PHASE-2 :PROJECT

House Price Prediction

**Introduction:**

1. The real estate market is one of the most dynamic and lucrative sectors, with house prices constantly fluctuating based on various factors such as location, size, amenities, and economic conditions. Accurately predicting house prices is crucial for both buyers and sellers, as it can help make informed decisions regarding buying, selling, or investing in properties.
2. Traditional linear regression models are often employed for house price prediction. However, they may not capture complex relationships between predictors and the target variable, leading to suboptimal predictions. In this project, we will explore advanced regression techniques to enhance the accuracy and robustness of house price prediction models.
3. Briefly introduce the real estate market

**Data Source**

A good data source for house price prediction using machine learning should be

Accurate, Complete, Covering the geographic area of interest, Accessible.

Dataset Link: ( https://www.kaggle.com/datasets/vedavyasv/usa-housing )

**Data Collection and Preprocessing:**

* Importing the dataset: Obtain a comprehensive dataset containing relevant features such as square footage, number of bedrooms, location, amenities, etc.
* Data preprocessing: Clean the data by handling missing values, outliers, and categorical variables. Standardize or normalize numerical features.

**Exploratory Data Analysis (EDA):**

✓ Visualize and analyze the dataset to gain insights into the relationships between

variables.

✓ Identify correlations and patterns that can inform feature selection and engineering.

✓ Present various data visualizations to gain insights into the dataset.

✓ Explore correlations between features and the target variable (house prices).

✓ Discuss any significant findings from the EDA phase that inform feature selection.

**Feature Engineering:**

✓ Create new features or transform existing ones to capture valuable information.

✓ Utilize domain knowledge to engineer features that may impact house prices, such as

proximity to schools, transportation, or crime rates.

✓ Explain the process of creating new features or transforming existing ones.

✓ Showcase domain-specific feature engineering, such as proximity scores or composite

indicators.

✓ Emphasize the impact of engineered features on model performance.

**Advanced Regression Techniques:**

 **Ridge Regression:** Introduce L2 regularization to mitigate multicollinearity and

overfitting.

 **Lasso Regression:** Employ L1 regularization to perform feature selection and

simplify the model.

 **ElasticNet Regression:** Combine both L1 and L2 regularization to benefit from their

respective advantages.

 **Random Forest Regression:** Implement an ensemble technique to handle nonlinearity

and capture complex relationships in the data.

 **Gradient Boosting Regressors (e.g., XGBoost, LightGBM):** Utilize gradient

boosting algorithms for improved accuracy.

**Model Evaluation and Selection:**

 Split the dataset into training and testing sets.

 Evaluate models using appropriate metrics (e.g., Mean Absolute Error, Mean

Squared Error, R-squared) to assess their performance.

 Use cross-validation techniques to tune hyperparameters and ensure model stability.

 Compare the results with traditional linear regression models to highlight

improvements.

 Select the best-performing model for further analysis.

**Model Interpretability:**

 Explain how to interpret feature importance from Gradient Boosting and XGBoost

models.

 Discuss the insights gained from feature importance analysis and their relevance to

house price prediction.

 Interpret feature importance from ensemble models like Random Forest and Gradient

Boosting to understand the factors influencing house prices.

**Deployment and Prediction:**

 Deploy the chosen regression model to predict house prices.

 Develop a user-friendly interface for users to input property features and receive price

predictions.

**Program: House Price Prediction**

Importing Dependencies

import pandas as pd

import numpy as np

import seaborn as sns

import matplotlib.pyplot as plt

from sklearn.model\_selection import train\_test\_split

from sklearn.preprocessing import StandardScaler

from sklearn.metrics import r2\_score, mean\_absolute\_error,mean\_squared\_error

from sklearn.linear\_model import LinearRegression

from sklearn.linear\_model import Lasso

from sklearn.ensemble import RandomForestRegressor

from sklearn.svm import SVR

import xgboost as xg

%matplotlib inline

import warnings

warnings.filterwarnings("ignore")

/opt/conda/lib/python3.10/site-packages/scipy/\_init\_.py:146: UserWarning: A NumPy

version >=1.16.5 and <1.23.0 is required for this version of SciPy (detected version

1.23.5

warnings.warn(f"A NumPy version >={np\_minversion} and <{np\_maxversion}"

Loading Dataset

dataset = pd.read\_csv('E:/USA\_Housing.csv')

**Model 1 - Linear Regression**

**In :**

model\_lr=LinearRegression()

**In :**

model\_lr.fit(X\_train\_scal, Y\_train)

**Out:**



**Evaluation of Predicted Data**

**In :**

plt.figure(figsize=(12,6))

plt.plot(np.arange(len(Y\_test)), Y\_test, label='Actual Trend')

plt.plot(np.arange(len(Y\_test)), Prediction1, label='Predicted Trend')

plt.xlabel('Data')

plt.ylabel('Trend')

plt.legend()

plt.title('Actual vs Predicted

­

**Out:**

<Axes: xlabel='Price', ylabel='Count'>



**Conclusion and Future Work (Phase 2):**

**Project Conclusion:**

 In the Phase 2 conclusion, we will summarize the key findings and insights from the

advanced regression techniques. We will reiterate the impact of these techniques on

improving the accuracy and robustness of house price predictions.

 Future Work: We will discuss potential avenues for future work, such as incorporating

additional data sources (e.g., real-time economic indicators), exploring deep learning models

for prediction, or expanding the project into a web application with more features and

interactivity.