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Strata Management Tribunal



FEATURE

Strata Management Tribunal: Jurisdictions and Procedures

KNOWLEDGE CORNER

ChatGPT and Property Management



WORLD FMDAY
Making a Real Difference
10 MAY 2023

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TABLE OF CONTENTS

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07 - 17

FEATURE

Strata Management
Tribunal:
Jurisdictions and Procedures

18

INFO

Info on Number of JMBs, MCs
and Strata Schemes
in Selangor

19 - 21

QUICK GUIDE

Quick Guide to
Strata Management (Tribunal)
Regulations 2015

23 - 26

FEATURE

Business Challenges
and the Property
Management Industry

27 - 34

FEATURE

Retail Strategies of Shopping
Centres in Klang Valley During
Covid-19 Pandemic

35 - 39

FEATURE

Diagnosis and Repair of
Leakages from Swimming Pools
and Pool Decks

40 - 43

KNOWLEDGE CORNER

Life Cycle Costing
and Funding Replacements
in Strata Residential
Buildings

44 - 45

KNOWLEDGE CORNER

Explain the Similarities
and Differences Between
Property Management
and Facilities Management

46 - 47

KNOWLEDGE CORNER

ChatGPT and
Property Management

49 - 54

MIPFM EVENTS & ACTIVITIES

55

NEW MEMBERSHIP LISTING

Welcome to the 2023 Vol.5 No.1 & 2 Combo Issue of *The Property Manager!*



Heartiest Congratulations to our President for being appointed as the Mayor of Kuala Lumpur !!!

The focus of this issue is on the jurisdictions and procedures of the Strata Management Tribunal. This is supported by a *Quick Guide on the Second Schedule of Strata Management (Tribunal) Regulations 2015 and Part IX - Disputes and Strata Management Tribunal* which will surely ease the use and referencing to the Regulations and Sections.

The second focus is on the celebration of the World FM Day on 10th May 2023 with a theme '**Making a Real Difference**'. The purpose of World FM Day is to recognise and celebrate the vital work that workplace and facilities managers and the wider industry contributes to business worldwide. It aims to raise the profile of the facilities profession anywhere that its practitioners influence the health, safety, productivity, and wellbeing of people who use the built environment.

With the easing of the Covid-19 pandemic, the economic environment has remained challenging since early this year with tailwinds from inflation and high interest rate. An article in this issue focus on the business challenges in the property management industry. Another examined the impact of Covid-19 pandemic on the occupancy rate of shopping malls in the Klang Valley and the measures and strategies adopted by REIT managers for malls to remain viable under the tough operating guidelines and measures implemented during the lockdown and movement control orders.

The technical article in this issue is on the leakages from swimming pools and pool decks which is a common latent defect in residential strata properties. The article will provide an understanding on the technical cause of the defect and the diagnosis steps.

In the *Knowledge Corner*, we have life cycle costing explained. To capture the buzz on AI particularly ChatGPT, I have requested ChatGPT to explain the similarities and differences between property management and facility management - read page 44 and decide whether it has provided a good explanation! Of course not to be missed is the impact of ChatGPT: what are the applications of ChatGPT in the property management industry (see page 46).

Happy reading !!! ■



Professor Sr Ts Dr. Ting Kien Hwa

FMIPFM, FRICS, FRISM, MPEPS

Founding Editor & Editor-in-Chief

The Property Manager





MIPFM CPD SEMINAR SERIES 2023 IN KUALA LUMPUR

Property Management Practice

30.5.2023

PNB Perdana Hotel Kuala Lumpur

8.30am - 5.30pm

TOPICS:-

1. Planned Preventive Maintenance (PPM)
2. Defect Management on Stratified Buildings
3. Financial Property Management
4. SOP COBKL Related to Strata Management



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CDP Seminar Series in Johor Bahru

Date: 23.6.2023

Venue: Le Grandeur Palm Resort Johor

CDP Seminar Series in Penang

Date: 27.7.2023

Venue: Hotel Mercure Penang Beach

*MIPFM reserves the right to change the program

PROGRAMME

| | |
|-------------------|--|
| 8:30AM - 9:00AM | REGISTRATION |
| 9:00AM - 10.30AM | PLANNED PREVENTIVE MAINTENANCE (PPM) BY Sr MATTHIAS LOUI HOONG FEI |
| 10:30AM - 10:45AM | TEA BREAK |
| 10:45AM - 11:00AM | NIPPON PAINT SHARING SESSION |
| 11:00AM - 12.30PM | DEFECT MANAGEMENT ON STRATIFIED BUILDINGS BY MR KUAN YOU WAI |
| 12:30PM - 2.00PM | LUNCH BREAK |
| 2.00PM - 3.30PM | FINANCIAL PROPERTY MANAGEMENT BY Sr NAGESWARAN MUNIANDY |
| 3:30PM - 3.45PM | TEA BREAK |
| 3.45 PM - 5:15PM | SOP COBKL RELATED TO STRATA MANAGEMENT BY Sr CHE ADZHAN BIN CHE ADNAN |
| 5.30PM | END SESSION |



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Knight Frank Malaysia



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STRATA MANAGEMENT TRIBUNAL: JURISDICTIONS AND PROCEDURES

KUAN YOU WAI & HO SUET JING

The Strata Management Act 2013 (SMA 2013) is applicable to the strata management of all type of stratified buildings for the purpose of residential, commercial and/or industrial use. Strata Management Tribunal (SMT), on the other hand, is an avenue for recourse in the dispute arising from strata management in these stratified buildings in Malaysia according to SMA 2013. The SMT is a relatively new agency, having been established in 2015, provides an easy and cost effective manner in dispute resolution as reflected by its motto, namely "Easy, Cheap and Fast". Such avenue in dispute resolution is in line to the spirit of SMA 2013 in creating harmonious and safe community living in the stratified buildings. In order to file a complaint with the SMT, the parties are advised to first attempt to resolve the dispute between themselves. If these efforts are unsuccessful, the aggrieved party can opt to file a claim with the SMT. The SMT will review the claim and to consider the evidence and arguments presented by the parties at the hearing. The SMT has the authority to make binding decisions in these cases, and its decisions can be enforced through the civil courts if necessary.

The jurisdiction of the SMT is derived from the Fourth Schedule of SMA 2013. Such jurisdiction allows SMT to hear dispute in strata management in the matters including:

- A dispute or complaint concerning an exercise or the performance of, or failure to exercise or perform a function, duty or powers conferred or imposed by SMA 2013 or the subsidiary legislations made under this Act, except for those specifically provided for in this Part.
- Subject to subsection 16N(2) of the Housing Development (Control and Licensing) Act 1966 [Act 118], the dispute on costs or repair in respect of a defects in the parcel, building or land proposed for sub-division into parcels, or the building or land for subdivision into parcels, or subdivided building or land, and its common property or limited common property.
- A claim for recovery of Charges, or a contribution to the sinking fund, or any amount which is declared by the provisions of this Act as a debt.
- A claim for an order to convene a General Meeting.
- A claim for an order to invalidate proceeding of meeting where any provision of the Act is contravened.
- A claim for an order to nullify a resolution where voting rights has been denied or where the due notice has not been given.
- A claim for an order to nullify a resolution passed in a General Meeting.
- A claim for an order to revoke amendment of by-laws having regard to the interests of all the parcel owners or proprietors.
- A claim for an order to vary the rate of interest fixed by the Joint Management Body (JMB), Management Corporation (MC) or Subsidiary Management Corporation (SMC) for late payment of the Charges, or the contribution to the sinking funds.

- A claim for an order to amend the amount of insurance to be provided
- A claim for an order to pursue an insurance claim
- A claim for compelling a developer, JMB, MC and SMC to supply information or documents.
- A claim for an Order to grant consent to effect alterations to any common property or limited common property.
- A claim for an Order to affirm, vary or revoke the decision made by the Commissioner of Buildings (COB).

Beside the above-mentioned jurisdiction in Fourth Schedule of SMT 2015, SMT also has the jurisdiction in hearing claim for obtaining:

- An Order to enforce the implementation of by-laws,
- An Order to prevent the violation of by-laws, and
- Compensation for any damage or injury to the person or asset caused by contravention against the by-laws.

Till date, complaints in defaulters in paying maintenance fees and inter-floor leakage are the most common claims in SMT. Usually, one may hear that any claim filed at the Tribunal cannot be refiled at the Tribunal or court. However, this is not entirely true. The law on this clearly explains that if a claim that has been filed with the Tribunal is within its jurisdiction and the issues in dispute, whether as shown in the initial claim or emerged in the course of the hearing, then those issues cannot be the subject of proceedings between the same parties in any court. However, there exist exceptions to this and that is unless the proceedings before the court were commenced before the claim was filed in the Tribunal or where the claims are withdrawn, abandon or struck out. It has been seen that claimants who want to withdraw their claims, inform the president that they intend to withdraw their claim with liberty to file afresh. When it comes to striking out

a claim, it happens when the parties do not turn up for the hearing of their claims.

Any criminal offences and other offences not related to SMA 2013 must be referred to the relevant authorities as the jurisdiction and scope of the SMT is specified and limited by the SMA 2013 to Strata Management only. Besides, the ceiling for the amount of claim is RM250,000.00 only. Unlike Housing Tribunal, there is no time bar to file claim in the SMT due to the perpetual nature of strata management. Furthermore, SMA 2013 recognizes the difference in resources and knowledge between the different parties involved in the disputes. Thus, no lawyer is allowed unless a party may suffer from severe financial hardship AND there is a complex issue of laws in the claim. If a party is allowed to be legally represented, the other party will be granted the same right as well. It is to be noted that the Tribunal has adopted a practise of utilizing Form 14 (application for Interlocutory orders) to apply for legal representation. This practice may not be proper as the SMA specifies applications of interlocutory orders in specific instances only as will be seen below.

The parties who can file claim in SMT include:

- Developer
- Sub-sale buyer
- Owner (including the first hand owner)
- JMB
- MC
- SMC
- Management Agent (appointed by COB)
- Any other parties with vested interests allowed by the SMT

Every claim filed in SMT commences with the submission of Form 1. The forms and fees involved in different stages of filing, hearing and award are appended hereunder:

| Form | Description | RM |
|---------|--|--------|
| Form 1 | Statement of Claim for residential | 100.00 |
| Form 1 | Statement of Claim for commercial/ industrial | 200.00 |
| Form 2 | Statement of Defence and Counter Claim for residential | 100.00 |
| Form 2 | Statement of Defence and Counter Claim for commercial/ industrial | 200.00 |
| Form 3 | Statement of Defence against Counter Claim for residential | 50.00 |
| Form 3 | Statement of Defence against Counter Claim for commercial/ industrial | 100.00 |
| Form 4 | Notice for hearing | |
| Form 5 | Notice for negotiation | |
| Form 6 | Award with agreement by all parties | |
| Form 7 | Award for Claimant if the Defendant does not file the Statement of Defence | |
| Form 8 | Award for Claimant where the Defendant admit the claim | |
| Form 9 | Award for Claimant where the Defendant absent | |
| Form 10 | Award for the Defendant where the Claimant absent | |
| Form 11 | Award after hearing | |
| Form 12 | Notice for Summon to Appear | 100.00 |
| Form 13 | Summon to Appear | |
| Form 14 | Notice for application for residential | 50.00 |
| Form 14 | Notice for application for commercial/ industrial | 100.00 |
| Form 15 | Order for application for residential | 50.00 |
| Form 15 | Order for application for commercial/ industrial | 100.00 |
| Form 16 | Application for Setting Aside an Award | |

All forms must be filled in clearly so that for the secretary can carry out preliminary assessment to the claim. Besides, clarity in the documents also ease the President and other relevant officers to process them. Any unclear statement of claim or counter claim may nullify the case in hand. Additionally, all claims or counter claim must be included in the relevant forms. Attachment is allowed should the space in the relevant form is inadequate. Inclusion of a chronological order of the events can also ease the processing of the case.

No additional claim or counter claim is allowed once the hearing commence. Nevertheless, the claimant may file a new case for the pending claim at his own discretion.

FORM 1

Prepare your claim in Form 1 (refer to Figure 1). To file a claim at the SMT, you will need to:

- Provide a written statement outlining the details of the dispute, including the parties involved, the nature of the dispute, and the costs and/ or damages you are seeking. You can always include the costs of filing fee and transportation.
- Include any supporting documents, such as contracts, emails, or photographs, that may help to support your claim. It is important to be as detailed and accurate as possible when preparing your claim, as this will help the SMT to understand the specific circumstances of your case.

All claim must be included in the Form 1 and it shall be duly signed or thumb-printed, in the case where the claimant is an individual. In the event the claimant is a corporation or an unincorporated body of persons, the Form 1 must be signed by the authorized person or office bearer with the company's official stamp or common seal. Then, it shall be duplicated in 4 copies and submitted together with the prescribed fee. Please note all copies of Form 1 must be originally signed by the Claimant. In the event there is more than one respondent, an additional

copy for every additional respondent shall be submitted too.

Subsequently, the Secretary of SMT shall acknowledge the receipt by a seal of the Tribunal duly dated and signed. A file number containing the year, zone of SMT and a reference number. Then, the Secretary shall retain two copies of the signed and sealed copies of Form 1 and return two copies of the Form 1 to the claimant.

The claimant shall serve one signed and sealed copy of Form 1 on each respondent within 14 days from the date of its issuance. The way of servicing Form 1 can be done either personally, by registered post addressed to the last-known address or by attaching the document at a prominent part of the last known address of business, registered office, parcel or residence of the person to be served. The validity of the document is 30 days. Failure to submit the Form 1 in time shall nullify the document and the claimant may file a fresh claim after the expiry of the date.

FORM 2

In response to the Claim, the respondent shall respond by filling in Form 2. Form 2 contains:

- Admission to the claim if the respondent admits the claim
- Particulars as to why the respondent disputes the claim if the respondent does not admit the claim
- Particular of counterclaim if the respondent has a counterclaim

The form shall be signed or thumb printed if the claimant is an individual. In the event the respondent is a corporation or an unincorporated body of persons, the form shall be signed by an authorized person together with the full name of the signatory and affixed with the company's official stamp or common seal. Then, it shall be filed to the Tribunal within 14 days from the date of receipt of such copy from the claimant. Similar to Form 1,

SALINAN PIHAK YANG BENAMUT

AKTA PENGURUSAN STRATA 2013
PERATURAN-PERATURAN PENGURUSAN STRATA (TRIBUNAL PENGURUSAN STRATA)
2015

BORANG 3
[Peraturan 14]
PEMBELAN KEPADA TUNTUTAN BALAS
DALAM TRIBUNAL PENGURUSAN STRATA
DI Putrajaya
DI NEGERI Wilayah Persekutuan MALAYSIA
NO. TUNTUTAN

| | |
|---------------------------------------|--|
| Nama Pihak yang Memenuhi | |
| No. K.P./No. Syarikat/No. Pendaftaran | |
| Alamat: | |
| No. Tel: | |
| No. H/P: | |
| No. Faks: | |
| Nama Penestang | |
| No. K.P./No. Syarikat/No. Pendaftaran | |
| Alamat: | |
| No. Tel: | |
| No. H/P: | |
| No. Faks: | |

Pembelaan kepada Tuntutan Balas:
Please refer to the attachments

Terikh _____

Tandatangan/Cap ibu jari kanan dan nama penuh (jika seorang individu)/Nama penuh orang yang diberi kuasa, jawatan dan cap rasmi/veteran peribadi (jika sebuah syarikat atau pertubuhan peribadi)

Tarikh penyediaan _____

Sebutlah _____

Figure 1: A sample of Form 1

4 copies of Form 2 shall be filed with the Tribunal together with the prescribed fee and where there is more than one claimant, with an additional copy for every additional claimant.

In return, the Secretary shall acknowledge receipt of the Form 2 by affixing a seal duly dated and signed. Then, 2 copies of the forms shall be kept at the Tribunal and the other 2 copies shall be returned to the respondent. 1 copy of the Form 2 shall be served to the Claimant within 14 days accordingly.

FORM 3

In response to the Counterclaim filed in Form 2 shall be in Form 3. The claimant shall state his position to the counterclaim by admitting or disputing it. Then, the form shall be signed or thumb printed if the claimant is an individual. If the claimant is a corporation or an incorporated body of persons, the form shall be signed by an authorized person together with the full name of the signatory and affixed with the company's official stamp or common seal.

Within 14 days, the claimant shall file 4 copies of the Form 3 to the Tribunal.

CLASSIFICATION OF CLAIM

The Secretary shall classify the claim upon receipt of Form 1, 2 and 3. A decision shall be made to refer the claim to either Negotiation or Hearing. Form 5 shall be issued for the former and Form 4 for the latter.

NEGOTIATION

Negotiation is a platform for dispute resolution by getting the parties involved to sit down and communicate. This is indeed in line to the spirit of SMA 2013 in creating harmonious community living in the stratified buildings.

The Tribunal has trained officers to facilitate such process by issuing Form 5 to the claimant and respondent and any decision or settlement derived

shall be officially recorded in Form 6 accordingly. Should negotiation fail to address the disputed concerned, the file shall be forwarded for hearing in the Tribunal.

Nevertheless, such negotiation step has been abandoned in view of the limited time in the KPI of the Tribunal. Thus, the claimant may request for such negotiation if he deems fit.

HEARING

Unlike the civil courts, SMT is a Tribunal for the public without the presence of any lawyer. The legal officers and President may guide the parties involved in the hearing procedures along the process.

The parties in the hearing are advised to arrange all relevant documents systematically. A chronological order of events can expedite the process by helping the President to understand the claim and the counterclaim easily.

All parties are required to dress in formal attires in the hearing and all handphones must be muted in order to pay the respect to the SMT.

Prior to the hearing, the claimant and respondent are advised to write down the testimony to clarify the claim and issues in the case, and the possible questions to be asked in the examination in chief, cross examination and re-examination processes.

During the hearing, the claimant and respondent shall be entitled to adduce evidence, call any witness or produce any document, record or thing to support his case. Then, the respondent shall present his case and may adduce evidence, call any witness or produce any document, record or thing to support his case. The normal processes of examination in chief, cross examination and re-examination is practiced in these processes. In some instances, the President may guide the parties involved in conducting their cases and clarifying ambiguous questions and answers.



Any award made after the hearing shall be in Form 11.

SUMMON TO APPEAR

The claimant or respondent may, at any stage of the hearing, apply to the Tribunal to summon any person to appear as a witness or to produce any document, record or other things in his possession before the Tribunal. Form 12 shall be filled and the grounds of the application in details as to the reason the person, document, records or other things for the claim or counterclaim in hand. Then, the Tribunal may decide to accept the application fully, conditionally or decline the application.

Form 12 shall be filed with the Tribunal in 3 copies with an attachment of summon to appear in Form 13 together with the prescribed payment. If granted, the Form 13 shall be registered by the Tribunal and 2 copies of Form 13 duly signed and sealed shall be returned to the person who applied for the summon to appear. A copy of the Form 13 shall be served to the person named in the form within 7 days.

Failure for the person named in Form 13 to appear as a witness or to produce any document, record or other things in his possession or otherwise as set out in Form 13 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000.00 or to imprisonment for a term not

exceeding 3 years or both. Besides, the Tribunal may also apply to a court for an order for committal or contempt of court, too.

INTERLOCUTORY ORDER

An "interlocutory order" is a non-final, temporary order issued during the course of litigation. Drawing an analogy, one may consider an interlocutory application as the "add-ons" in a budget flight. There are numerous interlocutory applications that can be filed, for instance, an application for bringing in a lawyer, summary judgment, striking out of pleadings and amendment of pleadings.

The application for an interlocutory order shall be made by way of notice of application in Form 14. Then, Subsequently, the Secretary of SMT shall acknowledge the receipt by a seal of the Tribunal duly dated and signed. A date, place and time shall be given by the Secretary for hearing accordingly. Then, the Secretary shall retain two copies of the signed and sealed copies of Form 14 and return other copies of the Form 14 to the applicant. The applicant shall serve such Form 14 to the parties involved within 7 days. Failure to serve the Form 14 in 7 days shall render the Form 14 be struck out.

The hearing of an application for an interlocutory order shall be heard before the Secretary or any officer acting on his behalf unless the President direct otherwise. The normal steps in hearing prevails and an order made shall be in Form 15 and may be subjected to the terms and conditions as the Tribunal deems fit.

SECURITY FOR COSTS

Security for costs is a procedure to prevent an abuse of process whereby a losing plaintiff fails to pay costs to the respondent. It was therefore primarily a defensive move to avoid being out-of-pocket by the respondent. The grounds for such application include:

- a) The claimant is not a Malaysian citizen or ordinarily resident out of the jurisdiction;
- b) The claimant (not being a claimant who is suing in a representative capacity) is a nominal claimant who is suing for the benefit of some other person and there is reason to believe that he will be unable to pay the costs of the respondent if ordered to do so;
- c) Subject to above mentioned grounds, the claimant's address is not stated in any claim or application made in the Tribunal or is incorrectly stated therein; or the claimant has changed his address during the course of the proceedings with a view to evading the consequences of the litigation.

The Tribunal shall not require a claimant to give security by reason only for item c) above if he satisfies the Tribunal that the failure to state his address or the misstatement was made innocently with no intention to deceive.

The application of a respondent to an action or other proceedings in the Tribunal, it appears to the Tribunal that

- A party, who is not a party to the action or proceedings (who is referred to as a "non-party), has assigned the right to the claim to the claimant with a view to avoid his liability for costs; or
- The non-party has contributed or agreed to contribute to the claimant's costs in return for a share of any money or property which the claimant may recover in the action or proceedings,

And the non-party is a person against whom a costs order may be made, the Tribunal deem it is just to do so, may order to give such security for the respondent's costs of the action or other proceedings deemed just.

The application for security for costs shall be made by way of notice of application in Form 14. The grounds

to support the application shall be served with the notice of application to every person on whom the notice of application is required to be served. An award shall be made in Form 15 and may be subjected to any terms, as the Tribunal deems fit.

ORDER FOR DISCOVERY

The Tribunal may order any party to surrender documents or materials which are or have been in possession, custody or power for the expeditious determination of the claim during the hearing. On the other hand, the claimant or respondent may apply to the Tribunal by way of notice of application in Form 14 with attachment of a list of documents, to direct any party to surrender documents or materials which are or have been in his possession, custody or power for the expeditious determination of the claim, too.

Form 14 shall contain details of the grounds of application and an order shall be made in Form 15, subject to the terms as the Tribunal may direct.

TRIBUNAL EXPERT

The Tribunal may at any time, on its own motion or on the application of any party, appoint an independent expert in the event of any question for an expert witness arises. The Tribunal Technical Team are persons who has the relevant knowledge



or experience related to the question in hand. His opinion in his report would be admissible in evidence and be given weightage as the Tribunal deem fit.

Where the Tribunal Expert opines that a relevant experiment or test is necessary to enable him to make a satisfactory report, he shall inform the parties and shall arrange with them for such experiment or test. Then, 3 copies of the report shall be submitted to the Secretary of SMT.

Any party may, within 14 days after receiving a copy of the Tribunal Expert's report, apply to the Tribunal for leave to cross-examine the expert on his report. Then, the Tribunal shall order for the cross-examination of the expert by all the parties either at the hearing or before the hearing at a time and place specified in the order.

Any party, either claimant or respondent may call an independent expert witness to give evidence, contest or the question reported by the Tribunal Expert after serving reasonable notice to the other party. However, no party may call more than one such witness without the leave of the Tribunal.

TYPE OF AWARDS

In the event both parties fail to present in the hearing, the case may be struck out.

In the event that the claimant and respondent are present but the respondent has not file Form 2

(Statement of Defence), the Tribunal may grant an award in Form 7. Alternatively, the Tribunal may adjourn the hearing for the respondent to file Form 2, as the Tribunal deems fit. Lastly, the Tribunal may allow the Respondent to submit defence orally and proceed with the case.

In the event that the claimant is absent but the respondent is absent, the Tribunal may adjourn the hearing to the next date. Alternatively, the Tribunal may grant an award in Form 10.

If the claimant is absent but the respondent is present, the Tribunal may adjourn the hearing to the next date or grant an award in Form 9.

If both parties present and the hearing take place in good order, an award or order shall be made in Form 11.

Regardless of the different situation, the Tribunal shall consider any representations submitted by the party present before disposing of the claim or counterclaim in the absence of any one or more parties. Should clerical error is made due to accidental slip or omission in the award or order, the Tribunal may at any time rectify or correct it accordingly.

If a question of law arises during the proceedings, the Tribunal may refer the question to the High Court and an award may be made in conformity to the High Court's decision.

NON-COMPLIANCE OF AWARD

In the event of non-compliance of award, the winning party need to serve a notice to the Tribunal. Non-Compliance of Awards triggers two separate actions – a civil action and a criminal action. The Tribunal shall serve such award to the relevant court having jurisdiction in the place to which the award relates or in the place where the award was made and register the same for a record. The Award then will be deemed a Court Order. The winning party may appoint a lawyer in order to proceed with the civil action.



Meantime, the winning party shall proceed to launch such complaint to the relevant Commissioner of Buildings to begin criminal action according to Subsection 123 in the SMA 2013.

An "Ingkar Award" in Malaysia refers to a situation where a party fails to comply with a Strata Management Tribunal Award. If a party fails to comply with an award, the other party may seek enforcement of the award through the courts.

SOME INSIGHTS FOR DEALING WITH AN INKGAR AWARD IN MALAYSIA

1. Prepare Borang Ingkar Award TPS to be duly signed by the Claimant and attach with the Tribunal Award in 5 sets. SMT will send it to the Court to cause the Tribunal Award to be registered as per Section 120 of SMA 2013. In reality, the registration of the Tribunal Award will take about 2-3 months.

Figure 2 shows a sample copy of Borang Ingkar Award (TPS).

2. Seek legal advice:

- Civil action: It is advisable to seek legal advice from a qualified strata lawyer to understand the legal options available and the best course of action if you decide to take an action in the civil court. However, before taking legal action, it is always advisable to try to reach an agreement with the other party. This may involve negotiating a mutually acceptable solution to the issue at hand.
- Criminal action: Once the Commissioner of Building (COB) is notified on the Ingkar Award, the COB will begin investigations. Once completed, the party who has failed to comply with the award may be prosecuted in criminal court for failing to comply with the award. If convicted, the party may face punishment such as a fine or imprisonment.



Figure 2: A sample copy of Borang Ingkar Award (TPS)

JUDICIAL REVIEW

The award or order made in the Tribunal is deemed final. However, any parties who deem unjustly affected by any abnormality in the proceedings or a question of laws may file judicial review to the relevant courts for judicial review.

WHAT ARE THE MAJOR FLAWS OF SMT?

While the SMT has been successful in resolving many disputes, there are some criticisms or flaws that have been identified with the SMT system:

- Limited jurisdiction: The SMT only has jurisdiction over disputes related to strata-titled properties, and it does not have the authority to hear other types of disputes. This may limit the ability of the SMT to resolve disputes that are more complex or that involve parties outside of the strata scheme.

For example, SMT does not have the jurisdiction over financial institutions such as banks. In the situation whereby Joint Management Body (JMB) fails to handover properly to Management Corporation (MC) including the monies in the JMB account, SMT does not have jurisdiction to order the financial institutions holding the JMB's fund to transfer the money to MC.

- Limited remedies: Albeit the SMT's decisions are final and binding, it has limited power to award damages or other remedies that are available in the courts. This may limit the ability of the SMT to provide full relief to parties who are seeking compensation for losses or damages for more than RM250,000.00.
- Appeal rights: A party can only file for Judicial Review of SMT decision in a High Court. This may make it difficult for parcel owners who have limited resources in terms of time and money if they decide to make a claim at SMT.
- Enforcement of Tribunal Award: It is important to note that the enforcement process can be complex, time-consuming and costly. To put things in context, it will take 3-6 months to enforce the Tribunal Award in civil court and the legal fee will probably cost around RM5,000-8,000. It discourages the public when the Award sum is nominal. It defeats the purpose of the establishment of SMT whereby it is supposed to be cost effective and efficient platform for strata owners to resolve the disputes. As for criminal enforcement, it is the COB who prosecutes. Factors that may impact the efficiency in prosecuting a party is the availability of the resources and the existing backlog of cases of the COB.
- Quantum of compensation recommended by the technical team of the Tribunal is based on JKR Schedule of Rates. These rates are unrealistic for repair work in stratified buildings due to lack of consideration of the small quantity of work that cannot achieve any economics of scale. Furthermore, the rate that offer a flat amount also does not give any consideration different quality

of materials used in the premises affected. House rules like limited time for hacking and remove debris are not considered in JKR's rates. Thus, claimant is advised to obtain some quotations to substantiate their claim so that a more realistic amount of compensation can be considered by the relevant President.

- KPKT recommends EN1504 Product and Systems in the Protection and Repair of Concrete Structures in diagnosis, protection and repair thereof. It is a standard that opt to restore the affected building components into its original lifespan as if no damage has occurred. Additionally, it also addresses the issues holistically and scientifically with optimum life cycle costs. In the event that the defendant or technical team recommends repair strategies that is cosmetic and/or partial, the claimant should object by bringing in his own expert for an independent assessment and proposal for repair based on EN1504.





- Limited resources: The SMT is a relatively new forum, and it may not have the resources or staff necessary to efficiently resolve disputes in a timely manner. This may lead to delays in the resolution of disputes and may create frustration for parties involved in the process.

ANY PROPOSED IMPROVEMENT FOR SMT?

There have been several proposals for improving SMT in Malaysia. Some of the suggestions that have been made include:

- Extend the SMT's jurisdiction: The SMT's jurisdiction should be extended to include a wider range of

disputes related to strata-titled properties. This could include increase the limit of the claimed amount especially when there is a group action on the disputes over common area maintenance.

- Establish a Higher Tribunal to enable an appeal be brought from the Lower Tribunal. In this way, the process for appealing an SMT decision could be made clearer and more straightforward. This could help to ensure that aggrieved party could challenge a SMT decision in a more cost effective way in line with the spirit of the establishment of a Higher Tribunal.
- Increase resources and staff: Additional resources and staff in order to improve its efficiency and speed in resolving disputes. This could include additional funding for the SMT to provide training to the staff, or the hiring of additional staff to handle the increasing number of disputes being brought to the SMT.
- Provide education and outreach: To ensure that parties are aware of the SMT and its role in resolving strata-related disputes, it may be necessary to provide education and outreach to owners, occupiers, and strata management bodies. This could include providing information about the SMT's jurisdiction, powers, and procedures, and making information about the SMT more widely available.

Overall, the SMT plays a crucial role in the resolution of disputes related to stratified properties in Malaysia. It provides a cost-effective and efficient mediation mechanism for parties to resolve disputes, and its decisions are binding and can be enforced through the courts if necessary. The SMT helps to ensure that stratified properties are properly maintained and managed, and it helps to protect the rights of homeowners of these properties. ■

Note: Article verified by Tuan Roshan Kshatriya.

INFO ON NUMBER OF JMBS, MCS AND STRATA SCHEMES IN SELANGOR

| Local Council | Total Number of Schemes | JMB | | MC | |
|----------------|-------------------------|--------------|------------|--------------|------------|
| | | Active | Inactive | Active | Inactive |
| Shah Alam | 493 | 176 | 38 | 193 | 86 |
| Petaling Jaya | 672 | 231 | 51 | 354 | 36 |
| Subang Jaya | 512 | 258 | 56 | 173 | 25 |
| Klang | 152 | 112 | 5 | 25 | 10 |
| Ampang Jaya | 466 | 261 | 19 | 136 | 50 |
| Kajang | 538 | 87 | 243 | 41 | 167 |
| Selayang | 655 | 161 | 236 | 108 | 150 |
| Sepang | 152 | 103 | 23 | 21 | 5 |
| Kuala Selangor | 36 | 14 | 15 | 7 | 0 |
| Kuala Langat | 45 | 32 | 8 | 4 | 1 |
| Hulu Selangor | 18 | 16 | 1 | 2 | 0 |
| Sabak Bernam | 3 | 1 | - | 2 | - |
| Total | 3,742 | 1,452 | 695 | 1,066 | 530 |

Source: Selangor State Housing, Urban Wellbeing & Entrepreneur Development Committee Chairman Star Metro 27 March 2023

QUICK GUIDE TO STRATA MANAGEMENT (TRIBUNAL) REGULATIONS 2015 (01-07-2015)

COMPILED BY : LOW KON SIN (AS AT 18 APRIL 2023)

| Form | Second Schedule | Reg. | Remarks (Refer to stated Reg/Sub-Reg.) | Fee(RM) - Sch. 1 |
|------|--|--------------|--|--|
| 1 | Statement of Claim. | 6 (1) to (3) | 4 sets of this Form to be filed with the Tribunal. Instructions to Claimant/Plaintiff & Respondent/Defendant stated at Form 1 are to be referred. | 100 for Residential (Res) 200 for Commercial or Industrial (C/I). |
| 2 | Statement of Defence and Counterclaim. | 10 | Sub-Reg 10 (1) to (3) and Instructions to the Respondent to be referred. | Same as Form 1. |
| 3 | Defence to Counterclaim. | 14 | Claimant (of Form 1) should refer to sub-reg 14 (1) to (4) & Instructions. | 50 & 100 (Res. & C/I). |
| 4 | Notice of Hearing. | 18 (2) | Issued by Tribunal to both party with Date, Time & Venue of Hearing. | Nil |
| 5 | Notice of Negotiation. | 18 (3) | Issued by Tribunal to both party (if applicable) similar to 18 (2). | Nil |
| 6 | Award by Consent. | 20 | Tribunal Award of the agreed Settlement by both party in Form 6. | Nil |
| 7 | Award for Claimant where Respondent did not file Statement of Defence. | 23 (a) | The Award by Tribunal when the Respondent failed to file his / her defence within the stipulated time of Form 1 that has been duly served. | Nil |
| 8 | Award where Respondent Admits Claim. | 24 | Where the respondent admits the claim in his statement of defence, the Tribunal shall make an award for the Claimant in Form 8. | Nil |

THE PROPERTY MANAGER

| Form | Second Schedule | Reg. | Remarks (Refer to stated Reg/Sub-Reg.) | Fee(RM) - Sch. 1 |
|------|--|--------|---|---|
| 9 | Award for Respondent where Claimant is Absent. | 25 (2) | Award issued in the absent of Claimant as per sub-regulation 25 (1). | Nil |
| 10 | Award for Claimant where Respondent is Absent. | 25 (3) | Award issued in the absent of Respondent as per sub-regulation 25 (1). | Nil |
| 11 | Award after Hearing. | 26 (5) | Advisable to peruse all sub-regulation of 26 (1) to (6). | Nil |
| 12 | Notice of Application for Summons to Appear. | 28 (1) | Advisable to refer Instructions to Claimant / Respondent and all sub-regulation 28 (1) to (5). | 100. |
| 13 | Summons to Appear. | 28 (4) | Form 13 are to be attached together with Form 12. | Nil |
| 14 | Notice of Application. | Part A | Reference : Sub-Regulations 32 (1), 36 (1), 39 (2) and 41 (1). (To be filled in by the Applicant). Instructions are to be referred. | 50 for Residential. 100 for Commercial / Industrial. |
| | | Part B | (To be filled in by the Tribunal). Instructions are to be referred. | |
| 15 | Order for Application. | | Reference : Sub-Regulations 35 (4), 36 (8), 39 (4) and 41 (4). | Same as Form 14. |
| 16 | Application for Setting Aside Award. | 48 (2) | Sub-regulation 48(1) and paragraph 23 (a) are inter-related. | Nil |

Note:

In order to know more details relating to the TRIBUNAL subjects, readers are advised to refer to Part IX SMA 2013 (Act 757) and Part 1 & Part 2 (Fourth Schedule of SMA 2013).

PART IX - DISPUTES AND STRATA MANAGEMENT TRIBUNAL

| Chapter | Description | Section | Topic | Reference |
|---------|---|---------|---|----------------------|
| 1 | General. | 101 | Interpretation. | |
| 2 | Establishment and Organisation. | 102 | Establishment of Tribunal. | |
| | | 103 | Members, Terms of Office and Allowances. | |
| | | 104 | Secretary, Officers and Staff. | |
| 3 | Jurisdiction of Tribunal. | 105 | Jurisdiction of Tribunal. | 4th. Sch. SMA-Part 1 |
| | | 106 | Exclusion of Jurisdiction of Court. | |
| | | 107 | Persons Entitled to file a Claim. | |
| 4 | Conduct of Proceedings. | 108 | Claim to be in Prescribed Form. | |
| | | 109 | Sittings of Tribunal. | |
| | | 110 | Right to Appear at Hearings. | |
| | | 111 | Proceedings to be Public. | |
| | | 112 | Negotiation for Settlement. | |
| | | 113 | Equal Treatment of Parties. | |
| | | 114 | Determination of Rules and Procedure. | |
| | | 115 | Hearings. | |
| | | 116 | Appointment of Expert by Tribunal. | |
| 5 | Awards of Tribunal. | 117 | Awards of the Tribunal. | 4th. Sch. SMA-Part 2 |
| | | 118 | References to a Judge of the High Court on a Question of Law. | |
| | | 119 | Awards and Settlement to be Recorded in Writing. | |
| | | 120 | Decisions of Tribunal to be Final. | |
| | | 121 | Challenging the Award on Ground of Serious Irregularity. | |
| | | 122 | Disposal of Documents, etc. | |
| 6 | Misc. Provisions Applicable to this Part. | 123 | Criminal Penalty for Failure to Comply with Award. | |
| | | 124 | Regulations in Respect of the Tribunal. | |



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BUSINESS CHALLENGES AND THE PROPERTY MANAGEMENT INDUSTRY

ZARITA AHMAD BAHARUM

The past two years have been extremely difficult for businesses. Many factors have contributed to this tough business environment which include the Covid-19 pandemic, IR 4.0, digitalization, economic uncertainties, inflation etc. Most businesses had a bumpy year and may need to brace for the following challenges that will persist through 2023.

ACCELERATION IN DIGITAL TRANSFORMATION

Businesses have long embraced the use of digital technology to be flexible and adaptable to current changes; however, the coronavirus pandemic is the impetus for the acceleration in the adoption of digital technology. Cloud services, mobile technology, machine learning (ML), and artificial intelligence (AI) have accelerated the automation and digitalisation of critical business processes while delivering new insights and opportunities. Hence, property management practices must also adapt to these changes to ensure the business management and operations are effective and efficient.

Some of the applications in digital property management include:

i) Use of cloud computing

The cloud allows us to be mobile and keep our work activities at our fingertips. Cloud-based softwares and services eliminate the need to be physically present near a server to obtain information about tenants such as contact information, moving dates, unpaid rent, etc. All information is now available on the go.

Cloud computing not only makes property managers' lives easier, but it also lowers operational costs and speeds up decision-making. Examples are Apple (iCloud), Dropbox, Google drive etc.

ii) Smart buildings

At first glance, it might seem that smart home technology is a luxury, especially if we are talking about the rental market, where the goal is to gain rental income from the investment property. But this is simply not true. Smart homes are beneficial for tenants as well as landlords for various reasons. Smart features such as face recognition, digital access control, intruder detection, video surveillance etc may add to the attractiveness of a building to potential tenants.

iii) Big data

Big data can give property managers a broader view of the leasing market. Managers can offer more relevant space and properties if they are equipped with better knowledge of their tenants' past activities and preferences. Leasing managers can source tenant information from websites, property management systems, or customer relation management.

What's more, big data helps managers and landlords better understand what's going on with their facilities regarding energy, water, and electricity consumption. Being able to constantly track all utilities in real-time keeps managers aware of their properties in general and helps promptly address unusual situations.

iv) VR and AR

Virtual reality and augmented reality both play a part in the industry. Many managers are now offering 360 virtual tours for their rental properties. Some companies have gone even further, offering paper brochures that unfold as 3D objects on clients' mobile screens once the client points the phone camera at the brochure. AR will also become helpful in those cases when the apartment comes empty by staging it with virtual furniture. This way tenants will better understand the space before moving in.

v) Machine learning and AI

Given that digital communications differ from in-person meetings, property managers are looking for ways to communicate online effectively. This is where AI comes into play. Chatbots, virtual robots, and assistants make tenant-manager-landlord communication faster and more efficient. They can handle different types of operations — answering generic questions, getting to know customer preferences, or even holding virtual showings. Another major advantage of artificial intelligence is assessing pricing trends, making corresponding predictions and analyses i.e. doing all the "digital footwork" for a property manager, landlord, or agents.

vi) Security

Automated security systems will help landlords and managers better protect their facilities. The fact that property is protected speaks for itself, increasing its demand among those tenants who value security. Tenants can take complete control of their living place — watch video surveillance, reset codes, and enable or disable permissions right from their mobile phones. Some landlords even add drones for area surveillance, making property security systems completely security proof. Such technology-driven properties will become common in the rental market in the upcoming years.

However cyber threats are more problematic. Ten types of security threats are:

- a) **Malware:** Malware is any software that is purposely designed to disrupt a computer, server, client, or computer network, leak private information, obtain unauthorised access to information or systems, deny access to information, or inadvertently compromise the computer security and privacy of the user.
- b) **Cloud Security:** A collection of security measures aimed to secure infrastructure, apps, and data stored in the cloud. These procedures ensure user and device authentication, access management to data and resources, and data privacy.
- c) **Phishing:** Phishing is a form of digital deception in which sensitive information such as login credentials, credit card information, and passwords are obtained fraudulently. Fake internet links that comes with false electronic messages such as emails and text messages are often used in phishing.
- d) **Ransomware:** Malware that prohibits or restricts user access to their system, either by locking the system's screen or by encrypting the user's files until a ransom is paid.
- e) **Data loss:** Data loss is the purposeful or inadvertent deletion of data by persons or systems inside or outside an organisation. Data loss is analogous to a data breach in the sense that data is compromised. In a data leak, the information is typically intact but in the wrong hands.
- f) **Password attacks:** A password assault is any of the fraudulent authentication techniques used to access password-protected accounts. These assaults are generally enabled by software that accelerates the process of cracking or guessing passwords.
- g) **Insider threats:** Insider threat is the possibility that an insider would use their allowed access or knowledge of an organisation to do damage.

- h) DDoS: Distributed Denial of Service (DDoS) is a category of malicious cyber-attacks employed by hackers or cybercriminals to render an online service, network resource, or host system inaccessible to its intended Internet users.
- i) Network vulnerabilities: A software, hardware, or organisational process fault that when exploited by an attacker, can result in a security breach. The majority of non-physical network vulnerabilities involve software or data.
- j) Form jacking: In form jacking assaults, hackers, financially motivated threat actors, and other cybercriminals inject malicious code — typically JavaScript — into the web pages of their targets. The objective of the criminal is to seize control of the site's form pages to capture sensitive user information or valuable data.

BLOCKCHAIN AND SMART CONTRACTS

The tokenization of real estate is one of the most prominent real estate trends among startups. This practice represents the ability to convert a particular asset into tokens that can be transferred securely between contract parties. Among the property management industry trends are smart contracts utilising the blockchain ecosystem. This technology enables the automation of contract processing, saving the parties time and effort and enhancing the security and transparency of real estate transactions.

SUSTAINABILITY

Sustainability is the way forward and organisation is now encouraged to promote and embed sustainability into their organisation process, system, operation and management. Environment, social and governance (ESG) is the name of the game and organisations must incorporate it to stay relevant to the current market practice. A property management practice must be able to identify and practice sustainability to meet and achieve the ESG requirements according to the organisation's target

and objectives.

ESG goals should be specific and attainable to minimise operating expenses and carbon emissions, increase productivity, and enhance building performance. Facilities, real estate, and Property Managers need to place a high priority implementing ESG initiatives if they want to stay competitive. This will allow companies to create KPIs and report on performance to stakeholders, as well as guarantee that their buildings are appealing to both investors and tenants. Numerous studies have shown the benefits of implementing an ESG plan and shown that structures with a clear sustainability purpose would have higher returns on investment.

ESG also emphasises on building occupiers, employees, and tenants' wellness. Excellent indoor air quality can boost productivity and reduce sick days taken by workers. Additionally, clean air supports employee welfare in general and better lungs.

ECONOMIC UNCERTAINTY AND INFLATION

Property managers should be aware of inflationary pressures and know how to manage them because they can have a big influence on the property management sector. A continuous rise in the overall level of prices for goods and services is referred to as inflation, and it can be brought on by a variety of causes including an expansion of money supply, increased production costs or an increase in demand on a worldwide scale. When inflation happens, the value of money falls over time as prices for goods and services rise. Interest rates typically climb along with inflation as investors demand a higher return on investments to offset the increased risk of losing money invested.

Property managers are impacted by this since it may be more challenging to get financing for new initiatives or restructure existing debt. Rents may also increase because landlords attempt to offset their rising borrowing cost, expenses and outgoings. Rents and other fees imposed on tenants may be raised

THE PROPERTY MANAGER

by property management in response. Property managers should also pay attention to economic signals such as rising commodity costs or rising salaries, that could indicate an impending rise in inflation. Managers can help shield their companies from potential harm by being proactive in managing inflationary pressures.

HIGH CUSTOMER EXPECTATIONS

Customer expectations are your customers' expectations of how each interaction with your company should go. This applies to any aspect of the customer journey, from how long they must wait to which channels they can use. Customers want (and expect!) the best, and if you don't provide it, they'll go elsewhere. Customer buys expectation, hence, if the fees are expensive, they will require the service to be at par with what they pay. Performance measurement must be done often to ensure that feedback and complaint from the customer are well-taken care off and resolve within a certain duration of time. Because customers/tenants are the property management lifeblood!!

TALENT SHORTAGE

Employers use talent management to recruit and develop a workforce that is as productive as possible and likely to stay with their organisation for the long term. This process, when implemented strategically, can help improve the overall performance of the business and ensure its competitiveness.

Real estate organisations are increasingly recognising the importance of attracting and retaining the best and brightest employees to achieve above-average market share and elevated profiles. In the knowledge worker's era, "talent" - narrowly defined as a core group of leaders, technical experts, and other key contributors - is rapidly becoming an organization's most asset. As real estate firms compete for top-tier talent, their strategies must become more integrated. According to CEL & Associates, a management consulting firm for the real estate industry, the real estate industry is in a talent crisis due to the following factors: a reduction in available talent, a weak platform to retain outstanding talent, escalating employee turnover, and poor human resource strategies including compensation and benefits. ■



RETAIL STRATEGIES OF SHOPPING CENTRES IN KLANG VALLEY DURING COVID-19 PANDEMIC

ALAN CHONG KIM WING & TING KIEN HWA

Covid-19 was first detected among three tourists who entered Malaysia through Singapore on 25th January 2020 (Pung, Chiew, Young, Chin, Clapham, Cook, Maurer-Stroh, Toh, Poh and Low, 2020). Subsequently, Covid-19 had become pandemic and the Malaysian government had to take drastic measures to contain the infection. The Malaysian government implemented the Movement Control Order (MCO) in four phases (Audrey, 2022). The First Phase was the beginning of travelling restrictions and vaccination rate was still very low with high number of daily infection cases. In the Second Phase, fully immunised individuals were partially allowed to travel, dine in and having inter-district travels. In the Third Phase, approximately 40% of the population had received their second vaccination dose. All economic activities except those listed in the negative lists were allowed to operate. For the Final Phase of the MCO, vaccination rates for adults were over 90% with restrictions lifted for economic activities and international travels.

However, most businesses in the country were badly affected with the retail sectors suffering a 16.3% decline in growth rate in the first year of the pandemic (Surin, 2023). Fortunately, recovery of the retail sector can be observed and retailers are hopeful that the sector will normalise in 2023. However, there are still lessons to be learnt from the pandemic especially on the retail strategies used by shopping centres in Klang Valley to weather through those difficult periods.

OCCUPANCY RATE OF THE RETAIL SECTOR IN KLANG VALLEY

Occupancy data is an important indicator to represent the proportion of rented or used space to total available space (Yassin, Yahya, Shafii, Masrom and Masram, 2022). Figure 1 depicts the occupancy rate for retail space in Klang Valley for the 2019 to 2022 period (National Property Information Centre, 2022). The period covers the pre-Covid-19 (2019), implementation of movement control order (2020-2022) and the lifting of the movement control order.



Figure 1: Retail Sector Occupancy Rates for Kuala Lumpur and Selangor (2019-2022)
(Source: National Property Information Center, 2022)

Based on Figure 1, prior to the outbreak of the Covid-19 pandemic, Kuala Lumpur and Selangor had good occupancy rates ranging from 82.1% to 83.4%. Once the pandemic hit Malaysia and the economy came to a halt, a decline in occupancy rate was observed in 2020 and 2021 for both states. This was due to the

restrictions imposed by the movement control order which significantly reduced shoppers footfall to shopping centres. Shopping centres suffered huge losses in revenues and a lot of the retailers were forced to close-down during that period. Subsequently, it was observed that occupancy rate started to recover in 2022 for Kuala Lumpur as restrictions were loosen and local shoppers were allowed to physically visit shopping centres again. However, Selangor was slower in its retail recovery and suffered a decline in occupancy rate in 2022.

OCCUPANCY RATES OF SHOPPING CENTRES OWNED BY REITS IN KLANG VALLEY

In this study, the occupancy rates for selected shopping centres in Klang Valley were observed. Table 1 shows the occupancy rates of shopping

centres in Klang Valley owned by Malaysian Real Estate Investment Trusts. In Malaysia, the classifications for the shopping centres are based on the concept, typical main anchors and net lettable area (National Property Information Centre, 2023). The categories for shopping centres are super regional centre (more than 1 million square feet of net lettable area), regional centre (500,000 to 1 million square feet of net lettable area), neighbourhood centre (200,000 to 500,000 square feet of net lettable area), and community centre (50,000 to 200,000 square feet of net lettable area). For this study, net lettable area is used as the main criteria to classify the shopping centres.

Most of the shopping centres had a decline in occupancy rates which echoed the national occupancy rate for Klang Valley. Some recoveries

Table 1: Occupancy rates of shopping centres owned by REITs in Klang Valley (2019-2022)

| Shopping Centres | Net Lettable Area (Square Feet) | Type | Occupancy Rate (%) | | | |
|-----------------------|---------------------------------|-----------------------|--------------------|------|------|------|
| | | | 2019 | 2020 | 2021 | 2022 |
| Mid Valley Megamall | 1,848,407 | Super Regional Centre | 99.9 | 99.7 | 97.8 | 99.5 |
| Sunway Pyramid | 1,650,114 | Super Regional Centre | 98.0 | 98.0 | 98.0 | 97.0 |
| Pavilion Kuala Lumpur | 1,355,416 | Super Regional Centre | 98.0 | 96.5 | 90.2 | 91.6 |
| Suria KLCC | 944,313 | Regional Centre | 99.0 | 97.0 | 93.0 | 92.0 |
| The Gardens | 847,250 | Regional Centre | 98.9 | 91.8 | 90.7 | 97 |
| The Mines | 734,145 | Regional Centre | 90.5 | 85.2 | 76.3 | 79.0 |
| Submit Subang | 571,623 | Regional Centre | 74.6 | 68.5 | 63.6 | 60.8 |
| Three Damansara | 568,399 | Regional Centre | 92.8 | 77.0 | 68.5 | 64.5 |
| Sunway Putra | 556,760 | Regional Centre | 90.0 | 93.0 | 93.0 | 91.0 |
| Subang Parade | 527,139 | Regional Centre | 93.9 | 83.7 | 82.5 | 70.3 |
| Da Men | 421,303 | Neighbourhood Centre | 71.7 | 68.9 | 62.3 | 64.5 |
| Sungei Wang | 410,669 | Neighbourhood Centre | 82.0 | 64.2 | 66.4 | 75.6 |
| Selayang Mall | 365,884 | Neighbourhood Centre | 100.0 | 95.0 | 94.0 | 95.0 |
| KIPMall Bangi | 255,202 | Neighbourhood Centre | 86.0 | 78.6 | 81.9 | 70.1 |
| Elite Pavilion | 227,783 | Neighbourhood Centre | 95.0 | 83.2 | 86.4 | 92.3 |
| Intermark | 222,494 | Neighbourhood Centre | 97.1 | 85.7 | 83.6 | 86.9 |

(Source: Compilation from various Annual Reports of Malaysian REITs 2019-2022)

in occupancy rates can be observed in the year 2022 but most of the shopping centres were still struggling to regain their performance back in the year 2019. However, certain shopping centres such as Mid Valley Megamall, The Gardens Mall, Sunway Pyramid, Sunway Putra, Suria KLCC, Pavilion Kuala Lumpur and Selayang Mall managed to maintain their occupancy rates of over 90% throughout the pandemic.

IMPACT OF COVID-19 PANDEMIC ON SHOPPING CENTRES

Most of the shopping centres in the Klang Valley stayed open during the six weeks of the first MCO that was implemented from 18 March 2020. Only the essential retailers i.e. supermarkets, hypermarkets, convenience stores, pharmacies and food &

beverages outlets were opened for business. During this period, shopper traffic dropped drastically as much as 80% compared to the pre Covid-19 period.

Shoppers returned to malls gradually when non-essential retailers were allowed to open during the CMCO. During this period, retail shops were allowed to open on shorter hours. Retailers needed to limit the number of their customers inside the stores whilst food operators were required to restrict the number of diners per table.

The Recovery Movement Control Order was implemented from 10 June 2020 and was extended until 31 December 2020. During this period, more social distancing rules were relaxed by the government and more shoppers returned to their favourite shopping centres and visit their favourite cafes and restaurants.

Table 2: Impact of Covid-19 pandemic prevention measures on shopping centres

| Covid-19 pandemic measures | Impact on shopping centres |
|--|---|
| Closure of entire shopping centre, anchor tenants or sections due to covid infection cases | Zero turnover during closure period. But the perception that such centres are more risky deters the return of the shoppers and may take a longer time to recover. |
| Only essential retailers i.e. supermarkets, hypermarkets, convenience stores, pharmacies and food & beverages outlets are allowed to operate during MCO. | Essential retailers remain opened throughout the pandemic and are least affected. Non-essential retailers remain closed and suffer from zero turnover. |
| Essential and non-essential retailers are allowed to operate during CMCO and RMCO. | Shopper traffic improved but reduced number of shoppers. |
| Social distancing | Turnovers are reduced - retailers need to limit the number of their customers inside the stores whilst food operators were required to restrict the number of diners per table. Hair salons, beauty salons, fitness centres, cinemas and family entertainment centres are among the last businesses to be given permission to operate for fear of infection through physical proximity and contacts. |
| Restrictions on travel between districts and inter-states of Malaysia. | Catchment areas of shopping centres reduced significantly and varies according to the tightening and relaxation during different periods of MCO, CMCO and RMCO etc. |
| Closure of international borders | Minimal international tourists and shoppers |

Table 2 shows the impact of the various pandemic prevention measures on the shopping centres.

The measures introduced to curb the pandemic have severe impact on major anchor tenants i.e. department stores such as some Metrojaya and AEON outlets had reduced its floor sizes, some supermarkets had closed and are replaced by others, international retailers such as Tangs, Tesco and Robinsons exited from the Malaysian retail scene.

Some mall owners took the opportunity to carry out major refurbishment to prepare for the new era after the pandemic is over.

A significant development during the pandemic is the rise of on-line shopping. The Covid-19 pandemic forced many retailers to pay attention to the online shopping platform. After the MCO was lifted, retailers invested more efforts and money into this technology and online shopping has become another major channel of distribution for retail goods and services in Malaysia.

RETAIL STRATEGIES USED BY SHOPPING CENTRES OWNED BY REITS IN KLANG VALLEY

In response to the challenges and difficulties in the retail operation environment in shopping centers during the pandemic period, retail property managers and owners took pro-active measures and undertake strategies to enliven business and to ensure the retail sustainability of the shopping centres. The retail strategies discussed in this study are analysed based on the strategies disclosed in the annual reports (2019-2022) of the selected Malaysian REITs. Their retail strategies are as follow:

1. Provide Safe Environment

During the period of Covid-19, the health and safety of Malaysians was threatened and safeguarding life became the number one priority for everyone. Shopping centres had to adapt to this new threat and provide a safe environment for the shoppers and

tenants. Most shopping centres practiced regular cleaning, disinfection, sanitation, screening and health check with thermal scans, social distancing, and other relevant Covid-19 related safety measures. Hygiene awareness programs were also introduced to increase awareness and educate shoppers and tenants. Other than that, shopping centres like Suria KLCC provided a special area called "Safe Space" at the expense of valuable retail space just to promote mental health issues that were getting more severe due to continuous lock-downs. Vaccination centres were also set-up in shopping centres such as Midvalley Megamall to facilitate vaccinations. These actions could be seen as affirmative actions by the management of shopping centres to provide a safe environment and boost the confidence of shoppers and tenants.

2. Managing Retail Mixture

Existing tenants struggled to stay in the shopping centres while new tenants were hesitant to take up new retail spaces during the pandemic. While most tenants were taking the "wait and see" approach, the management of the shopping centres needed to be more pro-active in ensuring the retail mixture was suitable and flexible. Depending on the niche of the shopping centres, new tenants (apparel, food & beverage (F&B), information technology, and others) were brought in. Shopping centres such as Suria KLCC and Pavilion were successful in bringing in prominent, luxury and/or international brands even when the pandemic was still ongoing.

From the literature review, a popular strategy for retail mix expansion is to focus more on essential goods such as food and daily necessities during the pandemic (Yassin et al., 2022). This was a great strategy as it complemented the restrictions placed by the Malaysian government which disallowed non-essential activities. F&B was mostly allowed to operate under essential activities/business and thus allowing shopping centres to push for more F&B oriented tenants. Other than that, grocers and



supermarkets were allowed to operate as they provided daily necessities. Shopping centres such as Sungei Wang, The Mines and 3 Damansara were successful in attracting a variety of F&B tenants. Some notable strategies to expand F&B tenants included attracting more halal F&B tenants and “Grab and Go” tenants as well. The “Grab and Go” concept, which allowed shoppers convenient access to select and take-away their food, became popular due to the dine-in restriction or the curfew that was enforced to prevent the spread of Covid-19. Most F&B tenants participated or converted their business model to this concept to boost sales.

3. Active Management of Tenants

When tenant confidence was low and options were limited, active management of tenants became even more crucial. Active management would ensure high quality of retail mix while ensuring high occupancy rate. However, the management should not allow random tenants to enter their retail space just for the sake of boosting occupancy rate. Instead of passive management, which the management

would mostly be reactive, active management requires management to go down to the field and seek collaboration from the tenants. Soft approach such as verbal reassurance or constant communication with tenants can calm the worries of the tenants and build a lasting relationship with the tenants. In return, these close cooperations with retail partners would directly or indirectly translate into better customer experience. Some of the examples are leveraging local experts or the tenants to discuss about optimising their rental or any additional assistance. Through these discussion, repositioning opportunities such as rent adjustment, changing shop location or business concept could be explored by the management as well.

4. Tenant Assistance Packages

The most probable reason for tenants whom opted to leave or quit their business during the pandemic was financial difficulties. With the restriction of movement control order (MCO), decreased footfall and worrying economic situation, tenants were more prone to cut their losses. Thus, the management had to step in and offer tenant assistance packages to alleviate this issue. Assistance especially in the form of rental adjustment/relief is arguably the simplest and the most direct way to assist tenants to weather through the financial difficulties. Specific assistance packages could be designed to ensure sustainability of tenants. Arrangements such as lease by lease basis which offers a shorter lease term or flexible rental payment arrangement offers more options to tenants. For example, Capitaland offered rental relief up to RM35 million to assist their tenants throughout 2020. Other than that, they also allowed flexible operations hours and electricity discounts to eligible tenants. Shopping centres operator Sunway offered the opportunity for retailers to pilot their business before committing in a long-term lease. Rental cuts were also given to make it easier to fill up any empty vacancies. Flexible rental schedule and waivers on interest for late rental payments were also offered to qualified tenants.



5. Promotional Campaigns and Reward Programmes

Promotional campaigns and reward programmes are the “tried and true” methods to attract customers. These efforts should be intensified to boost footfall and drive tenant sales. Targeted marketing through digital marketing and social media should be continued despite movement control order. For example, Suria KLCC assisted and promoted its tenants in marketing via in-mall advertising on digital screen, digital directories and on Suria KLCC’s social media channels. Shopping centre operators such as IGB, Sunway, KLCCP and Pavilion were well-known for organising key festive events (Christmas, Chinese New Year, Deepavali, Hari Raya, and others) to enhance customer experiences such as including contents, interactive setup, motion-activated lighting, photo booths and complimentary photo printouts. Various thematic campaigns or events were also organised by

these operators. For example, Suria KLCC organised a-month long mental health awareness programme to raise awareness on mental health issue. In other examples, CapitaLand organised anime theme and thrift shop theme campaigns in Sungei Wang to boost customer interest. These campaigns were popular and well-received by both retailers and shoppers.

There was also an increased in the rewards programmes to retain customers. Rewards programmes had always been traditionally used to reward shoppers with vouchers, free gifts, and discounts. During Covid-19, shopping centre operators intensified their rewards-driven campaign and gave out even more rewards to shoppers. For example, Suria KLCC gave over RM450,0000 worth of vouchers while Sunway rewarded its customer with free parking, free gifts, and F&B vouchers. In another example, CapitaLand also revamped its card-less reward programme to enable point-collections in exchange for vouchers, rebates, discounts, free parking and others.

6. Asset Enhancement Initiatives

As occupancy rate dropped, shopping centre operators needed to look for ways to optimise their space and manage their operating cost. Management should carry out asset enhancement initiatives through facelift, renovation, and reconfiguration of spaces to increase net lettable area and rental potential. For example, Summit Subang managed to reduce utilities expenses by 5% through energy management which focus on optimising the usage of lighting and air-conditioning in the shopping centre.

Existing asset enhancement initiatives should be reviewed to account for the restrictions imposed due to Covid-19. For example, shopping centre operator such as Hektar shifted their strategy midway and initiated rejuvenation plans instead to try out experiential concepts such as introducing better asset and facilities that were not possible previously.

In another example, Suria KLCC reconfigured its food court of approximately 12,000 square feet. KipMall Bangi had a facelift to update its appearance and fitted out its spaces for its anchor and mini tenants. Facilities such as parking spaces also went through a revamp to further attract customers. Sunway Pyramid took the opportunity to upgrade their parking system to license plate recognition system which made its parking space gateless. Some shopping centre operators also introduced cashless parking payment either through mobile or online portals. To further attract shoppers' interest, some operators even readjusted their parking rates.

7. Digitalisation Initiatives

There was a big shift in the adoption of digital services due to Covid-19. The conventional interaction of being in proximity with others became an infection risk. Thus, most sectors had to adopt digitalisation or risked being left-behind or pushed out of the market. For shopping centres, social distancing and prohibition of physical contacts were imposed. Shopping centre

operators introduced a lot of new measures to tackle these issues such as online queue system, online order and booking, cashless payments, chatbots, and other digital services. Among these measures, the online shopping platform was widely used by tenants. Operators provided an online shopping platform in-house or outsourced to enable tenants to widen their reach to customers. Customers would be able to order products online and delivery or self-pickup could be arranged. For example, Sunway Pyramid provided online shopping and product delivery for its tenants. Other than that, they also offered subsidies on the delivery fee. The convenience of online shopping somewhat alleviated the issue of shopping centres not having enough footfall but it was not a perfect replacement for physical visitations. Booking platforms allowed customers to plan their day in the shopping centres through service appointments or seat reservations in restaurant as well. Other than that, the data gathered from the customers could be used to build a customer database management system to better cater towards customer needs and boost experience.



CONCLUSION

In this study, the occupancy rate for shopping centres during the pandemic in Klang Valley had been discussed. While Malaysia has entered the endemic phase of Covid-19, this study is useful as a guide on the various tenant and customer retention strategies used by shopping centre operators. These discussions consolidated the Covid-19 retail strategies and offered insights to retail managers or shopping centre operators on the possible actions to be taken if a similar pandemic situation recurs in the future. ■

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DIAGNOSIS AND REPAIR OF LEAKAGES FROM SWIMMING POOLS AND POOL DECKS

KUAN YOU WAI & NORHISHAM B. BAKHARY

Leakages under the swimming pools and pool decks have been a common latent defect which can be hardly repaired successfully. Unbeknown to many, any warranty letter for waterproofing and re-waterproofing work carries a standard exclusion clause that any engineering flaw can nullify the said warranty.

So, what are the common engineering flaws in new and leaking swimming pools and pool decks? How can we address the engineering flaws so that the warranty is not nullified? Well, it goes to the design, the failure mechanism of these utilizes as well as the restoration, repair and rehabilitation thereof.



Figure 1: A swimming pool under refurbishment

DESIGN OF LIQUID RETAINING AND CONTAINING STRUCTURES

Design of water retaining structures requires stringent prevention against leakage and corrosion to reinforcement steel bars (rebars) due to the requirement to withstand the heavy load of water at 1,000 kg per cubic meter. It must be designed based

on the building code with reference to MS EN 1992 - 3: 2021, Eurocode 2: Design of concrete structures - Part 3: Liquid retaining and containment structures and cross reference to EN 206-1 (refer Figure 2).



Figure 2: Mandatory MS EN 1992-3:2021 Design of concrete structures- Part 3: Liquid retaining and containment structures

Liquid retaining concrete structures like swimming pool suffer from the risk of corrosion induced by chloride ions with environmental exposure class of XD2 in accordance with EN 206-1 with working life of minimum 50 years. The maximum w/c ratio is 0.40, minimum compressive strength of 35 MPa to 45 MPa and cement ratio of 380 kg per cubic meter with maximum aggregate size of 20 mm. Nominal cover of at least 40 mm must be constructed. Preventive measures in crack control is limited to below 0.2 mm. Cold joint must be prevented at any cost or protected by water stop. Besides, the standard also has specific requirement to the thickness of the walls and base of the water retaining structures depending on the depth of the pools and the consequential hydrostatic pressure.

CORROSION AND DETERIORATION OF CONCRETE

| Class designation | Description of the environment | Informative examples where exposure classes may occur |
|--|--|--|
| 1. No risk of corrosion or attack | | |
| XD | For concrete without reinforcement or embedded metal, all exposure except where there is fire threat, abrasion or chemical attack For concrete with reinforcement or embedded metal, very dry | Concrete in buildings with very low air humidity |
| 2. Corrosion induced by carbonation | | |
| XC1 | Dry or permanently wet | Concrete inside building with low air humidity Concrete permanently submerged in water |
| WC2 | Wet, rarely dry | Concrete surfaces subjected to long-term water contact |
| WC3 | Moderate humidity | Many foundations Concrete inside buildings with moderate or high water humidity |
| XC4 | Cyclic wet and dry | External concrete sheltered from rain Concrete surfaces subject to water contact, not within exposure class XC2 |
| 3. Corrosion induced by chlorides | | |
| XD1 | Moderate humidity | Concrete surfaces exposed to airborne chlorides |
| XD2 | Wet, rarely dry | Swimming pools Concrete components exposed to industrial water containing chlorides |
| XD3 | Cyclic wet and dry | Parts of bridges exposed to spray containing chlorides Pavements Car park slabs |

Figure 3: Exposure classes related to environmental conditions in accordance with EN 206-1

The passivating film can be disrupted when the concrete is neutralized by environmental pollutants and/or attacked by other corrosion promoters like oxygen, water, stray electric currents, uneven chemical environment around the rebars, environment that can lower the pH (alkalinity) and chloride contamination. The most common causes of corrosion to rebars are carbonation and chloride attack. Rainwater with carbonic acid and the infiltration of carbon dioxide gas into concrete can neutralize the pH of concrete. Chloride contamination can be caused by seawater, salt spray (25 km from the coast), use of bleach or detergent with bleach content and/or chlorinated water in the swimming pool.

Concrete is a highly alkalinity materials due to the presence of limestone. The pH of newly produced concrete usually ranges between 12 and 13. In this range of alkalinity, embedded reinforcement steel bars (rebars) are protected by a passivating film of OH⁻ bonded of the rebar surfaces.

When the pH of concrete affected drops to 9, the passivating film is broken down and corrosion is triggered with the formation of anodic zones and cathodic zones. Ionic current from the anode to

| Nominal cover ²⁾ | Compressive strength class where recommended, maximum water-cement ratio and minimum cement or combination content for normal-weight concrete ¹⁾ with 20 mm maximum aggregate size ²⁾ | | | | | | | | Cement/combination types |
|---|---|--------------------|--------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------|
| | 15 + Δc | 20 + Δc | 25 + Δc | 30 + Δc | 35 + Δc | 40 + Δc | 45 + Δc | 50 + Δc | |
| Corrosion induced by carbonation (XC exposure classes) | | | | | | | | | |
| XC1 | C20/25 0.70 240 | C20/25 0.70 240 | C20/25 0.70 240 | C20/25 0.70 240 | C20/25 0.70 240 | C20/25 0.70 240 | C20/25 0.70 240 | C20/25 0.70 240 | All in Table A.6 |
| XC2 | — | — | C25/30 0.65 260 | C25/30 0.65 260 | C25/30 0.65 260 | C25/30 0.65 260 | C25/30 0.65 260 | C25/30 0.65 260 | All in Table A.6 |
| XC3/4 | — | C40/50 0.45 340 | C30/37 0.55 300 | C28/35 0.60 280 | C25/30 0.65 260 | C25/30 0.65 260 | C25/30 0.65 260 | C25/30 0.65 260 | All in Table A.6 except IVB-V |
| | — | — | C40/50 0.45 340 | C30/37 0.55 300 | C28/35 0.60 280 | C25/30 0.65 260 | C25/30 0.65 260 | C25/30 0.65 260 | IVB-V |
| Corrosion induced by chlorides (XS from sea water, XD other than sea water) Also adequate for any associated carbonation induced corrosion (XC) | | | | | | | | | |
| XD1 | — | — | C40/50 0.45 360 | C32/40 0.55 320 | C28/35 0.60 300 | C28/35 0.60 300 | C28/35 0.60 300 | C28/35 0.60 300 | All in Table A.6 |
| XS1 | — | — | — | C45/55 ^{E1)} 0.35 ^{F)} 380 | C35/45 ^{E1)} 0.45 360 | C32/40 ^{E1)} 0.50 340 | C32/40 ^{E1)} 0.50 340 | C32/40 ^{E1)} 0.50 340 | CEM I, IIA, IIB-S, SRPC |
| | — | — | — | C40/50 ^{E1)} 0.35 ^{F)} 380 | C32/40 ^{E1)} 0.45 360 | C28/35 0.50 340 | C25/30 0.55 320 | C25/30 0.55 320 | IIB-V, IIIA |
| | — | — | — | — | C32/40 ^{E1)} 0.40 380 | C25/30 0.50 340 | C25/30 0.50 340 | C25/30 0.55 320 | IIIB |
| | — | — | — | — | C32/40 ^{E1)} 0.40 380 | C28/35 0.50 340 | C25/30 0.50 340 | C25/30 0.55 320 | IVB-V |
| XD2 or XS2 | — | — | — | C40/50 ^{E1)} 0.40 380 | C32/40 ^{E1)} 0.50 340 | C28/35 0.55 320 | C28/35 0.55 320 | C28/35 0.55 320 | CEM I, IIA, IIB-S, SRPC |
| | — | — | — | C35/45 ^{E1)} 0.40 380 | C28/35 0.50 340 | C25/30 0.55 320 | C25/30 0.55 320 | C25/30 0.55 320 | IIB-V, IIIA |
| | — | — | — | C32/40 ^{E1)} 0.40 380 | C25/30 0.50 340 | C20/25 0.55 320 | C20/25 0.55 320 | C20/25 0.55 320 | IIIB, IVB-V |

Figure 4: Durability recommendation for reinforced or prestressed elements with an intended working life of at least 50 years according to BS 8500-1:2006

the cathode and the by-product of oxide of ferrous is produced, causing continuous expansion from within up to around 620% of the original volume when it is fully oxidized and become rust. Such process cracks the concrete continuously while the effective diameter of the rebars reduces. Consequentially, the depletion of ferrous reduces the tensile steel of the concrete while cracked concrete suffers from drop in compression strength.

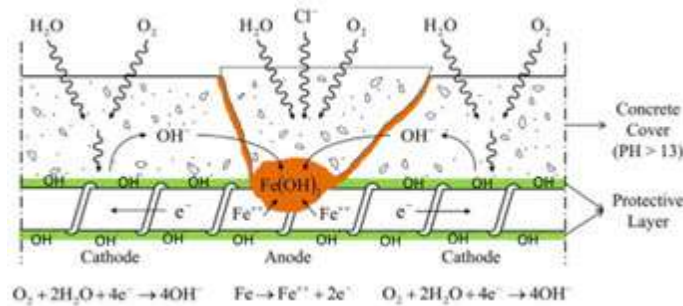


Figure 5: Interaction between corrosion-induced concrete cover crack and steel corrosion rate (Source: Chong, et al 2013)

Swimming pools and pool decks are exposed to chlorinated water. Any water leakage from these areas is detrimental due to the chloride contamination. Indeed, chloride ions are catalysts that can breakdown the protective passivating oxide film even though the pH of concrete has not reached 9. They accelerate the corrosion on the rebars depending on the pH of concrete, permeability of concrete and the concentration of chloride thereof.

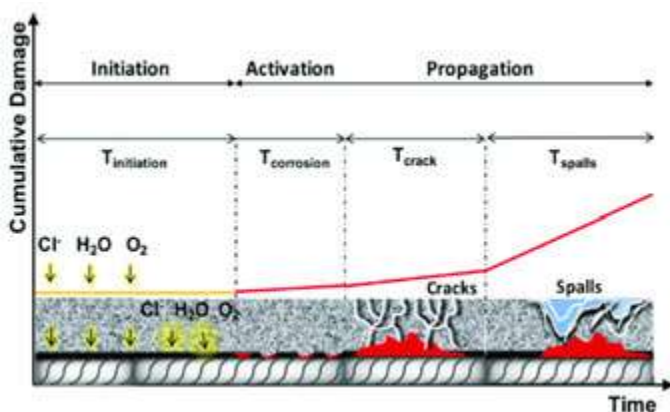


Figure 6: Probabilistic Corrosion Initiation Model for Coastal Concrete Structures (Source: Kim C. et al. 2020)

The high volatility of chloride ions causes them to evaporate easily under the hot weather in Malaysia. Migration of chloride ions to the pool decks is facilitated by weight of chlorine gas which is 2.5 time heavier than air. When these chloride ions encounter water, it become chloride acid. The heavier chloride acid as compared to water, when seeps into concrete, pushes away fresh water, settle down and accumulate in the concrete. This in turn, increase the acidity of the chloride acid accumulation overtime.



Figure 7: Typical views of a leaking swimming pool and pool deck with spalled concrete

DIAGNOSIS OF SWIMMING POOL AND POOL DECK WITH SUSPECTED CORROSION INDUCED CRACKING

Diagnosis of leaking swimming pools and pool decks is conducted with the steps as follows:

1. Moisture mapping with a calibrated infrared thermography imager and a calibrated moisture meter
2. Carbonation test with phenolphthalein indicator
3. Assessment of concrete health based on testing of pH of concrete
4. Identification of delaminated and spalling concrete by knocking test with tapping rods
5. Corrosion risk assessment based on ASTM C876 (2022): Standard Test Method for Corrosion Potentials of Uncoated Reinforcing Steel in Concrete
6. Removal of spalled concrete and rust on rebars, then measure the depleted diameter thereof



7. Assessment of compressive strength based on ASTM C805/ 805M Standard Test Method for Rebound Number of Hardened Concrete.
8. Assessment of hidden cracking propagation, thickness of wall and slab, and availability of water stop based on ASTM C597-09 Standard Test Method for Pulse Velocity Through Concrete
9. Assessment of concrete cover, size and placement of rebars based on BS 1881-204:1988 Testing concrete. Recommendations on the use of electromagnetic cover meters
10. NT BUILD 443 Accelerated chloride penetration in hardened concrete to determine the remaining service lifespan of concrete with chloride contamination
11. Conduct a structural dynamic test to determine the affected structure vibration parameters. Any significant shifts of vibration parameters in comparison with the intact ones indicates a reduction in structural load-bearing capacity.
12. Finite element analysis and simulation with all the data collected above to understand the structural behavior and performance.



Figure 8: Typical Non-destructive Tests for Diagnosis based on EN1504

REFURBISHMENT AND RE-WATERPROOFING OF LEAKING SWIMMING POOLS AND POOL DECKS

With reference from the findings based on the tests and finite element analysis above, strategies can be made to restore the structural performance, control of the cracking mechanism of corrosion and impermeability of water with the objectives as follows:

1. Restoration of the affected pool structure to its original structural loadbearing capacity and performance according to the guides of Part 3 - Liquid Retaining and Containment Structures of Eurocode 2, MS EN 1992-3: 2022
2. Corrosion control according to EN1504 Products and Systems for the Protection and Repair of Concrete Structures



Figure 9: KPKT recommends EN 1504 in the Diagnosis and Repair of Concrete Structures

- Moisture control with suitable waterproofing protection according to EN1504 Products and Systems for Protection and Repair of Concrete Structures. ■

Note: Reference to Vol 2 (No 2 and 3) of TPM for the articles in EN 1504.

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LIFE CYCLE COSTING AND FUNDING REPLACEMENTS IN STRATA RESIDENTIAL BUILDINGS

KHOR SIONG HOE

Many new residential strata buildings built today are exceeding 40 storeys per residential block. This development trend has translated into a huge supply of new strata buildings to meet the demand of the urban population. These buildings come with modern facilities and amenities with better design, aesthetics and comfort to meet the expectations and requirements of modern and affluent living in the cities.

On the flipside, there are many strata buildings that are more than 20 years old, with low density and facing issues such as run down facilities, dilapidated structures, dysfunctional utilities etc. that are rapidly deteriorating and outdated. These are the spread of strata buildings of both new and old buildings faced by strata property managers who are juggling income against rising operational costs to maintain the facilities and building services whilst maintaining value for the owners and clients.

BUILDING SERVICES AND FACILITIES

Before drawing up proposals to the owners, among the building information and factors that property managers would consider are building size, size of common areas, conditions of existing building services and facilities, component inventory etc.

If there are insufficient information on hand, property managers can perform inspection together with

other building experts such as engineer or building surveyor to produce a report on Building Condition Assessment or Dilapidation Survey for the building.

The report may identify building components or building services that need repair or replacement. However, when is the best time that is suitable for a repair or replacement?

Figure 1 shows that some equipment such as the Generator Standby Battery would fail in the future and when is the best time to replace. This same concept can be applied for other building services and equipment and could assist property managers to determine the best time to carry out the replacements.

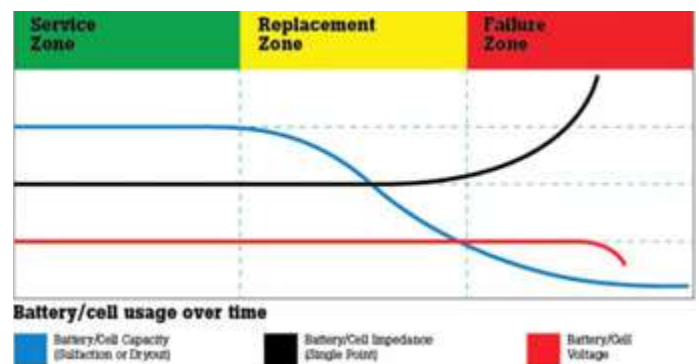


Figure 1: Battery / cell usage over time
(Source: www.fluke.com)

Subsequently, the manager could analyse further the asset related to the facilities using tools such as life cycle costing (LCC) to determine the cost and value to renew it.

Life cycle costing is the process of compiling all costs associated with an asset over its lifespan. These costs include the initial ownership, operating cost and maintenance expenses which are recurring annually, minus any salvage or residual value (Refer to Figure 2).

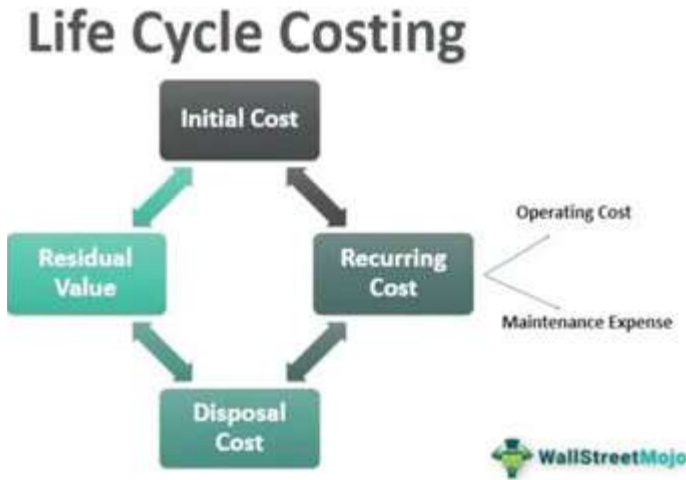


Figure 2: Life Cycle Costing
(Source: www.wallstreetmojo.com)

LIFE CYCLE COSTING (LCC)

This concept is also known as whole life cost or lifetime cost, and is commonly referred to as “cradle to grave” or “womb to tomb” costs. Life cycle costing is often used by management that place an emphasis on long-range planning, so that their multi-year revenue is maximized (Norman, 1990 & Pelzeter, 2007). Management that does not pay attention to life cycle costing is more likely to procure goods and acquire assets for the lowest immediate cost, not paying attention to the heightened servicing costs of these items later in their useful lives. The consequence can be steadily declining savings, due to the increased servicing costs incurred over the lifespan of the asset (Pelzeter, 2007).

The elements involved in life cycle costing are (refer Figure 2):

- **Initial Cost:** It is either the purchase price of an item or the initial cost of the set-up in case of a project. In most cases, it also includes the cost of installation.
- **Recurring Cost:** It represents all those costs that take place after the purchase, which primarily include operating cost and maintenance expenses.
 - **Operating Cost:** These costs are associated with the usage of the asset.
 - **Maintenance Expense:** These costs are associated with repair and replacement expenses.
- **Disposal Cost:** These costs are incurred at the time of asset disposal.
- **Residual Value:** It represents the asset's value at the end of its useful life. The higher the residual value, the lower the asset's whole life cost.

LCC FORMULA

We can derive the value of whole building with life cycle costing by identifying all the cost heads and their corresponding period of occurrence, then discounting them to the present value, and then adding them up while deducting the present value of the residual value. It can be represented in the following equation:

| |
|---|
| <p>Life Cycle Costing = Initial Cost + PV of All Recurring Costs – PV of Residual Value</p> <p>LCC = Initial Cost + PV_{RECURRING COSTS} – PV_{RESIDUAL VALUE}</p> |
|---|

MAINTENANCE CHARGES AND SINKING FUND

Generally operational and maintenance expenses of apartments and condominiums are financed through the management fund as stipulated in the Strata Management Act 2013 (Act 757). However, for renewal, refurbishments or new facilities such as new EV charging stations in strata property, the management could utilise the sinking fund for such purposes. Under the Strata Management Act 2013, sinking fund are funded from the additional 10% on the monthly maintenance charges and they act as long-term fund to be utilised on critical or capital expenditure of the strata building.



However, there are instances where the accumulated sinking fund is very low or depleted due to overspending, mismanagement or insufficient contribution rate. Under these situations, the property manager would have to rely on prudent spending and might need to perform ad-hoc transfer from the maintenance fund to supplement the needs of the sinking fund temporarily. There are some exceptional cases where managers propose to increase the sinking fund contributions from the 10% statutory level to 20% and even 30% to obtain sufficient fund for the long-term improvement plans of the building e.g. in the case of Desa Damansara at Bukit Damansara.

Some residential strata buildings contained large unused spaces and land areas which allow them to be converted into uses that generate alternate sources of income. By letting out these common spaces for office use, retailing outlets, storage space, parking lots, EV charging stations, 4G/5G transmission towers, recycling projects, mini farms etc. allow the management to obtain new sources of income to finance renewal/replacement activities for their buildings.

Some local authorities offer incentives and grants for community development and encouraging

sustainability. The Ministry of Housing & Local Government has also provided one-off funding for the repainting of the residential strata building façade.

Most management bodies are uncertain as to how much is required for the renewal projects that they had planned to implement. They would ask how much to save annually or to put aside a sum for the refurbishment that will be carry out in 5 years' time. They are also concerned whether the current amount in the Sinking Fund is sufficient to carry out the projects they intended to implement.

To achieve this, the property manager would need to obtain financial information from the accounts department and relevant vendors pertaining to particular asset and begin analysing the options and the possible outcome for the JMB/MC to make the informed decision. We begin by applying the concept of the present value of money.

The Present Value (PV) of money also known as present discounted value where the value of an expected income stream determined at the current date of valuation. The concept is derived from economics and it gives an indication on the time value of money in today's term. This approach allows the manager to derive how much is the current cost and how much funding is required to allow the project to be implemented.



Formula

$$PV = FV \frac{1}{(1 + r)^n}$$

PV = present value
FV = future value
r = rate of return
n = number of periods

EXAMPLE OF LIFE CYCLE COSTING

We evaluate a proposal to purchase new rainwater tank of either Metal or Plastic for the common area at RM8,000 and RM5,000 respectively. We calculate the Tank's life cycle cost if JMB / MC plans to dispose the tank after its lifespan at residual value of RM1,000 and RM200 respectively. The expected life span for metal tank is 20 years against 10 years period for plastic tank. It is projected that the annual maintenance & repair expenses for metal and plastic tanks will be RM2,400 and 3,600 respectively whereas cleaning services per year will be RM1,200 and RM2,400. The suggested applicable discount rate to be 8% for this example.

Table 1: Lifecycle costing for Metal and Plastic Tank
 (LCC = Initial Cost + PV_{RECURRING COSTS} - PV_{RESIDUAL VALUE})

| Description | Metal Tank | Plastic tank |
|-------------------------------|---------------|---------------|
| Initial Cost (RM) | 8000 | 5000 |
| Maintenance & Repair (RM pa) | 2400 | 3600 |
| Cleaning Services (RM pa) | 1200 | 2400 |
| Recurring Cost (RM pa) | 3600 | 6000 |
| Residual Value (RM) | 1000 | 200 |
| Lifespan (years) | 20 | 10 |
| Discount Rate (%) | 8 | 8 |
| PV of Recurring Cost (RM) | 35,345 | 40,260 |
| PV of Residual Value (RM) | 214 | 92.64 |
| Life Cycle Cost (RM) | 43,131 | 45,168 |

The life cycle costs of both the metal and plastic tank are RM43,131 and RM45,168 respectively (refer to Table 1). The metal tank in this example showing a lower life cycle cost compared to the plastic tank. The metal tank is the right choice despite having a higher initial cost it has longer lifespan, lower recurring costs and higher residual value. But for the plastic tank although the initial cost is low the recurring costs are higher, lower residual value and shorter lifespan.

This example shows how proper decision making can be made by taking into account the initial cost, recurring cost through the tank operating life and residual value. With life cycle cost showing the project as at today's value, the MC/MB is able to decide on the best choice.

CONCLUSION

Property manager applying life cycle costing approach will discover that the estimates obtained will assist them in their quest in selecting the correct choice of equipment or items. The decision-making process together with the MC/JMB, will show a mutually exclusive option is available and thereby reducing uncertainties of intended project. ■

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EXPLAIN THE SIMILARITIES AND DIFFERENCES BETWEEN PROPERTY MANAGEMENT AND FACILITIES MANAGEMENT

CHATGPT
(DOWNLOADED ON 18 APRIL 2023)

Property management and facilities management are related fields that involve the oversight and maintenance of properties and buildings, but they have some key similarities and differences.

SIMILARITIES BETWEEN PROPERTY MANAGEMENT AND FACILITIES MANAGEMENT:

Property Focus: Both property management and facilities management involve the management and maintenance of physical properties, such as commercial buildings, residential buildings, and other types of real estate.

Operations and Maintenance: Both property management and facilities management involve the day-to-day operations and maintenance of properties, including tasks such as routine inspections, repairs, and maintenance to ensure that the properties are safe, functional, and compliant with regulations.

Tenant/Customer Relations: Both property management and facilities management involve interacting with tenants or customers to address their needs and concerns related to the property or facility. This includes handling inquiries, complaints, and resolving issues in a timely and efficient manner.





DIFFERENCES BETWEEN PROPERTY MANAGEMENT AND FACILITIES MANAGEMENT:

Scope of Responsibility: Property management typically focuses on the overall management of a property, including leasing, rent collection, financial management, and long-term strategic planning. Facilities management, on the other hand, is often more focused on the day-to-day operations, maintenance, and service delivery of the physical facilities within a property, such as heating, ventilation, and air conditioning (HVAC) systems, electrical systems, and other mechanical, electrical, and plumbing (MEP) systems.

Tenant vs. Asset Focus: Property management often places a strong emphasis on managing tenant relationships, lease agreements, and financial performance of the property as an asset. Facilities management, on the other hand, focuses more on managing the physical facilities within the property, ensuring their proper functioning, and maintaining their lifecycle.

Technical Expertise: Facilities management often requires more technical expertise in areas such as MEP systems, energy management, and sustainability practices, as facilities managers are responsible for the efficient operation of the building's systems. Property management, on the other hand, may require more expertise in areas such as marketing, leasing, and financial analysis.

Service Delivery: Facilities management often involves coordinating and managing external service providers, such as contractors and vendors, for repairs, maintenance, and other services. Property management may also involve similar coordination, but often focuses more on lease agreements, rent collection, and tenant-related services.

In summary, while property management and facilities management share similarities in their focus on property operations and maintenance, tenant/customer relations, and property-related issues, they differ in terms of their scope of responsibility, tenant vs. asset focus, technical expertise, and service delivery. Property management is often more focused on the overall management of a property and tenant relations, while facilities management is more focused on the day-to-day operations and maintenance of the physical facilities within a property. ■

EDITOR'S NOTE

Readers can compare this ChatGPT article with another article of the same title in Vol.1 No.1 page 38-41 of this Journal.

Important to take note that the content generated by ChatGPT is not fully verified. It is the reader/user's responsibility to validate the information and critically review the generated content.

CHATGPT AND PROPERTY MANAGEMENT

The property management industry is continually evolving and adapting to technological advancements, and the era of artificial intelligence (AI) is no exception. One of the most thrilling advancements in this field is the introduction of ChatGPT, a powerful AI language model that has the potential to transform the industry.

ChatGPT, or Generative Pre-trained Transformer 3, uses natural language processing (NLP) and machine learning algorithms to provide human-like conversations. It has been pre-trained on a massive dataset of text. This allows it to understand and generate natural language almost indistinguishable from human language. This has a wide range of applications, from chatbots to virtual assistants to automated customer service. It can automate many of the day-to-day tasks involved in managing properties, generating leads, and making informed business decisions.

With the ability of ChatGPT to be trained to understand and answer various questions related to property management (rental inquiries, maintenance requests, lease agreements, etc.), many property management companies are looking to automate their customer service, reduce response times, reduce costs, improve overall customer satisfaction and improve operating efficiency.

BENEFITS OF CHATGPT IN THE PROPERTY MANAGEMENT INDUSTRY

1. Streamline tenant communication

The marketing and leasing department have to answer inquiries from tenants related to renting, property maintenance and rental availability.

With ChatGPT, response time can be reduced and improve overall customer satisfaction through automated and instant customer service. This can significantly improve the customer experience while freeing up customer service staff to focus on more complex tasks.

2. Automate workflows

It can be integrated with the property management system to automatically create and update tenant records, maintenance requests and work orders after receiving an inquiry from the tenant. It can also be integrated with the accounting system to process rent payments and generate invoices. These system integrations can streamline workflows and reduce the risk of human errors.

3. Reduce paper usage

For internal operation, ChatGPT can be programmed to integrate with digital forms, which are created by Google Forms or JotForm, for tenants to fill out maintenance requests. Tenants can ask ChatGPT to submit a maintenance request, and the request will be automatically filled out and submitted through the digital form. This can help streamline the maintenance request process and reduce the need for paper forms.

APPLYING CHATGPT IN A PROPERTY MANAGEMENT COMPANY

1. Introduce ChatGPT

Explain to staff members how it can be used to improve efficiency and customer service. Provide examples of how ChatGPT can be used to automate routine tasks and free up time for more complex tasks.

Different communication channels can be used to promote ChatGPT including luncheons, technology bulletins and seminars.

2. Provide training

Partner with HR to provide training for staff members on how to ask it questions, how to submit maintenance requests and how to retrieve information. Provide hands-on training, and encourage staff to practice with it.

3. Develop guidelines

These guidelines should include when to use it, how to use it and what types of questions it can answer. This can help to ensure that it's used appropriately, effectively and consistently.

4. Monitor usage

Ensure that it is being used effectively, and identify areas where further training may be needed. Use data analytics and a dashboard to track usage and gather feedback from staff and tenants.

5. Encourage feedback

Use the feedback from staff and tenants to improve the effectiveness and efficiency of the tool and to identify areas where further training may be needed.

CHALLENGES OF IMPLEMENTING CHATGPT IN A PROPERTY MANAGEMENT COMPANY

1. Training and adoption

Some staff members may be resistant to adopting new technology. Providing thorough training and support can help ensure that everyone is comfortable using the tool. Management support is key to introducing new technology and making culture change.

2. Privacy and security concerns

As ChatGPT can handle sensitive information such as tenant data, it is important to ensure that the tool is secure and compliant with industry standards and

regulations such as PDPA.

3. Tenant experience

Since ChatGPT may be the first point of contact for tenants, make sure the tool is providing accurate answers and a positive customer experience. The operation team should conduct ongoing monitoring and adjustments to the tool's responses and functionality. This may take more effort at the initial implementation stage.

CONCLUSION

The future of property management is here, powered by ChatGPT! By harnessing the capabilities of generative AI technology, property managers can unlock unparalleled efficiency, reduce costs, and provide exceptional service to tenants. It's time to embrace the future and revolutionize property management with ChatGPT. ■

Source: <https://www.forbes.com/sites/forbestechcouncil/2023/04/19/applying-chatgpt-to-the-property-management-industry/?sh=63595c4815a2>





*YBhg. Datuk Sr Hj.
Kamarulzaman Bin Mat Salleh*

Heartiest Congratulations

for the appointment as

2023 Mayor of Kuala Lumpur
(Datuk Bandar Kuala Lumpur)

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WORLD FM DAY 2023 'MAKING A REAL DIFFERENCE'



World FM Day Flyer



The purpose of World FM Day is to recognise and celebrate the vital work that workplace and facilities managers and the wider industry contributes to business worldwide. It aims to raise the profile of the facilities profession anywhere that its practitioners influence the health, safety, productivity, and wellbeing of people who use the built environment.



World FM Day Speakers

World FM Day is an initiative of Global FM and takes the theme '**Making a Real Difference**' for the celebration held on 10 May 2023. MIPFM celebrated World FM Day in collaboration with Serve Deck and Malaysia Proptech Association.



“

On the World FM Day, we would like to thank you for your selfless service to the worldwide FM Community. Your unprecedented adaptability, collaboration and steadfast commitment have contributed significantly to the safety and development of workplace strategies for all those who depend on the built environment.

Many of you know that a changing paradigm has dramatically accelerated due to a renewed focus on key FM emerging topics. Specifically, sustainability, resilience and corporate responsibility are now center stage for leaders worldwide. These topics significantly impact corporate decision making, and the Facility Manager stands at a crossroad where they all converge.

Expanding your skill set with the integration of IOT, Smart digitization technology with key corporate strategies will provide a golden opportunity to increase the value of the Facility Manager within any organization. We want to prepare FM's for what's ahead and for you to boldly lead into the future.

*Thank You FM's for "**Making a Real Difference**". Your dedication has enabled us to emerge from the pandemic and will carry us through to a brighter tomorrow.*

”

**John Carrillo CFM,
IFMA Fellow Chairman,
Global FM**

MIPFM ACTIVITIES



MIPFM CPD Seminar
Crystal Crown Hotel Petaling Jaya
23 March 2023



MIPFM Committee Meeting
Perdana Hotel, Kuala Lumpur
31 March 2023

THE PROPERTY MANAGER



Workshop Pindaan Akta 757 & 318
21 March 2023



MIPFM & TAR UMT MOU



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