

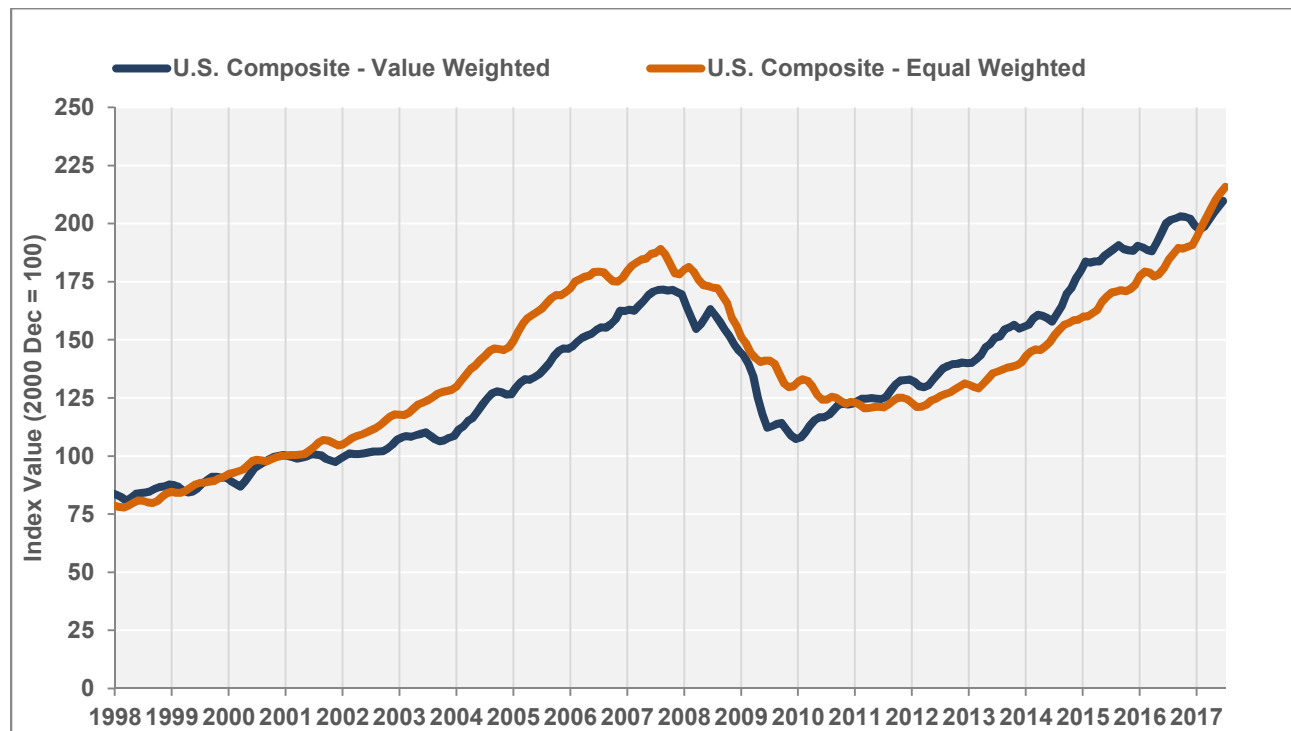
CCRSI RELEASE – AUGUST 2017  
(With data through JULY 2017)

## LATEST COSTAR COMPOSITE PRICE INDICES: EQUAL-WEIGHTED INDEX REFLECTS SHIFT AMONG INVESTORS TOWARD BROADER MARKET

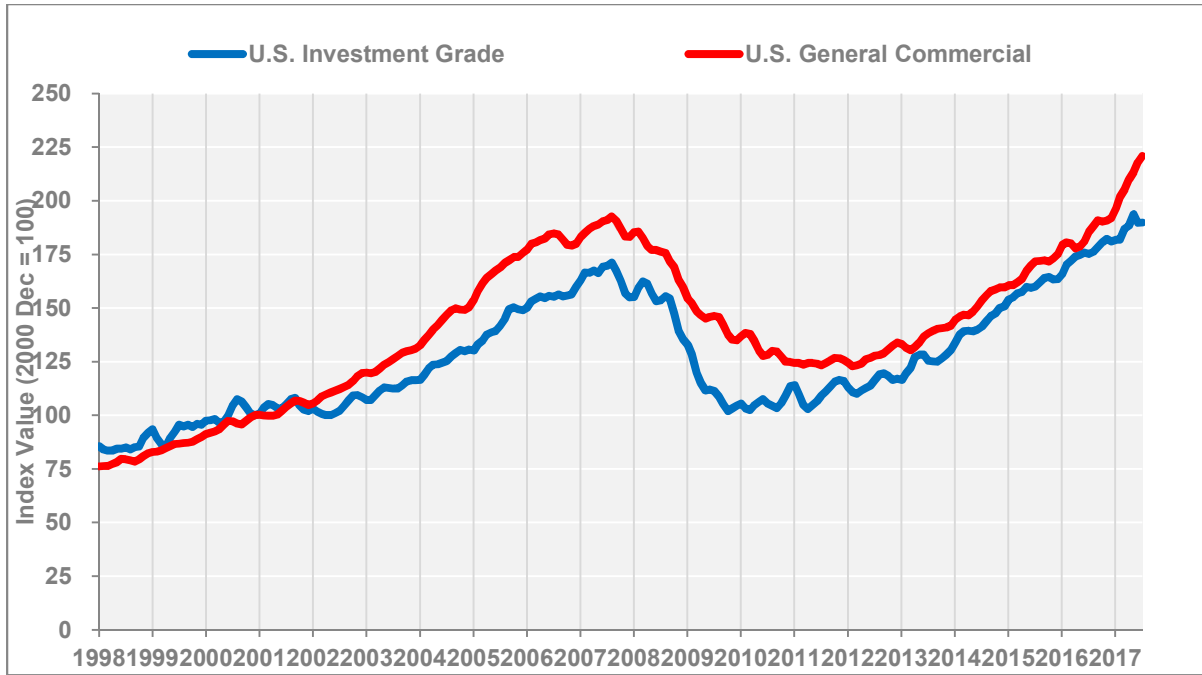
LIQUIDITY INDICATORS, TRANSACTION VOLUME CONTINUE TO REFLECT STRONG MARKET FOR BUYERS AND SELLERS

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through July 2017. Based on 875 repeat sale pairs in July 2017 and more than 181,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

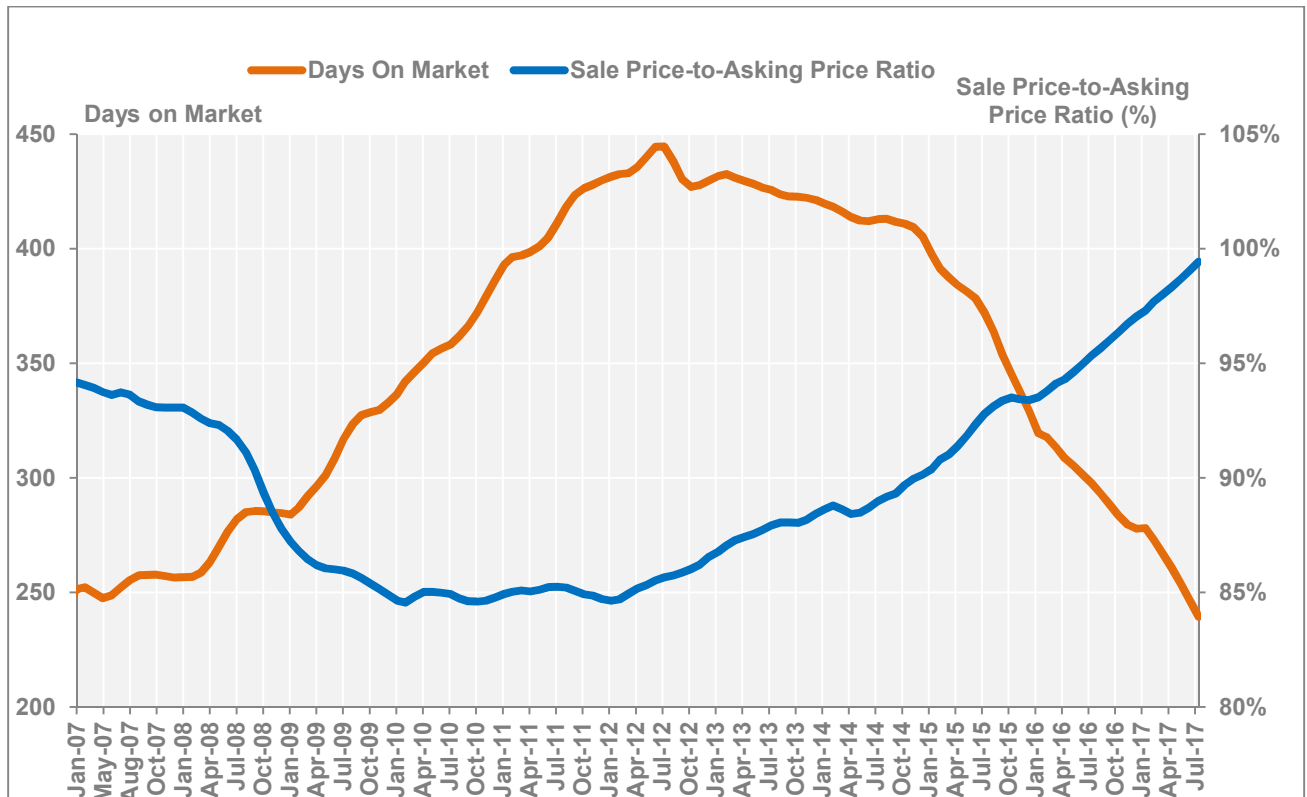
### U.S. Composite Indices: Equal- And Value-Weighted, Data Through July 2017



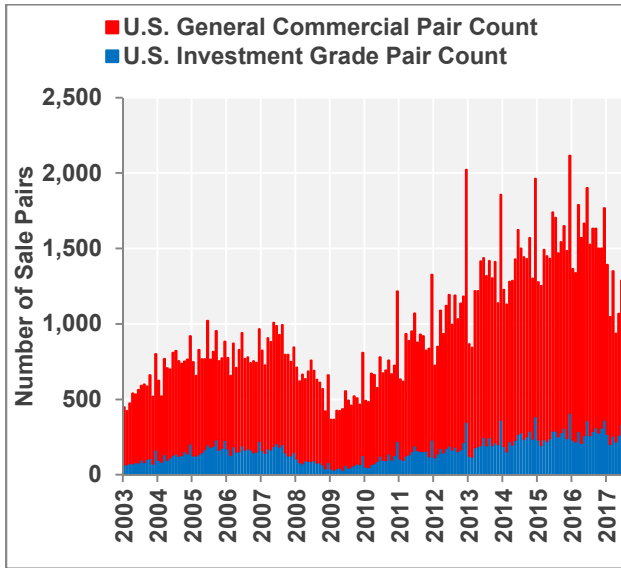
## U.S. Equal-Weighted Indices By Market Segment, Data Through July 2017



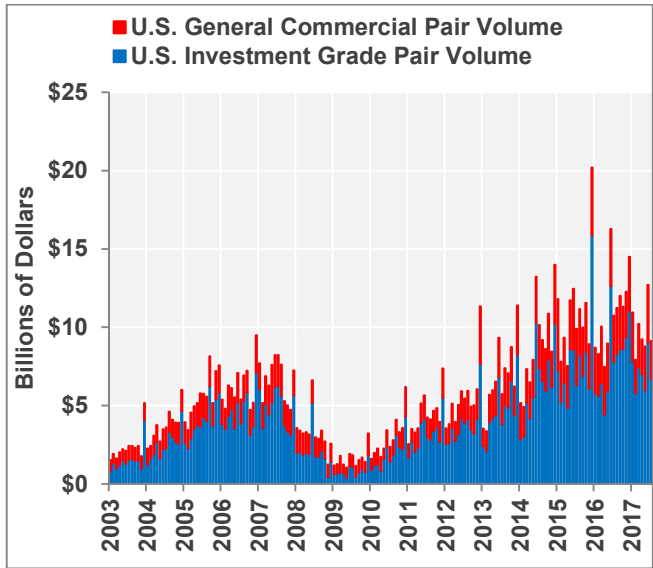
## Market Liquidity Indicators, Data Through July 2017



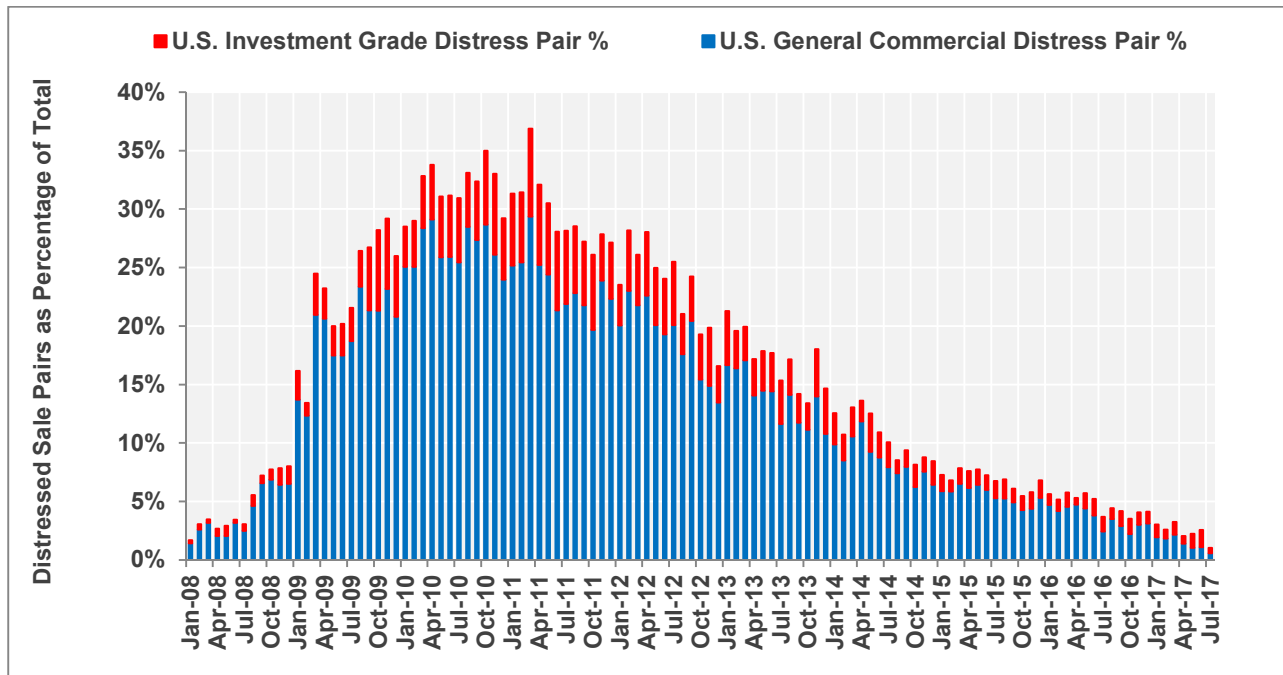
U.S. Pair Count, Data Through July 2017



U.S. Pair Volume, Data Through July 2017



U.S. Distress Sale Pairs Percentage, Data Through July 2017



## CCRSI National Results Highlights

- **BOTH MAJOR COMPOSITE PRICE INDICES IN CCRSI ADVANCED IN JULY.** Steady, but moderate economic growth and long-term interest rate stability has helped to extend favorable pricing-growth trends for commercial property this cycle. Both the value-weighted U.S. Composite Index, which reflects larger asset sales most common in core markets, and the equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, advanced by 1.2% in the month of July 2017. However, momentum in pricing has been strongest in the equal-weighted index for the 12-month period ending in July 2017. During that timeframe, the equal-weighted U.S. Composite Index was up an impressive 17%, while the value-weighted U.S. Composite Index rose by a more modest 4.8%.
- **GENERAL COMMERCIAL SEGMENT SHOWED STRONGER MOMENTUM IN EQUAL-WEIGHTED INDEX.** The recent pricing trends found in the composite indices were mirrored in the two sub-indices of the equal-weighted Composite Index. The General Commercial segment, which is influenced by smaller, lower-priced properties, increased 1.4% in July 2017 and 19% during the 12-month period ending in July 2017. Meanwhile, the Investment-Grade segment of the index, which is influenced by higher-value properties, increased by just 0.1% in July 2017 and 8.4% in the 12-month period ending in July 2017. The recent momentum in the General Commercial segment continues to underscore the breadth of the pricing recovery and reflect the rising values seen for a broad cross-section of commercial properties.
- **TRANSACTION VOLUME DOWN SLIGHTLY FROM YEAR-AGO LEVELS.** Composite pair volume of \$130.3 billion in the 12-month period ending in July 2017 was 1.6% lower than the previous 12-month period ending in July 2016, reflecting a continued modest deceleration in capital flows from the record-setting levels of the past two years as the commercial real estate market has matured. That being said, the composite pair volume for the 12 months through July 2017 remains among the highest on record for the CCRSI, reflecting continued robust transaction activity.
- **OTHER LIQUIDITY MEASURES SHOW HEALTHY MARKET FOR BUYERS AND SELLERS.** The average time on market among properties listed for-sale declined by 19.6% in the 12-month period ending in July 2017. At 239 days, the average time on market in July 2017 was just 13% higher than the previous lows recorded during the peak of the previous cycle in 2006–2007. Meanwhile the sale-price-to-asking-price ratio narrowed by 4.1 percentage points over the 12 months ending in July 2017 to 99.4%, the narrowest measure for this ratio ever recorded for the CCRSI. The share

of properties withdrawn from the market by discouraged sellers also receded by 6.4 percentage points to 22.8% during the 12-month period ending in July 2017.

## Monthly CCRSI Results, Data Through July 2017

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
<b>Value-Weighted U.S. Composite Index</b>	1.2%	4.0%	4.8%	95.3% <sup>1</sup>
<b>Equal-Weighted U.S. Composite Index</b>	1.2%	4.5%	17.0%	79.2% <sup>2</sup>
<b>U.S. Investment-Grade Index</b>	0.1%	0.8%	8.4%	85.5% <sup>3</sup>
<b>U.S. General Commercial Index</b>	1.4%	5.3%	19.0%	78.8% <sup>4</sup>

<sup>1</sup> Trough Date: January 2010    <sup>2</sup> Trough Date: March 2011    <sup>3</sup> Trough Date: March 2010    <sup>4</sup> Trough Date: March 2011

## Monthly Liquidity Indicators, Data Through July 2017

	Current	1 Month Earlier	1 Quarter Earlier	1 Year Earlier
<b>Days on Market</b>	239	247	261	298
<b>Sale-Price-to-Asking-Price Ratio</b>	99.4%	99.0%	98.3%	95.3%
<b>Withdrawal Rate</b>	22.8%	23.4%	24.5%	29.3%

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	Multifamily
Investment-Grade	Industrial	South	South: Office, Multifamily, Industrial, Retail	Industrial
	Multifamily	West	West: 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.

#### **MEDIA CONTACT:**

Gay Beach, Senior Director, Marketing Communications, CoStar Group  
(gbeach@costar.com).

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 over 5 million monthly unique visitors per month. Apartments.com, ApartmentFinder.com, ApartmentHomeLiving.com, Westside Rentals 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. Through an exclusive partnership with Move, a subsidiary of News Corporation, Apartments.com is the exclusive provider of apartment community listings across Move's family of websites, which include realtor.com®, doorsteps.com and move.com. CoStar Group's websites attracted an average of over 37 million unique monthly visitors in aggregate in the second quarter of

2017. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of over 3,500 worldwide, including the industry's largest professional research organization. For more information, visit [www.costargroup.com](http://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, liquidity measures and transaction volume. 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, 2016, and CoStar's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, 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](http://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.