

## Should We Enter a Building Program During an Economic Slowdown?



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It seems that everywhere you turn today, there is talk of an economic slowdown. Some are even beginning to use the term "recession" when talking about the nation's economy. One thing is for certain; it doesn't take a Ph.D. in economics to tell us that for many people the money seems to be running out before the month does and, with gasoline prices expected to reach over \$4.00 per gallon this summer, we can only expect it to get worse.

So, with all the gloom and doom on the economic horizon, should a church considering a building program wait on the economy to rebound before moving forward? While there is some difference of opinion here, most church financial experts as well as church construction experts say no. Actually, when the national economy is struggling, most churches do very well. In a recent article on Church Solutions Magazine's website, John Carlisle states, "Though churches are not impervious to economic downturns, experts say they can weather recessionary storms and have no reason to fear them." After working exclusively with churches for over 40 years and weathering a recessionary storm or two in the church market, we agree. In fact, there are things that make an economic downturn a great time for a church to build. Let's look at some of the reasons.

**Lower Interest Rates.** Often times during an economic downturn, the Federal Reserve will lower interest rates to try to boost the economy. Consequently, churches can capitalize on the lower interest rates and save hundreds of thousands of dollars in interest.

**Better Pricing.** When we look at the continued downturn in the housing industry, we realize that the demand for both building materials and labor has decreased. Although most experts do not believe we will see a decrease in construction prices, they do believe that we will see a leveling off of the double-digit construction inflation that has plagued the industry over the past few years.

It has also been reported that in some parts of the country they are beginning to see residential contractors making the jump to commercial construction. If this trend continues, we would expect to see increased

competition among those bidding for work. This could especially benefit smaller projects where former residential contractors could better handle the work.

**Increased Church Attendance and Giving.** While we might expect this to be just the opposite, church attendance and even church giving normally increases during an economic downturn. Why does this happen? There are a couple of reasons. First of all, with gasoline prices expected to hit \$4.00 a gallon this summer, fewer people will be traveling away from home for summer vacations. Consequently, the decrease in attendance that often occurs during the summer months will likely be less dramatic. Likewise, very few people remember to give their financial offering to their church while they are away, nor do they double up their offerings upon returning. Less travel means increased attendance and increased attendance means increased offerings.

Another reason for increased financial offerings is that during an economic slowdown, people begin to tighten their belts, so to speak. Most people will slow down their spending on nonessential items. Because people are spending less, they actually have more to give to the church and can come closer to meeting their obligations.

**An Increased Need for Spiritual Guidance.** Anytime people are hurting, whether it is because of a catastrophic event such as 9/11 or the uncertainty of keeping their job or meeting their financial obligations, they tend to rely more heavily on the church. As church leaders, we are given a great opportunity to reach out to people and help them through hurting times. Given the proper programs and the right facilities, economic downturns can be a great evangelistic opportunity.

Perhaps most important of all is to remember that even if the economy slows down, the need to "...seek and to save that which is lost..." does not. Consequently, whether we decide that the time to construct a new facility is now or later, we must always be about the business of building up the Kingdom.

