

## **SOLANO COUNTY 2008 OVERVIEW**

Covering more than 834 square miles and with over one million people, Solano County has been one of the Bay Area's fastest growing counties and ninth fastest in California. The county's population is expected to increase by 50% in 2025. Currently, more than half of Solano County's residents work outside the county with their average one-way commute time being more than 30 minutes.

Economic activity in Solano County has been very strong over the last few years with new companies and several local businesses expanding to larger buildings in the County.

Although the "Sub Prime" economic slowdown which is beginning to impact most of the Bay Area is beginning to slow migration to Solano County, the availability of relatively affordable land and ongoing construction has continued to add to the existing 35 million plus square feet of industrial base through 2007.

For example, some of the larger deals completed during 2006-2007 included; Encore Glass (135,000± square feet in Benicia), Home Depot (120,000± square feet in Benicia), Ashley Furniture (70,000± square feet in Vacaville), Owen-Illinois (607,000± square feet in Fairfield), Critchfield Mechanical (80,000± square feet in Benicia), Saint Gobain (1,000,000± square feet in Fairfield), Adobe Lumber (130,000± square feet in Fairfield), and Dieter Fold (86,934± square feet in Vacaville). This growth is reflected in Industrial / Business Park vacancy rates which have come down from approximately 9.0% to 3.0% in Benicia, 20% to 8% in Fairfield and 7% to 10% in Vacaville from 2006 to the end of 2007. The blended vacancy rate for Solano County is approximately 6%, down from 15% in 2006.

With land available in the \$5.00 to \$10.00 per square foot range and warehouse space available at \$0.35 to \$0.45 NNN per square foot, average countywide industrial vacancy rates remain low. While the Benicia/South County area has little land for expansion, adequate supplies are available for the next 6 to 8 years as growth moves north along Hwy. 680 to Vacaville although larger parcels are becoming hard to find. Light

industrial, manufacturing and flex space ranges from \$0.65 to \$0.95 NNN per square foot. Office space is available from \$1.10 to \$1.60 NNN per square foot on the high end and vacancy rates for office space in the business park areas (more than 2.0 million square feet) is around 10%.

Unfortunately, current economic conditions have caused Solano County's housing market to be one of the hardest hit in the state with home sales down 42 percent at year end 2007 from the previous year and according to Data Quick Information Systems foreclosure activity has risen by 129 percent for the same period. However, dependant on the resumption of Bay Area and northern California growth in 2008 and beyond, Solano County is well positioned to continue attracting businesses with its low land and housing prices, vacancy rates and growing work force.