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Daniel Wright
Cornell University

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Megachurches: A Growing Community Anchor

Abstract

Real estate value reflects a factor of risk. Community risk inherently is captured in real estate value and is a composition of such elements as employment, income, and population growth (Carr, et al., 2003). These elements provide tenants to rent space and customers to buy products thereby increasing property value. The inverse, then, is true - that the decline of employment, income, or population will negatively impact value. Employment and population growth are accelerated with anchors. The term “anchor” in real estate denotes a use that provides stability and attraction that ultimately lowers risk and increases value. While there are commercial anchors such as large private corporations or retail centers, key community anchors come in the form of public or non-profit entities whose interest is in the long-term viability of the community. Anchors include schools, libraries, public halls, hospitals, and religious institutions. They provide important services to the community such as employment, interaction, communication, education, governance, health services, counseling, and moral teachings.

Keywords

Cornell, Real estate, community risk, churches, location characteristics, community anchors, Dallas, demographics, pastors, church membership, megachurches, community investment risk

Megachurches: A Growing Community Anchor



Author: Daniel Wright

Daniel is pursuing a Masters in Real Estate from the Baker Program. Daniel has a Bachelor's in Architecture from the University of Utah and an MBA from Brigham Young University. Prior to Cornell, Daniel spent 10 years in the real estate industry as a developer and asset manager. Daniel plans to pursue a PhD in real estate.

Introduction

Real estate value reflects a factor of risk. Community risk inherently is captured in real estate value and is a composition of such elements as employment, income, and population growth (Carr, et al., 2003). These elements provide tenants to rent space and customers to buy products thereby increasing property value. The inverse, then, is true – that the decline of employment, income, or population will negatively impact value. Employment and population growth are accelerated with anchors. The term “anchor” in real estate denotes a use that provides stability and attraction that ultimately lowers risk and increases value. While there are commercial anchors such as large private corporations or retail centers, key community anchors come in the form of public or non-profit entities whose interest is in the long-term viability of the community. Anchors include schools, libraries, public halls, hospitals, and religious institutions. They provide important services to the community such as employment, interaction, communication, education, governance, health services, counseling, and moral teachings.

Historically, these institutions were created at the “heart” of downtown and provided a catalyst for the growth of the community. Changing development patterns have altered this somewhat, though fundamental locational characteristics remain. The institutions are still located at central locations with surrounding population growth and vehicular access, however, the scale of the capture area has increased. This is illustrated well with retail centers that take a much larger land area and provide more retail square feet than their historic counterparts. While the development pattern has changed, community anchors still function as catalysts for community growth.

An increasingly relevant presence as a community anchor is the megachurch.

1. MEGACHURCHES DEFINED

Megachurches are generally defined as Protestant churches that have an average weekly attendance of 2,000 or more congregants (Thumma, 1998). Size is not the only distinguishing characteristic of megachurches. They have other common traits that give identity to them as a singular group.

- Location: the United States has the most megachurches with the majority being located in the South. Houston and Dallas rank first and second as the cities with the most megachurches at thirty-seven and twenty-one. Globally, South Korea ranks second in the number of megachurches with thirty-eight. Seoul has seventeen (Thumma; Bird).
- Parking: the high attendance comes from a large geographic capture area, which requires more on-site parking.
- Identity: each church, even if it affiliated with a larger organization, has its own name and identifies itself as a stand-alone organization.

- Pastor: because the identity is so important, the character of the pastor is also critical and is part of the overall identification of the church.
- Programs: the churches identify their outreach programs as ministries with outreach to children, youth, singles, married couples, and seniors.

2. LOCATION CHARACTERISTICS

Population is a key driver to the location and growth of the megachurch. The table below pairs the cities having the largest population growth in the United States from 2010-2015 with cities having the largest number (ten or more) of megachurches (Thumma; Pew Research Center; United States Census Bureau).

Of the eighteen cities with ten or more megachurches, thirteen are located in the South. The percentage of people in the South who identify themselves as Protestant is 59% compared to 33% in the Northeast, 50% in the Midwest, and 35% in the West. The 59% increases dramatically within specific states, such as 73% in Tennessee and 69% in Oklahoma. The percent-Protestant ties directly with the number of megachurches per capita. The one city that is somewhat of an anomaly is San Antonio, Texas where the number of megachurches as a percent of population



| State | City | Churches | Rank | 2015 Pop | Church/ Capita | % Protestant |
|-------|---------------|----------|------|-----------|----------------|--------------|
| TX | Houston | 37 | 1 | 2,296,224 | 62,060 | 50%* |
| TX | Dallas | 21 | 2 | 1,300,092 | 61,909 | 59%* |
| TX | Austin | 18 | 3 | 931,830 | 51,768 | 50% |
| GA | Atlanta | 15 | 4 | 463,878 | 30,925 | 63%* |
| IL | Chicago | 14 | 5 | 2,720,546 | 194,325 | 35%* |
| NC | Charlotte | 13 | 6 | 827,097 | 63,623 | 66% |
| CA | Los Angeles | 13 | 6 | 3,971,883 | 305,529 | 30%* |
| NY | New York City | 13 | 16 | 8,550,405 | 657,723 | 23%* |
| IN | Indianapolis | 12 | 11 | 853,173 | 71,098 | 52% |
| FL | Jacksonville | 12 | 9 | 868,031 | 72,336 | 46% |
| TX | San Antonio | 12 | 11 | 1,469,845 | 122,487 | 50% |
| FL | Orlando | 11 | 13 | 270,934 | 24,630 | 46% |
| OK | Oklahoma City | 11 | 13 | 631,346 | 57,395 | 69% |
| TN | Memphis | 11 | 13 | 655,770 | 59,615 | 73% |
| FL | Miami | 10 | 16 | 441,003 | 44,100 | 46% |
| KY | Louisville | 10 | 16 | 615,366 | 61,537 | 65% |
| TN | Nashville | 10 | 9 | 654,610 | 65,461 | 73% |
| AZ | Phoenix | 10 | 16 | 1,563,025 | 156,303 | 37% |

* Percent is at the city level, all others are at the state level

Table 1: Cities with Greatest Number of Megachurches.

is significantly lower. This is probably due to the fact of a higher percentage of the population identifying themselves as Catholic versus Protestant. Removing San Antonio and the cities outside of the South yields a median megachurch per capita of 61,537 with a standard deviation of 13,956. While megachurches are located all over the United States, they clearly find prominence in the South.

3. SITE CHARACTERISTICS—DALLAS

From a close examination of the twenty-one megachurches in the city of Dallas, the key defining features become obvious.

First, proximity to a U.S. highway interchange: the site-specific aspects for megachurches look very similar to a regional retail model. The churches in Dallas are located a median distance of 0.58 miles from a U.S. highway interchange. As illustrated in Figure 1, the churches are located along a north-south corridor through the center of Dallas. Other than the two clear outliers shown in the image, the median distance between churches is 1.15 miles. Visibility is very important as is vehicular access. There are at least two thousand people coming weekly that requires adequate transportation infrastructure and site access.

Second, parking: the median building coverage ratio (ground level building area to land area) is approximately

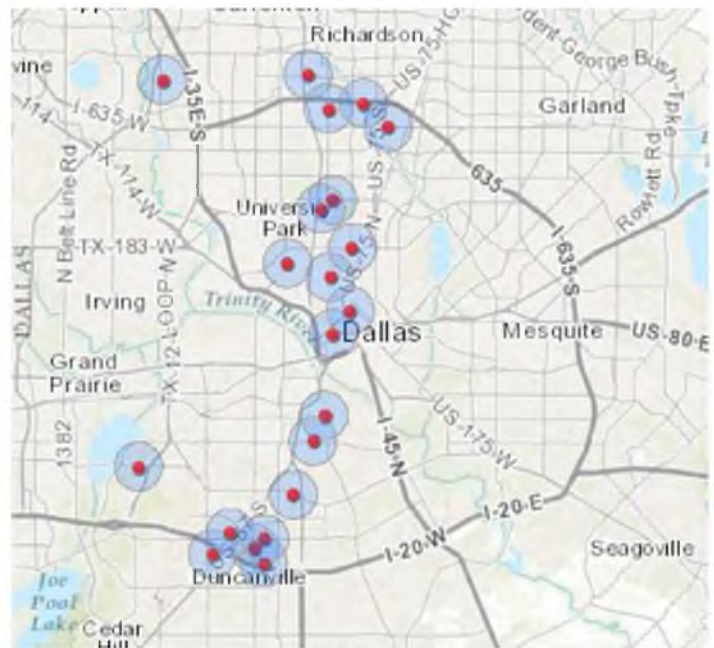


Figure 1. 1-mile Radius Dallas Megachurches.
Source: ESRI, Hartford Institute for Religion Research, 2017

20%. This indicates most of the land surrounding the churches is dedicated to parking and/or open space.

Third, value: the median building footprint is about 70,000 square feet and the land area ranges from two acres in downtown Dallas to fifty-eight acres. Twenty-nine percent of the churches have a land area greater than twenty acres. The land value, as given from the tax assessed value per the parcel data map on the City of Dallas' website, has a wide range between \$258 thousand and \$53.90 million with a median price of \$2.66 million. The median building value is \$8.09 million with a range of \$243 thousand to \$87.32 million. In sum, the total median value per square foot is \$77.17 with the highest value at \$159.80.

Fourth, zoning: the zoning mix for these megachurches is 25% residential, 50% planned development and 25% commercial. The adjacent uses generally are a mixture of commercial space and both multi-family and single family units. The churches are located along zoning edges and major transportation routes, as noted earlier, which puts them near commercial uses but where residential is accessible.

4. DEMOGRAPHIC CHARACTERISTICS—DALLAS

Figure 2 shows a five-minute drive time area around each megachurch. The median population for each area is 23,580 with a median income of \$46,123 and median home value of \$164,921.

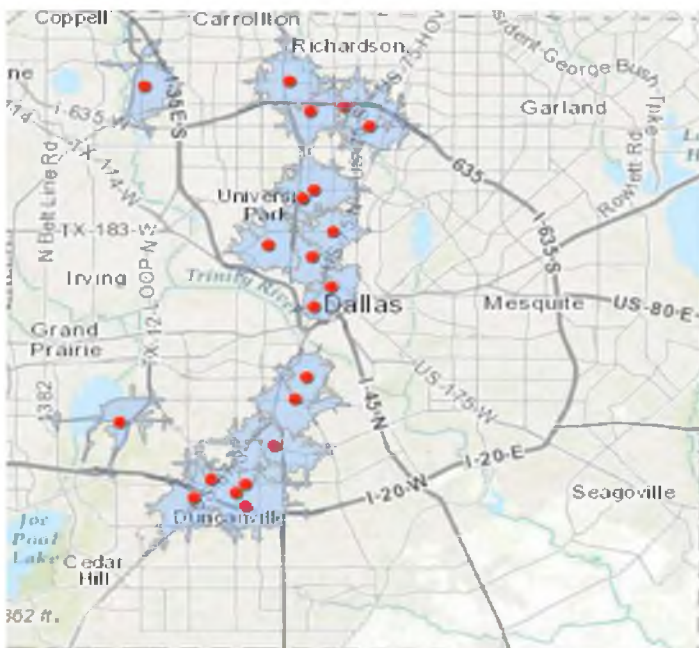


Figure 2: 5-minute Drive Time. Source: ESRI, Hartford Institute for Religion Research, 2017

There are clear differences, however, within the Dallas metro. These are delineated in Figures 3 and 4. Figure 3 shows the median home value within each area. Figure 4 shows the density of white residents divided by black residents.

While it is beyond the scope of this paper to explore or explain this issue due to the complexity of influences, it is

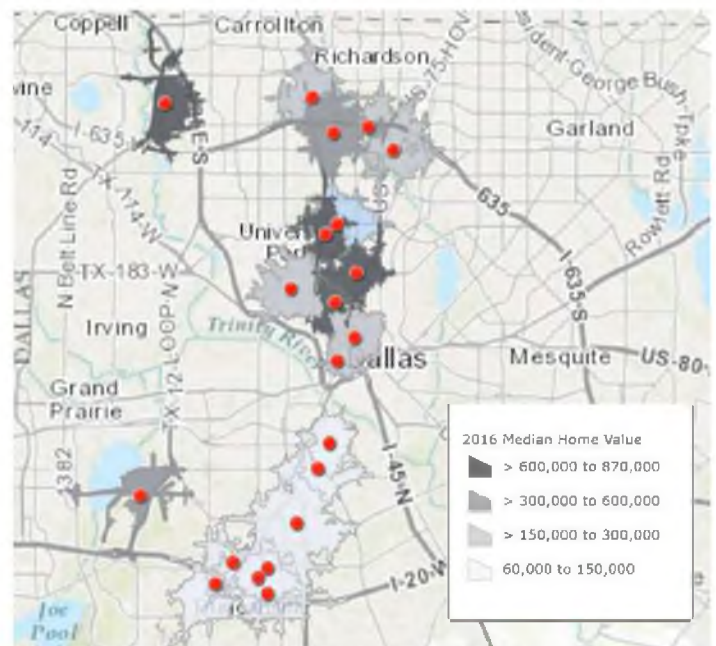


Figure 3: Median Home Value. Source: ESRI, Hartford Institute for Religion, 2017

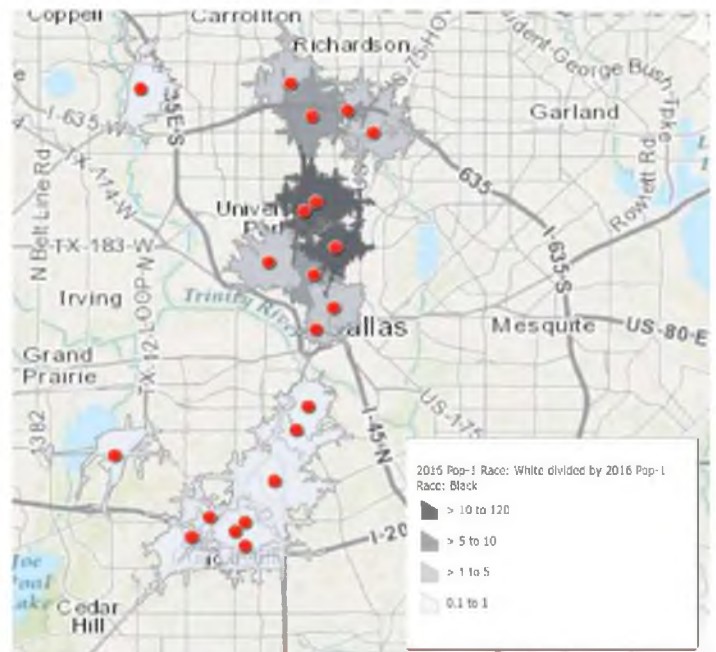


Figure 4: White Population Divided by Black Population. Source: ESRI, Hartford Institute for Religion, 2017

important to note the clear connection between home values and density of races. The median home price for those areas where (1) white is the dominant race is \$283,833, (2) black is the dominant race is \$99,951, and (3) Hispanic is the dominant race is \$96,797. Of 21 churches, 12 are in white-dominant areas, seven are in black-dominant areas, and two are in Hispanic-dominant areas. Figure 5 shows a scatter plot of the home price breakdown for all 21 churches.

ESRI has created a profile system known as tapestries to

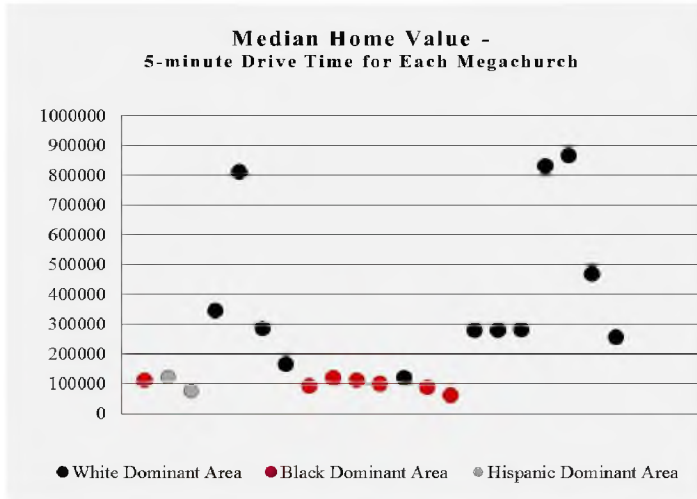


Figure 5: Median Home Value within 5-minute Drive Time of Megachurches. Source: ESRI

identify similar features of different areas throughout the United States. Each megachurch area has several tapestry segments identified including a dominant tapestry segment. There are four such dominant tapestry segments that are accounted for in multiple megachurch areas. These are shown in the table below (the characteristics are national averages shown for comparison purposes).

The key point of the table is that the dominant tapestries

| Dominant Tapestry | Metro Renters | Family Foundations | Young and Restless | Top Tier |
|--------------------------|---|---|--|---|
| # of Areas | 5 | 4 | 3 | 2 |
| Avg. Household (HH) Size | 1.66 | 2.70 | 2.02 | 2.82 |
| Median Age | 31.8 | 38.8 | 29.4 | 46.2 |
| Median HH Income | \$52,000 | \$40,000 | \$36,000 | \$157,000 |
| Other | Singles, well-educated, technology is important | Mix of all ages, some college education, unemploy. high, religion and character important | Single, well-educated, highly mobile, low unemployment | Married couple without children or with older children, highly educated, suburban |

Table 2: Multiple Dominant Tapestries with 5-minute Drive Time of Dallas Megachurches. Source: esri.com/tapestry

show a young, single demographic. This is important as megachurches seek to understand their audience's needs and expectations for worship services and church-sponsored programs.

5. IDENTITY

In most instances the megachurches have established their own identity. This works well with a non-denominational designation. Each becomes its own community. It is important for them to distinguish their church from others. A couple of tag lines that show the areas of focus megachurches attempt to portray are "Transforming our World with God's Love, One Life at a Time" (First Baptist Dallas Church) and "Creatively making disciples, while on the cutting edge, making a difference spiritually and socially" (Friendship West Church). Megachurches are seeking a broad world-wide reach while still ministering to individual needs. They are accomplishing this end through creativity and technology and reaching beyond just worship and spiritual learning to social programs and community anchoring. Technology is critical through the presentation of the worship services visually and audibly as well as through the online transmittal and recording of the activities.

The churches have generally created a more informal atmosphere to broaden their audience. Clothing is casual. As the Gospel Tabernacle states, "The dress code is simple - wear some clothes."

6. PASTOR

To be able to grow a church and maintain membership and programs requires leaders with a broad array of skills. These leaders need to understand and provide ecclesiastical teaching, business management and marketing, and technological resources. They are the face of the church and are critical to the attendance and growth

of the congregation. In Dallas, the majority of pastors are men and over 50% of the pastors of Dallas megachurches are African American. Often an image of both pastor and spouse is presented which is fundamental in relating to the broad demographics of the audience. Reaching the target audience was certainly considered when the Cathedral of Hope in Dallas appointed Reverend Cazares-Thomas to lead the self-proclaimed “world’s largest gay church.”

7. PROGRAMS

The programs of the megachurches help establish these community anchors. The churches are intimately involved in life’s most important events: birth, youth maturation, marriage, divorce, illness, death, and tragedy. The involvement goes beyond preparation and performance of ceremonies or ecclesiastical counseling. They address the long-term challenges associated with major events and arrange for visits to the hospital, nursing home, and jail. Programs are established for sustained involvement and broken into age and gender groups to address nuanced emotional issues. The churches have programs geared towards children, teenage girls, teenage boys, single young adults, single elderly, married couples, parents, men, and women. In addition to emotional support, programs aid in the progression of the community. These include financial counseling, career support and nutritional education. There are additional service programs including partnerships with Habitat for Humanity and the Red Cross where the churches use their human resources as well as financial resources to impact the greater society.

Beyond assisting with serious life issues, the churches have become leisure and entertainment centers. Sunday services are not only uplifting and spiritual but also fun and entertaining. Music is spirited and engaging performed by live bands and professional singers. A few churches have full recreation leagues and facilities for basketball and volleyball as well as regular aerobic sessions. Other activities include culinary and sewing classes. Some churches have bookstores and cafes. They are truly hubs of activity.

The megachurch has established itself as a community anchor for both spiritual and physical needs.

8. CHURCHES IN SEOUL, SOUTH KOREA

Table 3 shows the cities outside of the United States with the greatest number of megachurches. Kenya, South Korea, and Nigeria all have a notable presence. We discuss South Korea briefly but the continued growth in megachurches in the other countries is relevant for future studies.

| Country | City | Churches |
|----------------|----------------|----------|
| Kenya | Nairobi | 18 |
| South Korea | Seoul | 17 |
| Nigeria | Lagos | 12 |
| Singapore | Singapore | 8 |
| United Kingdom | London | 7 |
| Nigeria | Abuja | 6 |
| Ghana | Accra | 5 |
| South Korea | Boondahng | 5 |
| South Africa | Johannesburg | 5 |
| Brazil | Rio de Janeiro | 5 |

Table 3: Global Cities with Greatest Number of Mega-churches. Source: Warren Bird – Leadership Network, 2017

Figure 6 shows a 1-mile radius for 11 of the 17 megachurches in Seoul, Korea (due to limited information, the remaining six were not located).



Figure 6: 1-mile Radius – Seoul Megachurches. Source: ESRI, Warren Bird – Leadership Network, 2017

There are currently thirty-eight megachurches in South Korea and seventeen in the city of Seoul (Bird). The largest megachurch in the world, located in Seoul, is Yoido Full Gospel Church with an attendance over 480,000 people (Bird). Protestant influence in Korea gained a positive foothold at the end of the 19th century through schools missionaries established, which expanded educational opportunities to women (Min, 2014). This presence continued without substantial growth until the 1960s. This decade, following on the heels of Japanese occupation and the Korean War, saw accelerated urbanization in South Korea coupled with economic expansion and industrialization (Sukman, Winter 2004). Seoul’s population increased 59.2% in the latter half of the 1960s and this urbanization continued through the 1980s when more than half of the population was in

urban settings (Hae Un Rii, 2002). The rural poor migrants relocating to the city found a similar community atmosphere in the Protestant churches and the middle-class found a level of stability in the churches amidst the increasing demographic changes (Sukman, Winter 2004). Jang Sukman, a researcher for the Korea Institute for Religion and Culture who has written several articles about religion and Korea, makes the observation that Protestantism is viewed as “the religion for the middle class, youth and intellectuals, and urbanites” (Sukman, Winter 2004). This is significant as the population in these demographic categories continue to grow and have influence on the built environment.

ESRI indicates that the median population within a 1-mile radius of the megachurches in Seoul is 155 thousand. The age range is evenly distributed with 13% younger than the age of 15, 22% between the ages of 15 and 29, 27% between the ages of 30 and 44, 23% between the ages of 45 and 59, and the remaining 15% sixty years or older.

The built environment of Seoul is significantly different than Dallas. The area is much more urban and the churches



The Potter's Church, Dallas, Texas. Source: Google Earth, 2017

reflect a more urban, vertical development pattern. Below are plan and street views of the churches with the highest attendance in Seoul and Dallas.

9. HISTORY AND WHERE IT IS HEADED

While there have been megachurches for hundreds of years, their prominence and visibility started to develop after World War II and exploded in the 80s. This growth may be attributed to factors such as growing suburban development, highway infrastructure development, and regionalizing retail centers. The presence has continued with technological advances (e.g., streaming worship services and multi-media presentations) that allow for broader reach and a variety of worship experiences (Thumma, 1998) (Eagle, 2015).

This is not unlike the challenge retailers face in attracting sales. A key distinction the megachurch provides is tapping into moral obligations inherent in people claiming religious affiliation. The church is uniquely suited to provide an experience where members can give charitable service



Yoido Church, Seoul, South Korea. Source: Google Earth, 2017

as well as receive an entertaining, engaging experience. In this, new churches have several advantages over older establishments

- Selecting sites near preferred demographics
- Acquiring property at lower land costs
- Acquiring larger tracts of property to provide amenities and programs
- Building technology into the building from inception
- Access to technology infrastructure

10. HOW MEGACHURCHES ARE DEVELOPING

There has been an increase in the number of megachurches with multiple campuses from 46% in 2010 to 62% in 2015. The multiple campuses often have smaller buildings. This model allows the megachurch to broaden its presence and simultaneously provide a more intimate experience (Grossman, 2015). It also helps minimize horizontal improvement costs while broadening and diversifying a church’s real estate holdings.

The greater the megachurch’s presence, the more political and social influence the church carries with community and national issues. Some megachurches are part of broader religious organizations (e.g., the Southern Baptist Convention, The United Methodist Church, The Presbyterian Church in America, etc.). The financial and social capital of megachurches provides leverage to potentially influence issues at the broader organizational level. An example of this was described in the *Wall Street Journal*. Prestonwood Baptist Church, a Dallas megachurch, put \$1 million dollars in escrow instead of sending it to the Southern Baptist Convention, its parent organization. This was due to issues arising from the presidential election of Donald Trump. Many Southern Baptists supported Trump and felt “belittled” and “criticized” by Russell Moore, the head of the Southern Baptist Convention ethics committee. This statement by Prestonwood, an influential megachurch, may influence other churches to also withhold funds. By retaining financial support, Prestonwood is able to affect agendas and policies at the national level. (Lovett, 2017).

Seven of the megachurches in Dallas are identified as non-denominational. The chart below shows that non-denomination membership as a percent of overall Christian-affiliated membership has continued to increase. The



Table 6. Source: General Social Survey University of Chicago

continued presence of this non-affiliated appeal coupled with Protestant zeal for outreach should lead to continued growth of megachurches nationally and worldwide. Their relevance as a community anchor is key to growth and has helped expansion in the suburban areas in the southern United States and foreign cities, such as those in South Korea.

There has been some opposition in Seoul to megachurches. Critics are calling for policies to limit the development and negative traffic impacts of these large churches. Others are pushing to more proactively assist smaller, local churches (Van der Veer, 2015). Either way, megachurches are facing challenges that may lead to adjusting their strategies to continue to capture large numbers of congregants.

11. REAL ESTATE RELEVANCE

Well-funded megachurches are tenants and anchors with long term investment motives. They want to ensure quality adjacent development that supports their missions. They have financial incentive to maintain occupied space where people with disposable income want to live, work, and shop. They are community catalysts at both regional and local levels. There are real estate fundamentals associated with megachurches that are worth noting for investment in underlying or surrounding real estate. Site characteristics discussed earlier include:

- 2,000-plus people on Sunday with activities bringing people throughout the week
- Young, educated population
- Dependable traffic flow

- Variety of activities and social programs
- Opportunities for building or ground leasing
- Positive buffer presence for residential neighborhood
- Multiple campus locations

These aspects indicate positive value creation for both commercial and residential real estate if the megachurch site is located, planned, and scaled appropriately. To understand how much a megachurch impacts real estate values will require further empirical studies where there is currently a limited amount of literature on this topic.

Megachurches should explore opportunities to better plan their campuses and lower costs. These could include leasing excess land for supportive uses, locating certain programs (e.g., bookstores, recreation facilities) on the site in such a way as to capture more people, and integrating smaller campuses within walkable neighborhoods.

12. CONCLUSION

Megachurches have established themselves as community anchors through their programs, real property presence, location characteristics and influence on the daily lives of a growing number of members. Their long term vision, impact on adjacent land uses, financial clout and community building activities are characteristics for direct and indirect investment opportunities. The megachurch provides a catalyst for population growth and stability for other uses. In many instances, they lower community investment risk and therefore increase value.

Note: If you are interested in learning more about megachurches, there is extensive research produced by Scott Thumma of Hartford Institute and Warren Bird of Leadership Network. Much of it is available through the following website: <http://hrr.hartsem.edu/megachurch/research.html>.

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