COSTAR COMMERCIAL REPEAT-SALE INDICES
PRESS RELEASE

CCRSI RELEASE – November 2023
(With data through October 2023)

## COMMERCIAL REAL ESTATE PRICE DECLINES RESUMED IN OCTOBER 2023

HIGHER BORROWING COSTS WEIGHED ON ASSET PRICING TO START THE FOURTH QUARTER

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through October 2023. Based on 1,168 sale pairs in October 2023 and more than 298,112 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 SLUMPED IN OCTOBER 2023, DOWN 1.4% OVER THE PRIOR MONTH. The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades common in core markets, fell for the second consecutive month to 267, a decline of 1.4% over the prior month. The index was also down 8.7% in the 12-month period ending in October 2023.

- Meanwhile, the equal-weighted U.S. composite index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, saw the largest monthly decline since the Federal Reserve began increasing its policy rate in March 2022. The equal-weighted index dropped 1.4% to 314 in October 2023 and was flat compared to October 2022, rising 0.2% over the prior 12-month period.

- The U.S. 10-year treasury yield stagnated near 3.8% in July and August of 2023 before climbing to 4.9% in October 2023, negatively impacting asset pricing for closings starting off the fourth quarter of 2023.

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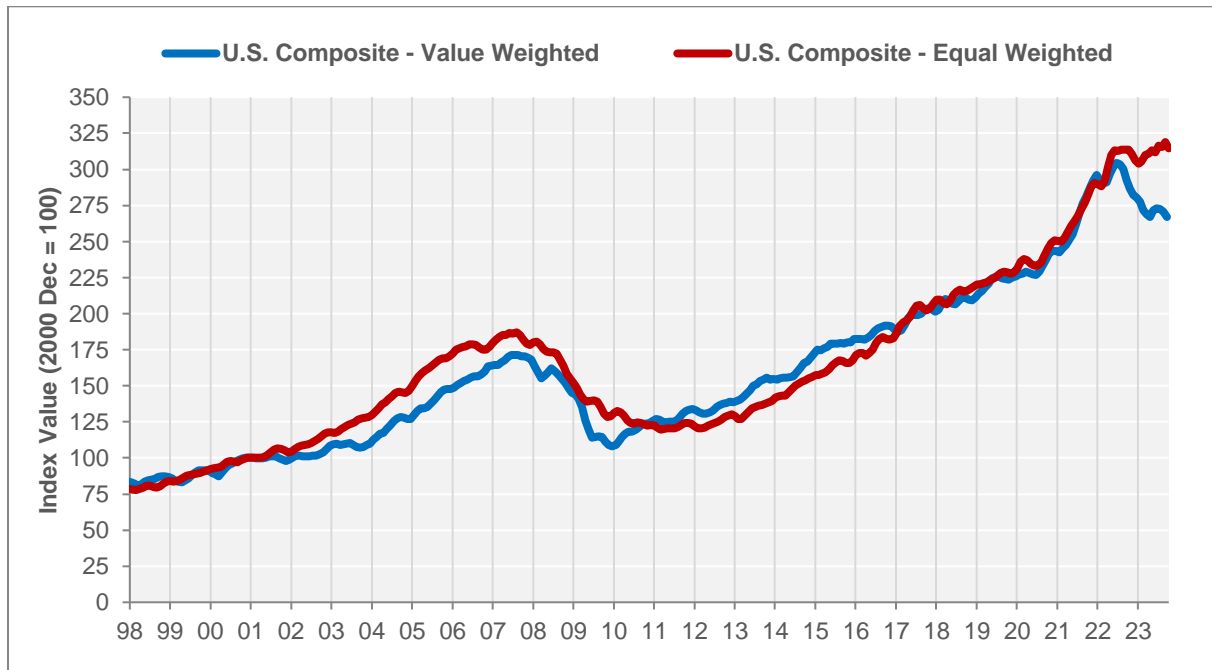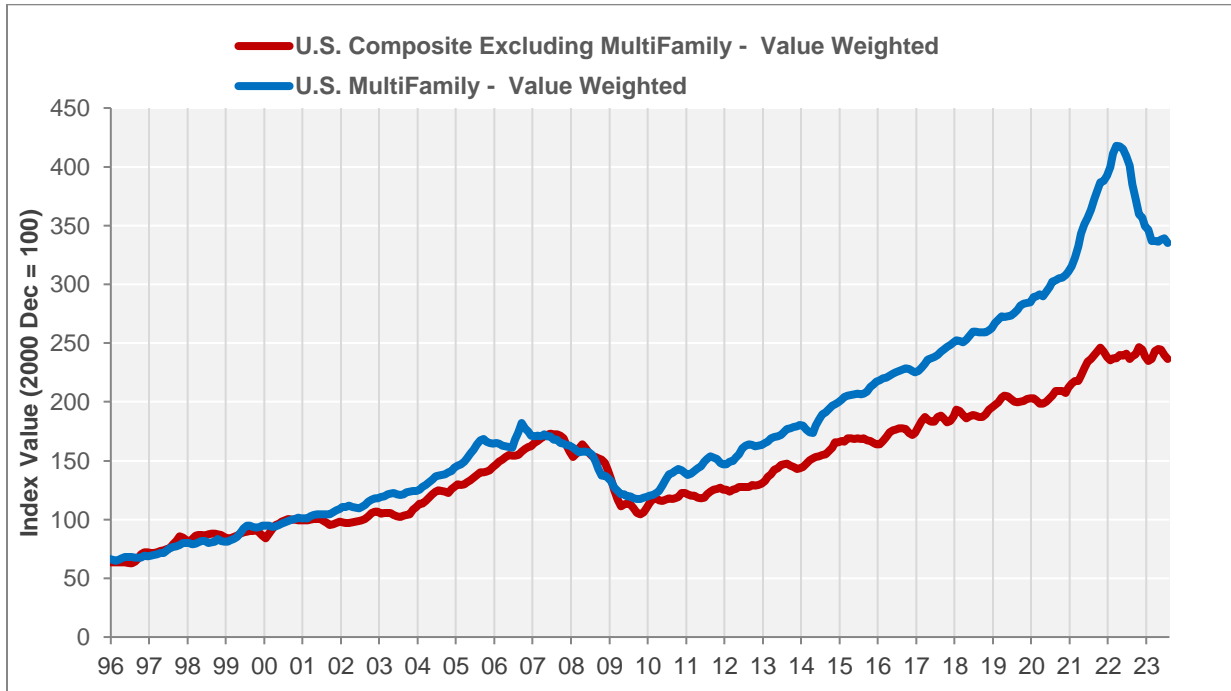

- INVESTMENT GRADE PRICES MARCHED LOWER IN OCTOBER 2023. After ten months of negative price declines, October 2023 marked the largest year-over-year price decline of investment-grade assets since March 2010.

- The investment grade sub-index, more heavily influenced by higher-value assets, slipped 1.5% in October 2023, reinforcing the downward trend that resumed in August 2023 as benchmark interest rates increased. The index dropped 12.1% over the 12-month period that ended in October 2023.

- However, the general commercial sub-index, influenced by smaller, lower-priced assets, saw a less pronounced decline, falling 0.9% in October 2023. Despite the monthly step lower, this sub-index gained 3.1% during the 12-month period that ended in October 2023.

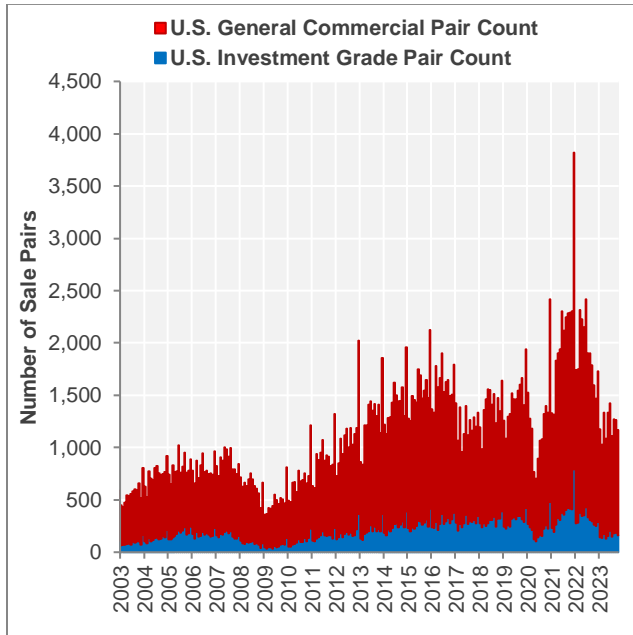## U.S. Equal-Weighted Indices by Market Segment, Data Through October 2023
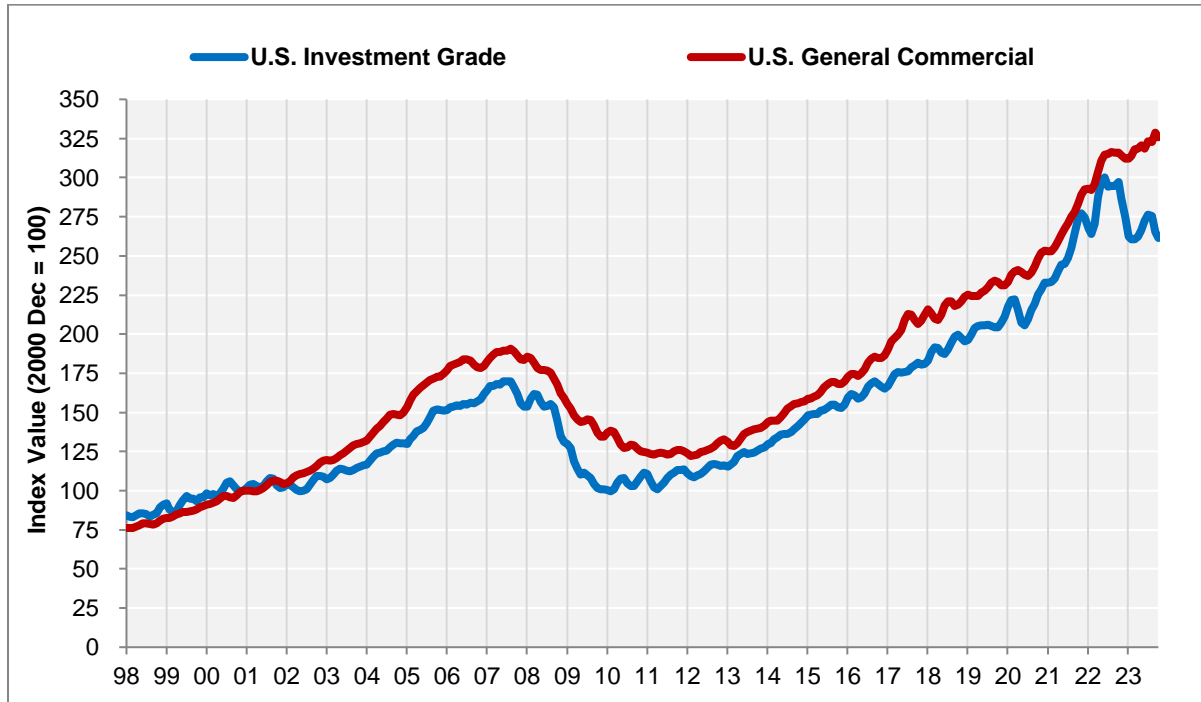
- VALUE-WEIGHTED PRICE DECLINES PERSISTED IN THE MULTIFAMILY SECTOR. Downward pricing momentum has been in place for the last 15 months, with double-digit year-over-year price declines taking hold over the last eight months. Since peak pricing occurred in July 2022, the value-weighted multifamily index fell 19.8% through October 2023.

- The multifamily sub-index slid 1.3% in October 2023, its first negative month-over-month decline since July 2023. When pitted against October 2022, the value-weighted index plummeted 16.5% over the prior 12-month period that ended in October 2023. Nationally, new supply deliveries outpaced absorption more than 2:1 over the trailing four-quarter period ending in the third quarter of 2023. This restricted investors' ability to move rents as vacancies stood at 7.2% across all building star ratings.

- The value-weighted composite index, excluding the multifamily sector, fell 1.4% in October 2023, its third monthly decline. The index was flat in October 2023 compared to October 2022. Year-over-year pricing increases peaked in this sub-index at 17.8% in January 2022, with the top in nominal index levels occurring a year later in January 2023. During the last ten months, value-weighted prices, excluding multifamily, fell by 4.1% ending in October 2023.

U.S. Value-Weighted Composite Index Excluding Multifamily
Data through October 2023

U.S. Composite Excluding MultiFamily - Value Weighted
U.S. MultiFamily - Value Weighted

Index Value (2000 Dec = 100)

450
400
350
300
250
200
150
100
50
0

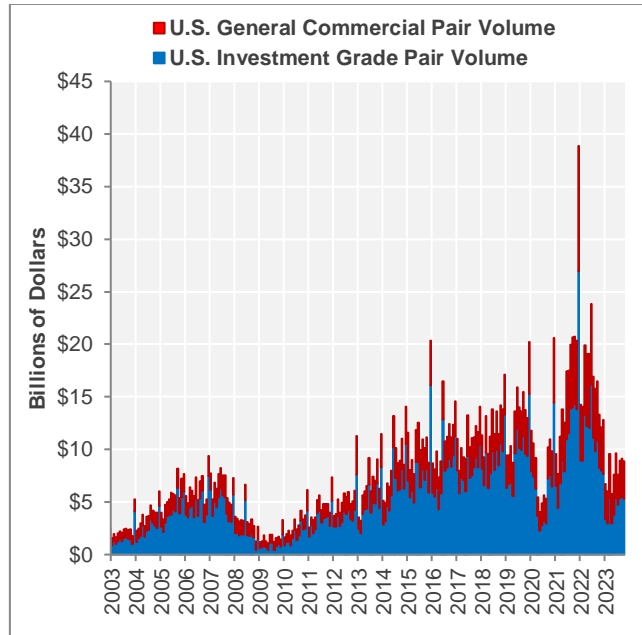96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23

- TRANSACTION VOLUME DECELERATED IN OCTOBER 2023. Compared to the prior month, sales activity slowed in October 2023 with 1,168 repeat sales. Total consideration also declined to $8.9 billion in October 2023, down 2.4% from the prior month. Investment grade transaction volume fell 3.8% compared to the prior month in October 2023 to $5.3 billion, while the general commercial segment shuffled 0.3% lower in October 2023 than the prior month with $3.6 billion in sales activity.

- Composite pair volume of $104 billion during the 12 months ending in October 2023 was 54.8% lower than the 12-month period that ended in October 2022. The fall in transaction volume was larger in the investment grade segment, which snapped 60.3% lower over the 12-month period that ended in October 2023 compared to the 12-month period that ended in October 2022. The investment grade segment accounted for about 59.9% of the annual transaction volume during the last 12 months ending in October 2023. The general commercial segment, which accounted for about 40.1% of the 12-month transaction volume ending in October 2023, collapsed by 44.3% compared to the 12 months ending in October 2022.

U.S. Pair Count, Data Through October 2023

U.S. Pair Volume, Data Through October 2023

- ■ U.S. General Commercial Pair Count
- ■ U.S. Investment Grade Pair Count

Number of Sale Pairs

- ■ U.S. General Commercial Pair Volume
- ■ U.S. Investment Grade Pair Volume

Billions of Dollars

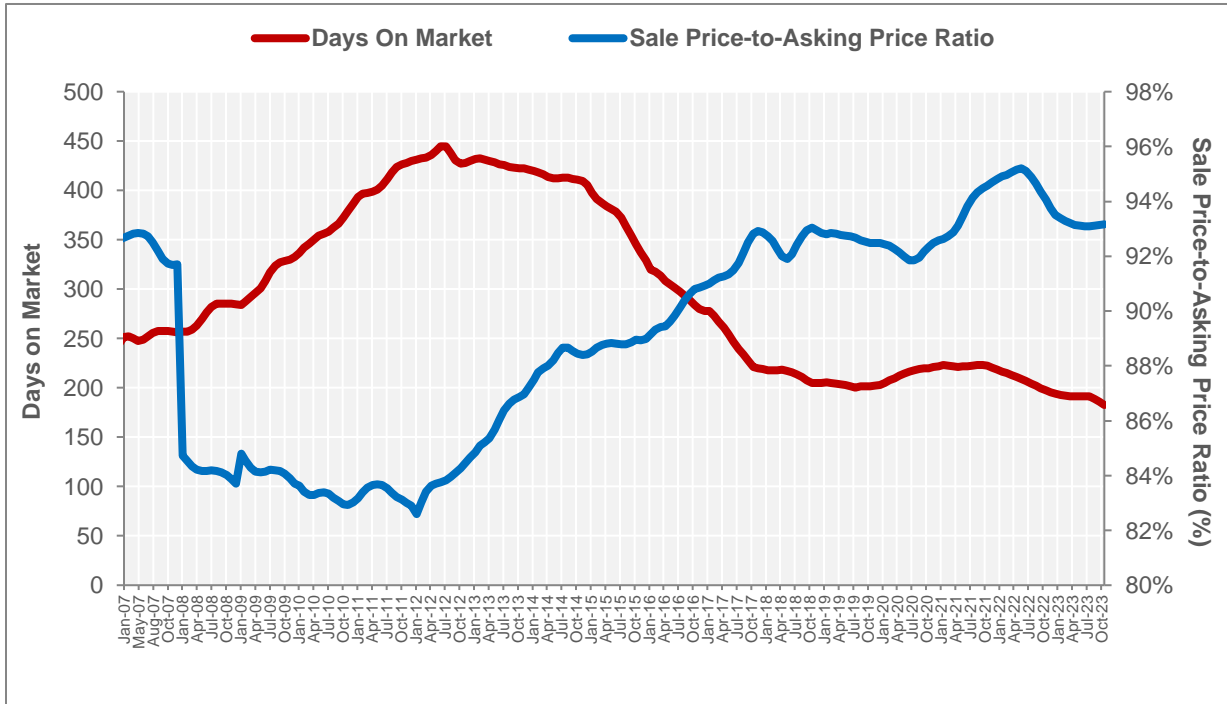- ▪ DISTRESSED REPEAT SALES ARE BARELY VISIBLE. Just 27 of the 1,168 repeat-sale trades in October 2023, or about 2.3%, were distressed sales. General commercial distressed sales accounted for 16 of the 27 distressed trades in October 2023, or 1.4% of all repeat-sales trades. Investment-grade distressed sales accounted for 11 of the 27 distressed trades in October 2023, accounting for 0.9% of all repeat sales trades.

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

■ U.S. Investment Grade Distress Pair % **■ U.S. General Commercial Distress Pair %**

Distressed Sale Pairs as Percentage of Total
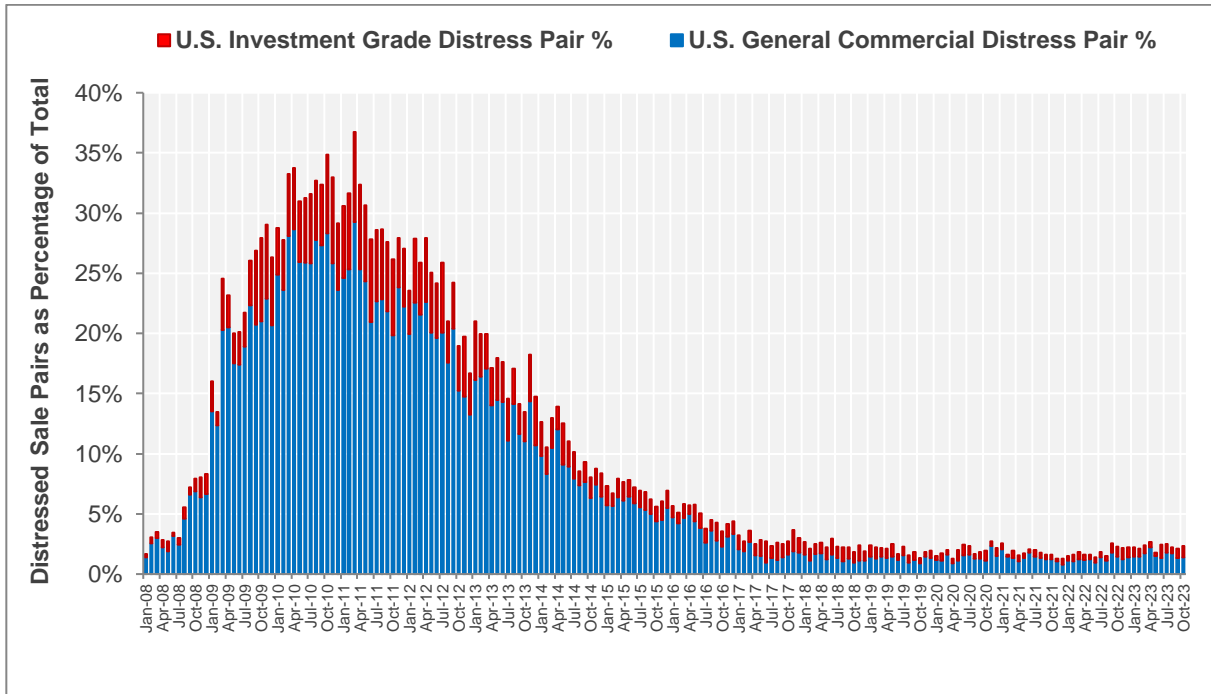
- LIQUIDITY MEASURES INDICATE THAT THE BID-ASK SPREAD IS WIDENING. For-sale listings of smaller assets with an asking price saw the average time on market drop by 7.5% in the 12-month period that ended in October 2023, as the sale-price-to-asking-price ratio widened by 0.9 percentage points to 93.2%. Meanwhile, the share of properties withdrawn from the market by discouraged sellers expanded by 1.9 percentage points to 25.8% during the 12-month period that ended in October 2023.

Market Liquidity Indicators, Data Through October 2023

Legend: — Days On Market — Sale Price-to-Asking Price Ratio

X-axis (Days on Market): 0, 50, 100, 150, 200, 250, 300, 350, 400, 450, 500

Y-axis right (Sale Price-to-Asking Price Ratio (%)): 80%, 82%, 84%, 86%, 88%, 90%, 92%, 94%, 96%, 98%

Monthly CCRSI Results, Data Through October 2023

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-1.4%	-2.1%	-8.7%	147.1%[1]
Equal-Weighted U.S. Composite Index	-1.4%	-0.6%	0.2%	163.2%[2]
U.S. Investment-Grade Index	-1.5%	-5.5%	-12.1%	162.2%[3]
U.S. General Commercial Index	-0.9%	0.8%	3.1%	165.1%[4]

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

Monthly Liquidity Indicators, Data Through October 2023

	Current	1 Month Earlier	1 Quarter Earlier	1 Year Earlier
Days on Market	183	186	191	197
Sale-Price-to-Asking-Price Ratio	93.2%	93.1%	93.1%	94.1%
Withdrawal Rate	25.8%	25.8%	25.9%	23.8%

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) 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 (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 twelve million 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. 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 attract nearly 100 million 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.