

Real Estate Arbitration in KSA

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The creation of a fast process of dispute resolution in The Kingdom of Saudi Arabia was a need. Arbitration was first introduced in the Saudi Commercial Court Law in 1350H corresponding 1931G, and the Saudi Labor Law in 1389H corresponding to 1969G. Both laws included arbitration in few articles. In 1389H corresponding to 1969G, the Saudi Labor Law similarly contained articles referencing arbitration as a dispute mechanism for labor-related disputes.

On the basis that the economy is rapidly developing in KSA, a modern Arbitration Law in 1403H corresponding to 1983G was issued. More recently, the Kingdom adopted its' latest version of the Arbitration Law in 1403H corresponding to 2012G, based on the UNCITRAL Model Law.

To further enhance both local and foreign investment in the Kingdom, Cabinet Ministerial Resolution No. 257 adopted in 1435H -2014G established the Saudi Center for Commercial Arbitration (SCCA).

The Real Estate Arbitration Center ("the Centre") was established with the approval of the Permanent Committee of Saudi Arbitration Centers on 9/4/1440 AH corresponding to 13/12/2018 grant a license to the center, as the first center to be licensed by the committee and the first center of its kind in the Kingdom of Saudi Arabia ("KSA") and the Gulf states.

The headquarters of the Center shall be in the city of Riyadh, and the Board of Directors may establish other branches in any city of the Kingdom if necessary. It is also possible for arbitration boards, and conciliators to carry out arbitration or conciliation under the administration of the Center according to its procedures outside the Center's headquarters and in any of the cities, governorates and administrative centers in KSA. Moreover, the Center offers all its services through its electronic portal where any person can raise any claim in front of the Center electronically and it will be directed to the relevant administration in the Centre.

The Center falls under the umbrella of the Real Estate General Authority ("REGA") and enjoys the independent legal personality administratively and financially, and aims to settle disputes related to real estate activities, whose parties agree to settle it by arbitration or through conciliation and reconciliation within the framework of the Centre, by a fast and simplified electronic mechanism. The Center assures that all disputes will be resolved with final judgements within a timeframe of 3 weeks.

The Centre is currently specialized in settling disputes related to real estate activities – issues arising from unified commercial and residential leases set by the Ministry of Municipal Rural Affairs and Housing and disputes related to members of home owners' associations – that arise in KSA, whether they are between natural or legal persons, if the parties agree in writing that if any disputes arises between them will be resolved by the Centre. The Center trained 21 arbitrators to take the lead in all disputes filed in front of the Centre, and the first final decision taken by the Center was back in January 2021 after closing all hearing sessions.

The Organizational Structure of the Center consist of the Board of Directors, General Secretariat, Dispute resolution management, including (Conciliation and Conciliation Office, Arbitration Office), The Department of Experts, Arbitrators, Conciliators and Reconciliators, including (Arbitrators Office, Experts Office, Conciliators and Conciliators Office), along with the administration which consists of a number of departments that are entrusted with administrative tasks and tasks related to providing technical support

to the Center.

Initiatives arising from the Saudi Vision 2030 have been viewed as providing a powerful momentum to both the encouragement of foreign investment generally in Saudi Arabia and also to the real estate sector. Needless to say, the establishment of the Centre contributes significantly to the objective of making the Kingdom of Saudi Arabia a leading real estate jurisdiction of choice.