

# The CoStar Retail Report

First Quarter 2016

## Asheville Retail Market



**CoStar**<sup>TM</sup>  
The knowledge market

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## Methodology

The CoStar Retail Report calculates Retail statistics using CoStar Group's base of existing, under construction and under renovation Retail buildings in each given metropolitan area. All Retail building types are included, including Community Center, Freestanding Retail, Neighborhood Center, Power Center, Regional Mall, Specialty Center and Unanchored Strip Center, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 80.7 billion square feet of coverage in 3.5 million properties. All rental rates reported in the CoStar Retail Report are calculated using Triple Net (NNN) rental rates.

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## Terms & Definitions

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

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

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

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

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

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

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

**Deliveries:** Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

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

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

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

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

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

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

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

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

**Landlord Rep:** (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that

represents the interests of the owner/landlord is referred to as the Landlord Rep.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

of occupancy date.

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

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

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

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

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

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

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

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

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

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

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

**SF:** Abbreviation for Square Feet.

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

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

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

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

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

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

**Submarkets:** Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other

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

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

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

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

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

**Under Construction:** Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

**Vacancy Rate:** A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

**Vacant Space:** Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

**Weighted Average Rental Rate:** Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

**Year Built:** The year in which a building completed construction and was issued a certificate of occupancy.

**YTD:** Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

# Asheville Retail Market



Overview

## Asheville's Vacancy at 4.0% Net Absorption Negative (411) SF in the Quarter

The Asheville retail market did not experience much change in market conditions in the first quarter 2016. The vacancy rate remained 4.0% quarter to current quarter. Net absorption was negative (411) square feet and vacant sublease space decreased by (3,376) square feet. Quoted rental rates increased from fourth quarter 2015 levels, ending at \$13.11 per square foot per year. One retail building with 3,500 square feet of retail space was delivered to the market in the quarter, with 88,703 square feet still under construction at the end of the quarter.

### Net Absorption

Retail net absorption was basically flat in Asheville first quarter 2016, with negative (411) square feet absorbed in the quarter. In fourth quarter 2015, net absorption was positive 124,765 square feet, while in third quarter absorption came in at positive 97,284 square feet. In second quarter, positive 244,676 square feet was absorbed in the market.

Tenants moving out of large blocks of space in 2016 include: Roses moving out of (54,000) square feet at Weaverville Plaza; Sitel Corporation moving out of (39,000) square feet at Forest Ridge Shopping Center; and Ashley Furniture moving out of (22,922) square feet at the Best Buy Center.

Tenants moving into large blocks of space in 2016 include: Restoration Hardware moving into 23,000 square feet at Asheville Outlets; CharBar No. 7 moving into 3,932 square feet at Gerber Village; Arby's moving into 3,500 square feet at 286 Smokey Park Highway; Patton Avenue Pet Company moving into 2,900 square feet at 582 Hendersonville Road; and April Cornell moving into 2,000 square feet at 15 Broadway Street.

### Vacancy

Asheville's retail vacancy rate remained unchanged in the first quarter 2016, ending the quarter at 4.0%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 4.4% in the second quarter 2015, to 4.3% at the end of the third quarter and 4.0% at the end of the fourth quarter 2015.

The amount of vacant sublease space in the Asheville market has trended down over the past four quarters. At the end of the second quarter 2015, there were 36,336 square feet of vacant sublease space. Currently, there are 34,040 square feet vacant in the market.

### Largest Lease Signings

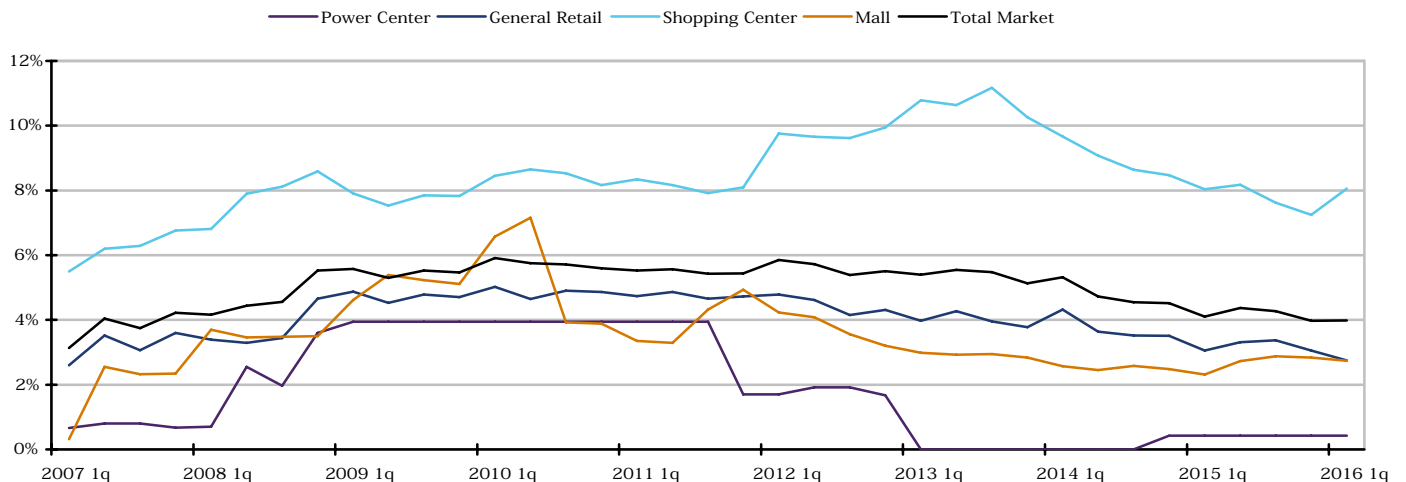
The largest lease signings occurring in 2016 included: the 55,000 square foot lease signed by Hobby Lobby at 421 Airport Road; the 23,000 square foot deal signed by Restoration Hardware at Asheville Outlets; the 5,250 square foot lease signed by Kirkland's at Asheville Outlets; and the 3,932 square foot lease signed by CharBar No.7 at Gerber Village.

### Rental Rates

Average quoted asking rental rates in the Asheville retail market are up over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the first quarter 2016 at \$13.11 per square foot per year. That compares to \$12.78 per square foot in the fourth quarter 2015 and \$12.92 per square foot at the end of the second quarter. This represents a 2.6% increase in rental rates in the current quarter and a 1.45% increase from four quarters ago.

## Vacancy Rates by Building Type

2007-2016



Source: CoStar Property®

## Inventory & Construction

During the first quarter 2016 one building totaling 3,500 square feet was completed in the Asheville retail market. Over the past four quarters, a total of 474,974 square feet of retail space has been built in Asheville. In addition to the current quarter, three buildings with 62,066 square feet were completed in fourth quarter 2015, four buildings totaling 70,600 square feet completed in third quarter and 338,808 square feet in three buildings completed in second quarter.

There were 88,703 square feet of retail space under construction at the end of the first quarter.

One delivery in the first quarter is the new Arby's located at 268 Smokey Park Highway, a 3,500 square foot restaurant that is now 100% occupied.

Total retail inventory in the Asheville market area amounted to 30,614,504 square feet in 2,437 buildings and 182 centers as of the end of the first quarter.

## Shopping Center

The Shopping Center market in Asheville currently consists of 175 projects with 7,879,251 square feet of retail space in 297 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing (63,943) square feet and delivering no new space in the current quarter, the Shopping Center sector saw the vacancy rate go from 7.2% at the end of the fourth quarter 2015 to 8.1% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 8.2% at the end of the second quarter 2015, to 7.6% at the end of the third quarter, to 7.2% at the end of the fourth quarter and finally to 8.1% at the end of the current quarter.

Rental rates ended the first quarter 2016 at \$12.34 per square foot, up from the \$11.82 they were at the end of fourth

quarter 2015. Rental rates have trended up over the past year, going from \$12.11 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 343,643 square feet over the past four quarters. In addition to the negative (63,943) square feet absorbed this quarter, positive 75,553 square feet was absorbed in the fourth quarter 2015, positive 43,575 square feet was absorbed in the third quarter and positive 288,458 square feet was absorbed in the second quarter.

## Power Centers

The Power Center average vacancy rate was 0.4% in the first quarter 2016. With no net absorption and no new deliveries, the vacancy rate remained 0.4% quarter to quarter.

Rental rates remained \$18.00 per square foot quarter to quarter.

A year ago, in first quarter 2015, the vacancy rate was 0.4%. There was no sublease space over that same period.

At the end of the first quarter 2016, there was no space under construction in the Asheville market. The total stock of Power Center space in Asheville currently sits at 1,684,278 square feet in four centers comprised of 21 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 2.8% at the end of first quarter 2016. There was a total of 535,939 square feet vacant at that time. The General Retail sector in Asheville currently has average rental rates of \$13.60 per square foot per year. There are 88,703 square feet of space under construction in this sector, with 3,500 square feet having been completed in the first quarter. There are a total of 2,103 buildings with 19,487,563 square feet of General Retail space in Asheville.

## Specialty Centers

There is currently one Specialty Center in Asheville, the Asheville Outlets, making up 325,000 square feet of retail space.

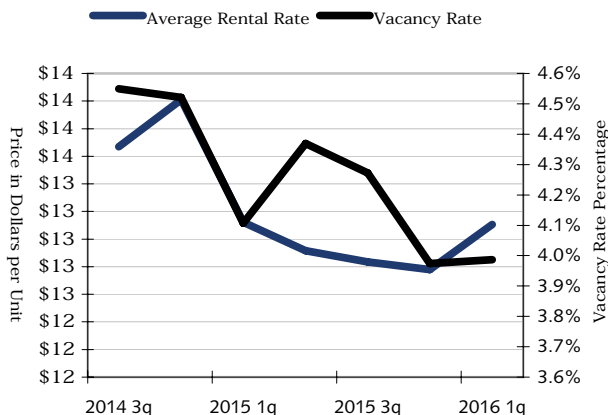
## Malls

Malls recorded net absorption of positive 1,630 square feet in the first quarter 2016. This net absorption number, combined with no new space that was built in the quarter, caused the vacancy rate to go from 2.8% a quarter ago to 2.7% at the end of the first quarter 2016. In this report the Mall market is comprised of three Lifestyle Center, Regional Mall and Super Regional Malls.

Reports compiled by: CoStar Research

## VACANCY & RENT

### Past 7 Quarters



Source: CoStar Property®

# Asheville Retail Market



Markets

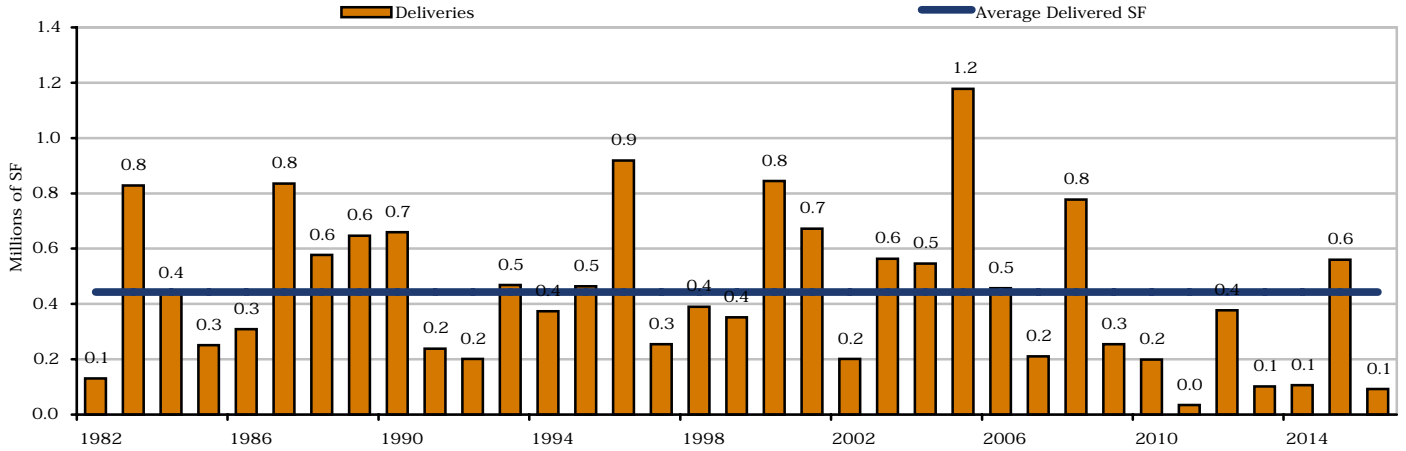
## CoStar Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

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



## Historical Deliveries 1982 - 2016



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

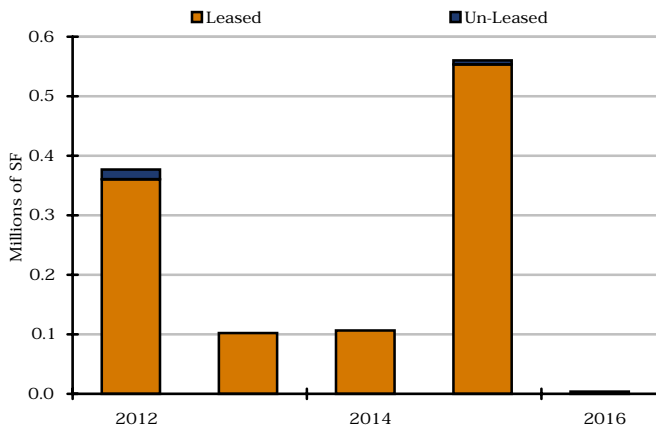
## Construction Activity Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U/C
S Asheville/Royal Pines	2	73,150	61,447	84.0%	14,271	36,575
West Asheville	2	13,500	13,500	100.0%	10,465	6,750
Henderson County	1	2,053	2,053	100.0%	12,957	2,053
Madison County	0	0	0	0.0%	7,708	0
East Asheville	0	0	0	0.0%	14,829	0
Downtown Asheville	0	0	0	0.0%	13,638	0
North Asheville	0	0	0	0.0%	8,522	0
Buncombe County	0	0	0	0.0%	11,275	0
Central Asheville	0	0	0	0.0%	17,001	0
Haywood County	0	0	0	0.0%	11,837	0
<b>Totals</b>	<b>5</b>	<b>88,703</b>	<b>77,000</b>	<b>86.8%</b>	<b>12,562</b>	<b>17,741</b>

Source: CoStar Property®

## Recent Deliveries

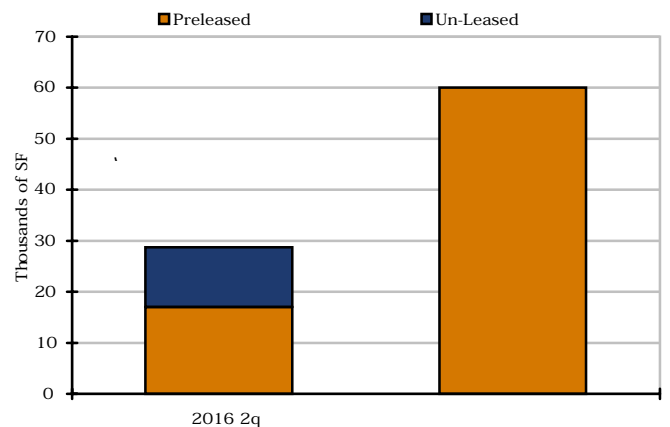
Leased & Un-Leased SF in Deliveries Since 2012



Source: CoStar Property®

## Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

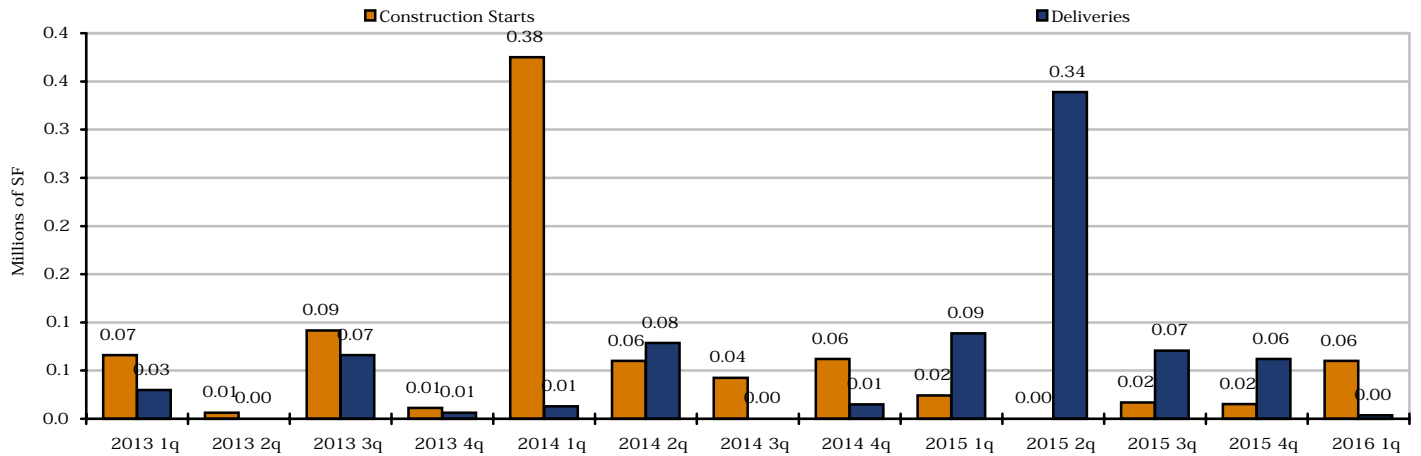
# Asheville Retail Market



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	1	3,500	3,500	100.0%	\$0.00	3,500	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

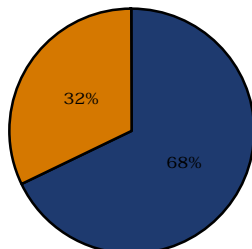
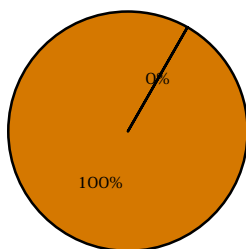
Source: CoStar Property®

## Recent Development by Tenancy

Based on GLA Developed for Single & Multi Tenant Use

2016 Deliveries

Currently Under Construction



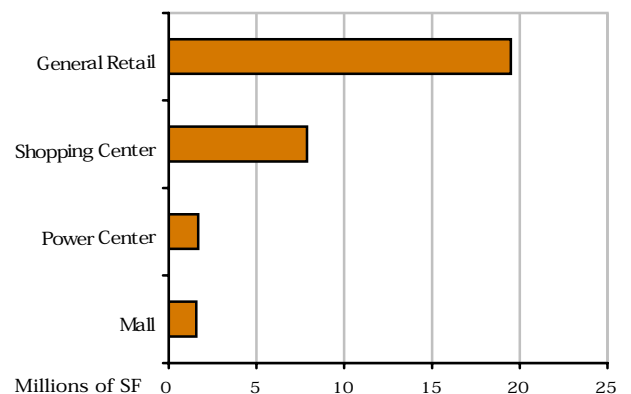
■ Multi ■ Single

■ Multi ■ Single

Source: CoStar Property®

## Existing Inventory Comparison

Based on Total GLA



Source: CoStar Property®

## Select Year-to-Date Deliveries

Based on Project Square Footage

### 1. Arby's-268 Smokey Park Hwy

Submarket: **West Asheville Retail Market**  
 RBA: **3,500**  
 Occupied: **100%**  
 Quoted Rate: **N/A**  
 Grnd Brk Date: **Third Quarter 2015**  
 Deliv Date: **First Quarter 2016**  
 Leasing Co: **Mitchell Lerner**  
 Developer: **Glen Brook Construction**

## Select Top Under Construction Properties

Based on Project Square Footage

### 1. Hobby Lobby-421 Airport

Submarket: **S Asheville/Royal Pines Retail Market**  
 RBA: **60,000**  
 Preleased: **100%**  
 Quoted Rate: **N/A**  
 Grnd Brk Date: **First Quarter 2016**  
 Deliv Date: **Third Quarter 2016**  
 Leasing Co: **Magnolia Property Group**  
 Developer: **Magnolia Property Group**

### 2. 257 Long Shoals Rd

Submarket: **S Asheville/Royal Pines Retail Market**  
 RBA: **13,150**  
 Preleased: **11%**  
 Quoted Rate: **\$25.00**  
 Grnd Brk Date: **Fourth Quarter 2015**  
 Deliv Date: **Second Quarter 2016**  
 Leasing Co: **Pulliam Properties**  
 Developer: **N/A**

### 3. United Federal Credit Union-1445 Patton

Submarket: **West Asheville Retail Market**  
 RBA: **10,000**  
 Preleased: **100%**  
 Quoted Rate: **N/A**  
 Grnd Brk Date: **Third Quarter 2015**  
 Deliv Date: **Second Quarter 2016**  
 Leasing Co: **United FCU**  
 Developer: **United Federal Credit Union**

### 4. Bojangles-270 Smokey Pk

Submarket: **West Asheville Retail Market**  
 RBA: **3,500**  
 Preleased: **100%**  
 Quoted Rate: **N/A**  
 Grnd Brk Date: **Third Quarter 2015**  
 Deliv Date: **Second Quarter 2016**  
 Leasing Co: **Mitchell Lerner**  
 Developer: **Glen Brook Construction**

### 5. Starbucks-104 Orrs Camp

Submarket: **Henderson County Retail Market**  
 RBA: **2,053**  
 Preleased: **100%**  
 Quoted Rate: **N/A**  
 Grnd Brk Date: **Fourth Quarter 2015**  
 Deliv Date: **Second Quarter 2016**  
 Leasing Co: **Moseley Real Estate Advisors**  
 Developer: **New Mountain LLC**

# Asheville Retail Market



Figures at a Glance

## General Retail Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	385	3,331,716	119,942	119,942	3.6%	(591)	0	0	\$9.90
Central Asheville	253	2,750,243	74,068	74,068	2.7%	17,689	0	0	\$18.00
Downtown Asheville	170	2,318,489	11,473	12,553	0.5%	4,620	0	0	\$18.11
East Asheville	67	345,630	0	0	0.0%	0	0	0	\$0.00
Haywood County	245	2,203,315	84,674	84,674	3.8%	14,619	0	0	\$8.79
Henderson County	327	3,310,951	76,253	76,253	2.3%	15,507	0	2,053	\$10.38
Madison County	48	331,690	17,096	17,096	5.2%	(3,000)	0	0	\$8.48
North Asheville	113	871,485	8,900	8,900	1.0%	10,243	0	0	\$17.80
S Asheville/Royal Pines	199	1,651,648	82,853	82,853	5.0%	(685)	0	73,150	\$16.20
West Asheville	296	2,372,396	59,600	59,600	2.5%	3,500	3,500	13,500	\$9.58
<b>Totals</b>	<b>2,103</b>	<b>19,487,563</b>	<b>534,859</b>	<b>535,939</b>	<b>2.8%</b>	<b>61,902</b>	<b>3,500</b>	<b>88,703</b>	<b>\$13.60</b>

Source: CoStar Property®

## Mall Market Statistics

First Quarter 2016

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	897,503	8,217	8,217	0.9%	0	0	0	\$0.00
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Haywood County	0	0	0	0	0.0%	0	0	0	\$0.00
Henderson County	1	356,404	18,731	18,731	5.3%	0	0	0	\$0.00
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	1	309,505	15,806	15,806	5.1%	1,630	0	0	\$30.00
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
<b>Totals</b>	<b>3</b>	<b>1,563,412</b>	<b>42,754</b>	<b>42,754</b>	<b>2.7%</b>	<b>1,630</b>	<b>0</b>	<b>0</b>	<b>\$30.00</b>

Source: CoStar Property®

## Power Center Market Statistics

First Quarter 2016

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	0	0	0.0%	0	0	0	\$0.00
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	1	405,831	7,110	7,110	1.8%	0	0	0	\$18.00
Haywood County	1	441,738	0	0	0.0%	0	0	0	\$0.00
Henderson County	0	0	0	0	0.0%	0	0	0	\$0.00
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	1	519,390	0	0	0.0%	0	0	0	\$0.00
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
<b>Totals</b>	<b>4</b>	<b>1,684,278</b>	<b>7,110</b>	<b>7,110</b>	<b>0.4%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$18.00</b>

Source: CoStar Property®



# Asheville Retail Market

Figures at a Glance

## Shopping Center Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	39	1,662,965	82,171	82,171	4.9%	(4,139)	0	0	\$11.65
Central Asheville	13	812,113	120,415	120,415	14.8%	(9,795)	0	0	\$13.97
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	9	583,117	29,129	29,129	5.0%	1,800	0	0	\$12.16
Haywood County	11	692,998	28,645	28,645	4.1%	0	0	0	\$10.84
Henderson County	35	1,515,381	79,775	112,735	7.4%	(3,841)	0	0	\$10.65
Madison County	1	46,000	0	0	0.0%	0	0	0	\$0.00
North Asheville	9	176,753	18,439	18,439	10.4%	(1,150)	0	0	\$18.61
S Asheville/Royal Pines	33	1,172,876	128,004	128,004	10.9%	(44,544)	0	0	\$15.32
West Asheville	25	1,217,048	115,155	115,155	9.5%	(2,274)	0	0	\$11.22
<b>Totals</b>	<b>175</b>	<b>7,879,251</b>	<b>601,733</b>	<b>634,693</b>	<b>8.1%</b>	<b>(63,943)</b>	<b>0</b>	<b>0</b>	<b>\$12.34</b>

Source: CoStar Property®

## Total Retail Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	443	4,994,681	202,113	202,113	4.0%	(4,730)	0	0	\$10.70
Central Asheville	281	4,777,178	202,700	202,700	4.2%	7,894	0	0	\$15.83
Downtown Asheville	170	2,318,489	11,473	12,553	0.5%	4,620	0	0	\$18.11
East Asheville	90	1,334,578	36,239	36,239	2.7%	1,800	0	0	\$13.52
Haywood County	282	3,338,051	113,319	113,319	3.4%	14,619	0	0	\$10.34
Henderson County	400	5,182,736	174,759	207,719	4.0%	11,666	0	2,053	\$10.54
Madison County	49	377,690	17,096	17,096	4.5%	(3,000)	0	0	\$8.48
North Asheville	123	1,048,238	27,339	27,339	2.6%	9,093	0	0	\$18.01
S Asheville/Royal Pines	256	3,653,419	226,663	226,663	6.2%	(43,599)	0	73,150	\$16.77
West Asheville	343	3,589,444	174,755	174,755	4.9%	1,226	3,500	13,500	\$10.99
<b>Totals</b>	<b>2,437</b>	<b>30,614,504</b>	<b>1,186,456</b>	<b>1,220,496</b>	<b>4.0%</b>	<b>(411)</b>	<b>3,500</b>	<b>88,703</b>	<b>\$13.11</b>

Source: CoStar Property®

# Asheville Retail Market



Figures at a Glance

## General Retail Market Statistics

First Quarter 2016

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	
2016 1q	2,103	19,487,563	534,859	535,939	2.8%	61,902	1	3,500	5	88,703	\$13.60
2015 4q	2,102	19,484,063	589,885	594,341	3.1%	48,611	2	12,066	5	32,203	\$13.51
2015 3q	2,101	19,498,997	654,510	657,886	3.4%	56,115	4	70,600	5	29,066	\$13.56
2015 2q	2,097	19,428,397	640,025	643,401	3.3%	(37,369)	2	13,808	6	82,666	\$13.86
2015 1q	2,095	19,414,589	588,848	592,224	3.1%	97,820	4	88,731	8	96,474	\$14.02
2014 4q	2,092	19,406,189	676,320	681,644	3.5%	15,796	3	14,931	8	161,039	\$15.62
2014 3q	2,089	19,391,258	677,185	682,509	3.5%	1,453	0	0	9	113,970	\$14.64
2014 2q	2,091	19,413,682	701,062	706,386	3.6%	76,037	2	78,800	5	71,431	\$12.35
2014 1q	2,091	19,472,739	839,532	841,480	4.3%	(102,582)	2	12,880	4	90,000	\$14.05
2013	2,091	19,469,043	732,990	735,202	3.8%	191,685	5	94,194	6	102,880	\$13.79
2012	2,087	19,377,221	833,504	835,065	4.3%	174,968	14	151,713	1	30,032	\$11.81
2011	2,078	19,278,115	910,927	910,927	4.7%	33,835	3	8,285	7	74,460	\$11.79
2010	2,075	19,269,830	936,477	936,477	4.9%	73,538	6	112,387	0	0	\$11.56
2009	2,070	19,160,446	899,311	900,631	4.7%	200,518	14	219,874	2	12,025	\$12.52
2008	2,056	18,940,572	881,275	881,275	4.7%	205,511	19	419,957	7	142,791	\$12.31
2007	2,037	18,520,615	666,829	666,829	3.6%	(57,401)	21	148,258	11	347,583	\$12.84

Source: CoStar Property®

## Mall Market Statistics

First Quarter 2016

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	
2016 1q	3	1,563,412	42,754	42,754	2.7%	1,630	0	0	0	0	\$30.00
2015 4q	3	1,563,412	44,384	44,384	2.8%	601	0	0	0	0	\$30.00
2015 3q	3	1,563,412	44,985	44,985	2.9%	(2,406)	0	0	0	0	\$30.00
2015 2q	3	1,563,412	42,579	42,579	2.7%	(6,413)	0	0	0	0	\$30.00
2015 1q	3	1,563,412	36,166	36,166	2.3%	2,625	0	0	0	0	\$30.87
2014 4q	3	1,563,412	38,791	38,791	2.5%	1,525	0	0	0	0	\$31.14
2014 3q	3	1,563,412	40,316	40,316	2.6%	(1,935)	0	0	0	0	\$32.00
2014 2q	3	1,563,412	38,381	38,381	2.5%	1,756	0	0	0	0	\$32.00
2014 1q	3	1,563,412	40,137	40,137	2.6%	4,179	0	0	0	0	\$32.00
2013	3	1,563,412	44,316	44,316	2.8%	5,829	0	0	0	0	\$32.00
2012	3	1,563,412	50,145	50,145	3.2%	26,958	0	0	0	0	\$32.00
2011	3	1,563,412	77,103	77,103	4.9%	(16,439)	0	0	0	0	\$32.00
2010	3	1,563,412	60,664	60,664	3.9%	19,298	0	0	0	0	\$32.00
2009	3	1,563,412	79,962	79,962	5.1%	8,766	1	35,200	0	0	\$30.72
2008	3	1,528,212	53,528	53,528	3.5%	45,666	3	64,935	1	35,200	\$0.00
2007	3	1,463,277	34,259	34,259	2.3%	(300)	0	0	4	100,135	\$0.00

Source: CoStar Property®

## Power Center Market Statistics

First Quarter 2016

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	
2016 1q	4	1,684,278	7,110	7,110	0.4%	0	0	0	0	0	\$18.00
2015 4q	4	1,684,278	7,110	7,110	0.4%	0	0	0	0	0	\$18.00
2015 3q	4	1,684,278	7,110	7,110	0.4%	0	0	0	0	0	\$18.00
2015 2q	4	1,684,278	7,110	7,110	0.4%	0	0	0	0	0	\$18.00
2015 1q	4	1,684,278	7,110	7,110	0.4%	0	0	0	0	0	\$18.00
2014 4q	4	1,684,278	7,110	7,110	0.4%	(7,110)	0	0	0	0	\$18.00
2014 3q	4	1,684,278	0	0	0.0%	0	0	0	0	0	\$15.00
2014 2q	4	1,684,278	0	0	0.0%	0	0	0	0	0	\$15.00
2014 1q	4	1,684,278	0	0	0.0%	0	0	0	0	0	\$19.00
2013	4	1,684,278	0	0	0.0%	28,200	0	0	0	0	\$15.00
2012	4	1,684,278	28,200	28,200	1.7%	209,915	2	213,115	0	0	\$15.00
2011	4	1,471,163	25,000	25,000	1.7%	33,000	0	0	1	126,901	\$15.00
2010	4	1,471,163	58,000	58,000	3.9%	0	0	0	0	0	\$0.00
2009	4	1,471,163	58,000	58,000	3.9%	(5,104)	0	0	0	0	\$0.00
2008	4	1,471,163	25,000	52,896	3.6%	184,027	3	228,623	0	0	\$0.00
2007	3	1,242,540	8,300	8,300	0.7%	1,600	0	0	3	228,623	\$0.00

Source: CoStar Property®



# Asheville Retail Market

Figures at a Glance

## Shopping Center Market Statistics

First Quarter 2016

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	
2016 1q	175	7,879,251	601,733	634,693	8.1%	(63,943)	0	0	0	0	\$12.34
2015 4q	175	7,879,251	537,790	570,750	7.2%	75,553	1	50,000	0	0	\$11.82
2015 3q	175	7,829,251	563,343	596,303	7.6%	43,575	0	0	1	50,000	\$11.79
2015 2q	175	7,829,251	606,918	639,878	8.2%	288,458	1	325,000	1	50,000	\$11.79
2015 1q	174	7,504,251	553,376	603,336	8.0%	32,657	0	0	2	375,000	\$12.11
2014 4q	174	7,504,251	586,033	635,993	8.5%	12,616	0	0	2	375,000	\$12.42
2014 3q	174	7,504,251	615,112	648,609	8.6%	32,576	0	0	2	375,000	\$12.49
2014 2q	174	7,504,251	649,385	681,185	9.1%	44,182	0	0	2	375,000	\$12.40
2014 1q	174	7,504,251	692,407	725,367	9.7%	44,472	0	0	2	375,000	\$12.61
2013	174	7,504,251	736,879	769,839	10.3%	(16,770)	1	7,956	0	0	\$12.05
2012	174	7,496,295	654,574	745,113	9.9%	(127,197)	1	12,000	0	0	\$12.61
2011	174	7,484,295	550,034	605,916	8.1%	29,863	2	26,560	1	12,000	\$13.23
2010	173	7,457,735	553,337	609,219	8.2%	54,968	2	86,981	0	0	\$14.31
2009	173	7,370,754	542,214	577,206	7.8%	55,666	0	0	1	75,481	\$15.06
2008	173	7,370,754	601,500	632,872	8.6%	(74,810)	4	64,031	0	0	\$14.80
2007	171	7,306,723	458,529	494,031	6.8%	(34,701)	3	62,510	4	64,031	\$14.97

Source: CoStar Property®

## Total Retail Market Statistics

First Quarter 2016

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	
2016 1q	2,437	30,614,504	1,186,456	1,220,496	4.0%	(411)	1	3,500	5	88,703	\$13.11
2015 4q	2,436	30,611,004	1,179,169	1,216,585	4.0%	124,765	3	62,066	5	32,203	\$12.78
2015 3q	2,434	30,575,938	1,269,948	1,306,284	4.3%	97,284	4	70,600	6	79,066	\$12.83
2015 2q	2,430	30,505,338	1,296,632	1,332,968	4.4%	244,676	3	338,808	7	132,666	\$12.92
2015 1q	2,427	30,166,530	1,185,500	1,238,836	4.1%	133,102	4	88,731	10	471,474	\$13.12
2014 4q	2,424	30,158,130	1,308,254	1,363,538	4.5%	22,827	3	14,931	10	536,039	\$14.01
2014 3q	2,421	30,143,199	1,332,613	1,371,434	4.5%	32,094	0	0	11	488,970	\$13.67
2014 2q	2,423	30,165,623	1,388,828	1,425,952	4.7%	121,975	2	78,800	7	446,431	\$12.67
2014 1q	2,423	30,224,680	1,572,076	1,606,984	5.3%	(53,931)	2	12,880	6	465,000	\$13.47
2013	2,423	30,220,984	1,514,185	1,549,357	5.1%	208,944	6	102,150	6	102,880	\$13.05
2012	2,418	30,121,206	1,566,423	1,658,523	5.5%	284,644	17	376,828	1	30,032	\$12.80
2011	2,406	29,796,985	1,563,064	1,618,946	5.4%	80,259	5	34,845	9	213,361	\$13.13
2010	2,401	29,762,140	1,608,478	1,664,360	5.6%	147,804	8	199,368	0	0	\$14.15
2009	2,394	29,565,775	1,579,487	1,615,799	5.5%	259,846	15	255,074	3	87,506	\$15.49
2008	2,379	29,310,701	1,561,303	1,620,571	5.5%	360,394	29	777,546	8	177,991	\$13.88
2007	2,350	28,533,155	1,167,917	1,203,419	4.2%	(90,802)	24	210,768	22	740,372	\$14.47

Source: CoStar Property®

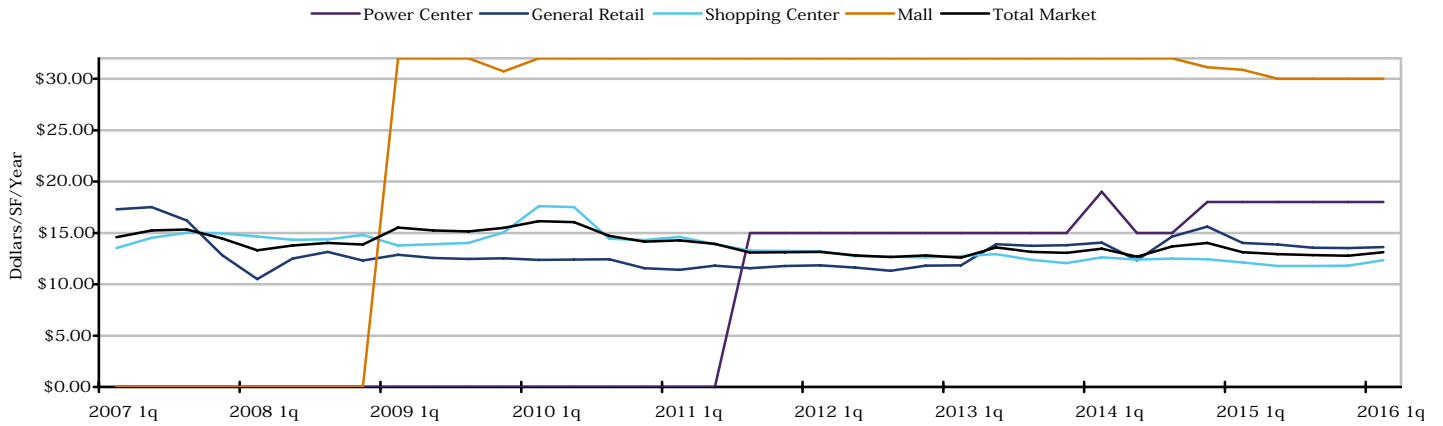
# Asheville Retail Market



Leasing Activity

## Historical Rental Rates

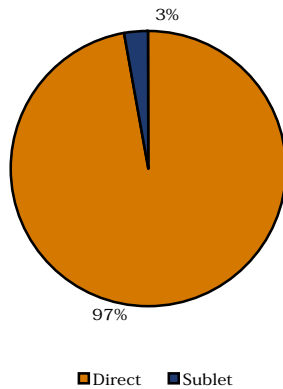
Based on NNN Rental Rates



Source: CoStar Property®

## Vacancy by Available Space Type

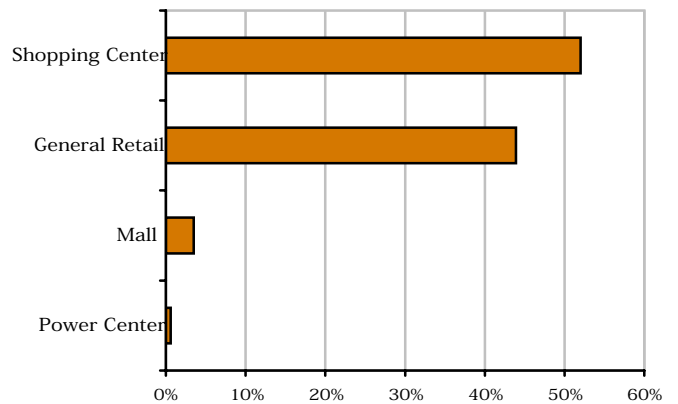
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

## Vacancy by Building Type

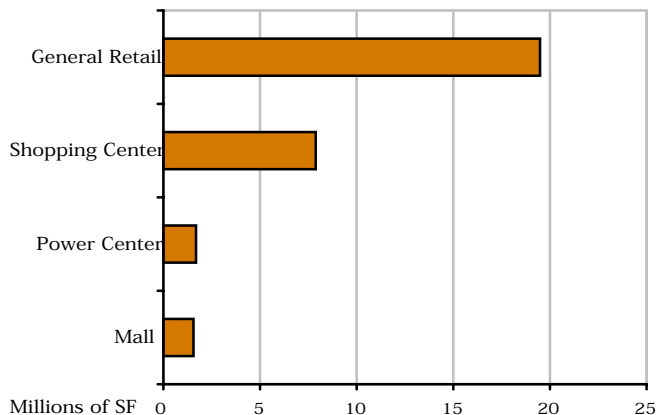
Percent of All Vacant Space by Building Type



Source: CoStar Property®

## GLA By Building Type

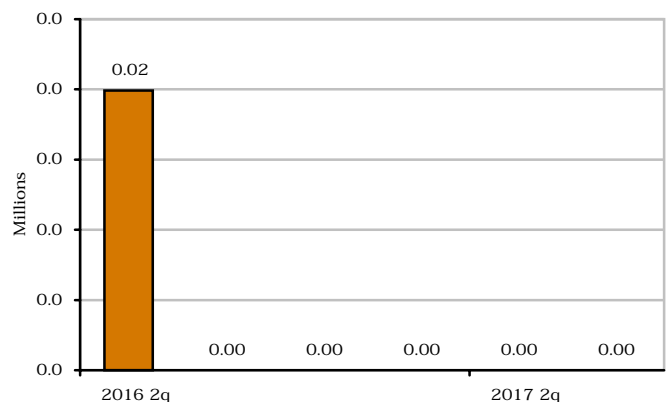
Ratio of Total GLA by Building Type



Source: CoStar Property®

## Future Space Available

Space Scheduled to be Available for Occupancy\*



\* Includes Under Construction Spaces Source: CoStar Property®





# Asheville Retail Market

Leasing Activity

## Select Top Retail Leases Based on Leased Square Footage For Deals Signed in 2016

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	241 Airport Rd	S Asheville/Royal Pines	55,000	1st	Hobby Lobby	N/A	N/A
2	Asheville Outlets	Buncombe County	23,000	1st	Restoration Hardware	N/A	N/A
3	Asheville Outlets	Buncombe County	5,250	1st	N/A	N/A	New England Development
4	Asheville Outlets	Buncombe County	5,250	1st	Kirkland's	N/A	New England Development
5	Gerber Village C	S Asheville/Royal Pines	3,932	1st	CharBar No. 7	N/A	N/A
6	270 Smokey Park	West Asheville	3,500	1st	Bojangles	N/A	N/A
7	339 Sardis Rd	West Asheville	3,480	1st	Four Brothers Pizzeria	N/A	N/A
8	268 Smokey Park Hwy	West Asheville	3,000	1st	Arby's	N/A	N/A
9	Gerber Village A	S Asheville/Royal Pines	3,000	1st	Great Harvest Bread Co.	N/A	N/A
10	582 Hendersonville Rd	S Asheville/Royal Pines	2,900	1st	Patton Avenue Pet Company	N/A	Whitney Commercial
11	26 Carl Alwin Pl	S Asheville/Royal Pines	2,760	1st	Salsarita's Fresh Cantina	N/A	N/A
12	1 Town Square Blvd	S Asheville/Royal Pines	2,599	1st	Locus Technologies	N/A	Biltmore Farms
13	42 Battery Park Ave	Downtown Asheville	2,422	1st	Trade and Lore	N/A	N/A
14	Asheville Outlets	Buncombe County	2,200	1st	Uniform Destination	N/A	New England Development
15	1 Town Square Blvd	S Asheville/Royal Pines	2,196	1st	Zaniac	N/A	Biltmore Farms
16	104 Orrs Camp Rd	Henderson County	2,053	1st	Starbucks	N/A	N/A
17	122 Riverside Dr	Central Asheville	2,000	1st	Jeribella Jewelry	N/A	N/A
18	15 Broadway St	Downtown Asheville	2,000	1st	April Cornell	N/A	N/A
19	Biltmore Park	S Asheville/Royal Pines	1,986	1st	Luella's Bar-B-Que	N/A	Biltmore Farms
20	6 College St	Downtown Asheville	1,846	1st	Best Gift Idea Ever	N/A	Tessier Assoc. & Navarre
21	1833 Hendersonville Rd	S Asheville/Royal Pines	1,827	1st	The Portrait Studio	N/A	N/A
22	Asheville Outlets	Buncombe County	1,692	1st	N/A	N/A	New England Development
23	Asheville Outlets	Buncombe County	1,692	1st	N/A	N/A	New England Development
24	582 Hendersonville Rd	S Asheville/Royal Pines	1,625	1st	Thread Cartel	N/A	Whitney Commercial
25	132 Charlotte St	North Asheville	1,551	1st	Mamacita's Taco Temple	N/A	N/A
26	AAA Ctr-1550 Hendersonville	S Asheville/Royal Pines	1,514	1st	Fill My Cup	N/A	Pulliam Properties
27	Merrimon Square	North Asheville	1,350	1st	Spellbound Childrens Bookshop	N/A	Tessier Associates
28	28 Battery Park	Downtown Asheville	1,300	1st	Asheville Direct	N/A	N/A
29	26 Carl Alwin Pl	S Asheville/Royal Pines	1,282	1st	Subway	N/A	Carolina Holdings, Inc.
30	Eastridge Crossing	Henderson County	1,200	1st	American Homepatient	NAI Beverly-Hanks	NAI Beverly-Hanks
31	315 S Church St	Henderson County	1,200	1st	Lindsay & Mike Cromartie	Keller Williams Realty	NAI Beverly-Hanks
32	Dingle Creek Crossing	S Asheville/Royal Pines	1,189	1st	N/A	N/A	Pulliam Properties
33	65 Biltmore Ave	Downtown Asheville	1,181	1st	N/A	N/A	Tessier Associates, Inc.
34	Biltmore Courtyard Shops	Central Asheville	1,047	1st	Scout Asheville LLC	N/A	NAI Beverly-Hanks
35	Asheville Outlets	Buncombe County	1,029	1st	N/A	N/A	New England Development
36	Asheville Outlets	Buncombe County	969	1st	Starbucks	N/A	New England Development

Source: CoStar Property®

\* Renewal

# Asheville Retail Market

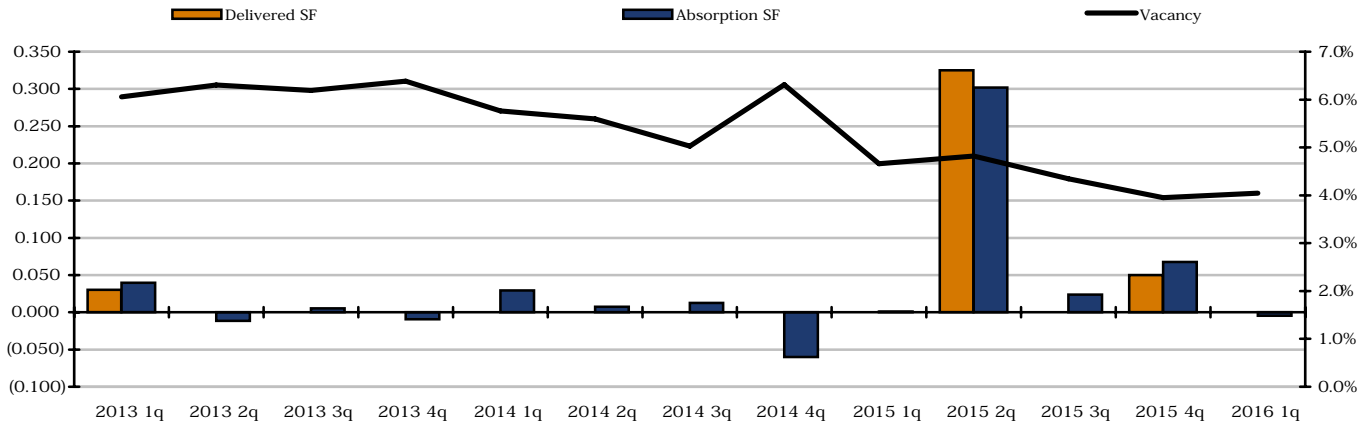


## Buncombe County Market

Market Highlights – Class “A, B & C”

### Deliveries, Absorption & Vacancy

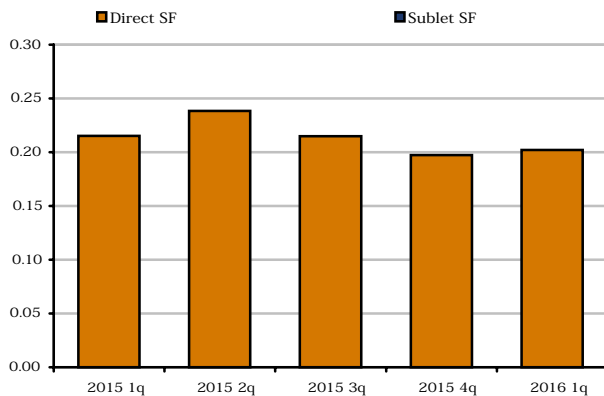
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

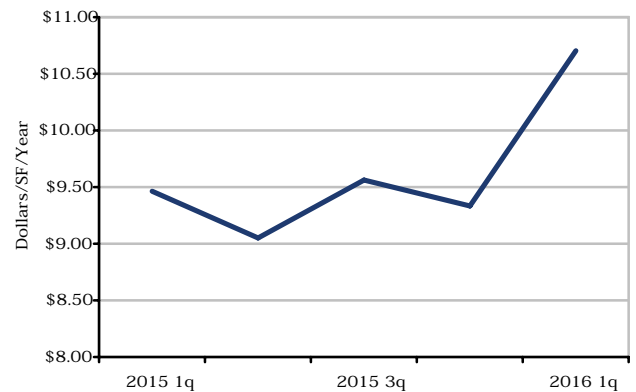
Historical Analysis, All Classes



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	
2016 1q	443	4,994,681	202,113	4.0%	(4,730)	0	0	0	0	\$10.70
2015 4q	443	4,994,681	197,383	4.0%	67,424	1	50,000	0	0	\$9.33
2015 3q	442	4,944,681	214,807	4.3%	23,580	0	0	1	50,000	\$9.56
2015 2q	442	4,944,681	238,387	4.8%	301,898	1	325,000	1	50,000	\$9.05
2015 1q	441	4,619,681	215,285	4.7%	969	0	0	2	375,000	\$9.46
2014 4q	442	4,700,012	296,585	6.3%	(60,194)	0	0	2	375,000	\$9.30
2014 3q	442	4,700,012	236,391	5.0%	12,445	0	0	2	375,000	\$8.88
2014 2q	443	4,715,012	263,836	5.6%	7,471	0	0	2	375,000	\$9.01
2014 1q	444	4,715,458	271,753	5.8%	29,328	0	0	2	375,000	\$9.06
2013 4q	444	4,715,458	301,081	6.4%	(9,186)	0	0	0	0	\$7.80
2013 3q	444	4,715,458	291,895	6.2%	5,378	0	0	0	0	\$8.20
2013 2q	444	4,715,458	297,273	6.3%	(11,641)	0	0	0	0	\$8.34
2013 1q	444	4,715,458	285,632	6.1%	39,832	1	30,032	0	0	\$8.13
2012 4q	443	4,685,426	295,432	6.3%	20,771	1	1,500	1	30,032	\$7.99
2012 3q	442	4,683,926	314,703	6.7%	93,219	2	33,061	2	31,532	\$8.28
2012 2q	440	4,650,865	374,861	8.1%	38,456	4	41,584	3	34,561	\$8.30

Source: CoStar Property®



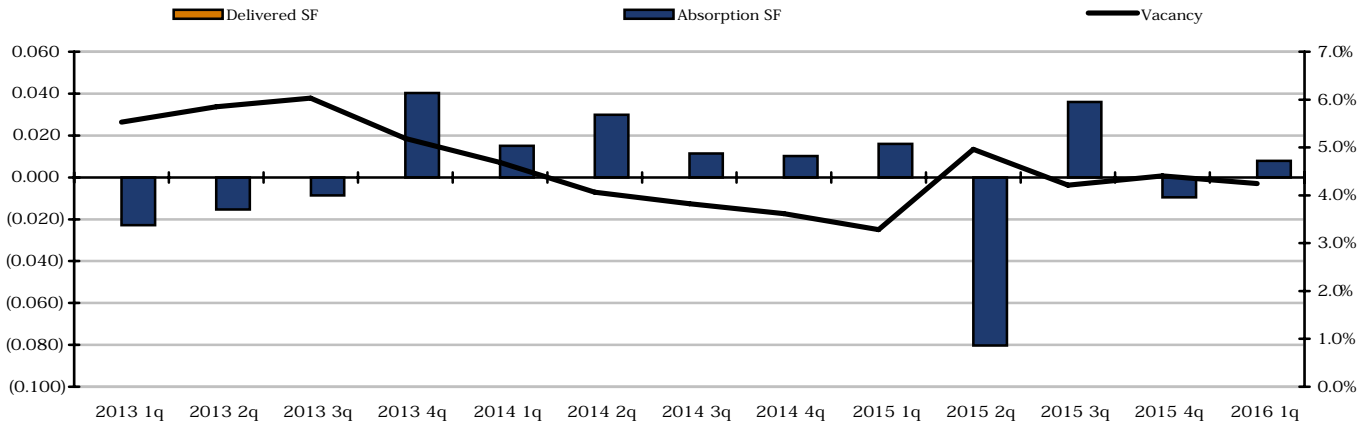
# Asheville Retail Market

Central Asheville Market

Market Highlights - Class "A, B & C"

## Deliveries, Absorption & Vacancy

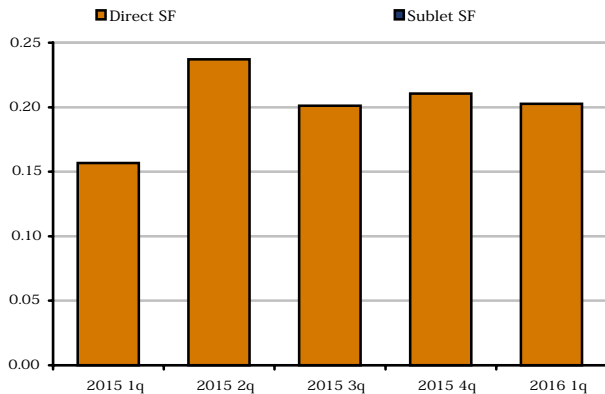
Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

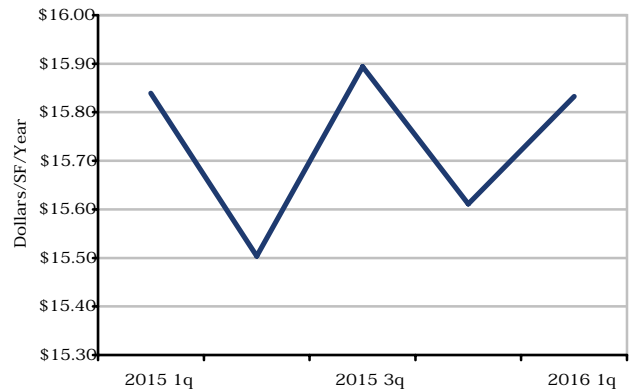
Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	281	4,777,178	202,700	4.2%	7,894	0	0	0	0	\$15.83
2015 4q	281	4,777,178	210,594	4.4%	(9,515)	0	0	0	0	\$15.61
2015 3q	281	4,777,178	201,079	4.2%	35,959	0	0	0	0	\$15.89
2015 2q	281	4,777,178	237,038	5.0%	(80,277)	0	0	0	0	\$15.50
2015 1q	281	4,777,178	156,761	3.3%	15,926	0	0	0	0	\$15.84
2014 4q	281	4,777,178	172,687	3.6%	10,134	0	0	0	0	\$19.77
2014 3q	281	4,777,178	182,821	3.8%	11,354	0	0	0	0	\$19.70
2014 2q	281	4,777,178	194,175	4.1%	29,853	0	0	0	0	\$14.85
2014 1q	281	4,777,178	224,028	4.7%	15,074	0	0	0	0	\$19.13
2013 4q	283	4,786,362	248,286	5.2%	40,318	0	0	0	0	\$19.12
2013 3q	283	4,786,362	288,604	6.0%	(8,614)	0	0	0	0	\$19.12
2013 2q	283	4,786,362	279,990	5.8%	(15,379)	0	0	0	0	\$18.93
2013 1q	283	4,786,362	264,611	5.5%	(22,896)	0	0	0	0	\$14.21
2012 4q	284	4,788,734	244,087	5.1%	17,279	1	6,638	0	0	\$14.74
2012 3q	283	4,782,096	254,728	5.3%	1,016	0	0	1	6,638	\$14.17
2012 2q	283	4,782,096	255,744	5.3%	10,359	0	0	1	6,638	\$14.66

Source: CoStar Property®

# Asheville Retail Market

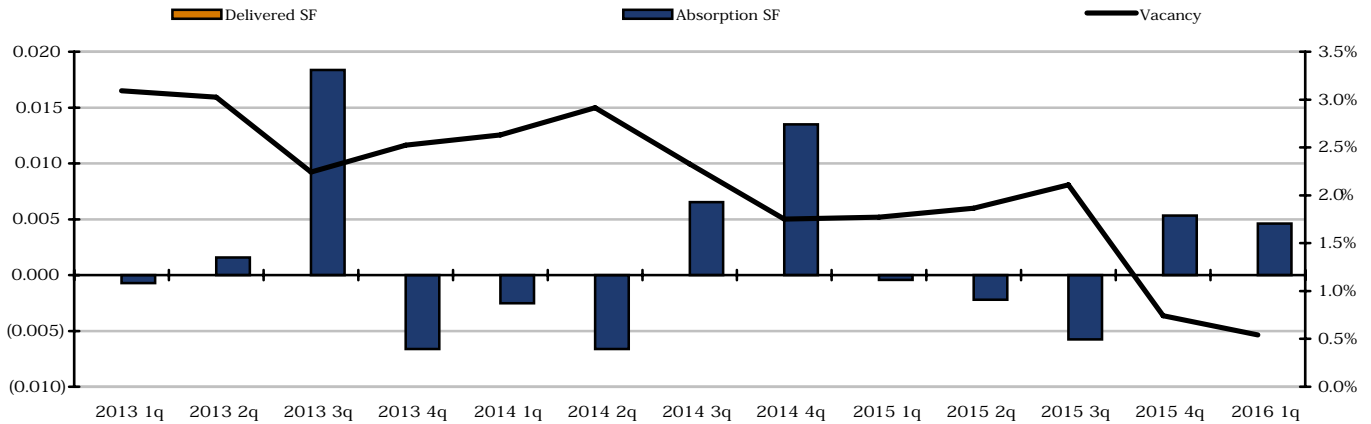


## Downtown Asheville Market

Market Highlights – Class “A, B & C”

### Deliveries, Absorption & Vacancy

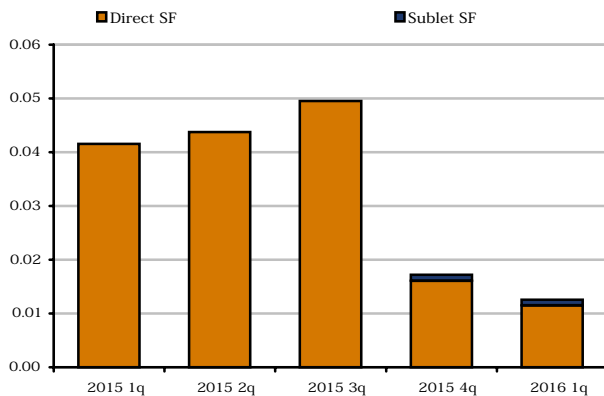
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

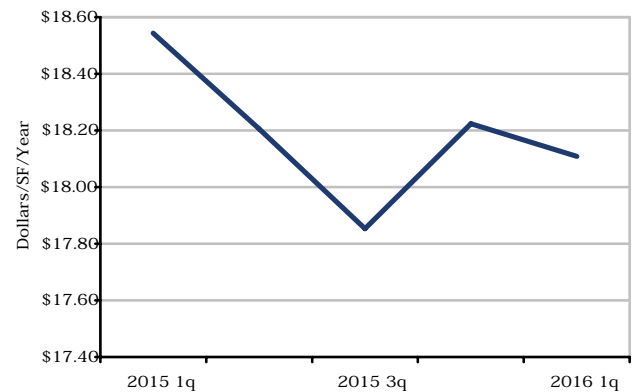
Historical Analysis, All Classes



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	
2016 1q	170	2,318,489	12,553	0.5%	4,620	0	0	0	0	\$18.11
2015 4q	170	2,318,489	17,173	0.7%	5,328	0	0	0	0	\$18.22
2015 3q	171	2,345,489	49,501	2.1%	(5,766)	0	0	0	0	\$17.85
2015 2q	171	2,345,489	43,735	1.9%	(2,213)	0	0	0	0	\$18.21
2015 1q	171	2,345,489	41,522	1.8%	(430)	0	0	0	0	\$18.54
2014 4q	171	2,345,489	41,092	1.8%	13,501	0	0	0	0	\$17.91
2014 3q	171	2,345,489	54,593	2.3%	6,536	0	0	0	0	\$17.06
2014 2q	172	2,352,913	68,553	2.9%	(6,626)	0	0	0	0	\$16.88
2014 1q	172	2,352,913	61,927	2.6%	(2,525)	0	0	0	0	\$17.03
2013 4q	172	2,352,913	59,402	2.5%	(6,633)	0	0	0	0	\$17.34
2013 3q	172	2,352,913	52,769	2.2%	18,378	0	0	0	0	\$17.13
2013 2q	172	2,352,913	71,147	3.0%	1,574	0	0	0	0	\$16.84
2013 1q	172	2,352,913	72,721	3.1%	(705)	0	0	0	0	\$17.26
2012 4q	172	2,352,913	72,016	3.1%	1,351	0	0	0	0	\$17.26
2012 3q	172	2,352,913	73,367	3.1%	4,995	0	0	0	0	\$16.58
2012 2q	172	2,352,913	78,362	3.3%	(2,880)	0	0	0	0	\$17.02

Source: CoStar Property®



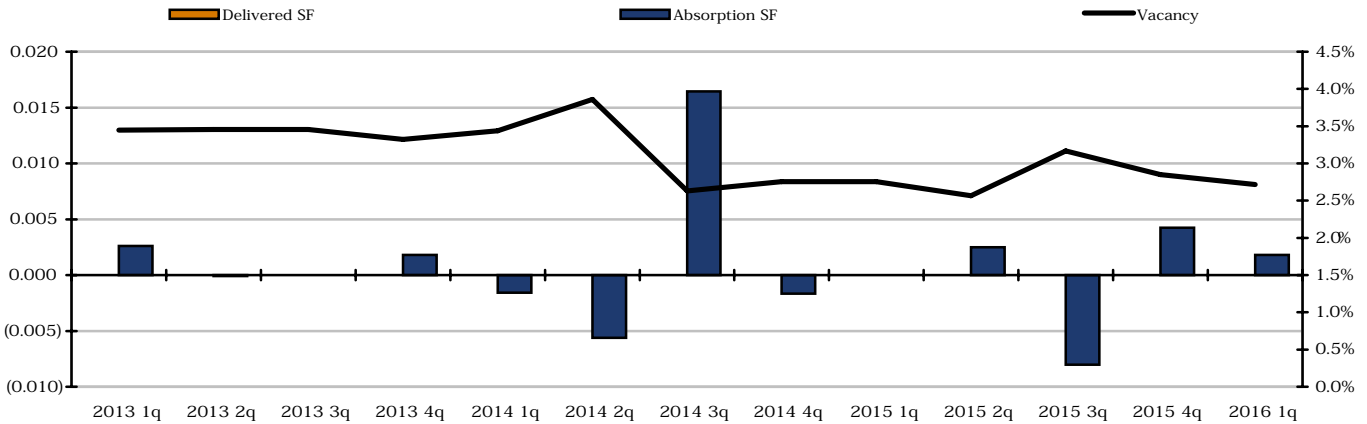
# Asheville Retail Market

## East Asheville Market

Market Highlights - Class "A, B & C"

### Deliveries, Absorption & Vacancy

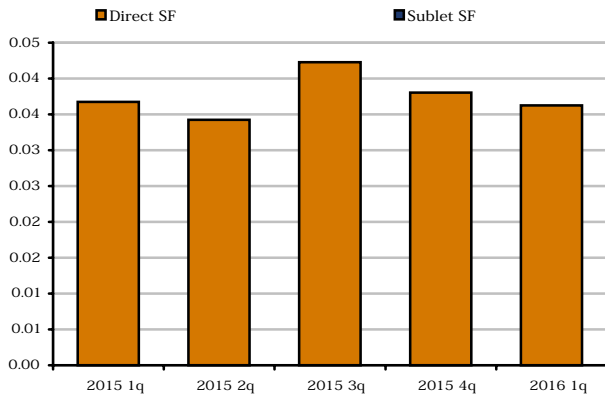
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

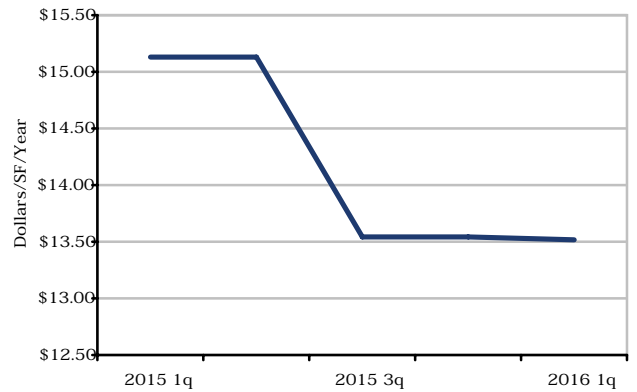
### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	90	1,334,578	36,239	2.7%	1,800	0	0	0	0	\$13.52
2015 4q	90	1,334,578	38,039	2.9%	4,235	0	0	0	0	\$13.54
2015 3q	90	1,334,578	42,274	3.2%	(8,033)	0	0	0	0	\$13.54
2015 2q	90	1,334,578	34,241	2.6%	2,500	0	0	0	0	\$15.13
2015 1q	90	1,334,578	36,741	2.8%	0	0	0	0	0	\$15.13
2014 4q	90	1,334,578	36,741	2.8%	(1,663)	0	0	0	0	\$15.13
2014 3q	90	1,334,578	35,078	2.6%	16,435	0	0	0	0	\$12.20
2014 2q	90	1,334,578	51,513	3.9%	(5,629)	0	0	0	0	\$12.43
2014 1q	90	1,334,578	45,884	3.4%	(1,570)	0	0	0	0	\$12.52
2013 4q	90	1,334,578	44,314	3.3%	1,800	0	0	0	0	\$12.29
2013 3q	90	1,334,578	46,114	3.5%	0	0	0	0	0	\$11.94
2013 2q	90	1,334,578	46,114	3.5%	(91)	0	0	0	0	\$12.01
2013 1q	90	1,334,578	46,023	3.4%	2,607	0	0	0	0	\$12.13
2012 4q	90	1,334,578	48,630	3.6%	(26,830)	0	0	0	0	\$14.76
2012 3q	90	1,334,578	21,800	1.6%	(3,516)	0	0	0	0	\$13.45
2012 2q	90	1,334,578	18,284	1.4%	(1,909)	0	0	0	0	\$11.84

Source: CoStar Property®

# Asheville Retail Market

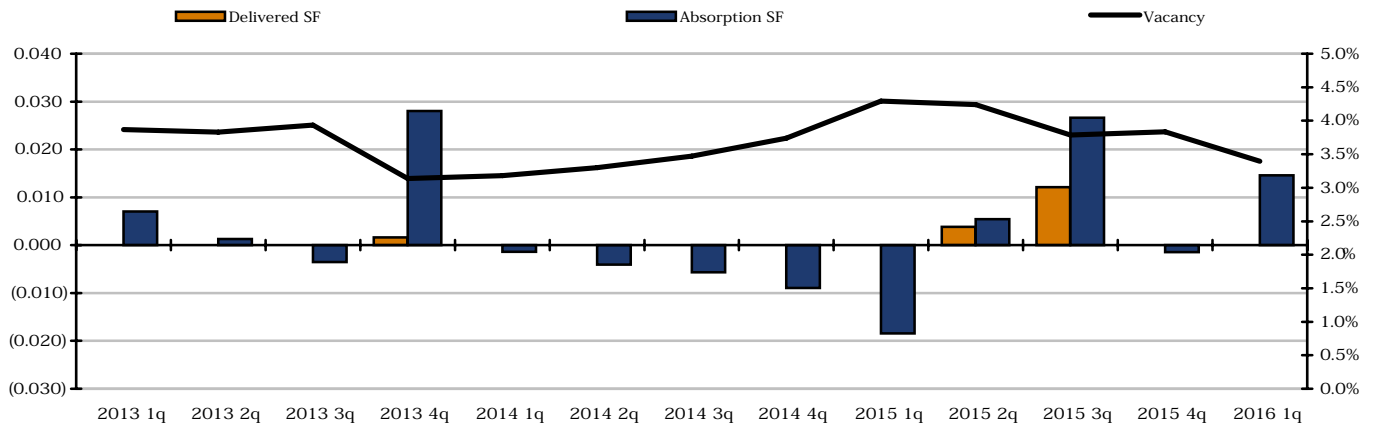


## Haywood County Market

Market Highlights – Class “A, B & C”

### Deliveries, Absorption & Vacancy

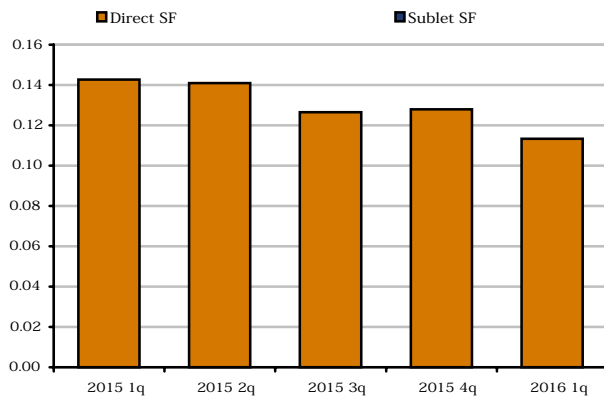
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

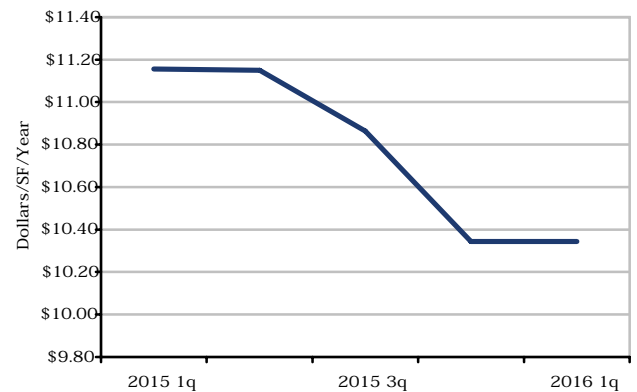
Historical Analysis, All Classes



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	
2016 1q	282	3,338,051	113,319	3.4%	14,619	0	0	0	0	\$10.34
2015 4q	282	3,338,051	127,938	3.8%	(1,454)	0	0	0	0	\$10.34
2015 3q	282	3,338,051	126,484	3.8%	26,633	2	12,100	0	0	\$10.86
2015 2q	280	3,325,951	141,017	4.2%	5,424	1	3,808	2	12,100	\$11.15
2015 1q	279	3,322,143	142,633	4.3%	(18,401)	0	0	3	15,908	\$11.16
2014 4q	279	3,322,143	124,232	3.7%	(8,950)	0	0	1	3,808	\$10.82
2014 3q	279	3,322,143	115,282	3.5%	(5,632)	0	0	1	3,808	\$10.41
2014 2q	279	3,322,143	109,650	3.3%	(4,062)	0	0	0	0	\$10.41
2014 1q	279	3,322,143	105,588	3.2%	(1,363)	0	0	0	0	\$10.06
2013 4q	279	3,322,143	104,225	3.1%	28,029	1	1,599	0	0	\$9.09
2013 3q	278	3,320,544	130,655	3.9%	(3,533)	0	0	1	1,599	\$9.04
2013 2q	278	3,320,544	127,122	3.8%	1,298	0	0	1	1,599	\$9.47
2013 1q	278	3,320,544	128,420	3.9%	7,032	0	0	0	0	\$9.65
2012 4q	278	3,320,544	135,452	4.1%	180,003	2	213,115	0	0	\$9.24
2012 3q	276	3,107,429	102,340	3.3%	3,268	0	0	2	213,115	\$9.20
2012 2q	276	3,107,429	105,608	3.4%	24,534	1	9,100	2	213,115	\$9.22

Source: CoStar Property®



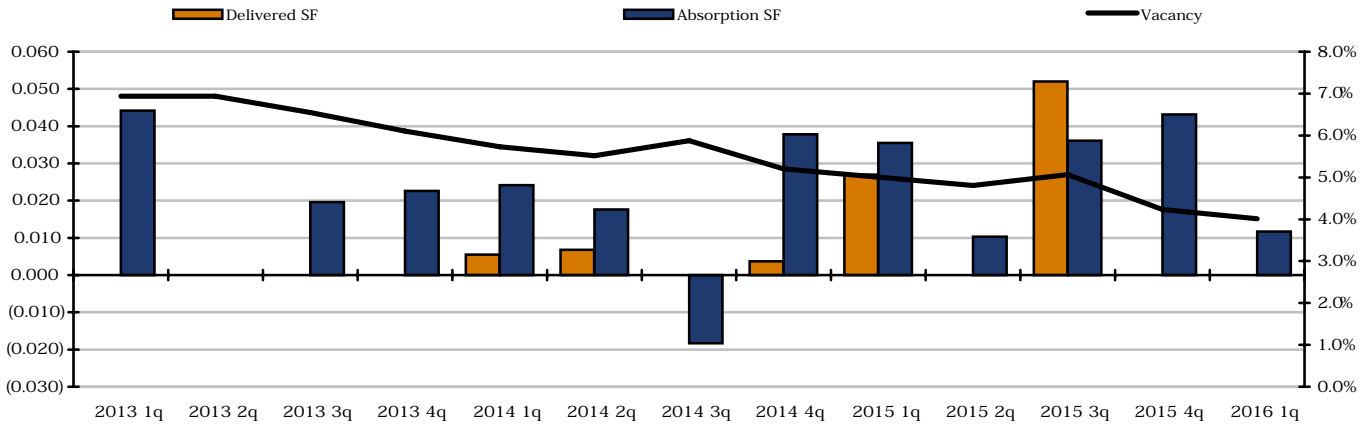
# Asheville Retail Market

## Henderson County Market

Market Highlights - Class "A, B & C"

### Deliveries, Absorption & Vacancy

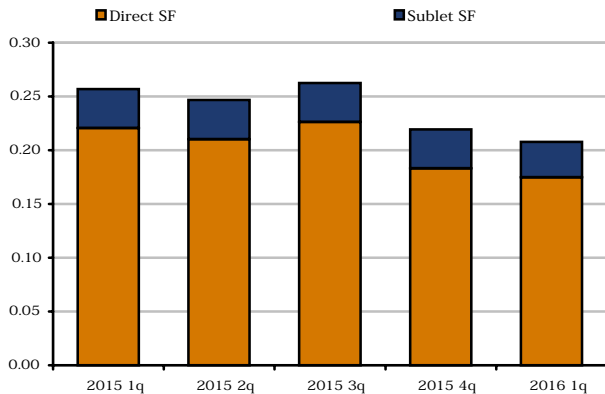
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

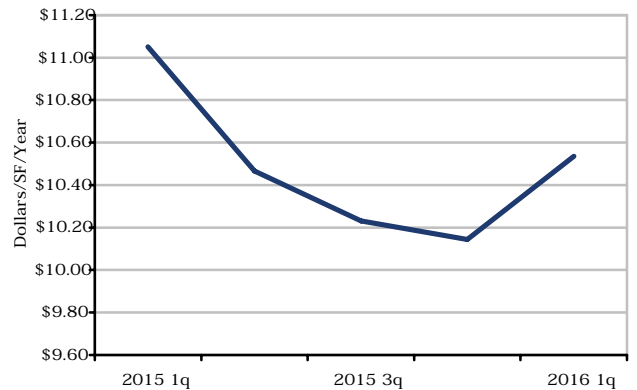
### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	400	5,182,736	207,719	4.0%	11,666	0	0	1	2,053	\$10.54
2015 4q	400	5,182,736	219,385	4.2%	43,144	0	0	1	2,053	\$10.14
2015 3q	400	5,182,736	262,529	5.1%	36,066	1	52,000	0	0	\$10.23
2015 2q	399	5,130,736	246,595	4.8%	10,323	0	0	1	52,000	\$10.47
2015 1q	399	5,130,736	256,918	5.0%	35,478	1	27,000	1	52,000	\$11.05
2014 4q	398	5,103,736	265,396	5.2%	37,826	1	3,731	2	79,000	\$11.20
2014 3q	397	5,100,005	299,491	5.9%	(18,323)	0	0	2	30,731	\$11.25
2014 2q	397	5,100,005	281,168	5.5%	17,625	1	6,800	1	3,731	\$11.60
2014 1q	396	5,093,205	291,993	5.7%	24,168	1	5,508	1	6,800	\$11.91
2013 4q	395	5,087,697	310,653	6.1%	22,608	0	0	2	12,308	\$11.75
2013 3q	395	5,087,697	333,261	6.6%	19,564	0	0	2	12,308	\$11.52
2013 2q	395	5,087,697	352,825	6.9%	25	0	0	0	0	\$12.13
2013 1q	395	5,087,697	352,850	6.9%	44,219	0	0	0	0	\$12.07
2012 4q	395	5,087,697	397,069	7.8%	(57,413)	0	0	0	0	\$12.05
2012 3q	395	5,087,697	339,656	6.7%	45,296	1	22,429	0	0	\$10.98
2012 2q	394	5,065,268	362,523	7.2%	4,535	0	0	1	22,429	\$11.02

Source: CoStar Property®

# Asheville Retail Market

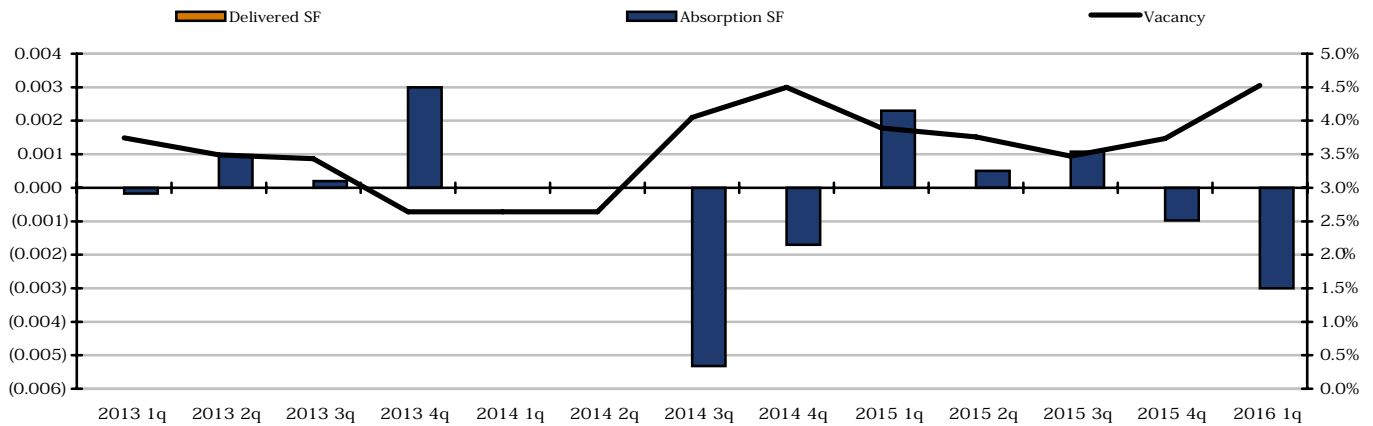


## Madison County Market

Market Highlights – Class “A, B & C”

### Deliveries, Absorption & Vacancy

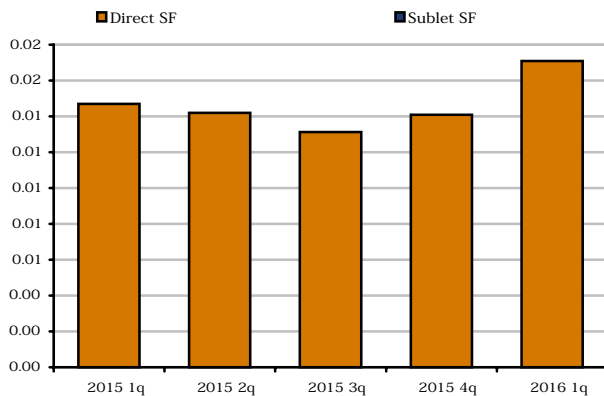
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

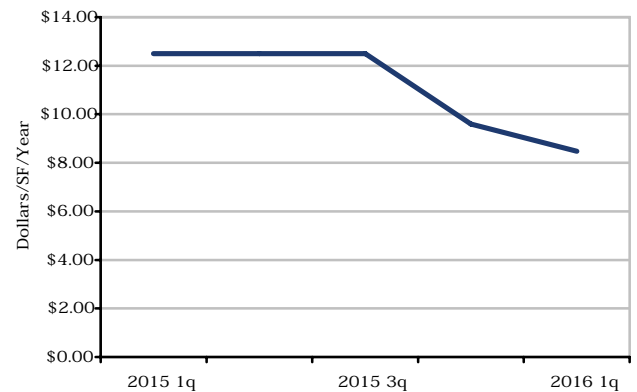
Historical Analysis, All Classes



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	
2016 1q	49	377,690	17,096	4.5%	(3,000)	0	0	0	0	\$8.48
2015 4q	49	377,690	14,096	3.7%	(978)	0	0	0	0	\$9.60
2015 3q	49	377,690	13,118	3.5%	1,076	0	0	0	0	\$12.50
2015 2q	49	377,690	14,194	3.8%	500	0	0	0	0	\$12.50
2015 1q	49	377,690	14,694	3.9%	2,300	0	0	0	0	\$12.50
2014 4q	49	377,690	16,994	4.5%	(1,700)	0	0	0	0	\$12.50
2014 3q	49	377,690	15,294	4.0%	(5,318)	0	0	0	0	\$8.55
2014 2q	49	377,690	9,976	2.6%	0	0	0	0	0	\$8.55
2014 1q	49	377,690	9,976	2.6%	0	0	0	0	0	\$8.55
2013 4q	49	377,690	9,976	2.6%	3,000	0	0	0	0	\$8.55
2013 3q	49	377,690	12,976	3.4%	200	0	0	0	0	\$8.55
2013 2q	49	377,690	13,176	3.5%	968	0	0	0	0	\$9.97
2013 1q	49	377,690	14,144	3.7%	(176)	0	0	0	0	\$12.50
2012 4q	49	377,690	13,968	3.7%	1,500	0	0	0	0	\$12.50
2012 3q	49	377,690	15,468	4.1%	1,176	0	0	0	0	\$12.50
2012 2q	49	377,690	16,644	4.4%	0	0	0	0	0	\$12.50

Source: CoStar Property®





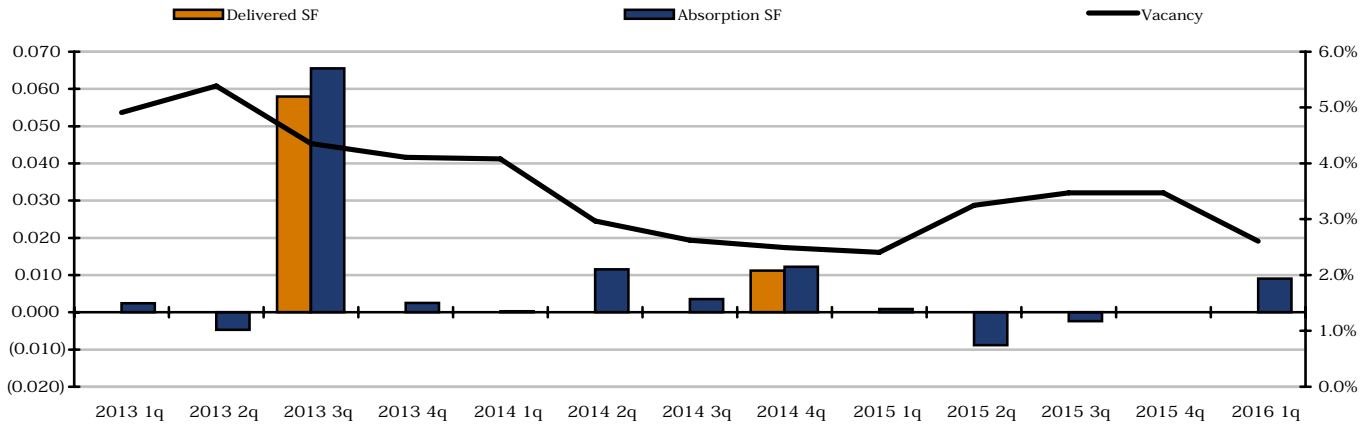
# Asheville Retail Market

## North Asheville Market

Market Highlights - Class "A, B & C"

### Deliveries, Absorption & Vacancy

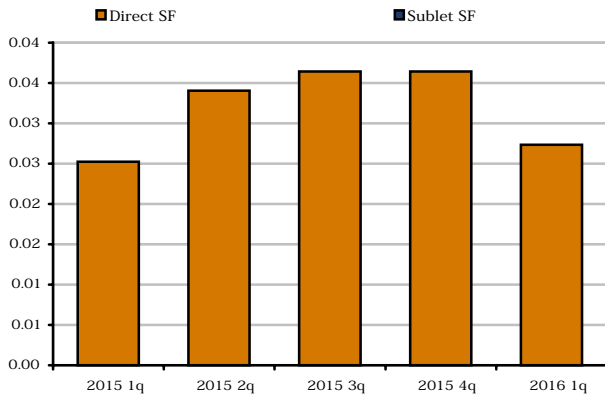
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

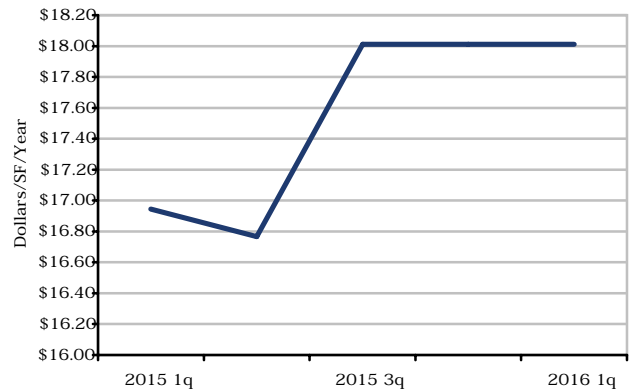
### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	123	1,048,238	27,339	2.6%	9,093	0	0	0	0	\$18.01
2015 4q	123	1,048,238	36,432	3.5%	0	0	0	0	0	\$18.01
2015 3q	123	1,048,238	36,432	3.5%	(2,375)	0	0	0	0	\$18.01
2015 2q	123	1,048,238	34,057	3.2%	(8,818)	0	0	0	0	\$16.77
2015 1q	123	1,048,238	25,239	2.4%	900	0	0	0	0	\$16.95
2014 4q	123	1,048,238	26,139	2.5%	12,250	2	11,200	0	0	\$16.11
2014 3q	121	1,037,038	27,189	2.6%	3,593	0	0	2	11,200	\$14.60
2014 2q	121	1,037,038	30,782	3.0%	11,532	0	0	2	11,200	\$12.36
2014 1q	121	1,037,038	42,314	4.1%	322	0	0	2	11,200	\$12.43
2013 4q	121	1,037,038	42,636	4.1%	2,550	0	0	2	11,200	\$12.27
2013 3q	121	1,037,038	45,186	4.4%	65,528	2	57,957	0	0	\$14.76
2013 2q	119	979,081	52,757	5.4%	(4,664)	0	0	2	57,957	\$16.44
2013 1q	119	979,081	48,093	4.9%	2,450	0	0	2	57,957	\$15.95
2012 4q	119	979,081	50,543	5.2%	12,448	0	0	0	0	\$14.87
2012 3q	122	992,897	76,807	7.7%	25,934	0	0	0	0	\$14.43
2012 2q	122	992,897	102,741	10.3%	(5,449)	0	0	0	0	\$13.90

Source: CoStar Property®

# Asheville Retail Market

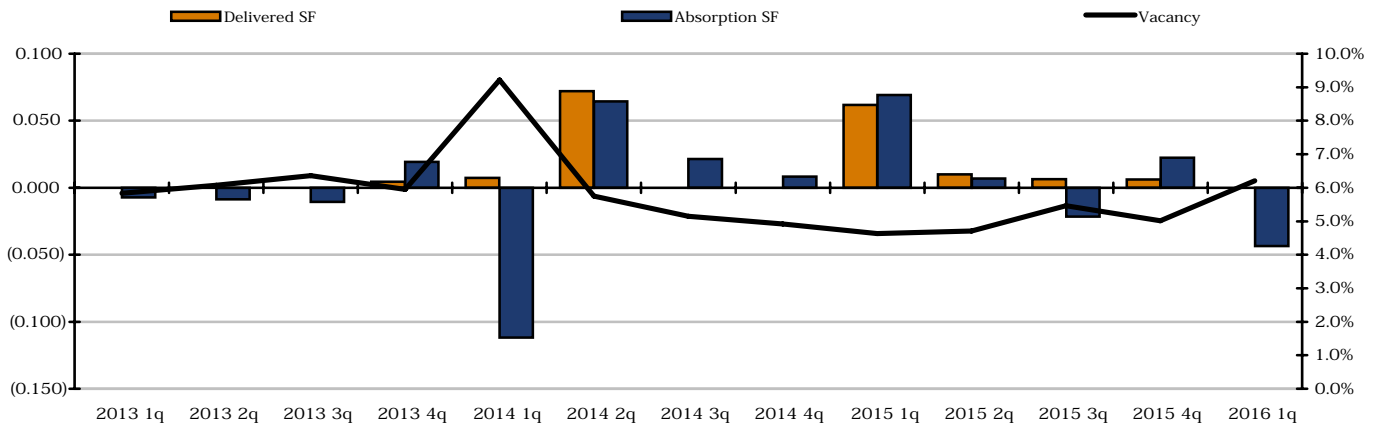


S Asheville / Royal Pines Market

Market Highlights – Class “A, B & C”

## Deliveries, Absorption & Vacancy

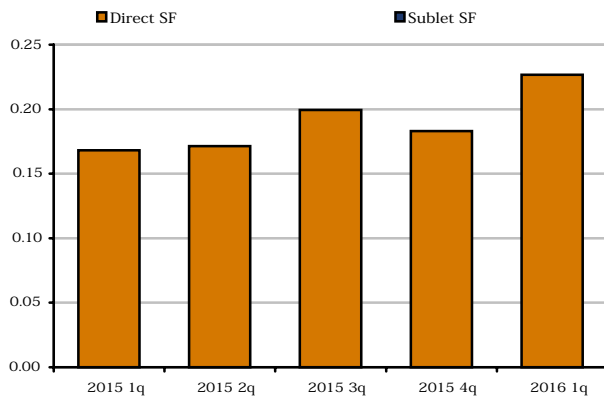
Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

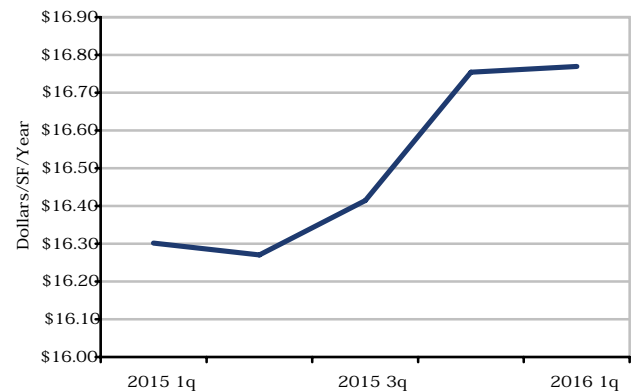
Historical Analysis, All Classes



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	
2016 1q	256	3,653,419	226,663	6.2%	(43,599)	0	0	2	73,150	\$16.77
2015 4q	256	3,653,419	183,064	5.0%	22,284	1	6,066	1	13,150	\$16.75
2015 3q	255	3,647,353	199,282	5.5%	(21,510)	1	6,500	1	6,066	\$16.41
2015 2q	254	3,640,853	171,272	4.7%	6,768	1	10,000	2	12,566	\$16.27
2015 1q	253	3,630,853	168,040	4.6%	69,237	3	61,731	3	22,566	\$16.30
2014 4q	250	3,569,122	175,546	4.9%	8,355	0	0	5	78,231	\$16.62
2014 3q	250	3,569,122	183,901	5.2%	21,336	0	0	4	68,231	\$16.77
2014 2q	250	3,569,122	205,237	5.8%	64,310	1	72,000	2	56,500	\$17.00
2014 1q	250	3,634,533	334,958	9.2%	(111,738)	1	7,372	1	72,000	\$16.90
2013 4q	249	3,627,161	215,848	6.0%	19,215	1	4,606	2	79,372	\$16.65
2013 3q	248	3,622,555	230,457	6.4%	(10,527)	0	0	3	83,978	\$16.10
2013 2q	248	3,622,555	219,930	6.1%	(8,651)	0	0	1	4,606	\$17.20
2013 1q	248	3,622,555	211,279	5.8%	(7,221)	0	0	0	0	\$17.91
2012 4q	248	3,622,555	204,058	5.6%	14,152	0	0	0	0	\$19.32
2012 3q	248	3,622,555	218,210	6.0%	(2,031)	0	0	0	0	\$20.18
2012 2q	248	3,622,555	216,179	6.0%	17,749	0	0	0	0	\$20.14

Source: CoStar Property®



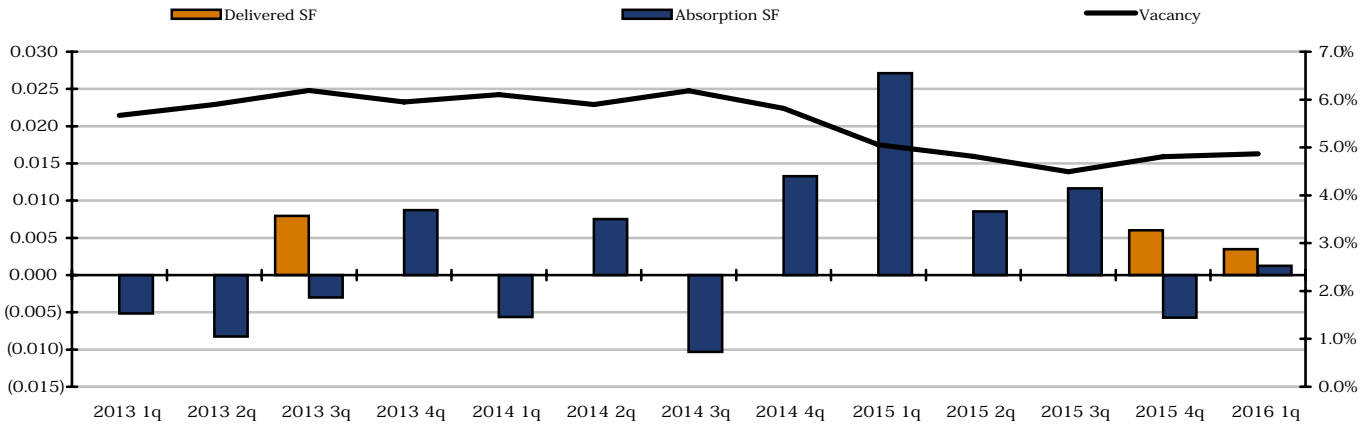
# Asheville Retail Market

## West Asheville Market

Market Highlights - Class "A, B & C"

### Deliveries, Absorption & Vacancy

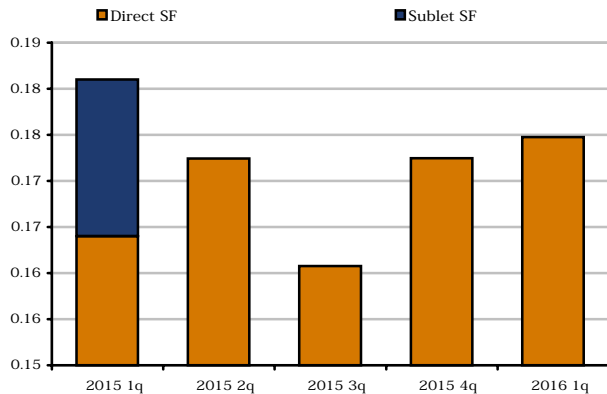
Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

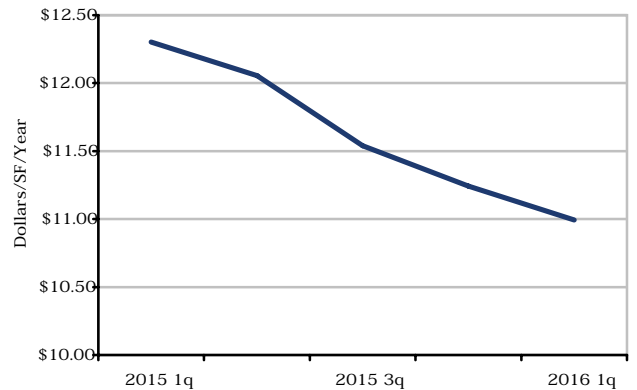
Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	343	3,589,444	174,755	4.9%	1,226	1	3,500	2	13,500	\$10.99
2015 4q	342	3,585,944	172,481	4.8%	(5,703)	1	6,000	3	17,000	\$11.24
2015 3q	341	3,579,944	160,778	4.5%	11,654	0	0	4	23,000	\$11.54
2015 2q	341	3,579,944	172,432	4.8%	8,571	0	0	1	6,000	\$12.06
2015 1q	341	3,579,944	181,003	5.1%	27,123	0	0	1	6,000	\$12.30
2014 4q	341	3,579,944	208,126	5.8%	13,268	0	0	0	0	\$12.71
2014 3q	341	3,579,944	221,394	6.2%	(10,332)	0	0	0	0	\$12.48
2014 2q	341	3,579,944	211,062	5.9%	7,501	0	0	0	0	\$11.86
2014 1q	341	3,579,944	218,563	6.1%	(5,627)	0	0	0	0	\$11.62
2013 4q	341	3,579,944	212,936	5.9%	8,710	0	0	0	0	\$11.44
2013 3q	341	3,579,944	221,646	6.2%	(2,988)	1	7,956	0	0	\$11.59
2013 2q	340	3,571,988	210,702	5.9%	(8,265)	0	0	1	7,956	\$12.21
2013 1q	340	3,571,988	202,437	5.7%	(5,169)	0	0	1	7,956	\$12.04
2012 4q	340	3,571,988	197,268	5.5%	(4,234)	0	0	0	0	\$11.81
2012 3q	340	3,571,988	193,034	5.4%	(15,897)	0	0	0	0	\$12.03
2012 2q	340	3,571,988	177,137	5.0%	2,336	0	0	0	0	\$11.30

Source: CoStar Property®