Wednesday, March 18, 2020

As the coronavirus/COVID-19 pandemic continues to spread and the governmental and private sectors formulate their responses, it has become apparent that the associated economic impacts will be significant and affect all sectors of the economy, including construction.

Supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by governmental authorities in an attempt to slow the spread of the virus appear all but inevitable. Project owners and developers are considering reductions in workforce, and other site supervision and general conditions costs, to mitigate extended or added costs that may be incurred due to project slowdowns or suspensions. If necessary, some owners may be exercising their contractual rights to terminate or suspend projects (partially or fully) in light of these issues in order to mitigate the near-certain adverse economic impacts. Similarly, contractors and subcontractors are reserving their rights for added costs and time, and to the extent that they are beginning to incur costs or lose time, asserting preliminary claims for increased time for performance or added costs as a result of the same anticipated issues under force majeure and other claim-related provisions of their project agreements.

The full impacts of the coronavirus pandemic remain to be seen, but some are already manifesting themselves. For example, major news outlets are reporting that, beginning on March 17th, Boston Mayor Marty Walsh ordered all construction projects in the City to shut down for at least two weeks, with the exception of emergency projects such as roadwork and gas hookups. The extent that this ban will
be enforced and complied with is unclear, but it is certainly a cause for concern among those with ongoing projects. We will provide further updates as the situation unfolds.

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