

Housing in Ames*

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Table of contents

1	Introduction	2
2	Method (500)	2
3	Results (750)	2
4	Conclusion and Limitations (350)	2
A	Appendix	3
A.1	Detailed Process of Checking Assumptions	3
A.2	Ethics Discussion	3
A.3	Editing Demonstration	3
A.3.1	Original Version of Introduction	3
A.3.2	Editted Version of Introduction	4
A.3.3	Comments on the Process	5
A.4	Contributions	5
	References	6

*Code and data supporting this proposal is available at: <https://github.com/Stary54264/Housing-in-Ames>

1 Introduction

The research question we aim to answer is: what are the factors that influence house prices in Ames from 2006 to 2010? We would set up a linear regression model to answer this with house prices as the outcome (response). Factors that might affect the outcome (predictors) include area, quality, year of construction, facilities, etc.

By setting up the model, we can identify the factors that influence house prices, since linear regression allows us to quantify the relationship between predictors and responses, making it easier to interpret the impact of each factor alone on house prices. Our primary goal is understanding the factors that influence historical house prices, so our focus would be on description rather than prediction.

We found several peer-reviewed articles that focus on similar problems with this paper. “Influencing Factors Analysis of House Prices Based on Multiple Linear Regression” concludes that housing prices are negatively correlated with completion costs, land acquisition prices, residents’ disposable income, and population density (Wang (2013)). This article provides some characteristics other than what we use that can also influence house price in national scope.

In “Dynamic Relationships Between Commodity Prices and Local Housing Market”, the researchers examines the significant nonlinear relationship between agricultural commodity prices and the housing prices (Liang, Fan, and Hu (2021)). Another research, “Non-Linear Relationships Between House Size and Price”, clarifies the non-linear relationship between size and price (Feng et al. (2021)). These two researches explain the non-linear relationship, between house price and other factors, providing more insights into ways that factors might affect house prices.

2 Method (500)

3 Results (750)

4 Conclusion and Limitations (350)

A Appendix

A.1 Detailed Process of Checking Assumptions

A.2 Ethics Discussion

Our data is collected from Ames City Assessor's Office (De Cock (2011)), then we cleaned the data to only keep some necessary key factors that is highly relevant to house prices. Raw and processed versions of the data from De Cock is published on Journal of Statistics Education in 2011. The cleaned data we are using includes some detailed information about housing characteristics, but does not contain personal identifiers.

The Ames housing dataset has been used widely, especially in the context of academic projects and machine learning competitions. It is often considered a modern alternative to the Boston Housing dataset. The dataset is well-vetted and trusted by the data science community for its comprehensiveness and relevance.

The use of automated selection tools in academic research brings both opportunities and ethical challenges. Automated tools can significantly speed up research processes, but their use must be transparent, including acknowledging the specific tools and algorithms employed, as well as their limitations.

Ensuring fairness and avoiding skewed results require careful selection of training data and ongoing monitoring to detect and mitigate biases presented in AI training data. While automated tools can enhance productivity, they should not replace human judgment. By addressing these ethical considerations, we can leverage the benefits of automated selection tools while maintaining the integrity and fairness during our research practices.

A.3 Editing Demonstration

A.3.1 Original Version of Introduction

The primary research question we aim to answer is: What are the key factors that significantly influence house prices in Ames from 2006 to 2010? Sale price of the house is the response variable. Predictor variables include area, overall quality index, year of construction, house facilities, and value of miscellaneous feature. By identifying and analyzing the factors that significantly influence house prices, our research can offer practical recommendations for various stakeholders, ultimately contributing to a more efficient and transparent real estate market in Ames. Similar analysis can be done to other cities to improve economic insights and investment decisions.

We will test whether there is a statistically significant linear relationship between certain property characteristics (predictors) and the sale price of houses (response) using linear regression.

We use residual plots and a Q-Q plot to check the assumption. Linear regression provides coefficients that quantify the relationship between each predictor and the response variable, making it easier to interpret the impact of each factor alone on house prices. Our primary goal is to understand the impact of each predictor on house prices, so the focus should be on interpretability instead of precision.

We found several peer-reviewed articles that focus on similar problems with this paper. “Influencing Factors Analysis of House Prices Based on Multiple Linear Regression” concludes that housing prices are negatively correlated with completion costs, land acquisition prices, residents’ disposable income, and population density (Wang (2013)). This article provides some characteristics other than what we use that can also influence house price in national scope.

In “Dynamic Relationships Between Commodity Prices and Local Housing Market”, this research examines the significant nonlinear relationship between agricultural commodity prices and the local housing market (Liang, Fan, and Hu (2021)). The research “Non-Linear Relationships Between House Size and Price” clarifies the nonlinear relationships between housing size and price (Feng et al. (2021)). These two researches explain another aspect, a non-linear relationship, between house price and other factors, providing more comprehensive information about house market for decision making of the developers, home purchasers, real estate appraisers, and the governments.

A.3.2 Editted Version of Introduction

The research question we aim to answer is: what are the factors that influence house prices in Ames from 2006 to 2010? We would set up a linear regression model to answer this with house prices as the outcome (response). Factors that might affect the outcome (predictors) include area, quality, year of construction, facilities, etc.

By setting up the model, we can identify the factors that influence house prices, since linear regression allows us to quantify the relationship between predictors and responses, making it easier to interpret the impact of each factor alone on house prices. Our primary goal is understanding the factors that influence historical house prices, so our focus would be on description rather than prediction.

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A.3.3 Comments on the Process

A.4 Contributions

Group contribution is available at <https://github.com/Stary54264/Housing-in-Ames/graphs/contributors>. Below is a more specific version of group contribution.

- Yanzun Jiang: Organized discussions and meetings; assigned tasks to group members; set up Github workspace for collaborating; edited introduction; refined the model by model selection tools; checked multicollinearity of the models; made the reference list; revised group member’s work; combined group member’s work together.
- Siyuan Lu: Set research question; searched and read peer-reviewed articles; introduced the project; checked data ethics.
- Yi Tang: Built linear regression model; checked conditions for performing linear regression; checked extra conditions for performing multiple linear regression; showed the results of the linear regression model.

References

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