

The CoStar Retail Report

Mid-Year 2015

Asheville Retail Market



CoStarTM
The knowledge market

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Methodology

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

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CoStar Group, Inc.

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Terms & Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

of occupancy date.

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

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

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

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

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

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

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

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

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

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

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

SF: Abbreviation for Square Feet.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asheville Retail Market



Overview

Asheville's Vacancy Increases to 4.5% Net Absorption Positive 238,265 SF in the Quarter

The Asheville retail market experienced a slight decline in market conditions in the second quarter 2015. The vacancy rate went from 4.3% in the previous quarter to 4.5% in the current quarter. Net absorption was positive 238,265 square feet, and vacant sublease space decreased by (17,000) square feet. Quoted rental rates decreased from first quarter 2015 levels, ending at \$12.84 per square foot per year. Two retail buildings with 328,808 square feet of retail space were delivered to the market in the quarter, with 72,169 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was strong in Asheville second quarter 2015, with positive 238,265 square feet absorbed in the quarter. In first quarter, net absorption was positive 131,802 square feet, while in fourth quarter 2014, absorption came in at positive 8,810 square feet. In third quarter 2014, positive 30,312 square feet was absorbed in the market.

Tenants moving into large blocks of space in 2015 include: Publix moving into 50,000 square feet at 1830 Hendersonville Road at Pinnacle Point; VF Outlet moving into 21,833 square feet at Asheville Outlets; West Elm moving into 12,500 square feet at Asheville Outlets; Nike Factory Store moving into 12,322 square feet at Asheville Outlets; United Federal Credit Union moving into 10,682 square feet at 101 Jack Street in Hendersonville; and Asheville Pinball Museum moving into 4,300 square feet at 1 Battle Square in Asheville.

Vacancy

Asheville's retail vacancy rate increased in the second quarter 2015, 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 4.7% in third quarter 2014, to 4.7% at the end of fourth quarter 2014, 4.3% at the end of first quarter 2015, to 4.5% in the current quarter.

The amount of vacant sublease space in the Asheville market has trended down over the past four quarters. At the end of the third quarter 2014, there were 38,821 square feet of vacant sublease space. Currently, there are 36,336 square feet vacant in the market.

Largest Lease Signings

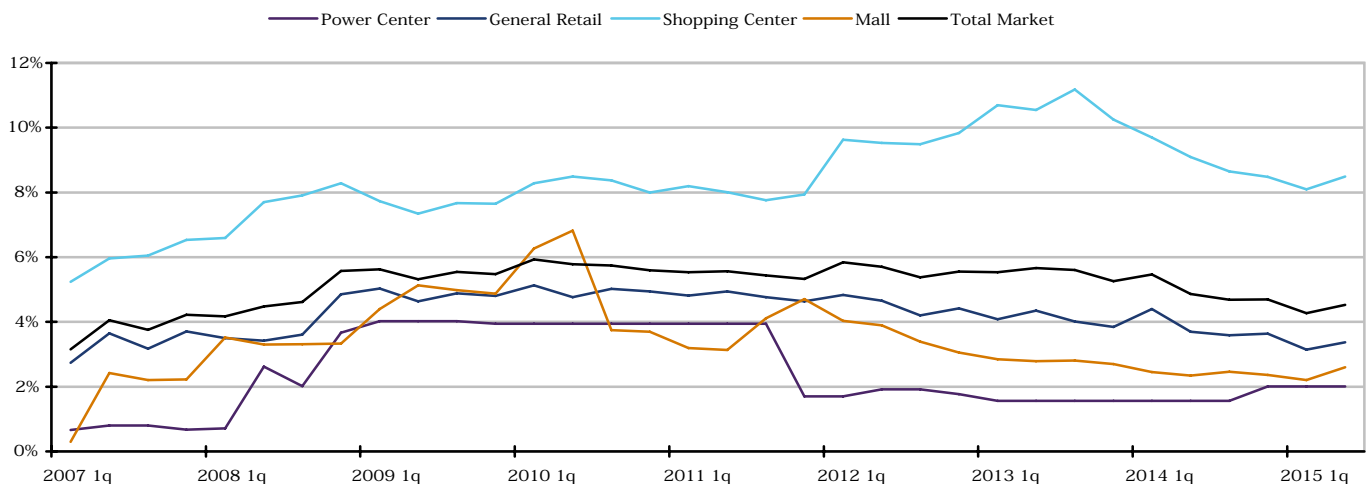
The largest lease signings occurring in 2015 included: the 50,000-square-foot-lease signed by Publix at Pinnacle Point; the 50,000-square-foot-deal (estimated) signed by Field & Stream at 801 Brevard Road; and the 27,903-square-foot-lease signed by Mountain Glass Arts at Riverview Station.

Rental Rates

Average quoted asking rental rates in the Asheville retail market are down over previous quarter levels, and down from their levels four quarters ago. Quoted rents ended the second quarter 2015 at \$12.84 per square foot per year. That compares to \$12.94 per square foot in first quarter, and \$13.59 per square foot at the end of third quarter 2014. This represents a 0.8% decrease in rental rates in the current quarter, and a 5.84% decrease from four quarters ago.

Vacancy Rates by Building Type

2007-2015



Source: CoStar Property®

Inventory & Construction

During the second quarter 2015, two buildings totaling 328,808 square feet were completed in the Asheville retail market. Over the past four quarters, a total of 428,739 square feet of retail space has been built in Asheville. In addition to the current quarter, four buildings with 88,731 square feet were completed in first quarter 2015, and two buildings totaling 11,200 square feet completed in fourth quarter 2014.

There were 72,169 square feet of retail space under construction at the end of the second quarter 2015.

Some of the notable 2015 deliveries include: Asheville Outlets, a 325,000-square-foot facility that delivered in second quarter 2015 and is now 98% occupied, and Publix, a 50,000-square-foot building that delivered in first quarter 2015 and is now 100% occupied.

The Tryon International Equestrian Center (TEIC) held its grand opening in June 2015. The TEIC is one of the premier equestrian facilities in the world and is looking to expand with plans for hotels, extensive equestrian facilities, sports, entertainment, and retail.

Total retail inventory in the Asheville market area amounted to 29,692,117 square feet in 2,344 buildings and 180 centers as of the end of the second quarter 2015.

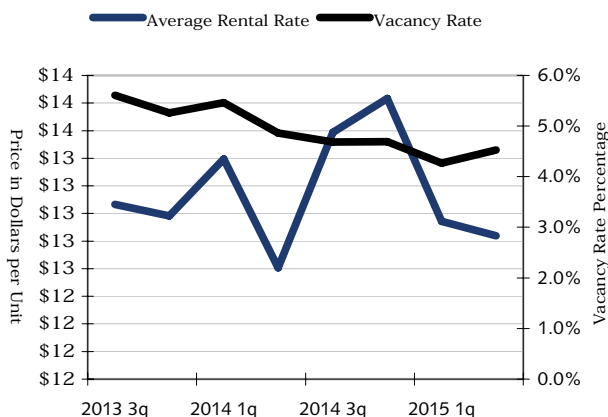
Shopping Center

The Shopping Center market in Asheville currently consists of 173 projects with 7,372,090 square feet of retail space in 294 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing (29,542) square feet and delivering no new space in the current quarter, the Shopping Center sector saw the vacancy rate go from 8.1% at the end of the first quarter 2015 to 8.5% this quarter.

VACANCY & RENT

Past 8 Quarters



Source: CoStar Property®

Over the past four quarters, the Shopping Center vacancy rate has gone from 8.7% at the end of the third quarter 2014, to 8.5% at the end of fourth quarter 2014, to 8.1% at the end of first quarter 2015, and finally to 8.5% at the end of the current quarter.

Rental rates ended the second quarter 2015 at \$11.48 per square foot, down from the \$11.82 they were at the end of first quarter 2015. Rental rates have trended down over the past year, going from \$12.05 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 44,307 square feet over the past four quarters. In addition to the negative (29,542) square feet absorbed this quarter, positive 28,657 square feet was absorbed in first quarter 2015, positive 12,616 square feet was absorbed in fourth quarter 2014, and positive 32,576 square feet was absorbed in third quarter 2014.

Power Centers

The Power Center average vacancy rate was 2.0% in the second quarter 2015. With no net absorption and no new deliveries, the vacancy rate remained 2.0% first and second quarter.

Rental remained at \$18.00 per square foot during the quarter.

A year ago, in second quarter 2014, the vacancy rate was 1.6%. Over the past four quarters, Power Centers have absorbed a cumulative (7,110) square feet of space and delivered zero square feet of space. 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 second quarter 2015, there was no space under construction in the Asheville market. The total stock of Power Center space in Asheville currently sits at 1,596,947 square feet in four centers comprised of twenty-one buildings.

General Retail Properties

The General Retail sector of the market, which includes all freestanding retail buildings, except those contained within a center, reported a vacancy rate of 3.4% at the end of second quarter 2015. There was a total of 643,552 square feet vacant at that time. The General Retail sector in Asheville currently has average rental rates of \$13.93 per square foot per year. There are 72,169 square feet of space under construction in this sector, with 328,808 square feet having been completed in the second quarter. In all, there are a total of 2,015 buildings with 19,082,772 square feet of General Retail space in Asheville.

Asheville Retail Market



Overview

Specialty Centers

There are currently zero Specialty Centers in the Asheville market. The Tryon Resort and International Equestrian Center may be identified as specialty in the future. In this report the Specialty Center market is comprised of Outlet Center, Airport Retail and Theme/Festival Centers.

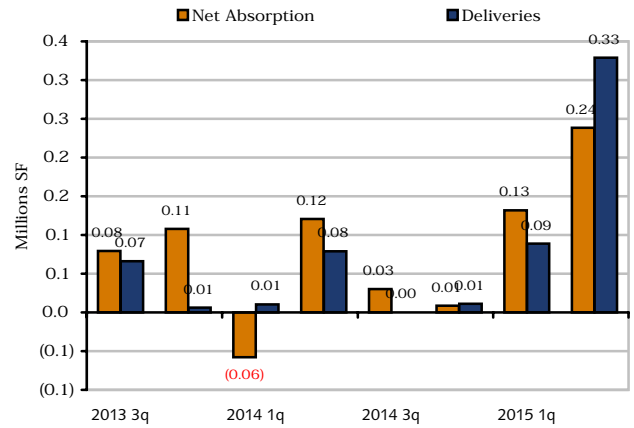
Malls

Malls recorded net absorption of negative (6,413) square feet in the second quarter 2015. This net absorption number, combined with no new space that was built in the quarter, caused the vacancy rate to go from 2.2% a quarter ago to 2.6% at the end of the second quarter 2015. Rental rates went from \$30.87 per square foot to \$30.00 per square foot during that time. In this report the Mall market is comprised of three Lifestyle Center, Regional Mall and Super Regional Malls.

Reports compiled by: Jamilia Tatum, Costar Research Associate, and

ABSORPTION & DELIVERIES

Past 8 Quarters



Source: CoStar Property®

Karen Christy, Research Manager

CoStar Submarkets

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

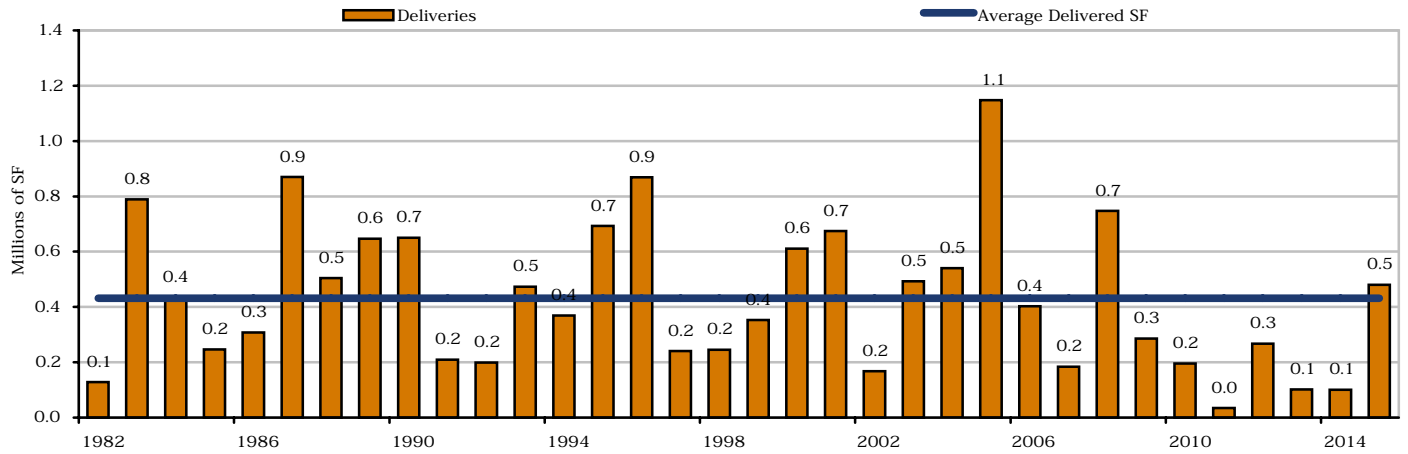
Submarket Clusters
Buncombe County
Central Asheville
Downtown Asheville
East Asheville
Haywood County
Henderson County
Madison County
North Asheville
S Asheville/Royal Pines
West Asheville

Asheville Retail Market



Inventory & development

Historical Deliveries 1982 - 2015



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

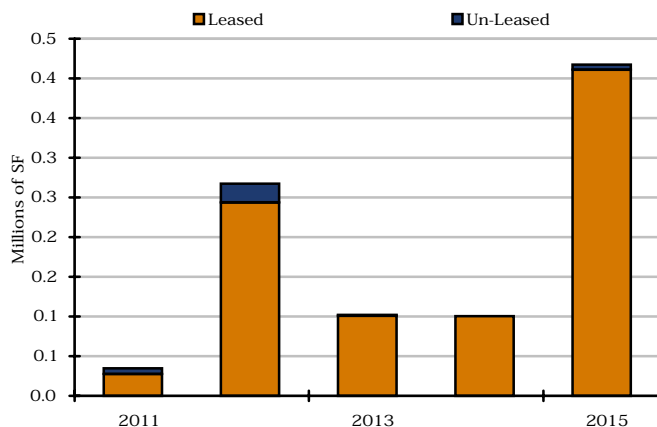
Construction Activity Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U/C
Buncombe County	1	50,000	50,000	100.0%	10,861	50,000
S Asheville/Royal Pines	3	22,169	7,536	34.0%	14,356	7,390
Madison County	0	0	0	0.0%	7,487	0
Downtown Asheville	0	0	0	0.0%	13,684	0
East Asheville	0	0	0	0.0%	14,703	0
Henderson County	0	0	0	0.0%	12,653	0
North Asheville	0	0	0	0.0%	8,425	0
Central Asheville	0	0	0	0.0%	18,371	0
West Asheville	0	0	0	0.0%	10,144	0
Haywood County	0	0	0	0.0%	12,808	0
Totals	4	72,169	57,536	79.7%	12,667	18,042

Source: CoStar Property®

Recent Deliveries

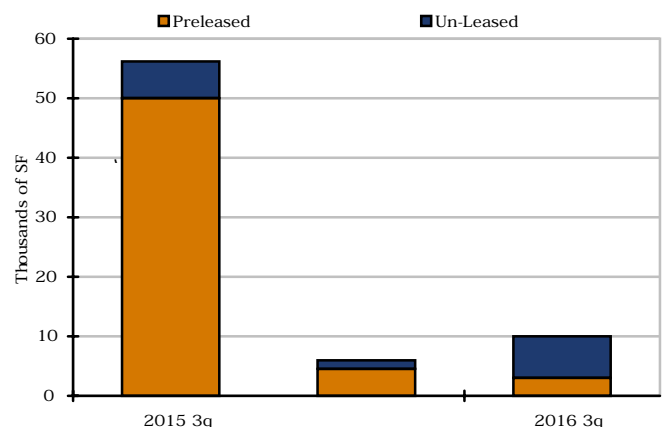
Leased & Un-Leased SF in Deliveries Since 2011



Source: CoStar Property®

Future Deliveries

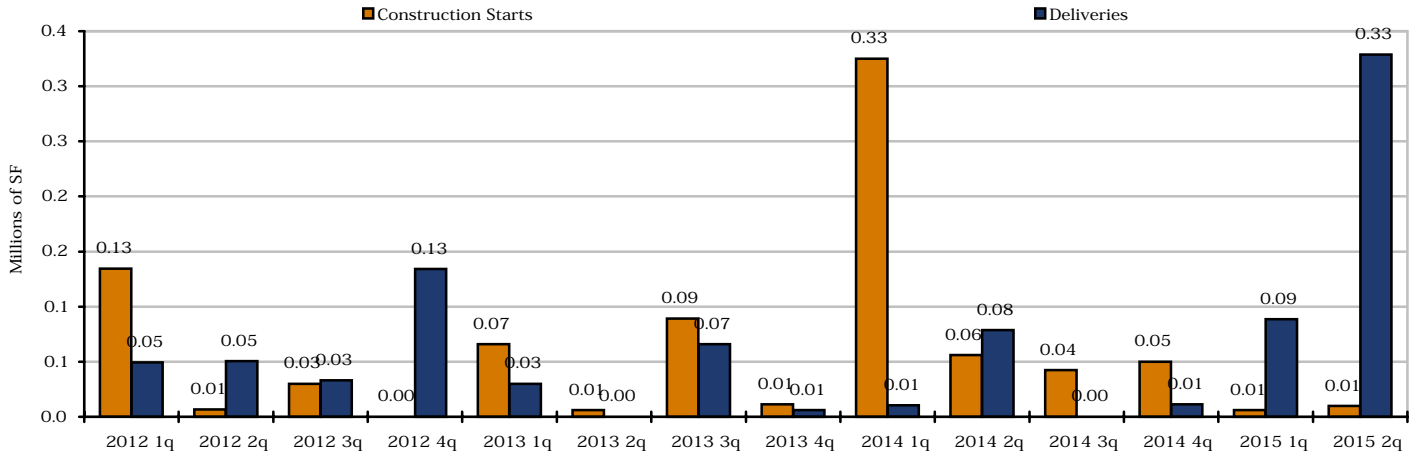
Preleased & Un-Leased SF in Properties Scheduled to Deliver



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	4	42,539	42,539	100.0%	\$0.00	3,808	38,731
50,000 SF - 99,999 SF	1	50,000	50,000	100.0%	\$0.00	50,000	0
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	1	325,000	318,500	98.0%	\$0.00	0	325,000
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

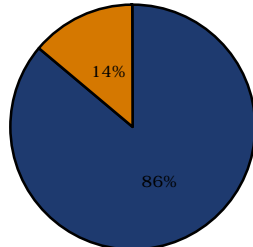
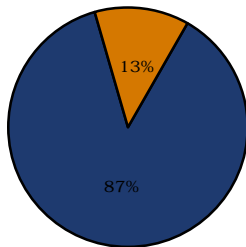
Source: CoStar Property®

Recent Development by Tenancy

Based on GLA Developed for Single & Multi Tenant Use

2015 Deliveries

Currently Under Construction



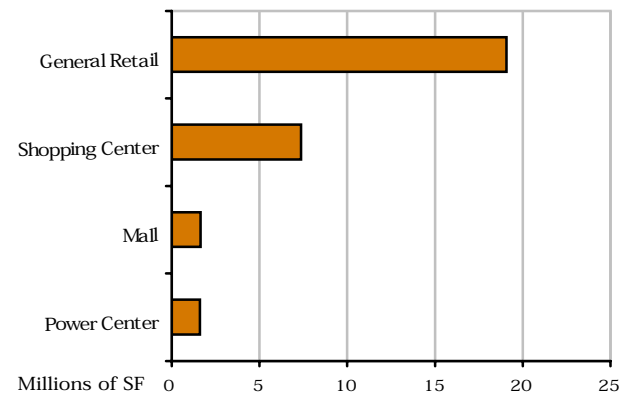
■ Multi ■ Single

■ Multi ■ Single

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. 800 Brevard-Asheville Outlets</p> <p>Submarket: Buncombe County Retail Market RBA: 325,000 Occupied: 98% 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. 1830 Hendersonville-Publix</p> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 50,000 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: Pulliam Properties Developer: Pulliam Properties</p>	<p>3. 100 Sierra Navada-Sierra Nevada Taproom</p> <p>Submarket: Henderson County Retail Market RBA: 27,000 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: N/A Developer: Modern Building, Inc.</p>
<p>4. 658 Hendersonville-Advance Auto Parts</p> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 6,831 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: N/A Developer: N/A</p>	<p>5. 654 Hendersonville-Bojangles</p> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 4,900 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: First Quarter 2015 Leasing Co: Dewey Property Advisors Developer: N/A</p>	<p>6. 1850 S Main-Bojangles</p> <p>Submarket: Haywood County Retail Market RBA: 3,808 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: Second Quarter 2015 Leasing Co: Cushman & Wakefield/Thalhimer Developer: Thomas R. Morgan</p>

Select Top Under Construction Properties

Based on Project Square Footage

<p>1. 801 Brevard-Field & Stream</p> <p>Submarket: Buncombe County Retail Market RBA: 50,000 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2014 Deliv Date: Third Quarter 2015 Leasing Co: New England Development Developer: N/A</p>	<p>2. 1816 Hendersonville-Pinnacle Point</p> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 10,000 Preleased: 30% Quoted Rate: \$25.00 Grnd Brk Date: Second Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: Crossman & Company Developer: Crossman & Company</p>	<p>3. 377 Long Shoals Rd</p> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 6,200 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2014 Deliv Date: Third Quarter 2015 Leasing Co: Thomas R. Morgan Developer: Thomas R. Morgan</p>
<p>4. Long Shoals Rd</p> <p>Submarket: S Asheville/Royal Pines Retail Market RBA: 5,969 Preleased: 76% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2015 Deliv Date: Fourth Quarter 2015 Leasing Co: Carolina Holdings, Inc. Developer: N/A</p>		



Asheville Retail Market

Figures at a Glance

General Retail Market Statistics

Mid-Year 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	371	3,349,682	136,464	136,464	4.1%	329,843	325,000	50,000	\$8.99
Central Asheville	249	2,948,153	101,716	101,716	3.5%	(31,618)	0	0	\$19.80
Downtown Asheville	171	2,339,920	43,735	43,735	1.9%	(2,643)	0	0	\$18.21
East Asheville	67	334,320	0	0	0.0%	2,500	0	0	\$0.00
Haywood County	220	2,244,232	103,968	103,968	4.6%	(24,173)	3,808	0	\$10.16
Henderson County	298	2,838,372	107,077	110,453	3.9%	38,484	27,000	0	\$11.28
Madison County	46	305,905	13,194	13,194	4.3%	2,800	0	0	\$12.50
North Asheville	109	825,805	17,143	17,143	2.1%	(10,243)	0	0	\$15.07
S Asheville/Royal Pines	192	1,673,542	68,183	68,183	4.1%	60,136	61,731	22,169	\$16.58
West Asheville	292	2,222,841	48,696	48,696	2.2%	9,654	0	0	\$13.54
Totals	2,015	19,082,772	640,176	643,552	3.4%	374,740	417,539	72,169	\$13.93

Source: CoStar Property®

Mall Market Statistics

Mid-Year 2015

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	8,217	8,217	0.8%	(6,592)	0	0	\$0.00
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Haywood County	0	0	0	0	0.0%	0	0	0	\$0.00
Henderson County	1	356,404	18,731	18,731	5.3%	0	0	0	\$0.00
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	1	309,505	15,631	15,631	5.1%	2,804	0	0	\$30.00
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	3	1,640,308	42,579	42,579	2.6%	(3,788)	0	0	\$30.00

Source: CoStar Property®

Power Center Market Statistics

Mid-Year 2015

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%	0	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	519,390	0	0	0.0%	0	0	0	\$0.00
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	4	1,596,947	32,110	32,110	2.0%	0	0	0	\$18.00

Source: CoStar Property®

Asheville Retail Market



Figures at a Glance

Shopping Center Market Statistics

Mid-Year 2015

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	96,335	96,335	7.5%	(23,876)	0	0	\$9.28
Central Asheville	13	812,153	127,005	127,005	15.6%	(25,541)	0	0	\$12.02
Downtown Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
East Asheville	9	583,117	27,131	27,131	4.7%	0	0	0	\$13.79
Haywood County	11	692,998	28,645	28,645	4.1%	12,000	0	0	\$11.47
Henderson County	35	1,499,365	84,334	117,294	7.8%	7,102	0	0	\$9.66
Madison County	1	46,000	0	0	0.0%	0	0	0	\$0.00
North Asheville	9	176,753	16,914	16,914	9.6%	2,325	0	0	\$19.92
S Asheville/Royal Pines	32	1,057,953	89,458	89,458	8.5%	1,065	0	0	\$14.02
West Asheville	25	1,215,821	123,236	123,236	10.1%	26,040	0	0	\$11.47
Totals	173	7,372,090	593,058	626,018	8.5%	(885)	0	0	\$11.48

Source: CoStar Property®

Total Retail Market Statistics

Mid-Year 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Buncombe County	427	4,637,612	232,799	232,799	5.0%	305,967	325,000	50,000	\$9.09
Central Asheville	275	5,052,024	261,938	261,938	5.2%	(63,751)	0	0	\$15.50
Downtown Asheville	171	2,339,920	43,735	43,735	1.9%	(2,643)	0	0	\$18.21
East Asheville	90	1,323,268	34,241	34,241	2.6%	2,500	0	0	\$15.13
Haywood County	257	3,291,637	132,613	132,613	4.0%	(12,173)	3,808	0	\$11.15
Henderson County	371	4,694,141	210,142	246,478	5.3%	45,586	27,000	0	\$10.31
Madison County	47	351,905	13,194	13,194	3.7%	2,800	0	0	\$12.50
North Asheville	119	1,002,558	34,057	34,057	3.4%	(7,918)	0	0	\$16.77
S Asheville/Royal Pines	248	3,560,390	173,272	173,272	4.9%	64,005	61,731	22,169	\$16.27
West Asheville	339	3,438,662	171,932	171,932	5.0%	35,694	0	0	\$12.05
Totals	2,344	29,692,117	1,307,923	1,344,259	4.5%	370,067	417,539	72,169	\$12.84

Source: CoStar Property®



Asheville Retail Market

Figures at a Glance

General Retail Market Statistics

Mid-Year 2015

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	
2015 2q	2,015	19,082,772	640,176	643,552	3.4%	274,220	2	328,808	4	72,169	\$13.93
2015 1q	2,013	18,753,964	585,588	588,964	3.1%	100,520	4	88,731	5	390,977	\$13.86
2014 4q	2,010	18,745,564	675,760	681,084	3.6%	1,779	2	11,200	8	473,739	\$15.36
2014 3q	2,008	18,734,364	666,339	671,663	3.6%	(329)	0	0	9	434,939	\$14.72
2014 2q	2,010	18,756,788	688,434	693,758	3.7%	74,737	2	78,800	5	392,400	\$12.67
2014 1q	2,010	18,815,845	825,604	827,552	4.4%	(103,454)	2	10,508	5	415,000	\$14.33
2013 4q	2,010	18,814,521	720,562	722,774	3.8%	37,931	2	6,205	6	100,508	\$14.08
2013 3q	2,008	18,808,316	752,288	754,500	4.0%	119,212	2	57,957	6	95,513	\$14.06
2013 2q	2,006	18,750,359	813,543	815,755	4.4%	(49,748)	0	0	4	64,162	\$14.23
2013 1q	2,006	18,750,359	764,446	766,007	4.1%	88,690	1	30,032	2	57,957	\$12.34
2012	2,006	18,722,699	825,476	827,037	4.4%	146,177	13	129,284	1	30,032	\$12.29
2011	1,997	18,613,042	863,557	863,557	4.6%	63,837	3	8,285	7	74,460	\$12.44
2010	1,994	18,604,757	919,109	919,109	4.9%	74,681	5	108,475	0	0	\$12.28
2009	1,990	18,499,285	886,998	888,318	4.8%	219,887	14	221,043	2	12,025	\$13.29
2008	1,976	18,278,242	887,162	887,162	4.9%	194,724	19	419,957	8	151,390	\$13.73
2007	1,957	17,858,285	661,929	661,929	3.7%	(73,749)	19	121,945	11	347,583	\$15.40

Source: CoStar Property®

Mall Market Statistics

Mid-Year 2015

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	
2015 2q	3	1,640,308	42,579	42,579	2.6%	(6,413)	0	0	0	0	\$30.00
2015 1q	3	1,640,308	36,166	36,166	2.2%	2,625	0	0	0	0	\$30.87
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	3	1,640,308	50,145	50,145	3.1%	26,958	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
2007	3	1,540,173	34,259	34,259	2.2%	(300)	0	0	4	100,135	\$0.00

Source: CoStar Property®

Power Center Market Statistics

Mid-Year 2015

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	
2015 2q	4	1,596,947	32,110	32,110	2.0%	0	0	0	0	0	\$18.00
2015 1q	4	1,596,947	32,110	32,110	2.0%	0	0	0	0	0	\$18.00
2014 4q	4	1,596,947	32,110	32,110	2.0%	(7,110)	0	0	0	0	\$18.00
2014 3q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2014 2q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2014 1q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$19.00
2013 4q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2013 3q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2013 2q	4	1,596,947	25,000	25,000	1.6%	0	0	0	0	0	\$15.00
2013 1q	4	1,596,947	25,000	25,000	1.6%	3,200	0	0	0	0	\$15.00
2012	4	1,596,947	28,200	28,200	1.8%	122,885	2	126,085	0	0	\$15.00
2011	4	1,470,862	25,000	25,000	1.7%	33,000	0	0	1	39,871	\$15.00
2010	4	1,470,862	58,000	58,000	3.9%	0	0	0	0	0	\$0.00
2009	4	1,470,862	58,000	58,000	3.9%	24,934	1	30,038	0	0	\$0.00
2008	4	1,440,824	25,000	52,896	3.7%	153,688	2	198,284	0	0	\$0.00
2007	3	1,242,540	8,300	8,300	0.7%	1,600	0	0	2	198,284	\$0.00

Source: CoStar Property®

Asheville Retail Market



Figures at a Glance

Shopping Center Market Statistics

Mid-Year 2015

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	
2015 2q	173	7,372,090	593,058	626,018	8.5%	(29,542)	0	0	0	0	\$11.48
2015 1q	173	7,372,090	546,516	596,476	8.1%	28,657	0	0	0	0	\$11.82
2014 4q	173	7,372,090	575,173	625,133	8.5%	12,616	0	0	0	0	\$12.15
2014 3q	173	7,372,090	604,252	637,749	8.7%	32,576	0	0	0	0	\$12.13
2014 2q	173	7,372,090	638,525	670,325	9.1%	44,182	0	0	0	0	\$12.05
2014 1q	173	7,372,090	681,547	714,507	9.7%	41,472	0	0	0	0	\$12.11
2013 4q	173	7,372,090	723,019	755,979	10.3%	68,304	0	0	0	0	\$11.54
2013 3q	173	7,372,090	768,401	824,283	11.2%	(39,653)	1	7,956	0	0	\$11.88
2013 2q	173	7,364,134	720,792	776,674	10.5%	11,224	0	0	1	7,956	\$12.44
2013 1q	173	7,364,134	697,959	787,898	10.7%	(63,645)	0	0	1	7,956	\$12.30
2012	173	7,364,134	633,714	724,253	9.8%	(128,597)	1	12,000	0	0	\$12.14
2011	173	7,352,134	527,774	583,656	7.9%	28,836	2	26,560	1	12,000	\$12.69
2010	172	7,325,574	530,050	585,932	8.0%	54,968	2	86,981	0	0	\$13.78
2009	172	7,238,593	518,927	553,919	7.7%	45,866	0	0	1	75,481	\$14.41
2008	172	7,238,593	568,413	599,785	8.3%	(66,923)	4	64,031	0	0	\$13.98
2007	170	7,174,562	433,329	468,831	6.5%	(34,701)	3	62,510	4	64,031	\$14.10

Source: CoStar Property®

Total Retail Market Statistics

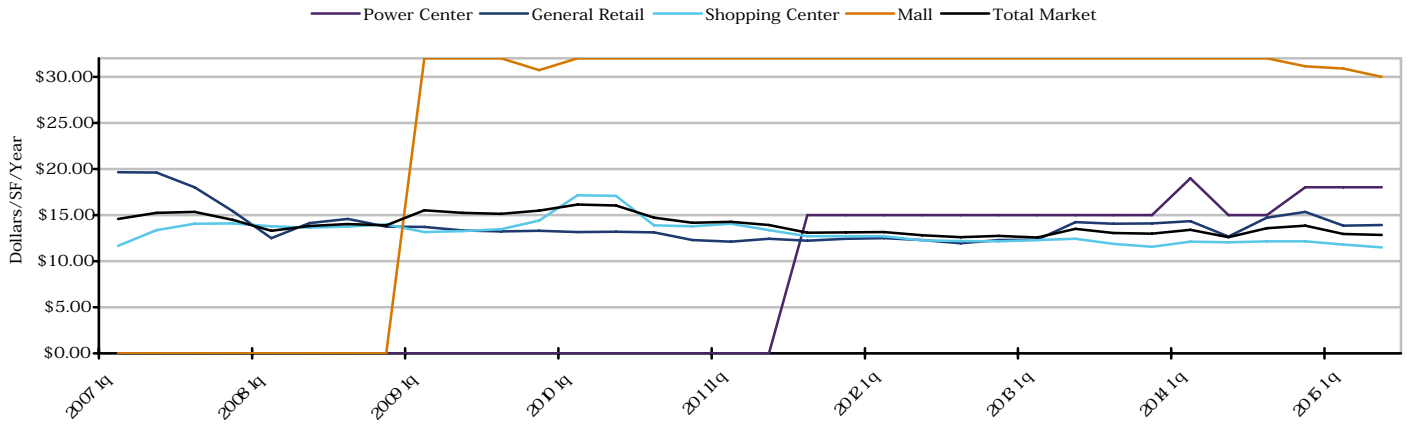
Mid-Year 2015

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	
2015 2q	2,344	29,692,117	1,307,923	1,344,259	4.5%	238,265	2	328,808	4	72,169	\$12.84
2015 1q	2,342	29,363,309	1,200,380	1,253,716	4.3%	131,802	4	88,731	5	390,977	\$12.94
2014 4q	2,339	29,354,909	1,321,834	1,377,118	4.7%	8,810	2	11,200	8	473,739	\$13.83
2014 3q	2,337	29,343,709	1,335,907	1,374,728	4.7%	30,312	0	0	9	434,939	\$13.59
2014 2q	2,339	29,366,133	1,390,340	1,427,464	4.9%	120,675	2	78,800	5	392,400	\$12.61
2014 1q	2,339	29,425,190	1,572,288	1,607,196	5.5%	(57,803)	2	10,508	5	415,000	\$13.39
2013 4q	2,339	29,423,866	1,512,897	1,548,069	5.3%	107,911	2	6,205	6	100,508	\$12.98
2013 3q	2,337	29,417,661	1,591,681	1,649,775	5.6%	79,286	3	65,913	6	95,513	\$13.07
2013 2q	2,334	29,351,748	1,605,054	1,663,148	5.7%	(37,526)	0	0	5	72,118	\$13.51
2013 1q	2,334	29,351,748	1,534,122	1,625,622	5.5%	31,673	1	30,032	3	65,913	\$12.55
2012	2,334	29,324,088	1,537,535	1,629,635	5.6%	167,423	16	267,369	1	30,032	\$12.74
2011	2,322	29,076,346	1,493,434	1,549,316	5.3%	109,234	5	34,845	9	126,331	\$13.13
2010	2,317	29,041,501	1,567,823	1,623,705	5.6%	148,947	7	195,456	0	0	\$14.15
2009	2,311	28,849,048	1,543,887	1,580,199	5.5%	299,453	16	286,281	3	87,506	\$15.49
2008	2,295	28,562,767	1,534,103	1,593,371	5.6%	327,155	28	747,207	9	186,590	\$13.88
2007	2,267	27,815,560	1,137,817	1,173,319	4.2%	(107,150)	22	184,455	21	710,033	\$14.47

Source: CoStar Property®

Historical Rental Rates

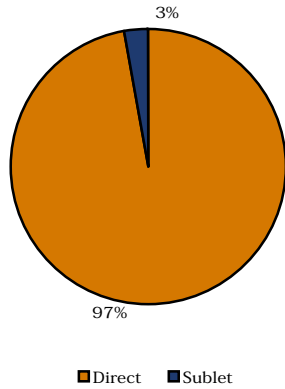
Based on NNN Rental Rates



Source: CoStar Property®

Vacancy by Available Space Type

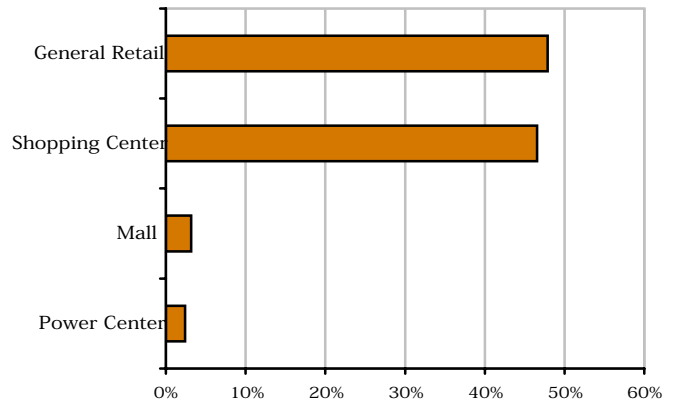
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

Vacancy by Building Type

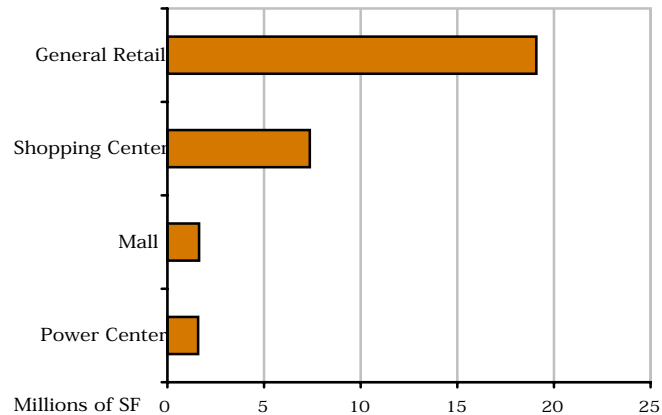
Percent of All Vacant Space by Building Type



Source: CoStar Property®

GLA By Building Type

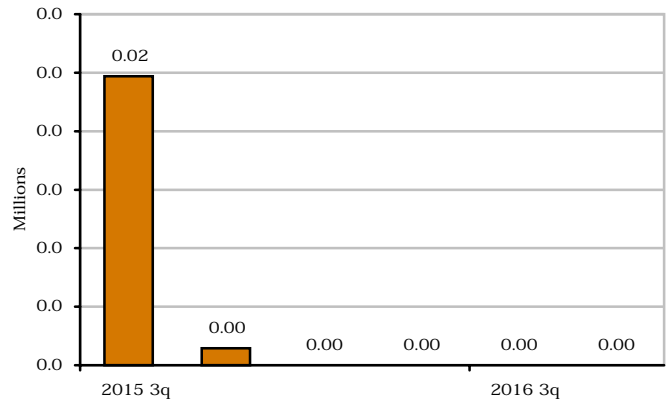
Ratio of Total GLA by Building Type



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 2015

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 Publix	S Asheville/Royal Pines	50,000	1st	Publix	N/A	N/A
2 Field & Stream	Buncombe County	50,000	1st	Field & Stream	N/A	New England Development
3 Riverview Station	Central Asheville	27,903	1st	Mountain Glass Arts	Whitney Commercial Real Estate	The Real Estate Center
4 Asheville Outlets	Buncombe County	21,833	1st	VF Outlet	N/A	New England Development
5 The Plaza At Biltmore Square	Buncombe County	18,160	2nd	N/A	N/A	Biltmore Farms, Inc.
6 Asheville Outlets	Buncombe County	12,500	1st	West Elm	N/A	New England Development
7 Asheville Outlets	Buncombe County	12,322	1st	Nike Factory Store	N/A	New England Development
8 Asheville Market	Central Asheville	11,780	2nd	Fifth Season Gardening	N/A	Edens, Inc.
9 Asheville Outlets	Buncombe County	10,740	1st	Dollar Tree	N/A	New England Development
10 United Federal Credit Union	Henderson County	10,682	1st	United Federal Credit Union	NAI Beverly-Hanks	NAI Beverly-Hanks
11 Asheville Outlets	Buncombe County	9,257	1st	Banana Republic	N/A	New England Development
12 Asheville Outlets	Buncombe County	8,504	1st	Coach	N/A	New England Development
13 Asheville Outlets	Buncombe County	8,432	1st	Express Factory Outlet	N/A	New England Development
14 Asheville Outlets	Buncombe County	8,202	1st	American Eagle Outfitters	N/A	New England Development
15 Asheville Outlets	Buncombe County	8,086	1st	Dress Barn	N/A	New England Development
16 Asheville Outlets	Buncombe County	7,881	1st	Tommy Hilfiger	N/A	New England Development
17 611 Tunnel Rd	East Asheville	7,800	2nd	N/A	N/A	Tessier Associates, Inc.
18 Asheville Outlets	Buncombe County	7,726	1st	Famous Footwear Outlet	N/A	New England Development
19 Asheville Outlets	Buncombe County	7,606	1st	Gap Factory Store	N/A	New England Development
20 Asheville Outlets	Buncombe County	6,400	1st	Abercrombie & Fitch	N/A	New England Development
21 Asheville Outlets	Buncombe County	6,239	1st	J. Crew Factory	N/A	New England Development
22 Asheville Outlets	Buncombe County	6,032	1st	Ann Taylor Factory Store	N/A	New England Development
23 Asheville Outlets	Buncombe County	5,804	1st	G H Bass & Co.	N/A	New England Development
24 Asheville Outlets	Buncombe County	5,500	1st	Talbots Outlet	N/A	New England Development
25 Asheville Outlets	Buncombe County	5,355	1st	Fragrance Outlet	N/A	New England Development
26 Asheville Outlets	Buncombe County	4,952	1st	The Children's Place	N/A	New England Development
27 1 Battle Sq	Downtown Asheville	4,300	1st	Asheville Pinball Museum	Tessier Associates, Inc.	Tessier Associates, Inc.
28 Asheville Outlets	Buncombe County	4,067	1st	Go Games & Go Toys	N/A	New England Development
29 Asheville Outlets	Buncombe County	4,000	2nd	Christopher & Banks	N/A	New England Development
30 Asheville Outlets	Buncombe County	4,000	1st	Clarks Outlet	N/A	New England Development
31 Asheville Outlets	Buncombe County	3,820	1st	New York & Company Outlet	N/A	New England Development
32 39 S Market St	Central Asheville	3,520	1st	Mac of Asheville	NAI Beverly-Hanks	NAI Beverly-Hanks
33 Asheville Outlets	Buncombe County	3,506	1st	Levi's Outlet Store	N/A	New England Development
34 Asheville Outlets	Buncombe County	3,500	1st	Lucky Brand	N/A	New England Development
35 Gerber Village - Building D	S Asheville/Royal Pines	3,307	2nd	Youth Villages, Inc.	N/A	Spake Real Estate
36 Ingles Market #30	S Asheville/Royal Pines	2,800	2nd	Humana Marketpoint, Inc.	Whitney Commercial Real Estate	Spake Real Estate
37 Laurel Park Village Shopping Center	Henderson County	2,350	1st	Goodwill Industries NWNC	NAI Beverly-Hanks	NAI Beverly-Hanks
38 22 New Leicester Hwy	West Asheville	2,024	2nd	Smart Start	N/A	G/M Property Group
39 AAA Center	S Asheville/Royal Pines	1,677	2nd	Premier Home Health Care	Whitney Commercial Real Estate	Pulliam Properties
40 10 Brook St	Central Asheville	1,574	2nd	Carolina Real Estate	N/A	Spake Real Estate; Biltmore

Source: CoStar Property®

* Renewal



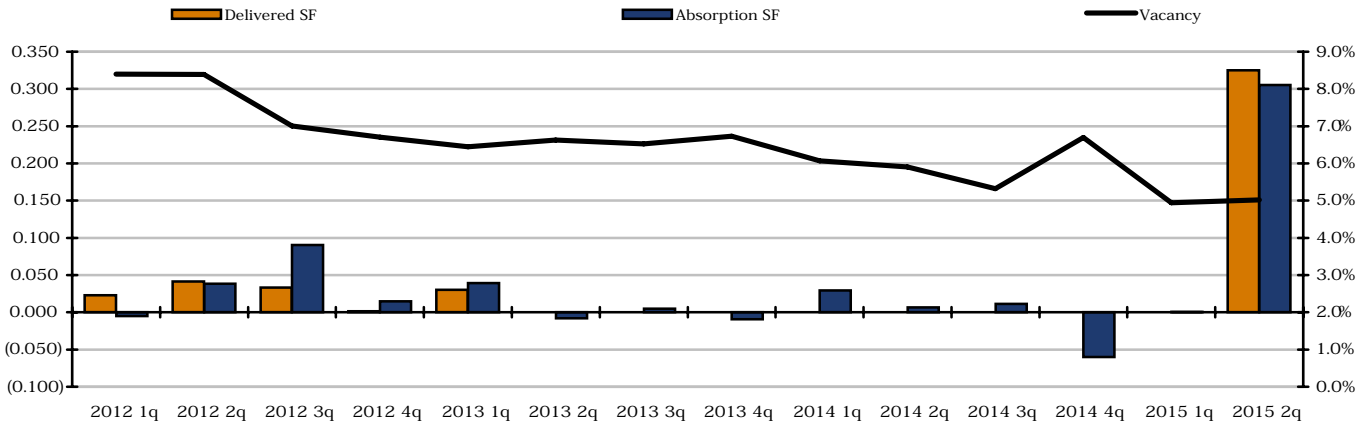
Asheville Retail Market

Buncombe County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

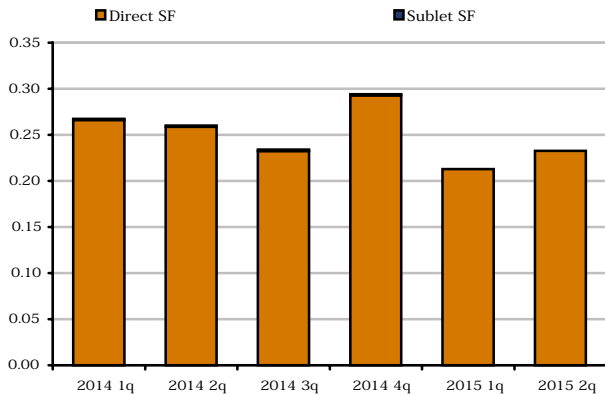
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

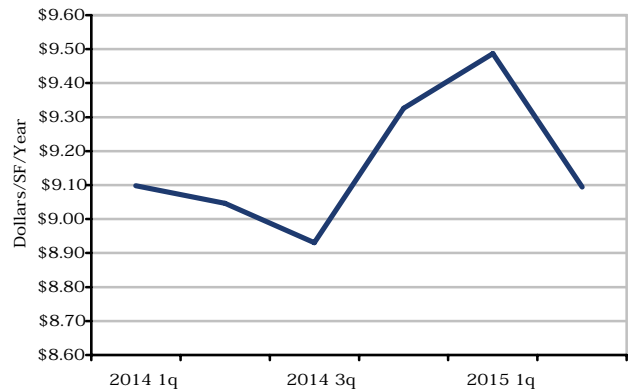
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	427	4,637,612	232,799	5.0%	305,198	1	325,000	1	50,000	\$9.09
2015 1q	426	4,312,612	212,997	4.9%	769	0	0	2	375,000	\$9.49
2014 4q	427	4,392,943	294,097	6.7%	(60,194)	0	0	2	375,000	\$9.33
2014 3q	427	4,392,943	233,903	5.3%	11,245	0	0	1	325,000	\$8.93
2014 2q	428	4,407,943	260,148	5.9%	6,771	0	0	1	325,000	\$9.05
2014 1q	429	4,408,389	267,365	6.1%	29,328	0	0	1	325,000	\$9.10
2013 4q	429	4,408,389	296,693	6.7%	(9,186)	0	0	0	0	\$7.88
2013 3q	429	4,408,389	287,507	6.5%	4,678	0	0	0	0	\$8.27
2013 2q	429	4,408,389	292,185	6.6%	(8,041)	0	0	0	0	\$8.40
2013 1q	429	4,408,389	284,144	6.4%	39,332	1	30,032	0	0	\$8.18
2012 4q	428	4,378,357	293,444	6.7%	14,859	1	1,500	1	30,032	\$8.04
2012 3q	427	4,376,857	306,803	7.0%	90,519	2	33,061	2	31,532	\$8.28
2012 2q	425	4,343,796	364,261	8.4%	38,456	4	41,584	3	34,561	\$8.30
2012 1q	421	4,302,212	361,133	8.4%	(4,951)	2	22,899	7	76,145	\$8.53
2011 4q	419	4,279,313	333,283	7.8%	8,348	0	0	4	50,858	\$9.14
2011 3q	419	4,279,313	341,631	8.0%	11,376	2	5,000	2	22,899	\$9.09

Source: CoStar Property®

Asheville Retail Market

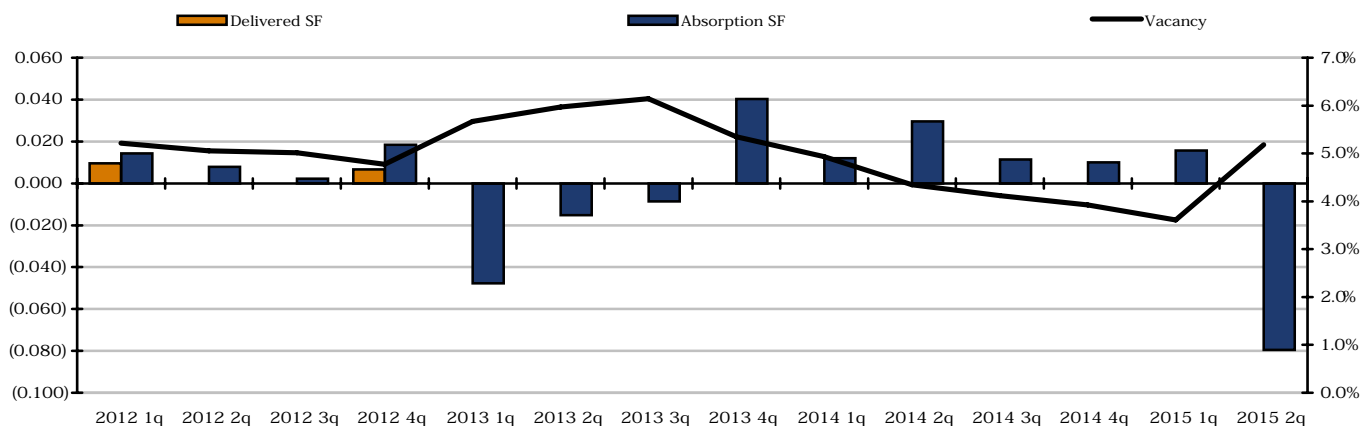


Central Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

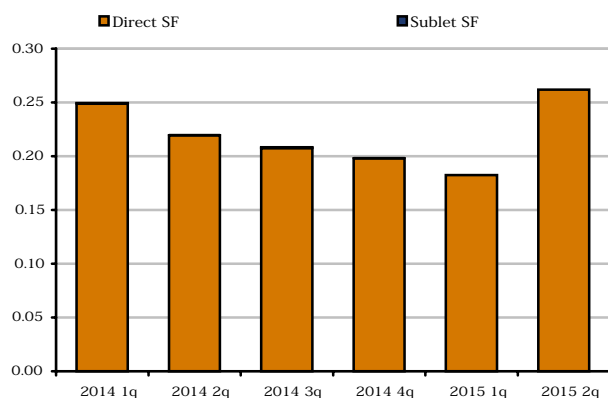
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

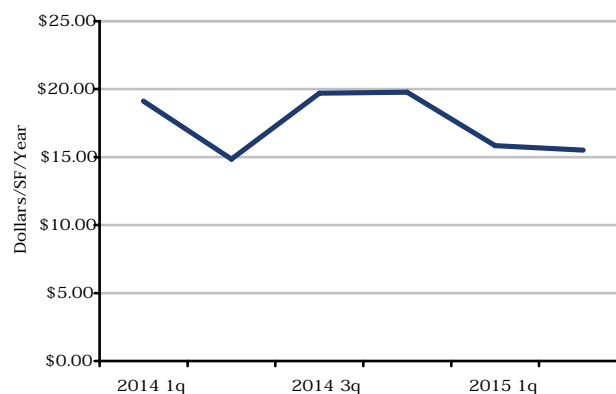
Historical Analysis, All Classes



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	
2015 2q	275	5,052,024	261,938	5.2%	(79,477)	0	0	0	0	\$15.50
2015 1q	275	5,052,024	182,461	3.6%	15,726	0	0	0	0	\$15.84
2014 4q	275	5,052,024	198,187	3.9%	10,034	0	0	0	0	\$19.77
2014 3q	275	5,052,024	208,221	4.1%	11,454	0	0	0	0	\$19.70
2014 2q	275	5,052,024	219,675	4.3%	29,653	0	0	0	0	\$14.85
2014 1q	275	5,052,024	249,328	4.9%	12,074	0	0	0	0	\$19.13
2013 4q	277	5,061,208	270,586	5.3%	40,318	0	0	0	0	\$19.12
2013 3q	277	5,061,208	310,904	6.1%	(8,614)	0	0	0	0	\$19.12
2013 2q	277	5,061,208	302,290	6.0%	(15,179)	0	0	0	0	\$18.93
2013 1q	277	5,061,208	287,111	5.7%	(47,796)	0	0	0	0	\$14.21
2012 4q	278	5,063,580	241,687	4.8%	18,495	1	6,638	0	0	\$14.74
2012 3q	277	5,056,942	253,544	5.0%	2,179	0	0	1	6,638	\$14.17
2012 2q	277	5,056,942	255,723	5.1%	7,880	0	0	1	6,638	\$14.66
2012 1q	277	5,056,942	263,603	5.2%	14,281	1	9,502	0	0	\$14.53
2011 4q	276	5,047,440	268,382	5.3%	21,530	1	3,285	1	9,502	\$14.15
2011 3q	275	5,044,155	286,627	5.7%	23,093	0	0	2	12,787	\$13.76

Source: CoStar Property®



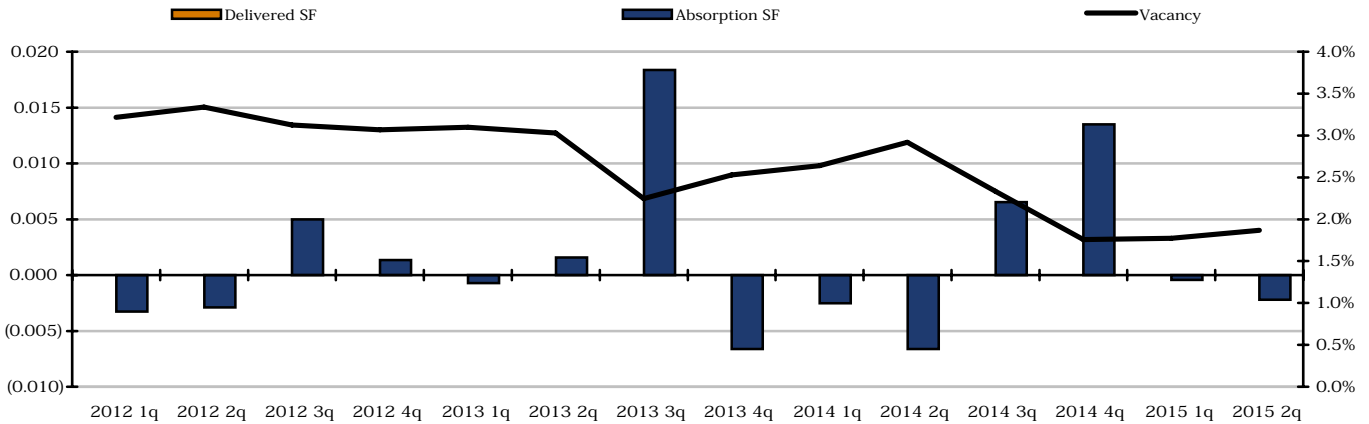
Asheville Retail Market

Downtown Asheville Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

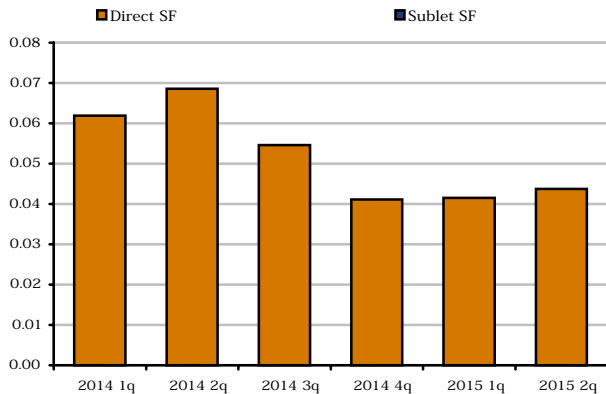
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

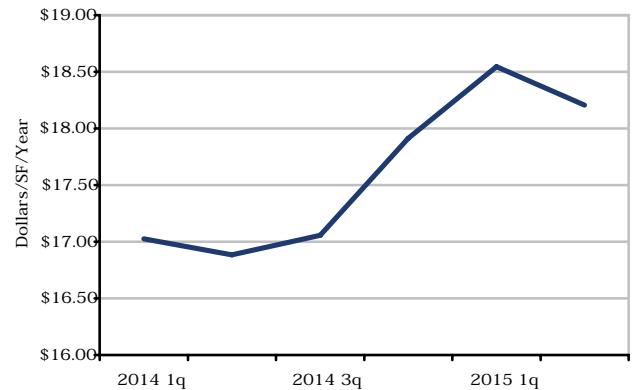
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	171	2,339,920	43,735	1.9%	(2,213)	0	0	0	0	\$18.21
2015 1q	171	2,339,920	41,522	1.8%	(430)	0	0	0	0	\$18.54
2014 4q	171	2,339,920	41,092	1.8%	13,501	0	0	0	0	\$17.91
2014 3q	171	2,339,920	54,593	2.3%	6,536	0	0	0	0	\$17.06
2014 2q	172	2,347,344	68,553	2.9%	(6,626)	0	0	0	0	\$16.88
2014 1q	172	2,347,344	61,927	2.6%	(2,525)	0	0	0	0	\$17.03
2013 4q	172	2,347,344	59,402	2.5%	(6,633)	0	0	0	0	\$17.34
2013 3q	172	2,347,344	52,769	2.2%	18,378	0	0	0	0	\$17.13
2013 2q	172	2,347,344	71,147	3.0%	1,574	0	0	0	0	\$16.84
2013 1q	172	2,347,344	72,721	3.1%	(705)	0	0	0	0	\$17.26
2012 4q	172	2,347,344	72,016	3.1%	1,351	0	0	0	0	\$17.26
2012 3q	172	2,347,344	73,367	3.1%	4,995	0	0	0	0	\$16.58
2012 2q	172	2,347,344	78,362	3.3%	(2,880)	0	0	0	0	\$17.02
2012 1q	172	2,347,344	75,482	3.2%	(3,259)	0	0	0	0	\$16.93
2011 4q	172	2,347,344	72,223	3.1%	23,844	0	0	0	0	\$14.52
2011 3q	172	2,347,344	96,067	4.1%	17,967	0	0	0	0	\$10.92

Source: CoStar Property®

Asheville Retail Market

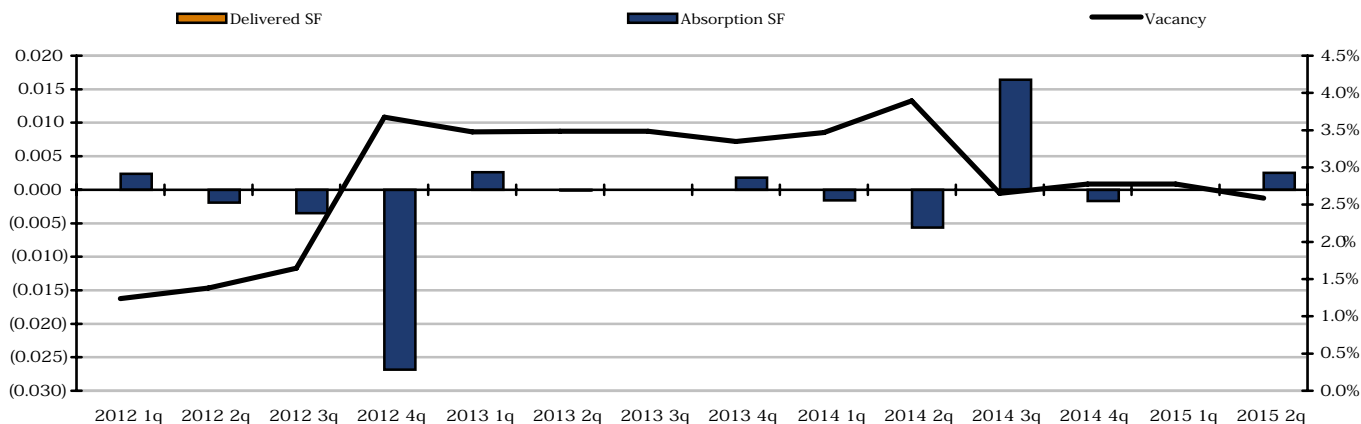


East Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

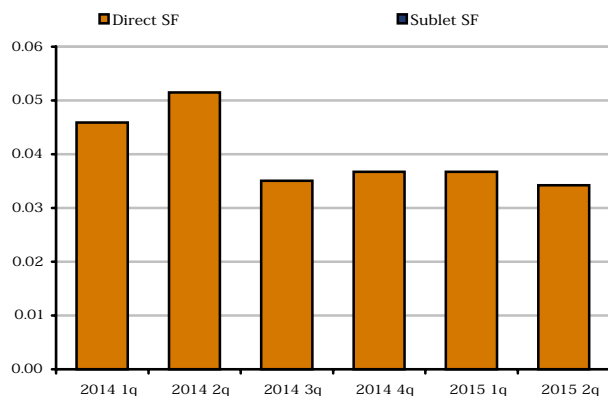
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

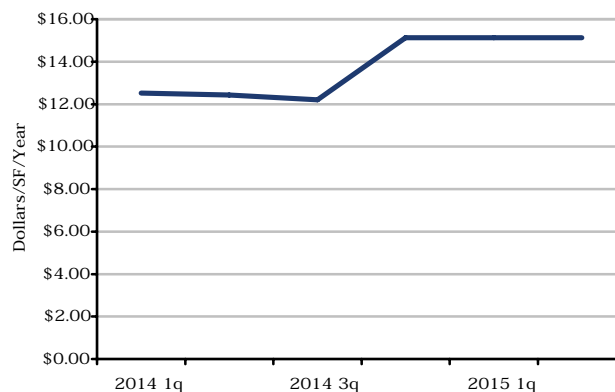
Historical Analysis, All Classes



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	
2015 2q	90	1,323,268	34,241	2.6%	2,500	0	0	0	0	\$15.13
2015 1q	90	1,323,268	36,741	2.8%	0	0	0	0	0	\$15.13
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

Source: CoStar Property®



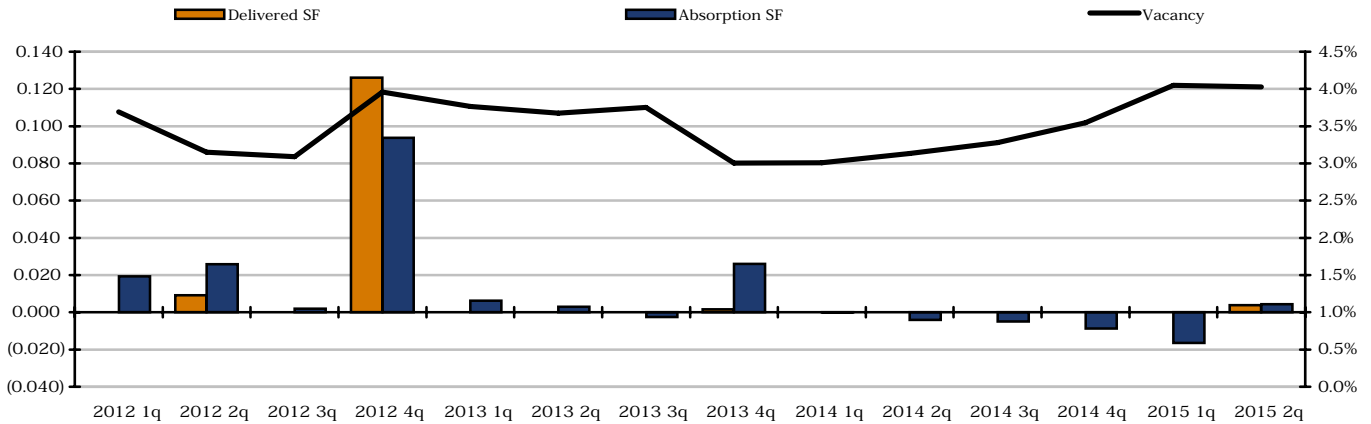
Asheville Retail Market

Haywood County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

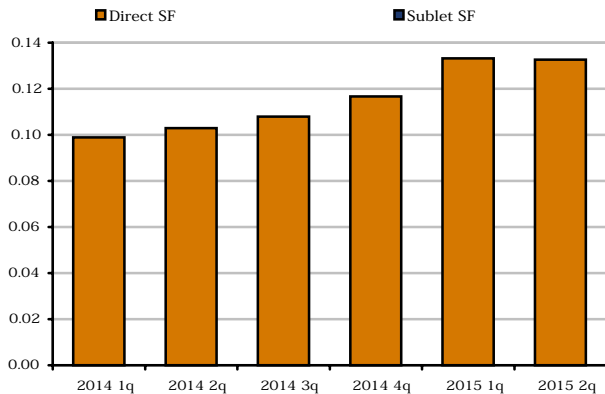
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

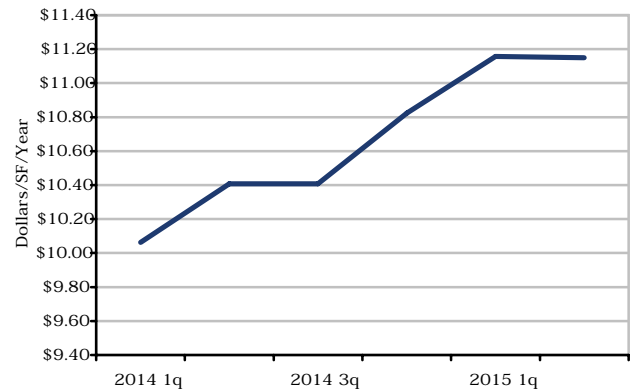
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	257	3,291,637	132,613	4.0%	4,328	1	3,808	0	0	\$11.15
2015 1q	256	3,287,829	133,133	4.0%	(16,501)	0	0	1	3,808	\$11.16
2014 4q	256	3,287,829	116,632	3.5%	(8,750)	0	0	1	3,808	\$10.82
2014 3q	256	3,287,829	107,882	3.3%	(4,932)	0	0	1	3,808	\$10.41
2014 2q	256	3,287,829	102,950	3.1%	(4,062)	0	0	0	0	\$10.41
2014 1q	256	3,287,829	98,888	3.0%	(63)	0	0	0	0	\$10.06
2013 4q	256	3,287,829	98,825	3.0%	26,029	1	1,599	0	0	\$9.09
2013 3q	255	3,286,230	123,255	3.8%	(2,533)	0	0	1	1,599	\$9.04
2013 2q	255	3,286,230	120,722	3.7%	2,998	0	0	1	1,599	\$9.47
2013 1q	255	3,286,230	123,720	3.8%	6,332	0	0	0	0	\$9.65
2012 4q	255	3,286,230	130,052	4.0%	93,673	2	126,085	0	0	\$9.24
2012 3q	253	3,160,145	97,640	3.1%	1,968	0	0	2	126,085	\$9.20
2012 2q	253	3,160,145	99,608	3.2%	25,834	1	9,100	2	126,085	\$9.22
2012 1q	252	3,151,045	116,342	3.7%	19,370	0	0	3	135,185	\$9.22
2011 4q	252	3,151,045	135,712	4.3%	6,971	0	0	2	48,971	\$9.41
2011 3q	252	3,151,045	142,683	4.5%	10,526	0	0	1	39,871	\$10.20

Source: CoStar Property®

Asheville Retail Market

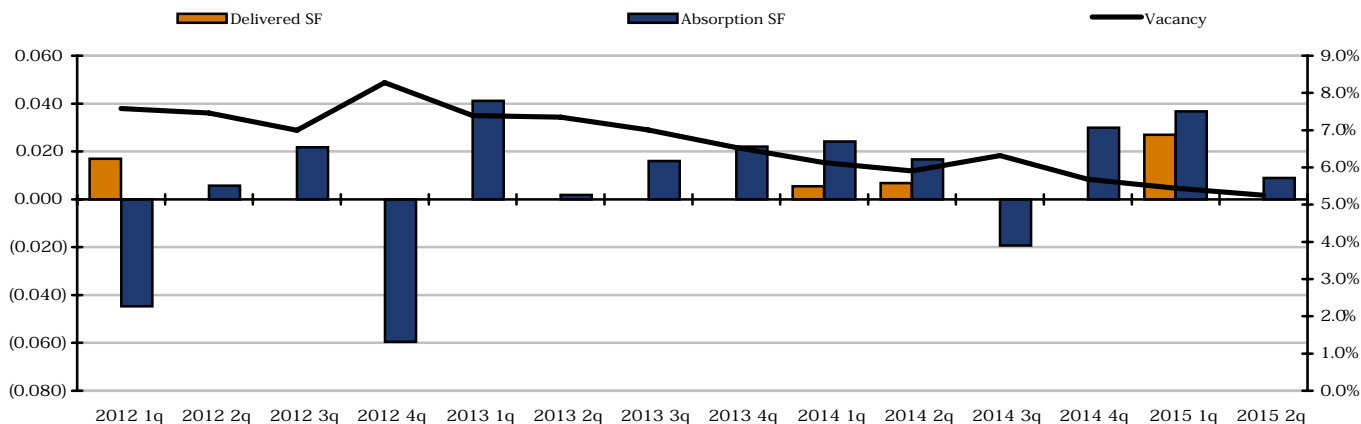


Henderson County Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

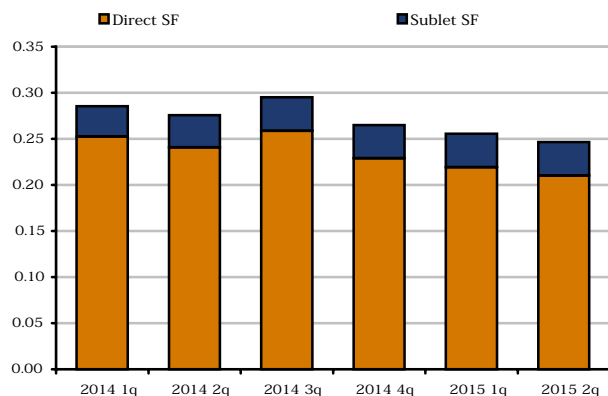
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

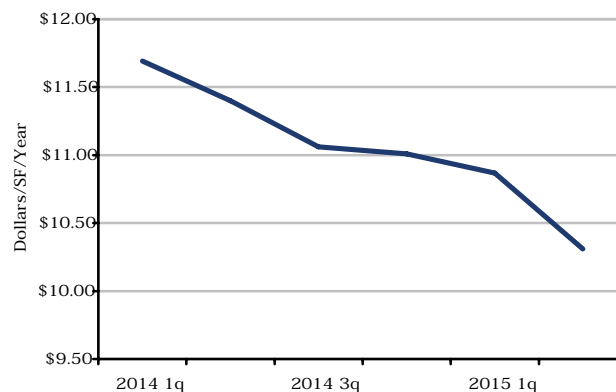
Historical Analysis, All Classes



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	
2015 2q	371	4,694,141	246,478	5.3%	8,908	0	0	0	0	\$10.31
2015 1q	371	4,694,141	255,386	5.4%	36,678	1	27,000	0	0	\$10.87
2014 4q	370	4,667,141	265,064	5.7%	29,909	0	0	1	27,000	\$11.01
2014 3q	370	4,667,141	294,973	6.3%	(19,305)	0	0	1	27,000	\$11.06
2014 2q	370	4,667,141	275,668	5.9%	16,625	1	6,800	0	0	\$11.40
2014 1q	369	4,660,341	285,493	6.1%	24,168	1	5,508	1	6,800	\$11.69
2013 4q	368	4,654,833	304,153	6.5%	22,008	0	0	2	12,308	\$11.55
2013 3q	368	4,654,833	326,161	7.0%	16,064	0	0	2	12,308	\$11.33
2013 2q	368	4,654,833	342,225	7.4%	1,825	0	0	0	0	\$11.91
2013 1q	368	4,654,833	344,050	7.4%	41,119	0	0	0	0	\$11.87
2012 4q	368	4,654,833	385,169	8.3%	(59,513)	0	0	0	0	\$11.85
2012 3q	368	4,654,833	325,656	7.0%	21,767	0	0	0	0	\$10.81
2012 2q	368	4,654,833	347,423	7.5%	5,685	0	0	0	0	\$11.02
2012 1q	368	4,654,833	353,108	7.6%	(44,701)	2	17,000	0	0	\$11.04
2011 4q	367	4,643,644	297,218	6.4%	(8,266)	1	9,767	2	17,000	\$10.84
2011 3q	366	4,633,877	279,185	6.0%	(12,237)	1	16,793	2	14,767	\$10.27

Source: CoStar Property®



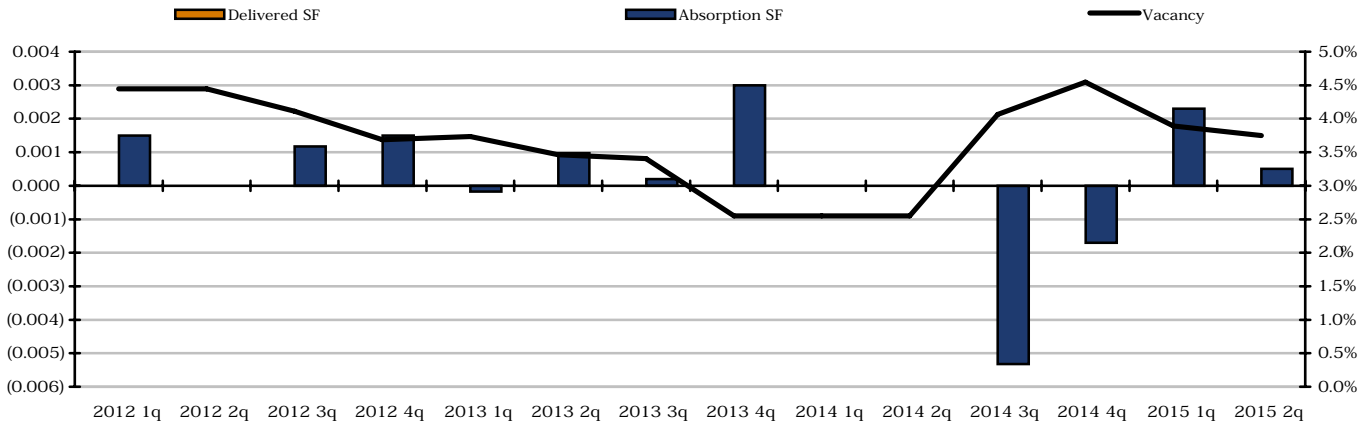
Asheville Retail Market

Madison County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

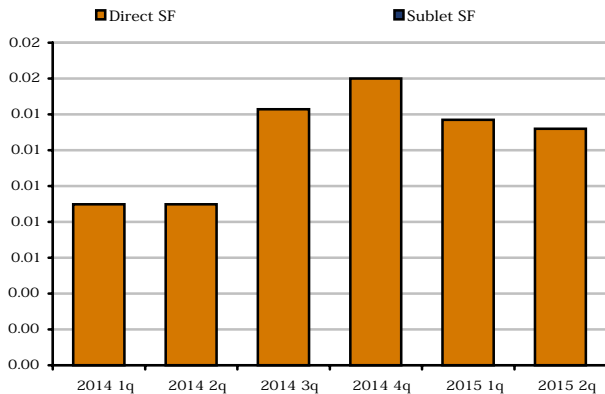
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

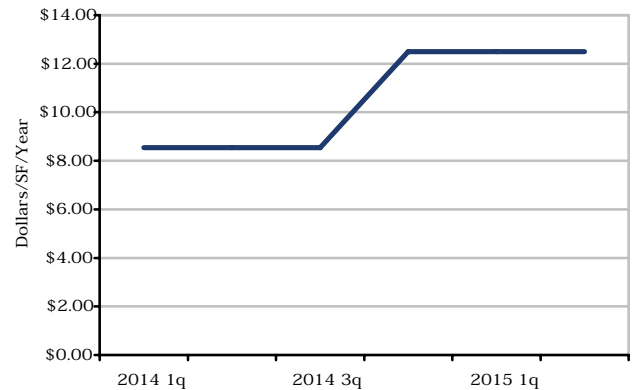
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	47	351,905	13,194	3.7%	500	0	0	0	0	\$12.50
2015 1q	47	351,905	13,694	3.9%	2,300	0	0	0	0	\$12.50
2014 4q	47	351,905	15,994	4.5%	(1,700)	0	0	0	0	\$12.50
2014 3q	47	351,905	14,294	4.1%	(5,318)	0	0	0	0	\$8.55
2014 2q	47	351,905	8,976	2.6%	0	0	0	0	0	\$8.55
2014 1q	47	351,905	8,976	2.6%	0	0	0	0	0	\$8.55
2013 4q	47	351,905	8,976	2.6%	3,000	0	0	0	0	\$8.55
2013 3q	47	351,905	11,976	3.4%	200	0	0	0	0	\$8.55
2013 2q	47	351,905	12,176	3.5%	968	0	0	0	0	\$9.97
2013 1q	47	351,905	13,144	3.7%	(176)	0	0	0	0	\$12.50
2012 4q	47	351,905	12,968	3.7%	1,500	0	0	0	0	\$12.50
2012 3q	47	351,905	14,468	4.1%	1,176	0	0	0	0	\$12.50
2012 2q	47	351,905	15,644	4.4%	0	0	0	0	0	\$12.50
2012 1q	47	351,905	15,644	4.4%	1,500	0	0	0	0	\$12.50
2011 4q	47	351,905	17,144	4.9%	(5,700)	0	0	0	0	\$12.50
2011 3q	47	351,905	11,444	3.3%	(8,868)	0	0	0	0	\$12.50

Source: CoStar Property®

Asheville Retail Market

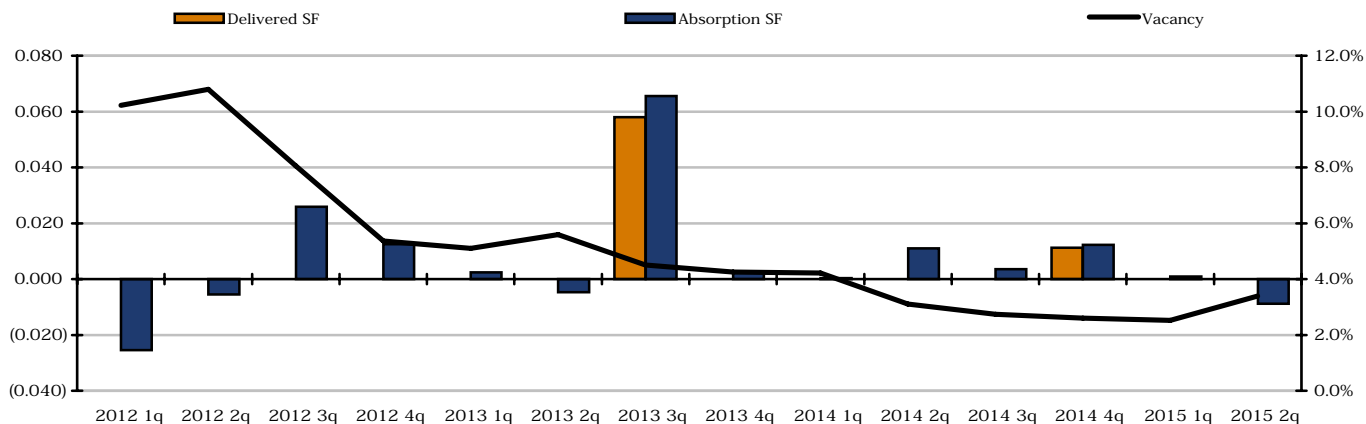


North Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

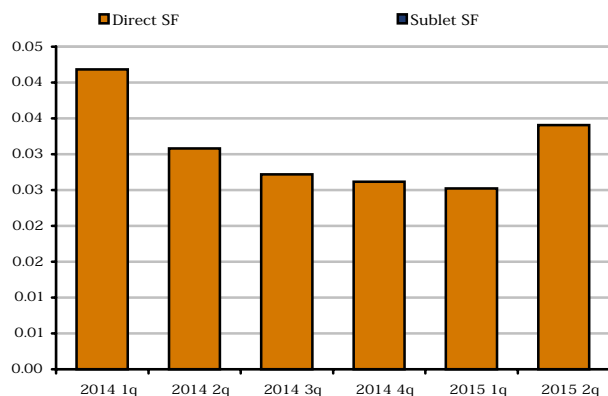
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

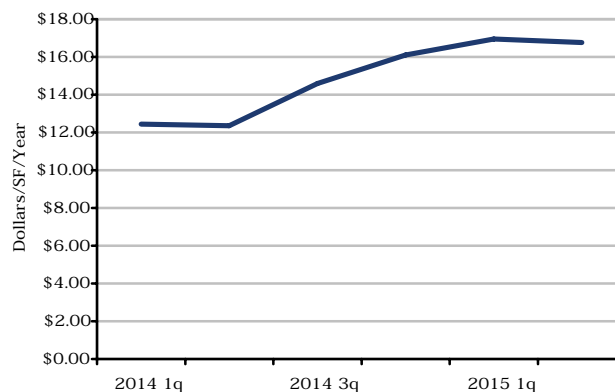
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	119	1,002,558	34,057	3.4%	(8,818)	0	0	0	0	\$16.77
2015 1q	119	1,002,558	25,239	2.5%	900	0	0	0	0	\$16.95
2014 4q	119	1,002,558	26,139	2.6%	12,250	2	11,200	0	0	\$16.11
2014 3q	117	991,358	27,189	2.7%	3,593	0	0	2	11,200	\$14.60
2014 2q	117	991,358	30,782	3.1%	11,032	0	0	2	11,200	\$12.36
2014 1q	117	991,358	41,814	4.2%	322	0	0	2	11,200	\$12.43
2013 4q	117	991,358	42,136	4.3%	2,550	0	0	2	11,200	\$12.27
2013 3q	117	991,358	44,686	4.5%	65,528	2	57,957	0	0	\$14.76
2013 2q	115	933,401	52,257	5.6%	(4,664)	0	0	2	57,957	\$16.44
2013 1q	115	933,401	47,593	5.1%	2,450	0	0	2	57,957	\$15.95
2012 4q	115	933,401	50,043	5.4%	12,448	0	0	0	0	\$14.87
2012 3q	118	947,217	76,307	8.1%	25,934	0	0	0	0	\$14.43
2012 2q	118	947,217	102,241	10.8%	(5,449)	0	0	0	0	\$13.90
2012 1q	118	947,217	96,792	10.2%	(25,492)	0	0	0	0	\$14.40
2011 4q	118	947,217	71,300	7.5%	9,497	0	0	0	0	\$14.85
2011 3q	118	947,217	80,797	8.5%	775	0	0	0	0	\$15.70

Source: CoStar Property®



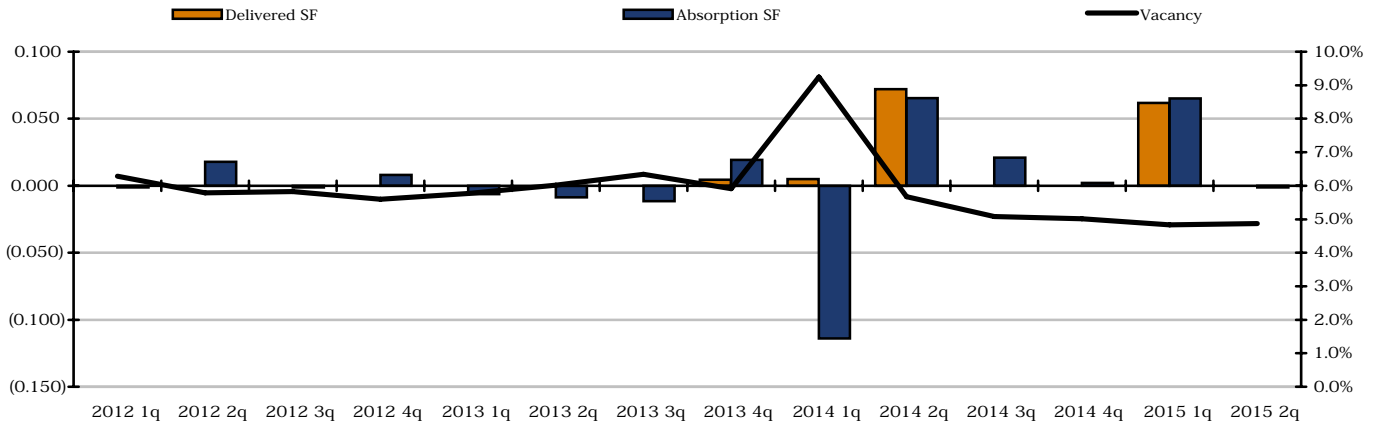
Asheville Retail Market

S Asheville / Royal Pines Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

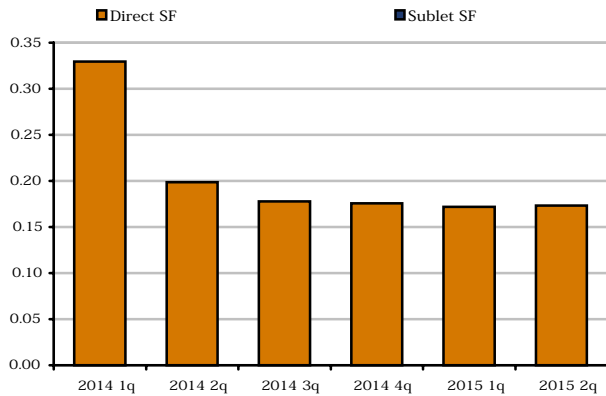
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

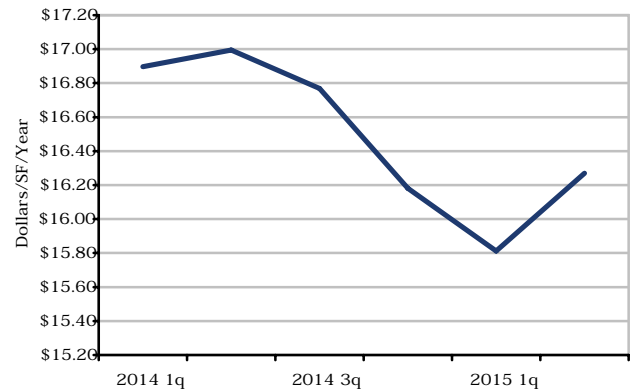
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	248	3,560,390	173,272	4.9%	(1,232)	0	0	3	22,169	\$16.27
2015 1q	248	3,560,390	172,040	4.8%	65,237	3	61,731	2	12,169	\$15.81
2014 4q	245	3,498,659	175,546	5.0%	2,155	0	0	4	67,931	\$16.18
2014 3q	245	3,498,659	177,701	5.1%	20,936	0	0	4	67,931	\$16.77
2014 2q	245	3,498,659	198,637	5.7%	65,410	1	72,000	2	56,200	\$17.00
2014 1q	245	3,564,070	329,458	9.2%	(113,910)	1	5,000	1	72,000	\$16.90
2013 4q	244	3,559,070	210,548	5.9%	19,315	1	4,606	2	77,000	\$16.65
2013 3q	243	3,554,464	225,257	6.3%	(11,427)	0	0	3	81,606	\$16.10
2013 2q	243	3,554,464	213,830	6.0%	(8,651)	0	0	1	4,606	\$17.20
2013 1q	243	3,554,464	205,179	5.8%	(6,321)	0	0	0	0	\$17.91
2012 4q	243	3,554,464	198,858	5.6%	8,152	0	0	0	0	\$19.32
2012 3q	243	3,554,464	207,010	5.8%	(1,231)	0	0	0	0	\$20.18
2012 2q	243	3,554,464	205,779	5.8%	17,749	0	0	0	0	\$20.14
2012 1q	243	3,554,464	223,528	6.3%	(1,217)	0	0	0	0	\$19.86
2011 4q	243	3,554,464	222,311	6.3%	16,598	0	0	0	0	\$19.97
2011 3q	243	3,554,464	238,909	6.7%	11,474	0	0	0	0	\$19.96

Source: CoStar Property®

Asheville Retail Market

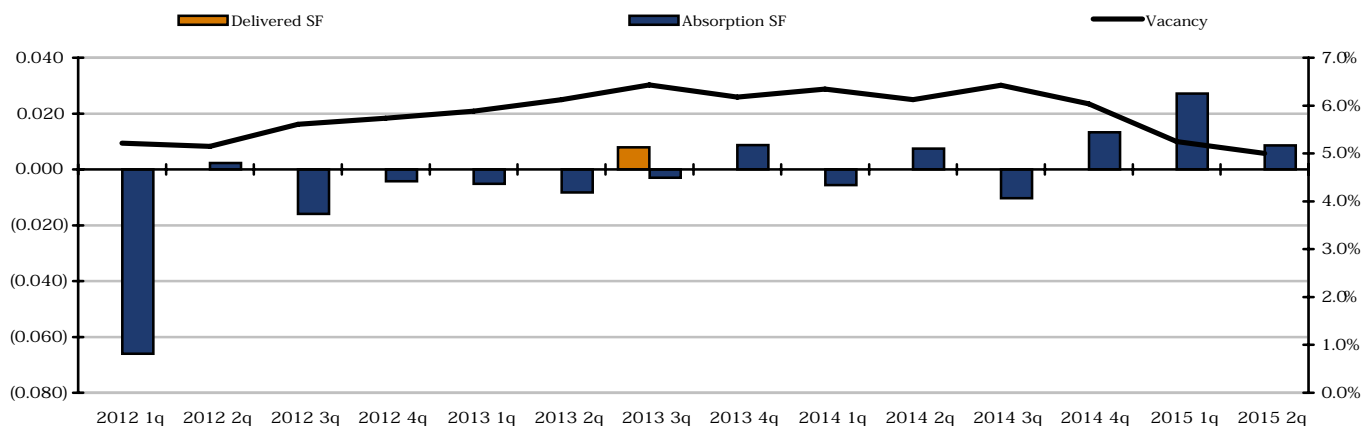


West Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

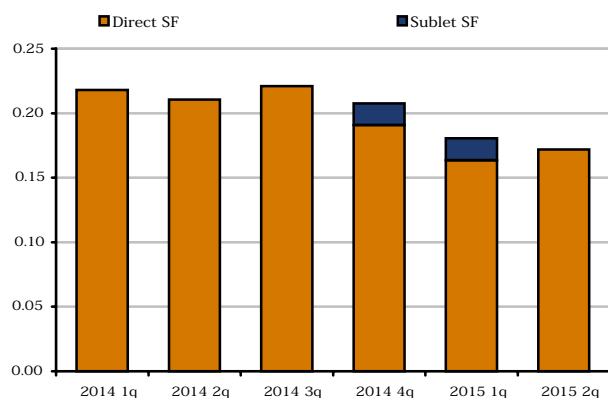
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

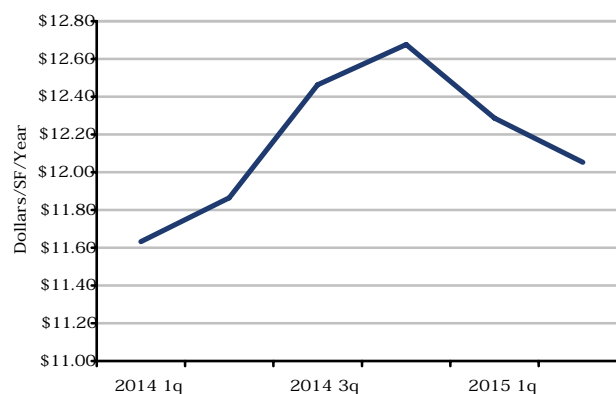
Historical Analysis, All Classes



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	
2015 2q	339	3,438,662	171,932	5.0%	8,571	0	0	0	0	\$12.05
2015 1q	339	3,438,662	180,503	5.2%	27,123	0	0	0	0	\$12.29
2014 4q	339	3,438,662	207,626	6.0%	13,268	0	0	0	0	\$12.68
2014 3q	339	3,438,662	220,894	6.4%	(10,332)	0	0	0	0	\$12.46
2014 2q	339	3,438,662	210,562	6.1%	7,501	0	0	0	0	\$11.86
2014 1q	339	3,438,662	218,063	6.3%	(5,627)	0	0	0	0	\$11.63
2013 4q	339	3,438,662	212,436	6.2%	8,710	0	0	0	0	\$11.47
2013 3q	339	3,438,662	221,146	6.4%	(2,988)	1	7,956	0	0	\$11.61
2013 2q	338	3,430,706	210,202	6.1%	(8,265)	0	0	1	7,956	\$12.20
2013 1q	338	3,430,706	201,937	5.9%	(5,169)	0	0	1	7,956	\$12.04
2012 4q	338	3,430,706	196,768	5.7%	(4,234)	0	0	0	0	\$11.82
2012 3q	338	3,430,706	192,534	5.6%	(15,897)	0	0	0	0	\$12.03
2012 2q	338	3,430,706	176,637	5.1%	2,336	0	0	0	0	\$11.33
2012 1q	338	3,430,706	178,973	5.2%	(65,960)	0	0	0	0	\$11.37
2011 4q	338	3,430,706	113,013	3.3%	(26,605)	0	0	0	0	\$11.44
2011 3q	338	3,430,706	86,408	2.5%	(1,700)	0	0	0	0	\$11.82

Source: CoStar Property®