COMPOSITE PRICE INDICES DECLINED IN FEBRUARY 2021 ON A DECLINE IN DEAL VOLUME

NET ABSORPTION EXPECTED TO BE NEGATIVE OVER THE 12-MONTH PERIOD ENDING IN MARCH 2021

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through February 2021. Based on 1,041 repeat sale pairs in February 2021 and more than 239,303 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.
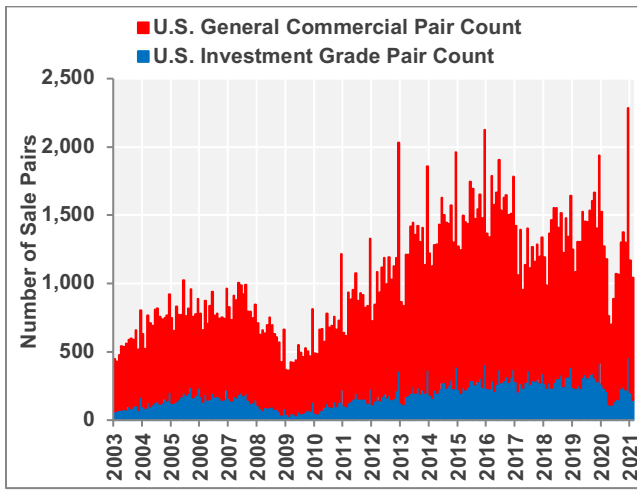
U.S. Composite Indices: Equal and Value-Weighted, Data through February 2021
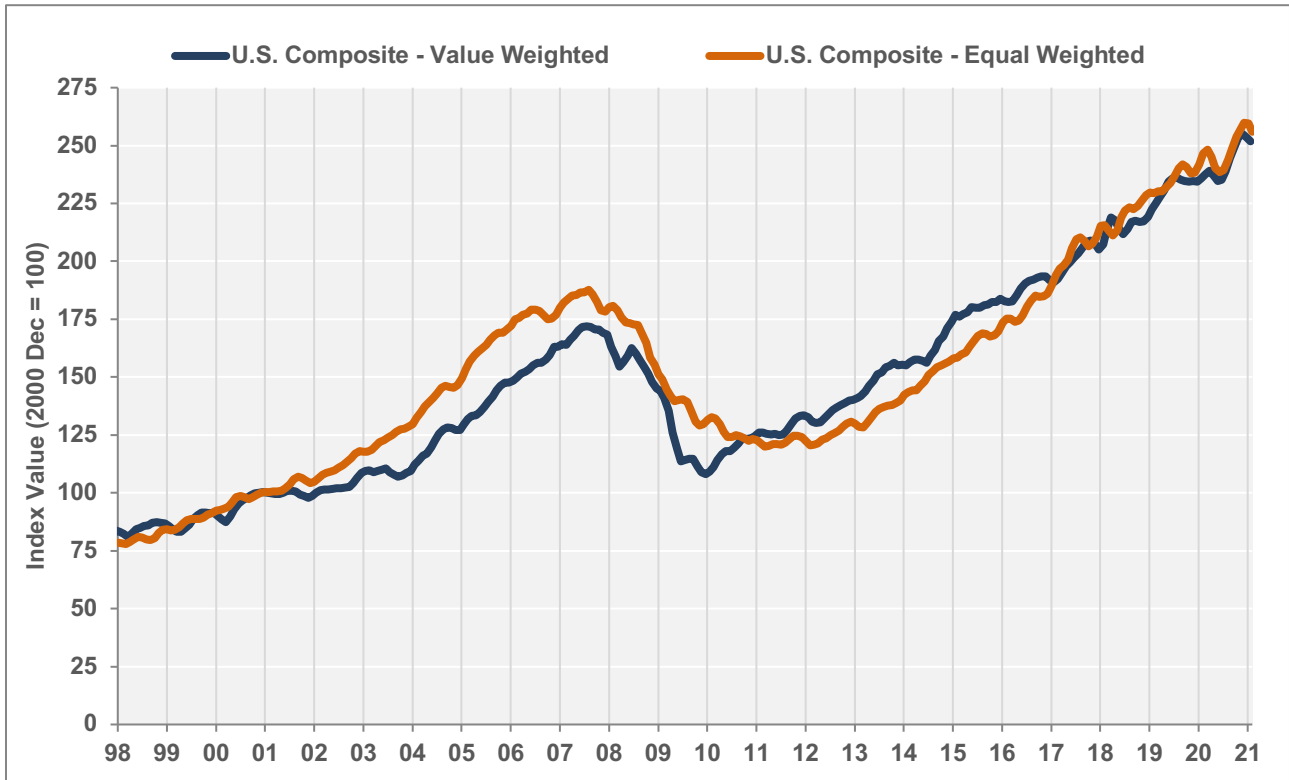
U.S. Equal-Weighted Indices by Market Segment, Data through February 2021

COSTAR COMMERCIAL REPEAT-SALE INDICES MARCH 2020 Release (With Data through FEBRUARY 2021)
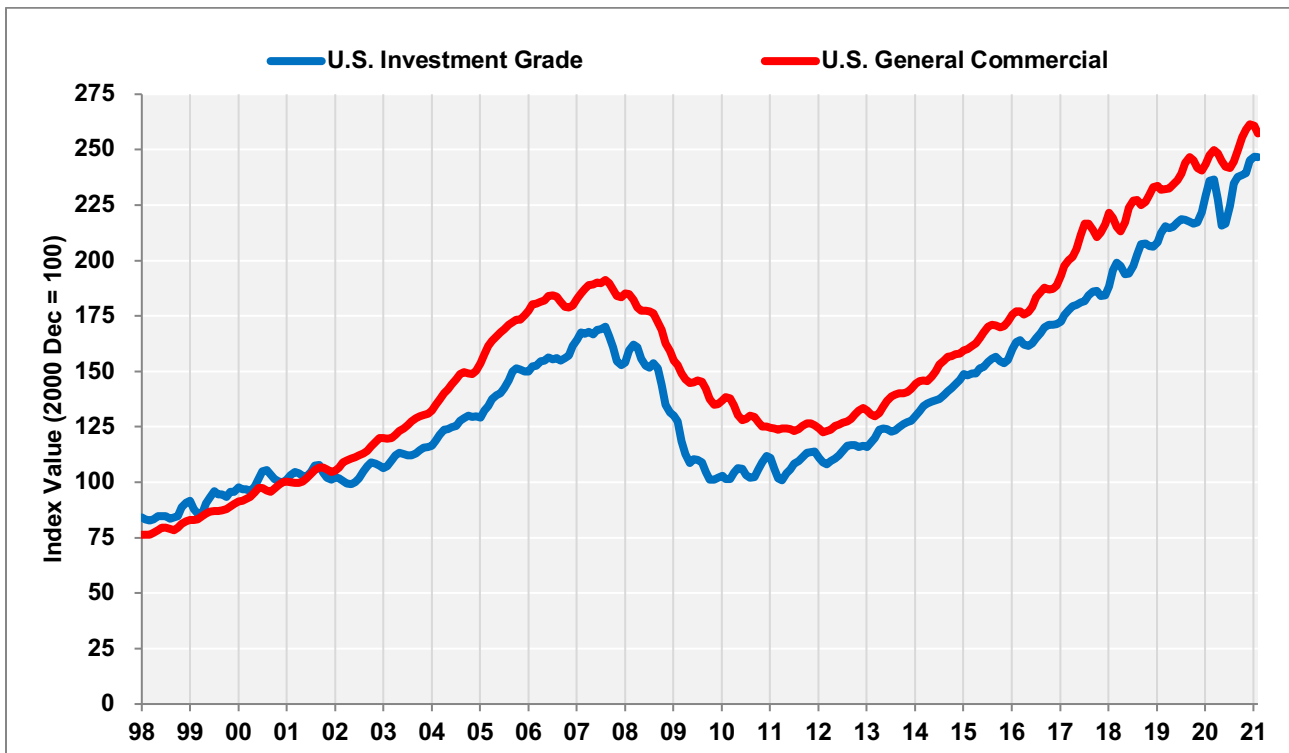
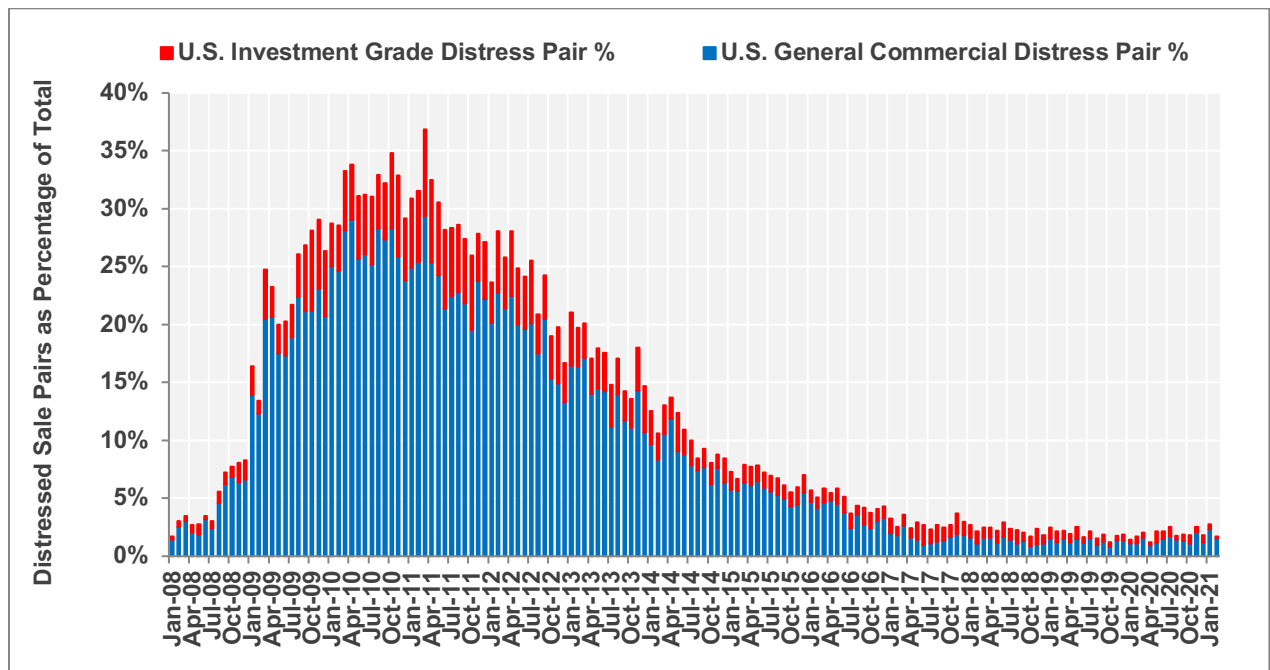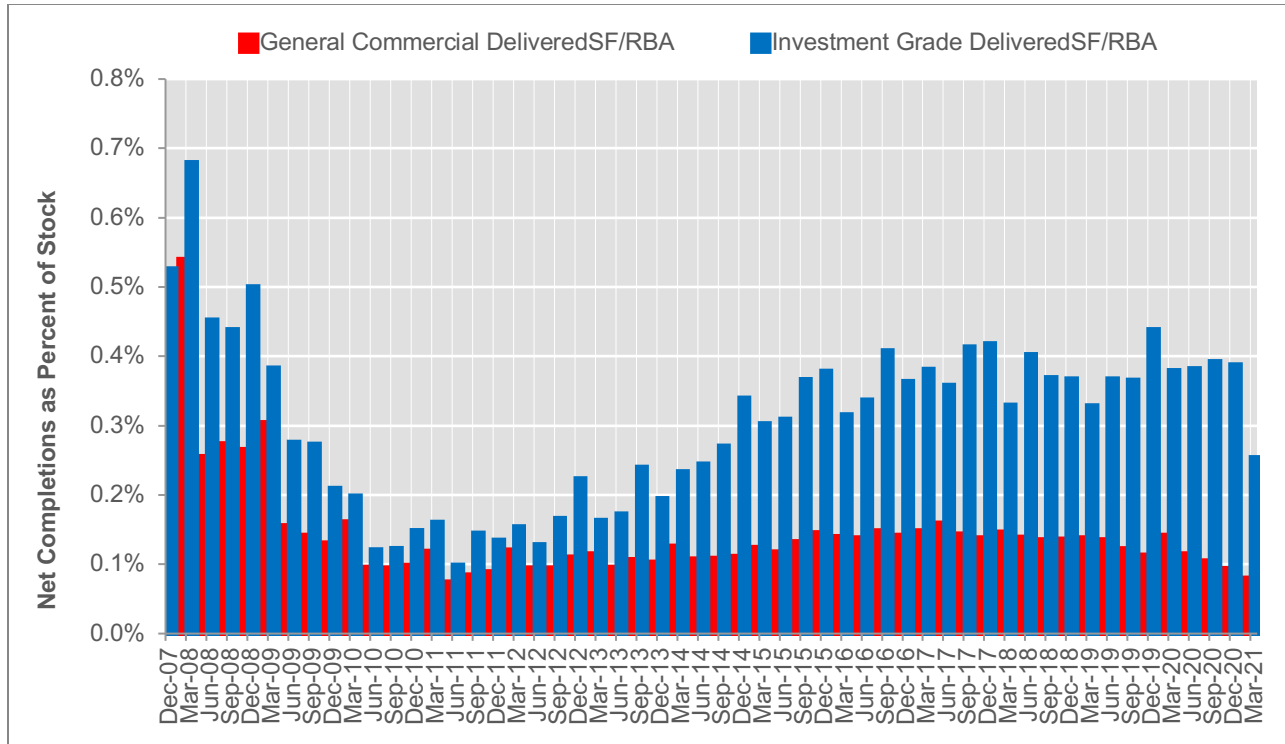## U.S. Pair Count, Data through February 2021

U.S. Pair Volume, Data through February 2021
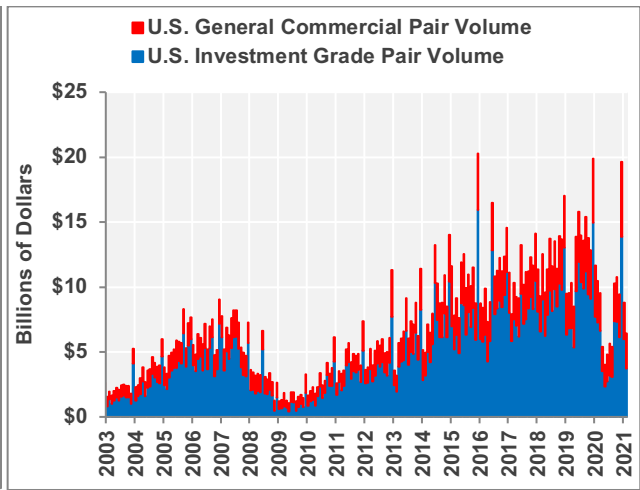
U.S. Distress Sale Pairs Percentage, Data through February 2021

Market Fundamentals, Data through March 2021

Legend:
- ■ General Commercial DeliveredSF/RBA (red)
- ■ Investment Grade DeliveredSF/RBA (blue)

Y-axis: Net Completions as Percent of Stock (0.0% to 0.8%)

X-axis: Dec-07 through Mar-21

CCRSI National Results Highlights

- COMPOSITE PRICE INDICES DECLINED IN FEBRUARY 2021 FOR A SECOND CONSECUTIVE MONTH. The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades, declined by 0.7% in February 2021, though it was still up by 6.7% in the 12-month period that ended in February 2021. Meanwhile, the equal-weighted U.S. Composite Index, which reflects more numerous but lower-priced property sales typical of secondary and tertiary markets, fell by 1.4% in February 2021 but was still up by 3.8% in the 12-month period that ended in February 2021. The monthly declines in the equal-weighted and value-weighted U.S. Composite Indices represented the worst one-month declines since May 2020 and June 2020, respectively.

- THE SUB-INDICES OF THE EQUAL-WEIGHTED INDEX CONTINUED TO COOL. The two sub-indices of the equal-weighted U.S. Composite Index both exhibited weaker performance in February 2021 compared to January 2021. The General Commercial segment, which is influenced by smaller, lower-priced properties, declined by 1.3% in February 2021 after a 0.3% decline in January 2021. Still, the General Commercial segment was up by 3.9% in the 12-month period that ended in February 2021, though this represents the weakest 12-month gain since September 2020. The Investment Grade segment, which is influenced by higher-value properties, displayed more resilience in the first two months of the year, declining by only 0.1% in February 2021 following a 0.7% rise in January 2021.

- TRANSACTION VOLUME DECLINES TO LOW LEVELS. Composite pair volume of 14,125 trades for the 12-month period that ended February 2021 marked the lowest point since April 2013, as activity remained limited by the continued COVID-19 pandemic in addition to inclement weather in February 2021. The 12-month total represents a decline of more than 20% from the 12-month period that ended February 2020.

- THE SHARE OF REPEAT-SALE TRADES THAT WERE DISTRESSED REMAINED LOW. Despite the slowing transaction pace, General Commercial and Investment Grade distressed sales remained only 1.5% and 0.2%, respectively, of total trades in February 2021. Both rates are low compared to their five-year averages of 1.8% and 0.9%, respectively. The continued low share of distressed sales demonstrates relatively healthy liquidity conditions, despite low trading volumes.

- NET ABSORPTION TURNED NEGATIVE DURING THE PANDEMIC. Over the 12-month period ending in March 2021, net absorption is expected to decline by 21.6 million square feet. The anticipated decline compares unfavorably to net absorption in recent

years, such as the 69.8 million square feet of absorption over the 12-month period that ended in March 2020. However, fundamentals improved compared to the worst point of the COVID-19 recession, as the 12-month period ended June 2020 experienced negative net absorption of 82.8 million square feet.

Monthly CCRSI Results, Data through February 2021

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-0.7%	-0.7%	6.7%	133.1%[1]
Equal-Weighted U.S. Composite Index	-1.4%	-0.3%	3.8%	113.5%[2]
U.S. Investment-Grade Index	-0.1%	2.9%	4.4%	142.7%[3]
U.S. General Commercial Index	-1.3%	-0.7%	3.9%	108.1%[4]

[1] Trough Date: January 2010   [2] Trough Date: SEPTEMBER 2011   [3] Trough Date: SEPTEMBER 2010   [4] Trough Date: SEPTEMBER 2011

Market Fundamentals, Data through March 2021

	Annual Net Absorption (in millions of square feet)			
	2018Q1	2019Q1	2020Q1	2021Q1
Aggregate	299.4	266.1	69.8	-21.6
Investment Grade	132.8	117.6	21.9	-16.1
General Commercial	166.5	148.5	47.9	-5.5

Note: "Net Absorption" is the change in occupied space, 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) 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 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 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	Prime Multifamily Markets
CBSA Listed Alphabetically	**CBSA Listed Alphabetically**
Boston	Boston
Los Angeles	Chicago
New York	Houston
Orange County	Los Angeles
San Diego	New York
San Francisco	Orange County
San Jose	San Francisco
Washington, D.C.	San Jose
	Seattle
	Washington, D.C.

MEDIA CONTACT:
Gay Beach, Senior Director, Marketing Communications, CoStar Group (gbeach@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, 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, WestsidRentals, 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 over 4,600 worldwide, including the industry's largest professional research organization. For more information, visit www.costargroup.com.