



FOR LEASE: 528 & 530 SW 6th St., Redmond | 1,303-3,811 SF | \$2.00/SF/Mo. NNN

## ***DOWNTOWN REDMOND'S REVIVAL: BALANCING HERITAGE AND PROGRESS***

Downtown Redmond, Oregon, has undergone a remarkable transformation in recent years, evolving into a lively hub for business, dining, entertainment, and community life. This resurgence is the result of thoughtful urban planning, strong collaboration between the public and private sectors, and a commitment to blending economic growth with the preservation of the city's historical character and charm.

A cornerstone of this revitalization has been giving new life to old buildings. One standout project is the SCP Redmond Hotel, which underwent a \$7 million, two-year renovation. The hotel preserved its historical charm while incorporating modern amenities, and the project was made possible through a partnership that included \$3.53 million in funding from the city's Urban Renewal Agency. The reopening of the hotel marked a turning point for downtown, encouraging further investment and development in the area, which has helped reshape the identity of downtown Redmond.

Another exciting venture is the construction and opening of the new Redmond Library. Located in the heart of the city at 827 SW Deschutes Avenue, the two-story, 40,000 SF building is more than just a library—it is a modern, sustainably designed community space that reflects Redmond's commitment to lifelong learning and community engagement. As a new landmark in the heart of downtown, the library is expected to serve as a cultural and educational anchor for decades to come.

To meet the needs of a growing population and workforce, Redmond has introduced and prioritized the construction of mixed-use housing. The NOVA Apartments project is a prime example, as it replaced an aging downtown motel with 24 quality housing units targeted towards local workers. Supported through the city's Urban Renewal initiative, the project provides much-needed affordable housing while also boosting the liveliness and walkability of the downtown area.

In addition to these major projects, the city has launched several programs to help small businesses enhance the visual appeal of their downtown spaces. These include:

### **SMALL PROJECTS GRANT PROGRAM**

This program provides up to \$5,000 for exterior improvements that enhance a building's curb appeal. Eligible improvements include new signage, paint, awnings, lighting, and landscaping. The program is designed to encourage small-scale but impactful upgrades that contribute to a cohesive and attractive downtown environment.

### **FAÇADE REHABILITATION AND REIMBURSEMENT GRANT**

This grant offers financial assistance for significant updates to building exteriors, including the restoration of historic architectural features, replacement of windows and doors, masonry repair, and other structural enhancements. The goal is to preserve Redmond's historic downtown character while making spaces more functional and inviting for businesses and visitors.

### **DESIGN ASSISTANCE PROGRAM**

Through this initiative, property and business owners can access expert design consultation at no cost. Professional architects and designers help plan exterior renovations that align with the city's design standards and long-term vision for downtown. This ensures that individual improvements contribute to a harmonious and aesthetically pleasing streetscape.

Collectively, these three initiatives show Redmond's dedication to supporting local businesses and continuing the revitalization of its downtown. By empowering property owners to invest in their storefronts, the city is creating a vibrant and welcoming space for its residents, business owners, and tourists alike.

*Written by Luke Ross,*  
*Broker*

**CENTRAL OREGON**

## **Commercial Real Estate Market Report**



## BEND OFFICE

6.05%  
VACANCY

-7,947 SF  
ABSORPTION

Compass Commercial surveyed 226 office buildings totaling 2.78 million square feet for the first quarter office report of 2025. The market experienced 7,947 SF of negative absorption in Q1 which increased the vacancy rate from 5.72% in Q4 to 6.05% in Q1. Available sublease space did decrease from 67,704 SF in Q4 to 59,535 SF in Q1. The cumulative result is a negligible increase in the availability rate going from 8.16% in Q4 to 8.18% in Q1.

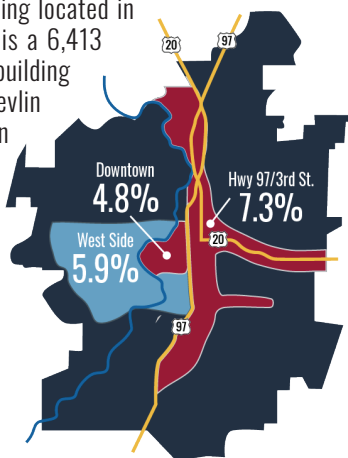
**LEASING:** Leasing demand remains steady with increased activity in certain segments of the market while other segments remain slow. The West Side submarket, the largest of the three submarkets, experienced positive absorption of 10,052 SF this quarter. The Downtown and Highway 97/3rd St. submarkets both experienced negative absorption of 1,264 SF and 16,735 SF respectively. Worksource Bend vacating 15,695 SF at 1645 NE Forbes Rd. had a significant impact on the Highway 97/3rd St. submarket and the office market in general.

**RENTS:** Lease rates continue to remain flat with the high end of the market ranging from \$2.00 to \$3.05/SF/Mo. NNN and more affordable space ranging from \$1.40 to \$2.00/SF/Mo. NNN.

**CONSTRUCTION:** Construction is nearing completion for two Taylor Brooks developments. The first is Shevlin Crossing - Building B, a 26,000 SF, two-story office building located in NorthWest Crossing. The second is a 6,413 SF single-story medical office building directly across the street from Shevlin Crossing. Both buildings remain on track to be delivered Q2 of 2025.

**SALES:** There was one notable sale this quarter. A 7,341 SF, single tenant office building located at 698 NW York Dr. sold in January for \$2,700,000 or \$368/SF. The building was available for lease at the time of sale.

*Written by partner and broker  
Jay Lyons, SIOR, CCIM*



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



## BEND RETAIL

6.17%  
VACANCY

6,450 SF  
ABSORPTION

Compass Commercial surveyed over 4.75 million square feet of retail space across 273 buildings in Bend to compile the first quarter retail report of 2025. Bend experienced a slight decrease in overall vacancy, with a total retail vacancy rate of 6.17%, down slightly from 6.20% at the end of last year.

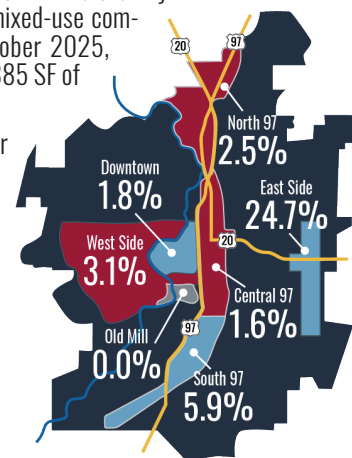
**LEASING:** Bend's East Side market showed the most change this quarter, with over 8,000 SF of positive absorption that reduced the East Side vacancy rate to 24.66%. Bend's downtown vacancy also fell, from 2.26% vacant to 1.80%. The Old Mill District sustained its 0% vacancy rate. Most other submarkets in Bend saw increasing vacancy rates, most notably in the northern submarket, with a new vacancy rate of 2.46%, marking a 0.57% increase from the end of last year, and Bend's central submarket, with 0.32% increase in vacancy for a new rate of 1.55%.

**RENTS:** Asking rental rates in Bend range from \$1.00 to \$3.75/SF/Mo. NNN, with an average of \$2.20/SF/Mo. NNN. Excluded from these rates are two outliers: a 21,376 SF building at 355 NE 2nd St., priced at \$0.50/SF/Mo. NNN, and the under-construction retail pads at Gateway North, priced between \$4.17 and \$5.00/SF/Mo. NNN.

**CONSTRUCTION:** Construction continued on the retail buildings adjacent to the new Costco at the Bend Gateway North development, totaling around 23,000 SF. These buildings are part of a 52-acre master plan development, which will also include 422 multifamily units. Killian Pacific's Jackstraw mixed-use complex is set for completion in October 2025, featuring 313 apartments and 16,885 SF of ground-floor retail space.

**SALES:** Notable sales this quarter include the sale of 8 acres of commercial land connected to Pahlisch's Easton development. The commercial land sold for \$4,599,936 or \$13.20/SF. The Applebee's building located at 3807 SW 21st St. in Redmond sold for \$1,680,000, or \$329/SF. The 4,000 SF retail building located at 651 NW 6th St. in Redmond sold for \$1,200,000 which represented \$300/SF.

*Written by broker Eli Harrison*



RETAIL 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 YTD ABSORP. SF
Downtown	53	507,795	4.75%	(1,264)	(1,264)
Hwy 97/3rd St.	54	677,036	7.26%	(16,735)	(16,735)
West Side	119	1,599,178	5.94%	10,052	10,052
<b>TOTAL</b>	<b>226</b>	<b>2,784,009</b>	<b>6.05%</b>	<b>(7,947)</b>	<b>(7,947)</b>

### BEND RETAIL NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	1ST QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
South 97	23	835,405	5.94%	730	730
Central 97	46	689,678	1.55%	6,047	6,047
North 97	28	1,228,168	2.46%	(7,000)	(7,000)
East Side	30	718,744	24.66%	8,240	8,240
West Side	59	575,385	3.10%	(3,621)	(3,621)
Old Mill District	19	265,502	0.00%	0	0
Downtown	67	440,415	1.80%	2,054	2,054
<b>TOTAL</b>	<b>273</b>	<b>4,753,297</b>	<b>6.17%</b>	<b>6,450</b>	<b>6,450</b>





## BEND INDUSTRIAL

3.52%  
VACANCY

30,903 SF  
ABSORPTION

Compass Commercial surveyed 325 Bend industrial buildings totaling 4.72 million square feet for the first quarter of 2025. The market experienced 30,903 SF of positive absorption during the quarter resulting in an overall vacancy rate of 3.52%, down from the 3.99% recorded in Q4 2024. There is now 166,026 SF of industrial space currently available in Bend.

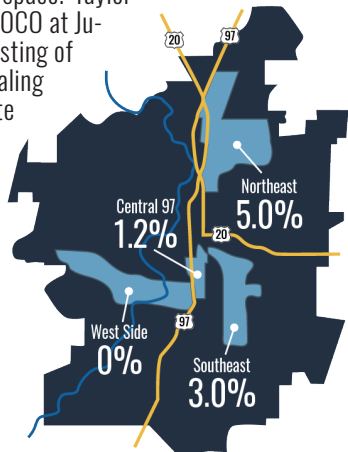
**LEASING:** Overall, industrial leasing activity remained stagnant this quarter. The most notable activity occurred in the Southeast Submarket where a handful of leases were completed bringing the vacancy rate down to 2.95%. With very little new inventory in the pipeline and companies holding tight to their existing space, we expect a similar slow and steady pace in coming quarters.

**RENTS:** The average asking lease rate for raw industrial space is \$1.09/SF/Mo. NNN, up slightly from the last quarter. Asking lease rates for new construction are starting around \$1.75/SF/Mo. NNN, assuming a basic shell delivery and highly improved and specialized industrial spaces are in the \$1.50/SF/Mo. NNN range.

**CONSTRUCTION:** There are only a couple of speculative industrial projects underway in Bend. The Midway project located at the corner of SE Wilson Ave. and SE 9th St. is under construction with delivery slated for late 2025. That project consists of approximately 23,000 SF of speculative industrial/flex space. Taylor Brooks is under construction on NOCO at Juniper Ridge. The first phase, consisting of three industrial/flex buildings totaling 62,429 SF, is slated to be complete in Q1 of 2026.

**SALES:** A couple of notable sales occurred during the quarter. An industrial building at 635 SE Business Way sold for \$2,200,000 or \$198/SF and a building located at 1837 NE Lytle St., sold to an investor for \$1,200,000 or \$249/SF.

*Written by partner and broker  
Graham Dent, SIOR*



Legend: Increased (Red), Decreased (Blue), No Change (Grey)

### BEND INDUSTRIAL NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	1ST QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Southeast	147	1,750,007	2.95%	19,720	19,720
Northeast	129	2,186,083	4.97%	4,480	4,480
Central	36	469,915	1.23%	5,000	5,000
West Side	13	309,466	0	1,703	1,703
<b>TOTAL</b>	<b>325</b>	<b>4,715,471</b>	<b>3.52%</b>	<b>30,903</b>	<b>30,903</b>



## RDM INDUSTRIAL

4.12%  
VACANCY

-12,595 SF  
ABSORPTION

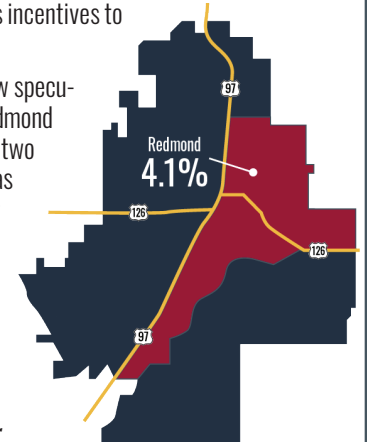
Compass Commercial surveyed 94 buildings totaling 1.79 million square feet for the first quarter Redmond industrial market report of 2025. The Redmond industrial market experienced 12,595 SF of negative absorption resulting in the vacancy rate increasing from 3.41% in Q4 2024 to 4.12% in Q1 2025. There is now 73,744 SF of available space.

**LEASING:** Demand for industrial spaces in Redmond remained steady, with interest in units ranging from 1,500 to 5,000 SF. This aligns with the previous quarter's observations, indicating a consistent preference among tenants for small to mid-sized spaces. Notably, two industrial suites became available for lease at 601 E Antler Ave., offering up to 28,000 SF of space.

**RENTS:** Lease rates in Redmond's industrial sector have stabilized, with asking rates between \$0.90 and \$1.25/SF/Mo. NNN, depending on the condition and size of the space. Notably, some landlords have continued to offer short-term reduced rates as incentives to attract tenants.

**CONSTRUCTION:** The pace of new speculative industrial construction in Redmond has decelerated. Over the past two years, significant square footage was developed primarily as owner-user buildings or pre-leased spaces. This trend has led to a cautious approach toward speculative developments, with builders focusing on projects that have secured tenants or buyers prior to construction.

*Written by partner and broker  
Pat Kesgard, CCIM*



### REDMOND INDUSTRIAL NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	1ST QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Redmond	94	1,790,938	4.12%	(12,595)	(12,595)

Positive Absorption = Space Leased | Negative Absorption = Space Vacated

**FOR LEASE**  
**Vision Plaza Office Suites**  
 Suites 100, 120, & 210  
 404 SW Columbia Street, Bend  
 2,248-4,816 SF | \$2.25/SF/Mo. NNN

# MULTIFAMILY REPORT

## VALUATIONS AND OPPORTUNITIES IN A CHANGING MARKET



The market has shifted—and with it, so have investor expectations. One of the most common questions we get today is: “How has the changing market impacted the value of my multifamily asset?”

To answer that, we need to look at three core fundamentals: **income**, **operating expenses**, and **capitalization rates**.

### INCOME

After years of consistent rent growth, rents in the Central Oregon multifamily market have flattened over the past three years. In some submarkets, they’ve even declined—some properties have experienced drops of up to 20%. This trend is largely driven by oversupply: currently, about 1,000 apartment units sit vacant in Bend and Redmond, with an additional 1,000 units either newly delivered or expected within the next 18 months.

To attract tenants, landlords are offering major concessions—up to two months’ free rent and reduced security deposits.

### OPERATING EXPENSES

At the same time, operating costs have jumped significantly:

- Electricity: up 42% over three years
- City of Bend water/sewer: up 27%
- Property taxes: up 12%
- Insurance: up 25–50% or more

### CAPITALIZATION RATES

Cap rates have also risen. Since they’re closely tied to interest rates—which are significantly higher than three years ago—investors now demand greater returns to offset higher borrowing costs and opportunity costs.

Let’s take a quick comparison of a hypothetical multifamily asset today versus three years ago:

HYPOTHETICAL 15-UNIT MF BUILDING IN BEND, OREGON					
	Income	Expenses	NOI	Cap Rate	Market Value
2022	\$311,320.00	\$110,000.00	\$201,320.00	5.00%	\$4,026,400.00
2025	\$320,000.00	\$125,600.00	\$194,400.00	5.75%	\$3,380,869.57

This example shows a 16% decline in market value, consistent with the 15-20% range we’re seeing across the board.

What will it take to reverse the trend? Several things will need to happen:

- Sustained population growth to absorb excess inventory
- Stabilized operating costs
- Lower interest rates to boost investor returns

In the meantime, the region’s housing shortage has been alleviated. Housing is more affordable. Incomes have risen, while rents have stayed flat or declined.

This is part of a typical real estate cycle: shortages lead to overbuilding, which creates surplus, then construction slows until demand catches up again. These cycles have been more volatile in recent years, influenced by events like the 2007 financial crash, COVID-19, and Central Oregon’s rapid growth.

It’s safe to assume the cycle will continue. Over the next several years, we’re likely to see the market re-balance—or even swing back to a shortage. And higher interest rates create a larger renter pool as many would be home buyers remain renters. This could be a great entry point for investors that have been unable to find attractive deals in recent years.

*Written by broker Ron Ross*



## MULTIFAMILY LISTINGS FOR SALE & RECENTLY CLOSED

Sign up for our Multifamily New Listing Alerts by going to  
[CompassCommercial.com/MFnews](https://CompassCommercial.com/MFnews)

**FOR SALE**



2.82 AC | \$4,550,000  
1000 NE Butler Market Rd., Bend

**SOLD**



10-plex | Sold for \$1,800,000  
3 SW McKinley Ave. / 6 SW Cleveland Ave., Bend

**CENTRAL OREGON**







2464 SW Glacier Pl., Redmond



## NEW LISTING ALERT

### FOR SALE: PREMIUM OFFICE BUILDING

Owner-user or investor opportunity  
6,384 SF | 0.57 AC | \$1,650,000

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

Sign up for New Listing Alerts at  
[CompassCommercial.com/Signup](https://CompassCommercial.com/Signup)



## NOTABLE TRANSACTIONS

Compass Commercial Real Estate Services negotiated the following notable transactions in the first quarter of 2025. For more details about our monthly transactions, please visit [CompassCommercial.com/Transactions](https://CompassCommercial.com/Transactions).



**87**  
TRANSACTIONS



**8**  
SALES



**66**  
LEASES



**\$44M**  
CONSIDERATION

	TYPE	PROPERTY	BLDG/LOT SIZE	PRICE	COMPASS COMMERCIAL REPRESENTED
SALE TRANSACTIONS	Land	60802 SE 15th Street, Bend	348,480 SF 8.00 AC	\$4,599,936	BUYER: Russell Huntamer, Eli Harrison SELLER: Russell Huntamer, Eli Harrison, Bruce Churchill
	Industrial	455 W Three Peaks Drive, Sisters	15,100 SF 0.81 AC	\$3,750,000	SELLER: Bruce Churchill
	Land	60005 Cinder Butte Road & 60080 Crater Road, Bend	48.95 AC	\$3,200,000	BUYER & SELLER: Peter May, Dan Kemp, Emilio Tiscareno
	Land	Ochoco Highway & Tom McCall Road, Prineville	14.00 AC	\$2,781,523.80	BUYER: Jay Lyons, Graham Dent SELLER: Bruce Churchill
	Multifamily	3 SW McKinley Avenue / 6 SW Cleveland Avenue, Bend	6,310 SF 0.48 AC	\$1,800,000	BUYER & SELLER: Luke Ross, Ron Ross, Terry O'Neil, Dan Kemp, Emilio Tiscareno
	TYPE	PROPERTY	SF LEASED	LESSEE	COMPASS COMMERCIAL REPRESENTED
LEASE TRANSACTIONS	Industrial	20876 NE Triton Place, Bend	25,777 SF	St. Charles Health System Inc.	LANDLORD: Jay Lyons, Grant Schultz, Bruce Churchill TENANT: Jay Lyons
	Retail	2498 S Highway 97, Redmond	1,782 SF	Bloom Well, Inc.	LANDLORD: Russell Huntamer, Eli Harrison, Jay Lyons TENANT: Russell Huntamer, Eli Harrison
	Industrial	921 SE Armour Road, Bend	14,180 SF	WESCO Distribution Inc.	LANDLORD: Peter May, Dan Kemp, Emilio Tiscareno
	Industrial	2008 Commerce Drive, Medford	8,960 SF	Freedom Forever Oregon LLC	TENANT: Grant Schultz
	Retail	744 NW Bond Street, Bend	2,054 SF	Charles Schwab & Company, Inc.	LANDLORD: Peter May, Russell Huntamer, Eli Harrison, Emilio Tiscareno



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