

- (4) A real estate agent uses data from homes sold in a region in northern New York State to come up with the following model to relate sale price of a home to its size in square feet. (The linear model is superimposed on the data in Fig. 1 as well)

$$\text{Price (\$ Thousands)} \approx 17.06 + 0.064 \times \text{Size (square feet)}$$

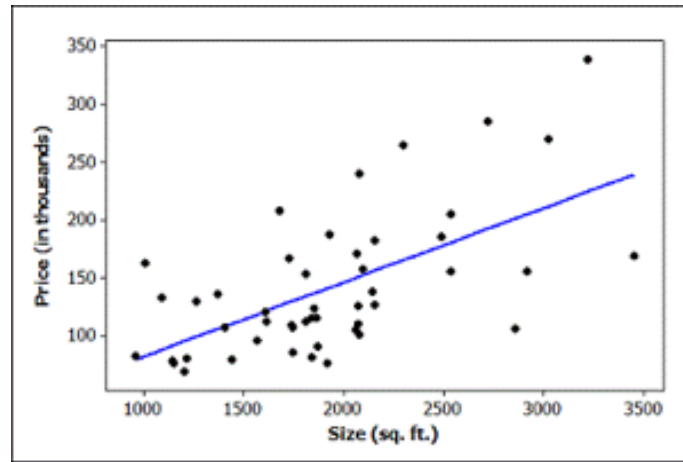


FIGURE 1. Linear model relating sale price of homes to their size

To what extent does this model fit your working definition? How? In what ways might this model be wrong? What other kinds of models might a person construct to predict home prices?