

The CoStar Industrial Report

First Quarter 2015

Asheville Industrial Market



CoStarTM
The knowledge market

Table of Contents

Table of Contents	A
Methodology	B
Terms & Definitions	C
Market Highlights & Overview	1
CoStar Markets	3
Inventory & Development Analysis	4
Inventory & Development Analysis	
Select Top Under Construction Properties	
Select Top Deliveries	
Figures at a Glance	7
Figures at a Glance by Building Type & Market	
Historical Figures at a Glance	
Leasing Activity Analysis	9
Select Top Lease Transactions	
Analysis of Individual CoStar Submarket Clusters	11
Buncombe County Market	
Central Asheville Market	
Downtown Asheville Market	
East Asheville Market	
Haywood County Market	
Henderson County Market	
Madison County Market	
North Asheville Market	
S Asheville/Royal Pines Market	
West Asheville Market	

Methodology

The CoStar Industrial Report calculates Industrial statistics using CoStar Group's base of existing, under construction and under renovation Industrial buildings in each given metropolitan area. All Industrial building types are included, including warehouse, flex/research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 80.7 billion square feet of coverage in 3.5 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property. The quoted rental rate is exclusive of the expense pass through associated with the rent.

For information on subscribing to CoStar's other products and services, please contact us at 1-877-7COSTAR, or visit our web site at www.costar.com

© Copyright 2015 CoStar Group, Inc. All Rights Reserved. Although CoStar makes efforts to ensure the accuracy and reliability of the information contained herein, CoStar makes no guarantee, representation or warranty regarding the quality, accuracy, timeliness or completeness of the information. The publication is provided 'as is' and CoStar expressly disclaims any guarantees, representations or warranties of any kind, including those of MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

CoStar Group, Inc.

1331 L ST NW • Washington, DC 20005 • (800) 204-5960 • www.costar.com • NASDAQ: CSGP

Terms & Definitions

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certi-

cate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different

tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

Asheville's Vacancy Decreases to 6.4% Net Absorption Positive 455,835 SF in the Quarter

The Asheville Industrial market ended the first quarter 2015 with a vacancy rate of 6.4%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 455,835 square feet in the first quarter. Vacant sub-lease space decreased in the quarter, ending the quarter at zero square feet. Rental rates ended the first quarter at \$4.45, an increase over the previous quarter. A total of one building delivered to the market in the quarter totaling 300,000 square feet, with 333,000 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Asheville Industrial market was positive 455,835 square feet in the first quarter 2015. That compares to negative (31,458) square feet in the fourth quarter 2014, negative (5,058) square feet in the third quarter, and positive 181,774 square feet in the second quarter.

Tenants moving into blocks of space in 2015 include: Sierra Nevada Brewing Company moving into 300,000 square feet at 100 Sierra Nevada Way in Mills River; and DeLong Equipment Company LLC, moving into 8,100 square feet at 3 Winners Circle; Catawba Valley Brewing Company moving into 5,496 square feet at 32 Banks Ave.; and Vortex Doughnuts moving into 1,777 square feet at 32 Banks Ave.

The Flex building market recorded net absorption of positive 35,421 square feet in the first quarter 2015, compared to positive 35,630 square feet in the fourth quarter 2014, positive 53,781 in the third quarter, and negative (4,697) in the second quarter.

The Warehouse building market recorded net absorption of positive 420,414 square feet in the first quarter 2015 compared to negative (67,088) square feet in the fourth quarter 2014, negative (58,839) in the third quarter, and positive 186,471 in the second quarter.

Vacancy

The Industrial vacancy rate in the Asheville market area decreased to 6.4% at the end of the first quarter 2015. The vacancy rate was 7.1% at the end of the fourth quarter 2014, 6.9% at the end of the third quarter, and 6.9% at the end of the second quarter.

Flex projects reported a vacancy rate of 5.6% at the end of the first quarter 2015, 6.6% at the end of the fourth quarter 2014, 7.3% at the end of the third quarter, and 8.8% at the end of the second quarter.

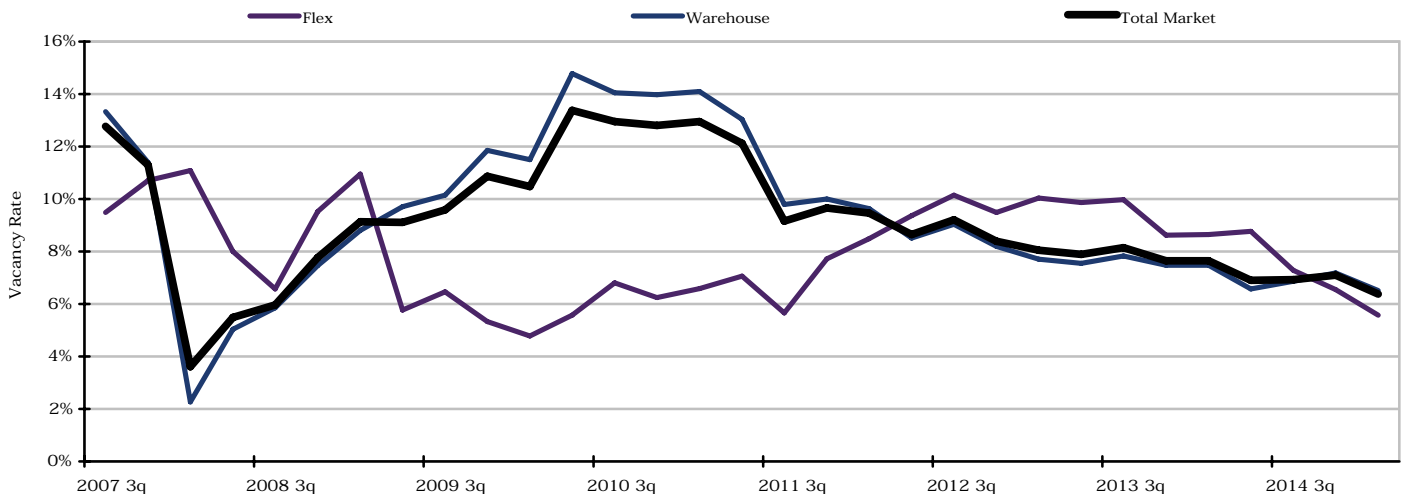
Warehouse projects reported a vacancy rate of 6.5% at the end of the first quarter 2015, 7.2% at the end of fourth quarter 2014, 6.9% at the end of the third quarter, and 6.6% at the end of the second quarter.

Largest Lease Signings

The largest lease signings occurring in 2015 included: the 12,000-square-foot lease signed by Classical Elements LLC at 9 Sweeten Creek Xing in the Central Asheville market; the 8,100-square-foot deal signed by DeLong Equipment Company, LLC at 3 Winners Circle in the South Asheville/Royal Pines market; and the 5,300-square-foot lease signed by Justice Brewery LLC at 1127 Sweeten Creek Road in the South Asheville/Royal Pines market.

Vacancy Rates by Building Type

2007-2015



Source: CoStar Property®

Sublease Vacancy

The amount of vacant sublease space in the Asheville market remained 29,000 square feet in first quarter 2015, and second, third and fourth quarters 2014.

Asheville's Flex projects reported zero vacant sublease space in first quarter 2015, and second, third and fourth quarter 2014.

Warehouse projects reported decreased vacant sublease space from the fourth quarter 2014 to the first quarter 2015. Sublease vacancy went from 29,000 square feet to zero square feet during that time.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$4.45 per square foot per year at the end of the first quarter 2015 in the Asheville market area. This represented a 0.9% increase in quoted rental rates from the end of the fourth quarter 2014, when rents were reported at \$4.41 per square foot.

The average quoted rate within the Flex sector was \$8.30 per square foot at the end of the first quarter 2015, while Warehouse rates stood at \$4.09. At the end of the fourth quarter 2014, Flex rates were \$8.63 per square foot, and Warehouse rates were \$3.99.

Deliveries and Construction

During the first quarter 2015, one building totaling 300,000 square feet was completed in the Asheville market

area. This compares to one building totaling 10,250 square feet that was completed in the fourth quarter 2014.

There were 333,000 square feet of Industrial space under construction at the end of the first quarter 2015.

The only delivery in 2015 has been Sierra Nevada Brewery, a 300,000-square-foot facility that delivered in first quarter 2015 and is now 100% occupied.

The largest projects underway at the end of first quarter 2015 were New Belgium Distribution Center, a 140,000-square-foot building with 100% of its space pre-leased, and the New Belgium Brewery, a 133,000-square-foot facility that is 100% pre-leased.

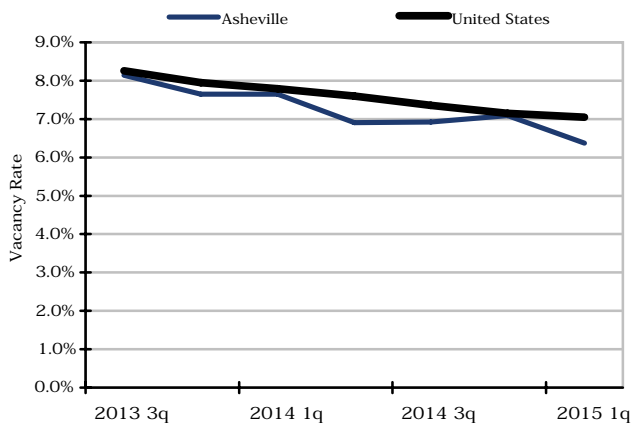
Inventory

Total Industrial inventory in the Asheville market area amounted to 24,603,721 square feet in 763 buildings as of the end of the first quarter 2015. The Flex sector consisted of 3,604,304 square feet in 249 projects. The Warehouse sector consisted of 20,999,417 square feet in 514 buildings. Within the Industrial market there were 31 owner-occupied buildings accounting for 3,883,452 square feet of Industrial space.

Reports compiled by: Cameron Pierce, Costar Research Associate, and Karen Christy, Research Manager

U.S. Vacancy Comparison

Past 7 Quarters



Source: CoStar Property®

CoStar Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters
Buncombe County
Central Asheville
Downtown Asheville
East Asheville
Haywood County
Henderson County
Madison County
North Asheville
S Asheville/Royal Pines
West Asheville

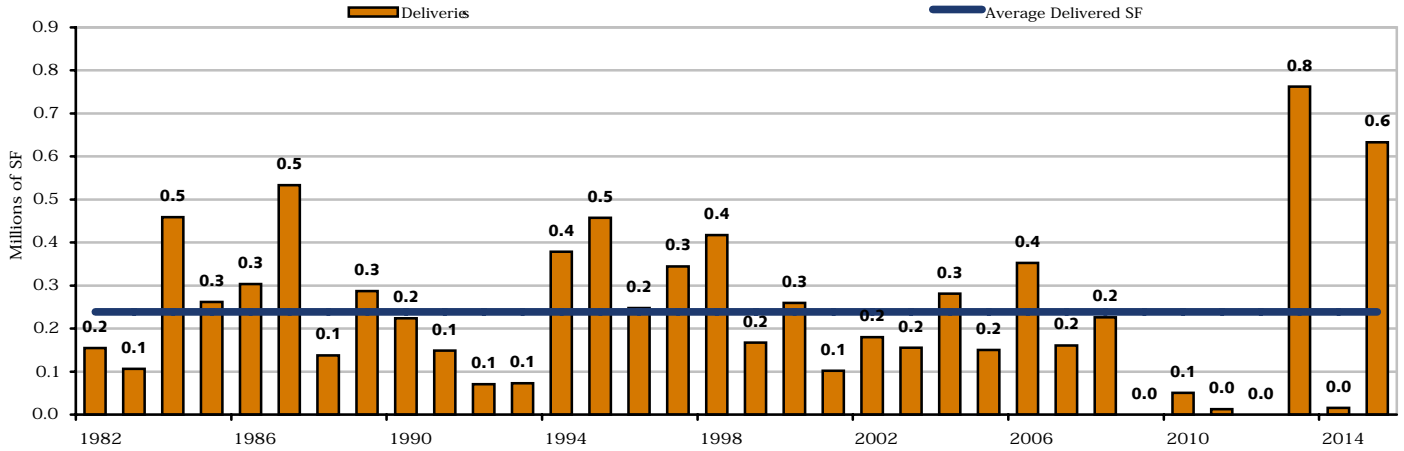


Asheville Industrial Market

Inventory & development

Historical Deliveries

1982 - 2015



Source: CoStar Property® * Future deliveries based on current under construction buildings.

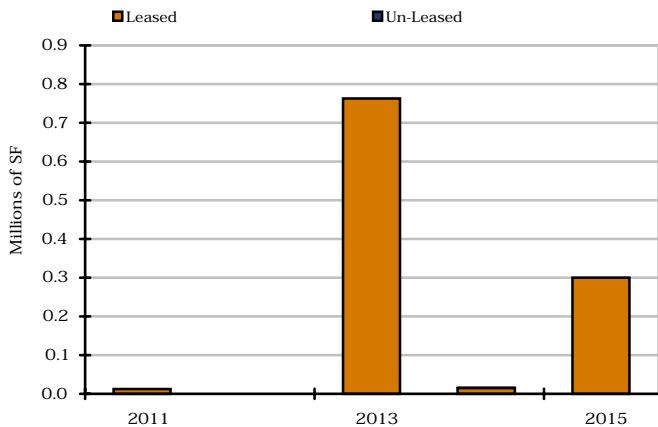
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
West Asheville	2	273,000	273,000	100.0%	35,326	136,500
Henderson County	1	60,000	60,000	100.0%	31,353	60,000
Madison County	0	0	0	0.0%	31,779	0
Downtown Asheville	0	0	0	0.0%	2,624	0
East Asheville	0	0	0	0.0%	24,792	0
North Asheville	0	0	0	0.0%	12,150	0
S Asheville/Royal Pines	0	0	0	0.0%	32,277	0
Buncombe County	0	0	0	0.0%	54,390	0
Haywood County	0	0	0	0.0%	18,789	0
Central Asheville	0	0	0	0.0%	19,825	0
Totals	3	333,000	333,000	100.0%	32,246	111,000

Source: CoStar Property®

Recent Deliveries

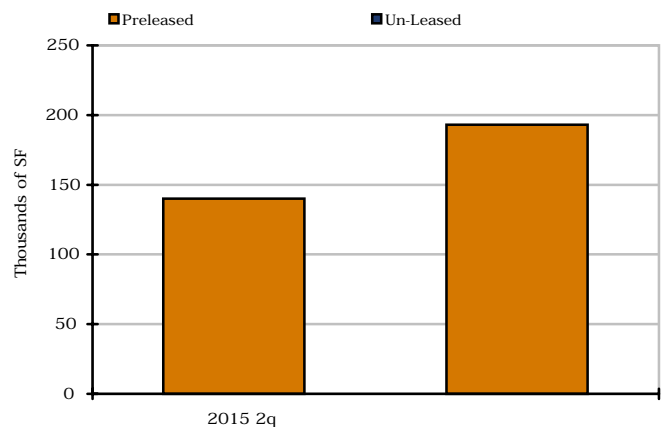
Leased & Un-Leased SF in Deliveries Since 2011



Source: CoStar Property®

Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

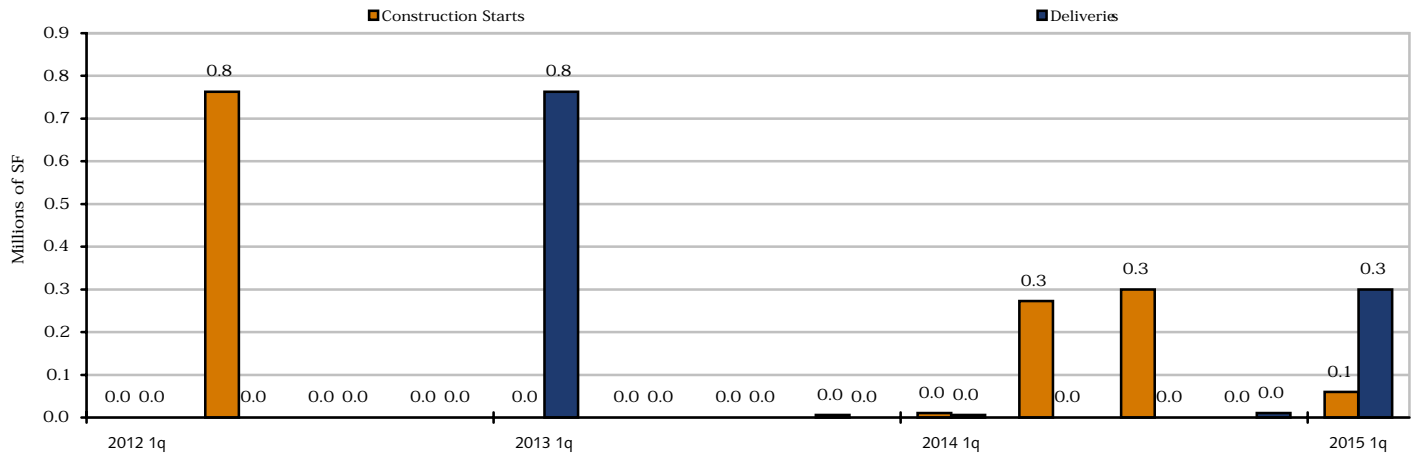
Asheville Industrial Market



Inventory & development

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	0	0	0	0.0%	\$0.00	0	0
50,000 SF - 99,999 SF	0	0	0	0.0%	\$0.00	0	0
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	1	300,000	300,000	100.0%	\$0.00	0	300,000
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

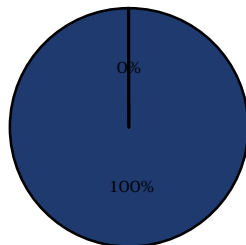
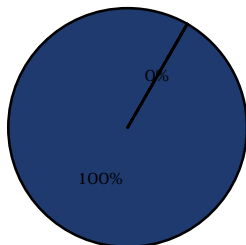
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2015 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

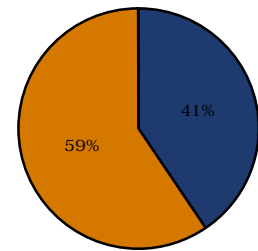
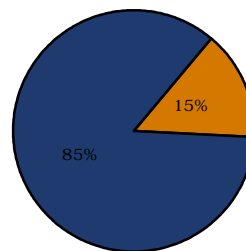
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

Select Year-to-Date Deliveries

Based on Project Square Footage

1. Sierra Nevada Brewery

Submarket: **Henderson County Industrial Market**
 RBA: **300,000**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2014**
 Deliv Date: **First Quarter 2015**
 Leasing Co: **N/A**
 Developer: **Modern Building, Inc.**

Select Top Under Construction Properties

Based on Project Square Footage

1. New Belgium Distribution Center

Submarket: **West Asheville Industrial Market**
 RBA: **140,000**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2014**
 Deliv Date: **Second Quarter 2015**
 Leasing Co: **N/A**
 Developer: **Lewis Real Estate**

2. New Belgium Brewery

Submarket: **West Asheville Industrial Market**
 RBA: **133,000**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2014**
 Deliv Date: **Fourth Quarter 2015**
 Leasing Co: **N/A**
 Developer: **Adolfson and Peterson Construction**

3. Raumedic, Inc.

Submarket: **Henderson County Industrial Market**
 RBA: **60,000**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **First Quarter 2015**
 Deliv Date: **Fourth Quarter 2015**
 Leasing Co: **N/A**
 Developer: **N/A**

Asheville Industrial Market



Figures at a Glance

Flex Market Statistics

First Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	37	689,857	7,265	7,265	1.1%	12,711	0	0	\$7.57
Central Asheville	85	1,241,679	86,805	86,805	7.0%	19,410	0	0	\$8.54
Downtown Asheville	1	3,460	0	0	0.0%	0	0	0	\$0.00
East Asheville	13	189,793	3,459	3,459	1.8%	0	0	0	\$0.00
Haywood County	7	46,092	0	0	0.0%	0	0	0	\$0.00
Henderson County	17	224,929	6,000	6,000	2.7%	0	0	0	\$5.39
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	3	30,978	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	80	1,097,012	83,225	83,225	7.6%	3,300	0	0	\$9.23
West Asheville	6	80,504	13,932	13,932	17.3%	0	0	0	\$8.00
Totals	249	3,604,304	200,686	200,686	5.6%	35,421	0	0	\$8.30

Source: CoStar Property®

Warehouse Market Statistics

First Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	111	7,359,831	280,060	280,060	3.8%	25,700	0	0	\$4.51
Central Asheville	97	2,366,454	187,430	187,430	7.9%	0	0	0	\$3.45
Downtown Asheville	1	1,788	0	0	0.0%	0	0	0	\$0.00
East Asheville	8	330,836	0	0	0.0%	29,000	0	0	\$4.66
Haywood County	38	799,394	54,788	54,788	6.9%	4,749	0	0	\$3.98
Henderson County	132	4,446,604	252,725	252,725	5.7%	298,505	300,000	60,000	\$3.43
Madison County	6	190,674	115,860	115,860	60.8%	5,400	0	0	\$0.00
North Asheville	8	102,676	2,700	2,700	2.6%	0	0	0	\$4.95
S Asheville/Royal Pines	68	3,680,030	167,183	167,183	4.5%	0	0	0	\$6.56
West Asheville	45	1,721,130	306,419	306,419	17.8%	57,060	0	273,000	\$3.34
Totals	514	20,999,417	1,367,165	1,367,165	6.5%	420,414	300,000	333,000	\$4.09

Source: CoStar Property®

Total Industrial Market Statistics

First Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	148	8,049,688	287,325	287,325	3.6%	38,411	0	0	\$4.80
Central Asheville	182	3,608,133	274,235	274,235	7.6%	19,410	0	0	\$4.88
Downtown Asheville	2	5,248	0	0	0.0%	0	0	0	\$0.00
East Asheville	21	520,629	3,459	3,459	0.7%	29,000	0	0	\$4.66
Haywood County	45	845,486	54,788	54,788	6.5%	4,749	0	0	\$3.98
Henderson County	149	4,671,533	258,725	258,725	5.5%	298,505	300,000	60,000	\$3.46
Madison County	6	190,674	115,860	115,860	60.8%	5,400	0	0	\$0.00
North Asheville	11	133,654	2,700	2,700	2.0%	0	0	0	\$4.95
S Asheville/Royal Pines	148	4,777,042	250,408	250,408	5.2%	3,300	0	0	\$7.02
West Asheville	51	1,801,634	320,351	320,351	17.8%	57,060	0	273,000	\$3.48
Totals	763	24,603,721	1,567,851	1,567,851	6.4%	455,835	300,000	333,000	\$4.45

Source: CoStar Property®



Asheville Industrial Market

Figures at a Glance

Flex Market Statistics

First Quarter 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2015 1q	249	3,604,304	200,686	200,686	5.6%	35,421	0	0	0	0	\$8.30
2014 4q	249	3,604,304	236,107	236,107	6.6%	35,630	1	10,250	0	0	\$8.63
2014 3q	248	3,594,054	261,487	261,487	7.3%	53,781	0	0	1	10,250	\$8.62
2014 2q	248	3,594,054	315,268	315,268	8.8%	(4,697)	0	0	1	10,250	\$8.81
2014 1q	248	3,594,054	301,571	310,571	8.6%	(908)	0	0	1	10,250	\$8.77
2013 4q	248	3,594,054	300,663	309,663	8.6%	49,032	0	0	0	0	\$8.56
2013 3q	248	3,594,054	349,695	358,695	10.0%	(4,330)	0	0	0	0	\$9.57
2013 2q	248	3,594,054	345,365	354,365	9.9%	6,344	0	0	0	0	\$9.33
2013 1q	248	3,594,054	351,709	360,709	10.0%	(19,636)	0	0	0	0	\$9.22
2012 4q	248	3,594,054	332,073	341,073	9.5%	23,785	0	0	0	0	\$9.73
2012 3q	248	3,594,054	355,858	364,858	10.2%	(28,147)	0	0	0	0	\$9.07
2012 2q	248	3,594,054	336,711	336,711	9.4%	(31,827)	0	0	0	0	\$8.82
2012 1q	248	3,594,054	304,884	304,884	8.5%	(27,431)	0	0	0	0	\$8.95
2011	248	3,594,054	277,453	277,453	7.7%	(40,954)	1	12,779	0	0	\$9.32
2010	247	3,581,275	223,720	223,720	6.2%	(32,949)	0	0	1	12,779	\$7.53
2009	247	3,581,275	190,771	190,771	5.3%	150,358	0	0	0	0	\$6.96

Source: CoStar Property®

Warehouse Market Statistics

First Quarter 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2015 1q	514	20,999,417	1,367,165	1,367,165	6.5%	420,414	1	300,000	3	333,000	\$4.09
2014 4q	513	20,699,417	1,458,579	1,487,579	7.2%	(67,088)	0	0	3	573,000	\$3.99
2014 3q	513	20,699,417	1,391,491	1,420,491	6.9%	(58,839)	0	0	3	573,000	\$3.97
2014 2q	513	20,699,417	1,332,652	1,361,652	6.6%	186,471	0	0	2	273,000	\$3.99
2014 1q	513	20,699,417	1,548,123	1,548,123	7.5%	4,651	1	5,636	0	0	\$3.42
2013 4q	512	20,693,781	1,547,138	1,547,138	7.5%	71,821	0	0	1	5,636	\$3.47
2013 3q	512	20,693,781	1,618,959	1,618,959	7.8%	(55,912)	0	0	0	0	\$3.65
2013 2q	512	20,693,781	1,563,047	1,563,047	7.6%	31,008	0	0	0	0	\$3.57
2013 1q	512	20,693,781	1,594,055	1,594,055	7.7%	802,735	1	762,750	0	0	\$3.53
2012 4q	511	19,931,031	1,634,040	1,634,040	8.2%	167,840	0	0	1	762,750	\$3.40
2012 3q	511	19,931,031	1,799,480	1,801,880	9.0%	(104,725)	0	0	1	762,750	\$3.25
2012 2q	511	19,931,031	1,694,755	1,697,155	8.5%	222,928	0	0	1	762,750	\$3.60
2012 1q	511	19,931,031	1,918,083	1,920,083	9.6%	73,641	0	0	0	0	\$3.59
2011	511	19,931,031	1,993,724	1,993,724	10.0%	791,947	0	0	0	0	\$3.76
2010	511	19,931,031	2,785,671	2,785,671	14.0%	(377,931)	3	50,630	0	0	\$3.69
2009	508	19,880,401	2,357,110	2,357,110	11.9%	(874,302)	0	0	1	31,250	\$4.02

Source: CoStar Property®

Total Industrial Market Statistics

First Quarter 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2015 1q	763	24,603,721	1,567,851	1,567,851	6.4%	455,835	1	300,000	3	333,000	\$4.45
2014 4q	762	24,303,721	1,694,686	1,723,686	7.1%	(31,458)	1	10,250	3	573,000	\$4.41
2014 3q	761	24,293,471	1,652,978	1,681,978	6.9%	(5,058)	0	0	4	583,250	\$4.43
2014 2q	761	24,293,471	1,647,920	1,676,920	6.9%	181,774	0	0	3	283,250	\$4.41
2014 1q	761	24,293,471	1,849,694	1,858,694	7.7%	3,743	1	5,636	1	10,250	\$3.86
2013 4q	760	24,287,835	1,847,801	1,856,801	7.6%	120,853	0	0	1	5,636	\$3.84
2013 3q	760	24,287,835	1,968,654	1,977,654	8.1%	(60,242)	0	0	0	0	\$4.11
2013 2q	760	24,287,835	1,908,412	1,917,412	7.9%	37,352	0	0	0	0	\$4.14
2013 1q	760	24,287,835	1,945,764	1,954,764	8.0%	783,099	1	762,750	0	0	\$4.08
2012 4q	759	23,525,085	1,966,113	1,975,113	8.4%	191,625	0	0	1	762,750	\$4.00
2012 3q	759	23,525,085	2,155,338	2,166,738	9.2%	(132,872)	0	0	1	762,750	\$3.72
2012 2q	759	23,525,085	2,031,466	2,033,866	8.6%	191,101	0	0	1	762,750	\$3.98
2012 1q	759	23,525,085	2,222,967	2,224,967	9.5%	46,210	0	0	0	0	\$4.03
2011	759	23,525,085	2,271,177	2,271,177	9.7%	750,993	1	12,779	0	0	\$4.13
2010	758	23,512,306	3,009,391	3,009,391	12.8%	(410,880)	3	50,630	1	12,779	\$3.96
2009	755	23,461,676	2,547,881	2,547,881	10.9%	(723,944)	0	0	1	31,250	\$4.24

Source: CoStar Property®

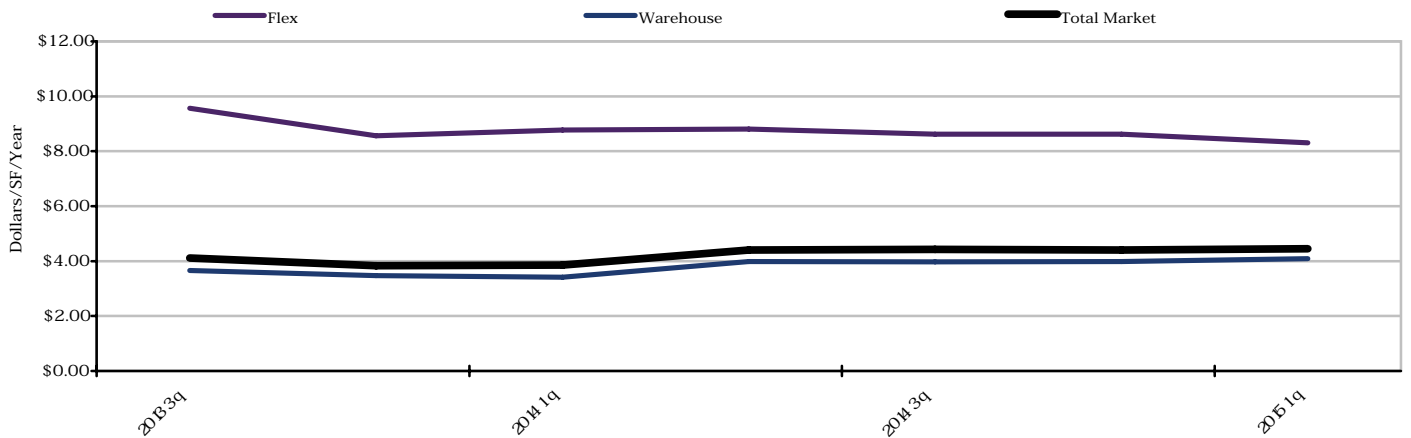
Asheville Industrial Market



Leasing Activity

Historical Rental Rates

Based on Quoted Rental Rates

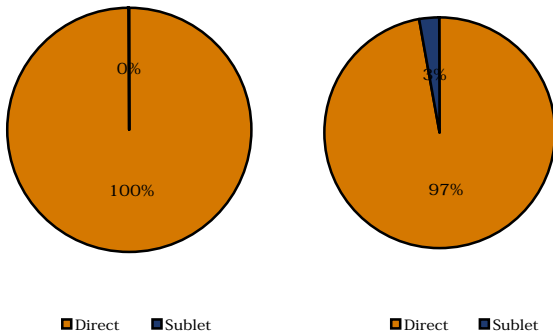


Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Asheville United States

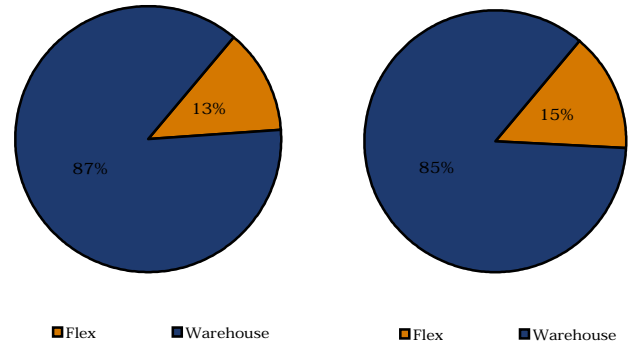


Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

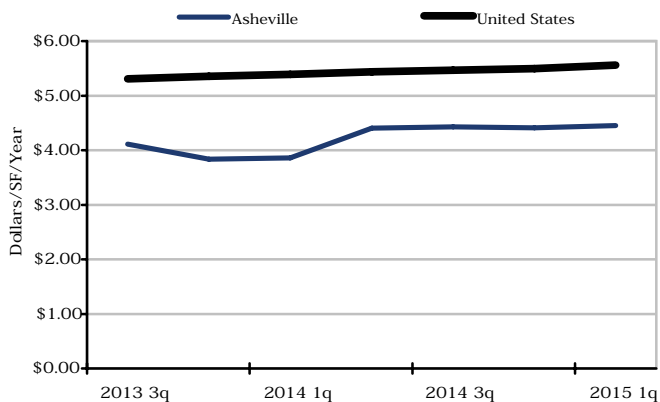
Asheville United States



Source: CoStar Property®

U.S. Rental Rate Comparison

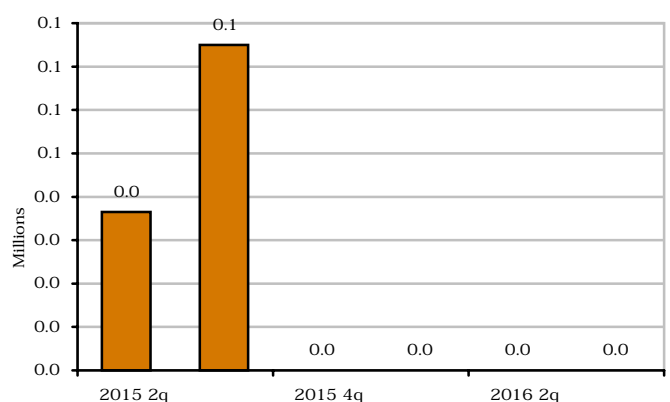
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space



Asheville Industrial Market

Leasing Activity

Select Top Industrial Leases Based on Leased Square Footage For Deals Signed in 2015

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 9 Sweeten Creek Xing	Central Asheville	12,000	1st	Classical Elements LLC	Whitney Commercial Real Estate	Whitney Commercial Real Estate
2 3 Winners Cir	S Asheville/Royal Pines	8,100	1st	DeLong Equipment Company LLC	NAI Beverly-Hanks	NAI Beverly-Hanks
3 1127 Sweeten Creek Rd	S Asheville/Royal Pines	5,300	1st	Justice Brewery LLC	Preferred Properties of Asheville	NAI Beverly-Hanks
4 95 Roberts St	Central Asheville	4,000	1st	N/A	N/A	The Real Estate Center
5 95 Roberts St	Central Asheville	4,000	1st	N/A	N/A	The Real Estate Center
6 200 Design Ave	Buncombe County	3,000	1st	N/A	N/A	RJP Management LP
7 20 Westside Dr	Buncombe County	2,800	1st	In Blue Handmade LLC	Whitney Commercial Real Estate	Morosani and Associates
8 34 Redmond Dr	S Asheville/Royal Pines	1,200	1st	N/A	N/A	Tessier Associates, Inc.
9 Blue Ridge Business Center	West Asheville	415	1st	N/A	N/A	Cornerstone Real Estate Consultants

Source: CoStar Property®

* Renewal

Asheville Industrial Market

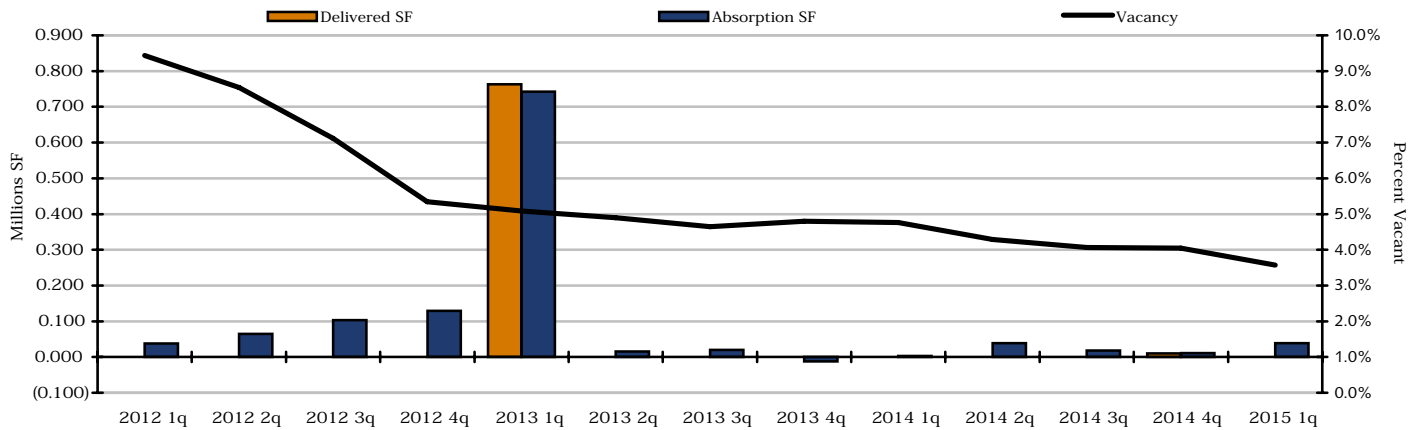


Buncombe County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

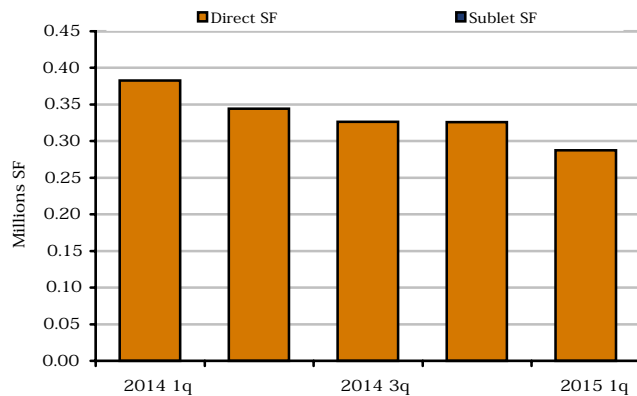
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

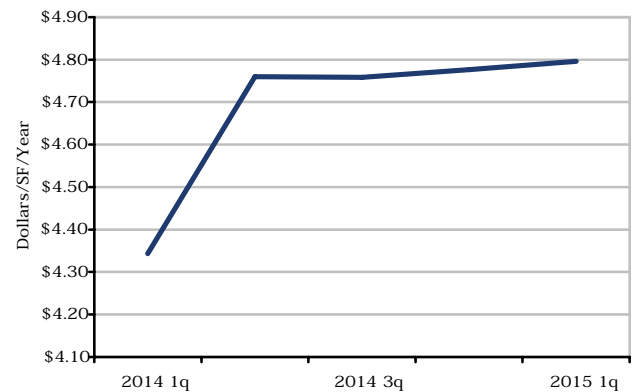
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	148	8,049,688	287,325	3.6%	38,411	0	0	0	0	\$4.80
2014 4q	148	8,049,688	325,736	4.0%	10,950	1	10,250	0	0	\$4.78
2014 3q	147	8,039,438	326,436	4.1%	18,046	0	0	1	10,250	\$4.76
2014 2q	147	8,039,438	344,482	4.3%	38,387	0	0	1	10,250	\$4.76
2014 1q	147	8,039,438	382,869	4.8%	3,063	0	0	1	10,250	\$4.34
2013 4q	147	8,039,438	385,932	4.8%	(12,200)	0	0	0	0	\$4.25
2013 3q	147	8,039,438	373,732	4.6%	19,694	0	0	0	0	\$4.26
2013 2q	147	8,039,438	393,426	4.9%	15,594	0	0	0	0	\$4.46
2013 1q	147	8,039,438	409,020	5.1%	742,636	1	762,750	0	0	\$4.41
2012 4q	146	7,276,688	388,906	5.3%	128,955	0	0	1	762,750	\$4.07
2012 3q	146	7,276,688	517,861	7.1%	103,540	0	0	1	762,750	\$3.66
2012 2q	146	7,276,688	621,401	8.5%	64,957	0	0	1	762,750	\$4.00
2012 1q	146	7,276,688	686,358	9.4%	37,668	0	0	0	0	\$4.04
2011 4q	146	7,276,688	724,026	9.9%	(65,170)	0	0	0	0	\$4.48
2011 3q	146	7,276,688	658,856	9.1%	20,506	0	0	0	0	\$4.58
2011 2q	146	7,276,688	679,362	9.3%	73,350	0	0	0	0	\$3.97

Source: CoStar Property®



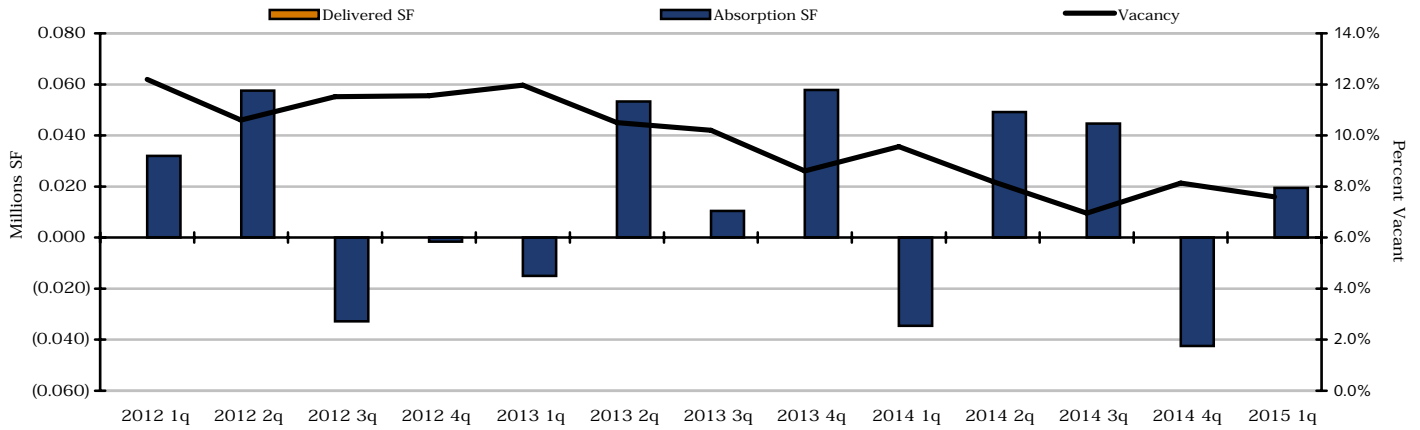
Asheville Industrial Market

Central Asheville Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

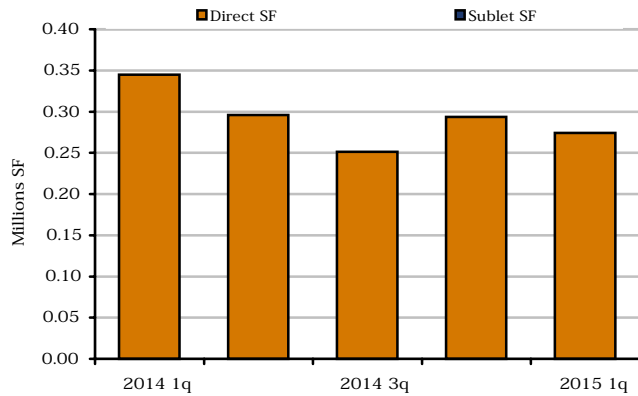
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

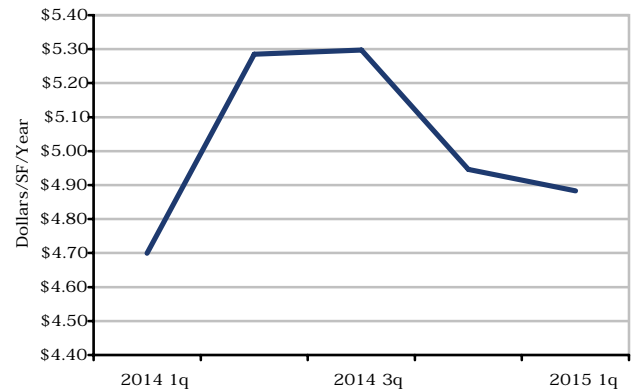
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	182	3,608,133	274,235	7.6%	19,410	0	0	0	0	\$4.88
2014 4q	182	3,608,133	293,645	8.1%	(42,447)	0	0	0	0	\$4.95
2014 3q	182	3,608,133	251,198	7.0%	44,600	0	0	0	0	\$5.30
2014 2q	182	3,608,133	295,798	8.2%	49,228	0	0	0	0	\$5.29
2014 1q	182	3,608,133	345,026	9.6%	(34,535)	0	0	0	0	\$4.70
2013 4q	182	3,608,133	310,491	8.6%	57,787	0	0	0	0	\$4.30
2013 3q	182	3,608,133	368,278	10.2%	10,496	0	0	0	0	\$4.17
2013 2q	182	3,608,133	378,774	10.5%	53,282	0	0	0	0	\$4.09
2013 1q	182	3,608,133	432,056	12.0%	(15,020)	0	0	0	0	\$3.93
2012 4q	182	3,608,133	417,036	11.6%	(1,635)	0	0	0	0	\$3.87
2012 3q	182	3,608,133	415,401	11.5%	(32,822)	0	0	0	0	\$3.37
2012 2q	182	3,608,133	382,579	10.6%	57,551	0	0	0	0	\$3.11
2012 1q	182	3,608,133	440,130	12.2%	32,020	0	0	0	0	\$3.13
2011 4q	182	3,608,133	472,150	13.1%	(19,290)	0	0	0	0	\$3.04
2011 3q	182	3,608,133	452,860	12.6%	28,244	0	0	0	0	\$3.06
2011 2q	182	3,608,133	481,104	13.3%	22,631	0	0	0	0	\$3.22

Source: CoStar Property®

Asheville Industrial Market

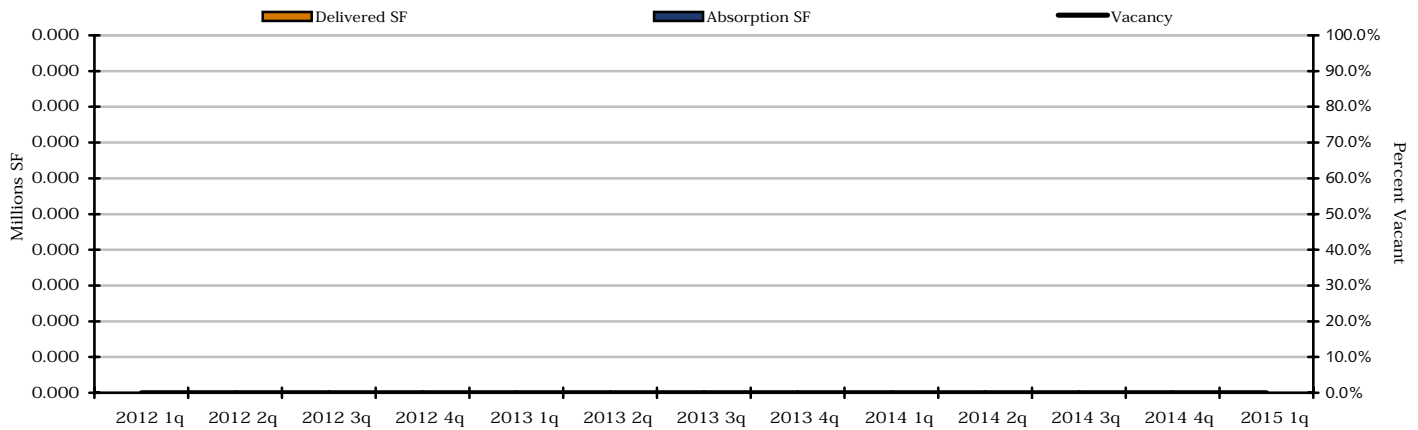


Downtown Asheville Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

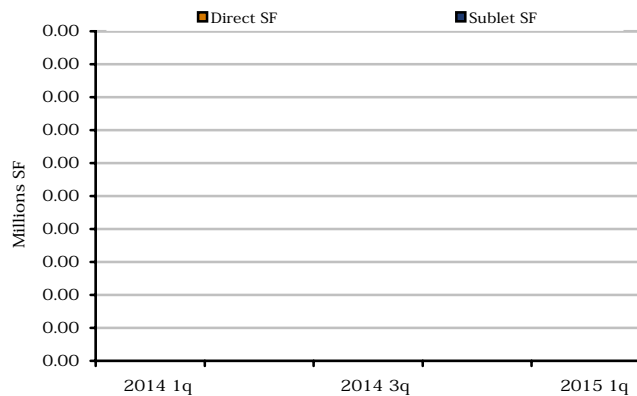
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

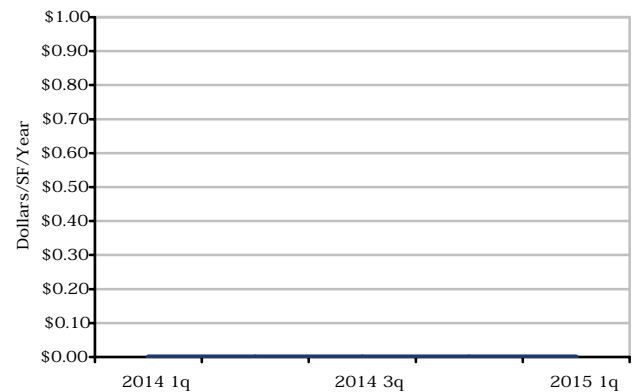
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2014 4q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2014 3q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2014 2q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2014 1q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2013 4q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2013 3q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2013 2q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2013 1q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2012 4q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2012 3q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2012 2q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2012 1q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2011 4q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2011 3q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2011 2q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00

Source: CoStar Property®



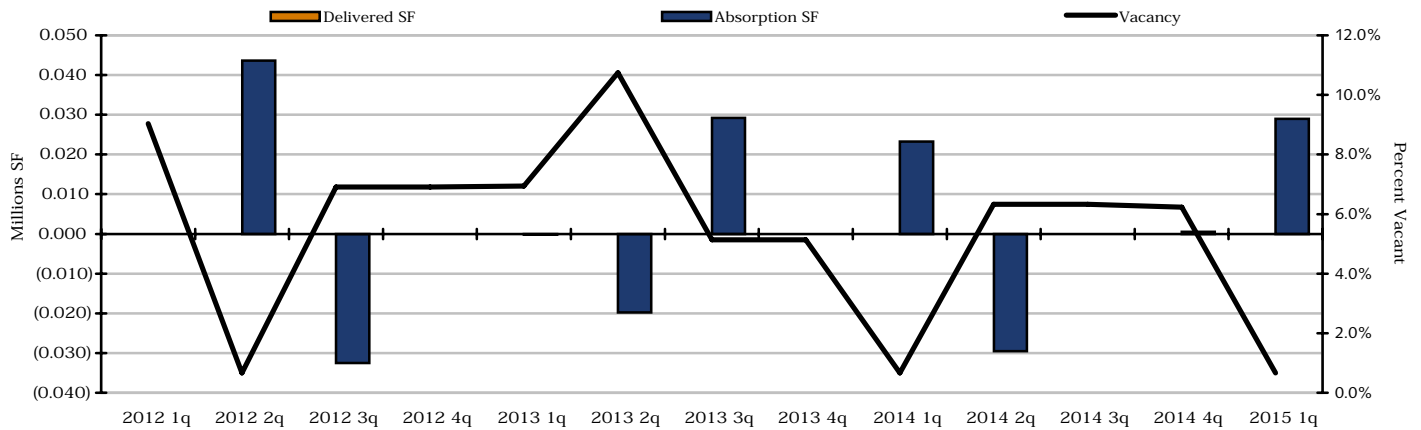
Asheville Industrial Market

East Asheville Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

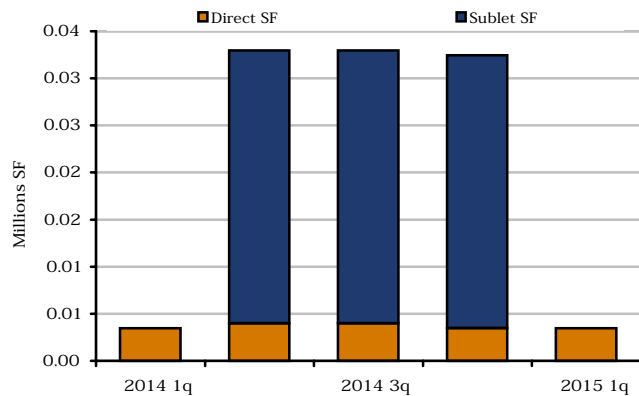
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

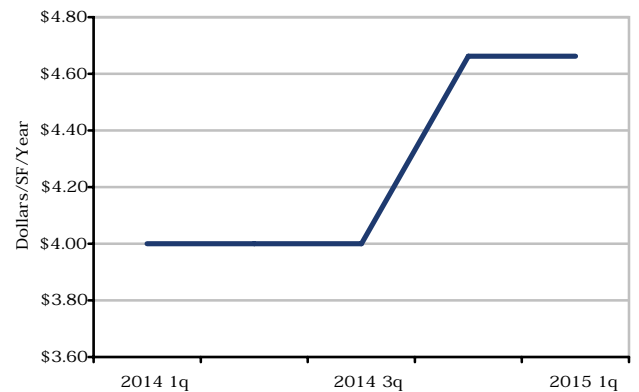
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	21	520,629	3,459	0.7%	29,000	0	0	0	0	\$4.66
2014 4q	21	520,629	32,459	6.2%	500	0	0	0	0	\$4.66
2014 3q	21	520,629	32,959	6.3%	0	0	0	0	0	\$4.00
2014 2q	21	520,629	32,959	6.3%	(29,500)	0	0	0	0	\$4.00
2014 1q	21	520,629	3,459	0.7%	23,288	0	0	0	0	\$4.00
2013 4q	21	520,629	26,747	5.1%	0	0	0	0	0	\$4.00
2013 3q	21	520,629	26,747	5.1%	29,200	0	0	0	0	\$4.50
2013 2q	21	520,629	55,947	10.7%	(19,788)	0	0	0	0	\$4.50
2013 1q	21	520,629	36,159	6.9%	(200)	0	0	0	0	\$4.50
2012 4q	21	520,629	35,959	6.9%	0	0	0	0	0	\$3.37
2012 3q	21	520,629	35,959	6.9%	(32,500)	0	0	0	0	\$3.37
2012 2q	21	520,629	3,459	0.7%	43,600	0	0	0	0	\$3.37
2012 1q	21	520,629	47,059	9.0%	0	0	0	0	0	\$3.37
2011 4q	21	520,629	47,059	9.0%	6,141	0	0	0	0	\$3.53
2011 3q	21	520,629	53,200	10.2%	29,600	0	0	0	0	\$3.51
2011 2q	21	520,629	82,800	15.9%	400	0	0	0	0	\$3.51

Source: CoStar Property®

Asheville Industrial Market

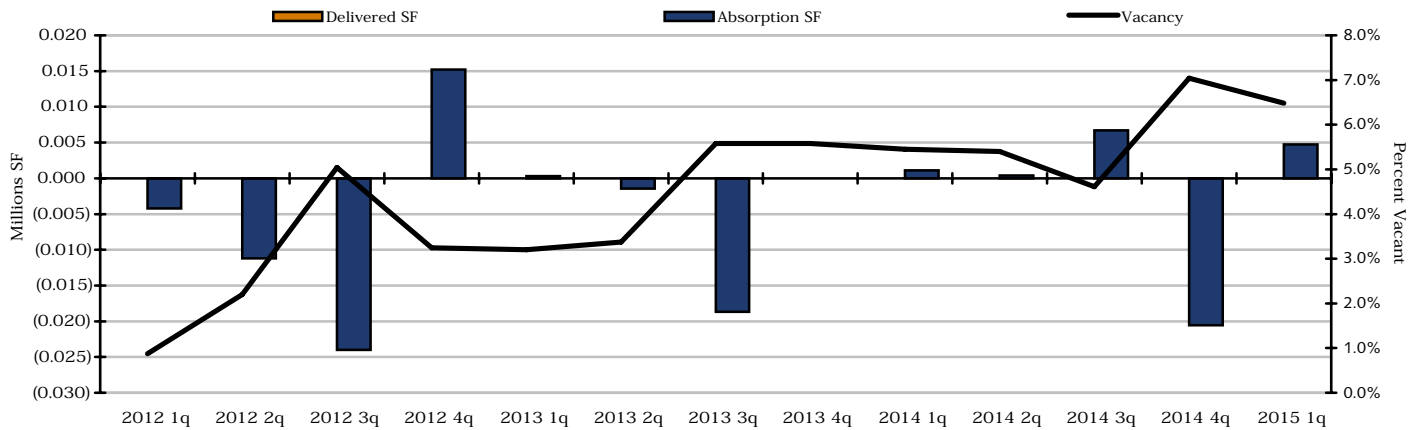


Haywood County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

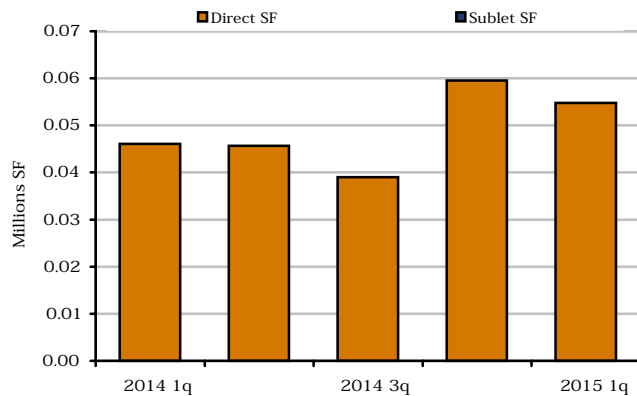
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

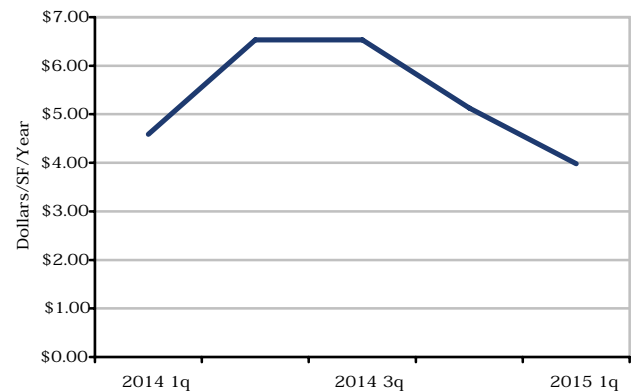
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	45	845,486	54,788	6.5%	4,749	0	0	0	0	\$3.98
2014 4q	45	845,486	59,537	7.0%	(20,560)	0	0	0	0	\$5.13
2014 3q	45	845,486	38,977	4.6%	6,700	0	0	0	0	\$6.53
2014 2q	45	845,486	45,677	5.4%	400	0	0	0	0	\$6.53
2014 1q	45	845,486	46,077	5.4%	1,100	0	0	0	0	\$4.59
2013 4q	45	845,486	47,177	5.6%	0	0	0	0	0	\$4.59
2013 3q	45	845,486	47,177	5.6%	(18,661)	0	0	0	0	\$4.70
2013 2q	45	845,486	28,516	3.4%	(1,420)	0	0	0	0	\$4.70
2013 1q	45	845,486	27,096	3.2%	312	0	0	0	0	\$4.84
2012 4q	45	845,486	27,408	3.2%	15,200	0	0	0	0	\$4.74
2012 3q	45	845,486	42,608	5.0%	(24,000)	0	0	0	0	\$4.71
2012 2q	45	845,486	18,608	2.2%	(11,200)	0	0	0	0	\$8.62
2012 1q	45	845,486	7,408	0.9%	(4,208)	0	0	0	0	\$6.94
2011 4q	45	845,486	3,200	0.4%	1,000	0	0	0	0	\$4.62
2011 3q	45	845,486	4,200	0.5%	400	0	0	0	0	\$4.62
2011 2q	45	845,486	4,600	0.5%	30,490	0	0	0	0	\$4.62

Source: CoStar Property®



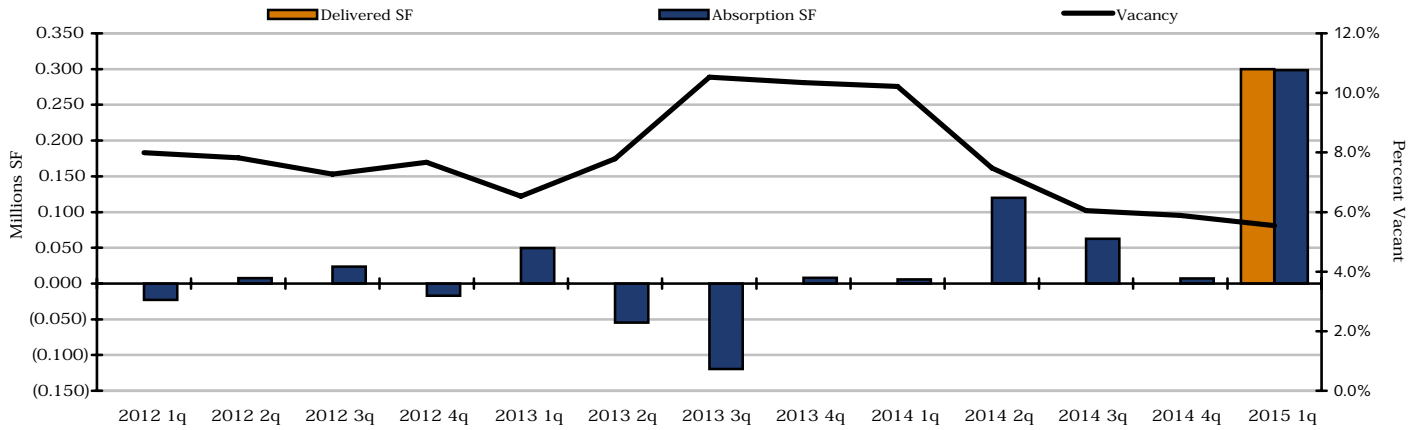
Asheville Industrial Market

Henderson County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

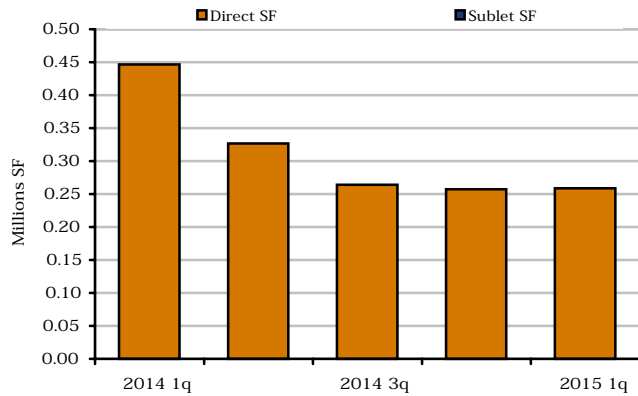
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

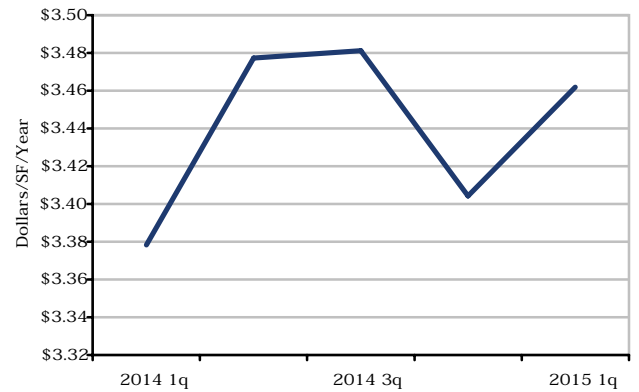
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	149	4,671,533	258,725	5.5%	298,505	1	300,000	1	60,000	\$3.46
2014 4q	148	4,371,533	257,230	5.9%	7,018	0	0	1	300,000	\$3.40
2014 3q	148	4,371,533	264,248	6.0%	62,418	0	0	1	300,000	\$3.48
2014 2q	148	4,371,533	326,666	7.5%	119,908	0	0	0	0	\$3.48
2014 1q	148	4,371,533	446,574	10.2%	5,740	0	0	0	0	\$3.38
2013 4q	148	4,371,533	452,314	10.3%	7,860	0	0	0	0	\$3.42
2013 3q	148	4,371,533	460,174	10.5%	(119,690)	0	0	0	0	\$3.82
2013 2q	148	4,371,533	340,484	7.8%	(54,846)	0	0	0	0	\$3.58
2013 1q	148	4,371,533	285,638	6.5%	49,757	0	0	0	0	\$3.48
2012 4q	148	4,371,533	335,395	7.7%	(17,262)	0	0	0	0	\$3.56
2012 3q	148	4,371,533	318,133	7.3%	23,621	0	0	0	0	\$3.36
2012 2q	148	4,371,533	341,754	7.8%	7,529	0	0	0	0	\$3.33
2012 1q	148	4,371,533	349,283	8.0%	(23,094)	0	0	0	0	\$3.55
2011 4q	148	4,371,533	326,189	7.5%	797	0	0	0	0	\$3.45
2011 3q	148	4,371,533	326,986	7.5%	77,604	0	0	0	0	\$3.45
2011 2q	148	4,371,533	404,590	9.3%	28,060	0	0	0	0	\$3.22

Source: CoStar Property®

Asheville Industrial Market

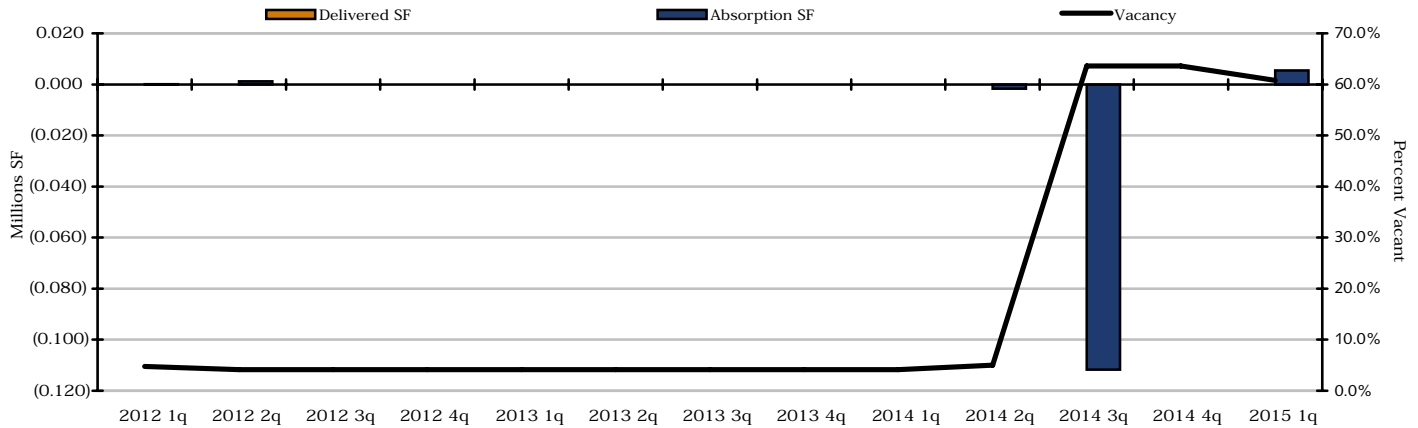


Madison County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

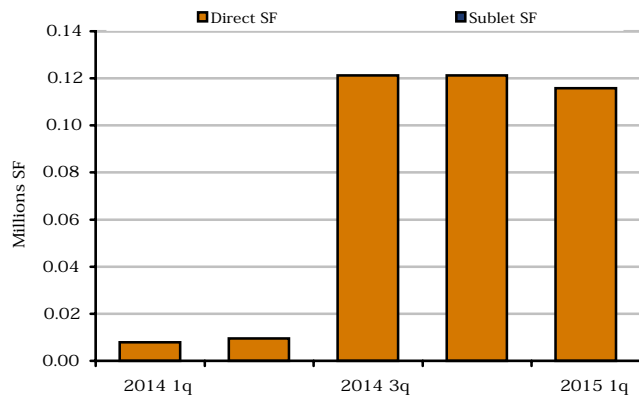
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

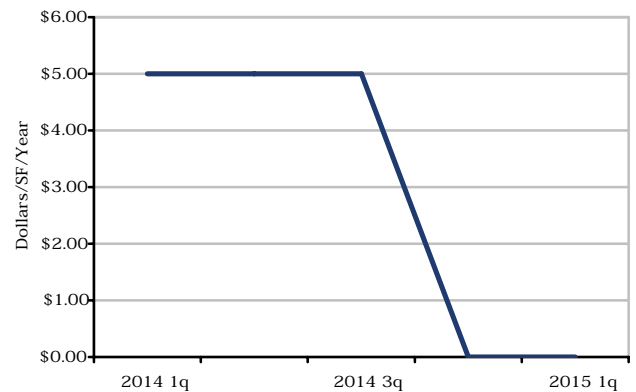
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	6	190,674	115,860	60.8%	5,400	0	0	0	0	\$0.00
2014 4q	6	190,674	121,260	63.6%	0	0	0	0	0	\$0.00
2014 3q	6	190,674	121,260	63.6%	(111,685)	0	0	0	0	\$5.00
2014 2q	6	190,674	9,575	5.0%	(1,660)	0	0	0	0	\$5.00
2014 1q	6	190,674	7,915	4.2%	0	0	0	0	0	\$5.00
2013 4q	6	190,674	7,915	4.2%	0	0	0	0	0	\$5.00
2013 3q	6	190,674	7,915	4.2%	0	0	0	0	0	\$5.00
2013 2q	6	190,674	7,915	4.2%	0	0	0	0	0	\$5.00
2013 1q	6	190,674	7,915	4.2%	0	0	0	0	0	\$5.00
2012 4q	6	190,674	7,915	4.2%	0	0	0	0	0	\$5.00
2012 3q	6	190,674	7,915	4.2%	0	0	0	0	0	\$5.00
2012 2q	6	190,674	7,915	4.2%	1,200	0	0	0	0	\$5.00
2012 1q	6	190,674	9,115	4.8%	100	0	0	0	0	\$0.00
2011 4q	6	190,674	9,215	4.8%	(300)	0	0	0	0	\$0.00
2011 3q	6	190,674	8,915	4.7%	0	0	0	0	0	\$0.00
2011 2q	6	190,674	8,915	4.7%	200	0	0	0	0	\$8.00

Source: CoStar Property®



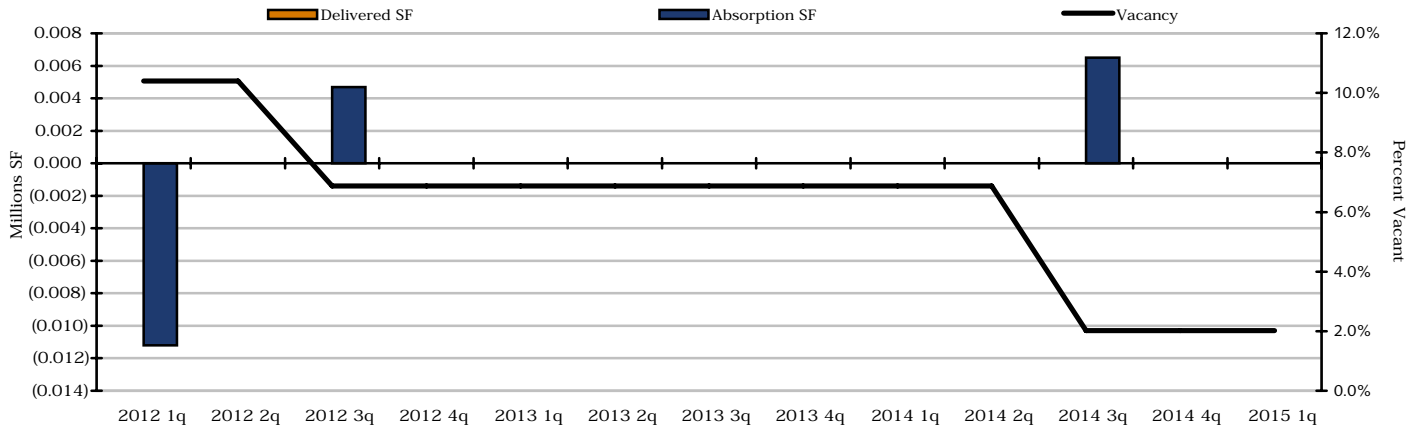
Asheville Industrial Market

North Asheville Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

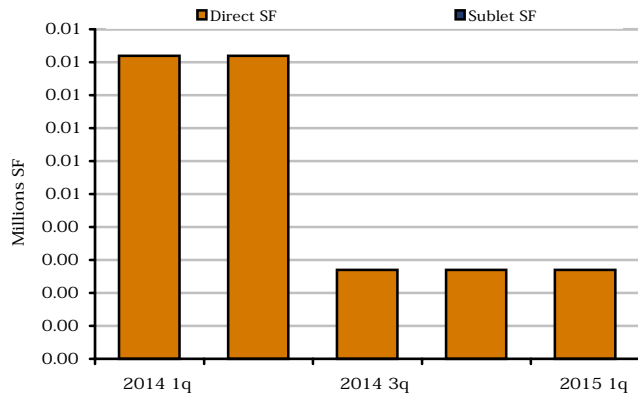
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

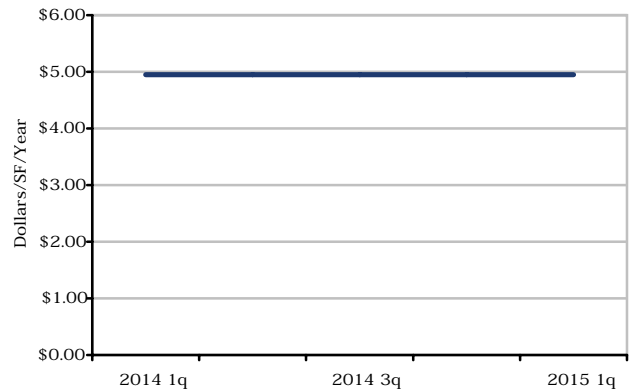
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	11	133,654	2,700	2.0%	0	0	0	0	0	\$4.95
2014 4q	11	133,654	2,700	2.0%	0	0	0	0	0	\$4.95
2014 3q	11	133,654	2,700	2.0%	6,496	0	0	0	0	\$4.95
2014 2q	11	133,654	9,196	6.9%	0	0	0	0	0	\$4.95
2014 1q	11	133,654	9,196	6.9%	0	0	0	0	0	\$4.95
2013 4q	11	133,654	9,196	6.9%	0	0	0	0	0	\$4.95
2013 3q	11	133,654	9,196	6.9%	0	0	0	0	0	\$4.95
2013 2q	11	133,654	9,196	6.9%	0	0	0	0	0	\$4.95
2013 1q	11	133,654	9,196	6.9%	0	0	0	0	0	\$4.95
2012 4q	11	133,654	9,196	6.9%	0	0	0	0	0	\$4.95
2012 3q	11	133,654	9,196	6.9%	4,700	0	0	0	0	\$4.95
2012 2q	11	133,654	13,896	10.4%	0	0	0	0	0	\$6.10
2012 1q	11	133,654	13,896	10.4%	(11,196)	0	0	0	0	\$6.10
2011 4q	11	133,654	2,700	2.0%	0	0	0	0	0	\$4.50
2011 3q	11	133,654	2,700	2.0%	7,500	0	0	0	0	\$6.35
2011 2q	11	133,654	10,200	7.6%	(2,100)	0	0	0	0	\$6.35

Source: CoStar Property®

Asheville Industrial Market

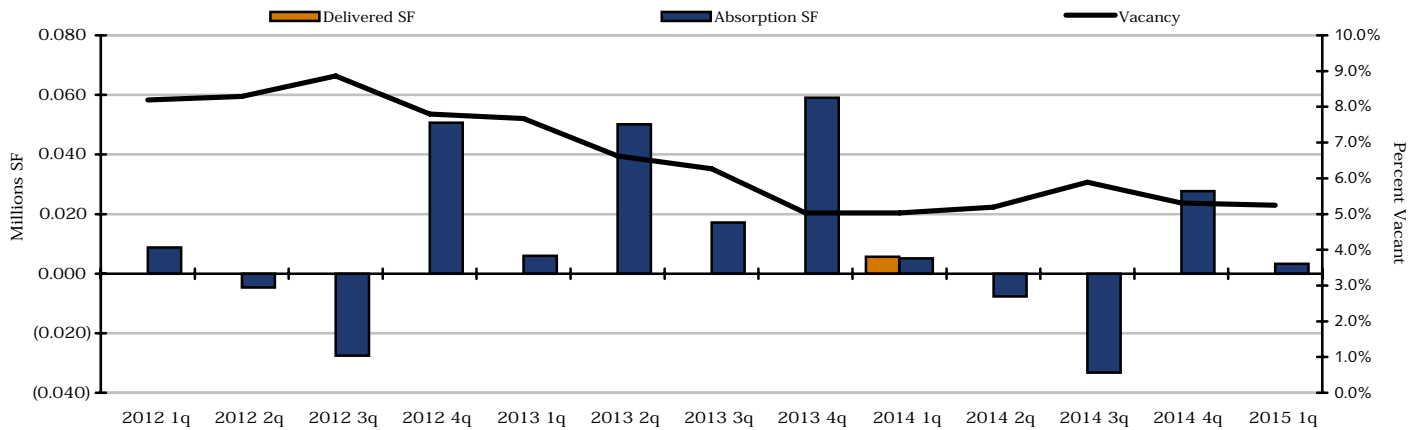


S Asheville / Royal Pines Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

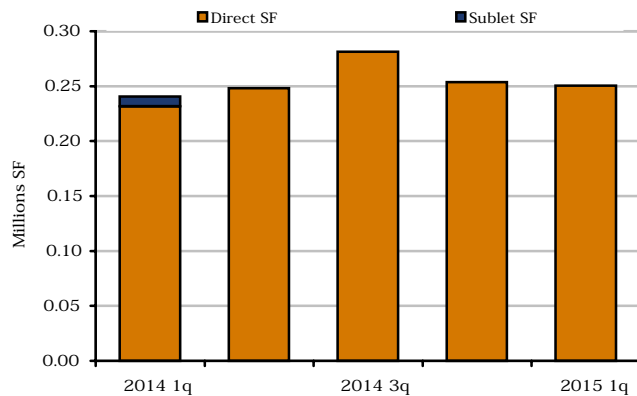
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

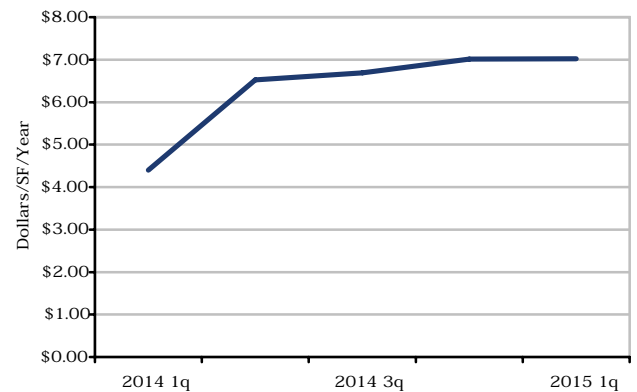
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	148	4,777,042	250,408	5.2%	3,300	0	0	0	0	\$7.02
2014 4q	148	4,777,042	253,708	5.3%	27,660	0	0	0	0	\$7.01
2014 3q	148	4,777,042	281,368	5.9%	(33,233)	0	0	0	0	\$6.69
2014 2q	148	4,777,042	248,135	5.2%	(7,668)	0	0	0	0	\$6.53
2014 1q	148	4,777,042	240,467	5.0%	5,087	1	5,636	0	0	\$4.40
2013 4q	147	4,771,406	239,918	5.0%	59,075	0	0	1	5,636	\$4.61
2013 3q	147	4,771,406	298,993	6.3%	17,119	0	0	0	0	\$5.45
2013 2q	147	4,771,406	316,112	6.6%	50,130	0	0	0	0	\$5.40
2013 1q	147	4,771,406	366,242	7.7%	6,014	0	0	0	0	\$5.31
2012 4q	147	4,771,406	372,256	7.8%	50,667	0	0	0	0	\$5.47
2012 3q	147	4,771,406	422,923	8.9%	(27,532)	0	0	0	0	\$5.34
2012 2q	147	4,771,406	395,391	8.3%	(4,653)	0	0	0	0	\$5.43
2012 1q	147	4,771,406	390,738	8.2%	8,751	0	0	0	0	\$5.69
2011 4q	147	4,771,406	399,489	8.4%	(22,926)	0	0	0	0	\$5.83
2011 3q	147	4,771,406	376,563	7.9%	489,658	0	0	0	0	\$5.08
2011 2q	147	4,771,406	866,221	18.2%	(100,791)	0	0	0	0	\$5.20

Source: CoStar Property®



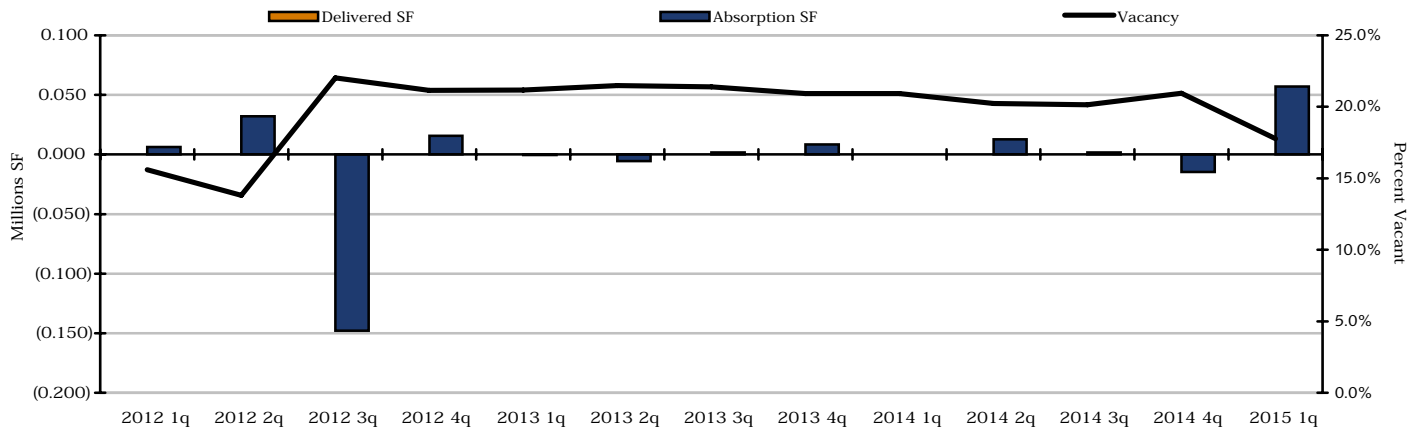
Asheville Industrial Market

West Asheville Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

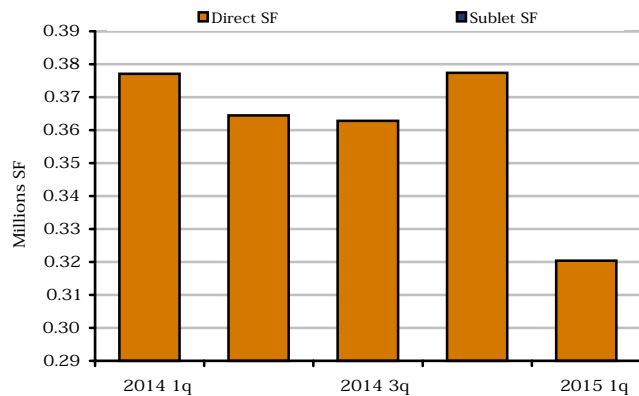
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

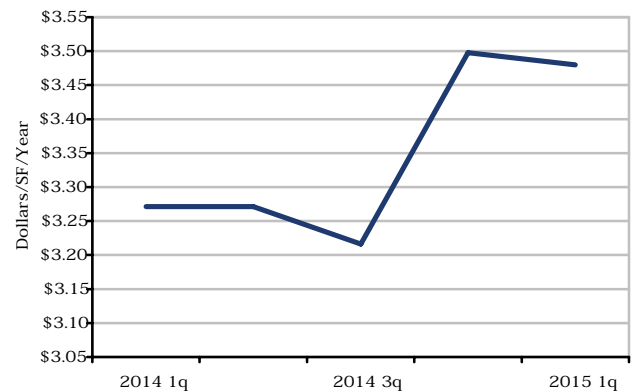
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 1q	51	1,801,634	320,351	17.8%	57,060	0	0	2	273,000	\$3.48
2014 4q	51	1,801,634	377,411	20.9%	(14,579)	0	0	2	273,000	\$3.50
2014 3q	51	1,801,634	362,832	20.1%	1,600	0	0	2	273,000	\$3.22
2014 2q	51	1,801,634	364,432	20.2%	12,679	0	0	2	273,000	\$3.27
2014 1q	51	1,801,634	377,111	20.9%	0	0	0	0	0	\$3.27
2013 4q	51	1,801,634	377,111	20.9%	8,331	0	0	0	0	\$3.13
2013 3q	51	1,801,634	385,442	21.4%	1,600	0	0	0	0	\$3.11
2013 2q	51	1,801,634	387,042	21.5%	(5,600)	0	0	0	0	\$2.87
2013 1q	51	1,801,634	381,442	21.2%	(400)	0	0	0	0	\$3.05
2012 4q	51	1,801,634	381,042	21.1%	15,700	0	0	0	0	\$2.95
2012 3q	51	1,801,634	396,742	22.0%	(147,879)	0	0	0	0	\$3.00
2012 2q	51	1,801,634	248,863	13.8%	32,117	0	0	0	0	\$4.40
2012 1q	51	1,801,634	280,980	15.6%	6,169	0	0	0	0	\$4.40
2011 4q	51	1,801,634	287,149	15.9%	(16,600)	0	0	0	0	\$4.55
2011 3q	51	1,801,634	270,549	15.0%	44,700	0	0	0	0	\$4.48
2011 2q	51	1,801,634	315,249	17.5%	140,245	0	0	0	0	\$4.43

Source: CoStar Property®