

The Developer's Dilemma: Control vs Capital Trade-Off in High-Rise Condo Financing

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Abstract

In capital-intensive real estate, corporate governance failures in balancing control and capital critically determine project viability amid mounting economic and financial pressures. This thesis explores how developers exacerbate financial crises during interest rate shocks, development fee burdens, presale slowdowns, and crippling cost overruns by prioritizing autonomy through litigation, opaque entity structures, and unauthorized fee manipulations, accelerating collapse despite available rescue capital. Synthesizing three Canadian case studies of insolvencies (2022–2025; Coromandel Properties in Vancouver, The One and Mizrahi Yorkville in Toronto) and adopting a social constructivist qualitative approach, this research conducts in-depth semi-structured interviews with Toronto high-rise condo developers to gather their astute insights and evidence-based expertise. It identifies critical behavioral thresholds where hypercontrol bias overrides solvency imperatives. It develops the Control-Capital Trade-off Framework, proposing proactive safeguards (dilution-trigger covenants; transparency-based governance; hybrid financing tools) to bridge academic theory with practical application. While focused on Canadian cases, the framework emphasizes behavioral insights and governance innovations with significant relevance for global high-rise condominium developers facing similar pressures. Ultimately, this research equips corporate governance for high-rise condo developers with evidence-based strategic levers essential for navigating crises effectively and pre-emptively, strategically balancing autonomy and liquidity amidst challenges, thereby directly fortifying corporate resilience.

Keywords

Condominium Financing, Control vs Capital, Crisis Preparedness, Developer Governance, Real Estate Insolvency.