

FOR SALE: \$8,250,000

**Three Sisters Inn & Suites
and Retail Building**

**Offering
Memorandum**



BEND HOTEL & RETAIL BUILDING LOCATED IN THE OPPORTUNITY ZONE



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Executive Summary

Offering Details

Name:	Three Sisters Inn & Suites plus leased commercial building	Facilities:	Three Sisters Inn & Suites is located in the heart of Bend on iconic 3rd Street between NE Greenwood and NE Franklin Avenues. The facility is 39,906 square feet and has 100 rooms, a lobby, an outdoor swimming pool and approximately 80 off-street parking stalls.
Websites:	www.bendthreesistersinn.com www.autoprobuys.com		
Address:	637 & 721 NE 3rd Street Bend, OR 97701		
Ownership Type:	LLC		
Year Established:	1985		
Years Under Current Ownership:	Family owned for 30 years		
Owner Participation:	Oversee management		
Reason for Sale:	Opportunity zone legislation		
Opportunity Zone:	Yes		
Zoning	CL – Commercial Limited		
Property Description:	The Subject Property consist of five tax lots totaling approximately 1.92 acre (83,635 square feet) consisting of a hotel and a leased commercial building. The Subject Property is developed consisting of five buildings (four buildings make up the hotel plus one commercial building) totaling approximately 44,944 square feet. The hotel is 39,906 square feet and the commercial building is 5,038 square feet.	2018 Annual Hotel Gross Sales:	\$1,021,710
		Commercial Bldg. Annual Rent:	\$79,349
		Confidentiality:	NDA Required
		Showing Instructions:	Broker must be present at all showings. Please do not approach the business, its employees or vendors without an appointment. All meetings and Seller communication to be arranged by listing brokers.
		Terms:	Cash
		Commercial Building:	\$1,445,593
		Hotel:	\$6,804,407
		Price Per Room:	\$68,044
		Total Price:	\$8,250,000
		Cap Rate:	4.73%

Property Overview



About Three Sisters Inn & Suites

Family owned for over 30 years, the Three Sisters Inn & Suites is located in the heart of scenic Bend, Oregon just minutes away from Central Oregon's most popular destinations. From historic Downtown Bend to Mt. Bachelor Ski Resort, discover all that Central Oregon has to offer. Built in 1985, the hotel has been locally owned and operated since its inception.

Three Sisters Inn & Suites offers a variety of rooms: two queen, king, king mini-suite, king executive mini-suite, and family suite. (Full room list with pictures can be found on the following three pages.)

Growth Opportunities

This property is located within the Federal Opportunity Zone as well as the Bend Central District. The benefits to a new owner consist of tax incentives for acquiring, holding, and redeveloping the property as well as the potential for Urban Renewal Tax Incentive Financing (the City of Bend is still discussing where they will place Urban Renewal Districts, but this location is a top candidate). Current city zoning allows for building heights of 55' with an added 10' for a mixed-use project. The unique layout of this property would allow for redevelopment of a portion of the property while still generating income from the portion not being redeveloped.



Hotel Details

Room Types

TWO QUEEN

(Sleeps 4)

This room comes with two queen size beds, a microwave, mini refrigerator, in-room coffee maker, telephone, and high-speed wireless internet.



KING

(Sleeps 2)

This room includes one king size bed, a microwave, mini refrigerator, in-room coffee maker, telephone, and high-speed wireless internet.



Room Types Continued

KING CONFERENCE MINI-SUITE

(Sleeps 4)

This mini-suite comes with one king size bed, a sofa bed, 6-chair conference table, a 32" LCD TV, microwave, mini refrigerator, in-room coffee maker, telephone and free high-speed wireless internet.



KING EXECUTIVE MINI-SUITE

(Sleeps 4)

This mini-suite comes with one king size bed, a sofa bed, a 32" LCD TV, microwave, mini refrigerator, in-room coffee maker, telephone and free high-speed wireless internet.



Room Types Continued

FAMILY SUITE

(Sleeps 8)

The two-bedroom family suite features one room with two queen size beds, one room with a single queen size bed, a sofa bed in the living area, two 32" LCD TVs, a kitchenette with sink, microwave, mini refrigerator, in-room coffee maker, telephone and free high-speed wireless internet.



Room Amenities & Information

CHECK-IN

Check-in is at 3:00 p.m. Check-out is 11:00 a.m. Early check-in or late check-out possible with prior notice.

PET POLICY

Some pet friendly rooms are available. Pets are only allowed in designated rooms. There is a \$20 pet fee per night per pet. Pets cannot be left unattended in the guest rooms at any time for any reason. Pets must be leashed and secured any time they are outside of guest rooms. Guests are responsible for clean up and all pet actions. Pets are not allowed in the hot tub/pool areas.

SMOKING POLICY

This is a 100% non-smoking establishment. Smoking inside of rooms or in the hot/tub pool area, meeting room, breakfast area and lobby is strictly prohibited.

HOTEL AMENITIES

Guests can enjoy free on-site parking along with complimentary coffee, tea, muffins and more. Guests can relax in the hotel's year-round spa and take a swim in the seasonal heated pool.



Financial Summary

Hotel Valuation

INCOME		
Revenue (based on 2018)		
POTENTIAL GROSS REVENUE		
- Vacancy (no vacancy, based on actuals)		
EFFECTIVE GROSS INCOME		

EXPENSES		
Personelle		
Facilities & Equipment		
Professional Services		
Office Expenses		
Other Operating Expenses		

**FULL DETAILS AVAILABLE
WITH A SIGNED NDA**

**VIEW
NDA**

ADD BACKS		
Officer Salary		
Depreciation		
Property Taxes for Retail Property		
Automobile		
Life Insurance		
Donations		
Meals & Entertainment		
Travel		
TOTAL ADD BACKS		

SELLER DISCRETIONARY INCOME

VALUATION		
Market Cap Rate		
Market Value:		
Gross Revenue Multiplier		
Price Per Room		

Hotel Occupancy & Room Rate

MONTH	OCCUPANCY RATE	AVERAGE ROOM RATE	TOTAL MONTHLY INCOME
Jan-18			
Feb-18			
Mar-18			
Apr-18			
May-18			
Jun-18			
Jul-18			
Aug-18			
Sen-18			

**FULL DETAILS AVAILABLE
 WITH A SIGNED NDA**

**VIEW
 NDA**

Dec-18			
Jan-19			
Feb-19			
Mar-19			
Apr-19			

Commercial Building Valuation

	Income	
INCOME		
Scheduled Base Rental Revenue		
Other Income		
POTENTIAL GROSS REVENUE		
- Vacancy		
EFFECTIVE GROSS INCOME		

EXPENSES		
Management		
Cleaning, Maintenance & Landscaping		
Repairs		
Utilities		

**FULL DETAILS AVAILABLE
WITH A SIGNED NDA**

**VIEW
NDA**

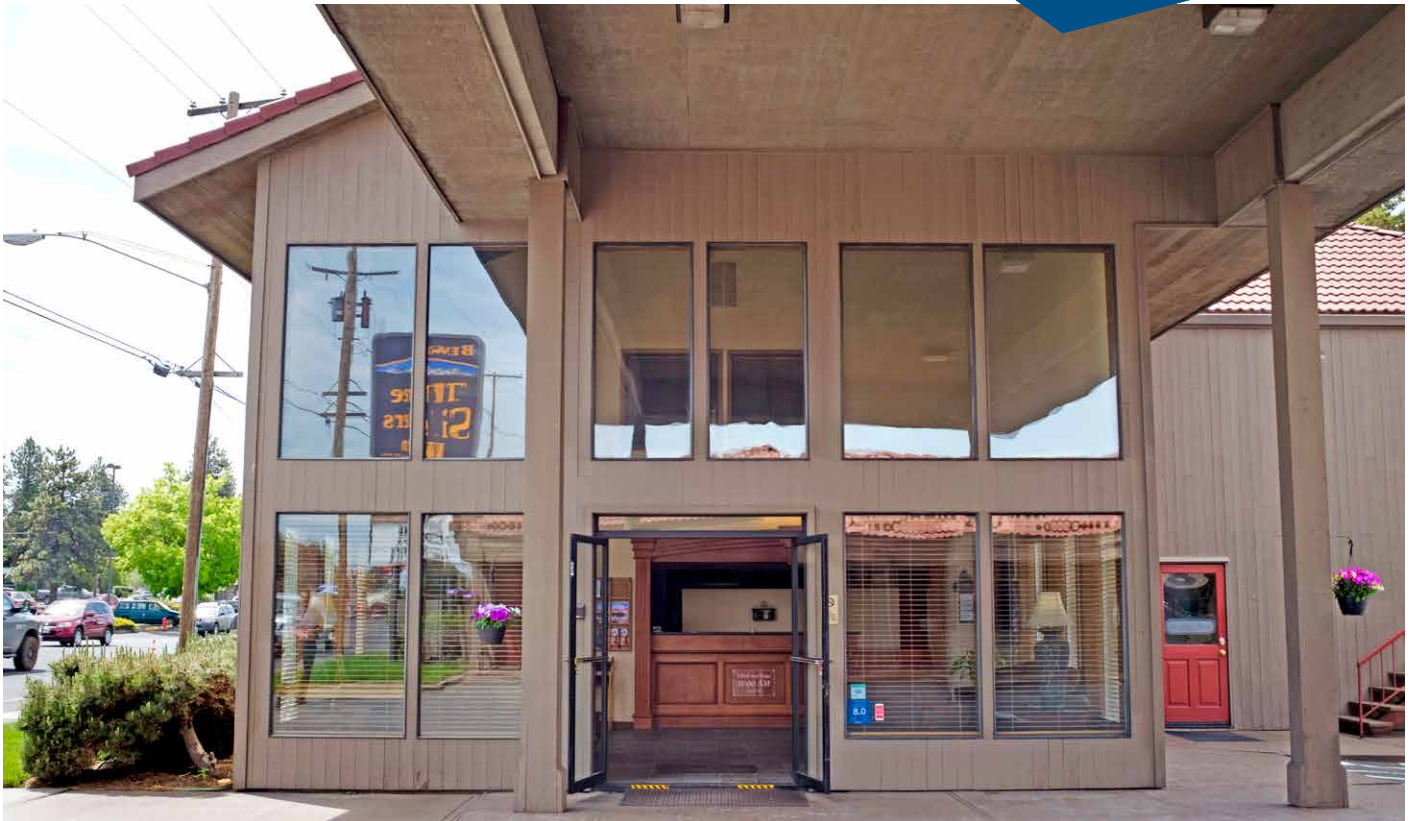
TOTAL OPERATING EXPENSES		
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NET OPERATING INCOME		
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VALUATION		
Market Cap Rate		
Market Value		

Auto Pro Buys - Lease Extract	
Lease SF	
Start Date	
Expiration Date	
Intial Term	
Starting Rate	
Lease Type	
Renewal	
Paid by Owner	

Property Photos





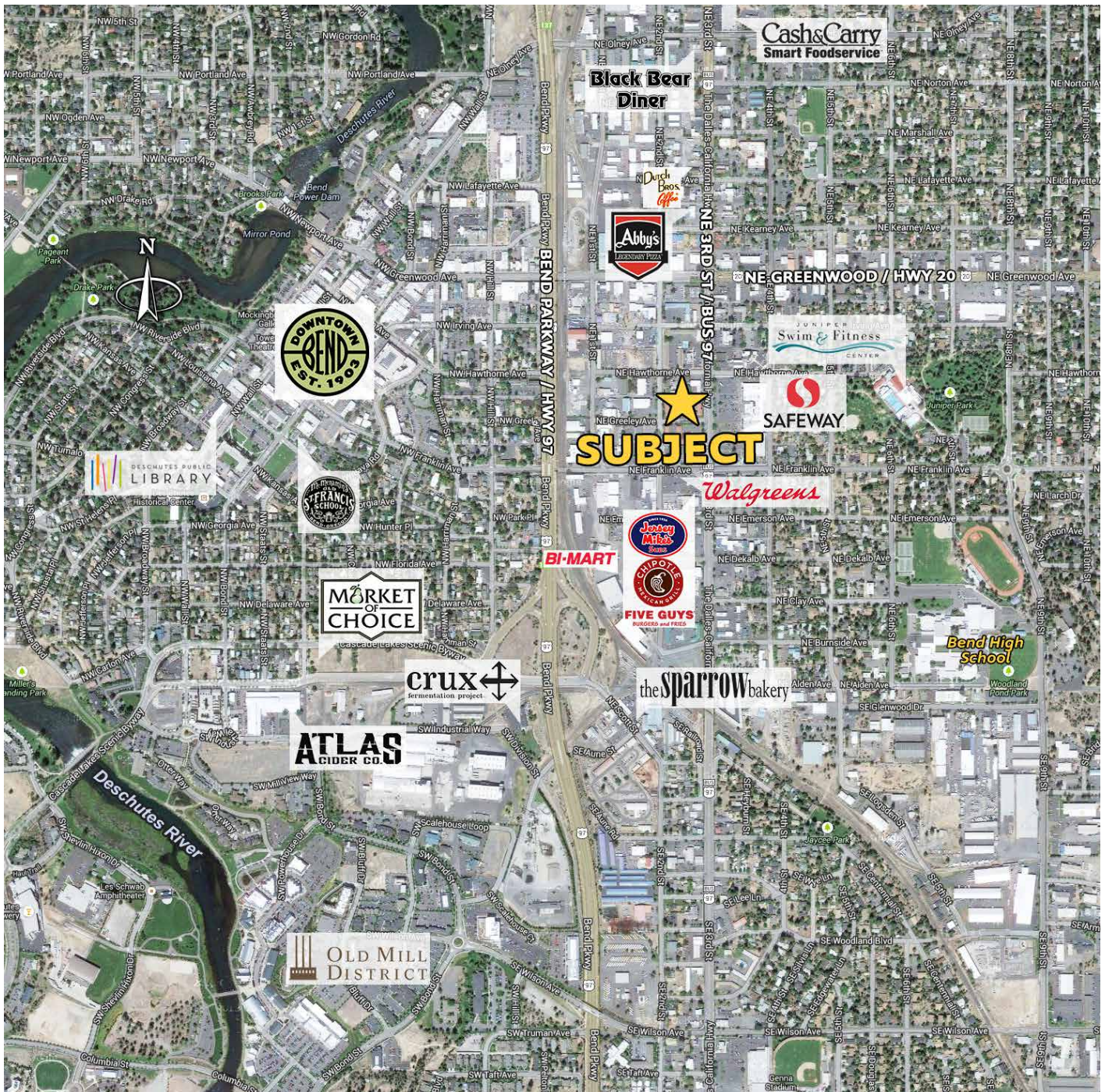




Location Overview

Prime Central Bend Location

Three Sisters Inn & Suites is located in the middle of Bend on its historic 3rd Street between NE Hawthorne Avenue and NE Franklin Avenue. The Subject Property is just minutes away from Central Oregon's most popular destinations including restaurants, breweries, shopping, entertainment and numerous hiking trails and outdoor activities.



Site and Surrounding Area

The area immediately surrounding the Three Sisters Inn contains a mix of retail shops, restaurants and services all within walking distance of the property.

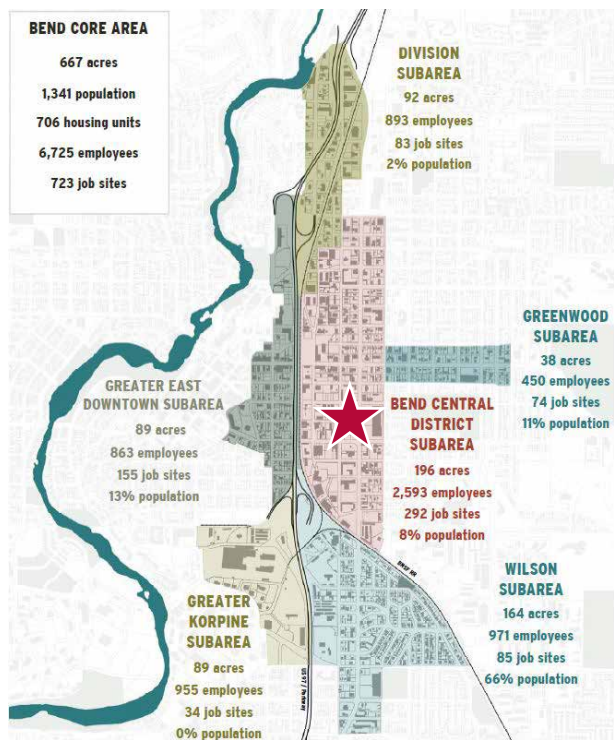
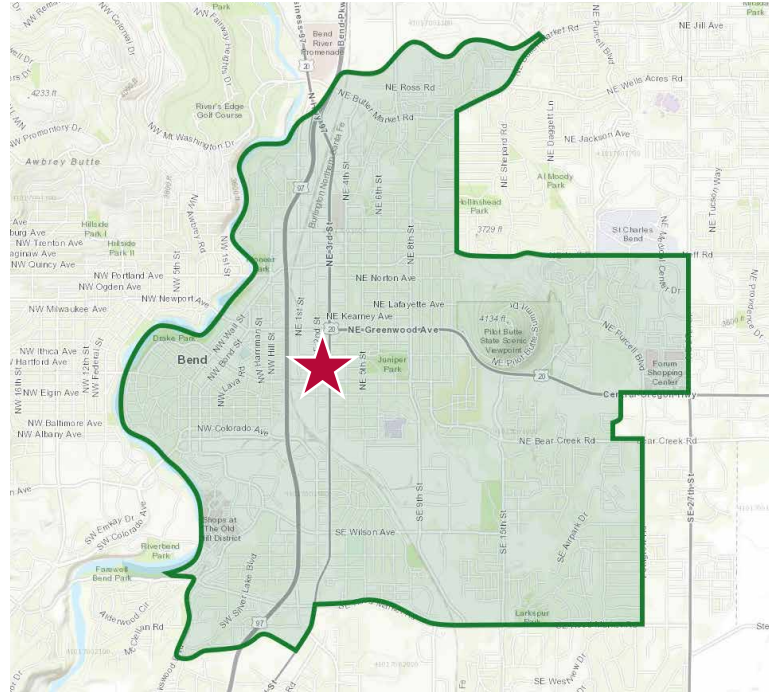


Opportunity Zones

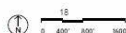
The subject property lies in a federally designated Opportunity Zone. These zones were specially designated in the 2017 tax plan and provide several tax benefits for developers and investors. The program is similar in some ways to a 1031 exchange but differs in that capital gains do not need to be reinvested from a like-kind asset. Virtually any capital gain - the sale of public stocks/bonds, equity in a private company, a rare coin collection, etc. - can be reinvested with limited tax consequences. The program is new and rulemaking is still in process, so consult your tax professional and attorney for details.

SOURCE:

Opportunity Zones (www.compasscommercial.com/BendOZ)



Core Area Facts



The Bend Central District and Urban Renewal

The subject property is also in an area dubbed as the “Bend Central District”. The city has made redevelopment of this area a top priority, as the property is located almost dead-center in the middle of Bend and is currently being drastically under-utilized. Additionally, the city is in the process of designating this area as a target of Urban Renewal - a state program that allows municipalities to use tax increment financing to pay for upgrades to infrastructure as well as development incentives. Some of the incentives/upgrades being discussed currently are relaxed parking requirements, relaxed zoning and deed restrictions, increased walkability infrastructure, public works, art installations, and property tax relief.

SOURCES:

Bend Central District MMA (www.bendoregon.gov/government/departments/growth-management/bend-central-district-mma)

Bend Urban Renewal (www.compasscommercial.com/UrbanRenewal)

Regional Overview

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 sled 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 beer brewing industry and 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, healthcare 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, G5 Search Marketing, Deschutes Brewery, Hydro Flask 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.

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) 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/>



Bend Downtown and Mt. Bachelor



OSU Cascades in Bend



Redmond Airport



Sisters Downtown



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