



### Market Commentary

We believe we are at the top of the trend curve of the recovery. The economy is solid and consumer confidence is at its highest level in 20 years. Pricing and sales volume appear to have reached a peak and plateaued, both locally and nationally. Investors and users have become cautious of overpriced assets and are utilizing stricter underwriting standards to uncover opportunities. Absorption is down across the board, with office leading the way. Class B office accounted for the entirety of the negative absorption with both Class A and Class C assets seeing small positive absorption. Sales volume is down for both retail and industrial, but with office posting a huge increase due to a couple of large sales in the market. Price per square foot is also down for retail and industrial products, but up slightly for office. While the numbers appear negative, it is a necessary correction off the top of the market, where pricing increased to unsustainable levels. We anticipate the market to remain solid over the next 12 to 18 months, with continued price correction of overpriced assets, and lower transaction volumes, but with a shift towards a market equilibrium and long term stability.

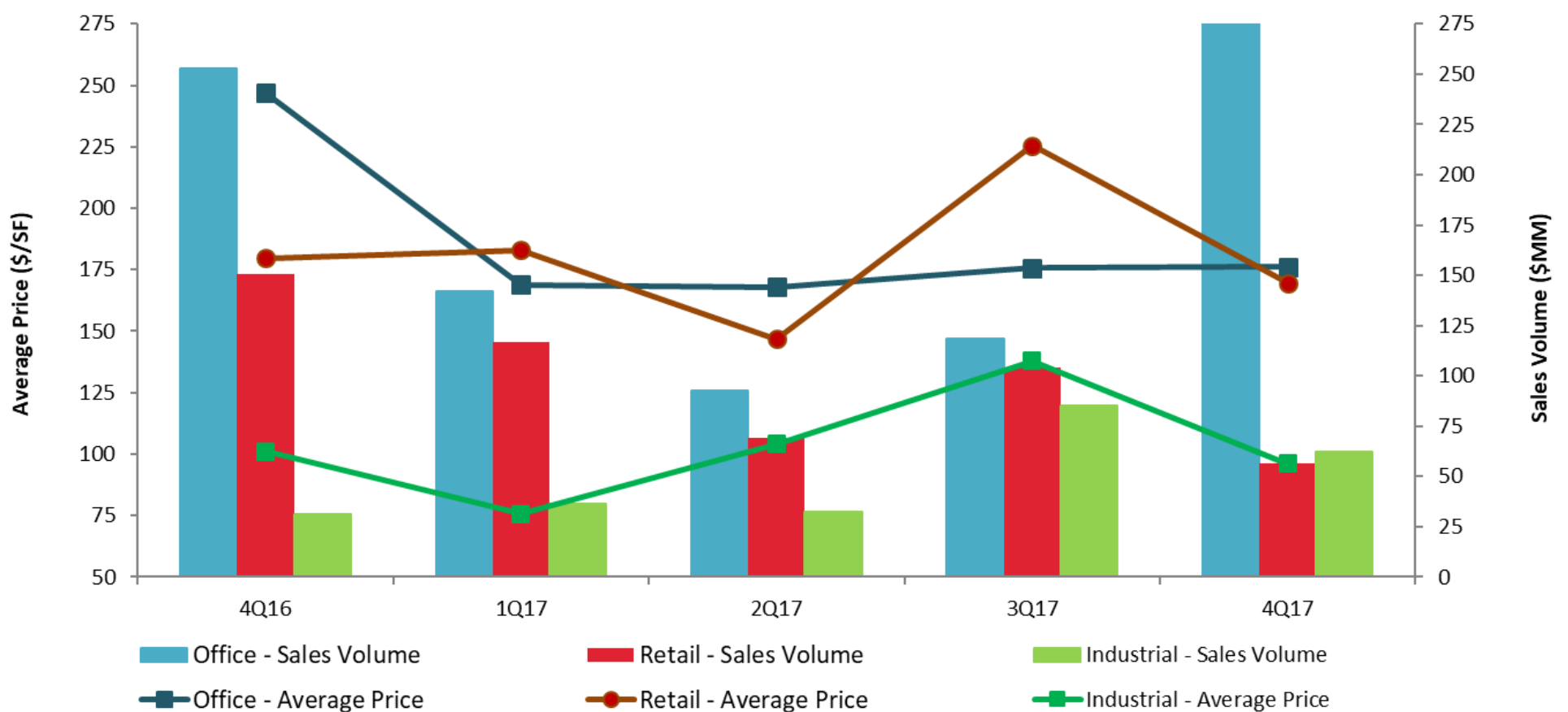
### Recent Sales Data

Property Address	Property Type	Size (SF)	Sale Price	Price/SF
950 Peninsula Corporate Cir Boca Raton	Office	45,803	\$8,950,000	\$195.40
801 N. US Hwy 1 North Palm Beach	Office	13,305	\$2,400,000	\$180.38
4735-4789 N. Congress Ave Boynton Beach	Retail Center	94,639	\$17,000,000	\$179.63
516 Northlake Blvd North Palm Beach	Retail	7,632	\$1,135,000	\$148.72
1900 Old Okeechobee Road West Palm Beach	Industrial	38,230	\$3,660,000	\$95.74
1838 Park Lane S. Jupiter	Industrial	23,050	\$3,100,000	\$134.49

## Market Trends: (3Q17 to 4Q17)

		Retail		Office		Industrial
Absorption (SF)	↓	220,796	↓	(118,809)	↓	212,671
Vacancy	↓	4.10%	↑	10.80%	↓	2.50%
Lease Rate (\$/SF)	↑	\$22.32	↑	\$29.28	↑	\$10.46
Sales (Millions)	↓	\$56.35	↑	\$301.11	↓	\$62.10
Price/SF	↓	\$169.62	↑	\$176.15	↓	\$96.17
YTY Price Change	↓	(5.58%)	↓	(28.64%)	↓	(4.74%)
Construction (SF)	↓	657,821	↑	281,433	↓	231,802
Deliveries (SF)	↑	133,582	↓	10,849	↑	23,446

(Data compiled from CoStar)



### Contact Us For Your Free Broker Opinion of Value

Similar to an appraisal, your comprehensive BOV will help you understand your property's position in the market, allowing you to make informed decisions related to long term financial planning, sale-leaseback options, refinancing, or selling. **Commercial real estate typically represents the largest asset of any business. Even if you aren't interested in selling, you should know what your property is worth.**

David W. Knott  
Managing Partner  
561.662.5758  
dknott@kdcre.com

Ryan R. Dinsdale, CCIM  
Managing Partner  
561.504.6169  
rdinsdale@kdcre.com

KD Commercial Real Estate, LLC  
1416 Okeechobee Road  
West Palm Beach, FL 33401  
Office: 561.408.8100