

Real estate and the West's economy

Booming Bend

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Prosperity comes to the mountains

DURING the property frenzy of 2004 to early last year, cities such as Miami and San Francisco got most of the attention. But no housing market was more overheated than that of Bend, Oregon, a town of 67,000 built on a high plateau covered in sagebrush, juniper and pine trees. From September 2005 to September 2006, home prices in Bend leaped 30.4%, the highest rate in the country, according to the Office of Federal Housing Enterprise Oversight, which regulates the government-sponsored lenders Fannie Mae and Freddie Mac.



Why the increase? Bend's appealingly dry climate (it lies east of the Cascade Mountains, which catch most of the rain clouds sweeping in from the Pacific), its small-town feel and its mix of leisure activities (skiing, golf, tennis, mountain-biking) have made it a magnet for California residents fed up with traffic. Bend's median home price of \$350,000 is still a bargain compared with price-tags in the Golden State of \$550,000 and more. Baby boomers snapping up second homes also added to the land rush, as did refugees from larger, wetter Pacific north-west cities such as Portland and Seattle.

Bend is also economically vibrant. It typifies the changes seen in many western towns that once were sleepy backwaters based on mining or timber. As recently as 1980, it had a population of only 20,000. The end of Bend's logging industry during the 1980s, killed by high costs and environmental restrictions, meant the loss of a particular western culture. But it also sparked the beginning of Bend's new prosperity. Logging's demise meant that the forests wreathing the mountains and lakes around Bend are likely to stay the same for many years. As towns such as Missoula, Montana, and Sun Valley, Idaho, have also found, trees are more valuable standing than chopped down for lumber, says Nina Chambers, a researcher with a think-tank called the Sonoran Institute.

Why? Because fabulous scenery attracts people with fabulous amounts of money. Outside Bend, residents and tourists fish, hike, bicycle, mountain climb, ride snow-machines, and ski in beautiful forests of Ponderosa pine. Golfers on the area's many courses admire grand panoramas from each tee. In turn, those same people have helped make Bend's Old Mill District, once the site of one of the West's biggest sawmills, the city's hottest retail and office development. The brick powerhouse

building that supplied electricity to the mill now houses a big shop where Bend's army of climbers, skiers and mountain bikers stock up on the latest gear.

In some areas all this translates into a city full of ageing but well-off geezers. Not in Bend. At the St Charles Medical Centre, the hospital's CEO, Jim Diegel, frets that his maternity unit, now being expanded, will be at capacity the minute it's finished. Bend's school district is bulging too, with enrolment jumping 58% in the past decade, and 1,100 new students in the past year alone. That bodes well for the city: a large population of relatively young adults means thousands of children who will eventually want to create their own jobs and wealth in Bend.