

McKenzie Ridge  
10 Fully Entitled Vacation Rental Lots & Plans  
11 Lots | 0.56 AC | \$525,000

Offering  
Memorandum



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## The Offering

### Sale of McKenzie Ridge Include:

- 11 Fee Simple Lots  
(10 Vacation Rental/1 Common Area Lot)
- Plans for 10 2-Story Vacation Rentals  
(each totals 1,080 SF)

**Total Price: \$525,000**

**Terms:** Cash at close of escrow.

# Property Overview

## Offering Details

<b>Project Type:</b>	Condominium-style vacation rental development
<b>Total Lots:</b>	11 Fee Simple Lots (10 Vacation Rental/1 Common Area Lot)
<b># of Units:</b>	10 2-Story Vacation Rentals (each totals 1,080 SF)
<b>Zoning:</b>	Downtown Commercial (fully approved/entitled for vacation/ lodging use)
<b>Topography:</b>	Flat, fully entitled and ready-to-build
<b>Lot Size:</b>	0.56 acre (24,309 square feet)
<b>Parking:</b>	18 planned spaces
<b>Location:</b>	McKenzie Ridge is ideally located just west of downtown Sisters. It is close to iconic Sisters businesses such as Sisters Bakery, Sisters Coffee Company and Sno-Cap Drive-In. Over five million cars pass through Sisters annually, and it is close major outdoor recreation activities including hiking, biking, skiing and fishing. Sisters is home to The Sisters Outdoor Quilt Show, The Sisters Rodeo, and The Sisters Folk Festival - all of which attract growing audiences of new visitors each year.

## Property Highlights

- Potential for phased development
- Highest density zoning in Sisters
- Six units have Cascade Mountain views
- Each unit has 160 SF of storage space
- Proforma 7.4% Cap Rate if held\*
- Proforma \$940,000 profit if each unit is sold individually\*

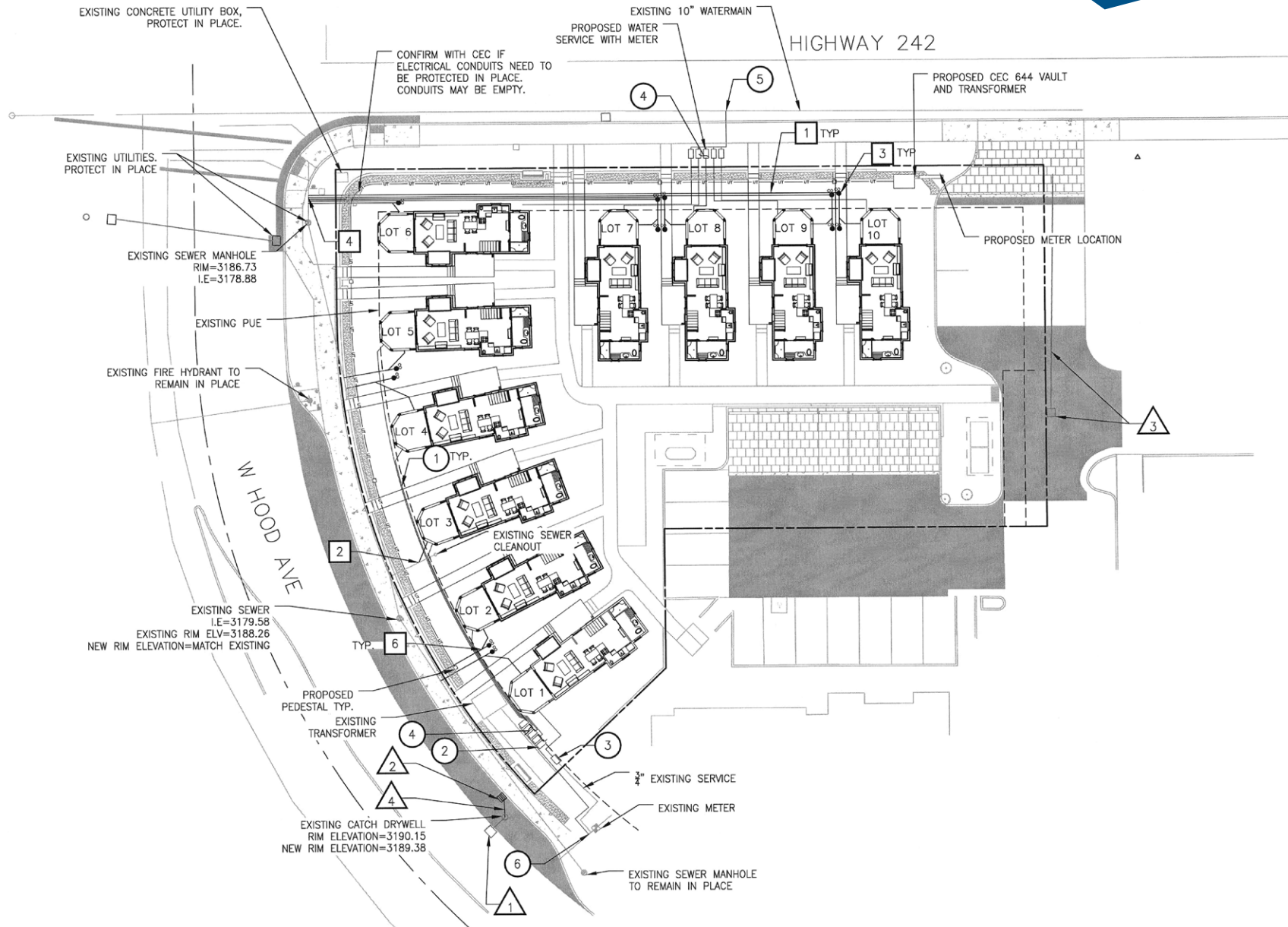
*\*Proforma financials performed by current owner.*



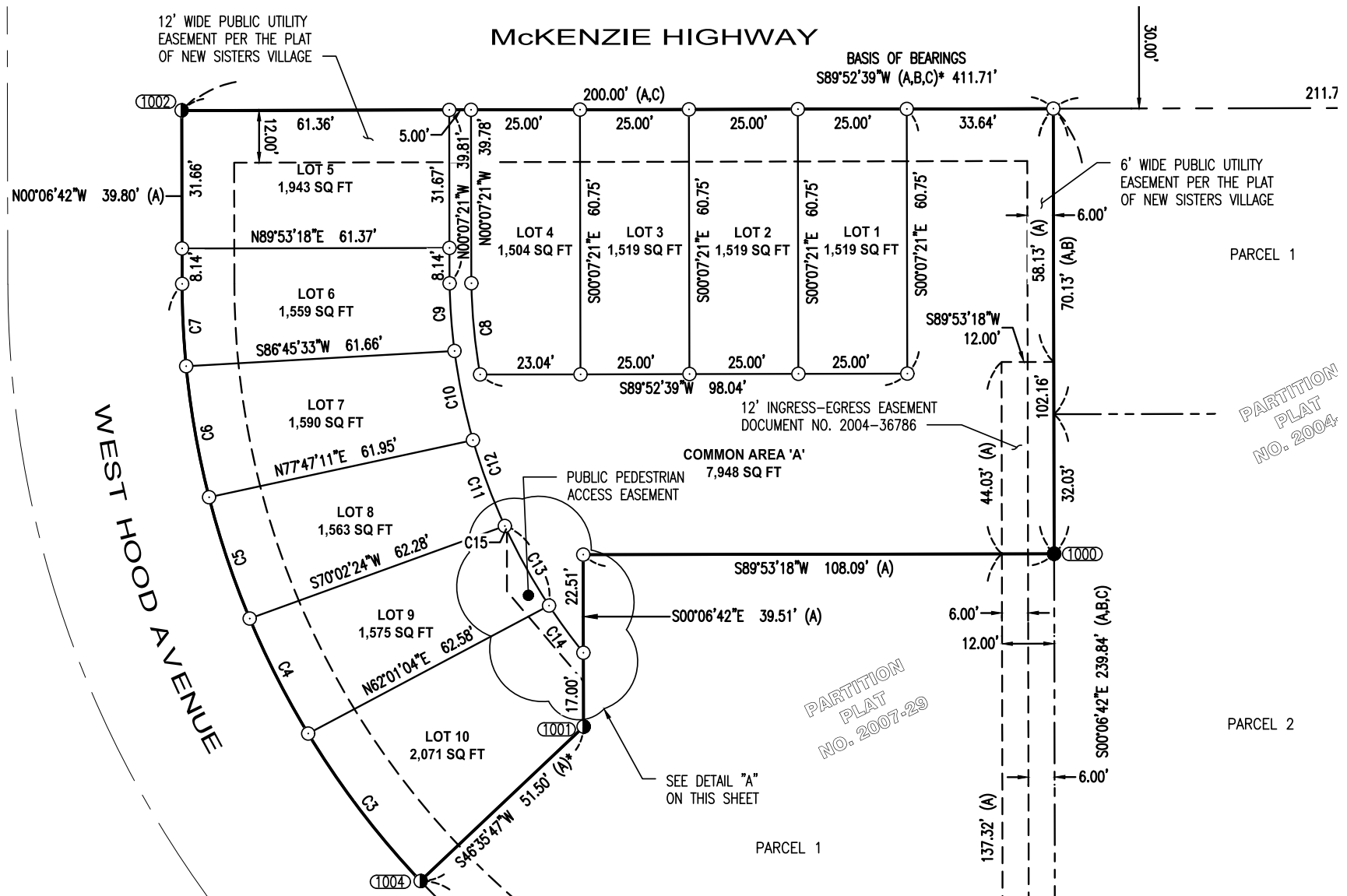


# Building Design & Plans

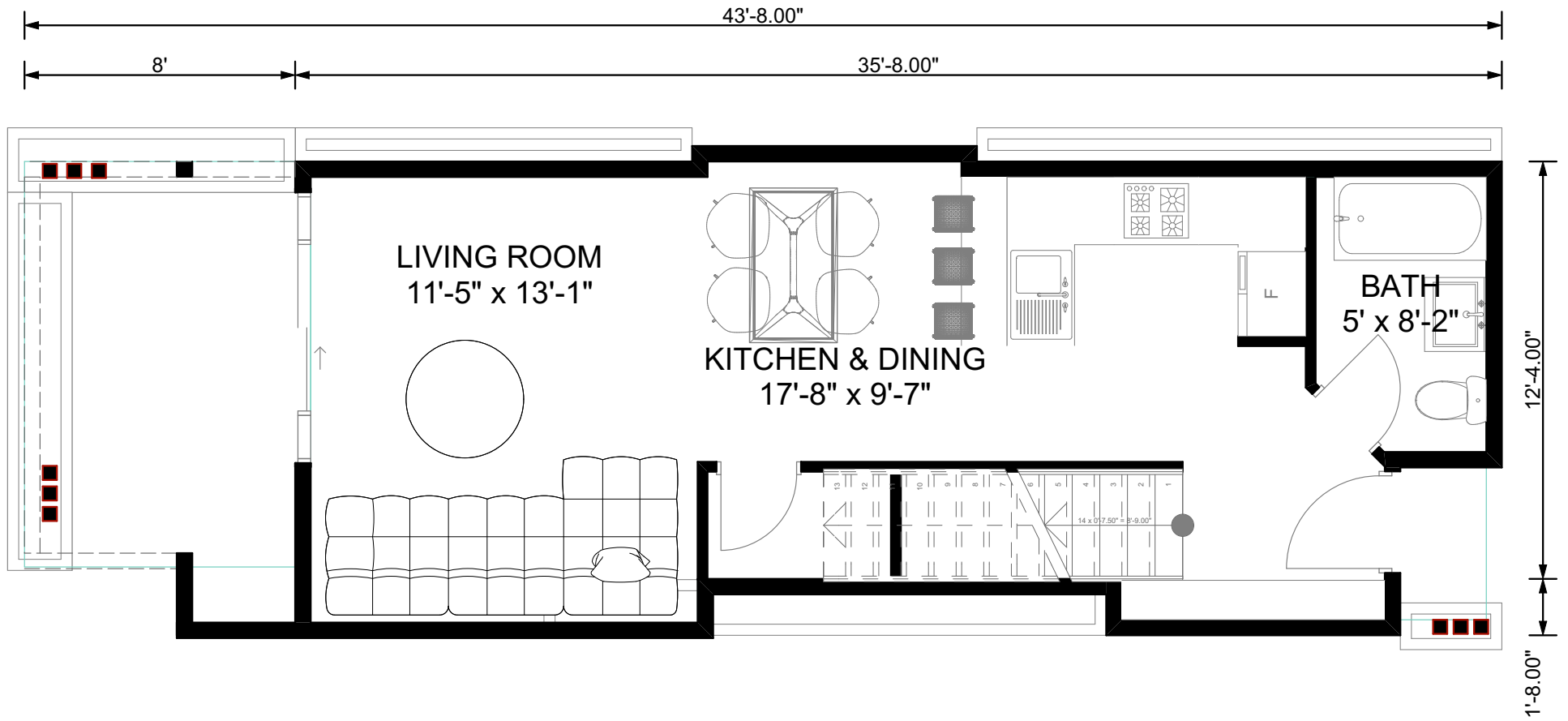
## Site Plan



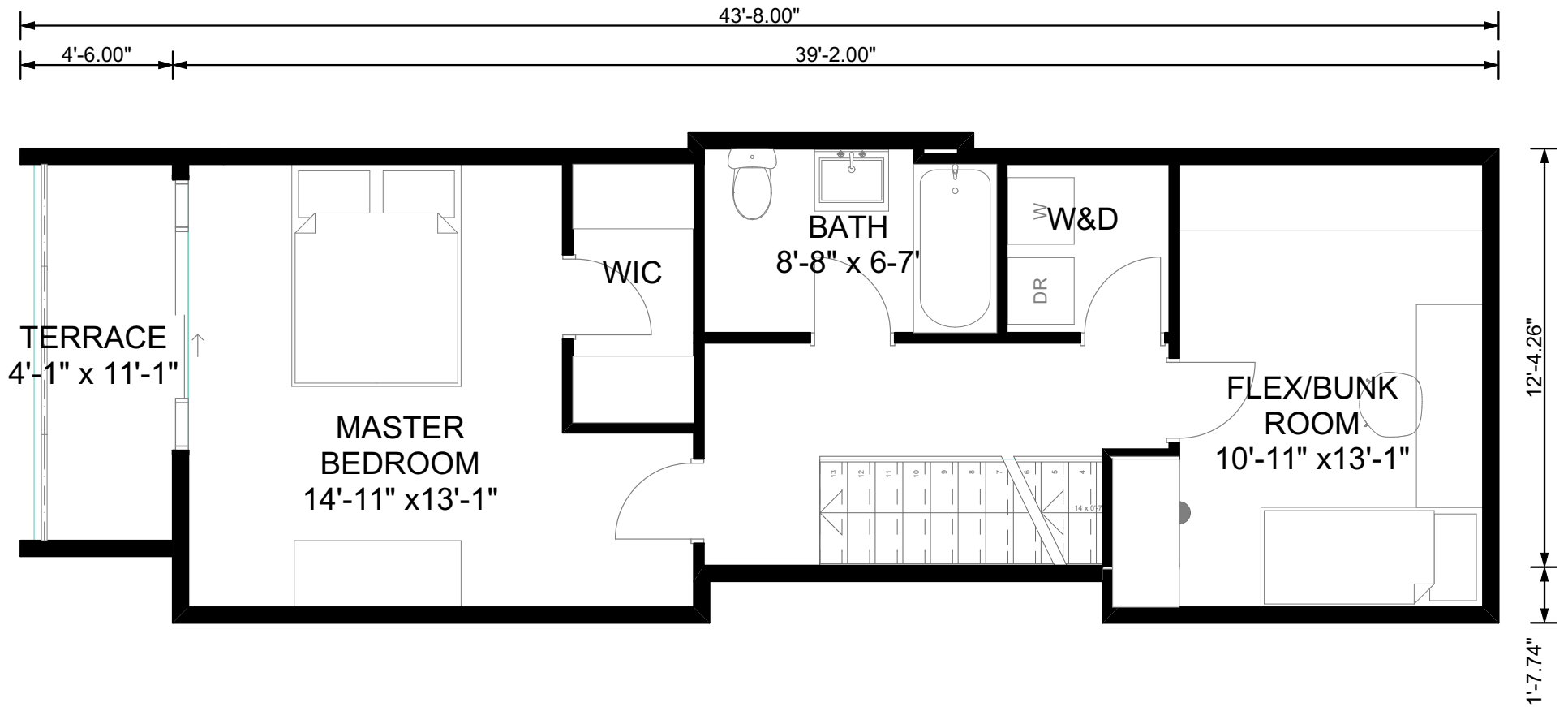
Plat Map



### First Floor Plan



Second Floor Plan





## Building Renderings



# Financial Overview

## Proforma/Budget Analysis

Construction Loan Amount:	\$2,516,516.48	
Land Purchase	\$525,000.00	
Cash In Equity (Land Purchase) :	\$0.00	65.88% LTV
Total Project Cost:	\$2,516,516.48	100.00% LTC

	Description	Cost Per Unit	Total
0	Land	\$ 52,500.00	\$ 525,000.00
1	Remaining Architectural	\$ 2,500.00	\$ 25,000.00
2	Remaining Engineering/Surveying	\$ 1,000.00	\$ 10,000.00
3	Building Permits & SDC's	\$ 11,319.68	\$ 113,196.80
4	Footings & Foundation	\$ 6,000.00	\$ 60,000.00
5	Rough Framing Materials:		
6	First Floor Framing	\$ 1,500.00	\$ 15,000.00
7	First Floor Walls	\$ 3,100.00	\$ 31,000.00
8	First Floor Porch	\$ 3,500.00	\$ 35,000.00
9	Second Floor Framing	\$ 1,000.00	\$ 10,000.00
10	Second Floor Walls	\$ 900.00	\$ 9,000.00
11	Second Floor Porch	\$ 2,200.00	\$ 22,000.00
12	Roof Sheathing & Trim	\$ 1,900.00	\$ 19,000.00
13	Siding	\$ 5,700.00	\$ 57,000.00
14	Trusses	\$ 1,700.00	\$ 17,000.00
15	Rough Carpentry Labor	\$ 9,500.00	\$ 95,000.00
16	Building Wrap	\$ 350.00	\$ 3,500.00
17	Siding Labor	\$ 3,500.00	\$ 35,000.00
18	Windows	\$ 9,500.00	\$ 95,000.00
19	Exterior Doors (Sliding & Perm)	\$ 6,000.00	\$ 60,000.00
20	Skylights	\$ 1,000.00	\$ 10,000.00
21	Roofing	\$ 1,800.00	\$ 18,000.00
22	Fireplace	\$ 3,000.00	\$ 30,000.00
23	Plumbing Rough	\$ 5,500.00	\$ 55,000.00
24	Electrical Rough	\$ 5,900.00	\$ 59,000.00
25	HVAC - Rough	\$ 4,000.00	\$ 40,000.00
26	Insulation	\$ 2,500.00	\$ 25,000.00
27	Caulking & Sealing	\$ 250.00	\$ 2,500.00
28	Interior Doors	\$ 1,600.00	\$ 16,000.00
29	Interior Paneling:		
30	Materials	\$ 3,000.00	\$ 30,000.00
31	Labor	\$ 5,000.00	\$ 50,000.00
32	Trim, Millwork & Hardware	\$ 1,000.00	\$ 10,000.00
33	Interior Trim Labor	\$ 2,000.00	\$ 20,000.00
34	Painting - Interior	\$ 2,000.00	\$ 20,000.00
35	Painting - Exterior	\$ 2,500.00	\$ 25,000.00
36	Cabinets	\$ 9,000.00	\$ 90,000.00
37	Countertops	\$ 800.00	\$ 8,000.00
38	Floor Covering/Hardwood	\$ 5,000.00	\$ 50,000.00

39	Stair Rails	\$ 1,500.00	\$ 15,000.00
40	Plumbing Finish	\$ 4,500.00	\$ 45,000.00
41	Electrical Finish	\$ 1,000.00	\$ 10,000.00
42	HVAC Finish	\$ 1,000.00	\$ 10,000.00
43	Wood Decks & Porches (Labor)	\$ 1,000.00	\$ 10,000.00
44	Gutters & Downspouts	\$ 750.00	\$ 7,500.00
45	Appliances	\$ 1,500.00	\$ 15,000.00
46	Connection Fee - Water	\$ 600.00	\$ 6,000.00
47	Propane Tank	\$ 100.00	\$ 1,000.00
48	Connection Fee - Electric	\$ 1,000.00	\$ 10,000.00
49	Site Work:		
50	Permits	\$ 750.00	\$ 7,500.00
51	Excavation	\$ 1,500.00	\$ 15,000.00
52	Backfill/Grading	\$ 2,000.00	\$ 20,000.00
53	Sewer Line	\$ 2,000.00	\$ 20,000.00
54	Water Line	\$ 3,500.00	\$ 35,000.00
55	Storage Sheds	\$ 1,000.00	\$ 10,000.00
56	Walkway Pavers	\$ 1,000.00	\$ 10,000.00
57	Garden Wall	\$ 1,500.00	\$ 15,000.00
59	Public Sidewalk	\$ 1,500.00	\$ 15,000.00
60	New City Curb & Parking	\$ 1,500.00	\$ 15,000.00
61	Parking Lot Reconstruction	\$ 2,000.00	\$ 20,000.00
62	Concrete Flatwork	\$ 1,000.00	\$ 10,000.00
63	Street Trees	\$ 500.00	\$ 5,000.00
65	On-Site Trees	\$ 500.00	\$ 5,000.00
66	Irrigation	\$ 500.00	\$ 5,000.00
67	Planting	\$ 350.00	\$ 3,500.00
69	Soils and Fertilizer	\$ 300.00	\$ 3,000.00
70	On-Site Supervision	\$ 15,000.00	\$ 150,000.00
71	Construction Unit Clean	\$ 500.00	\$ 5,000.00
72	Utility Bills	\$ 300.00	\$ 3,000.00
73	Fencing	\$ 300.00	\$ 3,000.00
74	Garbage	\$ 350.00	\$ 3,500.00
75	Misc. & Toilet	\$ 500.00	\$ 5,000.00
76	Contingency @ 10%	\$ 17,831.97	\$ 178,319.68
77	Insurance, Bonds, Legal & Acctg.	\$ 3,000.00	\$ 30,000.00
	<b>TOTAL CONSTRUCTION COST</b>	<b>\$ 251,651.65</b>	<b>\$ 2,516,516.48</b>
	GROSS SALES REVENUE	\$ 381,999.00	\$ 3,819,990.00
	COMMISSIONS AND CLOSING COSTS @ 6%:	\$ (22,919.94)	\$ (229,199.40)
	CONSTRUCTION LOAN INTEREST EXPENSE	\$ (13,463.36)	\$ (134,633.63)
	<b>PROJECTED NET PROFIT</b>	<b>\$ 93,964.05</b>	<b>\$ 939,640.49</b>
			<b>37.34%</b>

## Construction Cost Analysis

CONSTRUCTION FINANCING COST ANALYSIS			
Construction Loan Amount:			\$ 2,516,516.48
Loan to Value			65.88%
Loan to Cost			100.00%
Loan Points:	1.00%	\$	25,165.16
Fees (Legal, Orig., Other Loan Costs)	0.50%	\$	12,582.58
	<u>Allocation</u>	<u>Rate</u>	
Interest: (Assumes 12 Month Loan Cycle)	70%	5.50%	\$ 96,885.88
<b>TOTAL FINANCING COST:</b>		\$ 13,463.36	\$ 134,633.63

## Cap Rate Analysis

OWNER/BUYER CAP RATE ANALYSIS				
Average Sales Price				\$381,999.00
Average Daily Rate (ADR)				\$188.33
Occupancy Rate				56.67%
<b>Gross Income</b>			<b>Per Unit</b>	<b>\$37,566.22</b>
<b>FIXED COSTS:</b>				
Annual Property Taxes	<u>Tax Rate</u>	<u>Assesed Value</u>	<u>Monthly Taxes</u>	
	1.25%	\$267,399.30	\$278.54	\$3,342.49
<i>Note: Based on Assesed Value of 70% of Purchase Price!</i>				
Insurance	Monthly	\$125.00		\$1,500.00
<b>OPERATING COSTS:</b>				
Utilities (Water, Sewer, Elect)	Monthly	\$150.00		\$1,800.00
Management Fee		5.00%		\$1,878.31
HOA	Monthly	\$65.00		\$780.00
<b>NET OPERATING INCOME (NOI)</b>				<b>\$28,265.42</b>
<b>CAP RATE</b>				<b>7.40%</b>
<b>ANNUALIZED CASH FLOW</b>				<b>\$28,265.42</b>

Mortgage Calculation			
Purchase Price:			\$381,999.00
Down Payment	30%		\$114,599.70
Principal Loan Amount			\$267,399.30
Interest Rate (See Mort. Calc)			6.00%
	<u>Months</u>	<u>Years</u>	
Loan Term (See Mort. Calc)	360	30	
<b>Monthly Payment</b>			<b>\$1,435.46</b>



## Unit Sales Forecast

UNIT SALES FORECAST				
Lot #	Total Sq. Footage*	Floor Plan Option	List Price	\$/PSF
1	1,180	Option 1A	\$ 369,999.00	\$ 313.56
2	1,180	Option 1A	\$ 369,999.00	\$ 313.56
3	1,180	Option 1A	\$ 369,999.00	\$ 313.56
4	1,180	Option 1A	\$ 369,999.00	\$ 313.56
<b>Gross Sales</b>			<b>\$ 1,479,996.00</b>	<b>\$ 313.56</b>
5	1,180	Option 1B	\$ 389,999.00	\$ 330.51
6	1,180	Option 1B	\$ 389,999.00	\$ 330.51
7	1,180	Option 1B	\$ 389,999.00	\$ 330.51
8	1,180	Option 1B	\$ 389,999.00	\$ 330.51
9	1,180	Option 1B	\$ 389,999.00	\$ 330.51
10	1,180	Option 1B	\$ 389,999.00	\$ 330.51
<b>Gross Sales</b>			<b>\$ 2,339,994.00</b>	<b>\$ 330.51</b>
<b>Total Gross Sales</b>			<b>\$ 3,819,990.00</b>	
<b>Gross Per Unit Sales w/Option</b>			<b>\$ 381,999.00</b>	
<b>Average Per Sq. Ft. Sales Price</b>			<b>\$ 322.03</b>	

NOTE: 1A - Units Are Forestry Land Facing; 1B - Units Are Cascade Mtn. Range Facing

## Vacation Rental Analysis

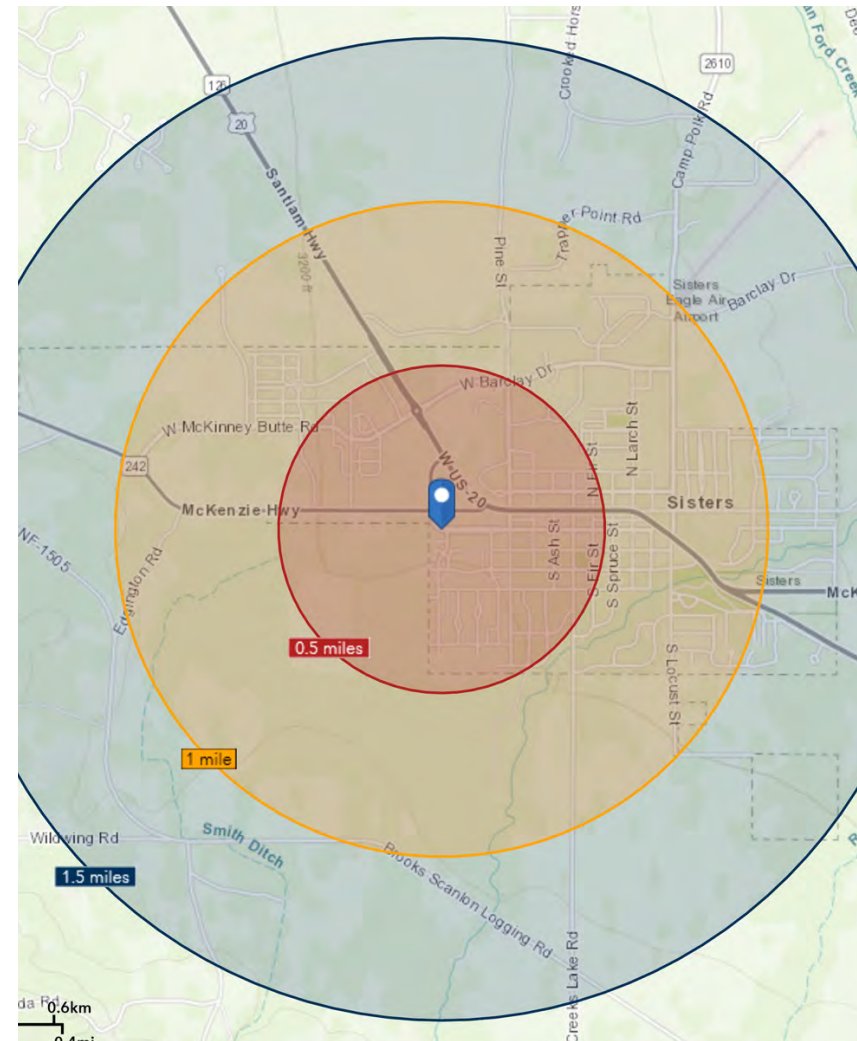
VACATION RENTAL STABILIZED ANALYSIS			
MONTH	(ADR) Average Daily Rate	(OCC) Occupancy	Monthly Income
January	\$125.00	30%	\$1,162.50
February	\$125.00	40%	\$1,550.00
March	\$135.00	40%	\$1,674.00
April	\$145.00	50%	\$2,247.50
May	\$185.00	50%	\$2,867.50
June	\$265.00	80%	\$6,572.00
July	\$295.00	90%	\$8,230.50
August	\$295.00	80%	\$7,316.00
September	\$195.00	65%	\$3,929.25
October	\$165.00	55%	\$2,813.25
November	\$165.00	55%	\$2,813.25
December	\$165.00	45%	\$2,301.75
<b>Average Stabilized Occupancy:</b>			<b>56.67%</b>
<b>Average Stabilized Daily Rate (ADR)</b>			<b>\$ 188.33</b>
<b>Gross Annual Income By Unit:</b>			<b>\$ 37,566.22</b>
<b>Gross Annual Income By Project (10 Units):</b>			<b>\$375,662.22</b>



# Location Overview

## Demographics

Radius:	0.5-mile	1-mile	1.5-mile
<b>POPULATION</b>			
<b>2000 POPULATION:</b>	321	987	1,258
<b>2010 POPULATION:</b>	592	1,701	2,148
<b>2018 POPULATION:</b>	687	1,909	2,495
<b>2018 DAYTIME POPULATION:</b>	1,308	2,980	3,462
<b>2023 POPULATION:</b>	762	2,121	2,771
<b>GROWTH 2000-2010:</b>	6.31%	5.59%	5.50%
<b>GROWTH 2010-2016:</b>	1.82%	1.41%	1.83%
<b>GROWTH 2018-2023:</b>	2.09%	2.13%	2.12%
<b>MEDIAN AGE:</b>	43.5	45.0	45.2
<b>HOUSING</b>			
<b>TOTAL HOUSING UNITS:</b>	415	1,073	1,346
<b>OWNER OCCUPIED UNITS:</b>	177	488	621
<b>RENTER OCCUPIED UNITS:</b>	137	325	405
<b>VACANT HOUSING UNITS:</b>	101	260	319
<b>MEDIAN HOME VALUE:</b>	\$297,115	\$382,759	\$397,436
<b>INCOME</b>			
<b>MED HH INCOME:</b>	\$57,502	\$58,607	\$58,764
<b>AVG HH INCOME:</b>	\$68,698	\$71,087	\$71,406
<b>EST PER CAPITA INCOME:</b>	\$29,090	\$29,815	\$29,922
<b>EDUCATION</b>			
<b>POP. AGE 18+:</b>	531	1,482	1,939
<b>BACHELOR'S DEGREE:</b>	95	268	348
<b>GRADUATE DEGREE:</b>	68	206	275
<b>LABOR FORCE:</b>	941	1,882	2,277
<b>TOTAL BUSINESSES:</b>	155	306	331









# Regional Overview

## Sisters, Oregon Profile

Sisters, Oregon is located on the east side of the Cascade Mountains in Central Oregon, 136 miles southeast of Portland. Sisters is just 20 miles west of both Bend and Redmond accessible via highways 20 and 126. More than 4.5 million cars pass through Sisters annually.

The town of Sisters takes its name from the iconic Three Sisters Mountains that dominate its western skyline. Each of the three volcanic peaks – North Sister, Middle Sister and South Sister (Faith, Hope and Charity are their respective Native American names) – exceed 10,000 feet.

Sisters is a modern, western community that honors its heritage known for its village setting and western themed downtown with unique shops, galleries and restaurants. Experience world-renowned events such as The Sisters Outdoor Quilt Show, The Sisters Rodeo and The Sisters Folk Festival - all of which attract growing audiences of new visitors each year.

The charming town of Sisters is just next door to great attractions such as Camp Sherman, Suttle Lake, Black Butte, Hoodoo Ski Area and the panoramic Pacific Crest Trail. On the edge of town, the Deschutes National Forest offers a 1.6 million-acre playground laced with miles and miles of trails, rivers, lakes, wilderness areas, scenic drives and

vistas, clean air and star filled nights. Choose from rustic cabins, simple campgrounds or rub shoulders with world class resorts, all within minutes of downtown Sisters, Oregon.

SOURCES: <http://www.edcoinfo.com/communities/sisters/>  
<http://www.sisterscountry.com/>



## Central Oregon Profile

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

Central Oregon has led the state's population growth over the last two decades; in fact, Deschutes County continues to be one of the fastest growing areas of the country. A lesser known fact is that our region has also topped the state in job growth over the past ten years, creating a region that's characterized by dynamic small businesses and entrepreneurial activity. The region boasts strong clusters in high technology (software, hardware and energy), advanced manufacturing, biosciences, renewable energy, brewing & distilling, value-added food products, and recreation equipment.

For most new residents, Central Oregon is a lifestyle choice, offering a friendly environment, year-round recreation options, and world class amenities – all with a hassle-free, small town feel. From a ranch in Prineville to an upscale urban condo in Bend, the region presents a rare diversity of places to live.

The region is served by Roberts Field, a 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 21 commercial flights daily to and from San Francisco, Portland, Seattle, Los Angeles, Salt Lake City, Phoenix and Denver.

Six major public school districts serve over 32,000 students; there are also 30 private schools in the region. The region is also home to Central Oregon Community College (COCC) and Oregon State University – Cascades, a four-year university.

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







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