

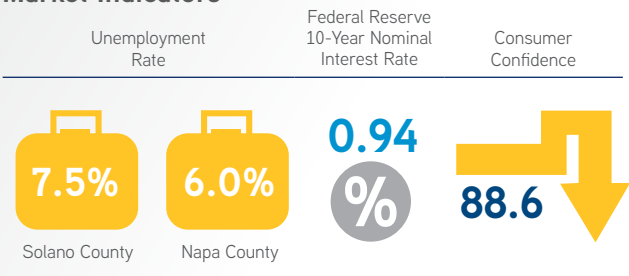


Deal Velocity Declined Even Further

- > Office Inventory: 5,283,489 SF
- > Current Vacancy: 17.1%
- > Net Absorption: (31,184) SF

The office vacancy rate in Solano and Napa counties increased in the fourth quarter of 2020 from 16.6 percent to 17.1 percent. Deal velocity declined even further from its already low levels as there was only one significant transaction in the quarter as the continuing pandemic has led most tenants and investors to remain on the sidelines. Net absorption was negative 31,184 square feet for the fourth quarter and negative 125,718 square feet for the year. The combined average asking rate across all classes of office declined by \$0.02 to \$1.97 per square foot per month full service (FS).

Market Indicators



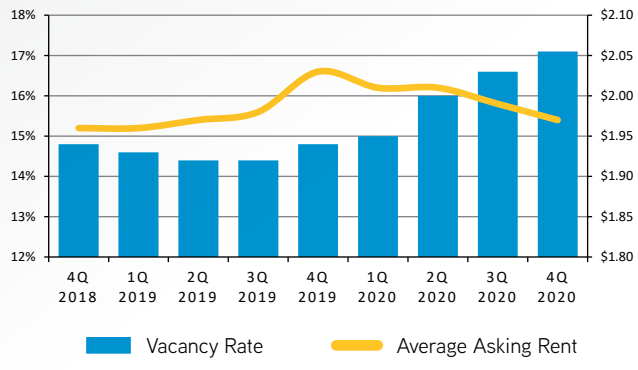
Market Trends

Relative to prior period	Q4 2020	Q1 2021*
Vacancy	↑	↑
Rental Rate	↓	↓
Net Absorption	↓	↓
Construction	↓	↓

*Projected

Vacancy vs. Asking Full Service Rental Rates

Solano & Napa Counties | All Classes



Vacancy continues its upward trend and asking rates decline

Summary Statistics

Q4 2020 Solano & Napa Counties Office Market	Previous Quarter	Current Quarter
Overall Vacancy Rate	16.5%	17.1%
Net Absorption	(29,805)	(31,184)
Construction Completed	0	0
Under Construction	0	0
Overall Asking Rents*	\$1.99	\$1.97
Class A Asking Rents	\$2.42	\$2.40
Class B Asking Rents	\$2.15	\$2.12
Class C/Flex Asking Rents	\$1.20	\$1.20

*Asking Rents Reported Monthly

Fairfield

Fairfield's vacancy rate increased from 26.3 percent to 27.8 percent in the fourth quarter amidst limited activity. The Wiseman Company's 50,000 square foot Class A office building at 5000 Wiseman Way in the Green Valley Executive Center has been entitled by the City of Fairfield, but construction has not commenced yet.

Napa

The vacancy rate in Napa declined from 13.6 percent to 13.3 percent in the fourth quarter. Napa was the only city in this report to register a decline in the vacancy rate this quarter. The only transaction was VinPorter's lease of a 2,472 square foot office/flex space at 860 Napa Valley Corporate Way in Napa Valley Commons.

Sublease Space

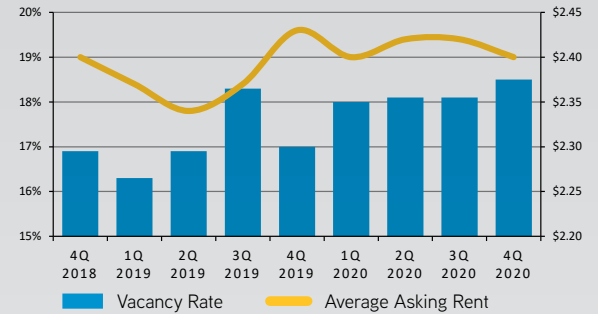
The amount of office space available for sublease increased in all four quarters of 2020 in Solano and Napa counties. There is now 69,997 square feet of office space available, up from 16,771 square feet at the beginning of the year. This trend is not limited to Solano and Napa counties, it is being experienced nationwide as a result of the pandemic.

Summary

When the shelter-in-place orders were first issued in March, there were sharp increases in the unemployment rate, however rates have gradually declined in the past several months. Solano County's rate was 7.5 percent in November, down from 8.2 percent in October and Napa County's was 6.0 percent in November, down from 6.4 percent in October. A decline in unemployment rates often portends a decline in office vacancy rates, however that has not occurred during this pandemic recession. For the year of 2020, the combined Solano and Napa office vacancy rate increased by 2.3 percentage points from 14.8 percent to 17.1 percent. While this is a significant increase, most other regional and national markets experienced far greater office vacancy increases in 2020. There is long-term optimism in the greater economy based on the recent announcements of vaccines, however, given the uncertain timing of wide distribution of the vaccines, deal velocity in the office market will likely remain constrained in 2021.

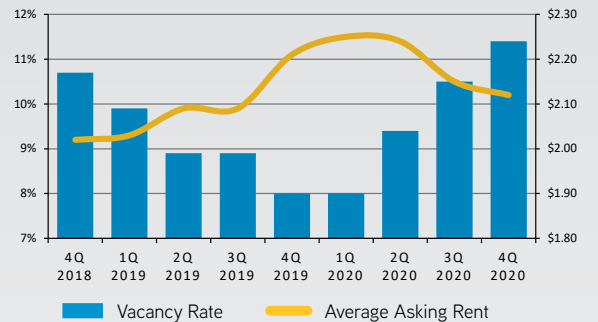
Vacancy vs. Asking Full Service Rental Rates

Solano & Napa Counties | Class A



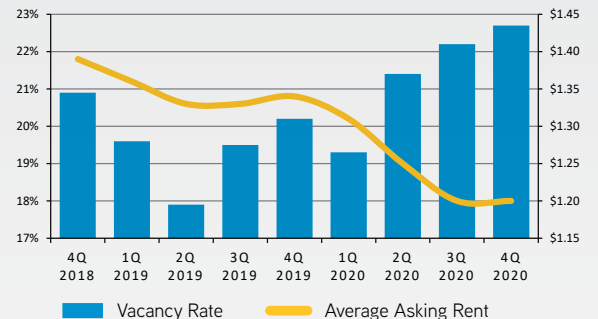
Vacancy vs. Asking Full Service Rental Rates

Solano & Napa Counties | Class B



Vacancy vs. Asking Full Service Rental Rates

Solano & Napa Counties | Office/Flex



VinPorter leased 2,472 square feet of office/flex space at 860 Napa Valley Corporate Way in Napa Valley Commons.

Lease Activity

VinPorter

860 Napa Valley Corporate Way, Napa

November, 2020

2,472 SF – Office / Flex



Market Comparisons – Fairfield

OFFICE MARKET

EXISTING PROPERTIES										ABSORPTION		CONSTRUCTION		RENTS
CLASS	BLDGS	TOTAL INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	SUBLEASE VACANCY RATE	TOTAL VACANT SF	VACANCY RATE CURRENT QUARTER	VACANCY RATE PRIOR QUARTER	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	COMPLETIONS CURRENT QTR SF	UNDER CONSTRUCTION SF	FS AVG ASKING RATE
BENICIA														
A	1	30,000	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$-
B	6	85,403	740	0.9%	-	0.0%	740	0.9%	0.0%	(740)	(740)	-	-	\$2.00
Flex	1	63,160	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$-
Total	8	178,563	740	0.4%	-	0.0%	740	0.4%	0.0%	(740)	(740)	-	-	\$2.00
FAIRFIELD														
A	26	1,035,100	303,528	29.3%	1,845	0.2%	305,373	29.5%	28.3%	(12,027)	(41,398)	-	-	\$2.29
B	26	579,277	69,457	12.0%	12,664	2.2%	82,121	14.2%	10.5%	(21,036)	(25,332)	-	-	\$1.78
Flex	12	542,276	195,058	36.0%	17,554	3.2%	212,612	39.2%	39.2%	212	(11,285)	-	-	\$1.16
Total	64	2,156,653	568,043	26.3%	32,063	1.5%	600,106	27.8%	26.3%	(32,851)	(78,015)	-	-	\$1.84
NAPA														
A	19	719,339	58,224	8.1%	10,500	1.5%	68,724	9.6%	9.6%	-	(2,113)	-	-	\$3.07
B	32	666,252	101,588	15.2%	6,303	0.9%	107,891	16.2%	16.7%	3,437	(21,458)	-	-	\$2.41
Flex	12	345,595	32,519	9.4%	21,131	6.1%	53,650	15.5%	16.1%	2,126	(39,703)	-	-	\$1.48
Total	63	1,731,186	192,331	11.1%	37,934	2.2%	230,265	13.3%	13.6%	5,563	(63,274)	-	-	\$2.45
VACAVILLE														
A	10	347,935	34,243	9.8%	-	0.0%	34,243	9.8%	10.6%	2,673	17,687	-	-	\$2.22
B	12	205,986	8,144	4.0%	-	0.0%	8,144	4.0%	4.5%	1,197	6,557	-	-	\$1.91
Flex	1	52,491	26,335	50.2%	-	0.0%	26,335	50.2%	37.3%	(6,743)	(5,384)	-	-	\$1.22
Total	23	606,412	68,722	11.3%	-	0.0%	68,722	11.3%	10.9%	(2,873)	18,860	-	-	\$1.80
VALLEJO														
A	2	70,286	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$-
B	7	244,085	4,102	1.7%	-	0.0%	4,102	1.7%	2.4%	1,866	(3,102)	-	-	\$1.50
Flex	9	296,304	2,149	0.7%	-	0.0%	2,149	0.7%	0.0%	(2,149)	553	-	-	\$0.90
Total	18	610,675	6,251	1.0%	-	0.0%	6,251	1.0%	1.0%	(283)	(2,549)	-	-	\$1.29
MARKET TOTAL														
A	58	2,202,660	395,995	18.0%	12,345	0.6%	408,340	18.5%	18.1%	(9,354)	(25,824)	-	-	\$2.40
B	83	1,781,003	184,031	10.3%	18,967	1.1%	202,998	11.4%	10.5%	(15,276)	(44,075)	-	-	\$2.12
Flex	35	1,299,826	256,061	19.7%	38,685	3.0%	294,746	22.7%	22.2%	(6,554)	(55,819)	-	-	\$1.20
Market Total	176	5,283,489	836,087	15.8%	69,997	1.3%	906,084	17.1%	16.6%	(31,184)	(125,718)	-	-	\$1.97
QUARTERLY COMPARISON AND TOTALS														
Q4-20	176	5,283,489	836,087	15.8%	69,997	1.3%	906,084	17.1%	16.6%	(31,184)	(125,718)	-	-	\$1.97
Q3-20	176	5,283,489	819,747	15.5%	55,153	1.0%	874,900	16.6%	16.0%	(29,805)	(94,534)	-	-	\$1.99
Q2-20	176	5,283,489	800,547	15.2%	44,548	0.8%	845,095	16.0%	15.0%	(54,911)	(64,729)	-	-	\$2.01
Q1-20	176	5,283,489	754,921	14.3%	35,263	0.7%	790,184	15.0%	14.8%	(9,818)	(9,818)	-	-	\$2.01
Q4-19	176	5,283,489	763,595	14.5%	16,771	0.3%	780,366	14.8%	14.4%	(18,307)	12,976	-	-	\$2.03

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As new, corrected or updated information is obtained, it is incorporated into both current and historical data, which may invalidate comparison to previously issued reports.

68 countries

\$3.5

billion in
annual revenue

2.0

billion square feet
under management

18,000+

professionals
and staff

\$129

billion in
total transaction value

*All statistics are for 2019 are in U.S. dollars and include affiliates.

COLLIERS INTERNATIONAL | FAIRFIELD

380 Chadbourne Road, Suite D
Fairfield, CA 94534

+1 707 863 8362

MARKET CONTACTS:

Scott Ellis, SIOR
Executive Managing Director
CA License No. 00713974
+1 925 279 5575
scott.ellis@colliers.com

Rob Gerard
Senior Research Analyst | Fairfield
+1 707 863 8362
rob.gerard@colliers.com



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