

The CoStar Office Report

First Quarter 2015

Asheville Office 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	
Figures at a Glance	7
Figures at a Glance by Class & Market	
Historical Figures at a Glance	
Leasing Activity Analysis	10
Select Top Lease Transactions	
Analysis of Individual CoStar Submarket Clusters	12
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 Office Report, unless specifically stated otherwise, calculates office statistics using CoStar Group's entire database of existing and under construction office buildings in each metropolitan area. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-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 Office Report have been converted to a Full Service equivalent rental rate.

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 certifi-

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 6.2% Net Absorption Positive 54,262 SF in the Quarter

The Asheville Office market ended the first quarter 2015 with a vacancy rate of 6.2%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 54,262 square feet in the first quarter. Vacant sublease space remained unchanged in the quarter, ending at 26,359 square feet. Rental rates ended the first quarter at \$16.25, a decrease over the previous quarter. There was 174,000 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Asheville office market was positive 54,262 square feet in the first quarter 2015. That compares to negative (25,541) square feet in the fourth quarter 2014, positive 55,433 square feet in the third quarter, and positive 77,509 square feet in the second quarter.

Tenants moving into blocks of space in 2015 include: Smoky Mountain LME/MCO moving into 31,485 square feet at 200 Ridgefield Court; Geriatric Practice Management moving into 9,262 square feet at 18 Biltmore Ave; and County of Buncombe moving into 5,572 square feet at 53 South French Broad Ave.

The Class-A office market recorded net absorption of positive 896 square feet in the first quarter 2015, compared to negative (3,593) square feet in the fourth quarter 2014, negative (10,393) in the third quarter, and negative (6,003) in the second quarter.

The Class-B office market recorded net absorption of positive 41,660 square feet in the first quarter 2015, compared to negative (18,688) square feet in the fourth quarter 2014, positive 65,598 in the third quarter, and positive 38,404 in the second quarter.

The Class-C office market recorded net absorption of positive 11,706 square feet in the first quarter 2015 compared to negative (3,260) square feet in the fourth quarter 2014, positive 228 in the third quarter, and positive 45,108 in the second quarter.

Vacancy

The office vacancy rate in the Asheville market area decreased to 6.2% at the end of the first quarter 2015. The vacancy rate was 6.7% at the end of the fourth quarter 2014, 6.4% at the end of the third quarter, and 6.3% at the end of the second quarter.

Class-A projects reported a vacancy rate of 5.8% at the end of the first quarter 2015, 5.9% at the end of the fourth quarter 2014, 5.4% at the end of the third quarter, and 4.0% at the end of the second quarter.

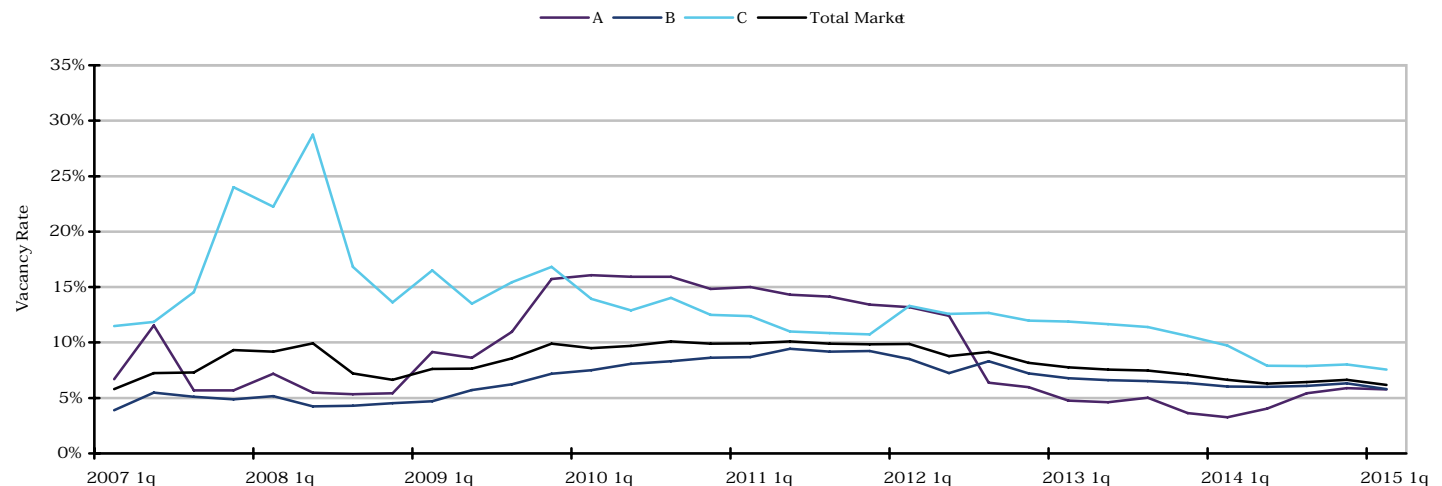
Class-B projects reported a vacancy rate of 5.8% at the end of the first quarter 2015, 6.3% at the end of the fourth quarter 2014, 6.1% at the end of the third quarter, and 6.0% at the end of the second quarter.

Class-C projects reported a vacancy rate of 7.6% at the end of the first quarter 2015, 8.0% at the end of fourth quarter 2014, 7.9% at the end of the third quarter, and 7.9% at the end of the second quarter.

Lease Signings

Lease signings occurring in 2015 included: the 9,262-square-foot lease signed by Geriatric Practice Management at 18 Biltmore Ave in the Downtown Asheville market; the 5,572-square-foot deal signed by County of Buncombe at 53 South French Broad Ave. in the Central Asheville market; and the

Vacancy Rates by Class 2007-2015



Source: CoStar Property®



Asheville Office Market

Overview

3,314-square-foot lease signed by Carolina Partners in Mental Health at Ridgefield III.

Sublease Vacancy

The amount of vacant sublease space in the Asheville market stayed the same at 26,359 square feet in the first quarter 2015 and the third and fourth quarters 2014. There was 11,799 square feet at the end of the second quarter 2014.

Asheville’s Class-A projects reported zero vacant sublease space over the last four quarters.

Class-B projects reported vacant sublease space of 3,093 square feet at the end of the first quarter 2015 and at the end of the fourth quarter 2014. At the end of the second and third quarter there were 11,799 square feet vacant.

Class-C projects reported no vacant sublease space from the fourth quarter 2014 to the first quarter 2015. Sublease vacancy remained 23,266 square feet during that time. There was 17,266 square feet at the end of the third quarter and zero square feet at the end of the second quarter.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$16.25 per square foot per year at the end of the first quarter 2015 in the Asheville market area. This represented a 0.7% decrease in quoted rental rates from the end of the fourth quarter 2014, when rents were reported at \$16.36 per square foot.

The average quoted rate within the Class-A sector was \$22.41 at the end of the first quarter 2015, while Class-B rates

stood at \$15.82. At the end of the fourth quarter 2014, Class-A rates were \$22.51 per square foot and Class-B rates were \$15.88.

Deliveries and Construction

During the first quarter 2015, no new space was completed in the Asheville market area. One building totaling 75,652 square feet completed in the third quarter 2014, and 39,994 square feet in one building completed in the second quarter 2014.

There were 174,000 square feet of office space under construction at the end of the first quarter 2015.

The largest projects underway at the end of first quarter 2015 were Health Sciences Center, a 90,000-square-foot building with 100% of its space pre-leased, and City Centre, an 84,000-square-foot facility that is 100% pre-leased.

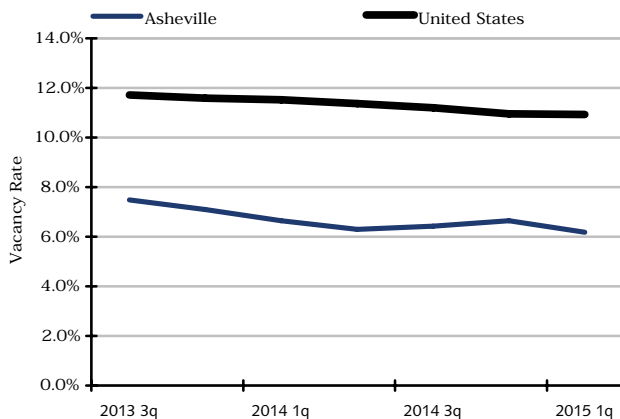
Inventory

Total office inventory in the Asheville market area amounted to 11,387,590 square feet in 1,183 buildings as of the end of the first quarter 2015. The Class-A office sector consisted of 759,270 square feet in twelve projects. There were 802 Class-B buildings totaling 8,153,763 square feet, and the Class-C sector consisted of 2,474,557 square feet in 369 buildings. Within the Office market there were 24 owner-occupied buildings accounting for 442,535 square feet of office space.

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

U.S. Vacancy Comparison

Past 7 Quarters



Source: CoStar Property®

Asheville Office Market



Markets

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

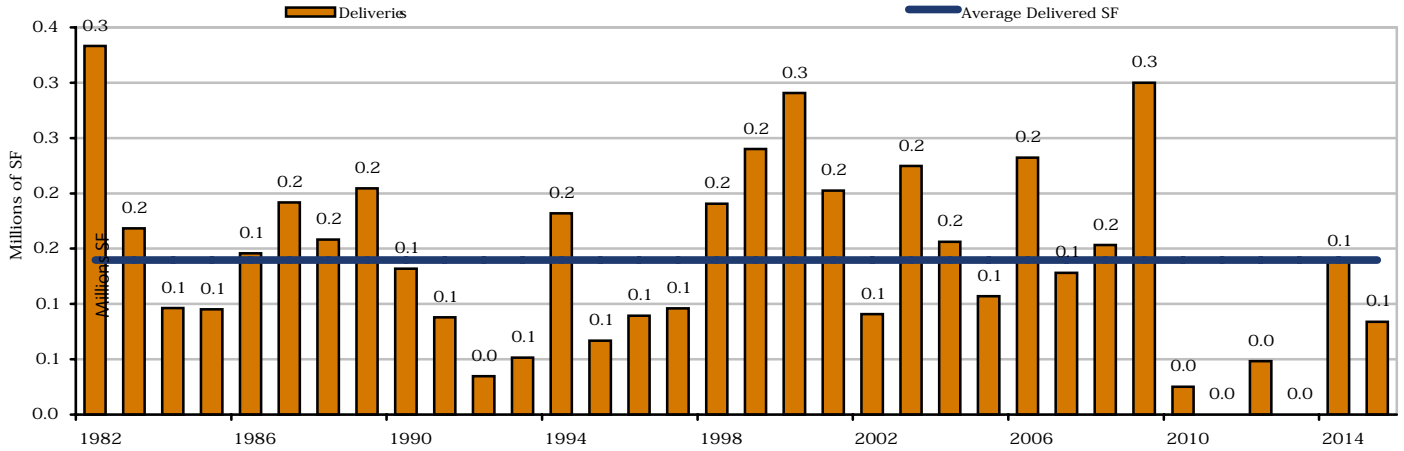


Asheville Office Market

Inventory & development

Historical Deliveries

1982 - 2015



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

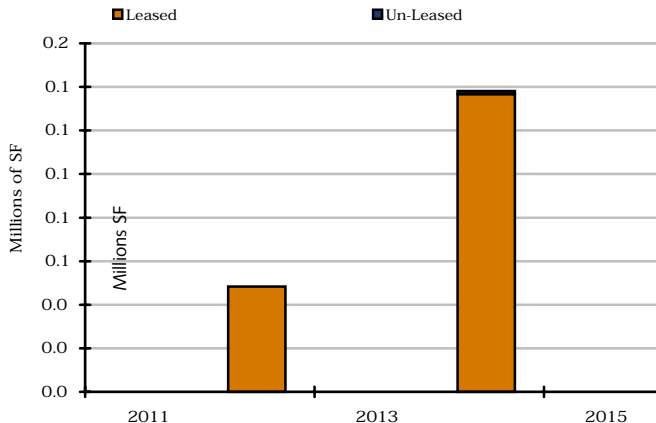
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Henderson County	1	90,000	90,000	100.0%	6,564	90,000
Downtown Asheville	1	84,000	84,000	100.0%	29,360	84,000
Madison County	0	0	0	0.0%	4,191	0
Central Asheville	0	0	0	0.0%	10,997	0
East Asheville	0	0	0	0.0%	5,369	0
North Asheville	0	0	0	0.0%	6,820	0
S Asheville/Royal Pines	0	0	0	0.0%	14,069	0
West Asheville	0	0	0	0.0%	5,843	0
Haywood County	0	0	0	0.0%	6,335	0
Buncombe County	0	0	0	0.0%	6,821	0
Totals	2	174,000	174,000	100.0%	9,626	87,000

Source: CoStar Property®

Recent Deliveries

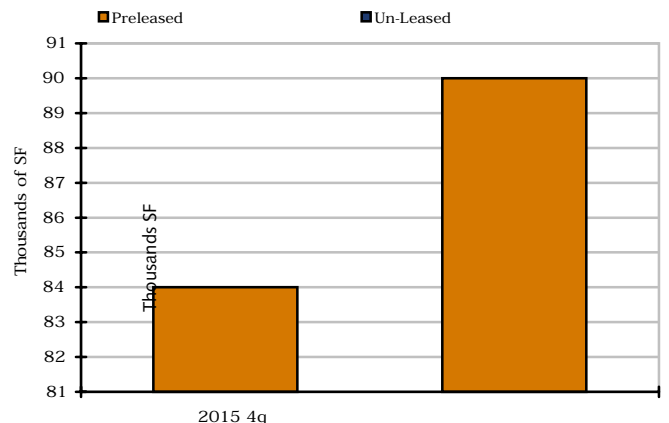
Leased & Un-Leased SF in Deliveries Since 2011



Source: CoStar Property®

Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

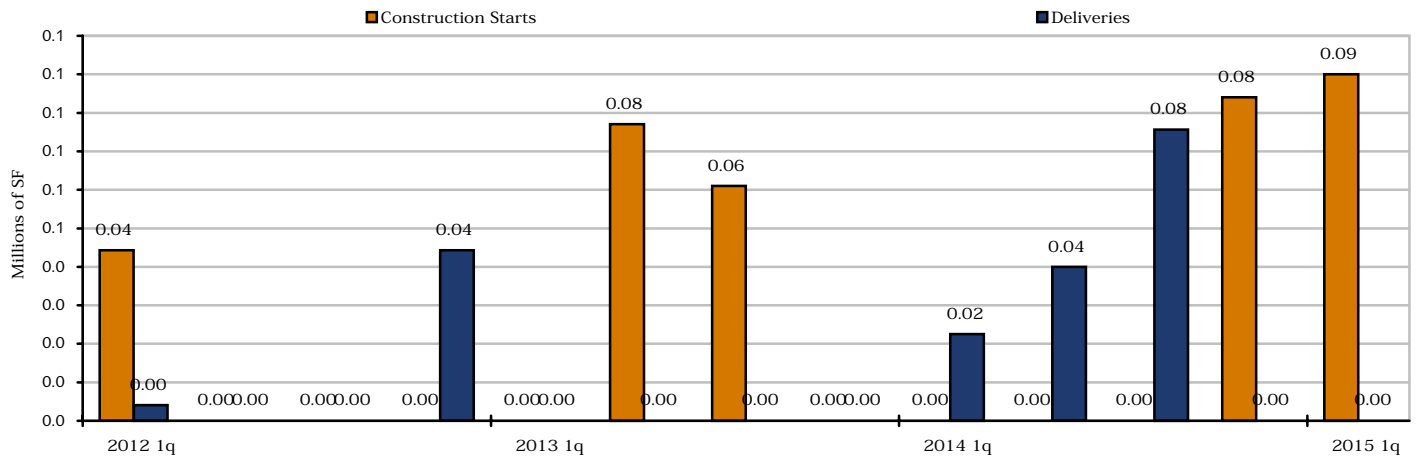
Asheville Office Market



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

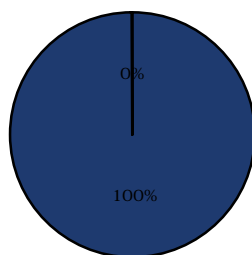
Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	0	0	0	0.0%	\$0.00	0	0
50,000 SF - 99,999 SF	0	0	0	0.0%	\$0.00	0	0
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi Tenant Use

No 2015 Deliveries Currently Under Construction



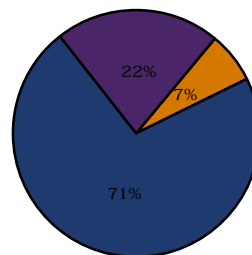
■ Multi ■ Single

Source: CoStar Property®

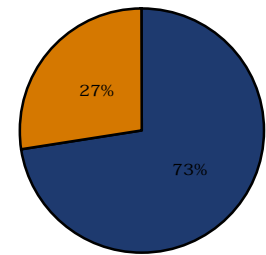
Existing Inventory Comparison

Based on Total RBA

By Class By Space Type



■ Class A ■ Class B ■ Class C



■ Multi ■ Single

Source: CoStar Property®



Select Top Under Construction Properties

Based on Project Square Footage

1. Health Sciences Center

Submarket: **Henderson County**
 RBA: **90,000**
 # Floors: **3**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **First Quarter 2015**
 Deliv Date: **Third Quarter 2016**
 Leasing Co: **Henderson County**
 Developer: **Vannoy Construction**
 Architect: **Clark Nexsen**

2. City Centre

Submarket: **Downtown Asheville**
 RBA: **84,000**
 # Floors: **4**
 Class: **B**
 Preleased: **78%**
 Quoted Rate: **Negotiable**
 Grnd Brk Date: **Fourth Quarter 2014**
 Deliv Date: **Second Quarter 2016**
 Leasing Co: **Spake Real Estate**
 Developer: **Pulliam Properties**
 Architect: **Clark Nexsen**

Asheville Office Market



Figures at a Glance

Class A 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	1	26,125	0	0	0.0%	0	0	0	\$16.00
Central Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Downtown Asheville	5	423,326	6,564	6,564	1.6%	0	0	0	\$25.80
East Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Haywood County	0	0	0	0	0.0%	0	0	0	\$0.00
Henderson County	0	0	0	0	0.0%	0	0	0	\$0.00
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	1	50,000	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	5	259,819	37,226	37,226	14.3%	896	0	0	\$25.60
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	12	759,270	43,790	43,790	5.8%	896	0	0	\$22.41

Source: CoStar Property®

Class B 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	84	714,642	49,629	49,629	6.9%	2,057	0	0	\$18.14
Central Asheville	163	2,004,703	82,031	84,458	4.2%	25,728	0	0	\$14.44
Downtown Asheville	51	1,227,268	83,339	84,005	6.8%	4,575	0	84,000	\$18.79
East Asheville	16	101,566	0	0	0.0%	0	0	0	\$0.00
Haywood County	33	252,349	49,198	49,198	19.5%	2,400	0	0	\$15.67
Henderson County	128	750,018	69,783	69,783	9.3%	4,578	0	90,000	\$10.62
Madison County	3	20,350	0	0	0.0%	0	0	0	\$0.00
North Asheville	117	776,234	45,594	45,594	5.9%	(1,518)	0	0	\$14.12
S Asheville/Royal Pines	142	1,924,642	76,803	76,803	4.0%	3,840	0	0	\$16.02
West Asheville	65	381,991	13,011	13,011	3.4%	0	0	0	\$8.81
Totals	802	8,153,763	469,388	472,481	5.8%	41,660	0	174,000	\$15.82

Source: CoStar Property®



Asheville Office Market

Figures at a Glance

Class C 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	60	248,317	3,500	3,500	1.4%	0	0	0	\$11.57
Central Asheville	75	612,494	10,822	10,822	1.8%	7,726	0	0	\$13.89
Downtown Asheville	6	169,746	15,589	15,589	9.2%	0	0	0	\$10.82
East Asheville	5	11,180	0	0	0.0%	0	0	0	\$0.00
Haywood County	59	330,507	90,454	90,454	27.4%	3,799	0	0	\$8.95
Henderson County	87	661,307	31,478	48,744	7.4%	(1,765)	0	0	\$10.30
Madison County	8	25,749	1,104	1,104	4.3%	196	0	0	\$0.00
North Asheville	21	121,702	6,534	12,534	10.3%	1,750	0	0	\$14.70
S Asheville/Royal Pines	16	108,750	0	0	0.0%	0	0	0	\$24.76
West Asheville	32	184,805	4,084	4,084	2.2%	0	0	0	\$12.53
Totals	369	2,474,557	163,565	186,831	7.6%	11,706	0	0	\$16.15

Source: CoStar Property®

Total Office 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	145	989,084	53,129	53,129	5.4%	2,057	0	0	\$16.59
Central Asheville	238	2,617,197	92,853	95,280	3.6%	33,454	0	0	\$14.26
Downtown Asheville	62	1,820,340	105,492	106,158	5.8%	4,575	0	84,000	\$18.73
East Asheville	21	112,746	0	0	0.0%	0	0	0	\$0.00
Haywood County	92	582,856	139,652	139,652	24.0%	6,199	0	0	\$11.17
Henderson County	215	1,411,325	101,261	118,527	8.4%	2,813	0	90,000	\$10.53
Madison County	11	46,099	1,104	1,104	2.4%	196	0	0	\$0.00
North Asheville	139	947,936	52,128	58,128	6.1%	232	0	0	\$14.25
S Asheville/Royal Pines	163	2,293,211	114,029	114,029	5.0%	4,736	0	0	\$20.31
West Asheville	97	566,796	17,095	17,095	3.0%	0	0	0	\$10.83
Totals	1,183	11,387,590	676,743	703,102	6.2%	54,262	0	174,000	\$16.25

Source: CoStar Property®

Asheville Office Market



Figures at a Glance

Class A 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	12	759,270	43,790	43,790	5.8%	896	0	0	0	0	\$22.41
2014 4q	12	759,270	44,686	44,686	5.9%	(3,593)	0	0	0	0	\$22.51
2014 3q	12	759,270	41,093	41,093	5.4%	(10,393)	0	0	0	0	\$25.72
2014 2q	12	759,270	30,700	30,700	4.0%	(6,003)	0	0	0	0	\$24.84
2014 1q	12	759,270	24,697	24,697	3.3%	2,807	0	0	0	0	\$24.94
2013 4q	12	759,270	27,504	27,504	3.6%	10,658	0	0	0	0	\$25.93
2013 3q	12	759,270	38,162	38,162	5.0%	(3,106)	0	0	0	0	\$25.45
2013 2q	12	759,270	35,056	35,056	4.6%	1,017	0	0	0	0	\$25.51
2013 1q	12	759,270	36,073	36,073	4.8%	9,258	0	0	0	0	\$28.64
2012 4q	12	759,270	45,331	45,331	6.0%	2,986	0	0	0	0	\$28.53
2012 3q	12	759,270	47,425	48,317	6.4%	45,911	0	0	0	0	\$28.80
2012 2q	12	759,270	93,336	94,228	12.4%	5,790	0	0	0	0	\$28.59
2012 1q	12	759,270	100,018	100,018	13.2%	1,844	0	0	0	0	\$28.35
2011	12	759,270	101,862	101,862	13.4%	10,686	0	0	0	0	\$28.38
2010	12	759,270	112,548	112,548	14.8%	6,754	0	0	0	0	\$28.31
2009	12	759,270	119,302	119,302	15.7%	83,539	3	171,000	0	0	\$21.14

Source: CoStar Property®

Class B 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	802	8,153,763	469,388	472,481	5.8%	41,660	0	0	2	174,000	\$15.82
2014 4q	802	8,153,763	511,048	514,141	6.3%	(18,688)	0	0	1	84,000	\$15.88
2014 3q	802	8,153,763	483,654	495,453	6.1%	65,598	1	75,652	0	0	\$16.04
2014 2q	801	8,078,111	473,600	485,399	6.0%	38,404	1	39,994	1	75,652	\$15.81
2014 1q	800	8,038,117	470,710	483,809	6.0%	47,961	2	22,487	2	115,646	\$16.06
2013 4q	798	8,015,630	498,611	509,283	6.4%	12,387	0	0	4	138,133	\$16.91
2013 3q	798	8,015,630	519,704	521,670	6.5%	6,816	0	0	4	138,133	\$16.70
2013 2q	798	8,015,630	523,320	528,486	6.6%	14,002	0	0	2	77,092	\$16.42
2013 1q	798	8,015,630	537,988	542,488	6.8%	34,632	0	0	0	0	\$16.49
2012 4q	798	8,015,630	577,120	577,120	7.2%	129,108	1	44,332	0	0	\$16.96
2012 3q	797	7,971,298	661,896	661,896	8.3%	(84,627)	0	0	1	44,332	\$17.00
2012 2q	797	7,971,298	577,269	577,269	7.2%	100,460	0	0	1	44,332	\$15.88
2012 1q	797	7,971,298	677,729	677,729	8.5%	61,947	2	4,034	1	44,332	\$15.95
2011	795	7,967,264	735,642	735,642	9.2%	(48,394)	0	0	2	4,034	\$16.49
2010	795	7,967,264	682,398	687,248	8.6%	(91,955)	2	25,088	0	0	\$15.39
2009	793	7,942,176	562,213	570,205	7.2%	(87,666)	7	129,060	2	25,088	\$15.96

Source: CoStar Property®

Total Office Market Statistics

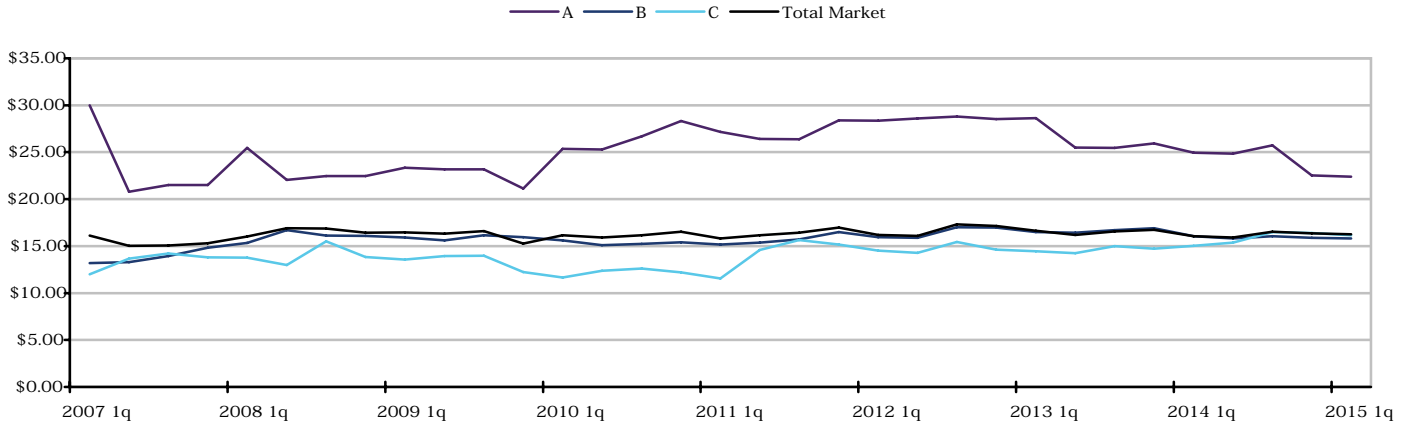
First Quarter 2015

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	1,183	11,387,590	676,743	703,102	6.2%	54,262	0	0	2	174,000	\$16.25
2014 4q	1,183	11,387,590	731,005	757,364	6.7%	(25,541)	0	0	1	84,000	\$16.36
2014 3q	1,183	11,387,590	702,758	731,823	6.4%	55,433	1	75,652	0	0	\$16.53
2014 2q	1,182	11,311,938	699,805	711,604	6.3%	77,509	1	39,994	1	75,652	\$15.90
2014 1q	1,181	11,271,944	736,020	749,119	6.6%	72,404	2	22,487	2	115,646	\$16.05
2013 4q	1,179	11,249,457	788,364	799,036	7.1%	43,004	0	0	4	138,133	\$16.74
2013 3q	1,179	11,249,457	840,074	842,040	7.5%	9,879	0	0	4	138,133	\$16.58
2013 2q	1,179	11,249,457	846,753	851,919	7.6%	20,504	0	0	2	77,092	\$16.18
2013 1q	1,179	11,249,457	867,923	872,423	7.8%	46,425	0	0	0	0	\$16.63
2012 4q	1,179	11,249,457	918,848	918,848	8.2%	149,153	1	44,332	0	0	\$17.13
2012 3q	1,178	11,205,125	1,022,777	1,023,669	9.1%	(41,042)	0	0	1	44,332	\$17.32
2012 2q	1,178	11,205,125	981,735	982,627	8.8%	124,590	0	0	1	44,332	\$16.10
2012 1q	1,178	11,205,125	1,107,217	1,107,217	9.9%	(258)	2	4,034	1	44,332	\$16.20
2011	1,176	11,201,091	1,102,925	1,102,925	9.8%	6,186	0	0	2	4,034	\$16.96
2010	1,176	11,201,091	1,104,261	1,109,111	9.9%	21,661	2	25,088	0	0	\$16.52
2009	1,174	11,176,003	1,097,692	1,105,684	9.9%	(83,046)	10	300,060	2	25,088	\$15.28

Source: CoStar Property®

Historical Rental Rates

Based on Full-Service Equivalent Rental Rates

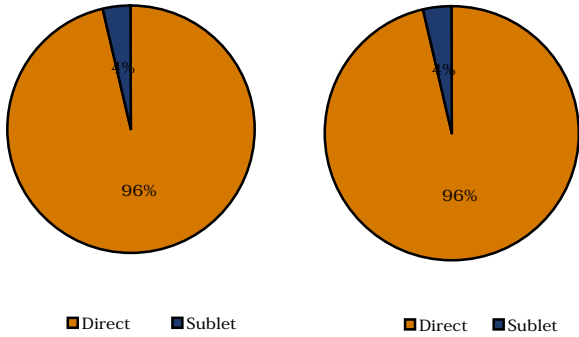


Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Asheville United States

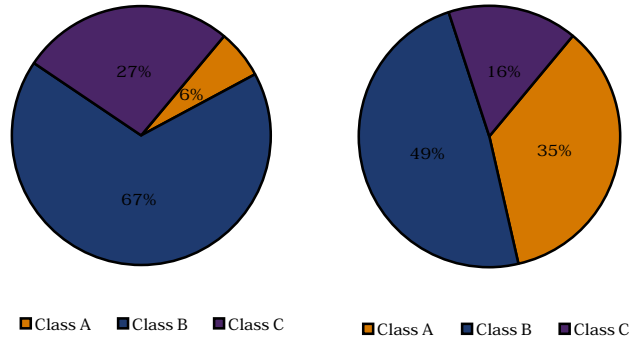


Source: CoStar Property®

Vacancy by Class

Percent of All Vacant Space by Class

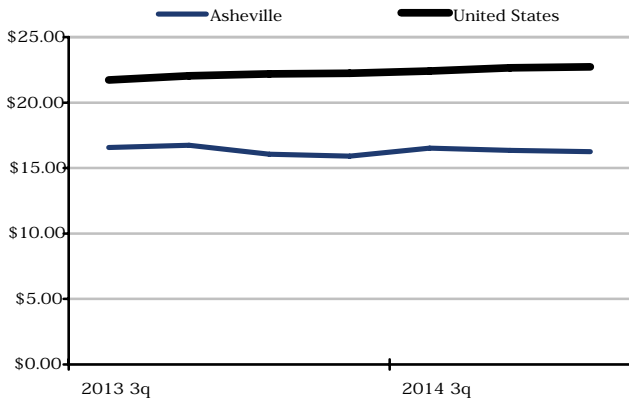
Asheville United States



Source: CoStar Property®

U.S. Rental Rate Comparison

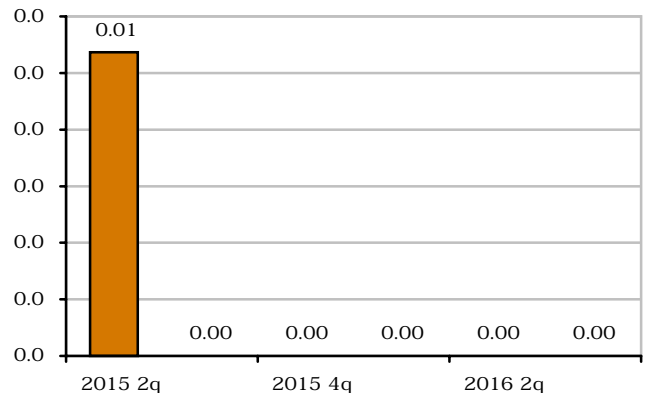
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces

Source: CoStar Property®

Asheville Office Market



Leasing Activity

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

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 18 Biltmore Ave	Downtown Asheville	9,262	1st	Geriatric Practice Management	Whitney Commercial Real Estate	NAI Beverly-Hanks
2 1318 Eliada Home Rd	West Asheville	6,400	1st	Pampered Pets Inn & Spa	N/A	N/A
3 53 S French Broad Ave	Central Asheville	5,572	1st	County of Buncombe	Whitney Commercial Real Estate	Whitney Commercial Real Estate
4 Ridgefield III*	Buncombe County	3,314	1st	Carolina Partners in Mental Health	Whitney Commercial Real Estate	Whitney Commercial Real Estate
5 Ridgefield III*	Buncombe County	2,601	1st	Banker's Life & Casualty Company	Whitney Commercial Real Estate	Whitney Commercial Real Estate
6 627 N Main St	Haywood County	1,850	1st	Junaluska Internal Medicine	Direct Deal	Direct Deal
7 16 Towne Place Dr	Henderson County	1,400	1st	Career Kaizen LLC	NAI Beverly-Hanks	NAI Beverly-Hanks
8 46 Haywood St	Downtown Asheville	1,237	1st	N/A	N/A	FIRC Group
9 120 Coxe Ave	Central Asheville	1,129	1st	N/A	N/A	The Real Estate Center
10 UBS Building	North Asheville	1,000	1st	N/A	N/A	Dewey Property Advisors
11 9 Walden Dr	S Asheville/Royal Pines	940	1st	N/A	Direct Deal	Direct Deal
12 4800 Asheville Hwy	Henderson County	800	1st	N/A	N/A	Mountain Home
13 46 Haywood St	Downtown Asheville	348	1st	FIRC Group	Direct Deal	FIRC Group

Source: CoStar Property®

* Renewal



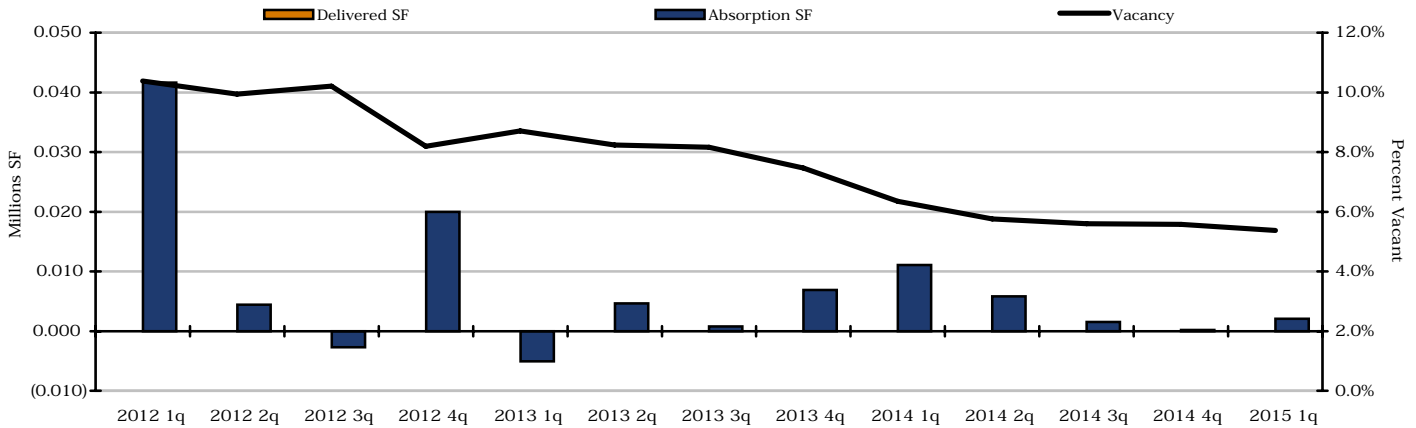
Asheville Office Market

Buncombe County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

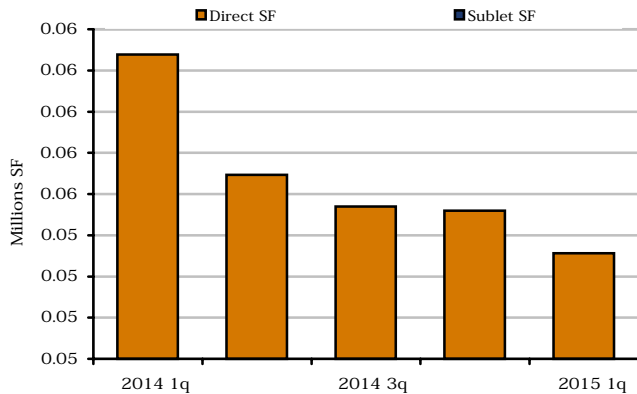
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

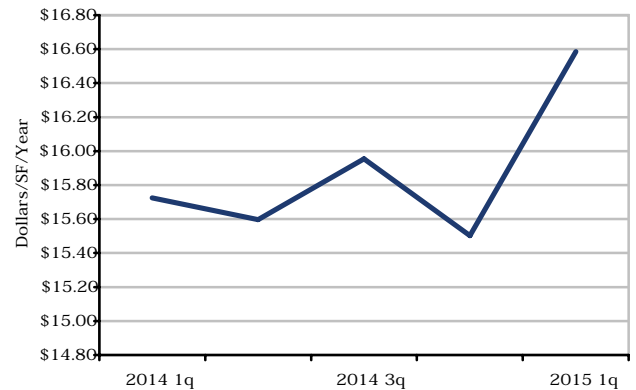
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	145	989,084	53,129	5.4%	2,057	0	0	0	0	\$16.59
2014 4q	145	989,084	55,186	5.6%	208	0	0	0	0	\$15.50
2014 3q	145	989,084	55,394	5.6%	1,539	0	0	0	0	\$15.96
2014 2q	145	989,084	56,933	5.8%	5,836	0	0	0	0	\$15.60
2014 1q	145	989,084	62,769	6.3%	11,052	0	0	0	0	\$15.72
2013 4q	145	989,084	73,821	7.5%	6,900	0	0	0	0	\$15.19
2013 3q	145	989,084	80,721	8.2%	781	0	0	0	0	\$15.38
2013 2q	145	989,084	81,502	8.2%	4,637	0	0	0	0	\$15.56
2013 1q	145	989,084	86,139	8.7%	(5,087)	0	0	0	0	\$17.00
2012 4q	145	989,084	81,052	8.2%	19,967	0	0	0	0	\$17.01
2012 3q	145	989,084	101,019	10.2%	(2,724)	0	0	0	0	\$16.87
2012 2q	145	989,084	98,295	9.9%	4,412	0	0	0	0	\$16.48
2012 1q	145	989,084	102,707	10.4%	41,650	0	0	0	0	\$17.61
2011 4q	145	989,084	144,357	14.6%	8,656	0	0	0	0	\$17.91
2011 3q	145	989,084	153,013	15.5%	2,308	0	0	0	0	\$14.90
2011 2q	145	989,084	155,321	15.7%	(620)	0	0	0	0	\$14.57

Source: CoStar Property®

Asheville Office Market

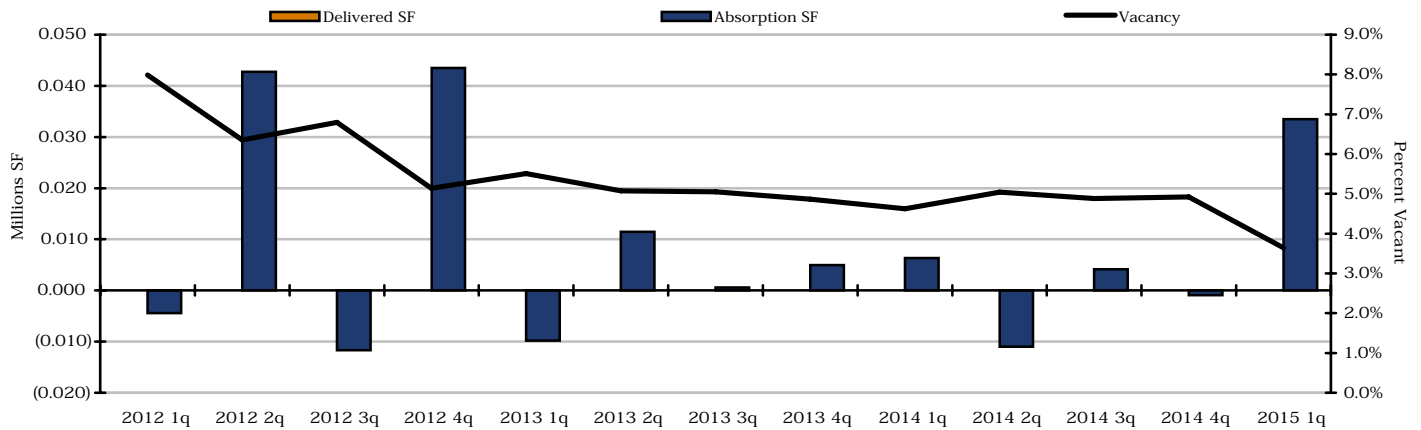


Central Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

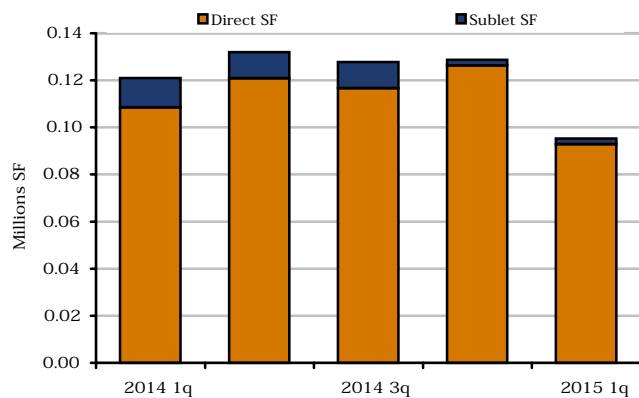
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

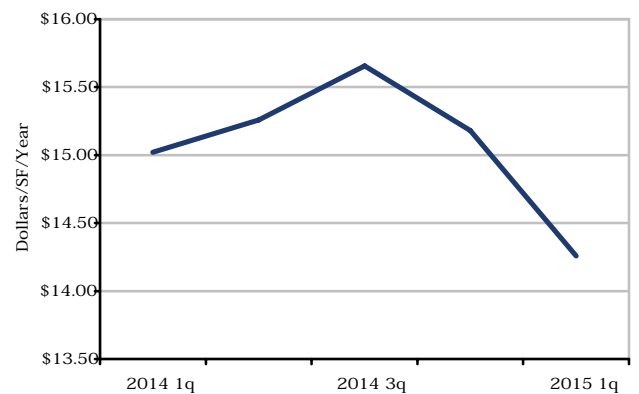
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	238	2,617,197	95,280	3.6%	33,454	0	0	0	0	\$14.26
2014 4q	238	2,617,197	128,734	4.9%	(927)	0	0	0	0	\$15.18
2014 3q	238	2,617,197	127,807	4.9%	4,126	0	0	0	0	\$15.66
2014 2q	238	2,617,197	131,933	5.0%	(10,992)	0	0	0	0	\$15.26
2014 1q	238	2,617,197	120,941	4.6%	6,321	0	0	0	0	\$15.02
2013 4q	238	2,617,197	127,262	4.9%	4,930	0	0	0	0	\$15.31
2013 3q	238	2,617,197	132,192	5.1%	595	0	0	0	0	\$15.15
2013 2q	238	2,617,197	132,787	5.1%	11,470	0	0	0	0	\$14.76
2013 1q	238	2,617,197	144,257	5.5%	(9,830)	0	0	0	0	\$14.80
2012 4q	238	2,617,197	134,427	5.1%	43,472	0	0	0	0	\$15.87
2012 3q	238	2,617,197	177,899	6.8%	(11,686)	0	0	0	0	\$16.07
2012 2q	238	2,617,197	166,213	6.4%	42,723	0	0	0	0	\$16.22
2012 1q	238	2,617,197	208,936	8.0%	(4,395)	0	0	0	0	\$15.62
2011 4q	238	2,617,197	204,541	7.8%	(10,001)	0	0	0	0	\$16.33
2011 3q	238	2,617,197	194,540	7.4%	(3,908)	0	0	0	0	\$16.08
2011 2q	238	2,617,197	190,632	7.3%	8,863	0	0	0	0	\$16.02

Source: CoStar Property®



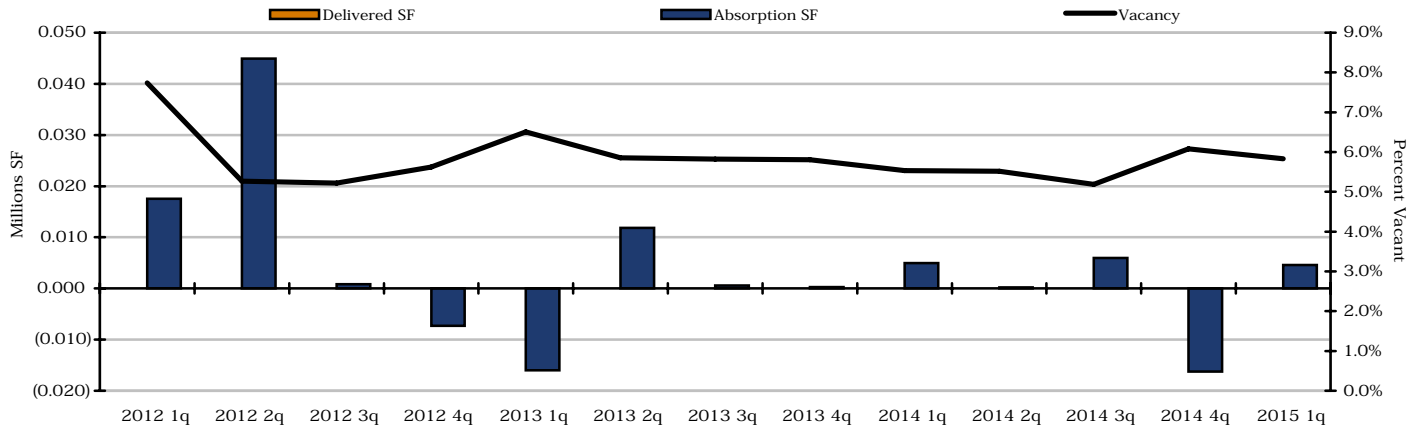
Asheville Office Market

Downtown Asheville Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

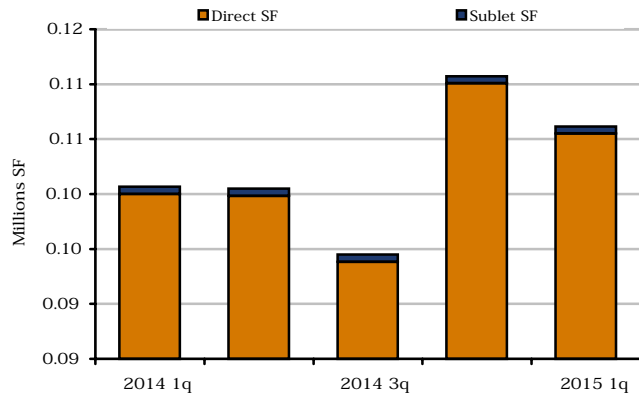
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

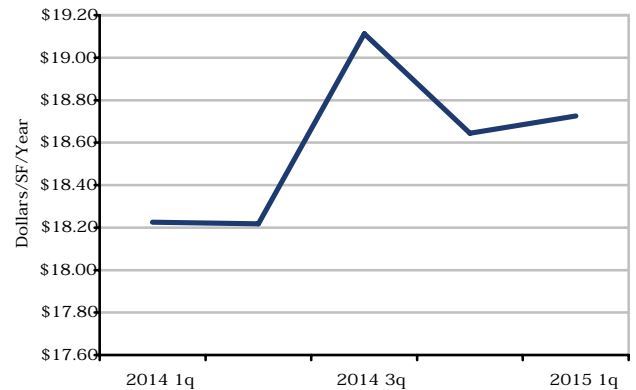
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	62	1,820,340	106,158	5.8%	4,575	0	0	1	84,000	\$18.73
2014 4q	62	1,820,340	110,733	6.1%	(16,234)	0	0	1	84,000	\$18.64
2014 3q	62	1,820,340	94,499	5.2%	5,990	0	0	0	0	\$19.11
2014 2q	62	1,820,340	100,489	5.5%	190	0	0	0	0	\$18.22
2014 1q	62	1,820,340	100,679	5.5%	4,985	0	0	0	0	\$18.23
2013 4q	62	1,820,340	105,664	5.8%	271	0	0	0	0	\$18.20
2013 3q	62	1,820,340	105,935	5.8%	608	0	0	0	0	\$18.67
2013 2q	62	1,820,340	106,543	5.9%	11,841	0	0	0	0	\$17.42
2013 1q	62	1,820,340	118,384	6.5%	(16,025)	0	0	0	0	\$17.49
2012 4q	62	1,820,340	102,359	5.6%	(7,279)	0	0	0	0	\$17.23
2012 3q	62	1,820,340	95,080	5.2%	815	0	0	0	0	\$18.63
2012 2q	62	1,820,340	95,895	5.3%	44,948	0	0	0	0	\$16.75
2012 1q	62	1,820,340	140,843	7.7%	17,534	0	0	0	0	\$17.36
2011 4q	62	1,820,340	158,377	8.7%	51	0	0	0	0	\$17.62
2011 3q	62	1,820,340	158,428	8.7%	(3,319)	0	0	0	0	\$19.36
2011 2q	62	1,820,340	155,109	8.5%	(14,164)	0	0	0	0	\$17.60

Source: CoStar Property®

Asheville Office Market

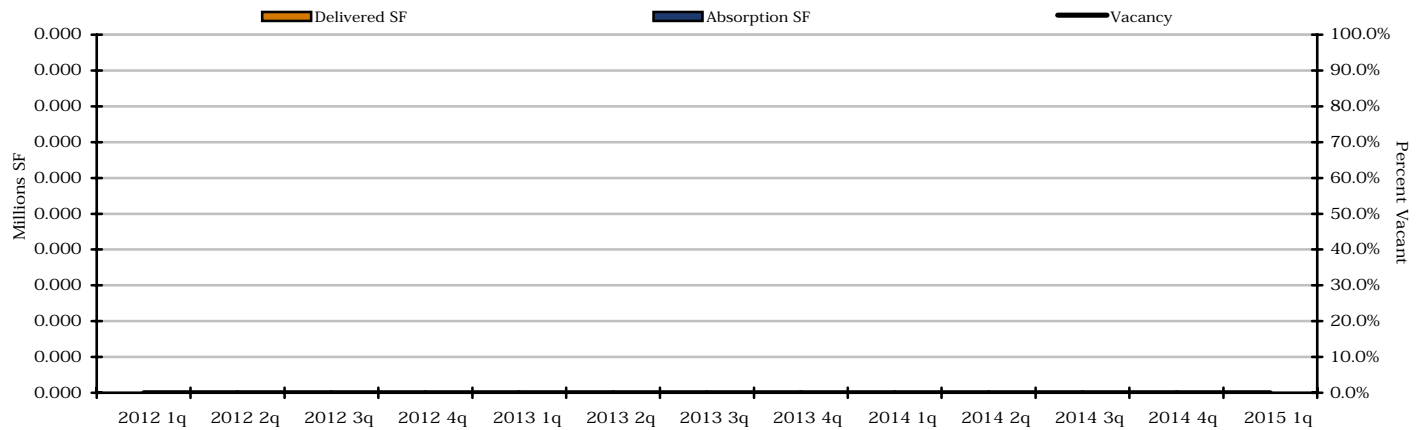


East Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

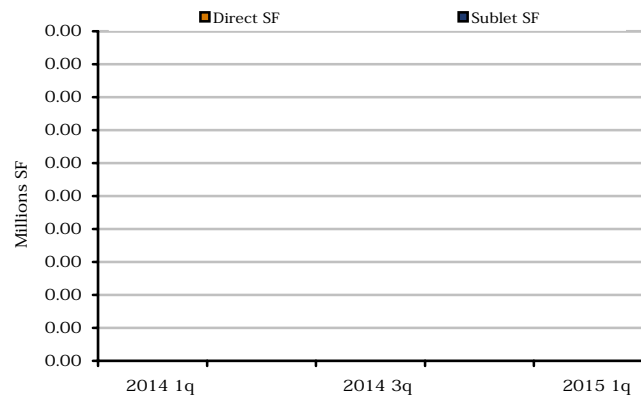
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

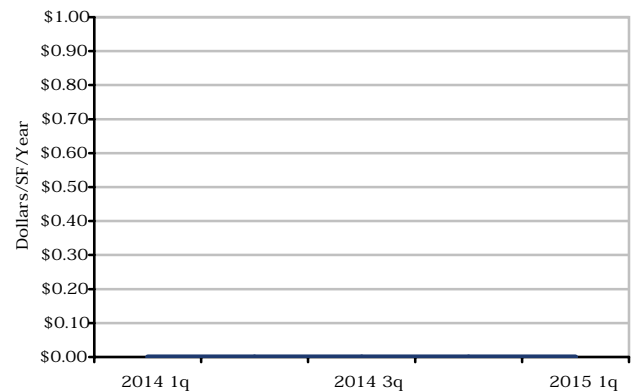
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	112,746	0	0.0%	0	0	0	0	0	\$0.00
2014 4q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2014 3q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2014 2q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2014 1q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2013 4q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2013 3q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2013 2q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2013 1q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2012 4q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2012 3q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2012 2q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2012 1q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2011 4q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2011 3q	21	112,746	0	0.0%	1,056	0	0	0	0	\$0.00
2011 2q	21	112,746	1,056	0.9%	(1,056)	0	0	0	0	\$0.00

Source: CoStar Property®



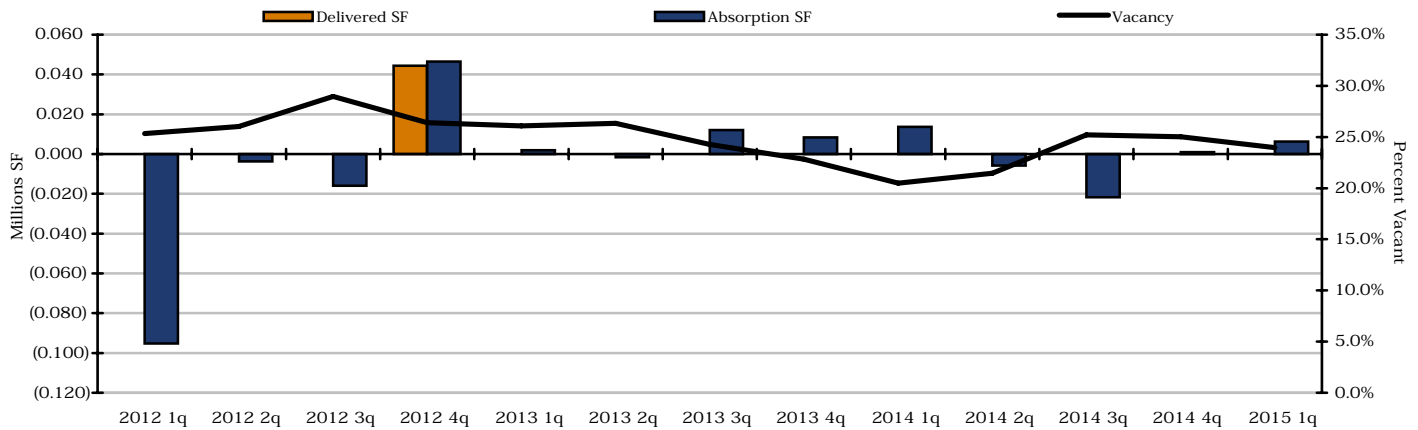
Asheville Office Market

Haywood County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

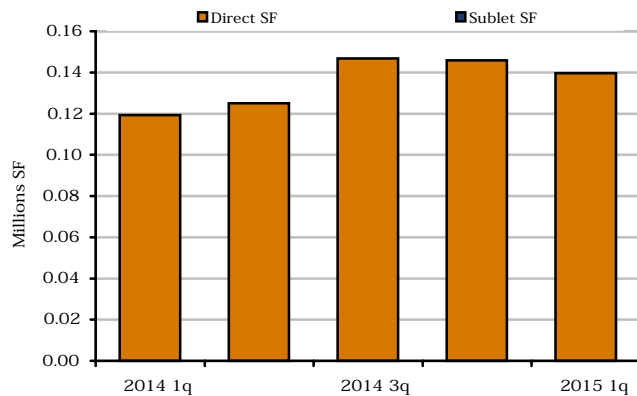
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

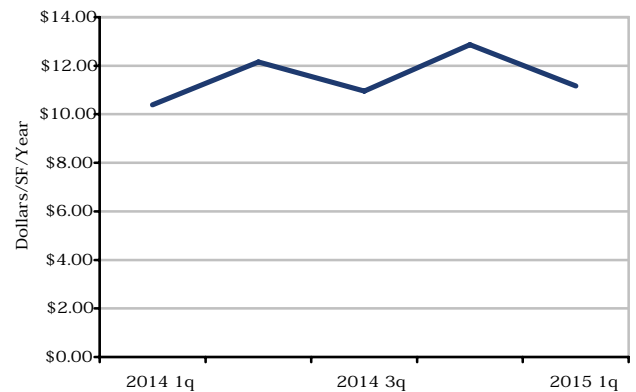
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	92	582,856	139,652	24.0%	6,199	0	0	0	0	\$11.17
2014 4q	92	582,856	145,851	25.0%	998	0	0	0	0	\$12.87
2014 3q	92	582,856	146,849	25.2%	(21,760)	0	0	0	0	\$10.95
2014 2q	92	582,856	125,089	21.5%	(5,762)	0	0	0	0	\$12.16
2014 1q	92	582,856	119,327	20.5%	13,720	0	0	0	0	\$10.38
2013 4q	92	582,856	133,047	22.8%	8,400	0	0	0	0	\$13.17
2013 3q	92	582,856	141,447	24.3%	12,130	0	0	0	0	\$11.43
2013 2q	92	582,856	153,577	26.3%	(1,608)	0	0	0	0	\$12.84
2013 1q	92	582,856	151,969	26.1%	1,867	0	0	0	0	\$12.75
2012 4q	92	582,856	153,836	26.4%	46,508	1	44,332	0	0	\$11.90
2012 3q	91	538,524	156,012	29.0%	(15,870)	0	0	1	44,332	\$8.53
2012 2q	91	538,524	140,142	26.0%	(3,624)	0	0	1	44,332	\$7.27
2012 1q	91	538,524	136,518	25.4%	(95,263)	0	0	1	44,332	\$9.34
2011 4q	91	538,524	41,255	7.7%	9,024	0	0	0	0	\$10.46
2011 3q	91	538,524	50,279	9.3%	(25)	0	0	0	0	\$10.32
2011 2q	91	538,524	50,254	9.3%	6,752	0	0	0	0	\$9.77

Source: CoStar Property®

Asheville Office Market

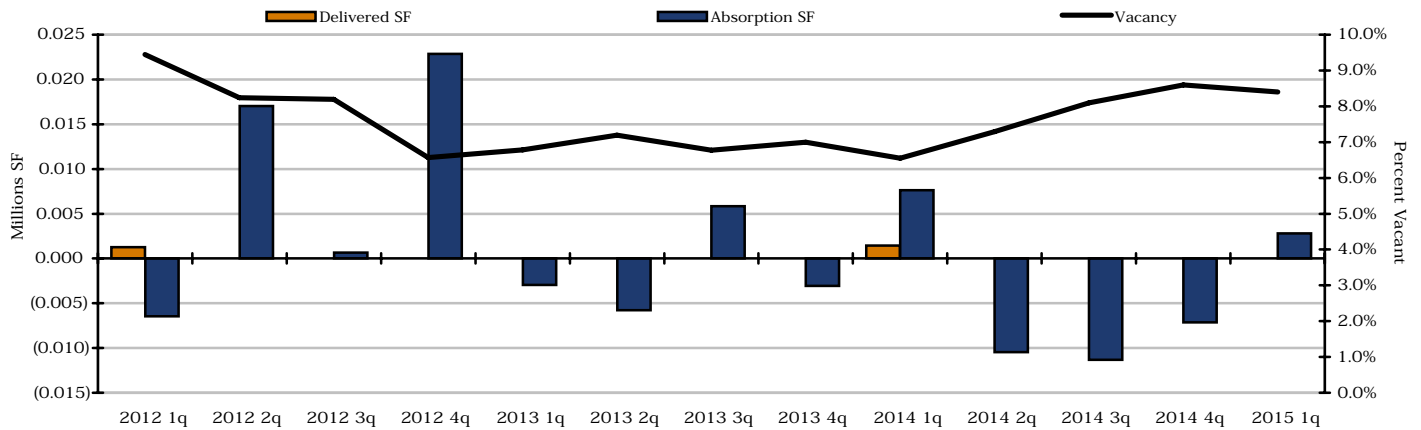


Henderson County Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

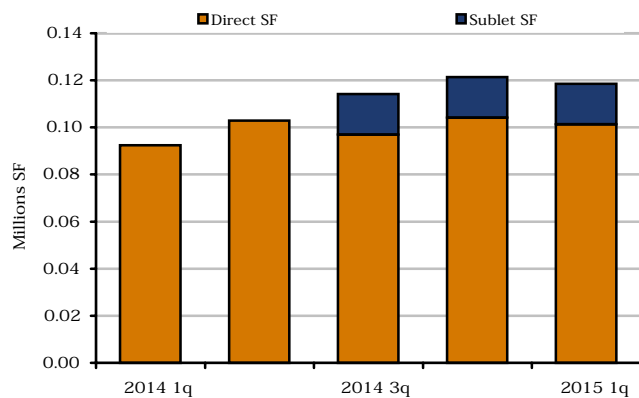
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

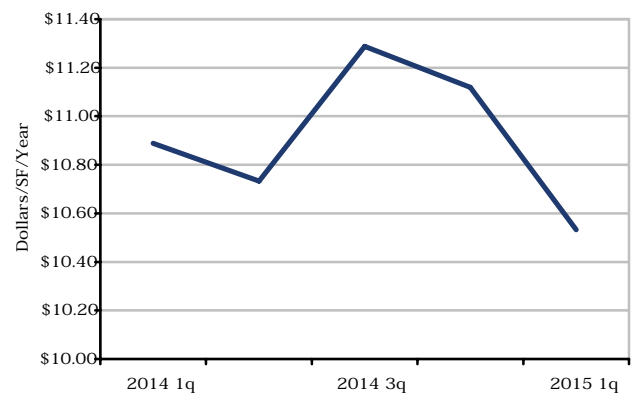
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	215	1,411,325	118,527	8.4%	2,813	0	0	1	90,000	\$10.53
2014 4q	215	1,411,325	121,340	8.6%	(7,121)	0	0	0	0	\$11.12
2014 3q	215	1,411,325	114,219	8.1%	(11,303)	0	0	0	0	\$11.29
2014 2q	215	1,411,325	102,916	7.3%	(10,461)	0	0	0	0	\$10.73
2014 1q	215	1,411,325	92,455	6.6%	7,610	1	1,440	0	0	\$10.89
2013 4q	214	1,409,885	98,625	7.0%	(3,061)	0	0	1	1,440	\$11.07
2013 3q	214	1,409,885	95,564	6.8%	5,834	0	0	1	1,440	\$10.96
2013 2q	214	1,409,885	101,398	7.2%	(5,790)	0	0	1	1,440	\$11.00
2013 1q	214	1,409,885	95,608	6.8%	(2,943)	0	0	0	0	\$11.20
2012 4q	214	1,409,885	92,665	6.6%	22,866	0	0	0	0	\$11.43
2012 3q	214	1,409,885	115,531	8.2%	644	0	0	0	0	\$11.74
2012 2q	214	1,409,885	116,175	8.2%	17,017	0	0	0	0	\$11.23
2012 1q	214	1,409,885	133,192	9.4%	(6,444)	1	1,274	0	0	\$11.32
2011 4q	213	1,408,611	125,474	8.9%	(7,936)	0	0	1	1,274	\$11.08
2011 3q	213	1,408,611	117,538	8.3%	18,344	0	0	1	1,274	\$11.20
2011 2q	213	1,408,611	135,882	9.6%	614	0	0	1	1,274	\$11.24

Source: CoStar Property®



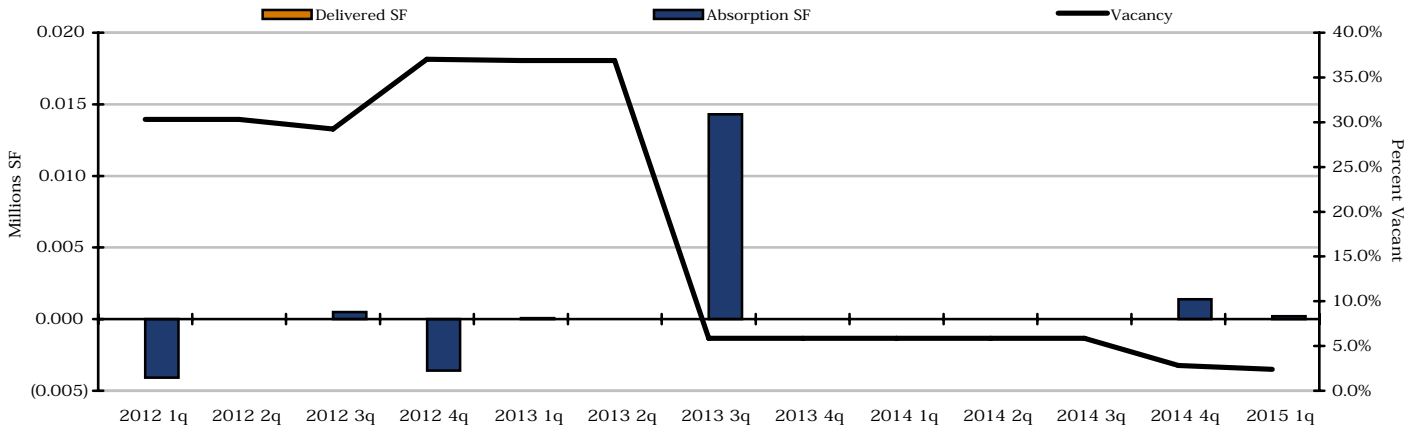
Asheville Office Market

Madison County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

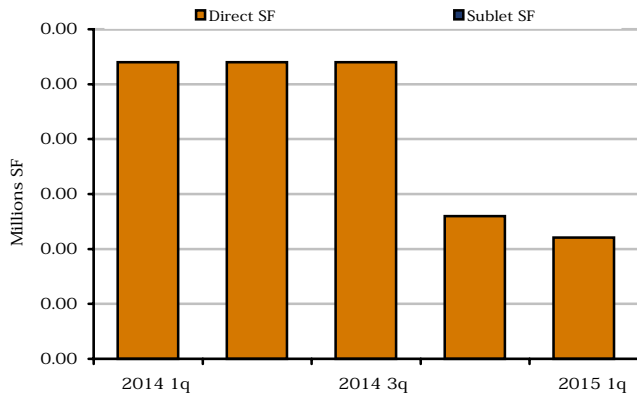
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

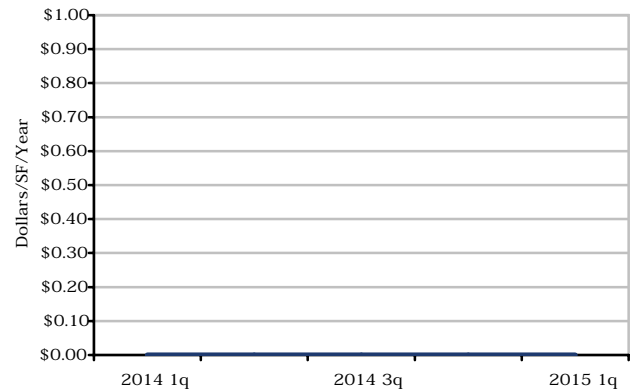
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	46,099	1,104	2.4%	196	0	0	0	0	\$0.00
2014 4q	11	46,099	1,300	2.8%	1,400	0	0	0	0	\$0.00
2014 3q	11	46,099	2,700	5.9%	0	0	0	0	0	\$0.00
2014 2q	11	46,099	2,700	5.9%	0	0	0	0	0	\$0.00
2014 1q	11	46,099	2,700	5.9%	0	0	0	0	0	\$0.00
2013 4q	11	46,099	2,700	5.9%	0	0	0	0	0	\$0.00
2013 3q	11	46,099	2,700	5.9%	14,300	0	0	0	0	\$0.00
2013 2q	11	46,099	17,000	36.9%	0	0	0	0	0	\$0.00
2013 1q	11	46,099	17,000	36.9%	80	0	0	0	0	\$0.00
2012 4q	11	46,099	17,080	37.1%	(3,600)	0	0	0	0	\$0.00
2012 3q	11	46,099	13,480	29.2%	500	0	0	0	0	\$0.00
2012 2q	11	46,099	13,980	30.3%	0	0	0	0	0	\$0.00
2012 1q	11	46,099	13,980	30.3%	(4,080)	0	0	0	0	\$0.00
2011 4q	11	46,099	9,900	21.5%	0	0	0	0	0	\$0.00
2011 3q	11	46,099	9,900	21.5%	0	0	0	0	0	\$0.00
2011 2q	11	46,099	9,900	21.5%	(9,900)	0	0	0	0	\$0.00

Source: CoStar Property®

Asheville Office Market

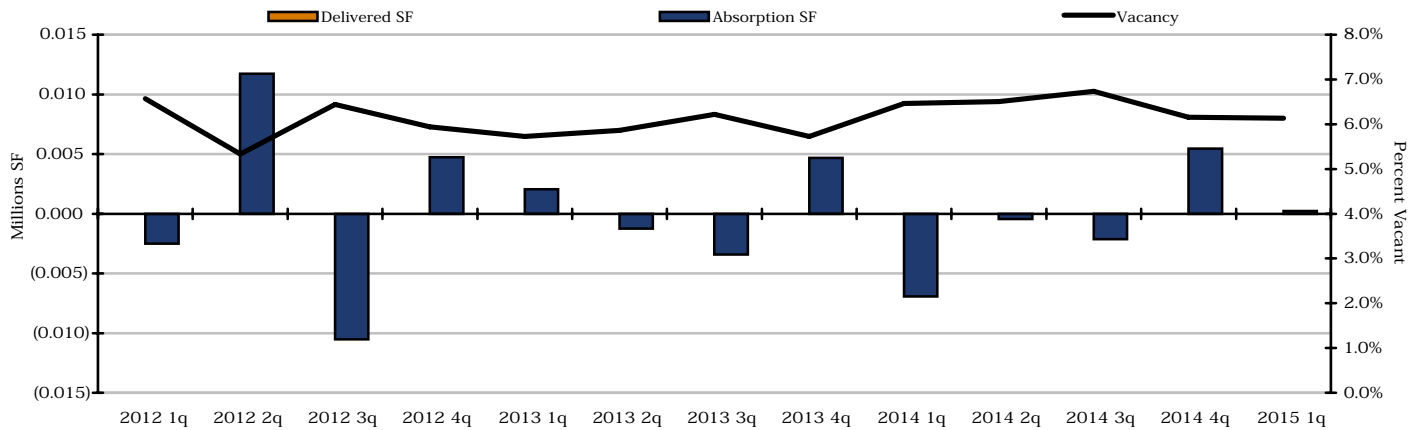


North Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

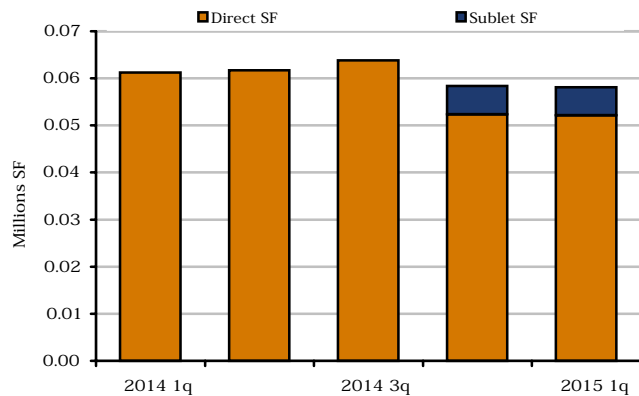
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

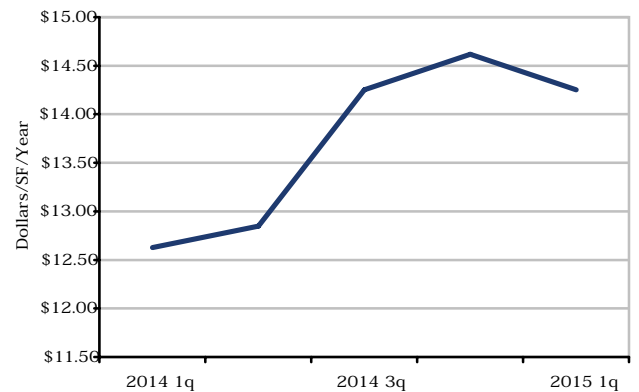
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	139	947,936	58,128	6.1%	232	0	0	0	0	\$14.25
2014 4q	139	947,936	58,360	6.2%	5,461	0	0	0	0	\$14.62
2014 3q	139	947,936	63,821	6.7%	(2,118)	0	0	0	0	\$14.25
2014 2q	139	947,936	61,703	6.5%	(453)	0	0	0	0	\$12.85
2014 1q	139	947,936	61,250	6.5%	(6,943)	0	0	0	0	\$12.63
2013 4q	139	947,936	54,307	5.7%	4,671	0	0	0	0	\$13.51
2013 3q	139	947,936	58,978	6.2%	(3,422)	0	0	0	0	\$14.91
2013 2q	139	947,936	55,556	5.9%	(1,253)	0	0	0	0	\$13.74
2013 1q	139	947,936	54,303	5.7%	2,043	0	0	0	0	\$13.81
2012 4q	139	947,936	56,346	5.9%	4,740	0	0	0	0	\$14.58
2012 3q	139	947,936	61,086	6.4%	(10,516)	0	0	0	0	\$15.56
2012 2q	139	947,936	50,570	5.3%	11,728	0	0	0	0	\$14.00
2012 1q	139	947,936	62,298	6.6%	(2,495)	0	0	0	0	\$14.08
2011 4q	139	947,936	59,803	6.3%	4,174	0	0	0	0	\$14.00
2011 3q	139	947,936	63,977	6.7%	2,558	0	0	0	0	\$16.09
2011 2q	139	947,936	66,535	7.0%	(833)	0	0	0	0	\$16.20

Source: CoStar Property®



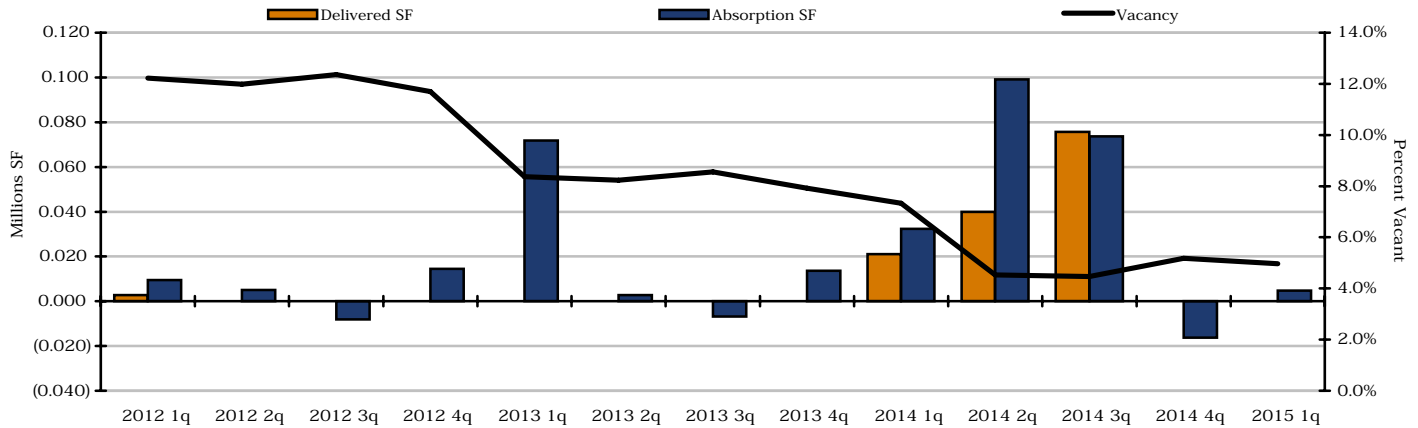
Asheville Office Market

S Asheville / Royal Pines Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

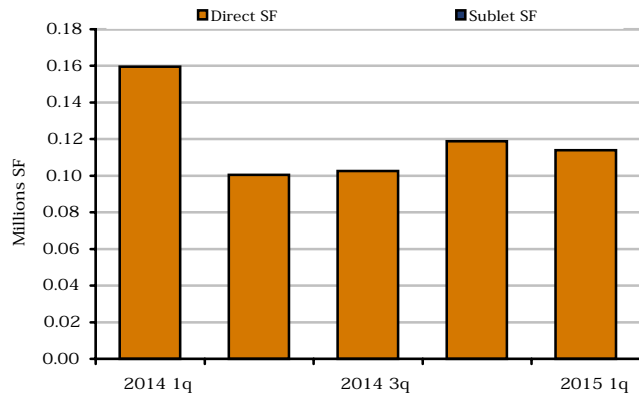
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

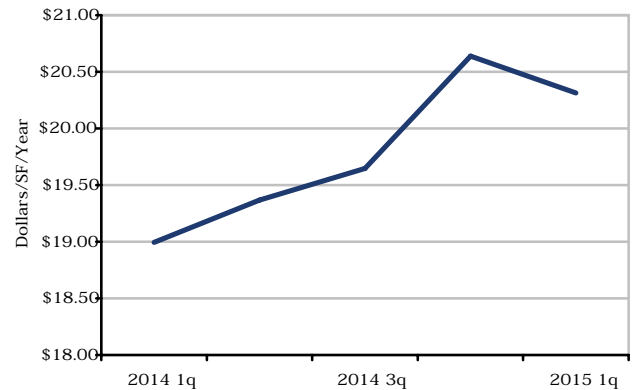
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	163	2,293,211	114,029	5.0%	4,736	0	0	0	0	\$20.31
2014 4q	163	2,293,211	118,765	5.2%	(16,239)	0	0	0	0	\$20.64
2014 3q	163	2,293,211	102,526	4.5%	73,609	1	75,652	0	0	\$19.65
2014 2q	162	2,217,559	100,483	4.5%	99,151	1	39,994	1	75,652	\$19.37
2014 1q	161	2,177,565	159,640	7.3%	32,324	1	21,047	2	115,646	\$18.99
2013 4q	160	2,156,518	170,917	7.9%	13,553	0	0	3	136,693	\$20.87
2013 3q	160	2,156,518	184,470	8.6%	(6,897)	0	0	3	136,693	\$19.43
2013 2q	160	2,156,518	177,573	8.2%	2,807	0	0	1	75,652	\$19.97
2013 1q	160	2,156,518	180,380	8.4%	71,814	0	0	0	0	\$21.07
2012 4q	160	2,156,518	252,194	11.7%	14,429	0	0	0	0	\$22.13
2012 3q	160	2,156,518	266,623	12.4%	(8,095)	0	0	0	0	\$21.04
2012 2q	160	2,156,518	258,528	12.0%	4,987	0	0	0	0	\$19.93
2012 1q	160	2,156,518	263,515	12.2%	9,464	1	2,760	0	0	\$19.74
2011 4q	159	2,153,758	270,219	12.5%	(3,466)	0	0	1	2,760	\$20.87
2011 3q	159	2,153,758	266,753	12.4%	3,906	0	0	1	2,760	\$19.20
2011 2q	159	2,153,758	270,659	12.6%	(936)	0	0	1	2,760	\$19.61

Source: CoStar Property®

Asheville Office Market

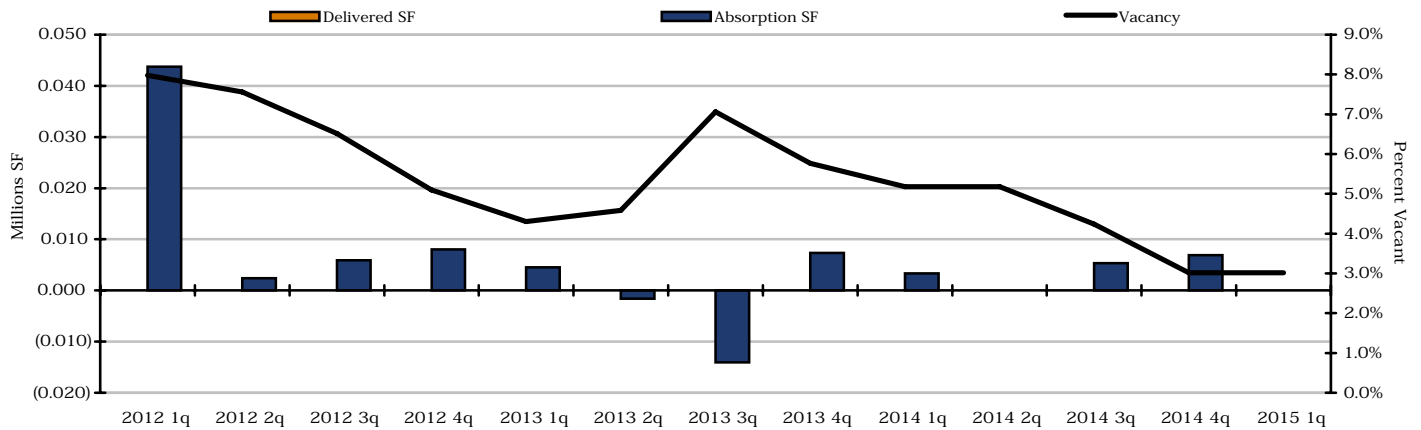


West Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

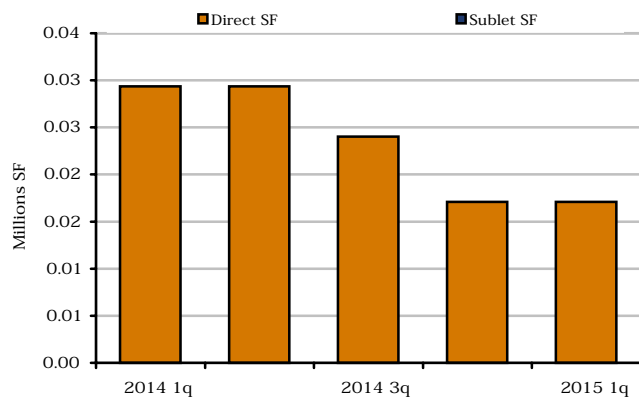
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

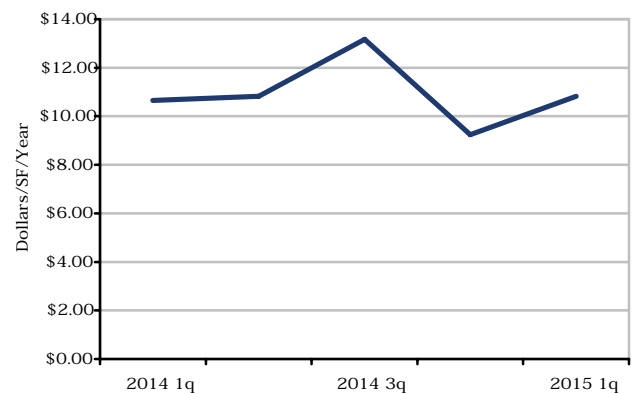
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	97	566,796	17,095	3.0%	0	0	0	0	0	\$10.83
2014 4q	97	566,796	17,095	3.0%	6,913	0	0	0	0	\$9.24
2014 3q	97	566,796	24,008	4.2%	5,350	0	0	0	0	\$13.17
2014 2q	97	566,796	29,358	5.2%	0	0	0	0	0	\$10.83
2014 1q	97	566,796	29,358	5.2%	3,335	0	0	0	0	\$10.65
2013 4q	97	566,796	32,693	5.8%	7,340	0	0	0	0	\$10.63
2013 3q	97	566,796	40,033	7.1%	(14,050)	0	0	0	0	\$13.42
2013 2q	97	566,796	25,983	4.6%	(1,600)	0	0	0	0	\$11.27
2013 1q	97	566,796	24,383	4.3%	4,506	0	0	0	0	\$11.52
2012 4q	97	566,796	28,889	5.1%	8,050	0	0	0	0	\$11.28
2012 3q	97	566,796	36,939	6.5%	5,890	0	0	0	0	\$13.39
2012 2q	97	566,796	42,829	7.6%	2,399	0	0	0	0	\$12.12
2012 1q	97	566,796	45,228	8.0%	43,771	0	0	0	0	\$12.36
2011 4q	97	566,796	88,999	15.7%	4,638	0	0	0	0	\$12.48
2011 3q	97	566,796	93,637	16.5%	2,624	0	0	0	0	\$12.67
2011 2q	97	566,796	96,261	17.0%	(8,947)	0	0	0	0	\$11.65

Source: CoStar Property®