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Research identifies branded hotels as most viable strata titled tourism accommodation

Australia's strata title governance and management models for tourism accommodation have been put under the spotlight in new research undertaken by Sustainable Tourism Cooperative Research Centre (STCRC).

The report – *Identifying effective strata title governance and management models for the provision of tourism accommodation* has determined that in the long term, branded hotels represent the most commercially viable form of strata titled tourism accommodation (STTA). Branded hotels were chosen for the advantages they offer, including:

- minimisation of inconsistent unit owner motivations - as there are no resident owners
- consistent levels of refurbishment
- the manager of the hotel does not 'own' his job as with the management rights model

The research investigated the management structures of three STTA models - independent operators, branded strata title hotels and emerging strata title organisations, which is broadly identified as a STTA with an independent owner-operator management structure that has been replicated to produce a chain of properties which form a brand that can be used to facilitate marketing.

In-depth interviews were conducted with 43 individuals including ten strata title unit owners, ten tourism-based strata title complex managers and 22 industry experts.

The research compares STTA models in each state and considered a range of topics including the structure of management rights, the purchase decisions of unit owners and resident managers and the benefits and shortcomings of each STTA model,

In addition to identifying the most commercially viable STTA, the researchers have also made nine recommendations in relation to good practice delivery.

These are:

- That suitable mandatory training courses, including hospitality management, should be developed for managers and prospective managers to ensure the delivery of an efficient and effective professional service
- A continuing relationship between developers and their projects should be promoted to engender a greater sense of developer ownership of problems that arise
- Sinking fund requirements should be established in all Australian states and territories with compliance measures introduced to ensure that STTA complexes are adhering to the provisions
- Refurbishment policies should be documented in STTA unit ownership agreements



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- If standardised levels of refurbishment are achieved, a 'guaranteed return' method of income distribution for owners should be adopted
- The roles and responsibilities of each party to a STTA management contract should be more explicitly defined in order to promote greater accountability and transparency
- Interaction between managers and unit owners should be managed to reduce the potential for conflict and promote more effective use of management time
- Fractured unit ownership in a STTA complex should not negatively impact on a guest's experience when staying in the complex. Managers should ensure the complex is managed in a coordinated and seamless manner from the guest's perspective
- STTA complex performance can be improved if the manager is provided with an equity stake in the management enterprise.

The CEO of STCRC says this latest research supports a growing tourism accommodation market in Australia.

"Strata titled tourism accommodation has comprised the majority of new and refurbished tourism accommodation in Australia in recent years," Mr Kean said.

"There are inconsistencies in governance requirements between states and in contractual arrangements between managers and individual owners, further guest experiences can be affected by inconsistent quality of furniture, fittings and maintenance within the one complex. This report throws further light on some of the issues that need to be addressed and provides examples of best practice in many of these areas," he said.

A **FREE** copy of the report *Identifying effective strata title governance and management models for the provision of tourism accommodation* is available [here](#).

STCRC has more than 300 tourism research reports available for free download at www.crctourism.com.au/bookshop

Sustainable Tourism Cooperative Research Centre (STCRC) was established under the Australian Government's Cooperative Research Centres program in 1997, and has grown to be the largest dedicated tourism research organisation in the world.

STCRC was formed to underpin the development of a dynamic, internationally competitive, and sustainable Australian tourism industry.

In consultation with a broad cross section of stakeholders, STCRC undertakes research into the strategic challenges facing Australian tourism and produces reports, information, tools and products to improve business practices and inform policy development.

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