

# Valuing Your House of Worship

At PraiseBuildings, we understand the complexities of evaluating your house of worship. Let us explain the steps we use to reach an offering price for your property.

**Location** – As with most real estate, location plays a huge part in determining value – based on demographics and desirability. We begin our pricing evaluation by researching prior sales of similar properties in the area; the process is referred to as obtaining comparable sales or “comps.”

**Sanctuary** – The number of people a sanctuary can legally hold is often the single biggest factor in establishing a value. The reason is simple: income potential is capped by the volume of the sanctuary. In other words, “If you can’t put people in pews, people can’t put money in the plate.” A sanctuary that seats 400 people typically commands a higher value than a similar church that seats only 200, even if the smaller sanctuary has more amenities. Sanctuary space that accommodates less than 100 worshipers or more than 1000 tends to be more challenging to sell, since the pool of able buyers is smaller.

**Parking** – Churches built pre-1950 are the product of a time when worshippers walked to Sunday service. Thus, they often have limited parking, which is difficult for today’s car-dependent society. If a church has a deficit of parking, expect the price to be significantly discounted to compensate.

**Offices & Classrooms** – Having at least one office for administrative staff is essential to modern churches. Additional value is awarded for sufficient office space for clergy. Spaces that can function as meeting rooms and classrooms are valuable, not just for ministry, but also for buyers desiring to establish a daycare or parochial school.

**Kitchen** – A commercial-grade kitchen built to current code adds value to a house of worship. A residential-style kitchen (or warming kitchen) adds less value, since it requires substantial expense to meet strict safety and health department regulations for food service to the public.

**Fellowship Hall** – A complex that has a large multipurpose room or hall is always an advantage. The more flexible a complex is, the more it will be appreciated by a congregation with busy and varied ministries.

**Gym & Athletic Fields** – Always a great plus for an active congregation, sports fields are desirable, but not a must-have for many buyers, unless they need outdoor space for a daycare or youth sports programs.

**Additional Land** – Surplus land can be a bonus, depending on the zoning and usability of the land. Land that allows a growing congregation to expand, to add additional parking, or to build senior housing is always valuable. If the surplus land is able to be developed, it can add significant value depending on its size, zoning, and potential for subdivision.

**General Condition of Complex** – If a property is well maintained with no deferred-maintenance, it has an advantage. Buyers are willing to pay a premium for a property that is in good condition and has the documents to prove it. Conversely, buyers are willing to part with substantially less money for a property they fear will require significant work: “Do I need to replace the heating system in two years? Do these water-damaged walls mean that a roof repair is required?” A well-maintained building eliminates fear of the unknown and will command a better price.