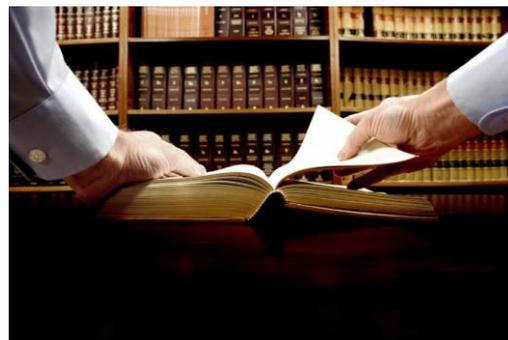


inBrief

**Force Majeure in Real Estate Contracts: UAE Legal Position in a Period of Regional Instability**

By Shahram Safai and Doneen Ennis | 31 March 2026

Introduction

Ongoing geopolitical tensions across the Middle East have brought renewed scrutiny to force majeure in UAE real estate transactions. While the UAE market remains resilient, indirect impacts, such as supply chain disruption, airspace restrictions, regulatory responses, and financing constraints, continue to affect performance across development, leasing, and investment structures.

Importantly, force majeure may be invoked under UAE law even in the absence of an express contractual provision. The concept arises as a matter of statute under the UAE Civil Code and operates independently of contractual drafting. However, reliance on statutory force majeure is subject to a strict and narrow test, typically more onerous than contractual formulations.

This note outlines the legal framework and practical application of force majeure in the current environment, with reference to both contractual and statutory positions.

Legal Framework (UAE Law)

Under the UAE Civil Code:

- If performance becomes impossible, the obligation is extinguished;
- If impossibility is partial or temporary, performance may be suspended.

To qualify, the event must be:

- External to the parties;
- Unforeseeable at the time of contracting; and
- Render performance objectively impossible (not merely delayed or more expensive).

In the context of regional instability, the distinction between impossibility and hardship is critical. Disruption, delay, or cost escalation will rarely meet the statutory threshold absent a direct prevention of performance.

From a seller/landlord perspective, this high threshold offers protection against broad or opportunistic claims. From a buyer/tenant perspective, reliance on statute alone requires clear evidence of genuine impossibility.

The Authors**Shahram Safai**

Partner

ssafai@afриди-angell.com

Shahram is a partner at Afridi & Angell. His practice consists of advising on tax, corporate law and real estate. He heads the firm's tax, venture capital and real estate teams and has been highly sought after by boards and shareholders for strategic legal advice. Shahram is qualified as a solicitor in England and Wales and is a member of the California State Bar. He is also a registered professional engineer. Shahram is a past Chairman of the Canadian Business Council of Dubai and the Northern Emirates.



LEADING PARTNER

Legal500

EMEA
2026

Contractual Force Majeure

In practice, most UAE real estate contracts include bespoke force majeure provisions. These clauses typically take precedence, defining both the scope of qualifying events and the consequences of invocation.

Commonly included events in the current climate include:

- War, hostilities, or regional conflict;
- Government restrictions or regulatory action;
- Disruption to labour, logistics, or materials;
- Sanctions or financial restrictions.

The effectiveness of such clauses depends on drafting. Key variables include:

- Whether indirect effects (e.g. regional instability) are captured;
- The requirement for direct causation;
- The remedies available (suspension vs termination).

In practice, the contractual regime governs first, with statutory force majeure operating as a fallback where contracts are silent or unclear.

From a seller/landlord perspective, clauses are often drafted narrowly to preserve performance and limit termination exposure. Conversely, a buyer/tenant will seek broader wording to capture indirect disruption and secure flexibility.

Application in Real Estate Transactions

a. Development and Construction

Regional disruption may impact materials, labour, and approvals. These typically justify extensions of time, not termination, unless performance becomes impossible. Cost increases alone will not qualify.

A developer/seller will focus on preserving timelines through extensions, while a buyer will look to enforce longstop dates and delay remedies.

b. Leases

Tenants may seek rent relief due to operational disruption or reduced demand. However:

- Economic hardship is not force majeure;
- Relief depends on express lease provisions.

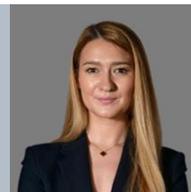
Absent clear drafting, rent obligations generally continue.

A landlord will rely on strict interpretation to enforce payment, while a tenant must anchor any relief in express contractual wording.

c. Sale and Purchase Agreements (SPAs)

Force majeure may arise where transfers or payments are delayed due to administrative or banking disruption. The typical outcome is deferral of completion, with termination linked to longstop dates.

A seller will resist termination and favour completion, while a buyer may seek exit rights where delay becomes prolonged.



Doneen Ennis

Associate

dennis@afриди-angell.com

Doneen is a real estate associate based in Dubai. Her expertise encompasses a wide range of areas and she excels in skilfully navigating intricate corporate and property landscapes. Her notable experience includes advising on large real estate investment sales and purchases, conducting corporate real estate due diligence reports for a large international hotel group, and preparing high-level due diligence reports for financing matters related to real estate assets. Doneen is also part of the tax team, advising clients in relation to corporate tax matters within the UAE.

Rights and Remedies

Where established, force majeure may result in:

- Suspension of obligations;
- Extension of time;
- Termination (in cases of permanent impossibility);
- Limited restitution.

Relief is conditional on strict compliance with:

- Notice provisions;
- Mitigation obligations;
- Evidence of causation.

From a seller/landlord perspective, remedies are structured to preserve contractual continuity. A buyer/tenant will focus on flexibility, including suspension or exit where justified.

Distinction from Exceptional Circumstances (Hardship)

Where performance is not impossible, but becomes excessively onerous, and Force Majeure is not available, parties may look to the doctrine of exceptional circumstances under the UAE Civil Code. Courts may rebalance obligations, though this remains discretionary and is applied conservatively.

Practical Considerations

- **Causation is key:** direct linkage between event and non-performance is essential.
- **Foreseeability is shifting:** ongoing tensions may weaken claims in new contracts.
- **Drafting matters:** tailored force majeure provisions are increasingly standard.
- **Procedure is critical:** failure to comply with notice or mitigation requirements may defeat a claim.

In practice, a seller/landlord will adopt a narrow, compliance-driven approach, while a buyer/tenant must build a robust evidentiary position to support relief.

Conclusion

Force majeure remains a high-threshold doctrine under UAE law. While regional instability creates real disruption, relief depends on demonstrating objective impossibility, not commercial inconvenience. Contractual provisions are central, but statutory force majeure remains available even where contracts are silent, subject to stricter requirements.

Where force majeure cannot be established, the doctrine of exceptional circumstances (hardship) offers a potential alternative, allowing courts to adjust obligations in cases of excessive burden. In the current environment, careful drafting, proactive contract management, and clear risk allocation remain essential. ■

Afridi & Angell

Founded in 1975, Afridi & Angell is a full-service UAE law firm in its fifth decade at the forefront of the legal community. From the beginning, our hallmarks have been a commitment to quality, unsurpassed knowledge of the law and the legal environment, and crafting of innovative business solutions. Licensed in the three largest Emirates of Abu Dhabi, Dubai and Sharjah as well as the Dubai International Financial Centre, our practice areas include banking and finance; corporate and commercial law; arbitration and litigation; construction; real estate; infrastructure projects; energy; project finance; maritime (wet and dry); and employment. We advise local, regional and global clients ranging in size and sophistication from start-ups, sole proprietorships, family-owned businesses, entrepreneurs and investors to some of the world's largest public and private companies, governments and quasi-government institutions. We attract and retain clients with our dedication to practical guidance focused on their business needs supported by decades of experience here in our home jurisdiction, the UAE.

Afridi & Angell is the exclusive member firm in the UAE of top legal networks and associations, most notably Lex Mundi, the world's leading network of independent law firms, and World Services Group.

www.afridi-angell.com