Predicting House Prices

Kaggle Competition

This Kaggle competition is about predicting house prices based on a set of around 80 predictor variables. Please read the brief description of the project and get familiar with the various predictors. We will have to do some initial cleaning to successfully work with these data. Overall, we (in teams) will use the provided training dataset to built a multiple linear regression model for predicting house prices. Once we have settled on a final model, we will use it with the predictors available in the testing dataset to predict house prices. The goal of the competition mentions that our predictions \hat{y}_i for the houses in the testing data are compared to the (withheld) true selling prices y_i^{test} via $\sum_i (\log \hat{y}_i - \log y_i^{\text{test}})^2$. Because selling prices are typically right-skewed, I think as a first step we will log-transform the selling prices of the houses in the training data to obtain a more bell-shaped distribution. However, although we will built a model for the log-prices, we will still have to submit the price of a house (and not the log-price) to Kaggle, together with the ID of the house.

Loading and inspecting the train and test datasets

```
library(tidyverse)
## Warning: package 'tidyverse' was built under R version 4.0.5
## -- Attaching packages ------ tidyverse 1.3.1 --
## v ggplot2 3.3.5
                     v purrr
                              0.3.4
## v tibble 3.1.2
                              1.0.7
                     v dplyr
## v tidyr
           1.1.3
                     v stringr 1.4.0
## v readr
           1.4.0
                     v forcats 0.5.1
## Warning: package 'ggplot2' was built under R version 4.0.5
## Warning: package 'tibble' was built under R version 4.0.5
## Warning: package 'tidyr' was built under R version 4.0.5
## Warning: package 'readr' was built under R version 4.0.5
## Warning: package 'dplyr' was built under R version 4.0.5
## Warning: package 'forcats' was built under R version 4.0.5
## -- Conflicts ----- tidyverse conflicts() --
## x dplyr::filter() masks stats::filter()
## x dplyr::lag()
                   masks stats::lag()
library(tidyr)
## Load Training Data
path_traindata <- 'https://raw.githubusercontent.com/bklingen/Price-Prediction/main/train.csv
train <- read_csv(path_traindata)</pre>
##
## -- Column specification ------
## cols(
##
    .default = col_character(),
    Id = col_double(),
```

```
##
     MSSubClass = col_double(),
##
    LotFrontage = col_double(),
##
    LotArea = col_double(),
     OverallQual = col_double(),
##
##
     OverallCond = col_double(),
##
     YearBuilt = col double(),
##
     YearRemodAdd = col double(),
     MasVnrArea = col_double(),
##
##
     BsmtFinSF1 = col_double(),
##
     BsmtFinSF2 = col_double(),
##
     BsmtUnfSF = col_double(),
     TotalBsmtSF = col_double(),
##
     `1stFlrSF` = col_double(),
##
##
     `2ndFlrSF` = col_double(),
##
     LowQualFinSF = col_double(),
##
     GrLivArea = col_double(),
##
    BsmtFullBath = col_double(),
##
    BsmtHalfBath = col double(),
##
    FullBath = col_double()
##
    # ... with 18 more columns
## )
## i Use `spec()` for the full column specifications.
dim(train)
## [1] 1460
## Load Testing Data
path_testdata <- 'https://raw.githubusercontent.com/bklingen/Price-Prediction/main/test.csv'</pre>
test <- read_csv(path_testdata)</pre>
##
## -- Column specification ------
## cols(
##
     .default = col_character(),
##
     Id = col_double(),
##
    MSSubClass = col_double(),
##
    LotFrontage = col_double(),
##
    LotArea = col_double(),
##
     OverallQual = col_double(),
     OverallCond = col_double(),
##
##
    YearBuilt = col_double(),
##
    YearRemodAdd = col_double(),
##
    MasVnrArea = col_double(),
##
    BsmtFinSF1 = col_double(),
    BsmtFinSF2 = col_double(),
##
##
    BsmtUnfSF = col_double(),
     TotalBsmtSF = col_double(),
##
##
     `1stFlrSF` = col_double(),
##
     `2ndFlrSF` = col_double(),
##
     LowQualFinSF = col_double(),
##
     GrLivArea = col_double(),
##
     BsmtFullBath = col_double(),
##
    BsmtHalfBath = col_double(),
##
    FullBath = col_double()
    # ... with 17 more columns
##
```

```
## )
## i Use `spec()` for the full column specifications.
dim(test)
```

[1] 1459 80

This makes sense: We have one less column in test data because of the missing house prices.

But, are the column names the same? Let's find the "difference" between two sets: All the column names that are in the test data but not in the train data:

```
setdiff(colnames(test), colnames(train))
```

```
## character(0)
```

OK, good, and now the other way around:

```
setdiff(colnames(train), colnames(test))
```

```
## [1] "SalePrice"
```

OK, great. So no surprises there. All predictors that exist in the train data set also appear in the test dataset.

Let's see how many quantitative and how many categorical predictors we have in the training dataset, at least at face value:

```
train_quantPredictors = train %>% select(where(is.numeric)) %>% select(-SalePrice)
train_catPredictors = train %>% select(where(is.character))
dim(train_quantPredictors)
```

```
## [1] 1460 37
dim(train_catPredictors)
```

```
## [1] 1460 43
```

Let's transform the categorical predictors into factors, which should make it easier to combine categories, create a category like "other", etc.

```
train_catPredictors = train_catPredictors %>% transmute_all(as.factor)
```

First, let's see the category names and frequency for each variable:

```
for(i in 1:ncol(train_catPredictors)) {
   print(colnames(train_catPredictors)[i])
   print("----")
   print(as.data.frame(fct_count(unlist(train_catPredictors[,i]))))
   print("-----")
}
```

```
## [1] "MSZoning"
## [1] "----"
##
          f
               n
## 1 C (all)
               10
## 2
         FV
               65
## 3
         RH
               16
## 4
         RL 1151
## 5
         RM 218
## [1] "----"
## [1] "Street"
## [1] "----"
```

```
## f
         n
## 1 Grvl
## 2 Pave 1454
## [1] "----"
## [1] "Alley"
## [1] "----"
      f n
## 1 Grvl
          50
## 2 Pave 41
## 3 <NA> 1369
## [1] "----"
## [1] "LotShape"
## [1] "----"
## f n
## 1 IR1 484
## 2 IR2 41
## 3 IR3 10
## 4 Reg 925
## [1] "----"
## [1] "LandContour"
## [1] "----"
## f n
## 1 Bnk
         63
## 2 HLS
         50
## 3 Low
         36
## 4 Lvl 1311
## [1] "----"
## [1] "Utilities"
## [1] "----"
##
   f n
## 1 AllPub 1459
## 2 NoSeWa 1
## [1] "----"
## [1] "LotConfig"
## [1] "----"
##
       f
## 1 Corner 263
## 2 CulDSac
## 3
      FR2
            47
## 4
       FR3
## 5 Inside 1052
## [1] "----"
## [1] "LandSlope"
## [1] "----"
## f n
## 1 Gtl 1382
## 2 Mod 65
## 3 Sev 13
## [1] "----"
## [1] "Neighborhood"
## [1] "----"
##
## 1 Blmngtn 17
## 2 Blueste
```

```
## 3 BrDale 16
## 4 BrkSide 58
## 5 ClearCr 28
## 6 CollgCr 150
## 7 Crawfor 51
## 8 Edwards 100
## 9 Gilbert 79
## 10 IDOTRR 37
## 11 MeadowV
## 12 Mitchel
## 13
       NAmes 225
## 14 NoRidge 41
## 15 NPkVill
## 16 NridgHt
             77
## 17 NWAmes
             73
## 18 OldTown 113
## 19 Sawyer 74
## 20 SawyerW
## 21 Somerst
             86
## 22 StoneBr
              25
## 23
       SWISU 25
## 24 Timber 38
## 25 Veenker 11
## [1] "----"
## [1] "Condition1"
## [1] "----"
##
       f
              n
## 1 Artery
             48
## 2 Feedr
             81
## 3
      Norm 1260
## 4
      PosA
             8
## 5
      PosN
             19
## 6
      RRAe
             11
## 7
      RRAn
             26
## 8
              2
      RRNe
## 9
              5
      RRNn
## [1] "----"
## [1] "Condition2"
## [1] "----"
##
         f
              n
## 1 Artery
## 2 Feedr
              6
## 3
      Norm 1445
## 4
      PosA
              1
## 5
      PosN
## 6
      RRAe
              1
## 7
      RRAn
              1
## 8
      RRNn
## [1] "-----
## [1] "BldgType"
## [1] "----"
##
         f
## 1
      1Fam 1220
## 2 2fmCon
```

```
## 3 Duplex
            52
## 4 Twnhs 43
## 5 TwnhsE 114
## [1] "----"
## [1] "HouseStyle"
## [1] "----"
        f
## 1 1.5Fin 154
## 2 1.5Unf 14
## 3 1Story 726
## 4 2.5Fin 8
## 5 2.5Unf 11
## 6 2Story 445
## 7 SFoyer 37
## 8 SLvl 65
## [1] "----"
## [1] "RoofStyle"
## [1] "----"
##
        f
## 1
      Flat
             13
## 2 Gable 1141
## 3 Gambrel
## 4
      Hip 286
## 5 Mansard
             7
## 6
       Shed
            2
## [1] "----"
## [1] "RoofMatl"
## [1] "----"
##
        f
## 1 ClyTile
## 2 CompShg 1434
## 3 Membran
             1
## 4
      Metal
## 5
       Roll
             1
## 6 Tar&Grv
             11
## 7 WdShake
             5
## 8 WdShngl
## [1] "----"
## [1] "Exterior1st"
## [1] "----"
##
## 1 AsbShng 20
## 2 AsphShn
## 3 BrkComm
## 4 BrkFace 50
## 5
     CBlock
## 6 CemntBd 61
## 7 HdBoard 222
## 8 ImStucc
## 9 MetalSd 220
## 10 Plywood 108
## 11
      Stone
## 12 Stucco 25
## 13 VinylSd 515
```

```
## 14 Wd Sdng 206
## 15 WdShing 26
## [1] "----"
## [1] "Exterior2nd"
## [1] "----"
##
## 1 AsbShng 20
## 2 AsphShn
## 3 Brk Cmn
              7
## 4 BrkFace 25
## 5 CBlock
## 6 CmentBd 60
## 7 HdBoard 207
## 8 ImStucc 10
## 9 MetalSd 214
## 10 Other
## 11 Plywood 142
## 12
      Stone
## 13 Stucco 26
## 14 VinylSd 504
## 15 Wd Sdng 197
## 16 Wd Shng 38
## [1] "----"
## [1] "MasVnrType"
## [1] "----"
         f n
## 1 BrkCmn 15
## 2 BrkFace 445
## 3
      None 864
## 4 Stone 128
      <NA> 8
## 5
## [1] "----"
## [1] "ExterQual"
## [1] "----"
## f n
## 1 Ex 52
## 2 Fa 14
## 3 Gd 488
## 4 TA 906
## [1] "----"
## [1] "ExterCond"
## [1] "----"
## f
       n
## 1 Ex
         3
## 2 Fa 28
## 3 Gd 146
## 4 Po
        1
## 5 TA 1282
## [1] "----"
## [1] "Foundation"
## [1] "----"
##
        f
## 1 BrkTil 146
```

2 CBlock 634

```
## 3 PConc 647
## 4 Slab 24
## 5 Stone 6
## 6 Wood 3
## [1] "----"
## [1] "BsmtQual"
## [1] "----"
      f n
##
## 1
     Ex 121
## 2 Fa 35
## 3 Gd 618
## 4
    TA 649
## 5 <NA> 37
## [1] "----"
## [1] "BsmtCond"
## [1] "----"
##
      f
          n
## 1
      Fa
          45
## 2
      Gd
          65
## 3
     Po
          2
## 4
     TA 1311
## 5 <NA> 37
## [1] "----"
## [1] "BsmtExposure"
## [1] "----"
      f n
## 1
    Av 221
## 2
     Gd 134
## 3 Mn 114
## 4 No 953
## 5 <NA> 38
## [1] "----"
## [1] "BsmtFinType1"
## [1] "----"
      f n
##
## 1 ALQ 220
## 2 BLQ 148
## 3 GLQ 418
## 4 LwQ 74
## 5 Rec 133
## 6 Unf 430
## 7 <NA> 37
## [1] "----"
## [1] "BsmtFinType2"
## [1] "----"
##
      f
           n
## 1 ALQ
          19
## 2 BLQ
## 3 GLQ
          14
## 4 LwQ
          46
## 5 Rec
          54
## 6 Unf 1256
## 7 <NA>
          38
## [1] "----"
```

```
## [1] "Heating"
## [1] "----"
##
       f
## 1 Floor
            1
## 2 GasA 1428
## 3 GasW
## 4 Grav
## 5 OthW
            2
          4
## 6 Wall
## [1] "----"
## [1] "HeatingQC"
## [1] "----"
## f n
## 1 Ex 741
## 2 Fa 49
## 3 Gd 241
## 4 Po 1
## 5 TA 428
## [1] "----"
## [1] "CentralAir"
## [1] "----"
## f n
## 1 N
      95
## 2 Y 1365
## [1] "----"
## [1] "Electrical"
## [1] "----"
##
       f
            n
## 1 FuseA
           94
## 2 FuseF
           27
## 3 FuseP
## 4 Mix
           1
## 5 SBrkr 1334
## 6 <NA>
## [1] "----"
## [1] "KitchenQual"
## [1] "----"
## f n
## 1 Ex 100
## 2 Fa 39
## 3 Gd 586
## 4 TA 735
## [1] "----"
## [1] "Functional"
## [1] "----"
##
       f
## 1 Maj1
          14
## 2 Maj2
## 3 Min1
          31
## 4 Min2
          34
## 5 Mod
          15
## 6 Sev
## 7 Typ 1360
## [1] "----"
```

```
## [1] "FireplaceQu"
## [1] "----"
##
       f n
## 1
      Ex 24
## 2
      Fa 33
## 3
     Gd 380
## 4
    Po 20
## 5 TA 313
## 6 <NA> 690
## [1] "----"
## [1] "GarageType"
## [1] "----"
      f
##
             n
## 1 2Types
## 2 Attchd 870
## 3 Basment 19
## 4 BuiltIn 88
## 5 CarPort 9
## 6 Detchd 387
## 7
       <NA> 81
## [1] "----"
## [1] "GarageFinish"
## [1] "----"
       f n
##
## 1 Fin 352
## 2 RFn 422
## 3 Unf 605
## 4 <NA> 81
## [1] "----"
## [1] "GarageQual"
## [1] "----"
##
       f
           n
## 1
      Ex
          3
## 2
      Fa
          48
## 3
      Gd
          14
## 4
     Po
           3
## 5
      TA 1311
## 6 <NA>
          81
## [1] "----"
## [1] "GarageCond"
## [1] "----"
##
       f
           n
## 1
           2
      Ex
## 2
      Fa
          35
## 3
      Gd
          7
## 4
      Po
## 5
      TA 1326
## 6 <NA> 81
## [1] "----"
## [1] "PavedDrive"
## [1] "----"
## f
        n
## 1 N
        90
```

2 P

30

```
## 3 Y 1340
## [1] "----"
## [1] "PoolQC"
## [1] "----"
##
      f
          n
## 1
          2
     Ex
## 2 Fa
## 3 Gd
## 4 <NA> 1453
## [1] "----"
## [1] "Fence"
## [1] "----"
## f n
## 1 GdPrv
## 2 GdWo
         54
## 3 MnPrv 157
## 4 MnWw
         11
## 5 <NA> 1179
## [1] "----"
## [1] "MiscFeature"
## [1] "----"
## f n
## 1 Gar2
## 2 Othr
          2
## 3 Shed
          49
## 4 TenC
         1
## 5 <NA> 1406
## [1] "----"
## [1] "SaleType"
## [1] "----"
      f
##
           n
## 1 COD
           43
## 2 Con
## 3 ConLD
          5
## 4 ConLI
         5
## 5 ConLw
## 6 CWD
## 7 New 122
## 8 Oth
## 9 WD 1267
## [1] "----"
## [1] "SaleCondition"
## [1] "----"
##
## 1 Abnorml 101
## 2 AdjLand
## 3 Alloca
            12
## 4 Family
## 5 Normal 1198
## 6 Partial 125
## [1] "----"
```

Handle Numerical Features

Marina: YearBuilt, GarageYrBlt

#First, check missing values in train and test set

Having a look at the data, I had the feeling that YearBuilt and GarageYrBlt would be quite correlated, because a garage is usually built at the same time as the house itself. Let's check:

```
#Null values in YearBuilt column
sum(is.na(train$YearBuilt))
## [1] 0
sum(is.na(test$YearBuilt))
## [1] 0
No missing values in YearBuilt column
#Null values in GarageYrBlt column
sum(is.na(train$GarageYrBlt))
## [1] 81
sum(is.na(test$GarageYrBlt))
## [1] 78
We have some missing values in GarageYrBlt column in both the train and the test set. Since we want to
check the correlation with another feature, we don't want to impute values or remove rows. By now we are
just going to create a temporary dataframe that does not include the rows with missing values in GarageYrBlt
column
# Make a temporary dataframe without the rows where GarageYrBlt column in NAN
train_temp = train %>% drop_na("GarageYrBlt")
test_temp = test %>% drop_na("GarageYrBlt")
#Check that we dont for missing values to make sure we got rid of them
sum(is.na(train temp$GarageYrBlt))
## [1] 0
sum(is.na(test_temp$GarageYrBlt))
## [1] 0
```

Now we don't have NaNs, we can check the correlation between YearBuilt, GarageYrBlt # Chekcing correlations with GarageYrBlt

cor(train_temp['GarageYrBlt'], train_temp['YearBuilt'])

```
## YearBuilt
## GarageYrBlt 0.8256675
cor(test_temp['GarageYrBlt'], test_temp['YearBuilt'])
```

```
## YearBuilt
## GarageYrBlt 0.84415
```

As expected, these two columns are quite correlated. Since GarageYrBlt has NaN values and YearBuilt has all the data, we are droping GarageYrBlt from the original dataframes.

```
train = select(train, -c(GarageYrBlt))
test = select(test, -c(GarageYrBlt))
```

Marina: GarageCars, GarageArea

Let's do the same with GarageCars, GarageArea which seem to be correlated.

```
#First, check missing values in train and test set

#Null values in GarageCars column
sum(is.na(train$GarageCars))

## [1] 0
sum(is.na(test$GarageCars))

## [1] 1

#Null values in GarageArea column
sum(is.na(train$GarageArea))

## [1] 0
sum(is.na(test$GarageArea))
```

[1] 1

We have one missing values in GarageCars and GarageArea columns in the test set. Since we want to check the correlation with another feature, we don't want to impute values or remove rows. By now we are just going to create a temporary dataframe that does not include the rows with missing values in GarageCars and GarageArea columns

```
# Make a temporary dataframe without the rows where GarageCars and GarageArea column in NAN
test_temp = test %>% drop_na("GarageCars", "GarageArea")
sum(is.na(test_temp$GarageCars))
## [1] 0
sum(is.na(test_temp$GarageArea))
```

[1] 0

Now we don't have NaNs, we can check the correlation between GarageCars and GarageArea

```
# Chekcing correlation between GarageCars and GarageArea
cor(train['GarageCars'], train['GarageArea'])
```

```
## GarageArea
## GarageCars 0.8824754
cor(test_temp['GarageCars'], test_temp['GarageArea'])
```

```
## GarageArea
## GarageCars 0.8966743
```

As expected, these two columns are quite correlated, so we are droping GarageCars (which is lees descriptive) from the original dataframes.

```
train = select(train, -c(GarageCars))
test = select(test, -c(GarageCars))
```

Handle Categorical Features

Richard's Features

RoofStyle

combine flat, shed as other; gambrel, mansard, gable as gable; leave others as is

```
roof_price <- train %>% group_by(RoofStyle) %>% summarize(count=n(),
  mean(SalePrice), sd(SalePrice))
roof_price
## # A tibble: 6 x 4
    RoofStyle count `mean(SalePrice)` `sd(SalePrice)`
##
     <chr>
               <int>
                                  <dbl>
                                                  <dbl>
## 1 Flat
                  13
                               194690
                                                 62523.
## 2 Gable
                1141
                               171484.
                                                 66331.
## 3 Gambrel
                 11
                               148909.
                                                 67014.
## 4 Hip
                 286
                               218877.
                                                111550.
                   7
## 5 Mansard
                                                 58058.
                               180568.
## 6 Shed
                               225000
                                                 49497.
train$RoofStyle <- fct_collapse(train$RoofStyle, Other = c("Flat", "Shed"))</pre>
train$RoofStyle <- fct_collapse(train$RoofStyle, Gable = c("Gable", "Gambrel", "Mansard"))</pre>
```

BldgType

Combine 2FmCon, Duplex as multifamily; leave others as is

```
bldg_price <- train %% group_by(BldgType) %>% summarize(count=n(),
    mean(SalePrice), sd(SalePrice))

bldg_price
## # A tibble: 5 x 4
```

```
BldgType count `mean(SalePrice)` `sd(SalePrice)`
##
     <chr>>
              <int>
                                 <dbl>
                                                  <dbl>
## 1 1Fam
               1220
                               185764.
                                                 82649.
## 2 2fmCon
                 31
                               128432.
                                                 35459.
## 3 Duplex
                 52
                               133541.
                                                 27833.
## 4 Twnhs
                 43
                               135912.
                                                 41013.
## 5 TwnhsE
                114
                               181959.
                                                 60626
train$BldgType <- fct_collapse(train$BldgType, MultiFam = c("2fmCon", "Duplex"))</pre>
```

HouseStyle

Combine 1.5Fin, 1Story, split foyer, split level as less than 2 story; 2.5fin, 2Story as two story or greater; leave 1.5Unf and 2.5Unf as is since they drag down property values

```
style_price <- train %>% group_by(HouseStyle) %>% summarize(count=n(),
  mean(SalePrice), sd(SalePrice))

style_price
```

```
## # A tibble: 8 x 4
## HouseStyle count `mean(SalePrice)` `sd(SalePrice)`
```

```
## 1 1.5Fin
                  154
                                                 54278.
                                143117.
## 2 1.5Unf
                 14
                                110150
                                                 19036.
                 726
## 3 1Story
                                175985.
                                                 77056.
## 4 2.5Fin
                   8
                                220000
                                                118212.
## 5 2.5Unf
                   11
                                                 63934.
                                157355.
## 6 2Story
                  445
                                                 87339.
                                210052.
                   37
## 7 SFoyer
                                135074.
                                                 30481.
## 8 SLvl
                   65
                                166703.
                                                 38305.
train$HouseStyle <- fct_collapse(train$HouseStyle, Less2story = c("1Story", "1.5Fin", "SFoyer", "SLvl")
train$HouseStyle <- fct_collapse(train$HouseStyle, EqMore2story = c("2Story", "2.5Fin"))</pre>
```

<dbl>

<dbl>

Kyle:

<chr>

<int>

```
cleanpool <- as.character(train_catPredictors$PoolQC)
cleanpool[is.na(cleanpool)] <- "none"
cleanpool <- as.factor(cleanpool)

cleanfence <- as.character(train_catPredictors$Fence)
cleanfence[is.na(cleanfence)] <- "none"
cleanfence <- as.factor(cleanfence)

cleanfunc <- as.character(train_catPredictors$Functional)
cleanfunc[cleanfunc == 'Min1' | cleanfunc == 'Min2'] <- "Minor"
cleanfunc[cleanfunc == 'Maj1' | cleanfunc == 'Maj2'] <- "Major"
cleanfunc[cleanfunc == 'Sev' | cleanfunc == 'Sal'] <- "Severe"
cleanfunc <- as.factor(cleanfunc)

train_catPredictors$PoolQC <- cleanpool
train_catPredictors$Functional <- cleanfunc</pre>
```

Mileva: Heating, Electrical, FireplaceQu, HeatingQC, CentralAir

The processing for the Heating, Electrical, and FireplaceQu predictors is below. The HeatingQC and CentralAir predictors did not require any additional processing.

```
# Heating: Collapsed categores with low frequencies into "other"
heating <- as.factor(train_catPredictors$Heating)
heating <- fct_other(heating, keep=c("GasA", "GasW"))
train_catPredictors$Heating <- heating

# Electrical: Collapsed similar categories together and handled missing values
electrical <- as.character(train_catPredictors$Electrical)

electrical <- fct_collapse(electrical, Fuse=c("FuseA", "FuseF", "FuseP"))
electrical <- fct_collapse(electrical, Other=c("Mix"))
electrical[is.na(electrical)] <- "Other"

train_catPredictors$Electrical <- electrical

# Fireplace: Handled missing values
fireplace <- as.character(train_catPredictors$FireplaceQu)
fireplace[is.na(fireplace)] <- "none"</pre>
```

train_catPredictors\$FireplaceQu <- as.factor(fireplace)</pre>