

Report on Bachelor / Master Thesis

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

Student:	Michaela Hronová
Advisor:	Mgr. Roman Kalabiška
Title of the thesis:	Determinants of Real Estate Prices in the United States

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

Presented bachelor thesis investigates the determinants of housing price across US states. The dataset includes quarterly data for 50 states across 21 years (2000-2020). The author begins her thesis with theory overview and specifics of the US housing market. Both are quite long and the specific characteristics of the US housing should have been further tested in the empirical part of the thesis. For example, the author discusses vast differences in population density or public transport availability across US states and within metropolitan areas, but these aspects are missing in the empirical part of the thesis. An analysis of metropolitan areas would be surely more contributory. The empirical analysis in Chapter 5 includes standard panel data estimations as well as specific models estimated by ARDL.

Contribution

The contribution of this thesis is sufficient at the bachelor level in terms of quality of the analysis as well as methods used. However, I saw a larger potential in analyzing the specifics of US regional markets on a county level using the microdata from Zillow which would also have brought an interesting contract to the research in Europe.

Methods

The empirical part begins with standard tests for stationarity and cointegration. All tests are performed correctly. The author also included Granger causality tests for all explanatory variables in a pair with the dependant variable. She proceeds to estimate standard panel data models and ARDL estimator, which seems to be chosen correctly based on the results of preliminary tests. The author used both specific-to-general and general-to-specific approach to model specification. The final analysis and discussion of results are adequate, although more comparison and context to other papers would have been appropriate. In Chapter 5.5, the author divides her dataset into „divisions“ of the United States, which is supposed to reflect characteristics of local housing markets. However, I do not think that it is the case, as these „divisions“ are still too large. An analysis of metropolitan areas or better yet, counties within one metropolitan area, together with gravity models, would have been more interesting and contributing to already existing research.

Literature

The literature review in chapter 4 is sufficient, but I would welcome more thorough comparison and references to existing research on this topic in the empirical part, especially in the discussion of results, where the author does not refer to any existing research at all. Papers such as Jud and Winkler (2002) or Miller and Peng (2006) would be a good addition to the list to review, as they analyze local housing markets on MSA level.

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Manuscript form

The manuscript is divided into theoretical part (chapters 2-4) and practical part (chapters (5-6). When reading, I was missing some links between both parts, which would explain why the author writes about each piece of theory. From reading the first four chapters, it is not entirely clear, what can the reader expect in the practical part. Despite this, the text itself is convenient to read. Tables and figures are labeled and referenced correctly.

Overall evaluation and suggested questions for the discussion during the defense

The author has worked on her thesis very independently and asked for my feedback a couple of times. However, I believe that she needed more time to think about her research earlier before the deadline so that she would have more time to do more thorough analysis which would contribute more to the existing literature. The results of the Urkund analysis do not indicate significant text similarity with other available sources. I believe that the thesis fulfills the requirements for a bachelor thesis at the Institute of Economic Studies, Faculty of Social Sciences, Charles University. I recommend the thesis for the defense and suggest a grade C.

Question for the defense

During the defense the author should talk more about the existing literature on this topic, how do her findings compare to them and consequently what specifically is the contribution of her thesis.

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	16
<i>Methods</i> (max. 30 points)	26
<i>Literature</i> (max. 20 points)	14
<i>Manuscript Form</i> (max. 20 points)	15
TOTAL POINTS (max. 100 points)	71
GRADE (A – B – C – D – E – F)	C

NAME OF THE REFEREE: *Mgr. Roman Kalabiška*

DATE OF EVALUATION: 16/08/2022

Digitálně podepsáno (16.8.2022)
Roman Kalabiška

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