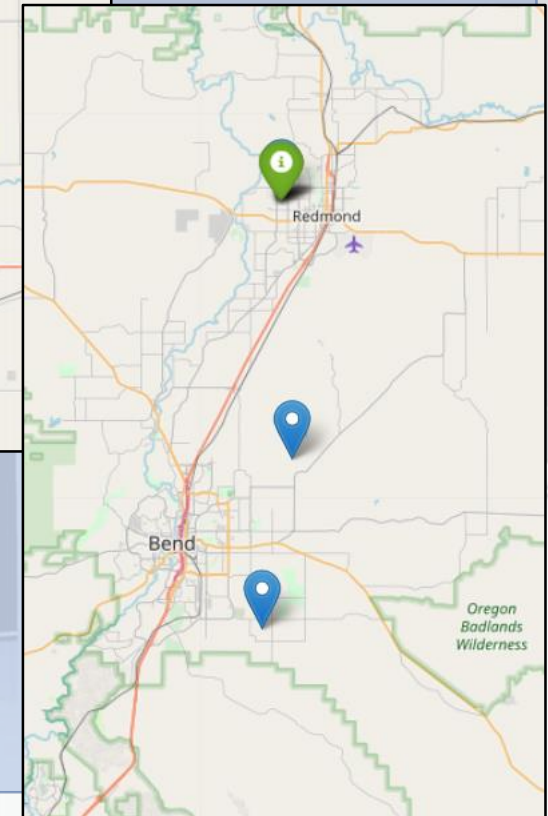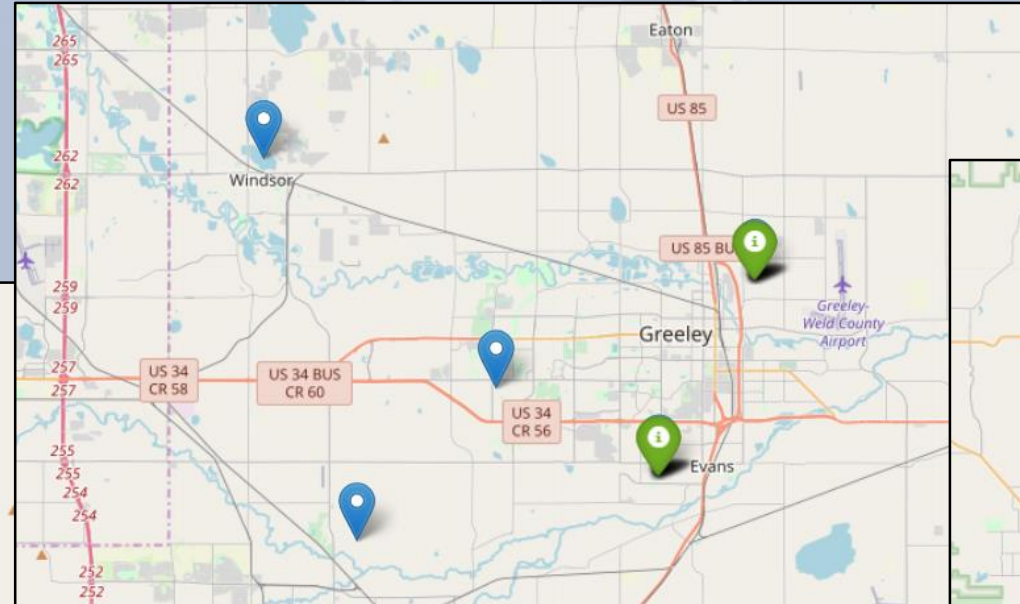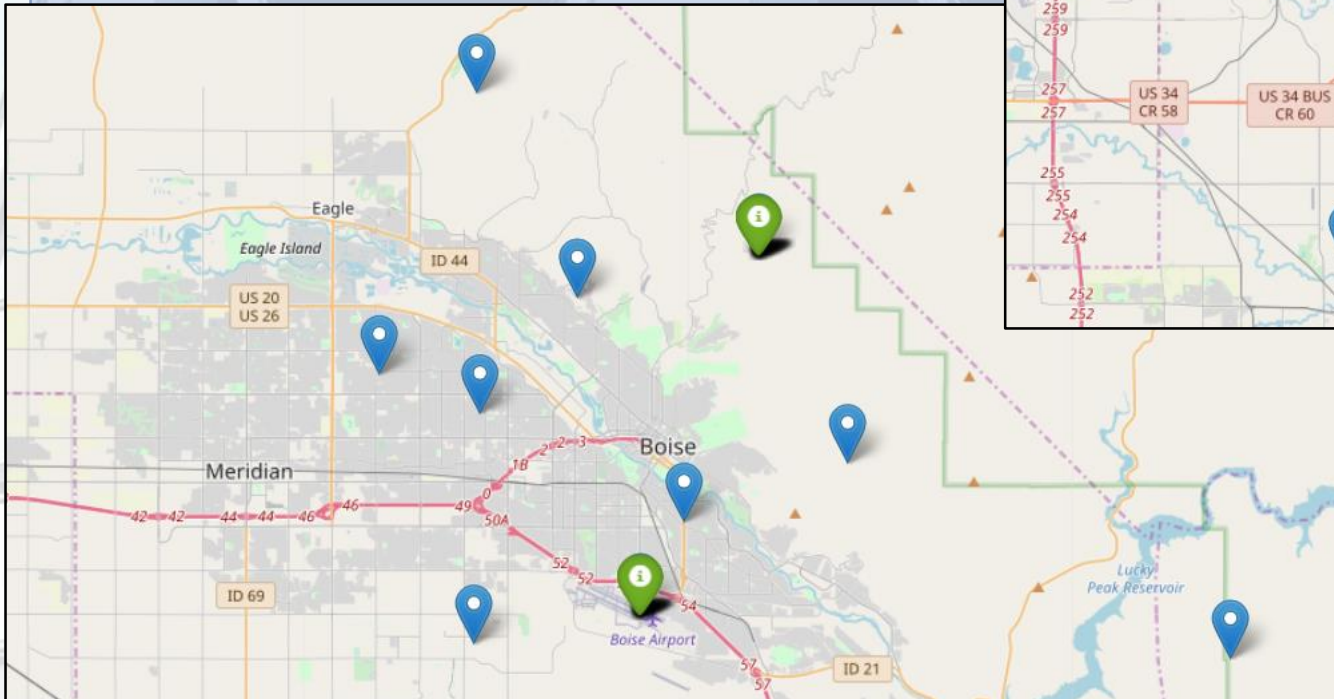
Findings

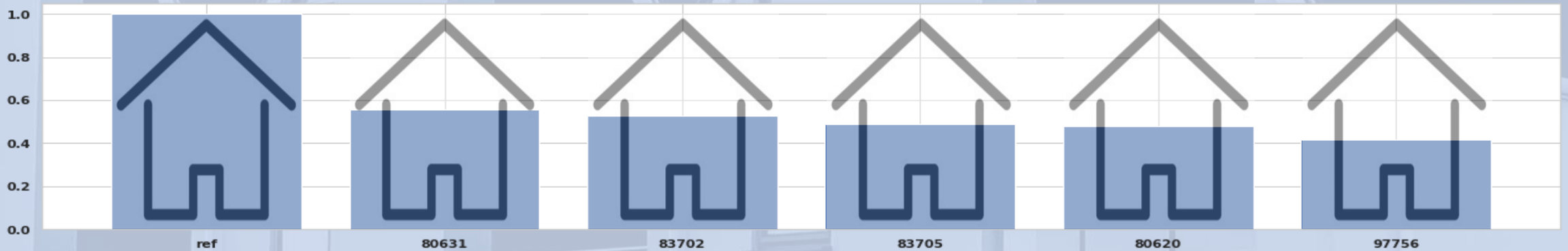- Of the 10 zips chosen to model, 5 were final selections

Proj. Avg. Annual ROI

12.4-13.1%

Findings

Zip	City	Projected Property Value Growth (%)
80631	Greeley	55.6
83702	Boise City	52.7
83705	Boise City	49.1
80620	Greeley	48.0
97756	Bend-Redmond	41.5

Recommendations

- Purchase properties in Greeley, Boise City, and Bend-Redmond in the areas of town specified

- Hold the properties for a minimum of 5 years to maximize ROI

- Increase rent annually to match the market
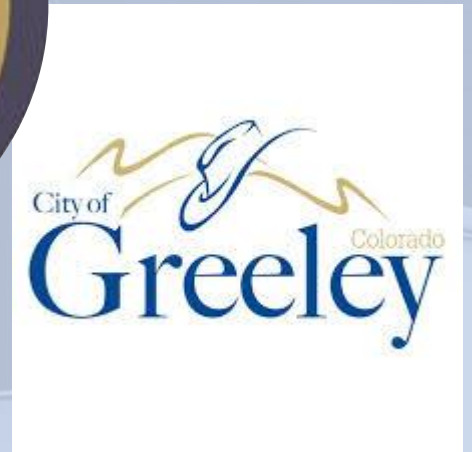
Future work

- Additional research on other factors that might impact growth of property values

- Expand the search to other growing areas, specifically to include some higher property value areas

- Exploring the viability of actualizing the projected rates. Additional research on other costs of renting in these or other areas (taxes, property management, insurance, etc.) could produce stronger models

Thank you!