Scenario

Most realtors in Ames, Iowa receive a standard 3% commission on home sales. But you work at a realty company that offers an additional bonus when you sell homes for more than $175,000. Which homes should you focus on selling to gain the home-sale bonus? Which home features are associated with higher-priced homes?

The categorical response, Bonus, in the Ames housing data set is a binary variable. The values are simply Bonus Eligible if the home sold for more than $175,000, and Not Bonus Eligible if it sold for less. You want to first look for associations between your predictors, such as number of fireplaces, lot shape, and basement area, and the binary response Bonus, to see which variables should be considered for model inclusion. Then you want to use logistic regression to determine which homes have a high probability of selling for more than $175,000.

Statistics 1: Introduction to ANOVA, Regression, and Logistic Regression

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