

PRESS RELEASE

Arcadis Report: North American Construction Dispute Values Drop in 2016

Tuesday, June 20, 2017 — Highlands Ranch, Colo. — The seventh annual Arcadis Global Construction Disputes Report 2017, “Avoiding the Same Pitfalls,” reveals the average value of construction disputes in North America was lower than in most parts of the world in 2016. This report, conducted annually by Arcadis, the leading global design and consultancy firm for natural and built assets, provides insight into the causes, duration and value of construction disputes while highlighting the best ways to avoid, mitigate and resolve them.

The report also notes the average value and duration of disputes worldwide have dropped slightly. However, in North America, the average time to resolve disputes actually increased by two months over the previous year, countering global trends and making it the region where disputes take the longest amount of time to resolve.

Download the Arcadis Global Construction Disputes 2017 report at <http://arcad.is/gcdr-2017na-pr>.

REGION	AVERAGE DISPUTE VALUES (US\$ MILLIONS)						AVERAGE LENGTH OF DISPUTE (MONTHS)					
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
North America	10.5	9	34.3	29.6	25	21	14.4	11.9	13.7	16.2	13.5	15.6
Asia	53.1	39.7	41.9	85.6	67	84	12.4	14.3	14	12	19.5	14.6
Middle East	112.5	65	40.9	76.7	82	56	9	14.6	13.9	15.1	15.2	13.7
UK	10.2	27	27.9	27	25	34	8.7	12.9	7.9	10	10.7	12
Continental Europe	35.1	25	27.5	38.3	25	19	11.7	6	6.5	18	18.5	14.1
GLOBAL AVERAGE	32.2	31.7	32.1	51	46	42.8	10.6	12.8	11.8	13.2	15.5	14

Source: Arcadis Global Construction Disputes Report 2017.

“While it is good news the average value of disputes has dropped, it’s concerning they are taking longer to resolve in North America,” observes Roy Cooper, senior vice president, [Arcadis Contract Solutions](#). “Our report shows the recurring reasons for disputes, or ‘pitfalls,’ have as much to do with human emotions that can impede settlements as they do with physical factors such as differing site conditions and design errors. Ultimately, our research highlights the need for contract solutions experts to step in early in the process to provide better contract administration, more robust documentation and a proactive approach to risk management to help mitigate the most common causes of disputes.”

Cooper continues, “Looking ahead, the North American construction market is expected to change if infrastructure funding is increased by the new U.S. administration. In an aggressive construction market, we would expect the number of disputes to rise while the duration to resolve them to decline.”

For the third year running, the No. 1 cause of construction disputes in North America continues to be errors and/or omissions in the contract documentation. Again, North America

departs from global trends where the predominant cause is failure to properly administer the contract.

2016 RANK	CAUSE	2015 RANK
1	Errors and/or omissions in the contract document	1
2	Poorly drafted or incomplete/unsubstantiated claims	New
3	Failure to properly administer the contract	2

Source: *North American Dispute Causes from Arcadis Global Construction Disputes Report 2017.*

Other key North American highlights:

- The proportion of disputes caused by a joint venture-related issue increased over the prior year, representing nearly one third of all cases.
- The social infrastructure/public sector experienced the most disputes, an increase over the previous year. This was closely followed by the property/real estate and oil and gas sectors.

This research is based on construction disputes handled by the Arcadis team in 2016 as well as contributions from industry experts.

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