

The CoStar Retail Report

Third Quarter 2014

Asheville Retail 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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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 Retail Market

Overview

Asheville's Vacancy Decreases to 4.9%

Net Absorption Positive 38,295 SF in the Quarter

The Asheville retail market did not experience much change in market conditions in the third quarter 2014. The vacancy rate went from 5.1% in the previous quarter to 4.9% in the current quarter. Net absorption was positive 38,295 square feet, and vacant sublease space increased by 1,697 square feet. Quoted rental rates increased from second quarter 2014 levels, ending at \$13.57 per square foot per year. A total of zero retail buildings with zero square feet of retail space were delivered to the market in the quarter, with 331,200 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was slightly positive in Asheville third quarter 2014, with positive 38,295 square feet absorbed in the quarter. In second quarter 2014, net absorption was positive 64,895 square feet, while in first quarter 2014, absorption came in at positive 58,704 square feet. In fourth quarter 2013, positive 103,581 square feet was absorbed in the market.

Tenants moving out of large blocks of space in 2014 include: Child Kingdom Montessori moving out of 319,742 square feet at 800 Brevard Rd; Davis Furniture moving out of 83,454 square feet at 800 Brevard Rd; and Belk moving out of 50,344 square feet at 135 Barber Blvd.

Tenants moving into large blocks of space in 2014 include: Gaia Herbs Inc moving into 65,000 square feet at 4076 Haywood Rd; Sitel moving into 39,900 square feet at Forest Ridge Shopping Center; and Center for Craft, Creativity and Design moving into 22,830 square feet at Lark Brooks Building.

Vacancy

Asheville's retail vacancy rate decreased in the third quarter 2014, ending the quarter at 4.9%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 5.5% in the fourth quarter 2013, to 5.3% at the end of the first quarter 2014, 5.1% at the end of the second quarter 2014, to 4.9% 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 fourth quarter 2013, there were 41,894 square feet of vacant sublease space. Currently, there are 45,543 square feet vacant in the market.

Largest Lease Signings

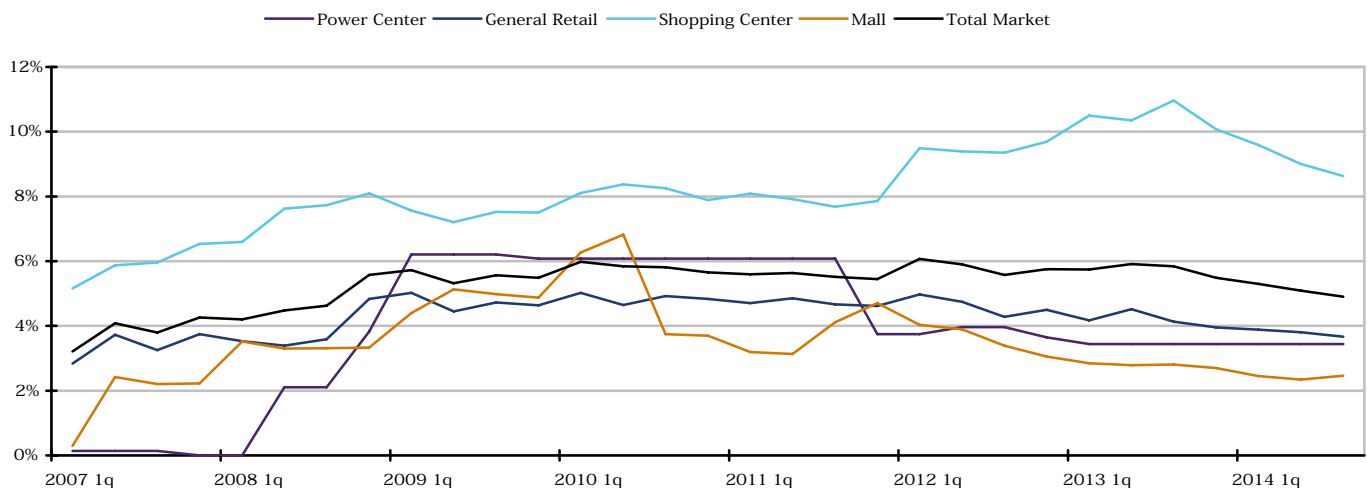
The largest lease signings occurring in 2014 included: the 19,500-square-foot-lease signed by Dinkins Discount Food Services at 310 Weaverville Rd; the 5,250-square-foot-deal signed by WC&R Interests, LLC at Westgate Shopping Center; and the 5,241-square-foot-lease signed by Hand Exercise Works at Forest Ridge Shopping Center.

Rental Rates

Average quoted asking rental rates in the Asheville retail market are up over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the third quarter 2014 at \$13.57 per square foot per year. That compares to \$12.61 per square foot in the second quarter 2014, and \$12.99 per square foot at the end of the fourth quarter 2013. This represents a 7.6% increase in rental rates in the current quarter, and a 4.27% increase from four quarters ago.

Vacancy Rates by Building Type

2007-2014



Source: CoStar Property®

Inventory & Construction

During the third quarter 2014, no new space was completed in the Asheville retail market. Over the past four quarters, a total of 18,907 square feet of retail space has been built in Asheville. In addition to the current quarter, one building with 6,800 square feet were completed in second quarter 2014, two buildings totaling 10,508 square feet completed in first quarter 2014, and 1,599 square feet in one building completed in fourth quarter 2013.

There were 331,200 square feet of retail space under construction at the end of the third quarter 2014.

Some of the notable 2014 deliveries include: 2250 Asheville Hwy - O'Reilly Auto Parts, a 6,800-square-foot facility that delivered in second quarter 2014 and is now 100% occupied, and 522 S Main St, a 5,508-square-foot building that delivered in first quarter 2014 and is now 100% occupied.

Total retail inventory in the Asheville market area amounted to 28,498,012 square feet in 2,236 buildings and 182 centers as of the end of the third quarter 2014.

Shopping Center

The Shopping Center market in Asheville currently consists of 175 projects with 7,585,591 square feet of retail space in 295 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing 28,776 square feet and delivering no new space in the current quarter, the Shopping Center sector saw the vacancy rate go from 9.0% at the end of the second quarter 2014 to 8.6% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 10.1% at the end of the fourth quarter 2013, to 9.6% at the end of the first quarter 2014, to 9.0% at the end of the second quarter 2014, and finally to 8.6% at the end of the current quarter.

Rental rates ended the third quarter 2014 at \$12.14 per square foot, up from the \$12.07 they were at the end of second quarter 2014. Rental rates have trended up over the past year, going from \$11.90 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 177,634 square feet over the past four quarters. In addition to the positive 28,776 square feet absorbed this quarter, positive 44,182 square feet was absorbed in the second quarter 2014, positive 37,072 square feet was absorbed in the first quarter 2014, and positive 67,604 square feet was absorbed in the fourth quarter 2013.

Power Centers

The Power Center average vacancy rate was 3.4% in the third quarter 2014. With no net absorption and no new deliveries, the vacancy rate went from 3.4% at the end of last quarter to 3.4% at the end of the third quarter.

In the second quarter 2014, Power Centers had no absorption, delivered no new space, and the vacancy rate went from 3.4% to 3.4% over the course of the quarter. Rental started the quarter at \$19.00 per square foot and ended the quarter at \$15.00 per square foot.

A year ago, in third quarter 2013, the vacancy rate was 3.4%. Over the past four quarters, Power Centers have absorbed a cumulative zero square feet of space and delivered cumulative zero square feet of space. There was no sublease space over that same period, and rental rates have gone from \$15.00 to \$15.00.

At the end of the third quarter 2014, there was no space under construction in the Asheville market. The total stock of Power Center space in Asheville currently sits at 1,539,718 square feet in 4 centers comprised of 19 buildings.

No space was under construction at the end of the third quarter 2014.

General Retail Properties

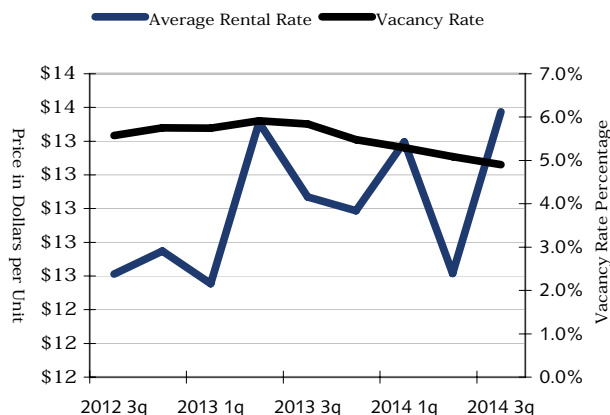
The General Retail sector of the market, which includes all freestanding retail buildings, except those contained within a center, reported a vacancy rate of 3.7% at the end of third quarter 2014. There was a total of 649,666 square feet vacant at that time. The General Retail sector in Asheville currently has average rental rates of \$14.70 per square foot per year. There are 331,200 square feet of space under construction in this sector, with 0 square feet having been completed in the third quarter. In all, there are a total of 1,908 buildings with 17,732,395 square feet of General Retail space in Asheville.

Specialty Centers

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

VACANCY & RENT

Past 9 Quarters



Source: CoStar Property®

Asheville Retail Market

Overview

Specialty Centers in the Asheville market have experienced no net absorption in 2014.

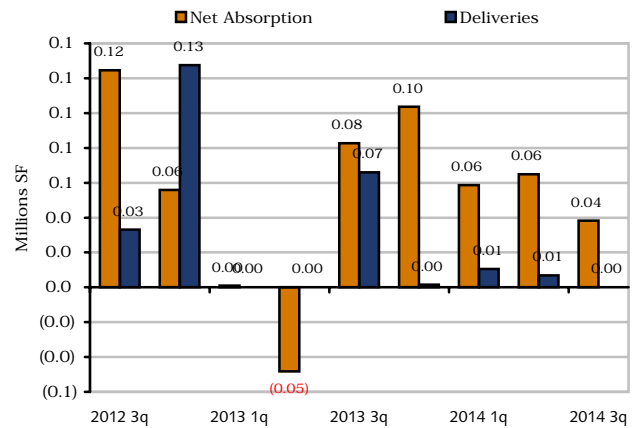
Malls

Malls recorded net absorption of negative (1,935) square feet in the third quarter 2014. This net absorption number, combined with no new space that was built in the quarter, caused the vacancy rate to go from 2.3% a quarter ago to 2.5% at the end of the third quarter 2014. Rental rates went from \$32.00 per square foot to \$32.00 per square foot during that time. In this report the Mall market is comprised of 3 Lifestyle Center, Regional Mall and Super Regional Malls.

Reports compiled by: Troy Vigilance, Costar Research Manager, and the Asheville research team.

ABSORPTION & DELIVERIES

Past 9 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.

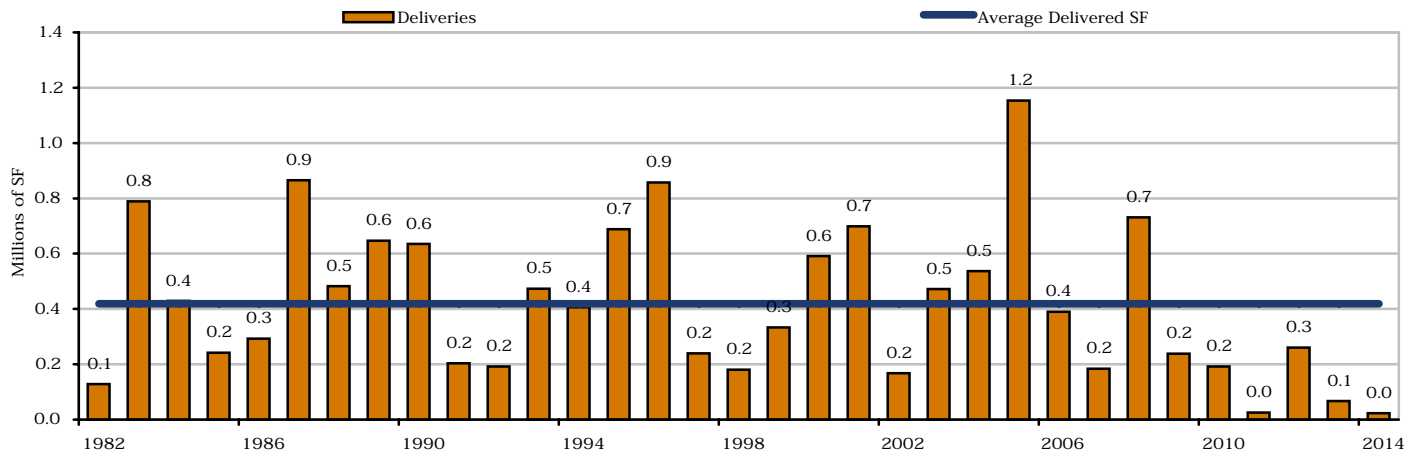
Submarket Clusters
Buncombe County
Central Asheville
Downtown Asheville
East Asheville
Haywood County
Henderson County
Madison County
North Asheville
S Asheville/Royal Pines
West Asheville

Asheville Retail Market



Inventory & development

Historical Deliveries 1982 - 2014



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

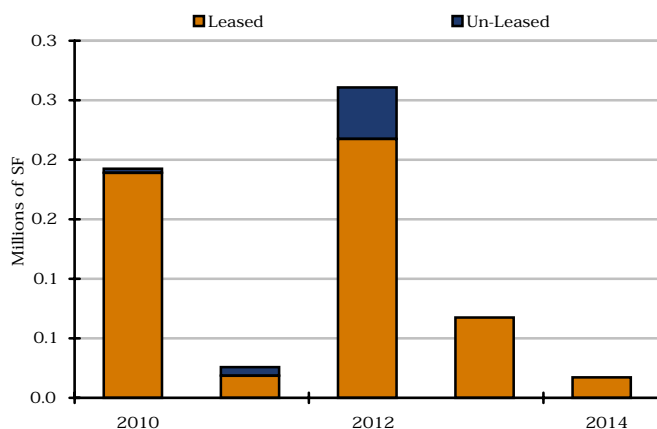
Construction Activity Markets Ranked by Under Construction Square Footage

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%	10,147	325,000
S Asheville/Royal Pines	1	6,200	0	0.0%	14,723	6,200
Madison County	0	0	0	0.0%	8,576	0
Downtown Asheville	0	0	0	0.0%	13,761	0
East Asheville	0	0	0	0.0%	14,703	0
Henderson County	0	0	0	0.0%	12,956	0
North Asheville	0	0	0	0.0%	8,557	0
Central Asheville	0	0	0	0.0%	18,354	0
West Asheville	0	0	0	0.0%	10,014	0
Haywood County	0	0	0	0.0%	13,560	0
Totals	2	331,200	295,750	89.3%	12,745	165,600

Source: CoStar Property®

Recent Deliveries

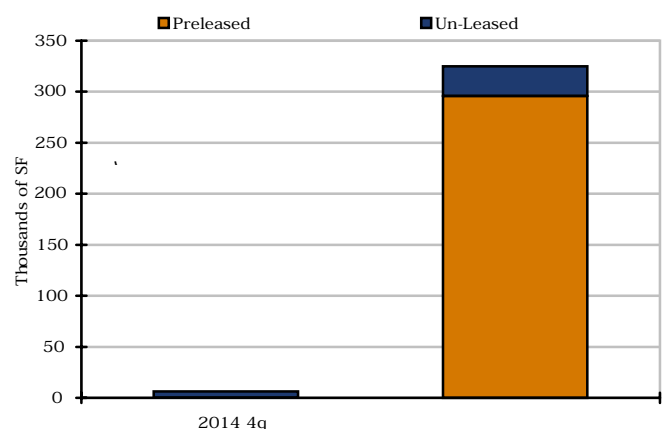
Leased & Un-Leased SF in Deliveries Since 2010



Source: CoStar Property®

Future Deliveries

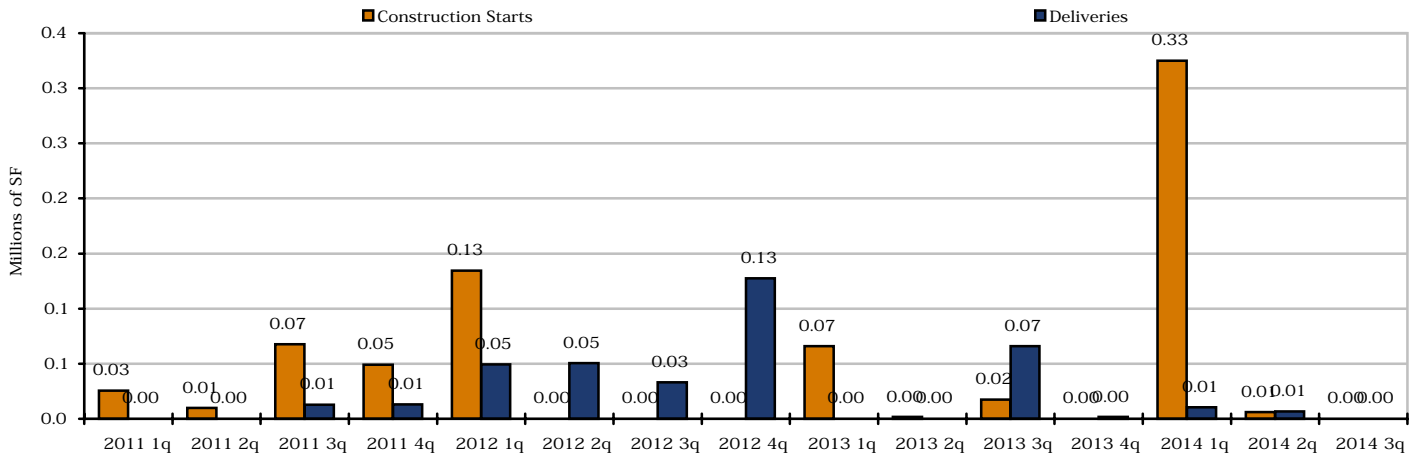
Preleased & Un-Leased SF in Properties Scheduled to Deliver



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	17,308	17,308	100.0%	\$0.00	12,308	5,000
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

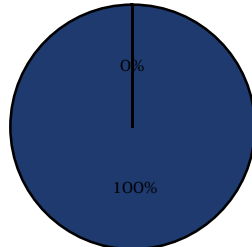
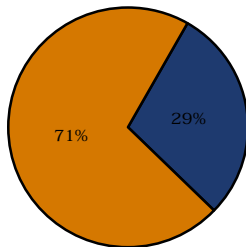
Source: CoStar Property®

Recent Development by Tenancy

Based on GLA Developed for Single & Multi Tenant Use

2014 Deliveries

Currently Under Construction



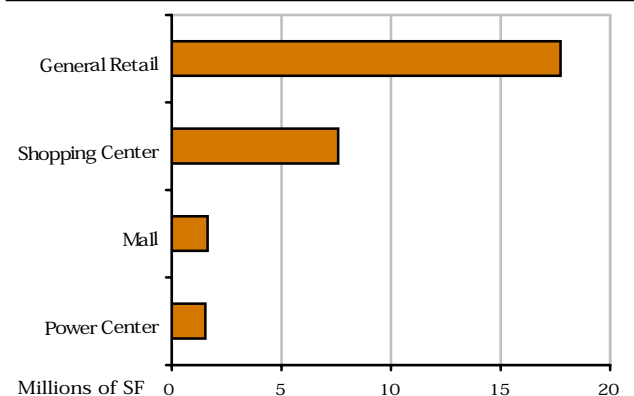
■ Multi ■ Single

■ 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. 2250 Asheville Hwy - O'Reilly Auto Parts	2. 522 S Main St	3. O'Reilly Auto Parts
Submarket: Henderson County Retail Market	Submarket: Henderson County Retail Market	Submarket: S Asheville/Royal Pines Retail Market
RBA: 6,800	RBA: 5,508	RBA: 5,000
Occupied: 100%	Occupied: 100%	Occupied: 100%
Quoted Rate: N/A	Quoted Rate: N/A	Quoted Rate: N/A
Grnd Brk Date: Third Quarter 2013	Grnd Brk Date: Third Quarter 2013	Grnd Brk Date: Third Quarter 2013
Deliv Date: Second Quarter 2014	Deliv Date: First Quarter 2014	Deliv Date: First Quarter 2014
Leasing Co: DHD Ventures, LLC	Leasing Co: N/A	Leasing Co: N/A
Developer: DHD Ventures, LLC	Developer: N/A	Developer: N/A

Select Top Under Construction Properties

Based on Project Square Footage

1. Asheville Outlets	2. 377 Long Shoals Rd
Submarket: Buncombe County Retail Market	Submarket: S Asheville/Royal Pines Retail Market
RBA: 325,000	RBA: 6,200
Preleased: 91%	Preleased: 0%
Quoted Rate: Negotiable	Quoted Rate: Negotiable
Grnd Brk Date: First Quarter 2014	Grnd Brk Date: Second Quarter 2014
Deliv Date: Second Quarter 2015	Deliv Date: Fourth Quarter 2014
Leasing Co: New England Development	Leasing Co: Thomas R Morgan
Developer: N/A	Developer: N/A

General Retail Market Statistics

Third Quarter 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	349	2,821,485	162,842	164,403	5.8%	36,371	0	325,000	\$8.65
Central Asheville	251	2,934,601	64,298	71,407	2.4%	(9,094)	0	0	\$25.44
Downtown Asheville	170	2,339,397	54,093	54,093	2.3%	4,809	0	0	\$17.06
East Asheville	67	334,320	7,947	7,947	2.4%	(5,129)	0	0	\$13.77
Haywood County	188	2,000,557	61,837	61,837	3.1%	(7,357)	0	0	\$8.61
Henderson County	267	2,545,265	108,692	112,068	4.4%	31,724	12,308	0	\$11.95
Madison County	41	314,183	35,994	35,994	11.5%	(5,118)	0	0	\$8.55
North Asheville	106	815,815	11,304	11,304	1.4%	12,921	0	0	\$13.95
S Asheville/Royal Pines	182	1,503,815	63,588	63,588	4.2%	(3,904)	5,000	6,200	\$15.35
West Asheville	287	2,122,957	67,025	67,025	3.2%	(7,359)	0	0	\$12.93
Totals	1,908	17,732,395	637,620	649,666	3.7%	47,864	17,308	331,200	\$14.70

Source: CoStar Property®

Mall Market Statistics

Third Quarter 2014

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%	(1,625)	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	19,960	19,960	6.4%	5,625	0	0	\$32.00
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	3	1,640,308	40,316	40,316	2.5%	4,000	0	0	\$32.00

Source: CoStar Property®

Power Center Market Statistics

Third Quarter 2014

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	0	0	0.0%	0	0	0	\$15.00
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	462,161	27,896	27,896	6.0%	0	0	0	\$0.00
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	4	1,539,718	52,896	52,896	3.4%	0	0	0	\$15.00

Source: CoStar Property®

Asheville Retail Market



Figures at a Glance

Shopping Center Market Statistics

Third Quarter 2014

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	64,800	64,800	5.0%	10,073	0	0	\$9.46
Central Asheville	13	839,272	106,734	107,271	12.8%	61,200	0	0	\$13.08
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	9	583,117	27,131	27,131	4.7%	14,365	0	0	\$11.71
Haywood County	11	695,942	30,645	30,645	4.4%	0	0	0	\$13.31
Henderson County	35	1,516,263	121,531	154,491	10.2%	(4,553)	0	0	\$10.65
Madison County	1	46,000	0	0	0.0%	0	0	0	\$0.00
North Asheville	9	176,753	18,089	18,089	10.2%	(178)	0	0	\$14.71
S Asheville/Royal Pines	34	1,228,654	98,457	98,457	8.0%	30,722	0	0	\$14.05
West Asheville	25	1,211,660	153,369	153,369	12.7%	(1,599)	0	0	\$12.29
Totals	175	7,585,591	620,756	654,253	8.6%	110,030	0	0	\$12.14

Source: CoStar Property®

Total Retail Market Statistics

Third Quarter 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	405	4,109,415	227,642	229,203	5.6%	46,444	0	325,000	\$8.93
Central Asheville	276	5,065,591	197,657	205,303	4.1%	50,481	0	0	\$19.70
Downtown Asheville	170	2,339,397	54,093	54,093	2.3%	4,809	0	0	\$17.06
East Asheville	90	1,323,268	35,078	35,078	2.7%	9,236	0	0	\$12.20
Haywood County	225	3,050,906	92,482	92,482	3.0%	(7,357)	0	0	\$10.41
Henderson County	341	4,417,932	248,954	285,290	6.5%	27,171	12,308	0	\$11.16
Madison County	42	360,183	35,994	35,994	10.0%	(5,118)	0	0	\$8.55
North Asheville	116	992,568	29,393	29,393	3.0%	12,743	0	0	\$14.60
S Asheville/Royal Pines	238	3,504,135	209,901	209,901	6.0%	32,443	5,000	6,200	\$16.37
West Asheville	333	3,334,617	220,394	220,394	6.6%	(8,958)	0	0	\$12.46
Totals	2,236	28,498,012	1,351,588	1,397,131	4.9%	161,894	17,308	331,200	\$13.57

Source: CoStar Property®

General Retail Market Statistics

Third Quarter 2014

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	
2014 3q	1,908	17,732,395	637,620	649,666	3.7%	11,454	0	0	2	331,200	\$14.70
2014 2q	1,909	17,747,395	664,074	676,120	3.8%	18,957	1	6,800	2	331,200	\$12.69
2014 1q	1,909	17,741,042	680,053	688,723	3.9%	17,453	2	10,508	2	331,800	\$14.36
2013 4q	1,908	17,735,642	691,842	700,776	4.0%	34,301	1	1,599	3	17,308	\$14.11
2013 3q	1,907	17,734,042	724,544	733,478	4.1%	122,712	2	57,957	4	18,907	\$14.09
2013 2q	1,905	17,676,085	789,299	798,233	4.5%	(60,648)	0	0	3	59,556	\$14.26
2013 1q	1,905	17,575,438	729,302	737,585	4.2%	55,658	0	0	2	57,957	\$12.35
2012 4q	1,906	17,678,457	787,332	795,615	4.5%	(50,353)	1	1,500	0	0	\$12.30
2012 3q	1,908	17,690,773	750,856	757,578	4.3%	113,358	2	33,061	1	1,500	\$11.93
2012 2q	1,906	17,657,712	831,153	837,875	4.7%	87,653	5	50,684	3	34,561	\$12.33
2012 1q	1,901	17,607,028	868,122	874,844	5.0%	(31,819)	4	37,401	8	85,245	\$12.52
2011	1,898	17,575,438	804,713	811,435	4.6%	44,709	2	6,285	7	74,460	\$12.44
2010	1,896	17,569,153	843,137	849,859	4.8%	62,443	4	105,505	0	0	\$12.26
2009	1,893	17,466,653	801,758	809,800	4.6%	199,140	12	173,096	2	12,025	\$13.69
2008	1,881	17,293,555	835,844	835,844	4.8%	200,542	18	403,957	8	151,390	\$14.28
2007	1,863	16,889,595	632,429	632,429	3.7%	(63,149)	19	121,945	11	341,583	\$15.40

Source: CoStar Property®

Mall Market Statistics

Third Quarter 2014

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	
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
2008	3	1,605,108	53,528	53,528	3.3%	45,666	3	64,935	1	35,200	\$0.00
2007	3	1,540,173	34,259	34,259	2.2%	(300)	0	0	4	100,135	\$0.00

Source: CoStar Property®

Power Center Market Statistics

Third Quarter 2014

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	
2014 3q	4	1,539,718	52,896	52,896	3.4%	0	0	0	0	0	\$15.00
2014 2q	4	1,539,718	52,896	52,896	3.4%	0	0	0	0	0	\$15.00
2014 1q	4	1,539,718	52,896	52,896	3.4%	0	0	0	0	0	\$19.00
2013 4q	4	1,539,718	52,896	52,896	3.4%	0	0	0	0	0	\$15.00
2013 3q	4	1,539,718	52,896	52,896	3.4%	0	0	0	0	0	\$15.00
2013 2q	4	1,539,718	52,896	52,896	3.4%	0	0	0	0	0	\$15.00
2013 1q	4	1,539,718	52,896	52,896	3.4%	3,200	0	0	0	0	\$15.00
2012 4q	4	1,539,718	56,096	56,096	3.6%	126,085	2	126,085	0	0	\$15.00
2012 3q	4	1,413,633	56,096	56,096	4.0%	0	0	0	2	126,085	\$15.00
2012 2q	4	1,413,633	56,096	56,096	4.0%	(3,200)	0	0	2	126,085	\$15.00
2012 1q	4	1,413,633	52,896	52,896	3.7%	0	0	0	2	126,085	\$15.00
2011	4	1,413,633	52,896	52,896	3.7%	33,000	0	0	1	39,871	\$15.00
2010	4	1,413,633	85,896	85,896	6.1%	0	0	0	0	0	\$0.00
2009	4	1,413,633	85,896	85,896	6.1%	(2,962)	1	30,038	0	0	\$0.00
2008	4	1,383,595	25,000	52,896	3.8%	145,388	2	198,284	0	0	\$0.00
2007	3	1,185,311	0	0	0.0%	1,600	0	0	2	198,284	\$0.00

Source: CoStar Property®

Asheville Retail Market



Figures at a Glance

Shopping Center Market Statistics

Third Quarter 2014

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	
2014 3q	175	7,585,591	620,756	654,253	8.6%	28,776	0	0	0	0	\$12.14
2014 2q	175	7,585,591	651,229	683,029	9.0%	44,182	0	0	0	0	\$12.07
2014 1q	175	7,585,591	694,251	727,211	9.6%	37,072	0	0	0	0	\$12.12
2013 4q	175	7,585,591	731,323	764,283	10.1%	67,604	0	0	0	0	\$11.56
2013 3q	175	7,585,591	776,005	831,887	11.0%	(39,753)	1	7,956	0	0	\$11.90
2013 2q	175	7,577,635	728,296	784,178	10.3%	11,424	0	0	1	7,956	\$12.44
2013 1q	175	7,565,635	705,663	795,602	10.5%	(61,245)	0	0	1	7,956	\$12.31
2012 4q	175	7,577,635	643,818	734,357	9.7%	(25,407)	0	0	0	0	\$12.15
2012 3q	175	7,577,635	618,411	708,950	9.4%	2,965	0	0	0	0	\$12.19
2012 2q	175	7,577,635	615,976	711,915	9.4%	7,097	0	0	0	0	\$12.24
2012 1q	175	7,577,635	625,450	719,012	9.5%	(112,652)	1	12,000	0	0	\$12.72
2011	175	7,565,635	538,478	594,360	7.9%	20,447	2	19,571	1	12,000	\$12.70
2010	174	7,546,064	539,354	595,236	7.9%	51,064	2	86,981	0	0	\$13.78
2009	174	7,459,083	524,327	559,319	7.5%	44,366	0	0	1	75,481	\$13.98
2008	174	7,459,083	572,313	603,685	8.1%	(56,323)	4	64,031	0	0	\$13.65
2007	172	7,395,052	447,829	483,331	6.5%	(42,501)	3	62,510	4	64,031	\$14.10

Source: CoStar Property®

Total Retail Market Statistics

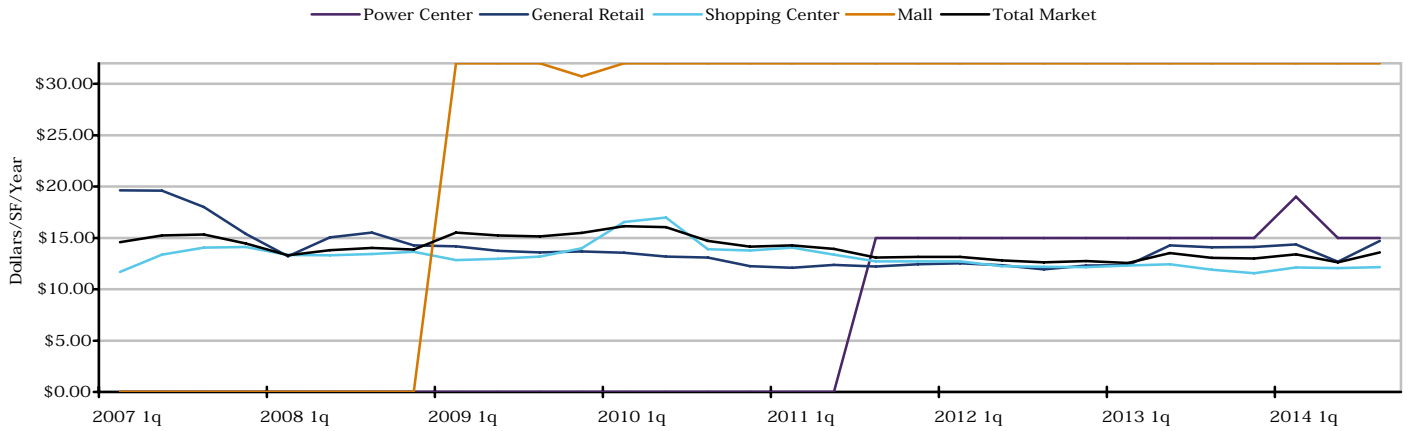
Third Quarter 2014

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	
2014 3q	2,236	28,498,012	1,351,588	1,397,133	4.9%	38,295	0	0	2	331,200	\$13.57
2014 2q	2,237	28,513,012	1,406,580	1,450,426	5.1%	64,895	1	6,800	2	331,200	\$12.61
2014 1q	2,237	28,506,658	1,467,337	1,508,967	5.3%	58,704	2	10,508	2	331,800	\$13.39
2013 4q	2,236	28,501,258	1,520,377	1,562,271	5.5%	103,581	1	1,599	3	17,308	\$12.99
2013 3q	2,235	28,499,659	1,599,437	1,664,253	5.8%	82,686	3	65,913	4	18,907	\$13.07
2013 2q	2,232	28,433,746	1,616,210	1,681,026	5.9%	(48,226)	0	0	4	67,512	\$13.51
2013 1q	2,232	28,433,746	1,534,578	1,632,800	5.7%	1,041	0	0	3	65,913	\$12.55
2012 4q	2,233	28,436,118	1,537,391	1,636,213	5.8%	55,863	3	127,585	0	0	\$12.75
2012 3q	2,233	28,322,349	1,481,046	1,578,307	5.6%	124,494	2	33,061	3	127,585	\$12.61
2012 2q	2,231	28,289,288	1,567,079	1,669,740	5.9%	93,902	5	50,684	5	160,646	\$12.82
2012 1q	2,226	28,238,604	1,612,674	1,712,958	6.1%	(133,574)	5	49,401	10	211,330	\$13.16
2011	2,222	28,195,014	1,473,190	1,535,794	5.4%	81,717	4	25,856	9	126,331	\$13.14
2010	2,218	28,169,158	1,529,051	1,591,655	5.7%	132,805	6	192,486	0	0	\$14.15
2009	2,213	27,979,675	1,491,943	1,534,977	5.5%	249,310	14	238,334	3	87,506	\$15.49
2008	2,199	27,741,341	1,486,685	1,545,953	5.6%	335,273	27	731,207	9	186,590	\$13.88
2007	2,172	27,010,134	1,114,517	1,150,019	4.3%	(104,350)	22	184,455	21	704,033	\$14.47

Source: CoStar Property®

Historical Rental Rates

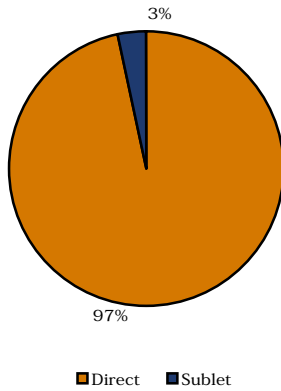
Based on NNN Rental Rates



Source: CoStar Property®

Vacancy by Available Space Type

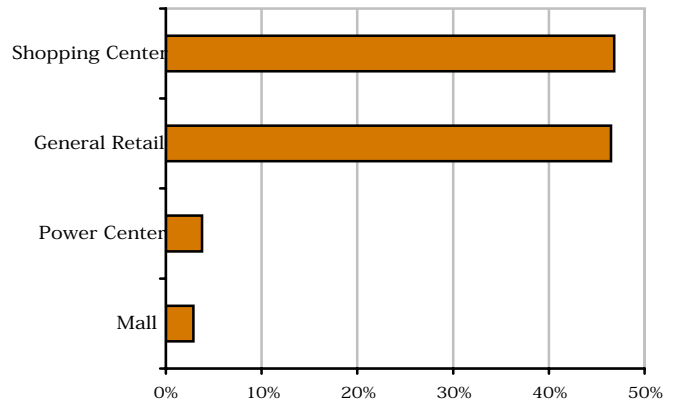
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

Vacancy by Building Type

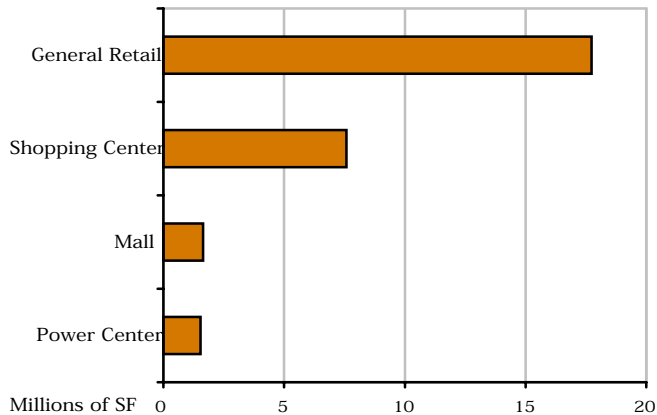
Percent of All Vacant Space by Building Type



Source: CoStar Property®

GLA By Building Type

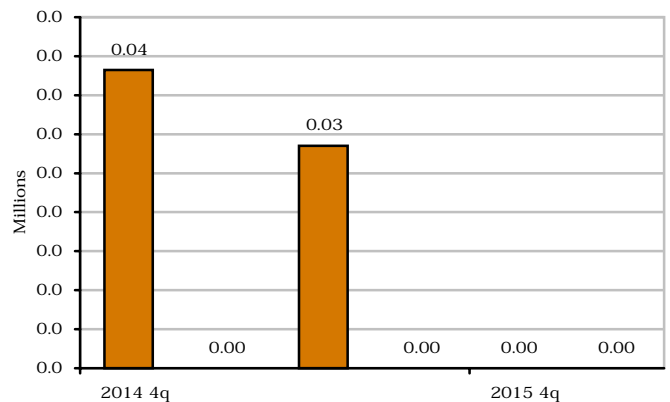
Ratio of Total GLA by Building Type



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 2014

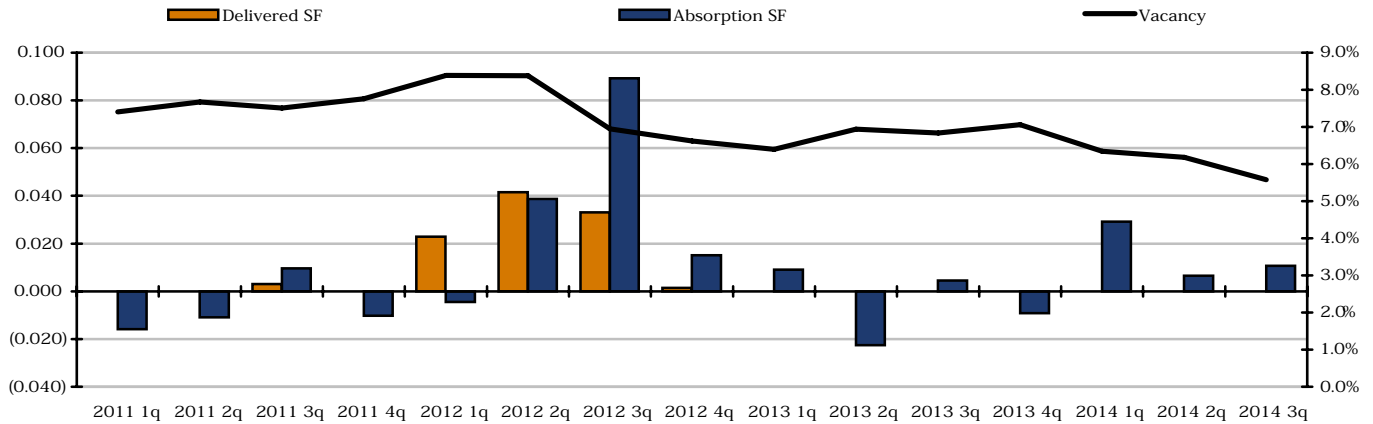
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	310 Weaverville Rd	Buncombe County	19,500	1st	Dinkins Discount Food Services	N/A	Robert Powers
2	The Plaza At Biltmore Square	Buncombe County	10,890	1st	N/A	N/A	Biltmore Farms, Inc
3	Valley View Center	Buncombe County	9,720	2nd	N/A	N/A	The Burkett Companies
4	Grace Building	North Asheville	8,429	1st	N/A	N/A	Paulina Vastakis; NAI Beverly-Hanks
5	Westgate Shopping Center	West Asheville	5,250	2nd	WC&R Interests, LLC	NAI Beverly-Hanks Commercial	FIRC Group
6	Forest Ridge Shopping Center	S Asheville/Royal Pines	5,241	2nd	Hand Exercise Works	N/A	Spake Real Estate
7	Valley View Center	Buncombe County	5,134	1st	N/A	N/A	The Burkett Companies
8	O'Reilly Auto Parts	S Asheville/Royal Pines	5,000	1st	O'Reilly Auto Parts	N/A	N/A
9	401 N Main St	Henderson County	5,000	1st	N/A	N/A	Fazio, Austin
10	805 E Patton Ave	West Asheville	4,911	2nd	N/A	N/A	Pulliam Properties
11	10 Brook St	Central Asheville	4,776	2nd	N/A	N/A	Spake Real Estate
12	The Plaza At Biltmore Square	Buncombe County	4,245	1st	N/A	N/A	Biltmore Farms, Inc
13	401 N Main St	Henderson County	4,000	1st	Postrrro	N/A	TJF Enterprises LLC
14	900 Hendersonville Rd	S Asheville/Royal Pines	4,000	2nd	N/A	N/A	Morosani and Associates
15	109 Patton Ave	Downtown Asheville	4,000	1st	Patton Avenue Pet Company	N/A	Dewey Property Advisors
16	also 35 Wall St	Downtown Asheville	3,950	2nd	the aSHEville museum llc	N/A	Tessier Associates, Inc.
17	Shops at Meridian Place	S Asheville/Royal Pines	3,600	3rd	Lake Fit, LLC dba Madabolic, Inc.	Carolina Mountain Sales	NAI Beverly-Hanks Commercial
18	1452 7th Ave E	Henderson County	3,600	3rd	Telco Community Credit Union	Direct Deal	Cassidy Turley
19	10 Brook St	Central Asheville	3,356	2nd	N/A	N/A	Spake Real Estate
20	10 Brook St	Central Asheville	3,248	2nd	N/A	N/A	Spake Real Estate
21	Forest Ridge Shopping Center	S Asheville/Royal Pines	3,150	2nd	Pepperoni's Gourmet Pizza	N/A	Spake Real Estate
22	Biltmore Park Town Square - Bldg 10BC	S Asheville/Royal Pines	3,150	1st	N/A	N/A	Biltmore Farms, Inc
23	Valley View Center	Buncombe County	3,144	1st	N/A	N/A	The Burkett Companies
24	800 Haywood Rd	West Asheville	3,000	1st	Pour, LLC	CoveStar, LLC	NAI Beverly-Hanks Commercial
25	1705 Brevard Rd	Henderson County	2,774	1st	Weichert Realty- Mountain Executives	Weichert Realtors Mountain Executiv	NAI Beverly-Hanks Commercial
26	441 Kanuga Rd	Henderson County	2,592	3rd	N/A	Direct Deal	Keller Williams Professionals
27	81 Coxe Ave	Central Asheville	2,591	1st	N/A	N/A	Realty World Marketplace
28	St. John's Marketplace	Henderson County	2,585	2nd	Dicky's Barbeque	N/A	Whitney Commercial Real Estate Serv
29	Lakeside Plaza	Haywood County	2,500	1st	Mountaineer Oxygen Solutions	N/A	RCG Ventures LLC
30	Underwood Commerce Park	Henderson County	2,500	3rd	N/A	Whitney Commercial Real Estate Serv	Whitney Commercial Real Estate Serv
31	1997 Hendersonville Rd	S Asheville/Royal Pines	2,401	1st	Blancy Merineo	NAI Beverly-Hanks Commercial	NAI Beverly-Hanks Commercial
32	144 Tunnel Rd	Central Asheville	2,400	3rd	Group of Artist	N/A	Aunt Sue's LLC
33	58 Wall St	Downtown Asheville	2,400	1st	Bad Wold Syndicate	N/A	Dewey Property Advisors
34	174 Weaverville Rd	Buncombe County	2,400	2nd	N/A	N/A	Greenberg & Dykes Realty Company
35	1020 Merrimon Ave	North Asheville	2,400	3rd	Zogue Vapor Lounge	Tessier Associates, Inc.	Tessier Associates, Inc.
36	10 Brook St	Central Asheville	2,231	2nd	N/A	N/A	Spake Real Estate
37	48 N Main St	Haywood County	2,200	3rd	Hunter Banks	NAI Beverly-Hanks Commercial	N/A
38	Gerber Village - Building D	S Asheville/Royal Pines	2,065	1st	Wild Birds Unlimited	N/A	Spake Real Estate
39	6 E Market St	Buncombe County	2,020	2nd	Kai Wu Chen	NAI Beverly-Hanks Commercial	NAI Beverly-Hanks Commercial
40	Forest Ridge Shopping Center	S Asheville/Royal Pines	2,010	2nd	Iron Palm Bouldering	N/A	Spake Real Estate

Source: CoStar Property®

* Renewal

Deliveries, Absorption & Vacancy

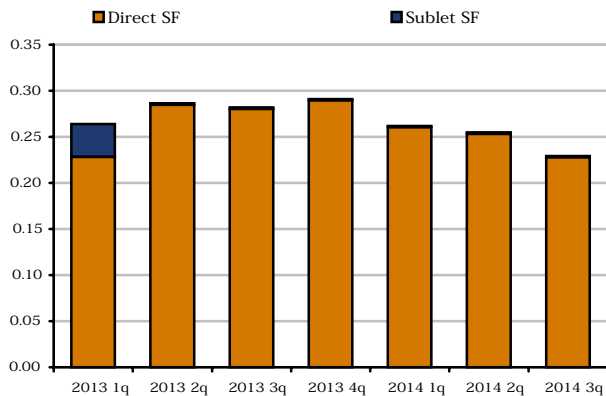
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

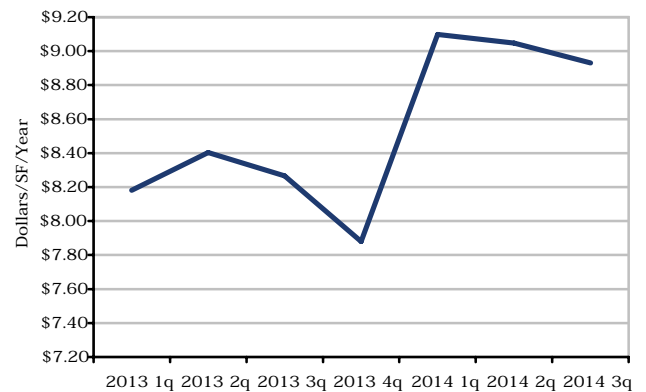
Historical Analysis, All Classes



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	
2014 3q	405	4,109,415	229,203	5.6%	10,645	0	0	1	325,000	\$8.93
2014 2q	406	4,124,415	254,848	6.2%	6,571	0	0	1	325,000	\$9.05
2014 1q	407	4,124,861	261,865	6.3%	29,228	0	0	1	325,000	\$9.10
2013 4q	407	4,124,861	291,093	7.1%	(9,186)	0	0	0	0	\$7.88
2013 3q	407	4,124,861	281,907	6.8%	4,478	0	0	0	0	\$8.27
2013 2q	407	4,124,861	286,385	6.9%	(22,541)	0	0	0	0	\$8.40
2013 1q	407	4,124,861	263,844	6.4%	9,100	0	0	0	0	\$8.18
2012 4q	407	4,124,861	272,944	6.6%	15,059	1	1,500	0	0	\$8.04
2012 3q	406	4,123,361	286,503	6.9%	89,219	2	33,061	1	1,500	\$8.28
2012 2q	404	4,090,300	342,661	8.4%	38,656	4	41,584	3	34,561	\$8.30
2012 1q	400	4,048,716	339,733	8.4%	(4,451)	2	22,899	7	76,145	\$8.53
2011 4q	398	4,025,817	312,383	7.8%	(10,252)	0	0	4	50,858	\$9.14
2011 3q	398	4,025,817	302,131	7.5%	9,576	1	3,000	2	22,899	\$9.09
2011 2q	397	4,022,817	308,707	7.7%	(10,915)	0	0	1	3,000	\$9.14
2011 1q	397	4,022,817	297,792	7.4%	(15,797)	0	0	1	3,000	\$9.02
2010 4q	397	4,022,817	281,995	7.0%	8,416	0	0	0	0	\$9.06

Source: CoStar Property®

Asheville Retail Market

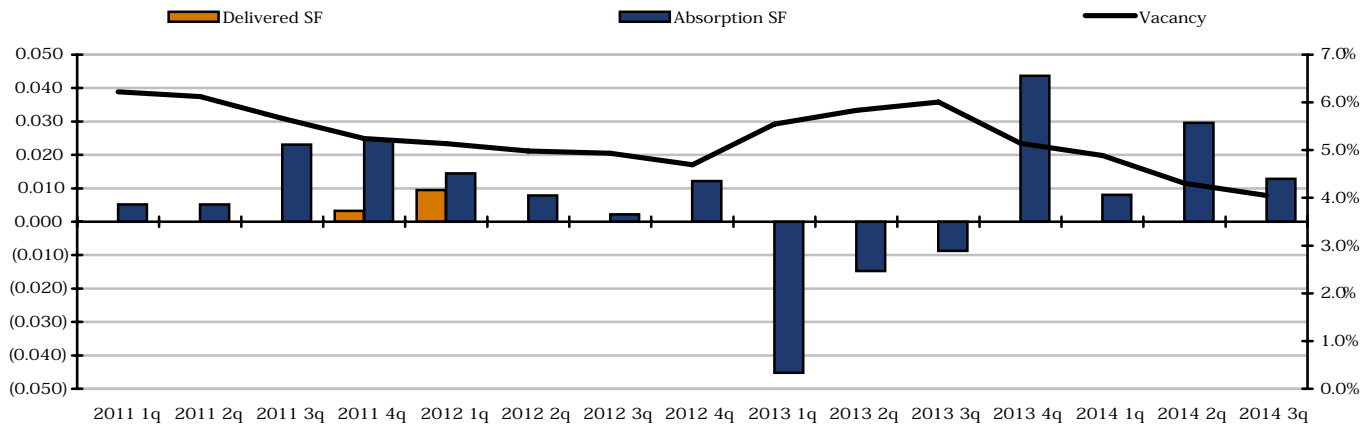


Central Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

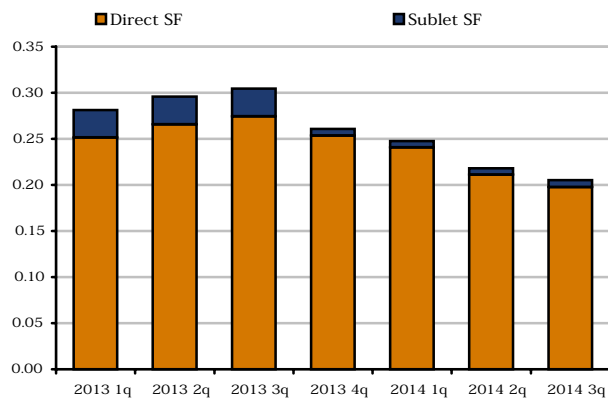
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

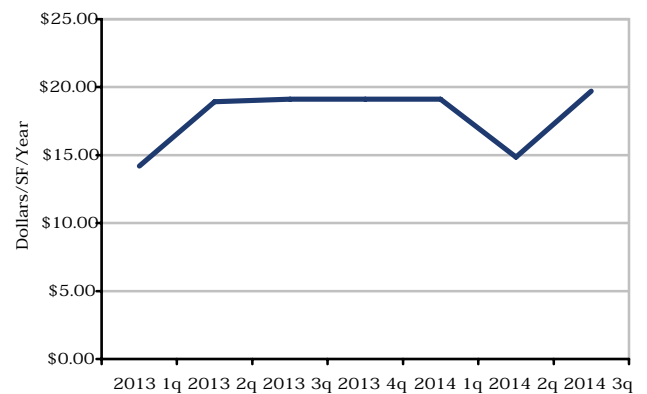
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



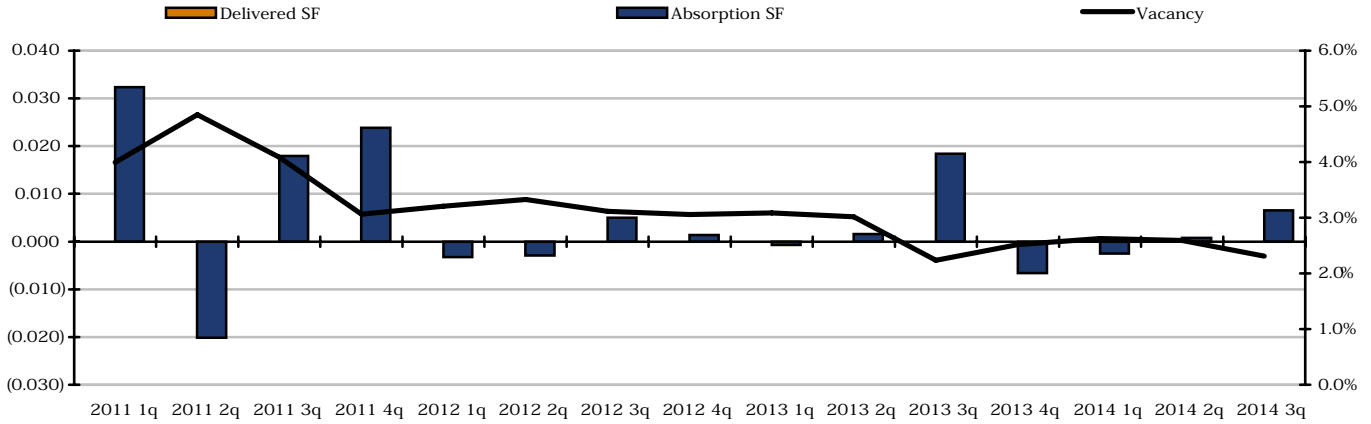
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 3q	276	5,065,591	205,303	4.1%	12,854	0	0	0	0	\$19.70
2014 2q	276	5,065,591	218,157	4.3%	29,553	0	0	0	0	\$14.85
2014 1q	276	5,065,591	247,710	4.9%	8,074	0	0	0	0	\$19.13
2013 4q	277	5,070,699	260,892	5.1%	43,694	0	0	0	0	\$19.12
2013 3q	277	5,070,699	304,586	6.0%	(8,714)	0	0	0	0	\$19.12
2013 2q	277	5,070,699	295,872	5.8%	(14,779)	0	0	0	0	\$18.93
2013 1q	277	5,070,699	281,093	5.5%	(45,196)	0	0	0	0	\$14.21
2012 4q	278	5,073,071	238,269	4.7%	12,157	0	0	0	0	\$14.74
2012 3q	278	5,073,071	250,426	4.9%	2,179	0	0	0	0	\$14.17
2012 2q	278	5,073,071	252,605	5.0%	7,880	0	0	0	0	\$14.67
2012 1q	278	5,073,071	260,485	5.1%	14,481	1	9,502	0	0	\$14.54
2011 4q	277	5,063,569	265,464	5.2%	24,602	1	3,285	1	9,502	\$14.17
2011 3q	276	5,060,284	286,781	5.7%	23,093	0	0	2	12,787	\$13.78
2011 2q	276	5,060,284	309,874	6.1%	5,150	0	0	2	12,787	\$14.09
2011 1q	276	5,060,284	315,024	6.2%	5,191	0	0	2	12,787	\$14.62
2010 4q	276	5,060,284	320,215	6.3%	64,888	1	90,000	0	0	\$13.45

Source: CoStar Property®

Deliveries, Absorption & Vacancy

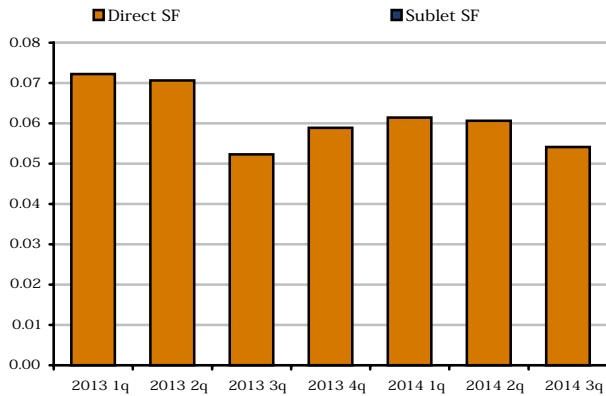
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

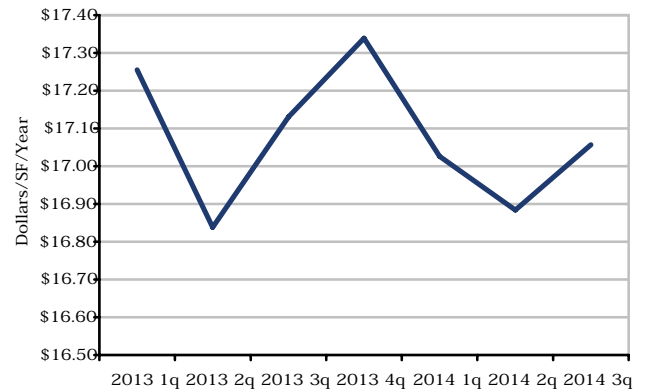
Historical Analysis, All Classes



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	
2014 3q	170	2,339,397	54,093	2.3%	6,536	0	0	0	0	\$17.06
2014 2q	170	2,339,397	60,629	2.6%	798	0	0	0	0	\$16.88
2014 1q	170	2,339,397	61,427	2.6%	(2,525)	0	0	0	0	\$17.03
2013 4q	170	2,339,397	58,902	2.5%	(6,633)	0	0	0	0	\$17.34
2013 3q	170	2,339,397	52,269	2.2%	18,378	0	0	0	0	\$17.13
2013 2q	170	2,339,397	70,647	3.0%	1,574	0	0	0	0	\$16.84
2013 1q	170	2,339,397	72,221	3.1%	(705)	0	0	0	0	\$17.26
2012 4q	170	2,339,397	71,516	3.1%	1,351	0	0	0	0	\$17.26
2012 3q	170	2,339,397	72,867	3.1%	4,995	0	0	0	0	\$16.58
2012 2q	170	2,339,397	77,862	3.3%	(2,880)	0	0	0	0	\$17.02
2012 1q	170	2,339,397	74,982	3.2%	(3,259)	0	0	0	0	\$16.93
2011 4q	170	2,339,397	71,723	3.1%	23,844	0	0	0	0	\$14.52
2011 3q	170	2,339,397	95,567	4.1%	17,967	0	0	0	0	\$10.92
2011 2q	170	2,339,397	113,534	4.9%	(20,155)	0	0	0	0	\$11.81
2011 1q	170	2,339,397	93,379	4.0%	32,376	0	0	0	0	\$11.81
2010 4q	170	2,339,397	125,755	5.4%	915	0	0	0	0	\$12.54

Source: CoStar Property®

Asheville Retail Market

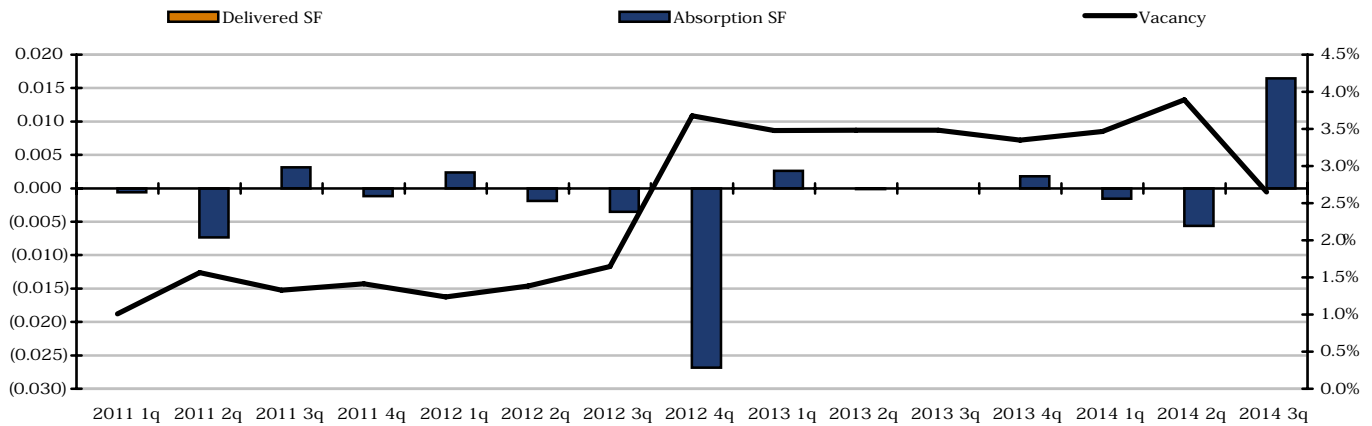


East Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

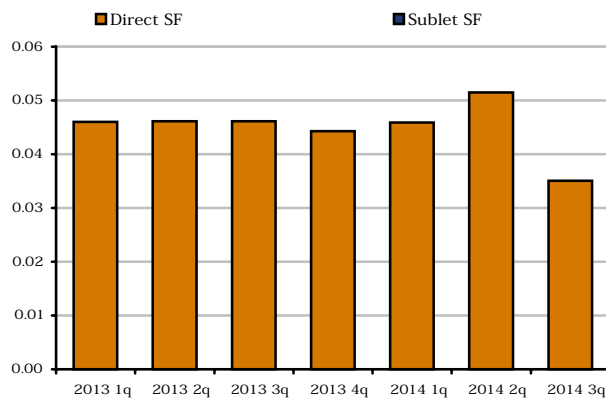
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

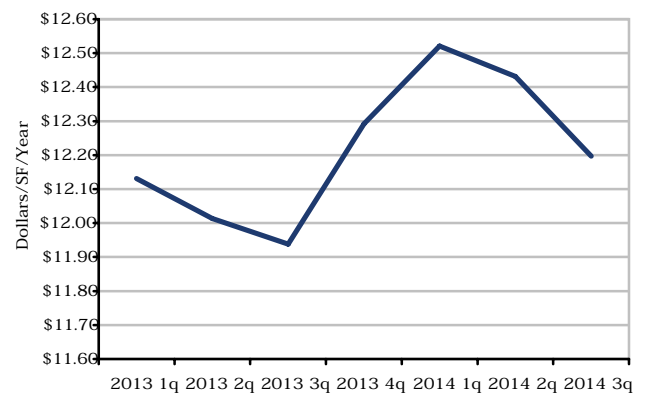
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



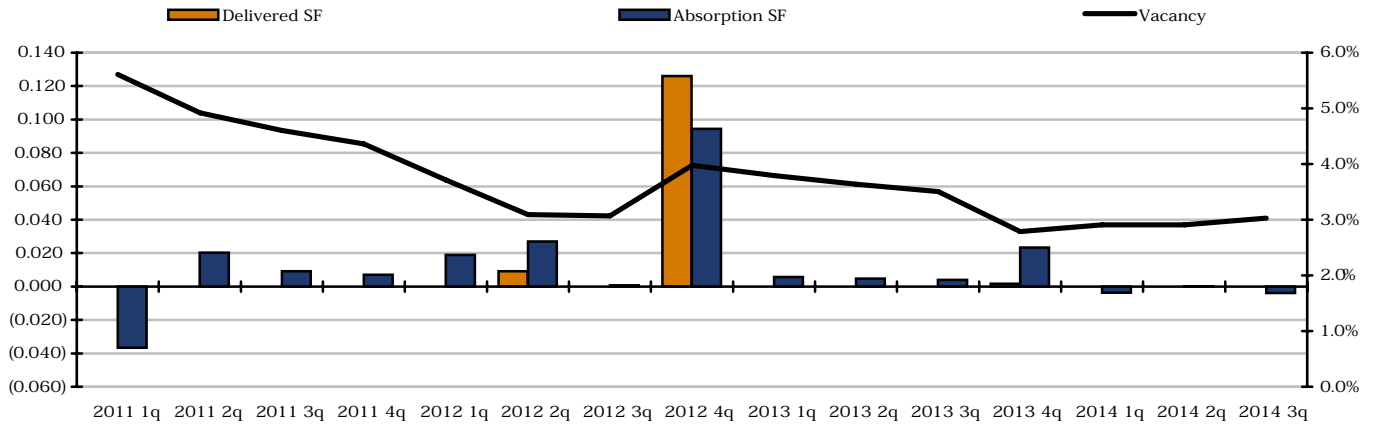
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
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
2011 1q	90	1,323,268	13,368	1.0%	(593)	0	0	0	0	\$13.61
2010 4q	90	1,323,268	12,775	1.0%	17,261	0	0	0	0	\$11.40

Source: CoStar Property®

Deliveries, Absorption & Vacancy

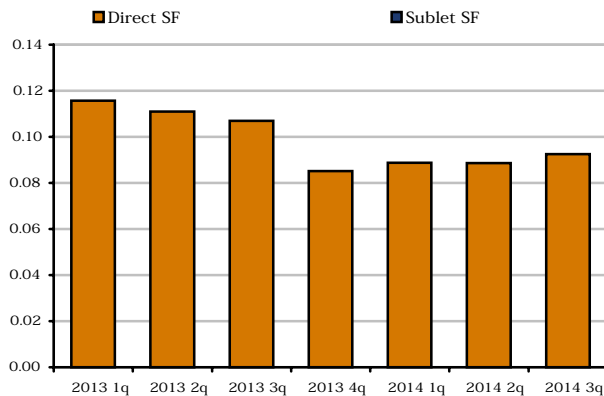
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

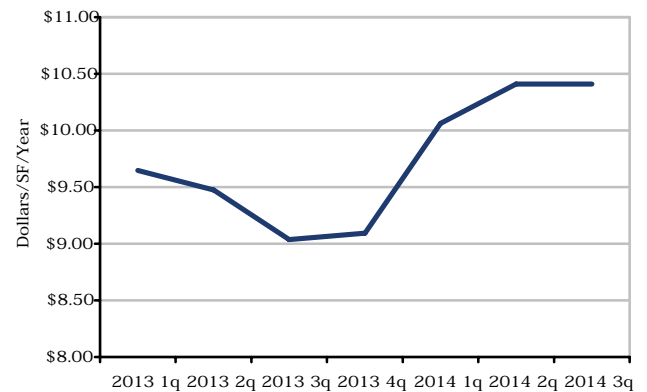
Historical Analysis, All Classes



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	
2014 3q	225	3,050,906	92,482	3.0%	(3,832)	0	0	0	0	\$10.41
2014 2q	225	3,050,906	88,650	2.9%	138	0	0	0	0	\$10.41
2014 1q	225	3,050,906	88,788	2.9%	(3,663)	0	0	0	0	\$10.06
2013 4q	225	3,050,906	85,125	2.8%	23,429	1	1,599	0	0	\$9.09
2013 3q	224	3,049,307	106,955	3.5%	3,967	0	0	1	1,599	\$9.04
2013 2q	224	3,049,307	110,922	3.6%	4,798	0	0	1	1,599	\$9.47
2013 1q	224	3,049,307	115,720	3.8%	5,632	0	0	0	0	\$9.65
2012 4q	224	3,049,307	121,352	4.0%	94,373	2	126,085	0	0	\$9.24
2012 3q	222	2,923,222	89,640	3.1%	768	0	0	2	126,085	\$9.20
2012 2q	222	2,923,222	90,408	3.1%	26,934	1	9,100	2	126,085	\$9.22
2012 1q	221	2,914,122	108,242	3.7%	18,870	0	0	3	135,185	\$9.22
2011 4q	221	2,914,122	127,112	4.4%	6,971	0	0	2	48,971	\$9.41
2011 3q	221	2,914,122	134,083	4.6%	9,226	0	0	1	39,871	\$10.20
2011 2q	221	2,914,122	143,309	4.9%	20,201	0	0	0	0	\$10.01
2011 1q	221	2,914,122	163,510	5.6%	(36,664)	0	0	0	0	\$10.45
2010 4q	221	2,914,122	126,846	4.4%	4,347	0	0	0	0	\$10.36

Source: CoStar Property®

Asheville Retail Market

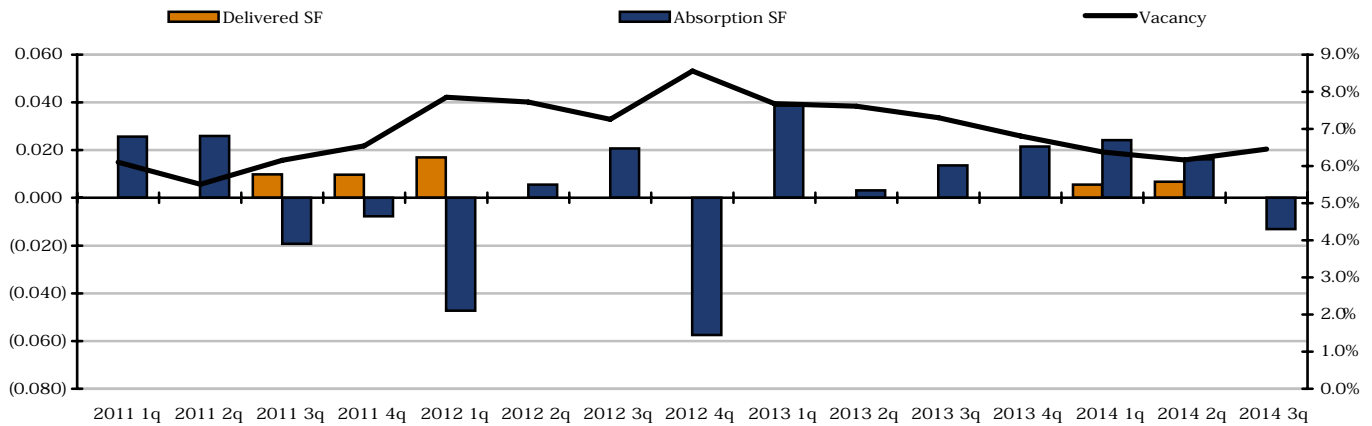


Henderson County Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

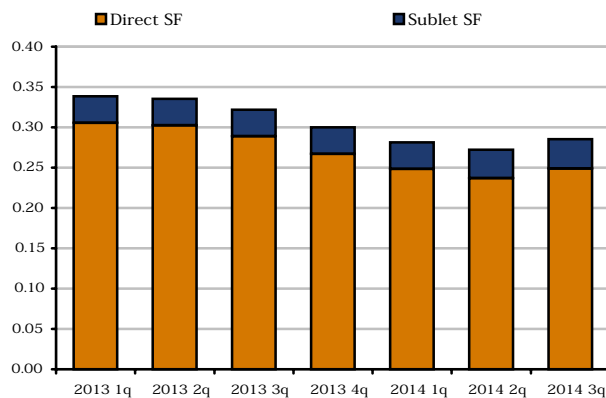
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

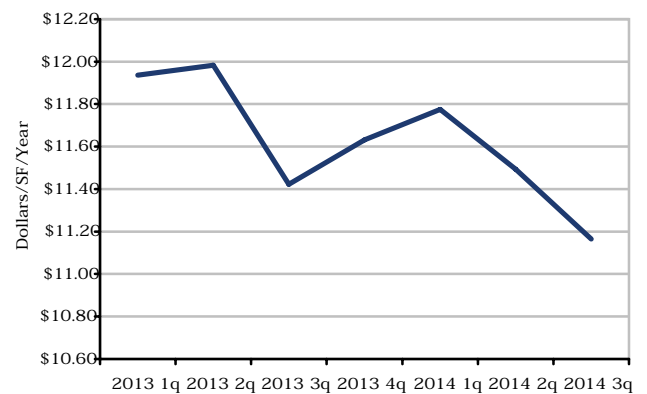
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



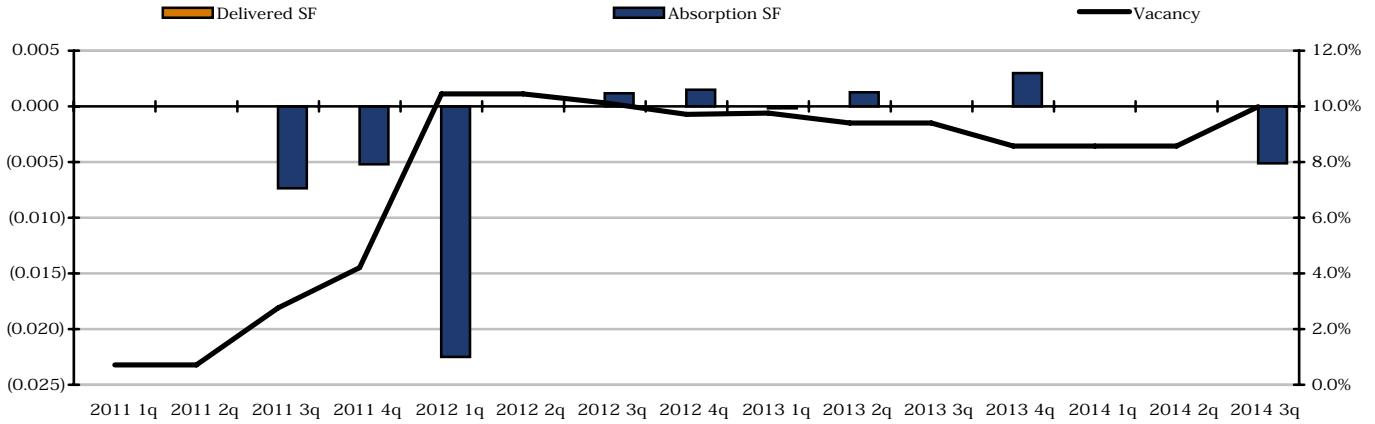
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 3q	341	4,417,932	285,290	6.5%	(13,122)	0	0	0	0	\$11.16
2014 2q	341	4,417,932	272,168	6.2%	16,125	1	6,800	0	0	\$11.49
2014 1q	340	4,411,132	281,493	6.4%	24,168	1	5,508	1	6,800	\$11.78
2013 4q	339	4,405,624	300,153	6.8%	21,508	0	0	2	12,308	\$11.63
2013 3q	339	4,405,624	321,661	7.3%	13,564	0	0	2	12,308	\$11.42
2013 2q	339	4,405,624	335,225	7.6%	3,125	0	0	0	0	\$11.98
2013 1q	339	4,405,624	338,350	7.7%	38,719	0	0	0	0	\$11.94
2012 4q	339	4,405,624	377,069	8.6%	(57,413)	0	0	0	0	\$11.92
2012 3q	339	4,405,624	319,656	7.3%	20,767	0	0	0	0	\$10.92
2012 2q	339	4,405,624	340,423	7.7%	5,585	0	0	0	0	\$11.12
2012 1q	339	4,405,624	346,008	7.9%	(47,301)	2	17,000	0	0	\$11.14
2011 4q	338	4,394,435	287,518	6.5%	(7,766)	1	9,767	2	17,000	\$10.84
2011 3q	337	4,384,668	269,985	6.2%	(19,226)	1	9,804	2	14,767	\$10.27
2011 2q	336	4,374,864	240,955	5.5%	25,888	0	0	2	19,571	\$10.07
2011 1q	336	4,374,864	266,843	6.1%	25,631	0	0	1	9,804	\$10.26
2010 4q	336	4,374,864	292,474	6.7%	(8,585)	0	0	0	0	\$10.67

Source: CoStar Property®

Deliveries, Absorption & Vacancy

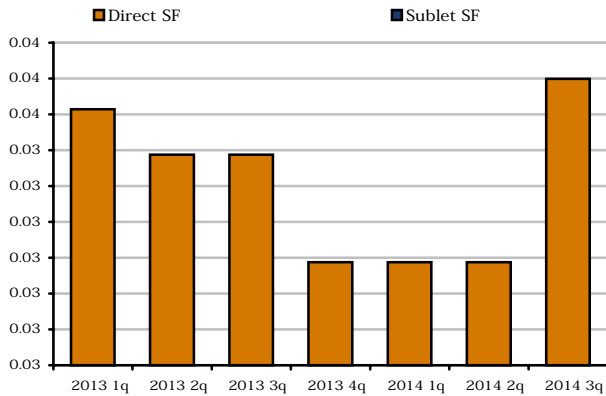
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

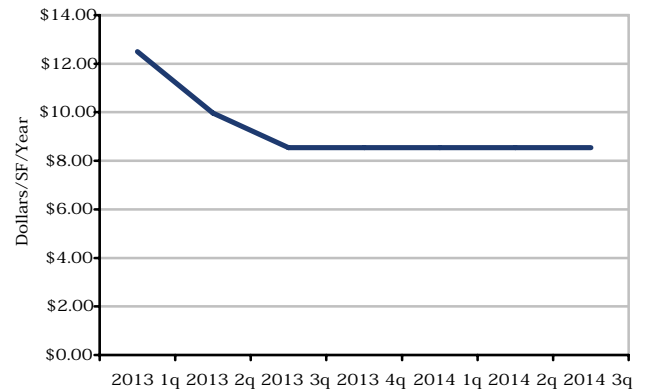
Historical Analysis, All Classes



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	
2014 3q	42	360,183	35,994	10.0%	(5,118)	0	0	0	0	\$8.55
2014 2q	42	360,183	30,876	8.6%	0	0	0	0	0	\$8.55
2014 1q	42	360,183	30,876	8.6%	0	0	0	0	0	\$8.55
2013 4q	42	360,183	30,876	8.6%	3,000	0	0	0	0	\$8.55
2013 3q	42	360,183	33,876	9.4%	0	0	0	0	0	\$8.55
2013 2q	42	360,183	33,876	9.4%	1,268	0	0	0	0	\$9.97
2013 1q	42	360,183	35,144	9.8%	(176)	0	0	0	0	\$12.50
2012 4q	42	360,183	34,968	9.7%	1,500	0	0	0	0	\$12.50
2012 3q	42	360,183	36,468	10.1%	1,176	0	0	0	0	\$12.50
2012 2q	42	360,183	37,644	10.5%	0	0	0	0	0	\$12.50
2012 1q	42	360,183	37,644	10.5%	(22,500)	0	0	0	0	\$12.50
2011 4q	42	360,183	15,144	4.2%	(5,200)	0	0	0	0	\$12.50
2011 3q	42	360,183	9,944	2.8%	(7,368)	0	0	0	0	\$12.50
2011 2q	42	360,183	2,576	0.7%	0	0	0	0	0	\$0.00
2011 1q	42	360,183	2,576	0.7%	0	0	0	0	0	\$0.00
2010 4q	42	360,183	2,576	0.7%	7,000	0	0	0	0	\$0.00

Source: CoStar Property®

Asheville Retail Market

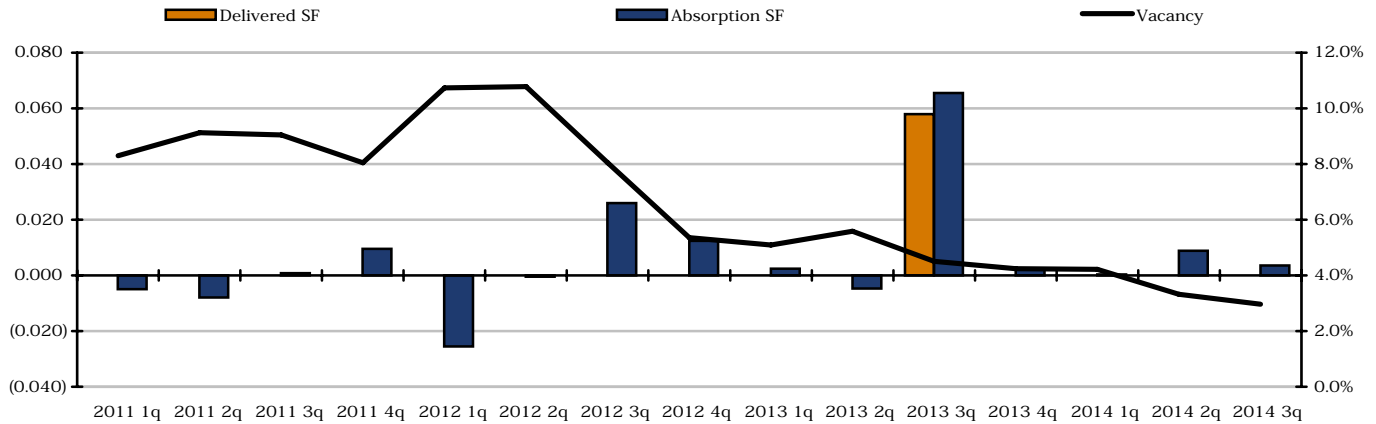


North Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

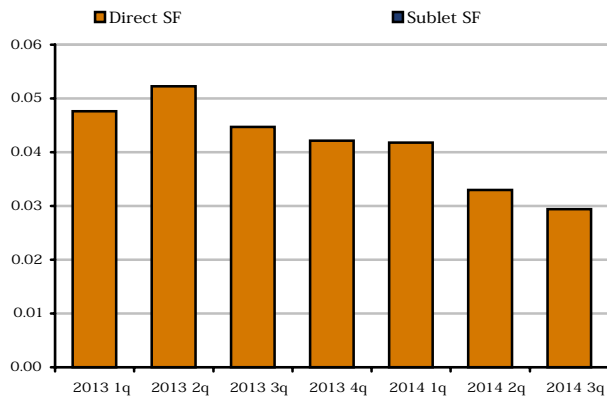
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

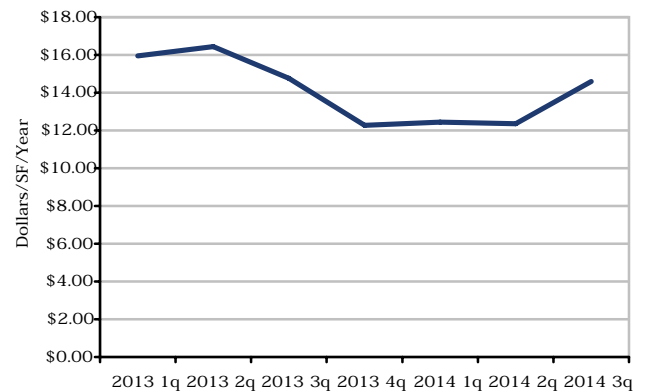
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



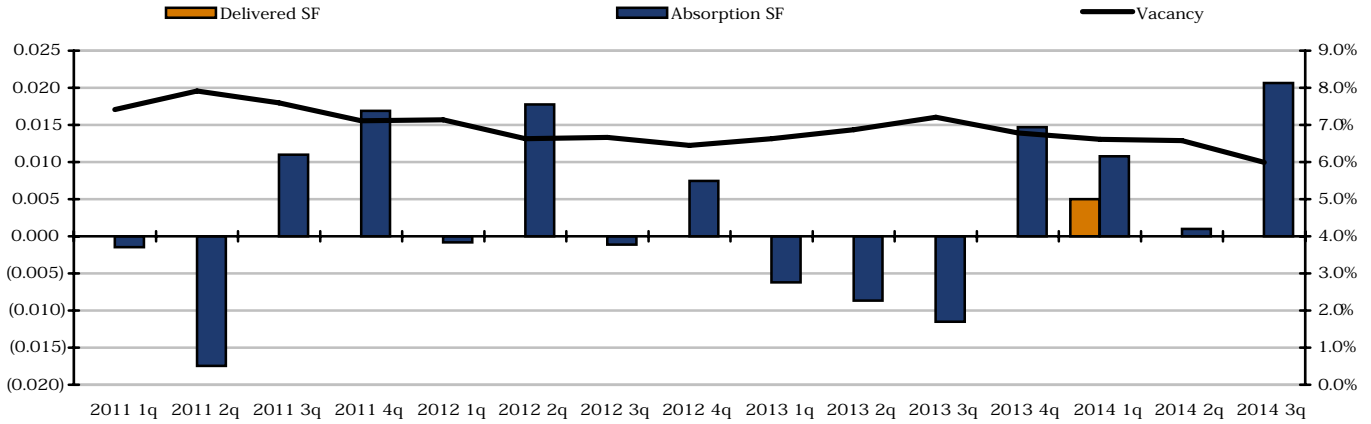
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 3q	116	992,568	29,393	3.0%	3,593	0	0	0	0	\$14.60
2014 2q	116	992,568	32,986	3.3%	8,828	0	0	0	0	\$12.36
2014 1q	116	992,568	41,814	4.2%	322	0	0	0	0	\$12.43
2013 4q	116	992,568	42,136	4.2%	2,550	0	0	0	0	\$12.27
2013 3q	116	992,568	44,686	4.5%	65,528	2	57,957	0	0	\$14.76
2013 2q	114	934,611	52,257	5.6%	(4,664)	0	0	2	57,957	\$16.44
2013 1q	114	934,611	47,593	5.1%	2,450	0	0	2	57,957	\$15.95
2012 4q	114	934,611	50,043	5.4%	12,448	0	0	0	0	\$14.87
2012 3q	117	948,427	76,307	8.0%	25,934	0	0	0	0	\$14.43
2012 2q	117	948,427	102,241	10.8%	(449)	0	0	0	0	\$13.90
2012 1q	117	948,427	101,792	10.7%	(25,492)	0	0	0	0	\$14.40
2011 4q	117	948,427	76,300	8.0%	9,497	0	0	0	0	\$14.85
2011 3q	117	948,427	85,797	9.0%	775	0	0	0	0	\$15.70
2011 2q	117	948,427	86,572	9.1%	(7,884)	0	0	0	0	\$15.61
2011 1q	117	948,427	78,688	8.3%	(4,950)	0	0	0	0	\$15.52
2010 4q	117	948,427	73,738	7.8%	3,791	0	0	0	0	\$15.52

Source: CoStar Property®

Deliveries, Absorption & Vacancy

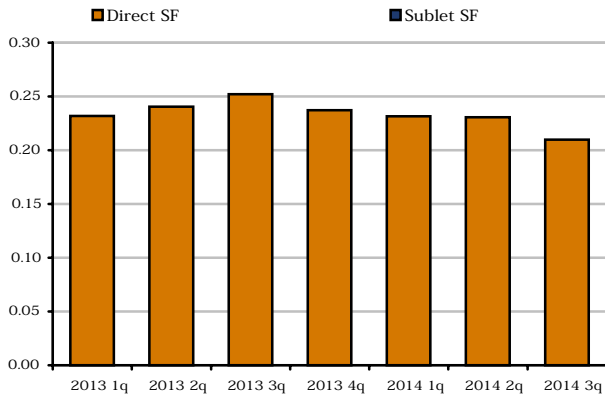
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

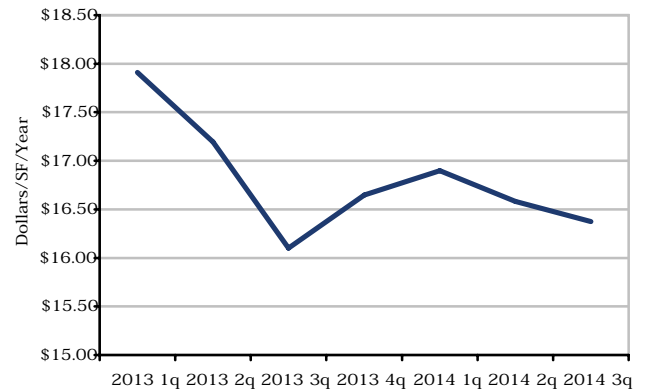
Historical Analysis, All Classes



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	
2014 3q	238	3,504,135	209,901	6.0%	20,636	0	0	1	6,200	\$16.37
2014 2q	238	3,504,135	230,537	6.6%	1,010	0	0	1	6,200	\$16.58
2014 1q	238	3,504,135	231,547	6.6%	10,797	1	5,000	0	0	\$16.90
2013 4q	237	3,499,135	237,344	6.8%	14,709	0	0	1	5,000	\$16.65
2013 3q	237	3,499,135	252,053	7.2%	(11,527)	0	0	1	5,000	\$16.10
2013 2q	237	3,499,135	240,526	6.9%	(8,651)	0	0	0	0	\$17.20
2013 1q	237	3,499,135	231,875	6.6%	(6,221)	0	0	0	0	\$17.91
2012 4q	237	3,499,135	225,654	6.4%	7,452	0	0	0	0	\$19.32
2012 3q	237	3,499,135	233,106	6.7%	(1,131)	0	0	0	0	\$20.18
2012 2q	237	3,499,135	231,975	6.6%	17,749	0	0	0	0	\$20.14
2012 1q	237	3,499,135	249,724	7.1%	(817)	0	0	0	0	\$19.86
2011 4q	237	3,499,135	248,907	7.1%	16,898	0	0	0	0	\$19.97
2011 3q	237	3,499,135	265,805	7.6%	10,974	0	0	0	0	\$19.96
2011 2q	237	3,499,135	276,779	7.9%	(17,465)	0	0	0	0	\$20.58
2011 1q	237	3,499,135	259,314	7.4%	(1,477)	0	0	0	0	\$20.90
2010 4q	237	3,499,135	257,837	7.4%	30,636	0	0	0	0	\$20.74

Source: CoStar Property®

Asheville Retail Market

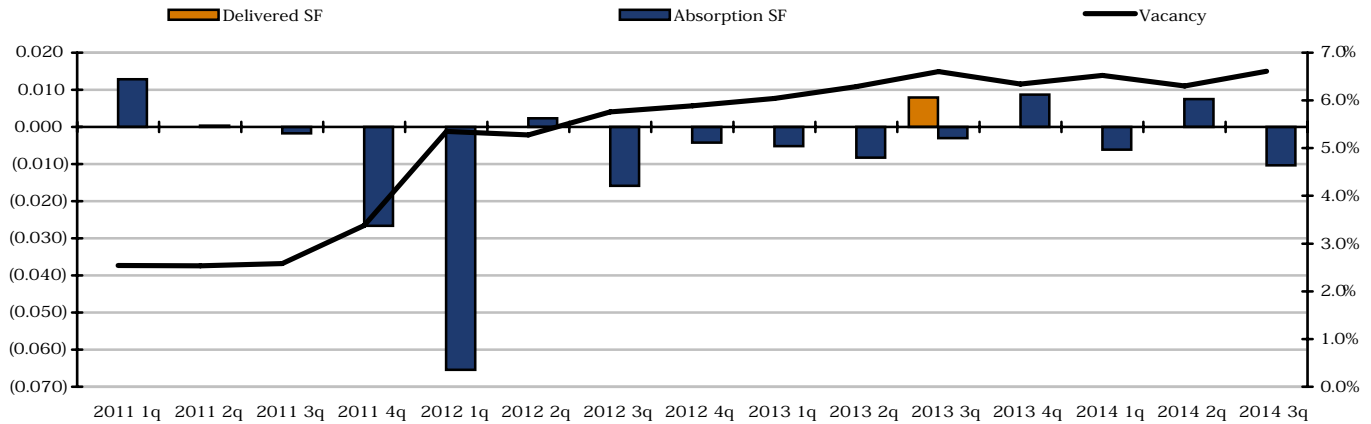


West Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

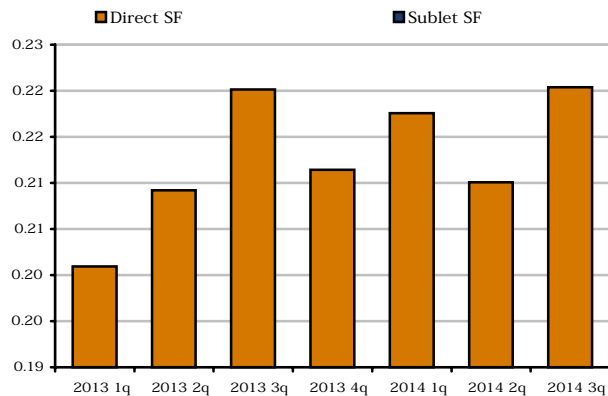
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

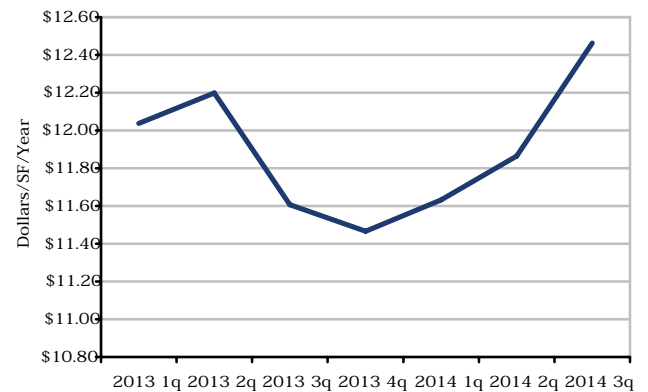
Historical Analysis, All Classes



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	
2014 3q	333	3,334,617	220,394	6.6%	(10,332)	0	0	0	0	\$12.46
2014 2q	333	3,334,617	210,062	6.3%	7,501	0	0	0	0	\$11.86
2014 1q	333	3,334,617	217,563	6.5%	(6,127)	0	0	0	0	\$11.63
2013 4q	333	3,334,617	211,436	6.3%	8,710	0	0	0	0	\$11.47
2013 3q	333	3,334,617	220,146	6.6%	(2,988)	1	7,956	0	0	\$11.61
2013 2q	332	3,326,661	209,202	6.3%	(8,265)	0	0	1	7,956	\$12.20
2013 1q	332	3,326,661	200,937	6.0%	(5,169)	0	0	1	7,956	\$12.04
2012 4q	332	3,326,661	195,768	5.9%	(4,234)	0	0	0	0	\$11.82
2012 3q	332	3,326,661	191,534	5.8%	(15,897)	0	0	0	0	\$12.03
2012 2q	332	3,326,661	175,637	5.3%	2,336	0	0	0	0	\$11.33
2012 1q	332	3,326,661	177,973	5.3%	(65,460)	0	0	0	0	\$11.37
2011 4q	332	3,326,661	112,513	3.4%	(26,605)	0	0	0	0	\$11.44
2011 3q	332	3,326,661	85,908	2.6%	(1,700)	0	0	0	0	\$11.82
2011 2q	332	3,326,661	84,208	2.5%	386	0	0	0	0	\$13.65
2011 1q	332	3,326,661	84,594	2.5%	12,850	0	0	0	0	\$15.04
2010 4q	332	3,326,661	97,444	2.9%	11,250	1	11,500	0	0	\$15.07

Source: CoStar Property®