

Exercise 42

For the following exercises, use the median home values in Indiana and Alabama (adjusted for inflation) shown in Table 3. Assume that the house values are changing linearly.

Year	Indiana	Alabama
1950	\$37,700	\$27,100
2000	\$94,300	\$85,100

Table 3

In which state have home values increased at a higher rate?

Solution

Take the ratio of the prices in each state to determine how much they've increased.

$$\text{Indiana :} \quad \frac{94\,300}{37\,700} = \frac{943}{377} \approx 2.50$$

$$\text{Alabama :} \quad \frac{85\,100}{27\,100} = \frac{851}{271} \approx 3.14$$

The price in Alabama increased at a higher rate.