MRP | ADVISORY

2026 LEGAL BRIEFING

GULF COOPERATION COUNCIL · CONSTRUCTION & INFRASTRUCTURE LAW

# Developments in Middle East *Construction Law*

A jurisdiction-by-jurisdiction analysis of legislative reform, dispute resolution trends, and sustainability obligations across the UAE, Kingdom of Saudi Arabia, Qatar, Oman and Kuwait.

| 5 | 60% | 83% |
|---|---|---|
| GCC JURISDICTIONS | ARBITRATION — CONSTRUCTION | AVG. MEGA-PROJECT OVERRUN |

PREPARED BY
MRP Advisory
*Covering legislative developments effective through June 2026*

SECTION I

# Introduction

The Gulf construction sector continues to undergo significant legal change, driven by giga-project delivery under national transformation programmes — the UAE's urban master plans, Saudi Arabia's Vision 2030, Qatar National Vision 2030, and Oman Vision 2040 — rising sustainability obligations, and the modernisation of civil codes that have governed construction contracting for decades.

This briefing summarises the most significant developments across five Gulf Cooperation Council jurisdictions: the United Arab Emirates, the Kingdom of Saudi Arabia, Qatar, Oman and Kuwait.

## Key Developments at a Glance

| JURISDICTION | PRIMARY DEVELOPMENT | EFFECTIVE / STATUS |
|---|---|---|
| **UAE** | New Civil Transactions Law (Federal Decree-Law No. 25 of 2025) — replacing four decades of muqawala jurisprudence | 1 June 2026 |
| **UAE – Dubai** | Law No. 7 of 2025 — unified contractor licensing and Emirate-wide registration regime | 8 January 2026 |
| **Saudi Arabia** | Procurement liberalisation for government arbitration; Vision 2030 harmonisation of building codes | Ongoing |
| **Saudi Arabia** | Law of Real Estate Ownership & Investment by Non-Saudis (Royal Decree M/14) | 22 January 2026 |
| **Qatar** | Ministerial Decisions No. 70–72 on real estate registration; GSAS mandatory sustainability certification | 2025 |
| **Oman** | Real Estate Regulation Law (Royal Decree No. 79/2025) — investor protections and owners' associations | 10 March 2026 |
| **Kuwait** | Decree-Law No. 7 of 2025 — expanded foreign ownership of real estate for qualifying entities | 2025 |

SECTION II

# United Arab Emirates

## A. New Civil Transactions Law | Federal Decree-Law No. 25 of 2025

| | |
|---|---|
| **MUQAWALA PROVISIONS**<br>On 1 June 2026, Federal Decree-Law No. 25 of 2025 (the "New Civil Code") entered into force, repealing Federal Law No. 5 of 1985 and replacing more than four decades of jurisprudence governing civil contracts, including muqawala (construction) contracts. | **TRANSITIONAL PROVISIONS**<br>Muqawala provisions move from Articles 872–896 to Articles 812–839. Contracts concluded before 1 June 2026 continue to be governed by the old regime; contracts on or after that date fall under the new provisions, save that outstanding limitation periods are recalculated from the effective date. |
| **TERMINATION FOR CONVENIENCE**<br>The New Civil Code introduces, for the first time, an express statutory right for employers to terminate a construction contract for convenience, subject to fair compensation for expenses incurred, value of work completed and lost profit, with a duty to mitigate. | **HARDSHIP DOCTRINE CODIFIED**<br>Where exceptional circumstances render performance excessively onerous, the dispute resolution forum is now expressly empowered to extend the completion period, increase or reduce remuneration, or terminate the contract to restore contractual equilibrium. |

**Decennial Liability:** The strict, ten-year joint liability of contractors and supervising engineers for total or partial collapse, or for defects threatening a structure's stability or safety, is preserved as a mandatory rule that cannot be excluded or limited by contract. Claims must still be brought within three years of the collapse or discovery of the defect.[1]

**Subcontractor Recourse:** The New Civil Code expressly preserves a contractor's right of recourse against subcontractors for decennial-type defects, but that recourse claim runs on the ordinary five-year commercial limitation period rather than the ten-year decennial period — a distinction of practical significance for risk allocation and insurance recovery.[2]

**Notice Requirements:** Notice requirements have been tightened: a contractor must give the employer or supervising engineer proper notice of matters affecting the works, and failure to do so may bar a

[1] Mayer Brown, "Examining the New UAE Civil Code — Part 2: Muqawala Contracts" (2026); Kennedys Law, "UAE Civil Code 2026: Decennial liability and subcontractors" (2026).
[2] Kayrouz & Associates, "UAE Decennial Liability 2026: Contractors, Engineers, and the New Civil Code" (2026).

claim for additional time or money. The New Civil Code does not define “proper notice,” leaving the standard open to judicial interpretation.[3]

## B. Dubai Contractor Licensing Reform | Law No. 7 of 2025

- On 8 July 2025, Dubai issued Law No. 7 of 2025 Regulating Contracting Activities in the Emirate, replacing the fragmented framework of Local Order No. 89 of 1994 (engineering consultancy) and Local Order No. 3 of 1999 (construction works) with a single, Emirate-wide regulatory regime.[4]
- The Law took effect on 8 January 2026 and applies to all contracting activity across mainland Dubai, free zones and special development zones, including the DIFC, with works connected to airports and associated infrastructure specifically excluded.[5]
- All contractors must register on a unified Contractor Register maintained by Dubai Municipality and integrated with the “Invest in Dubai” digital platform; employers are prohibited from engaging contractors who are unregistered or operating outside their assigned classification.[6]
- Contractors are classified by technical, financial and administrative capacity rather than price alone, with newly registered contractors starting at the lowest tier and upgrades available on meeting prescribed criteria.[7]
- A new Contracting Activities Regulation and Development Committee, chaired by a Dubai Municipality representative, approves contracting activities, allocates supervisory responsibility among regulators, resolves jurisdictional disputes and proposes further sector legislation.[8]
- Existing contractors are afforded a one-year grace period, expiring 8 January 2027, to complete registration, certify technical staff and align operations with their assigned classification.[9]

## C. Arbitration and Dispute Resolution Reforms | UAE · DIAC · ADGM

- Construction and real estate disputes continue to dominate institutional caseloads in the UAE; recent reporting identifies construction contracts as the single most common underlying contract type referred to arbitration, accounting for close to 60% of one major centre’s administered caseload.[10]

[3] K&L Gates, "The Impact of the New Civil Transactions Law on Construction Contracts in the United Arab Emirates" (2026).
[4] Lexology, "Dubai’s Law No. 7 of 2025: Transforming the Contracting Sector in the Emirate" (2025); Clyde & Co, "Dubai’s New Contracting Law: Changes are Coming" (2025).
[5] Al Tamimi & Company, "A New Era for Contractors in Dubai: An Overview of Law No. (7) of 2025" (2026).
[6] Kennedys Law, "Dubai Law No. 7 of 2025: A new era for the construction sector" (2025).
[7] Apex Reg, "Dubai Law No. 7 of 2025: New Contractor Registration Requirements Explained" (2026).
[8] SAT & Co., "Dubai Enacts Law No. 7 of 2025: A New Regulatory Framework Governing Contracting Activities" (2025).
[9] Al Tamimi & Company, "A New Era for Contractors in Dubai: An Overview of Law No. (7) of 2025" (2026).
[10] Legal500, "Arbitration for Construction & Infrastructure Disputes in the UAE: A Practical Arbitration Law Guide for Founders & Investors" (2026).

- The Dubai International Arbitration Centre (DIAC) and ArbitrateAD remain the principal seated institutions for construction disputes, operating under rules modelled on the UNCITRAL Model Law as reflected in Federal Law No. 6 of 2018 (the UAE Arbitration Law).[11]
- Dubai Law No. 2 of 2025 established a dedicated DIFC Mediation Centre, reflecting a broader shift across onshore and offshore UAE courts from pure litigation toward institutionalised, court-annexed mediation for construction, real estate and joint-venture disputes.[12]
- A Federal Judicial Decision clarified that arbitrators are required to sign only the final page of an award rather than every page, resolving conflicting lower-court positions and removing a recurring ground for annulment challenges.[13]
- Offshore courts have shown a willingness to grant robust interim relief in aid of arbitration: the ADGM Court has overridden institutional LCIA rules to grant a worldwide freezing order in excess of USD 250 million, underscoring the role of ADGM and DIFC courts as venues for urgent relief in high-value construction and infrastructure disputes.[14]

SECTION III

# Kingdom of Saudi Arabia

## A. Procurement and Arbitration Reform | Vision 2030 · SCCA · Government Tenders

- The Government Tenders and Procurement Law continues to underpin reform of public construction procurement under Vision 2030, permitting government entities, subject to Ministry of Finance approval, to agree to arbitrate disputes arising from public works contracts without the Council of Ministers' approval previously required.[15]
- The Saudi Centre for Commercial Arbitration (SCCA) has described the reform as opening a new chapter for institutional arbitration's relationship with government institutions and state-owned companies on major development projects.[16]
- 2026 commentary on Vision 2030 procurement points to continued GCC-wide harmonisation efforts, growing local-content requirements, and the integration of e-procurement platforms and sustainability criteria into public works tendering.[17]

[11] Chambers and Partners, "Dispute Resolution 2026 – United Arab Emirates" (2026).
[12] Chambers and Partners, "Dispute Resolution 2026 – United Arab Emirates" (2026).
[13] Kayrouz & Associates, "DIAC vs. ArbitrateAD: Choosing the Right UAE Arbitration Clause in 2026" (2026).
[14] Mondaq, "Key Developments in International Arbitration for 2026 – United Arab Emirates" (2026).
[15] Trowers & Hamlins, "Saudi Arabia's new Government Tenders and Procurement Law" (2020).
[16] Gulf Business, "New Saudi government tenders and procurement law takes effect" (2019).
[17] TendersGo, "Saudi Arabia's Vision 2030: Transforming Public Procurement" (2026).

## B. Saudi Building Code and Technical Standards | SASO · SFDA · Giga-Projects

- Updated Saudi Building Code requirements, together with National Housing Company mandates, are tightening material specification and energy-efficiency thresholds for government-procured and giga-project construction, with project-specific technical requirements increasingly overriding generic national standards on flagship developments such as NEOM, Qiddiya and the Red Sea Project.[18]
- The Saudi Standards, Metrology and Quality Organization (SASO) enforces conformity assessment for imported construction materials, while the Saudi Food and Drug Authority (SFDA) has extended oversight to construction chemicals and admixtures, adding a further compliance layer for specialty material suppliers.[19]

## C. Foreign Real Estate Ownership Law | Royal Decree M/14 · Non-Saudi Investors

- The Law of Real Estate Ownership and Investment by Non-Saudis, issued under Royal Decree No. M/14, took effect on 22 January 2026 together with accompanying Capital Market Authority controls, permitting qualifying non-Saudi investors and entities to acquire real estate, including for the first time in designated zones within Makkah and Madinah.[20]
- Implementing regulations remain subject to finalisation by the General Real Estate Authority, the Ministry of Investment and the Ministry of Interior during a phased, 180-day transitional period, leaving open questions regarding the scope and boundaries of designated investment zones.[21]

SECTION IV

# Qatar

## A. Civil Code Provisions Governing Construction Contracts | Qatar Civil Code

- Construction contracts in Qatar remain governed principally by the Civil Code: Articles 687–691 set out contractor obligations, Articles 692–700 employer obligations, Articles 701–702 subcontracting, and Articles 703–707 the termination of construction contracts.[22]

[18] MarkWide Research, "Saudi Arabia Construction Market Size, Share, and Industry Trends Forecast 2026–2036" (2026).
[19] MarkWide Research, "Saudi Arabia Construction Market Size, Share, and Industry Trends Forecast 2026–2036" (2026).
[20] Latham & Watkins, "Saudi Arabia Reforms Real Estate Law to Enhance Foreign Investment and Ownership" (2026).
[21] Greenberg Traurig, "Saudi Arabia Enacts New Real Estate Foreign Ownership Law: A Calibrated Opening for Foreign Investors" (2025).
[22] Lexology, "Construction in Qatar" (2018), summarising the Qatar Civil Code.

- Engineering design and consultancy practice continues to require licensing under Law No. 19 of 2005 Regulating the Practice of Engineering Professions, administered through the Ministry of Municipality and Urban Planning or, for firms established within the financial free zone, the Qatar Financial Centre Authority.[23]

## B. Real Estate Registration Reforms (2025) | Ministerial Decisions No. 70–72

- In 2025, Qatar introduced Ministerial Decisions No. 70, 71 and 72, effecting major reforms to real estate registration procedures, alongside Law No. 5 of 2025 reforming the regulation of advertisements, statues and memorials with relevance to public and development works.[24]
- Qatar has also moved to grant title deeds and real-estate-linked residency within days for qualifying property purchases above USD 200,000, a measure intended to accelerate inbound investment in residential and mixed-use development.[25]

## C. Mandatory Sustainability Certification (GSAS) | Qatar Green Building

- Qatar's Global Sustainability Assessment System (GSAS), incorporated into national construction standards since 2010, is mandatory for all private and public sector projects seeking green-building certification, making it one of the region's earliest binding sustainability regimes.[26]

SECTION V

# Oman and Kuwait

## A. Oman — Real Estate Regulation Law | Royal Decree No. 79/2025

- Oman's Real Estate Regulation Law, issued under Royal Decree No. 79/2025, enters into force on 10 March 2026, establishing a comprehensive framework that strengthens investor confidence, imposes professional standards on developers and brokers, and creates owners' associations to manage jointly owned property, in furtherance of Oman Vision 2040.[27]

[23] Chambers and Partners, "Construction Law 2025 – Qatar" (2025).
[24] Mondaq, "Construction Comparative Guide – Qatar" (2026 update).
[25] Mondaq, "Construction Comparative Guide – Qatar" (2026 update).
[26] Fast Company Middle East, "The real estate industry in the Middle East has green regulations. So what's holding it back?" (2023).
[27] BSA Law, "Real Estate Regulation Law in the Sultanate of Oman (79/2025): Towards Sustainable Real Estate Governance" (2025).

## B. Kuwait — Real Estate and Foreign Ownership Reforms | Decree-Laws 89/2025 and 7/2025

- Decree-Law No. 89 of 2025 amended Kuwait's real estate developer law (Law No. 118 of 2023), granting developers greater flexibility to offer diversified housing products tailored to different household sizes, capacities and budgets.[28]
- Decree-Law No. 7 of 2025 expanded permitted foreign ownership of Kuwaiti real estate to entities licensed by the Kuwait Direct Investment Promotion Authority, companies listed on the Kuwaiti stock exchange, and licensed real estate funds, for operational or employee-housing purposes — a measured liberalisation of a historically citizen-restricted property market.[29]

SECTION VI

# Sustainability and Green Building Regulation Across the Region

- The UAE's Federal Decree-Law No. 11 of 2024 makes climate-related reporting mandatory for all companies, requiring regular measurement of emissions, comprehensive record-keeping and the development of concrete reduction strategies, with penalties ranging from AED 50,000 to AED 2,000,000 for non-compliance — a measure of particular relevance to construction and real estate given the sector's environmental footprint.[30]
- Abu Dhabi's Estidama Pearl Rating System, mandatory since 2010, and Dubai's Green Building Regulations continue to set minimum sustainability standards for new construction, with government and government-funded buildings required to achieve at least a Pearl 2 rating.[31]
- Saudi Arabia's Mostadam rating system and the broader Saudi Green Building Code establish minimum sustainable-construction standards tailored to the Kingdom's climate, aligning with the Saudi Green Initiative's target of net-zero emissions by 2060.[32]
- The UAE has targeted net-zero emissions by 2050, while Saudi Arabia and Bahrain target 2060 — divergent national timelines that are increasingly reflected in differentiated building-code stringency and reporting obligations across the Gulf.[33]

[28] Arabian Business, "Kuwait reforms real estate, tax and economic laws to boost investment" (2026).
[29] UNCTAD Investment Policy Hub, "Kuwait – Eases property ownership rules for foreigners" (2025).
[30] ELP Legal, "Dubai Green Building Regulations: 5 Essential Rules for 2025" (2026).
[31] International Energy Agency, "Green Building Codes – Policies" (IEA Policy Database).
[32] ORF Middle East, "Building Sustainable Infrastructure in a Rapidly Expanding Gulf Estate Market" (2025).
[33] ORF Middle East, "Building Sustainable Infrastructure in a Rapidly Expanding Gulf Estate Market" (2025).

SECTION VII

# Construction Disputes: Emerging Trends

Middle Eastern mega-projects are reported to run, on average, 83% longer than originally planned, compared with a 68% overrun for comparable projects globally — a gap attributed in part to misalignment between ambitious technical design and practical buildability.[34]

Design-and-buildability mismatches, contractual ambiguity over notice and time-bar provisions, delay claims, and technology-driven coordination failures remain the dominant recurring themes in mega- and giga-project disputes across the region's transport, energy and cultural-infrastructure programmes.[35]

Construction and real estate disputes are reported to account for close to 60% of one major Gulf arbitration centre's administered caseload, with construction contracts identified as the most common underlying contract type referred to arbitration.[36]

> "Middle Eastern mega-projects run on average 83% longer than planned — well above the 68% global benchmark — with design-and-buildability mismatches, notice disputes and delay claims remaining the dominant recurring themes in GCC construction litigation."
>
> **— MRP Advisory Analysis · GCC Dispute Trends 2026**

## Key Dispute Themes and Mitigation Strategies

| DISPUTE THEME | KEY DRIVER | RECOMMENDED MITIGATION |
|---|---|---|
| **Design-Buildability Mismatch** | Ambitious giga-project specifications versus practical execution on site | Early contractor involvement; design review and buildability protocols |
| **Notice & Time-Bar Disputes** | Tightened statutory notice requirements under the New Civil Code | Robust contract administration; formal notice registers and templates |

[34] Overford, "Construction Disputes in the Middle East: Emerging Patterns and the Future" (2026).
[35] Overford, "Construction Disputes in the Middle East: Emerging Patterns and the Future" (2026).
[36] Legal500, "Arbitration for Construction & Infrastructure Disputes in the UAE: A Practical Arbitration Law Guide for Founders & Investors" (2026).

 

| DISPUTE THEME | KEY DRIVER | RECOMMENDED MITIGATION |
|---|---|---|
| **Delay Claims** | Supply chain disruption; multi-prime coordination failures; scope changes | Contemporaneous delay records; programme updates and forensic scheduling |
| **Decennial Liability Exposure** | Non-excludable 10-year strict liability; recourse chain limited to 5 years | Structured subcontract risk allocation; insurance programme review |
| **Arbitration Signature Defects** | Historical requirement to sign every page resolved by Federal Decision | Single signature on final page now sufficient under UAE Arbitration Law |

**10 yr**
DECENNIAL LIABILITY
Preserved as mandatory, non-excludable under the UAE's New Civil Code. Claims must be brought within 3 years of discovery.

**AED 2M**
MAX CLIMATE PENALTY
UAE Federal Decree-Law No. 11 of 2024 imposes up to AED 2,000,000 for failure to measure and report emissions.

**USD 250M+**
INTERIM RELIEF
ADGM Courts granted a worldwide freezing order overriding LCIA institutional rules — a benchmark for urgent relief in infrastructure disputes.

| MRP \| ADVISORY | 2026 LEGAL BRIEFING — END OF REPORT |
|---|---|

HOW MRP ADVISORY CAN HELP

# Navigating Change Requires *the Right Counsel*

The legislative reforms detailed in this briefing represent both challenge and opportunity. From the UAE’s sweeping Civil Code overhaul to Saudi Arabia’s opening of real estate markets to foreign ownership, each development carries immediate contractual, operational and strategic implications.

MRP Advisory’s legal and advisory team works alongside contractors, developers, investors and project owners to anticipate risk, structure compliant transactions and resolve disputes efficiently — across all five GCC jurisdictions covered in this report.

## OUR PRACTICE AREAS

| | | |
|---|---|---|
| • **CONSTRUCTION LAW** Contract drafting, review and negotiation across FIDIC, NEC and bespoke GCC forms. | • **DISPUTE RESOLUTION** Arbitration, mediation and litigation counsel for infrastructure and real estate disputes. | • **REGULATORY ADVISORY** Licensing, compliance and regulatory strategy across UAE, KSA, Qatar, Oman and Kuwait. |
| • **REAL ESTATE INVESTMENT** Foreign ownership structuring, due diligence and title registration advisory. | • **SUSTAINABILITY COMPLIANCE** GSAS, Estidama, Green Building Code and climate-reporting obligation management. | • **PROCUREMENT LAW** Public tenders, Vision 2030 procurement frameworks and government contract advisory. |

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