

# LOG HOME LIVING

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## Building Cost Per Square Foot | Why Cost Per Square Foot Doesn't Mean What You Think

by Tom Ryan

Asking a reputable builder, “So how much per square foot does it cost to build a custom log home?” is like asking how many licks does it take to get to the center of a Tootsie Pop. Sure, Mr. Owl did it in three but the right answer for both lollipops and the cost of custom home building is, “It depends.” While cynics criticize builders for being evasive, the truth is that using cost per square-foot as a predictor of future building cost is unreliable and often leads to poor and sometimes devastating decision making.

There are two major problems with using cost per square foot as an estimating tool for custom homes:

1. Standard or average cost per square-foot (\$/SF) estimates fail to account for actual project particulars (i.e. home design, land, location, building materials, etc.).
2. There are no standard guidelines or rules for using the \$/SF equation, which leads to inconsistency and inaccuracy.

In both cases, the outcome is an unreliable and often skewed predictor of total costs that should never be used as the sole justification for a log package or design purchase.

Too often, prospective home owners use “average” cost per square-foot estimates from log home providers or builders as their sole means of estimating construction cost. The problem with this approach is that it does not take into account actual cost drivers of land and site costs, home design, and customer selections. Land and site costs alone, particularly in areas with challenging terrain, can add significant unexpected costs.

Likewise, home design can produce major swings in actual construction cost based on such factors as home shape and layout, roof complexity, etc. Finally, customer selections are the ultimate unknown variables that can never be accounted for by using average cost per square foot estimates.

The standardization issue is a classic apples-to-apples dilemma that begins with the cost per square-foot equation itself. Some divide the estimated cost of construction by the total living or “heated” square feet while others use the total constructed square footage as the denominator. This seeming minor change has major implications on the actual cost of construction. In the case of a typical log home with 2,000 square feet of “heated” space and an additional 1,000 square feet of “unheated” space, a quote of

\$150/SF equals \$300,000 using only “heated” space as the denominator and \$450,000 when the total constructed footage is used. That’s a \$150,000 difference!

So, what’s the solution? For starters, stop using cost per square-foot averages to determine if you can afford to build a log home and never design a home or purchase a log material package before you get a quote from a reputable builder.

If your goal is to simply determine a “ballpark” range of possible construction costs, using the top range of cost per square-foot averages provided by builders and not log home providers is acceptable. Always resist the temptation to use the low number (i.e. \$100/SF from a range of \$100/SF to \$150/SF) as it will generally lead you to set unrealistic expectations. Working directly with local reputable builders is your best bet for securing realistic cost estimates to determine affordability. Most reputable builders will take the time to educate you on average costs and many will provide you with quotes if you provide them with your project particulars (i.e. land information, home design, and selections).

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