

## Chapter ?

### Multi-titled Tourism Accommodation Operations in Australia

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#### **Introduction**

The objective of this chapter is to examine the phenomenon of multi-titled tourism accommodation in Australia. The examination will review the reasons behind its substantial growth in the last 25 years, outline the legislative context, and overview different types of multi-titled tourism accommodation complex. In addition, the chapter explores an idiosyncratic facet associated with this particular type of accommodation, that is, management rights. Management rights represent an entitlement that can be purchased. The holder of the management rights of a building is typically entitled to draw a salary for maintaining the building, earn a commission on managing the building's letting pool and own a unit that is typically located on the ground floor of the complex. The chapter also outlines challenges arising in the sector with particular importance attached to power issues between the stakeholders in multi-titled tourism accommodation.

The term 'multi-titled tourist accommodation' is used to denote any tourist accommodation premises that has a multi-titled, multi-ownership structure tied to a common property. This definition distinguishes such complexes from the many other forms that can be assumed by traditional holiday homes (Coppock 1977), and also from hotels or motels which are generally built on a single land title that is either leased or owned by a single party. The definition also distinguishes multi-titled tourism accommodation from timeshare, because timeshare investors rarely acquire a property title (Woods 2001). In Australia, most multi-titled tourism accommodation complexes

comprise self service high-rise apartment complexes, although the recent past has also seen a growth in tourism-oriented hotels, golf resort communities and villa complexes owned by way of a multi-titled arrangement.

### **Growth of Multi-titled Tourism Accommodation**

The growth of these complexes represents a significant extension to our conventional conception of forms of short-term accommodation. They may take a variety of forms and appear to be proliferating in many parts of the world.

Some of the likely factors accounting for the growth in multi-titled tourism accommodation complexes appear to be closely aligned with those recognized to be fuelling growth in second home ownership and self-catering stays including greater levels of individual disposable wealth, increased mobile pursuit of leisure activities, more and shorter holidays (Johns and Lynch 2007) and an increasingly aged population seeking seasonal migration to escape extreme summer or winter climates (Williams et al. 2000, Irvine and Cunningham 1990). Other factors relate to property development and marketing issues, for example, developers accessing broader markets of potential investors by unitizing tourism accommodation ownership (Nicod, Mungall and Henwood 2007: 248) and improvements in short-term accommodation marketing available to small operators as a result of new internet-based technology (Thomas and Hind 2007: 331).

Unfortunately, the growth of multi-titled tourism accommodation has not been captured well in the statistics compiled by tourism analysts or government bodies. A systematic search for information concerning the growth of multi-titled tourism accommodation has revealed that although the Australian Bureau of Statistics provides an accommodation database, the information collected is far from ideal. Figure 2.1 plots

the number of new strata title schemes recorded by the Queensland government's Department of Natural Resources and Water over the period 1965 – 2006. Also graphed is the cumulative number of units in Queensland strata title schemes. While these data suggest growth in multi-titled tourism accommodation in Queensland, the evidence is not conclusive as the data presented pertains to all strata title schemes, that is, those that can be viewed as tourism focused as well as those that have a large proportion of long term residents.

**Insert Figure ?.1 here – landscape**

Internationally, most national tourist accommodation accounts or surveys focus on traditional service-related categories such as hotels, motels and caravan parks (usually by star-rating), or they combine holiday homes and holiday apartments into one segment. To obfuscate record-keeping matters further, mixed-used complexes with serviced rooms and condominium style apartments have emerged and these can be variously classified. Agencies managing the compilation of such data sets exhibit little interest in different ownership configurations and frequently fail to capture the subtle difference between a conventionally owned hotel or large motel and a professionally managed multi-titled tourism accommodation complex. This has likely been a significant factor contributing to the lack of recognition afforded to the increasing significance of this type of accommodation. Despite the problems obtaining accurate data concerning detailed trends, Warnken, Guilding and Cassidy (2008) provide grounds to suggest there has been significant multi-titled tourism accommodation growth in Australia and also internationally.

**The Legislative Context for Multi-titled Tourism Accommodation**

In Australia, it is estimated that three and a half million people either live or work in strata titled properties (NCTI 2008). The collective ownership of buildings or complexes is legally possible using a wide variety of legal arrangements such as covenants, home unit corporations and tenancies in common. (*See Blandy's chapter in this volume for the range of legal frameworks available in England and Wales*). However, in Australia many of these alternative legal arrangements have been unable to survive the test of time and the preferred framework is now by way of a community titles scheme (also known as 'strata title'). The legislation in each Australian state's jurisdiction has been responsive to industry and stakeholder concerns and, as a result, always to the detriment of uniformity (Everton-Moore et al. 2006). In a cross-state examination of strata title law in Australia, Everton Moore et al. make the claim that Queensland is the most advanced state in terms of developing legislation that lays the basis for effective, yet flexible, strata industry regulations. Despite this, Everton-Moore et al. (2006) also perceive shortcomings in the Queensland legislation. (*see also Sherry's chapter in this volume*).

The extent of inter-state inconsistency becomes still more evident when the failure to standardize terminology across the states is considered. As an example of this problem, 'body corporate' is the recognized terminology in Queensland, Victoria and Tasmania; however, in New South Wales and the ACT, the term 'owners' corporation' is used; in South Australia it is the 'strata corporation'; in Western Australia it is the 'strata company', and in the Northern Territory it is referred to as the 'management corporation'.

### **Multi-titled Tourism Accommodation in Queensland**

For illustrative purposes in this chapter, the legislation for Queensland is detailed. In Queensland, the Body Corporate and Community Management Act 1997 provides for the ownership of a 'lot' (as the Act terms the single parcel or unit) in a building or complex, together with a legal arrangement providing for the governance of relations between lot owners which also grants them a corporate interest in the management of common property.

Operationally, the legislative framework comprises one 'umbrella Act, supported by separate regulatory modules that are tailor-made for specific types of development' (Queensland Hansard 1997: 1136). The Body Corporate and Community Management Act 1997 is supplemented by four Regulations, referred to as Modules:

- the Body Corporate and Community Management (Standard Module) Regulation 1997 (Qld) (the Standard Module)
- the Body Corporate and Community Management (Accommodation Module) Regulation 1997 (Qld) (the Accommodation Module)
- the Body Corporate and Community Management (Commercial Module) Regulation 1997 (Qld) (the Commercial Module) and
- the Body Corporate and Community Management (Small Schemes Module) Regulation 1997 (Qld) (the Small Schemes Module).

The Body Corporate and Community Management Act 1997 provides a general legal framework for community title empowering the four Regulation Modules which contain the specific policies, procedures and rules for a community title scheme (when first introduced, the Act and its accompanying Regulation Modules were administered by the Department of Tourism, Fair Trading and Wine Industry Development).

This regulatory structure is based on the fundamental recognition that different community title schemes have different requirements, problems and demands and that no single piece of legislation is likely to be able to adequately address the diversity of multi-titled accommodation encountered in a state such as Queensland. Consequently, each Regulation Module contains detailed and individualized provisions on the rules, policies and procedures for corporate governance, which include amongst other things: the constitution of the Body Corporate Committee; the scheduling, conduct and reporting of committee meetings; and the regulatory requirements for financial and property management. The specific content of each Regulation Module is guided by the type of Community Titles Scheme it is intended to govern. For instance, the Standard Module is a generic module designed for residential schemes consisting mostly of owner-occupiers. By contrast, the Accommodation Module is appropriate for schemes comprising residential complexes, serviced apartments, hotels or resorts. The Commercial Module is used when the lots are mainly intended for business purposes. The Small Schemes Module is the least prescriptive and applies only to buildings where there are no more than six lots included in the scheme and there is no letting agent.

The final noteworthy aspect of community title governance surrounds the engagement or authorization of a body corporate manager, service contractor and/or letting agent. Although the body corporate is expressly prohibited from delegating its powers, it is authorized to appoint a body corporate manager to deliver administrative services or exercise the authority of an executive member of the committee.

#### *Community Titles Scheme*

A community titles scheme is defined under The Body Corporate and Community Management Act 1997. Ardill et al. (2004) characterize community title as constituting

freehold land subject to a single community management statement recorded by the Registrar of Titles, where the land comprises two or more lots and contains common property that is not a part of these lots. The Community Management Statement is the constitution for the body corporate and must comply with the requirements of the Body Corporate and Community Management Act 1997 and the pertinent Regulation Module for that scheme.

The Body Corporate and Community Management Act 1997 provides that the Community Management Statement must:

- contain the identifying name for the scheme
- identify the name of the body corporate
- state the unique identifying number for the scheme
- identify the regulation module applying to the scheme
- include a contribution schedule and an interest schedule
- identify the lots included in the scheme
- specify the common property for the scheme
- identify the lots affected, or proposed to be affected, by a statutory easement and state the type of statutory easement;
- specify bylaws unless the default bylaws in the Act are nominated
- specify any future stages to be developed whereby a lot is made into a subsidiary scheme and
- include anything that the regulation module applying to the scheme says it must include, and may include anything that the regulation module applying to the scheme says it may include.

*Power and Practice*

The developer (or original owner) of the property is responsible for devising and registering the Community Management Statement. This document is critically important because it distributes the power and requires responsibility on the part of individual lot owners to contribute toward the costs associated with the complex. It also presumes lot owners will participate in the governance of the scheme through the body corporate. Experience suggests, however, that few lot owners actually undertake their responsibilities and the motivation and views of some frequently depart radically from the majority of lot owners.

### **Types of Multi-titled Tourism Accommodation**

Warnken et al. (2008) describe the range of complexes and advance a typology that can assist in providing a sense of the range of manifestations that multi-titled tourism accommodation can assume. The typology includes five types that are based on key factors such as building style, location, maintenance arrangements and so on.

#### *Type 1*

These complexes represent a higher density extension of the traditional 'holiday home' sector: they provide accommodation units in low-rise buildings, generally without lifts or recreational facilities such as pools, gymnasiums. A-frames, duplexes, townhouses, villas in up-market holiday (resort) villages and small apartment complexes (for example ski chalets) can be all categorized within the Type 1 classification.

#### *Type 2*

In Australia, most of these type of complexes tend to be referred to as 'three storey walk-ups'. They usually comprise more than 24 units arranged in an 'L' or 'U' configuration. These complexes typically have several staircases, underground car parking, basic recreation facilities, no conference or meeting facilities, but may have a



snack food or small retail outlet located on the ground floor. Many type 2 complexes can be found in regional tourism seaside destinations (for example the Whitsundays or Cairns in Australia), or in the immediate periphery of tourist centres.

### *Type 3*

Type 3 complexes are larger, tending to have more than 50 units (mostly high-rise). Some units in these complexes can be occupied by long-term residents (renters and owners) and they are usually sufficiently large to warrant the engagement of a full-time resident manager. These complexes are prolific along the eastern seaboard of Australia and in particular, Queensland. This type, together with Type 4, are the most common type of complexes where management rights businesses (discussed in detail below) are established and sold. Due to these complexes' mix of uses, the potential for conflict between unit owners is quite high.

### *Type 4*

These complexes can be found in buildings that are physically similar to the Type 3 complexes. The key distinguishing facet of the Type 4 complex is that it is managed by a specialist multi-titled tourism accommodation operating company with an established brand name. The vast majority of units in the Type 4 complexes are in the short term letting pool, that is, they will have a low ratio of resident unit owners to investor unit owners. The mix of uses in a Type 4 complex is not as great as in a Type 3; therefore conflict is usually lower due to greater alignment of unit owner interests. The balance of power in this type of complex is usually weighted towards the majority of investor owners; however, in some instances resident owners can disrupt this power balance as a result of their regular on-site presence in the complex and at body corporate meetings.

### *Type 5*

In this type, complexes provide a hotel front-end reception staffed with a concierge, full service in-house bar, restaurant and retail facilities, daily room cleaning and service and tend to be located in the centre of a tourism hub or central business district. Some recently constructed Type 5 complexes also provide dual key apartments with small kitchen and laundry facilities that can be separated into two units, each the size of a standard hotel room. It is evident that many traditional hotels are being reconfigured and ownership titles subdivided in order to facilitate conversion into 'condotels' (Smoke and Burk 2005). This new ownership/management model with the hotel's ownership not being represented by way of a single property title, but by as many property titles (and owners) as there are accommodation units in the complex has become extremely popular. However, the new model is likely to place new administrative demands on hotel operators due to the additional burden of attempting to maintain harmonious working relations with the many independent parties that represent the hotel's ownership.

### **Resident Management Rights**

This section serves to introduce and explain the specifically Australian phenomenon of resident management rights. (*see also Sherry's chapter*) Management rights evolved initially in the Sunshine State of Queensland approximately 30 years ago, but have recently expanded rapidly and can now be found in all Australian states and territories. Management Rights' operators represent only one element in the tourism accommodation supply chain; however, their role, which is integral to the workings of any multi-titled tourism accommodation complex, can affect and be affected by the various other stakeholders involved in the provision of such accommodation.

*What are Resident Management Rights?*

The day-to-day maintenance of larger buildings requires the appointment of a caretaker. This person is primarily responsible for maintaining a complex in good technical working order and the upkeep of common property, which usually includes gardens, pools, hallways, undercover car parks, walkways, stairways and so on. Tourism complexes with a number of units in the short-term letting pool also require an onsite resident manager with a limited letting agent's license to manage and promote the short-term letting pool. In Queensland, in many cases, these two functions are covered under a single management rights contract that can be purchased, with the purchaser of the contract receiving a rental commission for the sub-letting of units. The purchaser of a management rights contract also becomes the owner of a unit located close to the main entry of the complex. Management rights can assume considerable value; some recent sales of resident manager rights in large Australian complexes have commanded prices in excess of a million dollars (Guilding et al. 2005).

The management rights model has been justified by using the rationale that purchase of rights increases the incumbent's motivation to maintain a building in good working order and also augments the building's short-term letting pool income. A shortcoming of the system concerns the limited capacity of unit owners to force a poor performing resident manager out of a building.

#### *Management Rights Contracts*

The management rights contract is generally drawn up by the building's developer on behalf of the body corporate. It can be purchased by individuals or companies that have the requisite qualifications. When operating their businesses, resident managers will be keen to derive a maximum return by appropriately trading off the different sources of

return that they can earn from their management rights investment. These three sources of return are:

- the opportunity to secure a capital gain earned upon sale of the management rights
- the opportunity to earn commissions from letting (holiday or long-term stays) investor owner units that are placed in the complex letting pool and
- the opportunity to receive salaried income in connection with the provision of general building service and maintenance functions.

It is particularly apparent with respect to his or her function as a letting agent that the resident manager's interests are closely aligned with the tourism role of a multi-titled tourism accommodation complex (Guilding et al. 2005). This is because higher occupancy rates result in higher commissions earned by the manager. This signifies that it is in a manager's interest to convert resident owners into investor owners who place their unit in the letting pool.

It follows that management rights' contracts in buildings with a high proportion of units in the letting pool tend to sell for more than management rights in buildings with a low proportion of units in the letting pool. It is also noteworthy that the way that a resident managers structure day-to-day operations and the use of sub-contractors represents a further opportunity to increase their return on investment.

### **Challenges Identified in Research Literature**

There are significant challenges arising in management rights businesses and the affiliated network of stakeholders involved in multi-titled tourism accommodation complexes. This section reviews the published literature that outlines these challenges. Ardill et al. (2004) documented some of the issues arising in connection with the

promotion of equitable power distribution between multi-titled tourism accommodation stakeholder groups. Guilding et al. (2005) utilized an agency perspective to examine owner/manager relationships in multi titled tourism accommodation complexes. Cassidy and Guilding (2007) noted tension arising due to the autocracy of managers in regard to control over setting unit prices. Most recently, Warnken et al. (2008) addressed the challenge for destinations with a dominance of strata titled accommodation and the extent to which such dominance can carry an adverse implication for a destination's profile. The contributions of each of these studies are now outlined in turn.

*Ardill, Everton-Moore, Guilding and Warnken (2004)*

Ardill et al. (2004) examined the community title reforms in Queensland for commercial, residential and tourism stakeholders. The paper outlined the imbalance of power between various multi-titled tourism accommodation stakeholders with particular examples cited to illustrate the imbalance between a) the developer and lot owners, b) service providers and lot owners and c) differing types of lot owners.

The authors noted a perception that the original owners of a multi titled property (the developers), have the balance of interests tilted in their favour. In particular, they could typically sell service rights, thereby encumbering future unit owners with long-term management rights or other service agreements, which carries a particular resonance with the 'embedded power of the developer' discussed by Blandy, Dixon and Dupuis (2006). Ardill et al. (2004) also noted that regardless of whether a body corporate inherits a contract governing services from a developer, it can become encumbered by the long-term arrangement associated with the delivery of sub-letting and maintenance services under a management rights contract. They also highlighted the distinct interests of investor owners and resident owners and the likely tensions that

can be expected to arise between these two parties. The investor owners can feel disillusioned if their returns do not meet expectations, especially when increasing amounts are being paid for residential management services. The resident owners similarly, can feel disillusioned if the resident manager is concentrating on the needs of the investor owners. As already noted, the commissions earned from sub-letting signify that the resident manager's interests are likely to be more aligned to the interests of investor owners than resident owners.

*Guilding, Warnken, Ardill and Fredline (2005)*

Guilding et al. (2005) adopted an agency theory model and Lambert's (2001) four dimensions of principal-agent conflict to explore the relationship between resident managers and multi-titled tourism accommodation unit owners. In addition to extending some of Ardill et al.'s (2004) commentary concerning the inconsistent motivations between resident owners and investor owners, Guilding et al. also revealed a potential for tension between investor owners. In effect, investor owners are competing for the same sub-letting rental income and in many buildings there is no obligation for the resident manager to assign holiday tenants across the available letting pool. This has to be the case as some owners refurbish their units to higher standards than others and a regime requiring equitable allocation of sub-lettings across the available letting pool stock of units would negate much of the motivation for owners to appropriately maintain their units. This means that investor owners may be tempted to induce the resident manager to prioritise the sub-letting of their unit over other units in a building.

Guilding et al. (2005) also noted the potential for a resident manager to place building maintenance contracts with particular sub-contractors in return for a 'back-hander' received from the sub-contractor. The scope for this type of activity was seen to

be constrained by the possibility of a resident manager needing to terminate a sub-contracting arrangement due to poor service; the sub-contractor might then elect to inform the body corporate of the resident manager's unscrupulous behaviour in placing the sub-contract. A further moral hazard potential in this agency context concerns the possibility of a resident manager not recording a short term rental of a unit and failing to make the appropriate reimbursement to the unit owner. Guilding et al. (2005) also expressed a concern over the possibility of resident managers overstating the cost of maintenance or housekeeping, and keeping the difference between the costs reported to the unit owner and the payment made to the tradesperson.

The same authors also considered the relative risk profiles of resident managers and unit owners. It is generally held that principals bear the greater risk in agency relationships. The worst case scenario for agents is that they may lose their jobs; however a principal can have considerable capital at stake. The dynamics of the owner/manager relationship in the provision of multi-titled tourism accommodation do not appear to conform to this conventional risk differential, however. A resident manager can be seen to bear more risk than a typical unit owner, as the initial outlay to purchase management rights is substantially greater than the outlay of a unit owner to purchase a unit. Further, the resident manager's livelihood is dependent on the successful operation of a building. It is unlikely that a unit owner would have their main livelihood implicated by the degree of success achieved by a building's letting pool.

*Cassidy and Guilding (2007)*

A key finding of the study by Cassidy and Guilding (2007) concerned the lack of power experienced by a unit owner with respect to setting short term letting rates. It was found that the resident manager in multi-titled tourism accommodation complexes exercises

complete autocratic power with respect to the setting of unit letting rates. This example of compromised power of a unit owner can be added to those examples cited by Blandy et al. (2006). Cassidy and Guilding expressed a cautionary note in connection with an apparent imbalance in the degree of power assumed by resident managers and the extent to which they possess requisite accommodation management skills. In other short-term accommodation management contexts, such as the large hotel sector, the prerequisite for securing a managerial position is the possession of experience combined with a minimum level of pertinent education or training. At present, the prerequisite for employment in the multi-titled accommodation management field is no more than the capacity to fund the purchase of the management rights business and the possession of a letting license. (*see similar comments in other chapters*)

*Warnken, Guilding and Cassidy (2008)*

A challenge noted by Warnken et al. (2008) relates to the mix of tourists and resident owners in a multi-titled tourism accommodation complex. Warnken et al. note that a protracted downturn in tourism demand for a particular destination is likely to result in investor owners letting out to long-term tenants or selling to resident owners. Such a development would change the resident profile of a building away from tourism. If a tourism destination is heavily populated by multi-titled tourism accommodation complexes, it would appear that it is vulnerable to a reduction in its stock of tourism accommodation should a tourism downturn occur.

### **The Role of Government**

Governments have to wrestle with the competing interests of multi-titled tourism accommodation sector stakeholders. The conflicts of interest and issues about the balance of power can become highly emotive and they are frequently afforded extensive



media coverage. This interest from the government and media alike can be expected to continue as a significant number of voters live or work in multi-titled tourism accommodation properties. Further, in areas such as South East Queensland, the powerful developing lobbying group has a major interest in the commercial sustainability of this accommodation sector. Tourism is one of Australia's biggest export earners and a major provider of employment. These factors underscore the likely continued public debate and interest in the efficient and effective workings of multi-titled tourism accommodation properties.

The Body Corporate and Community Management Act 1997 was 'meant to strike a balance between the developer and future owners of individual lots' in Queensland (Ardill et al. 2004: 18). The Act was also designed to provide flexibility that would enable subsequent revisions and amendments. The Queensland government has a strong record of consultation in advance of passing legislation relating to multi-titled properties. In 2003, Robertson, the minister (then) responsible for the Body Corporate and Community Management Act 1997, stated that:

The issues that have generated most discussion relate to management rights – where a resident manager provides caretaking services for a scheme and acts as a letting agent for owners who wish to use that service. A scheme's success, and the success of related investments, relies on a strong working relationship between the resident manager, the body corporate and individual owners. Unfortunately this does not always happen. With two distinct owner types – those who live in their properties, and those who use them as investments – tensions can arise because of their different priorities, especially if one group feels the resident manager is concentrating on the needs of the other. Investor owners can feel disillusioned if their returns do not meet their expectations, especially if they are paying an increasing amount for resident management services. Bodies corporate can feel trapped in long-term agreements that fail to meet their needs. This bill seeks to bring balance to the

management rights issue, proposing new codes of conduct to govern the activities of letting agents and service contractors like resident managers (Queensland Hansard 2002: 5225).

The legislative amendments that took effect in 2003 were designed to balance the owners' responsibility for self-management with a degree of access to a manager's support and expertise. Further amendments, like those of 2007, have been implemented as part of on-going attempt to improve the existing legislative framework pertaining to multi-titled tourism accommodation. It is notable that the government maintains an open dialogue with industry bodies (representing most stakeholder groups) to foster and encourage discussions and solutions to the complex challenges presented by such properties. Consistent with the recent past, one can anticipate that frequent legislative review of multi-titled accommodation complex arrangements will be a continuing feature of all Australian state governments for some years to come.

## **Conclusion**

In this chapter, the concepts of law, power and practice within the multi-titled tourist accommodation sector have been discussed and critically appraised in the context of the Australian state of Queensland. The chapter represents an attempt to further our understanding of the dynamics of multi-titled tourism accommodation operations in Australia and also some of the particular issues that arise from a business contract widely referred to as a 'management rights business'. This uniquely Australian construct presents a very particular set of challenges with respect to power and practice. This set of challenges is compounded by the diversity of state based jurisdictions that populate the Australian accommodation development and management landscape. These challenges have spawned the beginnings of academic enquiry that has been reviewed in this chapter. It should be evident from this review that much further legislative reform is to be expected before the multi-titled tourism accommodation can

be perceived to have achieved a level of 'steady state' existence that characterizes most other spheres of commercial enterprise. In light of many Australian state governments' unveiling regional development plans that flag rapid inner city development, signifying the construction of more multi-titled properties, the onus on academic researchers to document multi-title challenges and on legislators to engineer multi-title solutions would appear to be considerable.

In the context of this book concerned with multi-owned properties and the distribution of power between parties involved, it should be noted that in their examination of property rights in multi-owned residential developments that drew on field study data collected in England and New Zealand, Blandy et al. (2006) comment on the restricted power of unit owners relative to managing agents. Part of this limited power stems from the fact that unit owners who purchase from a developer 'inherit' a managing agent who has been engaged by the developer to provide management services to the multi-owned property for a period typically up to three years. This temporally-related source of power for the managing agent pales when compared to the 25 year management rights contract widely used in Queensland. The length of these contracts signifies that this aspect of the owners' 'bundle of rights' is more severely compromised than in the English and New Zealand jurisdictions commented on by Blandy et al. (2006).

A further factor highlighting the restricted power of unit owners in a multi-titled tourism accommodation Queensland property context where the management rights have been sold off, concerns the very muted ability of unit owners to influence who becomes a new manager should the holder of the management rights choose to sell his investment to another party. Unit owners have to mount a very strong case if seeking to

veto the sale of the management rights to a particular individual or company. The onus for unit owners to demonstrate due cause warranting the prevention of a management rights sale to a particular party is not minor. The owners' case would have to be based on serious grounds such as the purchaser having a legal record signifying a compromised capacity to manage a building.

The issue of equitable allocation of power between the potentially competing investor owner and resident owner interest groups discussed in this chapter adds a further key demarcation in the distribution of property related power, to those noted by Blandy et al. (2006) whose focus was restricted to relationships between developer, owners and managing agents as unitary groupings.

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