```
Predicting Airbnb Booking Popularity in Washington,
Project Overview
This project explores a dataset of Airbnb listings in Washington, DC, to predict whether a listing has a "high booking rate," indicating frequent
bookings.
Objectives
   • EDA & Cleaning: Explore the data to understand structure, discover patterns, and handle missing values.
   • Model Development: Build linear and logistic regression models to predict the target variable, <a href="https://high_booking_rate">high_booking_rate</a>.
   • Interpretation & Insights: Identify key features influencing booking popularity.
   • Model Evaluation: Validate model performance on training and testing sets using relevant classification metrics.
Dataset Description
The dataset includes 4,936 Airbnb listings with property details, location, and booking information. The goal is to predict high_booking_rate,
showing the likelihood of a listing being frequently booked.
Approach

    Exploration & Visualization: Identify key trends using Python.

   • Modeling: Develop regression models, applying feature engineering to improve accuracy.
   · Validation: Evaluate models based on metrics like accuracy, precision, recall, and AUC.
This project enhances my skills in data exploration, modeling, and predictive analysis within the short-term rental market context.
 airbnb <- read_csv("dc_airbnb_hw1.csv") #read the dataset in R</pre>
 ## Rows: 4936 Columns: 12
 ## — Column specification
 ## Delimiter: ","
 ## chr (7): name, bed_type, cancellation_policy, cleaning_fee, price, property_...
 ## dbl (5): accommodates, bedrooms, beds, host_total_listings_count, high_booki...
 \#\# i Use `spec()` to retrieve the full column specification for this data.
 \#\# i Specify the column types or set `show_col_types = FALSE` to quiet this message.
 names(airbnb)
                                     #variables used in dataset
 ## [1] "name"
                                    "accommodates"
 ## [3] "bed_type"
                                  "bedrooms"
 ## [5] "beds"
                                     "cancellation_policy"
                                 "host_total_listings_count"
 ## [7] "cleaning_fee"
 ## [9] "price"
                                    "property_type"
 ## [11] "room_type"
                                     "high_booking_rate"
 age_mean <- airbnb %>%
   summarise(mean_accommodates = mean(accommodates))
1: EDA and Data Cleaning
a) To prepare the dataset for analysis, the following cleaning and preprocessing steps
were performed:
   • Cancellation Policy Grouping: Combined the "strict" and "super_strict_30" categories into a single "strict" category to
     simplify analysis.

    Convert to Numeric: Transformed cleaning_fee and price into numeric values.

   • Handling Missing Values (NAs):
        • Replaced missing values in cleaning_fee and price with 0.
        • Imputed missing values in other numeric variables with their mean.
 data_airbnb_clean <- airbnb %>%
  mutate(cancellation_policy = ifelse(cancellation_policy %in% c("strict", "super_strict_30"), "strict", cancella
 tion_policy),
   cleaning_fee = as.numeric(gsub("[$,]", "", cleaning_fee)),
   price = as.numeric(gsub("[$,]", "", price)),
   cleaning_fee = ifelse(is.na(cleaning_fee), 0, cleaning_fee),
   price = ifelse(is.na(price), 0, price)
 num cols <- c("accommodates", "bedrooms", "beds", "host total listings count")</pre>
 data_airbnb_clean <- data_airbnb_clean %>%
   mutate_at(num_cols, ~replace_na(., mean(., na.rm = TRUE)))
b) Feature Engineering: Creating New Variables
To enhance the dataset, the following new variables were created:

    price_per_person: Calculated as the nightly price divided by the accommodates, representing the cost per person per night.

   • has_cleaning_fee: A binary variable indicating whether a cleaning fee exists. Coded as "YES" if cleaning_fee > 0, "NO" otherwise.
   • bed_category: A categorical variable with values "bed" if bed_type is "Real Bed" and "other" for all other bed types.
   • property_category: Categorized based on the property_type:
        • "apartment" for "Apartment", "Serviced apartment", Or "Loft".
        • "hotel" for "Bed & Breakfast", "Boutique hotel", or "Hostel".
        • "condo" for "Townhouse" or "Condominium".
        • "house" for "Bungalow" or "House".

    "other" for any other property types. This variable was converted to a factor for analysis.

   • ppp_ind: A binary indicator where 1 denotes that price_per_person is greater than the median price_per_person within its
     property_category, and 0 otherwise.
 data1 <- data_airbnb_clean %>%
   mutate(
     price_per_person = price/accommodates,
    has_cleaning_fee = ifelse(cleaning_fee > 0, 'YES', 'NO'),
    bed_category = ifelse(bed_type == "Real Bed", "bed", "other"),
    property_category = case_when(
      property_type %in% c("Apartment", "Serviced apartment", "Loft") ~ "apartment",
      property_type %in% c("Bed & Breakfast", "Boutique hotel", "Hostel") ~ "hotel",
       property_type %in% c("Townhouse", "Condominium") ~ "condo",
      property_type %in% c("Bungalow", "House") ~ "house",
      TRUE ~ "other") ) %>%
   group_by(property_category) %>%
   mutate(
     ppp_ind = ifelse(price_per_person > median(price_per_person), 1, 0)
   ) 응>응
   ungroup() %>%
     property_category = factor(property_category, levels = c("apartment", "hotel", "condo", "house", "other"))
c) Converting the remaining character variables to factors:
   bed_type
   cancellation_policy

    room type

 data2 <- data1 %>%
   mutate(
    bed_type = factor(bed_type),
     cancellation_policy = factor(cancellation_policy),
     room_type = factor(room_type) )
d) Visualizing Price Per Person by Booking Rate
To examine the relationship between the nightly price per person and the booking rate, boxplots were constructed for both <code>price_per_person</code>
and log(price_per_person) , grouped by high_booking_rate .
   • Boxplots of price_per_person: The distribution of prices per person is visualized across different values of high_booking_rate.
   • Boxplots of log(price_per_person): A logarithmic transformation is applied to price_per_person to better visualize the distribution
     and reduce the effect of outliers.
Observations:
 library(ggplot2)
 #boxplot of price_per_person
 boxplot(price_per_person ~ high_booking_rate, data = data2,
         main = "Boxplot of price_per_person by high_booking_rate",
         xlab = "High Booking Rate",
         ylab = "Price Per Person",
         col = "red")
                Boxplot of price_per_person by high_booking_rate
     2000
 Price Per Person
     1500
     500
     0
                            0
                                     High Booking Rate
 #boxplot of log(price_per_person)
 boxplot(log(price_per_person) ~ high_booking_rate, data = data2,
         main = "Boxplot of log(price_per_person) by high_booking_rate",
         xlab = "High Booking Rate",
         ylab = "Log(Price Per Person)",
             Boxplot of log(price_per_person) by high_booking_rate
Log(Price Per Person)
     2
     0
                            0
                                     High Booking Rate
Observations: There appears to be negative relationship between price_per_person and high_booking_rate.
e) To explore how booking rates vary across property types, a two-way table was
constructed between high_booking_rate and property_category.
 #two way table
 high_book_rate_2way_t <- table(data2$high_booking_rate, data2$property_category)
 high_book_rate_2way_t
        apartment hotel condo house other
            2013 50 387 1198 50
              672 12 171 363
 high_book_rate_prop_t <- prop.table(high_book_rate_2way_t, margin = 2)</pre>
 high_book_rate_prop_t
        apartment hotel condo house
     0 0.7497207 0.8064516 0.6935484 0.7674568 0.7142857
     1 0.2502793 0.1935484 0.3064516 0.2325432 0.2857143
2: Linear Regression
a) Training a linear regression to predict high_booking_rate using the variables listed
below.

    cancellation_policy

   cleaning_fee
   price_per_person
   ppp_ind
   · has cleaning fee

    accommodates

   bed_category
   bedrooms
   beds
   · host total listings count
   property_category
 model1 <- lm(high_booking_rate ~ cancellation_policy + cleaning_fee + price_per_person + ppp_ind + has_cleaning_f</pre>
 ee + accommodates + bed_category + bedrooms + beds + host_total_listings_count + property_category, data = data2)
 summary (model1) $r.squared
 ## [1] 0.07898232
Model 1 has an R^2 of 0.7898.
b) Given a set of listing characteristics, the goal is to predict the
high_booking_rate. The prediction is based on the model built earlier in the
analysis.
New Listing:
   cancellation_policy = super_strict_30
   • cleaning_fee = $30
   price = $200
   accommodates = 4
   bed_type = Real Bed
   • bedrooms = 3
   • beds = 4

 host total listings count = 1

   • property_type = townhouse
 new_listing <- data.frame(cancellation_policy = "strict",</pre>
                          cleaning_fee = 30, price_per_person = 200/4,
                          ppp_ind = 1, has_cleaning_fee = "YES",
                          accommodates = 4,
                          bed_category = "other",
                          bedrooms = 3,
                          beds = 4,
                          host_total_listings_count = 1,
                          property_category = "condo"
 high_booking_rate_pred <- predict(model1, newdata = new_listing)</pre>
 high_booking_rate_pred
 ## 0.2602891
The high booking rate prediction value for the new listing, was closer to 0 than it is to 1, which suggests that our model has predicted that this new
listing will not have a high booking rate.
3: Logistic Regression
a) Training a Logistic Regression model using the same variables as in Linear
Regression model:
 model1_logit <- glm(high_booking_rate ~ cancellation_policy + cleaning_fee + price_per_person + ppp_ind + has_cle</pre>
 aning_fee + accommodates + bed_category + bedrooms + beds + host_total_listings_count + property_category, data =
 data2, family = binomial)
 ## Warning: glm.fit: fitted probabilities numerically 0 or 1 occurred
 summary(model1_logit)
 ## Call:
 ## glm(formula = high_booking_rate ~ cancellation_policy + cleaning_fee +
 ## price_per_person + ppp_ind + has_cleaning_fee + accommodates +
     bed_category + bedrooms + beds + host_total_listings_count +
      property_category, family = binomial, data = data2)
 ## Coefficients:
 ## Estimate Std. Error z value Pr(>|z|)
## (Intercept) -0.978980 0.160907 -6.084 1.17e-09 ***
 ## cancellation_policymoderate 0.510296 0.093378 5.465 4.63e-08 ***
 ## cancellation_policystrict 0.444980 0.095816 4.644 3.42e-06 ***
 ## host_total_listings_count    -0.007824    0.003194    -2.449    0.0143 *
 ## property_categoryhotel 0.100804 0.352798 0.286 0.7751
 ## property_categoryother -0.140461 0.291836 -0.481 0.6303
 ## Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
 ## (Dispersion parameter for binomial family taken to be 1)
 ## Null deviance: 5560.1 on 4935 degrees of freedom
 ## Residual deviance: 5082.6 on 4920 degrees of freedom
 ## AIC: 5114.6
 ##
 ## Number of Fisher Scoring iterations: 8
The AIC of this model is 5114.6.
b) The coefficient for price per person is -0.019105, which means that for a one-unit
increase in price per person, the log-odds of the high_booking_rate is would
decrease by 0.019105, if all other variables in the model remain constant.
c) The coefficient for the condo property category is 0.349404, which means that the
log odds of a condo listing having a high booking rate is expected to be 0.349404
higher than the log odds of the base property_category, if all else remain constant.
d) To estimate the likelihood that the given listing has high_booking_rate = 1, we
use the logistic regression model and compute the predicted probability.
 prob_pred<- predict(model1_logit, newdata=new_listing,type = "response")</pre>
 print (prob_pred)
 ## 0.2743069
###e) Logistic regression is more suitable for binary outcomes, providing a more accurate and interpretable model for explaining the relationship
between features and the target variable high_booking_rate.
4: Classification and Evaluation
a) The data is split into 70% training and 30% validation sets. The linear and logistic
regression models are retrained using only the training data, and their performance
metrics (R<sup>2</sup> for linear regression and AIC for logistic regression) are reported:
 set.seed(12345)
```

```
## property_categoryhotel 2.789e-03 6.497e-02 0.043 0.965763
## property_categorycondo 6.249e-02 2.359e-02 2.648 0.008124 **
## property_categoryhouse -1.250e-02 1.711e-02 -0.730 0.465141
## property_categoryother 5.249e-03 6.103e-02 0.086 0.931474
## Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
## Residual standard error: 0.4158 on 3439 degrees of freedom
## Multiple R-squared: 0.08106, Adjusted R-squared: 0.07705
\#\# F-statistic: 20.22 on 15 and 3439 DF, p-value: < 2.2e-16
#logistic regression model
model1_logit_train <- glm(high_booking_rate ~ cancellation_policy + cleaning_fee + price_per_person + ppp_ind + h
as_cleaning_fee + accommodates + bed_category + bedrooms + beds + host_total_listings_count + property_category,f
amily = binomial, data = train)
summary(model1_logit_train)
## Call:
## glm(formula = high_booking_rate ~ cancellation_policy + cleaning_fee +
     price_per_person + ppp_ind + has_cleaning_fee + accommodates +
     bed_category + bedrooms + beds + host_total_listings_count +
     property_category, family = binomial, data = train)
## Coefficients:
##
                        Estimate Std. Error z value Pr(>|z|)
                -1.126890 0.190968 -5.901 3.61e-09 ***
## (Intercept)
## cancellation_policymoderate 0.548769 0.110561 4.963 6.92e-07 ***
```

b) Computing the RMSE in the training and validation sets for the linear model:

The validation set having a higher RMSE is normal. When training a model, it's fine-tuned to minimize errors on the data it learns from, resulting in a lower RMSE for the training set. However, when the model faces new, unseen data, it might struggle to adapt, causing higher prediction errors and a higher RMSE. This performance difference shows how well the model handles unfamiliar data. A much higher RMSE on the validation set

c) Using the models trained on the training dataset, we predict high booking rate

on the validation dataset with a threshold of 0.5 to classify the outcome. Confusion

could mean the model is too fixated on the training data, picking up noise instead of the actual patterns in the data.

matrices are then generated to evaluate model performance:

lm_conf_matrix <- table(Actual = test\$high_booking_rate, Predicted = binary_lm_pred)</pre>

glm_conf_matrix <- table(Actual = test\$high_booking_rate, Predicted = binary_glm_pred)</pre>

model1_train <- lm(high_booking_rate ~ cancellation_policy + cleaning_fee + price_per_person + ppp_ind + has_clea</pre> ning_fee + accommodates + bed_category + bedrooms + beds + host_total_listings_count + property_category,data = t

data_index <- sample(nrow(data2), 0.7 * nrow(data2))</pre>

property_category, data = train)

Min 1Q Median 3Q Max ## -0.8996 -0.2870 -0.1789 0.3190 0.9853

lm(formula = high_booking_rate ~ cancellation_policy + cleaning_fee + ## price_per_person + ppp_ind + has_cleaning_fee + accommodates + bed_category + bedrooms + beds + host_total_listings_count +

cancellation_policymoderate 9.104e-02 1.866e-02 4.879 1.11e-06 *** ## cancellation_policystrict 6.635e-02 1.890e-02 3.511 0.000453 ***

cancellation_policystrict 6.635e-02 1.890e-02 3.511 0.000453 ^^^
cleaning_fee -1.179e-03 2.273e-04 -5.189 2.24e-07 ***
price_per_person -1.305e-03 3.094e-04 -4.219 2.52e-05 ***
ppp_ind -5.533e-02 1.870e-02 -2.958 0.003115 **
has_cleaning_feeYES 1.440e-01 2.050e-02 7.024 2.58e-12 ***
accommodates 1.926e-02 7.402e-03 2.602 0.009310 **
bed_categoryother -8.357e-02 4.248e-02 -1.967 0.049238 *
bedrooms -7.719e-02 1.405e-02 -5.493 4.24e-08 ***
beds 2.970e-02 1.056e-02 2.812 0.004953 **

host_total_listings_count -0.008652 0.004121 -2.100 0.035753 * ## property_categoryhotel 0.159711 0.430675 0.371 0.710757 ## property_categorycondo 0.331978 0.130334 2.547 0.010861 * ## property_categoryhouse -0.129471 0.100368 -1.290 0.197066 ## property_categoryother -0.029485 0.337172 -0.087 0.930316

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

(Dispersion parameter for binomial family taken to be 1)

Number of Fisher Scoring iterations: 8

#predicting and computing rmse with training data train_pred <- predict(model1_train, newdata = train)</pre>

#predicting and computing rmse with validation data test_pred <- predict(model1_train, newdata = test)</pre>

RMSE of training data = 0.4148109 RMSE of validation data = 0.4250136

#linear regression confusion matrix

print(lm_conf_matrix)

Predicted ## Actual 0 1 0 1100 5 1 371 5

print(glm_conf_matrix)

Predicted ## Actual 0 1 0 1082 23

log_FP <- glm_conf_matrix[1, 2]</pre> log_FN <- glm_conf_matrix[2, 1]</pre> log_TP <- glm_conf_matrix[2, 2]</pre>

log_tpr <- log_TP / (log_TP + log_FN)</pre> log_fpr <- log_FP / (log_FP + log_TN)</pre>

print("Logistic Model accuracy")

[1] "Logistic Model accuracy"

log_accuracy

log_tpr

log_fpr

[1] 0.7474679

[1] 0.06648936

[1] 0.02081448

print("False Positive Rate")

[1] "False Positive Rate"

ANSWER TO QUESTION 4e HERE:

log_accuracy <- (log_TP + log_TN) / sum(glm_conf_matrix)</pre>

print("Linear Regression Model True Positive Rate")

[1] "Linear Regression Model True Positive Rate"

cutoffs of 0.4 and 0.6 on the validation data.

Predicted probabilities from the logistic regression model

glm_matrix_0.4 <- table(glm_pred_0.4, test\$high_booking_rate)</pre>

accuracy_0.4 <- sum(diag(glm_matrix_0.4)) / sum(glm_matrix_0.4)</pre> tpr_0.4 <- glm_matrix_0.4[2, 2] / sum(glm_matrix_0.4[2,])</pre> fpr_0.4 <- glm_matrix_0.4[2, 1] / sum(glm_matrix_0.4[1,])</pre>

glm_matrix_0.6 <- table(log_binary_0.6, test\$high_booking_rate)</pre>

accuracy_0.6 <- sum(diag(glm_matrix_0.6)) / sum(glm_matrix_0.6)</pre> tpr_0.6 <- glm_matrix_0.6[2, 2] / sum(glm_matrix_0.6[2,])</pre>

Calculating accuracy, TPR, and FPR using cutoff of 0.6

Calculate accuracy, TPR, and FPR using cutoff of 0.4

Creating confusion matrix using cutoff of 0.6

 $log_binary_0.6 \leftarrow ifelse(glm_pred >= 0.6, 1, 0)$

[1] 0.7359892

tpr_0.4

cutoff.

0.07%.

print("TPR 0.4 cutoff")

[1] "TPR 0.4 cutoff"

Create confusion matrix using cutoff of 0.4

glm_pred_0.4 <- ifelse(glm_pred >= 0.4, 1, 0)

glm_pred <- predict(model1_logit_train, newdata = test, type = "response")</pre>

##

#logistic regression confusion matrix

lm_pred <- predict(model1, newdata = test)</pre>

binary_lm_pred <- ifelse(lm_pred >= 0.5, 1, 0)

print("Linear Regression Model Confusion Matrix")

[1] "Linear Regression Model Confusion Matrix"

binary_glm_pred <- ifelse(glm_pred >= 0.5, 1, 0)

print("Logistic Regression Model Confusion Matrix")

[1] "Logistic Regression Model Confusion Matrix"

glm_pred <- predict(model1_logit, newdata = test, type = "response")</pre>

Null deviance: 3881.9 on 3454 degrees of freedom ## Residual deviance: 3553.3 on 3439 degrees of freedom

rmse_train <- sqrt(mean((train_pred - train\$high_booking_rate)^2))</pre>

rmse_test <- sqrt (mean((test_pred - test\$high_booking_rate)^2))</pre>

train <- data2[data_index,]</pre> test <- data2[-data_index,]</pre>

linear regression model

summary(model1_train)

##

Call:

Residuals:

AIC: 3585.3

Linear Model: - R^2: 0.08106

[1] 0.4148109

[1] 0.4250136

rmse_test

Logistic Regression Model: - AIC: 3585.3

```
1 351 25
d) Reporting the accuracy, TPR, and FPR:
 #extracting values
 TN <- lm_conf_matrix[1, 1]</pre>
 FP <- lm_conf_matrix[1, 2]</pre>
 FN <- lm_conf_matrix[2, 1]</pre>
 TP <- lm_conf_matrix[2, 2]</pre>
 #accuracy
 lm_accuracy <- (TP + TN) / sum(lm_conf_matrix)</pre>
 lm_tpr <- TP / (TP + FN)</pre>
 lm_fpr <- FP / (FP + TN)</pre>
 print("Linear Regression Model accuracy")
 ## [1] "Linear Regression Model accuracy"
 lm_accuracy
 ## [1] 0.7461175
 print("Linear Regression Model True Positive Rate")
 ## [1] "Linear Regression Model True Positive Rate"
 lm_tpr
 ## [1] 0.01329787
 print("Linear Regression Model False Positive Rate")
 ## [1] "Linear Regression Model False Positive Rate"
 lm_fpr
 ## [1] 0.004524887
 print("--
 # Extract values from confusion matrix
 log_TN <- glm_conf_matrix[1, 1]</pre>
```

```
fpr_0.6 <- glm_matrix_0.6[2, 1] / sum(glm_matrix_0.6[1, ])</pre>
#results
print("Accuracy 0.4 cutoff")
## [1] "Accuracy 0.4 cutoff"
accuracy_0.4
```

e) For the more accurate model (either linear or logistic based on previous

evaluations), we calculate accuracy, TPR (sensitivity), and FPR (1-specificity) using

```
## [1] 0.4651163
print("FPR 0.4 cutoff")
## [1] "FPR 0.4 cutoff"
fpr_0.4
## [1] 0.09083728
#results
print("Accuracy 0.6 cutoff")
## [1] "Accuracy 0.6 cutoff"
accuracy_0.6
## [1] 0.7461175
print("TPR 0.6 cutoff")
## [1] "TPR 0.6 cutoff"
tpr_0.6
## [1] 0.5
print("FPR 0.6 cutoff")
## [1] "FPR 0.6 cutoff"
fpr_0.6
## [1] 0.0006761325
```

The Cutoff with the highest accuracy is the 0.6 cutoff. The Cutoff with the highest TPR is the 0.6 cutoff. The Cutoff with the highest FPR is the 0.4

In this case, the 0.6 cutoff appears to be the most promising for the given application. It has a relatively high accuracy of 74.61%, which is close to the 0.5 cutoff. Additionally, the 0.6 cutoff boasts an impressive True Positive Rate (TPR) of 50% and an extremely low False Positive Rate (FPR) of

While the 0.4 cutoff has a comparable accuracy of 73.60%, its TPR is lower at 46.51%, and the FPR is slightly higher at 9.08%. The 0.6 cutoff strikes a good balance by achieving a high TPR while keeping the FPR exceptionally low, making it a favorable choice for this application.