

# The CoStar Retail Report

Mid-Year 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:** The status of a building that is in the process of being developed, assembled, built or constructed. A building is considered to be under construction after it has begun construction and until it receives a certificate of occupancy.

**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 5.2%

### Net Absorption Positive 65,306 SF in the Quarter

The Asheville retail market experienced a slight improvement in market conditions in the second quarter 2014.

The vacancy rate went from 5.4% in the previous quarter to 5.2% in the current quarter. Net absorption was positive 65,306 square feet, and vacant sublease space increased by 2,216 square feet. Quoted rental rates decreased from first quarter 2014 levels, ending at \$12.87 per square foot per year. A total of 1 retail building with 6,800 square feet of retail space delivered to the market in the quarter, with 16,450 square feet still under construction at the end of the quarter.

### Net Absorption

Retail net absorption was moderate in Asheville during second quarter 2014, with positive 65,306 square feet absorbed in the quarter. In first quarter 2014, net absorption was positive 54,976 square feet, while in the fourth quarter 2013 absorption came in at positive 104,564 square feet. In the third quarter 2013, positive 73,586 square feet was absorbed in the market.

Tenants moving into large blocks of space in 2014 include: Center for Craft, Creativity and Design moving into 22,830 square feet at 67 Broadway St., Lark Brooks Building; and the International Market Grocery Store moving into 18,036 square feet at 2111 Asheville Hwy., Plaza North.

### Vacancy

Asheville's retail vacancy rate decreased in the second quarter 2014, ending the quarter at 5.2%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 6.0% in the third quarter 2013, to 5.6% at the end of the fourth quarter 2013, 5.4% at the end of the first quarter 2014, to 5.2% in the current quarter.

The amount of vacant sublease space in the Asheville market has trended down over the past four quarters. At the end of the third quarter 2013, there were 64,816 square feet of vacant sublease space. Currently, there is 43,846 square feet of vacant sublease space in the market.

### Largest Lease Signings

The largest confirmed lease signings occurring thus far in 2014 included: the 5,250-square-foot-lease signed by WC&R Interests, LLC at Westgate Shopping Center; the 5,000-square-foot-deal signed by O'Reily Auto Parts at 2134 Hendersonville Rd., and the 4,000-square-foot-lease signed by Patton Avenue Pet Company at 109 Patton Ave.

### Rental Rates

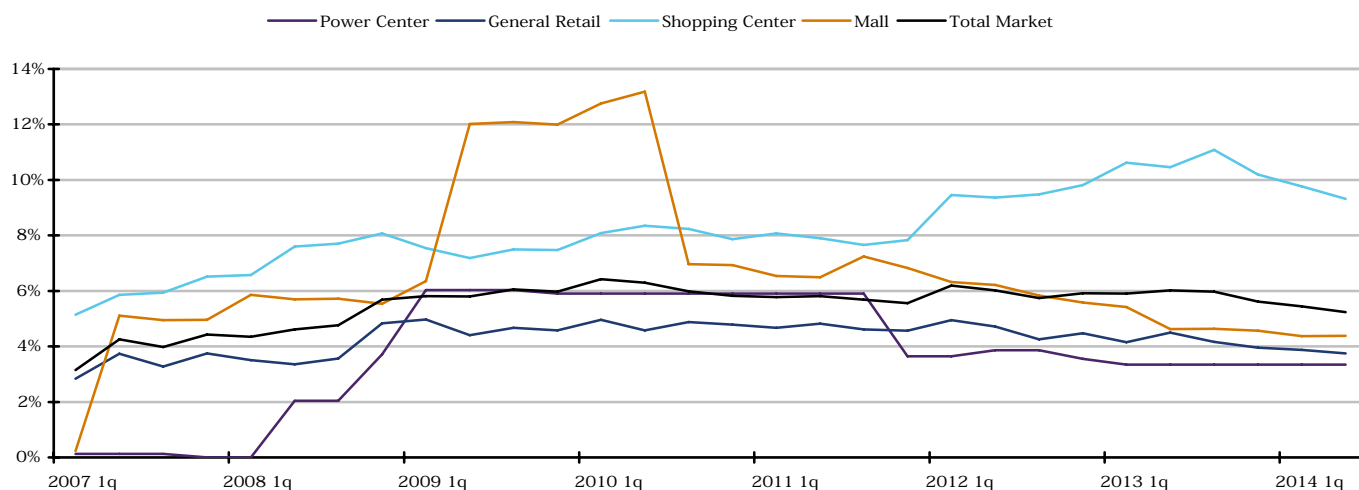
Average quoted asking rental rates in the Asheville retail market is down over previous quarter levels, and down from their levels four quarters ago. Quoted rents ended the second quarter 2014 at \$12.87 per square foot per year. That compares to \$13.61 per square foot in the first quarter 2014, and \$13.30 per square foot at the end of the third quarter 2013. This represents a 5.4% decrease in rental rates in the current quarter, and a 3.34% decrease from four quarters ago.

### Inventory & Construction

During the second quarter 2014, one building totaling 6,800 square feet completed in the Asheville retail market. Over the past four quarters, a total of 83,221 square feet of retail space has been built in Asheville. In addition to the current quarter, two buildings with 10,508 square feet completed in the first quarter 2014, nothing completed in fourth quarter

## Vacancy Rates by Building Type

2007-2014



Source: CoStar Property®

2013, and 65,913 square feet in three buildings completed in third quarter 2013.

There was 16,450 square feet of retail space under construction at the end of the second 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 522 S. Main St, a 5,508-square-foot building that delivered in the first quarter 2014.

Total retail inventory in the Asheville market area amounted to 28,876,959 square feet in 2,230 buildings and 183 centers as of the end of the second quarter 2014.

## Shopping Center

The Shopping Center market in Asheville currently consists of 175 projects with 7,607,084 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 Center locations.

After absorbing 34,728 square feet and delivering no new space in the current quarter, the Shopping Center sector saw the vacancy rate go from 9.8% at the end of the first quarter 2014 to 9.3% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 11.1% at the end of the third quarter 2013, to 10.2% at the end of the fourth quarter 2013, to 9.8% at the end of the first quarter 2014, and finally to 9.3% at the end of the current quarter.

Rental rates ended the second quarter 2014 at \$12.07 per square foot, down from the \$12.12 they were at the end of first quarter 2014. Rental rates have trended down over the past year, going from \$12.44 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 94,517 square feet over the past four quarters. In addition to the positive 34,728 square feet absorbed this quarter, posi-

tive 31,938 square feet was absorbed in the first quarter 2014, positive 67,604 square feet was absorbed in the fourth quarter 2013, and negative (39,753) square feet was absorbed in the third quarter 2013.

## Power Centers

The Power Center average vacancy rate was 3.3% in the second quarter 2014. With no net absorption and no new deliveries, the vacancy rate remained at 3.3% at the end of last quarter as well.

In the first quarter 2014, Power Centers had no absorption, and delivered no new space, and the vacancy rate remained at 3.3% over the course of the quarter. Rentals started the quarter at \$15.00 per square foot and ended the quarter at \$19.00 per square foot.

A year ago, in second quarter 2013, the vacancy rate was 3.3%. Over the past four quarters, Power Centers have absorbed no new space and delivered no new space. There was no sublease space available over that same period, and rental rates have remained at \$15.00.

At the end of the second quarter 2014, there was no space under construction in the Asheville market. The total stock of Power Center space in Asheville currently sits at 1,579,856 square feet in 4 centers comprised of 19 buildings.

## 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 second quarter 2014. There was a total of 656,160 square feet vacant at that time. The General Retail sector in Asheville currently has average rental rates of \$12.69 per square foot per year. There is 16,450 square feet of space under construction in this sector, with 6,800 square feet having been completed in the second quarter. In all, there are a total of 1,892 buildings with 17,533,714 square feet of General Retail space in Asheville.

## Specialty Centers

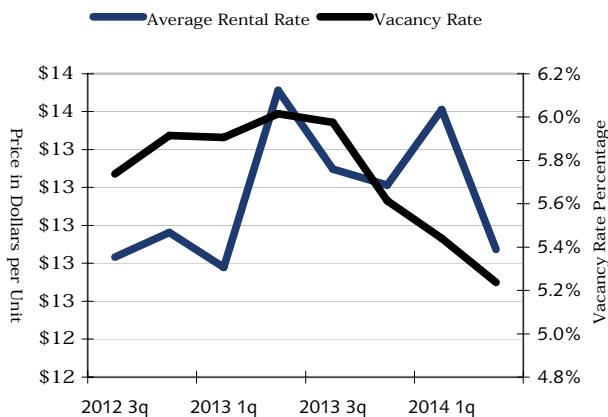
There are currently no Specialty Centers in the Asheville market. In this report the Specialty Center market is comprised of Outlet Center, Airport Retail and Theme/Festival Centers.

## Malls

Malls recorded net absorption of negative (179) square feet in the second quarter 2014. This net absorption number, combined with no new space that was built in the quarter, caused the vacancy rate to remain at 4.4%, just as it was a quarter ago. Rental rates went from \$20.50 per square foot to \$21.00 per square foot during that time. In this report the Mall market is comprised of 4 Lifestyle Center, Regional Mall and Super Regional Mall locations.

## VACANCY & RENT

### Past 8 Quarters



Source: CoStar Property®

Reports compiled by: John Austin, Research Manager

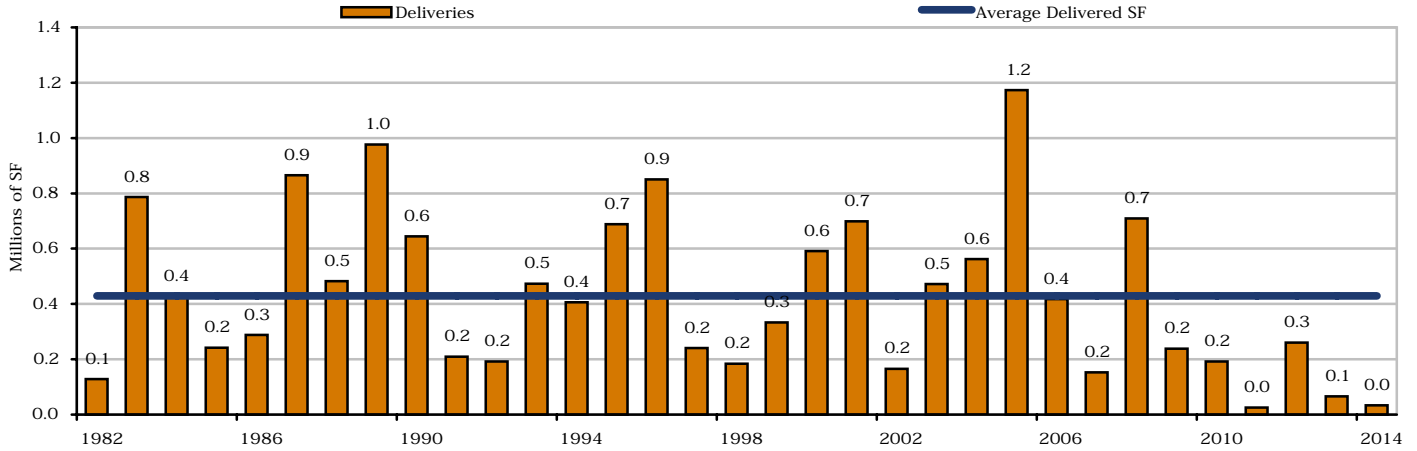
## CoStar Submarkets

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



## Historical Deliveries 1982 - 2014



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

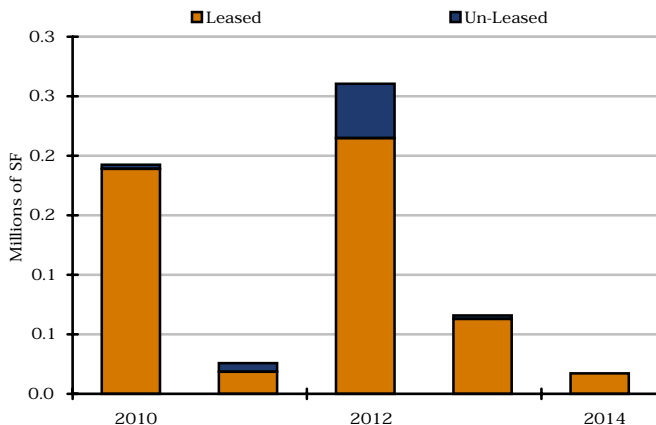
## Construction Activity Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U/C
Buncombe County	1	10,250	5,740	56.0%	11,251	10,250
S Asheville/Royal Pines	1	6,200	6,200	100.0%	14,775	6,200
Madison County	0	0	0	0.0%	8,576	0
Downtown Asheville	0	0	0	0.0%	12,998	0
East Asheville	0	0	0	0.0%	15,149	0
Henderson County	0	0	0	0.0%	13,047	0
North Asheville	0	0	0	0.0%	8,557	0
Central Asheville	0	0	0	0.0%	18,440	0
West Asheville	0	0	0	0.0%	10,014	0
Haywood County	0	0	0	0.0%	13,782	0
<b>Totals</b>	<b>2</b>	<b>16,450</b>	<b>11,940</b>	<b>72.6%</b>	<b>12,949</b>	<b>8,225</b>

Source: CoStar Property®

## Recent Deliveries

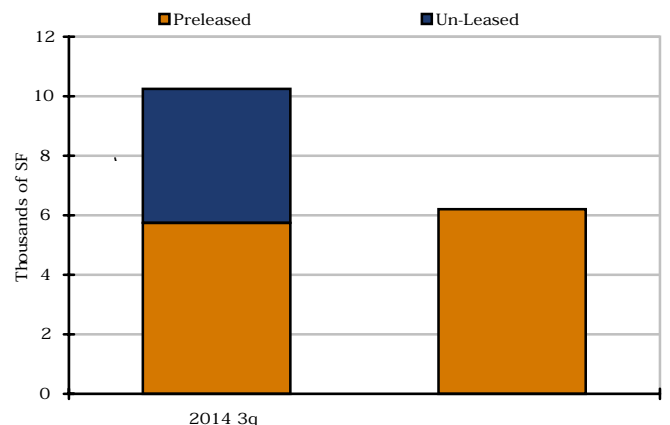
Leased & Un-Leased SF in Deliveries Since 2010



Source: CoStar Property®

## Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



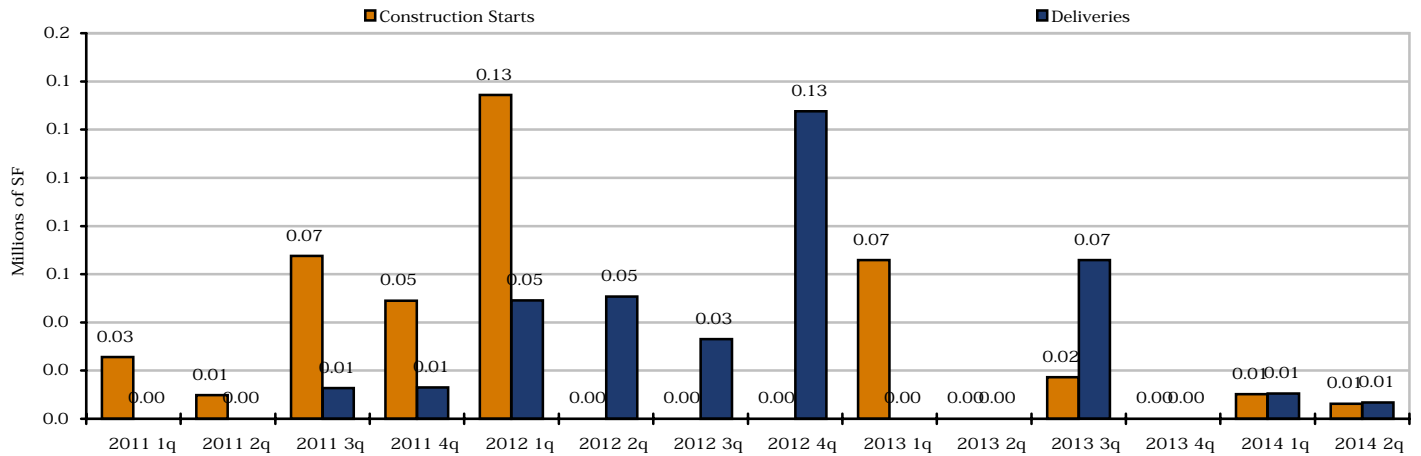
Source: CoStar Property®

# Asheville Retail Market

Inventory & development

## Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

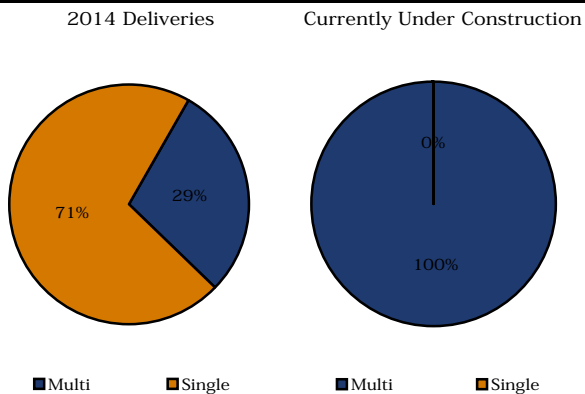
## Recent Deliveries by Project Size of Year-to-Date Development

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

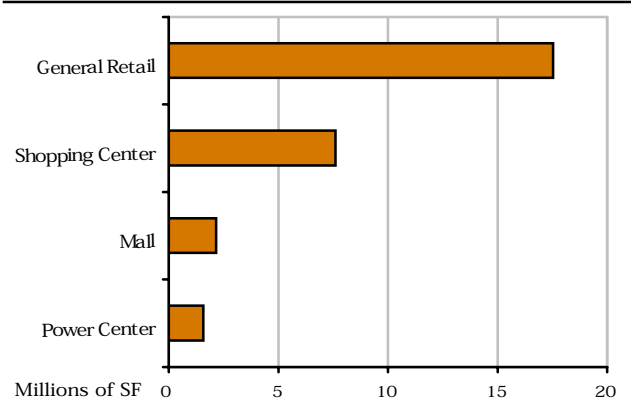
Based on GLA Developed for Single & Multi Tenant Use



Source: CoStar Property®

## Existing Inventory Comparison

Based on Total GLA



Source: CoStar Property®

## Select Year-to-Date Deliveries

Based on Project Square Footage

1. 2250 Asheville Hwy - O'Reilly Auto Parts	2. 514 S Main St	3. O'Reilly Auto Parts
Submarket: <b>Henderson County Retail Market</b>	Submarket: <b>Henderson County Retail Market</b>	Submarket: <b>S Asheville/Royal Pines Retail Market</b>
RBA: <b>6,800</b>	RBA: <b>5,508</b>	RBA: <b>5,000</b>
Occupied: <b>100%</b>	Occupied: <b>100%</b>	Occupied: <b>100%</b>
Quoted Rate: <b>N/A</b>	Quoted Rate: <b>N/A</b>	Quoted Rate: <b>N/A</b>
Grnd Brk Date: <b>Third Quarter 2013</b>	Grnd Brk Date: <b>Third Quarter 2013</b>	Grnd Brk Date: <b>Third Quarter 2013</b>
Deliv Date: <b>Second Quarter 2014</b>	Deliv Date: <b>First Quarter 2014</b>	Deliv Date: <b>First Quarter 2014</b>
Leasing Co: <b>DHD Ventures, LLC</b>	Leasing Co: <b>N/A</b>	Leasing Co: <b>N/A</b>
Developer: <b>DHD Ventures, LLC</b>	Developer: <b>N/A</b>	Developer: <b>N/A</b>

## Select Top Under Construction Properties

Based on Project Square Footage

1. 460 Weaverville Rd	2. 377 Long Shoals Rd
Submarket: <b>Buncombe County Retail Market</b>	Submarket: <b>S Asheville/Royal Pines Retail Market</b>
RBA: <b>10,250</b>	RBA: <b>6,200</b>
Preleased: <b>56%</b>	Preleased: <b>100%</b>
Quoted Rate: <b>\$9.00</b>	Quoted Rate: <b>N/A</b>
Grnd Brk Date: <b>First Quarter 2014</b>	Grnd Brk Date: <b>Second Quarter 2014</b>
Deliv Date: <b>Third Quarter 2014</b>	Deliv Date: <b>Fourth Quarter 2014</b>
Leasing Co: <b>Eddie Dorf</b>	Leasing Co: <b>N/A</b>
Developer: <b>N/A</b>	Developer: <b>N/A</b>

# Asheville Retail Market

**Figures at a Glance**

## General Retail Market Statistics

Mid-Year 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	345	2,818,958	184,021	185,582	6.6%	29,638	0	10,250	\$8.54
Central Asheville	251	2,939,324	60,571	67,680	2.3%	(5,367)	0	0	\$17.13
Downtown Asheville	168	2,183,643	54,029	54,029	2.5%	(1,327)	0	0	\$16.88
East Asheville	67	334,320	9,417	9,417	2.8%	(6,599)	0	0	\$13.77
Haywood County	183	1,981,686	50,545	50,545	2.6%	(2,565)	0	0	\$8.61
Henderson County	264	2,535,814	106,168	109,544	4.3%	33,748	12,308	0	\$12.13
Madison County	41	314,183	30,876	30,876	9.8%	0	0	0	\$8.55
North Asheville	106	815,815	15,296	15,296	1.9%	8,929	0	0	\$8.35
S Asheville/Royal Pines	180	1,487,014	69,730	69,730	4.7%	(3,046)	5,000	6,200	\$16.04
West Asheville	287	2,122,957	63,461	63,461	3.0%	(3,795)	0	0	\$12.15
<b>Totals</b>	<b>1,892</b>	<b>17,533,714</b>	<b>644,114</b>	<b>656,160</b>	<b>3.7%</b>	<b>49,616</b>	<b>17,308</b>	<b>16,450</b>	<b>\$12.69</b>

Source: CoStar Property®

## Mall Market Statistics

Mid-Year 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	1	515,997	54,096	54,096	10.5%	0	0	0	\$18.00
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
<b>Totals</b>	<b>4</b>	<b>2,156,305</b>	<b>94,412</b>	<b>94,412</b>	<b>4.4%</b>	<b>4,000</b>	<b>0</b>	<b>0</b>	<b>\$21.00</b>

Source: CoStar Property®

## Power Center Market Statistics

Mid-Year 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	445,969	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
<b>Totals</b>	<b>4</b>	<b>1,579,856</b>	<b>52,896</b>	<b>52,896</b>	<b>3.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$15.00</b>

Source: CoStar Property®

## Shopping Center Market Statistics

Mid-Year 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	1,289,129	62,000	62,000	4.8%	12,873	0	0	\$9.73
Central Asheville	13	858,496	123,852	123,852	14.4%	44,619	0	0	\$13.08
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	9	583,117	42,096	42,096	7.2%	(600)	0	0	\$12.06
Haywood County	11	695,942	30,645	30,645	4.4%	0	0	0	\$13.31
Henderson County	35	1,517,796	111,593	143,393	9.4%	6,545	0	0	\$11.06
Madison County	1	46,000	0	0	0.0%	0	0	0	\$0.00
North Asheville	9	176,753	28,788	28,788	16.3%	221	0	0	\$14.77
S Asheville/Royal Pines	34	1,228,191	131,340	131,340	10.7%	(2,161)	0	0	\$14.08
West Asheville	25	1,211,660	146,601	146,601	12.1%	5,169	0	0	\$11.75
<b>Totals</b>	<b>175</b>	<b>7,607,084</b>	<b>676,915</b>	<b>708,715</b>	<b>9.3%</b>	<b>66,666</b>	<b>0</b>	<b>0</b>	<b>\$12.07</b>

Source: CoStar Property®

## Total Retail Market Statistics

Mid-Year 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	411	4,624,084	300,117	301,678	6.5%	42,511	0	10,250	\$11.30
Central Asheville	276	5,089,538	211,048	218,157	4.3%	37,627	0	0	\$14.85
Downtown Asheville	168	2,183,643	54,029	54,029	2.5%	(1,327)	0	0	\$16.88
East Asheville	90	1,363,406	51,513	51,513	3.8%	(7,199)	0	0	\$12.43
Haywood County	220	3,032,035	81,190	81,190	2.7%	(2,565)	0	0	\$10.41
Henderson County	338	4,410,014	236,492	271,668	6.2%	40,293	12,308	0	\$11.49
Madison County	42	360,183	30,876	30,876	8.6%	0	0	0	\$8.55
North Asheville	116	992,568	44,084	44,084	4.4%	9,150	0	0	\$12.36
S Asheville/Royal Pines	236	3,486,871	248,926	248,926	7.1%	418	5,000	6,200	\$16.58
West Asheville	333	3,334,617	210,062	210,062	6.3%	1,374	0	0	\$11.86
<b>Totals</b>	<b>2,230</b>	<b>28,876,959</b>	<b>1,468,337</b>	<b>1,512,183</b>	<b>5.2%</b>	<b>120,282</b>	<b>17,308</b>	<b>16,450</b>	<b>\$12.87</b>

Source: CoStar Property®

# Asheville Retail Market

**Figures at a Glance**

## General Retail Market Statistics

Mid-Year 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 2q	1,892	17,533,714	644,114	656,160	3.7%	30,757	1	6,800	2	16,450	\$12.69
2014 1q	1,891	17,526,914	671,447	680,117	3.9%	18,859	2	10,508	2	17,050	\$14.36
2013 4q	1,890	17,521,514	684,642	693,576	4.0%	35,284	0	0	3	17,308	\$14.11
2013 3q	1,890	17,521,514	719,926	728,860	4.2%	113,612	2	57,957	3	17,308	\$14.09
2013 2q	1,888	17,463,557	775,581	784,515	4.5%	(60,148)	0	0	2	57,957	\$14.26
2013 1q	1,888	17,463,557	716,084	724,367	4.1%	55,158	0	0	2	57,957	\$12.35
2012 4q	1,889	17,465,929	773,614	781,897	4.5%	(50,253)	1	1,500	0	0	\$12.30
2012 3q	1,891	17,478,245	737,238	743,960	4.3%	112,758	2	33,061	1	1,500	\$11.93
2012 2q	1,889	17,445,184	816,935	823,657	4.7%	88,553	5	50,684	3	34,561	\$12.33
2012 1q	1,884	17,394,500	854,804	861,526	5.0%	(36,419)	4	37,183	8	85,245	\$12.52
2011 4q	1,881	17,363,128	787,013	793,735	4.6%	10,334	1	3,285	7	74,242	\$12.44
2011 3q	1,880	17,359,843	794,062	800,784	4.6%	38,292	1	3,000	5	40,468	\$12.20
2011 2q	1,879	17,356,843	829,354	836,076	4.8%	(24,440)	0	0	3	15,787	\$12.38
2011 1q	1,879	17,356,843	804,914	811,636	4.7%	19,523	0	0	3	15,787	\$12.08
2010	1,879	17,356,843	824,437	831,159	4.8%	62,043	4	105,505	0	0	\$12.26
2009	1,876	17,254,341	782,658	790,700	4.6%	206,840	12	173,096	2	12,025	\$13.69

Source: CoStar Property®

## Mall Market Statistics

Mid-Year 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 2q	4	2,156,305	94,412	94,412	4.4%	(179)	0	0	0	0	\$21.00
2014 1q	4	2,156,305	94,233	94,233	4.4%	4,179	0	0	0	0	\$20.50
2013 4q	4	2,156,305	98,412	98,412	4.6%	1,676	0	0	0	0	\$20.60
2013 3q	4	2,156,305	100,088	100,088	4.6%	(273)	0	0	0	0	\$20.18
2013 2q	4	2,156,305	99,815	99,815	4.6%	16,998	0	0	0	0	\$20.81
2013 1q	4	2,156,305	116,813	116,813	5.4%	3,428	0	0	0	0	\$20.82
2012 4q	4	2,156,305	120,241	120,241	5.6%	5,538	0	0	0	0	\$23.32
2012 3q	4	2,156,305	125,779	125,779	5.8%	8,171	0	0	0	0	\$23.32
2012 2q	4	2,156,305	133,950	133,950	6.2%	2,352	0	0	0	0	\$23.32
2012 1q	4	2,156,305	136,302	136,302	6.3%	10,897	0	0	0	0	\$23.32
2011 4q	4	2,156,305	147,199	147,199	6.8%	9,005	0	0	0	0	\$17.36
2011 3q	4	2,156,305	156,204	156,204	7.2%	(16,117)	0	0	0	0	\$17.60
2011 2q	4	2,156,305	140,087	140,087	6.5%	972	0	0	0	0	\$19.77
2011 1q	4	2,156,305	141,059	141,059	6.5%	8,301	0	0	0	0	\$19.99
2010	4	2,156,305	149,360	149,360	6.9%	109,346	0	0	0	0	\$19.99
2009	4	2,156,305	258,706	258,706	12.0%	(105,982)	1	35,200	0	0	\$21.13

Source: CoStar Property®

## Power Center Market Statistics

Mid-Year 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 2q	4	1,579,856	52,896	52,896	3.3%	0	0	0	0	0	\$15.00
2014 1q	4	1,579,856	52,896	52,896	3.3%	0	0	0	0	0	\$19.00
2013 4q	4	1,579,856	52,896	52,896	3.3%	0	0	0	0	0	\$15.00
2013 3q	4	1,579,856	52,896	52,896	3.3%	0	0	0	0	0	\$15.00
2013 2q	4	1,579,856	52,896	52,896	3.3%	0	0	0	0	0	\$15.00
2013 1q	4	1,579,856	52,896	52,896	3.3%	3,200	0	0	0	0	\$15.00
2012 4q	4	1,579,856	56,096	56,096	3.6%	126,085	2	126,085	0	0	\$15.00
2012 3q	4	1,453,771	56,096	56,096	3.9%	0	0	0	2	126,085	\$15.00
2012 2q	4	1,453,771	56,096	56,096	3.9%	(3,200)	0	0	2	126,085	\$15.00
2012 1q	4	1,453,771	52,896	52,896	3.6%	0	0	0	2	126,085	\$15.00
2011 4q	4	1,453,771	52,896	52,896	3.6%	33,000	0	0	1	39,871	\$15.00
2011 3q	4	1,453,771	85,896	85,896	5.9%	0	0	0	1	39,871	\$15.00
2011 2q	4	1,453,771	85,896	85,896	5.9%	0	0	0	0	0	\$0.00
2011 1q	4	1,453,771	85,896	85,896	5.9%	0	0	0	0	0	\$0.00
2010	4	1,453,771	85,896	85,896	5.9%	0	0	0	0	0	\$0.00
2009	4	1,453,771	85,896	85,896	5.9%	(2,962)	1	30,038	0	0	\$0.00

Source: CoStar Property®

## Shopping Center Market Statistics

Mid-Year 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 2q	175	7,607,084	676,915	708,715	9.3%	34,728	0	0	0	0	\$12.07
2014 1q	175	7,607,084	710,483	743,443	9.8%	31,938	0	0	0	0	\$12.12
2013 4q	175	7,607,084	742,421	775,381	10.2%	67,604	0	0	0	0	\$11.56
2013 3q	175	7,607,084	787,103	842,985	11.1%	(39,753)	1	7,956	0	0	\$11.90
2013 2q	175	7,599,128	739,394	795,276	10.5%	11,424	0	0	1	7,956	\$12.44
2013 1q	175	7,599,128	716,761	806,700	10.6%	(61,245)	0	0	1	7,956	\$12.31
2012 4q	175	7,599,128	654,916	745,455	9.8%	(25,407)	0	0	0	0	\$12.15
2012 3q	175	7,599,128	629,509	720,048	9.5%	(8,133)	0	0	0	0	\$12.19
2012 2q	175	7,599,128	615,976	711,915	9.4%	7,097	0	0	0	0	\$12.24
2012 1q	175	7,599,128	625,450	719,012	9.5%	(112,652)	1	12,000	0	0	\$12.72
2011 4q	175	7,587,128	538,478	594,360	7.8%	(4,498)	1	9,767	1	12,000	\$12.70
2011 3q	175	7,577,361	524,213	580,095	7.7%	27,262	1	9,804	1	9,767	\$12.72
2011 2q	174	7,567,557	541,671	597,553	7.9%	12,940	0	0	2	19,571	\$13.36
2011 1q	174	7,567,557	554,611	610,493	8.1%	(15,257)	0	0	1	9,804	\$14.05
2010	174	7,567,557	539,354	595,236	7.9%	51,064	2	86,981	0	0	\$13.78
2009	174	7,480,576	524,327	559,319	7.5%	44,366	0	0	1	75,481	\$13.98

Source: CoStar Property®

## Total Retail Market Statistics

Mid-Year 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 2q	2,230	28,876,959	1,468,337	1,512,183	5.2%	65,306	1	6,800	2	16,450	\$12.87
2014 1q	2,229	28,870,159	1,529,059	1,570,689	5.4%	54,976	2	10,508	2	17,050	\$13.61
2013 4q	2,228	28,864,759	1,578,371	1,620,265	5.6%	104,564	0	0	3	17,308	\$13.21
2013 3q	2,228	28,864,759	1,660,013	1,724,829	6.0%	73,586	3	65,913	3	17,308	\$13.30
2013 2q	2,225	28,798,846	1,667,686	1,732,502	6.0%	(31,726)	0	0	3	65,913	\$13.71
2013 1q	2,225	28,798,846	1,602,554	1,700,776	5.9%	541	0	0	3	65,913	\$12.78
2012 4q	2,226	28,801,218	1,604,867	1,703,689	5.9%	55,963	3	127,585	0	0	\$12.96
2012 3q	2,226	28,687,449	1,548,622	1,645,883	5.7%	112,796	2	33,061	3	127,585	\$12.83
2012 2q	2,224	28,654,388	1,622,957	1,725,618	6.0%	94,802	5	50,684	5	160,646	\$13.04
2012 1q	2,219	28,603,704	1,669,452	1,769,736	6.2%	(138,174)	5	49,183	10	211,330	\$13.37
2011 4q	2,215	28,560,332	1,525,586	1,588,190	5.6%	47,841	2	13,052	9	126,113	\$13.23
2011 3q	2,213	28,547,280	1,560,375	1,622,979	5.7%	49,437	2	12,804	7	90,106	\$13.11
2011 2q	2,211	28,534,476	1,597,008	1,659,612	5.8%	(10,528)	0	0	5	35,358	\$13.87
2011 1q	2,211	28,534,476	1,586,480	1,649,084	5.8%	12,567	0	0	4	25,591	\$14.16
2010	2,211	28,534,476	1,599,047	1,661,651	5.8%	222,453	6	192,486	0	0	\$14.07
2009	2,206	28,344,993	1,651,587	1,694,621	6.0%	142,262	14	238,334	3	87,506	\$15.25

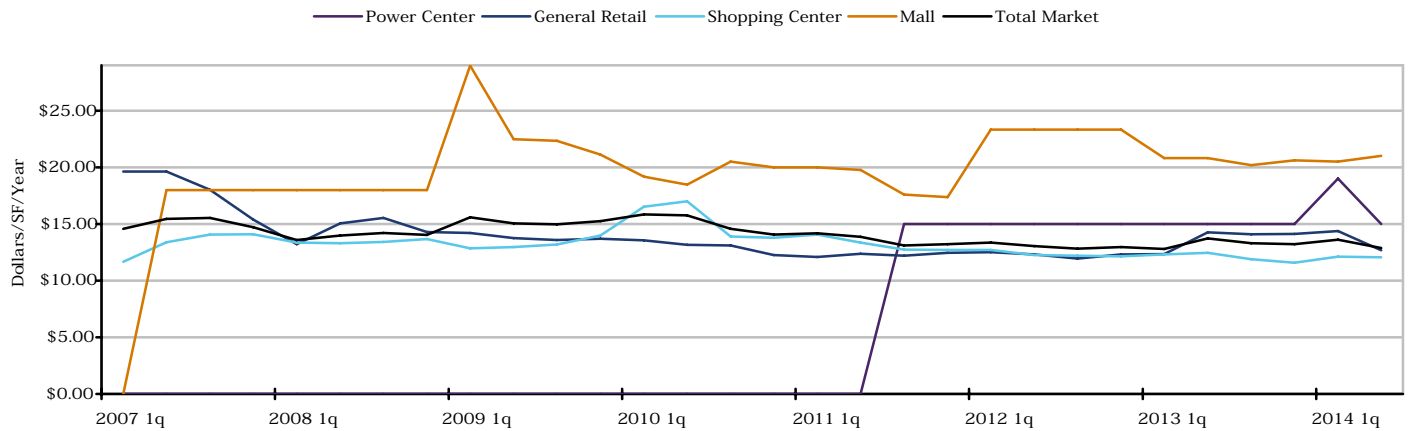
Source: CoStar Property®

# Asheville Retail Market

Leasing Activity

## Historical Rental Rates

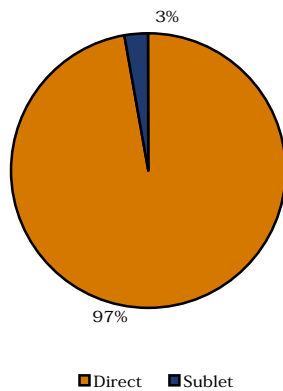
Based on NNN Rental Rates



Source: CoStar Property®

## Vacancy by Available Space Type

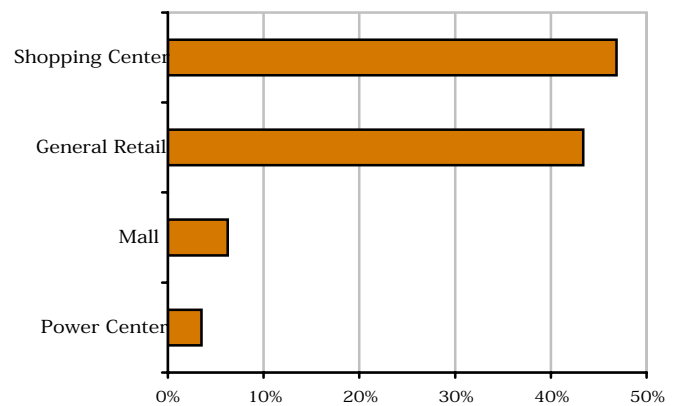
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

## Vacancy by Building Type

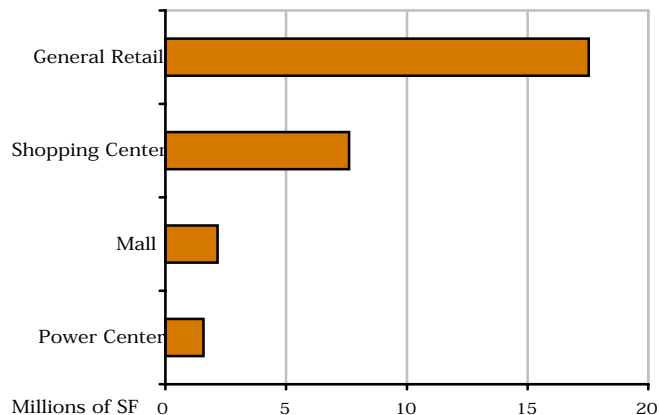
Percent of All Vacant Space by Building Type



Source: CoStar Property®

## GLA By Building Type

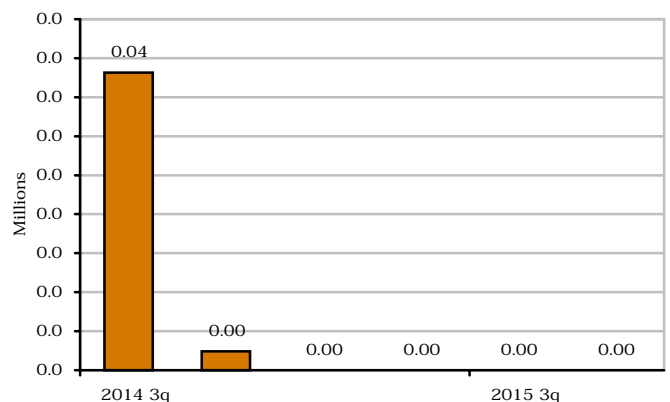
Ratio of Total GLA by Building Type



Source: CoStar Property®

## Future Space Available

Space Scheduled to be Available for Occupancy\*



\* Includes Under Construction Spaces

Source: CoStar Property®



## 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	The Plaza At Biltmore Square	Buncombe County	10,890	1st	N/A	N/A	Biltmore Farms, Inc
2	Valley View Center	Buncombe County	9,720	2nd	N/A	N/A	The Burkett Companies
3	Grace Building	North Asheville	8,429	1st	N/A	N/A	Paulina Vastakis; NAI Beverly-Hanks
4	Westgate Shopping Center	West Asheville	5,250	2nd	WC&R Interests, LLC	NAI Beverly-Hanks Commercial	FIRC Group
5	Valley View Center	Buncombe County	5,134	1st	N/A	N/A	The Burkett Companies
6	401 N. Main St	Henderson County	5,000	1st	N/A	N/A	Fazio, Austin
7	O'Reilly Auto Parts	S Asheville/Royal Pines	5,000	1st	O'Reilly Auto Parts	N/A	N/A
8	805 E Patton Ave	West Asheville	4,911	2nd	N/A	N/A	Pulliam Properties
9	10 Brook St	Central Asheville	4,776	2nd	N/A	N/A	Spake Real Estate
10	The Plaza At Biltmore Square	Buncombe County	4,245	1st	N/A	N/A	Biltmore Farms, Inc
11	109 Patton Ave	Downtown Asheville	4,000	1st	Patton Avenue Pet Company	N/A	Dewey Property Advisors
12	900 Hendersonville Rd	S Asheville/Royal Pines	4,000	2nd	N/A	N/A	Morosani and Associates
13	401 N. Main St	Henderson County	4,000	1st	Postrrro	N/A	TJF Enterprises, LLC
14	also 35 Wall St	Downtown Asheville	3,950	2nd	the aSHEville museum llc	N/A	Tessier Associates, Inc.
15	10 Brook St	Central Asheville	3,356	2nd	N/A	N/A	Spake Real Estate
16	10 Brook St	Central Asheville	3,248	2nd	N/A	N/A	Spake Real Estate
17	Biltmore Park Town Square - Bldg 10BC	S Asheville/Royal Pines	3,150	1st	N/A	N/A	Biltmore Farms, Inc
18	Valley View Center	Buncombe County	3,144	1st	N/A	N/A	The Burkett Companies
19	800 Haywood Rd	West Asheville	3,000	1st	Pour, LLC	CoveStar, LLC	NAI Beverly-Hanks Commercial
20	1705 Brevard Rd	Henderson County	2,774	1st	Weichert Realty- Mountain Executives	Weichert Realtors Mountain Executiv	NAI Beverly-Hanks Commercial
21	81 Coxe Ave	Central Asheville	2,591	1st	N/A	N/A	Realty World Marketplace
22	St. John's Marketplace	Henderson County	2,585	2nd	Dicky's Barbeque	N/A	Whitney Commercial Real Estate
23	Lakeside Plaza	Haywood County	2,500	1st	Mountaineer Oxygen Solutions	N/A	RCG Ventures, LLC
24	1997 Hendersonville Rd	S Asheville/Royal Pines	2,401	1st	Blancy Merineo	NAI Beverly-Hanks Commercial	NAI Beverly-Hanks Commercial
25	174 Weaverville Rd	Buncombe County	2,400	2nd	N/A	N/A	Greenberg & Dykes Realty Company
26	58 Wall St	Downtown Asheville	2,400	1st	Bad Wold Syndicate	N/A	Dewey Property Advisors
27	10 Brook St	Central Asheville	2,231	2nd	N/A	N/A	Spake Real Estate
28	Gerber Village - Building D	S Asheville/Royal Pines	2,065	1st	Wild Birds Unlimited	N/A	Spake Real Estate
29	6 E Market St	Buncombe County	2,020	2nd	Kai Wu Chen	NAI Beverly-Hanks Commercial	NAI Beverly-Hanks Commercial
30	Biltmore Park Town Square - Bldg 6C	S Asheville/Royal Pines	1,871	1st	N/A	N/A	Biltmore Farms, Inc
31	Valley View Center	Buncombe County	1,868	2nd	N/A	N/A	The Burkett Companies
32	79 Coxe Ave	Central Asheville	1,825	1st	N/A	N/A	Realty World Marketplace
33	3 Swann St	Central Asheville	1,690	1st	Tervis Tumbler	N/A	Dewey Property Advisors
34	98 N Lexington Ave	Downtown Asheville	1,625	2nd	Double Crown	The Real Estate Center	Dewey Property Advisors
35	22 College St	Downtown Asheville	1,610	1st	Dixon Pacifica Real Estate	N/A	Tessier Associates, Inc.
36	58 Wall St	Downtown Asheville	1,600	1st	N/A	N/A	Dewey Property Advisors
37	800 Haywood Rd	West Asheville	1,600	1st	Odds Cafe	Tessier Associates, Inc.	NAI Beverly-Hanks Commercial
38	61 N Merrimon Ave	Buncombe County	1,596	1st	Banis Enterprises, LLC	Dewey Property Advisors	NAI Beverly-Hanks Commercial
39	671 Spartanburg Hwy	Henderson County	1,448	1st	Cigarette Depot, Inc.	NAI Beverly-Hanks Commercial	NAI Beverly-Hanks Commercial
40	AAA Center	S Asheville/Royal Pines	1,377	2nd	N/A	N/A	Morosani and Associates

Source: CoStar Property®

\* Renewal

# Asheville Retail Market

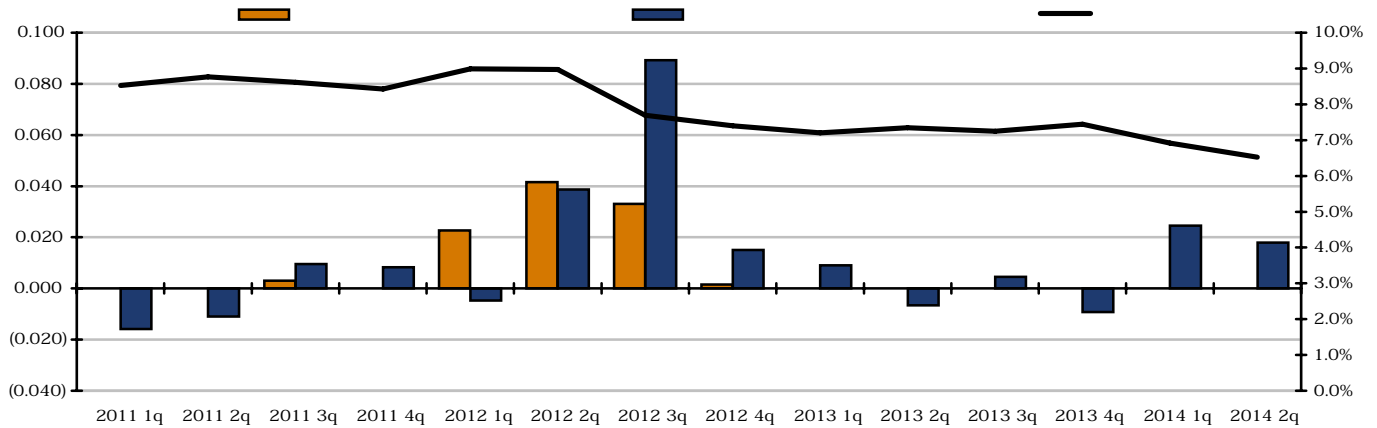


## Buncombe County Market

Market Highlights – Class “A, B & C”

### Deliveries, Absorption & Vacancy

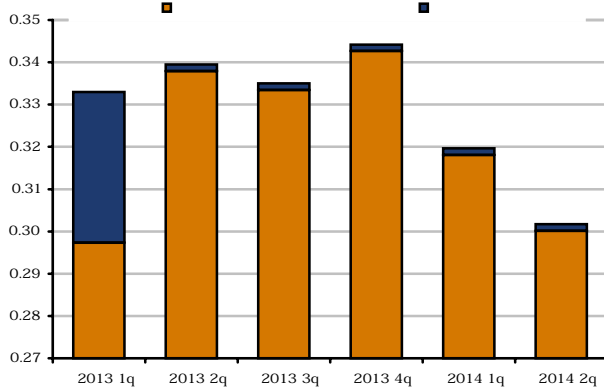
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

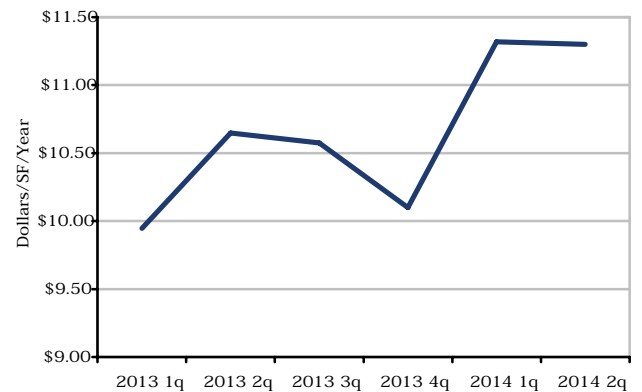
Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, All Classes



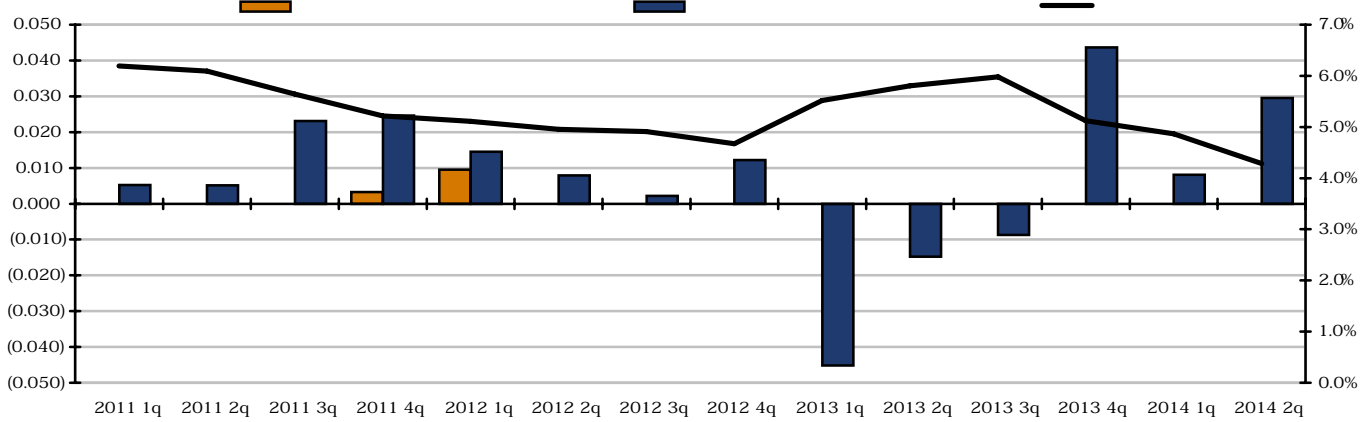
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	411	4,624,084	301,678	6.5%	17,971	0	0	1	10,250	\$11.30
2014 1q	411	4,624,084	319,649	6.9%	24,540	0	0	1	10,250	\$11.32
2013 4q	411	4,624,084	344,189	7.4%	(9,186)	0	0	0	0	\$10.10
2013 3q	411	4,624,084	335,003	7.2%	4,478	0	0	0	0	\$10.58
2013 2q	411	4,624,084	339,481	7.3%	(6,541)	0	0	0	0	\$10.65
2013 1q	411	4,624,084	332,940	7.2%	9,100	0	0	0	0	\$9.95
2012 4q	411	4,624,084	342,040	7.4%	15,059	1	1,500	0	0	\$9.74
2012 3q	410	4,622,584	355,599	7.7%	89,219	2	33,061	1	1,500	\$9.98
2012 2q	408	4,589,523	411,757	9.0%	38,656	4	41,584	3	34,561	\$10.08
2012 1q	404	4,547,939	408,829	9.0%	(4,669)	2	22,681	7	76,145	\$10.48
2011 4q	402	4,525,258	381,479	8.4%	8,348	0	0	4	50,640	\$11.01
2011 3q	402	4,525,258	389,827	8.6%	9,576	1	3,000	2	22,681	\$10.61
2011 2q	401	4,522,258	396,403	8.8%	(10,915)	0	0	1	3,000	\$10.66
2011 1q	401	4,522,258	385,488	8.5%	(15,797)	0	0	1	3,000	\$10.64
2010 4q	401	4,522,258	369,691	8.2%	8,416	0	0	0	0	\$10.66
2010 3q	401	4,522,258	378,107	8.4%	44,612	0	0	0	0	\$11.06

Source: CoStar Property®

### Deliveries, Absorption & Vacancy

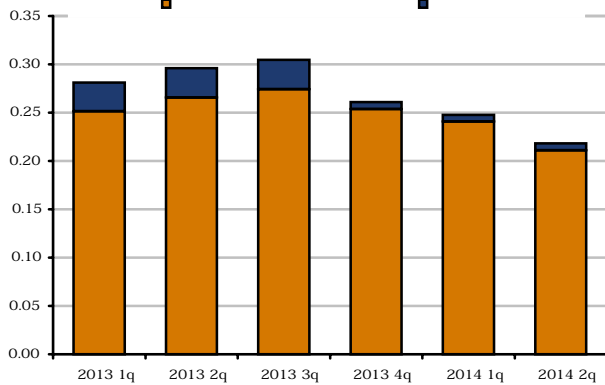
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

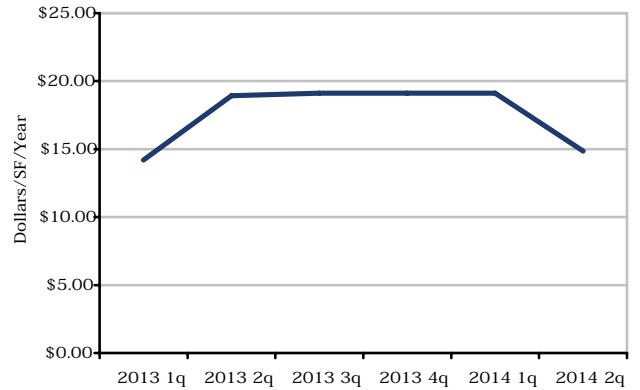
### Historical Analysis, All Classes



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 2q	276	5,089,538	218,157	4.3%	29,553	0	0	0	0	\$14.85
2014 1q	276	5,089,538	247,710	4.9%	8,074	0	0	0	0	\$19.13
2013 4q	277	5,094,646	260,892	5.1%	43,694	0	0	0	0	\$19.12
2013 3q	277	5,094,646	304,586	6.0%	(8,714)	0	0	0	0	\$19.12
2013 2q	277	5,094,646	295,872	5.8%	(14,779)	0	0	0	0	\$18.93
2013 1q	277	5,094,646	281,093	5.5%	(45,196)	0	0	0	0	\$14.21
2012 4q	278	5,097,018	238,269	4.7%	12,157	0	0	0	0	\$14.74
2012 3q	278	5,097,018	250,426	4.9%	2,179	0	0	0	0	\$14.17
2012 2q	278	5,097,018	252,605	5.0%	7,880	0	0	0	0	\$14.67
2012 1q	278	5,097,018	260,485	5.1%	14,481	1	9,502	0	0	\$14.54
2011 4q	277	5,087,516	265,464	5.2%	24,602	1	3,285	1	9,502	\$14.17
2011 3q	276	5,084,231	286,781	5.6%	23,093	0	0	2	12,787	\$13.78
2011 2q	276	5,084,231	309,874	6.1%	5,150	0	0	2	12,787	\$14.09
2011 1q	276	5,084,231	315,024	6.2%	5,191	0	0	2	12,787	\$14.62
2010 4q	276	5,084,231	320,215	6.3%	64,888	1	90,000	0	0	\$13.45
2010 3q	275	4,994,231	295,103	5.9%	27,582	0	0	1	90,000	\$14.22

Source: CoStar Property®

# Asheville Retail Market

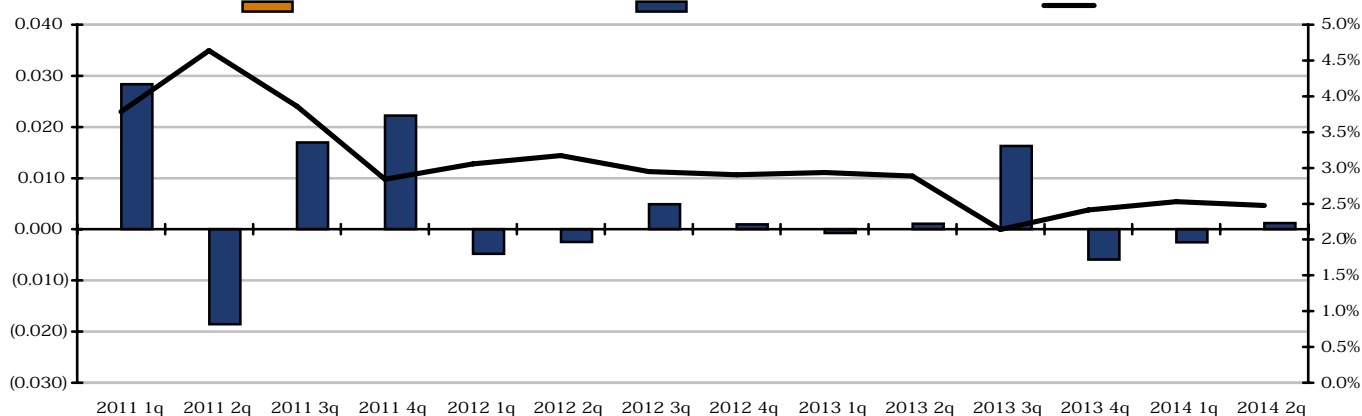


## Downtown Asheville Market

Market Highlights – Class “A, B & C”

### Deliveries, Absorption & Vacancy

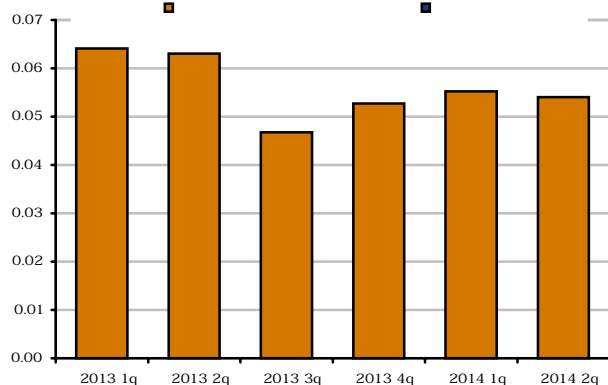
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

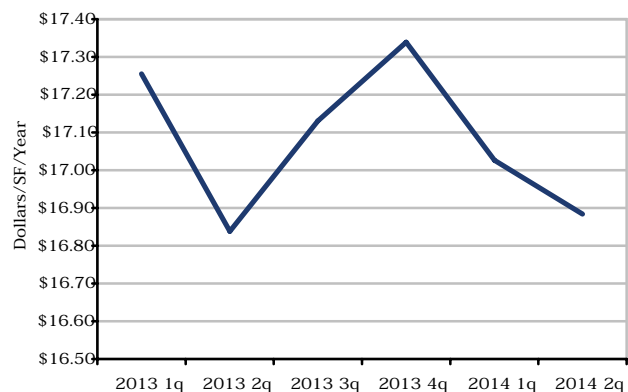
Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, All Classes



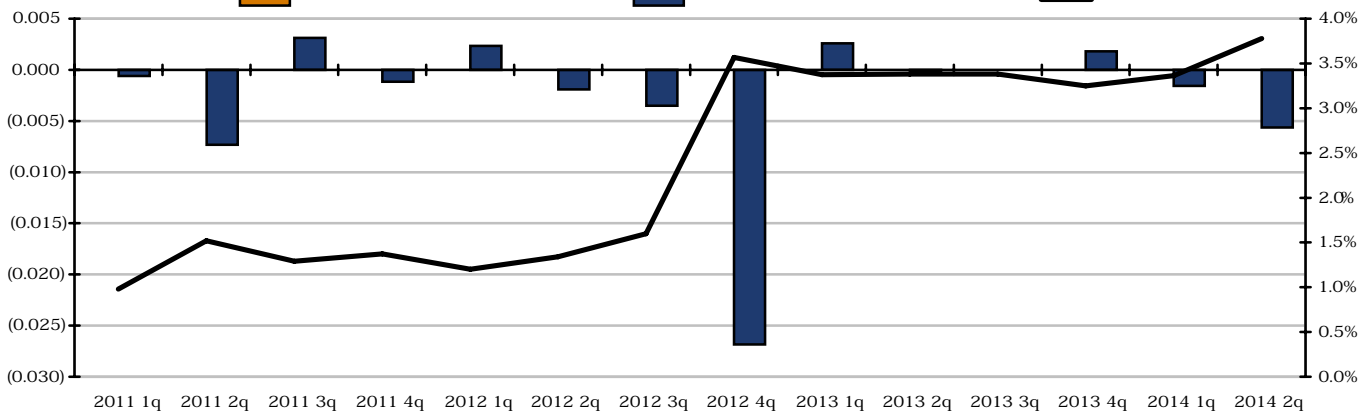
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	168	2,183,643	54,029	2.5%	1,198	0	0	0	0	\$16.88
2014 1q	168	2,183,643	55,227	2.5%	(2,525)	0	0	0	0	\$17.03
2013 4q	168	2,183,643	52,702	2.4%	(5,933)	0	0	0	0	\$17.34
2013 3q	168	2,183,643	46,769	2.1%	16,278	0	0	0	0	\$17.13
2013 2q	168	2,183,643	63,047	2.9%	1,074	0	0	0	0	\$16.84
2013 1q	168	2,183,643	64,121	2.9%	(705)	0	0	0	0	\$17.26
2012 4q	168	2,183,643	63,416	2.9%	951	0	0	0	0	\$17.26
2012 3q	168	2,183,643	64,367	2.9%	4,895	0	0	0	0	\$16.58
2012 2q	168	2,183,643	69,262	3.2%	(2,480)	0	0	0	0	\$17.02
2012 1q	168	2,183,643	66,782	3.1%	(4,759)	0	0	0	0	\$16.93
2011 4q	168	2,183,643	62,023	2.8%	22,244	0	0	0	0	\$14.52
2011 3q	168	2,183,643	84,267	3.9%	16,967	0	0	0	0	\$10.92
2011 2q	168	2,183,643	101,234	4.6%	(18,555)	0	0	0	0	\$11.81
2011 1q	168	2,183,643	82,679	3.8%	28,376	0	0	0	0	\$11.81
2010 4q	168	2,183,643	111,055	5.1%	715	0	0	0	0	\$12.54
2010 3q	168	2,183,643	111,770	5.1%	29,587	0	0	0	0	\$12.20

Source: CoStar Property®

### Deliveries, Absorption & Vacancy

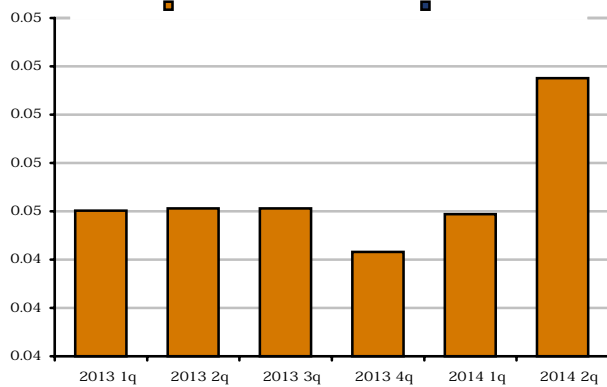
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

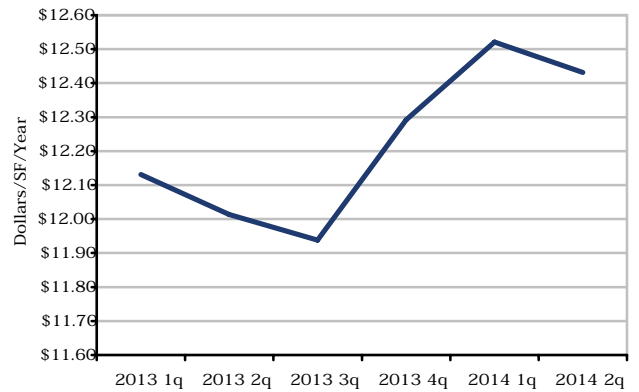
### Historical Analysis, All Classes



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 2q	90	1,363,406	51,513	3.8%	(5,629)	0	0	0	0	\$12.43
2014 1q	90	1,363,406	45,884	3.4%	(1,570)	0	0	0	0	\$12.52
2013 4q	90	1,363,406	44,314	3.3%	1,800	0	0	0	0	\$12.29
2013 3q	90	1,363,406	46,114	3.4%	0	0	0	0	0	\$11.94
2013 2q	90	1,363,406	46,114	3.4%	(91)	0	0	0	0	\$12.01
2013 1q	90	1,363,406	46,023	3.4%	2,607	0	0	0	0	\$12.13
2012 4q	90	1,363,406	48,630	3.6%	(26,830)	0	0	0	0	\$14.76
2012 3q	90	1,363,406	21,800	1.6%	(3,516)	0	0	0	0	\$13.45
2012 2q	90	1,363,406	18,284	1.3%	(1,909)	0	0	0	0	\$11.84
2012 1q	90	1,363,406	16,375	1.2%	2,355	0	0	0	0	\$11.34
2011 4q	90	1,363,406	18,730	1.4%	(1,148)	0	0	0	0	\$11.34
2011 3q	90	1,363,406	17,582	1.3%	3,120	0	0	0	0	\$11.42
2011 2q	90	1,363,406	20,702	1.5%	(7,334)	0	0	0	0	\$10.90
2011 1q	90	1,363,406	13,368	1.0%	(593)	0	0	0	0	\$13.61
2010 4q	90	1,363,406	12,775	0.9%	17,261	0	0	0	0	\$11.40
2010 3q	90	1,363,406	30,036	2.2%	1,956	0	0	0	0	\$9.74

Source: CoStar Property®

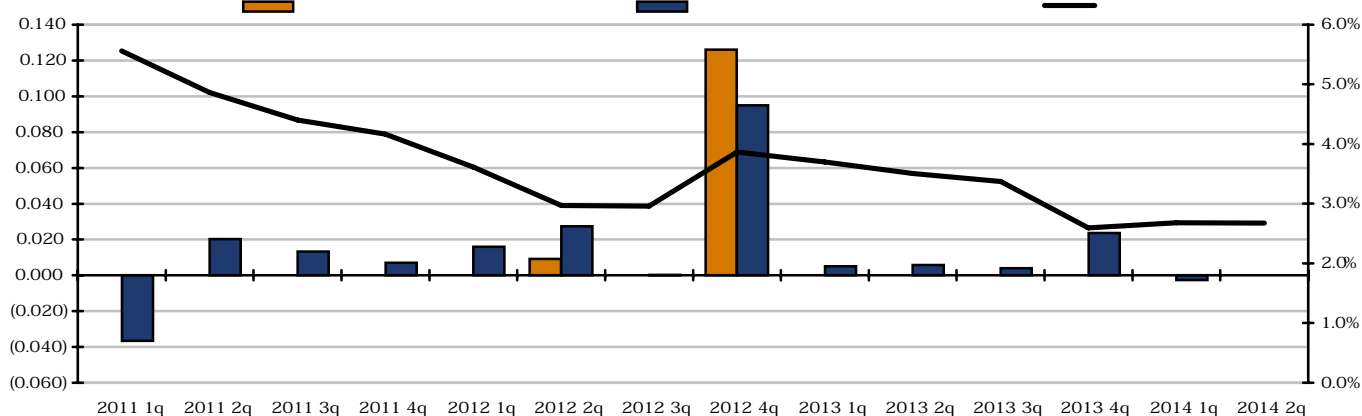
# Asheville Retail Market

## Haywood County Market

Market Highlights – Class "A, B & C"

### Deliveries, Absorption & Vacancy

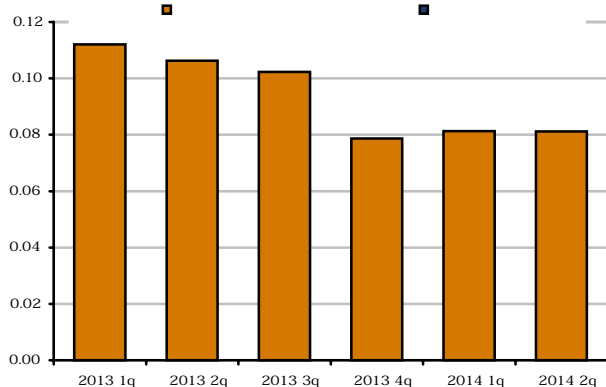
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

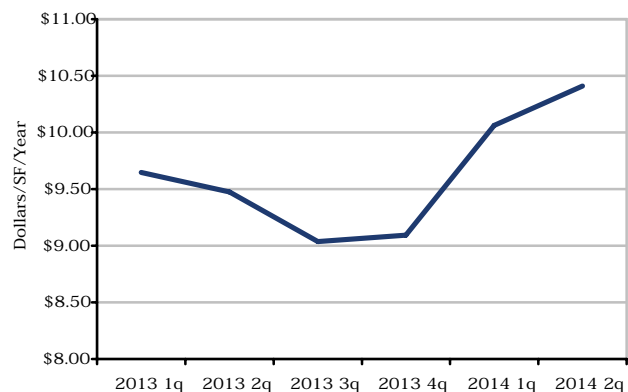
Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, All Classes



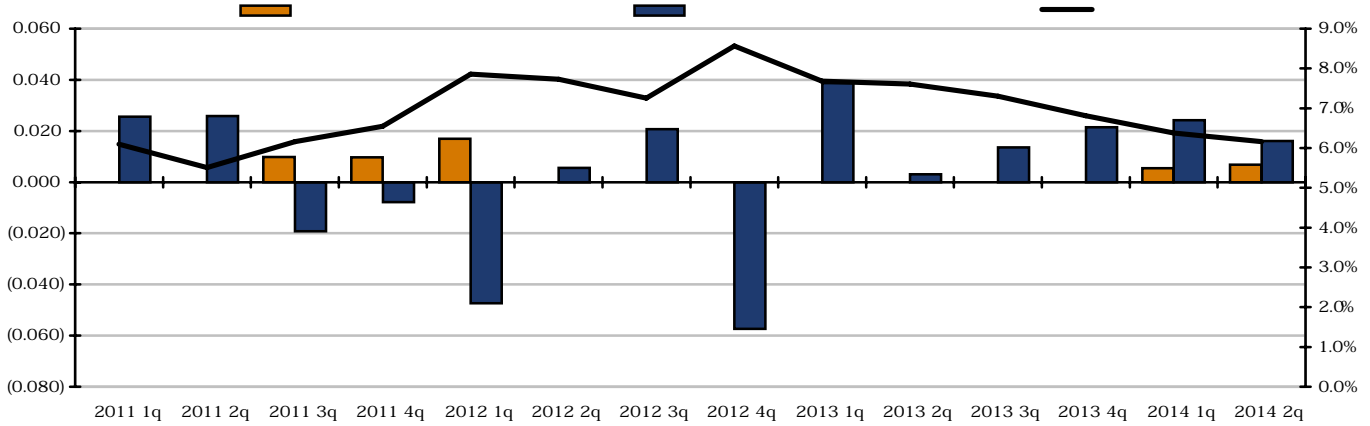
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	220	3,032,035	81,190	2.7%	138	0	0	0	0	\$10.41
2014 1q	220	3,032,035	81,328	2.7%	(2,703)	0	0	0	0	\$10.06
2013 4q	220	3,032,035	78,625	2.6%	23,712	0	0	0	0	\$9.09
2013 3q	220	3,032,035	102,337	3.4%	3,967	0	0	0	0	\$9.04
2013 2q	220	3,032,035	106,304	3.5%	5,798	0	0	0	0	\$9.47
2013 1q	220	3,032,035	112,102	3.7%	5,132	0	0	0	0	\$9.65
2012 4q	220	3,032,035	117,234	3.9%	94,873	2	126,085	0	0	\$9.24
2012 3q	218	2,905,950	86,022	3.0%	268	0	0	2	126,085	\$9.20
2012 2q	218	2,905,950	86,290	3.0%	27,434	1	9,100	2	126,085	\$9.22
2012 1q	217	2,896,850	104,624	3.6%	15,988	0	0	3	135,185	\$9.22
2011 4q	217	2,896,850	120,612	4.2%	6,971	0	0	2	48,971	\$9.41
2011 3q	217	2,896,850	127,583	4.4%	13,226	0	0	1	39,871	\$10.20
2011 2q	217	2,896,850	140,809	4.9%	20,201	0	0	0	0	\$10.01
2011 1q	217	2,896,850	161,010	5.6%	(36,664)	0	0	0	0	\$10.45
2010 4q	217	2,896,850	124,346	4.3%	4,847	0	0	0	0	\$10.36
2010 3q	217	2,896,850	129,193	4.5%	(30,898)	0	0	0	0	\$10.56

Source: CoStar Property®

### Deliveries, Absorption & Vacancy

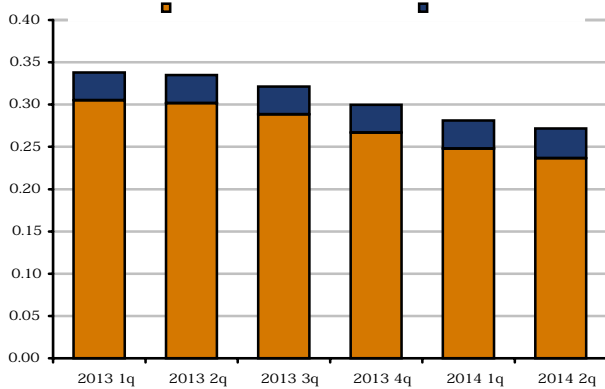
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

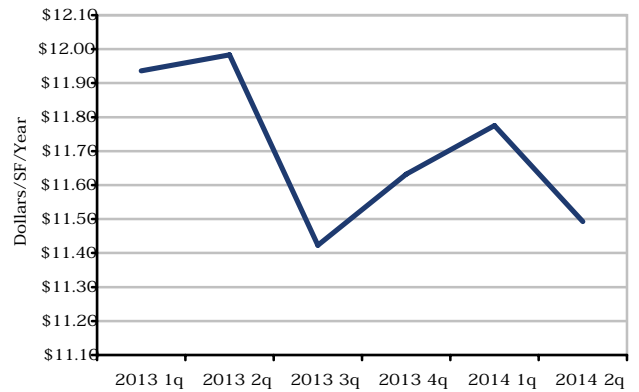
### Historical Analysis, All Classes



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 2q	338	4,410,014	271,668	6.2%	16,125	1	6,800	0	0	\$11.49
2014 1q	337	4,403,214	280,993	6.4%	24,168	1	5,508	1	6,800	\$11.78
2013 4q	336	4,397,706	299,653	6.8%	21,508	0	0	2	12,308	\$11.63
2013 3q	336	4,397,706	321,161	7.3%	13,564	0	0	2	12,308	\$11.42
2013 2q	336	4,397,706	334,725	7.6%	3,125	0	0	0	0	\$11.98
2013 1q	336	4,397,706	337,850	7.7%	38,719	0	0	0	0	\$11.94
2012 4q	336	4,397,706	376,569	8.6%	(57,413)	0	0	0	0	\$11.92
2012 3q	336	4,397,706	319,156	7.3%	20,767	0	0	0	0	\$10.92
2012 2q	336	4,397,706	339,923	7.7%	5,585	0	0	0	0	\$11.12
2012 1q	336	4,397,706	345,508	7.9%	(47,301)	2	17,000	0	0	\$11.14
2011 4q	335	4,386,517	287,018	6.5%	(7,766)	1	9,767	2	17,000	\$10.84
2011 3q	334	4,376,750	269,485	6.2%	(19,226)	1	9,804	2	14,767	\$10.27
2011 2q	333	4,366,946	240,455	5.5%	25,888	0	0	2	19,571	\$10.07
2011 1q	333	4,366,946	266,343	6.1%	25,631	0	0	1	9,804	\$10.26
2010 4q	333	4,366,946	291,974	6.7%	(8,585)	0	0	0	0	\$10.67
2010 3q	333	4,366,946	283,389	6.5%	33,786	0	0	0	0	\$11.62

Source: CoStar Property®

# Asheville Retail Market

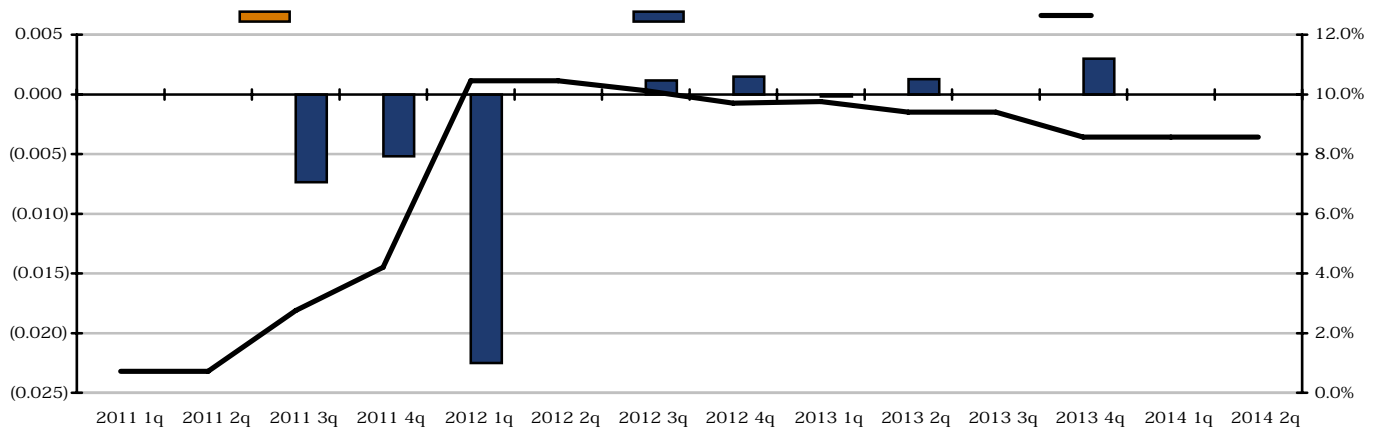


## Madison County Market

Market Highlights – Class “A, B & C”

### Deliveries, Absorption & Vacancy

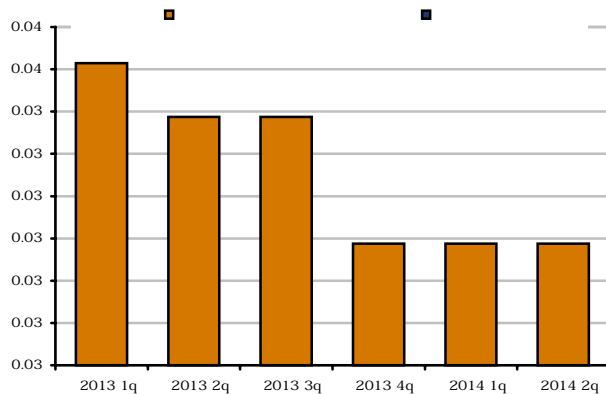
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

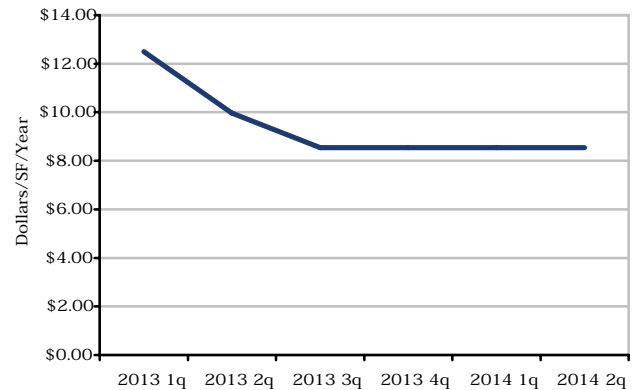
Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

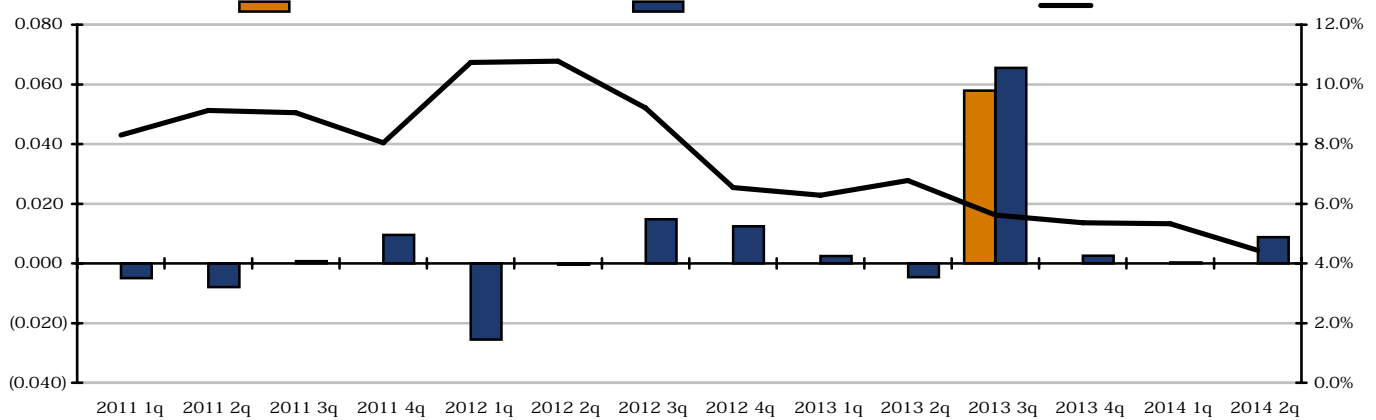
Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	42	360,183	30,876	8.6%	0	0	0	0	0	\$8.55
2014 1q	42	360,183	30,876	8.6%	0	0	0	0	0	\$8.55
2013 4q	42	360,183	30,876	8.6%	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
2010 3q	42	360,183	9,576	2.7%	500	0	0	0	0	\$0.00

Source: CoStar Property®



### Deliveries, Absorption & Vacancy

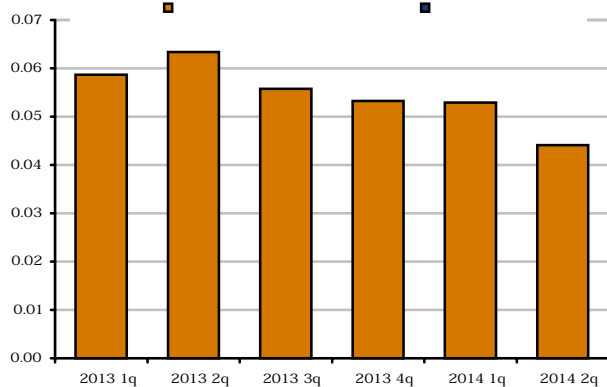
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

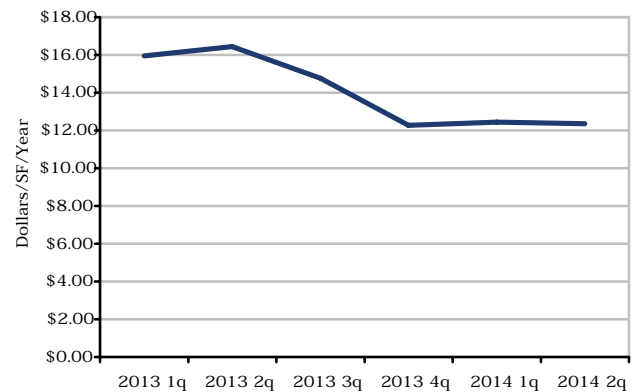
### Historical Analysis, All Classes



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 2q	116	992,568	44,084	4.4%	8,828	0	0	0	0	\$12.36
2014 1q	116	992,568	52,912	5.3%	322	0	0	0	0	\$12.43
2013 4q	116	992,568	53,234	5.4%	2,550	0	0	0	0	\$12.27
2013 3q	116	992,568	55,784	5.6%	65,528	2	57,957	0	0	\$14.76
2013 2q	114	934,611	63,355	6.8%	(4,664)	0	0	2	57,957	\$16.44
2013 1q	114	934,611	58,691	6.3%	2,450	0	0	2	57,957	\$15.95
2012 4q	114	934,611	61,141	6.5%	12,448	0	0	0	0	\$14.87
2012 3q	117	948,427	87,405	9.2%	14,836	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
2010 3q	117	948,427	77,529	8.2%	(17,050)	0	0	0	0	\$15.84

Source: CoStar Property®

# Asheville Retail Market

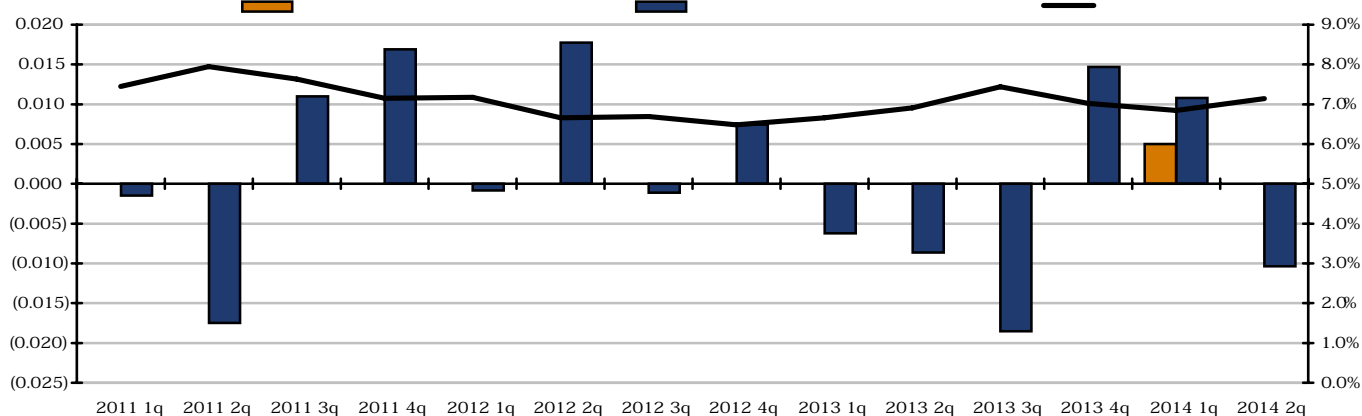


## S Asheville / Royal Pines Market

Market Highlights – Class “A, B & C”

### Deliveries, Absorption & Vacancy

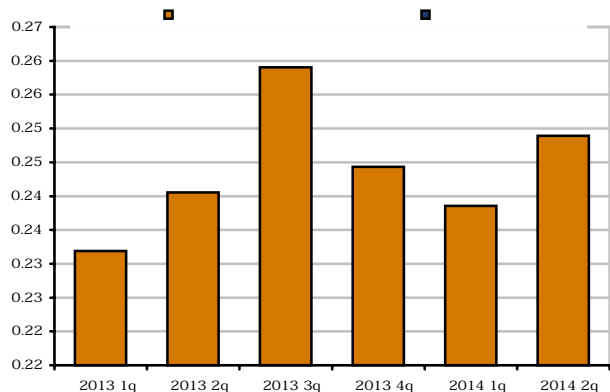
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

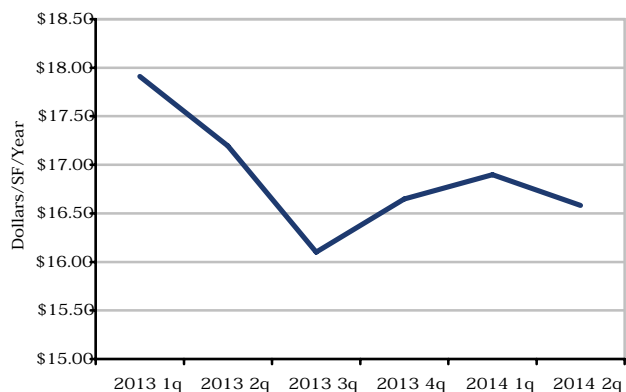
Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, All Classes



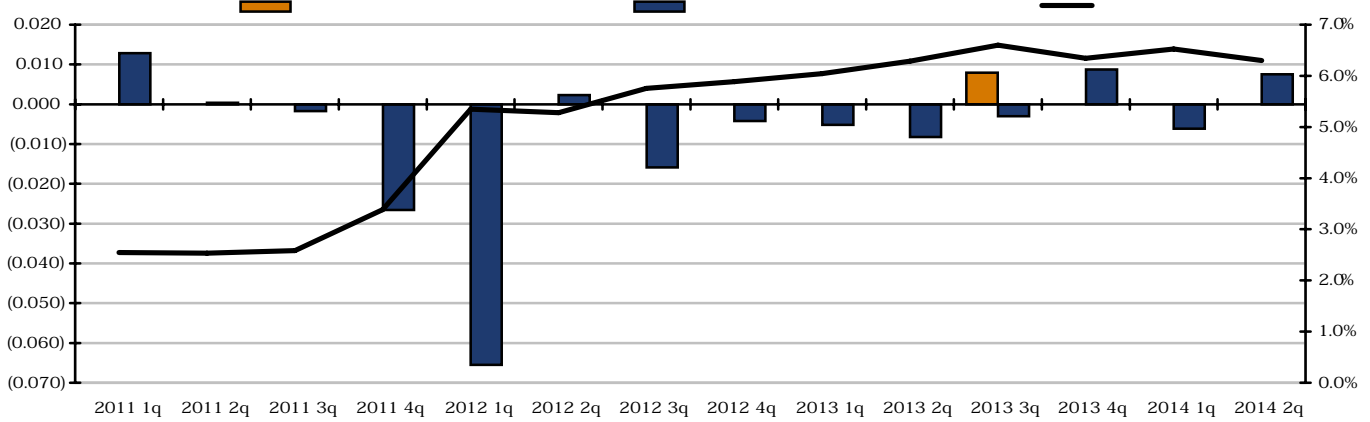
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	236	3,486,871	248,926	7.1%	(10,379)	0	0	1	6,200	\$16.58
2014 1q	236	3,486,871	238,547	6.8%	10,797	1	5,000	0	0	\$16.90
2013 4q	235	3,481,871	244,344	7.0%	14,709	0	0	1	5,000	\$16.65
2013 3q	235	3,481,871	259,053	7.4%	(18,527)	0	0	1	5,000	\$16.10
2013 2q	235	3,481,871	240,526	6.9%	(8,651)	0	0	0	0	\$17.20
2013 1q	235	3,481,871	231,875	6.7%	(6,221)	0	0	0	0	\$17.91
2012 4q	235	3,481,871	225,654	6.5%	7,452	0	0	0	0	\$19.32
2012 3q	235	3,481,871	233,106	6.7%	(1,131)	0	0	0	0	\$20.18
2012 2q	235	3,481,871	231,975	6.7%	17,749	0	0	0	0	\$20.14
2012 1q	235	3,481,871	249,724	7.2%	(817)	0	0	0	0	\$19.86
2011 4q	235	3,481,871	248,907	7.1%	16,898	0	0	0	0	\$19.97
2011 3q	235	3,481,871	265,805	7.6%	10,974	0	0	0	0	\$19.96
2011 2q	235	3,481,871	276,779	7.9%	(17,465)	0	0	0	0	\$20.58
2011 1q	235	3,481,871	259,314	7.4%	(1,477)	0	0	0	0	\$20.90
2010 4q	235	3,481,871	257,837	7.4%	30,636	0	0	0	0	\$20.74
2010 3q	235	3,481,871	288,473	8.3%	6,216	0	0	0	0	\$21.02

Source: CoStar Property®

### Deliveries, Absorption & Vacancy

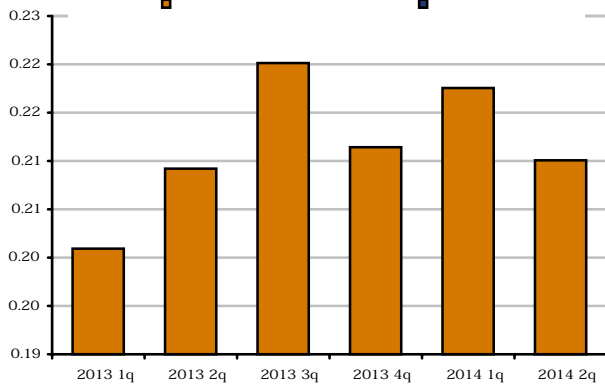
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

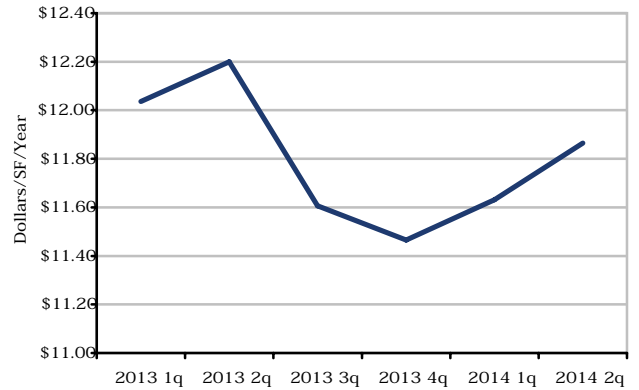
#### Historical Analysis, All Classes



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 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
2010 3q	331	3,315,161	97,194	2.9%	(1,927)	1	3,480	1	11,500	\$15.14

Source: CoStar Property®