# Questions

October 7, 2023

# 1 Predict House Prices

```
[1]: # If additional packages are needed but are not installed by default, uncomment
the last two lines of this cell
# and replace <package list> with a list of additional packages.
# This will ensure the notebook has all the dependencies and works everywhere

import sys
!{sys.executable} -m pip install word2number
```

Requirement already satisfied: word2number in /opt/conda/lib/python3.9/site-packages (1.1)

```
[2]: # Libraries
     # packages for data manipulation
     import numpy as np
     import pandas as pd
     from word2number import w2n
     # packages for data visualization
     import matplotlib.pyplot as plt
     from matplotlib.ticker import MaxNLocator
     import seaborn as sns
     # packages for machine learning
     import sklearn
     from sklearn.metrics import accuracy_score, precision_score, recall_score,
     ⇒f1_score, confusion_matrix
     from sklearn.model_selection import train_test_split, RandomizedSearchCV
     from sklearn.neighbors import KNeighborsClassifier
     from sklearn.preprocessing import StandardScaler
     import xgboost as xgb
     # miscellaneous packages
     import warnings
     warnings.filterwarnings('ignore')
```

```
pd.set_option("display.max_columns", 101)
pd.set_option('display.max_colwidth', 100)
pd.set_option('display.max_rows', 100)
```

/opt/conda/lib/python3.9/site-packages/xgboost/compat.py:36: FutureWarning: pandas.Int64Index is deprecated and will be removed from pandas in a future version. Use pandas.Index with the appropriate dtype instead.

from pandas import MultiIndex, Int64Index

# 1.1 1. Data Description

Column	Description
id	Unique ID corresponding to the locality
income	Average monthly income in 1000s of people
	living in the locality
age	Average age of houses in the locality
rooms	Average number of rooms in the houses
	situated in the locality
bedrooms	Average number of bedrooms in the houses
	situated in the locality
people_per_house	Average number of people living in each house
	situated in the locality
location	Location of the locality represented as latitude
	and longitude separated by a delimiter
outcome	The predicted median price of a house in the
	locality (1 - High, 0 - Low)

```
[3]: # The information dataset for the training set is already loaded below data = pd.read_csv('train.csv') data.head()
```

[3]:	id	income	age	rooms	bedrooms	population	people_per_house	\
0	0	4.5493	forty-three	4.692308	1.026525	-639.0	2.923077	
1	1	4.4391	fourteen	5.280561	1.034068	1150.0	2.304609	
2	2	3.3333	eleven	6.410397	1.164159	2466.0	3.373461	
3	3	3.2847	17.0	3.381720	1.188172	514.0	2.763441	
4	4	1.4464	17.0	5.431034	1.534483	130.0	2.241379	

```
location outcome
0 37.66;-122.43 1.0
1 33.68_-117.8 1.0
2 33.67_-116.31 0.0
3 34.24;-119.18 0.0
4 37.65,-120.46 0.0
```

### 1.1.1 1.1 Data Preprocessing

The first important thing to do is to understand the data structure, hence I printed the shape of the data, and observed that it has 7000 records (rows) and 9 fields (columns).

```
[4]: print(f'The shape of the data is {data.shape}.')
```

The shape of the data is (7000, 9).

Next, it is important to understand the quality of this dataset given that data quality is a crucial factor for successful model building.

One aspect of data quality is whether the data has missing values. By looking at the information below, we see that there is no missing values, indicating that we do not need to conduct missing value imputation to improve data quality.

```
[5]: # print the information (# missing values, data type) of the dataset print(data.info())
```

<class 'pandas.core.frame.DataFrame'>
RangeIndex: 7000 entries, 0 to 6999
Data columns (total 9 columns):

#	Column	Non-Null Count	Dtype
0	id	7000 non-null	int64
1	income	7000 non-null	float64
2	age	7000 non-null	object
3	rooms	7000 non-null	float64
4	bedrooms	7000 non-null	float64
5	population	7000 non-null	float64
6	people_per_house	7000 non-null	float64
7	location	7000 non-null	object
8	outcome	7000 non-null	float64

dtypes: float64(6), int64(1), object(2)

memory usage: 492.3+ KB

None

Another aspect of data quality is to inspect whether the variable types align with the information these variables actually offer. From the information table above, we see that the data types of most variables make intuitive sense (for example, bedrooms, i.e., average #bedrooms in house, should be a quantitative variable and hence its type should be float). However, the data types of age and location look suspicious as, intuitively, both of them should be represented in numbers, yet currently they are of type objects. Is this because they display different information as expected intuitively? Or do we need to process them before using them? We now look at these two variables one by one.

```
[6]: # print the age column print(data['age'])
```

0 forty-three

```
fourteen
1
2
              eleven
3
                17.0
4
                17.0
6995
          forty-six
6996
                32.0
6997
          fifty-two
6998
                32.0
                22.0
6999
Name: age, Length: 7000, dtype: object
```

It appears that the age column contains a mixture of ages in texts and ages in numbers, hence making it an object variable.

Since text data are usually converted into numerical values (for example, word2vec) before inputting them into a machine learning model, I decided to convert all the ages in texts to their corresponding ages in numbers. The following function does the transformation and converts age to a float.

```
for i in data.index:
    # if the first letter in the row is an alphabet
    if data['age'].str[0][i].isalpha() == True:
        # convert the value of this row to a number
        data['age'][i] = w2n.word_to_num(data['age'][i])

# change the data type of age to float
data['age'] = data['age'].astype(float)
```

```
[8]: print(data['age'])
    0
             43.0
    1
             14.0
    2
             11.0
    3
             17.0
    4
             17.0
    6995
             46.0
    6996
             32.0
             52.0
    6997
    6998
             32.0
    6999
             22.0
    Name: age, Length: 7000, dtype: float64
```

From above we see that the age variable is now fully converted to a numerical variable.

Next, we observe that the location variable is a combination of longitudes and latitudes, separated by three types of delimiters;, \_, and , - making it an object variable. For better practice of model building, I decided to split the location variable by delimiters into a longitude variable and a latitude variable, and convert them into floating points to get the precise location.

```
[9]: print(data['location'])
    0
             37.66; -122.43
              33.68_-117.8
    1
             33.67_-116.31
    2
    3
             34.24; -119.18
    4
             37.65,-120.46
              38.1,-122.23
    6995
    6996
             33.82;-118.37
    6997
             34.15; -118.15
    6998
             38.46_-122.69
    6999
             37.38,-120.72
    Name: location, Length: 7000, dtype: object
```

The code below processes location as described. As the dataset is now prepared in its expected format, we are ready to proceed to the data exploration step.

```
location_x location_y
           37.66
0
                      -122.43
           33.68
1
                      -117.80
2
           33.67
                      -116.31
3
           34.24
                      -119.18
4
           37.65
                      -120.46
           38.10
                      -122.23
6995
           33.82
                      -118.37
6996
6997
           34.15
                      -118.15
           38.46
                      -122.69
6998
6999
           37.38
                      -120.72
```

[7000 rows x 2 columns]

### 1.1.2 1.2 Univariate Analysis

After conducting the basic preprocessing of the data, we are now interested in the structure of each variable in the data, as they offer us useful information regarding what types of model we should use to better predict the target variable.

**1.21 Numerical Variables** I define numerical variables as variables that measure the quantity ('how much') of a certain entity - this definition aligns with the official definition of numerical variables.

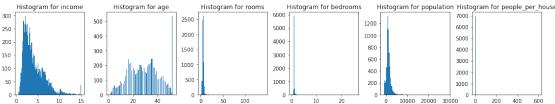
Based on this definition, the numerical variables here are income, age, rooms, bedrooms, population, and people\_per\_house. For these variables, we are interested in their descriptive statistics as well as their distributions.

From the descriptive statistics table and the histograms below, we see that income, rooms, bedrooms, population, and people\_per\_house are all heavily skewed to the right, exhibiting rare cases of extremely large values. For example, while the median of rooms is approximately 5, the average number of rooms in house can be as large as 141! Similarly, while the median of bedrooms is approximately 1, it can be as many as 25.

The insight learned is that, during model building, it is better practice to use tree-based models (decision tree, random forest, gradient boosting, etc.) instead of models that require normal distribution of data as its statistical assumption (e.g., regression), because tree-based model is insensitive to outliers, while regression models are often very sensitive to outliers.

	income	age	rooms	bedrooms	population	\
count	7000.000000	7000.000000	7000.000000	7000.000000	7000.000000	
mean	4.043755	29.374571	5.594687	1.105418	1122.459857	
std	2.417744	12.592551	2.597206	0.477988	1133.401037	
min	0.499900	1.000000	0.888889	0.44444	-1000.000000	
25%	2.249450	19.000000	4.558694	1.009339	603.000000	
50%	3.328400	29.000000	5.355294	1.055065	1005.000000	
75%	5.344325	38.000000	6.276794	1.109562	1508.000000	
max	15.000100	52.000000	141.909091	25.636364	28566.000000	

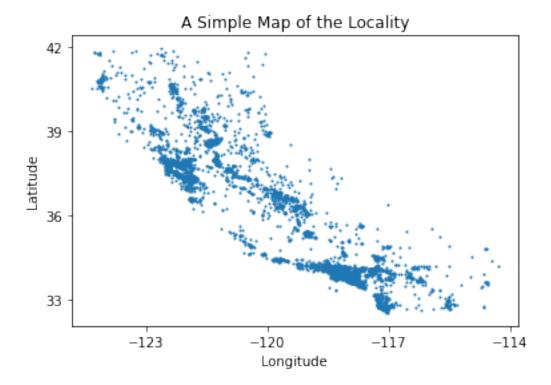
```
people_per_house
             7000.000000
count
                2.996824
mean
                9.341724
std
                1.066176
min
25%
                2.358961
50%
                2.727432
75%
                3.174603
              599.714286
max
```



1.22 Identifier variable Besides numerical variables, there are also two identifiers in the dataset: id, which identifies the locality, and (location\_x, location\_y), which identifies the geographic location of the locality. We are interested in seeing where these localities are located at, hence I plotted a simple map below.

It can be seen that, in the map, some localities are close by, while some are more spread out. This raises a natural question: will the localities nearby each other exhibit similar median housing price? We shed some light into this question when we conduct multivariate analysis in the next section.

```
[12]: # plot a simple map by scattering longitude and latitude
fig, ax = plt.subplots()
ax.scatter(data['location_y'], data['location_x'], s = 1)
ax.set_xlabel('Longitude')
ax.set_ylabel('Latitude')
ax.xaxis.set_major_locator(MaxNLocator(nbins = 4))
ax.yaxis.set_major_locator(MaxNLocator(nbins = 4))
ax.set_title('A Simple Map of the Locality')
plt.show()
```



1.23 Binary variable Binary variable is defined as a variable that represents two states of an entity. In our dataset, the only binary variable is our target variable outcome, which is 1 when median house price in locality is high and 0 when median house price in locality is low.

For this variable, we are interested in the distribution of data across outcome groups, because if the distribution exhibits some imbalanced nature (e.g., significantly more localities with low median price than those with high median price), then we would need to use resampling techniques to deal with imbalanced data.

From the table below, we see that the data is approximately balanced, where the percentage of low-house-price localities is similar to that of high-house-price localities, hence we do not need to particularly resample the dataset during the model training process.

```
Counts Percentage 0.0 3581 51.2%
```

#### 1.0 3419 48.8%

That said, we are now ready to examine the relationships between the variables.

### 1.1.3 1.3 Multivariate Analysis

We now look at the correlations between variables as they signal: 1. whether we need to conduct feature selection or choose appropriate models if there are multicollinearity or if there are redundant variables; 2. whether there are features that might be good predictors for our target variable.

From the correlation table and the correlation heatmap below, we see that most variables exhibit low correlations with other variables, except that rooms and bedrooms are highly correlated in a positive way - their correlation is as high as 0.83, suggesting that more average rooms in house in locality, more average bedrooms in house in locality. This further suggests that, to be cautious, we might want to use tree-based models since they are immune to multicollinearity.

Note that it is natural for longitudes and latitudes to be highly correlated with each other as they together represent the location of a locality.

rooms

bedrooms

population \

```
[14]: print('Correlation between Variables')
      print(data[data.columns[1:]].corr())
```

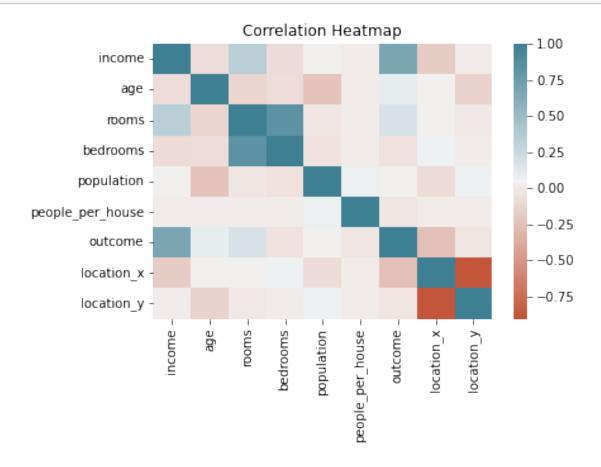
```
Correlation between Variables
```

income

```
age
                                                             0.028310
income
                  1.000000 -0.069174
                                      0.340798 -0.079305
age
                 -0.069174 1.000000 -0.125984 -0.075029
                                                             -0.231015
                  0.340798 -0.125984 1.000000 0.834400
                                                             -0.038644
rooms
                 -0.079305 -0.075029
                                      0.834400
bedrooms
                                                 1.000000
                                                             -0.058061
                  0.028310 -0.231015 -0.038644 -0.058061
                                                              1.000000
population
people_per_house -0.000574
                            0.008853 0.007153 -0.000638
                                                              0.072677
outcome
                  0.675644
                            0.086551
                                       0.176931 -0.057833
                                                              0.028463
                 -0.179393
                            0.034098
                                      0.036824
location_x
                                                 0.058751
                                                             -0.082463
location_y
                  0.013184 -0.139261 -0.004356
                                                 0.018021
                                                              0.065555
                  people_per_house
                                               location_x
                                                           location_y
                                      outcome
                         -0.000574
                                    0.675644
                                                -0.179393
                                                             0.013184
income
                          0.008853
                                    0.086551
                                                 0.034098
                                                             -0.139261
age
rooms
                          0.007153 0.176931
                                                 0.036824
                                                             -0.004356
bedrooms
                         -0.000638 -0.057833
                                                 0.058751
                                                             0.018021
population
                          0.072677 0.028463
                                                -0.082463
                                                             0.065555
people_per_house
                          1.000000 -0.027025
                                                 0.007750
                                                             0.004494
                         -0.027025 1.000000
                                                -0.250749
                                                             -0.024751
outcome
                          0.007750 -0.250749
                                                             -0.906487
location_x
                                                 1.000000
location_y
                          0.004494 -0.024751
                                                -0.906487
                                                              1.000000
```

```
[15]: # plot correlation heatmap
      sns.heatmap(data[data.columns[1:]].corr(), cmap = sns.diverging_palette(20,220,_
        \rightarrown = 200))
      plt.title('Correlation Heatmap')
```





Next, we look at whether there are numerical variables in our dataset that appear as good predictors for the outcome. We do that by plotting boxplots of numerical variables across the outcome groups and examine if there are differences between groups (a more rigorous way to test this is to conduct ANOVA/t-tests).

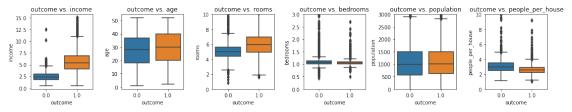
From the boxplots below (truncated to get a better view), it appears that income might be a very important predictor, since the difference across groups is very salient. rooms might also be useful predictors. In contrast, it appears that people\_per\_house, population, bedrooms, and age do not exhibit salient difference across outcome groups.

```
[16]: # create boxplot across outcome groups for each numerical variable
fig, axes = plt.subplots(1, 6, figsize = (15, 3))

for i, ax in enumerate(axes):
    var = numeric_cols[i]
    sns.boxplot(data['outcome'], data[var], ax = axes[i])
    ax.set_title(f'outcome vs. {var}')
```

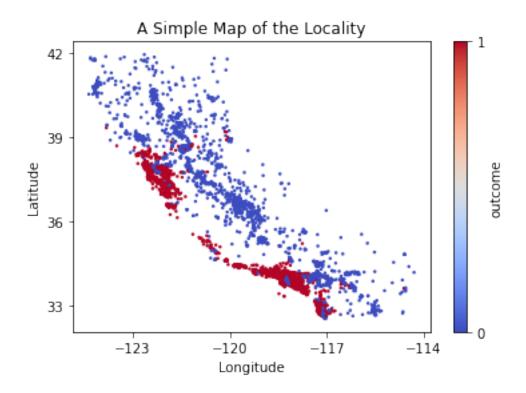
```
# to get a better view, I truncated plots with extreme
# outliers by limiting the upper bound as slightly
# higher than the 75 percentile of the variable
if i == 2:
    ax.set_ylim(0, 10)
if i == 3:
    ax.set_ylim(0, 3)
if i == 4:
    ax.set_ylim(0, 3000)
if i == 5:
    ax.set_ylim(0, 10)

plt.tight_layout()
plt.show()
```



For the location-related variables, we check if they are important predictors by answering the question we had in **1.22**: do high/low-house-price localities tend to cluster together in similar locations? The map below signals that the answer is highly likely yes! High-house-price localities tend to be at the lower coast while low-price-localities tend to be at the middle and at the upper coast.

This indicates that we should definitely include location in our model given how salient the localities of two groups cluster.



# 1.2 2. Machine Learning

Build a machine learning model that can predict the outcome. - The model's performance will be evaluated on the basis of Accuracy Score.

# 1.2.1 2.1 Train-Test Preparation

To test if the model would work well, I splitted our current training set into a train set and a validation set. I then standardized the numerical variables in the train and validation sets separately using their own respective means and standard deviations.

```
[18]: # separate features from target
X = data.drop(['outcome', 'id'], axis = 1)
y = data['outcome']

# split data to a train set and a validation set
X_train, X_valid, y_train, y_valid = train_test_split(X, y, test_size = 0.2, \_\_\text{\text{\text{orandom_state}}} = 42)

# standardize train and validation sets separately
for col in numeric_cols:
    X_train[col] = (X_train[col] - X_train[col].mean())/X_train[col].std()
    X_valid[col] = (X_valid[col] - X_valid[col].mean())/X_valid[col].std()
```

### 1.2.2 2.2 Notes on Feature Engineering and Feature Selection

A traditional practice is to conduct feature engineering such as transforming numerical variables into more bell-shaped distributions via, for example, logging or Yeo-Johnson transformation. Another practice is to conduct feature selection using AIC/BIC, regularization, PCA, and so on.

The reason why I did not conduct transformation on numerical variables is because I've decided to use tree-based model which is insensitive to outliers, and the reason why I did not conduct feature selection is because I've decided to use XGBoost, which already incorporates regularization in its tree-building process.

#### 1.2.3 2.3 XGBoost with RandomizedSearchCV

As specified previously, I decided to use XGBoost based on my understanding of the dataset so far:

- 1. The numerical variables of the dataset are heavily skewed with massive outliers, so I'd like to use tree-based models insensitive to outliers.
- 2. The dataset has features that are highly correlated, so I'd like to use tree-based models that are (generally) immune to multicollinearity.
- 3. I'd like a model that incorporates feature selection and prevents overfitting during its training process, and XGBoost incorporates regularization during its training.

In addition, to prevent the model from having a high variance, i.e., the model fails to generalize its predictive ability to other datasets, I've used the following techniques: 1. I used a 5-fold cross validation and selected the best model based on its average score over the 5 folds; 2. I conducted hyperparameter tuning by defining the hyperparameter space, and then using RandomizedSearchCV to examine different combinations of hyperparameters, and found the best set of hyperparameters that generated the most ideal score.

**Note**: Although GridSearchCV examines combinations of hyperparameters more thoroughly, it is also very expensive and very slow. In the future, a better practice is to first use Randomized-SearchCV to find a promising region of hyperparameter space, and then use GridSearchCV to thoroughly examine the combinations of hyperparameters in the promising region.

```
[19]: # define hyperparameters
params_grid = {
          'n_estimators': [50, 100, 200],
          'learning_rate': [0.01, 0.05, 0.1],
          'booster': ['gbtree', 'gblinear'],
          'gamma': [0, 0.5, 1],
          'reg_alpha': [0, 0.5, 1],
          'reg_lambda': [0.5, 1, 5],
          'max_depth': [3, 5, 7, 10],
          'min_child_weight': [1, 3, 5],
          'subsample': [0.5, 0.7],
          'colsample_bytree': [0.5, 0.7]}
```

```
[20]: # establish an xgb classifier and conduct RandomizedSearchCV on train set clf = xgb.XGBClassifier()
```

[09:31:35] WARNING: /home/conda/feedstock\_root/build\_artifacts/xgboost-split\_1645117766796/work/src/learner.cc:1115: Starting in XGBoost 1.3.0, the default evaluation metric used with the objective 'binary:logistic' was changed from 'error' to 'logloss'. Explicitly set eval\_metric if you'd like to restore the old behavior.

#### [20]: RandomizedSearchCV(cv=5,

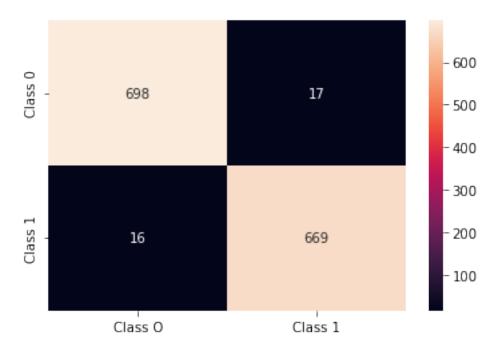
```
estimator=XGBClassifier(base score=None, booster=None,
                         colsample_bylevel=None,
                         colsample_bynode=None,
                         colsample_bytree=None,
                         enable_categorical=False, gamma=None,
                        gpu_id=None, importance_type=None,
                         interaction_constraints=None,
                        learning_rate=None,
                        max_delta_step=None, max_depth=None,
                        min_child_weight=None, missing=nan,
                        monotone_constraints...
                        validate_parameters=None,
                        verbosity=None),
n_{iter}=50, n_{jobs}=-1,
param_distributions={'booster': ['gbtree', 'gblinear'],
                      'colsample_bytree': [0.5, 0.7],
                      'gamma': [0, 0.5, 1],
                      'learning_rate': [0.01, 0.05, 0.1],
                      'max_depth': [3, 5, 7, 10],
                      'min_child_weight': [1, 3, 5],
                      'n_estimators': [50, 100, 200],
                      'reg_alpha': [0, 0.5, 1],
                      'reg_lambda': [0.5, 1, 5],
                      'subsample': [0.5, 0.7]},
scoring='accuracy')
```

Since this is a classification task, I used accuracy, precision, recall, and F1 score as the evaluation metrics. I then predicted the outcome variable in the validation set, and checked the evaluation metrics.

As can be seen from the numbers below, all four criteria exhibited extremely high score. The accuracy is nearly 98%, indicating that nearly 98% of instances are correctly classified in the validation set. The confusion matrix for the validation set also shows that the classification was successful: only about 30 records were misclassified.

Accuracy of the validation set is: 0.9764285714285714
Precision of the validation set is: 0.9752186588921283
Recall of the validation set is: 0.9766423357664233
F1 score of the validation set is: 0.975929978118162

#### Confusion Matrix:



### 1.2.4 2.4 Training the Model using Full Dataset

As we have demonstrated that the model with hyperparameter tuning above works well, we now conduct the actual model training on the entire train dataset.

[09:33:17] WARNING: /home/conda/feedstock\_root/build\_artifacts/xgboost-split\_1645117766796/work/src/learner.cc:1115: Starting in XGBoost 1.3.0, the default evaluation metric used with the objective 'binary:logistic' was changed from 'error' to 'logloss'. Explicitly set eval\_metric if you'd like to restore the old behavior.

We then look at the feature importance table: We see that the feature importance table aligns well with our insights extracted from the data visualization and exploration part: income is the most important factor when classifying a locality into high or low median housing price, while location plays another important role. As expected, rooms play a moderate role in separating the classes, while people\_per\_house, bedrooms, age, and population play fairly minor roles in predicting the classes of localities. This is another way to (sort of) showcase that our model was successful, as it captured what human eyes have captured.

```
Feature:
                     Importance
0
                       0.468325
             income
7
                       0.125911
         location_y
2
                       0.112892
              rooms
6
         location x
                       0.092509
5
   people_per_house
                       0.088905
3
           bedrooms
                       0.049092
1
                age
                       0.042053
4
         population
                       0.020312
```

#### Task:

• Submit the predictions on the test dataset using your optimized model Submit a CSV file with a header row plus each of the test entries, each on its own line.

The file (submissions.csv) should have exactly 2 columns:

Column	Description
id outcome	Unique ID corresponding to the vehicle The predicted median price of a house in the locality (1 - High, 0 - Low)

```
[24]: test = pd.read_csv('test.csv')
test.head()
```

```
[24]:
          id income
                                                    population people_per_house \
                            age
                                   rooms
                                          bedrooms
     0 7000 4.8854
                                                        -915.0
                                                                       2.444724
                           52.0 6.437186
                                          1.030151
     1 7001 1.7361
                     forty-two 3.000000
                                          1.000000
                                                          26.0
                                                                       1.857143
     2 7002 5.2555
                           22.0 4.825199
                                                        1581.0
                                          1.217934
                                                                       1.794552
     3 7003 2.3214
                           36.0 3.725694
                                          0.940972
                                                        1385.0
                                                                       4.809028
     4 7004 5.2078
                           30.0 6.332317 1.042683
                                                        -864.0
                                                                       2.487805
```

location

- 0 37.33;-121.91
- 1 37.39\_-121.9
- 2 34.05; -118.43
- 3 33.9\_-118.19
- 4 37.0,-122.03

```
[26]: # generate submission dataframe
submission_df = pd.DataFrame()
submission_df['id'] = IDs
submission_df['outcome'] = y_test_pred
```

```
[27]: #Submission submission_df.to_csv('submissions.csv', index=False)
```