

Import libraries

```
In [ ]:
         import os
         import zipfile
         import numpy as np
         import pandas as pd
         import seaborn as sns
         import lightgbm as lgbm
         import statsmodels.api as sm
         import statsmodels.formula.api as sms
         import matplotlib.pyplot as plt
         from patsy import dmatrices
         from sklearn.impute import SimpleImputer
         from sklearn.linear_model import LinearRegression
         from sklearn.cluster import KMeans
         from sklearn.preprocessing import PolynomialFeatures
         from statsmodels.stats.outliers influence import variance inflation factor
         from sklearn.metrics import (
             mean_squared_error,
             r2 score,
             mean absolute error,
             mean absolute percentage error,
         from sklearn.model_selection import (
             RandomizedSearchCV,
             train_test_split,
         from statsmodels.tools.tools import add constant
```

Instructions about how to load the datasets

A total of 40 datasets, comprising 971,520 entries and spanning 56 columns, were obtained from the subsequent webpages: (a) Primary dataset: The dataset titled Real Estate listings in the US was sourced from the kaggle.com* webpage, collated from https://www.realtor.com/, a real estate listing website. (b) Complementary dataset: To augment the primary dataset, 38 recommended datasets were retrieved from the https://www.redfin.com/ webpage. Redfin, a real estate brokerage, provides access to timely and trustworthy housing market data. (3) Demographic dataset: To explore the population demographics of housing areas, an additional dataset was obtained from the Azure Open Datasets**.

- https://www.kaggle.com/datasets/ahmedshahriarsakib/usa-real-estatedataset/data
- https://learn.microsoft.com/en-us/azure/open-datasets/dataset-us-populationzip?tabs=azureml-opendatasets

These datasets were stored in Team-20 GitHub project repository under the folder Data.

https://github.gatech.edu/MGT-6203-Fall-2023-Canvas/Team-20

The next steps need to be followed to load the data.

- 1. Clone Team-20 GitHub project in your machine.
- 2. Unzip the .zip file "real_estate -redfin.zip".
- 3. Update the file paths below according to where the repository was cloned.

Real estate dataset

Demographic dataset

Homogenize ZIP code information between both datasets

```
In [ ]:
    df1["zip"] = df1["zip"].str.replace('[^\dA-Za-z]', '').astype(float)
    df2["zip"] = df2["zip"].astype(float)
```

Concatenate dataframes

```
In [ ]: df = pd.merge(df1, df2, how="left", on="zip")
```

Convert states names into their corresponding codes

```
'Georgia':'GA',
    'West Virginia':'WV',
}
)
df.replace('South Carolina', 'SC', inplace=True)
```

Rename variables

```
In [ ]:
         df = df[[
              "state",
             "bed",
              "bath"
              "acre_lot",
              "city_x",
              "house_size",
              "price",
              "status",
              "SALE TYPE",
              "PROPERTY TYPE",
              "YEAR BUILT",
              "DAYS ON MARKET",
              "$/SQUARE FEET",
              "HOA/MONTH",
              "LATITUDE",
              "LONGITUDE",
              "population",
              "density",
              "county_fips",
              "imprecise",
              "military",
         ]].rename(
              columns={
                  "city_x": "city",
                  "SALE TYPE": "sale_type",
                  "PROPERTY TYPE": "property_type",
                  "YEAR BUILT": "year_built",
                  "DAYS ON MARKET": "days_on_market",
                  "$/SQUARE FEET": "square_feet",
                  "HOA/MONTH": "hoa_month",
                  "LATITUDE": "latitude",
                  "LONGITUDE": "longitude",
             }
         )
```

Dataset variables quantitative information before outlier removal

```
In [ ]: df.describe()
In [ ]: df.dtypes
```

Dataset variables

```
In [ ]: df.columns
```

Prepare and filter columns

```
In [ ]:
    df = df[[
        'state', 'bed', 'bath', 'acre_lot', 'city', 'house_size', 'price',
        'status', 'sale_type', 'property_type', 'year_built', 'days_on_market',
        'square_feet', 'hoa_month', 'latitude', 'longitude', 'population',
        'density', 'county_fips', 'imprecise', 'military'
    ]]
    df.dtypes
In []: df[['bed', 'bath', 'acre_lot', 'city', 'house_size', 'price','days_on_market
```

Convert Object columns to Factor

```
df[[
         "status", "state", "city", "sale_type", "property_type", "imprecise", "n
]] = df[[
         "status", "state", "city", "sale_type", "property_type", "imprecise", "n
]].replace(np.nan,"?").astype("category")
```

Plot boxplots of variables before outliers removal

```
In [ ]:
    lst = list(df[['bed','bath','acre_lot','house_size','price','days_on_market'

    df = df.reset_index(drop=True)
    for column in lst:
        plt.figure(figsize=(10, 4))
        plt.subplot(131)
        sns.boxplot(df[column])
        plt.show()
```

Delete outliers

```
In []:
    df3 = df.copy()
    zscores_bed = (df3["bed"]-df3["bed"].mean())/df3["bed"].std()
    zscores_bath = (df3["bath"]-df3["bath"].mean())/df3["bath"].std()
    zscores_acre_lot = (df3["acre_lot"]-df3["acre_lot"].mean())/df3["acre_lot"].
    zscores_house_size = (df3["house_size"]-df3["house_size"].mean())/df3["year_zscores_days_on_market = (df3["days_on_market"]-df3["days_on_market"].mean())
    zscores_square_feet = (df3["square_feet"]-df3["square_feet"].mean())/df3["sczscores_hoa = (df3["hoa_month"]-df3["hoa_month"].mean())/df3["hoa_month"].stzcores_lat = (df3["latitude"]-df3["latitude"].mean())/df3["latitude"].std()
    zscores_lng = (df3["longitude"]-df3["longitude"].mean())/df3["longitude"].st
```

```
df3["not_outlier_bed"] = zscores_bed.abs() < 3</pre>
df3["not outlier bath"] = zscores bath.abs() < 3</pre>
df3["not_outlier_acre_lot"] = zscores_acre_lot.abs() <3</pre>
df3["not_outlier_house_size"] = zscores_house_size.abs() < 3</pre>
df3["not_outlier_year_built"] = zscores_year_built.abs() < 3</pre>
df3["not_outlier_days_on_market"] = zscores_days_on_market.abs() < 3</pre>
df3["not_outlier_square_feet"] = zscores_square_feet.abs() < 3</pre>
df3["not outlier hoa"] = zscores hoa.abs() < 3</pre>
df3["not_outlier_lat"] = zscores_lat.abs() < 3</pre>
df3["not_outlier_lng"] = zscores_lng.abs() < 3</pre>
D = df3
    df3.eval(
         'not_outlier_bed and not_outlier_bath and not_outlier_acre_lot and r
].drop(
    columns=[
        "not_outlier_bed",
        "not_outlier_bath",
        "not outlier acre lot",
        "not_outlier_house_size",
        "not_outlier_year_built",
        "not_outlier_days_on_market",
        "not_outlier_square_feet",
        "not_outlier_hoa",
        "not_outlier_lat",
        "not_outlier_lng",
    ]
D = D.drop(D.index[D['hoa month'] >= 3500.0])
D = D.drop(D.index[D['acre_lot'] >= 50.0])
D.head(2)
```

Plot boxplots of variables after outliers removal

```
In [ ]:
    lst = list(D[['bed','bath','acre_lot','house_size','price','days_on_market',
    D = D.reset_index(drop=True)
    for column in lst:
        plt.figure(figsize=(10, 4))
        plt.subplot(131)
        sns.boxplot(D[column])
        plt.show()
```

Dataset variables quantitative information after outlier removal

```
L = list(D['state'].unique())
print(L, len(L))
x=[]
for i in b:
    if i not in L:
        x.append(i)
print(x, sep="")
print(len(x))
```

Calculate correlations between variables

Convert Categorical Variables to Numerical

In the following code we have transformed status, sale_type and property_type to numerical values in order to check for collinearity, correlation and VIF.

Plot correlation heatmap

```
In []: plt.figure(figsize=(16, 6))
    mask = np.triu(np.ones_like(round(Xs.corr(),2), dtype=bool))
    heatmap = sns.heatmap(round(Xs.corr(),2), mask=mask, vmin=-1, vmax=1, annot=heatmap.set_title("Predictors' Correlations Heatmap", fontdict={'fontsize':1}

In []:    corr = round(Xs.corr(),1)
    plt.figure(figsize=(16, 6))
    mask = np.triu(np.ones_like(round(Xs.corr(),2), dtype=bool))
```

```
sns.heatmap(round(Xs.corr(),2), mask=mask, vmin=-1, vmax=1, annot=True, cmar
In [ ]:
         ans=sns.heatmap(round(Xs.corr(),1), linewidths=1, cmap="Blues", center=0, &
         figure = ans.get figure()
         figure.savefig('correlations.png', dpi=800)
        Calculate VIF
In [ ]:
         A = D[['bed', 'bath', 'acre_lot', 'house_size', 'year_built', 'days_on_market', 's
                  'latitude','longitude','population','density','county_fips','status_
                 'property type numerical']]
         y1, X1 = dmatrices('bed ~ bath+acre_lot+house_size+latitude+longitude+popula
         vif1 = pd.DataFrame()
         vif1['VIF'] = [variance inflation factor(X1.values, i) for i in range(X1.sha
         vif1['variable'] = X1.columns
         vif1
In [ ]:
         y2, X2 = dmatrices('bath ~ bed+acre lot+house size+latitude+longitude+popula
         vif2 = pd.DataFrame()
         vif2['VIF'] = [variance inflation factor(X2.values, i) for i in range(X2.sha
         vif2['variable'] = X2.columns
         vif2
In [ ]:
         y3, X3 = dmatrices('house size ~ bed+acre lot+bath+latitude+longitude+popula
         vif3 = pd.DataFrame()
         vif3['VIF'] = [variance_inflation_factor(X3.values, i) for i in range(X3.sha
         vif3['variable'] = X3.columns
         vif3
In [ ]:
         y4, X4 = dmatrices('hoa_month~ bed+acre_lot+house_size+bath+latitude+longitu
         vif4 = pd.DataFrame()
         vif4['VIF'] = [variance_inflation_factor(X4.values, i) for i in range(X4.sha
         vif4['variable'] = X4.columns
         vif4
In [ ]:
         y5, X5 = dmatrices('status numerical~ bed+acre lot+house size+bath+latitude+
         vif5 = pd.DataFrame()
         vif5['VIF'] = [variance inflation factor(X5.values, i) for i in range(X5.sha
         vif5['variable'] = X5.columns
         vif5
```

Control/Validation/Test sets

```
In [ ]:
    X = D.loc[:, D.columns!='price']
    y = D["price"]
    X_train, X_test, y_train, y_test = train_test_split(X, y, test_size=0.33, raprint(len(X_train), len(y_train), len(X_test), len(y_test))
```

Impute missing values

```
In [ ]:
         imputer y = SimpleImputer()
         imputer_X_int = SimpleImputer(strategy="most_frequent")
         imputer_X_float = SimpleImputer()
         X train int array = imputer X int.fit transform(
              X_train[[
                  "bed",
                  "bath",
                  "year_built",
                  "days_on_market",
                  "hoa month",
                  "population",
                  "county_fips",
              ]]
         X_test_int_array = imputer_X_int.transform(
              X test[[
                  "bed",
                  "bath",
                  "year built",
                  "days_on_market",
                  "hoa month",
                  "population"
                  "county_fips",
              ]]
         X_train_int = pd.DataFrame(
              X train int array,
              columns=[
                  "bed",
                  "bath",
                  "year_built",
                  "days_on_market",
                  "hoa_month",
                  "population",
                  "county_fips",
              ]
         X_test_int = pd.DataFrame(
              X_test_int_array,
              columns=[
                  "bed",
                  "bath",
                  "year_built",
                  "days_on_market",
                  Than manth!
```

```
"population",
                  "county_fips",
              ]
         X_train_float_array = imputer_X_float.fit_transform(
             X_train[[
                  "acre_lot",
                  "house_size",
                  "square feet",
                  "density",
                  "latitude"
                  "longitude",
              ]]
         X_test_float_array = imputer_X_float.transform(
                  "acre_lot",
                  "house_size",
                  "square_feet",
                  "density",
                  "latitude"
                  "longitude",
              ]]
         X_train_float = pd.DataFrame(
             X_train_float_array,
              columns=[
                  "acre_lot",
                  "house_size",
                  "square_feet",
                  "density",
                  "latitude",
                  "longitude",
              ]
         X_test_float = pd.DataFrame(
             X_test_float_array,
              columns=[
                  "acre_lot",
                  "house_size",
                  "square feet",
                  "density",
                  "latitude",
                  "longitude",
         )
In [ ]:
         y_train = imputer_y.fit_transform(y_train.values.reshape(-1, 1))[:,0]
         y_test = imputer_y.transform(y_test.values.reshape(-1, 1))[:,0]
```

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Append numeric and categorical columns

```
"sale type",
    "property_type",
    "imprecise",
    "military",
]]
X_test_categorical = X_test[[
    "status",
    "state",
    "city",
    "sale_type",
    "property_type",
    "imprecise",
    "military",
X_train_ = pd.concat(
    [
        X train int.reset index(drop=True),
        X_train_float.reset_index(drop=True),
        X_train_categorical.reset_index(drop=True),
    ],
    axis=1
X_test_ = pd.concat(
        X test int.reset index(drop=True),
        X_test_float.reset_index(drop=True),
        X_test_categorical.reset_index(drop=True),
    ],
    axis=1
X_train_["price"] = y_train
```

Linear regression model

Linear regression - model

```
In [ ]: ols_model_without_interaction_terms.summary()
```

Linear regression - results

```
In [ ]:     mean_squared_error(y_test, y_test_pred1)

In [ ]:     mae = mean_absolute_error(y_test, y_test_pred1)
     mse = mean_squared_error(y_test, y_test_pred1)
```

```
r2 = r2_score(y_test, y_test_pred1)
         print('MAE:', mae,'MSE:', mse, 'R2.score',r2)
In [ ]:
         plt.scatter(y test, y test pred1, alpha=0.5, color = 'blue')
         plt.xlabel('Actual Values')
         plt.ylabel('Predicted Values')
         plt.show()
        Linear regression model with nonlinear terms
In [ ]:
         agg_bed = X_train_.groupby(['bed'])['price'].agg(pd.Series.mean).reset_index
         sns.residplot(x='bath', y='price', data=X_train_)
         plt.show()
In [ ]:
         agg_bed = X_train_.groupby(['bed'])['price'].agg(pd.Series.mean).reset_index
         plt.figure(figsize = (5,4))
         plt.plot(agg_bed["bed"], agg_bed["price"], 'b.')
         plt.xlabel('bed')
         plt.ylabel('price')
         plt.title("price vs bed")
         plt.show()
In [ ]:
         agg bath = X train .groupby(['bath'])['price'].agg(pd.Series.mean).reset ind
         plt.figure(figsize = (5,4))
         plt.plot(agg bath["bath"], agg bath["price"], 'b.')
         plt.xlabel('bath')
         plt.ylabel('price')
         plt.title("price vs bath")
         plt.show()
In [ ]:
         agg_acre_lot = X_train_.groupby(['acre_lot'])['price'].agg(pd.Series.mean).
         plt.figure(figsize = (5,4))
         plt.plot(agg_acre_lot["acre_lot"], agg_acre_lot["price"], 'b.')
         plt.xlabel('acre lot')
         plt.ylabel('price')
         plt.title("price vs acre_lot")
         plt.show()
In [ ]:
         agg_house_size = X_train_.groupby(['house_size'])['price'].agg(pd.Series.med
         plt.figure(figsize = (5,4))
         plt.plot(agg_house_size["house_size"], agg_house_size["price"], 'b.')
         plt.xlabel('house size')
         plt.ylabel('price')
```

plt.title("price vs house size")

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```
DIC. SHOW()
In [ ]:
         agg_density = X_train_.groupby(['density'])['price'].agg(pd.Series.mean).res
         plt.figure(figsize = (5,4))
         plt.plot(agg_density["density"], agg_density["price"], 'b.', color='blue')
         plt.xlabel('density')
         plt.ylabel('price')
         plt.title("price vs density")
         plt.show()
In [ ]:
         agg_density = X_train_.groupby(['square_feet'])['price'].agg(pd.Series.mean)
         plt.figure(figsize = (5,4))
         plt.plot(agg_density["square_feet"], agg_density["price"], 'b.', color='blue
         plt.xlabel('square feet')
         plt.ylabel('price')
         plt.title("price vs square_feet")
         plt.show()
In [ ]:
         agg density = X train .groupby(['population'])['price'].agg(pd.Series.mean).
         plt.figure(figsize = (5,4))
         plt.plot(agg_density["population"], agg_density["price"], 'b.', color='blue'
         plt.xlabel('population')
         plt.ylabel('price')
         plt.title("price vs population")
         plt.show()
In [ ]:
         polynomial bed = PolynomialFeatures(degree=2)
         polynomial bath = PolynomialFeatures(degree=2)
         polynomial_acre_lot = PolynomialFeatures(degree=2)
         polynomial_house_size = PolynomialFeatures(degree=2)
         polynomial density = PolynomialFeatures(degree=2)
```

Linear regression with nonlinear terms - "bed" polynomial terms

```
polynomial_bed_train_ = polynomial_bed.fit_transform(X_train_[["bed"]])
polynomial_bed_test_ = polynomial_bed.transform(X_test_[["bed"]])

X_train_["polynomial_bed_0"] = polynomial_bed_train_[:,0]
X_train_["polynomial_bed_1"] = polynomial_bed_train_[:,1]
X_train_["polynomial_bed_2"] = polynomial_bed_train_[:,2]

X_test_["polynomial_bed_0"] = polynomial_bed_test_[:,0]
X_test_["polynomial_bed_1"] = polynomial_bed_test_[:,1]
X_test_["polynomial_bed_2"] = polynomial_bed_test_[:,2]
```

Linear regression with nonlinear terms - "bath" polynomial terms

```
polynomial_bath_train_ = polynomial_bath.fit_transform(X_train_[["bath"]])
polynomial_bath_test_ = polynomial_bath.transform(X_test_[["bath"]])

X_train_["polynomial_bath_0"] = polynomial_bath_train_[:,0]
X_train_["polynomial_bath_1"] = polynomial_bath_train_[:,1]
X_train_["polynomial_bath_2"] = polynomial_bath_train_[:,2]

X_test_["polynomial_bath_0"] = polynomial_bath_test_[:,0]
X_test_["polynomial_bath_1"] = polynomial_bath_test_[:,1]
X_test_["polynomial_bath_2"] = polynomial_bath_test_[:,2]
```

Linear regression with nonlinear terms - "acre lot" polynomial terms

Linear regression with nonlinear terms - "house size" polynomial terms

```
In [ ]:
    polynomial_house_size_train_ = polynomial_house_size.fit_transform(X_train_[
    polynomial_house_size_test_ = polynomial_house_size.transform(X_test_[["houselder"]"]")
    X_train_["polynomial_house_size_0"] = polynomial_house_size_train_[:,0]
    X_train_["polynomial_house_size_1"] = polynomial_house_size_train_[:,1]
    X_train_["polynomial_house_size_2"] = polynomial_house_size_test_[:,0]
    X_test_["polynomial_house_size_1"] = polynomial_house_size_test_[:,1]
    X_test_["polynomial_house_size_2"] = polynomial_house_size_test_[:,2]
```

Linear regression with nonlinear terms - "population density" polynomial terms

```
polynomial_density_train_ = polynomial_density.fit_transform(X_train_[["dens polynomial_density_test_ = polynomial_density.transform(X_test_[["density"]]

X_train_["polynomial_density_0"] = polynomial_density_train_[:,0]
X_train_["polynomial_density_1"] = polynomial_density_train_[:,1]
X_train_["polynomial_density_2"] = polynomial_density_train_[:,2]

X_test_["polynomial_density_0"] = polynomial_density_test_[:,0]
Y_test_["polynomial_density_1"] = polynomial_density_test_[:,0]
```

Linear regression with nonlinear terms - model

```
In [ ]: ols_model_with_nonlinear_terms.summary()
```

Linear regression with nonlinear terms - results

LightGBM regression

```
In []:
    lgbm_model_params = {
        'max_depth': (5, 15),
        'num_leaves': (1000, 5000)
}
    lgbm_model_cv = RandomizedSearchCV(
        estimator=lgbm.LGBMRegressor(verbose=0),
        param_distributions=lgbm_model_params,
        cv=3,
        n_iter=3,
        verbose=0,
)
    lgbm_model_cv.fit(X_train, y_train)

y_test_pred3 = lgbm_model_cv.predict(X_test)
```

LightGBM regression - results

mae = mean_absolute_error(y_test, y_test_pred3)
mse = mean_squared_error(y_test, y_test_pred3)
r2 = r2 score(v test, v test_pred3)

_