

FOR SALE | Cascades Building – Class A Office | 233 SW Wilson Avenue, Bend | \$7,000,000

EMINENT DOMAIN AND YOUR COMMERCIAL PROPERTY

Central Oregon is one of the country's most desirable places for relocating. The demand for real estate, the significant increase of in-migration and the constraints of city barriers have created challenges in redirecting roadways. These challenges have prompted government entities to use Eminent Domain practices to reroute streets.

DEVELOPMENT & GROWTH

Residential inventory is extremely low which, consequently, places home prices at an all-time high. Commercial real estate is seeing similar trends in supply and demand.

Oregon's commercial and residential development regulations are unique in that all development must be within the "artificial ring" boundary around each city. The Deschutes River, Highway 97 and the BNSF Railroad in Bend act as barriers causing significant limitations on the development of roadways. Similar limitations affect streets in other parts of the region as well.

Central Oregon municipalities are experiencing several situations where they need help with building badly needed roads. The Oregon Department of Transportation (ODOT) negotiates with property owners over land-use needs for these roads. This negotiation could be as small as needing a few feet of land to widen streets or needing several acres of land and demolishing existing buildings to reroute streets.

Notably, ODOT intends to reroute Hwy 97 in the north end of Bend. This new route will start at Empire Boulevard, turn east to parallel the railroad tracks and reconnect just north of Cooley Road. Land-acquisition circumstances like this one may mean the end of your business if you can't relocate.

THIS IS WHERE EMINENT DOMAIN COMES INTO PLAY

Eminent Domain becomes the legal pathway for governmental agencies to acquire the land they need to build these necessary roads. This process of taking can be complicated. But, you do have rights as a property owner.

The acquiring agency often has its own in-house appraisers, as is the case with ODOT. They will produce an appraisal and submit an offer to you. The taking entity may have several buckets of funds, and it is critical to understand how you can benefit from each one.

Remember, this is a negotiation. Because you would receive an offer for your land and buildings, you need to hire the right professionals to represent you.

HIRING THE RIGHT PROFESSIONALS

Depending on how complicated your property is, it may take five or six professionals to get you the appropriate valuation for your property. This team may consist of an experienced Eminent Domain attorney, an Eminent Domain appraiser, a building contractor, a CPA, a 1031/1033 tax deferral accommodator and a commercial real estate broker.

Without professional guidance, you could miss out on potential tax write-offs or make an uninformed decision. If you find yourself in this situation, contact one of our experienced commercial real estate brokers to help guide you.

*Written by partner and broker
Pat Kesgard, CCIM*

CENTRAL OREGON

Commercial Real Estate Market Report



BEND OFFICE

6.66%
VACANCY

29,554 SF
ABSORPTION

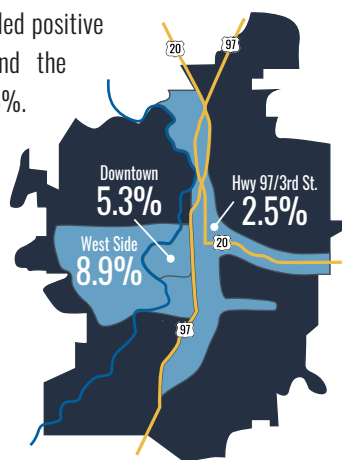
Compass Commercial surveyed 218 office buildings totaling over 2.72 million square feet for the first quarter office report of 2021. 29,554 SF was leased during the quarter and the vacancy rate dropped from 7.41% in Q4 '20 to 6.66% in Q1 '21. There is now 180,950 SF available for lease down from 202,417 SF in Q4.

All three submarkets recorded positive absorption in the period, a hopeful sign of improving conditions.

DOWNTOWN: This submarket leased 1,537 SF, lowering the vacancy rate from 5.70% in Q4 to 5.28% in the first quarter. Three buildings recorded a decrease in occupancy and three increased occupancy in the quarter. There is currently 24,936 SF of available office space in the downtown area compared to 27,954 SF in Q4.

HWY 97/3RD ST: 11,332 SF was leased in this submarket with eight buildings adding occupancy and three losing occupancy. The vacancy rate fell from 4.16% to 2.53% as a result.

WEST SIDE: This submarket recorded positive net absorption of 16,685 SF and the vacancy rate fell from 9.37% to 8.86%. Fourteen buildings reported positive net absorption and four reported available square footage. Currently there is 138,895 SF of leasable space on the west side, down from 146,012 SF in Q4.



OFFICE VACANCY RATES (Change since last quarter)
■ Increased ■ Decreased ■ No Change

BEND OFFICE NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	1ST QTR. ABSORP. SF	TOTAL 2020 ABSORP. SF
Downtown	48	472,061	5.28%	1,537	1,537
Hwy 97/3rd St.	54	677,717	2.53%	11,332	11,332
West Side	116	1,558,454	8.86%	16,685	16,685
TOTAL	218	2,718,232	6.66%	29,554	29,554



BEND RETAIL

5.98%
VACANCY

-943 SF
ABSORPTION

Compass Commercial surveyed 259 retail buildings totaling over 4.51 million square feet for the first quarter of 2021. The citywide vacancy rate rose slightly for the fifth quarter in a row from 5.81% at the end of Q4 '20 to 5.98% at the end of Q1 '21. An increase of 943 SF of vacancy was recorded. Two of the seven retail submarkets recorded a decrease in occupancy, three showed an increase and two remained the same during the quarter. 269,346 SF of retail space is now available citywide, up from 261,827 SF in Q4.

SOUTH 97: 2,875 SF of leasable space became available in Q1. Two buildings lost occupancy and two gained in Q1, and the submarket finished at 9.74% vacancy, up from 9.27% in the previous quarter. The largest vacancy of 11,480 SF took place when Xcel Fitness closed its doors at Reed Lane Plaza.

CENTRAL 97: This submarket also saw 6,503 SF become available with two new vacancies and two new leases signed in Q4. As a result, the vacancy rate moved from 4.37% in Q4 to 5.35% in Q1.

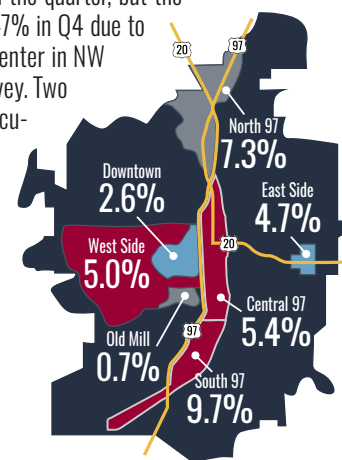
NORTH 97: This submarket was unchanged in the quarter and remains at 7.26% vacancy with 87,120 SF available.

EAST SIDE: This submarket leased 1,140 SF of space in Q1, lowering the vacancy rate from 4.91% in Q4 to 4.71% in Q1. One building gained occupancy and one lost occupancy. There is now 27,238 SF available.

WEST SIDE: 3,820 SF was leased in the quarter, but the vacancy rate rose to 4.93% from 4.47% in Q4 due to the addition of the new Grove retail center in NW Crossing, adding 6,576 SF to the survey. Two buildings showed an increase in occupancy with 26,877 SF available, up from 24,121 SF in Q4.

OLD MILL DISTRICT: This submarket remained unchanged in Q1 with 1,940 SF available and a 0.73% vacancy rate.

DOWNTOWN: 3,475 SF was leased in the quarter. 11,161 SF is available, down from 14,636 SF in Q4. Two buildings recorded positive absorption and two were negative. The vacancy rate is now 2.57%, down from 3.37%.



RETAIL VACANCY RATES (Change since last quarter)
■ Increased ■ Decreased ■ No Change

BEND RETAIL NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	1ST QTR. ABSORP. SF	TOTAL 2020 ABSORP. SF
South 97	21	814,421	9.74%	(2,875)	(2,875)
Central 97	42	667,792	5.35%	(6,503)	(6,503)
North 97	28	1,200,712	7.26%	0	0
East Side	28	578,336	4.71%	1,140	1,140
West Side	55	545,635	4.93%	3,820	3,820
Old Mill District	19	265,502	0.73%	0	0
Downtown	66	434,383	2.57%	3,475	3,475
TOTAL	259	4,506,781	5.98%	(943)	(943)



BEND INDUSTRIAL



2.27%
VACANCY



40,415 SF
ABSORPTION

Compass Commercial surveyed 319 buildings for the first quarter of 2021 industrial report totaling 4.60 million square feet. The industrial market leased 40,415 SF of industrial space in Q1 and the vacancy rate fell from 2.35% in Q4 '20 to 2.27% in Q1 '21. There is now just 104,035 SF of industrial space available for lease in Bend, compared to 108,105 SF in Q4. This represents under an eight months' supply at current leasing absorption rates.

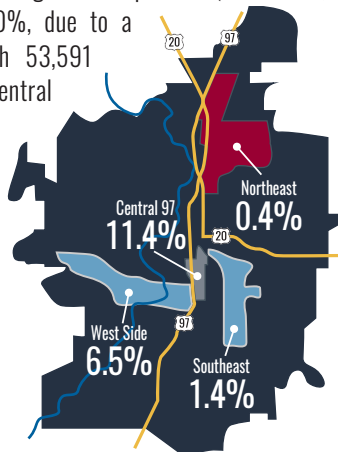
Two submarkets recorded positive net absorption in Q1 '21, one gained available space and one remained the same.

SOUTHEAST: This submarket recorded 35,601 SF of positive net absorption and the vacancy rate is now just 1.37%, down from 3.49% in Q4. Nine buildings added occupancy and two added a vacancy in the quarter in the 143-building submarket. There is now 23,167 SF available for lease, compared with 58,768 SF in Q4.

NORTHEAST: 2,118 SF of available space was recorded with just one building losing occupancy at the Deschutes Business Center. The vacancy rate now stands at 0.36%, up from 0.26% in Q4 with just 7,618 SF available in the 2.1 million SF submarket.

CENTRAL: This submarket saw no change in absorption in Q1. However, the vacancy rate is now at 11.40%, due to a correction from Q4's survey with 53,591 SF available in the 38-building central submarket.

WEST SIDE: This submarket leased 6,932 SF at The Quad at Skyline Ridge in Q1. This resulted in a 6.49% vacancy rate, down from 9.73% in the fourth quarter of 2020. There is now 19,659 SF of leasable space in the 303,106 SF submarket.



BND IND. VACANCY RATES (Change since last quarter)
■ Increased ■ Decreased ■ No Change

BEND INDUSTRIAL NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	1ST QTR. ABSORP. SF	TOTAL 2020 ABSORP. SF
Southeast	143	1,685,983	1.37%	35,601	35,601
Northeast	126	2,133,516	0.36%	(2,118)	(2,118)
Central	38	469,915	11.40%	0	0
West Side	12	303,106	6.49%	6,932	6,932
TOTAL	319	4,592,520	2.27%	40,415	40,415



RDM INDUSTRIAL

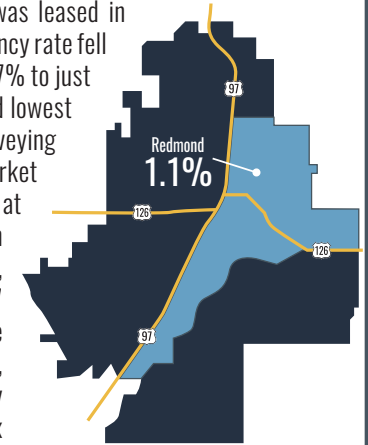


1.14%
VACANCY



52,075 SF
ABSORPTION

REDMOND: Of the 88 buildings surveyed, an impressive 52,075 square feet was leased in the first quarter of 2021. The vacancy rate fell precipitously as a result from 4.27% to just 1.14%. This represents the second lowest vacancy rate since we began surveying the Redmond industrial market in 1995. The lowest rate was at 0.63% in Q3 2000 with less than 400,000 SF on the entire market, compared with today's 1,663,927 SF of total leasable space. There is now only 19,000 SF available, representing a one-month supply at current lease-up levels. Six buildings gained occupancy and one lost occupancy in Q1.



RDM IND. VACANCY RATES (Change since last quarter)
■ Increased ■ Decreased ■ No Change

REDMOND INDUSTRIAL NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	1ST QTR. ABSORP. SF	TOTAL 2020 ABSORP. SF
Redmond	88	1,663,927	1.14%	52,075	52,075



FOR LEASE

Old Mill District Office Spaces
 450 & 520 SW Powerhouse Dr., Bend
 1,552-8,016 SF | \$2.00/SF/Mo. NNN



NEW LISTING ALERT

FOR SALE: REDMOND OFFICE BLDG.
Owner-User or Investment Opportunity
7,541 SF | \$1,250,000

Want to know when new listings
like this hit the market?

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250 NW 6th Street, Redmond



NOTABLE TRANSACTIONS

Compass Commercial Real Estate Services negotiated the following notable transactions in the first quarter of 2021. For more details about our monthly transactions, please visit CompassCommercial.com/Transactions.



95
TRANSACTIONS



24
SALES



58
LEASES



\$33.9M
CONSIDERATION

	TYPE	PROPERTY	BLDG/LOT SIZE	PRICE	COMPASS COMMERCIAL REPRESENTED
SALE TRANSACTIONS	Industrial	62980 Boyd Acres Rd., Bend	51,900 SF 3.55 AC	\$5,000,000	SELLER: Jay Lyons & Grant Schultz BUYER: Russell Huntamer
	Industrial	63040 Lower Meadow Dr., Bend	14,000 SF 1.00 AC	\$2,550,000	SELLER: Graham Dent
	Industrial	63120 Nels Anderson Rd., Bend	12,580 SF 1.15 AC	\$2,000,000	SELLER: Pat Kesgard & Kristie Schmitt BUYER: Terry O'Neil & Adam Bledsoe
	Multifamily	210 SE 5th St., Prineville	13,472 SF 13 Units	\$1,565,000	SELLER: Peter May & Dan Kemp
	Office	205 & 211 NW Franklin Ave., NW Harriman Ave., Bend	2,245 SF 0.37 AC	\$1,116,898	SELLER: Ron Ross & Terry O'Neil
	TYPE	PROPERTY	SF LEASED	LESSEE	COMPASS COMMERCIAL REPRESENTED
LEASE TRANSACTIONS	Industrial	63085 NE 18th St., Bend	21,800 SF	Entre Prises, USA, Inc.	LANDLORD & TENANT: Peter May & Robert Raimondi
	Retail	Westside Yard 210 SW Century Dr., Bend	2,000 SF	Triple Joint, LLC	LANDLORD: Peter May & Russell Huntamer TENANT: Russell Huntamer
	Industrial	2479 NE 4th St., Bend	6,669 SF	Crescent Electric Supply Co.	TENANT: Joel Thomas
	Retail	2570 NE Twin Knolls Dr., Bend	3,515 SF	Tacos El Machin	TENANT: Peter May & Russell Huntamer
	Retail	1230 NE 3rd St., Bend	3,100 SF	Oregonized Chaos, LLC	LANDLORD & TENANT: Jay Lyons & Grant Schultz



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COMMERCIAL **REAL ESTATE SERVICES**

600 SW Columbia St., Ste. 6100 | Bend, OR 97702
541.383.2444 | www.CompassCommercial.com