



FOR LEASE: 693 SE Glenwood Dr., Bend | 2,780 - 12,556 SF | \$1.20/SF/Mo. NNN

COMPASS POINTS: A WALK DOWN MEMORY LANE

This year, Compass Commercial is proudly celebrating 30 years in business! In 1996 Compass Commercial Real Estate Services was formed by founding partners, Erich Schultz and Steve Toomey. In that same year, Erich and Steve launched the very first edition of Compass Points (“Points”). In 1996, the commercial real estate landscape looked very different than it does today with many of the community’s foundational pieces in development when the very first edition of Points was published. It was an exciting time to be involved with commercial real estate in Central Oregon.

In the early editions of Points, Compass only tracked the office and industrial markets in Bend and the industrial market in Redmond. In 1996, the Bend office inventory consisted of 84 buildings totaling 840,000 square feet. Today, the survey tracks 225 buildings and approximately 2.8 million square feet of office space. The office market was heating up in 1996 and four new office buildings were constructed on the west side which added 57,000 square feet of new inventory. According to the fourth quarter Points report,

“the newest and best buildings on the West Side command \$1.10–\$1.15 per square foot per month.”

Today, new office buildings command upwards of \$3.05 per square foot per month.

Amazingly, back in 1996, the Bend industrial inventory consisted of only 125 buildings totaling 1.8 million

square feet. Today, the Bend industrial market consists of 333 buildings and more than 4.8 million square feet! In that early report, there was a pipeline of 15 industrial projects waiting for permits or in various stages of planning. Incredibly, those new projects penciled at lease rates between \$0.45–\$0.50 per square foot per month. Today, developers require rental rates between \$1.75–\$1.95 to justify new construction.

The 1996 Points report highlighted the sale of a 100-acre property located in northeast Bend. That property was sold by the Brinson Family for \$2.8 million and was key to unlocking the expansion of Bend’s industrial land supply. Today, the former Brinson property is home to the largest industrial submarket in town comprised of more than 2.4 million square feet.

In Redmond, the future east side industrial market was beginning to take shape. The Points report in 1996 noted that one catalyst of Redmond’s ‘reshaping’ was the relocation of the Deschutes County Fairgrounds from its former location (current Fred Meyer shopping center) to the south end of the Redmond Airport. The Points report also pointed to the purchase of the 74-acre former Crown Pacific mill site by Nevada Rancher, Maynard Alves.

(Continued)



CENTRAL OREGON

Commercial Real
Estate Market Report



BEND OFFICE

7.05% VACANCY (3,194 SF) ABSORPTION

Compass Commercial surveyed 225 office buildings totaling 2.79 million square feet for the Q1 2026 report. During the quarter, the market experienced negative absorption of 3,194 SF. With this latest data, the Bend office market has now recorded negative absorption in five of the past six quarters. The vacancy rate increased slightly to 7.05% in Q1 2026, up from 6.94% in Q4 2025 and 6.05% in Q1 2025. Available sublease space increased slightly from 49,695 SF in Q4 to 50,524 SF in Q1, resulting in an overall availability rate of 8.75%. This gradual increase in available space continues to provide tenants with more options, particularly in second-generation office product.

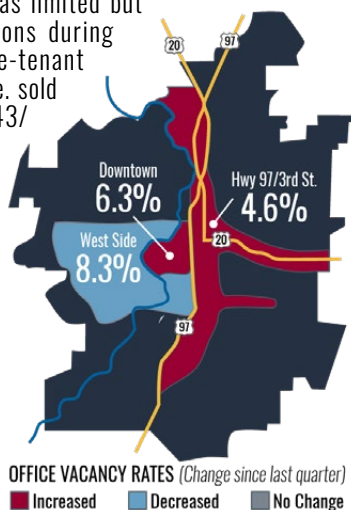
LEASING: Leasing activity remains sluggish across all segments of the office market. The Downtown and Hwy 97/3rd St. submarkets both experienced modest negative absorption of 1,589 SF and 3,091 SF, respectively. The West Side submarket rebounded from a difficult Q4 (25,013 SF of negative absorption) and recorded 1,486 SF of positive absorption in Q1.

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

CONSTRUCTION: No speculative office buildings are currently under construction in Bend.

SALES: Office sales activity was limited but included two notable transactions during the quarter. A 1,245 SF single-tenant building at 846 NW Colorado Ave. sold in February for \$800,000, or \$643/SF, to an owner-user. Additionally, a 10,685 SF building located at 2100 NE Wyatt Ct. sold in March for \$3,450,000, or \$323/SF, with Deschutes County as the buyer. These transactions highlight continued interest from both owner-users and public entities, even as broader market conditions remain more challenging.

Written by partner and broker Jay Lyons, SIOR, GCIM



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	52	499,699	6.32%	(1,589)	(1,589)
Hwy 97/3rd St.	53	664,956	4.63%	(3,091)	(3,091)
West Side	120	1,624,400	8.27%	1,486	1,486
TOTAL	225	2,789,055	7.05%	(3,194)	(3,194)



BEND RETAIL

4.37% VACANCY (2,548 SF) ABSORPTION

Compass Commercial surveyed over 4.61 million square feet of retail space across 275 buildings in Bend to compile our first quarter 2026 report. In the first quarter of the year, Bend experienced a slight increase in overall vacancy, rising from 4.32% in Q4 2025 to 4.37% in Q1 2026.

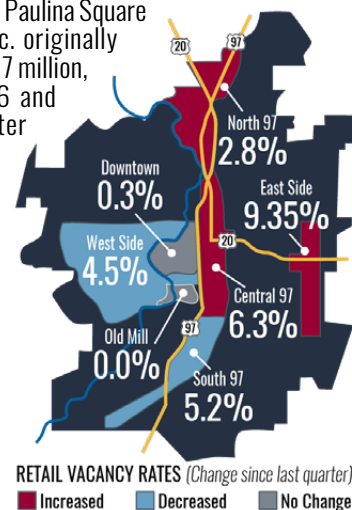
LEASING: The retail vacancy rate on Bend's West Side continued to decrease for the third consecutive quarter, reaching 4.51%. The Old Mill District maintained a 0% vacancy rate, while the Downtown submarket also showed no change in its 0.34% vacancy rate from Q4. Bend's Central district recorded 3,485 SF of negative absorption, causing its vacancy rate to jump from 5.78% to 6.29%. The East Side submarket also experienced a slight rise in vacancy, reaching 9.35%.

RENTS: Asking rental rates in Bend range from \$1.00–\$3.75/SF/Mo. NNN, with an average of \$2.20/SF/Mo. NNN. Exceptions to this range include several drive-thru pad sites being marketed for lease between \$5.00–\$5.42/SF/Mo.

CONSTRUCTION: A new restaurant drive-thru building at 3600 N Highway 97 is set to break ground in Q2 2026. Additionally, Goodwill's new superstore on the north side of Bend officially opened its doors in Q1 2026, bringing an estimated 50 new jobs to the Central Oregon community.

SALES: Notable sales this quarter included a sale-leaseback of the 195,916 SF Fred Meyer–anchored Paulina Square shopping center. Fred Meyer Inc. originally purchased the property for \$21.97 million, or \$111.73/SF in January 2026 and executed a sale-leaseback later that same month at the same price. 2570–2680 NE Twin Knolls Dr. sold for \$5,250,000, representing a 6.5% cap rate and \$206.14/SF. A 3,020 SF retail building at 1255 NE 3rd St. sold in February for \$975,000, or \$322.85/SF. Additionally, 631 NE Federal St. in Bend sold for \$2,040,000, reflecting a 5.08% cap rate and \$406.78/SF.

Written by broker Eli Harrison



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	5.22%	1,460	1,460
Central 97	46	689,678	6.29%	(3,485)	(3,485)
North 97	28	1,228,168	2.77%	(3,466)	(3,466)
East Side	30	562,015	9.35%	(790)	(790)
West Side	62	593,340	4.51%	3,733	3,733
Old Mill District	19	265,502	0%	0	0
Downtown	67	440,415	0.34%	0	0
TOTAL	275	4,614,523	4.37%	(2,548)	(2,548)



BEND INDUSTRIAL

▲ **3.36% VACANCY** + **5,049 SF ABSORPTION**

Compass Commercial surveyed 333 industrial buildings in Bend totaling 4.81 million square feet for the Q1 2026 report. The market experienced 5,049 SF of positive absorption during the quarter, resulting in an overall vacancy rate of 3.36%. Bend currently has 161,654 SF of industrial space available, reflecting continued tight market conditions.

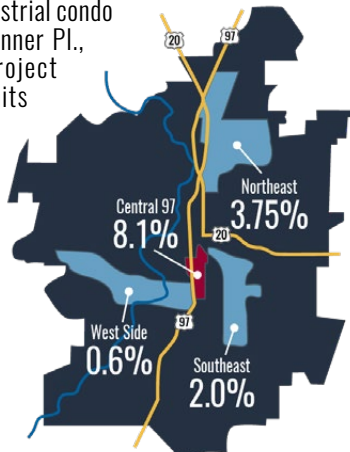
LEASING: Leasing activity remained relatively stagnant during the quarter, as evidenced by the modest level of absorption. The Northeast industrial submarket experienced the greatest level of activity, where a total of 13,465 SF of new leasing occurred during the period.

RENTS: The average asking lease rate for raw industrial space was \$1.13/SF/Mo. NNN at the end of Q1, slightly higher than the \$1.11/SF/Mo. NNN recorded in Q4 2025. Asking lease rates for new construction range from \$1.75–\$1.95/SF/Mo. NNN, depending on delivery condition. Second-generation flex space and highly improved industrial space are typically leasing in the \$1.50–\$1.65/SF/Mo. NNN range.

CONSTRUCTION: Taylor Brooks is currently underway on the construction of NOCO at Juniper Ridge, located at Cooley Rd. and NE 18th St. The first phase consists of three industrial/flex buildings totaling 62,429 SF, with completion expected in 2026. The Falcon industrial condo project, located at 20489 NE Funner Pl., is nearing completion. The project consists of a range of condo units for sale (approximately 1,440 SF to 2,200 SF) and is projected to be completed in 2026.

SALES: One notable sale occurred during Q1 2026. The warehouse building located at 355 NE 2nd St. (adjacent to Bi-Mart building) sold to a non-profit owner-user for \$1,800,000, or \$84.21/SF.

*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	1ST QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Southeast	147	1,750,513	1.99%	1,734	1,734
Northeast	133	2,257,818	3.75%	13,465	13,465
Central	41	499,434	8.09%	(11,860)	(11,860)
West Side	12	303,106	0.60%	1,710	1,710
TOTAL	333	4,810,871	3.36%	5,049	5,049



RDM INDUSTRIAL

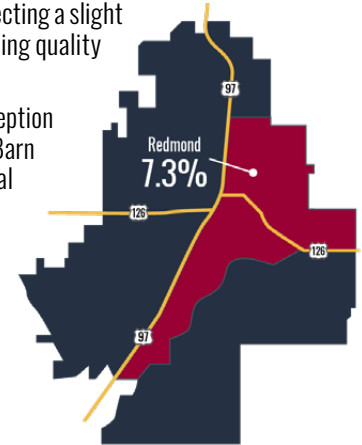
▲ **7.26% VACANCY** — **(10,147 SF) ABSORPTION**

Compass Commercial surveyed 99 industrial buildings in Redmond totaling approximately 1.86 million square feet for the Q1 2026 report. For the second consecutive quarter, the market experienced negative absorption, contributing to an increase in vacancy from 6.21% to 7.26%. This represents the highest vacancy rate since Q2 2015; however, the increase is largely attributed to several larger spaces coming to market, rather than a significant decline in overall demand.

LEASING: Leasing activity in Q1 remained measured, with continued tenant interest in smaller-bay industrial spaces under 5,000 SF. Consistent tenant inquiries and touring activity suggest underlying demand remains intact, particularly within the small- to mid-size user segment.

RENTS: Industrial asking rents in Q1 2026 ranged from approximately \$0.75/SF/Mo. NNN on the lower end to \$1.20/SF/Mo. NNN for specialty-use or first-generation space, reflecting a slight widening in pricing based on building quality and level of improvements.

CONSTRUCTION: With the exception of 501 Veterans Way and the Red Barn Industrial Center, new industrial construction remains limited, and the market continues to be driven primarily by existing inventory. The lack of speculative development continues to limit new supply, which may help stabilize vacancy and support rental rates over time.



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	1ST QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Redmond	99	1,864,246	7.26%	(10,147)	(10,147)

Positive Absorption = Space Leased | Negative Absorption = Space Vacated

FOR LEASE
Bend Industrial Facility | Rate Reduced!
63245 NE Jamison St., Bend, OR
10,800-25,808 SF | Now \$0.75/SF/Mo. NNN

COMPASS POINTS: A WALK DOWN MEMORY LANE

(continued from cover)



Since then, this site has provided much of the land supply for Redmond’s industrial expansion including the new distribution hub for Amazon. In 1996, the Points survey for Redmond only consisted of 19 buildings totaling 320,000 square feet! Today, Points tracks a total of 97 buildings and 1.85 million square feet.

Although Points did not track retail data until years later, the 1996 report did note that Bend’s retail market was exploding:

“On the west side of town, The Old Mill District at River Bend started designs on the 60,000 SF first phase of its retail component (now called The Shops at the Old Mill District). At the north end of town, the Bend Center and High Desert Village (now Cascade Village Shopping Center) were unveiled. Located on 45 acres adjacent to Target, these developments could consist of over 350,000 SF of space. Home Depot and Waremart (now WinCo) are two possible tenants. Plans on the east side call for the addition of several national retailers including Barnes & Noble, Pier 1, Office Max, Blockbuster, McDonalds, Taco Bell and Burger King. These retailers will be spread along Highway 20 at the Forum and Crossroads retail centers.”

When the first edition of Points was released, Bend was entering a new era of retail demand and beginning to attract national brands and big box stores. However, the locals weren’t embracing this new era.

“The general citizenry seems to be up in arms over the appearance and character of the developments being created for these retailers. Many are unimaginative, concrete block buildings nestled in a sea of asphalt,”



Compass Commercial Founders: Steve Toomey (left standing) Erich Schultz (right standing)

quoted the 1996 Points report. Another highlight in the 1996 report was the groundbreaking for the Original Pancake House at the corner of Colorado and Century Drive. Who knows how many pancakes have been flipped in there since then.



Bend was also establishing itself as a viable alternative for outside investors during this time. The Points report mentioned this increasing demand and that stabilized investment properties were trading at cap rates between 9–10%. Those rates seem high compared to cap rates today, which are generally between 6.5%–7.5% but the cost of debt was substantially higher in 1996, with mortgage rates averaging 7.8% that year.

It’s been a wild ride, but for the last 30 years, Points has been a consistent resource for our clients and the business community in Central Oregon and beyond. Thanks to the foresight of Erich and Steve and all the hard work by Compass brokers through the years, we have access to a reliable data source that has been invaluable to our clients and an integral piece in their decision making.

**Written by partner and broker
Graham Dent, SIOR**



MULTIFAMILY REPORT

BEND'S APARTMENT EXCESS: A REALITY CHECK



If it feels like Bend is suddenly full of vacant apartments, you're not imagining it. **1,187 multifamily units** have been delivered over the past two years, with another **1,406 under construction**. Vacant inventory now exceeds 1,000 units, and at current absorption rates, it could take up to five years to work through the excess, assuming there's no additional development.

IMPACT ON MARKET FUNDAMENTALS

The combination of oversupply, elevated interest rates, and sharply rising operating expenses has impacted asset valuations. Rental rates have remained largely flat over the past three years, while operating costs have increased significantly, compressing net operating income (NOI). Transaction volume has declined, as buyers underwrite based on in-place income and current financing realities. At the same time, seller expectations remain misaligned with current market conditions, contributing to reduced deal flow. It is important to note that not all product types are performing equally. Newer Class A properties are experiencing the greatest pressure, driven by higher rent thresholds and increased competition. In contrast, workforce housing and Class B/C assets continue to demonstrate strong occupancy and relative stability, reflecting sustained demand at more attainable price points.

PATH TO MARKET STABILIZATION

A meaningful recovery in Bend's multifamily market will depend on several key variables: Sustained population and job growth will be critical, particularly as growth has slowed from approximately 3% annually during the pandemic to closer to 1–1.5% today. Rent growth must resume, operating costs need to stabilize, and interest rates will need to moderate to support improved valuations and transaction activity.

STRATEGIC CONSIDERATIONS

Despite current headwinds, transaction opportunities remain. Owners considering disposition should focus on stabilizing occupancy and achieving true market rents, as buyers are underwriting based on actual in-place income. Addressing deferred maintenance and pricing realistically—aligned with today's NOI-driven valuations and financing constraints—are also essential. Seller financing should also be considered. In today's capital markets environment, it can be a highly effective tool to bridge valuation gaps and expand the buyer pool. Advantages include enhanced marketability, the potential for better pricing in exchange for favorable terms, an ongoing income stream through note payments, and possible tax benefits.

FOR BUYERS: POSITION FOR THE NEXT CYCLE

While near-term conditions remain challenging, it is important to maintain a forward-looking perspective. Bend continues to exhibit strong structural drivers, including its desirability as a lifestyle and migration destination, long-term population growth trends, and supply constraints tied to geography and regulation. These factors support the view that Bend will remain a premier growth and investment market over the long term, even as it works through the current oversupply phase. Disciplined acquisitions made during this cycle are often those that generate the strongest long-term returns.

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

FOR SALE

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

SOLD

4-Plex | Sold for \$930,000
1597 NW Portland Ave., Bend

CENTRAL OREGON

9.3%
BEND/REDMOND VACANCY

0%
RENT GROWTH



NEW LISTING ALERT

FOR SALE: BEND COMMERCIAL SPACE
 Owner-user opportunity
 1,482 SF | \$750,000

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

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

204 NE 4th Street, Bend



NOTABLE TRANSACTIONS

Compass Commercial Real Estate Services negotiated the following notable transactions in the first quarter of 2026. For more details about our monthly transactions, please visit CompassCommercial.com/Transactions.



91
TRANSACTIONS



15
SALES



72
LEASES



\$42M
CONSIDERATION

SALE TRANSACTIONS

TYPE	PROPERTY	BLDG/LOT SIZE	PRICE	COMPASS COMMERCIAL REPRESENTED
Retail	1648 E Idaho Avenue, Ontario	40,010 SF 3.53 AC	\$5,090,187	BUYER & SELLER: Adam Bledsoe
Office	499 SW Upper Terrace Drive, Bend	7,589 SF 0.70 AC	\$3,350,000	BUYER: Adam Bledsoe, Dan Kemp, Emilio Tiscareno
Retail	919 NW Bond Street, Bend	3,433 SF	\$2,850,000	BUYER: Pat Kesgard
Retail	2521 S 6th Street, Klamath Falls	18,400 SF 1.83 AC	\$2,705,000	SELLER: Graham Dent, Dan Kemp, Emilio Tiscareno
Retail	631 NW Federal Street, Bend	5,054 SF 0.15 AC	\$2,040,000	SELLER: Jay Lyons, Grant Schultz

LEASE TRANSACTIONS

TYPE	PROPERTY	SF LEASED	LESSEE	COMPASS COMMERCIAL REPRESENTED
Restaurant	15-85 Division Avenue, Eugene	3,906 SF	Sumo Sushi & Grill	LANDLORD: Matt Sichel, Dan Kemp, Emilio Tiscareno
Office	123 SW Columbia Street, Bend	7,010 SF	HD Enterprises, LLC	LANDLORD: Graham Dent, Jay Lyons
Retail	3188 N Hwy 97, Bend	4,000 SF	Consumer Cellular, Inc.	LANDLORD: Peter May, Emilio Tiscareno, Russell Huntamer, Eli Harrison TENANT: Kristie Schmitt
Office	404 SW Columbia Street, Bend	4,816 SF	Summit Bank Group, Inc.	LANDLORD: Jay Lyons, Grant Schultz
Retail	310 SW Industrial Way, Bend	1,945 SF	MMA Nail Salon	LANDLORD & TENANT: Jay Lyons, Russell Huntamer, Eli Harrison



© COMPASS COMMERCIAL, INC. 2026
 Published quarterly. Subscription is free via sign-up on our website. Analysis and editorial by the management and staff of Compass Commercial Real Estate Services.

Sign up or view past issues at:
[COMPASSCOMMERCIAL.COM/POINTS](https://CompassCommercial.com/Points)

Follow us on:



600 SW Columbia St., Ste. 6100 | Bend, OR 97702
 541.383.2444 | www.CompassCommercial.com