An architecture practice is three purchases: the people, the work in progress and the liability tail.

Architectural services earn $8.2 billion a year across 12,517 businesses at an average margin of 11.1%; wages take 61.2% of revenue, and more than half of all practices employ no one but their principals (IBISWorld, June 2026). A practice for sale is a team, a set of client relationships and a book of projects at different stages. Lenders that fund professional practices size the loan on earnings rebuilt after a market salary for the principal, not on a loan-to-value ratio. Take the price apart before you do anything else.

THE PEOPLE AND THE CLIENTS
the goodwill

The principal, the associates and the project architects who run the jobs and hold the client relationships. Ask who holds each client, what keeps the senior people, and what each person who moves with the practice is owed in annual and long service leave.

Funded on cash flow. The hardest dollar to borrow.

THE WORK
in progress, billed and in the pipeline

Projects at every stage, from schematic design to contract administration. For each job: the fee still to bill, the hours to finish and the stage. Work in progress is cash in waiting and debtors are cash owed; decide who keeps them, and at what value.

Settled in the price, or funded as working capital.

THE LIABILITY TAIL
past work, claims-made insurance

Professional indemnity policies respond to claims made while they are in force, not when the drawing was issued. In Victoria a building claim can arrive up to 10 years after the occupancy permit. Run-off cover, the deal structure and the warranties decide who carries it.

Not funded. Closed with run-off cover and the contract.

What the price is made of

Practices sell on maintainable earnings after a market salary for the principal, multiplied by a figure that reflects how much of the practice depends on that person, plus or minus work in progress, debtors and equipment. The Australian Institute of Architects' guidance lists assets, work in progress, past and expected profit, and goodwill as the usual building blocks (Acumen, 2021).

IBISWorld puts the industry's enterprise value at **2.9 times EBITDA** on a three-year average, but that ratio comes from company accounts across the whole industry, not from practice sales.

ASK WHAT THE PRICE INCLUDES

A price that includes the work in progress is partly a payment for invoices you will raise yourself. One current listing describes $1.2 million to $1.4 million of work in progress as transferring at settlement. A lender looks at that part separately from the goodwill.

What three listings show

Listing	Asking price and stated earnings
Brisbane, ten staff	$1,200,000; net profit about $252,000 (FY2025): 4.8 times, with work in progress said to transfer at settlement
Sydney, Upper North Shore, eight to ten staff	$915,000; normalised earnings about $343,000 (FY2025): 2.7 times, or 1.9 times on the $493,000 stated for FY2026
Coastal Central Queensland, two vendors, nine staff	$599,000; net profit $320,000 on revenue of $1,811,000 (FY2024): 1.9 times; marked sold

Asking prices and vendors' figures from listings on public Australian business-for-sale sites, accessed 2 November 2026. Not verified, and stated on different bases; the multiples are our arithmetic on the asking price and the stated earnings. Ask whether a stated year is finished and how it was normalised: a lender lends on achieved, rebuilt earnings. Not a valuation.

DO THIS BEFORE YOU OPEN A LISTING

Get your capacity assessed on rebuilt earnings, for the share you are buying. Knowing what the earnings can borrow changes which practices are worth your time.

THE FOUR QUESTIONS A CREDIT TEAM ASKS FIRST

Who holds the clients? What is left after a market salary for the principal? How much work is booked, in hours and fees? Who carries the liability for work already done? Answer them for any practice before you make an offer, and the price, the loan and the contract follow.

The earnings are usually shown before the principal is paid.

In most practices this size the principal wins the work, leads the design, signs off the documents and manages the money, often with a partner or family member running fees and payroll below market rates. IBISWorld notes that smaller operators often show wider margins because the owner draws income from profit. A lender rebuilds the earnings before it lends. So should you, before you offer.

The rebuild: eleven people, asking $1,650,000	Amount
Fee revenue: multi-unit residential and health projects	$2,600,000
Earnings as presented (EBITDA): a 23.8% margin, 2.7 times on the price	$620,000
The principal's work at market: a studio director at $170,000 plus 12% super (our assumption)	– $190,000
Fees, payroll and HR done by a family member below market	– $45,000
A large fee that will not repeat	– $70,000
The extra premium on your own professional indemnity policy	– $15,000
What a lender assesses (5.5 times on the price)	**$300,000**

The practice has not changed. Only your understanding of it has. Illustrative only, not a valuation and not a representation about any particular practice; the salary is our assumption, and IBISWorld's average industry wage is $108,200 (M6921, June 2026).

STRESS-TEST THE PIPELINE

In the Association of Consulting Architects' Pulse Check of 270 practices (March to April 2026), more than half reported lower revenue over six months and one in five had only one to two months of work booked. Ask for the forward workload project by project, in hours and dollars, before you price it.

Funding the $1,650,000: the earnings decide	Amount
Debt at up to 2.0 times rebuilt earnings: the built-environment desk on our panel, subject to turnover	$600,000
What the cash flow could carry at 1.25 times cover, 7 years at 9.5%	about $1,220,000
The loan: the lower of the two	$600,000
Equity, vendor finance or an earn-out: about 64%	**$1,050,000**

Plus working capital: if the vendor keeps the debtors, two months of salaries at the industry's 61.2% wage share is about $265,000. On the advertised $620,000, the same multiple would have supported $1.24 million, leaving about $410,000 to find; on rebuilt earnings the gap is $1,050,000. That gap is where practice purchases stall.

THE PRINCIPAL SHOWS UP TWICE

Once in the price, as the relationships you are paying goodwill for, and once in the rebuild, as the salary someone now has to be paid. A practice that looks cheap on its earnings can be dear once its principal is on the payroll.

RUN IT ON A REAL PRACTICE

The debt check on our architecture practice page takes the price, the earnings and your adjustments, and shows the debt the earnings support on the multiple and on the cash flow: prevailfinance.com.au/buying-an-architecture-practice

Illustrative arithmetic: monthly principal-and-interest repayments; 2.0 times is the limit a built-environment desk on our panel applies to engineering, architecture, planning and surveying firms, subject to turnover (checked September 2026). Specialist desks are written for loans of about $1 million and above, so a loan this size may be assessed on cash flow and security instead. For comparison, one major bank's professional-services team quoted up to 3.0 times for an accounting practice (October 2026): recurring fees borrow more than project fees. 1.25 times cover is the minimum one specialist business bank told us it tests (September 2026). Not a quote and not advice.

THREE WAYS TO CLOSE THE GAP

More of your own money; part of the price carried by the vendor and repaid after the senior lender; or part deferred as an earn-out, paid only if the fees hold. Vendor finance and earn-outs are paid from the same earnings the lender is testing, so model them in the debt check before you offer.

Check who must be an architect before you check the price.

Each state and territory regulates the practice as well as the person: who must sit on the board, who must be nominated, and what the business may call itself. A principal who retires at settlement can leave the practice without the architect the law requires. Then there is the liability for everything the practice has designed, which stays live for years.

Who may own and run a practice

State	The rule for a company or partnership
Victoria	Board approval; at least one practising-architect director; architectural services named as a purpose in the constitution; a partnership needs an architect partner. Approval $777.15 (2026-27), about four to six weeks. Other directors and staff need not be architects.
New South Wales	A nominated architect at all times: a director, partner, manager or employee, not a contractor. Up to $22,000 per offence; tell the Board within 7 days if the nominee leaves.
Queensland	Only individuals register. A business offering the services or using the title notifies the Board (no fee) and reports changes within 21 days.
Western Australia	A corporation licence; the work under the direct control and supervision of a registered architect.
South Australia	A majority of the board, or half of an even board, must be registered architects (section 33).
Tasmania, ACT, NT	A nominated architect or nominee, a role that must stay filled; in the Northern Territory, changes notified within 28 days.

Architects Registration Board of Victoria (August 2026); NSW Architects Registration Board (September 2025); Board of Architects of Queensland; WA Building and Energy; Architectural Practice Act 2009 (SA); Access Canberra; NT Architects Board. Checked 2 November 2026. General information, not legal advice.

CHECK THE REGISTER BEFORE EXCHANGE

Look up every architect and the practice entity on the board's public register: registration, approval or nomination, and any conditions. In Victoria the Architects Regulations 2026 commenced on 25 April 2026, and the board is to be folded into a new regulator, with legislation not expected this term of Parliament.

Insurance and the liability tail

- ☐ **Claims-made.** The policy in force when a claim is made responds. Without run-off cover, a later claim about earlier work may not be covered.
- ☐ **What states require.** Victoria: at least $1 million a claim, or $1.2 million with defence costs, covering every director and employee; the Association of Consulting Architects reported in May 2026 that the board is moving to continuous 12-month cover. New South Wales: an appropriate level. Queensland: reasonable steps, or tell the client. South Australia: a condition of registration. Northern Territory: at least $1 million.
- ☐ **Run-off.** The Victorian board recommends it on retirement but does not require it; the NSW board says get advice when you retire or restructure. Settle who buys it, for how long, and who it names.
- ☐ **How long.** Victoria: no building action more than 10 years after the occupancy permit. New South Wales: 10 years from completion under the new Act, and the existing duty can reach individual architects. Queensland: records kept for 7 years.

SHARES OR ASSETS

Buy the shares and the company's past work, and any claim not yet made, stay with the company you now own: warranties, indemnities and run-off carry the weight. Buy the assets and past work generally stays with the vendor's entity, but your entity needs its own approval or nominee and its own insurance from day one. Your solicitor recommends the structure; we arrange the funding around it.

NEW SOUTH WALES REFORM

The Building (Approvals and Practitioners) Act 2026, assented on 14 August 2026, replaces the design and building practitioner scheme on a date to be proclaimed. The Architects Act 2003 stays for now.

Insurance: Architects Registration Board of Victoria and the Association of Consulting Architects (May 2026); NSW Architects Registration Board (September 2025); Board of Architects of Queensland; Berkley Insurance Australia; Maddocks; MinterEllison (August 2026). General information, not legal or insurance advice.

ENGINEERS AND SURVEYORS IN THE SAME PRACTICE

The ownership rules above are for architects. Engineers have their own registration schemes in some states, such as Victoria and Queensland, with their own rules on who must be registered for which work. If the practice employs engineers or surveyors, check those rules too; the finance is sized the same way.

The 12 deal-killers.

Run every practice past the list. One is a negotiation. Three is a walk, and at this stage walking costs you a few hours and two searches. Anything touching the people counts double, because a practice is funded on earnings that leave the building every evening.

1. **A practice that is one person.** The principal wins every job, leads every design and holds every client.
   > **A paid handover in months, introductions in writing, part of the price deferred.**
2. **Senior staff with no reason to stay.** The associates who run the jobs can leave, with clients.
   > **Retention terms, a path to equity, restraints a lawyer says will hold.**
3. **One client above a third of fees.** A developer or a government program carrying the practice.
   > **Meet them, and make settlement conditional on the work continuing.**
4. **A price set on a forecast year.** Next year's fees, not last year's.
   > **Price it, and borrow against it, on achieved earnings, rebuilt.**
5. **Work in progress valued by the vendor.** One number with no schedule behind it.
   > **Project by project: fee left, hours to finish, stage. Priced apart from goodwill.**
6. **Debtors nobody has chased.** Old invoices and disputed fees.
   > **An aged debtors list, and a clause on who keeps them and at what value.**
7. **One to two months of work booked.** One in five practices, in the 2026 Pulse Check.
   > **A forward workload schedule, signed off, before you exchange.**
8. **Fixed fees below cost.** Jobs won cheaply that you will finish at a loss.
   > **Find them in the work-in-progress schedule; take them off the price.**
9. **No architect left in the required role.** The retiring principal is the only architect director or the nominee.
   > **The replacement, and the regulator's approval or notice, in the timetable.**
10. **Run-off nobody arranged.** The vendor's policy lapses at settlement.
    > **Run-off cover, its term and who pays, in the contract.**
11. **A claim or complaint nobody mentioned.** A builder dispute, an insurer notification, a board complaint.
    > **The insurer's claims history, the board's records, and warranties.**
12. **Leave balances nobody priced.** Annual and long service leave owed to staff who move across.
    > **The balances, and an adjustment in the price.**

TWO CHECKS, TEN MINUTES

Look up the architects and the entity on the **board's public register**, and ask for the **insurer's claims history** in writing, not only the vendor's account of it. Either can end a deal.

ANYTHING TOUCHING THE PEOPLE COUNTS DOUBLE

A principal who holds every client, associates with no reason to stay and six weeks of booked work are not three findings among twelve. They are the earnings, and the earnings are the loan.

Score it: one column per practice you assess

1 _____	2 _____	3 _____	4 _____	5 _____	6 _____
7 _____	8 _____	9 _____	10 _____	11 _____	12 _____

Ask these at the first meeting

- ☐ Who holds each of the five largest clients, and for how long?
- ☐ Which associates will stay, and on what terms?
- ☐ What work is booked for the next six months, in hours and fees?
- ☐ What is in the work-in-progress figure, project by project?
- ☐ What claims, notifications or complaints in the last ten years?
- ☐ Who will buy run-off cover, and for how long?

Professional-practice lenders lend on earnings, and the multiple sets the ceiling.

Most of the price of a practice is goodwill, and specialist lenders size the debt to adjusted earnings rather than to a property value. The rest comes from your equity, vendor finance or an earn-out, and working capital carries the salaries until your first invoices are paid. Indicative pricing in written positions in September 2026: about 4 to 5 percentage points over one specialist bank's base rate for professional services without property; about 11% a year with a 1% fee over ten years on one professional-services purchase. The Reserve Bank raised the cash rate to 4.60% on 29 September 2026, so earlier quotes have moved.

THE GOODWILL

A built-environment desk on our panel: up to 2.0 times adjusted EBITDA, subject to turnover, interest-only for the whole term at 1.5 times or less. It reads aged debtors, income by discipline, the top ten clients and the forward order book (checked September 2026).

For comparison: up to 3.0 times, or 3.5 times for larger firms, from one major bank's professional-services team for an accounting practice (October 2026). Accounting fees recur; architecture fees are project-based, so plan on 2.0 times.

THE REST OF THE PRICE

One specialist business bank asked for about 30% of the price on a standalone purchase, tests cover of at least 1.25 times and may set lower gearing for first-time operators (September 2026). On one professional-services purchase: about 70% bank, 30% buyers.

Vendor finance repaid after the senior lender, or an earn-out paid only if the fees hold, closes the gap.

SECURITY AND WORKING CAPITAL

A general security agreement over the practice, with the directors standing as guarantors. Property security, where you offer it, usually lowers the rate and lengthens the term; ask for both versions of the offer.

If the vendor keeps its debtors, budget about two months of salaries.

Buying out a principal

The Association of Consulting Architects, quoting a bank's built-environment lead, names existing staff as the likeliest buyers and five years as the minimum planning period (March 2022). In its 2026 Pulse Check, 49% of the practices surveyed had operated for 21 years or more.

- ☐ **A staged buy-in.** A share now and more over several years, each stage priced on the earnings rebuilt at the time, under a buy-sell agreement. The architect director or nominee stays in place throughout.
- ☐ **Vendor finance.** Part of the price paid to the retiring principal over time, behind the senior lender. Read as confidence, not counted as your equity.
- ☐ **An earn-out.** Part of the price paid later, only if fees or clients hold. Define the measure, the period and who controls the work.

WHO YOU ARE TALKING TO

Priyank assessed and approved business loans as a bank lending manager and commercial credit analyst, and has worked on architecture practice purchases as a broker. The questions in this guide are the ones a credit team asks first: who holds the clients, what is left after a market salary for the principal, how much work is booked, and who carries the liability tail.

EXPERIENCE CHANGES THE GEARING

One specialist bank weights the buyer's skills heavily and asks for a resume and evidence of relevant experience before an indicative offer (October 2026). An associate who has run the practice's biggest jobs is the strongest file there is.

DUTY AND GST

Queensland charges transfer duty on business assets, goodwill included; New South Wales and Victoria do not charge duty on goodwill. A sale that qualifies as a going concern is generally GST-free: the buyer registered, the parties agreed in writing, everything needed to run the practice supplied, and the vendor trading to settlement.

Subject to lender criteria, security position and eligibility. Lender positions in writing, 9 September to 22 October 2026; indicative only, not a quote. Association of Consulting Architects, March 2022 and May 2026; Queensland Revenue Office, Revenue NSW, State Revenue Office Victoria; ATO. We arrange credit; we do not provide legal, tax or accounting advice.

Send the pack. Get an answer in 24 hours.

Send these to **priyank@prevailfinance.com.au** and within 24 hours you have our answer: fundable, not fundable, or what's missing. Once you accept our quote, your Action Plan follows in writing within one business day: what happens, in what order, the funding pathway scoped for that business, an indicative pricing band, and the finance clause date your contract needs.



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With gratitude

About the practice

- ☐ The information memorandum or heads of agreement
- ☐ Three years of financials and tax returns, add-backs itemised
- ☐ Income by discipline and by client, top ten named
- ☐ The forward order book, work in progress and aged debtors
- ☐ The staff list with salaries and leave balances
- ☐ The insurance policy and its claims history
- ☐ The lease, and the entity's approval or nomination

About you

- ☐ Statement of position, with the source of your deposit
- ☐ Two years of personal tax returns and notices
- ☐ Your registration, if you are an architect, and a resume
- ☐ Six months of loan statements, three months of transactions
- ☐ The proposed buying entity, and a twelve-month plan

Our fee is quoted up front. If the numbers say walk, we will still tell you to walk.

The industry in numbers: IBISWorld, June 2026

Measure	Figure
Revenue, 2025-26	$8.2 billion
Change in 2025-26; forecast to 2030-31	−4.1%; 0.4% a year
Businesses; employing no one	12,517; 52.4%
Revenue and profit per business	$653,200; $72,500
Profit margin	11.1%
Wages; average wage	61.2% of revenue; $108,200
Debtor days, 2023	62.4 days
Debt to net worth	0.1
EV to EBITDA, three-year average	2.9 times
Four largest firms' share	under 10%
Risk rating, September 2026	5.3, Medium

WHERE THE FEES COME FROM

Contract documentation 33.9% of revenue, contract administration 26.7%, design development 16.8%, schematic design 15.3%. Multi-unit residential 27.2%, single houses 26.0%, commercial and industrial 24.9%, institutional 11.8%. New South Wales holds 34.7% of enterprises, Victoria 31.0%, Queensland 16.0%.

WHAT MOVES THE MARKET

Vertically integrated engineering and construction firms are taking more design work in-house, freelancers are undercutting fees, and the industry's prices rose only 1.8% a year from 2020-21 to 2024-25. IBISWorld expects larger firms to acquire smaller ones as the industry consolidates.

Source: IBISWorld, **Architectural Services in Australia** (M6921), June 2026, and its Risk Ratings Report, September 2026; ABS business counts cited by IBISWorld. The EV to EBITDA ratio is industry-wide, from company accounts, not sale prices. Forecasts are forecasts, not records.

Indicative only. Pricing, gearing and approval are subject to lender assessment and full application. General information only, current at November 2026, not legal, tax, accounting, insurance or financial product advice, and it does not consider your objectives, financial situation or needs. Obtain advice from a qualified solicitor and accountant before acting. Worked examples are illustrative, not valuations, and do not refer to any particular practice. Prevail Finance Pty Ltd · Australian Credit Licence 509527.