Report on Bachelor / Master Thesis

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

Student:	**Andrea Rákosníková**
Advisor:	**PhDr. Michal Hlaváček, Ph.D.**
Title of the thesis:	**Determinants of residential real estate prices in the Baltic States**

OVERALL ASSESSMENT

Contribution

The topic of determinants of residential real estate prices has become quite popular during last decade, partially due to the Global Financial Crisis in 2007-2009 which started in the United States after bursting of real estate bubble. Similar real estate bubbles bursts occured that time in several other countries including the Baltic states which were quite severly hit by the following recession. Hence the thesis has a good contribution to the research of real estate prices determinants by focusing on this specific region. On the other hand, the author cites few previous studies dealing with real estate prices in this region and therefore I would encourage for more clear explanation of what is the main distinction to the previous research.

Methods

The author uses Vector Error Correction Model as the main estimation method to overcome problems of non-stationarity and cointegration in the time series data used for the modelling. I appreciate the well structured way in which the reasoning for choosing this method is presented. The author also provides large scale of additional robustness checks and diagnastics of the time series behaviour, e.g. Hodrick-Prescott Filter to filter out the impact of business cycles. Though I found probably one little mistake on page 31 regarding the null hypothesis of KPSS test (see points for discussion below).

Literature

The thesis is based on a solid work with literature. The author cites multiple relevant studies for the topic of real estate prices determinants as well as relevant methodology literature.

Manuscript form

The thesis is well structured and formatted. However, I am somewhat critical regarding the language. Especially I am convinced that the author should not use at the beginning of each section or subsection future simple tense, e.g. *„This part of thesis will shortly introduce the evolution…“* or *„The analysis of individual countries will be done using the house price indices…“*, but use present simple instead. But I suppose this issue can be attributed to the fact that it is probably author‘s first such thesis and the language can be easilly improved by more practice in reading and writing academic papers.

Summary and suggested questions for the discussion during the defense

Overall this is a nice thesis which, in my view, 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 B.

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

For a discussion during the defense, I suggest following questions:

Report on Bachelor / Master Thesis

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

Student:	**Andrea Rákosníková**
Advisor:	**PhDr. Michal Hlaváček, Ph.D.**
Title of the thesis:	**Determinants of residential real estate prices in the Baltic States**

1) *In the conclusion the author mentions that she ruled out panel analysis stating "…it would not allow us to compare the determinants among the countries." I do not understand this claim, hence I recommend the author to be more specific on this.*
2) *On page 54 the author claims "Unexpectedly, the Latvian house prices are very affected by the change in the CCI in the long run, and we can say that the changes on the supply side have a bigger effect on housing prices in Latvia than in the remaining countries." I would like the author to explain more why is this an unexpected result.*
3) *I would ask the author why she did not try to construct a model where she would estimate models for all countries together distinguishing the individual countries by using dummy variables.*
4) *On page 31 I think there is a little mistake in this section "The KPSS test is the unit root test with the null hypothesis of stationarity. If we are unable to reject the null hypothesis of the problematic time series, we will assume they are indeed I(1)." These two sentences contradict each other. If the null hypothesis is stationarity, then failing to reject the null hypothesis should mean the time series is I(0).*

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

CATEGORY		**POINTS**
Contribution	*(max. 30 points)*	24
Methods	*(max. 30 points)*	28
Literature	*(max. 20 points)*	18
Manuscript Form	*(max. 20 points)*	15
TOTAL POINTS	*(max. 100 points)*	**85**
GRADE	**(A – B – C – D – E – F)**	**B**

NAME OF THE REFEREE: Mgr. Petr Hanzlík

DATE OF EVALUATION: 25.8.2020

Digitally signed by Petr Hanzlík on 25 August 2020

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**