

The CoStar Retail Report

First Quarter 2015

Asheville Retail Market



CoStarTM
The knowledge market

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Methodology

The CoStar Retail Report calculates Retail statistics using CoStar Group's base of existing, under construction and under renovation Retail buildings in each given metropolitan area. All Retail building types are included, including Community Center, Freestanding Retail, Neighborhood Center, Power Center, Regional Mall, Specialty Center and Unanchored Strip Center, 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 Retail Report are calculated using Triple Net (NNN) rental rates.

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CoStar Group, Inc.

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Terms & Definitions

Anchor Tenant: A large national or regional retailer that serves as a primary draw for a shopping center; a store strategically located in a retail property in order to enhance, bring attention to, or increase traffic at the property. Sometimes called a “destination” tenant, usually these tenants lease at least 25,000 SF.

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.

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).

Community Center: A shopping center development that has a total square footage between 100,000 – 350,000 SF. Generally will have 2-3 large anchored tenants, but not department store anchors. Community Center typically offers a wider range of apparel and other soft goods than the Neighborhood Center. Among the more common anchors are supermarkets and super drugstores. Community Center tenants sometime contain retailers selling such items as apparel, home improvement/furnishings, toys, electronics or sporting goods. The center is usually configured as a strip, in a straight line, or an “L” or “U” shape.

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

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

Freestanding Retail: Single tenant building with a retail tenant. Examples include video stores, fast food restaurant, etc.

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

General Retail: Typically are single tenant freestanding general-purpose commercial buildings with parking. Many single retail buildings fall into this use code, especially when they don’t meet any of the more detailed use code descriptions.

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.

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.

Lifestyle Center: An upscale, specialty retail, main street concept shopping center. An open center, usually without anchors, about 300,000 SF GLA or larger, located near affluent neighborhoods, includes upscale retail, trendy restaurants and entertainment retail. Nicely landscaped with convenient parking located close to the stores.

Mall: The combined retail center types of Lifestyle Center, Regional Mall and Super Regional Mall.

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).

Neighborhood Center: Provides for the sales of convenience goods (food, drugs, etc.) and personal services (laundry, dry cleaning, etc.) for day-to-day living needs of the immediate neighborhood with a supermarket being the principal tenant. In theory, the typical GLA is 50,000 square feet. In practice, the GLA may range from 30,000 to 100,000 square feet.

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

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.

Outlet Center: Usually located in a rural or occasionally in a tourist location, an Outlet Center consists of manufacturer’s outlet stores selling their own brands at a discount. 50,000–500,000 SF. An Outlet Center does not have to be anchored. A strip configuration is most common, although some are enclosed malls and others can be arranged in a village cluster.

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.

Power Center: The center typically consists of several freestanding (unconnected) anchors and only a minimum amount of small specialty tenants. 250,000–600,000 SF. A Power Center is dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or “category killers,” i.e., stores that offer tremendous selection in a particular merchandise category at low prices.

Released 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).

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)

Regional Mall: Provides shopping goods, general merchandise, apparel, and furniture, and home furnishings in full depth and variety. It is built around the full-line department store with a minimum GLA of 100,000 square feet, as the major drawing power. For even greater comparative shopping, two, three, or more department stores may be included. In theory a regional center has a GLA of 400,000 square feet, and may range from 300,000 to more than 1,000,000 square feet. Regional centers in excess of 750,000 square feet GLA with three or more department stores are considered Super Regional. (See also: Super Regional Mall).

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.

Shopping Center: The combined retail center types of Community Center, Neighborhood Center and Strip Center.

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

Specialty Center: The combined retail center types of Airport Retail, Outlet Center and Theme/Festival Center.

Sports & Entertainment: A facility suited for recreational activities, including: Amusement Facility, Aquatic Facility/Swimming Pool, Bowling Alley, Casino/Gaming Facility, Equestrian Center/Stable, Fitness, Court and Spa Facility, Golf Related, Racetrack, Skating Rink, Ski Resort, Sports Arena/Stadium, and Theatre/Performing Art Facility.

Strip Center: A strip center is an attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape.

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).

Super Regional Mall: Similar to a regional mall, but because of its larger size, a super regional mall has more anchors, a deeper selection of merchandise, and draws from a larger population base. As with regional malls, the typical configuration is as an enclosed mall, frequently with multiple levels (See also: Regional Mall).

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.

Theme/Festival Center: These centers typically employ a unifying theme that is carried out by the individual shops in their architectural design and, to an extent, in their merchandise. Sometimes the biggest appeal of these centers is to tourists; they can be anchored by restaurants and entertainment facilities. These centers, generally located in urban areas, tend to be adapted from older, sometimes historic, buildings, and can be part of mixed-use projects. 80,000–250,000 SF.

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 4.2% Net Absorption Positive 160,753 SF in the Quarter

The Asheville retail market experienced a slight improvement in market conditions in the first quarter 2015. The vacancy rate went from 4.5% in the previous quarter to 4.2% in the current quarter. Net absorption was positive 160,753 square feet, and vacant sublease space decreased by (1,948) square feet. Quoted rental rates decreased from fourth quarter 2014 levels, ending at \$13.06 per square foot per year. A total of four retail buildings with 88,731 square feet of retail space were delivered to the market in the quarter, with 350,448 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was strong in Asheville first quarter 2015, with positive 160,753 square feet absorbed in the quarter. In fourth quarter 2014, net absorption was positive 72,928 square feet, while in third quarter, absorption came in at positive 41,695 square feet. In second quarter, positive 120,175 square feet was absorbed in the market.

Vacancy

Asheville's retail vacancy rate decreased in the first quarter 2015, ending the quarter at 4.2%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 4.9% in the second quarter 2014, to 4.7% at the end of the third quarter, 4.5% at the end of the fourth quarter, to 4.2% in the current quarter.

The amount of vacant sublease space in the Asheville market has trended up over the past four quarters. At the end of the second quarter 2014, there were 37,124 square feet of

vacant sublease space. Currently, there are 53,336 square feet vacant in the market.

Lease Signings

Lease signings occurring in 2015 included: the 10,682-square-foot-lease signed by United Federal Credit Union at Mountain 1st Bank & Trust; the 4,300-square-foot-deal signed by Asheville Pinball Museum at 1 Battle Square; and the 3,520-square-foot-lease signed by Mac of Asheville at 39 South Market Street.

Rental Rates

Average quoted asking rental rates in the Asheville retail market are down over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the first quarter 2015 at \$13.06 per square foot per year. That compares to \$13.94 per square foot in the fourth quarter 2014, and \$12.61 per square foot at the end of the second quarter. This represents a 6.3% decrease in rental rates in the current quarter, and a 3.45% increase from four quarters ago.

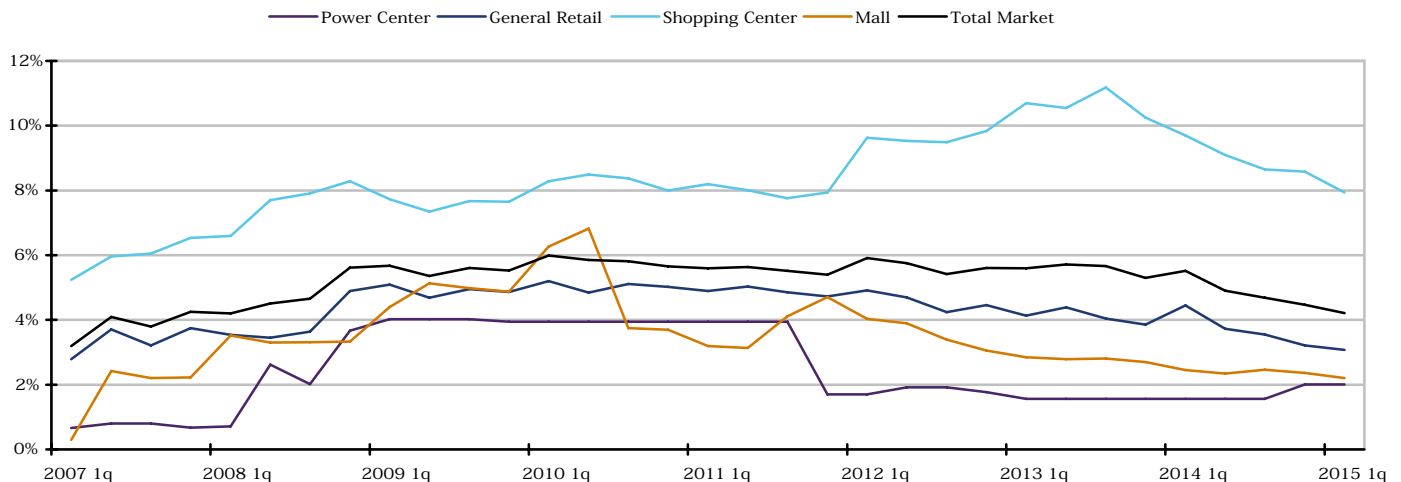
Inventory & Construction

During the first quarter 2015, four buildings totaling 88,731 square feet were completed in the Asheville retail market. Over the past four quarters, a total of 178,731 square feet of retail space has been built in Asheville. In addition to the current quarter, two buildings with 11,200 square feet were completed in fourth quarter and 78,800 square feet in two buildings completed in second quarter 2014.

There were 350,448 square feet of retail space under construction at the end of the first quarter 2015.

Vacancy Rates by Building Type

2007-2015



Source: CoStar Property®

Some of the notable 2015 deliveries include: Publix, a 50,000-square-foot facility that delivered in first quarter 2015 and is now 100% occupied, and Sierra Nevada Taproom, a 27,000-square-foot building that delivered in first quarter 2015 and is now 100% occupied.

Total retail inventory in the Asheville market area amounted to 28,864,010 square feet in 2,299 buildings and 180 centers as of the end of the first quarter 2015.

Shopping Center

The Shopping Center market in Asheville currently consists of 173 projects with 7,372,090 square feet of retail space in 294 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing 46,818 square feet and delivering no new space in the current quarter, the Shopping Center sector saw the vacancy rate go from 8.6% at the end of the fourth quarter 2014 to 7.9% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 9.1% at the end of the second quarter 2014, to 8.7% at the end of the third quarter, to 8.6% at the end of the fourth quarter, and finally to 7.9% at the end of the current quarter.

Rental rates ended the first quarter 2015 at \$11.82 per square foot, down from the \$12.15 they were at the end of fourth quarter 2014. Rental rates have trended down over the past year, going from \$12.11 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 129,069 square feet over the past four quarters. In addition to the positive 46,818 square feet absorbed this quarter, positive 5,493 square feet was absorbed in the fourth quarter 2014, positive 32,576 square feet was absorbed in the third quarter,

and positive 44,182 square feet was absorbed in the second quarter.

Power Centers

The Power Center average vacancy rate was 2.0% in the first quarter 2015. With no net absorption and no new deliveries, the vacancy rate remained 2.0%.

In the fourth quarter 2014, Power Centers absorbed negative (7,110) square feet, delivered no new space, and the vacancy rate went from 1.6% to 2.0% over the course of the quarter. Rental started the quarter at \$15.00 per square foot and ended the quarter at \$18.00 per square foot.

A year ago, in first quarter 2014, the vacancy rate was 1.6%. Over the past four quarters, Power Centers have absorbed a cumulative (7,110) square feet of space and delivered zero square feet of space. There was no sublease space over that same period, and rental rates have gone from \$19.00 to \$18.00.

At the end of the first quarter 2015, there was no space under construction in the Asheville market. The total stock of Power Center space in Asheville currently sits at 1,596,947 square feet in four centers comprised of 21 buildings.

No space was under construction at the end of the first quarter 2015.

General Retail Properties

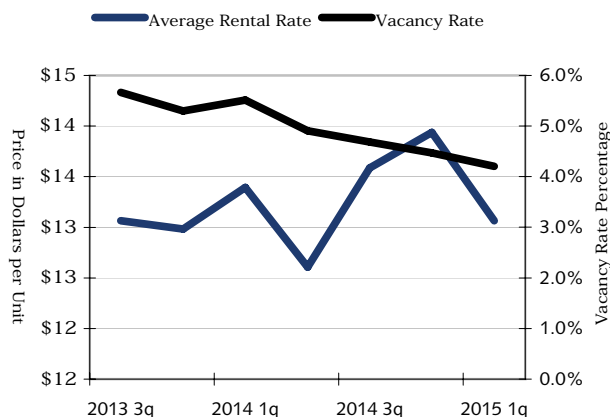
The General Retail sector of the market, which includes all freestanding retail buildings, except those contained within a center, reported a vacancy rate of 3.1% at the end of first quarter 2015. There was a total of 560,381 square feet vacant at that time. The General Retail sector in Asheville currently has average rental rates of \$14.13 per square foot per year. There are 350,448 square feet of space under construction in this sector, with 88,731 square feet having been completed in the first quarter. In all, there are a total of 1,970 buildings with 18,254,665 square feet of General Retail space in Asheville.

Specialty Centers

There are currently zero Specialty Centers in the Asheville market. In this report the Specialty Center market is comprised of Outlet Center, Airport Retail and Theme/Festival Centers.

VACANCY & RENT

Past 7 Quarters



Source: CoStar Property®

Asheville Retail Market



Overview

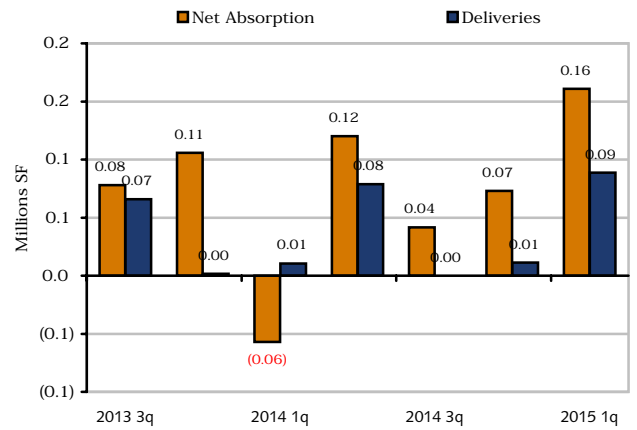
Malls

Malls recorded net absorption of positive 2,625 square feet in the first quarter 2015. This net absorption number, combined with no new space that was built in the quarter, caused the vacancy rate to go from 2.4% a quarter ago to 2.2% at the end of the first quarter 2015. Rental rates went from \$31.14 per square foot to \$30.87 per square foot during that time. In this report the Mall market is comprised of three properties, including Lifestyle Center, Regional Mall and Super Regional Malls property types.

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

ABSORPTION & DELIVERIES

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.

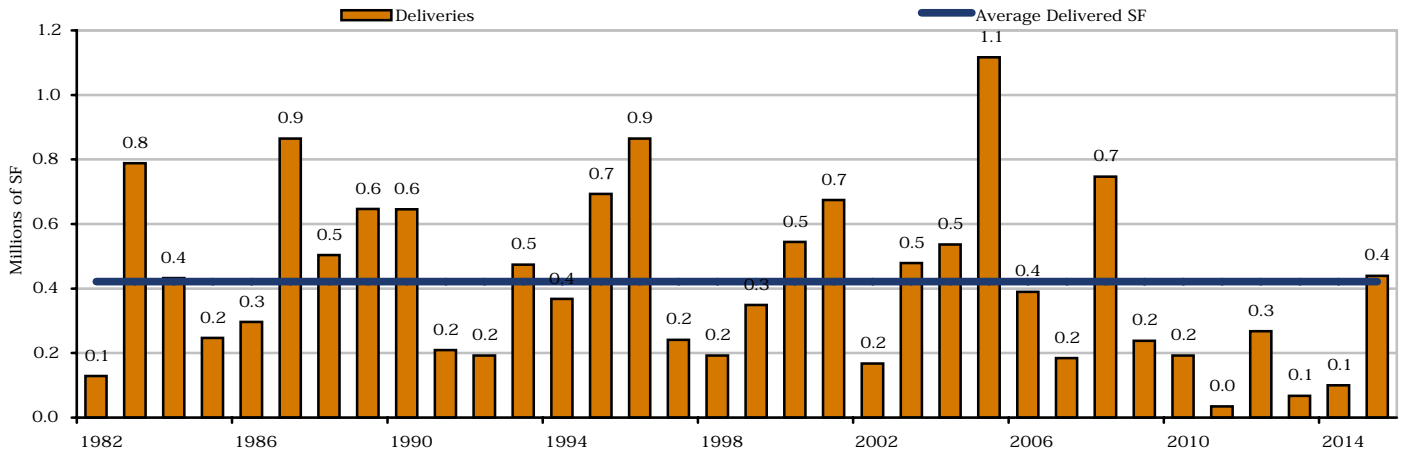
Submarket Clusters
Buncombe County
Central Asheville
Downtown Asheville
East Asheville
Haywood County
Henderson County
Madison County
North Asheville
S Asheville/Royal Pines
West Asheville

Asheville Retail Market



Inventory & development

Historical Deliveries 1982 - 2015



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

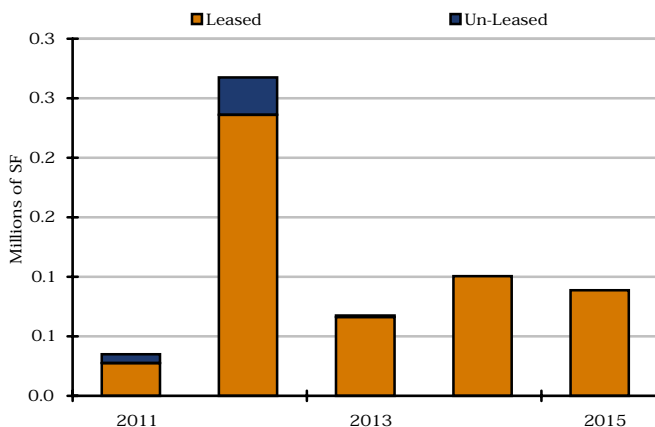
Construction Activity Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U/C
Buncombe County	1	325,000	295,750	91.0%	10,324	325,000
S Asheville/Royal Pines	3	21,640	5,013	23.2%	14,228	7,213
Haywood County	1	3,808	3,808	100.0%	12,941	3,808
Madison County	0	0	0	0.0%	7,589	0
East Asheville	0	0	0	0.0%	14,703	0
Henderson County	0	0	0	0.0%	12,721	0
North Asheville	0	0	0	0.0%	8,454	0
Central Asheville	0	0	0	0.0%	18,240	0
West Asheville	0	0	0	0.0%	9,966	0
Downtown Asheville	0	0	0	0.0%	13,685	0
Totals	5	350,448	304,571	86.9%	12,555	70,090

Source: CoStar Property®

Recent Deliveries

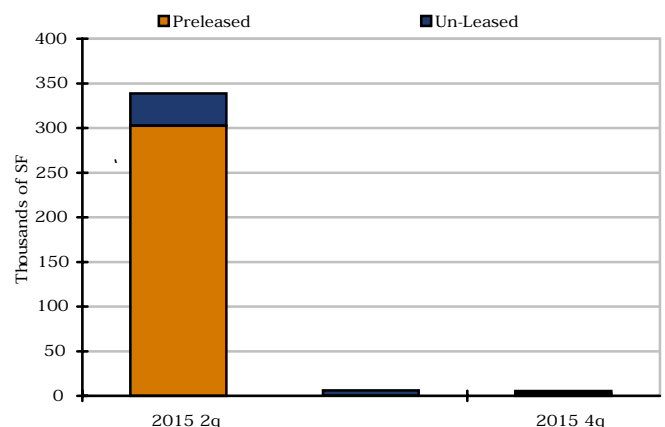
Leased & Un-Leased SF in Deliveries Since 2011



Source: CoStar Property®

Future Deliveries

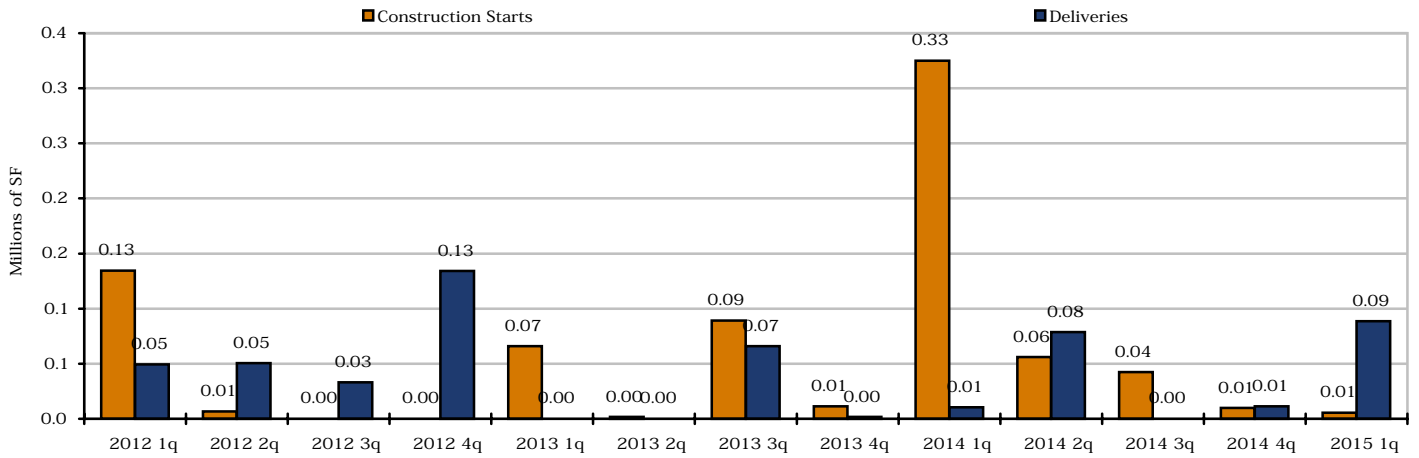
Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

Recent Deliveries by Project Size of Year-to-Date Development

Building Size	# Bldgs	GLA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	3	38,731	38,731	100.0%	\$0.00	0	38,731
50,000 SF - 99,999 SF	1	50,000	50,000	100.0%	\$0.00	0	50,000
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

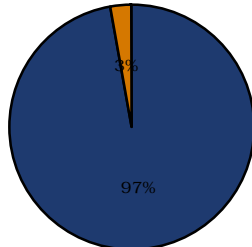
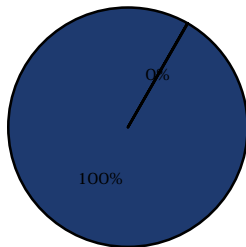
Source: CoStar Property®

Recent Development by Tenancy

Based on GLA Developed for Single & Multi Tenant Use

2015 Deliveries

Currently Under Construction



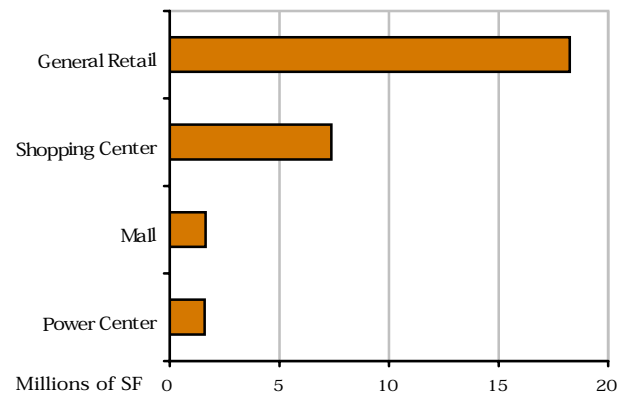
■ Multi ■ Single

■ Multi ■ Single

Source: CoStar Property®

Existing Inventory Comparison

Based on Total GLA



Source: CoStar Property®

Asheville Retail Market



Inventory & development

Select Year-to-Date Deliveries

Based on Project Square Footage

1. Publix Submarket: S Asheville/Royal Pines Retail Market RBA: 50,000 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: Pulliam Properties Developer: Pulliam Properties	2. Sierra Nevada Taproom Submarket: Henderson County Retail Market RBA: 27,000 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.	3. 658 Hendersonville Rd - Advance Auto Parts Submarket: S Asheville/Royal Pines Retail Market RBA: 6,831 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: N/A Developer: N/A
4. Bojangles Submarket: S Asheville/Royal Pines Retail Market RBA: 4,900 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: Dewey Property Advisors Developer: Abbott Construction Company		

Select Top Under Construction Properties

Based on Project Square Footage

1. Asheville Outlets Submarket: Buncombe County Retail Market RBA: 325,000 Preleased: 91% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2014 Deliv Date: Second Quarter 2015 Leasing Co: New England Development Developer: New England Development	2. Pinnacle Point Submarket: S Asheville/Royal Pines Retail Market RBA: 10,000 Preleased: 30% Quoted Rate: \$25.00 Grnd Brk Date: Fourth Quarter 2014 Deliv Date: Second Quarter 2015 Leasing Co: Crossman & Company Developer: Crossman & Company	3. 377 Long Shoals Rd Submarket: S Asheville/Royal Pines Retail Market RBA: 6,200 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2014 Deliv Date: Third Quarter 2015 Leasing Co: Thomas R. Morgan Developer: Thomas R. Morgan
4. Long Shoals Rd Submarket: S Asheville/Royal Pines Retail Market RBA: 5,440 Preleased: 37% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2015 Deliv Date: Fourth Quarter 2015 Leasing Co: Carolina Holdings, Inc. Developer: N/A	5. Bojangles Submarket: Haywood County Retail Market RBA: 3,808 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: Second Quarter 2015 Leasing Co: Cushman & WakefieldThalhimer Developer: Thomas R. Morgan	



Asheville Retail Market

Figures at a Glance

General Retail Market Statistics

First Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	364	3,048,163	132,802	132,802	4.4%	6,805	0	325,000	\$9.44
Central Asheville	251	2,948,637	59,639	59,639	2.0%	9,459	0	0	\$20.26
Downtown Asheville	171	2,340,178	41,522	41,522	1.8%	(430)	0	0	\$18.54
East Asheville	67	334,320	2,500	2,500	0.7%	0	0	0	\$0.00
Haywood County	207	2,110,103	96,288	96,288	4.6%	(16,611)	0	3,808	\$9.04
Henderson County	278	2,609,133	93,341	96,717	3.7%	33,937	27,000	0	\$11.90
Madison County	45	303,081	13,194	13,194	4.4%	2,300	0	0	\$12.50
North Asheville	109	829,225	6,900	6,900	0.8%	0	0	0	\$14.37
S Asheville/Royal Pines	189	1,599,006	67,935	67,935	4.2%	60,384	61,731	21,640	\$16.36
West Asheville	289	2,132,819	42,884	42,884	2.0%	15,466	0	0	\$14.35
Totals	1,970	18,254,665	557,005	560,381	3.1%	111,310	88,731	350,448	\$14.13

Source: CoStar Property®

Mall Market Statistics

First Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	0	0	0	0	0.0%	0	0	0	\$0.00
Central Asheville	1	974,399	1,625	1,625	0.2%	0	0	0	\$0.00
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
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	1	356,404	18,731	18,731	5.3%	0	0	0	\$0.00
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	1	309,505	15,810	15,810	5.1%	2,625	0	0	\$30.87
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	3	1,640,308	36,166	36,166	2.2%	2,625	0	0	\$30.87

Source: CoStar Property®

Power Center Market Statistics

First Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	0	0	0	0	0.0%	0	0	0	\$0.00
Central Asheville	1	317,319	25,000	25,000	7.9%	0	0	0	\$0.00
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	1	405,831	7,110	7,110	1.8%	0	0	0	\$18.00
Haywood County	1	354,407	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	0	0	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	1	519,390	0	0	0.0%	0	0	0	\$0.00
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	4	1,596,947	32,110	32,110	2.0%	0	0	0	\$18.00

Source: CoStar Property®

Asheville Retail Market



Figures at a Glance

Shopping Center Market Statistics

First Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	38	1,287,930	63,141	63,141	4.9%	9,318	0	0	\$9.57
Central Asheville	13	812,153	101,454	101,454	12.5%	6,067	0	0	\$13.15
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	9	583,117	27,131	27,131	4.7%	0	0	0	\$13.79
Haywood County	11	692,998	30,645	30,645	4.4%	10,000	0	0	\$11.69
Henderson County	35	1,499,365	88,095	121,055	8.1%	3,341	0	0	\$10.28
Madison County	1	46,000	0	0	0.0%	0	0	0	\$0.00
North Asheville	9	176,753	18,339	18,339	10.4%	900	0	0	\$19.92
S Asheville/Royal Pines	32	1,057,953	84,988	84,988	8.0%	5,535	0	0	\$14.12
West Asheville	25	1,215,821	121,685	138,685	11.4%	11,657	0	0	\$11.55
Totals	173	7,372,090	535,478	585,438	7.9%	46,818	0	0	\$11.82

Source: CoStar Property®

Total Retail Market Statistics

First Quarter 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	420	4,336,093	195,943	195,943	4.5%	16,123	0	325,000	\$9.49
Central Asheville	277	5,052,508	187,718	187,718	3.7%	15,526	0	0	\$15.84
Downtown Asheville	171	2,340,178	41,522	41,522	1.8%	(430)	0	0	\$18.54
East Asheville	90	1,323,268	36,741	36,741	2.8%	0	0	0	\$15.13
Haywood County	244	3,157,508	126,933	126,933	4.0%	(6,611)	0	3,808	\$11.16
Henderson County	351	4,464,902	200,167	236,503	5.3%	37,278	27,000	0	\$10.87
Madison County	46	349,081	13,194	13,194	3.8%	2,300	0	0	\$12.50
North Asheville	119	1,005,978	25,239	25,239	2.5%	900	0	0	\$16.95
S Asheville/Royal Pines	245	3,485,854	168,733	168,733	4.8%	68,544	61,731	21,640	\$16.42
West Asheville	336	3,348,640	164,569	181,569	5.4%	27,123	0	0	\$12.29
Totals	2,299	28,864,010	1,160,759	1,214,095	4.2%	160,753	88,731	350,448	\$13.06

Source: CoStar Property®



Asheville Retail Market

Figures at a Glance

General Retail Market Statistics

First Quarter 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2015 1q	1,970	18,254,665	557,005	560,381	3.1%	111,310	4	88,731	5	350,448	\$14.13
2014 4q	1,966	18,165,934	577,636	582,960	3.2%	73,020	2	11,200	8	433,739	\$15.57
2014 3q	1,964	18,154,734	639,456	644,780	3.6%	11,054	0	0	9	434,939	\$14.72
2014 2q	1,966	18,177,158	672,934	678,258	3.7%	74,237	2	78,800	5	392,400	\$12.67
2014 1q	1,966	18,236,215	809,604	811,552	4.5%	(102,654)	2	10,508	5	415,000	\$14.33
2013 4q	1,965	18,230,815	701,286	703,498	3.9%	35,701	1	1,599	6	100,508	\$14.08
2013 3q	1,964	18,229,216	735,388	737,600	4.0%	117,912	2	57,957	5	90,907	\$14.06
2013 2q	1,962	18,171,259	795,343	797,555	4.4%	(46,348)	0	0	3	59,556	\$14.23
2013 1q	1,962	18,171,259	749,646	751,207	4.1%	56,658	0	0	2	57,957	\$12.34
2012 4q	1,963	18,173,631	808,676	810,237	4.5%	(45,015)	2	8,138	0	0	\$12.29
2012 3q	1,964	18,179,309	770,900	770,900	4.2%	114,158	2	33,061	2	8,138	\$11.92
2012 2q	1,962	18,146,248	851,997	851,997	4.7%	87,653	5	50,684	4	41,199	\$12.30
2012 1q	1,957	18,095,564	888,966	888,966	4.9%	(4,219)	4	37,401	8	85,245	\$12.49
2011	1,954	18,063,974	853,157	853,157	4.7%	60,937	3	8,285	7	74,460	\$12.44
2010	1,951	18,055,689	905,809	905,809	5.0%	69,311	4	105,505	0	0	\$12.28
2009	1,948	17,953,187	871,298	872,618	4.9%	170,340	12	173,096	2	12,025	\$13.29

Source: CoStar Property®

Mall Market Statistics

First Quarter 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2015 1q	3	1,640,308	36,166	36,166	2.2%	2,625	0	0	0	0	\$30.87
2014 4q	3	1,640,308	38,791	38,791	2.4%	1,525	0	0	0	0	\$31.14
2014 3q	3	1,640,308	40,316	40,316	2.5%	(1,935)	0	0	0	0	\$32.00
2014 2q	3	1,640,308	38,381	38,381	2.3%	1,756	0	0	0	0	\$32.00
2014 1q	3	1,640,308	40,137	40,137	2.4%	4,179	0	0	0	0	\$32.00
2013 4q	3	1,640,308	44,316	44,316	2.7%	1,676	0	0	0	0	\$32.00
2013 3q	3	1,640,308	45,992	45,992	2.8%	(273)	0	0	0	0	\$32.00
2013 2q	3	1,640,308	45,719	45,719	2.8%	998	0	0	0	0	\$32.00
2013 1q	3	1,640,308	46,717	46,717	2.8%	3,428	0	0	0	0	\$32.00
2012 4q	3	1,640,308	50,145	50,145	3.1%	5,538	0	0	0	0	\$32.00
2012 3q	3	1,640,308	55,683	55,683	3.4%	8,171	0	0	0	0	\$32.00
2012 2q	3	1,640,308	63,854	63,854	3.9%	2,352	0	0	0	0	\$32.00
2012 1q	3	1,640,308	66,206	66,206	4.0%	10,897	0	0	0	0	\$32.00
2011	3	1,640,308	77,103	77,103	4.7%	(16,439)	0	0	0	0	\$32.00
2010	3	1,640,308	60,664	60,664	3.7%	19,298	0	0	0	0	\$32.00
2009	3	1,640,308	79,962	79,962	4.9%	8,766	1	35,200	0	0	\$30.72

Source: CoStar Property®

Power Center Market Statistics

First Quarter 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2015 1q	4	1,596,947	32,110	32,110	2.0%	0	0	0	0	0	\$18.00
2014 4q	4	1,596,947	32,110	32,110	2.0%	(7,110)	0	0	0	0	\$18.00
2014 3q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2014 2q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2014 1q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$19.00
2013 4q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2013 3q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2013 2q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2013 1q	4	1,596,947	25,000	25,000	1.6%	3,200	0	0	0	0	\$15.00
2012 4q	4	1,596,947	28,200	28,200	1.8%	126,085	2	126,085	0	0	\$15.00
2012 3q	4	1,470,862	28,200	28,200	1.9%	0	0	0	2	126,085	\$15.00
2012 2q	4	1,470,862	28,200	28,200	1.9%	(3,200)	0	0	2	126,085	\$15.00
2012 1q	4	1,470,862	25,000	25,000	1.7%	0	0	0	2	126,085	\$15.00
2011	4	1,470,862	25,000	25,000	1.7%	33,000	0	0	1	39,871	\$15.00
2010	4	1,470,862	58,000	58,000	3.9%	0	0	0	0	0	\$0.00
2009	4	1,470,862	58,000	58,000	3.9%	24,934	1	30,038	0	0	\$0.00

Source: CoStar Property®

Asheville Retail Market



Figures at a Glance

Shopping Center Market Statistics

First Quarter 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2015 1q	173	7,372,090	535,478	585,438	7.9%	46,818	0	0	0	0	\$11.82
2014 4q	173	7,372,090	582,296	632,256	8.6%	5,493	0	0	0	0	\$12.15
2014 3q	173	7,372,090	604,252	637,749	8.7%	32,576	0	0	0	0	\$12.13
2014 2q	173	7,372,090	638,525	670,325	9.1%	44,182	0	0	0	0	\$12.05
2014 1q	173	7,372,090	681,547	714,507	9.7%	41,472	0	0	0	0	\$12.11
2013 4q	173	7,372,090	723,019	755,979	10.3%	68,304	0	0	0	0	\$11.54
2013 3q	173	7,372,090	768,401	824,283	11.2%	(39,653)	1	7,956	0	0	\$11.88
2013 2q	173	7,364,134	720,792	776,674	10.5%	11,224	0	0	1	7,956	\$12.44
2013 1q	173	7,364,134	697,959	787,898	10.7%	(63,645)	0	0	1	7,956	\$12.30
2012 4q	173	7,364,134	633,714	724,253	9.8%	(25,507)	0	0	0	0	\$12.14
2012 3q	173	7,364,134	608,207	698,746	9.5%	2,965	0	0	0	0	\$12.18
2012 2q	173	7,364,134	605,772	701,711	9.5%	7,197	0	0	0	0	\$12.23
2012 1q	173	7,364,134	615,346	708,908	9.6%	(113,252)	1	12,000	0	0	\$12.72
2011	173	7,352,134	527,774	583,656	7.9%	28,836	2	26,560	1	12,000	\$12.69
2010	172	7,325,574	530,050	585,932	8.0%	54,968	2	86,981	0	0	\$13.78
2009	172	7,238,593	518,927	553,919	7.7%	45,866	0	0	1	75,481	\$14.41

Source: CoStar Property®

Total Retail Market Statistics

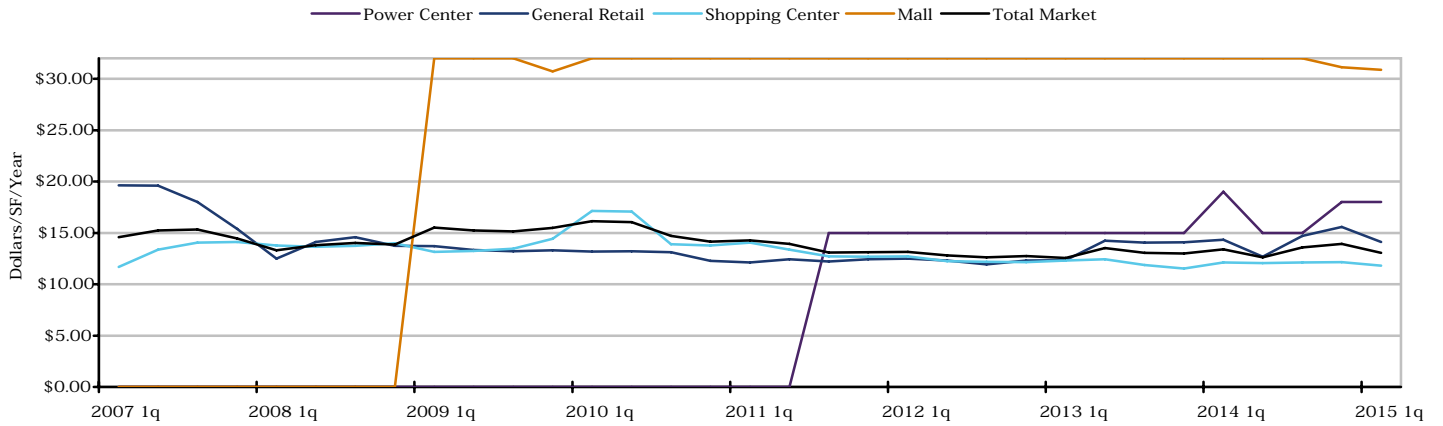
First Quarter 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2015 1q	2,299	28,864,010	1,160,759	1,214,095	4.2%	160,753	4	88,731	5	350,448	\$13.06
2014 4q	2,295	28,775,279	1,230,833	1,286,117	4.5%	72,928	2	11,200	8	433,739	\$13.94
2014 3q	2,293	28,764,079	1,309,024	1,347,845	4.7%	41,695	0	0	9	434,939	\$13.59
2014 2q	2,295	28,786,503	1,374,840	1,411,964	4.9%	120,175	2	78,800	5	392,400	\$12.61
2014 1q	2,295	28,845,560	1,556,288	1,591,196	5.5%	(57,003)	2	10,508	5	415,000	\$13.39
2013 4q	2,294	28,840,160	1,493,621	1,528,793	5.3%	105,681	1	1,599	6	100,508	\$12.98
2013 3q	2,293	28,838,561	1,574,781	1,632,875	5.7%	77,986	3	65,913	5	90,907	\$13.07
2013 2q	2,290	28,772,648	1,586,854	1,644,948	5.7%	(34,126)	0	0	4	67,512	\$13.51
2013 1q	2,290	28,772,648	1,519,322	1,610,822	5.6%	(359)	0	0	3	65,913	\$12.55
2012 4q	2,291	28,775,020	1,520,735	1,612,835	5.6%	61,101	4	134,223	0	0	\$12.74
2012 3q	2,290	28,654,613	1,462,990	1,553,529	5.4%	125,294	2	33,061	4	134,223	\$12.61
2012 2q	2,288	28,621,552	1,549,823	1,645,762	5.8%	94,002	5	50,684	6	167,284	\$12.81
2012 1q	2,283	28,570,868	1,595,518	1,689,080	5.9%	(106,574)	5	49,401	10	211,330	\$13.15
2011	2,279	28,527,278	1,483,034	1,538,916	5.4%	106,334	5	34,845	9	126,331	\$13.13
2010	2,274	28,492,433	1,554,523	1,610,405	5.7%	143,577	6	192,486	0	0	\$14.15
2009	2,269	28,302,950	1,528,187	1,564,499	5.5%	249,906	14	238,334	3	87,506	\$15.49

Source: CoStar Property®

Historical Rental Rates

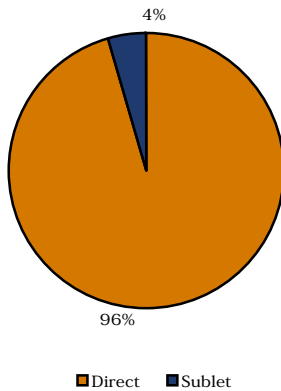
Based on NNN Rental Rates



Source: CoStar Property®

Vacancy by Available Space Type

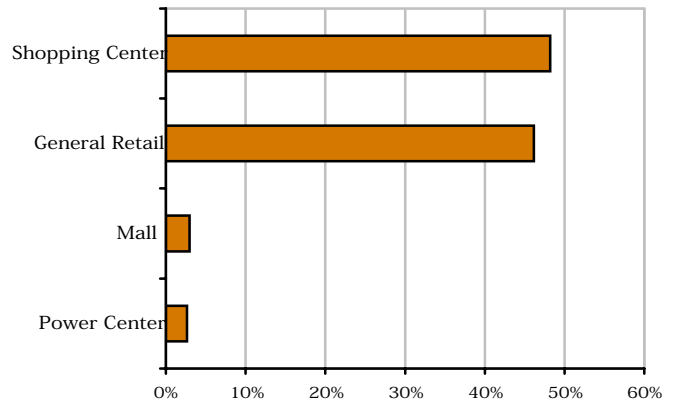
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

Vacancy by Building Type

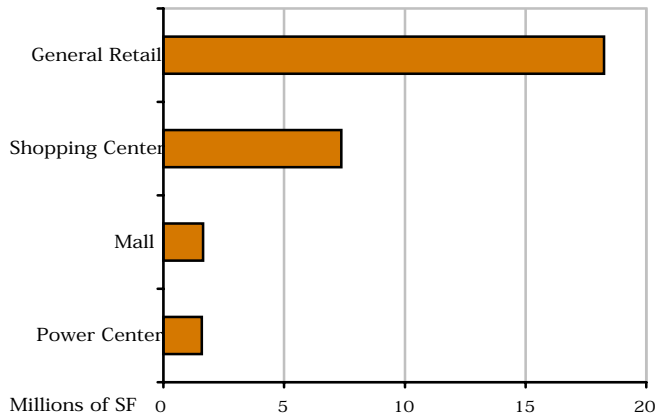
Percent of All Vacant Space by Building Type



Source: CoStar Property®

GLA By Building Type

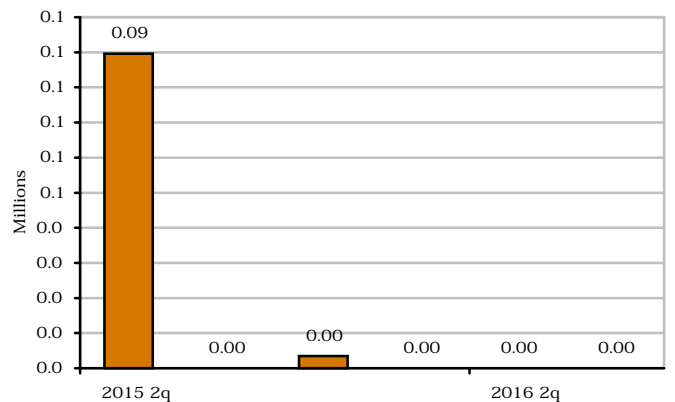
Ratio of Total GLA by Building Type



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces

Source: CoStar Property®

Asheville Retail Market



Leasing Activity

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

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 Mountain 1st Bank & Trust	Henderson County	10,682	1st	United Federal Credit Union	NAI Beverly-Hanks	NAI Beverly-Hanks
2 1 Battle Sq	Downtown Asheville	4,300	1st	Asheville Pinball Museum	Tessier Associates, Inc.	Tessier Associates, Inc.
3 18 Church St	Central Asheville	3,950	1st	N/A	Direct Deal	G/M Property Group
4 39 S Market St	Central Asheville	3,520	1st	Mac of Asheville	NAI Beverly-Hanks	NAI Beverly-Hanks
5 1054 Patton Ave	West Asheville	3,000	1st	PC Retro	N/A	William McDowall
6 Merrimon Village	North Asheville	2,500	1st	N/A	N/A	Regent Park Enterprises, Inc.
7 1054 Patton Ave	West Asheville	2,500	1st	Athomecs	N/A	William McDowall
8 2145 Hendersonville Rd	S Asheville/Royal Pines	2,451	1st	N/A	N/A	Pulliam Properties
9 Laurel Park Village Shopping Center	Henderson County	2,350	1st	Goodwill Industries of NWNC, Inc.	NAI Beverly-Hanks	NAI Beverly-Hanks
10 20 Business Park Cir	S Asheville/Royal Pines	2,200	1st	WNC Roofing LLC	NAI Beverly-Hanks	NAI Beverly-Hanks
11 Weaverville Crossing	Buncombe County	2,000	1st	Papa John's	Pulliam Properties	Pulliam Properties
12 707 Haywood Rd	West Asheville	1,966	1st	N/A	N/A	CoveStar, LLC
13 6 College St	Downtown Asheville	1,846	1st	Wish Boutique	Direct Deal	Dewey Property Advisors
14 Fairview Crossings Shopping Center	Buncombe County	1,820	1st	Active USA Online Store LLC	NAI Beverly-Hanks	Pulliam Properties
15 AAA Center	S Asheville/Royal Pines	1,514	1st	N/A	N/A	Pulliam Properties
16 3722 Sweeten Creek Rd	Buncombe County	1,500	1st	Idea Factory, Inc.	Pulliam Properties	Pulliam Properties
17 Shops on Rockwood - Building 2*	Henderson County	1,284	1st	Human Technologies, Inc.	Whitney Commercial Real Estate	Direct
18 797 Haywood Rd	West Asheville	1,225	1st	N/A	N/A	Whitney Commercial Real Estate
19 Biltmore Courtyard Shops	Central Asheville	1,047	1st	Robert Allen Design LLC	NAI Beverly-Hanks	NAI Beverly-Hanks
20 3722 Sweeten Creek Rd	Buncombe County	650	1st	European Skincare & Spa	Pulliam Properties	Pulliam Properties
21 1 Town Square Blvd	S Asheville/Royal Pines	198	1st	Anatoliy Radchishin	Beverly-Hanks & Associates	Biltmore Farms, Inc.

Source: CoStar Property®

* Renewal



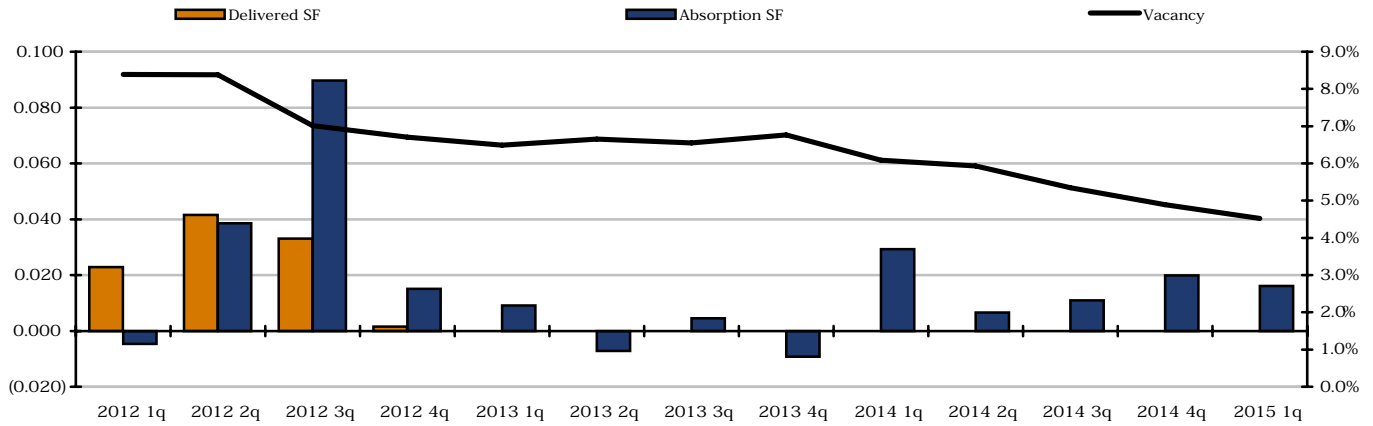
Asheville Retail Market

Buncombe County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

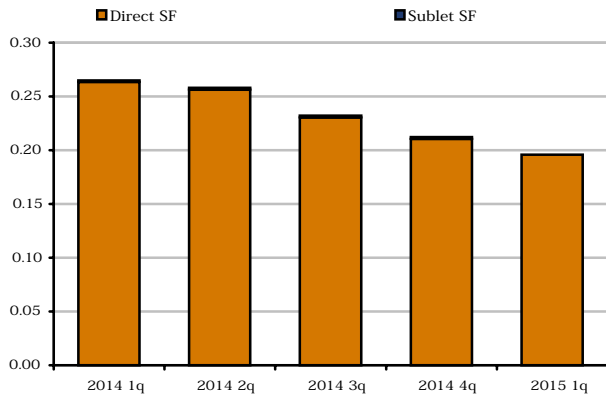
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

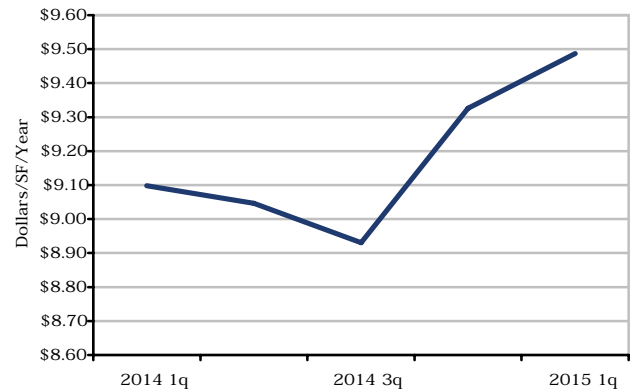
Historical Analysis, All Classes



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	420	4,336,093	195,943	4.5%	16,123	0	0	1	325,000	\$9.49
2014 4q	420	4,336,093	212,066	4.9%	19,937	0	0	1	325,000	\$9.33
2014 3q	420	4,336,093	232,003	5.4%	10,945	0	0	1	325,000	\$8.93
2014 2q	421	4,351,093	257,948	5.9%	6,571	0	0	1	325,000	\$9.05
2014 1q	422	4,351,539	264,965	6.1%	29,328	0	0	1	325,000	\$9.10
2013 4q	422	4,351,539	294,293	6.8%	(9,186)	0	0	0	0	\$7.88
2013 3q	422	4,351,539	285,107	6.6%	4,578	0	0	0	0	\$8.27
2013 2q	422	4,351,539	289,685	6.7%	(7,141)	0	0	0	0	\$8.40
2013 1q	422	4,351,539	282,544	6.5%	9,100	0	0	0	0	\$8.18
2012 4q	422	4,351,539	291,644	6.7%	15,059	1	1,500	0	0	\$8.04
2012 3q	421	4,350,039	305,203	7.0%	89,719	2	33,061	1	1,500	\$8.28
2012 2q	419	4,316,978	361,861	8.4%	38,556	4	41,584	3	34,561	\$8.30
2012 1q	415	4,275,394	358,833	8.4%	(4,651)	2	22,899	7	76,145	\$8.53
2011 4q	413	4,252,495	331,283	7.8%	8,348	0	0	4	50,858	\$9.14
2011 3q	413	4,252,495	339,631	8.0%	11,176	2	5,000	2	22,899	\$9.09
2011 2q	411	4,247,495	345,807	8.1%	(11,015)	0	0	2	5,000	\$9.14

Source: CoStar Property®

Asheville Retail Market

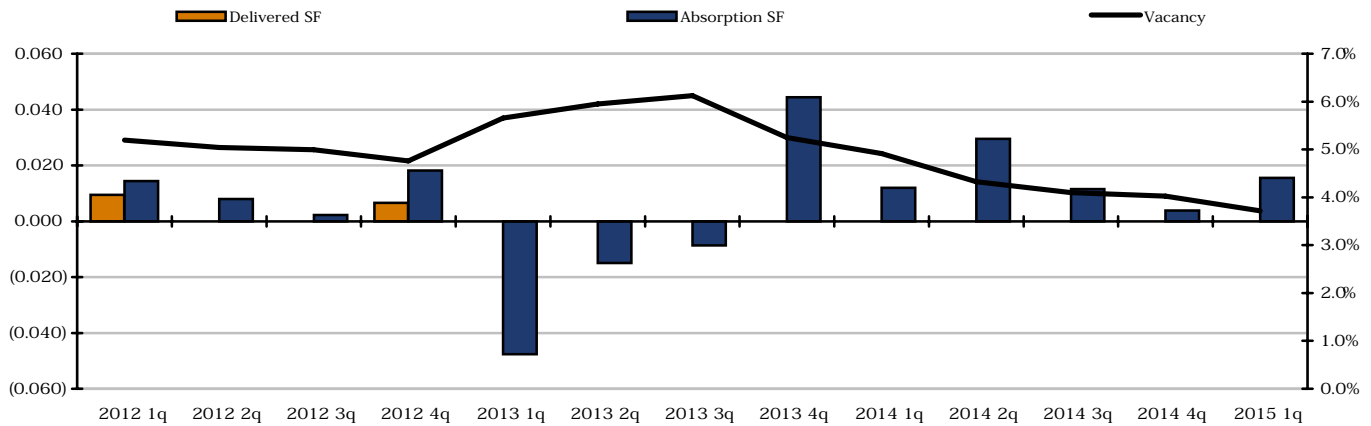


Central Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

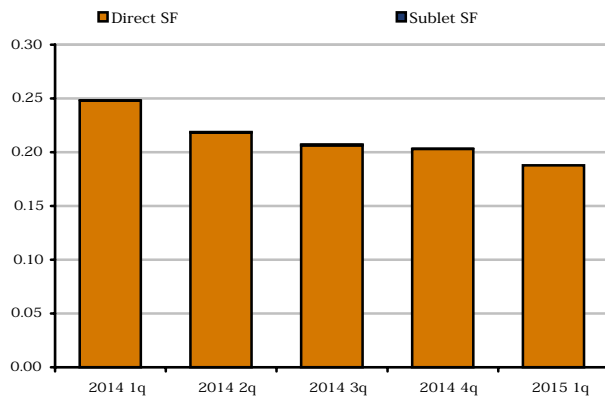
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

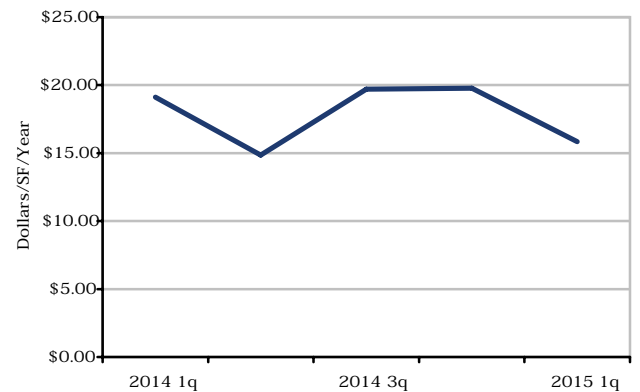
Historical Analysis, All Classes



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	277	5,052,508	187,718	3.7%	15,526	0	0	0	0	\$15.84
2014 4q	277	5,052,508	203,244	4.0%	3,877	0	0	0	0	\$19.77
2014 3q	277	5,052,508	207,121	4.1%	11,554	0	0	0	0	\$19.70
2014 2q	277	5,052,508	218,675	4.3%	29,553	0	0	0	0	\$14.85
2014 1q	277	5,052,508	248,228	4.9%	11,974	0	0	0	0	\$19.13
2013 4q	278	5,057,616	265,310	5.2%	44,394	0	0	0	0	\$19.12
2013 3q	278	5,057,616	309,704	6.1%	(8,614)	0	0	0	0	\$19.12
2013 2q	278	5,057,616	301,090	6.0%	(14,979)	0	0	0	0	\$18.93
2013 1q	278	5,057,616	286,111	5.7%	(47,596)	0	0	0	0	\$14.21
2012 4q	279	5,059,988	240,887	4.8%	18,195	1	6,638	0	0	\$14.74
2012 3q	278	5,053,350	252,444	5.0%	2,179	0	0	1	6,638	\$14.17
2012 2q	278	5,053,350	254,623	5.0%	7,980	0	0	1	6,638	\$14.66
2012 1q	278	5,053,350	262,603	5.2%	14,381	1	9,502	0	0	\$14.53
2011 4q	277	5,043,848	267,482	5.3%	21,430	1	3,285	1	9,502	\$14.15
2011 3q	276	5,040,563	285,627	5.7%	22,893	0	0	2	12,787	\$13.76
2011 2q	276	5,040,563	308,520	6.1%	5,150	0	0	2	12,787	\$14.07

Source: CoStar Property®



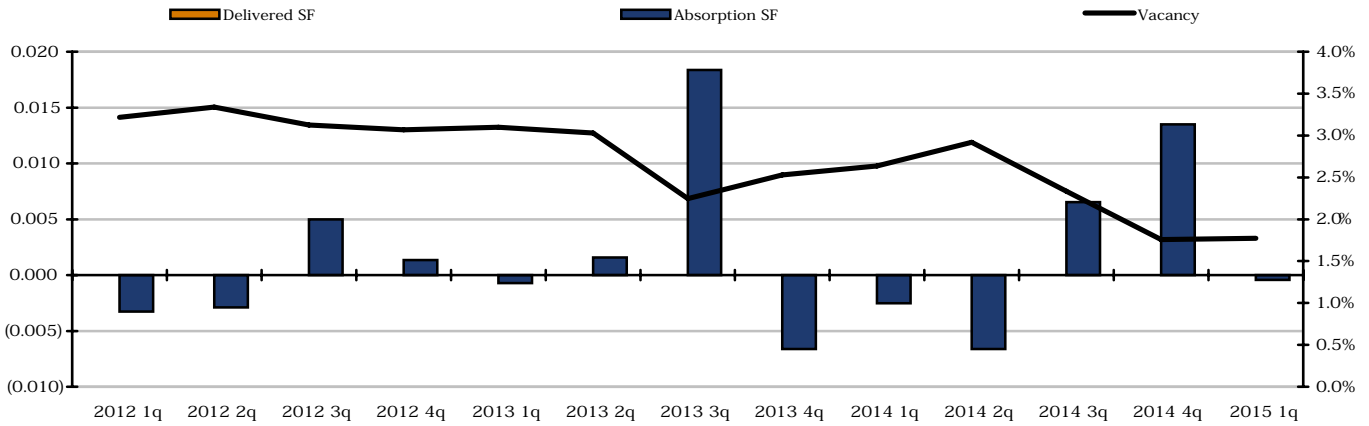
Asheville Retail Market

Downtown Asheville Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

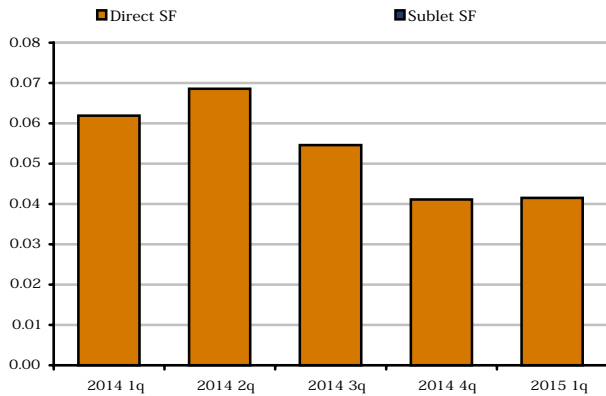
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

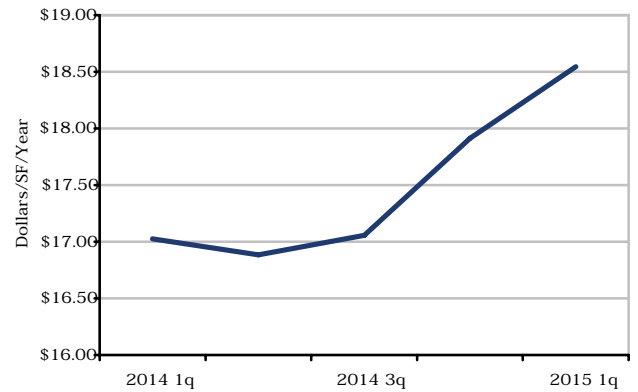
Historical Analysis, All Classes



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	171	2,340,178	41,522	1.8%	(430)	0	0	0	0	\$18.54
2014 4q	171	2,340,178	41,092	1.8%	13,501	0	0	0	0	\$17.91
2014 3q	171	2,340,178	54,593	2.3%	6,536	0	0	0	0	\$17.06
2014 2q	172	2,347,602	68,553	2.9%	(6,626)	0	0	0	0	\$16.88
2014 1q	172	2,347,602	61,927	2.6%	(2,525)	0	0	0	0	\$17.03
2013 4q	172	2,347,602	59,402	2.5%	(6,633)	0	0	0	0	\$17.34
2013 3q	172	2,347,602	52,769	2.2%	18,378	0	0	0	0	\$17.13
2013 2q	172	2,347,602	71,147	3.0%	1,574	0	0	0	0	\$16.84
2013 1q	172	2,347,602	72,721	3.1%	(705)	0	0	0	0	\$17.26
2012 4q	172	2,347,602	72,016	3.1%	1,351	0	0	0	0	\$17.26
2012 3q	172	2,347,602	73,367	3.1%	4,995	0	0	0	0	\$16.58
2012 2q	172	2,347,602	78,362	3.3%	(2,880)	0	0	0	0	\$17.02
2012 1q	172	2,347,602	75,482	3.2%	(3,259)	0	0	0	0	\$16.93
2011 4q	172	2,347,602	72,223	3.1%	23,844	0	0	0	0	\$14.52
2011 3q	172	2,347,602	96,067	4.1%	17,967	0	0	0	0	\$10.92
2011 2q	172	2,347,602	114,034	4.9%	(20,155)	0	0	0	0	\$11.81

Source: CoStar Property®

Asheville Retail Market

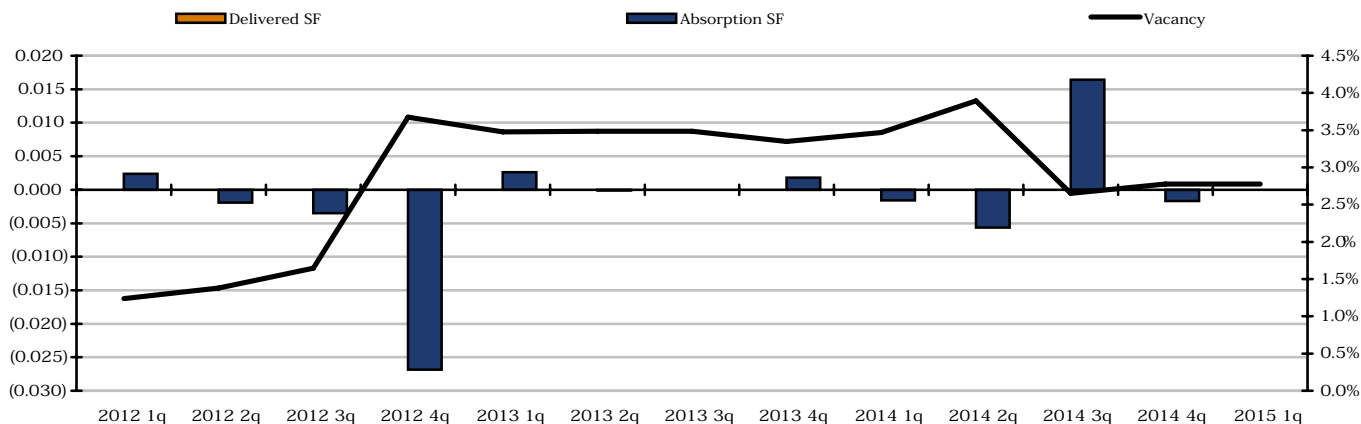


East Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

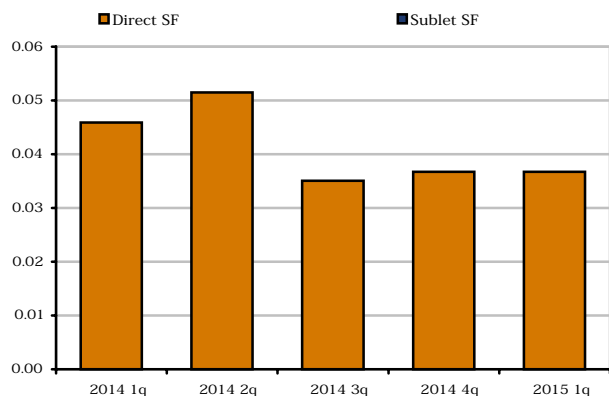
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

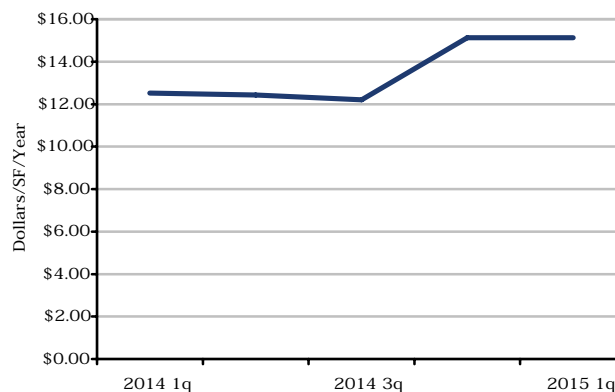
Historical Analysis, All Classes



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	90	1,323,268	36,741	2.8%	0	0	0	0	0	\$15.13
2014 4q	90	1,323,268	36,741	2.8%	(1,663)	0	0	0	0	\$15.13
2014 3q	90	1,323,268	35,078	2.7%	16,435	0	0	0	0	\$12.20
2014 2q	90	1,323,268	51,513	3.9%	(5,629)	0	0	0	0	\$12.43
2014 1q	90	1,323,268	45,884	3.5%	(1,570)	0	0	0	0	\$12.52
2013 4q	90	1,323,268	44,314	3.3%	1,800	0	0	0	0	\$12.29
2013 3q	90	1,323,268	46,114	3.5%	0	0	0	0	0	\$11.94
2013 2q	90	1,323,268	46,114	3.5%	(91)	0	0	0	0	\$12.01
2013 1q	90	1,323,268	46,023	3.5%	2,607	0	0	0	0	\$12.13
2012 4q	90	1,323,268	48,630	3.7%	(26,830)	0	0	0	0	\$14.76
2012 3q	90	1,323,268	21,800	1.6%	(3,516)	0	0	0	0	\$13.45
2012 2q	90	1,323,268	18,284	1.4%	(1,909)	0	0	0	0	\$11.84
2012 1q	90	1,323,268	16,375	1.2%	2,355	0	0	0	0	\$11.34
2011 4q	90	1,323,268	18,730	1.4%	(1,148)	0	0	0	0	\$11.34
2011 3q	90	1,323,268	17,582	1.3%	3,120	0	0	0	0	\$11.42
2011 2q	90	1,323,268	20,702	1.6%	(7,334)	0	0	0	0	\$10.90

Source: CoStar Property®



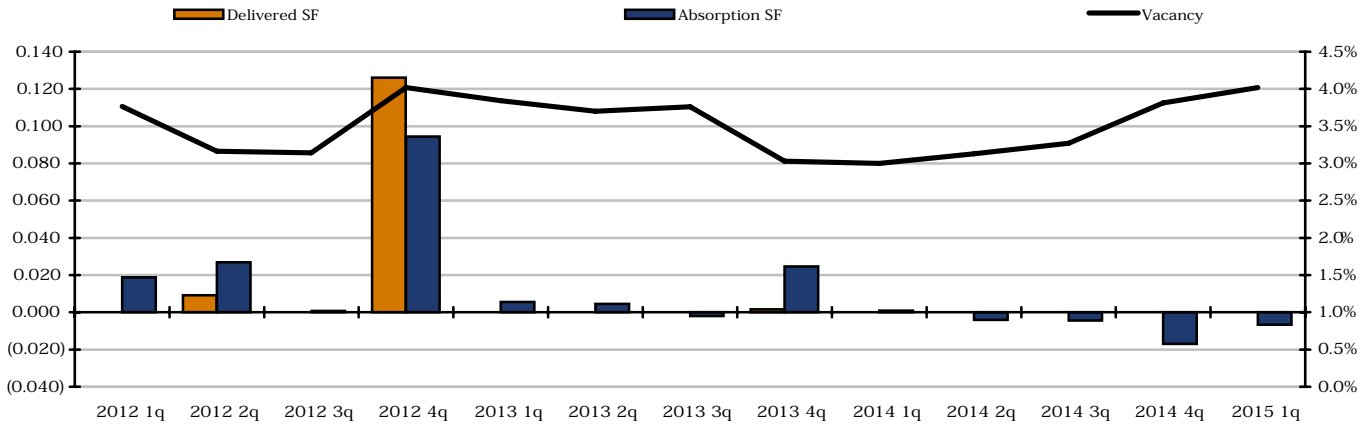
Asheville Retail Market

Haywood County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

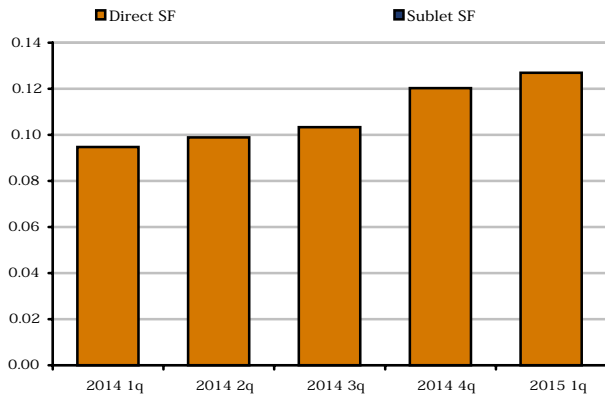
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

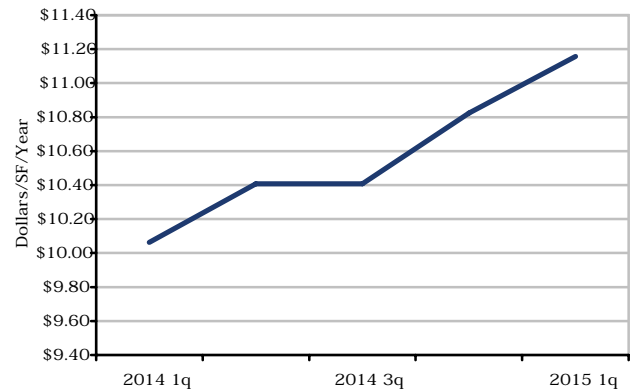
Historical Analysis, All Classes



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	244	3,157,508	126,933	4.0%	(6,611)	0	0	1	3,808	\$11.16
2014 4q	244	3,157,508	120,322	3.8%	(17,040)	0	0	1	3,808	\$10.82
2014 3q	244	3,157,508	103,282	3.3%	(4,432)	0	0	1	3,808	\$10.41
2014 2q	244	3,157,508	98,850	3.1%	(4,062)	0	0	0	0	\$10.41
2014 1q	244	3,157,508	94,788	3.0%	837	0	0	0	0	\$10.06
2013 4q	244	3,157,508	95,625	3.0%	24,629	1	1,599	0	0	\$9.09
2013 3q	243	3,155,909	118,655	3.8%	(1,933)	0	0	1	1,599	\$9.04
2013 2q	243	3,155,909	116,722	3.7%	4,498	0	0	1	1,599	\$9.47
2013 1q	243	3,155,909	121,220	3.8%	5,632	0	0	0	0	\$9.65
2012 4q	243	3,155,909	126,852	4.0%	94,373	2	126,085	0	0	\$9.24
2012 3q	241	3,029,824	95,140	3.1%	768	0	0	2	126,085	\$9.20
2012 2q	241	3,029,824	95,908	3.2%	26,934	1	9,100	2	126,085	\$9.22
2012 1q	240	3,020,724	113,742	3.8%	18,870	0	0	3	135,185	\$9.22
2011 4q	240	3,020,724	132,612	4.4%	6,971	0	0	2	48,971	\$9.41
2011 3q	240	3,020,724	139,583	4.6%	9,626	0	0	1	39,871	\$10.20
2011 2q	240	3,020,724	149,209	4.9%	20,901	0	0	0	0	\$10.01

Source: CoStar Property®

Asheville Retail Market

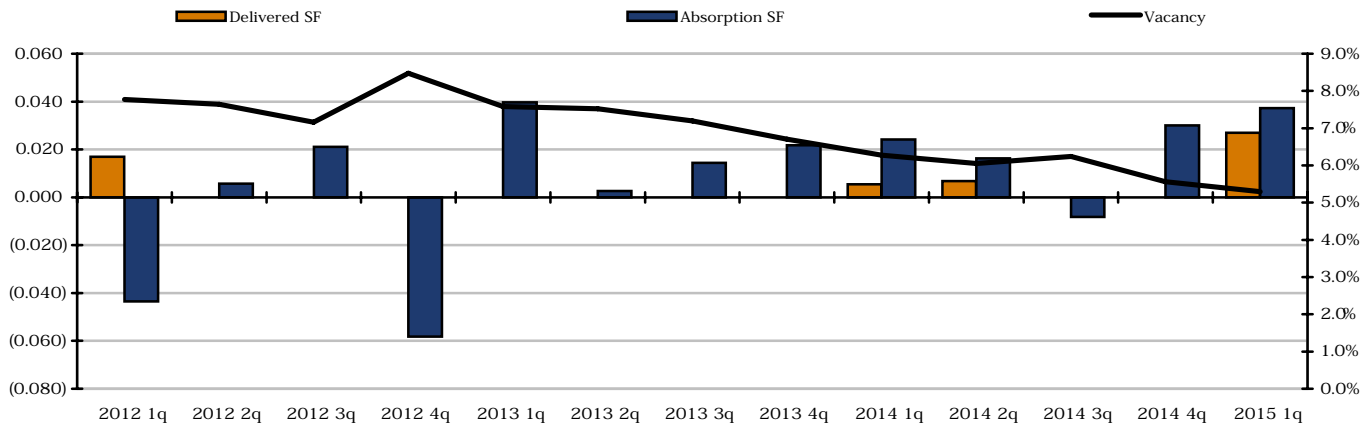


Henderson County Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

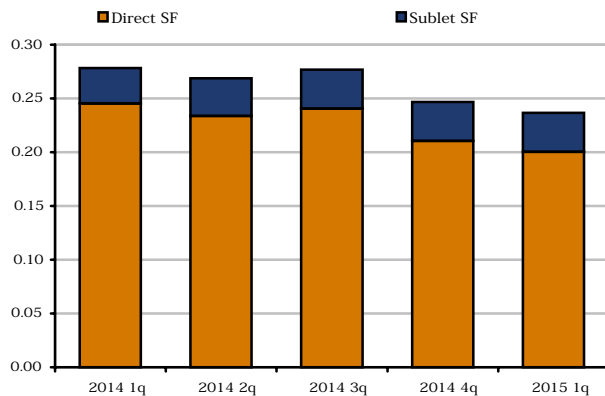
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

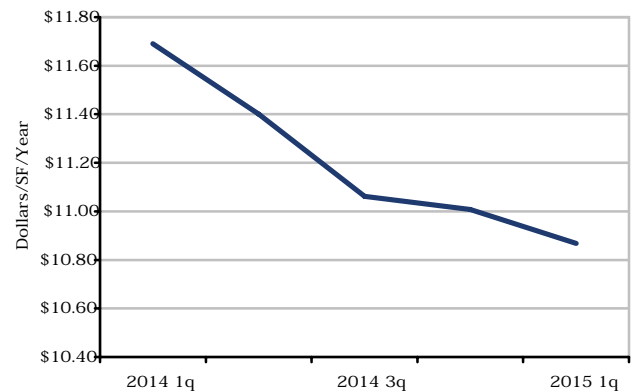
Historical Analysis, All Classes



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	351	4,464,902	236,503	5.3%	37,278	1	27,000	0	0	\$10.87
2014 4q	350	4,437,902	246,781	5.6%	30,109	0	0	1	27,000	\$11.01
2014 3q	350	4,437,902	276,890	6.2%	(8,222)	0	0	1	27,000	\$11.06
2014 2q	350	4,437,902	268,668	6.1%	16,325	1	6,800	0	0	\$11.40
2014 1q	349	4,431,102	278,193	6.3%	24,168	1	5,508	1	6,800	\$11.69
2013 4q	348	4,425,594	296,853	6.7%	21,708	0	0	2	12,308	\$11.55
2013 3q	348	4,425,594	318,561	7.2%	14,364	0	0	2	12,308	\$11.33
2013 2q	348	4,425,594	332,925	7.5%	2,625	0	0	0	0	\$11.91
2013 1q	348	4,425,594	335,550	7.6%	39,719	0	0	0	0	\$11.87
2012 4q	348	4,425,594	375,269	8.5%	(58,213)	0	0	0	0	\$11.85
2012 3q	348	4,425,594	317,056	7.2%	21,067	0	0	0	0	\$10.81
2012 2q	348	4,425,594	338,123	7.6%	5,685	0	0	0	0	\$11.02
2012 1q	348	4,425,594	343,808	7.8%	(43,501)	2	17,000	0	0	\$11.04
2011 4q	347	4,414,405	289,118	6.5%	(7,766)	1	9,767	2	17,000	\$10.84
2011 3q	346	4,404,638	271,585	6.2%	(12,237)	1	16,793	2	14,767	\$10.27
2011 2q	345	4,387,845	242,555	5.5%	25,888	0	0	2	26,560	\$10.07

Source: CoStar Property®



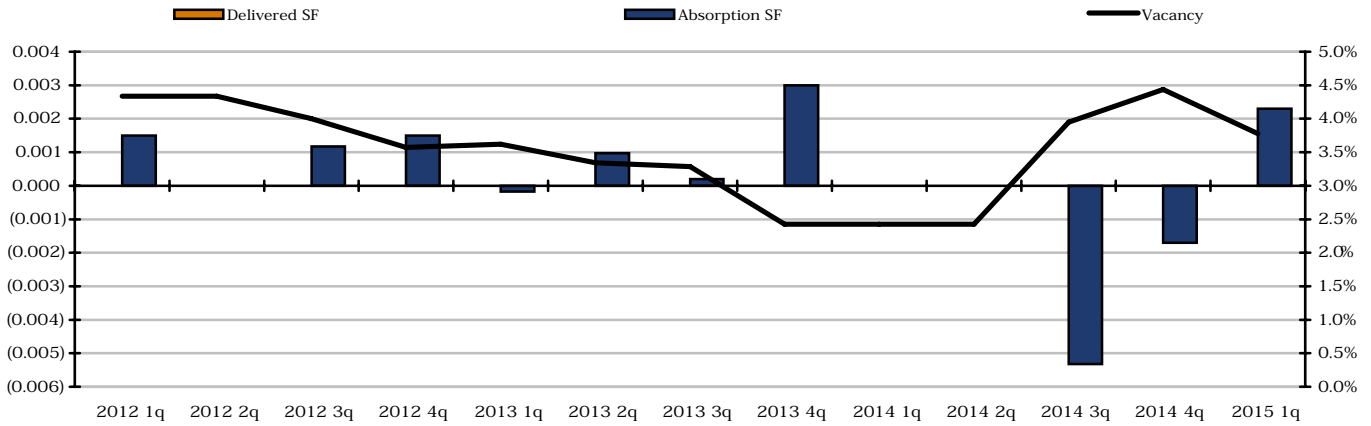
Asheville Retail Market

Madison County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

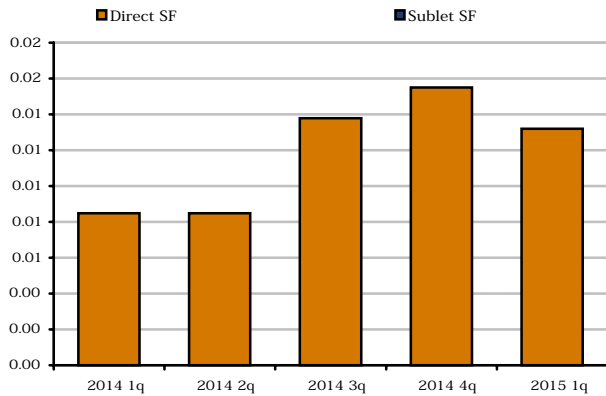
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

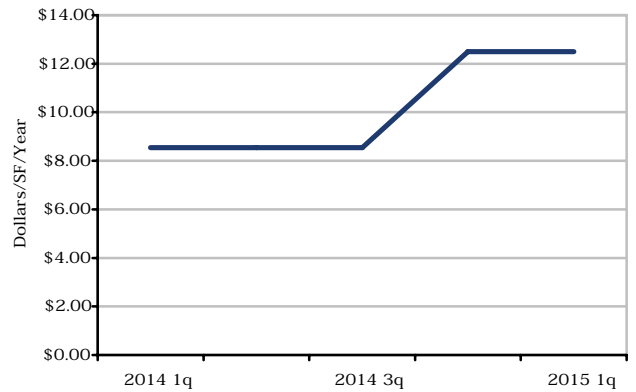
Historical Analysis, All Classes



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	46	349,081	13,194	3.8%	2,300	0	0	0	0	\$12.50
2014 4q	46	349,081	15,494	4.4%	(1,700)	0	0	0	0	\$12.50
2014 3q	46	349,081	13,794	4.0%	(5,318)	0	0	0	0	\$8.55
2014 2q	46	349,081	8,476	2.4%	0	0	0	0	0	\$8.55
2014 1q	46	349,081	8,476	2.4%	0	0	0	0	0	\$8.55
2013 4q	46	349,081	8,476	2.4%	3,000	0	0	0	0	\$8.55
2013 3q	46	349,081	11,476	3.3%	200	0	0	0	0	\$8.55
2013 2q	46	349,081	11,676	3.3%	968	0	0	0	0	\$9.97
2013 1q	46	349,081	12,644	3.6%	(176)	0	0	0	0	\$12.50
2012 4q	46	349,081	12,468	3.6%	1,500	0	0	0	0	\$12.50
2012 3q	46	349,081	13,968	4.0%	1,176	0	0	0	0	\$12.50
2012 2q	46	349,081	15,144	4.3%	0	0	0	0	0	\$12.50
2012 1q	46	349,081	15,144	4.3%	1,500	0	0	0	0	\$12.50
2011 4q	46	349,081	16,644	4.8%	(5,700)	0	0	0	0	\$12.50
2011 3q	46	349,081	10,944	3.1%	(8,368)	0	0	0	0	\$12.50
2011 2q	46	349,081	2,576	0.7%	0	0	0	0	0	\$0.00

Source: CoStar Property®

Asheville Retail Market

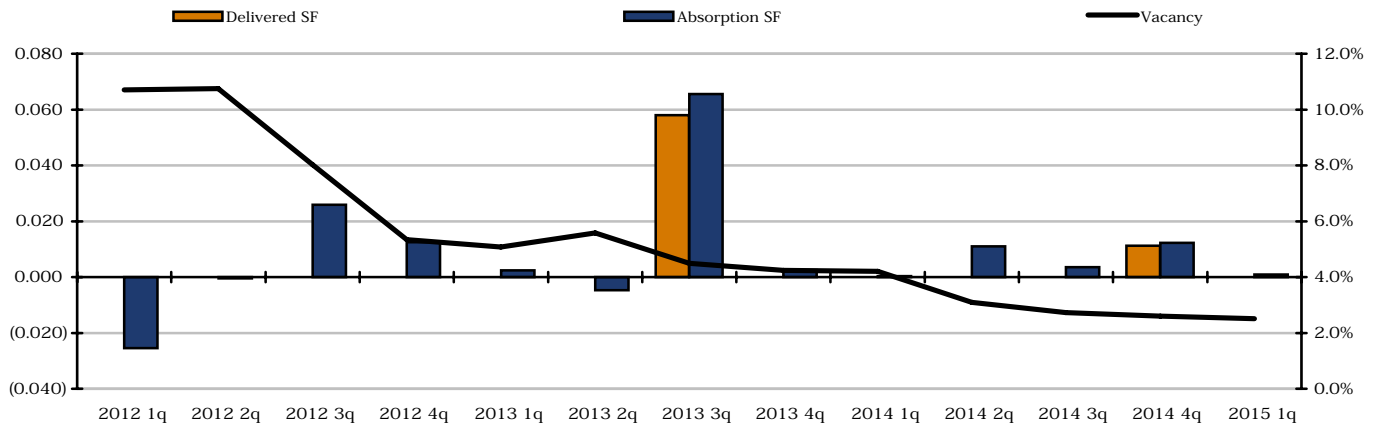


North Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

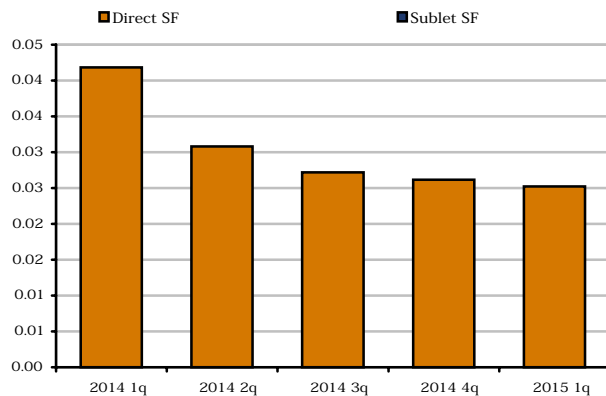
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

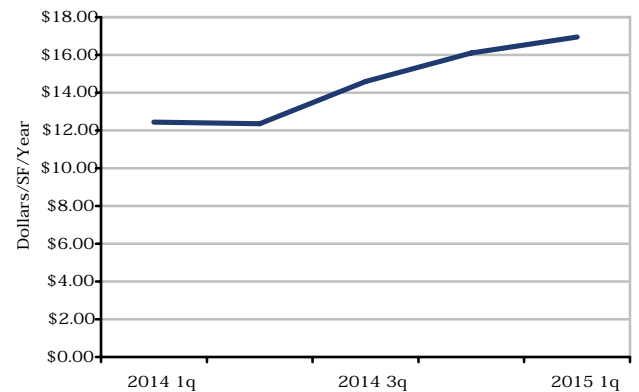
Historical Analysis, All Classes



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	119	1,005,978	25,239	2.5%	900	0	0	0	0	\$16.95
2014 4q	119	1,005,978	26,139	2.6%	12,250	2	11,200	0	0	\$16.11
2014 3q	117	994,778	27,189	2.7%	3,593	0	0	2	11,200	\$14.60
2014 2q	117	994,778	30,782	3.1%	11,032	0	0	2	11,200	\$12.36
2014 1q	117	994,778	41,814	4.2%	322	0	0	2	11,200	\$12.43
2013 4q	117	994,778	42,136	4.2%	2,550	0	0	2	11,200	\$12.27
2013 3q	117	994,778	44,686	4.5%	65,528	2	57,957	0	0	\$14.76
2013 2q	115	936,821	52,257	5.6%	(4,664)	0	0	2	57,957	\$16.44
2013 1q	115	936,821	47,593	5.1%	2,450	0	0	2	57,957	\$15.95
2012 4q	115	936,821	50,043	5.3%	12,448	0	0	0	0	\$14.87
2012 3q	118	950,637	76,307	8.0%	25,934	0	0	0	0	\$14.43
2012 2q	118	950,637	102,241	10.8%	(449)	0	0	0	0	\$13.90
2012 1q	118	950,637	101,792	10.7%	(25,492)	0	0	0	0	\$14.40
2011 4q	118	950,637	76,300	8.0%	9,497	0	0	0	0	\$14.85
2011 3q	118	950,637	85,797	9.0%	775	0	0	0	0	\$15.70
2011 2q	118	950,637	86,572	9.1%	(7,884)	0	0	0	0	\$15.61

Source: CoStar Property®



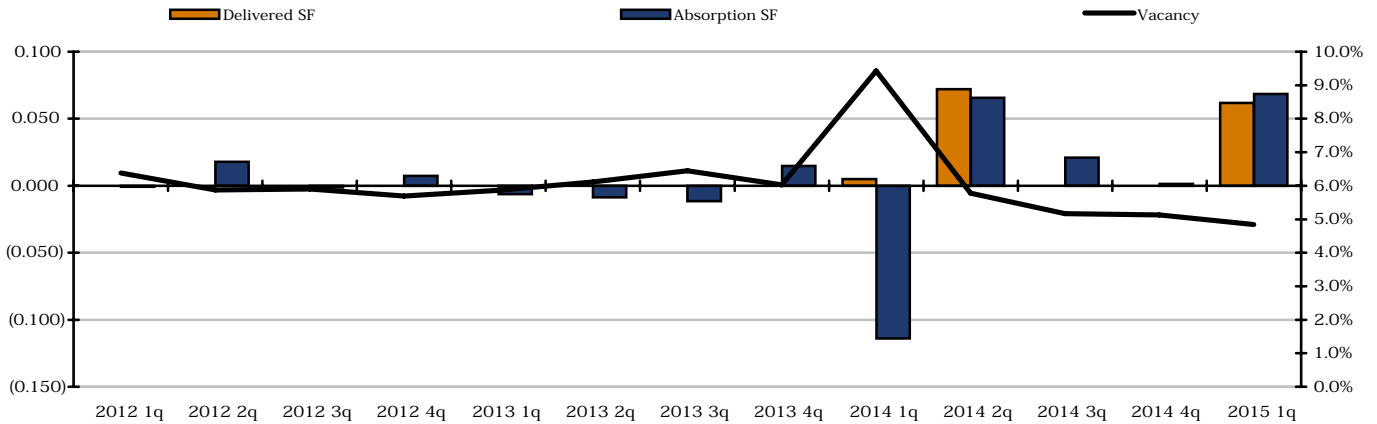
Asheville Retail Market

S Asheville / Royal Pines Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

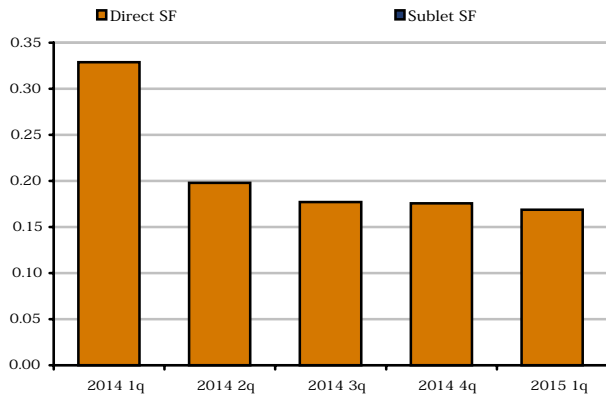
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

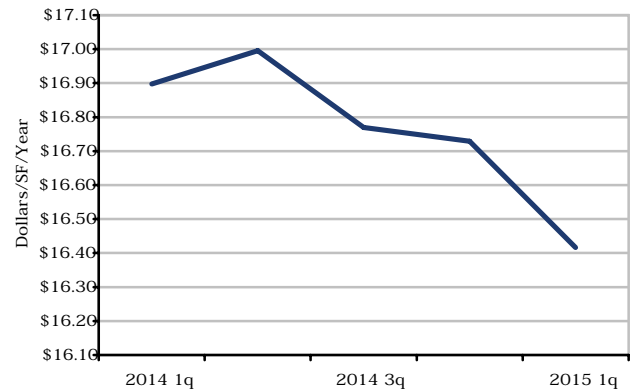
Historical Analysis, All Classes



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	245	3,485,854	168,733	4.8%	68,544	3	61,731	3	21,640	\$16.42
2014 4q	242	3,424,123	175,546	5.1%	1,455	0	0	5	77,931	\$16.73
2014 3q	242	3,424,123	177,001	5.2%	20,936	0	0	4	67,931	\$16.77
2014 2q	242	3,424,123	197,937	5.8%	65,510	1	72,000	2	56,200	\$17.00
2014 1q	242	3,489,534	328,858	9.4%	(113,910)	1	5,000	1	72,000	\$16.90
2013 4q	241	3,484,534	209,948	6.0%	14,709	0	0	2	77,000	\$16.65
2013 3q	241	3,484,534	224,657	6.4%	(11,527)	0	0	2	77,000	\$16.10
2013 2q	241	3,484,534	213,130	6.1%	(8,651)	0	0	0	0	\$17.20
2013 1q	241	3,484,534	204,479	5.9%	(6,221)	0	0	0	0	\$17.91
2012 4q	241	3,484,534	198,258	5.7%	7,452	0	0	0	0	\$19.32
2012 3q	241	3,484,534	205,710	5.9%	(1,131)	0	0	0	0	\$20.18
2012 2q	241	3,484,534	204,579	5.9%	17,749	0	0	0	0	\$20.14
2012 1q	241	3,484,534	222,328	6.4%	(817)	0	0	0	0	\$19.86
2011 4q	241	3,484,534	221,511	6.4%	16,898	0	0	0	0	\$19.97
2011 3q	241	3,484,534	238,409	6.8%	10,974	0	0	0	0	\$19.96
2011 2q	241	3,484,534	249,383	7.2%	(17,465)	0	0	0	0	\$20.58

Source: CoStar Property®

Asheville Retail Market

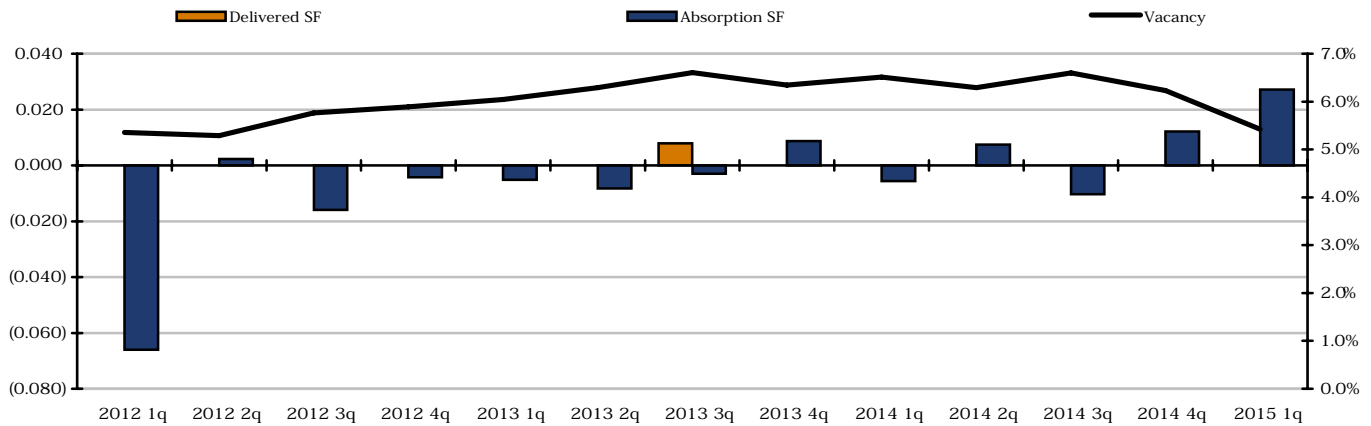


West Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

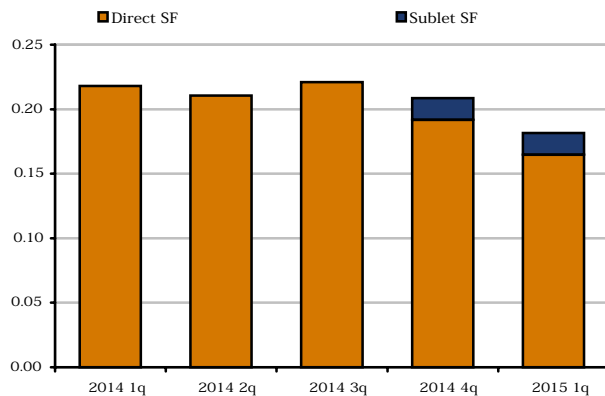
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

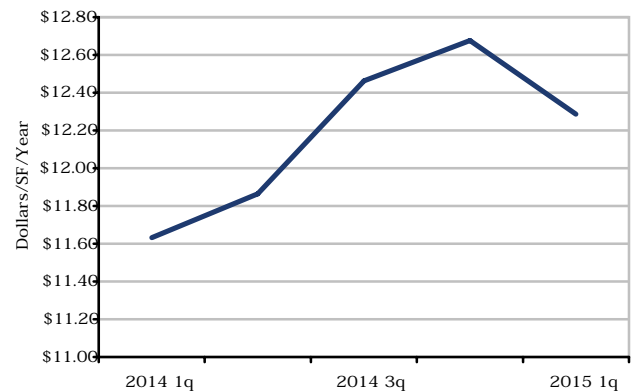
Historical Analysis, All Classes



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	336	3,348,640	181,569	5.4%	27,123	0	0	0	0	\$12.29
2014 4q	336	3,348,640	208,692	6.2%	12,202	0	0	0	0	\$12.68
2014 3q	336	3,348,640	220,894	6.6%	(10,332)	0	0	0	0	\$12.46
2014 2q	336	3,348,640	210,562	6.3%	7,501	0	0	0	0	\$11.86
2014 1q	336	3,348,640	218,063	6.5%	(5,627)	0	0	0	0	\$11.63
2013 4q	336	3,348,640	212,436	6.3%	8,710	0	0	0	0	\$11.47
2013 3q	336	3,348,640	221,146	6.6%	(2,988)	1	7,956	0	0	\$11.61
2013 2q	335	3,340,684	210,202	6.3%	(8,265)	0	0	1	7,956	\$12.20
2013 1q	335	3,340,684	201,937	6.0%	(5,169)	0	0	1	7,956	\$12.04
2012 4q	335	3,340,684	196,768	5.9%	(4,234)	0	0	0	0	\$11.82
2012 3q	335	3,340,684	192,534	5.8%	(15,897)	0	0	0	0	\$12.03
2012 2q	335	3,340,684	176,637	5.3%	2,336	0	0	0	0	\$11.33
2012 1q	335	3,340,684	178,973	5.4%	(65,960)	0	0	0	0	\$11.37
2011 4q	335	3,340,684	113,013	3.4%	(26,605)	0	0	0	0	\$11.44
2011 3q	335	3,340,684	86,408	2.6%	(1,700)	0	0	0	0	\$11.82
2011 2q	335	3,340,684	84,708	2.5%	886	0	0	0	0	\$13.65

Source: CoStar Property®