

Abstract

In recent years, real estate has gained vast popularity as an investment tool, as it has exhibited attractive returns both in its direct, and indirect form. Investments are generally sought after for their potential for profit generation as well as protection from the loss of purchasing power of one's capital. The extent to which individual assets hedge investors from inflation has become a widely discussed topic with conclusions varying across different studies. This thesis endeavors to update the research by observing asset returns and inflation in 4 countries, the Czech Republic, Switzerland, the USA, and China, and analyzing the performance of individual assets in terms of inflation hedging by employing the latest data in a regression model. The studied period covers Q1 2009 - Q3 2022, where all data are in the form of annual returns, benched by individual quarters. With the main focus on real estate, comparison with the performance of other assets is included, namely bonds issued by governments of the observed countries, REITs performance, represented by the FTSE EPRA Developed Index, and stock returns, in the form of the S&P 500 index. The study then categorizes each investment tool based on its inflation-hedging properties.

JEL Classification: G11, E31, R30, HR39

Keywords: inflation, hedge, real estate, investment, stock, bonds, REITs, investment return

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