

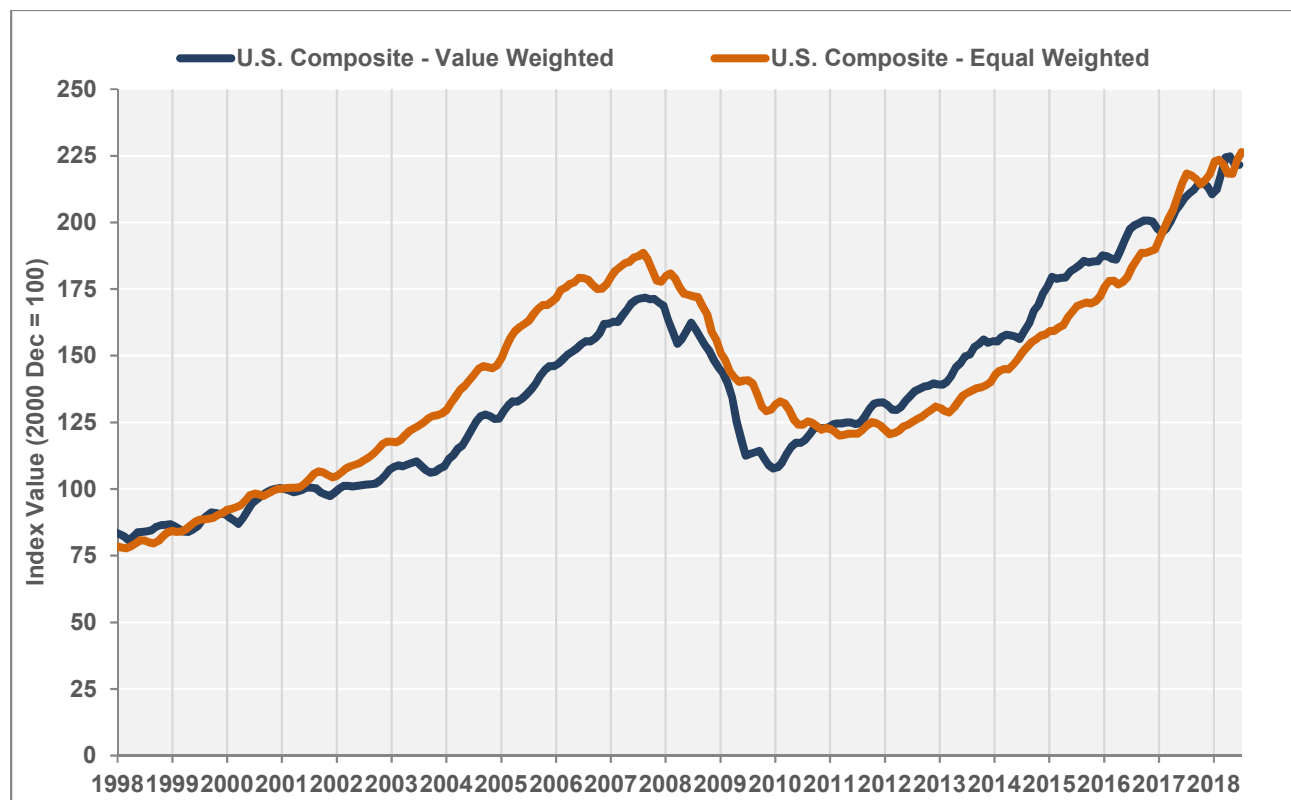
CCRSI RELEASE – AUGUST 2018
(With data through July 2018)

COSTAR COMPOSITE PRICE INDICES EXTEND MODERATE ANNUAL GROWTH TREND DESPITE SUMMER SLOWDOWN

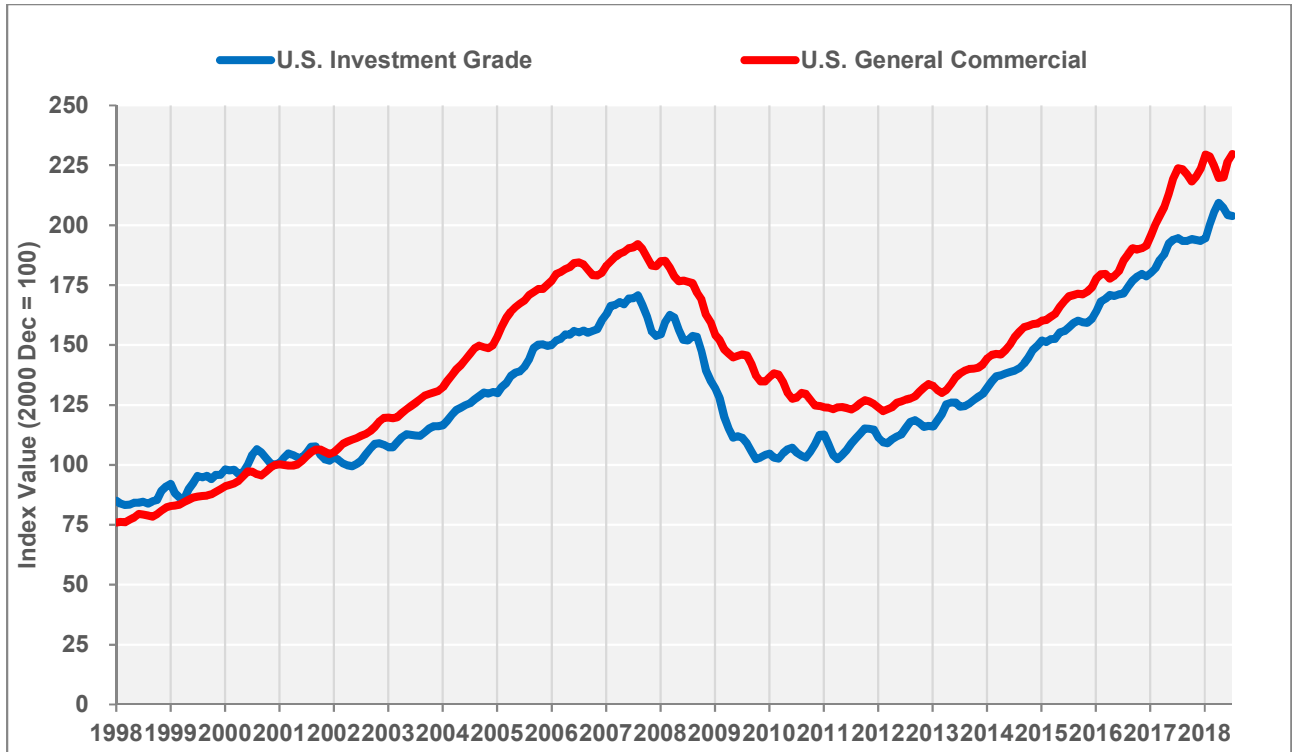
TRANSACTION VOLUME, LIQUIDITY INDICATORS, REMAIN HEALTHY

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through July 2018. Based on 1,185 repeat sale pairs in July 2018 and more than 196,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

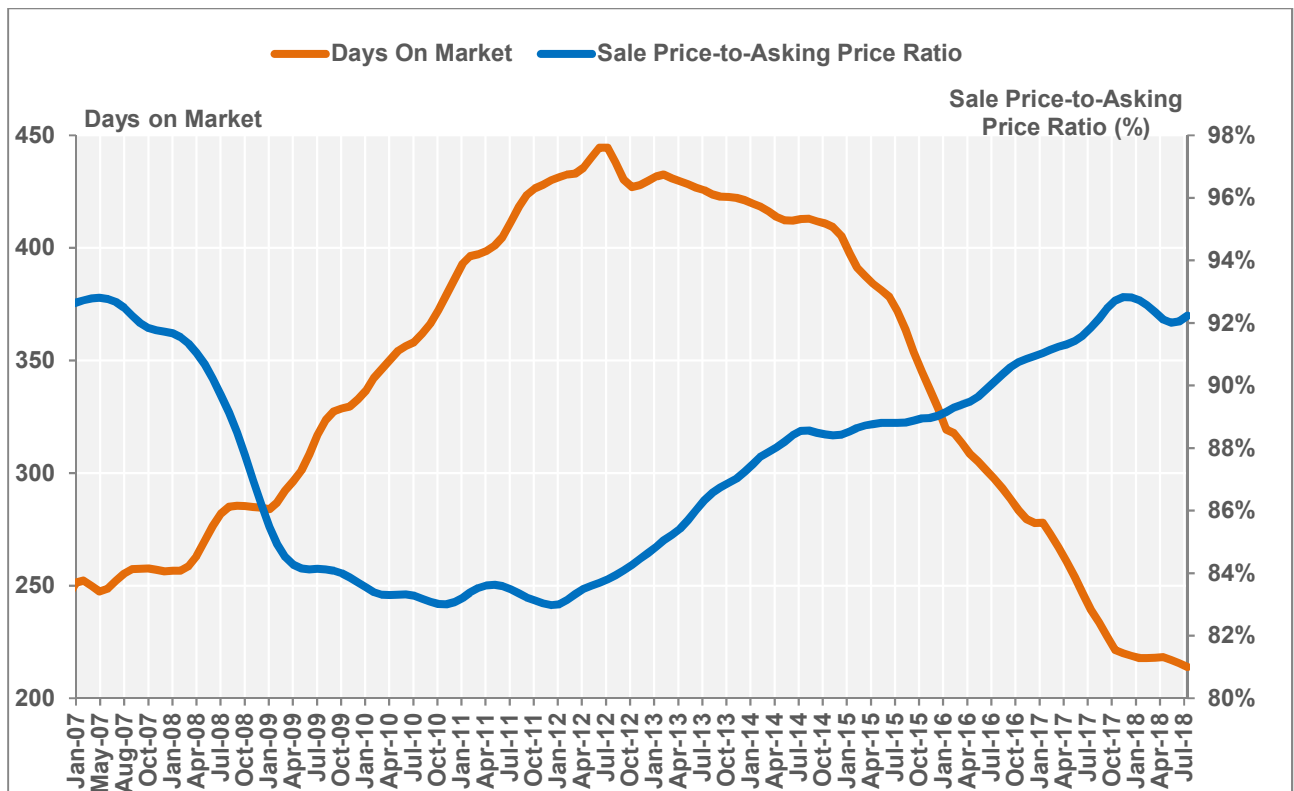
U.S. Composite Indices: Equal- And Value-Weighted, Data Through July 2018



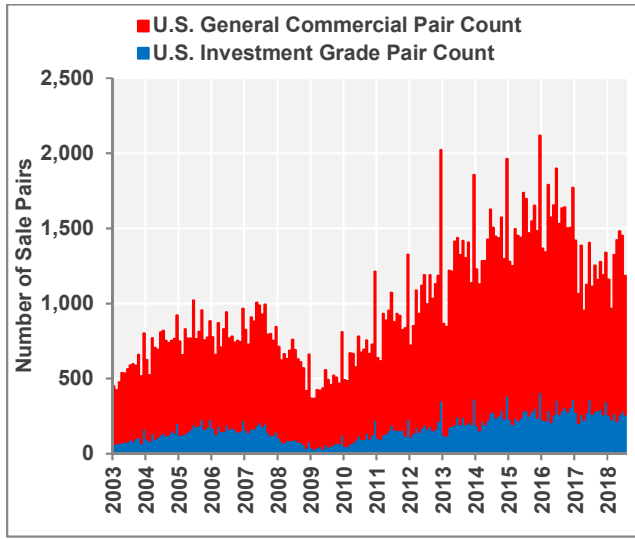
U.S. Equal-Weighted Indices By Market Segment, Data Through July 2018



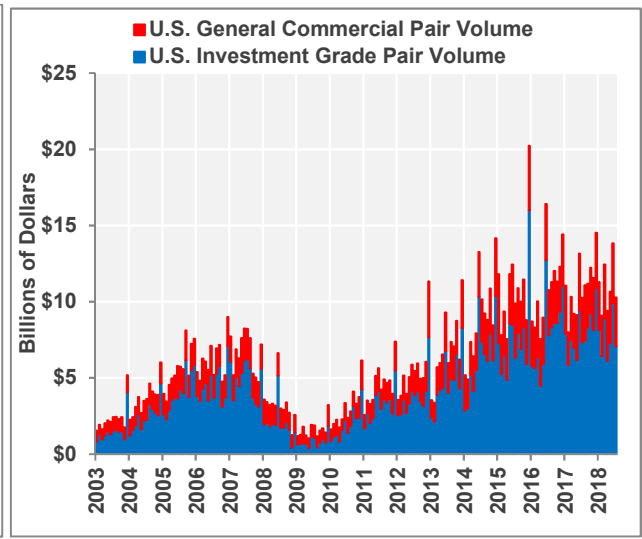
Market Liquidity Indicators, Data Through July 2018



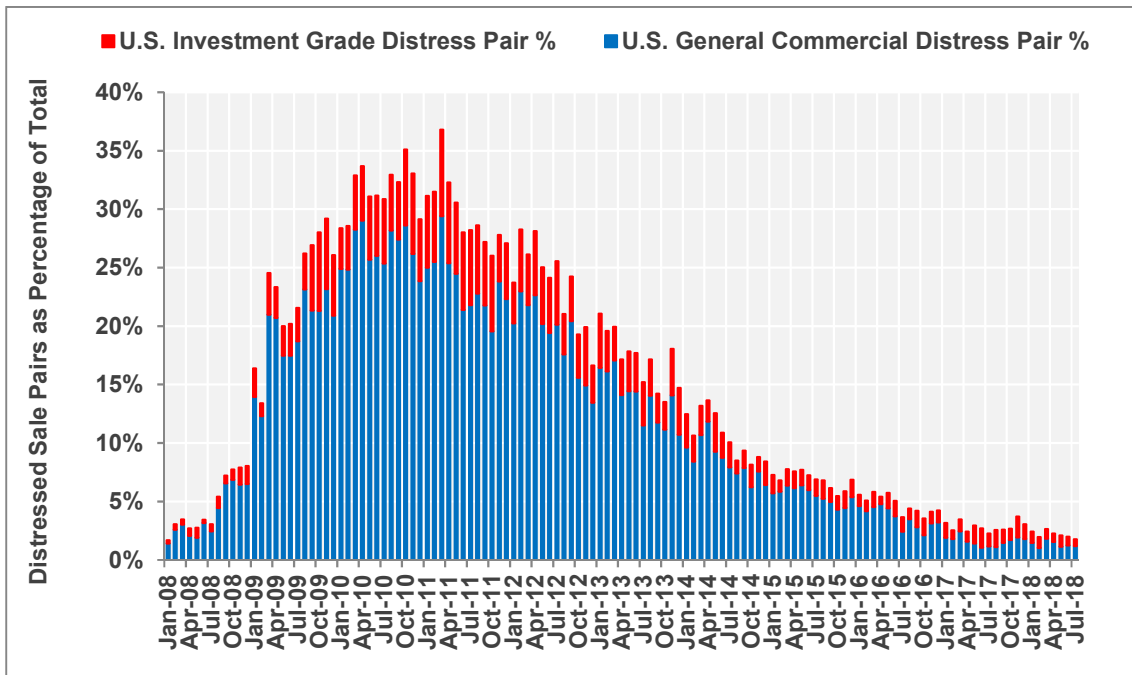
U.S. Pair Count, Data Through July 2018



U.S. Pair Volume, Data Through July 2018



U.S. Distress Sale Pairs Percentage, Data Through July 2018



CCRSI National Results Highlights

- **WHILE STILL SHOWING HEALTHY ANNUAL GAINS, COMPOSITE PRICE INDICES WERE RELATIVELY FLAT IN JULY.** The value-weighted U.S. Composite Index, which reflects larger asset sales common in core markets, showed no change in July 2018. The index was still up 5.9% in the 12-month period ended in July 2018, reflecting gains from earlier this year and late last year. The equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, rose 1.3% in the month of July 2018 contributing to an annual gain of 3.7% in the 12-month period ended in July 2018.
- **GENERAL COMMERCIAL SEGMENT LED GROWTH IN EQUAL-WEIGHTED INDEX.** While the sub-indices of the equal-weighted U.S. Composite Index have experienced some volatility over the past year, the lower segment of the market continues to lead in terms of pricing growth. The General Commercial segment, which is influenced by smaller, lower-priced properties, increased 20% from the beginning of 2017 through July 2018, reaching a cyclical peak. Meanwhile, the Investment-Grade segment of the index, which is influenced by higher-value properties, rose a more-modest 14.1% from the beginning of 2017 through July 2018, and is down slightly from recent high levels reached earlier this year.
- **TRANSACTION VOLUME AHEAD OF LAST YEAR'S PACE.** Composite pair volume of \$137.5 billion in the 12-month period ended in July 2018 was 3.8% higher than in the 12-month period ended in July 2017. The increase in sales-pair volume was most apparent in the General Commercial segment, where transaction volume rose 12.2% in the 12-month period ended in July 2018, to \$39.5 billion. Meanwhile composite pair volume was up by 0.8% to a total of \$98 billion in the Investment-Grade segment during the same time period.
- **MARKET LIQUIDITY MEASURES SHOW MODEST IMPROVEMENT.** The average time on the market for for-sale properties decreased by 10.6% in the 12-month period ended in July 2018. Meanwhile the sale-price-to-asking-price ratio narrowed by 0.4 percentage points over the past 12 months to 92.2% in July 2018. This ratio, which measures the spread between buyer and seller expectations, has hovered in the 92% range for the past 12 months. The share of properties withdrawn from the market by discouraged sellers also receded by 0.9 percentage points to 27.8% during the 12-month period ended in July 2018.

Monthly CCRSI Results, Data Through July 2018

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	0.0%	-1.2%	5.9%	105.7% ¹
Equal-Weighted U.S. Composite Index	1.3%	3.7%	3.7%	88.7% ²
U.S. Investment-Grade Index	-0.2%	-2.6%	4.7%	98.5% ³
U.S. General Commercial Index	1.4%	4.5%	2.7%	86.5% ⁴

¹ Trough Date: JULY 2010 ² Trough Date: March 2011 ³ Trough Date: March 2010 ⁴ Trough Date: March 2011

Monthly Liquidity Indicators, Data Through July 2018

	Current	1 Month Earlier	1 Quarter Earlier	1 Year Earlier
Days on Market	214	216	218	239
Sale-Price-to-Asking-Price Ratio	92.2%	92.1%	92.1%	91.8%
Withdrawal Rate	27.8%	28.1%	28.0%	28.6%

Average days on market and sale-price-to-asking-price ratio are both calculated based on listings that are closed and confirmed by CoStar's research team. The withdrawal rate is the ratio of listings withdrawn from the market by the seller to all listings for a given month.

About The CoStar Commercial Repeat-Sale Indices

The CoStar Commercial Repeat-Sale Indices (CCRSI) is the most comprehensive and accurate measure 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 we report monthly, we report quarterly on 30 sub-indices in the CoStar index family. 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 of the sales pairs are used to create a price index.

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	Northeast: Office, Multifamily, Industrial, Retail	Office
General Commercial	Retail	Midwest	Midwest: Office, Multifamily, Industrial, Retail	Retail
Investment-Grade	Industrial	South	South: Office, Multifamily, Industrial, Retail	Industrial
	Multifamily	West	West: Office, Multifamily, Industrial, Retail	Multifamily
	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 the leading provider of commercial real estate information, analytics and online marketplaces. 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. LoopNet is the most heavily trafficked commercial real estate marketplace online with approximately 5 million monthly unique visitors per month. 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. CoStar Group's websites attracted an average of approximately 40 million unique monthly visitors in aggregate in the second quarter of 2018. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of over 3,800 worldwide, including the industry's largest professional research organization. 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 price growth, transaction volume and liquidity. 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, 2017, and CoStar's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, each of which is filed with the SEC, including in the "Risk Factors" section of those filings, 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.