

Report on Bachelor / Master Thesis

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

Student:	Bc. Adam Béreš
Advisor:	PhDr. Pavel Vacek, Ph.D.
Title of the thesis:	Family House Market in Europe during the Recent Crisis

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

Adam deals with an up-to-date topic of house prices, their determinants and house bubbles. Specifically, using the latest data, he explores whether there is a difference in single family house determinants between transitional and developed countries. Consistently with the previous literature, the households' income (proxied by the real GDP growth) and the housing loan interest rate are the main drivers of housing prices in both groups of countries. In the Czech Republic and Slovakia, the unemployment rate has a strong negative influence on housing prices. Adam then employs the VAR model for each country separately to detect how price determinants contribute to the variance of real house prices.

I consider Adam's master thesis to be a solid piece of work and there are several features that I appreciate. The author works with panel data and uses standard techniques in this field to bring new interesting results. Adam's data include a period of a recent crisis, which enables him to search for price bubbles.

Although Adam uses standard methodology and includes standard regressors that can be found in many studies on housing prices, I wonder whether important determinants of housing prices are not missing in the regression model:

First, differences in prices of single family houses across countries might be influenced by different tax systems – different tax-cost of homeownership. In the Czech Republic, the tax-cost of homeownership is quite low but in some countries the tax burden is considerable.

Second, another determinant that is important and is omitted is some measure of expectations about future house prices. If people believe that house prices go down, they postpone their house purchases, which leads to a decline in prices. Price expectations are a key determinant of current prices. Is it due to the lack of data that no expectations are included in the model?

Third, demographic factors also play a role in house prices and there are not controlled for.

In conclusion, it is my pleasure to recommend Adam's master thesis for a defence and I suggest a grade of 1 (excellent).

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	28
<i>Contribution</i> (max. 30 points)	28
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	94
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: PhDr. Pavel Vacek, Ph.D.

DATE OF EVALUATION: 3 February 2015

Pavel Vacek

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