

# Assignment #1

Getting to Know Your Data



**Name:** Young, Brent

**Predict 410 Section #:** 57

**Quarter:** Summer 2017

## **Introduction**

### *Context*

The dataset that we will be working with is called Ames Housing data (includes 2,930 rows) and is observational data collected by Ames Assessor's Office. The data includes houses sold in Ames, Iowa from 2006 to 2010 with SalePrice as the response variable and 81 predictors (includes nominal, ordinal, discrete, and continuous variables). The final goal is to build a Predictive model (e.g., multiple linear regression) to predict SalePrice of a house using other attributes. In order to accomplish this, an iterative regression process focused on statement of the problem, selection of potentially relevant variables, data collection, model specification, parameter estimation, model adequacy checking, model validation and model use will be conducted within the next five weeks.

### *Objectives/Purpose*

The overall purpose/objective of assignment 1 is to understand and obtain a broad overview of the Ames housing data prior to building a predictive model to predict SalePrice of a house using other attributes such as physical characteristics of the house, surrounding areas, and condition of the house. This consists of three components: a data survey, a data quality check, and an initial exploratory data analysis. First, a waterfall of my drop conditions with counts will be provided to define the sample data/population of interest that we will want to use for the modeling purpose and ensure that the sample data is representative of the population that we want to model. Second, a table listing out my twenty variables and data quality results will be created to ensure that the data is clean, examining the data for potential errors, missing values, and outliers. Third, an initial exploratory data analysis (continuous and discrete) will be conducted by providing EDA results for my ten variables using scatterplots and boxplots to help understand important characteristics and properties of the data that may be disguised by numerical summaries (e.g., outliers, distribution, spread, skewness, and relationships between two quantitative variables). Finally, an initial exploratory data analysis for modeling will be conducted by providing EDA results for my three variables to explore the relationship between SalePrice and log(SalePrice). Ultimately, through EDA, potential difficulties/concerns for the model building process will be uncovered and potential transformations in the predictor variables may need to be conducted at some point during the model building process.

Section 1: Sample Definition

Figure 1: Boxplot of Sale Price & Building Style

Figure 2: Boxplot of Sale Price & Sale Condition

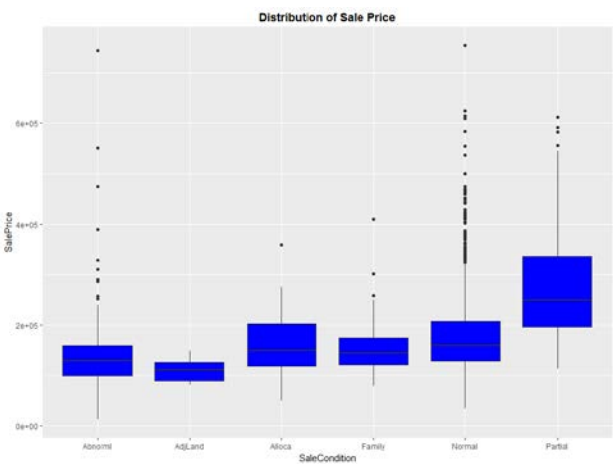
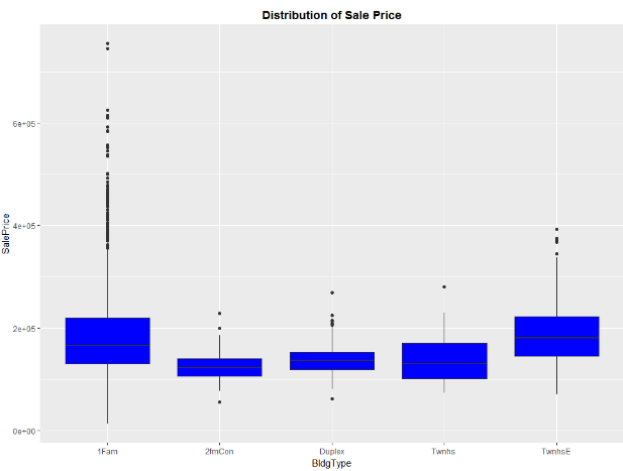


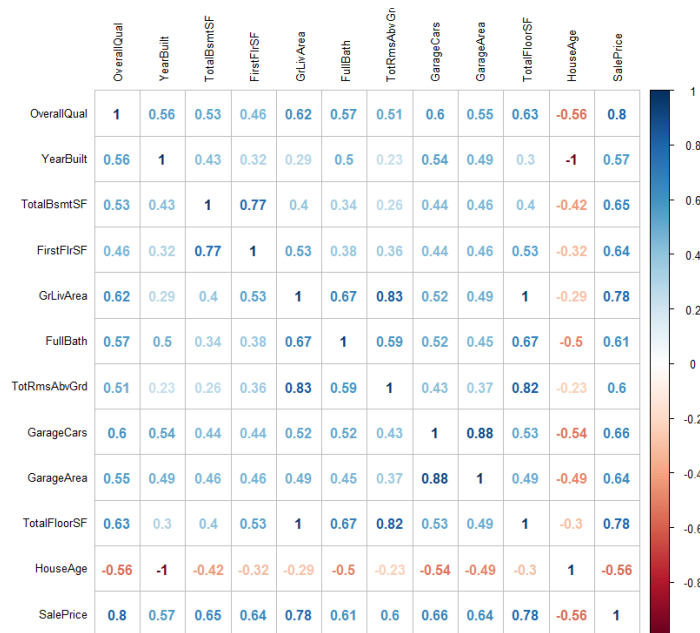
Figure 3: Waterfall of 'Drop Conditions'

Before	1Fam	2fmCon	Duplex	Twnhs	TwnhsE		
	2425	62	109	101	233		
Before	Abnorml	Adj Land	Alloca	Family	Normal	Partial	
	190	12	24	46	2413	245	
After	1Fam	2fmCon	Duplex	Twnhs	TwnhsE		
	2002	0	0	0	0		
After	Abnorml	Adj Land	Alloca	Family	Normal	Partial	
	0	0	0	0	2002	0	

**Definition of Sample Data & Observations:** Figure 1 shows a boxplot of SalePrice & Bldg Type and Figure 2 shows a boxplot of SalePrice & Sale Condition. When comparing figure 1 & 2, 'single-family' homes and 'normal' sale have similar medians as well as the amount and location of the outliers. As a result, based on this, it makes sense for the sample population/data of interest for 'typical' homes in Ames, Iowa to be 'single-family' homes with 'normal' sales in Ames, Iowa. Figure 3 shows the population of interest ('single family' homes and sale condition 'normal' in Ames, Iowa) after the drop conditions were applied, which comes out to 2002 rows and 81 variables.

## Section 2: Data Quality Check

**Figure 4: Correlation Matrix of Numeric Variables +/- 0.50**



**Figure 5: Listing of 20 variables that were chosen**

```
[1] "OverallQual" "YearBuilt" "TotalBsmtSF" "FirstFlrSF" "GrLivArea"
[6] "FullBath" "TotRmsAbvGrd" "GarageCars" "GarageArea" "TotalFloorSF"
[11] "HouseAge" "SalePrice" "LotConfig" "Neighborhood" "Condition1"
[16] "HouseStyle" "ExterCond" "Heating" "CentralAir" "GarageType"
```

**Observations:** Figure 4 shows a Correlation Matrix of numeric variables that had correlations beyond at least +0.5 or -0.5. As a result, I went ahead and included these 12 variables (includes SalePrice) as part of the 20 variables that I chose. The data shows that all the variables were positively correlated between X and Y (Sale Price), except HouseAge. OverallQual, TotalFloorSF, and GrLivArea have the strongest positive correlations with SalePrice. The remaining 8 categorical variables that I chose are denoted in blue (see figure 5). I included these 8 categorical variables based on online research. After doing a data quality check (see Appendix), I did not see any missing values (e.g., SalePrice, except for GarageArea due to No Garage option in GarageType). However, I did notice outliers within the 20 variables. For instance, there were 5 houses that did not have a FullBath, SalePrice for one of the homes was \$750000, while the lowest was \$35000. I also noticed a small amount of FR2 and FR3 within LotConfig so it might make sense to combine them. I also noticed outliers within Heating & GarageType. For example, majority of the houses had GasA for heating and majority of GarageType was either attached or detached. I also noticed outliers and a “wide range” of values for the following variables: TotalBsmtSF, TotRmsAbvGrd, FirstFlrSF, GrLivArea, TotRmsAbvGrd, GarageCars, GarageArea, TotalFloorSF, YearBuilt, and HouseAge, and SalePrice. As we go on, we will have to investigate these outliers and decide what to do with them. For example, running diagnostic checks or conduct robust regression models to assign differing weights to data points depending on how it’s influencing the regression analysis.

### Section 3: Initial Exploratory Data Analysis

**Discrete Categorical Observations (Univariate EDA):** After conducting a discrete EDA using barplots on GarageType, CentralAir, Heating, and HouseStyle, it appears that majority of the house types are either 1 story or 2 story houses with either attached or detached garages. Additionally, over 1750 houses have Central Air and nearly 2000 of the houses have Gas forced warm air furnaces. The EDA also showed that it may be a good idea to create an “other” category in GarageType, Heating, and HouseStyle in order to collapse the variables that didn’t have a large count (see figures 6 & 7 below).

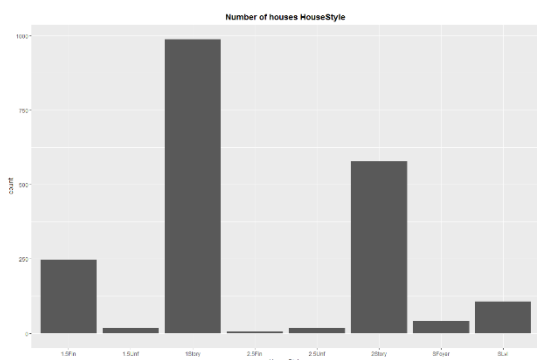


Figure 6: Number of Houses by HouseStyle

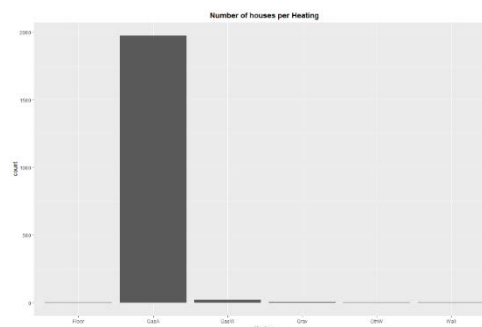


Figure 7: Number of Houses by Heating

**Continuous Observations (Univariate EDA):** After conducting a continuous EDA using histograms for OverallQual, TotalFloorSF, HouseAge, GarageArea, ToTRmsAbvGrd, and SalePrice, the results showed that OverallQual had a symmetric bell shape with a few outliers on the right & left side and a mean around 6 (figure 8). TotalFloorSF had some outliers on the right hand side (3000+), with a flat peak, slight right skew, with majority of the houses falling in between 1000 to 2000 square feet. HouseAge had noticeable outliers after 100+ years, a right skew, and majority of the houses falling in between the 0 to 50. GarageArea had some outliers on the right hand side around 1000+. Additionally, around 75 garages had GarageArea of 0, most likely due to the “N/A” option for GarageType. GarageArea also had a slight right skew, with majority of the garages falling in between 200 to 600 for GarageArea. TotRmsAbvGrd had symmetric bell shape with a few outliers on the right and left hand side, with majority of the houses falling in between 5 to 7 rooms (figure 9). SalePrice had noticeable outliers on the right tail and a few on the left tail, had a right skew, with majority of the houses falling in the 180k area (figure 10).

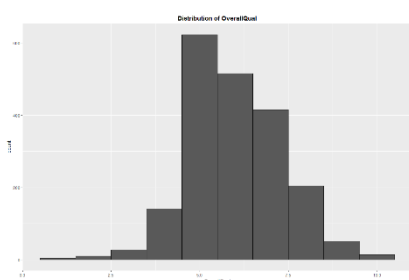


Figure 8: Distribution of OverallQual

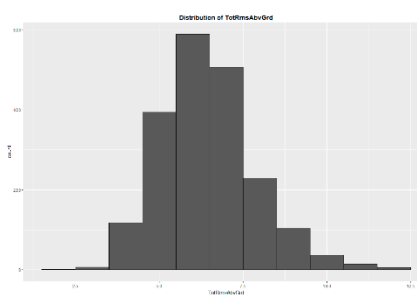


Figure 9: Distribution of TotRmsAbvGrd

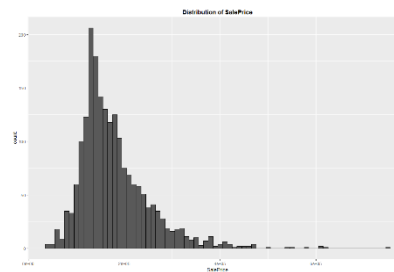


Figure 10: Distribution of SalePrice

**Bivariate EDA Observations:** Scatterplots of OverallQual vs. HouseAge showed a moderately negative correlation (lower the age, the better the quality; figure 11). Scatterplot of TotalFloorSF and TotRmsAbvGrd showed a positive correlation (more rooms, more square footage; figure 12). A scatterplot of GarageArea and HouseAge showed a moderately negative correlation (lower the age, the larger the garage area). Lastly a scatterplot of TotalFloorSF and HouseAge showed hardly any correlation, but interestingly the populations of old and newer houses were somewhat split (new houses on top and old houses on the bottom, with noticeable outliers on the top and right side of the scatterplot). The results of the scatterplots were confirmed from the correlation matrix (figure 4).

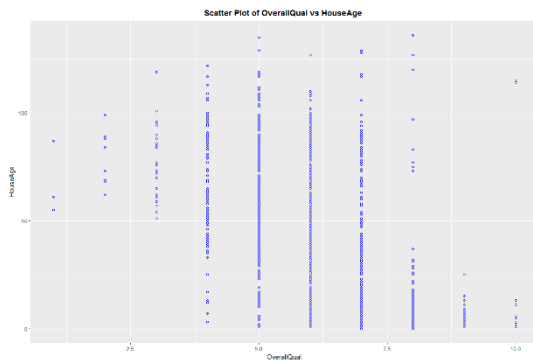


Figure 11: Scatterplot of OverallQual vs. HouseAge

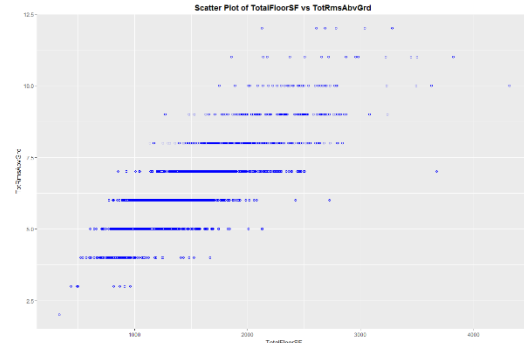


Figure 12: Scatterplot of TotalFloorSF vs. TotRmsAbvGrd

Additionally, I also ran boxplots of HouseAge vs. House Style, Garage Type, Heating, and Central Air. The results showed that majority of the older houses are 1.5Fin, 1.5Unf, 2.5Fin, and 2.5Unf, while majority of the new houses are 1Story, 2Story, SFoyer, and SLvl (figure 13). Additionally, most of the newer houses have either attached or built-in garages, while older houses have carports, detached and no garages at all. Furthermore, the boxplots revealed that newer houses have GasA and CentralAir, while the majority of older houses have GasW, Grav, OthW, and no CentralAir for heating and air conditioning. Furthermore, I also ran boxplots of TotalFloorSF vs. House Style, Garage Type, Heating, and Central Air. There were three insights from the boxplots that were produced. First, majority of the houses with high square feet were 2 story, while houses with lower square feet were 1 story (figure 14). Second, majority of the houses that had high square footage, had built-in garages. Furthermore, the majority of the houses with high square feet had central air and gas for heating.

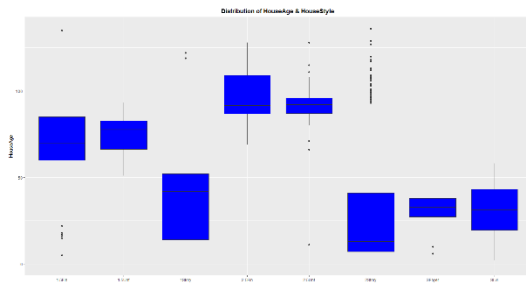


Figure 13: Boxplot of HouseAge & HouseStyle

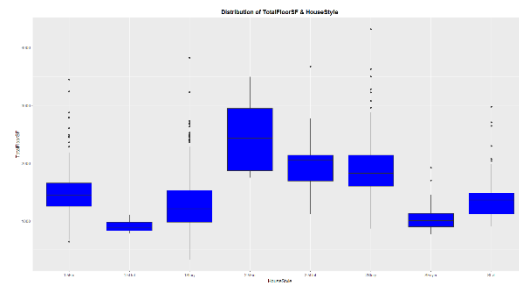


Figure 14: Boxplot of TotalFloorSF & HouseStyle

## Section 4: Exploratory Data Analysis for Modeling

### Variable: TotalFloorSF

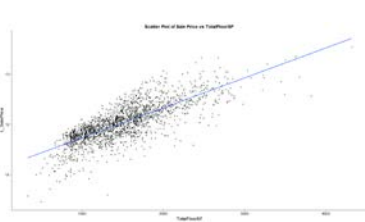


Figure 15: SalePrice vs. TotalFloorSF



Figure 16: Log SalePrice vs. TotalFloorSF

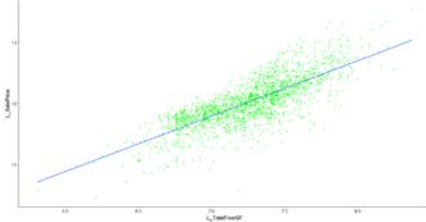


Figure 17: Log SalePrice vs. Log TotalFloorSF

### Variable: OverallQual

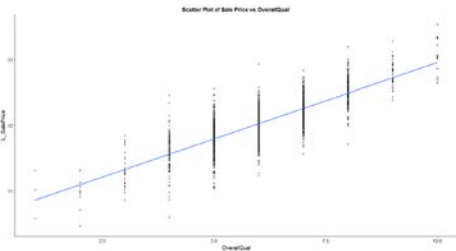


Figure 18: SalePrice vs. OverallQual

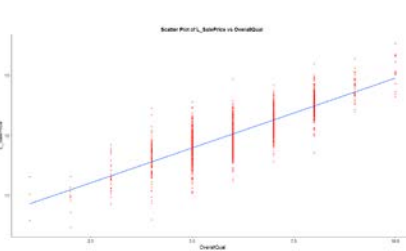


Figure 19: Log SalePrice vs. OverallQual

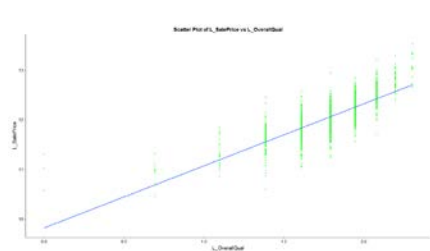


Figure 20: Log SalePrice vs. Log OverallQual

### Variable: HouseAge

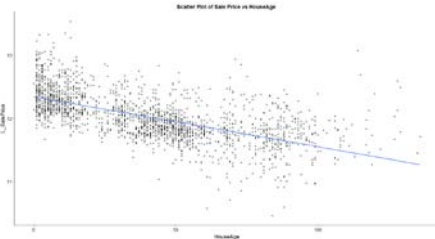


Figure 21: Log SalePrice vs. HouseAge

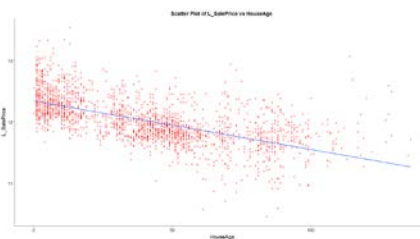


Figure 22: Log SalePrice vs. HouseAge

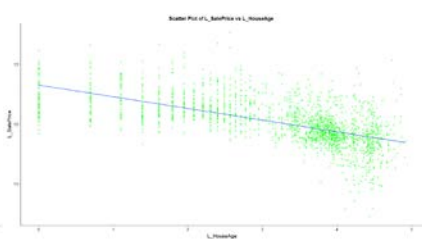


Figure 23: Log SalePrice vs. Log HouseAge

**Observations:** In regards to the variable TotalFloorSF, the scatterplot (figure 15) shows a “funnel” shape and heteroscedasticity, with a positive correlation between TotalFloorSF and SalePrice (as TotalFloorSF increases, SalePrice increases). In terms of the variable OverallQual, the scatterplot (figure 18) shows a positive correlation between OverallQual and SalePrice (as OverallQual increases, SalePrice increases), but does not show a nice linearly correlated relationship. Additionally, in regards to the variable HouseAge, the scatterplot (figure 21) shows a moderate negative correlation between HouseAge and SalePrice (as HouseAge decreases, SalePrice increases), but the data also does not show a nice linearly correlated relationship. As a result, this shows that one of the concerns for the model building process is the fact that these variables were not linearly correlated and in some cases heteroscedasticity was also evident. Furthermore, it’s also interesting to note that when Log SalePrice is used in conjunction with TotalFloorSF, OverallQual, and HouseAge, the dots in figures: 16, 19, and

22 do not change much, this could also be a potential concern. However, when log is used to transform SalePrice in addition to TotalFloorSF, OverallQual, and HouseAge (figures: 17, 20, and 23) it appears that the variability that we see in Log SalePrice for any choice of Log TotalFloorSF, Log OverallQual, and Log HouseAge decreases and the dots are slightly closer to the least-squares line, but are still not as close as we would like them to be. As a result, this illustrates that it may be beneficial to consider a transformation of SalePrice and also consider transformation in the predictor variables at some point in the model building process. By doing transformation, it will help achieve linearity, homogeneity of variance, and normality/symmetric about the regression equation.

### **Section 5: Summary/Conclusions**

In section 1, we defined the sample population/data of interest for 'typical' homes in Ames, Iowa to be 'single-family' homes with 'normal' sales in Ames, Iowa using drop conditions and boxplots. In section 2, a Correlation Matrix was used to determine the variables that we would use for this assignment. The data showed that OverallQual, TotalFloorSF, and GrLivArea had the strongest positive correlations with SalePrice. The quality check also showed that there were not any missing values (e.g., SalePrice, except for GarageArea due to No Garage option in GarageType), but that there were outliers among the variables and opportunities to possibly combine categories into one. As we go on, we will have to investigate these outliers and decide what to do with them (e.g., run diagnostic checks or conduct robust regression models to assign differing weights to data). In section 3, an initial EDA (univariate and bivariate) on the discrete and continuous variables were completed. The initial EDA revealed shape, skewness, outliers, correlations between the variables and insightful insights. Lastly, in section 4, we conducted an EDA for modeling and saw that the scatterplots showed a lot of variability, some heteroscedasticity, and non-linear relationships, which are potential concerns for the model building process. Additionally, when Log SalePrice was used in conjunction with TotalFloorSF, OverallQual, and HouseAge, the dots did not get closer to the least-squares line. However, when log was used to transform SalePrice in addition to TotalFloorSF, OverallQual, and HouseAge it appeared that the variability that we saw in Log SalePrice for any choice of Log TotalFloorSF, Log OverallQual, and Log HouseAge decreased and the dots were slightly closer to the least-squares line, but are still not as close as we would like them to be. However, this improvement showed that there may be a need to consider transformations in the predictor variables at some point in the building process so that the model can achieve linearity, homogeneity of variance, and normality.



### Appendix for Section (Data Quality Check)

> summary(subdat)

OverallQual	YearBuilt	TotalBsmtSF	FirstFlrSF	GrLivArea
Min. : 1.000	Min. : 1872	Min. : 0.0	Min. : 334.0	Min. : 334
1st Qu.: 5.000	1st Qu.: 1950	1st Qu.: 801.2	1st Qu.: 882.2	1st Qu.: 1111
Median : 6.000	Median : 1968	Median : 974.0	Median : 1062.5	Median : 1445
Mean : 5.996	Mean : 1968	Mean : 1031.3	Mean : 1145.0	Mean : 1494
3rd Qu.: 7.000	3rd Qu.: 1996	3rd Qu.: 1228.0	3rd Qu.: 1344.0	3rd Qu.: 1762
Max. : 10.000	Max. : 2010	Max. : 3206.0	Max. : 3820.0	Max. : 4316

FullBath	TotRmsAbvGrd	GarageCars	GarageArea	TotalFloorSF
Min. : 0.000	Min. : 2.000	Min. : 0.00	Min. : 0	Min. : 334
1st Qu.: 1.000	1st Qu.: 5.000	1st Qu.: 1.00	1st Qu.: 312	1st Qu.: 1107
Median : 1.000	Median : 6.000	Median : 2.00	Median : 472	Median : 1442
Mean : 1.512	Mean : 6.437	Mean : 1.74	Mean : 468	Mean : 1489
3rd Qu.: 2.000	3rd Qu.: 7.000	3rd Qu.: 2.00	3rd Qu.: 576	3rd Qu.: 1755
Max. : 3.000	Max. : 12.000	Max. : 5.00	Max. : 1488	Max. : 4316

HouseAge	SalePrice	LotConfig	Neighborhood	Condition1
Min. : 0.00	Min. : 35000	Corner : 373	Names : 360	Norm : 1709
1st Qu.: 11.25	1st Qu.: 130063	CulDSac: 139	CollgCr: 213	Feedr : 114
Median : 40.00	Median : 161875	FR2 : 47	OldTown: 177	Artery : 65
Mean : 40.36	Mean : 179185	FR3 : 8	Edwards: 129	PosN : 34
3rd Qu.: 58.00	3rd Qu.: 212450	Inside : 1435	Gilbert: 128	RRAn : 32
Max. : 136.00	Max. : 755000		Sawyer : 121	RR Ae : 20
			(Other): 874	(Other): 28

HouseStyle	ExterCond	Heating	CentralAir	GarageType
1Story : 987	Ex: 10	Floor: 1	N: 109	2Types : 12
2Story : 577	Fa: 40	GasA : 1973	Y: 1893	Attchd : 1207
1.5Fin : 248	Gd: 244	GasW : 20		Basment: 19
SLvl : 107	Po: 1	Grav : 5		BuiltIn: 124
SFoyer : 42	TA: 1707	OthW : 2		CarPort: 5
1.5Unf : 18		Wall : 1		Detchd : 561
(Other): 23				NA's : 74

```
> library(Hmisc)
> describe(subdat)
subdat
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20 Variables      2002 Observations

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OverallQual

n	missing	distinct	Info	Mean	Gmd	.05	.10	.25
2002	0	10	0.943	5.996	1.46	.4	.5	.5
.50	.75	.90	.95					
6	7	8	8					

Value	1	2	3	4	5	6	7	8	9	10
Frequency	3	10	27	141	622	515	415	204	51	14
Proportion	0.001	0.005	0.013	0.070	0.311	0.257	0.207	0.102	0.025	0.007

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YearBuilt

n	missing	distinct	Info	Mean	Gmd	.05	.10	.25
2002	0	113	1	1968	33.73	1915	1923	1950
.50	.75	.90	.95					
1968	1996	2004	2006					

lowest : 1872 1875 1879 1880 1882, highest: 2006 2007 2008 2009 2010

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TotalBsmtSF

n	missing	distinct	Info	Mean	Gmd	.05	.10	.25
2002	0	860	1	1031	430.4	456.6	644.4	801.2
.50	.75	.90	.95					
974.0	1228.0	1568.0	1720.0					

lowest : 0 105 160 173 190, highest: 2633 2846 3094 3200 3206

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FirstFlrSF

n	missing	distinct	Info	Mean	Gmd	.05	.10	.25
2002	0	899	1	1145	389.2	704.0	773.0	882.2
.50	.75	.90	.95					
1062.5	1344.0	1651.9	1800.0					

lowest : 334 432 438 442 448, highest: 2674 2696 2726 3228 3820

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GrLivArea

n	missing	distinct	Info	Mean	Gmd	.05	.10	.25
2002	0	1085	1	1494	545.5	858.1	907.0	1111.0
.50	.75	.90	.95					
1445.0	1761.5	2141.8	2446.8					

lowest : 334 438 492 498 520, highest: 3608 3627 3672 3820 4316

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FullBath

n	missing	distinct	Info	Mean	Gmd
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2002            0            4            0. 765            1. 512            0. 5415

Value            0            1            2            3  
Frequency        5       1003       957       37  
Proportion 0. 002 0. 501 0. 478 0. 018

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TotRmsAbvGrd

	n	missing	distinct	Info	Mean	Gmd	. 05	. 10	. 25
2002		0	11	0. 949	6. 437	1. 547	. 4	. 5	. 5
. 50		. 75	. 90	. 95					
6		7	8	9					

Value	2	3	4	5	6	7	8	9	10	11	12
Frequency	1	7	117	394	588	506	229	103	37	14	6
Proportion	0. 000	0. 003	0. 058	0. 197	0. 294	0. 253	0. 114	0. 051	0. 018	0. 007	0. 003

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GarageCars

	n	missing	distinct	Info	Mean	Gmd
2002		0	6	0. 813	1. 74	0. 7376

Value	0	1	2	3	4	5
Frequency	74	615	1080	225	7	1
Proportion	0. 037	0. 307	0. 539	0. 112	0. 003	0. 000

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GarageArea

	n	missing	distinct	Info	Mean	Gmd	. 05	. 10	. 25
2002		0	538	1	468	223. 6	186. 2	240. 0	312. 0
. 50		. 75	. 90	. 95					
472. 0		576. 0	730. 0	839. 0					

lowest :    0   100   160   162   164, highest: 1184 1231 1248 1314 1488

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Total FloorSF

	n	missing	distinct	Info	Mean	Gmd	. 05	. 10	. 25
2002		0	1084	1	1489	543. 3	856. 1	904. 0	1107. 0
. 50		. 75	. 90	. 95					
1442. 0		1755. 0	2133. 9	2442. 8					

lowest :   334   438   492   498   520, highest: 3500 3627 3672 3820 4316

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HouseAge

	n	missing	distinct	Info	Mean	Gmd	. 05	. 10	. 25
2002		0	125	1	40. 36	33. 69	2. 00	4. 00	11. 25
. 50		. 75	. 90	. 95					
40. 00		58. 00	85. 00	92. 95					

lowest :    0    1    2    3    4, highest: 127 128 129 135 136

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SalePrice

	n	missing	distinct	Info	Mean	Gmd	. 05	. 10	. 25
2002		0	722	1	179185	75562	95000	110000	130063

.50	.75	.90	.95
161875	212450	271450	316475

lowest : 35000 39300 40000 45000 52000, highest: 584500 610000 615000 625000 755000

LotConfig

n	missing	distinct
2002	0	5

Value	Corner	CulDSac	FR2	FR3	Inside
Frequency	373	139	47	8	1435
Proportion	0.186	0.069	0.023	0.004	0.717

Neighborhood

n	missing	distinct
2002	0	21

lowest : Blmngtn BrkSide ClearCr CollgCr Crawfor, highest: Somerst StoneBr SWISU Timber Veenker

Condition1

n	missing	distinct
2002	0	9

Value	Artery	Feedr	Norm	PosA	PosN	RR Ae	RR An	RR Ne	RR Nn
Frequency	65	114	1709	18	34	20	32	4	6
Proportion	0.032	0.057	0.854	0.009	0.017	0.010	0.016	0.002	0.003

HouseStyle

n	missing	distinct
2002	0	8

Value	1.5Fin	1.5Unf	1Story	2.5Fin	2.5Unf	2Story	SFoyer	SLvl
Frequency	248	18	987	6	17	577	42	107
Proportion	0.124	0.009	0.493	0.003	0.008	0.288	0.021	0.053

ExterCond

n	missing	distinct
2002	0	5

Value	Ex	Fa	Gd	Po	TA
Frequency	10	40	244	1	1707
Proportion	0.005	0.020	0.122	0.000	0.853

Heating

n	missing	distinct
2002	0	6

Value	Floor	GasA	GasW	Grav	OthW	Wall
Frequency	1	1973	20	5	2	1

Proportion 0.000 0.986 0.010 0.002 0.001 0.000

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 Central Air

	n	missing	distinct
2002		0	2

Value		N	Y
Frequency		109	1893
Proportion		0.054	0.946

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 GarageType

	n	missing	distinct
1928		74	6

Value	2Types	Attchd	Basment	BuiltIn	CarPort	Detchd
Frequency		12	1207	19	124	5
Proportion		0.006	0.626	0.010	0.064	0.003

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