

Napa & Solano Counties

Industrial Q1 2020

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

[Click for Article](#)

CUSHMAN & WAKEFIELD
WEEKLY COVID-19 UPDATES

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)
Vallejo	953,875	3,750	0.4%	0	0	0	0	\$1.88	\$0.28
Benicia	7,746,215	578,396	7.4%	-18,052	-18,052	0	0	\$0.40	\$0.61
Fairfield	13,058,763	788,745	6.0%	-45,000	-45,000	485,405	0	\$0.76	\$0.58
Vacaville	8,501,952	490,406	5.8%	45,026	45,026	996,856	263,400	\$0.93	\$0.57
Solano County Total	29,997,405	1,861,297	6.2%	-18,026	-18,026	1,479,361	263,400	\$0.77	\$0.59
American Canyon	7,856,341	73,715	0.9%	-45,142	-45,142	702,000	0	\$0.83	\$0.70
Napa	9,123,126	144,819	1.6%	-4,623	-4,623	155,293	0	\$1.21	\$1.23
Napa County Total	16,979,467	218,134	1.3%	-49,765	-49,765	857,293	0	\$1.21	\$1.00

*Rental rates reflect weighted net asking \$psf/month

MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
891 Eubanks	Vacaville	Cosentino	157,350	New Lease
4901-4951 Park Road	Benicia	MRC Global	64,439	New Lease
1560 Airport Blvd	Napa	Underground Enterprises	33,526	New Lease
4601 Park Road	Benicia	Undisclosed	27,000	New Lease
5301-5365 Industrial Way	Benicia	Link Industrial	26,417	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2750 Maxwell Way	Fairfield	Jeff Carpoﬀ/Cole Supply Company, Inc.	88,868	\$8.3M/93
1070 Horizon Drive	Fairfield	Kelly Spitzer/Daniel Spitzer	31,680	Undisclosed
105-111 Klamath Court	American Canyon	CDI/Guerrera Properties	12,000	\$2.5M/\$208

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
891 Eubanks Drive	Vacaville	Cosentino	263,400	Buzz Oates

Dominic Sestito

Research Analyst

+1 925 974 2811

Dominic.Sestito@cushwake.com

Keith Reichert

Senior Research Analyst

+1 510 267 6059

Keith.Reichert@cushwake.com

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