



# Greg Schatz, Builder

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*Building in Montana since 1989*

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At Greg Schatz Builder, we believe that every home should offer quality, comfort and peace of mind.

Each house we build is an expression of its owners—their tastes, their personalities, and their passions.

Let us build your Montana dream home.



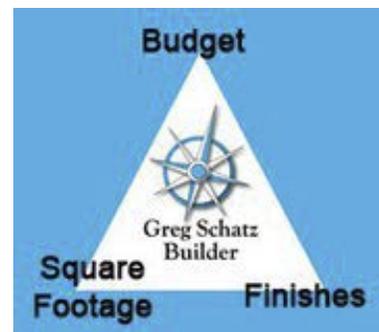
## Building on a Budget

by Greg Schatz

Are you thinking of building a new home? Consider what I call the “Building Triangle” before you get started.

Budget, square footage and finishes—these are the three main items that determine the cost of your new home. Each item should be carefully considered before moving ahead with any building plans, including the purchase of your lot. Here’s why.

Draw a triangle and write “budget” on one corner, “square footage” on another corner, and “finishes” on the third corner. Each item is directly connected to the other two items. A change to one item directly affects the other two. I will go over each item, discuss its importance, and talk about the decisions you and I will need to make.



### Budget, the first corner of the building triangle

**BUDGET**—how much money you can comfortably spend on your new home and still have a buffer in case you want to change a couple of things during construction? It can take several months to complete a home. Generally there is not one major thing that goes over budget, it is several small things that add up quickly. If you decide to change the siding from Hardi Planc to cedar siding, the price for material doubles, add \$3,000; labor to install the siding goes up 50%, add \$10,000; and the cost of painting the siding goes up 50%, add \$6,000. So what seems like a small increase to the budget turns out to be an extra \$19,000. Sometimes a client will decide to add more cabinets to the kitchen, add \$7,000; or expand the pantry, add \$3,000. Then their uncle used this real cool tile that we just have to have that’s not in the budget, add \$3,500 for the tile; add \$3,200 for installation. Now the cost of the entire project has increased by \$35,700.

I recommend keeping an additional 10-15% set aside in case you want to add or change something during the home building process. Some people can envision exactly what their home will look like before we start, but others can’t. Are you the type of person who can make all the decisions up front, or will you want to make changes as we go along?

## **Square Footage, the second corner of the building triangle**

**SQUARE FOOTAGE**—how big is the house? This means all of the space with a foundation under it and roof over it. This is measured around the outside of the house. A home that is 20 feet wide and 50 feet long is 1,000 square feet.

This includes the garage, storage room, kitchen, bathrooms and all of the rest of the rooms. Decks (without a roof) are not counted; porches (with a roof) are counted. Crawl spaces are not counted in the square feet while a basement is counted. Due to the current building codes it is almost impossible to have an unfinished basement in a new home because any insulation and any electric wiring have to be covered. This means in the basement we need to hang and tape the sheetrock.

Now you say, “Wait, the garage doesn’t cost as much as the kitchen, and the lower level bathrooms won’t be as nice as the master bathroom.”

The cost per square foot is the average cost of each square foot in the house. Did you know that the garage door is usually the most expensive door in the house? That is why the cost per square foot is an average.

## **Finishes, the last corner of the building triangle**

**FINISHES**—how nice will the house look when it is done. Everything you see when your home is done is a finish. The floors, walls, ceilings, cabinets, doors and trim, windows, tile, bath fixtures, appliances. Finishes in a home are like anything else, you get what you pay for. How fancy of a kitchen do you want? Of course a smaller kitchen with fewer cabinets is less expensive than a larger kitchen with more cabinets. Cabinets made of solid wood are more expensive and will last longer than cabinets made out of particle board. The list can go on and on, the homeowner needs to decide what is the most important to them and what is not as important. For example, if the kitchen is really important then it can be larger and nicer, and in exchange, the garage can be smaller and have a less expensive door.

A house that has nice finishes will cost between \$150 and \$175 a square foot, a house with outstanding finishes will cost more than \$175 a square foot. A house that is just a roof over your head with the lowest cost finishes will start at about \$130 a square foot.

What often happens is a builder will give a client a real low cost per square foot. It sounds real good, almost too good to be true. Then as the project progresses the builder comes up with a lot of change orders, the costs sky rocket and the house costs considerably more than when you started.

As a builder I need to get a feel for what kind of finishes you like and what kind of quality you expect in your home. Then I can give you a dollar amount that will be an honest estimate of what your home will cost per square foot.



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