

Report on Master Thesis

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

Student:	Dávid Řeřicha
Advisor:	PhDr. Michal Hlaváček, Ph.D.
Title of the thesis:	Commercial Real Estate Analysis for the CEECs during Unstable Times

OVERALL ASSESSMENT

Short summary

The topic of this master's thesis is very interesting and relevant not just for the current economic situation in the post-covid period. Understanding developments in the real estate market, including commercial one, is also important in terms of the impact of monetary policy settings. It is the post-2020 period that has brought about aggressive responses by central banks and governments to this type of crisis, unrecognised in modern times. I also believe that the findings of this thesis may be of interest to my colleagues in monetary and financial stability department of the CNB.

The thesis is divided into five parts. After a very well-written introduction, the author summarizes the relevant literature related to the topic of commercial real estate, the global Covid-19 crisis, including the role of monetary policy and macroprudential regulation. The third section presents methodology, i.e., an introduction to SEM (Structural Equation Modelling), the structure of the market, semi-structural modelling, credit supply including estimation approach and the data used. The fourth chapter presents the interesting results of the empirical part, i.e. the results of the cross-country panel, the misalignment of commercial property prices and then the cross-property panel. Last chapter formulates and summarizes the conclusions from the obtained results.

Contribution

The author presents quite interesting empirical work on the topic, demonstrating an understanding of the topic, with critical thinking and the ability to draw conclusions based on the knowledge of relevant literature and empirics. The contributions of the Master's thesis can be found in the following areas (i) extension of the model published by Hlaváček et al. (2020), where the author has included a section on credit supply, (ii) evaluation of the covid-19 period on commercial real estate sector in the CEECs. I also very much appreciate that the master's thesis also includes the economic motivation behind this analysis. In his master's thesis, the author could estimate the Hlaváček et al. model for the period including the covid-19 pandemic and compare it with his extended model. Furthermore, the author could make a comparison of how large the commercial real estate sector is across CEECs (including comparisons with selected euro area countries) in Section 2.

Methods

The opponent has no criticism of the author in terms of the chosen methods. The thesis applies well-chosen empirical techniques. The referee appreciates the applied the cross-country panel analysis, which examines the misalignment of commercial property prices across multiple countries and the cross-property panel, which focuses on individual countries. The application of these two panel estimates contributes to a better understanding of developments in commercial property markets.

Literature

The literature review is around a standard level, i.e. includes both original sources of literature and current applied studies oriented on analysed countries. The author quotes relevant literature in a proper way. However, he could have focused the literature selection more on covid-19 effects and also other studies focusing on CEECs (see, for example below, especially for future research). Golding, Ch. (2022): The impact of COVID-19 on valuers and commercial real estate valuation. Journal of Building Survey, Appraisal & Valuation, 10 (4), 2022, p. 382-395.

- Hoesli, M. – Malle, R. (2023): Commercial real estate prices in Europe after COVID-19. Journal of European Real Estate Research, 2023, 16 (3).
- Balemi, N. (2021): COVID-19's impact on real estate markets: review and outlook. Financial Markets and Portfolio Management, 2021, 35 (4), p. 495-513.

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Manuscript form

The manuscript is around standard level, i.e. overall well formatted, logically structured, easy to navigate and properly referenced.

Overall evaluation and suggested questions for the discussion during the defense

Overall, this master thesis is well balanced; it consists very interesting empirical parts with interesting results, relatively rich literature survey and appropriate techniques for empirical analysis. Questions and comments, which may be answered during the defence:

- 1. In the opinion of the author and the relevant literature, how do the so-called agglomeration (pro-concentration) forces and dispersion (anti-concentration) forces affect the commercial real estate sector?*
- 2. In the covid-19 period, were supply or demand factors more influential in the development of the commercial real estate?*
- 3. In the covid period, the inventory management of companies seems to have shifted from a "just in time" to a "just in case" model. How would this potential longer term change affect the commercial property sector (particularly warehousing)?*

In my view, the thesis fulfils the requirements for a master thesis at IES, Faculty of Social Sciences, Charles University, **I recommend it for defence and suggest a grade B.**

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

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	25
<i>Methods (max. 30 points)</i>	28
<i>Literature (max. 20 points)</i>	18
<i>Manuscript Form (max. 20 points)</i>	18
TOTAL POINTS (max. 100 points)	89
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: Prof. Luboš Komárek

DATE OF EVALUATION: 4.9.2024

Digitálně podepsáno (4. 9. 2024)
Luboš Komárek

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