

The CoStar Office Report

Year-End 2014

Asheville Office Market



Table of Contents

| | |
|--|-----------|
| Table of Contents | A |
| Methodology | B |
| Terms & Definitions | C |
| Market Highlights & Overview | 1 |
| CoStar Markets | 3 |
| Inventory & Development Analysis | 4 |
| Inventory & Development Analysis | |
| Select Top Under Construction Properties | |
| Select Top Deliveries | |
| Figures at a Glance | 7 |
| Figures at a Glance by Class & Market | |
| Historical Figures at a Glance | |
| Leasing Activity Analysis | 10 |
| Select Top Lease Transactions | |
| Analysis of Individual CoStar Submarket Clusters | 12 |
| Buncombe County Market | |
| Central Asheville Market | |
| Downtown Asheville Market | |
| East Asheville Market | |
| Haywood County Market | |
| Henderson County Market | |
| Madison County Market | |
| North Asheville Market | |
| S Asheville/Royal Pines Market | |
| West Asheville Market | |

Methodology

The CoStar Office Report, unless specifically stated otherwise, calculates office statistics using CoStar Group's entire database of existing and under construction office buildings in each metropolitan area. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-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 Office Report have been converted to a Full Service equivalent rental rate.

For information on subscribing to CoStar's other products and services, please contact us at 1-877-7COSTAR, or visit our web site at www.costar.com

© Copyright 2015 CoStar Group, Inc. All Rights Reserved. Although CoStar makes efforts to ensure the accuracy and reliability of the information contained herein, CoStar makes no guarantee, representation or warranty regarding the quality, accuracy, timeliness or completeness of the information. The publication is provided 'as is' and CoStar expressly disclaims any guarantees, representations or warranties of any kind, including those of MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

CoStar Group, Inc.

1331 L ST NW • Washington, DC 20005 • (800) 204-5960 • www.costar.com • NASDAQ: CSGP

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

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

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

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

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

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

Asheville's Vacancy Increases to 6.7% Net Absorption Negative (36,231) SF in the Quarter

The Asheville Office market ended the fourth quarter 2014 with a vacancy rate of 6.7%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (36,231) square feet in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 26,359 square feet. Rental rates ended the fourth quarter at \$16.35, a decrease over the previous quarter. There was 84,000 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Asheville office market was negative (36,231) square feet in the fourth quarter 2014. That compares to positive 54,433 square feet in the third quarter 2014, positive 77,709 square feet in the second quarter 2014, and positive 72,104 square feet in the first quarter 2014.

Tenants moving out of large blocks of space in 2014 include: Vista Family Health moving out of 7,630 square feet at 2585 Hendersonville Road; MH moving out of 4,555 square feet at Rumbaugh House; and Montford Hall LLC moving out of 4,555 square feet at Rumbaugh House.

Tenants moving into large blocks of space in 2014 include: All Care Clinical Associates moving into 10,000 square feet at 76 Peachtree Road; Orthopedic Surgery Center of Asheville moving into 8,840 square feet at Orthopedic Surgery Center of Asheville; and North American Roofing moving into 4,087 square feet at 200 Ridgefield Ct.

The Class-A office market recorded net absorption of negative (3,593) square feet in the fourth quarter 2014, compared to negative (10,393) square feet in the third quarter

2014, negative (6,003) in the second quarter 2014, and positive 2,807 in the first quarter 2014.

The Class-B office market recorded net absorption of negative (29,278) square feet in the fourth quarter 2014, compared to positive 64,598 square feet in the third quarter 2014, positive 38,504 in the second quarter 2014, and positive 47,861 in the first quarter 2014.

The Class-C office market recorded net absorption of negative (3,360) square feet in the fourth quarter 2014 compared to positive 228 square feet in the third quarter 2014, positive 45,208 in the second quarter 2014, and positive 21,436 in the first quarter 2014.

Vacancy

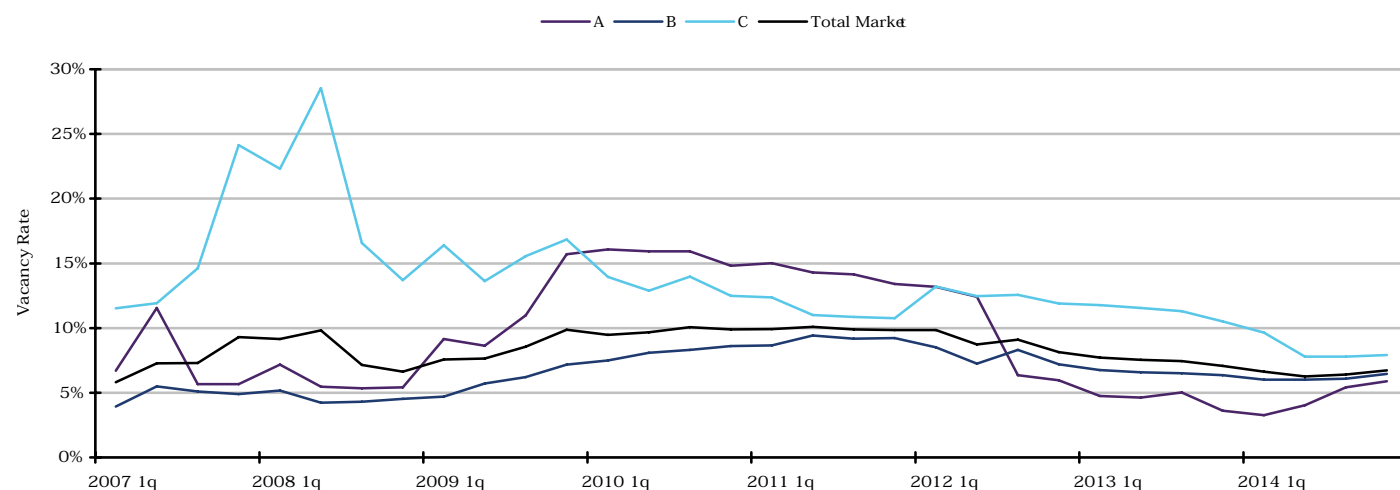
The office vacancy rate in the Asheville market area increased to 6.7% at the end of the fourth quarter 2014. The vacancy rate was 6.4% at the end of the third quarter 2014, 6.3% at the end of the second quarter 2014, and 6.6% at the end of the first quarter 2014.

Class-A projects reported a vacancy rate of 5.9% at the end of the fourth quarter 2014, 5.4% at the end of the third quarter 2014, 4.0% at the end of the second quarter 2014, and 3.3% at the end of the first quarter 2014.

Class-B projects reported a vacancy rate of 6.4% at the end of the fourth quarter 2014, 6.1% at the end of the third quarter 2014, 6.0% at the end of the second quarter 2014, and 6.0% at the end of the first quarter 2014.

Class-C projects reported a vacancy rate of 7.9% at the end of the fourth quarter 2014, 7.8% at the end of third quarter

Vacancy Rates by Class 2007-2014



Source: CoStar Property®

2014, 7.8% at the end of the second quarter 2014, and 9.6% at the end of the first quarter 2014.

Largest Lease Signings

The largest lease signings occurring in 2014 included: the 31,485-square-foot lease signed by Smoky Mountain LME/MCO at 200 Ridgefield Ct in the Buncombe County market; the 6,436-square-foot deal signed by Girl Scouts Carolinas Peaks to Piedmont, Inc. at 31 College Pl in the Central Asheville market; and the 6,379-square-foot lease signed by Crescent Health Solutions at Ridgefield III in the Buncombe County market.

Sublease Vacancy

The amount of vacant sublease space in the Asheville market decreased to 26,359 square feet by the end of the fourth quarter 2014, from 29,065 square feet at the end of the third quarter 2014. There was 11,799 square feet vacant at the end of the second quarter 2014 and 13,099 square feet at the end of the first quarter 2014.

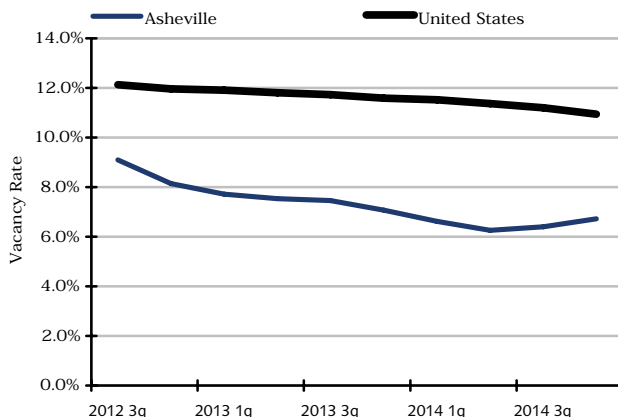
No Sublease vacancy were reported for Asheville's Class-A projects in 2014.

Class-B projects reported vacant sublease space of 3,093 square feet at the end of the fourth quarter 2014, down from the 11,799 square feet reported at the end of the third quarter 2014. At the end of the second quarter 2014 there were 11,799 square feet, and at the end of the first quarter 2014 there were 13,099 square feet vacant.

Class-C projects reported increased vacant sublease space from the third quarter 2014 to the fourth quarter 2014. Sublease vacancy went from 17,266 square feet to 23,266 square feet during that time. There was 0 square feet at the end of the second quarter 2014, and 0 square feet at the end of the first quarter 2014.

U.S. Vacancy Comparison

Past 10 Quarters



Source: CoStar Property®

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$16.35 per square foot per year at the end of the fourth quarter 2014 in the Asheville market area. This represented a 1.1% decrease in quoted rental rates from the end of the third quarter 2014, when rents were reported at \$16.53 per square foot.

The average quoted rate within the Class-A sector was \$22.51 at the end of the fourth quarter 2014, while Class-B rates stood at \$15.86, and Class-C rates at \$16.39. At the end of the third quarter 2014, Class-A rates were \$25.72 per square foot, Class-B rates were \$16.04, and Class-C rates were \$16.50.

Deliveries and Construction

During the fourth quarter 2014, no new space was completed in the Asheville market area. This compares to one building totaling 75,652 square feet that were completed in the third quarter 2014, one building totaling 39,994 square feet completed in the second quarter 2014, and 22,487 square feet in two buildings completed in the first quarter 2014.

There were 84,000 square feet of office space under construction at the end of the fourth quarter 2014.

Some of the notable 2014 deliveries include: 379 Long Shoals Road, a 75,652-square-foot facility that delivered in third quarter 2014 and is now 100% occupied, and 310 Long Shoals Road, a 39,994-square-foot building that delivered in second quarter 2014 and is now 100% occupied.

The only project under construction at the end of fourth quarter 2014 was City Centre, an 84,000-square-foot building with 100% of its space pre-leased.

Inventory

Total office inventory in the Asheville market area amounted to 11,365,634 square feet in 1,174 buildings as of the end of the fourth quarter 2014. The Class-A office sector consisted of 759,270 square feet in 12 projects. There were 799 Class-B buildings totaling 8,157,709 square feet, and the Class-C sector consisted of 2,448,655 square feet in 363 buildings. Within the Office market there were 22 owner-occupied buildings accounting for 438,067 square feet of office space.

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

Asheville Office Market

Markets

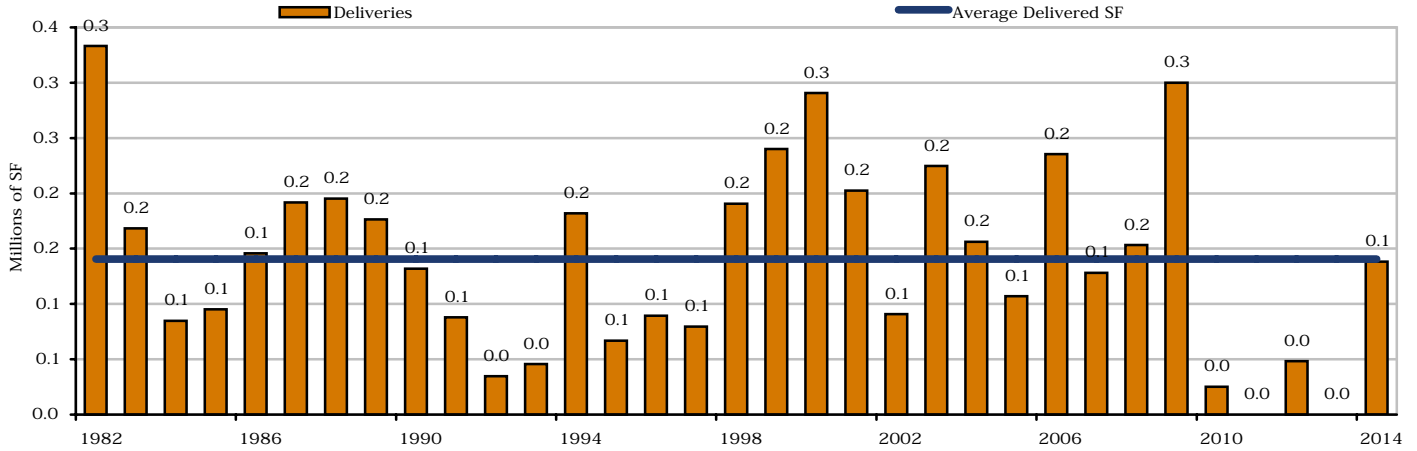
CoStar Submarkets

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 - 2014



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

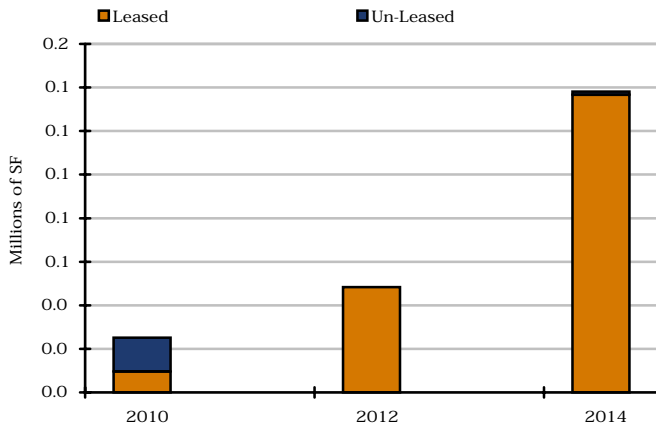
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

| Market | Under Construction Inventory | | | | Average Bldg Size | |
|-------------------------|------------------------------|-----------|--------------|-------------|-------------------|--------|
| | # Bldgs | Total RBA | Preleased SF | Preleased % | All Existing | U/C |
| Downtown Asheville | 1 | 84,000 | 84,000 | 100.0% | 29,401 | 84,000 |
| Madison County | 0 | 0 | 0 | 0.0% | 4,442 | 0 |
| Central Asheville | 0 | 0 | 0 | 0.0% | 11,062 | 0 |
| Buncombe County | 0 | 0 | 0 | 0.0% | 6,812 | 0 |
| East Asheville | 0 | 0 | 0 | 0.0% | 5,369 | 0 |
| North Asheville | 0 | 0 | 0 | 0.0% | 6,850 | 0 |
| S Asheville/Royal Pines | 0 | 0 | 0 | 0.0% | 14,089 | 0 |
| West Asheville | 0 | 0 | 0 | 0.0% | 5,843 | 0 |
| Haywood County | 0 | 0 | 0 | 0.0% | 6,304 | 0 |
| Henderson County | 0 | 0 | 0 | 0.0% | 6,619 | 0 |

Source: CoStar Property®

Recent Deliveries

Leased & Un-Leased SF in Deliveries



Source: CoStar Property®

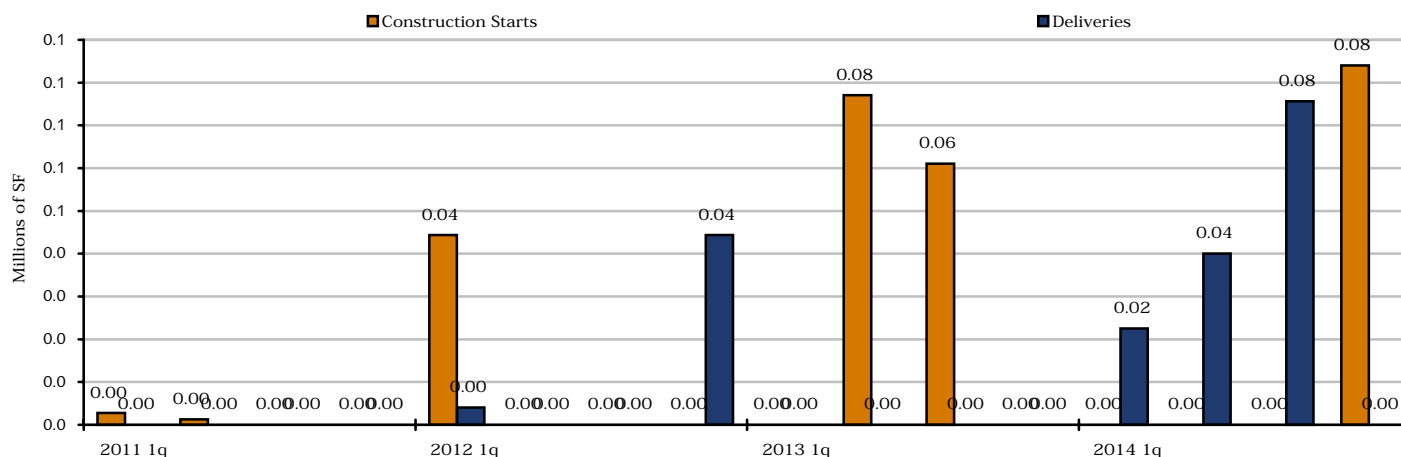
Asheville Office Market



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 | 3 | 62,481 | 61,041 | 97.7% | \$17.00 | 0 | 62,481 |
| 50,000 SF - 99,999 SF | 1 | 75,652 | 75,652 | 100.0% | \$0.00 | 0 | 75,652 |
| 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 |

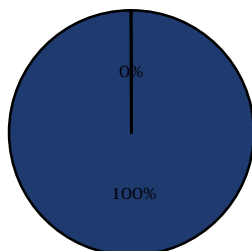
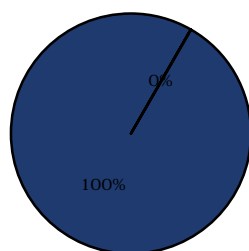
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi Tenant Use

2014 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

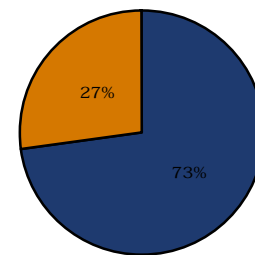
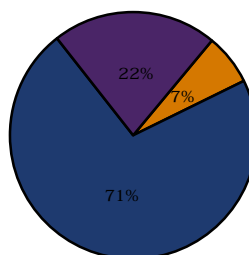
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Class

By Space Type



■ Class A ■ Class B ■ Class C

■ Multi ■ Single

Source: CoStar Property®

Select Year-to-Date Deliveries

Based on Project Square Footage

1. 379 Long Shoals Rd

Submarket: **S Asheville/Royal Pines**
 RBA: **75,652**
 # Floors: **4**
 Class: **B**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2013**
 Deliv Date: **Third Quarter 2014**
 Leasing Co: **Park Ridge Health**
 Developer: **Park Ridge Health**
 Architect: **Bowers, Ellis & Watson**

2. 310 Long Shoals Rd

Submarket: **S Asheville/Royal Pines**
 RBA: **39,994**
 # Floors: **3**
 Class: **B**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2013**
 Deliv Date: **Second Quarter 2014**
 Leasing Co: **Mission Hospital, Inc.**
 Developer: **Mission Hospital, Inc.**
 Architect: **N/A**

3. 286 Overlook Rd

Submarket: **S Asheville/Royal Pines**
 RBA: **21,047**
 # Floors: **1**
 Class: **B**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2013**
 Deliv Date: **First Quarter 2014**
 Leasing Co: **CarePartners**
 Developer: **CarePartners**
 Architect: **N/A**

Select Top Under Construction Properties

Based on Project Square Footage

1. City Centre

Submarket: **Downtown Asheville**
 RBA: **84,000**
 # Floors: **4**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Fourth Quarter 2014**
 Deliv Date: **First Quarter 2016**
 Leasing Co: **Spake Real Estate**
 Developer: **Pulliam Properties**
 Architect: **Clark Nexsen**

Asheville Office Market

Figures at a Glance

Class A Market Statistics

Year-End 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 | 1 | 26,125 | 0 | 0 | 0.0% | 0 | 0 | 0 | \$16.00 |
| Central Asheville | 0 | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | \$0.00 |
| Downtown Asheville | 5 | 423,326 | 6,564 | 6,564 | 1.6% | (1,260) | 0 | 0 | \$25.80 |
| 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 | 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 | 1 | 50,000 | 0 | 0 | 0.0% | 0 | 0 | 0 | \$0.00 |
| S Asheville/Royal Pines | 5 | 259,819 | 38,122 | 38,122 | 14.7% | (15,922) | 0 | 0 | \$25.65 |
| West Asheville | 0 | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | \$0.00 |
| Totals | 12 | 759,270 | 44,686 | 44,686 | 5.9% | (17,182) | 0 | 0 | \$22.51 |

Source: CoStar Property®

Class B Market Statistics

Year-End 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 | 85 | 716,142 | 53,186 | 53,186 | 7.4% | 11,175 | 0 | 0 | \$15.93 |
| Central Asheville | 164 | 2,031,325 | 107,759 | 110,186 | 5.4% | 2,453 | 0 | 0 | \$15.35 |
| Downtown Asheville | 51 | 1,229,769 | 98,504 | 99,170 | 8.1% | (945) | 0 | 84,000 | \$18.71 |
| East Asheville | 16 | 101,566 | 0 | 0 | 0.0% | 0 | 0 | 0 | \$0.00 |
| Haywood County | 32 | 248,309 | 51,598 | 51,598 | 20.8% | (22,112) | 0 | 0 | \$16.13 |
| Henderson County | 125 | 738,355 | 73,761 | 73,761 | 10.0% | (10,041) | 1,440 | 0 | \$11.11 |
| Madison County | 3 | 20,350 | 0 | 0 | 0.0% | 0 | 0 | 0 | \$0.00 |
| North Asheville | 117 | 776,058 | 44,076 | 44,076 | 5.7% | (10,225) | 0 | 0 | \$14.53 |
| S Asheville/Royal Pines | 141 | 1,913,844 | 80,643 | 80,643 | 4.2% | 150,767 | 136,693 | 0 | \$16.30 |
| West Asheville | 65 | 381,991 | 13,011 | 13,011 | 3.4% | 613 | 0 | 0 | \$8.63 |
| Totals | 799 | 8,157,709 | 522,538 | 525,631 | 6.4% | 121,685 | 138,133 | 84,000 | \$15.86 |

Source: CoStar Property®

Class C Market Statistics

Year-End 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 | 59 | 245,530 | 3,500 | 3,500 | 1.4% | 6,460 | 0 | 0 | \$11.60 |
| Central Asheville | 75 | 612,494 | 18,548 | 18,548 | 3.0% | (3,925) | 0 | 0 | \$14.75 |
| Downtown Asheville | 6 | 169,746 | 15,589 | 15,589 | 9.2% | (13,454) | 0 | 0 | \$10.82 |
| East Asheville | 5 | 11,180 | 0 | 0 | 0.0% | 0 | 0 | 0 | \$0.00 |
| Haywood County | 58 | 319,007 | 90,553 | 90,553 | 28.4% | 9,108 | 0 | 0 | \$9.31 |
| Henderson County | 86 | 658,257 | 29,213 | 46,479 | 7.1% | (11,234) | 0 | 0 | \$11.14 |
| Madison County | 6 | 19,625 | 1,300 | 1,300 | 6.6% | 1,400 | 0 | 0 | \$0.00 |
| North Asheville | 20 | 119,261 | 7,784 | 13,784 | 11.6% | 6,172 | 0 | 0 | \$15.10 |
| S Asheville/Royal Pines | 16 | 108,750 | 0 | 0 | 0.0% | 54,000 | 0 | 0 | \$24.76 |
| West Asheville | 32 | 184,805 | 4,084 | 4,084 | 2.2% | 14,985 | 0 | 0 | \$11.11 |
| Totals | 363 | 2,448,655 | 170,571 | 193,837 | 7.9% | 63,512 | 0 | 0 | \$16.39 |

Source: CoStar Property®

Total Office Market Statistics

Year-End 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 | 145 | 987,797 | 56,686 | 56,686 | 5.7% | 17,635 | 0 | 0 | \$15.40 |
| Central Asheville | 239 | 2,643,819 | 126,307 | 128,734 | 4.9% | (1,472) | 0 | 0 | \$15.18 |
| Downtown Asheville | 62 | 1,822,841 | 120,657 | 121,323 | 6.7% | (15,659) | 0 | 84,000 | \$18.64 |
| East Asheville | 21 | 112,746 | 0 | 0 | 0.0% | 0 | 0 | 0 | \$0.00 |
| Haywood County | 90 | 567,316 | 142,151 | 142,151 | 25.1% | (13,004) | 0 | 0 | \$12.87 |
| Henderson County | 211 | 1,396,612 | 102,974 | 120,240 | 8.6% | (21,275) | 1,440 | 0 | \$11.12 |
| Madison County | 9 | 39,975 | 1,300 | 1,300 | 3.3% | 1,400 | 0 | 0 | \$0.00 |
| North Asheville | 138 | 945,319 | 51,860 | 57,860 | 6.1% | (4,053) | 0 | 0 | \$14.62 |
| S Asheville/Royal Pines | 162 | 2,282,413 | 118,765 | 118,765 | 5.2% | 188,845 | 136,693 | 0 | \$20.64 |
| West Asheville | 97 | 566,796 | 17,095 | 17,095 | 3.0% | 15,598 | 0 | 0 | \$9.24 |
| Totals | 1,174 | 11,365,634 | 737,795 | 764,154 | 6.7% | 168,015 | 138,133 | 84,000 | \$16.35 |

Source: CoStar Property®

Asheville Office Market



Figures at a Glance

Class A Market Statistics

Year-End 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 4q | 12 | 759,270 | 44,686 | 44,686 | 5.9% | (3,593) | 0 | 0 | 0 | 0 | \$22.51 |
| 2014 3q | 12 | 759,270 | 41,093 | 41,093 | 5.4% | (10,393) | 0 | 0 | 0 | 0 | \$25.72 |
| 2014 2q | 12 | 759,270 | 30,700 | 30,700 | 4.0% | (6,003) | 0 | 0 | 0 | 0 | \$24.84 |
| 2014 1q | 12 | 759,270 | 24,697 | 24,697 | 3.3% | 2,807 | 0 | 0 | 0 | 0 | \$24.94 |
| 2013 4q | 12 | 759,270 | 27,504 | 27,504 | 3.6% | 10,658 | 0 | 0 | 0 | 0 | \$25.93 |
| 2013 3q | 12 | 759,270 | 38,162 | 38,162 | 5.0% | (3,106) | 0 | 0 | 0 | 0 | \$25.45 |
| 2013 2q | 12 | 759,270 | 35,056 | 35,056 | 4.6% | 1,017 | 0 | 0 | 0 | 0 | \$25.51 |
| 2013 1q | 12 | 759,270 | 36,073 | 36,073 | 4.8% | 9,258 | 0 | 0 | 0 | 0 | \$28.64 |
| 2012 4q | 12 | 759,270 | 45,331 | 45,331 | 6.0% | 2,986 | 0 | 0 | 0 | 0 | \$28.53 |
| 2012 3q | 12 | 759,270 | 47,425 | 48,317 | 6.4% | 45,911 | 0 | 0 | 0 | 0 | \$28.80 |
| 2012 2q | 12 | 759,270 | 93,336 | 94,228 | 12.4% | 5,790 | 0 | 0 | 0 | 0 | \$28.59 |
| 2012 1q | 12 | 759,270 | 100,018 | 100,018 | 13.2% | 1,844 | 0 | 0 | 0 | 0 | \$28.35 |
| 2011 | 12 | 759,270 | 101,862 | 101,862 | 13.4% | 10,686 | 0 | 0 | 0 | 0 | \$28.38 |
| 2010 | 12 | 759,270 | 112,548 | 112,548 | 14.8% | 6,754 | 0 | 0 | 0 | 0 | \$28.31 |
| 2009 | 12 | 759,270 | 119,302 | 119,302 | 15.7% | 83,539 | 3 | 171,000 | 0 | 0 | \$21.14 |
| 2008 | 9 | 588,270 | 31,841 | 31,841 | 5.4% | 48,694 | 1 | 50,000 | 1 | 45,000 | \$22.47 |

Source: CoStar Property®

Class B Market Statistics

Year-End 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 4q | 799 | 8,157,709 | 522,538 | 525,631 | 6.4% | (29,278) | 0 | 0 | 1 | 84,000 | \$15.86 |
| 2014 3q | 799 | 8,157,709 | 484,554 | 496,353 | 6.1% | 64,598 | 1 | 75,652 | 0 | 0 | \$16.04 |
| 2014 2q | 798 | 8,082,057 | 473,500 | 485,299 | 6.0% | 38,504 | 1 | 39,994 | 1 | 75,652 | \$15.81 |
| 2014 1q | 797 | 8,042,063 | 470,710 | 483,809 | 6.0% | 47,861 | 2 | 22,487 | 2 | 115,646 | \$16.06 |
| 2013 4q | 795 | 8,019,576 | 498,511 | 509,183 | 6.3% | 12,487 | 0 | 0 | 4 | 138,133 | \$16.91 |
| 2013 3q | 795 | 8,019,576 | 519,704 | 521,670 | 6.5% | 6,716 | 0 | 0 | 4 | 138,133 | \$16.70 |
| 2013 2q | 795 | 8,019,576 | 523,220 | 528,386 | 6.6% | 14,002 | 0 | 0 | 2 | 77,092 | \$16.42 |
| 2013 1q | 795 | 8,019,576 | 537,888 | 542,388 | 6.8% | 34,732 | 0 | 0 | 0 | 0 | \$16.49 |
| 2012 4q | 795 | 8,019,576 | 577,120 | 577,120 | 7.2% | 129,008 | 1 | 44,332 | 0 | 0 | \$16.96 |
| 2012 3q | 794 | 7,975,244 | 661,796 | 661,796 | 8.3% | (84,727) | 0 | 0 | 1 | 44,332 | \$17.00 |
| 2012 2q | 794 | 7,975,244 | 577,069 | 577,069 | 7.2% | 100,560 | 0 | 0 | 1 | 44,332 | \$15.88 |
| 2012 1q | 794 | 7,975,244 | 677,629 | 677,629 | 8.5% | 61,947 | 2 | 4,034 | 1 | 44,332 | \$15.95 |
| 2011 | 792 | 7,971,210 | 735,542 | 735,542 | 9.2% | (48,494) | 0 | 0 | 2 | 4,034 | \$16.49 |
| 2010 | 792 | 7,971,210 | 682,198 | 687,048 | 8.6% | (92,255) | 2 | 25,088 | 0 | 0 | \$15.39 |
| 2009 | 790 | 7,946,122 | 561,713 | 569,705 | 7.2% | (87,766) | 7 | 129,060 | 2 | 25,088 | \$15.96 |
| 2008 | 783 | 7,817,062 | 349,980 | 352,879 | 4.5% | 108,026 | 11 | 88,424 | 7 | 129,060 | \$16.09 |

Source: CoStar Property®

Total Office Market Statistics

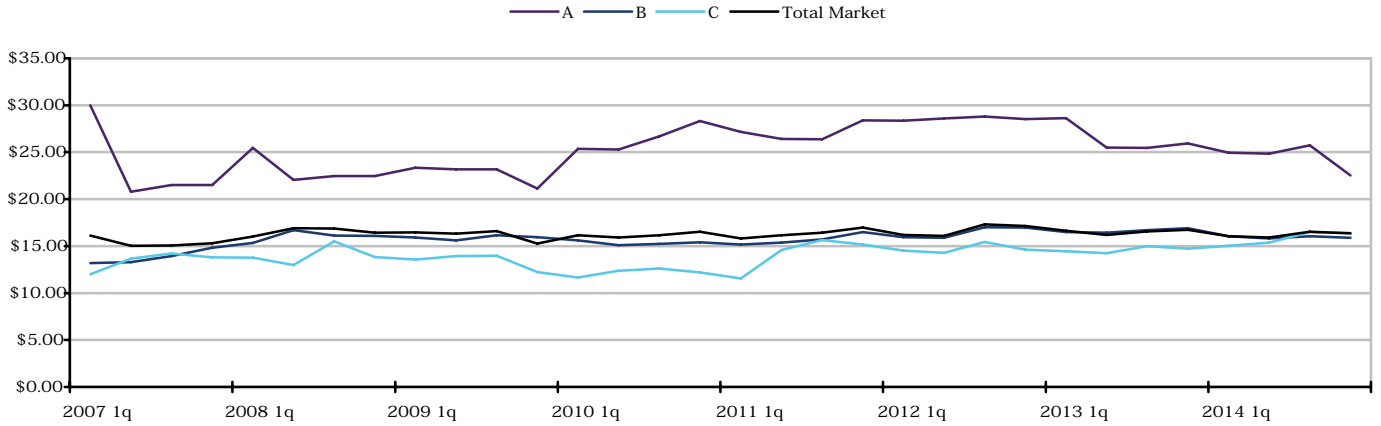
Year-End 2014

| 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 4q | 1,174 | 11,365,634 | 737,795 | 764,154 | 6.7% | (36,231) | 0 | 0 | 1 | 84,000 | \$16.35 |
| 2014 3q | 1,174 | 11,365,634 | 698,858 | 727,923 | 6.4% | 54,433 | 1 | 75,652 | 0 | 0 | \$16.53 |
| 2014 2q | 1,173 | 11,289,982 | 694,905 | 706,704 | 6.3% | 77,709 | 1 | 39,994 | 1 | 75,652 | \$15.90 |
| 2014 1q | 1,172 | 11,249,988 | 731,320 | 744,419 | 6.6% | 72,104 | 2 | 22,487 | 2 | 115,646 | \$16.05 |
| 2013 4q | 1,170 | 11,227,500 | 783,364 | 794,036 | 7.1% | 42,704 | 0 | 0 | 4 | 138,133 | \$16.74 |
| 2013 3q | 1,170 | 11,227,500 | 834,774 | 836,740 | 7.5% | 9,579 | 0 | 0 | 4 | 138,133 | \$16.58 |
| 2013 2q | 1,170 | 11,227,500 | 841,153 | 846,319 | 7.5% | 20,604 | 0 | 0 | 2 | 77,092 | \$16.18 |
| 2013 1q | 1,170 | 11,227,500 | 862,423 | 866,923 | 7.7% | 46,525 | 0 | 0 | 0 | 0 | \$16.63 |
| 2012 4q | 1,170 | 11,227,500 | 913,448 | 913,448 | 8.1% | 148,653 | 1 | 44,332 | 0 | 0 | \$17.13 |
| 2012 3q | 1,169 | 11,183,160 | 1,016,877 | 1,017,760 | 9.1% | (41,242) | 0 | 0 | 1 | 44,332 | \$17.32 |
| 2012 2q | 1,169 | 11,183,160 | 975,635 | 976,527 | 8.7% | 124,390 | 0 | 0 | 1 | 44,332 | \$16.10 |
| 2012 1q | 1,169 | 11,183,160 | 1,100,917 | 1,100,917 | 9.8% | 4,242 | 2 | 4,034 | 1 | 44,332 | \$16.20 |
| 2011 | 1,167 | 11,179,135 | 1,101,125 | 1,101,125 | 9.8% | 4,186 | 0 | 0 | 2 | 4,034 | \$16.96 |
| 2010 | 1,167 | 11,179,135 | 1,100,461 | 1,105,311 | 9.9% | 21,161 | 2 | 25,088 | 0 | 0 | \$16.52 |
| 2009 | 1,165 | 11,154,047 | 1,093,392 | 1,101,384 | 9.9% | (80,846) | 10 | 300,060 | 2 | 25,088 | \$15.28 |
| 2008 | 1,155 | 10,853,987 | 717,579 | 720,478 | 6.6% | 423,047 | 14 | 153,224 | 8 | 174,060 | \$16.44 |

Source: CoStar Property®

Historical Rental Rates

Based on Full-Service Equivalent Rental Rates

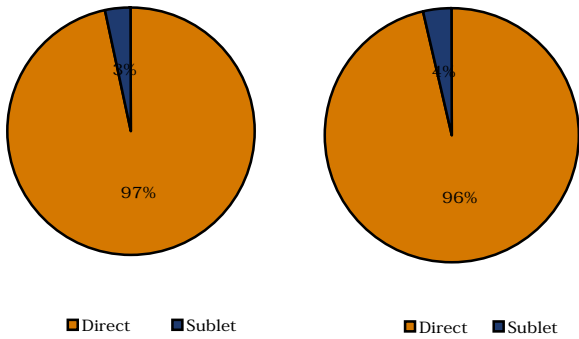


Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Asheville United States

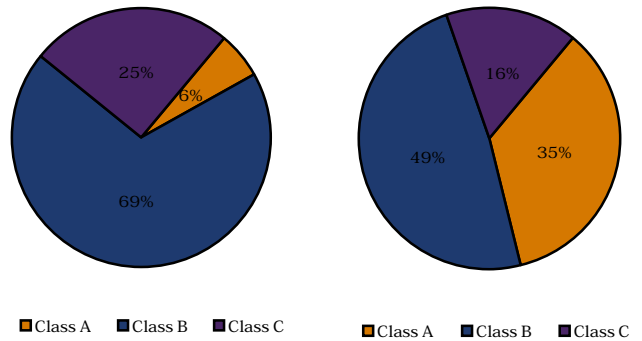


Source: CoStar Property®

Vacancy by Class

Percent of All Vacant Space by Class

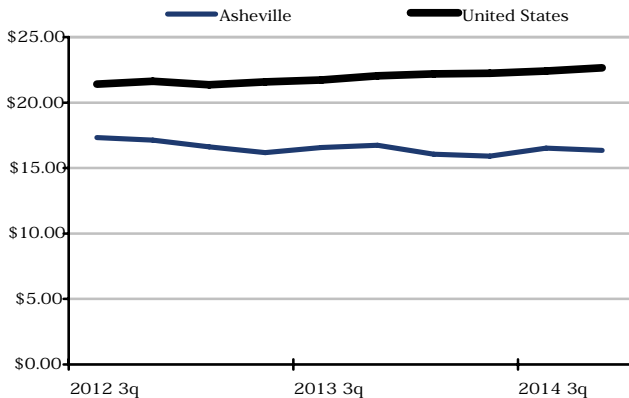
Asheville United States



Source: CoStar Property®

U.S. Rental Rate Comparison

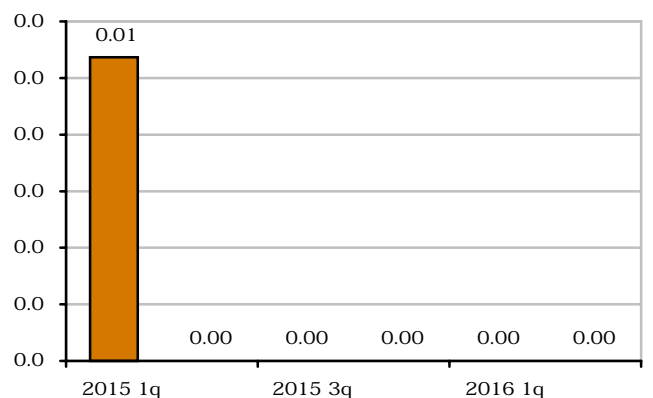
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces

Source: CoStar Property®

Asheville Office Market



Leasing Activity

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

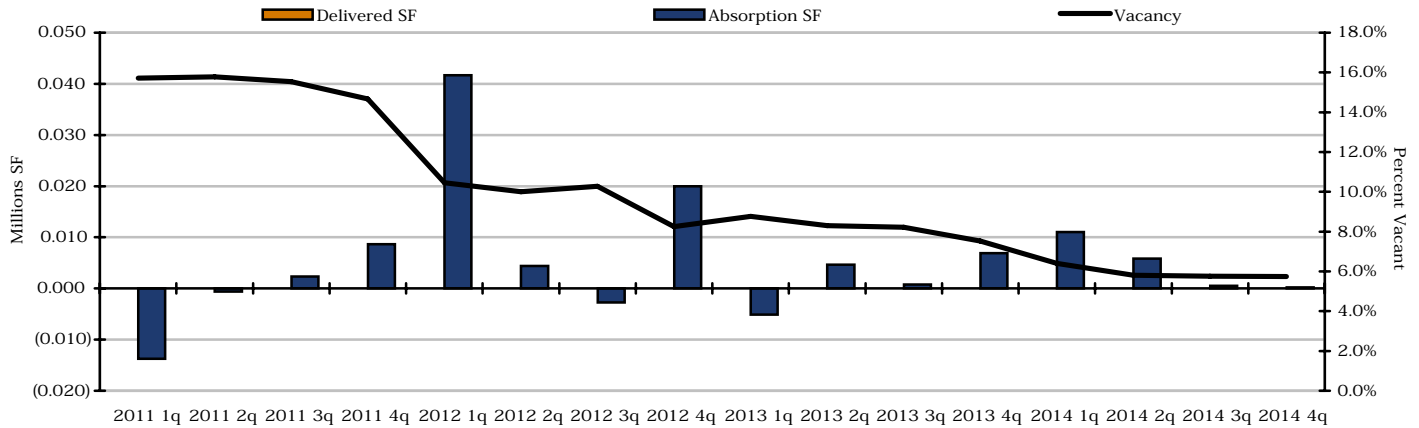
| Building | Submarket | SF | Qtr | Tenant Name | Tenant Rep Company | Landlord Rep Company | |
|----------|---------------------------|-------------------------|--------|-------------|---|--------------------------------|--------------------------------|
| 1 | 200 Ridgefield Ct | Buncombe County | 31,485 | 4th | Smoky Mountain LME/MCO | Whitney Commercial Real Estate | Whitney Commercial Real Estate |
| 2 | 4 Vanderbilt Park Dr | S Asheville/Royal Pines | 18,000 | 1st | N/A | N/A | Spake Real Estate |
| 3 | 4 Vanderbilt Park Dr | S Asheville/Royal Pines | 18,000 | 1st | N/A | N/A | Spake Real Estate |
| 4 | 4 Vanderbilt Park Dr | S Asheville/Royal Pines | 14,500 | 1st | N/A | N/A | Spake Real Estate |
| 5 | 31 College Pl | Central Asheville | 6,436 | 4th | Girl Scouts Carolinas Peaks to Piedmont, Inc. | Whitney Commercial Real Estate | Lewis Real Estate |
| 6 | Ridgefield III* | Buncombe County | 6,379 | 2nd | Crescent Health Solutions | N/A | N/A |
| 7 | 200 Ridgefield Ct | Buncombe County | 4,087 | 2nd | North American Roofing | N/A | Whitney Commercial Real Estate |
| 8 | 99 Mcdowell St | Central Asheville | 3,719 | 2nd | North Carolina Department of Justice | N/A | N/A |
| 9 | 230 Hilliard Ave | Central Asheville | 3,325 | 2nd | Vannoy Construction Company, Inc. | Spake Real Estate | NAI Beverly-Hanks Commercial |
| 10 | 55 Shiloh Rd | S Asheville/Royal Pines | 3,300 | 2nd | N/A | N/A | Morosani and Associates |
| 11 | 54 Ravenscroft Dr | Central Asheville | 3,000 | 2nd | N/A | N/A | Morosani and Associates |
| 12 | Skyland Office Park | S Asheville/Royal Pines | 2,873 | 2nd | N/A | NAI Beverly-Hanks Commercial | Pulliam Properties |
| 13 | 55 Shiloh Rd | S Asheville/Royal Pines | 2,820 | 2nd | New Vision Baptist Church | NAI Beverly-Hanks Commercial | Morosani and Associates |
| 14 | 96 Central Ave | North Asheville | 2,532 | 2nd | North Asheville Property Management LLC | N/A | CoveStar LLC |
| 15 | (Biltmore Station) | Central Asheville | 2,500 | 1st | Trunk Media, Inc. | N/A | Lat Purser & Associates, Inc. |
| 16 | Benchmark Center | S Asheville/Royal Pines | 2,450 | 3rd | Support Solutions and NCO Outreach | Diamond Real Estate Group | NAI Beverly-Hanks Commercial |
| 17 | 1978 Hendersonville Rd | S Asheville/Royal Pines | 2,397 | 1st | N/A | N/A | Spake Real Estate |
| 18 | Reynolds Commerce Center* | Buncombe County | 2,352 | 2nd | North Carolina Department of Labor | N/A | N/A |
| 19 | 76 Peachtree Rd | S Asheville/Royal Pines | 2,208 | 2nd | N/A | N/A | Spake Real Estate |
| 20 | 76 Peachtree Rd | S Asheville/Royal Pines | 2,171 | 2nd | N/A | N/A | Spake Real Estate |
| 21 | 76 Peachtree Rd | S Asheville/Royal Pines | 2,171 | 2nd | N/A | N/A | Spake Real Estate |
| 22 | 84 Peachtree Rd | S Asheville/Royal Pines | 2,151 | 2nd | N/A | N/A | Spake Real Estate |
| 23 | 76 Peachtree Rd | S Asheville/Royal Pines | 2,133 | 2nd | N/A | N/A | Spake Real Estate |
| 24 | 370 N Louisiana | West Asheville | 2,000 | 3rd | N/A | N/A | Stewart Green |
| 25 | 2021 Asheville Hwy | Henderson County | 2,000 | 2nd | Cosmic Groove Massage | N/A | Whitney Commercial Real Estate |
| 26 | 627 N Main St | Haywood County | 1,850 | 1st | Reach of Haywood | N/A | Kuhlman Investments LLC |
| 27 | 1630 Asheville Hwy | Henderson County | 1,839 | 3rd | N/A | Direct Deal | Executive Investments |
| 28 | Two Town Square | S Asheville/Royal Pines | 1,703 | 1st | N/A | N/A | Biltmore Farms, Inc. |
| 29 | 5 Kitchen Pl | Central Asheville | 1,635 | 2nd | Family Life and Learning Center | N/A | Dewey Property Advisors |
| 30 | 120 Coxe Ave | Central Asheville | 1,634 | 2nd | Privai LLC | N/A | The Real Estate Center |
| 31 | Ridgefield III | Buncombe County | 1,616 | 3rd | Bank of the Ozarks | N/A | Whitney Commercial Real Estate |
| 32 | 420 W 5th Ave | Henderson County | 1,600 | 2nd | N/A | N/A | Surgical Associates |
| 33 | 2 Walden Ridge Dr | S Asheville/Royal Pines | 1,591 | 2nd | N/A | N/A | Pulliam Properties |
| 34 | 830 Hendersonville Rd | S Asheville/Royal Pines | 1,500 | 4th | N/A | Direct Deal | Mr Steve Levenberg |
| 35 | 339 Merrimon Ave | North Asheville | 1,500 | 3rd | N/A | N/A | The Real Estate Center |
| 36 | Two Town Square | S Asheville/Royal Pines | 1,497 | 4th | Brooks Street Equity Management | Direct Deal | Biltmore Farms, Inc. |
| 37 | 141 Asheland Ave | Central Asheville | 1,365 | 3rd | Community Outreach Group LLC | NAI Beverly-Hanks Commercial | NAI Beverly-Hanks Commercial |
| 38 | 400 Executive Park | Central Asheville | 1,358 | 2nd | ABAL LLC | NAI Beverly-Hanks Commercial | NAI Beverly-Hanks Commercial |
| 39 | 172 Asheland Ave | Central Asheville | 1,343 | 1st | Southeastern Sports Medicine | N/A | Tessier Associates, Inc. |
| 40 | Ridgefield III | Buncombe County | 1,313 | 3rd | N/A | Whitney Commercial Real Estate | Whitney Commercial Real Estate |

Source: CoStar Property®

* Renewal

Deliveries, Absorption & Vacancy

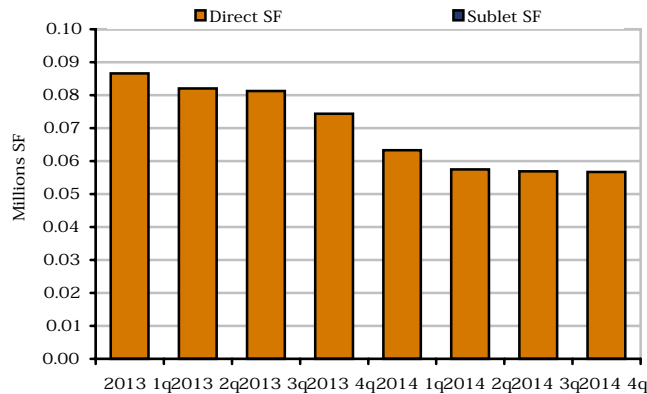
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

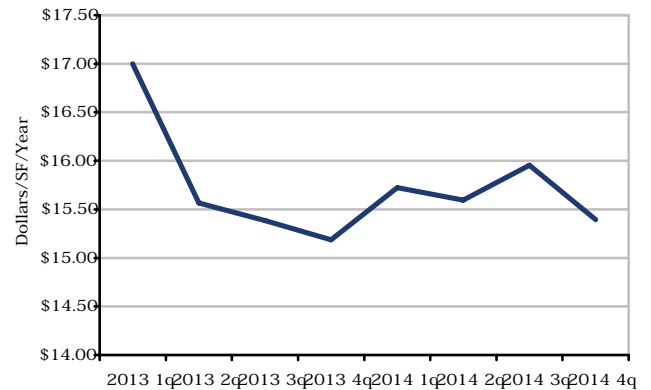
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 145 | 987,797 | 56,686 | 5.7% | 208 | 0 | 0 | 0 | 0 | \$15.40 |
| 2014 3q | 145 | 987,797 | 56,894 | 5.8% | 539 | 0 | 0 | 0 | 0 | \$15.96 |
| 2014 2q | 145 | 987,797 | 57,433 | 5.8% | 5,836 | 0 | 0 | 0 | 0 | \$15.60 |
| 2014 1q | 145 | 987,797 | 63,269 | 6.4% | 11,052 | 0 | 0 | 0 | 0 | \$15.72 |
| 2013 4q | 145 | 987,797 | 74,321 | 7.5% | 6,900 | 0 | 0 | 0 | 0 | \$15.19 |
| 2013 3q | 145 | 987,797 | 81,221 | 8.2% | 781 | 0 | 0 | 0 | 0 | \$15.38 |
| 2013 2q | 145 | 987,797 | 82,002 | 8.3% | 4,637 | 0 | 0 | 0 | 0 | \$15.56 |
| 2013 1q | 145 | 987,797 | 86,639 | 8.8% | (5,087) | 0 | 0 | 0 | 0 | \$17.00 |
| 2012 4q | 145 | 987,797 | 81,552 | 8.3% | 19,967 | 0 | 0 | 0 | 0 | \$17.01 |
| 2012 3q | 145 | 987,797 | 101,519 | 10.3% | (2,724) | 0 | 0 | 0 | 0 | \$16.87 |
| 2012 2q | 145 | 987,797 | 98,795 | 10.0% | 4,412 | 0 | 0 | 0 | 0 | \$16.48 |
| 2012 1q | 145 | 987,797 | 103,207 | 10.4% | 41,650 | 0 | 0 | 0 | 0 | \$17.61 |
| 2011 4q | 145 | 987,797 | 144,857 | 14.7% | 8,656 | 0 | 0 | 0 | 0 | \$17.91 |
| 2011 3q | 145 | 987,797 | 153,513 | 15.5% | 2,308 | 0 | 0 | 0 | 0 | \$14.90 |
| 2011 2q | 145 | 987,797 | 155,821 | 15.8% | (620) | 0 | 0 | 0 | 0 | \$14.57 |
| 2011 1q | 145 | 987,797 | 155,201 | 15.7% | (13,715) | 0 | 0 | 0 | 0 | \$14.40 |

Source: CoStar Property®

Asheville Office Market

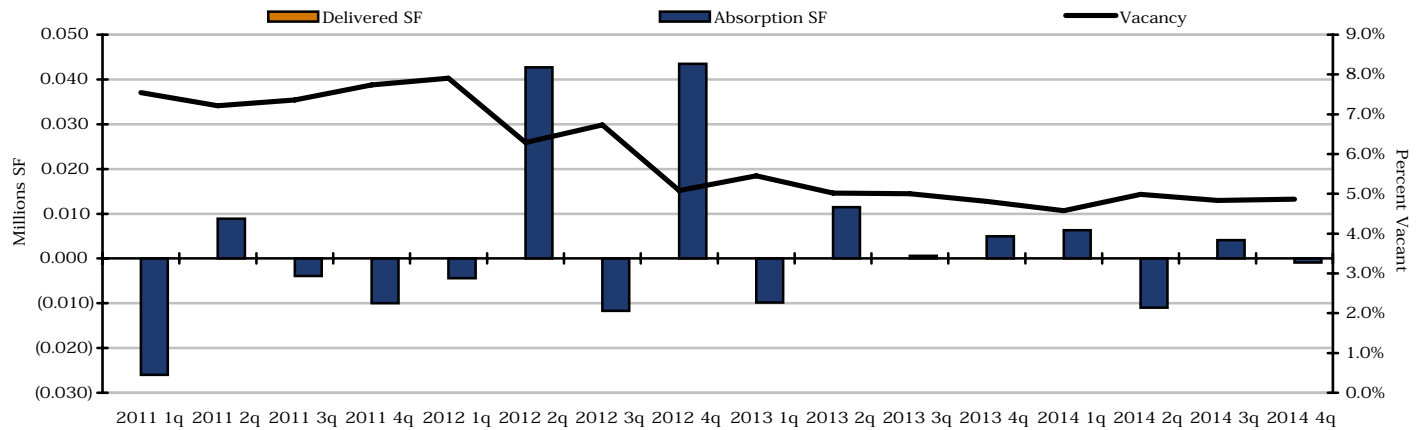


Central Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

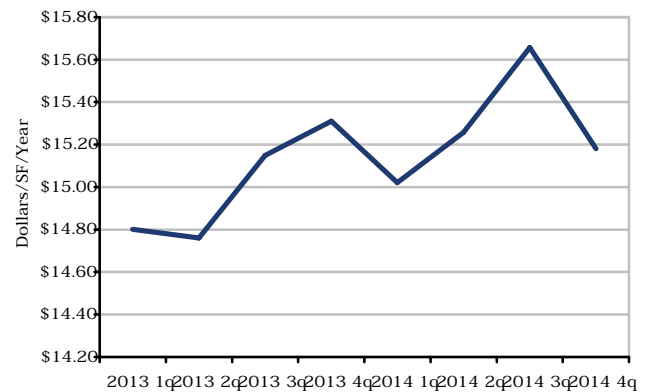
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



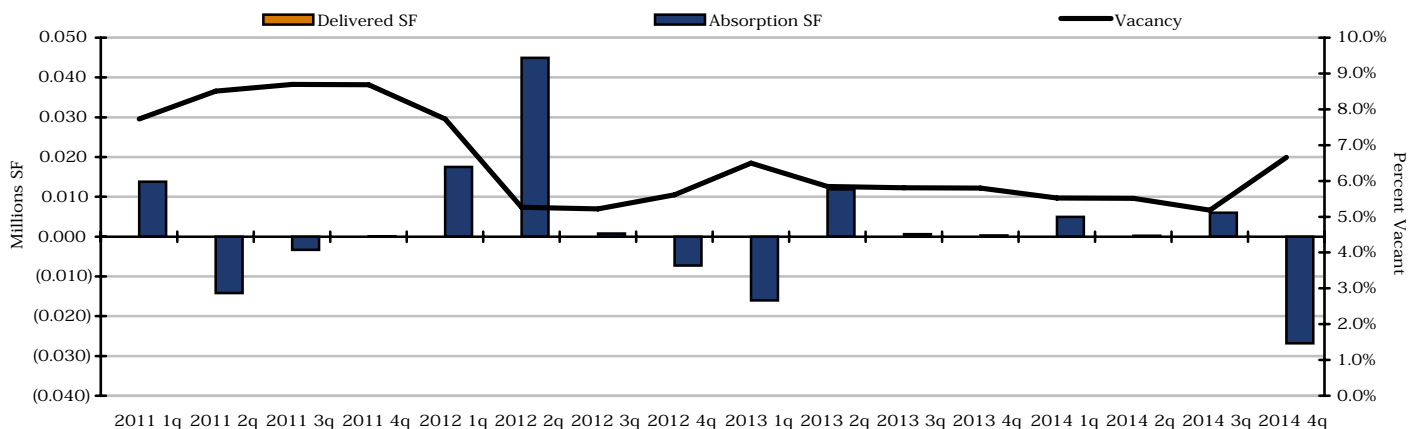
Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 239 | 2,643,819 | 128,734 | 4.9% | (927) | 0 | 0 | 0 | 0 | \$15.18 |
| 2014 3q | 239 | 2,643,819 | 127,807 | 4.8% | 4,126 | 0 | 0 | 0 | 0 | \$15.66 |
| 2014 2q | 239 | 2,643,819 | 131,933 | 5.0% | (10,992) | 0 | 0 | 0 | 0 | \$15.26 |
| 2014 1q | 239 | 2,643,819 | 120,941 | 4.6% | 6,321 | 0 | 0 | 0 | 0 | \$15.02 |
| 2013 4q | 239 | 2,643,819 | 127,262 | 4.8% | 4,930 | 0 | 0 | 0 | 0 | \$15.31 |
| 2013 3q | 239 | 2,643,819 | 132,192 | 5.0% | 595 | 0 | 0 | 0 | 0 | \$15.15 |
| 2013 2q | 239 | 2,643,819 | 132,787 | 5.0% | 11,470 | 0 | 0 | 0 | 0 | \$14.76 |
| 2013 1q | 239 | 2,643,819 | 144,257 | 5.5% | (9,830) | 0 | 0 | 0 | 0 | \$14.80 |
| 2012 4q | 239 | 2,643,819 | 134,427 | 5.1% | 43,472 | 0 | 0 | 0 | 0 | \$15.87 |
| 2012 3q | 239 | 2,643,819 | 177,899 | 6.7% | (11,686) | 0 | 0 | 0 | 0 | \$16.07 |
| 2012 2q | 239 | 2,643,819 | 166,213 | 6.3% | 42,723 | 0 | 0 | 0 | 0 | \$16.22 |
| 2012 1q | 239 | 2,643,819 | 208,936 | 7.9% | (4,395) | 0 | 0 | 0 | 0 | \$15.62 |
| 2011 4q | 239 | 2,643,819 | 204,541 | 7.7% | (10,001) | 0 | 0 | 0 | 0 | \$16.33 |
| 2011 3q | 239 | 2,643,819 | 194,540 | 7.4% | (3,908) | 0 | 0 | 0 | 0 | \$16.08 |
| 2011 2q | 239 | 2,643,819 | 190,632 | 7.2% | 8,863 | 0 | 0 | 0 | 0 | \$16.02 |
| 2011 1q | 239 | 2,643,819 | 199,495 | 7.5% | (25,977) | 0 | 0 | 0 | 0 | \$15.09 |

Source: CoStar Property®

Deliveries, Absorption & Vacancy

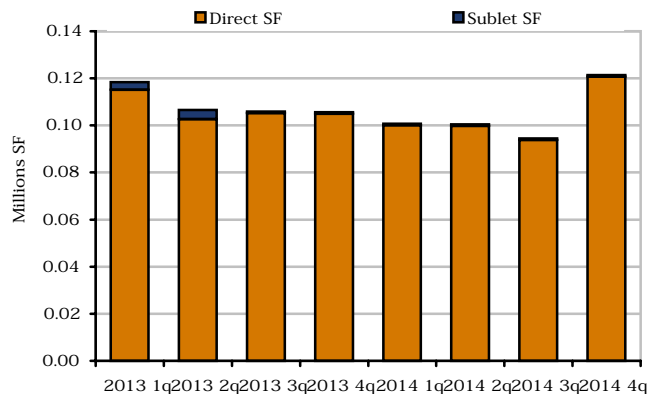
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

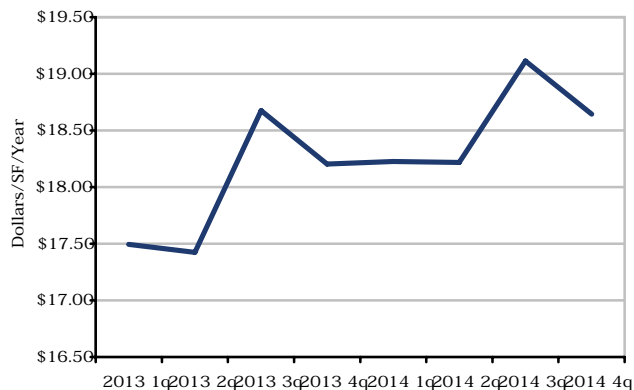
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 62 | 1,822,841 | 121,323 | 6.7% | (26,824) | 0 | 0 | 1 | 84,000 | \$18.64 |
| 2014 3q | 62 | 1,822,841 | 94,499 | 5.2% | 5,990 | 0 | 0 | 0 | 0 | \$19.11 |
| 2014 2q | 62 | 1,822,841 | 100,489 | 5.5% | 190 | 0 | 0 | 0 | 0 | \$18.22 |
| 2014 1q | 62 | 1,822,841 | 100,679 | 5.5% | 4,985 | 0 | 0 | 0 | 0 | \$18.23 |
| 2013 4q | 62 | 1,822,841 | 105,664 | 5.8% | 271 | 0 | 0 | 0 | 0 | \$18.20 |
| 2013 3q | 62 | 1,822,841 | 105,935 | 5.8% | 608 | 0 | 0 | 0 | 0 | \$18.67 |
| 2013 2q | 62 | 1,822,841 | 106,543 | 5.8% | 11,841 | 0 | 0 | 0 | 0 | \$17.42 |
| 2013 1q | 62 | 1,822,841 | 118,384 | 6.5% | (16,025) | 0 | 0 | 0 | 0 | \$17.49 |
| 2012 4q | 62 | 1,822,841 | 102,359 | 5.6% | (7,279) | 0 | 0 | 0 | 0 | \$17.23 |
| 2012 3q | 62 | 1,822,841 | 95,080 | 5.2% | 815 | 0 | 0 | 0 | 0 | \$18.63 |
| 2012 2q | 62 | 1,822,841 | 95,895 | 5.3% | 44,948 | 0 | 0 | 0 | 0 | \$16.75 |
| 2012 1q | 62 | 1,822,841 | 140,843 | 7.7% | 17,534 | 0 | 0 | 0 | 0 | \$17.36 |
| 2011 4q | 62 | 1,822,841 | 158,377 | 8.7% | 51 | 0 | 0 | 0 | 0 | \$17.62 |
| 2011 3q | 62 | 1,822,841 | 158,428 | 8.7% | (3,319) | 0 | 0 | 0 | 0 | \$19.36 |
| 2011 2q | 62 | 1,822,841 | 155,109 | 8.5% | (14,164) | 0 | 0 | 0 | 0 | \$17.60 |
| 2011 1q | 62 | 1,822,841 | 140,945 | 7.7% | 13,821 | 0 | 0 | 0 | 0 | \$17.42 |

Source: CoStar Property®

Asheville Office Market

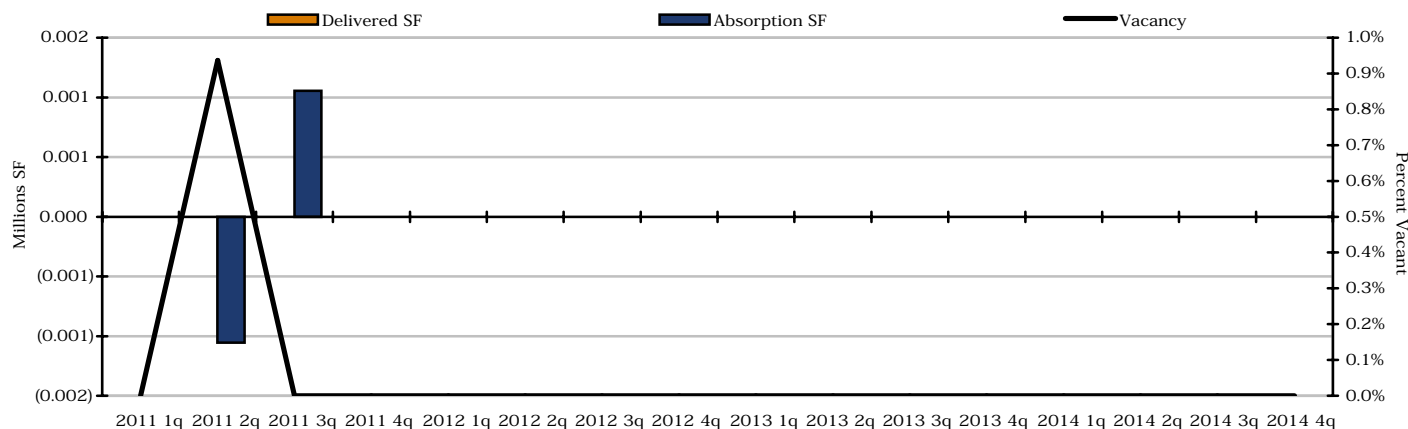


East Asheville Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

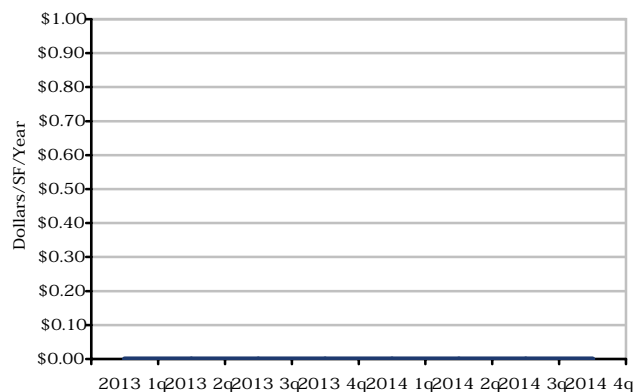
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



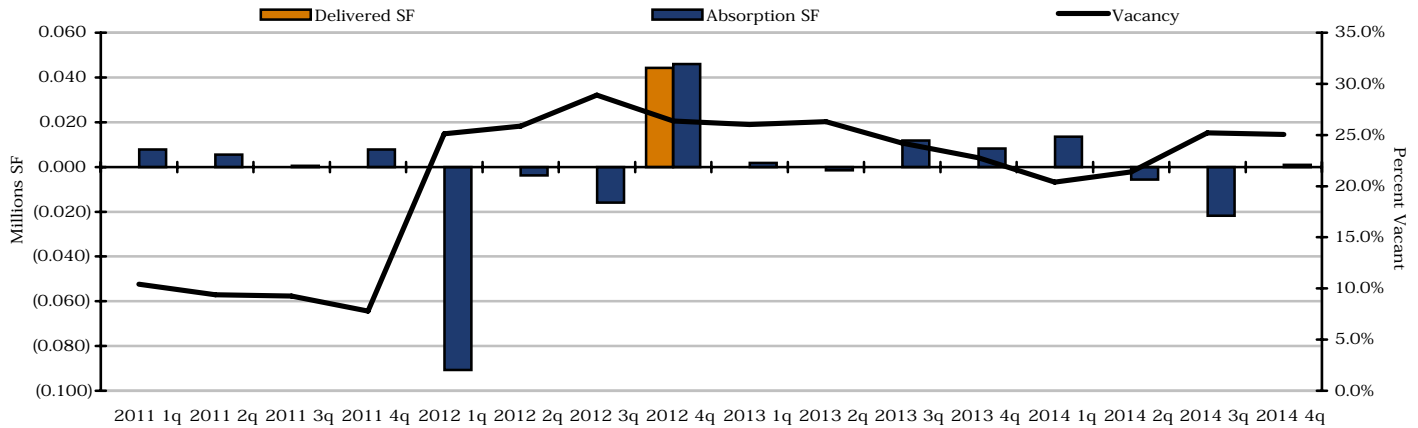
Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2014 3q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2014 2q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2014 1q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2013 4q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2013 3q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2013 2q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2013 1q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2012 4q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2012 3q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2012 2q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2012 1q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2011 4q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2011 3q | 21 | 112,746 | 0 | 0.0% | 1,056 | 0 | 0 | 0 | 0 | \$0.00 |
| 2011 2q | 21 | 112,746 | 1,056 | 0.9% | (1,056) | 0 | 0 | 0 | 0 | \$0.00 |
| 2011 1q | 21 | 112,746 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |

Source: CoStar Property®

Deliveries, Absorption & Vacancy

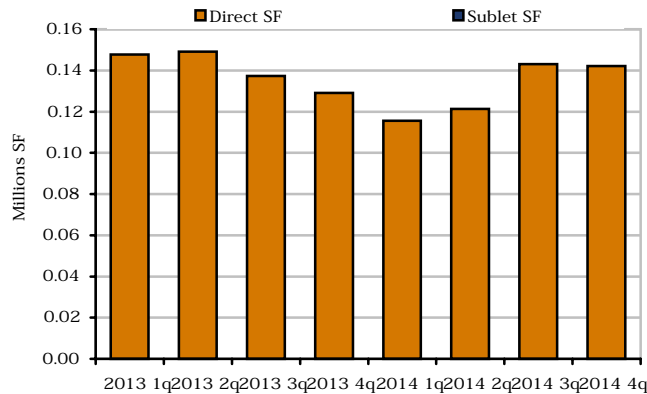
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

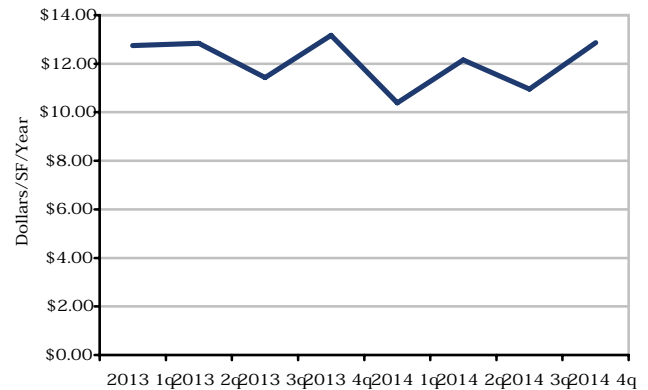
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 90 | 567,316 | 142,151 | 25.1% | 898 | 0 | 0 | 0 | 0 | \$12.87 |
| 2014 3q | 90 | 567,316 | 143,049 | 25.2% | (21,760) | 0 | 0 | 0 | 0 | \$10.95 |
| 2014 2q | 90 | 567,316 | 121,289 | 21.4% | (5,662) | 0 | 0 | 0 | 0 | \$12.16 |
| 2014 1q | 90 | 567,316 | 115,627 | 20.4% | 13,520 | 0 | 0 | 0 | 0 | \$10.38 |
| 2013 4q | 90 | 567,316 | 129,147 | 22.8% | 8,200 | 0 | 0 | 0 | 0 | \$13.17 |
| 2013 3q | 90 | 567,316 | 137,347 | 24.2% | 11,830 | 0 | 0 | 0 | 0 | \$11.43 |
| 2013 2q | 90 | 567,316 | 149,177 | 26.3% | (1,508) | 0 | 0 | 0 | 0 | \$12.84 |
| 2013 1q | 90 | 567,316 | 147,669 | 26.0% | 1,867 | 0 | 0 | 0 | 0 | \$12.75 |
| 2012 4q | 90 | 567,316 | 149,536 | 26.4% | 46,008 | 1 | 44,332 | 0 | 0 | \$11.90 |
| 2012 3q | 89 | 522,984 | 151,212 | 28.9% | (15,970) | 0 | 0 | 1 | 44,332 | \$8.53 |
| 2012 2q | 89 | 522,984 | 135,242 | 25.9% | (3,824) | 0 | 0 | 1 | 44,332 | \$7.27 |
| 2012 1q | 89 | 522,984 | 131,418 | 25.1% | (90,763) | 0 | 0 | 1 | 44,332 | \$9.34 |
| 2011 4q | 89 | 522,984 | 40,655 | 7.8% | 7,824 | 0 | 0 | 0 | 0 | \$10.46 |
| 2011 3q | 89 | 522,984 | 48,479 | 9.3% | 575 | 0 | 0 | 0 | 0 | \$10.32 |
| 2011 2q | 89 | 522,984 | 49,054 | 9.4% | 5,452 | 0 | 0 | 0 | 0 | \$9.77 |
| 2011 1q | 89 | 522,984 | 54,506 | 10.4% | 7,803 | 0 | 0 | 0 | 0 | \$11.33 |

Source: CoStar Property®

Asheville Office Market

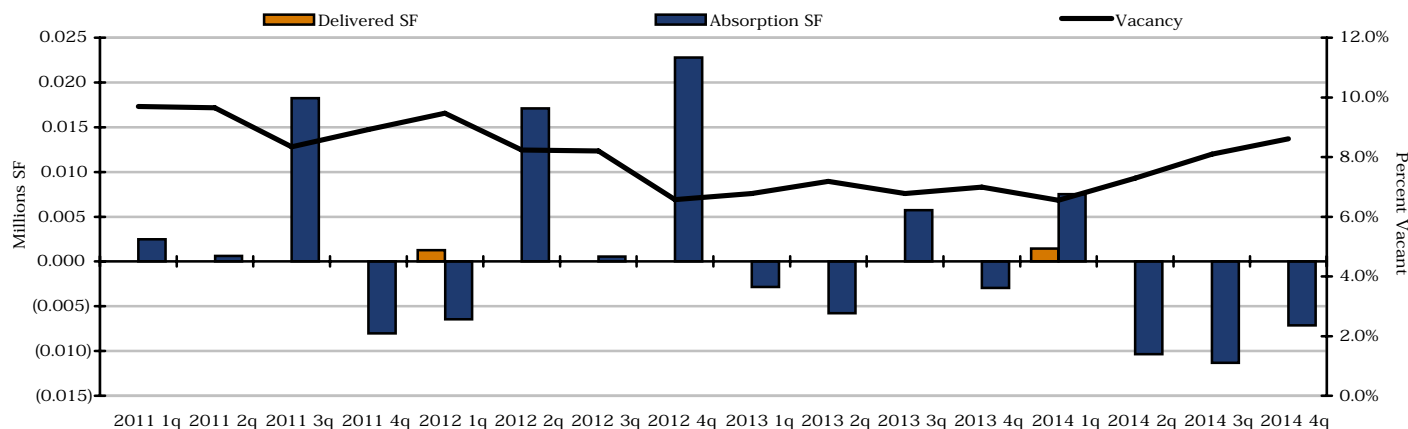


Henderson County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

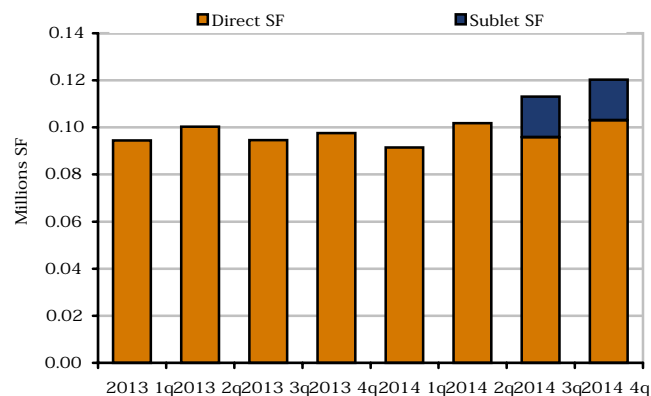
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

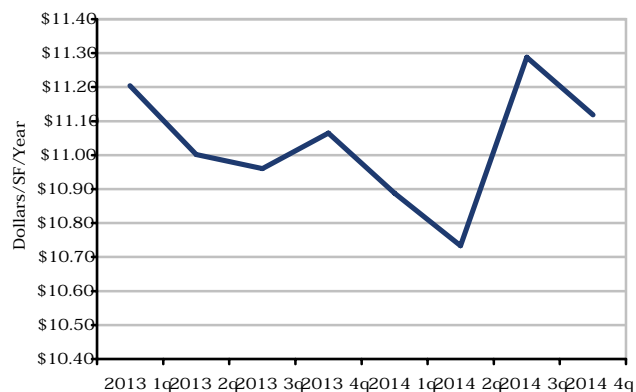
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



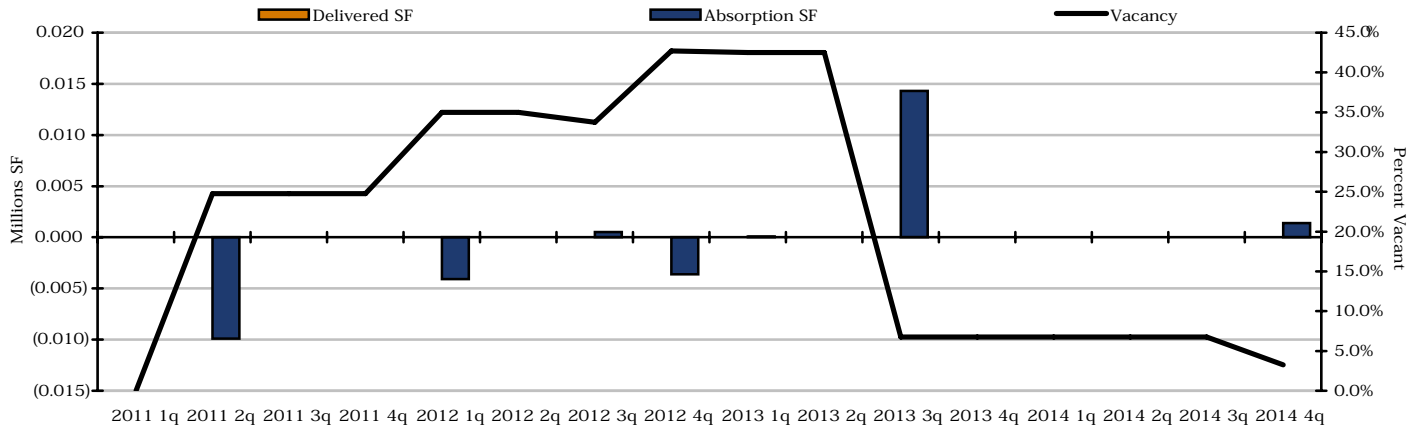
Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 211 | 1,396,612 | 120,240 | 8.6% | (7,121) | 0 | 0 | 0 | 0 | \$11.12 |
| 2014 3q | 211 | 1,396,612 | 113,119 | 8.1% | (11,303) | 0 | 0 | 0 | 0 | \$11.29 |
| 2014 2q | 211 | 1,396,612 | 101,816 | 7.3% | (10,361) | 0 | 0 | 0 | 0 | \$10.73 |
| 2014 1q | 211 | 1,396,612 | 91,455 | 6.5% | 7,510 | 1 | 1,440 | 0 | 0 | \$10.89 |
| 2013 4q | 210 | 1,395,172 | 97,525 | 7.0% | (2,961) | 0 | 0 | 1 | 1,440 | \$11.07 |
| 2013 3q | 210 | 1,395,172 | 94,564 | 6.8% | 5,734 | 0 | 0 | 1 | 1,440 | \$10.96 |
| 2013 2q | 210 | 1,395,172 | 100,298 | 7.2% | (5,790) | 0 | 0 | 1 | 1,440 | \$11.00 |
| 2013 1q | 210 | 1,395,172 | 94,508 | 6.8% | (2,843) | 0 | 0 | 0 | 0 | \$11.20 |
| 2012 4q | 210 | 1,395,172 | 91,665 | 6.6% | 22,766 | 0 | 0 | 0 | 0 | \$11.43 |
| 2012 3q | 210 | 1,395,172 | 114,431 | 8.2% | 544 | 0 | 0 | 0 | 0 | \$11.74 |
| 2012 2q | 210 | 1,395,172 | 114,975 | 8.2% | 17,117 | 0 | 0 | 0 | 0 | \$11.23 |
| 2012 1q | 210 | 1,395,172 | 132,092 | 9.5% | (6,444) | 1 | 1,274 | 0 | 0 | \$11.32 |
| 2011 4q | 209 | 1,393,898 | 124,374 | 8.9% | (8,036) | 0 | 0 | 1 | 1,274 | \$11.08 |
| 2011 3q | 209 | 1,393,898 | 116,338 | 8.3% | 18,244 | 0 | 0 | 1 | 1,274 | \$11.20 |
| 2011 2q | 209 | 1,393,898 | 134,582 | 9.7% | 614 | 0 | 0 | 1 | 1,274 | \$11.24 |
| 2011 1q | 209 | 1,393,898 | 135,196 | 9.7% | 2,484 | 0 | 0 | 0 | 0 | \$11.45 |

Source: CoStar Property®

Deliveries, Absorption & Vacancy

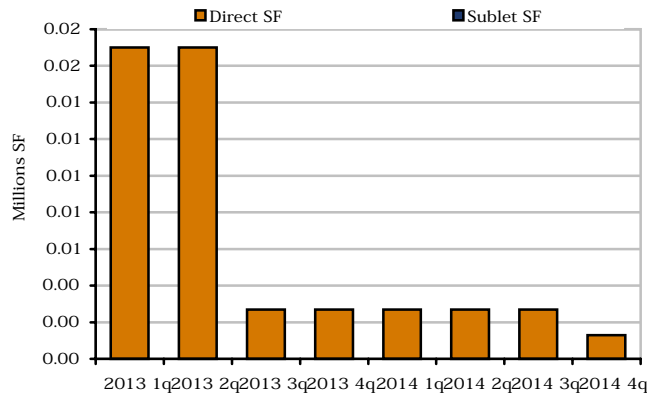
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

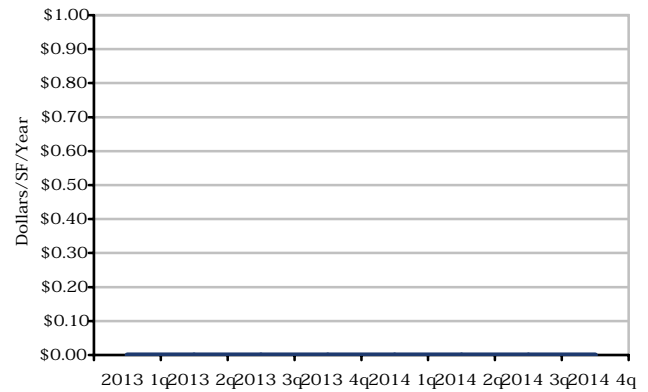
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 9 | 39,975 | 1,300 | 3.3% | 1,400 | 0 | 0 | 0 | 0 | \$0.00 |
| 2014 3q | 9 | 39,975 | 2,700 | 6.8% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2014 2q | 9 | 39,975 | 2,700 | 6.8% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2014 1q | 9 | 39,975 | 2,700 | 6.8% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2013 4q | 9 | 39,975 | 2,700 | 6.8% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2013 3q | 9 | 39,975 | 2,700 | 6.8% | 14,300 | 0 | 0 | 0 | 0 | \$0.00 |
| 2013 2q | 9 | 39,975 | 17,000 | 42.5% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2013 1q | 9 | 39,975 | 17,000 | 42.5% | 80 | 0 | 0 | 0 | 0 | \$0.00 |
| 2012 4q | 9 | 39,975 | 17,080 | 42.7% | (3,600) | 0 | 0 | 0 | 0 | \$0.00 |
| 2012 3q | 9 | 39,975 | 13,480 | 33.7% | 500 | 0 | 0 | 0 | 0 | \$0.00 |
| 2012 2q | 9 | 39,975 | 13,980 | 35.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2012 1q | 9 | 39,975 | 13,980 | 35.0% | (4,080) | 0 | 0 | 0 | 0 | \$0.00 |
| 2011 4q | 9 | 39,975 | 9,900 | 24.8% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2011 3q | 9 | 39,975 | 9,900 | 24.8% | 0 | 0 | 0 | 0 | 0 | \$0.00 |
| 2011 2q | 9 | 39,975 | 9,900 | 24.8% | (9,900) | 0 | 0 | 0 | 0 | \$0.00 |
| 2011 1q | 9 | 39,975 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | \$0.00 |

Source: CoStar Property®

Asheville Office Market

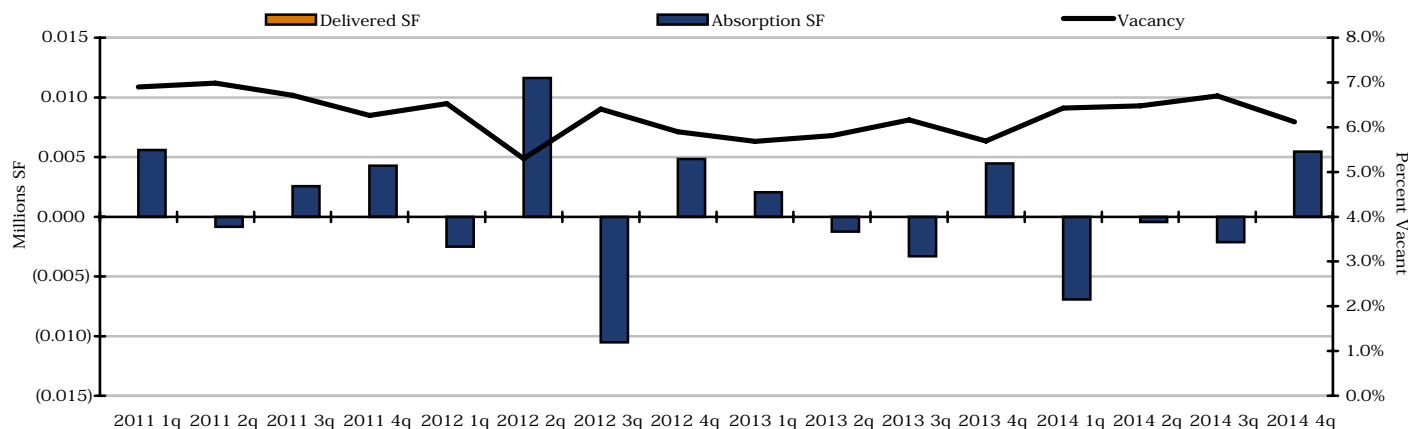


North Asheville Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

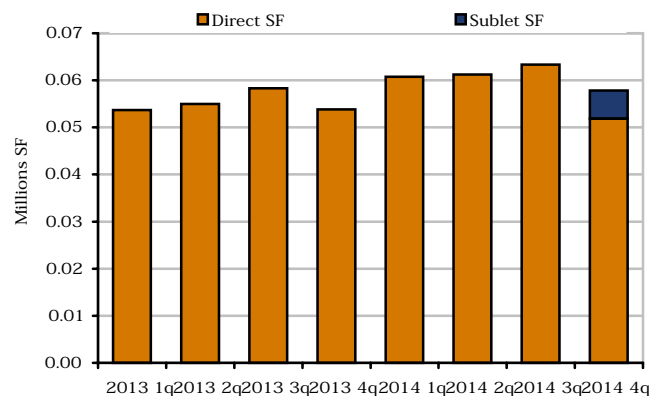
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

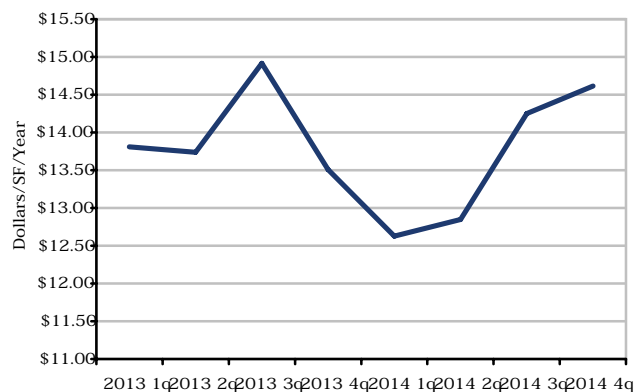
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



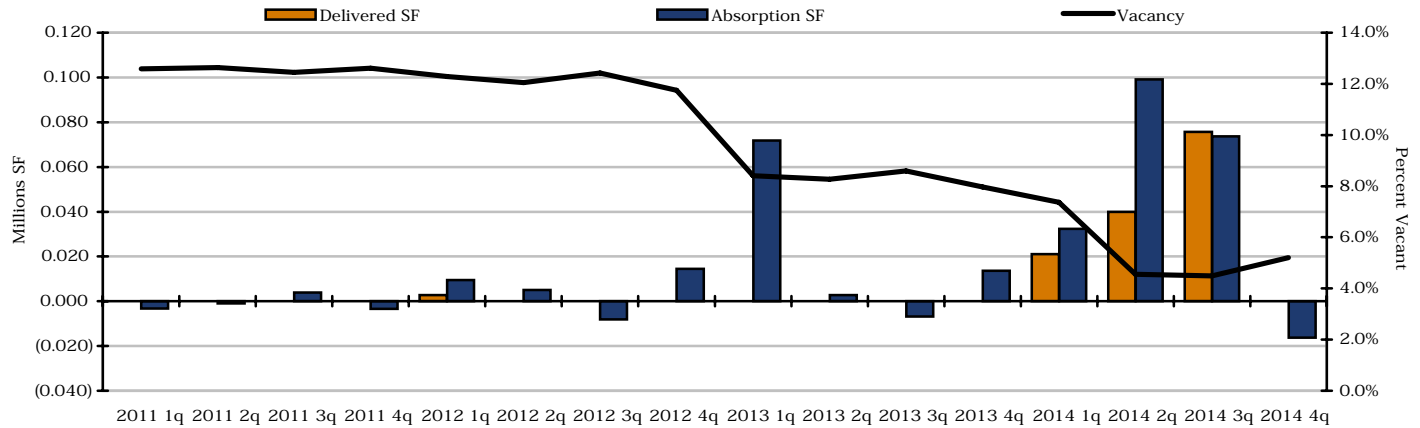
Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 138 | 945,319 | 57,860 | 6.1% | 5,461 | 0 | 0 | 0 | 0 | \$14.62 |
| 2014 3q | 138 | 945,319 | 63,321 | 6.7% | (2,118) | 0 | 0 | 0 | 0 | \$14.25 |
| 2014 2q | 138 | 945,319 | 61,203 | 6.5% | (453) | 0 | 0 | 0 | 0 | \$12.85 |
| 2014 1q | 138 | 945,319 | 60,750 | 6.4% | (6,943) | 0 | 0 | 0 | 0 | \$12.63 |
| 2013 4q | 138 | 945,319 | 53,807 | 5.7% | 4,471 | 0 | 0 | 0 | 0 | \$13.51 |
| 2013 3q | 138 | 945,319 | 58,278 | 6.2% | (3,322) | 0 | 0 | 0 | 0 | \$14.91 |
| 2013 2q | 138 | 945,319 | 54,956 | 5.8% | (1,253) | 0 | 0 | 0 | 0 | \$13.74 |
| 2013 1q | 138 | 945,319 | 53,703 | 5.7% | 2,043 | 0 | 0 | 0 | 0 | \$13.81 |
| 2012 4q | 138 | 945,319 | 55,746 | 5.9% | 4,840 | 0 | 0 | 0 | 0 | \$14.58 |
| 2012 3q | 138 | 945,319 | 60,586 | 6.4% | (10,516) | 0 | 0 | 0 | 0 | \$15.56 |
| 2012 2q | 138 | 945,319 | 50,070 | 5.3% | 11,628 | 0 | 0 | 0 | 0 | \$14.00 |
| 2012 1q | 138 | 945,319 | 61,698 | 6.5% | (2,495) | 0 | 0 | 0 | 0 | \$14.08 |
| 2011 4q | 138 | 945,319 | 59,203 | 6.3% | 4,274 | 0 | 0 | 0 | 0 | \$14.00 |
| 2011 3q | 138 | 945,319 | 63,477 | 6.7% | 2,558 | 0 | 0 | 0 | 0 | \$16.09 |
| 2011 2q | 138 | 945,319 | 66,035 | 7.0% | (833) | 0 | 0 | 0 | 0 | \$16.20 |
| 2011 1q | 138 | 945,319 | 65,202 | 6.9% | 5,580 | 0 | 0 | 0 | 0 | \$15.97 |

Source: CoStar Property®

Deliveries, Absorption & Vacancy

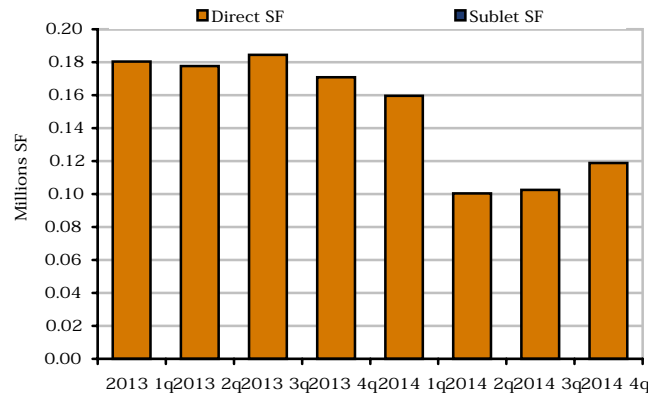
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

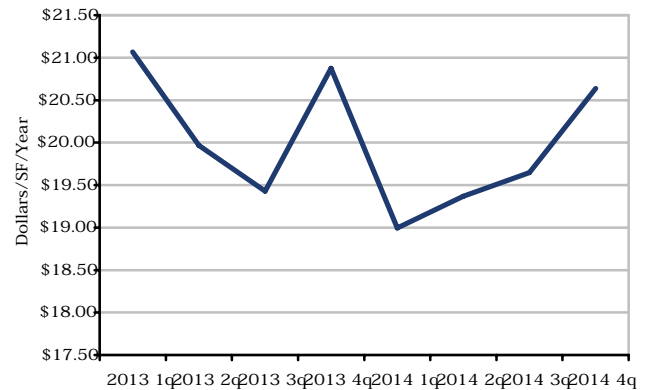
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 162 | 2,282,413 | 118,765 | 5.2% | (16,239) | 0 | 0 | 0 | 0 | \$20.64 |
| 2014 3q | 162 | 2,282,413 | 102,526 | 4.5% | 73,609 | 1 | 75,652 | 0 | 0 | \$19.65 |
| 2014 2q | 161 | 2,206,761 | 100,483 | 4.6% | 99,151 | 1 | 39,994 | 1 | 75,652 | \$19.37 |
| 2014 1q | 160 | 2,166,767 | 159,640 | 7.4% | 32,324 | 1 | 21,047 | 2 | 115,646 | \$18.99 |
| 2013 4q | 159 | 2,145,720 | 170,917 | 8.0% | 13,553 | 0 | 0 | 3 | 136,693 | \$20.87 |
| 2013 3q | 159 | 2,145,720 | 184,470 | 8.6% | (6,897) | 0 | 0 | 3 | 136,693 | \$19.43 |
| 2013 2q | 159 | 2,145,720 | 177,573 | 8.3% | 2,807 | 0 | 0 | 1 | 75,652 | \$19.97 |
| 2013 1q | 159 | 2,145,720 | 180,380 | 8.4% | 71,814 | 0 | 0 | 0 | 0 | \$21.07 |
| 2012 4q | 159 | 2,145,720 | 252,194 | 11.8% | 14,429 | 0 | 0 | 0 | 0 | \$22.13 |
| 2012 3q | 159 | 2,145,720 | 266,623 | 12.4% | (8,095) | 0 | 0 | 0 | 0 | \$21.04 |
| 2012 2q | 159 | 2,145,720 | 258,528 | 12.0% | 4,987 | 0 | 0 | 0 | 0 | \$19.93 |
| 2012 1q | 159 | 2,145,720 | 263,515 | 12.3% | 9,464 | 1 | 2,760 | 0 | 0 | \$19.74 |
| 2011 4q | 158 | 2,142,960 | 270,219 | 12.6% | (3,466) | 0 | 0 | 1 | 2,760 | \$20.87 |
| 2011 3q | 158 | 2,142,960 | 266,753 | 12.4% | 3,906 | 0 | 0 | 1 | 2,760 | \$19.20 |
| 2011 2q | 158 | 2,142,960 | 270,659 | 12.6% | (936) | 0 | 0 | 1 | 2,760 | \$19.61 |
| 2011 1q | 158 | 2,142,960 | 269,723 | 12.6% | (3,217) | 0 | 0 | 1 | 2,760 | \$19.98 |

Source: CoStar Property®

Asheville Office Market

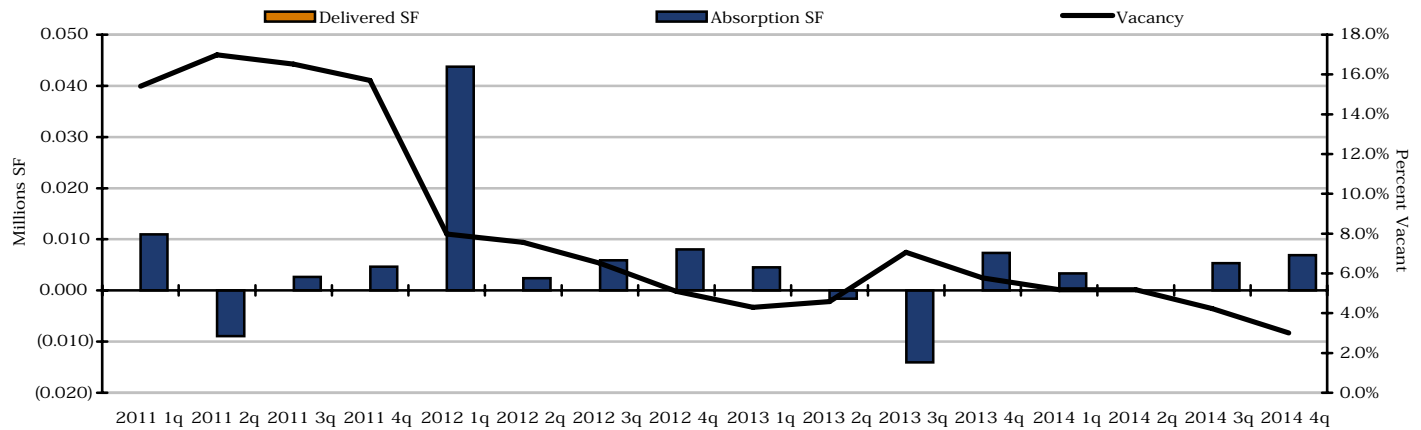


West Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

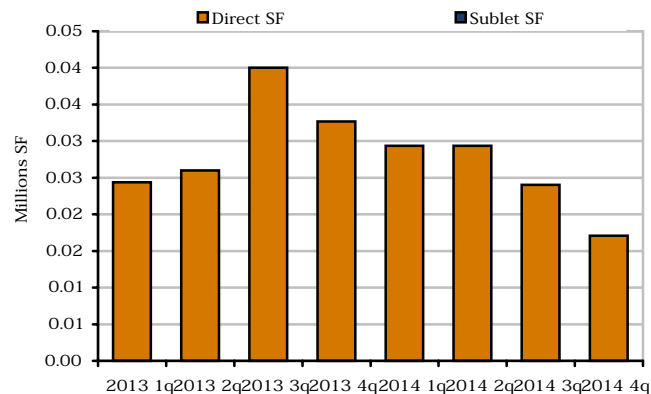
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

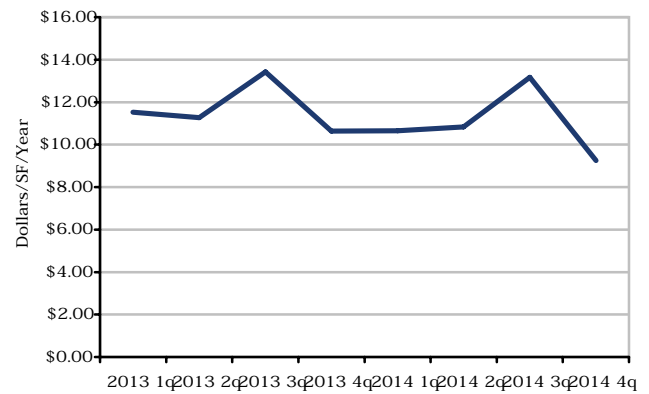
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

| Period | Existing Inventory | | Vacancy | | Net Absorption | Delivered Inventory | | UC Inventory | | Quoted Rates |
|---------|--------------------|-----------|-----------|-----------|----------------|---------------------|-----------|--------------|-----------|--------------|
| | # Bldgs | Total RBA | Vacant SF | Vacancy % | | # Bldgs | Total RBA | # Bldgs | Total RBA | |
| 2014 4q | 97 | 566,796 | 17,095 | 3.0% | 6,913 | 0 | 0 | 0 | 0 | \$9.24 |
| 2014 3q | 97 | 566,796 | 24,008 | 4.2% | 5,350 | 0 | 0 | 0 | 0 | \$13.17 |
| 2014 2q | 97 | 566,796 | 29,358 | 5.2% | 0 | 0 | 0 | 0 | 0 | \$10.83 |
| 2014 1q | 97 | 566,796 | 29,358 | 5.2% | 3,335 | 0 | 0 | 0 | 0 | \$10.65 |
| 2013 4q | 97 | 566,796 | 32,693 | 5.8% | 7,340 | 0 | 0 | 0 | 0 | \$10.63 |
| 2013 3q | 97 | 566,796 | 40,033 | 7.1% | (14,050) | 0 | 0 | 0 | 0 | \$13.42 |
| 2013 2q | 97 | 566,796 | 25,983 | 4.6% | (1,600) | 0 | 0 | 0 | 0 | \$11.27 |
| 2013 1q | 97 | 566,796 | 24,383 | 4.3% | 4,506 | 0 | 0 | 0 | 0 | \$11.52 |
| 2012 4q | 97 | 566,796 | 28,889 | 5.1% | 8,050 | 0 | 0 | 0 | 0 | \$11.28 |
| 2012 3q | 97 | 566,796 | 36,939 | 6.5% | 5,890 | 0 | 0 | 0 | 0 | \$13.39 |
| 2012 2q | 97 | 566,796 | 42,829 | 7.6% | 2,399 | 0 | 0 | 0 | 0 | \$12.12 |
| 2012 1q | 97 | 566,796 | 45,228 | 8.0% | 43,771 | 0 | 0 | 0 | 0 | \$12.36 |
| 2011 4q | 97 | 566,796 | 88,999 | 15.7% | 4,638 | 0 | 0 | 0 | 0 | \$12.48 |
| 2011 3q | 97 | 566,796 | 93,637 | 16.5% | 2,624 | 0 | 0 | 0 | 0 | \$12.67 |
| 2011 2q | 97 | 566,796 | 96,261 | 17.0% | (8,947) | 0 | 0 | 0 | 0 | \$11.65 |
| 2011 1q | 97 | 566,796 | 87,314 | 15.4% | 10,950 | 0 | 0 | 0 | 0 | \$11.54 |

Source: CoStar Property®