

Newsletter

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Newsletter for
clients and friends
of SUMMiT Properties

RESIDENTIAL PROPERTY MANAGEMENT REPORT

By William Hite, REALTOR,
Residential Property Manager

Rental rates for most types of apartments in Fairfield, Suisun and Vacaville have remained fairly steady over the past 12 months. For example, the median monthly rent for a 2 bedroom apartment in November, 2005 was \$925, just .22% higher than a year earlier. Rents for 1 and 3 bedroom apartments increased by 3.13% and 1.88%, respectively.

Higher vacancy rates have helped keep the cost of apartments down. Vacancy rates have ranged between 5 and 6 percent for the past year. This is significantly higher than vacancy rates in the period 2000 to 2002 which ranged from 1.28% to 2.9%. During that time tenants saw more significant yearly rent increases, reflecting the effects of the law of supply and demand.

While the supply of apartments has slightly increased over the past few years, the increase in vacancy rates can at least partially be attributed to the number of renters who bought their first home during the recent strong housing market. However, as homes become less affordable due to rising interest rates and increasing prices, the demand for rentals, both apartments and houses, is expected to grow.



COMMERCIAL YEAR IN REVIEW

By Mary Ann Rollison,
Commercial Property
Specialist

As I look back on the last year, I recall numerous challenges and accomplishments. We completed 35 leasing transactions, filling over 65,000 square feet of commercial space, and entered into contracts on the sale of two commercial properties, one closed last fall and the other is due to close Spring 2006.

We've consulted on tenant improvement projects, capital improvement projects, and new construction projects totaling in excess of 1.2 million dollars. Adding value to investment properties through effective leasing and asset management practices is what we at SUMMiT Properties do best!

It has been a successful and rewarding year and we thank you for your loyal business. Best wishes to you and yours, for a healthy and prosperous New Year!

INVESTMENT OPPORTUNITY

1,870 sq. ft. 4 bedroom 2bath with a new roof, new carpet and linoleum throughout, new interior paint, new front landscaping, and a clear pest report. Asking price is \$449k!

Contact William Hite for more information

IMPORTANT REMINDERS

Tax Statements: Most of you will need two tax forms from us for completion of your 2005 tax return. (1) 1099-MISC for your 2005 rental income will be mailed to you no later than January 31st. (2) 1098 mortgage interest statements will be mailed to you no later than February 6th. If you have any questions, please e-mail our bookkeeper, Jennifer Turner, at jturnersummit@sbcglobal.net or call her at 448-8906, Ext. 13. Jennifer wishes everyone a great year!

Disaster Preparedness: As recently demonstrated by the Gulf Coast hurricanes, businesses and building owners need to ensure they are adequately insured for potential disasters. For example, insurance can provide coverage to businesses for lost revenues due to business interruptions and to landlords for lost rent. Please review your coverage with your insurance agent to make sure you are adequately covered for potential disasters.

Testimonial: Lisa Ruggiero, for whom we've managed residential properties for several years, recently wrote: "Summit Properties has done a wonderful job in handling my rental. Please feel free to use me as a reference."

FUTURE WATCH

Homeowner Associations (CIDs) face numerous and substantial legislative changes effective 2006. We'll provide details in future newsletters!

LOCAL NEWS

By *Theresa C. Hite, BROKER, CPM, CMCA*

- Solano County is forecast to outpace other parts of the Bay Area in employment and income during the next few years according to the University of Pacific's Eberhardt School of Business. Much of the expected growth can be attributed to significant housing construction which has attracted new households requiring a variety of goods and services.
- The Capitol Corridor passenger trains traveling between Auburn and San Jose will be stopping in Fairfield when a train station planned for completion in 2010 is built. Fairfield plans to build a boarding platform and parking lot near the intersection of Peabody and Vanden Roads, between Fairfield and Vacaville. Included will be a Peabody Road bridge over the train tracks, an improvement that will eliminate significant traffic delays.
- Vacaville is awaiting the opening of two new restaurants, BJ's Restaurant and Brewpub and T.G.I. Fridays. Both restaurants are being constructed on Nut Tree Parkway next to Chevys' Fresh Mex Restaurant. The new construction will also include a 15,000 square foot commercial center.
- Despite significant residential and commercial growth, agriculture remains strong in Solano County with the gross value of agricultural products exceeding \$200 million. Nursery stock is Solano's top crop with a gross value of just over \$43 million. Hines Nursery in Vacaville's Lagoon Valley is a major wholesale supplier and ships plants throughout the United States. Cattle and calves, alfalfa, and tomatoes take up the next three slots with gross values between \$26 and \$19 million. Although topping out at only \$5.6 million, Solano County's fastest growing crop is walnuts, which now encompasses almost half of all acreage dedicated to fruits and nuts.
- Big projects are planned for Rio Vista, a small Solano County city of 6,800 nestled along the Sacramento River. First, Rio Vista plans to convert an abandoned 28 acre military facility to a massive laboratory facility for the California Departments of Water Resources, and Fish and Game, the CalFed Bay-Delta program, and possibly other water districts. Second, Rio Vista is hoping to take advantage of its strategic waterfront location by building a marina coupled with upscale hotel/entertainment/shopping facilities.
- Yardbirds Home Centers, a chain that operates 9 stores in 4 Northern California counties, including one in Vacaville, has been purchased by national giant Home Depot. It is not known what Home Depot plans to do with the Vacaville Yardbird's location, as they operate a store in Vacaville not far from the Yardbird's location.

SOLANO COUNTY REAL ESTATE OUTLOOK

By *William Hite, REALTOR, Residential Property Manager*

While there has been no "Bubble Burst," the market has definitely changed, more like a "Soft Landing." Sellers that added several thousand dollars to their asking price above recent comparable sales, a common practice in the frenzied market of several months ago, are finding they need to drop their price to attract bidders. And multiple offers are few and far between.

The California Association of REALTORS® Unsold Inventory Index for existing, single-family detached homes in November 2005 was 3.9 months, compared with 2.8 months (revised) for the same period a year ago. This added supply is keeping houses on the market longer and giving buyers more choices and thus greater leverage when negotiating price and terms.

Mortgage rates still remain quite low by historical standards and the overall economy remains relatively strong. While the local housing prices may show some declines, the current expectations are of continued appreciation. Sales activity for 2006 is predicted to be only slightly slower than last year.

In the mid 1990's the local housing market saw declines in equity of up to 20% from peak prices, following a similar precipitous increase in housing prices. But, after several years of relatively flat pricing, prices increased far higher than the peaks they had reached prior to the decline.

The median price of an existing, single-family detached home in California during November 2005 was \$548,400, a 16.2 percent increase over the \$471,980 median for November 2004, C.A.R. reported. The November 2005 median price increased 1.8 percent compared with October's \$538,770 median price.

Home prices are very cyclical and it is important for investors and those who just want a "Home," to realize this. Home ownership has always proven to be a wise investment in the long-term and I believe this will continue to be the case.

