

Housing Prices

Load required libraries for models that we are testing

Load the data sets

This loads up the data sets dfTraining and dfAnalysis so we can use them to create models

```
rm(list = ls())  
df <- read.csv("dfTrain1.csv")
```

Decision Tree

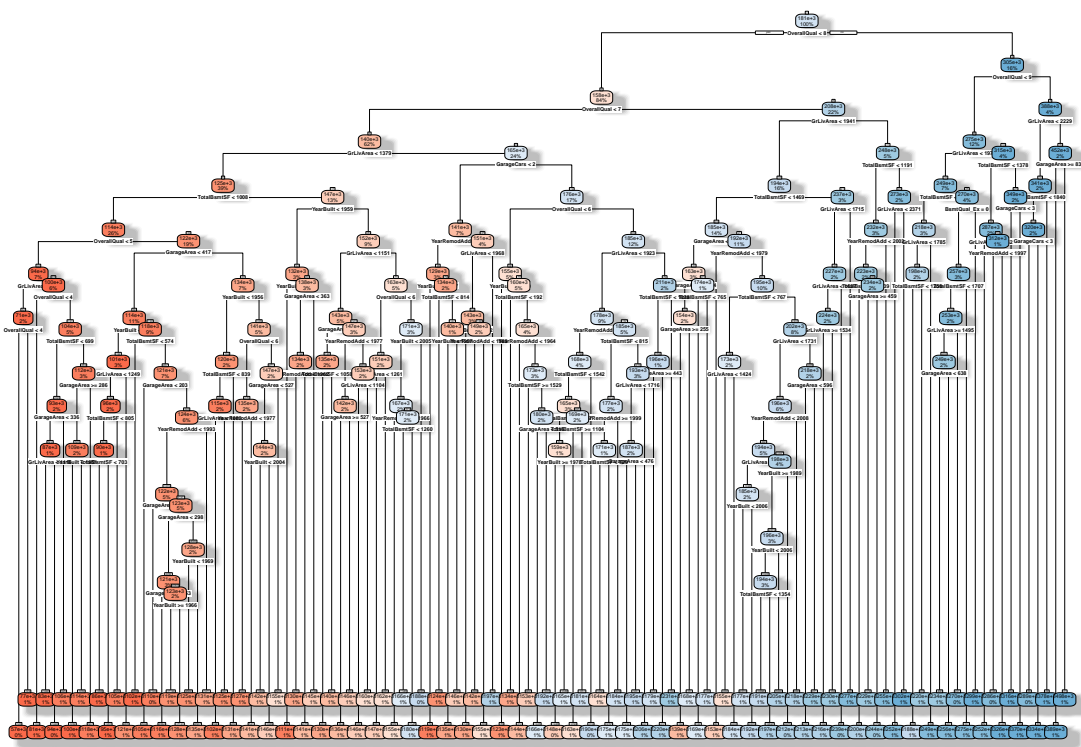
Create a decision tree model

```
# Decision Tree  
tree <- rpart(formula = SalePrice ~ OverallQual + YearBuilt + YearRemodAdd + TotalBsmtSF +  
              GrLivArea + GarageCars + GarageArea + BsmtQual_Ex + KitchenQual_Ex,  
              data = df, minsplit = 20, minbucket = 7, xval = 10, maxdepth = 20,  
              cp = 1e-05, usesurrogate = 0, surrogatestyle = 0)
```

Decision Tree plot

```
# Visualize the decision tree with rpart.plot  
rpart.plot(tree, box.palette="RdBu", shadow.col="gray", nn=TRUE)
```

```
## Warning: labs do not fit even at cex 0.15, there may be some overplotting
```



Linear Regression

Regression Model

```
# Linear Regression (using variables that are high correlation)
reg <- lm(formula = SalePrice ~ OverallQual + YearBuilt + YearRemodAdd + TotalBsmtSF +
  GrLivArea + GarageCars + BsmtQual_Ex + KitchenQual_Ex, data = df)

# Model Performance
print(reg)
```

```
##
## Call:
## lm(formula = SalePrice ~ OverallQual + YearBuilt + YearRemodAdd +
##   TotalBsmtSF + GrLivArea + GarageCars + BsmtQual_Ex + KitchenQual_Ex,
##   data = df)
##
## Coefficients:
##   (Intercept)   OverallQual   YearBuilt   YearRemodAdd   TotalBsmtSF
##   -1.004e+06    1.473e+04    2.448e+02    2.442e+02    2.231e+01
##   GrLivArea    GarageCars    BsmtQual_Ex    KitchenQual_Ex
##   4.999e+01    1.323e+04    3.708e+04    3.593e+04
```

```
r2(reg)
```

```
## # R2 for Linear Regression
##      R2: 0.802
##   adj. R2: 0.801
```

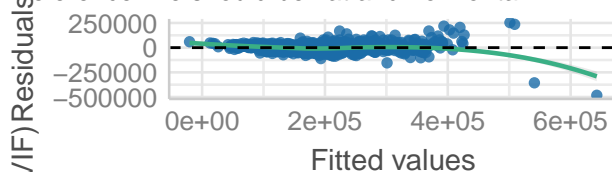
```
model_performance(reg)
```

```
## # Indices of model performance
##
## AIC      |      BIC |    R2 | R2 (adj.) |      RMSE |      Sigma
## -----|-----|-----|-----|-----|-----
## 34742.881 | 34795.743 | 0.802 |    0.801 | 35328.983 | 35438.380
```

```
#Visualization of model checks
check_model(reg)
```

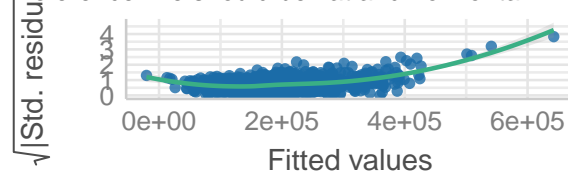
Linearity

Reference line should be flat and horizontal



Homogeneity of Variance

Reference line should be flat and horizontal



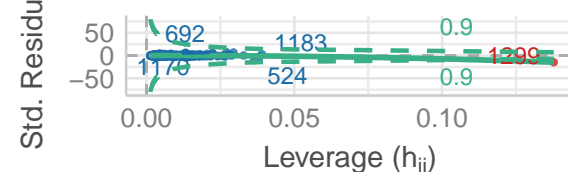
Collinearity

Higher bars (>5) indicate potential collinearity issues



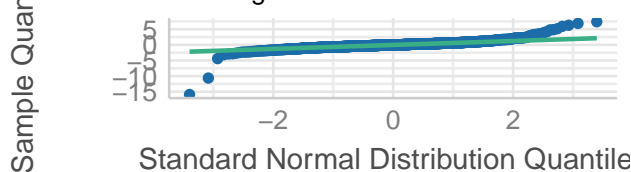
Influential Observations

Points should be inside the contour lines



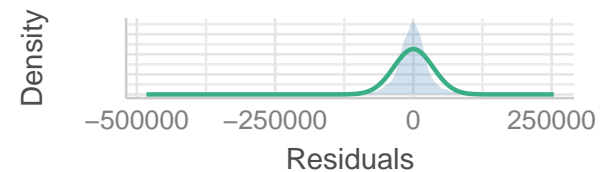
Normality of Residuals

Dots should fall along the line



Normality of Residuals

Distribution should be close to the normal curve



Neural Network

Adding a neural network model

```
# Neural Network
nn <-nnet.formula(formula = SalePrice ~ OverallQual + YearBuilt + YearRemodAdd + TotalBsmtSF
                  + GrLivArea + GarageCars + GarageArea + BsmtQual_Ex + KitchenQual_Ex,
                  data = df, size = 10, linout = TRUE, rang = c(0.7), decay = 0.1,
                  MaxNWts = 1000, maxit = 100)
```

```
## # weights:  111
## initial  value 56997660208859.257812
## final    value 9208920397497.658203
## converged
```