

The CoStar Retail Report

Year-End 2014

Asheville Retail Market



Table of Contents

Table of Contents	A
Methodology	B
Terms & Definitions	C
Market Highlights & Overview	1
CoStar Markets	4
Inventory & Development Analysis	5
Inventory & Development Analysis	
Select Top Under Construction Properties	
Select Top Deliveries	
Figures at a Glance	8
Figures at a Glance by Building Type & Market	
Historical Figures at a Glance	
Leasing Activity Analysis	12
Select Top Lease Transactions	
Analysis of Individual CoStar Submarket Clusters	14
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 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.

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

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's Vacancy Decreases to 4.5%

Net Absorption Positive 60,459 SF in the Quarter

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

The vacancy rate went from 4.7% in the previous quarter to 4.5% in the current quarter. Net absorption was positive 60,459 square feet, and vacant sublease space increased by 16,463 square feet. Quoted rental rates increased from third quarter 2014 levels, ending at \$13.92 per square foot per year. No retail buildings were delivered to the market in the quarter, with 349,908 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was moderate in Asheville fourth quarter 2014, with positive 60,459 square feet absorbed in the quarter. In third quarter 2014, net absorption was positive 42,995 square feet, while in second quarter 2014, absorption came in at positive 118,333 square feet. In first quarter 2014, positive 63,804 square feet was absorbed in the market.

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

Tenants moving into large blocks of space in 2014 include: Gaia Herbs, Inc. moving into 65,000 square feet at 4076 Haywood Road; Dick's Sporting Goods moving into 50,000 square feet at 345 Airport Road; and Sitel moving into 39,900 square feet at Forest Ridge Shopping Center.

Vacancy

Asheville's retail vacancy rate decreased in the fourth

quarter 2014, ending the quarter at 4.5%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 5.1% in the first quarter 2014, to 5.0% at the end of the second quarter 2014, 4.7% at the end of the third quarter 2014, to 4.5% in the current quarter.

The amount of vacant sublease space in the Asheville market has trended up over the past four quarters. At the end of the first quarter 2014, there were 34,908 square feet of vacant sublease space. Currently, there are 55,284 square feet vacant in the market.

Largest Lease Signings

The largest lease signings occurring in 2014 included: the 19,500-square-foot-lease signed by Dinkins Discount Food Services at 310 Weaverville Road; the 13,500-square-foot-deal signed by Ace Hardware at Ingles Center #5; and the 5,250-square-foot-lease signed by WC&R Interests LLC at Westgate Shopping Center.

Rental Rates

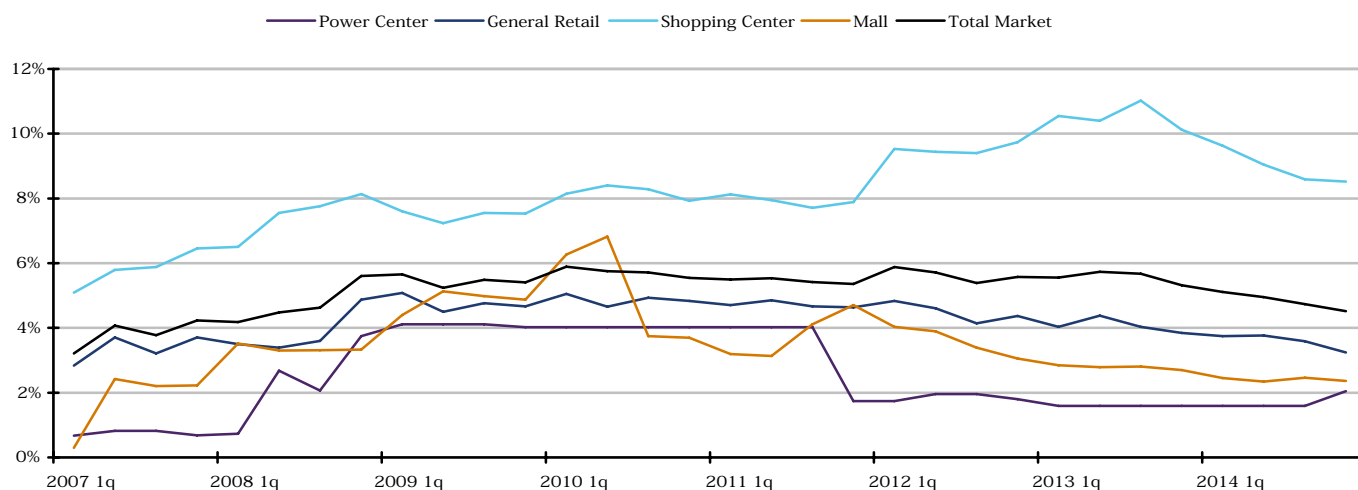
Average quoted asking rental rates in the Asheville retail market are up over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the fourth quarter 2014 at \$13.92 per square foot per year. That compares to \$13.57 per square foot in the third quarter 2014, and \$13.39 per square foot at the end of the first quarter 2014. This represents a 2.6% increase in rental rates in the current quarter, and a 3.81% increase from four quarters ago.

Inventory & Construction

During the fourth quarter 2014, no new space was com-

Vacancy Rates by Building Type

2007-2014



Source: CoStar Property®

pleted in the Asheville retail market. Over the past four quarters, a total of 89,308 square feet of retail space has been built in Asheville. In addition to the current quarter, nothing was completed in third quarter 2014, two buildings totaling 78,800 square feet completed in second quarter 2014, and 10,508 square feet in two buildings completed in first quarter 2014.

There were 349,908 square feet of retail space under construction at the end of the fourth quarter 2014.

Some of the notable 2014 deliveries include: 345 Airport Road, a 72,000-square-foot facility that delivered in second quarter 2014 and is now 100% occupied, and 2250 Asheville Hwy - O'Reilly Auto Parts, a 6,800-square-foot building that delivered in second quarter 2014 and is now 100% occupied.

Total retail inventory in the Asheville market area amounted to 28,628,641 square feet in 2,255 buildings and 181 centers as of the end of the fourth quarter 2014.

Shopping Center

The Shopping Center market in Asheville currently consists of 174 projects with 7,555,598 square feet of retail space in 295 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing 5,493 square feet and delivering no new space in the current quarter, the Shopping Center sector saw the vacancy rate go from 8.6% at the end of the third quarter 2014 to 8.5% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 9.6% at the end of the first quarter 2014, to 9.0% at the end of the second quarter 2014, to 8.6% at the end of the third quarter 2014, and finally to 8.5% at the end of the current quarter.

Rental rates ended the fourth quarter 2014 at \$12.16 per square foot, up from the \$12.14 they were at the end of third quarter 2014. Rental rates have trended up over the past year,

going from \$11.56 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 121,123 square feet over the past four quarters. In addition to the positive 5,493 square feet absorbed this quarter, positive 33,876 square feet was absorbed in the third quarter 2014, positive 44,182 square feet was absorbed in the second quarter 2014, and positive 37,572 square feet was absorbed in the first quarter 2014.

Power Centers

The Power Center average vacancy rate was 2.0% in the fourth quarter 2014. With negative (7,110) square feet of net absorption and no new deliveries, the vacancy rate went from 1.6% at the end of last quarter to 2.0% at the end of the fourth quarter.

In the third quarter 2014, Power Centers had no absorption, delivered no new space, and the vacancy rate went from 1.6% to 1.6% over the course of the quarter. Rental started the quarter at \$15.00 per square foot and ended the quarter at \$15.00 per square foot.

A year ago, in fourth quarter 2013, the vacancy rate was 1.6%. Over the past four quarters, Power Centers have absorbed a cumulative (7,110) square feet of space with no additional deliveries since. There was no sublease space over that same period, and rental rates have gone from \$15.00 to \$18.00.

At the end of the fourth quarter 2014, there was no space under construction in the Asheville market. The total stock of Power Center space in Asheville currently sits at 1,566,519 square feet in four centers comprised of 20 buildings.

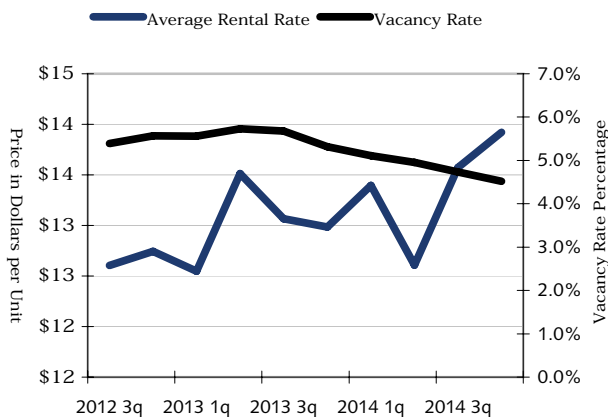
No space was under construction at the end of the fourth quarter 2014.

General Retail Properties

The General Retail sector of the market, which includes all freestanding retail buildings, except those contained within a center, reported a vacancy rate of 3.2% at the end of fourth quarter 2014. There was a total of 579,933 square feet vacant at that time. The General Retail sector in Asheville currently has average rental rates of \$15.57 per square foot per year. There are 349,908 square feet of space under construction in this sector, with no additional square feet completed in the fourth quarter. In all, there are a total of 1,926 buildings with 17,866,216 square feet of General Retail space in Asheville.

VACANCY & RENT

Past 10 Quarters



Source: CoStar Property®

Asheville Retail Market



Overview

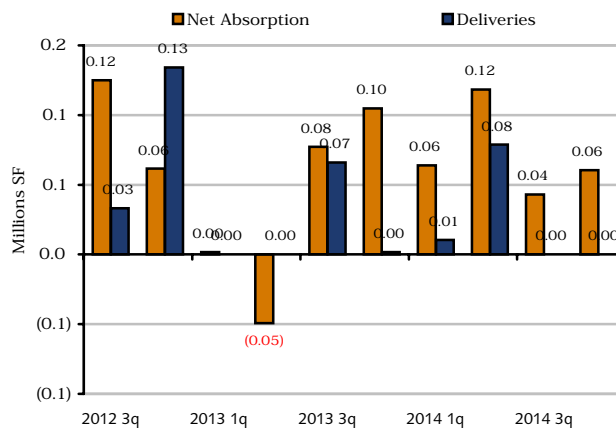
Malls

Malls recorded net absorption of positive 1,525 square feet in the fourth quarter 2014. This net absorption number, combined with no new space that was built in the quarter, caused the vacancy rate to go from 2.5% a quarter ago to 2.4% at the end of the fourth quarter 2014. Rental rates went from \$32.00 per square foot to \$31.14 per square foot during that time. In this report the Mall market is comprised of 3 Lifestyle Center, Regional Mall and Super Regional Malls.

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

ABSORPTION & DELIVERIES

Past 10 Quarters



Source: CoStar Property®

CoStar Submarkets

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

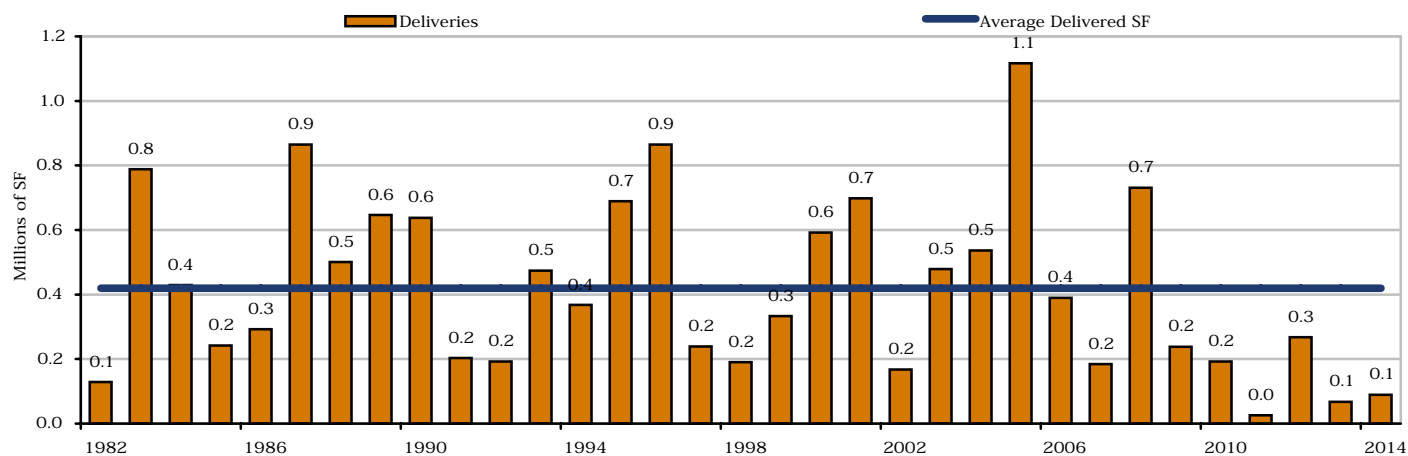
Submarket Clusters
Buncombe County
Central Asheville
Downtown Asheville
East Asheville
Haywood County
Henderson County
Madison County
North Asheville
S Asheville/Royal Pines
West Asheville

Asheville Retail Market



Inventory & development

Historical Deliveries 1982 - 2014



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

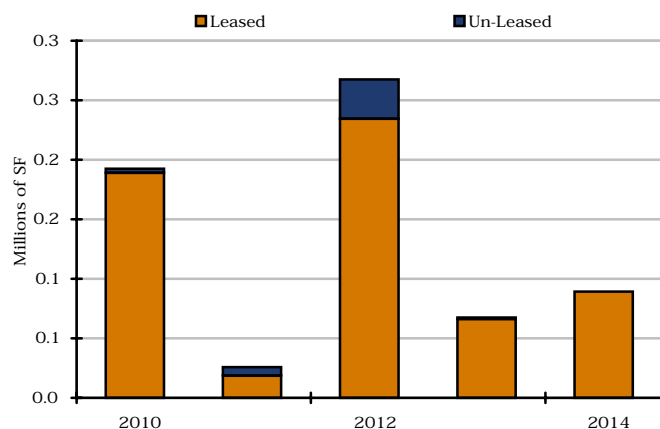
Construction Activity Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U/C
Buncombe County	1	325,000	295,750	91.0%	10,134	325,000
S Asheville/Royal Pines	3	21,100	6,200	29.4%	14,709	7,033
Haywood County	1	3,808	3,808	100.0%	13,397	3,808
Madison County	0	0	0	0.0%	7,845	0
East Asheville	0	0	0	0.0%	14,703	0
Henderson County	0	0	0	0.0%	12,908	0
North Asheville	0	0	0	0.0%	8,557	0
Central Asheville	0	0	0	0.0%	18,366	0
West Asheville	0	0	0	0.0%	9,984	0
Downtown Asheville	0	0	0	0.0%	13,743	0
Totals	5	349,908	305,758	87.4%	12,696	69,982

Source: CoStar Property®

Recent Deliveries

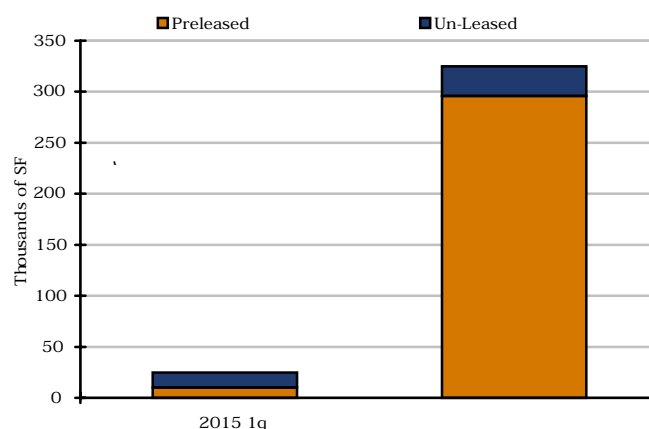
Leased & Un-Leased SF in Deliveries Since 2010



Source: CoStar Property®

Future Deliveries

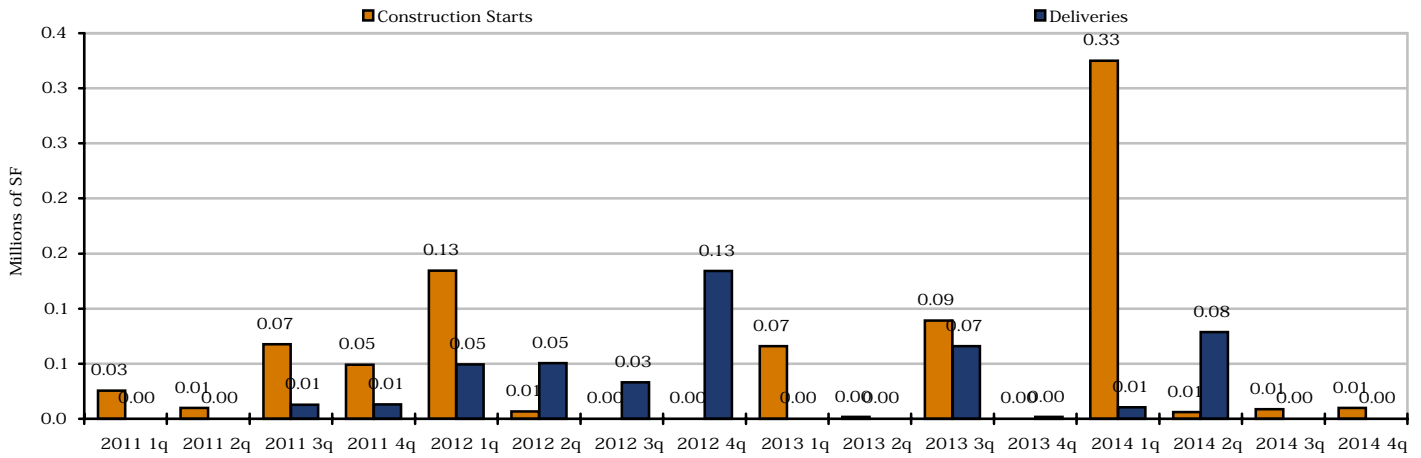
Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

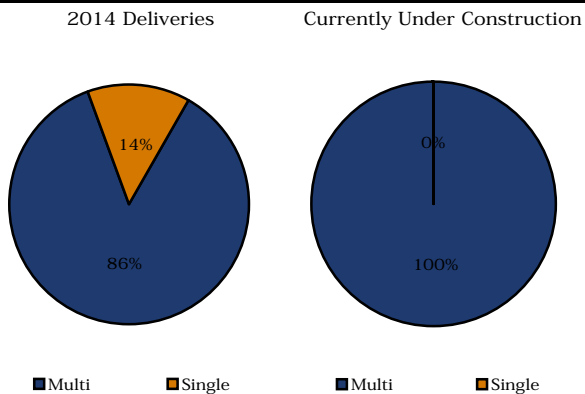
Recent Deliveries by Project Size of Year-to-Date Development

Building Size	# Bldgs	GLA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	3	17,308	17,308	100.0%	\$0.00	12,308	5,000
50,000 SF - 99,999 SF	1	72,000	72,000	100.0%	\$0.00	0	72,000
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

Source: CoStar Property®

Recent Development by Tenancy

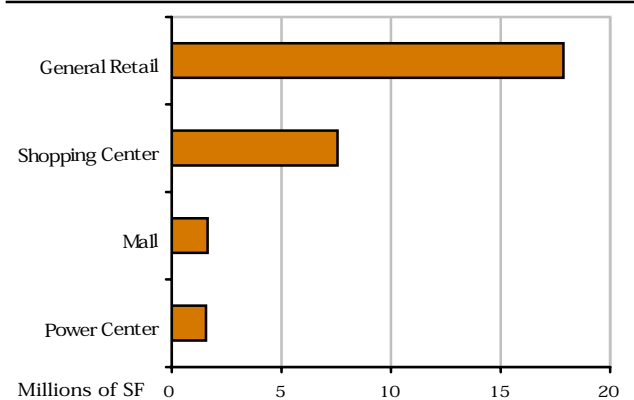
Based on GLA Developed for Single & Multi Tenant Use



Source: CoStar Property®

Existing Inventory Comparison

Based on Total GLA



Source: CoStar Property®

Asheville Retail Market

Inventory & development

Select Year-to-Date Deliveries

Based on Project Square Footage

<p>1. 345 Airport Rd</p> <hr/> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 72,000 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2013 Deliv Date: Second Quarter 2014 Leasing Co: RealtyLink Developer: RealtyLink</p>	<p>2. 2250 Asheville Hwy - O'Reilly Auto Parts</p> <hr/> <p>Submarket: Henderson County Retail Market RBA: 6,800 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2013 Deliv Date: Second Quarter 2014 Leasing Co: DHD Ventures LLC Developer: DHD Ventures LLC</p>	<p>3. 522 S Main St</p> <hr/> <p>Submarket: Henderson County Retail Market RBA: 5,508 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2013 Deliv Date: First Quarter 2014 Leasing Co: CVS Health Developer: CVS Health</p>
---	---	---

Select Top Under Construction Properties

Based on Project Square Footage

<p>1. Asheville Outlets</p> <hr/> <p>Submarket: Buncombe County Retail Market RBA: 325,000 Preleased: 91% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2014 Deliv Date: Second Quarter 2015 Leasing Co: New England Development Developer: New England Development</p>	<p>2. Pinnacle Point</p> <hr/> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 10,000 Preleased: 13% Quoted Rate: \$25.00 Grnd Brk Date: Fourth Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: Crossman & Company Developer: Crossman & Company</p>	<p>3. 377 Long Shoals Rd</p> <hr/> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 6,200 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: Thomas R. Morgan Developer: Thomas R. Morgan</p>
<p>4. Bojangles</p> <hr/> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 4,900 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: Dewey Property Advisors Developer: Thomas R. Morgan</p>	<p>5. Bojangles</p> <hr/> <p>Submarket: Haywood County Retail Market RBA: 3,808 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: Cushman & WakefieldThalhimer Developer: Thomas R. Morgan</p>	

General Retail Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	352	2,846,677	136,946	138,507	4.9%	64,167	0	325,000	\$8.65
Central Asheville	251	2,938,151	68,711	69,098	2.4%	(6,267)	0	0	\$25.79
Downtown Asheville	170	2,336,395	40,592	40,592	1.7%	11,348	0	0	\$17.91
East Asheville	67	334,320	2,500	2,500	0.7%	318	0	0	\$0.00
Haywood County	196	2,072,032	70,177	70,177	3.4%	(6,197)	0	3,808	\$9.04
Henderson County	267	2,529,115	106,647	110,023	4.4%	27,769	12,308	0	\$11.78
Madison County	43	299,181	14,994	14,994	5.0%	(7,118)	0	0	\$12.50
North Asheville	106	815,815	9,104	9,104	1.1%	15,121	0	0	\$13.95
S Asheville/Royal Pines	186	1,565,857	66,588	66,588	4.3%	65,096	77,000	21,100	\$16.27
West Asheville	288	2,128,673	58,350	58,350	2.7%	1,816	0	0	\$14.24
Totals	1,926	17,866,216	574,609	579,933	3.2%	166,053	89,308	349,908	\$15.57

Source: CoStar Property®

Mall Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	0	0	0	0	0.0%	0	0	0	\$0.00
Central Asheville	1	974,399	1,625	1,625	0.2%	(1,625)	0	0	\$0.00
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Haywood County	0	0	0	0	0.0%	0	0	0	\$0.00
Henderson County	1	356,404	18,731	18,731	5.3%	0	0	0	\$0.00
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	1	309,505	18,435	18,435	6.0%	7,150	0	0	\$31.14
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	3	1,640,308	38,791	38,791	2.4%	5,525	0	0	\$31.14

Source: CoStar Property®

Power Center Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	0	0	0	0	0.0%	0	0	0	\$0.00
Central Asheville	1	317,319	25,000	25,000	7.9%	0	0	0	\$0.00
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	1	405,831	7,110	7,110	1.8%	(7,110)	0	0	\$18.00
Haywood County	1	354,407	0	0	0.0%	0	0	0	\$0.00
Henderson County	0	0	0	0	0.0%	0	0	0	\$0.00
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	1	488,962	0	0	0.0%	0	0	0	\$0.00
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	4	1,566,519	32,110	32,110	2.0%	(7,110)	0	0	\$18.00

Source: CoStar Property®

Asheville Retail Market

Figures at a Glance

Shopping Center Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	38	1,287,930	72,459	72,459	5.6%	2,414	0	0	\$10.38
Central Asheville	13	839,272	106,221	106,221	12.7%	62,250	0	0	\$13.36
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	9	583,117	27,131	27,131	4.7%	14,365	0	0	\$13.79
Haywood County	11	695,078	40,645	40,645	5.8%	(10,000)	0	0	\$11.12
Henderson County	35	1,516,263	91,436	124,396	8.2%	25,542	0	0	\$10.53
Madison County	1	46,000	0	0	0.0%	0	0	0	\$0.00
North Asheville	9	176,753	19,239	19,239	10.9%	(1,328)	0	0	\$16.98
S Asheville/Royal Pines	33	1,195,364	103,227	103,227	8.6%	25,952	0	0	\$13.98
West Asheville	25	1,215,821	133,342	150,342	12.4%	1,928	0	0	\$12.16
Totals	174	7,555,598	593,700	643,660	8.5%	121,123	0	0	\$12.16

Source: CoStar Property®

Total Retail Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	408	4,134,607	209,405	210,966	5.1%	66,581	0	325,000	\$9.33
Central Asheville	276	5,069,141	201,557	201,944	4.0%	54,358	0	0	\$19.77
Downtown Asheville	170	2,336,395	40,592	40,592	1.7%	11,348	0	0	\$17.91
East Asheville	90	1,323,268	36,741	36,741	2.8%	7,573	0	0	\$15.13
Haywood County	233	3,121,517	110,822	110,822	3.6%	(16,197)	0	3,808	\$10.82
Henderson County	341	4,401,782	216,814	253,150	5.8%	53,311	12,308	0	\$11.01
Madison County	44	345,181	14,994	14,994	4.3%	(7,118)	0	0	\$12.50
North Asheville	116	992,568	28,343	28,343	2.9%	13,793	0	0	\$16.11
S Asheville/Royal Pines	242	3,559,688	188,250	188,250	5.3%	98,198	77,000	21,100	\$16.39
West Asheville	335	3,344,494	191,692	208,692	6.2%	3,744	0	0	\$12.68
Totals	2,255	28,628,641	1,239,210	1,294,494	4.5%	285,591	89,308	349,908	\$13.92

Source: CoStar Property®

General Retail Market Statistics

Year-End 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2014 4q	1,926	17,866,216	574,609	579,933	3.2%	60,551	0	0	5	349,908	\$15.57
2014 3q	1,926	17,866,216	635,160	640,484	3.6%	11,054	0	0	4	339,908	\$14.72
2014 2q	1,928	17,888,178	668,176	673,500	3.8%	72,395	2	78,800	2	331,200	\$12.67
2014 1q	1,927	17,809,824	665,593	667,541	3.7%	22,053	2	10,508	3	403,800	\$14.38
2013 4q	1,926	17,804,424	681,982	684,194	3.8%	35,601	1	1,599	4	89,308	\$14.12
2013 3q	1,925	17,802,825	715,984	718,196	4.0%	117,312	2	57,957	5	90,907	\$14.10
2013 2q	1,923	17,744,868	775,339	777,551	4.4%	(61,648)	0	0	3	59,556	\$14.27
2013 1q	1,923	17,744,868	714,342	715,903	4.0%	56,258	0	0	2	57,957	\$12.33
2012 4q	1,924	17,747,240	772,972	774,533	4.4%	(44,615)	2	8,138	0	0	\$12.28
2012 3q	1,925	17,752,918	735,596	735,596	4.1%	113,758	2	33,061	2	8,138	\$11.91
2012 2q	1,923	17,719,857	816,293	816,293	4.6%	87,653	5	50,684	4	41,199	\$12.29
2012 1q	1,918	17,669,173	853,262	853,262	4.8%	(3,819)	4	37,401	8	85,245	\$12.49
2011	1,915	17,637,583	817,853	817,853	4.6%	40,637	2	6,285	7	74,460	\$12.43
2010	1,913	17,631,298	852,205	852,205	4.8%	68,715	4	105,505	0	0	\$12.24
2009	1,910	17,528,796	817,098	818,418	4.7%	201,140	12	173,096	2	12,025	\$13.69
2008	1,898	17,355,700	846,462	846,462	4.9%	185,024	18	403,957	8	151,390	\$14.28

Source: CoStar Property®

Mall Market Statistics

Year-End 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2014 4q	3	1,640,308	38,791	38,791	2.4%	1,525	0	0	0	0	\$31.14
2014 3q	3	1,640,308	40,316	40,316	2.5%	(1,935)	0	0	0	0	\$32.00
2014 2q	3	1,640,308	38,381	38,381	2.3%	1,756	0	0	0	0	\$32.00
2014 1q	3	1,640,308	40,137	40,137	2.4%	4,179	0	0	0	0	\$32.00
2013 4q	3	1,640,308	44,316	44,316	2.7%	1,676	0	0	0	0	\$32.00
2013 3q	3	1,640,308	45,992	45,992	2.8%	(273)	0	0	0	0	\$32.00
2013 2q	3	1,640,308	45,719	45,719	2.8%	998	0	0	0	0	\$32.00
2013 1q	3	1,640,308	46,717	46,717	2.8%	3,428	0	0	0	0	\$32.00
2012 4q	3	1,640,308	50,145	50,145	3.1%	5,538	0	0	0	0	\$32.00
2012 3q	3	1,640,308	55,683	55,683	3.4%	8,171	0	0	0	0	\$32.00
2012 2q	3	1,640,308	63,854	63,854	3.9%	2,352	0	0	0	0	\$32.00
2012 1q	3	1,640,308	66,206	66,206	4.0%	10,897	0	0	0	0	\$32.00
2011	3	1,640,308	77,103	77,103	4.7%	(16,439)	0	0	0	0	\$32.00
2010	3	1,640,308	60,664	60,664	3.7%	19,298	0	0	0	0	\$32.00
2009	3	1,640,308	79,962	79,962	4.9%	8,766	1	35,200	0	0	\$30.72
2008	3	1,605,108	53,528	53,528	3.3%	45,666	3	64,935	1	35,200	\$0.00

Source: CoStar Property®

Power Center Market Statistics

Year-End 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2014 4q	4	1,566,519	32,110	32,110	2.0%	(7,110)	0	0	0	0	\$18.00
2014 3q	4	1,566,519	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2014 2q	4	1,566,519	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2014 1q	4	1,566,519	25,000	25,000	1.6%	0	0	0	0	0	\$19.00
2013 4q	4	1,566,519	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2013 3q	4	1,566,519	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2013 2q	4	1,566,519	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2013 1q	4	1,566,519	25,000	25,000	1.6%	3,200	0	0	0	0	\$15.00
2012 4q	4	1,566,519	28,200	28,200	1.8%	126,085	2	126,085	0	0	\$15.00
2012 3q	4	1,440,434	28,200	28,200	2.0%	0	0	0	2	126,085	\$15.00
2012 2q	4	1,440,434	28,200	28,200	2.0%	(3,200)	0	0	2	126,085	\$15.00
2012 1q	4	1,440,434	25,000	25,000	1.7%	0	0	0	2	126,085	\$15.00
2011	4	1,440,434	25,000	25,000	1.7%	33,000	0	0	1	39,871	\$15.00
2010	4	1,440,434	58,000	58,000	4.0%	0	0	0	0	0	\$0.00
2009	4	1,440,434	58,000	58,000	4.0%	24,934	1	30,038	0	0	\$0.00
2008	4	1,410,396	25,000	52,896	3.8%	153,688	2	198,284	0	0	\$0.00

Source: CoStar Property®

Asheville Retail Market

Figures at a Glance

Shopping Center Market Statistics

Year-End 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2014 4q	174	7,555,598	593,700	643,660	8.5%	5,493	0	0	0	0	\$12.16
2014 3q	174	7,555,598	615,656	649,153	8.6%	33,876	0	0	0	0	\$12.14
2014 2q	174	7,555,598	651,229	683,029	9.0%	44,182	0	0	0	0	\$12.07
2014 1q	174	7,555,598	694,251	727,211	9.6%	37,572	0	0	0	0	\$12.12
2013 4q	174	7,555,598	731,823	764,783	10.1%	67,604	0	0	0	0	\$11.56
2013 3q	174	7,555,598	776,505	832,387	11.0%	(39,753)	1	7,956	0	0	\$11.90
2013 2q	174	7,547,642	728,796	784,678	10.4%	11,424	0	0	1	7,956	\$12.44
2013 1q	174	7,547,642	706,163	796,102	10.5%	(61,245)	0	0	1	7,956	\$12.31
2012 4q	174	7,547,642	644,318	734,857	9.7%	(25,407)	0	0	0	0	\$12.15
2012 3q	174	7,547,642	618,911	709,450	9.4%	2,965	0	0	0	0	\$12.19
2012 2q	174	7,547,642	616,476	712,415	9.4%	7,097	0	0	0	0	\$12.24
2012 1q	174	7,547,642	625,950	719,512	9.5%	(113,152)	1	12,000	0	0	\$12.72
2011	174	7,535,642	538,478	594,360	7.9%	20,947	2	19,571	1	12,000	\$12.70
2010	173	7,516,071	539,854	595,736	7.9%	51,064	2	86,981	0	0	\$13.78
2009	173	7,429,090	524,827	559,819	7.5%	44,366	0	0	1	75,481	\$13.98
2008	173	7,429,090	572,813	604,185	8.1%	(64,623)	4	64,031	0	0	\$13.65

Source: CoStar Property®

Total Retail Market Statistics

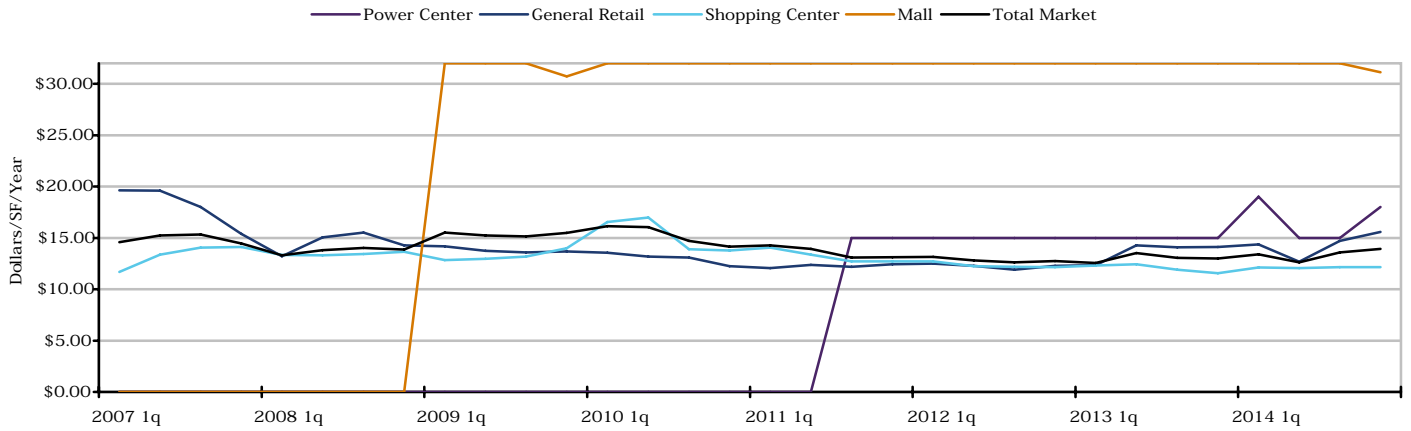
Year-End 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2014 4q	2,255	28,628,641	1,239,210	1,294,494	4.5%	60,459	0	0	5	349,908	\$13.92
2014 3q	2,255	28,628,641	1,316,132	1,354,953	4.7%	42,995	0	0	4	339,908	\$13.57
2014 2q	2,257	28,650,603	1,382,786	1,419,910	5.0%	118,333	2	78,800	2	331,200	\$12.61
2014 1q	2,256	28,572,249	1,424,981	1,459,889	5.1%	63,804	2	10,508	3	403,800	\$13.39
2013 4q	2,255	28,566,849	1,483,121	1,518,293	5.3%	104,881	1	1,599	4	89,308	\$12.98
2013 3q	2,254	28,565,250	1,563,481	1,621,575	5.7%	77,286	3	65,913	5	90,907	\$13.07
2013 2q	2,251	28,499,337	1,574,854	1,632,948	5.7%	(49,226)	0	0	4	67,512	\$13.51
2013 1q	2,251	28,499,337	1,492,222	1,583,722	5.6%	1,641	0	0	3	65,913	\$12.55
2012 4q	2,252	28,501,709	1,495,635	1,587,735	5.6%	61,601	4	134,223	0	0	\$12.74
2012 3q	2,251	28,381,302	1,438,390	1,528,929	5.4%	124,894	2	33,061	4	134,223	\$12.61
2012 2q	2,249	28,348,241	1,524,823	1,620,762	5.7%	93,902	5	50,684	6	167,284	\$12.81
2012 1q	2,244	28,297,557	1,570,418	1,663,980	5.9%	(106,074)	5	49,401	10	211,330	\$13.15
2011	2,240	28,253,967	1,458,434	1,514,316	5.4%	78,145	4	25,856	9	126,331	\$13.13
2010	2,236	28,228,111	1,510,723	1,566,605	5.5%	139,077	6	192,486	0	0	\$14.15
2009	2,231	28,038,628	1,479,887	1,516,199	5.4%	279,206	14	238,334	3	87,506	\$15.49
2008	2,217	27,800,294	1,497,803	1,557,071	5.6%	319,755	27	731,207	9	186,590	\$13.88

Source: CoStar Property®

Historical Rental Rates

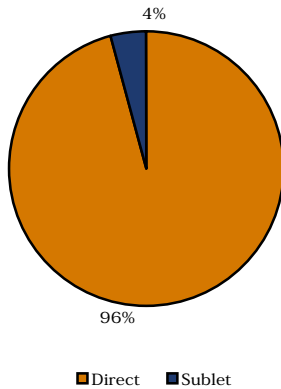
Based on NNN Rental Rates



Source: CoStar Property®

Vacancy by Available Space Type

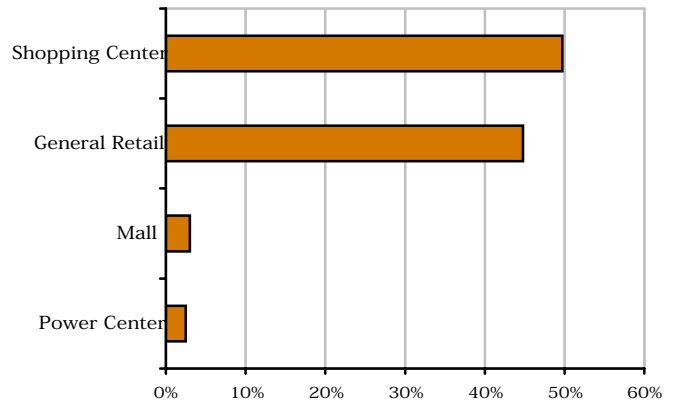
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

Vacancy by Building Type

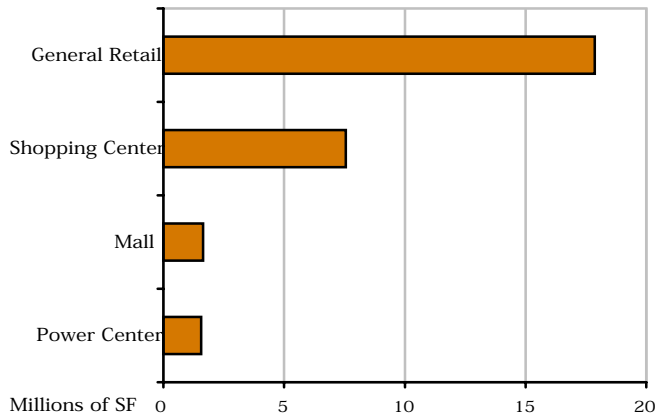
Percent of All Vacant Space by Building Type



Source: CoStar Property®

GLA By Building Type

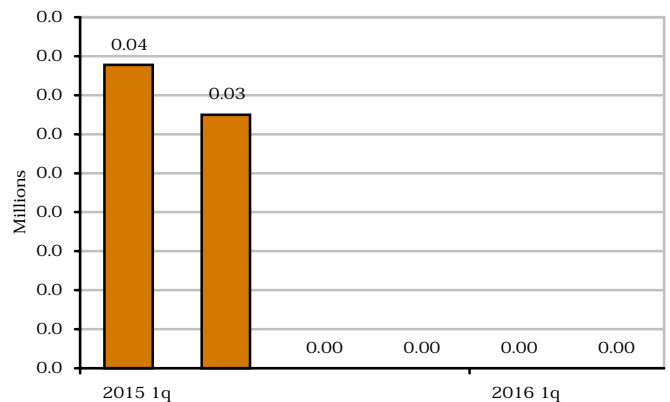
Ratio of Total GLA by Building Type



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces

Source: CoStar Property®

Asheville Retail Market



Leasing Activity

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

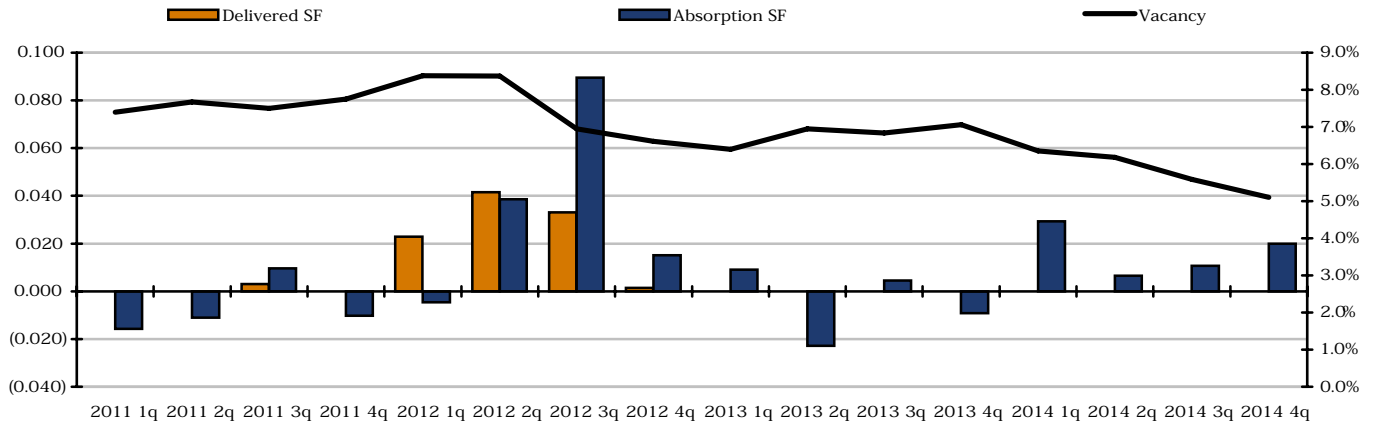
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	310 Weaverville Rd	Buncombe County	19,500	1st	Dinkins Discount Food Services	N/A	Robert Powers
2	Ingles Center #5	West Asheville	13,500	4th	Ace Hardware	N/A	Spake Real Estate
3	The Plaza At Biltmore Square	Buncombe County	10,890	1st	N/A	N/A	Biltmore Farms, Inc.
4	Valley View Center	Buncombe County	9,720	2nd	N/A	N/A	The Burkett Companies
5	Grace Building	North Asheville	8,429	1st	N/A	N/A	Paulina Vastakis; NAI Beverly-Hanks
6	Westgate Shopping Center	West Asheville	5,250	2nd	WC&R Interests LLC	NAI Beverly-Hanks Commercial	FIRC Group
7	Forest Ridge Shopping Center	S Asheville/Royal Pines	5,241	2nd	Hand Exercise Works	N/A	Spake Real Estate
8	Valley View Center	Buncombe County	5,134	1st	N/A	N/A	The Burkett Companies
9	Shops on Rockwood - Building 2	Henderson County	5,100	3rd	N/A	Spiegel Lease Corporation	Spake Real Estate
10	401 N Main St	Henderson County	5,000	1st	N/A	N/A	Fazio, Austin
11	O'Reilly Auto Parts	S Asheville/Royal Pines	5,000	1st	O'Reilly Auto Parts	N/A	N/A
12	805 E Patton Ave	West Asheville	4,911	2nd	N/A	N/A	Pulliam Properties
13	10 Brook St	Central Asheville	4,776	2nd	N/A	N/A	Spake Real Estate
14	51 N Merrimon Ave	Buncombe County	4,486	3rd	Interact Speech Therapy	NAI Beverly-Hanks Commercial	NAI Beverly-Hanks Commercial
15	The Plaza At Biltmore Square	Buncombe County	4,245	1st	N/A	N/A	Biltmore Farms, Inc.
16	109 Patton Ave	Downtown Asheville	4,000	1st	Patton Avenue Pet Company	N/A	Dewey Property Advisors
17	401 N Main St	Henderson County	4,000	1st	Postrrro	N/A	TJF Enterprises LLC
18	900 Hendersonville Rd	S Asheville/Royal Pines	4,000	2nd	N/A	N/A	Morosani and Associates
19	also 35 Wall St	Downtown Asheville	3,950	2nd	the Asheville Museum LLC	N/A	Tessier Associates, Inc.
20	1452 7th Ave E	Henderson County	3,600	3rd	Telco Community Credit Union	Direct Deal	Cassidy Turley
21	Shops at Meridian Place	S Asheville/Royal Pines	3,600	3rd	Lake Fit LLC/Madabolic, Inc.	Carolina Mountain Sales	NAI Beverly-Hanks Commercial
22	Grove Arcade	Downtown Asheville	3,468	4th	N/A	N/A	Tessier Associates, Inc.
23	10 Brook St	Central Asheville	3,356	2nd	N/A	N/A	Spake Real Estate
24	10 Brook St	Central Asheville	3,248	2nd	N/A	N/A	Spake Real Estate
25	Biltmore Park Town Square - Bldg 10BC	S Asheville/Royal Pines	3,150	1st	N/A	N/A	Biltmore Farms, Inc.
26	Forest Ridge Shopping Center	S Asheville/Royal Pines	3,150	2nd	Pepperoni's Gourmet Pizza	N/A	Spake Real Estate
27	Valley View Center	Buncombe County	3,144	1st	N/A	N/A	The Burkett Companies
28	800 Haywood Rd	West Asheville	3,000	1st	Pour LLC	CoveStar LLC	NAI Beverly-Hanks Commercial
29	Shops on Rockwood - Building 1	S Asheville/Royal Pines	2,840	3rd	Formal Wear	N/A	Spake Real Estate
30	1705 Brevard Rd	Henderson County	2,774	1st	Weichert Realty - Mountain Executives	Weichert Realtors Mountain	NAI Beverly-Hanks Commercial
31	1 Town Square Blvd	S Asheville/Royal Pines	2,625	4th	Family Help & Wellness	Direct Deal	Biltmore Farms, Inc.
32	441 Kanuga Rd	Henderson County	2,592	3rd	N/A	Direct Deal	Keller Williams Professionals
33	81 Coxe Ave	Central Asheville	2,591	1st	N/A	N/A	Realty World Marketplace
34	St. John's Marketplace	Henderson County	2,585	2nd	Dicky's Barbeque	N/A	Whitney Commercial Real Estate
35	Lakeside Plaza	Haywood County	2,500	1st	Mountaineer Oxygen Solutions	N/A	RCG Ventures LLC
36	1918 Hendersonville Rd	S Asheville/Royal Pines	2,485	4th	Mattress Man	Pulliam Properties	Pulliam Properties
37	1997 Hendersonville Rd	S Asheville/Royal Pines	2,401	1st	Blancy Merineo	NAI Beverly-Hanks Commercial	NAI Beverly-Hanks Commercial
38	174 Weaverville Rd	Buncombe County	2,400	2nd	N/A	N/A	Greenberg & Dykes Realty Company
39	Shops at Meridian Place	S Asheville/Royal Pines	2,400	3rd	N/A	NAI Beverly-Hanks Commercial	N/A
40	1020 Merrimon Ave	North Asheville	2,400	3rd	Zogue Vapor Lounge	Tessier Associates, Inc.	Tessier Associates, Inc.

Source: CoStar Property®

* Renewal

Deliveries, Absorption & Vacancy

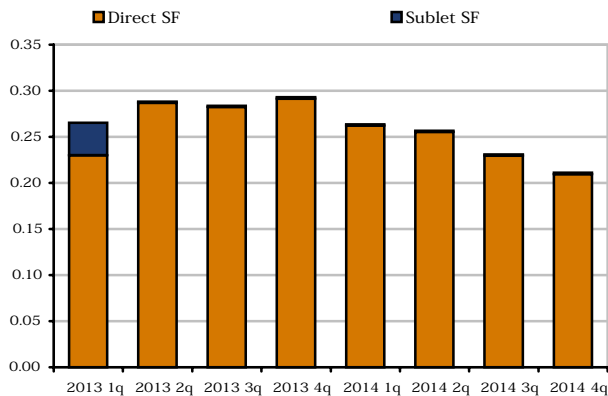
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

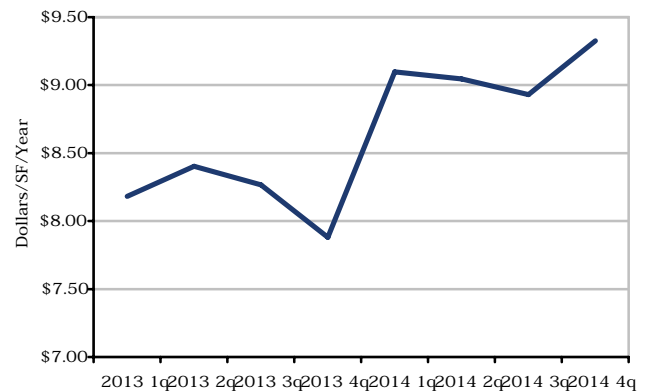
Historical Analysis, All Classes



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	408	4,134,607	210,966	5.1%	19,937	0	0	1	325,000	\$9.33
2014 3q	408	4,134,607	230,903	5.6%	10,745	0	0	1	325,000	\$8.93
2014 2q	409	4,149,607	256,648	6.2%	6,571	0	0	1	325,000	\$9.05
2014 1q	410	4,150,053	263,665	6.4%	29,328	0	0	1	325,000	\$9.10
2013 4q	410	4,150,053	292,993	7.1%	(9,186)	0	0	0	0	\$7.88
2013 3q	410	4,150,053	283,807	6.8%	4,478	0	0	0	0	\$8.27
2013 2q	410	4,150,053	288,285	6.9%	(22,841)	0	0	0	0	\$8.40
2013 1q	410	4,150,053	265,444	6.4%	9,100	0	0	0	0	\$8.18
2012 4q	410	4,150,053	274,544	6.6%	15,059	1	1,500	0	0	\$8.04
2012 3q	409	4,148,553	288,103	6.9%	89,519	2	33,061	1	1,500	\$8.28
2012 2q	407	4,115,492	344,561	8.4%	38,556	4	41,584	3	34,561	\$8.30
2012 1q	403	4,073,908	341,533	8.4%	(4,551)	2	22,899	7	76,145	\$8.53
2011 4q	401	4,051,009	314,083	7.8%	(10,252)	0	0	4	50,858	\$9.14
2011 3q	401	4,051,009	303,831	7.5%	9,676	1	3,000	2	22,899	\$9.09
2011 2q	400	4,048,009	310,507	7.7%	(11,015)	0	0	1	3,000	\$9.14
2011 1q	400	4,048,009	299,492	7.4%	(15,697)	0	0	1	3,000	\$9.02

Source: CoStar Property®

Asheville Retail Market

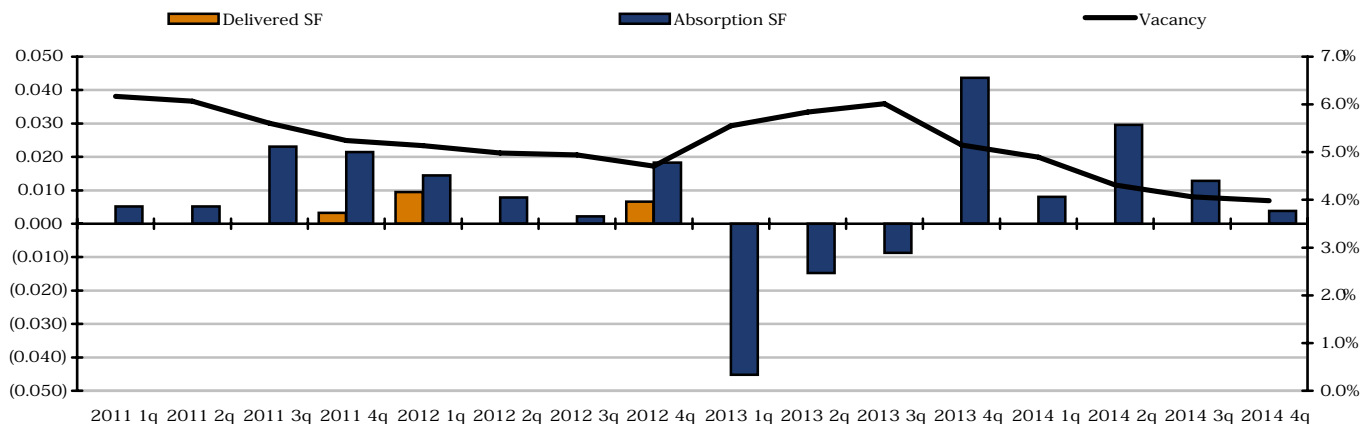


Central Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

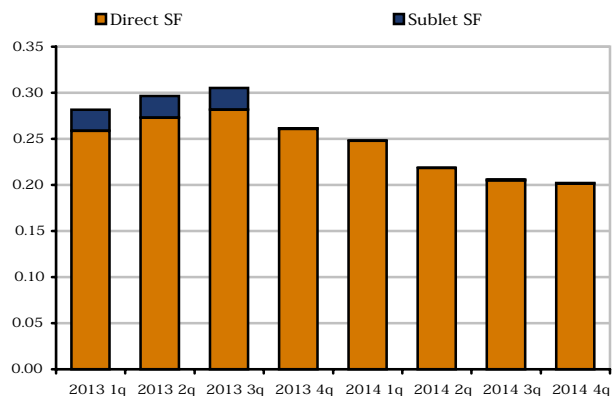
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

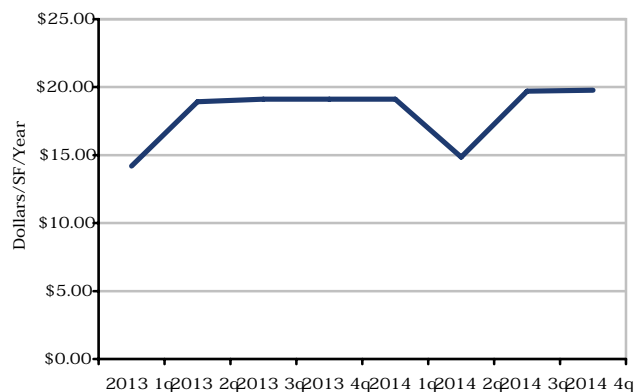
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



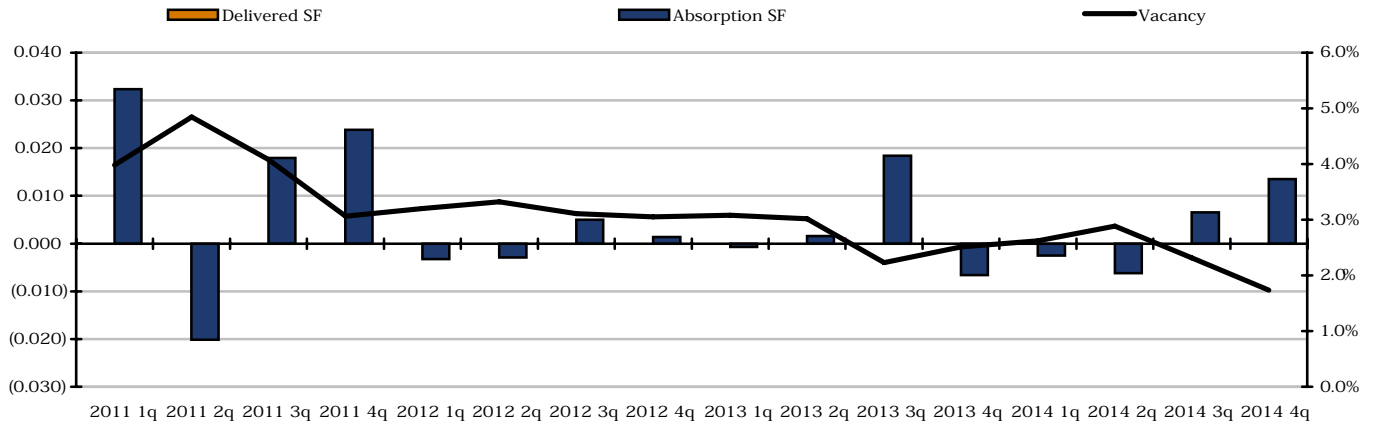
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	276	5,069,141	201,944	4.0%	3,877	0	0	0	0	\$19.77
2014 3q	276	5,069,141	205,821	4.1%	12,854	0	0	0	0	\$19.70
2014 2q	276	5,069,141	218,675	4.3%	29,553	0	0	0	0	\$14.85
2014 1q	276	5,069,141	248,228	4.9%	8,074	0	0	0	0	\$19.13
2013 4q	277	5,074,249	261,410	5.2%	43,694	0	0	0	0	\$19.12
2013 3q	277	5,074,249	305,104	6.0%	(8,714)	0	0	0	0	\$19.12
2013 2q	277	5,074,249	296,390	5.8%	(14,779)	0	0	0	0	\$18.93
2013 1q	277	5,074,249	281,611	5.5%	(45,196)	0	0	0	0	\$14.21
2012 4q	278	5,076,621	238,787	4.7%	18,295	1	6,638	0	0	\$14.74
2012 3q	277	5,069,983	250,444	4.9%	2,179	0	0	1	6,638	\$14.17
2012 2q	277	5,069,983	252,623	5.0%	7,880	0	0	1	6,638	\$14.66
2012 1q	277	5,069,983	260,503	5.1%	14,481	1	9,502	0	0	\$14.53
2011 4q	276	5,060,481	265,482	5.2%	21,430	1	3,285	1	9,502	\$14.15
2011 3q	275	5,057,196	283,627	5.6%	23,093	0	0	2	12,787	\$13.76
2011 2q	275	5,057,196	306,720	6.1%	5,150	0	0	2	12,787	\$14.07
2011 1q	275	5,057,196	311,870	6.2%	5,191	0	0	2	12,787	\$14.62

Source: CoStar Property®

Deliveries, Absorption & Vacancy

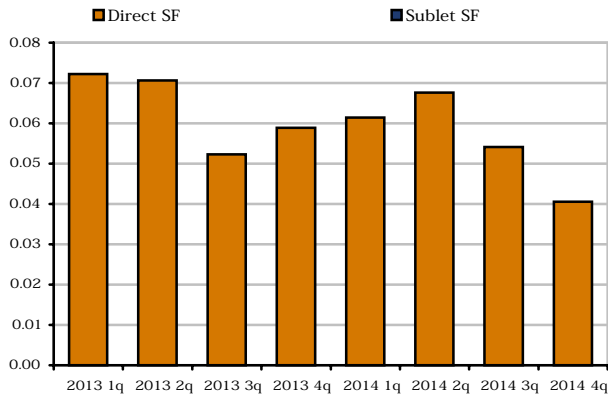
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

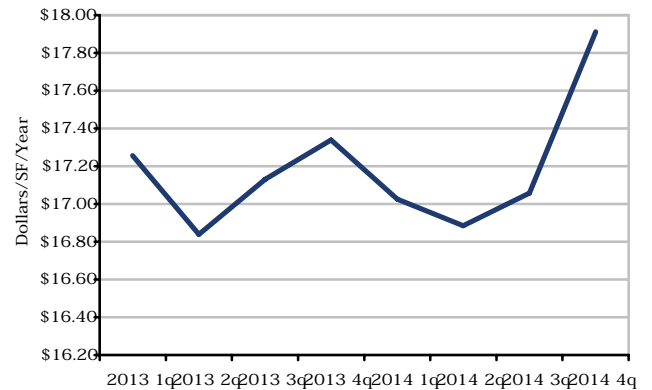
Historical Analysis, All Classes



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	170	2,336,395	40,592	1.7%	13,501	0	0	0	0	\$17.91
2014 3q	170	2,336,395	54,093	2.3%	6,536	0	0	0	0	\$17.06
2014 2q	171	2,343,357	67,591	2.9%	(6,164)	0	0	0	0	\$16.88
2014 1q	171	2,343,357	61,427	2.6%	(2,525)	0	0	0	0	\$17.03
2013 4q	171	2,343,357	58,902	2.5%	(6,633)	0	0	0	0	\$17.34
2013 3q	171	2,343,357	52,269	2.2%	18,378	0	0	0	0	\$17.13
2013 2q	171	2,343,357	70,647	3.0%	1,574	0	0	0	0	\$16.84
2013 1q	171	2,343,357	72,221	3.1%	(705)	0	0	0	0	\$17.26
2012 4q	171	2,343,357	71,516	3.1%	1,351	0	0	0	0	\$17.26
2012 3q	171	2,343,357	72,867	3.1%	4,995	0	0	0	0	\$16.58
2012 2q	171	2,343,357	77,862	3.3%	(2,880)	0	0	0	0	\$17.02
2012 1q	171	2,343,357	74,982	3.2%	(3,259)	0	0	0	0	\$16.93
2011 4q	171	2,343,357	71,723	3.1%	23,844	0	0	0	0	\$14.52
2011 3q	171	2,343,357	95,567	4.1%	17,967	0	0	0	0	\$10.92
2011 2q	171	2,343,357	113,534	4.8%	(20,155)	0	0	0	0	\$11.81
2011 1q	171	2,343,357	93,379	4.0%	32,376	0	0	0	0	\$11.81

Source: CoStar Property®

Asheville Retail Market

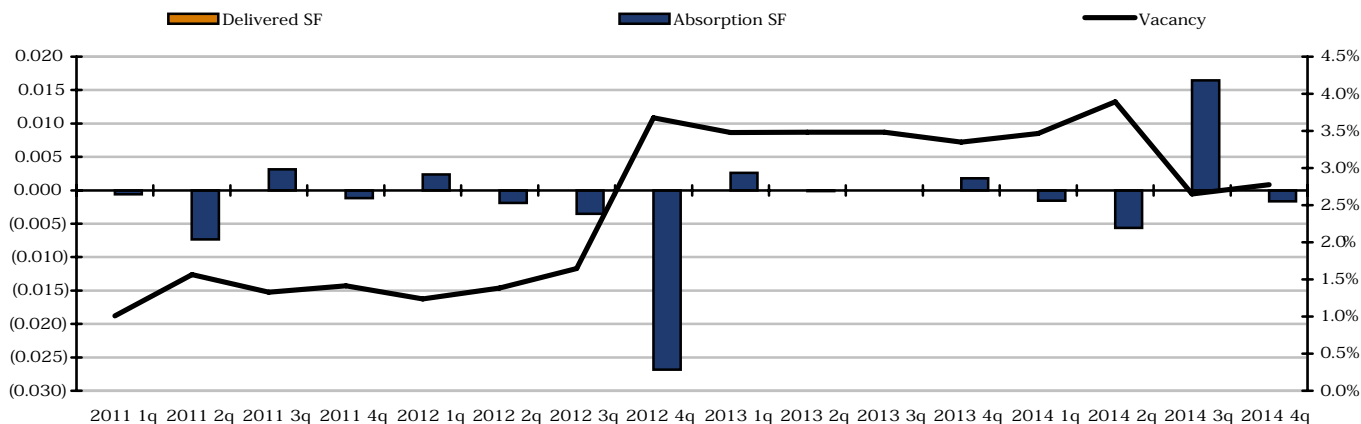


East Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

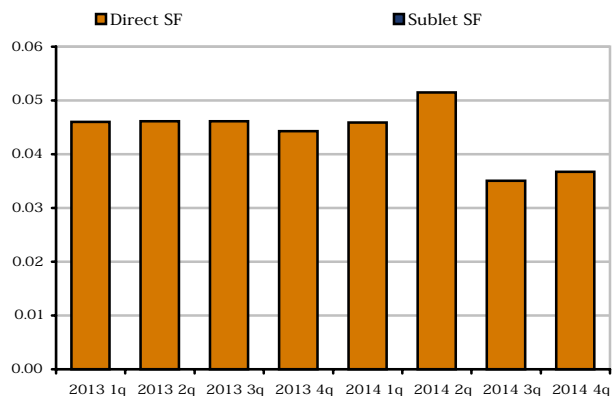
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

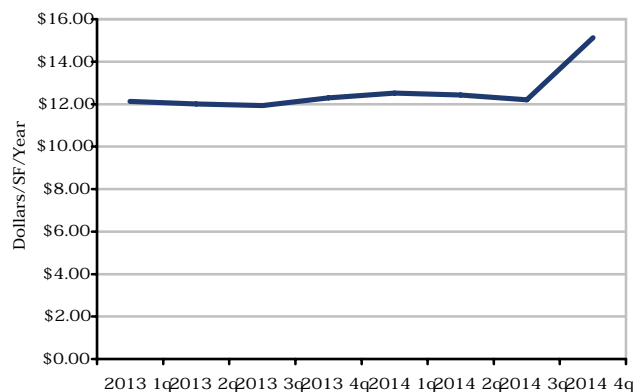
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



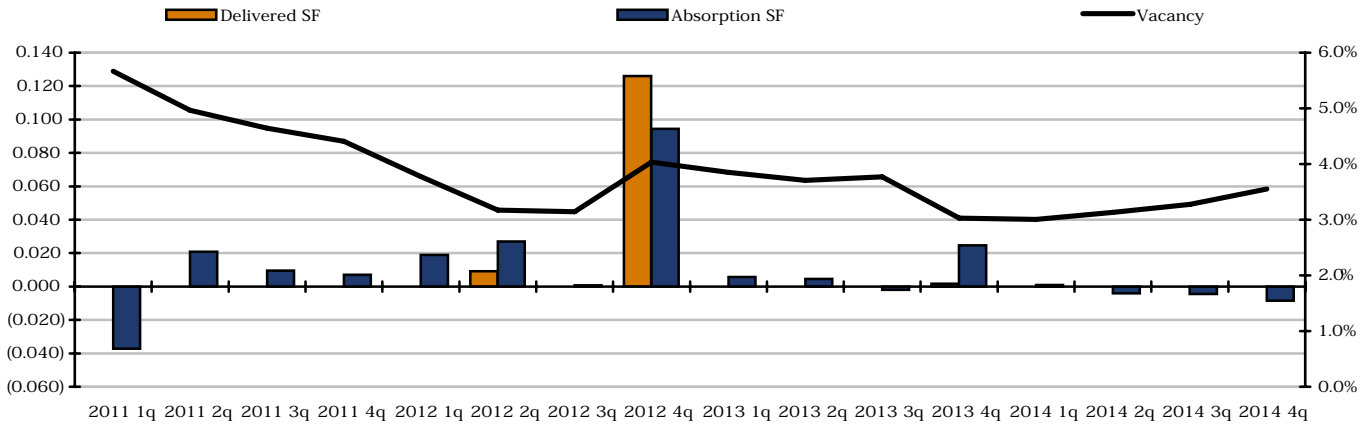
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	90	1,323,268	36,741	2.8%	(1,663)	0	0	0	0	\$15.13
2014 3q	90	1,323,268	35,078	2.7%	16,435	0	0	0	0	\$12.20
2014 2q	90	1,323,268	51,513	3.9%	(5,629)	0	0	0	0	\$12.43
2014 1q	90	1,323,268	45,884	3.5%	(1,570)	0	0	0	0	\$12.52
2013 4q	90	1,323,268	44,314	3.3%	1,800	0	0	0	0	\$12.29
2013 3q	90	1,323,268	46,114	3.5%	0	0	0	0	0	\$11.94
2013 2q	90	1,323,268	46,114	3.5%	(91)	0	0	0	0	\$12.01
2013 1q	90	1,323,268	46,023	3.5%	2,607	0	0	0	0	\$12.13
2012 4q	90	1,323,268	48,630	3.7%	(26,830)	0	0	0	0	\$14.76
2012 3q	90	1,323,268	21,800	1.6%	(3,516)	0	0	0	0	\$13.45
2012 2q	90	1,323,268	18,284	1.4%	(1,909)	0	0	0	0	\$11.84
2012 1q	90	1,323,268	16,375	1.2%	2,355	0	0	0	0	\$11.34
2011 4q	90	1,323,268	18,730	1.4%	(1,148)	0	0	0	0	\$11.34
2011 3q	90	1,323,268	17,582	1.3%	3,120	0	0	0	0	\$11.42
2011 2q	90	1,323,268	20,702	1.6%	(7,334)	0	0	0	0	\$10.90
2011 1q	90	1,323,268	13,368	1.0%	(593)	0	0	0	0	\$13.61

Source: CoStar Property®

Deliveries, Absorption & Vacancy

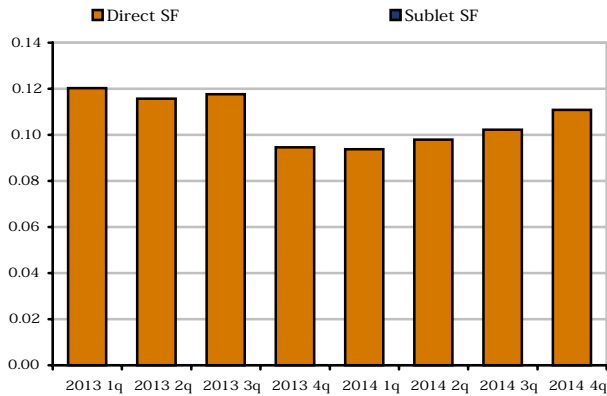
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

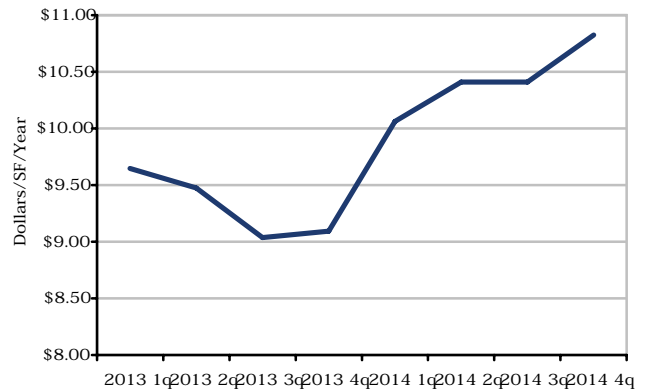
Historical Analysis, All Classes



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	233	3,121,517	110,822	3.6%	(8,540)	0	0	1	3,808	\$10.82
2014 3q	233	3,121,517	102,282	3.3%	(4,432)	0	0	1	3,808	\$10.41
2014 2q	233	3,121,517	97,850	3.1%	(4,062)	0	0	0	0	\$10.41
2014 1q	233	3,121,517	93,788	3.0%	837	0	0	0	0	\$10.06
2013 4q	233	3,121,517	94,625	3.0%	24,629	1	1,599	0	0	\$9.09
2013 3q	232	3,119,918	117,655	3.8%	(1,933)	0	0	1	1,599	\$9.04
2013 2q	232	3,119,918	115,722	3.7%	4,498	0	0	1	1,599	\$9.47
2013 1q	232	3,119,918	120,220	3.9%	5,632	0	0	0	0	\$9.65
2012 4q	232	3,119,918	125,852	4.0%	94,373	2	126,085	0	0	\$9.24
2012 3q	230	2,993,833	94,140	3.1%	768	0	0	2	126,085	\$9.20
2012 2q	230	2,993,833	94,908	3.2%	26,934	1	9,100	2	126,085	\$9.22
2012 1q	229	2,984,733	112,742	3.8%	18,870	0	0	3	135,185	\$9.22
2011 4q	229	2,984,733	131,612	4.4%	6,971	0	0	2	48,971	\$9.41
2011 3q	229	2,984,733	138,583	4.6%	9,626	0	0	1	39,871	\$10.20
2011 2q	229	2,984,733	148,209	5.0%	20,901	0	0	0	0	\$10.01
2011 1q	229	2,984,733	169,110	5.7%	(37,264)	0	0	0	0	\$10.45

Source: CoStar Property®

Asheville Retail Market

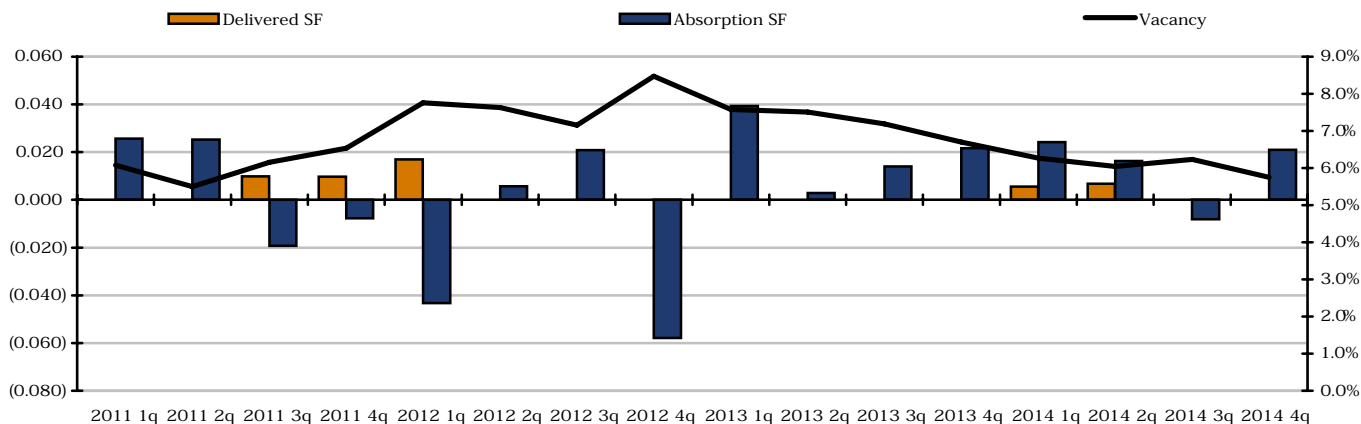


Henderson County Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

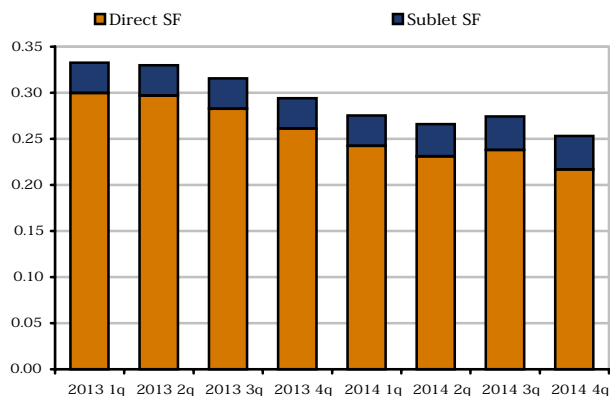
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

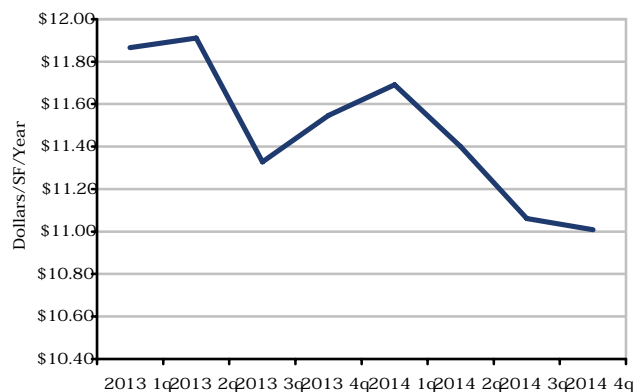
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



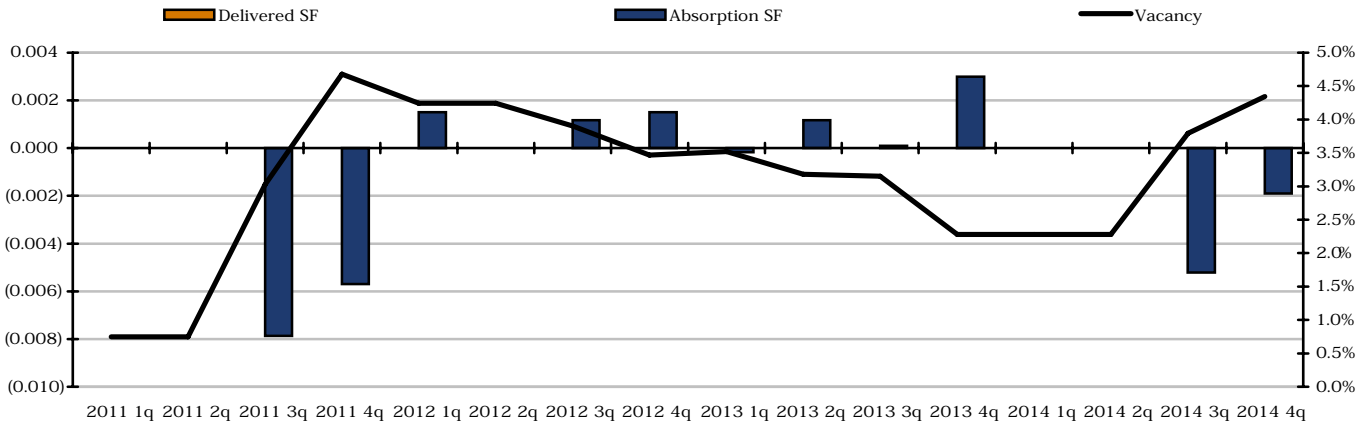
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	341	4,401,782	253,150	5.8%	21,040	0	0	0	0	\$11.01
2014 3q	341	4,401,782	274,190	6.2%	(8,122)	0	0	0	0	\$11.06
2014 2q	341	4,401,782	266,068	6.0%	16,225	1	6,800	0	0	\$11.40
2014 1q	340	4,394,982	275,493	6.3%	24,168	1	5,508	1	6,800	\$11.69
2013 4q	339	4,389,474	294,153	6.7%	21,608	0	0	2	12,308	\$11.55
2013 3q	339	4,389,474	315,761	7.2%	13,964	0	0	2	12,308	\$11.33
2013 2q	339	4,389,474	329,725	7.5%	2,825	0	0	0	0	\$11.91
2013 1q	339	4,389,474	332,550	7.6%	39,319	0	0	0	0	\$11.87
2012 4q	339	4,389,474	371,869	8.5%	(57,813)	0	0	0	0	\$11.85
2012 3q	339	4,389,474	314,056	7.2%	20,867	0	0	0	0	\$10.81
2012 2q	339	4,389,474	334,923	7.6%	5,685	0	0	0	0	\$11.02
2012 1q	339	4,389,474	340,608	7.8%	(43,201)	2	17,000	0	0	\$11.04
2011 4q	338	4,378,285	286,218	6.5%	(7,666)	1	9,767	2	17,000	\$10.84
2011 3q	337	4,368,518	268,785	6.2%	(19,226)	1	9,804	2	14,767	\$10.27
2011 2q	336	4,358,714	239,755	5.5%	25,288	0	0	2	19,571	\$10.07
2011 1q	336	4,358,714	265,043	6.1%	25,631	0	0	1	9,804	\$10.26

Source: CoStar Property®

Deliveries, Absorption & Vacancy

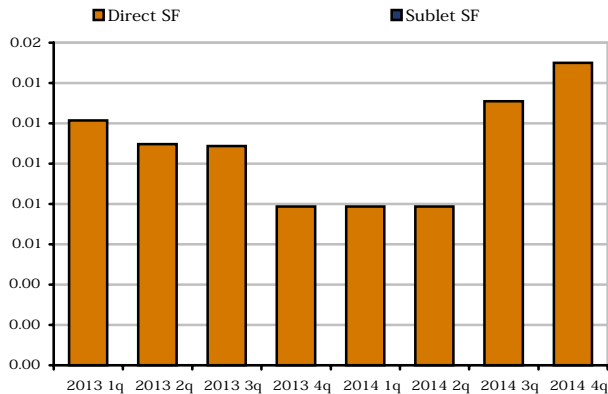
Historical Analysis, All Classes



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	44	345,181	14,994	4.3%	(1,900)	0	0	0	0	\$12.50
2014 3q	44	345,181	13,094	3.8%	(5,218)	0	0	0	0	\$8.55
2014 2q	44	345,181	7,876	2.3%	0	0	0	0	0	\$8.55
2014 1q	44	345,181	7,876	2.3%	0	0	0	0	0	\$8.55
2013 4q	44	345,181	7,876	2.3%	3,000	0	0	0	0	\$8.55
2013 3q	44	345,181	10,876	3.2%	100	0	0	0	0	\$8.55
2013 2q	44	345,181	10,976	3.2%	1,168	0	0	0	0	\$9.97
2013 1q	44	345,181	12,144	3.5%	(176)	0	0	0	0	\$12.50
2012 4q	44	345,181	11,968	3.5%	1,500	0	0	0	0	\$12.50
2012 3q	44	345,181	13,468	3.9%	1,176	0	0	0	0	\$12.50
2012 2q	44	345,181	14,644	4.2%	0	0	0	0	0	\$12.50
2012 1q	44	345,181	14,644	4.2%	1,500	0	0	0	0	\$12.50
2011 4q	44	345,181	16,144	4.7%	(5,700)	0	0	0	0	\$12.50
2011 3q	44	345,181	10,444	3.0%	(7,868)	0	0	0	0	\$12.50
2011 2q	44	345,181	2,576	0.7%	0	0	0	0	0	\$0.00
2011 1q	44	345,181	2,576	0.7%	0	0	0	0	0	\$0.00

Source: CoStar Property®

Asheville Retail Market

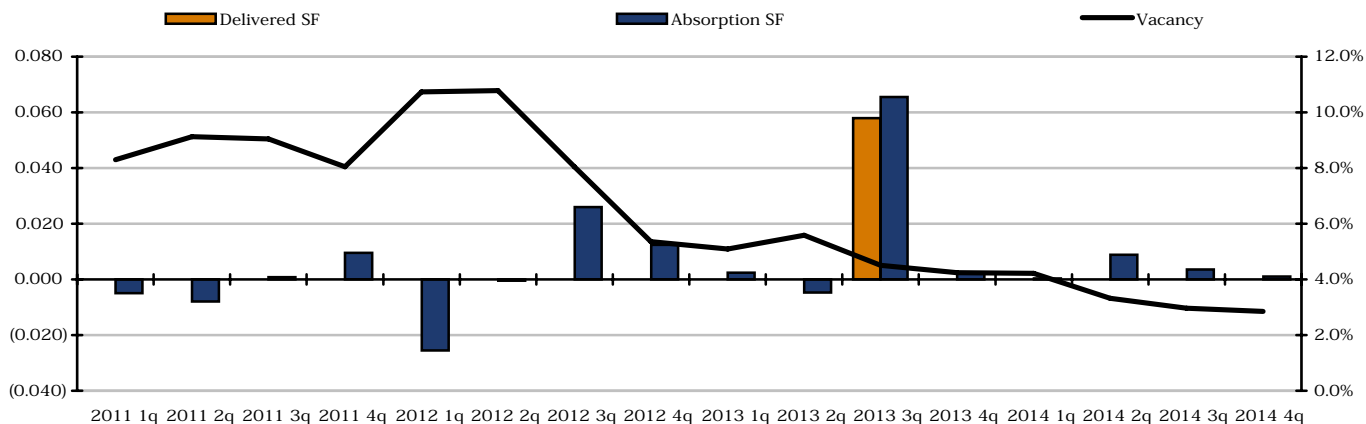


North Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

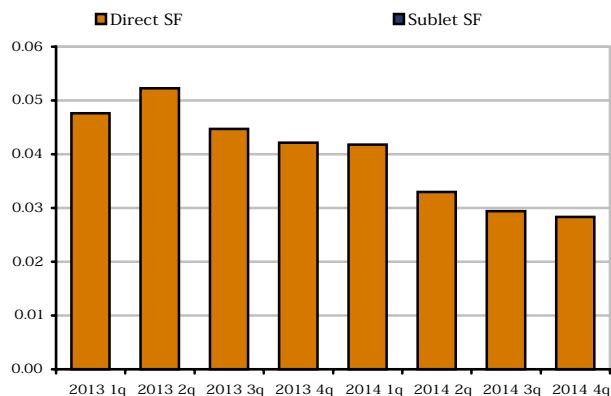
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

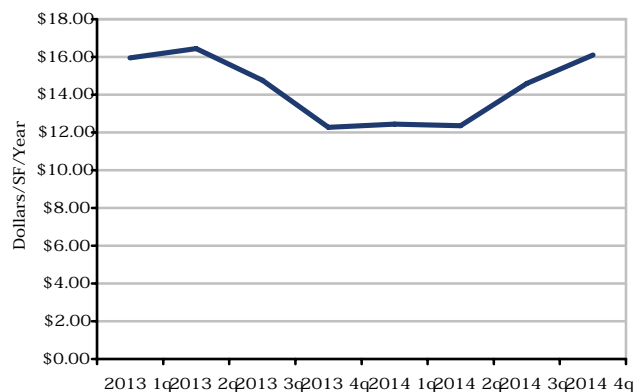
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



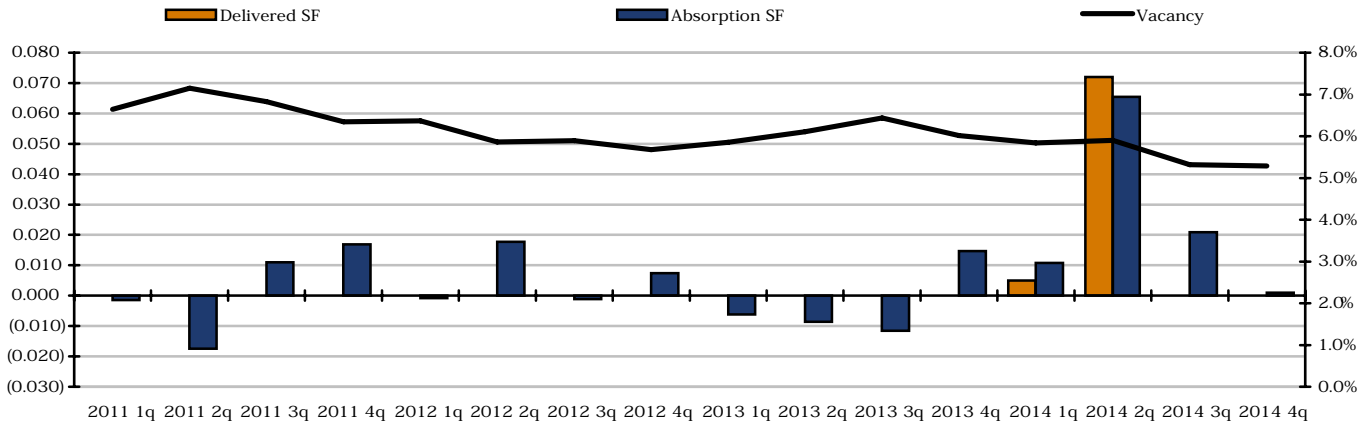
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	116	992,568	28,343	2.9%	1,050	0	0	0	0	\$16.11
2014 3q	116	992,568	29,393	3.0%	3,593	0	0	0	0	\$14.60
2014 2q	116	992,568	32,986	3.3%	8,828	0	0	0	0	\$12.36
2014 1q	116	992,568	41,814	4.2%	322	0	0	0	0	\$12.43
2013 4q	116	992,568	42,136	4.2%	2,550	0	0	0	0	\$12.27
2013 3q	116	992,568	44,686	4.5%	65,528	2	57,957	0	0	\$14.76
2013 2q	114	934,611	52,257	5.6%	(4,664)	0	0	2	57,957	\$16.44
2013 1q	114	934,611	47,593	5.1%	2,450	0	0	2	57,957	\$15.95
2012 4q	114	934,611	50,043	5.4%	12,448	0	0	0	0	\$14.87
2012 3q	117	948,427	76,307	8.0%	25,934	0	0	0	0	\$14.43
2012 2q	117	948,427	102,241	10.8%	(449)	0	0	0	0	\$13.90
2012 1q	117	948,427	101,792	10.7%	(25,492)	0	0	0	0	\$14.40
2011 4q	117	948,427	76,300	8.0%	9,497	0	0	0	0	\$14.85
2011 3q	117	948,427	85,797	9.0%	775	0	0	0	0	\$15.70
2011 2q	117	948,427	86,572	9.1%	(7,884)	0	0	0	0	\$15.61
2011 1q	117	948,427	78,688	8.3%	(4,950)	0	0	0	0	\$15.52

Source: CoStar Property®

Deliveries, Absorption & Vacancy

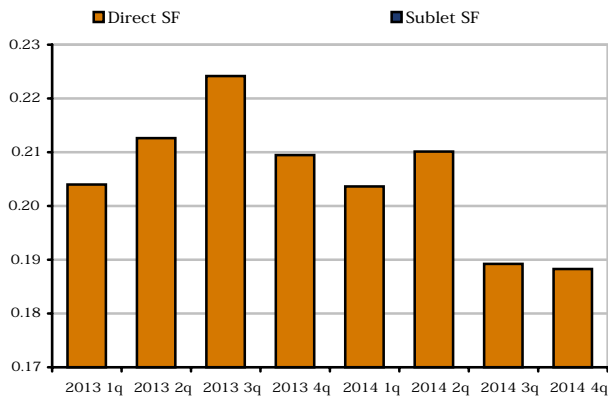
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

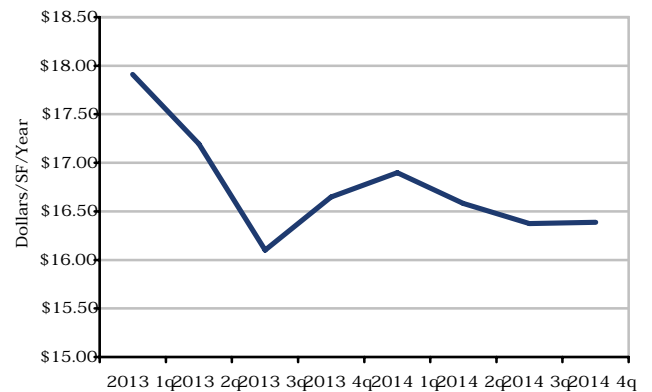
Historical Analysis, All Classes



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	242	3,559,688	188,250	5.3%	955	0	0	3	21,100	\$16.39
2014 3q	242	3,559,688	189,205	5.3%	20,936	0	0	2	11,100	\$16.37
2014 2q	242	3,559,688	210,141	5.9%	65,510	1	72,000	1	6,200	\$16.58
2014 1q	241	3,487,688	203,651	5.8%	10,797	1	5,000	1	72,000	\$16.90
2013 4q	240	3,482,688	209,448	6.0%	14,709	0	0	2	77,000	\$16.65
2013 3q	240	3,482,688	224,157	6.4%	(11,527)	0	0	2	77,000	\$16.10
2013 2q	240	3,482,688	212,630	6.1%	(8,651)	0	0	0	0	\$17.20
2013 1q	240	3,482,688	203,979	5.9%	(6,221)	0	0	0	0	\$17.91
2012 4q	240	3,482,688	197,758	5.7%	7,452	0	0	0	0	\$19.32
2012 3q	240	3,482,688	205,210	5.9%	(1,131)	0	0	0	0	\$20.18
2012 2q	240	3,482,688	204,079	5.9%	17,749	0	0	0	0	\$20.14
2012 1q	240	3,482,688	221,828	6.4%	(817)	0	0	0	0	\$19.86
2011 4q	240	3,482,688	221,011	6.3%	16,898	0	0	0	0	\$19.97
2011 3q	240	3,482,688	237,909	6.8%	10,974	0	0	0	0	\$19.96
2011 2q	240	3,482,688	248,883	7.1%	(17,465)	0	0	0	0	\$20.58
2011 1q	240	3,482,688	231,418	6.6%	(1,477)	0	0	0	0	\$20.90

Source: CoStar Property®

Asheville Retail Market

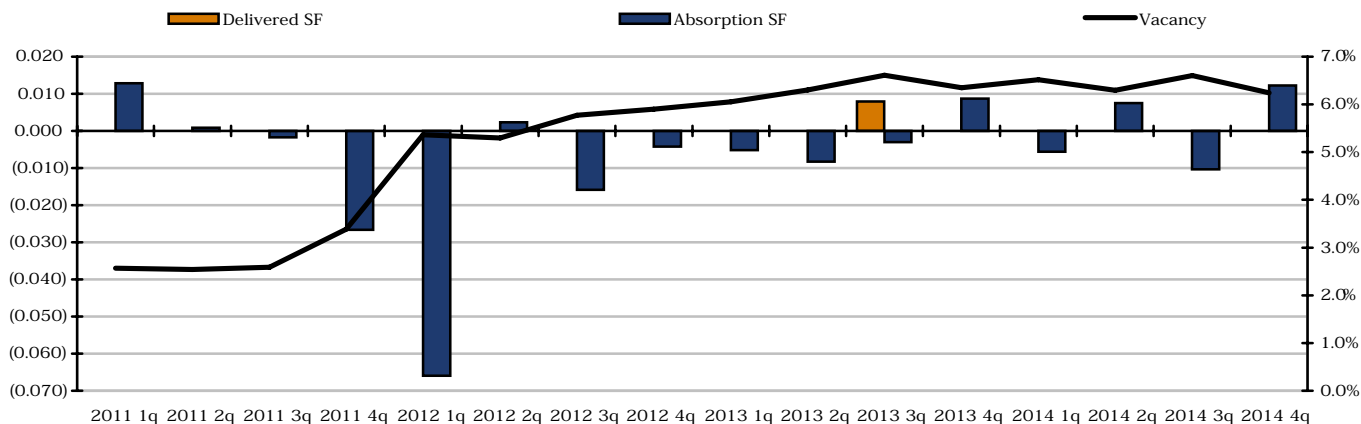


West Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

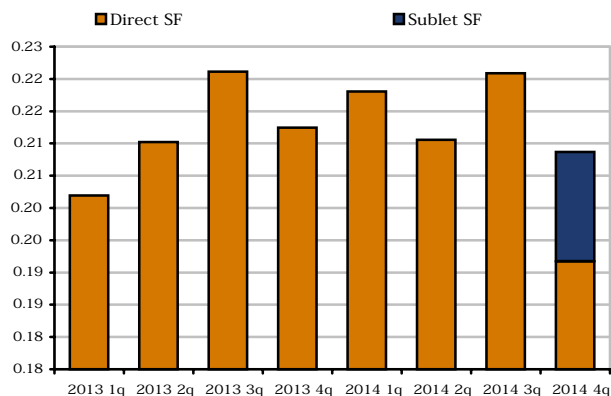
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

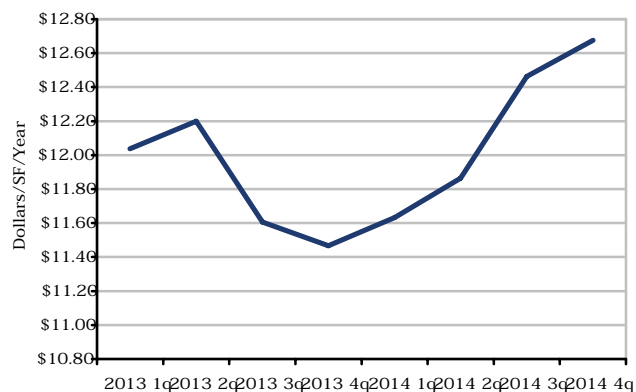
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	335	3,344,494	208,692	6.2%	12,202	0	0	0	0	\$12.68
2014 3q	335	3,344,494	220,894	6.6%	(10,332)	0	0	0	0	\$12.46
2014 2q	335	3,344,494	210,562	6.3%	7,501	0	0	0	0	\$11.86
2014 1q	335	3,344,494	218,063	6.5%	(5,627)	0	0	0	0	\$11.63
2013 4q	335	3,344,494	212,436	6.4%	8,710	0	0	0	0	\$11.47
2013 3q	335	3,344,494	221,146	6.6%	(2,988)	1	7,956	0	0	\$11.61
2013 2q	334	3,336,538	210,202	6.3%	(8,265)	0	0	1	7,956	\$12.20
2013 1q	334	3,336,538	201,937	6.1%	(5,169)	0	0	1	7,956	\$12.04
2012 4q	334	3,336,538	196,768	5.9%	(4,234)	0	0	0	0	\$11.82
2012 3q	334	3,336,538	192,534	5.8%	(15,897)	0	0	0	0	\$12.03
2012 2q	334	3,336,538	176,637	5.3%	2,336	0	0	0	0	\$11.33
2012 1q	334	3,336,538	178,973	5.4%	(65,960)	0	0	0	0	\$11.37
2011 4q	334	3,336,538	113,013	3.4%	(26,605)	0	0	0	0	\$11.44
2011 3q	334	3,336,538	86,408	2.6%	(1,700)	0	0	0	0	\$11.82
2011 2q	334	3,336,538	84,708	2.5%	886	0	0	0	0	\$13.65
2011 1q	334	3,336,538	85,594	2.6%	12,850	0	0	0	0	\$15.04

Source: CoStar Property®