**Exercise 1: Housing**

Consider an empirical illustration concerning the relationship between sale prices of houses and their characteristics.

Data: sale prices of 546 houses, sold during July, August and September of 1987, in the city of Windsor, Canada, along with their important features. The following characteristics are available:

* the lot size of the property in square feet (lotsize)
* the numbers of bedrooms (bedrooms)
* full bathrooms (bathrms)
* garage places (garagepl)
* the number of stories (stories)

In addition there are dummy variables for:

* the presence of a driveway (driveway)
* recreational room (recroom)
* full basement (fullbase)
* central air conditioning (airco)
* being located in a preferred area (prefarea)
* using gas for hot water heating (gashw)