



EFFECT OF EMPLOYMENT RATE ON PRICES OF COMMERCIAL REAL ESTATE IN NAKURU TOWN EAST SUB COUNTY

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ABSTRACT

The prices of commercial properties in Nakuru have fluctuated in recent years. In 2018, the prices of commercial properties in Nakuru declined by an average of 2.7%, with the retail sector being the hardest hit, registering a decline of 4.4%. Therefore, this study sought to assess the effect of employment rates on the prices of commercial real estate in Nakuru Town East Sub County. The study was anchored on the classical theory, the study adopted an explanatory research design. The study targeted operational managers and financial managers from 60 real estate agents and companies in Nakuru Town East Sub County. A census design was adopted. A questionnaire was used to collect primary data. A pilot-test was conducted in Nakuru West Sub-County. Content and face validity were enhanced. Internal consistency technique was adopted with Cronbach's Alpha to measure reliability. Quantitative data was analyzed by Statistical Package for Social Sciences. Descriptive and inferential statistics were employed in the study. The analyzed data was presented in the form of tables. Based on the findings the study concluded that there is a positive and statistically significant correlation between employment rate on prices of commercial real estate in Nakuru Town East Sub County ($r=0.712$; $p<0.05$). Based on the effect of the employment rate of commercial real estate, the researcher recommended that commercial real estate should assess labor force participation rates.

Key words: *Employment Rate, Prices of Commercial Real Estate*

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INTRODUCTION

Employment rates play a significant role in the prices of commercial real estate. When employment rates are high, businesses tend to expand, leading to an increase in demand for office space and other commercial properties. On the other hand, when employment rates are low, businesses may be hesitant to invest in new office space, leading to a decrease in demand for commercial real estate, (National Bureau of Economic Research, 2019). According to a report by the Urban Land Institute (2021), employment rates have a significant impact on the prices of commercial real estate. The report notes that during periods of high employment, there is an increase in demand for office space, which can lead to an increase in prices.

Real estate prices refer to the market value of a property or piece of real estate, which is determined by various factors such as location, size, condition, and demand. Real estate prices are influenced by supply and demand dynamics in the market, as well as by economic conditions and government policies, (Lin, & Chang, 2021). Real estate prices can vary significantly depending on the location and type of property and can fluctuate over time based on changes in the market and broader economic trends. According to Lizieri and Ward (2019) factors such as the state of the economy, the level of demand, interest rates, and government policies can all impact the prices of commercial real estate in different countries.

In China, the average price per square meter for office space in major cities like Beijing and Shanghai was around Chinese Yuan Renminbi (CNY)70,000 to CNY 100,000, which is approximately \$10,800 to \$15,400 USD, (Ling, & Naranjo, 2021). The prices in China's commercial real estate market have been rising rapidly due to a combination of factors, including strong demand from both domestic and international investors, low interest rates, and government policies aimed at promoting economic growth. Despite the COVID-19 pandemic, China's commercial real estate market has remained robust,

with many investors seeing it as a haven for their money, (Hongyu, Park & Siqi, 2021).

According to Malizia, (2021) commercial real estate prices in Australia, particularly in Sydney and Melbourne, have been increasing steadily in recent years, driven by strong demand from both domestic and international investors. In 2021, the average price per square meter for prime office space in Sydney was around Australian Dollar (AUD) 11,000 to AUD 14,000, while in Melbourne, it was around AUD 8,000 to AUD 12,000. These prices are influenced by various factors, such as the state of the economy, interest rates, and government policies, (Carlino, & Mills, 2021). Despite the economic impact of the COVID-19 pandemic, the commercial real estate market in Australia has remained resilient, with many investors still showing interest in the sector. However, there are also concerns about the potential for oversupply and the impact of remote working on demand for office space in the long term, (Zellner, & Arnold, 2020).

Commercial real estate prices in Canada can vary significantly depending on the region and city. Toronto and Vancouver are two of the largest commercial real estate markets in the country, and prices for office space in these cities are relatively high compared to other cities in Canada (Delle & Liedo, 2019). According to Agava and Dairo, (2021) the average price per square foot for office space in Toronto was around CAD 30 to CAD 40, while in Vancouver, it was around Canadian Dollar (CAD) 35 to CAD 45. However, prices can be much lower in smaller cities and towns across Canada. Factors that can influence commercial real estate prices in Canada include the state of the economy, interest rates, and government policies. However, there are also concerns about the impact of remote work on demand for office space in the long term, particularly in cities where prices are relatively high.

Commercial real estate prices in Africa can vary greatly depending on the country and region within the country. Factors such as the state of the economy, political stability, infrastructure development, and foreign investment can all impact

the prices of commercial real estate (Jahanian, & Sirmans, 2021). While some African countries have seen stable prices in recent years, others have experienced rapid growth, particularly in major cities like Johannesburg, Lagos, and Cairo (Centre for Affordable Housing Finance in Africa, 2021). However, there are also challenges and risks associated with investing in commercial real estate in Africa, including political instability, infrastructure deficits, and lack of liquidity. It is important for investors to carefully research and analyze market conditions before making any investment decisions.

Statement of the Problem

Real estate is among the top contributing source of revenue for high-income earners and the government. Besides, it's among the industries working excellently to bridge the youth's unemployment gaps. House prices are of great interest to real estate developers, banks, and policy makers or, in short, the public as well as to actual and potential homeowners. However, the prices of commercial real estate in Nakuru County have been fluctuating in recent years due to several factors, including macro-economic conditions, government policies, and changes in the real estate market. For instance, Nakuru County economy has been growing at a moderate pace in recent years, with an average annual growth rate of 5.6% from 2016 to 2019. However, the COVID-19 pandemic has had a significant impact on the economy, with growth slowing down to 0.6% in 2020. The pandemic also led to a decline in demand for commercial real estate, particularly in the hospitality and retail sectors. According to data from Hass Consult, (2021) a real estate consultancy firm in Kenya, the prices of commercial properties in Nakuru have fluctuated in recent years. For instance, between 2016 and 2017, the prices of office space in Nakuru rose by an average of 5.6%, while retail space prices increased by 3.9%. However, in 2018, the prices of commercial properties in Nakuru declined by an average of 2.7%, with the retail sector being the hardest hit, registering a decline of 4.4%. therefore the study sought to assess the effect of employment rate on

prices of commercial real estate in Nakuru Town East Sub County.

Objective of the Study

To establish the effect of employment rate on prices of commercial real estate in Nakuru Town East Sub County.

Hypothesis of the Study

H₀₁: Employment rate has no statistically significant effect on prices of commercial real estate in Nakuru Town East Sub County.

LITERATURE REVIEW

Life Cycle Theory

The life-cycle theory was first developed by economists Franco Modigliani and Richard Brumberg in 1954, who argued that individuals save and spend over their lifetimes to achieve a desired level of consumption, (Wheaton, 1990). One of the key insights of the life-cycle theory is that the demand for different types of housing changes over time as individuals moves through different stages of life, (Case, & Shiller, 2012). The Life Cycle Theory (LCT) provides a useful framework for understanding how employment rates influence the prices of commercial real estate. According to the theory, individuals and businesses make financial decisions based on their income and expenditure patterns over their life span. A higher employment rate typically leads to greater income stability for individuals and increased profitability for businesses. This stability drives demand for commercial real estate as businesses expand their operations to accommodate growing workforces and consumer needs. The increased demand for office, retail, and industrial spaces contributes to rising property prices (Blandon, & Argiles, 2020)..

Moreover, a high employment rate signals robust economic growth, which fosters confidence among individuals and businesses. With stable income, individuals tend to increase both their consumption and savings. Increased consumer spending boosts retail businesses, leading to higher demand for commercial spaces, while increased savings often

flow into investments, including real estate, driving up property values. Additionally, the theory highlights that people allocate resources between current consumption and future savings throughout their life cycle. A rise in employment provides a sense of financial security, prompting both consumers and investors to make long-term commitments, including investments in commercial properties. This speculative behavior further elevates real estate prices (Case, & Shiller, 2012). For businesses, higher employment rates often result in expanded operations and the need for more space, as firms plan for future growth. This long-term planning, rooted in economic optimism, increases the demand for commercial real estate, which contributes to price hikes.

Employment Rate on Prices of Commercial Real Estate

Agnew, Kerri, and Lyons, (2019) did a study on the impact of employment on housing prices: detailed evidence from Foreign Direct Investments, (FDI) in Ireland. The study presented the first causal estimates of employment changes on housing prices, both sales and rental. It did this by using a purpose-built spatially granular dataset of 1.4 million housing prices and FDI employment, covering Ireland 2007-2013. Identification rests on a combination of rich spatiotemporal variation due to the abundance of FDI in Ireland, a rich set of location controls and an inelastic housing supply in the period covered. The main results show that 1-2 years after 1,000 extra jobs have been created, monthly rents in nearby properties are between 0.5% and 1% higher. The effect on prices is at least 2% but less consistent across specifications. On average, net job creation in export oriented FDI firms 2009-2013 added roughly €48 million to the stock of wealth of owner-occupied real estate and €8 million to the stock of wealth of the rental sector.

Youguo and McIntosh, (2019) did a study on the employment growth and real estate return in Japan: Are they linked? The study conducted a literature review over 2013-2018 period. The study findings revealed that real estate returns and employment

growth rates for forty-six major MSAs are used to examine the relationship between employment growth and real estate return. The results suggest: Employment growth contributes to real estate return only in the short term. There is no relationship between expected return and employment growth over the long term. Employment growth, however, tends to reduce return beta and return volatility. Employment beta and volatility are positively linked, respectively, to return beta and volatility. Both employment beta and return beta are priced in the marketplace, that is, a larger beta is likely to be associated with a higher expected return.

Wasihun, Schaeffer and Gebremedhin, (2019) did an analysis of the role of commercial real estate in the economic development of the Northeastern United States. A three Stage Least Squares (3SLS) simultaneous equations model derived from is used to analyze the role of “small” and “large” retail establishments in the economic development of the Northeast region of the United States. The study concludes that growth in retail establishments indeed plays a significant role in the economic growth process in the study region. Counties’ government expenditure and housing values play a strong role in attracting retail businesses. Population density has different effects on “small” and “large” retail establishments; high population density areas are found to be attractive, particularly to “small” retail establishments, whereas “large establishments” prefer areas with low population densities.

Dogan and Topuz (2020) did a study on real effects of real estate: evidence from unemployment rates in Mexico. The study used a long time-series of MSA-level quarterly data from 1990 to 2018. The study used an instrumental variable approach to estimate the effects of residential real estate prices on unemployment rates using the geography-based land constraints measure of Saiz (2010) as the instrument. The results of the study showed that changes in residential real estate prices do not have

a causal effect on unemployment rates in the same quarter.

Geerolf and Grjebine (2020) sought a study on assessing house price effects on unemployment dynamics in African Countries. Using a dataset of 34 countries over the last 40 years, the study showed the large and significant impact of house prices on unemployment fluctuations using property taxes as an instrument for house prices. The study found that (instrumented) appreciation in house prices yields to a 3.4% decrease in the unemployment rate.

Nan (2021) sought a study on the effects of housing price on unemployment rate and stock market in China. The study analyzed from theoretical perspective based on macroeconomics, financial market, mass psychology and national conditions by combining some data basis, try to find the common ground of these existing conclusions and study the real impact from housing price on unemployment

and stock market in China. The results showed that the effect of housing price to unemployment rate is positively correlated in the long run and negatively correlated in the short run; the effects of house price on stock price tends to be positively correlated in China.

Villegas (2023) did a study on employment fluctuations, real estate prices, and property taxes in Italy. The study used empirical evidence from Italian municipality data and feature a quantitative model with financial frictions to quantify each channel. First, the study exploited municipal-level variation in property tax changes to estimate its effect on labor, consumption, and real estate prices during Italy's 2012 property tax reform. Then, the study used the estimates to calibrate a quantitative model that includes houses and commercial real estate charged with different property tax rates. The study found that both channels explain more than 50% of the employment decline due to higher property taxes.

Conceptual Framework

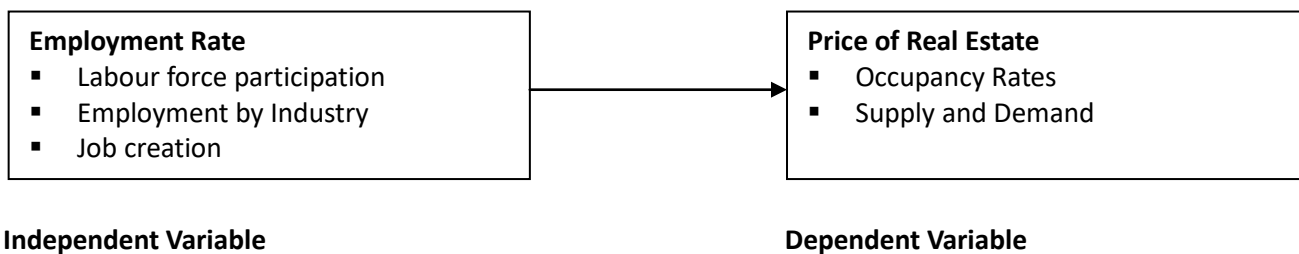


Figure 1: Conceptual Framework

METHODOLOGY

This study adopted explanatory research design. Explanatory research design is a type of research design that seeks to identify the relationships between variables and explain the reasons for those relationships. According to a report by Nakuru Metropolitan Area Land (2022), there are approximately 60 real estate agents and companies in Nakuru Town East Sub-County. Therefore, the unit of analysis was 60 real estate agents and companies in Nakuru East Sub-County while the unit of observation was operational managers and financial managers of the targeted

reals estate agents and companies. Therefore, the total target population was 120 respondents since the target population was manageable the study adopted census technique to incorporate all the 120 targeted respondents. The study relied on primary data which was collected using questionnaire. A pilot-test was conducted in Nakuru West Sub-County, where 12 questionnaires were issued to the managers of the real estate agents. Content validity of this study was enhanced by the search of views of experts in the field of study, especially the supervisors. The study used quantitative data which was analyzed

using the Statistical Package for Social Sciences (SPSS) version 24. The study used both descriptive and inferential statistics. Descriptive statistics included percentages, frequencies, measures of central tendency (mean), and measures of dispersion (standard deviation). Inferential statistics involved correlation analysis to determine the relationship between variables. The analyzed data was presented in tables.

FINDINGS AND DISCUSSION

Response Rate

Response rate equals the number of people with whom semi-structured questionnaires were properly completed divided by the total number of people in the entire sample (Fowler, 2014). The study administered 120 questionnaires for data collection. However, 97 questionnaires were properly filled and returned. This represented 81% overall successful response rates. Respondents were also assured of confidentiality of the information provided.

Table 1 : Response Rate

Question Issued	Question Correctly Filled	Response Rate (%)
120	97	81

Duration the Company has been in Operation

The respondents were asked to indicate the duration the company has been in operation. The findings were as shown in Table 3.

Table 3: Duration the Company has been in Operation

Age of the respondents	Frequency	Percentage
1-5 Years	14	14
6-10 Years	28	29
11-15 Years	35	36
Over 15 Years	20	21
Total	97	100

From the findings, (14%) of the respondents indicated that the real estate company has been in operation for 1-5 years, 29% indicated that the real estate company has been in operation for 6-10 years, 36% indicated that the real estate company has been in operation for 11-15 years, 21% indicated that the real estate company has been in operation for over 15 years. This implies that majority of the real estate companies have been in operation for 11-15 years and 6-10 years. The length of service in a real estate company can significantly influence the operations and pricing of commercial real estate in several ways. Experienced

professionals within a real estate company bring a wealth of knowledge, established networks, and market insight that can enhance operational efficiency and strategic decision-making. This experience can lead to better management of properties, more effective marketing strategies, and improved client relationships, all of which can positively impact the performance and value of commercial real estate assets.

Length of Service in Real Estate Company

The respondents were asked to indicate the duration they have served in their current organization. The findings were as shown in Table 4.

Table 4: Length of Service in Real Estate Company

Age of the respondents	Frequency	Percentage
Less than 1Year	18	19
1-5 Years	42	43
6-10 Years	23	24
Over 10Years	14	14
Total	97	100

From the findings, (19%) of the respondents indicated that they had worked with the real estate company for less than 1 year, 43% stated that they had worked with real estate company for 1-5 years, 24% stated that they had worked with real estate company for 6-10 years while 14% stated that they had with real estate company for more than 10 years. This implies that majority of the respondents had worked with real estate company for 1-5 years and 6-10 years. The duration of service of managers in a real estate company can significantly influence both the operations and the pricing of commercial real estate. Experienced managers bring a wealth of knowledge, strategic insight, and leadership skills that are critical for efficient operations and effective pricing strategies.

Moreover, companies with a long operational history typically possess a wealth of accumulated

knowledge and industry insights. This extensive experience enables them to navigate market fluctuations, economic downturns, and regulatory changes more effectively. They are likely to have developed robust processes, risk management strategies, and a deep understanding of local markets, all of which enhance their operational efficiency and decision-making capabilities. Their ability to draw from historical data and past experiences allows these companies to anticipate trends, make informed predictions, and devise long-term strategic plans.

Employment Rate on Prices of Commercial Real Estate

The respondents were asked to indicate their level of agreement on the effect of employment rate on prices of commercial real estate in Nakuru Town East Sub County. The findings are presented in Table 5.

Table 5: Employment Rate on Prices of Commercial Real Estate

Statement	SA %	A %	U %	D %	SD %	Mean	Std
Higher labour force participation increases demand for housing which may drive up real estate prices	52	39	9	0	0	4.419	0.667
Labor force participation rates influence the availability of credit which affects the prices of real estate	37	31	19	13	0	3.887	1.073
Industries such as construction and real estate services, can have a particularly strong impact on real estate prices.	44	40	6	10	0	4.177	0.932
Industries that are tied to consumer spending, such as retail and hospitality, can also impact real estate prices	37	39	10	14	0	3.984	1.032
Job creation leads to increased demand for housing which may affect pricing	42	39	11	8	0	4.145	0.921
Job creation leads to increased consumer spending which affects prices of real estate	44	38	7	7	4	4.273	.689
Overall Mean and Std						4.148	0.886

Key: SA=Strongly Agree, A=Agree, U=Undecided, D=Strongly Disagree, SD=Strongly Disagree

According to the findings 52% of the respondents strongly agreed, 39% agreed while 9% were undecided that the higher labour force participation increases demand for housing which may drive up real estate prices with a mean of 4.419 and the standard deviation of 0.667. The findings further indicated that 37% of the respondents strongly agreed, 31% agreed, 19% were undecided while 13% disagreed that labor force participation rates influence the availability of credit which affects the prices of real estate with a mean of 3.887 and the standard deviation of 1.073. The study findings are in line with those of Youguo and McIntosh, (2016) who revealed that labor force participation rates influence the availability of credit. A robust labor market often correlates with higher consumer confidence and increased access to credit, which can stimulate demand for commercial real estate and push prices higher.

Also, the findings indicated that 44% of the respondents strongly agreed, 40% agreed, 6% were undecided while 10% disagreed that industries such as construction and real estate services, can have a particularly strong impact on real estate prices with a mean of 4.177 and a standard deviation of 0.932. Further 37% of the respondents strongly agreed, 39% agreed, 10% were undecided, while 14% disagreed that industries that are tied to consumer spending, such as retail and hospitality, can also impact real estate prices with a mean of 3.984 and a standard deviation of 1.032. The study findings are in line with those of Agnew, Kerri, and Lyons, (2019) who found that industries tied to consumer spending, such as retail and hospitality, have a direct impact on the demand for commercial real estate. A thriving retail sector, for example, may lead to increased demand for retail spaces, affecting the pricing of commercial properties in that sector.

Moreover, the findings showed that 42% of the respondents strongly agreed, 39% agreed, 11% were undecided while 8% disagreed that job creation leads to increased demand for housing which may affect pricing a mean of 4.145 and a standard deviation of 0.921. Similarly, the findings indicated that 44% of respondents strongly agreed, 38% agreed, 7% were undecided, 7% disagreed while 4% strongly disagreed that job creation leads to increased consumer spending which affects prices of real estate (mean=4.273, SD=0.689). From the findings the overall mean was 4.148 and standard deviation of 0.886 which implies that majority of respondents largely agree on the significant impact of the employment rate on commercial real estate prices, as evidenced by a high mean score of 4.148 on the Likert scale. This suggests a strong perception that employment rates influence demand and pricing in the commercial real estate market. However, the standard deviation of 0.886 indicates some variability in responses, reflecting differing opinions among participants about the extent of this impact. Overall, the results imply that while there is a consensus on the importance of employment rates, there is also diversity in perspectives regarding their influence on commercial real estate pricing. The study findings conquer with those of Geerolf and Grjebine (2020) who found that job creation contributes to increased consumer spending, which can positively affect the prices of commercial real estate. A growing job market often leads to a higher demand for office spaces and commercial properties.

Prices of Commercial Real Estate

The respondents were asked to indicate their level of agreement on prices of commercial real estate in Nakuru Town East Sub County. The findings are presented in Table 6.

Table 6: Prices of Commercial Real Estate

Prices of Commercial Real Estate	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std
The rental rates of commercial real estates have increased for the last five years.	64	29	2	5	0	4.403	0.778
The rental rates vary depending with the type of business	54	30	8	5	3	4.307	0.738
The occupancy rates have increased for the last five years	38	38	4	11	9	4.145	0.807
The housing affordability index has increased for the last five years	43	34	7	5	11	4.387	0.869
High housing affordability index makes properties more affordable which increases the prices of real estates	30	54	5	8	3	4.181	0.513
Overall Mean and Std						4.285	0.798

According to the findings, with a mean of 4.403 and a standard deviation of 0.778, 64% of the respondents strongly agreed, 29% agreed, 2% were undecided while 5% disagreed that the rental rates of commercial real estates have increased for the last five years. Furthermore, with a mean score of 4.307 and a standard deviation of 0.738, 54% of the respondents strongly agreed, 30% agreed, 8% were undecided while 5% disagreed and 3% strongly disagreed that the rental rate varies depending with the type of business. According to Lizieri and Ward (2019) different types of businesses have varying requirements for commercial space, and this can influence rental rates. For example, retail spaces in prime locations may command higher rental rates due to the potential for increased foot traffic. Industrial spaces, on the other hand, might have different factors influencing their rental rates, such as proximity to transportation hubs or specific infrastructure needs. Understanding the specific needs and market dynamics of different business types is crucial in predicting and analyzing rental rate variations.

Furthermore, the findings revealed that 38% of the respondents strongly agreed, 38% agreed, 4% were undecided while 11% disagreed and 9% strongly disagreed that the occupancy rates have increased for the last five years 4.145 and a standard deviation

of 0.807. Further, 43% of the respondents strongly agreed, 34% agreed, 7% were undecided while 5% disagreed and 11% strongly disagreed that the housing affordability index has increased for the last five years with a mean of 4.145 and standard deviation of 0.807.

From the findings, 30% of the respondents strongly agreed, 54% agreed, 57% were undecided while 8% disagreed and 3% strongly disagreed that high housing affordability index makes properties more affordable which increases the prices of real estates with a mean of 4.181 and standard deviation of 0.513. From the findings the overall mean was 4.285 and standard deviation of 0.798 which implies that selected factors significantly influence the prices of commercial real estate in Nakuru Town East Sub County, as indicated by a high mean score of 4.285 on the Likert scale. This high average reflects a robust consensus among participants regarding the importance of these factors in shaping commercial real estate prices. The standard deviation of 0.798 indicates a relatively low level of variability in responses, suggesting that most respondents share similar views on the significance of the selected factors. Overall, these results imply that the selected factors are perceived as critical determinants of commercial real estate pricing in Nakuru Town East, with a consistent agreement

among respondents on their influence. According to Malizia, (2021) the housing affordability index reflects the ability of households to afford homes. A high housing affordability index generally indicates that a larger portion of the population can afford to buy homes, potentially leading to increased demand for residential real estate. However, it's important to note that this may not necessarily translate directly to commercial real estate.

Correlation Analysis

Correlation is a technique for investigating the relationship between two quantitative, continuous variables. The study will adopt Pearson correlation analysis. Pearson's correlation coefficient (r) a measure the strength of the association between the two variables.

The study sought to establish the correlation between employment rate on prices of commercial real estate in Nakuru Town East Sub County. The findings are presented in Table 7.

Table 7: Employment Rate and Prices of Commercial Real Estate

		Prices of Commercial Real Estate
Employment Rate	Pearson Correlation	.712*
	Sig. (2-tailed)	.006
	N	97

*. Correlation is significant at the 0.05 level (2-tailed).

As indicated in Table 7, the study indicates that there was a positive and statistically significant correlation between employment rate on prices of commercial real estate in Nakuru Town East Sub County ($r = 0.712$; $p < 0.05$). This implies that better employment rate enhances prices of commercial real estate in Nakuru Town East Sub County. The study findings are in line with those of Wasihun, Schaeffer and Gebremedhin, (2020) which revealed that higher employment rates lead to increased consumer spending, as more people have disposable income. This boosts the demand for

retail spaces and shopping centers, as businesses look to capitalize on higher consumer spending by opening more stores or expanding existing ones. Lower employment rates decrease consumer spending, reducing the demand for retail spaces as businesses scale back operations or delay expansion plans, negatively impacting property prices.

Bivariate Regression

Table 6 shows bivariate regression result between employment rate and price of commercial real estate

Table 6: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.627	.490		1.280	.207
Employment Rate	.231	.166	.220	1.390	.017

Prices of Commercial Real Estate

The interpretations of the findings indicated follow the following regression model.

$$Y = 0.627 + 0.231X_1$$

The study sought to test the hypothesis that: H_{01} : Employment rate has no statistically significant effect on prices of commercial real estate in Nakuru Town East Sub County. From the findings the p-value was 0.017 which was less than the 0.05 significant level. Therefore, based on the rule of significance, the study rejects the null hypothesis (H_{01}) and concluded that employment rate has statistically significant effect on prices of commercial real estate in Nakuru Town East Sub County. The study findings are in line with those of Nan (2021) which revealed that high employment rates often indicate a growing economy where businesses are expanding and hiring more workers. This expansion increases the demand for commercial space, such as offices, retail spaces, and industrial properties, driving up prices due to higher competition for available properties.

CONCLUSIONS AND RECOMMENDATIONS

Regarding the effect of employment rate on the prices of commercial real estate the study concluded that employment rate has a statistically significant effect on prices of commercial real estate in Nakuru Town East Sub County. Higher employment rates usually indicate a healthy economy. As businesses grow and expand their need for commercial real estate increases. This expansion drives up demand and prices for commercial properties. In addition, high employment rates contribute to consumer confidence, encouraging spending and investment in the economy. This confidence supports the commercial real estate market as businesses and investors feel optimistic about future growth. The study findings are in line with those of Nan (2021) which revealed that the effect of housing price to unemployment rate is positively correlated in the long run and negatively correlated in the short run; the effects of house price on stock price tends to be positively correlated in China.

The study recommended that developing a comprehensive and employee-friendly leave policy is vital for retaining talent. Kenya Women Microfinance Bank should review and update its

leave policy to align with best practices and legal requirements. This policy should include a balance of annual leave, sick leave, and compassionate leave, with clear guidelines for requesting and approving time off. Encourage transparent communication between employees and supervisors regarding leave needs. Lastly, child care support services are essential for working parents and can significantly impact employee retention. Kenya Women Microfinance Bank can consider offering on-site or subsidized child care facilities or partnering with local child care providers to ensure accessibility and affordability for employees. Furthermore, the bank should promote awareness of these services among employees and provide flexible scheduling options for parents to accommodate their childcare responsibilities.

Policymakers should work collaboratively with financial institutions to establish programs that promote interest rate stability for commercial real estate financing. This can include incentives for banks to offer competitive fixed-rate loans, as well as educational initiatives that inform potential investors about available financing options and the implications of interest rates on their investments.

It is vital to implement job creation initiatives that stimulate economic growth in Nakuru Town East. Policymakers can support local businesses through tax incentives and grants, promote entrepreneurship, and invest in workforce development programs to enhance skills and employment opportunities. By fostering a robust job market, the demand for commercial real estate can increase, positively influencing property prices.

Local authorities should conduct regular demographic studies to identify trends and shifts within the community. This information can inform urban planning and zoning regulations to ensure that new developments align with the needs and preferences of the population. Additionally, policies should encourage the development of mixed-use spaces that cater to diverse demographic groups, enhancing the attractiveness of commercial properties.

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