



CCRSI RELEASE – March 2022  
(With data through February 2022)

## **COMPOSITE PRICE INDICES FALL IN FEBRUARY AFTER REACHING HISTORIC PEAKS IN JANUARY**

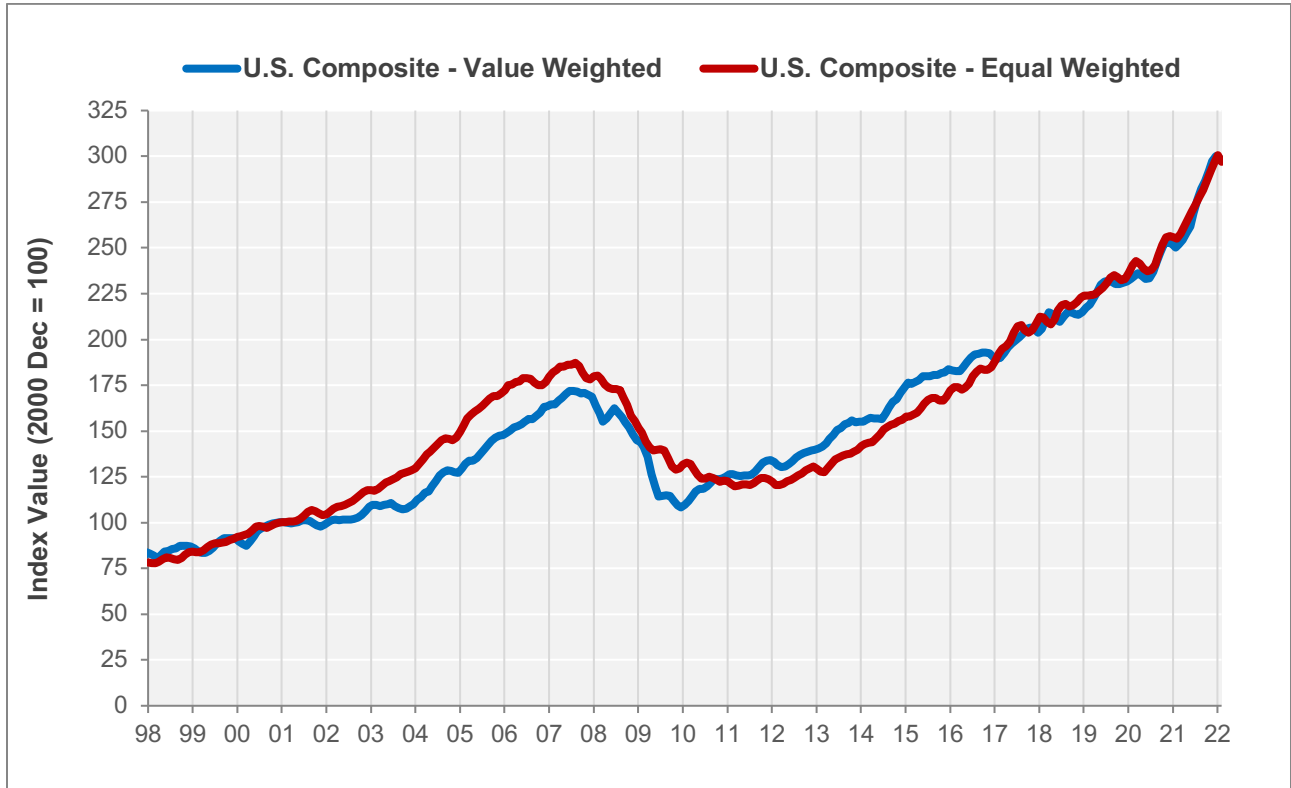
*TRANSACTION VOLUME FALLS TO A 12-MONTH LOW AFTER A STRONG POST-PANDEMIC COMEBACK*

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through February 2022. Based on 1,349 repeat sale pairs in February 2022 and more than 265,649 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

### **CCRSI National Results Highlights**

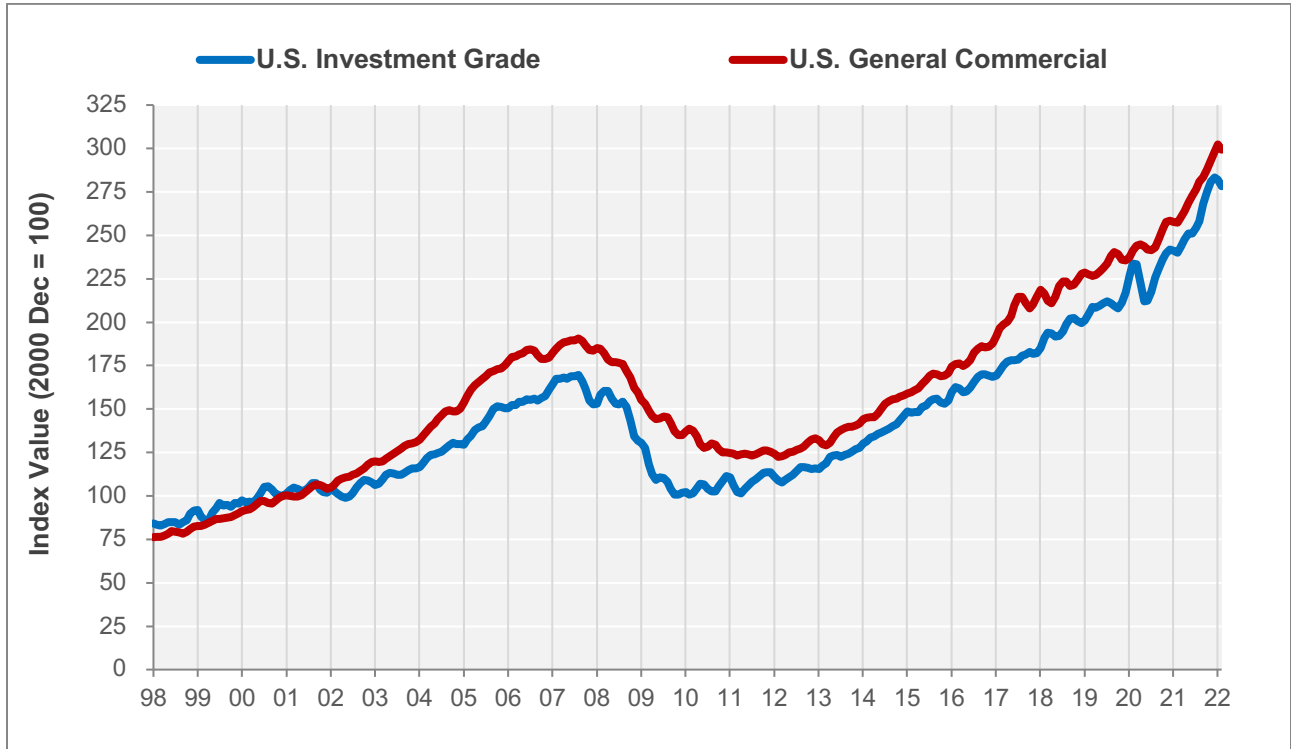
- **REPEAT SALES PRICE INDICES RETREATED IN FEBRUARY 2022 FROM THEIR JANUARY PEAKS.** Both of CCRSI's two major composite price indices backtracked in February 2022 for the first time in twelve months. The value-weighted U.S. composite index, which reflects sales of larger assets common in core markets, edged 0.4% lower over the month, its first monthly retreat since February of 2021. The index was up by 19.6% for the 12 month period that ended in February 2022 and is 28.2% higher than in February 2020, before the onset of the COVID-19 pandemic.
- The equal-weighted U.S. composite index, which reflects sales of more numerous but lower-priced properties typical of secondary and tertiary markets, fell by 1.3% in February 2022, also its first monthly retreat since February 2021 and fully erasing its prior month's gain. This index is up by 16.4% for the 12 month period that ended in February 2022 and is 23.2% higher than its pre-COVID February 2020 value.

## U.S. Composite Indices: Equal- and Value-Weighted Data through February 2022



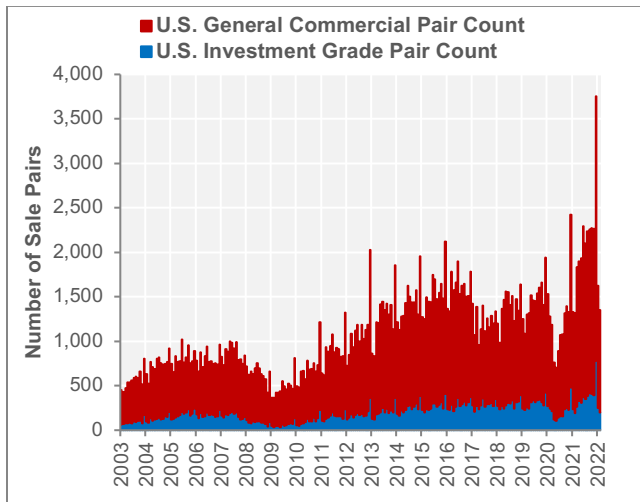
- BOTH SUB-INDICES OF THE EQUAL-WEIGHTED INDEX MOVED LOWER IN FEBRUARY 2022. The investment grade segment of the equal-weighted index, which is influenced by higher-value properties, fell by 1.3% in February 2022, its second monthly decline, erasing gains made over the prior three months. This sub-index is now 16.0% higher than a year ago and 19.1% higher than its pre-pandemic level in February 2020.
- The general commercial segment, which is influenced by trades of smaller, lower-priced properties, fell by 1.0% in February 2022, its first monthly decline in twelve months, erasing its prior month's gain. This sub-index has trended higher than the investment grade segment since September 2001. It is up by 16.3% over the year and is 24.0% higher than its February 2020 level.

## U.S. Equal-Weighted Indices by Market Segment Data through February 2022

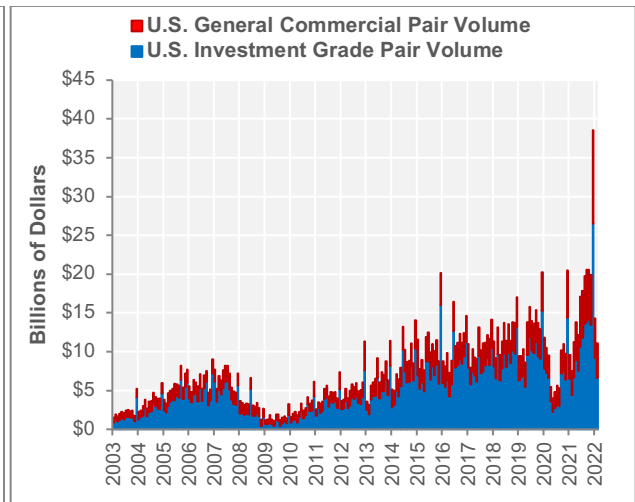


- TRANSACTION VOLUME FELL IN FEBRUARY 2022 FOR THE SECOND CONSECUTIVE MONTH TO ITS LOWEST LEVEL IN TWELVE MONTHS. Composite pair volume of \$11.1 billion in February 2022 was down 22.7% over the prior month, with pair count falling from 1,621 in January 2022 to 1,349 in February 2022. The slowdown was particularly noticeable in the investment-grade segment of the market, where transaction volume was down 27.5% over the month compared to a 14.2% decline in the general commercial segment.
- Transaction volume can be seasonal, with the highest volume occurring in December of each year and the early months of the following year seeing a steep drawdown of trading activity. Activity in December 2021 was historically high so the decline in January and February 2022 volume was not unexpected. Overall volume in February 2022 was 24% higher than the average February volume over the past five years.

**U.S. Pair Count, Data through February 2022**

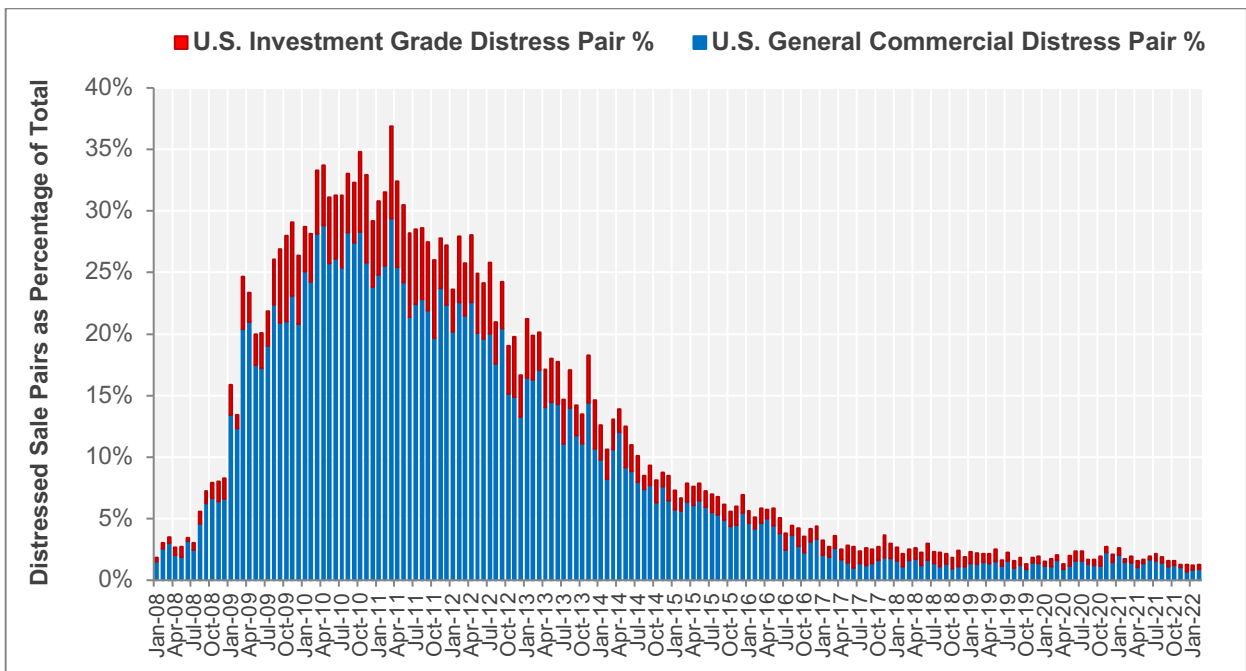


**U.S. Pair Volume, Data through February 2022**

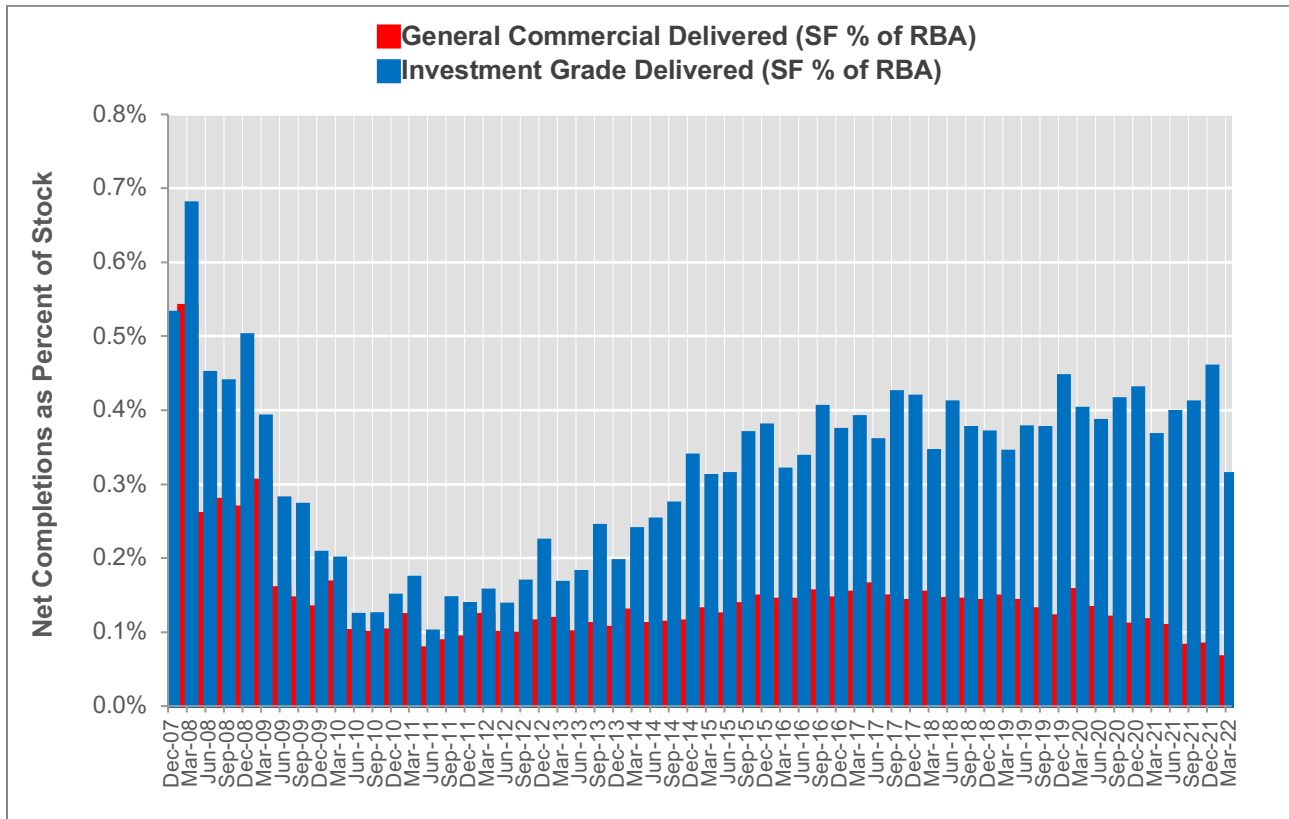


- THE SHARE OF REPEAT-SALE TRADES THAT WERE DISTRESSED TICKED HIGHER IN FEBRUARY 2022 BUT REMAINED LOW. Only 1.3% of all repeat-sale trades were distressed in February 2022, the average share of the prior three months. General commercial distressed sales in the month accounted for 0.9% of all repeat-sale trades, off its lows of December 2021, while investment grade distressed sales accounted for less than 0.4% overall. The continued low share of distressed sales demonstrates relatively healthy liquidity conditions.

**U.S. Distressed Sale Pairs Percentage  
Data through February 2022**



## Market Fundamentals Data through March 2022



- NET ABSORPTION CONTINUES ITS PANDEMIC RECOVERY. Net absorption across the three major property types—office, retail and industrial—is projected to total 452.8 million square feet for the 12 months ending in March 2022. This represents an increase of 61.9% over net absorption during the 12 months that ended in March 2019, before the pandemic upended market fundamentals. 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 \$237.9 million square feet, an increase of 51% 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 76% in the same period.

## Monthly CCRSI Results Data through February 2022

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
<b>Value-Weighted U.S. Composite Index</b>	-0.4%	2.4%	19.6%	175.8% <sup>1</sup>
<b>Equal-Weighted U.S. Composite Index</b>	-1.3%	1.6%	16.4%	147.8% <sup>2</sup>
<b>U.S. Investment-Grade Index</b>	-1.3%	-0.9%	16.0%	174.7% <sup>3</sup>
<b>U.S. General Commercial Index</b>	-1.0%	2.1%	16.3%	142.8% <sup>4</sup>

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

## Market Fundamentals Data through February 2022

### Annual Net Absorption (in millions of square feet)

	<u>2019Q1</u>	<u>2020Q1</u>	<u>2021Q1</u>	<u>2022Q1</u>
<b>Aggregate</b>	279.7	87.0	53.3	452.8
<b>Investment Grade</b>	122.1	27.0	15.4	214.9
<b>General Commercial</b>	157.6	60.0	37.9	237.9

Note: Net Absorption is the change in occupied space of 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, thirty 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	<b>Northeast:</b> Office, Multifamily, Industrial, Retail	Office
General Commercial	Retail	Midwest	<b>Midwest:</b> Office, Multifamily, Industrial, Retail	Multifamily
Investment-Grade	Industrial	South	<b>South:</b> Office, Multifamily, Industrial, Retail	Industrial
	Multifamily	West	<b>West:</b> 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](http://www.costargroup.com), as a channel of distribution for material company information. 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, price growth, absorption, capital flows and tenant demand; the risk that net absorption across the three major property types will not be as expected for the 12-month period ending March 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 March 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](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.