

Recession doesn't deter developer in Bend

Consultant Steve Pinnell of Pinnell Busch, Inc. is optimistic about his project to build a rental home and duplex despite market slowdown - By Sam Bennett, sambennett@djcOregon.com



As a construction management consultant, Steve Pinnell knows well the risks of developing in Bend.

"A lot of contractors are hurting and the market is really tough now," said Pinnell of the Portland construction management firm Pinnell/Busch.

But Pinnell was not discouraged by a market in which single-family home sales in December 2008 were down 75 percent from December 2005 and home prices plunged 36 percent in the last year.

Avoiding the treacherous waters of building new condos or single-family homes in Bend, Pinnell is building rental homes along the Deschutes River – hedging, he said, against a weak real estate market by taking advantage of a location near downtown and by using high-end finishes.

The Bend market, according to Pinnell, thrived during the housing boom because of the city's attractiveness among people looking for a second home. "The residential construction boom was based on people buying vacation homes and second homes," he said. "But things are really slow now."

Pinnell is developing a rental vacation home and a duplex in the arts and crafts style on a lot adjacent to the Deschutes River that he purchased in 2006. According to city code, there is a 40-foot setback from the river. Because the lot is 7,000 square feet and restricted by the setback, Pinnell said he had to have a "tight design."

Designed by Jason Shipley and Bend contractor Dave York of York Building & Design, the two structures are built to earn Leadership in Energy and Environmental Design platinum certification. "We went very high-end," said Pinnell, noting the use of tongue-and-groove

Douglas fir ceilings, granite slab fireplaces and heated bathroom floors. "We balanced economics with aesthetics."

Pinnell's professional experience helped him on the project, he said. His firm, Pinnell/Busch, provides project management services to the design and construction industry, and to organizations in industries that manage projects. The firm specializes in scheduling, dispute avoidance and resolution and claims and arbitration.

In 2006, the firm was contracted by the Portland Development Commission to prepare a report on the Portland Aerial Tram. The consulting team was commissioned to estimate the final construction cost of the tram and determine if there were ways to reduce construction costs and expedite the work. The firm concluded that the project could be completed for \$55 million.

Pinnell said he put his project management experience to work on his new development. "I got the land at a very good price," he said. "It's a primo spot, with extra width from the alley. I think it will rent well."

Pinnell expects the project to be finished in March. In the meantime, he said it will probably be a year before the Bend for-sale housing market turns around. "Hopefully, it never becomes as frantic as it was before."



This 1,700 square-foot house, adjacent to a new duplex, is near the Deschutes River in Bend. The house is designed to achieve LEED platinum certification.