

Econ 313, Fall 2021

HW #1

This is a very short assignment designed to get students back into the flow of doing empirical work. Your starting point is the housing price and rent data used in class. Note that the specification used in class suffered from egregious omitted variable bias. Here, you will take a small step towards fixing that problem.

The assignment is due by the end of the day on September 16. Please me a write up and do file.

1. What econometric problems does omitted variable bias cause.
2. Pick one additional variable to include in your model. It must be available monthly (a higher frequency variable may, however, be aggregated into a monthly series). Explain why you picked this variable.
3. Merge this new variable with the price and rent data. Report descriptive statistics.
4. Re-do the analysis from class. Do the results change?