

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

M.S. Khalid, A.H. Ahmad, M.F. Sakdan

**Abstract:** *The issues surrounding the maintenance and management of high - rise buildings in Malaysia have long been a topic for discussion. This has resulted in significant changes to the rules and regulations governing Malaysia's stratified buildings. Now, the Strata Management Act 2013 (Act 757), which entered into force on June 1, 2015, is the main reference document outlining the roles and responsibilities of COB and JMB in maintaining and managing high - rise / stratified buildings. In terms of the management and maintenance of stratified buildings, Act 757 recognized the formation of two main entities: the Building Commissioner (COB) and the Joint Management Building (JMB) before the Management Corporation (MC) was formed. The study focused solely on the MC of the perspective of commercial buildings in Jitra, Kedah Malaysia, for the purposes of this article because that particular building was only the commercial building that the MC had established. In terms of the management and maintenance of the subdivided stratified buildings, the Act 757 clearly stipulated specific duties and powers for the JMB / MC, without mentioning whether those high - rise properties were residential or commercial. This study therefore aims to identify from the MC's perspective the challenges of maintaining and managing high-rise commercial buildings compared to residential buildings. In order to gather in-depth information in line with the qualitative approach, the data were collected using the face-to-face interview method. The respondent of this study was the selected case study chairman of the MC of the Jitra commercial buildings, Kedah Malaysia. The finding showed that the MCs of commercial buildings were required to perform additional tasks such as tenancy management, marketing strategy and prolonging investment sustainability compared to the JMBS / MCs of residential buildings. Failure to perform these specific tasks may jeopardize the particular buildings ' business sustainability.*

**Keywords:** *Commissioner of Buildings (COB), Joint Management Body (JMB) and Management Corporation.*

## I. 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.

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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 [1] & [2].

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[3]. In line with this, Section 17 up to Section 28 under Chapter Three (3) 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[4]. 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 [5], 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[5]. 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.

II. 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[6], [7]&[8]. 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 KubangPasu, 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.

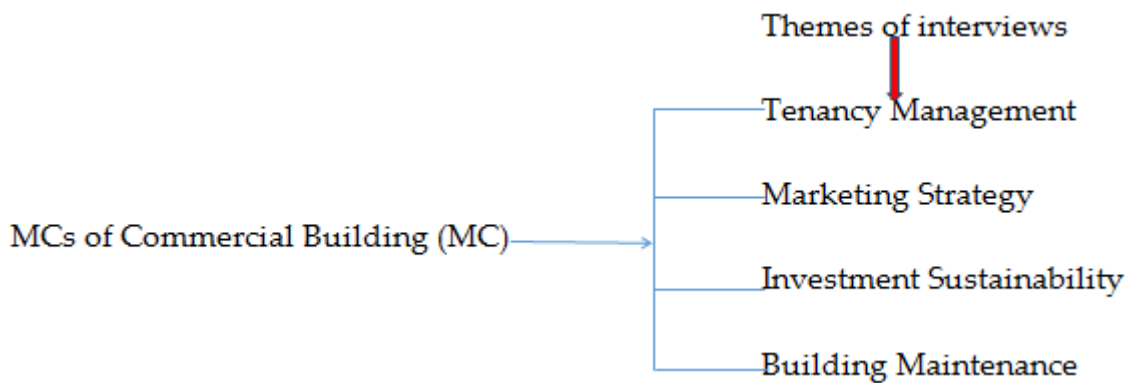


Fig. 1 Research framework

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

III. RESULTS AND DISCUSSION

The interview questions, as explained earlier, were based on four (4) themes related to commercial building MCs. They had to perform additional tasks compared to the residential JMBs / MCs. The results of the study were summarized on the basis of the interviews conducted 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

Management of Tenancy

From Table 1.1 above, one can see that there are no different responsibilities for building maintenance for the MCs of commercial high-rise buildings. Building conservation and maintenance was the responsibility of both JMBs / MCs.

The respondent says: "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 regard, [9], [10], [11]&[12] claimed that the value of stratified buildings was consistent with the maintenance invested in them.

Nevertheless, one can see from the results shown in Table 1.1 that the respondent agreed that the commercial high-rise properties' MCs had few challenges and difficulties compared to those of the high-rise residential buildings. The respondent claimed "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 consistent with [1]'s recommendation in which it argues that tenancy management is very important to maintain and manage high-rise commercial properties. He claimed that it included two important dimensions: selecting the right anchor tenant and preparing a win-win tenancy agreement between the owner and tenants. This finding was consistent with the study carried out by [13] in which they mentioned that managing the problems of tenants is not easy and could lead to management problems, and could also affect commercial high-rise buildings. In this context, tenants were interested in the commercial building if the building's management body could provide and deliver services promptly [14].

#### Marketing strategy

The MCs must play an important role in marketing the unsold parcel units as well as the buildings' common area that could generate income for the MCs. According to the study respondent, "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 regard, [1] & [5] argue that it is not easy to market commercial buildings. The appointment of a professional estate agency could therefore be one of the strategies for marketing the buildings in question.

#### 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, [1] & [15] argue that brilliant ideas and efforts are needed to prolong the sustainability of the investment.

From the above discussion, it can be said that commercial stratified buildings' MCs face critical challenges and issues related to the maintenance and management of a particular building compared to those of high-rise residential properties. The survival and sustainability of the occupied construction businesses depends on the performance of the MCs. However, all occupants of the particular buildings should work together and support each other in prolonging the sustainability of the stratified commercial properties' investment.

#### IV. CONCLUSIONS

The introduction of Law 757 in 2013 was a significant effort by the government to provide a clear platform for the maintenance and management of stratified properties in Malaysia. However, for commercial and residential properties, critical differences exist in the maintenance and management of stratified buildings. Both categories of JMBs / MCs can accept common tasks and responsibilities for construction maintenance purposes. Nevertheless, the study findings revealed that the high-rise commercial properties MCs faced significant challenges and issues such as tenancy management, marketing strategy, and sustainability of investment. This finding was consistent with others, which shows that maintaining and managing high-rise commercial properties is not easy. All involved parties should work together and be very supportive in order to physically prolong the building's life cycles as well as business sustainability. Blaming one another for any problems or problems may not solve any problems. Working as a team should therefore be better, and this could lead to success in the overall preservation and management of high-rise commercial properties in Malaysia.

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