Report on Bachelor / Master Thesis

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

Student:	Daniel Matoušek
Advisor:	Petr Pleticha
Title of the thesis:	Affordability of own housing across regions of the Czech Republic

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

This thesis investigates the affordability of owner-occupied housing across Czech regions. It does so using annual data from 2005-2019 using a simple price-to-income ratio (PTI). The author then tries to explain PTI with macroeconomic facors in a first difference (FD) regression. However, the results are not presented in the thesis.

Contribution

The contribution of this thesis is rather average. The measuement of financial affordability succesfully extends previous research for new data (Hlaváček and Komárek, 2009; Sunega, Mikeszová and Lux, 2009) and presents the PTI ratio, which is a standard measure used by the Czech National Bank. The analysis of determinants of PTI has a higher potential, which was sadly not met in this thesis.

Methods

In order to analyze the financial affordability of housing in Chapter 3, the author makes a simple calculation of a PTI ratio. Although the specification is explained well, I have doubts about the quality of the data or their analysis. For example, the PTI ratio seems at glance too low for both flats and houses. Also PTI for flats in Prague suddenly drops in 2017 by approximately 10%, which is not supported by CNB data. It may have been beneficial to use quarterly data, which would increase the variability of the time dimension. Also suggesting that there may or may not be a price bubble solely based on the graph of PTI with yearly data lacks validity. Chapter 4 investigates the factors which affect housing affordability across regions. Although I agree to the discussion of model specification, the absence of statistical tests and regression results make it difficult to make a clear idea of the results, which are somewhat vaguely discussed in the text, and to assess the quality of the research.

Literature

This thesis does not include a literature review as such, but references are mentioned throughout the text. Although it may improve readability of the text, it does not provide very detailed information about previous research to compare with. However, all citations are made correctly.

Manuscript form

The text of the thesis is well structured and easily readable. Graphs would surely benefit from some additional formatting and referencing the data sources. However, tables with the statistical tests and regression results are missing and that in my opinion is not acceptable. As a result, the only output of the author's research can be summarized by two graphs showing the PTI ratio (Figure 3.3 and 3.4).

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Overall evaluation and suggested questions for the discussion during the defense

In my view, the thesis 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 D. The results of the Urkund analysis do not indicate significant text similarity with other available sources.

My questions for the defense are this: What are some other ways to study housing affordability and how do they differ from price-to-income (PTI) ratio? What limitations does using PTI have? Why did you decide to not present the results of your research in Chapter 4?

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	20
Methods	*(max. 30 points)*	20
Literature	*(max. 20 points)*	12
Manuscript Form	*(max. 20 points)*	12
TOTAL POINTS	*(max. 100 points)*	**64**
GRADE	**(A – B – C – D – E – F)**	**D**

NAME OF THE REFEREE: Roman Kalabiška

DATE OF EVALUATION: *25/08/2021*

Digitálně podepsáno (25.8.2021)
Roman Kalabiška

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Referee Signature

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**