

## Member Communication Experience

# The State of Construction Disputes in 2025: Speed, Agility, and Adapting to Change

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The construction industry, while a cornerstone of global economic development, is in transition and equally notorious for its susceptibility to disputes. As construction projects become more sophisticated and interconnected, the potential for disputes continues to increase. However, the industry is also demonstrating resilience and adaptability, embracing innovative approaches to conflict resolution. A comprehensive analysis of the current landscape of construction disputes, revealing evolving trends, root causes, and innovative resolutions that are shaping the industry's future can be found in the [Arcadis 2025 Construction Disputes Report](#).

As the sector continues to recover from the impacts of the COVID-19 pandemic and adapts to technological advancements, understanding these dynamics is crucial for stakeholders aiming to mitigate risks and enhance collaboration. By understanding the root causes of disputes and implementing proactive strategies, stakeholders are navigating this complex landscape effectively.

## THE STATE OF CONSTRUCTION DISPUTES IN 2025

While the frequency of disputes has seen a slight decrease, the complexity and the costs associated with them have increased. This complexity is attributed to several factors, including the integration of new technologies, evolving contractual frameworks, and the increasing emphasis on sustainability.

The report identifies the following as the predominant causes of disputes in the construction industry based on industry



survey responses.

**Contractual Ambiguities:** As projects become more complex, so do the contracts that govern them. Vague or poorly drafted contracts that allow different, but reasonable interpretations by the parties, continue to be a leading cause of disputes.

**Project Management Failures:** Ineffective communication, inadequate project management, and a lack of proper documentation are frequently cited as sources of conflict. These issues stem from a lack of qualified staff, insufficient training, and the absence of a unified project management approach.

**Unforeseen Site Conditions:** Despite advances in technology, unforeseen site conditions remain a significant challenge. Unexpected geological or environmental conditions can lead

to substantial project delays, cost overruns, and disputes over responsibility.

## CURRENT CHALLENGES IN THE INDUSTRY

**Global Supply Chain Disruptions and Price Volatility:** Post-pandemic disruptions and geopolitical tensions have highlighted vulnerabilities in global supply chains. Delays and cost overruns due to material and equipment price volatility and supply chain issues remain a primary cause of disputes. The successful resolution of resulting disputes requires properly skilled and informed project teams and more resilient and flexible contract terms.

**Technological Integration:** With the rise of Building Information Modeling (BIM), Artificial Intelligence (AI), and digital twins, construction projects are becoming more advanced. However, these technologies also introduce new challenges related to data management, intellectual property, and the interoperability of systems. The adoption of these technologies can be slow and capital intensive, often leading to varying levels of skill capabilities within project teams.

**Sustainability Requirements:** Disputes can arise from differing interpretations of sustainability requirements and the implementation of green technologies.

## INNOVATIVE APPROACHES TO RESOLUTION

In response to these challenges, the construction industry is embracing innovative methods to prevent and resolve disputes.

**Early Dispute Avoidance Mechanisms:** Proactive measures, such as mediation, early neutral evaluation, and dispute boards, are being increasingly adopted to identify and address potential conflicts before they escalate. The report notes an increase in the use of hybrid mechanisms that combine elements of both mediation and arbitration, offering a tailored approach to dispute resolution.

**Collaborative Contracting Models:** Collaborative models, such as Progressive Design-Build (PDB) and Integrated Project Delivery (IPD) emphasize shared risks and rewards, promoting a culture of collaboration and reducing adversarial relationships.

**Digital Dispute Resolution Platforms:** The use of digital platforms for dispute resolution is gaining traction. These platforms leverage AI and blockchain technology to facilitate

efficient and transparent negotiations, reducing the time and cost associated with traditional litigation.


## LOOKING AHEAD: THE FUTURE OF CONSTRUCTION DISPUTES

As the construction industry evolves, so too must the strategies for managing disputes. Several future trends can be foreseen:

**Increased Use of AI and Predictive Analytics:** AI and predictive analytics will play a crucial role in identifying potential disputes early and suggesting preventative measures. These technologies will identify potential risks and threats before they occur, enable data-driven decision-making, and reduce the likelihood of disputes.

**Greater Emphasis on Data Security:** With the increasing reliance on digital technologies, data security and privacy concerns will become more prominent, necessitating robust cybersecurity measures to prevent disputes related to data breaches.

**Focus on Mental Health and Well-being:** The industry is expected to place greater emphasis on well-being initiatives for workers, fostering a healthier and more harmonious work environment.

**Sustainability as a Core Principle:** Sustainability will continue to be a driving force, with contracts increasingly incorporating specific ESG criteria. Parties will need to collaborate closely to meet these standards and avoid disputes over compliance. 



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