Report on Bachelor / Master Thesis

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

Student:	Bc. Thanh Tu Hguyen
Advisor:	Tomáš Jandík, M.A., M.Sc.
Title of the thesis:	A forecast of Commercial Real Estate Development and Investment Volumes in the Czech Republic

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

The author analyses the commercial real estate segment in the Czech Republic. In her thesis, she focuses on the potential occurences of price bubbles and tries to estimate the investment sentiment and the level of commercial real estate investment volumes until 2020. It is argued, based on both qualitative and quantitative analysis, that the year 2017 was likely to be a peak in investment volumes and that we might see a robust if not a booming market over the next few years.

Methods

The author uses several methods to argue her case. She uses both qualitative methods and quantitave econometric mehtods to prove three main hypotheses. I believe that this combination of approaches is a correct analytical tool given the nature of real estate market, its specifics and relative scarcity of data. Whilst the application of the individual models such as ARIMA, VAR or OLS are well explained and executed, the qualitative research relies on selection of reviewed literature and opinions of market experts, however it is not conducted in any methodologically structured manner.

Literature

The document is well researched and referenced. The sizeable bibliography and relevant references throughout the text are an evidence of an extensive research and analysis undertaken by the author of the dissertation.

Manuscript form

The manuscript form is in line with master thesis requirements. I have noted only several smaller issues with formatting – e.g. page 63 that was left unintentionally blank or Figures 30 and 31 where a proper table would be more appropriate than just a copy of the model outputs.

Summary and suggested questions for the discussion during the defense

I believe the thesis is generally well argued and provides a lot of interesting ideas. There are few questions that the author should address in her dissertation defense:

a) Hypothesis 1 was disproved in the thesis with the argument that Q4 2007 was just a peak and the pricing was underpinned by macroeconomic fundamentals before the crisis. Nevertheless, Figure 23 shows a massive repricing in 2008 and 2009. Does this in author's opinion indicate a potential overreaction to the crisis?

b) Hypothesis 2 assumes a negative correlation between price levels and investment volumes – what is the rationale behind this?

c) Given the significance of individual major portfolio deals on the amount of investment volumes, what would be in the author's opinion other indicators of investment sentiment?

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

CATEGORY		POINTS
Contribution	(max. 30 points)	28
Methods	(max. 30 points)	26
Literature	(max. 20 points)	20
Manuscript Form	(max. 20 points)	18
TOTAL POINTS	(max. 100 points)	92
GRADE	(A – B – C – D – E – F)	A

NAME OF THE REFEREE: **Pavel Streblov**

DATE OF EVALUATION: 10/9/2018

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Referee Signature