

Linear Regression Coding Assignment-1

Code ▼

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```
# Load essential libraries
library(ggplot2)
library(dplyr)
```

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```
# Load the price per square feet dataset
hData = read.csv('Data/houseprices_cleaned.csv', header = TRUE, stringsAsFactors = FALSE, na.
strings = c("", "NA", "not available", "Not Available"))
str(hData)
```

```
'data.frame':   225 obs. of  8 variables:
 $ locality      : chr  "BTM Layout" "BTM Layout" "BTM Layout" "BTM Layout" ...
 $ area          : int   565 1837 1280 2220 1113 1332 1815 1400 3006 1600 ...
 $ rent          : int   20060 97434 54448 117000 34388 36394 112000 41266 129000 92849 ...
 $ price_per_sqft: int    6195 9254 7422 9234 5391 4767 10744 5143 7485 10125 ...
 $ facing        : chr   "North-West" "East" "East" "North" ...
 $ BHK           : int    1 3 2 3 2 2 3 2 4 3 ...
 $ bathrooms     : int    1 3 2 3 2 2 2 2 5 2 ...
 $ parking       : chr   "Bike" "Bike and Car" "Car" "Bike and Car" ...
```

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```
# Convert 'locality', 'facing' and 'parking' columns to factors
categorical_cols = c('locality', 'facing', 'parking')
hData[categorical_cols] = lapply(hData[categorical_cols], as.factor)
str(hData)
```

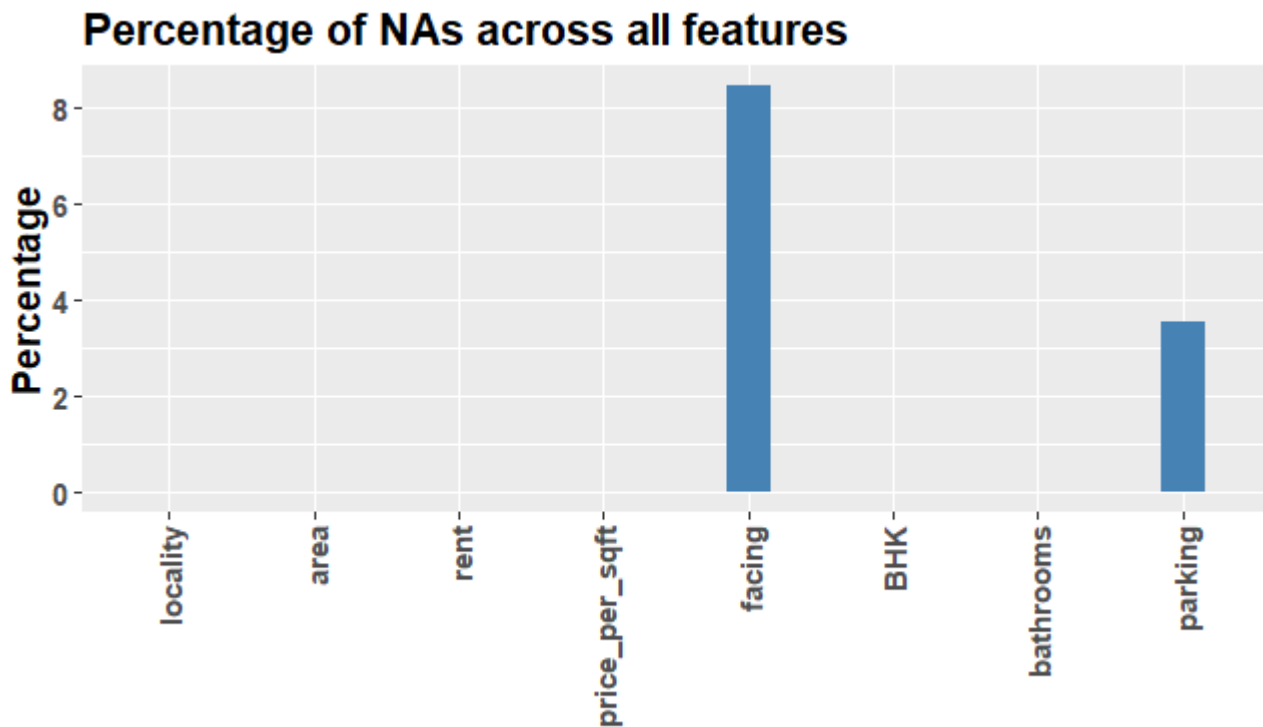
```
'data.frame':   225 obs. of  8 variables:
 $ locality      : Factor w/ 9 levels "Attibele","BTM Layout",...: 2 2 2 2 2 2 2 2 2 2 ...
 $ area          : int   565 1837 1280 2220 1113 1332 1815 1400 3006 1600 ...
 $ rent          : int   20060 97434 54448 117000 34388 36394 112000 41266 129000 92849 ...
 $ price_per_sqft: int    6195 9254 7422 9234 5391 4767 10744 5143 7485 10125 ...
 $ facing        : Factor w/ 7 levels "East","North",...: 4 1 1 2 1 7 3 6 1 5 ...
 $ BHK           : int    1 3 2 3 2 2 3 2 4 3 ...
 $ bathrooms     : int    1 3 2 3 2 2 2 2 5 2 ...
 $ parking       : Factor w/ 3 levels "Bike","Bike and Car",...: 1 2 3 2 2 2 3 2 2 2 ...
```

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```
# Continuous columns
continuous_cols = c('area', 'rent', 'price_per_sqft', 'BHK', 'bathrooms')
```

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```
# Plot percentage of Nans in each column of the data frame
hData_NA = setNames(stack(sapply(hData, function(x){(sum(is.na(x))/length(x))*100}))[2:1], c
('Feature','Value'))
p = ggplot(data = hData_NA, aes(x = Feature, y = Value)) +
  geom_bar(stat = 'identity', fill = 'steelblue', width = 0.3) +
  theme(text = element_text(size = 14, face = 'bold'),
    axis.text.x = element_text(angle = 90, hjust = 1, vjust = 0.5)) +
  xlab('') + ylab('Percentage') +
  ggtitle('Percentage of NAs across all features')
p
```

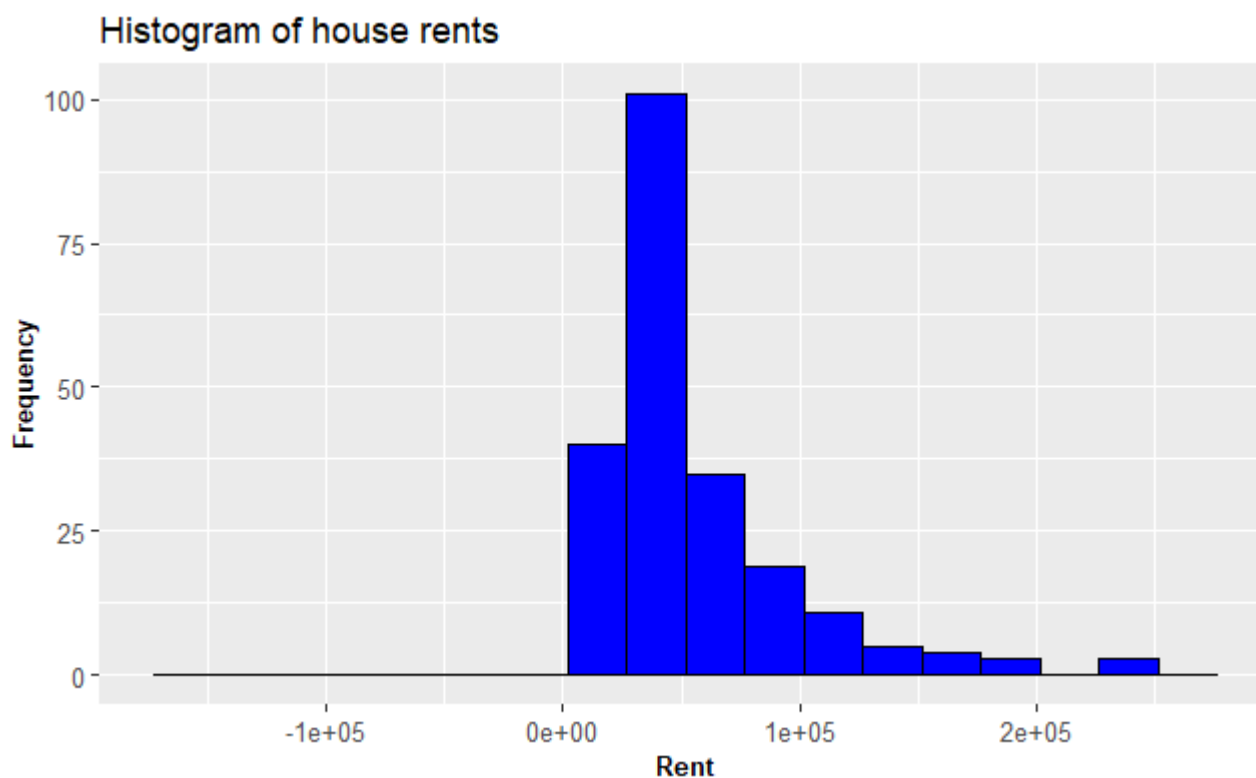

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```
# Add NA as a factor level for categorical columns
hData[categorical_cols] = lapply(hData[categorical_cols], addNA)
str(hData)
```

```
'data.frame': 225 obs. of 8 variables:
 $ locality      : Factor w/ 10 levels "Attibele","BTM Layout",...: 2 2 2 2 2 2 2 2 2 2 ...
 $ area          : int  565 1837 1280 2220 1113 1332 1815 1400 3006 1600 ...
 $ rent          : int  20060 97434 54448 117000 34388 36394 112000 41266 129000 92849 ...
 $ price_per_sqft: int  6195 9254 7422 9234 5391 4767 10744 5143 7485 10125 ...
 $ facing        : Factor w/ 8 levels "East","North",...: 4 1 1 2 1 7 3 6 1 5 ...
 $ BHK           : int   1 3 2 3 2 2 3 2 4 3 ...
 $ bathrooms     : int   1 3 2 3 2 2 2 2 5 2 ...
 $ parking       : Factor w/ 4 levels "Bike","Bike and Car",...: 1 2 3 2 2 2 3 2 2 2 ...
```

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```
# Make a histogram of rent values
p = ggplot(data = hData) +
  geom_histogram(aes(x = rent, y = after_stat(count)), breaks = seq(mean(hData$rent)-4*sd(hData$rent), mean(hData$rent)+4*sd(hData$rent), by = 25000), color = 'black', fill = 'blue') +
  labs(x = 'Rent', y = 'Frequency') +
  theme(axis.text = element_text(size = 8),
        axis.text.x = element_text(size = 10),
        axis.text.y = element_text(size = 10),
        axis.title = element_text(size = 10, face = "bold")) +
  ggtitle('Histogram of house rents')
p
```


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```
# Build a linear model to predict price per square feet as a function of rent. How accurate is the model?
model = lm(data = hData, price_per_sqft ~ rent)
summary(model)
```

Call:

```
lm(formula = price_per_sqft ~ rent, data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-6415.5	-1116.9	-340.6	1193.6	5270.1

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	4.591e+03	1.960e+02	23.42	<2e-16 ***
rent	3.844e-02	2.305e-03	16.68	<2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 2026 on 223 degrees of freedom

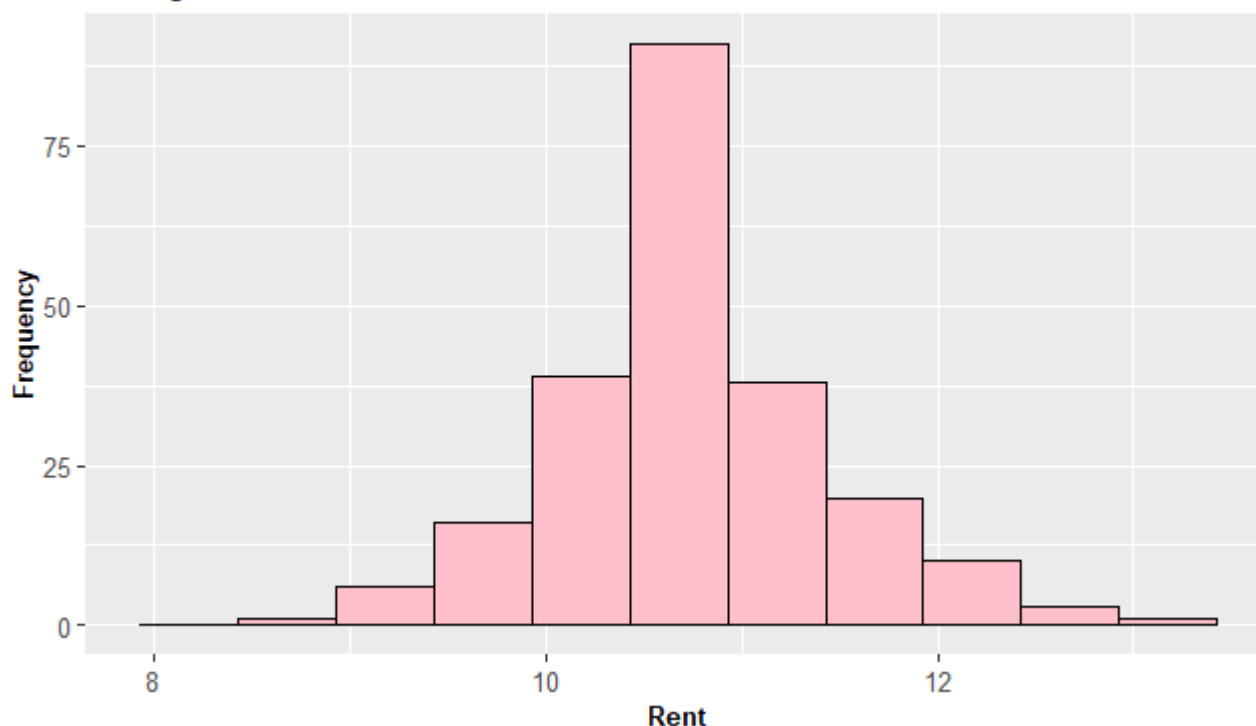
Multiple R-squared: 0.5551, Adjusted R-squared: 0.5531

F-statistic: 278.2 on 1 and 223 DF, p-value: < 2.2e-16

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```
# Make a histogram of log-transformed rent values
hData['logrent'] = log(hData['rent'])
p = ggplot(data = hData) +
  geom_histogram(aes(x = logrent, y = after_stat(count)), breaks = seq(mean(hData$logrent)-4*
sd(hData$logrent), mean(hData$logrent)+4*sd(hData$logrent), by = 0.5), color = 'black', fill
= 'pink') +
  labs(x = 'Rent', y = 'Frequency') +
  theme(axis.text = element_text(size = 8),
    axis.text.x = element_text(size = 10),
    axis.text.y = element_text(size = 10),
    axis.title = element_text(size = 10, face = "bold")) +
  ggtitle('Histogram of house rents')
p
```

Histogram of house rents



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```
# Build a linear model to predict price per square feet as a function of logrent. Did log-transforming rent help improve the model accuracy?
model = lm(data = hData, price_per_sqft ~ logrent)
summary(model)
```

Call:

```
lm(formula = price_per_sqft ~ logrent, data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-7406.1	-966.0	-325.3	968.0	5970.3

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	-31058.9	1752.8	-17.72	<2e-16 ***
logrent	3535.5	162.6	21.74	<2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 1720 on 223 degrees of freedom

Multiple R-squared: 0.6794, Adjusted R-squared: 0.6779

F-statistic: 472.5 on 1 and 223 DF, p-value: < 2.2e-16

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```
# Build a linear model to predict log of price per square feet as a function of logrent. Did log-transforming the response variable price per square feet improve the model accuracy?
hData['logprice_per_sqft'] = log(hData['price_per_sqft'])
model = lm(data = hData, logprice_per_sqft ~ logrent)
summary(model)
```

Call:

```
lm(formula = logprice_per_sqft ~ logrent, data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-1.21981	-0.12244	-0.00241	0.17319	0.56131

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	3.49328	0.24805	14.08	<2e-16 ***
logrent	0.48973	0.02302	21.28	<2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.2434 on 223 degrees of freedom

Multiple R-squared: 0.67, Adjusted R-squared: 0.6685

F-statistic: 452.7 on 1 and 223 DF, p-value: < 2.2e-16

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```
# Build a linear model to predict sqrt of price per square feet as a function of logrent. Did
sqrt-transforming the response variable price per square feet improve the model accuracy?
hData['sqrtprice_per_sqft'] = sqrt(hData['price_per_sqft'])
model = lm(data = hData, sqrtprice_per_sqft ~ logrent)
summary(model)
```

Call:

```
lm(formula = sqrtprice_per_sqft ~ logrent, data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-46.536	-5.489	-1.030	6.830	24.025

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	-137.769	9.882	-13.94	<2e-16 ***
logrent	20.401	0.917	22.25	<2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 9.696 on 223 degrees of freedom

Multiple R-squared: 0.6894, Adjusted R-squared: 0.688

F-statistic: 494.9 on 1 and 223 DF, p-value: < 2.2e-16

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```
# Build a linear model to predict price per sqft as a function of area and rent. Did adding area as an additional predictor improve model accuracy (compared to only rent as the predictor)? Also, interpret the coefficient estimates for area and rent practically.
model = lm(data = hData, price_per_sqft ~ area + rent )
summary(model)
```

Call:

```
lm(formula = price_per_sqft ~ area + rent, data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-7500.7	-751.5	-221.9	849.9	6367.8

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	6.455e+03	2.164e+02	29.82	<2e-16 ***
area	-2.521e+00	2.079e-01	-12.13	<2e-16 ***
rent	6.653e-02	2.928e-03	22.72	<2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 1575 on 222 degrees of freedom

Multiple R-squared: 0.7324, Adjusted R-squared: 0.73

F-statistic: 303.8 on 2 and 222 DF, p-value: < 2.2e-16

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```
# Build a linear model to predict sqrt of price per sqft as a function of area and logrent. Did adding area as an additional predictor improve model accuracy (compared to only logrent as the predictor)? Also, interpret the coefficient estimates for area and logrent practically.
model = lm(data = hData, sqrtprice_per_sqft ~ area + logrent)
summary(model)
```

Call:

```
lm(formula = sqrtprice_per_sqft ~ area + logrent, data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-10.297	-4.238	-1.777	3.361	17.935

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	-2.382e+02	8.414e+00	-28.31	<2e-16 ***
area	-1.307e-02	7.243e-04	-18.04	<2e-16 ***
logrent	3.147e+01	8.482e-01	37.11	<2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 6.189 on 222 degrees of freedom

Multiple R-squared: 0.874, Adjusted R-squared: 0.8729

F-statistic: 770.2 on 2 and 222 DF, p-value: < 2.2e-16

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```
# Build a linear model to predict sqrt of price per sqft as a function of logarea and logrent. Did log-transforming area improve model accuracy?
hData['logarea'] = log(hData['area'])
model = lm(data = hData, sqrtprice_per_sqft ~ logarea + logrent )
summary(model)
```

Call:

```
lm(formula = sqrtprice_per_sqft ~ logarea + logrent, data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-2.8882	-1.4545	-0.9082	0.7440	19.6434

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	-73.5869	2.8088	-26.20	<2e-16 ***
logarea	-38.4642	0.6911	-55.66	<2e-16 ***
logrent	40.0275	0.4252	94.13	<2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 2.513 on 222 degrees of freedom

Multiple R-squared: 0.9792, Adjusted R-squared: 0.979

F-statistic: 5233 on 2 and 222 DF, p-value: < 2.2e-16

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```
# Build a linear model to predict price per sqft as a function of area, rent, and parking (compared to just using area and rent as predictors). Did adding parking as an additional predictor improve model accuracy?
model = lm(data = hData, price_per_sqft ~ area + rent + parking )
summary(model)
```


Call:

```
lm(formula = price_per_sqft ~ area + rent + parking, data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-7465.5	-752.6	-208.9	842.4	6565.3

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	5.860e+03	5.393e+02	10.866	<2e-16 ***
area	-2.453e+00	2.170e-01	-11.301	<2e-16 ***
rent	6.578e-02	3.008e-03	21.867	<2e-16 ***
parkingBike and Car	5.319e+02	4.865e+02	1.093	0.275
parkingCar	8.863e+02	5.468e+02	1.621	0.106
parkingNA	2.724e+02	7.223e+02	0.377	0.706

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 1575 on 219 degrees of freedom

Multiple R-squared: 0.736, Adjusted R-squared: 0.73

F-statistic: 122.1 on 5 and 219 DF, p-value: < 2.2e-16

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Build a linear model to predict sqrt of price per sqft as a function of logarea, logrent, and locality. Did adding locality as an additional predictor improve model accuracy (compared to just using logarea and logrent as predictors)?

```
model = lm(data = hData, sqrtprice_per_sqft ~ logarea + logrent + locality )
summary(model)
```

Call:

```
lm(formula = sqrtprice_per_sqft ~ logarea + logrent + locality,
    data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-4.5577	-1.1073	-0.2527	0.4398	16.6760

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	-70.01549	2.95936	-23.659	< 2e-16 ***
logarea	-37.69954	0.74724	-50.451	< 2e-16 ***
logrent	39.35270	0.56700	69.405	< 2e-16 ***
localityBTM Layout	-2.92678	0.71814	-4.076	6.47e-05 ***
localityElectronic City	-2.77473	0.67493	-4.111	5.61e-05 ***
localityIndiranagar	-1.17372	0.80139	-1.465	0.14449
localityJayanagar	0.02791	0.87628	0.032	0.97462
localityK R Puram	-3.32188	0.67817	-4.898	1.90e-06 ***
localityMalleshwaram	-0.96970	0.83368	-1.163	0.24606
localityMarathahalli	-3.09626	0.67094	-4.615	6.78e-06 ***
localityYalahanka	-1.84366	0.66641	-2.767	0.00616 **

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 2.238 on 214 degrees of freedom

Multiple R-squared: 0.9841, Adjusted R-squared: 0.9834

F-statistic: 1326 on 10 and 214 DF, p-value: < 2.2e-16

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Build a linear model to predict price per sqft as a function of area, rent, and parking. How many levels does the categorical feature parking have? How many new variables are introduced for the categorical variable parking? Interpret all regression coefficient estimates except the intercept coefficient estimate β_0 practically. Do the p-values suggest any insignificant features (that is, features which probably don't have a linear relationship with the response variable)?

```
model = lm(data = hData, price_per_sqft ~ area + rent + parking )
summary(model)
```

Call:

```
lm(formula = price_per_sqft ~ area + rent + parking, data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-7465.5	-752.6	-208.9	842.4	6565.3

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	5.860e+03	5.393e+02	10.866	<2e-16 ***
area	-2.453e+00	2.170e-01	-11.301	<2e-16 ***
rent	6.578e-02	3.008e-03	21.867	<2e-16 ***
parkingBike and Car	5.319e+02	4.865e+02	1.093	0.275
parkingCar	8.863e+02	5.468e+02	1.621	0.106
parkingNA	2.724e+02	7.223e+02	0.377	0.706

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 1575 on 219 degrees of freedom

Multiple R-squared: 0.736, Adjusted R-squared: 0.73

F-statistic: 122.1 on 5 and 219 DF, p-value: < 2.2e-16

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```
# Create new columns corresponding to scaled versions of the continuous columns
hData[paste0('scaled_', continuous_cols)] = lapply(hData[continuous_cols], scale)
str(hData)
```

```
'data.frame': 225 obs. of 17 variables:
 $ locality      : Factor w/ 10 levels "Attibele","BTM Layout",...: 2 2 2 2 2 2 2 2 2 2
 ...
 $ area          : int  565 1837 1280 2220 1113 1332 1815 1400 3006 1600 ...
 $ rent          : int  20060 97434 54448 117000 34388 36394 112000 41266 129000 92849
 ...
 $ price_per_sqft : int  6195 9254 7422 9234 5391 4767 10744 5143 7485 10125 ...
 $ facing        : Factor w/ 8 levels "East","North",...: 4 1 1 2 1 7 3 6 1 5 ...
 $ BHK           : int   1 3 2 3 2 2 3 2 4 3 ...
 $ bathrooms     : int   1 3 2 3 2 2 2 2 5 2 ...
 $ parking       : Factor w/ 4 levels "Bike","Bike and Car",...: 1 2 3 2 2 2 3 2 2 2
 ...
 $ logrent       : num   9.91 11.49 10.91 11.67 10.45 ...
 $ logprice_per_sqft : num   8.73 9.13 8.91 9.13 8.59 ...
 $ sqrtprice_per_sqft : num  78.7 96.2 86.2 96.1 73.4 ...
 $ logarea       : num   6.34 7.52 7.15 7.71 7.01 ...
 $ scaled_area   : num [1:225, 1] -1.041 0.496 -0.177 0.959 -0.379 ...
 ..- attr(*, "scaled:center")= num 1426
 ..- attr(*, "scaled:scale")= num 827
 $ scaled_rent   : num [1:225, 1] -0.708 0.609 -0.123 0.942 -0.464 ...
 ..- attr(*, "scaled:center")= num 61652
 ..- attr(*, "scaled:scale")= num 58729
 $ scaled_price_per_sqft: num [1:225, 1] -0.253 0.757 0.152 0.75 -0.518 ...
 ..- attr(*, "scaled:center")= num 6961
 ..- attr(*, "scaled:scale")= num 3030
 $ scaled_BHK    : num [1:225, 1] -1.993 0.741 -0.626 0.741 -0.626 ...
 ..- attr(*, "scaled:center")= num 2.46
 ..- attr(*, "scaled:scale")= num 0.731
 $ scaled_bathrooms : num [1:225, 1] -0.686 0.209 -0.239 0.209 -0.239 ...
 ..- attr(*, "scaled:center")= num 2.53
 ..- attr(*, "scaled:scale")= num 2.23
```

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```
# Build a linear model to predict scaled price per sqft as a function of scaled area and scaled rent. Compare this with the model built using unscaled data: that is, predict price per sqft as a function of area and rent. Does scaling help?
```

```
model_scaled = lm(data = hData, scaled_price_per_sqft ~ scaled_area + scaled_rent)
summary(model_scaled)
```

Call:

```
lm(formula = scaled_price_per_sqft ~ scaled_area + scaled_rent,
    data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-2.47520	-0.24798	-0.07323	0.28045	2.10132

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	7.534e-17	3.464e-02	0.00	1
scaled_area	-6.882e-01	5.674e-02	-12.13	<2e-16 ***
scaled_rent	1.289e+00	5.674e-02	22.72	<2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.5196 on 222 degrees of freedom

Multiple R-squared: 0.7324, Adjusted R-squared: 0.73

F-statistic: 303.8 on 2 and 222 DF, p-value: < 2.2e-16

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```
# Rebuild a linear model to predict sqrt of price per sqft as a function of logarea, logrent,
and locality which we will evaluate using a train-test split of the dataset
model = lm(data = hData, sqrt(price_per_sqft) ~ logarea + logrent + locality)
summary(model)
```

Call:

```
lm(formula = sqrt(price_per_sqft) ~ logarea + logrent + locality,
    data = hData)
```

Residuals:

Min	1Q	Median	3Q	Max
-4.5577	-1.1073	-0.2527	0.4398	16.6760

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	-70.01549	2.95936	-23.659	< 2e-16 ***
logarea	-37.69954	0.74724	-50.451	< 2e-16 ***
logrent	39.35270	0.56700	69.405	< 2e-16 ***
localityBTM Layout	-2.92678	0.71814	-4.076	6.47e-05 ***
localityElectronic City	-2.77473	0.67493	-4.111	5.61e-05 ***
localityIndiranagar	-1.17372	0.80139	-1.465	0.14449
localityJayanagar	0.02791	0.87628	0.032	0.97462
localityK R Puram	-3.32188	0.67817	-4.898	1.90e-06 ***
localityMalleshwaram	-0.96970	0.83368	-1.163	0.24606
localityMarathahalli	-3.09626	0.67094	-4.615	6.78e-06 ***
localityYalahanka	-1.84366	0.66641	-2.767	0.00616 **

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 2.238 on 214 degrees of freedom

Multiple R-squared: 0.9841, Adjusted R-squared: 0.9834

F-statistic: 1326 on 10 and 214 DF, p-value: < 2.2e-16

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Split data into train (80%) and test (20%) sets and evaluate model performance on train and test sets. Run this cell multiple times for a random splitting of the data into train and test sets and report the model performance on the resulting train and test sets. Is there much variability in the model performance across different test sets? If that is the case, then the model is not generalizing well and is overfitting the train set. Is it the case here?

```
ind = sample(nrow(hData), size = floor(0.8*nrow(hData)), replace = FALSE)
```

```
hData_train = hData[ind, ]
```

```
hData_test = hData[-ind, ]
```

Calculate RMSE (root-mean-squared-error) on train data

```
train_error = sqrt(mean((hData_train$price_per_sqft - predict(model, hData_train))^2))
```

Calculate RMSE (root-mean-squared-error) on test data

```
test_error = sqrt(mean((hData_test$price_per_sqft - predict(model, hData_test))^2))
```

```
print(train_error)
```

```
[1] 7408.737
```

Hide

```
print(test_error)
```

```
[1] 7891.224
```