

Neighborhood renovation investment analysis

Apr 5, 2026 · 6m 59s

QUESTION

Where would buying a property and renovating give the best investment opportunity in the housing dataset?

Neighborhood Renovation Premiums

Overview

The strongest buy-renovate-sell signal currently points to **Timber**. It combines the largest median renovation uplift per square foot among adequately sampled neighborhoods with the steadiest year-to-year performance, which matters because a high premium is only useful if it shows up consistently enough to underwrite an investment decision.

The neighborhood renovation sample summary `df_neighborhood_reno_counts` shows that only **13** of **25** neighborhoods had at least **10** recent and **10** non-recent sales, so nearly half the market is too sparse for confident premium estimates. The premium comparison table `df_neighborhood_premiums` and the stability summary `df_neighborhood_premium_volatility` therefore focus on the neighborhoods where the renovated-vs-non-renovated comparison is most defensible.

Key Patterns & Observations

Timber stands out as the clearest opportunity. Its median renovation premium is about **31.5%** per square foot and **45.4%** in sale price, and its yearly premium is unusually stable with a standard deviation of only **2.9** percentage points across all **5** years. That combination is rare: high upside without the usual volatility penalty.

Crawfor, NWAmes, SawyerW, and BrkSide also show meaningful uplift, but with more caveats.

Crawfor posted a **19.7%** median per-square-foot premium and **27.8%** median sale-price premium, while NWAmes reached **18.1%** and SawyerW **16.2%** on the per-square-foot measure. BrkSide's median per-square-foot premium is **15.9%**, but its yearly volatility is extremely high at **62.7** points, which suggests the headline premium is being driven by uneven year-level outcomes rather than a smooth repeatable pattern.

Some neighborhoods look strong on raw sale price but weak after adjusting for property size.

CollgCr is the clearest example: it shows a very large median sale-price premium of **41.7%**, but only a **0.6%** median premium per square foot. That suggests renovated homes there may be selling for more largely because they are bigger or otherwise compositionally different, not because renovation itself reliably commands much more value per unit of space.

A few neighborhoods show only modest or mixed renovation value once normalized. Edwards has a 25.9% median sale-price premium but just 1.6% per square foot, and NoRidge is only 2.2% per square foot despite very high home values. OldTown is especially mixed: median sale price is slightly lower for recent renovations (-0.4%), but per-square-foot pricing is still 6.4% higher, which may reflect smaller renovated homes rather than a broad resale advantage.

The ranked neighborhood premium chart **Figure 1**

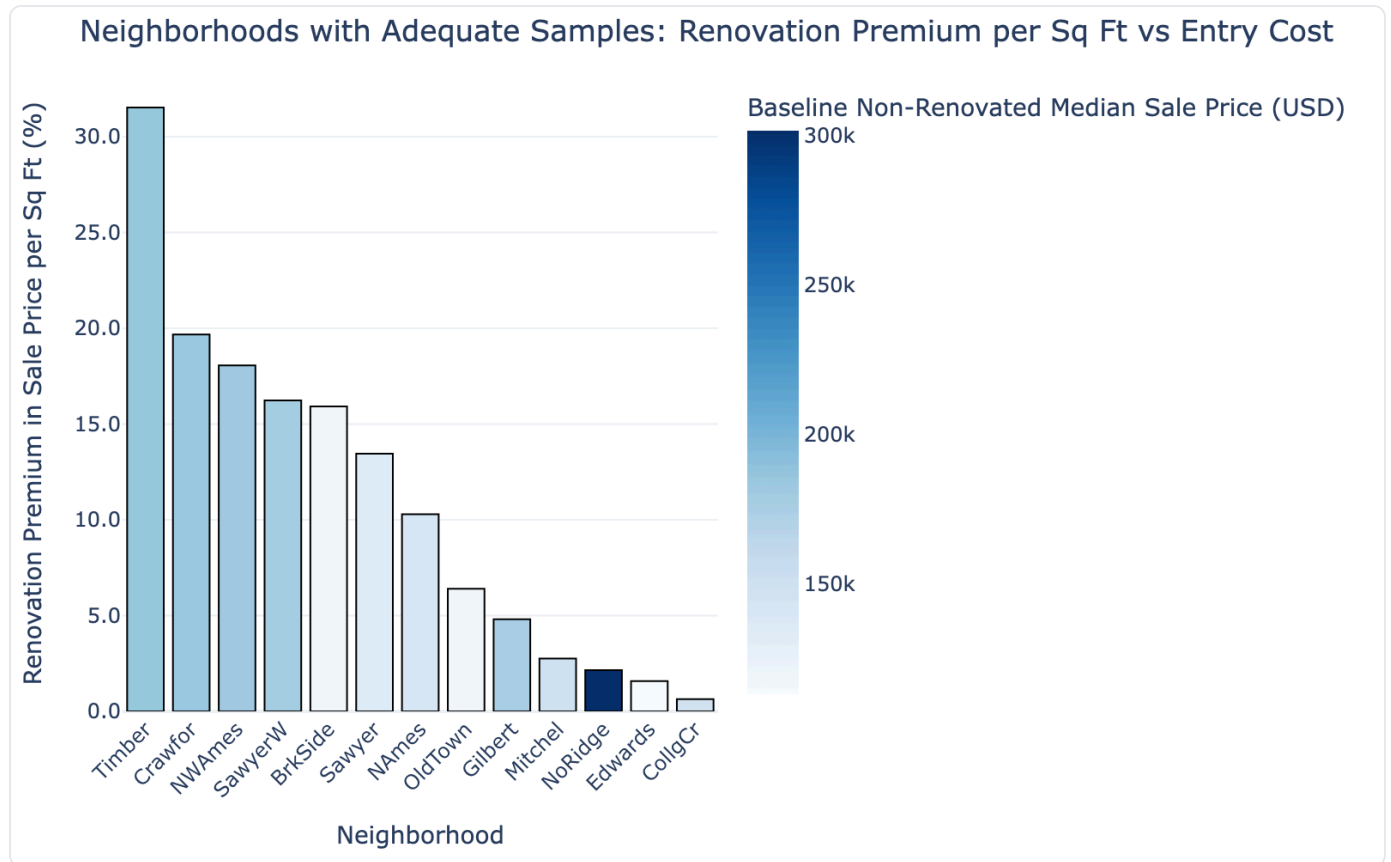


Figure 1

makes this trade-off visible by showing uplift alongside baseline entry cost. The year-by-year trend view for the more stable candidates **Figure 2**

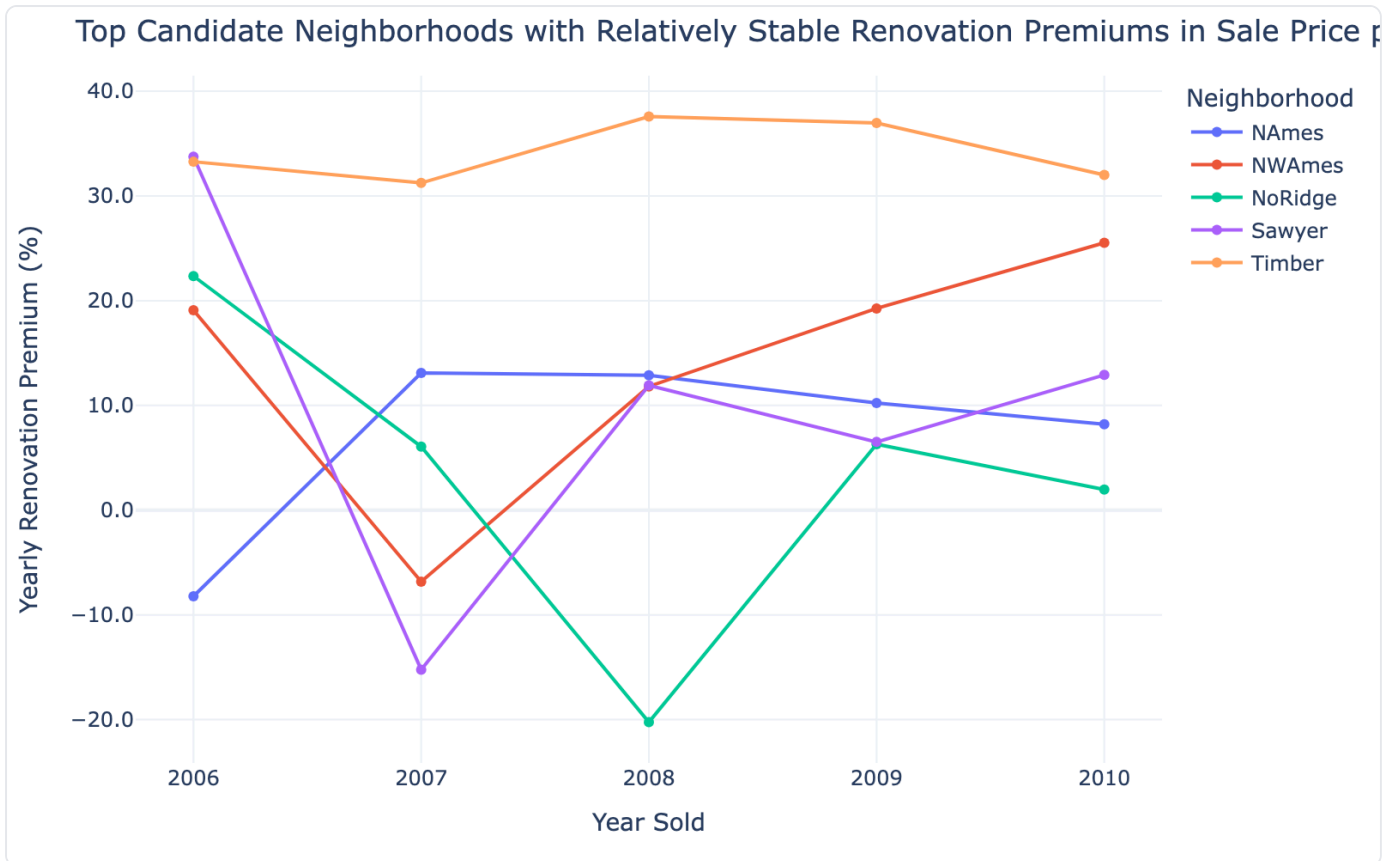


Figure 2

reinforces that Timber is the cleanest signal: its premium stayed in a tight band around 31% to 38%, while places like NWAmes, Sawyer, and NoRidge swung between negative and strongly positive years.

Interpretation

For an investor, **price-per-square-foot premium is the more credible renovation signal than raw sale price alone** because it partially controls for size differences between renovated and non-renovated homes. On that basis, Timber currently looks best, Crawfor and NWAmes look promising but less stable, and SawyerW offers decent uplift with higher timing risk. CollgCr deserves caution despite its large dollar premium because the size-adjusted uplift is almost flat.

The next step is to merge these premium and volatility results with affordability and baseline property characteristics into a final ranked investment view, so we can distinguish neighborhoods that are attractive for mainstream investors from those that only work for higher-capital buyers or that look promising but are too volatile to trust.

Best Neighborhoods for Buy-Renovate-Resell

Overview

Timber looks like the best investment opportunity in this dataset. It pairs the strongest size-adjusted renovation uplift with the steadiest year-to-year performance, which makes it the clearest

candidate for a repeatable flip strategy rather than a one-off premium. The full ranked scorecard is in the neighborhood investment ranking `df_neighborhood_invest_scores` .

The renovation sample summary `df_neighborhood_reno_counts` , premium comparison `df_neighborhood_premiums` , and stability summary `df_neighborhood_premium_volatility` together show that the best opportunities are not simply the neighborhoods with the biggest raw price jumps. The better signals are where **price-per-square-foot premiums are positive, samples are adequate, and the premium is not wildly unstable over time.**

Key Patterns & Observations

Timber is the standout. It has a median renovation premium of **31.5%** per square foot and **45.4%** in sale price, with a yearly premium standard deviation of just **2.9** points across **5** valid years. Entry is not cheap at a non-renovated median price of **185,350** , but the premium is both large and unusually stable.

NWAmes is the strongest balance of upside and practicality for a mid-priced investor. Its non-renovated median entry price is **181,000** , the median renovation premium is **18.1%** per square foot, and volatility is moderate at **12.5** . That is not as explosive as Timber, but it looks much easier to underwrite than neighborhoods where the premium swings sharply.

NAmes is the best affordability-plus-volume play. The baseline non-renovated median price is **140,000** , with **225** total sales and **40** recent renovations, so the market is much deeper than most neighborhoods. The size-adjusted premium is more modest at **10.3%** , but the sample depth and relatively low volatility (**8.9**) make it one of the more dependable mainstream opportunities.

Sawyer and SawyerW are usable secondary candidates, but both carry more timing risk. Sawyer offers lower entry (**135,000**) and a **13.4%** price-per-square-foot premium, while SawyerW offers a stronger **16.2%** premium at a higher entry (**179,200**). The issue is stability: both neighborhoods had materially wider year-to-year swings than Timber or NAmes.

The neighborhood premium chart **Figure 3**

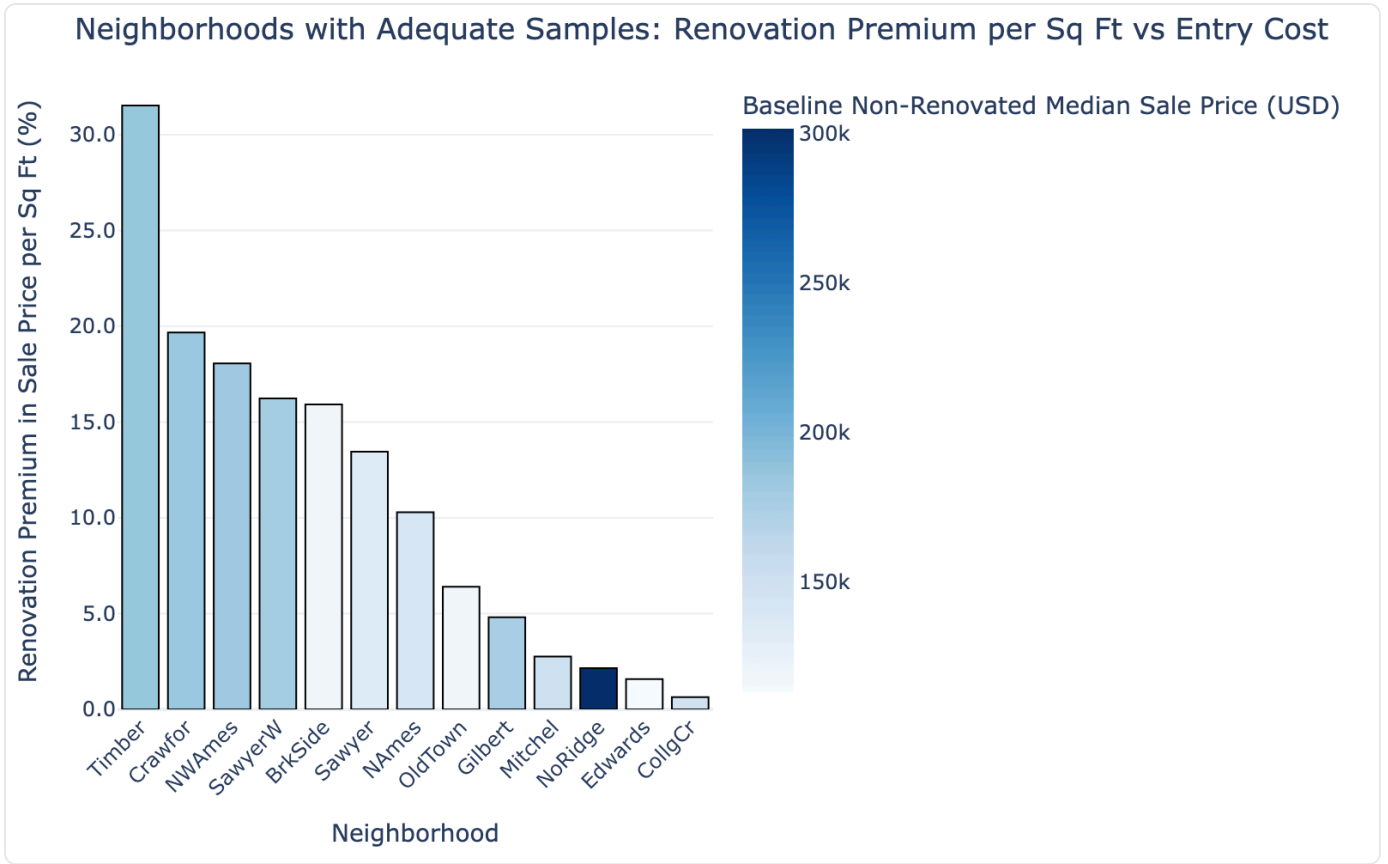


Figure 3

shows where size-adjusted uplift is highest, while the yearly trend view **Figure 4**

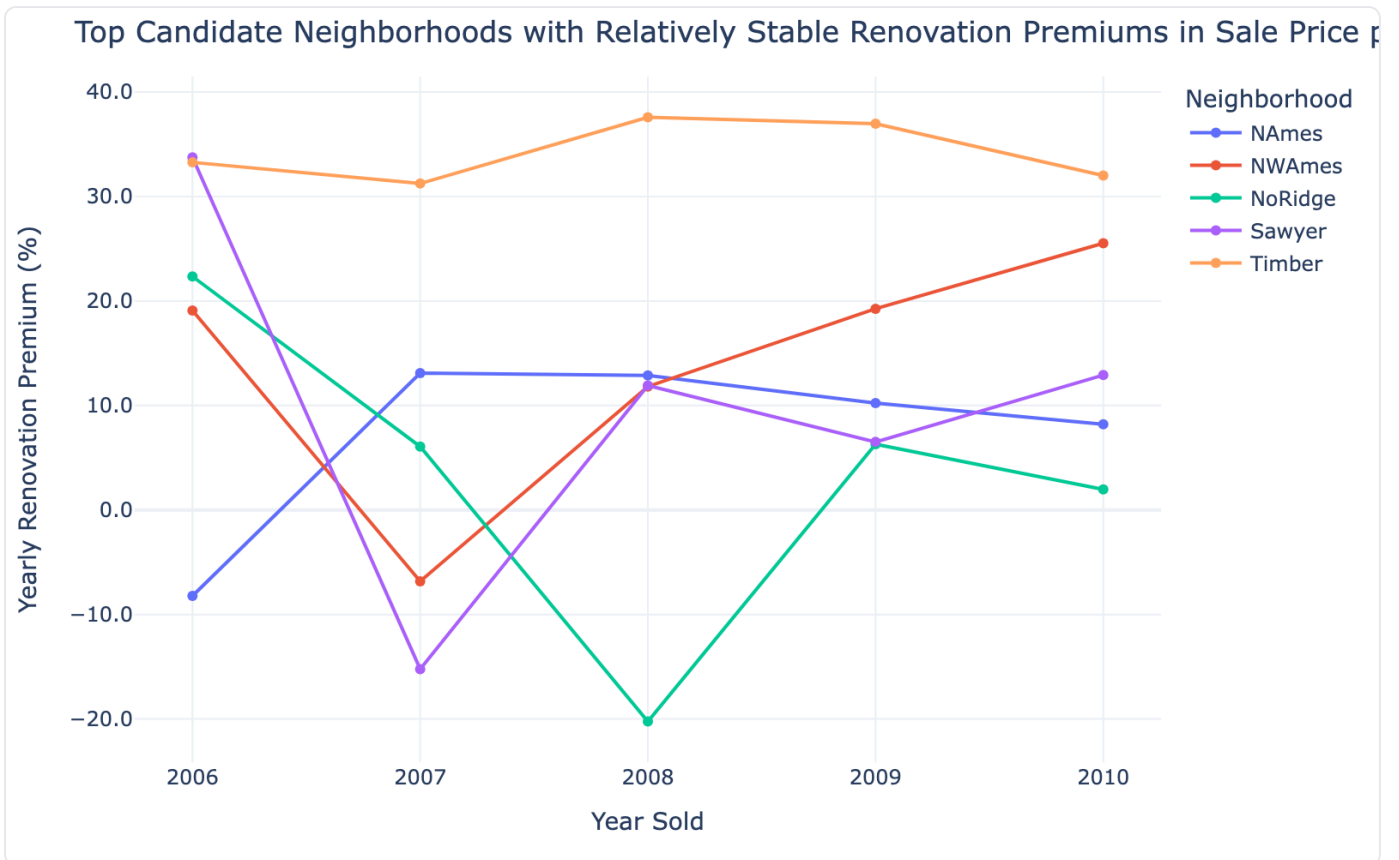


Figure 4

makes the stability difference visible. Timber stays consistently strong; NWAmes and NAmes are positive overall but less smooth; some other neighborhoods are clearly too erratic.

Statistical Insights

The practical renovation premium used for ranking is the median price-per-square-foot uplift:

$$\text{Renovation premium}_{ppsf} = \frac{\text{Median PPSF}_{recent} - \text{Median PPSF}_{not\ recent}}{\text{Median PPSF}_{not\ recent}} \times 100$$

Year-to-year stability was evaluated using the standard deviation of yearly neighborhood renovation premiums:

$$\sigma_{premium} = \text{StdDev}(\text{Yearly renovation premium}_{ppsf})$$

A simple composite opportunity score then rewarded three things: higher size-adjusted premium, lower volatility, and lower non-renovated entry price. That means a neighborhood could rank well either by being exceptional on premium alone or by offering a more balanced trade-off between upside and affordability.

Neighborhood	Entry Price (Non-Renovated Median)	Median Premium / Sq Ft	Median Sale Price Premium	Yearly Volatility	Recent Sales	Non-Recent Sales	Investor Read
Timber	185,350	31.5%	45.4%	2.9	21	16	Best overall combination of uplift and consistency
NWAmes	181,000	18.1%	10.5%	12.5	12	61	Strong balanced candidate
NAmes	140,000	10.3%	4.1%	8.9	40	185	Best affordable, high-volume option
Sawyer	135,000	13.4%	2.6%	17.5	13	61	Affordable but more cyclical
SawyerW	179,200	16.2%	4.3%	17.9	16	43	Good upside, moderate-high timing risk

A useful cross-check is that the top 3 ranked neighborhoods were **not simply luxury enclaves**. Among non-renovated homes, the top 3 neighborhoods had only slightly higher baseline quality and price per square foot than the rest of the market, not dramatically larger homes. That supports the idea that their ranking is being driven by renovation economics rather than just expensive housing stock.

Interpretation & Implications

For a real estate investor, the answer depends on your capital profile.

If you want the single best pure flip candidate, choose Timber. The uplift is large enough to matter in dollar terms and stable enough to be taken seriously.

If you want a more scalable, mainstream strategy, focus on NAmes and NWAmes. They do not produce Timber-level premiums, but they offer more practical entry points and enough sales volume to make comp-based underwriting easier.

If you are willing to accept more timing risk for decent upside, SawyerW and Sawyer deserve a look. They are not first-tier choices, but they are plausible secondary targets.

Promising-but-risky neighborhoods should be treated carefully. **Crawfor** shows a strong premium, but it is flagged as high volatility. **BrkSide** looks impressive on paper, but its volatility is extreme, making it hard to trust as a repeatable strategy. **Mitchel** is even weaker: it is volatile and its mean yearly premium is low. Several neighborhoods including **Somerst, NridgHt, StoneBr, Blmngtn, and Veenker** are too sparse on one side of the renovation split to support a reliable renovated-vs-non-renovated comparison.

Limitations

This is a descriptive investment screen, not a causal estimate of renovation ROI. A positive premium means recently renovated homes sold for more, but it does **not** prove renovation alone caused the entire difference; some of the gap may reflect unmeasured differences in layout, finish quality, lot desirability, or transaction context.

The dataset covers only **2006–2010**, so these patterns are specific to that market window and include housing-cycle effects from that period. Also, the renovation proxy is based on *YearRemodAdd*, which is useful but imperfect, and one record showed a minor timing inconsistency.

The bottom line: if you want the best buy-renovate-resell neighborhood in this dataset, start with Timber; if you want the most practical combination of affordability, sample depth, and repeatable upside, prioritize NAmes and NWAmes.

Data Sources

- df_neighborhood_reno_counts
- df_neighborhood_premiums

- df_neighborhood_premium_volatility
- df_neighborhood_invest_scores