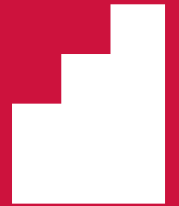




JULY 2020

# Church Real Estate Market Report and COVID-19



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BY JOHN MUZYKA



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As we begin July 2020, several states, including Texas, have seen a spike of COVID-19 cases. We see an increase in positive tests in the 20-40 age demographic, and state and local authorities are bracing for the impact. Many churches in Houston and some in DFW that had begun in-person gatherings returned to online only for the last Sunday of June. One thing to note is that there are still a large number of churches that have not begun the regathering process. Many have put dates in July or August as their target date, while others have determined they are still not ready to consider regathering. According to our survey of churches, those that have begun the regathering process have seen between 10-30% of pre-COVID attendance return. Very few are seeing anywhere close to 50% return at this point. It is clear that the

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return to normal will take longer than we previously thought.

With the current spike in cases, there are many unknowns for the church community. This update for July will be limited as there has not been a great deal of change. We will not get back to the new normal until we can continue to see a flattened



curve. Spikes, as we have seen at the end of June, will continue to delay a full return to the new normal. There is not a simple cookie-cutter approach on how the regathering process should look for your church. Seek Wisdom and prayerfully choose your steps based on your best practices. Whether you are still online or are gathering with less than 50% of normal attendance, be encouraged that there remains great gospel opportunity during this pandemic. Numbers and attendance are not the be all end all.

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## Church Plants and Multisite Churches

We are very encouraged that many church planters and multisite churches using public school facilities have either started worshipping in the space again or have been told they will be able to return to the space. This is excellent news. Movie theaters, for the most part, are still closed, but we have heard reports from churches that rent in theaters that they fully expect to be able to lease the space again. Some have begun with an outdoor service in a school parking lot while others are thinking through ways to use outdoor space to engage people as they arrive. We encourage church planters and multisite churches to stay in contact with their landlords and seek to understand how you can be a good steward and a blessing to your landlord during these times.

Since the June report was released, the news of the Church of the Highlands in Alabama lost two lease spaces for their campuses and a Ministry Center due to Pastor Chris Hodges liking tweets by Charlie Kirk. This is an extreme move from the cancel culture. Unfortunately, our culture is silencing and judging a Pastor and church based on a social media like and not on the fruit of ministry and a proven track record. Today we must all realize that our online actions can trump a long history of good.



## Megachurches and GigaChurches

Most megachurches and gigachurches were doing online church before COVID-19. While some have started to regather, we still know many that are still online only. It has been quite common for those regathering to have somewhere in the 20%-30% attendance at live services. As Houston, Dallas, and other metro areas deal with the spike, it can be expected that many people will choose to stay home and watch online services. One of the surprises in a few churches was the willingness of older members to regather while the young families stayed home. Without children's programming being open many young families will choose to worship online. Personally, I am happy to worship in person as a family and not send my 5-year old into a classroom with other children. Many of the larger churches

waited for several weeks before opening any children's programming. Training volunteers and keeping the spaces sanitized and safe will take more training and more volunteers.

## Small to Average Size Churches

Many small churches were some of the first to regather, yet I still know many that have not. A church that has very few staff members faces challenges implementing the changes that need to be made quickly. While giving was stable in March and April, we have heard reports that some churches have seen a drop in May and June. It is still our expectation that there will be a delay for many in making decisions that deal with operations and facilities.

## Conclusion

Churches will face many decisions in the next 12-24 months. Regathering is the first step towards the new normal. Time will tell as to how churches will be affected. While we remain hopeful, we know there will be challenges. Each church will need to navigate this new normal by exploring options and seeking solutions that are in line with their mission and their budget.

As indicated in the June report, the Church Real Estate Market has slowed, but we have not seen any indication of distressed properties or motivated sellers. The most important news we have heard is that many churches have seen giving remaining stronger than expected. More than 50% of churches reported their giving was similar to last year at this time. While some are down more than 10%, the majority were down less than 10%, level with the previous year, or in a few cases, slightly up over 2019. We will continue to monitor this and encourage church leaders to continue online services and online giving as they regather.

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*John Muzyka leads the team at Church Realty in Plano, Texas. John serves churches as they sell excess property for commercial use, sell existing church facilities, purchase buildings to convert to church use, purchase land, and lease space for church plants. He specifically focuses on serving church plants and multisite churches as they pursue facilities to launch new churches/campuses. Simply put, John helps churches translate their mission, vision, and values into a real estate strategy.*

*John currently resides in Carrollton, Texas, with his wife and two sons and is a deacon at Prestonwood Baptist Church.*

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