

Report on Master Thesis

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

Student:	Bc. Maximilian Hönig
Advisor:	Mgr. Roman Kalabiška
Title of the thesis:	The effect of monetary stimulus on housing prices and the relationship of housing and rental prices in European countries

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary

The referred master thesis covers discusses the developments of the housing prices in selected countries. Master thesis tries to cover three interlinked, but separate topics: the discussion of the determinants of the housing prices in chapter 3, the discussion of the impact of the COVID-19 pandemics on the housing prices in these countries in chapter 4 and mutual relation between housing prices and rents in chapter 5. Among others, author finds an indication of a potential overpricing in the markets.

Contribution

According to me the master thesis is on one hand overly ambitious as it tries to discuss three different issues at once. However, author does not go particularly deep in any of these issues. On the other hand, author does not fulfil some of the goals stated in the thesis proposal. For example, he originally intended to explore the correlation between the pricing of housing in major cities and the pricing of housing in the rest of the country, he skipped some of the countries from the analysis (e.g. Czech Republic). I am not convinced that the master thesis is in line with its title, as the effect of the monetary stimulus on the housing prices is analysed only indirectly (among explanatory variables there are only interest rates included, there is no link to unconventional monetary policy tools). It is not clear, how is monetary stimulus calculated, how is it differentiated among different Eurozone countries. Does author consider monetary stimulus (thus probably unconventional monetary policy?) after and before COVID-19 crisis?

Overly, I do not see much value added of the thesis itself apart from the actualisation of the analysis for the new data.

Methods

Author uses Vector Error Correction Model in chapters 3 and 4 and Granger causality tests in chapter 5. Methods are applied relatively correctly and necessary statistical test are conducted. However, I have some doubts about the analysis that arise from unsatisfactory description of the data sources. It is not clear from what exact source the data come from for each country, what are their units (e.g., what are units of the population growth?), whether the data on the housing prices is used in real or nominal terms and other. Also, selection of the countries (Austria, Belgium, Denmark, Finland, France, Greece, Spain, Switzerland) in the analysis is completely unclear. This set is different to the set of countries from the thesis proposal (Czech Republic, the United States, Canada, Spain). The selection of the countries is quite heterogenous- they are small as well as big countries, Eurozone members, EU countries outside Eurozone and even European countries outside EU, countries with more or less stable housing prices dynamics as well as countries with big price movements. Overly, the selection of the countries brings doubts about „creative“ country selection (use only countries that are in line with the initial assumptions).

Author calculates regressions „country by country“ without some tests on the similarity of the coefficients among countries. I do not know, why he has not opted for the use of some panel data analysis (e.g. panel VAR) that should be suitable for this type of analysis.

Literature

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Literature review is in principle OK, author tries to compare his results with the studies for individual countries. I was partly missing link to studies analysis the set of countries with use of panel methods.

Manuscript form

The master thesis form is overly descriptive and repetitive. Author often „copies“ the structure of the chapters by individual countries. He often uses simple printouts from the statistical software without more detailed economic interpretation of these results. Figures used in the thesis are simplistic as they usually cover only one line. Some of the charts are used twice (compare same figures 3.3 and 5.2 on Belgium housing price; similarly for other countries). What is the reason to present the data on home ownership in chapter 5 as it does not link to the analysis conducted? There is a mess in the appendixes numbering.

Overall evaluation and suggested questions for the discussion during the defense

In my view, the thesis fulfils the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defence and suggest a grade D. The results of the Urkund analysis do not indicate significant text similarity with other available sources.

The reasons for this valuation is relatively limited value added by the master thesis, insufficient description of the data and countries selection and quite descriptive form of the master thesis. During defense, Mr Honig could focus, for example:

- 1) Explain the rationale behind country selection;
- 2) Explain why he diverted from the original thesis proposal;
- 3) Explain how he worked with the monetary stimulus;
- 4) Discuss the possibility of use of the panel data approach;
- 5) React to other issues stated in this report.

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	15
<i>Methods (max. 30 points)</i>	20
<i>Literature (max. 20 points)</i>	15
<i>Manuscript Form (max. 20 points)</i>	11
TOTAL POINTS (max. 100 points)	61
GRADE (A – B – C – D – E – F)	D

NAME OF THE REFEREE:

Michal Hlaváček

DATE OF EVALUATION:

8. 9. 2021

Digitally Signed (8.9.2021)
Michal Hlaváček

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE: