

**Project name : Car Price Prediction**

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Objective: Predict car prices (msrp) from car features (make, model, year, mileage, engine, fuel\_type, transmission, etc.). Use EDA, feature engineering, robust modeling, and evaluation. Deliverables: cleaned dataset, trained models, evaluation metrics, and recommendations.

## **1. Project Overview**

- Problem type: Regression (predict continuous target msrp).
- Success metrics: Primary — Root Mean Squared Log Error (RMSLE) or RMSE on  $\log_{1p}(\text{msrp})$ ; Secondary — MAE,  $R^2$ .
- Data assumptions: Typical columns: 'engine\_hp', 'engine\_cylinders', 'highway\_mpg', 'city\_mpg', 'popularity'
- Missing values handling.
- Dtypes (convert to numeric where possible)
- Obvious anomalies (negative mileage, unrealistic years)

## **2. Exploratory Data Analysis (EDA)**

### **3. Data Visualization:**

### **4. Numeric feature analysis**

- Correlation matrix (heatmap). Look at correlations with msrp.
- Scatterplots: mileage vs msrp, year vs msrp, engine\_size vs msrp.
- Boxplots per year or per top brands to visualize spread/outliers.

### **5. Categorical feature analysis**

- Top make by count and mean price.
- fuel\_type and transmission price differences (boxplots).

- Frequency tables for rare categories — consider grouping.

## 6. Missing values and outliers

- Table: count and % missing per column.
  - Strategy: Impute numerics with median; categorical with mode or new category "Unknown".
  - For outliers: clip or remove entries beyond logical thresholds (e.g.,  $\text{msrp} > 10000$  depending on data).
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## 7. Data Cleaning & Feature Engineering

- Lowercase and underscore column names: `df.columns = df.columns.str.lower().str.replace(' ', '_')`.
- Convert types: `df['year'] = df['year'].astype(int)` where valid.
- Remove duplicates: `df = df.drop_duplicates()`.

## 8. Handle missing values

- Numeric: `df[num_cols] = df[num_cols].fillna(df[num_cols].median())`.
- Categorical: `df[cat_cols] = df[cat_cols].fillna('Unknown')`.

## 9. Target transform

- Use `y = np.log1p(df['msrp'])` for model stability.

## 10. Derived features

- `age = current_year - year` (or dataset year)
- `mileage_per_year = mileage / (age + 1e-6)`
- `is_luxury = make.isin(['bmw', 'mercedes', 'audi', 'lexus'])` (example)
- `brand_model = make + '_' + model` (useful but high-cardinality)

## 11. . Train/Validation/Test Split

Use reproducible shuffle-split by index:

## **12. . Model Evaluation**

Report metrics on validation and final test set:

- RMSE on  $\log_{10}(\text{msrp})$  (primary)
- MAE and  $R^2$
- If required, back-transform predictions:  $\text{pred\_price} = \text{np.expml}(\text{pred\_log})$  and compute RMSE/MAE on the original scale.

Provide error analysis:

- Residual plots vs year, mileage, make

## **Topics are covered in this project:**

- Preparation data and do EDA ( Exploratory Data Analysis).
- Use linear regression for predicting price.
- Understanding the internals of Linear Regression
- Evaluating the model with RMSE
- Feature Engineering
- Regularization
- Linear\_regrassion From Scrattch
- Linear\_regression From Vector

