



Colliers International Market Report Fairfield, California

Winter 2006



Highlights: Nut Tree Village



The Nut Tree is back to life! The most exciting mixed use development project in Solano County is under construction at the Nut Tree in Vacaville, CA. A master planned development composed of ± 80 acres of retail, office, hotel, housing, as well as the Nut Tree Family Park, will begin opening its 1st Phase in Summer 2006.

Recent Successes

It's a good thing we worked so hard to establish our $\pm 34,000,000$ square foot base, because the Bay Area migration has diminished since 9/11. Many of our recent prospects for growth have been the firms that are already here and flourishing:

Business Park Expansions - 2005

Columbus Salame	± 22.49 Acres
S. San Francisco to Fairfield	
Saint Gobain	$\pm 1,000,000$ S/F
Fairfield to Fairfield	
Critchfield Mechanical	$\pm 40,000$ SF
Menlo Park to Benicia	
Bay Area Coffee	$\pm 96,000$ SF
Fairfield to Benicia	
Pioneer Tire Company	$\pm 120,060$ SF
Napa to Benicia	
Ashley Furniture	$\pm 69,000$ SF
Fairfield	
Total	$\pm 2,304,724$ SF

North Bay Market Trends

Business Park Update (Solano County)

Great end of 2005 and beginning of 2006. Long term vacancies are disappearing in each submarket. As land has almost disappeared in Fairfield and Benicia and opportunities to purchase existing buildings have diminished, the leasing market is suddenly robust after a 2 - 3 year hiatus.

Business Park and Industrial Statistics

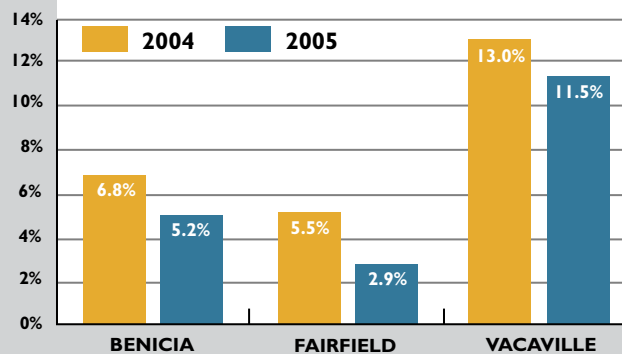
Size of Market: **$\pm 34,000,000$ square feet**
(Benicia, Vallejo, Fairfield, Vacaville, Napa, American Canyon and Dixon)

Sub-Market Vacancy Statistics *

Benicia: 5.2% down from 6.8% in 2004 - 2005
Fairfield: 2.9% down from 5.5% in 2004 - 2005
Vacaville: 11.5% down from 13% in 2004 - 2005
Napa & American Canyon: Industrial $\pm 11.2\%$, Office $\pm 11\%$

* Several larger vacancies / spec buildings will enter the market 3rd Qrt. 2006.

FIGURE 1 Overall Solano County Vacancies
2004 vs 2005



Business Park Land Values

Benicia: \$7.00 - \$8.00 psf
Fairfield: \$6.00 - \$8.00 psf (up from a high of \$4.50 psf in 2004)
Vacaville: \$3.50 - \$7.00 psf (up from \$2.50 - \$3.50 psf in 2004)
Napa & American Canyon: \$9 - \$10 PSF (up from \$6.50 psf in 2005)

2006 Outlook (Napa County)

The Napa & American Canyon market continues to be very strong, with an additional $\pm 650,000$ square feet of industrial buildings scheduled for completion in 2006. This represents an increase of $\pm 6.5\%$ over 2005. Land sales continue to be strong, with speculative purchases leading the charge due to land scarcity. As Napa County works on their general plan review, the most significant patch of land that is being considered for rezoning will be the old Napa Pipe property (± 152 acres sold in late 2005 for \$42 million). Montalcino Resort and Spa will break ground in the 1st quarter of 2006, with the 18 hole golf course scheduled for construction in the last quarter of 2006. Completion is scheduled for late 2008, and would make this resort the North Bay's largest (over 300 acres).

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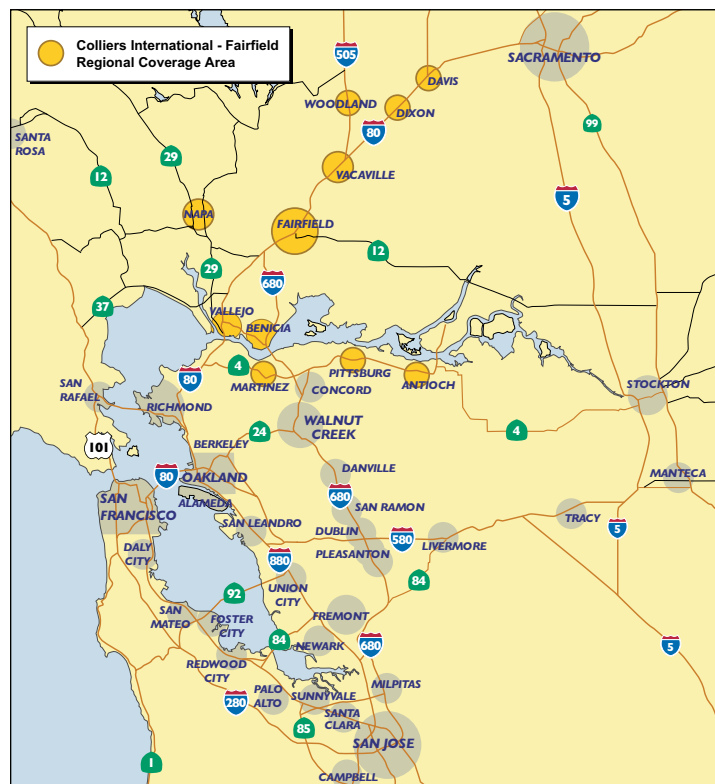
Solano County – Background

Population and Residential Growth

Solano County will have the highest percentage increase in population in the region between 2000 and 2025. Solano's population will increase by 45 percent, or nearly 177,000 residents, in the 25 year period. Solano County is one of the ten fastest growing counties in California, a trend that is projected to continue in the next decade. Among the nine San Francisco Bay Area counties, Solano is expected to account for 32 percent of all growth. Many residents from the more densely populated areas of San Francisco and Alameda counties are migrating to Solano and Contra Costa.

Solano County, along with Santa Clara County, has the highest average of persons per household in the region. ABAG expects the average household size to peak between 2005 and 2010 at about 2.96 and return to 2.90 by 2025.

Throughout the forecast period, household growth to be clustered in three major growth centers: Fairfield, Vacaville and Vallejo. These three areas will account for more than two thirds of the County's 60,000 new households. Fairfield will have the most growth with 16,800 new households. Vacaville will add 15,200 households, and Vallejo 10,100.



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