

Understanding how architects charge for their work can be confusing, in part because there are several methods architects use to determine a fee. Some of the more common methods include a fixed fee, an hourly rate, percentage of construction cost, a la carte based on specific phase of service (i.e. schematic design, design development, construction documentation, construction procurement, and construction administration), or a cost per square foot of construction. In some cases, these fee structures could be combined.

Fixed Fee

A fixed fee is a firm compensation amount related to a particular scope of service. Fixed fees are convenient and appropriate when services can be precisely defined, a client understands what is included, and the architect is confident that the services can be managed within a fixed budget.

Hourly Rate

Just like it sounds, an hourly rate multiplied by the time spent on a project is the amount charged to the client. The hourly rate is determined by the architect to cover the firm's salary costs, firm overhead, and profit. This method is frequently used when the scope of the work not expected to be comprehensive, or when there are unknown or unidentified issues involved, or for very small projects.

Some clients may be apprehensive about hourly rates, but clients who know what they want and make quick decisions generally benefit from this method.

Cost plus fixed fee

This is an hourly fee option in which a client is billed for the actual cost of the architect's effort – salary, benefits, and firm overhead – and a fixed fee is negotiated as the firm's profit on the assignment. This can be an option for clients opposed to a completely open-ended fee arrangement, yet whose project has many undefined components that make it difficult to establish a fixed fee.

Percentage of construction costs

This is a common method that involves charging the client a fee as a percentage of the final construction cost. Percentage fees generally range from 8% to 15%, the amount varying by project type, size, and complexity.

Percentage Fees may be set on a sliding scale, with a lower percentage generally applied as the size of the project increases. The reason smaller jobs may require a higher percentage fee is because they require more work per square foot, especially additions that must be tailored to existing conditions. Other types of projects that may require a higher percentage include those that are in historic districts, which impose many requirements on design and construction, or those in areas that require approvals from a design or planning commission.

This method may lead a client to believe that the architect has incentive to increase construction costs, potentially creating an adversarial architect-client relationship, especially if the project grows beyond its original budget or scope.

Per-square-foot fees

This method is not commonly used. It does not work well with remodeling projects, and is used most often for unusual situations like working with pre-designed homes or drafting services. It assesses a fee based on the square foot measure of the largest concept presented to the client.

Generally, this method limits revisions to a specific number, typically three, and if the client desires further revisions the architect will bill on an hourly basis. Fees range from \$2 to \$4 per square foot for concept development and \$3 to \$5 per square foot for construction document production.

Most architects find this method an unreliable and unreasonable way to determine a fee for a typical project. There are too many variables to assign an accurate per-square-foot value to designing and producing a set of documents to be used for bidding, permitting and construction. Therefore, it's often relegated to projects with unusual circumstances or conditions.

Shared Risk

Both architect and client are accountable to one another and, while both have something to gain, both also have something to lose. It's important to keep communication flowing to minimize misunderstandings and potential problems. It is not surprising that, when everybody has something at stake in the process, the dialog is markedly improved; clearer goals are identified as a by-product of this process.

Tell the architect your “real” budget. Make sure that you have a conversation in the beginning about what your stated budget will cover. Construction is very expensive, and an architect can tell you if the budget is realistic. Make sure that you’ve included monies for professional fees, landscaping and contingencies.

If an architect points out that you have significantly changed the building program and are at risk of exceeding your budget: pause – reflect – decide. If you decide to increase the original scope you should also expect to pay the architect additional fee.

Thank You

Thanks for taking the time to read this brief explanation about architectural fees. There are even more ways to structure fees, but the methods describe here are the most common and easiest to work with. For most projects, these will be sufficient. Possibly the biggest obstacle to understanding architectural fees and nearly everything else at the beginning of a project is anxiety. Clients are making a large investment as they take a leap into the unknown. Identity Design understands this and will work with you to make your project run as smoothly as possible.

If you’re ready to get started on a project you’ve been thinking about, we’re ready to help. Please contact Identity Design, PLLC with any questions you may have about this process or anything architecture/building related. Please don’t hesitate to [contact us](#) for some friendly advice.

RECOMMENDED READING

Johnston, Amy. *What Your Contractor Can't Tell You: The Essential Guide to Building and Renovating*. [S.I.]: Shube Pub., 2008. Print.

Krapf, Richard D. *Considerations on Hiring An Architect: How The Design Process Works*. N.p.: n.p., 2013. Print.

Krapf, Richard D. *Considerations on Hiring An Architect: I Don't Need An Architect! Common Myths and Misconceptions*. N.p.: n.p., 2013. Print.

Krapf, Richard D. *Considerations On Hiring An Architect: Residential Services*. N.p.: n.p., 2013. Print.

ACKNOWLEDGEMENTS

Portions of this document are taken with acknowledgement to the following sources:

Borson, Bob. "Life of an Architect." *Life of an Architect*. N.p., 25 Feb. 2010. Web. 08 Aug. 2013.

Demkin, Joseph A. *The Architect's Handbook of Professional Practice*. New York: J. Wiley, 2001. Print.