

Cracks in the Compact City

Defects in strata

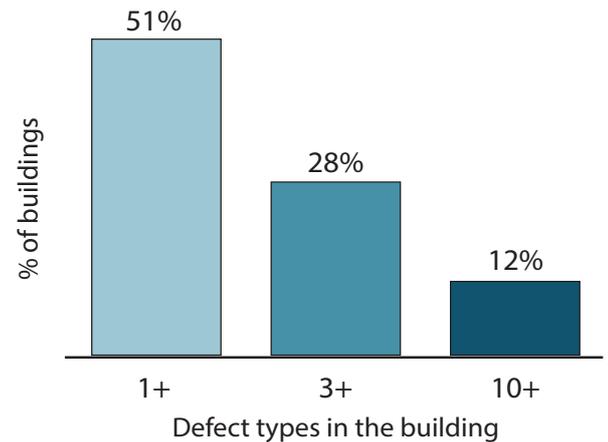
Advice for owners & purchasers

How common are defects in strata?

We set out to assess how common defects are in strata schemes in Sydney, by systematically searching for data on a random sample of buildings completed 2008-2017 in three local government areas. For buildings where we could get robust data, we found just over half had at least one type of defect (e.g. water leak), while 12% had 10+ different types. However, we found it difficult to get data for many schemes in our sample, so we think these estimates are conservative. Because it is so difficult to obtain reliable information on defects in strata, this means buyers often cannot be sure whether a building has defects, whether they have been fixed, and whether owners might face financial, emotional and safety impacts later.

You can find our full report and recommendations [here](#).

Defect estimates (buildings with detailed data)



What this means for you

If you're looking to purchase

- Gather as much information as possible on the track record of the developer and their team. This may involve media searches and seeking advice from family, friends and industry contacts (if you have any). If purchasing off the plan, ask the development team to provide detailed information about their past projects and any issues with defects - and go check the buildings out (if nearby).
- For existing properties, obtain a detailed, independent strata inspection report as well as a building report. Don't just rely on a strata report provided by the vendor. This upfront cost may save more significant costs later. You may also consider having a specialist strata lawyer review this report, as well as your conveyancer. Look for defect issues, especially the 'big three': water leaks, structural issues and fire safety issues.

If you've just bought in a new building

- Ensure the Owners Corporation requests as much information about the building from the developer and builder as possible (such as maintenance schedules), and carefully review all material provided. Owners' ability to collect important building information decreases over time, so getting the right documentation early is important.
- Complete the post-occupancy evaluation provided by the developer, or request that the developer undertake one if it isn't planned. This will ensure they are aware of any issues.

All current owners should...

- Be as informed as possible about any issues with defects in your strata scheme. While the stress of dealing with defects can make it tempting to downplay or ignore issues, owners have a legal obligation to address defects, and the end result will be better if tackled early and thoroughly.
- Check out our [free defect rectification how-to-guide](#) that provides guidance on how to investigate, document, report and rectify defects in your scheme.

Our recommendations

We developed 30 recommendations for government to make better information available to purchasers and owners, so they can be more confident of the quality of their building and better navigate defect rectification. These recommendations can be grouped into 5 broad 'next steps':

Require developers to provide comprehensive, consumer-friendly records to buyers

Ensure ongoing resources for a strong building regulator

Make defect inspection and reporting processes more consumer-friendly

Strengthen strata record-keeping and inspection processes

Keep improving government information collection, sharing and digitisation

Of the 30 recommendations in the report, the following nine recommendations relate directly to strata owners and purchasers. You can read the full set of recommendations in the report, [available here](#).

Governments should...

- 2 Ensure information about the track record of developers is made accessible to consumers.
- 6 Require developers to provide Owners Corporations with a comprehensive, consumer-friendly Building Manual.
- 10 Ensure relevant building data held by government is made available to the Owners Corporation via an easy-to-use platform.
- 11 Strengthen the capacity of relevant departments (like NSW Fair Trading) to respond to reports of defects made by owners.
- 12 Support Owners Corporations to keep their building records up to date, and to ensure key info is provided to all new owners.
- 15 Collate and analyse building inspection data to assess the risk of defects, report aggregate data publicly and use it for enforcement.
- 17 Improve the way governments communicate with strata owners about defect risks (e.g. NSW's new Strata Portal might play this role).
- 18 Undertake public education about the importance and value of strata inspection reports, and how to identify a quality report.
- 26 Work with the strata inspection industry to develop minimum standards and a standardised format for strata inspection reports.

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For more details on this and other strata-related research projects, visit cityfutures.ad.unsw.edu.au/research/compact-cities. City Futures Research Centre, based at UNSW Sydney, is a national leader in scholarly applied public interest research on our cities. We provide ethical, evidence-based inputs to contemporary urban policy debates and the planning of 21st Century cities.



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