

# Opponent report of doctoral dissertation

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**Title:**           **Asset Dividing Appraisal Model (ADAM):** Direct Real Estate Investment Evaluation

**Author:**       Dipl. - Kaufmann Carsten Schäfer

**Opponent:**    Jiří Hnilica, Ph.D., Associate Professor

A key scientific question doctoral dissertation addresses is:

*How to unify German and international approaches to evaluation of real estate, which are based on different cultural contexts, without reciprocally questioning their accuracy?*

Objectives the doctoral student stated for answering the key scientific question are:

1. *Model derivation for comprehensive analysis of direct investment in real estate on the basis of the generally accepted approaches to real estate evaluation, classic mathematical finance, capital budgeting and the neoclassical concept of financial markets, which at the same time takes into account the specifics of the commodity market of real estate.*
2. *Mathematical evaluation and analysis of the derived model.*

When building the model of investments evaluation in real estate, the author builds his thinking on the inappropriateness of using only classical neo-liberal paradigm, because real estate markets are imperfect, in particular due to the following features:

- There are no real estate markets in a form of a monolithic block – there are only differently (strongly or weakly) linked market segments of real estate markets;
- Low transparency;
- A limited number of buyers and sellers;
- Low elasticity of supply;
- Heterogeneous goods.

About the doctoral dissertation, I appreciate in particular the successful linking of classical neoliberal approach to evaluation (represented in particular by the discounted cash flow model and capital asset pricing model) and the German approach (represented especially by the German yield model, German gross rental method or Deutsches Ertragswertverfahren). Furthermore, the results of the doctoral dissertation are built not only on the accepted scientific basis, but at the same time they are directly usable in practice. An important element is the author's explicit separation of the yield valuation of the land from the valuation of commodities (land return; Bodenrendite).

The main benefit of the submitted doctoral dissertation is the creation of the real estate investment valuation model and its empirical testing.

Dissertation uniquely complies with the regular requirements for a dissertation. The dissertation is based on contemporary knowledge, research problem of the dissertation is clearly defined and the stated objectives are reached by own and original solution.

If there is something I should reproach to the dissertation, there are two formal facts and one more serious fact:

1. Wrong text breaks during the transition to a new line;
2. A number of typing errors;
3. In the text, there are missing links to author's own publications;

In the reference list, there is given just one article published by the author of the dissertation which is however not directly related to the topic of this dissertation (Schäfer, Carsten (2013): How individual Beliefs Impact the Individual's Performance. In: Human Resource Management Research, 3 (3), p. 71-81).

In the course of discussion, I would like to ask the author of the dissertation for his expression to the point 3.

I recommend the dissertation for the defense before the relevant dissertation committee.

Prague, May 11<sup>th</sup>, 2014

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