

HOUSE PRICE PREDICTION



Submitted By
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ACKNOWLEDGMENT

It is my sensual gratification to present this report. Working on this project was an incredible experience that will have a tremendous impact on my career. I would like to express my sincere thanks to the company Flip Robo Technologies for a regular follow up and valuable suggestions provided throughout. They always been an origin of spark and direction. I also thank all the respondents who have given their valuable time, views and valid information for this project.

Shivanchal Asthana

INTRODUCTION

Business Problem Framing

Houses are one of the necessary needs of each and every person around the globe and therefore housing and real estate market is one of the markets which is one of the major contributors in the world's economy. It is a very large market and there are various companies working in the domain. Data science comes as a very important tool to solve problems in the domain to help the companies increase their overall revenue, profits, improving their marketing strategies and focusing on changing trends in house sales and purchases. Predictive modelling, Market mix modelling, recommendation systems are some of the machine learning techniques used for achieving the business goals for housing companies. Our problem is related to one such housing company.

Conceptual Background of the Domain Problem:

A US-based housing company named Surprise Housing has decided to enter the Australian market. The company uses data analytics to purchase houses at a price below their actual values and flip them at a higher price. For the same purpose, the company has collected a data set from the sale of houses in Australia. The company is looking at prospective properties to buy houses to enter the market. You are required to build a model using Machine Learning in order to predict the actual value of the prospective properties and decide whether to invest in them or not. For this company wants to know:

- Which variables are important to predict the price of variable?
- How do these variables describe the price of the house?

• Review of Literature:

Based on the sample data provided, we understand that the company is looking at prospective properties to buy houses to enter the market. The data given, explains that it is a regression problem where we need to build a machine learning model in order to predict the actual prices of the prospective properties and then decide whether to invest in them or not. Also, we have other independent variables which would help us in understanding which features are important to predict the values and how do these variables describe the prices of the house.

Motivation for the Problem Undertaken:

The main objective of doing this project is to build a machine learning model to predict the prices of the house based on the supporting features. Will be predicting the same with the help of machine learning algorithms. The data is provided to us from client database. We need to do some predictions that could help the clients in the further investments and also in improvement in selection of customers. To explore various impacts of features on prediction methods, this project will apply machine learning approaches to investigate difference between several models. This project will also validate multiple techniques in model implementation on regression and provide an optimistic result for predicting the house prices.

Analytical Problem Framing

Mathematical/ Analytical Modeling of the Problem

We are building a machine learning model to predict the actual value of the prospective properties and to decide whether to invest in them or not. This model will help us to determine which variables are important to predict the price of variables and also how do these variables describe the price of the house. With the help of the independent variables, will be able to determine the price of the houses. Regression analysis is a form of predictive modelling technique which investigates the relationship between dependent and independent variables. This technique is used for forecasting, time series modelling, and also find the relationship between the variables. The most common form of regression analysis is linear regression, in which one finds the line that most closely fits the data according to a mathematical criterion.

• Data Sources and their formats:

Dataset provided by Flip Robo Technologies is in the CSV format. There are 2 datasets given to us. One is training data and the other is testing data.

- 1. Train file will be used for training the model, where the model will learn from this file. The training data contains all the independent variables and the target variable. The size of the train data is 1168 records
- 2. Test file contains all the independent variables, but not the target variable. Here we will be applying the model to predict the target variable. The size of the test data is 292 records.

• Data Preprocessing Done:

Data Pre-processing refers to the technique of preparing (cleaning and organizing) the raw data to make it suitable for building and training machine learning models. Whenever the data is gathered from various sources, it is collected in raw format. Data pre-processing is considered as an integral part in Machine Learning. It's extremely important to pre-process the data before feeding it to our model. Hence, it is considered to be the first and crucial step while creating a machine learning model. Data pre-processing steps used in this project are as below:

- 1. Loading the dataset
- 2. Checked the number of rows and columns in the dataset.
- 3. Checked the null values in the dataset and filled them using interpolate, bfill method.
- 4. Checked the zero values and treat them
- 5. Check the outliers and remove them by using IQR Method.
- 6. Dropped the unrequired columns from the dataset.
- 7. Checked the unique values.
- 8. Converted all the data to numeric data type using Label Encoding technique.

Data Inputs - Logic - Output Relationships:

Data inputs are the specifications of the house like density of house, floor area, street etc. and Output is the price of the house according to house specifications and house age.

• State the set of assumptions (if any) related to the problem under consideration:

The assumption part for me was relying strictly on the data given and taking into consideration that the separate datasets are provided, training and the testing dataset which were obtained from people and survey was also done on it depending on their preferences.

Hardware and Software Requirements and Tools Used:

Hardware is used by me that is i5 intel core, 8GB RAM, 64Bit processor, and software is Jupyter Notebook for coding along with MS Word to make useful report, MS – PowerPoint to make presentation. For coding, we need to install NumPy, Pandas, Sklearn libraries.

Model/s Development and Evaluation

• <u>Identification of possible problem-solving approaches</u> (methods):

This dataset contains two csv files, first one is Train dataset and another one is Test dataset. We first concatenate both the dataset for data cleaning purpose and at the end, we separate it. There are many null values and zero values lies in these datasets. We treat zero values by replacing columns mean value and sometimes, we replace it by z=null values then null values will be treated by interpolate method and bfill method. In many features we find outliers, we treat them by using IQR method and after cleaning the dataset. We see there are many categorical

columns, we use label encoder then to convert all categorical values into numerical form.

After that, we try to remove multicollinearity problem by using Heatmap and Variance inflation method. By using standard scaling, we scale the data. Then we use almost 5-6 models to check the accuracy and select the model which is giving us best accuracy and then we perform Hyperparameter tuning to improve the accuracy and we save our best model.

• Testing of Identified Approaches (Algorithms):

- · Linear regression'
- Decision Tree regressor
- kNeighbors regressor
- Support Vector Regressor
- •Random forest Regressor
- Lasso regressor
- Ridge Regressor
- AdaBoost Regressor
- XGBoost Regressor
- ExtremeGradientBoost Regressor

Run and Evaluate selected models

We check the accuracy by using 5 models

```
#Model instantiating and training provided instantiating and training provided instantiating and training provided instantiating and training provided in the models provided in the mo
```

```
y_pred_lr = lr.predict(x_test)#sappred_dtr = dtr.predict(x_test)#sappred_dtr = dtr.predict(x_test)#sappred_dtr = dtr.predict(x_test)

y_pred_dtr = dtr.predict(x_test)

y_pred_rfo = rfo.predict(x_test)

y_pred_svr = svr.predict(x_test)

y_pred_knn = knn.predict(x_test)

y_pred_k
```

CV Score:

```
#Check the mean of all models cv score one by one
print("Linear regression CV Score:")
                                 Linear regression CV Score:
print(cross_val_score(lr,x_scaled,y,cv=5).mean())
                                 0.28395103938702093
time.sleep(2)
print("\n",'*'*50)
                                   *************
                                 Decision Tree CV Score:
print("Decision Tree CV Score:")
print(cross_val_score(dtr,x_scaled,y,cv=5).mean())
                                 -0.15392085549825926
time.sleep(2)
print("\n",'*'*50)
                                   ************
                                 Random Forest CV Score:
print("Random Forest CV Score:")
print(cross_val_score(rfo,x_scaled,y,cv=5).mean()) 0.3702549012537496
time.sleep(2)
print("\n",'*'*50)
                                 KNeighbour Classifier CV Score:
print("KNeighbour Classifier CV Score:")
time.sleep(2)
print("\n",'*'*50)
                                   ***********
                                 Support Vector Machine CV Score:
print("Support Vector Machine CV Score:")
```

MAE/MSE/RSME:

```
Linear Regression:
MAE:----> 82.75707231500219
MSE:----> 12111.975767362692
RSME:----> 110.05442184375279
Decision Tree:
MAE:----> 95.78857142857143
MSE:----> 19241.17142857143
RSME:----> 138.7125496433954
Random Forest:
MAE:----> 76.73034285714286
MSE:----> 10172.410565142858
RSME:----> 100.85836884038358
```

LASSO Regression:

```
#import Ridge, Lasso, RidgeCV, LassoCV
from sklearn.linear_model import Ridge, Lasso, RidgeCV, LassoCV
                                                                        LassoCV(normalize=True)
lassocv= LassoCV(alphas=None, max_iter = 1000, normalize = True)
                                                                        ***************
print(lassocv.fit(x_train,y_train))
print()
time.sleep(1)
                                                                        Alpha value is:----> 0.20676578177565183
print('*'*50)
time.sleep(1)
#best alpha parameter
alpha = lassocv.alpha_
print("Alpha value is:---->",alpha)
time.sleep(1)
                                                                        ****************
tame.sleep(1)
print()
lasso_reg = Lasso(alpha) #fit the data
time.sleep(1)
print('*'560)
time.sleep(1)
                                                                        Lasso(alpha=0.20676578177565183)
print(lasso_reg.fit(x_train,y_train)) #train the data
time.sleep(1)
                                                                        ***************
print()
print('*'*50)
                                                                        Accuracy of the model is:---> 0.20693847467225812
time.sleep(1)
print("Accuracy of the model is:---->", lasso_reg.score(x_test,y_test))
```

Ridge Regression:

```
ridgecv= RidgeCV(alphas=np.arange(0.001,0.1,0.01), normalize = True)
                                                                 RidgeCV(alphas=array([0.001, 0.011, 0.021, 0.031, 0.041, 0.051, 0.061, 0.071, 0.081,
#train the data
                                                                      0.091]),
print(ridgecv.fit(x_train,y_train))
print()
                                                                       normalize=True)
time.sleep(1)
print('*'*50)
time.sleep(1)
                                                                 ************
#best alpha parameter
print("Alpha value is:---->",ridgecv.alpha_)
                                                                 Alpha value is:----> 0.0909999999999998
print()
time.sleep(1)
print('*'*50)
                                                                 ************
time.sleep(1)
#fit the data
ridge_model = Ridge(alpha = ridgecv.alpha_)
                                                                 print(ridge_model.fit(x_train,y_train))
print()
time.sleep(1)
print('*'*50)
                                                                 ***************
time.sleep(1)
                                                                 Accuracy of the model is:----> 0.20143548309117432
print("Accuracy of the model is:---->",ridge_model.score(x_test,y_test))
```

<u>GridSearchCV - RandomForestRegressor as an</u> Estimator

Gridsearchcv by using Random Forest Regressor as a estimator

```
params = {'n_estimators':[10,20,30],
          max_features':['auto',"sqrt","log2"],
         'min_samples_split':[10,11]}
gridsearch = GridSearchCV(estimator=rfo, param_grid= params)#apply GridSearchCV
time.sleep(2)
print(gridsearch.fit(x_train,y_train)) #train the model
time.sleep(1)
print("\n",'*'*50)
time.sleep(1)
print('GridSearchCV best parameters:---->',gridsearch.best_params_) #get best parameters
time.sleep(1)
print("\n",
time.sleep(1)
#put best params
rfc = gridsearch.best_estimator_
print('Trained Model using best parameters:---->',rfc.fit(x_train,y_train)) #train the model
time.sleep(1)
print("\n",
time.sleep(1)
print('Accuracy score:---->',rfc.score(x_train,y_train))#check the accuracy score
GridSearchCV(estimator=RandomForestRegressor(),
           param_grid={'max_features': ['auto', 'sqrt', 'log2'],
                      'min_samples_split': [10, 11],
                      'n estimators': [10, 20, 30]})
***************
GridSearchCV best parameters:----> {'max_features': 'sqrt', 'min_samples_split': 11, 'n_estimators': 20}
****************
Trained Model using best parameters:----> RandomForestRegressor(max_features='sqrt', min_samples_split=11,
                   n estimators=20)
**************
Accuracy score:----> 0.7568975786697465
```

AdaBoostRegressor:

```
Adaboost Regressor:----> AdaBoostRegressor()
ada = AdaBoostRegressor()
time.sleep(2)
print('Adaboost Regressor:----->',ada.fit(x_train,y_train))
                                                                            Adaboost Regressor Training Score:----> 0.5698564045920229
print()
time.sleep(1)
                                                                            ***************
                                                                            Adaboost Regressor Testing Score:----> 0.3220811507881942
time.sleep(1)
print('Adaboost Regressor Training Score:----->',ada.score(x_train,y_train))
                                                                            Ada Boost CV Score:
time.sleep(1)
print('*'*50)
time.sleep(1)
                                                                            [0.3605392  0.29636807  0.2974772  0.40193098  0.33081137]
print('Adaboost Regressor Testing Score:----->',ada.score(x_test,y_test))
                                                                             ***************
time.sleep(2)
y_pred_ada = ada.predict(x_test)
                                                                            Ada Boost CV Score:
                                                                            0.3281360970210375
time.sleep(2)
print("\n",'*'*50)
                                                                            Ada Booster:
print("Ada Boost CV Score:")
                                                                               300
print(cross_val_score(ada,x_scaled,y,cv=5))
time.sleep(2)
print("\n",'*'*50)
                                                                               225
print("Ada Boost CV Score:")
print(cross_val_score(ada,x_scaled,y,cv=5).mean())
                                                                               200
time.sleep(2)
print("\n",'*'*50)
print("Ada Booster:")
                                                                               175
plt.scatter(y_test,y_pred_ada)
plt.xlabel('Y_test')
plt.ylabel('Y_pred_ada')
                                                                                                                                  350
plt.show()
```

XGBoostRegressor:

```
XGBoost Training score:-----> XGBRegressor(base_score=0.5, booster='gbtree', colsample_bylevel=1, colsample_bynode=1, colsample_bytree=1, enable_categorical=False, gamma=0, gpu_id=-1, importance_type=None,
xgbr = xgb.XGBRegressor()
time.sleep(1)
                                                                                                                   gammaen, gpu_to=-1, importante_type=none,
interaction_constraints=', learning_nate=0.300000012,
max_delta_step=0, max_depth=6, min_child_weight=1, missing=nan,
monotone_constraints='()', n_estimators=100, n_jobs=0,
num_parallel_tree=1, predictor='auto', random_state=0, reg_alpha=0,
reg_lambda=1, scale_pos_weight=1, subsample=1, tree_method='exact',
print("XGBoost Training score:---->",xgbr.fit(x_train,y_train))
time.sleep(1)
print('*'*50)
time.sleep(1)
                                                                                                     validate_parameters=1, verbosity=None)
y_pred = xgbr.predict(x_test)
print("XGBoost Testing Score:----->", r2_score(y_test, y_pred)) XGBoost Testing Score:-----> 0.5051066443034442
                                                                                                      time.sleep(2)
                                                                                                     XGBoost CV Score:
print("\n",'*'*50)
                                                                                                     [0.58330763 0.39464063 0.46033469 0.60613183 0.47412683]
print("XGBoost CV Score:")
print(cross_val_score(xgbr,x_scaled,y,cv=5))
time.sleep(2)
print("\n",'*'*50)
print("XGBoost CV Score:")
                                                                                                        350
print(cross_val_score(xgbr,x_scaled,y,cv=5).mean())
time.sleep(2)
print("\n",'*'*50)
print("XGBooster:")
plt.scatter(y_test,y_pred)
plt.xlabel('Y_test
plt.ylabel('Y_pred')
plt.show()
```

GradientBoostingRegressor:

```
gbr = GradientBoostingRegressor(max_depth=3, n_estimators=6, learning_rate=.4)
time.sleep(1)
print("GradientBoostingRegressor Training Score:---->", gbr.fit(x_train,y_train))
time.sleep(1)
print("*"*50)
time.sleep(1)
y_pred_gbr = gbr.predict(x_test)
print("GradientBoostingRegressor Testing score:---->", r2_score(y_test,y_pred_gbr))
time.sleep(2)
print("\n",'*'*50)

print("GBR CV Score:")
print(cross_val_score(gbr,x_scaled,y,cv=5))
time.sleep(2)
print("\n",'*'*50)

print("GBR CV Score:")
print(cross_val_score(gbr,x_scaled,y,cv=5).mean())
time.sleep(2)
print("\n",'*'*50)
pr
```

• Key Metrics for success in solving problem under consideration:

Will go with Random Forest Regressor Reasons

- 1. Random Forest reduces overfitting in decision tree and helps to improve accuracy.
- 2. It is flexible for both classification and regression tasks.
- 3. It also works well with both categorical and continuous values.
- 4. It is a rule-based approach.

5. It automates missing values present in the data The key metrics used here were R2_Score, MSE, MAE, RMSE and Cross Validation Score. We also tried to find out the best parameters by using Hyper Parameter Tuning and Random Grid Search to increase the accuracy score.

Visualizations:

All Columns:

All Numerical columns:

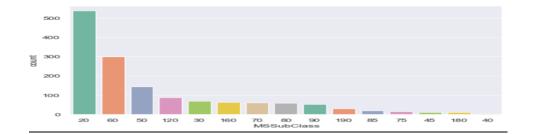
All Categorical Columns:

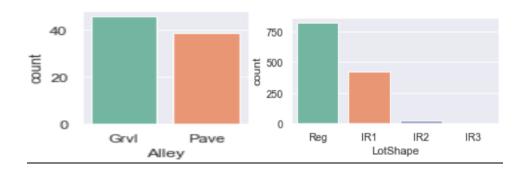
['Street', 'LotConfig', 'HouseStyle', 'GarageCond', 'GarageType', 'Condition2', 'Fence', 'Alley', 'LotShape', 'LandContour', 'BsmtFinType2', 'Utilities', 'Functional', 'BsmtQual', 'MSZoning', 'ExterQual', 'FireplaceQu', 'MiscFeature', 'BsmtCond', 'Cent ralAir', 'MasVnrType', 'BldgType', 'Electrical', 'BsmtExposure', 'HeatingQC', 'GarageQual', 'RoofMatl', 'Exterior2nd', 'LandSlo pe', 'GarageFinish', 'Neighborhood', 'PoolQC', 'BsmtFinType1', 'ExterCond', 'SaleType', 'Exterior1st', 'PavedDrive', 'Heating', 'Condition1', 'SaleCondition', 'Foundation', 'KitchenQual', 'RoofStyle']

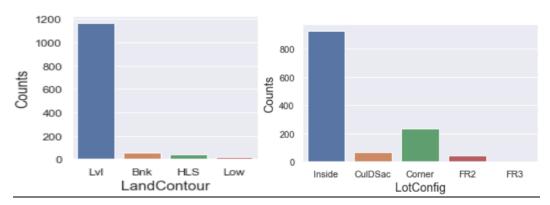
#check the duplicate values df.duplicated().sum()

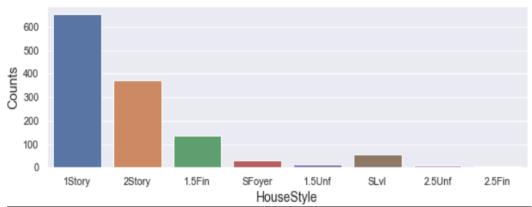
0

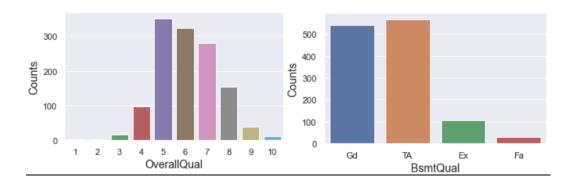
		#check the skewness	
#check the zero values		df.skew()	
df.all().tail(20)		Id	0.000000
u1.u11().tu11(20)		MSSubClass	1.407657
		LotFrontage	2.163569
GarageCars	False	LotArea OverallOual	12.207688 0.216944
GarageArea	False	OverallCond	0.693067
		YearBuilt	-0.613461
GarageQual	True	YearRemodAdd	-0.503562
GarageCond	True	MasVnrArea BsmtFinSF1	2.669084 1.685503
_		BsmtFinSF2	4.255261
PavedDrive	True	BsmtUnfSF	0.920268
WoodDeckSF	False	TotalBsmtSF	1.524255
OpenDonchEE	False	1stFlrSF	1.376757
OpenPorchSF		2ndFlrSF	0.813030
EnclosedPorch	False	LowQualFinSF GrLivArea	9.011341
3SsnPorch	False	BsmtFullBath	0.596067
		BsmtHalfBath	4.103403
ScreenPorch	False	FullBath	0.036562
PoolArea	False	HalfBath	0.675897
		BedroomAbvGr KitchenAbvGr	0.211790 4.488397
PoolQC	True	TotRmsAbvGrd	0.676341
Fence	True	Fireplaces	0.649565
		GarageYrBlt	-0.649415
MiscFeature	True	GarageCars	-0.342549
MiscVal	False	GarageArea	0.179981
		WoodDeckSF OpenPorchSF	1.541376
MoSold	True	EnclosedPorch	3.089872
YrSold	True	3SsnPorch	10.304342
CalaTuna		ScreenPorch	4.122214
SaleType	True	PoolArea	14.828374
SaleCondition	True	MiscVal MoSold	24.476794 0.212053
SalePrice	True	YrSold	0.096269
	irue	SalePrice	1.953878
dtype: bool		dtype: float64	

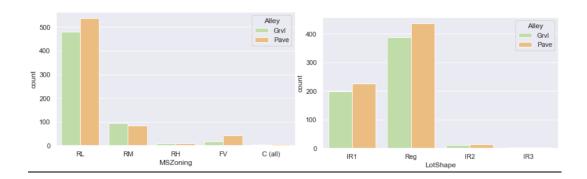


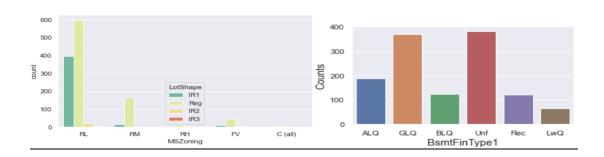


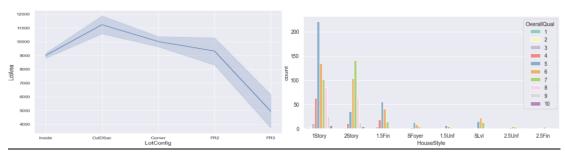


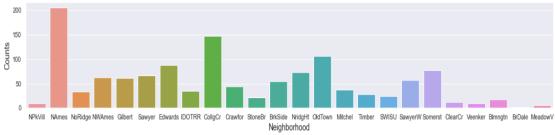


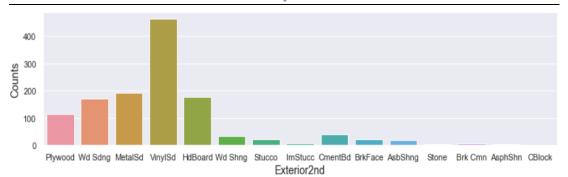












```
df["BsmtFinSF1"].skew()
0.7240354823379092

df["BsmtFinSF1"].isnull().sum()
0

df["BsmtFinSF1"] = df["BsmtFinSF1"].replace(0,np.nan)

df["BsmtFinSF1"].all()
True

df["BsmtFinSF1"] = df["BsmtFinSF1"].interpolate()

df["BsmtFinSF1"].isnull().sum()
0
```

INTERPRETATION

The purpose of this article was twofold: to understand the pattern of Australian real estate market and make predictive model, which is able to effectively predict the price of houses in Australia.

We use many algorithms but We see, RandomForestRegressor is giving us better accuracy than others. We use MAE, MSE and RSME also to check the error values. And this algorithm is giving us better error results than other algorithms.

We use GridSearchCV where RandomForestRegressor as an estimator and it is giving us approximately 75% of the accuracy.

CONCLUSION

Key Findings and Conclusions of the Study

- 1. 20- 1-STORY 1946 & NEWER ALL STYLES has more counts than other, 40 1-STORY W/FINISHED ATTIC ALL AGES has less number of counts.
- 2. In commercial, 40% is 60 linear feet of street connected to property to residential low density
- 3. Approximately 9% of 60 feet is connected to RL
- 4. we see, the variance of 40-1-STORY W/FINISHED ATTIC ALL AGES is high.

- 5. Lot Area of 160-2-STORY PUD 1946 & NEWER is very less.
- 6. Lot area of low residential density lies between 8000-10000
- 7. Approximately, the range of 50 100 linear feet of street connected to property related to 6000 10000 lot area.
- 8. There is no Agriculture, Industrial and Residential Low density park
- 9. Mostly houses are residential low density, approximately 78%
- 10. Mostly Low Residential areas are 1-STORY 1946 & NEWER ALL STYLES.
- 11. In Commercial, there are no 1-1/2 STORY PUD ALL AGES, 2-STORY PUD - 1946 & NEWER, PUD -MULTILEVEL - INCL SPLIT LEV/FOYER
- 12. Same for Floating Village Residential, they are also less.
- 13. By observing this count plot, we can see, CVount of RL is higher in both the cases.
- 14. more than 60% property shapes are regular.
- 15. LotArea of Regular shape property is less than others.
- 16. But LotArea of IR3 is higher than others.
- 17. Regular properties are more in RL
- 18. Inside lot is more in count than others
- 19. Inside lot is more in low residential area and regular properties
- 20. Lotarea of FR3 is very low and CulDSac is high than others
- 21. Mostly, flat level is in low residential area.

• Learning Outcomes of the Study in respect of Data Science
This study helps everyone to predict the real or actual price of
any house. This study also helps anyone to know the
specifications regarding house and factors that depends on the
price of the house. Machine Learning or Data Science is a very
important field to measure or analyse these types of studies.

• Limitations of this work and Scope for Future Work: The main issue in this study, that the price of houses is variable and we found many null values and zero values in our dataset. But if we got a dataset which has no null values and no zero values then we can analyse the price of houses very accurately but still the price of the houses are variable. We need to update our data time to time.