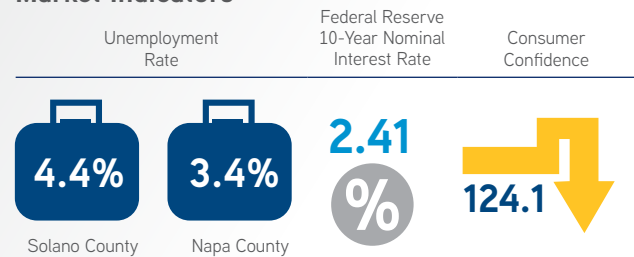


Vacancy Continues Its Downward Trajectory

- > Industrial Inventory: 51,778,169 SF
- > Current Vacancy: 4.0%
- > Net Absorption: 1,296,059 SF

Vacancy for industrial properties in Solano and Napa counties continued its downward trajectory in the first quarter of 2019. The combined vacancy rate declined from 5.2 percent to 4.0 percent in the quarter. Furthermore, the vacancy rate has declined 2.9 percent from its rate of 6.9 percent a year ago. Net absorption for the quarter was positive 694,568 square feet. Average asking rates increased from \$0.57 to \$0.63 per square foot per month triple net (NNN) this quarter.

Market Indicators

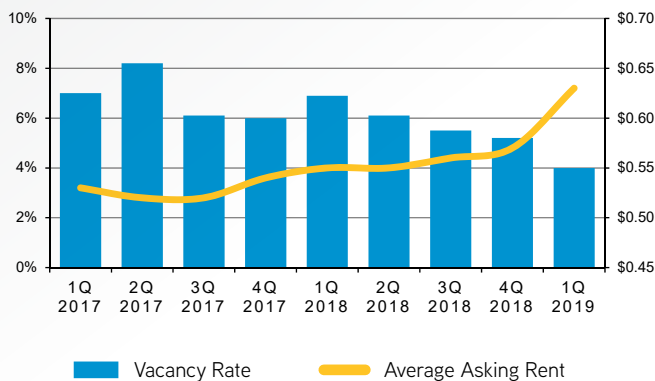


Market Trends

Relative to prior period	Q1 2019	Q2 2019*
Vacancy	↓	↓
Rental Rate	↑	↑
Net Absorption	↑	↑
Construction	↑	↑
*Projected		

Vacancy vs. Asking NNN Rental Rates

Solano and Napa Counties | All Classes



The trends of increasing rents and declining vacancy continue.

Summary Statistics

Q1 2019 Solano & Napa Counties Industrial Market	Previous Quarter	Current Quarter
Overall Vacancy Rate	5.2%	4.0%
Net Absorption	162,034	694,568
Construction Completed	0	81,663
Under Construction	1,014,842	1,296,059
Overall Asking Rents*	\$0.57	\$0.63
Industrial	\$0.76	\$0.76
R&D/Flex	\$0.91	\$0.97
Warehouse/Distribution	\$0.47	\$0.50

*Asking Rents Reported Monthly

American Canyon

Western Wine Group leased the last remaining vacancy in American Canyon, the 120,080 square foot warehouse that Buzz Oates recently completed. This transaction brings American Canyon's vacancy from 1.6 percent down to an unprecedented 0.0 percent.

Fairfield

The vacancy rate in Fairfield declined for the third consecutive quarter, a decline of 1.2 percentage points to 4.6 percent. The largest transactions in the quarter in Fairfield involved Ball Glass' lease of 50,000 square feet of warehouse space at 2290 Cordelia Road in the Solano Commerce Center and Amcor PET Packaging's lease of 50,000 square feet at 2701 Maxwell Way in the Solano Business Park. Construction continues at Ridgeline Property Group's speculative 378,405 square foot warehouse/distribution center at 2200 Courage Drive. Completion is expected this summer.

City of Napa & Unincorporated Areas

The vacancy rate in Napa increased from 4.0 percent to 5.2 percent in the first quarter. The increase was largely attributable to the completion of The Pigman Companies' unoccupied 81,663 square foot warehouse that is in the Napa Commerce Center. The largest transaction in the quarter was DaVe Winery's sublease of 18,434 square feet of warehouse space at 2545 Napa Valley Corporate Drive in the Napa Commons Business Park.

Dixon

There is currently little to no vacancy in Dixon. However that will change as the 430,000 square foot warehouse formerly occupied by Gymboree at 2299 Kids Way becomes available later in 2019.

Vacaville

The vacancy rate in Vacaville dropped sharply from 7.6 percent to 1.8 percent in the first quarter. Nearly all of this decline can be attributed to Adams Wine Group's lease of the remaining 404,950 square feet of vacant space at 700 Crocker Drive in the Interchange Business Park. Vacaville is also the most active city in the region covered in this report with regards to construction, as two buildings totaling 302,614 square feet currently under construction. Buzz Oates is constructing two buildings; a 263,400 square foot warehouse on Eubanks Drive and a 39,214 square foot warehouse at 250 Crocker Drive



700 Crocker Drive, Vacaville

In the largest transaction this quarter, Adams Wine Group leased the 404,950 square foot warehouse at 700 Crocker Drive in Vacaville.

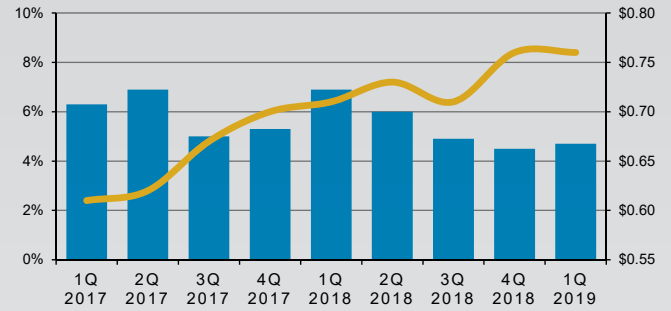
Summary

Continued strength in leasing has led to historically low vacancy rates of 4.0 percent combined for Solano and Napa counties. The current low vacancy environment has driven increased construction activity throughout the region. In Solano and Napa counties there are currently 715,212 square feet of industrial buildings under construction, 786,466 square feet permitted, 485,719 square feet entitled, and 2,166,627 square feet planned.

The near and long term outlook for the region is very positive as high demand for premium wine continues to be Napa's competitive advantage. Solano County's mix of affordability, available land, good labor, and a great location near the Port of Oakland, and between the major markets of the San Francisco Bay Area and Sacramento will continue to make this county attractive for users and investors alike.

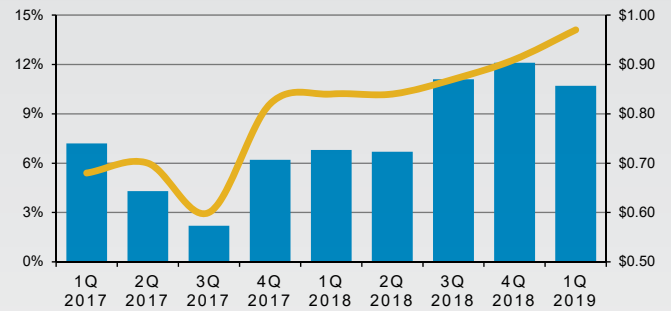
Vacancy vs. Asking NNN Rental Rates

Solano & Napa counties | Industrial



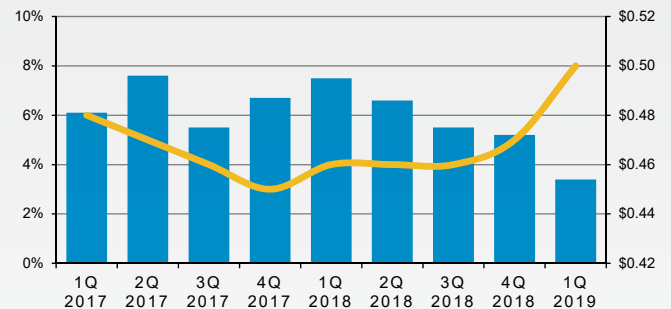
Vacancy vs. Asking NNN Rental Rates

Solano & Napa counties | R&D/Flex



Vacancy vs. Asking NNN Rental Rates

Solano & Napa counties | Warehouse/Distribution



Significant Lease Activity



Market Comparisons – Fairfield

INDUSTRIAL MARKET

SUBMARKET	BLDGS	EXISTING PROPERTIES								ABSORPTION		CONSTRUCTION		RENTS
		TOTAL INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	SUBLEASE VACANCY RATE	TOTAL VACANT SF	TOTAL VACANCY RATE	VACANCY RATE PRIOR QUARTER	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	COMPLETIONS CURRENT QTR SF	UNDER CONSTRUCTION SF	NNN AVG ASKING RATE
AMERICAN CANYON														
Industrial	32	755,110	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$-
R&D Flex		-	-	-	-	-	-	-	-	-	-	-	-	\$-
Warehouse / Distribution	31	6,929,412	-	0.0%	-	0.0%	-	0.0%	1.7%	120,080	120,080	-	-	\$-
TOTAL	63	7,684,522	-	0.0%	-	0.0%	-	0.0%	1.6%	120,080	120,080	-	-	\$-
BENICIA														
Industrial	138	3,878,711	91,211	2.4%	3,200	0.1%	94,411	2.4%	2.2%	(10,143)	(10,143)	-	-	\$0.82
R&D Flex	4	93,633	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$-
Warehouse / Distribution	35	4,341,915	264,745	6.1%	110,238	2.5%	374,983	8.6%	8.6%	-	-	-	-	\$0.45
Total	177	8,314,259	355,956	4.3%	113,438	1.4%	469,394	5.6%	5.5%	(10,143)	(10,143)	-	-	\$0.54
DIXON														
Industrial	30	793,517	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$-
R&D Flex		-	-	-	-	-	-	-	-	-	-	-	-	\$-
Warehouse / Distribution	6	1,511,988	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$-
Total	36	2,305,505	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$-
FAIRFIELD														
Industrial	94	2,953,817	64,232	2.2%	-	0.0%	64,232	2.2%	2.2%	1,790	1,790	-	-	\$0.72
R&D Flex	14	378,312	19,742	5.2%	-	0.0%	19,742	5.2%	9.8%	17,500	17,500	-	-	\$0.77
Warehouse / Distribution	66	10,842,624	568,508	5.2%	-	0.0%	568,508	5.2%	6.6%	149,999	149,999	-	439,784	\$0.50
Total	174	14,174,753	652,482	4.6%	-	0.0%	652,482	4.6%	5.8%	169,289	169,289	-	439,784	\$0.53
NAPA														
Industrial	101	2,478,347	152,935	6.2%	3,513	0.1%	156,448	6.3%	6.2%	(3,379)	(3,379)	-	-	\$1.03
R&D Flex	16	567,326	77,290	13.6%	16,032	2.8%	93,322	16.4%	16.4%	-	-	-	-	\$0.97
Warehouse / Distribution	40	3,823,621	110,598	2.9%	-	0.0%	110,598	2.9%	0.6%	(6,860)	(6,860)	81,663	-	\$0.68
Total	157	6,869,294	340,823	5.0%	19,545	0.3%	360,368	5.2%	4.0%	(10,239)	(10,239)	81,663	-	\$0.90
SUISUN CITY														
Industrial	12	207,713	2,911	1.4%	-	0.0%	2,911	1.4%	1.4%	-	-	-	-	\$0.70
R&D Flex	-	-	-	-	-	0.0%	-	-	-	-	-	-	-	-
Warehouse / Distribution	-	-	-	-	-	0.0%	-	-	-	-	-	-	-	-
Total	12	207,713	2,911	1.4%	-	0.0%	2,911	1.4%	1.4%	-	-	-	-	\$0.70
VACAVILLE														
Industrial	66	1,521,138	25,630	1.7%	-	0.0%	25,630	1.7%	0.7%	(14,439)	(14,439)	-	-	\$0.73
R&D Flex	4	85,691	8,402	9.8%	-	0.0%	8,402	9.8%	9.8%	-	-	-	-	\$0.48
Warehouse / Distribution	32	5,853,453	100,894	1.7%	-	0.0%	100,894	1.7%	9.3%	444,950	444,950	-	275,428	\$0.42
Total	102	7,460,282	134,926	1.8%	-	0.0%	134,926	1.8%	7.6%	430,511	430,511	-	275,428	\$0.48
VALLEJO														
Industrial	84	3,420,506	406,315	11.9%	4,000	0.1%	410,315	12.0%	12.0%	-	-	-	-	\$0.66
R&D Flex	4	54,962	4,380	8.0%	-	0.0%	4,380	8.0%	8.0%	-	-	-	-	\$1.00
Warehouse / Distribution	15	1,286,373	30,222	2.3%	-	0.0%	30,222	2.3%	2.0%	(4,930)	(4,930)	-	-	\$0.45
Total	103	4,761,841	440,917	9.3%	4,000	0.1%	444,917	9.3%	9.2%	(4,930)	(4,930)	-	-	\$0.65
MARKET TOTAL														
Industrial	557	16,008,859	743,234	4.6%	10,713	0.1%	753,947	4.7%	4.5%	(26,171)	(26,171)	-	-	\$0.76
R&D Flex	42	1,179,924	109,814	9.3%	16,032	1.4%	125,846	10.7%	12.1%	17,500	17,500	-	-	\$0.97
Warehouse / Distribution	225	34,589,386	1,074,967	3.1%	110,238	0.3%	1,185,205	3.4%	5.2%	703,239	703,239	81,663	715,212	\$0.50
MARKET TOTAL	824	51,778,169	1,928,015	3.7%	136,983	0.3%	2,064,998	4.0%	5.2%	694,568	694,568	81,663	715,212	\$0.63
QUARTERLY COMPARISON AND TOTALS														
Q1-19	824	51,778,169	1,928,015	3.7%	136,983	0.3%	2,064,998	4.0%	5.2%	694,568	694,568	81,663	715,412	\$0.63
Q4-18	823	51,696,506	2,515,909	4.9%	161,994	0.3%	2,677,903	5.2%	5.5%	162,034	922,272	-	796,875	\$0.57
Q3-18	823	51,696,506	2,505,183	4.8%	334,754	0.6%	2,839,937	5.5%	6.1%	634,895	760,238	317,832	384,277	\$0.56
Q2-18	821	51,378,674	2,793,018	5.4%	363,982	0.7%	3,157,000	6.1%	6.9%	369,598	125,343	-	399,945	\$0.55
Q1-18	821	51,378,674	2,972,482	5.8%	554,116	1.1%	3,526,598	6.9%	6.0%	(244,255)	(244,255)	185,685	317,832	\$0.55

The information contained in this report was provided by sources deemed to be reliable, however, no guarantee is made as to the accuracy or reliability. 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

\$3.3

billion in
annual revenue

2.0

billion square feet
under management

69,000

professionals
and staff

\$127

billion in
total transaction value

*All statistics are for 2018, are in U.S. dollars and include affiliates.

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