

**FACTORS OF PRODUCTION, COUNTY GOVERNMENT
POLICIES AND FINANCIAL GROWTH OF COMMERCIAL
REAL ESTATE INVESTMENT IN MACHAKOS COUNTY,
KENYA**

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**A THESIS PRESENTED TO THE SCHOOL OF BUSINESS AND
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REQUIREMENTS FOR THE AWARD OF DOCTOR OF
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MANAGEMENT**

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DECLARATION

This thesis is my original work and has not been presented for examination in any other university

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DEDICATION

To my friends and family for their ideas, encouragement, understanding and support in the direction of the effective growth of this thesis.

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ABSTRACT

There has been a slow growth in the commercial real estates in Kenya as compared to the demand of the houses. Demand for housing units continues to outstrip the supply; and property developers in Kenya have in the recent years considerably scaled down their construction activities, pointing to a struggling property sector. The purpose of the study was to establish the influence of factors of production and County Government policies on financial growth of commercial real estate investment in Machakos County, Kenya. The research was guided by the following specific objectives; to determine the influence of land profile labor characteristics, capital characteristics and entrepreneurship characteristics on financial growth of commercial real estate investment in Machakos County. The study also sought to establish the moderating role of County Government policies on the relationship between factors of production and financial growth of commercial real estate investment in Machakos County. The research adopted a cross-sectional study research study style. The target populace for this study was made up of 374 registered residential property programmers with Kenya Building Developers Organization operating in Machakos County. The research study used demographics strategy to research all the 374 registered property programmers. The target respondents for the research were the senior managers of the 374 registered building development companies. Before beginning of the actual research, 40 participants from Kajiado, were used in a pilot research study to pre-test the study tool. The researcher triangulated both structured sets of questions as well as open-ended meeting overview to collect and fill both measurable and qualitative data from the respondents. Qualitative information was assessed using detailed stats while quantitative data was examined using inferential data. Statistical Bundles for Social Sciences (SPSS) variation 25.0 software application was made use of for greater statistical calculations. The outcome disclosed that there is; a favorable and also substantial partnership between land profile as well as monetary growth of industrial realty investment in Machakos County; a positive and substantial connection between labour characteristics as well as monetary growth of industrial real estate financial investment in Machakos County. Additionally, the results disclosed that there is a positive as well as considerable relationship in between resources attributes and also monetary growth of business realty investment in Machakos County. Lastly, the outcomes show that there is a favorable and also considerable relationship between entrepreneurship characteristics as well as financial growth of commercial realty investment in Machakos County. The study in addition revealed that region government policies had a regulating effect on the connection between elements of production and monetary growth of industrial realty investment in Machakos County. Based on the findings, the study concluded that all the factors of production used in this study have positive and significant effect on financial growth of commercial real estate investment in Machakos County. The study therefore recommends that before considering investing in commercial real estate in Machakos County, investors should consider, land profile location, land profile size, soil condition, labour characteristics cost and availability, capital characteristics structure and capital characteristics cost, innovation and flexibility and local laws and legislations.

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ABBREVIATIONS AND ACRONYMS

ANP	-	Analytical Network Process
ARR	-	Accounting Rate of Return
CBTs	-	Capital characteristics Budgeting Techniques
CEC	-	County Executive Committee
CMA	-	Capital characteristics Markets Authority
CBRE	-	Coldwell Banker Richard Ellis
FIRPTA	-	Foreign Investment in Real Property Tax Act
GDP	-	Gross Domestic Product
GST	-	Goods and Services Tax
IRR	-	Internal Rate of Return
KPDA	-	Kenya Property Developers Association
NPV	-	Net Present Value
NCR	-	National Capital characteristics Region
NSE	-	Nairobi Securities Exchange
PBP	-	Payback Period
PI	-	Profitability index
RERA	-	Real Estate Regulatory Authority
SPSS	-	Statistical Packages for Social Sciences
Y-o-y	-	year-over-year
Q-o-q	-	Quarter on quarter

CHAPTER ONE

1.1 Introduction

Presented in this chapter are; the background of the study, the statement of the problem, the study purpose, hypotheses to be examined, study validation, limitations of the research study, delimitation of the research study, value, research presumptions and the operational definition of terms.

1.2 Background of the Study

The interest in purchasing commercial property has actually grown in the last few years and therefore the requirement for making well informed financial investment choices has actually increased as well (Thilini & Wickramaarachchi, 2019). proposes that, investing in property is different from buying other asset courses because of its long life, spatial constraint, governing structure, hence buying commercial property calls for expertise of the details features of the building itself along with in the consider the surrounding location that impact the growth of the industry. The retail residential or commercial property market provides a variety of investment items, varying from smaller sized retail centers to large retail complicated (Mueller & Sanderford, 2020). The commercial actual estate market is additionally comprised of various sorts of retail facilities, from little neighborhood shopping center to big electric outlet shopping center (Thilini & Wickramaarachchi, 2019). Whatever retail center the financier has an interest in the base for the payoff of all commercial realty financial investments with tenants and therefore getting power and the ability to attract in.

The increasing prices of commercial properties has caused the financial growth of the commercial realty financial investment around the world as more investors direct their investments towards establishing more units in order to gain more revenues (Su et al.,

2021). According to Stein (2019), industrial property markets are necessary for economic system security generally due to the fact that business residential or commercial property comprise large holdings of different kinds of capitalists and due to the significant amounts of financial institution lending that such holdings require. Volatility in industrial residential property costs has verified to be a resource of economic system instability in the past (Taskinsoy, 2022).

From an economic stability viewpoint, it is necessary to keep track of the nature and range of exposures to commercial property within the monetary system. The importance of commercial building markets from a monetary security point of view has three major factors. First, business building finances can be a crucial component of banks' properties (Wouda & Opdenakker, 2019). Second, commercial residential or commercial property borrowing has shown to be a volatile element of some financial institutions' lending profiles (Shim, 2019). Finally, institutional investors such as insurer and also pension plan funds are large capitalists-both directly and also indirectly-- in business residential or commercial property markets.

According to Feng et al. (2020), the commercial real estate market is special to purchase as it enters into a massive worldwide structure of financial markets all getting in touch with each other, such as the world economic environment, the national and also regional financial climates as well as the structure market to mention a few. As a result, the selection to buy the business realty market is very sensitive to the elements within these markets, such as the development of GDP, modifications in getting power of both family members and also financier, the rates of interest in nationwide and also international financial institutions (Geltner & Miller, 2017).

Feng et al. (2020) suggests that even with which investment approach is used, there is a certain chain to adhere to when reviewing investment decisions. According to

Ginevičius and Zubrecovas (2009), any type of financial investment process starts with a market evaluation in which the primary action entails a recognition of the financier's target and also furthermore boundaries with the settlements followed by a selection of ideal residential or commercial property details along with ideal aspects to become part of the marketplace analysis (Krulický & Horák, 2019). The chosen criteria of passion want that to be compared and assessed prior to the sponsor can make a multiple needs examination of the financial investment's feasible return and proficiency and also therefore producing a system of various financial investment principles. Last but not least, an analysis is made which ultimately clears right into a final decision.

According to Awa et al. (2019), a financial investment comprises an initiative that is taken on by financial backer to propel sources determined to create gains from here on out. Business land financial backers might put their monetary assets directly into numerous belongings like inventory, security, shared store, gold, building together with financial institution deposit (Gupta & Newell, 2020). Residential or commercial property financial investment is taken into consideration as a lasting investment contrasted to various other kind of economic investment. Capital characteristics might acquire earnings producing building and non-income creating building; when buying revenue producing home, capital characteristics anticipate to get make money from earnings stream which is mirrored in funding throughout the holding periods or duration of possession (Awa et al., 2019). The nature of building market makes it an attractive and financially rewarding possession for numerous capital characteristics.

Nwanji et al. (2020) opine that commercial real estate financial investment provides possibilities to financiers that can spend straightforwardly in actual land or could pick to spend in a roundabout way using cared for reserves. Putting right in land comprises of getting the family or business private or association home for use as a pay creating

home or for resale at a future time. Indirect techniques to buy the property or industrial residential or commercial property market include purchasing residential property investment company (REITs), house exchange traded funds (ETFs), as well as incorporated commercial property funds (CREFs) as well as centers funds. Indirect building spending offers pension funds as well as countless various other institutional funding characteristics each of the benefits of straight domestic or industrial property ownership while getting rid of much of the drawbacks of straight possession (Bello, 2020).

Property is an enabler of financial activity; by providing the space for businesses to run it efficiently offers business infrastructure without which an advanced economy cannot run (Lyapina et al., 2020). Additionally, premium, modern-day and innovative structures contribute to preserving the country's online reputation as a global profession center and attract skills and resources from the remainder of the world, creating more opportunities. Commercial real estate consists of land profile, building on it and other natural deposits like minerals and plants which are unmovable. Property investments are of different types varying from administration, ownership, acquisition, rental land profile or sale of property commercial (Okumu, 2017).

One extremely important element of financial administration appertains decision-making in relation to financial investment of sources. Capital characteristics need to make educated decisions prior to dedicating mutual fund to any commercial real estate development task (Dabara, 2015). Amongst the critical needs of male, housing comes second. Residential or commercial property financial investment consist of diversified amount of riches which can be attested to by significant selection of investor in Kenya. Regardless of enormous returns in terms of riches accumulation, the commercial real estate industry in Kenya has actually constantly stopped working to place itself in order

to realize this significant role. This is as a result of stopping working to take into consideration comprehensively the factors in the sector that influences development of property in this market.

The importance of property market to any type of economy can't be overemphasized; it's an industry whose impact has really been felt impressively in the economies of both creating as evolved countries (Siniak & Marina, 2019). Private or business property is a crucial piece of the economy and is responsible for an extensive piece of its development, advancement of any kind of country's development goals and considerable source of profession and additionally market activity. Guo et al. (2018) state that a lot of revenue has actually been realized from the commercial real estate industry in Kenya alone than all numerous other financial investment streams included globally and proof of this are obtained the majority of world leading billionaires, individuals like Donald Bren with a complete assets of \$15.1 billion, Head of state Donald Trump with a total assets of \$4.5 billion, Rick Caruso, David Lichtenstein, and other world billionaires were provided on Forbes publication to have actually made their fortune in commercial real estate, and this could be considering that the building industry has solid connections with various markets such as ceramic floor tiles, paints, installations & elements, concrete & steel to discuss a few, so success in this field means treasures for all various other markets, subsequently favorably impacting such nation's financial growth(Kauškale & Geipele, 2017).

According to Ibrahim (2017), residential or commercial property growth is incredibly high-risk, with many risks witnessed throughout the property advancement process. Property developers require innovations to improve performance and minimize investment risks. Innovation enables companies to have a competitive advantage over other companies (Friedman & Carmeli, 2018). Via developments, one is able to raise

capital characteristics, save time, lower cost, boost high quality and minimize uncertainty. Commercial real estate industry is unique as a result of various functions which are not straight interchangeable.

The proportion of the world populace living in city locations increased from concerning 30% in 1950 to 54% in 2015 and it is being forecasted to rise to 68% in 2050 (United Nations Department of Economic and Social Affairs [UN-DESA], 2018). According to United Nations Human Settlements Programme (UN-Habitat, 2014) there is need for urban management within the cities since they significantly contribute to socio-economic development. The commercial real estates in Kenya has experienced immense growth as compared to the demand of the houses (Musyoki, 2016). The demand for housing units has continued to outweigh the supply of those units (Kieti et al., 2020). Property developers in Kenya had for the past 4 years considerably scaled down their construction activities, pointing to a struggling property sector (Kenya National Bureau of Statistics [KNBS], (2018).

According to Forrest (2018), social aspects can affect property costs, population growth combined with enhanced financial performance can lead to a boosted need, which leads to a boom in the commercial real estate market. An additional social aspect that influences residence prices is a surge in criminal offense rate in any type of given location. The rise makes individuals mindful concerning living in that location, which can result in a decrease in demand or a bust. Kajander, (2009) present an essential aspect of sustainability is how companies and policies makers can boost advancement in constructed atmosphere in order to relocate from step-by-step to considerable environmental improvements.

According to Ogbenjuwa et al. (2018), rapid population growth prices combined with low degrees of financial growth in developing nations have created among others

tremendous obstacles to the arrangement of adequate housing to most of citizens. As innovation advances annually, the property market can no longer count on simply standard methods to promote residential or commercial properties or meet the expectations of its newest customers. By relocating their business to the electronic world, investor not only broaden their opportunities, yet are also able to get to a wide audience over the internet and get to markets far past their local area.

According to Freybote (2019), 71% of millennial are interested in acquiring a home and commercial real estate investors and representatives need to be cutting-edge and to adapt to this needy customer base. Millennial have the greatest consumer assumptions amongst all other generations and they have an interest in more than just acquiring a property. They want to know if the area they wish to settle in has various other facilities and opportunities, such as purchasing areas, food provisions, walking locations and employment possibility. That's why commercial and property investor and need to be cutting-edge and use large data in order to give tailored deals based upon the customers' preferences and give comprehensive descriptions alongside future area advancements.

Commercial real estate is a large investment, so when an investor is seeking a space their service procedures, it aids to know which aspects can help appreciate residential property, worth they can after that reinvest in business, in locations such as new technology, training as well as growth for workers, or growth right into new markets (Conti & Harris, 2022). Commercial residential property markets are necessary for economic system stability mainly due to the fact that commercial residential or commercial property constitute huge holdings of various kinds of capitalists and due to the substantial quantities of bank borrowing that such holdings entail (Muszynski & Cinar, 2022). According to Ling, et al.(2022), volatility in industrial home prices has confirmed to be a resource of financial system instability in the past. Hence, from an

economic stability perspective, it is important to monitor the nature as well as range of exposures to commercial building within the monetary system.

Freybote and Seagraves (2018) insists that the relevance of commercial home markets from a monetary stability perspective has 3 major reasons; initially, business building financings can be a crucial component of financial institutions' assets. Second, commercial residential or commercial property borrowing has actually verified to be an unpredictable part of some financial institutions' funding profiles. Finally, institutional capitalists such as insurer and also pension funds are huge financiers both directly and also indirectly in commercial residential or commercial property markets (Freybote & Seagraves, 2018). Financial institution financing produces 2 links in between business building companies and the banking industry: interest settlements and also the value of collateral (Muszynski & Cinar, 2022). Although falling business building rates do not automatically cause increased lending losses for financial institutions, as consumers' capability to service financial debt may not be influenced, they can influence banks straight to the level that financing volumes decline. For financial stability evaluations, it as a result makes sense to analyses home business' incomes capacity as well as capacity to settle their financial obligations, in addition to the value of residential or commercial property made use of as security.

After taking a hit at the beginning of the Covid-19 pandemic, the commercial real estate market properties mostly owned for investment functions has been on the mend globally (Clayton et al., 2021). Costs of industrial as well as residential properties have surged around the world considering that the end of 2020, while the worst-affected retail as well as office sections have actually revealed some indications of stabilizing (Wit & Mayer, 2021). The energy, however, seems to be losing steam as worldwide monetary problems have tightened currently as reserve banks shift to trekking rate of

interest (Freybote & Seagraves, 2018). Researches have shown that residential property rates in the industrial and also property segments have, usually, experienced a deceleration across areas recently. At the same time, the devaluation in retail and also workplace home prices have enhanced.

Regardless of enduring obstacles throughout the Covid-19 induced pandemic for the last two years, the commercial property industry looks favorable currently (Hromada & Krulický, 2021). The business real estate market is carrying out extremely well amidst the reopening of workplaces as well as the economic situation moving ahead. According to Kaklauskas et al. (2021), realty industry professionals think that commercial residential properties are secure assets as well as they can be a resource of rental revenue. After the pandemic, a considerable part of the labor force is going back to workplaces, IT firms and also start-ups are proactively looking for workspaces, as well as shopping is increasing the warehousing need. The respectable building contractors are greatly leveraging innovation, which has advanced into a vital device in the industrial realty market (Hoesli & Malle, 2021). The increasing business spirit, commercial growth, opening of organization parks, and also development of economic zones in residential areas have likewise come to be the development multipliers that motivate demand in the segment commercial realty investment.

1.2.1 Global Perspective of commercial Real Estate Investment

In PricewaterhouseCoopers (PWC, 2017) real estate survey report, it was indicated that 37% of all houses sold in the US in 2016 were acquired for investment objectives. The homeownership price was the most affordable in 50 years, as leasing had been progressively a lot more regular option compared to buying. Adhering to the ordeal of 2007-2008, the United States commercial real estate market was since then specified by a considerable improvement in expenses, variety of purchases and mortgage

originations which was as a result of a financial healing that completed its 8th year in 2017.

As Chiavacci and Lechevalier (2017) keep in mind that during the 1970-1980s Japan was a fine example: the market economic climate was well working in addition to undiscovered efficiency degrees that enabled Japanese companies to additionally embark on non-profitable activities in addition to avoid surrendering workforce in cases of undesirable shocks. The pattern, nonetheless, changed with the 1990s financial situation which created a lasting period of monetary degeneration. According to Chiavacci and Lechevalier (2017), some research study studies have really suggested the reason for the marketplace collapse, and also the thus the economic crisis, to exist within building troubles of the financial climate (Chiavacci & Lechevalier, 2017). It was declared that due to the strength as well as the period of the Japanese situation, the lack of architectural or institutional adjustments cannot be the sole variable for the economic downturn. In addition, the study states that, if the system is to be responsible for the economic crisis, it is far more the disruptions within the system in addition to building conflicts which had actually climbed up due to lack of synchronization and comprehensibility (Chiavacci & Lechevalier, 2017).

Relating to policies, a comparison of U.S. cities reveals that house prices in non-enabling cities with stricter governing plans have climbed in member of the family terms some 30 to 60 percent over a 15-year period (Howell et al., 2019). This craze recommends crucial effects for lifestyle as well as competition amongst cities with various degrees of market flexibility. Family member shifts in housing costs remain in some instances equal to boosting prospective citizens' consolidated federal and state profits tax obligation, producing reliable disincentives for transferring and for the performance of labor markets.

It is approximated that 60 to 70 percent of Mexico's and Brazil's existing housing supply is established informally since the existing property designers are not able to create personalized housing ideal to the requirements and truths of this growing market (Franck & Ferguson, 2018). The casual resources of funding have lesser lawful procedures and have established excellent connections with consumers (Poó, 2020). According to the Housing Money Group of the International Finance Corporation (IFC), housing finance influences social security by enabling families to get a property which represent their biggest single investment. Household homes comprise 75 to 90 percent of family wide range in emerging markets economies, which totals up to 3 to 6 times the family members' annual revenue.

Background has revealed that negative developments in industrial property markets have the prospective to trigger serious monetary instability; in the US in the 1980s, as an example, financial investment in commercial realty got to speculative levels (Meier et al., 2021). The financing of commercial building by business banks as well as various other institutions grew to satisfy the rising demand, with deregulation having developed an atmosphere in which commercial real estate borrowing was financially rewarding for lending institutions. The US business building market inevitably crashed in the late 1980s as well as its after-effects proceeded right into the early 1990s with the banking industry recording heavy losses as well as lots of banks failed as a result.

Moreover, overinvestment in commercial property as well as boosting genuine rate of interest brought the boom in property rates in Sweden to an end and also set off a downward cost spiral, leading to insolvencies as well as huge debt losses (Martins et al., 2021). The Swedish government eventually had to rescue the financial system as well as it did this by issuing a general assurance covering financial institution obligations. Normally in Europe, lending related to commercial residential property

represent around 8% of complete financial institution lending and around 27% of complete loaning to non-financial companies in the euro area (Cunha & Lobão, 2021). However, these shares differ considerably amongst euro location nations, with the share of loaning for commercial residential property financial investment as high as practically half of complete lending to non-financial companies for some banking markets (Cunha & Lobão, 2021).

1.2.2 Africa Perspective of Commercial Real Estate Investment

The Nigerian commercial real estate market has really observed desirable financial development recently (Ogbenjuwa et al., 2018). Further, a report by Price water Coopers (PwC) positioned the worth of the domestic or commercial residential or commercial property market in Nigeria at \$9.16 billion in 2014. According to the quotes, added development was prepared for to increase the worth of the home market in Nigeria to \$11.36 billion in 2015 and additionally \$13.65 billion in 2016. According to the record identified "Structure, the Future of Africa", the Nigerian real estate area is widening at a price of 8.7 percent in addition to presently the 6th greatest market in the economy.

A separate feature released by the UN-HABITAT (2019), stressed that the predicament facing housing development in most emerging economic situations in Africa was a as a result of the inability to sufficiently fund city sanctuary, in the middle of a dire need and also ever-increasing demand for real estate. According to the record, the typical expense of a decent low-income household residence in Ghana as an example is greater than ten times the average annual income of most middle income workers, a scenario that has had significant implications for the craving of home ownership, and also has subsequently weakened growth of the real estate industry.

Closer home, Rwanda has among the world's fastest-growing economic situations, driven by financial and architectural reforms and strong international assistance (Arbor & Buckley, 2020). Development balanced 7.5% every year in the years to 2018. The government of Rwanda has also greater objectives with its National Technique for Remodeling and Vision 2050 technique: to get to middle-income condition in 15 years (Uwayezu & de Vries, 2020). That will absolutely require an economic adjustment towards high-value, competitive sectors, specifically those that might generate exports. When it comes to commercial real estate market, demand for protected, economical real estate is surging in Rwanda because of Rapid City population. According to Uwayezu and Vries (2020), in Kigali alone, need for new houses over the complying with 3 years is forecasted at practically 350,000, with the here and now rate of just 1,000 property devices built each year highlighting a widening void in the commercial real estate market in the country. Additional cities such as Huye, Muhanga, Musanze, Nyagatare, Rubavu, and Rusizi similarly deal with substantial real estate lacks as brand-new residences are economical for simply the leading 20% of the population (Uwayezu & Vries, 2020).

In addition, the industrial realty market in Egypt is anticipated to tape a CAGR of approximately 5% during the projection period of 2022-2023. As the Egyptian economic climate experienced a stagnation because of the COVID-19 pandemic, numerous factors combined to develop a stable outlook for its traditionally resistant property industry. The unfavorable impacts on retail are evident in the short-term, however the longer-term influences are much less noticeable. It is imaginable that after the pandemic runs its course, the retail market will certainly snap back, as well as the impact on future retail and also entertainment-related advancement will certainly be minor in the long term. The Egyptian government introduced a series of extensively

welcomed economic actions to assist shield the economic situation against the unfavorable repercussions of the COVID-19 pandemic. The Central Bank of Egypt (CBE) released an economic plan worth EGP 100 billion to money a detailed COVID-19 pandemic approach, EGP 50 billion to money real estate advancement for the middle-income group with financial institutions, and also EGP 20 billion from the Reserve bank to money the stock market (Ngoc et al., 2021).

Furthermore, the modern housing market in South Africa is assessed to enroll a CAGR of more noteworthy than 5% all through the projection term of 2022-2027; the economy will probably be essentially helped from the hard lockdown of 2020 Climate cordial (Viruly & Moghayedi, 2022). Market experts guess that truly regular capital qualities on modern structure will surely at least stop their decay or current years in 2022, moving back directly into very diminished single-digit positive domain. By and by, climbing rates of return and furthermore frail web working pay advancement are expected to keep up with a standard capital worth in veritable diminishing area. All in all, the diminished assets development that may be capable isn't supposed to approach the general rate increasing cost for most everyday items rate in the monetary circumstance (Owoha et al., 2021). The long-term change in private property estimation is, subsequently, successfully, expected to go on in 2022, yet at a more slow speed and furthermore in certified terms just.

1.2.3 Local Perspective of Commercial Real Estate Investment

In Kenya, commercial real estate financial investment has actually attracted both local and international investors because of its varied quantity of riches, return and market availability. Furthermore, property investment is a passion that is put on buildings and real property housing for business and domestic functions. Property financial investment is also referred to as business of renting, offering or acquiring structures or

housing (Cummings, 2013). In Kenya, commercial real estate attractiveness has been experienced since lots of capital characteristics have actually expanded their savings.

Financial institutions have boosted this appearance via introducing and proactively marketing different mortgage items especially to residential or commercial property developers. David and Zhu (2014) observed that in financing for the acquisition of land profile for advancement and existing structures; financial institutions financing provide to non-bank and finance companies that may fund property; they also provide to non-financial companies based on commercial real estate security.

Ruitha (2014) contend that slow-moving and absence of innovation for real estate has an unfavorable impact in real estate financial investment because of enhanced home loan facilities offered by banks. Property efficiency in the nation is likely to boost in terms of greater returns, much less threat and boosted rental earnings because of the federal government dedication to promote and urge capital characteristics. An improvement in among the elements will positively lead to the various other improvements.

When property money is improperly established, it is challenging to set in motion the funding locked up in this industry. Today, numerous variables such as around the world warming and all-natural dangers have substantial effects on house investment profiles. The ever-dynamic lawful obligations, consumer choices, government standards, eco-friendly threats and different other aspects all together. This inconveniences to disregard social, political as well as ecological troubles. It is consequently valuable in regards to financial resources to resolve them in industrial property spending procedure (Tharachai, 2013).

Financing decisions have been an obstacle to realty programmers in Kenya because, property investments are viewed to be resources extensive in nature (Muigai et al., 2022). It is expected that property sector ought to establish according to populace increases which characterizes most arising economic climates. In any case, the arrangement of lodging frameworks each year is underneath the need. In Nairobi region the requirement for lodging is 200,000 gadgets every year while the genuine creation is approximated to be 50,000 units yearly this thus spreads out a shortage of 150,000 gadgets (Muigai et al., 2022). Past examinations recommend that where a sturdy monetary market wins, financial backers can get sufficiently close to assets for monetary speculation occupations.

The last decade was a defining one genuine estate in Kenya; within this period, the sector has actually experienced substantial development and also this growth appears from the market's significant contribution to the nation's GDP for many years (Mutai & Omwono, 2022). While the COVID-19 pandemic halted this growth, the real estate sector in Kenya is experiencing confident forecasts once again. In the first quarter of 2021, property contributed 525.7 billion Kenyan shillings (4.4 billion USD) to the GDP (KNBS, 2021). Additionally, the real estate market in Kenya grew by 5.2% by the third quarter of 2021. Nevertheless young, the property market in Kenya is lively. Substantial development propensities in this sector can be traced to the 2000s; back then, there was a high demand for residential or commercial property (Njoroge et al., 2021). This need drew in real estate investors who shaped the market into what it is today. The demand for business areas such as office complex invited business real estate programmers, this includes foreign investor like Actis, who has Yard City Shopping Mall.

1.2.4 Factors of Production that Impact Commercial Real Estates Development

The four factors of production are inputs made use of in different combinations for the production of products and solutions to make an economic revenue (Peters, 2019). Factors of production are the inputs for the process of production. They are the beginning point of the production procedure; variables of production are the criteria which affect the output of production (Tuzel & Zhang, 2017).

1.2.4.1 Land Profile

Land profile as a factor of production describes all natural resources either on the surface of the earth or listed below the surface area of the planet or above the surface of the planet is Land profile (Dankevych, et al., 2019). Land profile is the key and natural aspect of production; all gifts of nature such as rivers, oceans, climate, hills, mines, forests etc. are land profile. For that reason, for advancement of industrial real estate, land profile is needed. Unstable economic markets have increased passion in land profile investments that a lot more; with the stock markets and financial industry weakening, investors are acknowledging tangible residential or commercial property and land profile as a better endeavor (Aigner, 2020). Since there's only so much land profile to go around, supply is limited that means you can anticipate a sped up gratitude in your investment's value and a higher return on your investment generally. Buying land profile is also a hassle-free choice to buying into the residential property market (Malpezzi, 2017). With a lower initial price and no more financial investment and building upkeep to worry about prior to a profitable return is an opportunity, even an unskilled capital characteristics can purchase land profile. Collaborating with a land profile programmer is straightforward and it's simple to keep an eye on the rise in property and land profile values.

From a tactical viewpoint, land profile will certainly remain to be the most necessary factor of production; however, land profile financial investments have generally been investment vehicle solely for the rich (Salzman & Zwinkels, 2017). This was due to the fact that purchasing land profile required substantial quantities of resources. It was extremely uncommon and very challenging for the common financier to take the lucrative chance. According to Tunaru (2017), Financiers taking into consideration land profile acquisition requirement to comprehend that they are participating in a simply speculative financial investment; this is due to the fact that primitive land profile does not develop any type of incomes, and likewise subsequently any type of return on investment will absolutely need to originate from the possible resources gain that might be obtained when the land profile is used. With this in mind, the expense of financial debt for a cattle ranch real-estate financing can be used to help accomplish a preliminary investment evaluation. From a pure economic investment viewpoint, raw land profile has a very undesirable return on investment, particularly when one considers the length of time that capital characteristics typically need to own land profile to understand return on investment (Salzman & Zwinkels, 2017). And, rates of interest for farm-land profile finances might elevate in the future, which implies that the break-even price for future land profile purchases will certainly shoot up.

According to Baum (2020), around 50 percent of all those who enter into real estate investing sell up in the first 5 years and less than 10 per cent of those who remain in the game wind up having greater than two financial investment residential properties. Prices genuine estate are tough to assess as every property is different and worth is in the eye of the observer. Garboden (2019) believe to market a residential or commercial property, a capital characteristics likely requirement to utilize a real estate agent to obtain a starting rate and need to find somebody else that settles on the price to get.

Commercial real estate settlements can go awry quickly, which causes more delays concerning the liquidity. As a first step in the evaluation of leasing, the financier must try to identify comparable which are rental fees or profits produced by buildings with similar attributes (e.g., dimension, age, high quality of construction) and in similar locations. The celebration of standard data on comparable is typically the very first step in the collection of regional knowledge called for before investing.

Novotný and Myšková (2019) assert that industrial and industrial structures supply some possibilities for various other earnings; among the possibilities are unique janitorial solution, vehicle parking, and interaction tools on the roof covering. Again, both factors to take into consideration are the leases or contracts underlying such charges and the neighborhood technique. In industrial, commercial, and residential properties, the "other income" category, when developed, should be reasonably secure subject largely to modifications in vacancy. It is necessary, nevertheless, to be aware of the profit opportunities and, in preliminary analysis, to be certain that those opportunities that are forecasted, really exist (Liu, 2019). On the silver lining, it is often smart to seek some of the unrealized potential that might originate from the various other revenue classification when pondering a future purchase or growth.

1.2.4.2 Labour Characteristics

Labour characteristics is another factor of production necessary for the growth of commercial real estate. Labour characteristics describes all human effort that assists in production; the effort can be mental or physical. It is the worker that applies their efforts, capacities, and skills to create (Chauhan, 2018). Currently, building and construction methods in the country are extremely work extensive and there is an alarming need to bring in technology to help faster building. But for the moment, there is a requirement for skilled workforce throughout the lifecycle of a property job, Firdose

Vandrevala, chairman of Hirco Advancement. According to in many projects, work expenses around 25 to 35% of the complete job expenses, with materials taking the rest. In interior decoration tasks, the work required is extensive and the tasks takes longer and must be executed by really skilled professionals e.g. timber features requiring woodworking and joinery, art work, electrical/mechanical works. Such works typically have a 50% proportion in between work and items a common home house building and building will have a tendency to have the regular 30% work versus 70% product expenses. Within the building and construction, some jobs will certainly have a great deal extra % of labour characteristics than others. As an example, structure works are primarily work based throughout excavation and likewise backfilling. Walling, house windows, doors, plaster will have a lot less % of job compared to products, around 20% job. Roofing system, installments, fascia board, paint, electric jobs, plumbing jobs will primarily have extra % of work contrasted to products, approximately 40 to 50%. The full work will certainly bring the requirement to 30% for work and 70% for basic materials.

1.2.4.3 Capital Characteristics

Capital characteristics as a variable of production describes all resources utilized in the production process. Regarding industrial property is concerned, funding required consists of resources structure, availability and funding expenses connected in commercial property growth (Koval et al., 2018). When thinking about the huge amount of resources being channeled into real estate financial investments, Nair (2016) highlights the relevance of the possible financiers need to make more informed and much better options. For example, feasible investors need to check out research on the location as well as demand variables of the prospective monetary investment, such as the good appearances of the location of the building, the work market, the local or

community financial climate and also additionally the population growth. Nair (2016) additional states that residential or business home info connects such as existing as well as also future resources qualities, work rates, looking after along with maintenance, tax commitment responsibilities, lease terms etc., in addition call for to be examined more thoroughly by the feasible commercial financier.

The possible investors require to be familiar with the existing and alternate uses the residential property he or she is taking into consideration to purchase. The take advantage of future, alternate uses the home and the costs that include transforming the property also have to be explored. The place details features should likewise be thought about, such as exactly how growth can impact the properties in the specific location (Roque, 2018). A home mortgage market is very important for the process of funding build-up in a creating economic climate, and is crucial to enhancing the deepness and reach of the economic markets (Taghizadeh-Hesary & Yoshino, 2019).

Considering that housing is the main tangible asset of an establishing or transitioning economic situation, it can after that additionally be made use of as security to obtain funds in order to carry out effective capital characteristics expense. Home mortgage debt accounts for a large proportion of family debt and, through additional markets and securitization, sustains the reliable functioning of financial markets (Aalbers, 2019). Housing money, and other real estate investor, are vital elements both in the growth of a dynamic real estate sector along with an expanding and strengthening financial industry. In addition to development of more lending networks, more financial investment networks are opened up too for both institutional and individual financiers, leading to even more complete and effective markets (Goodhart, 2013).

Funding is a significant component in the everyday technique of any organization (Oladimeji & Aladejebi, 2020). Eibel (2020), postulates that the real estate enterprise

calls for spending huge amounts of resources in order to allow building of a home. Absence of funding is an issue for little and micro company ventures, as a result the majority of them have actually continued to be operating in small scale (Chua & Kog 2009). Increasing focus is as a result being placed in creating and transitioning economic climates on the restructuring of real estate finance and home loan markets (Eibel, 2020). McKinney (2017) identified 4 sources of property financing in the order of concern in payment during the real estate boom in the United States of America, such as savings and loan associations adhered to by commercial banks, insurer, and mutual savings banks. Edwards (2018) indicated that savings and loan associations continued to grow a lot more rapidly than various other home mortgage suppliers.

Compared to real estate financing in Kenya, American commercial property financing has the complying with features. Firstly, the primary participants are institutional investors, the primary source of resources comes from the institutional financiers like banks, insurance companies, pension funds, and the consumers are programmers, building contractors and capital characteristics. Nonetheless, for residential property, the customers are the primary people who will buy the houses. Secondly, the take advantage of is high. According to Rosenberg Real Estate Equity Funds and Urban Land profiles Interest as much as completion of 2008, the whole utilize of industrial property had to do with 60%. Third, the designers of industrial real estate would certainly re-finance when the debt comes to be due. As the advancement and the procedure of business real estate require a long time, so more funding is needed to satisfy the requirement for funding (Ge, 2015).

Funding options for real estate advancement in Kenya is still a great deal and presents a great deal of issue for the developers (Kinya, 2020). This is mainly because of slow down economic growth and instability and strict measures enforced by the majority of

financial institutions; this is worsened by the reality that the rate of interest frameworks have had unfavorable consequences on financing the development of real estate (Suley & Moranga, 2020). Since the financing of property development is constantly a long-term job, it has urged the high rate of interest that is being charged on the funds attended to such advancement purposes. According to Mwaita (2020), the commercial real estate financial investment in Kenya is increasingly controlled by private capital characteristics and institutional centers such as Housing Finance. This makes it challenging for personal investor because of the reality that specific buildings are denied and marketed on a regular basis like shares and bonds in the protections market whereas the very first world nations utilize stocks and bonds to fund property, Kenya predominantly makes use of home loan funding. Demand for real estate and different types of commercial real estate is boosting in Kenya with young and utilized population driving this need (Nzau, 2020).

Work prices variations is an unpreventable item in property spending that specifies the feasible fad in rental value choices, in addition to decision of returns therefrom (Gong et al., 2022). Its supply as well as choices as a result requires more understanding to assist the instructions of choice making/giving relying on the nature of labour involvement. According to Bagwe and Arora (2022), a labor scarcity poses a significant issue for any type of market that needs to grow, specifically for fields that support public requirements. Building and construction is a widely needed area. It provides many jobs for designers, designers, and contractors, as well as it aids individuals locate the properties they're trying to find.

Whether it's business or domestic, building gives the tools for every property requirement which is why the building labor lack directly impacts real estate (Afrane & Bujang, 2022). Building and property go hand in hand. When you're seeking to buy

a story of land to build on or market an apartment complex, both most entailed industries will be building as well as realty. Hence, when one of these areas is dealing with an issue, it creates a direct response within the other market; this reaction is occurring with the present labor lack within building (Sanfo et al., 2022). When building companies have a hard time to find the right people for the work, production slows down and realty representatives cannot sell homes for the same prices or at the exact same performance as they typically would.

Property is a capital-intensive sector due to pricey investments that have to be done to come to be a homeowner; the tradeoff concept claim that better collateral support greater levels of debt (Patel, 2022). Because the real estate market have high security within the buildings the higher ratio of debt is adequate. Various other sectors that do not have that level of security additionally tend to have a reduced degree of debt. Companies with equity are able to readjust their capital framework by boost their level of financial obligation. Certainly, brand-new financial debt will readjust the tax obligation guard (Gong et al., 2022). An increase in debt will probably increase bankruptcy costs too. The property industry is different to a number of various other markets. Because of the lot of collateral that supports high level of financial debt, companies within the realty sector have normally high degree of utilize (Patel, 2022).

Considering that property is a capital-intensive company, financial investments within this area for acquisition of land and building call for significant funding from exterior funds. Myers (2021) argues that a firm is funded either of equity or financial debt, or both. Equity is stockholders invested resources and debt is small business loan, bonds as well as starting from debt organization etcetera. Equal for all debt is that a charge needs to be paid as a rate of interest. Because of the indebtedness of property companies there is strong relationship to the resources markets. Two recent working papers by

Bond et al. (8) as well as Peng as well as Thibodeau (2021) examine capital expenditures at the home degree and document mixed results. Peng and Thibodeau (2021) locate no proof for difference in returns for value-added and core residential or commercial properties, while Bond et al. find that, although capital enhancements are connected with higher income, capital investment are not fully capitalized in market price.

1.2.4.4 Entrepreneurship Attributes

Entrepreneur is an individual that brings various other aspects of production in one area and uses them for the production process. Entrepreneurship attributes is the 4th element and consists of the visionaries and innovators behind the whole production procedure (Mkalaet al., 2018). The entrepreneurs integrate all the other variables of production to conceptualize, produce, and create the services or product. Real estate development has significantly altered the face of business over the past several years. Advancement occurs in both the startup room and in huge industrial commercial real estate financial investments, which focuses on innovations that affect the developed globe. The developments range from electronic platforms to the current updates in style, building and construction materials, and ecological adaptation. In the year 2019 alone, more than \$12.9 billion was purchased commercial real estate tech startups in the United States of America.

These tech firms cover a range of categories in property and commercial real estate and work with a variety of ingenious technologies, including virtual reality, block chain, large information, and more. Property purchases have actually commonly been taxing, confusing, and packed with complex paperwork. In the past, real estate agents met clients whenever there was a paper to authorize, which was usually an aggravation for every person involved. Today investor buy modern advancements which brings the deal

process online via the capacity to e-sign files. Now, business investor can place all transaction papers inside one transaction center where lending institutions, agents, and customers can communicate and check out all stages of the deal.

Advancement plays a crucial role in commercial real estate methods, and with the financial investment pressures today's stores encounter, that need is greater than ever. Industrial investor have to prioritize their financial investment chances and determine areas with the largest ROI. Today, that require is above it's ever been, with minimal sources, industrial real estate investors can spend modern technology to speed up the procedure and to make sure higher precision, reliability, and recognition of what's taking place on the market. The modern technology offered today permits sellers to enhance virtually any choice they encounter.

Buying AI modern technology is boosting the home purchasing and marketing experience in the commercial real estate industry. Some AI applications can respond to comprehensive inquiries regarding a house, like whether it has a swimming pool or a yard. The added information AI technology gives potential customers with, enhances the process of findings of a house. It is therefore essential that business investor invest in AI modern technology because it assists agents discover optimal customers, hence raising the odds of marketing a home. In addition to AI, industrial real estate investors are today investing in the Net of Points (IoT) which is aiding commercial real estate experts expand and handle services extra effectively than in the past. IoT allowed tools not just make houses and the process of offering them smarter but additionally takes a lot of the leg-work off of the representative. Via developments in AI, agents can conserve time, remove mistake, and much more successfully examine automatic information.

Economic Online Forum (2019) suggested that entrepreneurship skills as well as academic achievement are 2 amazing opportunities as well as vital concerns that require to be leveraged as well as harnessed, if we are the so eager to create the human resources required for developing the societies of the future. The placement is based upon the background of the fact that entrepreneurship is the engine for innovation, wealth creation, work generation, economic nourishment as well as nationwide as well as local advancement (Al Ahbabi & Nobanee, 2019). This suggests that the application of entrepreneurship components in any provided field of study, realty inclusive, lead to a complete as well as detailed education.

Freybote (2019), argued that there is massive potential in buying entrepreneurial education in order to support young abilities and develop the generation of leaders and trendsetters who not just designers of tasks and also worth for the society, yet likewise empower others to develop a durable future. Kihuha, (2022). Collaborated this assertion by stating that development and also entrepreneurship offer a means ahead for addressing the international challenge of the 21st century, producing task possibilities, progressing human well-being, developing sustainable growth and renewed financial development. Entrepreneurship tasks in Kenya have created enterprises in numerous locations such as agro-allied, real estate, building and construction, structure, engineering, friendliness industry, etc.

Business owners established firms in feedback to financial motivations; consequently, companies create and also run markets that supply mechanisms of exchange for customers (Eriksson, 2022). Companies additionally produce and also manage organizations that provide interior coordination and market interactions. The activities of business owners are the necessary force that helps to drive the economy towards equilibrium. Business owners are endogenous to the economic climate in the general

theory of the firm (Eriksson, 2022). The business owner is, before anything, a customer. The consumer comes to be an entrepreneur by selecting to develop a company. Customers bring to the task of entrepreneurship their judgment, knowledge, as well as technology; customers choose to end up being business owners based on their personal features and their judgment of available market chances (Dissanayake, 2022). Entrepreneurs act reasonably and also purposefully based upon maximizing their internet advantages.

1.2.5 Real Estate Development in Kenya

Kenya has a strong real estate industry with easily offered top quality design, building and building layout solutions (Bor & Ochieng, 2019). Kenya's commercial and property real estate is presently on an upward pattern, because of the development of programs such as the Urban Transportation infrastructure strategy. The surge in populace and country to metropolitan task has actually presented many possibilities for plutocrats, particularly in the industrial building market. The projections are that Kenya will most definitely have a populace of over 60 million individuals by the year 2030 along with greater than 50% of them will absolutely be remaining in urban areas, generating a substantial need for new commercial in addition to residential property systems (Gitau et al., 2019). It is approximated Nairobi alone calls for around 150,000 new housing systems yearly against an optimum building of relating to 10,000 systems every year (Chege & Bett, 2019).

According to Kuria et al. (2018), it is approximated that over 80% of Kenyan population will certainly have moved from backwoods by 2030, indicating that sanctuary is just one of their standard needs. Presently, shanty town occupants are 1/3 of the urbane homeowners populace where Kenya's Kibera run-down neighborhood is one of the greatest home in Africa yet just approximately 3 million individuals are city residents.

Hence as even more country city motion occurs a great deal much more residences, sound ought to be established to fight shanty town uprising problem.

The real estate market need to be continual and it will certainly require to grow at a much faster rate that it presently does (Mwathi & Karanja, 2017). The Kenya sector is taking advantage of economic development of the country and the inflow of foreign aid is being considered as a very encouraging endeavor. A study by Chege and Bett (2019), observed that, in Kenya Nairobi is a prime market in a significant means particularly because of infrastructural development and market passion. Capital characteristics are being attracted by the cities possible to provide high returns on the property market. There is also a significant high demand particularly in the premium market, which is anticipated to grow even more as rate of interest boil down.

To provide you a clearer view, the City board of Nairobi authorize an estimated 12,000 domestic and industrial structure strategies each month. Yet with the formation of region federal governments, there's bound to be extra eager interest in property advancement in other communities Residences Exposition Kenya, 2017. It is additionally deserving to note that in some sections such as deluxe commercial real estate it has been observed by analysts that the cities of Nairobi and Mombasa are international pioneers. In regards to development, Kenya's property market is still remarkable in contrast to her peers in the region. Although the remainder of East Africa is additionally making significant ground with much enhanced infrastructure and restored passion by programmers to construct and offer more in trying satisfy the expanding demand in both property and industrial home segments. Growth motorists are rather similar across the area with factors such as rapid urbanization, modern house formations, regional economic development, improved federal government policies to name a few (Barkham et al.,2018).

Many elements can boost or slow down adjustments as well as disruptions in the property market. These consist of laws and also laws, innovation advancements, environmental advancements, all-natural catastrophes, health and wellness calamities as well as war (Muigai et al., 2022). Much has actually happened in the Kenyan context, shaping the present realty patterns and growths. In the 2021, the Kenya Home Loan Refinance Business (KMRC), a public-private partnership company formed by the federal government of Kenya, was established as a crucial establishment to sustain the economical housing column of the government's Large 4 Program. KMRC is a non-deposit-taking banks with the solitary objective of providing lasting funds to main home loan lenders in order to boost the accessibility as well as price of mortgage loans to Kenyans (K'Akumu, 2022).

The KMRC had its inaugural bond issue as it formally sounded the bell on 14 March 2022 to mark the listing as well as beginning of trading of KMRC company bonds on the Nairobi Securities Exchange (NSE). It is reported that KMRC's first tranche of its KES1.4 billion medium-term note program was oversubscribed by greater than 400%, netting applications worth KES8.114 billion (Kihuha, 2022). This is observed as a major landmark affirming expanding issuer and also capitalist self-confidence in the bond market, and assistance for the market. As various other effects of the Pandemic continued to be visible, there was an obvious decrease in the leasing of industrial office (Baum & Hartzell, 2021). The uptake of commercial leases had actually decreased as organizations remain to function remotely. However, with lowered COVID-19 cases resulting in the revision of constraints put in place to take care of the Pandemic, it is anticipated that companies may take into consideration returning to working from office and, consequently, leasing of office spaces might enhance in the coming year (Kihuha, 2022).

Kenya's framework sector has played a major role in understanding the Property industry's goals; to begin with, the budget plan designated to the field has improved continuously in the last 3 years (Khanani et al., 2021). According to the Budget-Statement for the FY' 2022/23 the framework industry obtained 212.5 b this year, which is an increase of 30b from the 182.5 b allocated last financial year (Lesutis, 2022). A significant infrastructure renovation is the 27.1 kilometres Nairobi Expressway, which officially opened on the 14th of August, 2022. The expressway is intended to open the area to investments and also enhance the nation's economic climate. We additionally have more jobs in the pipeline such as the Nairobi Commuter Rail project, Nairobi-Nakuru Freeway task, the Lamu Port-South Sudan-Ethiopia Transportation (LAPSSET) hallway (with the initial 3 berths full), Requirement Scale Train Phase 2A, as well as the Nairobi Western Bypass. With these tasks improving connection, the real estate industry instantly obtains an increase with the optimized remote land enquiries (Lesutis, 2022).

High population growth is one more element that is contributing to the growth of the property industry. According to the Globe Financial Institution Population Growth Information (2021), Kenya's population is expanding at 2.3% p.a which is 1.3 points more than the worldwide average of 1.0% p.a (Owen & Okech, 2021). This has actually revealed direct connection to the realty field with the need as well as supply for rentals climbing. With company transactions raising since the beginning of 2022, the market has registered growth with even more office spaces being in need (Nyaguthii, 2021). The financial rebirth taking place around the world has likewise opened up the import and export sectors which need storehouses for storage space and thus raising the demand for commercial space (Owen & Okech, 2021).

Budget friendly real estate campaigns along with need for land in satellite towns continues to increase. With lowered accessibility and also high rates of land within the city of Nairobi, a lot more designers are searching for realty acquisitions outside, especially within the city of which Machakos County is part (Toumert, 2021). According to the HassConsult Land Index Q1' 2022, Thika, Juja and Ruiru communities were the very best carrying out satellite communities with Thika alone recording a 6.35% growth (Ngigi, 2021). The favorable performance is credited to expanding demand for top quality student real estate in these locations that hold an excellent number of tertiary establishments. With lowered borrowing chances, the realty market is incapable to tap into lots of enthusiastic jobs (Ngigi, 2021). The initial 2022 Quarterly Economic Report by the Reserve Bank of Kenya shows that the Real Estate sector registered a 21.6% boost in Non-Performing Loans for FY' 2021. This significantly impacted the sector's capability to borrow as a result of the reduced lending confidence from banks (Nyaguthii, 2021).

1.2.6 Financial Growth of Commercial Real Estate Investment

Commercial real estate is any type of residential or commercial property that is solely made use of for business task, it presses of shopping malls, resorts, university, hospital, shops, office buildings and industrial parks (Khanet al., 2020). Nonetheless, returns in industrial realty are made when there is complete tenancy, prompt and total lease collection, as well as full market lease, fantastic physical issue of structure, low irrecoverable outgoings as well as lowered cost of lessee turnover which is what is referred to as the growth in property. The real estate market is one of the many columns that define a country's economic and infrastructural growth, as the nation's financial development is connected with its economic evolution and development (Warren, 2018). The financial condition of a country affects the acquiring decision of the citizens.

Thus affects the purchaser's capability to buy homes, as a result, it impacts the overall wellness of real estate of the country (Sanfelici & Halbert, 2019).

According to Zhanget al. (2018), with commercial production and foreign investments gaining momentum, India's economic climate shows the trend of continuing going beyond those of several European countries. This growth directly influences the commercial industry with the enhanced need for offices. In addition, with brand-new reforms related to direct investment, international firms are investing in the industrial real estate greatly (Barkhamet al., 2018). According to a recent workplace leasing record by Cushman & Wakefield India, the growing trend of business space on the market brings in financiers to make financial investments in this industry.

Sectors such as IT, Co-working, retail, getting in touch with and e-commerce financial investments of firms in worldwide capacity centers have actually signed up high need for workplace in current times (Ghentet al., 2018). India as an example saw a growth for numerous retailers and brand in 2018 sped up by tax cuts and additionally simplicity of operating. The maintaining of GST and RERA will contribute to openness in the field and will shore-up requirement over the lasting (MacGregor et al., 2018). CBRE South Asia in 2018 revealed the findings of its latest record labelled 'India Flexible Location Quarterly Digest-- Q1 2019. According to the report, the basic versatile room take-up in India enhanced by 277% y-o-y to reach concerning 2.9 million sq. ft in Q1 2019. This meant a 70% increase on a q-o-q basis in adaptable area take-up. According to Das et al. (2019), Bangalore and additionally Delhi-NCR were the greatest markets for adaptable locations in India, comprising over fifty percent of adaptable room leasing in the nation.

CBRE expects widely known organization to use up a larger variety of seats as contrasted to startups. On the other hand, designers would focus on maintaining healthy

and balanced levels of occupancy costs, by highlighting on personalized solutions in addition to integrating technology for organization services. Furthermore, different ownership, company structures, offerings, financing systems and expenses or variety are presently quitting M&A job therefore, mix is probably to take place at a fairly slower speed in the nation (Pandey & Jessica, 2015). With the application of many brand-new companies, the need for contemporary workplace setups is absolutely expanding, both from conventional firms and brand-new advanced start-ups. Need and that brand-new investors like Trump Towers, International Private military companies etc. are extremely carefully thinking about on India as a country which offers great advancement possibility and likewise continues to gradually purchase India's skilled work and likewise business-friendly financial investment environment by committing to big workplace across the country Pandey et al. (2015).

Commercial property industry in Kenya has seen development in the past years as a result of robust office space need (Mwathi & Karanja, 2017). The major cities in Kenya such as Nairobi, Mombasa and Kisumu have seen a rise in the rate of business home. This is as a result of the substantial competition in employees findings of work that pay well. This has put a pressure on the real estate market in these cities, because; brand-new building is not able to keep up with the need as a result of a lack of available land profile (Chege & Bett, 2019).

The Kenyan real estate market has actually experienced raised competition both in residential and business buildings (Kuria et al., 2018). According to Muema and Gladys (2019), residential and commercial buildings on the Nairobi outcast have actually brought in highest increase in rates. This is has actually been credited to expansion and growths in this areas specifically the infrastructure; roads, electrical power and water. The diversified home mortgage market has actually likewise brought about enhanced

competitors throughout the industry. Stand-alone homes, condominiums and apartments in regions like Kiambu, Machakos and Kajiado has actually experienced greater funding growth and rental yields. Nairobi and its environs has drawn in massive property capital characteristics as a result of its prime market in the high-end market. Especially there has been a greater need for even more homes in the premium market led by the favorable home loan items. As indicated by Barkham et al. (2018), advanced innovation has actually likewise contributed to the increased competitors. A huge number of home developers and representatives have improved their on the internet visibility to tap a substantial online market share.

The real-estate market of Kenya is diversified amongst 3 areas; people, location, and residential property types where people consist of high, middle and reduced areas of culture, geography defines the location to be made use of for residential property developments and building types consisting of retail, workplace, residential, Industrial and special buildings primarily found in city locations (Mang'ong'o et al., 2018). A considerable growth of regarding 6% was seen in the commercial real estate market in Kenya in the fiscal year 2016 (Njoroget al., 2018). The population growth rate is about 2.7% per year and the city development of the country assessed in 2016 more than 27% of the overall population of Kenya and is expected to go beyond as much as 50% by 2020.

1.3 Problem Statement

Commercial real estate investment plays crucial function in supplying employment possibility, using sanctuary to households, improving revenue distribution as well as also decreasing poverty (Mburugu, 2020). Nevertheless, the residential or commercial property market in Kenya remains to stop working to satisfy this vital function as a result of a variety of one-of-a-kind elements that impact investment in the industry. To

formalize the business land area and to empower the development of lodging units that are current, effective and reasonable to resident in every social framework, the public authority needs to make approaches and measures that decidedly influence the financial backers in this area (Wanyama, 2020).

To accomplish this the public authority needs to join forces with both neighborhood and unfamiliar financial backers deliberately to lessen the expense trouble. Measurements show that there is deficiency of houses up to a tune of a 2.1 million-unit explicitly for the little and medium-sized homes and further practically 51% of private families' lives in the ghettos (Kieti et al., 2020). In the approaching ages, the issue of lodging needs will turn out to be more extraordinary in Kenya as the speedy progression and urbanization rates isn't combined with improving headway in the land field.

Business Property sector plays essential function in economic development. Preferably it would be expected that as a result of the faster development of city populace in Kenyan significant cities and towns, there is an improvement in the efficiency of the realty industry in the Country. However, this is not the case as capital gratitude of property in Nairobi and its metropolis that includes Machakos Area have actually been recording decrease in efficiency (Chege, 2017). As an example, the realty industry in Kenya videotaped a total return of 11.2% in 2018 compared to returns of 14.1% in 2017, revealing a slow-down in property drivers' efficiency.

Commercial real estate stipulations have diminished besides the federal government of Kenya's dedication to give budget-friendly real estate for the period between 2018 and also 2022. Demand for commercial houses has increased from 150,000 units to 200,000 units per year compared to the production of only 35,000 units per year, (National Housing Corporation [NHC], (2018). Vision 2030 has managed to achieve 10% of the target by NHC, (2018) which translates to a short fall of 90% equivalent to 200,000

units. The government of Kenya has come up with the Big Four Agenda after realizing there is a shortage of affordable housing in Kenya (Kamau, 2019).

A number of studies have addressed demographic, social-economic, financial factors, Demand and supply of commercial properties and the effect of economic factors on mortgage firms in Kenya. For example, Lieser and Groh (2011) inspected the determinants of overall business property monetary speculation utilizing an exceptional assortment of board information series for 47 countries around the world, covering the term from 2000 to 2009 and discovered that financial growth, fast urbanization and engaging demographics attract realty investment, which an absence of openness in the lawful structure, management burdens of doing realty service, socio-cultural difficulties and also political instabilities minimize global realty allowances. Since the study had an international look and focused on determinants of international commercial real estate, both contextual and conceptual gaps are evident.

Ariemba et al. (2015) in their research analyzed the impact of macro-economic variables on the development of the home mortgage market in Kenya by accumulating Panel details for a thirty years period, from 1984 to 2013 on the exceptional Real Estate Funding Portfolio as the dependent variable in addition to the macro-economic variables of Average Yearly Climbing Cost Of Living Rate, Average Yearly GDP development Price, Ordinary Annual Currency Exchange Rate, Portion Casual Field Employment, Treasury expense price as well as National Cost savings Price as the forecaster variables. Since the study focused on mortgage markets, used panel data and used macro-economic variables as independent variables, contextual, methodological and conceptual gaps are presented. It is in the backdrop of the above identified gaps that the current study was carried out to address the presented gaps by examining the

effect of land, labour, capital, entrepreneurship and county government policies on financial growth of commercial real estate investment in Machakos County, Kenya.

1.4 Purpose of the Study

To establish the influence of factors of production on financial growth of commercial real estate investment and the moderating effect of county government policies on the relationship between factors of production and the financial growth of commercial real estate investment in Machakos County, Kenya.

1.5 Objectives of the Study

1.5.1 General Objective

To establish the influence of factors of production and county government policies on financial growth of commercial real estate investment in Machakos County, Kenya.

1.5.2 Specific Objectives

- i. To establish the influence of land profile on financial growth of commercial real estate investment in Machakos County, Kenya.
- ii. To determine the influence of labour characteristics on financial growth of commercial real estate investment in Machakos County, Kenya.
- iii. To evaluate the influence of capital characteristics on financial growth of commercial real estate investment in Machakos County, Kenya.
- iv. To assess the influence of entrepreneurship attributes on financial growth of commercial real estate investment in Machakos County, Kenya.
- v. To establish the moderating effect of county government policies on the relationship between factors of production and financial growths of commercial real estate investment in Machakos County, Kenya.

1.6 Research Hypotheses

The following five null hypotheses were tested:

- H₀₁:** Land profile has no statistically significant influence on financial growth of commercial real estate investment in Machakos County, Kenya.
- H₀₂:** Labour characteristics have no statistically significant influence on financial growth of commercial real estate investment in Machakos County, Kenya.
- H₀₃:** Capital characteristics have no statistically significant influence on financial growth of commercial real estate investment in Machakos County, Kenya.
- H₀₄:** Entrepreneurship attributes have no statistically significant influence on financial growth of commercial real estate investment in Machakos County, Kenya.
- H₀₅:** County government policies have no moderating effect on relationship between factors of production and financial growth of commercial real estate investment in Machakos County, Kenya.

1.7 Significance of the Study

This research was concerned with establishing the influence of aspects of production which includes land profile, capital characteristics, labour characteristics and entrepreneurship attributes carry financial development of business commercial real estate financial investment in Machakos County. The findings of the study will benefit the following groups; real estate investors, county government of Machakos and the future researchers and academicians.

1.7.1 Real Estate Investors

The outcome of this study will be of very excellent significance to the capital characteristics and various other players in the real estate sector in Machakos County and Kenya overall. When you purchase real estate, your objective is to put money to function today and make it expand so you have even more money in the future. You have to make sufficient revenue, or "return", to cover the danger you take, tax obligations you pay, and the prices of having the real estate financial investment such as energies and insurance coverage. The results of this research will certainly supply information to the commercial real estate investing for beginners to help them learn what to anticipate and just how to spend. The findings of this research study will help the financiers in the market to comprehend the exact factors of production that have better impact on the financial growth and the general efficiency of the property investment in Kenya.

1.7.2 County Government of Machakos

The research outcomes will be significant to the county government of Machakos since it will help the county identify the potential areas to invest and what factors of production readily available to attract more investors to invest in the region. The findings will also be beneficial to the county government of Machakos in that, it will help the government revise their land profile policies to favour investors as one way of attracting more non-local investors.

1.7.3 Future Researchers and Academicians

The study will add to the existing knowledge on the factors affecting the financial growth of commercial real estate investment.

1.8 Scope of the Study

The study was conducted in Machakos County covering all the eight sub counties of Machakos County. The choice of Machakos County was justified by the fact that, over 10% of the total real estate developers in Kenya have establishment in Machakos County. Machakos County is the leading in, population, revenue and development of real estate within the eastern region (Appendix IV). Most of the real estate building materials such as sand, cement and building blocks are produced in the County, making it suitable for this study.

The city of Nairobi which has various local and international constrictions has been obtaining her building materials from Machakos County and other neighboring counties like Kiambu, Kajiado, Makueni and Murang'a just to mention a few. In addition, all the six cement production companies in Kenya are located in Machakos County, hence contributing to the rampant financial growth of real estate industry. Machakos County borders the city of Nairobi and therefore any development taking place in Machakos County have impact to the development of real estate in the city.

Additionally, Machakos County is the leading source of sand and stones used in construction. This makes Machakos County a suitable area to conduct this study so as to assess the influence sand and construction stone availability in the area have on the growth of commercial real estate. A study done in Machakos County was a clear representation of the other counties since Machakos County was on 15th of November 2019 identified by the Kenyan Government as the first county to provide land profile for construction of affordable housing in line with the Big four agenda.

Machakos County is among the only few counties bordering the city of Nairobi with vast of unoccupied land profile parcels ready for development of real estate in the

future. The Konza city which has attracted both local and international investors of real estate industry in the recent past is also in Machakos County, Mombasa Road which is also passing through Machakos County has attracted quite a number of investors in real estate due to its closeness to Nairobi, the ready market for commercial real estate sector and finally the presence of standard gauge railway which has attracted different investors hence creating market for commercial real estate. The study was conducted between December, 2019 and June, 2020.

1.9 Limitation of the Study

This research faced some limitations; first and far most, the study faced the difficulty of biasness from the respondents where some of the respondents feared that their personal confidentiality would be exposed. This challenge was addressed by assuring the respondents that the information they would provide towards the success of this study would be handled with utmost anonymity and would not be shared with any other person not part of the study. This assurance encouraged the respondents to participate in the study. Furthermore, the researcher sent consent form to the respondents seeking their willingness to participate in the study and this went a long way in encouraging the respondents to participate.

In addition, the study faced the challenge of dealing with the unavailability of the County top management because of their busy schedule. To mitigate this challenge, the researcher had to book appointments with the top county officials so that they are interviewed when they are available. Finally, the researcher faced difficulty of non-response cases as some of the county employees were not willing to give information about their bosses for fear of intimidations and interdiction. This again was mitigated by giving them assurance that the study was an academic in nature and the information they would share with the researcher were to be treated with maximum confidentiality.

1.10 Delimitation of the Study

The study only covered commercial real estate developers in Machakos County and focused only on obtaining information concerning the influence of factors of production on financial growth of commercial real estate investment in Machakos County. The researcher obtained approval from Kenya Methodist University and a permit from NACOSTI in order to assure the respondents of their confidentiality and that this study is authorized purely for academic purposes. To avoid inconveniencing the county management, the researcher booked appointment with the respondents in advance. Finally, the respondents were assured that this study would be treated with uttermost confidentiality and no names would be required in the purpose of this study.

1.11 Significance of the Study

The outcomes of this research are significant as they have added to the existing understanding of how factors of production influence the financial growth of business commercial real estate financial investment in Machakos Area and whether area government plans moderates the relationship between variables of production and the financial development of industrial property investment in Machakos Region. Tax commitment financial debts, reductions, and aids are numerous of the means the government can temporarily enhance need genuine estate for as long as they remain in place. Being aware of existing government incentives can aid a designer identify modifications in supply and demand and determine possibly false sequences. The outcomes of this study for that reason will assist the county government of Machakos in recognizing what polices to review so as not to inhibit investors from purchasing business real estate in the County.

1.12 Assumptions of the Study

As a significant instrument of the human intellect, assumptions give us the ability to process our thoughts. It serves as a link between our rational and emotional thinking processes, a necessary tool for our survival and a part of what makes us who we are. Thus, an assumption is something that can be accepted on the basis of a given statement, and something supposed or taken for granted (Ogbenjuwa et al., 2018). In this regard, the following were the assumptions of the proposed study: aspects of production affect the economic growth of business property investment in Machakos County and Kenya all at once, area federal government policies have regulating result on the partnership between variables of manufacturing and the financial development of industrial property financial investment in Machakos Region.

1.13 Definition of Key Terms

- Capital Characteristics:** Taken to mean financial assets such as funds held in deposit accounts or obtained from financing sources. Companies and individuals depend on capital characteristics to acquire property, to build offices and production plants. Capital characteristics structure is an essential and basic model for capital characteristics creation (Ngoc et al., 2021).
- Commercial Real Estate:** Commercial property is real estate property being used for economic operations. It is usually in form of building with the primary purpose of housing business. It may also refer to land profile intended for generating profit (Ghent, et.al, 2019).
- Financial Growth:** This has been used to mean the appreciation in the value of real estate properties over a period of time in financial terms. The financial growth can be applied to a company and individuals who own equities or have their own real estate property (Al Ahababi & Nobanee, 2019).
- Labour Characteristics:** This has been used in this study to refer to the efforts exerted to develop real estate (Akomah, et.al.,2020).
- Land Profile:** Used to mean the resource that encompasses the natural resources used in the development of real estate (Leffers, 2018).

Real Estate Investment: Refers to the acquisition of property as a financial investment to create revenue as opposed to using it as a main home. In straightforward terms, it can be recognized as any kind of land profile, structure, facilities and other concrete home which is typically unmovable but transferable (Waldron, 2018).

Real Estate: Thus is a tangible asset and a kind of real estate; commercial real estate home examples include land profile, buildings and other improvements, plus the civil liberties of use and satisfaction of that land profile and all its enhancements. Renters and leaseholders might have civil liberties to populate land profile or structures that are taken into consideration as part of their estate, yet these civil liberties themselves are not, necessarily considered real estate (Aalbers, 2019).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers the theoretical foundation of the study and then presents empirical evidence on the study variables where knowledge gaps are discerned and discussed.

The chapter also presents the conceptual framework for the study

2.2 Theoretical Framework

The theoretical structure is the framework that holds or keep a concept of a research study. This study was informed by; conventional economic theory, prospect theory, agency theory, liquidity preference theory and game theory.

2.2.1 Conventional Economic Theory

The conventional economic theory or the Neoclassical is based upon an understanding that every person is sensible (Nordhaus, 1969). It arose around 1900 to take on the earlier principles of ageless organization economics. Adhering to common economic principle, the need genuine estate area can be specified as the quantity of location or a selection of gadgets needed at different rates (Mooya, 2016). The nature of residential or commercial property market makes it made complex to use a financial suggestion to it. Therefore, even if you obtained the difference, quantitatively of supply as well as likewise need, the evaluation cannot be appropriate as it will absolutely let down simply how alternatives were gotten to on the marketplace This can be verified in options relating to place as typically it is of short-lived nature depending upon the dominating needs or scenarios of the customer for example the array from work, center for young and even more (Mooya, 2016).

Competitors in the commercial real estate market stress both distributors and likewise clients to respond properly (Pantano et al., 2018). Factors to think about of patterns that develop the economical location in addition to developments set off by technological transfers considerably change the need functions which generate effect on the job in the home market. Regardless of the challenges linking economic concepts to the commercial real estate, the sector is a facility where capacity to pay all financial obligations is essential to success in the lasting. Controlling variables along with various other non-economic factors to consider need to be thought about as part of the formula.

These non-economic facets to consider anxiousness the need to take advantage of solutions that are market based to elements like sustainability and likewise looking after development. Throughout the evaluation of the supply of building house, it is needed to identify your home right into training programs that have generally equal pushers of requirement in the sector. The commercial real estate market, like any other industry is under the forces of supply as well as additionally demand criteria along with thus the rates are developed by the supply and require variables.

When demand goes beyond (relatively repaired) supply, the cost increase, according to common financial concept and the other way around. When specifying requirement, we integrate effective need which is specified as demand sustained by the power to purchase (Moeller, 2011). This describes the mixed amount of residential or commercial property residential property preferred before the interaction offered area with consumers. After the interaction, the ex-post requirement may be various because of a variety of components like the restraints of supply.

Traditional theory assumes that financial representatives perform at optimal degrees of performance by definition and this is accomplished when individuals act in a certain

fashion. In addition, neoclassical production theory covers up the procedure whereby ideal output can be attained. The theory presumes that the build-up of funding within a financial environment, and precisely just how individuals make use of that resources, is essential for economic growth. Additionally, the partnership in between the capital characteristics and labor of an economy identifies its outcome.

Finally, technology is believed to enhance labor efficiency and raise the outcome capabilities of labor. Because the theory describes exactly how a consistent economic growth rate results from a mix of three driving pressures labor, funding and modern technology, it was considered relevant for this study because it explains how labor, capital characteristics and entrepreneurship attributes can be used by commercial real estate investors in Machakos County to realize growth in real estate in the County.

2.2.2 Prospect Theory

The theory was produced by Kahneman et al. (1979). According to this theory, gains and losses are valued in various approaches by people. As a result of this, they will absolutely base their options far more on the preferred gains than on losses as opposed to linking worth to final possessions, this concept focuses on the gains along with losses. Possibility principle is a behavioral layout that demonstrates just how individuals pick in between choices that involve threat and uncertainty. It reveals that people count on regards to anticipated energy regarding a referral factor (e.g. existing wide range) as opposed to outright outcomes. The value function is usually attached to gains. The minimizing low well worth for losses is stood for by convex. This theory fails to predict route-choice feedback-based decisions on a traveler's scenario. This theory explains the influence of capital characteristics and it is relevant to the study since it helps the researcher understand how the developers are evaluating their gains and losses in real estate industry.

The theory represents a considerable requirement in the field of decision making under unpredictability. Drawing from an assumption of bounded rationality, prospect theory recommends that individuals will absolutely present variable risk preferences in varying contexts, and also furthermore could be either take the possibility of aversion or danger seeking, relying on specifically how they mount selection concerns (Holmes et al., 2011). While prospect theory principle originally arose from laboratory experiments on certain selection making under unpredictability (Holmes et al., 2011), keeping an eye on research consisted of the idea's suggestion from person to companies, to describe supervisory danger choices at the top (Alawamleh et al., 2019).

Prospect elements are the variables that show an evident probability of innovation, success, revenue or growth. As a result, when it worries investment most people are seen to select based upon sensations, sensation, dream, state of mind as well as views which end up influencing financial investment options (Statman et al., 2008). Alawamleh et al. (2019) uncovered that many investors frequently have a tendency to have a personal as well as emotional add-on to the building they hold. This in such a way talks about why some financiers continue to be to hold ownerships even when the expenses are reducing. In the absence of ideal information sponsors are more than likely to make wrong selections. Better, financiers are likewise seen to have the prospective factor which the umbrella term referring to loss aversion, mental accounting and also regret hostility.

Prospect concept by Kahneman and Tversky (1979) competes that people worth losses as well as gains in different ways. This theory suggests that the emotional impact of losses is greater than an equivalent amount of gains. This has a tendency to discuss why an investor would certainly do not like selling assets at rates less than the bid rate essentially to stay clear of discomfort and also remorse of having cost loss what is

termed as loss hostility. Unfortunately, several of the shedding stocks never ever recuperate. The theory informs the variable on entrepreneurship characteristics. The theory was therefore deemed relevant to the current study since it sheds light on how various factors can influence the decision of real estate investor to invest in commercial real estate in Machakos County.

2.2.3 Agency Theory

The traditional company theory concept was created by Jensen and Meckling (1979). This concept describes the partnership in between various celebrations where one party described as primary engages a representative who is an additional celebration to do a job on their part. According to Wernecke et. al, (2001), the trouble of company develops in a provided relationship where there is differing information on either celebration. The different kind of irregular information that are manifested in these sort of links need covert info, purposes, qualities and activity. These typically take place when activity is lastly carried out whereby the investor finds there is a problem that needs an option.

This theory explains the objective on the influence of psycho-social factors on real estate growth. It is relevant to the study in the sense that it helps the researcher to understand how the developers handle cases involving agents who tend to buy properties on behalf of others and the challenges involved. This theory was thought about appropriate to the existing research study because it notifies the variable on funding. Though agents or brokers are all widespread in property, agency concept associates with a particular financial hazard for an investor when investing. This threat relates to misaligned goals of a financier to an appointee or representative endowed with accomplishing their will. In concept, the dreams of a funding carrier and an executor of their wishes need to be straightforward and lined up. Nevertheless, lined up

rewards appears simple enough in theory it is just when it comes to exercise does this worthwhile objective come to be more and more evasive (Lafontaine, 1992).

Real estate investment, owing to its idiosyncratic attributes and involvement of lots of people that for the most part execute their obligations in the form of agency partnerships, is much more at risk to agency issues. This theory was considered relevant to the current study since it explains the relationship that exists between commercial real estate brokers and real estate buyers/sellers in Machakos County.

The Agency theory comprises a prevailing hypothetical idea of corporate administration, which, notwithstanding a few dozen years of working, is as yet an object of studies and examinations of researchers everywhere (Vitolla et al., 2020). As KULTYS (2015) expresses, "the office issue seems when activities of one of the gatherings, e.g., the director (the specialist in the "head - specialist" connection), may impact the proprietor, the wellspring of which might be covered up, undetectable administrator's activities or the data moved by him, out of reach to the proprietor (Vitolla et al., 2020). Two fundamental issues being the object of examination show up upon the development of an organization connection. The first emerges in a circumstance when the objectives and tries of the head and specialist are in struggle, and when, in view of the expenses, the chief can't check whether the specialist is acting appropriately (Elmanizar et al., 2019).

Another significant component thusly shows up, specifically the organization expenses; and here comes the undeniable reference to the hypothesis of exchange costs, the hypothesis introduced and proliferated in the 1930's by Coase (1937) who presented a suspicion that "main in the ideal world the exchange costs are equivalent to nothing, in reality there are consistently sure expenses of social event data, arranging contracts, laying out their last, restricting items, lastly their authorization (Shapiro, 2005). Despite

this, the organization hypothesis searches for the most gainful design of the agreement, it attempts to connect components concerning the course of acknowledgment with components concerning the outcomes, consequently, it attempts to make sense of assuming the offer worth decides the investor's abundance, why not compensate the administration staff in that frame of mind of offer choices (working in view of expanding their own riches, they will attempt to build the investor's abundance simultaneously (Shapiro, 2005).

As per the Land the executives Act (REMA), a collective can dispense its land among hierarchical units (and different elements) made without help from anyone else, as a long-lasting organization, tenure, rent, credit for use⁴, or ceaseless usufruct (Mitnick, 2015). Moreover, the community might be burdened with the right of purpose. In this large number of cases (even in a circumstance when, for instance, a confidential individual is a ceaseless renter), the collective doesn't lose its episodes of possession. An extra chance of examination according to the perspective of the organization hypothesis seems when the administration of land is dispatched by the collective (Mitnick, 2015). For this situation, the head specialist issue and the issue of fruitful contracting likewise show up, as well as the need to execute an arrangement of oversight in a given unit of nearby government emerging from them (Shogren et al., 2017).

2.2.4 Liquidity Preference Theory

The concept was developed by Keynes (1936) as well as states that investors prefer liquidity in contrast to buying resources features items. In practice liquidity choice concept describes the costs supplied beforehand in connection with expected future rates of return (Boulding, 1944). This concept additionally suggests that a capitalist has an interest in a financial investment with a higher return and premium, additionally

capitalists additionally choose cash or very fluid investments. The highly liquid investments are easy to dispose of for full value Keynes. (1978) opine that liquidity preference theory is described by three motives which determine demand for liquidity. These motives include; transactions, precautionary and speculative (Culham, 2020). The transaction motive explains that investors have preference for liquidity so as to guarantee adequate cash on hand for transaction purposes.

The precautionary motive on the other hand is concerned with investor's preference for liquidity as additional safeguard just in case unexpected occasion that requires huge amount of cash (Brady, 2018). Lastly, the speculative motive refers to the investors' overall reluctance to commit the entire capital characteristics in the current investment for fear of losing a better investment opportunity in the future (Asensio, 2020). This theory is argued to be one sided and therefore not general and that interest rate is not the only reward for parting with liquidity. This theory explains the objective on factors of production. The theory is relevant to this study in that, it explains the various sources of capital characteristics available for the real estate investors in Machakos County and what dictates feasibility of the chosen option in the long run. The theory was therefore fit for this study because it explains the importance of capital as a factor of production in commercial real estate investment.

Housing liquidity measures the ability to transform housing to cash as a vital characteristic of housing stock (WU Jing, 2008). Housing liquidity measures the ability of real estate to be converted to cash money. Thus, real estate liquidity is an intrinsic quality of the housing, rather than of the whole market (yet it still may be affected by market problems or market maturity). Second, and most significantly, both the moment before sale and also deal cost should be thought about to completely record the real

estate liquidity (Boulding, 1944). The deal rate is recognized to climb as the period of a seller's search process extends.

If liquidity is a vital factor to consider for capitalists of monetary possessions, liquidity needs to be a much more important consideration for financiers of real estates, for which no central market exists and where no 2 systems are specifically alike (Bibow, 2005). Indeed, this insight has actually motivated numerous theoretical research studies that model exactly how prices are created in markets where the matches between households and housing devices are drawn from some recognized distribution and where the conferences of purchasers and vendors are regulated by arbitrary search on the part of either customers, sellers or both (Krainer, 2001). Individuals maintain liquidity to speculate that residential or commercial property cost will fall.

2.2.5 Game Theory

The theory was created by Neumann and Morgenstern (1944). Game theory is the research of mathematical versions of negotiation, conflict and cooperation between people, organizations and federal governments. Game theory is used in different areas of research to comprehend why a specific makes a specific decision and also exactly how the choices made by one private affect others; there are several functions that compose the game theory (Samuelson, 2016).

According to Martins et al. (2021) this concept describes a framework that guides a study of veteran communications amongst economic representatives. Despite the fact that fixing games with entailing combined approaches is a little bit complicated (Marden & Shamma, 2018). The game theory lays out the players participating in the video game, the paybacks of every gamer for obtaining the collection objectives, strategies utilized by each player as well as information offered to every player.

Martins et al. (2021) discussed that home programmers take advantage of on info to help them trigger end user's choice as a result resulting right into an increase in residential or commercial property rates. Mu and Ma (2007) in their research study on game theory, they connected the realty solution approach with federal government, land owner and a property designer as the principals. The research study ended that the general method of the video game is tailored at teamwork. A setback right here is that, the said corporation is not always guaranteed. The findings pointed out that tax regulation is the very best means for federal government to maintain a noise social security.

This theory describes how public area government plans have the ability to affect the real estate market. The Game theory pertains to this research study due to the fact that it aids all stakeholders including buyers, sellers, capitalists as well as realty agents who are the primary gamers in the real estate market maximize their opportunity to make or save money. In the two ways to deal with the assessment of genuine choices, the presentation of computer game scholarly arrangements to plan the opposition between creators suggests the chance of various equilibriums (for example a few ideal speculation choices) as well as such variety is irksome for the choice rates methods (Fudenberg & Tirole, 1991).

In a discrete time structure, creators play a concurrent computer game (contribute or delay) toward the beginning of every period too as there can be a few equilibria in which either planner contributes while the other concedes (Osborne & Rubinstein, 1994). This is risky because of the way that to esteem a monetary speculation, it is expected to have single harmony final products at every hub of the game and it's anything but deduced clear precisely how to in the middle of between different equilibria. In game theory, a help rule is an authority guideline foreseeing which techniques will surely be taken on

by players, subsequently gauging the consequence of the game. A procedure contains a strategy characterizing which activities a gamer need to make offered the moves taken by different players (Straffin, 1993). The most normally utilized help ideas are balance standards.

2.3 Empirical Review

This section presents the reviewed literature in relation to growth of commercial real estate.

2.3.1 Land profile and Financial Growth of Commercial Real Estate Investment

In China, Wang, et al. (2018) analyzed the Result of land rates on the spatial differentiation of housing prices and indicated that Land prices were the main vehicle drivers of real estate rates, and their impacts on housing prices were discovered to differ over different management levels. To be details, the impact of land prices was located to be toughest in the urban areas of rural funding cities. The research better showed that, the inner impact devices for land rates driving real estate prices were: topographic aspects, city building degree, the agglomeration level of top-quality civil service resources, as well as also the tertiary industrial advancement level. The metropolitan land supply method (supply plans) is the innate vehicle driver that figures out land rates in cities; through supply and also need, expense, along with market gadgets, land costs after that affect real estate costs and also impacting the development of property. The research findings were consistent with that of 2017 which took a look at the relationship in between real estate costs and also their prospective factors.

Quigley and Rosenthal (2015) executed research to establish the effects of land usage regulation on the rate of real estate. The findings of the study suggested that efficient governance of household advancement and also real estate markets postures difficult

difficulties for land regulatory authorities. According to the writer, extreme land limitations restrict the buildable supply, turning building and construction towards lower densities as well as bigger, a lot more costly residences. Commonly, neighborhood authority as well as regional need dispute, as well as area federal government plan makers have to make tradeoffs carefully.

According to the research, when greater earnings incumbents control the political procedures by which regional prep work as well as zoning decisions are made, areas can come to be much less inexpensive as rates enhance. Housing support programs implied to benefit reduced income families could be frustrated by limitations on density as well as various other limitations on the number as well as dimension of new systems. The empirical literary works on the results of policy on real estate prices varies widely in high quality of study method as well as stamina of outcome. Caps on development, limiting zoning restrictions on enabled thickness, metropolitan development borders, and long permit-processing delays have in fact all been related to increased property prices. The literary works stops working, nonetheless, to create a strong, straight causal effect, so due to the fact that variations in both observed standard and additionally methodological precision inhibit sweeping generalizations.

In Nigeria, Ibrahim (2017) assessed the Effect of land Area on Real Estate Worth as well as Business Growth in Ilorin metropolis, Nigeria. The aim of the study was to establish the impact land place has on the efficiency of property. The research study adapted detailed study layout. The target population for the research study was land surveyors in realty practice to whom surveys were administered to accumulate information on home rental fees based upon the place. The study discovered variant in rental values from various places and after that checked out the sources of the variation as well as impacts on properties and organization advancement in the locations.

According to the findings, property development was found to be focused as well as was growing more intensively in neighborhoods with highest degree of access. The research study indicated that, this brought about increased rents on the residential or commercial properties in the areas which could at some point trigger gentrification where essential however much less monetarily rewarding companies are compelled to move in other places. The research study additionally discovered that, land buildings located ready of biggest ease of access, are a lot more sought after.

According to Ibrahim (2017), the general propensity for management is to look for the shortest, cheapest as well as most hassle-free plan of communications. The moment, prices as well as ease of such connection are therefore important factors in the analysis, assessment as well as ultimate selection of location. The study ended that, demand for both industrial and also properties is ever before raising when faced with relatively inelastic supply of the properties as well as solutions required for favorable occupation of the homes. This causes high costs of readily available residential properties due to the fact that people need to complete over the available ones, and also the greatest prospective buyer takes the residential property. Based on the findings as well as verdict, the research suggested that, the government needs to start "site as well as solution" scheme to provide such frameworks as obtainable roadways, electrical energy, pipe borne water and also various other facilities that will certainly improve residential or commercial property values in the much less obtainable areas. This will certainly allow people to relocate right into those locations, and also decongest systematically the chock-full areas within the metropolis.

Kagendo (2011) reviewed the components of property residential property rates: the case of Kiambu Community in Kenya. The objective of the study was to develop the components of real estate home prices: the case of Kiambu community in Kenya. The

research adopted survey design and main information was accumulated making use of questionnaires; the information was analyzed using regularities, percent methods, and also regression as well as correlation evaluation. The findings of the study exposed that many tracts were obtained via purchase as well as inheritance and further established primarily via small business loan, home mortgage as well as Sacco car loans. Customers considered the location of the land/house near the tarmac and cost when acquiring land. The demand for the stories was affected by neighborhood rate deal as well as the truth that many people wish to buy land in the neighborhood. It was also noted that representatives play a crucial role in decision of rate of real estates in the location, given that they request more than they ought to in terms of commissions. From the study it was recommended that additional research study must be carried out to consider the factors of realty home costs in other parts of the nation and a research study on contrast between the home prices in urban and rural areas must be accomplished.

Jaeger (2016) carried out a research study that took a look at the impacts of land-use policies on property values. The purpose of the research was to examine the straight and indirect manner in which land-use regulations can as well as do, enhance home values as a result of their facility and also scarcity impacts. A second objective of the research study was to plainly compare two very various financial concepts: the impact of a land-use regulation on private property estimations, as well as the worth of a particular exemption for a land-use strategy. The review recommended that land-use guidelines can influence the commercial center worth of private property in various methods. Albeit a portion of the impacts might be straightforward, generally speaking they are convoluted and can rapidly be confused or misinterpreted. Especially, it has really been thought that land-use standards usually decrease residential property values when, as a matter of fact, they typically have favorable effects.

The favorable result of a land-use regulation on building values can happen 2 means. One method is a "feature result" (Jaeger, 2016). According to the research study, at the point when land-use approaches secure, support, or make administrations or administrations that benefit land owners. Presumably the most straightforward illustration of this is the local charge: a few areas use local charges to subsidize public administrations like police as well as fire security, public institutions, as well as facilities such as roads and energies. These civil service said these neighborhoods thrive, as well as make them an appealing place to live, which consequently elevates home values. Comparable type of positive feature effects occur with other kinds of land use guidelines such as guidelines to shield ecological facilities, open space and also farmland, or to regulate objectionable problems such as noise, blockage, and also air pollution. Like a property tax, these land-use laws impose prices or restrictions on landowners' activities, yet they likewise generate advantageous impacts. Without a doubt, the motivation behind many land-use guidelines is to secure or boost amenities that contribute to a neighborhood's health, safety and security, as well as well-being.

Akubia and Bruns (2019) in a research labelled *Untangling the Frontiers of Urban Development: Spatio-Temporal Dynamics of Land-Use Adjustment and furthermore Urban Growth in Greater Accra Metropolitan Area, Ghana* revealed that the property market in Ghana was besieged with land procurement troubles where land acquisition normally, has been paralyzed with disputes as well as lawsuits. The public authority, with its service of Land, Ranger service alongside Mines is supporting the obtaining of 30,000 sections of land of land real domain tycoons. This need to what's more element the foundation of trustworthy administrative as well as really taking a look at frameworks to support land obtaining and furthermore enlistment to eliminate claims as well as likewise development. The public authority, with the Service of Terrains,

Ranger service as well as additionally Mines, Ghana, had gotten about 100 as well as nineteen thousand, 400 35 hectares (119,435 ha) of Land unequivocally into the Land Data Bank for moving toward money managers in Ghana. A lot of these scenes could be utilized for creating objectives. There are truly a colossal number of designs which can besides be used genuine Home Progression, Modern or Business targets depending upon the area.

Tirumala (2022) analyzed the assemblage of realty and also framework: a study program. The research study established that framework as well as property are very important components of the worldwide economy, which have various points of convergence. As the countries step up their initiatives to boost the shipment of framework solutions and also give shelter as well as service area to their people, various stakeholders are checking out chances to take advantage of the commonness in these two asset courses. The modifications that have actually been sweeping these 2 asset courses in the current past are likely to take a transformative turn in the results of the Covid 19 health circumstance. The majority of study on the convergence of these 2 possession classes has actually concentrated on two streams. The initial stream of research consists of the urban planning aspects that explore the effect on realty costs with the proximity or the absence of framework. The 2nd stream of research relates to the respective share of property and framework in a multi-asset portfolio and the associated elements of returns and defensive techniques to hedge rising cost of living.

Dugeri and Otegbulu (2022) while evaluating the effect of land tenure on realty markets as well as land-use rights and land registration developed that the tough concerns of exactly how to hold as well as handle lands which have actually pre-existed the colonial administration of Nigeria have simply refused to go or be ignored. The land management frameworks have hardly ever transformed given that the colonial era and

also lacking comprehensibility of function in activating resources in the direction of developing a durable land tenure system, Nigeria is in alarming demand of a land period system that facilitates property market operations. The unsettled problems of land legal rights have actually contributed in no small action in casting a shade of opacity on the residential property markets.

In Kenya, Mwangi (2022) while carrying out a research study labelled in the direction of an unified land administration institutional service delivery in Kenya; a Decentralized Approach pointed out that Legal as well as institutional framework associating with land administration in Kenya has actually advanced from the early American times to the post-independence regimes as well as lastly to the present constitutional regimen with the institutional structure in a similar way evolving. The method made use of was desk literature evaluation which showed that there were 3 components of decentralization, i.e. de-concentration, devolution and delegation which can be used independently or with each other in decentralizing land administration solutions with very little conflicts in between the institutions yet attain the desired levels of efficiency.

According to Mwangi (2022), prior to 2010, land administration was centralized with the national government managing a lot of the features associating with management of both exclusive as well as public land. This was mainly done via the office of the commissioner of lands. Centralization both in features and also offices of land administration led to bad governance as well as maladministration of land administration in Kenya, materialized via irregular/illegal allocation of land, corruption, absence of responsibility and bad solution shipment. These troubles sparked a frustration for reforms in the land field as well as a brand-new constitutional order.

2.3.2 Labour Characteristics Cost and Financial Growth of Commercial Real Estate Investment

Mitullah and Wachira (2013) conducted a research study to figure out just how Informal Work in the Construction Sector in Kenya influences growth of real estate: A case study of Nairobi Area. The findings of the study suggested that in Kenya the property field remains to absorb a great deal of the jobless that cannot locate job opportunity within the formal field to offer labour at the construction sites making it quickly available for the investor. Nonetheless the market does not make certain long-lasting work and additionally safety and also safety and security, partially due the unpredictability in accessibility to markets and also clients. The situation has actually intensified as the rate of joblessness remains to boost with wearing off monetary effectiveness. The field is controlled by small financial activities mainly of independent individuals. The majority of organization are had in addition to run by individuals nevertheless some make use of a couple of people. Production ventures particularly experience lowered performance and also earnings as a result of poor modern technologies as well as administration. Hence, little companies seldom finish right into tool or huge ventures.

A research performed by Sambasivan and Soon (2017) on domino effects of hold-ups in Malaysian building industry indicated that, Trouble of work lack had actually brought great deals of repercussions and economy of Malaysia and was the initial signs of significant adverse impacts of labour shortage. The significant effects such as construction costs increase, high quality of job and also the rate of building and construction reduce.

It is popular that construction sector is just one of the crucial fields because the building and construction constantly had a certain placement in Malaysia. Building market has actually created large payment and also developed certain number of financial sources

to Malaysia. Nonetheless, the issue of labour scarcity makes the whole building advancement has cool down and the result of the building take it lowering. The issue has ended up being much more severe considering that there are a couple of investments or monetary supports within the government as well as additionally the capitalists. During that time, the investors are incapable to hold up against for the high risk as a result of the added work costs incurred. In this instance, the capability in earning profit in building and construction market becomes reduced. On the other hand, the entire construction development typically decreases.

Additionally, the quality as well as efficiency of the entire building and construction works will be influenced because of the labour scarcity. There are numerous building and construction firms that can't obtain the experienced labour throughout this essential circumstance. Nevertheless, in order to catch up the progress of the building and construction jobs, the specialists will be forced to utilize the inexperienced labour to change the competent work. Given that the unskilled work is not a professional in the construction works, so a lot of the construction works are under low quality as well as therefore emerge the dispute between the professional as well as the client because the works do not reach to the conventional requirements of customer. As a result of this circumstance, specialists have been embracing the work Overtime (OT) approach in order to offset the late adjustments as well as tasks hold-up. However, the working time is too long to ensure that the inexperienced labour will show their idleness and fatigue. At some point, affecting straight on the quality of works.

Mburugu (2020) carried out a review to survey the Factors Affecting the Development in Real Estate Financial Investment in Kenya. The review took on both quantitative and furthermore engaging review design to get data especially valid for various financial backer in Kenya. The review looked at precisely how factors, for example, GDP

Growth, the impact of pace of revenue, increasing cost for many everyday items rates as well as populace development influence land development in Kenya. The study findings indicated that population Growth had an adverse connection with real estate investment. The study added that the reason for an inverted partnership in between population growth and property was because of the fact that most of your homes built were for center and top earnings earners whereas majority of the populace were reduced earnings earners. The study ended that Population growth had a statistically insignificant adverse influence on real estate investment. It was recommended that with the financial county federal government plans, the Reserve bank ought to produce problems that permit increased output of items and solutions in the economic situation, consequently improving the living requirements of the people.

Lieser and Groh (2011) determined the aspects of business property financial investments utilizing unique collection of board information for 47 nations from 2007 to 2009. The exploration analyzed how different gathering, socio-monetary and institutional elements influence association private or business property monetary venture errands by considering cross-sectional well as in like manner time assortment assessment strategies. The exploration concentrate on result uncovered that financial development, brought urbanization up notwithstanding applicable socioeconomics trigger land ventures. It was besides featured that absence of deceivability in the lawful systems, socio-social issues, managerial obstacles, in addition to political instabilities of countries lower realty excellent looks.

As indicated by Njoroge et al. (2021), The Kenyan commercial real estate market continues to broaden as capitalist cravings expands together with the consumer base. While this is occurring, change is inevitable for any type of real estate Company that intends to stay competitive. The shift in the direction of realty technology cannot be

disregarded any longer. As the market develops, specific business will certainly deal with to end up being undisputed leaders by supplying options such as renewable energy as well as wise houses that are beyond realty product or services, in order to have a tight grip on client commitment. As innovation and also advancement continue to form the real estate sector, arising real estate tech. As Much as the financing structure of a company might not have any kind of direct result on the sales/income of a company, it effectively affects amongst the productivity elements, expenditures for that reason its impacts on earnings.

2.3.3 Capital Characteristics and Financial Growth of Commercial Real Estate Investment

Mutinda (2015) carried out a groundwork study to evaluate the effect of Capital Framework on the Success of the Realty Firms in Kenya. The principal motivation behind the exploration was to decide the effect of supporting system on the profit of building organizations in Kenya. The examination study took on a far-reaching research concentrate on format alongside used relapse plan to distinguish the nature and furthermore grow of organization Additional information was gathered exploiting information assortment style designs. The examination concentrate on designated the 78 property firms in Kenya covering a length of 7 years, 2008-2014. That's what the result suggested albeit capital design impacts the progress of land organizations, this association is feeble and furthermore genuinely immaterial.

The percentage of temporary financial debt to total financial obligation subjected one of the most impact on profits while the overall financial commitment exposed the weakest. For that reason, there are various other significant aspects affecting incomes of the home firms apart from capital framework. The research study much better asserted that, while funding structure of a company might not have any kind of kind of

direct result on the sales/income of a company, it effectively affects amongst the productivity elements, expenditures for that reason its impacts on earnings.

As per the discoveries by Mutinda (2015), each kind of funding incorporates its expenses, while with value returns should be paid to value owners, for monetary commitment pace of revenue should be paid on the significant sum at a coordinated rate at characterized times, typically normal month to month, quarterly or consistently (Chandra & Kumar, 2000). Exploiting monetary commitment includes a tax cut equivalent to the comparing country's income charge cost. The examination finished that assets system affects outcome of private property organizations in Kenya. In any case, this effect is genuinely unimportant. Fleeting monetary obligation has a critical result on progress. This can be credited to the frenzies in the business bank market where transitory monetary commitment is added inclined toward consequently more affordable.

Ibbotson and Siegel (2018) in a study found that capitalists that acquired a residential property based on the yield alone, with the location chosen remaining stationary for many years and also achieved no funding growth. It was attested that, without capital growth, their ability to expand their portfolio pertained to a collapsing stop. So, assessing a residential or commercial property for potential motorists of funding growth along with return becomes important for your portfolio development. Various other investors chose to get a more affordable home, based upon affordability and also the assurance from the vendor or the representative that it would certainly be positively geared. They after that found that the price of holding the residential or commercial property was much more than very first thought. Continuous fixing and also upkeep costs of the residential or commercial property eroded their anticipated cash flow. So, examining a home for potential cash flow in addition to yield becomes of prime value.

The assurance of high yields can be found in many locations especially when a market is coming out of a thriving period. Reading the advertisements for residential or commercial properties in several areas and also the high rental fees being accomplished makes them interesting investors.

Nevertheless, with high returns comes high risks; volatility in the real estate industry had to be anticipated by investors. A new investor interested or seeking to start their portfolio might find the risks too high. The research study concluded that, the analysis requirements when choosing a property ought to be based upon more than just rental yield alone. Gross rental return is not a reputable indication of whether a building will have a positive or negative cash flow, will certainly have future capital development or will certainly be a high-risk investment. Due diligence and research is needed to examine possible for growth along with the degree of risk. An additional really important element is the investment duration.

Hartmann (2015) in study noted the underlying affiliations between the sector and also the overall economy to be because of the fact that the real estate market is mainly funded by credit scores. The research study likewise keeps in mind that the lenders tend to be leveraged too, and also therefore when real estate costs decrease, the danger of default is magnified: reducing property prices leads to borrowers to have relatively higher financial obligation burdens compared to the value of the asset. When the possession, for example household property, is offered, the debtor has the ability to get less than at first has actually spent for the possession and also therefore might not have the ability to finance the remaining credit report repayments. If the loan provider is additionally leveraged, the lack of ability of the customer to satisfy the credit history settlements is directly reflected to the ability of the lender to fund their credit payments.

In Ghana, Nkyi (2017) explored the methods for funding realty development in Ghana. The study took on a questionnaire study method as its technique and a total of 48 property companies were associated with the exploration study. The information amassed were then surveyed utilizing both illustrative details as well as multivariate assessments which lessen the range of factors as well as detected the system of associations between them. The examination found that the range of developed homes for inside and out deal by property firms had a positive relationship with the period of organization, propose yearly cost and company size (number of employees).

The exploration concentrate on laid out the huge financial wellsprings of realty cash in Ghana to be held incomes and advance stores with previous as the significant money by design. The research study additionally discovered that financial problems in the form of medium as well as long-term prevailed in the economic loaning system. The failure of realty companies to provide appropriate collateral and transaction expense were determined as a few of the vital restraints challenging developers on the troubles in obtaining financing. The research study recommended plan instructions to be planned by partners as far as office of much more home credit loaning organizations, laying out creation and furthermore supply business to support calling obligation and high obtaining focuses to land firms and office of property Investment Company.

Olawumi et al. (2019) insisted that an additional aspect that figures out the effective demand for residences is the readiness of financial institutions to provide home loans. If financial institutions offer home mortgages with larger revenue multiples, then the reliable demand for houses is greater. The determination of financial institutions to lend home loan money can differ relying on the toughness of the interbank lending sector. The Credit dilemma of 2008, has actually seen a sharp rise in the price of interbank loaning and a fall in accessibility of home loan financing. Several mortgage items have

actually been withdrawn, making it more difficult for prospective property owners to hop on the property ladder.

Kitavi (2013) examined the impact of Home mortgage Finance on Growth of the Property Sector in Nairobi Region. The research was conducted as a descriptive study in which the target populace included 33 accredited home loan providers in Kenya. Nonetheless, information offered was for 25 home mortgage loan providers which were sampled with the CBK where accumulated values of home loan were acquired through 2008 to 2012. Collection of data was done by way of in-depth document analysis guide. The study found that the average of house units for the 25 sampled mortgage companies as separated from the monetary and yearly assertions showed a vertical increment over the long term period, with the most elevated being 3,220 out of 2012. What's more, the standard deviation portrays a variety in number of house units construct yearly.

Kitavi (2013) also found that, the averages for annual housing loans allocated by the 25 sampled mortgage lending companies rose from 5.70 to 5.97. It is also evident that the sampled mortgage lending companies extended almost the same amount of annual housing loans as the standard deviation is so small (less than 1) depicting minimal variability. The study also found that, from the annual averages of the 25 mortgage lending companies, it is evident that annual number of house units built increased with increase in the amount of annual housing loans allocated.

Glancy and Kurtzman (2022) looked for to discover exactly how funding requirements impact funding rates with proof from high volatility industrial property. The research study examined exactly how funding demands impact finance prices by researching the 50% rise in the risk weight for high volatility industrial real estate (HVCRE) lending under Basel III. Manipulating variation in funding terms and also direct exposure to the duration after the guideline's execution, we discover that a one-percentage-point

increase in capital needs elevates loan prices by 8.5 basis points. The research showed that as down payments originate from saving, which consequently is actual revenue that is not eaten, they are securely connected to physical resources produced in economic production. Alike, loanable funds have a tendency to be scarce, as well as the need and supply of funds are brought into balance with an adaptable rate of interest. If homes make a decision to save more for an offered rate of interest, the supply of loanable funds will certainly enhance, placing down stress on the rate of interest up until demand amounts to supply.

According to Sanfelici and Magnani (2022), the exploration investigation of the private property profiles of Brazil's biggest benefits plan reserves uncovers that financialization is a strong power yet doesn't thoroughly depict annuity store business property speculation and the executives strategies which are firmly stated upon three directing ideas: a comprehension of the limitations situated by annuity commitments; an emphasis on resource explicit skills to help returns; and a prioritization of inner monetary venture the board. These procedures are, in any case, tested by a new Money related Board decision to boycott direct home speculation by benefits assets as well as position their assets at the removal of the monetary business.

2.3.4 Entrepreneurship Attributes and Financial Growth of Commercial Real Estate Investment

Kauškale and Geipele (2014) carried out a research study on Urban Entrepreneurship Growth Trends in Realty Market in Latvia. The goal of the research was to identify the city entrepreneurship development trends in the Latvian property market, in order to give referrals for a lot more efficient work planning of the representatives of business and the public sector. The findings of the research study disclosed that Property market has a variety of functions as well as tasks, and also the entrepreneurial activity in the

property business has its very own characteristics. Timely controlling the realty market and the business industry, it is feasible to boost the lasting growth that will favorably affect the total development of the country and also advertise financial growth. Based on the findings of the research study, real estate investors have variety of dangers. Entrepreneurship on property market, realty development process has additionally a fantastic social value.

Thai and Turkina (2014) findings show 4 ways of lowering informal entrepreneurship as well as boosting official entrepreneurship: nurturing a performance-based culture; producing beneficial problems for financial innovation; enhancing top quality of administration; and also enhancing individuals' sources and also abilities, and also it is advised to promote cooperation and networking to urge social resources and to motivate casual entrepreneurship before taking on the necessary administration and economic reforms to motivate business owners to transfer to the formal field. At the same time Dimitratos (2014) mentions that, nowadays micro international company mainly control and also manages value-added activities and they will have a wonderful relevance in 21st century. The recession phase of Latvian business economics revealed the reduction of the financial investment amount in several fields, consisting of the decreased monetary investments in building and realty purchases. Throughout the post-crisis duration, in 2012, the indicators of realty purchases have enhanced, which can have been brought on by the rise in foreign investments in real estate.

Mbazor et al. (2017) conducted a research on Relevance of Entrepreneurship Education in Realty Method for Sustainable National Development. The function of the research study was to check out the relevance of business education and learning to the practice of estate surveying by the grads of Estate Administration in coming to be self-made entrepreneurs in their picked area. The research reviewed relevant literatures to obtain

major styles, such as realty monitoring, investment, entrepreneurship education in real estate business. The study utilized survey, dental and telephone meeting to collect samples, and also the research study population was centered on graduates of estate administration practicing in different firms in Abuja. The study findings disclosed that, 94.2% of the participants were highly going to launch their very own private company, while the remaining individuals had different sheds of point of views. Consequently, it was advised to name a few points that government as well as great perky people make a startup capital readily available for graduates of estate management who are willing to materialize estate business owners. On top of that, additional training on organization suggestions will aid them in no little procedure in actualizing their dreams of coming to be companies of labour consequently adding to the development of the country.

A study performed by Kung (2020) on Technology and Entrepreneurship in Housing indicated that the property technology market is slowly being redefined by ever-changing market problems as well as changes in customer habits. The real estate market will not be changed by a solitary technical solution, however instead the adjustments in the sector will certainly be allowed by modern technology as well as the leaders will be those that embrace it. The service will certainly not be located in the procurement of hardware but in the fostering of cutting-edge remedies that will largely be software options, applications and also platforms (Kung, 2020).

The Kenyan property market continues to broaden as capitalist cravings expands together with the consumer base (Mbugua et al., 2020). While this is occurring, change is inevitable for any type of real estate Company that intends to stay competitive. The shift in the direction of realty technology cannot be disregarded any longer. As the market develops, specific business will certainly deal with to end up being undisputed leaders by supplying options such as renewable energy as well as wise houses that are

beyond realty product or services, in order to have a tight grip on client commitment. As innovation and also advancement continue to form the real estate sector, arising real estate tech.

Ayodele et al. (2020) think that from driving organization selections to producing far better consumer experiences, huge information can have a large amount of effect on your organization. Great deals of property solutions gather a great deal of information that being in silo repositories without any analytics being done to pick market trends or behaviors of their customers. Property organization wanting to target the appropriate clients call for to know that they are, when they wish to purchase, where they are, as well as likewise precisely how they can reach them in one of the most reliable fashion (Mbugua & Otuya, 2020).

Harnessing large info is a crucial device in targeting the most effective buyers and likewise an important facet in boosting the property process. Artificial Intelligence (AI) and also Artificial Intelligence is the art of computer system systems showing themselves on specifically how to enhance the methods they do their tasks based on previous experience or with pattern recognition (Kang et al., 2020). Such systems are in use by financier to effectively manage costs, take care of risks and additionally acquire higher returns using solutions that are made to forecast in addition to factor in particular capitalist worries. Building search analytics is improving the method potential consumers are matched with desirable residential or commercial homes, intensifying the broker's labor.

A study by Piazzolo and Dogan (2020) pointed out that with the raised need for inexpensive real estate with a lot less effect on the setting, real estate designers in Kenya are delegated to no choice yet to think about inventive ways of constructing homes. The locations of emphasis contain utilizing prefab structure item and additionally modular

building and construction where a structure is constructed offsite and also afterwards constructed onsite. In 2014 Winsun, a business based in China spearheaded a 3D published home. Compared with the common structure methods, they were able to conserve up on 80% of the structure as well as building costs in addition to 60% on work. This are just a few of the resourceful concepts that real estate firms are checking out globally in order to reduce price.

Azlie and Hamzah (2020) suggest that to continue to be affordable, residential or commercial property service have to watch out for far better methods to raise efficiency, distinguish as well as placement their services and products as they construct consumer dedication. With a resilient back-office treatment, the business can have presence of a client life-cycle from the time they were possible consumers till when they become property supervisors or renters. Automating your customer connection management, profile management as well as centers administration, the companies are able to take care of challenges such as rate performance and communication in between different stakeholders.

Larsson, et al. (2022) analyzed exactly how financiers make decisions in business real estate by performing a qualitative evaluation of connection structure as well as evaluation technique. By using the inductive technique of the qualitative approach by carrying out semi structured interviews with five respondents operating within the realty market, the research developed that the realty evaluating process does not need to be intricate. Out of the two theories utilized to gain insight, the evaluation method factor appeared to be more crucial as the conversation area suggests. Consequently, a design template was improved exactly how to browse the property evaluating procedure as a novice. Enhancing a basic yet valuable expertise to any kind of individual seeking to enter the real estate market. The study wrapped up that, as each person has to adjust

to the environment of the real estate market, and prevent the complexity of evaluation, the framework that is stemmed from this research study can potentially supply valuable insight on where to begin the mind. This can in turn be essential for participants and entrepreneurs to make it through within the real estate market, as well as possibly avoid mistakes with their financial investments.

Sahet et al. (2020) in a research pitted experienced investor versus novices, and the results were that there is a considerable distinction between the decision-making processes of both. As experienced financiers had the ability to navigate with the different influencing factors more fluently as they recognized which factor must be more emphasized than the various other, as opposed to the amateurs within this quantitative study. It is, for that reason, this research intends to restrict the mind of decision-making within the realty market to two elements, as the analysis of the decision-making process is for entrants the study suggested that Appraising real estate can be tough and also daunting, especially for participants given that it is such a complicated procedure.

In Saudi Arabia, Abdulghaffar and Akkad (2021) looked for to find out the Internal and also exterior obstacles to entrepreneurship. The focus of the study was to assess the interior (character) and external (organization atmospheres) obstacles to an entrepreneurial mindset in Saudi Arabia and further recognize the elements behind the slow-moving entrepreneurial development in the Kingdom. Based upon the concept of intended behavior and also institutional financial theory, a conceptual version was developed as well as the findings of the research study suggested a significant positive effect of characteristic, entrepreneurial education and learning and also proficiency, formal as well as casual support, as well as financial backing on business mindset, while policies had a negative influence on business attitude Consequently, the research

wrapped up that individual characteristic adhered to by business setting are substantial role factors in molding a business mindset.

2.3.5 County Government Policies and Financial Growth of Real Estate Investment

A research study by Timber (2012) on Aspects Affecting Foreign Investment in United States Real Estate showed that, there was positive and considerable partnership in between Public area federal government policies and development of realty in United States. The research study showed that the introduction of FIRPTA Act of 1980 had actually affected the realty market to a great level. According to the findings of the study, FIRPTA was developed to avoid the international financier from divesting of a home without paying taxes on the sale (Feder & Parker, 1980). The sale of real estate was classified as being effectively attached to a United States business by the internal revenue service, which made associated funding gains subject to United States taxes (Ardila, et al., 2017).

Both direct rate of interests in US real property and United States real estate holding corporations, which are corporations in which 50% of the value is connected to real property, go through FIRPTA (Wang, 2017). The research study additionally revealed that, FIRPTA does not affect the homeowner until a personality occurs. In Ethiopia Mengistu and Van Dijk (2018) revealed that regardless of the adverse setting genuine estate business and also a federal government suppression on realty designers the Ethiopian economy continued growing at more than 10 percent per year. Insecure period civil liberties did not prevent financial development and property developers continued to invest.

Sabal (2015) completed a review alluded to as the Determinants of Real Estate Costs: The Instance of Spain. The review zeroed in on the property market in Spain and furthermore examined various components affecting home costs like populace development, need and supply of land, agents' presumptions, general monetary circumstances, social variables as well as economic principles. The research findings develop favorable as well as substantial partnership in between public laws as well as housing costs in Spain. The research study revealed that, the public county federal government plans had a crucial function in the property market of Spain. First, planning and laws on making use of land was located to have an influence on supply. The research suggested that, the more stringent and also less competent the authorities are to demand the greater property prices will certainly be.

Responsiveness by the authorities to require pressures depends most importantly on political considerations and on the loved one impact of the various political lobbies on federal government choices. The research concluded that, Communities in Spain had a measure of monopolistic power over the supply of land that should be taken into consideration. Several local governments possessed substantial tracts of land that were released for growth just when need pressures got to the factor where they could be cost high ("speculative") prices, much more for replenishing government coffers than for lasting planning objectives. This had an unfavorable influence on the growth of realty market in Spain.

Hartman (2015) in a research study asserted that the total market is linked with real estate field because of numerous households owning household property, building field being a noteworthy part of the economic climate, as well as realty supply side being inelastic and also therefore slow-moving to adapt to adjustments in demand. While these problems were located to be comparable in multiple economic climates in Europe

as an example, Hartman (2015) says that government plans used to consist of rate booms must consider distinctions amongst the markets arising from geographical differences. Additionally, while the marketplace details basics after that drive the efficiency of the real estate market within that market, illogical exuberance additionally has an effect on the market, particularly in terms of cost developments. (Glaeser, et. al., 2018).

In a similar way, Chakraborty and Morita (2017) uncover financial excitement to have a favorable impact on both usage and additionally hence on the level of GDP. This was particularly found to be the scenario with expected expansionary financial strategies. Offered the instant response of people to monetary plans, financial insight is noted to be of utmost relevance. (Morita, 2017). The level of economic stimulation has raised slowly throughout the years in Japan, though the introduced amounts have not constantly mirrored the quantity of the actual stimulation plans (Patterson & Beason, 2001). This can be recommended to maintain the findings of Morita in statement of excitement having an effect on the usage currently.

Appiah (2018) analyzed the duty of government and regulation in the emerging real estate industry in Ghana. The study was encouraged by the reality that regardless of its importance, numerous establishing countries do not have housing guidelines and policies to make certain effective and sufficient housing supply, a trouble that could be traced partially to the unsuitable and also ever before altering housing plans. Information for the study was accumulated through the administration of a survey set of questions to realtors in the Accra-Tema city. The selected respondents were chosen from the provided names of all real estate firms on the Ghana organization solutions as well as Ghana city guide. The findings revealed that considerable numbers of realty firms in Ghana were not under any type of realty policies as well as laws or do not

belong to any type of centralized realty organization. Nevertheless, the benefits to be gotten from having actually a streamlined structured real estate association like the purposes of GREDA requires the requirement to make certain that the sector is structured.

The study better discovered that the realty business in Ghana were not structured like most established real estate markets. Sixty three percent (63%) of firms were signed up members of the Ghana Property Organization; nevertheless, there were substantial numbers of firms who did not come from any type of property organization. Fifty percent of both GREDA as well as Non GREDA participants produce, generally, 21 and also 40 residences each year. A study by Jokinen et al. (2021) on hedging business property price threat: evidence from United States property market indicated that a crucial factor to look out for when considering purchasing property is federal government policies. This is due to the fact that legislation can have a considerable effect on the rate and also need of property.

The study said that there could be a temporary boost in demand genuine estate by government impact via tax credit histories, reductions as well as aids. It's important to comprehend the current political environment in order to identify changes in supply and also need, and make wise financial investment options. In addition, it is essential for the investors to be cautious of the legitimacy of your details, this might stop capitalist from succumbing to incorrect patterns or falling short to review the fine print, such as with the 2009 United States novice residence buyer's tax. This was a refundable tax obligation credit scores used for a restricted time to Americans buying their initial homes. This effort to jump-start house sales functioned briefly, but only as a result of the tax reward for that particular year, a fact that was not known to many.

Nyoro (2017) examined the factors of economic performance of property Investment Company in Kenya with the goal being to figure out the parts of monetary performance of real estate Investment firm in Nairobi Area. In particular, the research checked out the effect of federal government plans, economic climate, rate of interest and demographics on the previously mentioned performance by using an example dimension of 36 supervisors that made up the study population.

The research study established that the link in between federal government policies, economy in addition to demographics on one hand and likewise economic performance of REITs on the various other declared, strong as well as additionally substantial. The research study developed a positive, fairly strong and likewise considerable connection between rates of interest as well as likewise economic efficiency of REITs. The REITs were encouraged to set as well as perform strategies that may start demand for housing. Building Investment firm were recommended to ensure that their prices are not additionally exceedingly high to bring in consumers as they consider numerous elements when defining their rates of interest.

An exploration concentrate by Mangâ et al. (2018) on factors impacting the monetary headway in private or business property financial interest in Kenya figured out monetary arrangement is the method wherein the Reserve bank impacts the level of cash supply FICO assessment in the financial circumstance to decrease a lot of rate changes, and furthermore advance monetary development. Monetary arrangement forestall expansion alongside make sure steadiness of costs, loan fees notwithstanding trade rates.

According to the study, this shields the buying power of the Kenya shilling as well as markets expense savings, investment as well as financial growth. With the economic plan, the Reserve bank produces conditions that allow increased output of products and

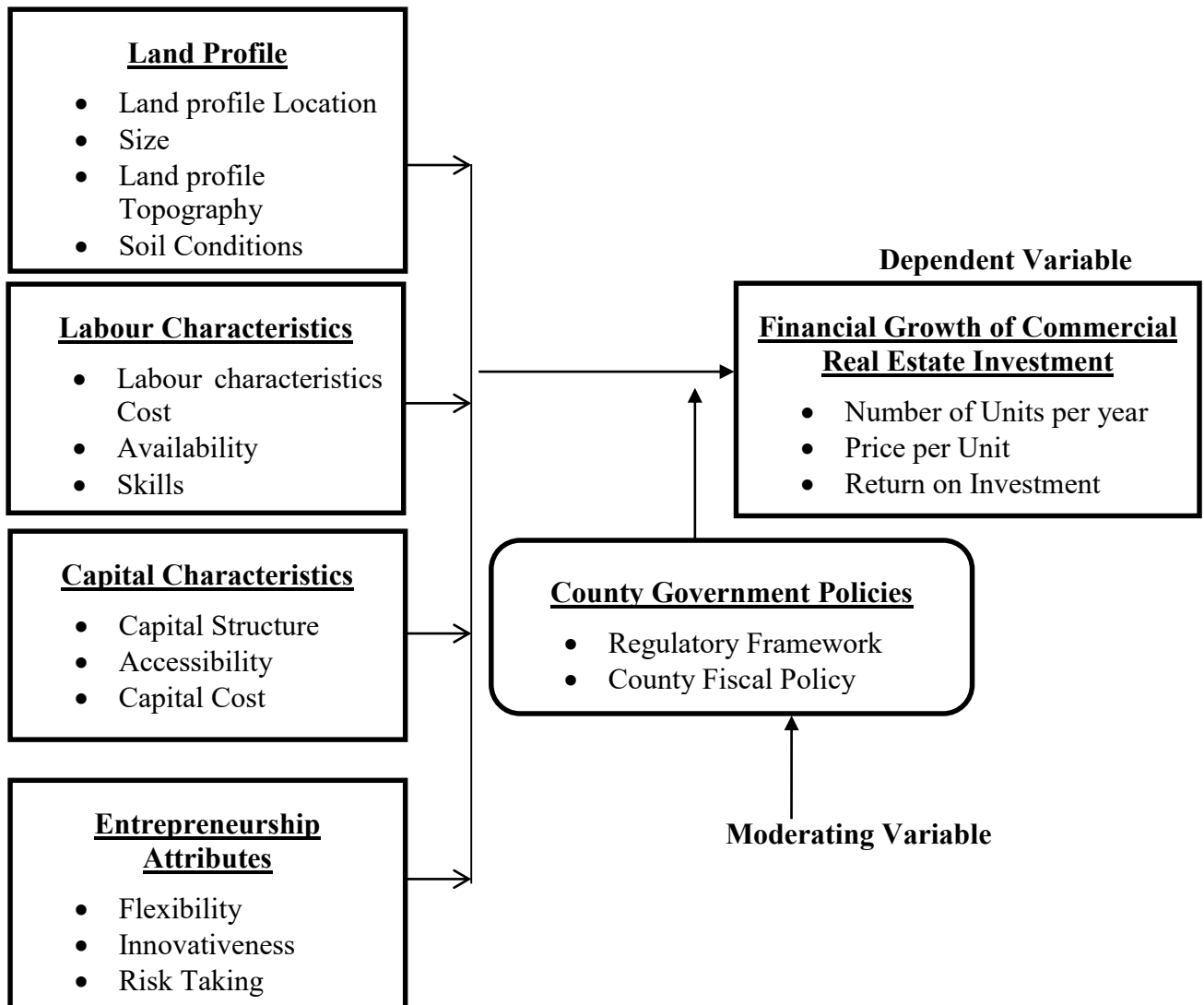
also solutions in the financial scenario, thus boosting the living criteria of people. The Reserve bank via the financial plan develops a plan to increase or obtain cash supply in the financial scenario after comprehensive analysis along with price quote of the demand for money in the financial climate.

2.4 Conceptual Framework

Figure 2.1

Conceptual Framework

Independent Variable



Source: Researcher (2020)

2.4.1 Land Profile

Land profile as a factor of production influencing growth of real estate is determined by location of the land, natural geographic boundary of the land, topography of the land, soil conditions, water availability and transportation patterns. The location of land for commercial real estate could either be tangible or intangible in nature (Iacono & Levinson, 2017). Concrete place factors consist of access, transport distance to main downtown, building codes, home choice, demand, supply, populace increase, nearness to workplace, community centers, utilities as well as services, parts or on the other hand components that foster piece of a structure, drafting rule, building regulations, neighborhood rules, ecological security regulations, squander dumpsites, arranging limitations, etc. On the other hand, elusive region perspectives are those qualities of spot that are imperceptible in nature. They incorporate race, crime, security, profound attitude, social distinguishing proof, native tendency, wellbeing and security, ethnic history, indigene transport, politically-sanctioned racial segregation, fierce free regions, financial foundation, as well as violent susceptible locations and so forth. Land profile was measured using land location, size, and land profile topography and soil conditions.

2.4.2 Labour Characteristics

Labour is an important factor of production influencing the growth of real estate (Senouci, et al., 2018). When the cost of labour is high, the cost of houses will be high as well this may scare away tenants who may consider the cost too high and resort to alternative cheaper housing elsewhere. Labour is determined by cost, availability, skills, intellectuality etc. Work productivity is just one of one of the most important factors that impact the physical progress of any type of property market (Hiyassat, et al., 2016). Construction labourers are responsible to run a range of equipment.

To execute their jobs successfully, building and construction laborers should know with the responsibilities of other craft employees and with the products, tools, and also machinery they use. These models play a crucial function in estimating cost, in organizing and in preparation. The components of labour that influences the growth of real estate includes labour cost, labour availability, skills possessed by the laborers, intellectual capacity of the available man power etc. (Stevens, 2016). The variable was measured in terms of Labour characteristics cost, availability and skills.

2.4.3 Capital Characteristics

Capital qualities structure is the blend of obligation and value in financing an organization's resources (Suciati, et al., 2018). Different business land organizations in different nations have embraced changed financing systems, which they respect appropriate for the organizations techniques. These choices are consolidated by various limitations and in this way meaningfully affect the organization. Individual chapter 11 and liquidation is the main test that can manage an organization in case of unsatisfactory in the middle of between monetary commitment and value (Yang, et al., 2018).

As indicated by Mohammadzadeh et al. (2013), capital qualities system is among the critical decisions that the checking of any sort of organization is entrusted with. There are two sorts of subsidizing, money related obligation and furthermore value, for organization to in the middle between or settle on a blend in a kind of funding choice. The in the middle between both isn't free anyway somewhat controlled by a choice of factors like expense as well as accessibility. In this day and age business need to keep on being cutthroat for them to make it with the extremely restricted rivals in the commercial center. Among the significant approaches to proceeding to be reasonable is by proceeding to be productive so in regards to have the assets to seek after any sort of one of the cutthroat strategies.

Monetary commitment financing has been reached out to tax cut to the organization. The business realty market in Kenya has truly been encountering extensive development in the current past to be positioned as the fourth most noteworthy possible variable to the economic situation (Mohammadzadeh et al., 2013). Apart from capital characteristics structure, other aspects of capital characteristics to be considered while investing in commercial real estate include the capital characteristics cost and accessibility to capital characteristics. Ceruttiet al. (2017) argue that Investment in commercial real estate depends on the availability of saving to finance it. The variable was operationalized using capital structure, accessibility and capital cost.

2.4.4 Entrepreneurship attributes

Entrepreneurship attributes is the determination and capacity of an individual to choose financial investment options and benefit from limited sources to make use of the possibilities productively (Ngwoke, 2019). It is the procedure of producing something new with worth by dedicating the required effort and time, presuming the coming with financial social risks at the end getting resulting incentive. An entrepreneur is a person that establishes a firm; as a result of their value in the contemporary economic circumstance, business owners ought to be at the heart of microeconomics. Business owners established companies in reaction to economic inspirations. Subsequently, firms establish and likewise run markets that provide systems of exchange for customers. Firms similarly produce and manage firms that provide interior synchronization along with market communications. The actions of entrepreneurs are the crucial stress that assists to drive the economic environment in the direction of market equilibrium. Entrepreneur are endogenous to the financial climate in the fundamental theory of the company. The entrepreneur is, prior to anything, a customer.

The financiers in commercial real estate market need to embrace brand-new technologies such as group financing (Tang, 2019). This technology became fairly popular in business globe, but it has additionally influenced the property market. Financiers saw group financing as a way of investing in commercial real estate ventures of their very own choosing, while getting rid of the demand for an intermediary while doing so (Shahrokhi, & Parhizgari., 2019). Capital characteristics can currently avoid the threats of indirect financial investments and connect with job supervisors that match them best. On the other hand, thanks to modern-day innovation and online links, service providers can conveniently get a building bond to make sure financier's interest, while assuring that the project will be finished in accordance with regulations. Group funding capacity has already begun to reshape the commercial real estate industry and the pattern itself might progress with time. Contractors are able to run group financing campaigns on their internet sites and protected financial investments basically with just a few clicks of a computer mouse.

Entrepreneurship attributes is viewed as the process which includes the effort of a personal or individuals in acknowledging viable company possibilities in an ambience and additionally acquiring and looking after the resources called for to manipulate those opportunities. Mbaegbu (2019) recommended that entrepreneurship attributes refer to the jobs of the business proprietor as the initiator, coordinator, trendsetter and likewise risk bearer in production or company. Okafor et al. (2008) discussed entrepreneurship attributes as the readiness and capability of a private to look for financial investment possibilities and gain from minimal resources to manipulate the possibilities effectively. It is the treatment of creating something brand-new with worth by devoting the needed initiative and time, thinking the going along with economic social dangers

at the end receiving resulting benefit. This variable was operationalized using flexibility, innovativeness, risk taking and creativity.

2.4.5 County Government Policies

A county government is an agent of the State with a duty to serve the community within a given county. They govern the county through rules and policies either drawn from the central government or created within the county by the elected Members of the County Assembly (the County Governments Act, 2012). In addition the county government's financial policy can have significant impact on the commercial real estate market. By creating an enabling environment in which commercial real estate investors can operate in without interference by the county management.

While the impact of government policies on the total economic climate is a fairly well examined topic, there are fewer studies pertaining to the effect of the policies on particular fields of the economy, such as real estate. Tax obligations ashore holdings of houses take on household and commercial property preferences. If the tax obligations imposed by region government on building designers are large enough, they could lead to bigger variations in asset rates (Kouki, 2018). The study wraps up that positive shocks in financial area government policies in terms of decreasing taxes would boost the motivation of families to buy land profile. This would certainly additionally bring about enhancing land profile prices and hence what the land profile is worth (Chakraborty, 2016).

According to Espinosa et al. (2022), the review zeroed in on the property market in Spain and furthermore examined various components affecting home costs like populace development, need and supply of land, agents' presumptions, general monetary circumstances, social variables as well as economic principles. The research

findings develop favorable as well as substantial partnership in between public laws as well as housing costs in Spain. Espinosa et al. (2022) indicated that the public county federal government plans had a crucial function in the property market of Spain. First, planning and laws on making use of land was located to have an influence on supply. The research suggested that, the more stringent and also less competent the authorities are to demand the greater property prices will certainly be.

While the impact of government plans on the general economic environment is a relatively well studied subject, there are less researches associating with the result of the policies on details markets of the economic environment, such as home (BoJ, 2015). This is strange considered that the effectiveness of the commercial property sector has in fact typically been located to be related to the total effectiveness of the economic environment. As a result of this link, large activities in the property market have a tendency to intensify the changes in the basic economic environment along with potentially destabilizing the economic systems. The county government policies was measured using regulatory framework and county fiscal policy.

Afrane and Bujang (2022) argue that regardless of its importance, numerous establishing countries do not have housing guidelines and policies to make certain effective and sufficient housing supply, a trouble that could be traced partially to the unsuitable and also ever before altering housing plans. The authors asserts that considerable numbers of realty firms in Ghana were not under any type of realty policies as well as laws or do not belong to any type of centralized realty organization. Nevertheless, the benefits to be gotten from having actually a streamlined structured real estate association like the purposes.

Table 2.1

Operationalization of Study Variables

Variable	Type Variable	of Indicators/cost per	Measurement Scale
1.Land profile	Independent Variable	-Land Location -Size -Natural Geographic Boundary -Land Topography -Soil Conditions -Water Availability -Transportation Patterns	Ordinal
2.Labour characteristics	Independent Variable	-Labour cost -Cost of wages -Availability -Skills -Intellectuality	Ordinal
3.Capital characteristics	Independent Variable	-Capital Structure -Accessibility -Capital characteristics Cost	Ordinal
4.Entrepreneurship attributes	Independent Variable	-Flexibility -Innovativeness -Risk Taking -Creative -visionary -Work ethics	Ordinal
5.County Government Policies	Moderating Variable	-Regulatory Framework -County Fiscal Policy	Ordinal
6.Financial Growth	Dependent Variable	-Number of Units per year -Price Per Unit -ROA -ROI	Ratio

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter details the methodology adopted in this study.

3.2 Research Philosophy

Study viewpoint is a fundamental part of study technique (May & Williams, 2002). Study ideology is identified as ontology, epistemology and axiology. These philosophical methods make it possible for to choose which technique ought to be taken on by the scientist and also why, which is derived from research study inquiries (Saunders, et.al 2009). The vital assumptions exist in research ideology which explains concerning the scientist's view pertaining to the globe. According to Saunders (2012) research study approach is a method of reviewing social sensations and also attempting to clarify the understandings realized.

The major research study philosophies are; Positivism approach, Realistic look viewpoint as well as interpretivist philosophy. According to Positivism ideology, research technique is come close to on the basis of data collection and theory growth (Von, et al., 1951). This research study has actually made use of positivistic ideology approach, which can count on its pertinent theories to arrangement the study theory. These hypotheses can be checked and also validated or refused by quantitative as well as statistical approaches in order to address the exploration goals and furthermore achieve the examination concentrate on targets. Positivism concentrate on perspective was liked for this exploration study since it takes a place that mastery made in this examination depends on alert monitoring and dimension of unbiased truth as well as the problem under investigation is perceived as independent as well as different

(Cooper & Schindler, 2014). Due to its deductive and unbiased nature, it makes it possible for making use of both qualitative as well as measurable data to test theory drawn from the theoretical conceptual structure.

By utilizing positivism, the scientist keeps track of a detailed method starting with deductive reasoning, developing theory and also operationalizing of the research variables based upon existing concept then reasoning the observations to figure out the truth or falsify the theory (Delbaldo et al., 2011).). Furthermore, positivism was utilized to judge the research study in terms of its credibility, that is, the level to which the research devices actually do determine the underlying principle that they are meant to measure. Positivism likewise helps to test theory as well as takes a look at the partnership between 2 or more variables (Khalid et al., 2012).

3.3 Research Design

The study adopted a cross-sectional survey research design. Both qualitative and quantitative data were collected to establish the influence of factors of production on growth of commercial real estate in Machakos County.

The study gathered thorough information via surveys or questionnaires which were discovered to be useful for recognizing variables. The cross-section research study design was chosen due to the fact that the research study was a survey involving collection of data at one time. On top of that, cross-sectional study was chosen because it facilitates the assessment of relationships in between variables as well as offers chance to recognize mediators in between such variables (Tashakkori & Teddlie, 2012).

3.4 Target Population

According to Mohajan (2018), population represents all elements and subjects relating to the particular area of interest in a study. This study targeted all the 374 real estate

development companies operating in Machakos County (Kenya Property Developers Association, [KPDA] 2019). The units of analysis were the senior managers of the companies. Therefore, the target respondents were the senior managers of the 374 real estate development companies (KPDA, 2019). The choice of senior managers of the real estate development companies was informed by the fact that this study focused on how factors of production affect growth of commercial real estate and they were the key personnel directly involved in the day-to-day operations of these firms.

3.5 Sampling procedures and sample size

Since the target population is small, this study used census approach in which all the 374 registered real estate development companies in Machakos County were studied.

3.6 Research Instruments

Considering the pragmatic view that allows for the integration of both subjective and quantitative information assortment strategies for information gathering, along with the targets of this review, the specialist utilized both organized polls and unconditional meeting overview to gather and saturate data from the participants and observations. While the interview guides are bent to gather thorough qualitative information from the property representatives, the organized survey was utilized to gather measurable data from the participants who create the real estates. The integration of both structured questionnaires and unstructured interview guide is meant to strengthen data saturation by maximizing the strengths of both quantitative and qualitative techniques (Cohen, et al., 2003).

The questionnaires were organized to cover four broad locations on the subject namely; general market concerns, knowledge-based concerns, mindsets of the respondents in the direction of the issue, and also finally the perceptions of the respondents on the

subject matter. Other information found in the survey consists of; history info of study, participant's instructions, serialization and also coding boxes. Interview guide is normally used for purposes of an in-depth interviewing and the questions related to the topic are formulated on the spot (Kothari, 2004).

Unstructured interview guide was utilized in collecting qualitative and privileged information on the variables underscore from twelve CECs in charge of housing in the sub-counties. Best and Kahn (2009) avert that meeting overview is ideal matched when gathering delicate as well as privileged information as may be shared with emotions, feelings and also experiences. On top of that, interview overview was utilized as a follow-up step so regarding apply the feedbacks of the primary participants. Being unstructured meeting guide, the researcher had the ability to locate and also exhaust specific ideas with particular participants consequently helping with simple control of the situation per interviewee (Kahn, & Best 2009).

3.7 Pilot Testing of the Instruments

In order to boost the value as well as high quality of the study methodology, the research instruments were piloted in Kajiado, a neighboring County to Machakos County whereby comparable property properties are found. In the pilot research, an example of 40 participants representing 10% of the 374 close ranks respondents to the real research study participants was used. The pilot sample of 40 was within the Kothari (2004) pilot sample suggestions of between 10 as well as 30 for survey researches (Connelly, 2008). Special focus was paid to time taken to administer each tool and circumstances requesting explanation to help improve on the tools. The findings from the pilot research study were done to boost matching of the information collection tools with research concerns for higher web content validity (Cohen, et al., 2003). Also, the pilot

study was able to enhance the practicability and reliability of data collection instruments (Morrison, 1993).

3.7.1 Validity of the Instruments

Morrison (1993) argues that researchers need not be so objective in their methodology due to multiple realities which of course dilutes the basic principle of objectivity and value free in quantitative studies. This study enhanced the content validity by making certain that all components of the research study trouble as stated in the purposes and research study concerns are fairly and adequately matched in the instrumentation to make sure wide and extensive examination of the subject matter. In order to increase requirement legitimacy, the information collection tools were created in close recommendation to tools that have actually conducted comparable relevant researches for comparability of the outcomes.

While the content validity index was computed using Crocker and Algina (1986) formula and judged against the acceptable levels of $P \geq 0.5$ (Neuman, 2000), the construct validity was tested using factor analysis and verified using confirmatory factor analysis. The results were discussed based on the existing recommendations. However, the researcher sought for expert judgment from scholars on the contents of the instruments.

3.7.2 Reliability of the Instruments

As Meredith and Mantel (2009) equates reliability to the stability of research instruments, the reliability in this study was enhanced through a pilot study in Kajiado County whereby the findings were used to boost matching. Cronbach's Coefficient Alpha is a widely-accepted social science with a cut-off of at least $\alpha = 0.70$ (George & Mallery; 2003; Nunnally, 1978).

Hair et al. (2003) asserts that an alpha coefficient between 0.7 and 0.9 is a very good strength of association. Considering the multiple-item variable in this study. The study deemed research instruments as reliable when computed at α values of equal or greater than 0.70, otherwise the instruments would have to be modified to enhance the consistency like enhancing the matching. Cronbach's Coefficient Alpha measure is simpler to use in contrast with different evaluations as it just requires one test organization. Furthermore, Alpha measure is valuable when different thing proportions of an idea or develop are utilized (Cohen & Swerdlik, 2010).

3.8 Data Collection

The process of data collection commenced by the researcher visiting County Sub-administrators in each of the 9 Sub-Counties in Machakos County for introduction purpose. The research assistants were trained in advance then were supplied with serialized surveys, duplicate of authorization for dispatching the self-administered questionnaires. The researcher led in conducting interviews to the real estate investors. During this action, initial notes were disbursed to notify respondents on the timetables for the study. In agreement with the participants, the scientist as well as study assistants agreed on one of the most hassle-free time to carry out the sets of questions. Finally, gratification notes were issued to the respondents.

3.9 Data Analysis Techniques

The procedure of data evaluation is identified by summarization and also organization of the study information so as to minimize the bulkiness as well as help with making use of analytical techniques. The data obtained via unstructured interview was examined making use of material analysis by assigning signs in order to describe the features of the phenomenon as reported. Ideal and Kahn (2009) support that content

evaluation is ideal suited for assessing written reactions from interviews. Detailed statistics such as percentages, suggest and standard deviation were used to describe the qualitative data. While the expected value is widely utilized in academics and in economic coverage of main propensities (Foerster, 2006), standard deviation is relevant during the quantification of the dispersion of data values (Kothari, 2004).

The quantitative data gathered through the structured questionnaire was analyzed using inferential statistics and testing of hypothesis. Since Likert scale questionnaire collects ordinal scale data, Statistical Packages for Social Sciences (SPSS) software was used to transpose the ordinal data to quasi interval data for higher statistical computations like correlation and variance analysis. By doing so, the ordinal and categorical data have an opportunity to be treated as continuous variables for correlation and regression analysis (Cohen, et al., 2003).

Since pragmatic paradigm allows for the triangulation of methods in search of knowledge from multiple realities, this study employed advanced data analysis methods for statistical treatments such as parametric and nonparametric tests. Pearson's Product Moment Correlation Coefficient (r), and multiple correlation coefficient (R) were used during the parametric data analysis. In their work on research methods in education, Cohen, et al. (2003) argue that Pearson's Product Moment Correlation Coefficient (r) is the best tool for measuring linear association between variables in terms of goodness for fit and independence for interval and ratio scales. While Pearson's Product Moment Correlation Coefficient of correlations (r) takes values between -1 and +1 (Best & Kahn, 2009). The study also utilized time series analysis.

The qualitative data gathered through interview schedules was analyzed through descriptive techniques that allow content analysis to enable treatment of qualitative data into quasi statistics to so as to derive the meaning. This process entailed reading through

the transcript, making brief notes and categorizing or coding on different types of information in a way that offers a description of what it is about. This was followed by identification, linking, comparing and contrasting the categorized information to research themes and objectives.

Afterwards, all of the categories or themes were collected, examined and reviewed in detail to consider their consistency, relevance and if some categories can be merged or sub-categorized to fit the research objectives. Simple descriptive statistics namely mean, frequency and standard deviations were used to test validity, reliability, describe the basic features or patterns and relationship of the data in the study. The patterns were then merged with quantitative data for drawing inferences. The results were presented in table and discussions were supported by secondary data and quotes from the developed code.

This study embraced a various relapse model to foresee the degree to which every one of the free factor impact development of business land in Machakos County. The relapse examination was vital to the specialist in looking at the connection between every one of the elements of creation and development of business land in Machakos County. All the independent variables (factors of production) were regressed against the growth commercial real estate.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where;

Y =Financial Growth of Commercial Real Estate Investment

X₁ = Land

X₂ = Labour

X₃ = Capital

X₄ = Entrepreneurship

Model for the Moderating Effect of County Government policies

The study tested the moderating effect of county government policies on the relationship between factors of production and financial growth of commercial real estate financial investment in Machakos County. Small amounts impact was tested using Kenny and Barron (1986) strategy and the R-squared adjustment worth. The design with regulating variable was as shown;

$$Y = \beta_0 + \beta_1 X_1 * M + \beta_2 X_2 * M + \beta_3 X_3 * M + \beta_4 X_4 * M + \epsilon$$

Where

Y = Financial Growth of Commercial Real Estate Investment

X₁ = Land Profile

X₂ = Labour Characteristics

X₃ = Capital Characteristics

X₄ = Entrepreneurship Attributes

M = County Government Policies

3.10 Ethical Considerations

Research study principles revolve around the appropriateness of scientist's requirements and also demands of activities in valuing and also securing the constitutional rights of the research study subjects as individuals, groups and also facilities so regarding improve equally respectable connections as well as track record of the findings (Cooper & Schindler, 2006). In order to please the ethical requirements,

the researcher fulfilled all legal, ethical and also social responsibilities throughout the research study so as to safeguard the civil liberties of the research topics and interested events.

Particularly, all the specialist ethics, academic demands and college guidelines were followed throughout the research. The researcher sought for research approval and allow from NACOSTI. On top of that, the research study individuals were not subjected to any kind of type of pushes physical or psychological discomfort. The participants were permitted to voluntarily take part in the research study procedure and also their inputs were treated with utmost privacy as well as without biasness.

Furthermore, since the research was carried out at the onset of Covid-19 in Kenya, the covid-19 pandemic and connected limitations in motion forced the researchers to move from standard methods of in-person information collection for research and examination to remote, or primarily remote, practices in some instances. For instance, sometimes it was not allowable or moral for information collection agencies to conduct fieldwork as a result of the risks related to in person meetings and observations. To reduce this, the scientist strived to observe all the laid down Covid-19 regulations so regarding stay clear of falling on the wrong side of the law. This included putting on of face mask, disinfecting the hands in many times, observing social distancing regulation and guaranteeing that the curfew time were not gone against.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter started by presenting frequency distributions, followed by descriptive results and then inferential results on the relationship between study variables. The study also tested research hypotheses to lay out the impact of every variable on the monetary development of business land interest in Machakos County. Results because of elements of creation on the monetary development of business land venture followed by those of the directing impact of County government arrangements on the connection between factors of production and the financial growth of commercial real estate investment in Machakos County were then summarized in the last section of this chapter.

4.2 Response Rate and Demographic Characteristics of Respondents

In this section the response rate and the demographics of the frequency distributions of the responses that were received are presented.

4.2.1 Response Rate

A total of three hundred and seventy-four (374) questionnaires were administered to the sampled respondents. Table 4.1 shows the response rate and frequency distribution of responses.

Table 4.1:

Response Rate

Response	Frequency	Percent
Returned	290	77.5%
Unreturned	84	22.5%
Total	374	100%

From the lead to Table 4.1, out of the 374 surveys managed, 290 were appropriately slowly filled and returned, converting into a reaction pace of 77.5 percent. This reaction rate was well beyond the customarily adequate reaction rate for a research study. According to previous scholars such as Awino (2007), the acceptable average response rate for empirical studies is 65%. Orodho (2009) however argue that a response rate above 50% is satisfactory for descriptive analysis and generalization on the study population parameters.

4.2.2 Demographic Characteristics

Demographic characteristics were important in providing accurate information on the respondents. This information on the respondents gave the researcher the confidence to reach the objective of the study undertaken. In addition, the information on the respondents helped the researcher to know the status of the respondents in such a way to have an idea of how accurate the collected was to be. Further, the information on respondents prepared the researcher to have the idea of the kind of people he had to deal with.

Gender of the Respondents

Gender of each respondent was necessary to determine whether the gender of the respondent had any influence on the level of investment in the real estate industry in Machakos County.

Table 4.2:

Gender of Respondent

	Frequency	Percentage
Male	204	70.3
Female	86	29.7
Total	290	100

Based on the results in Table 4.2, majority of the study participants (70.3%, 204) were male, compared to (29.7%, 86) females participants. This implies that most of the senior managers of registered real estate development companies in Machakos County, Kenya are males. This was found to be contrary to the assertions by (Carey, 2020) that traditionally women property managers have actually functioned their method via the ranks of a real estate office, from administration level, through to home monitoring assistant, then right into residential or commercial property administration As the majority of admin personnel are women, this streams with into residential or commercial property monitoring.

Age of the Respondents

The researcher was interested in obtaining information regarding the age distribution of the respondents so as to be able to get clear connection between age of the managers and the financial growth in real estate. The respondents were therefore asked to indicate their ages. The responses were captured and presented in Table 4.3.

Table 4.3:

Age of Respondent

Age	Frequency	Percentage
24 Years and Below	1	0.3
25-29 Years	11	3.8
30-34 Years	32	11
35-39 Years	35	12.1
40-44 Years	46	15.9
45-49 Years	131	45.2
50 Years and Above	34	11.7
Total	290	100

The Table 4.3 show that most of the respondents (45.2%) were aged in between 45-49 years, 15.9% suggested that they were in between the ages of 40-44 years. The results additionally reveal that 12.1% of the participants were aged between 35-39 years old, 11.7% were aged half a century and above. Additionally, from the results it is clear that 11.0% of the participants were aged in between 30-34 years, 3.85 showed that they were aged in between 25-29 years, while just 0.35% of the participants were 24 years and below. These responses on ages of respondents indicate that most of the managers of the registered real estate companies in Machakos County are at least 30 years of age. Most of the managers were found to be between the ages of 45-49 years implying this age group has enough experience and knowledge in the real estate industry.

Respondents' Highest Education Level

The study wanted to find out of their capacity to handle the services and the challenges in the real estate industry. The result on the respondents' highest level of education was as shown in Table 4.4.

Table 4.4:

Respondent Highest Education Level

Education Level	f	%
Secondary Education	1	0.3
Certificate or Diploma	60	20.7
Graduate	214	73.8
Post Graduate	15	5.2
Total	290	100

Based on the results presented in Table 4.4, approximately three quarters of the respondents were graduates meaning that their greatest scholastic certification was at the very least bachelor's degree level. The outcomes also reveal that 20.7% of the respondents were certificate or diploma owners, 5.2% of the respondents indicated that their highest level of education was at the very least master's level. According to the results, only 0.3% of the respondents indicated secondary education as their highest level of education. These results imply that most of the senior managers of real estate companies registered in Machakos County are graduates. This therefore implies that these companies are managed by knowledgeable managers who understand the dynamics in the real estate industry.

Length of Service in the Real Estate Industry

This was to help identifying whether the managers were experienced in the industry.

Table 4.5:

Experience

Duration	Frequency	Percentage
1-5 Years	42	14.5
6-10 Years	183	63.1
10-15 Years	36	12.4
16 Years and Above	29	10
Total	290	100

The Table show that most (63.1%) of the participants had operated in the commercial real estate sector for a duration of between 6-10 years, 14.5% indicated that they had worked in the business land area for a term of between 1-5 years. Furthermore, the outcomes show that 12.4% of the respondents had worked in the property area for a time of between 10-15 years. Based on the results, only 10.0% of the respondents had 16 years and more experience in the real estate industry.

4.3 Pilot Testing

The research instruments were piloted in Kajiado, a neighboring County to Machakos County whereby similar real estate properties are invested and implemented. In the pilot study, a sample of 40 respondents representing 10% of the 374 close ranks respondents to the actual study respondents was used. The pilot sample of 40 was within the Kothari (2004) pilot sample recommendations of between 10 and 30 for survey studies (Connelly, 2008).

4.3.1 Reliability Test

Integrity is extensively specified as the degree to which techniques lack error as well as consequently produce constant results (Zikmund et al., 2010). Cronbach alpha which is a partnership coefficient in between 2 sets of information was identified and results produced with the help of SPSS for all declarations in the set of concerns. Field (2013) assumes that appraisals of somewhere in the range of 0.4 and 0.7 are viewed as of ordinary consistency while evaluations more than 0.7 are thought about of high consistency.

Table 4.6:

Reliability Analysis

Variable	Number of items	Cronbach's Alpha	Comments
Variable Land profile	8	0.903	Reliable
Variable Labour characteristics	7	0.909	Reliable
Variable Capital characteristics	6	0.804	Reliable
Variable Entrepreneurship attributes	7	0.773	Reliable
Variable County Government Policies	7	0.880	Reliable
Financial Growth	7	0.781	Reliable

The findings in Table 4.6 shows that cronbach's alpha for all the items were above 0.7 indicating a high consistency in the instrument thus adequately reliable for measurement and consequently all the variables were accepted.

4.3.2 Result of Validity Test

Factor analysis was conducted on all items for each study variable where all items scored above 0.5 as good-excellent which were therefore retained for the study.

Factor Analysis on Land profile as a factor of Production

Table 4.7 shows the factor loading for Land profile.

Table 4.7:

Factor Loading on Land profile

Statement	Factor Loading
Land profile location largely determines growth of Commercial real estate in <u>Machakos County</u> .	0.779
Land profile size is an important factor in the growth of commercial real estate in <u>Machakos County</u> .	0.564
Land profile accessibility is a factor on growth of commercial real estate in <u>Machakos County</u> .	0.604
The type of soil in this county determines growth of Commercial real estate in <u>Machakos County</u> .	0.666
Land profile description affects growth of commercial real estate in <u>Machakos County</u> .	0.694
The topography of land profile in this county favours the development of commercial real estate in <u>Machakos County</u> .	0.723
Shape of land profile determines growth of commercial real estate in this county.	0.592
Features of land profile influence growth of commercial real estate in this county in <u>Machakos County</u> .	0.625

Results on Table 4.7 show that all the statements on the variable land profile had factor loading values above 0.55 and for that reason they were approved and hence no sub variable was dropped. The highest items were "Land profile location mainly establishes growth of Business real estate in Machakos Region" had factor loading of 0.779 and the lowest product "Land profile dimension is a vital consider the growth of business property in Machakos County" had a measure of 0.564. All the eight (8) things were for that reason preserved for more analysis.

Factor Analysis on Labour characteristics as a factor of Production

Table 4.8 shows the factor loading for labour characteristics.

Table 4.8:

Factor Loading on Labour characteristics

Statement	Factor Loading
Availability of cheap unskilled labour characteristics has influence on growth of commercial real estate in Machakos County.	0.879
The cost of labour characteristics determines growth of commercial real estate.	0.596
Wages to labour characteristics is a factor in commercial real estate development.	0.603
Skilled labour characteristics has influence on growth of commercial real estate.	0.740
Availability of labour characteristics from the neighbouring counties affects growth of commercial real estate.	0.726
Working labour characteristics conditions in this county influence growth of commercial.	0.576
Management of labour characteristics determines growth of commercial real estate.	0.585

Outcomes on Table 4.8 show that all the declarations on the variable work had aspect filling value higher than 0.55 and consequently they were accepted and thus no sub variable was dropped. The highest items was “Availability of cheap unskilled labour characteristics has influence on growth of commercial real estate in Machakos County” which had factor loading value of 0.879 and the lowest item “Working labour characteristics conditions in this county influence growth of commercial” had a measure of 0.576. All the seven (7) items on labour characteristics were therefore retained for further analysis.

Factor Analysis on Capital characteristics as a factor of Production

Table 4.9 shows the factor loading for capital characteristics.

Table 4.9:

Factor Loading on Capital characteristics

Statement	Factor Loading
Equity capital characteristics availability greatly impacting on the growth of commercial real estate in <u>Machakos County</u> .	0.636
Interest Capping has made it difficult to access loans and this has impact on growth of commercial real estate in <u>Machakos County</u> .	0.642
Cost of loans is a factor on growth of commercial real estate in <u>Machakos County</u> .	0.781
The process of raising equity capital characteristics has effect on growth of commercial real estate in <u>Machakos County</u> .	0.658
The process of accessing loans determines growth of commercial real estate in <u>Machakos County</u> .	0.755
Collateral security has influence on growth of commercial real estate in <u>Machakos County</u> .	0.611

Results on Table 4.9 show that all the declarations on the variable resources characteristics had factor packing values higher than 0.55 and also consequently they were accepted and thus no below variable was dropped. The greatest items was "Price of car loans is a factor on growth of business realty in Machakos Region." which had element loading worth of 0.781 and the most affordable product "Collateral protection has impact on growth of industrial property in Machakos Region" had an action of 0.611. All the six (6) products on funding attributes were for that reason retained for additional analysis.

Factor Analysis on Entrepreneurship attributes as a factor of Production

Table 4.10 shows the factor loading for entrepreneurship attributes.

Table 4.10:

Factor Loading on Entrepreneurship attributes

Statement	Factor Loading
Adaptability to change (flexibility) has influence on growth of commercial real estate	0.807
Risk on return determines growth of commercial real estate	0.594
Creativity (innovation) on property design determines growth of real estate.	0.606
Customer's taste and preferences influence growth of commercial real estate.	0.726
Personality (confidence) of developers has influence on growth of commercial real estate.	0.605
Visionary developers determine growth of commercial real estate.	0.776
Work ethics as a factor on growth of commercial real estate.	0.686

Results on Table 4.10 show that all the declarations on the variable entrepreneurship attributes had element packing value more than 0.55 and along these lines they were acknowledged and in this manner no sub variable was dropped. The most elevated things was "Versatility to change (adaptability) has effect on development of business land." which had factor stacking worth of 0.807 and the least thing "Hazard on return decides development of business land" had a proportion of 0.594. All the seven (7) things on business venture credits were accordingly held for additional examination.

Factor Analysis on County Government policies as Moderating Variable

Table 4.11 shows the factor loading for county government policies.

Table 4.11:

Factor Loading on County government policies

Statement	Factor Loading
Taxes on real estate determine growth of commercial real estate in the County.	0.709
County local laws have influence on growth of commercial real estate.	0.609
Stakeholder's regulations (NEMA, health) negatively affect growth of commercial real estate.	0.676
Licensing has influence on growth of commercial real estate.	0.579
Tax incentives determine growth of commercial real estate.	0.580
The process to obtain construction approvals has influence on growth of commercial real estate in Machakos County.	0.575
Inspection and supervision of real estate is a factor influencing growth of commercial real estate in Machakos County.	0.690

Results on Table 4.11 show that the highest item was “Taxes on real estate are flexible and this encourages investment in real estate within Machakos County; this enhances growth of commercial real estate in the County” which had factor loading value of 0.709 and the lowest item “The process of obtaining construction approvals is not complicated; hence this enhances investment in real estate and influences growth of commercial real estate in Machakos County” had a measure of 0.575. All the seven (7) items on county government policies were therefore retained for further analysis.

4.3.3 Factor Analysis on Dependent Variable (Financial Growth)

Table 4.12 shows the factor loading for financial growth.

Table 4.12:

Factor Loading on Financial Growth

Statement	Factor Loading
There has been an increase in the number of units of commercial properties built each year within the County over the past 12 years	0.969
Price per unit of a commercial property has influence on financial growth of commercial real estate investment.	0.904
Being able to offer competitive prices per unit has an effect on financial growth of commercial real estate investment.	0.830
The price of a commercial property in this county is high.	0.843
Cost of investment as a factor on growth of commercial real estate.	0.898
Expected returns on properties have influence on financial growth of commercial real estate investment.	0.961
Ease to adapt to changes of prices in the real estate industry has an effect on financial growth of commercial real estate investment.	0.930

Outcomes on Table 4.12 program that all the declarations on the variable development had element packing values greater than 0.55 and for that reason they were acknowledged and consequently no sub variable was gone down. The best thing was "There has been an expansion in the quantity of units of business properties constructed every year inside the County throughout the course of recent years" which had factor stacking worth of 0.969 and the least thing "Having the option to offer serious costs per unit significantly affects development of business land" had a proportion of 0.830. All the seven (7) things on monetary development were subsequently held for additional investigation.

4.4 Descriptive Statistics

This section contains descriptive analysis for land profile, labour characteristics, capital characteristics, entrepreneurship attributes, county government policies and growth.

4.4.1 Descriptive Statistics on Land profile

The opinions of the respondents on matters of land profile and it's link to the growth of commercial real estate in Machakos County was sought and the descriptive statistics for land profile are presented in Table 4.13.

Table 4.13:

Descriptive Statistics on Land profile

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
1. Land profile location largely determines growth of Commercial real estate in Machakos County.....	3.10%	1.70%	1.70%	32.40%	61.00%	4.46	0.873
2. Land profile size is an important factor in the growth of commercial real estate in Machakos County.....	2.80%	2.10%	9.70%	18.60%	66.90%	4.44	0.948
3. Land profile accessibility is a factor on growth of commercial real estate in Machakos County.....	2.80%	2.10%	7.20%	29.70%	58.30%	4.38	0.916
4. The type of soil in this county determines growth of Commercial real estate in Machakos County.	3.10%	5.50%	1.00%	24.80%	65.50%	4.44	0.987
5. Land profile description affects growth of commercial	3.10%	2.40%	1.40%	25.50%	67.60%	4.52	0.893

real estate in Machakos County.								
6. The topography of land profile in this county favours the development of commercial real estate in Machakos County.	2.80%	2.40%	1.00%	33.10 %	60.70%	4.46	0.865	6
7. Shape of land profile determines growth of commercial real estate in this county.	6.20%	2.80%	1.00%	26.60 %	63.40%	4.38	1.082	3
8. Features of land profile influence growth of commercial real estate in this county in Machakos County.	2.10%	3.80%	1.70%	28.30 %	64.10%	4.48	0.873	6
Average						4.45	0.930	

The outcomes presented in Table 4.13 exposed that majority of the respondents agreed that land profile location was an important consider determining the efficiency of commercial real estate in Machakos County given that land profile area was found to greatly identify growth of Commercial real estate in Machakos Area as shown by a mean of 4.466 and Std. Dev. of 0.873 which implies that land profile location is an essential facet to consider by designers in the real estate sector in Machakos Region. Additionally, the results disclosed that a lot of the participants thought land profile size is a crucial factor figuring out the growth of business commercial real estate in Machakos County as indicated by a mean of 4.448 and Std. Dev. of 0.948. This suggests that investor in Machakos think about the land profile dimension before thinking about buying it.

According to Moniz and Santosa (2018), the development of houses would definitely need space; if this is not managed or has actually dealt with appropriately it will supply

a damaging impact because land profile is restricted. The outcomes better show that majority of the respondents were really positive that land profile ease of access was a vital element of land profile which they thought was influencing on the development of industrial property in Machakos Region as indicated by a mean of 4.386 and Std. Dev. of 0.916. This suggests that land profile ease of access is a required variable to be taken into consideration by capital characteristics in the real estate sector in Machakos. Concerning soil kind, most of the respondents consented to the fact that the type of soil in Machakos County benefited property growth thus affecting the growth of Industrial property in the Area. This was verified by a mean of 4.441 and Std. Dev. of 0.987 suggesting that a lot of the respondents who were the elderly managers of signed up real estate companies in Machakos agreed to the truth that dirt type contributes in identifying the growth of business commercial real estate market in Machakos County. On top of that, the results in the table show that a lot of the participants settled on the truth that land profile summary had effect on growth of commercial real estate in Machakos Area as shown by a mean of 4.521 and Std. Dev. of 0.893. This implies that it is important for real estate investors and property buyers to consider land profile descriptions before settling on a deal. Every settlement representative worth their salt understands exactly how crucial the legal description remains in a real estate transaction. It's particularly important in a commercial property deal, where a capital characteristics requires to know precisely what they're getting, however a wrong lawful summary can likewise have alarming consequences for a homebuyer, and the lawful summary is a just as vital device for property surveyors.

These results are consistent with the assertions by Quigley and Rosenthal (2015) that, efficient governance of household advancement and also real estate markets postures difficult difficulties for land regulatory authorities. According to the writer, extreme

land limitations restrict the buildable supply, turning building and construction towards lower densities as well as bigger, a lot more costly residences. Commonly, neighborhood authority as well as regional need dispute, as well as area federal government plan makers have to make tradeoffs carefully. Moreover, Ibrahim (2017) established that property development was focused and growing more intensively in neighborhoods with highest degree of land access and thus access to land was a major factor in the growth and development of commercial real estate. Ibrahim (2017) furthermore indicated that, this brought about increased rents on the residential or commercial properties in the areas which could at some point trigger gentrification where essential however much less monetarily rewarding companies are compelled to move in other places. The research study additionally discovered that, land buildings located ready of biggest ease of access, are a lot more sought after.

According to the results, majority of the respondents were in agreement with the statement that the topography of land profile in Machakos County was one that favours the development of commercial real estate in Machakos County as indicated by mean response of 4.466 and Std. Dev. of 0.865. This implies that the general appearance of the land profile is important in the development of commercial real estate. Fois, et al. (2019) indicated that, the topography of an area can have a substantial impact on commercial real estate growth and can be a crucial consider a market analysis. Topography can influence problems such as runoff and flooding risks in addition to availability of land profile for advancement and this is why most of the real estate investors in Machakos County are considering the topography of land profile before investing.

In a similar way, the results show that most of the respondents remained in agreement with the truth that form of land profile establishes development of industrial

commercial real estate in Machakos County as indicated by a mean of 4.383 and Std. Dev. of 1.082. A great deal form can determine just how useful land profile is; If you have a pie great deal, you will have extremely little frontage that indicates a big backyard, but additionally no area for car park out front. Conversely, if you have a reverse-pie great deal, you will certainly have adequate frontage for auto parking, but might have a big front backyard, which is much less preferable than a big garden. Rectangular great deals are most effective for area when it pertains to urban advancement, however they force making use of a grid system, which averts silent winding streets. Each lot form has its benefits and disadvantages.

Finally, the results show that most of the respondents agreed that features of land profile was one of the aspects of land profile influencing growth of commercial real estate in this county in Machakos County. This was shown by results having a mean of 4.486 and Std. Dev. of 0.873. In the commercial real estate organization it prevails to assume that the value and potential of a building is fundamentally figured out by its area. Particular websites are attractive since they may have a lovely view, shore and woodland profiles around, excellent rail and road connections without sound and all sort of public and private solutions. Based on the results, the process of site examination consists of recognizing trade areas, assessing demographics and differentiating comfort places for new constructions. Website high quality assessment thinks about demographics, website functions (such as exposure and accessibility) and competition. Generally all the indicators of land profile as an aspect of production had a typical mean and Std. Dev. of 4.450 and 0.930 specifically, showing that a lot of the participants were in arrangement with the statements ashore; nevertheless, their reactions greatly varied.

4.4.2 Descriptive Statistics on Labour characteristics

Labour characteristics was the second independent variable in this study; the study sought to determine the influence of labour characteristics on financial growth of commercial real estate investment in Machakos County. The results were interpreted using mean and standard deviation. The descriptive statistics for labour characteristics are presented in Table 4.14.

Table 4.14:*Descriptive Statistics on Labour characteristics*

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Availability of cheap skilled labour characteristics has influence on growth of commercial real estate.	3.80%	1.40%	3.40%	42.10%	49.30%	4.31	0.909
The cost of labour characteristics determines growth of commercial real estate.	3.40%	8.30%	3.10%	36.90%	48.30%	4.18	1.061
Wages to labour characteristics is a factor in commercial real estate development	7.20%	1.00%	3.10%	27.60%	61.00%	4.34	1.106
Skilled labour characteristics has influence on growth of commercial real estate.	3.80%	1.40%	5.50%	26.90%	62.40%	4.42	0.947
Availability of labour characteristics from the neighbouring counties affects growth of commercial real estate.	3.40%	1.00%	2.40%	24.80%	68.30%	4.53	0.881
Working labour characteristics conditions in this county influence growth of commercial real estate	7.60%	0.70%	3.40%	26.90%	61.40%	4.33	1.117
Management of labour characteristics determines growth of commercial real estate.	6.20%	3.10%	3.40%	26.90%	60.30%	4.32	1.105
Average						4.35	1.018

The results in Table 4.14, majority of the respondents agreed that availability of cheap skilled labour characteristics in Machakos County was positively impacting on the growth of commercial real estate in the County as indicated by a mean response rate of 4.317 and standard deviation of 0.909. This implies that for any meaningful development in commercial real estate to take place, labour characteristics availability is an important factor to consider, therefore, if the labour characteristics is available, the development of real estate is faster.

In addition, most of the respondents believed that the cost of labour characteristics is a factor that cannot be ignored in the real estate development since cost of labour characteristics seriously determines growth of commercial real estate in Machakos County. While there are a variety of intricate items that impact industrial residential property values, among the most significant in the last few years is the increase of building prices. Due to the fact that it costs more to develop, the substitute costs additionally increase. This makes existing buildings in the trade area better. New structures need even more rental fee to pencil and also the existing structures can raise rental fees based on this info. According to a study by Chege (2017), the price of several items used in building and construction climbed 7.4 percent over the past year as a result of double-digit boosts in commonly-used building and construction products. According to an evaluation by the Construction Authority of Kenya (CAK). Those cost increases come as numerous construction companies are already facing lacks of competent labor but have actually limited ability to boost rates for their services.

The results further show that most of the respondents were completely convinced that wages to labour characteristics was factor affecting the cost of commercial properties in Machakos County as indicated by a mean of 4.341 and standard deviation of 1.106. The results imply that the daily wages of construction workers is a matter of serious

concern to the real estate developers in Machakos County since the daily wages for construction workers is increasing as the cost of living sky rocket.

On the other hand, the skilled workers (masons) who engage in the actual structure of your homes are requiring a pay of approximately 13 bucks a day, up from concerning 8 bucks some years back. Similarly, earnings for the foreman or managers have gone up substantially, with the employees requiring 17 bucks a day. The pay of the workers in the resources attributes, nonetheless, varies depending upon the kind of developing one is creating, products being made use of and where your house is located. The climbing wages have increased the expense of building and construction in Kenya, with many property designers needing to dig deeper into their pockets, as they likewise grapple with raised costs of structure products

Concerning schedule of labour features, most of the respondents showed that accessibility of labour qualities from the neighboring regions was impacting development of commercial property in Machakos County. This was shown by a mean of 4.534 and also standard deviation of 0.881 which suggests that real estate designers in Machakos County are at times forced to resource for affordable workers from neighboring areas. An interview with David Karimi, an NGO worker developing a home in Ruai, on the outskirts of Nairobi, kept in mind that building and construction has actually ended up being costly. "It is a challenging scenario. If you select to build your very own residence, it is pricey. If you choose mortgage, points are not any far better," he stated. Antony Kuyo, a property consultant with Avent Properties in Nairobi, attributes high building prices to the climbing price of labor as well as products.

Correspondingly the outcomes show that the vast majority of the respondents were in concurrence with the way that functioning work qualities conditions in Machakos County was one of the variables impacting the development of business bequest in the

district as demonstrated by a mean of 4.338 and standard deviation of 1.117. This infers that work issues at the building and construction sites has a significant influence on morale and efficiency of the workers. Furthermore, healthy job problems likewise safeguard the health of building and construction employees, minimizing the possibilities of workplace injuries along with resulting economic obligations and also the requirement to take some time off.

Finally, the results indicated that majority of the respondents were convinced that the management of labour characteristics was important aspect of labour characteristics in Machakos County determining growth of commercial real estate in the area. This was affirmed by mean response of 4.321 and standard deviation of 1.105. Labour characteristics administration in construction is important to complete the project promptly. For better monitoring, it is necessary for supervisors to recognize the task and its one-of-a-kind demands and after that they can employ as well as take care of the work attributes appropriately. If the manager knows the job as well as its needs, he can work with the best labour features for the particular job. When the employees will have the ability to reveal their complete capacity, it will supply higher efficiency. As a whole, all the declarations on labour characteristics had an average mean and standard deviation of 4.321 and also 1.018 specifically indicating that a lot of the respondents remained in arrangement with the declarations on labour qualities, yet the reactions were differed and also spread out about the mean feedback.

4.4.3 Descriptive Statistics on Capital characteristics

Capital characteristics was the third independent variable in this study. The study sought to evaluate the influence of capital characteristics on financial growth of commercial real estate investment in Machakos County. This scale can be further interpreted as a scale less than 1.5 represents strongly disagree, between 1.5 – 2.5

represents disagree, between 2.5 – 3.5 represent neutral, between 3.5 – 4.5 represent agree while over 4.5 represent strongly agree. The results were interpreted using mean and Std. Dev. The descriptive statistics on capital characteristics are presented in Table 4.15.

Table 4.15:

Descriptive Statistics on Capital characteristics

Statement	1	2	3	4	5	Mean	SD
Lack of equity capital characteristics has negatively influenced growth of commercial real estate.	3.40%	2.10%	3.40%	47.60%	43.40%	4.25 5	0.894
Inability to access loans has effect on growth of commercial real estate.	4.10%	1.00%	1.70%	37.60%	55.50%	4.39 3	0.914
Cost of loans is a factor on growth of commercial real estate.	4.50%	3.80%	1.70%	41.70%	48.30%	4.25 5	0.997
The process of raising equity capital characteristics has effect on growth of commercial real estate.	2.40%	5.90%	1.70%	30.70%	59.30%	4.38 6	0.957
The process of accessing loans determines growth of commercial real estate.	2.80%	4.80%	4.50%	41.40%	46.60%	4.24 1	0.947
Collateral security has influence on growth of commercial real estate.	4.10%	0.30%	6.60%	30.70%	58.30%	4.38 6	0.943
Average						4.32 0	0.942

Table 4.15 reveal that a lot of the respondents concurred that accessibility of equity capital characteristics impacts on the growth of commercial real estate in Machakos Region as attested by a mean of 4.255 and Std. Dev. of 0.894. The result implies that because funding property advancement is a costly event, many capital characteristics need to think about the resource of their resources. The study established that there are a variety of huge financiers located throughout Machakos Region that regularly lend cash on property. These financiers include individuals with available funds, groups of investors trying to find home mortgage possession in addition to huge investment firm wishing to hold a varied profile. They deal both directly along with via home loan brokers. Furthermore, the majority of these capital characteristics search for to take an equity setup in real estate. It is thus feasible to boost equity capital characteristics using syndication instead of counting completely on home loan funds. The responses are consistent with the findings of Nguyen and Steininger (2019) which indicated that, via looking for added financing form entrepreneur, generating finance internally and other equity sources such as companions. It can also be through using investors' funds either in the form of kept incomes from a firm or using developing more shares in a business, which is known as a rights issue.

In addition, most of the respondents indicated that access to loans effects the growth of commercial real estate in Machakos County as indicated by a mean response of 4.393 and Std. Dev. of 0.914. The results imply that the availability of loan for the real estate investors in Machakos County is an important aspect of capital characteristics. Since real estate is the primary tangible possession of a creating or transitioning economic climate, it can then additionally be made use of as security to obtain funds in order to carry out productive capital characteristics expense.

The results show that most of the respondents believed that the process of raising equity capital characteristics was key determinant of the growth of commercial real estate in Machakos County as indicated by a mean of 4.386 and Std. Dev. of 0.957. These results imply that real estate investors in Machakos have their decisions to invest determined by the availability and the process of raising equity capital characteristics. Raising funding for real estate can be a challenge for numerous brand-new financiers, however it is a need for any person seeking to be successful. The key to discovering just how to elevate resources for real estate is to concentrate on identifying what today's lending institutions yearn for one of the most (and give it to them). If one prospers, there's no factor they shouldn't be able to raise the real estate financial investment funding they require for your next bargain.

Similarly, majority of the respondents agreed that the process of accessing loans determines growth of commercial real estate in Machakos County ($M=4.241$, $SD=0.947$). The results imply that qualifying for a real estate mortgage loan involves a specific process involving a number of parties and qualification standards. Finally, the results show that most of the respondents ($M=4.386$, $SD=0.943$) agreed to the fact that collateral security was an important aspect of loan since most of the banks were asking for collateral before issuing loans to the real estate investors, this was found to have serious impact on the growth of commercial real estate in Machakos County. For a financier, having a "very first mortgage on a residential property" suggests that he/she has a mortgage in the first lien placement (the highest financial debt position) on the linked residential property. Basically, in case of a default where the connected collateral or home has to be liquidated, financiers with a very first lien have priority over investors who are lower in the financial obligation stack and are the first to receive any kind of profits from a sale of the linked residential or commercial property.

The results had an overall average mean of mean of 4.320 and Std. Dev. of 0.942 implying that most of the respondents agreed to the statements on capital characteristics. These findings remain in contract with the findings of research by Kodongo et al. (2015) which mentioned that, while capital characteristics framework of a firm may not have any kind of straight result on the sales/income of a company, it quite possibly influences one of the productivity elements, expenditures for this reason its results on profits.

4.4.4 Descriptive Statistics on Entrepreneurship attributes

Entrepreneurship attributes was the fourth independent variable in this study. The research sought to evaluate the influence of entrepreneurship attributes on economic growth of industrial real estate financial investment in Machakos Region. The results were interpreted using mean and Std. Dev. The descriptive statistics on entrepreneurship attributes are presented in Table 4.16.

Table 4.16:*Descriptive Statistics on Entrepreneurship attributes*

Statement	1	2	3	4	5	Mean	SD
Adaptability to change (flexibility) has influence on financial growth of commercial real estate investment.	1.70 %	1.70%	1.70%	44.50%	50.30%	4.40 0	0.766
Risk on return determines financial growth of commercial real estate investment.	1.00 %	7.90%	0.70%	26.20%	64.10%	4.44 5	0.929
Creativity (innovation) on property design determines financial growth of real estate investment.	1.70 %	13.40 %	1.70%	36.20%	46.90%	4.13 1	1.080
Customer's taste and preferences influence financial growth of commercial real estate investment.	6.60 %	6.20%	1.00%	33.10%	53.10%	4.20 0	1.159
Personality (confidence) of developers has influence on financial growth of commercial real estate investment.	1.70 %	10.70 %	1.40%	25.20%	61.00%	4.33 1	1.049
Visionary developers determine financial growth of commercial real estate investment.	1.00 %	9.70%	1.00%	29.70%	58.60%	4.35 2	0.977
Work ethics is a factor on financial growth of commercial real estate investment.	1.70 %	3.80%	1.40%	32.80%	60.30%	4.46 2	0.844
Average						4.33 2	0.972

The results in Table 4.16 show that most of the respondents ($M=4.400$, $SD= 0.766$) were in agreement on the fact that adaptability to change (flexibility) was an important trait investors in real estate industry needed to have since this aspect was found to influence the growth of commercial real estate in Machakos County. With technology constantly evolving, real estate agents are always warned they should continually adapt to the changing environment, or risk being left behind. Things are changing all the time and a lot of real estate investors don't like change. Consumers want changes, and as an investor in real estate you have got to be really adaptable to that.

The results also show that most of the respondents agreed that risk on return determines growth of commercial real estate in Machakos County. The results had a mean of 4.445 and Std. Dev. of 0.929. This implies according to most of the real estate investors in Machakos County, risk on return is a key entrepreneurial trait that an investor must possess to succeed in real estate investment in the county. The really foundation of financing is the concept of the danger and return connection. Should come as not a surprise that the higher the threat, the better the return, and on the other hand, lower risk obtains you reduced return. The results further show that most of the respondents as indicated by mean and Std. Dev. of 4.131 and 1.080 respectively agreed that creativity (innovation) on property design determines growth of real estate in Machakos County.

The results further show that most of the respondents agreed that customer's taste and preferences influence growth of commercial real estate in Machakos County as indicated by a mean of 4.200 and Std. Dev. of 1.159 implying that most of the respondents were in agreement. From behavioral perspectives, insights on customer purchase behavior and description were given on what drives consumers to acquire housing. Consumer actions suggests just how he views the stress positioned on him/her

to carry out or otherwise to perform the actions (Al-Nahdi, 2015). Buying of an item can be affected by consumers' understanding of public opinions placed on them by others such as good friends, political parties, and/or agents.

Further, the results reveal that majority of the respondents as confirmed by a mean of 4.331 and Std. Dev. of 1.049 agreed with the statement that personality (confidence) of developers have influence on growth of commercial real estate in Machakos County. The best real estate programmer has superb communication and social skills. He/she can connect and relate to various people easily and rapidly develop connections. While there are places and roles for all personality types to have a productive career in and around real estate development, successful developers (owners and principals), those at the actual center of the industry, is a highly entrepreneurial personality and all that it encompasses - risk tolerance, critical thinking and problem-solving abilities, drive / passion, self-confidence, people skills. The best developers tend to have strong personalities and are dynamic individuals.

Similarly, the study found out that most of the respondents were confident that visionary developers are likely to influence the growth of commercial real estate as indicated by a mean of 4.352 and Std. Dev. of 0.977. This implies that, anyone can be a good real estate investor or developer, if they are visionary developers and have the drive and discipline to succeed in real estate industry. Vision helps to enjoy working with other people, because having a bigger network of people helps. A visionary investor doesn't have to be super extroverted, but if you're the kind of person who would rather work alone all day, you'll have a harder time. Finally, the outcomes reveal that majority of the respondents were of the opinion that work ethics is a factor on growth of commercial real estate in Machakos County (M=4.462, SD= 0.844). The indicators had an overall mean of 4.332 and Std. Dev. of 0.972 implying that most of

the respondents were in agreement with the statements; however, the responses were varied.

4.4.5 Descriptive Statistics on County Government Policies

County government policies was the moderating variable in this study. The descriptive statistics on the moderating variable (county government policies) are presented in Table 4.17.

Table 4.17:***Descriptive Statistics on County Government Policies***

Statement	1	2	3	4	5	Mean	SD
Taxes on real estate determine growth of commercial real estate in the County.	4.80%	3.40%	3.80%	38.30%	49.70%	4.245	1.025
County local laws have influence on growth of commercial real estate.	4.10%	5.90%	3.10%	29.00%	57.90%	4.307	1.062
Stakeholder's regulations (NEMA, health) negatively affect growth of commercial real estate.	6.20%	4.10%	1.40%	26.20%	62.10%	4.338	1.117
Licensing has influence on growth of commercial real estate.	7.60%	4.80%	3.10%	22.40%	62.10%	4.266	1.209
Tax incentives determine growth of commercial real estate.	5.50%	4.50%	1.40%	21.70%	66.90%	4.400	1.097
The process to obtain construction approvals has influence growth of commercial real estate in Machakos County.	6.90%	5.20%	3.10%	21.00%	63.80%	4.297	1.189
Inspection and supervision of real estate is a factor influencing growth of commercial real estate in Machakos County	6.60%	4.10%	2.80%	29.70%	56.90%	4.262	1.135
Average						4.302	1.119

The results in Table 4.17 show that most of the respondents indicated taxes on real estate are flexible and this encourages investment in real estate within Machakos County. This enhances growth of commercial real estate in the County.

The results had a mean of 4.245 and Std. Dev. of 1.025. In Machakos County, property taxes are inherent in real estate investments; the amount of property taxes assessed on your property depends generally on the market value of the property, though other factors can affect property taxes, depending on the jurisdiction. The outcomes also reveal that most of the respondents agreed that county local legislations on property had influence on growth of commercial real estate in Machakos Region as suggested by a mean of 4.307 and Std. Dev. of 1.062. Additionally, the results show that majority of the respondents agreed with the declaration that stakeholder's policies (NEMA, wellness) positively influenced the growth of industrial real estate in Machakos County. This was verified by a mean and Sexually transmitted disease. Dev. of 4.338 and 1.117 specifically suggesting that most of the participants remained in agreement with the statement. Intricacy in residential or commercial property development projects includes and affects stakeholders with different features, passions, requirements and concerns. Hence, each stakeholder may affect a project adversely or favorably. The literary works suggests that the concepts of stakeholder, engagement, social sustainability and lasting development are linked and with each other can add to social modification. To improve transparency and involvement of a vast array of stakeholders, there is a demand for a systematic process of stakeholder partnership in metropolitan residential or commercial property growth jobs.

According to the results most of the respondents ($M=4.266$, $SD= 1.209$) agreed that licensing rules favours investment in real estate and this influences growth of commercial real estate in Machakos County. Several investor ask whether it deserves

the time and cash to get a property certificate; there are several advantages of obtaining a permit for real estate investment. Real estate permit can be made use of to find good deals, connecting with certified representatives, and making more money with compensations are all motivations for taking the additional time and expense to get your property license. As indicated on the table, majority of the respondents concurred that tax obligation motivations by the region boost growth of business real estate in Machakos Area. The result had a mean of 4.400 and Std. Dev. of 1.097. The outcomes indicate that tax incentives by region federal government can bring in financiers to purchase the commercial real estate in Machakos Region. These results remain in agreement with the findings of Villca-Pozo and Gonzales-Bustos (2019) which pointed to the reality that, the area of international direct financial investment may be affected by various motivations supplied by governments to attract multinationals. These rewards consist of fiscal (or tax) rewards (such as reduced corporate tax prices), economic incentives (such as grants and preferential financings to multinationals), and various other rewards like market choices and syndicate civil liberties.

In addition, interview schedules were administered to CEC in charge of housing ministry in Machakos. The CEC was asked to indicate if there were developers operating without valid license within their county and the CEC responded by indicating that:

When it comes to issuance of licenses our county is very strict and every developer must first obtain license before they can be allowed to invest in real estate industry within Machakos County. It is an imperative to every individual in our county engaging in any real estate transactions to obtain county government of Machakos real estate licenses. Such license embodies the individual developers' compliance with the

regulatory provisions implemented in this county by which the developer is expected to follow and observe as a licensed developer.

The response from CEC implies that the county government of Machakos is at the forefront in ensuring only licensed real estate developers are allowed to engage in the business of developing commercial properties in the county as one way of ensuring quality and curbing fraud.

In addition, the CEC was asked to indicate other requirements apart from license one would require to operate as developer in your county. The CEC indicated that;

To answer your question, I wish to start by bringing to your attention the fact the Estate agents (Amendment) Expense, currently at the Attorney-General's office, recommends challenging measures to control property programmers or agents to ensure that they can perform themselves properly; the Expense additionally aims to improve public confidence in the operations of commercial real estate firm job amid rising cases of cheats ripping off individuals. The draft legislation looks for to strengthen the Estates Agent Act that specifies who need to practice Estate Company. It mentions that no individual will function as an estate agent unless they are signed up by the Estate Agents Registration Board (EARB). Therefore as a county we are ensuring this is followed by anyone who wishes to develop real estate property in our county. In addition, the developer is expected to comply with NEMA standards and must comply with green environment laws.

4.4.6 Descriptive Statistics on Financial Growth Using Primary Data

Financial Growth of commercial real estate in Machakos County was the dependent variable in this study. The results were interpreted using mean and Std. Dev. The

descriptive statistics on the dependent variable (financial growth of commercial real estate investment) are presented in Table 4.18.

Table 4.18:

Descriptive Statistics on Financial Growth of Commercial Real Estate Investment

Statement	1	2	3	4	5	Mean	SD
There has been an increase in the number of units of commercial properties built each year within the County over the past 12 years.	7.60%	5.20%	8.30%	39.70%	39.30%	3.97	1.170
Price per unit of a commercial property has influence on growth of commercial real estate.	6.90%	7.90%	7.90%	40.00%	37.20%	3.92	1.179
Being able to offer competitive prices per unit has an effect on growth of commercial real estate.	6.60%	6.90%	6.90%	36.90%	42.80%	4.02	1.169
The price of a commercial property in this county is high.	6.60%	7.20%	7.60%	40.00%	38.60%	3.96	1.160
Cost of investment is a factor on growth of commercial real estate.	7.20%	7.60%	6.90%	39.00%	39.30%	3.95	1.192
Expected returns on properties have influence on growth of commercial real estate.	7.60%	5.20%	8.60%	42.10%	36.60%	3.94	1.159
Ease to adapt to changes of prices in the real estate industry has effect on growth of commercial real estate.	7.60%	4.80%	8.30%	39.00%	40.30%	3.99	1.169
Average						3.97	1.171

Table 4.18 reveal that majority of the respondents were in arrangement with the declaration that there had been an increase in the number of systems of commercial properties built each year within Machakos County over the past 12 years. This was indicated by a mean of 3.979 and Std. Dev. of 1.170. This suggests that Machakos Area has been recording an increase in the number of commercial real estate residential or commercial properties over the past decade. The results likewise reveal that a lot of the respondents remained in arrangement with the fact that rates each of a commercial building in Machakos County had actually influenced the growth of industrial property in the county as shown by a mean of 3.928 and Std. Dev. 1.179.

The outcomes additionally reveal the majority of the participants concurred that being able to use affordable costs each had influenced the development of commercial real estate in Machakos Area significantly. The results had a mean of 4.024 and Std. Dev. of 1.169 implying the majority of the participants was in contract with the statement, although the feedbacks were varied sharply. Majority of the participants thought that the rate of an industrial residential or commercial property in Machakos Region had gone high drawing in more investors to endeavor in real estate Company in the area. The outcome tape-recorded a mean of 3.969 and Std. Dev. of 1.160 indicating that in action the rates of property in Machakos Region have ended up being attractive to the investor. According to the outcomes, most of the respondents suggested that expense of investment was a factor on growth of commercial real estate in Machakos Area The outcomes had a mean of 3.955 and Std. Dev. of 1.192.

In a similar way, the outcomes reveal that the majority of the participants indicated that expected returns on homes had gone greater in Machakos Region as shown by a mean of 3.948 and Std. Dev. of 1.159. Lastly, it was established that the majority of the participants felt that relieve to adjust to modifications of rates in the commercial real

estate industry had affected development of business real estate. The statement had a mean of 3.997 and Std. Dev. 1.169 indicating that a lot of the respondents remained in arrangement with the declaration. Generally, the statements on development had an average mean and Std. Dev. of 3.971 and 1.171 specifically implying that most of the participants agreed with all the statements of growth of commercial real estate in Machakos County.

4.4.7 Descriptive Statistics on Financial Growth Using Secondary Data

In addition to the descriptive analysis on primary data, this study collected secondary data on the number of commercial properties and unit price of the property in a period of 12 year (2008-2019). The findings were as presented in Table 4.19 and Figure 4.1

Table 4.19:

Descriptive Statistics on Secondary Data

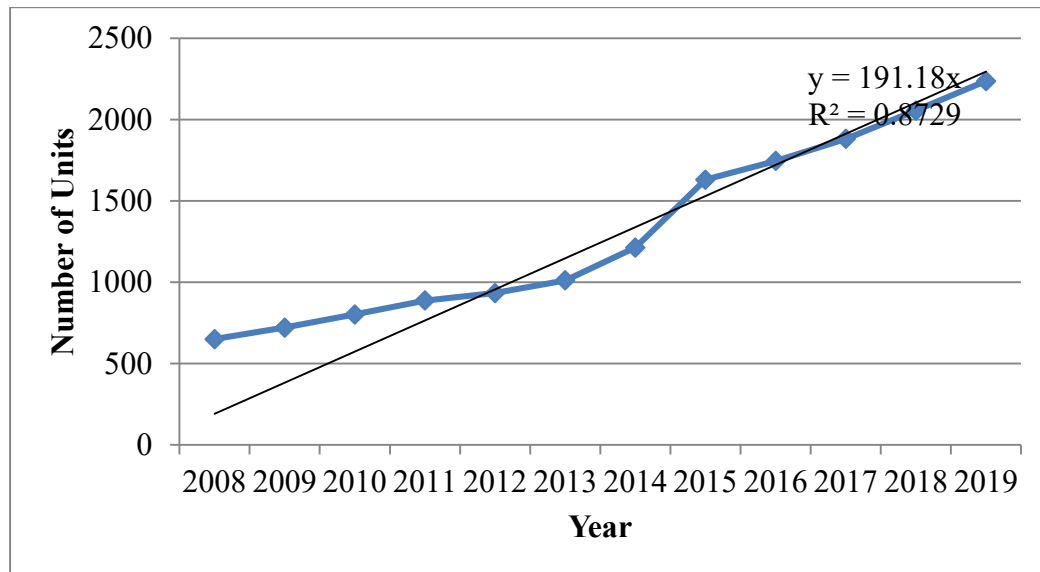
	Min	Max	M	Std. Dev.
Year	2008	2019	2013.5	3.606
Number of Units	650	2237	1313.67	563.538
Price Per sq. Metre (Ksh)	12000	30000	20733.33	6316.225

The results in Table 4.19 show that the minimum number of units of commercial properties in Machakos County in 2008 were 650 units, while the maximum number of units in 2019 were 2237, showing that there was growth in commercial real estate in Machakos County between 2008 and 2019. In addition, the results show that the mean number of units was 1313.67 and Std. Dev. of 563.538 showing that the number of commercial properties in Machakos County is approximately 1314 units; however, the number is spread. The minimum price per square metre of commercial unit in Machakos was found to be Ksh 12,000 which was the price in 2008, while the maximum was Ksh 30,000 recorded in 2019. The mean price per square metre of a unit

was Ksh 20,733.33 with Std. Dev. of Ksh.6, 316.225. The results imply that there has been significant growth in commercial real estate in Machakos County in the past twelve years (2008-2019).

Figure 4.1:

Number of Units

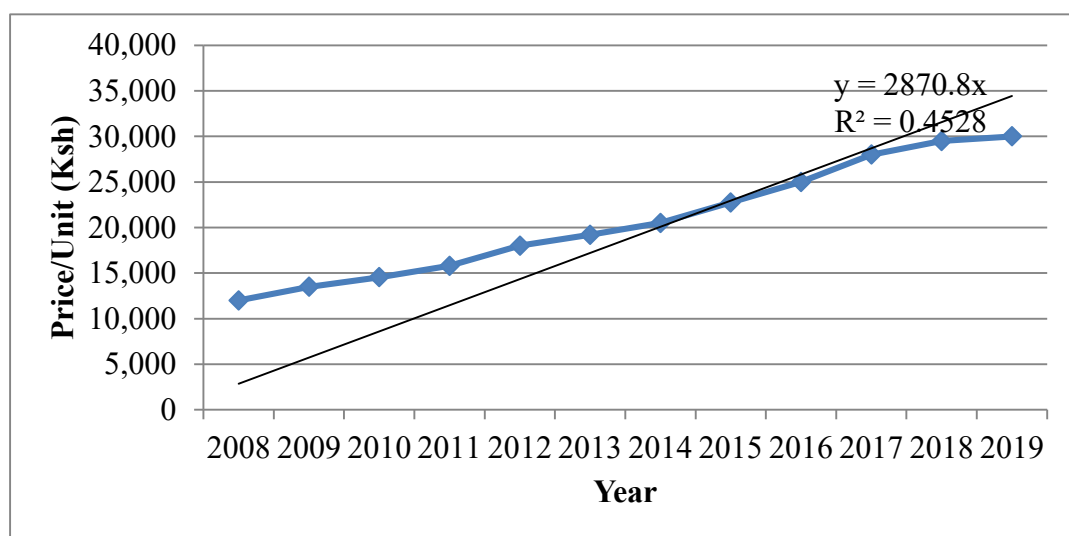


The trend line in Figure 4.1 show that the number of commercial properties units was on an upward trajectory in the last twelve years (2008-2019). In 2008, there were 650 commercial properties in Machakos County which moved up to 721 in the following year. In the year 2010, the number of commercial properties in Machakos County was 801 representing 11.0% growth compared to 2009; this number went up by 10.7% in 2011 to 887 units. According to the results the number of units grew in 2012 to 933 commercial units representing 5.2% growth in the number of commercial properties in the County. In 2014, the total number of commercial properties in Machakos was found to be 1011 units representing 7.9% growth compared to 2013, a number which grew further by 19.98% to 1213 units in the following year. In the year 2015 the total number

of commercial properties in Machakos County was 1630 representing 34.4% growth in the commercial real estate in the county.

In 2016 the total number of commercial properties in the county went up by 7.1% to 1745 units. Based on the results on the trend line, the number of commercial properties in the county further grew by 7.8% to a total of 1881 units in 2017. In the year 2018, Machakos County had a total of 2055 units representing 9.3% growth compared to the previous year. Finally, in 2019 the total number of commercial properties in Machakos County was 2237 representing 8.9% growth compared to what was recorded in 2018. The trend line shows that there has been consistent growth in commercial real estate in Machakos County over the past twelve years. The study found that the county recorded growth in the number of shopping centres, medical facilities, stores, malls and office properties. In addition to the growth in the number of commercial properties in the county, the study sought to establish the price trends of the commercial properties in the County and the results are presented in Figure 4.2

Figure 4.2:
Price per Square Metre of Commercial Property



Based on the trend line in Figure 4.2, the price per m² of commercial property in Machakos has been on an upward trend since 2008. The results show that in 2008 the price per m² of commercial property in Machakos County was averagely Ksh. 12,000, a figure which went up by 12.5% to Ksh. 13,500 in 2009. In the year 2010, the price per m² of commercial property in Machakos County was averagely Ksh. 14,550 representing 7.8% increase in price compared to the previous year. In 2011, the price per m² of commercial property in Machakos was going for Ksh 15,800 on average representing 8.6% increase in property prices compared to 2010. This figure grew further by 13.9% to Ksh. 18,000 per m² of commercial property in 2012. Based on the results, the price per m² of commercial property in Machakos County in 2013 was averagely Ksh. 19,200 indicating 6.7% increase in property price per m² in Machakos County compared to 2012.

The results in addition show that the price per m² in Machakos County grew by 6.8% in 2014 up from Ksh 19,200 per m² in 2013. The price per m² of commercial property increased further to Ksh 22,750 in 2015 representing 11.0% increase compared to the previous year. In 2016 the county saw a 10.0% increase in the price per m² of commercial property compared to what the properties was going for in the year before. The prices continued skyrocketing in the subsequent years and in 2017 the price per m² of commercial property was Ksh 28,000, which increased by 5.4% in the following year to averagely Ksh. 29,500 per m² of commercial property. Finally, in the year 2019 the price per m² of commercial property was found to be Ksh 30,000 on average indicating 1.7% increase. The trend line implies that since 2008 the price per m² of commercial property has been on the increase consistently through 2019 which imply that there has been growth in commercial real estate in the County.

In addition to the primary data and secondary data results presented above, the interview guide was administered to the CEC in charge of housing in Machakos County in which he was asked to compare the population of people in the county and the number of housing units available for them. The CEC indicated that;

The population of Machakos County has increased immensely over the last 15 years. Nevertheless, housing production has actually continued to be far below the targets in the five-year national development policies and better listed below real need for real estate. Most of the metropolitan population in Machakos County, specifically low-income houses cannot manage to acquire or develop their own houses and consequently, most of the housing around within Machakos county is rental housing. The rental real estate industry is a complex one entailing many stars. Tenants' legal rights are badly respected, specifically in the casual negotiations that give a lot of the accommodation to low-income renters. So in short, the number of both commercial and residential properties within Machakos County is still way below than what is demanded and therefore there is need for more developers to invest in real estate industry within our county.

The CEC was further asked to indicate some of the challenges facing real estate industry in Machakos County and what was being done by county government of Machakos to mitigate the challenges. The CEC indicated that;

As a government we have been conducting surveys to assess the real estate market industry within our county and the common challenges faced by developers include lack of inexpensive development-class land profile, boost supply, competition of building and high expenses of funds as a building growth calls for a massive amount of capita. Furthermore, there is no insurance coverage program that covers funds bought property projects or shields capital characteristics from the failing or impropriety of a

sponsor of a property financial investment. Therefore, sometimes real estate investors within Machakos may find themselves unable to market a residential or commercial property for as high as they initially paid for it when they prepare to exit the investment. Unlike most safety and securities, most real estate transactions within Machakos County are carried out in exclusive markets. Whereas public markets provide daily rates and extensive customer knowledge, exclusive markets are valued on "as-needed" basis and lack openness. Private markets are harder to gain access to also, as numerous exclusive markets call for a degree of reliability or condition to become part of. Lastly, commercial real estate closings require numerous interested celebrations and a lot of documents. Between structuring an offering, arranging financing, and celebration needed due diligence things, the procedure can take weeks, just contributing to absence of capacity to transform commercial real estate right into cash promptly this demoralizes investors.

Concerning mitigation measure by county government of Machakos on these challenges the CEC said that;

As a county government we are trying our level best to ensure the laws imposed on real estate industry within our county are favorable so as to attract more investors to invest in real estate in this county. This will help in addressing the shortage of both commercial and residential properties within the county.

Finally, the CEC was asked to indicate the message he could have to the developers within Machakos County, across Kenya, and the Public and the CEC indicated that;

Since development projects in real estate industry often spans two or more years, the real estate developers and investors in Machakos County should comprehend where they being in the residential property cycle and take notice of the big picture economic

factors that will influence the property market. In addition, I desire to explain that financiers should not constantly believe the selling agent when they tell them the building will make a fantastic development website, instead they (financiers) require to carry out careful areas due diligence including examining the council zoning, too details property due persistence, points like inspecting the title for agreements, easements and overlays, the area character and adjoining structures and trees the topography of the website.”...Finally I wish to state that we have witnessed cases of conman-ship in the past where investors in real estate development have been swindled of their money. It is therefore necessary that any investor who wish to invest in real estate in this County puts every little detail in writing, especially when taking care of consultants and service providers. This helps prevent misunderstandings and complication and keep really clear accounts. If your documentation isn't in order, it'll just cause headaches even more down the line.

4.5 Correlation Analysis

Correlation analysis was conducted to ascertain the association between the study variables of land profile, labour characteristics, capital characteristics, entrepreneurship attributes, county government policies and financial growth of commercial real estate in Machakos County. Results for the correlation are as presented on Table 4.20.

Table 4.20:

Multiple Correlation Matrix

		Financial Growth	Land profile	Labour characteristics	Capital characteristics	Entrepreneurship attributes	County government policies
Financial Growth	Pearson Correlation	1.000					
	Sig. (2-tailed)						
Land profile	Pearson Correlation	.797**	1.000				
	Sig. (2-tailed)	0.000					
Labour characteristics	Pearson Correlation	.813**	.645**	1.000			
	Sig. (2-tailed)	0.000	0.000				
Capital characteristics	Pearson Correlation	.795**	.600**	.699**	1.000		
	Sig. (2-tailed)	0.000	0.000	0.000			
Entrepreneurship attributes	Pearson Correlation	.809**	.601**	.672**	.632**	1.000	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		
County government policies	Pearson Correlation	.770**	.609**	.636**	.625**	.658	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	

** Correlation is significant at the 0.01 level (2-tailed).

Results in table 4.20 uncovered that there was serious areas of strength for an as well as critical association between land account and money related development of business realty interest in Machakos Area ($r= 0.797$, $P\text{-value}= 0.00$). Besides the outcomes uncover that there was a strong positive and significant relationship between work highlights and furthermore monetary development of modern land monetary interest in

Machakos County($r= 0.813$, $P\text{-value}= 0.00$). The outcomes better showed that there was a strong positive and substantial organization between funding attributes and economic development of industrial property financial investment in Machakos County ($r= 0.795$, $P\text{-value}= 0.00$). On top of that, the results indicated that there was a solid positive as well as considerable association between entrepreneurship attributes as well as financial growth of business real estate investment in Machakos Region($r= 0.809$, $P\text{-value}= 0.00$). Ultimately, the results showed that there was a solid favorable and also considerable organization in between moderating variable (county government policies) and financial growth of commercial real estate investment in Machakos County ($r=0.770$, $P\text{-value}=0.00$).

4.6 Analytical Model Diagnostics

In order to select the most appropriate model, diagnostics underlying the model amorphous were performed.

4.6.1 Normality Test

In this study, both Kolmogorov Smirnov and Shapiro Wilk tests were used to test for normality and results displayed in Table 4.21.

Table 4.21:

Test for Normality

	<u>Kolmogorov-Smirnov^a</u>			<u>Shapiro-Wilk</u>		
	<u>Statistic</u>	<u>Df</u>	<u>Sig.</u>	<u>Statistic</u>	<u>df</u>	<u>Sig.</u>
Financial Growth	.170	290	.082	.918	290	.200
a. <u>Lilliefors Significance Correction</u>						

The results in Table 4.21 mark that, the dependent variable was typically distributed because p-values were greater than 0.05 for both Shapiro-Wilk and Kolmogorov-Smirnov.

Figure 4.3:
Normal Quantile Quantile (QQ) plot for Financial Growth

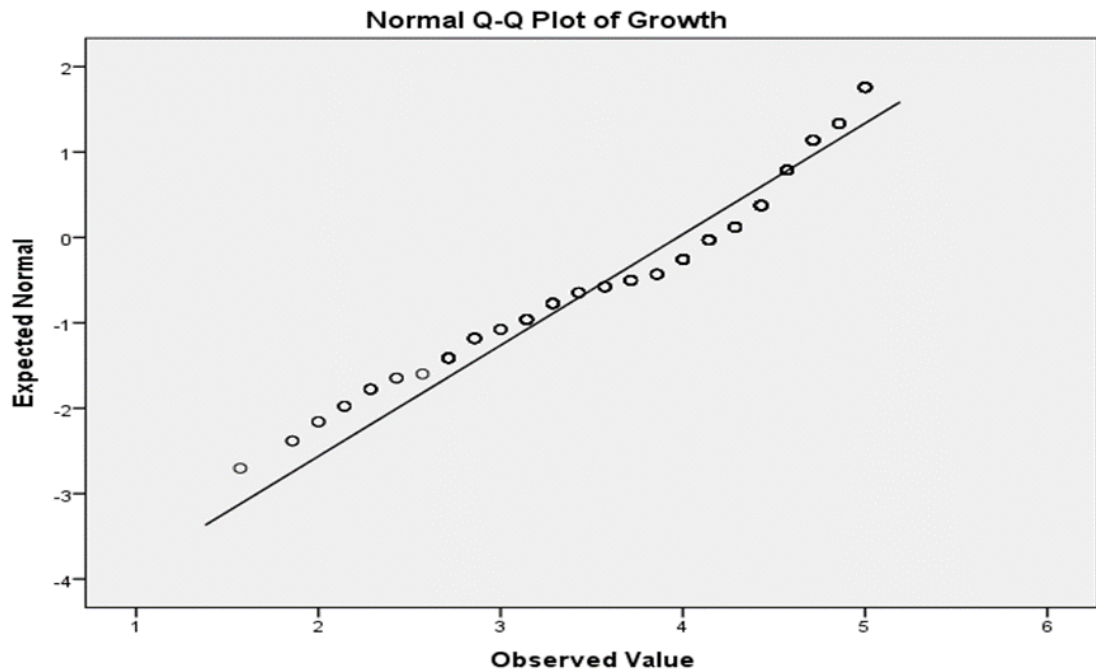


Figure 4.3 shows the ordinary QQ plot which demonstrates that the condition for ordinarieness for the reliant variable (Financial Growth of business land interest in Machakos County) was met. The concentrate thus infers that the information was regularly circulated.

4.6.2 Test for Multicollinearity

Table 4.22:

Multicollinearity Test Using Tolerance and VIF

Variable	Collinearity Statistics	
	Tolerance	VIF
Land profile	0.488	2.047
Labour characteristics	0.379	2.638
Capital characteristics	0.428	2.337
Entrepreneurship attributes	0.430	2.328
County government policies (Moderator)	0.450	2.222

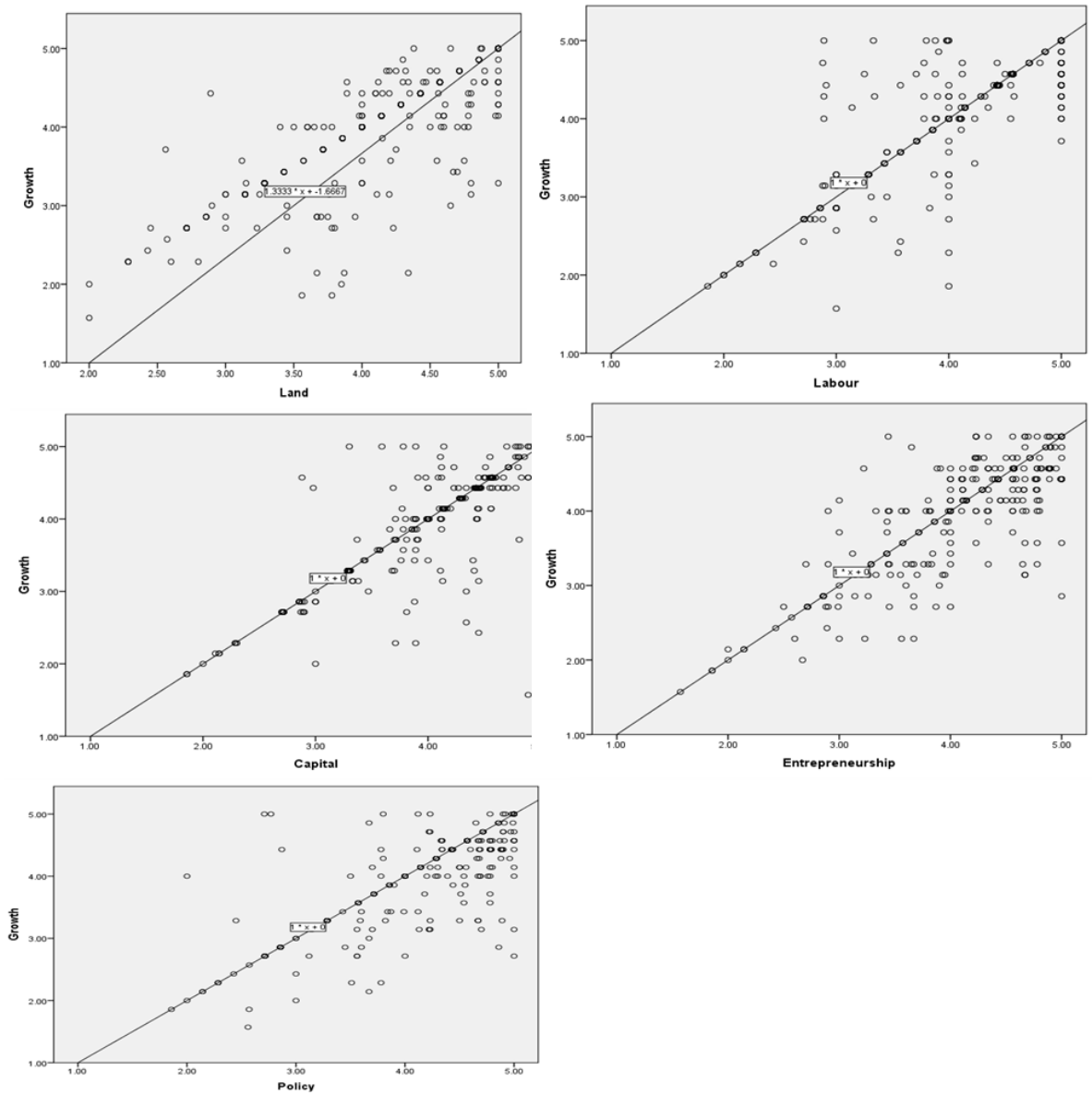
The outcome in Table 4.22 uncovers that every one of the factors had a resilience value > 0.2 and VIF values > 10 determining that there was no in the middle of between the free factors; land profile, work, assets, business venture credits and region government plans.

4.6.3 Test for Linearity

All the independent variables. Depicted a straight-line relationship with the dependent variable variables depicted a straight-line relationship with the dependent variable as shown in Figure 4.4.

Figure 4.4:

Graphical Diagram for Linearity



All the independent variables communicates an uninterrupted connection with the dependent variable as manifested in Figure 4.4.

4.6.4 Test of Heteroscedasticity

Table 4.23 shows that the likelihood chi-square value was $0.5448 > 0.05$ showing that heteroscedasticity didn't exist in the information suggesting that the difference of mistake terms is uniform across all data of interest.

Table 4.23:

Heteroscedasticity Results

<u>Breusch-Pagan / Cook-Weisberg test for heteroscedasticity</u>	
Ho: Constant variance	
Variables: fitted values of Financial Growth	
<hr/>	
chi2 (1)	= 0.209
<u>Prob > chi2</u>	= 0.5448

Results in Table 4.23 indicates that the probability chi-square worth was $0.5448 > 0.05$ confirming that heteroscedasticity in the data insinuating that the variance of error terms is uniform across all data points.

4.7 Regression Analysis

Regression evaluation was made use of to develop the analytical significance relationship between the independent variables (land account, labour features, capital features and also entrepreneurship features) as well as the economic growth of industrial property investment in Machakos County. The interpretation regression analysis results, was done utilizing R^2 to inspect exactly how well the design fitted the information; R^2 was used since it gives the extent of the fluctuation of one variable that is (reliant variable) determined from the different factors (indicator). An activity permits the assurance of how explicit factors can be in making forecasts from a specific model.

4.7.1 Regression Analysis on Land profile and Financial Growth of Commercial Real Estate Investment

Table 4.24 presents the regression model on land profile versus growth of commercial real estate in Machakos County.

Table 4.24:

Model Fitness

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.797 ^a	.636	.634	.46530

a. Predictors: (Constant), Land profile

On the basis of the results in Table 4.24, the coefficient of determination R Square was 0.636 as well as R is 0.797 at 0.000 significance degree. The design indicates that land account as an aspect of manufacturing discusses 63.6 percent of the variant in economic development of industrial property investment in Machakos County This indicates 63.6 percent of the economic growth of industrial property investment in Machakos County.is influenced by land profile as a factor of production. Table 4.25 shows the ANOVA results on land profile.

Table 4.25:

ANOVA

Model		Sum Squares	ofdf	Mean Square	F	Sig.
1	Regression	108.717	1	108.717	502.151	.000 ^b
	Residual	62.353	288	.217		
	Total	171.069	289			

a. Dependent Variable: Financial Growth

b. Predictors: (Constant), Land profile

The results in Table 4.25 show that the design was statistically significant in discussing the impact of land account as a factor of production on the economic development of

business property financial investment in Machakos Region as shown by a p-value of 0.000<.05.. The regression coefficient results are presented in Table 4.26.

Table 4.26:

Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.281	.167		1.685	.093
	Land profile	.897	.040	.797	22.409	.000

a. Dependent Variable: Financial Growth

Financial Growth = 0.281+ 0.897X₁

Where x₁=Land profile as a factor of Production

The relapse coefficient brings about Table 4.26 uncover that land account emphatically and essentially impacts the financial development of business property interest in Machakos County ($\beta= 0.897$, $p= 0.000$). The slant coefficient as shown by the beta worth uncovers the level to which unit adjustment in the free factor causes an adjustment of the reliant variable which for this situation is an adjustment of monetary development of business land interest in Machakos County due to a unit change in aspects of land profile as a factor of production. This implies that a unit change in aspects of land profile leads to an improvement in financial growth of commercial real estate investment in Machakos County by 0.897 units.

4.7.2 Regression Analysis on Labour characteristics and Financial Growth of Commercial Real Estate Investment

Table 4.27 presents the regression model on labour characteristics versus financial growth of commercial real estate investment in Machakos County.

Table 4.27:

Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.813 ^a	.661	.660	.44858
a. Predictors: (Constant), Labour characteristics				

As indicated by the outcomes on the table over, the coefficient of assurance otherwise called R Square was 0.661 and R is 0.813 at 0.000 importance level. The model shows that work qualities as an element of creation makes sense of 66.1 percent of the variety in monetary development of business land interest in Machakos County. This suggests that 66.1 percent of the variety in monetary development of business land interest in Machakos County, Kenya is affected by labour characteristics as a factor of production. The findings concur with the conclusion by (Dabara, 2015) that, labour characteristics cost is one very important aspect of financial management is proper decision-making in relation to investment of resources. Table 4.28 below shows the ANOVA results on labour characteristics.

Table 4.28:*ANOVA*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	113.118	1	113.118	562.162	.000 ^b
	Residual	57.951	288	.201		
	Total	171.069	289			

a. Dependent Variable: Financial Growth

b. Predictors: (Constant), Labour characteristics

The outcomes in Table 4.28 show that the model was genuinely critical in making sense of the impact of work qualities as a component of creation on the monetary development of business land interest in Machakos County as demonstrated by a p-worth of $0.000 < .05$. The relapse coefficient results are introduced in Table 4.29.

Table 4.29:*Regression Coefficient*

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
		B		Beta		
1	(Constant)	.602	.145		4.163	.000
	Labour characteristics	.843	.036	.813	23.710	.000

a. Dependent Variable: Financial Growth

$$\text{Financial Growth} = 0.602 + 0.843X_2$$

Where x_2 =Labour characteristics as a factor of Production

The regression coefficient causes Table 4.29 show that job positively and likewise substantially affects the financial growth of industrial real estate investment in Machakos Region ($\beta = 0.843$, $p = 0.000$). The slope coefficient as suggested by the beta value reveals the extent to which device modification in the independent variable

reasons a change in the dependent variable which in this instance is an adjustment in growth of commercial real estate in Machakos County due to a unit change in aspects of labour characteristics as a factor of production. This implies that a unit change in aspects of labour characteristics leads to an improvement in financial growth of commercial real estate in Machakos County by 0.843 units.

These results follow the findings of Sambasivan and Soon (2017) which found that in Malaysia the problem of labour characteristics scarcity makes the whole building and construction growth has relax and the outcome of the building take it minimizing. The very same was resembled by Senouci, et al. (2018) that, building and construction labour characteristics accounts for about the very same percentage of a residence purchase as real estate commissions and stamp duty, for that reason when the price of work is high, the cost of houses will be high as well this might frighten renters that might think about the price expensive and turn to different less costly housing elsewhere. For that reason work is figured out by price, availability, skills, intellectuality etc.

The problem has actually become much more severe since there are a couple of financial investments or economic assistances within the federal government and the capital characteristics. Back then, the financiers are incapable to endure for the high risk because of the extra labour characteristics prices incurred. In this case, the ability in earning earnings in building sector comes to be lower. At the same time, the entire building progression generally reduces.

4.7.3 Regression Analysis on Capital characteristics and Financial Growth of Commercial Real Estate Investment

Table 4.30 presents the regression model on capital characteristics versus financial growth of commercial real estate investment in Machakos County.

Table 4.30:

Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795 ^a	.632	.630	.46779

a. Predictors: (Constant), Capital characteristics

Model fitness results in 4.30 shows that the coefficient of assurance otherwise called R Square was 0.632 and R is 0.795 at 0.000 importance level. The model demonstrates that capital qualities as a component of creation makes sense of 63.2 percent of the variety in monetary development of business land interest in Machakos County. This implies 63.2 percent of the monetary development of business land interest in Machakos Table 4.31 shows the ANOVA results on capital characteristics.

Table 4.31:

ANOVA

Model		Sum Squares	ofdf	Mean Square F	Sig.
1	Regression	108.046	1	108.046	493.746 .000 ^b
	Residual	63.023	288	.219	
	Total	171.069	289		

a. Dependent Variable: Financial Growth

b. Predictors: (Constant), Capital characteristics

The findings in Table 4.31 show that the version was statistically significant in discussing the influence of resources qualities as an element of manufacturing on the monetary growth of industrial realty investment in Machakos Area as suggested by a p-value of $0.000 < .05$. The regression coefficient results are presented in Table 4.32.

Table 4.32:

Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.479	.160		3.005	.003
	Capital characteristics	.863	.039	.795	22.220	.000

a. Dependent Variable: Financial Growth

$$\text{Financial Growth} = 0.479 + 0.863X_3$$

Where x_3 = Capital characteristics as a factor of Production

The regression coefficient results in Table 4.32 show that capital qualities in a positive and critical manner impacts the financial development of modern land interest in Machakos County ($\beta = 0.863$, $p = 0.000$). The slope coefficient as shown by the beta worth uncovers the level to which gadget change in the free factor causes an adjustment of the reliant variable which for this situation is an adjustment of monetary development of business land interest in Machakos County because of a unit change in parts of capital qualities as a component of creation. This implies that a unit change in aspects of capital characteristics leads to an improvement in growth of commercial real estate in Machakos County by 0.863 units.

4.7.4 Regression Analysis on Entrepreneurship attributes and Financial Growth of Real Estate Investment

Table 4.33 presents the regression model on entrepreneurship attributes versus financial growth of commercial real estate investment in Machakos County.

Table 4.33:

Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.809 ^a	.655	.653	.45301

a. Predictors: (Constant), Entrepreneurship attributes

Model fitness results in 4.33 shows that the coefficient of assurance otherwise called R Square was 0.655 and R is 0.809 at 0.000 importance level. The model demonstrates that business venture credits as an element of creation makes sense of 65.5 percent of the variety in monetary development of business land interest in Machakos County. This means 65.5 percent of the financial growth of commercial real estate investment in Machakos County is influenced by entrepreneurship attributes as a factor of production.

Table 4.34:

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	111.965	1	111.965	545.581	.000 ^b
	Residual	59.104	288	.205		
	Total	171.069	289			

a. Dependent Variable: Financial Growth

b. Predictors: (Constant), Entrepreneurship attributes

The results in Table 4.34 show that the model was statistically significant in explaining the influence of entrepreneurship attributes as a factor of production on the financial growth of commercial real estate investment in Machakos County as indicated by a p-value of $0.000 < .05$. The regression coefficient results are presented in Table 4.35.

Table 4.35:

Regression Coefficient

Model		Unstandardized Coefficients		Standardized t	Sig.
		B	Std. Error	Beta	
1	(Constant)	.443	.153	2.891	.004
1	Entrepreneurship attributes	.867	.037	.809	.000

a. Dependent Variable: Financial Growth

$$\text{Financial Growth} = 0.443 + 0.867X_4$$

Where x_4 = Entrepreneurship attributes as a factor of Production

The relapse coefficient brings about Table 4.35 show that business credits in a positive and huge manner influences the monetary development of business land monetary interest in Machakos County ($\beta = 0.867$, $p = 0.000$). The slant coefficient as shown by the beta worth uncovers how much gadget change in the free factor causes an adjustment of the reliant variable which for this situation is an adjustment of monetary development of business land interest in Machakos County because of a unit change in parts of business venture credits as an element of creation. This suggests that a unit change in parts of business venture credits prompts an improvement in financial growth of commercial real estate investment in Machakos County by 0.867 units.

4.7.5 Multiple Linear Regression Analysis

The overall regression analysis was conducted between all the independent variables (land profile, labour characteristics, capital characteristics and entrepreneurship attributes) and the financial growth of commercial real estate investment in Machakos County.

Goodness of fit Model Summary

Table 4.36:

Overall Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.941 ^a	.885	.883	.26276

a. Predictors: (Constant), Land profile, Capital characteristics, Labour characteristics, Entrepreneurship attributes

The model wellness brings about Table 4.36 show that land profile, work qualities, capital attributes and business credits as component of creation were viewed as agreeable factors in making sense of the monetary development of business land interest in Machakos County. This is upheld by coefficient of assurance otherwise called the R square of 0.885. This implies that the elements of creation utilized in this study which were land profile, work qualities, capital qualities and business credits make sense of 88.5% of the varieties in the reliant variable, which for this situation was the monetary development of business land interest in Machakos County.

ANOVA Analysis for the Overall Model

Table 4.37 provides the results on the overall analysis of the variance (ANOVA).

Table 4.37:

Overall Analysis of Variance (ANOVA)

Model		Sum Squares	ofdf	Mean Square	F	Sig.
1	Regression	151.392	4	37.848	548.183	.000 ^b
	Residual	19.677	285	.069		
	Total	171.069	289			

a. Dependent Variable: Financial Growth

b. Predictors: (Constant), Land profile, Capital characteristics, Labour characteristics, Entrepreneurship attributes

The results in Table 4.37 demonstrate that the general model was genuinely critical. Further, the outcomes suggest that the component of creation; land profile, work qualities, capital attributes and business venture ascribes are great indicators of monetary development of business land monetary interest in Machakos County This was supported by a F figure of 548.183 and furthermore the detailed p worth (0.000) which was not exactly the traditional likelihood of.05. It is in this way presumed that the factors of manufacturing; land account, labour features, funding characteristics as well as entrepreneurship attributes had considerable combined impacts on the financial growth of commercial property financial investment in Machakos County.

Regression coefficients analysis of overall model

The regression coefficients of the overall model are presented in Table 4.38. For the purposes of running a multiple regression analysis, the research computed the averages of the indicators of each of the variables to obtain composite variables which were used to run regression analysis.

Table 4.38:

Multiple Regression of Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	
	B	Std. Error				
1	(Constant)	-.877	.106	-8.298	.000	
	Land profile	.354	.032	.314	11.180	.000
	Labour characteristics	.235	.033	.227	7.039	.000
	Capital characteristics	.275	.033	.253	8.406	.000
	Entrepreneurship attributes	.329	.031	.307	10.490	.000

a. Dependent Variable: Financial Growth

The regression model therefore became;

$$\text{Financial Growth} = -0.877 + 0.354X_1 + 0.235X_2 + 0.275X_3 + 0.329X_4$$

Where:

X_1 = Land profile

X_2 = Labour characteristics

X_3 = Capital characteristics

X_4 = Entrepreneurship attributes

Regression coefficients in Table 4.38 show that there was an alluring and furthermore extensive organization between land account along with monetary development of association property financial interest in Machakos County ($\beta = .354$, $p = 0.000$). This was kept up with by a sorted out t-measurement of 11.180 that is bigger than the significant t-measurement of 1.96 Completion brings about expansion uncover that there was an ideal and furthermore impressive in the middle between work superior calibers as a part of assembling and furthermore monetary progression of modern

private property financial monetary interest in Machakos County ($\beta = 0.235$, $p = 0.000$). This was kept up with by a figured t-measurement of 7.039 that is bigger than the significant t-measurement of 1.96

Furthermore, the outcome uncovered that there was an ideal as well as moreover extensive in the middle between sources superior calibers as a part of creation notwithstanding monetary headway of business house interest in Machakos County ($\beta = 0.275$, $p = 0.000$). This was saved by a sorted out t-measurement of 8.406 that is bigger than the essential t-measurement of 1.96. At long last, the outcome propose that there was a positive as well as significant in the middle between business joins component of assembling notwithstanding comparatively the monetary improvement of business private property interest in Machakos County ($\beta = 0.329$, $p = 0.000$). This was kept up with by a processed t-measurement of 10.490 that was more noteworthy than the significant t-measurement of 1.96. This implies that an improvement in aspects of land profile, work qualities, resources features and entrepreneurship attributes results in a renovation in the monetary development of industrial property financial investment in Machakos County by 0.354, 0.235, 0.275 and 0.329 units respectively.

4.7.6 Moderating Effect of County Government Policies

Goodness of Fit for the Moderating Effect of County government policies

The results in Table 4.39 shows the goodness of fit for the moderating effect of county government policies.

Table 4.39:

Model Fitness for the Moderating Effect of County government policies

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.970 ^a	.887	.862	.28541

a. Predictors: (Constant), Entrepreneurship attributes*County government policies, Labour characteristics*County government policies, Land profile*County government policies, Capital characteristics*County government policies

The R squared was utilized to investigate just how well the form fitted the subtleties after balance. The outcome in Table 4.39 uncover that the R settled after limited quantities by locale national government plans, was 0.887 which was more noteworthy than the non-directed outcome which had its R square being 0.885. This shows that province government strategies moderate the association between variables of creation and monetary development of business land interest in Machakos County and make sense of 86.2% of the varieties in monetary development of business land in Machakos County.

ANOVA Analysis for the Moderating effect of County Government policies

Table 4.40:

ANOVA for the Moderating Effect of County Government Policies

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	147.854	4	36.964	453.778	.000 ^b
	Residual	23.215	285	.081		
	Total	171.069	289			

a. Dependent Variable: Financial Growth

b. Predictors: (Constant), Entrepreneurship attributes*County government policies, Labour characteristics*County government policies, Land profile*County government policies, Capital characteristics*County government policies

The results in Table 4.40 verify that the regression design of regulating result of region federal government plans on connection in between aspects of production as well as financial development of commercial real estate investment in Machakos Region index is substantial and also sustained by $F= 453.778, p= 0.000<.05$) because p-values was 0.000 which is less than 0.05. The results attest the value of county government policies on the financial growth of commercial real estate investment in Machakos County.

Regression coefficients analysis for the moderating Effect of Government County government policies

Table 4.41:

Moderating Effect of County Government Policies

Model	Unstandardized Coefficients		Standardised Coefficients	Sig.
	B	Std. Error		
(Constant)	1.572	.059		26.615 .000
1 Land profile*County government policies	.054	.009	.359	5.727 .000
Labour characteristics*County government policies	.033	.009	.227	3.788 .000
Capital characteristics*County government policies	.037	.009	.247	3.895 .000
Entrepreneurship attributes*County government policies	.019	.009	.130	2.107 .036

a. Dependent Variable: Financial Growth

Based upon the results in Table 4.41, land profile was considerable after moderation with P-value $0.000 < 0.05$. This implies that county federal government plans moderates the connection between the land account and also financial growth of commercial real estate financial investment in Machakos Region. The results additionally show that labour qualities as an element of production was significant after small amounts with

P-value $0.000 < 0.05$. This implies that Region government policies moderates the partnership in between labour characteristics and financial growth of commercial real estate investment in Machakos County.

Similarly, the results show that capital characteristics was significant after moderation with P-value $0.000 < 0.05$. This implies that County government policies moderates the relationship between capital characteristics and financial growth of commercial real estate investment in Machakos County. Finally, the results show that entrepreneurship attributes as a factor of production was significant after moderation with P-value $0.036 < 0.05$. In addition to this, the value of R settled raised from 88.5 prior to moderation to 88.7% after moderation. This consequently implies that Region federal government plans moderates the partnership in between elements of production (land profile, work attributes, funding qualities and entrepreneurship qualities) and financial growth of business real estate investment in Machakos County.

4.8 Hypotheses Testing

Hypotheses were tested using multiple linear regression analysis as represented in Table 4.38.

The first hypothesis tested was:

H₀₁: Land profile has no statistically significant influence on financial growth of commercial real estate investment in Machakos County.

The hypothesis was assessed by using different straight relapse along with decided using p-esteem and furthermore t-measurement. The acknowledgment/dismissal requests were that, assuming the p definitely worth is under 0.05, we don't decline the H₀₁ but in the event that it is more noteworthy than 0.05, a while later H₀₁ is dismissed. Subsequently, the void thought was that land profile significantly affects monetary

development of business private or business property financial interest in Machakos County. Bring about Table 4.37 projects that the p-esteem was 0.000. This was supported by a distinguished t-measurement of 11.180 which was bigger than the basic t-measurement of 1.96. Profound space idea was consequently declined. The exploration concentrate on acknowledged the different speculation that land profile significantly affects monetary progression of administration property monetary interest in Machakos County.

The second hypothesis tested was:

H₀₂: Labour characteristics has no statistically significant influence on financial growth of commercial real estate investment in Machakos County.

The hypothesis testing results for the second hypothesis revealed a p-value of $0.000 < 0.05$. This was sustained by an identified t-statistic of 7.039 which was larger than the important t-statistic of 1.96. The void theory was for this reason refuted. The research study embraced the different concept that work features has statistically significant effect on financial growth of commercial real estate economic investment in Machakos County.

The third hypothesis tested was:

H₀₃: Capital characteristics has no statistically significant influence on financial growth of commercial real estate investment in Machakos County.

The hypothesis testing results showed that the p-value was 0.000, which was less than 0.05. This was sustained by a computed t-statistic of 8.406 which was also larger than the crucial t-statistic of 1.96. The void theory was because of this refused. The research study handled the alternative concept that sources qualities has statistically considerable impact on economic development of company realty investment in Machakos County.

The findings accept the findings of Ibbotson and Siegel (2018) which indicated that financiers who bought a residential property based on the return alone, with the location picked remaining stagnant for several years and accomplished no resources characteristics development. It was verified that, without resources qualities development, their capacity to grow their profile pertained to a collapsing halt. So, examining a residential property for possible motorists of resources features growth and return comes to be important for your portfolio development. Other investors determined to buy a cheaper property, based on affordability and also the assurance from the vendor or the representative that it would be favorably geared.

The fourth hypothesis tested was:

H₀₄: Entrepreneurship attributes has no statistically significant influence on financial growth of commercial real estate investment in Machakos County.

Results uncovered a p-value of 0.000 which was under 0.05. This was kept up with by a determined t-measurement of 10.490 which was bigger than the significant t-measurement of 1.96. The invalid speculation was accordingly not accepted. The research study embraced the alternative hypothesis which stated that entrepreneurship qualities have statistically substantial impact on financial growth of commercial property financial investment in Machakos Area. The findings accept the assertion by Ngwoke et al. (2017) that entrepreneurship connects is the desire as well as capability of a private to seek investment opportunities as well as make the most of limited resources to make use of the chances successfully. It is the process of producing something new with worth by devoting the essential effort and time, assuming the going along with financial social threats at the end obtaining resulting reward.

The fifth hypothesis tested was:

H₀₅: County government policies has no moderating effect on relationship between factors of production and financial growth of commercial real estate investment in Machakos County.

The hypothesis was checked by using numerous straight regression variation and also figured out utilizing p-value along with t-statistic. The acceptance/rejection needs were that, if the p value is less than 0.05, we do not reject the H₀₅ but if it is more than 0.05, afterwards H₀₅ is turned down Therefore, the void theory was that county government strategies has no regulating impact on connection between elements of manufacturing and likewise financial advancement of business realty investment in Machakos Region. Results in Table 4.37 shows that the p-value was 0.000. The null theory was therefore refused.

The study embraced the different theory that area government plans has regulating result on connection between factors of manufacturing as well as economic development of business real estate financial investment in Machakos County. The findings on county government policies were discovered to be consistent with the findings of Kouki (2018) which explained that tax obligations ashore profile holdings of houses have effects on residential as well as commercial property choices. If the tax obligations enforced by region government on residential property developers are big sufficient, they can cause bigger fluctuations in possession prices. Shocks in fiscal county government plans in regards to reducing tax obligations would boost the reward of households to buy land account.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

5.2 Summary of Findings

The aim of this study was to establish the influence of factors of production, county government policies and financial growth of commercial real estate investment in Machakos County. The factors of production used were land profile, labour characteristics, capital characteristics and entrepreneurship attributes. In addition, the study used county government as moderating variable between the relationship between the factors of production above and financial growth of commercial real estate investment in Machakos County.

This research was directed by the following details objectives to; establish the impact of land profile on financial development of commercial property financial investment in Machakos County, determine the impact of work attributes on monetary growth of commercial property investment in Machakos Area, examine the impact of funding attributes on monetary development of industrial real estate investment in Machakos Region, analyze the impact of entrepreneurship characteristics on economic growth of business realty financial investment in Machakos County, develop the moderating impact of county federal government plans on the connection in between elements of production and financial growth of commercial realty financial investment in Machakos County.

This research was anchored on five theories namely; convectional economic theory that addressed land profile, units of houses, demand and supply, prospect theory focusing on the influence of capital characteristics, agency theory addressing labour

characteristics and interest of different parties, liquidity preference theory which looks at return on investment and policies and game theory addressed entrepreneurship attributes.

5.2.1 Land profile and Financial Growth of Commercial Real Estate Investment

The first goal of this research was to establish the impact of land account on financial development of business real estate investment in Machakos Region. The detailed statistics was conducted to give basic recaps concerning the sample as well as the steps as the start of quantitative analysis of information and also consisted of the mean and standard deviation (McCarthy et al., 2019). Descriptive statistics results revealed that most of the respondents were in agreement with the statements regarding the aspects of land profile. Aspects of land profile found to impact on the financial growth of commercial real estate investment in Machakos County include land profile location, land profile size, land profile accessibility, the type of soil, land profile description, shape of land profile and features of land profile. The study established that location of land profile influenced the price of land profile. Land profile located near towns was found to be more expensive as compared to those located far away from towns.

Land profile accessibility was also found to be an important aspect of land profile influencing the development of real estate investment in Machakos County. The findings further established that real estate development was concentrated and was growing more intensively in neighborhoods with highest level of accessibility. The research study indicated that, this caused skyrocketed rents on the buildings in the locations which could at some point give rise to gentrification wherein crucial however much less monetarily satisfying services are forced to relocate elsewhere. The research study better found that, land account residential properties located ready of greatest

access were extra demanded compared to those places which were tough to accessibility.

The study outcome revealed a strong favorable as well as significant organization between land account and development of industrial real estate in Machakos. This indicated that aspects of land profile are not to be ignored when it involves financial investment in commercial property in Machakos County. In addition, the findings were that, the coefficient of determination R Square was 0.636 suggesting that land account as a factor of production discussed 63.6 percent of the variant in the monetary development of business realty financial investment in Machakos County while the remaining 36.4% was clarified by other aspects which were not part of the study. Regression analysis furthermore disclosed that land profile positively and substantially influenced the monetary development of business property financial investment in Machakos County. This indicates that a device change in facets of land account results in an enhancement in economic growth of industrial property financial investment in Machakos County by 0.897 units.

Additionally, void hypothesis that land profile has no statistically significant influence on financial development of industrial realty investment in Machakos County was examined making use of numerous regression model. Based upon the results, the null hypothesis was declined and the different hypothesis took on that, land profile as an element of manufacturing has statistically significant influence on the monetary development of commercial real estate investment in Machakos County.

5.2.2 Labour characteristics and Financial Growth of Commercial Real Estate Investment

The second objective of this study was to establish the impact of work features on financial development of industrial real estate financial investment in Machakos Region. The descriptive statistics was performed to give simple summaries regarding the example and also the procedures of labour characteristics as a variable of manufacturing impacting economic development of business realty investment in Machakos Region as the beginning of quantitative analysis of information and consisted of the mean as well as standard deviation (McCarthy et al., 2019).

Descriptive statistics results revealed that the indicators of labour characteristics used in this study affected the financial growth of commercial real estate investment in Machakos County. The aspects of labour characteristics found to impact on the financial growth of commercial real estate investment in Machakos County include; availability of cheap skilled labour characteristics, the cost of labour characteristics, wages to labour characteristics, availability of labour characteristics from the neighbouring counties, working labour characteristics conditions and management of labour characteristics. Based on the results, majority of the respondents were in agreement with all the aspects of labour characteristics as a factor of production affecting financial growth of commercial real estate investment in Machakos County.

The findings indicated that the real estate sector in Machakos County was absorbing a large number of the unemployed youths in the County and neighboring counties who cannot find employment opportunities within the formal sector to provide labour characteristics at the construction sites making it easily accessible for the real estate investors. The study also found that at times there is shortage of skilled labour characteristics to work at the construction sites and therefore the contractors are then

forced to employ the unskilled labour characteristics to replace the skilled labour characteristics. This study conducted a correlation evaluation to analyze the association in between work attributes and also financial growth of commercial realty financial investment in Machakos Region Findings on correlation analysis disclosed that there was a strong positive as well as considerable association between work attributes as well as monetary growth of business real estate financial investment in Machakos County.

The study moreover established that the aspects of labour characteristics had significant influence on the financial growth of commercial real estate investment in Machakos County include; availability of cheap skilled labour characteristics, the cost of labour characteristics, wages to labour characteristics, availability of labour characteristics from the neighboring counties, working labour characteristics conditions and management of labour characteristics. Based on the results, majority of the respondents were in agreement with all the aspects of labour characteristics as a factor of production affecting financial growth of commercial real estate investment in Machakos County.

The regression analysis findings revealed that the coefficient of decision (R Square) was 0.661 suggesting that work characteristics as an aspect of production described 66.1 percent of the variation in economic development of commercial real estate investment in Machakos County. This implied that 66.1 percent of the financial development of industrial realty financial investment in Machakos County was being affected by work characteristics as an aspect of manufacturing. Furthermore, the regression coefficient results revealed a positive and also considerable partnership in between work features and also economic development of business property financial investment in Machakos County implying that, an improvement in labour

characteristics conditions within the county results into an improvement in the overall growth of commercial real estate in the county.

Real estate investors have to make informed decisions on labour characteristics before committing investment funds to any real estate development project. Among the crucial needs of man, housing comes second. Property financial investment consist of varied amount of riches which can be attested to by big number of real estate investors in Kenya. Ultimately, null theory that labour features has no statistically considerable impact on monetary growth of commercial realty investment in Machakos Region was examined making use of a multiple regression model as well as analysis used the p-value. Based upon the outcomes, the void hypothesis was therefore declined and different theory took on that, work qualities has statistically substantial impact on the economic development of business real estate financial investment in Machakos County.

5.2.3 Capital characteristics and Financial Growth of Commercial Real Estate Investment

The third objective of this research study was to assess the impact of capital features on monetary development of commercial realty financial investment in Machakos Area. The initial section presented results on descriptive data to supply easy summaries about the sample and also the procedures of work attributes as an element of production impacting financial development of business real estate financial investment in Machakos Area as the start of quantitative analysis of information as well as consisted of the mean and also standard deviation (McCarthy et al., 2019). The detailed data results exposed that a lot of the participants remained in agreement with statements on funding attributes as aspect of production impacting economic development of industrial property investment in Machakos County.

In addition, regression analysis was conducted to establish the relationship between capital characteristics and financial growth of commercial real estate investment in Machakos County. The findings revealed that, coefficient of determination also known as R Square was 0.632 implying that capital characteristics as a factor of production explained 63.2 percent of the variation in financial growth of commercial real estate investment in Machakos County. This means 63.2 percent of the financial growth of commercial real estate investment in Machakos County is influenced by capital characteristics as a factor of production. Further the results indicated that capital characteristics positively and significantly influenced the financial growth of commercial real estate investment in Machakos County implying that a unit change in aspects of capital characteristics leads to an improvement in financial growth of commercial real estate investment in Machakos County by 0.863 units.

Finally, null theory was examined that resources characteristics has no statistically considerable impact on financial development of business real estate investment in Machakos County. Based on the findings, the void hypothesis was hence declined and alternate theory embraced that, resources characteristics has statistically substantial influence on the economic growth of industrial realty financial investment in Machakos County.

5.2.4 Entrepreneurship attributes and Financial Growth of Commercial Real Estate Investment

The fourth goal of this research was to assess the impact of entrepreneurship characteristics on financial development of business real estate financial investment in Machakos County. The very first section presented outcomes on detailed statistics to give straightforward recaps regarding the sample as well as the measures impacting monetary development of business realty financial investment in Machakos Region as

the beginning of quantitative analysis of data and also included the mean and standard deviation (McCarthy et al., 2019).

The descriptive analysis results revealed that most of the respondents agreed that the aspects of entrepreneurship attributes affected the financial growth of commercial real estate investment in Machakos County. The aspects of entrepreneurship attributes analyzed were adaptability to change (flexibility), risk on return, creativity (innovation) on property design, customer's taste and preferences, personality (confidence) of developers, visionary nature of developers and work ethics. The study established that estate investors have variety of risks; entrepreneurship attributes on real estate market, real estate development process has also a great social significance.

The study revealed that the relationship had a coefficient of determination also known as R Square of 0.655 implying that entrepreneurship attributes as a factor of production explained 65.5 percent of the variation in financial growth of commercial real estate investment in Machakos County. This means 65.5 percent of the financial growth of commercial real estate investment in Machakos County is influenced by entrepreneurship attributes as a factor of production. In addition, the results showed that entrepreneurship attributes positively and significantly influences the financial growth of commercial real estate investment in Machakos County implying that a unit change in aspects of entrepreneurship attributes leads to an improvement in financial growth of commercial real estate investment in Machakos County.

The null hypothesis was evaluated that, entrepreneurship characteristics has no statistically considerable impact on monetary growth of business property investment in Machakos County and also based on the findings the null theory was hence denied. The research study adopted the alternate hypothesis that entrepreneurship qualities has

statistically considerable impact on the monetary growth of business property financial investment in Machakos County.

5.2.5 Moderating Effect of County Government Policies

The findings revealed that most of the respondents indicated that county government policies were important factors affecting the development of real estate investment in Machakos County. The aspects of county government policies found to have impact on the financial growth of commercial real estate investment in Machakos County were; taxes on real estate, county local laws on real estate, stakeholder's regulations (NEMA, health), licensing rules, tax incentives, process of obtaining construction approvals and regular inspection.

It was evident from the research results that there existed a solid positive and considerable association in between regulating variable (region federal government policies) as well as economic growth of commercial realty investment in Machakos County. Regression analysis was likewise performed to establish the regulating impact of region government policies on the partnership in between elements of production and monetary growth of commercial real estate financial investment in Machakos County. The study outcome revealed that region federal government policies have a regulating effect on the connection between factors of manufacturing and also economic growth of commercial realty investment in Machakos County.

The null hypothesis that area government plans have no regulating outcome on the connection in between factors of manufacturing and economic development of service realty investment in Machakos Region was evaluated utilizing multiple regression model and the end results revealed that the p-value was $0.000 < .05$. The deep space hypothesis was therefore denied and also the different hypothesis tackled that county

federal government plans have regulating effect on partnership in between elements of production and also economic growth of business real estate investment in Machakos County.

5.3 Conclusions

Based on the findings, this study makes the following conclusions;

5.3.1 Land profile and Financial Growth of Commercial Real Estate Investment

Based on the findings on land profile the study concludes that land profile positively and significantly influence the financial growth of commercial real estate investment in Machakos County. An improvement in aspects of land profile leads to an improvement in financial growth of commercial estate investment in Machakos County. Land profile and surface framework have various trends of price changes. Under the presumption that aspects of manufacturing have total liquidity, the ground framework prices as well as labor prices in different areas would certainly merge and transform smoothly. Nonetheless, since land account cannot be moved, people can just obtain the benefits of land profile in a taken care of place. And also the significant regional difference of land profile supply and demand leads to the huge distinction of regional land profile rate changes. The rate of land profile was found to be a vital aspect of land account influencing the growth of property in the region.

The research study concludes also that, commercial property investing is valued based on many different elements of a rental property no matter its type. When assessing the market worth of a commercial realty property, it is generally that the majority of the value most likely to the market value of land account. This is a well-known law when it concerns business property investing. Based on the findings, it suffices in conclusion further that, land profile is the scarcest source on the planet; it has a limit as well as

cannot be broadened. The failure to generate new land profiles along with overpopulation has actually triggered the marketplace value of land profile to raise substantially in Machakos Area the last years.

On top of that, it is ended that, the market value of land account as well as its relevance in real estate investing is carefully related to the financial circumstance of the area of investment. It is the work of a financier to comprehend how the development pattern, the gratitude rates, and also using the land profile for an amount of time. Based upon the findings of this study, it can be concluded that land account is the most useful kind of property financial investment in the real estate market in Machakos County. Planning or zoning legislations from neighborhood authorities (Area of Machakos) restricts land profile supply in numerous areas within the area; these legislations are in some cases implemented to avoid the overpopulation of particular areas in the county, which means that owners of land profile there profit more because of the lower supply of land account in the area.

Finally, the research ends that, the price of land account is a standard indicator of the attractiveness and the financial value of a details site as well as of the amenities readily available at that location in Machakos Region. These facilities consist of a varied collection of characteristics, varying from the efficiency of a site in agriculture to the top quality of a metropolitan area surrounding a given place. In urban areas like Machakos community and also other communities within Machakos Area, variations in the cost of land profile reflect the locational and geographical benefits of a certain site, and also neighborhood externalities and governmental plans managing its use.

5.3.2 Labour characteristics and Financial Growth of Commercial Real Estate Investment

Based on the findings, this study concludes that labour characteristics is an important factor of production influencing the financial growth of commercial real estate investment in Machakos County. It also suffices to conclude that labour characteristics positively and significantly influences the financial growth of commercial real estate investment in Machakos County. An improvement in the aspects of labour characteristics such as labour characteristics cost, availability leads to improvement in the financial growth of commercial real estate investment in the county.

The research study also ends that in Machakos County, real estate sector is a labor-intensive sector; it contains more than half of all urban unorganized employees. This labor force comprises 55% of inexperienced work qualities, 27% skilled job functions as well as additionally relax the technological as well as assistance group. Such job functions workers are different from the direct employees in terms of employee-employer connection in addition to the method of wage settlement. The agreement system is based on triangular partnership in between the user ventures (Business), the specialists (middlemen) including the sub-contractors, as well as the workers.

Based on the study outcome, the study concludes furthermore that Employee Monitoring in the realty market is all about taking care of company workforce which likewise includes contract work attributes (structure staff members) collaborated with using a third party on contract for carrying out a certain job operate in a provided period for an established compensation. Nonetheless, this study created that, in Machakos Area agreement work features (construction employees) management functions are not so structured in the realty industry, even with the understanding concerning the need and also importance of its visibility.

5.3.3 Capital characteristics and Financial Growth of Commercial Real Estate Investment

This research located that resources attributes budgeting decisions require considerable quantity of resources characteristics outlay in the property industry. This underscores the requirement for thoughtful, sensible and also correct choices as a wrong decision would certainly not only cause losses but likewise protect against the firm from earning profit from other financial investments which could not be embarked on. Based upon the findings, the research wraps up that, financial investments for a lot of commercial properties in Machakos Area come from personal savings as well as equity lending from banks. It is more concluded that, interest rates have as extensive impact on the value of income-producing realty financial investment in Machakos County similar to they do on any other investment. This is specifically real about the prices on interbank exchanges as well as Treasury costs. Because their impact on an individual's ability to purchase properties (by boosting or reducing the expense of mortgage capital attributes) is so extensive, many individuals make the incorrect presumption that the only making a decision factor in property assessment is the current mortgage price.

The sharp fluctuations in business homes will certainly enhance the depreciating risk of the collateral worth, as well as the default risk of the debtors will certainly boost accordingly. For that reason, house price changes ought to be considered when mortgage lending institutions value the collateral and also they need to pay close attention to the land account take advantage of, mortgage, investment need proportion, local placement, the government policy and also county government plans.

This research study eventually concludes that domestic or industrial residential or commercial property auto credit market entrance is as yet limited in Kenya, a piece of the explanation is absence of cost because of a mix of limited salaries, exorbitant loan

fees, high increasing cost for many everyday items as well as furthermore the disappointment of the monetary business sectors to accommodate persevering through funding. Many lodging frameworks fabricated is rich principally by means of monetary obligation. Thinking about the moment required for development, potential postponements as well as high and furthermore fluctuating pace of interest, the cost of money related commitment loads antagonistically on the in general funding framework of advancements.

5.3.4 Entrepreneurship attributes and Financial Growth of Commercial Real Estate Investment

Based on the outcome, this study wraps up that entrepreneurship connects as a factor of production affects the economic development of industrial property financial investment in Machakos Region. It is additionally concluded that, for the real estate investors, it is essential to consider their very own threat resistance as well as threat preference pick property investment sub-market which corresponds to their threat preference. Additionally, based on the findings it is sufficient to conclude that the risk-averse financiers or those with low threat bearing ability must choose the real estate markets where costs are much less unpredictable, in order to pursue the long-lasting commercial property financial investment value with a reduced risk. The risk-lover financiers or those with higher threat tolerance can take into consideration more unstable markets in order to understand the advantage maximization.

Based on the findings it is ended that realty financial investment as an organization demand serious technologies to enhance efficiency, this is because technologies help property Company produce some types of competitive advantage via renovations that generate preferable results. A cutting-edge investor can reduce expense, conserve time, enhance capital, and produce distinctive customer preference. The research study even

more ends that, the realty industry needs a business owner who has the capability of applying the reform and development company version, actively execute advancement as well as growth, desert the typical company model and advertise the advancement of modern business realty. This is since internet plus its application materializes estate obtain a much better understanding of the requirements of the target client teams in order to develop services and products more suitable for consumers and this can just be done by an ingenious capitalist.

Furthermore, it is sufficient in conclusion that developments save cash on expense, time to construct, as well as likewise enhance cash flow, for that reason, for modern-day technology in residence development and also funding, industrial real estate developers in Machakos Area calls for to do even more marketing and also/ or develop houses which appears like the normal rock as well as concrete however still at a reasonable cost to verify that it can create market specific specialty. Despite the fact that interaction innovations are generally more challenging to carry out, they normally influence a company's presentation essentially and furthermore perhaps much more fundamentally are difficult to copy. This examination moreover presumes that it isn't yet immediate that building costs will surely fall because of the Covid-19 circumstance, offered the current market circumstance. Regardless, it is only conceivable to estimate how rates and furthermore the quantity of deals exchanges coming about because of Coronavirus will positively make all through the pandemic period. Today, in any case, apparently the private or business property market will remain stable in regards to costs in spite of the corona situation, specifically in the significant towns of Machakos County.

5.3.5 Moderating Effect of County Government Policies

Based upon the analysis outcome, it is very important in conclusion that county government plans on real estate financial investment in Machakos County have

regulating effect on the relationship in between aspects of manufacturing as well as monetary development of industrial real estate investment in the location. The research study additionally ends that, the arrangement of facilities, the regulation of land account and housing development, the company of the building and construction and also materials market and also the involvement of the public market in real estate manufacturing all have straight bearing on the manufacturing of housing as well as its responsiveness to changes sought after.

Based upon the outcome, it is adequate in conclusion that several of the county federal government policies in Machakos County are important in the development of business property in the region. For instance, those plans that associate with the physical and legal security of renters as well as proprietors and the ability to make use of housing as collateral for long-term funding. These policies were located to affect the value of and also need for, realty and real estate as a property as well as for that reason, the quantity of real estate that investors intend to build. Subsequently, these plans influence the quantity as well as affordability of real estate available to satisfy the demands of final customers of real estate services. Investment choices also affect the cost, availability, high quality as well as manufacturing of casual real estate, which accommodates a lot of the urban populace in Machakos Area.

The study furthermore concludes that the reduced degree of integrations and also absence of origins in Machakos County is due to area federal government policies having an indirect result on the property market through altering the need and supply for real estate instead of resulting in modifications within the sector directly. County government plans employed to include cost booms of industrial properties in Machakos Area should take into account distinctions amongst the marketplaces arising from geographical distinctions.

5.4 Recommendations

The recommendations were made to real estate investors, county government policymakers and future research.

Recommendations to Real Estate Investors

Commercial real estate investors in Machakos County and in Kenya in general should consider a number of aspects regarding land profile such as land profile location, land profile size, the general appearance of the land profile, accessibility and the price of the land profile and most importantly the legitimacy of the land profile. It is recommended that real estate investors should consider the location of the land profile they intend to invest in since closeness to services, eco-friendly space, scenic views and the area's standing factor prominently into house appraisals. Nearness to markets, warehouses, transport centers, freeways as well as tax-exempt areas play an essential function in commercial residential or commercial property appraisal.

It is important for the real estate investors to take into account the different land profile leasing strategies the government of Kenya is employing in land profile supply since this affects the central state's land profile supply interventions. Property management entails understanding of operating costs and also budgeting. From this info, appropriate rental rates are established, stabilized by the existing market and also what it will support in the method of rents. A company expertise of the location and competitive rental residential properties is needed. The building manager might suggest marketing programs, unique promotions as well as other advertising and marketing techniques to the proprietor in order to maximize tenancy and also rental prices. Regular financial reporting to the owners is needed. Comprehending economic declaration, profit and

loss, revenue taxes and also budgeting are all very vital for residential property manager.

Pertaining to work qualities as a factor of manufacturing, the covid-19 crisis has actually caused a lot of the construction workers leaving for their house towns. When the country accomplish normalcy, the circumstance of labor features shortage may still linger as well as it can take around 5 to 6 months for the workers to return to their particular job sites, the lasting effect of this will certainly be the late distribution of projects, as it is directly pertaining to the accessibility of building and construction employees and supply of basic materials. The study therefore recommends that the real estate investors should at all times keep in touch with their site workers and offer them the necessary support they need even as things slowly returning to normalcy. In addition, any type of plan that facilitates the activity of labour characteristics between counties as well as cities could help, as could aids for real estate, moving as well as interview prices and enhanced framework that better enhances outlying areas could all remedy the work characteristics scarcity.

Regarding capital characteristics, this study recommends that commercial real estate developers in Machakos County needs to activate large quantities of exclusive funding attributes from either key or secondary market in order to begin tackling its unmet real estate need. Growing the dimension and reach of the home loan market belongs to the treatment for the top in addition to center earnings urbane markets of the populace. Home mortgages alone cannot be the only plan to please the whole real estate need. Solutions are also needed for reduced earnings groups in the form of housing microfinance, rental frameworks as well as additionally funding for self-construction, especially on a step-by-step basis.

Car loans are convenient, yet they may come at a large price; it is for that reason vital that real estate investor dedicate their future income to obtain utility today at the price of passion spread throughout years and also try to make sure they comprehend exactly how to handle finances of this nature so as to benefit from it to the maximum and avoid major pitfalls. It is therefore important that those in real estate investment focus on building their reputation in the industry as this will be beneficial to them in the future if they have plans of being in the industry longer.

This study further recommends that investing in real estate is not an easy task, so the investor should choose a best real estate representative for this should require there be. It is necessary that while picking a real estate representative, one must select one that has complete understanding regarding the marketplace and recognize every little thing concerning the current trends in the real estate market. It is additionally essential that the picked real estate agent is trusted because the bargain of the financial investment will totally depend on the trust and also knowledge of the agent.

If it happens that the chosen one is a bad real estate agent, then this could end with a bad bargain and many other problems. In order to get the great real estate investment, there will be the need of deep research so that you can take a firm determination which will be the best location in the near future. Moreover, it will not help you in finding the best deal due to this reason using the real estate broker services is recommended. Keep in mind that you are looking for the property will not be just an investment; it should be able to provide you the solid residual income or the best returns. It will be the best to obtain the highest return.

Recommendations to County government policymakers

The stipulation of facilities, the law of land account and housing development, the organization of the building as well as products sector as well as the participation of the general public market in housing production all have direct bearing on the production of real estate and also its responsiveness to shifts sought after. But other policies are also crucial for instance, those that relate to the physical and lawful security of renters and also owners, as well as the capability to utilize housing as collateral for long-lasting funding. It is therefore important that the government reviews the policies governing the purchase and use of land profile within the counties to attract more potential real estate investors.

The study advises that the federal government ought to reduce interest expenses so regarding motivate the increase in supply of budget friendly commercial property residential or commercial property. The bank must also decrease their rates of interest so that the property firms can be able to raise the supply of real estate. The federal government must also control the expense of building products so as to be economical to the real estate firms so as to increase the supply of real estate. Regardless of the rise in cost of structure products the realty firms need to develop quality residences. In addition to that, the federal government is still a relatively easy gamer in the real estate market. The government can show countless companies, items of regulation, and also motivations to enhance stakeholder ability with the function of boosting inexpensive realty supply and additionally need.

This research study also recommends that, in order to encourage even more investors in the realty sector, institutional policies such as licensing, enrollment need, product requirements and also qualification and infrastructure policies consisting of energy development and land profile plans must be structured and also streamlined to

encourage even more capitalists. To speed up sales throughout the building of new systems' period, property investment firm must use suitable advertising and marketing devices such as was utilized including use experienced estate management experts.

Based upon the findings it is sufficient to advise that, for the anticipated return from investing in residential income residence to enhance, there need to be an improved overview is associated with a swing in government strategies away from public arrangement of rental real estate to the personal stipulation of rental housing. In order to boost their competitive advantage, there is demand for real estate investment companies to adopt newer modern technologies for structure as well as building as the Government of Kenya has actually currently licensed use such technologies and also is at the exact same time advertising their use, especially within Machakos County.

The makers of structure products need to also make the structure materials budget-friendly to the real estate companies so as they can raise the supply of housing devices. The study additionally recommends that the government must control the cost of land profile so as to be cost effective to the real estate firms so regarding boost the supply of housing. The ministry of land profile ought to additionally ensure that there is no additional increase in cost of land profile throughout the years. The research furthermore suggests public-private-partnership, federal government offering motivations and also making it possible for regulatory as well as service environment to economic sector involvement and also adoption of brand-new choices constructing modern technologies by the experts in the housing industry.

Foreign investors are attracted by its political security, robust lawful system, top notch assets using excellent long-term return opportunities, and also reasonably benign tax obligation atmosphere. It is for that reason vital to recommend that governments both the nationwide and county do not take these financiers for granted; constant as well as

significant changes to the tax obligation and also regulative atmosphere could impact the productivity of such investments as well as send out capitalists the wrong message, driving them away. Instead, the federal government ought to concentrate on just how it can help property to prosper as well as allow the advantages that the sector supplies to the economic climate to be felt as commonly as feasible.

Further, given the outbreak of Covid-19 the essential thing currently is that all investors follow the advised protective actions by the government and that the number of individuals who fall ill remains within the limits of what our health system can react to. Then the economic climate can also recuperate as well as the marketplace for commercial property in every sector can grab again. Rent collection is down across the board compared to previous months with many tenants asking for waivers or rent reductions. Some tenants are expecting the government to intervene and issue a decree waiving rent payment but GoK has made its position clear that land profile lords/tenants should work to find common ground.

This study established that some land profile lords were already reducing rents for their tenants for up to three months period and the majority were not locking or evicting anyone for non-payment. Many have not reduced rents, however. It is important to note that there is an entire ecosystem that is dependent on rental income; land profile lords, banks & SACCOs that have financed these rental properties, property and facility managers who derive their fees from the rent they collect, service providers such as security, cleaning and maintenance who depend on the service charge to operate. This study also recommends to the government that directives should be put in place directing banks to extend loan payment period for those real estate investors who serviced their properties using bank loans. This is because during the period of covid-

19, many tenants are unable to pay their rents in time to enable the investors' service their loans.

Due to Covid-19, many workers have been asked to take unpaid leave, others have lost their jobs and many of those who depend on day-to-day income have been affected by the economic slowdown caused by the covid-19 pandemic. One man's spending is another person's income so if people are staying at home, someone else is not getting money in their pocket. This greatly affects their ability to pay rent and this seriously impacts on commercial real estate investors who are unable to get payments from their tenants to service loans. This study therefore recommends that the government waiver the taxes on commercial properties so as to cushion the commercial and residential real estate investors against the adverse effects of Covid-19.

5.5 Contribution to the Body of Knowledge

This study has made important contributions in understanding how factors of production; land profile, labour characteristics, capital characteristics and entrepreneurship attributes influence the financial growth of commercial real estate investment. First, this study confirms existing literature in regards to the favorable influence of variables of manufacturing on the economic development of industrial real estate investment This study confirmed that the 4 aspects of production: land account, work characteristics, funding characteristics and also entrepreneurship attributes are adequate consider discussing the economic development of industrial real estate investment.in Machakos County. Secondly, while it has been thought the real estate investors in Machakos County are faced with numerous challenges involving acquisition of land profile registration documents, this study confirmed that there is need for the government to make the documents accessible for real estate investors to

attract real estate investors. This study serves as eye-opener to real estate developers as concerns the influence of factors of production on growth of commercial real estate.

This study sensitizes real estate investors in identifying and monitoring factors of production on growth of commercial real estate. It is hoped that findings from this study will assist policy makers in establishing, evaluation and management of real estate policies. This study has contributed relevant knowledge to the existing literature on real estate industry in the following ways; the findings of the study will assist the real estate investors to interrogate and evaluate state of land profile, labour characteristics market, capital characteristics access, entrepreneurial aspects and government policy as the study discovered that the stated factors influence the growth of commercial real estate.

This research will go a long way in adding value to the past studies and enable both investor and also federal government to know and also a much deeper understanding of the need for improving access of land profile, labour attributes and resources qualities to improve the growth of commercial real estate. In regards to academic payments, this study contributes to the conventional financial theory or the Neoclassical which thinks that every individual is rational and that supply and also demand are the driving forces behind the production, rates, and also intake of items as well as solutions. According to the findings of this study real estate investors in Machakos County evaluates the prevailing market conditions and the demand of commercial real estate properties and this influences their decision in pricing the properties.

Additionally, this study contributes to liquidity preference concept which suggests that a financier requires a higher interest rate or costs on protections with long-term maturities that bring better risk due to the fact that; all other factors being equal, financiers favor cash money or other very liquid holdings. In relation to the existing study the concept showed that business real estate investors favor liquidity as opposed

to purchasing funding characteristics items. This concept offers an overview in figuring out why commercial investor will certainly hold cash in fluid form and at what time they favor to use the cash. It is of value in determining the problem of housing liquidity in the property sector in Machakos County.

Finally, this study contributes to the body of knowledge in real estate investment. Future real estate investors will find this study informative in as far as financial management is concerned in real estate investment. This study will shed light on the investment methods applicable when evaluating investment decisions regarding land profile, capital characteristics, labour characteristics and entrepreneurship attributes. Financial investment process in real estate starts with a market evaluation in which the primary step includes a recognition of the capitalist 's target and also limits with the deal complied with by a selection of relevant residential or commercial property data and also appropriate factors to enter into the market analysis so as to avoid making poor financial investment like investing in unskilled labour characteristics which may not execute the project as planned.

5.6 Areas for Further Research

This study is not exhaustive, but rather a catalyst for other studies on the same area of determinants of growth of commercial real estate. Therefore, two areas are suggested for further research: Firstly, this study focused on the effect of factors of production on growth of commercial real estate in Machakos County. The same study could be conducted by basing on other factors other than factors of production. The other factors may include demographic factors, security and social factors. This will give more insight on how these different factors affect the growth of commercial real estate.

Secondly, this study used four variables which included land profile, labour characteristics, capital characteristics, entrepreneurship attributes and county government policies as moderating variable. A similar research could be carried out making use of different variables such as education degree, income degree, marriage standing, occupation, religious beliefs, birth price, typical size of a family members, average age at marriage, work, area safety and security, and also social assistances, interest rates, capping and also economic development. In addition to that, such as study could be conducted in other counties in Kenya then the results obtained compared to those of the current study.

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

RE: REQUEST FOR DATA COLLECTION

I am a student pursuing a doctorate of Philosophy degree at Kenya Methodist University (KeMU) and I am undertaking a research on the topic of “*Factors of Production, Government County Government Policies and Financial Growth of Commercial Real Estate Investment in Machakos County*” as partial fulfillment for the degree award. I kindly request for your assistance as I obtain information for the study, the purpose of this letter is to request you to fill in the attached questionnaire. I assure you that the information you give will be treated with confidence and that it will only be used for purposes of this research.

I appreciate your assistance and cooperation,

Yours Sincerely,

Augustine James Katiti

Appendix II: Questionnaire

Kindly provide correct and useful data and fill appropriately as logically guided. (This questionnaire has been provided as a word document that can be filled out in soft copy and returned via e-mail; or printed, filled out and mailed).

Section A: General Information

1. Gender of the respondent

a) Male () b) Female ()

2. Indicate by ticking your age bracket

a) 24 yrs and below [] b) 25-29 []

c) 30-34 [] d) 35-39 []

e) 40-44 [] f) 45-49 []

g) 50 and above []

3. Kindly indicate your highest level of educational qualification (tick)

a) Primary education [] b) Secondary Education

c) Certificate or diploma [] d) Graduate []

e) Other

4. How long have you worked in real estate industry?

1- 5 years []

6 – 10 Years []

10 – 15 Years []

Above 16 Years []

Section B: Land profile

1. Indicate your level of agreement with the following aspects relating to Land profile and its influence to growth of commercial real estate in Machakos County. Use a scale of 1-5. Where: **5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree And 1-Strongly Disagree.**

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Land profile location largely determines growth of Commercial real estate in Machakos County.					
Land profile size is an important factor in the growth of commercial real estate in Machakos County.					
Land profile accessibility is a factor on growth of commercial real estate in Machakos County.					
The type of soil in this county determines growth of Commercial real estate in Machakos County.					
Land profile description affects growth of commercial real estate in Machakos County.					
The topography of land profile in this county favours the development of commercial real estate in Machakos County.					
Shape of land profile determines growth of commercial real estate in this county.					
Features of land profile influence growth of commercial real estate in this county in Machakos County.					

Section C: Labour Characteristics

2. Indicate your level of agreement with the following aspects relating to labour characteristics cost and its influence to growth of commercial real estate in Machakos County. Use a scale of 1-5. **Where 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree And 1-Strongly Disagree.**

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Availability of cheap unskilled labour characteristics has influence on growth of commercial real estate.					
The cost of labour characteristics determines growth of commercial real estate.					
Wages to labour characteristics is a factor in commercial real estate development					
Skilled labour characteristics has influence on growth of commercial real estate.					
Availability of labour characteristics from the neighbouring counties affects growth of commercial real estate.					
Working labour characteristics conditions in this county influence growth of commercial.					
Management of labour characteristics determines growth of commercial real estate.					

Section D: Capital Characteristics

3. Indicate your level of agreement with the following aspects relating to capital characteristics and its influence to growth of commercial real estate in Machakos County. Use a scale of 1-5. **Where 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree And 1-Strongly Disagree.**

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Lack of equity capital characteristics has negatively influenced growth of commercial real estate.					
Inability to access loans has effect on growth of commercial real estate.					
Cost of loans is a factor on growth of commercial real estate.					
The process of raising equitycapital characteristics has effecton growth of commercial real estate.					
The process of accessing loans determines growth of commercial real estate.					
Collateral security has influence on growth of commercial real estate.					

Section E: Entrepreneurship attributes

4. Indicate your level of agreement with the following aspects relating to entrepreneurship attributes and its influence to growth of commercial real estate in Machakos County. **Use A Scale Of 1-5. Where 5-Strongly Agree, 4-Agree, 3-Neutral, 2-**

5. Disagree And 1-Strongly Disagree.

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Adaptability to change (flexibility) Has influence on growth of commercial real estate.					
Risk on return determines growth of commercial real estate.					
Creativity (innovation) on property design determines growth of real estate.					
Customer's taste and preferences influence growth of commercial real estate.					
Personality (confidence) of developers has influence on growth of commercial real estate.					
Visionary developers determine growth of commercial real estate.					
Work ethics is a factor on growth of commercial real estate.					

6. To what extent do entrepreneurial traits; flexibility, innovative, vision, risk taking, creativity and work ethics influence growth of commercial real estate?

i)To a very great extent []	ii)To a great extent []	iii)To a moderate extent []	iv)To a low extent []	v)To a very low extent[]
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Section F: County Government policies

7. Indicate your level of agreement with the following aspects relating to county government policies and its influence to growth of commercial real estate in Machakos County. Use A Scale Of 1-5. Where 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree And 1-Strongly Disagree.

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Taxes on real estate are flexible and this encourages investment in real estate within Machakos County. This enhances growth of commercial real estate in the County.					
County local lawson real estate have influence on growth of commercial real estate.					
Stakeholder's regulations (NEMA, health) positively affect growth of commercial real estate.					
Licensing rules favours investment in real estate and this influences growth of commercial real estate.					
Tax incentives determine growth of commercial real estate.					
The process of obtaining construction approvals is not complicated; hence this enhances investment in real estate and influences growth of commercial real estate in Machakos County.					
The County of Machakos conducts regular inspection to ensure all regulations are observed by contractors which spares confidence among investors.					

Section G: Financial Growth of Commercial Real Estate Investment

1. Indicate your level of agreement with the following aspects relating to financial growth of commercial real estate investment in Machakos County. Use A Scale Of 1-5. Where 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree And 1-Strongly Disagree.

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
There has been an increase in the number of units of commercial properties built each year within the County over the past 12 years.					
Price per unit of a commercial property has influence on growth of commercial real estate.					
Being able to offer competitive prices per unit has an effect on growth of commercial real estate.					
The price of a commercial property in this county is high.					
Cost of investment is a factor on growth of commercial real estate.					
Expected returns on properties have influence on growth of commercial real estate.					
Ease to adapt to changes of prices in the real estate industry has effect on growth of commercial real estate.					

**Secondary Data Template for Growth of Commercial Real Estate for a period of
12 Year (2008-2019)**

Year	Number of Units	Price Per sq. Metre (Ksh)
2008	650	12,000
2009	721	13,500
2010	801	14,550
2011	887	15,800
2012	933	18,000
2013	1011	19,200
2014	1213	20,500
2015	1630	22,750
2016	1745	25,000
2017	1881	28,000
2018	2055	29,500
2019	2237	30,000

Thank you for Your Time!

Appendix III: Interview Guide for CEC in ChargeOf Housing

This interview guide seeks to investigate the effect of Factors of Production on the Growth of Commercial Real Estates in Machakos County. Kindly complete it indicating your honest responses and do not write your name.

Part A: Demographic information

1. What is your professional training:

_____?

2. How old are you?

_____?

Part B: Real estate industry in the County.

3. How many licensed developers are operating within your county?

4. Are there developers operating without valid license within your county?

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5. What other requirements apart from license does one require to operate as developer in your county?

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6. How can you compare the population of people in your county and the number of housing units available for them?

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7. What are some of the challenges facing real estate industry in your county and what are you doing as county government to mitigate them?

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8. What is your message to the developers within your county and across Kenya and the Public?




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Appendix IV: List of Commercial Real Estate in Sub-Counties within Machakos

County

Sub-County	Shopping Centres	Medical Centres	Stores	Malls	Office Building	Industrial Park	Total
Mavoko	300	3	200	3	150	3	659
Machakos	250	15	150	2	120		537
Kalama	5	3	5	-	5	-	13
Matungulu	180	12	80	-	180	-	452
Kangundo	150	10	30	-	50	-	240
Yatta	100	3	10	-	30	-	143
Masinga	50	5	12	-	10	-	77
Kathiani	70	4	5	-	5	-	84
Mwala	20	2	5	-		-	27
Total	1,125	57	497	5	550	3	2,237

Appendix V: Research Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 453008	Date of Issue: 16/March/2021
RESEARCH LICENSE	
	
<p>This is to Certify that Mr. Augustine James Katili of Kenya Methodist University, has been licensed to conduct research in Machakos on the topic: FACTORS OF PRODUCTION, GOVERNMENT POLICY AND GROWTH OF COMMERCIAL REAL ESTATE IN MACHAKOS COUNTY for the period ending : 16/March/2021.</p>	
License No: NACOSTI/000418	
453008 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
<p>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</p>	

Appendix VI: Authority Letter


KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171

Fax: 254-64-30162
Email: info@kemu.ac.ke

Our ref: NAC/PHD/1/2020/5 19th FEBRUARY 2020

Commission Secretary,
National Commission for Science, Technology and Innovations,
P.O. Box 30623-00100,
NAIROBI.

Dear Sir/ Madam,

RE: AUGUSTINE JAMES KATITI (BUS-4- 0860-1/2017)

This is to confirm that the above named is a bona fide student of Kenya Methodist University undertaking a PhD in **BUSINESS ADMINISTRATION**. He is conducting a research titled **FACTORS OF PRODUCTION, GOVERNMENT POLICY AND GROWTH OF COMMERCIAL REAL ESTATE IN MACHAKOS COUNTY**.

We confirm that his thesis proposal has been defended and approved by the university.

In this regard, we are requesting your office to issue a permit to enable him collect data for his Ph.D. dissertation.

Any assistance accorded to him will be appreciated.

Yours faithfully,


Prof. Evangeline Gichunge PhD,
ASS DIRECTOR RESEARCH DEVELOPMENT AND POSTGRADUATE STUDIES



Encl.