

In [33]:

	Year	average rate per night	Dollar Change	Percent Change
0	2008	129.00000	0.00000	0.00000
1	2009	133.88889	4.88889	3.789836
2	2010	140.33634	6.44746	4.815370
3	2011	185.59539	45.259205	32.250571
4	2012	190.26289	4.667490	2.514874
5	2013	171.864542	-18.398287	-9.669932
6	2014	186.85938	14.994656	8.724717
7	2015	194.472766	7.613538	4.074473
8	2016	210.976955	16.504190	8.486633
9	2017	287.917314	76.940358	36.468608

So, it appears that our findings don't find an exact 3 percent increase per year. There are obviously many factors that are in play where it would be expected to not find a perfect 3 percent increase. Some factors could be: how many houses are available in the market, how many houses are listed at that time on air bnb, all houses for each year would stay exactly the same, all houses are availbe to be rented year-round and the pricing doesn't change (likely air bnb values fluctuate based on location and based on the time of year).

Price does appear to trend upward, we can use CUSUM to see if we can detect change... We can use our Dollar_Change column from the price_year_data dataframe from above to run this experiment.

x_t = observed value at time t
 μ = mean of x, if no change

Detecting an increase

$$S_t = \max\{0, S_{t-1} + (x_t - \mu - C)\}$$

Is $S_t \geq T$?

St will be our value that we are tracking. This will change as we go through the data. C will be a number that we will come up with where we can control how quickly or slow change is detected. A large C will result in a slower detection, a smaller C will result in a quicker detection. T is our threshold. When the threshold is detected, we know that change is detected.

In [37]:

```
dollar_change
```

Out[37]:

```
[0,
 4.8888888888888886,
 6.44724564892626,
 45.25920453206934,
 4.667489552618747,
 -18.39828670300028,
 14.99469570398756,
 7.613528320452303,
 16.504189567617487,
 76.94035810885418]
```

Because there is not that much data, it won't be the easiest to find a good C value or a good threshold value. But we can eye the data and see that change could be detected around 2011 as there was a 32% increase (45 dollar increase). We can first look at the data with no C to see how it looks.

In [48]:

```
C = 0
St = [0] * len(dollar_change)

dollar_change_mean = statistics.mean(dollar_change)

for i in range(1, len(dollar_change)):
    St[i] = max(0, St[i-1] + (dollar_change_mean - dollar_change[i] - C))

St.pop(-1)
St
```

Out[48]:

```
[0,
 11.002842464464692,
 20.44732825293466,
 0,
 11.224241800739339,
 -18.39828670300028,
 46.411229550644822,
 54.689498539374,
 54.077040325114595]
```

The St increases quickly to 45 and then gradually ends up at 54. Let's try it now with a C value and a threshold value and see where the change is detected. We will use a c value of 12.9 (10% of the smallest value) and a threshold value of 10.

In [59]:

```
C = 12.9
t = 10

years = price_year_data['Year'].tolist()

St = [0] * len(dollar_change)

dollar_change_mean = statistics.mean(dollar_change)

for i in range(1, len(dollar_change)):
    St[i] = max(0, St[i-1] + (dollar_change_mean - dollar_change[i] - C))
    if St[i] > t:
        print(f'The year where change is detected is {years[i]}')
        print(f'The St value is {St[i]} while the detection threshold was {t}')
        break
```

The year where change is detected is 2013
The St value is 21.390018056358365 while the detection threshold was 10

lets try it with a larger C value and keep the same t value. There is such a large increase, that likely this won't matter. We will use a C value of 25 and the same t value of 20.

In [64]:

```
C = 20
t = 10

years = price_year_data['Year'].tolist()

St = [0] * len(dollar_change)

dollar_change_mean = statistics.mean(dollar_change)

for i in range(1, len(dollar_change)):
    St[i] = max(0, St[i-1] + (dollar_change_mean - dollar_change[i] - C))
    if St[i] > t:
        print(f'The year where change is detected is {years[i]}')
        print(f'The St value is {St[i]} while the detection threshold was {t}')
        break
```

The year where change is detected is 2013
The St value is 14.290018056358363 while the detection threshold was 10

We can see that the higher the c value the closer it was to that same threshold. This shows that as c gets larger, a larger the change will need to be to be detected. Here is the C value of 0 with the same threshold of 10.

In [66]:

```
C = 0
t = 10

years = price_year_data['Year'].tolist()

St = [0] * len(dollar_change)

dollar_change_mean = statistics.mean(dollar_change)

for i in range(1, len(dollar_change)):
    St[i] = max(0, St[i-1] + (dollar_change_mean - dollar_change[i] - C))
    if St[i] > t:
        print(f'The year where change is detected is {years[i]}')
        print(f'The St value is {St[i]} while the detection threshold was {t}')
        break
```

The year where change is detected is 2009
The St value is 11.002842464464692 while the detection threshold was 10

With no c value, change is detected immediately. With a smaller c value, the more sensitive the detection will be.

All in all, we can likely say that there is noticeable change in 2013. With a c value of 20 and a threshold value of 10, it is detected. This is quite a large c and a small threshold value relative to the data. We can also see that there is a 32 percent increase in price between 2012 and 2013, so it makes sense that we will detect a large change at that point.

This is the end of my analysis. As stated before, this is 100% my work and am open to talking further about this information.