



CCRSI RELEASE – December 2023
(With Data Through November 2023)

PEAK SUPPLY DELIVERIES MET NEGATIVE ABSORPTION IN THE FOURTH QUARTER OF 2023

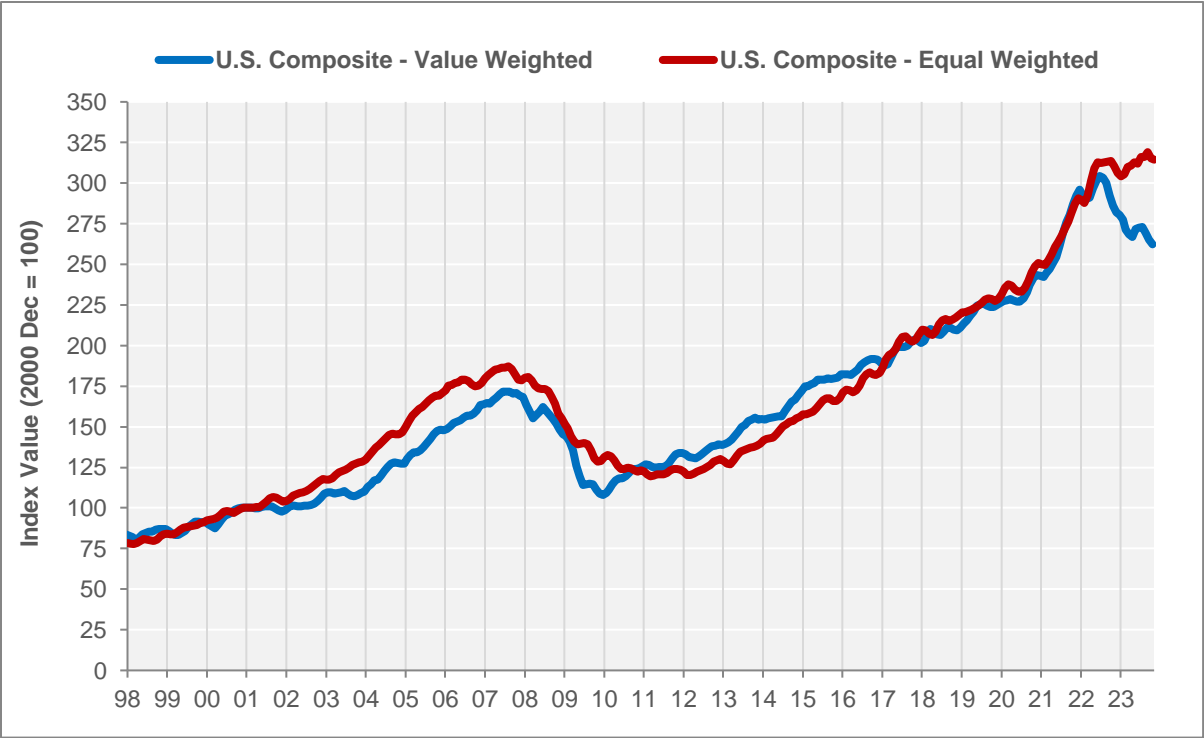
NEGATIVE NET ABSORPTION EXTENDED ITS RUN WITH THREE OUT OF FOUR QUARTERS GIVING BACK SPACE IN 2023.

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through November 2023. Based on 1,052 repeat sale pairs in November 2023 and 299,382 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

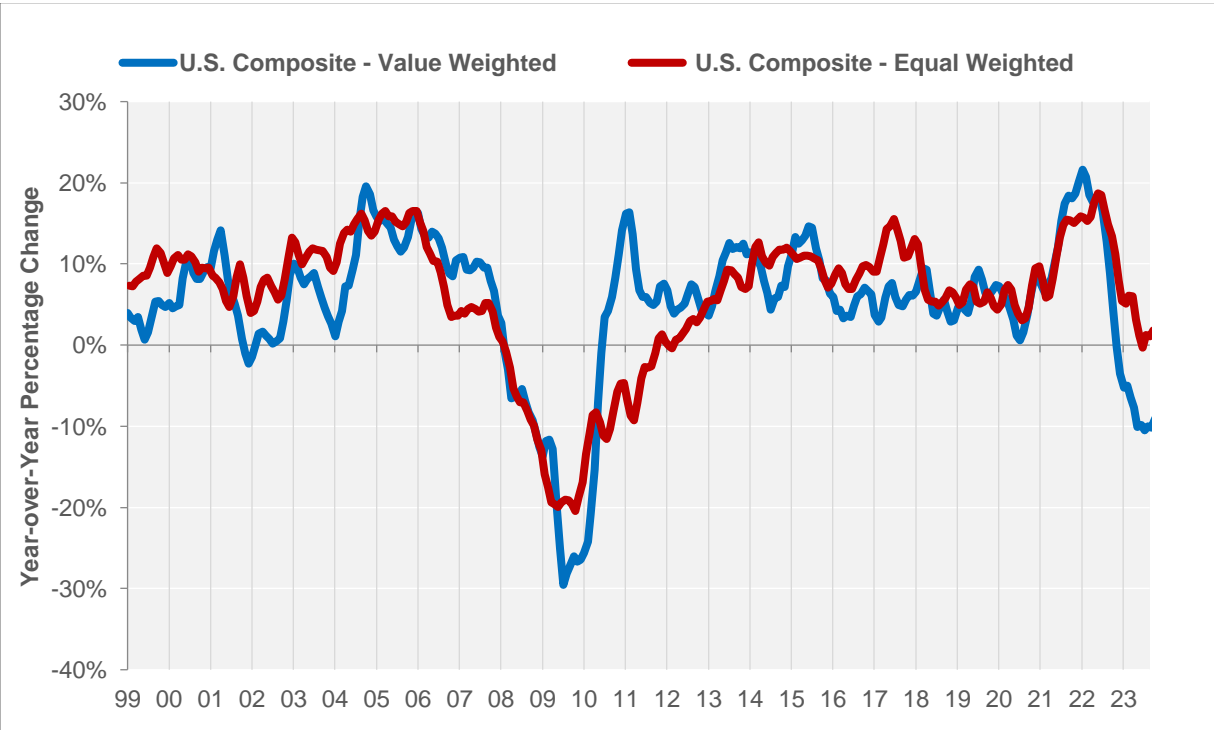
CCRSI National Results Highlights

- U.S. COMPOSITE PRICE INDICES FELL IN NOVEMBER 2023. The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades common in core markets, declined for the third consecutive month to 262, a fall of 1.1% over the prior month. In addition, the index was down 8.3% in the 12-month period ending in November 2023 and was off by 13.8% from the July 2022 peak.
- Meanwhile, the equal-weighted U.S. composite index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, stepped 0.3% lower to 314 in November 2023. The index increased by 1.3% in the 12-month period ending in November 2023 and was 1.5% below the September 2023 high.
- The upward pricing momentum seen during the third quarter of 2023 softened and, in part, reflects increased interest rate volatility throughout the second half of 2023.

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

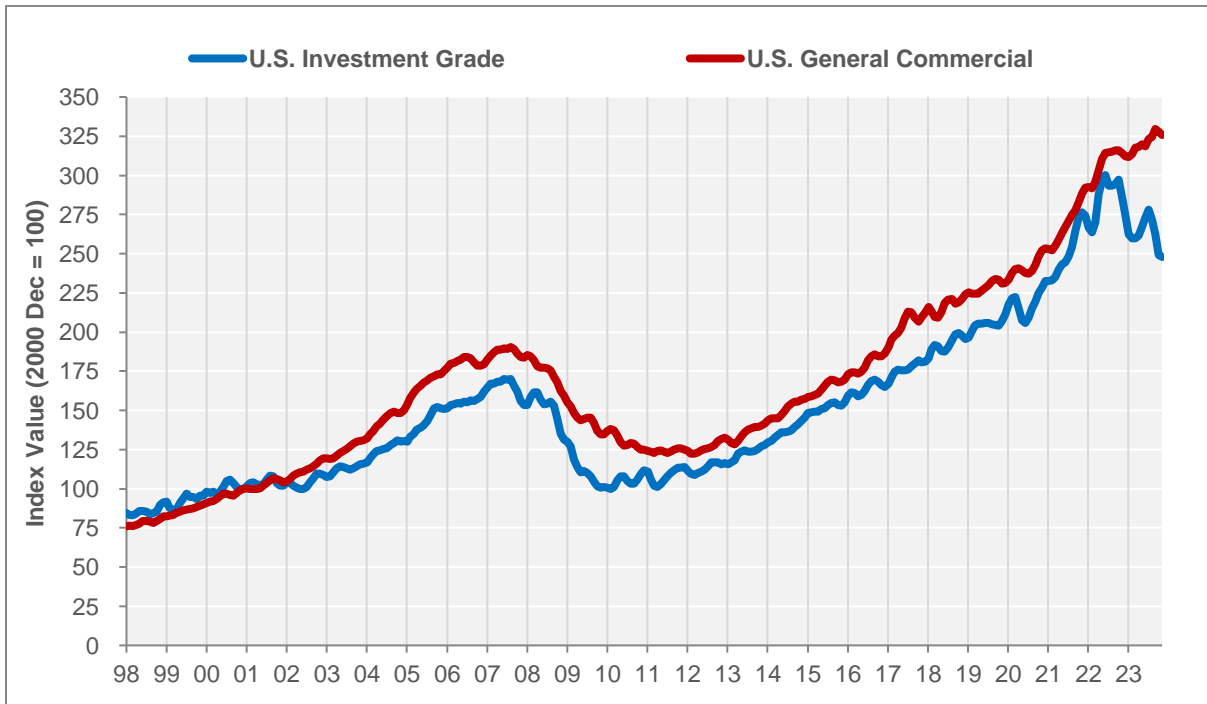


U.S. Composite Indices: YoY Percent Change, Data Through November 2023



- EQUAL-WEIGHTED PRICE INDEXES STOOPED LOWER IN NOVEMBER 2023. The spread between investment grade and general commercial has not been wider since these series began in January 1998 than it was in the fourth quarter of 2023.
- The investment grade sub-index, more heavily influenced by higher-value assets, fell by 0.4% in November 2023, the fourth consecutive monthly decline. The index plunged 13.4% over the 12-month period that ended in November 2023 and was 17.4% lower than the June 2022 zenith.
- The general commercial sub-index, more heavily influenced by smaller, lower-priced assets, erased 0.6% of value in November 2023, marking the second consecutive month of declines. This sub-index gained 3.8% over the 12-month period that ended in November 2023 and was 1.1% below the September 2023 peak.

U.S. Equal-Weighted Indices By Market Segment, Data Through November 2023

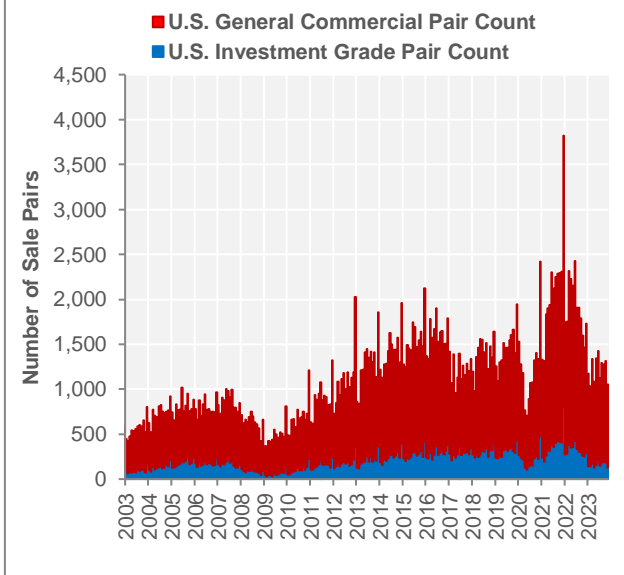


- TRANSACTION VOLUME COLLAPSED IN NOVEMBER 2023. The number of transactions in November 2023 marked the second-lowest total since the depths of the pandemic lockdowns, with 1,052 repeat sales. While the falling number of repeat sales is noteworthy, it's the change in total consideration, or dollar values, trading hands that's eye-popping. The pattern for November's repeat sales volume prior to the pandemic was to dip slightly from October before spiking in December. For example, the average November pullback between 2017 and 2019 was 4.4%. However, the evaporation of sales volume in November 2023 erased \$3.6 billion

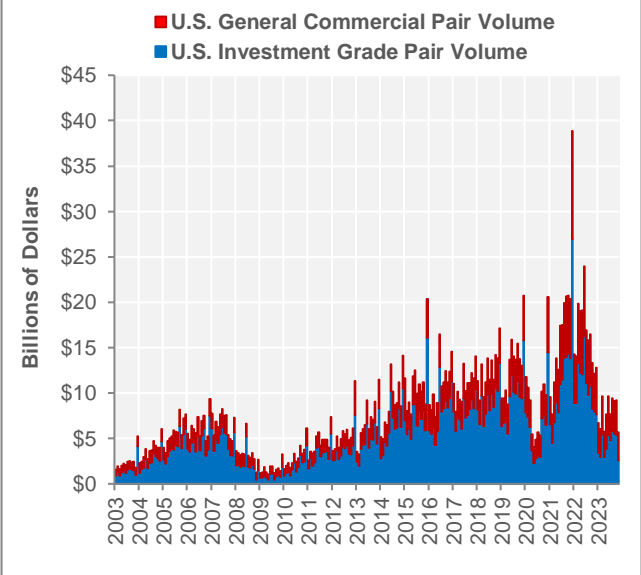
from the prior month by posting \$5.7 billion in sales, down 38.6% from October 2023. This marks the sharpest month-over-month retraction for the month of November since 2008.

- Composite pair volume of \$99.4 billion during the 12 months ending in November 2023 was 55.6% lower than the 12-month period that ended in November 2022. The erosion in sales volume was larger in the investment grade segment, which plunged lower by 61.9% over the 12 months that ended in November 2023 compared to the same period ending in November 2022. The investment grade segment accounted for about 46.2% of the overall transaction volume during the last 12 months. This is unusual, as the investment grade segment typically contributes a greater share to the composite than the general commercial portion. The general commercial segment, which accounted for about 53.8% of the 12-month transaction volume, fell by 43.6% over the 12 months ending in November 2023.

U.S. Pair Count, Data Through November 2023

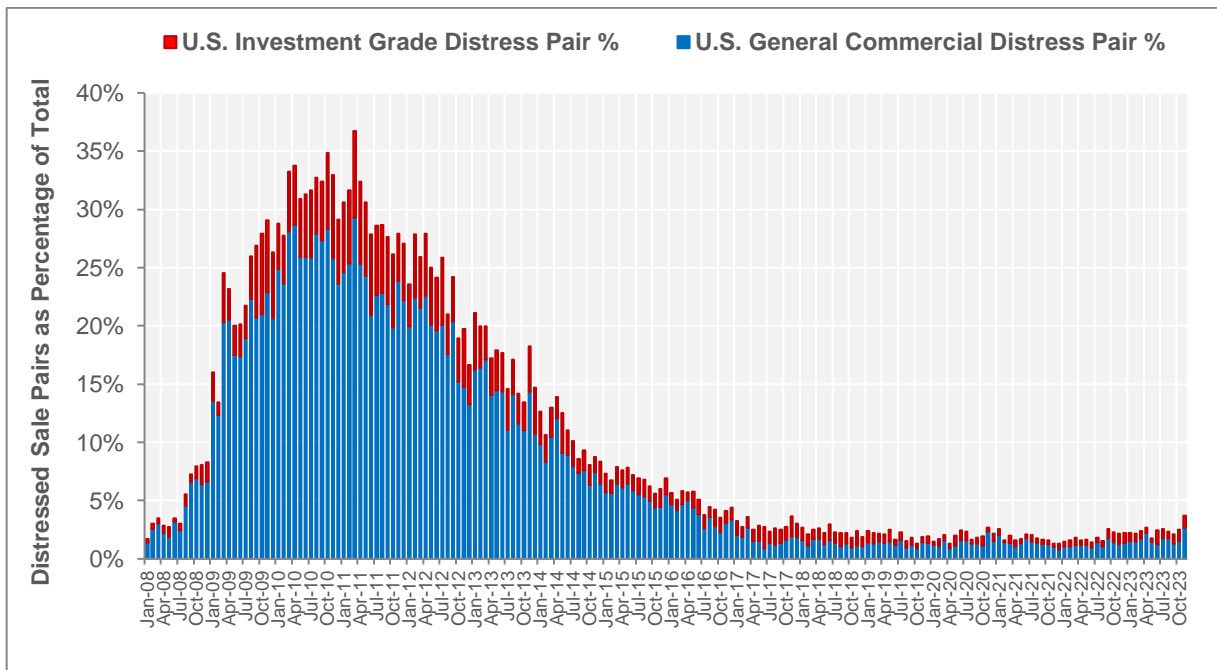


U.S. Pair Volume, Data Through November 2023



- DISTRESSED REPEAT SALES TICKED HIGHER IN NOVEMBER 2023.** An increasing 39 of the 1,052 repeat-sale trades in November 2023, or about 3.7%, were distressed sales. General commercial distressed sales accounted for 28 of the distressed trades in November 2023, or 2.7% of all repeat-sale trades. There were 11 investment-grade distressed sales recorded in November 2023, accounting for 1.1% of all repeat sales trades. As a percentage of the 129 investment-grade repeat sales, the 11 distressed sales accounted for 8.5% of this segment.

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



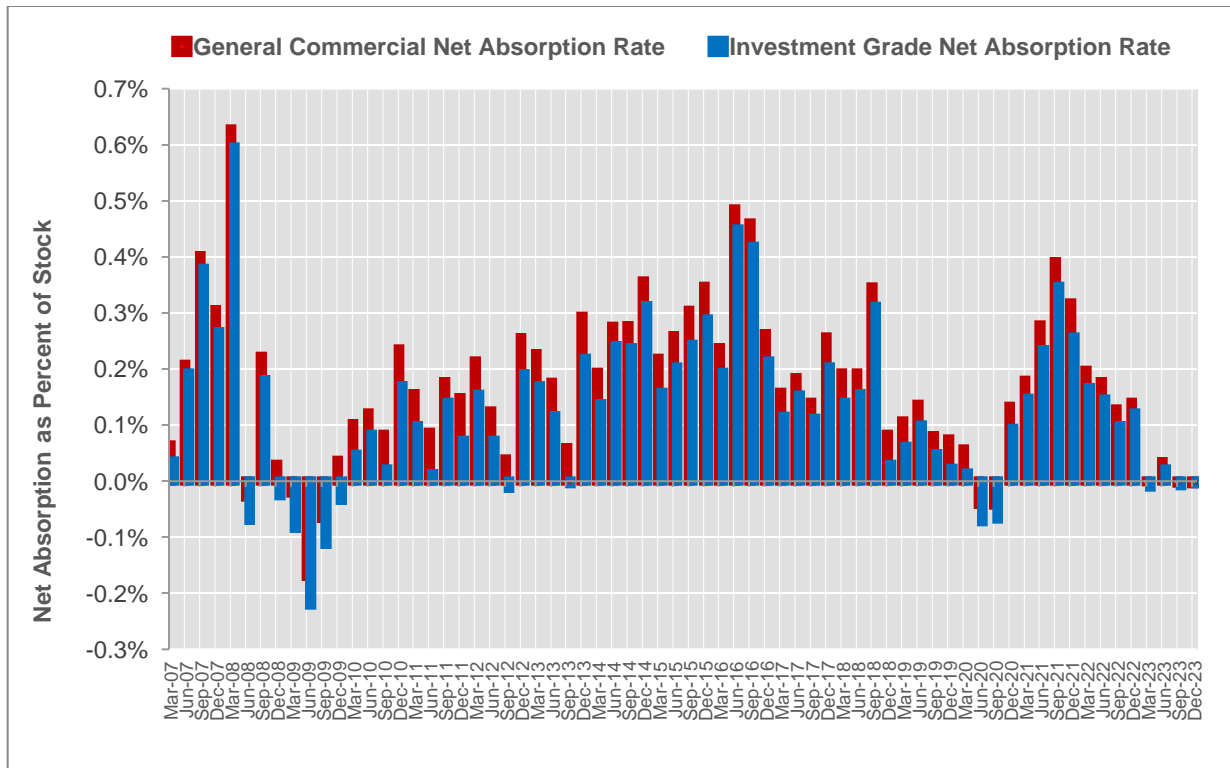
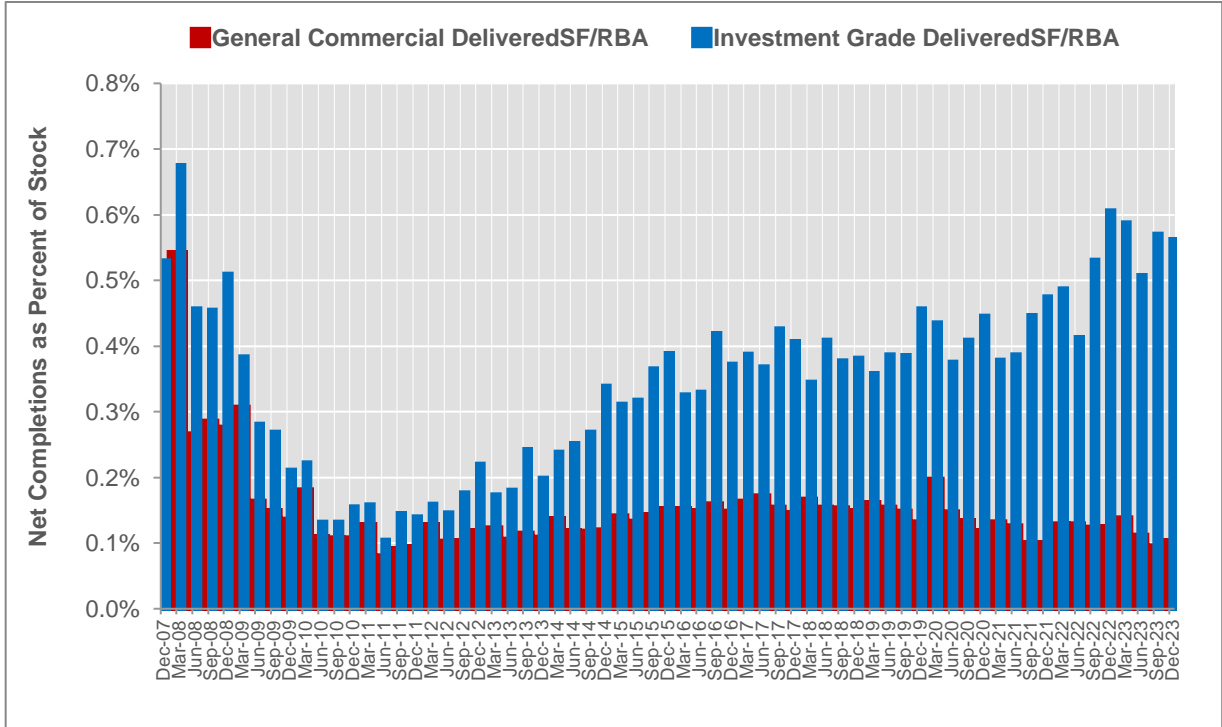
TRAILING 12-MONTH DELIVERIES REMAINED WELL ABOVE PRE-PANDEMIC LEVELS. Deliveries across office, industrial, and retail property types are projected to reach 878 million square feet in the 12-month period ending in December 2023, up 8.5% from the same period in 2022. December's trailing 12-month expected deliveries compare with 645 million square feet delivered in the 12-month period ending in December 2019. About 89% of the space delivered in 2023, or 781.4 million square feet, was of investment-grade quality. Another 96.6 million square feet of general commercial properties were delivered in the 12-month period ending December 2023.

As a percentage of total stock at 59.4 billion square feet, combined deliveries during the trailing 12-month period ending December 2023 added 1.5% to the total inventory, with investment grade deliveries contributing 1.3% of new product and general commercial adding 0.2% of new inventory.

THREE OUT OF FOUR QUARTERS POSTED NEGATIVE NET ABSORPTION IN 2023. Net absorption is projected to be 5.7 million square feet in the 12-month period ending in December 2023, collapsing 98% from the 12-month period ending in December 2022. Both investment grade and general commercial segments saw demand evaporate, falling 100.3% and 96%, respectively. Notably, the investment grade contribution turned negative on a trailing 12-month basis as of December 2023.

As a percentage of stock, negative net absorption in the quarter ending in December 2023 gave back 0.05% of space. Both investment grade and general commercial segments experienced similar percentages of negative net absorption in the quarter ending December 2023.

Market Fundamentals, Data Through November 2023



Monthly CCRSI Results, Data Through November 2023

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-1.1%	-3.8%	-8.3%	143.0% ¹
Equal-Weighted U.S. Composite Index	-0.3%	-0.5%	1.3%	163.1% ²
U.S. Investment-Grade Index	-0.4%	-8.8%	-13.4%	148.6% ³
U.S. General Commercial Index	-0.6%	0.5%	3.8%	165.2% 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 2023

Annual Net Absorption (in millions of square feet)

	2020Q4	2021Q4	2022Q4	2023Q4
Aggregate	17.9	509.6	280.0	5.7
Investment Grade	-7.2	233.2	126.7	-0.4
General Commercial	25.1	276.4	153.2	6.1

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)

	2020Q4	2021Q4	2022Q4	2023Q4
Aggregate	680.8	665.1	809.6	878.0
Investment Grade	550.8	567.0	699.4	781.4
General Commercial	130.1	98.1	110.2	96.6

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 1986, 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, [CoStarGroup.com](https://www.costargroup.com), as a channel of distribution for material company information. For more information, visit [CoStarGroup.com](https://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 December 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 that filing, 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.