



CCRSI RELEASE – September 2023
(With data through August 2023)

ELEVATED SUPPLY DELIVERIES OPPOSED LACKLUSTER TENANT DEMAND

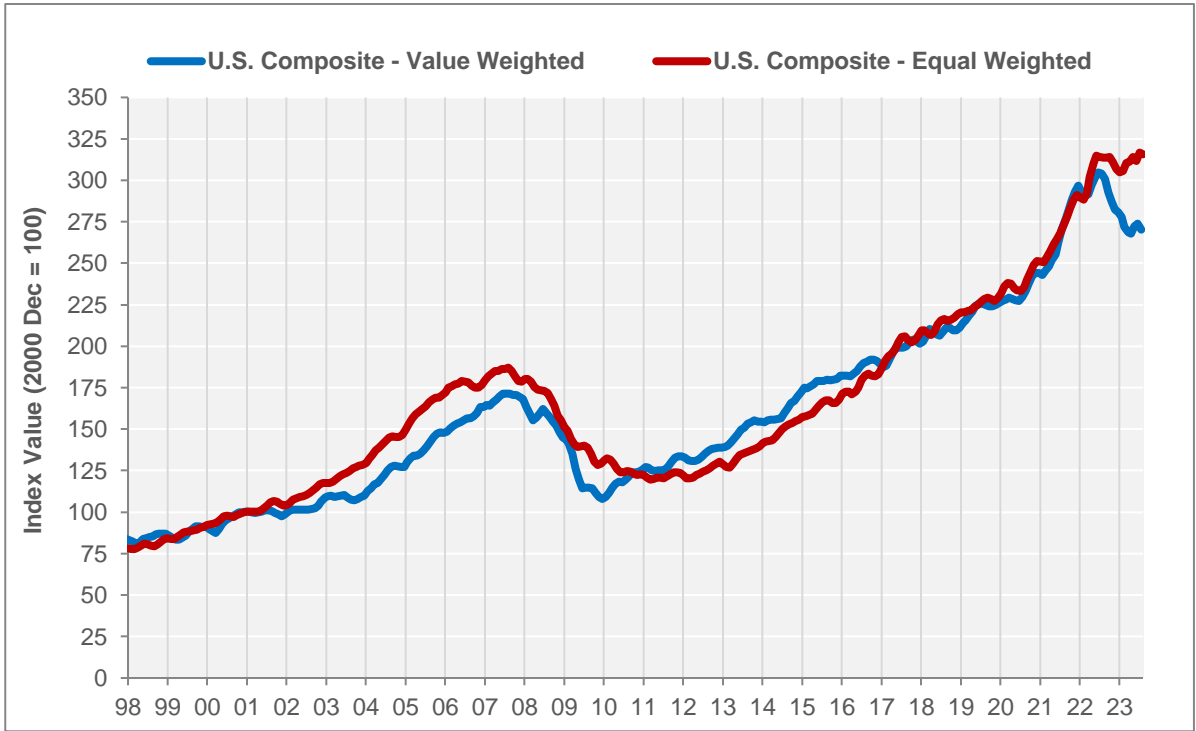
TENANT SPACE GIVE-BACKS REACH COVID-ERA THRESHOLDS

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through August 2023. Based on 1,100 repeat sale pairs in August 2023 and more than 295,368 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

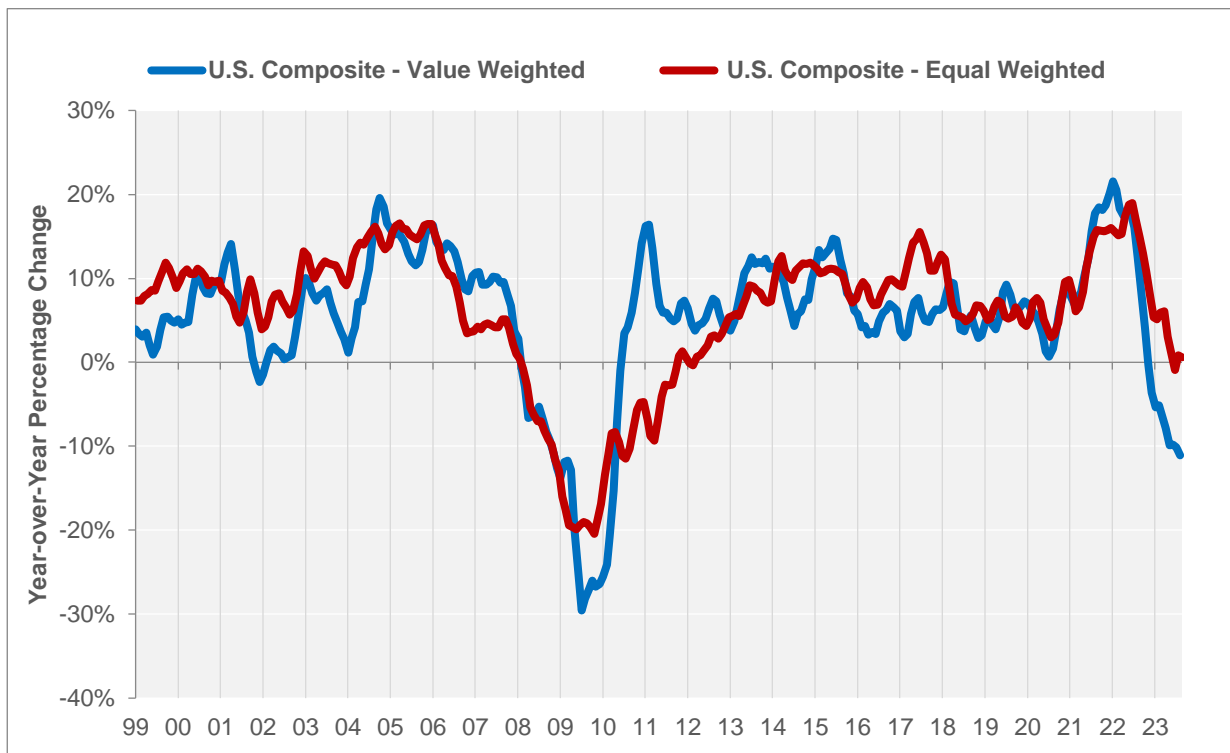
CCRSI National Results Highlights

- **MAJOR U.S. COMPOSITE PRICE INDICES MOVED LOWER VERSUS THE PRIOR MONTH.** The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades common in core markets, fell 1.4% to 270 in August 2023, resuming its downward trend where 11 of the last 13 months reported declines. The index was also down for the 10th consecutive month compared to the prior year, giving back 11.1% of its value in the 12-month period that ended in August 2023.
- Simultaneously, the equal-weighted U.S. composite index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, settled 0.3% below the prior month's reading to 316 in August 2023. The index oscillated around zero for the better part of the last year but edged 0.6% higher in the 12-month period ending in August 2023.
- Softer pricing in August may reflect rising treasury yields. At the time when August closings were likely priced and then went under contract, the yield on the U.S. 10-year was 40-50 basis points higher than in the previous month. The local lows in May 2023 dipped to 3.3% before advancing to 3.8% in June 2023. Yields have continued to increase, seeing highs touch 4.3% in August 2023.

U.S. Composite Indices: Equal- and Value-Weighted, Data Through August 2023

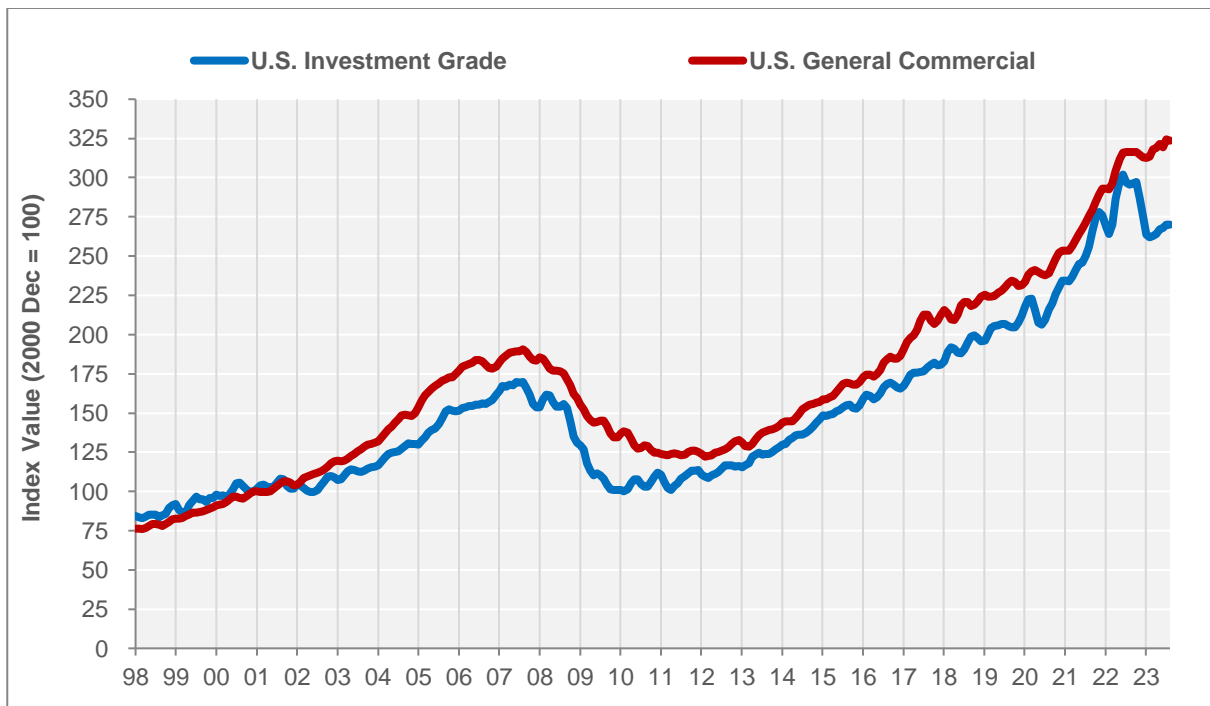


U.S. Composite Indices: YoY Percent Change, Data Through August 2023



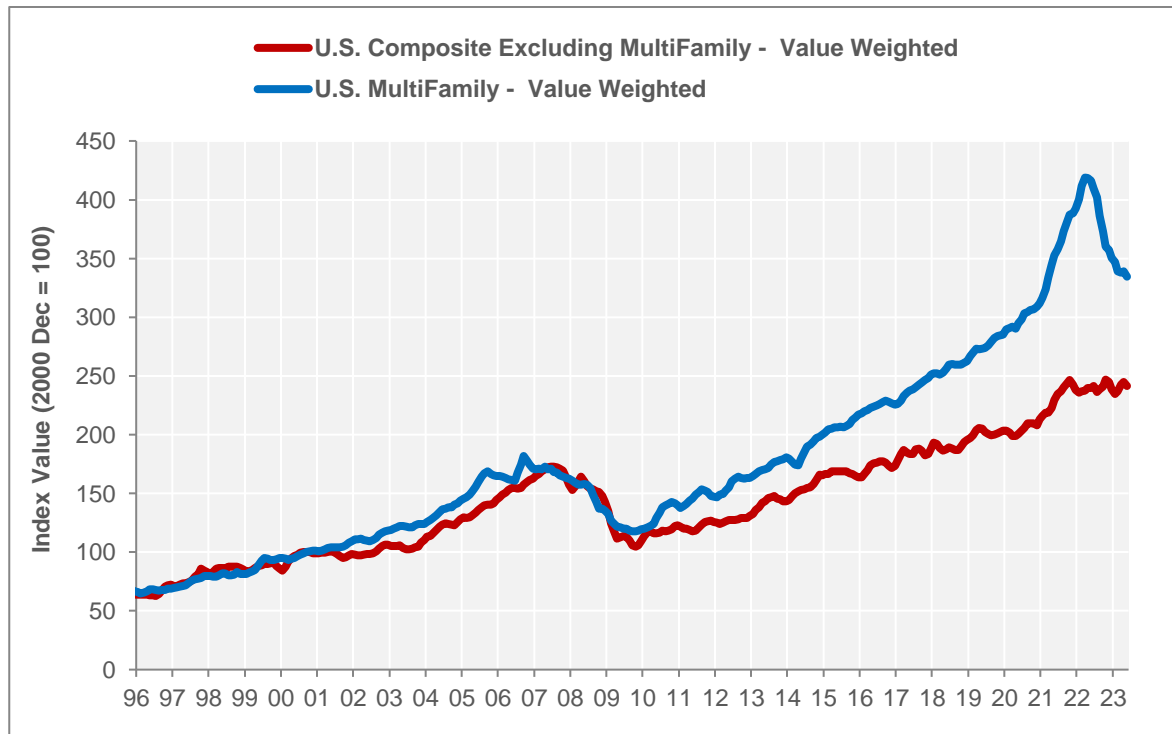
- INVESTMENT GRADE PRICING COMES UNDER PRESSURE AFTER FIVE CONSECUTIVE MONTHS OF GAINS. Both segments gave up small losses in August 2023 compared to the prior month. Still, the general commercial sub-index outperformed the investment-grade category in their annual price changes during August 2023.
 - The investment grade sub-index, which is more heavily influenced by higher-value assets, slowed 0.1% in August 2023. Investment grade pricing retreated 8.7% during the 12-month period ending in August 2023 but pared its losses when matched against an 11.3% decline for the 12-month period ending in June 2023.
 - The general commercial sub-index, more heavily influenced by smaller, lower-priced assets, also fell 0.2% in August 2023. This sub-index gained 2.3% over the 12 months ending in August 2023, but the price appreciation slowed compared to the 18.1% annualized gains seen over the 12 months ending in June 2022.

U.S. Equal-Weighted Indices by Market Segment, Data Through August 2023



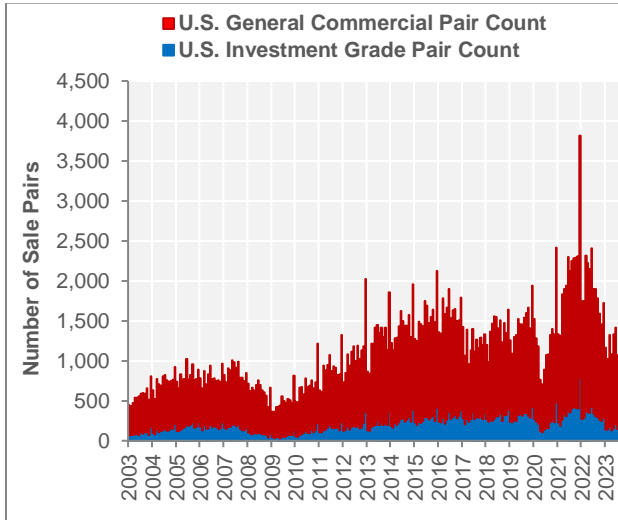
- **VALUE-WEIGHTED PRICE DECLINES FORCED DOWN BY THE MULTIFAMILY SECTOR.** Softening price momentum has been in place for the last 15 months inside the value-weighted multifamily index, with negative year-over-year price declines occurring in the last nine months.
 - The multifamily sub-index slumped 1.4% in August 2023, its 13th negative print in the last 14 months. The index also gave back 19.6% of its value during the 12 months ending in August 2023. New supply deliveries are weighing on occupancy levels and restricting pricing power to move rents, which have turned negative year-over-year in a growing number of U.S. markets.
 - The value-weighted composite index, excluding the multifamily sector, sagged 1.4% in August 2023. After rebounding in June and July with annual price gains above 2%, the rising cost of debt financing limited price gains to 0.8% during the 12-month period ending in August 2023.

U.S. Value-Weighted Composite Index Excluding Multifamily Data Through August 2023

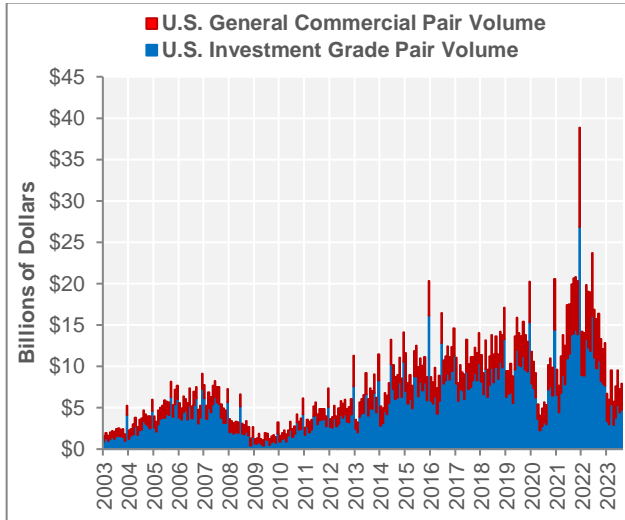


- TRANSACTION VOLUME ROSE MODESTLY IN AUGUST 2023. The number of repeat sale transactions increased to 1,100 closed deals in August 2023, while total consideration also rose to \$7.9 billion. August 2023 bested the prior month, with transaction volume rising 8.3%. Investment grade transaction volume expanded by 6.7% in August 2023 to \$4.8 billion, while the general commercial segment leaped 10.8% over the prior month to \$3.1 billion.
- Composite pair volume of \$115 billion during the 12 months ending in August 2023 was the lowest trailing 12-month total since April 2021. August 2023 finished 52.7% lower than the 12-month period that ended in August 2022. The collapse in volume was larger in the investment grade segment, which plunged 58.1% over the 12 months that ended in August 2023 compared to the same period ending in August 2022. The investment grade segment accounted for 60.2% of the overall annual transaction volume during the 12 months ending in August. The general commercial segment, which accounted for 39.8% of the 12-month transaction volume, fared slightly better but still tumbled 42.1% over the 12 months ending in August 2023.

U.S. Pair Count, Data Through August 2023

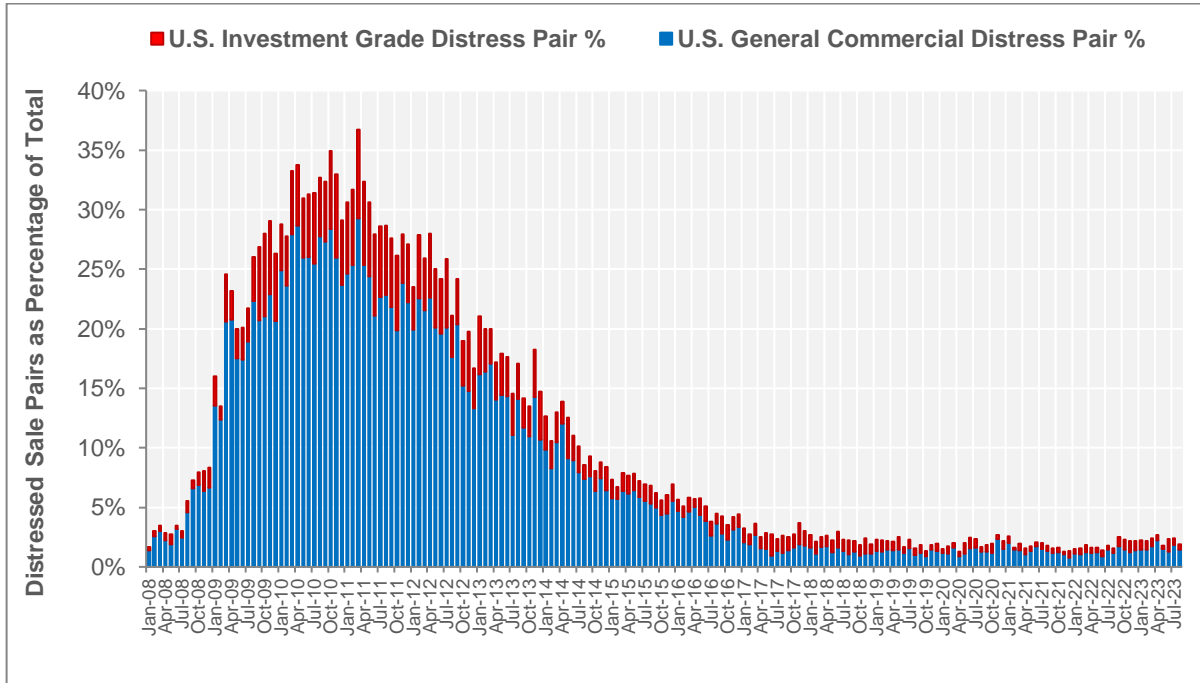


U.S. Pair Volume, Data Through August 2023



- DISTRESSED REPEAT SALES APPEAR ABSENT FROM THE MARKET.** Just 21 of the 1,100 repeat-sale trades in August 2023, or about 1.9%, were distressed sales. General commercial distressed sales accounted for 16 of the distressed trades in August 2023, or 1.5% of all repeat-sales trades. Only five investment-grade distressed sales were recorded, accounting for 0.5% of all repeat sales trades.

U.S. Distress Sale Pairs Percentage, Data Through August 2023



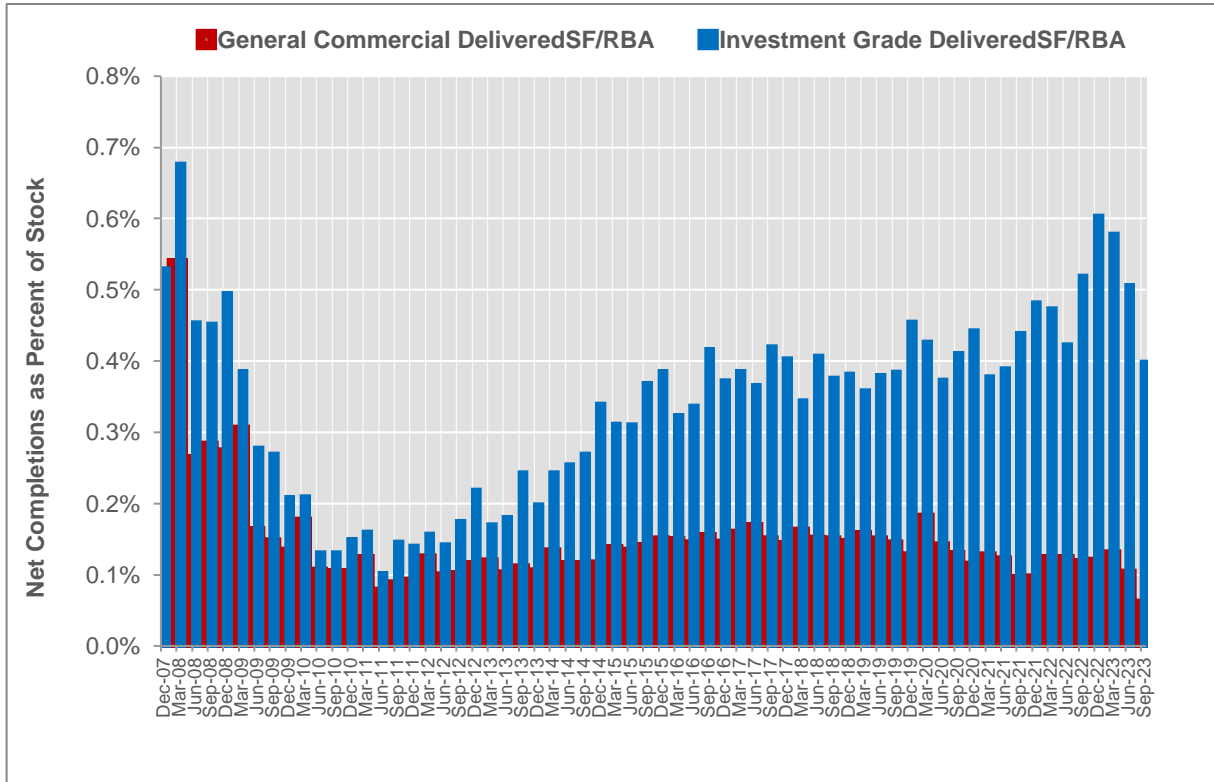
TRAILING 12-MONTH DELIVERIES REMAIN ELEVATED. Deliveries across the three major property types are projected to reach 813.5 million SF in the 12-month period ending in September 2023, up 9.1% from the same period in 2022. About 89% of the space expected to be delivered, or 723.2 million SF, will be of investment-grade quality, an increase of 12.2% over the 12-month period that ended in September 2022. Only 90.2 million SF of general commercial properties are expected to be delivered in the prior 12-month period, a decline of 10.7%.

As a percentage of total stock, combined deliveries are expected to add 1.4% to the total inventory in the quarter ending in September 2023, with investment grade deliveries contributing 1.2% of new product and general commercial adding 0.2% of new inventory.

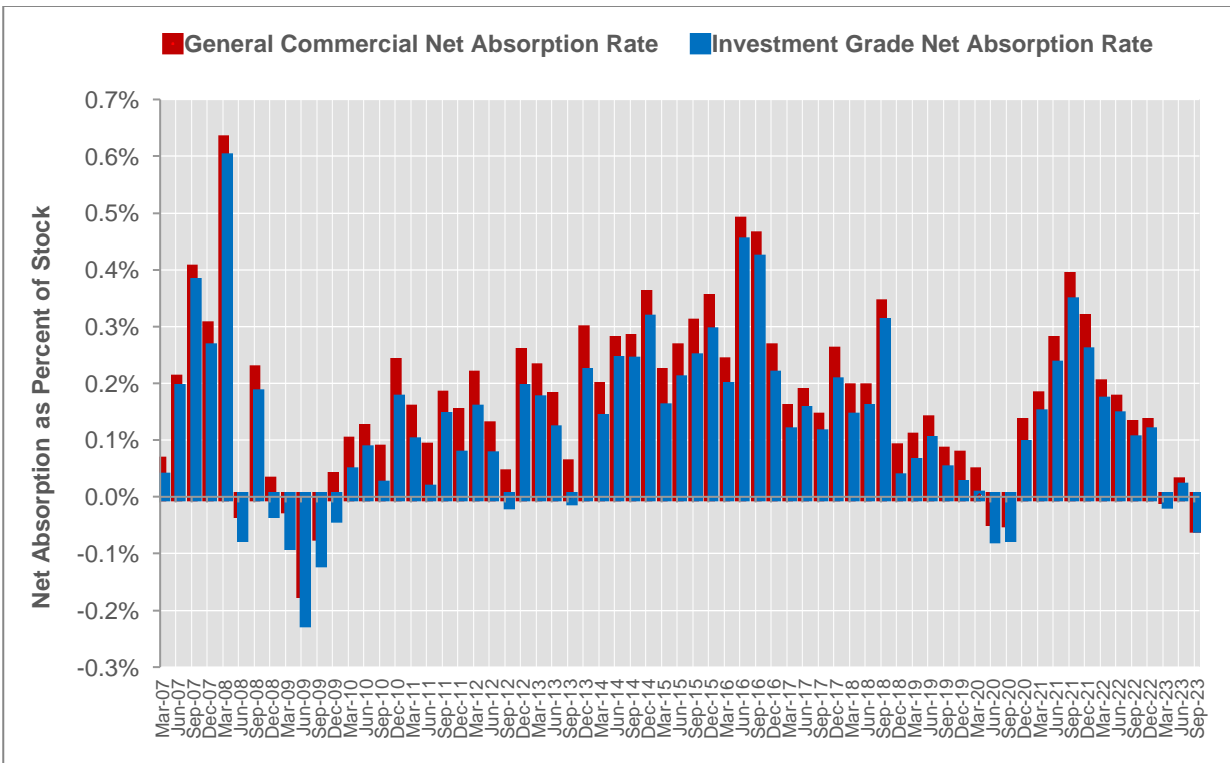
AT THE SAME TIME, DEMAND ERODED AND SHOULD TURN NEGATIVE IN THE QUARTER. Net absorption is projected to be 38.2 million SF in the 12-month period ending in September 2023, collapsing 89% from the 12-month period ending September 2022. Both investment grade and general commercial segments saw demand evaporate, with expectations of each falling 90.4% and 87.9%, respectively.

As a percentage of stock, negative net absorption in the quarter ending in September 2023 is expected to give back 0.05% of space, mirroring levels last seen in the quarter ending in September 2020. Both investment grade and general commercial segments should experience similar percentages of negative net absorption in the quarter ending September 2023.

Market Fundamentals, Data Through September 2023



Market Fundamentals, Data Through September 2023



Monthly CCRSI Results, Data Through August 2023

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-1.4%	0.9%	-11.1%	150.2% ¹
Equal-Weighted U.S. Composite Index	-0.3%	0.5%	0.6%	164.3% ²
U.S. Investment-Grade Index	-0.1%	1.0%	-8.7%	169.8% ³
U.S. General Commercial Index	-0.2%	0.7%	2.3%	163.4% ⁴

¹ Trough Date: JANUARY 2010 ² Trough Date: MARCH 2011 ³ Trough Date: OCTOBER 2009 ⁴ Trough Date: MARCH 2011

Market Fundamentals Data Through September 2023

Annual Net Absorption (in millions of square feet)

	2020Q3	2021Q3	2022Q3	2023Q3
Aggregate	-21.9	420.0	349.0	38.2
Investment Grade	-28.5	191.3	156.9	15.0
General Commercial	6.6	228.7	192.1	23.2

Note: Net Absorption is the change in occupied space, calculated based on three types of properties: office, retail, and industrial.

Annual Delivered (in millions of square feet)

	2020Q3	2021Q3	2022Q3	2023Q3
Aggregate	673.7	649.5	745.4	813.5
Investment Grade	546.0	549.4	644.3	723.2
General Commercial	127.7	100.0	101.0	90.2

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	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 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 will not be as expected for the 3- and 12-month periods ending September 2023; and the risk that deliveries across office, retail, and industrial properties will not be as projected. 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, 2022, and Quarterly Reports on Form 10-Q for the quarters ending March 31, 2023 and June 30, 2023, 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.