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Construction Litigation Expected to Trend Up in 2024 Following Miami's Building Frenzy

"Construction is at the heart of our economy. As our construction industry grows, our economy grows," said Franchesco Soto, chair of Miami-based boutique firm Haber law's construction law group.

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Construction



Alexander Lugo



What You Need to Know

- Following a wave of demand for new buildings, construction defect litigation is set to trend up this year in South Florida.
- Lawyers are seeing defects rises thanks to lack of worker training and new laws pushing builders to cut costs.
- The discovery of defects has also prompted construction slowdowns, an additional source of litigation.

After years of Miami's skyline shapeshifting, local construction lawyers are expecting a big year as litigation surrounding defects and slowdowns are set to trend upward.

South Florida is no stranger to predictions of impending construction defects, but because there was such a big demand for housing and residential projects, many projects were rushed through. But in some completed buildings, the defects are starting to show as other projects still under construction face slowdowns, creating more work for attorneys in the space.

Leading up to the 2008 financial crisis, Duane Morris's Miami managing partner Scott Kravetz saw a similar cycle of construction projects surging and litigation following close behind. The difference in this cycle is the scale.

"There's been a huge spur of activity over the last several years in multifamily projects," he said. "Everybody's trying to up the last project and make their project more of a unique, desirable project. So you have that type of competitive edge that drives certain condominium projects, and as a result, the price points are increasing."

Because of that ambition to build fast and big, Kravetz says he already started seeing an uptick in defect litigation stemming from finished projects at the end of last year. Meanwhile, projects currently under construction are facing slowdowns due to defects detected during construction, which has only led to even more litigation.

Another difference in this wave of litigation is the amount of sectors it's affecting, according to Kravetz.

“Miami has become such a major destination venue. It’s not just condo litigation. It’s hotel litigation, condo litigation and entertainment venue litigation,” he said.

Part of the reason for defects has come from mistakes in design, according to Kravetz.

But the rush to get workers on job sites is also a factor, says Steven Lesser, chair of Becker & Poliakoff’s national construction law and litigation practice.

“Because of the tension that exists between the scarcity of skilled workers and qualified laborers, I think that you have projects that are moving along very quickly, without necessarily the quality control,” he said. “It’s very, very hard to get workers in the workplace that are qualified to do this work.”

The worker shortage paired with a desire to cut costs as Florida’s insurance rates skyrocket has brewed a perfect storm that allows for these lawsuits to pop up more often than previous cycles, Lesser said.

Additionally, Florida law changed to reduce the statute of limitations for construction defect cases, which is also having an effect, said Franchesco Soto, chair of Miami-based boutique firm Haber Law’s construction law group.

In response, all three lawyers said their firms are constantly looking to expand into the growing space.

Although Becker & Poliakoff has roughly three times as many lawyers in Florida as Haber Law, both firms place a heavy emphasis on real estate-related work and are hungry for more expertise in the construction defect arena.

Meanwhile, Duane Morris’s Miami office is also looking to grow into the space, and they are not alone. Cole, Scott & Kissane has also emphasized its own appetite to diversify into more construction-related work as many of its typical cases face hurdles due to Florida’s tort reform laws put in place last year.

“Construction is at the heart of our economy. As our construction industry grows, our economy grows,” said Haber Law’s Soto.

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