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Church Real Estate Market Report 2021 Edition

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As we begin 2021, our nation continues to face the Covid-19 crisis as well as facing division across America. From the White House to the State House to the Church House we face a time of secularization and unrest. For the Church, this is a time for revival. As churches look to the other side of Covid-19, every church will face decisions about how they go forward. In the last 6 months, we have spoken with churches that have wondered if they will have a church when this ends. Barna reports that 1 in 5 churches may close due to the pandemic. On the flip side, some churches are seeing growth. With the increase of online viewership of church, there will likely be a decrease in giving as people distance from gathering with the church. While church leaders and pastors guided the church through the opening of the pandemic, it will be vital for the members that make up the church body to get back in the habit of gathering in person and bringing people with them. The pandemic proved to us that the Church is the people and not a building. In 2021, the gathering of the Church and the



The 4th quarter of 2020 saw a significant increase in activity in the Church Real Estate Market. Construction projects that had been delayed are starting to re-launch. Churches that used to meet in lease space are now focused on acquiring a space to own. There is strong competition in the Texas market for buildings under \$1,000,000. The churches that are in a strong cash position will be best suited to win in a competitive marketplace. Our projection for the first 2 quarters of 2021 is that there will be significant movement of properties under \$2,000,000. There has been a shift downward in desired sanctuary size and we may see a slow down in the number of buyers with seating capacity over 1,000.

Existing buildings will continue to hold their value as land prices and new construction costs have not declined. We also expect to see more commercial buildings come available as the new economy take shape. Movie theaters and big box retail will continue to face challenges as our culture has gone all in on online ordering and in-home entertainment. Time will tell as to

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engagement of the Church will largely dictate whether a church continues or ceases after the pandemic.

what the lasting effect will be. In North Texas, we have seen a few 24-Hour Fitness buildings close and get backfilled by other fitness users. While retail and movie theaters may continue to face a challenging market, it is still unclear when the real estate will transition.

Church plants that have met in theaters, schools, and hotels still face some uncertainty. Some school districts are not ready to jump back into rental agreements as they have changed their cleaning procedures. Churches meeting in public space have had to remain nimble and meet in other churches on Sunday afternoons while others have remained online only. Smaller spaces present an issue with many churches still limiting capacity for social distancing. A 200-seat sanctuary may now seat less than 100. We are seeing smaller churches that are working hard to secure a 24-7 space that they own.

Church lending is open for churches looking to purchase. Churches that have saved cash and are able to put down 30% will be in the best position to get a loan for a property acquisition. While there are less properties on the market today, there are still just as many property options to purchase. A qualified buyer with cash on hand and a loan commitment will be positioned to seize opportunities in 2021. If your church is looking to secure a property or has considered relocation, our team is ready to serve you.

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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