

# The Conversion of Strata Air or Roof Space



**THE CONVERSION OF AIR SPACE OR ROOF SPACE IN APARTMENT BUILDINGS IS AN INNOVATIVE WAY OF CONVERTING UNUSED SPACE INTO SALEABLE ASSETS.**

There are two main factors that current and future Owners Corporations (OC's) must consider – the age of buildings in some parts of Sydney exceeding 100 years and the cost of maintaining and repairing these old buildings.

Increased insurance premiums are also putting pressure on OC's. The 2019/2020 bushfires alone was \$1.9 billion and the 2021 & 2022 floods are estimated at \$1.4 billion - sending premiums in some areas skyrocketing by more than 400%. Also, both the Reserve Bank of Australia and APRA, the insurance regulator, have flagged that climate change might put insurance coverage out of reach for many Australians.

OC's must look at ways to make additional revenue to offset these rising costs of maintenance and repairs, especially for older complexes. One way that OC's can make money is by selling off air or roof space.

OC's can take the unused roof space in an existing strata complex and use it to build additional apartments or extensions of existing Lots into attics within the complex. Strata owners can either group together to take on the project themselves or sell the air space to investors, generating up to millions of dollars in additional income.

There are two main options for OC's to proceed with the sale of air or roof space within the complex;

**Option 1:** Strata Subdivision

**Option 2:** Exclusive Use – Common Property Exclusive By-Law

The Strata Subdivision is a lengthy and costly exercise of converting air or roof space into a lot for the possibility of a sale and revenue for an OC. Whereas, Exclusive Use By-Law is a far more efficient method and a less intrusive process.

However, there is a stigma with Exclusive Use By-Law of Common Property from a less legally secure perspective despite having real cost and time-saving considerations. Some Owner Occupiers or Investors don't like buying a Unit/ Apartment with an Exclusive Use By-Law for their Roof Conversion Space once built. They prefer the Strata Subdivision of Common Property option because it's far more tangible and far more legally secure and banks will lend on this option as opposed to option 2.

Give us a call for a free chat and we can provide a real-time hypothetical feasibility study on how a real case may eventuate on your complex.

**James, Martyn, Bryan and Sam from the Asset Strata Valuers team are qualified and ready to help!**



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