

How should differences in the distance to the city effect our predictions for home sale prices, after accounting for effects that a home's number of rooms, school quality ratings, and building type might also have on home prices?

Homes that are closer to the city might command higher prices because they offer a shorter, more convenient commute to destinations in the city. Homes with more rooms might sell for a higher price because they offer more living space. Higher quality schools might also be associated with higher home prices because people will pay a premium to be zoned for a school that will offer better opportunities for their children. Finally, people might pay more for single-family homes because they value the privacy that comes from not sharing walls with neighbors.