Soft Costs

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Current as of: 11/1/2026

Soft costs in construction are indirect, non-physical expenses essential for a project's completion, covering services like architectural/engineering fees, permits/inspections, legal, accounting, financing, insurance, and project management, unlike hard costs which pay for tangible materials and labor. The majority of soft costs typically occur prior to the start of the construction phase of a project.

Examples of soft costs may include:

- Permits and licenses
- Legal fees
- Insurance premiums
- Taxes
- Architectural and engineering fees
- Environmental evaluations
- Feasibility studies
- Surveys and assessments
- Construction loan interest
- Loan origination fees
- Project management fees
- Consultancy fees (ex. environmental, historic preservation, etc.)
- Marketing and sales expenses

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