

# Ames Housing Sale Price Predictions

Breakout Room 5:

Prerak

Song Yuan

Shandeep

Will

Fadhil



# Problem Statement and Objective:

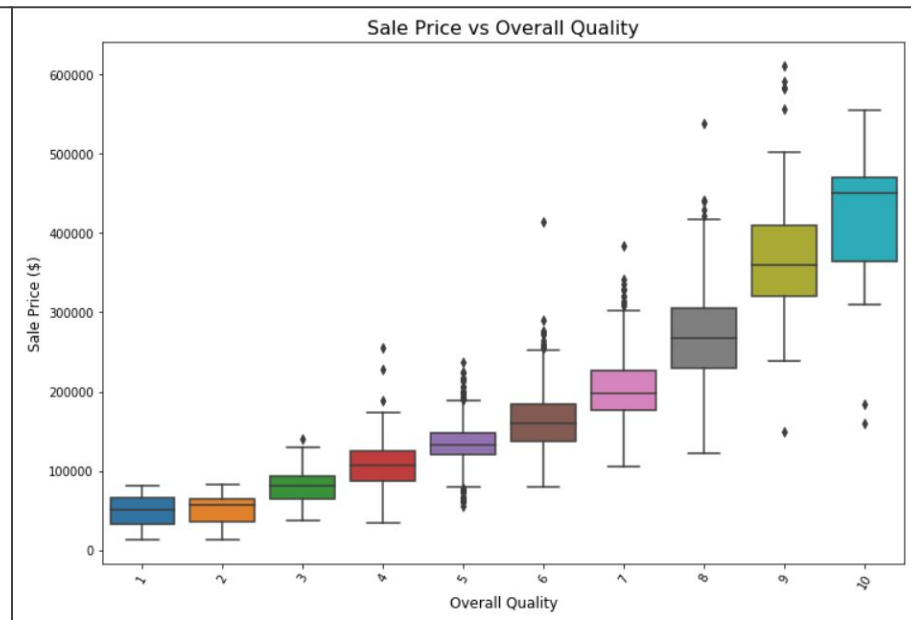
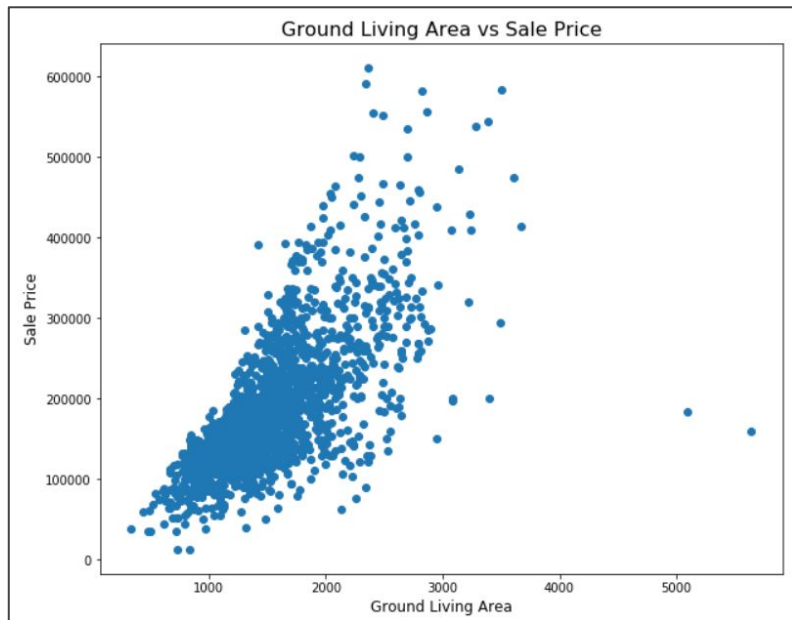
- When houses go on sale, buyers want to get as sense of what kind of houses can fit within their budget.
- Each buyer has their own preferences and aspects they wish to forgo when considering their budget.
- Our Objective is to **create a model, identifying the key features and predict housing sale prices, to make better recommendations.**





# EDA

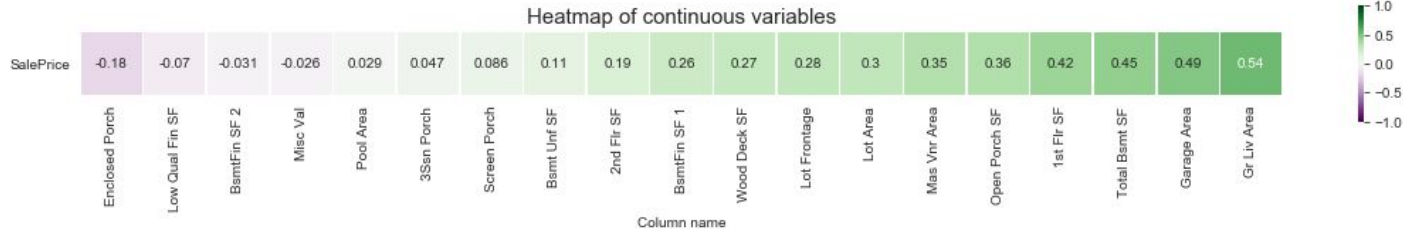
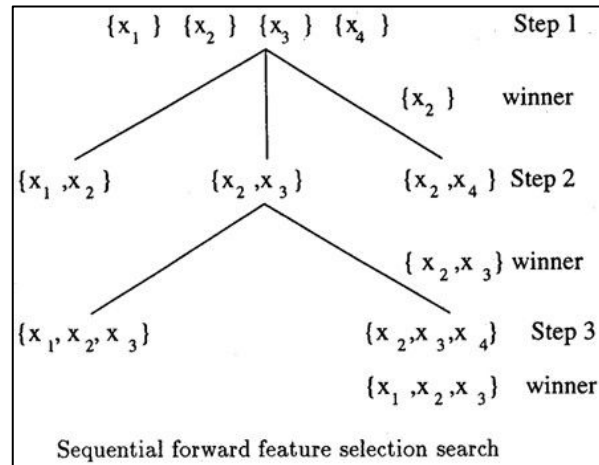
- We picked our features using visual representations against Sale Price
- We also used a correlation matrix to filter out aspects that had little influence on the prices
- Dropped outliers, ground floor area above 4000 sqft



# Feature Selection techniques

- Correlation Matrix
- Recursive Feature Elimination with Cross-Validation
- Sequential Forward Selection (SFS from mlxtend package)

[\[source\]](#)



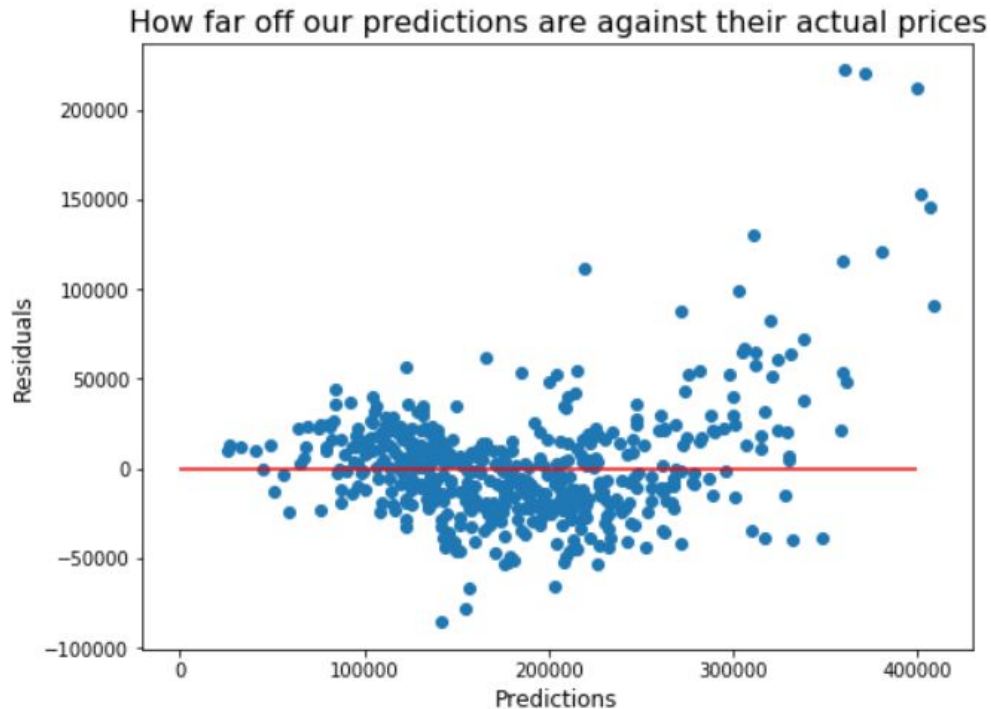


# Model Evaluation

- Lasso Model selected

Model Type	$R^2$	RMSE
Simple Linear	0.878372	26690.26
Lasso	0.879434	26571.65
Ridge	0.878543	26673.27

# How does the model fare?



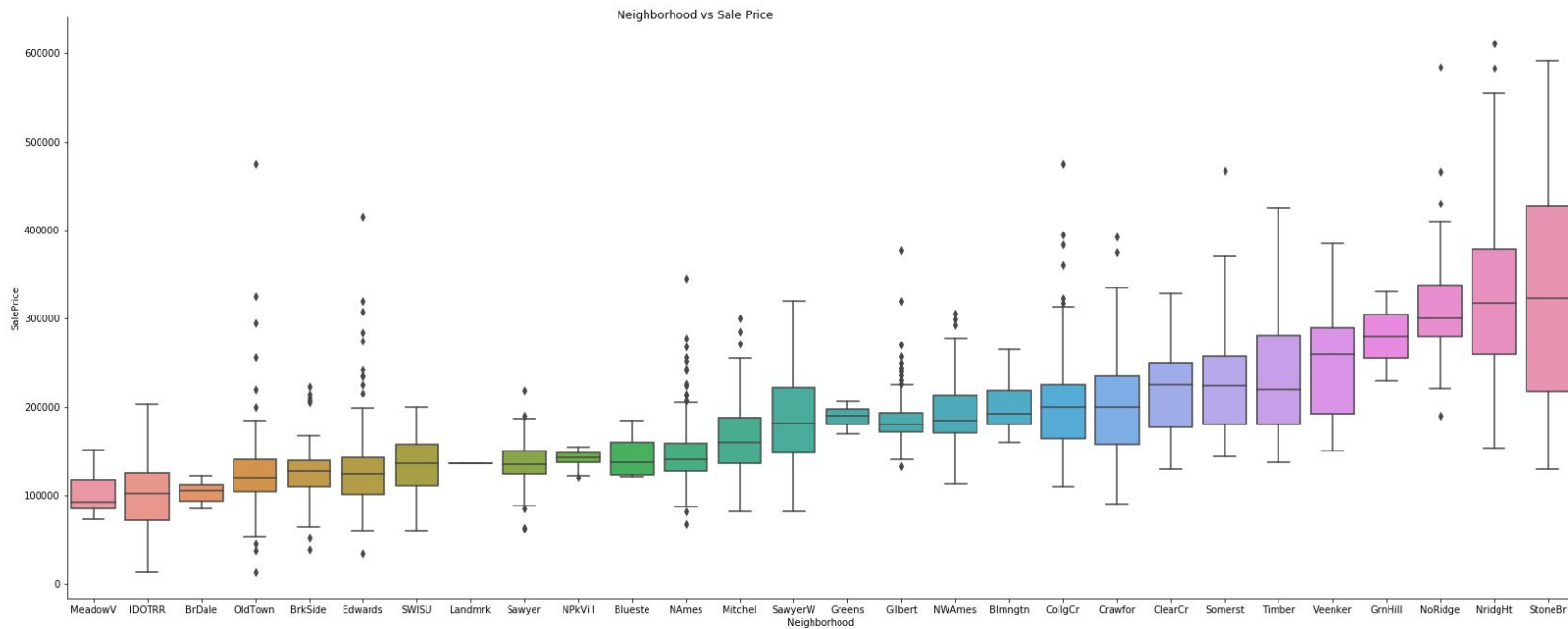
- Residuals represent the difference between our predictions and actual prices
- The closer they are to zero, the more accurate our predictions are
- Majority of our predictions seem to be around  $\pm 30000$



# **Business Questions**

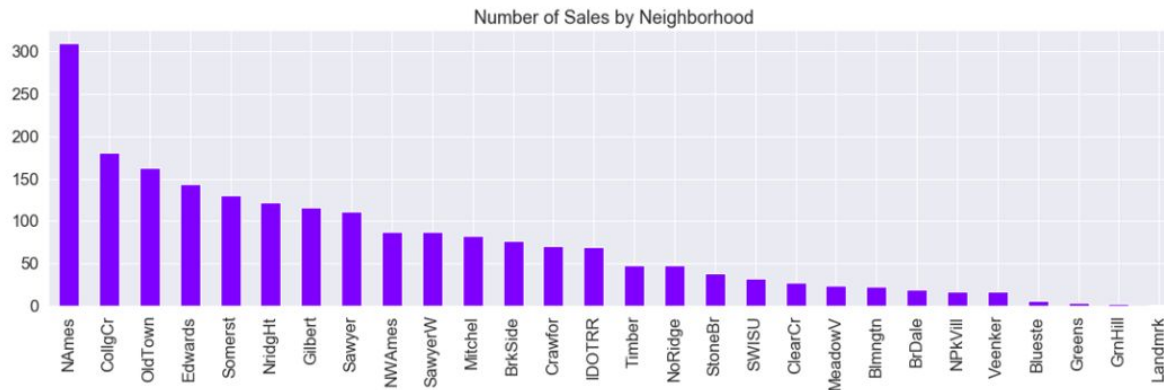
- 1) Most valued features: Ground Living Area size and Overall Quality of the house**
- 2) What house improvements: Exterior features like Mason Veneer Area, Roof style, open porch, wooden deck**
- 3) What are the good neighborhoods: Stone Brook, Northridge, Bloomington, Bluestem**
- 4) Can it be used on other cities:**
  - a) can be used for cities that are similar to Ames**
  - b) only used as a guide for cities that are different to Ames**

# Neighborhood vs Sale Price

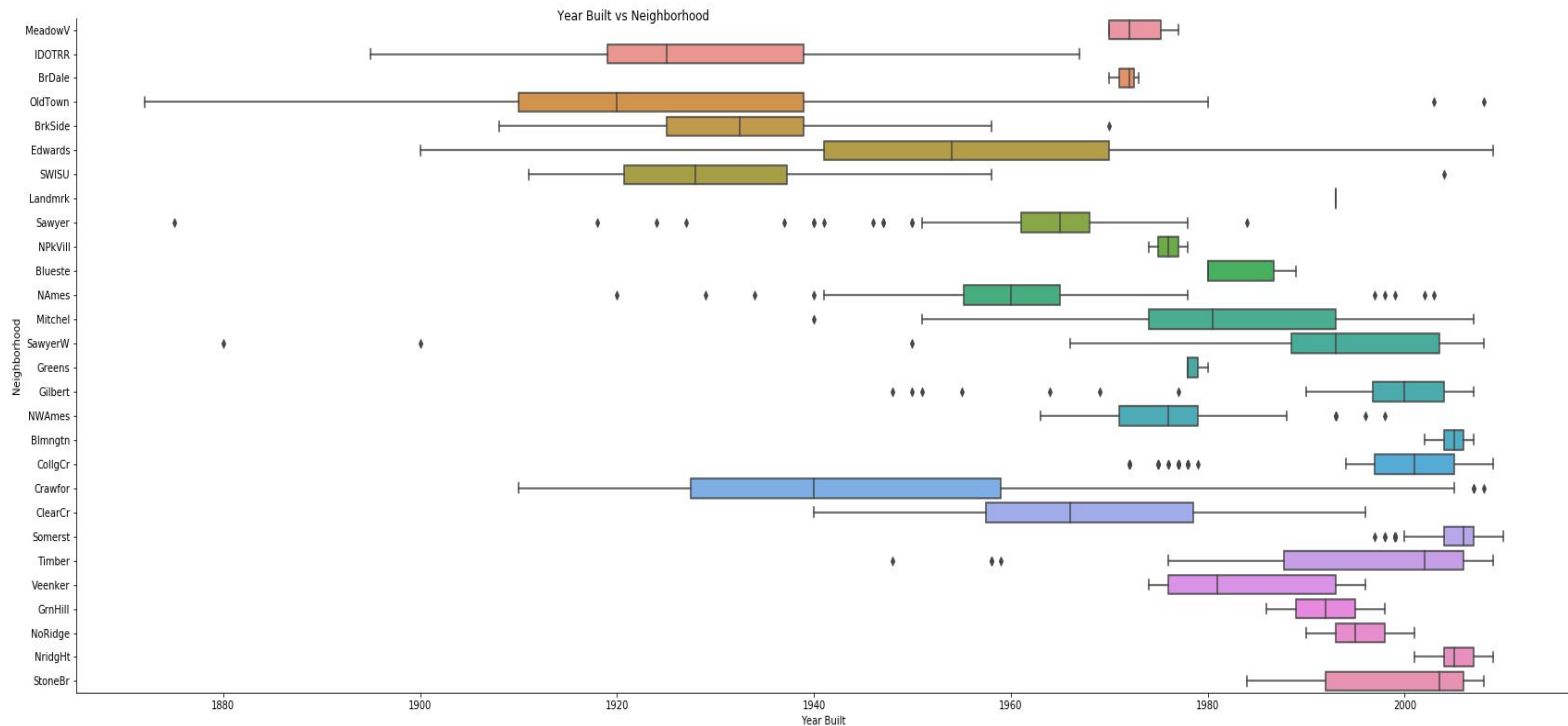




# Neighborhood vs Sale Price



# Year Built vs Neighborhood





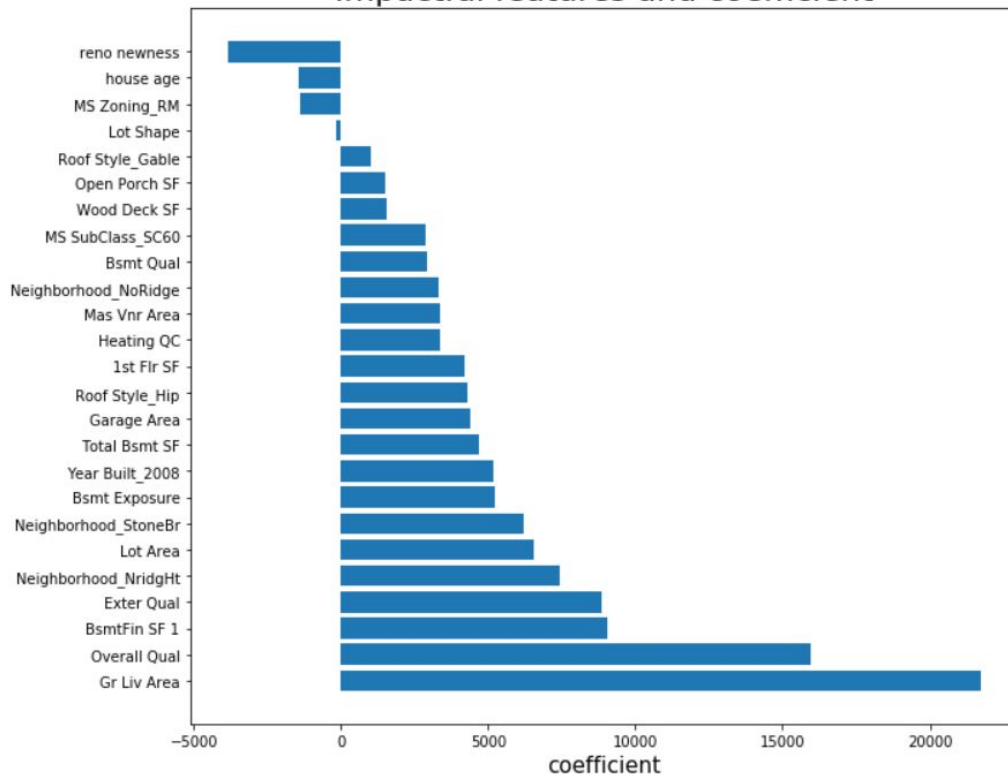
# Research

- 1) Ames, Iowa is a small university town.
- 2) Population less than 100,000 pax
- 3) Iowa State university is top employer
- 4) Average Annual Temperature is 10 degrees celsius
- 5) Research shows price increase in housing near universities



# Coefficients

Impactful features and coefficient



# Conclusion

- Our model consists of a myriad of features we found to be significant and below are the top 5 most significant ones.
- Other features would have negligible impact on the Sale Price, so you can maximise those as much as you want!



Features	Coefficient
Gr Liv Area	18878.124116
Overall Qual	18672.804359
Exter Qual	9894.967844
Total Bsmt SF	9524.907871
Garage Area	8512.469205



# **Recommendation**

**Analysis shows: distance from the university impacts sale price of houses.**

**We recommend that for our model to be more accurate for other cities, information needed:**

- 1) Distance from facilities such as universities**
- 2) Weather**
- 3) Economic activity**
- 4) Demographics**



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Thank you!