gta_housing_ml_proj

September 9, 2019

1 The GTA Housing, Machine Learning Project

Currently, the GTA is projected to be the fastest growing region of the province, accounting for over 65 percent of Ontario's net population growth to 2041. In July 2019, the Toronto Real Estate board reported that nearly 8,595 houses were sold which is up 24.3% compared to June 2018. With the massive number of houses being sold, and countless more being listed for sale, data was plentiful regarding the subject.

In this project and analysis, we will attempt to predict the value of a house, given its characteristics using Machine Learning Algorithms. Let's get started!

1.1 Contents

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1.2 Initial Data Analysis

```
In [1]: import pandas as pd
    import os
    import csv

MY_DIR = "C:\\Users\\Adit Krishnan\\Documents\\Third Year\\gta_ml_proj\\Data Gathering

def load_housing_data(my_dir= MY_DIR):
```

Prior to working with the data, I undertook the task of scraping all the data from the MLS listing site, and formatting it to fit into a CSV file, which we can then work with to analyze the data using pandas. The above code simply loads that data into a pandas data frame, which we can then work with to gain more insight from the data.

return pd.read_csv(csv_path,converters={"Price(in CAD)":float})

csv_path = os.path.join(my_dir, "housing_data.csv")

```
Out [2]:
                                                      Address Postal Code
                                                                             Latitude
                       86 Wessenger Dr, Holly, Barrie L4N8N7
        0
                                                                    L4N8N7
                                                                            44.328711
        1
                       86 Wessenger Dr, Holly, Barrie L4N8N7
                                                                    L4N8N7
                                                                            44.328711
        2
                      118 Ferndale Dr, Ardagh, Barrie L4N6Y6
                                                                            44.359932
                                                                    L4N6Y6
              151 Edgehill Dr H10, 400 North, Barrie L4N1L9
        3
                                                                    L4N1L9
                                                                            44.384539
           126 Bell Farm Rd 311, City Centre, Barrie L4M6J3
                                                                    L4M6J3
                                                                            44.410643
           Longitude
                         City Neighbourhood Price(in CAD)
                                                              # of Bathrooms
        0 -79.717816
                      Barrie
                                      Holly
                                                     1880.0
        1 -79.717816
                                                                           2
                      Barrie
                                      Holly
                                                     1880.0
        2 -79.715513
                                                                           0
                                     Ardagh
                                                   149900.0
                      Barrie
                                  400 North
        3 -79.712689
                       Barrie
                                                   234500.0
                                                                           1
        4 -79.676170
                                City Centre
                                                                           1
                      Barrie
                                                   236900.0
           # of Bedrooms
                           Height(in stories)
                                                # of Kitchens
                                                               # of Parking Spaces
        0
                                                                                3.0
                        3
                                           2.0
                                                          1.0
        1
                        3
                                           2.0
                                                          1.0
                                                                                3.0
        2
                        0
                                           NaN
                                                          NaN
                                                                                NaN
        3
                        2
                                                          1.0
                                           NaN
                                                                                NaN
        4
                        1
                                           NaN
                                                          1.0
                                                                                NaN
          Lot-Size(in feet)
                               Total Lot Size(in square ft.) Basement(finished or not)
        0
              14.22 x 35.00
                                                      497.700
                                                                             No Basement
        1
              14.22 x 35.00
                                                      497.700
                                                                             No Basement
        2
             59.35 x 124.06
                                                     7362.961
                                                                             No Basement
        3
                         NaN
                                                                             No Basement
                                                          NaN
        4
                                                                             No Basement
                         NaN
                                                          NaN
                                                    House HTML
           https://barrie.listing.ca/86-wessenger-dr.S452...
          https://barrie.listing.ca/86-wessenger-dr.S452...
          https://barrie.listing.ca/118-ferndale-dr.S450...
        3 https://barrie.listing.ca/151-edgehill-dr-h10...
           https://barrie.listing.ca/126-bell-farm-rd-311...
In [3]: housing.info()
<class 'pandas.core.frame.DataFrame'>
RangeIndex: 16274 entries, 0 to 16273
Data columns (total 16 columns):
Address
                                   16274 non-null object
Postal Code
                                   16268 non-null object
Latitude
                                   16274 non-null float64
Longitude
                                   16274 non-null float64
City
                                   16274 non-null object
Neighbourhood
                                   16274 non-null object
Price(in CAD)
                                   16274 non-null float64
# of Bathrooms
                                   16274 non-null int64
```

```
# of Bedrooms
                                  16274 non-null int64
                                  12184 non-null float64
Height(in stories)
# of Kitchens
                                  16002 non-null float64
# of Parking Spaces
                                  10784 non-null float64
Lot-Size(in feet)
                                  11428 non-null object
Total Lot Size(in square ft.)
                                  11371 non-null float64
Basement(finished or not)
                                  16274 non-null object
House HTML
                                  16274 non-null object
dtypes: float64(7), int64(2), object(7)
memory usage: 2.0+ MB
```

Calling the info() and head() method, we can get a very brief and quick overview of the data. "housing.head()" gives an overview of the top 5 entries in the data and the info method reveals how many of each subcategory is present in the data. Notice that some of the values are missing, which will need to be fixed later on, if we are to use this data for Machine Learning later on.

```
In [4]: housing["# of Parking Spaces"].value_counts()
```

```
Out[4]: 2.0
                4153
        4.0
                3355
        3.0
                1139
        6.0
                 957
        5.0
                 388
        0.0
                 345
        8.0
                 288
        7.0
                  92
        9.0
                  60
                   7
        1.0
        Name: # of Parking Spaces, dtype: int64
```

In [5]: housing.describe()

Out[5]:		Latitude	Longitude	Price(in CAD)	# of Bat	hrooms	\	
	count	16274.000000	16274.000000	1.627	400e+04	16274	.000000		
	mean	43.781712	-79.444649	1.118	783e+06	2	.997911		
	std	0.252923	0.283367	9.761	885e+05	1	454864		
	min	42.878706	-81.332785	1.880	000e+03	0	.000000		
	25%	43.656871	-79.649063	5.999	000e+05	2	.000000		
	50%	43.761077	-79.452046	8.299	000e+05	3	.000000		
	75%	43.880001	-79.354488	1.289	000e+06	4	.000000		
	max	46.329364	-74.727106	2.199	900e+07	9	.000000		
		# of Bedrooms	Height(in st	ories)	# of Kit	chens i	t of Par	rking Spaces	\
	count	16274.000000	· ·	000000	16002.0			10784.000000	`
	mean	3.681639		842580		20972	-	3.367953	
	std	1.527349		550948		39928		1.672920	
	min	0.000000		000000		00000		0.000000	
	25%	3.000000		000000		00000		2.000000	

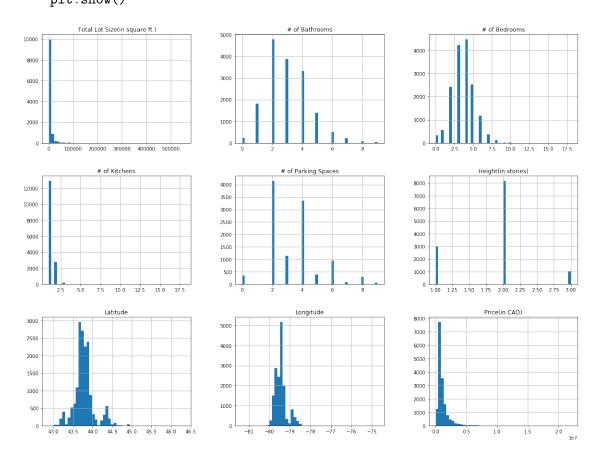
50%	4.000000	2.000000	1.000000	3.000000
75%	5.000000	2.000000	1.000000	4.000000
max	18.000000	3.000000	18.000000	9.000000

Total Lot Size(in square ft.)

count	11371.000000
mean	8191.411673
std	21214.521967
min	1.000000
25%	3201.000000
50%	4944.511800
75%	7381.310000
max	555100.000000

Calling housing.describe() we can gain even more valuable information about the data such as the count, mean, standard deviation, etc.

In [6]: %matplotlib inline
 import matplotlib.pyplot as plt
 housing.hist(bins=50, figsize=(20, 15))
 plt.show()



```
In [7]: from sklearn.model_selection import StratifiedShuffleSplit, train_test_split
        import numpy as np
        housing["value_cat"] = np.ceil(housing["Price(in CAD)"] / 100000)
        housing["value_cat"].where(housing["value_cat"] < 20, 20.0, inplace=True)
        split = StratifiedShuffleSplit(n_splits=1, test_size=0.2, random_state=42)
        for train_index, test_index in split.split(housing, housing["value_cat"]):
            strat_train_set = housing.loc[train_index]
            strat_test_set = housing.loc[test_index]
```

Now, we are taking some of the first steps towards preparing our data to be used for Machine Learning processes. We are creating two seperate sets, a training set and a test set which has been split according to an index I created known as the "value_cat" which is based on the prices of the houses. The StratifiedShuffleSplit() method from sklearn ensures that a proportional amount from each price category is chosen to create the train set and test set so that we can avoid any biases in the data. The exact proportions are seen below. Sci-Kit really does make life a little bit easier.

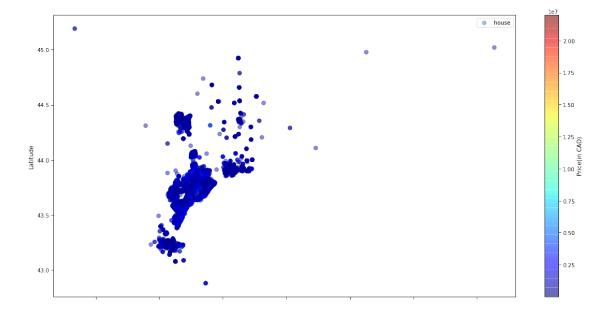
```
In [8]: housing["value_cat"].value_counts() / len(housing)
Out[8]: 7.0
                0.116075
        6.0
                0.113863
        20.0
                0.113617
        8.0
                0.109008
        9.0
                0.092725
        5.0
                0.092233
        10.0
                0.065933
        12.0
                0.045041
        13.0
                0.039327
        4.0
                0.037790
        11.0
                0.037237
        14.0
                0.029372
        15.0
                0.026361
        16.0
                0.021384
        17.0
                0.016960
        18.0
                0.015546
        19.0
                0.011859
        3.0
                0.009156
        1.0
                0.004240
        2.0
                0.002274
        Name: value_cat, dtype: float64
```

1.3 In-Depth Data Analysis

```
In [57]: housing = strat_train_set.copy()
         # housing.sort_values("Price(in CAD)", ascending=True)
         # housing.head()
         housing.plot(kind="scatter", x="Longitude", y="Latitude", alpha=0.45,
```

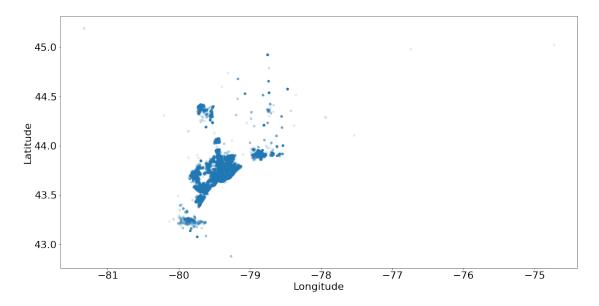
```
s=60, label="house", c="Price(in CAD)", cmap=plt.get_cmap("jet"), colorb
```

```
plt.legend
plt.rcParams['figure.figsize'] = [20, 10]
plt.rcParams.update({'font.size': 22})
plt.savefig('distribution_of_prices.png', bbox_inches='tight')
```



Above, we can see a graph which graphs the distribution of houses in GTA, with as associated color bar on the right which shows their listing price/value. Amazingly, we can kind of see the shape of the shoreline of Lake Ontario on the right side. However, sadly, there is not much insight we can gain from this graph as it just appears to show that most houses are in the \$500,000 - \$750,000 dollar price range. It is not as effective at communicating the distribution of values of houses in different regions as I expected. Thus, we will have to try using different charts to gain a more better understanding.

Out[12]: <matplotlib.axes._subplots.AxesSubplot at 0x25fd4744c88>



Now, altering the alpha parameter in our graph, makes it a lot easier to visualize where there is a high density of houses. Just by looking at the graph, we can see clearly that the Toronto area has a large density, as well as the surrounding Municipalities near it (Mississauga, Brampton, etc.)

In [13]: housing.head()

Out[13]:					Address Po	stal Code	Latitude	\
	10329	36 Lee Cen	tre Dr Th	305, Woburn, To	ronto M1H3K2	M1H3K2	43.780730	
	8007	2	91 Poplar	St, Donevan, C	shawa L1H6P6	L1H6P6	43.897179	
	4119	10 Dunshe	ath Way 20	01, Cornell, Ma	rkham L6B0A2	L6B0A2	43.891956	
	7750	3	55 Ritson	Rd, Central, C	shawa L1H5J4	L1H5J4	43.890936	
	1107	29 Saint E	Sugene St,	Bram West, Bra	mpton L6Y0K8	L6Y0K8	43.873265	
		Longitude	City	Neighbourhood	Price(in CAD)	# of Bath	rooms \	
	10329	-79.246955	Toronto	Woburn	539900.0		3	
	8007	-78.835035	Oshawa	Donevan	549900.0		2	
	4119	-79.276683	${\tt Markham}$	Cornell	485000.0		2	
	7750	-78.849669	Oshawa	Central	349000.0		2	
	1107	-79.722789	${\tt Brampton}$	Bram West	689900.0		3	
		# of Bedro	oms Heigh	nt(in stories)	# of Kitchens	# of Park	ing Spaces	\
	10329		2	2.0	1.0		NaN	
	8007		4	1.0	2.0		4.0	
	4119		2	NaN	1.0		NaN	
	7750		3	1.0	1.0		5.0	

```
Total Lot Size(in square ft.)
               Lot-Size(in feet)
         10329
                                                         5000.0000
         8007
                  50.00 x 100.00
         4119
                              NaN
                                                               NaN
         7750
                  33.00 x 100.00
                                                         3300.0000
                    19.69 x 90.06
         1107
                                                         1773.2814
               Basement(finished or not)
         10329
                              No Basement
         8007
                              No Basement
         4119
                              No Basement
         7750
                              No Basement
         1107
                               Unfinished
                                                         House HTML
                https://toronto.listing.ca/36-lee-centre-dr-th...
         10329
         8007
                https://oshawa.listing.ca/291-poplar-st.E45345...
                https://markham.listing.ca/10-dunsheath-way-20...
         4119
         7750
                https://oshawa.listing.ca/355-ritson-rd.E44501...
         1107
                https://brampton.listing.ca/29-saint-eugene-st...
In [14]: housing["pricing_cat"] = round(housing["Price(in CAD)"], -5)
         housing["pricing_cat"]
Out[14]: 10329
                   500000.0
         8007
                   500000.0
         4119
                   500000.0
         7750
                    300000.0
         1107
                   700000.0
         11337
                   700000.0
         10701
                    600000.0
         12811
                  1000000.0
         7274
                  1100000.0
         14990
                  7500000.0
         9830
                   400000.0
         15346
                   900000.0
         13633
                  1400000.0
         9757
                   400000.0
         387
                    600000.0
         6467
                  2500000.0
         1049
                   700000.0
         4157
                   500000.0
         1507
                   800000.0
         9755
                   400000.0
         14732
                  3300000.0
         11405
                   700000.0
```

4

2.0

1.0

2.0

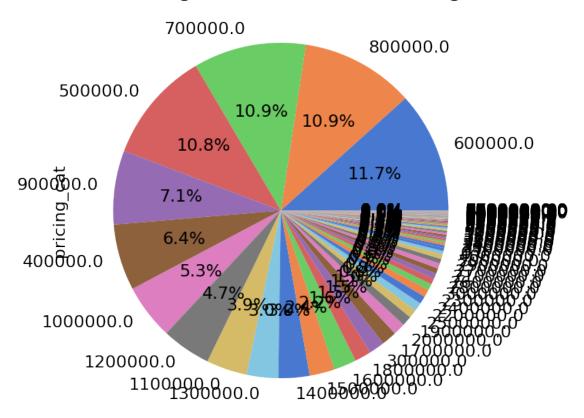
1107

```
5539
          700000.0
3874
          500000.0
10633
          600000.0
10397
          600000.0
3337
          500000.0
4177
          600000.0
4769
         1300000.0
9425
         4300000.0
4627
         1100000.0
3353
           500000.0
386
          600000.0
10377
          500000.0
2952
          700000.0
11270
          700000.0
13967
         1700000.0
5722
          800000.0
13783
         1600000.0
9842
          400000.0
1511
          800000.0
4782
         1300000.0
11768
          800000.0
15736
         1500000.0
11045
          700000.0
6977
         2700000.0
6468
         2500000.0
8431
          500000.0
16204
          800000.0
10841
           600000.0
7707
           200000.0
2080
          500000.0
10395
          500000.0
8822
         1100000.0
8593
          800000.0
13376
         1300000.0
6982
           300000.0
7817
          400000.0
86
          400000.0
948
           600000.0
Name: pricing_cat, Length: 13019, dtype: float64
```

Here, we are adding a price category section to our data, so that we can create a pie chart depicting the breakdown of the houses and their respective prices. We can gain a better understanding of exactly what percent of houses fall into a particular price range in the GTA.

```
c.append(c[i])
ax = housing["pricing_cat"].value_counts().plot(kind='pie', autopct='%1.1f%%', colors
plt.rcParams.update({'font.size': 12})
```

Percentage of Houses for Price Range



Ah, so it is just as we hypothesized earlier from the scatter chart. Not the most visually appealing chart, but it confirms that majority of houses in the GTA are in the 600000 to 1000000 dollar price range*

*The price_cat attribute was created by rounding a particular house value down to the nearest 100000 so for example houses in the 600000 price_cat have a price between 600000 to 700000).

```
In [16]: corr_matrix = housing.corr()
         corr_matrix["Price(in CAD)"].sort_values(ascending=False)
Out[16]: Price(in CAD)
                                            1.000000
         pricing_cat
                                            0.999603
         # of Bathrooms
                                            0.568471
         # of Bedrooms
                                            0.414038
          Total Lot Size(in square ft.)
                                            0.161246
         # of Parking Spaces
                                            0.155015
         # of Kitchens
                                            0.150059
```

```
      Height(in stories)
      0.116038

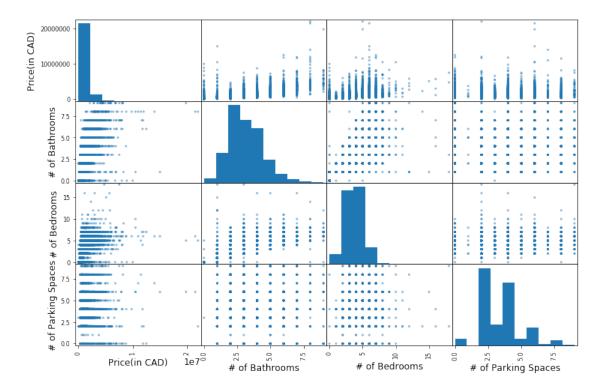
      Longitude
      -0.048366

      Latitude
      -0.095611
```

Name: Price(in CAD), dtype: float64

By calling the corr method, we can measure the correlation between the variables and see which one correlates the strongest with the price. We can ignore the pricing_cat, and the next strongest variable appears to be the # Of Bathrooms upon first glance. However, I have a feeling this does not tell us the complete picture, and some more work has to be done to gain more insights into the data.

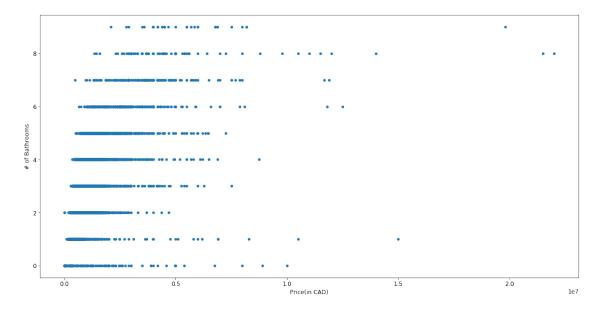
```
In [17]: from pandas.plotting import scatter_matrix
         attributes = ["Price(in CAD)", "# of Bathrooms", "# of Bedrooms",
                      "# of Parking Spaces"]
         scatter_matrix(housing[attributes], figsize=(12, 8))
Out[17]: array([[<matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD608E4E0>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD64E1320>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD650E898>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD8FD7E10>],
                [<matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD90083C8>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD9031940>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD9059EB8>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD90894A8>],
                [<matplotlib.axes. subplots.AxesSubplot object at 0x0000025FD90894E0>,
                 <matplotlib.axes. subplots.AxesSubplot object at 0x0000025FD90D9F60>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD910A518>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD9132A90>],
                [<matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD9166048>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD918B5C0>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD91B2B38>,
                 <matplotlib.axes._subplots.AxesSubplot object at 0x0000025FD91E30F0>]],
               dtype=object)
```



We can also measure correlation visually using the scatter_matrix method. Recall that # of Bathrooms had a strong correlation so we can take a closer look at that.

In [18]: housing.plot(kind="scatter", x="Price(in CAD)", y="# of Bathrooms")

Out[18]: <matplotlib.axes._subplots.AxesSubplot at 0x25fd50a3b00>



We can see now more clearly that the correlation between price and number of bathrooms was not entirely true. Since we are comparing a continous variable with one that has discrete values, these discrepancies can occur. Thus, we see that strictly speaking the characteristics of the house do not have a direct correlation on the value of the house.

The code below is to implement a stacked bar graph later of the data. This is still a work in progress, and I will be adding more charts and data as I continue to work on this project.

```
In [19]: import numpy as np
         import matplotlib.pyplot as plt
         def stacked_bar(data, series_labels, category_labels=None,
                         show_values=False, value_format="{}", y_label=None,
                         grid=True, reverse=False):
             """Plots a stacked bar chart with the data and labels provided.
             Keyword arguments:
             data
                             -- 2-dimensional numpy array or nested list
                                containing data for each series in rows
             series_labels -- list of series labels (these appear in
                                the legend)
             category_labels -- list of category labels (these appear
                                on the x-axis)
                             -- If True then numeric value labels will
             show values
                                be shown on each bar
                             -- Format string for numeric value labels
             value format
                                (default is "{}")
                             -- Label for y-axis (str)
             y_label
             qrid
                             -- If True display grid
             reverse
                             -- If True reverse the order that the
                                series are displayed (left-to-right
                                or right-to-left)
             11 11 11
             ny = len(data[0])
             ind = list(range(ny))
             axes = \prod
             cum_size = np.zeros(ny)
             data = np.array(data)
             if reverse:
                 data = np.flip(data, axis=1)
                 category_labels = reversed(category_labels)
             for i, row_data in enumerate(data):
                 axes.append(plt.bar(ind, row_data, bottom=cum_size,
                                     label=series_labels[i]))
                 cum_size += row_data
```

```
if category_labels:
                 plt.xticks(ind, category_labels)
             if y_label:
                 plt.ylabel(y_label)
             plt.legend()
             if grid:
                 plt.grid()
In [20]: import seaborn as sns
         # import matplotlib.pyplot as plt
         # sns.set_style("darkgrid")
         sns.set_context(context="paper", font_scale=1.2)
         sns.boxplot(x= housing["City"], y= housing["Price(in CAD)"])
Out[20]: <matplotlib.axes._subplots.AxesSubplot at 0x25fd9394860>
```

Much Better. As opposed to our scatterplot from earlier, I find that this boxplot helps convey a lot more information. Something that surprised me about the data is the fact that the median house value for all of the cities appear to be close. I was expecting cities which I perceived to be "richer", to have much higher median values. However, what we can notice is that these richer cities have a lot more outliers, that are in that higher range. Taking a look at Toronto, Markham, Oakville, Vaughan, and Richmond-Hill, we can see that they have a lot more outliers in that higher price range. Overall, we can gather from the data that all cities in the GTA have a very similar median house value, however, some have a lot more outliers in those higher price ranges than others, namely, the ones we hear as being "rich" neighbourhoods.

However, I still had some questions. Given that a house has all other characteristics equal, would a house be valued more just because it is in another city? This is what I wanted to continue exploring. We can get a quick idea about this calling the median method after grouping by city.

In [21]: housing.groupby("City").median()

Out [21]:		Latitude	Longitude	Price(in CAI)) # (of Bathroom	ns \
	ity arrie	<i>//</i> / 2716/6	-79.690698	544500	0		3
			-79.759528	749900			3
	1		-78.688948	643950			3
	O		-79.844465	649900			3
			-79.548443	674500			3
			-78.743576	534900			2
			-79.309689	1058000			3
			-79.647491	889000			3
	~		-79.463252	819800			3
			-79.705929	1199000			3
			-78.859823	561400			3
			-79.439064	1233500.0			4
			-79.397138	849950			2
			-79.509967	1150000			4
	•		-78.947341	700000			3
		101001200	, 0 , 0 , 1 , 0 , 1 ,	, 00000			
		# of Bedro	ooms Height	(in stories)	# of	Kitchens	\
Ci	ity						
Ва	arrie		4	2.0		1.0	
Br	rampton		4	2.0		1.0	
Cl	larington		4	2.0		1.0	
На	amilton		4	2.0		1.0	
In	nnisfil		3	2.0		1.0	
Ka	awartha-lakes		3	1.0		1.0	
Ma	arkham		4	2.0		1.0	
Mi	ississauga		4	2.0		1.0	
Ne	ewmarket		4	2.0		1.0	
0a	akville		4	2.0		1.0	
0s	shawa		4	2.0		1.0	
Ri	ichmond-hill		4	2.0		1.0	
To	oronto		3	2.0		1.0	
Va	aughan		4	2.0		1.0	
Wh	nitby		4	2.0		1.0	
		# of Parki	ing Spaces	Total Lot Si	ize(in	square ft.	.) \
Ci	ity		J .		•	•	,
	arrie		3.0			5390.4634	10
Br	rampton		3.0			3635.6119) 5
	larington		2.0			4913.6352	
	amilton		3.0			4490.4089	9 0

Innisfil	4.0	8000.00000
Kawartha-lakes	4.0	15260.00000
Markham	3.0	4689.79480
Mississauga	4.0	5722.36210
Newmarket	4.0	5122.17200
Oakville	3.0	6017.73240
Oshawa	3.0	4596.64490
Richmond-hill	4.0	5246.00000
Toronto	3.0	5040.00000
Vaughan	3.0	4311.51050
Whitby	3.0	4650.44320

	<pre>pricing_cat</pre>
City	
Barrie	500000.0
Brampton	700000.0
Clarington	600000.0
Hamilton	600000.0
Innisfil	700000.0
Kawartha-lakes	500000.0
Markham	1100000.0
Mississauga	900000.0
Newmarket	800000.0
Oakville	1200000.0
Oshawa	600000.0
Richmond-hill	1200000.0
Toronto	800000.0
Vaughan	1200000.0
Whitby	700000.0

So, looking at the table we can notice a number of things. Firstly, the median house values are not as close as what the boxplot is showing. Looking at this table, the differences in median house values are a bit more drastic. Looking at the actual values, the differences in house value are much more evident.

We can see that the median house values are much higher in cities like Richmond-Hill, Oakville, Vaughan, Markham, etc. Also, to answer my question from before, location does appear to be a big factor. For example, the chart shows that that a 3 bathroom and 4 bedroom house in Markham has a median house value that is much less than a house with similar characteristics in Mississauga. In fact, the houses in Mississauga have a cheaper median value, with a larger lot size in comparison with Markham!

I also found it interesting that increase in price, does not necessarily correlate with a larger lot size or even more bedrooms and bathrooms. More rural cities like Innisfil offer larger lot sizes at much cheaper prices.

Barrie	44.372442 -79.682594	5.742365e+05	2.695364	
Brampton	43.712783 -79.759831	8.539067e+05	3.423280	
Clarington	43.932429 -78.697343	7.697274e+05	2.751337	
Hamilton	43.235404 -79.842744	7.631298e+05	2.737303	
Innisfil	44.295131 -79.561133	8.351651e+05	2.664160	
Kawartha-lakes	44.478672 -78.737235	6.340200e+05	2.063333	
Markham	43.855916 -79.317897	1.300390e+06	3.482366	
Mississauga	43.578047 -79.656588	1.171381e+06	3.186574	
Newmarket	44.047826 -79.461744	9.658156e+05	3.376900	
Oakville	43.447086 -79.707264	1.411635e+06	3.443674	
Oshawa	43.911307 -78.863734	5.963383e+05	2.739544	
Richmond-hill	43.890603 -79.440855	1.443279e+06	3.611617	
Toronto	43.715874 -79.392024	1.256467e+06	2.599777	
Vaughan	43.827583 -79.526486	1.450969e+06	3.785803	
Whitby	43.915900 -78.945864	8.017837e+05	3.264368	
	# of Bedrooms Height	(in stories) # o	f Kitchens \	
City				
Barrie	3.644592	1.708333	1.156250	
Brampton	4.203704	1.961612	1.325333	
Clarington	3.462567	1.670588	1.101124	
Hamilton	3.770578	1.702857	1.275676	
Innisfil	3.350877	1.572727	1.094488	
Kawartha-lakes	3.193333	1.294776	1.115108	
Markham	3.980660	2.017192	1.167048	
Mississauga	3.800349	1.881533	1.195013	
Newmarket	4.009119	1.892405	1.226300	
Oakville	3.788562	1.920668	1.071678	
Oshawa	3.669202	1.650307	1.225869	
Richmond-hill	4.116173	1.912088	1.245370	
Toronto	3.332737	1.835043	1.250284	
Vaughan	3.971357	2.075038	1.255051	
Whitby	3.885057	1.850299	1.143678	
	# of Parking Spaces	Total Lot Size(i	n square ft.) \	١
City				
Barrie	3.216667		5664.483476	
Brampton	3.227766		5363.239002	
Clarington	2.738462		15946.609865	
Hamilton	3.325527	11625.35353		
Innisfil	3.655488	20348.946000		
Kawartha-lakes	3.886792	33074.960638		
Markham	3.373134		7288.144178	
Mississauga	3.502525		7995.136732	
Newmarket	3.648936		6703.146041	
Oakville	3.436620		7096.662804	
Oshawa	3.308725		5560.393303	
Richmond-hill	3.616162		7230.602442	

```
Toronto
                                     3.298597
                                                                   5998.385294
         Vaughan
                                     3.307820
                                                                   7384.937719
         Whitby
                                     3.319444
                                                                   7344.905052
                          pricing_cat
         City
         Barrie
                         5.671082e+05
         Brampton
                         8.481481e+05
         Clarington
                         7.620321e+05
         Hamilton
                         7.579685e+05
         Innisfil
                         8.298246e+05
         Kawartha-lakes 6.266667e+05
         Markham
                         1.298862e+06
         Mississauga
                         1.168091e+06
         Newmarket
                         9.623100e+05
         Oakville
                         1.407106e+06
         Oshawa
                         5.922053e+05
         Richmond-hill
                         1.443052e+06
         Toronto
                         1.253587e+06
         Vaughan
                         1.449066e+06
         Whitby
                         7.936782e+05
In [23]: housing = strat_train_set.drop("Price(in CAD)", axis=1)
         housing_labels = strat_train_set["Price(in CAD)"].copy()
```

1.4 Machine Learning/Modelling Stage

Moving onto prepping the data to make it suitable to apply Machine Learning algorithms. Recall that our data had a lot of values missing from it initially. To aid in this, we can use the imputer method, which fills in for these missing values using the median.

```
Out[27]: array([ 4.3761637e+01, -7.9450643e+01, 3.0000000e+00, 4.0000000e+00,
                2.0000000e+00, 1.0000000e+00, 3.0000000e+00, 4.9621000e+03])
In [28]: X = imputer.transform(housing_num)
        print(X)
[[ 4.37807300e+01 -7.92469550e+01 3.00000000e+00 ... 1.00000000e+00
   3.00000000e+00 4.96210000e+03]
 [ 4.38971790e+01 -7.88350350e+01 2.00000000e+00 ... 2.00000000e+00
  4.00000000e+00 5.00000000e+03]
 [ 4.38919560e+01 -7.92766830e+01 2.00000000e+00 ... 1.00000000e+00
   3.00000000e+00 4.96210000e+03]
 [ 4.38578245e+01 -7.88497430e+01 2.00000000e+00 ... 1.00000000e+00
  3.00000000e+00 3.03160000e+03]
 [ 4.43940230e+01 -7.97239240e+01 2.00000000e+00 ... 1.00000000e+00
  4.00000000e+00 4.40083380e+03]
 [ 4.36485400e+01 -7.97500900e+01 3.00000000e+00 ... 1.00000000e+00
   2.00000000e+00 2.45629450e+03]]
In [29]: import pandas as pd
        housing_tr = pd.DataFrame(X, columns=housing_num.columns)
In [30]: from sklearn.preprocessing import LabelEncoder
         encoder = LabelEncoder()
        housing_cat = housing["Basement(finished or not)"]
        housing_cat_2 = housing["City"]
        housing_cat_encoded = encoder.fit_transform(housing_cat)
        housing_cat_encoded_2 = encoder.fit_transform(housing_cat_2)
        housing_cat_encoded
Out[30]: array([1, 1, 1, ..., 0, 1, 0])
```

Now, one final step before applying the Machine Learning algorithms is encoding the values. We are using something known as "One Hot Encoding" which transforms non-categorical data into numerical values (either one or zero). This can be easily fed into the algorithm for us to be able to utilize various algorithms. This is not a requirement for all Machine Learning Algorithms, however, it just makes the task a lot easier as we just have to do it once, and apply it to all our ML algorithms afterwards

C:\Users\Adit Krishnan\Anaconda3\lib\site-packages\sklearn\preprocessing_encoders.py:371: Fut: If you want the future behaviour and silence this warning, you can specify "categories='auto'"

In case you used a LabelEncoder before this OneHotEncoder to convert the categories to integer warnings.warn(msg, FutureWarning)

C:\Users\Adit Krishnan\Anaconda3\lib\site-packages\sklearn\preprocessing_encoders.py:371: Fut: If you want the future behaviour and silence this warning, you can specify "categories='auto'" In case you used a LabelEncoder before this OneHotEncoder to convert the categories to integer; warnings.warn(msg, FutureWarning)

```
Out[31]: array([[0., 0., 0., ..., 1., 0., 0.],
                [0., 0., 0., ..., 0., 0., 0.]
                [0., 0., 0., ..., 0., 0., 0.]
                [0., 0., 0., ..., 0., 0., 0.],
                [1., 0., 0., ..., 0., 0., 0.]
                [0., 1., 0., ..., 0., 0., 0.]
In [32]: from sklearn.preprocessing import LabelBinarizer
         encoder = LabelBinarizer()
         housing_cat_1hot = encoder.fit_transform(housing_cat)
In [33]: from sklearn.pipeline import FeatureUnion, Pipeline
         from sklearn.preprocessing import StandardScaler
         from sklearn.base import BaseEstimator, TransformerMixin
         from sklearn.preprocessing import LabelBinarizer
         from sklearn.impute import SimpleImputer
         from sklearn.base import TransformerMixin
         class MyLabelBinarizer(TransformerMixin):
             def __init__(self, *args, **kwargs):
                 self.encoder = LabelBinarizer(*args, **kwargs)
             def fit(self, x, y=0):
                 self.encoder.fit(x)
                 return self
             def transform(self, x, y=0):
                 return self.encoder.transform(x)
         class DataFrameSelector(BaseEstimator, TransformerMixin):
             def __init__(self, attribute_names):
                 self.attribute_names = attribute_names
             def fit(self, X, y=None):
                 return self
             def transform(self, X):
                 return X[self.attribute_names].values
         num_attribs = list(housing_num)
         cat_attribs = ["Basement(finished or not)"]
         num_pipeline = Pipeline([
```

```
('selector', DataFrameSelector(num_attribs)),
    ('imputer', SimpleImputer(strategy="median")),
    ('std_scaler', StandardScaler()),
])

cat_pipeline = Pipeline([
    ('selector', DataFrameSelector(cat_attribs)),
        ('label_binarizer', MyLabelBinarizer()),
])

full_pipeline = FeatureUnion(transformer_list=[
    ("num_pipeline", num_pipeline),
    ("cat_pipeline", cat_pipeline),
])
```

Just to summarize everything we have done with the dataset thus far, and so that it does not have to be repeated everytime we create a new subset of the housing data, I have utilized sklearn's pipeline method so that we can just call the full_pipeline method to quickly and reliably transform our data whenever it is needed.

Our data is finally ready to be used for Machine Learning. One of the most common and basic algorithms is Linear Regression. I am just going to test this model to see that everything is working probably thus far.

Nice! Atleast everything is working properly. However, as is immediately evident, the regression is working quite poorly, as the predictions it is making is way off. Let's measure the mean squared error to see exactly how bad it is performing.

With a mean squared error of nearly \$754,862 (indicates that this is the margin of error), this is clearly not the most effective Machine Learning Algorithm. Our best course of action is to move on, and attempt to find a more effective ML algorithm.

Another method we can try is a Decision Tree Regressor, which is a much more advanced algorithm than Linear Regression and will most probably yield much better results.

What! It appears our algorithm is working perfectly! NO, not true. What we are seeing here is an example of something known as "overfitting", as the algorithm is modelling the training set too well and is picking up on the noise. This situation is not ideal, as it indicates that the algorithm fits the training set data too well and thus, does not generalize well to other datasets. We can see this by computing the mean squared error, which I have below.

While it is not perfect, we can definitely see that we are improving and on the right track.

Now, we are using a more powerful Machine Learning model known as a Decision Tree Regressor and we can see that the mean squared error has reduced much more drastically, so we are on the right track to picking the most effective model. Let's now working on fine tuning this model.

Above, you can see a visualization of how the decision_tree makes decisions (the above image might be a bit hard to see, so I have also uploaded a png of the this same image in the same repository). Without getting too much into the fine details, the decision tree essentially tries to

split the training set in such a way that the MSE (Mean Squared Error) is minimized. The value that is predicted at each node is the average of the number of training samples of that particular node. I have not printed the entire tree here as it is quite extensive and my computer simply cannot handle it! However, this process is continued recursively until the algorithm decides that it cannot split any more, in which case that value is returned. This is a gross oversimplification and in reality a lot more goes into how the splits are decided (the CART algorithm, etc.), however, this graphic provides us with a good base level idea of how exactly it works.

Recall, that we had an issue with our decision tree overfitting the data really badly. This is quite a common issue with decision tree regressors, however, we can fix this by tuning and altering the hyperparameters of the model as we are going to do below.

Above, I have also created a function which will allow us to get a complete picture regarding the accuracy of our algorithms. It will come in handy as we move onto evaluating the effectiveness of our various algorithms.

```
max_leaf_nodes=None, min_impurity_decrease=0.0,
                    min_impurity_split=None, min_samples_leaf=1,
                    min_samples_split=2, min_weight_fraction_leaf=0.0,
                    presort=False, random_state=None, splitter='best'),
                   fit_params=None, iid=False, n_iter=10, n_jobs=None,
                   param_distributions={'max_depth': <scipy.stats._distn_infrastructure.rv_from</pre>
                   pre_dispatch='2*n_jobs', random_state=None, refit=True,
                   return_train_score='warn', scoring=None, verbose=0)
In [55]: grid_search.best_estimator_
Out[55]: DecisionTreeRegressor(criterion='mse', max_depth=80, max_features=4,
                    max_leaf_nodes=None, min_impurity_decrease=0.0,
                    min_impurity_split=None, min_samples_leaf=6,
                    min_samples_split=117, min_weight_fraction_leaf=0.0,
                    presort=False, random_state=None, splitter='best')
In [56]: from sklearn.tree import DecisionTreeRegressor
         tree_reg = grid_search.best_estimator_
         tree_reg.fit(housing_prepared, housing_labels)
         some_data = housing.iloc[:5]
         some_labels = housing_labels.iloc[:5]
         some_data_prepared = full_pipeline.transform(some_data)
         print("Predictions:\t", tree_reg.predict(some_data_prepared))
         print("Labels:\t\t", list(some_labels))
Predictions:
                     [1439646.56989247 674171.84090909 559666.33636364 638928.60526316
  975876.13761468]
                        [539900.0, 549900.0, 485000.0, 349000.0, 689900.0]
Labels:
In [46]: import numpy as np
         housing_predictions = tree_reg.predict(housing_prepared)
         tree_mse = mean_squared_error(housing_labels, housing_predictions)
         tree_rmse = np.sqrt(tree_mse)
         tree_rmse
Out [46]: 575153.55120528
```

So we can see that by tuning the hyper-parameters, we were able to improve its score slightly. Playing around with the values more, we can probably reduce this mean squared error further. However, I feel that a different algorithm could work more effectively. Since we saw that the decision tree is overfitting our data, another algorithm we can use is the Random Forest Regressor. The best way to think of how a Random Forest Regressor works, is like a collection of decision tree regressors. The random forest regressor trains on a collection of decision forest regressors, each on a different random subset of the data. Then, to obtain the prediction, looks at the collection and picks the best one. This is obviously an oversimplification, but gives the gist of how it works.

1.5 Random Forest Regressor

Below is my implementation of the Random Forest Regressor, on the data. The steps to implementing it to our dataset is nearly identical to Decision Trees (fitting, tuning, etc.)

```
In [48]: from sklearn.ensemble import RandomForestRegressor
         import warnings
         with warnings.catch_warnings():
             # ignore all caught warnings
             warnings.filterwarnings("ignore")
             # execute code that will generate warnings
         forest_reg = RandomForestRegressor()
         forest_reg.fit(housing_prepared, housing_labels)
         forest_scores = cross_val_score(forest_reg, housing_prepared, housing_labels, scoring
         forest_rmse_scores = np.sqrt(-forest_scores)
         display_scores(forest_rmse_scores)
C:\Users\Adit Krishnan\Anaconda3\lib\site-packages\sklearn\ensemble\forest.py:246: FutureWarni:
  "10 in version 0.20 to 100 in 0.22.", FutureWarning)
         [606316.68492938 483272.13720027 496643.91825585 532327.9909786
Scores:
 479926.38911157 503155.72629196 627416.93428443 470838.45888409
 659503.93011619 475411.18723718]
Mean: 533481.3357289518
Standard deviation: 67062.59409870602
In [49]: from sklearn.model_selection import GridSearchCV
         param_grid = [
             {'n_estimators': [3, 10, 30], 'max_features': [2, 4, 6, 8]},
             {'bootstrap': [False], 'n_estimators': [3, 10], 'max_features': [2, 3, 4]},
         1
```

```
forest_reg = RandomForestRegressor()
         grid_search = GridSearchCV(forest_reg, param_grid, cv=5,
         scoring='neg_mean_squared_error')
         grid_search.fit(housing_prepared, housing_labels)
Out[49]: GridSearchCV(cv=5, error_score='raise-deprecating',
                estimator=RandomForestRegressor(bootstrap=True, criterion='mse', max_depth=Non-
                    max_features='auto', max_leaf_nodes=None,
                    min_impurity_decrease=0.0, min_impurity_split=None,
                    min_samples_leaf=1, min_samples_split=2,
                    min_weight_fraction_leaf=0.0, n_estimators='warn', n_jobs=None,
                    oob_score=False, random_state=None, verbose=0, warm_start=False),
                fit_params=None, iid='warn', n_jobs=None,
                param_grid=[{'n_estimators': [3, 10, 30], 'max_features': [2, 4, 6, 8]}, {'boo'
                pre_dispatch='2*n_jobs', refit=True, return_train_score='warn',
                scoring='neg_mean_squared_error', verbose=0)
In [50]: grid_search.best_estimator_
Out[50]: RandomForestRegressor(bootstrap=True, criterion='mse', max_depth=None,
                    max_features=6, max_leaf_nodes=None, min_impurity_decrease=0.0,
                    min_impurity_split=None, min_samples_leaf=1,
                    min_samples_split=2, min_weight_fraction_leaf=0.0,
                    n_estimators=30, n_jobs=None, oob_score=False,
                    random_state=None, verbose=0, warm_start=False)
In [51]: cvres = grid_search.cv_results_
         for mean_score, params in zip(cvres["mean_test_score"], cvres["params"]):
             print(np.sqrt(-mean_score), params)
654896.993849965 {'max_features': 2, 'n_estimators': 3}
560003.658071006 {'max_features': 2, 'n_estimators': 10}
555666.2297866158 {'max_features': 2, 'n_estimators': 30}
603581.32945781 {'max_features': 4, 'n_estimators': 3}
542203.3442475422 {'max_features': 4, 'n_estimators': 10}
530831.9895079421 {'max_features': 4, 'n_estimators': 30}
598377.2779299777 {'max_features': 6, 'n_estimators': 3}
544215.8819611517 {'max_features': 6, 'n_estimators': 10}
508440.150062489 {'max_features': 6, 'n_estimators': 30}
580314.7250231031 {'max_features': 8, 'n_estimators': 3}
555143.1945704219 {'max_features': 8, 'n_estimators': 10}
509720.4070046275 {'max_features': 8, 'n_estimators': 30}
636541.7602351859 {'bootstrap': False, 'max_features': 2, 'n_estimators': 3}
561642.2984183421 {'bootstrap': False, 'max_features': 2, 'n_estimators': 10}
614978.5758393216 {'bootstrap': False, 'max_features': 3, 'n_estimators': 3}
556090.0606458805 {'bootstrap': False, 'max_features': 3, 'n_estimators': 10}
```

```
600084.0839064181 {'bootstrap': False, 'max_features': 4, 'n_estimators': 3} 536357.4548413595 {'bootstrap': False, 'max_features': 4, 'n_estimators': 10}
```

Here I was actually displayed some of the parameter values that the graph was testing. We can see that by calling best_estimator_, we are able to get the best result immedieately.

Overall, we can see that the Random Forest Regressor was able to provide us with the best model for our data-set, by minimizing the mean squared error by the most. However, I am far from done with this project. I will continue to tune my hyper-parameters, as realistically, having MSE of over 500,000 is not good at all. Stay tuned for more updates!