# HousePricing

February 8, 2021

# 1 Housing Prices: Can you predict the home sales prices in Melbourne?

# 1.0.1 Initialize

```
[1]: import math
  import numpy as np
  import pandas as pd
  import seaborn as sns
  import matplotlib.pyplot as plt
```

#### 1.0.2 Load Data

```
[2]: dfMlb = pd.read_csv('house_prices.csv')
dfMlb.head()
```

[2]:		Suburb		A	ddress	Ro	oms 7	Гуре	Pri	ce Method	Sell	erG	Da	ite	\
	0	Abbotsford	. 85	Tur	ner St		2	h	148000	00 S	Big	gin	03/12/	16	
	1	Abbotsford	25 Blo	omb	urg St		2	h	103500	00 S	Big	gin	04/02/	16	
	2	Abbotsford	. 5 C	har	les St		3	h	146500	00 SP	Big	gin	04/03/	17	
	3	Abbotsford	40 Fede	rat	ion La		3	h	85000	00 PI	Big	gin	04/03/	17	
	4	Abbotsford	. 55	a P	ark St		4	h	160000	00 VB	Nel	son	04/06/	16	
		Distance	Postcode		Bathro	om	Car	Land	lsize	Building	Area	Yea	rBuilt	\	
	0	2.5	3067			1	1.0		202		NaN		NaN		
	1	2.5	3067			1	0.0		156		79.0		1900.0		
	2	2.5	3067			2	0.0		134	1	50.0		1900.0		
	3	2.5	3067			2	1.0		94		NaN		NaN		
	4	2.5	3067			1	2.0		120	1	42.0		2014.0		
		CouncilAre	a Lattitu	Lattitude Longti		tud	.e	Regi			onname Propertycount				
	0	Yarr	a -37.79	96	144.	998	4 No	orther	n Met	ropolitan			4019		
	1	Yarr	a -37.80	79	144.	993	4 No	orther	n Met	ropolitan			4019		
	2	Yarr	a -37.80	93	144.	994	4 No	orther	n Met	ropolitan			4019		
	3	Yarr	a -37.79	69	144.	996	9 No	orther	n Met	ropolitan			4019		
	4	Yarr	a -37.80	72	144.	994	1 No	orther	n Met	ropolitan			4019		

```
[3]: dfMlb.columns # Display all columns
[3]: Index(['Suburb', 'Address', 'Rooms', 'Type', 'Price', 'Method', 'SellerG',
            'Date', 'Distance', 'Postcode', 'Bedroom2', 'Bathroom', 'Car',
            'Landsize', 'BuildingArea', 'YearBuilt', 'CouncilArea', 'Lattitude',
            'Longtitude', 'Regionname', 'Propertycount'],
           dtype='object')
    1.0.3 Clean Data
[4]: # Fill empty cells with the median from that column
     median_year_built = math.floor(dfMlb.YearBuilt.median())
     dfMlb.YearBuilt = dfMlb.YearBuilt.fillna(median_year_built)
[5]: median car = math.floor(dfMlb.Car.median())
     dfMlb.Car = dfMlb.Car.fillna(median_car)
[6]: median_building_area = math.floor(dfMlb.BuildingArea.median())
     dfMlb.BuildingArea = dfMlb.BuildingArea.fillna(median_building_area)
[7]: # Drop remaining rows with empty cells
     for column in dfMlb.columns:
         dfMlb = dfMlb[dfMlb[str(column)].notna()]
     # Remove data where values are 0
     dfMlb = dfMlb[dfMlb.Landsize != 0]
     dfMlb = dfMlb[dfMlb.Price != 0]
     # Get average price to calculate MAE in a future
     avg_price = math.floor(dfMlb.Price.mean())
[8]: # Drop unique, redudant and useless columns
     dfMlb = dfMlb.drop(columns=['Address', 'Date', 'Lattitude', 'Longtitude'])
     # Rename misspelled columns inplace
     dfMlb.rename(columns={'SellerG': 'Seller', 'Bedroom2': 'Bedroom', 'Regionname':
      → 'RegionName', 'Propertycount': 'PropertyCount'}, inplace=True)
[9]: dfMlb.describe(include='all')
[9]:
                Suburb
                               Rooms
                                                     Price Method Seller
                                        Type
     count
                 10272
                       10272.000000
                                       10272
                                             1.027200e+04 10272
                                                                     10272
                                                                       237
     unique
                   305
                                 NaN
                                           3
                                                       {\tt NaN}
                                                                5
                                                                S Nelson
     top
             Reservoir
                                 NaN
                                           h
                                                       {\tt NaN}
     freq
                   301
                                        8033
                                                       {\tt NaN}
                                                             7017
                                                                      1239
                                 NaN
                                         NaN 1.142861e+06
    mean
                   NaN
                            3.068536
                                                              {\tt NaN}
                                                                       NaN
     std
                   NaN
                            0.899147
                                         NaN 6.493972e+05
                                                              NaN
                                                                       NaN
     min
                   NaN
                            1.000000
                                         NaN 1.310000e+05
                                                              NaN
                                                                       NaN
```

25% 50% 75% max	NaN NaN NaN NaN	3.000000 3.000000 4.000000 10.000000	NaN NaN NaN NaN	7.100000e 9.675000e 1.400000e 9.000000e	+05 NaN +06 NaN	NaN NaN NaN NaN	
count unique top freq mean std min 25% 50%	Distance 10272.000000  NaN  NaN  NaN  10.402434  5.578720  0.000000  6.700000  9.850000  13.000000	Postcode 10272.000000 Nai Nai 3102.09297 91.12732 3000.000000 3044.000000 3081.000000 3146.000000	) 102 1 1 1 1 1 1 1 1 1	Bedroom 172.000000 NaN NaN 3.038162 0.916483 0.000000 2.000000 3.000000 4.000000	Bathroom 10272.000000 NaN NaN 1.570678 0.707189 0.000000 1.000000 1.000000	10272.000000 NaM NaM 1.659073 0.985341 0.000000 1.0000000	) [ [ ] ] ]
75% max	47.400000	3977.00000		20.000000	8.000000		
count unique top freq mean std min 25% 50% 75% max	Landsize 10272.000000 NaN NaN NaN 647.930199 4548.807775 1.000000 258.000000 516.000000 670.0000000 433014.000000		00 10 10 10 10 10 10 10 10 10 10 10 10 1	YearBuilt 272.000000 NaN NaN 965.026967 30.162665 196.000000 960.000000 970.000000	CouncilArea 10272 33 Moreland 1030 NaN NaN NaN NaN NaN NaN NaN NaN NaN		
count unique top freq mean std min 25% 50% 75% max	Reg	10272 10 8 opolitan 3303 NaN NaN NaN NaN NaN	7304.3 1392.9 249.0 1019.0 5482.0	Count 000000 NaN NaN NaN 001889 000000 000000 000000			

[10]: # Check if we have succesfully removed all null vars dfMlb.isnull().sum()

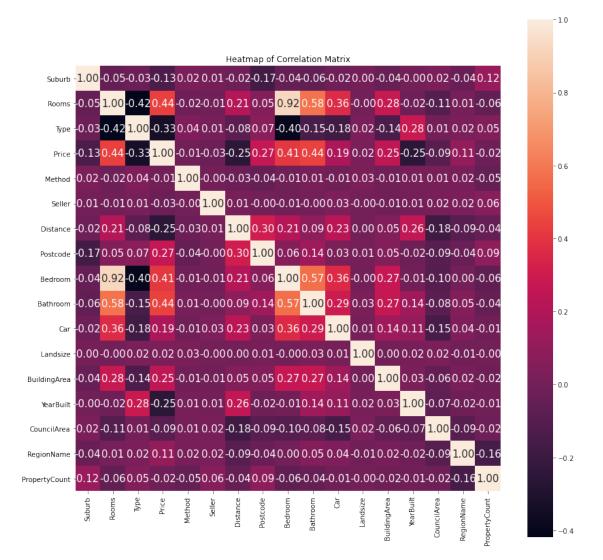
```
[10]: Suburb
                       0
     Rooms
                       0
      Туре
                       0
     Price
                       0
     Method
                       0
      Seller
                       0
      Distance
                       0
     Postcode
                       0
      Bedroom
                       0
      Bathroom
                       0
      Car
                       0
      Landsize
                       0
      BuildingArea
                       0
      YearBuilt
                       0
      CouncilArea
                       0
      RegionName
      PropertyCount
      dtype: int64
[11]: # Transform numerical values that are categorical to object type
      dfMlb['YearBuilt'] = dfMlb['YearBuilt'].astype('object',copy=False)
      dfMlb['Postcode'] = dfMlb['Postcode'].astype('object',copy=False)
      # Encode categorical variables (to numerical)
      from sklearn import model_selection, preprocessing
      for col in dfMlb.columns:
          if dfMlb[col].dtype == 'object':
              lbl = preprocessing.LabelEncoder()
              lbl.fit(list(dfMlb[col].values))
              dfMlb[col] = lbl.transform(list(dfMlb[col].values))
[12]: dfMlb.dtypes
[12]: Suburb
                         int64
                         int64
      Rooms
      Type
                         int64
      Price
                         int64
      Method
                         int64
      Seller
                         int64
                       float64
      Distance
      Postcode
                         int64
      Bedroom
                         int64
                         int64
      Bathroom
      Car
                       float64
                         int64
      Landsize
      BuildingArea
                       float64
      YearBuilt
                         int64
      CouncilArea
                         int64
```

RegionName int64 PropertyCount int64

dtype: object

# 1.0.4 Feature Engineering

[13]: Text(0.5, 1.0, 'Heatmap of Correlation Matrix')



#### 1.0.5 Select Data

```
[14]: # Select a Prediction Target
y = dfMlb.loc[:,['Price']]

[15]: y.head()
```

```
[15]: Price
0 1480000
1 1035000
2 1465000
3 850000
4 1600000
```

# [17]: x.describe()

[17]:		Suburb	Rooms	Туре	Method	Seller	\
	count	10272.000000	10272.000000	10272.000000	10272.000000	10272.000000	
	mean	149.215343	3.068536	0.347741	1.362344	115.884930	
	std	88.614796	0.899147	0.697428	1.077439	69.122205	
	min	0.000000	1.000000	0.000000	0.000000	0.000000	
	25%	61.000000	3.000000	0.000000	1.000000	63.000000	
	50%	150.000000	3.000000	0.000000	1.000000	121.000000	
	75%	227.000000	4.000000	0.000000	1.000000	173.000000	
	max	304.000000	10.000000	2.000000	4.000000	236.000000	
		Distance	Postcode	${\tt Bathroom}$	Car	Landsize	\
	count	10272.000000	10272.000000	10272.000000	10272.000000	10272.000000	
	mean	10.402434	72.466803	1.570678	1.659073	647.930199	
	std	5.578720	47.399684	0.707189	0.985341	4548.807775	
	min	0.000000	0.000000	0.000000	0.000000	1.000000	
	25%	6.700000	33.000000	1.000000	1.000000	258.000000	
	50%	9.850000	63.000000	1.000000	2.000000	516.000000	
	75%	13.000000	109.000000	2.000000	2.000000	670.000000	
	max	47.400000	192.000000	8.000000	10.000000	433014.000000	
		BuildingArea	YearBuilt	CouncilArea	RegionName	PropertyCount	
	count	10272.000000	10272.000000	10272.000000	10272.000000	10272.000000	
	mean	141.715375	89.670463	14.209502	3.743477	7304.301889	
	std	101.695480	27.966337	9.796792	2.062906	4392.989470	
	min	0.000000	0.000000	0.000000	0.000000	249.000000	
	25%	126.000000	84.000000	6.000000	2.000000	4019.000000	
	50%	126.000000	94.000000	15.000000	5.000000	6482.000000	
	75%	137.000000	94.000000	23.000000	5.000000	9704.000000	
	max	6791.000000	142.000000	32.000000	7.000000	21650.000000	

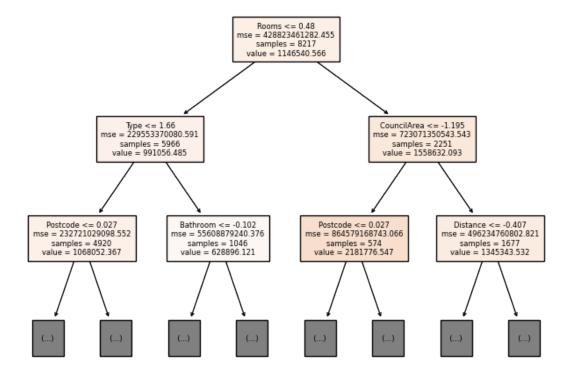
#### 1.0.6 Build Model

- 1. Define
- 2. Fit
- 3. Predict
- 4. Evaluate

# [18]: # Define

from sklearn.tree import DecisionTreeRegressor

```
modelDtrMlb = DecisionTreeRegressor()
[19]: from sklearn.model_selection import train_test_split
      x_train, x_test, y_train, y_test = train_test_split(x, y, test_size = 0.2,__
       →random_state=1)
[20]: # Feature Scaling (Normalize IV)
      from sklearn.preprocessing import StandardScaler
      sc = StandardScaler()
      x_train = sc.fit_transform(x_train)
      x_test = sc.transform(x_test)
[21]: # Build decision tree model
      from sklearn.metrics import mean_absolute_error
      # define
      mdlDtrMlbSpl = DecisionTreeRegressor(random_state=1)
      # fit
      mdlDtrMlbSpl.fit(x_train, y_train)
      # predict
      y_test_pred = mdlDtrMlbSpl.predict(x_test)
      # evaluate
      mae = mean_absolute_error(y_test, y_test_pred)
      print('MAE (after train-test-split): ', round(mae,2))
      print("Current mae is ", round(mae/avg_price*100,2), "%")
     MAE (after train-test-split): 251205.52
     Current mae is 21.98 %
[22]: from sklearn.tree import plot_tree
      import matplotlib.pyplot as plt
      plt.figure(figsize=(8, 6), dpi=100)
      plot_tree(mdlDtrMlbSpl, max_depth=2, feature_names=x.columns, fontsize=6,__
      →filled=True)
      plt.show()
```



#### 1.0.7 Improve Decision Tree model

```
[23]: # We will try to get our MAE down to 15%
      # Function to tweak max_leaf_nodes parameter
      def get_mae_lfndsDTR(X_trn, X_tst, y_trn, y_tst, mx_lf_nds):
          mdlDtrMlbDpt = DecisionTreeRegressor(random_state=1,__
       →max_leaf_nodes=mx_lf_nds)
          mdlDtrMlbDpt.fit(X_trn, y_trn)
          y_tst_prd = mdlDtrMlbDpt.predict(X_tst)
          mae = mean_absolute_error(y_test, y_tst_prd)
          return mae
      # Funtion to tweak min_samples_leaf parameter
      def get_mae_smplfsDTR(X_trn, X_tst, y_trn, y_tst, mn_spls_lf):
          mdlDtrMlbDpt = DecisionTreeRegressor(random_state=1,__
       →min_samples_leaf=mn_spls_lf)
          mdlDtrMlbDpt.fit(X_trn, y_trn)
          y_tst_prd = mdlDtrMlbDpt.predict(X_tst)
          mae = mean_absolute_error(y_test, y_tst_prd)
          return mae
```

print('Min samples per leaf: ', i, '\t MAE', round(mae, 2), '\t % MAE ', u

print('Max depth: ', i, '\t MAE', round(mae, 2), '\t % MAE ', round(mae/

mae = get\_mae\_smplfsDTR(x\_train, x\_test, y\_train, y\_test, i)

mae = get\_mae\_mxdpthDTR(x\_train, x\_test, y\_train, y\_test, i)

→round(mae/avg\_price\*100,2))

for i in [5, 10, 15, 20]:

→avg\_price\*100,2))

Max leaf nodes: 5 MAE 338975.62 % MAE 29.66 Max leaf nodes: 50 MAE 247512.97 % MAE 21.66 Max leaf nodes: 500 MAE 226680.59 % MAE 19.83 Max leaf nodes: 5000 MAE 249952.48 % MAE 21.87 Max leaf nodes: 50000 MAE 250348.93 % MAE 21.91 Min samples per leaf: 5 MAE 217297.08 % MAE 19.01 Min samples per leaf: 10 MAE 214211.42 % MAE 18.74 Max depth: 5 MAE 254204.12 % MAE 22.24 Max depth: 10 MAE 219378.22 % MAE 19.2 Max depth: 15 MAE 243619.52 % MAE 21.32 MAE 248162.38 % MAE 21.71 Max depth: 20

#### 1.0.8 Hyperparameter tuning for Decision Tree Regressor

```
'min_samples_split': 2,
       'min_weight_fraction_leaf': 0.0,
       'presort': 'deprecated',
       'random_state': 1,
       'splitter': 'best'}
 []: # Import modules for Hyperparameter Tuning
      from scipy.stats import randint
      from sklearn.model_selection import RandomizedSearchCV
      # The function to measure the quality of a split
      criterion = ['mse', 'friedman_mse', 'mae']
      # The strategy used to choose the split at each node
      splitter = ['best', 'random']
      # Maximum number of levels in tree
      max_depth = [int(x) for x in np.linspace(5, 100, num = 2)] + [None]
      # Minimum number of samples required at each leaf node
      min_samples_leaf = [int(x) for x in range(1, 10)] + [None]
      # Setup the parameters and distribution to sample from: param_dist
      param_dist = {
          "criterion": criterion,
          "splitter": splitter,
          "max_depth": max_depth,
          "min_samples_leaf": min_samples_leaf
      }
      # define
      mdlDtrMlbDpt = DecisionTreeRegressor(random_state=1)
      # Hyper parameter tune
      mdlDtrMlbDptCV = RandomizedSearchCV(estimator = mdlDtrMlbDpt,_
       →param_distributions = param_dist, cv = 5)
      # fit
      mdlDtrMlbDptCV.fit(x_train, y_train)
      # print the tuned parameters and score
      print("Tuned Decision Tree Parameters: {}".format(mdlDtrMlbDptCV.best_params_))
      print("Best score is {}", format(mdlDtrMlbDptCV.best_score_))
[27]: # Predicting the test set results
      y_test_pred = mdlDtrMlbDptCV.predict(x_test)
      # evaluate
      mae = mean_absolute_error(y_test, y_test_pred)
```

'min\_samples\_leaf': 1,

```
print('MAE (after train-test-split): ', round(mae,2))
print("Current mae is ", round(mae/avg_price*100,2), "%")
```

```
MAE (after train-test-split): 231069.11
Current mae is 20.22 %
```

#### 1.0.9 Build Random Forest Model

```
[28]: from sklearn.ensemble import RandomForestRegressor

# define
mdlRfsMlb = RandomForestRegressor(random_state=1)

# fit
mdlRfsMlb.fit(x_train, y_train)

# predict
y_test_pred = mdlRfsMlb.predict(x_test)

# evaluate
mae = mean_absolute_error(y_test, y_test_pred)

print('MAE (Random Forest):', round(mae,2))
print("Current mae is ", round(mae/avg_price*100,2), "%")
```

```
MAE (Random Forest): 179177.72
Current mae is 15.68 %
```

#### 1.0.10 Improve Random Forest model

```
# Funtion to tweak min_samples_leaf parameter

def get_mae_dpthRFR(X_trn, X_tst, y_trn, y_tst, mx_dpth):
    mdlRfsMlb = RandomForestRegressor(random_state=1, max_depth=mx_dpth)
    mdlRfsMlb.fit(X_trn, y_trn)
    y_tst_prd = mdlRfsMlb.predict(X_tst)
    mae = mean_absolute_error(y_test, y_tst_prd)
    return mae
```

```
Max leaf nodes: 5
                       MAE 319839.35 % MAE 27.99
                      MAE 215124.33 % MAE 18.82
Max leaf nodes: 50
Max leaf nodes: 500
                      MAE 184240.52 % MAE 16.12
Max leaf nodes: 5000
                      MAE 179938.83
                                     % MAE 15.74
Max leaf nodes: 50000 MAE 179939.17 % MAE 15.74
Min samples per leaf: 5
                              MAE 176715.67 % MAE 15.46
Min samples per leaf: 10
                              MAE 180239.45 % MAE 15.77
Min samples per leaf: 15
                              MAE 183847.22 % MAE
                                                   16.09
Min samples per leaf: 20
                              MAE 188048.31
                                             % MAE
                                                   16.45
Min samples per leaf: 25
                              MAE 192215.27 % MAE 16.82
Min samples per leaf: 30
                              MAE 194787.86
                                             % MAE 17.04
Max depth: 5
               MAE 231046.1
                              % MAE 20.22
                              % MAE 16.31
Max depth: 10
               MAE 186388.54
Max depth: 15
               MAE 178273.73
                              % MAE 15.6
                              % MAE 15.67
Max depth: 20
               MAE 179051.59
```

#### 1.0.11 Hyperparameter tuning for Random Forest Regressor

```
'max_depth': None,
       'max_features': 'auto',
       'max_leaf_nodes': None,
       'max_samples': 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': 100,
       'n_jobs': None,
       'oob_score': False,
       'random_state': 1,
       'verbose': 0,
       'warm_start': False}
[32]: # Number of trees in random forest
      n estimators = [int(x) for x in np.linspace(start = 200, stop = 2000, num = 10)]
      # np.linspace returns evenly spaced numbers over a specified interval.
      max_features = ['auto', 'sqrt']
      # Maximum number of levels in tree
      max_depth = [int(x) for x in np.linspace(5, 50, num = 5)] + [None]
      # Minimum number of samples required to split a node
      min_samples_split = [2, 5, 10]
      # Minimum number of samples required at each leaf node
      min_samples_leaf = [1, 2, 4]
      # Method of selecting samples for training each tree
      bootstrap = [True, False]
      # Create the random grid
      random_grid = {'n_estimators': n_estimators,
                     'max_features': max_features,
                     'max_depth': max_depth,
                     'min_samples_split': min_samples_split,
                     'min_samples_leaf': min_samples_leaf,
                     'bootstrap': bootstrap}
      mdlRfsMlb = RandomForestRegressor()
      # Random search of parameters, across 100 different combinations with all_
      → available logical cores
      mdlRfsMlbCV = RandomizedSearchCV(estimator = mdlRfsMlb, param_distributions = __
      ⇒random_grid, n_iter = 100, cv = 3, verbose=2, random_state=42, n_jobs = -1)
      # Fit the random search model
      mdlRfsMlbCV.fit(x_train, y_train)
      print("Tuned Decision Tree Parameters: {}".format(mdlRfsMlbCV.best_params_))
```

'criterion': 'mse',

```
print("Best score is {}", format(mdlRfsMlbCV.best_score_))
     Fitting 3 folds for each of 100 candidates, totalling 300 fits
     [Parallel(n_jobs=-1)]: Using backend LokyBackend with 8 concurrent workers.
     [Parallel(n_jobs=-1)]: Done 25 tasks
                                                | elapsed: 2.6min
     [Parallel(n_jobs=-1)]: Done 146 tasks
                                                | elapsed:
                                                            9.5min
     [Parallel(n_jobs=-1)]: Done 300 out of 300 | elapsed: 19.6min finished
     Tuned Decision Tree Parameters: {'n_estimators': 1400, 'min_samples_split': 5,
     'min_samples_leaf': 1, 'max_features': 'sqrt', 'max_depth': 38, 'bootstrap':
     False}
     Best score is {} 0.7907541719586694
[33]: # Predicting the test set results
      y_test_pred = mdlRfsMlbCV.predict(x_test)
      # evaluate
      mae = mean_absolute_error(y_test, y_test_pred)
      print('MAE (after train-test-split): ', round(mae,2))
      print("Current mae is ", round(mae/avg_price*100,2), "%")
     MAE (after train-test-split): 174183.14
     Current mae is 15.24 %
```

- 1.0.12 We did it! We developed a model with a 15.24% MAE
- 1.0.13 Alejandro Gleason Méndez ag77698