```
#pip install shap
```

There are 5000 observations and 16 variables in our dataset. Each observation correspond to a house. Now, let's see the data.

## df.head(5)

	MLS	sold_price	zipcode	longitude	latitude	lot_acres	ta
0	21530491	5300000.0	85637	-1.103.782	31.356.362	2154.00	5272
1	21529082	4200000.0	85646	-111.045.371	31.594.213	1707.00	10422
2	3054672	4200000.0	85646	-111.040.707	31.594.844	1707.00	10482
3	21919321	4500000.0	85646	-111.035.925	31.645.878	636.67	8418
4							N .

```
# Count the number of NA's in each column
df.isna().sum()
```

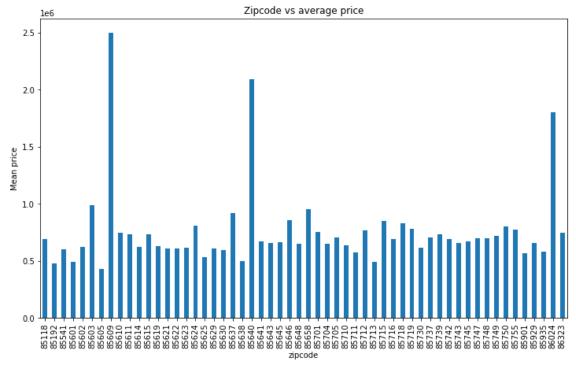
MLS	0
sold_price	0
zipcode	0
longitude	0
latitude	0

```
10
     lot acres
     taxes
                          0
     year built
                          0
     bedrooms
                          0
     bathrooms
                          0
     sqrt ft
                          0
     garage
     kitchen features
                          0
                         25
     fireplaces
     floor_covering
                          0
     HOA
                          0
     dtype: int64
# Now we are check the type of variables of the table
df.info()
     <class 'pandas.core.frame.DataFrame'>
     RangeIndex: 5000 entries, 0 to 4999
     Data columns (total 16 columns):
      #
          Column
                            Non-Null Count Dtype
         ----
     ---
      0
         MLS
                                            int64
                            5000 non-null
      1
         sold_price
                            5000 non-null
                                            float64
      2
          zipcode
                            5000 non-null
                                            int64
      3
         longitude
                            5000 non-null
                                            object
      4
          latitude
                            5000 non-null
                                            object
      5
         lot acres
                            4990 non-null
                                            float64
      6
         taxes
                            5000 non-null
                                            float64
      7
                                            int64
         year built
                            5000 non-null
      8
          bedrooms
                            5000 non-null
                                            int64
      9
          bathrooms
                                            object
                            5000 non-null
      10 sqrt ft
                            5000 non-null
                                            object
                                            object
      11 garage
                            5000 non-null
      12 kitchen_features 5000 non-null
                                            object
                                            float64
      13 fireplaces
                            4975 non-null
      14 floor_covering
                            5000 non-null
                                            object
         HOA
                            5000 non-null
                                            object
     dtypes: float64(4), int64(4), object(8)
     memory usage: 625.1+ KB
def IdentifyKeyWord(x, word):
   if word in x.lower():
       return 1
   else:
        return 0
# Kitchen Features
df['KF_Dishwasher'] = df.kitchen_features.apply(lambda x: IdentifyKeyWord(x, 'dishwasher'))
df['KF_GarbageDisposal'] = df.kitchen_features.apply(lambda x: IdentifyKeyWord(x, 'garbage di
df['KF_Refrigerator'] = df.kitchen_features.apply(lambda x: IdentifyKeyWord(x, 'refrigerator'
df['KF_DoubleSink'] = df.kitchen_features.apply(lambda x: IdentifyKeyWord(x, 'double sink'))
df['KF Microwave'] = df.kitchen features.apply(lambda x: IdentifyKeyWord(x, 'microwave'))
df['KF_Oven'] = df.kitchen_features.apply(lambda x: IdentifyKeyWord(x, 'oven'))
```

```
df['KF Compactor'] = df.kitchen features.apply(lambda x: IdentifyKeyWord(x, 'compactor'))
df['KF Freezer'] = df.kitchen features.apply(lambda x: IdentifyKeyWord(x, 'freezer'))
df['KF ElectricRange'] = df.kitchen features.apply(lambda x: IdentifyKeyWord(x, 'electric ran
df['KF Island'] = df.kitchen features.apply(lambda x: IdentifyKeyWord(x, 'island'))
df['KF_GasRange'] = df.kitchen_features.apply(lambda x: IdentifyKeyWord(x, 'gas range'))
df['KF Countertops'] = df.kitchen features.apply(lambda x: IdentifyKeyWord(x, 'countertops'))
df['KF Desk'] = df.kitchen features.apply(lambda x: IdentifyKeyWord(x, 'desk'))
df['KF_Granite'] = df.kitchen_features.apply(lambda x: IdentifyKeyWord(x, 'granite'))
df['KF Concrete'] = df.kitchen features.apply(lambda x: IdentifyKeyWord(x, 'concrete'))
df['KF_WaterPurifier'] = df.kitchen_features.apply(lambda x: IdentifyKeyWord(x, 'water purifi
df['KF Quartz'] = df.kitchen features.apply(lambda x: IdentifyKeyWord(x, 'quartz'))
df['KF_Pantry'] = df.kitchen_features.apply(lambda x: IdentifyKeyWord(x, 'pantry'))
df[['KF Dishwasher','KF GarbageDisposal','KF Refrigerator','KF DoubleSink','KF Microwave','KF
    KF_Freezer','KF_ElectricRange','KF_Island','KF_GasRange','KF_Countertops','KF_Desk','KF_'
    'KF WaterPurifier','KF Quartz','KF Pantry']].sum()
     KF Dishwasher
                           4857
     KF GarbageDisposal
                           4520
     KF Refrigerator
                           4234
     KF_DoubleSink
                           1164
     KF Microwave
                           3625
                           3977
     KF Oven
     KF Compactor
                            432
     KF Freezer
                            395
     KF ElectricRange
                            401
                           1252
     KF_Island
     KF GasRange
                           1307
     KF Countertops
                           1482
     KF_Desk
                            327
     KF Granite
                           1114
                             28
     KF Concrete
     KF WaterPurifier
                            168
     KF Quartz
                            136
     KF Pantry
                           1461
     dtype: int64
# Floor covering
df['FC Stone'] = df.floor covering.apply(lambda x: IdentifyKeyWord(x, 'natural stone'))
df['FC_Ceramic'] = df.floor_covering.apply(lambda x: IdentifyKeyWord(x, 'ceramic tile'))
df['FC_Laminate'] = df.floor_covering.apply(lambda x: IdentifyKeyWord(x, 'laminate'))
df['FC_Wood'] = df.floor_covering.apply(lambda x: IdentifyKeyWord(x, 'wood'))
df['FC_Carpet'] = df.floor_covering.apply(lambda x: IdentifyKeyWord(x, 'carpet'))
df['FC Concrete'] = df.floor covering.apply(lambda x: IdentifyKeyWord(x, 'concrete'))
df['FC_MexicanTile'] = df.floor_covering.apply(lambda x: IdentifyKeyWord(x, 'mexican tile'))
df['FC_Other'] = df.floor_covering.apply(lambda x: IdentifyKeyWord(x, 'other'))
df[['FC Stone','FC Ceramic','FC Laminate','FC Wood','FC Carpet','FC Concrete','FC MexicanTile
     FC Stone
                       1499
     FC Ceramic
                       2527
```

```
FC_Laminate 86
FC_Wood 1248
FC_Carpet 3509
FC_Concrete 756
FC_MexicanTile 660
FC_Other 496
dtype: int64
```

<matplotlib.axes.\_subplots.AxesSubplot at 0x7f92dc187450>



```
800000
600000
```

```
df.columns
     Index(['MLS', 'sold_price', 'zipcode', 'longitude', 'latitude', 'lot_acres',
            'taxes', 'year_built', 'bedrooms', 'bathrooms', 'sqrt_ft', 'garage',
            'kitchen_features', 'fireplaces', 'floor_covering', 'HOA',
            'KF_Dishwasher', 'KF_GarbageDisposal', 'KF_Refrigerator',
            'KF_DoubleSink', 'KF_Microwave', 'KF_Oven', 'KF_Compactor',
            'KF_Freezer', 'KF_ElectricRange', 'KF_Island', 'KF_GasRange',
            'KF_Countertops', 'KF_Desk', 'KF_Granite', 'KF_Concrete',
            'KF_WaterPurifier', 'KF_Quartz', 'KF_Pantry', 'FC_Stone',
            'FC Laminate', 'FC Wood', 'FC Carpet', 'FC Concrete', 'FC MexicanTile',
            'FC Other'],
           dtype='object')
def trans_lat(x):
 y = x.replace(',','').replace('.','')
 return (y[:2] + '.' + y[2:])
def trans lon(x):
 y = x.replace(',','').replace('.','')
 return (y[:4] + '.' + y[4:])
df['latitude'] = df.latitude.apply(trans lat).astype(float)
df['longitude'] = df.longitude.apply(trans lon).astype(float)
# Filling missing values
df['HOA'] = df.HOA.str.replace('None','55') #0
df['HOA'] = df.HOA.str.replace(',','.')
df['HOA'] = df.HOA.astype(float)
#df['HOA'] = df.HOA.astype(int)
df['bathrooms'] = df.bathrooms.str.replace('None','4')
df['bathrooms'] = df.bathrooms.astype(float).round()
df['sqrt ft'] = df.sqrt ft.str.replace('None','3047') #'3512'
df['sqrt ft'] = df.sqrt ft.astype(float)
df['garage'] = df.garage.str.replace('None','3')
df['garage'] = df.garage.astype(float).round()
df['lot acres'] = df.lot acres.fillna(1)
df['fireplaces'] = df.fireplaces.fillna(2)
df['year built'] = df.year built.replace(0,2019)
df.drop(['MLS','floor covering','kitchen features'], axis = 1, inplace = True)
df.info()
```

<class 'pandas.core.frame.DataFrame'> RangeIndex: 5000 entries, 0 to 4999 Data columns (total 39 columns):

```
Column
                         Non-Null Count
                                          Dtype
- - -
    ----
                         _____
0
    sold price
                         5000 non-null
                                          float64
1
    zipcode
                         5000 non-null
                                          int64
2
    longitude
                         5000 non-null
                                          float64
                                          float64
3
    latitude
                         5000 non-null
4
    lot acres
                         5000 non-null
                                          float64
5
                         5000 non-null
                                          float64
    taxes
                         5000 non-null
6
    year built
                                          int64
7
    bedrooms
                         5000 non-null
                                          int64
8
    bathrooms
                         5000 non-null
                                          float64
9
    sqrt ft
                         5000 non-null
                                          float64
10
                         5000 non-null
                                          float64
    garage
11
    fireplaces
                         5000 non-null
                                          float64
    HOA
                                          float64
12
                         5000 non-null
13
    KF_Dishwasher
                         5000 non-null
                                          int64
14
    KF GarbageDisposal
                         5000 non-null
                                          int64
15
    KF_Refrigerator
                         5000 non-null
                                          int64
16
    KF DoubleSink
                         5000 non-null
                                          int64
17
    KF Microwave
                         5000 non-null
                                          int64
18
    KF Oven
                         5000 non-null
                                          int64
19
    KF Compactor
                         5000 non-null
                                          int64
20
    KF Freezer
                         5000 non-null
                                          int64
21
    KF_ElectricRange
                         5000 non-null
                                          int64
22 KF Island
                         5000 non-null
                                          int64
    KF GasRange
23
                         5000 non-null
                                          int64
24
    KF_Countertops
                         5000 non-null
                                          int64
25
    KF Desk
                         5000 non-null
                                          int64
26
    KF_Granite
                         5000 non-null
                                          int64
27
    KF Concrete
                         5000 non-null
                                          int64
    KF WaterPurifier
28
                         5000 non-null
                                          int64
29
    KF Quartz
                         5000 non-null
                                          int64
30
    KF_Pantry
                         5000 non-null
                                          int64
31 FC Stone
                         5000 non-null
                                          int64
32 FC Ceramic
                         5000 non-null
                                          int64
33 FC Laminate
                         5000 non-null
                                          int64
34 FC Wood
                         5000 non-null
                                          int64
35 FC_Carpet
                         5000 non-null
                                          int64
36 FC Concrete
                         5000 non-null
                                          int64
37
    FC MexicanTile
                         5000 non-null
                                          int64
38
    FC Other
                         5000 non-null
                                          int64
```

dtypes: float64(10), int64(29)

memory usage: 1.5 MB

```
fig = px.scatter_mapbox(df,lat = 'latitude', lon = 'longitude', color = 'sold_price',
                        center=dict(lon=-110.9, lat=32.3),
                       zoom = 9, mapbox_style = 'open-street-map')
```

```
sold
```

```
df['latitude2'] = df['latitude']**2
df['longitude2'] = df['longitude']**2
X = df.to_numpy()
y = X[:,0]
X = X[:,1:]

class MultiLinearRegression():
    def fit(self, X, y):
        self.W = np.linalg.solve(X.T@X, X.T@y)
    def predict(self, X):
        return np.matmul(X, self.W)

lr_mul = MultiLinearRegression()

lr_mul.fit(X,y)

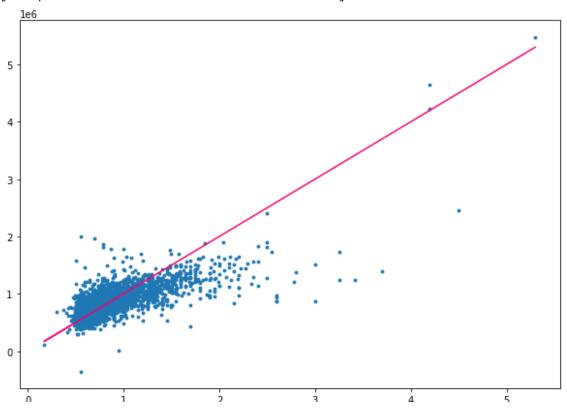
y_hat = lr_mul.predict(X)

plt.figure(figsize=(10,7))
```

4

```
plt.scatter(y, y_hat, s=8)
plt.plot(y,y, color = '#FF0070')
```

[<matplotlib.lines.Line2D at 0x7f92dcc01c50>]



```
def R2(Y, Y_hat):
 return(1-(np.sum((Y-Y_hat)**2)/np.sum((Y-np.mean(Y))**2)))
R2(y, y_hat)
     0.5614112573942174
class KNNRegressor:
 def fit(self, X, y):
   self.X = X
   self.y = y
 def predict(self, X, K, epsilon = 1e-3):
   N = len(X)
   y_hat = np.zeros(N)
   for i in range(N):
     dist2 = np.sum((self.X-X[i])**2, axis = 1)
     idxt = np.argsort(dist2)[:K]
     gamma_K = np.exp(-dist2[idxt]) / np.exp(-dist2[idxt]).sum()
     y_hat[i] = gamma_K.dot(self.y[idxt])
```

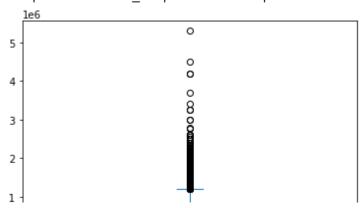
```
return y_hat
```

```
knn_reg = KNNRegressor()
```

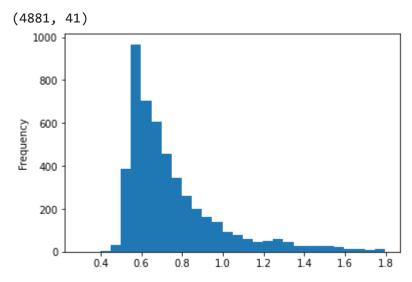
df.columns

	sold_price	longitude	latitude	lot_acres	taxes	year_bui
sold_price	1.000000	-0.036819	0.035206	0.332329	0.023326	0.0984
longitude	-0.036819	1.000000	-0.251697	0.127891	-0.000959	-0.1090
latitude	0.035206	-0.251697	1.000000	-0.199936	0.000823	0.172
lot_acres	0.332329	0.127891	-0.199936	1.000000	-0.000567	-0.0662
taxes	0.023326	-0.000959	0.000823	-0.000567	1.000000	-0.0042
year_built	0.098461	-0.109066	0.172578	-0.066292	-0.004243	1.0000
bedrooms	0.115932	0.058279	-0.091935	0.069328	0.005259	-0.184
bathrooms	0.325982	0.014856	-0.081501	0.054924	0.008971	-0.049§
sqrt_ft	0.525068	0.064036	-0.096670	0.103044	0.037699	-0.0581
garage	0.100672	-0.041764	0.060698	-0.052492	0.005621	0.3157
firenlaces	0.383819	0 046265	_n na7933	0 086336	0 022540	-0 126¢

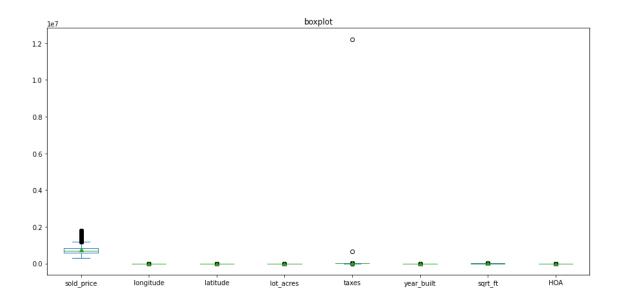
<matplotlib.axes.\_subplots.AxesSubplot at 0x7f92dc9dacd0>



## Treating/Removing Outliers

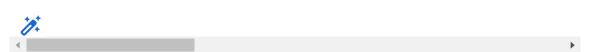


```
# Removing outliers from the rest of the data
ax = df[['sold_price','longitude','latitude','lot_acres','taxes','year_built','sqrt_ft','HOA'
plt.show()
```



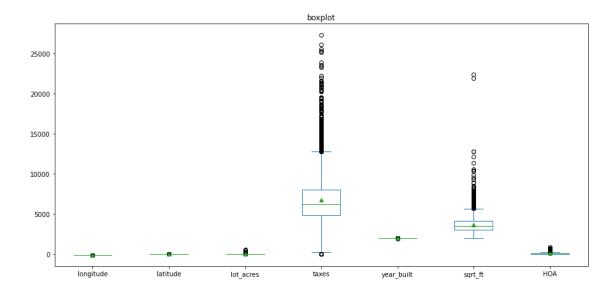
df[df['taxes'] > 500000]

	sold_price	zipcode	longitude	latitude	lot_acres	taxes	yι
715	1040000.0	85718	-110.909653	32.301099	1.43	12215075.0	
1135	885000.0	85718	-110.924210	32.309002	1.20	668059.0	
2 rows	× 41 columns						



df = df[df['taxes'] < 500000]</pre>

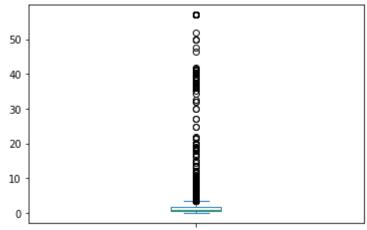
ax = df[['longitude','latitude','lot\_acres','taxes','year\_built','sqrt\_ft','HOA']].plot(kind=
plt.show()



```
print(df.lot_acres.quantile(0.99))
print(df.lot_acres.quantile(0.5))
df['lot_acres'] = np.where(df['lot_acres'] > 57, 57, df['lot_acres'])
df.lot_acres.plot.box()
```

40.42760000000000 0.98

<matplotlib.axes.\_subplots.AxesSubplot at 0x7f92db8080d0>



```
print(df.latitude.quantile(0.9))
print(df.latitude.quantile(0.5))
print(df.latitude.quantile(0.1))
df['latitude'] = np.where(df['latitude'] > 32.45, 32.45, df['latitude'])
df['latitude'] = np.where(df['latitude'] < 32.22, 32.22, df['latitude'])
df.latitude.plot.box()</pre>
```

```
32.4589508
     32.318308
     32.2256194
     <matplotlib.axes._subplots.AxesSubplot at 0x7f92db777d50>
      32.40
      32.35
      32.30
print(df.longitude.quantile(0.9))
print(df.longitude.quantile(0.5))
print(df.longitude.quantile(0.1))
df['longitude'] = np.where(df['longitude'] > -110.76, -110.76, df['longitude'])
df['longitude'] = np.where(df['longitude'] < -111.05, -111.05, df['longitude'])</pre>
df.longitude.plot.box()
     -110.76590859999999
     -110.92346
     -111.051299
     <matplotlib.axes._subplots.AxesSubplot at 0x7f92db0ec090>
      -110.80
      -110.85
      -110.90
      -110.95
      -111.00
      -111.05
```

```
print(df.HOA.quantile(0.9))
print(df.HOA.quantile(0.5))
df['HOA'] = np.where(df['HOA'] > 170, 170, df['HOA'])
df.HOA.plot.box()
```

```
180.0
     55.0
     <matplotlib.axes._subplots.AxesSubplot at 0x7f92db06c250>
      175
      150
      125
      100 -
print(df.year_built.quantile(0.1))
print(df.year_built.quantile(0.5))
df['year_built'] = np.where(df['year_built'] < 1970, 1970, df['year_built'])</pre>
df.year_built.plot.box()
     1971.0
     1999.0
     <matplotlib.axes._subplots.AxesSubplot at 0x7f92db11b150>
      2020
      2010
      2000
      1990
      1980
```

```
print(df.sqrt_ft.quantile(0.95))
print(df.sqrt_ft.quantile(0.5))
df['sqrt_ft'] = np.where(df['sqrt_ft'] > 5664, 5664, df['sqrt_ft'])#4592
df.sqrt_ft.plot.box()
```

1970

```
5489.0
3495.0

print(df.taxes.quantile(0.9))

print(df.taxes.quantile(0.5))

df['taxes'] = np.where(df['taxes'] > 9595, 9595, df['taxes'])

df.taxes.plot.box()

10577.418
6218.85

<matplotlib.axes._subplots.AxesSubplot at 0x7f92daf38c90>

10000

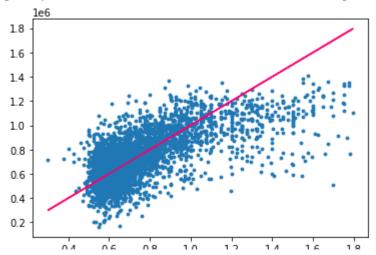
8000

4000

2000
```

```
vars = ['sold_price','garage','sqrt_ft','longitude','latitude','bedrooms','fireplaces','taxes
        'HOA','year_built','lot_acres','FC_Ceramic'] #,,'FC_Wood''KF_Refrigerator'
        #'KF_ElectricRange', 'bathrooms', 'zipcode', 'FC_Stone', 'KF_Compactor', 'KF_Freezer'
df = df[vars]
        latitude
                    0.109379
                               -0.479889
                                          1.000000
                                                     -0.21/506
                                                                0.066621
                                                                            0.3640
## Split database
i = np.arange(len(df))
np.random.shuffle(i)
train = df.iloc[i[:int(len(df)*0.75)]]
test = df.iloc[i[int(len(df)*0.75):int(len(df)*0.85)]]
validation = df.iloc[i[int(len(df)*0.85):]]
                    U 2224UU
                               0.002420 0.065464
      hathraama
                                                     N 157200 N 272610
                                                                            0 0175
def normalize function(data):
   min = np.amin(data,axis=0)
   max = np.amax(data,axis=0)
   return (data - min)/(max-min)
print(train.shape)
print(test.shape)
print(validation.shape)
     (3659, 12)
     (488, 12)
     (732, 12)
# Transform all datasets into arrays
X_train = train.to_numpy()
y_train = X_train[:,0]
X_train = X_train[:,1:]
X_test = test.to_numpy()
y test = X test[:,0]
X_{\text{test}} = X_{\text{test}}[:,1:]
X_validation = validation.to_numpy()
y_validation = X_validation[:,0]
X_validation = X_validation[:,1:]
X train = normalize function(X train)
X test = normalize function(X test)
X_validation = normalize_function(X_validation)
lr mul.fit(X train,y train)
y_hat = lr_mul.predict(X_train)
#plt.figure(figsize=(10,7))
plt.scatter(y train, y hat, s=8)
plt.plot(y_train,y_train, color = '#FF0070')
```



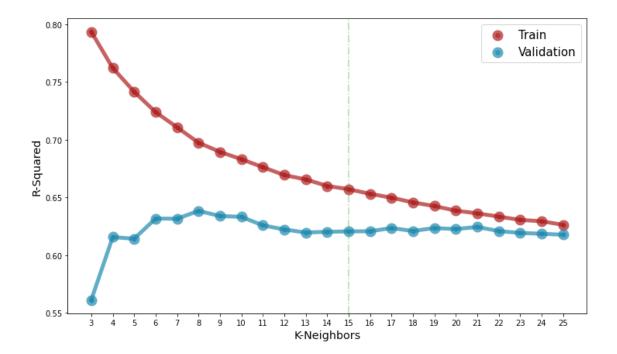


## **Model 1: Simple Linear Regression**

## **Model 2: K-Nearest Neightbors**

	Neighbors	Train	Test	7
0	3	0.793363	0.561310	
1	4	0.762019	0.615650	
2	5	0.741470	0.614244	
3	6	0.723838	0.631726	
4	7	0.710675	0.631540	
5	8	0.697354	0.638335	
6	9	0.689428	0.633918	
7	10	0.683050	0.633170	
8	11	0.676203	0.625831	
9	12	0.669323	0.622280	
10	13	0.665584	0.619611	
11	14	0.659904	0.620232	
12	15	0.657112	0.620630	
13	16	0.653081	0.620693	
14	17	0.649793	0.623504	
15	18	0.645694	0.620922	
16	19	0.642501	0.623503	
17	20	0.638542	0.622621	
18	21	0.636201	0.624407	
19	22	0.633400	0.620905	
20	23	0.630546	0.619241	

```
plt.figure(figsize = (12,7))
plt.axvline(x=15, alpha = 0.4, color = '#36AF1E', linestyle='dashdot')
plt.plot(df_results.Neighbors, df_results.Train, color = '#AF1E1E', linewidth=5, alpha = 0.7)
plt.plot(df_results.Neighbors, df_results.Test, color = '#1E89AF', linewidth=5, alpha = 0.7)
plt.scatter(df_results.Neighbors, df_results.Train, color = '#AF1E1E', label = 'Train', linewi
plt.scatter(df_results.Neighbors, df_results.Test, color = '#1E89AF', label = 'Validation', l
plt.xlabel('K-Neighbors', size = 'x-large')
plt.ylabel('R-Squared', size = 'x-large')
plt.legend(fontsize=15)
plt.xticks(np.arange(3, 26, 1))
plt.show()
```

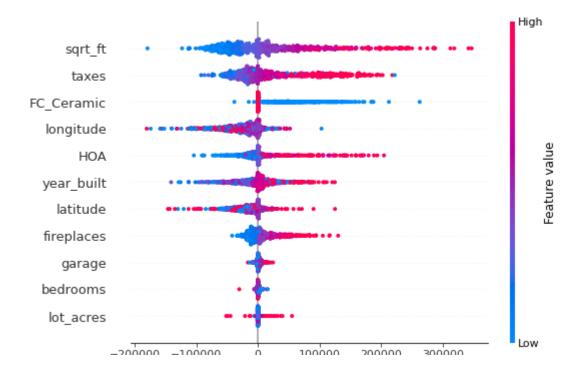


shap.plots.waterfall(shap\_values[10])





shap.plots.beeswarm(shap\_values, max\_display=12)



shap.plots.bar(shap\_values, max\_display=12)

 $\Box$ 

