Vacancy Growth Continues to Outpace Demand in This Market

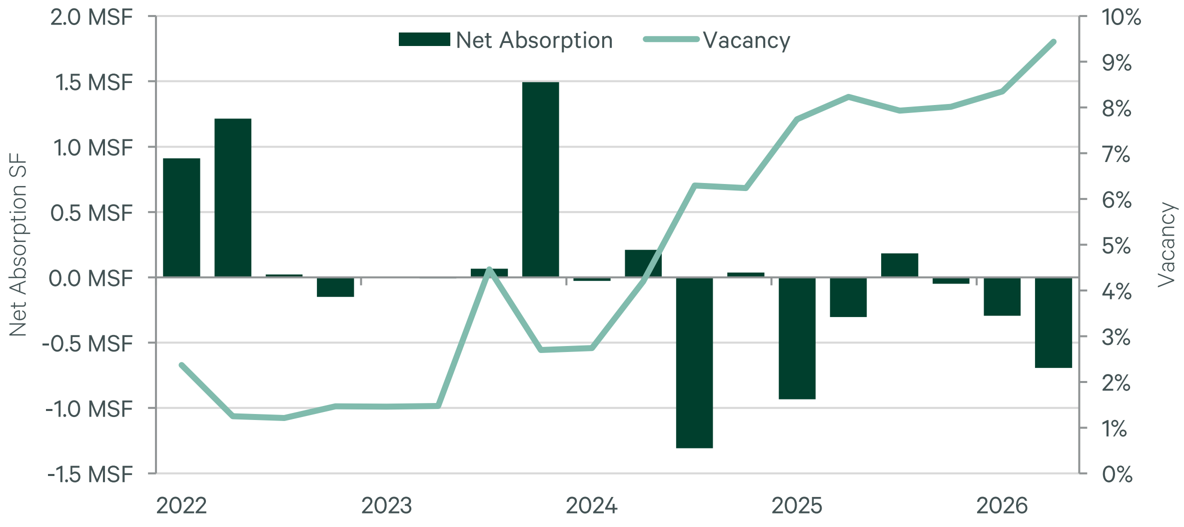
9.4%	(691,907)	0	$0.91	0
Vacancy Rate	SF Net Absorption	SF Under Construction	NNN / Lease Rate Existing Properties	SF Delivered

Note: Arrows indicate change from previous quarter.

INDUSTRIAL MARKET HIGHLIGHTS

- The Napa-Solano Industrial Market, comprised of Napa and Solano counties, is home to 584,200 residents and hosts a labor force of 294,100. Through June of 2025, the total employment was 219,500 representing essentially unchanged from Q1. The unemployment rate decreases slightly, quarter-over-quarter (QoQ), to 5.34% at the end of the first quarter.
- Total market vacancy rate increased by 100 basis points (bps) from 8.4% in Q1 2026 to 9.4% in Q2 2026. This was driven by smaller vacancies in Napa county and more sizeable vacancy additions throughout Solano county.
- Net absorption for the total market was negative 691,907 sq. ft. This follows the negative 298,028 sq. ft. of absorption during Q1.
- Industrial demand in Solano County continues to outpace Napa County. Napa's market, still tied closely to the wine sector, remains soft, while Solano's broader tenant mix and superior freeway connectivity continue to support stronger leasing velocity.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q2 2026

FIGURE 2: Submarket Statistics

Napa Submarkets	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate ($)	Q2 Leasing Activity	YTD Leasing Activity	Q2 Net Absorption	YTD Net Absorption
Napa	**9,019,183**	**6.4%**	**8.2%**	**1.11**	**219,380**	**232,020**	**(65,340)**	**(134,376)**
Warehouse/Distribution	6,508,913	5.7%	7.8%	1.10	214,425	220,105	(63,689)	(81,319)
Manufacturing	763,100	13.2%	13.2%	1.14	0	6,960	6,960	(11,689)
R&D/Flex	1,747,170	6.0%	7.3%	1.14	4,955	4,955	(8,611)	(41,368)
American Canyon	**8,752,003**	**20.8%**	**21.1%**	**0.82**	**34,085**	**34,085**	**(302,265)**	**(302,265)**
Warehouse/Distribution	8,165,590	18.1%	18.4%	0.82	20,000	20,000	20,000	20,000
Manufacturing	574,413	59.3%	59.3%	1.30	14,085	14,085	(322,265)	(322,265)
R&D/Flex	12,000	0.0%	0.0%	0.00	0	0	0	0
Napa Ind. Market	**17,771,186**	**13.5%**	**14.5%**	**0.90**	**253,465**	**266,105**	**(367,605)**	**(436,641)**

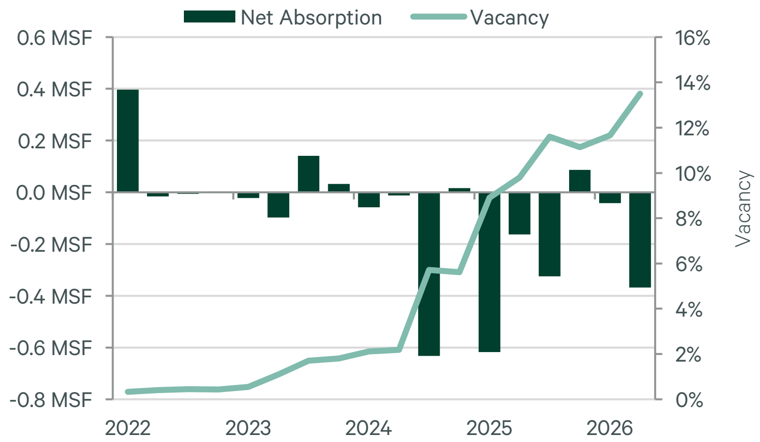
Solano Submarkets	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate ($)	Q2 Leasing Activity	YTD Leasing Activity	Q2 Net Absorption	YTD Net Absorption
Benicia	**8,558,010**	**5.3%**	**5.7%**	**1.01**	**50,470**	**224,447**	**(149,755)**	**(110,182)**
Warehouse/Distribution	6,897,889	6.2%	6.5%	0.98	50,470	217,843	(135,835)	(102,866)
Manufacturing	1,199,094	1.2%	2.2%	1.20	0	2,100	(13,920)	(11,820)
R&D/Flex	461,027	2.6%	2.6%	1.16	0	4,504	0	4,504
Fairfield	**17,634,439**	**8.2%**	**11.1%**	**0.92**	**102,051**	**290,095**	**(66,256)**	**(93,668)**
Warehouse/Distribution	14,150,245	9.1%	12.7%	0.90	96,121	280,831	(68,016)	(98,986)
Manufacturing	2,297,129	3.7%	3.7%	1.00	0	0	0	0
R&D/Flex	1,187,065	5.9%	6.7%	1.25	5,930	9,264	1,760	5,318
Vacaville	**13,154,277**	**11.2%**	**12.4%**	**0.87**	**282,463**	**306,460**	**(108,291)**	**(368,093)**
Warehouse/Distribution	10,359,386	11.2%	12.7%	0.86	274,463	295,100	(94,889)	(330,880)
Manufacturing	1,264,986	0.0%	0.0%	0.00	8,000	8,000	8,000	8,000
R&D/Flex	1,529,905	20.2%	21.0%	1.16	0	3,360	(21,402)	(45,213)
Vallejo	**4,802,115**	**1.7%**	**1.7%**	**1.09**	**0**	**18,649**	**0**	**18,649**
Warehouse/Distribution	2,290,389	1.8%	1.8%	0.95	0	0	0	0
Manufacturing	1,927,151	2.2%	2.2%	1.22	0	18,649	0	18,649
R&D/Flex	584,575	0.0%	0.0%	0.00	0	0	0	0
Solano Ind. Market	**44,148,841**	**7.8%**	**9.4%**	**0.91**	**434,984**	**839,651**	**(324,302)**	**(553,294)**

Total Market	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate ($)	Q2 Leasing Activity	YTD Leasing Activity	Q2 Net Absorption	YTD Net Absorption
Napa-Solano Ind. Market	**61,920,027**	**9.4%**	**10.9%**	**$0.91**	**688,449**	**1,105,756**	**(691,907)**	**(989,935)**
Warehouse/Distribution	**48,372,412**	**9.9%**	**11.6%**	**$0.88**	**655,479**	**1,033,879**	**(342,429)**	**(594,051)**
Manufacturing	**8,025,873**	**7.3%**	**7.4%**	**$1.15**	**22,085**	**49,794**	**(321,225)**	**(319,125)**
R&D/Flex	**5,521,742**	**9.0%**	**9.8%**	**$1.18**	**10,885**	**22,083**	**(28,253)**	**(76,759)**

Source: CBRE Research, Q2 2026

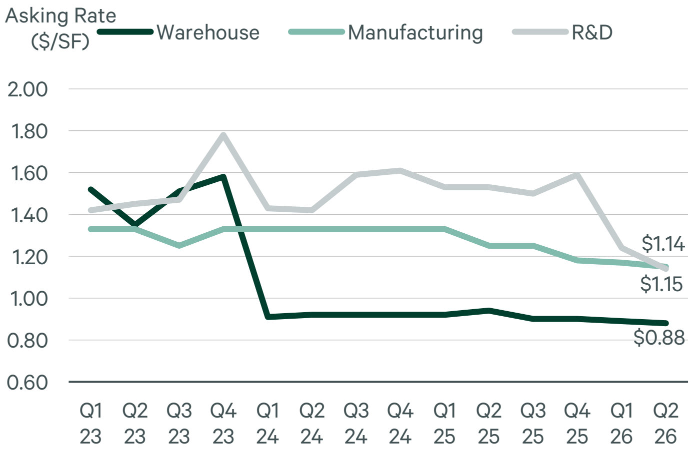
Napa County Market Breakdown

FIGURE 8: Napa Market Vacancy & Net Absorption Trend



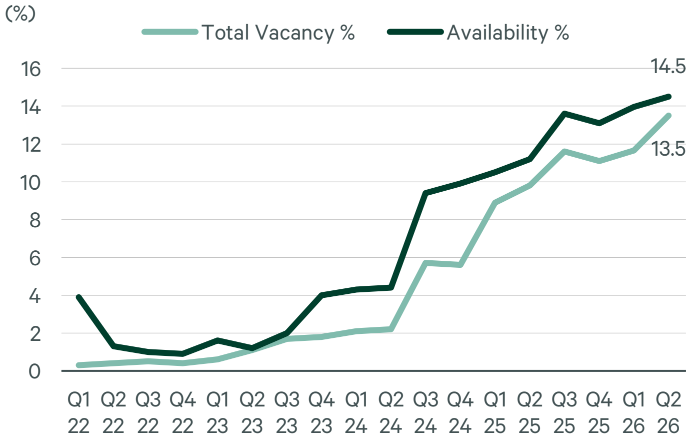
Source: CBRE Research, Q2 2026

FIGURE 9: Napa Market Lease Rates



Source: CBRE Research, Q2 2026

FIGURE 10: Napa Market Vacancy & Availability



Source: CBRE Research, Q2 2026

FIGURE 11: Napa Market Notable Lease Transactions

Tenant	Address	SF Leased	Property Type
Biagi Bros.	1325 Airport Blvd, Napa	113,400	Warehouse**
Santa Clara Warehouses	115 Devlin Rd, Napa	100,125	Warehouse

Source: CBRE Research, Q1 2026

*Renewal **CBRE Involved

FIGURE 12: Napa Market Notable Sale Transactions

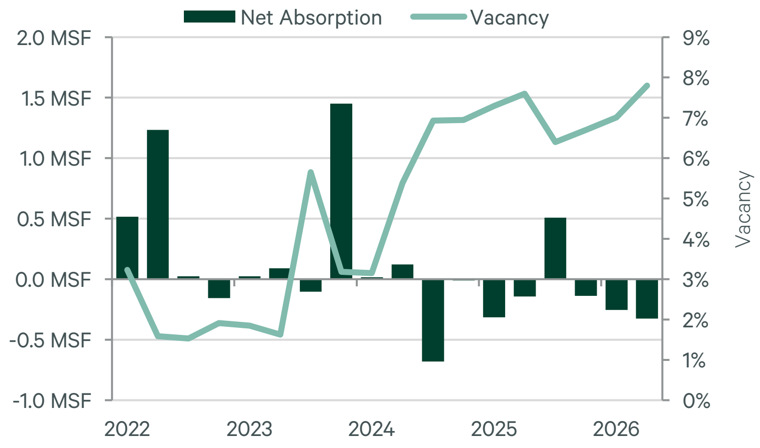
Buyer	Address	SF Sold	Sale Price $/SF
No Notable Sale Transactions			

Source: CBRE Research, Q2 2026

*CBRE Involved

Solano County Market Breakdown

FIGURE 8: Solano Market Vacancy & Net Absorption Trend

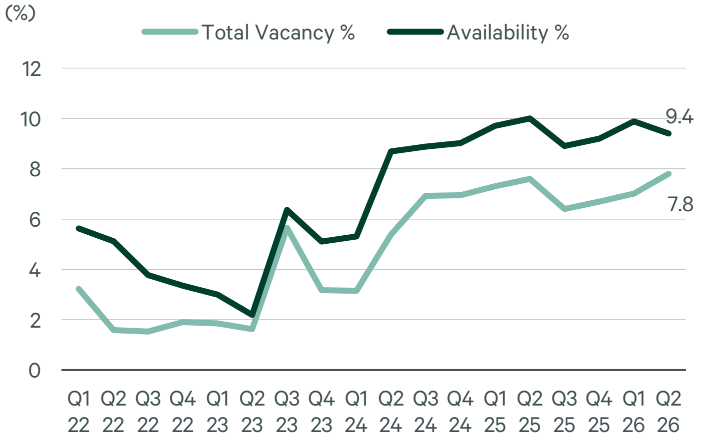


Source: CBRE Research, Q2 2026

FIGURE 9: Solano Market Lease Rates

Source: CBRE Research, Q2 2026

FIGURE 10: Solano Market Vacancy & Availability



Source: CBRE Research, Q2 2026

FIGURE 11: Solano Market Notable Lease Transactions

Tenant	Address	SF Leased	Property Type
Confidential	2121 Icon Way, Vacaville	252,423*	Warehouse**
Yandell Truckaway	2120 Cordelia Rd, Fairfield	83,124	Warehouse
Fresenius	6300-6350 Goodyear Rd, Benicia	36,070*	Warehouse**

Source: CBRE Research, Q2 2026

*Renewal **CBRE Involved

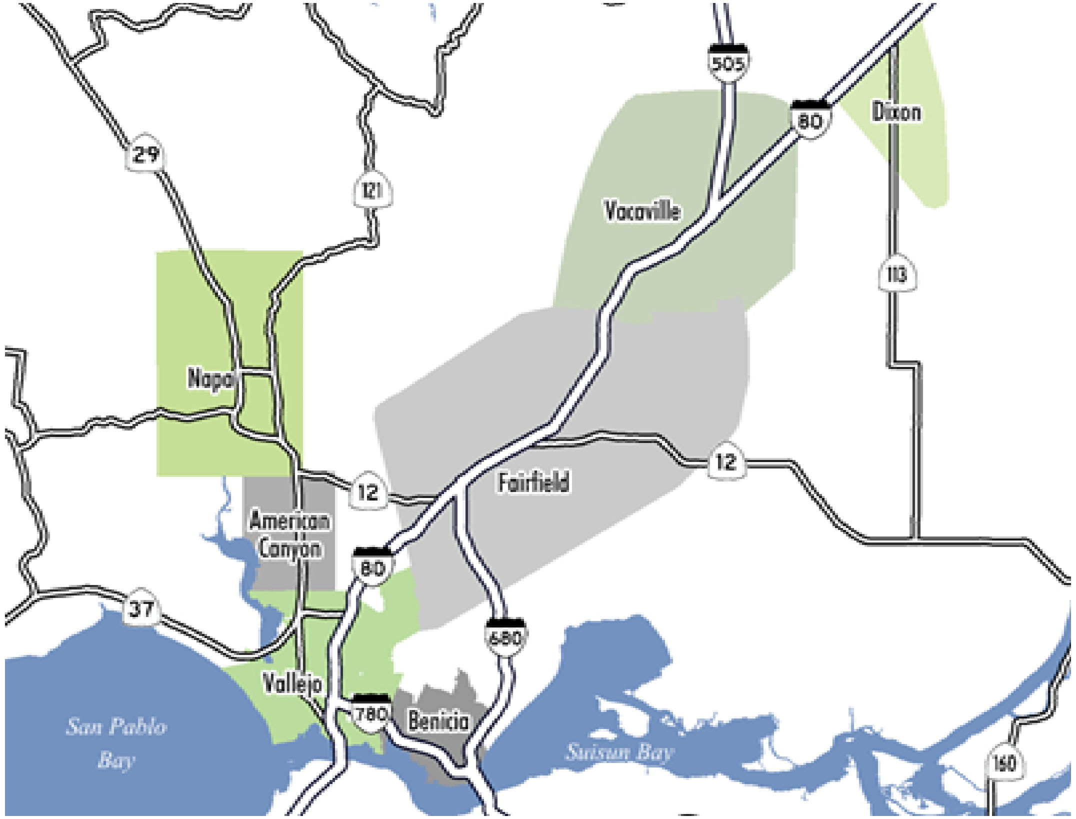
FIGURE 12: Solano Market Notable Sale Transactions

Buyer	Address	SF Sold	Sale Price $/SF
Found Rentals	5000-5100 Park Rd, Benecia	146,636	$20.5M $143/SF
Shelly Patterson Barnes	490 Watt Dr, Cordelia	72,929	$8.7M $119/SF
Nima Gabbay	440 Watt Dr, Cordelia	45,354	$5.0M $110/SF

Source: CBRE Research, Q2 2026

*CBRE Involved

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate Direct Annual Lease Rates, NNN. Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

CBRE's market report analyzes existing single- and multi-tenant office buildings that total 10,000+ sq. ft. in downtown San Francisco, excluding owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

Contacts

Konrad Knutsen
Research Director
+1 9164468292
konrad.knutsen@cbre.com

Paul Magoria
Research Manager
+1 5108741912
paul.magoria@cbre.com

Vikram Narula
Research Analyst
+1 5108741924
vikram.narula@cbre.com

Walnut Creek Office
1676 N California Blvd. Suite 500
Walnut Creek, CA 94596