

## Lawyers rejoice as property slump turns nasty

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**While the UAE grapples with the downside of the economic curve, the real estate crash is providing rich pickings for lawyers called in to deal with a rash of construction lawsuits.**

There has been a sharp rise in litigation cases in the UAE as cash-short developers struggle to pay contractors, revealed lawyers from the country's largest law firm last week.

Speaking on the sidelines of a legal seminar Raza Mithani, a senior associate with Al Tamimi, told *Arabian Business* that construction firms are increasingly turning to the courts to recover unpaid fees.

"We are seeing a huge upturn in the amount of litigation that is coming through which suggests, among other things, that a number of contractors are not being paid," he said.

"We are experiencing a significant rise in arbitration work across a variety of sectors.

"We are dealing with a number of truly massive claims which we believe to probably be some of the largest ever arbitrated in the UAE," he continued, adding that the value of some suits exceeded \$100m.

Arbitration is a legal process for resolving disputes outside of the courtroom.

A downturn in the UAE's property market, combined with a liquidity freeze caused by the global crash, has left many developers with outstanding debts totalling millions of dollars.

Some \$636m is owed to British consultants and engineers alone in unpaid fees from work undertaken in the UAE, according to the UK's Association for Consultancy and Engineering (ACE).

WS Atkins, the engineering consultancy that designed the Burj Al Arab, has said it is owed \$39.7m from developers in the Middle East.

ACE is reported to have asked Lord Mandelson, the British Business Secretary, for diplomatic intervention.

Cash is the lifeblood of the construction industry and, until recently, the UAE's heated real estate market ensured a steady flow of funds.

The global crash, however, sapped demand for property and as unit sales - often the only source of revenue for developers - dropped off, cash flow dried up.

Now contractors along the supply chain, from construction firms to architects, have a growing pile of invoices and little hope of them being paid.

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