

Church Construction Costs Outlook



By
James Lindsey
Chief Estimator

The costs of building Churches will be higher again this year. According to June 27, 2005 issue of Engineering News Record material costs have increased 6.3% over the past year, with concrete increasing 3.3% and steel increasing 11.2%. The magazine also states that the inflationary cost for 2005 construction over 2004 is 5% more.

Global competition for materials is impacting the pricing of construction materials here in the U.S. We have all seen the huge increases 40% + in steel costs last year due to the demand for steel in China. The costs of steel has stayed up and will continue at higher levels due to no imported steel coming in the market that could drive prices down.

The tsunami's impact on concrete production in Indonesia could impact the availability, and thus the price of concrete. The anticipated production shortages could aggravate the concrete scarcity already being experienced in some areas of the U.S. due to the peak concrete demand season.

Pricing increases and volatility are major issues for any type of construction going on now. Prior to 18 months ago, a firm could quote a price for a building and hold the price for 6 to 8 months without being impacted by escalating costs. Today, with components such as steel, concrete, roofing materials, roofing insulation rising, it is much more difficult for contractors to hold the quoted prices for very long. According to industry services, this trend will continue through all of 2005 and into much of 2006.

All of these cost issues need to be considered and the risks managed during the preconstruction phase by church building committees and their architects and builders.