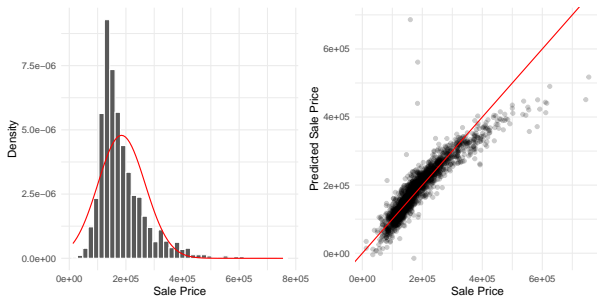


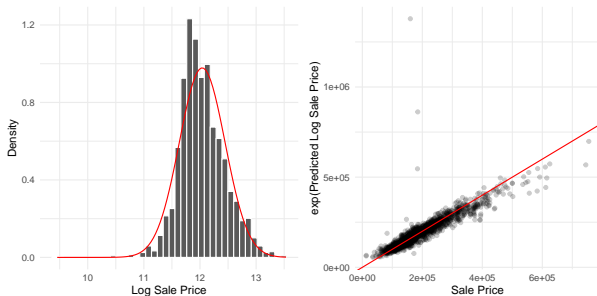
# TARGET TRANSFORMATION

Sometimes, using the raw target or features is not enough to build an adequate model. For example, the linear model requires a normally distributed target variable. But the house prices do not seem to be normal distributed. A linear model trained on that target overestimates the target variable:



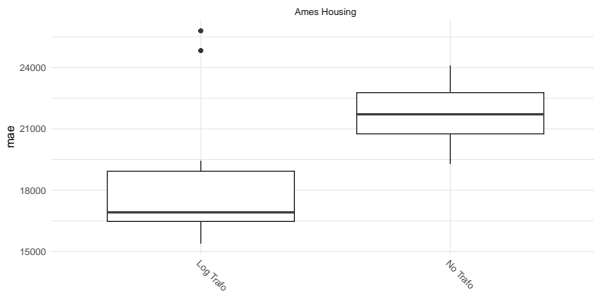
# TARGET TRANSFORMATION

A common trick for skewed distributions is to model the log-transformation:



# TARGET TRANSFORMATION

Benchmarking the logarithmic transformation against the raw data yields a significant improvement of the mean absolute error:



# TARGET TRANSFORMATION

Nevertheless, there are also methods that are able to deal with skewed data:

