

Budget Discussion:

Often, one of the first questions we are asked is simply...”how much does it cost to build a custom home or cottage?” This article was written to hopefully help clients and potential clients realize how the answers to that question can be as tricky and varied as the same question also applied to other industries. I often use the automobile industry as one example during my discussions with potential clients. It’s important to note that any budget projection from any source must be taken in its proper perspective. Too much confusion is derived from vague and incomplete projections which often don’t include the “complete picture”. How much does a car cost again ?

As an example, many contractors, salespeople and even professionals of all types in the field will describe a “turn key” as if taken from the “foundation and up”...or even worse. In some cases, what could be missing from that ballpark figure could easily represent over a third or more of the overall building costs, plus taxes, permits and development fees. Often, people who ask the vague “how much question” don’t even own a lot yet and have no idea where to begin. As building consultants and designers, we do our best to help everyone figure out their budgets and in some cases, even suggest that they not build at all. Building a custom home is very involved and is definitely not for everyone.

In the very early stages of planning, a “low to high range per square foot market average” is the best way to gain “some” focus on such an important subject. A tight budget can turn into high stress for everyone involved including the builder or project manager. Reality is rarely at the lower end of the scale and it’s usually a safer bet to work with the higher end from the beginning and then work backwards in an attempt to get a budget more streamlined and quantified as design parameters are established and managed through actual market contractor quotes. In other words, you have to give yourself a little leeway from the beginning. It’s the best way to avoid frustration and disappointment.

A client’s dream budget already slated as a very tight budget by professional building consultants or even general contractors poses the biggest challenge of all. The probability of success is much lowered in such a scenario and financial maneuvering space drastically reduced. A very tight budget is typically below the averages and although not impossible, it’s a distinct possibility that such a project will in fact go over budget. Typically, the only way to make it work is to remove certain elements completely from the list of items to be completed by others. That usually means the clients will take on certain responsibilities in order to save some serious dollars. At Evergreen Concepts, we can show you ways to save some money by doing certain things yourself, but we encourage people to be cautious and realistic in their approach. You need basic skills or better still, talented helpful friends and or family members...and plenty of available time.

Budget projections in the custom home industry especially are not based on pure science but on the other hand, they shouldn’t be over simplified either. They are in fact educated guesstimates based on available facts and past local building costs as experienced by your building consultant, designer or your builder.

