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Design/Build • Custom Homes • Remodeling

As expected, clients have many questions during the initial meetings regarding their new home construction process here in San Antonio/Texas Hill Country region. One that often comes up frequently involves cost per square foot. Understanding key components should help bring clarity to this topic. This article addresses building size, living area and covered area delineations.

For years' real estate agents, appraisers, inspectors, taxing authorities and buyers have focused on property value as a price per square foot of the living area. Before computers did all of the work, tax appraisers & mortgage appraisers would simply measure the exterior of a home, then deduct for the garage and the front porch to determine the "living area square footage totals". Today the calculations are more precise, but they measure the same thing.

During the initial meeting with clients we are often asked to discuss the cost per square foot of their new home. This is an effort from the client to help them understand during the design process how their wish list affects "living area square footage" costs. The first step is to understand the relationship between the living area and the final building size. Although we pride ourselves in designing "true custom homes" in which all aspects, desires and wishes are implemented in the design of their home, we generally cannot accurately provide the client a true cost per square foot number at this time in the process. This discussion seems to be the most educational for our new customers, however, it can also be one of the most misleading if during the design phase of the project the client makes significant changes to the structure adding square footages, high end finish out options, lighting control systems and extravagant swimming pools that often greatly affect the final cost for the overall project.

Most think that 5,000 square feet is 5,000 square feet. If one plan has more garage bays, a large covered front porch and an over the top outdoor living area, the covered area (or building size) will be larger. This extra footage in some cases costs a builder more per square foot to build than a bedroom, game room or family room. Wood ceilings, exterior columns, flagstone floors, exposed steel elements and audio/video components combined with outdoor kitchens are all expensive. When comparing price per square foot of a 5,000 square foot home, all of these costs must be included in the budget, however none of the square footage of these areas is considered in the price per square foot of the living area analysis.

Knowing this relationship between living area and covered area typically does not change the new home design. It does however help clients understand the cost of their new home as it is being designed on paper in front of them. As demographics change and kids move out, more people are interested in downsizing their home. Our typical empty nest client will tell us that they only need 3,000 to 3,500 square feet for their new home. However, they still want a three-car garage and the above mentioned over-sized outdoor living area. Now, these same costs have to be spread over less living area footage. The bottom line is that smaller homes cost more per square foot to build than larger ones since there is less square footage to divide the fixed costs into (driveway, garage, land, covered porches and patios, landscaping, swimming pools, fencing, entrance gates, etc.). The relationship between a building size and the living area of a home is a major driver in both cost and price per square foot.

Numerous other factors can affect costs going into the price per square foot conversation. The next factor we will discuss is something builders refer to as development costs. This specifically relates to what it costs to construct a new custom home on one site compared to another. Items such as soil condition, topography, vegetation, utility location and availability, city and individual subdivision requirements are all examples of variables which greatly affect the cost of a home. For example, a flat lot with average tress, no fill required, sewer, water, power and cable TV available at the site, in the county (vs. an incorporated city) will typically produce the lowest possible construction cost. Moving away from these variables can increase the cost to build a new home, without adding any additional footage, features or any high-end creature comforts to the home.

Topography is often a large consideration. While lots with severe topography, those on hillsides typically provide incredible views, but these views come at a high cost to the overall project. Topography affects many costs, not limited to but include the foundation, exterior masonry (stone, stucco and exotic wood siding) often require the subcontractors that perform these services for us, to scaffold up 15 to 30 feet to get to the top of where their particular job ends, utilities (undergrounds), landscaping, pools, driveways and not the least of which bobcat work, stone retaining walls and excavation also must be figured in as a "potential cost increase to the living area cost per foot". Highly experienced custom home Realtors, always consult with a quality oriented and professional builder for their opinion, prior to recommending that the client submit an offer to purchase that particular piece of land that is desired by the client, before the final decision is made to purchase this lot vs a lot with less drastic topography. Lot cost versus lot price is the point here. A \$75,000 lot can be much less expensive to the overall project cost than a \$50,000 lot.

In addition to home site variables and the overall building size, building designs also play a significant role in the cost of a new home. Let's begin with this basic geometry example. If you draw a perfect square with 10 feet on each of the four sides, the box contains 100 square feet. Simple math. If you draw a rectangle that had 50 feet on the long sides and 2 feet on the short sides, the rectangle would still contain 100 square feet. Easy again. However, to build the first 100 square feet the builder must pay for 40 linear feet of exterior wall space (framing, drywall, mechanicals, insulation, stone, finish trim materials, etc.). To build the second 100 square feet the builder has to build 104 linear feet of exterior walls. While this example is extreme, it still proves the simple point that no builder can build 40 feet of walls for the same price as 104 feet of wall space. When you connect these dots it's easy to understand how production builders offer homes at affordable prices. They typically build square homes "boxes if you will" on very level or flat lots.

Lastly, two-story homes are less expensive to build than one-story homes as the old saying of "it's much cheaper to go up than out" will always reign true. Two-story homes enable you to build on the foundation twice, under the roof twice, use shorter lumber lengths, shorter electrical runs, plumbing, HVAC ducts and more. However, back to our topic of cost per square foot... When a one-story 3000 square foot home is offered for sale next to a two-story 3000 square foot home there is no consideration in comparing "price per square foot", as the one story will almost always be priced higher than the two-story. Once our clients understand this, even those who began discussing a one-story home, often ask us to put a couple of bedrooms upstairs to reduce "costs" in an effort to reach the desired square footage total and fall within their budget goals.

In the prior discussions on the topic, we covered plan design and geometry, development costs and the effect of outdoor living areas, etc., in the new home budget. So, the question of "how much per square foot can you build a 4,000-square foot home

for” is essentially unanswerable without more information. Some of that information will come from you, the client working in association to develop a very detailed set of “Specifications & Materials” document that we use to address all aspects of construction on your particular project. More specifically, what features you want in your home are clearly spelled out in this document and drive the final cost of your home.

Let’s examine a few line items of your budget in a more detailed fashion. For the purposes of this exercise, we will stay with the example of a 4,000 square foot home. To upgrade from a composition shingle roof to either a tile or standing seam metal roof on our subject home will cost approximately \$30,000 more at approximately \$7.50/ per square foot (PSF). To change from high efficiency, low E vinyl windows and exterior doors to a “wood clad” window and door system you will need another \$40,000 at \$10/ per square foot (PSF). In today’s world, clients don’t use carpeting nearly as much. The result, wood, travertine or other natural stone products and many ceramic tiles are easy \$10/PSF more in cost than a “nice” grade of carpeting. Over the entire home, add another \$10/PSF to total cost of the project.

Cabinets have morphed into another “big ticket” line item in the cost of a house. Today buyers want cabinets in virtually every room. Custom designed and built cabinets that are stained and painted with expensive sealers, offering high end custom fluted moldings, furniture feet, self-closing drawers and doors and European concealed hinges that are now are now commonplace in many custom homes. You guessed it, another \$6 to \$9/PSF, garage sizes and epoxy finished floors, patio floor covering, lighting, kitchen appliances (one customer spent \$14,000 on her refrigerator), trim details and many other owners selected items to affect the final number of our original 4,000 square foot home.

The bottom line is, giving you a “price per square foot” of a home in the San Antonio/Texas Hill Country market without knowing much more about the factors discussed in this article is virtually impossible for us at Todd Glowka Builder, Inc. Or anyone else for that matter!

In closing, cost per square foot is greatly determined by the location of the new custom home, the size, the design and features in the outdoor living area, as well as the overall finish out selections. If someone quotes a price per square foot of a new home without seeing the site, building design or desired finish out, they are making assumptions, at best, in this area that may not be valid and pertain to the desired project.

Respectfully submitted,

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