



CCRSI RELEASE – June 2022

(With data through May 2022)

DEAL VOLUME SLIDES LOWER IN MAY 2022 IN THE FACE OF A SLOWING ECONOMY AS PRICE APPRECIATION SLOWS

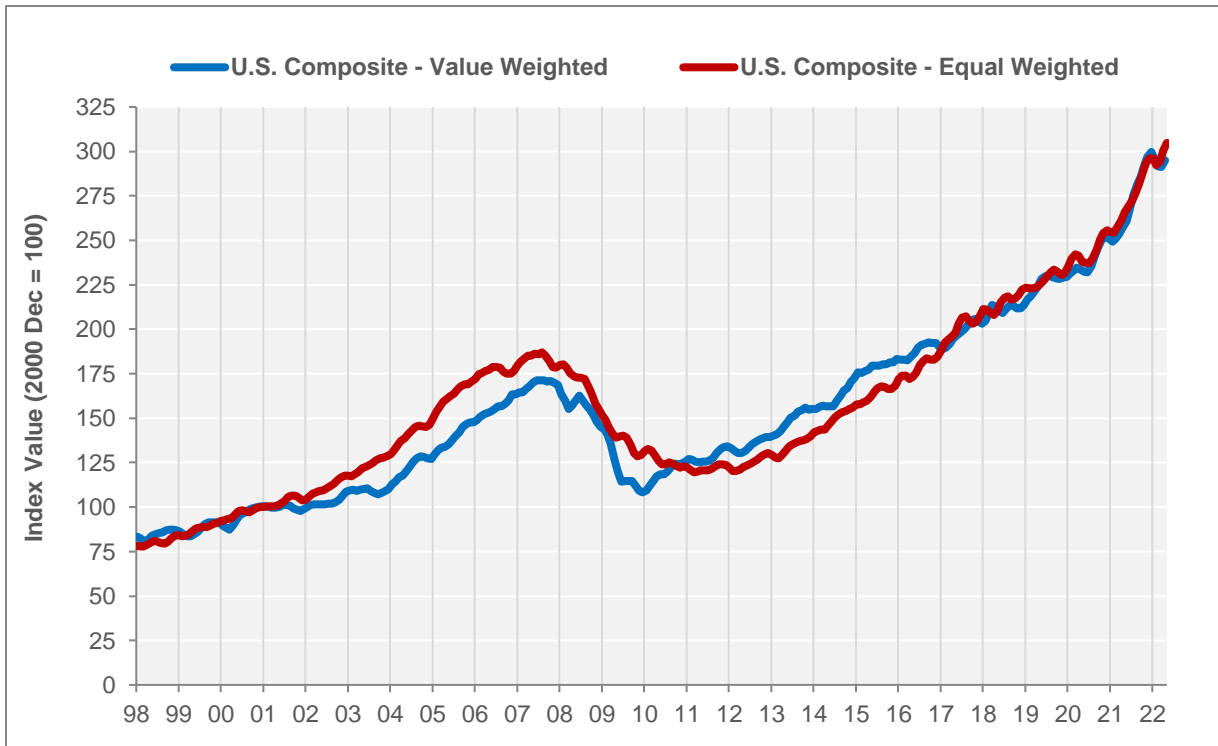
NET ABSORPTION IS PROJECTED TO FALL FOR THE THIRD CONSECUTIVE QUARTER

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through May 2022. Based on 1,768 sale pairs in May 2022 and more than 272,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

CCRSI National Results Highlights

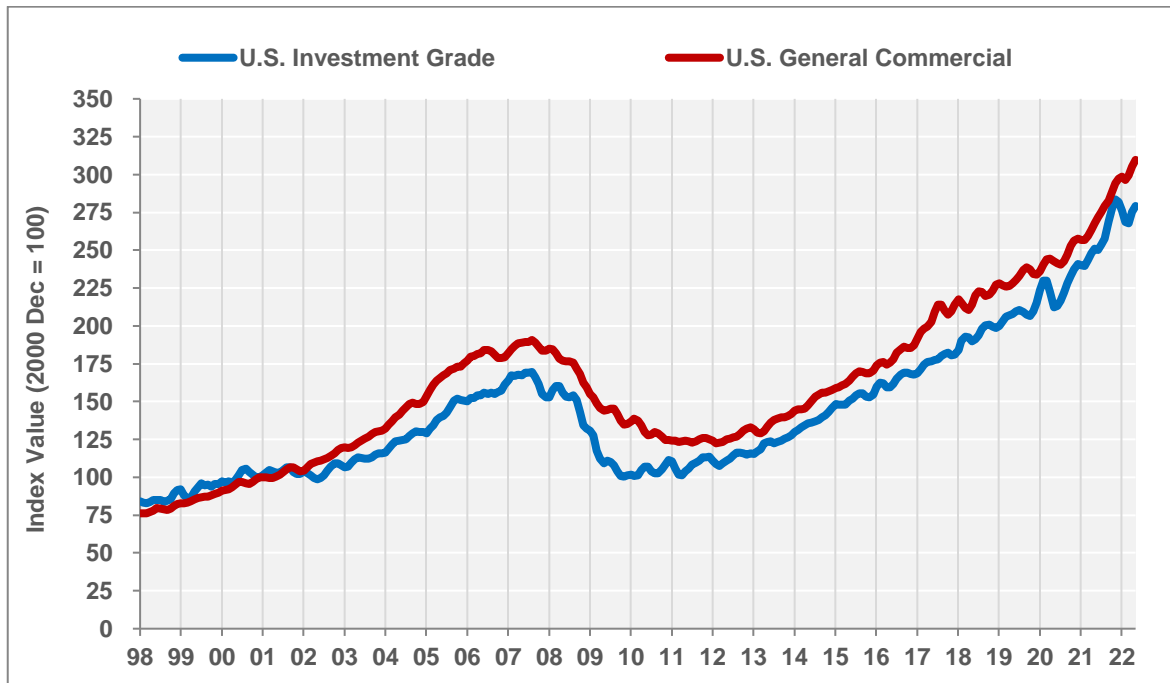
- U.S. COMPOSITE PRICE INDICES MOVED HIGHER IN MAY 2022 AS PRICES GAINED IN PRIMARY MARKETS AFTER THREE MONTHS OF DECLINES. The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades common in core markets, rose by 1.3% in May 2022, its first advance since the beginning of the year, revised data show. The index was up by 14.7% in the 12-month period that ended in May 2022 and is 27.6% higher than it was in February 2020, before the onset of the COVID-19 pandemic. At 295, the index remains below its record high of 300 reached in January 2022.
- The equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, rose by 1.4% to 305 in May 2022, reaching a record high, but a smaller gain than its April 2022 advance of 2.1%. The index rose by 14.8% in the 12-month period that ended in May 2022 and is now 27.2% above its pre-pandemic level in February 2020.

U.S. Composite Indices: Equal- and Value-Weighted, Data through May 2022



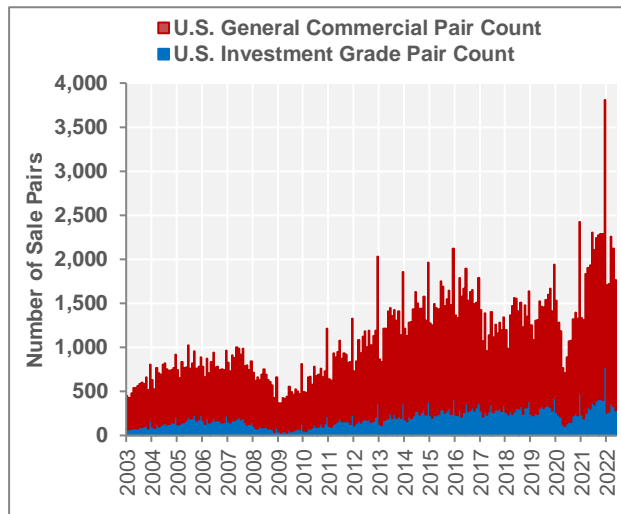
- THE DECELERATION OF GAINS IN THE EQUAL-WEIGHTED COMPOSITE INDEX WAS REFLECTED IN BOTH SUB-INDICES. The investment grade sub-index, more heavily influenced by higher-value assets, rose by 1.5% in May 2022 over its April 2022 level, a deceleration from its April 2022 gain of 2.7%, revised data show. At 279, the sub-index is below its peak of 284 reached in November 2021.
- The general commercial sub-index, more heavily influenced by trades of smaller, lower-priced assets, rose by 1.4% in May 2022, a deceleration over its April 2022 gain of 2.0%. This sub-index has reached 310, its highest level on record.
- The general commercial segment continues to be in favor as it has seen price growth of 15.7% over the 12-month period that ended in May 2022 and is 28.7% higher than its February 2020 pre-pandemic level. The investment grade segment, which registered a gain of 11.3% over the same 12-month period and is 21.6% higher than its February 2020 level.

U.S. Equal-Weighted Indices by Market Segment, Data through May 2022

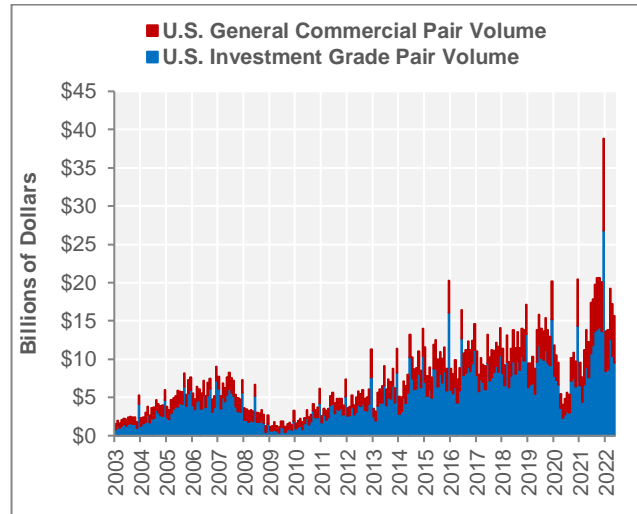


- TRANSACTION VOLUME SLIPPED FOR THE SECOND CONSECUTIVE MONTH IN MAY 2022. Transaction volume fell by 9.3% to \$15.6 billion in May 2022, led by a 7.8% pullback in investment grade transaction volume over the month to \$9.6 billion, while general commercial transaction volume fell by 11.5% over the same period to \$6.1 billion. There were 356 fewer repeat sales deals in May 2022 than the month prior, a decline of 17.1%. However, transaction volume was 63.3% higher in May 2022 than in February 2020, before the onset of the pandemic, and the number of deals was 38.3% higher in May 2022 than in February 2020, marking a steep recovery from pandemic-related capital market constraints.

U.S. Pair Count, Data through May 2022

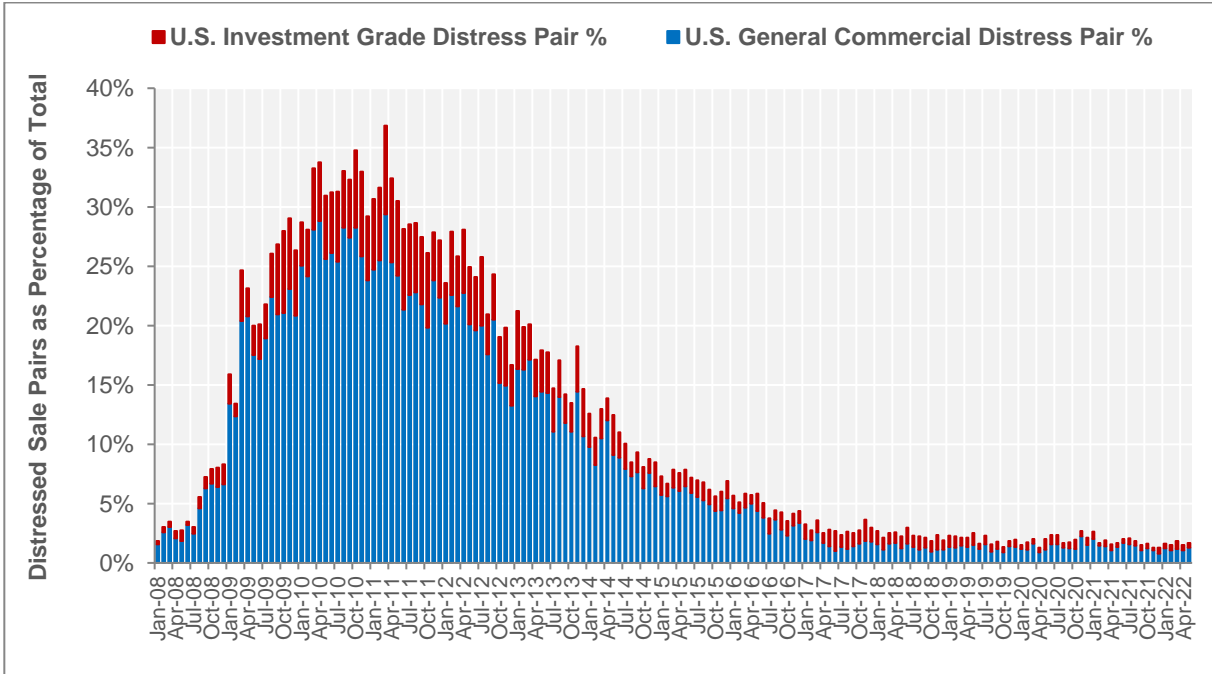


U.S. Pair Volume, Data through May 2022



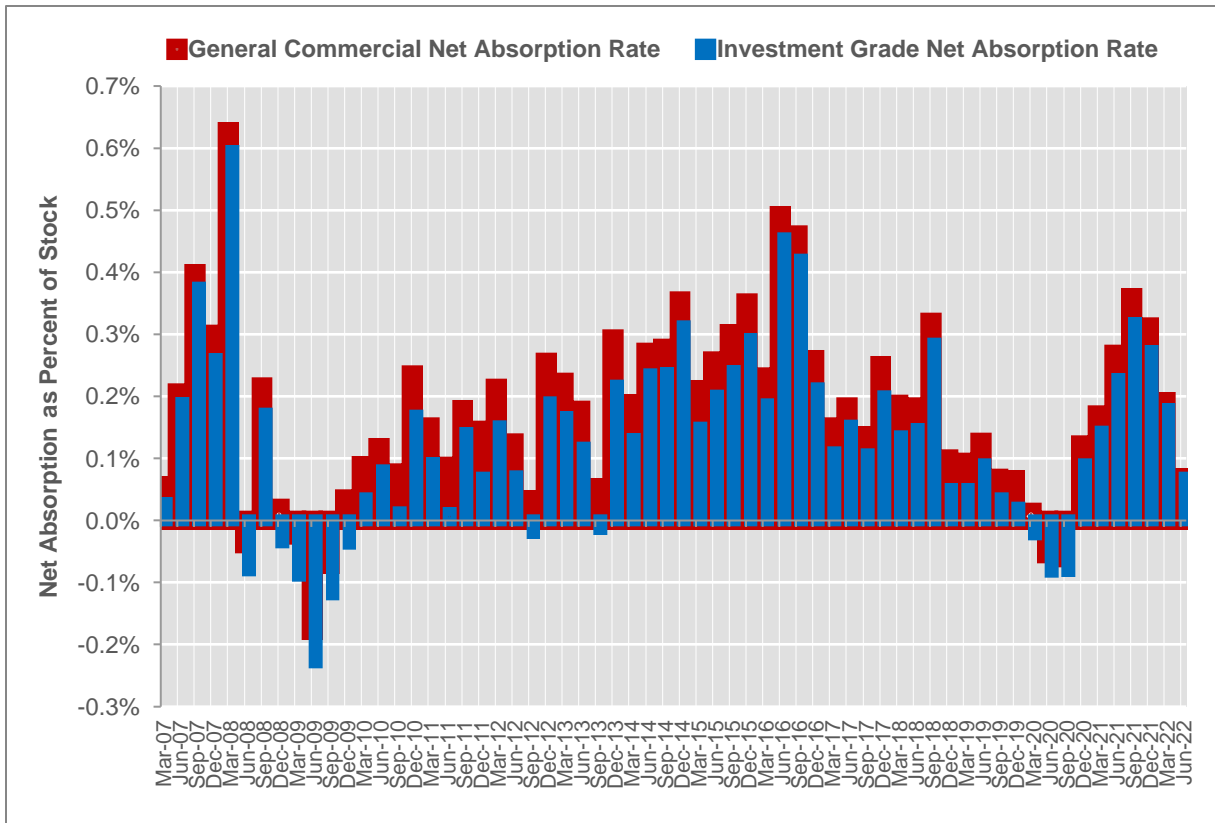
- Composite pair volume of \$234.6 billion in the 12-month period ending in May 2022 was an increase of 93.0% over the volume in the 12-month period that ended in May 2021. The increase in volume was broad-based with similar increases in both the investment grade segment, which gained 96.2% over the same period, and the general commercial segment, which rose by 87.2%, also over the same 12-month period.
- Multifamily assets typically comprise the largest share of overall composite pair volume. In May 2022, these accounted for 43.9% of overall volume and 17.1% of the trades. Industrial property deals, which include flex properties, accounted for 18.3% of composite pair volume in May 2022 and 23.1% of all trades, while office property trades were 14.3% of composite pair volume and 18% of trades. Retail properties, on the other hand, accounted for the largest percentage of trades at 27.8% and accounted for 13.2% of composite pair volume.

U.S. Distress Sale Pairs Percentage, Data through May 2022



- THE SHARE OF REPEAT-SALE TRADES THAT WERE DISTRESSED EDGED HIGHER IN MAY 2022. About 1.7% of all repeat-sale trades were distressed in May 2022 compared to 1.5% in April 2022, revised data show. General commercial distressed sales in May 2022 moved higher to 1.3% of all repeat-sale trades compared to 1.1% in the prior month. Investment grade distressed sales accounted for 0.4% overall in May 2022, the same share as in the prior month and just slightly above its record low of 0.2% recorded in November 2021.

Market Fundamentals, Data through May 2022



- NET ABSORPTION WEAKENS AS THE ECONOMY SLOWS. Net absorption across the three major property types—office, retail and industrial—is projected to fall for the third consecutive quarter in the second quarter of 2022. Total net absorption is projected to be 32.1 million square feet during the second quarter, a 62.8% decline over the first quarter of 2022.
- On an annualized basis, net absorption is projected to total 411.3 million square feet for the 12 months ending in June 2022. This represents an increase of 60.4% over net absorption during the 12 months that ended in June 2019, before the pandemic upended market fundamentals, and a more than doubling of net absorption during the 12 months that ended in June of 2021.
- The general commercial segment, which reflects the performance of smaller properties, had the strongest rate of growth in absorption over the past year, with total net absorption projected to reach 216.4 million square feet, an increase of 47.6% over the same 12-month period in 2019. Net absorption in the investment-grade segment, which collapsed during the pandemic, is expected to expand by 77.5% over the 12-month period that ended in June 2019.

Monthly CCRSI Results, Data through May 2022

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	1.3%	-0.1%	14.7%	172.7% ¹
Equal-Weighted U.S. Composite Index	1.4%	4.2%	14.8%	154.7% ²
U.S. Investment-Grade Index	1.5%	4.0%	11.3%	175.4% ³
U.S. General Commercial Index	1.4%	4.5%	15.7%	151.2% ⁴
¹ Trough Date: October 2010 ² Trough Date: September 2011 ³ Trough Date: September 2010 ⁴ Trough Date: September 2011				

Market Fundamentals, Data through June 2022

	Annual Net Absorption (in millions of square feet)			
	2019Q2	2020Q2	2021Q2	2022Q2
Aggregate	256.4	10.4	204.0	411.3
Investment Grade	109.8	-11.3	88.1	194.9
General Commercial	146.6	21.7	115.8	216.4
Note: "Net Absorption" is the change in occupied space, calculated based on three types of properties: office, retail, and industrial.				

	Annual Delivered SF (in millions of square feet)			
	2019Q2	2020Q2	2021Q2	2022Q2
Aggregate	592.1	638.1	624.5	612.2
Investment Grade	468.4	520.2	526.6	540.4
General Commercial	123.7	118.0	97.9	71.8
Note: Delivered SF is calculated based on three types of properties: office, retail, and industrial.				

About The CoStar Commercial Repeat-Sale Indices

The CoStar Commercial Repeat-Sale Indices (CCRSI) are the most comprehensive and accurate measures of commercial real estate prices in the United States. In addition to the national Composite Index (presented in both equal-weighted and value-weighted versions), national Investment-Grade Index, and national General Commercial Index, which are reported monthly, 30 sub-indices in the CoStar index family are reported quarterly. The sub-indices include breakdowns by property sector (office, industrial, retail, multifamily, hospitality, and land), by region of the country (Northeast, South, Midwest, and West), by transaction size and quality (general commercial, investment-grade), and by market size (composite index of the prime market areas in the country).

The CoStar indices are constructed using a repeat sales methodology, widely considered the most accurate measure of price changes for real estate. This methodology measures the movement in the prices of commercial properties by collecting data on actual transaction prices. When a property is sold more than once, a sales pair is created. The prices from the first and second sales are then used to calculate price movement for the property. The aggregated price changes from all the sales pairs are used to create a price index. Historical price indices are revised as new data is recorded.

Available Monthly and Quarterly CCRSI Indices

National Composite CRE Price Index	National Indices by Property Type	Regional Indices	Regional Indices by Property Type	Prime Market Indices by Property Type
All Properties	Office	Northeast	<u>Northeast:</u> Office, Multifamily, Industrial, Retail	Office
General Commercial	Retail	Midwest	<u>Midwest:</u> Office, Multifamily, Industrial, Retail	Multifamily
Investment-Grade	Industrial	South	<u>South:</u> Office, Multifamily, Industrial, Retail	Industrial
	Multifamily	West	<u>West:</u> Office, Multifamily, Industrial, Retail	Retail
	Hospitality			
	Land			

Prime Office Markets

CBSA Listed Alphabetically
Boston
Los Angeles
New York
Orange County
San Francisco
Seattle
Washington, D.C.

Prime Industrial Markets

CBSA Listed Alphabetically
Atlanta
Chicago
Dallas
Houston
Los Angeles
Northern New Jersey
Riverside
Seattle

Prime Retail Markets

CBSA Listed Alphabetically
Boston
Los Angeles
New York
Orange County
San Diego
San Francisco
San Jose
Washington, D.C.

Prime Multifamily Markets

CBSA Listed Alphabetically
Boston
Chicago
Houston
Los Angeles
New York
Orange County
San Francisco
San Jose
Seattle
Washington, D.C.

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For more information about the CCRSI Indices, including the full accompanying data set and research methodology, legal notices, and disclaimer, please visit <http://costargroup.com/costar-news/ccrsi>.

ABOUT COSTAR GROUP, INC.

CoStar Group, Inc. (NASDAQ: CSGP) is a leading provider of online real estate marketplaces, information, and analytics. Founded in 1987, CoStar conducts expansive, ongoing research to produce and maintain the largest and most comprehensive database of commercial real estate information. Our suite of online services enables clients to analyze, interpret, and gain unmatched insight on commercial property values, market conditions and current availabilities. STR provides premium data benchmarking, analytics, and marketplace insights for the global hospitality industry. Ten-X provides a leading platform for conducting commercial real estate online auctions and negotiated bids. LoopNet is the most heavily trafficked commercial real estate marketplace online. Apartments.com, ApartmentFinder.com, ForRent.com, ApartmentHomeLiving.com, Westside Rentals, AFTER55.com, CorporateHousing.com, ForRentUniversity.com and Apartamentos.com form the premier online apartment resource for renters seeking great apartment homes and provide property managers and owners a proven platform for marketing their properties. Homesnap is an industry-leading online and mobile software platform that provides user-friendly applications to optimize residential real estate agent workflow and reinforce the agent-client relationship. Homes.com offers real estate professionals advertising and marketing services for residential properties. Realla is the UK's most comprehensive commercial property digital marketplace. BureauxLocaux is one of the largest specialized property portals for buying and leasing commercial real estate in France. CoStar Group's websites attract tens of millions of unique monthly visitors. Headquartered in Washington, DC, CoStar Group maintains offices throughout the U.S., Europe, Canada, and Asia. From time to time we plan to utilize our corporate website, www.costargroup.com, as a channel of distribution for material company information. For more information, visit www.CoStarGroup.com.

This news release includes "forward-looking statements" including, without limitation, statements regarding CoStar's expectations, beliefs, intentions, or strategies regarding the future. These statements are based upon current beliefs and are subject to many risks and uncertainties that could cause actual results to differ materially from these statements. The following factors, among others, could cause or contribute to such differences: the risk that the trends represented or implied by the indices will not continue or produce the results suggested by such trends, including trends related to commercial real estate fundamentals, absorption, price growth, and tenant demand; the risk that net absorption across the three major property types will not be as expected for the 3- and 12-month periods ending June 2022; and the risk that expansion in net absorption in the investment-grade segment will not be as expected for the 12-month period ending June 2022. More information about potential factors that could cause results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, those stated in CoStar's filings from time to time with the Securities and Exchange Commission, including in CoStar's Annual Report on Form 10-K for the year ended December 31, 2021, which is filed with the SEC, including in the "Risk Factors" section of that filing, as well as CoStar's other filings with the SEC available at the SEC's website (www.sec.gov). All forward-looking statements are based on information available to CoStar on the date hereof, and CoStar assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.