

Estimating Square foot building costs the wrong way.

When building a new house, whether you are contracting it yourself or having it built, most people want to know the "square foot building costs." The question always makes me cringe. In reality, it's almost impossible to provide a standard cost per square foot to build a house. The problem stems from the definition of standard. Homes, even of identical size, have many, many variables that factor into the costs. Thus, the overall cost per square foot will vary, sometimes dramatically. For example, when someone says it costs an average of \$100 per square foot to build a home these days, does that mean a home with a basement and an attached garage? Or does it mean the finished square feet only?

There are many other variables besides the obvious noted above. Consider the following:

The foundation. You may wonder how much it costs to build your home with a basement foundation rather than a concrete slab. Many factors come into play here. Is the basement going to be poured concrete walls or concrete block? How much of the basement walls will need to be concrete and how much frame? Is extra grading required for the basement? Since land is inherently unique, the amount of grading for a basement will vary, so there's no standard cost you can assume here.

The framing materials and techniques. What type framing is planned? Is the structure pre-fabricated or stick-built? Does the plan call for floor trusses or floor joists? Does the house have an elaborate roof system with many dormers and gables? Differences in construction methods, material costs, and contractor fees all add up to differences in price per square foot to build the home.

Kitchens and bathrooms. These areas can vary wildly in costs depending on the finishes and fixtures used and the number of baths in the home. A 2,500 square foot home, for example, might have only two baths or up to four. This difference alone can drastically effect the cost per square foot. Further, does each bath have only a shower or a tub/shower combination? Is there an elaborate spa bath included? The list goes on and on.

Generally, a "track" builder (a building company who buys the land, develops the streets and lots, and then builds the same model homes over and over) can often precisely pin point building costs per square foot since they have control of all the variables. This doesn't mean, however, that you or another builder will be able to build the same home for the same cost per square foot. Why? Since these companies build more homes than a standard custom builder, they often employ or have exclusive subcontractors working only for them. Many times, these subcontractors will work for less than what other contractors charge because they are being provided steady work from the large builder. Further, these companies can negotiate lower prices for materials because of the volume they purchase.

So when you are attempting to determine your own costs per square foot to build a home, don't try to depend on the square foot prices that a track builder provides. While they may be completely accurate for the homes they are building and selling, you don't have the same buying and hiring power they do.

What's most important to realize is that applying a cost per square foot formula to your own building project is not an accurate way to determine costs. To get an accurate estimate of building costs, you will need to complete a cost estimate for each category of the building project. This is not as daunting a task as it may seem. And there are ways to get help along the path. Our book, *The Ultimate Guide to Building Your Own Home: Save 30% to 40% on the Cost of Your New Home* tells how.