

## *The Unreliability of Square Foot Cost Comparisons*



*By  
Mike Hankins  
Chief Executive Officer*

One of the most over asked and least understood questions in any church building program is, "How much will the building cost per square foot?" Consequently, any answer given likewise becomes extremely overrated and often times misrepresented. An old adage that is often used is, "Buying a church by the square foot is like buying a car by the pound." That is not necessarily an unfair analogy. Why? Consider the following:

**Unfair Comparisons:** Most people, when comparing the costs of buildings, are trying to compare the square foot cost of a church with the price per square foot they or one of their acquaintances paid for a home. These two costs are not comparable. Not only is there a tremendous difference in the building types, including building heights, materials needed, codes regulating the construction, etc., but also, the sub contractors who work on these two totally different types of buildings differ substantially as do their pay scales.

Others will try to compare the cost of the church with the cost of a commercial building they recently heard about. Once again, a church is a completely different structure than a convenience store or an agricultural building or even a movie theater. Church buildings are much more complex structures and the types of specialty items, such as audio and video equipment, lighting and dimming packages, acoustical treatments, furnishings, etc., can have tremendous impact on the square foot cost of the building.

**Time Lapse:** The cost of commercial construction has been more volatile in the past 24 months than it has in the past several years. Consequently, there are likely many people in a given congregation who have built a new home or perhaps even remember the last building project that the church went through. The prices they remember might well have been in the \$75.00 to \$100.00 per square foot range. The problem is not with their memory; the problem is with the time lapse and the sky rocketing costs of construction. In the past 24 months or so, we have witnessed the price of steel nearly doubling, as have concrete, copper and several other materials used in church construction.

Another huge expense in church construction is the cost of building site preparation. The price of moving dirt continues to go up and, with gasoline being projected to reach as much as \$4.00 per gallon this summer, we can only expect the price of running bulldozers and dump trucks to increase as well. And with the increase in gas prices, we are certain to see an increase in any product that is petroleum based, not to mention an increase in delivering those products to the job site. Consequently, a price from a few years ago isn't a very good reference point for construction prices today.

**What is Included in the Number:** Probably one of the biggest discrepancies in a square foot cost analysis is what exactly is included in the square foot cost. Some companies will quote only hard construction costs while others may include such things as site preparation costs, utility hookup fees, furnishings and fixtures, construction fees, parking lots and more. The cost per square foot can be tremendously impacted by how much is included or excluded in the number. If you are really going to judge companies on their typical square foot cost, you should ask every company to produce a list of everything they do and do not include in their square foot costs.

**Building Finishes:** The kind of materials used for building finishes can have a major impact on square foot costs. For instance, if the exterior of one building is covered with vinyl siding and you have another building of identical size, but the exterior is brick, which building would you expect to cost more? Certainly, even though the buildings are the same size, the brick building will cost more because both the materials and the cost of labor are greater for a brick building.

The same is true with interior finishes. If one building has painted walls, vinyl baseboard, and \$16.00 a yard carpet, it will cost less per square foot than a similar building with textured wallpaper, oak wainscoting and base with \$40.00 a yard carpet. As you can see, the square foot costs of buildings of approximately the same size and shape can be vastly different.

**Location:** The area of the country in which a building is constructed can, likewise, make a difference in square foot costs. We recently did a job in a rural town in the central Midwest region. When we approached the city and inquired about the building permit process, we were told it would take \$25.00 and "some sort of site plan" to get started.

On the other hand, we have worked in the large cities in the Eastern United States and have gone through zoning and permitting processes that have taken in excess of a year to complete and we have had to hire a local expeditor to get us through the process. How do you think these two permitting processes impacted the overall cost of the project? In addition to this, there are various other issues, such as availability of contractors, travel time to the jobsite, and many others that can have an impact on square foot costs.

This list of difficulties in identifying a true square foot cost is extremely limited. A true list of issues could go on for pages but the result would be the same. Regardless of how much you try, comparative shopping by square foot costs is one of the least reliable indicators of contractor efficiency.

