Problem Statement

In this case study, we examine the Housing Prices in California to figure out what factors influence prices the most. The inteligence will be relevant for the companies to determine the income of the household, which can then be utilized to incorporate targeted ads.

Link to Dataset - https://www.kaggle.com/camnugent/california-housing-prices

```
import numpy as np
import pandas as pd
import seaborn as sns
from matplotlib import pyplot as plt
from plotly import express as px
from IPython.display import set_matplotlib_formats
set_matplotlib_formats('pdf', 'svg')

In []:

pd.set_option('max.column', None)

In []:

data = pd.read_csv("CaliDataset.csv")
```

Data Exploration

• Let's check the random ten number of data samples, so we can easly understand the behaviour and what types of data type stored in particular features.

```
In []:
#list down random samples of data
data.sample(10)
Out[]:
```

19045	longatuae	latitude	housing_median_age	total_f33m9	total_bedideing	population	houseHolde	median_income	media
2442	-119.61	36.57	42.0	2242.0	521.0	1359.0	483.0	1.5833	
11741	-121.13	38.87	48.0	1127.0	NaN	530.0	186.0	3.0917	
6258	-117.96	34.05	36.0	1475.0	270.0	1149.0	284.0	3.0904	
4							100000)

Target Feature

```
In [ ]:
```

```
#adding target_feature to Y
TARGET_FEATURE = 'median_house_value'

Y = data[TARGET_FEATURE]

Y.head(10)

Out[]:

0     452600.0
1     358500.0
```

3 341300.0 4 342200.0 5 269700.0

352100.0

6 299200.0 7 241400.0 8 226700.0

9 261100.0

Name: median_house_value, dtype: float64

In []:

```
#gives information about the dataset data.info()
```

```
<class 'pandas.core.frame.DataFrame'>
RangeIndex: 20640 entries, 0 to 20639
Data columns (total 10 columns):
 # Column
                      Non-Null Count Dtype
____
0
   longitude
                       20640 non-null float64
   latitude
                       20640 non-null float64
1
   housing median age 20640 non-null float64
                       20640 non-null float64
3
   total rooms
   total bedrooms
                      20433 non-null float64
                       20640 non-null float64
 5
    population
                       20640 non-null float64
 6
    households
                       20640 non-null float64
 7
    median income
    median house value 20640 non-null float64
    ocean proximity
                       20640 non-null object
dtypes: float64(9), object(1)
memory usage: 1.6+ MB
```

As we can see in the output.

- 1. There are 20640 entries
- 2. There are total 10 features (0 to 9)
- 3. There are two types of datatype dtypes: float64(8) and object(1)
- 4. Also, we can check how many missing values are there in the Non-Null Count column. We can observe that one column has missing values. (total_bedrooms)

In []:

```
#desribes the dataset. gives count, mean, std and box plot values
data.describe()
```

	longitude	latitude	housing_median_age	total_rooms	total_bedrooms	population	households	median_i
count	20640.000000	20640.000000	20640.000000	20640.000000	20433.000000	20640.000000	20640.000000	20640
mean	-119.569704	35.631861	28.639486	2635.763081	537.870553	1425.476744	499.539680	3.
std	2.003532	2.135952	12.585558	2181.615252	421.385070	1132.462122	382.329753	1.
min	-124.350000	32.540000	1.000000	2.000000	1.000000	3.000000	1.000000	0.
25%	-121.800000	33.930000	18.000000	1447.750000	296.000000	787.000000	280.000000	2.
50%	-118.490000	34.260000	29.000000	2127.000000	435.000000	1166.000000	409.000000	3.
75%	-118.010000	37.710000	37.000000	3148.000000	647.000000	1725.000000	605.000000	4.
max	-114.310000	41.950000	52.000000	39320.000000	6445.000000	35682.000000	6082.000000	15.
4								····•

- Here, describe() method provides us the complete calculations details about the dataset. i.e. let's take the
 price feature for example. It shows the what's the min, max, mean(average) and std(standard deviation) of
 price feature.
- Numerical Features

In []:

```
Out[]:
  (Index(['ocean_proximity'], dtype='object'), 1)

In []:
  print("Number of 'Numerical' Features are:", len(numeric_features))
  print("Number of 'Categorical' Features are:", len(categorical_features))

Number of 'Numerical' Features are: 9
```

Data Pre-Processing

Number of 'Categorical' Features are: 1

```
In []:
missing = data.isna().sum().sort_values(ascending=False)
missing.plot.bar(figsize=(16,5))
plt.xlabel('Columns with missing values')
plt.ylabel('Count')
Out[]:
```

```
median house value age median age median
```

In []:

```
missing
```

Columns with missing values

Out[]:

```
207
total bedrooms
ocean_proximity
                         0
median_house_value
                         0
median_income
                          0
households
                          0
population
                          0
total_rooms
                          0
                         0
housing_median_age
                          0
latitude
                          0
longitude
dtype: int64
```

- In above output, We can clearly see that, There is only one value (total_bedrooms) that has null values. So we have to fill some statastical values.
- Filling Missing Values

```
In []:
data[['total_bedrooms']].describe(include='all')
```

Out[]:

	total_bedrooms
count	20433.000000
mean	537.870553
std	421.385070
min	1.000000
25%	296.000000
50%	435.000000
75%	647.000000
max	6445.000000

• As we can see there is only one feature that has categorical values and rest all have numerical features.

```
In [ ]:
data['total bedrooms'] = data['total bedrooms'].fillna(data['total bedrooms'].mode()[0])
data.isna().any()
Out[]:
longitude
                       False
latitude
                      False
housing median age False
total rooms
                      False
total bedrooms
                     False
population
                      False
households
                      False
median income
                     False
median house value False
ocean proximity
                     False
dtype: bool

    All missing values are filled.

 . Getting total number of unique values and removing columns which have huge number of unique values.
In [ ]:
print("Total Records :", len(data) )
for col in categorical features:
   print("Total Unique Records of "+ col + " =", len(data[col].unique()))
Total Records : 20640
Total Unique Records of ocean proximity = 5

    Now, we convert categorical values into numerical values.

In [ ]:
data[categorical features].value counts()
Out[]:
ocean proximity
<1H OCEAN
                   9136
INLAND
                   6551
```

	longitude	latitude	housing_median_age	total_rooms	total_bedrooms	population	households	median_income	median_ho
0	-122.23	37.88	41.0	880.0	129.0	322.0	126.0	8.3252	
1	-122.22	37.86	21.0	7099.0	1106.0	2401.0	1138.0	8.3014	
2	-122.24	37.85	52.0	1467.0	190.0	496.0	177.0	7.2574	

```
latitude housing_median_age total_rooms total_bedrooms population households 219.0
                                                                               median_income
4
    -122.25
             37.85
                               52.0
                                        1627.0
                                                      280.0
                                                                565.0
                                                                          259.0
                                                                                      3.8462
    -122.25
                                                                                      4.0368
5
             37.85
                               52.0
                                         919.0
                                                      213.0
                                                                413.0
                                                                          193.0
6
    -122.25
             37.84
                               52.0
                                        2535.0
                                                      489.0
                                                               1094.0
                                                                          514.0
                                                                                      3.6591
7
    -122.25
             37.84
                               52.0
                                        3104.0
                                                      687.0
                                                               1157.0
                                                                          647.0
                                                                                      3.1200
8
    -122.26
             37.84
                               42.0
                                        2555.0
                                                      665.0
                                                               1206.0
                                                                          595.0
                                                                                      2.0804
    -122.25
             37.84
                                        3549.0
                                                      707.0
                                                               1551.0
                                                                                      3.6912
9
                               52.0
                                                                          714.0
In [ ]:
training features = list(numeric features) + list(categorical features)
# Remove 'Price' Feature from list
training features.remove('median house value')
# Final list of Training Features
training features
Out[]:
['longitude',
 'latitude',
 'housing median age',
 'total rooms',
 'total bedrooms',
 'population',
 'households',
 'median income',
 'ocean proximity']

    Now, we use MinMaxScaler to normalize our dataset.

In [ ]:
from sklearn.preprocessing import MinMaxScaler
minMaxNorm = MinMaxScaler()
minMaxNorm.fit(data[training features])
X = minMaxNorm.transform(data[training features])
Χ
Out[]:
array([[0.21115538, 0.5674814 , 0.78431373, ..., 0.02055583, 0.53966842,
         0.75
        [0.21215139, 0.565356], 0.39215686, ..., 0.18697583, 0.53802706,
         0.75
        [0.21015936, 0.5642933, 1., 0.02894261, 0.46602805,
        0.75
                    ],
        [0.31175299, 0.73219979, 0.31372549, ..., 0.07104095, 0.08276438,
        [0.30179283, 0.73219979, 0.33333333, ..., 0.05722743, 0.09429525,
        [0.30976096, 0.72582359, 0.29411765, ..., 0.08699227, 0.13025338,
         0.25
                    ]])
In [ ]:
Y = data['median house value']
Υ
Out[]:
0
          452600.0
1
          358500.0
```

2

352100.0

median_ho

Prediction is the data mining task which is needed to solve the problem statement, as we need to predict the house of a price based on several factors like its location, number of bedroom, etc,. As we need to predict a specific price and not a price range, classification is not the major task.

Splitting Train and Test Dataset

```
In [ ]:
from sklearn.model selection import train test split
train X, test X, train Y, test Y = \text{train test split}(X, Y, \text{test size}=0.2)
print("Total size: ", data.shape[0])
print("Train size: ", train X.shape, train_Y.shape)
print("Test size: ", test_X.shape, test Y.shape)
Total size: 20640
Train size: (16512, 9) (16512,)
Test size: (4128, 9) (4128,)
In [ ]:
models summary = pd.DataFrame([],
                               columns=['Model name',
                                         'Prediction Score',
                                         'Mean_Absolute_error'
                                        ])
models summary
Out[]:
```

Model_name Prediction_Score Mean_Absolute_error

Out[]:

0.37805881781154904

```
from sklearn.ensemble import AdaBoostRegressor
from sklearn.ensemble import GradientBoostingRegressor
from sklearn.ensemble import RandomForestRegressor
from sklearn.tree import DecisionTreeRegressor
from xgboost import XGBRegressor
from sklearn.metrics import r2_score
from sklearn.metrics import mean_absolute_error
```

```
In []:
ADB_model = AdaBoostRegressor(n_estimators=400, learning_rate=0.25)
ADB_model.fit(train_X,train_Y)
y_train = ADB_model.predict(train_X)
print("The train accuracy score : {} ".format(r2_score(train_Y, y_train)))
y_adb_predict = ADB_model.predict(test_X)
print("The test accuracy score : {} ".format(r2_score(test_Y, y_adb_predict)))
score = ADB_model.score(test_X, test_Y)
score
The train accuracy score : 0.38510724399721463
The test accuracy score : 0.37805881781154904
```

```
In [ ]:
```

```
mae = mean_absolute_error(test_Y, y_adb_predict)
models_summary = models_summary.append({
    'Model_name': ADB_model.__class__.__name__,
    'Prediction_Score': r2_score(test_Y, y_adb_predict),
    'Mean_Absolute_error' : mae
}, ignore_index=True)
models_summary.sort_values('Prediction_Score', ascending=False)
```

Out[]:

Model_name Prediction_Score Mean_Absolute_error

0 AdaBoostRegressor 0.378059 78527.783462

In []:

```
Dtree_model = DecisionTreeRegressor(random_state=1, max_depth=6, min_samples_split=6)
Dtree_model.fit(train_X, train_Y)
y_train = Dtree_model.predict(train_X)
print("The train accuracy score : {} ".format(r2_score(train_Y, y_train)))
y_dtree_predict = Dtree_model.predict(test_X)
print("The test accuracy score : {} ".format(r2_score(test_Y, y_dtree_predict)))
```

The train accuracy score : 0.6946824987893929 The test accuracy score : 0.6596631950247303

In []:

```
models_summary = models_summary.append({
    'Model_name': Dtree_model.__class__.__name__,
    'Prediction_Score': r2_score(test_Y, y_dtree_predict),
    'Mean_Absolute_error': mean_absolute_error(test_Y, y_dtree_predict)
}, ignore_index=True)

models_summary.sort_values('Prediction_Score', ascending=False)
```

Out[]:

Model_name Prediction_Score Mean_Absolute_error

1	DecisionTreeRegressor	0.659663	46746.006450
0	AdaBoostRegressor	0.378059	78527.783462

In []:

```
GBR_model = GradientBoostingRegressor(n_estimators=250, random_state=1, learning_rate=0.2
7, max_depth=6, min_samples_split=6)
GBR_model.fit(train_X, train_Y)
y_train = GBR_model.predict(train_X)
print("The train accuracy score : {} ".format(r2_score(train_Y, y_train)))
y_gbr_predict = GBR_model.predict(test_X)
print("The test accuracy score : {} ".format(r2_score(test_Y, y_gbr_predict)))
```

The train accuracy score : 0.9702968116101536 The test accuracy score : 0.8282769386842936

In []:

O11+ [] •

```
models_summary = models_summary.append({
    'Model_name': GBR_model.__class__.__name__,
    'Prediction_Score': r2_score(test_Y, y_gbr_predict),
    'Mean_Absolute_error': mean_absolute_error(test_Y, y_gbr_predict)
}, ignore_index=True)

models_summary.sort_values('Prediction_Score', ascending=False)
```

```
Out[]:
```

Model_name Prediction_Score Mean_Absolute_error

2 (GradientBoostingRegressor	0.828277	31304.486244
1	DecisionTreeRegressor	0.659663	46746.006450
0	AdaBoostRegressor	0.378059	78527.783462

In []:

```
RFR_model = RandomForestRegressor(random_state=1,n_estimators=250, max_depth=18, min_sam
ples_split=4)
RFR_model.fit(train_X, train_Y)
y_train = RFR_model.predict(train_X)
print("The train accuracy score : {} ".format(r2_score(train_Y, y_train)))
y_rfr_predict = RFR_model.predict(test_X)
print("The test accuracy score : {} ".format(r2_score(test_Y, y_rfr_predict)))
```

The train accuracy score : 0.9621466176246058 The test accuracy score : 0.8166412832738121

In []:

```
models_summary = models_summary.append({
    'Model_name': RFR_model.__class__.__name__,
    'Prediction_Score': r2_score(test_Y, y_rfr_predict),
    'Mean_Absolute_error': mean_absolute_error(test_Y, y_rfr_predict)
}, ignore_index=True)

models_summary.sort_values('Prediction_Score', ascending=False)
```

Out[]:

Model_name Prediction_Score Mean_Absolute_error

2	GradientBoostingRegressor	0.828277	31304.486244
2 (GradientboostingRegressor	0.020211	31304.400244
3	RandomForestRegressor	0.816641	32014.729639
1	DecisionTreeRegressor	0.659663	46746.006450
0	AdaBoostRegressor	0.378059	78527.783462

In []:

```
XGBR_model = XGBRegressor(n_estimators=300, learning_rate=0.15, max_depth=6)
XGBR_model.fit(train_X, train_Y)
y_train = XGBR_model.predict(train_X)
print("The train accuracy score : {} ".format(r2_score(train_Y, y_train)))
y_xgbr_predict = XGBR_model.predict(test_X)
print("The test accuracy score : {} ".format(r2_score(test_Y, y_xgbr_predict)))
```

[19:20:37] WARNING: /workspace/src/objective/regression_obj.cu:152: reg:linear is now dep recated in favor of reg:squarederror.

The train accuracy score: 0.9558085903401108

The test accuracy score : 0.8348795673033752

In []:

```
models_summary = models_summary.append({
    'Model_name': XGBR_model.__class__.__name__,
    'Prediction_Score': r2_score(test_Y, y_xgbr_predict),
    'Mean_Absolute_error': mean_absolute_error(test_Y, y_xgbr_predict)
}, ignore_index=True)

models_summary.sort_values('Prediction_Score', ascending=False)
```

Out[]:

```
XGBRegressor 0.834880 30715.403834 Model_name Prediction_Score Mean_Absolute_error
2 GradientBoostingRegressor
                                           0.828277
                                                              31304.486244
                                                              32014.729639
3
      RandomForestRegressor
                                           0.816641
1
        DecisionTreeRegressor
                                           0.659663
                                                              46746.006450
0
           AdaBoostRegressor
                                           0.378059
                                                              78527.783462
```

```
In [ ]:
```

```
from sklearn.model selection import GridSearchCV, RandomizedSearchCV
xgbr model = XGBRegressor() # {'objective': 'reg:squarederror' }
params = {
    'n estimators': [110, 120, 130, 140],
    'learning_rate': [ 0.05, 0.075, 0.1],
    'max depth': [ 7, 9],
    'reg lambda': [0.3, 0.5]
xgb reg = GridSearchCV(estimator=xgbr model, param grid=params, cv=5, n jobs=-1)
xgb reg.fit(train_X, train_Y)
xgbr model score = xgb reg.best score
xgbr model pred = xgb reg.predict(test X)
mae = mean absolute error(test Y, xgbr model pred)
print("Best score: %0.3f" % xgb reg.best score )
print("Best parameters set:", xgb_reg.best_params_)
print("mean absolute error :", mae)
[19:30:37] WARNING: /workspace/src/objective/regression obj.cu:152: reg:linear is now dep
recated in favor of reg:squarederror.
Best score: 0.828
Best parameters set: {'learning rate': 0.1, 'max depth': 7, 'n estimators': 140, 'reg lam
bda': 0.5}
mean absolute error : 30647.608274474624
In [ ]:
models summary = models summary.append({
    'Model name': 'XGBRegressor HyperParamsTunning',
    'Prediction Score': xgbr model score,
    'Mean Absolute error' : mae
}, ignore index=True)
models summary.sort values('Prediction Score', ascending=False)
```

Out[]:

	Model_name	Prediction_Score	Mean_Absolute_error
4	XGBRegressor	0.834880	30715.403834
2	GradientBoostingRegressor	0.828277	31304.486244
5	XGBRegressor_HyperParamsTunning	0.827650	30647.608274
3	RandomForestRegressor	0.816641	32014.729639
1	DecisionTreeRegressor	0.659663	46746.006450
0	AdaBoostRegressor	0.378059	78527.783462

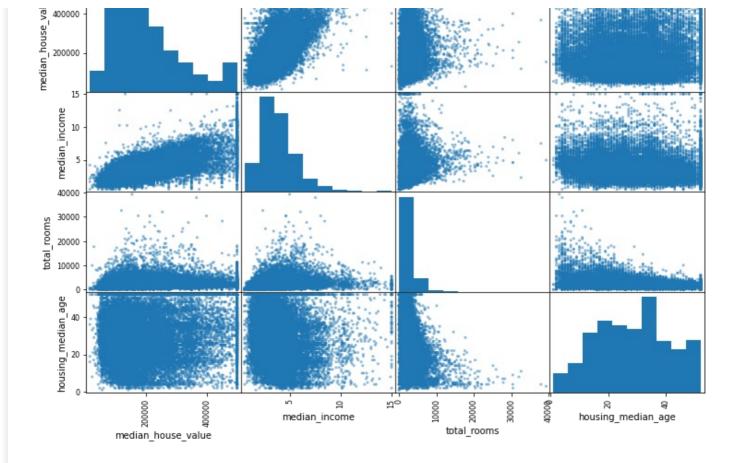
After trying the most used regressor models, we found the R2 score of XGB Regressor to be highest, which was further tuned more to improve the score to 0.834880, which is better as the closer the value of R2 score to 1 the better the prediction is.

Data Visualisation

```
In [ ]:
import plotly.express as ex
ex.pie(data,names='ocean_proximity',title='Proportion of Locations of the house w.r.t oce
an/sea')
```

We can see here that majority of the houses are close to the sea.

```
In [ ]:
from pandas.plotting import scatter matrix
sct features = ["median house value", "median income", "total rooms", "housing median age"]
scatter matrix(data[sct features], figsize=(12,8))
Out[]:
array([[<matplotlib.axes. subplots.AxesSubplot object at 0x7fa4179d4990>,
        <matplotlib.axes. subplots.AxesSubplot object at 0x7fa41795f9d0>,
        <matplotlib.axes. subplots.AxesSubplot object at 0x7fa41790a690>,
        <matplotlib.axes. subplots.AxesSubplot object at 0x7fa4178d4710>],
       [<matplotlib.axes. subplots.AxesSubplot object at 0x7fa41784ad90>,
        <matplotlib.axes. subplots.AxesSubplot object at 0x7fa41780c450>,
        <matplotlib.axes. subplots.AxesSubplot object at 0x7fa4177c3ad0>,
        <matplotlib.axes. subplots.AxesSubplot object at 0x7fa4177f0790>],
       [<matplotlib.axes._subplots.AxesSubplot object at 0x7fa4177bb850>,
        <matplotlib.axes._subplots.AxesSubplot object at 0x7fa41776fed0>,
        <matplotlib.axes._subplots.AxesSubplot object at 0x7fa417731550>,
        {\tt <matplotlib.axes.\_subplots.AxesSubplot} object at {\tt 0x7fa4176e9bd0>]},
       [<matplotlib.axes._subplots.AxesSubplot object at 0x7fa4176a9290>,
        <matplotlib.axes._subplots.AxesSubplot object at 0x7fa417661910>,
        <matplotlib.axes._subplots.AxesSubplot object at 0x7fa417617f90>,
        <matplotlib.axes. subplots.AxesSubplot object at 0x7fa4175d9650>]],
      dtype=object)
```



This visualization gives us an idea about the relation of median_house_value with other attributes.

In []:

```
from plotly.subplots import make_subplots
import plotly.graph_objs as go
fig = make_subplots(1,2)
fig.add_trace(go.Histogram(x=data['median_house_value']),1,1)
fig.add_trace(go.Box(y=data['median_house_value'],boxpoints='all',line_color='orange'),1,
2)
fig.update_layout(height=500, showlegend=False,title_text="Median income distribution and Box Plot")
```

• The correlation matrix shows the relation between median housing value and Other Variables.

```
In [ ]:
```

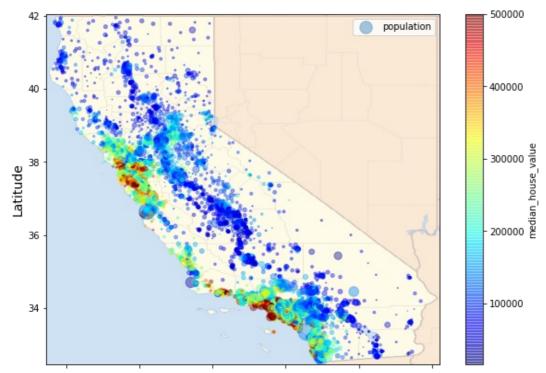
```
corr_mat = data[['housing_median_age','total_rooms','total_bedrooms','population','househ
olds']].corr()
f, ax = plt.subplots(figsize=(30, 15))
sns.heatmap(corr_mat, vmax=1 , square=True,annot=True,linewidths=.5);
```



Now, we plot the housing data with respect to the latitude and longitude given. With this, we come to know the population density and the median house vale, which we observe that they go hand-in-hand.

```
In [ ]:
```

plt.legend()
plt.show()



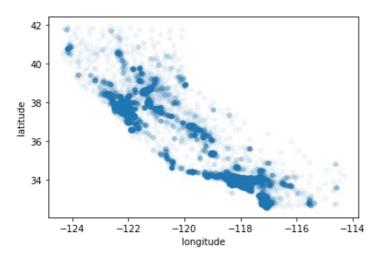
- It helps you to know the density by overlapping the circle if this area have a lot of house there, also other area that have small number of house will be appear because of its opacity will be low.
- Not just alpha, other parameters of the graph can help you discover more pattern

In []:

data.plot(kind="scatter", x="longitude", y = "latitude", alpha=.05)

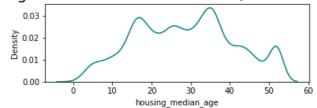
Out[]:

<matplotlib.axes. subplots.AxesSubplot at 0x7fa417531b50>

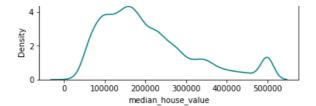


In []:

Distribution Of Median age of a house within a block; a lower number is a newer building



Distribution Of Median house value for households within a block (measured in US Dollars)



From the above plot we can see that both features follow a multimodal distribution, meaning we have underlaying groups in our data.

Conclusion

The analysis gives us a detailed visualisation of the Median Housing Prices in California. We noticed that the major cities in California have a huge difference in median house price with respect to the inland counties. Most of the high price properties are located in promixity to the ocean. The age of the houses are also striking, which the analysis concludes that the median age hovers around 30-40 years.

This detailed analysis will help advertisers to deliver targeted ads.