Architect's Fee Structures

This chart shows the various ways architects determine their design fees for projects, as well the advantages, disadvantages, best uses, and differences between each one.

	Percentage-Based Fee	Hourly Rate	Fixed Fee	Hybrid
	Design fees are based on a specified percentage of the construction cost and get adjusted along the way as the design is refined	Design fees are based on the actual hours spent on each project multiplied by the architect's billing rates	Design fees are based on stated lump sum amounts at the onset of the project for the specified services	Design fees are determined by more than one fee structure
Typical fees	8%-20% of construction cost; depending on project scope & complexity, scope of services, and architect's business model	$80-$250 per hour; depending on experience level, location, reputation, and business model of the architect	Varies; depending on project size, scope of services, and architect's business model	Varies; depending on project size, scope of services, and architect's business model
Best Use	Project scope and architect's scope of services are not defined yet	Project scope and architect's scope of services are not defined yet; for complex projects where the amount of work for the architect is undetermined	Project scope and architect's scope of services are defined; simpler or smaller projects	Project scope and architect's scope of services are not yet defined
Advantages	You can sign a design agreement with your architect without having all the project specifics figured out	You can sign a design agreement with your architect without having all the project specifics figured out; the scope of services can easily be adjusted without amending the agreement	Straightforward; the amount you agree to is the amount you ultimately end up paying unless there are changes beyond the architect's control; also the architect is incentivized to work more efficiently	Allows for varying degrees of uncertainty and flexibility so that fees for each phase of design or task are determined independently of each other and most fair to both parties
Disadvantages	It's difficult to estimate the construction budget at the onset of a project so the initial budget for design fees may change after a realistic budget is determined later	It's hard to budget for the total cost of design fees unless you have a Not-To-Exceed cap/estimate of hours; also the architect may be less likely to work efficiently (make sure you trust your architect to work diligently and report hours ethically)	It's difficult to define the project scope and architect's scope early on; also if the project is more involved than the originally anticipated the architect may become less engaged, spend less time on the project, or have a lower paying employee work on it	It's a little more complicated and may seem confusing

Architect's Fee Structures

	Percentage-Based Fee	Hourly Rate	Fixed Fee	Hybrid
	Design fees are based on a specified percentage of the construction cost and gets adjusted along the way as the design is refined	Design fees are based on the actual hours spent on each project multiplied by the architect's billing rates	Design fees are based on stated lump sum amounts at the onset of the project for the specified services	Design fees are determined by more than one fee structure
Project Types (new construction, additions, renovations, detached accessory structures)	Best for new construction; not as good for renovations because the lower construction cost skews the math to underrepresent the amount of design and drawing time	Any	Any, but most common with straightforward and smaller projects where there is little uncertainty; not as common with renovations	Any
Project Scope (large, standard, small project sizes/budgets)	Standard to larger-sized projects; not good for smaller projects where economies of scale are at a disadvantage	Any	Any, but most common with standard to smaller-sized projects	Any; provides flexibility for the unpredictable phases/services (where estimating hours is difficult) and a standardized structure for the more predictable phases
Scope of Architect's Services (full architectural services, partial services, or individual/one-off services)	Full architectural design services	Any	Full, partial, or individual design services	Any; best when more than one architectural design service is requested that have varying levels of predictability