

Executive Summary Predicting House Sale Prices

In December 2020, I predicted the sale prices of houses in Ames, Iowa using data collected from 2006 to 2010. Before doing so, I removed any information that may have given away information about the house sale, such as the month or year in which it was sold or the sale type and condition. I tried several different models for predicting the house sale price. The best model I found, lasso, predicted the prices of the houses to within \$1,050. At the end of the report is a summary of the models, including the amounts by which the models I used varied.

The ability to predict the sale prices of houses is important information for clients to have because it helps them set the prices of their houses accordingly when selling. This information can also be used by the insurance industry to determine the value of houses.

Applying this information is low risk since the predicted prices can be compared to current values on the market of similar houses.