Predict house sale prices in Ames, Iowa using machine learning techniques

August 27, 2023

1 SALE PRICE PREDICTION

1.1 Section 1 : Dataset description

The dataset has 82 columns that include 23 nominal, 23 ordinal, 14 discrete, and 20 continuous variables (and 2 additional case identifiers).

Data Soucre

```
[161]: ### important Librairies
       import pandas as pd
       import numpy as np
       import seaborn as sns
       import matplotlib.pyplot as plt
[162]: #Import dataset
       df_description_clos = pd.read_csv("df_description_clos.csv")
       df_description_clos.head()
[162]:
          Columns name
                                                       Columns description
                 Order
                                             Observation number (Discrete)
       1
                   PID Parcel identification number can be used with ...
       2
          MS SubClass Identifies the type of dwelling involved in th...
             MS Zoning Identifies the general zoning classification o...
       4 Lot Frontage Linear feet of street connected to property (C...
[163]: #Transform the column name into an index
       df_description_clos = df_description_clos.set_index("Columns name")
       df_description_clos.head()
[163]:
                                                    Columns description
       Columns name
       Order
                                          Observation number (Discrete)
                     Parcel identification number can be used with ...
       PID
       MS SubClass
                     Identifies the type of dwelling involved in th...
      MS Zoning
                     Identifies the general zoning classification o...
```

Lot Frontage Linear feet of street connected to property (C...

Reference indexing and selecting data

```
[164]: #Set a function to display the feature description
       def info_func(col_name):
           return df_description_clos.loc[col_name]["Columns description"]
```

It is very important to have a function that displays the feature description, because when processing the data, we will need it to see the feature descriptions as we go.

```
[165]: # Display the description of the some features
       info_func(["Order", "Lot Area", "Street", "Alley", "Pool Area", "Pool QC", _

¬"Fence"])
```

```
[165]: Columns name
       Order
                                 Observation number (Discrete)
       Lot Area
                          Lot size in square feet (Continuous)
                     Type of road access to property (Nominal)
       Street
                    Type of alley access to property (Nominal)
       Alley
                         Pool area in square feet (Continuous)
       Pool Area
       Pool QC
                                         Pool quality (Ordinal)
                                       Fence quality (Ordinal)
```

Name: Columns description, dtype: object

```
[166]: #Import dataset
       df =pd.read_csv("AmesHousing.txt", delimiter="\t")
```

```
[167]: #Show the shape and types of the dataset
       print(df.shape)
       print(len(str(df.shape))*'-')
       print(df.dtypes.value_counts())
```

```
(2930, 82)
object
            43
int.64
            28
float64
            11
dtype: int64
```

Fence

```
[168]: #Display the first 5 rows of the dataset
       df.head(3)
```

```
[168]:
                       PID MS SubClass MS Zoning Lot Frontage Lot Area Street \
              1 526301100
                                                RL
                                                            141.0
                                                                      31770
       0
                                      20
                                                                               Pave
       1
              2 526350040
                                      20
                                                R.H
                                                             80.0
                                                                      11622
                                                                              Pave
       2
              3 526351010
                                      20
                                                R.T.
                                                             81.0
                                                                      14267
                                                                              Pave
```

Alley Lot Shape Land Contour ... Pool Area Pool QC Fence Misc Feature \

0 1 2	NaN NaN NaN	IR1 Reg IR1		Lvl Lvl Lvl		0 0 0	NaN NaN NaN	NaN MnPrv NaN	NaN NaN Gar2
	Misc Val Mo	Sold Yr	Sold	Sale	Туре	Sale Con	dition	SalePrice	
0	0	5	2010		WD		Normal	215000	
1	0	6	2010		WD		Normal	105000	
2	12500	6	2010		WD		Normal	172000	

[3 rows x 82 columns]

We have a dataset with 2930 observations and 82 characteristics including 43 objects, 28 int64 and 11 float64

```
[169]: #The last 5 rows of the datset
       df.tail(3)
[169]:
                                                           Lot Frontage
              Order
                            PID
                                 MS SubClass MS Zoning
                                                                          Lot Area Street
       2927
               2928
                     923400125
                                           85
                                                       RL
                                                                    62.0
                                                                              10441
                                                                                       Pave
       2928
               2929
                     924100070
                                            20
                                                       RL
                                                                    77.0
                                                                              10010
                                                                                      Pave
       2929
               2930
                                                       RL
                                                                    74.0
                     924151050
                                            60
                                                                               9627
                                                                                      Pave
             Alley Lot Shape Land Contour
                                             ... Pool Area Pool QC
                                                                    Fence Misc Feature
       2927
                                                         0
                                                                     MnPrv
                                                                                    Shed
               NaN
                          Reg
                                        Lvl
                                                               NaN
       2928
                                                         0
               NaN
                          Reg
                                        Lvl
                                                               NaN
                                                                       NaN
                                                                                     NaN
       2929
                                                         0
               NaN
                          Reg
                                        Lvl
                                                               NaN
                                                                       NaN
                                                                                     NaN
            Misc Val Mo Sold Yr Sold Sale Type
                                                    Sale Condition
                                                                      SalePrice
       2927
                  700
                                   2006
                                                             Normal
                             7
                                               WD
                                                                         132000
       2928
                    0
                             4
                                   2006
                                               WD
                                                             Normal
                                                                         170000
                    0
       2929
                            11
                                   2006
                                               WD
                                                             Normal
                                                                         188000
```

[3 rows x 82 columns]

1.2 Section 2 : Exploratory Data Analysis (EDA)

Exploratory data analysis (EDA) is a very important step in data analysis. It allows us with visualizations and statistical analysis (univariate, bivariate and multivariate) to understand the data with which we work and to better understand their relationships. So let's start exploring our target variable and how other features influence it.

1.2.1 Duplicated

In machine learning models, duplicates can lead to biases and inaccuracies. This is why it is very important to manage duplicates in the dataset.

Reference duplicated

Reference duplicated

[170]: df[df.duplicated(keep = False)]

[170]: Empty DataFrame

Columns: [Order, PID, MS SubClass, MS Zoning, Lot Frontage, Lot Area, Street, Alley, Lot Shape, Land Contour, Utilities, Lot Config, Land Slope, Neighborhood, Condition 1, Condition 2, Bldg Type, House Style, Overall Qual, Overall Cond, Year Built, Year Remod/Add, Roof Style, Roof Matl, Exterior 1st, Exterior 2nd, Mas Vnr Type, Mas Vnr Area, Exter Qual, Exter Cond, Foundation, Bsmt Qual, Bsmt Cond, Bsmt Exposure, BsmtFin Type 1, BsmtFin SF 1, BsmtFin Type 2, BsmtFin SF 2, Bsmt Unf SF, Total Bsmt SF, Heating, Heating QC, Central Air, Electrical, 1st Flr SF, 2nd Flr SF, Low Qual Fin SF, Gr Liv Area, Bsmt Full Bath, Bsmt Half Bath, Full Bath, Half Bath, Bedroom AbvGr, Kitchen AbvGr, Kitchen Qual, TotRms AbvGrd, Functional, Fireplaces, Fireplace Qu, Garage Type, Garage Yr Blt, Garage Finish, Garage Cars, Garage Area, Garage Qual, Garage Cond, Paved Drive, Wood Deck SF, Open Porch SF, Enclosed Porch, 3Ssn Porch, Screen Porch, Pool Area, Pool QC, Fence, Misc Feature, Misc Val, Mo Sold, Yr Sold, Sale Type, Sale Condition, SalePrice]

Index: []

[0 rows x 82 columns]

There are no duplicate values

1.2.2 Data info

Reference data info

[171]: #Show dataset information df.info()

<class 'pandas.core.frame.DataFrame'>
RangeIndex: 2930 entries, 0 to 2929
Data columns (total 82 columns):

#	Column	Non-Null Count	Dtype
0	Order	2930 non-null	int64
1	PID	2930 non-null	int64
2	MS SubClass	2930 non-null	int64
3	MS Zoning	2930 non-null	object
4	Lot Frontage	2440 non-null	float64
5	Lot Area	2930 non-null	int64
6	Street	2930 non-null	object
7	Alley	198 non-null	object
8	Lot Shape	2930 non-null	object
9	Land Contour	2930 non-null	object
10	Utilities	2930 non-null	object
11	Lot Config	2930 non-null	object
12	Land Slope	2930 non-null	object
13	Neighborhood	2930 non-null	object

14	Condition 1	2930	non-null	object
15	Condition 2	2930	non-null	object
16	Bldg Type	2930	non-null	object
17	House Style	2930	non-null	object
18	Overall Qual	2930	non-null	int64
19	Overall Cond	2930	non-null	int64
20	Year Built	2930	non-null	int64
21	Year Remod/Add	2930	non-null	int64
22	Roof Style	2930	non-null	object
23	Roof Matl	2930	non-null	object
24	Exterior 1st	2930	non-null	object
25	Exterior 2nd	2930	non-null	object
26	Mas Vnr Type	2907	non-null	object
27	Mas Vnr Area	2907	non-null	float64
28	Exter Qual	2930	non-null	object
29	Exter Cond	2930	non-null	object
30	Foundation	2930	non-null	object
31	Bsmt Qual	2850	non-null	object
32	Bsmt Cond	2850	non-null	object
33	Bsmt Exposure	2847	non-null	object
34	BsmtFin Type 1	2850	non-null	object
35	BsmtFin SF 1	2929	non-null	float64
36	BsmtFin Type 2	2849	non-null	object
37	BsmtFin SF 2	2929	non-null	float64
38	Bsmt Unf SF	2929	non-null	float64
39	Total Bsmt SF	2929	non-null	float64
40	Heating	2930	non-null	object
41	Heating QC	2930	non-null	object
42	Central Air	2930	non-null	object
43	Electrical	2929	non-null	object
44	1st Flr SF	2930	non-null	int64
45	2nd Flr SF	2930	non-null	int64
46	Low Qual Fin SF	2930	non-null	int64
47	Gr Liv Area	2930	non-null	int64
48	Bsmt Full Bath	2928	non-null	float64
49	Bsmt Half Bath	2928	non-null	float64
50	Full Bath	2930	non-null	int64
51	Half Bath	2930	non-null	int64
52	Bedroom AbvGr	2930	non-null	int64
53	Kitchen AbvGr	2930	non-null	int64
54	Kitchen Qual	2930	non-null	object
55	TotRms AbvGrd	2930	non-null	int64
56	Functional	2930	non-null	object
57	Fireplaces	2930	non-null	int64
58	Fireplace Qu	1508	non-null	object
59	Garage Type	2773	non-null	object
60	Garage Yr Blt	2771	non-null	float64
61	Garage Finish	2771	non-null	object

```
Garage Cars
                      2929 non-null
                                       float64
 62
                      2929 non-null
                                       float64
 63
    Garage Area
 64
     Garage Qual
                      2771 non-null
                                       object
    Garage Cond
                      2771 non-null
                                       object
 65
 66 Paved Drive
                      2930 non-null
                                       object
     Wood Deck SF
                      2930 non-null
                                       int64
     Open Porch SF
                      2930 non-null
                                       int64
     Enclosed Porch
                      2930 non-null
                                       int64
     3Ssn Porch
                      2930 non-null
                                       int64
 71 Screen Porch
                      2930 non-null
                                       int64
 72 Pool Area
                      2930 non-null
                                       int64
73 Pool QC
                      13 non-null
                                       object
 74 Fence
                      572 non-null
                                       object
    Misc Feature
 75
                      106 non-null
                                       object
 76 Misc Val
                      2930 non-null
                                       int64
 77
    Mo Sold
                      2930 non-null
                                       int64
    Yr Sold
                      2930 non-null
                                       int64
 79
     Sale Type
                      2930 non-null
                                       object
     Sale Condition
                      2930 non-null
                                       object
     SalePrice
                      2930 non-null
                                       int64
dtypes: float64(11), int64(28), object(43)
memory usage: 1.8+ MB
```

We can see the type (int64, float64 and object), the shape (2930 entries and 82 columns) of the dataset and the missing values for each feature.

1.2.3 Let's delete columns that are not useful for Maching learning

These are not useful columns for machine learning. Indeed, these two variables will not have much effect on price prediction, because they are only property identifiers.

[175]: (2930, 80)

${\bf 1.2.4} \quad Descriptive \ statistics$

Reference descriptive statistic

[176]: #Descriptive statistics data.describe().T

[176]:		count	mean	std	min	25%	\
	MS SubClass	2930.0	57.387372	42.638025	20.0	20.00	
	Lot Frontage	2440.0	69.224590	23.365335		58.00	
	Lot Area	2930.0	10147.921843	7880.017759			
	Overall Qual	2930.0	6.094881	1.411026	1.0	5.00	
	Overall Cond	2930.0	5.563140	1.111537	1.0	5.00	
	Year Built	2930.0	1971.356314	30.245361	1872.0	1954.00	
	Year Remod/Add	2930.0	1984.266553	20.860286	1950.0	1965.00	
	Mas Vnr Area	2907.0	101.896801	179.112611	0.0	0.00	
	BsmtFin SF 1	2929.0	442.629566	455.590839	0.0	0.00	
	BsmtFin SF 2	2929.0	49.722431	169.168476	0.0	0.00	
	Bsmt Unf SF	2929.0	559.262547	439.494153	0.0	219.00	
	Total Bsmt SF	2929.0	1051.614544	440.615067	0.0	793.00	
	1st Flr SF	2930.0	1159.557679	391.890885	334.0	876.25	
	2nd Flr SF	2930.0	335.455973	428.395715	0.0	0.00	
	Low Qual Fin SF	2930.0	4.676792	46.310510	0.0	0.00	
	Gr Liv Area	2930.0	1499.690444	505.508887	334.0	1126.00	
	Bsmt Full Bath	2928.0	0.431352	0.524820	0.0	0.00	
	Bsmt Half Bath	2928.0	0.061134	0.245254	0.0	0.00	
	Full Bath	2930.0	1.566553	0.552941	0.0	1.00	
	Half Bath	2930.0	0.379522	0.502629	0.0	0.00	
	Bedroom AbvGr	2930.0	2.854266	0.827731	0.0	2.00	
	Kitchen AbvGr	2930.0	1.044369	0.214076	0.0	1.00	
	TotRms AbvGrd	2930.0	6.443003	1.572964	2.0	5.00	
	Fireplaces	2930.0	0.599317	0.647921	0.0	0.00	
	Garage Yr Blt	2771.0	1978.132443	25.528411	1895.0	1960.00	
	Garage Cars	2929.0	1.766815	0.760566	0.0	1.00	
	Garage Area	2929.0	472.819734	215.046549	0.0	320.00	
	Wood Deck SF	2930.0	93.751877	126.361562	0.0	0.00	
	Open Porch SF	2930.0	47.533447	67.483400	0.0	0.00	
	Enclosed Porch	2930.0	23.011604	64.139059	0.0	0.00	
	3Ssn Porch	2930.0	2.592491	25.141331	0.0	0.00	
	Screen Porch	2930.0	16.002048	56.087370	0.0	0.00	
	Pool Area	2930.0	2.243345	35.597181	0.0	0.00	
	Misc Val	2930.0	50.635154	566.344288	0.0	0.00	
	Mo Sold	2930.0	6.216041	2.714492	1.0	4.00	
	Yr Sold	2930.0	2007.790444	1.316613	2006.0	2007.00	
	SalePrice	2930.0	180796.060068	79886.692357	12789.0	129500.00	

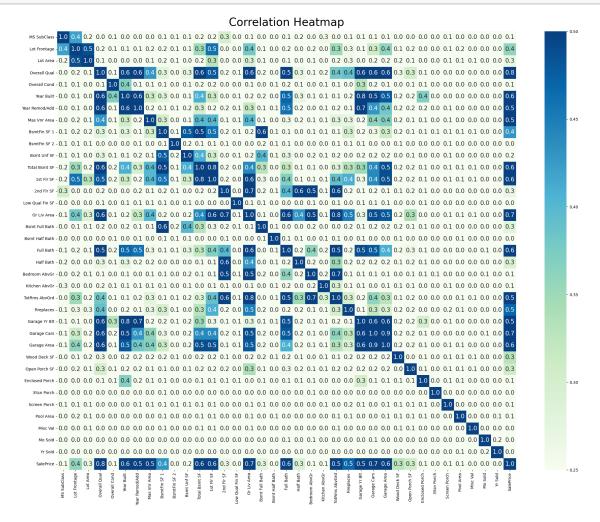
	50%	75%	max
MS SubClass	50.0	70.00	190.0
Lot Frontage	68.0	80.00	313.0
Lot Area	9436.5	11555.25	215245.0
Overall Qual	6.0	7.00	10.0
Overall Cond	5.0	6.00	9.0
Year Built	1973.0	2001.00	2010.0
Year Remod/Add	1993.0	2004.00	2010.0
Mas Vnr Area	0.0	164.00	1600.0
BsmtFin SF 1	370.0	734.00	5644.0
BsmtFin SF 2	0.0	0.00	1526.0
Bsmt Unf SF	466.0	802.00	2336.0
Total Bsmt SF	990.0	1302.00	6110.0
1st Flr SF	1084.0	1384.00	5095.0
2nd Flr SF	0.0	703.75	2065.0
Low Qual Fin SF	0.0	0.00	1064.0
Gr Liv Area	1442.0	1742.75	5642.0
Bsmt Full Bath	0.0	1.00	3.0
Bsmt Half Bath	0.0	0.00	2.0
Full Bath	2.0	2.00	4.0
Half Bath	0.0	1.00	2.0
Bedroom AbvGr	3.0	3.00	8.0
Kitchen AbvGr	1.0	1.00	3.0
TotRms AbvGrd	6.0	7.00	15.0
Fireplaces	1.0	1.00	4.0
Garage Yr Blt	1979.0	2002.00	2207.0
Garage Cars	2.0	2.00	5.0
Garage Area	480.0	576.00	1488.0
Wood Deck SF	0.0	168.00	1424.0
Open Porch SF	27.0	70.00	742.0
Enclosed Porch	0.0	0.00	1012.0
3Ssn Porch	0.0	0.00	508.0
Screen Porch	0.0	0.00	576.0
Pool Area	0.0	0.00	800.0
Misc Val	0.0	0.00	17000.0
Mo Sold	6.0	8.00	12.0
Yr Sold	2008.0	2009.00	2010.0
SalePrice	160000.0	213500.00	755000.0

These descriptive statistics show a large variation between our data (for example by looking at the average, the min and the max of the variable of X, we notice this variation very quickly). This data will therefore have to be scaled before being used in a machine learning model. It should be noted that many models are subject to variations in the data. For example, linear regression and k-nearest neighbors algorithms are sensitive to variations in the data.

1.2.5 Correlation

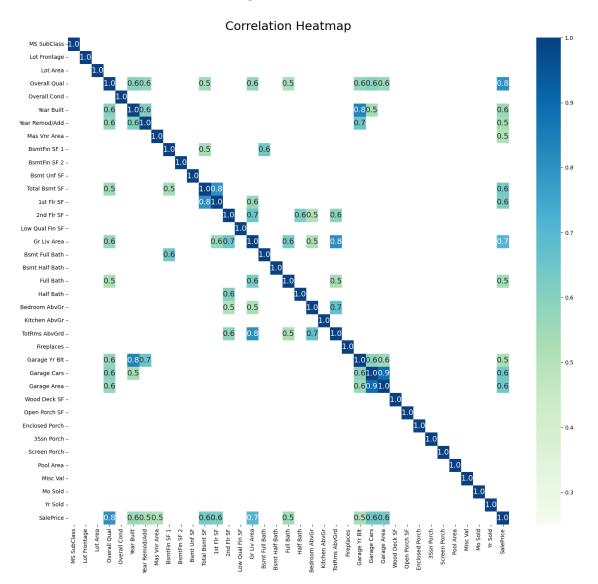
Correlation explains how one or more variables relate to each other. These variables can be features of input data that were used to predict our target variable.

Reference correlation



We see some high and low correlation between characteristics. We will later use a feature selection technique to select the most relevant features.

[429]: Text(0.5, 1.0, 'Correlation Heatmap')



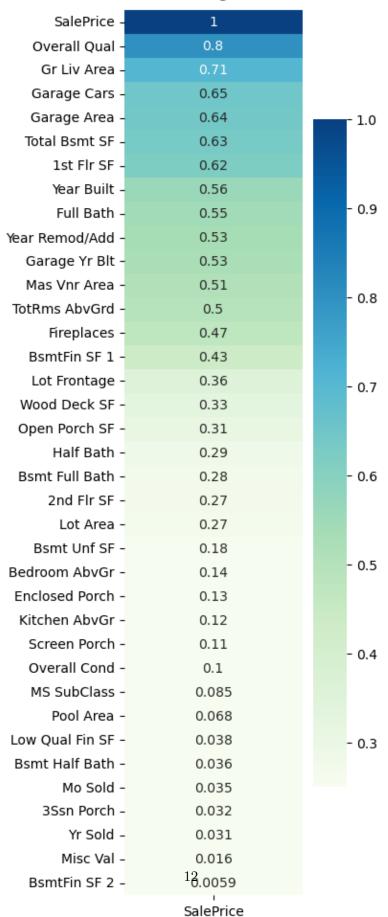
There is multicollinearity in our data. The features below are highly correlated:

- Garage Cars and Garage Area
- Garage Yr Blt and Year Built
- 1st Flr SF and Total Bsmt SF
- Gr Liv Area and TotRms AbvGrd

Multicolliniarity negatively impacts prediction models because it duplicates the same information and thus increases the standard errors of estimators. Therefore, it is useful to keep only one feature from each pair of highly correlated features. So, in each pair, we remove the feature that is weakly correlated with the sale price.

Correlation of all features with the sale price

Features Correlating with Sales Price



After examining the correlation of the features with the sale price, we remove the characteristics weakly correlated with the selling price such as: Garage Cars, Garage Yr Built, 1st Flr SF and TotRms AbvGrd.

```
info_func(["Garage Cars", "Garage Yr Blt", "1st Flr SF", "TotRms AbvGrd"])
[180]:
[180]: Columns name
       Garage Cars
                                  Size of garage in car capacity (Discrete)
                                            Year garage was built (Discrete)
       Garage Yr Blt
       1st Flr SF
                                       First Floor square feet (Continuous)
       TotRms AbvGrd
                         Total rooms above grade (does not include bath...
       Name: Columns description, dtype: object
[181]: data[["Garage Cars", "Garage Yr Blt", "1st Flr SF", "TotRms AbvGrd"]]
[181]:
             Garage Cars
                           Garage Yr Blt
                                            1st Flr SF
                                                         TotRms AbvGrd
       0
                      2.0
                                   1960.0
                                                  1656
                                                                      7
       1
                      1.0
                                   1961.0
                                                   896
                                                                      5
       2
                      1.0
                                   1958.0
                                                                      6
                                                  1329
       3
                      2.0
                                   1968.0
                                                  2110
                                                                     8
       4
                      2.0
                                   1997.0
                                                                      6
                                                   928
       2925
                      2.0
                                                                      6
                                   1984.0
                                                  1003
                                                                      5
       2926
                      2.0
                                   1983.0
                                                   902
                      0.0
                                                                      6
       2927
                                      NaN
                                                   970
                                   1975.0
       2928
                      2.0
                                                  1389
                                                                      6
       2929
                      3.0
                                   1993.0
                                                   996
                                                                      9
       [2930 rows x 4 columns]
[182]: for col in ["Garage Cars", "Garage Yr Blt", "1st Flr SF", "TotRms AbvGrd"]:
           data = data.drop(col, axis = 1)
[183]:
       data.shape
[183]: (2930, 76)
      https://ecampusontario.pressbooks.pub/introstats/chapter/13-3-standard-error-of-the-estimate/
      https://chriskhanhtran.github.io/minimal-portfolio/projects/ames-house-price.html
      1.2.6 Data visualization
```

Let's draw the graphs of some features of the dataset

Sale Price

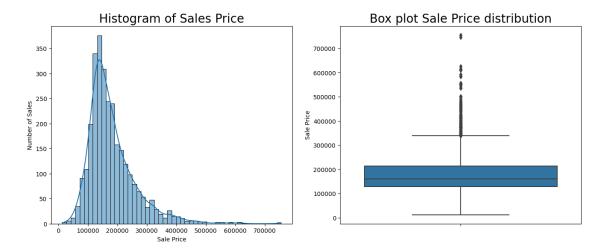
```
[184]: info_func("SalePrice")

[184]: 'Sale price (Continuous)'

[185]: # Price distribution
    fig, ax = plt.subplots(figsize=(16,6), ncols=2)
    sns.histplot(x = "SalePrice", bins=50, kde=True, ax=ax[0], data =data)
    ax[0].set_title('Histogram of Sales Price', fontsize=20)
    ax[0].set_xlabel('Sale Price')
    ax[0].set_ylabel('Number of Sales')

#Price box plot
    sns.boxplot(y = "SalePrice", ax=ax[1], data =data)
    ax[1].set_title("Box plot Sale Price distribution", fontsize=20)
    ax[1].set_ylabel('Sale Price')
```

[185]: Text(0, 0.5, 'Sale Price')



Note that most homes cost between 100,000 dollars and 300,000 dollars. On the other hand, the most expensive houses cost up to more than 700,000 dollars, few houses are sold as soon as the price exceeds a value of 400,000 dollars. This variable has many outliers as seen in the histogram and boxplot above.

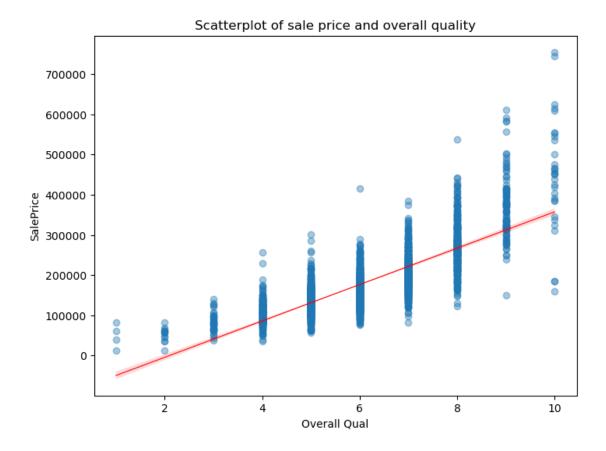
There is a high correlation between price and the following variables: "Overall Qual", "Gr Liv Area", "Garage Cars", "Garage Area"... Let's plot a scatter plot of these features with the sale price.

Feature scatterplot with high correlation to price

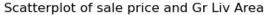
```
[186]: info_func("Overall Qual")
```

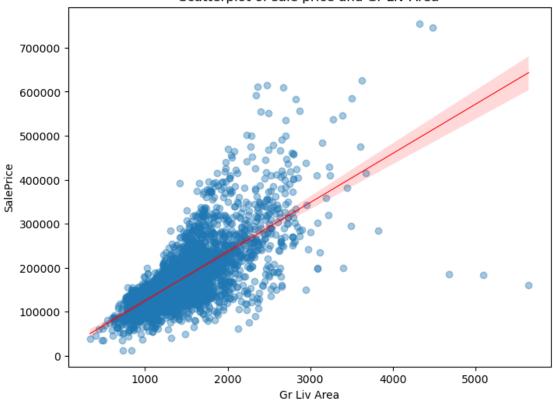
[186]: 'Rates the overall material and finish of the house (Ordinal)'

[187]: Text(0.5, 1.0, 'Scatterplot of sale price and overall quality')

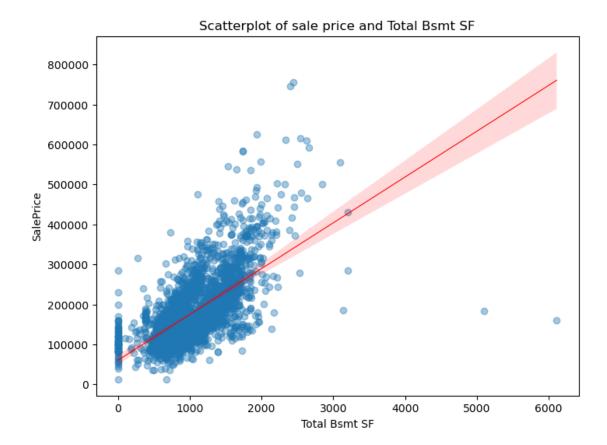


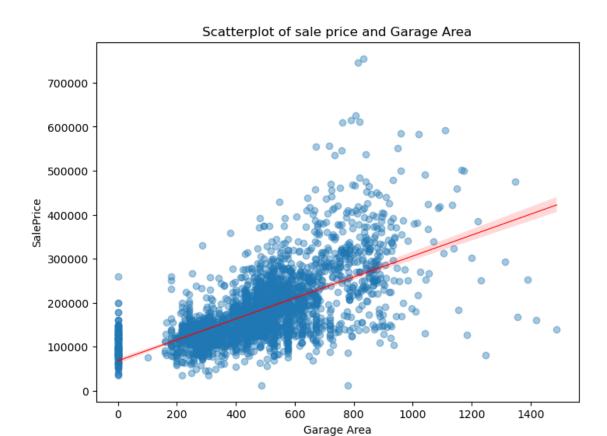
[189]: Text(0.5, 1.0, 'Scatterplot of sale price and Gr Liv Area')





[430]: Text(0.5, 1.0, 'Scatterplot of sale price and Total Bsmt SF')





All scatter plots show many outliers. Let's adjust the data and use the logarithm to transform the selling price to reduce the discrepancy between the data. We visualize the distribution of certain characteristics with histograms, bar charts and box plots

Zoning type

```
[194]: print(info_func("MS Zoning"))
       print( "\nUnique values :", data['MS Zoning'].unique())
      print( "\nCount values :\n", data['MS Zoning'].value_counts(dropna = False))
      Identifies the general zoning classification of the sale. (Nominal)
      Unique values : ['RL' 'RH' 'FV' 'RM' 'C (all)' 'I (all)' 'A (agr)']
      Count values :
       RL
                  2273
                  462
      RM
      FV
                  139
      RH
                   27
      C (all)
                   25
```

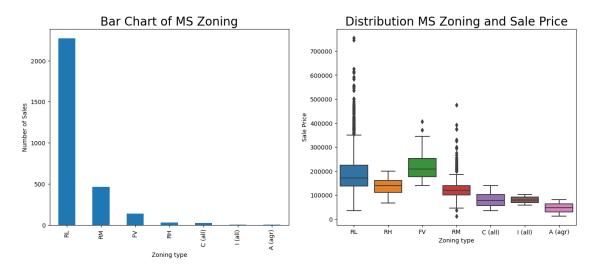
```
I (all) 2
A (agr) 2
```

Name: MS Zoning, dtype: int64

```
[195]: fig, ax = plt.subplots(figsize=(16,6), ncols=2)
  data['MS Zoning'].value_counts().plot(kind='bar', ax=ax[0])
  ax[0].set_title("Bar Chart of MS Zoning", fontsize=20)
  ax[0].set_xlabel('Zoning type')
  ax[0].set_ylabel('Number of Sales')

sns.boxplot(x = "MS Zoning", y = "SalePrice", ax=ax[1], data = data)
  ax[1].set_title("Distribution MS Zoning and Sale Price", fontsize=20)
  ax[1].set_xlabel('Zoning type')
  ax[1].set_ylabel('Sale Price')
```

[195]: Text(0, 0.5, 'Sale Price')



MS Zoning (Nominal): Identifies the general zoning classification of the sale.

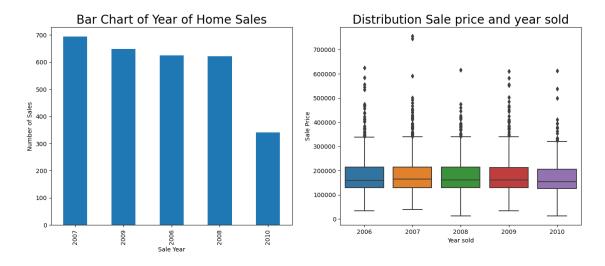
- A Agriculture
- C Commercial
- FV Floating Village Residential
- I Industrial
- RH Residential High Density
- RL Residential Low Density
- RP Residential Low Density Park
- RM Residential Medium Density

Note that the low-density residential area includes the best-selling and most expensive homes with extreme prices of up to over \$700,000. However, there are many outliers in this category.

Year Sold

```
[196]: print(info_func("Yr Sold"))
       print( "\nUnique values :", data['Yr Sold'].unique())
      print( "\nCount values :\n", data['Yr Sold'].value_counts(dropna = False))
      Year Sold (YYYY) (Discrete)
      Unique values : [2010 2009 2008 2007 2006]
      Count values :
       2007
               694
      2009
              648
      2006
              625
      2008
              622
              341
      2010
      Name: Yr Sold, dtype: int64
[197]: fig, ax = plt.subplots(figsize=(16,6), ncols=2)
       data['Yr Sold'].value_counts().plot(kind='bar', ax=ax[0])
       ax[0].set_title("Bar Chart of Year of Home Sales", fontsize=20)
       ax[0].set_xlabel('Sale Year')
       ax[0].set_ylabel('Number of Sales')
       sns.boxplot(x = 'Yr Sold', y = "SalePrice", data = data)
       ax[1].set_title("Distribution Sale price and year sold" , fontsize=20)
       ax[1].set_xlabel('Year sold')
       ax[1].set_ylabel('Sale Price')
```

[197]: Text(0, 0.5, 'Sale Price')

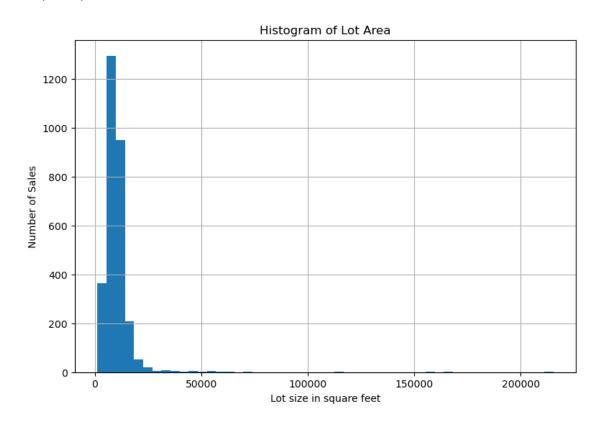


We see that the years from 2006 to 2009 have almost the same number of sales, this corresponds to the real estate boom before the financial crisis of 2008. In 2010, sales fell by almost half.

Lot Area

```
[198]: info_func("Lot Area")
[198]: 'Lot size in square feet (Continuous)'
[199]: plt.figure(figsize=(9,6))
    data['Lot Area'].hist(bins=50)
    plt.title("Histogram of Lot Area")
    plt.xlabel('Lot size in square feet')
    plt.ylabel('Number of Sales')
```

[199]: Text(0, 0.5, 'Number of Sales')



Most of the homes sold are about less than 20,000 square feet. We also note that the values are very asymmetrical on the right.

Histograms of all numerical features

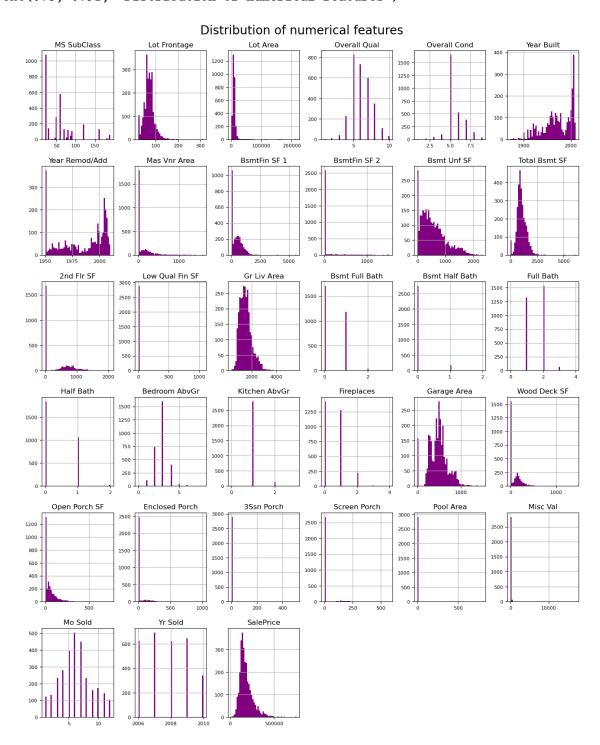
```
[200]: data.hist(figsize=(16, 20), color="purple", bins=50, xlabelsize=8, u

⇒ylabelsize=8);

plt.suptitle("Distribution of numerical features", x = 0.5, y = 0.91, fontsizeu

⇒= 20)
```

[200]: Text(0.5, 0.91, 'Distribution of numerical features')



Just looking at the table of descriptive statistics and graphs of some variables above, we find that most of our numerical variables are asymmetries and that numerical and categorical variables have many outliers. In this case, as we said, let's need to scale data before implementing some machine learning models, especially linear models that require data normality.

1.3 Section 3: Preprocessing Data

1.3.1 Missing values

In data science, whenever we have to deal with missing values in a data set, we have to ask ourselves, "Do we know what the absence of these values means?" If the answer is no, we should ask our source. It is very important to know where the missing values come from, because after processing them will be faster and much better.

Here we deal with missing data taking into account the documentation you will find here

For more information, see the references

```
[202]: # Number and percentage of missing values
data_missing_values = missing_values(data)
data_missing_values
```

[202]:		number of	missing values	pourcentage of	f missing values
	Total Bsmt SF		1		0.034
	Electrical		1		0.034
	BsmtFin SF 1		1		0.034
	BsmtFin SF 2		1		0.034
	Bsmt Unf SF		1		0.034
	Garage Area		1		0.034
	Bsmt Full Bath		2		0.068
	Bsmt Half Bath		2		0.068
	Mas Vnr Area		23		0.785
	Mas Vnr Type		23		0.785
	Bsmt Qual		80		2.730
	Bsmt Cond		80		2.730
	BsmtFin Type 1		80		2.730
	BsmtFin Type 2		81		2.765

Bsmt Exposure	83	2.833
Garage Type	157	5.358
Garage Cond	159	5.427
Garage Finish	159	5.427
Garage Qual	159	5.427
Lot Frontage	490	16.724
Fireplace Qu	1422	48.532
Fence	2358	80.478
Alley	2732	93.242
Misc Feature	2824	96.382
Pool QC	2917	99.556

1.3.2 Imputation of missing values

Imputation is the process of replacing a missing value with a substituted value, the "best estimate". Imputation should be one of the first feature engineering steps we undertake as it will affect any downstream pre-processing.

Let's first convert the MS SubClass feature to object type feature and create two new features.

```
[203]: info_func('MS SubClass')
[203]: 'Identifies the type of dwelling involved in the sale. (Nominal)'
[204]: \# According to the documentation, the X function is nominal, so we convert it_{\sqcup}
        ⇔into an object type
       new_data = data.copy()
       print(new_data['MS SubClass'].dtypes, "\n")
       print(new_data['MS SubClass'].value_counts())
      int64
      20
              1079
      60
               575
      50
               287
      120
               192
      30
               139
               129
      160
      70
               128
      80
               118
               109
      90
      190
                61
      85
                48
      75
                23
      45
                18
      180
                17
      40
                 6
```

```
150
                 1
      Name: MS SubClass, dtype: int64
[205]: | # https://pandas.pydata.org/docs/reference/api/pandas.DataFrame.astype.html
       new_data['MS SubClass'] = new_data['MS SubClass'].astype("str")
       for col in ['MS SubClass'] :
           print(new_data[col].dtypes)
      object
      Create two new features
      We create two new features, a binary feature that takes the value 1 if the property is renewed and
      0 if not, and the second feature is the age of the property, from the year of construction to the year
      of sale.
[206]: new_data["YearRemodDemy"] = new_data.apply(lambda x: 1 if x["Year Built"] == ___

¬x["Year Remod/Add"] else 0, axis=1)
       new_data["AgeBuilt"] = new_data.apply(lambda x: x["Yr Sold"] - x["Year Built"],
        ⇒axis =1)
[207]: new_data[new_data["AgeBuilt"]<0]
[207]:
            MS SubClass MS Zoning Lot Frontage Lot Area Street Alley Lot Shape \
       2180
                      20
                                RL
                                            128.0
                                                       39290
                                                                      NaN
                                                                                 IR1
                                                               Pave
            Land Contour Utilities Lot Config ... Fence Misc Feature Misc Val \
                                                                           17000
       2180
                      Bnk
                             AllPub
                                         Inside ...
                                                     NaN
                                                                  Elev
            Mo Sold Yr Sold Sale Type Sale Condition SalePrice YearRemodDemy \
       2180
                  10
                        2007
                                   New
                                                Partial
                                                             183850
             AgeBuilt
       2180
       [1 rows x 78 columns]
      Remove negative value in AgeBuilt feature and unnecessary features
[208]: new data = new data.drop(2180, axis = 0)
       new_data = new_data.drop(["Year Remod/Add", 'Mo Sold', "Year Built", "Yr Sold"]_
        ⇔, axis =1)
[209]:
      new_data.shape
```

Handling missing values

[209]: (2929, 74)

reference

reference

```
[210]: # Describe features with missing values info_func(data_missing_values.index)
```

```
[210]: Total Bsmt SF
                           Total square feet of basement area (Continuous)
      Electrical
                                                Electrical system (Ordinal)
      BsmtFin SF 1
                                  Type 1 finished square feet (continuous)
       BsmtFin SF 2
                                  Type 2 finished square feet (Continuous)
      Bsmt Unf SF
                         Unfinished square feet of basement area (Conti...
      Garage Area
                                Size of garage in square feet (Continuous)
                                         Basement full bathrooms (Discrete)
      Bsmt Full Bath
       Bsmt Half Bath
                                         Basement half bathrooms (Discrete)
      Mas Vnr Area
                           Masonry veneer area in square feet (Continuous)
      Mas Vnr Type
                                              Masonry veneer type (Nominal)
                            Evaluates the height of the basement (Ordinal)
      Bsmt Qual
      Bsmt Cond
                         Evaluates the general condition of the basemen...
      BsmtFin Type 1
                                Rating of basement finished area (Ordinal)
      BsmtFin Type 2
                         Rating of basement finished area (if multiple ...
                         Refers to walkout or garden level walls (Ordinal)
      Bsmt Exposure
      Garage Type
                                                  Garage location (Nominal)
      Garage Cond
                                                 Garage condition (Ordinal)
      Garage Finish
                                   Interior finish of the garage (Ordinal)
      Garage Qual
                                                   Garage quality (Ordinal)
      Lot Frontage
                         Linear feet of street connected to property (C...
                                                Fireplace quality (Ordinal)
      Fireplace Qu
      Fence
                                                    Fence quality (Ordinal)
                                Type of alley access to property (Nominal)
      Allev
      Misc Feature
                         Miscellaneous feature not covered in other cat...
      Pool QC
                                                     Pool quality (Ordinal)
```

Name: Columns description, dtype: object

Fill missing values in categorical features considering documentation

```
new_data['Fence'] = new_data['Fence'].fillna("NoFence")
       new_data['Alley'] = new_data['Alley'].fillna("Noalleyaccess")
       new_data['Pool QC'] = new_data['Pool QC'].fillna("NoPool")
       # Check if there are still categorical features with NaNs
       nan_object =new_data.select_dtypes(include =["object"])
       nan_object = nan_object.isnull().sum()
       nan_object= nan_object[nan_object !=0]
       nan_object
[211]: Series([], dtype: int64)
      Checking the numerical features with missing values
[212]: #Checking the numerical features with missing values
       data_na = new_data.select_dtypes(include =np.number)
       data_na = data_na.isnull().sum()
       data_na = data_na[data_na !=0]
       data_na
                         490
[212]: Lot Frontage
      Mas Vnr Area
                          23
      BsmtFin SF 1
                           1
       BsmtFin SF 2
                           1
       Bsmt Unf SF
                           1
       Total Bsmt SF
       Bsmt Full Bath
                           2
       Bsmt Half Bath
                           2
       Garage Area
                           1
       dtype: int64
[213]: # Let's calculate the most frequent value for each column.
       replacement_values_dict = new_data[data_na.index].mode().to_dict(
           orient='records')[0]
       replacement_values_dict
[213]: {'Lot Frontage': 60.0,
        'Mas Vnr Area': 0.0,
        'BsmtFin SF 1': 0.0,
        'BsmtFin SF 2': 0.0,
        'Bsmt Unf SF': 0.0,
        'Total Bsmt SF': 0.0,
        'Bsmt Full Bath': 0.0,
        'Bsmt Half Bath': 0.0,
        'Garage Area': 0.0}
```

```
[214]: # Replace missing values with the most frequent value of the corresponding of column.

new_data= new_data.fillna(replacement_values_dict)

## Check that all columns have 0 missing values
new_data.isnull().sum().value_counts()
```

[214]: 0 74

dtype: int64

1.3.3 Convert categorical features type to "category" type

Let's check the categorical features before conversion

Reference

[215]:	<pre>new_data.select_dtypes(include = "object").head()</pre>															
[215]:	ľ	MS Sub(Class	MS :	Zoni	ng S	treet		Alley	Lot S	hape	Land	Contour	\		
	0		20]	RL	Pave	Noalle	eyaccess		IR1		Lvl			
	1		20]	RH	Pave	Noalle	eyaccess		Reg		Lvl			
	2		20]	RL	Pave	Noalle	eyaccess		IR1		Lvl			
	3		20]	RL	Pave	Noalle	eyaccess	Reg			Lvl			
	4		60]	RL	Pave	Noalle	eyaccess		IR1		Lvl			
	Ţ	Jtiliti	ies Lo	ot C	onfi	g La	nd Slo	pe Neig	ghborhood	G	arage	Туре	Garage	Fini	sh \	
	0	AllI	Pub	C	orne	r	G	tl	NAmes		A.	ttchd	l	F	in	
	1	All	Pub	I	nsid	е	G	tl	NAmes	•••	A.	ttchd	l	Uı	nf	
	2	AllI	Pub	C	orne	r	G	tl	NAmes		A.	ttchd	l	Uı	nf	
	3	All	Pub	C	orne	r	G	tl	NAmes	•••	A.	ttchd	l	F	in	
	4	AllI	Pub	I	nsid	е	G	tl	Gilbert	•••	A	ttchd	l	F	in	
	(Garage	Qual	Gara	age (Cond	Paved	Drive	Pool QC	Fei	nce M	isc F	eature	Sale '	Tvpe	\
	0		TA		0	TA		Р	NoPool	NoFe			None		WD	•
	1		TA			TA		Y		Mnl	Prv		None		WD	
	2		TA			TA		Y	NoPool	NoFe	nce		Gar2		WD	
	3		TA			TA		Y	NoPool	NoFe	nce		None		WD	
	4		TA			TA		Y	NoPool	Mn	Prv		None		WD	
	S	Sale Co	ondit:	ion												

0 Normal

1 Normal

2 Normal

3 Normal4 Normal

[5 rows x 44 columns]

```
[216]: new_data.select_dtypes(include = "object").columns
[216]: Index(['MS SubClass', 'MS Zoning', 'Street', 'Alley', 'Lot Shape',
              'Land Contour', 'Utilities', 'Lot Config', 'Land Slope', 'Neighborhood',
              'Condition 1', 'Condition 2', 'Bldg Type', 'House Style', 'Roof Style',
              'Roof Matl', 'Exterior 1st', 'Exterior 2nd', 'Mas Vnr Type',
              'Exter Qual', 'Exter Cond', 'Foundation', 'Bsmt Qual', 'Bsmt Cond',
              'Bsmt Exposure', 'BsmtFin Type 1', 'BsmtFin Type 2', 'Heating',
              'Heating QC', 'Central Air', 'Electrical', 'Kitchen Qual', 'Functional',
              'Fireplace Qu', 'Garage Type', 'Garage Finish', 'Garage Qual',
              'Garage Cond', 'Paved Drive', 'Pool QC', 'Fence', 'Misc Feature',
              'Sale Type', 'Sale Condition'],
             dtype='object')
[217]: print("Shape data with the type object :\n", new_data.select_dtypes(include =__

¬"object").shape)
      Shape data with the type object :
       (2929, 44)
[218]: #Description of categorical features
       info_func(new_data.select_dtypes(include = "object").columns)
[218]: MS SubClass
                         Identifies the type of dwelling involved in th...
                         Identifies the general zoning classification o...
      MS Zoning
      Street
                                 Type of road access to property (Nominal)
                                Type of alley access to property (Nominal)
      Alley
      Lot Shape
                                       General shape of property (Ordinal)
      Land Contour
                                        Flatness of the property (Nominal)
      Utilities
                                     Type of utilities available (Ordinal)
      Lot Config
                                                Lot configuration (Nominal)
                                                Slope of property (Ordinal)
      Land Slope
      Neighborhood
                         Physical locations within Ames city limits (ma...
      Condition 1
                                 Proximity to various conditions (Nominal)
                         Proximity to various conditions (if more than ...
      Condition 2
      Bldg Type
                                                 Type of dwelling (Nominal)
      House Style
                                                Style of dwelling (Nominal)
      Roof Style
                                                     Type of roof (Nominal)
      Roof Matl
                                                    Roof material (Nominal)
                                      Exterior covering on house (Nominal)
      Exterior 1st
      Exterior 2nd
                         Exterior covering on house (if more than one m...
                                              Masonry veneer type (Nominal)
      Mas Vnr Type
                         Evaluates the quality of the material on the e...
      Exter Qual
      Exter Cond
                         Evaluates the present condition of the materia...
      Foundation
                                               Type of foundation (Nominal)
      Bsmt Qual
                            Evaluates the height of the basement (Ordinal)
                         Evaluates the general condition of the basemen...
      Bsmt Cond
      Bsmt Exposure
                         Refers to walkout or garden level walls (Ordinal)
```

```
BsmtFin Type 1
                                Rating of basement finished area (Ordinal)
                         Rating of basement finished area (if multiple ...
       BsmtFin Type 2
       Heating
                                                  Type of heating (Nominal)
                                   Heating quality and condition (Ordinal)
       Heating QC
       Central Air
                                        Central air conditioning (Nominal)
                                                Electrical system (Ordinal)
       Electrical
                                                  Kitchen quality (Ordinal)
       Kitchen Qual
                         Home functionality (Assume typical unless dedu...
      Functional
                                                Fireplace quality (Ordinal)
      Fireplace Qu
       Garage Type
                                                  Garage location (Nominal)
                                   Interior finish of the garage (Ordinal)
       Garage Finish
       Garage Qual
                                                   Garage quality (Ordinal)
                                                 Garage condition (Ordinal)
       Garage Cond
       Paved Drive
                                                   Paved driveway (Ordinal)
       Pool QC
                                                     Pool quality (Ordinal)
       Fence
                                                    Fence quality (Ordinal)
       Misc Feature
                         Miscellaneous feature not covered in other cat...
                                                     Type of sale (Nominal)
       Sale Type
       Sale Condition
                                                Condition of sale (Nominal)
       Name: Columns description, dtype: object
[219]: # How many unique values in each categorical column?
       unique_values = new_data.select_dtypes(include = "object").apply(lambda cols:
        →len(cols.value_counts())).sort_values()
       unique_values
[219]: Street
                          2
                          2
       Central Air
                          3
       Allev
       Utilities
                          3
      Land Slope
                          3
       Paved Drive
                          3
      Lot Shape
                          4
      Land Contour
                          4
       Exter Qual
                          4
       Garage Finish
```

5

5

5

5

5

5

5 5

5

5

5

Bldg Type Mas Vnr Type

Kitchen Qual

Bsmt Exposure

Electrical

Lot Config

Exter Cond

Misc Feature Heating QC

Pool QC

Fence

```
Foundation
                    6
                    6
Garage Qual
Garage Cond
                    6
Fireplace Qu
                    6
Heating
Sale Condition
                    6
Bsmt Cond
                    6
                    6
Bsmt Qual
                    6
Roof Style
BsmtFin Type 1
                    7
MS Zoning
Garage Type
                    7
BsmtFin Type 2
                    7
Condition 2
                    8
                    8
House Style
Roof Matl
                    8
                    8
Functional
Condition 1
                    9
Sale Type
                   10
Exterior 1st
                   16
MS SubClass
                   16
Exterior 2nd
                   17
Neighborhood
                   28
dtype: int64
```

3

RL

93.0

The X function contains up to 28 different categories, that is, we will have 28 functions once this function is converted to a numeric variable. For this reason, we limit the different categories to 10. Of course, we could have kept all the categories, but we are just experimenting with the possibilities.

```
[220]: # Arbitrary limit of 10 unique values
       drop_cate_cols = unique_values[unique_values > 10].index
       print(drop_cate_cols, "\n")
      Index(['Exterior 1st', 'MS SubClass', 'Exterior 2nd', 'Neighborhood'],
      dtype='object')
[221]: #Delete this features: 'Exterior 1st', 'Exterior 2nd', 'Neighborhood'
       data_transform = new_data.drop(drop_cate_cols, axis=1)
       print(data_transform.shape)
       data_transform.head()
      (2929, 70)
[221]:
        MS Zoning
                   Lot Frontage Lot Area Street
                                                           Alley Lot Shape \
                RL
                           141.0
                                     31770
                                             Pave
                                                   Noalleyaccess
                                                                        IR1
       0
       1
                RH
                            80.0
                                     11622
                                             Pave
                                                   Noalleyaccess
                                                                        Reg
       2
                RL
                            81.0
                                                   Noalleyaccess
                                     14267
                                             Pave
                                                                        IR1
```

11160

Pave

Noalleyaccess

Reg

```
4
                RL
                             74.0
                                      13830
                                               Pave Noalleyaccess
                                                                          IR1
         Land Contour Utilities Lot Config Land Slope
                                                         ... Pool Area Pool QC
                                     Corner
       0
                  Lvl
                          AllPub
                                                    Gtl
                                                                      NoPool
                  Lvl
                          AllPub
                                     Inside
                                                    Gtl
                                                                      NoPool
       1
                          AllPub
       2
                  Lvl
                                     Corner
                                                    Gtl
                                                                    0
                                                                       NoPool
                  T.v.T
                          AllPub
                                     Corner
                                                                       NoPool
       3
                                                    Gtl ...
                                                                    0
       4
                  Lvl
                          AllPub
                                     Inside
                                                    Gtl ...
                                                                       NoPool
            Fence Misc Feature
                                           Sale Type Sale Condition SalePrice
                                Misc Val
          NoFence
                                         0
                                                               Normal
                           None
                                                  WD
                                                                         215000
       1
            MnPrv
                           None
                                         0
                                                  WD
                                                              Normal
                                                                         105000
         NoFence
                           Gar2
                                    12500
                                                  WD
                                                              Normal
                                                                         172000
       3
         NoFence
                           None
                                         0
                                                  WD
                                                              Normal
                                                                         244000
            MnPrv
                                         0
                                                  WD
                                                              Normal
                           None
                                                                         189900
         YearRemodDemy
                        AgeBuilt
       0
                      1
       1
                      1
                               49
       2
                      1
                               52
       3
                               42
                      1
       4
                      0
                               13
       [5 rows x 70 columns]
[222]: #shape of categorical columns
       data_transform.select_dtypes(include=['object']).shape
[222]: (2929, 40)
[223]: # Select only the remaining text columns and convert them to categories
       objetc_cols = data_transform.select_dtypes(include=['object'])
       for col in objetc_cols:
           data_transform[col] = data_transform[col].astype('category')
[224]: data_transform.info()
      <class 'pandas.core.frame.DataFrame'>
      Int64Index: 2929 entries, 0 to 2929
      Data columns (total 70 columns):
           Column
                             Non-Null Count
       #
                                              Dtype
           _____
                             _____
       0
           MS Zoning
                             2929 non-null
                                              category
       1
           Lot Frontage
                             2929 non-null
                                              float64
           Lot Area
                             2929 non-null
                                              int64
       3
           Street
                             2929 non-null
                                              category
       4
           Alley
                             2929 non-null
                                              category
           Lot Shape
                             2929 non-null
                                              category
```

_				
6	Land Contour		non-null	category
7	Utilities	2929		category
8	Lot Config	2929		category
9	Land Slope	2929	non-null	category
10	Condition 1	2929		category
11	Condition 2	2929		category
12	Bldg Type	2929		category
13	House Style	2929	non-null	category
14	Overall Qual	2929	non-null	int64
15	Overall Cond	2929	non-null	int64
16	Roof Style	2929	non-null	category
17	Roof Matl	2929	non-null	category
18	Mas Vnr Type	2929	non-null	category
19	Mas Vnr Area	2929	non-null	float64
20	Exter Qual	2929	non-null	category
21	Exter Cond	2929	non-null	category
22	Foundation	2929	non-null	category
23	Bsmt Qual	2929	non-null	category
24	Bsmt Cond	2929	non-null	category
25	Bsmt Exposure	2929	non-null	category
26	BsmtFin Type 1	2929	non-null	category
27	BsmtFin SF 1	2929	non-null	float64
28	BsmtFin Type 2	2929	non-null	category
29	BsmtFin SF 2	2929	non-null	float64
30	Bsmt Unf SF	2929	non-null	float64
31	Total Bsmt SF	2929	non-null	float64
32	Heating	2929	non-null	category
33	Heating QC	2929	non-null	category
34	Central Air	2929		category
35	Electrical	2929		category
36	2nd Flr SF	2929	non-null	int64
37	Low Qual Fin SF	2929	non-null	int64
38	Gr Liv Area	2929	non-null	int64
39	Bsmt Full Bath	2929		float64
40	Bsmt Half Bath		non-null	float64
41	Full Bath		non-null	int64
42	Half Bath		non-null	int64
43	Bedroom AbvGr		non-null	int64
43 44	Kitchen AbvGr	2929		int64
45	Kitchen Qual	2929		category
46	Functional	2929		category
47	Fireplaces	2929		int64
48	Fireplace Qu	2929		category
49	Garage Type		non-null	category
50	Garage Finish		non-null	category
51	Garage Area	2929		float64
52	Garage Qual	2929		category
53	Garage Cond	2929	non-null	category

```
Wood Deck SF
       55
                             2929 non-null
                                              int64
       56
           Open Porch SF
                             2929 non-null
                                              int64
       57
           Enclosed Porch
                             2929 non-null
                                              int64
           3Ssn Porch
                             2929 non-null
       58
                                              int64
           Screen Porch
                             2929 non-null
                                              int64
       60
           Pool Area
                             2929 non-null
                                              int64
       61 Pool QC
                             2929 non-null
                                              category
       62 Fence
                             2929 non-null
                                              category
           Misc Feature
       63
                             2929 non-null
                                              category
           Misc Val
       64
                             2929 non-null
                                              int64
                             2929 non-null
       65
           Sale Type
                                              category
           Sale Condition
                             2929 non-null
                                              category
       67
           SalePrice
                             2929 non-null
                                              int64
           YearRemodDemy
                             2929 non-null
                                              int64
          AgeBuilt
                             2929 non-null
                                              int64
       69
      dtypes: category(40), float64(9), int64(21)
      memory usage: 833.1 KB
[225]: # Create dummy columns and add them to the DataFrame
       data_transform = pd.concat([
           data_transform,
           pd.get_dummies(data_transform.select_dtypes(include=['category']),__

drop first=True)

       ], axis=1)
      data_transform.shape
[226]: (2929, 250)
[227]: data_transform.head()
[227]:
         MS Zoning
                    Lot Frontage Lot Area Street
                                                             Alley Lot Shape
                RL
                            141.0
                                      31770
                                                     Noalleyaccess
                                               Pave
                                                                          IR1
       1
                RH
                             80.0
                                      11622
                                               Pave
                                                     Noalleyaccess
                                                                          Reg
       2
                RL
                             81.0
                                                     Noalleyaccess
                                      14267
                                               Pave
                                                                          IR1
       3
                RL
                             93.0
                                      11160
                                               Pave
                                                     Noalleyaccess
                                                                          Reg
       4
                             74.0
                RL
                                      13830
                                               Pave
                                                     Noalleyaccess
                                                                          IR1
         Land Contour Utilities Lot Config Land Slope ... Sale Type_ConLw
       0
                  Lvl
                          AllPub
                                     Corner
                                                    Gtl
                                                                          0
                                                                          0
       1
                  Lvl
                          AllPub
                                     Inside
                                                    Gtl ...
       2
                  Lvl
                          AllPub
                                     Corner
                                                    Gtl ...
                                                                          0
       3
                                                                          0
                  Lvl
                          AllPub
                                     Corner
                                                    Gtl ...
                          AllPub
                                                                          0
                  Lvl
                                     Inside
                                                    Gtl
         Sale Type_New Sale Type_Oth Sale Type_VWD Sale Type_WD
                                    0
                                                   0
```

54 Paved Drive

2929 non-null

category

```
2
                      0
                                     0
                                                    0
                                                                    1
       3
                      0
                                     0
                                                    0
                                                                    1
       4
          Sale Condition_AdjLand Sale Condition_Alloca Sale Condition_Family \
       0
       1
                                 0
                                                        0
                                                                                0
       2
                                 0
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                                                                                0
       3
                                 0
                                                        0
                                                                                0
       4
                                 0
                                                        0
                                                                                0
         Sale Condition_Normal Sale Condition_Partial
       0
       1
                              1
                                                        0
       2
                              1
                                                        0
                                                        0
       3
                              1
       4
       [5 rows x 250 columns]
[228]: #Delete categorical columns
       categorical_columns = data_transform.select_dtypes(include=['category']).columns
       data_transform = data_transform.drop(categorical_columns, axis = 1)
[229]:
       data_transform.head()
[229]:
          Lot Frontage Lot Area Overall Qual Overall Cond Mas Vnr Area \
       0
                  141.0
                            31770
                                                               5
                                                                         112.0
                                               6
       1
                   80.0
                            11622
                                               5
                                                               6
                                                                           0.0
       2
                   81.0
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                                                                         108.0
                            14267
                   93.0
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                                                                           0.0
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                                                               5
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                   74.0
                            13830
                                                5
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                                                                           0.0
          BsmtFin SF 1 BsmtFin SF 2 Bsmt Unf SF
                                                      Total Bsmt SF
                                                                      2nd Flr SF
       0
                  639.0
                                   0.0
                                               441.0
                                                             1080.0
                  468.0
                                 144.0
                                               270.0
                                                              882.0
       1
                                                                                0
       2
                  923.0
                                   0.0
                                              406.0
                                                             1329.0
                                                                                0
                1065.0
                                   0.0
       3
                                             1045.0
                                                             2110.0
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       4
                  791.0
                                   0.0
                                               137.0
                                                               928.0
                                                                             701
          Sale Type_ConLw
                            Sale Type_New
                                            Sale Type_Oth
                                                            Sale Type_VWD
       0
       1
                         0
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       3
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```

```
4
                        0
                                        0
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                                                                        0
          Sale Type_WD
                         Sale Condition_AdjLand Sale Condition_Alloca \
       0
                       1
                                                0
                                                                        0
       1
                                                0
                                                                        0
       2
                       1
                                                0
                                                                        0
       3
                       1
       4
                                                0
                                                                        0
                       1
          Sale Condition_Family
                                  Sale Condition_Normal
                                                          Sale Condition_Partial
       0
       1
                               0
                                                       1
                                                                                0
       2
                               0
                                                       1
                                                                                0
       3
                               0
                                                       1
                                                                                0
                               0
                                                                                0
                                                       1
       [5 rows x 210 columns]
[230]: data_transform.shape
[230]: (2929, 210)
      1.3.4 Training / Test split
[231]: from sklearn.model_selection import train_test_split
      Let's set the x and y variables to the feature and label values
[232]: X =data_transform.drop("SalePrice", axis = 1)
       y =data_transform["SalePrice"]
[233]: X.shape
[233]: (2929, 209)
[234]: y.shape
[234]: (2929,)
       Train / test split with test_size=0.3 and a random_state of 42
[235]: from sklearn.model_selection import train_test_split
       X_train, X_test, y_train, y_test = train_test_split(
                                X, y, test_size=0.30, random_state=42)
[236]: X_train.shape
[236]: (2050, 209)
```

```
[237]: X_test.shape
```

[237]: (879, 209)

1.3.5 Normalization

Normalization reduces outliers by compressing values between an accurate scale.

Reference

Reference

```
[238]: from sklearn.preprocessing import MinMaxScaler

scaler = MinMaxScaler()

X_train = scaler.fit_transform(X_train)

X_test = scaler.transform(X_test)
```

```
[239]: X_train.shape
```

```
[239]: (2050, 209)
```

```
[240]: X_test.shape
```

```
[240]: (879, 209)
```

1.4 Section 4: Modelization

```
[241]: from sklearn.linear_model import LinearRegression
from sklearn.ensemble import RandomForestRegressor
from sklearn.ensemble import GradientBoostingRegressor
from sklearn.metrics import mean_squared_error
```

1.4.1 Lineaire Regression

Reference

```
[246]: # Entrainement
    np.random.seed(0)
    model = LinearRegression()
    model.fit(X_train, y_train.values)

# Prédiction
    predictions = model.predict(X_test)
    mse = mean_squared_error(y_test.values, predictions)
    rmse = np.sqrt(mse)
    print(rmse)
```

We have a very very high RMSE, which proves the inefficiency of our model which is in a situation of under-learning. We will apply a feature selection technique to see if there will be an improvement.

1.4.2 Features selection

The feature selection allows according to certain techniques to remove the least information features and which aims to improve the performance of machine learning models.

Reference

Reference

```
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                             True, True, False,
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               True, False, False, False, False,
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False,
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                             True, False, False, False, False,
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               True, False, False, True, False, False,
 True,
        True])
```

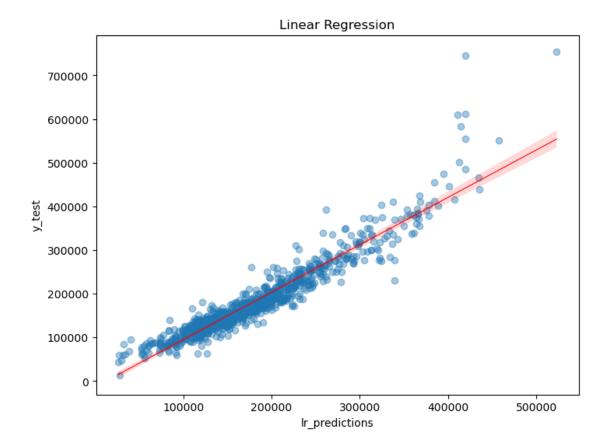
True : High VarianceFalse : Low Variance

```
[248]: # The low Variance features
       concol = [column for column in X.columns
                 if column not in X.columns[var_thr.get_support()]]
       for features in concol:
           print(features)
      MS Zoning_C (all)
      MS Zoning_I (all)
      MS Zoning_RH
      Street_Pave
      Lot Shape_IR3
      Utilities_NoSeWa
      Utilities_NoSewr
      Lot Config_FR3
      Land Slope_Sev
      Condition 1_PosA
      Condition 1_RRAe
      Condition 1 RRNe
      Condition 1_RRNn
      Condition 2_Feedr
      Condition 2_PosA
      Condition 2_PosN
      Condition 2_RRAe
      Condition 2_RRAn
      Condition 2_RRNn
      House Style_1.5Unf
      House Style_2.5Fin
      House Style_2.5Unf
      Roof Style_Gambrel
      Roof Style_Mansard
      Roof Style_Shed
      Roof Matl_Membran
      Roof Matl_Metal
      Roof Matl_Roll
      Roof Matl_Tar&Grv
      Roof Matl_WdShake
      Roof Matl_WdShngl
      Mas Vnr Type_Othr
      Mas Vnr Type_TenC
      Exter Cond_Po
      Foundation_Stone
      Foundation_Wood
      Bsmt Qual_Po
      Bsmt Cond_Po
      Heating_GasW
      Heating_Grav
      Heating_OthW
```

```
Heating_Wall
      Heating QC_Po
      Electrical_FuseP
      Electrical_Mix
      Kitchen Qual Po
      Functional_Maj2
      Functional Sal
      Functional_Sev
      Garage Type_CarPort
      Garage Qual_Gd
      Garage Qual_Po
      Garage Cond_Gd
      Garage Cond_Po
      Pool QC_Fa
      Pool QC_Gd
      Pool QC_NoPool
      Pool QC_TA
      Fence_MnWw
      Misc Feature_Othr
      Misc Feature_TenC
      Sale Type_CWD
      Sale Type_Con
      Sale Type_ConLD
      Sale Type_ConLI
      Sale Type_ConLw
      Sale Type_Oth
      Sale Type_VWD
      Sale Condition_AdjLand
      Sale Condition_Alloca
[249]: # Delete the low Variance features :
       data_transform_select = data_transform.drop(concol,axis=1)
       data_transform_select.shape
[249]: (2929, 140)
[250]: X =data_transform_select.drop("SalePrice", axis = 1)
       y =data_transform_select["SalePrice"]
[252]: y.shape
[252]: (2929,)
```

1.4.3 Lineaire Regression with the high Variance features

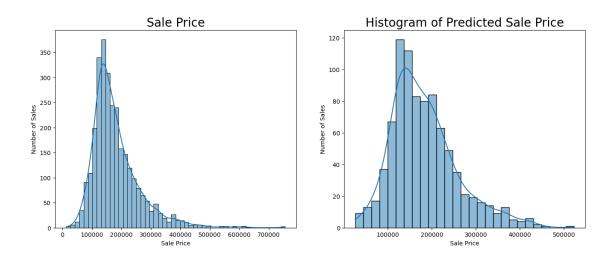
```
[254]: X_train, X_test, y_train, y_test = train_test_split(
                               X, y, test_size=0.30, random_state=42)
[255]: X_train.shape
[255]: (2050, 139)
[257]: X_test.shape
[257]: (879, 139)
[258]: scaler = MinMaxScaler()
       X_train = scaler.fit_transform(X_train)
       X_test = scaler.transform(X_test)
[261]: # Entrainement
       np.random.seed(0)
       lr_model = LinearRegression()
       lr_model.fit(X_train, y_train.values)
       # Prédiction
       lr_predictions = lr_model.predict(X_test)
       mse = mean_squared_error(y_test.values, lr_predictions)
       lr_rmse = np.sqrt(mse)
       print(lr_rmse)
      28416.90320185764
[262]: data_pred =pd.DataFrame({"y_test" : y_test, "lr_predictions" : lr_predictions})
[263]: plt.figure(figsize=(8, 6))
       sns.regplot(x = "lr_predictions", y ="y_test", scatter_kws={'alpha': 0.4},
                       line_kws={'color': 'red','linewidth':0.8} ,data = data_pred)
       plt.title("Linear Regression")
[263]: Text(0.5, 1.0, 'Linear Regression')
```



We have significantly reduced the rmse, but we are left with another problem: outliers related to the sale price. We will use the logarithmic technique to scale the selling price.

```
[264]: # SalePrice after transformation
fig, ax = plt.subplots(figsize=(16,6), ncols=2)
sns.histplot(x = "SalePrice", bins=50, kde=True, ax=ax[0], data =data)
ax[0].set_title('Sale Price', fontsize=20)
ax[0].set_xlabel('Sale Price')
ax[0].set_ylabel('Number of Sales')

sns.histplot(x="lr_predictions", kde=True, ax=ax[1], data=data_pred)
ax[1].set_title("Histogram of Predicted Sale Price", fontsize=20)
plt.xlabel('Sale Price')
plt.ylabel('Number of Sales');
plt.savefig('pred_hist.png', bbox_inches="tight")
```



We notice that the price prediction histogram is better adjusted (the values are well distributed).

1.4.4 Random Forest Regressor

Reference

```
[265]: rf_model = RandomForestRegressor(random_state=0)
    rf_model.fit(X_train, y_train.values)

    rf_predictions = rf_model.predict(X_test)

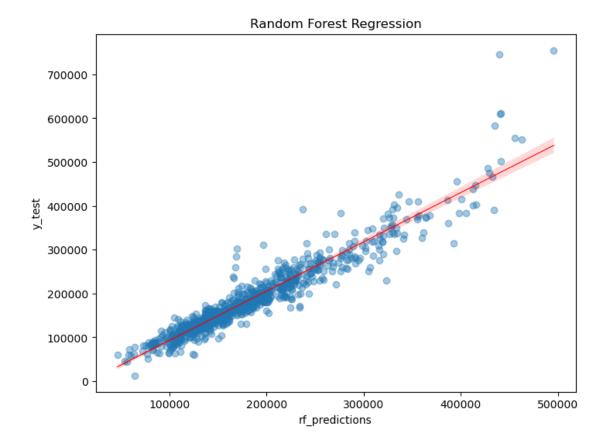
    mse = mean_squared_error(y_test.values, rf_predictions)

    rf_rmse = np.sqrt(mse)

    print(rf_rmse)
```

28269.55558437841

[267]: Text(0.5, 1.0, 'Random Forest Regression')



1.4.5 Gradient Boosting Regressor

Reference

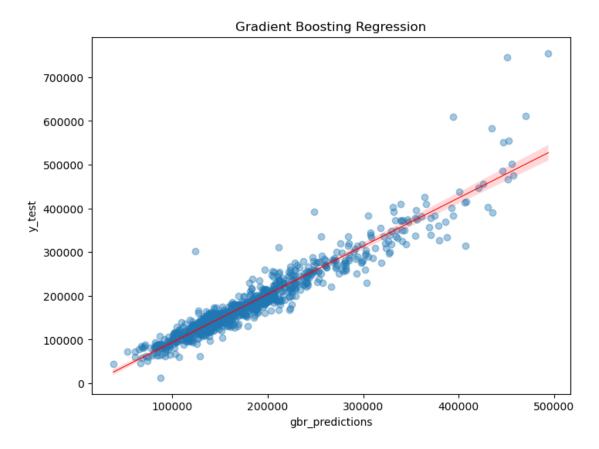
```
gbr_model = GradientBoostingRegressor(random_state=0)
gbr_model.fit(X_train, y_train.values)

gbr_predictions = gbr_model.predict(X_test)

mse = mean_squared_error(y_test.values, gbr_predictions)
gbr_rmse = np.sqrt(mse)
print(gbr_rmse)
```

```
plt.title("Gradient Boosting Regression")
```

[270]: Text(0.5, 1.0, 'Gradient Boosting Regression')



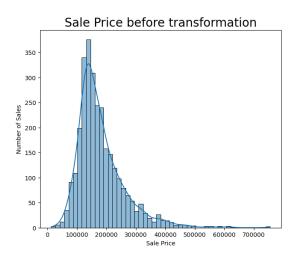
1.4.6 Delete outliers values of sale price

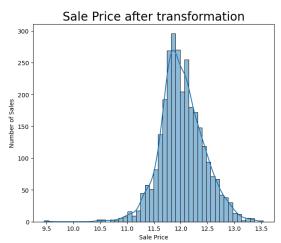
Reference

```
sns.histplot(x = "SalePrice", bins=50, kde=True, ax=ax[0], data =data)
ax[0].set_title('Sale Price before transformation', fontsize=20)
ax[0].set_xlabel('Sale Price')
ax[0].set_ylabel('Number of Sales')

sns.histplot(x = "target_log", bins=50, kde=True, ax=ax[1], data_\(\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{
```

[272]: Text(0, 0.5, 'Number of Sales')





1.4.7 Linear Regression after logarithmic transformation of the sale price

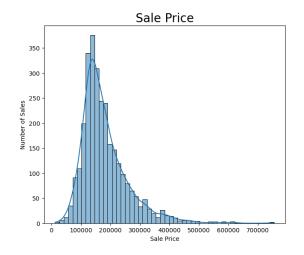
[276]: Text(0.5, 1.0, 'Linear Regression after log transformation of sale price')



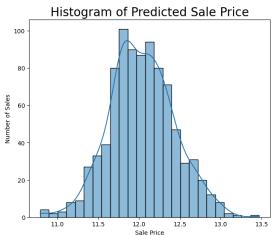
```
[277]: # SalePrice after transformation
fig, ax = plt.subplots(figsize=(16,6), ncols=2)
sns.histplot(x = "SalePrice", bins=50, kde=True, ax=ax[0], data =data)
ax[0].set_title('Sale Price', fontsize=20)
ax[0].set_xlabel('Sale Price')
ax[0].set_ylabel('Number of Sales')

sns.histplot(x="lr_predictions_log", kde=True, ax=ax[1], data=data_log)
ax[1].set_title("Histogram of Predicted Sale Price", fontsize=20)
```

```
plt.xlabel('Sale Price')
plt.ylabel('Number of Sales');
plt.savefig('pred_hist.png', bbox_inches="tight")
```



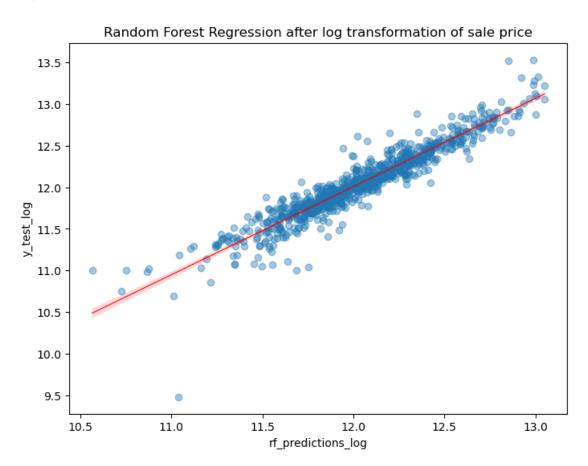
[278]: rf_model_log= RandomForestRegressor(random_state=0)



We notice that the price prediction histogram is better and better adjusted (the values are well distributed) after the logarithmic transformation.

1.4.8 Random Forest Regressor after logarithmic transformation of the sale price

[280]: Text(0.5, 1.0, 'Random Forest Regression after log transformation of sale price')



1.4.9 Gradient Boosting Regressor after logarithmic transformation of the sale price

```
gbr_model_log= GradientBoostingRegressor(random_state=0)

gbr_model_log.fit(X_train, y_train.values)

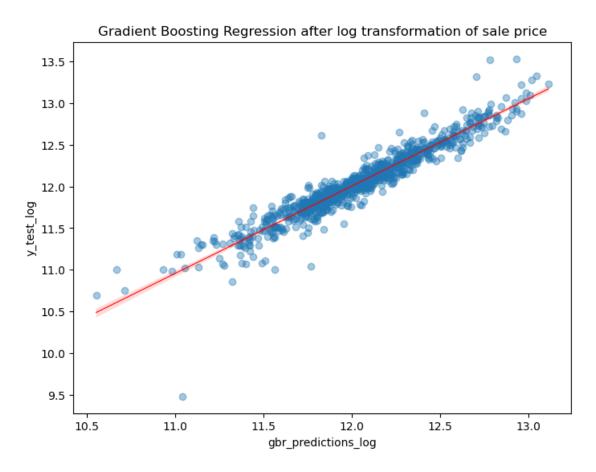
gbr_predictions_log = gbr_model_log.predict(X_test)

mse = mean_squared_error(y_test_log.values, gbr_predictions_log)

gbr_rmse_log = np.sqrt(mse)

print(round(gbr_rmse_log , 3)*100)
```

[283]: Text(0.5, 1.0, 'Gradient Boosting Regression after log transformation of sale price')



As you can see, scaling the sale price reduced the rate significantly to 12.5%.

```
[284]: data_models = pd.DataFrame({"Linear Regression" : [lr_rmse, lr_rmse_log],

"Random Forest Regressor": [rf_rmse, rf_rmse_log],

"Gradient Boosting Regressor" : [gbr_rmse,

"gbr_rmse_log]}, index = ["rmse", "rmse_log"])
```

```
data_models
```

Looking at the RMSEs of the different models, we notice that the ensemble models are less affected by outliers related to the selling price, but as soon as we use the natural logarithmic transformation to transform the selling price, the linear regression becomes better than all models d'ensemble.

```
0 214000
            223337.318933
                                               224377.947721
                                                                12.273736
                                 224416.64
1 157000
            180205.537683
                                 139989.74
                                               157659.419722
                                                                11.964007
2 260000
            256604.240808
                                 235108.81
                                               247338.083767
                                                                12.468441
3 183000
            187039.303308
                                               185877.361957
                                 188387.74
                                                                12.117247
4 120750
            113737.428308
                                 123824.66
                                               113697.100820
                                                                11.701486
   lr_predictions_log rf_predictions_log
                                            gbr_predictions_log
0
            12.291416
                                 12.360415
                                                       12.369354
1
            11.995184
                                 11.879825
                                                       11.943125
2
            12.446257
                                 12.425970
                                                       12.408737
3
            12.146563
                                 12.139312
                                                       12.186276
                                 11.710226
4
            11.694305
                                                       11.667202
```

The predictions after the logarithmic transformation of the selling price approximate true selling price values (y test log).

Let's take a random house from the data_transform_select database and predict its price and compare it to its current selling price.

```
[402]: import random
  random.seed(101)
  random_ind = random.randint(0,len(data_transform_select))
```

```
single_house = data_transform_select.drop('SalePrice',axis=1).iloc[random_ind]
       single_house
[402]: Lot Frontage
                                    110.0
      Lot Area
                                  16163.0
       Overall Qual
                                     8.0
       Overall Cond
                                      5.0
       Mas Vnr Area
                                    232.0
       Sale Type_New
                                      0.0
       Sale Type_WD
                                      1.0
       Sale Condition_Family
                                      0.0
       Sale Condition_Normal
                                      1.0
       Sale Condition_Partial
                                      0.0
       Name: 2381, Length: 139, dtype: float64
[403]: single house = scaler.transform(single_house.values.reshape(-1, 139))
      C:\Users\HP\anaconda3\envs\DeepLearning\lib\site-packages\sklearn\base.py:439:
      UserWarning: X does not have valid feature names, but MinMaxScaler was fitted
      with feature names
        warnings.warn(
[411]: gbr_model.predict(single_house)
[411]: array([253913.30813697])
```

[405]: 252000.0

We were predicting a selling price of 253913 dollars for this house while its actual selling price is 252000 dollars. We are not far from the actual price. If we continue to choose another house at random, we will necessarily find a price almost equal to the actual sale price.

1.5 Conclusion

To push this work, we can adjust the hyperparameters of different models, increase the variance threshold for entity selection, adjust other regression models or artificial neural networks to see if we are further improving the performance of our models.

1.6 References

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[405]: data transform select.iloc[random ind]["SalePrice"]

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