

# FORECASTING HOUSE PRICES ACCURATELY

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## 1.Problem statement

1. Supports informed buying/selling decisions

Helps stakeholders avoid losses and maximize gains.

2. Assists financial institutions in risk assessmentCrucial for loan approvals and setting interest rates.

3. Stabilizes and supports the economy

Accurate predictions benefit the broader housing market.

4.promote innovation in real estate analytics

Encourages AI and data science applications in practical domains5domains

. Scalable and adaptable solutions

Models can be reused across regions and property types.

## 2.Objectives of the Project

*1. Dev, size, number of rooms, and other relevant factors.*

*2. Identify the most significant features affecting house prices through feature selection and importance analysis.*

*3. Evaluate and compare multiple regression models, including linear regression, decision tree regression, and ensemble methods (e.g., Random Forest, Gradient Boosting), to determine the most effective approach.*

*4. Generate actionable insights that can assist elop a predictive model capable of estimating house prices with high accuracy based on various features such as locationstakeholders—such as real estate agents, buyers, and investors—in making informed decisions*

## 3.Scope of the Project

*1. and Preprocessing – Handling missing values, outliers, and encoding categorical variables.*

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*2. Feature Engineering – Creating new features from existing data to enhance model performance.*

*3. Exploratory Data Analysis (EDA) – Understanding data distributions, correlations, and key trends.*

*4. Model Development – Applying and comparing regression techniques such as:*

*Linear Regression*

*Ridge and Lasso Regression*

*Decision Tree and Random Forest Regression*

*Cleaning and Preprocessing – Handling missing values, outliers, and encoding categorical variable*

## 4.Data Sources

*The dataset used for this project is sourced from Kaggle, specifically from the House Prices: Advanced Regression Techniques competition. This dataset is publicly available and widely used for predictive modeling in the real estate domain.*

*Dataset Details:*

*Source: Kaggle (<https://www.kaggle.com/competitions/house-prices-advanced-regression-technique>)*

*Type: Public and Static (downloaded once and does not update in real-time)*

*Format: CSV files containing training and test data*

*Content: The dataset includes 79 explanatory variables describing various aspects of residential homes in Ames, Iowa, such as:*

*Lot size, Year built, Number of bedrooms and bathrooms, Garage type, Neighborhood, Overall quality and condition of the house, sale price (target variable)*

## 5.High-Level Methodology

High-Level Methodology:

To accurately forecast house prices using smart regression techniques, the project will follow a structured data science workflow comprising the following key stages:

### 1. Data Collection

Source: The dataset will be downloaded from Kaggle (House Prices: Advanced Regression Techniques).

Type: Public and static dataset.

Method: Manual download in CSV format; no APIs or web scraping involved.

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## 2. Data Cleaning

Potential issues in the dataset will be addressed as follows:

**Missing Values:** Impute with mean, median, mode, or use model-based imputation depending on the nature of the feature (categorical or numerical).

**Duplicates:** Check for and remove any duplicate entries to avoid data leakage.

**Inconsistent Formats:** Standardize date formats, string case (e.g., lowercase all category values), and unify numerical scales where needed.

## 3. Exploratory Data Analysis (EDA)

To understand the data and uncover meaningful patterns, the following techniques will be applied:

Summary statistics and correlation matrices

Visualizations such as:

Histograms and boxplots to examine distributions and outliers, Heatmaps to visualize correlations, Scatter plots and pair plots for feature relationships, Bar charts for categorical features

## 4. Feature Engineering

Improving the dataset by:

Creating new features (e.g., age of the house = Year Sold – Year Built)

Transforming existing features (e.g., log transformation of Sale Price to normalize skewness)

Encoding categorical variables using one-hot or label encoding

Feature selection to retain the most relevant predictors using techniques like correlation analysis and feature importance from tree-based models

## 5. Model Building

Experimentation with several regression models, including:

Linear Regression – as a baseline model

Ridge and Lasso Regression – for regularization and multicollinearity handling

Decision Tree Regression – for capturing non-linear relationships

Random Forest & Gradient Boosting (XGBoost, LightGBM) – for ensemble-based, high-performance predictions

These models are chosen for their effectiveness in structured data problems and their varying complexity and interpretability

## 6. Tools and Technologies:

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**This project aims to forecast house prices accurately using smart regression techniques in data science. The following tools, programming language, and libraries will be used throughout the project:**

**Programming Language:Python – Chosen for its simplicity, readability, and rich ecosystem of libraries for data science and mach**

**Jupyter Notebook – Used for interactive coding, visualizations, and documenting the entire workflow.**

**(Alternative: Google Colab may be used for cloud-based execution and collaboration.).**

## **7.Team Members and Roles**

M.Muthu mathi-problem statement&objectives definition,scope of project

G.A.Nivetha-Data source&Data collections Methodoly

P.Neega- High level methody,including EDA,features Engineering,Model Building and Evolution

Muhammad Ajmal-Tools and Technologies,Visualisation&Deployment planning