

**THE STUDY OF PROBLEMS FACED BY PROPERTY MANAGEMENT IN
MANAGING THE HIGH RISE CONDOMINIUM IN MALAYSIA**

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Dedicated to my beloved parents and friends, for their everlasting support and encouragement to complete the course of studies.

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ABSTRACT

In recent years, more Malaysians are moving into stratified unit, especially in urban centers due to limited land availability. Thus, there is a greater awareness of the need for these properties to be well-managed. Property management has historically been underrated and is often associated with mundane maintenance work. However, with the increasing development of strata titled property and legislation to govern the property management of such property, there has been an increasing demand for professional property management skills. Therefore, this study has been developed with the aim to identify the main problems related to property management and the issue in managing the high rise condominium in Malaysia. The study was conducted through structured interview with professional property managers, and also through postal questionnaires. From the study, it was found that the most common complaint lodge by tenants in high rise condominium is defects in their unit not attended within time specified. The process and procedures of handling defects complaint from tenants are also inefficient. The most common problem faced by property management in managing the high rise condominium is poor collection of maintenance fee. The tenants do not pay up the maintenance fee because they are not satisfied with the maintenance work carried out by property management.

ABSTRAK

Sejak kebelakangan ini, penduduk Malaysia telah beralih arah kepada pembangunan bertingkat disebabkan keluasan tanah yang semakin berkurangan. Jadi, timbullah kesedaran bahawa pembangunan sebegini perlu diuruskan dengan sebaik-baiknya. Pengurusan hartanah sebelum ini selalu dikaitkan dengan kerja penyenggaraan yang kurang memuaskan. Jadi dengan bertambahnya jumlah pembangunan bertingkat ini, pengurusan hartanah yang profesional amatlah diperlukan. Kajian ini dijalankan dengan tujuan untuk mengenalpasti masalah yang dihadapi oleh pengurus hartanah di Malaysia dan isu yang berkaitan dengannya. Kajian ini dijalankan dengan cara temuduga bersama pengurus hartanah yang professional dan juga melalui soal selidik. Hasil menunjukkan bahawa aduan yang paling banyak diterima di kondominium adalah kelewatan kontraktor untuk menyiapkan kerja-kerja pembaikan di unit kediaman mereka. Di samping itu juga, prosedur untuk menangani aduan pembaikan daripada penghuni juga tidak cekap dan berkesan. Masalah utama yang dihadapi oleh pengurus hartanah di Malaysia adalah kekurangan jumlah kutipan caj penyenggaraan dan penghuni tidak mahu menjelaskan caj penyenggaraan kerana mereka tidak berpuas hati dengan cara pengurus hartanah menjalankan kerja-kerja penyenggaraan.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter is an introduction to the study. It presents an overview of the study briefly on the background, specifying the aims, expressing the problem statement, formulating the study methodology, setting the report outline and qualifying the limitation and scope of the study.

1.2 General Background

As millennium approaches and land becoming more scarce, the competitive land use will cause price to rise thereby making the building of more high rise buildings and apartments more imperative especially in cities and urban areas. The creation of more and more strata types of developments has resulted in the need of professional property management (Andrew, 2003). Property management is more than just rental collection, light bulb changing and garbage disposal-that is only its

most basic function. (New Straits Times, 2 January 2006). Today, the discipline has evolved to become a science, involving aspects such as the formulation of a value creation strategies, improving revenue flows, unlocking latent real estate values through 'marriages' with adjacent properties and negotiation of tenancies (Gurjit, 2005).

Malaysia has seen a lot of creative property development over the years but less than creative property management. In fact, it is commonly said that Malaysia is a clever builder but poor managers. The issue of poor property management has become such a concern among property professionals and consumers that it has been discussed in several property seminars. (New Straits Times, 25 September 2005).

To ensure the quality of performance of the property management, all property managers and property agents must accredited to a minimum standard and must engage in continuous professional development to keep with the latest changes and development in the field.

1.3 Problem Statement

Maintenance of the high rise condominium and apartment are vital to ensure that the value of the building remains if not enhance. Based on the Complaints Statistic 2003 by National House Buyers Association, management and maintenance is the second highest complaint, which contributes 19% of the total complaint. The problem of maintenance and upkeep of high rise building are and will be becoming more difficult and complex.

At present, the developers manage the condominiums and apartments before they hand over to the individual buyers after the issuance of individual title. A nominal sum for maintenance and upkeep of common property will be imposed by the developer but in practice, majority of purchasers do not pay up. The developer

may cut off water and electricity supply to the individual units who do not pay up the fees but this is not normally done and problem arise when developers do not maintain common property because of lack of funds. When individual titles are given over to the owners, the developer surrenders the maintenance of common property to a management corporation which is normally run by volunteers among residents.

Shoddy workmanship and defect is also one of the major complaints in high rise condominium, which contributes by 11% of the total complaints received by National House Buyers Association in year 2004. Currently, all developers have their procedures of handling defects complaint from tenants, however it is believed that the procedures are inefficient and ineffective resulted in more complaints from tenants that their defects in their unit is long outstanding.

This study has examined closely on the major complaint received by tenants in high rise condominium, the effectiveness of the procedures of handling defects complaint from tenants and the problems faced by property management mainly on poor collection of maintenance fee and the reasons why tenants do not pay up the maintenance fee.

1.4 Aims and Objectives

The aim of the study is to identify the main problems related to property management and the issue in managing the high rise condominium in Malaysia. To achieve the above aim, the following objectives have been deliberated for this study:

1. To evaluate the major complaints lodge by tenants in high rise condominium.
2. To review the current process and procedures of handling defects complaints from tenants.

3. To investigate the problem faced by property management in managing the high rise condominium and provide necessary solution for better management.

1.5 Scope of the study

The scope of this study is focusing on the high rise condominium in Kuala Lumpur and Selangor. It is limited to buildings not less than 20 storeys only with more than 1,000 sq.ft per unit.

1.6 Brief methodology

The study was conducted using two (2) methods, namely:

- i) A literature review which was conducted using various means such as books, newspapers and articles to obtain general information on the facets of condominiums, property management functions, roles and responsibilities and issues in condominium management.
- ii) A structured interview and postal questionnaire for property management team and also project managers that involve in development of the condominium.

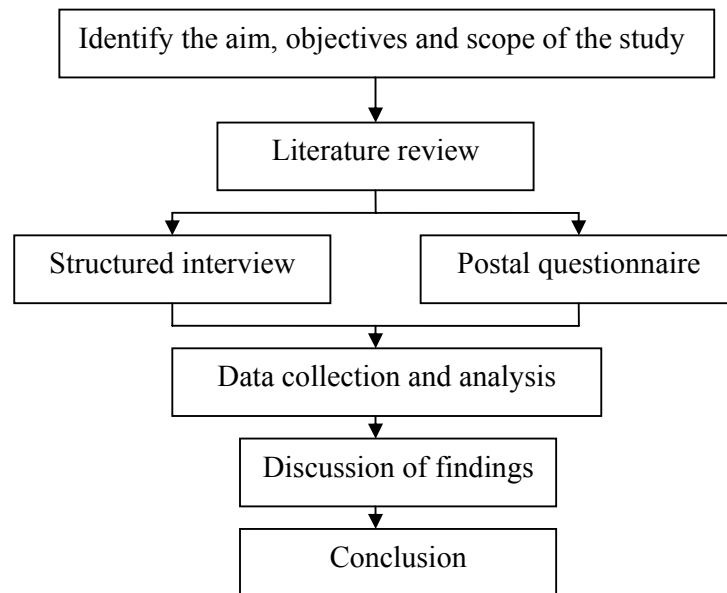


Figure 1.1: Study flow chart

1.7 Study outline

The report is presented in seven (7) main chapters. This chapter introduces the report outlining aims and objectives and general overview of the paper.

The second chapter describes the facets of the condominium including definition of condominium, types of condominiums, how to create a condominium, elements of a condominium and homeowner association.

Chapter Three discusses the definition of property management, Property Management Code of Practice, roles and responsibilities of property management, maintenance fees and sinking fund, building maintenance, relationship between property management and maintenance, building defects and finally, issues arise in condominium management.

Chapter Four discusses on the type of study methodology and its procedures. The process of data collection and analysis is also explained in this chapter.

In Chapter Five, the collection of data through questionnaire survey is shown together with tables and figures and also the analysis of the data.

Chapter Six is on the discussion of results or research findings.

Finally, Chapter Seven is the conclusion, which meets the objectives stated earlier and recommendation for future study.

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