

Minneapolis history for sale: Young churchgoers wanted

by Matt M. Johnson

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The sanctuary at Augustana Lutheran Church in downtown Minneapolis feels like an enormous place these days.

Built by a fast-growing congregation of Swedish immigrants in 1882 to hold up to 800 worshipers, the stone building at 701 11th Ave. S. now rarely hosts more than 60 people on Sunday mornings. Like many downtown churches, Augustana has steadily lost congregants in the past 50 years.

A number of metro-area congregations are going through the same process as they consolidate with larger churches, outgrow church buildings or close altogether. As a result, the specialty commercial real estate market may have a half-dozen or more church buildings listed at any one time in and around Minneapolis. Though these listings can represent intense, emotional decisions on the seller's end, churches that go up for sale are a boon for growing denominations.

Last winter, weather and work overwhelmed the congregation of 200 at Augustana. High heating bills, parking lot maintenance and expensive ice dam removal on the roof have church leaders nearly convinced that it is time to sell the building.

"You spend the same on maintenance whether you have 40 or 400 worshiping," said Paul Carlson, president of the Augustana church council.

While the council has yet to make a final decision to sell, church members have seen this part of Augustana's life cycle coming for two years, Carlson said.

Less than 50 feet away from Augustana, Hope Community Church is quickly outgrowing a building it occupied in 2003. Hope's membership of 1,000 requires three services each Sunday in the circa-1895 church building because seating is limited to 400.

Steve Treichler, senior pastor at Hope, said his congregation moved into the church when the aging and dwindling membership of the Central Evangelical Free Church decided to donate the building to Hope. The 75-year-old evangelical congregation wanted to make sure its building would remain a center of worship, he said.

Boasting an average age of 25, the Hope congregation was a good, long-term bet.

"It was about legacy, wanting to see something continue," Treichler said.

Tough market for young churches

Hope Community Church got lucky. Often, young churches do not have the money for a new building, even if a congregation's size warrants it. Ronald Penz, an independent Minneapolis real estate broker with experience selling church buildings, said most local banks require a 30 percent down payment from anyone wanting to purchase a church.

"It's not anything new," Penz said. "A lot of



The 1882 Augustana Lutheran Church remains largely intact to this day, though it is now sandwiched between a 1947 church school building and a newer entry vestibule that covers church steps that were formerly outdoors. (Photo: Matt M. Johnson)

them find it difficult to come up with the financing.”

Penz has run into this scenario a few times with a former Pentacostal Assembly Church at 240 Morgan Ave. N. he has had listed for two years. Although the ideal buyer for the \$280,000, 7,400-square-foot building would be a church congregation, he has begun marketing the building for other uses, including as a work-live art studio.

Selling in the church market is a specialty. Kevin Peck, a senior associate with NorthMarq’s Minneapolis office, said his three-person sales team has carved out a niche selling churches, schools and special-purpose buildings.



The unusual interior architecture of the Augustana church building includes a circular balcony in the sanctuary. (Photo: Matt M. Johnson)

Pricing can be the biggest challenge in a church sale. While using comparable sales is the best method, Peck said, getting a seller to agree on a price often comes down to negotiating around intangibles such as century-old marble decorative work that could not be replaced at almost any price. Such aspects of a building do not necessarily translate into a higher market value.

“A lot of times, they’ll think it’s more valuable than it is,” he said.

Paul Donovan, who works with Peck in NorthMarq’s specialty properties group, said nailing down a price for Augustana’s church property is dependent on the condition of the building, the amount of land included and the type of future use, among other things. His group has sold churches for as much as \$150 a square foot and for as little as \$30 a square foot.

Carlson said Augustana has yet to get a rough estimate of the square footage of the church and the attached three-level school building.

As it is with residential sales, neighborhood is everything when selling a church. Peck has a 10,000-square-foot church for sale at 1700 W. 50th St. in south Minneapolis listed at \$1.5 million. By comparison, a 9,300-square-foot church at 3000 W. Broadway Ave. in north Minneapolis is listed for \$385,000.

The market for previously owned church buildings is growing. Peck said new immigrant churches formed by East Africans, Islamic denominations and Hispanics are looking for worship space. Nonsecular groups are also in the market. Peck’s group recently sold the St. Andrew Kim church near the University of Minnesota to the Emily Program, an eating disorder treatment group.

Securing Augustana’s legacy

In Augustana’s case, the church building likely will never go on the open market if the congregation decides to sell. One of the oldest church buildings in downtown Minneapolis — built 25 years after the city’s oldest church building, Our Lady of Lourdes Catholic Church — Augustana’s legacy supersedes the location of its sanctuary. The church operates Community Emergency Service, a faith-based food shelf, and founded the Augustana Care Corp., an independent and assisted living facility in downtown Minneapolis.

A private sale to a handpicked buyer is the most likely scenario. Carlson said any organization that buys the Augustana building will likely be tasked with continuing parts of the church’s mission. If the council decides to sell the church, it will be to a group that will worship in the building. He said the council also wants a group to continue operating the Crossroads Preschool in the school building attached to the old church.

“Nobody wants to sell the building just for profit,” Carlson said. “Everybody in the church wants to see it used as a center of worship.”

Augustana members also may wish to retain access to the building.

"We have a lot of elderly members who will want their memorial services there," he said.

The Augustana church council has talked with several churches in the area to gauge their interest in the building, he said. Treichler at Hope Community Church confirmed that his church is one of the interested parties.

Augustana will make a decision on a sale before the onset of winter, Carlson said. The council has yet to determine a sales price.

Augustana Lutheran Church

Founded: 1866

Address: 701 11th Ave. S., Minneapolis

Pastor: the Rev. Michelene Verlautz

Members: 200

Current church built: 1882 (at a cost of \$23,219)

Additions: 1947 school building constructed for \$98,000; elevator added in 1983 for \$98,000

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