

# Millside Building

231 Scalehouse Loop, Bend, Oregon

## Offering Memorandum



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**COMPASS**   
Commercial  
Navigating Your Success REAL ESTATE SERVICES



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Broker is licensed in the state of Oregon.



|          |                                 |           |
|----------|---------------------------------|-----------|
| <b>1</b> | <b>Property Summary</b> .....   | <b>4</b>  |
|          | Executive Summary               |           |
|          | Property Details                |           |
|          | Rent Roll                       |           |
|          | Property Photos                 |           |
|          | Aerial Map                      |           |
|          | Site Plan                       |           |
|          | Floor Plans                     |           |
| <b>2</b> | <b>Financial Analysis</b> ..... | <b>12</b> |
|          | Pro Forma                       |           |
| <b>3</b> | <b>Region Overview</b> .....    | <b>13</b> |



## Executive Summary

### Overview

The Millside Building is a high quality multi-tenant mixed use building situated on 0.76 acres of Mixed Riverfront (MR) zoned land. The MR zone allows for a wide variety of uses including medical, office, retail and light industrial. Built in 2000, the subject property consists of seven suites split between two floors with elevator service to the second floor. Both suites on the first floor could be split easily to create four separate suites. Suite 103/104 contains approximately 2,277 square feet of office space and 1,218 square feet of warehouse space with a roll up door. The remainder of the space within the building is built out as office. The landscaping, exterior paint and interior common area paint have all been redone in the past twelve months. There are 37 parking stalls on site including two handicapped spaces.

### Location

Located in the Old Mill District in between the Old Mill Shops and downtown Bend, the subject property is located at 231 SW Scalehouse Loop. The subject's location provides excellent frontage along SW Bond Street and easy accessibility to and from downtown, the west side and Highway 97.

**Offered at \$1,850,000**




## Property Details

|                                |  |                         |   |
|--------------------------------|--|-------------------------|---|
| <b>Property Name:</b>          | Millside Building.   | <b>Signage:</b>         | Monument sign facing Bond St. and signage for tenants on the exterior entryway.   |
| <b>Address:</b>                | 231 SW Scalehouse Loop<br>Bend, OR 97702.  | <b>Parking:</b>         | 37 stalls (including 2 handicapped stalls).   |
| <b>Property Type:</b>          | Two-story mixed-use building with elevator.  | <b>Percent Leased:</b>  | 100%.   |
| <b>Cross Streets:</b>          | SW Bond St. and SW Upper Terrace Dr.   | <b>Current Tenants:</b> | ■ Real Time Research<br>■ State of Oregon<br>■ John Reed, CPA<br>■ R&W Engineering<br>■ Neuropsychological Services<br>■ Procraft Heritage Solutions<br>■ 406Bend |
| <b>Tax Map/Lot:</b>            | 181205A001601.   | <b>Price:</b>           | <b>\$1,850,000.</b>   |
| <b>Zoning:</b>                 | Mixed Riverfront (MR).   |                         |   |
| <b>Year Built:</b>             | 2000.  |                         |   |
| <b>Building Size:</b>          | Approximately 11,134 SF.   |                         |   |
| <b>Lot Size:</b>               | 0.76 acres.  |                         |   |
| <b>Neighborhood Amenities:</b> | Close proximity to the Old Mill District Shops and Old Mill Marketplace including a variety of restaurants, coffee shops, retail stores, services and hotels.<br><br>The Millside Building is approximately 1 mile from the additional amenities of downtown Bend. |                         |   |



# Rent Roll

| <div style="text-align: center;"> <b>MILLSIDE BUILDING</b><br/>                     231 SW SCALEHOUSE LOOP<br/>                     RENT ROLL                 </div> <div style="text-align: right;">  </div> |                             |        |      |             |            |             |                 |                  |                  |                 |             |                |
|--|-----------------------------|--------|------|-------------|------------|-------------|-----------------|------------------|------------------|-----------------|-------------|----------------|
| Suite  | Tenant                      | SF     | SF % | Lease Start | Lease End  | Lease Term  | Annual Rent/ SF | Monthly Rent/ SF | Annual Rent      | Monthly Rent    | Options     | Lease Type     |
| 101/102  | Real Time Research          | 2,718  | 26%  | 11/1/2014   | 9/30/2018  | 3.92        | \$12.60         | \$1.05           | \$34,248         | \$2,854.00      | 1-4 year    | NNN            |
| 103/104  | State of Oregon             | 3,495  | 33%  | 7/19/2013   | 7/31/2021  | 8.04        | \$11.49         | \$0.96           | \$40,170         | \$3,347.50      | 1-2 year    | Modified Gross |
| 201  | John Reed                   | 542*   | 5%   | 9/1/2000    | MTM        | -           | \$19.80         | \$1.65           | \$10,733         | \$894.38        | None remain | Modified Gross |
| 202  | Member First Motgage        | 1,126  | 11%  | 5/1/2015    | 5/31/2017  | 2.08        | \$16.20         | \$1.35           | \$18,241         | \$1,520.10      | 2-1 year    | NNN            |
| 203  | Neuropsychological Services | 842    | 8%   | 12/1/2014   | 11/30/2017 | 3.00        | \$13.80         | \$1.15           | \$11,616         | \$968.00        | 1-3 year    | NNN            |
| 204  | Procraft Heritage Creations | 1,219  | 12%  | 10/1/2014   | 10/31/2016 | 2.08        | \$16.74         | \$1.39           | \$20,400         | \$1,700.00      | 1-1 year    | Modified Gross |
| 205  | 406Bend                     | 514    | 5%   | 11/1/2014   | 10/31/2015 | 1.00        | \$18.68         | \$1.56           | \$9,600          | \$800.00        | 1-1 year    | Gross          |
| <b>TOTAL</b>   |                             | 10,456 | 100% |             |            | <b>3.35</b> | <b>\$15.61</b>  | <b>\$1.30</b>    | <b>\$145,008</b> | <b>\$12,084</b> |             |                |
| VACANT   |                             | 0      | 0%   |             |            |             |                 |                  | \$0              | \$0             |             |                |

\*Lease states 518 rentable square feet. Tenant negotiated 10% load factor at the time of lease signing. Actual load factor is 15% resulting in 542 rentable square feet.

## Property Photos





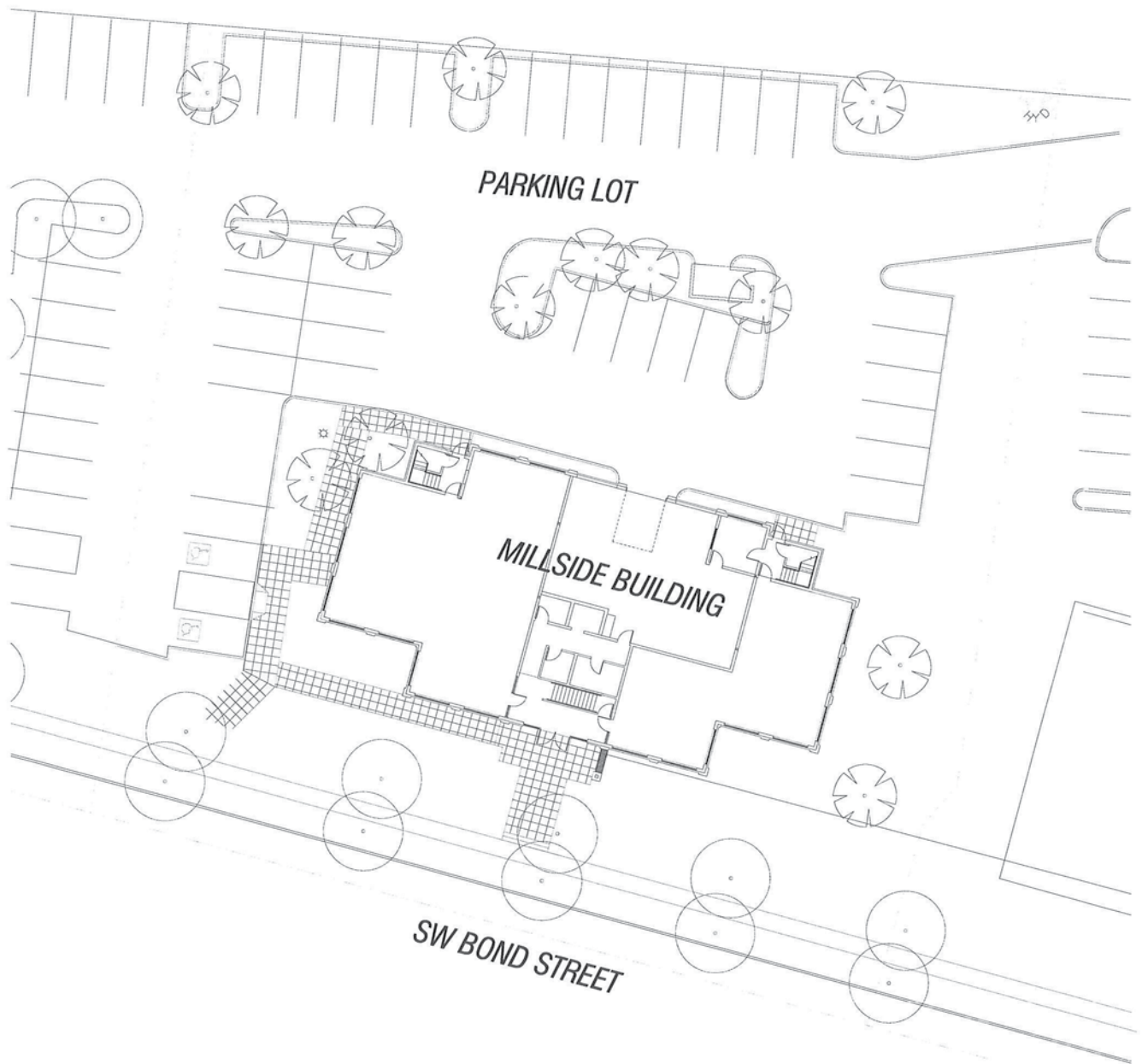
# Aerial Map

231 SW Scalehouse Loop, Bend, Oregon

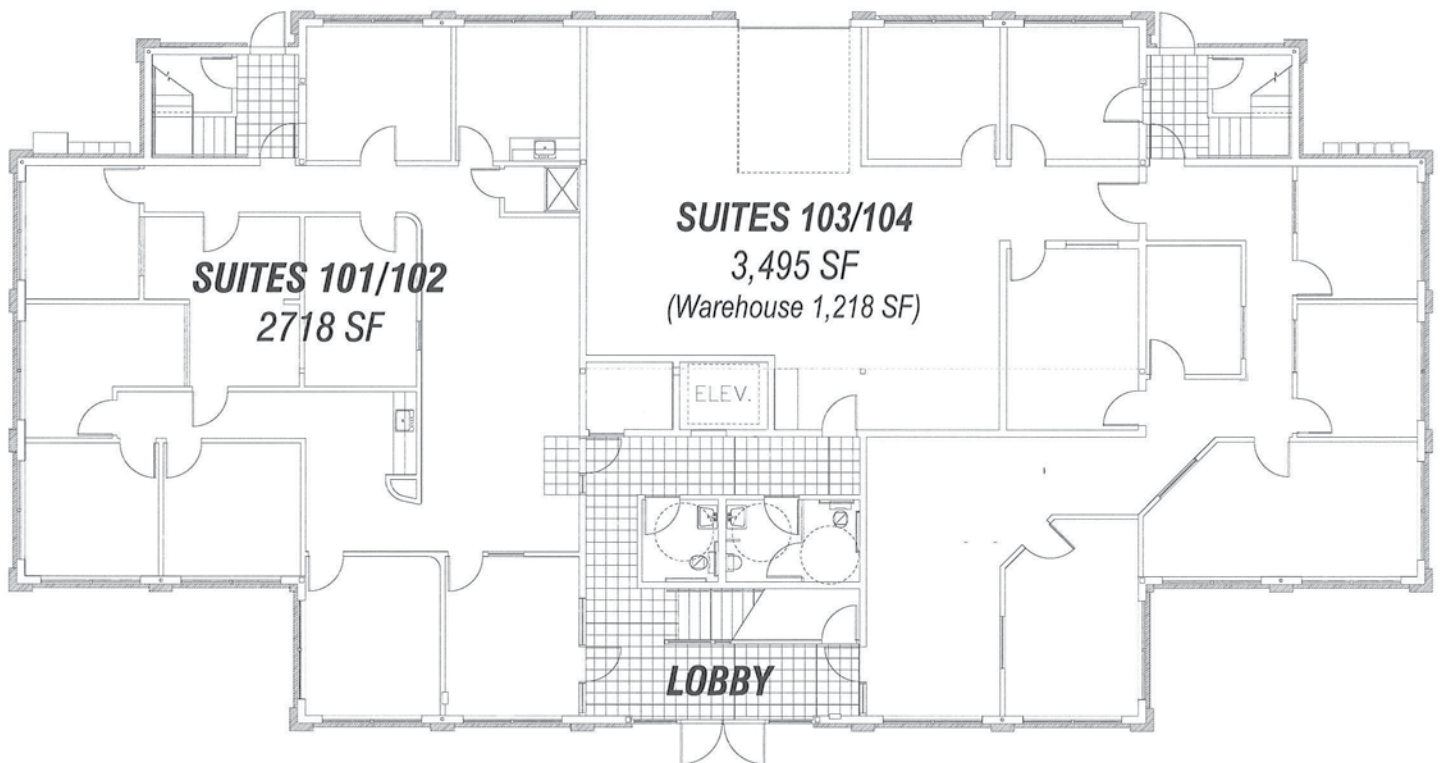




# Site Plan



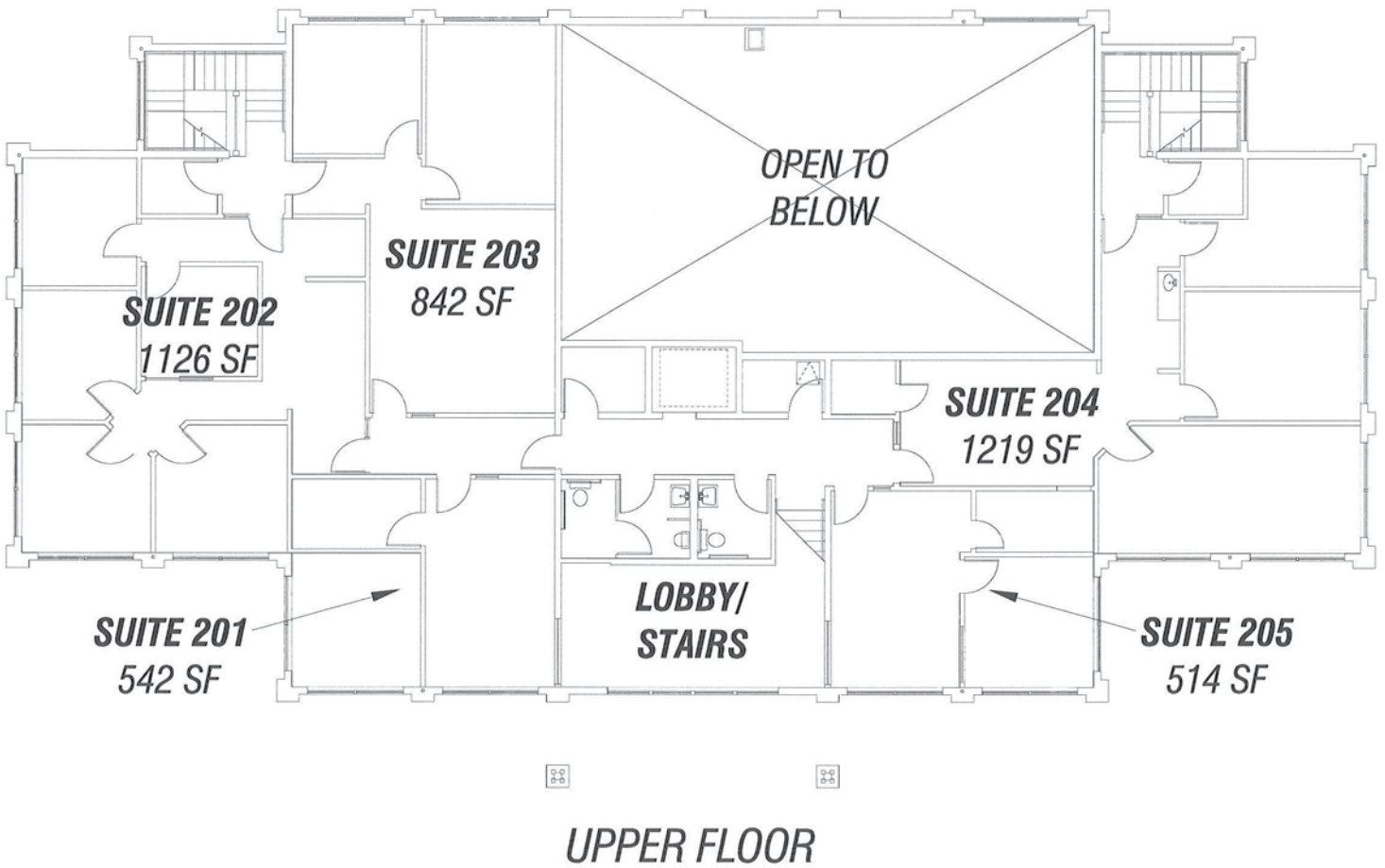
## First Floor Plan




**MAIN FLOOR**



## Second Floor Plan



Millside Building  
Pro Forma

| MILLSIDE BUILDING<br>231 SW SCALEHOUSE LOOP<br>BEND, OR |     |                    |   |
|---|-----|--------------------|---|
|   |     |                    |  |
| VALUATION ANALYSIS                                      |     |                    |   |
|   |     | <u>2015</u>        | <u>/SF</u>  |
| <b>SCHEDULED BASE RENTAL REVENUE</b>                    | (1) | \$145,008          | \$13.02   |
| NNN REIMBURSEMENT                                       | (2) | \$18,901           | \$1.70  |
| UTILITY REIMBURSEMENT                                   | (4) | \$1,680            | \$0.15  |
| <b>TOTAL POTENTIAL GROSS REVENUE</b>                    |     | <b>\$165,589</b>   | <b>\$14.87</b>  |
| Less: Vacancy   | (3) | (\$8,279)          | 5%  |
| <b>EFFECTIVE GROSS REVENUE</b>                          |     | <b>\$157,310</b>   | <b>\$14.13</b>  |
| <b>OPERATING EXPENSES</b>                               |     |                    |   |
| UTILITIES   | (4) | \$11,800           | \$1.06  |
| OLD MILL DISTRICT                                       | (4) | \$4,300            | \$0.39  |
| ELEVATOR  | (4) | \$2,270            | \$0.20  |
| INSURANCE   | (4) | \$1,400            | \$0.13  |
| JANITORIAL  | (4) | \$4,600            | \$0.41  |
| LANDSCAPING   | (4) | \$4,000            | \$0.36  |
| MANAGEMENT  | (3) | \$6,292            | 4%  |
| REAL ESTATE TAXES                                       | (4) | \$21,000           | \$1.89  |
| REPAIRS & MAINTENANCE                                   | (4) | \$4,300            | \$0.39  |
| SECURITY  | (4) | \$3,400            | \$0.31  |
| RESERVES  | (3) | \$3,146            | 2%  |
| <b>TOTAL OPERATING EXPENSES</b>                         |     | <b>\$66,509</b>    | <b>\$5.97</b>   |
| <b>NET OPERATING INCOME</b>                             |     | <b>\$90,801</b>    | <b>\$8.16</b>   |
| <b>ECONOMIC VALUATION</b>                               |     |                    |   |
| Square Feet:  |     | 11,134             |   |
| Purchase Price:   |     | <b>\$1,850,000</b> | <b>\$166.16</b>   |

**FOOTNOTES**

- (1) Per Rent Roll Dated 5/1/15
- (2) Existing NNN reimbursement
- (3) Standard Underwriting Deduction
- (4) Per 2015 Operating Budget



## 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.

