



CCRSI RELEASE – January 2024  
(With data through December 2023)

## **PRICING DIVERGENCE BETWEEN INVESTMENT GRADE AND GENERAL COMMERCIAL WIDEST SINCE 1998**

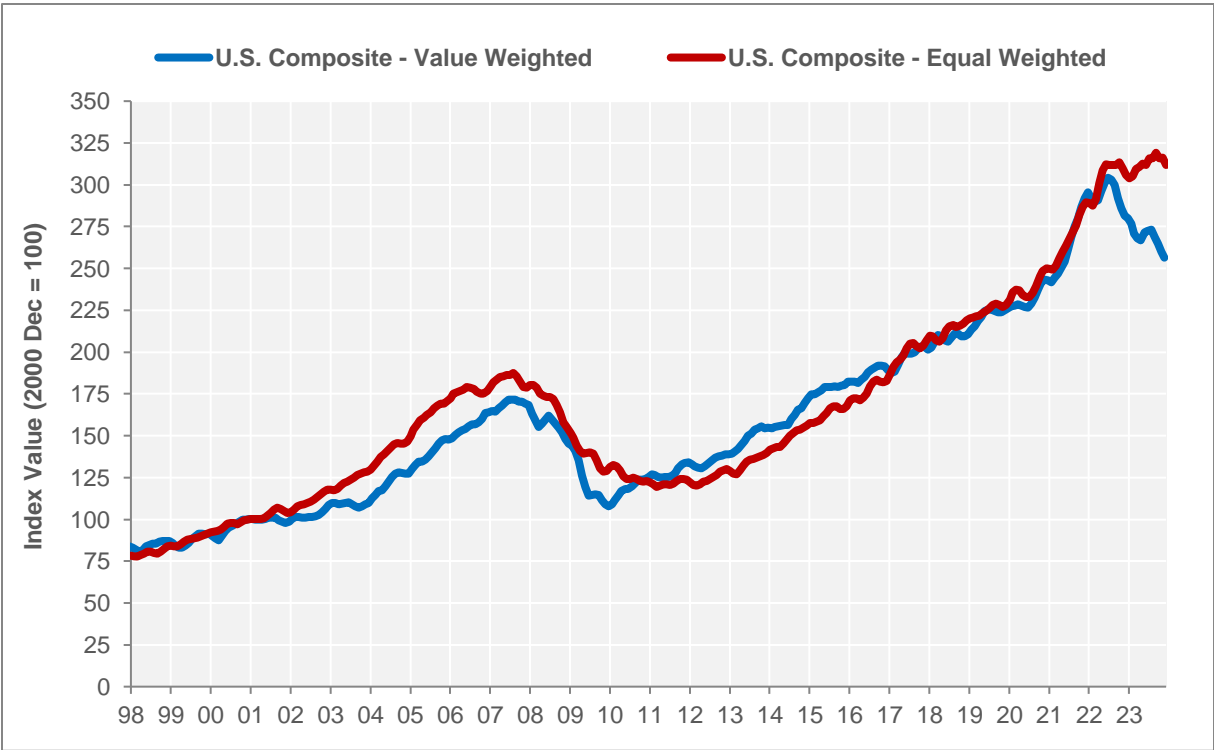
### *INSTITUTIONAL-GRADE ASSETS EXPERIENCED THE SHARPEST DECLINE IN VALUES*

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through December 2023. Based on 1,178 repeat sale pairs in December 2023 and 300,717 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

## **CCRSI National Results Highlights**

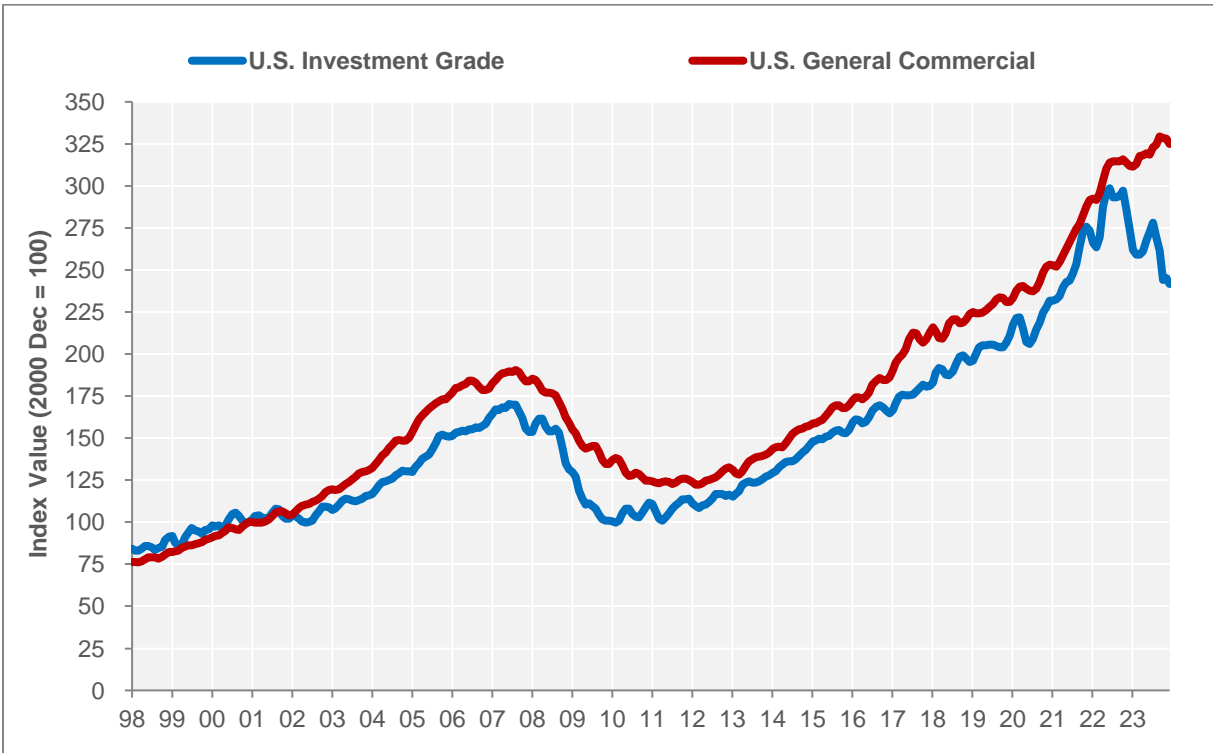
- U.S. COMPOSITE PRICE INDICES FELL 1.4% IN DECEMBER 2023. The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades common in core markets, declined for the fourth consecutive month to 256, a drop of 1.4% over the prior month. In addition, the index was down 9% in the 12-month period ending in December 2023 and was off by 15.8% 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, matched the value-weighted price movement, with a 1.4% slump to 312 in December 2023. The index increased by 1.9% in the 12-month period ending in December 2023 but was off by 2.3% compared to the September 2023 zenith.
- The equal-weighted index peaked in September 2023, 14 months after the value-weighted index as large, institutionally minded investors responded to rising interest rates first.

# U.S. Composite Indices: Equal- And Value-Weighted, Data Through December 2023



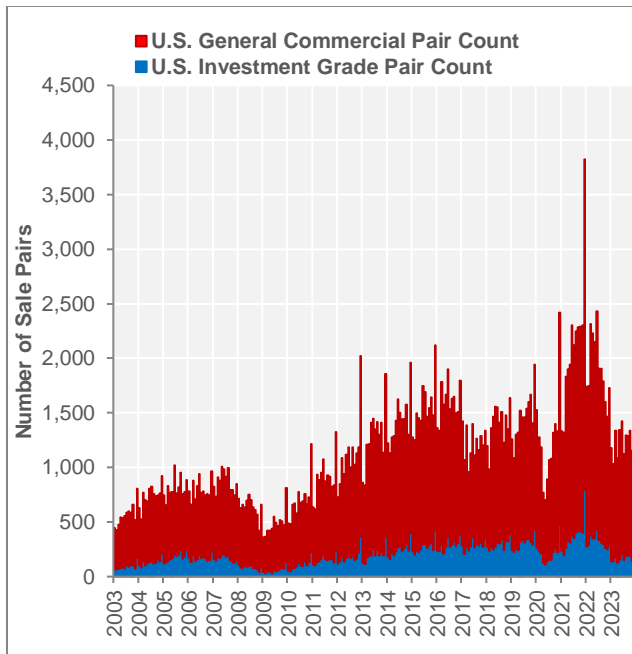
- EQUAL-WEIGHTED PRICE INDEXES EDGED LOWER IN DECEMBER 2023. However, the spread between the investment grade and general commercial segments has not been wider since these series began in January 1998 than it was in the fourth quarter of 2023.
- The investment grade sub-index, more heavily influenced by higher-value assets, fell 1.5% in December 2023, the fourth decline in the last five months. The index sank 11.9% over the 12-month period that ended in December 2023 and was 19.1% lower than the June 2022 peak.
- The general commercial sub-index, more heavily influenced by smaller, lower-priced assets, gave back 0.5% of value in December 2023, marking the third consecutive month of declines. This sub-index advanced by 4.2% over the 12-month period that ended in December 2023 and was 1.1% below the peak in September 2023.

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

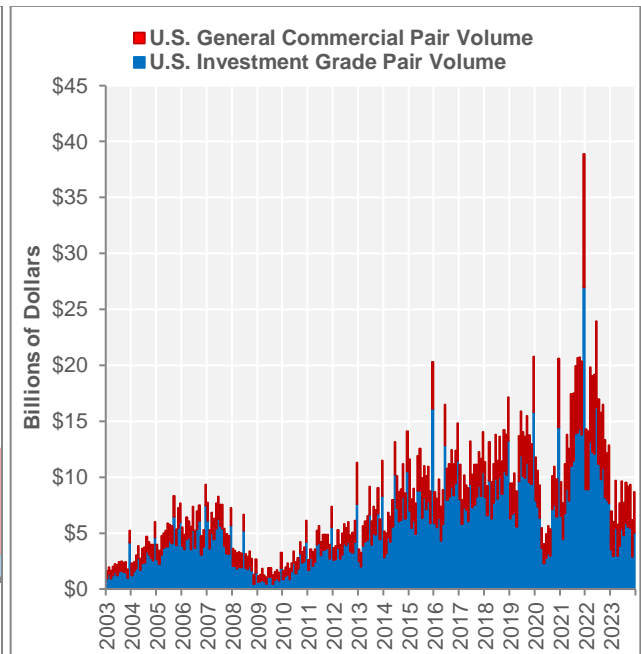


- TRANSACTION COUNTS FELL 32% IN DECEMBER 2023 COMPARED TO THE YEAR PRIOR. The number of transactions in December 2023 signified the lowest total for the month of December, dating back to 2010, with 1,178 repeat sales. December's sale transactions also mark a 33% decline when pitted against the five-year pre-COVID average of December closings.
- Composite pair volume of \$96.2 billion during the 12 months ending in December 2023 was 51.4% lower than the 12-month period that ended in December 2022. The drop-off in sales volume was larger in the investment grade segment, which stepped lower by 57.7% over the 12 months that ended in December 2023 compared to the same period ending in December 2022. The investment grade segment accounted for about 58.1% of the overall transaction volume during the last 12 months. The general commercial segment, which accounted for about 41.9% of the 12-month transaction volume, fell by 40% over the 12 months ending in December 2023.

**U.S. Pair Count, Data Through December 2023**

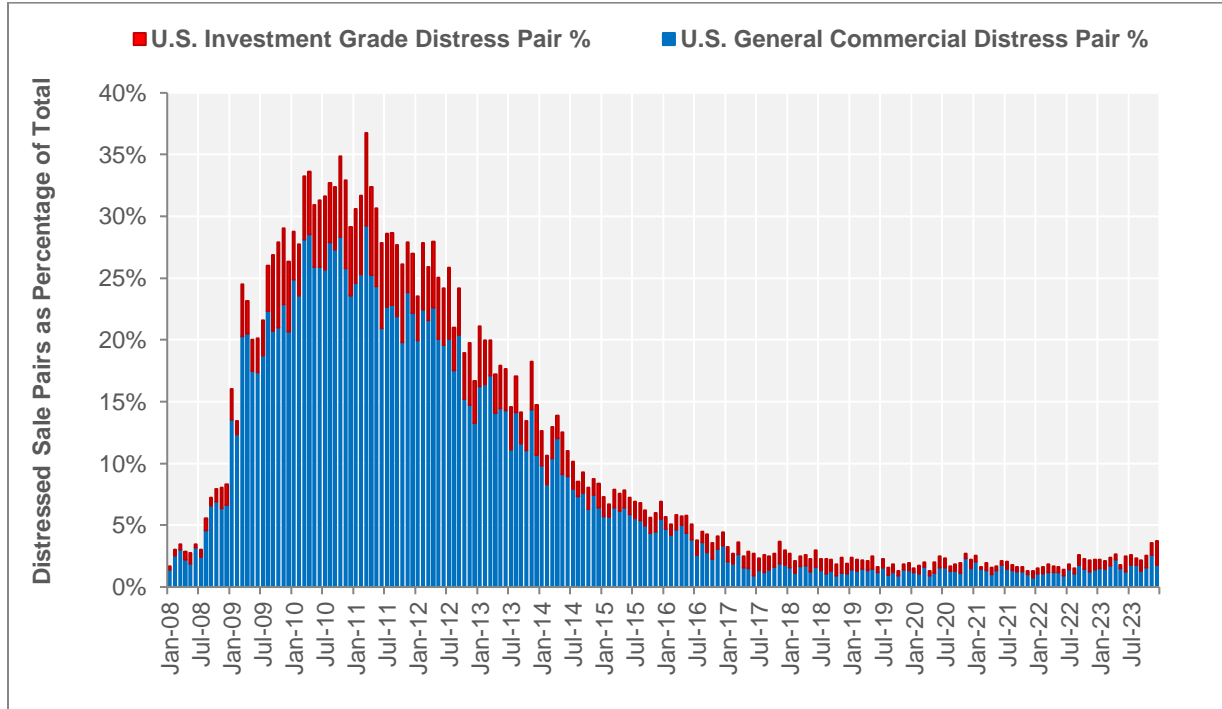


**U.S. Pair Volume, Data Through December 2023**



- DISTRESSED REPEAT SALES STEPPED HIGHER IN DECEMBER 2023.** A rising total of 44 repeat-sale trades in December 2023, or about 3.7%, were distressed sales. December’s share of distressed repeat sales marks the highest percentage of total repeat sales for any month since November 2017. General commercial distressed sales accounted for 21 of the distressed trades in December 2023, or 1.8% of all repeat-sale trades. There were 23 investment-grade distressed sales recorded in December 2023, accounting for 1.9% of all repeat sales trades. However, as a percentage of the 208 investment-grade repeat sales, these 23 distressed investment-grade sales accounted for 11.1% of this segment.

## U.S. Distressed Sale Pairs Percentage, Data Through December 2023



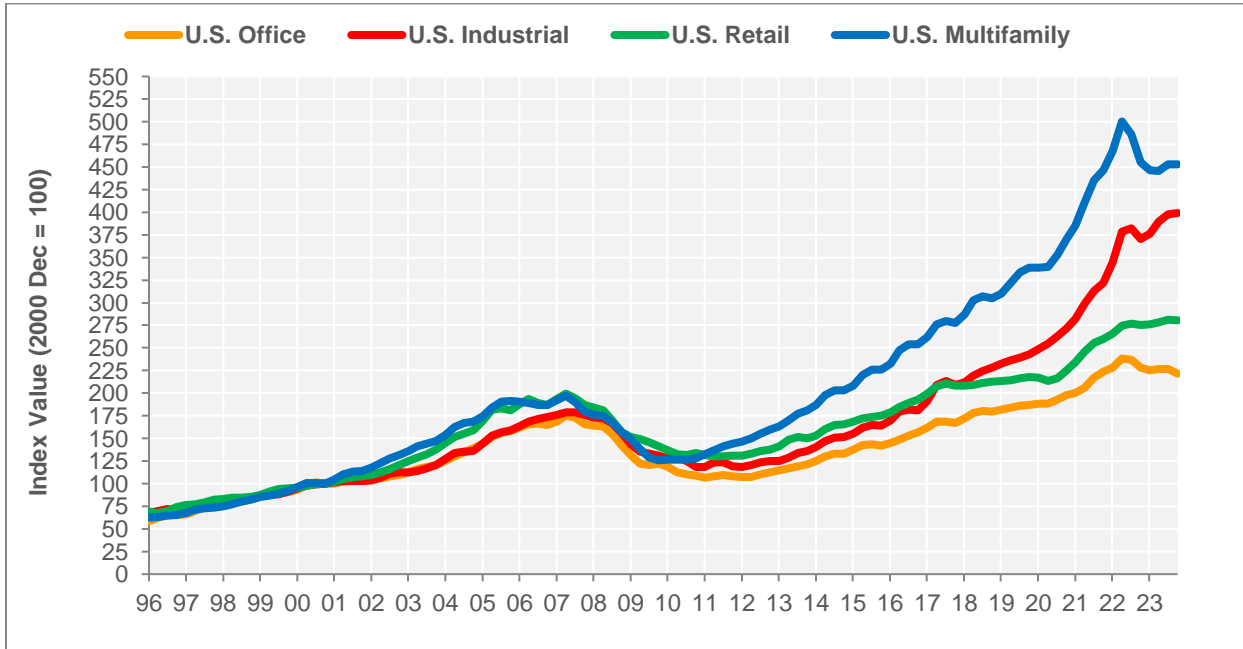
## Quarterly CCRSI Property Type Results

- PRICES DECLINED ACROSS PROPERTY TYPES WITH THE EXCEPTION OF THE INDUSTRIAL SECTOR. Compared to the third quarter of 2023, prices fell across property types, with the industrial sector standing out as the single exception. This disparity is even more pronounced when considering the annual price change in the equal-weighted industrial segment, where high single-digit gains compare with most other property types in negative territory. It's only in comparison to prime markets or peak index levels that the industrial sector joins the rest of the property types with negative price growth.
- THE EQUAL-WEIGHTED INDUSTRIAL INDEX LED GROWTH AMONG THE MAJOR PROPERTY TYPES. Compared to the prior quarter, the equal-weighted industrial index was up 0.3% in the fourth quarter of 2023 and 7.8% in the 12-month period ending in December 2023. The value-weighted industrial index fared worse and although it grew 0.5% over the third quarter of 2023, the index gave back 3.2% of value in the 12-month period ending in December 2023. The prime industrial markets index fell 2.1% in the fourth quarter of 2023 compared to the peak in the prior quarter.
- VALUE-WEIGHTED MULTIFAMILY FELL 18.3% FROM PEAK PRICING. The value-weighted multifamily index slipped 0.3% in the fourth quarter and 11.1% in the 12-month period ending in December 2023. Furthermore, from peak pricing witnessed in the second quarter of 2022, value-

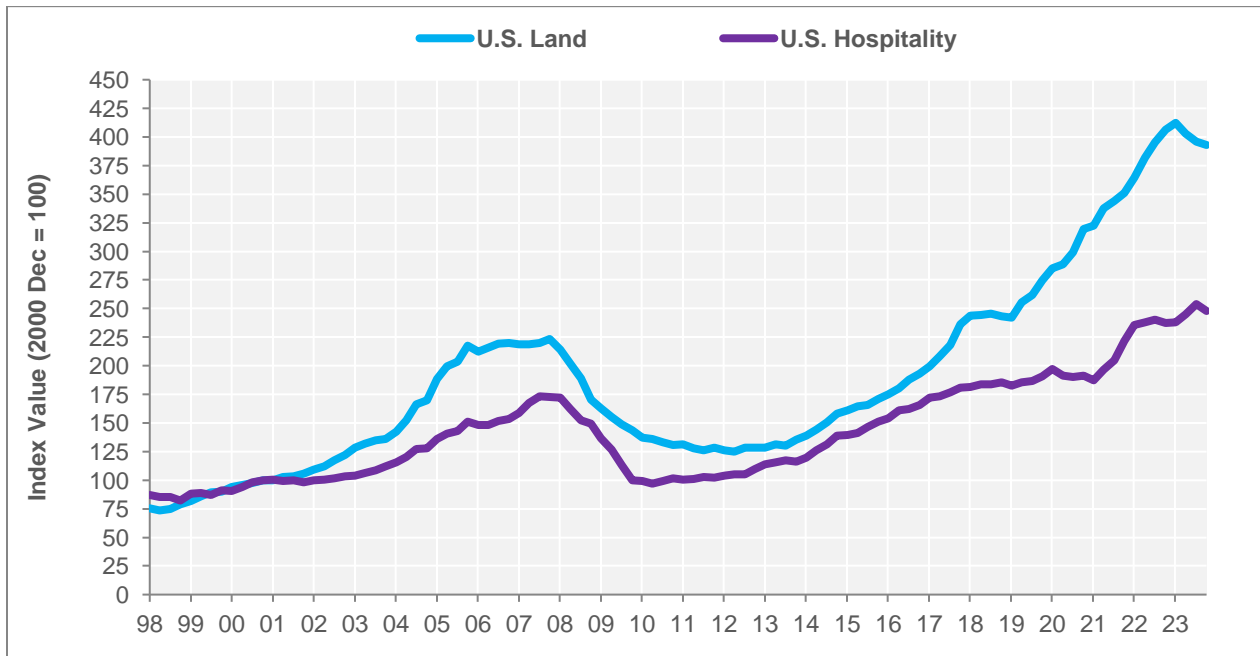
weighted multifamily index values were down 18.3%. In prime multifamily markets, the index held up better but was still lower by 12.4% from the height of the market in the second quarter of 2022. Equal-weighted multifamily index values were the strongest in December 2023. The index was flat over the prior quarter, down 0.5% over the prior year, and off by 9.5% from the 2022 peak.

- OFFICE PRICE DECLINES PERSISTED IN THE FOURTH QUARTER OF 2023. Value-weighted office index values plunged 26% from the peak in the fourth quarter of 2021. The index was also down 10.8% compared to the fourth quarter of 2022 and 1.9% lower than the third quarter of 2023. Prime office markets saw a delayed market peak in the fourth quarter of 2022. The prime index slid 19.7% since December 2022 and more recently, gave back 2.8% of value compared to the third quarter of 2023. Like the multifamily sector, the equal-weighted office index experienced the mildest price declines, shedding 2.1% over the prior quarter, 2.7% over the prior year, and 6.9% compared to the peak in the second quarter of 2022.
- RETAIL PRICING WAS CLOSE TO FLAT IN THE FOURTH QUARTER OF 2023. Equal-weighted retail pricing may have peaked in the third quarter of 2023 before edging lower in the fourth quarter with a 0.2% price decline. The index gained 2% when compared to the fourth quarter of 2022. However, price declines were evident across multiple durations in the value-weighted index. Compared to the peak in the third quarter of 2022, the value-weighted retail index shaved off 2.5% of value in the fourth quarter of 2023, shed 1.7% compared to the fourth quarter of 2022, and lost 0.5% of value compared to the prior quarter. Prime retail markets were also negative across various time intervals by giving up 7.1% of value compared to the peak in the third quarter of 2022. The prime index discarded 2.6% of value compared to the fourth quarter of 2022 and 2.2% compared to the third quarter of 2023.
- THE U.S. HOSPITALITY INDEX DIPPED IN THE FOURTH QUARTER OF 2023. The equal-weighted hospitality index slid 2.4% in the fourth quarter of 2023 but still managed to jump 4.4% in the 12-month period ending in December 2023.
- U.S. LAND INDEX REFLECTED WEAKER CONSTRUCTION DEMAND. The equal-weighted land index, growing at double-digit annual gains in the first quarter of 2023, slipped into negative territory in the fourth quarter of 2023 with a 0.8% loss over the prior quarter and a 3.4% decline compared to December 2022.

## U.S. Primary Property Type Quarterly Indices – Equal-Weighted Data Through December 2023



## U.S. Land and Hospitality Quarterly Indices – Equal-Weighted Data Through December 2023

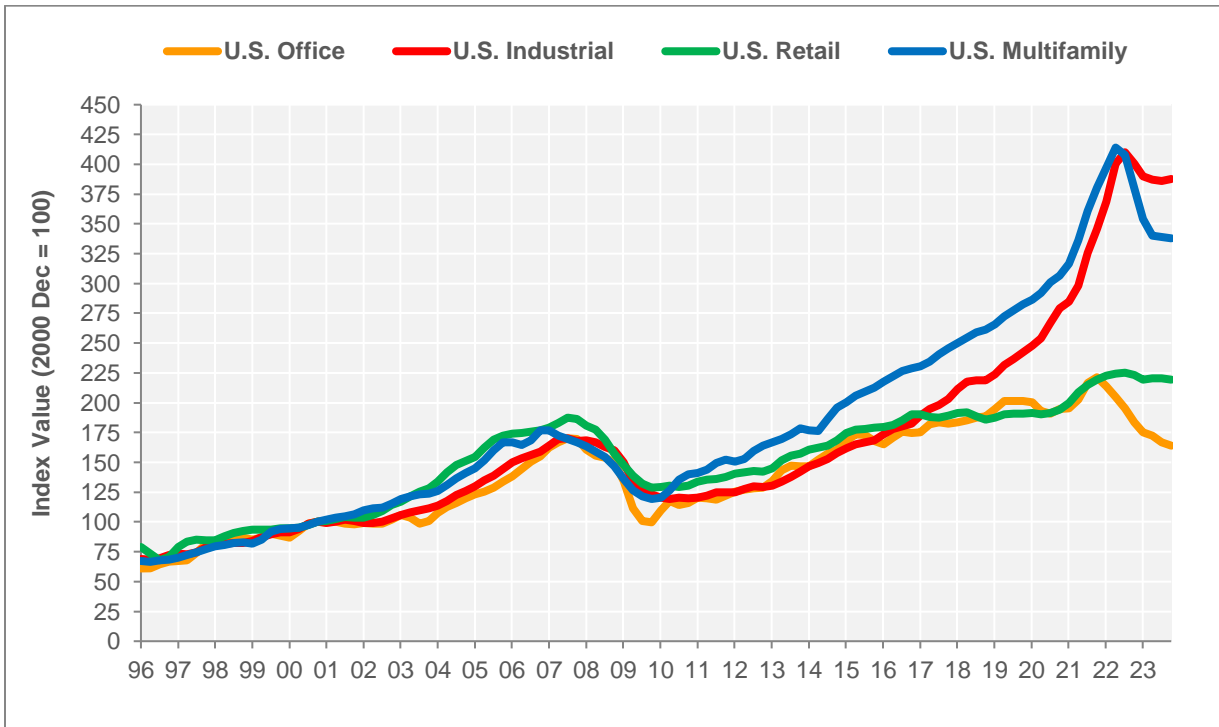


## Quarterly CCRSI Regional Results

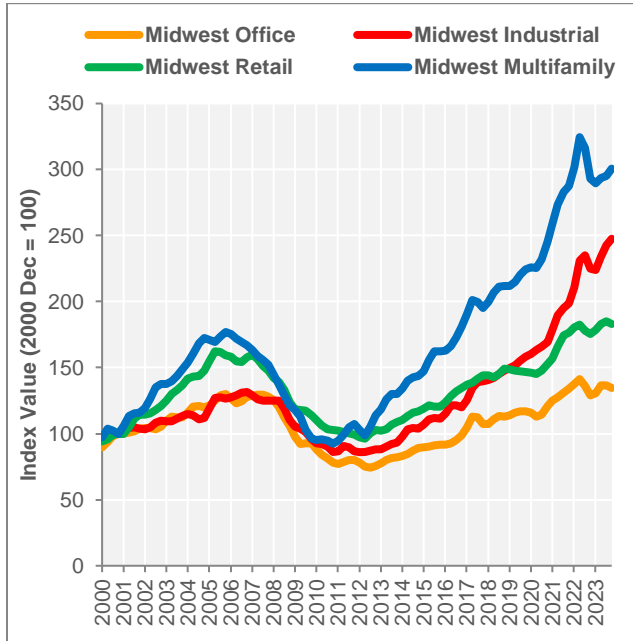
- **QUARTERLY PRICE DECLINES WERE MOST EVIDENT IN THE SOUTH AND WEST.** The four property types within each quadrant, or region, produce 16 total property-type regions (or “PTR”). Half of the 16 PTR showed price declines over the prior quarter, which decelerated from the gains enjoyed in the third quarter of 2023, where Office in the South was the lone segment to experience price declines. Office, industrial, and retail all shed equal-weighted values in the fourth quarter of 2023, with declines of 2.3%, 1.3%, and 0.7%, respectively, in the South. Multifamily slid sideways with a 0.6% gain. On an annual basis, the top performing of all 16 PTR was the South industrial segment, growing 11.7% compared to the fourth quarter of 2022. Retail also showed strength over the last year, rising by 2.2%, while multifamily eked out a 0.1% gain and office lopped off 4.5% of equal-weighted value. Taken from peak pricing, office pricing slid the most at 6%, followed by multifamily down 5.9% and industrial off by 1.3%. Retail in the South performed the best of its cohort since peaking last quarter with a 0.7% value loss so far.
- **THE WEST REGION WAS MIXED WITH INDUSTRIAL AND RETAIL UP, OFFICE AND MULTIFAMILY DOWN.** Office properties in the West led the region’s value losses with a 2.2% decline compared to the third quarter of 2023 and a 2% decline compared to the fourth quarter of 2022. Multifamily fared similarly in the quarter, with a 2% selloff. Multifamily’s price change compared to the fourth quarter of 2022 was steeper, giving back 3.1% of its price. Retail gained 1% in the fourth quarter of 2023 while shedding 1.3% of value over the prior 12 months. Industrial gained 0.9% over the prior quarter and rose 4% compared to the fourth quarter of 2022. Lastly, compared to each property type’s all-time high, multifamily chopped 13.8% of its value, followed by office giving back 8.7%. Industrial pricing inked new highs, while retail shed 1.4% from its frame.
- **THE MIDWEST SAW MULTIFAMILY PRICE GAINS IN THE FOURTH QUARTER OF 2023.** Following industrial’s 2.2% rise in the fourth quarter of 2023, the multifamily sector added 2% to its equal-weighted value compared to the third quarter. Retail gave back 1.2% of value over the prior quarter, while office gave up 1.8%. Compared to the fourth quarter of 2022, industrial pricing leaped 10% higher as retail and office both gained 4.2% in value. Despite only adding 2.7% to its worth, the Midwest was the only region to witness meaningfully positive year-over-year pricing in the multifamily segment. However, the recent positive trend still includes the multifamily sector giving back 7.3% of its value from its all-time high, while office eliminated 4.9% and retail dropped 1.2% in value. Industrial pricing in the Midwest made new all-time highs in the fourth quarter of 2023.
- **OFFICE VALUES HIT HARD IN THE NORTHEAST.** Although the office sector picked up 2.2% in value in the fourth quarter of 2023 compared to the prior quarter, the sector lost 10% of its value compared to the fourth quarter of 2022. Multifamily was also in the red, giving up 2.3% in the quarter and 2.4% in the year. Surprisingly, industrial only added 0.9% of value over the last 12 months after a 1.4% pop in the fourth quarter of 2023. Retail in the northeast held its values best and was up 3% on the year and 0.6% compared to the third quarter of 2023. When pitted against all-time high pricing in 2023, office and multifamily were lower by 11% and 6.4%, respectively, while industrial and retail made new highs.



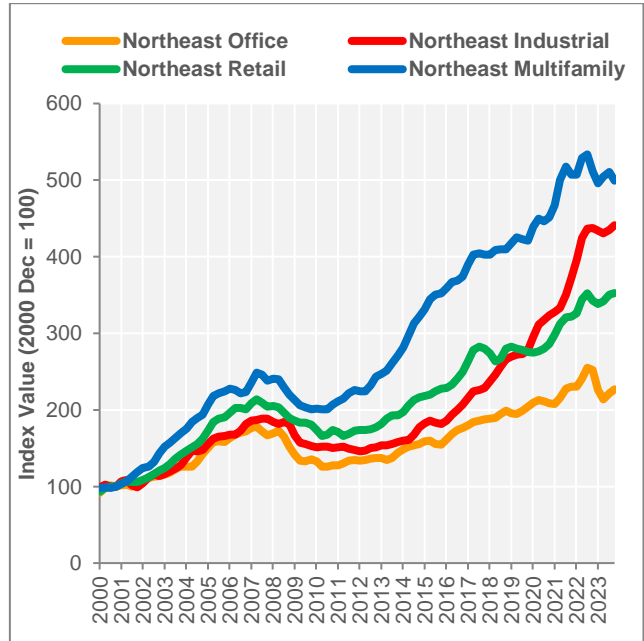
## U.S. Regional Type Quarterly Indices – Value-Weighted Data Through December 2023



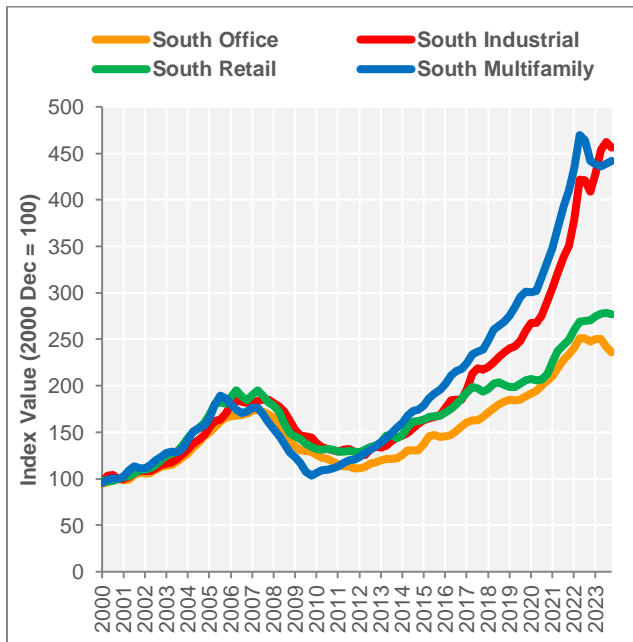
**U.S. Midwest Property Type Quarterly Indices  
Equal-Weighted, Data Through December 2023**



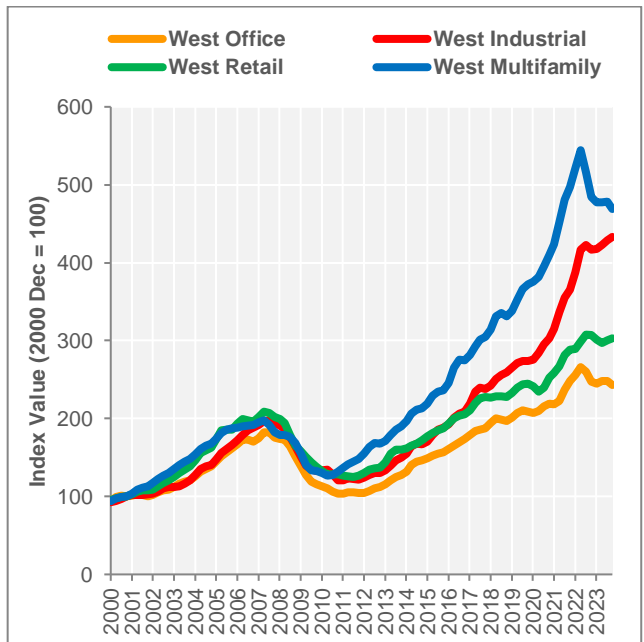
**U.S. Northeast Property Type Quarterly Indices  
Equal-Weighted, Data Through December 2023**



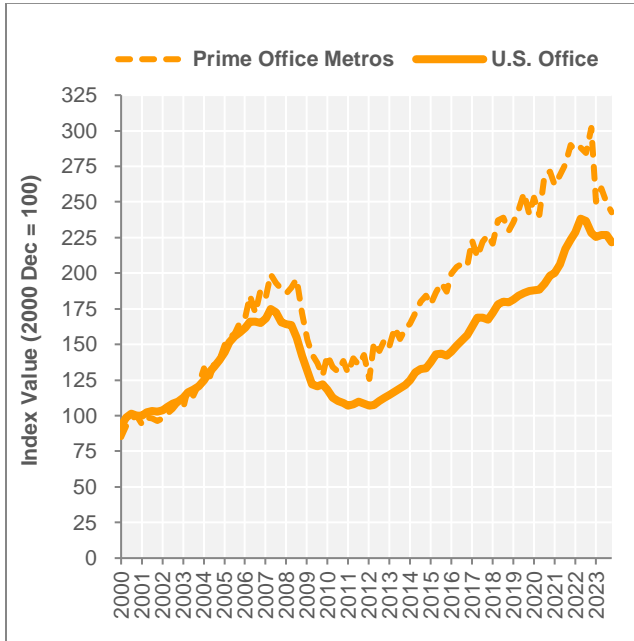
**U.S. South Property Type Quarterly Indices  
Equal-Weighted, Data Through December 2023**



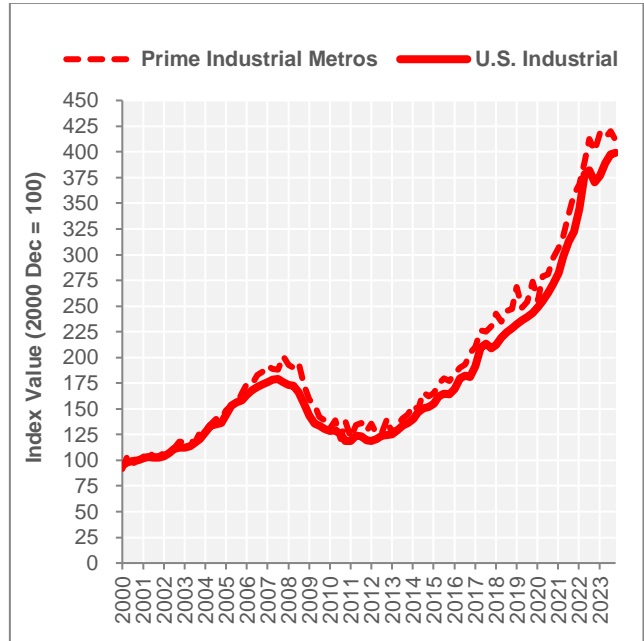
**U.S. West Property Type Quarterly Indices  
Equal-Weighted, Data Through December 2023**



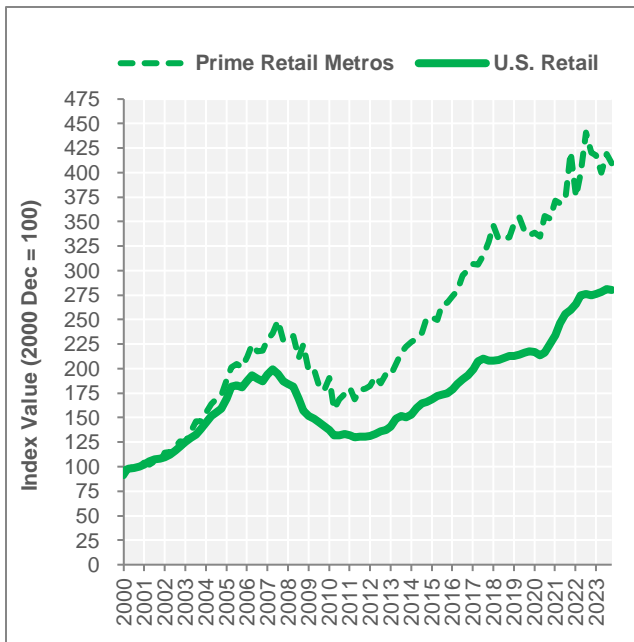
**Prime Office Markets Quarterly Indices**  
Equal-Weighted, Data Through December 2023



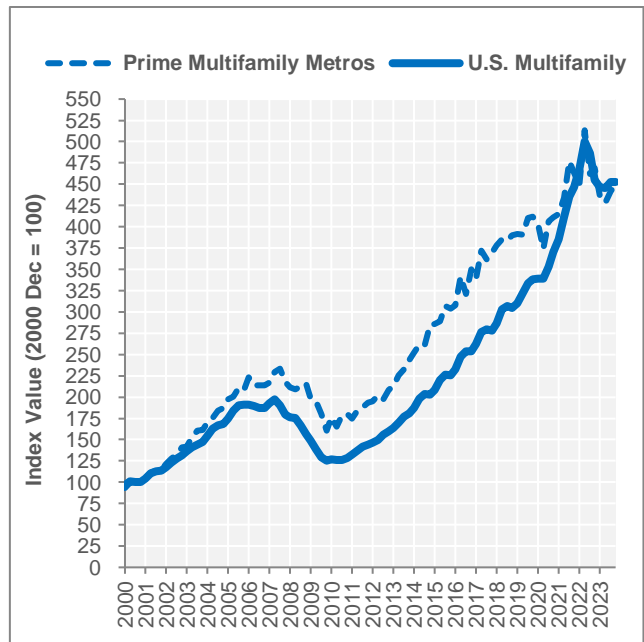
**Prime Industrial Markets Quarterly Indices**  
Equal-Weighted, Data Through December 2023



**Prime Retail Markets Quarterly Indices**  
Equal-Weighted, Data Through December 2023



**Prime Multifamily Markets Quarterly Indices**  
Equal-Weighted, Data Through December 2023



## Monthly CCRSI Results, Data Through December 2023

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
<b>Value-Weighted U.S. Composite Index</b>	-1.4%	-4.6%	-9.0%	137.4% <sup>1</sup>
<b>Equal-Weighted U.S. Composite Index</b>	-1.4%	-2.3%	1.9%	160.8% <sup>2</sup>
<b>U.S. Investment-Grade Index</b>	-1.5%	-7.6%	-11.9%	142.3% <sup>3</sup>
<b>U.S. General Commercial Index</b>	-0.9%	-1.3%	4.2%	164.5% <sup>4</sup>

<sup>1</sup> Trough Date: January 2010    <sup>2</sup> Trough Date: March 2011    <sup>3</sup> Trough Date: February 2010    <sup>4</sup> Trough Date: July 2011

## 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. 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 attract nearly 160 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).