# Regression and Forecasting

1. A common belief in the business world is that taller men earn more than shorter men, other things being equal. In a report in the *Wall Street Journal*, 30 male MBA graduates with similar ages and graduating years from the University of Pittsburgh were asked about their income and their height. The results of this study are stored in the spreadsheet **tallguys.xls**.
   1. Is there a correlation between height and income based on this data?
   2. Find the regression equation relating income to height. Do taller graduates earn more than shorter ones, on this evidence?
2. The file Housedata.xlsx gives the square footage and sales prices for several houses in Bellevue, Washington.

1. You are going to build a 500-square-foot addition to your house. How much do you think your home value will increase as a result?

2. What percentage of the variation in home value is explained by variation in house size?

3. A 3000-square-foot house is listed for $500,000. Is this price out of line with typical real estate values in Bellevue? What might cause this discrepancy?