

# House Price Prediction using a Machine Learning Model : A Survey of Literature

<sup>\*1</sup>Bhaludra R Nadh Singh, <sup>2</sup>Boppana Pujitha, <sup>3</sup>S Vinoothna

<sup>\*1</sup> Professor, Department of CSE, Bhoj Reddy Engineering College for Women, Hyderabad, Telangana, India

<sup>\*2,3</sup> Student, Department of CSE, Bhoj Reddy Engineering College for Women, Hyderabad, Telangana, India

## ARTICLE INFO

## ABSTRACT

### Article History:

Accepted: 03 June 2023

Published: 20 June 2023

### Publication Issue

Volume 9, Issue 3

May-June-2023

### Page Number

569-574

Methods for calculating the sale price of houses in cities remain a difficult and time-consuming task. The purpose of this article is to forecast the coherence of non-house prices. Using Machine Learning, which can intelligently optimize the optimum pipeline fit for a task or dataset, is a key technique to simplify the difficult design. Predicting the resale price of a house on a long-term temporary basis is vital, particularly for those who will be staying for a long time but not permanently. Forecasting house prices is an important aspect of real estate. The literature tries to extract relevant information from historical property market data. The price of real estate causes land price bubbles to expand, causing macroeconomic instability. The reasons that drive up real estate prices are important investigating so that the government may use them as a guide to help stabilize location, and various economic elements influencing at the time are all factors that influence the house selling price.

**Keywords :** Machine Learning, House Price, Prediction, Regression.

## I. INTRODUCTION

The value of a home is well known to be based on a wide range of factors. As a result, predicting the value of a home involves a unique set of issues. Houses are a need for society and rates vary depending on the amenities offered, such as size, area, location, and so on. Predicting the exact values of house pricing is a tricky process. This project is being suggested in order to better estimate property prices and provide more accurate results. This would be extremely beneficial to the people because house pricing is a problem that many individuals, rich and poor, are concerned about because one cannot gauge or predict the price of a property based on the location or amenities provided.

Also, Professional appraisers are commonly used to anticipate house prices in the past. However, due to a huge interest from the people, house broker, buyer, or seller, an appraiser is likely to be biased. So as a result, an automated prediction system can be useful as an objective party source that is less biased. The price of a house is a time series. Various methods for estimating property prices have been offered. A house price prediction model seeks to figure out what elements influence price changes in a certain area. Clearly, the factors that influence housing prices are complicated and intertwined processes that typical statistical methodologies overlook. Despite the fact that the hedonic price model has gained widespread acceptance in recent years, it has been criticized for model

assumptions and estimation, as well as for tackling nonlinear problems, global regression, and local clustering.

To anticipate the variance in house prices, nonlinear machine learning and fuzzy logics were applied. In, a neural network was used to forecast property values. The Support Vector Machine was used with optimization techniques like the Generic Algorithm and Particle Swarm Optimization. Repeated Incremental Pruning to Produce Error Reduction, Nave Bayes, and Ada Boost were among the machine learning techniques studied in. In terms of estimating property price, the RIPPER algorithm surpasses other models, according to the study. Linear regression, decision trees, and nearest neighbor were used to estimate house prices. In addition, the study found that Nave Bayes was the most consistent classifier for unequal frequency distributions.

Multiple linear regressions is a statistical approach for determining the relationship between numerous independent variables and the (dependent) target variable. The use of regression techniques to develop a model based on numerous criteria to forecast price is common. Predicting house prices is a difficult task. On the one hand, the factors that influence housing prices are complicated and vary nonlinearly, resulting in large forecast errors in standard models. On the other hand, the real estate market's daily data is massive and growing at a quick pace. The majority of recent research has focused on dismantling the distraction of house cost prediction. As a result of the analysis work done by various researchers all across the world, several theories have emerged.

## II. RELATED WORK

Lu et.al proposed a hybrid prediction model; the study looked at the impact of land financing and household spending on real estate prices in 33 major Chinese cities. The implementation of Panel data validation of fixed effects model regression findings our proposition After establishing control of the city's local people, the rate of growth, per capita GDP, and the number of students enrolled in regular classrooms are all things to think

about. Institutions of higher education, gender ratio, and consumer pricing Higher education institutions, gender ratios, and consumer pricing urban population density, land finance, and urban development are all indices to look at. People's consumption levels will have a positive impact on real estate. It can formulate policies for the government, provide constructive opinions when planning to sell land, and prevent the local government from relying excessively on land revenue while attempting to expand by confirming that land transfer has a significant impact on the real estate price and the promotion mode of the factor and the house price. Land finance encourages economic growth, which leads to skyrocketing real estate values. This article indicates that citizens' consumption levels are a significant element influencing real estate price fluctuations, allowing the government to employ various information channels and data to forecast the real estate market's prospects and design suitable policies[1].

An ARIMA Model and Deep Learning Approach for House Price Prediction House prices and influential factors have a complex and nonlinear relationship. And one of the most common house price forecasting approaches is the absence of capacity for huge projects. Data examination A housing price index was established to address these issues. ARIMA is a deep learning prediction approach based on ARIMA. A model is proposed in this study. There are numerous elements that influence the price of a home. Some explanatory elements were chosen to be the important factors of house price in order to objectively depict the changing rules of house price. The raw housing data is obtained initially from the internet. The raw data is then transformed into outputs that may be easily used as inputs in data modelling via a data preparation procedure. The experimental findings suggest that the proposed strategy predicts individual property prices better than the SVR method. When making short-run predictions, the expected house price trend is essentially consistent with the real data[2].

A 6-layer BP neural network based on the Keras deep learning framework employing 12 macro parameters that have a substantial impact on property prices in Shanghai. When the Keras deep learning framework's elu and liner activation functions are paired with the RMSprop optimization method, the BP network performs better. By comparing the error between the test set's actual output and the expected output, the model's validity is confirmed[3].

The BP network performs better when the elu and liner activation functions of the Keras Keras deep learning framework are combined with The RMSprop optimization method. The model's Validity is confirmed by comparing the error Between the test set's actual output and the Expected output. An empirical experiment that used an actual data-set of houses in Petaling, Jaya, Selangor, Malaysia, to demonstrate different approaches to hyper parameter tweaking with Python modules like Scikit-Learn and TPOT. The Python codes for utilizing conventional machine learning with manual configurations of the five selected algorithms are longer than those for using the AML TPOT, but the best result of the AML forecast did not decrease at all in the supplied data-set, and actually increased slightly. This discovery offers up new avenues for AML research in the future, such as examining a larger data set and other GP parameterize settings[4].

Lim et.al purposed useful models for predicting property prices. It also provides details on the Melbourne housing market. To begin, the raw data is cleaned and transformed into a readable data-set. The data is then reduced and transformed using Stepwise and PCA techniques. Following that, a variety of tactics are implemented and evaluated in order to arrive at the optimal solution. According to the evaluation phase, combining Step-wise and SVM models is a competitive strategy. As a result, future deployments may include it. This research can also be extended to transitional datasets from other sections of the Australian property market. The studies were run on a Windows system using the R programming

language. Both the train and assessment datasets Mean Squared Error (MSE) are shown. The baseline for model comparison will be linear regression, as discussed previously. Each model's evaluation ratio is equal to its evaluation MSE divided by Linear regression's evaluation MSE. The higher the accuracy of the model's forecast, the lower the evaluation ratio[5].

Patel and Upadhyay[6] studied different pruning techniques and their characteristics, and thus pruning efficiency is assessed. They also assessed the accuracy of the glass and diabetes datasets using the WEKA tool and various pruning factors. The ID3 algorithm divides attributes according to their entropy. The TDIDT algorithm creates a set of classification rules using an interactive model of a decision tree[7, 8] Formalized paraphrase. Fan et al [9] used a decision tree approach to determine house resale prices based on significant characteristics. In this paper, a hedonic-based regression method is used to identify the relationship between house prices and significant characteristics. Ong et al. [10], as well as Berry et al. [11], used hedonic-based regression for house price forecasting based on significant attributes. Shinde and Gawande [11], compared the accuracy of various machine learning algorithms such as lasso, SVR, Logistic regression, and decision tree in predicting the sale price of houses. Alfiyatin et al.[12] developed a system for predicting house prices using Regression and Particle Swarm Optimization (PSO).

### III. PROBLEM DEFINITION

The broad and consistent real estate characteristics are frequently listed individually from the enquiring price and the overall description. Thus with these characteristics or the features are individually listed in a prepared organized way, such that they can be effortlessly compared across the entire range of prospective houses. Though, every house has its own distinctive features, such as a particular view, balcony 1 or 2, parking area, Kids Park or type of sink the sellers can provide a précis of all the important description of the house[13]. Thus the given real estate features can

be measured by the probable buyers, but it seems to be nearly impossible to make available an automated evaluation on all features or variables due to the huge variety. This is as well true in the erstwhile direction: house sellers have to formulate an estimation of the worth based on its characteristics or features in similarity to the existing market price of related houses. The assortment of the characteristics or the huge number of features makes the challenging task to calculate approximately a satisfactory market price. Apart, a description of the significant features of the house, the house depiction is also a means of raising interest in the reader, or in other words to convince the person. It is probable that there are definite word sequences in the language text that seduce probable buyers more than others. Therefore, there may be a relation between the language or verbal communication sentence used in the explanation or summary and the value of the property. This evaluation does not spotlight principally on the house characteristics, but on all words within the feature summary. For example, a summary with the word extremely can break one with the word very looking at price fluctuation: the difference between real estate house price asking- and selling price. This can mean that the word or the feature variable highly is commonly seen in summary of the detail database that show an boost in real estate house price prediction while the features having low characteristics very generally leads to a decrease in price.

#### IV. PROPOSED METHODOLOGY

Before going in the methodology understanding of the problem is much important. The problem is creating the hypothesis function that may give the prediction of the target value based on the data given as the training part. Then see or analyze the prediction on the testing part of the data. Here the data given is on the house price and its respective features which accommodate the price of the house. Thus to build the machine to learn the data features and predict the price accurate is the challenging task. This will also help the society of the real estate builder to easily predict the price of the

land, house etc according to their feature with the help of this model.

The data set for this thesis is taken from Kaggle's Housing Data Set Knowledge Competition. Data set is simple and this thesis aims at the prediction of the house price (residential) in Ames Iowa, USA. Thus the data has been downloaded from the Kaggle Housing Datasets. The detail of the dataset is as follows it contain 81 explanatory variables or the features or characteristics variable. The last variable is considered as the target value; here it is named as Sale Price, which is the actual price of the house. The when machine will predict the price it will get matched with the actual value and the mean error will get calculated which will give the accuracy rate of the model. The data set may contain the various detail features of the houses. With explanatory variables describing (almost) every aspect of residential homes in Ames, Iowa, this challenges the researcher to predict the final price of each home Now import the data set by the help of the pandas in python platform and analyze the data set. Check all the features of the house related to the dependent target. Analyze and visualize the data by checking the missing values, fill all the missing values by taking median of all the values of that attribute. Change the data which are in categorical form, place the one hot encoder, or the label encoder coding for changing the categorical data into the numerical data. Change the entire alphabet values of the attribute into the numerical values. Find the appropriate features by the help of heat map and the correlation matrix generated by the help of Seaborn in python. Select the most nearly features to which the label target is truly dependent. Before applying the machine learning regression function to the data, split the data into two parts one is training data and another is the testing data. Apply the machine learning on the training part of the data by the help of the sklearn library on python platform.

The detail explanation of the data flow diagram is as follows the data set has been taken from the kaggle dataset. The fetching operation is done by the help of

the pandas library function as in the format of .csv file and giving the path where data is stored.

After fetching the data, some cleaning process is applied to the data to make it provide useful information. Thus the missing values is the attribute is checked and clean it out i.e. drop attribute if it is not much useful feature or fill the missing value by taking the median of the all values. After cleaning process is done then the categorical data is get specified and applied the one hot encoder to it. Thus after applying the one hot code encoder the correlation matrix is calculated to select the appropriate features, further the whole data set is divided or split into two parts in 80% in training data and 20% in testing data. Then the further process applying machine learning is processed and three regression technique is applied to the dataset linear regression, random forest.

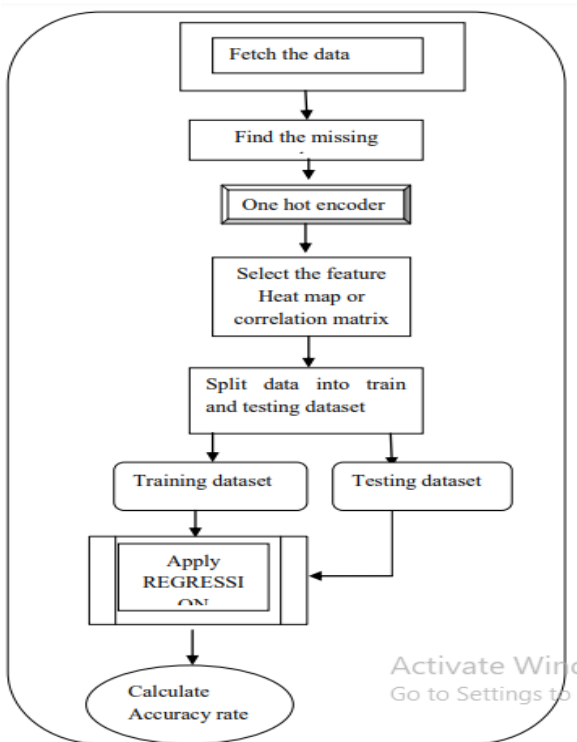


Figure 1. Data Flow Diagram

Algorithm or the pseudo-code is as follows

Step 1: Fetch the data set in appropriate format

Step2: Find the missing values in the data set as the cleaning process is done

Step3: Apply the one hot encoder to remove the categorical data

Step4: selection of feature by heatmap or matrix correlation.

Step5: splitting of the dataset into two part training data and the testing data

Step 6: apply or fit the regression technique on training data and test it with testing data

Step7: Compare the accuracy result.

## V. CONCLUSION

In this paper an optimal model isn't always the same as a robust model. A model that uses a learning strategy that isn't appropriate for the data structure at hand on a frequent basis. Although the data may be too noisy or contain insufficient samples to allow a model to adequately reflect the target variable, the model is nonetheless fit. We can see that the evaluation metrics for advanced regression models behave similarly when we look at them. When we look at the evaluation metrics for advanced regression models, we can see that they behave similarly. In comparison to the basic model, we can choose any one for house price forecast. We can look for outliers with the use of box plots. If outliers are present, we can eliminate them and evaluate the model's performance to see if it can be improved.

Several approaches have been proposed related to this issue in many papers which we have mentioned above. We have discussed above how various algorithms and methods are used to predict the disease. But in none of the papers they have done a real time application. We have proposed a model, which will be a real time application to predict the prices.

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**Cite this article as :**

Bhaludra R Nadh Singh, Boppana Pujitha, S Vinoothna, "House Price Prediction using a Machine Learning Model : A Survey of Literature ", International Journal of Scientific Research in Computer Science, Engineering and Information Technology (IJSRCSEIT), ISSN : 2456-3307, Volume 9, Issue 3, pp.569-574, May-June-2023.