

## The Challenges of Maintaining and Managing High Rise Buildings: Commercial Vs Residential Buildings

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### Abstract

The issues of maintaining and managing high-rise buildings in Malaysia have been a matter for discussion for a long time. This has led to significant amendments of the rules and regulations that have governed the stratified buildings in Malaysia. Now, the Strata Management Act 2013 (Strata Management Act 2013 Act 757), which came into force on June 1, 2015, is the main reference document that outlines the roles and responsibilities of the COB and JMB in the maintenance and management of high rise/stratified buildings. Act 757 recognised the formation of two main entities in terms of managing and maintaining the stratified buildings; these are the Commissioner of Building (COB) and the Joint Management Building (JMB) before the formation of the Management Corporation (MC). For the purposes of this article, the study focused solely on the MC of the commercial buildings perspective in Jitra, Kedah Malaysia because that particular building was only the commercial building to have been established by the MC. The Act 757 clearly stipulated specific duties and powers for the JMB/MC in terms of managing and maintaining the sub-divided stratified buildings, without mentioning whether that high-rise properties were residential or commercial. Therefore, this study aims to identify the challenges of maintaining and managing high-rise commercial buildings compared with the residential buildings from the perspective of the MC. The data were collected using the face-to-face interview method in order to glean in-depth information, which is in line with the qualitative approach. The respondent of this study was the Chairman of the MC of the commercial buildings in Jitra, Kedah Malaysia which was selected as a case study. The finding showed that, compared with the JMBS/MCs of residential buildings, the MCs of the commercial buildings were required to perform extra tasks such as tenancy management, marketing strategy and prolonging the investment sustainability. Failure to perform those particular tasks may jeopardise the business sustainability of the particular buildings.

**Keywords:** Commissioner of buildings (COB); Joint management body (jmb) and management corporation.



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### 1. Introduction

The development of high-rise commercial buildings in Malaysia was in line with the total development of residential properties. This is because the communities require commercial buildings around or close to the residential areas for the needs of daily economics transactions. In this context, the investor/developer will make a decision to develop basic shop lots or to become involved in developing a high-rise shopping complex. The particular decision must be in line with the planning systems requirements and the financial ability of the investor. If the decision made was to build sub-divided high-rise commercial buildings, the particular building will automatically be governed by the Strata Management Act 2013, known as Act 757. This means that the owner of the particular commercial building might sell certain portions of parcel units within the building, and he might also be renting these out. In this context, each of the owners of the sold parcel units will be responsible for their own units, while the tenants of the rental units will be bound by a tenancy agreement between the building owner and the tenants [Mar \(2002\)](#) and [Mike \(2015\)](#).

As required by Act 757, the sub-divided high-rise buildings need to have a Joint Management Body (JMB) as stipulated under the provision of Section 17 of Act 757 ([Strata Management Act 2013 Act 757, 2013](#)). In line with this, Section 17 up to Section 28 under Chapter Three (Strata Management Act 2013 Act 757) of Act 757, provides details about the management by the Joint Management Body.

The JMB is responsible for managing and maintaining the building until the real Management Corporation (MC) is formed. In this context, the JMB is a body with corporate and perpetual succession with a common seal. The JMB can also sue and be sued. In terms of the establishment of JMB, the COB has to recognise and approve establishment ([Fakrudin et al., 2011](#)). According to the provisions of Act 757, JMB must be established not less than 12 months after vacant possession. The establishment of the JMB will be managed by the developer who constructed the particular building through the first meeting. The first meeting organised by the developer must be according to Schedule One of Act 757. In this context, the member of JMB must agree with the parcel units and also with the

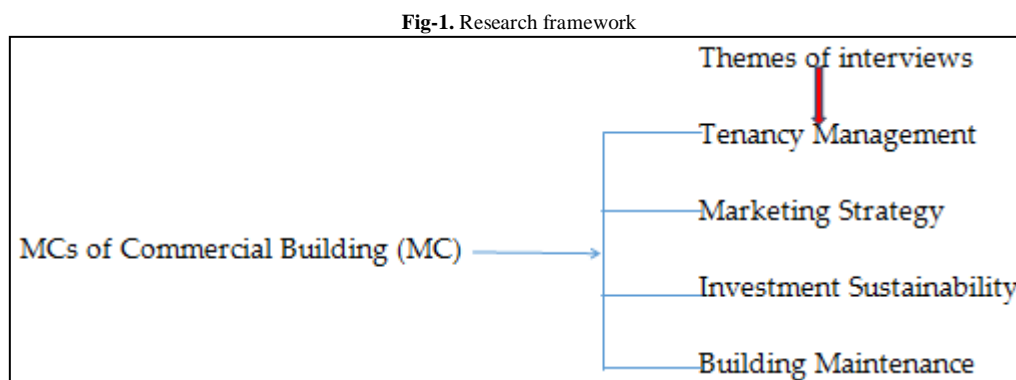
representative of the developer. In terms of its duties and powers, the JMB has been given stipulated power under the provision of Section 21 of Act 757.

From the discussion above, one can see that the JMB/MC is responsible for ensuring that the stratified building will be well managed and maintained according to Act 757. Nevertheless, there are no specific clauses which mention the specific responsibilities of the JMB/MC of the commercial buildings. Therefore, this study aims to emphasise the challenges of maintaining and managing aspects of high-rise/stratified commercial buildings from the perspective of the MC. According to *Khalid et al. (2012)* 1; there were extreme difficulties involved in maintaining and managing the commercial buildings compared with stratified residential buildings.

In line with this, the Officer of COB of Kubang Pasu Municipal District also stressed that maintaining and managing commercial high-rise buildings is totally different, compared with residential buildings. For the purposes of this study, the selection of the Jitra Mall Commercial High Rise Building followed the establishment of the MC of the particular buildings (*Khalid et al., 2012*). This means that the building was maintained and managed by the parcel units of the buildings, known as the MC. That building was officially operating in October 2007.

## 2. Methodology

The study applies a qualitative approach, in which it describes the challenges and difficulties of the MC in maintaining and managing commercial high-rise properties. For the purpose of data collection, the face-to-face interview was employed because it is the best approach to achieve the objective of the study, which is to obtain in-depth information relating to human behaviour, attitude and perceptions *Kerlinger (1986)*; (*Babbie, 1997*) and *Cresswell (2003)*. The interview was conducted with the Chairman of MC of the shopping complex, known as a Jitra Mall Shopping Complex, which is located within the District of Kubang Pasu, Jitra Kedah Malaysia. The justification of selecting only one respondent, namely the Chairman of MC of the Jitra Mall, was because it is the responsibility of the Chairman to know everything about the management of the building. Indeed, the building manager appointed to run the operation of the particular building is required to report to him. Despite that, the Chairman of MC has a link with other JMBs/MCs, especially those of residential buildings. This is because they normally attend a short course conducted by the Department of Commissioner Building Malaysia every year and from that they can exchange experiences. Therefore, the Chairman is familiar and knowledgeable about maintaining and managing the building of commercial and residential properties. In order to achieve the objective of the study, the study was based on the following research framework, shown in Figure 1.



As can be seen in Figure 1 above, the face-to-face interview was designed based on four themes: tenancy aspect, marketing strategy, investment sustainability and building maintenance. The interview session took approximately 50 minutes and the questions asked were open-ended types of questions.

## 3. Results and Discussion

As explained before, the interview questions were based on four (4) themes relating to the MCs of commercial buildings. There were extra tasks to be performed by them when compared with those of the residential JMBs/MCs. Based on the interviews conducted, the results of the study were summarized as shown in Table 1.1 below.

**Table-1.1.** Roles of MCs in terms of maintaining and managing high-rise commercial buildings

No.	Themes	Commercial	Residential
1.	Tenancy	Managing the tenancy, selecting the right anchor tenant & preparing a fair tenancy agreement	Not Applicable
2.	Marketing	Marketing strategies	Not Applicable
3.	Investment Sustainability	To sustain parcel owners businesses	Not Applicable
4.	Building Maintenance	Building conservation & maintenance	Building conservation & maintenance

Source: Authors' own investigation, 2016

### 3.1. Management of Tenancy

From Table 1.1 above, one can see that the MCs of commercial high-rise buildings have no different responsibilities in terms of building maintenance. Both JMBs/MCs were responsible for building conservation and maintenance.

According to the respondent: “in terms of building conservation and maintenance it is a common responsibility for the JMBs/MCs, for either commercial or residential buildings. The tasks include the building maintenance elements such as civil, mechanical and electrical dimensions. He added that the cleaning services of the building become very important as well”. In this context, [El-Haram and Horner \(2002\)](#); [Tse \(2002\)](#); [Madu \(2000\)](#); and [Yahya and Ibrahim \(2012\)](#); asserted that the value of stratified buildings was in line with the maintenance invested in them.

Nevertheless, one can see that from the results shown in Table 1.1 that the respondent agreed that there were few challenges and difficulties for the MCs of the commercial high-rise properties if compared with those of the residential high-rise buildings. The respondent asserted that “We as a MC, a few elements of the tenancy aspect should be handled properly. We need to market the vacancies of our common properties/parcel that can be rented out. We need to strategise our efforts in order to attract tenants to rent our properties. In this context, we need to be careful in terms of selecting tenants. We must ensure that the tenants have the ability to run their business very well and manage to pay the monthly rent without fail. Of course, selecting the appropriate or the right anchor tenant became crucial. You know why, because the right anchor tenant could pull crowds to spend their money at our buildings. If you made wrong selection of the anchor tenant, it will jeopardize the whole business because people are not interested indeed to visit our buildings and to perform economic transactions there. So, this is a very tough job for us as the MCs. Tenants can easily blame us, if people are not interested in spending their money in our buildings”.

In line with this, he added: “As a JMB of the particular building, we have to take care of the tenants’ needs as well. In this context, the tenancy agreement designed must be win-win situations between MC and the tenants.” The findings are in line with the recommendation by [Mar \(2002\)](#) in which contends that the tenancy management is very important in maintaining and managing the commercial high-rise properties. He asserted that two important dimensions were included: selecting the right anchor tenant and preparation of a win-win tenancy agreement between owner and tenants. This finding was in line with the study done by [Aliyu et al. \(2016\)](#) in which they mentioned that managing tenants’ problems is not easy and might lead to management problems, and could also affect the high-rise commercial buildings. In this context, tenants were interested in renting the commercial building if the management body of the building can provide services and deliver them promptly ([Fisayo, 2018](#)).

### 3.2. Marketing Strategy

The MCs need to play an important role in marketing the unsold parcel units and also the common area of the buildings that could generate income for the MCs. According to the respondent of the study, “Our task is to think how to market the unsold parcel units and common area that can be used for generating revenue for us. It is not easy to get a potential tenant. Sometimes we need to consider wisely before accepting any tenants who are interested in renting our properties. In terms of the common area, we need to think how to attract people to come and provide programmes / activities that could attract other people to our building. This is not an easy task anyway”. In this context, ([Mar, 2002](#)) & ([Khalid et al., 2012](#)) contend that marketing the commercial buildings is not easy. Therefore, appointing a professional estate agency could be one of the strategies for marketing the particular buildings.

### 3.3. Investment Sustainability

According to the respondent of the study, one can see that “prolonging the investment sustainability of high-rise stratified buildings is another important task for us as MCs of commercial buildings. We are not required to sustain the value of the property per se, but on top of that, we need to ensure that all tenants of the building can survive and sustain their businesses. If we fail to do so, we as MCs could be considered as a failure management body of the occupied commercial buildings. This failure could affect all the businesses of the particular building”. In this context, [Mar \(2002\)](#) & [Omar \(1993\)](#) contend that there needs to be brilliant ideas and efforts in order to prolong the investment sustainability.

From the discussion above, it may be said that the MCs of commercial stratified buildings face critical challenges and issues relating to maintaining and managing a particular building, compared with those of the residential high-rise properties. The survival and sustainability of the businesses of the occupied building depend on the performance of the MCs. Nevertheless, all occupiers of the particular buildings should work together and support each other in prolonging the investment sustainability of the stratified commercial properties.

## 4. Conclusions

The establishment of the Act 757 in 2013 was a considerable effort made by the Government to provide a clear platform in terms of maintaining and managing stratified properties in Malaysia. However, there are critical differences in maintaining and managing stratified buildings for commercial and residential properties. For building maintenance purposes, both categories of JMBs/MCs can accept common tasks and responsibilities. Nevertheless, the findings of the study revealed that the MCs of the commercial high-rise properties faced significance challenges and issues, such as tenancy management, marketing strategy and investment sustainability. This finding was in line with others, which proves that it is not easy to maintain and manage commercial high-rise properties. All parties

involved should work together and must be very supportive in order to prolong the life cycles of the building physically, as well as the sustainability of the businesses. Blaming each other for any issues and problems may not resolve any problems. Therefore, working as a team should be better, and this could lead to the success of maintaining and managing high-rise commercial properties in Malaysia generally.

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