

# HOUSING: PRICE PREDICTION

Submitted by:

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## **ACKNOWLEDGMENT**

First I would like to thank the Almighty for his wonderful presence with me throughout this project and helped me to make it as a successful one.

For my internship I had the pleasure of working at FILP ROBO Was a great chance for acquired knowledge, personal and Professional development. I extend whole hearted thanks to FILP ROBO under whom I worked and learned a lot and for enlightening me with their knowledge and experience to grow with the corporate working

This is a great pleasure to express my deep sense of gratitude and thanks to SME for his valuable ideas, instantaneous help, effective support and continued encouragement which enabled for the successful completion of the project. I also like to thank the data trained mentors and Technical team members for helping me with technical queries.

These are the following website which I referred for the references.

- 1. https://scikit-learn.org/
- 2. <a href="https://kaggle.com">https://kaggle.com</a>
- 3. <a href="www.google.com">www.google.com</a>
- 4. www.geeksforgeeks.org

# **INTRODUCTION**

# • Business Problem Framing

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.

A US-based housing company named Surprise Housing has decided to enter the Australian market. The company uses Logistic Regression is a part of the Supervised Learning method of Machine Learning. It is a statistical method for the analysis of a dataset. It has one or more independent variables that determine an outcome. There is one basic difference between Linear Regression and Logistic Regression which is

that Linear Regression's outcome is continuous whereas Logistic Regression's outcome is only limited. Here, the outcome represents a dependent variable.

# • Conceptual Background of the Domain Problem

Real estate plays an integral role in the U.S. economy. Residential real estate provides housing for families. It's the greatest source of wealth and savings for many Americans. Commercial real estate, which includes apartment buildings, creates jobs and spaces for retail, offices, and manufacturing.

The value of property also depends on the proximity of the property, its size its neighbourhood and audience for which the property is subjected to be sold. For example if audience is mainly concerned of commercial purpose. Then the property which is located in densely populated area will be sold very fast and at high prices compared to the one located at remote place. Similarly if audience is concerned only on living place then property with less dense area having large area with all services will be sold at higher prices.

The company is looking at prospective properties to buy houses to enter the market. We are required to build a model using Machine Learning in order to predict the actual value of the prospective properties and decide whether to invest in them or not.

#### • Motivation for the Problem Undertaken

To understand real world problems where Machine Learning and Data Analysis can be applied to help organizations in various domains to make better decisions with the help of which they can gain profit or can be escaped from any loss which otherwise could be possible without the study of data. One of such domain is Real Estate.

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.

# **Analytical Problem Framing**

#### • Mathematical/ Analytical Modeling of the Problem

Regardless of where you stand on the matter of Data Science sexiness, it's simply impossible to ignore the continuing importance of data, and our ability to analyze, organize, and contextualize it. Drawing on their vast stores of employment data and employee feedback, Glassdoor ranked Data Scientist #1 in their 25 Best Jobs in America list. So the role is here to stay, but unquestionably, the specifics of what a Data Scientist does will evolve. With technologies like Machine Learning becoming ever-more common place, and emerging fields like Deep Learning gaining significant - Data Scientists continue to ride the crest of an incredible wave of innovation and technological progress.

While having a strong coding ability is important, data science isn't all about software engineering (in fact, have a good familiarity with Python and you're good to go). Data scientists live at the intersection of coding, statistics, and critical thinking. As Josh Wills put it, "data scientist is a person who is better at statistics than any programmer and better at programming than any statistician." I personally know too many software engineers looking to transition into data scientist and blindly utilizing machine learning frameworks such as TensorFlow or Apache Spark to their data without a thorough understanding of statistical theories behind them. So comes the study of statistical learning, a theoretical framework for machine learning drawing from the fields of statistics and functional analysis.

It is important to understand the ideas behind the various techniques, in order to know how and when to use them. One has to understand the simpler methods first, in order to grasp the more sophisticated ones. It is important to accurately assess the performance of a method, to know how well or how badly it is working. Additionally, this is an exciting research area, having important applications in science, industry, and finance. Ultimately, statistical learning is a fundamental ingredient in the training of a modern data scientist

#### • Data Sources and their formats

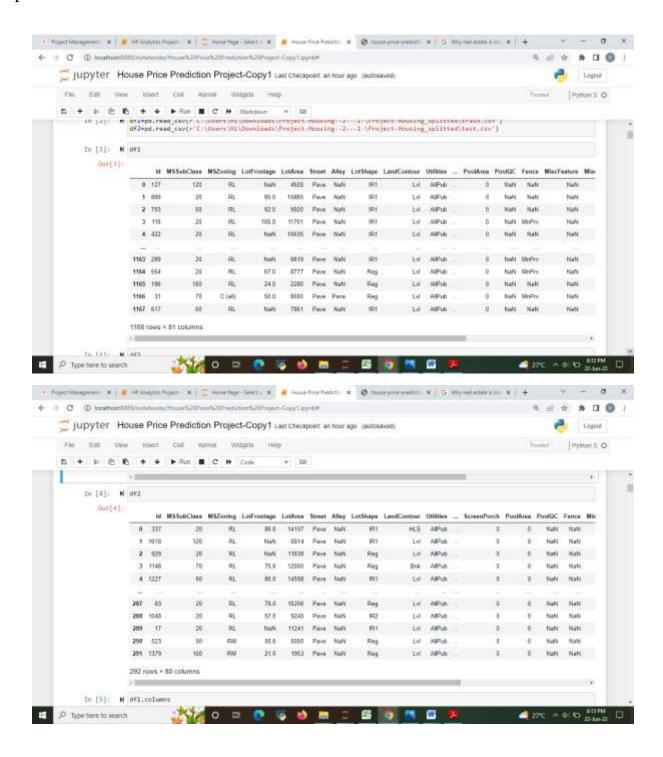
Data files are get from Flip Robo. The data is provided in the CSV file they are test.csv, train.csv file. A detailed description of data also give to know about each attribute in dataset in a 'txt' file format.

They are totally 1168 rows and 81 columns in a train.csv file. 292 rows and 80 columns in test.csv file. Our target is to find the insights of the data and to do thorough data analysis.

We have to import libraries necessary for data analysis. After we have to uploading the data using the excel file provided in two different Data Frames

- ➤ df1-train.csv file
- ➤ df2- test.csv file

#### snapshot of the data set



# • Data Pre-processing Done

The raw data is taken and performed various steps to reduce skewness, outlier, class imbalance and scaling.

a) Checking missing value from the data set.

There were null value was present in the dataset but there are some outliers which also get too removed.

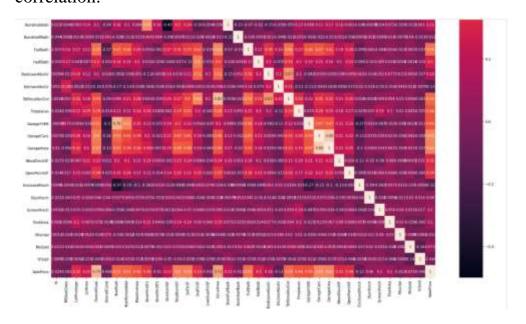
We drop large number of missing value columns. some other columns have null values these are Filled by mean ,median and mode.

#### b) **CORRELATION**

Correlation between all the columns in the datasets.

In the correlation Heat map, we have the following observations:

- Most of the high correlation factors are FireplaceQu, GarageType, GarageYrBlt, GarageFinish, GarageCars, GarageArea.
- GarageYrBlt and EnclosedPorch has the lowest correlation.
- YearBuilt, OverallQual, GrLivArea and MasVnrArea have high correlation.



Many outlier removal and skewness removal methods are tested and best method Is chosen in order to prevent data loss.

# • Hardware and Software Requirements and Tools Used

Hardware used for doing the project is a 'Laptop' with high end specification and stable internet connection while coming to the software part I had used 'python jupyter notebook' for do my python program and data analysis.

Excel file and Microsoft excel are required for the data handling. In jupyter notebook I had imported lot of python libraries are carried to this project.

- 1.Pandas-a library which is used to read the data ,visualisation and analysis of data.
- 2. Numpy-used for working with array and various mathematical operations in python.
- 3.Seaborn-visualization for plotting different type of plot.
- 4.Matplotlib- It provides an object-oriented API for embedding plots into applications .

# Model/s Development and Evaluation

# problem-solving approaches

Classification Model with following algorithms

- Linear Regression
- Random forest Regression
- Decision Tree Regression
- SVM
- Gradient Boosting Regression

#### **Evaluation metrics**

- Mean Absolute error
- Mean square error
- Root mean squared error
- Variance
- R2 score

# **Testing of Identified Approaches (Algorithms)**

All the algorithms used for the training and testing.

- LR= Linear Regression()
- DT=Decision Tree Regressor()
- RF=Random Forest Regressor()
- svr=SVR()
- GBR=GradientBoostingRegressor()

#### Run and Evaluate selected models

Describe all the algorithms used along with the snapshot of their code and what were the results observed over different evaluation metrics.

#### 1.LinearRegression

```
from sklearn.metrics import r2_score
            from sklearn.model selection import train test split
            from sklearn.model_selection import cross_val_score
            from sklearn.linear_model import LinearRegression
            from sklearn import metrics
In [60]: ► LR=LinearRegression()
            LR.fit(x_train,y_train)
            print(LR.score(x_train,y_train))
            LR_predict=LR.predict(x_test)
            0.883698026309843
print('Mean Squared Error: ',metrics.mean_squared_error(y_test,LR_predict))
            print('Root Mean Squared Error: ',np.sqrt(metrics.mean_squared_error(y_test,LR_predict)))
print('Explained Variance Score: ',metrics.explained_variance_score(y_test,LR_predict))
            print('r2_score:',r2_score(y_test,LR_predict))
            Mean Absolute Error: 0.08755197195731042
            Mean Squared Error: 0.012712522979371475
            Root Mean Squared Error: 0.11274982474208763
Explained Variance Score: 0.9218198222757136
            r2 score: 0.921768284429249
```

## 2.Random Forest Regressor

#### 3. Decision Tree

```
In [64]: | from sklearn.tree import DecisionTreeRegressor
           DTR=DecisionTreeRegressor()
           DTR.fit(x_train,y_train)
           print(DTR.score(x_train,y_train))
           DTR_PRED=DTR.predict(x_test)
           1.0
print('Root Mean Squared Error: ',np.sqrt(metrics.mean_squared_error(y_test,DTR_PRED)))
           print('Explained Variance Score: ',metrics.explained_variance_score(y_test,DTR_PRED))
           print('r2_score:',r2_score(y_test,DTR_PRED))
           Mean Absolute Error: 0.14492756756427871
           Mean Squared Error: 0.042908498381006153
           Root Mean Squared Error: 0.20714366604124335
           Explained Variance Score: 0.7359943810572049
           r2 score: 0.7359449854007762

    ★ from sklearn.svm import SVR
```

#### 4.SVR

```
In [66]:
               svr=SVR()
               svr.fit(x_train,y_train)
               print(svr.score(x_train,y_train))
               svr_predict=svr.predict(x_test)
               0.8639244509050528
In [67]: M print('Mean Absolute Error: ',metrics.mean_absolute_error(y_test,svr_predict))
               print('Mean Squared Error: ',metrics.mean_squared_error(y_test,svr_predict))
              print('Root Mean Squared Error: ',np.sqrt(metrics.mean_squared_error(y_test,svr_predict)))
print('Explained Variance Score: ',metrics.explained_variance_score(y_test,svr_predict))
               print('r2 score:',r2 score(y test,svr predict))
               Mean Absolute Error: 0.11865487321009272
               Mean Squared Error: 0.027071438482631303
               Root Mean Squared Error: 0.1645340040314807
               Explained Variance Score: 0.8346822125358819
               r2_score: 0.8334048183117617
```

#### 5. Gradient Boosting Regressor

```
In [68]: M from sklearn, ensemble import GradientBoostingRegressor
                        GBR=GradientBoostingRegressor()
                       GBM.fit(x_train,y_train)
print(GBM.score(x_train,y_train))
                        GBR_PRED=GBR.predict(x_test)
                        0.9669533782621488
In [69]: W print('Mean Absolute Error: ',metrics.mean_absolute_error(y_test,GBR_PRED))
    print('Mean Squared Error: ',metrics.mean_squared_error(y_test,GBR_PRED))
    print('Rnot Mean Squared Error: ',mp.sqrt(metrics.mean_squared_error(y_test,GBR_PRED)))
    print('Emplained Variance Score: ',metrics.emplained_variance_score(y_test,GBR_PRED)))
                        print('r2_score:',r2_score(y_test,GBR_PRED))
                        Mean Absolute Error: 0.88977022535951591
                        Mean Squared Error: 0.015268781639892629
Root Mean Squared Error: 0.12356691159080709
Explained Variance Score: 0.9068219365980744
                        r2_score: 0.9060373000463955
```

After evaluating the model based on MAE, MSE, RMSE, EVS, R2 SCORE the best model choose for hyper parameter tuning are Gradient Boosting Regressor, Random Forest Regressor.

# Hyper parameter tuning

## **➤** GradientBoostingRegressor

```
In [70]: from sklearn.ensemble import GradientBoostingClassifier #GBM algorithm
          GBR = GridSearchCV(GradientBoostingRegressor(),parameter,cv=5)
In [71]: GBR.fit(x_train,y_train)
Out[71]: GridSearchCV(cv=5, estimator=GradientBoostingRegressor(),
                     In [72]: GBR.best_params_
Out[72]: {'criterion': 'friedman_mse', 'loss': 'huber'}
In [73]: from sklearn.ensemble import GradientBoostingRegressor
          {\tt GBR=GradientBoostingRegressor(criterion='friedman\_mse',loss='huber')}
          GBR.fit(x_train,y_train)
GBR_final=GBR.predict(x_test)
In [74]: print('Mean Absolute Error: ',metrics.mean_absolute_error(y_test,GBR_final))
    print('Mean Squared Error: ',metrics.mean_squared_error(y_test,GBR_final))
          print('Root Mean Squared Error: ',np.sqrt(metrics.mean_squared_error(y_test,GBR_final)))
print('Explained Variance Score: ',metrics.explained_variance_score(y_test,GBR_final))
          print('r2_score:',r2_score(y_test,GBR_final))
          Mean Absolute Error: 0.09254705809797661
          Mean Squared Error: 0.017361233604325524
          Root Mean Squared Error: 0.13176203400192912
          Explained Variance Score: 0.8940629407615017
          r2_score: 0.8931605400835932
```

The best model after hyper parameter tuning is GradientBoostingRegressor has 87% of accuracy.

#### Final model

```
print("FINAL MODEL")

print("Hean Absolute Error: ',metrics.mean_absolute_error(y_text,GBR_final))

print("Hean Squared Error: ',metrics.mean_squared_error(y_text,GBR_final))

print("Boot Mean Squared Error: ',mp.sqrt(metrics.mean_squared_error(y_text,GBR_final)))

print("Explained Variance Score: ',metrics.explained_variance_score(y_text,GBR_final)))

print('r0_score:',r2_score(y_text,GBR_final))

FINAL MODEL

Mean Absolute Error: 0.09294705809797661

Mean Squared Error: 0.013170203400192912

Explained Variance Score: 0.8940629407615017

r2_score: 0.8931605400835932
```

```
In [82]: sns.distplot(GBR_PRED-y_test)
Out[82]: <AxesSubplot:xlabel='SalePrice', ylabel='Density'>

4

3

1

SalePrice

SalePrice

Out[82]: sns.distplot(GBR_PRED-y_test)

Out[82]: <AxesSubplot:xlabel='SalePrice', ylabel='Density'>
```

```
In [89]:
          plt.scatter(GBR_PRED,y_test)
          plt.plot(y_test,y_test,linewidth=4,color='Red')
          plt.title('GradientBoostingRegressor',fontsize=18)
Out[89]: Text(0.5, 1.0, 'GradientBoostingRegressor')
                    GradientBoostingRegressor
          13.0
          12.5
          12.0
          11.5
          11.0
          10.5
               10.5
                       11.0
                              11.5
                                      12.0
                                              12.5
                                                      13.0
```

#### Finally Our model predicted the output.

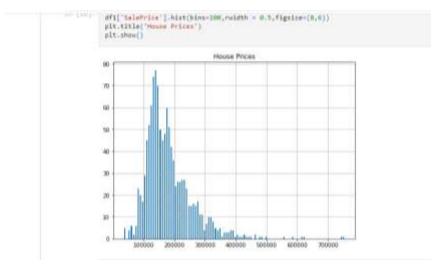
```
predict on test.csv file

import sys

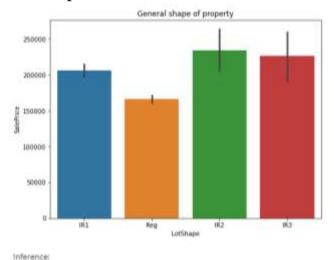
(Non-model.predict(*)

(Non-mo
```

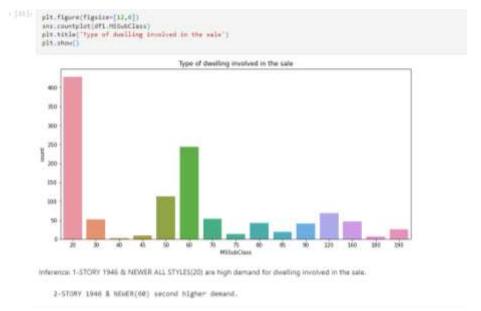
- Key Metrics for success in solving problem under consideration
- Mean Absolute error
- Mean square error
- Root mean squared error
- Varance
- R<sub>2</sub> score
- Data Visualizations



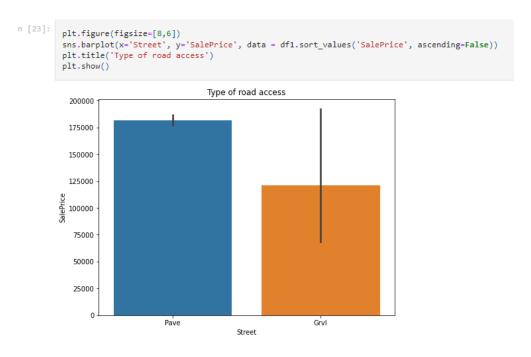
Graph based on sale price of the house.100000 to 400000 are range of sale price of house.



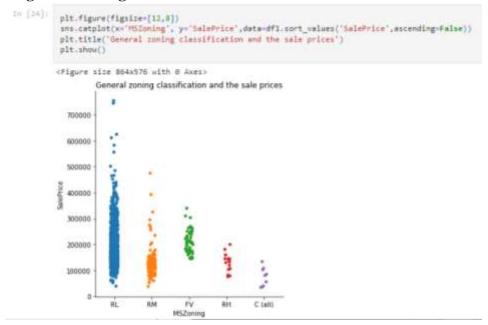
Moderately Irregular and Irregular shape plot are high sale price compare with the Regular shape polt.



- 1-STORY 1946 & NEWER ALL STYLES(20) are high demand for dwelling involved in the sale.
- 2-STORY 1946 & NEWER(60) second higher demand.
- the property with the road access of Pave is in more demand and so its price is also high

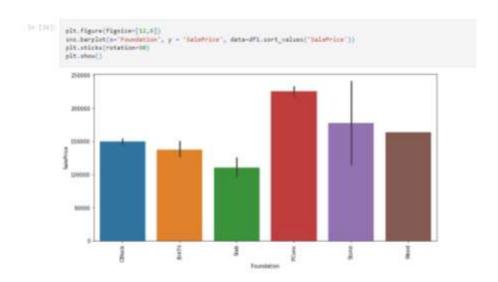


• Identifies the general zoning classification of the sale.



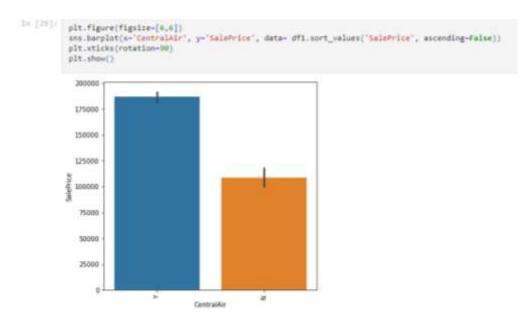
- For Residential Low Density (RL), the maximum prices are ranging between 50,000 to 4,00,000.
- For Floating Village Residential (FV), the maximum prices are ranging between 150000 to 250000.

#### **Type of foundation**



- slab foundation have least sale price.
- Poured Contrete foundation have high sale price

#### Central air conditioning



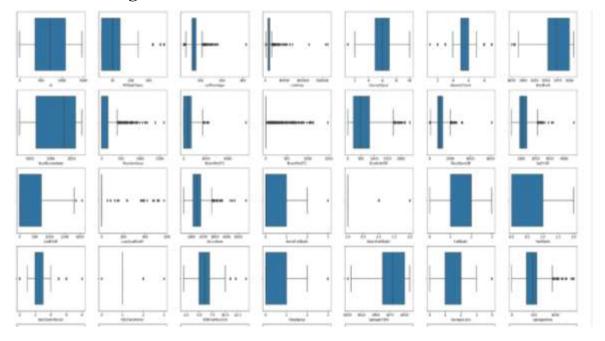
Houses having the option of central air conditioning have more price.

#### **Electrical system**

```
In [30]:
           plt.figure(figsize=[8,4])
           sns.catplot(x='Electrical', y='SalePrice', data=df1.sort_values('SalePrice', ascending=False))
           plt.show()
          <Figure size 576x288 with 0 Axes>
            700000
            600000
            500000
            400000
            300000
            200000
            100000
                     SBrkr
                                       FuseF
                                                          Mix
                                      Electrical
```

- Most of the houses are having the electrical system of standard circuit breakers and romex.
- Least of the houses are having the Fuse Box and mostly knob & tube wiring (poor) and mixed.

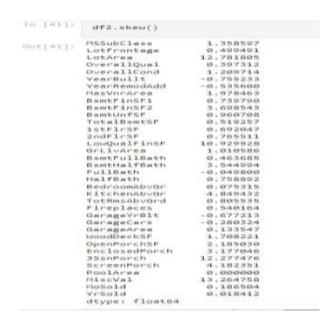
# • Checking the outliers



If we perform outliers removal the data loss will be high so not performing outliers removal Technique.

# • Checking the skewness

ere frants	dfl.skew()		
01013811	MSSubClass	1.422019	
ORE[38]	Lotfrontage	2.733440	
	Lotarea	10.659285	
	OverallQual	0.175082	
	OverallCond	0.550714	
	YearBuilt	-0.579204	
	YearRemodAdd	-0.499064	
	MasVnrArea	2.035710	
	DamtFinsF1	1.071606	
	Bamtrinsr2	4.365829	
	BamtUnfSF	0.909057	
	TotalbamtSr	1.744591	
	istricsr	1.513707	
	2ndFlrSF	0.823479	
	LowQualFinSF	0.666142	
	Grivares	1.449952	
	DamtrullBath	0.027100	
	BamtHalfBath	4.264403	
	FullBath	0.057809	
	Helfbath	0.656492	
	BedroomAbvor	0.243855	
	KitchenAbygr	4.369259	
	TotAmsAbvord	0.644657	
	Fireplaces	0.671966	
	Geregeyrblt	-0.674913	
	GarageCars	-0.358556	
	GarageArea	0.189665	
	WoodDeckSF	1.504020	
	OpenPerchSP	2,410640	
	EnclosedPorch	3.043610	
	SanPorch	9.770611	
	ScreenPorch	4.105741	
	Poglares	13.243711	
	Miscval	23,065943	
	Meseld	0.220979	
	Yrsold .	0.115765	
	SalePrice	1.953878	
	dtype: float64		



Data is highly skewed from the mean so skewness removal methods need to be followed.

# • Interpretation of the Results

Data is highly skewed from the mean so skewness removal methods need to be followed.

Box plot tells that there are many outliers are present in the data so need to remove the outliers too.

Heat map tells that which data is highly correlated with class are more important in constructing the model.

# **CONCLUSION**

Linear Regression is a machine learning algorithm based on supervised learning. It performs a regression task. Regression models a target prediction value based on independent variables. It is mostly used for finding out the relationship between variables and forecasting. Different regression models differ based on – the kind of relationship between dependent and independent variables they are considering, and the number of independent variables getting used.

- ➤ Gradient Boosting algorithm: Gradient Boosting algorithm is used to generate an ensemble model by combining the weak learners or weak predictive models. Gradient boosting algorithm can be used to train models for both regression and classification problem. Gradient Boosting Regression algorithm is used to fit the model which predicts the continuous value.
- Design a specific question or data and get the source to determine the required data.
- Make sure the data is in an accessible format else convert it to the required format.
- Specify all noticeable anomalies and missing data points that may be required to achieve the required data.

- Create a machine learning model
- Set the baseline model that you want to achieve
- Train the data machine learning model.
- Provide an insight into the model with test data
- Now compare the performance metrics of both the test data and the predicted data from the model.
- If it doesn't satisfy your expectations, you can try improving your model accordingly or dating your data or use another data modeling technique.
- At this stage you interpret the data you have gained and report accordingly.

• Key Findings and Conclusions of the Study

From this dataset I get to know that each feature play a very import role to understand the data. Data format plays a very important role in the visualization and Appling the models and algorithms. Importance of removing the skewness and outlier is important. Finding the best parameters for the algorithm also plays a important role in performance and accuracy of the model.

# Learning Outcomes of the Study in respect of Data Science

Learnt how to process the large number of data. Tried and learnt more about distribution of the data. The power of visualization is helpful for the understanding of data into the graphical representation its help me to understand that what data is trying to say, Data cleaning is one of the most important step to remove missing value or null value fill it by mean median or by mode or by o.Setting a good parameters is more important for the model accuracy. Finding a best random state played a vital roll in finding a better model.

# • Limitations and Scope for Future Work

The used pre-processing methods do help in the prediction accuracy. However, experimenting with different combinations of pre-processing methods to achieve better prediction accuracy.

Make use of the available features and if they could be combined as binning features has shown that the data got improved.

The correlation has shown the association in the local data. Thus, attempting to enhance the local data is required to make rich with features that vary and can provide a strong correlation relationship.