



FOR LEASE: Class A West Side Office | 360 SW Bond St., Bend, OR | 2,165-22,057 SF

30 YEARS OF TRUE NORTH

When we opened the doors at Compass Commercial thirty years ago, the “Old Mill” was just actually an old mill. The population of Bend was roughly 35,000. “Remote work” meant you were on a job site in Prineville. Looking back at 2025, and looking ahead to our 30th year in business, the word that comes to mind isn’t just “growth;” it’s resilience. While the national commercial real estate headlines in 2025 were dominated by “doom loops” and asset distress in major urban cores, our regional markets told a different story. We didn’t just survive the post-pandemic correction; in many ways, we have already adapted to it.

THE 2025 SCORECARD

Retail: The Unexpected Safehaven

Despite the national narrative that e-commerce would kill brick-and-mortar shops, our retail sector proved incredibly durable. After a brief vacancy spike in Q3, the market rebounded immediately in Q4. We ended the year with positive absorption and a vacancy rate of 4.32%. While downtown cores in major metros work through restructuring, regional hubs both here and in the Willamette Valley are proving that well-located retail is still a core asset.

Office: Defying The National Trend

This is where local nuance matters most. Nationally, office vacancy is hovering near record highs, exceeding 20% in many markets. In Bend, vacancy spent most of 2025 stabilizing around the 6.5% range, reflecting a fundamentally different dynamic. Rather than large corporate users driving demand, Bend’s office market continues to benefit from local and regional businesses returning to the office in a measured way, prioritizing collaboration, culture, and client-facing space over remote-only models.

Industrial: The Supply Constraint

Industrial remains the tightest sector across Central Oregon. With average vacancy across the Bend and Redmond markets holding at 4.7%, available inventory remains limited. At the same time, rising land and construction costs continue to make speculative development difficult to justify, reinforcing the value of existing buildings. As a result, functional industrial space, particularly small- to mid-size product, remains highly sought after by both tenants and investors alike.

(Continued on page 4)



CENTRAL OREGON

Commercial Real Estate Market Report



BEND OFFICE

6.94%
VACANCY

-25,013 SF
ABSORPTION

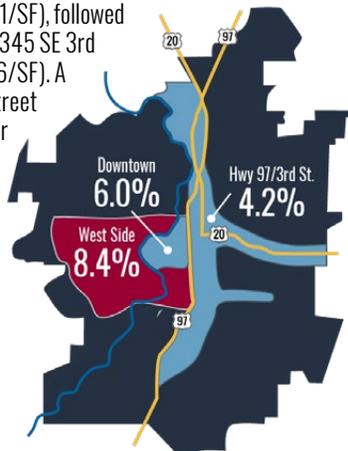
Compass Commercial surveyed 225 office buildings totaling 2.79 million square feet for our fourth quarter report for 2025. After positive absorption of 8,697 SF last quarter, the market once again experienced negative absorption of 25,013 SF. With this latest quarter, the Bend office market has experienced negative absorption four out of the last five quarters. The current vacancy rate is 6.94% in Q4 compared to 6.14% in Q3. Available sublease space increased from 43,190 SF in Q3 to 49,695 SF in Q4 resulting in a Q4 availability rate of 8.72%.

LEASING: Leasing demand was uneven, with limited activity across all segments of the office market. The Downtown and Highway 97/3rd Street submarkets both experienced modest positive absorption of 2,574 SF and 2,013 SF respectively. The outlier was the West Side submarket which experienced 29,600 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 now complete for Shevlin Crossing Building B, a 26,000 SF, two-story, Class A office building located at 2220 NW Labiche Lane. This building has five leased suites and another pending. No other "for lease" office buildings are currently under construction.

SALES: There were three notable office sales and two medical office sales this quarter. A 4,112 SF building at 155 NE Revere Avenue sold in December for \$1,400,000 (\$331/SF), followed by an 8,837 SF fully leased building at 345 SE 3rd Street that sold for \$3,500,000 (\$396/SF). A third office property at 304 NE 3rd Street totaling 5,600 SF sold in November for \$1,580,000 (\$282/SF). Two medical office buildings near the hospital also traded, including the Pinnacle Building at 2450 NE Mary Rose Place, which sold for \$15,400,000 (\$411/SF) to Woodside Health, and the Pilot Butte Medical Center at 2275 NE Doctors Drive, purchased by St. Charles Health Care System for \$10,000,000 (\$368/SF).



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

Written by partner and broker
Jay Lyons, SIOR, CCIM



BEND RETAIL

4.32%
VACANCY

9,974 SF
ABSORPTION

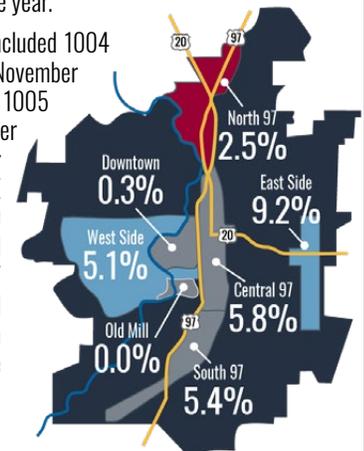
Compass Commercial surveyed over 4.61 million square feet of retail space across 275 buildings in Bend to compile our fourth quarter report for 2025. During the last quarter of the year, Bend experienced a slight decrease in overall vacancy, coming down from 4.40% in Q3 to 4.32% in Q4. Over the course of the entire year, this new retail vacancy rate of 4.32% represents a decrease of 1.85% in Bend's overall retail vacancy from the first quarter of 2025.

LEASING: Bend's West Side experienced the most positive absorption of any submarket in Q4, with a vacancy rate of 5.13%. The Old Mill District maintained its 0% vacancy rate, while the Downtown submarket also showed no change from its 0.34% vacancy rate in Q3. Bend's Central district experienced a slight decrease in vacancy, bringing its rate down to 5.78%. The East Side submarket experienced the largest drop in vacancy, decreasing from 10.26% in Q3 to 9.21% in Q4.

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 exception is several drive-thru pad sites marketed between \$5.00/SF/Mo. and \$5.42/SF/Mo.

CONSTRUCTION: Leasing activity on newly constructed projects remained active to close out 2025. Retail buildings at the Gateway North development near Costco are 100% leased, and at the Jackstraw development only three of ten retail suites remain available. No new retail construction projects broke ground in Q4 of 2025, but leasing activity on newly constructed projects remained strong to finish the year.

SALES: Notable sales this quarter included 1004 NW Newport Avenue, which sold in November 2025 for \$1,400,000 (\$768/SF). 1005 NW Newport Avenue sold in October for \$850,000 (\$701/SF). The former Prep Kitchen building at 212 NE Revere Avenue sold for \$1,900,000 (\$671/SF), while 706 NE Greenwood Avenue sold for \$2,130,000 (\$489/SF). In Sisters, 497 W. Hwy 20 sold for \$2,100,000 (\$724/SF), and in Redmond, 1515 SW Reindeer Avenue sold for \$750,000 (\$380/SF).



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

Written by broker
Eli Harrison

BEND OFFICE NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	4TH QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Downtown	52	499,699	6.01%	2,574	(11,340)
Hwy 97/3rd St.	53	664,956	4.16%	2,013	281
West Side	120	1,624,400	8.36%	(29,600)	(15,685)
TOTAL	225	2,789,055	6.94%	(25,013)	(26,744)

BEND RETAIL NET ABSORPTION

BLDGS. OVER 3,000 SF

MARKET AREA	NO. BLDGS.	TOTAL SF	VAC. RATE	4TH QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
South 97	23	835,405	5.39%	0	5,288
Central 97	46	689,678	5.78%	274	(23,156)
North 97	28	1,228,168	2.48%	(2,383)	(7,331)
East Side	30	562,015	9.21%	5,915	(20,878)
West Side	62	593,340	5.13%	6,170	(7,020)
Old Mill District	19	265,502	0%	0	0
Downtown	67	440,415	0.34%	0	8,454
TOTAL	275	4,614,523	4.32%	9,974	(44,643)



BEND INDUSTRIAL

3.32%
VACANCY

36,381 SF
ABSORPTION

Compass Commercial surveyed 332 Bend industrial buildings, totaling nearly 4.79 million square feet for our fourth quarter report for 2025. The market experienced 36,381 SF of positive absorption during the quarter, ending with an overall vacancy rate of 3.32%. Bend now has 158,864 SF of industrial space available.

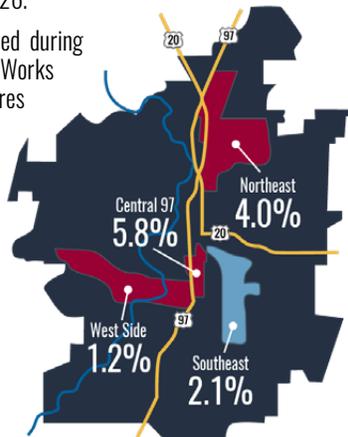
LEASING: Overall, leasing activity remained relatively stagnant during the quarter. A large lease with BASX was completed at 63085 NE 18th Street. That one lease accounted for nearly 34,000 SF of the total square footage absorbed during the quarter.

RENTS: The average asking lease rate for raw industrial space was \$1.11/SF/Mo. NNN at the end of Q4; slightly higher than the \$1.10/SF/Mo. NNN recorded in Q2 of 2025. Asking lease rates for new construction range from \$1.75 to \$1.95/SF/Mo. NNN, depending on delivery condition. Rents for second generation flex space and highly improved industrial spaces are in the \$1.50 to \$1.65/SF/Mo. NNN range.

CONSTRUCTION: One speculative industrial project is underway for lease: Taylor Brooks is developing NOCO at Juniper Ridge located at Cooley Road and NE 18th Street. The first phase consists of three industrial/flex buildings totaling 62,429 SF and is slated for completion in 2026. There's a speculative industrial condo project underway at 20489 NE Funner Place (Falcon Industrial). That project consists of four condo units (approximately 2,200 SF each) and is projected to be completed in March 2026.

SALES: Several notable sales occurred during Q4. The former City of Bend Public Works building located at 62975 Boyd Acres Road was sold to Bend Parks and Rec for \$6,900,000 (\$189/SF). The terms of the sale were negotiated years ago but closing was delayed allowing for completion of the new Public Works building in Juniper Ridge. A building located at 90 SE Bridgeford Blvd sold to an investor for \$2,624,000 (\$239/SF) and a building located at 720 SE Business Way sold for \$1,977,500 (\$267/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	4TH QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Southeast	147	1,750,513	2.09%	1,164	34,745
Northeast	132	2,235,634	4.02%	29,243	70,246
Central	41	499,939	5.81%	7,684	10,777
West Side	12	303,106	1.16%	(1,710)	(1,806)
TOTAL	332	4,789,192	3.32%	36,381	113,962



RDM INDUSTRIAL

6.21%
VACANCY

-13,274 SF
ABSORPTION

Compass Commercial surveyed 97 industrial buildings totaling nearly 1.85 million square feet in Redmond for our fourth quarter report for 2025. Overall vacancy increased to 6.21%, driven by two newly added properties: Red Barn Industrial's new 17,048 SF building and the former Midstate Fertilizer site totaling ±36,000 SF. Excluding these properties, the adjusted vacancy rate is 3.44%, higher than last quarter but still reflective of a tight industrial market. Redmond's industrial sector continues to benefit from limited speculative construction and steady demand for functional spaces.

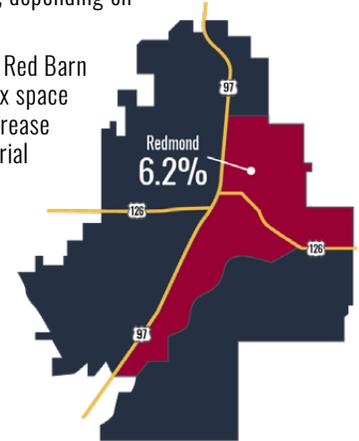
LEASING: Leasing activity moderated in Q4, with more interest in units ranging from 1,500 to 5,000 SF. While absorption slowed compared to Q3, tenant inquiries remained consistent, particularly for well-located, move-in-ready spaces.

RENTS: Industrial rates remained stable, with asking rents generally ranging from \$0.90 to \$1.20/SF/Mo. NNN, depending on their size and condition.

CONSTRUCTION: Delivery of the Red Barn Industrial Center added modern flex space and contributed to the quarter's increase in vacancy, while speculative industrial construction remains limited.

SALES: Two notable industrial sales occurred in Q4: A 19,656 SF property at 810 NE Hemlock Avenue sold for \$2,635,000 (\$134/SF), and 2138 SW 2nd Court traded for \$2,350,000 (\$239/SF), underscoring continued investor interest in well-located industrial assets.

*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	4TH QTR. ABSORP. SF	TOTAL YTD ABSORP. SF
Redmond	97	1,848,846	6.21%	(13,274)	4,199

Positive Absorption = Space Leased | Negative Absorption = Space Vacated

FOR LEASE
 High-End West Side Office Space
 965 SW Emkay Dr., Suite 200, Bend, OR
 2,427 SF | \$1.80/SF/Mo. NNN

30 YEARS OF TRUE NORTH

(continued)



A BROADER COMPASS

Compass Commercial continues to expand our footprint with new office locations in Eugene, Lake Oswego, and Washougal. This allows us to better assist our clients who own properties along the I-5 corridor with property management, maintenance, and brokerage services.

While the national press focuses on the challenges in downtown Portland, we are seeing resilience and opportunity in the suburban and secondary markets west of the Cascades. Clients in the Willamette Valley are seeking the same things we see here: stability, community, and solid fundamentals. Real estate is local, and we are finding excellent opportunities for our clients on both sides of the mountains.

THE OUTLOOK FOR 2026

As we enter 2026, we expect the gap between resilient regional markets and distressed urban cores to widen. Capital goes where it is treated well, and businesses go where their employees actually want to live.

However, three decades in this business teaches you humility. We have

not forgotten the lessons of 2008. We know that trees don't grow to the sky, and no market is immune to global headwinds or "black swan" events. While today's lending environment and cross-sector demand are improving and far healthier than they were during the Great Financial Crisis, we always advise our clients to stress-test their assumptions.

We are entering this year with an improving interest rate environment and a local economy that has long since matured beyond tourism. The challenges we face now, affordability and land constraints, are "growth problems," not "existential problems."

For 30 years, our focus at Compass Commercial hasn't changed: to provide reliable and accurate data and expert services. Whether the market is booming or correcting, our advice remains the same: Look at the fundamentals, ignore the noise, and bet on the Pacific Northwest.

Here's to the next thirty.

**Written by president, partner, and broker
Russell Huntamer, CCIM**



OFFICE VACANCY	Q4 2024		Q4 2025	
	U.S.	BEND	U.S.	BEND
	20.9%	5.72%	14.3%	6.94%



RETAIL VACANCY	Q4 2024		Q4 2025	
	U.S.	BEND	U.S.	BEND
	5.40%	6.20%	4.28%	4.32%



INDUSTRIAL VACANCY	Q4 2024		Q4 2025	
	U.S.	BEND	U.S.	BEND
	6.70%	3.99%	7.38%	3.32%



MULTIFAMILY VACANCY	Q4 2024		Q4 2025	
	U.S.	BEND	U.S.	BEND
	8.90%	7.20%	8.35%	9.68%

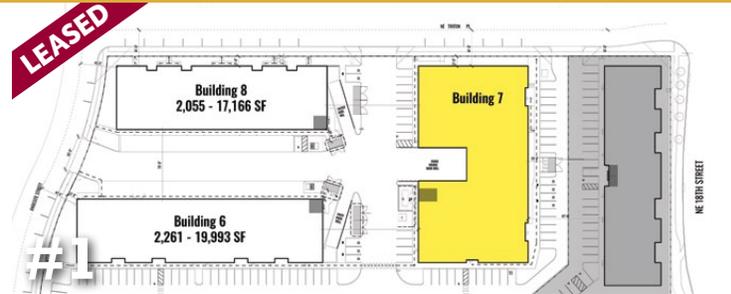
TOP 5 SALE & LEASE LISTINGS CLOSED IN 2025

SOLD



#1
\$7,000,000 | 4.87 AC | Land | 1081 SW Mt. Bachelor Dr., Bend

LEASED



#1
Tenant Undisclosed | 25,777 SF | Medical | Juniper Ridge Lot 6, Bldg 7

SOLD



#2
\$6,900,000 | 36,448 SF | Industrial | 62975 Boyd Acres Rd., Bend

LEASED



#2
Solaris Ventures | 28,492 SF | Industrial | 73270 Lyman Pl., Bend

SOLD



#3
\$4,599,936 | 8.0 AC | Land | 60802 SE 15th St., Bend

LEASED



#3
St. Charles | 20,550 SF | Office | 1645 NE Forbes Rd., Bend

SOLD



#4
\$3,910,813 | 3.83 AC | Land | 60802 SE 15th St., Bend

LEASED



#4
Central Oregon Pediatrics | 4,394 SF | Medical | 61379 S Hwy 97, Bend

SOLD



#5
\$3,800,000 | 18,301 SF | Multi-Family | Studio Gardens, Bend

LEASED



#5
The Way West | 3,801 SF | Restaurant | 310 SW Industrial Way, Bend



NEW LISTING ALERT

FOR SALE: CLASS A OFFICE/RETAIL SPACE

Also Available for Lease!

12,216 SF | Percent Leased: 45.8% | \$3,200,000

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

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

100 W Lundgren Mill Dr., Sisters, OR



NOTABLE TRANSACTIONS

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



80
TRANSACTIONS



14
SALES



60
LEASES



\$43.8M
CONSIDERATION

SALE TRANSACTIONS

TYPE	PROPERTY	BLDG/LOT SIZE	PRICE	COMPASS COMMERCIAL REPRESENTED
Industrial	62975 Boyd Acres Rd., Bend	36,448 SF 5.08 AC	\$6,900,000	SELLER & BUYER: Dan Kemp, Peter May, Dan Kemp, Jay Lyons & Grant Schultz
Land	60802 SE 15th St., Bend	3.83 AC	\$3,910,813	SELLER & BUYER: Russell Huntamer & Eli Harrison
Multifamily 22-Units	Studio Gardens Apartments 1000 NE Butler Market Rd., Bend	18,301 SF	\$3,800,000	SELLER: Ron Ross, Terry O'Neil, Luke Ross, Dan Kemp & Emilio Tiscareno BUYER: Adam Bledsoe, Dan Kemp & Emilio Tiscareno
Industrial	90 SE Bridgeford Blvd., Bend	11,000 SF 0.52 AC	\$2,624,000	BUYER & SELLER: Ron Ross, Luke Ross, & Terry O'Neil
Industrial	2138 SW 2nd Ct., Redmond	9,850 SF 1.42 AC	\$2,350,000	BUYER: Terry O'Neil

LEASE TRANSACTIONS

TYPE	PROPERTY	SF LEASED	LESSEE	COMPASS COMMERCIAL REPRESENTED
Industrial	375 NE 11th St., Redmond	18,450 SF	Core & Main	LANDLORD: Dan Kemp, Adam Bledsoe & Emilio Tiscareno TENANT: Grant Schultz
Industrial Retail	63065-63085 NE 18th St., Bend	33,743 SF	BasX Inc.	LANDLORD: Robert Raimondi, Peter May & Emilio Tiscareno
Industrial	63065-63085 NE 18th St., Bend	24,749 SF	Onboard Dynamics	LANDLORD: Robert Raimondi, Peter May & Emilio Tiscareno
Industrial	63625 Old Deschutes Rd., Bend	6,593 SF	Chinook Contracting Inc.	LANDLORD & TENANT: Bruce Churchill
Office	2220 NW Labiche Ln., Bend	3,207 SF	Vista Counseling	LANDLORD: Grant Schultz, Gaham Dent & Jay Lyons TENANT: Jay Lyons



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REAL ESTATE SERVICES

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