

The 4 Phases to Making Church Real Estate Decisions

The church is not a building. The church is the people and your church building is a tool to be used to accomplish your God-given vision for your congregation. As a church considers a real estate decision there are four phases that our team of Church Real Estate Professionals will guide you through. Whether you are considering selling a building, relocating, planting a church, or launching a multisite campus these phases are critical to your process.

Phase 1 – Clarity - In Phase 1 it is important to understand how a real estate acquisition or selling a property fits into your mission and vision. A church makes real estate decisions differently than any other kind of organization. A church is not a real estate investor or developer. The ROI is completely different. The tool that will be built for your church may be completely different from what another church might need. Your decision process is unique, and the needs of your ministry cannot be simply copied from another ministry. These decisions must start with your leadership having **Vision Clarity** as it relates to WHY you would consider an expansion, relocation, or launch of a multisite campus. Defining your **Ministry Strategy** will be a leading factor in the facilities you build for your ministry. Understanding your Target Area will also guide the type of facility that your ministry requires to accomplish your mission. Ask yourself and your team: “Why would we build this facility, and does it help us accomplish our mission and the unique vision God has given our church? Having clarity around your mission, vision, staffing, and ministry target area is critical before making a facility or property decision.

Phase 2 – Capacity - In Phase 2 it is critical to understand your **Facility Needs**. Often, leadership teams and architects will tour other facilities to help inform the design of a property. This is not a wrong step, but the church must make sure they design a facility for their ministry, not for someone else’s ministry. As a leadership team begins to explore any project it is important to define your **Financial Capacity**. Setting a clear budget that is based on solid financial realities and current construction costs will set you up for success. **Financial Capacity** is defined as what can you afford. This is not just your maximum loan capacity, but it also relates to your internal budget guidelines. Are you willing to have debt? Do you have internal limits on how much debt you are willing to take on? These questions and others are critical to have answers to before announcing relocation or expansion plans. Too many churches start the process without taking the necessary early preparation to seize dynamic opportunities. It is never too early to start planning. As you launch a campus or pursue relocation it is also critical to understand the **Market Realities**. Understanding what it costs to acquire property in your target area prior to announcing a search can save leadership capital.

Announcing a campus in an area before knowing that the available properties are outside the budget can set a relocation or launch back significantly. We will help your team understand the **Market Realities** and look for areas of opportunity to have a maximum impact in your mission field. At the end of this phase, you should have a clear understanding of your internal and external funding limits and you will know what real estate costs in your target area.

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Phase 3 – Comparison - In Phase 3 the team of professionals that you surround yourself are key. In our work, that starts with our team of Church Real Estate Professionals helping you **Identify Options** and **Investigate Opportunities** for your team to consider. As a leader of a church body, you are given the responsibility of shepherding and stewarding the people and the gifts they bring. As you pursue decisions related to real estate and facilities you must have a clear understanding of all the options that are available. A wise man once said, "Cheap is not always good and good is not always cheap". Many seize a good deal without properly counting the cost. As we **Count the Cost**, it will be necessary to ensure that the budget developed in Phase 2 still fits the project. Our team will walk you through this process and will lead you to a decision point. If your team of professionals do not have an understanding of your budget or your process, then you will want to find a new team to complete the process. In any acquisition, you must bring a team along to evaluate the site and Count the Costs related to developing the site for your intended use. This process is all about stewardship; identifying all the options, eliminating surprises, and bringing definition to costs. In this phase, we will help you select the right properties to pursue and **Make Offers** on properties for your ministry.

Phase 4 – Completion - In this final phase, you must take the time to DO the due diligence. The inspection Period is the "**Do Diligence**" phase. Prior to finalizing a purchase, we must bring on a team of professionals to study and examine the properties available. Walking the process through the local city government prior to a purchase will eliminate many headaches. The acquisition and building process can be long and challenging for a church and its leaders. Acquiring a property or a building starts a new process of new construction or renovation. **Securing Financing** is also a critical part of the process as you head towards completion. Many times, churches encounter difficult budget challenges and changes that can delay a project. Having multiple lenders that understand your project and are working to compete for your loan will put you in the best position to get the best deal. It is also critical that your team of architects, builders, and contractors have a clear understanding of your project budget. Inaccurate estimates and faulty assumptions can cripple a project. Your Church Real Estate Professional should have referrals for you during this phase. It is also important to look beyond the cost of a mortgage payment.

Counting the cost and making sure that you know what it will cost to maintain the facility will set you up for success as you move into a new building. Throughout the entire process the goal is to **Implement a Solution** that **Maximizes Ministry**.

As you work through these steps remember the building is only a tool. It is not the church. A building is not the end goal, but it can play a critical role in reaching people with the Gospel. The decisions made in this process will have lasting effects on your ministry. For more info or to discuss your situation contact us at 4phases@churchrealty.com.