

Key Issues For The Church Construction Industry



by

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Where is the price of church construction materials headed? Will materials be available in ample supply? What is impacting the cost of materials these days? These are questions that not only church architects and church builders are facing, but are questions facing, but also church leaders as they contemplate upcoming church building programs.

Some years ago the cost of materials was impacted on mostly a local basis or regional basis. Today, the cost of materials is impacted on a global basis. In the past three years, cost increases for key church construction materials and components have greatly outpaced both the Consumer Price Index and the Producer Price Index. Certain commodities have shown truly spectacular gains.

The escalating costs are the natural consequence of material shortages such as gypsum products, metal products, and bulk cement products. The reasons for the escalating costs range from the hurricanes in the Southeast United States to the heavy demand from China, India, Japan, and other Eastern countries.

According to Ken Simonson, chief economist with the Associated General Contractors of America, an inflation rate of 6% to 8% is likely for construction materials, with periods of 10% increases possible. Church leaders, along with church architects and builders, should all be aware that construction material prices are likely to keep rising at a much faster rate than the 3% to 4% increase in the consumer price index.

What does all this mean to church leaders contemplating building programs? It means that you cannot rely on how much a church across the way was built for when projecting what your church is going to cost. Historical costs are helpful, but only if you add the inflationary costs of labor and materials up to the point when you bid out your project.

Even then, churches are vulnerable to continued price increases even after the project has been bid out. This is because the most immediate effect of all that is happening in the construction industry has resulted in an increased use of escalation clauses, which allows contracts to be renegotiated under certain conditions, such as a specified rise in key material costs.