



# House & Home

FTWeekend

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Illustration: Bill Butcher

**W**hen you launch an ambitious project to transform your home, or build a wonderful new one, with the help of an architect and interior designer you may be ready for some surprises – but probably not for the head-spinning complexities of the charging system.

The payment structures in this industry are myriad and often mysterious, and it is hard to exaggerate the bafflement – blurring now and then into suspicion – that fee proposals can provoke.

Yet architects' fees, at least, appear on the face of it to be plain and simple stuff.

An architect proposing to build a new house or remodel a large part of a property will most often quote a percentage fee, rather than an hourly rate or the simple fixed sum that a private-client lawyer or personal doctor would charge. The numbers are easy to understand: if the architect's percentage is 10 per cent and the construction cost is £1m, then you will pay the architect £100,000.

Except, as we know, nearly every building project ends up costing more than expected. It follows that an architect is incentivised to let the budget run away. And, for clients, two of the things they most want to know at this early stage are hard if not impossible to get a

## It's going to cost you

**Architecture** | The fees that architects and interior designers charge clients can come as a nasty surprise. Such is the risk of dealing with an opaque and varied pricing structure. By *Sandy Mitchell*

firm grip on: how much they are going to end up paying the architect and what the finished project will cost.

Hourly rates can look like a better answer. A British architect who recently built a magnificent new home for a financier in Asia calculates his client ended up saving significantly on fees after he insisted on paying by the hour. "This guy was really unusual," cautions the architect. "He knew exactly what he wanted from the start and he was incredibly quick to make decisions. Most clients want to see alternative designs, and need to go through the process of iteration to find their preferred solution."

Architects frequently spend many more hours working on a big project than their fees would suggest. Given the difficulty they face in calculating at the outset how much time they will need to invest in a new project, percentages are often considered the fairest approach. Still, many architects confide privately that even they don't like this approach.

"It is tiresome having to convince every new client that I am not trying to fleece them," complains one who specialises in building large houses for private clients across Europe.

So, if you are stuck with paying a percentage fee to your architect, how high should it be?

Architects in Europe have been free to charge whatever percentage they like, at least in theory, ever since the European Commission condemned an anti-competitive fixed scales of fees that had determined percentages (with German architects' fee scales coming under fire most recently, in 2017). The only way a client can now get a feel for the market in fees is to talk to several practices and invite each to consider their project, or speak to experienced advisers.

Even then, secrets remain, often little known among architects themselves. One is the gap that has arisen between the fees charged by some of the best

contemporary architects and others who are equally distinguished but work in traditional styles. The former will charge 20 per cent in some cases to build a new house, and the latter near to half that. A celebrated classical architect, much in demand in the Americas for his richly decorated Palladian homes, spluttered with disbelief when I let slip how much more his more modern-minded peers earn: "How can they charge that much? They only draw straight lines."

Generally, however, the complexity of a project, and how much of the architect's time it looks likely to take up, are the key factors in determining the percentage. An architect will quite reasonably charge a higher fee to build a wing of 1,000 square metres on to an ornate 18th-century chateau on a steep slope in remote Burgundy than she or he would for creating a straightforward new Hamptons-style clapboard beach house on a flat site overlooking Plettenberg Bay in South Africa.

Yet other more slippery factors can come into play. One is how much the architect needs the work or wants it. Another, gentle readers, is how tricky you look likely to be. The principal of a big architecture practice was chatting to

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## It's going to cost you

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me recently about the fees charged by a friend of his, another senior architect. "He is doing his second project for the same client, and I know he is charging 2 per cent more than he does his other clients. That seems perfectly fair to me. He knows the client is demanding and will eat a huge amount of his time."

From country to country, continent to continent, there is wild variation too. In the US, for example, architects' fees are markedly higher for private-client projects than in the UK, which in turn are higher than in France, for example. "France is quite different," explains a British architect. "The architect has a role up to the point of getting planning permission then the supervising builder does the detailed drawings. So as an architect I have no control over how it is built."

If architects' fees are hard to fathom, welcome to the labyrinthine souk where interior designers ply their trade and where almost every single practice has a unique way of charging.

In a perfect world you would know exactly how much you are going have to pay your interior designer: a single fee would cover the designer's work in creating a wonderful new look for your interiors, as well as buying, commissioning and installing your furnishings. A number of designers do charge in this transparent way – a minuscule number.

Most designers prefer to charge a "design fee" for creating the overall look of each room, and to agree at the same time a second kind of fee: a percentage-based commission that they add to each item they order for the project. So, if they source a table for you at a trade price of £10,000, and have agreed a 25 per cent commission, they will invoice you for £12,500.

Clients trying to get a feel for market rates or wanting to compare fee proposals from more than one practice are left floundering because design fees are based on different factors: it might be the size of a house, or the number



Illustration: Bill Butler

of rooms, or different types of room, to name a few. And commissions range from around 10 per cent to as much as 40 per cent for a few of the most expensive designers.

Why do so many interior designers insist on charging this way? Simply to hoodwink clients?

"Interior designers are put upon from the start," says one of Britain's most distinguished architects. They have to spend so much time with their clients, and clients change their minds all the time. They have to charge that way. There is not much fat left for them otherwise."

Meanwhile, the head of a large

practice based in London, working on projects in the US and Switzerland, says:

"Most of our profit is in the commission element. The design fee more or less covers our costs and that is it."

To abandon commissions and instead charge clients a simple lump sum fee, would be a frightening leap into the unknown for many designers. They would have to know exactly how much time a project is set to absorb in order to fix a fee at the start. With large and complex decoration projects lasting two or more years the margin for error is existential for design practices. Typically, only long-established ones that have, over years, built up pre-

mise data on their time input, can analyse a new project accurately enough to forgo the commission.

Yet, a designer who produces exquisite contemporary work that is elaborately bespoke in design and detailing, largely for discerning young Middle Eastern potentates, says: "None of us likes the system. There is definitely a movement towards charging a single fee instead of commission."

It must be said that there are a very few, very unusual clients for whom this entire debate about professional fees is academic. A bullish and well-known private equity investor invited me to advise on the project team at

his new country house, which he wanted to knock down and replace, and he mentioned a famous interior designer he had used previously on at least two continents. "I can't use him. You just wouldn't believe what he charged me last time. Gave me a heart attack." He named the figure. I nearly had a heart attack.

The very next day, he flew that designer in and engaged him again. At this very peak of flamboyant spending, there is perhaps an odd masochistic mindset that the more you pay your interior designer – the more it hurts – the better it is for you.

What every single client, whatever the size of their asset base, cares about intensely is penny-perfect honesty. Architects in different countries are strictly regulated by law and by their professional bodies so, while their competence may be questioned, their bonafides are rarely doubted. But in an unregulated industry such as interior

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design with countless thousands of self-described "interior designers" around the globe charging in so many ways for their services, there is scope for (ahem) confusion in their accounting.

I hear sulphurous tales from time to time: for instance, a newly completed "turnkey" project, where the interior designers had installed every last soap bar and bottle of champagne before the client moved in, and who charged the client hundreds of pounds for each of the dozens of "luxury" bathrobes but forgot to snip off the discount-store price tags. Word about gross offenders quickly spreads.

As a final word, I can offer comfort distilled from experience. Having commissioned numerous architects and interior designers myself, and worked professionally with a good 100 practices, I have yet to detect any hint of malpractice. But it is safe to say that if you are about to engage an architect or interior designer it will pay you and your advisers to examine the small print with a magnifying glass – and keep an eye on the bathrobes.

Sandy Mitchell is founder and director of The RedBook Agency. [redbook.com](http://redbook.com)

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