Title: Determinants of Residential Development Prices in Prague

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Abstract: This thesis analyzes the progression and current situation on the Prague new residential development market. The beggining of the thesis is focused on performance of new residential development market in Prague and its comparison with other cities in European union including different housing standards and its economical severity. Performance analysis and current situation on the market indicate the presence of real estate bubble in past years on Prague market. This bubble has even deepened the problems on the market caused by the European economic crisis, however currently there is slow upsarge on the residential real estate market in Prague. Remaining two chapters are focused on relations between performance of residential development price per sqm in Prague and the performance of macroeconomic determinants in the range of income, financing or subsitutionary housing solution. This relation is explored through the econometric model, that explains the average aggregate price per sqm of new residential development in Prague through its macroeconomic determinants and real estate factors. The whole model is very complex and includes set of explanatory variables from both offer and demand side. In next step the differentiation in terms of location in Prague is added. For this reason Prague is divided into four categories of location. The second chapter of this thesis describes the metodological approach of other authors and determines key points of metodology used for econometric model done in next chapter. The third chapter describes dataset used for following econometric model, reliance between explanatory variables and construction of the model. Underlined is the construction of response variable and all aspects of model statistical verification.