CCRSI RELEASE – December 2024
(With data through November 2024)

NEW SUPPLY DELIVERIES ARE FALLING RAPIDLY

IN THE FACE OF NEGATIVE NET ABSORPTION, SUPPLY DELIVERIES WANE

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through November 2024. Based on 1,149 repeat sale pairs in November 2024 and 315,668 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

CCRSI National Results Highlights

- U.S. COMPOSITE PRICE INDICES SUSTAINED MONTH-OVER-MONTH PRICE GROWTH. The value-weighted U.S. Composite Index, more heavily influenced by high-value trades common in core markets, rose for the fourth consecutive month to 250, an increase of 1.3% over the prior month. Despite the index falling 2.5% from the 12-month period that ended November 2023, the speed of decline is decelerating compared to the July 2024 trough, which lost 12.4% of value during those prior 12 months.

- Meanwhile, the equal-weighted U.S. composite index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, climbed 1.4% to 321 in November 2024. The index saw annual price growth reaccelerate, gaining 2.9% compared to November 2023.

- The trending improvement in pricing may reflect lower policy rates since the third quarter of 2024, as market participants have noted that investor preference has shifted back toward short-term financing, which was last commonly seen in 2021.

U.S. Composite Indices: Equal- and Value-Weighted, Data Through November 2024
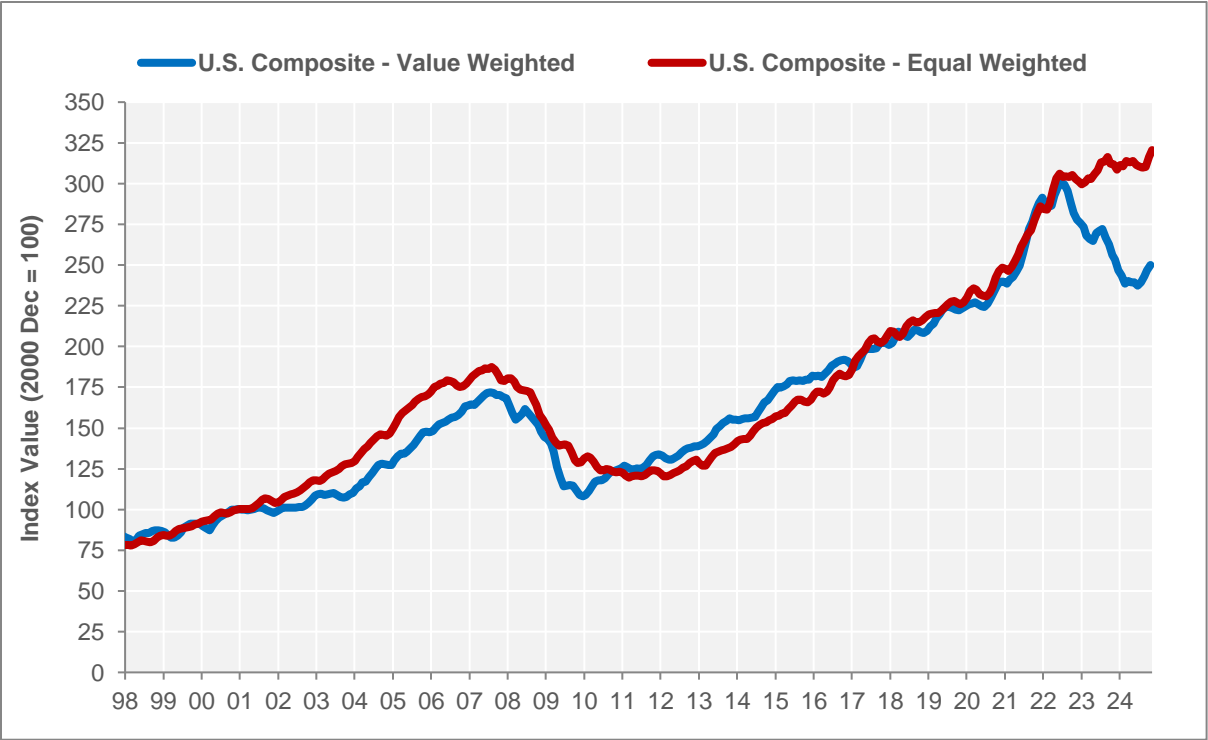

## U.S. Composite Indices: YoY Percent Change, Data Through November 2024
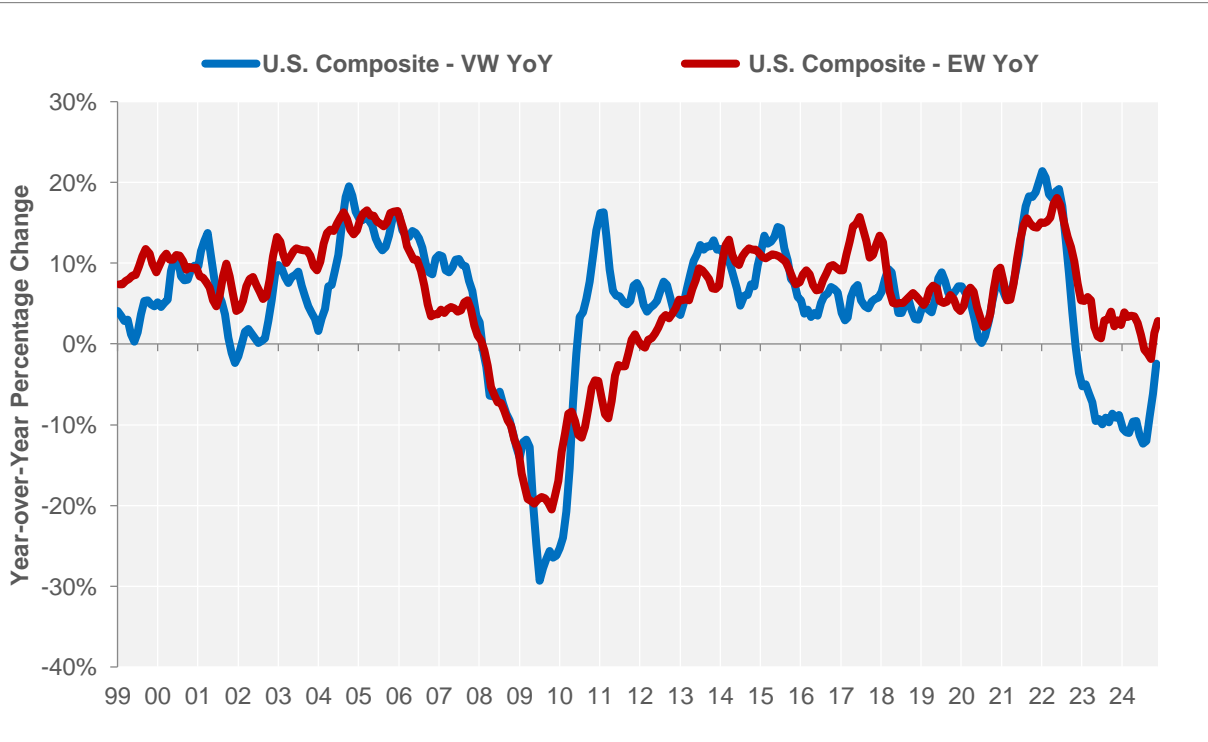
- INVESTMENT GRADE PRICING MAY HAVE FOUND ITS FOOTING. After 21 months of year-over-year price declines, beginning in January 2023, the investment grade sub-index, more heavily influenced by higher-value assets, posted its second consecutive quarter of year-over-year price gains at 3.4% in November 2024. This momentum is further supported through a month-over-month lens as the sub-index rose 1.4% in November 2024, the third straight month of gains.

- The general commercial sub-index, heavily influenced by the more numerous but lower-value trades, increased 1.1% over the prior month in November 2024, the fourth month of continued price gains. Resembling the price growth of the higher-value assets in the investment grade sub-index, the general commercial cohort saw values rise 3.3% in the 12 months ending November 2024.

## U.S. Equal-Weighted Indices By Market Segment, Data Through November 2024
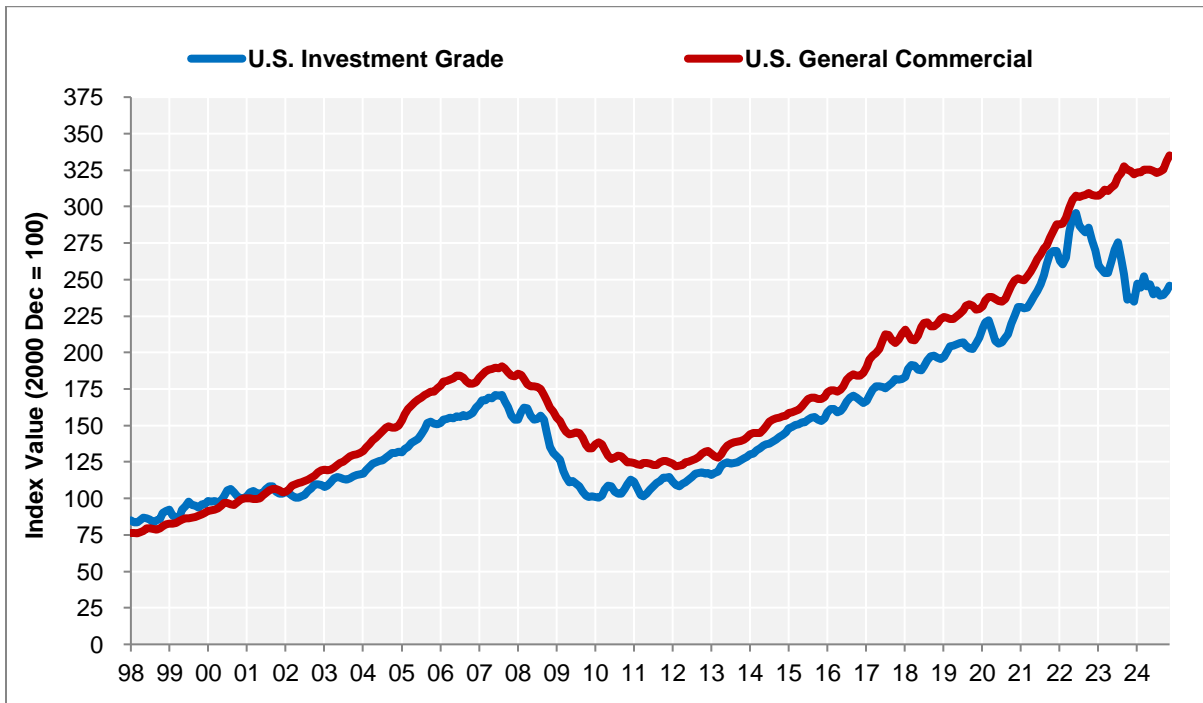
- REPEAT-SALES VOLUME MIMICED LEVELS FROM MID-2024. The number of repeat sales declined to 1,149 trades, producing $9.2 billion of total consideration in November 2024. Despite the 17.2% month-over-month sales volume decline in November 2024, this pace was similar to the second and third quarters of 2024. Compared to the prior month, investment grade transaction volume sank 18.5% in November 2024 to $5.7 billion, while the general commercial segment slipped 15.0% lower to $3.5 billion.

- Composite pair volume of $109 billion during the 12 months ending in November 2024 was 7.4% higher than the 12-month period that ended in November 2023. The increase was more prominent in the investment grade segment, which leaped 13.2% over the 12 months ending in November 2024 compared to the same period ending in November 2023. The investment grade segment accounted for 61.7% of the 12-month transaction volume. The general commercial segment, which accounted for 38.3% of the 12-month transaction volume, footed 0.1% higher during the 12 months ending November 2024.

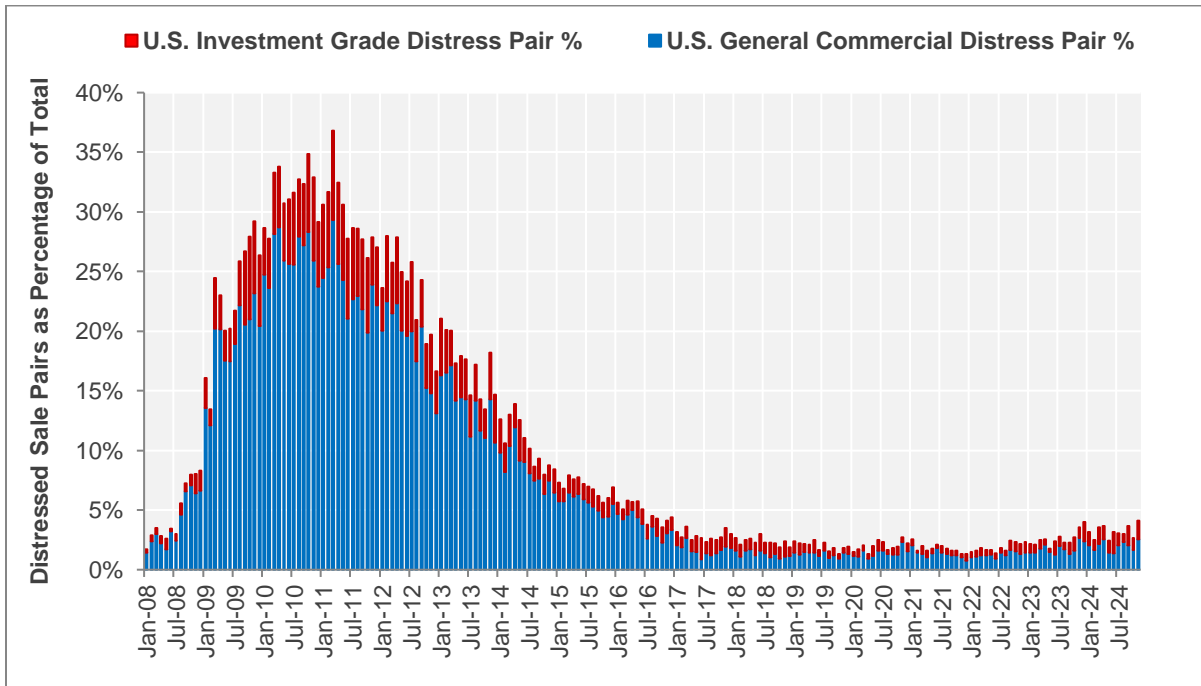**U.S. Pair Count, Data Through November 2024**
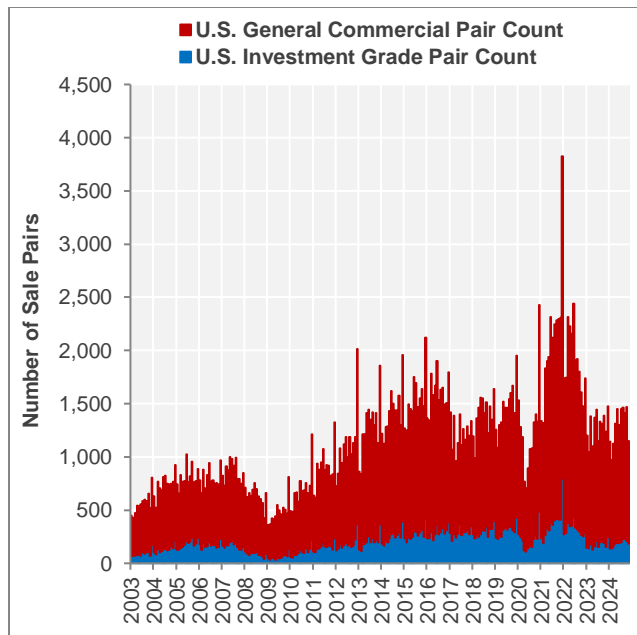
U.S. Pair Volume, Data Through November 2024
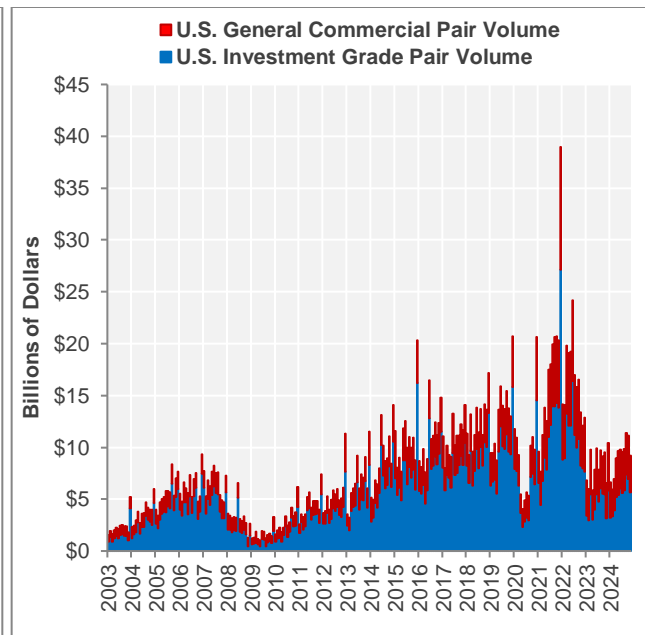
- SMALL BUT GROWING SIGNS OF DISTRESS. Among repeat sales in November 2024, 47 of the 1,149 trades, or 4.1%, were distressed. Despite the low level of distress being transacted, November marks the highest level, in percentage terms, since December 2016. Investment grade distressed pairs comprised 18, or 9.8%, of the 183 repeat sales, while the general commercial cohort posted 29, or 3.0%, distressed trades out of the 966 repeat sales.

U.S. Distress Sale Pairs Percentage, Data Through November 2024

Chart: Distressed Sale Pairs as Percentage of Total

Legend:
- ■ U.S. Investment Grade Distress Pair %
- ■ U.S. General Commercial Distress Pair %

Y-axis: Distressed Sale Pairs as Percentage of Total (0% to 40%)
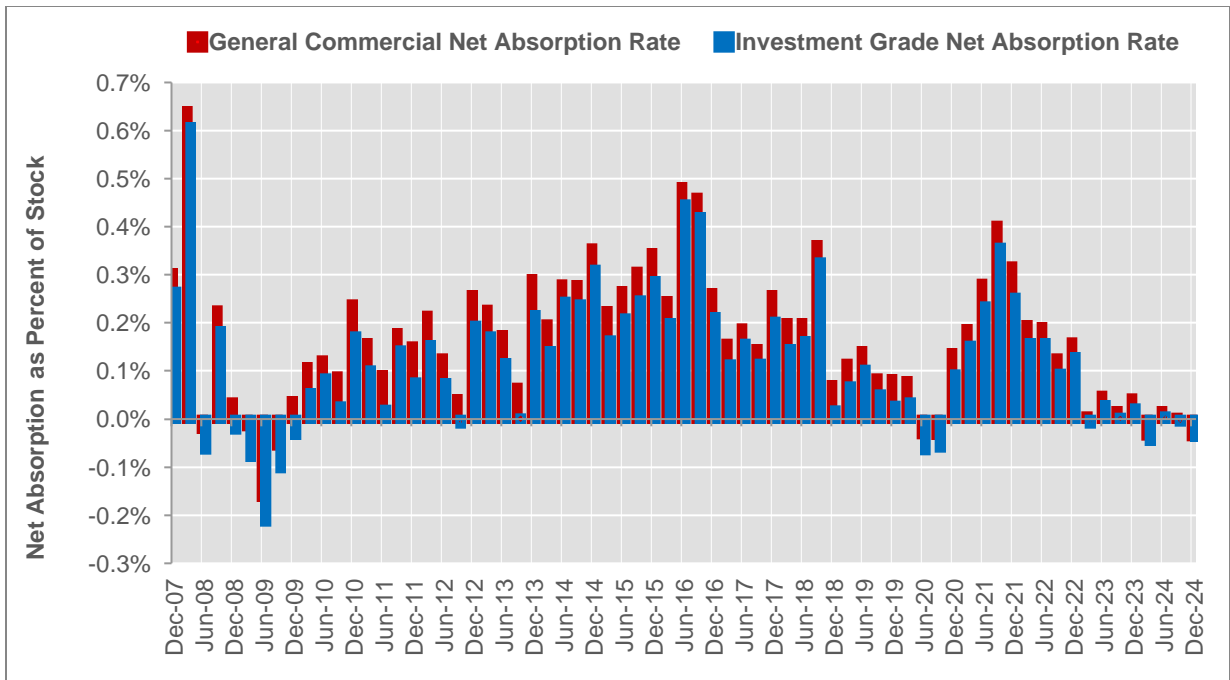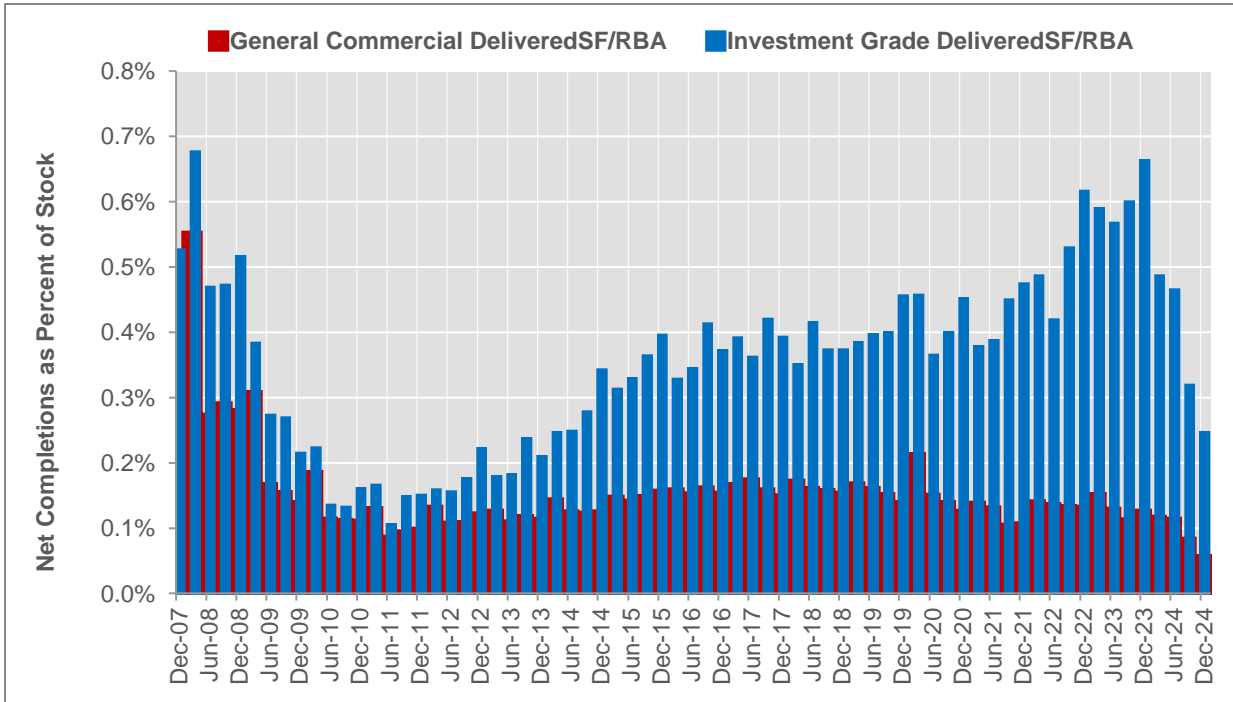X-axis: Jan-08 through Jul-24

DELIVERIES CONTINUE TO SLOW. Deliveries across the three major property types, office, retail, and industrial, are projected to reach 623.6 million SF in the 12 months ending in December 2024, 35.8% lower than the same period in 2023. Just under 90% of the space delivered, or 544.7 million SF, was of investment-grade quality. Less than 80 million SF of general commercial was delivered in the 12 months ending December 2024.

Deliveries are projected to hit 0.2% of the total inventory as a percentage of total stock in the quarter ending in December 2024, with investment-grade deliveries at 0.2% of stock and general commercial deliveries at less than 0.1%.

DEMAND IS ALSO FALLING. Net absorption is projected to give back 32.4 million SF in the 12 months ending December 2024, 182.1% below the 12 months ending December 2023. Demand fell in the investment grade and general commercial segments by giving back 20.1 million SF and 12.3 million SF, respectively.

Net absorption as a percentage of stock is projected to lose less than 0.1% in the quarter ending December 2024. Both investment grade and general commercial segments are also in negative territory.

Market Fundamentals, Data Through December 2024

General Commercial DeliveredSF/RBA   Investment Grade DeliveredSF/RBA

Net Completions as Percent of Stock

General Commercial Net Absorption Rate   Investment Grade Net Absorption Rate

Net Absorption as Percent of Stock

Monthly CCRSI Results, Data Through November 2024

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	1.3%	4.4%	-2.5%	131.6%[1]
Equal-Weighted U.S. Composite Index	1.4%	3.4%	2.9%	168.0%[2]
U.S. Investment-Grade Index	1.4%	2.8%	3.4%	144.6%[3]
U.S. General Commercial Index	1.1%	3.4%	3.3%	173.1%[4]

[1] Trough Date: January 2010   [2] Trough Date: March 2011   [3] Trough Date: February 2010   [4] Trough Date: July 2011

Market Fundamentals Data Through December 2024

	Annual Net Absorption (in millions of square feet)			
	2021Q4	2022Q4	2023Q4	2024Q4
Aggregate	524.8	293.1	39.5	-32.4
Investment Grade	239.3	130.5	11.0	-20.1
General Commercial	285.5	162.7	28.5	-12.3

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

	Annual Delivered SF (in millions of square feet)			
	2021Q4	2022Q4	2023Q4	2024Q4
Aggregate	676.2	828.3	971.4	623.6
Investment Grade	571.9	709.1	857.0	544.7
General Commercial	104.2	119.2	114.4	78.9

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.

MEDIA CONTACT:

Matthew Blocher, Vice President, Marketing & Communications, CoStar Group (mblocher@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 (NASDAQ: CSGP) is a leading provider of online real estate marketplaces, information, and analytics in the property markets. Founded in 1987, CoStar Group conducts expansive, ongoing research to produce and maintain the largest and most comprehensive database of real estate information. CoStar is the global leader in commercial real estate information, analytics, and news, enabling clients to analyze, interpret and gain unmatched insight on property values, market conditions and availabilities. Apartments.com is the leading online marketplace for renters seeking great apartment homes, providing property managers and owners a proven platform for marketing their properties. LoopNet is the most heavily trafficked online commercial real estate marketplace with over thirteen million average monthly global unique visitors. STR provides premium data benchmarking, analytics, and marketplace insights for the global hospitality industry. Ten-X offers a leading platform for conducting commercial real estate online auctions and negotiated bids. Homes.com is the fastest growing online residential marketplace that connects agents, buyers, and sellers. OnTheMarket is a leading residential property portal in the United Kingdom. BureauxLocaux is one of the largest specialized property portals for buying and leasing commercial real estate in France. Business Immo is France's leading commercial real estate news service. Thomas Daily is Germany's largest online data pool in the real estate industry. Belbex is the premier source of commercial space available to let and for sale in Spain. CoStar Group's websites attracted over 163 million average monthly unique visitors in the third quarter of 2024. 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.