



STAT 6519- Regression Models

**PREDICTION MODEL OF REAL ESTATE SALES
PRICE**

Submitted to:

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1 Executive Summary

Regression analysis is one of the most widely used techniques for analyzing multifactor data. It has broad area and usefulness from the conceptually logical process of using to express the relationship between a variable of interest and a set of related predictor variables. Computing plays an important role in regression analysis. In our project R language under RStudio IDE has been used. We predict the residential homes sales price in a mid-western city as a function of various characteristics of the home and surrounding property. 522 sets of data along with 12 variables have been used initially to fit the model. Issues such as multicollinearity has been observed. Residual analysis has been applied to the reduced model and tried to follow the pattern to determine whether the transformation is needed or not. In this work, we also checked possible outliers, high leverage points, and influential points using diagonal elements of hat matrix, COOK'S D, DFFITS, DFBETAS and COVRATIO. On the base of these analyses, 169 observations (influential points) have been removed and finally the reduced model was determined that revealed as the most satisfactory model.

2 Introduction

The regression method is frequently used as a guided approach to data modeling. There are several types of regression modeling:

- Simple linear regression
- Multiple linear regression
- Polynomial regression
- Logistic regression
- Generalized linear regression etc.

Linear statistical methods are widely used as part of this modeling process. In the biological, physical, and social sciences, as well as in business and engineering, linear models are useful in both the planning stages of research and analysis of the resulting data.

For our assumed project, the city tax assessor was interested in predicting residential home sales prices in a mid- western city as a function of various characteristics of the home and surrounding property. Data on 522 arms-length transactions were obtained for home sales during the year 2002. Using this dataset we have developed a linear regression model to predict the real estate sales price.

3 Objective

The objective of our project is to develop a model to predict the real estate sales price for given data set. R language under IDE RStudio has been used to code the model, diagnostics and corresponding treatment.

4 Literature Review

4.1 Regression Model

Regression analysis is one of the powerful statistical methods to find the proper relation within a dataset, generally, between the independent variables (predictors) and a dependent variable (outcome). Among several methods of regression analysis, linear regression is the basic foundation of modeling history and is largely used for many practical applications.

4.2 R and Rstudio

R is one of the programming language developed in 1995 at the University of Auckland as an environment for statistical computing and graphics. This language used for statistical computing while RStudio uses the R language to develop statistical programs.

4.3 ANOVA

The analyst utilizes the ANOVA test results in an F-test to generate additional data that aligns with the proposed regression models. The ANOVA test allows a comparison of more than two groups at the same time to determine whether a relationship exists between them. The result of the ANOVA formula, the F statistic (also called the F-ratio), allows for the analysis of multiple groups of data to determine the variability between samples and within samples.

4.4 Multicollinearity

In multiple regression, two or more independent variables might be correlated with each other. This situation is referred as collinearity. On the other hand, if there is an extreme situation where collinearity can be found among three or more variables even if no pair of variables has a particularly high correlation is called multicollinearity. In the presence of multicollinearity, the solution of the regression model becomes unstable.

4.5 R^2

The definition of R-squared is fairly straight-forward; it is the percentage of the response variable variation that is explained by a linear model. The R-squared (R^2) ranges from 0 to 1 and represents the proportion of information (i.e. variation) in the data that can be explained by the model. The adjusted R-squared adjusts for the degrees of freedom.

4.6 Model Adequacy check

The major assumptions we considered so far:

1. The relationship between the response y and regressor is linear, at least approximately
2. Error term has zero mean and constant variance
3. Errors are normally distributed
4. Errors are uncorrelated

The assumptions can be checked with residual diagnostics.

4.7 Transformation

The usual approach for dealing with inequality of variance is to apply a suitable transformation. In practice, transformation of the response is generally employed to stabilize variance.

4.8 Outlier, Leverage point and influential point

An **outlier** is a data for which response variable does not satisfy the trend of the rest of the data.

A data point has high **leverage** if it has "extreme" predictor x values. With a single predictor, an extreme x value is simply one that is particularly high or low. With multiple predictors, extreme x values may be particularly high or low for one or more predictors, or may be "unusual" combinations of predictor values. The hat matrix plays an important role in identifying influential observations. The diagonal elements of hat matrix may be interpreted as the amount of leverage. We traditionally assume that any observation for which the hat diagonal exceeds twice the average $(2 \cdot p)/n$ is remote enough from the rest of the diagonal data to be considered a leverage point.

A data point is **influential** if it has a great influence on the results of a regression model in form of R^2 and adjusted R^2 . It is therefore important to detect influential observations and to take them into consideration when interpreting the results. To measure the influential points COOK'S D, DFFITS, DFBETAS and COVRATIO are used.

Outliers and high leverage points have a good chance to be influential, but we generally have to investigate further to determine whether or not they are actually influential.

5 Methodology & Interpretation

Data on 522 arms-length transactions were obtained for home sales during the year 2002. Each line of the data set has an identification number and provides information on 12 other variables. Description of the dataset has been given in Table- 1.

Table-1: Description of Dataset

Variable Number	Variable Name	Description
1	Identification number	1-522
2	Sales price	Sales price of residence (dollars)
3	Finished square feet	Finished area of residence (square feet)
4	Number of bedrooms	Total number of bedrooms in residence
5	Number of bathrooms	Total number of bathrooms in residence
6	Air conditioning	Presence or absence of air conditioning: 1 if yes; 0 otherwise
7	Garage size	Number of cars that garage will hold
8	Pool	Presence or absence of swimming pool: 1 if yes; 0 otherwise
9	Year built	Year property was originally constructed
10	Quality	Index for quality of construction: 1 indicates high quality; 2 indicates medium quality; 3 indicates low quality
11	Style	Qualitative indicator of architectural style 12
12	Lot size	Lot size (square feet)

13	Adjacent to highway	Presence or absence of adjacency to highway:1 if yes; 0 otherwise
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5.1 Data Cleaning

From our inspection result, four categorical variables (qualitative variables that take on values which are names or labels) are found: air conditioning, quality, style and adjacent to the highway. These categorical variable need to be converted to indicator (dummy) variable. Conversion results are shown in Table 2.

Table-2: Data format conversion

Variable	Type of Variable	Value					
Price	Num	360000	340000	250000	205500	275500	...
Area	Num	3032	2058	1780	1638	2196	...
#bedroom	Num	4	4	4	4	4	...
#bathroom	Num	4	2	3	2	3	...
Air_conditioning	Factor levels "NO","YES":	2	2	2	2	2	...
Garage_capacity	Num	2	2	2	2	2	...
Pool	Factor levels "NO","YES":	1	1	1	1	1	...
Year	Num	1972	1976	1980	1963	1968	...
Quality	Factor levels "HIGH","LOW","MEDIUM"	3	3	3	3	3	...
Style	Factor levels "1","2","3","4","..10"	1	1	1	1	7	...
Lot_area	Num	22221	22912	21345	17342	21786	...
Adj_to_highway	Factor levels "NO","YES":	1	1	1	1	1	...
AGE	Num	26	22	18	35	30	...

Before using data to develop model we need to clean our data based on summary statistics as shown in Table 3. Summary statistics are performed on numeric data. Summary statistics show that there is no missing value of any observation. However, the minimum number of bathroom and bedroom in one real estate is zero which needs to be looked into. The mean and median values have no strange difference. However, there is slight positive skewness (1.55) in price variable (mean of price > median of price).

Table-3: Summary Statistics

Numeric Variable	Minimum	Maximum	Mean	Median	Std.deviation	Missing values
Price	84000	920000	277894	229900	137923.4	0
Area	980	5032	2261	2061	711.0659	0
#bedroom	0	7	3.471	3	1.014358	0
#bathroom	0	7	2.642	3	1.064169	0
Garage_capacity	0	7	2.1	2	0.6539705	0
Lot_area	4560	86830	24370	22200	11684.08	0
Age	0	113	31.1	32	17.63792	0

5.2 ANOVA for Model 1

Considering 5% significance level, from ANOVA table for Model-1, it has been found that two of the variables i. e. Pool and Adjacent to highway are statistically insignificant (p value greater than 0.05).

Table- 4: Analysis of Variance Table for Model-1

Variables	Degree of freedom	Sum Sq.	Mean Sq.	F value	Probability(>F)
Area	1	6.6555e+12	6.6555e+12	2032.2755	2.2e-16 ***
Bedroom	1	2.7613e+10	2.7613e+10	8.4316	0.00385 **
Bathroom	1	1.4271e+11	1.4271e+11	43.5771	1.041e-10 ***
Air Conditioning	1	3.3417e+10	3.3417e+10	10.2040	0.00149 **
Garage capacity	1	2.0019e+11	2.0019e+11	61.1288	3.179e-14 ***
Pool	1	1.2314e+08	1.2314e+08	0.0376	0.84632
Quality	2	8.5703e+11	4.2852e+11	130.8490	2.2e-16 ***
Style	9	1.3094e+11	1.4548e+10	4.4424	1.287e-05 ***
Lot Area	1	6.2251e+10	6.2251e+10	19.0086	1.580e-05 ***
Adjacent to Highway	1	7.2275e+09	7.2275e+09	2.2069	0.13802
Age	1	1.5320e+11	1.5320e+11	46.7809	2.321e-11 ***
Residual	509	1.6407e+12	3.2749e+09		
Significant. Codes Range: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1					

5.3 Multicollinearity Check for Model-1

For a given predictor, multicollinearity can be understood by the variance inflation factor (or VIF), which measures how much the variance of a regression coefficient is inflated due to multicollinearity in the model.

As a rule of thumb, a VIF value that exceeds 5 or 10 indicates a problematic amount of collinearity (James et al. 2014). A generalized version of the VIF, called the GVIF, exists for testing sets of predictor variables and generalized linear models. From the Table-5 of R output, it has been found that the GVIF values are in suggested limit. Hence, there can be seen no multicollinearity among the regressors of model 1.

Table- 5: Multicollinearity Check for Model-1

Name of Variables	GVIF
Area	4.665851
Bedroom	1.733497
Bathroom	3.204204
Air conditioning	1.407803
Garage capacity	1.669460
Pool	1.093521
Quality	4.034712
Style	3.227237
Lot area	1.192550
Adj to highway	1.032620
AGE	2.092467

5.4 ANOVA for Model-2

After removal of two insignificant variables (Pool and Adjacent to highway) model 1 has been updated and renamed as Model 2. . From ANOVA table for Model 2 it has been found that all variables are statistically significant.

Table- 5: Analysis of Variance Table for Model-2

Project Data	Degree of freedom	Sum Sq.	Mean Sq.	F value	Probability(>F)
Area	1	6.6555e+12	6.6555e+12	2017.6288	2.2e-16 ***
Bedroom	1	2.7613e+10	2.7613e+10	8.3708	0.003978**
Bathroom	1	1.4271e+11	1.4271e+11	43.2630	1.202e-10 ***
Air Conditioning	1	3.3417e+10	3.3417e+10	10.1305	0.001549 **
Garage capacity	1	2.0019e+11	2.0019e+11	60.6883	3.856e-14 ***
Quality	2	8.5698e+11	4.2849e+11	129.8976	2.2e-16 ***
Style	9	1.3055e+11	1.4506e+10	4.3976	1.501e-05 ***
Lot Area	1	6.1416e+10	6.1416e+10	18.6183	1.923e-05 ***
Age	1	1.4332e+11	1.4332e+11	43.4471	1.102e-10 ***
Residual	503	1.6592e+12	3.2987e+09		
Significant .codes range: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1					

5.5 Initial Fit (R^2 and adjusted R^2)

The summary statistics of model 2 below tells us the value of R^2 and adjusted R^2 are 0.8326 and 0.8266 respectively (see Appendix-2). Hence, variance of almost 83% dataset values can be explained by model 2.

Multiple R-squared: 0.8326, Adjusted R-squared: 0.8266
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5.6 Model Adequacy Check for Model-2

The normal probability plots (in RStudio, QQplot considered for normality test) help in verifying the assumption of normal distribution. This Figure-1 shows sharp upward and downward curves at both extremes which does not look ok. This indicates that the distribution is heavy tailed.

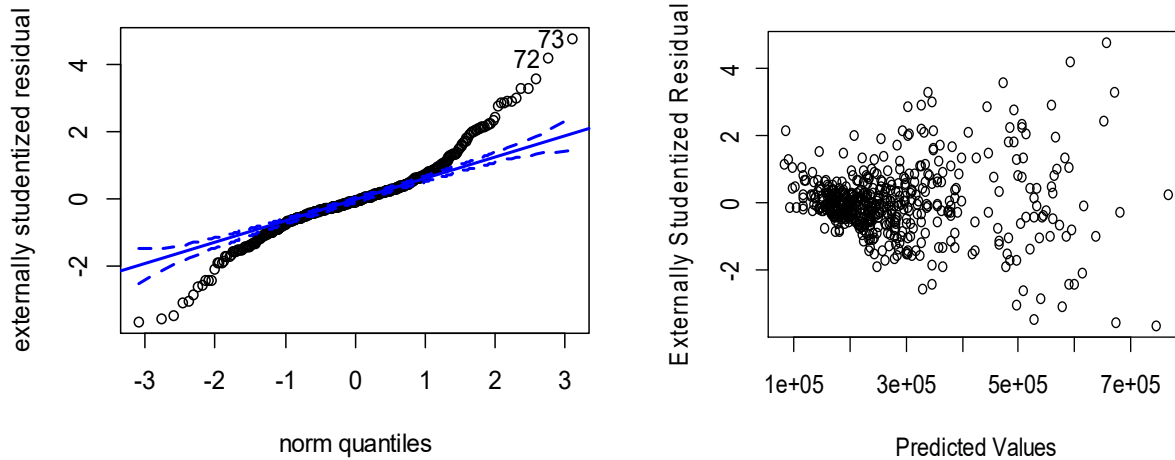


Figure-1: QQ plot for normality test (left) & Residual Plot (right)

A plot of residual versus the corresponding fitted (predicted) values is useful for detecting several common types' model inadequacies. Here, externally studentized residual vs predicted value plot takes the outward-opening funnel pattern as shown in Figure-2. This figure implies that the variance of the errors is not constant and the variance is the expanding with predicted sales price.

5.7 Transformation of Model-2

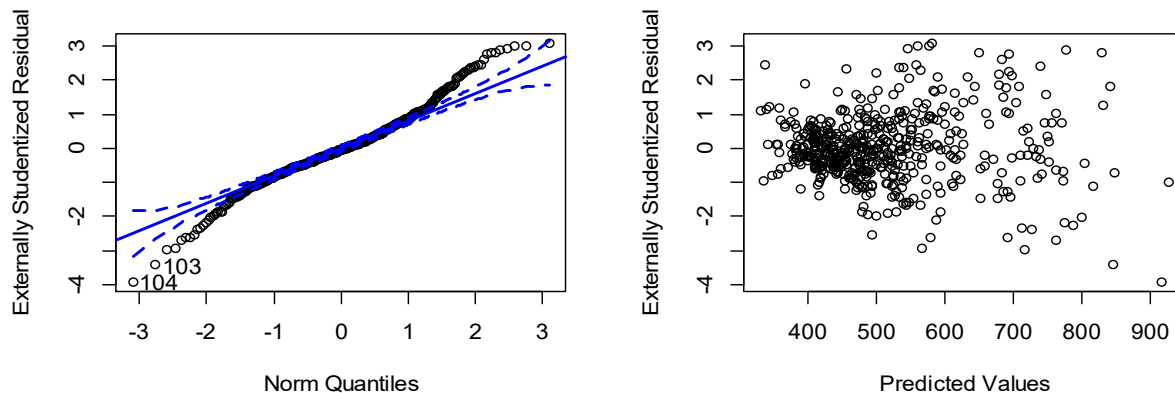


Figure-2: QQ plot for normality test & Residual Plot for Model 2_1

Additionally, Log transformation was implemented on model 2. The transformed model (model 2_2) of model 2 for the real estate sales data with transformed variable $y^* = \log(y)$ shows much better residual plot (see Figure-3).

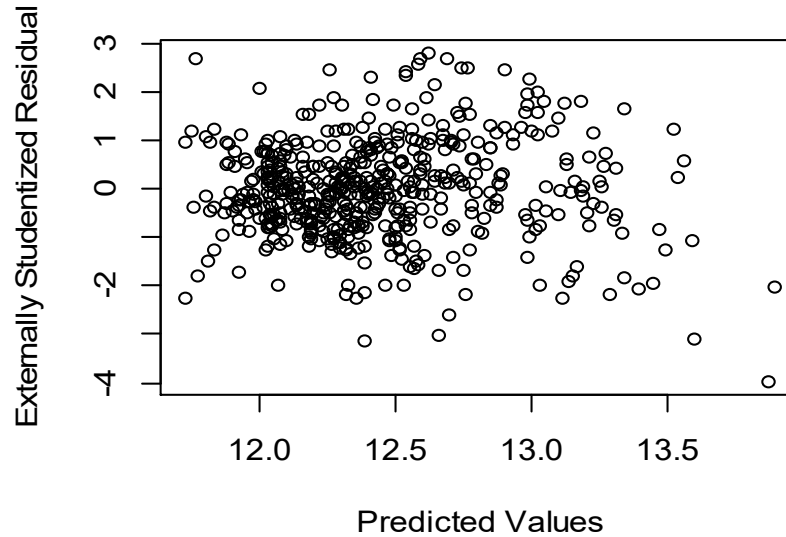


Figure-3: Residual Plot for Model 2_2

Moreover, the summary statistics shows that this transformed model (model 2_2) has satisfactory value of $R^2=0.8423$ and adjusted $R^2 = 0.8367$ (see Appendix-4).

Multiple R-squared: 0.8423, Adjusted R-squared: 0.8367

ANOVA result shows that regressor ‘#bedroom’ is insignificant. Therefore, new model 3 removing this variable was made up. Unfortunately, model 3 shows higher number of influential points and less improvement of R square and adjusted R square. Therefore, finally transformed model (model 2_2) has been selected for further operations.

5.8 Identification of Leverage points and Influential points

Leverage point: For our data set of project the value of $(2*p)/n$ is 0.04 (where, parameter $P=10$ and total number of observations, $n=522$). On the base of these there are 22 points has been selected as potential leverage points. R output column named as “hat” of Appendix 5 indicates the value of diagonal elements of hat matrix.

DFBETAS: For the project data set the value of $2/\sqrt{n} = 0.0875$. Appendix 5 reveals the values of DFBETAS which exceed 0.0875.

DFFITS: We have also investigated the deletion influence of the i th observation on the predicted value or fitted value. This leads to DFFITS method. Any observation for which

$DFFITS > 2\sqrt{p/n}$ warrants attention. Here, the value of $2\sqrt{p/n} = 0.277$. Table of Appendix-5 reveals the values of DFFITS which exceed 0.277.

A Measure of Model Performance (COVRATIO): The diagnostics COOK'S D, DFFITS, DFBETAS provide insight about the effect of observations on estimated coefficients and fitted values. They do not provide information about overall precision of estimation. If $COVRATIO > 1+(3p)/n$ or if $COVRATIO < 1-(3p)/n$, then the i th point should be influential. Here, $1+(3p)/n = 1.06$ and $1-(3p)/n = 0.94$. In our study, the influential points are considered based on COVRATIO method. On the base of COVRATIO 169 observations have been detected. Which has been shown in Appendix-5 and graphically presented in Figure- 4.

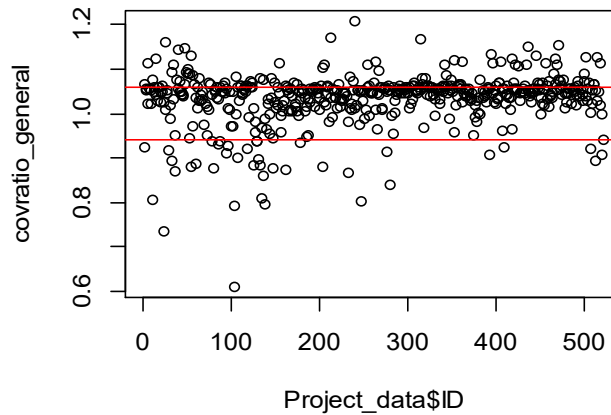


Figure-4: Residual Plot for Model 2_2 (showing COVRATIO limit)

5.9 Removal of Influential Points and Model 2_3

After the removal of 169 observations, data set for model 2_2 has been updated and renamed as model 2_3. The residual plot reveals more satisfactory pattern (see Figure- 5).

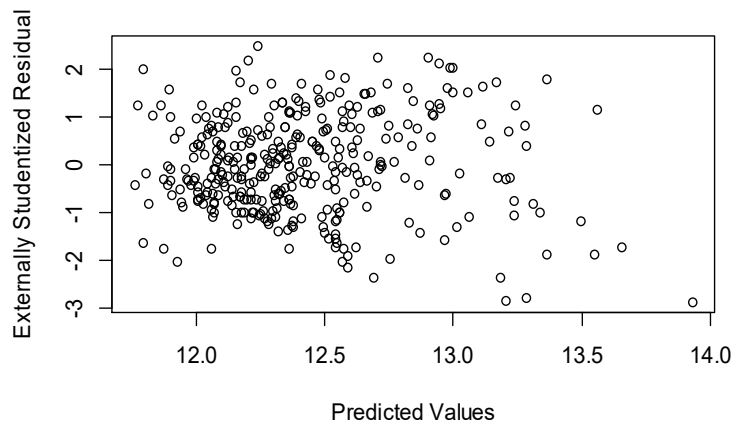


Figure-5: QQ plot for normality test & Residual Plot for Model 2_3

Again on the base of COVRATIO, influential points have been detected (see Figure- 6). But from a practically viewpoint, is fairly small in amount.

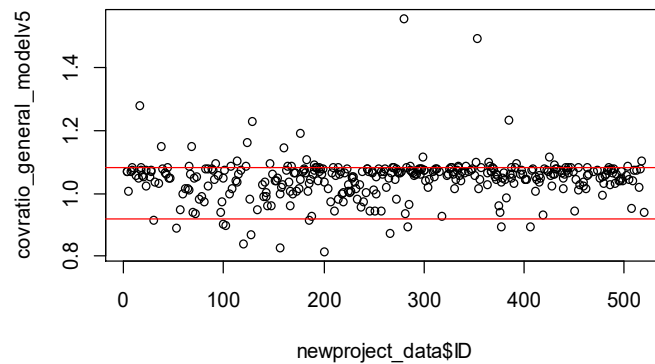


Figure-6: Residual Plot for Model 2_3 (showing COVRATIO limit)

6 Conclusion and Recommendation

After going through all possible processes such as ANOVA test, multicollinearity, normality test, residual analysis, transformation of model, possible outliers detection, high potential leverage points and influential points identification for developing a suitable regression model that can predict the residential homes sales, and the final model has been shown below.

$\text{Log (Real Estate Sales Price)} = 11.69 + .0003278 \text{ Area} + .006826 \text{ Bedroom} + .07356 \text{ Bathroom} + .01653 \text{ Air Condition Yes} + .04477 \text{ Garage Capacity} - .2697 \text{ Quality Low} - .221 \text{ Quality Medium} - .05775 \text{ Style 2} + .011 \text{ Style 3} - .2294 \text{ Style 4} - .09534 \text{ Style 5} - .1155 \text{ Style 6} - .09976 \text{ Style 7} + .000002 \text{ Lot Area} - .004229 \text{ Age}$

- The number of bathroom has the highest influence to increase the real estate sales price.
- Low Quality has the highest influence to decrease the real estate sales price.
- The existence of pool and location of real estate adjacent to the highway make negligible effect on the real estate prices.
- Among significant contributors of real estate sales price, lot area has the least impact.
- The model validation part can be performed in future.
- The robust regression model can be implemented to reduce the impact of extreme outliers.
- This model is for Midwestern city, for other cities this model may not work. Therefore, it should be careful to use this model in other cities.

Appendix

1. Dataset

1.	1	360000	3032	4	4	1	2	0	1972	2	1	22221	0	262.	262	261000	2404	5	3	1	3	1	1973	2	2	17791	0
2.	2	340000	2058	4	2	1	2	0	1976	2	1	22912	0	263.	263	174500	1840	3	2	1	2	0	1960	2	1	16356	0
3.	3	250000	1780	4	3	1	2	0	1980	2	1	21345	0	264.	264	244900	2107	3	2	0	2	0	1947	2	6	30050	0
4.	4	205500	1638	4	2	1	2	0	1963	2	1	17342	0	265.	265	274900	2788	4	3	1	2	0	1984	2	7	18960	0
5.	5	275500	2196	4	3	1	2	0	1968	2	7	21786	0	266.	266	214000	2416	3	3	1	2	0	1984	2	3	15594	0
6.	6	248000	1966	4	3	1	5	1	1972	2	1	18902	0	267.	267	283000	2430	3	4	1	3	0	1984	2	6	18164	0
7.	7	229900	2216	3	2	1	2	0	1972	2	7	18639	0	268.	268	177900	1584	3	2	1	2	0	1989	2	2	13947	0
8.	8	150000	1597	2	1	1	1	0	1955	2	1	22112	0	269.	269	237500	1873	3	3	1	2	0	1978	2	3	21998	0
9.	9	195000	1622	3	2	1	2	0	1975	3	1	14321	0	270.	270	202150	1644	4	3	1	2	0	1976	2	2	19499	0
10.	10	160000	1976	3	3	0	1	0	1918	3	1	32358	0	271.	271	235000	2400	4	3	1	2	0	1976	2	7	44347	0
11.	11	190000	2812	7	5	0	2	1	1966	3	7	56639	0	272.	272	217000	2094	4	3	1	2	0	1984	2	3	18617	0
12.	12	559000	2791	3	4	1	3	0	1992	1	1	30595	0	273.	273	285000	2561	3	3	1	3	0	1981	2	7	18985	0
13.	13	535000	3381	5	4	1	3	0	1988	1	7	23172	0	274.	274	217500	1752	3	2	1	2	0	1976	2	2	24053	0
14.	14	525000	3459	5	4	1	2	0	1978	1	5	35351	0	275.	275	210000	1738	5	3	1	2	0	1983	2	3	15206	0
15.	15	299900	2090	3	3	1	2	0	1987	2	1	24025	0	276.	276	183340	2068	3	2	1	3	0	1977	2	1	24325	0
16.	16	527000	3232	5	5	1	2	0	1984	2	6	21445	0	277.	277	252000	2428	4	3	1	2	0	1966	2	7	22727	0
17.	17	169900	1502	2	2	1	2	0	1956	2	1	28958	0	278.	278	237000	2090	4	2	1	2	0	1969	2	1	22055	0
18.	18	335250	2747	3	4	1	2	0	1993	2	7	22241	0	279.	279	205000	1820	3	2	1	2	0	1944	2	2	28023	0
19.	19	323900	2890	4	3	1	2	0	1954	2	7	41992	0	280.	280	285000	3219	4	4	1	2	0	1944	2	6	28200	0
20.	20	200000	1825	3	3	1	2	0	1957	2	1	30266	0	281.	281	210000	2654	3	5	1	2	0	1962	2	1	28882	0
21.	21	211000	1578	4	3	1	2	0	1986	2	2	18829	0	282.	282	280000	1802	4	3	1	2	0	1956	2	1	27700	0
22.	22	212000	1763	3	3	1	2	0	1959	2	1	24726	0	283.	283	207000	1765	3	2	1	2	0	1976	2	2	22983	0
23.	23	245000	2517	4	3	1	2	0	1965	2	1	23261	0	284.	284	221000	2786	4	3	1	2	0	1976	2	7	22875	0
24.	24	140400	1872	3	2	1	2	0	1985	2	3	24017	0	285.	285	257000	1794	3	2	1	2	0	1960	2	3	21691	0
25.	25	295000	3266	3	3	1	2	0	1908	2	6	24881	0	286.	286	274000	2768	3	3	0	2	0	1921	2	7	26268	0
26.	26	170900	2101	1	2	1	1	0	1956	2	1	21385	0	287.	287	262000	2288	3	2	1	2	0	1963	2	3	16975	0
27.	27	229000	2164	4	2	1	2	0	1965	2	1	28291	0	288.	288	204400	2028	3	2	1	2	0	1951	2	1	26777	0
28.	28	218500	2080	3	2	1	2	1	1959	2	1	14752	0	289.	289	254900	2620	5	3	1	2	0	1966	2	7	27989	0
29.	29	160000	2208	2	2	1	2	0	1985	2	7	8058	0	290.	290	244000	1644	3	3	1	2	0	1980	2	2	32164	0
30.	30	259000	3048	6	4	1	3	0	1960	2	7	29307	0	291.	291	213000	1888	3	2	1	3	0	1958	2	1	14757	0
31.	31	164500	1460	3	2	1	2	0	1978	2	1	9999	0	292.	292	240000	2116	4	3	1	2	0	1964	2	7	22041	0
32.	32	280000	2540	3	2	0	2	0	1940	2	5	42428	0	293.	293	235000	2313	4	3	1	2	0	1972	2	7	24705	0
33.	33	154000	2208	2	2	1	2	0	1985	2	7	6746	0	294.	294	206000	1824	4	2	1	2	0	1959	2	1	14748	0
34.	34	272000	2560	4	2	1	3	0	1977	2	5	36100	0	295.	295	237000	1942	4	3	1	2	0	1972	2	2	23105	0
35.	35	180000	2061	4	2	0	2	0	1958	2	1	20138	0	296.	296	274000	2184	4	3	1	2	0	1977	2	3	19090	0
36.	36	157500	1980	3	2	1	2	0	1957	2	1	32519	0	297.	297	275000	2578	3	3	1	2	0	1965	2	7	22299	0
37.	37	242500	3308	5	4	1	2	0	1928	2	5	47323	0	298.	298	218400	2036	4	3	1	2	0	1960	2	7	21996	0
38.	38	182000	2616	5	3	0	2	0	1955	3	5	11123	0	299.	299	156000	1384	2	1	0	2	0	1961	2	1	26706	0
39.	39	178000	1460	4	2	1	2	0	1961	3	1	27095	0	300.	300	220000	1826	4	3	1	2	0	1952	2	1	19870	0
40.	40	171900	1580	2	1	0	1	0	1951	3	4	12417	0	301.	301	171500	1681	3	2	1	1	0	1957	2	1	15985	0
41.	41	165500	1460	3	2	1	2	0	1960	3	1	22493	0	302.	302	180000	1726	3	2	1	2	0	1962	2	1	26769	0
42.	42	183500	1540	3	2	1	2	0	1992	3	3	15801	0	303.	303	204000	1910	3	2	1	2	0	1958	2	3	15423	0
43.	43	135000	1388	2	1	0	2	0	1951	3	1	26106	0	304.	304	307000	2664	4	3	1	2	0	1962	2	7	22684	0
44.	44	175000	1624	3	2	1	2	0	1948	3	1	39219	0	305.	305	265000	2116	3	3	1	2	0	1976	2	2	33344	0
45.	45	149500	1580	2	1	1	2	0	1966	3	1	11166	0	306.	306	209900	2030	3	3	1	2	0	1959	2	1	21914	0
46.	46	177500	1820	3	2	1	2	0	1960	3	1	22104	0	307.	307	173000	1940	3	2	0	2	0	1956	2	3	11610	0
47.	47	155000	1733	4	1	1	1	0	1936	3	4	22398	0	308.	308	189000	1676	3	3	0	2	0	1965	2	3	21780	0
48.	48	145000	1896	3	2	0	2	0	1925	3	6	32753	0	309.	309	222500	2120	3	2	1	2	1	1959	2	1	17883	0
49.	49	178000	2038	2	2	0	2	0	1918	3	7	47884	0	310.	310	265000	2152	4	3	1	2	0	1987	2	1	26075	0
50.	50	156000	1436	3	2	0	3	0	1920	3	1	43594	0	311.	311	264670	1984	4	3	1	2	0	1966	2	1	31204	0
51.	51	159000	1690	3	2	0	1	0	1922	3	5	28518	0	312.	312	200750	1575	3	3	1	2	0	1957	2	1	25543	0
52.	52	160000	1496	2	2	0	1	0	1900	3	5	43335	0	313.	313	227900	1798	3	3	1	2	0	1978	2	2	17820	0
53.	53	112000	1668	2	1	0	1	0	1948	3	1	19612	0	314.	314	255000	2017	3	1	0	1	0	1958	2	3	86571	0
54.	54	84000	980	1	1	0	1	0	1951	3	1	17686	0	315.	315	208500	1904	3	3	1	2	0	1978	2	2	15559	0
55.	55	155000	2562	3	2	0	2	0	1885	3	7	40800	0	316.	316	226900	1718	3	3	1	2	0	1976	2	2	49613	0
56.	56	360000	2304	5	4	1	3	0	1978	2	1	70240	0	317.	317	215000	1776	4	2	0	1	0	1980	2	2	22839	0
57.	57	104000	1268	2	1	0	1	0	1947	3	1	21067	0	318.	318	222950	2609	4	3	1	2	0	1961	2	1	26087	0
58.	58	420000	2283	3	3	1	3	0	1997	1	1	18524	1	319.	319	239900	2226	3	3	1	2	0	1955	2	2	13520	0
59.	59	355000	2060	2	3	1	2	0	1997	2	1	38623	1	320.	320	176000	1556	2	1	1	3	0	1959	2	3	15623	0
60.	60	165000																									

83.	83	578000	3808	5	4	1	3	0	1982	1	7	23324	0	344.	344	190000	1919	3	4	1	2	0	1938	2	7	20093	0
84.	84	500000	3376	5	4	1	2	0	1947	1	7	18452	0	345.	345	232500	2080	3	2	1	2	0	1968	2	1	32021	0
85.	85	484530	2940	3	3	1	3	1	1979	1	7	20639	0	346.	346	259500	2108	4	4	1	2	0	1978	2	7	24685	0
86.	86	609000	2654	5	3	1	3	0	1997	1	1	12821	0	347.	347	275000	2480	3	3	1	2	0	1964	2	1	22144	0
87.	87	635000	2672	4	3	1	3	0	1995	1	1	28049	0	348.	348	183900	1746	3	2	1	2	0	1974	2	2	52136	0
88.	88	519000	3386	4	4	1	3	0	1994	1	7	24008	0	349.	349	290000	2703	3	3	0	4	0	1963	2	1	43599	0
89.	89	625100	3648	4	4	1	3	0	1992	1	7	26604	0	350.	350	217950	1640	4	2	1	2	0	1979	2	3	21314	0
90.	90	585444	3455	4	5	1	3	0	1995	1	7	22468	0	351.	351	220000	2196	4	3	1	2	0	1972	2	7	17899	0
91.	91	399900	3321	3	4	1	3	1	1971	1	7	15012	0	352.	352	185000	1701	3	2	1	1	0	1982	2	2	21938	0
92.	92	389900	2817	4	3	1	3	0	1996	1	7	31214	0	353.	353	288000	2250	3	2	1	2	0	1949	2	4	23684	0
93.	93	649000	3210	3	5	1	3	0	1995	1	1	30033	0	354.	354	197500	2502	4	2	1	2	0	1964	2	6	23749	0
94.	94	535000	3588	4	5	1	3	0	1987	1	7	22530	0	355.	355	179975	1762	4	3	1	2	0	1959	2	1	15742	0
95.	95	640000	2705	3	3	1	3	0	1994	1	1	22196	0	356.	356	195000	2016	4	3	1	2	0	1963	2	2	18102	0
96.	96	600000	2344	4	3	1	2	0	1925	1	1	86004	0	357.	357	228400	1904	3	3	1	2	1	1976	2	2	14945	0
97.	97	582500	4264	5	4	1	4	0	1995	1	7	24983	0	358.	358	194750	1652	5	2	1	2	0	1960	2	1	24644	0
98.	98	545000	2615	3	3	1	3	0	1996	1	1	21722	0	359.	359	195000	2042	4	3	0	2	0	1963	2	2	21849	0
99.	99	480000	3608	6	4	1	3	0	1981	1	7	25219	0	360.	360	210000	2019	4	3	1	3	0	1960	2	2	14837	0
100.	100	595000	2479	4	4	1	3	0	1989	1	1	29805	0	361.	361	239550	2791	5	3	1	3	0	1946	2	4	22863	0
101.	101	610000	3251	3	4	1	3	1	1985	1	1	25570	0	362.	362	242000	2514	4	3	1	1	0	1953	2	5	17535	0
102.	102	570000	2547	2	3	1	3	0	1996	1	1	21789	0	363.	363	185000	1746	3	2	1	2	0	1984	2	3	12386	0
103.	103	479000	5032	7	3	1	3	0	1989	1	7	22000	0	364.	364	175000	1930	3	2	1	2	0	1956	2	2	15923	0
104.	104	545000	4973	6	6	1	3	1	1987	1	7	56139	0	365.	365	165000	1552	3	1	1	3	0	1959	2	3	27068	0
105.	105	335000	2582	4	3	1	2	0	1966	1	2	23256	0	366.	366	185000	1566	4	2	1	2	0	1993	2	2	13504	0
106.	106	629000	3139	6	4	1	2	1	1977	1	1	21810	0	367.	367	173194	1669	3	2	1	2	0	1964	2	2	24643	0
107.	107	505500	3516	4	4	1	3	0	1979	1	7	19867	0	368.	368	205150	1814	3	3	1	2	0	1978	2	2	18714	0
108.	108	528750	2129	0	0	1	3	0	1992	1	1	37414	0	369.	369	214200	1794	3	3	1	3	0	1976	2	2	24308	0
109.	109	370000	2936	4	4	1	3	0	1987	1	7	16437	0	370.	370	182500	1691	3	2	1	2	1	1968	2	2	21961	0
110.	110	529000	3351	5	4	1	3	0	1994	1	7	24216	0	371.	371	205000	1834	4	3	1	2	0	1959	2	1	30726	0
111.	111	490000	3136	4	4	1	3	0	1989	1	7	27158	0	372.	372	208000	1984	5	3	1	2	0	1961	2	1	22047	0
112.	112	535000	3525	4	5	1	3	0	1996	1	7	27501	0	373.	373	225000	1966	4	3	1	2	0	1962	2	1	24871	0
113.	113	612000	3917	6	5	1	3	0	1995	1	7	37972	0	374.	374	170000	1669	3	2	1	2	0	1967	2	2	21253	0
114.	114	442500	2702	4	3	1	3	0	1991	1	1	39643	0	375.	375	216000	2132	4	3	1	2	0	1976	2	1	41332	0
115.	115	500000	3644	3	4	1	3	0	1984	1	7	21895	0	376.	376	180000	2007	4	3	1	2	0	1959	2	3	15992	0
116.	116	539000	3072	4	4	1	3	0	1992	1	1	25158	0	377.	377	169200	1964	4	2	1	2	0	1964	2	7	18162	0
117.	117	545500	3233	4	4	1	3	0	1991	1	7	22961	0	378.	378	213000	2325	4	3	1	3	0	1973	2	3	16699	0
118.	118	424000	2918	4	4	1	3	0	1988	1	7	22003	0	379.	379	210000	2196	4	3	1	2	0	1965	2	7	29329	0
119.	119	325000	3266	4	3	1	3	0	1985	1	7	16640	0	380.	380	185000	2061	3	2	1	2	0	1956	2	2	25379	0
120.	120	367000	2940	4	7	1	2	0	1988	1	7	22003	0	381.	381	179900	1828	3	2	1	2	0	1956	2	3	37150	0
121.	121	470000	3430	3	4	1	2	1	1966	1	7	25018	0	382.	382	196000	1956	4	3	1	2	0	1968	2	1	20486	0
122.	122	393000	2472	4	4	1	3	0	1987	1	1	21784	0	383.	383	219900	1852	6	3	1	2	0	1968	2	2	20800	0
123.	123	530000	2878	4	4	1	3	0	1992	1	1	68351	0	384.	384	159900	1795	1	2	1	2	0	1980	2	11	26467	0
124.	124	400000	2537	3	3	1	2	0	1993	1	1	11053	0	385.	385	170000	1580	2	1	0	1	0	1950	3	5	10799	0
125.	125	403500	3858	4	4	1	3	0	1987	1	7	22224	0	386.	386	169900	1708	3	1	0	1	0	1950	3	1	11413	0
126.	126	550000	2742	3	3	1	3	0	1991	1	1	22306	0	387.	387	189500	1700	4	2	0	2	0	1953	3	1	14023	0
127.	127	380000	3460	5	4	1	2	0	1972	1	1	18571	0	388.	388	195000	1742	1	1	1	2	0	1961	3	1	18250	0
128.	128	500000	3836	5	4	1	3	0	1982	1	5	48465	0	389.	389	215000	1890	4	2	1	2	0	1961	3	1	22110	0
129.	129	465000	4453	7	5	1	2	0	1974	1	7	15595	0	390.	390	171000	1512	2	1	0	1	0	1956	3	1	14774	0
130.	130	451500	4080	5	4	1	3	0	1983	1	7	22134	0	391.	391	179900	1840	3	1	0	2	0	1953	3	1	40832	0
131.	131	336000	3301	3	4	1	2	0	1977	1	3	18741	0	392.	392	120000	1060	2	1	0	2	0	1947	3	1	15001	0
132.	132	550000	3828	4	5	1	2	1	1975	1	1	17051	0	393.	393	175000	1540	3	2	0	2	0	1957	3	1	45458	0
133.	133	450000	2973	4	3	1	2	0	1980	2	7	21999	0	394.	394	232900	1550	4	2	1	2	1	1962	3	2	14998	0
134.	134	440000	2821	5	4	1	2	1	1962	2	1	32914	0	395.	395	229900	2787	4	2	1	1	0	1922	3	5	39558	0
135.	135	515000	2950	5	3	1	2	0	1969	2	1	21598	0	396.	396	174900	1528	2	2	1	2	0	1982	3	1	25193	0
136.	136	415000	2362	3	3	1	2	0	1977	2	3	21604	0	397.	397	168900	1928	2	2	0	2	0	1941	3	5	26393	0
137.	137	380000	3092	3	4	1	2	0	1978	2	3	20081	0	398.	398	229500	2329	3	2	1	2	0	1960	3	7	28179	0
138.	138	489500	2866	4	4	0	2	0	1982	2	7	22424	0	399.	399	236000	1940	4	3	1	2	0	1959	3	1	15073	0
139.	139	478000	3369	5	4	1	3	0	1981	2	7	21161	0	400.	400	205500	2114	5	2	1	2	0	1966	3	7	14526	0
140.	140	460000	3068	4	4	1	3	0	1988	2	7	18289	0	401.	401	212000	1799	3	2	1	2	0	1962	3	2	16210	0
141.	141	379900	2380	3	3	1	3	0	1998	2	1	21999	0	402.	402	205000	1864	3	2								

176.	176	274500	1926	5	3	1	2	0	1986	2	7	26418	0	437.	437	173500	1586	3	2	1	1	0	1958	3	1	15862	0
177.	177	259000	2556	3	2	1	2	0	1957	2	1	80886	0	438.	438	161800	1592	2	1	0	1	0	1951	3	1	18686	0
178.	178	415000	2282	5	4	1	2	0	1987	2	3	23003	0	439.	439	148000	1514	2	2	1	1	0	1964	3	1	16209	0
179.	179	443000	3314	3	4	1	3	0	1986	2	7	22012	0	440.	440	177000	1952	4	2	1	2	0	1963	3	1	24377	0
180.	180	249000	2001	3	3	1	2	0	1981	2	3	23812	0	441.	441	149900	1550	3	1	1	2	0	1956	3	1	14311	0
181.	181	330000	2607	5	2	1	2	0	1976	2	3	23139	0	442.	442	170000	1544	2	2	0	1	0	1957	3	1	14942	0
182.	182	291000	2840	4	4	1	2	0	1965	2	7	23079	0	443.	443	142000	1566	3	1	0	1	0	1959	3	1	15228	0
183.	183	418000	3036	3	5	0	2	0	1977	2	7	33746	0	444.	444	186900	1650	3	2	1	2	0	1961	3	1	22000	0
184.	184	320000	2240	4	2	1	3	0	1974	2	3	18682	0	445.	445	152900	1392	2	2	0	2	0	1951	3	1	29199	0
185.	185	264000	1788	3	3	0	2	0	1969	2	1	18484	0	446.	446	350000	2981	5	4	1	2	0	1950	3	6	49756	0
186.	186	381000	2620	5	4	1	2	0	1965	2	7	28093	0	447.	447	130000	1412	2	1	0	1	0	1940	3	1	16752	0
187.	187	250000	1480	3	3	1	2	0	1984	2	3	14230	0	448.	448	167900	2180	4	2	0	2	0	1948	3	3	15001	0
188.	188	360000	2588	3	3	1	2	1	1968	2	2	19004	0	449.	449	184900	1704	2	2	1	2	0	1954	3	1	16759	0
189.	189	369500	3138	4	4	1	2	0	1969	2	7	18190	0	450.	450	178000	1600	3	2	1	2	0	1957	3	3	15090	0
190.	190	285400	2460	5	4	1	2	0	1979	2	7	27492	0	451.	451	111000	1276	3	2	0	1	0	1951	3	1	11554	0
191.	191	409000	3566	4	4	1	2	0	1976	2	7	18044	0	452.	452	207000	1666	4	2	0	1	0	1954	3	1	39523	0
192.	192	333000	2692	5	4	1	3	0	1984	2	7	22020	0	453.	453	190000	1760	3	2	1	2	0	1974	3	2	20193	0
193.	193	362000	2958	5	4	1	3	0	1987	2	7	45200	0	454.	454	230000	1836	3	2	0	2	0	1946	3	1	46339	0
194.	194	387500	3164	4	4	1	2	1	1966	2	7	23856	0	455.	455	165000	1636	3	1	0	2	0	1953	3	1	20125	0
195.	195	239000	2058	3	3	1	2	0	1969	2	2	21046	0	456.	456	210000	1748	3	2	1	2	0	1957	3	1	14512	0
196.	196	299900	2717	3	4	1	2	0	1983	2	7	22083	0	457.	457	226000	2556	4	2	0	2	0	1923	3	6	36276	0
197.	197	335000	2920	4	3	1	3	0	1987	2	7	22434	0	458.	458	149900	1511	4	1	1	1	0	1954	3	1	14821	0
198.	198	275000	2554	5	3	1	2	0	1960	2	7	21820	0	459.	459	155000	1524	3	2	1	2	0	1958	3	1	21875	0
199.	199	328000	2805	3	4	1	2	0	1988	2	7	22582	0	460.	460	219900	1821	4	2	1	2	0	1956	3	1	16696	0
200.	200	333000	2736	4	3	1	2	1	1979	2	7	29591	0	461.	461	132000	1596	1	1	0	0	0	1940	3	1	28357	0
201.	201	397000	3516	5	7	1	3	0	1996	2	7	34795	0	462.	462	195000	2392	4	2	0	2	0	1960	3	1	30265	0
202.	202	374800	3536	6	4	1	2	1	1978	2	7	19997	0	463.	463	155900	1748	2	1	1	2	0	1956	3	1	16231	0
203.	203	520000	2138	5	3	1	3	0	1956	2	1	86830	0	464.	464	119900	1384	2	1	0	0	0	1949	3	1	30002	0
204.	204	325000	2718	4	4	1	3	0	1978	2	6	22842	0	465.	465	175000	1628	3	1	1	2	1	1957	3	1	17069	0
205.	205	295000	2178	5	3	1	2	0	1958	2	1	25891	0	466.	466	304000	1911	4	2	1	2	0	1953	3	1	86248	0
206.	206	415000	3152	5	4	1	2	0	1980	2	6	24446	0	467.	467	190000	1624	4	3	0	1	0	1959	3	3	15002	0
207.	207	224900	2611	3	3	1	2	0	1987	2	7	6924	0	468.	468	229100	1956	3	2	1	2	1	1984	3	6	14710	0
208.	208	265000	2060	4	3	1	2	0	1981	2	2	13091	0	469.	469	187500	2012	4	2	0	2	0	1953	3	5	14925	0
209.	209	299900	2448	4	4	1	3	0	1979	2	7	26790	0	470.	470	173000	1590	2	2	1	2	0	1956	3	1	22336	0
210.	210	390000	4050	6	5	1	2	1	1966	2	7	18262	0	471.	471	170000	1687	2	1	1	1	0	1941	3	4	20925	0
211.	211	271000	2414	3	3	1	2	0	1914	2	7	24357	0	472.	472	179000	1816	4	1	1	2	0	1956	3	3	16508	0
212.	212	330000	3072	4	3	1	2	0	1966	2	7	16431	0	473.	473	162500	1622	3	1	1	1	0	1956	3	3	16120	0
213.	213	350000	2525	3	3	1	3	0	1983	2	4	27138	0	474.	474	172000	1604	4	2	1	2	0	1954	3	1	14964	0
214.	214	310000	2866	5	3	1	3	0	1961	2	7	25249	0	475.	475	153200	1592	4	2	0	1	0	1956	3	1	16396	0
215.	215	340000	3246	4	4	1	3	0	1987	2	7	52218	0	476.	476	220000	1922	3	2	1	2	0	1952	3	1	33579	0
216.	216	307000	2707	4	4	1	2	0	1992	2	7	22094	0	477.	477	174000	1892	3	1	1	1	0	1955	3	3	14712	0
217.	217	304000	2300	5	3	1	2	0	1961	2	3	35824	0	478.	478	200000	1628	3	1	1	2	0	1959	3	1	15412	0
218.	218	275900	1860	3	3	1	2	0	1957	2	1	40741	0	479.	479	161000	1644	2	2	1	2	0	1956	3	1	17030	0
219.	219	315000	3636	5	3	1	2	0	1976	2	7	19776	0	480.	480	135000	1450	3	1	1	2	0	1955	3	1	15868	0
220.	220	295000	1910	4	3	1	2	0	1968	2	1	30996	0	481.	481	190000	1592	3	2	1	2	0	1959	3	1	22748	0
221.	221	251010	2280	4	2	1	2	0	1956	2	1	25543	0	482.	482	153800	1654	2	1	0	2	0	1962	3	1	25874	0
222.	222	335000	3386	4	5	0	2	0	1965	2	7	38428	0	483.	483	144900	1388	2	1	1	2	0	1950	3	1	10568	0
223.	223	343500	2324	5	4	1	3	0	1967	2	3	22435	0	484.	484	165000	1670	3	2	0	2	0	1953	3	1	18525	0
224.	224	297000	1970	4	3	1	2	0	1972	2	3	25814	0	485.	485	186000	1953	3	2	1	1	0	1956	3	1	17129	0
225.	225	281000	2062	3	3	1	2	1	1977	2	2	23608	0	486.	486	167000	2008	3	1	1	2	0	1963	3	1	21860	0
226.	226	235000	2617	4	3	1	2	0	1985	2	7	8903	0	487.	487	189600	1650	3	2	1	2	0	1960	3	1	34724	0
227.	227	237000	2612	4	3	1	2	0	1985	2	7	10144	0	488.	488	170000	1578	3	1	1	2	0	1975	3	1	22485	0
228.	228	274900	2472	3	3	1	2	0	1969	2	7	22451	0	489.	489	189500	1618	3	2	1	2	0	1962	3	1	27539	0
229.	229	229900	1922	4	2	1	2	0	1957	2	1	15791	0	490.	490	153500	1642	3	1	0	2	0	1959	3	1	14901	0
230.	230	259000	1852	3	2	1	2	0	1984	2	3	22204	0	491.	491	159900	2008	1	2	1	2	0	1941	3	1	31657	0
231.	231	245000	2239	3	3	1	2	0	1986	2	3	22216	0	492.	492	158000	1604	3	2	1	1	0	1960	3	1	23534	0
232.	232	208000	2068	3	2	1	2	0	1979	2	1	34773	0	493.	493	175000	2035	4	2	1	3	0	1962	3	7	20131	0
233.	233	421000	2101	3	3	0	2	0	1956	2	1	65499	0	494.	494	147000	1534	3	2	0	1	0	1955	3	3	15361	0
234.	234	320000	2200	4	3	1	2	0	1968	2	1	31450	0	495.	495</												

```
lm(formula = Project_data$Price ~ Project_data$Area + Project_data$`#bedroom`
+ Project_data$`#bathroom` + Project_data$Air_conditioning + Project_data$Garage_capacity
+ Project_data$Quality + Project_data$Style + Project_data$Lot_area + Project_data$AGE)
```

Residuals:

Min	1Q	Median	3Q	Max
-200847	-26187	-3558	22509	262697

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)	
(Intercept)	1.613e+05	2.487e+04	6.485	2.12e-10	***
Project_data\$Area	1.007e+02	7.627e+00	13.205	< 2e-16	***
Project_data\$`#bedroom`	-4.613e+03	3.265e+03	-1.413	0.15836	
Project_data\$`#bathroom`	1.087e+04	4.213e+03	2.580	0.01018	*
Project_data\$Air_conditioningYES	3.231e+03	7.954e+03	0.406	0.68470	
Project_data\$Garage_capacity	9.210e+03	4.970e+03	1.853	0.06446	.
Project_data\$QualityLOW	-1.428e+05	1.424e+04	-10.032	< 2e-16	***
Project_data\$QualityMEDIUM	-1.327e+05	1.051e+04	-12.626	< 2e-16	***
Project_data\$Style2	-2.492e+04	9.138e+03	-2.727	0.00661	**
Project_data\$Style3	-1.318e+04	8.699e+03	-1.516	0.13026	
Project_data\$Style4	1.548e+04	1.810e+04	0.855	0.39285	
Project_data\$Style5	-2.500e+04	1.487e+04	-1.681	0.09331	.
Project_data\$Style6	-5.425e+03	1.492e+04	-0.364	0.71637	
Project_data\$Style7	-4.200e+04	8.585e+03	-4.892	1.34e-06	***
Project_data\$Style9	-8.719e+04	5.819e+04	-1.498	0.13466	
Project_data\$Style10	-7.644e+04	5.873e+04	-1.302	0.19366	
Project_data\$Style11	-9.799e+04	5.816e+04	-1.685	0.09263	.
Project_data\$Lot_area	1.286e+00	2.339e-01	5.498	6.13e-08	***
Project_data\$AGE	-1.351e+03	2.049e+02	-6.591	1.10e-10	***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 57430 on 503 degrees of freedom

F-statistic: 139 on 18 and 503 DF, p-value: < 2.2e-16

3. Summarry Table of R output for transformed model (model 2_1) of model 2

Call:

```
lm(formula = ystar ~ Project_data$Area + Project_data$`#bedroom` +
Project_data$`#bathroom` + Project_data$Air_conditioning + Project_data$Garage_capacity
+ Project_data$Quality + Project_data$Style + Project_data$Lot_area + Project_data$AGE)
```

Residuals:

Min	1Q	Median	3Q	Max
-177.802	-25.567	-2.051	25.277	139.888

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)	
(Intercept)	3.827e+02	2.060e+01	18.574	< 2e-16	***
Project_data\$Area	8.383e-02	6.317e-03	13.271	< 2e-16	***
Project_data\$`#bedroom`	-1.683e+00	2.704e+00	-0.622	0.53398	
Project_data\$`#bathroom`	1.151e+01	3.489e+00	3.297	0.00104	**
Project_data\$Air_conditioningYES	7.935e+00	6.588e+00	1.205	0.22895	
Project_data\$Garage_capacity	8.454e+00	4.117e+00	2.054	0.04053	*
Project_data\$QualityLOW	-1.142e+02	1.179e+01	-9.682	< 2e-16	***
Project_data\$QualityMEDIUM	-9.548e+01	8.704e+00	-10.970	< 2e-16	***
Project_data\$Style2	-2.062e+01	7.569e+00	-2.725	0.00666	**
Project_data\$Style3	-7.604e+00	7.205e+00	-1.055	0.29178	
Project_data\$Style4	1.689e+01	1.499e+01	1.127	0.26034	
Project_data\$Style5	-1.561e+01	1.231e+01	-1.267	0.20559	
Project_data\$Style6	2.239e+00	1.236e+01	0.181	0.85629	
Project_data\$Style7	-3.081e+01	7.111e+00	-4.333	1.78e-05	***
Project_data\$Style9	-4.518e+01	4.820e+01	-0.937	0.34903	
Project_data\$Style10	-6.355e+01	4.864e+01	-1.306	0.19202	
Project_data\$Style11	-9.498e+01	4.817e+01	-1.972	0.04916	*
Project_data\$Lot_area	1.209e-03	1.937e-04	6.243	9.13e-10	***
Project_data\$AGE	-1.165e+00	1.697e-01	-6.867	1.94e-11	***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 47.57 on 503 degrees of freedom

Multiple R-squared: 0.8449, Adjusted R-squared: 0.8394

F-statistic: 152.2 on 18 and 503 DF, p-value: < 2.2e-16.

4. Summary table of R output for transformed model (model 2_2) of model 2

Call:

```
lm(formula = ystar ~ Project_data$Area + Project_data$`#bedroom` + Project_data$`#bathroom` + Project_data$Air_conditioning + Project_data$Garage_capacity + Project_data$Quality + Project_data$Style + Project_data$Lot_area + Project_data$AGE)
```

Residuals:

Min	1Q	Median	3Q	Max
-0.66269	-0.10683	-0.00283	0.10561	0.47938

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)	
(Intercept)	1.184e+01	7.556e-02	156.674	< 2e-16	***
Project_data\$Area	2.902e-04	2.317e-05	12.528	< 2e-16	***
Project_data\$`#bedroom`	3.027e-03	9.918e-03	0.305	0.760379	
Project_data\$`#bathroom`	4.840e-02	1.280e-02	3.782	0.000174	***
Project_data\$Air_conditioningYES	5.143e-02	2.416e-02	2.129	0.033743	*
Project_data\$Garage_capacity	3.515e-02	1.510e-02	2.328	0.020309	*
Project_data\$QualityLOW	-3.726e-01	4.324e-02	-8.616	< 2e-16	***
Project_data\$QualityMEDIUM	-2.692e-01	3.192e-02	-8.434	3.55e-16	***
Project_data\$Style2	-6.618e-02	2.776e-02	-2.384	0.017488	*
Project_data\$Style3	-1.131e-02	2.642e-02	-0.428	0.668782	
Project_data\$Style4	7.231e-02	5.497e-02	1.315	0.188949	
Project_data\$Style5	-3.307e-02	4.516e-02	-0.732	0.464355	
Project_data\$Style6	3.185e-02	4.533e-02	0.703	0.482536	
Project_data\$Style7	-9.339e-02	2.608e-02	-3.581	0.000375	***
Project_data\$Style9	-5.901e-02	1.768e-01	-0.334	0.738611	
Project_data\$Style10	-2.301e-01	1.784e-01	-1.290	0.197729	
Project_data\$Style11	-3.783e-01	1.766e-01	-2.142	0.032713	*
Project_data\$Lot_area	4.703e-06	7.104e-07	6.620	9.21e-11	***
Project_data\$AGE	-4.150e-03	6.224e-04	-6.669	6.82e-11	***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.1745 on 503 degrees of freedom

Multiple R-squared: 0.8423, Adjusted R-squared: 0.8367

F-statistic: 149.3 on 18 and 503 DF, p-value: < 2.2e-16

Analysis of Variance Table of transformed model(model 2_2) of model 2

Response: ystar

	Df	Sum Sq	Mean Sq	F value	Pr(>F)	
Project_data\$Area	1	5137953	5137953	2270.4912	< 2.2e-16	***
Project_data\$`#bedroom`	1	2419	2419	1.0692	0.3016	
Project_data\$`#bathroom`	1	155977	155977	68.9274	9.494e-16	***
Project_data\$Air_conditioning	1	46461	46461	20.5312	7.337e-06	***
Project_data\$Garage_capacity	1	137666	137666	60.8353	3.607e-14	***
Project_data\$Quality	2	475374	237687	105.0352	< 2.2e-16	***
Project_data\$Style	9	81867	9096	4.0197	5.545e-05	***
Project_data\$Lot_area	1	57040	57040	25.2064	7.163e-07	***
Project_data\$AGE	1	106710	106710	47.1557	1.940e-11	***
Residuals	503	1138252	2263			

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

5. Identification of Leverage points and Influential Points

	dfb.1_	dfb.Pr_\$A	dfb.Prjct_dt\$`#bd`	dfb.Prjct_dt\$`#bt`	dfb.P_\$A_	dfb.P_\$G
11	0.24	0.18	-0.41	-0.33	0.26	0.06
14	-0.02	0.00	-0.01	0.00	-0.01	0.02
24	-0.11	0.02	0.02	0.12	-0.02	0.03
25	-0.01	0.02	-0.01	0.00	0.01	0.00
36	-0.03	-0.01	0.01	0.07	-0.05	0.01
37	0.24	-0.12	-0.01	-0.09	-0.15	0.04
40	0.04	0.00	-0.02	0.00	-0.06	-0.02
47	0.00	0.01	-0.04	0.02	-0.03	0.02
54	-0.22	0.08	0.14	-0.03	0.16	0.07
55	0.04	-0.01	0.01	0.00	0.01	-0.02
70	0.00	0.00	0.00	0.00	0.00	0.00
76	0.00	0.00	0.00	0.00	0.00	0.00
80	0.20	-0.11	-0.02	-0.02	0.00	0.05
81	0.43	-0.19	0.14	-0.06	0.07	-0.68
96	0.10	-0.23	0.10	0.00	0.20	-0.14
103	0.19	-0.57	-0.44	0.61	0.06	0.07
104	0.40	-0.41	-0.05	-0.17	-0.04	0.18
108	0.39	0.03	-0.29	-0.44	0.05	0.09
120	-0.15	0.28	0.10	-0.49	-0.01	0.14
125	-0.03	-0.08	0.04	0.04	0.00	-0.01
133	-0.01	0.08	0.00	-0.08	0.02	-0.06
135	-0.14	0.24	0.17	-0.09	0.00	-0.09
136	-0.04	0.09	-0.10	0.04	0.02	-0.04
138	0.08	0.00	-0.01	0.11	-0.38	-0.04
148	-0.12	0.03	-0.07	-0.13	0.07	0.27
161	0.21	0.33	-0.20	-0.14	0.07	-0.57
203	-0.17	-0.14	0.19	-0.04	0.10	0.12
213	0.00	0.00	0.00	0.00	0.00	0.01
233	0.05	-0.03	-0.06	0.07	-0.23	-0.03
241	0.02	-0.01	0.01	-0.01	-0.01	-0.01
247	-0.05	0.05	0.00	-0.07	0.07	-0.06
264	0.05	-0.02	0.00	-0.02	-0.06	0.01
281	0.15	-0.07	0.23	-0.42	-0.05	0.07
314	-0.01	-0.01	0.00	0.02	0.01	0.02
353	0.00	0.01	-0.02	-0.01	0.01	0.01
361	0.15	-0.03	-0.10	-0.01	0.01	-0.15
362	0.00	0.00	0.00	0.00	0.00	0.00
384	0.00	0.00	0.00	0.00	0.00	0.00
395	-0.02	0.02	0.00	-0.01	0.03	-0.02
397	0.00	0.00	0.01	0.00	0.00	0.00

406	-0.07	0.03	-0.03		0.02		0.09	0.04
418	0.00	0.00	0.00		-0.01		-0.01	0.00
436	0.00	0.00	0.00		0.00		-0.01	0.01
dfb.P_\$QL	dfb.P_\$QM	dfb.P_\$S2	dfb.P_\$S3	dfb.P_\$S4	dfb.P_\$S5	dfb.P_\$S6	dfb.P_\$S7	
11	-0.30	-0.08	-0.06	-0.08	-0.03	0.08	0.08	-0.18
14	0.02	0.03	0.00	0.00	0.00	-0.07	0.00	0.01
24	0.03	-0.01	0.03	-0.30	-0.01	-0.04	-0.04	-0.03
25	-0.01	0.00	0.00	0.00	-0.01	-0.01	0.03	-0.01
36	0.07	-0.02	0.10	0.09	0.05	0.04	0.04	0.07
37	-0.05	-0.09	0.01	0.01	0.03	-0.42	0.09	0.12
40	0.00	-0.01	0.01	0.00	0.20	0.00	0.01	0.01
47	0.01	0.02	0.00	0.00	-0.15	0.00	0.00	-0.01
54	0.06	0.07	0.03	0.04	0.03	0.02	-0.01	-0.04
55	0.00	0.01	-0.03	-0.02	0.01	0.02	0.01	-0.04
70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80	-0.22	-0.24	-0.07	-0.07	0.00	0.01	0.02	-0.05
81	-0.20	-0.13	-0.01	0.01	0.00	0.07	0.12	0.25
96	-0.46	-0.49	0.00	0.04	-0.07	-0.08	-0.03	0.08
103	0.03	0.07	-0.05	-0.01	0.08	0.15	0.12	0.12
104	-0.18	0.04	-0.14	-0.09	0.01	0.14	0.16	0.11
108	-0.33	-0.28	-0.03	-0.05	-0.02	0.06	0.10	0.07
120	0.13	0.25	-0.01	-0.02	-0.06	-0.03	-0.04	-0.12
125	0.09	0.14	-0.04	-0.03	0.00	0.01	0.00	-0.07
133	0.06	0.09	-0.02	-0.02	-0.01	0.00	-0.01	0.08
135	0.08	0.17	-0.14	-0.16	-0.07	-0.12	-0.14	-0.30
136	0.06	0.07	0.00	0.23	0.00	-0.01	-0.02	-0.06
138	0.06	0.13	-0.02	-0.04	0.02	-0.03	-0.01	0.08
148	-0.11	-0.01	0.02	0.03	-0.06	-0.04	-0.03	0.19
161	0.06	0.15	-0.11	-0.17	-0.05	-0.04	-0.05	-0.23
203	0.00	0.03	-0.09	-0.05	-0.03	-0.05	-0.06	-0.01
213	0.01	0.01	0.00	0.00	0.03	0.00	0.00	0.00
233	-0.05	0.05	-0.06	-0.07	-0.02	-0.08	-0.06	-0.07
241	-0.01	-0.01	0.00	0.00	-0.06	0.00	0.00	0.00
247	0.01	0.05	0.00	0.00	-0.03	-0.02	-0.02	0.16
264	-0.05	-0.02	-0.01	-0.01	0.00	0.00	0.13	0.01
281	-0.14	-0.17	0.09	0.12	0.03	0.08	0.13	0.26
314	0.01	0.00	0.00	-0.02	0.00	0.00	0.00	-0.01
353	-0.02	0.01	-0.01	-0.02	0.26	0.00	0.00	-0.02
361	-0.02	-0.07	0.04	0.03	-0.51	0.03	0.05	0.10
362	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00
384	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
395	0.01	0.00	0.01	0.01	-0.01	0.05	-0.01	0.00
397	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.00
406	0.01	0.02	-0.01	-0.01	-0.33	0.00	-0.02	-0.03

	418	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00
	436	0.00	0.00	0.00	0.00	-0.04	0.00	0.00	0.00
		dfb.P_\$S9	dfb.P_\$S10	dfb.P_\$S11	dfb.P_\$L	dfb.P_\$AG	dffit	cov.r	cook.d hat
11	-0.04	0.03	-0.08	-0.36	0.13	-0.92_*	0.81_*	0.04	0.09
14	0.01	0.01	0.00	-0.01	0.01	-0.09	1.12_*	0.00	0.08
24	0.01	-0.02	0.02	-0.07	0.15	-0.45	0.74_*	0.01	0.02
25	0.00	0.00	0.00	-0.01	0.03	0.06	1.16_*	0.00	0.11
36	0.01	0.00	0.02	-0.05	-0.06	-0.25	0.87_*	0.00	0.01
37	-0.01	0.03	-0.01	-0.09	-0.21	-0.65_*	0.95	0.02	0.08
40	0.00	0.00	0.00	-0.03	-0.03	0.22	1.14_*	0.00	0.11
47	0.00	0.00	0.00	0.00	-0.01	-0.17	1.15_*	0.00	0.10
54	0.02	-0.02	0.02	0.03	0.03	-0.35	0.88_*	0.01	0.02
55	-0.01	0.00	-0.01	-0.01	-0.09	-0.12	1.13_*	0.00	0.09
70	0.00	0.00	0.00	0.00	0.00	NaN	NaN	NaN	1.00_*
76	0.00	0.00	0.00	0.00	0.00	NaN	NaN	NaN	1.00_*
80	-0.05	-0.02	-0.02	0.05	-0.08	0.37	0.88_*	0.01	0.03
81	-0.01	0.07	0.01	-0.09	-0.09	-0.86_*	1.05	0.04	0.15_*
96	-0.05	-0.03	0.01	0.55	0.39	0.88_*	0.93	0.04	0.11_*
103	0.03	0.11	-0.06	0.10	0.05	-0.96_*	0.79_*	0.05	0.09
104	0.03	0.12	-0.04	-0.39	0.01	-0.95_*	0.61_*	0.05	0.05
108	-0.07	0.04	-0.07	0.20	-0.17	0.78_*	0.90	0.03	0.09
120	0.03	0.02	0.00	0.02	-0.04	-0.60_*	0.99	0.02	0.09
125	0.02	0.03	0.00	0.03	-0.01	-0.31	0.88_*	0.01	0.02
133	0.00	0.01	-0.01	0.01	-0.07	0.24	0.88_*	0.00	0.01
135	-0.01	-0.06	0.00	-0.10	0.00	0.43	0.81_*	0.01	0.03
136	0.00	0.00	-0.01	-0.01	-0.02	0.33	0.86_*	0.01	0.02
138	0.01	0.00	0.00	-0.06	-0.14	0.49	0.80_*	0.01	0.03
148	0.03	0.01	0.00	-0.19	0.45	0.60_*	0.88_*	0.02	0.06
161	-0.05	0.00	-0.07	0.14	-0.37	0.75_*	0.87_*	0.03	0.08
203	0.01	0.00	0.00	0.57	0.03	0.70_*	0.88_*	0.03	0.07
213	0.00	0.00	0.00	0.00	-0.01	0.03	1.17_*	0.00	0.11_*
233	-0.01	0.00	-0.02	0.32	-0.01	0.50	0.87_*	0.01	0.04
241	0.00	0.00	0.00	-0.04	-0.01	-0.08	1.21_*	0.00	0.14_*
247	0.01	0.01	0.00	0.11	0.07	0.31	0.80_*	0.01	0.01
264	0.00	0.00	0.00	-0.01	0.01	0.16	1.12_*	0.00	0.08
281	0.01	0.04	0.03	0.04	-0.11	-0.54	0.84_*	0.02	0.04
314	0.00	0.00	0.00	-0.04	0.01	-0.06	1.17_*	0.00	0.11_*
353	0.00	0.00	-0.01	-0.02	0.02	0.28	1.12_*	0.00	0.10
361	-0.01	0.03	-0.01	0.09	-0.10	-0.60_*	1.06	0.02	0.11_*
362	0.00	0.00	0.00	0.00	0.00	-0.01	1.12_*	0.00	0.07
384	0.00	0.00	0.00	0.00	0.00	NaN	NaN	NaN	1.00_*
395	0.00	0.00	0.00	0.01	0.01	0.07	1.13_*	0.00	0.09
397	0.00	0.00	0.00	0.00	0.00	-0.02	1.11_*	0.00	0.07
406	0.00	-0.01	0.00	-0.06	0.08	-0.36	1.12_*	0.01	0.11
418	0.00	0.00	0.00	0.00	0.00	0.02	1.12_*	0.00	0.08

436	0.00	0.00	0.00	0.00	0.00	-0.04	1.15_*	0.00	0.10
-----	------	------	------	------	------	-------	--------	------	------

6. Code Used in R

#import and attach the data

```
library(readxl)
```

```
Project_data <- read_excel("D:/MUN/STAT 6519/term project/Project_data.xlsx")
```

```
attach(Project_data)
```

#data type identification

```
str(Project_data)
```

#summary statistics of data for data cleaning purpose

```
summary(Project_data)
```

#conversion to indicator variable

```
Project_data$Air_conditioning<-as.factor(Project_data$Air_conditioning)
```

```
Project_data$Pool<-as.factor(Project_data$Pool)
```

```
Project_data$Quality<-as.factor(Project_data$Quality)
```

```
Project_data$Style<-as.factor(Project_data$Style)
```

```
Project_data$Adj_to_highway<-as.factor(Project_data$Adj_to_highway)
```

#initial model development

```
modelv1<-lm(Project_data$Price~Project_data$Area+
```

```
  Project_data$`#bedroom`+
```

```
  Project_data$`#bathroom`+
```

```
  Project_data$Air_conditioning+
```

```
  Project_data$Garage_capacity+
```

```
  Project_data$Pool+
```

```
  Project_data$Quality+
```

```

Project_data$Style+
Project_data$Lot_area+
Project_data$Adj_to_highway+
Project_data$AGE)

#check multicollinearity
library(car)
vif(modelv1)

#ANOVA
anova(modelv1)

#revised model
modelv2<-lm(Project_data$Price~Project_data$Area+
Project_data`#bedroom`+
Project_data`#bathroom`+
Project_data$Air_conditioning+
Project_data$Garage_capacity+
Project_data$Quality+
Project_data$Style+
Project_data$Lot_area+
Project_data$AGE)

#ANOVA and summary
anova(modelv2)
summary(modelv2)

#model adequacy check

```

```

prd_modelv2<-modelv2$fitted.values
resid_modelv2<-rstudent(modelv2)
library(car)
qqPlot(resid_modelv2,xlab = 'Norm Quantiles',
       ylab = 'Externally Studentized Residual',
       grid = FALSE)

plot(prd_modelv2,resid_modelv2,xlab = 'Predicted Values',
     ylab = 'Externally Studentized Residual')

#transformation
ystar<-log(Project_data$Price)
model 2_2<-lm(ystar~Project_data$Area+
              Project_data$`#bedroom`+
              Project_data$`#bathroom`+
              Project_data$Air_conditioning+
              Project_data$Garage_capacity+
              Project_data$Quality+
              Project_data$Style+
              Project_data$Lot_area+
              Project_data$AGE)
anova(model 2_2)
summary(model 2_2)

#after tranformation again check model adequacy
prd_model 2_2<-model 2_2$fitted.values
resid_model 2_2<-rstudent(model 2_2)
library(car)

```

```

qqPlot(resid_model 2_2,xlab = 'Norm Quantiles',
       ylab = 'Externally Studentized Residual',
       grid = FALSE)

plot(prd_modelv 2_2,resid_modelv3,xlab = 'Predicted Values',
     ylab = 'Externally Studentized Residual')

#removing insignificant variable and check again
Model 3<-lm(ystar~Project_data$Area+
            Project_data$`#bathroom`+
            Project_data$Air_conditioning+
            Project_data$Garage_capacity+
            Project_data$Quality+
            Project_data$Style+
            Project_data$Lot_area+
            Project_data$AGE)
anova(model 3)
summary(model 3)

prd_model 3_1<-model 3$fitted.values
resid_model 3_1<-rstudent(model 3)
library(car)
qqPlot(resid_model 3,xlab = 'Norm Quantiles',
       ylab = 'Externally Studentized Residual',
       grid = FALSE)

plot(prd_modelv 3,resid_modelv4,xlab = 'Predicted Values',
     ylab = 'Externally Studentized Residual')

```

```
summary(influence.measures(model 3))
```

```
#comparison between model 2_2 and model 3
```

```
anova(model 2_2,model 3)
```

```
#findout influential point
```

```
covratio_general<-covratio(model 2_2)
```

```
covratio_offlimit<-covratio_general>1.06 | covratio_general<0.94
```

```
covratio_offlimit
```

```
#removeal influential point
```

```
newproject_data<-Project_data[!covratio_offlimit,]
```

```
plot(Project_data$ID,covratio_general)+
```

```
  abline(h=1.06,col='red')+
```

```
  abline(h=.94,col='red')
```

```
#final model after removal influential point
```

```
newproject_data<-newproject_data[-c(39,44,265),]
```

```
ystar_2<-log(newproject_data$Price)
```

```
model 2_3<-lm(ystar_2~newproject_data$Area+
```

```
  newproject_data$`#bedroom`+
```

```
  newproject_data$`#bathroom`+
```

```
  newproject_data$Air_conditioning+
```

```
  newproject_data$Garage_capacity+
```

```
  newproject_data$Quality+
```

```
  newproject_data$Style+
```

```
  newproject_data$Lot_area+
```

```

newproject_data$AGE)
anova(model 2_3)
summary(model 2_3)

#check model adequacy for final model
prd_model 2_3<-model 2_3$fitted.values
resid_model2_3<-rstudent(model 2_3)
library(car)
qqPlot(resid_model 2_3xlab = 'Norm Quantiles',
       ylab = 'Externally Studentized Residual',
       grid = FALSE)

plot(prd_model 2_3,resid_model 2_3,xlab = 'Predicted Values',
     ylab = 'Externally Studentized Residual')

covratio_general_model 2_3<-covratio(model 2_3)
covratio_offlimit_model 2_3<-covratio_general>1.08 | covratio_general<0.92
plot(newproject_data$ID,covratio_general_model 2_3)+
  abline(h=1.08,col='red')+
  abline(h=.92,col='red')

```