

HOUSING PRICE PREDICTION PROJECT

Prepared by:

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ACKNOWLEDGMENT

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References:

https://stackoverflow.com/

https://scikit-learn.org/stable/

https://seaborn.pydata.org/

INTRODUCTION

Business Problem Framing

The main objective of this project is to model the price of houses with the available independent variables. This model will then be used by the management to understand how exactly the prices vary with the variables. They can accordingly manipulate the strategy of the firm and concentrate on areas that will yield high returns. Further, the model will be a good way for the management to understand the pricing dynamics of a new market.

Conceptual Background of the Domain Problem

Houses are one of the necessary need 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.

• Technical Requirements

- Data contains 1460 entries each having 81 variables.
- ➤ Data contains Null values. We need to treat them using the domain knowledge and your own understanding.
- > Extensive EDA has to be performed to gain relationships of variable and price.

- ➤ Data contains numerical as well as categorical variable. We need to handle them accordingly.
- ➤ We have to build Machine Learning methods, apply regularization and determine the optimal values for HyperParameters.
- ➤ We need to find important features which affect the price positively or negatively.
- Two datasets are being provided to us (test.csv, train.csv).

ADVANTAGES:

- 1. The objective behind to take this project is to implement therequired data science skills.
- 2. Improve the analytical thinking.
- 3. Get into the real world problem solving mechanics.

Analytical Problem Framing

• Mathematical Modeling of the Problem:

This is a Regression problem, where our end goal is to predict the Prices of House, based on given data provided in the dataset. We have divided the provided dataset into Training and Testing phases.

A Regression Model will be built and trained using the Training data and the Test data is used to predict the outcomes. This will be compared with available test results to find how our model has performed.

We are using Mean Absolute Error, Root Mean Square Error, and 'R2 Score' to determine the best model among,

- Linear Regression
- Decision Tree Regression
- Random Forest Regression
- K Neighbors Regression
- Lasso Regression

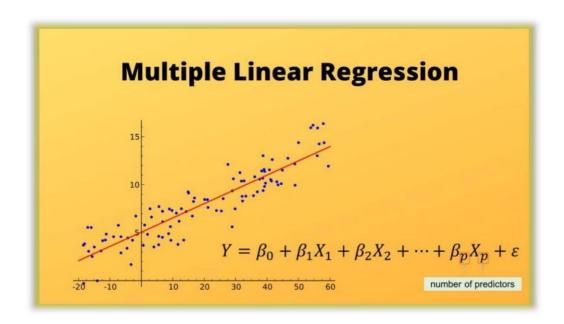
The best results were obtained using Lasso Regression. So, let's discuss a little bit about it. In a simple regression problem (a single xand a single y), the form of the model would be:

$$y = B0 + B1*x$$

where **B0** —intercept, **B1** —coefficient, **x** —independent variable **y** — output or the dependent variable.

In higher dimensions when we have more than one input (x), The General equation for a Multiple linear regression with p — independent variables:

Y=B0 + B1 * X1 + B2 * X2 +.....+ Bp * Xp + E(Random Error or Noise)



Let's consider a regression scenario where 'y' is the predicted vector and 'x' is the feature matrix. Basically in any regression problem, we try to minimize the squared error. Let ' β ' be the vector of parameters (weights of importance of features) and 'p' be the number of features.

Now, let's discuss the case of lasso regression, which is also called L1 regression since it uses the L1 norm for regularization. In lasso regression, we try to solve the below minimization problem:

$$Min_{\beta} L_1 = (y - x\beta)^2 + \lambda \sum_{i=1}^p |\beta_i|$$

To simplify, suppose p =1, β i = β . Then,

$$L_1 = (y - x\beta)^2 + \lambda |\beta|$$

= $y^2 - 2xy\beta + x^2\beta^2 + \lambda |\beta|$

In Lasso Regression, the L1 penalty will look like,

$$L1p = |\beta 1| + |\beta 2|$$

Shrinking $\beta 1$ to 8 and $\beta 2$ to 100 would minimize the penalty to 108 from 1010, which means in this case the change is not so significant

just by shrinking the larger quantity. So, in the case of the L1 penalty, both the coefficients have to be shrunk to extremely small values, in order to achieve regularization. And in this whole process, some coefficients may shrink to zero.

(Reference: https://www.analyticsvidhya.com/blog/2020/11/lasso-regression-causes-sparsity-while-ridge-regression-doesnt-unfolding-the-math/)

Assumptions:

- I. **Linearity:** The relationship between X & mean of Y is linear.
- II. **Homoscedasticity:** The variance of residual is the same for any value of X.
- III. **Independence:** Observations are independent of each other.
- IV. **Normality:** For any fixed value of X, Y is normally distributed.

Data Sources and their formats

A US-based housing company named Surprise Housing has decided to enter the Australian market. The company uses data analytic 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 data is provided in the CSV file below.

The dataset contains 1460 rows and 81 columns (including the train dataset and test dataset).

The top 5 rows of the dataset are:

ld	MSSubClass	MSZoning	LotFrontage	LotArea	Street	Alley	LotShape L	andContour	Utilities	LotConfig	Land Slope	Neighborhood	Condition1
127	120	RL	NaN	4928	Pave	NaN	IR1	Lvi	AllPub	Inside	GtI	NPkVill	Norm
889	20	RL	95.0	15865	Pave	NaN	IR1	LvI	AllPub	Inside	Mod	NAmes	Norm
793	60	RL	92.0	9920	Pave	NaN	IR1	LvI	AllPub	CulDSac	Gtl	NoRidge	Norm
110	20	RL	105.0	11751	Pave	NaN	IR1	LvI	AllPub	Inside	GtI	NWAmes	Norm
422	20	RL	NaN	16635	Pave	NaN	IR1	LvI	AllPub	FR2	GtI	NWAmes	Norm
dition	2 BldgType	House Style	OverallQual	OverallCond	l Year	Built	YearRemodAdo	RoofStyle	RoofMat	Exterior1s	Exterior2nd	d MasVnrType	MasVnrArea
Norn	n TwnhsE	1Story	6	5		1976	1976	Gable	CompShg	Plywood	Plywoo	d None	0.0
Norn	n 1Fam	1Story	8	6		1970	1970	Flat	Tar&Grv	Wd Sdng	Wd Sdn	g None	0.0
Norn	n 1Fam	2Story	7	-5		1996	1997	Gable	CompShg	MetalSo	MetalS	d None	0.0
Norn	n 1Fam	1Story	6	6		1977	1977	Hip	CompShg	Plywood	Plywoo	d BrkFace	480.0
Norn	n 1Fam	1Story	6	7		1977	2000	Gable	CompShg	CemntBo	CmentB	d Stone	126.0
	127 889 793 110 422 addition: Norm Norm	127 120 889 20 793 60 110 20 422 20 Milition2 BldgType Norm TwnhsE Norm 1Fam Norm 1Fam Norm 1Fam	127 120 RL 889 20 RL 793 60 RL 110 20 RL 422 20 RL Indition2 BldgType HouseStyle Norm TwnhsE 1Story Norm 1Fam 1Story Norm 1Fam 2Story Norm 1Fam 1Story	127	127	127	127	127 120 RL NaN 4928 Pave NaN IR1	127 120 RL NaN 4928 Pave NaN IR1 Lvl 889 20 RL 95.0 15865 Pave NaN IR1 Lvl 1793 60 RL 92.0 9920 Pave NaN IR1 Lvl 110 20 RL 105.0 11751 Pave NaN IR1 Lvl 122 20 RL NaN 16635 Pave NaN IR1 Lvl 1242 20 RL NaN 16635 Pave NaN IR1 Lvl 1242 Norm TwnhsE 1Story 6 5 1976 1976 Gable Norm 1Fam 1Story 8 6 1970 1970 Flat Norm 1Fam 2Story 7 5 1996 1997 Gable Norm 1Fam 1Story 6 6 1977 1977 Hip	127 120 RL NaN 4928 Pave NaN IR1 Lvl AllPub	127 120 RL NaN 4928 Pave NaN IR1 Lvl AllPub Inside	127 120 RL NaN 4928 Pave NaN IR1 Lvl AllPub Inside Gtl	127 120 RL NaN 4928 Pave NaN IR1 Lvl AllPub Inside Gtl NPkVill

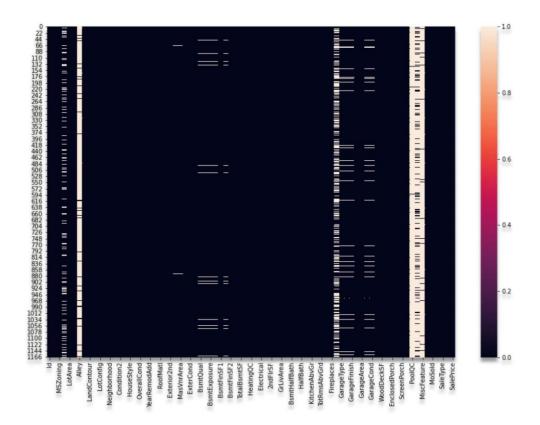
ExterQual	ExterCond	Four	ndation	BsmtQu	al BsmtCo	nd Bsmtl	xposure	BsmtFinTy	oe1 B	smtFinSF1	BsmtFi	nType2 E	3smtFin SF	2 BsmtUnf9	F Total	BsmtSF
TA	TA		CBlock	G	d	TA	No	А	LQ	120		Unf		0 95	8	1078
Gd	Go	1	PConc	1	A	Gd	Gd	А	LQ	351		Rec	82	23 104	13	2217
Gd	TA	١.	PConc	0	d	TA	Av	G	LQ	862		Unf		0 25	55	1117
TA	TA		CBlock	0	d	TA	No	В	LQ	705		Unf		0 113	39	1844
Gd	TA		CBlock	G	id	TA	No	А	LQ	1246		Unf		0 35	56	1602
Heating	HeatingQC	Centra	alAir E	lectrical	1stFirSF	2ndFlrSF	LowQualF	Fin SF GrLi	vArea	BsmtFullE	lath Bs	mtHalfBat	h FullBa	th HalfBath	Bedroo	omAbvGr
GasA	TA		Υ	SBrkr	958	0		0	958		0		0	2 0		2
GasA	Ex		Υ	SBrkr	2217	0		0	2217		1		0	2 0		4
GasA	Ex		Υ	SBrkr	1127	886		0	2013		1		0	2 1		3
GasA	Ex		Υ	SBrkr	1844	0		0	1844		0		0	2 0		3
GasA	Gd		Υ	SBrkr	1602	0		0	1602		0		1	2 0		3
KitchenAb	vGr Kitche	nQual	TotRms	sAbvGrd	Functional	Fireplace	s Firepla	ceQu Gara	geType	GarageYr	Blt Gar	ageFinish	GarageC	ars Garage	Area Ga	rageQual
	1	TA		5	Тур		1	TA	Attchd	197	7.0	RFn		2	440	TA
	1	Gd		8	Тур		1	TA	Attchd	197	0.0	Unf		2	621	TA
	1	TA		8	Тур		1	TA	Attchd	199	7.0	Unf		2	455	TA
	1	TA		7	Тур		1	TA	Attchd	197	7.0	RFn		2	546	TA
	1	Gd		8	Тур		1	TA	Attchd	l 197	7.0	Fin		2	529	TA
GarageCo	ond Paved	Drive	WoodD	eck\$F C	penPorch S	F Enclos	edPorch	3SsnPorch	Scree	enPorch P	oolArea	PoolQC	Fence	MiscFeature	MiscVal	MoSold
	TA	Υ		0	20	5	0	0		0	0	NaN	NaN	NaN	0	2
	TA	Υ		81	20	7	0	0		224	0	NaN	NaN	NaN	0	10
	TA	Υ		180	13	0	0	0		0	0	NaN	NaN	NaN	0	6
	TA	Υ		0	12	2	0	0		0	0	NaN	MnPrv	NaN	0	1

Yr\$old	SaleType	SaleCondition	SalePrice
2007	WD	Normal	128000
2007	WD	Normal	268000
2007	WD	Normal	269790
2010	COD	Normal	190000
2009	WD	Normal	215000

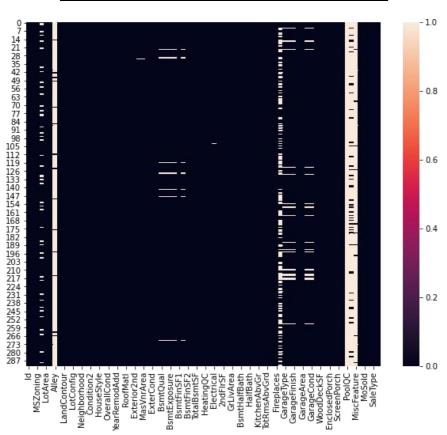
➤ The column 'SalePrice' is the target column. We need to predict the sale price of the houses.

• Data Preprocessing Done

As our dataset contains null values (missing values) so we have replace the missing values with the required values. Details are mentioned below:



Heatmap to show the null values of Train Dataset



Heatmap to show the null values of Test Dataset.

1. PoolQC (Pool Quality)

We can see that most of the rows of the column "PoolQC" is empty so we're considering the empty values as there is no pool available in the house. So, we're filling the null values with 'NA'

```
# Checking for the values counts of the column "PoolQC"

df['PoolQC'].value_counts()

Gd 3
Fa 2
Ex 2
Name: PoolQC, dtype: int64

# Replacing the null values with 'NA'

df['PoolQC'].fillna('NA', inplace=True)
```

2. MiscFeature (Miscellaneous feature not covered in other categories)

We can see that most of the rows of the column "MiscFeature" is empty so considering it as None we are replacing the missing values with 'NA'

```
# Checking for the value counts of the column "MiscFeature"

df['MiscFeature'].value_counts()

Shed 49
Othr 2
Gar2 2
TenC 1
Name: MiscFeature, dtype: int64

# Replacing the null values with 'NA'

df['MiscFeature'].fillna('NA', inplace=True)
```

3. Alley (Type of alley access to property)

We can see that in the case of alley column also most of the rows are empty. So considering it as no alley option was available we're replacing the missing values with 'NA'

```
# Checking for the values counts of the column "Alley"

df['Alley'].value_counts()

Grvl 50
Pave 41
Name: Alley, dtype: int64

# Replacing the null values with 'NA'

df['Alley'].fillna('NA', inplace=True)
```

4. Fence (Fence quality)

From our observation we found that most of the rows are empty of Fence column also. So, we're replacing the missing values with 'NA' to show that no fence was available.

```
# Checking for the value counts

df['Fence'].value_counts()

MnPrv 157
GdPrv 59
GdNv 54
MnNw 11
Name: Fence, dtype: int64

# Replacing the empty rows with 'NA'

df['Fence'].fillna('NA', inplace=True)
```

5. FireplaceQu (Fireplace quality)

```
# Checking for the values counts

df['FireplaceQu'].value_counts()

Gd    380
TA    313
Fa    33
Ex    24
Po    20
Name: FireplaceQu, dtype: int64
```

We're considering the empty values as no fireplace is available & replacing the empty values with 'NA'.

```
# Replacing the empty values with NA

df['FireplaceQu'].fillna('NA', inplace=True)
```

6. LotFrontage (Linear feet of street connected to property):

We'll replace the missing values of this column with the mean value.

```
# Checking for the mean value of the column 'LotFrontage'
df['LotFrontage'].mean()
```

70.04995836802665

```
# Replacing the missing values with the mean of the column.

df['LotFrontage'].fillna(df['LotFrontage'].mean(), inplace=True)
```

7. GarageType (Garage location)

```
# Checking for the value counts:

df['GarageType'].value_counts()

Attchd 870
Detchd 387
BuiltIn 88
Basment 19
CarPort 9
2Types 6
Name: GarageType, dtype: int64
```

Considering the Garage option is not available for the houses that have empty rows for 'GarageType' column. So, we're replcing it with 'NA'

```
# Replacing the missing values with 'NA'
df['GarageType'].fillna('NA', inplace=True)
```

8. GarageYrBlt (Year garage was built)

```
# Replacing the missing values with 'NA' to show that Garage is not available

df['GarageYrBlt'].fillna('NA', inplace = True)
```

9. GarageFinish (Interior finish of the garage)

```
# Checking for the value counts

df['GarageFinish'].value_counts()

Unf 605
RFn 422
Fin 352
Name: GarageFinish, dtype: int64

# Replacing the missing values with 'NA' to show garage option is not available

df['GarageFinish'].fillna('NA', inplace=True)
```

10. Garage Qual (Garage quality)

```
# Replacing the missing values with 'NA' to show Garage is not available

df['GarageQual'].fillna('NA', inplace=True)
```

11. GarageCond (Garage condition)

```
# Replacing the missing values with 'NA'

df['GarageCond'].fillna('NA', inplace=True)
```

12. BsmtFinType2 (Rating of basement finished area (if multiple types))

```
# Replacing the missing values with NA

df['BsmtFinType2'].fillna('NA', inplace=True)
```

13. BsmtExposure (Refers to walkout or garden level walls)

```
# Replacing the missing values with 'NA'

df['BsmtExposure'].fillna('NA', inplace=True)
```

14. BsmtQual (Evaluates the height of the basement)

```
# Replacing the missing values with 'NA'

df['BsmtQual'].fillna('NA', inplace=True)
```

15. BsmtCond (Evaluates the general condition of the basement)

```
# Replacing the missing values with 'NA'

df['BsmtCond'].fillna('NA', inplace=True)
```

16. BsmtFinType1 (Rating of basement finished area)

```
# Replacing the missing values with 'NA'

df['BsmtFinType1'].fillna('NA', inplace=True)
```

17. MasVnrType (Masonry veneer type)

```
# Checking for the value counts

df['MasVnrType'].value_counts()

None 864
BrkFace 445
Stone 128
BrkCmn 15
Name: MasVnrType, dtype: int64
```

· As the most occuring masonary venner type is None so, we are replacing the missing values with 'None'

```
# Replacing the missing values with 'None'
df['MasVnrType'].fillna('None', inplace=True)
```

18. MasVnrArea (Masonry veneer area in square feet)

```
# Calculating the mean value

df['MasVnrArea'].mean()

103.68526170798899

# Replacing the missing values with the mean value

df['MasVnrArea'].fillna(df['MasVnrArea'].mean(), inplace=True)
```

19. Electrical (Electrical system)

```
# Checking for the value counts

df['Electrical'].value_counts()

SBrkr 1334

FuseA 94

FuseF 27

FuseP 3

Mix 1

Name: Electrical, dtype: int64
```

. Circuit Breakers & Romex electrical system is mostly used so we are replacing the missing value with SBrkr

Data Inputs- Logic- Output Relationships

EDA was performed by creating valuable insights using various visualization libraries.

import numpy as np import pandas as pd import seaborn as sns import matplotlib.pyplot as plt %matplotlib inline from sklearn.preprocessing import LabelEncoder, StandardScaler from sklearn.model_selection import train_test_split import warnings warnings.filterwarnings("ignore")

Software & Tools:

- a) Jupyter Notebook
- b) Python
- c) Pandas
- d) Numpy
- e) Matplotlib (used for visualization)
- f) Seaborn (used for visualization)
- g) Scikit-learn (used as algorithmic libraries)

Development and Evaluation

• Methods:

- ✓ Performed EDA (Exploratory Data Analysis).
- ✓ Data Cleaning and dropping the columns which were not contributing to the dataset.
- ✓ Handled the missing values.
- ✓ Checked for the outliers and tried to remove the outliers of the dataset.
- ✓ Checked for the skewness in the dataset and removed the skewness for better model building.
- ✓ Train- Test the dataset into independent and dependent variables.
- ✓ Model Building.

Testing of Identified Approaches (Algorithms)

Below are the algorithms used for the training and testing:

- 1) Linear Regression.
- 2) Lasso
- 3) Decision Tree Regression.
- 4) K Neighbour Regression.
- 5) Random Forest Regression.

Evaluating selected models:

1. LinearRegression: ¶

```
from sklearn.linear model import LinearRegression
LR = LinearRegression( fit_intercept = True)
LR.fit(x_train, y_train)
print(f"Linear coefficients : {LR.coef_}")
print(f"Intercept : {LR.intercept_}")
Linear coefficients : [ 8.03328015e+02 -1.19340146e+02 -4.37179268e+02 -4.82330058e+02
 5.33507676e+03 1.45874067e+03 1.07144277e+03 2.81630650e+03
-1.00174878e+03 1.46346716e+03 1.56220891e+03 -2.44967596e+02
-1.56530022e+03 -4.76366819e+03 -1.56558207e+03 1.62527912e+04
 5.34617811e+03 -1.52133719e+03 2.03824578e+02 6.36276198e+03
 1.29204204e+04 -3.31310097e+02 -2.05575965e+03 8.89946375e+02
 1.59810157e+02 -4.86914853e+03 8.81079125e+02 1.72894848e+03
 -5.18318324e+03 -3.38694984e+02 -4.62829878e+03 1.16696580e+03
 6.45614865e+03 -9.19678376e+03 -9.52719330e+03 -4.00054986e+03
 1.41440436e+04 -1.11943311e+03 -2.24885057e+03 7.81524720e+02
 -1.71043063e+03 -1.30389313e+03 -1.49218814e+02 -2.30666691e+03
 1.71694947e+04 1.62517313e+03 -1.68605436e+03 3.25099799e+03
  5.01700714e+03 -1.63394307e+03 -1.76613177e+03 -5.88504560e+03
  3.37937524e+03 3.24367604e+03 4.17102505e+03 -3.15206622e+03
  2.47775321e+03 3.21989047e+03 -2.70524274e+03 8.83444623e+03
  3.75437007e+02 -2.88203704e+03 3.16546924e+03 1.03268148e+03
 1.23663546e+03 -4.34562341e+02 -1.98628237e+02 -2.56343863e+02
  7.22343174e+02 -6.92337710e+15 -6.92337710e+15 5.87022656e+02
  5.40287087e+02 7.55021211e+00 -1.06136434e+03 -2.31728522e+02
 -1.41132880e+03 1.86576023e+03]
Intercept: 180956.48107936294
```

```
# Predicting the new result

LR_pred = LR.predict(x_test)
LR_pred
```

```
array([256716.48107936, 204204.23107936, 109856.16857936, 246401.29357936,
       107879.79357936, 184986.35607936, 337696.35607936, 139660.85607936,
       167618.41857936, 225302.10607936, 186906.79357936, 313815.98107936,
       140021.73107936, 199287.60607936, 195260.48107936, 78335.54357936,
       126657.10607936, 140280.60607936, 317595.85607936, 140201.79357936,
        83317.41857936, 195316.48107936, 168171.04357936, 198882.10607936,
       202724.48107936, 299457.85607936, 117977.48107936, 106937.54357936,
       139954.79357936, 165186.60607936, 228213.16857936, 94140.60607936,
       248583.66857936, 232501.48107936, 196442.85607936, 175321.66857936,
       176085.48107936, 146047.85607936, 242080.48107936, 144043.41857936,
       115072.23107936, 104007.04357936, 266917.35607936, 129103.85607936,
       150529.54357936, 58012.41857936, 329317.73107936, 218173.79357936,
       152245.98107936, 189484.91857936, 238531.54357936, 215465.10607936,
       286204.23107936, 343814.29357936, 113150.48107936, 254671.04357936,
       144170.10607936, 162390.48107936, 165479.60607936,
                                                            89990.98107936,
       104649.23107936, 370119.35607936, 205967.54357936, 179662.98107936,
       240843.85607936, 163529.04357936, 186592.29357936,
                                                            97815.41857936,
       241524.98107936, 141450.91857936, 86540.60607936, 295013.29357936, 206109.79357936, 58300.35607936, 373636.79357936, 177345.29357936,
       217945.23107936, 234856.29357936, 163416.16857936, 372280.10607936,
       125680.98107936, 162036.85607936, 218271.29357936, 102870.79357936,
        42980.79357936, 75225.91857936, 120956.60607936, 129975.91857936,
       143231.16857936, 94655.79357936, 217569.79357936, 53121.16857936,
       138960.66857936, 149665.54357936, 105651.04357936, 124832.60607936,
       169725.16857936, 130298.91857936, 252270.85607936, 217928.98107936,
       112547.98107936, 265156.41857936, 206056.10607936, 92962.23107936,
```

2. Lasso

```
from sklearn.linear model import Lasso
ls = Lasso()
ls.fit(x_train, y_train)
# Predicting the new results
ls_pred = ls.predict(x_test)
ls pred
array([256688.08817155, 204223.08659 , 109890.38811304, 246407.94173583,
       107883.22300311, 184983.46133061, 337732.2089803 , 139640.78262227,
       167653.44223094, 225273.71254572, 186903.86792293, 313805.20605809,
       140009.71288715, 199305.45289377, 195258.14272947, 78345.80172911,
       126658.7024441 , 140330.61824404, 317592.78030951, 140199.07543347,
       83326.89017777, 195280.652163 , 168188.21786071, 198854.3630583 ,
       202780.11892162, 299447.88839209, 117983.21397872, 106944.83319864,
       139959.51467239, 165210.80449453, 228238.55930373, 94138.70949859,
       248577.59114329, 232522.80439988, 196442.51447149, 175344.92434395,
       176073.21292545, 146084.07640641, 242039.31062706, 144058.34493572,
       115106.14068428, 104041.26742747, 266912.54877247, 129155.99982369,
       150512.22586034, 58026.86336072, 329300.00986379, 218165.85571348,
       152259.36794295, 189455.87647037, 238506.76817475, 215455.34542988,
       286183.53435009, 343797.48648858, 113115.08282487, 254682.9277769 ,
       144167.96286903, 162388.29327192, 165453.58851096, 90055.68654516,
       104648.76273926, 370135.94190307, 205968.0474855 , 179681.52820127,
       240855.42411666, 163532.67998818, 186609.47911161, 97820.99467318,
       241557.27096387, 141484.78249687, 86550.93215834, 295047.97918466,
       206117.62526479, 58308.35501493, 373599.51825468, 177342.50179593,
       217949.75045909, 234843.20172002, 163441.23378364, 372324.60782701,
       125628.17797224, 161980.34758642, 218305.97587601, 102898.58767191,
       42974.38036831, 75238.22184147, 120981.61655061, 129930.88694625,
       143254.03176356, 94639.19237423, 217531.92854144, 53096.92017722,
       138954.28729472, 149714.38014656, 105642.49533234, 124838.71934031,
       169727.88566236, 130319.23048415, 252267.60817386, 217916.3889303 ,
```

112542.45552326, 265171.79589115, 206046.18977574, 92911.10781167,

3. DecisionTreeRegressor:

```
from sklearn.tree import DecisionTreeRegressor #Importing the library
DT = DecisionTreeRegressor()
DT.fit(x train, y train)
# Predicting the new result
DT pred = DT.predict(x test)
DT_pred
array([175000., 173000., 140000., 203000., 135900., 155000., 246578.,
        89471., 215000., 205000., 206900., 317000., 120500., 201000.,
       138800., 129000., 133000., 123000., 281000., 108000., 98600.,
       202900., 140000., 172500., 235000., 317000., 135000., 140000.,
       115000., 181000., 227000.,
                                  78000., 236500., 194000., 181000.,
       192000., 172500., 167900., 262280., 133900., 128000., 102000.,
       250000., 141000., 139000., 92000., 325624., 176000., 136500.,
       200100., 222500., 250580., 311872., 306000., 116050., 236500.,
       139000., 154000., 124900., 120500., 128500., 611657., 185000.,
       167500., 226000., 175000., 132000., 109500., 224000., 155000.,
       123000., 235000., 240000., 108000., 611657., 125000., 260000.,
       154000., 137900., 437154., 89471., 82500., 272000., 121600.,
        94000., 128000., 149000., 125000., 175000., 100000., 268000.,
       85400., 142500., 168000., 116500., 129500., 169000., 142500.,
       383970., 227000., 139000., 249700., 226000., 109900., 282922.,
                                  72500., 144000., 205000., 188000.,
       278000., 192500., 190000.,
       325300., 175500., 79500., 275000., 176432., 159000., 192500.,
       191000., 140000., 192500., 191000., 169000., 201000., 250000.,
```

124500., 171750., 277500., 135000., 238000., 119500., 202500., 140000., 203000., 120500., 93000., 147400., 402000., 192000., 133000., 127000., 130000., 148000., 117000., 191000., 127000., 237000., 230000., 150500., 302000., 132000., 160000., 200500., 175000., 103000., 83500., 135500., 128000., 257000., 230000., 211000., 191000., 171750., 415298., 325000., 213500., 165500., 145000., 129000., 172500., 89471., 132500., 114500., 134500.,

4. KNeighborsRegressor:

```
from sklearn.neighbors import KNeighborsRegressor
KNN = KNeighborsRegressor(n_neighbors=2)
KNN.fit(x_train, y_train)
# Predicting the new result
KNN pred = KNN.predict(x test)
KNN pred
array([497500., 190637.5, 128500., 185850., 108500., 135250.,
       332500. , 112950. , 155450. , 196200. , 185250. , 299875. ,
       147250. , 208000. , 509985. , 104500. , 144600. ,
                                                        95691.5,
       262050. , 112000. , 103000. , 273900. , 151750. , 254500. ,
       196250., 305000., 142000., 114250., 113000., 196000.,
       293375. , 123500. , 225000. , 238250. , 146950. , 222250. ,
      158500. , 142950. , 145000. , 144750. , 115000. , 135950. ,
      301000. , 133500. , 144250. , 86000. , 307000. , 210000. ,
       143450. , 146250. , 238250. , 237790. , 214000. , 191495. ,
       95000., 221500., 125250., 155000., 145000., 117750.,
       144450. , 431966.5, 205700. , 165750. , 234750. , 157475. ,
       193125. , 111250. , 218500. , 165500. , 117750. , 331875. ,
       231500., 86000., 503044.5, 118954., 174700., 167975.,
      174000., 380500., 126700., 126450., 189700., 153500.,
       98600., 86750., 160250., 110750., 118000., 100600.,
       179950. , 97000. , 155250. , 150125. , 136750. , 161500. ,
       178750. , 137450. , 282875. , 204725. , 93691.5, 261000. ,
       192500., 97200., 230425., 270000., 190450., 113950.,
       60500. , 145000. , 183950. , 166550. , 293500. , 205250. ,
       138750., 248946.5, 109000., 230750., 187600., 228350.,
       119450., 230500., 159250., 114000., 254038.5, 209800.,
       127750. , 189000. , 318980.5, 109500. , 252000. , 151125. ,
       198600. , 138250. , 179500. , 130750. , 109000. , 145776.
       274950. , 177216. , 118504. , 122004. , 124750. , 148250. ,
       109000. , 133475. , 175100. , 255750. , 233500. , 145000. ,
       231250. , 148750. , 149950. , 192950. , 222250. , 119950. ,
```

5. RandomForestRegressor:

```
from sklearn.ensemble import RandomForestRegressor
RF = RandomForestRegressor(max_depth=2, random_state=42)
RF.fit(x_train,y_train)
# Predicting the new result
RF_pred = RF.predict(x_test)
RF_pred
array([152018.811756 , 203612.72279716, 143205.2902323 , 205982.26328349,
       143763.05656626, 209563.64111188, 205502.72175165, 150485.11194221,
       163303.81032812, 209537.30656935, 163303.81032812, 274393.6371864 ,
       148900.23334221, 206605.90343334, 150437.75412853, 128827.01487053,
       129961.13870096, 150081.71498632, 280165.71772777, 130411.89347053,
       130764.11164022, 264053.32885347, 133416.24018354, 164774.45722734,
       207448.12727862, 269602.50783888, 141930.58497411, 132727.20324515,
       162003.80344578, 164774.45722734, 262705.55632178, 129230.41182642,
       263860.1437495 , 210773.39263101, 164774.45722734, 205982.26328349,
       164774.45722734, 152800.42171683, 211870.96106693, 144582.71351743,
       162003.80344578, 144535.35570375, 273214.57011654, 129629.98780979,
       131125.93633315, 128827.01487053, 286416.32538585, 206605.90343334,
       148900.23334221, 204198.72499706, 207448.12727862, 205982.26328349,
       212920.09530163, 280966.7469931 , 150081.71498632, 263860.1437495 ,
       131546.01730096, 130764.11164022, 143763.05656626, 129629.98780979,
       128827.01487053, 333541.59011704, 206605.90343334, 152018.811756
       211397.03278086, 151619.23577264, 205502.72175165, 129646.67182171,
       165790.05581954, 131142.62034507, 129961.13870096, 278634.30287429,
       165790.05581954, 128827.01487053, 327258.96545754, 150884.68792557,
       209724.63907297, 152393.24151634, 145716.83734786, 316248.10545572,
       130811.4694539 , 150485.11194221, 165790.05581954, 129961.13870096,
       128827.01487053, 128827.01487053, 202509.54111547, 130411.89347053,
       131882.54036975, 128827.01487053, 209537.30656935, 130364.53565685,
       134933.06936497, 143112.06661822, 128827.01487053, 141538.62653175,
       165790.05581954, 130008.49651464, 216662.09041445, 262705.55632178,
SING_PRIC130364.53565685, 267496.6856693 , 205982.26328349, 129188.83956347,
```

Key Metrics for success in solving problem under consideration

Calculating Mean Absolute Error:

```
from sklearn.metrics import mean_absolute_error

print(' Mean Absolute Error for LinearRegression is ', mean_absolute_error(y_test, LR_pred),
    '\n Mean Absolute Error for the Lasso is ', mean_absolute_error(y_test, ls_pred),
    '\n Mean Absolute Error for DecisionTreeRegressor is ', mean_absolute_error(y_test, DT_pred),
    '\n Mean Absolute Error for KNeighborsRegressor is ', mean_absolute_error(y_test, KNN_pred),
    '\n Mean Absolute Error for RandomForestRegressor is ', mean_absolute_error(y_test, RF_pred))

Mean Absolute Error for LinearRegression is 22158.142691832993

Mean Absolute Error for the Lasso is 22154.59984041892

Mean Absolute Error for DecisionTreeRegressor is 25394.410256410258

Mean Absolute Error for KNeighborsRegressor is 29492.096153846152

Mean Absolute Error for RandomForestRegressor is 30094.539950999737
```

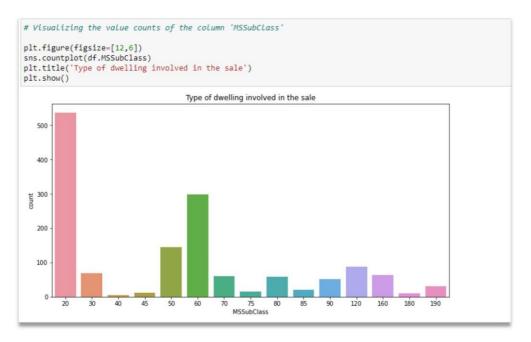
- We can see that the Mean Absilute error is least for Lasso (22154.599), so this can be considered as good model.
- Also the Mean Absolute Error for LinearRegression is (22158.14), which is almost equal to the Lasso. So, let's check for Root Mean Squared Error and R2_Score to decide the best model.

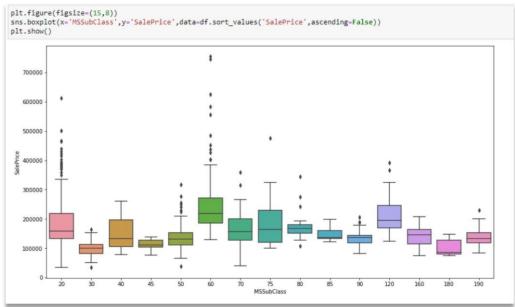
From sklearn import metrics rmse_LR = np.sqrt(metrics.mean_squared_error(y_test, LR_pred)) rmse_ls = np.sqrt(metrics.mean_squared_error(y_test, ls_pred)) rmse_DT = np.sqrt(metrics.mean_squared_error(y_test, ls_pred)) rmse_RF = np.sqrt(metrics.mean_squared_error(y_test, NNI_pred)) rmse_RF = np.sqrt(metrics.mean_squared_error(y_test, KNNI_pred)) rmse_RF = np.sqrt(metrics.mean_squared_error(y_test, KNNI_pred)) print('Root Mean Squared Error for LinearRegression is ', rmse_LR) print('Root Mean Squared Error for Lasso is ', rmse_ls) print('Root Mean Squared Error for Lasso is ', rmse_ls) print('Root Mean Squared Error for NetighborsRegressor is ', rmse_KNN) print('Root Mean Squared Error for RandomForestRegressor is ', rmse_RF) Root Mean Squared Error for Lasso is 32890.06525455999 Root Mean Squared Error for Lasso is 32896.55457436603 Root Mean Squared Error for RootionTreeRegressor is 54358.71132123481 Root Mean Squared Error for RootionTreeRegressor is 54358.71132123481 Root Mean Squared Error for RandomForestRegressor is 44644.049167381185 • We can see that the root mean square error is minimum for Lasso. So, we can say that Lasso is the best fit model. Let's check r2 score for more accurate decision.

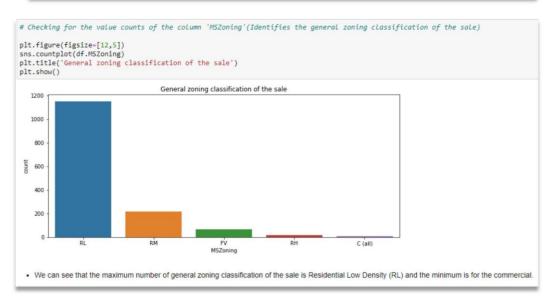
R-Squared:

Visualizations

```
Data Visualization:
# Checking for the value counts of column 'MSSubClass'
df['MSSubClass'].value_counts()
20
    536
60
       299
50
      144
120
       87
30
       69
160
       63
70
       60
80
       58
90
       52
190
       30
85
       20
75
       16
       12
45
180
       10
40
        4
Name: MSSubClass, dtype: int64
```







```
# Let's check the effect of zoning classification on the sale price.
plt.figure(figsize=[12,8])
sns.catplot(x='MSZoning', y='SalePrice',data=df.sort_values('SalePrice',ascending=False), kind='boxen')
plt.title('General zoning classification and the sale prices')
plt.show()
<Figure size 864x576 with 0 Axes>
           General zoning classification and the sale prices
   600000
   500000
   400000
   300000
   200000
   100000
        0
              RL
                        RM
                                           RH
                                                   C (all)
                              MSZoning
Observations:

    For Residential Low Density (RL), the maximum prices are ranging between 50,000 to 4,00,000.

 • For Floating Village Residential (FV), the maximum prices are ranging between 150000 to 250000.
```



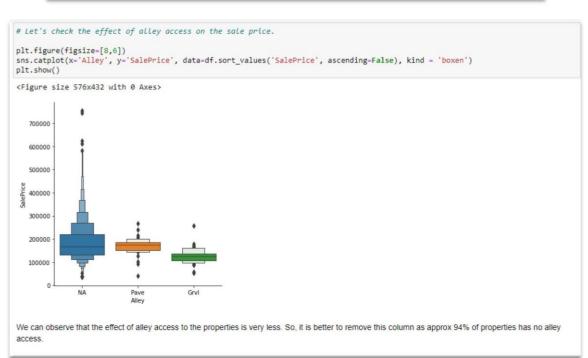
```
# Let's check for the alley access to property

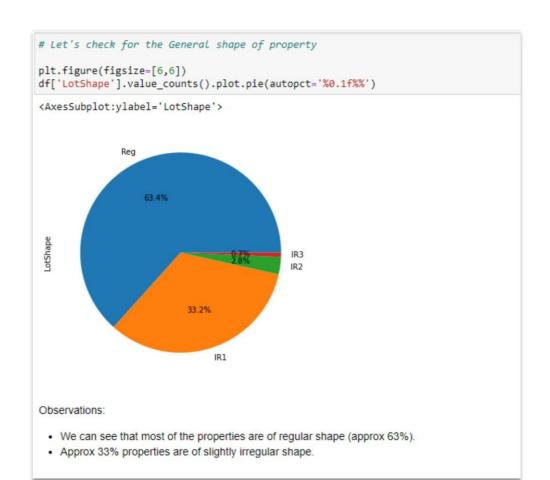
plt.figure(figsize=[6,6])
df['Alley'].value_counts().plot.pie(autopct='%0.1f%%')

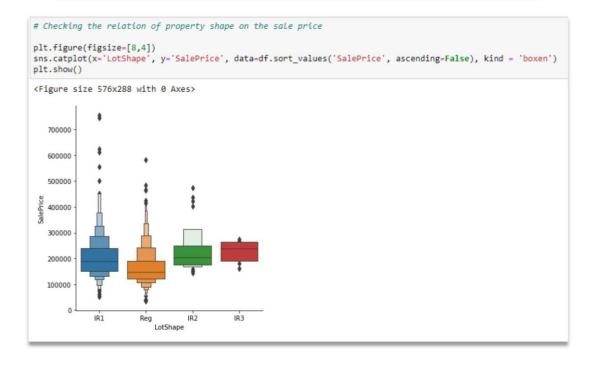
<AxesSubplot:ylabel='Alley'>

Pave
Grvl

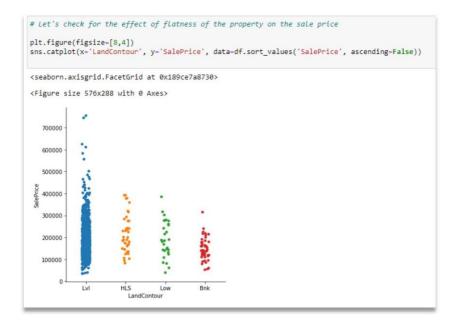
• We can see that approx 94% property have no alley access.
```







```
# Let's check for the Flatness of the property
plt.figure(figsize=[8,4])
sns.countplot(df['LandContour'])
<AxesSubplot:xlabel='LandContour', ylabel='count'>
   1200
   1000
    800
   600
    400
    200
     0
              LvI
                              Bnk
                                              HLS
                                                              Low
                                   LandContour
 · Most of the properties are of near flat level
```



```
# Let's check for the type of utilities available in the property
plt.figure(figsize=[6,6])
df['Utilities'].value_counts().plot.pie(autopct='%0.1f%%')
<AxesSubplot:ylabel='Utilities'>
```

2 到Pub 99.9% 0.1% NoSeWa

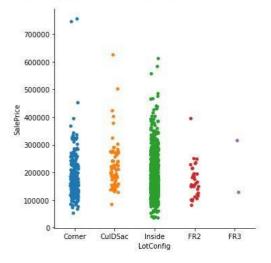
We can see that approx 100% properties have all public Utilities (E,G,W,&S). So, we can drop this column as this will not contribute to the dataset in the model building.

```
# Let's check for the lot configuration
plt.figure(figsize=[6,6])
df['LotConfig'].value_counts().plot.pie(autopct='%0.1f%%')
<AxesSubplot:ylabel='LotConfig'>
         Inside
                  72.1%
 LotConfig
                                                 FR3
                                                 FR2
                                    6.4%
                                               CulDSac
                              18.0%
                                   Corner
 · Approx 72% properties have inside lot configuration.
 · 18% properties have corner lot.
 · Only 0.3% properties have frontage on 3 sides of property.
```

```
# Checking for the Lot configuration and its effect on the sale pricing.
plt.figure(figsize=[6,4])
sns.catplot(x='LotConfig', y='SalePrice', data=df.sort_values('SalePrice', ascending=False))
```

<seaborn.axisgrid.FacetGrid at 0x189ce3c6640>

<Figure size 432x288 with 0 Axes>



```
# Let's check for the slope of the property

plt.figure(figsize=[6,6])

df['LandSlope'].value_counts().plot.pie(autopct='%0.1f%%')

<AxesSubplot:ylabel='LandSlope'>

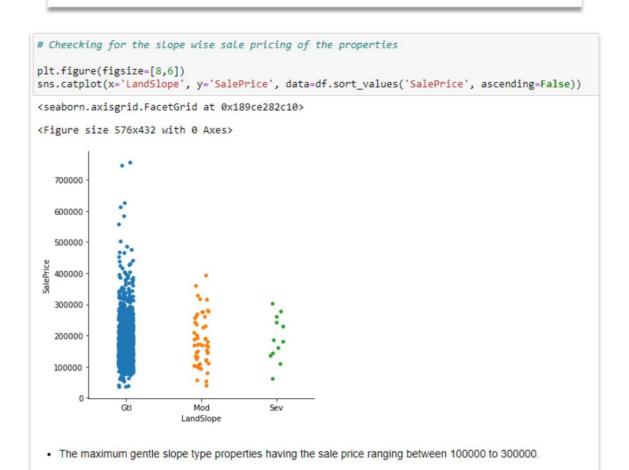
94.7%

99%
45%

Mod

Approx 95% properties having gentle slope.

Only approx 1% properties having severe Slope and 4.5% properites having moderate slope.
```





```
# Checking for the value counts of type of dwelling

df['BldgType'].value_counts()

1Fam 1220
TwnhsE 114
Duplex 52
Twnhs 43
2fmCon 31
Name: BldgType, dtype: int64
```

- · Single-family Detached dewlling is most popular.
- . Two-family Conversion; originally built as one-family dwelling is least popular.

```
# Checking for the value counts of the style of dwelling
df['HouseStyle'].value_counts()
1Story
          726
2Story
1.5Fin
          154
           65
37
SLV1
SFoyer
1.5Unf
           14
2.5Unf
           11
2.5Fin
Name: HouseStyle, dtype: int64
```

- One story style of houses are most popular.
- Two and one-half story: 2nd level finished style of house is least popular.

Checking for the value counts of the Rates the overall material and finish of the house df['OverallQual'].value_counts() 397 5 6 374 319 8 168 4 9 116 43 3 20 10 18

Name: OverallQual, dtype: int64

- · Most of the houses are rated 5 which means the overall material and finish of the houses are average and above average.
- · Very few houses was rated 1 which says the overall material and finish of very few houses are very poor.

```
# Checking for the value counts of the rates the overall condition of the house

df['OverallCond'].value_counts()

5    821
6    252
7    205
8    72
4    57
```

2 5 1 1 Name: OverallCond, dtype: int64

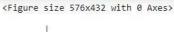
3

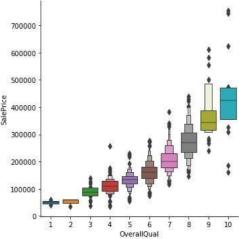
9

25

22

- Most of the houses are rated average and above average for the overall condition of the house.
- None of the houses got the ratings of very excellent.





Notations:

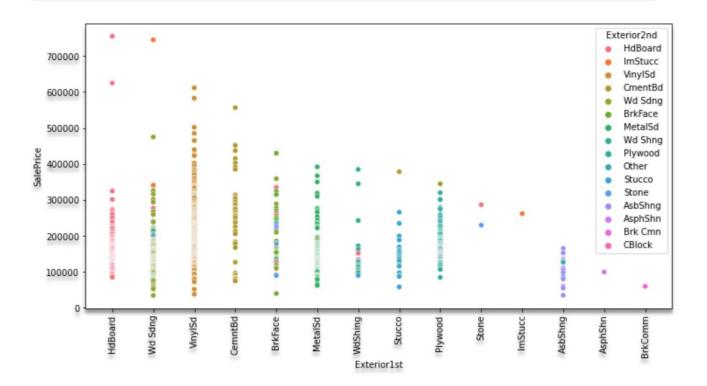
- 1: Very Poor
- 2: Poor
- 3: Fair
- 4: Below Average
- 5: Average
- 6: Above Average
- 7: Good
- · 8: Very Good
- 9: Excellent
- 10: Very Excellent
- $\bullet\,$ We can see that as the ratings are increasing the price of the property is also increasing.

· Maximum houses having Gable type of roof.

```
# Checking for the value counts of the material used for the roof.
df['RoofMatl'].value_counts()
          1434
CompShg
Tar&Grv
            11
WdShngl
             6
WdShake
             5
ClyTile
              1
Roll
              1
Metal
              1
Membran
              1
Name: RoofMatl, dtype: int64
```

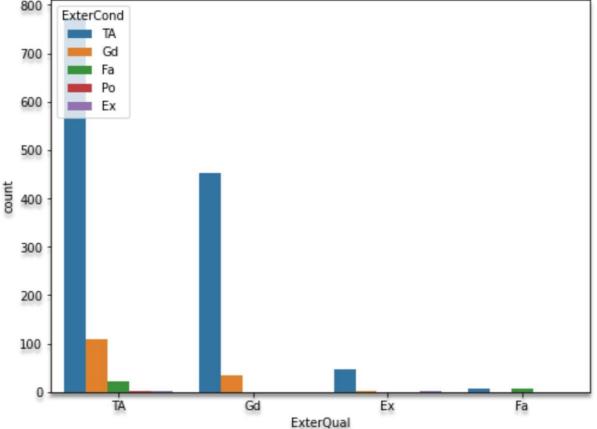
. Maximum houses having the roof which is made up of Standard (Composite) Shingle

Let's check for the effect of roof on the sale price plt.figure(figsize=[12,6]) sns.scatterplot(x='RoofStyle', y='SalePrice', hue = 'RoofMatl', data = df.sort_values('SalePrice', ascending=False)) plt.show() RoofMatl WdShngl 700000 CompShg WdShake Tar&Grv 600000 Membran Metal ClyTile 500000 Roll 400000 300000 200000 100000 0 Gable Hip Flat Mansard Gambrel Shed RoofStyle . We can see that the most of the roof are made up of Standard (Composite) Shingle. · The highest price of the house having Gable roof type and the material of the roof is Wood Shingles.



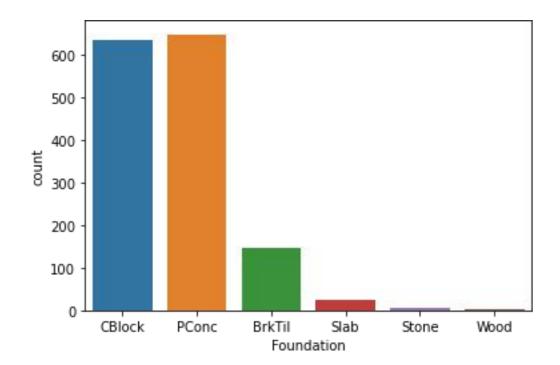
Let's check for the value counts of the masonry veneer type df['MasVnrType'].value_counts() None 872 BrkFace 445 Stone 128 BrkCmn 15 Name: MasVnrType, dtype: int64

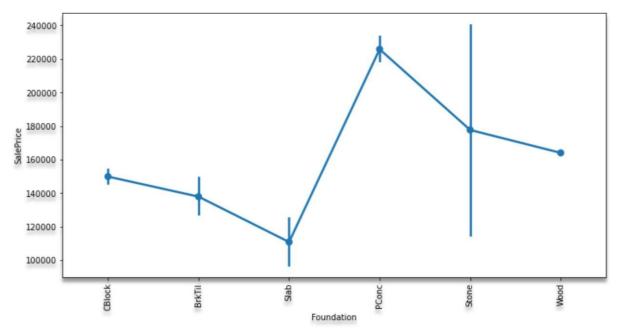
```
· Most of the houses have no masonry veneer.
# Let's check for the sale price based on the masonry veneer
plt.figure(figsize=[10,4])
sns.scatterplot(x='MasVnrArea', y='SalePrice', hue = 'MasVnrType', data = df.sort_values('SalePrice', ascending=False))
<AxesSubplot:xlabel='MasVnrArea', ylabel='SalePrice'>
                                                                                   MasVnrType
   700000
                                                                                      None
Stone
   600000
                                                                                      BrkCmn
   500000
   400000
   300000
   200000
   100000
                      200
                                400
                                         600
                                               800
MasVnrArea
                                                           1000
                                                                     1200
                                                                               1400
                                                                                        1600
     800
              ExterCond
                       TA
                       Gd
     700
```



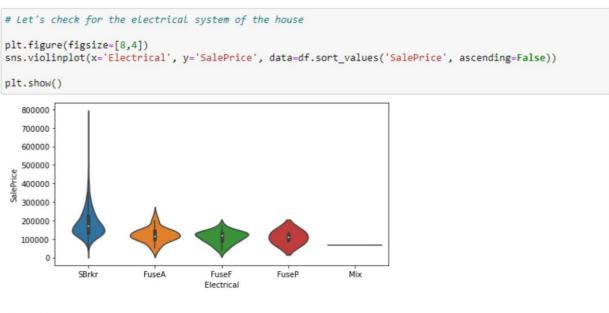
Notations:

- Ex Excellent
- Gd Good
- TA Average/Typical
- Fa Fair
- Po Poor
 - Most of the houses are of average/typical quality of the material on the exterior.
 - · None houses have poor quality of material on the exterior.





```
# Let's check for the central air conditioning
df['CentralAir'].value_counts()
     1365
N
       95
Name: CentralAir, dtype: int64
 · Most of the houses having central air conditioning
# Checking for the price of the houses on the basis of air conditioning
plt.figure(figsize=[8,4])
sns.violinplot(x='CentralAir', y='SalePrice', data=df.sort_values('SalePrice', ascending=False))
plt.show()
   800000
   700000
   600000
   500000
   400000
   300000
   200000
   100000
       0
                                     CentralAir
 · Houses having the option of central air conditioning have more price.
```



Notation:

- · SBrkr Standard Circuit Breakers & Romex
- · FuseA Fuse Box over 60 AMP and all Romex wiring (Average)
- · FuseF 60 AMP Fuse Box and mostly Romex wiring (Fair)
- FuseP 60 AMP Fuse Box and mostly knob & tube wiring (poor)
- Mix Mixed
 - Most of the houses are having the electrical system of standard circuit breakers and romex.

Let's check value count for the home functionality (Assume typical unless deductions are warranted)

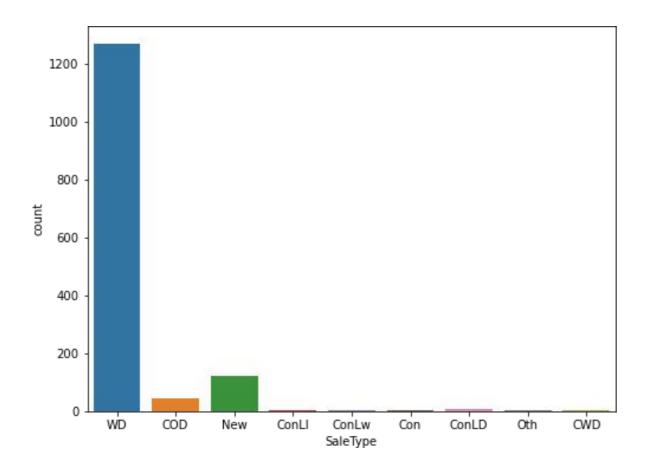
df['Functional'].value_counts()

Тур	1360	
Min2	34	
Min1	31	
Mod	15	
Maj1	14	
Maj2	5	
Sev	1	

Name: Functional, dtype: int64

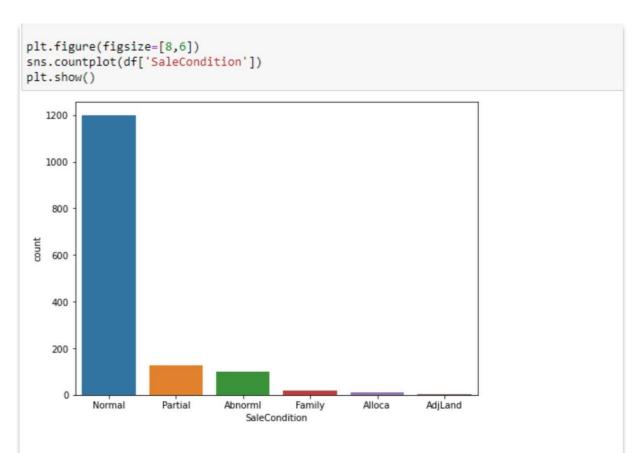
Notations:

- Typ Typical Functionality
- Min1 Minor Deductions 1
- Min2 Minor Deductions 2
- Mod Moderate Deductions
- Maj1 Major Deductions 1
- Maj2 Major Deductions 2
- · Sev Severely Damaged
- Sal Salvage only
 - · Maximum home have typical functionality.



Notation:

- · WD Warranty Deed Conventional
- · CWD Warranty Deed Cash
- · VWD Warranty Deed VA Loan
- · New Home just constructed and sold
- COD Court Officer Deed/Estate
- · Con Contract 15% Down payment regular terms
- · ConLw Contract Low Down payment and low interest
- · ConLl Contract Low Interest
- ConLD Contract Low Down
- Oth Other
 - Most of the sale type are Warranty Deed Conventional.



Notation:

- · Normal Normal Sale
- · Abnorml Abnormal Sale trade, foreclosure, short sale
- · AdjLand Adjoining Land Purchase
- · Alloca Allocation two linked properties with separate deeds, typically condo with a garage unit
- · Family Sale between family members
- Partial Home was not completed when last assessed (associated with New Homes)
 - Most of the sale are normal sale.

CONCLUSION

- Key Findings and Conclusions of the given dataset:
 - ✓ MS Sub Class seems to have the biggest impact on House Prices, followed by Basement Full Bath and Basement Half Bath.
 - ✓ Other than the Basement related features, Condition 2, Exterior Quality and Lot Area are some of the other important features.

