



COSTAR COMMERCIAL
REPEAT-SALE INDICES

PRESS RELEASE



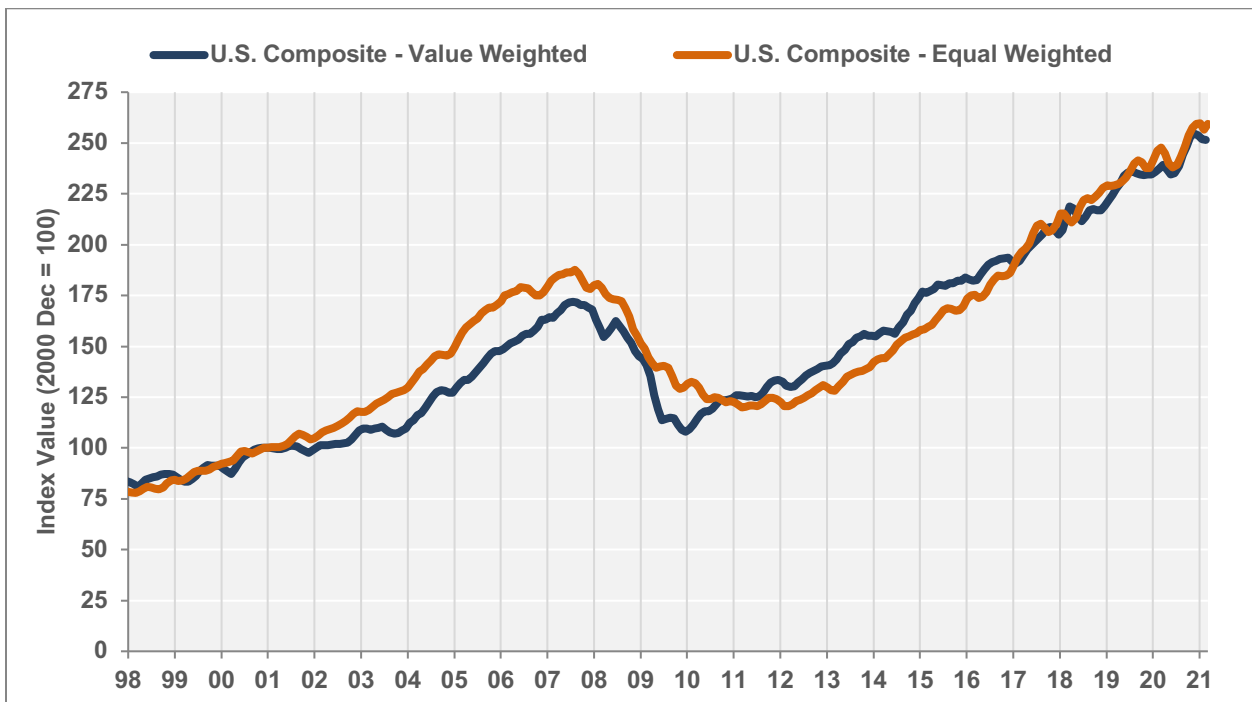
CCRSI RELEASE – April 2021
(With data through March 2021)

NO GROWTH IN FIRST QUARTER FOR COMPOSITE PRICE INDICES

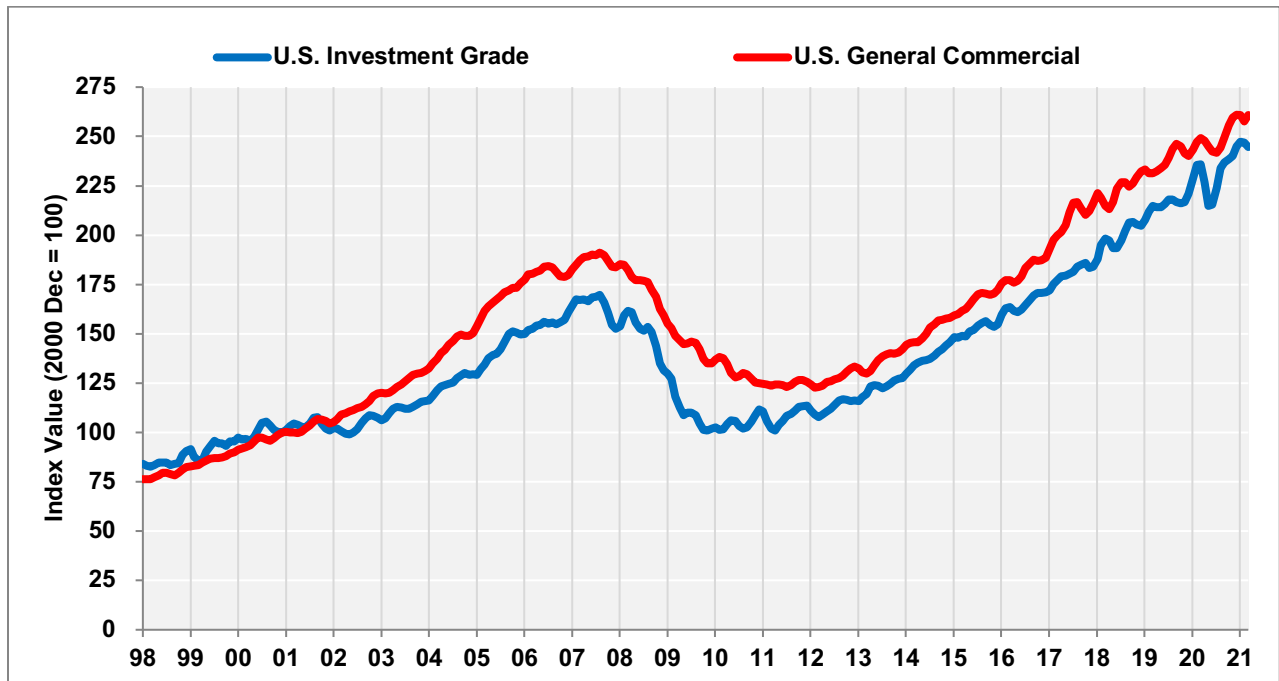
PRICE TRENDS DIVERGE ACROSS PROPERTY TYPES AND REGIONS; HOSPITALITY POSTS LARGE LOSS

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through March 2021. Based on 1,386 sale pairs in March 2021, and more than 241,024 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

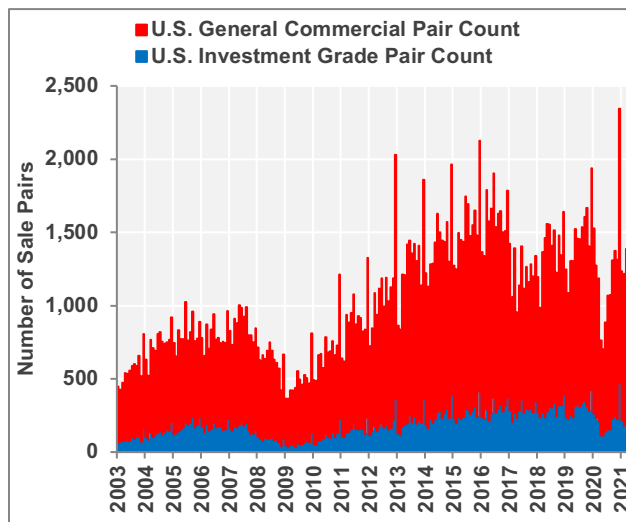
U.S. Composite Indices: Equal and Value-Weighted, Data through March 2021



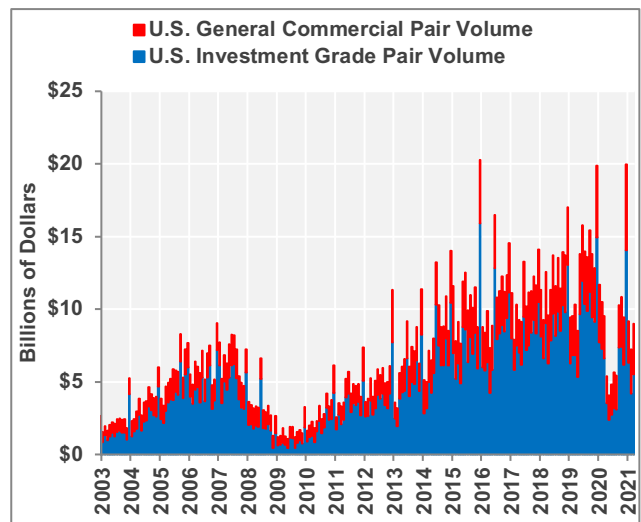
U.S. Equal-Weighted Indices by Market Segment, Data through March 2021



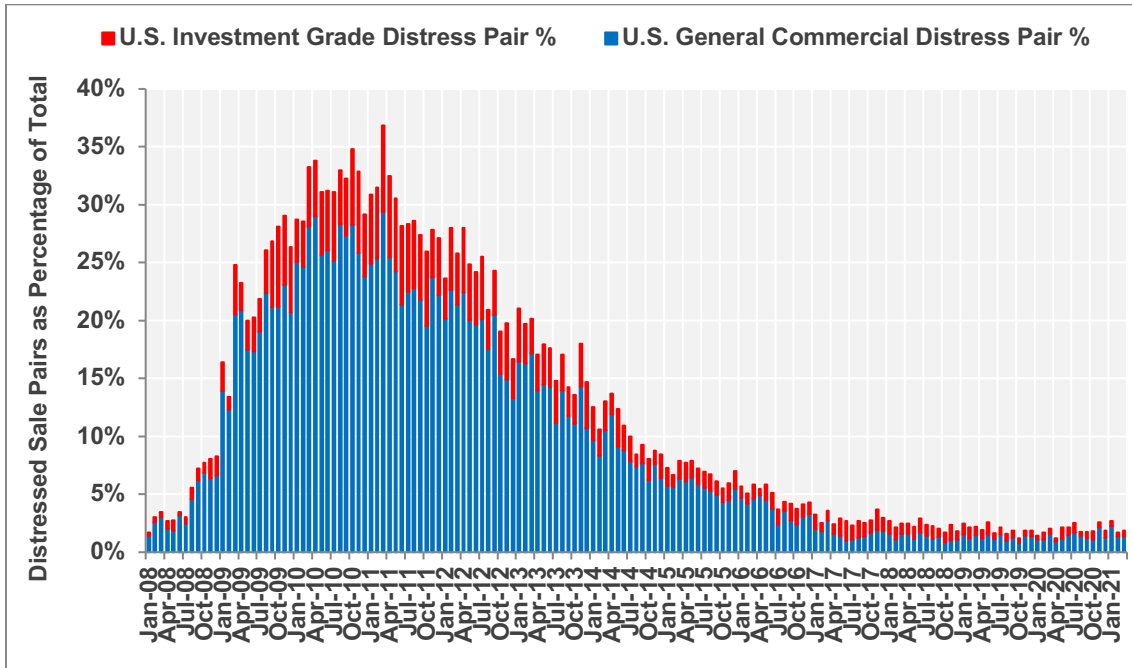
U.S. Pair Count, Data through March 2021



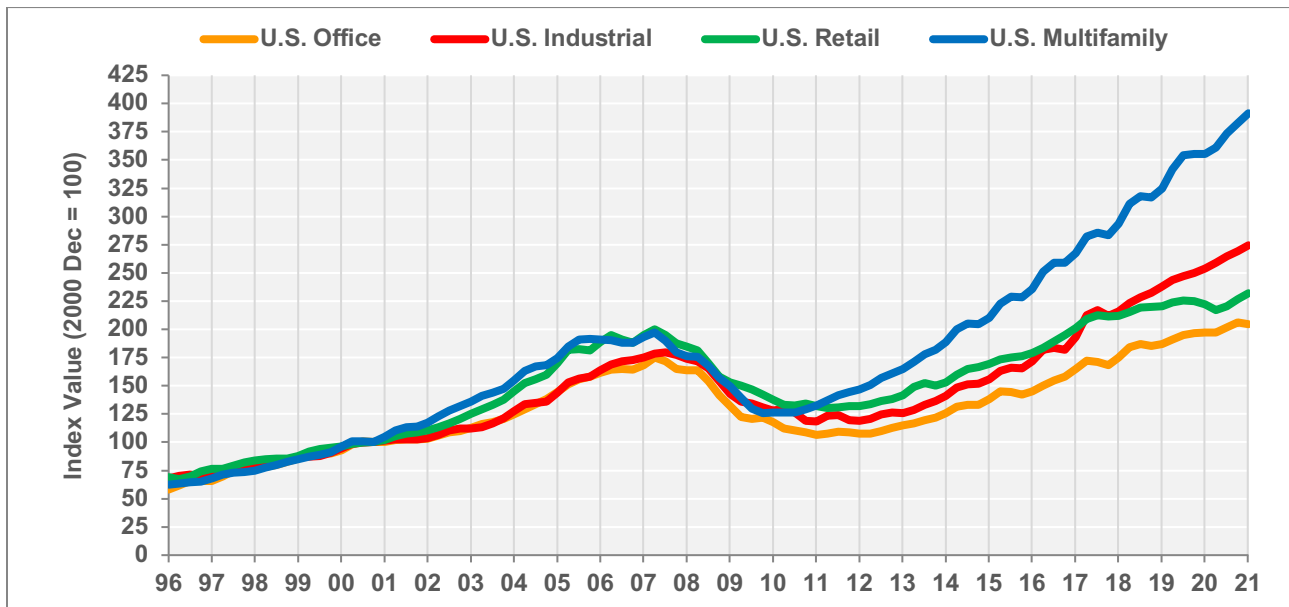
U.S. Pair Volume, Data through March 2021



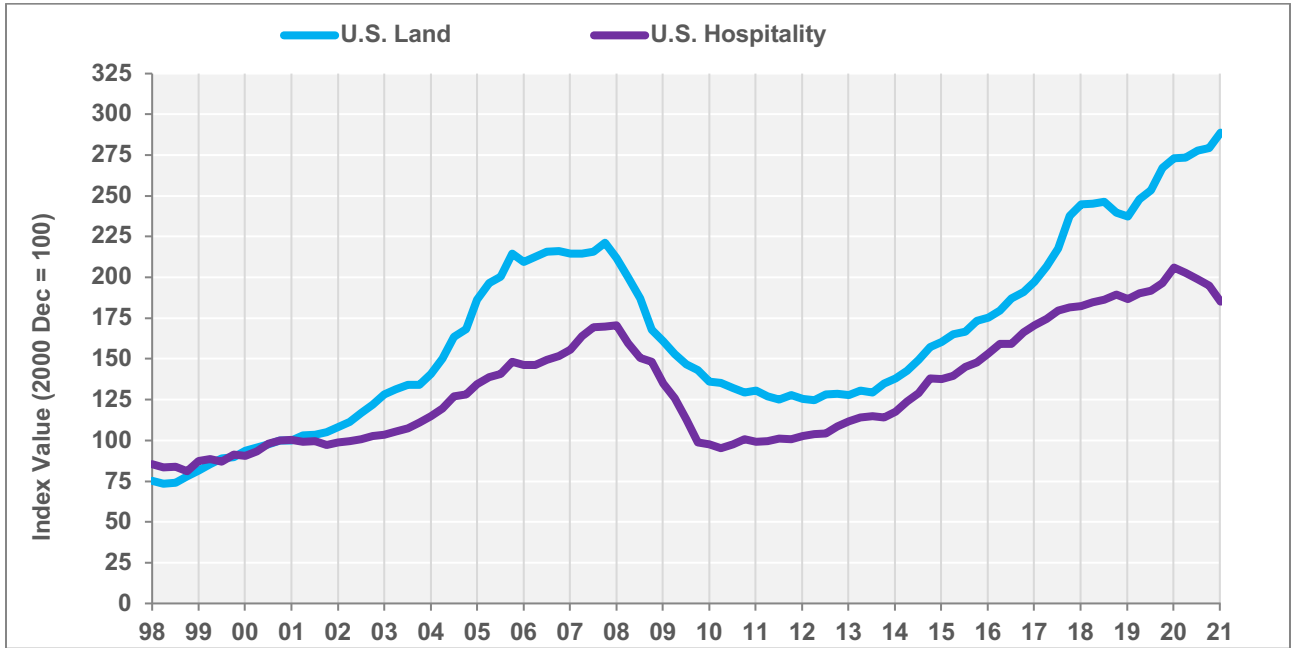
U.S. Distress Sale Pairs Percentage, Data through March 2021



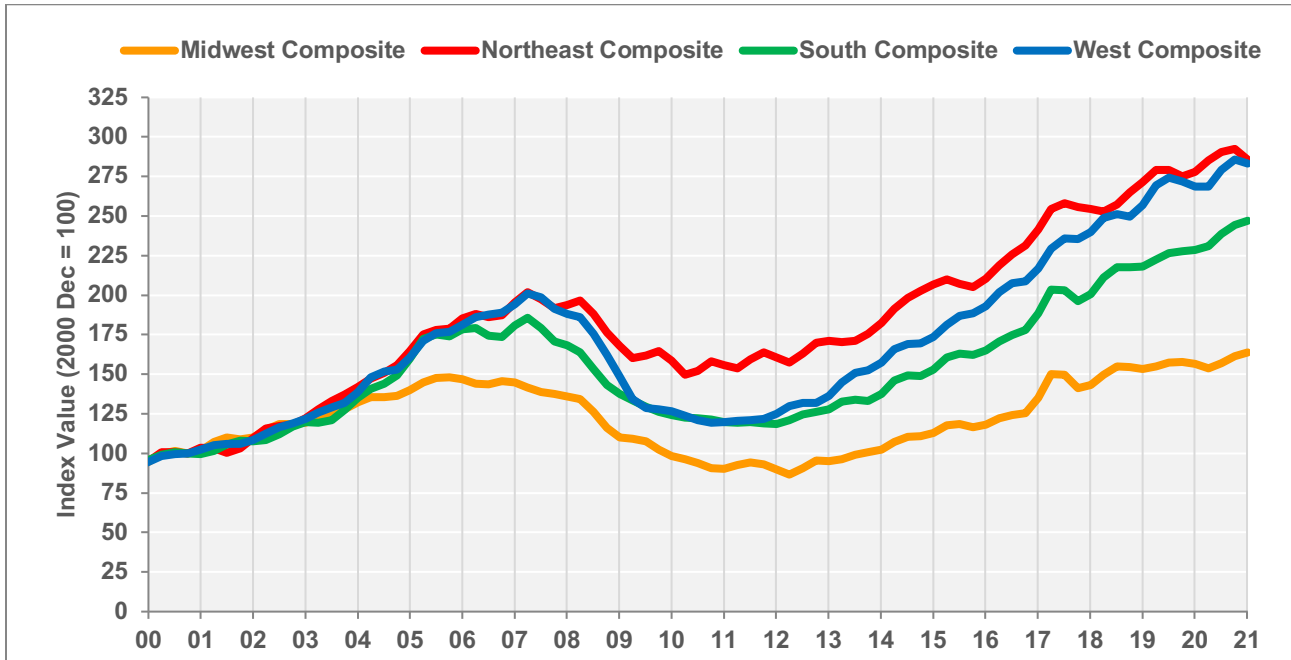
U.S. Primary Property Type Quarterly Indices – Equal-Weighted Data through March 2021



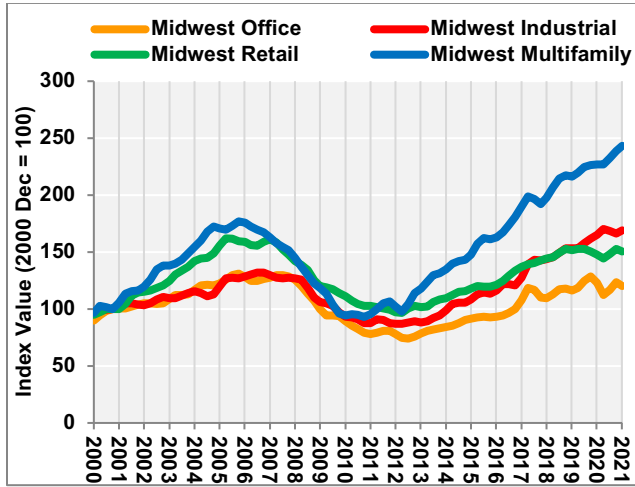
U.S. Land and Hospitality Quarterly Indices – Equal-Weighted Data Through March 2021



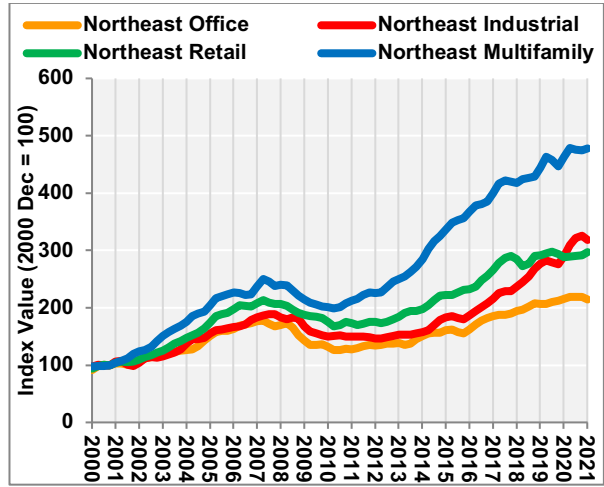
U.S. Regional Type Quarterly Indices – Equal-Weighted Data through March 2021



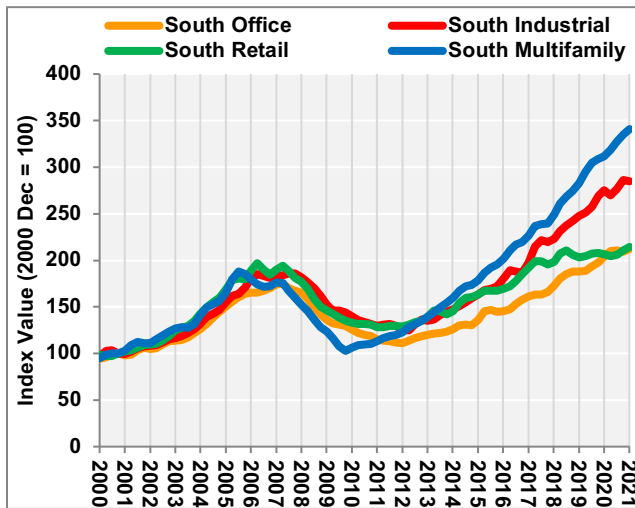
U.S. Midwest Property Type Quarterly Indices Equal-Weighted, Data through March 2021



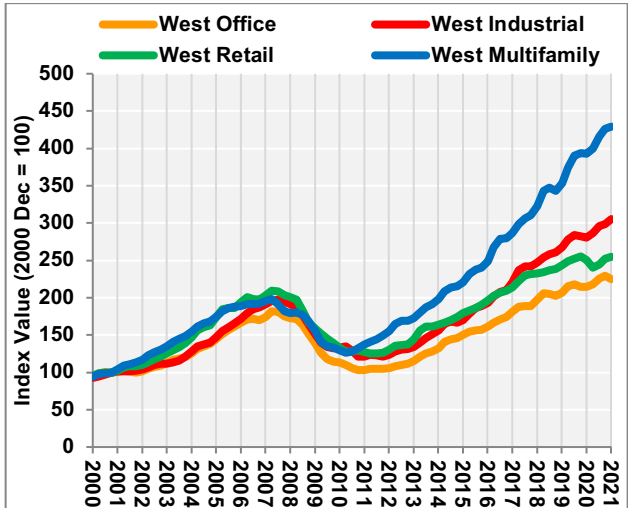
U.S. Northeast Property Type Quarterly Indices Equal-Weighted, Data through March 2021



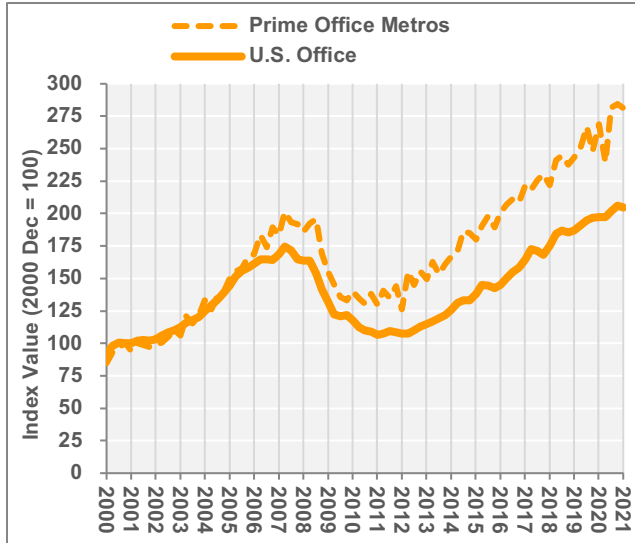
U.S. South Property Type Quarterly Indices Equal-Weighted, Data through March 2021



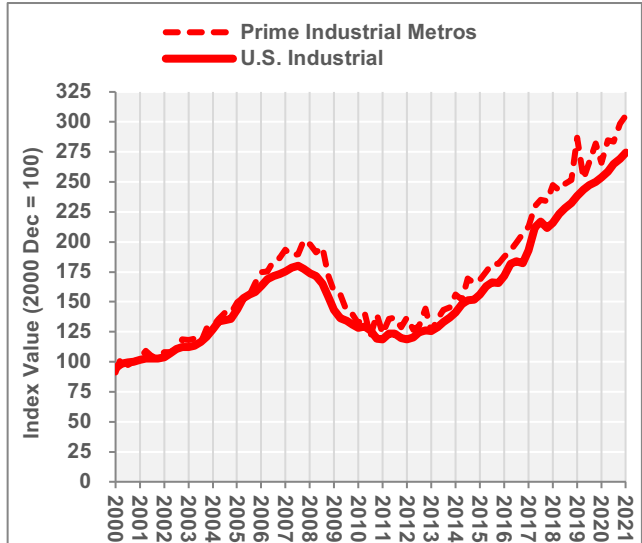
U.S. West Property Type Quarterly Indices Equal-Weighted, Data through March 2021



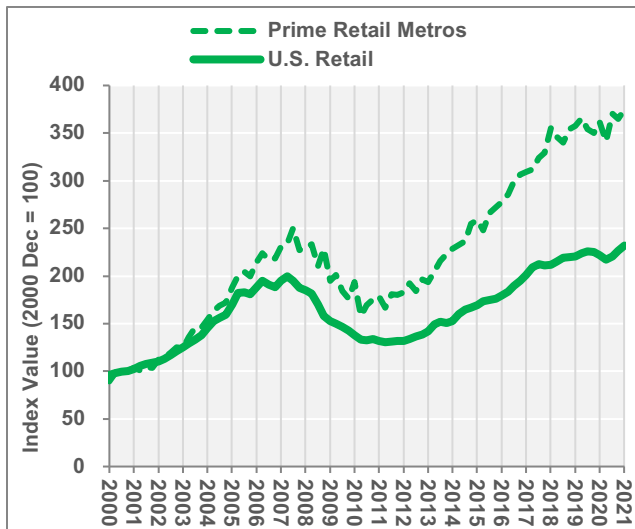
Prime Office Markets Quarterly Indices
Equal-Weighted, Data through March 2021



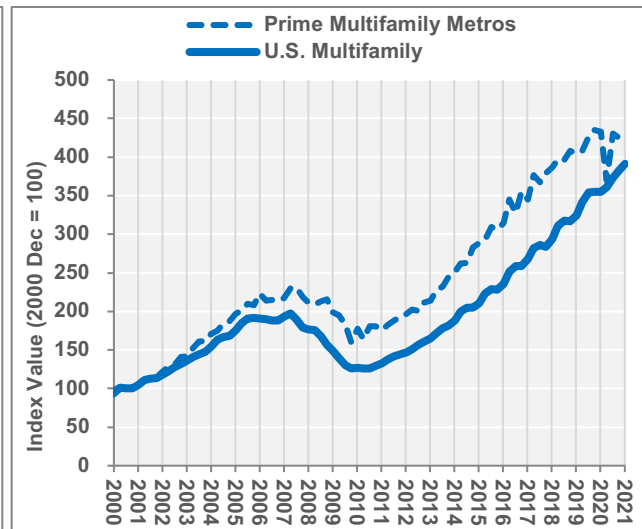
Prime Industrial Markets Quarterly Indices
Equal-Weighted, Data through March 2021



Prime Retail Markets Quarterly Indices
Equal-Weighted, Data through March 2021



Prime Multifamily Markets Quarterly Indices
Equal-Weighted, Data through March 2021



CCRSI National Results Highlights

- **COMPOSITE PRICE INDICES FLAT OR DOWN IN THE FIRST QUARTER.** The value-weighted U.S. Composite Index, which reflects the larger asset sales common in core markets, fell 1.2% in the first quarter of 2021. The value-weighted U.S. Composite Index has declined from its December 2020 peak, but remains 5.9% above its March 2020 pre-pandemic level. Meanwhile, the equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, was unchanged in the first quarter of 2021. The equal-weighted U.S. Composite Index remains 4.8% above its March 2020 pre-pandemic level.
- **PRICING CHANGES VARY ACROSS PROPERTY TYPES AND REGIONS.** While the equal-weighted U.S. Composite Index was unchanged in the first quarter of 2021, pricing performance was mixed across the property type and geographical spectrum. The Retail, Multifamily, Industrial and Land indices, which have all been positive since the end of the second quarter of 2020 or earlier, all posted strong gains over the three-month period ending March 31, 2021. The Office Index, meanwhile, declined by 0.7% over the first quarter of 2021, with the largest decline found in Hospitality, down a sharp 4.9% in that period. The divergences were stark across regions as well. The Midwest and South indices both posted 1% or larger gains over the first quarter of 2021, while the West declined somewhat and the Northeast declined sharply.
- **YEAR-TO-DATE TRANSACTION VOLUME DOWN FROM SAME PERIOD IN 2020.** Repeat-sale transaction volume of \$25.4 billion in the period from January through March 2021 marked a 20% decrease from the volume that was logged in the same period in 2020. Investor activity remains below levels seen entering the pandemic, although it has recovered strongly from the lowest levels of activity seen in the second quarter of 2020. In the first quarter of 2021, the distressed sale percentage of total observed transaction volume remained at 1.9%, which is extremely low by historical standards.

Monthly CCRSI Results, Data through March 2021

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-0.1%	-1.2%	5.9%	132.9% ¹
Equal-Weighted U.S. Composite Index	1.2%	0.0%	4.8%	116.4% ²
U.S. Investment-Grade Index	-0.9%	-0.1%	3.7%	141.1% ³
U.S. General Commercial Index	1.3%	0.0%	4.7%	111.2% ⁴

¹ Trough Date: April 2010 ² Trough Date: April 2011 ³ Trough Date: March 2010 ⁴ Trough Date: February 2012

Quarterly CCRSI Property Type Results

- PROPERTY SECTOR PERFORMANCE WAS MIXED IN THE FIRST QUARTER.** The hospitality sector was the fly in the ointment in the first quarter of 2021, declining by a sharp 4.9% to negatively impact the Composite Index, as travel has been slow to return to normal. Hospitality, down 10% in the first quarter of 2021 compared to a year ago, has been an outlier compared to the other five major property types, which were all above their March 2020 levels. Office was the only other sector to exhibit weakness in the first quarter of 2021, declining by 0.7%.
- MULTIFAMILY INDEX POSTED STRONG QUARTERLY GAIN.** The U.S. Multifamily Index expanded 2.2% in the first quarter of 2021, an increase of 10.2% compared to the first quarter of 2020, the largest year-over-year gain for any major property type. However, the Prime Multifamily Metros Index was down 0.6% in the first quarter of 2021, the second consecutive quarterly loss, in spite of consecutive gains in the overall Multifamily Index. Downtown product, particularly in gateway cities, has remained more out of favor with investors throughout the pandemic and economic recovery compared to suburban areas.
- PRICING IN THE INDUSTRIAL SECTOR REMAINED STURDIEST OF ALL PROPERTY TYPES.** The accelerated adoption of e-commerce during the pandemic helped fuel the stronger performance of industrial pricing. The U.S. Industrial Index rose 1.9% in the first quarter of 2021, the 13th-consecutive quarterly gain for the property type. The Prime Industrial Metros Index advanced at a somewhat more rapid rate of 2.3% in the first quarter of 2021, and has outperformed the broader Industrial Index since the start of the pandemic.
- RETAIL CONTINUED ITS RESURGENCE.** The U.S. Retail Index rose 2.3% in the first quarter of 2021, now up by 4.5% from a year prior. The Prime Retail Index

outperformed slightly, up 2.7% in the first quarter of 2021 to begin closing the gap to more suburban areas. Retail pricing benefitted from a quickening COVID-19 vaccination pace in the quarter, with slower-to-reopen dense cities finally returning to some semblance of normal.

- **OFFICE PRICES DECLINED IN THE FIRST QUARTER.** The U.S. Office Index declined by 0.7% in the first quarter of 2021, the first quarterly decline since December 2018. The weakness was concentrated in large metros, as the Prime Office Metros Index declined by a sharper 1.2% in the first quarter of 2021. Gains have been limited since the onset of the COVID-19 pandemic, which has created some uncertainty around long-term office usage.
- **HOSPITALITY SECTOR PLUMMETED ON CONTINUED LIMITED TRAVEL.** The U.S. Hospitality Index suffered a steep 4.9% decline in the first quarter of 2021, the worst such quarterly change since the fourth quarter of 2009. The hospitality sector's short lease periods mean occupancy losses quickly translate into revenue losses, which has in turn dampened investment volume and pricing. While vaccinations are encouraging for the sector, questions remain over how long it will take to return to normal travel patterns.
- **U.S. LAND INDEX POSTED LARGE GAIN.** The U.S. Land Index posted the sharpest gain of any property type, increasing by 3.3% in the first quarter of 2021. Continued investor interest in development sites, particularly for industrial and multifamily projects has supported the land prices.

Quarterly CCRSI Regional Results

- **MIDWEST REGION POSTED GAIN, BUT SOME PROPERTY TYPES DECLINE.** The Midwest Composite index increased by 1.4% in the first quarter of 2021, now up by 4.5% from the same period a year ago. Previously the laggard among regions, the Midwest Composite Index has now increased by more than the Northeast Composite Index over the past year. First quarter gains were led by 2% increases in both the Midwest Industrial and Multifamily indices, while the Midwest Office and Retail indices declined by 2.4% and 1.6%, respectively.
- **SOUTH REGION SHOWED MODEST BUT BROAD-BASED GROWTH.** The South Office, Multifamily and Retail indices all increased by 1-2% in the first quarter of 2021, with only the South Industrial Index declining by a slight 0.6%. Much like in the Midwest, the South Industrial Index has lagged the National Industrial Index, likely due to less population density, and therefore less immediate reliance on e-

commerce due to social-distancing measures. Likely for the same reason, the South Composite Index posted the strongest gains of any region in March 2021 compared to March 2020.

- **WEST REGIONAL INDEX DOWN 0.8% IN FIRST QUARTER OF 2021.** Losses in the West region were concentrated in the office sector, as the West Office Index declined by a stark 1.9% in the first quarter of 2021. Other property types fared better over the same period, with a sharp 2.3% gain in the West Industrial Index while multifamily and retail posted more modest gains.
- **NORTHEAST REGION LAGGED IN FIRST QUARTER.** The Northeast Composite Index declined by 2.3% in the first quarter of 2021, the worst performance of any region and worst single quarter for the region since the start of the recession. The region's underperformance was due to 2% declines in both the Northeast Industrial and Northeast Office indices. The Northeast Retail Index, in contrast, was up a sharp 1.8% in the first quarter of 2021, the best quarterly performance for the regional property index since the fourth quarter of 2018. The Northeast Multifamily Index rose as well over the same period, but by only 0.5%, the weakest multifamily gain of any region. While multifamily has done the best of any property type with a 10% gain from a year ago, the Northeast Multifamily Index has only posted a modest 3% increase.

About the CoStar Commercial Repeat-Sale Indices

The CoStar Commercial Repeat-Sale Indices (CCRSI) is the most comprehensive and accurate measure of commercial real estate prices in the United States. In addition to the U.S. Composite Index (presented in both equal-weighted and value-weighted versions), U.S. Investment-Grade Index, and U.S. General Commercial Index, which we report monthly, we report quarterly on 30 sub-indices in the CoStar index family. The subindices 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 of the sales pairs are used to create a price index.

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://www.costargroup.com/costar-news/ccrsi>.

ABOUT COSTAR GROUP, INC.

CoStar Group, Inc. (NASDAQ: CSGP) is the leading provider of commercial real estate information, analytics and online marketplaces. 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 sector. 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. Realla is the UK's most comprehensive commercial property digital marketplace. 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. CoStar Group's websites attract tens of

millions of unique monthly visitors. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe, Canada and Asia with a staff of approximately 4,700 worldwide, including the industry's largest professional research organization. For more information, visit www.costargroup.com.