

Community Titles Institute
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The Future of Body Corporate Developments

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Scope of this presentation

- What will be the likely future trends in real estate developments?
- What will be the likely consequence for body corporate managers?
- What will be the likely consequences for building managers?

Where are we heading?

- Trend will be towards higher density
- The “drivers” of density
 - Government policy
 - Use of existing infrastructure
 - Consumer choice/trends
 - Developer margins
- The result – many more community schemes
- This trend follows our “leader” – North America

USA experience

Community association housing units as a percentage of the total housing units in the United States

1970	1975	1980	1985	1990	1995	1998
0.5%	2.58%	4.14%	5.37%	11.38%	12.47%	14.67%

Estimate for 2005 = 16%

The consequences

- Larger projects
- More complex projects
- Mixed use projects
- Staged projects
- Wider range of uses (marinas to shopping centres)
- Example – King St Wharf

King Street Wharf (Darling Harbour)

- **Mixed use** (retail, commercial offices, serviced apartments, residential apartments, restaurants, entertainment venues + charter boat operations)
- Staged development
- Comprises 9 tower buildings
- Majority of towers over common basement
- Basement – shared parking, facilities + equipment
- Most (not all) towers strata subdivided
- Most (not all) under leasehold strata title
- Part Sydney public road network passes over basement
- Bus interchange interfaces complex
- Commercial marina interfaces complex

Redevelopment pressures

- Older buildings are in various states of maintenance
- Many are at end of their economic life
- “Life cycle change” is an impediment to redevelopment
- Underdeveloped prime sites
- Pressure will emerge for compulsory acquisition for re-development

The future of developments

- Increased density
- Larger, more complex projects (mixed uses/new uses)
- More lifestyle facilities (all age groups)
- More emphasis on technology
- Higher security
- Community building
- Real estate based investment products
- More strata title “hotels” (as opposed to apartment hotels)
- Revival of timeshare
- More redevelopment of older schemes

Issues for body corporate managers

- Raising personal knowledge and skill levels
- Recruitment of suitable staff (qualifications/career paths)
- Move to specialization
- Raising service levels
 - Move from “process” focus to “service” focus
 - Process and work practice changes
 - Commensurate fee increases
- More commercial focus
 - Strategic “partnering”
 - Outsourcing
 - Aggregation of services
- Achieving scalability of businesses
- Accessing modern technology
- Industry consolidation

Issues for building managers

- Previously confined to holiday letting buildings
- “Mum and dad” operators are being challenged
- Large and “brand” companies will expand
 - Better owner returns
 - Vertical integration/cross marketing
 - Demand for consistent standards
 - New entrants to market
- Emergence of branded “chains”
- Other facets are emerging
 - On-site contract caretaking of residential buildings
 - Off-site version of above
 - Full scale facilities management
 - Permanent employed building managers
- Hotel chains, aggregators and branded apartments are increasing

Move to facilities management

Facilities Management

- Record keeping
- Testing
- Basement management
- Deliveries and movement of goods
- Rubbish removal & recycling management
- Repairs & maintenance
- Risk identification and management
- Security
- Fire safety
- Workplace health and safety
- Strata manager and committee reporting

Summary

- You are entering a period of rapid expansion and change
- Body corporate managers and building managers need to lift their game
- Pressure for restructure of the body corporate management sector will increase
- There are “threats” and “opportunities” on the horizon

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