

The CoStar Industrial Report

Mid-Year 2014

Asheville Industrial Market



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Methodology

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

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CoStar Group, Inc.

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Terms & Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

cate of occupancy must have been issued for the property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

tenant needs. (See also: Tenancy).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SF: Abbreviation for Square Feet.

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

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

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

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

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

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

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

Under Construction: 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 7.3%

Net Absorption Positive 64,138 SF in the Quarter

The Asheville Industrial market ended the second quarter 2014 with a vacancy rate of 7.3%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 64,138 square feet. Vacant sublease space increased in the quarter, ending at 29,000 square feet. Rental rates ended the second quarter at \$4.40, which was an increase over the previous quarter. There were no properties under construction at the end of the quarter.

Absorption

Net absorption for the overall Asheville Industrial market was positive 64,138 square feet in the second quarter 2014. That compares to negative (7,388) square feet in the first quarter 2014, positive 145,053 square feet in the fourth quarter 2013, and negative (56,042) square feet in the third quarter 2013.

The largest confirmed tenant moving out of a large block of space in 2014 thus far is Asheville Urban Farms, LLC moving out of (10,800) square feet at 239 Amboy Rd.

Tenants moving into large blocks of space in 2014 include: Consolidated Metco, Inc. moving into 80,000 square feet at 60 Mills Gap Rd., Manna Food Bank moving into 22,788 square feet at 1070 Tunnel Rd., and Brian Boggs Chairmakers, Inc. moving into 10,800 square feet at 239 Amboy Rd.

The Flex building market recorded net absorption of negative (2,957) square feet in the second quarter 2014, compared to negative (22,103) square feet in the first quarter 2014, positive 49,032 in the fourth quarter 2013, and negative (4,530) in the third quarter 2013.

The Warehouse building market recorded net absorp-

tion of positive 67,095 square feet in the second quarter 2014, compared to positive 14,715 square feet in the first quarter 2014, positive 96,021 in the fourth quarter 2013, and negative (51,512) in the third quarter 2013.

Vacancy

The Industrial vacancy rate in the Asheville market area decreased to 7.3% at the end of the second quarter 2014. The vacancy rate was 7.5% at the end of the first quarter 2014, 7.4% at the end of the fourth quarter 2013, and 8.1% at the end of the third quarter 2013.

Flex projects reported a vacancy rate of 9.1% at the end of the second quarter 2014, 9.0% at the end of the first quarter 2014, 8.4% at the end of the fourth quarter 2013, and 9.7% at the end of the third quarter 2013.

Warehouse projects reported a vacancy rate of 6.9% at the end of the second quarter 2014, 7.3% at the end of first quarter 2014, 7.3% at the end of the fourth quarter 2013, and 7.8% at the end of the third quarter 2013.

Largest Lease Signings

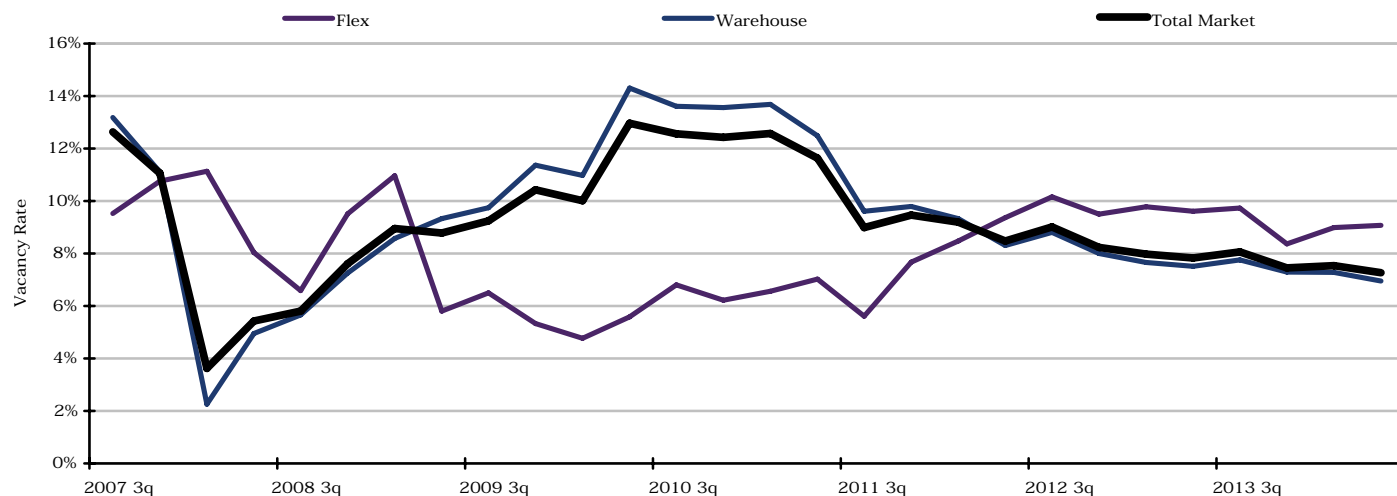
The largest lease signings occurring in 2014 thus far include: the 80,000-square-foot lease signed by Consolidated Metco, Inc. at 60 Mills Gap Rd. in the S Asheville/Royal Pines market; the 13,206-square-foot lease renewal signed by Auralites Inc. at 9 National Ave in the Buncombe County market; and the 10,800-square-foot lease signed by Brian Boggs Chairmakers, Inc. at 239 Amboy Rd in the West Asheville market.

Sublease Vacancy

The amount of vacant sublease space in the Asheville

Vacancy Rates by Building Type

2007-2014



Source: CoStar Property®

market increased to 29,000 square feet by the end of the second quarter 2014, from the 9,000 square feet reported at the end of the first quarter 2014.

Asheville’s Flex projects reported no vacant sublease space at the end of second quarter 2014, which was down from the 9,000 square feet reported at the end of the first quarter 2014. There was 9,000 square feet of sublease space vacant at the end of the third and fourth quarters of 2013.

Warehouse projects reported increased vacant sublease space from the first quarter 2014 to the second quarter 2014. Sublease vacancy went from zero to 29,000 square feet during that timeframe. There was no vacant sublease space reported at the end of the third and fourth quarters of 2013.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$4.40 per square foot per year at the end of the second quarter 2014 in the Asheville market area. This represented a 14.0% increase in quoted rental rates from the end of the first quarter 2014, when rents were reported at \$3.86 per square foot.

The average quoted rate within the Flex sector was \$8.82

per square foot at the end of the second quarter 2014, while Warehouse rates stood at \$3.99. At the end of the first quarter 2014, Flex rates were \$8.79 per square foot, and Warehouse rates were \$3.42.

Deliveries and Construction

During the second quarter 2014, no new space was completed in the Asheville market area. There was no Industrial space under construction at the end of the second quarter 2014.

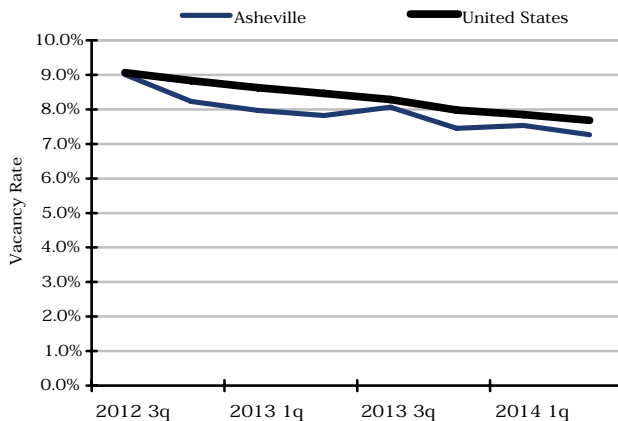
Inventory

Total Industrial inventory in the Asheville market area amounted to 23,814,676 square feet in 741 buildings as of the end of the second quarter 2014. The Flex sector consisted of 3,575,587 square feet in 246 projects. The Warehouse sector consisted of 20,239,089 square feet in 495 buildings. Within the Industrial market, there were 32 owner-occupied buildings accounting for 4,103,049 square feet of Industrial space.

Reports compiled by: John Austin, Research Manager

U.S. Vacancy Comparison

Past 8 Quarters



Source: CoStar Property®

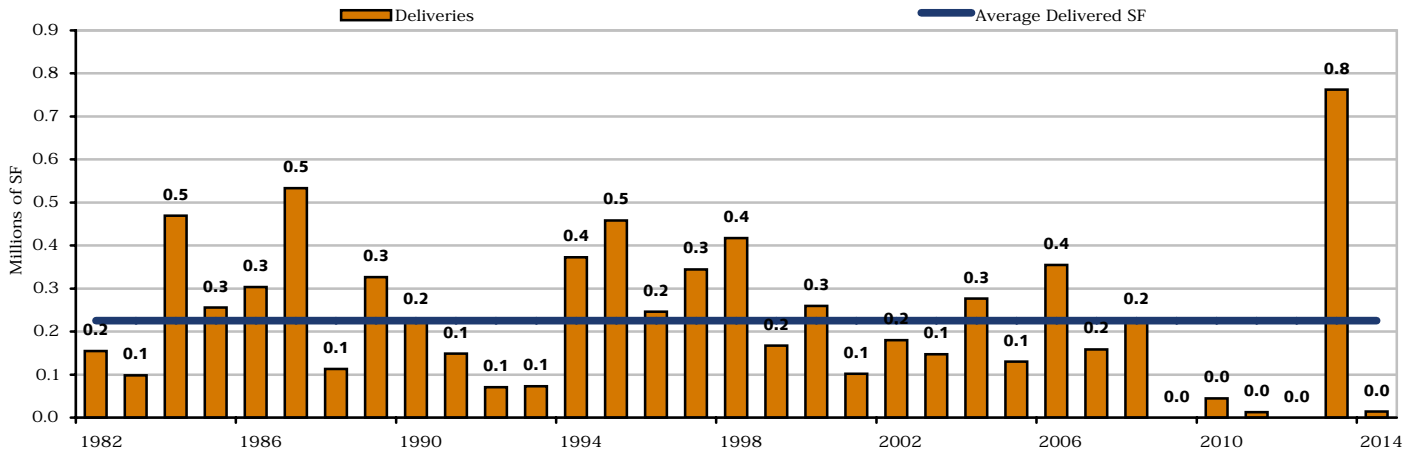
CoStar Submarkets

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

Historical Deliveries

1982 - 2014



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

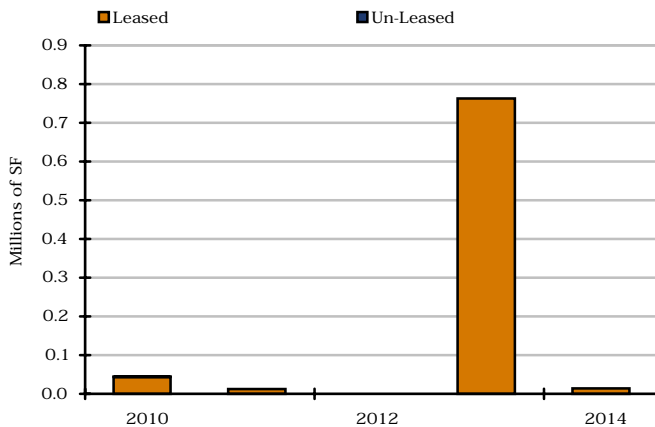
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Madison County	0	0	0	0.0%	40,764	0
Buncombe County	0	0	0	0.0%	54,478	0
Central Asheville	0	0	0	0.0%	20,217	0
Downtown Asheville	0	0	0	0.0%	2,624	0
East Asheville	0	0	0	0.0%	25,881	0
North Asheville	0	0	0	0.0%	13,526	0
S Asheville/Royal Pines	0	0	0	0.0%	31,963	0
West Asheville	0	0	0	0.0%	35,507	0
Haywood County	0	0	0	0.0%	19,212	0
Henderson County	0	0	0	0.0%	29,957	0
Totals	0	0	0	0.0%	32,139	0

Source: CoStar Property®

Recent Deliveries

Leased & Un-Leased SF in Deliveries Since 2010



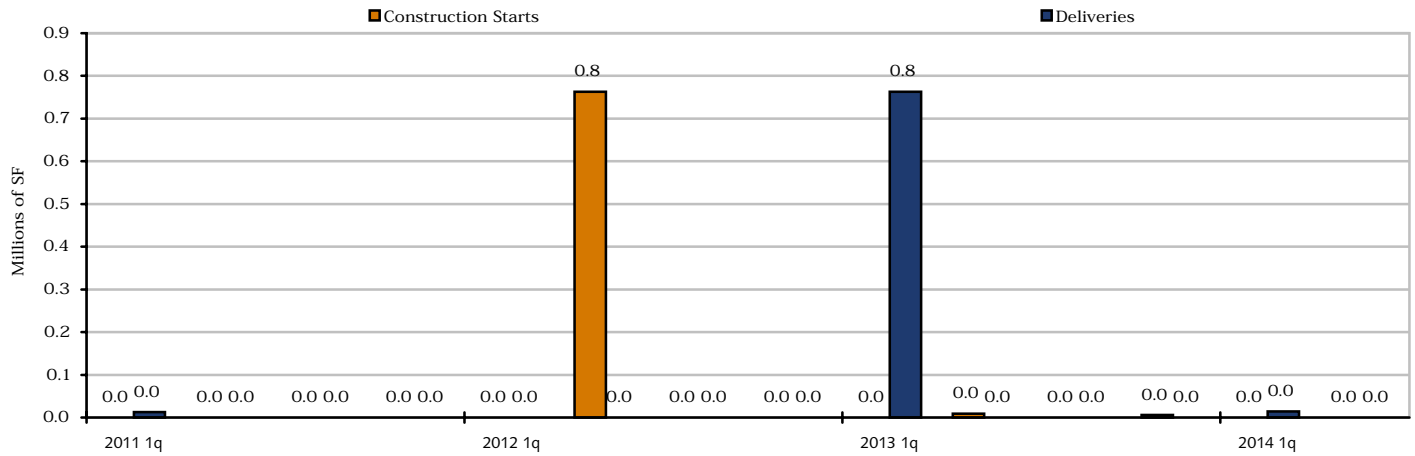
Source: CoStar Property®

Asheville Industrial Market

Inventory & development

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

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

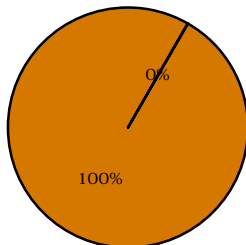
Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	2	14,300	14,300	100.0%	\$0.00	14,300	0
50,000 SF - 99,999 SF	0	0	0	0.0%	\$0.00	0	0
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2014 Deliveries No Properties Under Construction



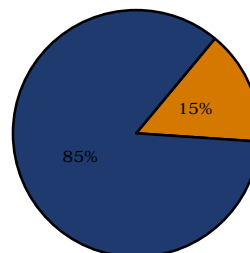
■ Multi ■ Single

Source: CoStar Property®

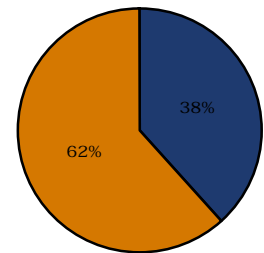
Existing Inventory Comparison

Based on Total RBA

By Building Type By Tenancy Type



■ Flex ■ Warehouse



■ Multi ■ Single

Source: CoStar Property®

Flex Market Statistics

Mid-Year 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	36	679,607	43,666	43,666	6.4%	7,206	0	0	\$8.71
Central Asheville	85	1,243,008	134,519	134,519	10.8%	(29,570)	0	0	\$8.64
Downtown Asheville	1	3,460	0	0	0.0%	0	0	0	\$0.00
East Asheville	13	189,793	3,459	3,459	1.8%	0	0	0	\$0.00
Haywood County	7	46,997	0	0	0.0%	0	0	0	\$10.71
Henderson County	17	224,929	42,300	42,300	18.8%	1,600	0	0	\$8.71
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	3	30,978	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	79	1,082,611	86,326	86,326	8.0%	(4,296)	0	0	\$9.34
West Asheville	5	74,204	13,932	13,932	18.8%	0	0	0	\$8.00
Totals	246	3,575,587	324,202	324,202	9.1%	(25,060)	0	0	\$8.82

Source: CoStar Property®

Warehouse Market Statistics

Mid-Year 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	108	7,165,249	274,916	274,916	3.8%	22,844	0	0	\$4.37
Central Asheville	94	2,375,849	175,478	175,478	7.4%	18,143	0	0	\$3.27
Downtown Asheville	1	1,788	0	0	0.0%	0	0	0	\$0.00
East Asheville	7	327,836	0	29,000	8.8%	(6,212)	0	0	\$4.00
Haywood County	35	759,898	40,877	40,877	5.4%	1,500	0	0	\$6.53
Henderson County	125	4,028,932	397,777	397,777	9.9%	24,637	0	0	\$3.29
Madison County	4	163,055	9,575	9,575	5.9%	(1,660)	0	0	\$5.00
North Asheville	9	131,335	9,196	9,196	7.0%	0	0	0	\$4.95
S Asheville/Royal Pines	67	3,584,008	135,009	135,009	3.8%	11,079	14,300	0	\$6.17
West Asheville	45	1,701,139	334,500	334,500	19.7%	11,479	0	0	\$3.12
Totals	495	20,239,089	1,377,328	1,406,328	6.9%	81,810	14,300	0	\$3.99

Source: CoStar Property®

Total Industrial Market Statistics

Mid-Year 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	144	7,844,856	318,582	318,582	4.1%	30,050	0	0	\$4.72
Central Asheville	179	3,618,857	309,997	309,997	8.6%	(11,427)	0	0	\$5.24
Downtown Asheville	2	5,248	0	0	0.0%	0	0	0	\$0.00
East Asheville	20	517,629	3,459	32,459	6.3%	(6,212)	0	0	\$4.00
Haywood County	42	806,895	40,877	40,877	5.1%	1,500	0	0	\$7.36
Henderson County	142	4,253,861	440,077	440,077	10.3%	26,237	0	0	\$3.48
Madison County	4	163,055	9,575	9,575	5.9%	(1,660)	0	0	\$5.00
North Asheville	12	162,313	9,196	9,196	5.7%	0	0	0	\$4.95
S Asheville/Royal Pines	146	4,666,619	221,335	221,335	4.7%	6,783	14,300	0	\$6.53
West Asheville	50	1,775,343	348,432	348,432	19.6%	11,479	0	0	\$3.27
Totals	741	23,814,676	1,701,530	1,730,530	7.3%	56,750	14,300	0	\$4.40

Source: CoStar Property®

Asheville Industrial Market

Figures at a Glance

Flex Market Statistics

Mid-Year 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2014 2q	246	3,575,587	324,202	324,202	9.1%	(2,957)	0	0	0	0	\$8.82
2014 1q	246	3,575,587	312,245	321,245	9.0%	(22,103)	0	0	0	0	\$8.79
2013 4q	246	3,575,587	290,142	299,142	8.4%	49,032	0	0	0	0	\$8.56
2013 3q	246	3,575,587	339,174	348,174	9.7%	(4,530)	0	0	0	0	\$9.57
2013 2q	246	3,575,587	334,644	343,644	9.6%	6,244	0	0	0	0	\$9.33
2013 1q	246	3,575,587	340,888	349,888	9.8%	(10,015)	0	0	0	0	\$9.22
2012 4q	246	3,575,587	330,873	339,873	9.5%	23,285	0	0	0	0	\$9.73
2012 3q	246	3,575,587	354,158	363,158	10.2%	(28,147)	0	0	0	0	\$9.07
2012 2q	246	3,575,587	335,011	335,011	9.4%	(31,827)	0	0	0	0	\$8.82
2012 1q	246	3,575,587	303,184	303,184	8.5%	(29,031)	0	0	0	0	\$8.95
2011 4q	246	3,575,587	274,153	274,153	7.7%	(73,503)	0	0	0	0	\$9.32
2011 3q	246	3,575,587	200,650	200,650	5.6%	50,355	0	0	0	0	\$8.92
2011 2q	246	3,575,587	251,005	251,005	7.0%	(16,625)	0	0	0	0	\$7.67
2011 1q	246	3,575,587	234,380	234,380	6.6%	(81)	1	12,779	0	0	\$7.68
2010	245	3,562,808	221,520	221,520	6.2%	(31,749)	0	0	1	12,779	\$7.53
2009	245	3,562,808	189,771	189,771	5.3%	149,158	0	0	0	0	\$6.96

Source: CoStar Property®

Warehouse Market Statistics

Mid-Year 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2014 2q	495	20,239,089	1,377,328	1,406,328	6.9%	67,095	0	0	0	0	\$3.99
2014 1q	495	20,239,089	1,473,423	1,473,423	7.3%	14,715	2	14,300	0	0	\$3.42
2013 4q	493	20,224,789	1,473,838	1,473,838	7.3%	96,021	0	0	2	14,300	\$3.47
2013 3q	493	20,224,789	1,569,859	1,569,859	7.8%	(51,512)	0	0	1	8,664	\$3.65
2013 2q	493	20,224,789	1,518,347	1,518,347	7.5%	29,408	0	0	1	8,664	\$3.57
2013 1q	493	20,224,789	1,547,755	1,547,755	7.7%	771,335	1	762,750	0	0	\$3.53
2012 4q	492	19,462,039	1,556,340	1,556,340	8.0%	156,440	0	0	1	762,750	\$3.40
2012 3q	492	19,462,039	1,710,380	1,712,780	8.8%	(95,325)	0	0	1	762,750	\$3.25
2012 2q	492	19,462,039	1,615,055	1,617,455	8.3%	198,428	0	0	1	762,750	\$3.60
2012 1q	492	19,462,039	1,813,883	1,815,883	9.3%	89,741	0	0	0	0	\$3.59
2011 4q	492	19,462,039	1,905,624	1,905,624	9.8%	(35,345)	0	0	0	0	\$3.76
2011 3q	492	19,462,039	1,870,279	1,870,279	9.6%	560,157	0	0	0	0	\$3.74
2011 2q	492	19,462,039	2,430,436	2,430,436	12.5%	231,710	0	0	0	0	\$3.53
2011 1q	492	19,462,039	2,659,746	2,662,146	13.7%	(22,975)	0	0	0	0	\$3.53
2010	492	19,462,039	2,639,171	2,639,171	13.6%	(387,811)	2	44,750	0	0	\$3.69
2009	490	19,417,289	2,206,610	2,206,610	11.4%	(797,502)	0	0	1	31,250	\$4.02

Source: CoStar Property®

Total Industrial Market Statistics

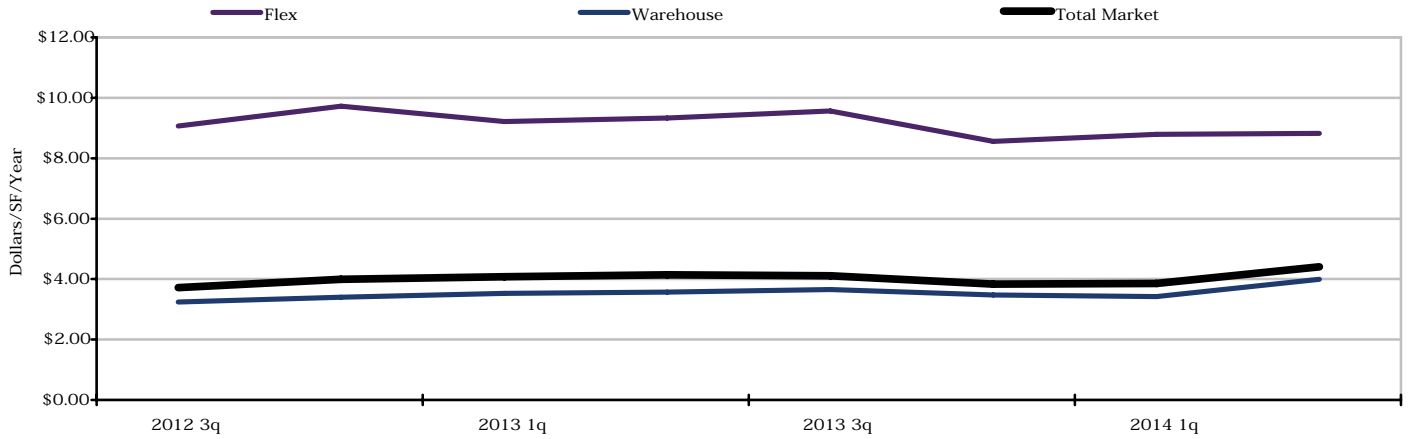
Mid-Year 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2014 2q	741	23,814,676	1,701,530	1,730,530	7.3%	64,138	0	0	0	0	\$4.40
2014 1q	741	23,814,676	1,785,668	1,794,668	7.5%	(7,388)	2	14,300	0	0	\$3.86
2013 4q	739	23,800,376	1,763,980	1,772,980	7.4%	145,053	0	0	2	14,300	\$3.84
2013 3q	739	23,800,376	1,909,033	1,918,033	8.1%	(56,042)	0	0	1	8,664	\$4.11
2013 2q	739	23,800,376	1,852,991	1,861,991	7.8%	35,652	0	0	1	8,664	\$4.14
2013 1q	739	23,800,376	1,888,643	1,897,643	8.0%	761,320	1	762,750	0	0	\$4.08
2012 4q	738	23,037,626	1,887,213	1,896,213	8.2%	179,725	0	0	1	762,750	\$4.00
2012 3q	738	23,037,626	2,064,538	2,075,938	9.0%	(123,472)	0	0	1	762,750	\$3.72
2012 2q	738	23,037,626	1,950,066	1,952,466	8.5%	166,601	0	0	1	762,750	\$3.98
2012 1q	738	23,037,626	2,117,067	2,119,067	9.2%	60,710	0	0	0	0	\$4.03
2011 4q	738	23,037,626	2,179,777	2,179,777	9.5%	(108,848)	0	0	0	0	\$4.13
2011 3q	738	23,037,626	2,070,929	2,070,929	9.0%	610,512	0	0	0	0	\$4.07
2011 2q	738	23,037,626	2,681,441	2,681,441	11.6%	215,085	0	0	0	0	\$3.83
2011 1q	738	23,037,626	2,894,126	2,896,526	12.6%	(23,056)	1	12,779	0	0	\$3.82
2010	737	23,024,847	2,860,691	2,860,691	12.4%	(419,560)	2	44,750	1	12,779	\$3.96
2009	735	22,980,097	2,396,381	2,396,381	10.4%	(648,344)	0	0	1	31,250	\$4.24

Source: CoStar Property®

Historical Rental Rates

Based on Quoted Rental Rates

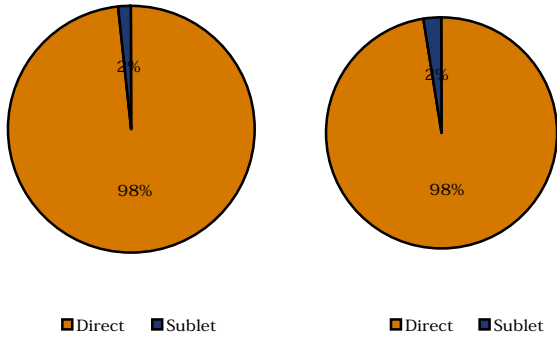


Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Asheville United States

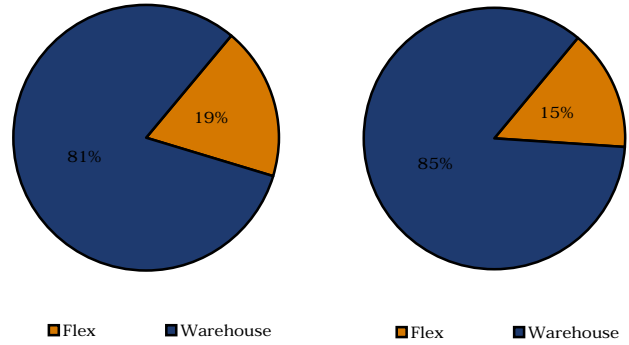


Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

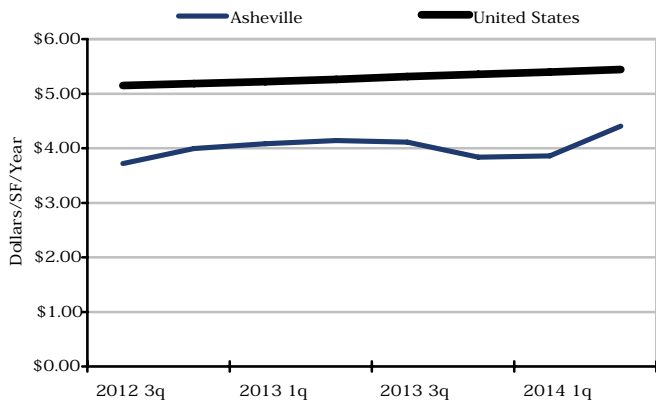
Asheville United States



Source: CoStar Property®

U.S. Rental Rate Comparison

Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space

Asheville Industrial Market

Leasing Activity

Select Top Industrial Leases Based on Leased Square Footage For Deals Signed in 2014

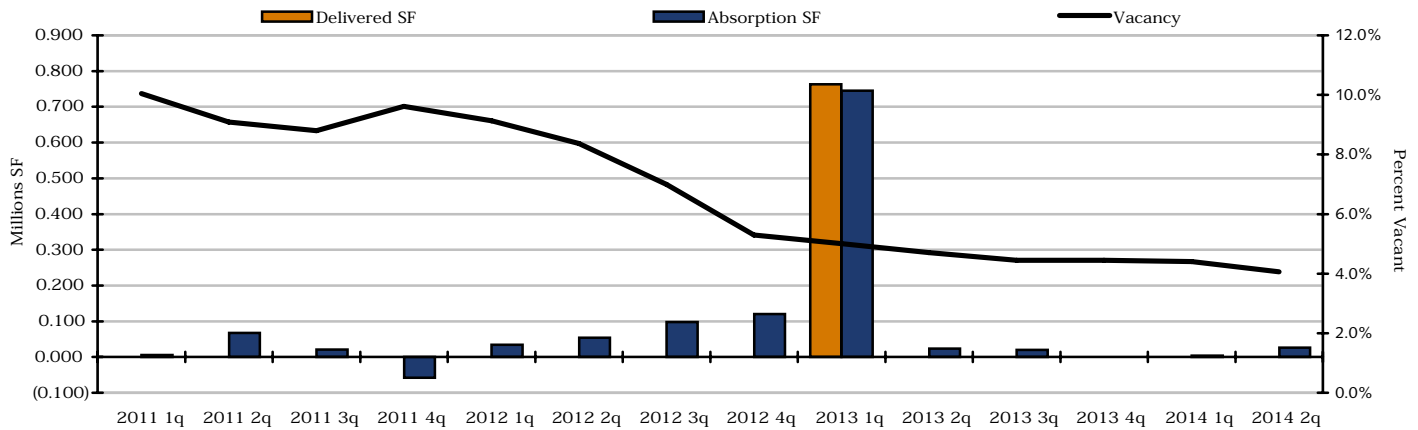
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 60 Mills Gap Rd	S Asheville/Royal Pines	80,000	2nd	Consolidated Metco, Inc.	NAI Beverly-Hanks Commercial	Pulliam Properties
2 220 Continuum Dr	Henderson County	31,500	1st	N/A	Direct Deal	Mark Morris and Associates Inc.
3 2-A Huntsman Pl	Central Asheville	26,520	2nd	N/A	Direct Deal	CoveStar, LLC
4 998 Pleasant Grove Rd Suite #2	Henderson County	18,000	2nd	N/A	Direct Deal	Justin Fejfar
5 998 Pleasant Grove Rd Suite #3	Henderson County	16,000	2nd	N/A	Direct Deal	Justin Fejfar
6 9 National Ave*	Buncombe County	13,206	1st	Auralites Inc.	N/A	N/A
7 239 Amboy Rd	West Asheville	10,800	2nd	Brian Boggs Chairmakers, Inc.	Tessier Associates, Inc.	NAI Beverly-Hanks Commercial
8 55 Sweeten Creek Rd	Central Asheville	7,434	2nd	Sherwin Williams	Direct Deal	Dewey Property Advisors
9 9W Chestnut Ridge Ave	North Asheville	6,496	2nd	Bean Werks Coffee and Tea	Cornerstone Real Estate Consultants	NAI Beverly-Hanks Commercial
10 1238 Hendersonville Rd	S Asheville/Royal Pines	5,842	1st	Cross Fit Build More Force	N/A	RBI Commercial Properties
11 415 8th Ave E- Main Building	Henderson County	4,260	2nd	Break Training	N/A	Dunlap Construction
12 53 Shiloh Rd	S Asheville/Royal Pines	1,000	2nd	N/A	N/A	Morosani and Associates

Source: CoStar Property®

* Renewal

Deliveries, Absorption & Vacancy

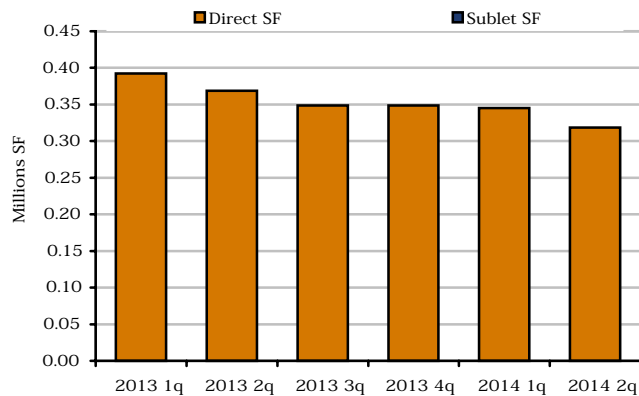
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

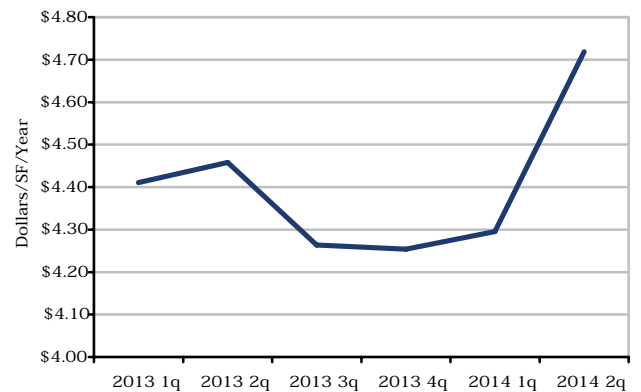
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	144	7,844,856	318,582	4.1%	26,587	0	0	0	0	\$4.72
2014 1q	144	7,844,856	345,169	4.4%	3,463	0	0	0	0	\$4.30
2013 4q	144	7,844,856	348,632	4.4%	(100)	0	0	0	0	\$4.25
2013 3q	144	7,844,856	348,532	4.4%	20,194	0	0	0	0	\$4.26
2013 2q	144	7,844,856	368,726	4.7%	23,794	0	0	0	0	\$4.46
2013 1q	144	7,844,856	392,520	5.0%	745,236	1	762,750	0	0	\$4.41
2012 4q	143	7,082,106	375,006	5.3%	120,055	0	0	1	762,750	\$4.07
2012 3q	143	7,082,106	495,061	7.0%	97,740	0	0	1	762,750	\$3.66
2012 2q	143	7,082,106	592,801	8.4%	54,157	0	0	1	762,750	\$4.00
2012 1q	143	7,082,106	646,958	9.1%	33,968	0	0	0	0	\$4.04
2011 4q	143	7,082,106	680,926	9.6%	(57,870)	0	0	0	0	\$4.48
2011 3q	143	7,082,106	623,056	8.8%	20,606	0	0	0	0	\$4.58
2011 2q	143	7,082,106	643,662	9.1%	67,850	0	0	0	0	\$3.97
2011 1q	143	7,082,106	711,512	10.0%	5,410	0	0	0	0	\$4.40
2010 4q	143	7,082,106	716,922	10.1%	(13,594)	0	0	0	0	\$4.67
2010 3q	143	7,082,106	703,328	9.9%	154,956	0	0	0	0	\$4.92

Source: CoStar Property®

Asheville Industrial Market

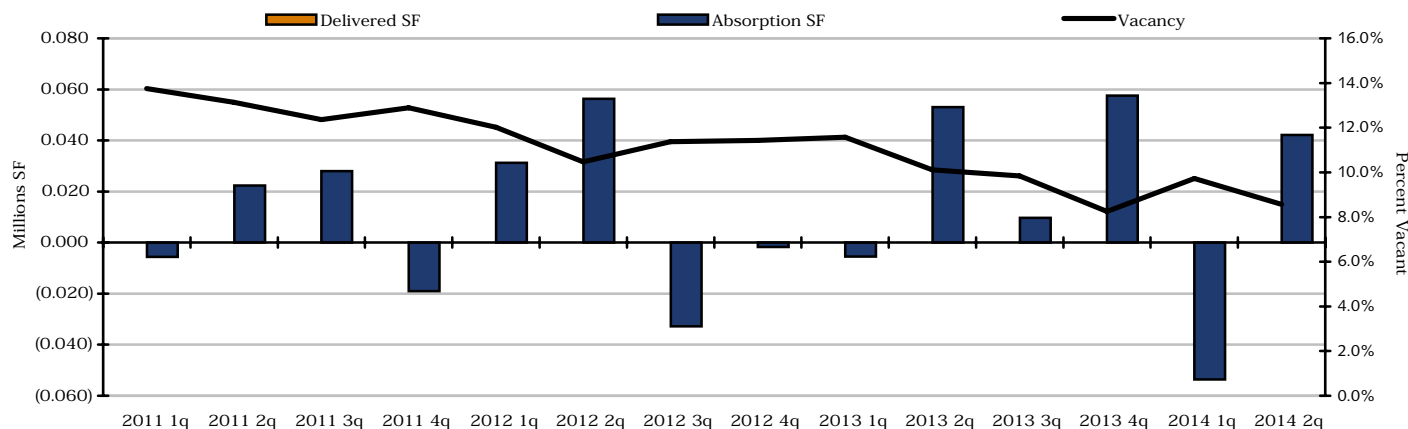


Central Asheville Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

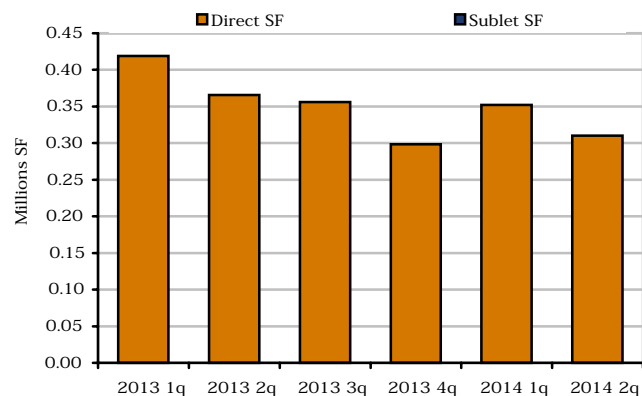
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

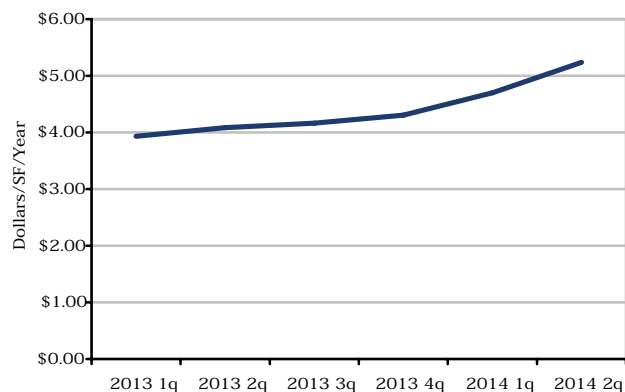
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



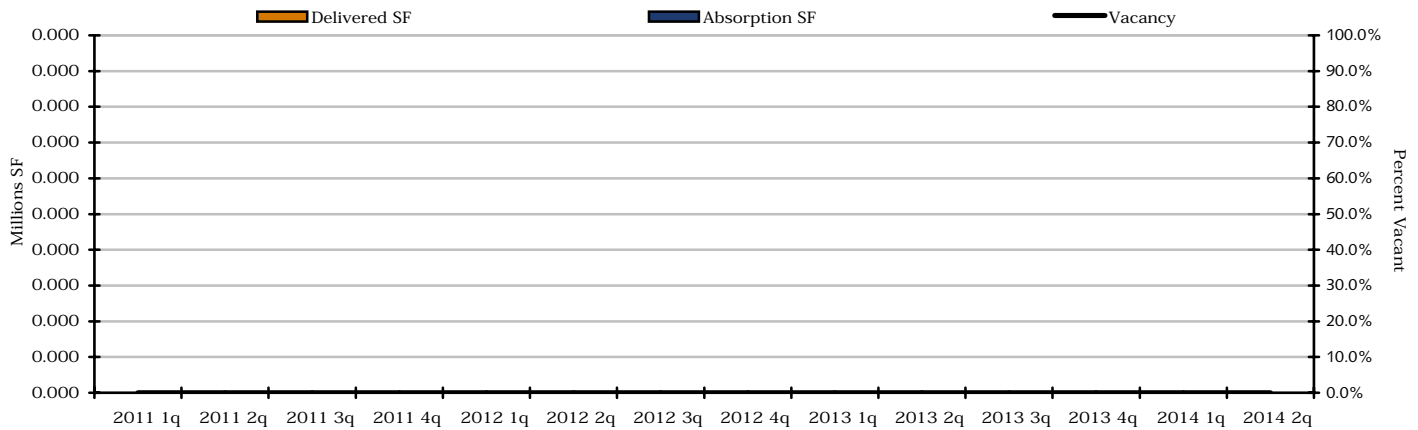
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	179	3,618,857	309,997	8.6%	42,163	0	0	0	0	\$5.24
2014 1q	179	3,618,857	352,160	9.7%	(53,590)	0	0	0	0	\$4.70
2013 4q	179	3,618,857	298,570	8.3%	57,587	0	0	0	0	\$4.30
2013 3q	179	3,618,857	356,157	9.8%	9,696	0	0	0	0	\$4.17
2013 2q	179	3,618,857	365,853	10.1%	53,082	0	0	0	0	\$4.09
2013 1q	179	3,618,857	418,935	11.6%	(5,499)	0	0	0	0	\$3.93
2012 4q	179	3,618,857	413,436	11.4%	(1,735)	0	0	0	0	\$3.87
2012 3q	179	3,618,857	411,701	11.4%	(32,822)	0	0	0	0	\$3.37
2012 2q	179	3,618,857	378,879	10.5%	56,251	0	0	0	0	\$3.11
2012 1q	179	3,618,857	435,130	12.0%	31,220	0	0	0	0	\$3.13
2011 4q	179	3,618,857	466,350	12.9%	(18,990)	0	0	0	0	\$3.04
2011 3q	179	3,618,857	447,360	12.4%	28,044	0	0	0	0	\$3.06
2011 2q	179	3,618,857	475,404	13.1%	22,331	0	0	0	0	\$3.22
2011 1q	179	3,618,857	497,735	13.8%	(5,600)	0	0	0	0	\$3.35
2010 4q	179	3,618,857	492,135	13.6%	(25,990)	0	0	0	0	\$3.72
2010 3q	179	3,618,857	466,145	12.9%	(95,627)	0	0	0	0	\$3.69

Source: CoStar Property®

Deliveries, Absorption & Vacancy

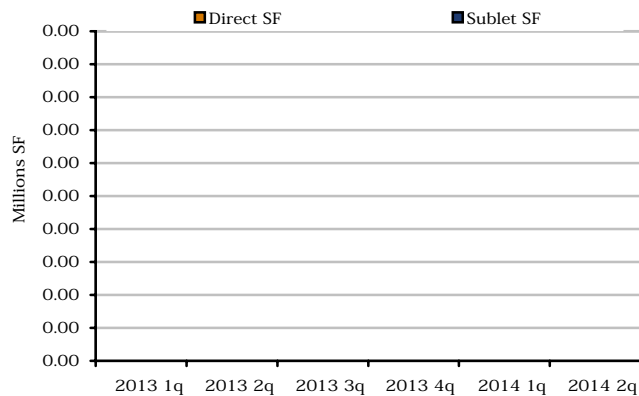
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

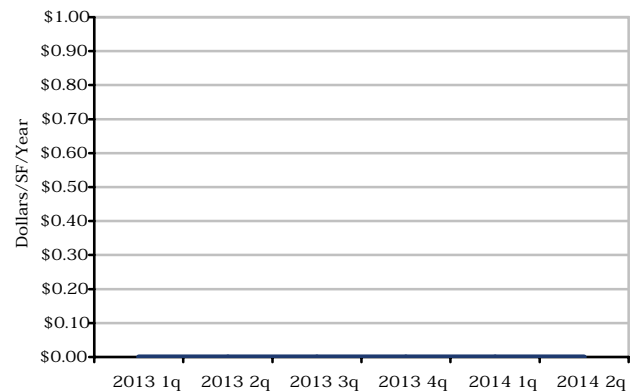
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2014 1q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2013 4q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2013 3q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2013 2q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2013 1q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2012 4q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2012 3q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2012 2q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2012 1q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2011 4q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2011 3q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2011 2q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2011 1q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2010 4q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00
2010 3q	2	5,248	0	0.0%	0	0	0	0	0	\$0.00

Source: CoStar Property®

Asheville Industrial Market

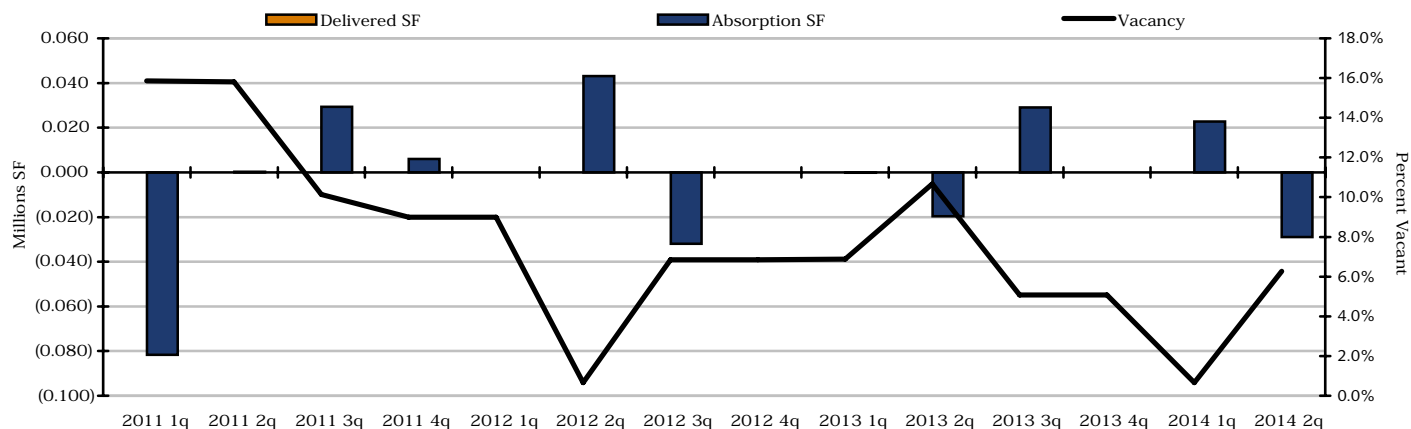


East Asheville Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

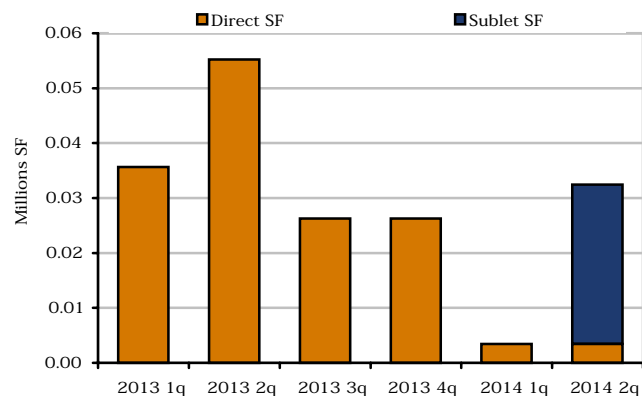
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

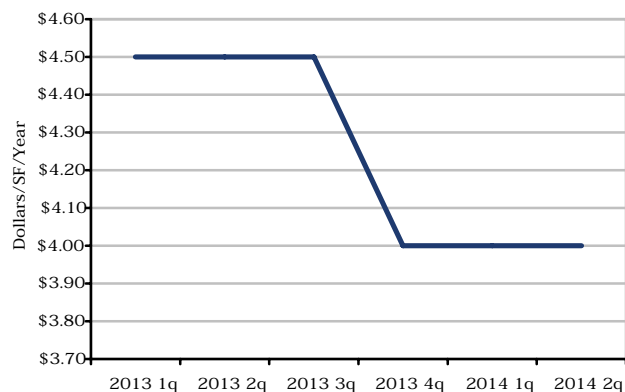
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



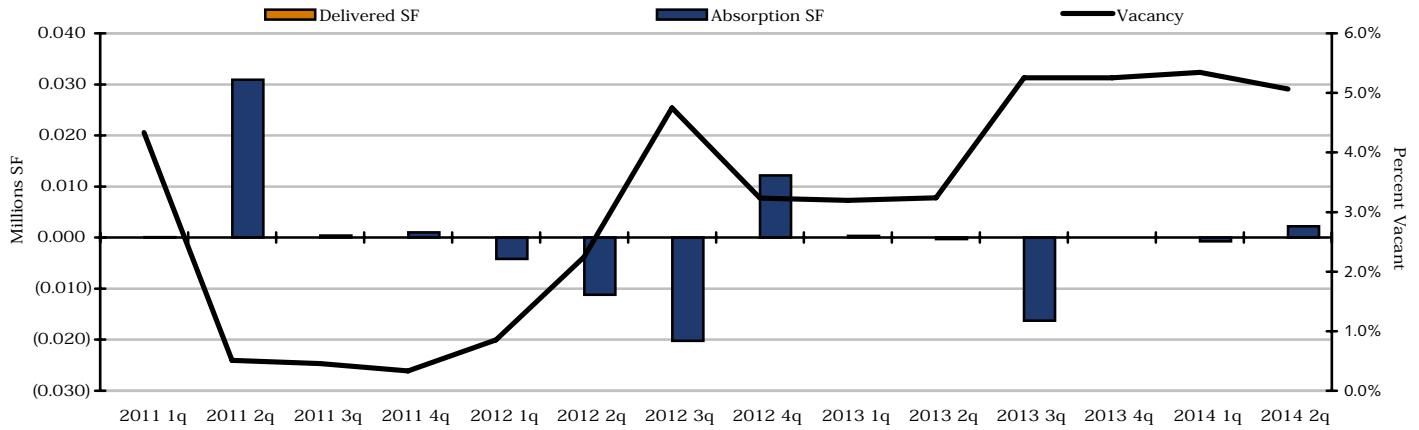
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	20	517,629	32,459	6.3%	(29,000)	0	0	0	0	\$4.00
2014 1q	20	517,629	3,459	0.7%	22,788	0	0	0	0	\$4.00
2013 4q	20	517,629	26,247	5.1%	0	0	0	0	0	\$4.00
2013 3q	20	517,629	26,247	5.1%	29,000	0	0	0	0	\$4.50
2013 2q	20	517,629	55,247	10.7%	(19,588)	0	0	0	0	\$4.50
2013 1q	20	517,629	35,659	6.9%	(200)	0	0	0	0	\$4.50
2012 4q	20	517,629	35,459	6.9%	0	0	0	0	0	\$3.37
2012 3q	20	517,629	35,459	6.9%	(32,000)	0	0	0	0	\$3.37
2012 2q	20	517,629	3,459	0.7%	43,100	0	0	0	0	\$3.37
2012 1q	20	517,629	46,559	9.0%	0	0	0	0	0	\$3.37
2011 4q	20	517,629	46,559	9.0%	5,941	0	0	0	0	\$3.53
2011 3q	20	517,629	52,500	10.1%	29,300	0	0	0	0	\$3.51
2011 2q	20	517,629	81,800	15.8%	300	0	0	0	0	\$3.51
2011 1q	20	517,629	82,100	15.9%	(81,600)	0	0	0	0	\$3.66
2010 4q	20	517,629	500	0.1%	(500)	0	0	0	0	\$3.66
2010 3q	20	517,629	0	0.0%	31,720	0	0	0	0	\$3.46

Source: CoStar Property®

Deliveries, Absorption & Vacancy

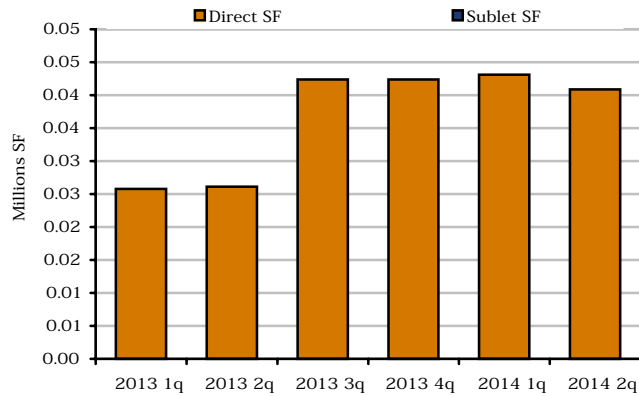
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

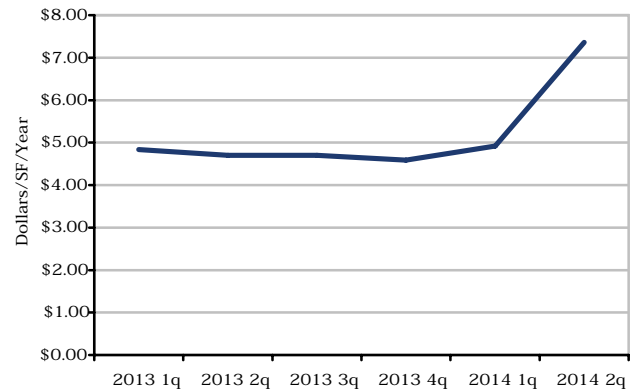
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	42	806,895	40,877	5.1%	2,240	0	0	0	0	\$7.36
2014 1q	42	806,895	43,117	5.3%	(740)	0	0	0	0	\$4.92
2013 4q	42	806,895	42,377	5.3%	0	0	0	0	0	\$4.59
2013 3q	42	806,895	42,377	5.3%	(16,261)	0	0	0	0	\$4.70
2013 2q	42	806,895	26,116	3.2%	(320)	0	0	0	0	\$4.70
2013 1q	42	806,895	25,796	3.2%	312	0	0	0	0	\$4.84
2012 4q	42	806,895	26,108	3.2%	12,200	0	0	0	0	\$4.74
2012 3q	42	806,895	38,308	4.7%	(20,200)	0	0	0	0	\$4.71
2012 2q	42	806,895	18,108	2.2%	(11,200)	0	0	0	0	\$8.62
2012 1q	42	806,895	6,908	0.9%	(4,208)	0	0	0	0	\$6.94
2011 4q	42	806,895	2,700	0.3%	1,000	0	0	0	0	\$4.62
2011 3q	42	806,895	3,700	0.5%	400	0	0	0	0	\$4.62
2011 2q	42	806,895	4,100	0.5%	30,890	0	0	0	0	\$4.62
2011 1q	42	806,895	34,990	4.3%	100	0	0	0	0	\$4.89
2010 4q	42	806,895	35,090	4.3%	(3,890)	0	0	0	0	\$4.41
2010 3q	42	806,895	31,200	3.9%	(3,354)	0	0	0	0	\$4.41

Source: CoStar Property®

Asheville Industrial Market

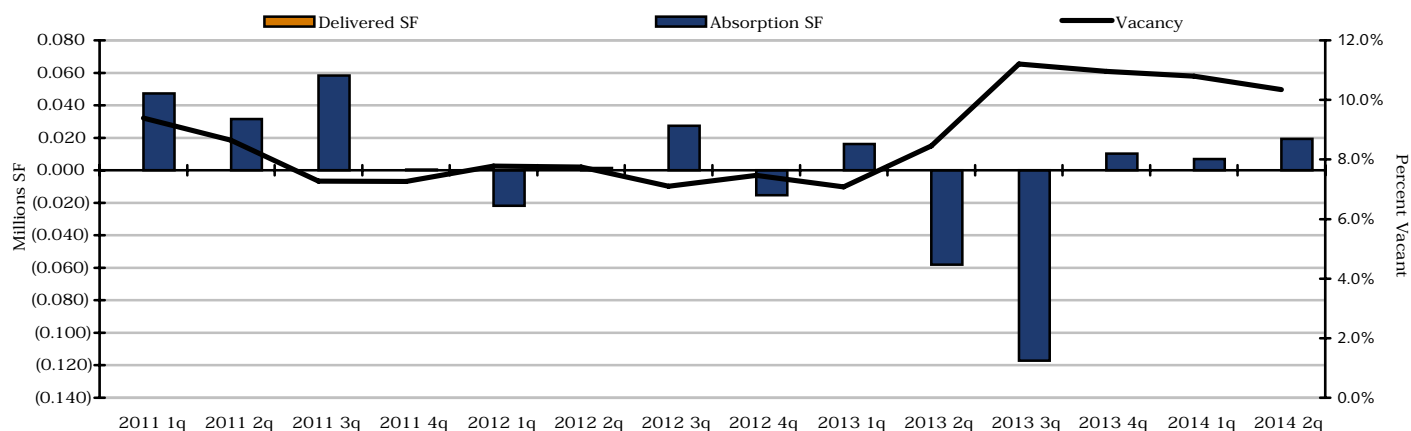


Henderson County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

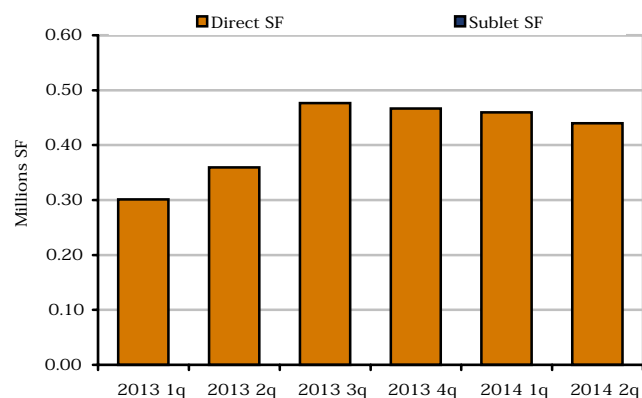
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

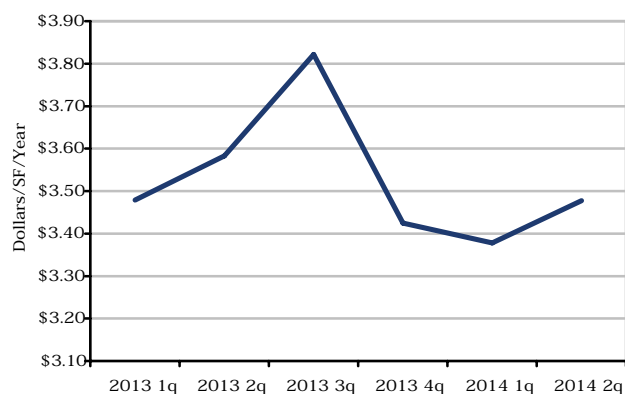
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



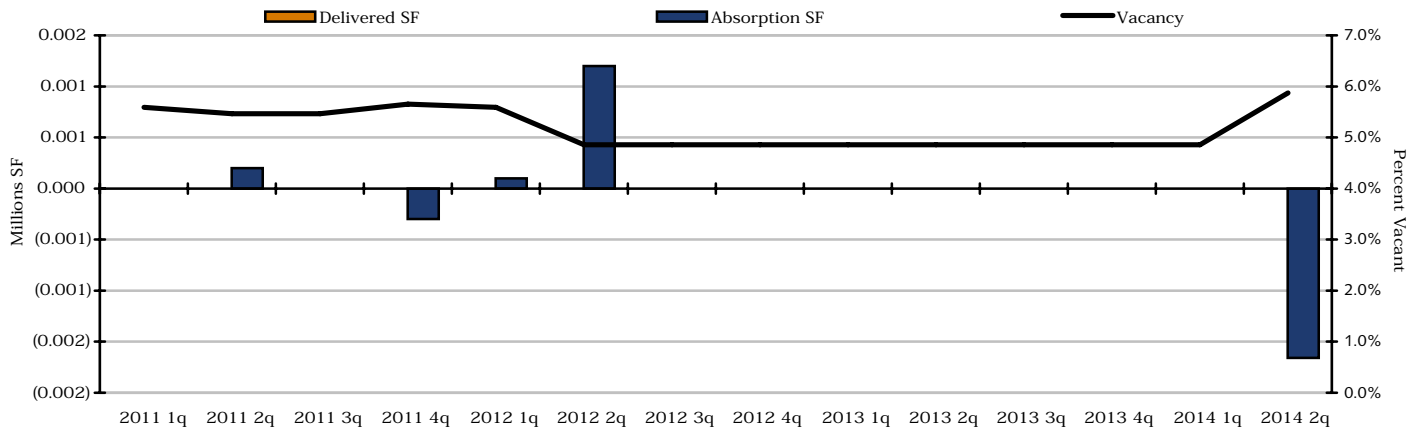
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	142	4,253,861	440,077	10.3%	19,297	0	0	0	0	\$3.48
2014 1q	142	4,253,861	459,374	10.8%	6,940	0	0	0	0	\$3.38
2013 4q	142	4,253,861	466,314	11.0%	10,360	0	0	0	0	\$3.42
2013 3q	142	4,253,861	476,674	11.2%	(117,190)	0	0	0	0	\$3.82
2013 2q	142	4,253,861	359,484	8.5%	(58,146)	0	0	0	0	\$3.58
2013 1q	142	4,253,861	301,338	7.1%	16,157	0	0	0	0	\$3.48
2012 4q	142	4,253,861	317,495	7.5%	(15,362)	0	0	0	0	\$3.56
2012 3q	142	4,253,861	302,133	7.1%	27,321	0	0	0	0	\$3.36
2012 2q	142	4,253,861	329,454	7.7%	1,429	0	0	0	0	\$3.33
2012 1q	142	4,253,861	330,883	7.8%	(21,894)	0	0	0	0	\$3.55
2011 4q	142	4,253,861	308,989	7.3%	397	0	0	0	0	\$3.45
2011 3q	142	4,253,861	309,386	7.3%	58,304	0	0	0	0	\$3.45
2011 2q	142	4,253,861	367,690	8.6%	31,560	0	0	0	0	\$3.22
2011 1q	142	4,253,861	399,250	9.4%	47,300	0	0	0	0	\$3.06
2010 4q	142	4,253,861	446,550	10.5%	16,239	0	0	0	0	\$3.09
2010 3q	142	4,253,861	462,789	10.9%	66,050	0	0	0	0	\$3.27

Source: CoStar Property®

Deliveries, Absorption & Vacancy

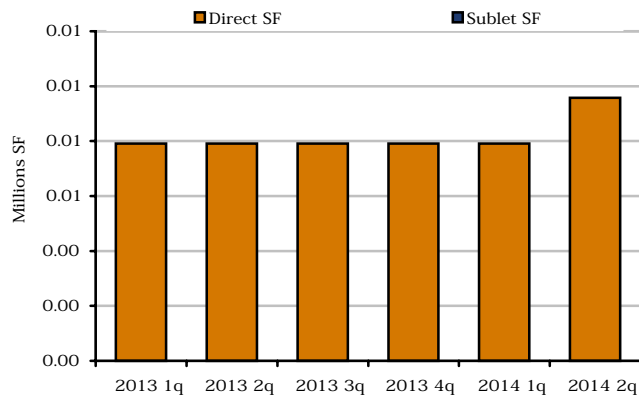
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

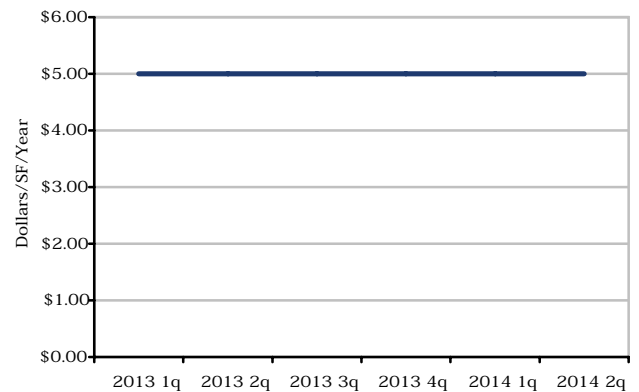
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	4	163,055	9,575	5.9%	(1,660)	0	0	0	0	\$5.00
2014 1q	4	163,055	7,915	4.9%	0	0	0	0	0	\$5.00
2013 4q	4	163,055	7,915	4.9%	0	0	0	0	0	\$5.00
2013 3q	4	163,055	7,915	4.9%	0	0	0	0	0	\$5.00
2013 2q	4	163,055	7,915	4.9%	0	0	0	0	0	\$5.00
2013 1q	4	163,055	7,915	4.9%	0	0	0	0	0	\$5.00
2012 4q	4	163,055	7,915	4.9%	0	0	0	0	0	\$5.00
2012 3q	4	163,055	7,915	4.9%	0	0	0	0	0	\$5.00
2012 2q	4	163,055	7,915	4.9%	1,200	0	0	0	0	\$5.00
2012 1q	4	163,055	9,115	5.6%	100	0	0	0	0	\$0.00
2011 4q	4	163,055	9,215	5.7%	(300)	0	0	0	0	\$0.00
2011 3q	4	163,055	8,915	5.5%	0	0	0	0	0	\$0.00
2011 2q	4	163,055	8,915	5.5%	200	0	0	0	0	\$8.00
2011 1q	4	163,055	9,115	5.6%	0	0	0	0	0	\$8.00
2010 4q	4	163,055	9,115	5.6%	(100)	0	0	0	0	\$8.00
2010 3q	4	163,055	9,015	5.5%	800	0	0	0	0	\$8.00

Source: CoStar Property®

Asheville Industrial Market

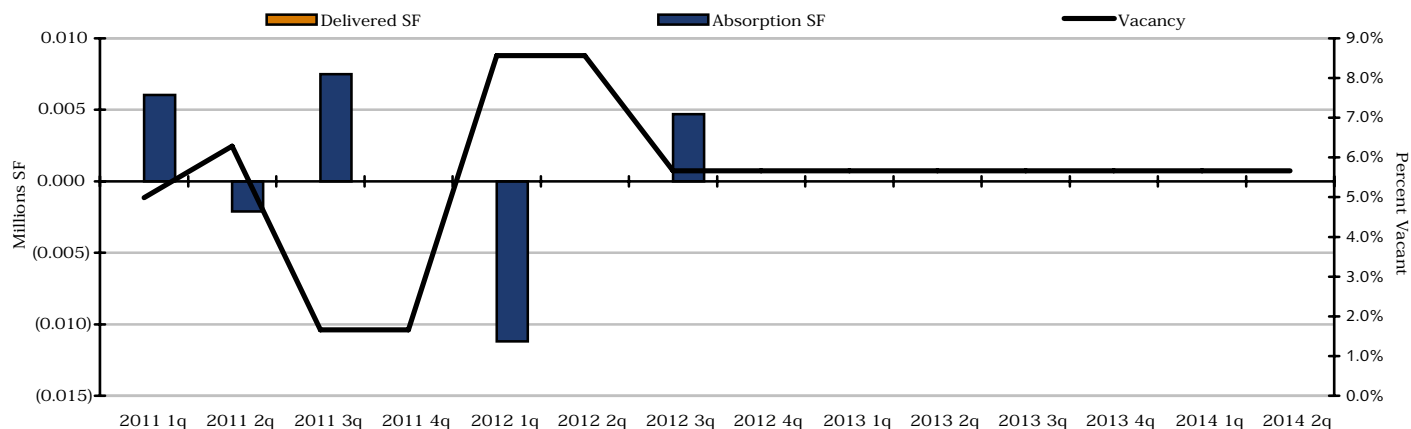


North Asheville Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

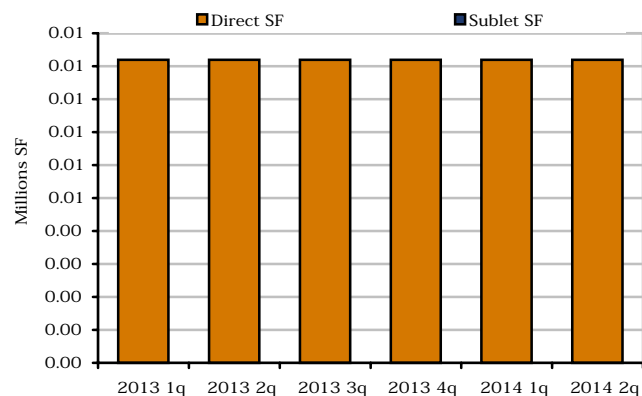
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

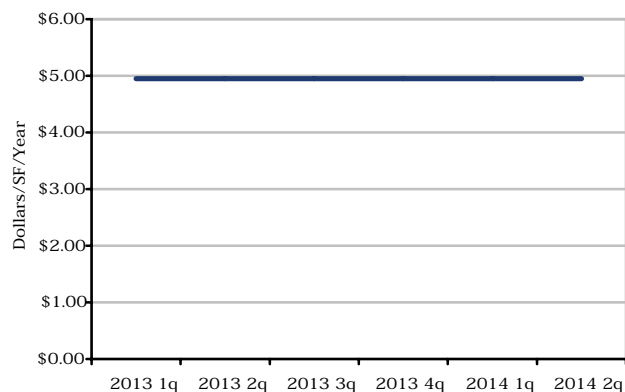
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



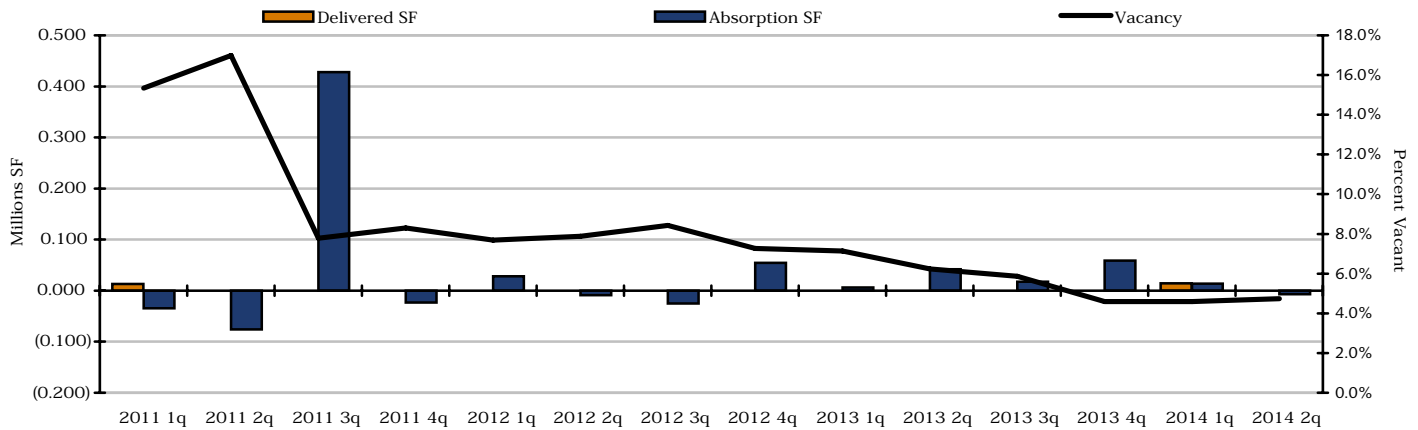
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	12	162,313	9,196	5.7%	0	0	0	0	0	\$4.95
2014 1q	12	162,313	9,196	5.7%	0	0	0	0	0	\$4.95
2013 4q	12	162,313	9,196	5.7%	0	0	0	0	0	\$4.95
2013 3q	12	162,313	9,196	5.7%	0	0	0	0	0	\$4.95
2013 2q	12	162,313	9,196	5.7%	0	0	0	0	0	\$4.95
2013 1q	12	162,313	9,196	5.7%	0	0	0	0	0	\$4.95
2012 4q	12	162,313	9,196	5.7%	0	0	0	0	0	\$4.95
2012 3q	12	162,313	9,196	5.7%	4,700	0	0	0	0	\$4.95
2012 2q	12	162,313	13,896	8.6%	0	0	0	0	0	\$6.10
2012 1q	12	162,313	13,896	8.6%	(11,196)	0	0	0	0	\$6.10
2011 4q	12	162,313	2,700	1.7%	0	0	0	0	0	\$4.50
2011 3q	12	162,313	2,700	1.7%	7,500	0	0	0	0	\$6.35
2011 2q	12	162,313	10,200	6.3%	(2,100)	0	0	0	0	\$6.35
2011 1q	12	162,313	8,100	5.0%	6,040	0	0	0	0	\$6.35
2010 4q	12	162,313	14,140	8.7%	100	0	0	0	0	\$6.69
2010 3q	12	162,313	14,240	8.8%	(5,540)	0	0	0	0	\$6.69

Source: CoStar Property®

Deliveries, Absorption & Vacancy

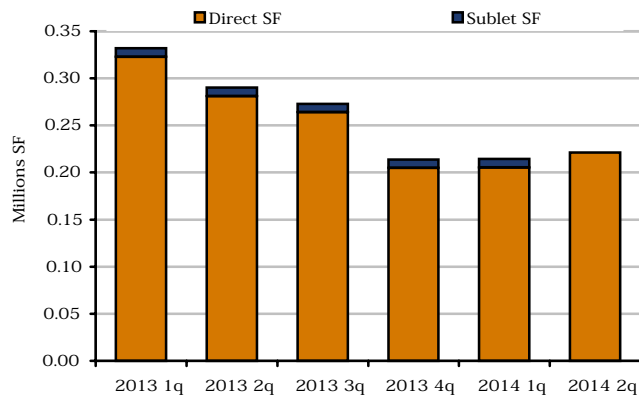
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

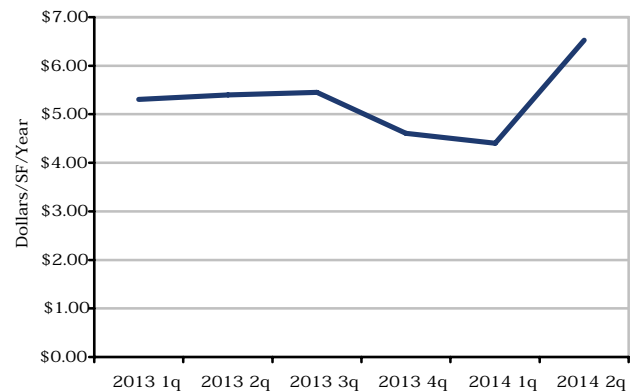
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	146	4,666,619	221,335	4.7%	(6,968)	0	0	0	0	\$6.53
2014 1q	146	4,666,619	214,367	4.6%	13,751	2	14,300	0	0	\$4.40
2013 4q	144	4,652,319	213,818	4.6%	59,075	0	0	2	14,300	\$4.61
2013 3q	144	4,652,319	272,893	5.9%	17,219	0	0	1	8,664	\$5.45
2013 2q	144	4,652,319	290,112	6.2%	41,830	0	0	1	8,664	\$5.40
2013 1q	144	4,652,319	331,942	7.1%	6,014	0	0	0	0	\$5.31
2012 4q	144	4,652,319	337,956	7.3%	54,267	0	0	0	0	\$5.47
2012 3q	144	4,652,319	392,223	8.4%	(25,432)	0	0	0	0	\$5.34
2012 2q	144	4,652,319	366,791	7.9%	(8,953)	0	0	0	0	\$5.43
2012 1q	144	4,652,319	357,838	7.7%	27,951	0	0	0	0	\$5.69
2011 4q	144	4,652,319	385,789	8.3%	(23,326)	0	0	0	0	\$5.83
2011 3q	144	4,652,319	362,463	7.8%	427,658	0	0	0	0	\$5.08
2011 2q	144	4,652,319	790,121	17.0%	(76,191)	0	0	0	0	\$5.20
2011 1q	144	4,652,319	713,930	15.3%	(34,801)	1	12,779	0	0	\$5.21
2010 4q	143	4,639,540	666,350	14.4%	77,565	0	0	1	12,779	\$5.68
2010 3q	143	4,639,540	743,915	16.0%	(72,036)	0	0	1	12,779	\$5.85

Source: CoStar Property®

Asheville Industrial Market

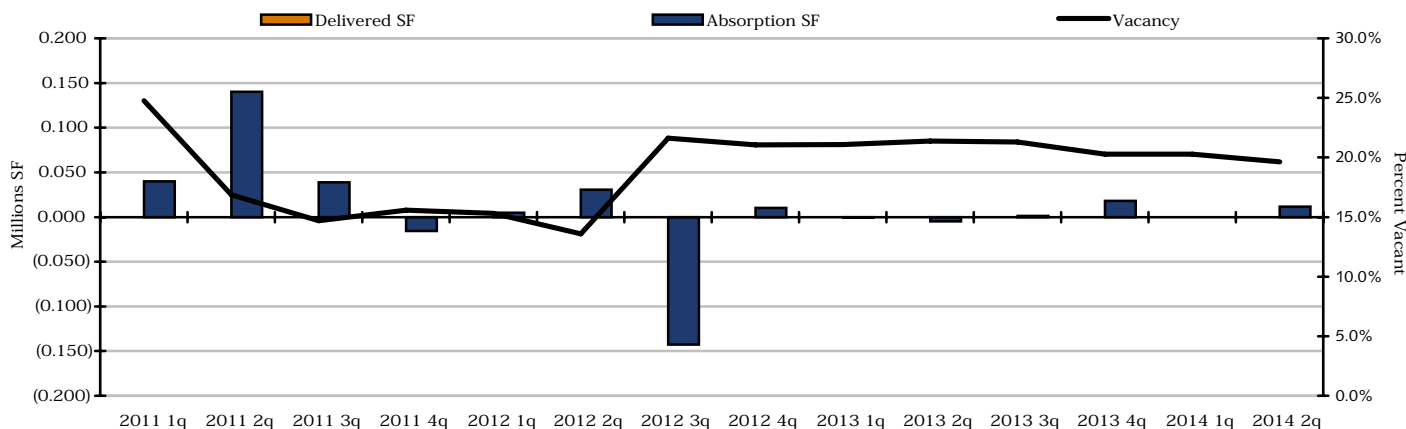


West Asheville Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

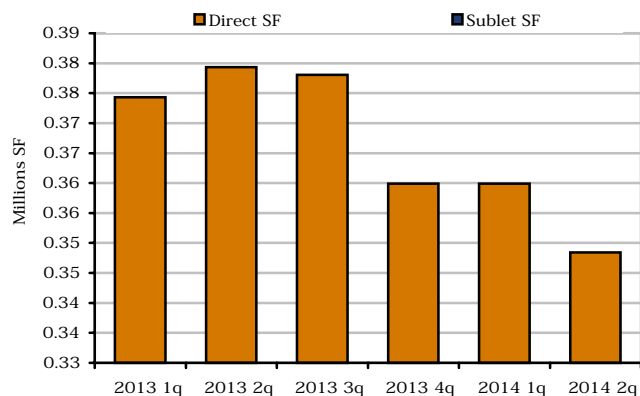
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

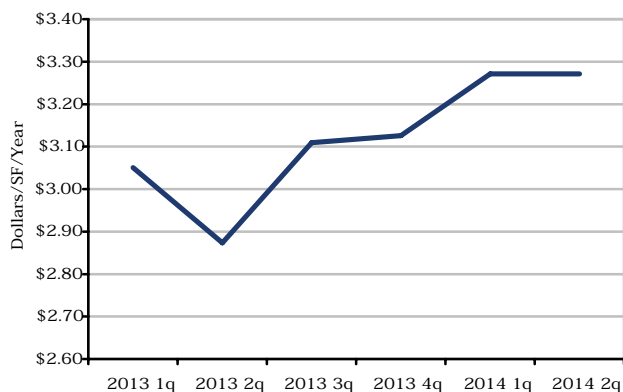
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 2q	50	1,775,343	348,432	19.6%	11,479	0	0	0	0	\$3.27
2014 1q	50	1,775,343	359,911	20.3%	0	0	0	0	0	\$3.27
2013 4q	50	1,775,343	359,911	20.3%	18,131	0	0	0	0	\$3.13
2013 3q	50	1,775,343	378,042	21.3%	1,300	0	0	0	0	\$3.11
2013 2q	50	1,775,343	379,342	21.4%	(5,000)	0	0	0	0	\$2.87
2013 1q	50	1,775,343	374,342	21.1%	(700)	0	0	0	0	\$3.05
2012 4q	50	1,775,343	373,642	21.0%	10,300	0	0	0	0	\$2.95
2012 3q	50	1,775,343	383,942	21.6%	(142,779)	0	0	0	0	\$3.00
2012 2q	50	1,775,343	241,163	13.6%	30,617	0	0	0	0	\$4.40
2012 1q	50	1,775,343	271,780	15.3%	4,769	0	0	0	0	\$4.40
2011 4q	50	1,775,343	276,549	15.6%	(15,700)	0	0	0	0	\$4.55
2011 3q	50	1,775,343	260,849	14.7%	38,700	0	0	0	0	\$4.48
2011 2q	50	1,775,343	299,549	16.9%	140,245	0	0	0	0	\$4.43
2011 1q	50	1,775,343	439,794	24.8%	40,095	0	0	0	0	\$4.48
2010 4q	50	1,775,343	479,889	27.0%	(18,572)	0	0	0	0	\$4.43
2010 3q	50	1,775,343	461,317	26.0%	14,785	0	0	0	0	\$4.34

Source: CoStar Property®