

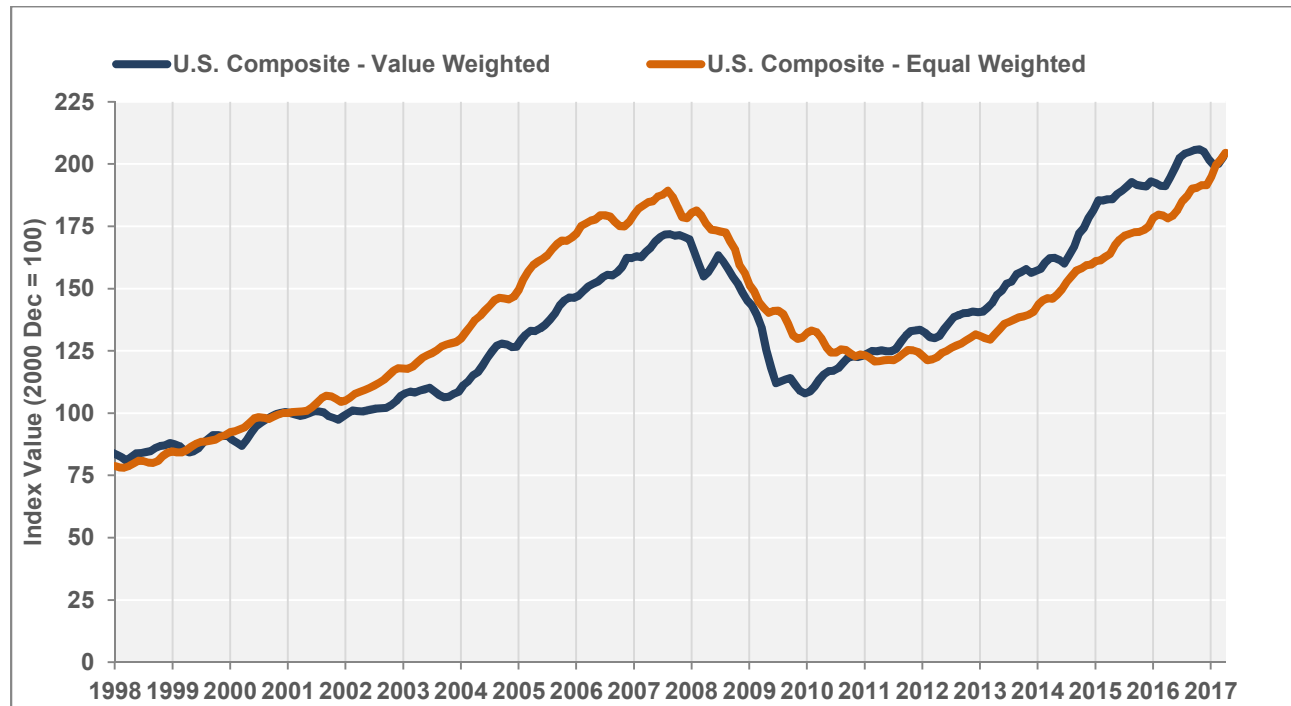
CCRSI RELEASE – MAY 2017
(With data through APRIL 2017)

COSTAR COMMERCIAL COMPOSITE PRICE INDICES ADVANCE 1.4%

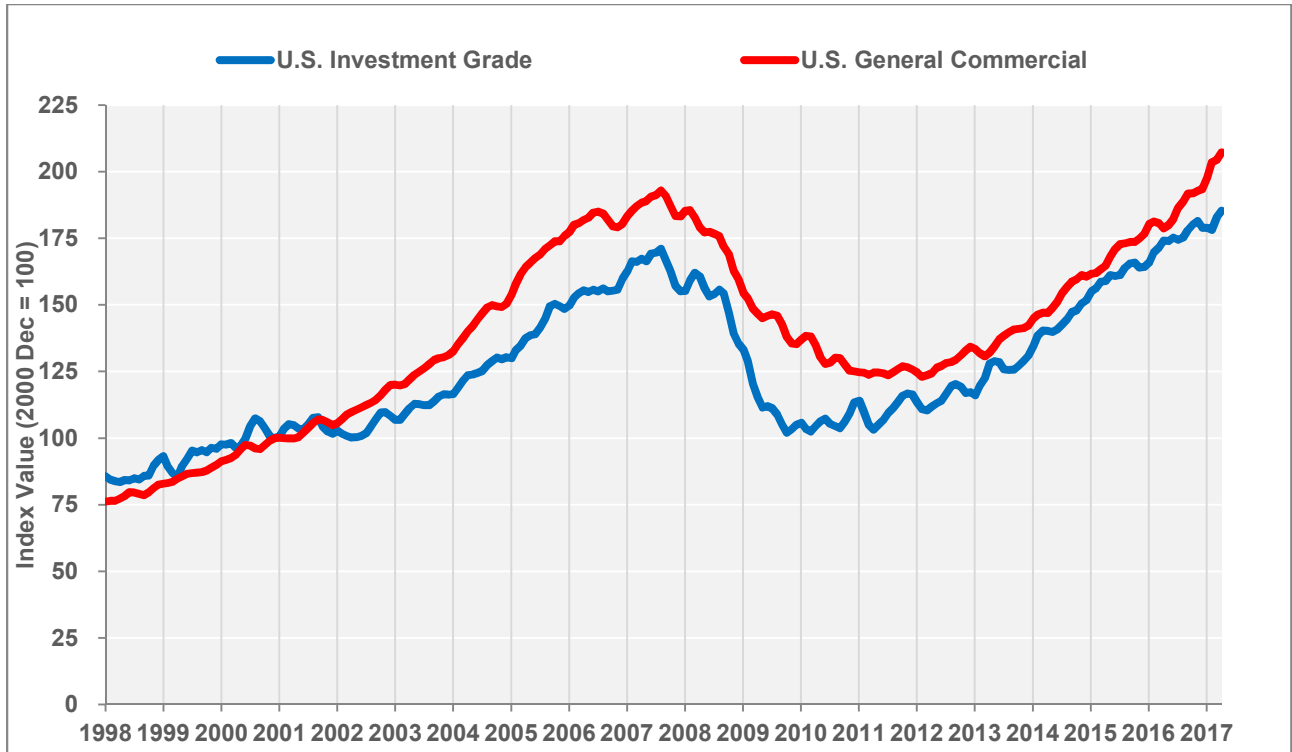
PRICE INDICES BOUNCE BACK IN APRIL AFTER FIRST QUARTER DECLINES IN HIGH END PROPERTIES; LIQUIDITY INDICATORS REFLECT MARKET THAT HAS FULLY RECOVERED

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through April 2017. Based on 784 repeat sale pairs in April 2017 and more than 177,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

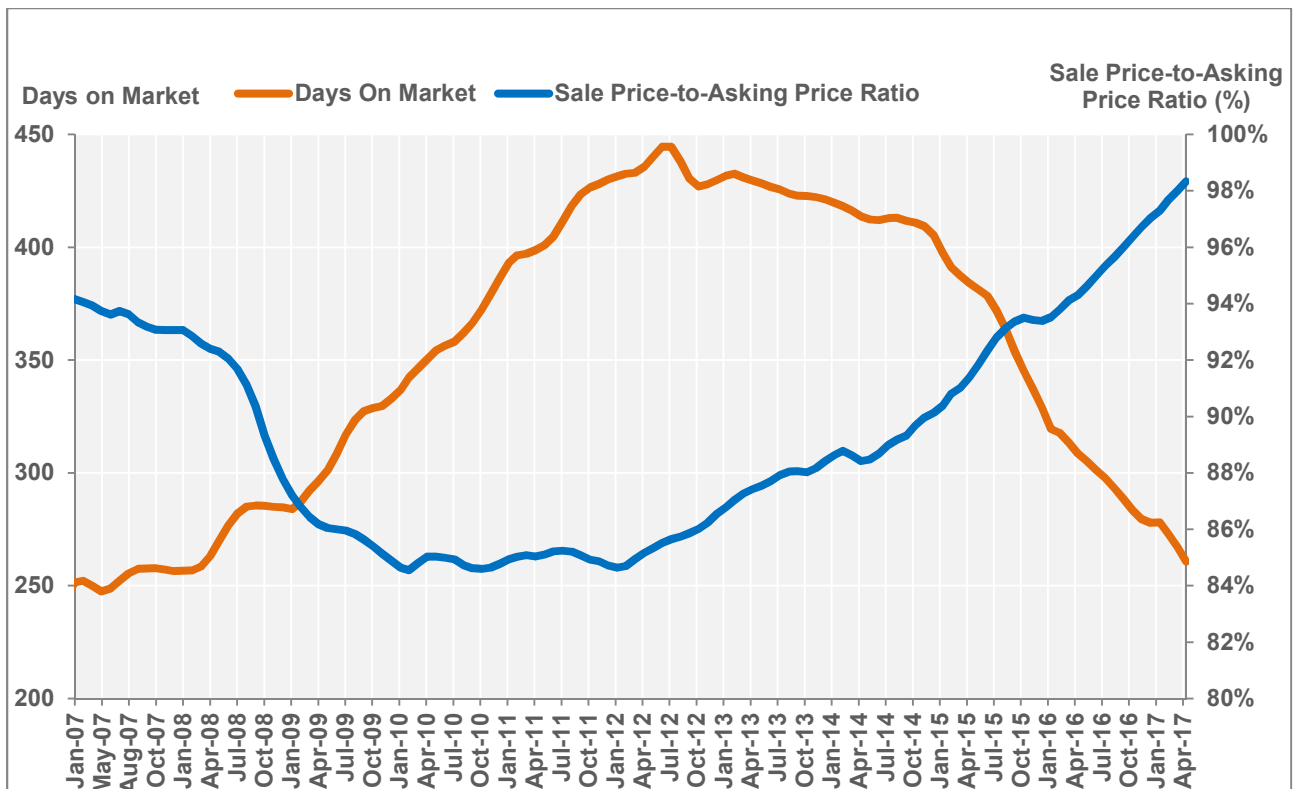
U.S. Composite Indices: Equal- And Value-Weighted, Data Through April 2017



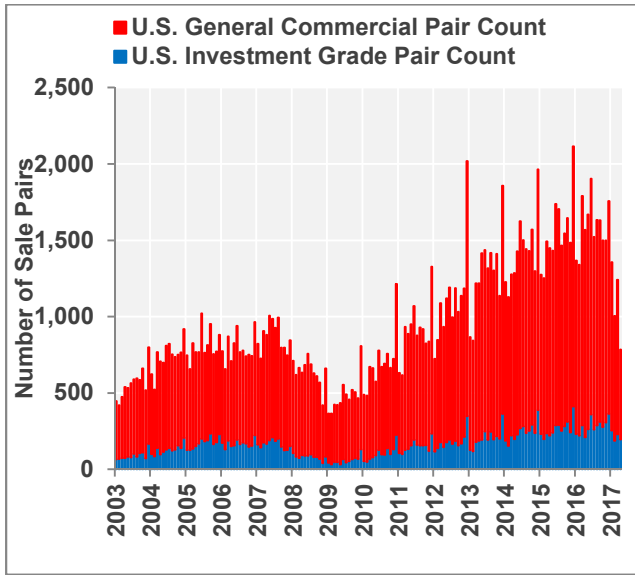
U.S. Equal-Weighted Indices By Market Segment, Data Through April 2017



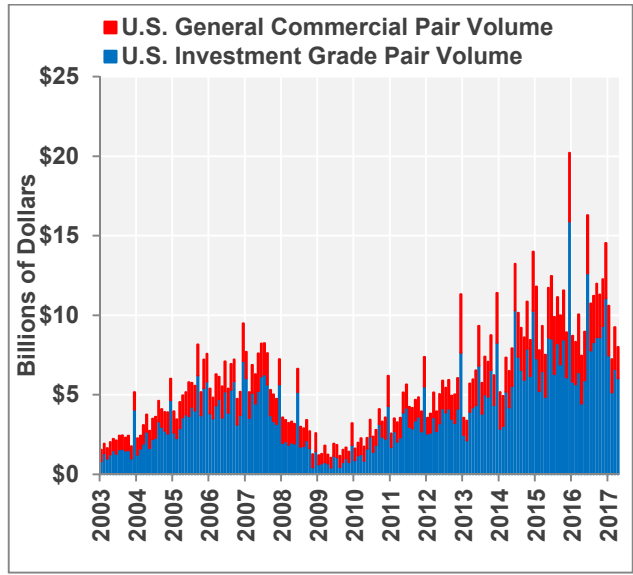
Market Liquidity Indicators, Data Through April 2017



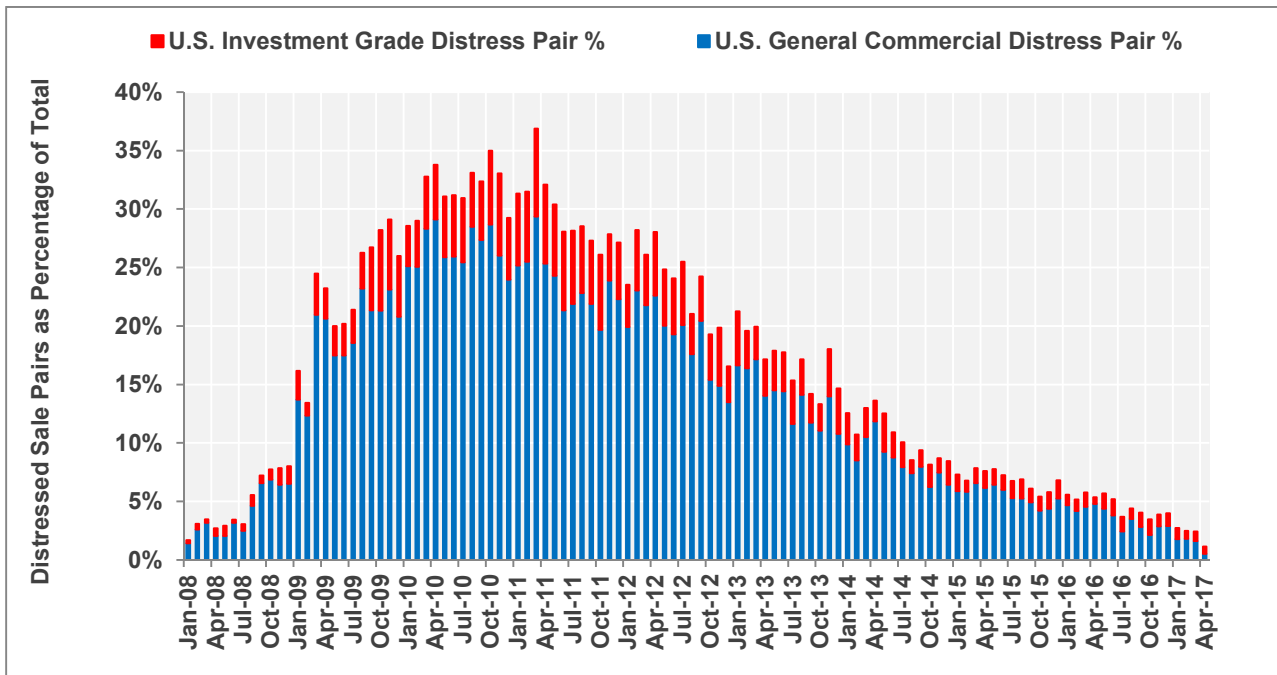
U.S. Pair Count, Data Through April 2017



U.S. Pair Volume, Data Through April 2017



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



CCRSI National Results Highlights

- **BOTH CCRSI'S MAJOR COMPOSITE PRICE INDICES ADVANCED IN APRIL.** Despite price declines at the high end of the market during the first quarter of 2017, both the value-weighted U.S. Composite Index, which reflects larger asset sales 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 1.4% in the month of April 2017. However, the divergence in pricing momentum can still be seen in the most recent annual data. For the 12-month period ending in April 2017, the equal-weighted U.S. Composite Index was up 14.8%, while the value-weighted U.S. Composite Index rose by a more modest 6.2%.
- **GENERAL COMMERCIAL SEGMENT SHOWED STRONGER MOMENTUM IN EQUAL-WEIGHTED INDEX.** Recent pricing trends in the national composite indices were mirrored in the two sub-indices of the equal-weighted U.S. Composite Index. The General Commercial segment, which is influenced by smaller, lower-priced properties, increased 1.4% in April 2017 and 15.9% in the 12-month period ending in April 2017. Meanwhile, the Investment-Grade segment of the index, which is influenced by higher-value properties, rose 1.3% in April 2017, and a more modest 6.5% in the 12-month period ending in April 2017. The recent momentum in the General Commercial segment demonstrates the expansion of the pricing recovery for commercial real estate.
- **TRANSACTION VOLUME REMAINS DOWN SLIGHTLY FROM PEAK LEVELS.** Composite pair volume of \$35 billion through the first four months of 2017 was 1.2% lower than the average from the same period in 2015-2016, illustrating a modest deceleration in capital flows from the record-setting levels of the past two years. However, the year-to-date volume through April 2017 was still the second-highest January-through-April sales volume on record for the CCRSI.
- **OTHER LIQUIDITY MEASURES REFLECT FULLY RECOVERED MARKET.** The average time on the market for for-sale properties declined by 15.5% in the 12-month period ending in April 2017. At 261 days, the average time on market in April 2017 is just 23% higher than the previous lows recorded during the peak of the last cycle in 2006-2007. Meanwhile the sale-price-to-asking-price ratio narrowed by four percentage points in the 12-month period ending in April 2017 to 98.3%. This is the tightest this ratio has ever recorded for the CCRSI. The share of properties withdrawn from the market by discouraged sellers also receded by 6.4 percentage points to 24.5% during the 12-month period ending in April 2017.

Monthly CCRSI Results, Data Through April 2017

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	1.4%	0.5%	6.2%	88.1% ¹
Equal-Weighted U.S. Composite Index	1.4%	4.9%	14.8%	69.5% ²
U.S. Investment-Grade Index	1.3%	3.6%	6.5%	80.9% ³
U.S. General Commercial Index	1.4%	4.8%	15.9%	67.4% ⁴

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

Monthly Liquidity Indicators, Data Through April 2017

	Current	1 Month Earlier	1 Quarter Earlier	1 Year Earlier
Days on Market	261	267	278	309
Sale-Price-to-Asking-Price Ratio	98.3%	98.0%	97.3%	94.3%
Withdrawal Rate	24.5%	25.0%	26.1%	30.9%

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.

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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 nearly 11 million registered members. 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 33 million unique monthly visitors in aggregate in the first quarter of 2017. Headquartered in

Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of approximately 3,200 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 pricing and liquidity measures; and the risk that transaction volume, investor demand, market supply, and capital flows will not continue at the levels or with the trends indicated in this release. More information about potential factors that could cause actual results to differ materially from those discussed 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 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). All forward-looking statements are based on information available to CoStar on the date hereof, and CoStar assumes no obligation to update such statements, whether as a result of new information, future events or otherwise.