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# **Downtown Waterfront Priority Development Area Profile and Market Analysis**

*Prepared for:*

**CITY OF SUISUN CITY**

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# INTRODUCTION AND SUMMARY

The Downtown Waterfront area has been designated a Priority Development Area (PDA) by ABAG and the City of Suisun City has received a grant to update the Downtown Waterfront Specific Plan to include additional areas and to implement development levels consistent with the PDA designation. This report addresses the first couple steps in this process and provides a descriptive Profile of the PDA and a market analysis for the major proposed residential and non-residential land uses. Subsequently, the planning team, led by AECOM, will revise the existing Downtown Specific Plan and ADE will help prepare an implementation plan that will address the development feasibility and funding for the major land uses and key catalyst sites. The final implementation plan will also include an affordable housing strategy.

## EXECUTIVE SUMMARY

### PDA PROFILE

The PDA area is located at the far west of the City, mainly south of SR 12 but also including a vacant 30 acre site just north of SR 12. The Suisun Amtrak Station and Park and Ride provide a transportation service node and are located right at Highway 12 and within the PDA's boundary. In addition, separating the two census blocks located on the south is the Suisun Slough, which is also considered a recreational and activity node providing access for recreational boats. The downtown area is south of Highway 12 and includes the traditional Downtown of Suisun City. Civic Center Blvd. and Main St. are the two major routes that run through the downtown area.

The PDA includes about ten percent of the City population, but 26 percent of the City's jobs. The PDA has slightly lower representation among ethnic groups and Spanish speaking residents than the City, but a similar age distribution, which is generally younger in Suisun City than in Solano County as a whole. The workforce in the PDA is more concentrated in sales and service occupations, and generally exhibit lower household incomes and higher poverty rates than the City as a whole. The jobs base located in the PDA is concentrated in professional and business services, government, and education, along with some retail jobs in the downtown area. PDA residents tend to carpool more than other Suisun City residents but use public transportation at a lower rate. One reason might be that 40 percent of PDA residents commute to nearby Fairfield, compared to 22 percent for the City as a whole.

### RESIDENTIAL AND EMPLOYMENT USES

#### RESIDENTIAL

- **Steady growth is projected to occur in Suisun City's population over the next few decades.** Citywide population is projected to continue to grow at a steady pace, between 2.8% to 3.4% for every five year increment between 2010 and 2040 (ABAG). This would increase the City population from 28,111 to 33,700 residents, and add approximately 1,500 households. Based on current General Plan land use designations, a little more than 500 units could be built outside the PDA area. Therefore, while approximately 10% of the

population resides in the PDA area currently, the PDA is expected to absorb two-thirds of future residential growth.

- **Single-family and Multi-family residential market demand continues to improve in Suisun City, with decreasing vacancy rates and higher rent growth. This is similar to current market patterns observed in the City of Fairfield and the greater Vallejo-Fairfield metro area.** While a significant under-supply of high density multi-family residential units is evidenced by the lack of construction activities in the City and PDA since 2006, the City's overall multi-family market rental prices and vacancy rates continue to improve. There are more Class B/C multi-family units than Class A in both the cities of Fairfield and Suisun City.<sup>1</sup> However, Suisun City and PDA area have historically modest residential market growth in higher density multi-family units. Future population growth in specific market segments such as Generation Y and Baby boomers may catalyze more demand for higher density multi-family housing units. Suisun City share of growth in these demographic segments alone could create demand for nearly 1,500 units.

## OFFICE DEVELOPMENT

- **Employment growth in specific industry sector indicates a strong market support for office space development.** ABAG projects the City to see strong employment growth in the Health, Education, and Recreational Service sector between 2010-2040, with an increase of 740 jobs, followed by the Financial and Professional Services (300 jobs) and employment in the Other Jobs categories (320 jobs), defined as Transportation, Communications, Utilities, Insurance, Government, and Real Estate. This indicates a relative positive market support for a wide range of types of future office space development and the PDA office market may capture employment growth in these specific categories.
- **Office demand in Suisun City is projected to grow by about 163,500 SF between 2010 and 2040.** About 50,000 SF of this demand could be absorbed in existing buildings, reducing the vacancy rate to about 5 percent. The remaining 110,000 SF of demand represents potential for new office building development. The PDA area could capture nearly all of this demand, adding nearly 400 new office jobs plus jobs occupying existing vacant space. At a minimum, based on the PDA's current capture rate, we estimate the potential for 54,000 additional SF of office, supporting 180 jobs.

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<sup>1</sup> CLASS A (5 STAR): represents the luxury end of multi-family buildings defined by finishes, amenities, the overall interior/exterior design and the highest level of specifications for its style (garden, low-rise, mid-rise, or high-rise). CLASS A (4 STAR): constructed with higher-end finishes and specifications, providing desirable amenities to residents and designed/built to competitive and contemporary standards. CLASS B (3 STARS) average overall design with respect to background buildings with average quality finishes. Few on-site shared facilities and spaces such as clubhouse and activity rooms and modest landscaping. CLASS C (1 TO 2 STAR): practically uncompetitive with respect to typical multi-family investors, may require significant renovation, possibly functionally obsolete.

## HOTEL

The success of the Hampton Inn in Downtown suggests that additional hotel development may be warranted to serve visitors to the region, if not Suisun City itself. The Downtown Waterfront area could also begin to see demand for boutique bed and breakfast lodging with the development of more entertainment or recreation options in the PDA.

## RETAIL

The report evaluates current retail supply and demand in Suisun City and identifies a number of retail development opportunities. The store categories with retail leakage large enough to support potential new retail stores are as follows:

- Family, men's, women's clothing (two establishments)
- Shoe stores (one establishment)
- Gifts and novelties (one establishment)
- Jewelry (one establishment)
- Misc. specialty retail/drug stores (three establishments)
- Eating places/restaurants (five establishments)
- Furniture and home furnishings (four establishments)
- Household appliances and electronics (one establishment)
- Garden supply/lumber/paint stores (one establishment)
- New car dealer (one establishment)

Using national averages, these 20 establishments (except for the auto dealerships) potentially generate a demand for 96,344 square feet of retail space. This amount of retail square footage does not necessarily mean that new retail developments are feasible in the short-term because some of this demand could presumably be accommodated within existing vacant commercial spaces. Much of the retail leakage in Suisun City occurs due to a lack of stores in many categories, as well as the abundance of regionally positioned retail centers located in neighboring Fairfield and Vacaville. The retail centers in those areas will likely continue to limit the attraction potential for Suisun City, because of their more immediate proximity to larger population centers and the I-80 corridor.

ADE projects growth of about 1,040 new households in the PDA. These households are not sufficient by themselves to support most types of retail business. However, when added to the existing retail leakage in Suisun City, it would raise the household spending support to a level sufficient to significantly add to the number of retail stores that Suisun City can potentially attract. The retail attraction potential at buildout would increase to \$91.5 million. While the additional households within the PDA at buildout would potentially increase the number of supportable establishments, the new Wal-Mart store will likely absorb much of the existing retail leakage. In addition, while growth in the PDA helps raise the leakages above the thresholds needed to support new retail stores in certain categories, this growth is not sufficient by itself to impact the existing regional retail trade flow that remains concentrated in Fairfield and Vacaville.

# PDA PROFILE

## INTRODUCTION

The purpose of this section is to describe the population, household, and housing characteristics of the Suisun City Downtown Waterfront Priority Development Area (PDA).<sup>2</sup> Information on housing supply and availability is presented in relation with the residents' level of income, job type, and commute patterns to understand the current socio-economic characteristics of the planning area.

## PHYSICAL DESCRIPTION

The City of Suisun City is located in Central Solano County, midway between the cities of Sacramento and San Francisco. The PDA area is located at the far west of the city with three census block groups south of the highway and a vacant parcel north of the highway which belongs to the 25270731 block group (Figure 1). The Suisun Amtrak Station and Park and Ride provide a transportation service node and are located right at Highway 12 and within the PDA's boundary. In addition, separating the two census blocks located on the south is the Suisun Slough, which is also considered a recreational and activity node providing access for recreational boats.

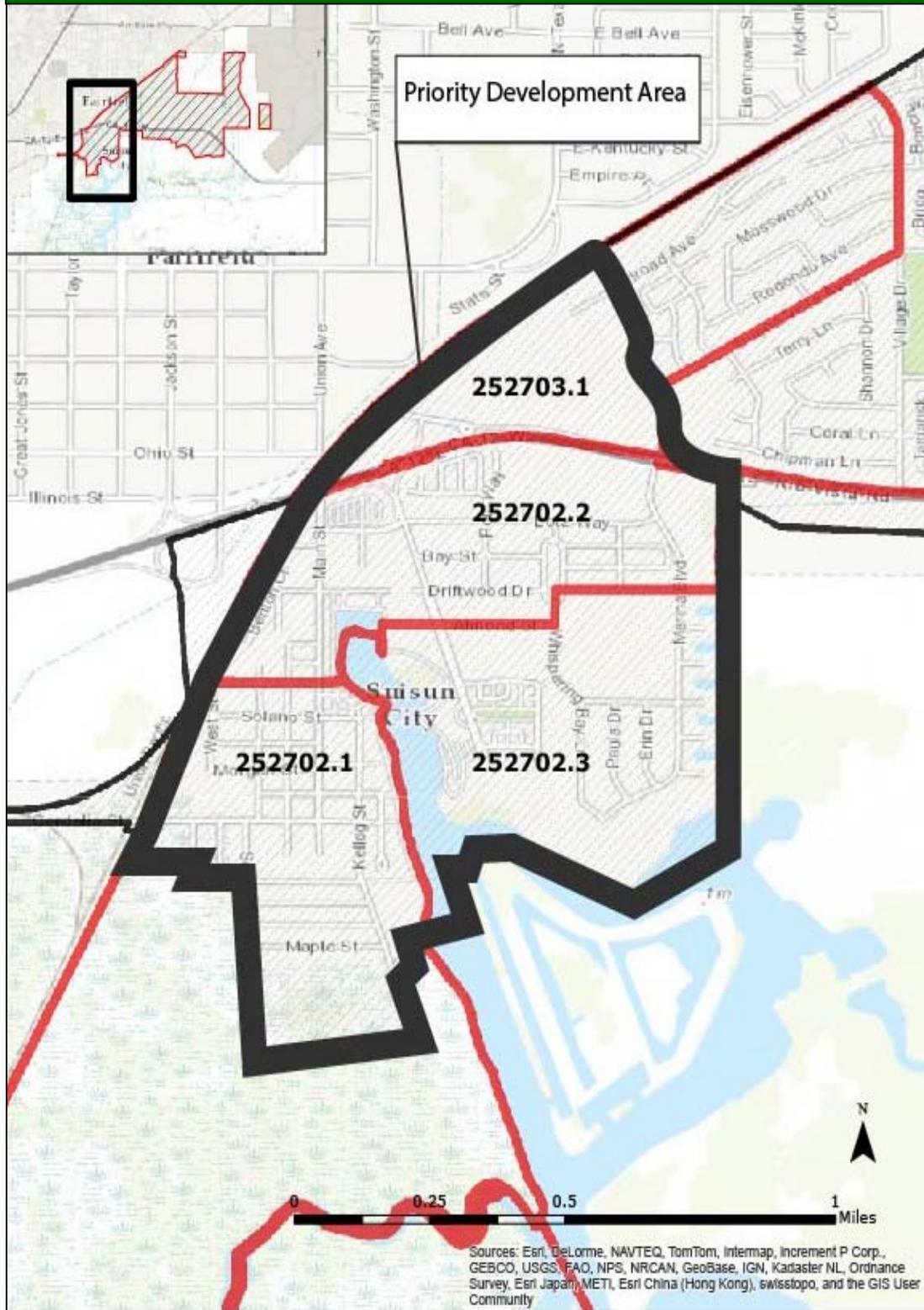
The downtown area is south of Highway 12 and includes the traditional Downtown of Suisun City. Civic Center Blvd. and Main St. are the two major routes that run through the downtown area. Suisun Slough is a major tidal waterway that connects Suisun City's downtown to Suisun Bay and is located between the Civic Center Blvd and Main Street. A number of events, activities, and tourist attractions in Suisun City are related to its wildlife and marine area. Activities such as hiking, hunting, fishing and wildlife viewing are available to the public but maybe seasonal.

The Solano Transportation Authority, Hudson Business Networks, Harbor Plaza, and the City of Suisun City Civic Center are key landmarks located in Downtown Area. The PDA area also includes Todd Park, and the Crystal Middle School.

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<sup>2</sup> The Suisun City PDA includes three census block groups located south of Highway 12 (2527021, 2527022, and 2527023) and one census block group north of the highway (2527031), which includes only vacant land within the PDA.

**FIGURE 1**  
**PRIORITY DEVELOPMENT AREA CENSUS BLOCK GROUPS**



Source: ADE, Inc., Local Employment Dynamics, 2011

## POPULATION AND HOUSEHOLD TRENDS

### POPULATION AND HOUSEHOLD SIZE

The American Community Survey (ACS) estimates the PDA includes 2,841 residents living in 1,105 households, based on its 2008-2012 samples, which equals 10 percent of the population of Suisun City. This share increased from 6.3% in the year 2000 when 1,693 residents lived in 716 households. Solano County, Suisun City, and the PDA saw increase in their population between 2000 and 2012. ACS reported 27,768 residents for the entire city living in 8,941 households and 414,209 residents living in 152,642 households for Solano County during the same period. The California Department of Finance reports 28,549 persons (28,505 household population) living in 8,923 households in Suisun City in 2014 (Table 1).

In 2012, of the total 2,841 population in 2012, 1,209 have identified themselves as belonging to the White race, 553 as Asian, 436 as African American race, and 340 as other races. People of Indian decent, Hawaiian, and those from two or more races total 303 persons. In addition, 19 percent of the population is Hispanic or Latino by origin (Table2).

TABLE 1 POPULATION AND HOUSING, 2012 AND 2000				
Study Area	2000		2012	
	Population	Percent	Population	Percent
PDA	1,693	6.30%	2,841	10%
Suisun City	26,764	100%	27,768	100%
Solano County	394,542		414,209	
	Housing Units	Percent	Housing Units	Percent
PDA	716	8.50%	1,105	12%
Suisun City	8,378	100%	8,941	100%
Solano County	134,513		152,642	
	Average Household Size		Average Household Size	
PDA	2.6		2.6	
Suisun City	3.2		3.1	
Solano County	2.9		2.8	

Notes: The Department of Finance reported 28,117 persons (28,073 households) for Suisun City in 2012, who resided in 8,918 households. DOF reports 8,923 households for Suisun City as of January 1st 2014.

Source: ADE, American Community Survey 5-year Estimates, 2008-2012 and Decennial Census 2000 SF3 sample Data. California Department of Finance.

**TABLE 2  
ETHNIC COMPOSITION**

Ethnic Groups	PDA		Suisun City		Solano County	
	Population	Percent	Population	Percent	Population	Percent
White Alone	1,209	42.6%	9,885	35.6%	218,264	52.7%
Asian alone	553	19.5%	5,249	18.9%	61,211	14.8%
Black or African American alone	436	15.3%	5,540	20.0%	58,858	14.2%
Indian decent, Hawaiian, two or more races	303	10.7%	2,750	9.9%	35589	8.6%
Some Other Race	340	12.0%	4,344	15.6%	40,287	9.7%
<b>Total</b>	<b>2,841</b>	<b>100.0%</b>	<b>27,768</b>	<b>100.0%</b>	<b>414,209</b>	<b>100.0%</b>
	Population	Percent	Population	Percent	Population	Percent
Hispanic or Latino	546	19.2%	7013	25.3%	99,502	24.0%
Non-Hispanic	2295	80.8%	20755	74.7%	314,707	76.0%

Source: ADE, Inc., American Community Survey 5-year Estimates, 2008-2012, California Department of Finance

### LANGUAGE SPOKEN AT HOME

English is the most spoken language at home both in the PDA area and Suisun City. Spanish is the second most spoken language in both areas.

**TABLE 3  
LANGUAGE SPOKEN AT HOME**

Population Groups	PDA		Suisun City	
	Population	Percent	Population	Percent
<b>Population 5+ years</b>	<b>4431</b>		<b>37826</b>	
<b>5-17 Years Old</b>	<b>565</b>	<b>12.8%</b>	<b>2479</b>	<b>6.6%</b>
Speaks Only English	407	9.2%	1175	3.1%
Speak Spanish	106	2.4%	904	2.4%
Speak other Indo-European languages	0	0.0%	125	0.3%
Speak Asian and Pacific Island languages	52	1.2%	275	0.7%
Speak other languages	0	0.0%	0	0.0%
<b>18 - 64 Years Old</b>	<b>3630</b>	<b>81.9%</b>	<b>32958</b>	<b>87.1%</b>
Speaks Only English	1899	42.9%	18057	47.7%
Speak Spanish	1581	35.7%	11831	31.3%
Speak other Indo-European languages	13	0.3%	516	1.4%
Speak Asian and Pacific Island languages	98	2.2%	2454	6.5%
Speak other languages	39	0.9%	100	0.3%
<b>65 years and Older</b>	<b>236</b>	<b>5.3%</b>	<b>2389</b>	<b>6.3%</b>
Speaks Only English	200	4.5%	1564	4.1%
Speak Spanish	14	0.3%	250	0.7%
Speak other Indo-European languages	0	0.0%	66	0.2%
Speak Asian and Pacific Island languages	22	0.5%	504	1.3%
Speak other languages	0	0.0%	5	0.0%

Source: ADE, Inc., American Community Survey 5-year Estimates, 2008-2012

## AGE OF RESIDENTS

According to the 2008-2012 estimates, the PDA's age distribution resembles that of the city. Solano County shows a higher share of population above 55 years of age. The senior population, over age 65, comprises about 8 percent of the PDA's population compared to 9 percent for the City and 12 percent of Solano County as a whole (Table 4). According to ACS, 152 seniors lived in family households and 84 seniors lived in non-family households. Under the U.S. Census Bureau definition, non-family households consist of people who live alone or share their residents with unrelated individuals.

TABLE 4 AGE DISTRIBUTION, 2008-2012						
Age Groups	PDA		Suisun City		Solano County	
	Population	Percent	Population	Percent	Population	Percent
Under 18	706	25%	7,322	26%	74,558	19%
18 - 24	327	12%	2,759	10%	41,007	11%
25 - 34	409	14%	4,188	15%	55,090	14%
35 - 44	300	11%	3,731	13%	54,676	14%
45 - 54	538	19%	4,159	15%	63,374	16%
55 - 64	325	11%	3,220	12%	51,362	13%
65 - 84	203	7%	2,085	8%	41,835	11%
Over 85	33	1%	304	1%	5,799	1%
<b>Total</b>	<b>2,841</b>	<b>100%</b>	<b>27,768</b>	<b>100%</b>	<b>387,700</b>	<b>100%</b>

Source: ADE, American Community Survey 5-year Estimates, 2008-2012, Decennial Census 2000 SF3 sample data

TABLE 5 AGE DISTRIBUTION YEAR 2000						
	PDA		Suisun City		Solano County	
	Population	Percent	Population	Percent	Population	Percent
Under 18	527	31%	8,682	32%	111,565	28%
18 - 24	138	8%	2,401	9%	36,489	9%
25 - 34	273	16%	3,420	13%	54,863	14%
35 - 44	342	20%	5,199	19%	69,910	18%
45 - 54	200	12%	3,628	14%	54,777	14%
55 - 64	113	7%	1,852	7%	29,567	7%
65 - 84	76	4%	1,371	5%	33,707	9%
Over 85	24	1%	211	1%	3,664	1%
<b>Total</b>	<b>1,693</b>	<b>100%</b>	<b>26,764</b>	<b>100%</b>	<b>394,542</b>	<b>100%</b>

Source: ADE, American Community Survey 5-year Estimates, 2008-2012, Decennial Census 2000 SF3 sample data

## DISABILITY STATUS

For the year 2012, ACS reports 2,785 residents with disability for Suisun City which equals about 10 percent of the city's non-institutionalized civilian population (Table 6). For Solano County this share is closer to 11 percent.

TABLE 6 DISABILITY STATUS OF THE POPULATION				
Subject	Suisun City		Solano County	
	Population With a disability	Percent	Population With a disability	Percent
Non institutionalized Civilian	2,758	9.9%	42,422	10.7%

Source: ADE, Inc., American Community Survey 5-year Estimates, 2008-2012

## HOUSEHOLD COMPOSITION

Of the total 8,941 households in Suisun City, 1,105 households are in the PDA, or about 12 percent of the total. The non-family household accounts for 46 percent of the PDA households, 23 percent of the citywide and 28 percent of the countywide total households (Table 7). Of the 46 percent or 513 non-family households, 293 households are single persons and 220 include two persons or more. Family households include 54 percent or 592 of the PDA's households, 77 percent or 6,866 of Suisun City's households, and 71.5 percent of Solano County's households.

TABLE 7 HOUSEHOLD COMPOSITION						
Household Composition	PDA		Suisun City		Solano County	
	Households	Percent	Households	Percent	Households	Percent
Non-Family Households	513	46%	2,075	23%	39,856	28.4%
Single Persons	293	27%	1,455	16%	31,641	11.3%
2+ Persons	220	20%	620	7%	8,215	2.9%
Family Households	592	54%	6,866	77%	100,439	71.5%
2+ Persons	268	24%	2,273	25%	36,971	13.2%
3+ Persons	324	29%	4,593	51%	63,468	22.6%
<b>Total</b>	<b>1,105</b>	<b>100%</b>	<b>8,941</b>	<b>100%</b>	<b>140,295</b>	<b>100%</b>
	Population	Percent	Population	Percent	Population	Percent
65 and Over Living in a Non-family Household	84	3%	461	2%	12,860	3.1%
65 and Over Living in Family Household	152	5%	1,859	7%	32,846	7.9%

Source: ADE, Inc., American Community Survey 5-year Estimates, 2008-2012

Note: Figures may not add due to rounding.

## HOUSEHOLD TENURE

Household tenure in the Priority Development Area includes 667 owner occupied units, 10 percent of the total occupied city units, and 438 renter occupied units, 18 percent of the city's units (Table 8). Suisun City had an estimated 551 vacant units and 102 or about 19 percent of those units are in the PDA. In total, PDA had 1,207 units in 2012 compared to the 8,941 units in Suisun City. Interestingly, housing units increased from 674 in 2000 to 1,207 units in 2012 in the PDA area. The city added only 904 units during the same period of time. In the year 2000, household tenure in the PDA included 218 owner occupied units, 4 percent of the total occupied city units, and 430 renter occupied units, 20

percent of the city's units. Suisun City had an estimated 166 vacant units and 26 or 16 percent of those units were in the PDA. Vacancy has increased in both the PDA and the city.

For Solano County in 2012, 72 percent of the households had a cost higher than \$1,000 a month. This percentage was higher for Suisun City at 82 percent.

TABLE 8 HOUSEHOLD TENURE, 2000 AND 2012						
Tenure Year 2000	PDA	Percent from City	Suisun City	Percent from Total	Solano	Percent from Total
Owner	218	3.8%	5,729	71.3%	84,997	63.2%
Renter	430	20.1%	2,142	26.7%	45,406	33.8%
Vacant	26	15.7%	166	2.1%	4,110	3.1%
<b>Total</b>	<b>674</b>	<b>8.4%</b>	<b>8,037</b>	<b>100.0%</b>	<b>134,513</b>	<b>100.0%</b>
Tenure Year 2012	PDA	Percent from City	Suisun City	Percent from Total	Solano	Percent from Total
Owner	667	10.3%	6,452	72.2%	88,674	58.1%
Renter	438	17.6%	2,489	27.8%	51,621	33.8%
Vacant	102	18.5%	551	6.2%	12,329	8.1%
<b>Total</b>	<b>1,207</b>	<b>13.5%</b>	<b>8,941</b>	<b>100.0%</b>	<b>152,624</b>	<b>100.0%</b>

Note: California Department of Finance reported 9,454 units for Suisun City in 2012.

Source: ADE, Inc., American Community Survey 5-year estimates 2008-2012

## HOUSEHOLD INCOME DISTRIBUTION

Household income for the PDA is lower compared to the City in general (Table 9). Suisun City has 58 percent of its households earning between \$50,000 and \$150,000 annually, while for the PDA this percentage is 48 percent, for Solano County this percentage is about 52 percent. In the PDA, 219 households, or 20.5 percent, earn less than \$15,000 annually, compared to 7.7 percent citywide.

TABLE 9 HOUSEHOLD INCOME, 2012						
Income Category	PDA		Suisun City		Solano County	
	Households	Percent	Households	Percent	Households	Percent
Less than \$15,000	219	20.5%	649	7.7%	11,972	8.5%
\$ 15,000 - \$ 24,999	73	6.8%	413	4.9%	10,623	7.6%
\$ 25,000 - \$ 34,999	100	9.4%	686	8.1%	11,121	7.9%
\$ 35,000 - \$ 49,999	113	10.0%	1,050	11.7%	15,792	11.3%
\$ 50,000 - \$ 74,999	202	18.9%	1,940	23.0%	27,030	19.3%
\$ 75,000 - \$ 99,999	208	19.5%	1,728	20.5%	20,834	14.9%
\$ 100,000 - \$ 149,999	119	11.2%	1,528	18.1%	24,548	17.5%
\$ 150,000 - \$ 199,999	11	1.0%	652	7.7%	10,650	7.6%
\$ 200,000 or more	60	5.6%	295	3.5%	7,725	5.5%
<b>Total</b>	<b>1,105</b>	<b>100%</b>	<b>8,941</b>	<b>100%</b>	<b>140,295</b>	<b>100%</b>

Source: ADE, Inc., American Community Survey 5-year estimates 2008-2012

## POVERTY STATUS

Of the total 1,105 households in the PDA, 27 percent had an income below the poverty level, compared to only 10 percent for the City as a whole (Table 10).

TABLE 10 HOUSEHOLDS IN POVERTY				
Households	PDA		Suisun City	
	Households	Percent	Households	Percent
Households in Poverty	300	27%	850	10%
Total Households	1,105	100%	8,941	100%

Source: ADE, Inc., American Community Survey 5-year estimates 2008-2012

## EDUCATIONAL ATTAINMENT

The level of education for residents age 25 and over in the Priority Development Area resembles that of the Suisun City and Solano County. In these three areas, high school graduates and those that hold some college degree account for the highest percentage. The PDA accounts for a higher percentage of persons with graduate or professional degrees. PDA has about 12.7 percent persons with less than a high school diploma, Suisun City includes about 14 percent, and Solano County has about 13 percent of people with less than a high school diploma (Table 11).

TABLE 11 EDUCATIONAL ATTAINMENT, ADULT POPULATION AGE 25+						
Educational Attainment	PDA		Suisun City		Solano	
	People	Percent	People	Percent	People	Percent
Less than 9th Grade	165	9.1%	1,305	7.4%	16,554	6.1%
Some High School, No Diploma	65	3.6%	1,139	6.4%	19,553	7.2%
High School Graduate	430	23.8%	4,367	24.7%	65,327	24.0%
Some College, No Degree	490	27.1%	5,073	28.7%	77,712	28.6%
Associate Degree	209	11.6%	1,812	10.2%	26,952	9.9%
Bachelor's Degree	249	13.8%	3,038	17.2%	46,392	17.1%
Graduate/Professional Degree	200	11.1%	953	5.4%	19,530	7.2%
<b>Total</b>	<b>1,808</b>	<b>100.0%</b>	<b>17,687</b>	<b>100.0%</b>	<b>272,020</b>	<b>100%</b>

Source: ADE, Inc., American Community Survey 5-year estimates 2008-2012

## JOBS AND LABOR FORCE

The Local Employment Dynamics (LED) reports employment status of residents 25 years and older while American Community Survey provides the distribution of residents over 16 years of age by occupation and industry of employment. For more detailed comparison purposes, we have included tables from both sources. ACS reports 1,353 employed workers, age 16 and above, for the PDA, 13,085 for Suisun City, and 181,736 for Solano County. The PDA has a higher percentage of sales and service workers, 31 percent, compared to the City, 26 percent, but lower than Solano County at 33 percent. The PDA area has fewer production and distribution workers at 4 percent compared to Suisun City at about 13 percent and Solano County at 12 percent (Table 12).

TABLE 12 OCCUPATION OF EMPLOYED RESIDENTS AGE 16+						
Occupation	PDA		Suisun City		Solano	
	Workers	Percent	Workers	Percent	Workers	Percent
Management, business, science, and arts	372	27.5%	3,809	29.1%	60,180	33.1%
Service occupations	358	26.5%	2,663	20.4%	35,725	19.7%
Sales and office	422	31.2%	3,458	26.4%	46,398	25.5%
Natural resources, construction, and maintenance	146	10.8%	1,512	11.6%	18,366	10.1%
Production, transportation, and material moving	55	4.1%	1,643	12.6%	21,067	11.6%
<b>Total</b>	<b>1,353</b>	<b>100.0%</b>	<b>13,085</b>	<b>100.0%</b>	<b>181,736</b>	<b>100%</b>

Source: ADE, American Community Survey 5-year estimates 2008-2012

There were 824 jobs, 27 percent of the city's total employment opportunities (but just 15% of the land area), in the PDA in 2011, while Suisun City had a total of about 3,000 jobs (Table 13).<sup>3</sup> This percentage is much higher than the proportion of citywide labor force in the City, indicating the PDA clearly serves as a job center in Suisun City. The City and PDA both have Accommodation and Food services as one of their largest industries. The PDA has a lower percentage of both Retail and Manufacturing than the City as a whole, but increased proportions of Education and Public Administration, with a school and the civic center both within the PDA.

TABLE 13 JOBS BY INDUSTRY, 2011						
Occupation	PDA		Suisun City		Solano	
	Jobs	Percent	Jobs	Percent	Jobs	Percent
Accommodation and Food Services	144	17.5%	548	17.9%	10,309	8.5%
Retail Trade	66	8.0%	416	13.6%	15,401	12.7%
Manufacturing	18	2.2%	323	10.6%	9,479	7.8%
Other Services (excluding Public Administration)	44	5.3%	301	9.9%	5,938	4.9%
Educational Services	153	18.6%	291	9.5%	12,212	10.1%
Construction	67	8.1%	237	7.8%	8,075	6.7%
Health Care and Social Assistance	39	4.7%	170	5.6%	18,710	15.4%
Public Administration	139	16.9%	167	5.5%	10,570	8.7%
Administration & Support, Waste Management and Remediation	24	2.9%	159	5.2%	4,861	4.0%
Finance and Insurance	80	9.7%	142	4.6%	3,982	3.3%

<sup>3</sup> The US Census OnTheMap, Local Employment Dynamics is the best source of data on jobs-in-place for cities and neighborhoods, but currently the most recent data available is from 2011. Also, this data source tracks jobs and labor force of workers 25 years and older, and therefore misses some employment for younger workers. The American Community Survey (ACS) reports on workers 16 years and older, but does not provide industry detail or commute destination data provided by LED.

Occupation	PDA		Suisun City		Solano	
	Jobs	Percent	Jobs	Percent	Jobs	Percent
Transportation and Warehousing	4	0.5%	96	3.1%	4,350	3.6%
Professional, Scientific, and Technical Services	29	3.5%	95	3.1%	3,835	3.2%
Wholesale Trade	1	0.1%	33	1.1%	4,885	4.0%
Management of Companies and Enterprises	0	0.0%	32	1.0%	963	0.8%
Real Estate and Rental and Leasing	15	1.8%	21	0.7%	1,279	1.1%
Utilities	1	0.1%	12	0.4%	754	0.6%
Arts, Entertainment, and Recreation	0	0.0%	12	0.4%	2,525	2.1%
Agriculture, Forestry, Fishing and Hunting	0	0	0	0	1,381	1.8%
Mining, Quarrying, and Oil and Gas Extraction	0	0	0	0	251	0.2%
Information	0	0	0	0	1,457	1.7%
<b>Total</b>	<b>824</b>	<b>100.0%</b>	<b>3,055</b>	<b>100.0%</b>	<b>121,217</b>	<b>100.0%</b>

Source: ADE, Inc., Local Employment Dynamics. These figures represent jobs in place but LED only counts jobs occupied by workers 25 years or older.

There were 852 jobs, 23 percent of the city's total employment opportunities, in the PDA in 2002, while Suisun City had a total of about 3,737 jobs (Table 14).<sup>4</sup> The City and PDA both have construction as one of their largest industries. Accommodation and Food Services also include 13.5 percent of the PDA and 11 percent of Suisun City's market.

TABLE 14  
JOBS BY INDUSTRY, 2002

Occupation	PDA		Suisun City		Solano	
	Jobs	Percent	Jobs	Percent	Jobs	Percent
Accommodation and Food Services	115	13.5%	422	11.3%	9,685	8.2%
Retail Trade	65	7.6%	545	14.6%	16,491	14.0%
Manufacturing	28	3.3%	78	2.1%	10,367	8.8%
Other Services (excluding Public Administration)	21	2.5%	233	6.2%	4,323	3.7%
Educational Services	133	15.6%	257	6.9%	13,459	11.4%
Construction	267	31.3%	950	25.4%	11,267	9.6%
Health Care and Social Assistance	11	1.3%	261	7.0%	13,839	11.7%
Public Administration	111	13.0%	129	3.5%	6,398	5.4%
Administration & Support, Waste Management and Remediation	45	5.3%	362	9.7%	6,756	5.7%
Finance and Insurance	2	0.2%	89	2.4%	3,341	2.8%
Transportation and Warehousing	13	1.5%	212	5.7%	3,118	2.6%

<sup>4</sup> The US Census OnTheMap, Local Employment Dynamics is the best source of data on jobs-in-place for cities and neighborhoods, but currently the most recent data available is from 2011. Also, this data source tracks jobs and labor force of workers 25 years and older, and therefore misses some employment for younger workers. The American Community Survey (ACS) reports on workers 16 years and older, but does not provide industry detail or commute origin data for jobs in place, as provided by LED.

Occupation	PDA		Suisun City		Solano	
	Jobs	Percent	Jobs	Percent	Jobs	Percent
Professional, Scientific, and Technical Services	25	2.9%	104	2.8%	3,121	2.6%
Wholesale Trade	0	0.0%	26	0.7%	3,934	3.3%
Management of Companies and Enterprises	0	0.0%	0	0.0%	2,049	1.7%
Real Estate and Rental and Leasing	12	1.4%	37	1.0%	2,081	1.8%
Utilities	0	0.0%	17	0.5%	727	0.6%
Arts, Entertainment, and Recreation	4	0.5%	6	0.2%	2,506	2.1%
Agriculture, Forestry, Fishing and Hunting	0	0.0%	6	0.2%	2,081	1.8%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%	254	0.2%
Information	0	0.0%	3	0.1%	2,035	1.7%
<b>Total</b>	<b>852</b>	<b>100.0%</b>	<b>3,737</b>	<b>100.0%</b>	<b>117,832</b>	<b>100.0%</b>

Source: ADE, Inc., Local Employment Dynamics

## VEHICLE AVAILABILITY

A very small share of households in the PDA area as well as Suisun City do not have vehicle available. In the PDA area, about 63 percent or 693 households have more than one vehicle (Table 15). This percentage is even higher for Suisun City at 75 percent of 6,680 households in 2012.

TABLE 15 VEHICLE AVAILABILITY				
	PDA		Suisun City	
	Households	Percent	Households	Percent
No vehicle available	50	4.5%	326	3.6%
1 vehicle available	362	32.8%	1,935	21.6%
More than 1 vehicle available	693	62.7%	6,680	74.7%
Occupied Housing Units	1,105	100.0%	8,941	100.0%

Source: ADE, Inc., American Community Survey 5-year estimates 2008-2012

## TRAVEL TO WORK MODES

Of the total population of 2,841 residing in the PDA, 1,353 are workers above 16 years of age and 1,333 do not work at home. The ACS reports that 1,282 of these workers drive to work and only 24 use public transportation, 20 people work from home, and 15 persons walk. A slightly higher percentage of PDA residents carpooled than for the City as a whole, but the proportion of PDA residents who use public transportation is slightly lower than the City average (Table 16).

**TABLE 16  
MEANS OF TRANSPORTATION**

Travel Mode	PDA		Suisun City		Solano County	
	Commuters	Percent	Commuters	Percent	Commuters	Percent
Car, truck, or van	982	72.6%	9,816	75.0%	138,443	75.2%
Carpooled	300	22.2%	2,391	18.3%	26,136	14.2%
Public transportation (excluding taxicab)	24	1.8%	287	2.2%	4,967	2.7%
Walked	15	1.1%	67	0.5%	4,865	2.6%
Worked at home	20	1.5%	325	2.5%	6,976	3.8%
Other	12	0.9%	199	1.5%	2,833	1.5%
<b>Total</b>	<b>1,353</b>	<b>100.0%</b>	<b>13,085</b>	<b>100%</b>	<b>184,220</b>	<b>100.0%</b>

Source: ADE, Inc., American Community Survey 5-year estimates 2008-2012

### TRAVEL TO WORK TIME

Most employed residents travel less than 40 minutes to work. PDA residents travel a shorter commute than other workers in the city (Table 17).

**TABLE 17  
TRAVEL TIME TO WORK WORKERS 16 YEARS AND OVER  
WHO DO NOT WORK AT HOME**

Commute Time	PDA		Suisun City		Solano County	
	Workers	Percent	Workers	Percent	Workers	Percent
Less than 20 minutes	517	38.8%	4,669	36.6%	75,723	42.7%
20 to 40 minutes	516	38.7%	3,858	30.2%	52,684	29.7%
40 to 60 minutes	104	7.8%	2,350	18.4%	24,259	13.7%
above 60 minutes	196	14.7%	1,883	14.8%	24,578	13.9%
<b>Total</b>	<b>1,333</b>	<b>100.0%</b>	<b>12,760</b>	<b>100.0%</b>	<b>177,244</b>	<b>100%</b>

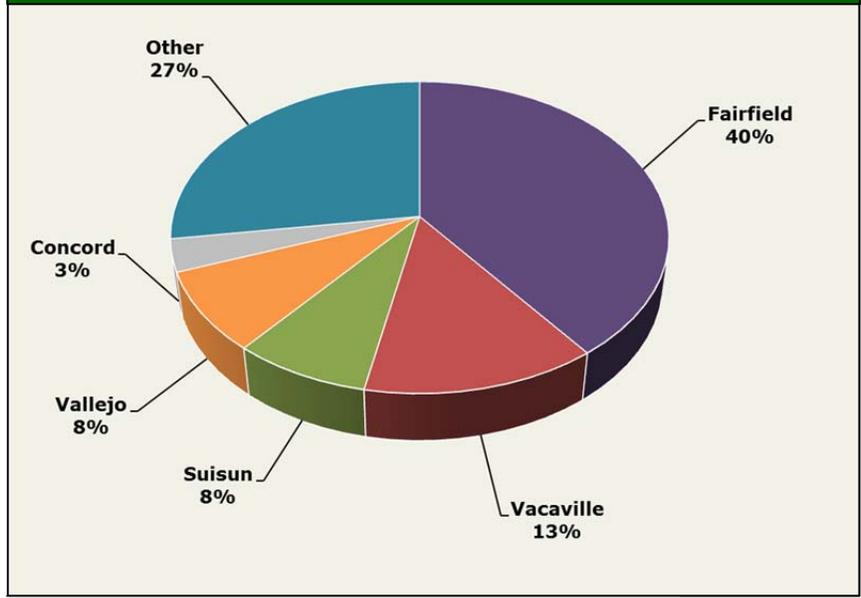
Source: ADE, Inc., American Community Survey 5-year estimates 2008-2012

### COMMUTE PATTERNS

Local Employment Dynamics (LED) reported 40 percent of the PDA workers travel to Fairfield for work (Figure 2). Suisun City had a 22 percent of its workers travelling to Fairfield (Figure 3). Vacaville attracted about 13 percent of the PDA workers and 7 percent of Suisun City's total workers. People who live and work in the PDA and Suisun City account for 8 percent and 6 percent of the two areas' workers respectively. There are about 6 percent of Suisun workers who travel to San Francisco for work, while San Francisco attracts less than 1 percent of the PDA workers. Other than San Francisco, workers from the two areas follow a similar work destination pattern.

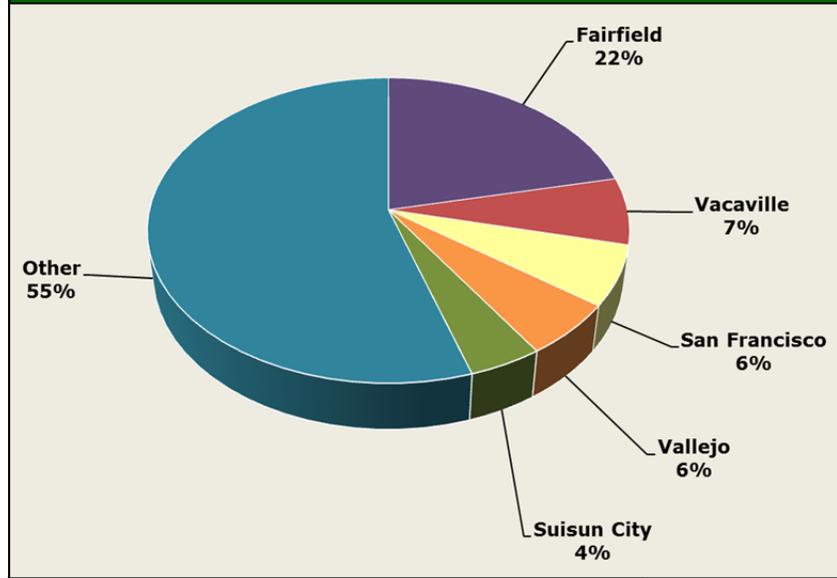
LED reported 816 workers commuting to the Priority Development Area, while 615 residents out-commute and 8 work and live in the area. Of the workers employed, 3,010 jobs, 2,580 live outside of Suisun. 475 of the total labor force both live and work in the city and 10,455 out-commute.

**FIGURE 2  
TOP DESTINATIONS OF COMMUTERS  
FROM PDA**



Source: ADE, Inc., Local Employment Dynamics, 2011

**FIGURE 3  
TOP DESTINATIONS OF COMMUTERS  
FROM SUISUN CITY**



Source: ADE, Inc., Local Employment Dynamics, 2011

# RESIDENTIAL AND EMPLOYMENT USES

## INTRODUCTION

The purpose of the market analysis is to evaluate the market potential and support for future development in the Priority Development Area. The technical analysis provides objective evaluations in examining critical components that influence the market capacity in specific market segments. The detailed analysis builds on the socio-economic information in the previous section and provides more detail on population demographic groups and employment sectors that will generate demand for residential and non-residential development in the PDA. In addition, the analysis evaluates real estate trends such as vacancy rates and absorption and existing market supply in the PDA, the City, and greater Vallejo-Fairfield Metropolitan Area to assess future market demand, growth patterns, and subsequent development potential. The findings of the analysis help to identify overall market support for increasing development and population growth and demand for specific housing and office product types.

## CONTEXT

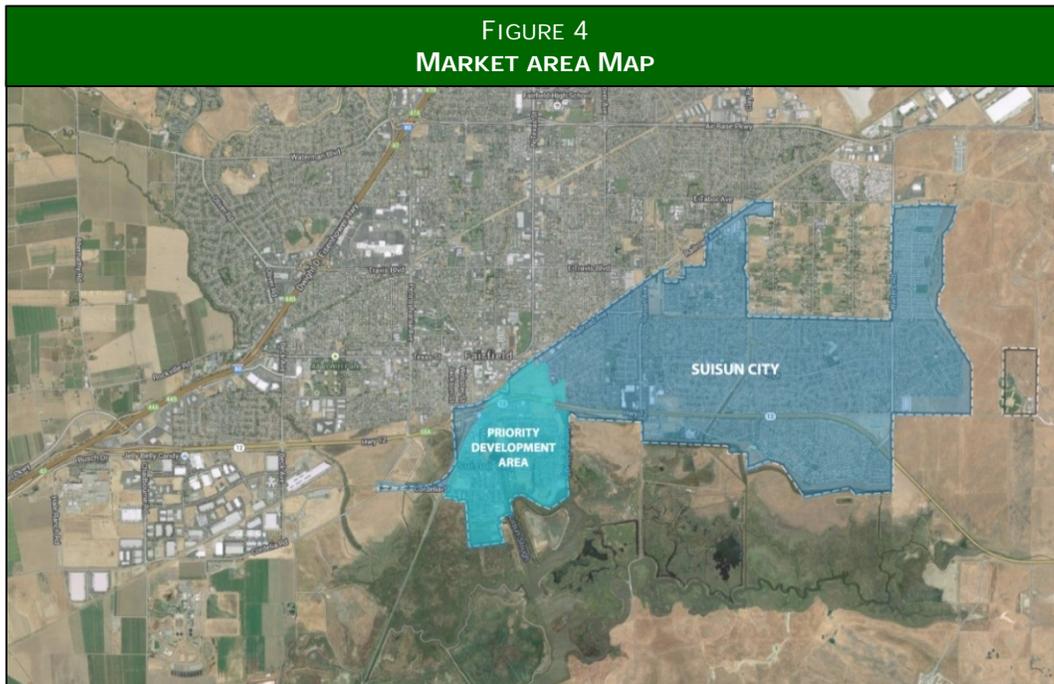
Suisun City is located in Solano County, adjacent to Highway 12 and approximately 45 miles from both Sacramento and San Francisco, as part of the broader Vallejo-Fairfield Market. Located along the southern boundary of the City of Fairfield and west of Travis Air Force Base, the City has a notable downtown waterfront district along the Suisun Channel that connects to the Sacramento River and the San Francisco Bay. The City has a population of approximately 28,549 in 2014, with approximately 29% of residents between 25-45 years old, and 27% of residents between the ages of 45-65 years old. Citywide households are an estimate of 28,505 with approximately 9,459 housing units, of which 10% resides in the PDA. Over 56% residents are Caucasian, followed by approximately 37% of Latinos in the area. The PDA houses a mix of Class A office buildings, restaurants, a new Hampton Inn and Suites, Harbor Square Courtyard, and two mixed-use developments.

## METHODOLOGY AND ASSUMPTIONS

This section details the underlying methodology and assumptions used to evaluate the market capacity and demand of each asset classes in the City. It describes assumptions concerning market areas and methodologies to evaluate market trends and demand projection. Specific real estate market matrices are used to determine market efficiency and to identify market potential for development and redevelopment for specific market segments in the City and the PDA, including rental prices, sales prices, vacancy levels, absorption, units completed, and other significant characteristics.

## MARKET AREAS

A market analysis requires evaluating specific market areas, which represent the areas where potential development and redevelopment is expected to occur, or from which demand is expected to be generated. To assess the market potential for the City, ADE defined the primary market area as the PDA in the downtown Waterfront District, with the secondary market defined as the remainder of Suisun City (Figure 4). The greater Vallejo-Fairfield Metropolitan Statistical Area (Solano County), including particularly the City of Fairfield, is characterized as the Tertiary Market. Figure 4 shows the City within its local context.



Source ADE, Inc.

### Residential Market Demand Projection

Suisun City's projected residential growth and demographic shifts typically will result in changes in resident preferences for housing unit types and density in a neighborhood, as well as proximity to work. To project the citywide housing demand, ADE assessed the household growth using data from the Department of Finance to evaluate future residential housing demand in the city, which includes single-family and multi-family residential housing. Since residential growth in the PDA area has been modest compared to the rest of the City, the evaluation of future market conditions is determined by the demographic trends and projected growth of specific age cohorts in Solano County (Gen Y and baby boomers) rather than household projections for Suisun City alone. The demographic evaluation assesses specific demand for higher density residential housing in these market segments in the PDA.

ADE compared multiple data sources to inform the analysis of the residential market dynamics and potential in the City. The analysis also uses several secondary real estate data sources and reporting published by REIS Analytics, Co-Star Portfolio Strategy, Real Capital Analytics, LoopNet, and

brokerage reports, in addition to government sources including Department of Finance, Harvard Joint Center for Housing, the U.S. Census, and other available data sources.

### **Office Market Demand Projection**

Suisun City's office market potential is directly influenced by future employment growth of specific business sectors that demand various types of office spaces. ADE assessed the employment growth using job projection from the Association of Bay Area Governments (ABAG) between 2010 to 2040 to estimate future growth in two specific categories, including "Finance and Professional Service Jobs" and "Other Jobs" that typically demand Class A/B/C office space. ADE created a range of projected demand based on the PDA retaining its current share of office employment in Suisun (low end projection) compared to the PDA capturing most of future office development in the City (high end projection).

For the non-residential market analysis, ADE researched data sources such as REIS Analytics, Co-Star Portfolio Strategy, Real Capital Analytics, brokerage reports, in addition to government sources including ABAG, the U.S. Census Longitudinal Employment and Household Dynamic data, and other available data sources.

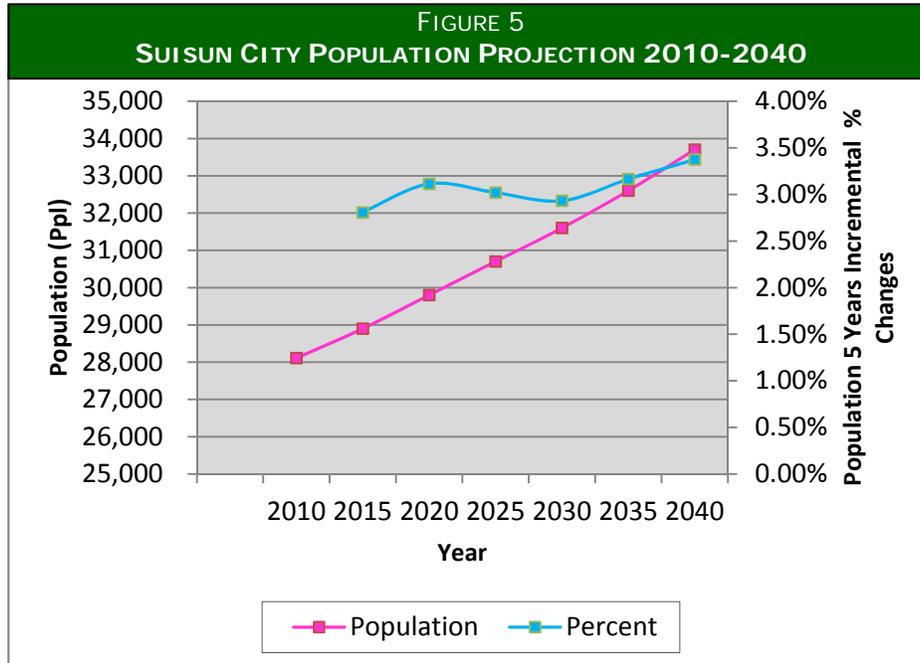
## **PROJECTED GROWTH TRENDS**

### **POPULATION AND HOUSEHOLDS**

Suisun City is projected to have significant residential growth occur over the 2015-2020 period and after 2030. Population in the City will grow at a slower rate than the County, and this trend is consistent with the increase in age cohorts between 35-45 years old and 50 and above, which correspond to typically smaller household sizes. The City has the largest projected increase in population between the periods of 2015 to 2020, and between 2030 to 2040, with a growth rate of 0.62 percent and 0.67 percent, respectively, compared to 2.9 percent for the County, as projected by Caltrans in their 2014 projections (Figure 5).

### **SUISUN CITY RESIDENTIAL MARKET**

Residential products include low density single-family housing and medium to high density multi-family housing. More specialized housing product types include affordable housing, senior housing, and mixed-use residential development. The Suisun City supply of multi-family housing is primarily mid-tier products in Class B/C buildings, and very few Class A or mixed-use buildings, in addition to the existing supply of single-family housing. Typical residential products are defined as follows:



Source: Association of Bay Area Governments (ABAG) Projections 2013 and CA Dept. of Finance, ADE, Inc.

## KEY DEFINITIONS

### Typical Residential Product Types

1. **Single-family Residential**
  - Single-family detached unit
  - Duplexes
  - Attached townhouses
2. **Multi-Family Rental and For-Sale Residential**
  - Medium and high density rental apartments and condominiums
  - Class A (4 to 5 stars) apartments
  - Class B/C (1 to 3 stars) apartments
3. **Mixed-Use Residential**
  - Vertical and horizontal mixes of commercial, office, and residential uses

## OVERVIEW

Suisun City's residential market exhibits relatively steady growth, with low vacancy rates and increasing rent. The residential market reflects healthy market trends and demand, similar to the Vallejo-Fairfield metro market (Table 18). Recently the regional market has gradually shifted in market demand from single-family residential housing to multi-family residential housing, with the increasingly higher density development in the region. Both the City and metro market area have downtrend in vacancy rates and high increasing annualized rent growth compared to Solano County, indicating current stronger market condition support more potential residential development in the City.

Suisun City's close proximity to Travis Air Force Base, industrial employment centers in the City of Fairfield, and Napa Valley and Sacramento continue to attract residents and employees that potentially catalyze more residential market demand. There has been recent investment and development along the downtown waterfront district, which includes a new Hampton Inn, a number of mixed-use retail, and future residential development that places the City in a unique disposition and enhances opportunities for future multi-family development to support residents to live and work in downtown.

With very few recent residential multi-family developments in the City and downtown area, Suisun City currently has more supply in single-family residential housing than higher density multi-family residential housing. While the metro market's overall multi-family growth rate is expected to grow over the next few years, the City's current market supply of single-family residential units and environmental conditions related to the flood plain may potentially constrain future supply. However, the City's residential market is expected to have overall market support that may capitalize on the strong demand growth in the metro area and the region.

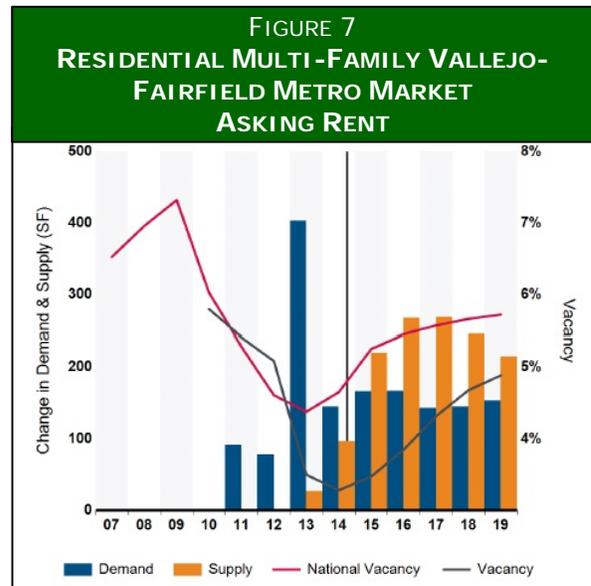
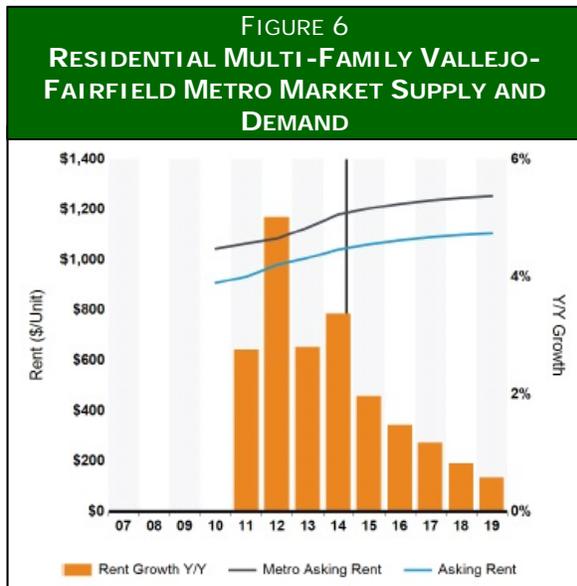
**TABLE 18  
FAIRFIELD/SUISUN CITY MULTI-FAMILY MARKET COMPARISON 2014 Q3**

	<b>U.S.</b>	<b>Vallejo-Fairfield Metro Market</b>	<b>Fairfield/ Suisun City</b>
Asking Rent	\$1,359.96	\$1,169.63	\$1,032.31
Vacancy	4.1%	3.0%	1.1%
Inventory (000s)	11,701,277	22,301	901
Completion (000s)	41,534 (0.4%)	36 (0.2%)	2 (0.2%)
Net absorption (000s)	57,554 (0.5%)	88 (0.4%)	9 (1.0%)
Median Sales Price/Unit	\$112,500	\$90,000	\$65,417
Median Cap Rate	6.0%	6.6%	
Effective Rent/Unit		\$1,170	\$1,032
Sales Volume (000s)	\$97,593,376	\$100,151	\$785

*Source: Co-Star Portfolio Strategy, ADE, 2015*

The residential multi-family market supply in the regional metro area is projected to outpace demand in the near future. The overall market vacancy rate in Suisun City is projected to continue to be lower than the metro market (Figure 6). Based on research from Co-Star Portfolio Strategy, Real Capital Analytics, and REIS, there has been increasing demand for multi-family residential since 2012. The City has a higher percentage of overall residential multi-family market demand compared to the metro area and the US, at an annual estimate of 9,000 units (1.0%), compared to approximately 88,000 units (0.4%) absorbed in the metro market area in 2014. The average annual completion in the City in the past year was approximately 2,000 units, compared to 26,000 in the metro market. Overall annual vacancy rate for multi-family residential is 1.1% in the City, lower than the 3.0% in the metro market area, and much lower than the 4.4% in Solano County. The City's annual average asking rent, however, is slightly lower than the metro market, at \$1,032/unit compared to \$1,170/unit in 2014 (Table 1). Overall, the market inventory and absorption in the City is strong within its market

segment; however, both rent and vacancy are trailing slightly behind the metro area, and significantly behind national average (Figure 6 and Figure 7).



### Multi-Family Residential Market Supply

The majority of the market supplies in Suisun City are mid-tier, aging single-family residential buildings. There are few multi-family residential buildings in the City compared to adjacent market areas such as the Cities of Fairfield and Vacaville; however, the market has the potential to support higher density residential development given current market conditions and increasing development in other asset classes in the downtown area.

There is a stronger market demand for Class B/C apartments in the City, as indicated by an overall lower vacancy rate and limited Class A market supply. There are several high density multi-family residential buildings with more than 200+ units, with a total of 526 units in the existing market in the City, which consist of mainly 2 bedroom units in mid-tier properties. This is lower than the City of Fairfield, where there are 3,131 units in 39 multi-family residential buildings, as well as the City of Vacaville, with a total of 3,650 units in 26 buildings. In the City of Vallejo, there are 2,242 units in 16 buildings. The amount of multi-family residential market supply in Suisun City is comparable to the City of Benicia, with a total of 668 units in 5 buildings, as noted in Table 19:

TABLE 19 EAST OF VALLEJO-FAIRFIELD SUBMARKET (INCLUDING SUISUN CITY) ASKING RENT 2014 Q3					
Market	No. of Buildings	Units	Asking Rent	Effective Rent	Vacancy
Benicia	5	668	\$1,480	\$1,462	0.9%
East	3	526	\$1,045	\$1,045	1.0%
Fairfield	39	3131	\$1,016	\$997	3.2%
Northeast Solano County	5	435	\$1,081	\$1,081	0.5%
Southeast Solano County	2	62	\$905	\$890	3.2%
Vacaville	26	3650	\$1,178	\$1,161	3.3%
Vallejo	16	2242	\$1,294	\$1,286	2.0%
West	2	484	\$1,658	\$1,657	1.0%

Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

### Rent and Vacancy

Suisun City's rent for multi-family residential units continues steady growth, at an annual average rate of 1.2% compared to 0.8% in the greater Vallejo-Fairfield metropolitan area. Based on research from REIS and Co-Star Portfolio Strategy, the average asking rent in the City increased in the past few years, but at a slightly lower growth rate than the Vallejo-Fairfield metro market. Suisun City's average effective asking rent at the end of 2014 was slightly above the City of Fairfield, but lower than the Cities of Vacaville, Vallejo, and Benicia. In comparison to the region, the City's rent is lower than the Sacramento market area, where multi-family rents for Class A buildings are \$1,136 per unit. Overall, the City's residential average asking rent is lower and vacancy rates are higher compared to the regional market in the past few years (Table 20 and Table 21).

TABLE 20 SUISUN CITY/FAIRFIELD MARKET AVERAGE ASKING RENTS (2009-2014)					
	Quarter	Asking Rent per SF	Average Asking Rent % Change	Vacancy Rate	Vacancy Change (BPS)
2009	4	\$873	-1.2%	6.7%	190
2010	4	\$853	-2.3%	5.1%	-160
2011	4	\$846	-0.9%	4.0%	-110
2012	4	\$867	2.5%	4.1%	20
2013	3	\$883	0.5%	2.4%	10
2013	4	\$885	0.2%	2.8%	40
2014	1	\$888	0.4%	2.2%	-60
2014	2	\$901	1.4%	1.8%	-40
2014	3	\$917	1.8%	1.7%	-10

Source: REIS Apartment 3Q 2014, ADE, Inc., 2015

A close evaluation of rent in specific residential multi-family product types shows an average rent per unit ranges from \$711 for a Studio to \$1,201 for 3 bedroom apartments, slightly lower compared to \$911 and \$1,439 in Solano County. The average unit size for multi-family units ranges from 438 SF for a studio to 1,085 SF for a 3 bedrooms (Table 21). Overall annual average asking rent is anticipated to continue to be lower than the metro area, and growth rate is projected to begin to decline at a slower rate beginning in year 2015.

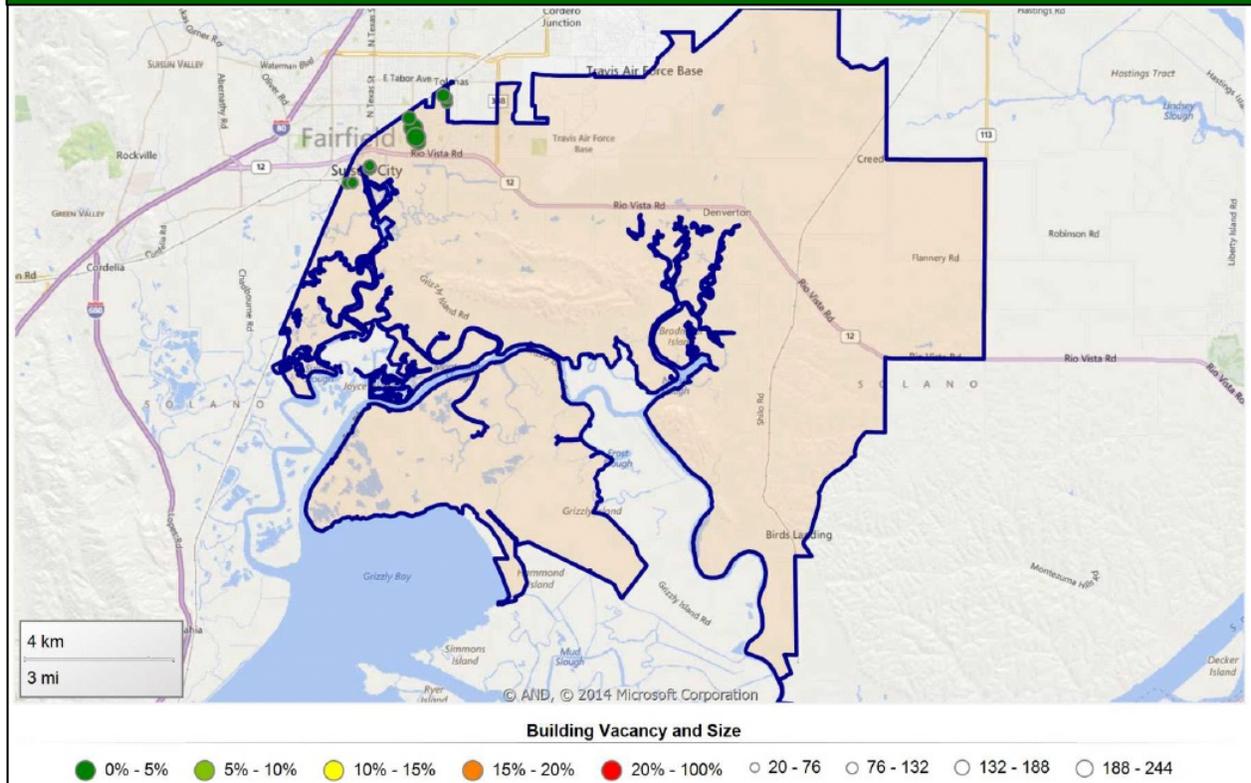
TABLE 21 MULTI-FAMILY RESIDENTIAL RENTS BY CATEGORIES (2014 Q3)				
	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms
<b>Suisun City/Fairfield</b>				
Average Rent/Unit	\$711.00	\$840.00	\$955.00	\$1201.00
Average Unit Size (SF)	438	636	859	1085
Units	1	23	39	2
Average Rent/SF	\$1.73	\$1.43	\$1.12	\$1.10
<b>Solano County</b>				
Average Rent/Unit	\$911.00	\$1062.00	\$1109.00	\$1439.00

Source: REIS Apartment 3Q 2014, ADE, Inc., 2015

In the City, there are several multi-family residential inventories that have higher asking rent than the citywide and metro market average asking rent per unit, but have overall lower vacancy rates. For example, Avalon Suisun City, a four story, 439 unit mid-rise apartment building on 24 Union Square is fully occupied, and has an effective rent of \$2,288. At Veranda, a 3 story, 282 units Garden Apartment building on 33 Union Square has an effective rent of \$1,910 per unit, and a vacancy rate of 1.4%. In addition, Skylark Apartment, a 174 unit apartment on 34655 Skylark Court, has a high asking rent per unit at \$2,151 per unit, with a slightly higher vacancy rate of 2.9% compared to the other multi-family residential.

Overall, the vacancy rates in the City between 0-5% for all residential multi-family, with occasional exception of high level vacancy rate of 7.1% (Figure 8 and Table 22). The vacancy levels are slightly above the County level for multi-family residential units, ranging from 0-5.0% across all residential product types. The annual average vacancy rate in the City is 1.1%, compared to 3.0% in the metro market, and 4.1% as the national average. It is anticipated the market vacancy rates will continue to increase in the future at a steady rate compared to the County and the region while supply outpace demand (Figure 9).

**FIGURE 8  
MULTI-FAMILY RESIDENTIAL VACANCY RATES 2014 Q3**



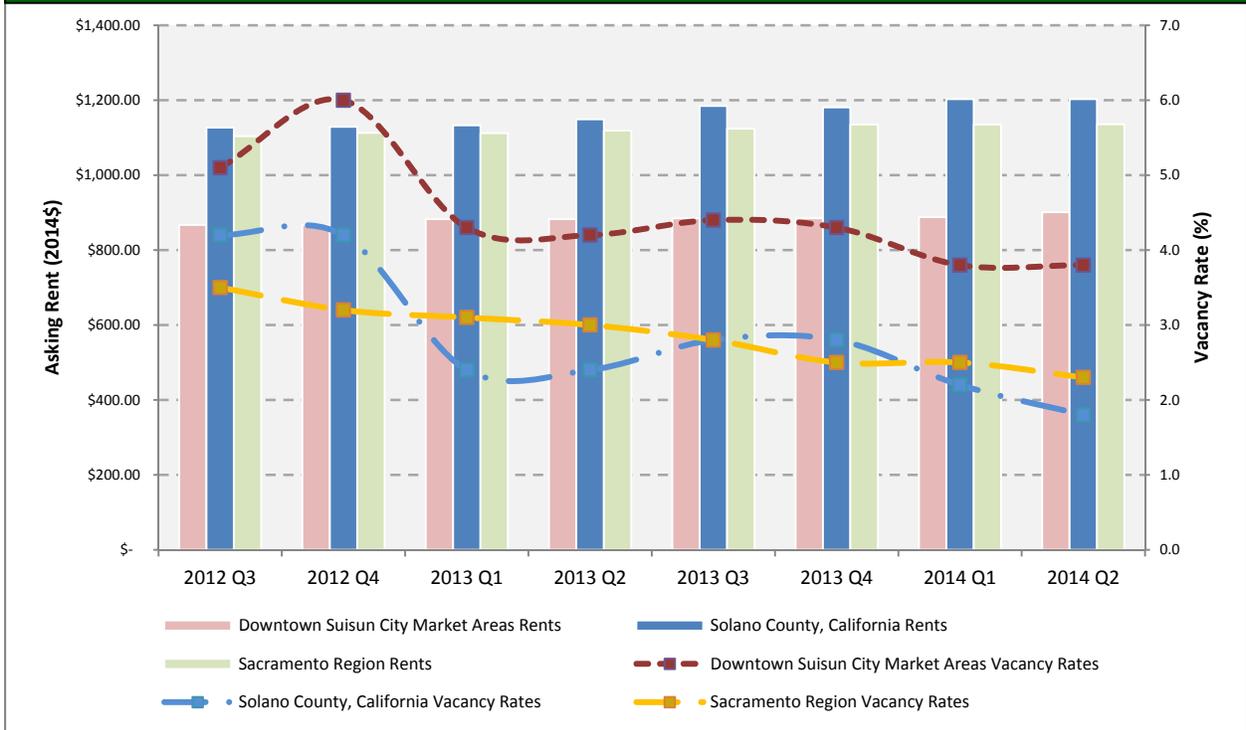
Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

**TABLE 22  
MULTI-FAMILY RESIDENTIAL MARKET RENTS SCENARIOS 2014 Q3**

	<b>Low</b>	<b>Mean</b>	<b>Median</b>	<b>High</b>
Average Rent/Unit	\$718.00	\$917.00	\$903.00	\$1194.00
Vacancy Rate	0.0%	1.7%	1.1%	7.1%
Property Size (Units)	20	66	56	237
Year Built	1965	1974	1973	1983

Source: REIS Apartment 3Q 2014, ADE, Inc., 2015

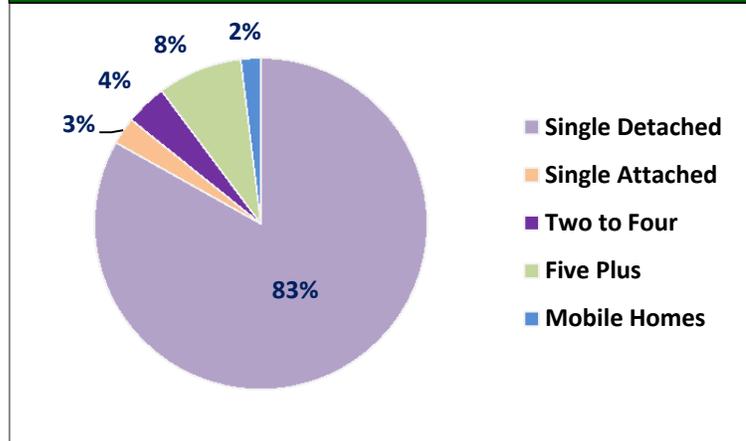
**FIGURE 9  
SUISUN CITY AND REGIONAL MULTI-FAMILY VACANCY AND RENT GROWTH TRENDS**



Source: REIS Apartment 3Q 2014, ADE, Inc. 2015

Suisun City has an aging building stock and the majority of the housing unit types are single-family detached homes, as indicated by the Department of Finance (2010 to 2014) (Figure 10). The second highest percentages of residential product types include multi-family units, typically with 2+ units. In the City, an estimate of 83.16%, or 7,861 units, are single-family attached units; 4.04%, or 382 units, are multi-family units with 2 to 4 units; 8.22%, or 778 units, are multi-family units with 5 and more units; and, 2.63%, 249 units, are single-family attached residents units. The total number of mobile homes, which is an estimate of 1.95% of total market supply, with a total of 184 units.

**FIGURE 10  
SUISUN CITY EXISTING RESIDENTIAL INVENTORY BY TYPES**

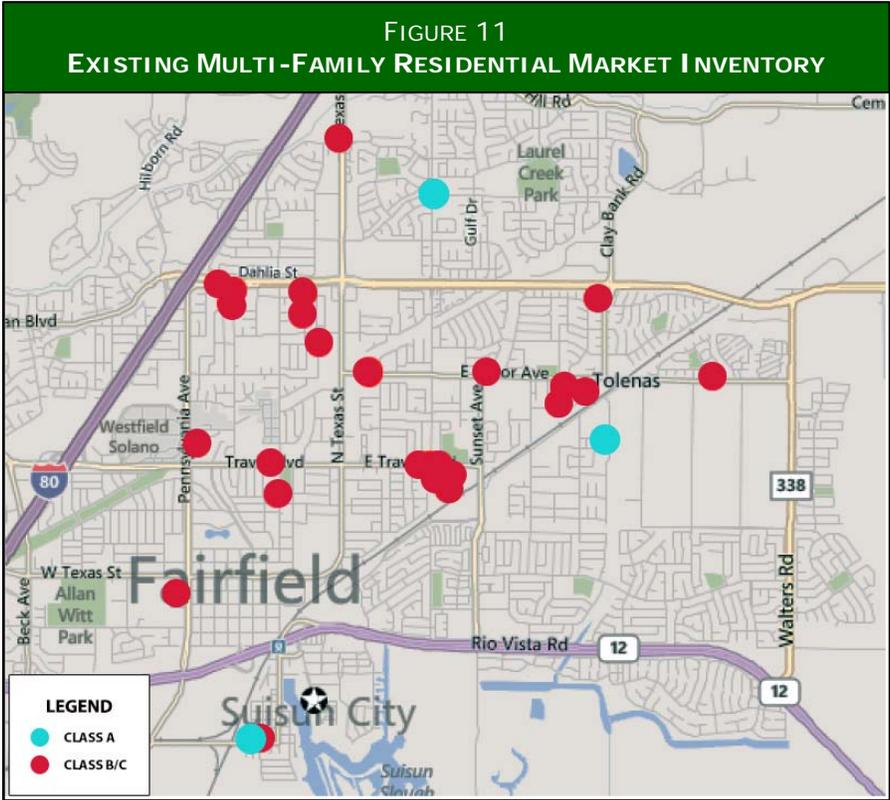


Source: Department of Finance, ADE, 2015

The City's multi-family apartments consist of a few Class A and primarily Class B/C apartment buildings. Some notable Class B/C multi-family residential units include (Figure 11):

**Class B/C Multi-Family:**

1. **Centennial Arms – 1100 School Street, Suisun City, CA 94585 (Built 1968)**
  - Total Units: 24
  - Average asking rent/unit: \$850
  - Average unit size: 850 SF
  - Current asking rent/SF: \$1.00
  - Vacancy rate: 0.0%
  
2. **Harbor Breeze/Fmr Continental – 1101 Crystal Street, Suisun City, CA 94585 (Built 1972)**
  - Average asking rent/unit: \$962
  - Average unit size: 510 SF
  - Total units: 76
  - Vacancy rate: 5.3%
  - Current asking rent/SF: \$1.89
  
3. **Village Green – 766 Sunset Avenue, Suisun City, CA 94585 (Built 1987)**
  - Total units: 224
  - Average asking rent/unit: \$1094
  - Average unit size: 765 SF
  - Current asking rent/SF: \$1.44
  - Vacancy rate: 0.0
  
4. **Riverstone Village – 311 Sandy Lane, Suisun City, CA 94585 (Built 1985)**
  - Average asking rent/unit: \$969
  - Average unit size: 815 SF
  - Total units: 240
  - Vacancy rate 1.67%
  - Current asking rent/SF: \$1.19
  
5. **Autumn Oaks Apartments – 1400 Humphrey Drive, Suisun City, CA 94585 (built 1978)**
  - Total units: 62
  - Average asking rent/unit: \$1,166
  - Average unit size: 982 SF
  - Current asking rent/SF: \$1.20
  - Vacancy: 0.0%



**RECENT TRANSACTIONS AND DEVELOPMENT PIPELINE**

Suisun City has seen a dramatic decline in single-family residential unit permits since 2005, with only 28 units permitted in 2010 and none since (Table 23). However, there is now an expected single-family residential development in the downtown area of the City. The current metro market exhibits an interest toward higher density residential units.

**TABLE 23  
SUISUN CITY MULTI-FAMILY CONSTRUCTION PERMITS**

	<b>All Permits</b>	<b>Single Family</b>	<b>2-Unit Multi-Family</b>	<b>3 &amp; 4 Unit Multi-Family</b>	<b>5+ Unit Multi-Family</b>
2010	28	28	0	0	0
2009	26	26	0	0	0
2008	31	31	0	0	0
2007	68	60	8	0	0
2006	163	79	0	0	84
2005	181	101	0	0	80
2004	142	142	0	0	0
2003	127	127	0	0	0
2002	114	114	0	0	0
2001	105	105	0	0	0

*Source: REIS Apartment 3Q 2014, ADE, Inc., 2015*

Based on research from Real Capital Analytics and Co-Star Portfolio Strategy, while Suisun City had no recent multi-family developments over the past five years, there have been no additional apartment sales recently; however, transactions on apartment refinancing have shown steady activities for Garden apartments buildings, due to the market's lower interest rates in the current market. As household units continue to grow, it is likely that residential unit demands will project to increase as well over the next few years, and the market will support more multi-family development given projected market demand and investment in other asset classes in the City and downtown area.

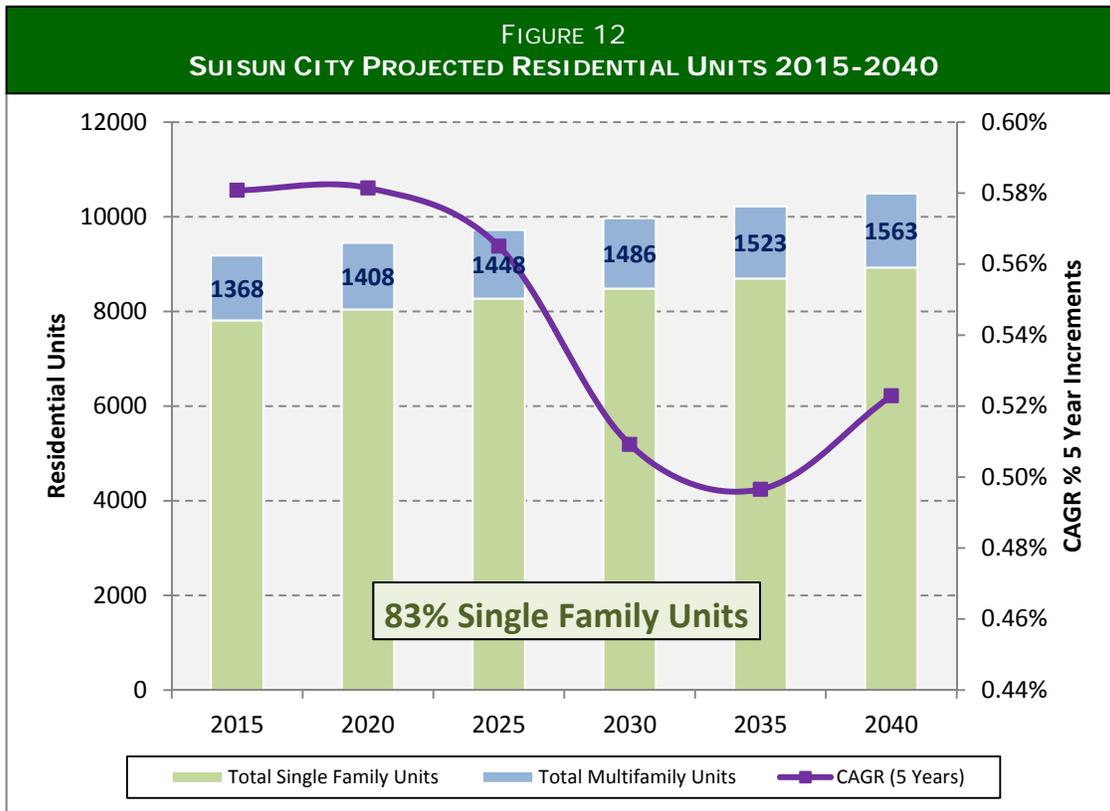
**Market Demand**

Not many housing units have been built in the City within the past few years. The total projected household between 2010 and 2040 is a 1,572 housing increase from 8,918 in 2010 to 10,490 units in 2040. ADE estimates an increase of 234 multi-family unit demand over the next three decades in citywide housing demand, from 1,329 to 1,563 units, as indicated in Table 24, which include both for-sale and for-rent market rate residential units.

In addition, there is also the highest rate of change in housing demand between 2015 to 2025, at a Compound Annual Growth Rate (CAGR) of 0.58% and 0.57%, and steady slow down after 2030 to approximately 0.50%. Figure 12 shows an increasing in overall housing unit demand trend and steady growth rate in multi-family units between 2010 and 2040.

TABLE 24 PROJECTED RESIDENTIAL DEMAND IN SUISUN CITY							
	2010	2015	2020	2025	2030	2035	2040
Total Single-familyUnits	7,589	7,812	8,042	82,72	8,484	8,697	8,927
Total Multi-Family Units	1,329	1,368	1,408	1,448	1,486	1,523	1,563
Total Housing Units	8,918	9,180	9,450	9,720	9,970	10,220	10,490
CAGR (5 Years)	0.0%	0.58%	0.58%	0.57%	0.51%	0.50%	0.52%

Source: ABAG 2013, ADE, Inc.



Source: Department of Finance 2014, ADE, Inc. 2015

The majority housing unit type is single-family detached homes in Suisun City, as indicated by the Department of Finance data between 2010 to 2014. An estimate of 83.16% are single-family attached units at 7,861 units, 4.04% multi-family with 2 to 4 units at 382 units, 8.22% multi-family units with 5 and more units total 778 units, and 2.63% single-family attached residents total 249 units. The analysis does not account for the percentage of mobile homes, which is an estimate of 1.95% with a total of 184 units and are not accounted in the total existing housing units of 8,918.

As shown in previous construction permit records since 2001, there were only 28 units of multi-family development constructed in Fairfield and Suisun City. Suisun City has not had any significant multi-family development over the past five years. However, as households continue to increase, residential unit demand will increase as well over the next few decades.

**Priority Development Area**

Total household growth in Suisun City is projected to be 1,572 between 2010 and 2040 (Table 24 above). However, residential development capacity outside the PDA area is only 534 units based on the new General Plan. Therefore, to meet the projections, more than 1,000 units would need to be constructed in the PDA area. This would likely result in a shift toward a greater proportion of multi-family housing in Suisun City.

Across the nation, significant transformations in households over the past years have led to changes in neighborhood and housing preferences, resulting in major shifts from predominantly single-family detached houses in lower-density suburbs to higher density multi-family apartment units, townhouses, and detached houses in urban and mixed-use neighborhoods. This housing preference is likely to continue at least over the next decade, and represents a demographic shift as a result of the Baby boomers and Generation Y demographic increases; serving as the foundation on which Suisun City can further develop its PDA and downtown neighborhood with higher density residential housing and mixed-use commercial spaces.

Baby boomer households (65+ Years Old) include empty nesters and retirees that choose to move to new condominiums, apartments, or townhouses in downtown neighborhoods after their children have left homes, while Millennial and Generation Y (18-34 Years Old) are young professionals and families that choose to live in urban neighborhoods and adjacent to urban centers with amenities and services. These two demographics represent a large portion of the market demand, typically for higher density residential housing types, and subsequently inform the housing demand in Suisun City for multi-family residential in the future, in addition to the market capture of the City's PDA waterfront district in downtown.

As noted in the Methodology Section of the Analysis, ADE evaluated the demographic growth for residential units in the Priority Development Area using specific age cohorts demographic trends including Millennial and Gen Y and Baby Boomers (65+ Years Old) countywide to evaluate the residential demand for higher density residential market in the City, instead of using household units projection based on current housing stock. Historically, the City has modest growth for residential multi-family units. Thus, a future projection based on historic market trends does not fully capture the shift in demographic trends and subsequent consumer housing preferences, and real estate market condition.

However, based on DOF demographic projections, Solano County will see an increase of nearly 24,000 households in the key demographic groups discussed above between 2015 and 2040. Suisun City currently represents about 6.3 of the residential market in Solano County, and if it captures a similar percentage of this market segment, that would represent more than 1,500 units. Therefore, if Suisun City can continue to provide an attractive living environment in the Downtown Waterfront area, it is likely it could exceed its overall ABAG household growth projections.

According to U.S. Census ACS data for 2000 and 2008-2012, there was a 9.52 percent increase among the Baby Boomer and Gen Y populations between 2000 to 2010 in the City's PDA area. This is much higher than the Suisun City or Solano County growth rates for these population groups, at 2.35% and 1.11%, respectively (Table 25). However, if Suisun City continues to capture its existing market share of countywide housing, the PDA would see demand for multi-family housing units as shown in Table 26.

TABLE 25 POPULATION GROWTH BY SPECIFIC AGE GROUP						
	Suisun PDA		Suisun City		Solano County	
	2000	2010	2000	2010	2000	2010
18 - 24	138	706	2,401	2,759	36,489	41,007
25 - 34	273	327	3,420	4,188	54,863	55,090
65 - 84	76	203	1,371	2,085	33,707	41,835
Over 85	24	33	211	304	3,664	5,799
<b>Total Population by Age Segment</b>	<b>511</b>	<b>1,269</b>	<b>7,403</b>	<b>9,336</b>	<b>128,723</b>	<b>143,731</b>
CAGR of Specific Demographic Segment		9.52%		2.35%		1.11%

Source: U.S. Census LED, ADE, Inc. 2015

TABLE 26 SUISUN CITY PRIORITY DEVELOPMENT AREA (PDA) PROJECTED RESIDENTIAL DEMAND				
	2015	2020	2030	2040
Projected Growth Multi-family HH in Suisun City PDA	--	382	1,092	1,493

Source: U.S. Census LED, ADE, Inc. 2015

The Priority Development Area in downtown Suisun City supports a variety of rentals and for sale properties including adaptive re-use of existing buildings. Unit configurations range from small studios to three bedroom apartments, as well as single-family units. Additionally, a close examination of specific multi-family housing product characteristics and projected demand by the Department of Finance over the period 2011-2014 shows over half of multi-family units in the City are 5+ units, at 55.2% of overall existing multi-family market supply. Approximately 27.1% of multi-family units are 2-4 units such as duplexes, and 17.7% are attached multi-family units, such as attached townhomes. Focusing on the future demographics discussed above, we would expect a greater proportion of multi-family demand to be met by town homes, attached single-family and mixed-use developments.

### SUISUN CITY OFFICE MARKET

Office building types are typically defined as high rise (higher than 15 stories); mid-rise (4 to 15 stories); low rise (1 to 3 stories); garden office (1 to 5 stories with extensive landscaping), creative offices space, R&D, and Flex spaces. In Suisun City, the majority of office buildings are low rise and garden office under 3 stories, with one story office buildings as the majority, according to REIS data. Typical classes of office products are defined as follows:

## KEY DEFINITIONS

### Typical Office Product Types<sup>5</sup>

1. **Class A**
  - a. Investment grade building that command the market's highest rents and attract credit-worthy tenants. Typically new, highly competitive building at excellent location.
2. **Class B/C**
  - a. Office buildings in good location and management that are well maintained.
  - b. Substantially older buildings compared to Class A and Class B located in less desirable location.
3. **Owner-occupied buildings**
  - a. Office building leased or owned by a single tenant
4. **Build-to-suit development**
  - a. Office building designed and constructed for a particular tenant
5. **Spec buildings**
  - b. Single or multitenant building design without specific tenant commitments

## OVERVIEW

While the market region is generally known for the industrial market support, the office market in Solano County remains modest in growth with decreasing vacancy rate and relatively modest activities. The office market has been slowly recovering since the recession, and demand is projected to exhibit slight growth in the near future between 2016 and 2019. There are no new significant office developments projected to be delivered on the market over in the next few years. The City's vacancy rate is projected to continue to be lower than the metro market area, at 14.9% compared to 17.5%. Both are higher compared to national average at 11.6%. As employment is projected to grow, the overall office market may further capitalize on the existing Suisun-Fairfield Train Depot that is located in the downtown area and serve residents and employees traveling to adjacent Cities and as far as Sacramento and the Bay Area (Table 27).

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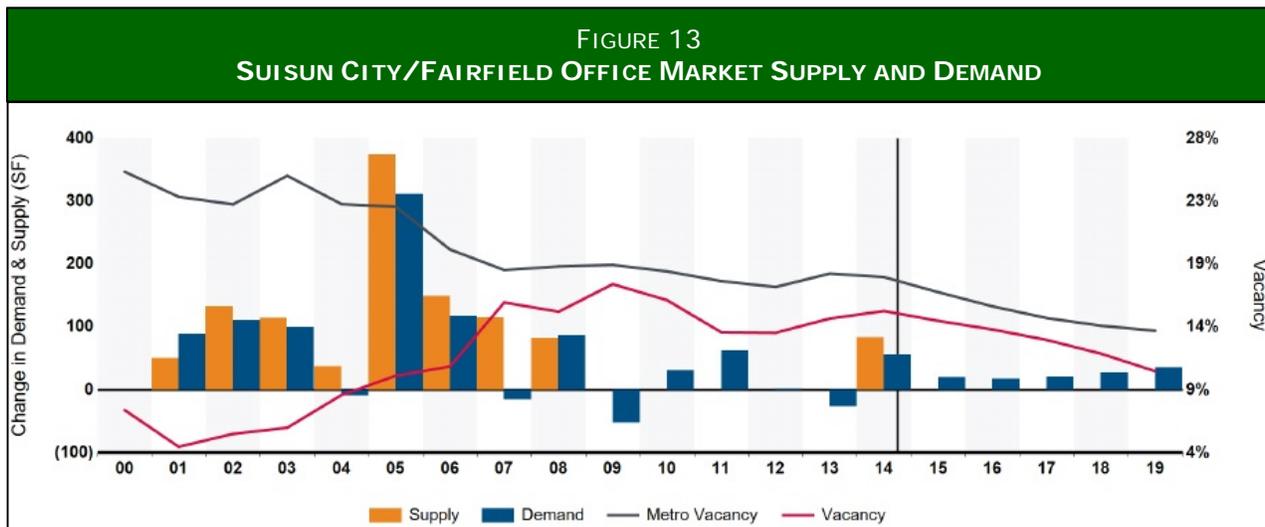
<sup>5</sup> CLASS A (5 STAR): exemplary of a state-of-the-art, category defining structure that represents the latest trends and quality in design and construction, prominent in its context or of a landmark status, and very likely a certified sustainable and energy efficient building. Buildings rated to exhibit the nation's current set of highest quality structures and form the benchmark of current excellence in office buildings. Investment grade building that command the market's highest rents and attract credit-worthy tenants. Typically new, highly competitive building at excellent location. CLASS A (4 STAR): very high quality building that maintains market leadership through the strength of its initial construction, continual above average maintenance and desirability for tenants and investors over time. These buildings are likely to be older than the current 5 Stars set. CLASS B (3 STARS): good location, management, and construction and little functional obsolescence or deterioration. Typically found in well-located buildings of an earlier generation that have been maintained to a high standard. CLASS C (1 TO 2 STAR): substantially older buildings that have not been modernized. Typically functionally obsolete and located in less desirable location compared to Class A and Class B. May require significant renovation, possibly functionally obsolete. The building may have been originally constructed for non-office use.

TABLE 27 FAIRFIELD/SUISUN CITY OFFICE MARKET COMPARISON 2014 Q3			
	US	Vallejo-Fairfield Metro Market	Fairfield/Suisun City
Asking Rent	\$26.12	\$18.60	\$22.68
Vacancy	11.6%	17.5%	14.9%
Inventory (000s)	8,089,128	8,056	2,540
Completion (000s)	8,180 (0.1%)	19 (0.2%)	19 (0.8%)
Net absorption (000s)	23,104 (0.3%)	15 (0.2%)	-2 (-0.1%)
Median Sales Price/SF	\$132	\$110	\$137
Median Cap Rate	7.0%	6.3%	7.0%
Sales Volume (000s)	\$106,035,262	\$11,056	\$3,289

Source: Co-Star Portfolio Strategy.

The countywide office market demand is higher than the Suisun/Fairfield sub-area, at 15,000 SF annually. However, in the third quarter of 2014, the Suisun/Fairfield area accounted for all of the county's office development, at approximately 19,000 SF. In addition, the Suisun/Fairfield area has an average annual vacancy rate of 14.9%, lower than the 17.9% in the metro market area. It also has a higher asking rent of \$22.68, compared to \$18.60 in the metro market.

The office market in the City has higher sales prices compared to the metro area, and a higher cap rate, indicating a slightly higher barrier of entry in the market that may be potentially offset by a higher selling price. As such, market performance may be slow but exhibit steady growth, while the City's future office demand may hinge on absorption of existing vacant office spaces before new development is delivered on the market (Figure 13).



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

### Office Market Supply

The City has very limited number of Class A offices buildings compared to Class B/C buildings. There are approximately 166 office buildings in Suisun City/Fairfield market, with an estimate of 2.5 Million SF of existing office spaces. Compared to the Vallejo-Fairfield metro market, there is less supply of

office spaces in the City, and the market is performing at a slightly slower pace compared to the region.

Existing market supply in the City include low rise 3 story commercial centers, such as a Class A building and two Class B/C office buildings, with vacancy rates ranging from 26.3% to 27.8% for a Class B/C office space, and 27.9% for Class A building. The buildings are built in the past decade. In comparison, the City of Fairfield has more Class A buildings and an estimate of 19 office buildings total, all having similar level of vacancy rates. Selected notable existing office spaces include the following (Appendix A):

**1. Class A Office:**

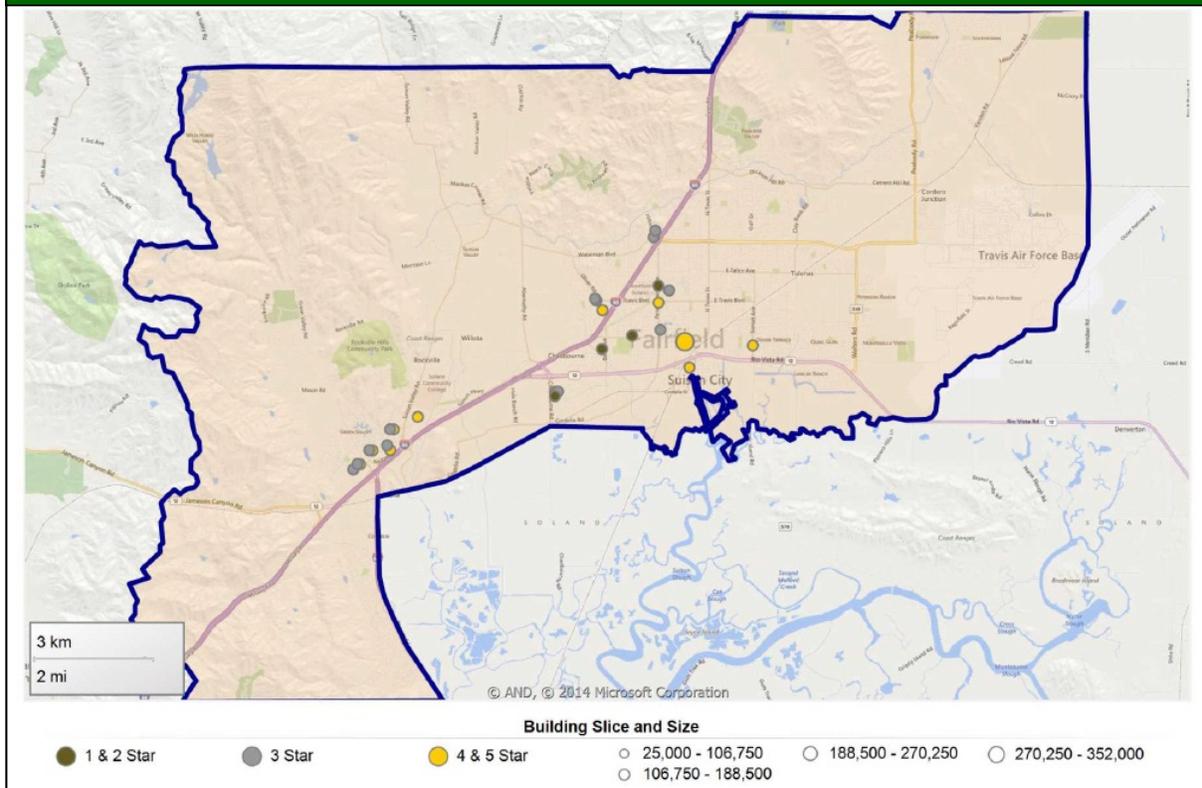
- a. One Harbor Center – 1 Harbor Center, Suisun City, CA 94585 (built 2001)
  - Total SF: 50,000
  - Average asking rent/SF: \$30.61
  - Floor: 3
  - Vacancy rate: 27.9%
- b. 333 Sunset Avenue – 333 Sunset Avenue, Suisun City, CA 94585 (Built 1994)
  - Total SF: 72,000
  - Average asking rent/SF: \$21.90
  - Floor: 3
  - Vacancy rate: 27.8%
  -

**2. Class B/C Office:**

- c. Suisun Commerce Center – 110 Railroad Avenue, Suisun City, CA 94585 (Built 1990)
  - Total SF: 31,883
  - Average asking rent/SF: \$9.34
  - Floor: 2
  - Vacancy rate: 26.3%

There is currently a greater market supply of Class A office spaces in Suisun City compared to Class B office spaces, according to REIS and Co-Star. Overall Class A office spaces yield a higher occupancy rate, at approximately 72%, while Class B/C office spaces have an estimate of 52% occupancy rate. As noted above, there are less Class A office supplies compared to Class B/C, at 66,366 SF and 212,598 SF, respectively. The overall percentage of occupied office spaces in the existing market shows a stronger demand for mid-tier office products in the City (Figure 14)

**FIGURE 14  
SUISUN CITY/FAIRFIELD OFFICE MARKET EXISTING INVENTORY 2014 Q3**



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

### Rent and Vacancy

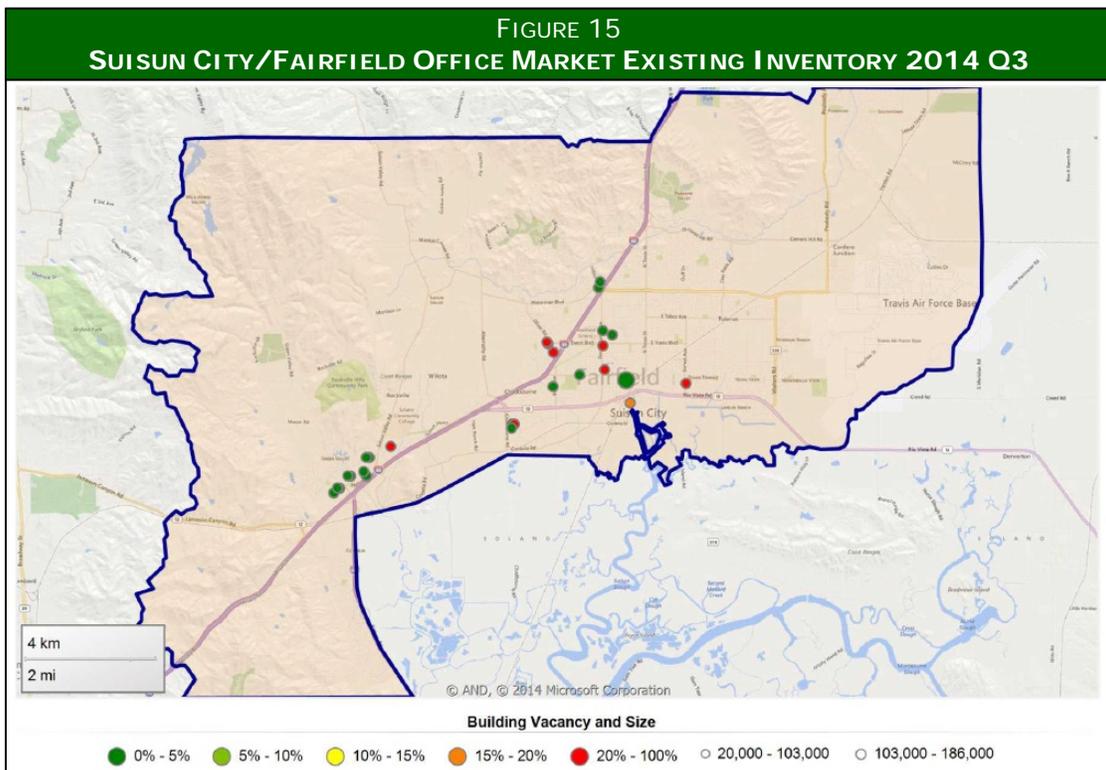
The Suisun City/Fairfield market's average rent growth in the office market is expected to remain steady after 2014, with a slight increase in the next few years, due to expected increase in demand for Class A property types. Class B/C office building rents are projected to have a declining rent growth, and growth rate is projected to be less than the metro area asking rent. The most increase in rent growth is expected to occur after 2017 and continue to steadily stabilizing in subsequent years (Table 28).

**TABLE 28  
SUISUN CITY/FAIRFIELD OFFICE MARKET RENT**

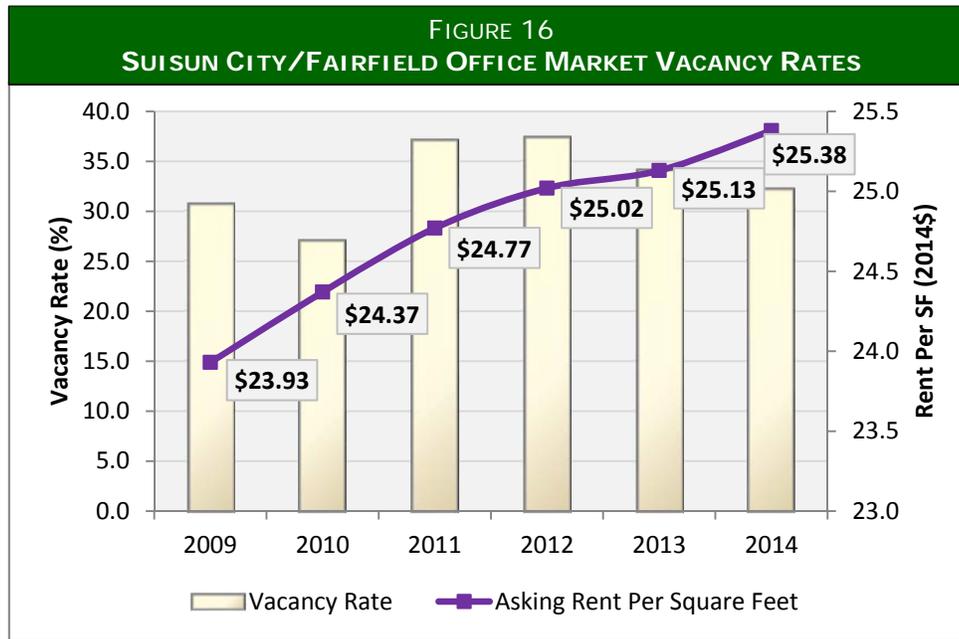
<b>History</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Rent Growth	-0.4%	2.4%	-3.0%	-3.8%	-4.1%	-0.5%	-0.4%	-0.5%
Metro Rent Growth	1.4%	10.9%	1.3%	-4.6%	-2.7%	-0.9%	-1.5%	5.4%
Asking Rent	\$26.18	\$26.80	\$26.00	\$25.01	\$23.97	\$23.84	\$23.74	\$23.63
4 and 5 Star	\$28.19	\$28.12	\$25.70	\$27.04	\$28.14	\$27.08	\$27.75	\$27.98
3 Star	\$27.92	\$28.06	\$6.45	\$26.04	\$24.38	\$24.10	\$24.24	\$23.59
1 and 2 Star	\$24.79	\$23.60	\$25.20	\$21.80	\$19.79	\$16.57	\$15.86	\$14.29
Metro Rent Growth	\$16.97	\$18.82	\$19.07	\$18.19	\$17.70	\$17.55	\$17.28	\$18.21
Submarket % Metro	154.3%	142.4%	136.4%	137.5%	135.4%	135.8%	137.3%	129.7%
<b>Forecast</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Average</b>	
Rent Growth	-3.6%	0.5%	0.3%	0.6%	0.8%	8.0%	-0.1%	
Metro Rent Growth	2.7%	1.0%	0.8%	1.0%	0.9%	0.7%	1.2%	
Asking Rent	\$22.78	\$22.90	\$22.96	\$23.10	\$23.29	\$23.47	\$23.08	
Metro Rent Growth	\$18.71	\$18.89	\$19.05	\$19.24	\$19.42	\$19.56	\$19.15	

Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

The office vacancy rate in the market has increased since 2006, from 10.7% in 2006 to 14.3% in 2013, at a slightly lower rate compared to the metro area. The majority of the vacancy is in Class B buildings, at approximately 19% in 2013, a decrease from 26% during the recession. Class A building performed relatively well in comparison, at a lower vacancy rate, compared to other categories of office product types (Figures 15 and Figure 16 and Table 29).



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015



Source: REIS Office 3Q 2014, ADE, 2015

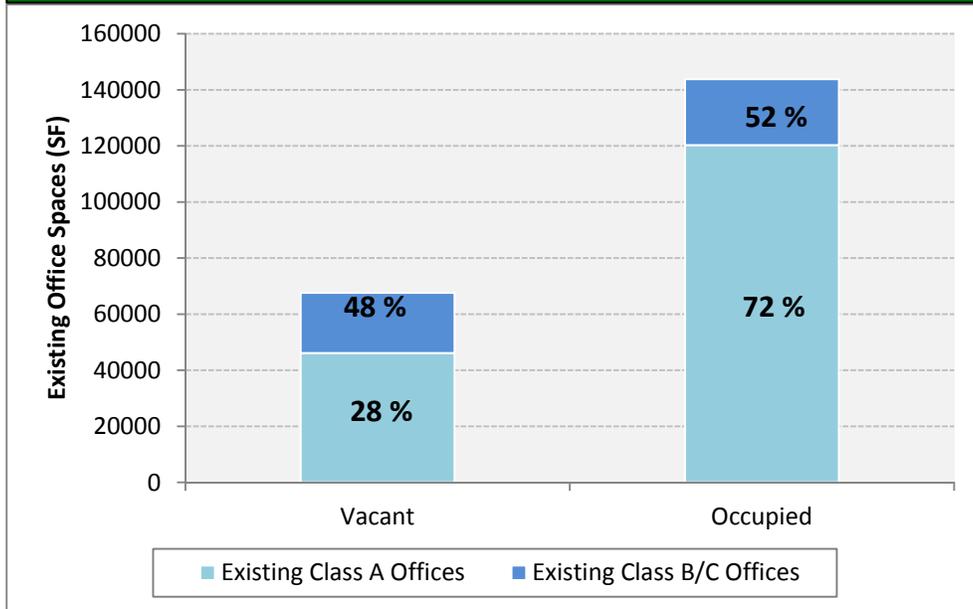
**TABLE 29**  
**SUISUN CITY/FAIRFIELD OFFICE MARKET VACANCY**

History	2006	2007	2008	2009	2010	2011	2012	2013
Vacancy	10.7%	15.6%	14.9%	17.0%	15.8%	13.3%	13.3%	14.3%
4 to 5 Star	6.5%	12.6%	8.1%	8.1%	7.4%	6.2%	9.9%	16.3%
3 Star	16.2%	24.6%	26.0%	26.2%	24.3%	22.2%	21.5%	19.0%
1 to 2 Star	10.4%	9.7%	9.8%	16.3%	15.3%	11.0%	7.7%	7.1%
Metro Vacancy	19.7%	18.1%	18.4%	18.5%	18.0%	17.2%	16.8%	17.8%
% Points Difference From Metro	-9.0%	-2.5%	-3.5%	-1.5%	-2.2%	-4.0%	-3.5%	-3.5%
Forecast	2014	2015	2016	2017	2018	2019	Average	
Vacancy	14.9%	14.2%	13.5%	12.7%	11.6%	10.3%	12.9%	
Metro Vacancy	17.6%	16.4%	15.3%	14.4%	13.8%	13.4%	15.1%	
% Points Difference From Metro	-2.6%	-2.2%	-1.8%	-1.7%	-2.2%	-3.1%	-2.3%	

Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

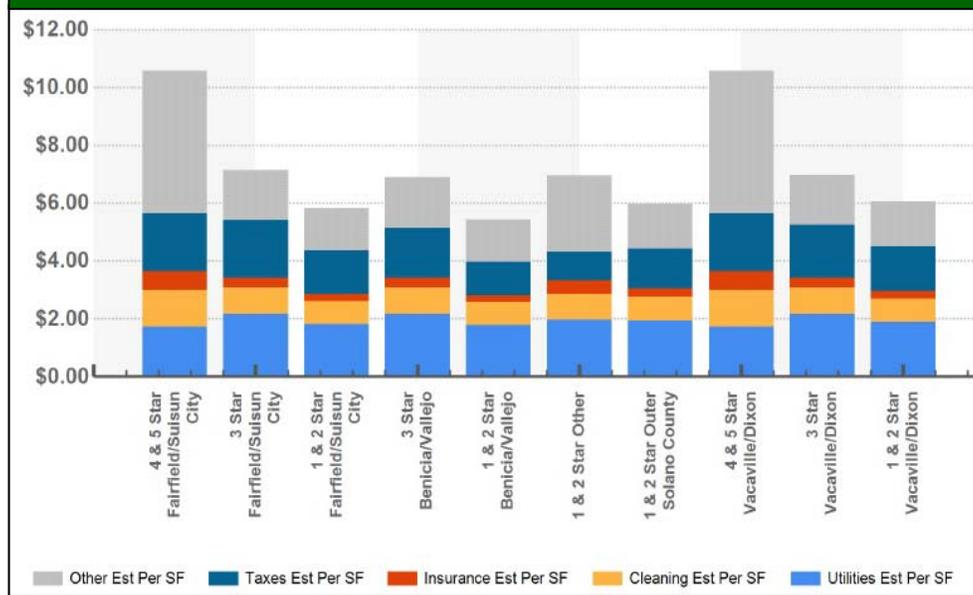
The typical office building characteristics in the City include mid-tier 2 to 3 story buildings. There are currently more occupied Class B/C buildings in these mid-tier properties in the metro market compared to Class A offices (Figure 17). Overall, the City's aging building stock and Class B/C typically requires lower capital expenditure per SF compared to Class A buildings, which accordingly provides market opportunities to support more mid-tier office demand in the future (Figure 18).

**FIGURE 17**  
**SUISUN CITY/FAIRFIELD EXISTING CLASS A/B/C OFFICE VACANCY**



Source: REIS Office 3Q 2014, ADE, 2015

**FIGURE 18**  
**TYPICAL OFFICE BUILDING CAPITAL EXPENDITURE**  
**REGIONAL COMPARISON 2014 Q3**



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

### **Office Tenants**

Majority of the office tenants in Suisun City are professional and financial service tenants in Class A office buildings, and a variety of services tenants in Class B/C office buildings. Several of the notable tenants include the following:

- Richmond American Homes
- Social Security Administration
- Transamerica World Financial Group
- Emerge Financial Group
- Hillman and Lucas PC
- Law Office of Russo and Prince
- West America Bank
- US Department of Air Force
- Edward D Jones & Co.
- Jdt Consultants (Business Consulting)
- Mw Project Services, Inc (Engineering)
- Patch Services, LLC (Engineering)
- Bmk Services Inc

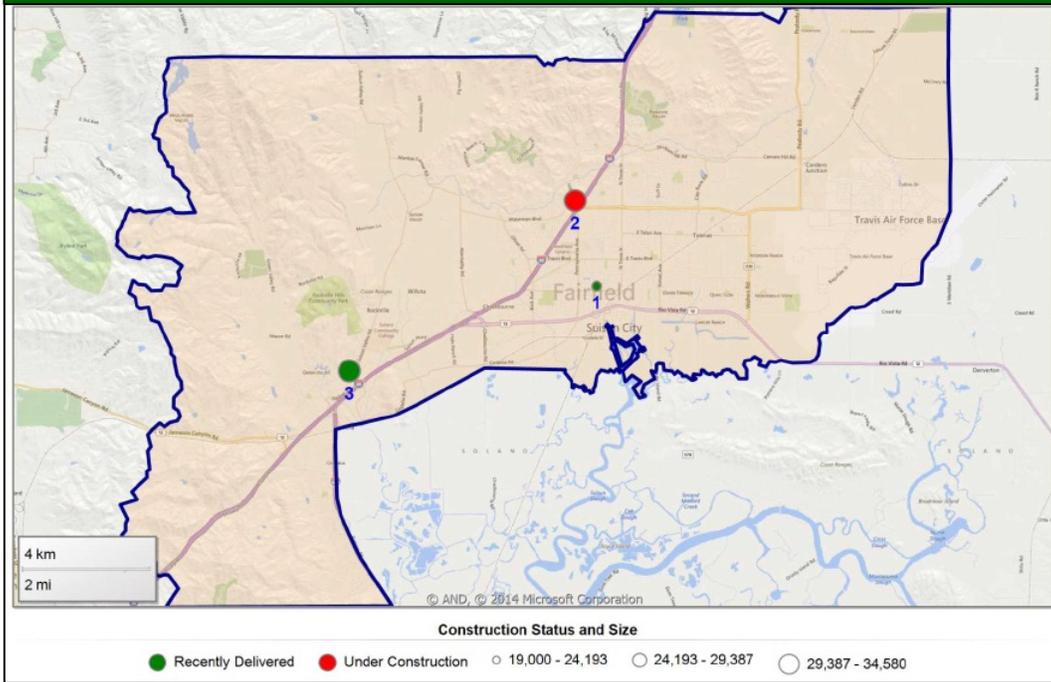
### **Selected Class B/C Office tenants:**

- Curves Fitness
- Suulutaaq, Inc. Construction Company
- Vezer Family Vineyards, LLC
- Co.D Ballet Theater
- Pinnacle Builders Properties, LLC
- Solano-Napa Habitat for Humanity, Inc.
- Trophy Factory
- Vezer Indus Professionals Industrial Machine Company

### **Recent Office Transactions and Development Pipeline**

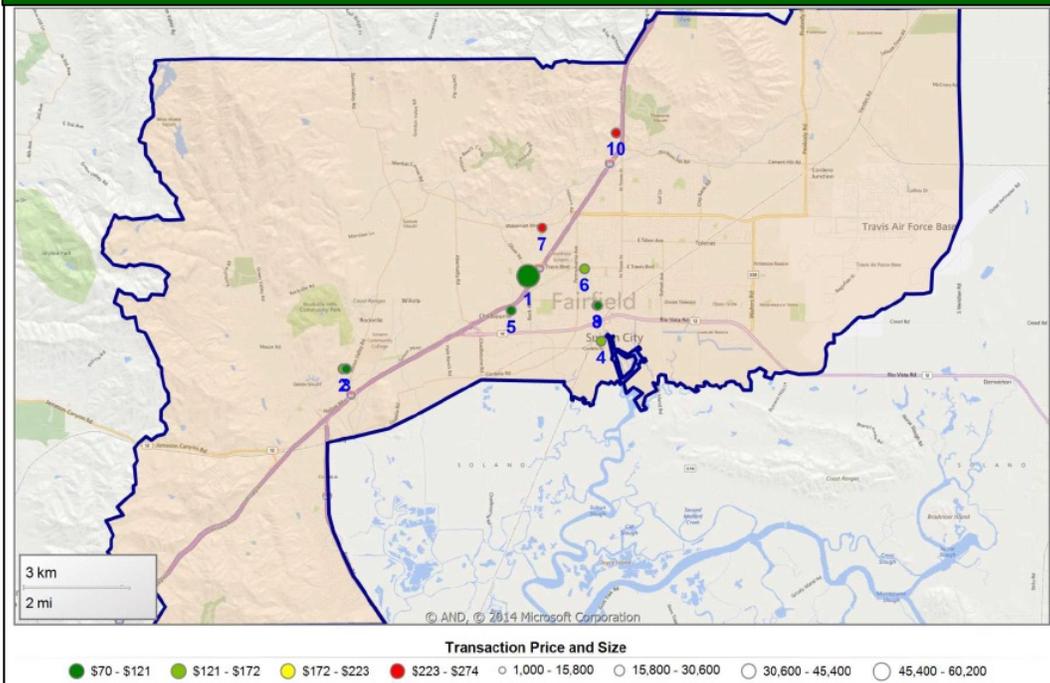
There are no recent office developments in the City and very few in the Vallejo-Fairfield metro market area. Several of the office transactions include sales at 4665 Business Center Drive, a 100,000 SF building constructed in 2002, and recently sold for \$16.5 Million. It houses a single tenant with Houston Salvage Pool. The Wiseman Company purchased a 30,000 SF office building and adjacent building pads on 2480 Hillborn Road, which will support a new Class A office building. Another recent transaction includes a purchase by Partnership Health Plan of California in 2011. The few transaction activities and limited construction deliveries shows a relatively modest office market in the City and the metro area compared to other asset classes (Figure 19 and Figure 20)

**FIGURE 19  
SUISUN CITY/FAIRFIELD MARKET RECENT CONSTRUCTION  
AND MARKET DELIVERIES 2014 Q3**



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

**FIGURE 20  
SUISUN CITY/FAIRFIELD MARKET RECENT TRANSACTIONS 2014 Q3**



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

### **Office Market Demand**

A close look at projected employment growth in Suisun City from 2010 to 2040 shows an increasing job demand of 4,520 jobs in 2040. To evaluate future citywide office space demand in Suisun City, ADE assumes employment density at 300 SF per office employee multiplied by the number of projected jobs, to estimate the total amount of office space demand. Specifically for employment that utilizes office buildings, ADE identified future office employee space needs to include jobs in Financial and Professional Services, Government, Insurance, and Real Estate, as defined by the Association of Bay Area Governments (ABAG). Additionally, projected SF demands account for existing vacant inventory and the rate of absorption in which current market absorbs. Table 30 shows the employment growth projection between 2010 and 2040.

**TABLE 30  
SUISUN CITY PROJECTED EMPLOYMENT GROWTH 2010-2040**

History	2010		2015		2020		2025		2030		2035		2040	
	Jobs	%												
Agriculture and Natural Resources Jobs	30	0.97%	30	0.88%	40	1.05%	30	0.76%	30	0.73%	30	0.70%	30	0.66%
Manufacturing, Wholesale and Transportation Jobs	360	11.69%	370	10.82%	380	9.97%	380	9.64%	380	9.29%	390	9.05%	390	8.63%
Retail Jobs	450	14.61%	460	13.45%	490	12.86%	490	12.44%	490	11.98%	500	11.60%	500	11.06%
Financial and Professional Service Jobs	600	19.48%	680	19.88%	760	19.95%	790	20.05%	820	20.05%	860	19.95%	900	19.91%
Health, Education and Recreational Service Jobs	860	27.92%	1,020	29.82%	1,200	31.50%	1,280	32.49%	1,370	33.50%	1,480	34.34%	1,600	35.40%
Other Jobs	780	25.32%	860	25.15%	940	24.67%	970	24.62%	1,000	24.45%	1,050	24.36%	1,100	24.34%
<b>Total</b>	<b>3,080</b>	<b>100.00%</b>	<b>3,420</b>	<b>100.00%</b>	<b>3,810</b>	<b>100.00%</b>	<b>3,940</b>	<b>100.00%</b>	<b>4,090</b>	<b>100.00%</b>	<b>4,310</b>	<b>100.00%</b>	<b>4,520</b>	<b>100.00%</b>

Source: Association of Bay Area Government (ABAG) Projections 2013, ADE, 2015

Under existing market conditions in 2014, there is an estimated 278,000 SF of office space in Suisun City, of which about 67,000 SF is vacant. Projected employment growth between 2010 and 2015 is roughly equivalent to this amount of space (68,700 SF – Table 31). Given the persistent high office vacancy rates in Suisun, it is not clear the office employment projected between 2010 and 2015 actually occurred; however, we would expect office vacancies to begin to decline in Suisun City as a result of pent up demand, creating demand for new office development as employment growth continues.

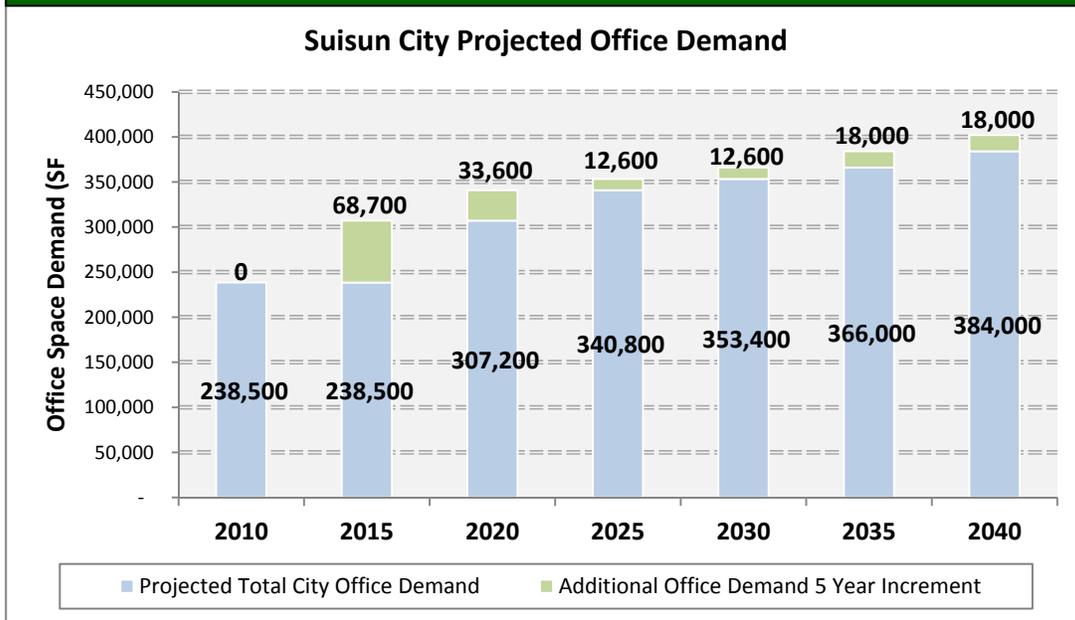
Office employment demand in the City between 2015 and 2025 is significantly higher than 2025-2035, at approximately twice the projected amount. The estimated office space demand based on job projections yields an estimated total demand of 340,800 SF in 2020, 366,000 SF in 2030, and 402,000 SF in 2040 for office product types. It is projected the City's additional office space demand during the first ten years are higher and stabilizes at a steady rate thereafter (Table 31 and Figure 21).

**TABLE 31  
SUISUN CITY OFFICE MARKET DEMAND PROJECTION (2010-2040)**

Sector	2010		2015		2020		2025		2030		2035		2040	
	Jobs	Sq.Ft.	Jobs	Sq.Ft.	Jobs	Sq.Ft.	Jobs	Sq.Ft.	Jobs	Sq.Ft.	Jobs	Sq.Ft.	Jobs	Sq.Ft.
Financial and Professional Service Jobs	600	180,000	680	204,000	760	228,000	790	237,000	820	246,000	860	258,000	900	270,000
Other Jobs	195	58,500	344	103,200	376	112,800	388	116,400	400	120,000	420	126,000	440	132,000
<b>Total Office Space Demand</b>	<b>795</b>	<b>238,500</b>	<b>1,024</b>	<b>307,200</b>	<b>1,136</b>	<b>340,800</b>	<b>1,178</b>	<b>353,400</b>	<b>1,220</b>	<b>366,000</b>	<b>1,280</b>	<b>384,000</b>	<b>1,340</b>	<b>402,000</b>
<b>Additional Demand 5 Year Increment (SF)</b>				<b>68,700</b>		<b>33,600</b>		<b>12,600</b>		<b>12,600</b>		<b>18,000</b>		<b>18,000</b>

Source: Association of Bay Area Government (ABAG) Projection, ADE, 2015

**FIGURE 21  
SUISUN CITY PROJECTED OFFICE DEMAND 2010 - 2040**

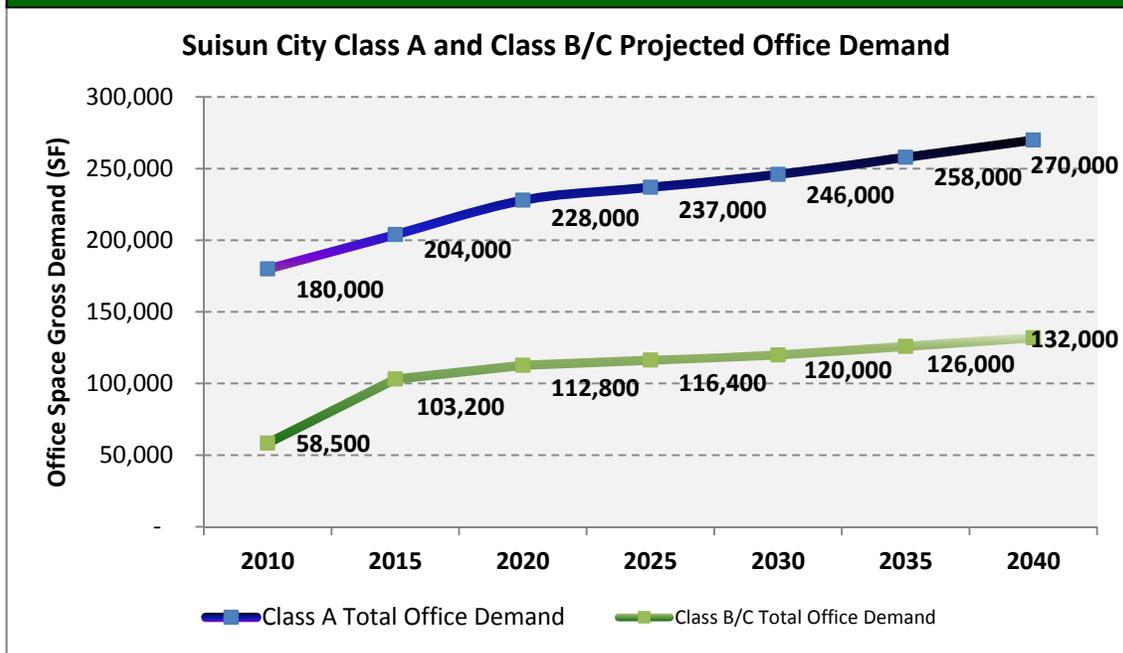


Source: Association of Bay Area Government (ABAG) Employment Projection, ADE, Inc., 2015

The type of projected office space demands also depend on existing types of users and tenants needs, and future expansion, in addition to the type of future industries expansion and relocation utilizing specific office spaces. Since existing tenants occupying Class A office spaces in Suisun City, such as One Harbor Center and 333 Sunset, provide mostly professional and financial services jobs, ADE assumes that employment in these categories will occupy mainly Class A office space. In addition, existing Class B/C office tenants include all construction, non-profit, and other agencies in the City. ADE uses ABAG's job projections for the "Other Jobs" category, defined as construction, transportation, communications, utilities, and government to estimate the total projected Class B/C office space demand.

ADE's projection of Class A and B/C office demand between 2010 and 2040 is based on the two categories defined by ABAG's employment projection, which include "Professional and Financial Service" and "Other Job" categories, and assumed employee per SF density of 300 SF per employee to accommodate future office space demand for each office product categories. The result yields a projection for Class A office demand of 270,000 SF by 2040, and Class B/C office demand of 132,000 SF in the City. The overall office demand in the market will most likely absorb all the existing office spaces by 2020, and subsequent additional new spaces will be needed for all Class A, B, and C office space. Additionally, there are no existing office spaces in the development pipeline, and existing construction pipeline in the City of Fairfield is not accounted for in the analysis (Figure 22).

**FIGURE 22  
SUISUN CITY PROJECTED OFFICE DEMAND FOR CLASS A AND B/C 2010-2040**



Source: Association of Bay Area Government (ABAG) Employment Projection, ADE, Inc., 2015

### Priority Development Area

Close examination of the employment mix shows that about 20 percent of jobs in the PDA are office jobs (not counting public administration) but these represent nearly half of all the office jobs in Suisun City (see Table 13 in the PDA Profile). There were approximately 124 jobs in Financial and Professional Services, comprising 15 percent of total jobs in the PDA, with another 44 jobs in Other Services, with 5.3 percent of the total PDA jobs. These figures are based on the LEHD data, which is limited to jobs occupied by workers 25 years and older. ABAG shows higher jobs total for Suisun City as a whole, based on a more inclusive definition of employment. Applying the LEHD percentage of PDA employment for the more detailed business categories, yields an estimate that the PDA has 317 office jobs currently, consistent with ABAG estimates. Similar to previous analysis and based on existing tenants in the City, Professional and Financial service jobs are assumed to demand Class A office spaces, while other businesses utilize Class B/C office spaces.

TABLE 32 PRIORITY DEVELOPMENT AREA PROJECTED JOB DEMAND							
Office Sectors	2010	2015	2020	2025	2030	2035	2040
<b>Low Projection</b>							
Professional and Financial Services	288	327	365	380	394	413	433
Other	29	50	55	57	58	61	64
<b>Total</b>	<b>317</b>	<b>377</b>	<b>420</b>	<b>436</b>	<b>453</b>	<b>475</b>	<b>497</b>
<b>High Projection</b>							
Professional and Financial Services	600	680	760	790	820	860	900
Other	195	344	376	388	400	420	440
<b>Total</b>	<b>795</b>	<b>1,024</b>	<b>1,136</b>	<b>1,178</b>	<b>1,220</b>	<b>1,280</b>	<b>1,340</b>

Source: ADE, Inc., based on LED data and ABAG Projections.

TABLE 33 PRIORITY DEVELOPMENT AREA GROWTH IN OFFICE DEMAND (SF)						
Office Type	2010-2015	2020	2025	2030	2035	2040
<b>Low Projection</b>						
Class A	11,535	23,070	27,395	31,721	37,488	43,256
Class B/C	6,534	7,938	8,464	8,990	9,867	10,744
<b>Total</b>	<b>18,069</b>	<b>31,007</b>	<b>35,859</b>	<b>40,711</b>	<b>47,355</b>	<b>54,000</b>
<b>High Projection</b>						
Class A	24,000	48,000	57,000	66,000	78,000	90,000
Class B/C	44,700	54,300	57,900	61,500	67,500	73,500
<b>Total</b>	<b>68,700</b>	<b>102,300</b>	<b>114,900</b>	<b>127,500</b>	<b>145,500</b>	<b>163,500</b>

Source: ABAG Employment Projection, ADE, Inc.

Overall market demand in the PDA Area supports more Class A office space than Class B offices due to ABAG's future demand projection in Financial and Professional Service. This supports the Priority Development Area's plan to introduce large concentration of major office space occurring in the downtown area near the waterfront, similar to most large cities. While increasing decentralization of offices are located outside the City Center PDA area, it is likely that major commercial and office tenants that typically utilizes Class A high rise, mid-rise, and low rise buildings will occupy office development for corporate headquarters or regional offices in the PDA area in the future, compared to smaller neighborhood, garden office spaces typically occupied by other types of tenants. Existing supply of Class B/C office buildings in the PDA area also can be utilized for flex spaces or back office spaces as well, catering to future industry growth and jobs in individual sectors. Table 34 shows Health, Education, and Recreational Services has a job projected growth of 740 jobs in the overall City, and Financial and Professional Service Jobs has 300 employment changes in addition to Other Jobs with 320 jobs. Thus, the PDA may capture these employment categories to serve future office space demand, as development for the office market evolves in the PDA area in the future.

**TABLE 34**  
**SUISUN CITY EMPLOYMENT DEMAND CHANGES 2010-2040**

	<b>Jobs Demand Changes 2010-2040</b>
Agriculture and Natural Resources Jobs	0
Manufacturing, Wholesale, and Transportation Jobs	30
Retail Jobs	50
Financial and Professional Service Jobs	300
Health, Educational, and Recreational Service Jobs	740
Other Jobs	320

*Source: Association of Bay Area Government (ABAG) Employment Projection, ADE, Inc., 2015*

## **SUISUN CITY INDUSTRIAL MARKET**

Industrial building types typically consist of warehouse/distribution centers, manufacturing, flex and special R&D spaces, office/tech, freight and telecommunication, and business parks that serve a single or multi-tenant and a variety of purposes. In Suisun City, the industrial market capitalizes on nearby market strength in the City of Fairfield and Vacaville, where major industrial centers such as Genentech are located. There are currently some industrial spaces, including warehouse and flex/R&D spaces in the City. Some typical classes of industrial spaces are defined as follows:

### **KEY DEFINITIONS**

#### **Typical Industrial Product Types**

1. **Incubator**
  - Multi-tenant buildings
2. **Light Distribution**
  - Multi- or single tenant buildings that include dock and high loading door
3. **Light Industrial**
  - Single or multi-tenant buildings
4. **Flex**
  - Multi- or single tenant buildings including dock and high loading doors
5. **Warehouse/Distribution**
  - Multi- or single tenant buildings including dock and high loading doors

**TABLE 35**  
**FAIRFIELD/SUISUN CITY INDUSTRIAL MARKET COMPARISON 2014 Q3**

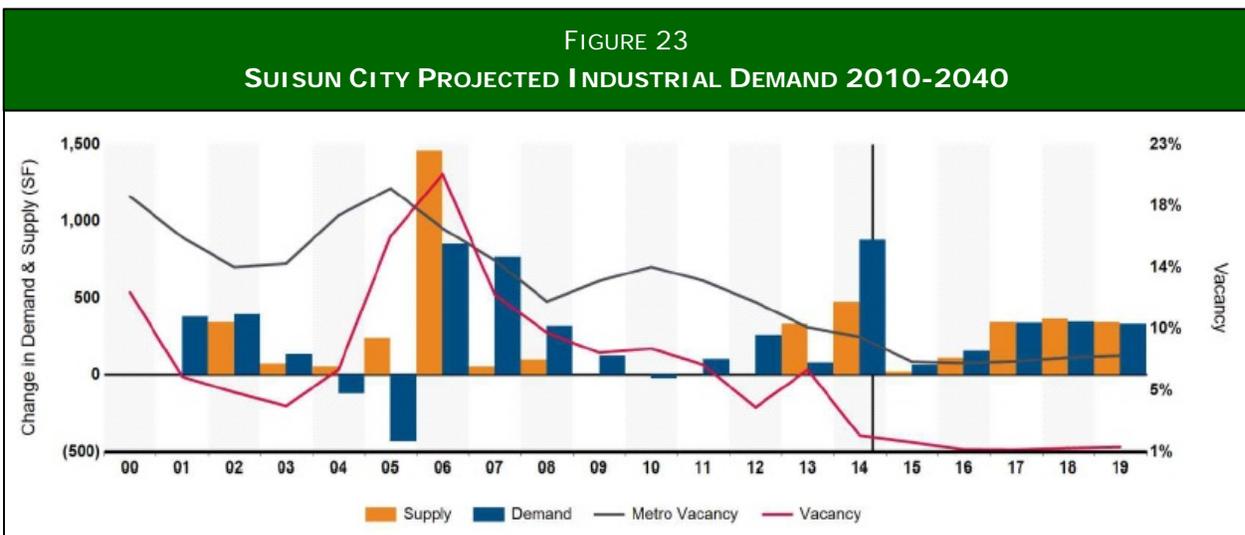
	<b>US</b>	<b>Vallejo-Fairfield Metro Market</b>	<b>Fairfield/Suisun City</b>
Asking Rent	\$5.52	\$5.26	\$6.19
Vacancy	7.0%	8.3%	1.9%
Inventory (000s)	9,859,181	30,169	9,083
Completion (000s)	22,556 (0.2%)	0 (0.0%)	0 (0.0%)
Net absorption (000s)	34,640 (0.4%)	240 (0.9%)	5 (0.1%)
Median Sales Price/SF	\$67.00	\$64	\$109
Median Cap Rate	7.0%	7.5%	7.5%
Sales Volume (000s)	\$29,409,555.00	\$6,682	\$4,465

*Source: Co-Star Portfolio Strategy, ADE, Inc., 2015*

## Overview

With existing 46 Million SF of inventory, the industrial market in Solano County is known for wine, food, and distribution warehouses, and continues to maintain steady growth with declining vacancy rates and a positive absorption of approximately 685,596 SF/year. A recent large transaction in the County includes Lowenberg Corporation's purchase of "The Crossroads," which consists of two large wine warehouses located at 21 and 37 Executive Way in Napa, for \$29.5 Million or \$94/SF. Additionally, a steady amount of construction deliveries remain high, with an overall increase in asking rent (Table 35).

In Suisun City, the industrial market demand is significantly higher in 2014 compared to the past few years, and projected demand and supply is expected to stabilize in 2017. As of 2006, there were significant supplies on the market, which have been gradually absorbed in the past decade. With decreases in vacancy rates in the City and metro market area, the industrial market is projected to see steady demand over the next few years. The favorable market conditions further capitalize on the increasing employment in trade, transportation, and utilities sectors. It is projected that these sectors will continue to grow slightly, supporting the overall industrial market that continues to have positive growth and steady demand in the future (Figure 23).

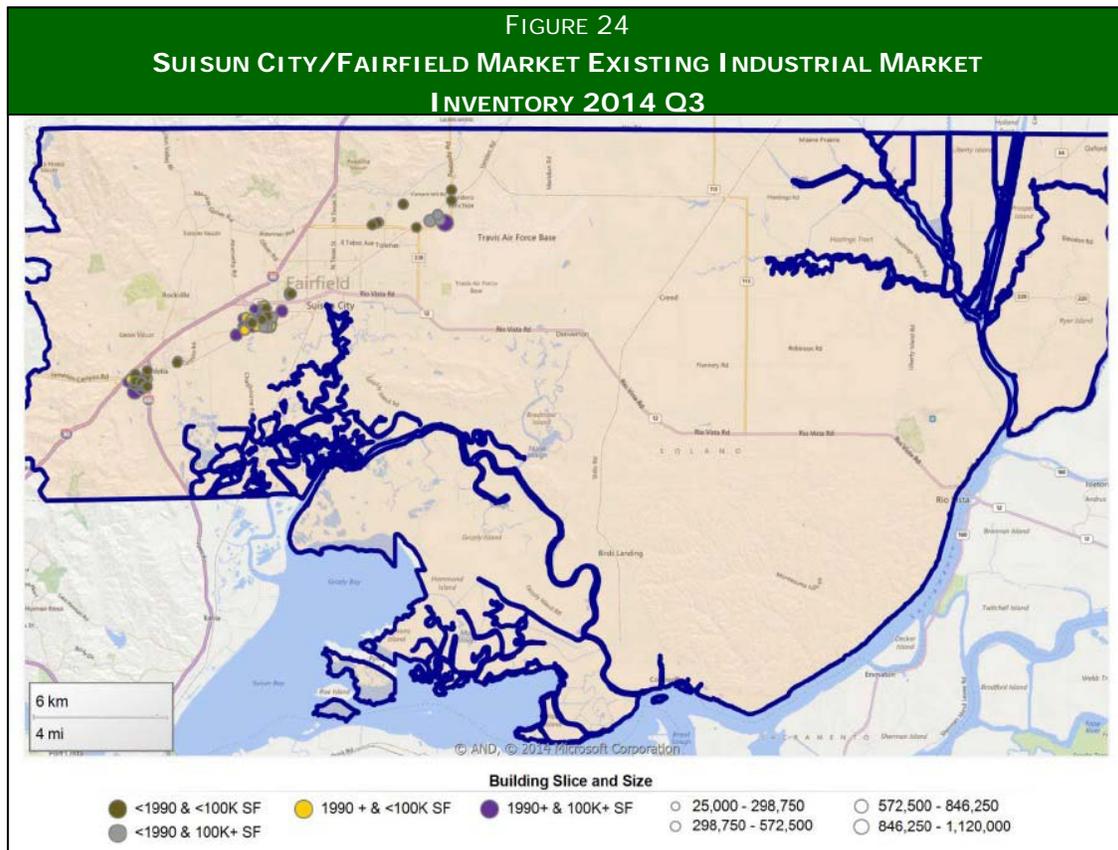


Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

## Industrial Market Supply

The majority of institutional warehouses and properties in the metro market are located along the rail lines and east of I-80. A majority of the industrial properties have an average building age of 23 years, and are more than 100,000 SF and built after 1990. The existing market supply in the Vallejo-Fairfield metro market area currently has approximately 9,083,000 SF, or 166 buildings of industrial warehouse space. Specific project types within the industrial market including spaces under and over 100,000 SF built before or after 1990's. According to Co-Star Portfolio Strategy, there are 15 buildings with 4.4 Million SF built after 1990s (+ 100,000 SF), or 47.8% of existing industrial inventory. An estimated 2.2 Million SF of industrial space in buildings of less than 100,000 SF (23.9 percent of total

space) was built before 1990. Inventory in larger buildings built before 1990 includes an estimated 14.3% of total inventory, or 1.3 Million SF in the City (Figure 24).

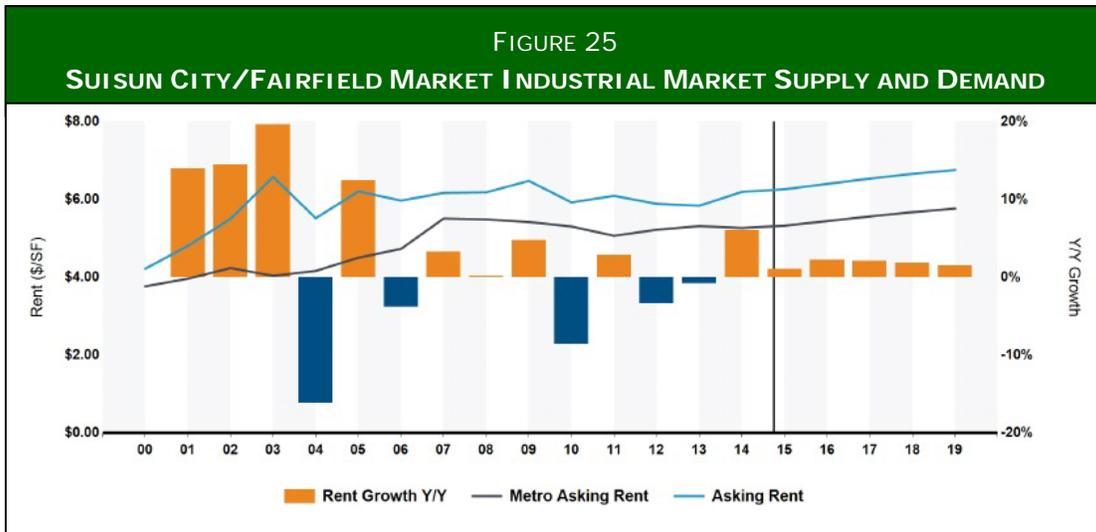


Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

In Suisun City, there is an estimate of 14 buildings in industrial space, with a total of 220,463 SF of existing inventory including 1 building for R&D Flex space, which consists of 29,000 SF. The industrial market segment continues to grow in the region due to the mature industry market and steady construction delivery in recent years. With the decline in vacancy rate, it is likely that existing inventories will be absorbed in the given market condition. In comparison, while Suisun City has less development activity, the City is expected to capitalize on the strong performance of the metro market in the region.

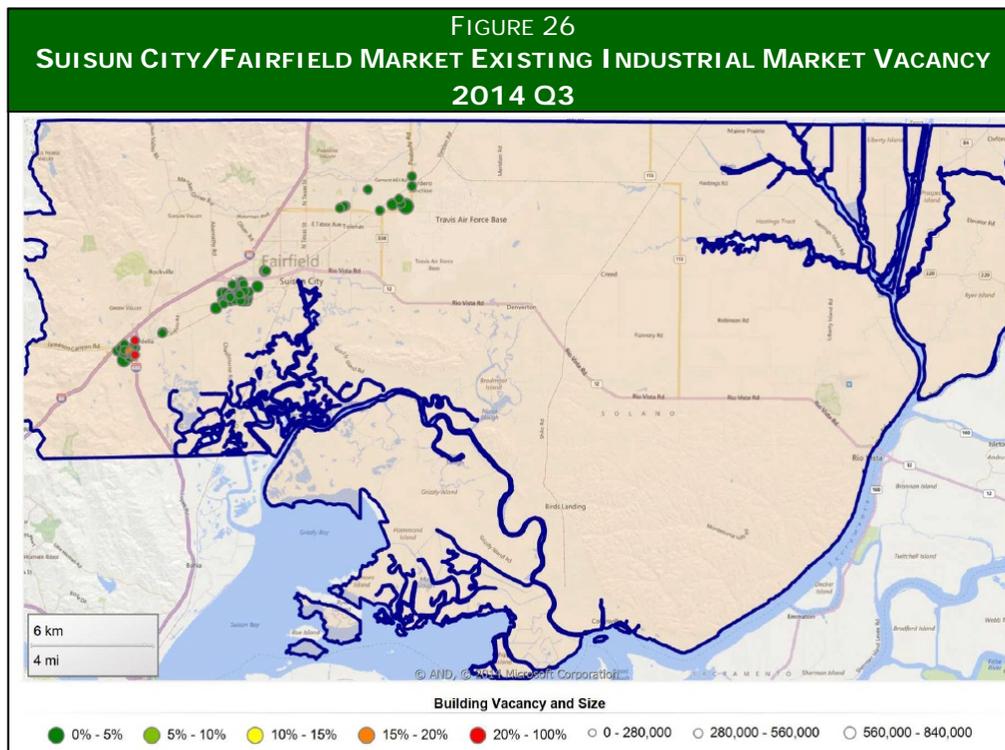
### Rent and Vacancy

Suisun City has a steady industrial market with low vacancy rates and high median sales price/SF compared to the metro market. The City's asking rent is slightly higher than the metro market, at \$6.19/SF compared to \$5.26/SF in the metro market, and a significant higher median sales price/SF at \$109/SF compared to \$64/SF. Due to the City's location on the I-80 corridor which provides access to transportation, including the Travis Airport Base, and the Union Pacific Railroad lines that run through the City from the Port of Oakland to Chicago that supports 17,499 train car loads of freight, industrial demand is likely to continue in the region supported by strong market conditions (Figure 25).



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

The vacancy rate in Suisun City's industrial market has decreased significantly since 2006, from 20.5% in 2006 to 6.9% in 2013. Overall vacancy is lower compared to the Vallejo-Fairfield metro area, at 1.6% compared to 7.8% in 2014. Among all the industrial product types, buildings built after 1990 (+ 100,000 SF) had a high vacancy rate of 32.1% in 2006, with significant downtrend that yielded 8.0% vacancy in 2013. Buildings built after 1990 but less than 100,000 SF, have exhibited a similar, though less dramatic trend, from 14.9% in 2006 to 6.1% in 2013 (Figure 26).



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

Moreover, the citywide current average asking rent of \$6.20/SF is higher compared to the metro average at \$5.72/SF. Rent has continued to grow in all industrial product types, except for industrial inventories built after 1990 with less than 100,000 SF. Overall rent increases across all product types are at approximately 2.5% annually, compared to the metro asking rent of 1.4%. The median price for sale is also higher at \$109/SF in the past year, compared to \$64/SF in the metro area, and \$67/SF on the national average. In general, the City's healthy industrial market conditions are expected to continue to support future growth, and long term supply and demand reaching equilibrium over the next few years (Table 36).

**TABLE 36**  
**SUISUN CITY/FAIRFIELD INDUSTRIAL MARKET PROJECTED RENT GROWTH (2006-2019)**

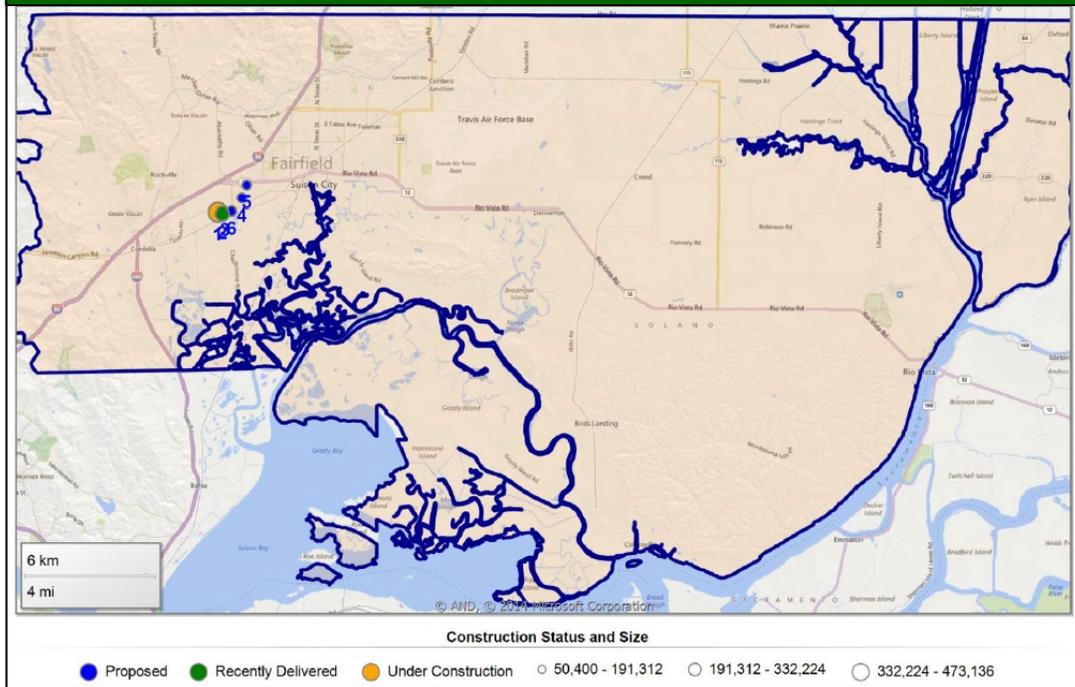
<b>History</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Rent Growth	-3.8%	3.3%	0.2%	4.8%	-8.5%	2.9%	-3.4%	-0.8%
Metro Rent Growth	5.0%	16.5%	-0.4%	-1.2%	-2.1%	-4.5%	3.1%	1.8%
Asking Rent	\$5.97	\$6.17	\$6.18	\$6.48	\$5.93	\$6.10	\$5.89	\$5.84
1990+ & 100K SF	\$4.79	\$5.67	\$5.76	\$5.95	\$5.98	\$5.69	\$6.25	\$6.40
1990+ & <100K SF	\$7.29	\$8.47	\$9.69	\$8.82	\$7.83	\$7.89	\$6.67	\$6.89
<1990+ & 100K SF	\$4.63	\$4.46	\$4.37	\$5.01	\$4.02	\$5.76	\$5.76	\$6.24
<1990+ & <100K SF	\$9.86	\$9.19	\$7.78	\$7.76	\$7.56	\$8.04	\$6.31	\$6.16
Metro Rent Growth	\$4.73	\$5.51	\$5.49	\$5.42	\$5.31	\$5.07	\$5.22	\$5.32
Submarket % Metro	126.3%	112.0%	112.7%	119.5%	111.7%	120.3%	112.7%	109.9%
<b>Forecast</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Average</b>	
Rent Growth	6.1%	1.1%	2.2%	2.1%	1.9%	1.5%	2.5%	
Metro Rent Growth	-0.9%	1.1%	2.2%	2.2%	2.0%	1.6%	1.4%	
Asking Rent	\$6.20	\$6.26	\$6.40	\$6.54	\$6.66	\$6.76	\$6.47	
Metro Rent Growth	\$5.27	\$5.33	\$5.45	\$5.57	\$5.68	\$5.77	\$5.51	
Rent Growth	6.1%	1.1%	2.2%	2.1%	1.9%	1.5%	2.5%	
Metro Rent Growth	-0.9%	1.1%	2.2%	2.2%	2.0%	1.6%	1.4%	
Asking Rent	\$6.20	\$6.26	\$6.40	\$6.54	\$6.66	\$6.76	\$6.47	
Metro Rent Growth	\$5.27	\$5.33	\$5.45	\$5.57	\$5.68	\$5.77	\$5.51	

Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

### Recent Construction and Development Pipeline

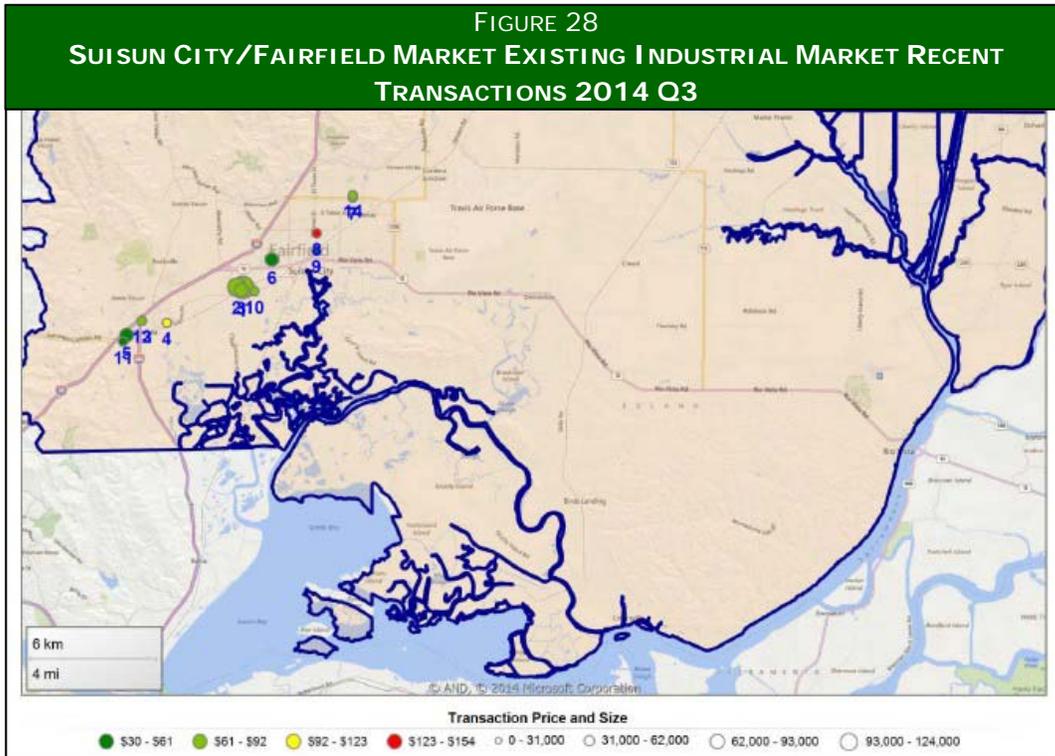
Compared to other asset class, the industrial market exhibits stronger market support with recent construction delivery of development and a number of transactions on the market. Based on research from Real Capital Analytics and Co-Star Portfolio Strategy, there were three recent construction projects in Suisun City and the City of Fairfield, including: 12,750 SF on 3865 Bitnell Lane in Suisun City, a 318,402 SF of development; 2925 Cordelia Road in Fairfield built in 2013; and a 473,136 SF industrial space at 2935 Cordelia Road, completed in 2014. All the inventories in the City of Fairfield have already been absorbed, while the project in Suisun City does not appear to be occupied yet (Figure 27).

**FIGURE 27**  
**SUISUN CITY/FAIRFIELD MARKET EXISTING INDUSTRIAL MARKET RECENT**  
**CONSTRUCTION AND DELIVERY 2014 Q3**



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

In terms of recent transactions in the past two years, the Fairfield/Suisun metro market had 18 recent transactions in Suisun City, with industrial spaces ranging from 2,800 SF to 59,800 SF. The largest recent transaction was \$5.64 Million for a 55,559 SF building built in 1990 at \$102/SF. It was purchase by Blue Mountain Enterprises from private owners. Other large transactions include: 2449 S. Watney Way at \$5.24 Million, purchased by Ingram Entertainment for \$88/SF in 2013; a 25,150 property on 750 Link Road built in 2003, and was sold in 2014 for \$2.75 Million or \$109/SF by a private property owner; Pacific Rim Recycling's purchase of 3872 Spring Drive for \$1.35 Million, or \$262/SF (Figure 28 and Table 37). The level of transaction and construction activities in the City and metro region exemplifies a strong industrial market, and it is expected to continue with steady growth in the future to support employment growth.



Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

**TABLE 37**  
**SUISUN CITY/FAIRFIELD MARKET RECENT INDUSTRIAL MARKET TRANSACTIONS 2014 Q3**

Property	Date	Price	Size	\$/SF	Built	Buyer Name (Type)	Seller Name (Type)
2445 Watney Way	10/14/11	\$6.17	110,217	\$86.00	1998	ABCO Laboratories	Amir Development Company
2700 Maxwell Way	4/25/13	\$6.17	86,960	\$71.00	1985	S&S Supplies and Solutions	Harry T Arnold Trust
2449 S Watney Way	10/7/13	\$6.17	59,800	\$88.00	2000	Ingram Entertainment	Lowenberg Corporation
750 Link Road	3/12/14	\$6.17	25,150	\$109.00	2003	Allan W Ziman	Jaeger McHugh
9310 W Cordelia Road	10/17/11	\$6.17	50,800	\$43.00	1970	Schoenstein & Co Pipe Organs	Curtis R&C Beckwith
1801 Woolner Avenue	10/25/12	\$6.17	40,000	\$51.00	1976	Service Champ	Henry Ledeman, Lee Family Trust
1085 Horizon Drive	12/31/13	\$6.17	17,808	\$84.00	2002	Owen Equipment	Maltby Electric Supply Co
Bldg B	4/30/14	\$6.17	7,000	\$150.00	1961	Gsmatthews Llc	Langlais Trust
96 Roadroad Ave	9/23/13	\$6.17	15,400	\$54.00		Glen Krawiec	Travis Credit Union
Building D-F	12/28/12	\$6.17	8,975	\$80.00	2006	Pacific Ecorisk Inc	Solano Commerce Center
393 Watt Drive	9/10/14	\$6.17	16,800	\$40.00	1993	Matthews LC and LC Living Trust	Schweigert Trust
4733 Central Way	6/29/12	\$6.17	7,520	\$73.00	1977	n/a	n/a
4733 Central Way	6/29/12	\$6.17	7,520	\$73.00	1977	n/a	n/a
1076 Horizon Drive	9/26/13	\$6.17	2,564	\$80.00	1995	Solano County Deputy Sheriff's	Writer Richard K and Eleanor M

Source: Co-Star Portfolio Strategy, ADE, Inc., 2015

## HOSPITALITY

Hotels typically consist of large full service hotels, limited service hotels, extended stay, inns, and resort hotels. The larger full service hotels typically have convention centers, restaurants, shops, and other amenities. In Suisun City, there were a few hospitality products that included mainly limited service inns until a recent construction of a 3 star hotel in downtown Suisun City. In general, some typical classes of hospitality products are defined as follows:

## **KEY DEFINITIONS**

### **Typical Hotel Product Types**

- 1. Full Services**
  - Wide range of services and amenities and meeting spaces
- 2. Limited Services**
  - Limited range of services with limited meeting spaces or restaurants
- 3. Extended-Stay**
  - Limited meeting spaces with mostly suites
- 4. Boutique or Specialty**
  - Small, urban and upscale trendy hotels
- 5. Bed and Breakfast Inn**
  - Fewer rooms and limited services

### **Overview**

The hotel market in Suisun City is limited due historically modest demand and available amenities and services to capture the visitor's markets found in Napa Valley and Tahoe. In the greater metro market, however, there is a larger inventory of hotels that serve the region. There are currently 29 hotel properties in the Fairfield/Suisun City/Vacaville market areas, with a total of 2,241 rooms. The Suisun City market had previously consisted of a 110-room economy hotel, the Econo Lodge Inn & Suites, which opened in June 1984. While the economy hotel is relative inexpensive, it is limited in services and amenities. The recent development of the 3 star Hampton Inn and Suites in the historic waterfront district, however, has been very successful. The Hampton Inn has 102 rooms that augment the hospitality market and serve business travelers and visitors to both Napa County and Travis Air Force Base. While the cities of Fairfield and Vacaville capture the majority of the overall market supply in the region, the success of the Hampton suggests additional hotels could be warranted in Suisun City. The City is also likely able to absorb more "boutique bed and breakfasts" and "extended stay" hotels in downtown and along the Highway 12 close to the I-80 from the City of Fairfield.

# RETAIL MARKET ANALYSIS

## INTRODUCTION

The retail market analysis in this section estimates the household demand for retail goods, and compares this to the sales patterns by Suisun City retail stores. This information provides a baseline estimate of how Suisun City's retail stores currently attract local and regional retail spending. A prior retail study was done in 2009 as part of the Transit Oriented Development Feasibility study, which also focused on the downtown area. This retail study updates those findings, and adds the retail development potential from new housing development in the Waterfront study area.

This retail analysis identifies the store categories that make up Suisun City's strongest retail attractors, and which categories have shortcomings that can potentially be addressed with new retail store attraction. Identifying those store types with development potential is important for downtown Suisun City, because new business development will help shape the future character of the Waterfront area.

Consistent with the 2009 study, the results of the retail analysis indicate that Suisun City loses a significant portion of its household retail spending to stores located in the surrounding communities. The household spending and retail sales have not seen much change over the last five years. Suisun City's retail base continues to primarily attract local shoppers, with no regional retail uses designed to attract significant spending from outside of the City.

Nearby communities such as Fairfield and Vacaville have built up substantial regional retail centers that have attracted considerable household spending away from Suisun City. However, the long-awaited Wal-Mart store in eastern Suisun City opened in March 2015. This will result in a significant shift in the local retail dynamics, which have otherwise remained largely unchanged since the 2009 study. The Wal-Mart store alone will likely reverse a considerable amount of the existing retail leakage, and potentially limit the short-term attraction potential across a broad range of different retail store categories.

Many specific types of retail development in Suisun City cannot be supported only by local demand. Many of Suisun City's largest retail leakages occur in retail store categories that often locate in large-scale retail centers. These regional retail centers have not located in Suisun City. However, the new Wal-Mart location could also potentially attract shopping trips from residents from other communities that currently pass through Suisun City on their way to other retail centers.

## RETAIL MARKET ANALYSIS OVERVIEW

This retail market analysis consists of two main parts: an estimate of household retail spending and a comparison of overall spending potential and sales by Suisun City retail establishments.

The household retail spending totals are calculated from an analytical model that ADE developed in-house. This model estimates spending for 40 different store types and 100 product categories. The taxable sales data is an annual total listed by retail category. The businesses listed in the analysis encompass all of the retail businesses operating in Suisun City. The retail sales data comes directly from the California State Board of Equalization sales tax allocation records, and the data was audited by the Hinderliter, deLlamas Companies (HdL). Because certain retail items, such as food and prescription drugs, are not taxable, the analysis includes a conversion that calculates nontaxable sales.

As described later in this section, retail leakage represents the gap between household spending by Suisun City households and retail sales by local retail establishments. This leakage represents an existing shortfall, as well as an opportunity for both retail expansion and possible attraction.

## **SUISUN CITY'S RETAIL SETTING**

Suisun City has a primarily local-serving base of retail stores. The community is located in close proximity to Fairfield and Vacaville, both of which have very strong concentrations of regional retail centers. Neighboring Fairfield has a large auto mall and an enclosed Westfield shopping mall, while Vacaville has focused on developing a dense corridor of big-box power centers along I-80.

Suisun City faces numerous competitive challenges because its larger neighbors have a sufficient population base to support larger scale stores and shopping centers, and have already developed the regional retail assets that attract spending from outside of those communities. Suisun's existing retail shopping areas are oriented towards serving local household demand. Most of the retail store types represented in Suisun are also established in other communities, which limits the potential for existing stores to attract retail spending from outside of Suisun City.

## **SUISUN CITY COMMERCIAL AREAS AND TAXABLE SALES**

Suisun City has four primary retail shopping areas – Old Town Suisun, the Marina Center, and the two community-level shopping centers along Sunset Avenue – Heritage Park Shopping Center and Sunset Center. For the city as a whole, the taxable sales (including non-retail businesses) totaled \$95.0 million in FY 2013/14.

As shown in Table 38, the overall taxable sales in Suisun City has grown by 4.6 percent since FY 2008/09. Together, the two shopping centers along Sunset Avenue each make up about 17.0 percent of the total taxable sales in Suisun City and just over \$16.1 million in taxable sales. The older and larger Sunset Center has shown recent sales growth as it recovers from the closure of its supermarket tenant, while the newer Heritage Park Center has remained largely unchanged. Both retail centers consist of local-serving stores and service providers.

**TABLE 38**  
**TAXABLE SALES TREND BY SUBAREA**

Suisun City Subarea	FY 2008/09 Taxable Sales	FY 2013/14 Taxable Sales	Percent Growth	Percent of Total
<b>Total</b>	<b>\$90,771,700</b>	<b>\$94,986,400</b>	<b>4.6%</b>	<b>100.0%</b>
Old Town Suisun	\$3,565,200	\$6,121,500	71.7%	6.4%
Marina Center	\$1,940,000	\$1,175,400	-39.4%	1.2%
Sunset Center	\$12,358,500	\$16,127,600	30.5%	17.0%
Heritage Park Center	\$16,275,900	\$16,290,100	0.1%	17.1%

Source: Co-Star Portfolio Strategy, ADE, Inc., 2015 Source: ADE, Inc.; data from Hinderliter deLlamas Companies.

Old Town Suisun comprises about 6.4 percent of the total taxable sales in Suisun City, and has seen robust growth over the past five years, growing by 71.7 percent to \$6.1 million. Old Town Suisun's retail base primarily consists of small-scale restaurants and specialty retail stores.

The 44-year old Marina Center has repositioned its tenant mix away from retail stores in recent years, and its taxable sales reflects this. Since FY 2008/09, taxable sales at Marina Center have declined by 39.4 percent, with a FY 2013/14 taxable sales total of \$1.2 million.

## HOUSEHOLDS AND INCOME

Suisun City had a 2014 residential population of about 28,549 residents, and 8,923 households.<sup>6</sup> The average annual income for Suisun City households is approximately \$78,979.<sup>7</sup>

### HOUSEHOLD SPENDING

Based on data from ADE's retail demand model, the estimated annual retail spending by Suisun City households totals about \$210 million, as shown in Table 39. It should be noted that much of this spending has continued to leave Suisun City because neighboring communities provide retail offerings not available locally.

Household spending among Suisun City residents is distributed across the full range of retail store categories. Much of the household spending occurs with new car dealers, grocery stores, restaurants, gasoline service stations, and department/discount stores.

Household retail demand from neighboring Rio Vista totals \$80.6 million, while Fairfield residents add another \$827.5 million in household spending. Along with Suisun City residents, this creates a total retail spending potential for the combined market area of more than \$1.1 billion.

<sup>6</sup> California Department of Finance; City/County Population and Housing Estimates; 2014.

<sup>7</sup> U.S. Census; American Community Survey; 2009 to 2013.

**TABLE 39  
REGIONAL HOUSEHOLD RETAIL SPENDING, 2014**

<b>Retail Group</b>	<b>Suisun City Household Spending</b>	<b>Rio Vista Household Spending</b>	<b>Fairfield Household Spending</b>	<b>Total Household Demand</b>
<b>Total</b>	<b>\$209,707,486</b>	<b>\$80,604,205</b>	<b>\$827,491,520</b>	<b>\$1,117,803,211</b>
<b>Apparel Store Group</b>	<b>\$9,183,735</b>	<b>\$3,523,156</b>	<b>\$36,375,493</b>	<b>\$49,082,384</b>
Women's Apparel	\$2,420,317	\$921,202	\$9,589,624	\$12,931,143
Men's Apparel	\$671,367	\$256,192	\$2,668,056	\$3,595,615
Family Clothing	\$4,270,938	\$1,634,021	\$16,911,759	\$22,816,717
Shoe Stores	\$1,821,113	\$711,742	\$7,206,055	\$9,738,910
<b>General Merchandise Group</b>	<b>\$38,770,231</b>	<b>\$14,962,359</b>	<b>\$153,236,751</b>	<b>\$206,969,341</b>
Department Stores	\$30,181,367	\$7,139,540	\$74,124,290	\$111,445,198
Other General Merchandise	\$11,422,415	\$4,427,143	\$45,130,681	\$60,980,238
Drug & Proprietary Stores	\$8,588,864	\$3,395,676	\$33,981,780	\$45,966,320
<b>Specialty Retail Group</b>	<b>\$12,258,778</b>	<b>\$4,660,949</b>	<b>\$48,554,425</b>	<b>\$65,474,151</b>
Gifts & Novelties	\$835,413	\$317,830	\$3,298,467	\$4,451,710
Sporting Goods	\$1,368,111	\$517,255	\$5,506,793	\$7,392,159
Florists	\$315,921	\$119,575	\$1,257,547	\$1,693,043
Photographic Equipment	\$167,023	\$62,990	\$651,863	\$881,876
Records & Music	\$624,742	\$234,379	\$2,452,134	\$3,311,254
Books & Stationery	\$1,462,352	\$553,473	\$5,808,968	\$7,824,793
Office Supplies/Computer Equipment	\$1,762,756	\$668,028	\$6,957,362	\$9,388,146
Jewelry	\$1,249,088	\$453,785	\$4,892,220	\$6,595,092
Misc. Specialty Retail	\$4,473,373	\$1,733,634	\$17,729,071	\$23,936,078
<b>Food, Eating and Drinking Group</b>	<b>\$58,906,415</b>	<b>\$22,820,333</b>	<b>\$233,206,214</b>	<b>\$314,932,962</b>
Grocery Stores	\$27,049,327	\$10,581,883	\$106,749,051	\$144,380,261
Specialty Food Stores	\$769,746	\$301,430	\$3,037,029	\$4,108,205
Liquor Stores	\$1,287,906	\$495,644	\$5,096,484	\$6,880,035
Eating Places	\$29,799,436	\$11,441,376	\$118,323,650	\$159,564,462
<b>Building Mat's &amp; Homefurnishings Grp.</b>	<b>\$19,823,874</b>	<b>\$7,399,211</b>	<b>\$77,645,548</b>	<b>\$104,868,633</b>
Furniture & Home Furnishings	\$5,931,551	\$2,150,359	\$22,705,741	\$30,787,651
Household Appliances & Electronics	\$4,117,506	\$1,542,939	\$16,198,872	\$21,859,317
Used Merchandise	\$387,229	\$145,685	\$1,521,368	\$2,054,282
Nurseries & Garden Supply Stores	\$1,875,460	\$715,495	\$7,457,505	\$10,048,460
Lumber & Other Building Materials	\$4,572,541	\$1,734,890	\$18,094,712	\$24,402,142
Home Centers and Hardware Stores	\$2,686,927	\$1,013,410	\$10,668,798	\$14,369,136
Paint & Wallpaper	\$252,661	\$96,432	\$998,551	\$1,347,644
<b>Automotive Group</b>	<b>\$70,764,453</b>	<b>\$27,238,198</b>	<b>\$278,473,089</b>	<b>\$376,475,740</b>
New Cars & RVs	\$31,439,502	\$11,872,017	\$123,549,847	\$166,861,367
Used Car Dealers	\$2,309,809	\$871,761	\$9,077,246	\$12,258,816
Gasoline Service Stations	\$33,858,671	\$13,281,549	\$133,367,987	\$180,508,207
Mobile Homes & Trailers	\$15,959	\$6,222	\$62,629	\$84,810
Auto Parts & Accessories	\$1,956,693	\$761,249	\$7,675,946	\$10,393,888
Boats & Motorcycles	\$1,183,818	\$445,400	\$4,739,435	\$6,368,653

Source: ADE, Inc.; data from California Department of Finance, U.S. Economic Census, and Bureau of Labor Statistics Consumer Expenditure Survey

## **SUISUN CITY RETAIL SALES**

In addition local household spending that occurs at retail stores, the other component that defines the local retail market is the retail sales generated by local stores. Sales tax data from the State Board of Equalization was used to calculate the retail store sales by store category for Suisun City. After adjusting the sales tax data to account for nontaxable item sales, the annual retail sales by businesses in Suisun City total approximately \$114.4 million, as shown in Table 40.

Retail sales in Suisun City are largely concentrated in grocery stores, restaurants, and gasoline service stations. These retail categories combine for over \$91 million in annual retail sales, or 84 percent of the total retail sales in Suisun City. In FY 2013/14, grocery stores and restaurants in Suisun City generated over \$52.4 million in sales, while gasoline service stations added another \$41.7 million. Grocery stores primarily serve a local clientele, while restaurants and gasoline service stations have the potential to also serve daytime commuters and other shoppers passing through.

## **RETAIL LEAKAGE**

Retail leakage represents a net outflow of household spending by Suisun City residents when compared with the retail sales by local retail establishments. Leakage indicates that existing household demand remains unmet by local retailers, and can also indicate an opportunity as unmet retail demand creates potential for new stores and sales expansions for existing stores. Those store categories with net capture of regional sales extend their market reach into the surrounding region. The sales leakage trend identified in the analysis shows that Suisun City has an overall net leakage when considering all retail categories as a group. In addition, the vast majority of individual retail store categories in Suisun City also show leakage.

**TABLE 40  
SUISUN CITY RETAIL LEAKAGE AND NET CAPTURE**

<b>Retail Group</b>	<b>Suisun City Household Spending</b>	<b>2014 Retail Sales</b>	<b>Sales Leakages</b>	<b>Net Capture of Regional Sales</b>
<b>Total</b>	<b>\$209,707,486</b>	<b>\$114,420,738</b>	<b>\$108,706,172</b>	<b>\$13,419,424</b>
<b>Apparel Store Group</b>	<b>\$9,183,735</b>	<b>\$80,100</b>	<b>\$9,103,635</b>	<b>\$0</b>
Family, Men's, Women's Apparel*	\$7,362,622	\$80,100	\$7,282,522	\$0
Shoe Stores	\$1,821,113	\$0	\$1,821,113	\$0
<b>General Merchandise/Specialty Retail Group*</b>	<b>\$51,029,008</b>	<b>\$9,215,398</b>	<b>\$41,813,611</b>	<b>\$0</b>
Department Stores/Other General Merch.	\$30,181,367	\$1,217,039	\$28,964,328	\$0
Gifts & Novelties	\$835,413	\$0	\$835,413	\$0
Sporting Goods	\$1,368,111	\$369,870	\$998,241	\$0
Florists	\$315,921	\$0	\$315,921	\$0
Photographic Equipment	\$167,023	\$0	\$167,023	\$0
Records & Music	\$624,742	\$0	\$624,742	\$0
Office Supplies/Books & Stationery*	\$3,225,108	\$491,600	\$2,733,508	\$0
Jewelry	\$1,249,088	\$0	\$1,249,088	\$0
Misc. Specialty Retail/Drug Stores*	\$13,062,237	\$7,136,889	\$5,925,348	\$0
<b>Food, Eating and Drinking Group</b>	<b>\$58,906,415</b>	<b>\$52,357,596</b>	<b>\$7,814,587</b>	<b>\$1,265,768</b>
Food Stores/Liquor Stores*	\$29,106,979	\$29,659,996	\$712,751	\$1,265,768
Eating Places	\$29,799,436	\$22,697,600	\$7,101,836	\$0
<b>Building Materials and Homefurnishings Group</b>	<b>\$19,823,874</b>	<b>\$4,499,224</b>	<b>\$15,324,651</b>	<b>\$0</b>
Furniture & Home Furnishings	\$5,931,551	\$0	\$5,931,551	\$0
Household Appliances & Electronics	\$4,117,506	\$0	\$4,117,506	\$0
Used Merchandise	\$387,229	\$105,600	\$281,629	\$0
Garden Supply/Lumber/Paint Stores*	\$6,700,661	\$4,201,732	\$2,498,929	\$0
Home Centers and Hardware Stores	\$2,686,927	\$191,892	\$2,495,035	\$0
<b>Automotive Group</b>	<b>\$70,764,453</b>	<b>\$48,268,421</b>	<b>\$34,649,689</b>	<b>\$12,153,656</b>
New Cars & RVs	\$31,439,502	\$0	\$31,439,502	\$0
Used Car Dealers	\$2,309,809	\$74,300	\$2,235,509	\$0
Gasoline Service Stations	\$33,858,671	\$45,129,221	\$0	\$11,270,550
Mobile Homes & Trailers	\$15,959	\$0	\$15,959	\$0
Auto Parts & Accessories	\$1,956,693	\$2,839,800	\$0	\$883,107
Boats & Motorcycles	\$1,183,818	\$225,100	\$958,718	\$0

Source: ADE, Inc.; data from California Department of Finance, Hinderliter deLlamas Companies, U.S. Economic Census and Bureau of Labor Statistics Consumer Expenditure Survey.

Notes: Market area defined as the City of Suisun City. Does not include mail-order and other remote retail spending.

Store categories marked with asterisks ("\*\*") are aggregated due to confidentiality restrictions associated with reporting sales tax data.

Comparing the local household spending with the annual sales by Suisun City retailers, the analysis found a retail spending leakage of about \$108.7 million, compared to \$209.7 million in household spending, and \$114.4 million in total retail sales. However, the important finding is not in the overall retail leakage, but in which retail categories this leakage occurs.

In general, Suisun City has had some success at capturing retail sales in some locally oriented categories such as grocery stores and gasoline service stations. Otherwise, leakages occurred in nearly all retail categories with the largest leakages found in regional retail categories where stores have a minimal presence or do not currently operate in Suisun City.

## **STORE TYPES WITH NET CAPTURE OF RETAIL SALES**

Suisun City had a net capture of retail sales in three categories – grocery/liquor stores, gasoline service stations, and auto parts. The gasoline service stations in particular benefit from Suisun City's location along Highway 12, which draws some commuters pass through the city on a daily basis. Auto part stores draw from both consumer and business-to-business demand, and the net capture of spending in that category likely reflects the presence of business-to-business demand. The net capture for grocery stores comes very close to matching the total local demand.

## **STORE TYPES WITH NET LEAKAGE OF RETAIL SALES**

Leakage occurred in nearly every retail store category in Suisun City. The largest retail leakage categories are department stores/other general merchandise stores, and new car dealerships. Together, these two categories account for over half of the leakage in Suisun City. The upcoming Wal-Mart store opening will likely negate the leakage in the department store/general merchandise category. In addition, the broad range of merchandise carried by Wal-Mart will also likely recapture some of the leakage in other categories that is currently insufficient to support new retail store development.

The community has a large proportion of unmet consumer spending in the specialty retail, apparel, and building materials/home furnishings groups. Existing sales in these groups capture only a small proportion of the local household spending in Suisun City.

Specialty retail stores in other communities have served as a targeted niche for their historic downtown areas, because they are often unique stores that benefit from a more pedestrian-oriented and small-scale shopping district. While Suisun City's downtown area has seen significant growth in restaurant sales, sales in other specialty retail stores located downtown remain comparatively limited. In addition, sales in this category citywide have been limited to the sporting goods, books/stationery, and miscellaneous specialty retail store categories. Other categories such as gifts and novelties, florists, photographic equipment, music stores, office supplies, and jewelry stores generate little to no retail sales in Suisun City.

Apparel stores as a group generate \$9.2 million in retail spending leakage. Establishments in Suisun City generate less than \$100,000 in annual sales, while the remainder leaves the community.

In the building materials and home furnishings retail group, existing sales account for less than a quarter of the \$19.8 million in household demand. The largest leakage in this category occurs in furniture and home furnishings stores, with approximately \$5.9 million in unmet local demand. Household appliances and electronics stores account for another \$4.1 million in retail leakage. Other

categories such as home improvement and building materials benefit from additional demand from business-to-business spending. However, they still generate a significant amount of retail leakage.

## **RETAIL ATTRACTION POTENTIAL**

With Suisun City's relatively small population base, the community has a more limited capacity to support new retail establishments, unless the community can successfully capture new spending from outside of the community. In those categories where Suisun City has retail sales leakage, the community has potential to recapture some local household spending that currently goes outside of the area. The potential for supporting new establishments, however, varies by category and even in those categories where Suisun City has enough unmet retail demand to support a new establishment, other market factors affect whether those types of businesses can be brought into the community.

With \$108.7 million of retail leakage by market area households, this amount of spending can potentially support up to 20 new retail establishments with a total of \$52.7 million in annual sales, assuming that this retail leakage can be recaptured. In order to support a new retail establishment, the leakage has to be large enough to support a viable business for a given retail category. The analysis established a minimum support level for each retail category by estimating the average sales by store type for retail establishments in Solano County.<sup>8</sup>

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<sup>8</sup> Average sales per establishment calculations use 2007 Economic Census data for Solano County, adjusted for inflation using the Consumer Price Index.

**TABLE 41  
SUISUN CITY RETAIL LEAKAGE AND RETAIL STORE SUPPORT**

<b>Retail Group</b>	<b>Sales Leakages</b>	<b>Supportable New Stores</b>	<b>Retail Attraction Potential</b>	<b>Continuing Leakage</b>	<b>Square Footage Potential</b>
<b>Total</b>	<b>\$108,706,172</b>	<b>20</b>	<b>\$52,734,665</b>	<b>\$55,955,547</b>	<b>96,344</b>
<b>Apparel Store Group</b>	<b>\$9,103,635</b>	<b>3</b>	<b>\$5,868,644</b>	<b>\$3,234,991</b>	<b>24,853</b>
Family, Men's, Women's Apparel*	\$7,282,522	2	\$4,463,290	\$2,819,232	17,836
Shoe Stores	\$1,821,113	1	\$1,405,354	\$415,759	7,017
<b>General Merchandise/Specialty Retail Group*</b>	<b>\$41,813,611</b>	<b>5</b>	<b>\$4,488,728</b>	<b>\$37,324,883</b>	<b>17,961</b>
Department Stores/Other General Merch.	\$28,964,328	0	\$0	\$28,964,328	0
Gifts & Novelties	\$835,413	1	\$701,669	\$133,744	4,207
Sporting Goods	\$998,241	0	\$0	\$998,241	0
Florists	\$315,921	0	\$0	\$315,921	0
Photographic Equipment	\$167,023	0	\$0	\$167,023	0
Records & Music	\$624,742	0	\$0	\$624,742	0
Office Supplies/Books & Stationery*	\$2,733,508	0	\$0	\$2,733,508	0
Jewelry	\$1,249,088	1	\$775,333	\$473,755	2,324
Misc. Specialty Retail/Drug Stores*	\$5,925,348	3	\$3,011,726	\$2,913,622	11,430
<b>Food, Eating and Drinking Group</b>	<b>\$7,814,587</b>	<b>5</b>	<b>\$4,451,136</b>	<b>\$3,363,451</b>	<b>12,722</b>
Food Stores/Liquor Stores*	\$712,751	0	\$0	\$712,751	0
Eating Places	\$7,101,836	5	\$4,451,136	\$2,650,700	12,722
<b>Building Materials and Homefurnishings Group</b>	<b>\$15,324,651</b>	<b>6</b>	<b>\$10,046,990</b>	<b>\$5,277,661</b>	<b>40,807</b>
Furniture & Home Furnishings	\$5,931,551	4	\$5,743,463	\$188,088	28,043
Household Appliances & Electronics	\$4,117,506	1	\$3,276,880	\$840,626	9,862
Used Merchandise	\$281,629	0	\$0	\$281,629	0
Garden Supply/Lumber/Paint Stores*	\$2,498,929	1	\$1,026,647	\$1,472,283	2,902
Home Centers and Hardware Stores	\$2,495,035	0	\$0	\$2,495,035	0
<b>Automotive Group</b>	<b>\$34,649,689</b>	<b>1</b>	<b>\$27,879,167</b>	<b>\$6,754,562</b>	<b>0</b>
New Cars & RVs	\$31,439,502	1	\$27,879,167	\$3,560,335	n/a
Used Car Dealers	\$2,235,509	0	\$0	\$2,235,509	n/a
Gasoline Service Stations	\$0	0	\$0	\$0	0
Mobile Homes & Trailers	\$15,959	0	n/a	n/a	n/a
Auto Parts & Accessories	\$0	0	\$0	\$0	0
Boats & Motorcycles	\$958,718	0	\$0	\$958,718	0

Source: ADE, Inc.; data from California Department of Finance, Hinderliter deLlamas Companies, U.S. Economic Census and Bureau of Labor Statistics Consumer Expenditure Survey.

Notes: Market area defined as the City of Suisun City. Does not include mail-order and other remote retail spending.

Store categories marked with asterisks ("\*") are aggregated due to confidentiality restrictions associated with reporting sales tax data.

The store categories with retail leakage large enough to support potential new retail stores are as follows:

- Family, men's, women's clothing (two establishments)
- Shoe stores (one establishment)
- Gifts and novelties (one establishment)
- Jewelry (one establishment)
- Misc. specialty retail/drug stores (three establishments)
- Eating places/restaurants (five establishments)
- Furniture and home furnishings (four establishments)
- Household appliances and electronics (one establishment)
- Garden supply/lumber/paint stores (one establishment)
- New car dealer (one establishment)

Using national averages, these 20 establishments (except for the auto dealerships) potentially generates a demand for 96,344 square feet of retail space. This amount of retail square footage does not necessarily mean that new retail developments are feasible in the short-term because some of this demand could presumably be accommodated within existing vacant commercial spaces. Having sufficiently large retail leakage to support new retail stores does not ensure the viability of attracting all of those store types to Suisun City. The retail attraction scenario needs to also account for the regional retail context.

Much of the retail leakage in Suisun City occurs due to a lack of stores in many categories, as well as the abundance of regionally positioned retail centers located in neighboring Fairfield and Vacaville. The broad concentration of retail stores in those areas attract considerable shopping trips away from Suisun City, and limit the attraction potential for Suisun City. In addition, those centers have significant advantages in their more immediate proximity to larger population centers and the I-80 corridor.

Concurrently, other store types with existing leakage could also potentially operate in smaller-than-average spaces or operate profitably on lower sales per square foot, depending on the location and operating characteristics.

It should also be noted that the \$29.0 million in leakage for department stores/other general merchandise falls just short of the average sales per establishment in this category. However, with Wal-Mart opening recently, the leakage in this category will disappear, because Wal-Mart stores can generate considerably higher sales. And as noted previously, the merchandise offerings at Wal-Mart could also capture unmet demand for other retail categories as well. The Wal-Mart opening and the continued presence of strong regional retail competition in the surrounding communities would limit potential for new retail stores.

## SUPPORT THRESHOLDS FOR NEW RETAIL BASED ON HOUSEHOLD GROWTH

Retail demand is primarily driven by population growth. As new households come into a community, their added spending power creates potential for new retail establishments. Based on the household spending patterns for current households in Suisun City, Table 42 shows the average spending per household, and the number of household required to support an average establishment. As shown in the retail leakage analysis, the thresholds required to support new retail establishments will vary significantly because retail store types have different typical sales levels per store, and household demand varies.

**TABLE 42  
HOUSEHOLD SUPPORT FOR NEW RETAIL ESTABLISHMENTS**

Retail Group	Suisun City Spending Per Household	Average Sales Per Store (Solano County)	Households Needed to Support New Store
<b>Apparel Store Group</b>			
Women's Apparel	\$271	\$1,238,036	4,562
Men's Apparel	\$75	\$1,238,036	16,445
Family Clothing	\$479	\$3,225,254	6,735
Shoe Stores	\$204	\$1,405,354	6,882
<b>General Merchandise/Specialty Retail Group*</b>			
Department Stores/ Other General Merch.	\$3,384	\$31,174,706	9,212
Drug & Proprietary Stores	\$963	\$6,290,984	6,532
<b>Specialty Retail Group</b>			
Gifts & Novelties	\$94	\$701,669	7,490
Sporting Goods	\$153	\$1,532,360	9,989
Florists	\$35	\$401,054	11,321
Photographic Equipment	\$19	\$2,153,497	114,984
Records & Music	\$70	\$905,545	12,926
Books & Stationery	\$164	\$2,431,037	14,825
Office Supplies/Computer Equipment	\$198	\$2,865,045	14,495
Jewelry	\$140	\$775,333	5,536
Misc. Specialty Retail	\$502	\$1,003,909	2,001
<b>Food, Eating and Drinking Group</b>			
Grocery Stores	\$3,033	\$9,792,017	3,228
Specialty Food Stores	\$86	\$973,231	11,276
Liquor Stores	\$144	\$1,054,510	7,302
Eating Places	\$3,341	\$890,227	266
<b>Building Materials and Homefurnishings Group</b>			
Homefurnishings Group	\$665	\$1,435,866	2,159
Furniture & Home Furnishings	\$462	\$3,276,880	7,097

<b>Retail Group</b>	<b>Suisun City Spending Per Household</b>	<b>Average Sales Per Store (Solano County)</b>	<b>Households Needed to Support New Store</b>
Household Appliances & Electronics	\$43	\$519,409	11,962
Used Merchandise	\$210	\$1,026,647	4,882
Nurseries & Garden Supply Stores	\$513	\$5,214,716	10,170
Lumber & Other Building Materials	\$301	\$5,214,716	17,308
Home Centers and Hardware Stores	\$28	\$5,214,716	184,060
<b>Automotive Group</b>			
New Cars & RVs	\$3,525	\$27,879,167	7,908
Used Car Dealers	\$259	\$6,555,597	25,311
Gasoline Service Stations	\$3,797	\$5,458,163	1,438
Auto Parts & Accessories	\$219	\$1,473,857	6,717
Boats & Motorcycles	\$133	\$7,097,459	53,467

Source: ADE, Inc.; data from California Department of Finance, Hinderliter deLlamas Companies, U.S. Economic Census and Bureau of Labor Statistics Consumer Expenditure Survey.

In general, most store types require at least 5,000 households to support a new retail establishment. Store types with these high thresholds typically locate in larger community-level or regional retail centers. Store types with the lowest support thresholds are typically in retail categories that consumers frequent on a regular basis such as grocery stores, restaurants, and gasoline service stations. The store types with support thresholds of under 4,000 households are listed below.

- Miscellaneous specialty retail
- Grocery stores
- Eating places
- Furniture and home furnishings
- Gasoline service stations

## **RETAIL ATTRACTION FROM PDA HOUSEHOLD GROWTH**

The projected household growth within the PDA for Suisun City totals approximately 1,070 new housing units at buildout. Under this scenario, total household spending will increase to \$234.9 million, as shown in Table 43.

**TABLE 43  
SUISUN CITY RETAIL LEAKAGE AND RETAIL STORE SUPPORT**

<b>Retail Group</b>	<b>Sales Leakages</b>	<b>Supportable New Stores</b>	<b>Retail Attraction Potential</b>	<b>Continuing Leakage</b>
<b>Total</b>	<b>\$234,868,776</b>	<b>\$114,420,738</b>	<b>\$128,488,206</b>	<b>\$8,040,168</b>
<b>Apparel Store Group</b>	<b>\$10,285,618</b>	<b>\$80,100</b>	<b>\$10,205,518</b>	<b>\$0</b>
Family, Men's, Women's Apparel*	\$8,246,005	\$80,100	\$8,165,905	\$0
Shoe Stores	\$2,039,614	\$0	\$2,039,614	\$0
<b>General Merchandise/Specialty Retail Group*</b>	<b>\$57,151,728</b>	<b>\$9,215,398</b>	<b>\$47,936,330</b>	<b>\$0</b>
Department Stores/Other General Merch.	\$33,802,744	\$1,217,039	\$32,585,705	\$0
Gifts & Novelties	\$935,648	\$0	\$935,648	\$0
Sporting Goods	\$1,532,259	\$369,870	\$1,162,390	\$0
Florists	\$353,825	\$0	\$353,825	\$0
Photographic Equipment	\$187,063	\$0	\$187,063	\$0
Records & Music	\$699,700	\$0	\$699,700	\$0
Office Supplies/Books & Stationery*	\$3,612,063	\$491,600	\$3,120,463	\$0
Jewelry	\$1,398,956	\$0	\$1,398,956	\$0
Misc. Specialty Retail/Drug Stores*	\$14,629,471	\$7,136,889	\$7,492,582	\$0
<b>Food, Eating and Drinking Group</b>	<b>\$65,974,128</b>	<b>\$52,357,596</b>	<b>\$13,800,245</b>	<b>\$183,713</b>
Food Stores/Liquor Stores*	\$32,599,294	\$29,659,996	\$3,123,011	\$183,713
Eating Places	\$33,374,834	\$22,697,600	\$10,677,234	\$0
<b>Building Materials and Homefurnishings Group</b>	<b>\$22,202,384</b>	<b>\$4,499,224</b>	<b>\$17,703,160</b>	<b>\$0</b>
Furniture & Home Furnishings	\$6,643,231	\$0	\$6,643,231	\$0
Household Appliances & Electronics	\$4,611,532	\$0	\$4,611,532	\$0
Used Merchandise	\$433,690	\$105,600	\$328,090	\$0
Garden Supply/Lumber/Paint Stores*	\$7,504,620	\$4,201,732	\$3,302,889	\$0
Home Centers and Hardware Stores	\$3,009,310	\$191,892	\$2,817,419	\$0
<b>Automotive Group</b>	<b>\$79,254,918</b>	<b>\$48,268,421</b>	<b>\$38,842,952</b>	<b>\$7,856,455</b>
New Cars & RVs	\$35,211,678	\$0	\$35,211,678	\$0
Used Car Dealers	\$2,586,945	\$74,300	\$2,512,645	\$0
Gasoline Service Stations	\$37,921,104	\$45,129,221	\$0	\$7,208,116
Mobile Homes & Trailers	\$17,874	\$0	\$17,874	\$0
Auto Parts & Accessories	\$2,191,461	\$2,839,800	\$0	\$648,339
Boats & Motorcycles	\$1,325,855	\$225,100	\$1,100,755	\$0

Source: ADE, Inc.; data from California Department of Finance, Hinderliter deLlamas Companies, U.S. Economic Census and Bureau of Labor Statistics Consumer Expenditure Survey.

Notes: Market area defined as the City of Suisun City. Does not include mail-order and other remote retail spending. Store categories marked with asterisks ("\*") are aggregated due to confidentiality restrictions associated with reporting sales tax data.

These 1,070 households are not sufficient by themselves to support most types of retail business. However, when added to the existing retail leakage in Suisun City, it would raise the household spending support and add to the list of retail stores that Suisun City can potentially attract. The retail attraction potential at buildout would increase to \$91.5 million.

With the additional households at buildout within the PDA, Suisun City's retail leakage support 29 new retail establishments.

- Family, men's, women's clothing (three establishments)
- Shoe stores (one establishment)
- Department store/other general merchandise store (one establishment)
- Gifts and novelties (one establishment)
- Jewelry (one establishment)
- Misc. specialty retail/drug stores (four establishments)
- Eating places/restaurants (eleven establishments)
- Furniture and home furnishings (four establishments)
- Household appliances and electronics (one establishment)
- Garden supply/lumber/paint stores (one establishment)
- New car dealer (one establishment)

These supportable establishments would also raise the square footage potential to 236,073 square feet of retail space. However, the vast majority of the additional square footage potential comes from the department store/other general merchandise category, where the new Wal-Mart store will absorb all of the spending potential in this category.

In addition, any additional retail attraction potential as a result of growth in the PDA needs to be tempered against the effect that the Wal-Mart store will have on the overall retail leakage. As indicated, the new households in the PDA alone will not support a wide range of retail stores. While growth in the PDA helps raise the leakages above the thresholds needs to support new retail stores in certain categories, this growth is not sufficient by itself to impact the existing regional retail trade flow that remains concentrated in Fairfield and Vacaville.

**TABLE 44  
SUISUN CITY RETAIL LEAKAGE AND RETAIL STORE SUPPORT AT PDA BUILDOUT**

<b>Retail Group</b>	<b>Sales Leakages</b>	<b>Supportable New Stores</b>	<b>Retail Attraction Potential</b>	<b>Continuing Leakage</b>	<b>Square Footage Potential</b>
<b>Total</b>	<b>\$128,488,206</b>	<b>29</b>	<b>\$91,492,680</b>	<b>\$34,659,748</b>	<b>236,073</b>
<b>Apparel Store Group</b>	<b>\$10,205,518</b>	<b>4</b>	<b>\$7,106,680</b>	<b>\$3,098,838</b>	<b>28,950</b>
Family, Men's, Women's Apparel*	\$8,165,905	3	\$5,701,326	\$2,464,579	21,933
Shoe Stores	\$2,039,614	1	\$1,405,354	\$634,260	7,017
<b>General Merchandise/Specialty Retail Group*</b>	<b>\$47,936,330</b>	<b>7</b>	<b>\$36,667,343</b>	<b>\$11,268,987</b>	<b>138,327</b>
Department Stores/Other General Merch.	\$32,585,705	1	\$31,174,706	\$1,410,998	116,556
Gifts & Novelties	\$935,648	1	\$701,669	\$233,979	4,207
Sporting Goods	\$1,162,390	0	\$0	\$1,162,390	0
Florists	\$353,825	0	\$0	\$353,825	0
Photographic Equipment	\$187,063	0	\$0	\$187,063	0
Records & Music	\$699,700	0	\$0	\$699,700	0
Office Supplies/Books & Stationery*	\$3,120,463	0	\$0	\$3,120,463	0
Jewelry	\$1,398,956	1	\$775,333	\$623,623	2,324
Misc. Specialty Retail/Drug Stores*	\$7,492,582	4	\$4,015,634	\$3,476,948	15,240
<b>Food, Eating and Drinking Group</b>	<b>\$13,800,245</b>	<b>11</b>	<b>\$9,792,500</b>	<b>\$1,689,841</b>	<b>27,988</b>
Food Stores/Liquor Stores*	\$3,123,011	0	\$0	\$805,107	0
Eating Places	\$10,677,234	11	\$9,792,500	\$884,734	27,988
<b>Building Materials and Homefurnishings Group</b>	<b>\$17,703,160</b>	<b>6</b>	<b>\$10,046,990</b>	<b>\$7,656,170</b>	<b>40,807</b>
Furniture & Home Furnishings	\$6,643,231	4	\$5,743,463	\$899,767	28,043
Household Appliances & Electronics	\$4,611,532	1	\$3,276,880	\$1,334,653	9,862
Used Merchandise	\$328,090	0	\$0	\$328,090	0
Garden Supply/Lumber/Paint Stores*	\$3,302,889	1	\$1,026,647	\$2,276,242	2,902
Home Centers and Hardware Stores	\$2,817,419	0	\$0	\$2,817,419	0
<b>Automotive Group</b>	<b>\$38,842,952</b>	<b>1</b>	<b>\$27,879,167</b>	<b>\$10,945,911</b>	<b>0</b>
New Cars & RVs	\$35,211,678	1	\$27,879,167	\$7,332,511	n/a
Used Car Dealers	\$2,512,645	0	\$0	\$2,512,645	n/a
Gasoline Service Stations	\$0	0	\$0	\$0	0
Mobile Homes & Trailers	\$17,874	0	n/a	n/a	n/a
Auto Parts & Accessories	\$0	0	\$0	\$0	0
Boats & Motorcycles	\$1,100,755	0	\$0	\$1,100,755	0

Source: ADE, Inc.; data from California Department of Finance, Hinderliter deLlamas Companies, U.S. Economic Census and Bureau of Labor Statistics Consumer Expenditure Survey.

Notes: Market area defined as the City of Suisun City. Does not include mail-order and other remote retail spending.

Store categories marked with asterisks ("\*\*") are aggregated due to confidentiality restrictions associated with reporting sales tax data.