

# The 2026 Melbourne Strata Compliance Benchmark Report

What 839 independently monitored properties reveal about fire safety management, and how the same 752 buildings moved in twelve months

*Second annual edition | Industry Analysis, July 2026*

|                                                                      |                                           |                                                                                |                                                                    |
|----------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>26%</b>                                                           | <b>63%</b>                                | <b>164 days</b>                                                                | <b>0% to 83%</b>                                                   |
| of buildings are non-compliant, carrying an open critical ESM defect | of them were non-compliant a year ago too | critical rectification time: median days to rectify, counting items still open | defect-free rates across managed portfolios: the management effect |

One definition before anything else. Every defect counted here is an essential safety measures (ESM) defect: a fault or failure recorded against the fire and life safety systems a building depends on, from sprinklers and hydrants to fire doors, exit lighting and paths of travel. Not waterproofing, not cladding, not cracking. Interstate readers may know these as fire safety measures.

## 1. More than one in four buildings is non-compliant, and most of them were non-compliant last year too

| Measure, same 752 buildings                           | August 2025 | July 2026 |
|-------------------------------------------------------|-------------|-----------|
| <b>Buildings free of ESM defects</b>                  | 31%         | 33%       |
| <b>Average open ESM defects per building</b>          | 3.4         | 3.5       |
| <b>Buildings non-compliant (open critical defect)</b> | 26%         | 24%       |
| <b>Median age of open ESM defects</b>                 | 170 days    | 259 days  |
| <b>Open defects older than six months</b>             | 49%         | 63%       |

**Read the top three lines at face value; treat the bottom two as upper bounds.** Critical defects carry a real feedback loop: we follow up before each AESMR falls due, and rectification restores the report, so owners have a reason to tell us. Minor items carry no such loop yet: they are typically only confirmed at the next audit, which is the outer confirmation point AS 1851 itself contemplates for minor rectifications, while recommending they happen as soon as practicable. Their ages therefore measure recording cadence as much as follow-up.

**The market's criticals are stuck, not cycling.** Of the buildings non-compliant today, 63% were non-compliant a year ago, and 175 of the critical items open today are the very same items that were open last August. A non-compliant building cannot properly issue its Annual Essential Safety Measures Report while the defect remains open.

**And the monitored book is the visible part.** In 2025 Cladding Safety Victoria physically surveyed 80 Class 2 buildings: no building held complete maintenance records, 7% could evidence milestone

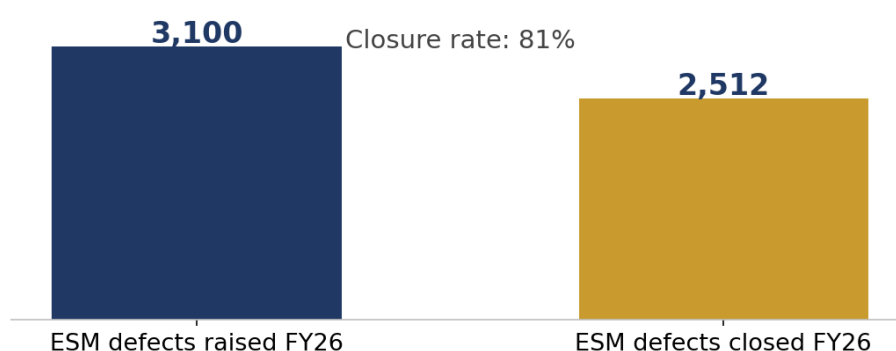
testing, and 18% of owners could not produce their AESMR. CSV concluded an AESMR alone does not provide independently verified assurance. Fewer recorded defects is not fewer defects. It is less knowledge.

**Worth asking:** How many of your buildings could produce their compliance position today, and how many are carrying the same critical they carried last year?

## 2. The market takes 164 days to rectify a critical fire safety defect

**Critical rectification time, defined.** Median days from a critical defect being raised to its verified rectification, counting every critical raised across the book, with unresolved items included at their current age so nothing hides. AS 1851-2012 (clause 1.17.1) requires critical defects to be confirmed in writing within 24 hours of identification and recommends they be rectified with the minimum of delay. The market then takes a median 164 days.

This is the first year we can publish flow, not just snapshots. In the year to 30/06/2026, 723 critical defects were verified rectified across the monitored book. Across all severities, 3,100 defects were raised and 2,512 confirmed closed: a closure rate of 81%, most of it confirmed at annual audit.



**Part of every backlog is already fixed. The record just does not know it.** Work happens on buildings all year, but unless someone reports it, the register keeps showing the defect as open until the next audit finds it done. That cuts both ways: most buildings are in better shape than their paperwork says, and the paperwork is what a committee, an insurer or a court reads.

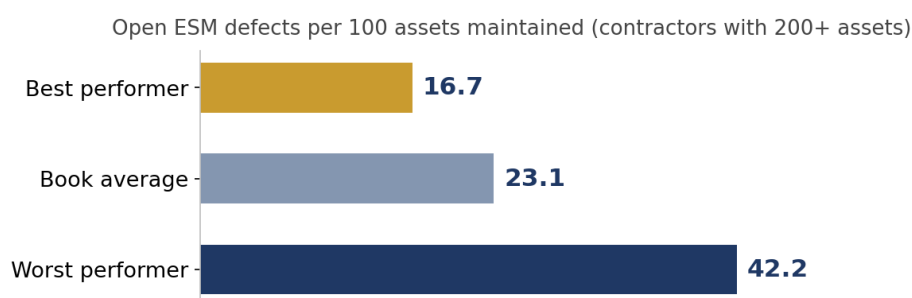
**A non-compliant building does not have to wait for next year's audit.** The moment a critical's rectification is verified, the AESMR can be issued. If a building you manage is carrying a rectified critical nobody has reported, one email restores its certification this week. We expect this, more than anything, to move next year's numbers.

**The direction of travel is continuous.** We are moving key portfolios to continuous contractor reporting with quarterly reporting: rectifications reported as they happen, registers true year-round. Where a building's register clears entirely we issue a Zero Defect Certificate: independent documentary evidence owners can table for insurance and due diligence.

**Worth asking:** How many of your buildings are waiting on an AESMR that could be issued this week, if someone confirmed the fix?

### 3. Same city, same standards, and contractor defect rates spread two and a half times

Raw defect counts are unfair to contractors maintaining large buildings, so we measure open ESM defects per 100 assets maintained and adjust for asset mix, because hydrants fail at three times the rate of exit signs. The book average is 23.1. Among contractors maintaining 200 or more assets in our book, the best runs at 16.7 and the worst at 42.2, and the spread survives the mix adjustment.



**Two fairnesses the numbers owe contractors.** A defect can sit open because a committee has not approved the quote, and a recently won building reflects the backlog a contractor inherited, not their work. The fair reading pairs defect rates with closure counts: high defects and high closures is a contractor cleaning up an inherited book.

**Worth asking:** Do you know which end of that spread your contractors occupy, and do their defect rates appear anywhere in your tender evaluations?

### 4. The systems that put fires out carry the most defects and the thinnest records

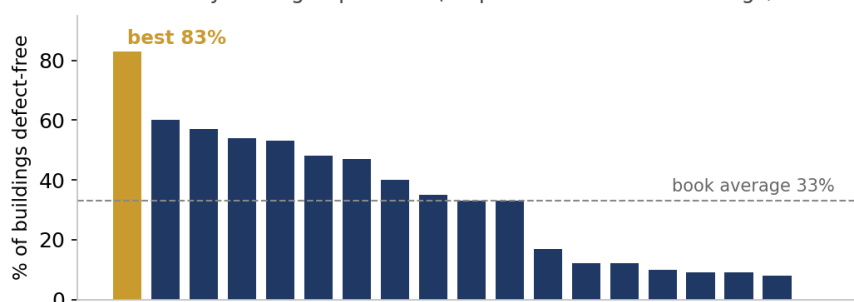
| Asset category              | Share carrying an open ESM defect |
|-----------------------------|-----------------------------------|
| Pumpsets                    | 36%                               |
| Fire hydrant systems        | 39%                               |
| Sprinkler systems           | 33%                               |
| Portable extinguishers      | 21%                               |
| Exit and emergency lighting | 12%                               |
| Fire and smoke doors        | 11%                               |

**Two independent methodologies, one conclusion.** Overdue milestone and flow testing is a recurring theme in our data, and CSV's survey found wet system testing the least evidenced maintenance in their sample. Fire and smoke doors remain the largest single category of the register at 15% of all open defects.

**Worth asking:** When were your buildings' hydrants and pumpsets last flow tested, and could anyone produce the evidence?

## 5. The gap between the best and worst portfolios is not the buildings. It is how they are run

Defect-free rate by managed portfolio (19 portfolios of 10+ buildings, de-identified)



**Same regulations, same contractors, same city. Very different results.** Across the 19 managed portfolios of ten or more buildings in our book, defect-free rates run from 0% to 83% and non-compliance rates from 3% to 82%. Older or harder buildings do not explain a gap that wide. How the portfolio is run does. The managers at the top have a simple routine: every defect raised gets quoted, approved, fixed and reported back, usually inside six months. The managers at the bottom find out how their buildings are doing once a year, at audit.

Five questions that tell you where your portfolio would sit on that chart:

- What percentage of your properties are free of ESM defects right now?
- How old is your average open ESM defect?
- Of the defects raised in your buildings last year, what share was confirmed closed?
- Do you know your contractors' defect rates per 100 assets?
- Could you produce compliance figures for a committee meeting in five minutes?

## Where to from here

**If any of those five questions were uncomfortable, you are in the majority.** The managers at the top of the chart are not spending more. They just know the state of every building, all year round, and that is a service you can buy, not a talent you need to hire.

**Finding out where you sit depends on how much of your book we can see.** Where we already monitor a good share of a portfolio, we will prepare its position on every measure in this report at no charge. Where we see only a building or two, the answer is to widen the view, and that costs less than most managers assume: desk-based oversight of your contractors' own reporting, or appoint us as the paths of travel inspector and we monitor the rest of that building at no charge. Portfolios measured in the 2027 edition will come from that broader view.

**A word on who is asking.** We hold no maintenance contracts, take no referral fees and have no contractor relationships to protect, so nothing in our revenue depends on what these numbers say. Individual property, client and contractor details stay confidential.

Curious about your numbers? We are happy to talk them through over coffee.

**Focus Building Risk & Compliance | 1300 FOCUSF | [www.focusbrc.com.au](http://www.focusbrc.com.au)**

## Methodology note

*Data as at 02/07/2026, with the prior year reconstructed as at 01/08/2025 from complete remark history. Year-on-year comparisons use only the 752 properties in the portfolio at both dates. Properties are counted at the level compliance is certified: one record per owners corporation or separately certified structure. Defect counting is normalised: where our own servicing records individual items, these collapse to one defect per asset type per property, matching audit recording. Prior-year figures are restated on this basis and will not match the 2025 edition. All references to defects mean ESM defects. Remarks recorded as informational notes or recommendations are advisory, are not defects, and are excluded from all counts. A property is counted as non-compliant when at least one critical defect is open at the snapshot date; this measures the recorded condition, not the fate of any individual report. Open defect counts and ages are upper bounds, as repairs completed but never reported remain open in the record; statements about unreported repairs are professional judgement, not computed statistics. Closure rate is defects confirmed resolved during the year as a share of defects raised in that year. Contractor comparisons cover external contractors only and are adjusted for asset mix; figures reflect owner funding decisions and inherited condition as well as workmanship; contractors are not named. Portfolio comparisons cover managed portfolios of ten or more buildings and are de-identified. External findings cited from Cladding Safety Victoria, Essential Safety Measures survey, Research Analysis No. 6 (State of Victoria, 2026), reused under Creative Commons Attribution 4.0. All figures trace to individual records in our compliance platform and are retained in an evidence workbook.*