Report on **Bachelor / Master Thesis**

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

Student:	**Lukáš Bíro**
Advisor:	**Vít Macháček**
Title of the thesis:	**Working in Prague but living in Central Bohemian Region, is it financially worth it?**

***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.

Contribution
The author analysed the topic that he came up with himself and then developed his own methodology. Last, but not least, the author also collected his own data. This is well above the standard requirement for the bachelor theses.

The topic of the thesis is both timely and relevant, although the author is aware, that I would prefer studying ownership rather than renting. But this may be open for further research.

Methods
Author developed a simple, but appropriate methodology that is designed specifically for studying NPV of renting aparments. The conclusions that are drawn from the methods are quite reasonable, even though I would sometimes use softer/weaker expressions in some cases.

Rather than sound empirical results, the method provides a simulation environment/model for studying determinants of NPV of real estate renting in the specific context of Central Bohemia. The model is sensitive to the inputs that are highly uncertain, especially in the long-term changes that author studies. The author acknowledge that, but this is definitely a „weakness" of the methodology, that is pretty much impossible to overcome.

I have already recommend the author to „turn the bug into feature" and to develop a simple web-tool that would allow the user to specify their own idea of inputs (based on values provided in chapter 4.3) to see how it would affect results in the individual cities.

Literature
The manuscript contains a brief summary of the literature that I is relatively adequate.

Manuscript form
The manuscript is perhaps the weakest part of the thesis, but it yet fulfill the requirements of the bachelor thesis. It would deserve an English proofreading and in certain moments it should be briefer. A few suggestions:
   a) You use acronyms without specifying it explicitly in the text (for example CBR). That is not correct. To include it in a list of acronyms is not enough.
   b) P.13 on a list of travel modes, there is one input twice.
   c) „It can be observed that Prague and Mladá Boleslav offer bigger-sized apartments" (p.15). But there is no information on how to verify this expression.
   d) Tables 3.3 – 3.7 contains very detailed information that is largely not reflected in the text.
   e) Figures 5.x do not include CBRD names. That is clearly incorrect.

Summary and suggested questions for the discussion during the defense
In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade A.

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The results of the Urkund analysis do not indicate significant text similarity with other available sources

Questions for defense:

1) *"According to Van Ommeren et al. (2000), VOT is sensitive to the distance of commuting."* (p.6). How does your methodology account for it? If not, can you find a way how to account for it in the model?

2) The model assumes that rent growth is positive and *wage growth* is constant. That is quite counter-intuitive. How is this assumption reflected in the model results?

3) The author use two inputs – Prague rent growth and regional rent growth. But I think that what truly drives the results are not the inputs per se, but their differential. Am I right?

4) How sensitive is the model to the discount rate?

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	30
Methods	*(max. 30 points)*	30
Literature	*(max. 20 points)*	18
Manuscript Form	*(max. 20 points)*	13
TOTAL POINTS	*(max. 100 points)*	**91**
GRADE	**(A – B – C – D – E – F)**	**A**

NAME OF THE REFEREE: Vít Macháček

DATE OF EVALUATION: August 28, 2020

Digitally signed (28. 8. 2020):
Vít Macháček

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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