# **ASSIGNMENT REPORT [CA-1]**

(Project: House Price Prediction and EDA)

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Submitted to

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# School of Computer Science and Engineering



# House Price Prediction and Exploratory Data Analysis

GitHub Link: https://github.com/Kushal11608202/PRJ\_CA1

# **Abstract:**

Nowadays house prices increment consistently, so there is a requirement to design a framework to understand and predict the house prices. House price prediction can help the developer to predict the selling cost of a house and can assist the client in organizing the ideal opportunity to buy a house. The common and main affecting factors on house price are current condition, area, time/year and location of the house.

Housing price patterns are not only the concern of purchasers and venders, however it likewise shows the current financial circumstance. Thus, it is important to predict housing prices without bias to help both the purchasers and venders settle on their decisions. This project utilizes an open source dataset. (Dataset Link)

# **ACKNOWLEDGEMENT:**

I would like to express my special thanks of gratitude to my mentor Dr. Dhanpratap Singh Sir as well as other higher authorities along with Lovely Professional University who gave me this golden opportunity to do a wonderful project on the topic 'House Price Prediction', which also helped me in doing a lot of research and I came to know about so many new things. So, I am thankful to them and extremely privileged to have got all this to complete my project duly.

# **Introduction:**

# 1.1 Description of the project :

Investment is a business activity that most people are interested in this globalization era. There are several objects that are often used for investment, for example, gold, stocks and property. Property investment has increased significantly since 2011, both on demand and property selling. At younger generation will need a house or buy a house in the future. Based on preliminary research conducted, there are two standards of house price which are valid in buying and selling transaction of a house that is house price based on the developer (market selling price) and price based on value of selling tax object.

The fundamental problem for a developer is to determine the selling price of a house. In determining the price of a house, the developer must calculate carefully and determine the appropriate method because property prices always increase continuously and almost never fall in the long term or short.

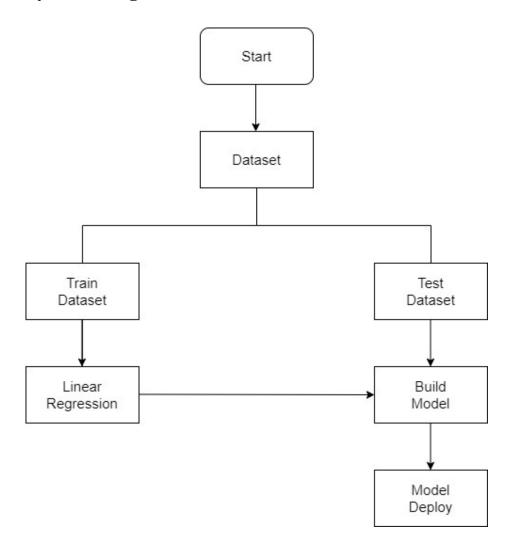
There are several approaches that can be used to do Exploratory data analysis in KC house dataset, one of it is matplotlib and the other is seaborn which are used for the data visualization or data representation in graphical form. And for Prediction of house prices, there is a basic approach called linear Regression will be utilized. To improve or boost the performance we are going to use gradient boosting regression in this project.

# 1.2 Limitations:

There is no guarantee that the data will be contains the exact list of features which affect the prediction of house price. Thus, there might be a risk if the project will be accomplished based only on the public dataset.

Moreover, this project will not cover all regression algorithms; instead, it is focused on the EDA and chosen algorithm, starting from the basic regression techniques (Linear Regression) to the advanced ones (Gradient Boosting Regression).

# 1.3 System Design:



# Libraries:

# 1. Numpy:

NumPy (Numerical Python) is a linear algebra library in Python. It is very useful for performing mathematical and logical operations on Arrays. It provides an abundance of useful features for operations on n-arrays and matrices in Python. It is the fundamental package for scientific computing with Python. As the whole project is based on whole complex stats ,we will use these fast calculations and provide results.

# 2. Pandas:

Pandas is the most popular python library that is used for data analysis. We will provide highly optimized performance with back-end source code with the use of Pandas.

# 3. Matplotlib:

Matplotlib tries to make easy things easy and hard things possible. We will generate plots, histograms, scatterplots, etc... to make our project more appealing and easier to understand.

# 4. Seaborn:

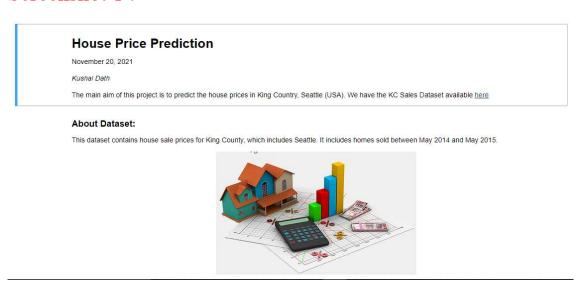
We will use it for statistical data visualization as Seaborn is a Python data visualization library based on matplotlib. It provides a high-level interface for drawing attractive and informative statistical graphics.

#### 5. Scikit-learn:

It is a Python library is associated with NumPy and SciPy. It is considered as one of the best libraries for working with complex data. There are a lot of changes being made in this library. We will use it for cross validation feature, providing the ability to use more than one metric. Lots of training methods like logistics regression will be used to provide some little improvements.

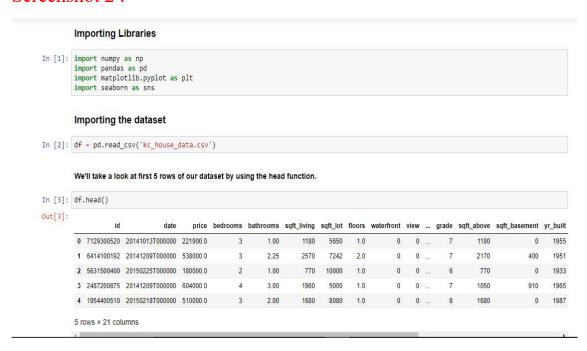
# Screenshots and some content based on project:

# Screenshot 1:



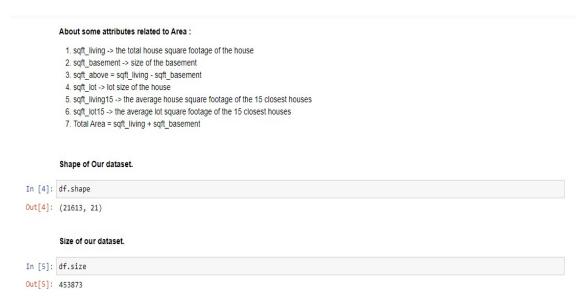
The screenshot-1 shows about the aim of the project and dataset.

# Screenshot 2:



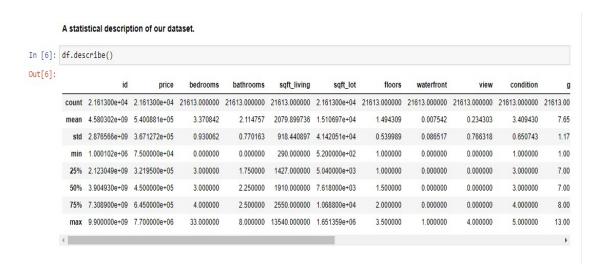
Screenshot-2 shows about the importing the basic required libraries and importing the .csv format dataset to the object df as data frame. It also presents the first five rows of our dataset using head() function.

# Screenshot 3:



Screenshot-3 shows about shape and size of our KC house dataset and some attributes information.

# Screenshot 4:



Screenshot-4 shows about the statistical description of the dataset.

# Screenshot 5:

```
Info about attributes of the dataset
In [7]: df.info()
        <class 'pandas.core.frame.DataFrame'>
        RangeIndex: 21613 entries, 0 to 21612
        Data columns (total 21 columns):
                          Non-Null Count Dtype
        # Column
                        21613 non-null int64
21613 non-null object
21613 non-null float64
21613 non-null float64
         1 date
         2 price
                          21613 non-null int64
         3 bedrooms
                         21613 non-null float64
         4 bathrooms
         5 sqft_living 21613 non-null int64
         6 sqft_lot
                          21613 non-null int64
         7 floors
                           21613 non-null float64
         8 waterfront 21613 non-null int64
         9 view
                           21613 non-null int64
         10 condition 21613 non-null int64
         11 grade
                           21613 non-null int64
         12 sqft_above 21613 non-null int64
         13 sqft_basement 21613 non-null int64
         14 yr_built
                           21613 non-null int64
         15 yr_renovated 21613 non-null int64
         16 zipcode
                          21613 non-null int64
         17 lat
                           21613 non-null float64
                           21613 non-null float64
         18 long
         19 sqft_living15 21613 non-null int64
         20 sqft_lot15
                           21613 non-null int64
```

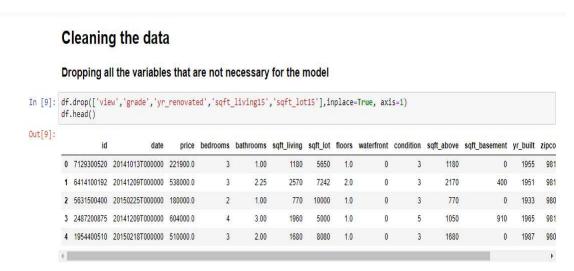
Screenshot-5 shows about the information of the data attributes and luckily we don't have any null values.

# Screenshot 6:

```
In this Dataset
            1. It has 21613 house information.
            2 It has 21 feature
            3. Five features(price, bathrooms, floors, lat and long) are float64 type.
            4. 15 features (id, bedrooms, sqft_living, sqft_lot, waterfront, view, condition, grade, sqft_above, sqft_basement, yr_built, 5. yr_renovated, zipcode,
               sqft_living15, sqft_lot15) are int64 type.
            5. One feature (object) is object type
            6. There isn't null all feature
          Checking sum of null-values(if any) in each column
In [8]: df.isnull().sum()
Out[8]: id
          date
          price
          bedrooms
          bathrooms
sqft_living
           floors
           waterfront
          view
           condition
          sqft_above
sqft_basement
          yr_built
```

Screenshot-6 shows about the sum of null values of the dataset attributes in which this case we don't have any null values so the sum obviously going to be zero.

# Screenshot 7:



Screenshot-7 shows that we are dropping the unnecessary attributes of the data i.e., removing the attributes which does not affect much on house price.

# Screenshot 8:

# Exploratory Data Analysis (EDA) on the dataset and

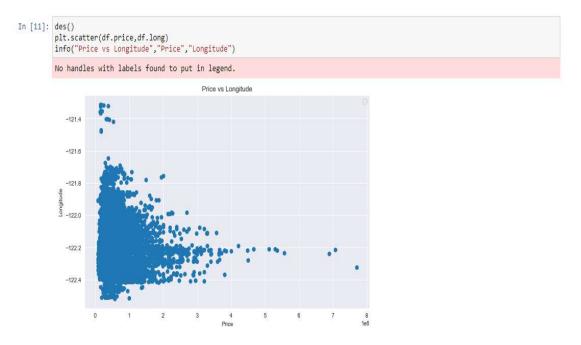
# Common affecting factors on the price of the houses

```
In [10]:
    def des():
        sns.set_style('darkgrid')
        plt.figure(figsize=(10,6))

def info(t=None, x_lab=None, y_lab=None): # info -> (title , x_label , y_label)
        plt.title(t)
        plt.xlabel(x_lab)
        plt.ylabel(y_lab)
        plt.legend()
```

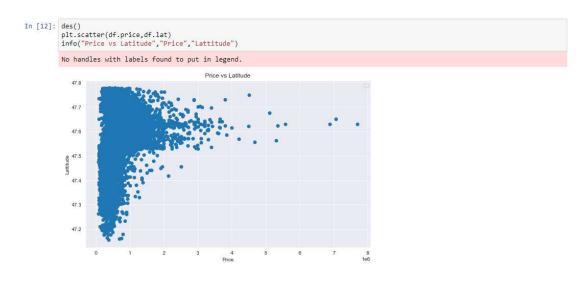
Screenshot-8 shows that the starting point of Exploratory data analysis and some user-defined functions used in our project.

# Screenshot 9:



The plot that we used above is called scatter plot, scatter plot helps us to see how our data points are scattered and are usually used for two variables. The figure tells us about the location of the houses in terms of longitude and it gives us quite an interesting observation that - 122.2 to -122.4 sells houses at much higher amount.

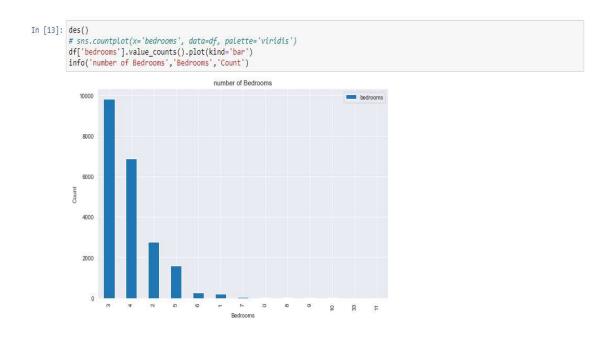
# Screenshot 10:



In Scr-10, The figure tells us about the location of the houses in terms of latitude and it gives us quite an interesting observation that 47.6 to 47.7 sells houses at much higher amount.

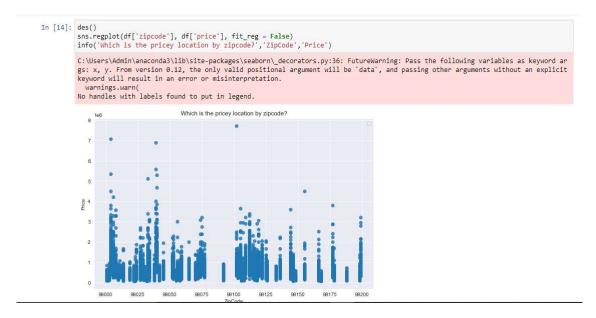
Let's see which is most common bedroom number. You may wonder why is it important? Let's look at this problem from a builder's perspective, sometimes it's important for a builder to see which is the highest selling house type which enables the builder to make house based on that. Here in India, for a good locality a builder opts to make houses which are more than 3 bedrooms which attracts the higher middle class and upper-class section of the society.

# Screenshot 11:



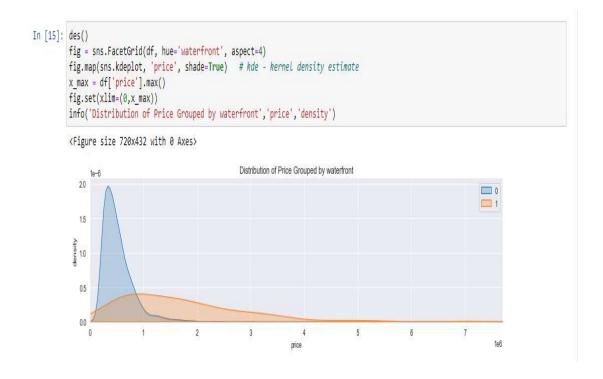
As we can see from the visualization 3 bedroom houses are most commonly sold followed by 4 bedroom. So how is it useful? For a builder having this data, He can make a new building with more 3 and 4 bedroom's to attract more buyers.

# Screenshot 12:



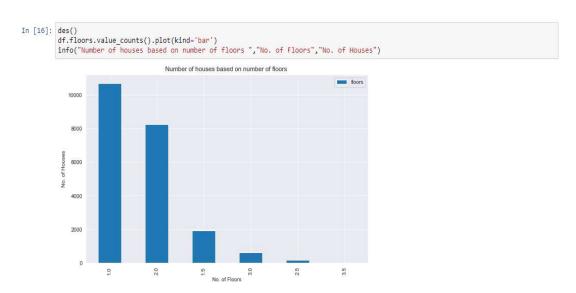
Even location influencing the prices of the house. As we can see many houses are sold in between the zip code of 98100 and 96125.

# Screenshot 13:



The above graph is a regression plot which gives us graph based on probability density function which is bounded in a contiguous curve.

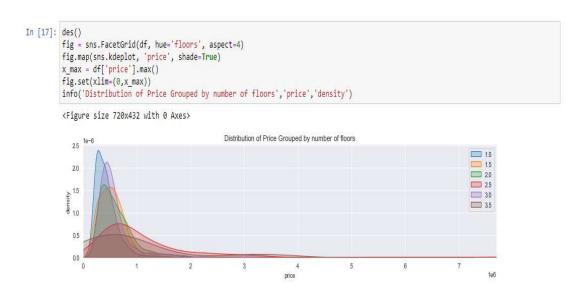
# Screenshot 14:



The above graph shows a count plot based on number of floors . As we can observe many I floor houses are sold compare to other.

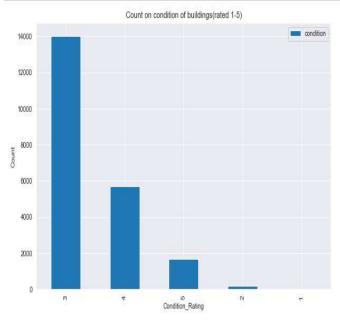
# We can see more factors affecting the price :

# Screenshot 15:

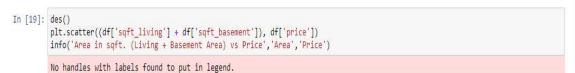


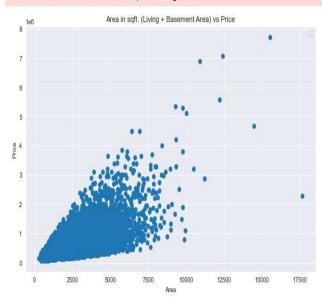
# Screenshot 16:

```
In [18]:
    des()
    df.condition.value_counts().plot(kind='bar')
    info('Count on condition of buildings(rated 1-5)','Condition_Rating','Count')
```



# Screenshot 17:

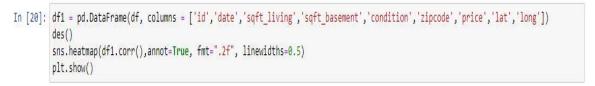


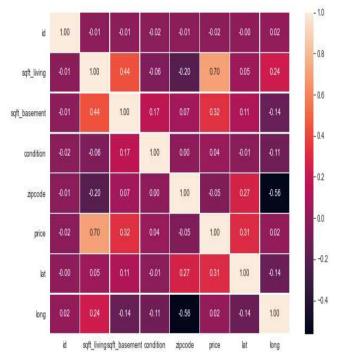


From the above figure we can see that more the Area, more the price though data is concentrated towards a particular price zone, but from the figure we can see that the data points seem to be in linear direction. Thanks to scatter plot we can also see some irregularities that the house with the highest square feet was sold for very less, maybe there is another factor or probably the data must be wrong.

# Screenshot 18:

# More Affecting Factors on Price with their Pari-wise Correlation Coefficient in heatmap:





The above figure shows about the correlation matrix os the essential factors on house price using heatmap.

# Screenshot 19:

# Training a Linear Regression Model

Let's now begin to train out regression model! We will need to first split up our data into an X array that contains the features to train on, and a y array with the target variable, in this case the Price column. We will toss out the Address column because it only has text info that the linear regression model can't use.

# X and y arrays

```
In [21]: sum_columns = df['sqft_living'] + df['sqft_basement']
    df['Area'] = sum_columns

New_dates = [1 if values==2014 else 0 for values in df.date]
    df['date'] = New_dates

X = df.drop(['id', 'date', 'Area', 'condition', 'zipcode', 'price'], axis=1)
y = df['price']
```

Taking Training and Testing data for train test split.

# Screenshot 20:

# Train Test Split

Now let's split the data into a training set and a testing set. We will train out model on the training set and then use the test set to evaluate the model.

```
In [22]: from sklearn.model_selection import train_test_split
In [23]: X_train, X_test, y_train, y_test = train_test_split(X, y, test_size=0.2, random_state=42)
print("X Train Shape", X_train.shape)
print("Y Train Shape", y_train.shape)
print("X Test Shape", X_test.shape)
print("Y Test Shape", y_test.shape)

X Train Shape (17290, 11)
Y Train Shape (17290,)
X Test Shape (4323, 11)
Y Test Shape (4323,)
```

# **Linear Regression:-**

In easy words a model in statistics which helps us predicts the future based upon past relationship of variables. So when you see your scatter plot being having data points placed linearly you know regression can help you!

This Regression works on the line equation, y=mx+c, trend line is set through the data points to predict the outcome.

The variable we are predicting is called the criterion variable and is referred to as Y. The variable we are basing our predictions on is called the predictor variable and is referred to as X. When there is only one predictor variable, the prediction method is called Simple Regression. and if multiple predictor variable are present then multiple regression.

Let's look at the code,

#### Screenshot 21:

# Creating Model, Training the Model and Model Evaluation In [24]: from sklearn.linear\_model import LinearRegression from sklearn.ensemble import GradientBoostingRegressor from sklearn.metrics import r2\_score In [25]: model\_type = [] model\_score = [] Linear Regression In [26]: lm = LinearRegression() In [47]: model = lm.fit(X\_train, y\_train) In [49]: lm\_predict = lm.predict(X\_test) print("Score: ",r2\_score(lm\_predict,y\_test)) Score: 0.43086303331122555 In [29]: model\_type.append("Multi Linear Regression") model\_score.append(r2\_score(lm\_predict,y\_test))

So what did we do? Let's go step by step:

- 1. We import our dependencies, for linear regression we use sklearn (built in python library) and import linear regression from it.
- 2. We then initialize Linear Regression to a variable reg. Now we know that prices are to be predicted, hence we set labels (output) as price columns and we also convert dates to 1's and 0's so that it doesn't influence our data much. We use 0 for houses which are new that is built after 2014.
- 3. We again import another dependency to split our data into train and test. I've made my train data as 80% and 20% of the data to be my test data, and randomized the splitting of data by using random state.
- 4. So now, we have train data, test data and labels for both let us fit our train and test data into linear regression model.
- 5. After fitting our data to the model we can check the score of our data ie, prediction in this case the prediction is 43%

# Screenshot 22:

#### **Gradient Boosting Regressor**

```
In [30]: gbr = GradientBoostingRegressor(n_estimators = 500, max_depth = 5, min_samples_split = 2,learning_rate = 0.1, loss = 'ls')

In [46]: gbr.fit(X_train,y_train)

Out[46]: GradientBoostingRegressor(max_depth=5, n_estimators=500)

In [48]: gbr_predict = gbr.predict(X_test)
    print("Score: ",r2_score(gbr_predict,y_test))

Score: 0.8361913616518081

In [33]: model_type.append("Gradient Boosting Regression")
    model_score.append(r2_score(gbr_predict,y_test))

Linear Regression after Boosting

In [34]: print("Prediction Score of Linear Model after Boosting : ",lm.score(X_test, y_test))

Prediction Score of Linear Model after Boosting : 0.643891588453672

In [35]: model_type.append("Multi Linear Regression After Boost")
    model_score.append(lm.score(X_test, y_test))
```

# **Gradient Boosting Regression:**

For building a prediction model, many experts use gradient boosting regression, so what is gradient boosting? It is a machine learning technique for regression and classification problems, which produces a prediction model in the form of an ensemble of weak prediction models, typically decision trees.

- 1. We first import the library from sklearn
- 2. We create a variable where we define our gradient boosting regressor and set parameters to it, here

n\_estimator → The number of boosting stages to perform. We should not set it too high which would overfit our model.

max depth  $\rightarrow$  The depth of the tree node

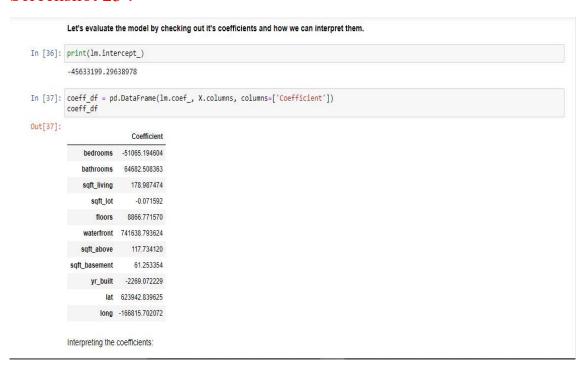
learning rate  $\rightarrow$  Rate of learning the data.

loss  $\rightarrow$  loss function to be optimized. 'ls' refers to least squares regression

minimum sample split → Number of sample to be split for learning the data

- 3. We then fit our training data into the gradient boosting model and check for accuracy
- 4. We got an accuracy of 83.85% which is amazing!!!

# Screenshot 23:

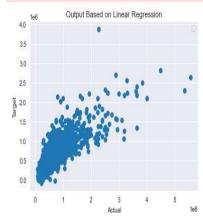


# **OUTPUT** of the Project:

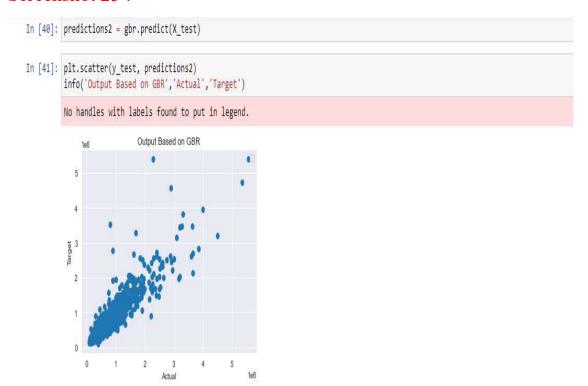
# Screenshot 24:

# Predictions from our Model

Let's grab predictions off our test set and see how well it did!

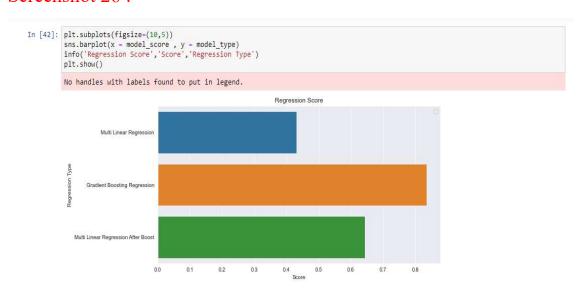


# Screenshot 25:



# Comparing the Score of Linear Regression and GBR:

# Screenshot 26:



# Screenshot 27:

# **Regression Evaluation Metrics**

Here are three common evaluation metrics for regression problems:

Mean Absolute Error (MAE) is the mean of the absolute value of the errors:

$$\frac{1}{n}\sum_{i=1}^{n}|y_i-\hat{y}_i|$$

Mean Squared Error (MSE) is the mean of the squared errors:

$$\frac{1}{n}\sum_{i=1}^n(y_i-\hat{y}_i)^2$$

Root Mean Squared Error (RMSE) is the square root of the mean of the squared errors:

$$\sqrt{\frac{1}{n} \sum_{i=1}^{n} (y_i - \hat{y}_i)^2}$$

Comparing these metrics:

- . MAE is the easiest to understand, because it's the average error.
- . MSE is more popular than MAE, because MSE "punishes" larger errors, which tends to be useful in the real world.
- . RMSE is even more popular than MSE, because RMSE is interpretable in the "y" units.

All of these are loss functions, because we want to minimize them.

# Screenshot 28:

Some Error metrics and Storing the predicted output to Output.csv file.

https://i	eeexplore.ieee.org/abstract/document/8473231
http://w	ww.mecs-press.net/ijieeb/ijieeb-v12-n2/IJIEEB-V12-N2-3.pdf
_	www.tandfonline.com/doi/abs/10.1080/09599916.2020.183255
<u>8</u>	
https://i	eeexplore.ieee.org/abstract/document/8882834