**Small scale multi-owned housing complexes: Implications for strata manager market penetration**

**Purpose:** Some multi-owned housing developments do not appoint an external strata manager. This paper highlights how governance is negotiated when there is no strata manager in place.

**Design/methodology/approach:** A semi structured interview was conducted as a case study to contrast and highlight issues that occur where no strata manager is in place.

**Findings:** The lack of a manager presented particular difficulties when negotiating outcomes. A market gap is identified highlighting implications for how strata managers may increase future market penetration.

**Research limitations/implications:** The number and spatial occurrence of strata titled complexes operating without a formal governance structure in situ is not known. Further research needs to be undertaken in this area.

**Practical implications:** The resilience of Australia’s densification policies is dependent on how owners perceive and adjust to additional layers of governance. Difficulties arise for the individual and the scheme as a whole where no formal mechanism is operational.

**Social implications:** As cities become more dense, multi-owned property is increasing. Where governance mechanisms fail, or fail to be implemented, sound governance outcomes may be problematic.

**Originality/value:** The issue of multi-owned property operating without or outside a governance structure has not previously been considered.

**Keywords:** Governance, Apartments, Professional management, Market gaps, Property management, Multi-owned housing.

**Paper Type:** Research Paper

**Acknowledgements**: Many thanks to the Institute for Social Change (University of Tasmania) who supported the writing of this paper through a post PhD writing up grant.

**Introduction**

Residents of rapidly expanding global cities are increasingly likely to live in multi-owned housing (MOH) developments. Though terminology differs across the globe, dualist systems of ownership (Lujanen, 2010) include individual freehold title to property units or lots that are simultaneously attached to common property that is collectively owned by all lot owners. The developments may range in size from small two unit developments (Johnson & Reid 2014) to high-rise skyscraper developments containing in excess of a thousand lots and contained within nested developments (Townshend, 2010). Regardless of the size of the development and the individual country’s terminology[[1]](#footnote-1), each city is likely to contain a spread of high, medium and low density multi-owned housing (MOH). The melding of private lot and common property ownership can lead to significant operational and governance challenges (Cradduck, 2013).

Home ownership is a widely held aspiration in many countries. In the United Kingdom, the United States of America and Australia, the majority of household wealth and debt is held in real property (Smith 2008). Within car dependent countries such Australia, medium density MOH developments are a common form of development in middle and outer ring suburbs. Typically, they are in the form of townhouses or freestanding units surrounded by a small private garden or apartments within smaller blocks of walk-up flats. Owning property within a smaller MOH development may provide access to security of tenure, a sense of belonging and a financial asset (Altmann 2014a). It also allows collective ownership over common property and collective belonging to an overarching organisation to be masked more easily, as the properties are more often viewed as physically separate dwellings. In Australia, the focus of this study, around 80% of MOH developments engage a strata manager to assist in their governance. This still leaves a significant number as self-managed MOH developments. Self-management of a MOH development is allowed within Australian legislation (SCA 2015). This research examines the Australian context and how governance is negotiated within small low density MOH developments that do not access the services of a professional strata manager. Understanding why a MOH development would choose to self-manage their complex is important for two reasons. First, it provides insight into governance and what works or does not work. Second, for strata managers, it provides insight into how strata management companies can expand and grow their services. This research will be of interest to academics of focussed on marketing, niche marketing, property marketing, industry professionalization or the property industry.

*Multi-Owned Housing context*

MOH developments are legally connected to a committee of management, scheme created by relevant legislation and to other owners within their schemes through the certificate of title and attached survey plans (Sherry 2009). This attachment creates enforceable legal rights, responsibilities and restrictions between owners (Bennett, Wallace & Williamson 2006). The rights, responsibilities and restrictions are mediated through the committee of management set up as part of the scheme. The cornerstones of this organisation, the body corporate, are: collective ownership of common property; the creation of rules that govern behaviour within the complex; and the creation of a governing body to control administration of the common property including, for example, the raising of levies to cover maintenance and insurance (Sherry 2009).

As Arkcoll et al. (2013) observe, there are challenges associated with attempting to take collective action and making decisions in the best interests of all parties and with a long term view. For example, the voluntary nature of participation in management matters means that not all owners are willing to participate (Chu, Chin-Oh and Sing, 2013; McKenzie, 2003). In smaller complexes where people are on nodding terms with each other, trust and participation is higher (Alterman 2010; Bounds 2010). The efficiency of decision-making may be hampered by the rights of the minority and majority of owners which are often in conflict (Christudason, 2010; Lujanen, 2010; Yip and Forrest 2002) difficult to meet voting quorum requirements needed for valid decision making (Yau, 2011). This may lead to decisions that are short-term in nature and that are difficult to overcome. As McKenzie (1996) points out, factional infighting can be high amongst scheme members, which can in turn delay decision making. Both formal and informal alliances between owners groups of owners influence decision making processes (Easthope & Randolph 2009). These decisions or, in some cases, lack of decisions can adversely affect the long term viability of the scheme and the security of home owners (Altmann, 2015). This is particularly the case where the raising or spending of funds is involved. For example, it may limit the amount of maintenance and/or upgrade that can be undertaken to the communal property such as lifts, gardens, lobbies and services upgrades. In its worst form, it may hasten termination of the scheme as an uncared for property may be the trigger for redevelopment (Easthope, Hudson and Randolph 2013; Sherry 2006). Thus, it may also affect the ontological security of home owners since other owners may then determine the length of home ownership.

Decision making, however, is not just limited to issues of maintenance. Issues relating to by-law enactment, which governs behaviour within the scheme, are also based in collective decision making. Once made, there is an obligation to enforce the by-laws until such time as they are changed or set aside through legal action. Unduly restrictive policies (Altmann, 2014a) can create tensions between owners since they restrict individual rights in favour of communal ones. Examples include: the banning of individual barbequing on balconies; time limits on when you can use an individual balcony; and restrictions on where you can hang your washing. In its worst form, Manzi and Smith-Blowers (2006) assert that factional infighting over by-law enforcement may lead to owners being ‘heavied’ outside committee meetings. Certainly there are elements of payback noted in the literature. For example, Altmann (2014b) noted that in one instance an owner ‘felt safer sleeping in her car’ than in her apartment. Yet for each example of dysfunction, there are also examples of highly functioning body corporates. Pouder and Clarke’s (2009) research is a case in point. Their research into larger MOH developments, provides insight into the application of strategic decision making, which typically prioritises the long term vision for the property as a whole, ultimately benefitting all owners through increased property prices and ease of sale. Likewise, it is this wider outlook and focus that professional, strata management firms are able to bring to the table and use to help guide decision making.

*The role of the strata manager*

The strata environment has created new types of experts who are engaged by the body corporate to assist in the management of the common property and administrative matters. The managing agent, or the strata manager as he or she is known in Australia, undertakes financial, secretarial and maintenance matters for the body corporate (Lei & Van der Merwe 2009) assisting in governance practices. Governance can be defined as the ‘structure, processes and practices that determine how decision are made in a system and what actions are taken within that system’ (Randolph & Easthope 2009, p. 247). In an environment where there may be little in common between individual owners other than the financial resources to purchase property within the same scheme, the strata manager, who has professional expertise may act as the glue in the decision making (Altmann, 2015) to a system that relies on voluntary labour (McKenzie 1996).

Connaughton and Meikle (2013) suggest that there are commonalities in the way in which professionals are defined across disciplines. These include: high levels of knowledge and expertise within fields characterised by complexity and uncertainty (Evetts, 2003); a long term industry outlook, training and experience (Hill, Lorenz, Dent and Lutzkendorf, 2012); the capacity to emphasis public good over individual client, business or industry needs; high levels of autonomy; strong client relationships with a focus on professional ethics; and an impartiality in decision making (Evetts, 2005). That is, professionalism requires the use of knowledge to advocate for and solve problems for the long term, while meeting existing client needs. Haug (1977) has previously argued that the inaccessibility of knowledge to laypeople is at the heart of the professional position. Moreover, a 21st century owner, armed with freely available information (via the internet and reality television) may no longer believe that a professional strata manager knows what is best or is the best person to advise them.

Strata managers may circumvent this by forming alliances with developers and by being appointed as the manager prior to all lots within a MOH development being sold. This is particularly the case in high and medium density building complexes. Likewise, building developers of staged, nested developments may mentor owners to take on roles with the body corporate (Bajracharya & Khan 2009). However, the situation is likely to be different in smaller developments where small scale building companies are involved and the economies of scale required to make robust alliances profitable are unlikely to exist. To date, the rapidly professionalising industry of strata management (Altmann 2015) has focused predominantly on larger MOH developments, with smaller suburban and rural MOH developments having largely escaped the direct attention of strata managers. Understanding why MOH, particularly smaller MOH, choose to self-manage is important as it provides crucial knowledge about how governance may be negotiated. For strata managers, it is critical in terms of strata industry development and determining where niche markets may arise.

*Small strata as niche markets*

The large number of newly built, large scale MOH developments coming onto the market will provide growth opportunities for strata companies. However, full market saturation will not occur until niche markets have also been identified and catered to. Market saturation can occur through a number of different mediums, including market differentiation. Altmann (2015, p. 195) noted that strata managers may differentiate between major players or boutique operators with definitive business plans aimed at different market segments.

It is important for strata managers to understand what gaps exist and why they exist in order to create specific products that can fulfil those gaps. Hangstefe (1999) calls this product innovation. In addition, industry leaders need to be aware of growth opportunities in order to understand and support strata managers, but also to create opportunities for knowledge sharing among members and increase trust in industry. Firms and industry sectors that exhibit high levels of market orientation are likely to identify and seek to take advantage of opportunities presented in their markets (Im & Workman 2004; Narver & Slater 1990). Identifying market gaps is not only important to strata managers, but to the professional bodies supporting strata managers. Small MOH developments are one area where specialty products can be created to cater to a defined group.

**Case study approach**

**Method**

Case studies have been used to highlight issues across a range of sectors. . For example, Wynn et al (2006) use case studies to highlight innovation within the property management industry. Innovation of products and services is one strategy used by companies to meet unfilled needs of existing and new customers. Wynn et al’s (2006) work draws on three case studies to highlight new thinking or new ways of working within the construction industry. Thus case study interviews can highlight areas where service innovation leads to increased profit.

Research has also focussed on the rise of the strata or property manager as central to body corporate governing processes (Altmann 2015; Lei & Van der Merwe 2009). In-depth case studies are useful in drawing attention to emergent issues, deviant cases, representation of wider cohorts. The case study presented in this paper represents a deviant case. The purpose of a deviant case study is to cast light on the exceptional and the untypical (Flyvbjerg, 2006; Seawright & Gerring 2008). They assist our understanding of exceptions and anomalies. In some instances they can be useful in identifying underlying causes (Kazancigil, 1994). While larger MOH schemes (whether fully functional or not) are becoming the norm and owners are more likely to access a range of professional help in negotiating governance, the owners of property within smaller MOH developments may be less likely to do so. Case study interviews are important in clarifying the relationship between owners and the managers, as well as understanding reasons why strata managers may not be in place. Through this case study analysis, the owner experience is explored. The pros and cons of casually negotiated governance outcomes are highlighted thereby adding to our understanding of how governance within MOH developments are negotiated and their capacity to strengthen (or weaken) neighbourhood ties.

Study participants were recruited via a range of sources including advertising through various email lists and newsletters. While fourteen interviews were conducted, only one case is reported here. This particular participant (Joan) was recruited through an email list. In contrast to other study participants, in Joan’s MOH development there was no functioning committee of management for her body corporate, though other correspondence via email occurred signalling that this was not a one off anomaly. Ethics approval was provided by the university research ethics committee (HRETH 08/170). The interview was recorded and transcribed in full. The interview material was thematically coded using NVIVO.

*Limitations of method*

While a case study provides in-depth insight into existing phenomena, it may not be representative of broader experience. This can only be determined through a larger number of interviews or through a representative survey. In addition to the limitations imposed by the deviant case study approach, no comment is provided in this paper as to the legality issues that this arrangement might incur. While the engagement of a strata manager may have prevented the issues canvassed in this paper arising, other unanticipated issues may have arisen as a consequence of this engagement.

**Joan and her MOH**

Joan lives in Tasmania, a small island state within Australia. Tasmania followed other Australian states in introducing strata title legislation in the 1980’s. This was followed by *The Strata Titles Act 1998*. A minor review took place in 2006 and though a further review was begun in 2010, due to changes in government, and major administrative restructuring with government departments, the review was never fully completed. Tasmania has a population of just over half a million people. Approximately 220,000 people live within the greater Hobart area. The city of Hobart still operates under a height restriction of 50m. Most MOH developments are in the small to medium range. Large high-rise developments are virtually non-existent due to height restrictions of 50m within the City of Hobart and an historical preference for low rise development. While smaller MOH developments are not required to meet and form a committee of management under the current legislation, negotiation between owners over common property is sometimes required.

*Becoming a strata owner*

The property is a two storey house, which has been converted into two units with a courtyard and adjacent shared communal space. Located in a middle ring suburb approximately 10 km from the centre of Hobart, the tree-lined street of older post war homes, central location and amenity were the main attractions for Joan when purchasing the property. Joan purchased the unit on her own through a real estate agent and with the help of a solicitor rather than a conveyancing agent. At the time of the interview, Joan had lived in the unit for approximately two and a half years. Previously, Joan had lived in a detached dwelling on a standard suburban allotment that she jointly owned with her partner.

Joan was able to identify the following items as shared communal property within her MOH:

Part of our street front. We have a shared fence, we share the water, we share the access to mains electricity. We have separate meter boxes, but that was recent work, plus the roof and then my floor is shared because it is their ceiling and then the outer casing of the house is shared. And that took some getting. For me that took some getting my head around because I have never lived in that situation before - hang on, so my roof – oh, ok my roof is your roof?

While Joan expressed a good understanding of the intricacies of the MOH boundaries, this knowledge was not self-evident at the point of purchase. Though she knew that the property contained two residences, the split between owners and common property was not obvious to her at the time of purchase. In Tasmania, there is no requirement on either the estate agent or the seller to provide this level of information prior to sale. The intricacies of the strata scheme did not appear to have been explained by the real estate agent or the solicitor prior to her signing the purchase contract. This is not an unusual occurrence when purchasing a strata title property (Altmann 2014b; Blandy & Lister 2006). At the time of Joan’s purchase, the post war property had been newly subdivided by a small scale developer with building experience and registered as a MOH development through the *Strata Title Act 1998*. The owners of both of the properties subsequently bought into the MOH development at approximately the same time. Of that experience, Joan stated:

When I bought in and the other people did, I don’t think we really understood that we really needed to be a body corporate. You know, in my mind they were separately titled [and without communal land]. So the real estate had completely downplayed this aspect of living I think. I am not blaming them because it is like buyer beware, and be self-informed, but it was something that I had not had experience of (Joan).

I kind of had to educate the new owners about the set-up and they were kind of a bit shocked but fine. They virtually bought in and were asked to kind of cough up [by me] for plumbing which they weren’t happy about (Joan).

In the above quotations Joan expresses an initial sense of shock at realising that her apartment came with a communal obligation. She had expected that the real estate agent would have outlined this communal obligation at the time of purchase. Blandy and Lister (2006) comment extensively on the real estate industry’s failure to inform prospective purchasers of multi-owned properties about the differences in ownership arrangements in the British context. Joan’s story is important in highlighting key differences between Australian jurisdictions in this regard. The information did not appear to be forthcoming from the estate agent for the original and subsequent owners of the second apartment. However, there is no requirement in legislation for them to disclose this information. There is an initial self-education period by Joan and then a need to educate the other owner of the unit about governance arrangement associated with MOH development indicating that Joan’s experience of ‘not knowing’ is not uncommon.

Joan describes herself as a reluctant strata owner and she notes that buying into a development with close neighbours was a ‘constrained’ decision for her:

I am a reluctant strata title dweller. I was certainly not attracted other than affordability in terms of up-front costs really.

Joan acknowledges that the home is not everything that she was seeking and there is compromise attached to buying into a MOH development rather than a single suburban allotment. Her home is not exactly what she envisaged. The relationship she has with her communal neighbours is not one she expressly sought. When purchasing she was unaware of the mutual obligation towards her downstairs neighbours and they to her. Joan sees this communal tie as one that is ‘cope-able’ due to the small number of people involved in the scheme.

*Governance processes and procedures*

This need to negotiate with other owners is felt most forcefully in relation to governance issues. Joan and her neighbour negotiated an informal body corporate agreement between them.

On paper it looked like we had to have an incredibly formal set up, but it became clear that we did not have to operate as formally as it appeared on paper.

However, this informal agreement has yet to be put to the test. In the time that Joan has owned her apartment there has not been a dispute that has remained unresolved. Perhaps for this reason, Joan does not see a need to engage the professional services of a strata manager.

I would never consider a strata manager because it’s so small. But I can imagine that if you had a significant number of units and there was no one who wanted to take on that role or who had the skills, then of course you would do that. I completely understand that in a larger complex. Or if the politics were such that they, you know, people’s kind of idiosyncrasies kind of completely got in the way of productive, efficient meetings, then I could completely understand that you might say, ‘lets all chip in X amount per year and someone else can do the … ‘. But you know it also begs the question that we outsource everything and we never really step to the challenges. But I also understand that time, and you know we are all out trying to earn money. Time is an issue.

Though Joan cannot envisage engaging a strata manager to manage her building complex, she understands that resolving disputes can be challenging. Joan concedes that the amount of time spent reaching agreement or organising works may be prohibitive for working people, such as herself. She is also aware of the difficulties in reaching negotiated outcomes where there are entrenched interests, though *The Strata Titles Act 1998[[2]](#footnote-2)* includes an external dispute resolution process. With a background in contract management, Joan is familiar with the idea of outsourcing dispute resolution to an external party. Thus for Joan, there is an abdication of responsibility in engaging a strata manager for such a small apartment complex. Interestingly, Joan does not consider that strata managers may be more knowledgeable than herself and her neighbour about: the unit complex; strata law; or governance issues that may impact on the strata complex.

When it came to understanding the impact of future changes to legislation or local services on the complex, Joan hoped that ‘someone’ would tell her of her changed responsibilities and what it would mean to her.

I think I would want someone higher, you know the titles office or something, maybe council, I would hope that someone would write me a letter and write one for the people downstairs, saying ‘these are the changes. You need to inform yourself about them’.

Water meters are actually going to be an issue for our property. In that case, I do have faith that Southern Water, in this instance, which is the kind of responsible body, would put something in our, in my letterbox that said. ‘Hey well we are installing a water meter’ and then I would be going well hang on we need two and follow that up.

Yet this was not the case when the water metres were installed. Owners were notified that one water metre for the complex would be installed. Owners who had previously arranged for plumbing separation and previously notified Southern Water were eligible to receive additional metres at an additional cost. Some plumbing companies actively advertised the importance of plumbing separation well before the notification of water meters in order to maximize their market share. In this scenario, neither the local council nor state run Lands Titles Office notified residents by mail. The 2006 amendments to the *Strata Titles Act 1998* were advertised in local papers, but no letter was sent to individual strata title owners advising them of changes to the legislation. Joan’s hope that ‘someone would tell her’ did not eventuate until after the communal water meter had been installed. Public opinion eventually forced Southern Water into modifying their correspondence to unit owners for the last half of the water metre roll out.

Joan has also found that both financial and maintenance matters have been difficult to manage. This largely relates to the failure to set up a body corporate and run contracts through the MOH committee of management. This is because quotations for works and maintenance work contracts are placed in her personal name only rather than that of a body corporate.

Yes under your personal name. But all invoices are addressed to both units (Joan).

One negotiated concession is that both unit addresses appear on any invoices. In Joan’s mind this provides her with some legal recourse in the event that an invoice is disputed by the adjoining apartment owner. These matters do not arise where work is clearly being sought on behalf of a registered body corporate, particularly one where a strata manager seeks work on the MOH developments behalf. Though the informal agreement that Joan has with her neighbour is problematic in respect to her financial situation and the amount of maintenance and upgrade that is achieved, Joan does not see the lack of process and procedure as problematic to the extent that a strata manager should be engaged. However, no major work has been undertaken at the property thus far.

**Discussion**

There has been an educational element to her involvement. Joan needed to educate her neighbours into the notion of shared ownership. Whereas in previous literature the strata manager represents a mediating force that can introduce new owners to the concept of shared responsibility, there is no such meditating force in this instance (Bajracharya & Khan, 2010; Blandy & Lister 2006). Joan is silent in relation to how she knew which areas were common property or first became aware of the intricacies of MOH legislation. It is clear that this information was not forthcoming prior to purchase from the real estate agent, solicitor or her co-owner since she refers to educating them. Though common in other states, there is no requirement in Tasmanian legislation to provide a comprehensive set of documents to prospective purchasers and inexperienced property purchasers may not understand the importance of due diligence or how to undertake it.

Despite this shortfall in information Joan expected ‘someone’ in a position of power to inform her of changes that may affect her property. Yet the reality is that this is unlikely to happen in the way envisaged by Joan. While proposed reforms are reported broadly in the media, government authorities typically notify the general public of specific changes to legislation or infrastructure such as water metre or broadband implementation through public notices. It is only at the point where a public authority seeks to undertake work at a particular address that the individual owners are notified. By this time it may well be too late to attend to any impeding issues. For example, at the time of the interview both the National Broadband Network and the local water authority had undertaken extensive media campaigns in relation to connections and/or metre installations. These campaigns highlighted minimum amounts of electrical and plumbing work to be undertaken in order for each property within a MOH to be metred separately. Yet Joan was unaware of this requirement and she had not undertaken steps to comply. No notices were sent to individual MOH addresses. At the same time, strata industry associations had undertaken extensive educational campaigns with their strata manager membership. Strata managers had written to the owners of properties they managed advising them of the impending works by the National Broadband Network and the Water Authority. They had advised the committees to undertake preparatory work in order for each property to be separately metered and also for common property to be separately metered and billed to the body corporate of each MOH. Though some information had been provided by council newsletters received as part of the rating notice, the information was not specific in relation to what needed to be done where a strata scheme was involved. Joan’s failure to engage with the strata industry resulted in a loss of key information, which eventually lead to only one communal water meter and one broad band box being installed at the property to cover both apartments and the common property. It is the provision of this pre-emptive knowledge that owners of smaller MOHs miss out on when failing to engage with strata managers.

Regardless of the number of properties involved in managing a MOH development, financial, secretarial and administrative duties still exist. However, with a smaller number of owners involved in such negotiations they may be less time-consuming. Joan conceded that possibly with a larger number of owners involved an external party such as a strata manager would be helpful. Joan felt that outsourcing this activity to a strata manager would be a shirking of responsibility. This reason for not engaging a strata manager is different to the one occasionally cited by strata managers and SCA (2015) that the fees payable to the strata manager are too expensive, or that the levies generated by the strata manager (through the committee of management) are too high. Altmann’s (2015) research indicated that there was a significant amount of distrust between strata managers and committees of management. In this case study, however, lack of trust was not seen as a reason for choosing not to engage a strata manager nor was the need to reduce costs given as a reason for not employing a strata manager. Reasons given for not engaging a strata manager related to the small number of owners involved in the scheme and less time constraints with fewer owners involved. Yet there are strata management companies that specialise in providing services to small strata developments within the Australian context. Joan did not comment on the amount of time spent negotiating with her neighbour in relation to shared MOH issues. Other studies estimate owners spend between 2 hours per year (to attend the annual meeting) to up to five hours per week for a large nested development (Altmann 2014b). Nevertheless, for Joan there have been a number of (in her view) significant issues to deal with, including plumbing and electrical works, which required her attention and forced interaction with neighbours and contractors on MOH issues.

There were also a range of contractual issues that arose because there was no body corporate in place. As a result Joan highlighted significant trust issues that threatened her financially. Previous research has concentrated extensively on trust issues and the difficulty of negotiating between owners (McKenzie 1996) and to a lesser extent between MOH committees and strata managers (Blandy 2010; Altmann 2013). In this case study, the contractual issue presented itself as one of distrust between Joan, her MOH co-owner and the contractors. Contractors wanted the quotations and invoices to be in one name only, whereas Joan remained adamant that the names of both owners (or at least both addresses) needed to be on the invoice. Joan did not want to become legally responsible for the whole of the works. This is an area where the engagement of a strata manager may have been of assistance.

For industry growth to occur, strata managers need to identify ways of inserting their knowledge into the decision making processes of smaller MOH owners. Owners of MOH will engage with strata managers when:

the degree of relevance perceived by the purchaser and the personal importance attached to the product and brand choice’ occurs (Livette 2008, p. 385).

Strata professionals therefore need to make their services relevant to the owners of apartments within smaller MOHs by appealing to risk and liability. Though the inability to manage maintenance issues has been identified as a reason for people to move into apartments (Rolfe et al., (1995; Livette 2006), the need to negotiate maintenance issues does not in fact diminish within apartment complexes. Indeed they become more complex because the decision needs to be negotiated between more than one owner. During periods of significant change from external agencies (such as water authorities and broad band initiatives), the relevance and importance of engaging a strata professional is heightened. Strata managers would do well to capitalise on significant periods of change such as these to market their services, in particular their ability to disseminate knowledge to owners and coordinate contracts.

Satisfaction with a purchase (in this case strata manager services) depends upon the fit between the purchasers’ expectations and their perception of product performance (Hoyer and MacInnes, 1997; Mowen, 1995; Engel et al., 1995). Smaller MOH owners may not see value in retaining a strata manager for the usual purposes. For strata managers to move into this space, they need to provide a niche product that adds perceived value to owners. During periods of change the perceived value of the strata manager will increase for all MOH owners where public authorities are dealt with effectively by their strata manager, particularly where the strata managers knowledge base assists MOH owners to take pre-emptive action in order to be ready for change.

**Conclusion**

Through the presentation of a deviant case study, this research has sort to understand why MOH owners choose to self-manage their apartment complexes. Understanding this gap is important for strata managers as it provides insight into how strata management companies can expand and grow their services.

The main reason given for not engaging a strata manager related to the small number of owners involved in the scheme, which meant that less time was involved with negotiation. Interestingly, the cost of engaging a strata manager was not a consideration in this case study.

In this case study, there was little understanding of the complexities involved in the administrative, secretarial and financial knowledge and contract management issues for MOH. Though these issues were observed between owners, they point to ways which strata managers can make themselves relevant to small MOH.

There is still considerable scope for growth in the strata industry due to the volume of MOH being built in increasingly urbanised environments. There are commonalities and differences between large scale MOH and smaller suburban MOH developments. For strata managers to increase their relevance and importance to small MOH, they need to work during complex change periods exerted with local, state and federal government authorities such as water authorities and broad band networks to bring niche products to smaller MOH through adding value to their suite of services, even if it is just through awareness raising of larger issues. Strata manager’s links to professional networks may assist with the dissemination of knowledge and ideas to owners within small MOH. Where this does not occur, smaller MOH owners may become increasingly unaware of changes that can and will affect their lived experiences.

**References**

Alterman, R. (2010), “The maintenance of residential towers in condominium tenure: a comparative analysis of 2 extremes – Israel and Florida”, inBlandy Dupuis & Dixon (Eds.), *Multi-owned Housing: Law Power and Practice.* England: Ashgate Publishing Limited.

Altmann , E (2015),"Industry professionalisation of strata title managers: what are the implications for governance?", Property Management, Vol. 33 Is. 2 pp. 187 – 204 <http://dx.doi.org/10.1108/PM-07-2014-0030>

Altmann, E. (2014a), “How does high density living impact third sector organisations? An exploration of financial and voluntary workforce implications for non-profit organisations”, Third Sector Review, Vol. 20, Is. 1, pp. 185-205.

Altmann, E. (2014b), Multi-owned Housing Governance: Owner committees and strata managers, Doctoral Dissertation, University of Tasmania, Australia.

Altmann, E. (2013), “Apartments, Co-ownership and Sustainability: Implementation Barriers for Retrofitting the Built Environment”*, Journal of Environmental Policy and Planning,* Vol. 16, Is. 4, pp. 437-457. <http://dx.doi.org/10.1080/1523908X.2013.858593>

Ansoff, H. I. (1957), “Strategies for diversification”, *Harvard Business Review*, Vol. 30, Is. 1, pp. 113 – 124.

Arkcoll K., Guilding, C., Lamminmaki, D., McManus L. and Warnken, J. (2013), “Funding Common Property Expenditure in Multi-owned Housing Schemes”, Property Management Vol. 31, Is. 4, pp. 283-296.

Bajracharya, B. and Khan, S. (2010), “Evolving Governance Model for Community Building: Collaborative Partnerships in Master Planned Communities”, *Urban Policy and Research,* Vol. 28, Is. 4,pp.471-485.

Bennett, R., Wallace, J. and Williamson, I. (2006), “Achieving sustainability objectives through better management of property rights, restrictions and responsibilities” in Williamson, E. and Wallace, J. (eds.), Sustainability and Land Administration Systems, Department of Geomatics, Melbourne, pp. 197–212.

Blandy, S. (2010), “Legal frameworks for multi-owned housing in England and wales: owners’ experiences”, in Blandy, S., Dupuis, A. and Dixon, J. (Eds), Multi-Owned Housing: Law, Power and Practice, Ashgate Publishing Limited, Farnham, pp. 13-34.

Blandy, S., Dupuis, A and Dixon, J. (2010), *Multi-Owned Housing: Law, Power and Practice*: Ashgate England., pp. 1-13.

Blandy, S. and Lister, D. (2006), “Gated Communities: (Ne) Gating Community Development?” *In:* Atkinson, R. and Blandy, S. (Eds.) *Gated Communities.* 1 ed. Oxton: Routledge, Taylor & Francis Group Ltd., pp.97-112.

Bounds, M. (2010), “Governance and Residential Satisfaction in Multi Owned Developments in Sydney” In Blandy, S., Dupuis, A. and Dixon, J. (Eds), *Multi-Owned Housing: Law, Power and Practice,* Ashgate Publishing Limited, Farnham, pp. 145-158.

Christudason, A. (2010), “Legal Framework for Collective Sale of Real Estate in Singapore: Pot of Gold for Investors?” *Journal of Property Investment and Finance* Vol. 28, Is. 2., pp. 109-122.

Chu, F., Chang, C. and Sing, T. F. (2013), “Collective action dilemmas in condominium management”, *Urban Studies*, Vol. 50. Is. 1, pp. 128–147.

Conaughton, J. and Meikle, J. (2013), “The changing nature of UK construction professional service firms”, *Building Research & Information*, Vol. 41 Is. 1, pp. 95-109.

Cradduck, L. (2013), “Living a managed community lifestyle: lessons from Queensland”, *Property Management*, Vol. 31, Is. 4, pp. 326–334.

DPIPWE (2008), ‘Strata Living in Tasmania: what you should know about strata schemes’ (Ed 2) Tasmanian Government, accessed 4 Sept 2015 at <http://dpipwe.tas.gov.au/Documents/strata.pdf> .

Dredge, D and Coiacetto, E. J. (2011), “Strata Title: Towards a research agenda for informed planning practice”, *Planning Practice and Research*, Vol. 26, Is. 4, pp. 417-438.

Easthope, H., Hudson, S. and Randolph, B. (2013), “Urban renewal and strata scheme termination: balancing communal management and individual property rights”, *Environment and Planning A*, Vol. 45, Is. 6, pp. 1421–1435.

Easthope, H. and Randolph, B. (2009), “Governing the Compact City: The Challenges of Apartment Living in Sydney, Australia”, *Housing Studies*, Vol. 24, Is. 2, pp. 243 - 259,

Engel, J.F., Blackwell, R.D. and Miniard, P.W. (1995), *Consumer Behaviour*, [8 Ed.], The Dryden Press, Orlando, FL.

Evetts, J. (2003), “The sociological analysis of professionalism: occupational change in the modern world”, *International Sociology*, Vol. 18, Is. 2, pp. 395-415.

Evetts, J. (2005), “The management of professionalism: a contemporary paradox. Changing Teacher Roles, Identities and Professionalism”, Kings College, London.

Flyvbjerg, B. (2006), "Five Misunderstandings About Case-Study Research,"*Qualitative Inquiry*, Vol. 12, Is. 2, April 2006, pp. 219-245. DOI: 10.1177/1077800405284363.

Hangstefer , J. B . ( 1999 ), “Measuring company-growth Momentum”, *Management Review* , Vol. 88 , No. Is, pp. 62 – 63.

Hartenberger, U., Lorenz, D. and Lutzkendorf, T. (2013), “A shared built environment professional identity through education and training”, *Building Research & Information*, Vol. 41 Is. 1, pp. 60-76.

Haug, M. (1977), “Computer technology and the obsolescence of the concept of profession”, in Haug, M. and Dorfney, J. (Eds), *Work and Technology*, Sage, London, pp. 51-77.

Hill, S. and Lorenz, D. (2011), “Rethinking professionalism: guardianship of land and resources”, *Building Research & Information*, Vol. 39, Is. 3, pp. 314-319.

Hoyer, W.D. and MacInnes, D.J. (1997), *Consumer Behaviour*, Houghton Mifflin Company, Boston, MA.

Im , S . and Workman Jr. , J . P . ( 2004), “Market orientation, creativity, and new product performance in high-technology firms “, *Journal of Marketing* , Vol. 68 (April) , pp. 114 – 132.

Jaradat, S., Whyte, J. and Luck, R. (2013), “Professionalism in digitally mediated project work”, *Building Research & Information*, Vol. 40, Is. 1, pp. 51-59.

Johnston, N.R. and Reid, S. (2013), “Multi-owned developments: a life cycle review of a developing research area”, *Property Management*, Vol. 31, Is. 5, pp. 366-388.

## Kazancigil, A. ( 1998), “Governance and science: market-like modes of managing society and producing knowledge”, *International Social Science Journal*, [Vol. 50, Is. 155,](http://onlinelibrary.wiley.com/doi/10.1111/issj.1998.50.issue-155/issuetoc)pp. 69–79.

Lei, C. and Van Der Merwe, C. (2009), “Reflections on the role of the managing agent in South Africa and Chinese sectional title (condominium) legislation”, *Journal of South* *African Legislation*, Vol. 22, pp. 22-38.

Livette, M. (2006), “A marketing perspective of private sector retirement housing and the effectiveness of the buyer behaviour of its purchasers”, *Property Management*, Vol. 24, No. 4, pp. 383-396

Lujanen, M. (2010), “Legal challenges in ensuring regular maintenance and repairs of owner-occupied apartment blocks”, *International Journal of Law in the Built Environment*, Vol. 2, Is. 2, pp. 178–197.

Manzi, T. and Smith-Bowers, B. (2006), “Gated Communities as Club Goods: Segregation or Social Cohesion?” *In:* Atkinson, R. and Blandy, S. (Eds.) *Gated Communities.* 1 Ed. Oxton: Routledge, Taylor & Francis Group Ltd.

McKenzie, E. (1996), *Privatopia: Home Owner Associations and the Rise of Residential Private Governments,* Yale University Press, New Haven, CT.

McKenzie, E. (2003), “ Common-interest housing in the communities of tomorrow”, *Housing Policy Debate*, Vol. 14, Is. 1–2, pp. 203–234.

Mowen, J. C. (1995), *Consumer Behaviour*, 4th ed., Prentice Hall, Englewood Cliffs, NJ.

Narver , J . C . and Slater , S . F . ( 1990 ) “The effect of a market orientation on business profitability”, *Journal of Marketing* , Vol. 54, No. 4, pp. 20 – 35 .

Pouder, R. and Clark, J. (2009), “Formulating strategic direction for a gated residential community”, Property Management, Vol. 27, Is. 4, pp. 216-227.

Rolfe, S., Mackintosh, S. and Leather, P. (1995), *Retirement Housing: Ownership and Independence, A survey of residents of Guardian Housing Schemes*, Anchor Housing Trust,Oxford.

# Seawright, J. and Gerring, G. (2008), “Case Selection Techniques in Case Study Research: A Menu of Qualitative and Quantitative Options”, *Political Research Quarterly*, Vol. 61, Is. 2, pp.  294-308.

Sherry, C. (2009), “The New South Wales strata and community titles acts: a case study of legislatively created high rise and master planned communities”, *International Journal* *of Law in the Built Environment*, Vol. 1, Is. 2, pp. 130-142.

Sherry, C. (2006), ‘Termination of strata schemes in New South Wales – proposals for reform’ Australian Property Law Journal, Vol. 13, Is. 3, pp. 227–239.

Smith, S. J, (2008), "Owner-occupation: at home with a hybrid of money and materials" *Environment and Planning A,* Vol. 40, Is. 3, pp. 520 – 535.

Strata Communities Australia (SCA) (2015) **‘Must a strata scheme have a committee? ’** accessed 4 Sept. 2015 at http://www.stratacommunity.org.au/understandingstrata/faqs.

Strata Titles Act 1998, Tasmanian Consolidated Acts [17/1998] available at http://www5.austlii.edu.au/au/legis/tas/consol\_act/sta1998173/.

Townshend, I. J. (2006), “From public neighbourhoods to multi-tier private neighbourhoods: the evolving ecology of neighbourhood privatisation in Calgary”, *GeoJournal,* Vol*.* 66, Is. 1-2, pp. 103-120.

Wynn, M. Jones, P. Roberts, C. and Little, E. (2006), “Innovation in the construction and property management industries Case studies of the knowledge transfer partnership scheme”, *Property Management*, Vol. 26, Is. 1, pp. 66-78

Yip, N.M. and Forrest, R. (2002), “Property owning democracies? Home owner corporations in

Hong Kong”, *Housing Studies*, Vol. 17, Is. 5, pp. 703-720.

Yau, Y. (2011), “Homeowners Participation in Management of Multi-story Residential Buildings: The Hong Kong’s Case Property Management”, Vol. 29, Is. 4, pp. 345-356. Doi: 10.1108/02637471111154791

1. Terms for MOH developments include: condominiums in the USA; coproprie´te´ in France; strata title in Australia, Singapore and New Zealand; wohnungseigentum in Germany; sectional title in South Africa and common-hold in England (Easthope et al. 2014) [↑](#footnote-ref-1)
2. See Part 9 – Dispute Resolution – Application For Relief and Part 10 – Appeals available at http://www5.austlii.edu.au/au/legis/tas/consol\_act/sta1998173/. [↑](#footnote-ref-2)