Report on **Bachelor / Master Thesis**

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

Student:	**Bc. Martin Hrachovec**
Advisor:	**PhDr. Pavel Vacek, PhD**
Title of the thesis:	**Residential Real Estate Market During the Financial Crisis – Empirical Evidence from the CEE Region**

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

The thesis of Martin Hrachovec deals with residential markets in the CEE and analyzes whether the development prior and during the most recent economic crises was different accross individual countries. It also tries to identify measures to estimate the creation of bubbles in the real estate market.

The thesis provides in its first part a fairly detailed literature review with respect to bubble identification and review of findings in the existing literature. The second part contains a description of anti-crisis measures taken by individual governments in the selected CEE sample – Austria, Czech Republic, Slovakia and Poland. In the next section, the author tries to identify real estate bubbles with the help of several methods – price-to-income ratios, panel data model based on several macroeconomic parameters and variance decomposition. The author further analyses the volatility of real estate markets in individual countries and identifies that there are several differences as to the response of countries to the crises, real estate price persistence and volatitlity, with Austria being the least volatile and Poland and Hungary on the other side of the spectrum.

I believe that the thesis is generally well structured and provides some interesting findings based on an econometric analysis of data. The author has tried to employ several different methodologies and approaches as to analysis of the markets and comparison of their performance. The analysis provides some very interestring findings with respect to the different nature of price development accross the region and the somewhat different timings of bubbles in the respective markets.

There are few recommendations as to potential improvements or clarification. Firstly, I believe that the overview of different anti-crisis measures in different countries is well covered, however is not necessarily an integral part of the thesis and from my point of view could have been omitted from the thesis, as it does not seem to enter into analysis of real estate markets. Secondly, Figure 7 identifying price to income ratios accross countries seems to provide a more divergent picture in comparison what is typically found in existing literature. Especially the extremely low ratio in the Czech Republic would deserve a more detailed explanation.

Martin Hrachovec has proved a familiarity with the topic of real estate markets in the CEE region and has employed rigorous analytical techniques to contribute to the on-going debate that tries to identify the causes of real estate bubbles. Based on the above I therefore recommend an „A".

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	18
Methods	*(max. 30 points)*	25
Contribution	*(max. 30 points)*	25
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**87**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE:

DATE OF EVALUATION:

_____
Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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

Strong	Average	Weak
20	10	0

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.*

Strong	Average	Weak
30	15	0

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.*

Strong	Average	Weak
30	15	0

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.*

Strong	Average	Weak
20	10	0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě