ABSTRACT

Many property development companies, building contractors, sub-contractors and material suppliers have failed to survive through the economic recession in the mid 1980s. Many reasons can be cited for their failures. Central amongst these are over-stretching of their financial resources and taking too many risks without protecting their own interests in the event of default by other contracting parties. Failure of one party may have profound effects on the others involved in a property development project.

This study is an attempt to highlight and compare the adverse effects of insolvencies on the various contracting parties involved in development projects with the aim of identifying which party is accorded adequate protection under such adverse circumstances. Based on the discussions and findings, it is suggested that the property developer is in a more advantageous position as he is in a more commanding position to protect himself against the adverse effects of insolvencies of the other parties involved in a property development project.