

Report on Bachelor Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Karolína Štollová
Advisor:	Barbara Pertold-Gebicka
Title of the thesis:	Analysis of Short-term Rental Market in Prague

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

The thesis of Karolína Štollová analyzes the determinants of average daily rate for Airbnb-administered apartments in Prague. Karolína follows the best practice in the literature in defining the most relevant explanatory variables and augments the basic OLS analysis with a detailed quantile regression analysis. Overall, the thesis provides a comprehensive view of price-setting behavior of short-term rentals in Prague.

Contribution

The original contribution of this thesis is the description and detailed analysis of the Airbnb rental market in Prague. Augmenting this analysis with quantile regressions pointing towards important heterogeneities across the analyzed properties is an additional value added of this thesis.

Methods

The baseline analysis presented in this thesis is based on simple OLS regressions, which is the approach most often adopted in the literature. I appreciate detailed comments of all estimated coefficients and replication of the analysis on several specific subsamples. Karolína interprets the estimated coefficients well and is aware of potential flaws of the OLS estimation method. Nevertheless, I would welcome a more detailed and more convincing discussion of potential endogeneity issues.

In the second part of the thesis Karolína runs a set of quantile regressions, which is a method well beyond the scope of the bachelor curriculum at IES. Karolína has studied the theory of quantile regressions on her own, only consulting some minor issues with the supervisor. The idea of using quantile regressions is legitimate and well-motivated in the thesis. While it is generally challenging to interpret quantile regression results, Karolína managed it well with only minor imprecisions (it is not clear whether she writes about lower quantiles as corresponding to apartments with low prices or as corresponding to apartments with prices lower than the median prediction given the apartment characteristics).

Originally the plan was to combine the dataset provided by Airbnb with detailed rental data from one of the professional hosts to perform a supply-demand analysis and thus deal (at least to some extent) with endogeneity of the number of guests in the price equation. Unfortunately, the firm dataset turned out not to be representative and, consequently, the analysis could not be performed.

Literature

The literature review is comprehensive and very systematic.

Manuscript form

The thesis is well-structured, written in clear English (with minor grammar issues) and reader-friendly. All figures and tables are well-described.

Summary and suggested questions for the discussion during the defense

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Overall, the presented thesis is a solid piece of work. It was a pleasure for me to supervise Karolina, who is a hardworking and very energetic person with a head full of ideas willing to learn and discover new things. Karolina was working on her own and regularly consulting her progress with me. She was responsive to my comments and critically worked with my suggestions. The thesis turned out as a coherent piece of work providing a detailed analysis of the Prague Airbnb market. I especially appreciate Karolina's effort to include the quantile regression analysis, which is well beyond the scope of our bachelor study program.

Suggested question during the defense:

Is there any tradeoff between the average daily rate and the number of days within the year when the apartment is rented? How is this reflected in your analysis? How does it affect your results?

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	26
<i>Methods</i> (max. 30 points)	26
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	91
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: Barbara Pertold-Gebicka

DATE OF EVALUATION: 27.5.2020



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F