

FOR SALE: Cascade Cottages | 61619 Alstrup Rd., Bend | 0.49 AC | \$2,100,000

WHAT'S YOUR REAL ESTATE EXIT STRATEGY?

Many of our friends and clients are entering the “fourth quarter” of their real estate ownership cycle, and many are beginning to consider their exit. Real estate has been good to them over the years, providing steady cash flow and long-term appreciation that has built significant wealth. However, ownership also brings with it management responsibilities, tenants, maintenance, vacancies, rising costs, insurance, and unexpected emergencies.

Unlike a traditional job, you can't simply retire from real estate ownership. Properties must either be sold or passed on, and both options can be complex. A well-structured succession plan is critical, supported by a team of professionals that typically includes an estate planning attorney, financial advisor, and accountant. For many, succession is not a practical option because heirs can be unwilling or unable to take on the challenges of property management. That leaves selling as the more common solution.

Selling, however, is not without obstacles. Real estate is an illiquid asset, and the process takes time. More importantly, the sale often triggers substantial capital gains taxes. This can significantly erode a lifetime of savings and investment. Beyond the direct tax burden, large gains may also push a seller into higher tax brackets, resulting in the loss of benefits and a spike in Medicare premiums.

At Compass Commercial, we work closely with sellers and their professional advisors to design strategies tailored to individual goals. A range of tools are available to structure an exit effectively:

SELLER FINANCING (INSTALLMENT SALE)

In this approach, the seller carries a note after receiving a down payment from the buyer. It provides a steady stream of income and spreads the recognition of capital gains taxes over several years. While not suitable for everyone, it can be an excellent solution for certain investors.

SINGLE-TENANT NNN LEASED INVESTMENTS

Through a 1031 exchange, sellers can reinvest proceeds into management-free properties leased long-term to national credit tenants such as Starbucks, Napa Auto Parts, Dollar General, Walgreens, and others. This strategy offers predictable income with minimal management responsibilities.

DELAWARE STATUTORY TRUSTS (DSTS)

Another 1031 exchange option, DSTs let investors acquire fractional interests in institutional-grade properties. This structure offers diversification across multiple assets and professional management, making it a popular choice for those seeking passive ownership.

721 EXCHANGES

With this tax-deferred strategy, owners contribute properties in exchange for partnership interests in larger portfolios, often with the ability to convert into REIT (Real Estate Investment Trust) shares over time. It provides both diversification and potential liquidity while deferring capital gains.

OPPORTUNITY FUNDS

Opportunity funds allow investors to roll capital gains into federally designated Opportunity Zones. Key advantages include deferral of gains, partial reduction of deferred gains based on holding period, and elimination of taxes on appreciation if held for at least 10 years.

Every investor's situation is unique, and the right exit plan depends on personal goals, family circumstances, and long-term financial needs. At Compass Commercial, our mission is to understand our clients, including their goals, families, dreams, and lifestyles, and to craft customized strategies that help them successfully retire from real estate ownership.

*Written by broker
Ron Ross*

CENTRAL OREGON

Commercial Real Estate Market Report



BEND OFFICE

6.14%
VACANCY

8,697 SF
ABSORPTION

Compass Commercial surveyed 225 office buildings totaling nearly 2.78 million square feet for the third quarter office report of 2025. For the first time in the last five quarters, the market experienced positive absorption with 8,697 SF absorbed in Q3. As a result, the vacancy rate modestly decreased from 6.28% in Q2 to 6.14% in Q3. Available sublease space also decreased from 46,603 SF in Q2 to 43,190 SF in Q3. The cumulative result is a modest decrease in the availability rate from 7.96% in Q2 to 7.69% in Q3.

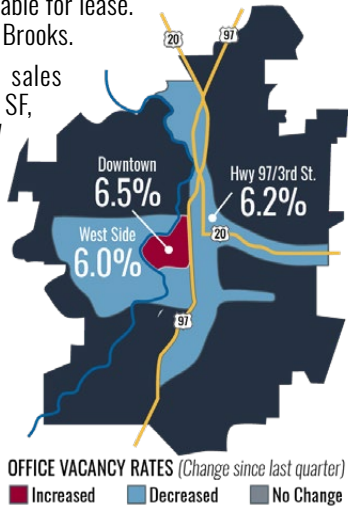
LEASING: Leasing demand remains slow with limited activity across all segments of the office market. The West Side and Highway 97/3rd Street submarkets both experienced positive absorption of 11,562 SF and 5,244 SF respectively. The outlier was the Downtown submarket which experienced 8,109 SF of negative absorption.

RENTS: Lease rates remain flat with the high end of the market ranging from \$2.00 to \$3.15/SF/Mo. NNN and more affordable space ranging from \$1.40 to \$2.00/SF/Mo. NNN.

CONSTRUCTION: Construction is nearing completion for Shevlin Crossing – Building B, a 26,000 SF, two-story, Class A office building located at 2220 NW Labiche Lane. This building has four suites pre-leased and another pending. Construction was recently completed for Shevlin Crossing – Building C, a 6,413 SF single-story medical office building located across the street at 2219 NW Labiche Lane. This building has one suite leased with one available for lease. Both buildings are owned by Taylor Brooks.

SALES: There were two notable sales this quarter. The first, an 8,573 SF, office building located at 2796 NW Clearwater Drive, sold in September for \$2,875,000 or \$335/SF. This building was purchased by a local accounting firm for their own use. The second, a 3,068 SF office building located at 477 NE Greenwood Avenue sold earlier this month for \$865,000 or \$282/SF. The buyer was an owner-user.

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



BEND RETAIL

4.40%
VACANCY

-49,898 SF
ABSORPTION

Compass Commercial surveyed over 4.61 million square feet of retail space across 275 buildings in Bend to compile the third quarter retail report of 2025. Bend experienced an increase in overall retail vacancy, jumping from 3.41% to 4.40% in the third quarter. This increase is due largely to the former Rite Aid space, totaling 26,929 SF, being put on the market for lease following Rite Aid's second bankruptcy filing and subsequent liquidation that began in May of 2025.

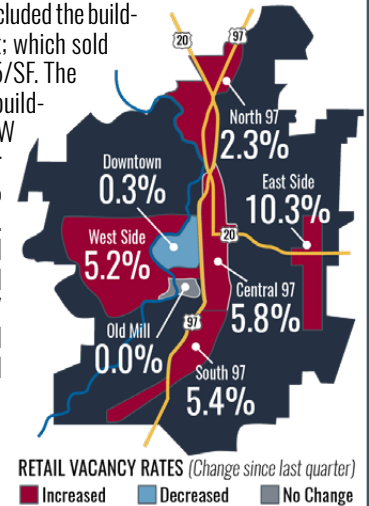
LEASING: Downtown was the only submarket to demonstrate positive absorption this quarter, which brought the vacancy rate there to 0.34%. The Old Mill District sustained its 0% vacancy rate. As a result of the closing of Rite Aid, the Central submarket vacancy rate increased substantially from 1.92% vacant to 5.82%. West Side also experienced a jump in vacancy in Q3, with its vacancy rate increasing from 4.37% vacant to 5.17% vacant.

RENTS: Asking rental rates range from \$1.00 to \$3.75/SF/Mo. NNN, with an average of \$2.20/SF/Mo. NNN. The only property excluded from these rates is the under-construction retail pads at Gateway North, priced between \$4.17 and \$5.00/SF/Mo. NNN.

CONSTRUCTION: Jackstraw, Killian Pacific's mixed-use complex, was completed in Q3, featuring 313 apartments and 16,885 SF of ground-floor retail space, of which 7,910 SF has been leased. Construction was also completed on the first round of retail pad buildings at Gateway North, adjacent to the new Costco.

SALES: Notable sales this quarter included the building located at 841 NW Bond Street; which sold in July for \$2,000,000, or \$231.05/SF. The 3,600 SF Original Pancake House building in Redmond, located at 3030 SW 6th Street, sold for \$1,920,000, or \$522.88/SF, demonstrating a 6.5% cap rate and price of \$533.33/SF. The Boss Rambler building, located at 1009 NW Galveston Avenue, sold in July for \$1,500,000, or \$286.97/SF. The 1,405 SF building located 1255 NW Galveston Avenue sold for \$1,050,000, or \$749.47/SF.

*Written by broker
Eli Harrison*



BEND OFFICE NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	3RD QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Downtown	52	499,699	6.52%	(8,109)	(13,914)
Hwy 97/3rd St.	54	677,036	6.17%	5,244	(9,312)
West Side	119	1,597,861	6.00%	11,562	13,915
TOTAL	225	2,774,596	6.14%	8,697	(9,311)

BEND RETAIL NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	3RD QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
South 97	23	835,405	5.39%	(4,489)	5,288
Central 97	46	689,678	5.82%	(26,929)	(23,430)
North 97	28	1,228,168	2.29%	(1,582)	(4,948)
East Side	30	562,015	10.26%	(8,466)	(26,791)
West Side	62	593,263	5.17%	(9,051)	(13,068)
Old Mill District	19	265,502	0.0%	0	0
Downtown	67	440,415	0.34%	619	8,454
TOTAL	275	4,614,446	4.40%	(49,898)	(54,495)



BEND INDUSTRIAL

2.71%
VACANCY

64,113 SF
ABSORPTION

Compass Commercial surveyed 326 Bend industrial buildings totaling 4.72 million square feet for the third quarter of 2025. The market experienced 64,113 SF of positive absorption during the quarter, dropping overall vacancy to 2.71% from 3.89% in Q2. Bend now has 127,810 SF of industrial space available.

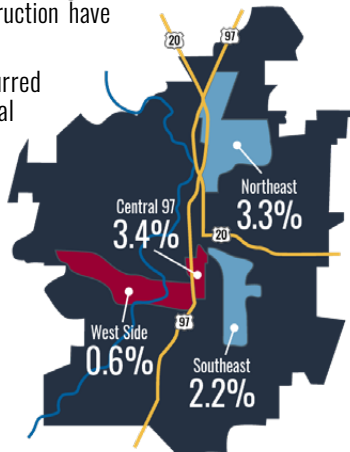
LEASING: Aside from a few larger deals last quarter, activity remained relatively flat. Two leases accounted for 75% of the positive absorption recorded during the quarter. One of those was the lease up of the 28,492 SF industrial building located at 63270 Lyman Place and the other was a 19,435 SF lease at the Murray Road Industrial Park.

RENTS: The average asking lease rate for raw industrial space was \$1.10/SF/Mo. NNN at the end of Q3; slightly higher than the \$1.09/SF/Mo. NNN recorded in both Q1 and Q2 of 2025. Asking lease rates for new construction are starting around \$1.75/SF/Mo. NNN, assuming a basic shell delivery. Rents for second generation flex space and highly improved industrial spaces are in the \$1.50 to \$1.65/SF/Mo. NNN range.

CONSTRUCTION: Two speculative industrial projects are underway: The Midway project located at the corner of SE Wilson Avenue and SE 9th Street consisting of 23,000 SF is under construction with delivery slated for late 2025. Taylor Brooks is developing NOCO at Juniper Ridge. The first phase, consisting of three industrial/flex buildings totaling 62,429 SF, is slated to be complete in early-mid 2026. Tight land supply and the high cost of construction have made new projects difficult to pencil.

SALES: Several notable sales occurred during the quarter. An industrial building located at 850 NE 1st Street sold to a local investor for \$2,750,000 or \$325/SF. Another building located at 63354 Powell Butte Hwy sold to an owner-user for \$1,119,000 or \$123/SF and owner-users purchased buildings at 63222 Service Road and 926 SE Textron Drive for \$1,057,195 (\$220/SF) and \$1,100,000 (\$275/SF), respectively.

*Written by partner and broker
Graham Dent, SIOR*



BEND 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	3RD QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Southeast	147	1,750,513	2.15%	15,189	33,581
Northeast	129	2,186,083	3.30%	48,297	41,003
Central	37	478,370	3.37%	2,433	3,093
West Side	13	309,466	0.58%	(1,806)	(103)
TOTAL	326	4,724,432	2.71%	64,113	77,574



RDM INDUSTRIAL

2.44%
VACANCY

16,526 SF
ABSORPTION

Compass Commercial surveyed 94 buildings totaling 1.79 million square feet for the third quarter Redmond industrial market report of 2025. The Redmond industrial market experienced 16,526 SF of absorption dropping the vacancy rate from 3.36% in Q2 to 2.44% in Q3. There is now 43,676 SF of available space across the market, reflecting continued strength in Redmond's small- to mid-size industrial sector.

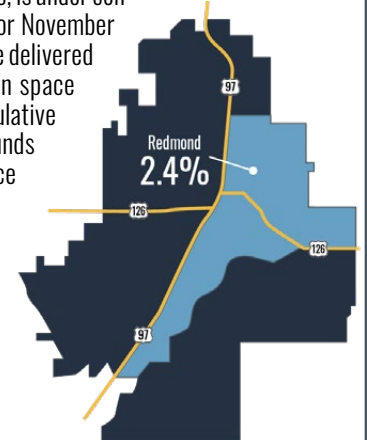
LEASING: Demand for industrial spaces in Redmond remained steady, with continued interest in units ranging from 1,500 to 5,000 SF. Q3 2025 marked the first time we've experienced two consecutive quarters of positive absorption since Q3 and Q4 2023, signaling a potential shift toward renewed market momentum.

RENTS: Lease rates in Redmond's industrial sector have stabilized, with asking rates between \$0.90 and \$1.40/SF/Mo. NNN, depending on the condition and size of the space.

CONSTRUCTION: The Red Barn Industrial Center, a 17,048 SF flex development on NE Jackpine Avenue, is under construction with completion slated for November 2025. The project is expected to be delivered 100% vacant and will add modern space to the market. The only other speculative industrial project is in the Fairgrounds Business Park, and will commence once tenants are identified.

SALES: No notable industrial sales were recorded in Q3 2025, continuing the trend of limited investment activity as both buyers and sellers wait for greater clarity in lending conditions.

*Written by broker
Kristie Schmitt, CCIM*



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	3RD QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Redmond	94	1,790,938	2.44%	16,526	17,473

Positive Absorption = Space Leased | Negative Absorption = Space Vacated



FOR LEASE

2255 NW Shevlin Park Rd., Suite 130
Bend, OR | \$3.15/SF/Mo. NNN | 3,770 SF



BEND MULTIFAMILY REPORT



According to CoStar, Bend's multifamily market for the third quarter of 2025 continues to show signs of stabilization after several quarters of elevated vacancy. The overall vacancy rate declined from 8.1% in Q2 to 7.6% in Q3, signaling some absorption of excess supply and a slight rebalancing between demand and new inventory.

LEASING: Leasing activity remains steady, with tenants showing increased interest in well-located, amenity-rich communities. Concessions have begun to taper off as landlords regain modest leverage, although lease-up periods for newly delivered projects remain extended. Overall market absorption was positive this quarter, reflecting improved renter demand relative to Q2.

RENTS: Rental rates have largely stabilized following two years of steady, moderate growth. Average effective rents remain in the range of \$1.85 to \$2.40/SF/Mo., depending on location, vintage, and amenities. Oregon's statewide rent cap continues to influence market pricing decisions. For 2026, the maximum allowable rent increase is 9.5% for units 15 years or older, under the "7% plus inflation or 9.5% (whichever is lower)" rule. This regulatory framework applies to most existing buildings, limiting annual rent adjustments to one increase per 12-month period.

CONSTRUCTION: New construction has moderated compared to prior years as higher financing costs and elevated construction expenses have slowed developer pipelines. However, several projects initiated in 2023–2024 are delivering this year, contributing to the temporary rise in vacancy earlier in 2025. Developers continue to focus on smaller-scale, infill projects targeting workforce housing and mixed-use residential nodes near downtown and the West Side.

SALES: Sales activity in the multifamily sector remains limited but not absent. Investor sentiment is cautious, reflecting a higher cost of capital environment and tighter underwriting standards. Owner-user and local investor transactions have dominated the market, with cap rates hovering in the 5.75% to 6.25% range depending on asset class and location. Despite softer pricing, Bend's long-term fundamentals (strong population growth, lifestyle appeal, and constrained land supply) continue to attract regional interest.

Written by broker Luke Ross

MULTIFAMILY LISTINGS FOR SALE

Sign up for our Multifamily New Listing Alerts by going to
CompassCommercial.com/MFnews

FOR SALE



7 Units | \$2,100,000
61619 Alstrup Rd., Bend

FOR SALE



2 Units | \$599,000
466 & 468 NE Olney Ave., Bend

FOR SALE



22 Units | \$4,200,000
1000 NE Butler Market Rd., Bend

FOR SALE



4 Units | \$1,000,000
1597 NW Portland Ave., Bend

FOR SALE



10 Units | \$1,450,000
215 NW Canal Blvd., Redmond

CENTRAL OREGON

7.6%
BEND VACANCY

0.3%
RENT GROWTH



NEW LISTING ALERT

**FOR SALE: RETAIL NNN LEASED
INVESTMENT IN EAGLE CREST RESORT**
Investment Opportunity
10,242 SF | \$2,900,000

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

Sign up for New Listing Alerts at
CompassCommercial.com/Signup

7535 Falcon Crest Dr., Redmond



NOTABLE TRANSACTIONS

Compass Commercial Real Estate Services negotiated the following notable transactions in the third quarter of 2025. For more details about our monthly transactions, please visit CompassCommercial.com/Transactions.



103
TRANSACTIONS



16
SALES



74
LEASES



\$59.9M
CONSIDERATION

SALE TRANSACTIONS

TYPE	PROPERTY	BLDG/LOT SIZE	PRICE	COMPASS COMMERCIAL REPRESENTED
Land	1081 SW Mt. Bachelor Dr., Bend, OR	4.87 AC	\$7,000,000	BUYER: Jay Lyons SELLER: Jay Lyons & Grant Schultz
Retail	9911 214th Ave. E., Bonney Lake, WA	14,600 SF	\$6,119,000	BUYER: Pat Kesgard & Kristie Schmitt
Industrial	561 NW York Dr., Bend, OR	6,360 SF	\$2,950,000	BUYER: Jay Lyons & Grant Schultz SELLER: Russell Huntamer, Jay Lyons, & Eli Harrison
Office	2796 NW Clearwater Dr., Bend, OR	8,573 SF	\$2,875,000	SELLER: Jay Lyons & Grant Schultz
Retail	498 Sparn St., Grand Junction, CO	950 SF	\$2,660,000	BUYER: Pat Kesgard & Kristie Schmitt

LEASE TRANSACTIONS

TYPE	PROPERTY	SF LEASED	LESSEE	COMPASS COMMERCIAL REPRESENTED
Industrial	63270 Lyman Pl., Bend, OR	28,492 SF	Solaris Ventures, LLC	LANDLORD & TENANT: Jay Lyons, Russell Huntamer, & Eli Harrison
Office	1645 NE Forbes Rd., Bend, OR	20,550 SF	Confidential	LANDLORD: Graham Dent TENANT: Jay Lyons
Restaurant	310 SW Industrial Way, Bend, OR	3,801 SF	Bend Brewing Co.	LANDLORD: Russell Huntamer, Jay Lyons, & Eli Harrison TENANT: Russell Huntamer, Peter May, Eli Harrison, & Emilio Tiscareno
Retail	61579 SE 27th St., Bend, OR	2,049 SF	Sage Salon Studios	LANDLORD: Bruce Churchill, Russell Huntamer, & Eli Harrison
Medical	61583 SE 27th St., Bend, OR	1,977 SF	Elevation Family Health	LANDLORD: Bruce Churchill, Russell Huntamer, & Eli Harrison



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