

**IN THIS ISSUE**

**Q3 Market Summary**

- 2 Bend Office Market
- 3 Bend Retail Market
- 4 Bend & Redmond Industrial Markets

**Compass News**

- 5 Please join us in welcoming new members to our team
- 6 Top Producers  
 Top Three Essential Tips on Property Management
- 7 Top 10 Deals  
 Nonprofit Spotlight: Meet Anabelle Wilson
- 8 Bend City Council News

**Cover Story Continued**



- 8 West Side Story: New Developments Generate a West Side Resurgence

**West Side Story:  
 New Developments Generate a West Side Resurgence**

There's no question that Bend seems to be experiencing a return to its trajectory leading up to the real estate heyday of the mid-2000s. With the boom and subsequent recession in its rearview mirror, Bend has seen a recovery in the region's housing market led by prices still below peak values and low interest rates, but both of which have continued to rise over the last year. ***The activity has created a resurging commercial real estate economy with multiple developments on the horizon, and the majority of them are taking place on Bend's west side.***

***Banking on a Four-Year University***

You may recall, in Q2 of 2012, Compass Commercial pledged support to **OSU-Cascades'** four-year university initiative. In just a short year's time, the proposed campus is already making headway. OSU-Cascades recently announced its proposed purchase of two sites for development to accommodate the expansion. The 56 acres of undeveloped land includes 10.44 acres at 1500 SW Chandler Avenue that will serve as home to a 146,000 sq. ft. "living and learning" center aimed at providing a mix of student housing, academic and student gathering spaces. The 46-acre balance of the campus site is situated on an evacuated pumice mine, presenting a few development hurdles. The site is partially zoned for residential use. Closing on the 46-acre property is anticipated for March of 2014, which allows for the university and seller to assess and work on a plan for remediation.

It should be noted that the **City of Bend's Juniper Ridge** property north of downtown was also considered as a potential expansion site, but the additional investment Juniper Ridge would require to create needed infrastructure led to OSU's selection of the west side site on Chandler Avenue, with its proximity to appealing retail amenities in the **Old Mill District, downtown** and **along Century Drive**. The proposed site is just a half-mile from **OSU's Graduate & Research Center** and 2.8 miles from **Central Oregon Community College**.



Hampton Inn hotel under construction on SW Columbia Street

With OSU-Cascades' campus developments firmly vested in the west side of Bend, Compass Commercial is seeing renewed interest in undeveloped land surrounding the site.

"My clients that own land on the west side are looking at the long term opportunities," said **Pat Kesgard, CCIM**. "There is such a limited amount of undeveloped land in the area that we feel a three to five-year horizon will prove to be very beneficial to those land owners."

Land in the vicinity of The Old Mill District is also experiencing a wave of activity with a new Hilton brand **Hampton Inn** hotel under construction on SW Columbia Street, new ownership of the **Old Mill Marketplace** between Industrial Way and Arizona Avenue, and increasing developer interest in property surrounding the aforementioned sites.

"We have seen a significant increase in interest from existing retailers either wanting to stay in their properties or wanting to increase square footage," said Kesgard. "Additionally, retailers that do not have a presence on the west side are now realizing that their opportunities to locate there are limited. In any event, we will see increasing rates for retail as we move closer to OSU building its campus."

Existing retail along Century Drive stands to benefit from the increase in traffic brought on by OSU's new campus, but how will it affect Bend's office market?

## Bend Office Market



Compass Commercial surveyed 205 buildings for the third quarter 2013 office survey. The buildings in the sample totaled 2,480,767 square feet. The citywide office vacancy rate started at 19.3% at the end of Q2 2013, and dropped significantly, to 17.8% at the end of Q3, **representing the fifth consecutive quarterly drop in a row, and the lowest rate in five years, since the fourth quarter of 2008!** The survey results showed that 441,429 sq. ft. of space

is now available for lease, compared to 480,400 sq. ft. at the end of Q2.

This quarter, 31,927 sq. ft. of positive net absorption took place, compared to 41,119 sq. ft. of positive absorption in the previous quarter. This continues to be a good sign for the office market, and should be encouraging news for landlords who have struggled to fill their office buildings since the vacancy rates rose sharply at the end of 2007.

### Downtown submarket

Compass surveyed 49 downtown office buildings totaling 490,121 sq. ft. for this

### NET ABSORPTION BY SUBMARKET — 3RD QUARTER 2013

MARKET AREA	NO. OF BLDGS.	TOTAL SQ. FT.	VAC % 3RD QTR.	3RD QTR. ABSORPTION	ABSORPTION YTD	TOTAL 2012
Downtown	49	490,121	16.4%	6,227	99	10,433
Hwy 97/3rd St.	56	673,207	20.0%	4,419	11,517	15,567
West side	100	1,317,439	17.2%	21,281	66,420	(14,646)
<b>BEND TOTAL</b>	<b>205</b>	<b>2,480,767</b>	<b>17.8%</b>	<b>31,927</b>	<b>78,036</b>	<b>11,354</b>

Office buildings over 3,000 square feet

### SELECT OFFICE LISTINGS

**SALE/LEASE: Medical Office Building**  
15,278 SF near St. Charles Medical Center in Bend  
\$3.5 M / \$1.55/SF/MO. NNN | BRUCE KEMP / PETER MAY

**LEASE: Office Space in Vision Plaza**  
1,500 – 6,000 SF, west side location in Bend  
\$1.35/SF/MO. NNN | DARREN POWDERLY / ERICH SCHULTZ

## Bend Retail Market



Compass Commercial surveyed 255 retail buildings totaling 4,454,248 square feet for the 2013 third quarter retail survey. **The citywide vacancy fell slightly to 7.7% in the third quarter, compared to 7.8% in Q2 extending the streak of 15 out of 17 quarters of vacancy declines.**

The market gained 3,102 sq. ft. of leased space in the second quarter, following a dynamic second quarter of 26,387 sq. ft. of positive absorption.

**Four of the seven retail market areas surveyed experienced positive absorption over the quarter — one lost ground, and two remained unchanged.** The south Highway 97, east side, west side and the Old Mill District each recorded less than 3,000 sq. ft. of positive absorption; downtown Bend lost 4,665 square feet and the central and north 97 submarkets remained flat.

### NET ABSORPTION BY SUBMARKET — 3RD QUARTER 2013

MARKET AREA	NO. OF BLDGS.	TOTAL SQ. FT.	VAC % 3RD QTR.	3RD QTR. ABSORPTION	ABSORPTION YTD	TOTAL 2012
South 97	19	810,744	15.1%	2,902	9,381	9,863
Central 97	43	683,117	2.6%	0	16,107	7,527
North 97	28	1,154,726	7.0%	0	(29,592)	(7,045)
East side	29	589,840	9.0%	2,443	(1,184)	16,309
West side	54	560,394	6.5%	1,242	5,950	7,096
Old Mill District	17	232,490	6.9%	1,180	(8,172)	12
Downtown	65	424,617	3.8%	(4,665)	16,183	(12,566)
<b>BEND TOTAL</b>	<b>255</b>	<b>4,455,928</b>	<b>7.7%</b>	<b>3,102</b>	<b>8,673</b>	<b>21,196</b>

### Bend Office Market

Continued from page 2

where 6,463 and 5,105 sq. ft. of leasing took place, respectively. The biggest loss took place in the **Cascades Building** in the **Old Mill District**, where 3,097 sq. ft. was vacated in the quarter.

In the office sale category, the former Combined Communications Radio Facility on Butler Market Road was sold to **Full Access**, a local nonprofit organization, for \$545,000. That represents an approximate \$91 per sq. ft. price for the 6,000 sq. ft. building.

Citywide, twelve retail leases were signed and five buildings lost tenants out of the 255 buildings surveyed. Year-to-date, there has been 8,673 sq. ft. of positive absorption, ahead of Q3 2012's 2,917 sq. ft. number, but well off track from 2012's total of 21,196 square feet absorbed.

In the third quarter, the central Highway 97 corridor showed the best occupancy with just a 2.6% vacancy, followed by downtown with 3.8%, the west side with 6.5%, the Old Mill District with 6.9%, north 97 with 7.0%, east side with 9.0% and rounding out the retail submarkets, the south 97 corridor with a 15.1% vacancy rate.

Significant retail leases signed in the quarter were **Vitamin Cottage (Natural Grocers)** at the **Bend River Promenade**, **Tooliani's Restaurant** in the former Pisano's Pizza location in **Northwest Crossing**, and **Bhuvana**, featuring yoga, clothing and accessories in the **Firehall Building** on Minnesota Avenue downtown.

### SELECT RETAIL LISTINGS



**LEASE: Bank/Office/Retail/Food Service**  
2,713 SF building w/drive-thru window in Bend  
\$1.50/SF/MO. NNN | RON ROSS / TERRY O'NEIL



**LEASE: Bend River Promenade**  
1,359 – 62,236 SF near convention center & hotels  
\$12 – \$27/SF/NNN | STEVE TOOMEY / RUSSELL HUNTAMER



**LEASE: Restaurant/Office in Sisters**  
Restaurant: 4,616 SF / Office: 2,856 SF  
\$0.90 & \$0.50/SF/MO. NNN | HOWARD FRIEDMAN



**LEASE: Brookwood Meadow Plaza, Bend**  
1,254 – 3,486 SF in neighborhood shopping center  
\$1.25/SF/MO. NNN | JOHN KEBE / RUSSELL HUNTAMER



Compass Commercial Real Estate Services is a full-service commercial real estate firm with expertise in all aspects of the business. *Compass Points* is published to inform our clients, partners and colleagues of trends, activity and opportunities in the Central Oregon commercial real estate and business markets.

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Analysis and editorial by the management, staff and associates of Compass Commercial Real Estate Services.

- PARTNERS:**  
Howard Friedman, CCIM, Principal Broker  
John Keba, CPM®, ARM®, VP Property Management  
Bruce Kemp, CCIM, Principal Broker  
Darren Powderly, CCIM, President  
Erich Schultz, SIOR, Principal Broker  
Stephen Toomey, CCIM, Principal Broker  
Gardner Williams, SIOR, Principal Broker  
Lupita Wesseler, Operations Manager

- BROKERS:**  
Graham Dent, Broker  
Russell Huntamer, Broker  
Dan Kemp, Broker  
Pat Kesgard, CCIM, Principal Broker  
Peter May, CCIM, Business Broker  
Jay Lyons, CCIM, Broker  
Terry O'Neil, Broker  
Robert Raimondi, Broker  
Ron Ross, CCIM, Principal Broker  
Joel Thomas, Associate Broker

- ASSET/PROPERTY MANAGEMENT:**  
Herb Arathoon, CPM®, Regional Property Mgr.  
Debbi Bracken, Operations Coordinator  
Tara Duncan, CCIM, Regional Property Mgr.  
Susan Gibbons, Staff Accountant  
John Keba, CPM®, ARM®, VP Property Management  
Krista Polvi, CPM®, Regional Property Manager  
Josh Rutter, Regional Property Manager

- DEVELOPMENT SERVICES:**  
Steve Hendley, Managing Partner  
Dave Kruger, Project Manager  
**BROKER SERVICES:**  
Ellisse Dickey, Creative Assistant  
Sandi Mickel, Administrative Assistant  
Lisa Nielsen, Creative Director  
Jennifer Ortado, Marketing Manager



www.compasscommercial.com  
info@compasscommercial.com

## Bend Industrial Market



Occasionally, an event happens in the marketplace that skews the survey results and it happened this past quarter. **The former Fuqua Homes manufacturing facility on Murray Road, off of Boyd Acres Road, went dark during the recession and was previously only listed for sale through the Texas bank that owns it. However, this past quarter the 125,000 sq. ft. facility was also listed for lease, so in keeping with our guidelines for collecting data, it was added to the survey. The result was that the overall citywide vacancy rate rose to 10.97% from the previous quarter of 8.17%. Had the property not been added, the vacancy rate would have dropped to 8.14%.**

Compass Commercial surveyed 299 buildings for the third quarter 2013 industrial survey. The buildings in the

sample totaled 4,193,244 sq. ft. **The citywide industrial vacancy rate rose, although positive absorption was recorded — a result of three new industrial buildings being added to the survey, all with significant vacancies.** There was previously 4,053,474 sq. ft. on the survey, so 139,770 sq. ft. was added to the market. This was due to the three owner/user buildings being converted to buildings for lease. Approximately 460,157 sq. ft. of space is now available for lease, up from 331,079 sq. ft. at the end of Q2 2013.

**The positive absorption for the third quarter was the result of another 14,567 sq. ft. of net leasing.** Since the high of 20.0% in Q3 2010, we have now had 10 quarters of positive absorption and two quarters of negative.

In the third period of 2013 three submarkets gained ground, while the west side industrial area recorded the only slight negative absorption.

### NET ABSORPTION BY SUBMARKET — 3RD QUARTER 2013

MARKET AREA	NO. OF BLDGS.	TOTAL SQ. FT.	VAC % 3RD QTR.	3RD QTR. ABSORPTION	ABSORPTION YTD	TOTAL 2012
Southeast	135	1,657,321	8.8%	3,848	11,612	134,526
Northeast	120	2,016,382	14.8%	7,968	35,302	99,935
Central	35	341,397	2.2%	0	22,115	44,234
West side	9	178,144	4.2%	(1,124)	(284)	(218)
<b>BEND TOTAL</b>	<b>299</b>	<b>4,193,244</b>	<b>10.97%</b>	<b>10,692</b>	<b>68,745</b>	<b>278,477</b>

Industrial buildings over 3,000 square feet

**The southeast submarket recorded 3,848 sq. ft. of positive net absorption in the second quarter.** The vacancy rose from 8.5% to 8.8% as a result of an addition of a 10,038 sq. ft. vacant building on Carmen Loop that was added to the survey. Three buildings reported positive absorption and four reported negative absorption out of 135 buildings surveyed in that submarket. The greatest gainers were both on SE 9th Street, where the **Hatch Warehouse** leased up its final 11,550 sq. ft., and the back building at **Mountain View Heating** was occupied, taking another 9,600 sq. ft. off the market. The largest vacancy reported in the area was a building at **545A SE Bridgeford**, which reported a loss of 12,990 sq. ft.

**The northeast submarket was once again the largest gainer, recording a positive net absorption of 7,968 sq. ft. in the third quarter, but this is the area where the Fuqua building is, so the resulting vacancy rate ended up to be 14.8%, up from 9.4% in Q2.** There was very little activity in the area, with just three reported net gains and two losses in the northeast sector for the 120 industrial buildings surveyed.

**There was no activity in the stable central submarket and the vacancy remains at just 2.2%, in an area with 341,397 sq. ft. of total inventory. Only one building of 7,362 sq. ft. has any vacancy in this submarket, out**

Continued on page 8

## Redmond Industrial Market



The third quarter 2013 Redmond Industrial survey included 75 buildings totaling

1,439,540 square feet. **The vacancy rate fell for the fourth straight quarter and now stands at 21.4%, compared to 22.5% in 21 and 27.9% in the third quarter of 2012.**

### NET ABSORPTION — 3RD QUARTER 2013

MARKET AREA	NO. OF BLDGS.	TOTAL SQ. FT.	VAC % 3RD QTR.	3RD QTR. ABSORPTION	ABSORPTION YTD	TOTAL 2012
Redmond	75	1,439,540	21.4%	16,134	47,526	36,489

Industrial buildings over 3,000 square feet

Positive net absorption of 16,134 sq. ft. was recorded. Eight buildings reported positive net absorption while six showed negative net absorption for the period. Currently, 307,714 sq. ft. of space is available for lease in the Redmond submarket.

No industrial land or building sales were noted in Redmond in the third quarter.

## Please join us in welcoming the following new members to our team



Debbi Bracken, Operations Coordinator

### Debbi Bracken

Debbi joins the asset/property management division as Operations Coordinator. Debbi has 20+ years of experience working in numerous administrative and executive support positions in the banking and legal industries. Most recently, Debbi served as financial analyst and administrative assistant to multiple lending officers at Columbia Bank. She has also worked as an assistant to the CEO and CFO at High Desert Bank in Bend. Debbi can be reached at [dbracken@compasscommercial.com](mailto:dbracken@compasscommercial.com).



Graham Dent, Broker

### Graham Dent

In brokerage, Graham Dent has joined the company as a broker bringing more than 12 years of asset management, commercial real estate acquisition and disposition experience to the team. Most recently, he served as senior director of asset management with CBRE Global Investors out of Bellevue, Washington where he was responsible for the performance of a \$1.1 billion real estate portfolio on behalf of a large institutional client; and the management of 2.7 million square feet of office, industrial and retail assets. He can be reached at [gdent@compasscommercial.com](mailto:gdent@compasscommercial.com).



Ellisse Dickey, Creative Assistant

### Ellisse Dickey

Ellisse joins Compass Commercial's marketing team as an assistant graphic designer. Ellisse is a 2011 OSU graduate with a bachelor's degree in graphic design and a minor in business. She has been a freelance designer for more than six years and has created logos for numerous



Susan Gibbons, Staff Accountant

### Susan Gibbons

Susan Gibbons joined the asset/property management division as staff accountant with more than 12 years of experience in accounting managing accounts payable and receivable, cost accounting, journal entries and financial reporting. Prior to joining Compass Commercial, Susan served as a contract analyst and accounting assistant with the California Institute for Mental Health. She has also held numerous levels of accounting positions with American Building Supply in Sacramento. Susan can be reached at [sgibbons@compasscommercial.com](mailto:sgibbons@compasscommercial.com).



Josh Rutter, Principal Broker, Regional Property Manager

### Joshua Rutter

Josh joined Compass Commercial's asset/property management division as regional property manager. Rutter's commercial real estate experience includes more than fifteen years managing assets throughout the Pacific Northwest and Southern California. Most recently, he was a commercial property manager with NAI Norris, Beggs & Simpson in Portland, Oregon where he managed property ownerships consisting of Class A retail, office and flex-office/industrial properties on behalf of clients in the Portland, Vancouver and Bend markets. Locally, Rutter has been involved in the management of 360 Bond Street and leading the re-development of Cascade Village Shopping Center. Josh can be reached at [jrutter@compasscommercial.com](mailto:jrutter@compasscommercial.com).

### SELECT INDUSTRIAL LISTINGS



**SALE: High Visibility Industrial Building**  
26,325 SF total on 1.97 ac., just off HWY 97 in Bend, CG zoning allows for a wide range of uses  
**\$1,999,000 | BRUCE KEMP / PETER MAY**



**SALE: Two Industrial Buildings in Bend**  
13,800 SF total, each building has a single tenant  
**\$883,000**  
**HOWARD FRIEDMAN / ERICH SCHULTZ / JAY LYONS**



**LEASE: Centrally Located in Bend**  
12,990 SF w/2,000 SF office, easy access to Wilson Ave.  
**\$0.45/SF/MO. NNN | HERB ARATHOON / GRAHAM DENT**



**LEASE: High Quality Industrial Space in Bend**  
10,382 SF total, in American Lane Industrial Park  
**\$0.40 - \$0.50/SF/MO. NNN | RON ROSS / TERRY O'NEIL**

Congratulations to Compass Commercial's Top Producers of Q3 2013:



**July**  
**Erich Schultz, SIOR**  
 PARTNER,  
 PRINCIPAL BROKER



**August**  
**Gardner Williams, SIOR**  
 PARTNER,  
 PRINCIPAL BROKER



**September**  
**Ron Ross, CCIM**  
 PRINCIPAL BROKER

Top Three Essential Tips on Property Management

Article originally appeared in the July 2013 issue of Western Real Estate Business

By John R. Keba, CPM® ARM®

In my experience managing a diverse portfolio of properties — everything from a small retail kiosk tenant to millions of square feet of high rise office properties, I've encountered a common theme critical to successful property management: be proactive and not reactive in the aggressive management of each and every property. As Property Managers get busy, sometimes it may be easy to lose sight of the clients' goals and objectives but inadvertently the performance of the asset will suffer.

These tips are the foundation of the successful management of a property. Focusing on the following property specific factors will not only lead to your clients' success, but your company's success as well.

1. Know Your Environment

A Property Manager, whether specializing in commercial, multifamily, single family homes or even facility management should be an expert in the current market conditions of the property they are managing. Take commercial retail properties for example, you should not only know the basics for your property — market rents, vacancy rate, average sales per square foot, but also current local, regional and national market trends. Are overall gross sales in the retail environment strong or weak? What are the trends in new retail concepts? Are retailers of different types growing or contracting? Other external factors such as same store sales, effects on e-commerce

and technology, healthcare reform, new or pending legislation — like that just passed by the Senate (Marketplace Fairness Act), are important to know. This information will assist you in being a market leader.



2. Know Your Property

It is 2:00 in the morning and your security patrol representative calls your cell phone to report a serious problem. Do you know all of the "ins and outs" of your property? Do you have ALL of the information at your fingertips to solve the problem efficiently or at least initiate the process? For example, we at Compass Commercial have established password protected links that are driven right to our smart phone, tablets and desktop PC's that outline essential information on each property in our portfolio. This is all supported by a shared database of contacts. As a regional firm with over 70 properties,

125 individual buildings and more than 450 tenants under management, it is impossible for us to remember every detail. But it all starts with knowing the property in detail. From the first day of taking a property over, start gathering information and properly document it — utility shutoff locations, alarm codes, vendor/tenant lists (including 24 hour per day numbers). You must know every inch of your property and inspect it on a recurring basis. Know the budget, client goals and objectives and most certainly have a detailed management plan.

3. Know Your Tenant

Start with understanding key components of your tenant leases. Know not only the decision makers in the firm, but as many people by name as possible. Develop a long-standing relationship with each tenant even before the lease is signed. Ensure you know how their business is doing and meet with them often to reinforce the tenant/landlord/manager partnership. Many times in commercial property management we are business analysts and coaches for our tenants.

If you master these top three essential factors, you will be well on your way to becoming the "go to" firm in the marketplace. In the process, do not lose sight of your company's core values and ensure you are meeting the goals and objectives of your client.

Top 10 Deals of Q3 2013

Compass Commercial closed 72 deals in the third quarter of 2013 for a total consideration of \$26.9 million. Below are the some of the significant transactions for July through September. This is a sampling of our deals. We hold some transactions in confidence per the wishes of our clients.

- 1) **3188 N Highway 97, Bend, Retail Lease**  
 Lessor: RPP Bend I, LLC  
 Lessee: Vitamin Cottage represented by Russell Huntamer, Broker and Stephen Toomey, CCIM  
 Seller: Peter May, CCIM  
 Buyer: Bend Cable Properties, Inc. represented by Erich Schultz, SIOR and Darren Powderly, CCIM
- 2) **2717 NE Highway 20, Bend, Land Lease**  
 Lessor: Hawkins Companies, LLC  
 Lessee: Wilco Farm Stores, represented by Ron Ross, CCIM
- 3) **SW Corner of 3rd Street and Franklin Avenue, Bend, Commercial Land Sale \$2,815,000**  
 Seller: Floyd Lewis Real Estate, LLC, represented by Gardner Williams, SIOR  
 Buyer: Seven Hills Properties, LLC
- 4) **63020 Sherman Road, Bend, Industrial Building Sale \$1,991,975**  
 Seller: IS Properties, LLC represented by Gardner Williams, SIOR and
- 5) **345 SE 3rd Street, Bend, Office Building Sale \$1,868,160**  
 Seller: NLD Title, LLC  
 Buyer: John Pavlicek represented by Bruce Kemp, CCIM
- 6) **19275 Innes Market Road, Bend, Ranch Property Sale \$1,075,000**  
 Seller: William D. Jackson  
 Buyer: Crystal Peaks Youth Ranch Co. represented by Ron Ross, CCIM and Erich Schultz, SIOR
- 7) **100 West 2nd Street, The Dalles, Office Building Sale \$1,026,000**  
 Seller: NLD Title, LLC  
 Buyer: North County Land, LLC represented by Stephen Toomey, CCIM and Peter May, CCIM
- 8) **20365 Empire Avenue, Bend, Retail Building Sale \$775,000**  
 Seller: Home Federal Bank represented by Darren Powderly, CCIM, Jay Lyons, CCIM and Erich Schultz, CCIM  
 Buyer: Andy Abrishami represented by Russell Huntamer, Broker.
- 9) **775 SW Bonnett Way, Bend, Office Lease**  
 Lessor: Deschutes Properties, LLC represented by Peter May, CCIM and Darren Powderly, CCIM  
 Lessee: Elevation Capital Strategies, Inc.
- 10) **SE 9th and Wilson Avenue, Bend, Industrial Land Sale \$660,000**  
 Seller: K&J Enterprises represented by Ron Ross, CCIM  
 Buyer: Willis R. Brown Trust and Helen R. Wilcox Trust, represented by Erich Schultz, SIOR

Nonprofit Spotlight: Meet Anabelle Wilson

Anabelle is an incredible 3 year old who was diagnosed earlier this year with Metachromatic Leukodystrophy (MLD).



Born in December 2010, Anabelle was on a path of normal developmental milestones — sitting, standing, walking, and talking all before other kids her age. Then slowly, her family started to notice that she went from being ahead of her peers, to falling far behind. When Anabelle was 18 months old she suddenly couldn't take more than a few steps without falling over, her legs were not supporting her properly, and she was no longer speaking as well as her peers. "I was really concerned, so we went to see a physical therapist," remembers Alex, Anabelle's mom. "The PT said that she displayed signs of a child with Cerebral Palsy. The doctors and therapists assured us that she was on the very mild side of CP and should go on to lead a normal life, but very mild turned into moderate and then tuned into severe and CP is not supposed to get worse," Alex points out. In March 2013, Anabelle had an MRI and results came back to show that she had a rare



Anabelle and her parents, Alex and Ronn Wilson

genetic brain disease called Metachromatic Leukodystrophy (MLD). MLD causes the white matter in the brain to disintegrate. Children with MLD are often born normal and then slowly start to lose all of their learned functions.

"Now at the end of the summer, our beautiful, over-achieving, intelligent daughter can no longer walk, talk, stand, sit or eat and has a life span of about 5 – 10 years."

MLD is one of the most devastating diseases a child can get, and currently there is no cure.

Compass Commercial has joined with Morning Star School as a corporate sponsor of Anabelle and her family through Sparrow Clubs. In addition to financial support, Compass Commercial participated in Anabelle's Angel Glow 5K as a team in October to raise awareness about MLD and to help support the Wilson family. Additionally, the company has opted to generate electronic holiday cards this year, contributing the expense of the mailing to support Anabelle, and share her story with clients. Please join Compass Commercial in helping to raise awareness and funds to support the Wilson's and on-going MLD research. Visit [http://www.sparrowclubs.org/sparrows/anabelle\\_wilson](http://www.sparrowclubs.org/sparrows/anabelle_wilson) for more information on how you can help.



## Bend Targets April 2016 for UGB Approval

Summary provided by Jeff Eager, Attorney with Balyeat & Eager, LLP

**The Bend City Council recently approved a new plan to send a revised Urban Growth Boundary (UGB) expansion package to the State of Oregon by April 2016.** The UGB, a key feature of Oregon’s restrictive land use laws, outlines the geographic limits of growth in a city.

Bend has been working on its UGB expansion plan since 2006. The State of Oregon rejected it in 2010, ordering Bend to rework parts of the plan. Earlier this year, the City of Bend sought and received a deadline extension on that work until 2017.

Many in Bend’s business community were caught off-guard when the City sought the extension to 2017. In the September 18 Council meeting, Eric Strobel, chair of the Bend Economic Development Advisory Board, emphasized the importance of “getting the

UGB done,” so that companies have the “land infrastructure” they need to move to Bend or to expand. Councilor Doug Knight said he was concerned about the “economic hindrance” that would accompany a protracted UGB process.

Also during that meeting, Councilors supported creating three Technical Advisory Committees (TACs) to address residential land needs, employment land needs, and the location of the UGB. The Council itself will direct the remand work and receive input from the TACs.

The City’s plan ensures that the UGB expansion process will take at least a decade. And at least one more crop of City Councilors — those elected in November 2014 — will have the ability to shape the size, content, and location of the new UGB. Given the renewed attention of the business community and Council, the UGB looks to be a major issue in city government and politics for years to come. 🍌

## Bend Industrial Market

Continued from page 4

*of 35 buildings surveyed in the central area.*

**One lease was signed and one tenant vacated in the west side submarket, resulting in a net loss of 1,124 sq. ft. of negative absorption, which raised the vacancy rate to 4.2%, up from 3.6% in Q2,** in a submarket with nine industrial buildings and 178,144 total sq. ft. There are just two available spaces of 7,498 sq. ft. total in the west side submarket.

There were several industrial sales traded in the third quarter. **The Old Mill Marketplace** was purchased by **Old Mill Retail, LLC** out of Vancouver Washington, for \$6.35 million, from **Onboard Capital Trust**. The 87,000 square foot building on 4.8 acres sold for about \$74.00 per square foot. Previously the building was purchased for \$18.35 million in 2007, at the height of the market, then it sold for \$6.1 million in 2012.

**Bend Cable Properties, Inc.** purchased the former U.S. Rentals Building at 63020 Sherman Road, Bend, for \$1,991,975. The 10,500 sq. ft. building situated on 3.98 acres will be used to expand **Bend Broadband’s** business.

**Two industrial land sales were noted in the quarter, and a third is under contract.** In August, a 3.32 acre parcel at SE 9th and Wilson sold for \$660,000, or \$4.56 per sq. ft. In that same month, 1.21 acres of land on Empire Blvd. sold for \$3.75 per sq. ft., a total of \$195,000. Of note, the four industrial land sales that we have surveyed in 2013 have averaged \$4.61 per sq. ft., whereas in 2012, the six industrial land sales averaged \$3.51, including a \$6.25 purchase from a high profile owner/user in the Empire Corporate area. Removing that sale, the other five averaged just \$2.96 per sq. ft. **So we are definitely seeing land prices on the rebound.** 🍌

## West Side Story

Continued from page 1

“Looking at office rates and vacancy, and the plans for OSU-Cascades to build part of the campus by 2015, the office market will undoubtedly continue to tighten,” suggests **Howard Friedman, partner** with Compass Commercial and editor of *Compass Points*. “Companies and services that cater to students could locate near the campus, leading to space being absorbed on the west side, and offsetting the vacancy. Office rents are at 60% of what they were at the peak and this will definitely change.”

## A Recreational Hub for Bend

As Bend’s economy continues to recover, once stalled projects that were plotted for during the boom have taken on new life. **Bend Park & Recreation District’s** plans for a bond funded recreation pavilion at SW Columbia Street and SW Simpson Avenue promises potential community and OSU-Cascades student recreation use with its proposed event, recreation and ice pavilion. Design and planning for the site master plan and pavilion facility is underway and consultants are currently working on the cost impacts of expanding the building footprint to shelter a range of non-ice related recreation facilities, including full size tennis courts. It is expected that BPRD will have initial estimates of costs in mid-October and could be presented to the Board in November, according to BPRD’s website.

The west side developments, including Bend Parks & Recreation and the Old Mill District’s trails and activity along the Deschutes River, will also see benefits from bond funded improvements granted to the **Colorado Dam Safe passage project**. The design and construction of a new pedestrian bridge over the Deschutes River and in-stream channel improvements to reduce hazards and increase recreational opportunities surrounding the Colorado Avenue are currently in progress.

The increase in activity is giving a sense of urgency to developers and investors, and one might posit that Bend is heading for another bubble. **“I don’t see it as a bubble, but more of a growth spurt that has been powered by OSU. The university is going to be an economic engine for Bend, and we are riding the wave of increased activity, looking for the best opportunities for our clients to capitalize on this evolving market,”** said Friedman. 🍌