#### **EXECUTIVE SUMMARY**

Property that has shared spaces, and share bathrooms have lower listing prices. Hosts with more experience tend to charge a higher price. The population of the city also negatively impacts the listing price due to fierce competition. White hosts do not have any bias on pricing.

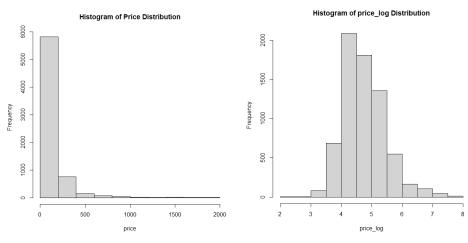
Regarding the demand for properties, there is a higher demand for hosts that make multiple listings, have long experience, are of high age, are male, and have properties located in big cities. There is a lower demand for properties that are not rated, have share areas/bathrooms, include cleaning fees, and are owned by black hosts. There tends to have less demand for 5-star rating properties, which could be explained by their higher price.

Host acceptance rates are also impacted by guest gender and race. White female guests have a 44% higher chance to be accepted by hosts, while that of black females is -35%. Hosts likely to say yes to white male guests (9% higher chance) than black male guests, who are 18% less likely to be accepted.

### **ANALYSES**

### Goal 1: Examine what factors affect Airbnb listing prices

### **Outcome variable selection**



- The variable 'price' follows power law distribution which is not suitable for running regression.
- The variable 'log\_price' follows a normal distribution, we use this variable to predict the outcome variable.

### **Initial regression model**

Coefficients:					
	Estimate	Std. Error	t value	Pr(> t )	
(Intercept)	4.683615	0.107709	43.484	< 2e-16	
shared_property	-0.719021	0.014302	-50.274	< 2e-16	***
shared_bathroom	-0.188262	0.022447	-8.387	< 2e-16	***
strict_cancellation	0.121536	0.014621	8.313	< 2e-16	***
has_cleaning_fee	-0.034968	0.014247	-2.454	0.01414	*
multiple_listings	-0.010519	0.013683	-0.769	0.44204	
not_rated	0.316393	0.016978	18.636	< 2e-16	***
five_star_property	0.113175	0.016837	6.722	1.94e-11	***
log_host_experience	0.048198	0.006581	7.324	2.69e-13	***
log_tract_listings	0.088142	0.006441	13.684	< 2e-16	***
log_population	-0.029606	0.011643	-2.543	0.01102	*
host_age_old	0.007376	0.031414	0.235	0.81437	
host_age_unknown	0.017665	0.039361	0.449	0.65361	
host_age_young	-0.067408	0.013727	-4.911	9.28e-07	***
host_gender_FF	-0.064485	0.044478	-1.450	0.14716	
host_gender_M	0.038746	0.015179	2.553	0.01071	*
host_gender_MF	0.017208	0.019518	0.882	0.37798	
host_gender_MM	0.038512	0.045380	0.849	0.39610	
host_gender_unknown	0.100088	0.035054	2.855	0.00431	7¢ 7¢
host_race_black	-0.033375	0.033921	-0.984	0.32520	
host_race_hisp	0.005358	0.044987	0.119	0.90519	
host_race_multiracial	-0.030291	0.047194	-0.642	0.52099	
host_race_unknown	0.009308	0.035324	0.263	0.79218	
host_race_white	0.053961	0.028224	1.912	0.05593	
city_Baltimore	0.227912	0.034099		2.51e-11	***
city_Dallas	0.076637	0.032437	2.363	0.01817	
`city_Los-Angeles`	0.227451	0.021865	10.403	< 2e-16	***
`city_St-Louis`	-0.033826	0.046580	-0.726	0.46774	
city_Washington	0.157455	0.023543	6.688	2.44e-11	to the the
Signif. codes: 0 '**	" 0.001 "	**' 0.01 '*'	0.05	. ' 0.1 '	1

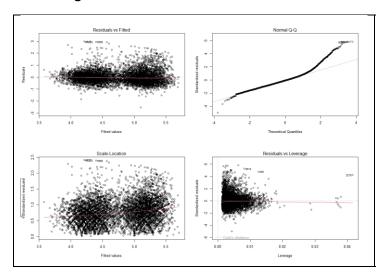
Residual standard error: 0.5119 on 6864 degrees of freedom Multiple R-squared: 0.4496, Adjusted R-squared: 0.4474 F-statistic: 200.3 on 28 and 6864 DF, p-value: < 2.2e-16

Observation on variables:

- 'Shared\_property' has a negative impact on the price of the listing house.
- 'Log\_host\_experience' implies that hosts with more experience charge higher prices.
- 'Log\_population' negatively impacts price, which could be due to competition in the big city

The Adjusted R-squared indicates that the model explain 0.4474 of the 'log\_price'

### **Model diagnostics**



Residual vs fit and Residual vs Leverage charts all look good.

Normal Q-Q: most parts of the data follow the normal distribution while some data deviate away from the line, indicating that the data is skewed or has heavy tails.

Residuals vs leverage chart indicates that there are some outliers but not significantly impact the model (given the cook's distance line didn't show up in the chart)

# Multicollinearity

VIF stepwise with the threshold of 5	Lasso model with lambda = 10		
There is 1 variable that has a collinearity problem	Beta of all variables equal zero which indicate		
with the host_race_white	that all variables are eligible for the model		
Output:	Output:		
1 variables from the 25 input variables have collinearity problem:	28 x 1 sparse Matrix of class "dgCMatrix"		
host_race_white  After excluding the collinear variables, the linear correlation coefficients ranges between: min correlation ( city_Los-Angeles ~ host_gender_M ): -3.122493e-05 max correlation ( host_race_unknown ~ host_gender_unknown ): 0.6620784	s0 shared_property 0 shared_bathroom strict_cancellation . has_cleaning_fee . multiple_listings . not_rated . five_star_property . log_host_experience . log_tract_listings . log_population . host_age_old . host_age_unknown . host_age_young . host_gender_FF .		
13	host_gender_M host_gender_MM host_gender_MM host_gender_MM host_race_black host_race_multiracial host_race_unknown host_race_white city_Baltimore city_Los-Angeles city_Uos-Louis city_Washington		

### Regression model without "host\_race\_white" variable model

#### Coefficients: Estimate Std. Error t value Pr(>|t|) 4.683615 0.107709 43.484 < 2e-16 \*\*\* (Intercept) < 2e-16 \*\*\* -0.719021 0.014302 -50.274 shared\_property < 2e-16 \*\*\* shared\_bathroom -0.188262 0.022447 -8.387 strict\_cancellation 0.121536 0.014621 8.313 < 2e-16 \*\*\* has\_cleaning\_fee -0.034968 0.014247 -2.454 0.01414 \* multiple\_listings -0.010519 0.013683 -0.769 0.44204 < 2e-16 \*\*\* not\_rated 0.316393 0.016978 18.636 6.722 1.94e-11 \*\*\* five\_star\_property 0.113175 0.016837 7.324 2.69e-13 \*\*\* log\_host\_experience 0.048198 0.006581 < 2e-16 \*\*\* log\_tract\_listings 0.088142 0.006441 13.684 -2.543 0.01102 \* log\_population -0.029606 0.011643 0.007376 host\_age\_old 0.031414 0.235 0.81437 0.017665 host\_age\_unknown 0.039361 0.449 0.65361 -0.067408 -4.911 9.28e-07 \*\*\* 0.013727 host\_age\_young -0.064485 -1.450 0.14716 0.044478 host\_gender\_FF 0.038746 0.015179 host\_gender\_M 0.01071 2.553 0.017208 0.37798 host\_gender\_MF 0.019518 0.882 host\_gender\_MM 0.038512 0.849 0.39610 0.045380 host\_gender\_unknown 0.100088 0.035054 2.855 0.00431 \*\* host\_race\_black -0.033375 0.033921 -0.984 0.32520 host\_race\_hisp 0.005358 0.044987 0.1190.90519 0.047194 host\_race\_multiracial -0.030291 -0.642 0.52099 host\_race\_unknown 0.009308 0.035324 0.263 0.79218 host\_race\_white 0.053961 0.028224 1.912 0.05593 city\_Baltimore 0.227912 0.034099 6.684 2.51e-11 \*\*\* city\_Dallas 0.076637 0.032437 2.363 0.01817 \* < 2e-16 \*\*\* city\_Los-Angeles` 0.227451 0.021865 10.403 city\_St-Louis` -0.033826 0.046580 -0.726 0.46774 0.023543 6.688 2.44e-11 \*\*\* city\_Washington 0.157455 Signif. codes: 0 '\*\*\* 0.001 '\*\* 0.01 '\* 0.05 '.' 0.1 ' ' 1 Residual standard error: 0.5119 on 6864 degrees of freedom Multiple R-squared: 0.4496, Adjusted R-squared: 0.4474 F-statistic: 200.3 on 28 and 6864 DF, p-value: < 2.2e-16

#### Observation

The adjusted R-squared stay the same, indicates that the "host\_race\_white" does not help improve model performance

# Goal 2: Analyze how prices and other characteristics impact the total number of guests.

# Poisson regression "total\_guests" ~ "log\_price"

Result	Interpretation		
Coefficients:	(Intercept) log_price		
Estimate Std. Error z value Pr(> z )	40.8525751 0.9667636		
(Intercept) 3.709970 0.014280 259.80 <2e-16 ***			
log_price -0.033801 0.002994 -11.29 <2e-16 ***			
Observation:			
Price negatively impacts demand. One unit increas	e in log_price will reduce demand by 3.4%		

# Poisson regression "total\_guests" ~ all other characteristics variables

Multivariate Poisson regression of			Interpretation					
"log_total_guesi Coefficients:  (Intercept) log_price shared_property shared_bathroom strict_cancellation has_cleaning_fee multiple_listings not_rated five_star_property log_host_experience log_tract_listings log_population host_age_unknown host_age_unknown host_age_unknown host_gender_FF host_gender_MF host_gender_MM host_gender_MM host_gender_MM host_gender_unknown host_race_black host_race_multiracial host_race_multiracial host_race_multiracial host_race_white city_Baltimore city_Dallas city_Los-Angeles city_Uos-Angeles city_Washington	Estimate Std. 3.810481 0.0.425192 0.0.425192 0.0.151039 0.0.151039 0.0.205289 0.1.180149 0.0.519487 0.0.559486 0.0.559487 0.0.559487 0.0.655978 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.55978 0.0.116993 0.0.55978 0.0.116993 0.0.116993 0.0.116993 0.0.5054803 0.0.390845 0.0.40933 0.0.5880128 0.0.578851 0.0.578851 0.0.559785 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.390845 0.0.425358 0.0.390845 0.0.425358 0.0.390845 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.425358 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.425358 0.0.578851 0.0.578851 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.386788 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.425358 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.578851 0.0.425358 0.0.42535851 0.0.578851 0.0.425358 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0.42538 0.0	. Error z v. 041486 91 .004740 -89 .005754 -77 .009129 -35 .004500 33 .005007 -41 .004454 259 .002996 173 .00209 69 .003617 -16 .001495 -6 .011495 -6 .011495 -6 .015561 -8 .015053 -3 .005236 9 .006196 26 .013451 31 .011188 8 .013684 -28 .014703 -3 .015841 36 .015563 -13 .012228 -9 .009527 -5 .009527 -5 .009527 -5 .009527 -5 .013688 28 .015539 9 .009053 64	695	e-16 ***	Intercept) 45 1,721627 strict_cancellation 1.1630416 five_star_property 0.8904176 0.8904176 0.8904176 0.9324638 host_gender_M 1.0529084 host_race_black 0.6792353 host_race_white 0.9466718 city_St_Louis 1.7839869  Observation  Som implication long gend big co som the operation long and Inte	log_price log_log_log_log_log_log_log_log_log_log_	shared_property 0.6401305 multiple_listings 3.2548604 log_tract_listings 1.1670618 host_age_young 0.9615404 host_gender_M 1.5301377 host_race_multiracial 1.1513473  arracteristics tl mand are mu ence, host age MM, and local arracteristics tl price, not_race d bathroom, of ack. Eve-star ratin hich could due ing propertie	Itiple listings, ge, host tions in the nat reduce ate, shared cleaning fee, g reduces e to the high

# Compare model fit between one variable and multivariable Poisson regressions

Pois1 Pois1m	Observation:
AIC 530649.6 259593.7 BIC 530663.3 259798.8	Multivariable Poisson regression better explain
logLik -265322.8 -129766.8	the impact of other variables on demand

# Goal 3: Examine whether there is discrimination of host response towards gender and race

# Probability of host accepting the request by guest gender and race

Results:		Observation:	
guest_gender guest_race accepta <chr> <chr> 1 female black 2 female white 3 male black 4 male white</chr></chr>	ance_prob <db1> 0.393 0.484 0.346 0.416</db1>	<ul> <li>Gender: Female customers have higher acceptance rates than male customers.</li> <li>Race: Black customers have lower acceptance rates than white customers</li> <li>Hosts tend to favor white female customers and are less likely to accept the request by black male customers</li> </ul>	

# Logistic regression to explain the outcome variable (host\_response\_yes) using guest characteristics

Result:	Observation:
Coefficients:  Estimate Std. Error z value Pr(> z )  (Intercept) -0.41497 0.04244 -9.779 < 2e-16 ***  guest_race_white 0.33415 0.04928 6.781 1.19e-11 ***  guest_gender_male -0.24234 0.04926 -4.920 8.66e-07 ***	<ul> <li>Guest_race_white has higher acceptance change than that of their counter parts.</li> <li>Guest_gender_male is less likely to be accepted by the hosts</li> </ul>

# Logistic regression includes all explanatory variables

# Impact of four gender-race groups on host acceptance rate

Result:			Impacts on host acceptance:			
Coefficients:	Estimate Std. Erro	r z value	Pr(> z )		(Intercept) 0.6484449	as.factor(race_gender)black male 0.8155200
(Intercept) as.factor(race_gender)black male as.factor(race_gender)white female as.factor(race_gender)white male	-0.43318 0.0489 -0.20393 0.0710 0.37015 0.0687	5 -8.850 0 -2.872 9 5.381	< 2e-16 ** 0.00408 ** 7.41e-08 ** 0.18026	as.fa	ctor(race_gender)white female 1.4479474	

### Observation:

- White female guests have a 44% higher chance to be accepted by hosts, while that of black females is -35%.
- Hosts likely to say yes to white male guests (9% higher chance) than black male guests, who are 18% less likely to be accepted.

#### **Description of the datasets**

### (1) Airbnb\_listing.csv

Listing\_id: index for listing

#### **Outcome variables**

- Price: listing price (prices may vary across dates, consider this price as the representative price or historical average price).
- Log\_price: log scaled price
- Total\_guests: total number of guests who have booked the property in the past
- Log total guests: log scaled total guests

### Listing characteristics

- Shared\_property: =1 if the property is shared; =0 if the property is private
- Shared\_bathroom: =1 if bathroom(s) are shared; =0 if bathroom(s) are private
- Strict cancellation: =1 if the cancellation rule is strict
- Has\_cleaning\_fee: =1 if has cleaning fee in addition to the price quoted
- Multiple listings: =1 if the host has multiple listings on Airbnb
- Not rated: =1 if the listing has not been rated
- Five star property: =1 if the listing has been rated as five stars

#### **Host characteristics**

- Host age: {young, middle, old, unknown}
- Host gender: {female, male, female-female, male-male, female-male, unknown}
- Host\_race: {asian, black, hispanic, white, multiracial, unknown}
- Log\_host\_experience: log scaled host experience (experience is measured as number of months the host has been on Airnbn)

#### **Location characteristics**

- City: listing city
- Log\_tract\_listing: log scaled number of listings in the corresponding census tract
- Log\_population: log scaled total population in the corresponding census tract

### (2) Airbnb\_request\_response.csv

Listing\_id: index for listing

### **Guest characteristics**

Guest race: {black, white}Guest gender: {female, male}

### Host response

• Host\_response\_yes: =1 if the host accepts the request