Linear Regression for Business Statistics

Example (Home_Prices.xlsx)

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22102.33 15765.27 0.4891 -3435.26 -212.19

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Ques: Interpret the various estimated coefficients.

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For every 1% cut in the property tax rate, the home prices would tend to increase by 3435 dollars.

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The Mayor claims…
For every 1% cut in the property tax rate, the home prices should increase by 5000 dollars.

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Step 1 **: Formulate Hypothesis:**

H_0: $\beta_3 = -5000$

H_A: $\beta_3 \neq -5000$

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Conclusion:

- **Since -5000 falls in the confidence interval, hence do not reject the Null hypothesis.**
- **The Mayor's claim may be true.**