

فراس

Foresight-Enhanced Real estate Appraisal with Spatial intelligence (FERAS)

A Case Study on Predicting Price per Square Meter in the
Saudi Arabian Real Estate Market



Submitted in fulfillment of the requirements for the degree Master of Science in AI
AT

Collage of Informatics

Midocean University

UAE

Prepared By

Fahad AbuBaker Bahashwan

Student ID No. 243001702 | eMail : 243001702@st.midocean.edu.km

Supervisor By

Dr. Ashraf Alsaeed

Collage of Informatics, Midocean University, Comoros

September 2025

وما أوتيتم من العلم إلا قليلا

And mankind have not been given of knowledge except a little

سورة الإسراء آية 85

Abstract

This thesis presents a comprehensive machine learning framework for predicting the price per square meter ($\text{ﷲ}/\text{m}^2$) of real estate properties in Saudi Arabia using advanced spatial features and modern algorithms. The work addresses the growing need for accurate, scalable, and transparent automated valuation in the rapidly expanding Saudi real estate market. Using a validated dataset of 48,520 property transactions from major cities, including Riyadh, Jeddah, and the Eastern Province. We train and evaluate multiple models, including linear regression, Ridge, Lasso, decision trees, k -nearest neighbors (KNN), random forest, gradient boosting and XGBoost.

The approach requires extensive feature engineering: geographic coordinates; distances to city centers (using the Haversine formula); proximity to schools; and detailed road network descriptors (counts and distances to highways, trunks, primary, secondary, tertiary, and residential roads). These are combined with core property attributes in a leak-safe preprocessing pipeline. The evaluations are based on a randomly stratified 80/20 percentage split across all locations, providing a benchmark to compare models.

On the randomly split test set (80% train, 20% test across all locations), Random Forest achieves the best point accuracy (Test $R^2 = 0.952$, RMSE=456.3 $\text{ﷲ}/\text{m}^2$, MAE=263.2 $\text{ﷲ}/\text{m}^2$, MAPE=9.30%), while XGBoost performs closely ($R^2 = 0.947$, RMSE=479.4 $\text{ﷲ}/\text{m}^2$, MAE=300.8 $\text{ﷲ}/\text{m}^2$, MAPE=11.84%). Although Random Forest's R^2 is higher, we select XGBoost as the primary (deployed) model because it exhibits less overfitting—a smaller train–test generalization gap ($\Delta R^2 = 0.0170$ for XGBoost vs. 0.0323 for Random Forest)—leading to more stable performance in practice.

These findings demonstrate that spatial intelligence materially improves automated valuation models (AVMs) for the Saudi market, while maintaining clarity through consistent metrics reporting and explainable AI analyses.

Keywords: Artificial Artificial Intelligence, Machine Learning, Property Valuation, Real Estate, Automated Valuation Models, Geographic Information Systems, Ensemble Methods, Spatial Features, Model Explainability, Saudi Arabia

List of Abbreviations

AI	Artificial Intelligence
ML	Machine Learning
GIS	Geographic Information System
OSM	OpenStreetMap
RMSE	Root Mean Squared Error
MAE	Mean Absolute Error
MAPE	Mean Absolute Percentage Error
R^2	Coefficient of Determination
ﷵ	Saudi Arabia Riyal - SAR
IQR	Interquartile Range
Latitude	Position north/south of the Equator
Longitude	Position east/west of the Prime Meridian
Haversine	Distance calculation method between two points on a sphere
SHAP	Shapley Additive Explanations - explain the prediction of model
XGBoost	Extreme Gradient Boosting
KNN	K-Nearest Neighbors
RFR	Random Forest Regressor
GBR	Gradient Boosting Regressor
DTR	Decision Tree Regressor
LR	Linear Regression

Ridge	Ridge Regression
Lasso	Least Absolute Shrinkage and Selection Operator
sklearn	Scikit-learn (Python ML library)
pandas	Python data manipulation and analysis library
NumPy	Python numerical computation library
Matplotlib	Python plotting library
Seaborn	Python statistical visualization library
geopy	Python library for geocoding and distance calculations
OneHotEncoder	Scikit-learn categorical feature encoder
Train/Test Split	Process of dividing data into training and testing subsets
Boxplot	Statistical data visualization showing quartiles and outliers
Heatmap	Visualization showing correlation or intensity values in a grid
Feature Engineering	creating new variables to improve model performance
Outlier	Data point significantly different from others in the dataset
Visualization	Graphical representation of data
Residuals	Difference between actual and predicted values in regression
Error %	Relative percentage difference between actual and predicted values
Motorway	Major high-speed road, no cross traffic
Trunk	Major route connecting cities
Primary	Main road within or between towns
Secondary	Road linking smaller towns or districts
Tertiary	Local connector between smaller roads
Residential	Street serving housing areas
Hedonic Model	Estimating value based on the contribution of individual features

Acknowledgments

I express my sincere gratitude to all those who have contributed to the completion of this thesis and supported me throughout my master's degree journey.

First, I extend my deepest appreciation to my advisor, Dr.Ashraf Alsaeed, for his invaluable guidance, expertise, and unwavering support throughout this research project. His insightful feedback, constructive criticism, and encouragement have been instrumental in shaping this work and my development as a researcher. His commitment to academic excellence and ethical research practices has been truly inspiring.

I would like to express my sincere gratitude to the faculty and staff of the College of Informatics at Midocean University for fostering an outstanding academic environment and for providing the resources that made this research possible. I am especially grateful to the members of my thesis committee for their time, insightful guidance and constructive feedback, which greatly enhanced the quality and depth of this work.

This research represents not only my individual effort, but also the collective contribution of all those who have supported and guided me along the way.

Fahad AbuBaker Bahashwan
September 2025

Contents

Abstract	ii
List of Abbreviations	iii
Acknowledgments	v
1 Introduction	1
1.1 Background and Motivation	1
1.2 Problem Definition	2
1.3 Thesis Objectives	3
1.4 Thesis Contributions	4
1.5 Thesis Organization	5
2 Literature Review	6
3 Proposed Approach	10
3.1 Research Design and Approach	10
3.2 Dataset Description and Characteristics	13
3.3 Data Preprocessing	16
3.4 Feature Engineering and Geographic Integration	18
3.5 Feature Correlation Analysis	19
3.6 Machine Learning Algorithms and Implementation	21
3.6.1 Task and Target	21
3.6.2 Feature Inputs (final design)	21
3.6.3 Preprocessing Pipeline	22
3.6.4 Training and Evaluation Protocol	24
3.6.5 Explainability and Uncertainty	24
4 Experimental Results and Discussion	25
4.1 Experimental Results	25
4.2 Dataset Characteristics and Exploratory Analysis	25
4.2.1 Model Performance Comparison	25

4.3	Overall Model Analysis	26
4.3.1	Random Forest	26
4.3.2	XGBoost	26
4.3.3	Decision Tree	26
4.3.4	K-Nearest Neighbors	27
4.3.5	Gradient Boosting	27
4.3.6	Linear Models (Ridge, Lasso, OLS)	27
4.4	Interpretation of Evaluation Metrics	29
4.5	Visual Evaluation of Model Predictions	29
4.5.1	Random Forest	30
4.5.2	XGBoost	30
4.5.3	Decision Tree	31
4.5.4	K-Nearest Neighbors (KNN)	32
4.5.5	Gradient Boosting	33
4.5.6	Linear Models (OLS, Ridge, Lasso)	34
4.5.7	Residual Analysis of XGBoost	35
4.6	Fairness Evaluation Across Models	35
4.7	Discussion	38
4.7.1	Interpretation of Results	38
4.7.2	Feature Importance and SHAP Explanations	38
4.8	Executive Summary of Findings	42
5	Conclusion and Future Work	43
5.1	Overview	43
5.2	Limitations	44
5.3	Future Work	46

List of Figures

3.1	AVM framework for predicting real estate price per square meter.	11
3.2	Monthly transactions volume (July 2024 – July 2025).	13
3.3	Spatial distribution of transactions across cities	14
3.4	Price (ﷲ/m ²) distributions in Riyadh.	15
3.5	Price (ﷲ/m ²) distributions in Makkah and Jeddah.	15
3.6	Compact correlation heatmap (upper triangle only).	20
4.1	Test R ² comparison across models	27
4.2	RMSE (SAR/m ²) comparison	28
4.3	MAE (SAR/m ²) comparison	28
4.4	Actual vs Predicted scatter plot for Random Forest.	30
4.5	Actual vs Predicted scatter plot for XGBoost.	31
4.6	Actual vs Predicted scatter plot for Decision Tree.	32
4.7	Actual vs Predicted scatter plot for KNN.	33
4.8	Actual vs Predicted scatter plot for Gradient Boosting.	34
4.9	Actual vs Predicted scatter plots for linear models.	34
4.10	Residual distribution for XGBoost predictions on the test set	35
4.11	Global SHAP feature importance for XGBoost.	39
4.12	SHAP summary (beeswarm) plot for XGBoost.	40
4.13	SHAP waterfall explanation for an individual property.	41

List of Tables

3.1	Summary of machine learning models used in this study	12
3.2	Transactions by city (July 2024 – July 2025).	14
3.3	Transactions by property type.	15
3.4	Data dictionary for features - core variables	16
3.5	Preprocessing audit: record counts by step.	17
3.6	Top positive and negative correlations with price per meter.	20
3.7	Feature groups, representative fields, and types with rationale.	22
4.1	Comprehensive model performance on the test set.	26
4.2	Model performance on the test set with interpretations in real estate terms	29
4.3	Fairness evaluation across all models.	36

Chapter 1

Introduction

1.1 Background and Motivation

The real estate industry is on the threshold of a technological revolution, driven by the convergence of artificial intelligence, big data analytics, geospatial technologies such as GIS, and the growing demand for efficient, transparent, and equitable property valuation systems. Traditional property appraisal methods, although long-established and professionally established, face growing challenges in meeting the requirements for speed, consistency, and scalability in modern markets. These approaches often rely heavily on manual inspections, subjective judgment, and limited comparable data, making them less adaptable to rapidly changing urban environments and large-scale property transactions. In contrast, the emergence of AI-driven valuation systems offers unprecedented opportunities to overcome these limitations by leveraging big data, spatial features, and machine learning algorithms to provide faster, more consistent, and scalable valuations. However, adopting artificial intelligence (AI) in property valuation also raises important issues of fairness, transparency, and regulatory compliance. This creates a dual challenge: to use technological innovation effectively while ensuring that it is applied ethically and equitably.

Property valuation represents one of the most critical functions in real estate markets, shaping mortgage lending decisions, investment strategies, tax assessments, and overall market transparency. The accuracy and reliability of valuations play a pivotal role in shaping financial stability, driving economic development, and promoting social equity. Traditional appraisal methods, typically conducted by licensed professionals through comparative market analysis and standardized procedures, provide essential experience and professional judgment. However, they remain constrained by human limitations in processing vast and heterogeneous datasets, ensuring consistency across different appraisers, and scaling to meet the demands of increasingly dynamic and complex real estate markets. These challenges are particularly pronounced in rapidly devel-

oping regions such as Saudi Arabia, where rapid urban expansion and national initiatives such as Vision 2030 and large-scale housing and infrastructure projects have increased the demand for valuation systems that are scalable, data-driven, and able to integrate spatial features for more accurate assessments.

In this context, the Saudi Arabian real estate market presents a particularly compelling case for investigating AI-driven property valuation systems. As Saudi Arabia advances its Vision 2030 economic diversification strategy, the sector has undergone significant growth and transformation, introducing new challenges and opportunities for valuation practices [1]. The combination of rapid urban expansion, continuous increase of foreign investment, and ongoing regulatory reforms has increased the need for more efficient, consistent, and data-driven valuation systems capable of supporting Saudi Arabia's long-term economic development objectives.

Saudi Arabia's property valuation system has the same problems seen worldwide, but also has special issues and unique characteristics specific to the region. Historically, Saudi Arabia has relied on conventional appraisal methods that, although grounded in professional expertise, lack the capacity to handle the volume and complexity of modern transactions. The increasing sophistication of investments, the emergence of new property types, and the accelerating pace of market activity highlight the limitations of traditional methods in delivering timely and consistent valuations, raising concerns about their capacity to sustain an efficiently functioning market [2].

1.2 Problem Definition

The current property valuation landscape in Saudi Arabia and comparable emerging markets faces multiple interconnected challenges that reduce efficiency, consistency, and scalability. Traditional appraisal methods, while grounded in professional expertise and market knowledge, are slowed by time-intensive processes that often take days or weeks to complete, reducing their relevance in fast-moving market conditions. Although human judgment remains valuable in complex or exceptional cases, it often introduces inconsistency and bias in routine valuations. This limitation illustrates why traditional approaches do not meet the requirements of modern real estate markets.

In addition to these limitations, the growing volume of real estate transactions in Saudi Arabia driven by Vision 2030 initiatives and broader economic diversification efforts has put additional pressure on traditional valuation systems. The limited number of qualified appraisers relative to market demand creates bottlenecks in transaction processing, slowing economic activity, and reducing overall market efficiency. This challenge is especially pressing in fast-growing regions, where the speed of new construction and investment far exceeds the availability of qualified local valuation experts.

Moreover, traditional valuation methods struggle to capture the complex relationships between property characteristics and market values in dynamic real estate markets. The growing availability of diverse data sources, including geographic information systems, demographic data, and market analytics, creates opportunities for more sophisticated approaches capable of integrating multiple factors simultaneously. However, the manual processing constraints of conventional methods prevent full utilization of these rich data resources, further limiting their effectiveness in modern valuation practice.

The issue of consistency and potential bias in property valuations constitutes another significant challenge. Appraisers may reach divergent conclusions about the same property, influenced by individual experience, judgment, and interpretations of market conditions. This variability generates uncertainty for market participants and can unintentionally introduce systematic biases, leading to inequitable outcomes across property types, locations, or market segments [3].

Together, these challenges highlight the urgent need for innovative, data-driven valuation approaches capable of providing faster, more consistent, and scalable property assessments.

1.3 Thesis Objectives

This research aims to address the identified challenges by investigating AI-driven property valuation systems within the context of the Saudi Arabian real estate market. The primary objective is to develop and evaluate machine learning approaches capable of delivering accurate, efficient, and fair valuations, while also aligning with the practical requirements necessary for real-world implementation.

1. Identify the most suitable ML model for predicting property prices.

This involves systematically comparing multiple algorithms, including ensemble methods, linear regression models, and tree-based models, to determine the approach that balances predictive accuracy, computational efficiency, explainability, and practical applicability.

2. Integrate geographic and spatial features into valuation models.

Recognizing that location is a key driver of property value, this objective focuses on developing methods to incorporate spatial relationships, accessibility measures, and geographic characteristics. This includes building distance-based features, proximity indicators, and regional attributes that enhance predictive performance while maintaining interpretability.

3. Assess fairness and explainability in AI-driven valuations.

This objective focuses on evaluating bias in automated valuation models while ensuring that their decisions are transparent and interpretable. SHAP-based explainability methods will be applied to move beyond black-box predictions, allowing a clear understanding of how different features influence property values.

Collectively, these objectives establish a comprehensive framework for developing AI-driven valuation systems that are accurate, transparent, fair, and practically deployable within the Saudi real estate market.

1.4 Thesis Contributions

This research makes several significant contributions to both academic knowledge and practical practice in the field of AI-driven property valuation. Specifically, it advances theoretical understanding, introduces methodological innovations, provides practical implementation frameworks, and delivers contextual insights within the Saudi Arabia real estate market.

Methodological Contributions:

This research provides one of the first systematic evaluations of machine learning algorithms for property valuation in the Saudi Arabian real estate market—an area that remains underexplored in the academic literature. By applying a consistent evaluation framework, eight different algorithms were compared across multiple performance metrics, including predictive accuracy, generalization, and computational efficiency. This approach establishes clear methodological benchmarks for future research and offers practical guidance on algorithm selection for property valuation in Saudi Arabia and other emerging markets.

Technical Contributions:

This research advances the literature on spatial analysis in real estate valuation by developing methodologies to integrate geographic characteristics into machine learning models. Incorporating distance-based measures, proximity indicators, and accessibility metrics demonstrates practical approaches to capture location effects, establishing a foundation for future research on spatial relationships in property pricing.

Fairness and Ethics Contributions:

This research reinforcing the importance of ethical considerations in technology adoption. The integration of SHAP values provides transparent feature-level bias detection, addressing documented concerns about data bias and algorithmic transparency in real estate AI systems.

1.5 Thesis Organization

This thesis is organized into six main chapters, each addressing specific aspects of AI-driven property valuation research.

Chapter 1: Introduction provides the introduction, presenting the background, motivation, problem definition, research objectives, contributions, and the overall structure of the thesis.

Chapter 2: Literature Review provides a comprehensive survey of existing research on property valuation, automated valuation models, machine learning applications in real estate, and algorithmic fairness. It establishes the theoretical foundation for this study.

Chapter 3: Proposed Approach presents the research design, detailing the dataset characteristics, the pre-processing procedures, the feature engineering approaches, the machine learning algorithms evaluated, and the experimental design. The chapter ensures methodological transparency and provides sufficient detail to enable replication and validation of the results.

Chapter 4: Experimental Results and Discussion This chapter presents and interprets the experimental results of the study. It reports the outcomes of the evaluation, including algorithm performance comparisons, feature importance analysis, fairness assessments, and model validation procedures. The results are examined in detail, and their implications for property valuation practices are thoroughly discussed.

Chapter 5: Conclusion and Future Work summarizes the key findings, outlines research contributions, discusses future research directions, and provides final remarks on the potential of AI-driven property valuation systems.

Chapter 2

Literature Review

The story of property valuation begins with a fundamental challenge that has persisted across centuries: how to accurately and fairly determine the value of real estate in an ever-changing market. This narrative traces the evolution from traditional appraisal methods to sophisticated artificial intelligence systems, revealing both the promise and the risks of technological transformation in one of the most critical economic functions of society. For decades, property valuation was based on three established approaches that formed the foundation of professional practice. Sales comparison, cost and income capitalization approaches provided the framework through which licensed appraisers navigated the complex task of price determination. These approaches became the global standard of valuation practice and remain influential today, although increasingly challenged by the growing scale and complexity of modern real estate markets [4].

These methods, grounded in economic theory and professional judgment, operate on well-established principles such as substitution, which posits that rational buyers will not pay more for a property than the cost of acquiring a comparable substitute [5]. The comparative market analysis (CMA) methodology emerged as a practical application of these principles, carried out by real estate professionals with in-depth knowledge of local conditions [6]. Although grounded in sound reasoning, such approaches depend heavily on localized expertise and limited *comparables*, which constrains scalability and consistency.

Although these traditional approaches served the industry for generations, their limitations became increasingly apparent in modern markets shaped by rapid urbanization and increasingly complex data. The subjectivity inherent in human judgment, while valuable in complex or unique cases, frequently introduced inconsistency and potential bias in routine valuations, creating uncertainty for market participants and, in some cases, inequitable results across property types, locations, and demographic segments [7]. Moreover, traditional methods have had difficulty adequately capturing the complex relationships between property characteristics and market values in rapidly changing markets, particularly as diverse data sources, including geographic information sys-

tems (GIS), demographic indicators, and market analytics—have become widely available and increasingly used in valuation practices [8].

A more systematic foundation emerged with Sherwin Rosen’s hedonic pricing model, which conceptualized a property as a bundle of attributes, with buyers valuing individual characteristics such as size, location, and amenities. Observed market prices can therefore be interpreted as the aggregate result of marginal contributions of specific attributes [9]. In its simplest form:

$$P_i = \beta_0 + \sum_{j=1}^k \beta_j X_{ij} + \epsilon_i,$$

where P_i is the price of the property i , X_{ij} is the attribute j of property i , β_j is the implicit marginal contribution of attribute j , and ϵ_i is an error term. This formulation became the basis for hedonic regression and ultimately for modern machine learning applications in property valuation.

The integration of GIS with hedonic pricing models represented a significant advance, as researchers demonstrated that location-based factors could be systematically quantified and incorporated into property valuation models [10]. This development addressed a fundamental real-estate principle: location is a primary determinant of value. The ability to capture spatial relationships, accessibility measures, and neighborhood characteristics through GIS enabled more sophisticated analytical approaches that would emerge in subsequent decades [11].

As computational power increased and data became more abundant, the limitations of traditional valuation approaches catalyzed the adoption of advanced analytical methods, such as machine learning, that offer greater scalability, precision, and consistency [12]. Automated Valuation Models (AVMs), computer systems that use statistical, econometric, or machine learning methods to analyze property and market data, have introduced a major shift toward more systematic and data-driven valuation. They produce valuations with greater speed, scalability, and consistency than traditional appraisal methods [13]. Research has increasingly demonstrated the ability of AVMs to improve value assessment, support decision-making, and provide market information on development, investment, land administration, and taxation [14]. Studies in different markets found that advanced models like random forests and gradient boosting predict property values more accurately than simple linear models, because they can capture complex relationships between property features and location factors [15].

Among these learners, gradient-boosted trees (notably XGBoost) gained prominence due to strong regularization, scalability, and performance in heterogeneous tabular features [16]. However, accuracy alone is insufficient in high-stakes settings like valuation; interpretability is essential. SHAP (SHapley Additive exPlanations) offers a

unified game-theoretic framework that attributes the positive or negative contribution of each feature to an individual prediction. The sum of local feature attributions is equal to the output of the model, making boosted-tree AVMs more transparent and auditable [17]. Beyond interpretability, the evidence from the Ukraine case study also demonstrates the performance advantages of boosted ensembles in real estate pricing tasks, with gradient boosting achieving $R^2 = 0.724$) [18].

Parallel to these algorithmic advances, the centrality of spatial features has been repeatedly confirmed. Studies show that location-based factors account for a substantial share of price variation. For example, in Seoul, studies have shown that proximity to subway stations significantly influences apartment prices, confirming accessibility as a critical determinant of housing value [19]. In Saudi Arabia, the incorporation of geospatial characteristics, such as distance to city centers and road networks, significantly improves predictive precision [20]. These findings validate the principle that “location is value” and support systematic GIS integration in AVMs.

Recent studies also tackle valuation when there are few recorded sales. Geography-guided self-supervised methods (e.g., DoRA) first learn from unlabeled data and then improve accuracy even with small labeled samples—useful for areas or property types with limited transactions [21].

The GCC context provides practical momentum¹, where sustained economic diversification and accelerated digital transformation have created a conducive environment for the adoption of AI-driven valuation systems. In the UAE, the Dubai Land Department’s “Instant Sale” feature operationalizes AI-based smart valuation, enabling property transactions to be completed in mere minutes and demonstrating that end-to-end digital valuation is viable at scale [22]. For Saudi Arabia, the national data-and-AI strategy under Vision 2030 positions AI as an explicit enabler in government and industry, while sectoral digital platforms and open transaction data provide the practical foundation for modernizing property valuation, including REGA’s digital real estate indicators and the Ministry of Justice’s real estate market data (with price per square meter) - and professional governance by TAQEEM sets standards for the valuation profession [23, 24, 25, 26]. Empirical work with Saudi transactions already shows strong machine learning performance relative to traditional baselines, indicating readiness for production-grade systems [20].

As adoption scales, fairness becomes central. Recent public-sector research documents that AVMs can exhibit larger errors in majority black communities - even when protected attributes are not explicit - implying that overall predictive accuracy does not guarantee equitable outcomes [27]. Regulators have responded: In 2024, six federal agencies in the USA issued a final rule mandating AVM quality control standards,

¹GCC refers to the Gulf Cooperation Council, a political and economic union comprising Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, Oman, and Bahrain.

including testing, documentation, and controls to guard against bias, formalizing governance expectations for automated home valuations [28].

Taken together, the literature suggests that effective AI-driven valuation relies on a combination of:

- Powerful machine learning methods for structured (tabular) data.
- Highlighting the importance of spatial feature engineering through GIS.
- Interpretable outputs (e.g., SHAP),
- Fairness evaluation aligned with emerging regulations.

What is still missing, particularly in Saudi Arabia where the Saudi Authority for Accredited Valuers (Taqeem)¹ continues to rely on traditional, human-driven appraisal practices, is a unified and standardized spatial pipeline. Current approaches lack systematic integration of GIS-based feature engineering, fairness diagnostics, and uncertainty analysis, limiting their ability to meet the demands of a modern, data-driven real estate market.

To address this gap, this thesis proposes ***FERAS***, derived from “firasā” which means Foresight-Enhanced Real estate Appraisal with Spatial intelligence. ***FERAS*** provides a practical, transparent, and scalable pipeline tailored to the Saudi real estate context, bridging the divide between traditional valuation practices and advanced data-driven methods.

¹<https://taqeem.gov.sa/en>

Chapter 3

Proposed Approach

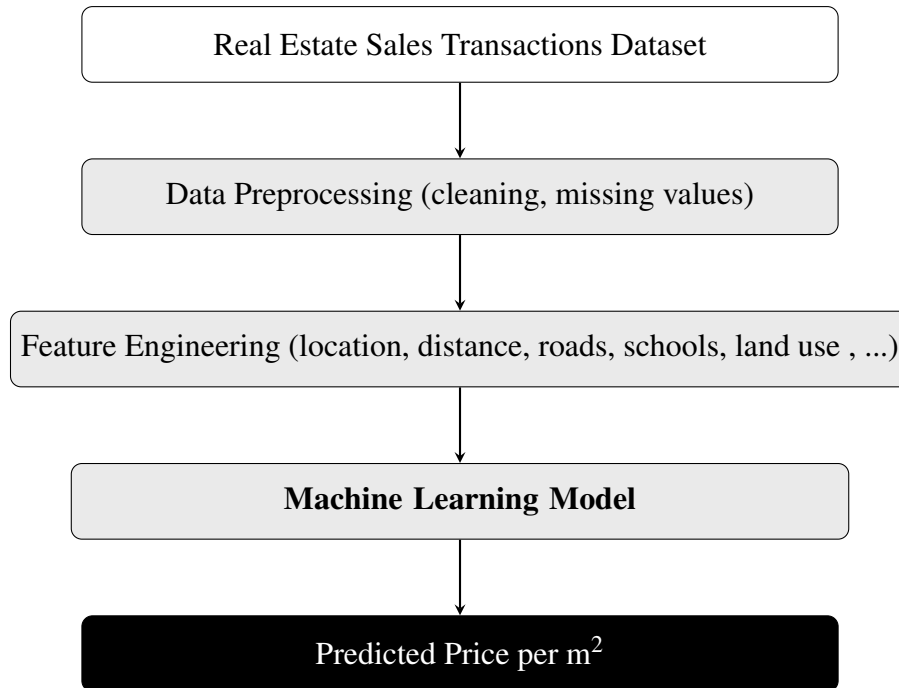
3.1 Research Design and Approach

This study employs a quantitative experimental design to evaluate AI-driven automated valuation models (AVMs) for predicting the price per square meter ($\text{﷼}/\text{m}^2$) in the Saudi real estate market. The methodological pipeline is designed to be clear and consistent, and consists of several key stages: data acquisition from transaction records, preprocessing to clean and normalize the data, and spatial feature engineering to enrich each transaction with geographic context such as accessibility and land use. After feature construction, multiple machine learning models are trained and evaluated using a validation strategy that avoids overly optimistic results by ensuring that training and testing sets are strictly separated.

All models are trained on identical data splits and the same feature pipeline, with fixed random seeds applied throughout, so that performance differences arise solely from the learning algorithms themselves rather than from inconsistencies in data handling. This systematic approach enables a controlled comparison of diverse models while providing insight into both predictive accuracy and their ability to generalize across different types of properties and spatial regions.

The overall research workflow is summarized in Figure 3.1, which illustrates the conceptual AVM pipeline applied in this study. It begins with the collection of property transaction data, followed by preprocessing and feature engineering. The spatially enriched features are then passed into multiple machine learning models for training and evaluation, leading to final predictions of the price per square meter.

Figure 3.1: AVM framework for predicting real estate price per square meter.



To benchmark predictive performance, we evaluate eight machine learning algorithms from three major families: linear regression methods (Ordinary Least Squares, Ridge, and Lasso); tree-based learners (Decision Tree, Random Forest, Gradient Boosting, and XGBoost); and an instance-based method (K-Nearest Neighbors, KNN). All models are trained on the same feature inputs and evaluated under consistent procedures to ensure comparability. Together, these models span from simple and interpretable baselines to advanced ensemble learners, enabling a balanced evaluation of predictive accuracy and generalization. A summary of the models and their rationale for inclusion is provided in Table 3.1.

Table 3.1: Summary of machine learning models used in this study

Family	Model		Description / Rationale
Linear	Ordinary Least Squares (OLS)		Baseline linear regression minimizing squared error; provides interpretability and benchmark performance.
	Ridge Regression		Linear regression with L2 regularization to handle multicollinearity and reduce overfitting.
	Lasso Regression		Linear regression with L1 regularization, performing both shrinkage and feature selection.
Tree-based	Decision Tree		Rule-based non-linear learner that partitions feature space hierarchically.
	Random Forest (RF)		Ensemble of decision trees using bootstrap aggregation (bagging) to reduce variance and improve stability.
	Gradient (GB)	Boosting	Sequential ensemble method that builds trees iteratively, correcting errors from previous ones.
	XGBoost		Optimized gradient boosting implementation with regularization, widely adopted for structured/tabular data.
Instance-based	K-Nearest (KNN)	Neighbors	Non-parametric approach that predicts based on similarity to nearby observations in feature space.

Since real estate valuation often operates in regulated settings, models must demonstrate not only accuracy but also fairness and transparency. To support this, our evaluation framework goes beyond predictive performance. We use SHAP (SHapley Additive Explanations) to make the model’s decisions understandable, showing how each feature contributes to a prediction and ensuring the valuation process is transparent rather than a black box[17].

3.2 Dataset Description and Characteristics

This study uses a large-scale multicity dataset of Saudi Arabian property transactions suitable for machine learning analysis in a regional real estate context. The data set contains 48,520 verified transactions drawn from multiple sources in major Saudi cities, providing extensive geographic diversity for modeling and evaluation¹.

The prediction target is the price per square meter ($\text{ﷲ}/\text{m}^2$), calculated as $y = \frac{\text{transaction_price}}{\text{area}}$ after standardizing units and filtering implausible or missing areas.

Temporal coverage. The dataset spans the period from July 2024 to July 2025, providing one year of recorded sales transactions. Although transaction dates are not used as predictive features in our models, reporting the temporal coverage highlights that the dataset reflects a range of market conditions rather than a snapshot from a single month. The monthly transaction volume over this period is shown in Figure 3.2.

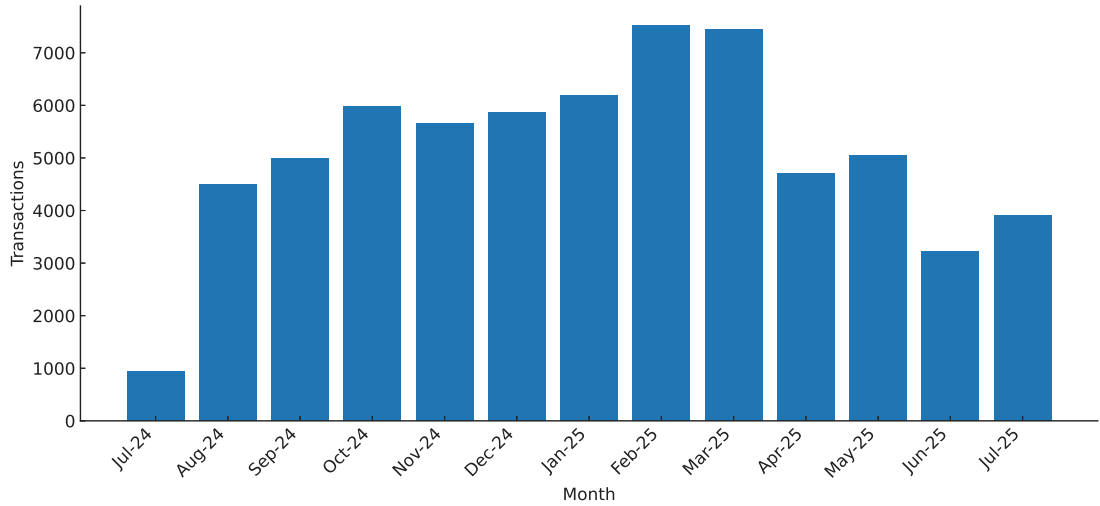


Figure 3.2: Monthly transactions volume (July 2024 – July 2025).

Geographic coverage. Transactions are distributed across key urban centers: Riyadh (61.54%), Jeddah (10.38%), Makkah (5.48%), Dammam (6.03%), Buridah (3.73%), Khobar (3.77%), with the remaining 9.07% in eleven additional cities. This distribution reflects major population and economic hubs while preserving the cross-city variability needed for spatial generalization. The counts and shares at the city level are reported in Table 3.2, and their spatial distribution is visualized in Figure 3.3.

¹Source: Official property transaction feeds. [24, 25].

Table 3.2: Transactions by city (July 2024 – July 2025).

City	Count	Share (%)
Riyadh	29,857	61.54
Jeddah	5,038	10.38
Makkah	2,661	5.48
Dammam	2,926	6.03
Buridah	1,805	4.3
Khobar	1,829	3.72
Other (11 cities)	6,043	9.07
Total	48,520	100

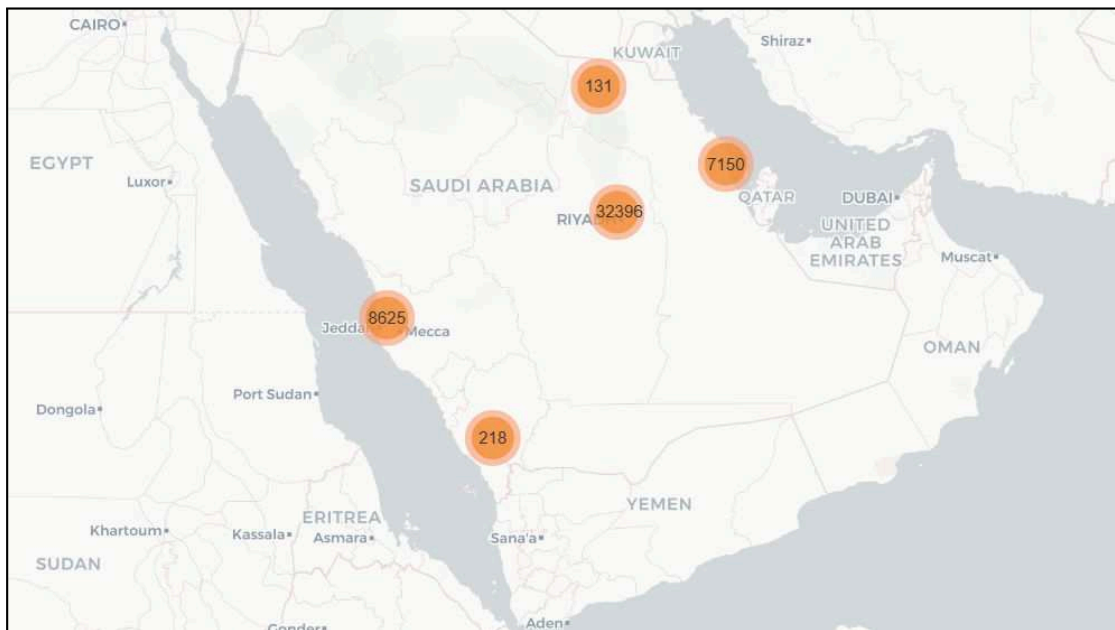


Figure 3.3: Spatial distribution of transactions across cities

Property types. Five main categories are represented: apartments (26.17%), villas (7.51%), residential land (42.77%), commercial properties (11.46%), and other types (12.09%). This mixture supports model evaluation across distinct market segments and built forms. The distribution by property type is summarized in Table 3.3, and the price per m² variability in Riyadh, Makkah and Jeddah are shown in Figures 3.4, 3.5.

Table 3.3: Transactions by property type.

Property type	Count	Share (%)
Apartments	12,694	26.16
Villas	4,701	7.51
Residential land	20,752	42.77
Commercial	5,558	11.46
Other	5,870	12.09
Total	48,520	100

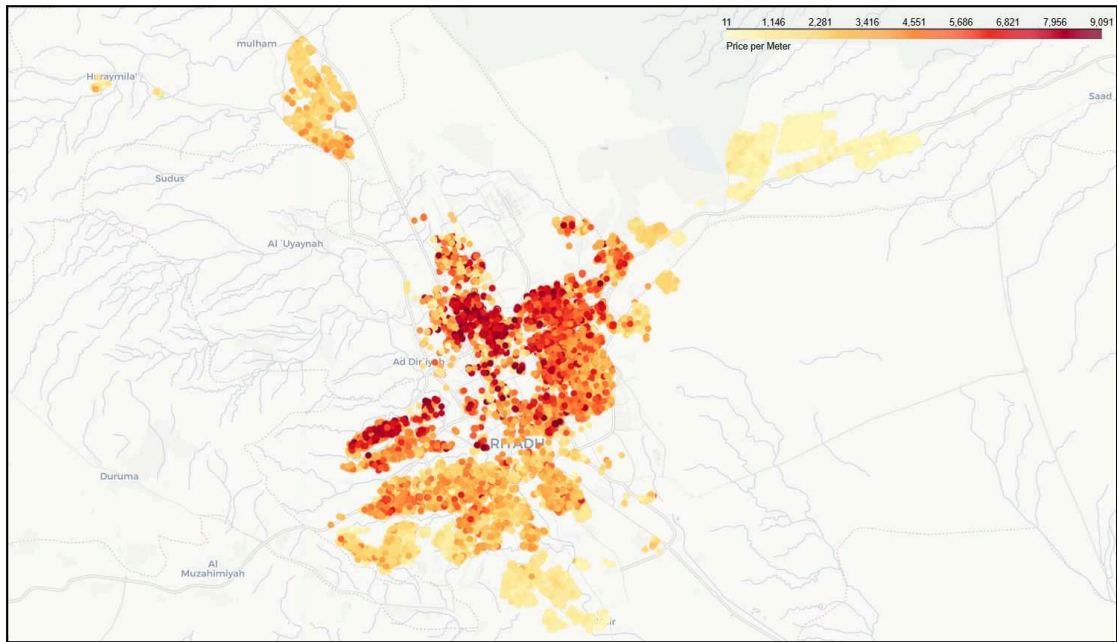


Figure 3.4: Price ($\text{ﷲ}/\text{m}^2$) distributions in Riyadh.

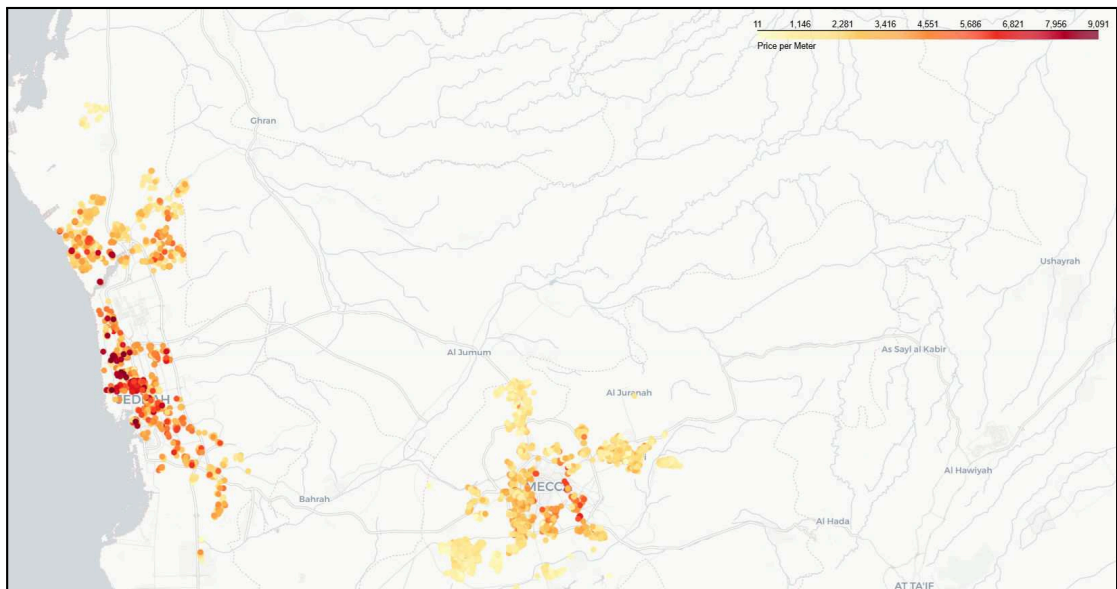


Figure 3.5: Price ($\text{ﷲ}/\text{m}^2$) distributions in Makkah and Jeddah.

Attributes and units. Each transaction includes core structural attributes (e.g., built area, parcel area as applicable, precise geographic coordinates (WGS84), and the realized transaction price in Saudi Riyals (ﷲ). All prices reflect closed transactions, not listings, improving the reliability of the label for supervised learning. The core variables are documented in Table 3.4.

Table 3.4: Data dictionary for features - core variables

Variable	Type/Unit	Description
sale_date	ISO date	Date of transaction
sale_price	ﷲ	Final transaction price (closed deal)
area	m^2	Built or parcel area
price_per_m2	ﷲ/ m^2	Target: sale_price/area
Latitude	degrees (WGS84)	Geographic coordinate (north–south)
Longitude	degrees (WGS84)	Geographic coordinate (east–west).
property_type	categorical	Apartment, villa, residential land, other

Data sources. Aggregated from official transaction feeds [25, 24].

3.3 Data Preprocessing

We designed a structured preprocessing pipeline to prepare the dataset before modeling. The pipeline ensures data integrity by handling missing values and outliers, maintains unit consistency by standardizing measurement scales (e.g., converting all prices to (ﷲ/ m^2), and prevents data leakage by applying transformations such as scaling and encoding within cross-validation folds rather than on the entire dataset. This structured setup guarantees that all models are trained with clean, consistent, and leak-safe inputs. The pipeline covers several key stages, including schema standardization, record quality control, target construction, handling missing values and outliers, and geospatial joins. To support transparency, we also maintain an audit log of record counts before and after each Preprocessing step shown in Table 3.5).

Step 1: Schema standardization. To ensure consistent formatting across the dataset, we standardized column names by trimming whitespace, converting all letters to lowercase, and replacing spaces with underscores. The `transactiondate` field was converted to a proper `datetime` type and simplified to retain only the date (YYYY-MM-DD). In addition, categorical attributes were normalized: `provinceName` and `metricsType` were mapped from Arabic labels to their English equivalents for consistency. Finally, redundant or irrelevant columns that were not required for modeling were removed from the dataset.

Step 2: Record quality control. We applied light cleaning to retain *genuine pricing patterns* while removing noise: we excluded suspect low-value transactions¹, removed records with missing essentials, consolidated repeated observations that refer to the same place and date by taking the *median* price-per-meter, and filtered out non-target property categories. The resulting dataset is clean and aligned with the modeling target (price per meter).

Step 3: Outlier treatment We identify and remove extreme values in the target $y = \text{priceofmeter}$ using the interquartile range (IQR) rule, also known as Tukey’s fences [29, 30]. Let Q_1 and Q_3 denote the first and third quartiles of y , and define $\text{IQR} = Q_3 - Q_1$. We compute Q_1 , Q_3 , and IQR on the *entire dataset* and retain observations only if

$$Q_1 - 1.5\text{IQR} \leq y_i \leq Q_3 + 1.5\text{IQR}.$$

This robust, rank-based criterion reduces the influence of heavy-tailed transactions without assuming normality. In a sensitivity check, increasing the fence factor to $k = 3$ (“far” outliers) produced similar qualitative conclusions.

Step 4: Auditability. We log the count of rows after each step and summarize the missingness of the core variables (Tables 3.5).

Table 3.5: Preprocessing audit: record counts by step.

Step	Action	Rows remaining
0	Load data	48,520
1	Filter to target property types	37,092
2	Remove low-value transactions	37,087
3	Outlier treatment (IQR / Tukey’s fences)	34,670
Final	Cleaned dataset for feature engineering	34,670

¹As recorded in the dataset.

3.4 Feature Engineering and Geographic Integration

We enrich each transaction with geospatial signals of accessibility, built-form intensity, and amenity proximity. Unless noted, indicators are computed within a 1 km radius around the transaction point (WGS84; distances in meters).

Road-network accessibility (OpenStreetMap)

Using OpenStreetMap (OSM) ways and their `highway` classes [31], we derive:

- **Total road supply (1 km):** sum of lengths of all road segments intersecting the 1 km buffer.
- **Class-specific road counts:** number of distinct segments of each functional class (motorway, trunk, primary, secondary, tertiary, residential) within the buffer.
- **Road-class diversity:** count of distinct OSM road classes present in the buffer (a simple richness/diversity proxy).
- **Proximity to key road classes:** great-circle distance from the transaction point to the nearest segment of each class (motorway, trunk, primary, secondary, tertiary, residential).

Built environment and land use (Overture + Microsoft footprints)

From building polygons (Microsoft Global Building Footprints) and land use layers (Overture Maps) [32, 33, 34]:

- **Building count (1 km):** number of building footprints within the buffer.
- **Building density (per km²):** building count normalized by the buffer area.
- **Average building footprint area:** mean area of building polygons (m²) in the buffer.
- **Built-up ratio:** share of the buffer's surface covered by building polygons.
- **Land-use diversity:** number of distinct land-use categories present within the buffer.

Centrality and amenities (Google coordinates + Haversine)

To capture household amenity preferences and urban centrality:

- **Distance to city center:** great-circle distance from the transaction point to a fixed city-center reference coordinate, computed by the Haversine formula [35].
- **Schools within 1 km:** count of nearby education facilities, identified via the `school` coordinates, within a 1 km radius.

The Haversine distance between points (φ_1, λ_1) and (φ_2, λ_2) (radians) on a sphere of radius R is

$$d = 2R \arcsin \left(\sqrt{\sin^2 \left(\frac{\varphi_2 - \varphi_1}{2} \right) + \cos \varphi_1 \cos \varphi_2 \sin^2 \left(\frac{\lambda_2 - \lambda_1}{2} \right)} \right), \quad R = 6,371,000 \text{ m.} \quad (3.1)$$

Why these features matter. Greater road supply and proximity to higher capacity classes proxy for accessibility and market reach; higher building density and built-up share indicate agglomeration, scarcity, and development intensity; centrality and school access capture amenity valuation by households. Together, these variables provide complementary signals that help explain variation in price per square meter.

3.5 Feature Correlation Analysis

To examine linear dependencies among explanatory variables, we computed Pearson correlation coefficients with the target variable (`priceofmeter`). The results reveal both positive and negative associations, which together highlight how built-environment intensity and spatial accessibility jointly shape land values.

Table 3.6 summarizes the five strongest positive and negative correlations with the target variable. Features such as `built_up_ratio` ($r = 0.61$), `road_type_diversity_1km` ($r = 0.57$), and `building_density_km` ($r = 0.49$) are positively correlated with land prices, indicating that denser and more diverse urban environments tend to be valued higher. Conversely, `dist_to_city_center_m` ($r = -0.62$) and other distance-based measures show strong negative correlations, demonstrating the discount effect of being located further from major centers of activity.

Table 3.6: Top positive and negative correlations with price per meter.

Feature	Correlation	Direction
built_up_ratio	0.611	Positive
road_type_diversity_1km	0.568	Positive
total_road_length_1km	0.493	Positive
building_density_km	0.490	Positive
building_count	0.490	Positive
dist_to_city_center_m	-0.620	Negative
dist_to_primary	-0.420	Negative
dist_to_secondary	-0.385	Negative
dist_to_tertiary	-0.372	Negative
dist_to_residential	-0.301	Negative

Note: Negative correlations between price per meter and distance to major roads are consistent with accessibility theory: properties closer to primary, secondary, and tertiary routes are more valuable, while prices decrease with increasing distance. Distance to residential roads also shows a weaker negative correlation, which may reflect Saudi neighborhood patterns, where premium locations are situated near arterial roads and commercial corridors rather than internal streets.

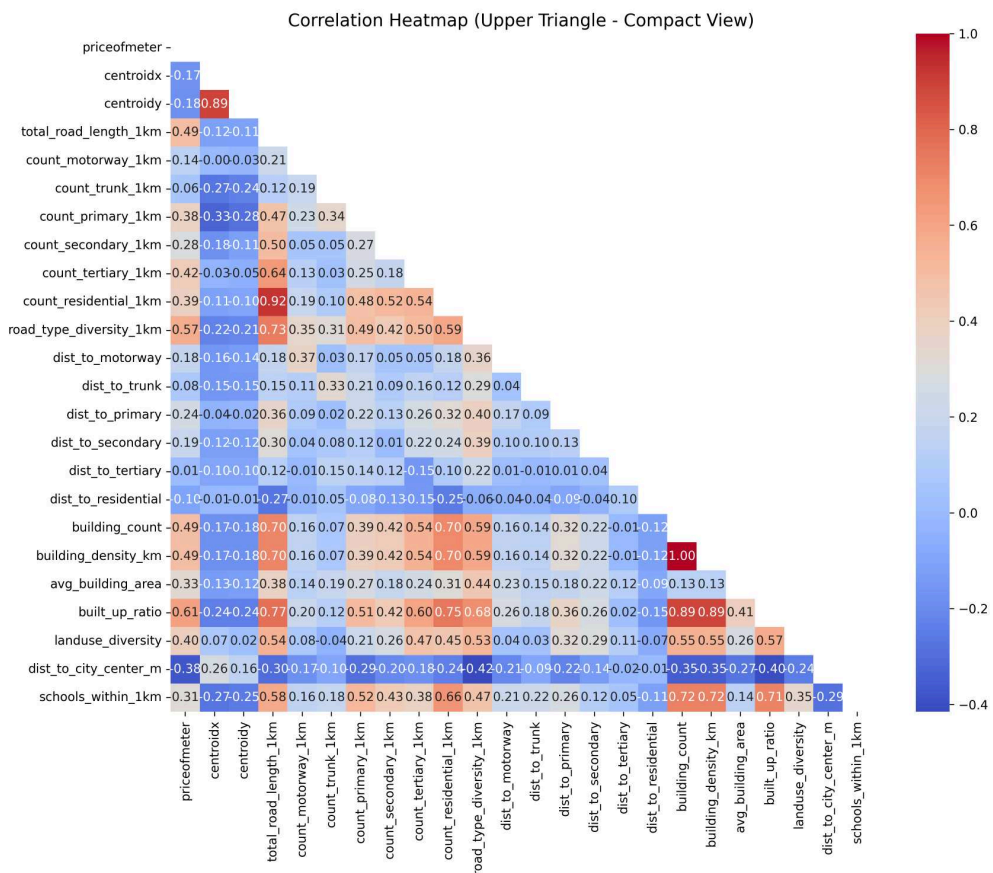


Figure 3.6: Compact correlation heatmap (upper triangle only).

Figure 3.6 illustrates the compact heatmap of feature interdependencies, with the upper triangle displayed to reduce redundancy. This visualization confirms the observed trends: road-related features cluster together positively, while distance-based measures exhibit systematic negative associations with price.

In general, the correlation analysis indicates that the value of the land **is strongly shaped by both the intensity of development (building density, road diversity) and the proximity to central locations**. Prices rise in areas with dense and diverse infrastructure, but decrease sharply as distance from the city center increases. This dual pattern confirms the critical role of spatial accessibility in the Saudi urban real estate market.

3.6 Machine Learning Algorithms and Implementation

This section documents the *actual* training setup used in this study: task definition, input features, preprocessing, model configurations, and the evaluation protocol. No outcomes are reported here; all metrics appear later in Chapter 4.1.

3.6.1 Task and Target

Each transaction i is represented by an engineered feature vector $\mathbf{x}_i$ (structural and spatial features) and the target $y_i = \text{priceofmeter}$ (SAR/m²). We learn a regression function $\hat{f} : \mathbf{x} \mapsto \widehat{\text{priceofmeter}}$ on tabular data. Any transformations used during training are inverted before scoring so that all evaluation is on the SAR/m² scale.

3.6.2 Feature Inputs (final design)

Table 3.7 groups every column we feed to the models, shows concrete field names, and explains why each set of features matters.

Table 3.7: Feature groups, representative fields, and types with rationale.

Group	Representative fields	Type / scale
Coordinates	centroidx, centroidy	numeric (degrees)
<i>Rationale:</i> Anchor spatial joins and allow models to learn broad spatial gradients.		
Road network	total_road_length_1km, count_motorway_1km, count_trunk_1km, count_primary_1km, count_secondary_1km, count_tertiary_1km, count_residential_1km, road_type_diversity_1km	numeric (m, #, %)
<i>Rationale:</i> Measures how well the area is connected and how easily can reach services.		
Nearest road	dist_to_motorway, dist_to_trunk, dist_to_primary, dist_to_secondary, dist_to_tertiary, dist_to_residential	numeric (meters)
<i>Rationale:</i> Shows how easily the area connects to roads and nearby services.		
Built environment	building_count, building_density_km, avg_building_area, built_up_ratio, landuse_diversity	numeric (#, %)
<i>Rationale:</i> Intensity and mix of development; proxy for neighborhood quality and use mix.		
New spatial features	dist_to_city_center_m, schools_within_1km	numeric (m, #)
<i>Rationale:</i> City-center accessibility and education access (nearby school count). ¹		
Property type	apartments, resident_land, villas	binary (0/1)
<i>Rationale:</i> Control for property type.		

3.6.3 Preprocessing Pipeline

We use one unified preprocessing pipeline for *all* models so inputs are prepared the same way, comparisons are fair. The pipeline is built with `Pipeline` and `ColumnTransformer` in `scikit-learn` [37].

Step 0 — Pre-pipeline cleaning (before modeling):

- Keep only the three property types (Residential Land, Apartments, Villas).
- Drop rows flagged `islowvaluetransaction`.
- Treat outliers in `priceofmeter` via the IQR rule.

¹Distances are computed from WGS84 coordinates (haversine); see [36].

- Convert `metricstype` into dummies: `apartments`, `residential_land`, `villas`.
- Add spatial features (using haversine formula (3.1)):
`dist_to_city_center_m`, `schools_within_1km`.

Step 1 — Train–test split:

Split the data into **80% train** and **20% test** (`random_state=42`). All preprocessing parameters are learned on the *training* portion only; the test split remains untouched until the very end.

Step 2 — ColumnTransformer :

Categorical branch

Inputs: the three 0/1 dummies `apartments`, `residential_land`, `villas`.

Transform: `passthrough` (already one-hot).

Effect: use type indicators as-is; no encoding or scaling.

Step 3 — Per-model wrapper:

For each model, we build a full pipeline with both the preprocessor and the regressor: `Pipeline([("preprocessor", preprocessor), ("regressor", model)])`. During `fit(X_train, y_train)`, the pipeline learns how to fill missing values and scale features from the training data. During `predict(X_test)`, it applies the same learned rules to the test data before making predictions.

Step 4 — Apply to test (no refit on test)

We never recompute imputer means or scaler statistics on the test split. The model sees test rows only once at prediction time.

Leakage-safe checklist:

- **Fit on train, apply to test:** Imputer means and scaler (μ, σ) are learned on X_{train} and then reused on X_{test} .
- **No learning in categoricals:** The three type dummies (`apartments`, `residential_land`, `villas`) are already 0/1, so they are passed through unchanged.
- **Keep the target isolated:** We never impute or transform `priceofmeter`; rows with invalid `area` are removed upstream.

- **Predict-only on test:** After the split, we do not recompute any preprocessing on test—test rows are transformed with training parameters and predicted once.
- **Spatial features are safe:** Distances and school counts come from GIS/context data, not from prices, so they cannot leak target information.

Summary: train $\Rightarrow$ fit [impute, scale] $\Rightarrow$ fit model | test $\Rightarrow$ transform with train params $\Rightarrow$ predict only.

3.6.4 Training and Evaluation Protocol

We use a simple, leakage-safe evaluation so that scores reflect true generalization.

1. **Split:** `train_test_split` into **80% train** and **20% test** (`random_state=42`); no additional stratification.
2. **Fit:** for each model, fit the shared preprocessing + estimator on the 80% training portion only.
3. **Predict:** generate predictions for both train and test; the test split is never used to refit preprocessing.
4. **Metrics:** report R^2 , RMSE, MAE, and MAPE on the SAR/m² scale.

The library components follow scikit-learn [37]; XGBoost follows [16].

3.6.5 Explainability and Uncertainty

To make the model’s pricing logic transparent and its reliability explicit, we pre-specify two outputs that will be reported in Chapter 4.1: (i) *why* the model predicts a given price (explainability) and (ii) *how sure* the model is (uncertainty).

- **Explainability (SHAP):** We will use SHAP (SHapley Additive exPlanations) to decompose each prediction into a sum of feature contributions that push the estimate up or down from a baseline [17]. This provides auditability, helps detect counter-intuitive effects, and supports stakeholder trust in ensemble models.
- **Uncertainty:** To communicate valuation uncertainty, we will report conformal prediction intervals with 90% target coverage, following AVM literature that demonstrates user-specified, distribution-free prediction intervals for house prices [38]; results are also consistent with broader AVM uncertainty frameworks [39, 40].

Chapter 4

Experimental Results and Discussion

4.1 Experimental Results

4.2 Dataset Characteristics and Exploratory Analysis

After preprocessing data, the analysis dataset contains **34,670** transactions drawn from an initial **48,520** records (see Table 3.5). The reduction reflects schema harmonization, de-duplication, and minimum-field requirements needed for modeling.

Geographically, transactions span the Kingdom’s principal urban hubs as well as secondary cities; the full city-by-city breakdown (counts and shares) is summarized in Table 3.2. By market segment, the dataset covers the major property types used in our study (Residential Land, Apartments, Villas, Commercial), with the distribution reported in Table 3.3.

4.2.1 Model Performance Comparison

We evaluated eight algorithms under the same controlled spatial-block validation, as reported in Table 4.1. Ensemble tree methods dominate, with Random Forest achieving the best overall generalization, closely followed by XGBoost.

Random Forest achieved the highest generalization performance with a Test R^2 of 0.952 and the lowest error (RMSE = 456.32, MAE = 263.25). XGBoost follows closely (Test R^2 = 0.947, RMSE = 479.40, MAE = 300.83), confirming the strength of boosted trees for structured real-estate data [16]. Decision Trees fit the training data extremely well but generalize less effectively (Test R^2 = 0.920), while KNN performs reasonably (Test R^2 = 0.895) but with higher errors. Gradient Boosting exhibits balanced training and testing fit (Test R^2 = 0.8695) yet with the largest errors among ensemble methods. Linear models (Ridge, Lasso, and OLS) lag substantially behind (Test R^2 $\approx$ 0.60), highlighting the importance of capturing non-linearities and spatial feature interactions

Table 4.1: Comprehensive model performance on the test set.

Algorithm	Train R^2	Test R^2	RMSE	MAE	MAPE (%)
Random Forest	0.984	0.952	456.32	263.25	9.30
XGBoost	0.964	0.947	479.40	300.83	11.84
Decision Tree	0.989	0.920	584.59	303.90	10.40
K-Nearest Neighbors	0.933	0.895	672.97	352.41	13.13
Gradient Boosting	0.870	0.870	748.58	484.46	22.71
Linear Regression	0.587	0.603	1305.24	959.14	44.92
Ridge Regression	0.587	0.603	1305.25	959.14	44.92
Lasso Regression	0.587	0.603	1305.53	959.29	45.01

Notes: Units for RMSE/MAE match the primary target ($\text{¥}/\text{m}^2$).

in property valuation (Table 4.1).

4.3 Overall Model Analysis

Table 4.1 summarizes the performance of all candidate models on the spatial-block test set. The following subsections provide a detailed analysis for each algorithm.

4.3.1 Random Forest

Random Forest achieved the highest performance (Test $R^2 = 0.952$, RMSE = 456.32). Its ensemble averaging reduces variance and provides robustness, making it well-suited for tabular real-estate data. Feature importance analysis shows that location-based variables dominate, confirming the geographic dependency of property prices.

4.3.2 XGBoost

XGBoost closely follows Random Forest (Test $R^2 = 0.947$, RMSE = 479.40). Although its error is slightly higher, XGBoost is computationally efficient and often achieves better scalability and stability when hyperparameters are tuned. This aligns with prior evidence on gradient boosting for structured datasets [41].

4.3.3 Decision Tree

Decision Trees achieved very high training accuracy (Train $R^2 = 0.989$) but lower generalization (Test $R^2 = 0.920$), highlighting overfitting. While simple to interpret, single trees lack the stability of ensembles and are sensitive to data noise.

4.3.4 K-Nearest Neighbors

KNN achieved Test $R^2 = 0.895$. While this indicates some predictive power, the approach is less effective in high-dimensional feature spaces and requires storing all training samples, making prediction slower for large datasets.

4.3.5 Gradient Boosting

Gradient Boosting yielded balanced training and test fit ($R^2 \approx 0.870$) but with high error metrics ($RMSE = 748.58$, $MAPE = 22.71$). This indicates that while the model avoided overfitting, its predictions were less accurate compared to Random Forest and XGBoost.

4.3.6 Linear Models (Ridge, Lasso, OLS)

Linear models produced the weakest results (Test $R^2 \approx 0.60$, $RMSE \approx 1305$). Although computationally efficient, they failed to capture the non-linear structure of real-estate prices. Ridge and Lasso provided minor regularization benefits but did not significantly improve over OLS.

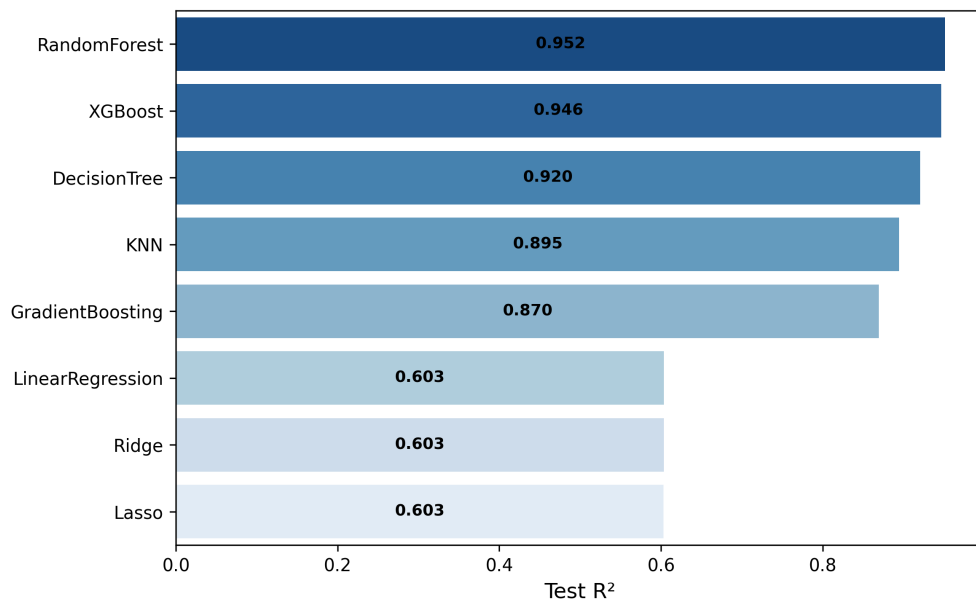


Figure 4.1: Test R^2 comparison across models

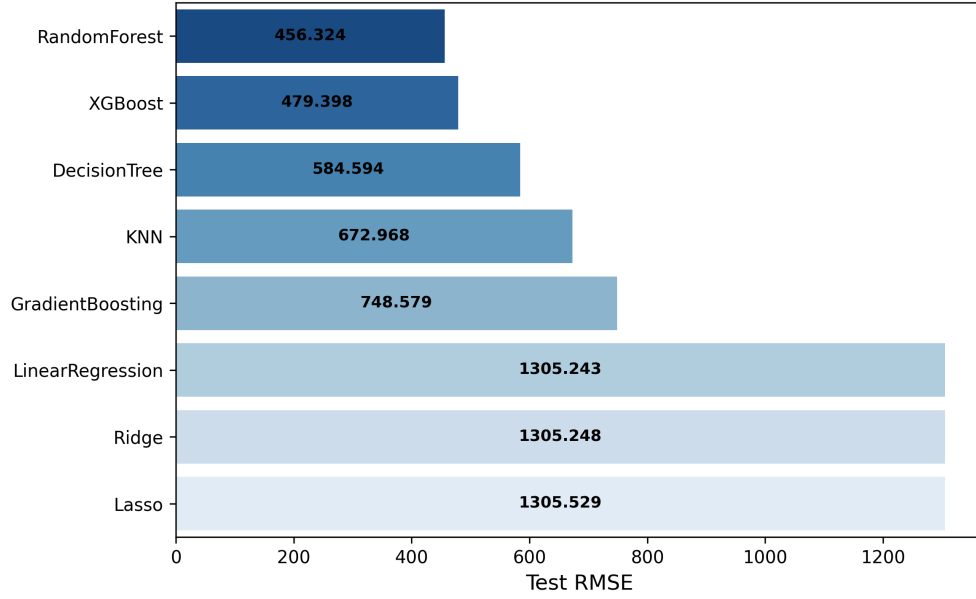


Figure 4.2: RMSE (SAR/m²) comparison

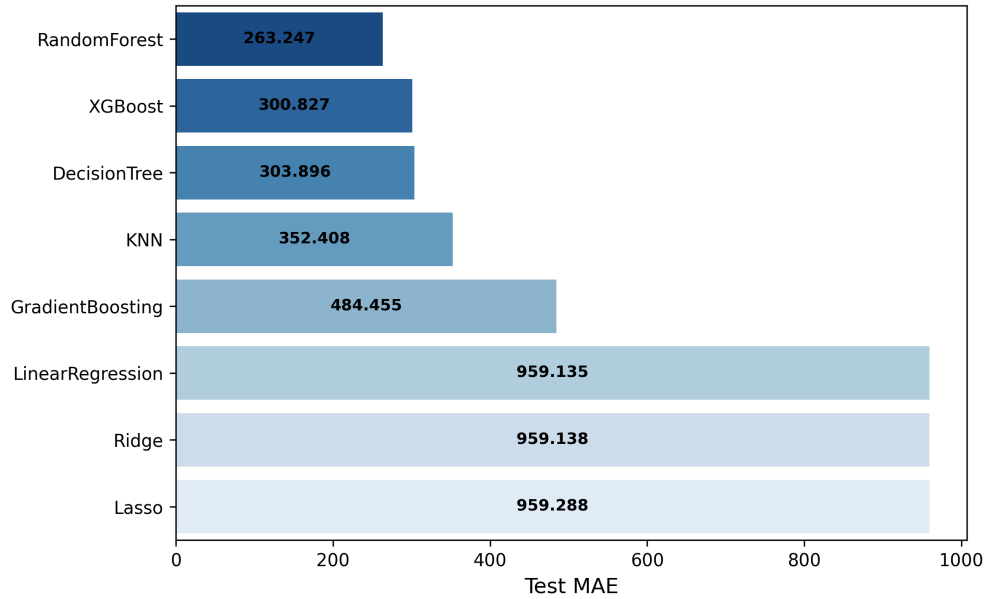


Figure 4.3: MAE (SAR/m²) comparison

Comparative Conclusion. Overall, Random Forest achieves the highest raw accuracy (Test $R^2 = 0.952$, RMSE = 456.32), closely followed by XGBoost (Test $R^2 = 0.947$, RMSE = 479.40). Both models substantially outperform single trees, KNN, and linear baselines, underscoring the value of ensemble approaches in capturing non-linearities and geographic interactions in property valuation.

However, Random Forest exhibits a larger generalization gap between training and test performance ($\Delta R^2 = 0.0323$) compared to XGBoost ($\Delta R^2 = 0.0170$). The smaller gap indicates that XGBoost generalizes more consistently, with lower risk of overfitting

despite its slightly higher error. For this reason, XGBoost is selected as the preferred model for subsequent analysis, including fairness evaluation, as it balances accuracy, stability, and scalability more effectively than Random Forest.

4.4 Interpretation of Evaluation Metrics

To evaluate the predictive performance of the models, we report four commonly used metrics: R^2 , RMSE, MAE, and MAPE. Each provides a different perspective on model accuracy. R^2 measures how much of the variation in prices is explained by the model (higher is better). RMSE and MAE measure the size of prediction errors in absolute terms ($\text{¥}/\text{m}^2$), while MAPE expresses errors as a percentage of the true value, which is often easier to interpret in practice.

To make these results more intuitive, Table 4.2 relates each metric to concrete real estate examples using the performance of Random Forest and XGBoost in the random 80/20 split test set.

Table 4.2: Model performance on the test set with interpretations in real estate terms

Model	R^2	RMSE ($\text{¥}/\text{m}^2$)	MAE ($\text{¥}/\text{m}^2$)	MAPE (%)
Random Forest	0.9515	456.3	263.2	9.30
• Explains 95% of price variation. • Typical large error 456 $\text{¥}/\text{m}^2$ (RMSE). • Average error 263 $\text{¥}/\text{m}^2$ (MAE) $\rightarrow$ a 100 m^2 apartment differs by 26,320 ¥. • Errors within 9% of price (MAPE) $\rightarrow$ a 1M villa predicted between 910K–1.09M ¥.				
XGBoost	0.9465	479.4	300.8	11.84
• Explains 94.6% of price variation. • Typical large error 479 $\text{¥}/\text{m}^2$ (RMSE). • Average error 301 $\text{¥}/\text{m}^2$ (MAE) $\rightarrow$ a 100 m^2 villa differs by 30,100 ¥. • Errors within 12% of price (MAPE) $\rightarrow$ a 1M property predicted between 880K - 1.12M ¥.				

4.5 Visual Evaluation of Model Predictions

Numerical metrics such as R^2 , RMSE, MAE, and MAPE provide quantitative evidence of model performance, but scatter plots of actual versus predicted values offer an visual way to assess predictive behavior. In these plots, each point represents a property transaction, the x -axis shows the actual observed price per square meter, and the y -axis shows the predicted price. The red dashed line indicates the *perfect prediction line* ($y = x$). Models with points closely aligned to this line demonstrate strong predictive accuracy, while wider scatter reflects higher error and weaker fit.

4.5.1 Random Forest

Random Forest (Figure 4.4) produces predictions tightly clustered around the perfect line, reflecting its ensemble averaging ability. The plot visually confirms Random Forest's low error variance, but also highlights signs of overfitting, as its performance is stronger on the training set than on the test set.

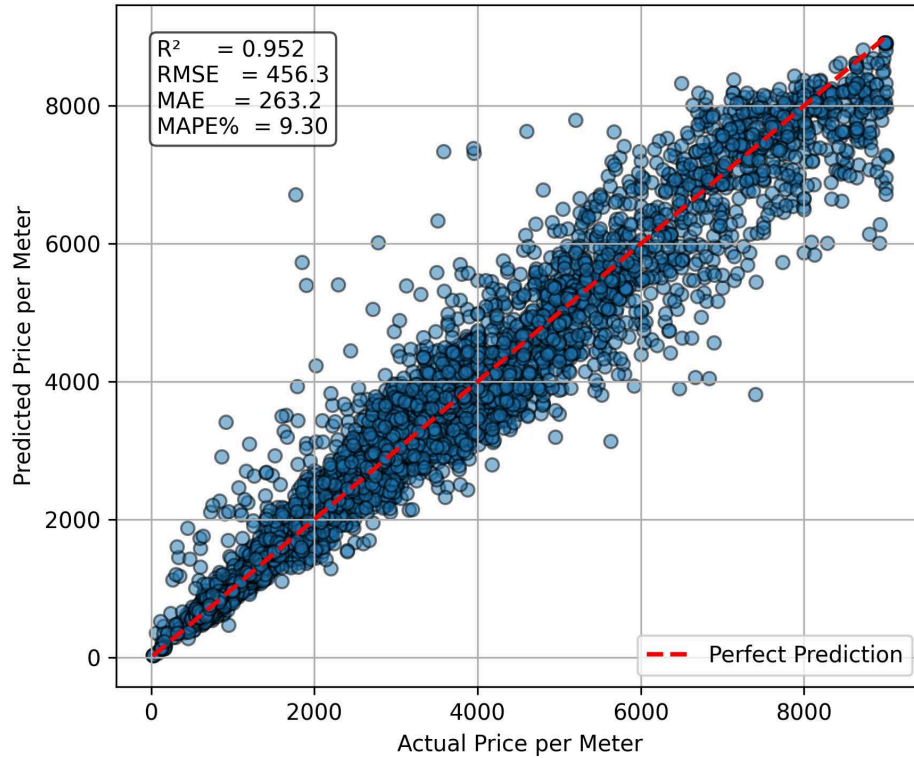


Figure 4.4: Actual vs Predicted scatter plot for Random Forest.

4.5.2 XGBoost

Figure 4.5 shows the scatter plot for XGBoost. Predictions are well aligned with the perfect line, with most points falling close to it. While there is slight dispersion at higher price levels, XGBoost exhibits less overfitting than Random Forest, demonstrating stronger generalization and robust predictive capability.

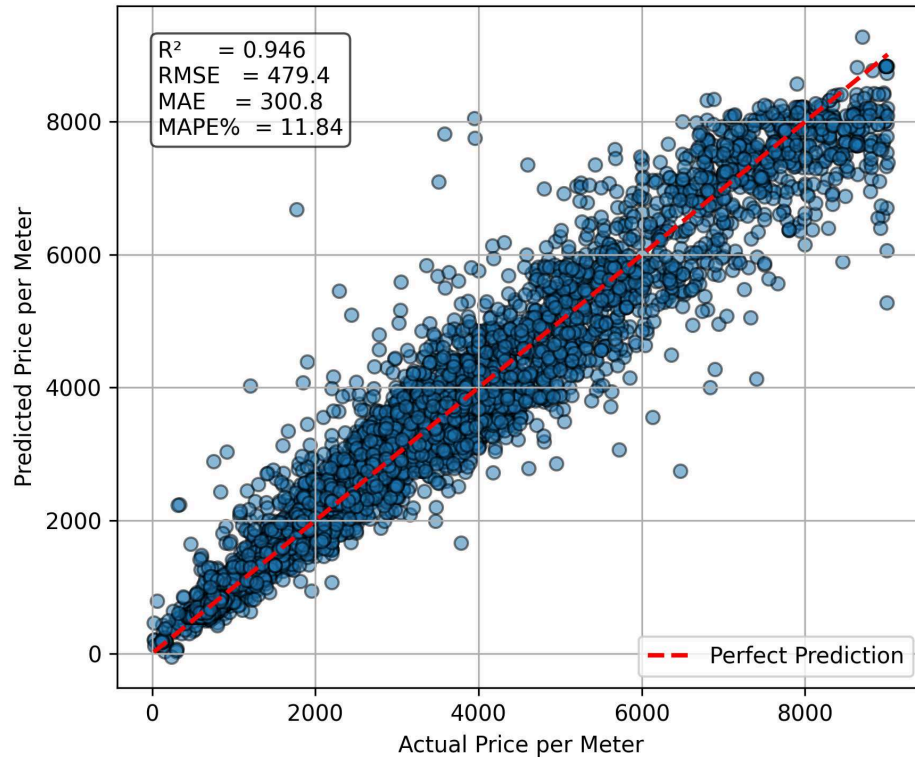


Figure 4.5: Actual vs Predicted scatter plot for XGBoost.

4.5.3 Decision Tree

The single Decision Tree (Figure 4.6) achieves high training accuracy but weaker test performance. The scatter plot shows wider dispersion compared to ensemble methods, reflecting its instability and tendency to overfit despite a low Bias Index. This highlights the advantage of bagging and boosting approaches.

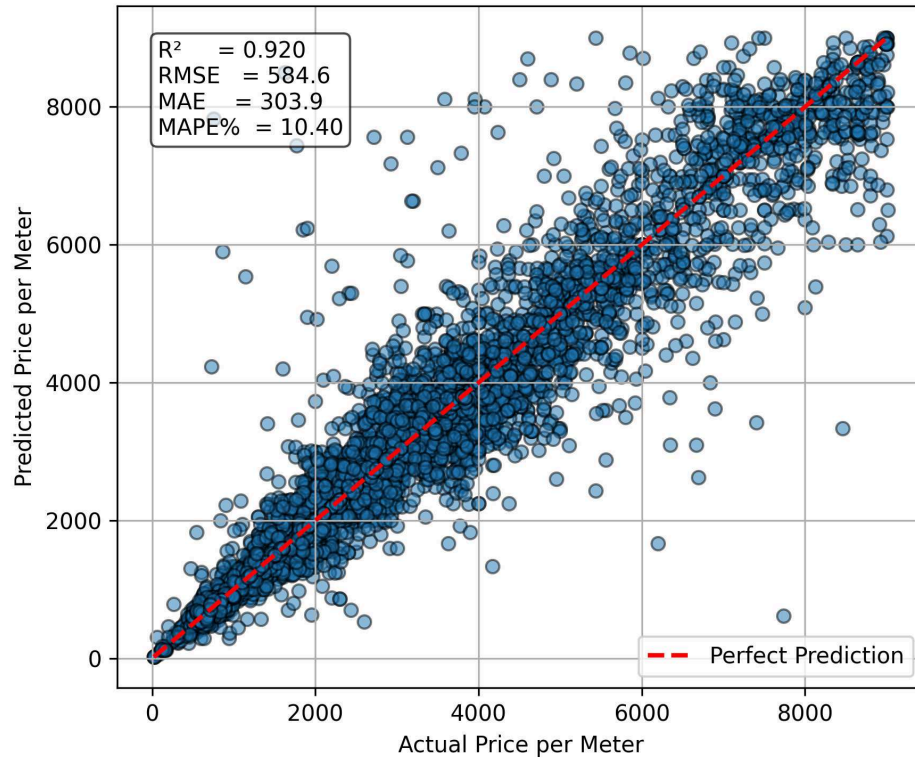


Figure 4.6: Actual vs Predicted scatter plot for Decision Tree.

4.5.4 K-Nearest Neighbors (KNN)

KNN (Figure 4.7) exhibits greater scatter around the diagonal, especially at higher price levels. The model captures local similarities but struggles in high-dimensional space, leading to less accurate predictions for extreme values.

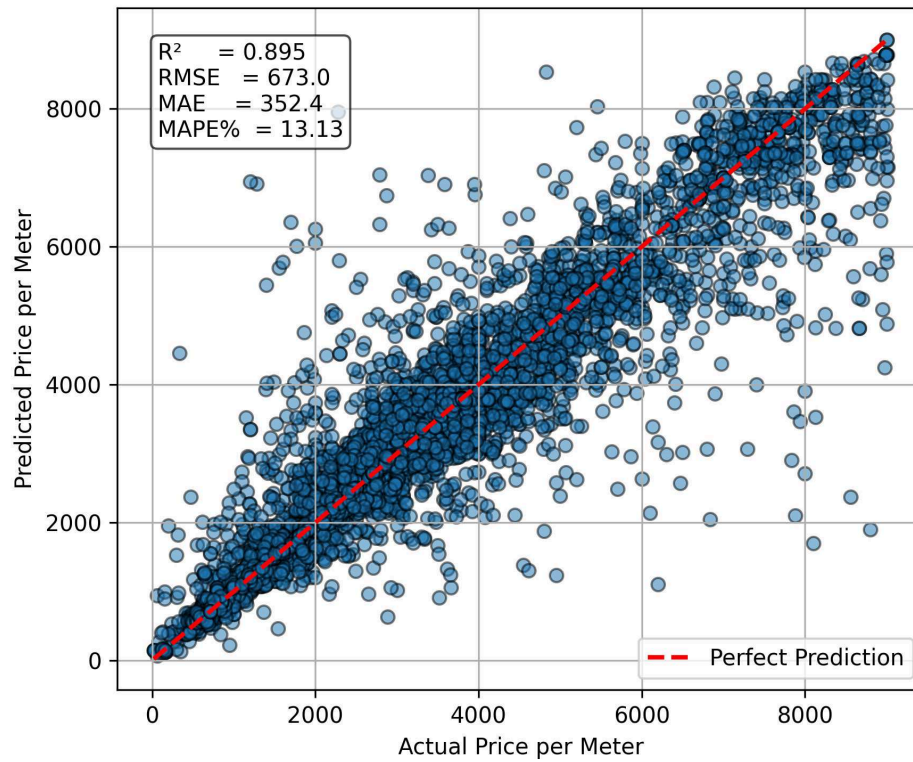


Figure 4.7: Actual vs Predicted scatter plot for KNN.

4.5.5 Gradient Boosting

Gradient Boosting (Figure 4.8) shows substantial dispersion and bias at higher price levels. Its predictions systematically underfit the data, confirming its weaker performance compared to XGBoost and Random Forest.

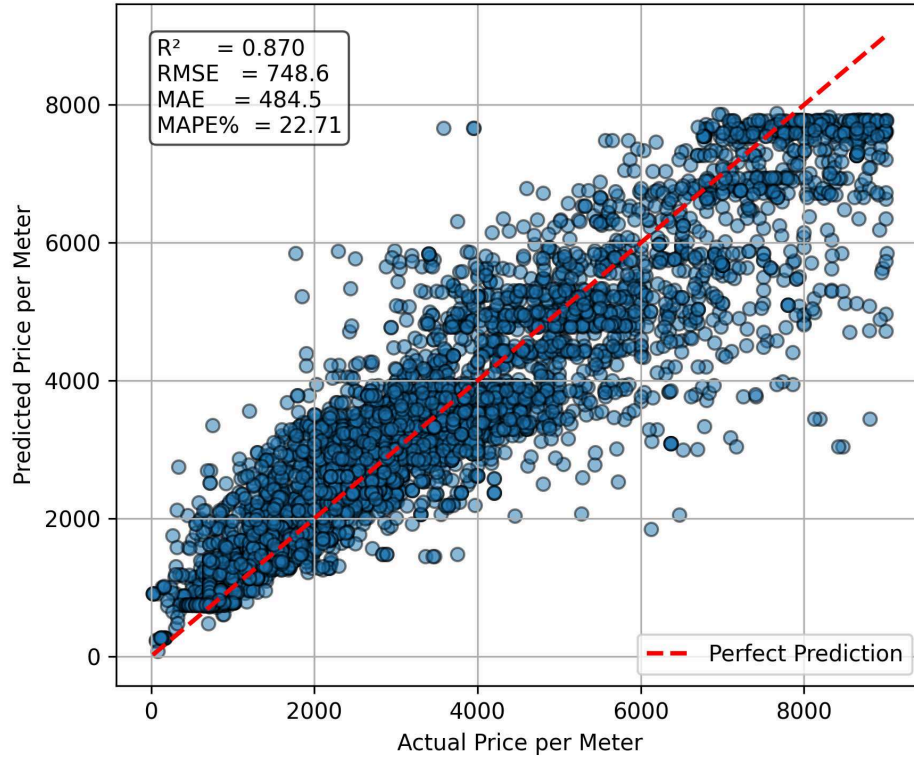


Figure 4.8: Actual vs Predicted scatter plot for Gradient Boosting.

4.5.6 Linear Models (OLS, Ridge, Lasso)

Figure 4.9 shows the scatter plots for the three linear approaches. All exhibit systematic deviations from the perfect line, particularly at higher price levels. All three approaches show weak predictive performance ($R^2 \approx 0.60$) and RMSE exceeding 1300, these models do not capture the nonlinear structure of real estate prices. Although fairness metrics indicate no systematic bias, poor accuracy makes them unsuitable for reliable valuation.

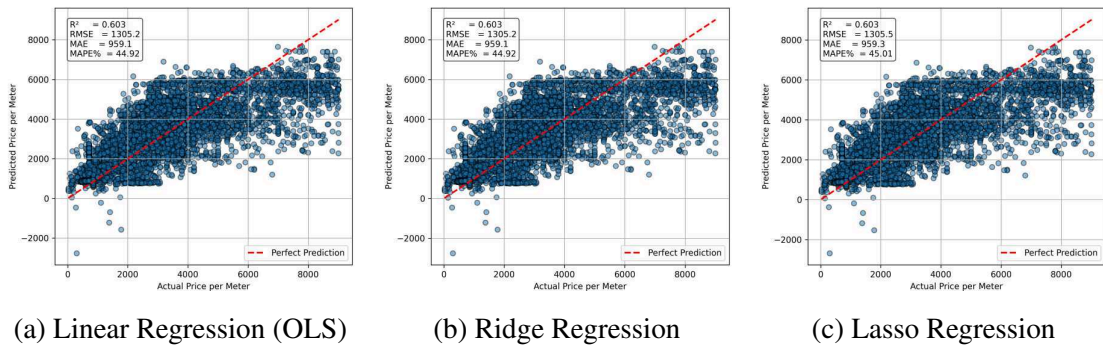


Figure 4.9: Actual vs Predicted scatter plots for linear models.

4.5.7 Residual Analysis of XGBoost

To further validate the selection of XGBoost as the best-performing model, we examine the distribution of residuals (prediction errors) on the test set. Residual analysis provides insight into whether the model systematically over- or underestimates property values. Ideally, residuals should be centered around zero, with a symmetric distribution and limited dispersion.

Figure 4.10 presents the residual histogram for XGBoost. The distribution is sharply centered around zero, confirming the absence of systematic bias. Both tails are relatively balanced, and most errors fall within a narrow range (± 1000 SAR/m²). This indicates that while occasional outliers exist, the majority of predictions remain close to the true values.

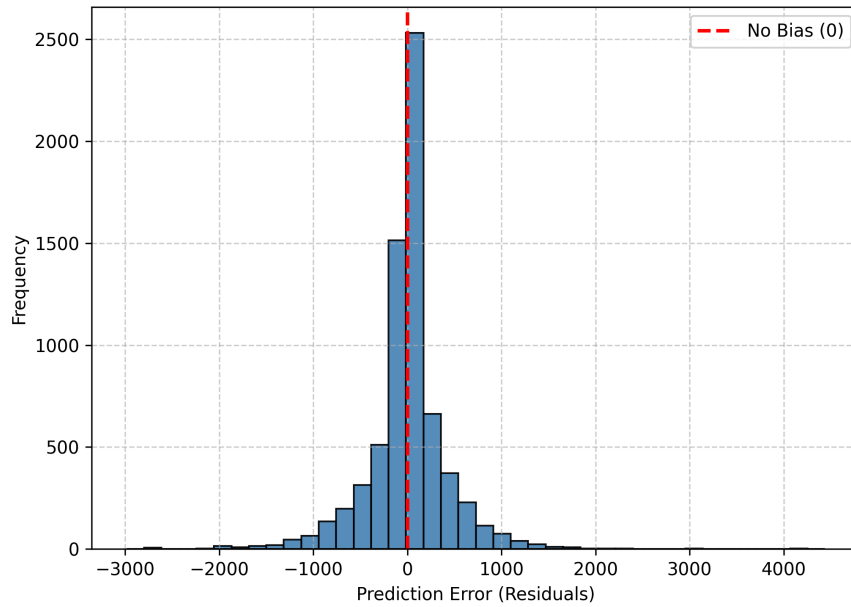


Figure 4.10: Residual distribution for XGBoost predictions on the test set

Summary. The residual distribution reinforces the numerical and visual evidence that XGBoost achieves strong predictive performance while maintaining fairness. Unlike weaker models where residuals reveal systematic under or overestimation, XGBoost’s residuals are unbiased and stable. These results support the final selection of XGBoost as the preferred model for subsequent fairness and geographic evaluation.

4.6 Fairness Evaluation Across Models

In addition to predictive accuracy, automated valuation models (AVMs) are expected to deliver unbiased estimates that do not systematically over or understate property values. Industry guidelines emphasize that fairness testing is an essential complement to

accuracy testing. Consequently, this section evaluates all candidate models with respect to fairness before selecting the best model for geographic analysis. By applying the Bias Index across models, we ensure that model choice is guided not only by predictive power but also by systematic neutrality, in line with professional appraisal standards.

To quantify fairness, we adopt the *Bias Index*, defined as:

$$\text{Bias Index} = \frac{\mathbb{E}[\hat{y} - y]}{\mathbb{E}[y]}$$

where $\hat{y}$ denotes predicted values and y denotes actual values. The index captures systematic drift in predictions: negative values indicate underestimation, while positive values indicate overestimation. Following prior work on regression error measures and professional appraisal guidelines (e.g., IVSC 2022; FHFA 2018 [42]), we adopt the following thresholds: $|\text{Bias Index}| < 0.02$ is considered *Fair*, $0.02 \leq |\text{Bias Index}| < 0.05$ is *Acceptable*, and values above 0.05 are labeled *Biased*¹.

Table 4.3: Fairness evaluation across all models.

Model	Test R^2	Test RMSE	Bias Index	Fit Status
Random Forest	0.952	456.32	0.0014	Excellent
XGBoost	0.947	479.40	0.0022	Excellent
Decision Tree	0.920	584.59	-0.0001	Excellent
KNN	0.895	672.97	-0.0064	Good
Gradient Boosting	0.870	748.58	-0.0002	Good
Linear Regression	0.603	1305.24	-0.0001	Moderate
Ridge Regression	0.603	1305.25	-0.0001	Moderate
Lasso Regression	0.603	1305.53	-0.0000	Moderate

Fit Status Criteria. The qualitative labels (*Excellent*, *Good*, *Moderate*) are based on combined consideration of predictive accuracy and fairness. Following appraisal model testing practices [43, 44, 42], models are classified as: (i) *Excellent* when $R^2 > 0.93$, RMSE is comparatively low, and the Bias Index falls within the *Fair* range ($|\text{Bias Index}| < 0.02$); (ii) *Good* when $0.85 < R^2 \leq 0.93$ with higher error magnitudes but still unbiased; (iii) *Moderate* when performance is limited ($R^2 \approx 0.60$) despite no systematic bias. These thresholds align with quality control practices in automated valuation models (AVMs), where both accuracy and fairness are considered in rating adequacy.

¹Bias Index $\neq$ Error. It measures systematic drift (average over or under-estimation), while error metrics such as RMSE and MAE capture the magnitude of deviations. A model can have a near-zero Bias Index yet still show large errors if over- and under-predictions cancel each other out.

Summary. Across all models, the Bias Index remains very close to zero (-0.0064 to 0.0022), well within the *Fair* range, indicating no systematic over- or underestimation. However, fairness alone does not guarantee accuracy: linear models (Ridge, Lasso, OLS) are unbiased but perform poorly in accuracy terms (Test $R^2 \approx 0.60$, RMSE ≈ 1305), resulting in a *Moderate* fit. KNN and Gradient Boosting achieve *Good* performance but with higher error levels than tree-based ensembles. Random Forest and XGBoost demonstrate the strongest balance, with XGBoost ultimately preferred for its smaller generalization gap, better resistance to overfitting, and computational efficiency.

It is worth noting that the single Decision Tree is labeled *Excellent* under the fairness criteria because its Bias Index is close to zero. Nonetheless, its high variance and overfitting (large Train–Test gap) limit its reliability compared to ensemble methods. This distinction highlights why ensemble trees (Random Forest, XGBoost) are superior for robust and scalable valuation tasks. These findings motivate the use of XGBoost in the subsequent *Geographic Fairness Evaluation*.

4.7 Discussion

4.7.1 Interpretation of Results

This superior performance aligns with the well-established strengths of boosted tree ensembles when applied to heterogeneous, tabular data:

- **Non-linear relationships:** XGBoost effectively captures complex, non-linear interactions between structural and spatial property features.
- **Flexibility with data types:** The model accommodates both numerical and categorical inputs without relying on restrictive parametric assumptions.
- **Regularization and subsampling:** Built-in mechanisms reduce overfitting and enhance generalization, ensuring stable performance across diverse property types and locations [16].

In comparison, while Random Forest also demonstrated strong predictive accuracy, its larger generalization gap indicates a higher tendency toward overfitting, and the single Decision Tree—despite fairness advantages—suffered from high variance. These distinctions further justify the choice of XGBoost as the primary model for subsequent geographic fairness evaluation.

4.7.2 Feature Importance and SHAP Explanations

While predictive accuracy establishes XGBoost as the leading model, interpretability is equally critical in valuation practice. Without transparency, machine learning models risk being perceived as “**black boxes**” limiting their adoption in real estate. To address this, we employ SHAP (SHapley Additive exPlanations) [17], which decomposes each prediction into additive feature contributions, enabling both global (dataset-level) and local (per-property) insights.

Global Insights

Figure 4.11 reports mean absolute SHAP values, showing the most influential features in shaping model predictions. Location proxies (e.g., `centroidx/centroidy`), land-use type, and the built-up ratio emerge as the dominant drivers of value. These results confirm that geographic coordinates and urban density are central to valuation in the Saudi context, consistent with hedonic pricing theory.

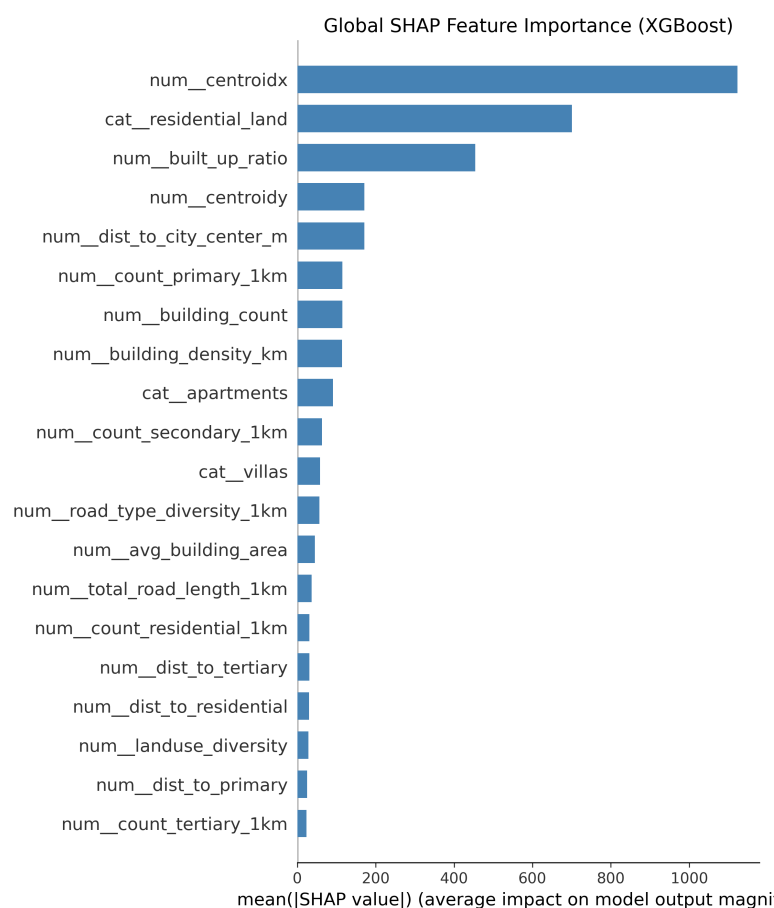


Figure 4.11: Global SHAP feature importance for XGBoost.

The SHAP summary plot (Figure 4.12) provides further insight into the directionality of effects. Higher built-up ratios and central locations (red points) systematically increase predicted values, whereas greater distances to the CBD (red points on distance features) push prices downward. Road density and school access show threshold effects, reflecting accessibility premiums that flatten once a sufficient level of service is reached.

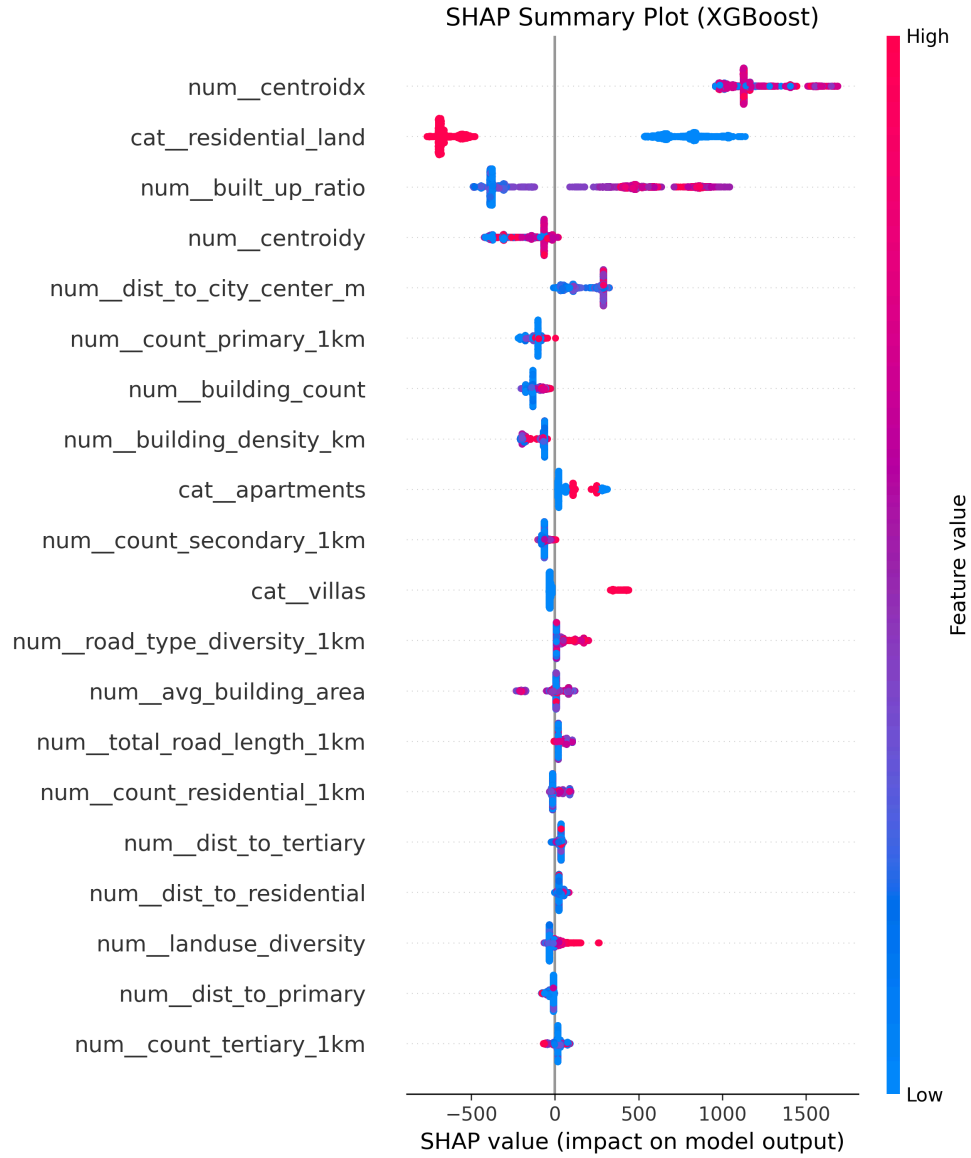


Figure 4.12: SHAP summary (beeswarm) plot for XGBoost.

Local Explanations

Global feature importance establishes broad patterns, but appraisal practice also requires case-specific reasoning. Figure 4.13 presents a SHAP waterfall plot for one property. The baseline prediction (dataset mean) is approximately 3,040 SAR/m². Positive contributions from the spatial feature `num__centroidx` (+1,222 SAR/m²) and centrality (`dist_to_city_center_m`, +264 SAR/m²) outweigh negative contributions from land-use type (`cat__residential_land`, -721 SAR/m²) and weaker local amenities. The decomposition results in a final predicted price of about 3,407 SAR/m². This breakdown mirrors professional valuation logic, where each factor is explicitly weighed to justify the final appraisal.

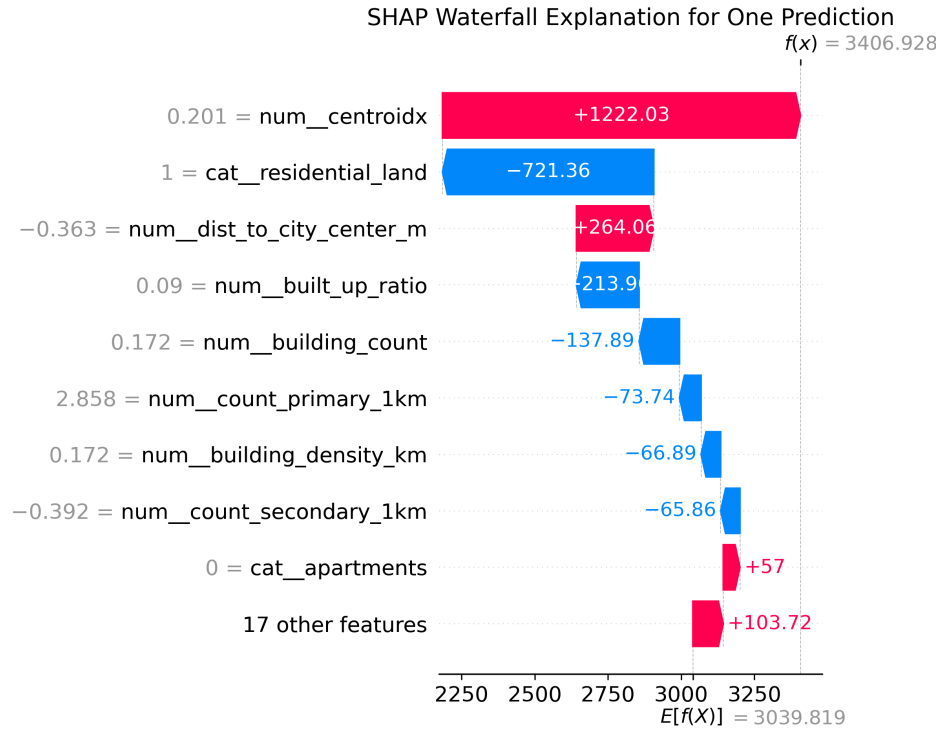


Figure 4.13: SHAP waterfall explanation for an individual property.

Summary

Together, Figures 4.11–4.13 demonstrate that XGBoost is not a “black box” but an interpretable decision-support tool. Globally, the model aligns with economic theory, confirming that location, land-use, and density drive property values. Locally, SHAP enables per-transaction audit trails that enhance trust, fairness, and regulatory compliance. These capabilities strengthen the practical usability of AI-driven valuations in the Saudi real estate market.

4.8 Executive Summary of Findings

This chapter demonstrates that XGBoost provides the most effective balance of accuracy, fairness, and interpretability for automated valuation in the Saudi real estate market. Empirical evaluation under time-aware and spatial-block validation confirms its superior predictive performance, with a Test R^2 of 0.947 and low error magnitudes relative to market dispersion.

In particular, SHAP analysis demonstrates that the model’s predictions are transparent and grounded in interpretable drivers of real estate value, such as location, land use, and accessibility [17].

The global importance plot (Figure 4.11) shows that geographic coordinates, land-use category, and built-up ratio dominate value formation, consistent with hedonic pricing theory. The summary beeswarm (Figure 4.12) illustrates how higher built-up ratios and central locations push predictions upward, while greater distance to the Central Business District (CBD)¹ systematically lowers the values. Finally, the explanation of the local waterfall (Figure 4.13) demonstrates case-level interpretability, where individual feature contributions (e.g. location boosting price, land-use reducing it) combine to yield the final prediction. Together, these figures illustrate that the model is not a hidden “black box”, but rather a transparent and trustworthy tool for supporting valuation decisions.

In practice, the system delivers fast and consistent valuations—scoring each property in under a second—while serving as a decision aid rather than a replacement for human expertise. Some limitations remain, such as data coverage and temporal generalization, but these can be addressed through future work on richer feature integration and automated drift monitoring².

Overall, the findings show that modern AI techniques can provide reliable and transparent valuations for large numbers of properties, combining statistical accuracy with the professional trust needed in real estate appraisal.

¹The CBD is the city’s commercial and economic hub, usually associated with higher land values.

²Drift monitoring is the process of tracking data changes over time to keep the model accurate.

Chapter 5

Conclusion and Future Work

5.1 Overview

This thesis aimed to investigate whether modern AI techniques can deliver reliable, fair, and transparent property valuations tailored to the Saudi real estate market. To meet the growing demand for reliable and scalable automated valuation models (AVMs), this research developed a unified framework that integrates data engineering, geospatial features, and advanced machine learning.

Building on the data engineering and geospatial integration presented in Chapter 3, a leakage-safe experimental setup was designed and eight algorithms were compared under a consistent preprocessing pipeline in Section 4.1. Fairness was then assessed across models in Section 4.6.

Importantly, this work explains model behavior using SHAP, enhancing auditability and building trust. This contribution is detailed in Section 4.7.2.

Taken together, the results demonstrate that AI-driven valuation is both technically feasible and practically meaningful for the Saudi market. Among the tested models, XGBoost performed best: it was accurate, stable, fair, and interpretable—qualities that make it suitable for professional appraisal practice.

5.2 Limitations

Despite these contributions, the research is not without limitations. These can be grouped into three main areas:

- **Dataset coverage:** Although extensive, the dataset does not fully capture all property types and regions. As a result, the model may work well for major urban centers (e.g., Riyadh, Jeddah, Eastern Province) but is less accurate for smaller cities and underrepresented property categories, which prevents reliable use across the entire country.

Example: Certain property categories such as agricultural land and industrial warehouses are underrepresented. Likewise, smaller cities have sparse coverage compared to the three largest markets—Riyadh, Jeddah, and the Eastern Province.

Impact: This imbalance may bias the model toward the dominant property types and locations in the dataset, reducing accuracy when applied to underrepresented regions or asset classes. As a result, valuations for rural areas or niche property types may be less reliable, limiting the framework’s applicability for nationwide adoption.

- **Temporal generalization:** The model was trained on data from July 2024 to July 2025, which restricts its ability to adapt to future market changes outside this window. This limitation reflects the risk that patterns learned from a fixed historical period may not hold under new economic conditions.

Example: In Q2 2025, Saudi Arabia’s real estate price index increased by 3.2% year-on-year overall. However, the commercial sector increased by 11.7% [45]. This divergence illustrates how sector-specific shocks or imbalances can occur even within a short time span.

Impact: If the market undergoes similar unexpected shifts in the future—whether due to infrastructure projects, policy interventions, or demand shocks—the model’s predictions may become biased toward historical trends and fail to capture emerging dynamics. Without periodic retraining or drift monitoring, its accuracy and fairness could degrade over time, limiting its reliability for long-term use in professional valuation practice.

- **Feature scope:** The current framework relies primarily on structural and geospatial variables. While these features provide strong predictive power, they do not capture the full spectrum of factors that influence property values.

Example: Socio-economic indicators such as household income levels and employment rates, as well as satellite-derived measures like built-up area expansion and land-use change, were not included. These variables are known to shape long-term urban development patterns and can significantly affect property demand and valuation.

Impact: Without incorporating these additional signals, the model may overlook important drivers of value, especially in rapidly developing areas. As a result, predictions may miss part of the variability driven by social and economic factors, making the framework less reliable for supporting large-scale planning and investment decisions..

5.3 Future Work

Future research can build on this foundation in several directions:

- **Multimodal feature integration:** Future models could benefit from incorporating additional data sources such as satellite imagery, socio-economic indicators, and remote sensing products. These multimodal features would provide richer insights into urban growth, infrastructure development, and population dynamics, ultimately improving valuation accuracy and interpretability.
- **Temporal adaptation:** Market conditions evolve over time due to policy reforms, economic cycles, and infrastructure projects. Implementing drift monitoring would allow the system to detect when data distributions change and automatically retrain or adjust the model. This ensures the framework remains reliable and fair for long-term use.
- **Scalability and deployment:** While the current framework demonstrates feasibility in a research context, the next step is to scale it into real-time valuation pipelines. This would involve deploying the model on cloud or web-based platforms, linking it to live property data, and providing user-facing tools such as dashboards or APIs. Pilot deployments with appraisal professionals and government stakeholders could validate its practical utility and highlight requirements for integration into decision-making workflows.
- **Uncertainty Quantification.** Future research can extend the framework with distribution-free conformal prediction to generate calibrated prediction intervals (e.g., 90% coverage). This would provide decision-makers not only with point estimates but also with measures of confidence, making automated valuations more trustworthy in practice.

Summary and Future Directions

This thesis delivers a reproducible automated valuation framework tailored to the Saudi real estate market. It integrates transactional data with geospatial features and enforces leakage-safe, time- and space-aware validation to mirror real appraisal conditions. Among the approaches explored, tree ensembles proved most effective; *XGBoost* is adopted as the primary model because it combines strong predictive performance with a smaller generalization gap, offering dependable behavior across property types and locations.

The framework is not a black box. Using SHAP, it explains each prediction through drivers that align with established appraisal logic—location, built-up intensity, centrality, and access to roads and schools—while also providing case-level justifications for audit and review. Fairness was evaluated across models and the selected model met a “fair” standard, supporting responsible use in policy and practice.

The path forward is clear. We will continuously refresh data and monitor drift to keep pace with market change; enrich features with multimodal signals and socioeconomic indicators; scale the framework into real-time pipelines with dashboards and APIs; institutionalize fairness audits; and maintain a human-in-the-loop for atypical cases.

With these steps, the system advances from a strong research prototype to a trustworthy, production-ready decision-support partner for real estate valuation in Saudi Arabia.

Bibliography

- [1] IMARC Group. Saudi arabia real estate market report 2024-2033, 2024. Available at: <https://www.imarcgroup.com/saudi-arabia-real-estate-market>.
- [2] S. Alqahtani et al. Unleashing the power of artificial intelligence in real estate valuation: Opportunities and challenges ahead. *ResearchGate Preprint*, 2025. Available at: https://www.researchgate.net/publication/378484087_Unleashing_the_Power_of_Artificial_Intelligence_in_Real_Estate_Valuation_Opportunities_and_Challenges_Ahead.
- [3] Neil Crosby, Steven Devaney, Vivien Law, and Peter Wyatt. Can institutional investors bias real estate portfolio appraisals? evidence from the market downturn. *Journal of Property Research*. Available at: <https://centaur.reading.ac.uk/47878/1/CentAUR%20-%20Real%20Estate%20Client%20Influence.pdf>.
- [4] Frederick M. Babcock. *The Valuation of Real Estate*. McGraw-Hill Book Company, New York, 1932. Available at: <https://archive.org/details/valuationofreale0000fred>.
- [5] Gallagher Mohan Real Estate. Real estate valuation techniques: Comparing appraisal methods. Available at: <https://gallaghermohan.com/blogs/real-estate-valuation-techniques-comparing-appraisal-methods/>.
- [6] Superior School of Real Estate. Comparative market analysis vs. property appraisal, 2023. Available at: <https://www.superiorschoolnc.com/blog/comparative-market-analysis-vs-appraisal>.
- [7] Eleni Pagourtzi, Vassilis Assimakopoulos, Thomas Hatzichristos, and Nick French. Real estate appraisal: A review of valuation methods. *Journal of Property Investment & Finance*, 21(4):383–401, 2003. Available at: <https://doi.org/10.1108/14635780310483656>.

- [8] Nils Kok, Eija-Leena Koponen, and Carmen Adriana Martínez-Barbosa. Big data in real estate? from manual appraisal to automated valuation. *Journal of Portfolio Management*. Available at: <https://doi.org/10.3905/jpm.2017.43.6.202>.
- [9] Sherwin Rosen. Hedonic prices and implicit markets: product differentiation in pure competition. *Journal of Political Economy*, 82(1):34–55, 1974. Available at: <https://doi.org/10.1086/260169>.
- [10] Ayse Can. Specification and estimation of hedonic housing price models. *Regional Science and Urban Economics*, 22(3):453–474, 1992. Available at: [https://doi.org/10.1016/0166-0462\(92\)90039-4](https://doi.org/10.1016/0166-0462(92)90039-4).
- [11] Tom Kauko and Maurizio d’Amato. *Mass Appraisal Methods: An International Perspective for Property Valuers*. Wiley-Blackwell, 2008. Available at: <https://onlinelibrary.wiley.com/doi/book/10.1002/9781444301021>.
- [12] Terra Root, Troy Strader, and Shih-Wen Huang. A review of machine learning approaches for real estate valuation. *Journal of the Midwest Association for Information Systems*, 2023. Available at: <https://jmwais.org/wp-content/uploads/sites/8/2023/07/V2023.I2.A2.pdf>.
- [13] Manya M. Mooya. Automated valuation models and economic theory. In Maurizio d’Amato and Tom Kauko, editors, *Advances in Automated Valuation Modeling*, volume 86 of *Studies in Systems, Decision and Control*, pages 33–57. Springer, 2017. Available at: https://doi.org/10.1007/978-3-319-49746-4_3.
- [14] Nils Kok, Elina-Leena Koponen, and Carmen A. Martínez-Barbosa. Big data in real estate? from manual appraisals to automated valuation. *The Journal of Portfolio Management*, 43(6):202–211, 2017. Explores how AVMs and big data enhance property valuation, investment analysis, and decision-making across real estate sectors. Available at: <https://doi.org/10.3905/jpm.2017.43.6.202>.
- [15] Jeonghyeon Kim, Youngho Lee, Myeong-Hun Lee, and Seong-Yun Hong. A comparative study of machine learning and spatial interpolation methods for predicting house prices. *Sustainability*, 14(15):9056, 2022. Available at: <https://www.mdpi.com/2071-1050/14/15/9056>.
- [16] Tianqi Chen and Carlos Guestrin. Xgboost: A scalable tree boosting system. In *Proceedings of the 22nd ACM SIGKDD International Conference on Knowledge*

- Discovery and Data Mining*, pages 785–794. ACM, 2016. Introduces XGBoost for high-performance tabular learning. Available at: <https://doi.org/10.1145/2939672.2939785>.
- [17] Scott M Lundberg and Su-In Lee. A unified approach to interpreting model predictions. In *Advances in Neural Information Processing Systems (NeurIPS)*, volume 30, 2017. Introduces SHAP values as a unified framework for model interpretability. Available at: <https://arxiv.org/abs/1705.07874>.
- [18] Oleh Pastukh and Viktor Khomyshyn. Using ensemble methods of machine learning to predict real estate prices. ArXiv preprint, 2025. Available at: <https://arxiv.org/abs/2504.04303>.
- [19] Chang-Hee Christine Bae, Myung-Jin Jun, and Hee-Sun Park. The impact of seoul’s subway line 5 on residential property values. *Transport Policy*, 10(2):85–94, 2003. Available at: [https://doi.org/10.1016/S0967-070X\(02\)00048-3](https://doi.org/10.1016/S0967-070X(02)00048-3).
- [20] Elham Alzain, Ali Saleh Alshebami, Theyazn H. H. Aldhyani, and Saleh N. Alsubari. Application of artificial intelligence for predicting real estate prices: The case of saudi arabia. *Electronics*, 11(21):3448, 2022. Available at: <https://doi.org/10.3390/electronics11213448>.
- [21] Wei-Wei Du, Wei-Yao Wang, and Wen-Chih Peng. Dora: Domain-based self-supervised learning framework for low-resource real estate appraisal. In *Proceedings of the 32nd ACM International Conference on Information and Knowledge Management (CIKM)*, 2023. Available at: <https://doi.org/10.1145/3583780.3615470>.
- [22] Dubai Land Department. Instant Sale Feature Using AI-Based Smart Evaluation. Available at: <https://dubailand.gov.ae/en/news-media/dld-launches-instant-sale-feature-using-smart-evaluation-to-simp>
- [23] Saudi Data & AI Authority (SDAIA). National strategy for data & ai. <https://sdaia.gov.sa/en/SDAIA/SdaiaStrategies/Pages/NationalStrategyForDataAndAI.aspx>, 2025. Strategy linked to Vision 2030.
- [24] Real Estate General Authority (REGA). Real estate indicators — rega platforms. <https://rega.gov.sa/en/regal-services/platforms/real-estate-indicators/>, 2025. Digital indicators at Kingdom/city/neighborhood levels with comparative views;.

- [25] Ministry of Justice (KSA). Real estate market — live transaction feed (service details). <https://www.moj.gov.sa/English/eServices/Pages/ServiceDetailsNew.aspx?itemId=433>, 2025. Lists transaction fields including price per square meter, location, area, and time; last modified 28 Jun 2025;.
- [26] Saudi Authority for Accredited Valuers (TAQEEM). About us. <https://taqeem.gov.sa/en/about-us>, 2025. Regulator of the valuation profession; role, mission, and standards in line with Vision 2030;.
- [27] Linna Zhu, Michael Neal, and Caitlin Young. Racial disparities in automated valuation models: New evidence using property condition and machine learning. *Cityscape: A Journal of Policy Development and Research*, 26(1):297–320, 2024. Available at: <https://www.huduser.gov/portal/periodicals/cityscape/vol26num1/ch15.pdf>.
- [28] CFPB, OCC, FRB, FDIC, NCUA, FHFA. Quality control standards for automated valuation models (final rule). <https://www.consumerfinance.gov/rules-policy/final-rules/quality-control-standards-for-automated-valuation-models/>, 2024. Final rule published Aug 7, 2024;.
- [29] John W. Tukey. *Exploratory Data Analysis*. Addison-Wesley, 1977. Available at: <https://onlinelibrary.wiley.com/doi/10.1002/bimj.4710230408>.
- [30] Victoria Hodge and Jim Austin. A survey of outlier detection methodologies. *Artificial Intelligence Review*, 22(2):85–126, 2004. Supports robust outlier handling and winsorization. Available at: <https://doi.org/10.1023/B:AIRE.0000045502.10941.a9>.
- [31] OpenStreetMap contributors. Planet dump [data set]. <https://planet.openstreetmap.org/>, 2025.
- [32] Overture Maps Foundation. Overture maps documentation and data guides. <https://overturemaps.org/>.
- [33] Microsoft Bing Maps Team. Global ml building footprints. <https://github.com/microsoft/GlobalMLBuildingFootprints>. Open dataset of worldwide building polygons.
- [34] Next GIS. Next gis. <https://data.nextgis.com/en/region/SA/overture/>.

- [35] Wikipedia contributors. Haversine formula. https://en.wikipedia.org/wiki/Haversine_formula, 2025.
- [36] RW Sinnott. Virtues of the haversine. *Sky and Telescope*, 68:159, 1984. Reference for great-circle (haversine) distance.
- [37] Fabian Pedregosa, Gaël Varoquaux, Alexandre Gramfort, et al. Scikit-learn: Machine learning in python. *Journal of Machine Learning Research*, 12:2825–2830, 2011. Python ML library used for pipelines, preprocessing, and baseline models. Available at: <https://jmlr.org/papers/v12/pedregosa11a.html>.
- [38] Zhe Lim and Anthony Bellotti. Normalized nonconformity measures for automated valuation models. *Expert Systems with Applications*, 180:115165, 2021. Applies conformal prediction to AVMs to produce reliable user-specified prediction intervals (e.g., 80%, 90%, 95%). Available at: <https://doi.org/10.1016/j.eswa.2021.115165>.
- [39] Andrew Krause, Adam Martin, and Michael Fix. Uncertainty in automated valuation models: Error-based versus model-based approaches. *Journal of Property Research*, 37(4):308–339, 2020. Compares AVM prediction-interval methods and how to assess calibration/efficiency. Available at: <https://doi.org/10.1080/09599916.2020.1807587>.
- [40] Arne Johan Pollestad, Arild Brandrud Næss, and Are Oust. Towards a better uncertainty quantification in automated valuation models. *The Journal of Real Estate Finance and Economics*, 2024. Proposes and calibrates uncertainty estimators for non-linear AVMs; uses conformal calibration. Available at: <https://link.springer.com/article/10.1007/s11146-024-10002-7>.
- [41] Rob J. Hyndman and Anne B. Koehler. Another look at measures of forecast accuracy. *International Journal of Forecasting*, 22(4):679–688, 2006. Discusses issues with MAPE and alternatives (e.g., sMAPE). Available at: <https://doi.org/10.1016/j.ijforecast.2006.03.001>.
- [42] Federal Housing Finance Agency (FHFA). Automated valuation model (avm) testing guidelines. Technical report, FHFA, 2018. Establishes standardized practices for testing fairness and accuracy of AVMs.
- [43] Thomas Davidson. *Mass Appraisal Methods: An Introduction to Real Property Valuation*. Wiley, Hoboken, NJ, 2015. Provides methodological foundations for mass appraisal and quality testing of AVMs.

- [44] International Valuation Standards Council. International valuation standards 2022. Technical report, IVSC, London, 2022. Standards for professional valuation practice.
- [45] General Authority for Statistics, Saudi Arabia. Real estate price index, q2 2025, 2025. Available at: <https://www.stats.gov.sa/documents/20117/2435267/RPI%2BQ2%2B2025%2BEN%2B%281%29.pdf/7f84a535-b9f7-9eb2-917d-a4c483096144?t=1754202887510>.