

# Columbia Bank Building

1133 NW Wall Street, Bend, Oregon

Offering  
**Memorandum**



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## Executive Summary

### Overview

This offering presents the investor a chance to acquire downtown Bend's most prominent mixed-use project at a discount to replacement value and with in place income presenting a competitive cap rate. The mix of uses in the Columbia Bank Building provides diversification in a single asset. There is multi-family residential, office, retail, and restaurant space. The office and retail vacancy rates continue to decrease as the economy improves. There has been no significant commercial construction in over seven years. As a result, the rents for the office and retail space at the Columbia Bank Building will rise when leases expire. Apartment rents are under even greater pressure. The current vacancy for this product type is under 1%.

### Financing

Buyers can arrange their own financing for the property. Compass Commercial has discussed the investment opportunity with multiple lending institutions and stands ready to assist buyers with selecting a lender and obtaining financing.

### The Asset

The Columbia Bank Building is a unique, landmark property in Central Oregon. The design of the project has a northwest flavor, yet urban at the same time. It offers a live, work, and play lifestyle that is popular today. There are views of the Deschutes River and Cascade Mountains, on-site eateries and banking/investment services, and a covered parking garage for the residents and commercial space tenants. The shops and restaurants that make downtown Bend so vital are at the doorstep of this tremendous opportunity.

**Offered at \$8,364,000**

# Executive Summary

## Property Description

Located at the site of the historic Pilot Butte Inn, this dramatic mixed-use building replaced the previous office building at the site in 2004. This is a rare opportunity to purchase a downtown Bend trophy asset.

### **BUILDINGS**

There are two structures on the 1.55 acre site. The main building is a four-story building containing approximately 47,455 square feet. Columbia Bank anchors this building, leasing just over 8,400 square feet on the ground floor which houses their retail banking, commercial and residential lending operations. A three lane drive-up window is included.

The balance of the ground floor consists of two restaurants and a vacant shell space of approximately 5,000 square feet. The vacant space has access to an attractive outdoor patio amenity. The second floor four office suites plus two residential flats. The third and fourth floors contain ten residential townhouse style units.

The 12 residential units have been a key component of this property providing stable income during the recession and providing substantial income increases in the current recovery. The residential vacancy rate in Bend is less than 1% and downtown living is at a premium. It should be noted that the townhome units were built to condominium standards, and there is upside potential in converting these to condominiums.

The main building was constructed in 2003 - 2004. The site was once occupied by the historic Pilot Butte Inn, and the unique architectural style captures the mill town heritage of Bend's past.

The second building is a Class A office building of approximately 5,079 square feet. This building was designed and built in 2004 for RBC Dain Rauscher.



### **PARKING**

This is one of a small handful of downtown buildings in Bend with on-site parking. There are 44 spaces underground with 16 of those being gated for the residential tenants. An additional 33 on site spaces are located at street level, and there are 9 spaces on Newport Avenue on the building's south side (these 9 spaces are not in the official parking count). The spaces are divided between visitor parking and reserved spaces for the tenants.

There is ample street parking around the building and several public parking lots in downtown Bend. There is a public parking lot immediately adjacent to the west of the property and the Centennial Parking Garage is located three blocks away.

### **AMENITIES**

In addition to the parking and downtown location, this property features breathtaking views of charming downtown Bend, the Deschutes River, and the snow capped Cascade peaks. There are the two restaurants on site and countless eateries of all types within a few block area. Parks are nearby and the county courthouse is less than one block away.

## Property Details

<b>Property Name:</b>	Columbia Bank Building.
<b>Address:</b>	1133 NW Wall Street Bend, OR 97701.
<b>Cross Streets:</b>	Wall Street to the east and Newport/ Greenwood Avenue to the south.
<b>Tax Map/Lot:</b>	171232AC01400.
<b>Zoning:</b>	Central Business District (CB).
<b>Primary Use:</b>	Mixed-use, residential, office and restaurants.
<b>Year Built:</b>	2003 - 2004.
<b>Number of Buildings:</b>	Two.
<b>Number of Stories:</b>	Main building is 4-stories, plus below grade level; two-story pad building.
<b>Total Bldg. SF:</b>	52,534 SFG (excluding parking structure.
<b>Net Rentable Commercial:</b>	Building 1: 42,901 SF. Building 2: 4,771 SF.
<b>Number of units:</b>	12 residential units; 7 commercial tenants.
<b>Site Area:</b>	1.55 acres.

### Building Amenities:

- Underground and surface parking on site
- Apartments built to condominium standards allowing for future conversion
- Restaurants
- Banking and financial services
- Views
- Tenant signage
- Unique design
- Landmark, downtown location
- Outdoor deck/patio
- Distinct Northwest themed water feature at main entrance

### Signage:

On the building facades and water feature at the corner of Wall St. and Newport Ave.

### Neighboring Businesses:

Bank of the Cascades, Karnopp Peterson, Bank of America, Patagonia, Goodies, Deschutes Brewery, The Pine Tavern, Deschutes County, Wells Fargo.

### Neighborhood Amenities:

Restaurants, banks, retail shops, city and county government offices, brew pubs, Bend Downtown Athletic Club, Drake Park/Mirror Pond, surface and structured parking lots, and coffee shops.





## Property Details

**On-Site Parking:** 77 spaces total, including 5 ADA accessible.

Surface parking: 33 spaces.

Parking garage: 44 spaces.

**Superstructure:** Combination wood, CMU, steel framing.

**Cellar/Basement/  
Crawl Space:** Concrete slab below grade for main building and the pad building is supported by the parking garage.

**Exterior Facade(s):** EIFS, Hardi-plank siding, and CMU.

**Roof(s):** Single-ply TPO on flat roofs with copper paneling on the pitched/curved areas.

**Heating &  
Air-conditioning:** Individual gas-fired furnaces for pad building; central hydronic heating system with gas boiler and cooling tower for main building commercial tenants; roof mounted packaged HVAC equipment for the residential units.

**Hot Water:** Gas-fired water heaters for the residential units and electric water heaters for the commercial spaces.

**Electrical Wiring:** Copper.

**Number of  
Elevators:** One, hydraulic 2,500 pound passenger elevator.

**Fire Sprinkler:** 100% wet/dry system.

**Percent Leased:** 85.3%.

**Cap Rate:** 6.5%.

**Price:** **\$8,364,000.**



# Property Details

## Improvement Summary

**Landscaping:** Landscaping consists of trees, ground cover, plantings, and shrubs adjacent to the building and along the frontage street. A water fountain is located outside the southeast corner of the main building.

**Utilities:** All utilities are provided via underground services and appear to adequately service the property.

- **Electric:** Central Electric Coop
- **Sewer and Water:** City of Bend
- **Gas:** Cascade
- **Telephone:** Qwest

**Site and Building Signage:** Property identification is provided by a sign mounted on the water fountain at the southeast corner of the main building. Tenant signage is located on the facades of the buildings. A tenant directory is located in the main building lobby.

## STRUCTURAL FOUNDATION AND FRAME

**Foundations:** The main building utilizes a portion of the existing building formerly on the site. The main building has a steel reinforced concrete foundation system consisting of continuous concrete spread footings at the perimeter walls with isolated concrete spread footings at the steel wide flange beam columns.

**Structural Frame:** The main building utilizes a portion of the existing building formerly on the site. The main building has a steel reinforced concrete foundation system consisting of continuous concrete spread footings at the perimeter walls with isolated concrete spread footings at the steel wide flange beam columns. The below grade level has concrete perimeter walls with a concrete slab on grade.

The roof framing consists of TJI joists overlaid with plywood decking. The exterior walls are conventional wood framed with CMU walls at the first floor level. The interior walls are a combination of wood and light gauge steel stud framing. The second floor structure is further framed with steel moment frames. The pad building is situated on the top level of the parking garage with a combination of concrete masonry unit and wood framed exterior walls. The roof structure is wood framed with plywood sheathing.

**Parking Garage/Carport:** The parking garage has a 4 inch concrete floor slab over 6 inches of compacted gravel base. The top floor is a nine inch thick concrete post-tensioned slab supported by two foot square concrete columns which are further supported by 36" caissons. The perimeter walls consist of CMU shear walls and concrete walls.



# Property Details

## FACADES, EXTERIOR WALLS & ROOFING

**Exterior Walls:** The exterior facades consist of a combination of natural finish CMU, EIFS-exterior insulation finish system, Hardi-plank lap, and Hardi-plank panel siding.

**Roof Type:** The flat building roof areas have a single-ply TPO membrane roof covering, while the curved and pitched roof areas are finished with copper paneling. Skylights are provided in some of the townhome units.

## MECHANICAL, ELECTRICAL, PLUMBING & SAFETY

**HVAC Systems:** Heating and cooling for the commercial spaces in the main building is a central hydronic system consisting of a natural gas Aerco brand boiler and a BAC brand cooling tower. The boiler has an 860,000 BTU's/hour heating output. The cooling tower capacity was not reported. The tempered air to the individual tenant spaces is provided by ceiling mounted hydronic fan coil units above the tenant space suspended ceilings. The residential units have a roof mounted packaged HVAC unit with natural gas heat and electric A/C. The living rooms have a gas fireplace. The pad building is heated by six, Lennox brand natural gas forced air heaters. The fire sprinkler riser room and secondary main building entrances/stairwells are heated by electric, wall heaters. The third floor hallway is equipped with two McQuay brand wall mounted fans at each end of the hallways.

**Electrical Systems:** Electrical power is supplied from the frontage street. The main building is supplied with a 2,000-amp main distribution panel with 120/208Y volt, 3-phase, 4-wire service. The pad building is supplied with a 600-amp main distribution panel with 120/208Y volt, 3-phase, 4-wire service. Each of the residential unit is provided with 125-amps of service.

**Elevators:** The main building is provided with a four-stop, 2,500 pound capacity, hydraulic elevators, manufactured and serviced by Thyssen-Krupp. The elevator equipment is located in a small service closet on the first floor adjacent to the cab.

**Fire/Life Safety:** Both buildings are fully protected by a combination wet/dry fire sprinkler system. The system is comprised of an approximately 4" fire sprinkler line from the water company.



## Major Tenant Profiles

### Columbia Bank

The building proudly carries the name of this anchor tenant. Columbia Bank is a Pacific Northwest community bank headquartered in Tacoma, Washington with a network of 138 branches throughout Washington and Oregon. It trades on the NASDAQ exchange under ticker symbol COLB.



### RBC Wealth Management

RBC Dain Rauscher is a wholly owned subsidiary of the Royal Bank of Canada (RY: TSX, NYSE). Dain Rauscher is one of the nation's largest full service securities firms with more than 1,650 financial consultants, 5,000 employees, and 150 branches in 40 states. They occupy a free standing building on the northwest corner of the site. The building was designed for their needs with extremely high quality custom interior finishes.





# Property Photos





# Aerial Map

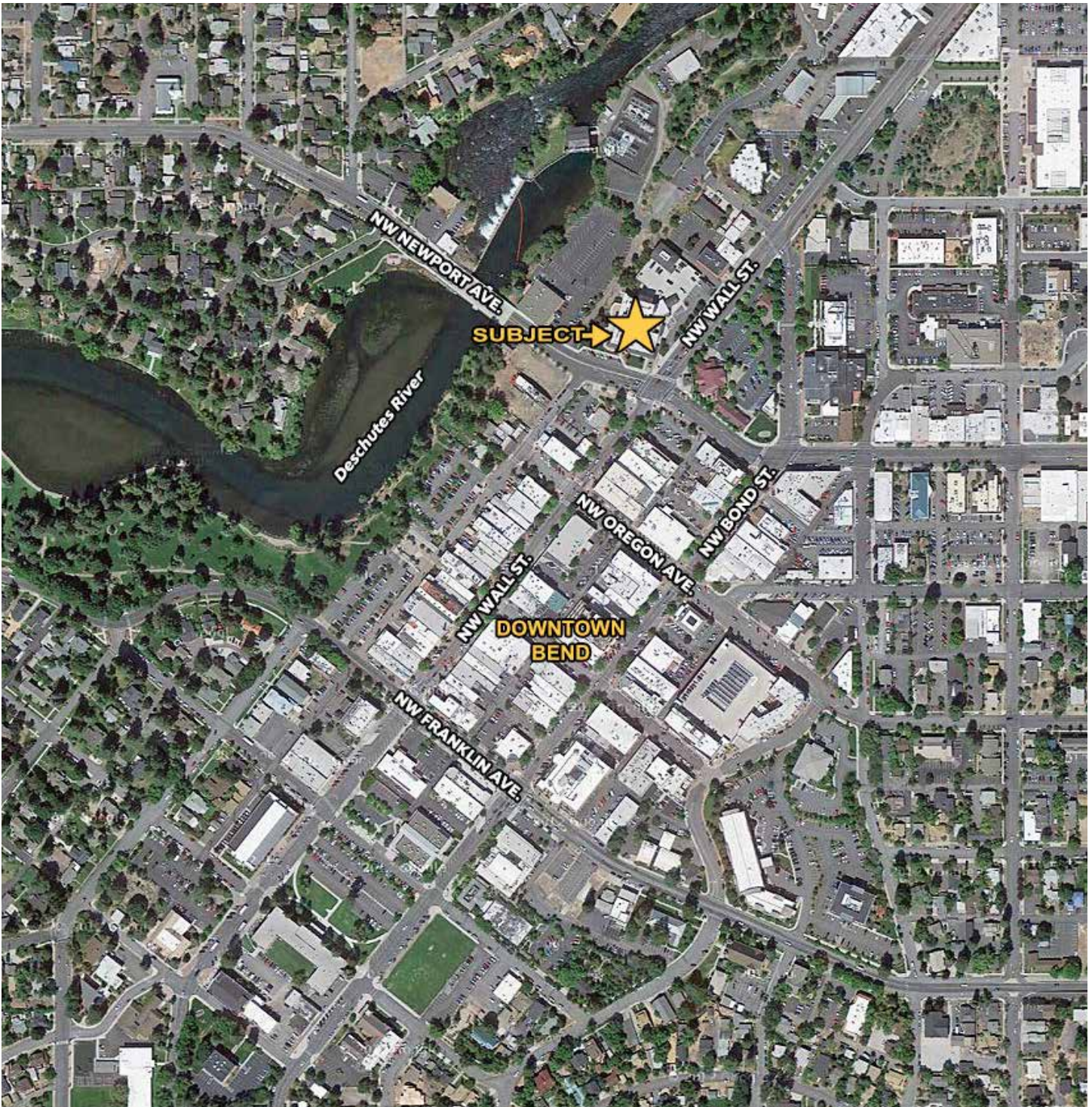
1133 NW Wall St., Bend OR, 1 of 2





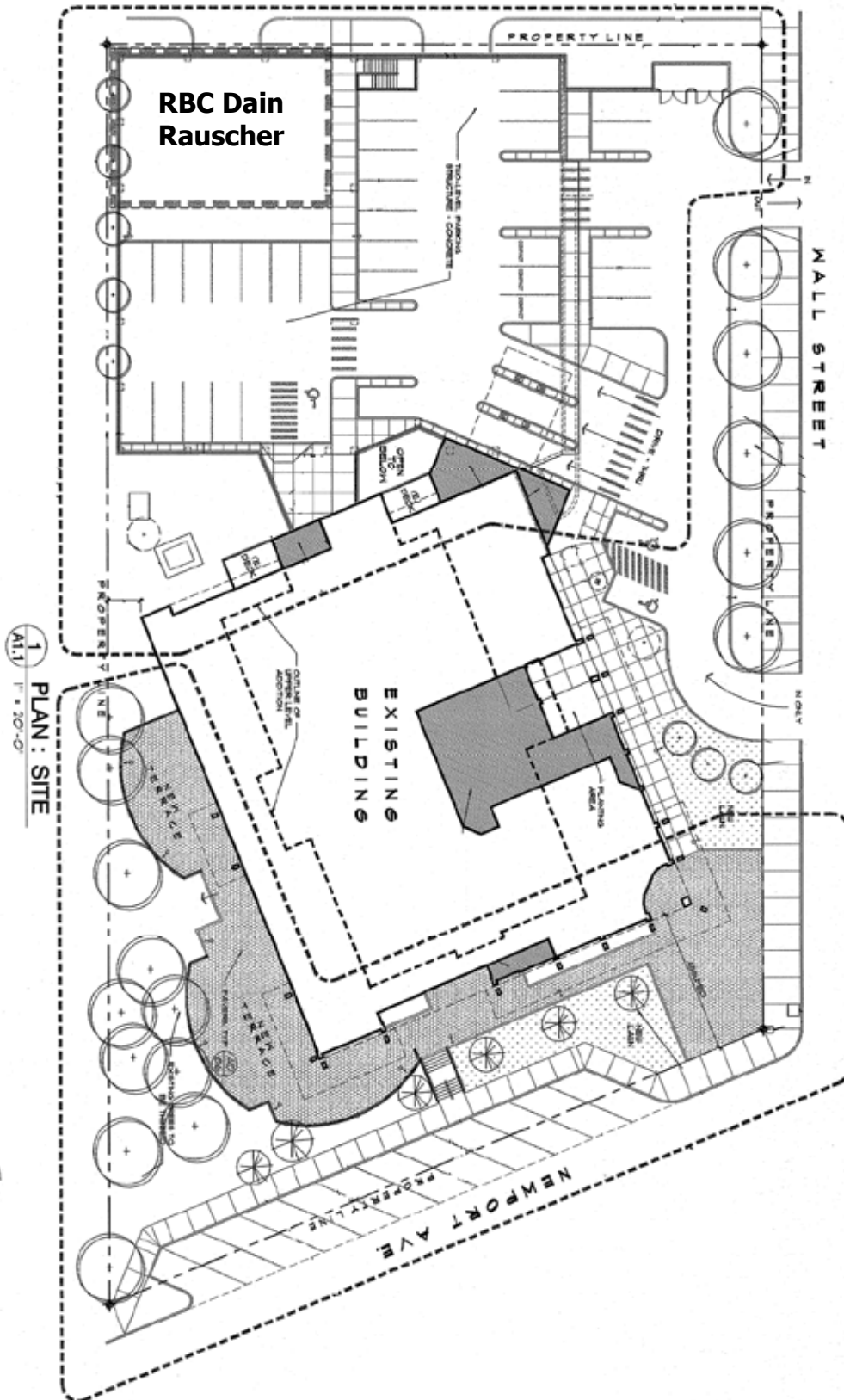
# Aerial Map

1133 NW Wall St., Bend OR, 2 of 2





# Site Plan





# Columbia Bank Building

## Pro Forma

### Cash Flow Analysis

		<u>Notes</u>
Commercial Income	\$553,252	2015 Annualized Income
Residential Income	\$169,860	Current rent roll
Plus: Other Income	\$230,564	CAM Reimbursement
<b>POTENTIAL RENTAL INCOME</b>	<b>\$953,676</b>	
Less: Vacancy	(\$47,684)	5.0%
<b>EFFECTIVE RENTAL INCOME</b>	<b>\$905,992</b>	
<b><u>OPERATING EXPENSES</u></b>		
Management	(\$37,419)	4.0%
Advertising	(\$600)	2015 Budget
Accounting & Legal	(\$1,000)	2015 Budget
Licenses & Permits	(\$5,760)	2015 Budget
Landscape/Snow Removal	(\$17,020)	2015 Budget
Security	(\$5,050)	2015 Budget
Janitorial	(\$10,650)	2015 Budget
Miscellaneous	(\$1,000)	2015 Budget
Repairs & Maintenance	(\$52,045)	2015 Budget
Utilities	(\$71,484)	2015 Budget
Insurance	(\$18,670)	2015 Budget
Real Estate Taxes	(\$97,731)	2015 Budget
Capital Improvement Reserves	(\$14,292)	2.0%
<b>TOTAL OPERATING EXPENSES</b>	<b>(\$332,721)</b>	
<b>NET OPERATING INCOME</b>	<b>\$573,271</b>	
<b><u>PRICING:</u></b>		
Cap Rate:	6.50%	
Gross Square Feet:	52,534	Per Deschutes County
Pro Forma Value:	\$8,820,000	
* Less: Credits	(\$456,000)	
<b>Asking Price:</b>	<b>\$8,364,000</b>	
\$/SF:	\$159.21	

*The pro forma is based on 100% occupancy and applying a 5% vacancy rate. The building currently is 85% occupied so the following credits are applied to account for the vacancy.*

**\* Credits**

Suite 103

1 year rent and CAM credit	\$113,937
TI credit at \$60 x 4,368 SF	\$262,080
Brokerage lease-up fee	\$22,604

Suite 205

1 year rent and CAM credit	\$41,255
TI credit at \$7 x 1,633 SF	\$11,431
Brokerage lease-up fee	\$4,772

<b>Total Credits</b>	<b>\$456,079</b>
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*This is a broker pro forma, the statements and figures herein, while not guaranteed, are secured from sources we believe authoritative. Buyers are advised to review actual property financial history (during due diligence) and make their own judgements and determination as to future and past financial performance of this property.*

## Bend, Oregon Profile

Situated on the eastern edge of the Cascade Range along the Deschutes River, Bend joins forested mountain highlands and high desert plateaus, offering a diverse range of scenery and outdoor activities. The largest city in Central Oregon, Bend is the commercial, recreation and social center of the tri-county region and also serves as the county seat of Deschutes County. It covers 32 square miles and sits at an elevation of 3,625 feet. Bend is noted for its scenic setting and year-round recreational activities.

### LIFESTYLE

Bend has a deserved reputation for attracting lifestyle migrants – urban dwellers who seek amenities typically associated with a larger metropolitan area, but yearn for the recreational pursuits of the great outdoors, a beautiful setting, and an accessible community feeling. As such, the city attracts families and entrepreneurs from all of the West Coast metro areas and some from other major population centers. Many residents remark that despite its population size of 82,000, Bend has retained its small town atmosphere and ‘feels’ smaller than its size would suggest. The city has been adopted as a gateway for many outdoor sports, including mountain biking, skiing and snowboarding, dog racing, fishing, hiking, rock climbing, white-water rafting and golf. There is also a sizable cluster of individuals drawn to Bend for artistic pursuits, ranging from photography to sculpture, from water color to metal working. Bend’s growing beer brewing industry and evolving restaurant scene is also a draw for tourists and locals.

### DEVELOPMENT

Economically, Bend started as a logging town, but began a transition to a more varied, sustainable economy in the 1980’s when it became apparent that the lumber mills would no longer be vital. Economic Development for Central Oregon (EDCO) was born in



the dark days of the 1980’s, when many downtown businesses were boarded up.

Unlike resort communities such as Aspen or Jackson Hole, Bend’s lifestyle and quality workforce is a draw for many successful companies in the aviation, manufacturing, renewable energy, high-tech, and recreation equipment sectors. Many of Bend’s companies are owner-operated and in the small to midsize range, typically with 10 to 50 employees. Companies like Breedlove Guitars, PV Powered, G5 Search Marketing, Deschutes Brewery and Bend Research provide solid employment and bring in vital traded-sector dollars to Bend’s economy.

*SOURCE: <http://www.edcoinfo.com/communities/bend-profile/>*

## Central Oregon Profile

The cities and communities that comprise Central Oregon are Bend, Redmond, Sisters, Sunriver, Prineville, La Pine, Madras, and Warm Springs.

The region is served by Roberts Field, a newly renovated and expanded commercial airport offering service at Redmond Municipal Airport (RDM, [www.flyrdm.com](http://www.flyrdm.com)) provided by American Airlines, Alaska Airlines, Delta and United. These carriers offer approximately 30 arriving and departing flights daily to and from San Francisco, Portland, Seattle, Los Angeles, Salt Lake City, Phoenix and Denver. RDM also serves air cargo and general aviation traffic, including extensive corporate and business travel. Other general aviation airports include Bend, Madras/Jefferson County, Prineville/Crook County, Sisters and Sunriver.

Six major public school districts serve over 35,000 students; there are also ten private schools in the region. The region is also home to Central Oregon Community College (COCC) and Oregon State University - Cascades, which will complete expansion to a four year university by 2015.

