

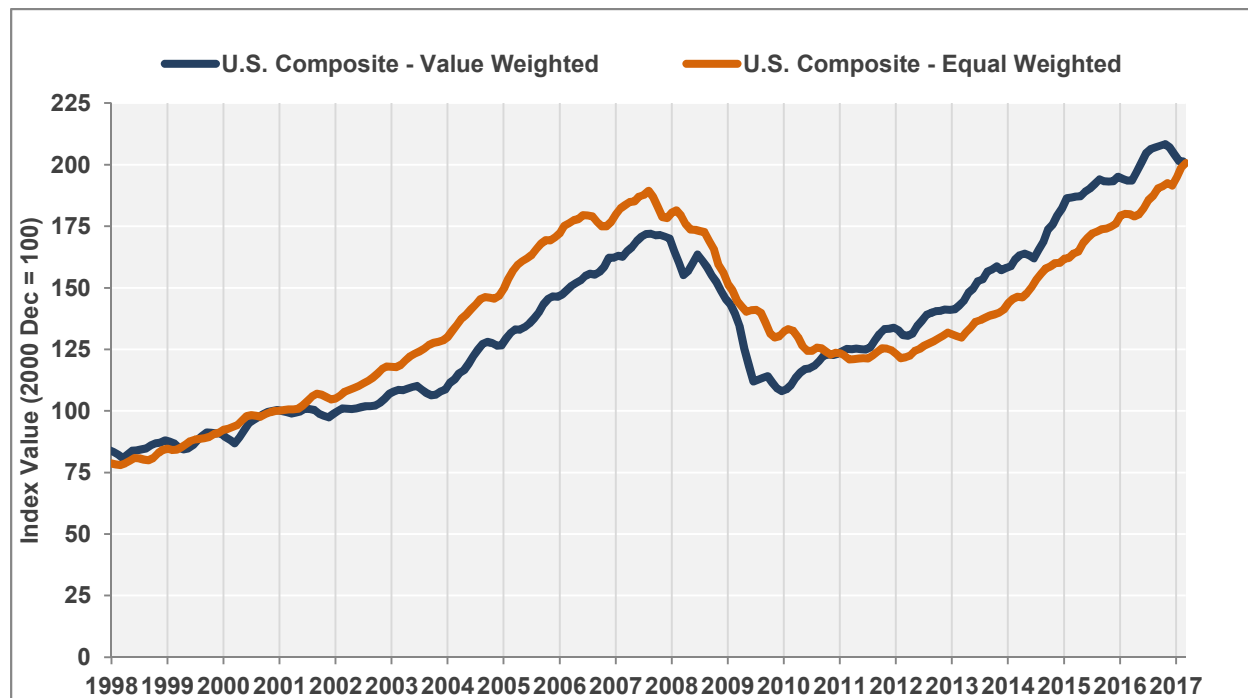
CCRSI RELEASE – APRIL 2017
(With data through MARCH 2017)

LATEST COSTAR COMPOSITE PRICE INDICES: PRICING TRENDS AT HIGH AND LOW END OF CRE MARKET CONTINUE TO DIVERGE THROUGH FIRST QUARTER 2017

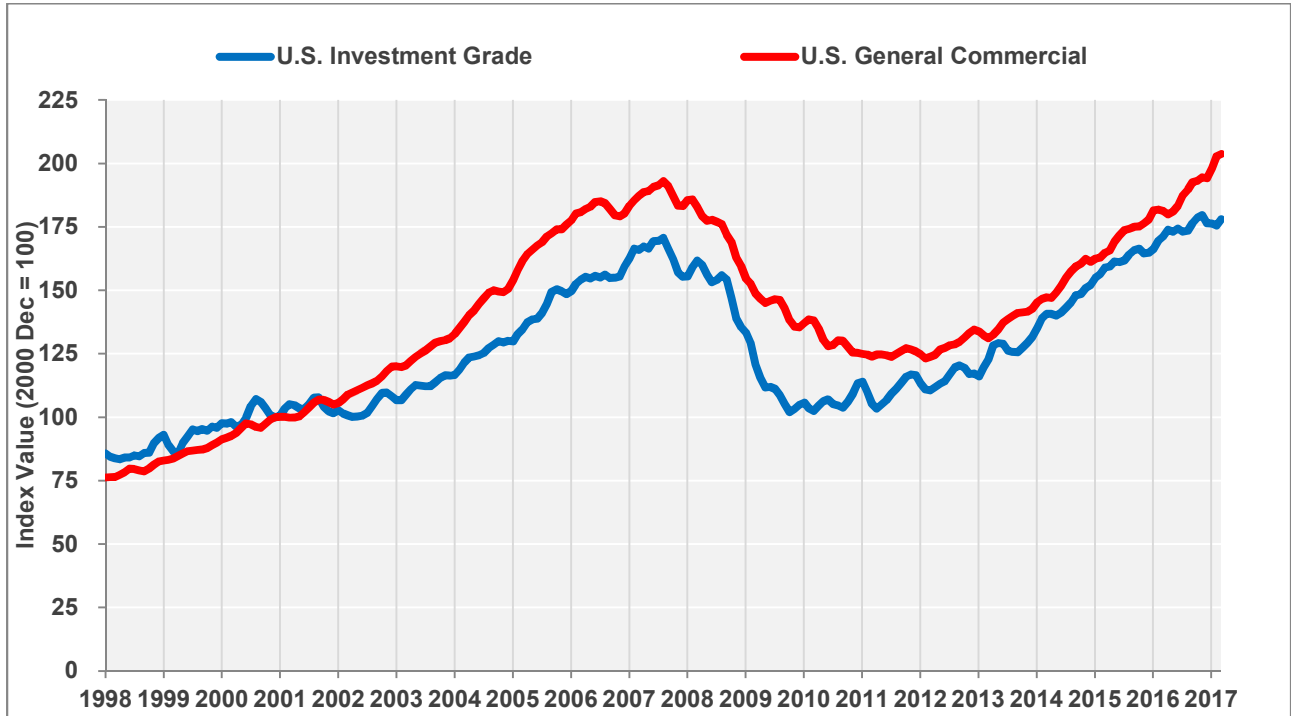
DECELERATION IN MULTIFAMILY PRICING CONTRIBUTES TO SLOWER GROWTH AMONG CRE REPEAT-SALE INDICES IN FIRST QUARTER

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through March 2017. Based on 1,104 repeat sale pairs in March 2017 and more than 176,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

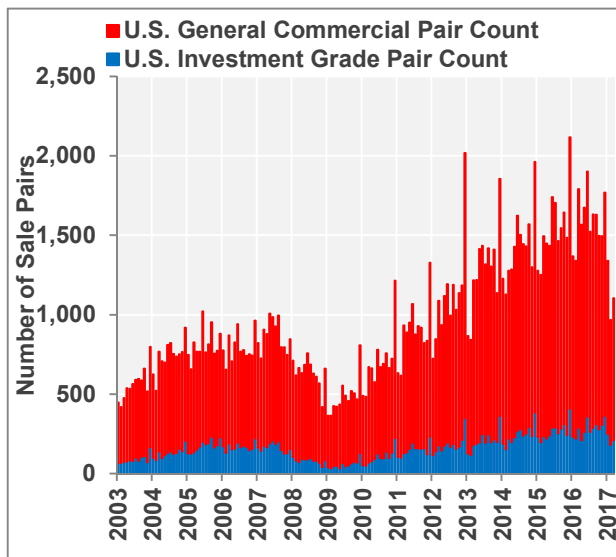
U.S. Composite Indices: Equal- And Value-Weighted, Data Through March 2017



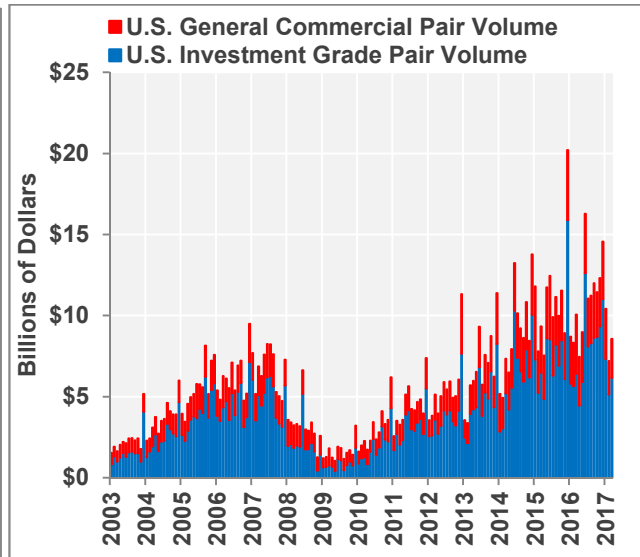
U.S. Equal-Weighted Indices By Market Segment, Data Through March 2017



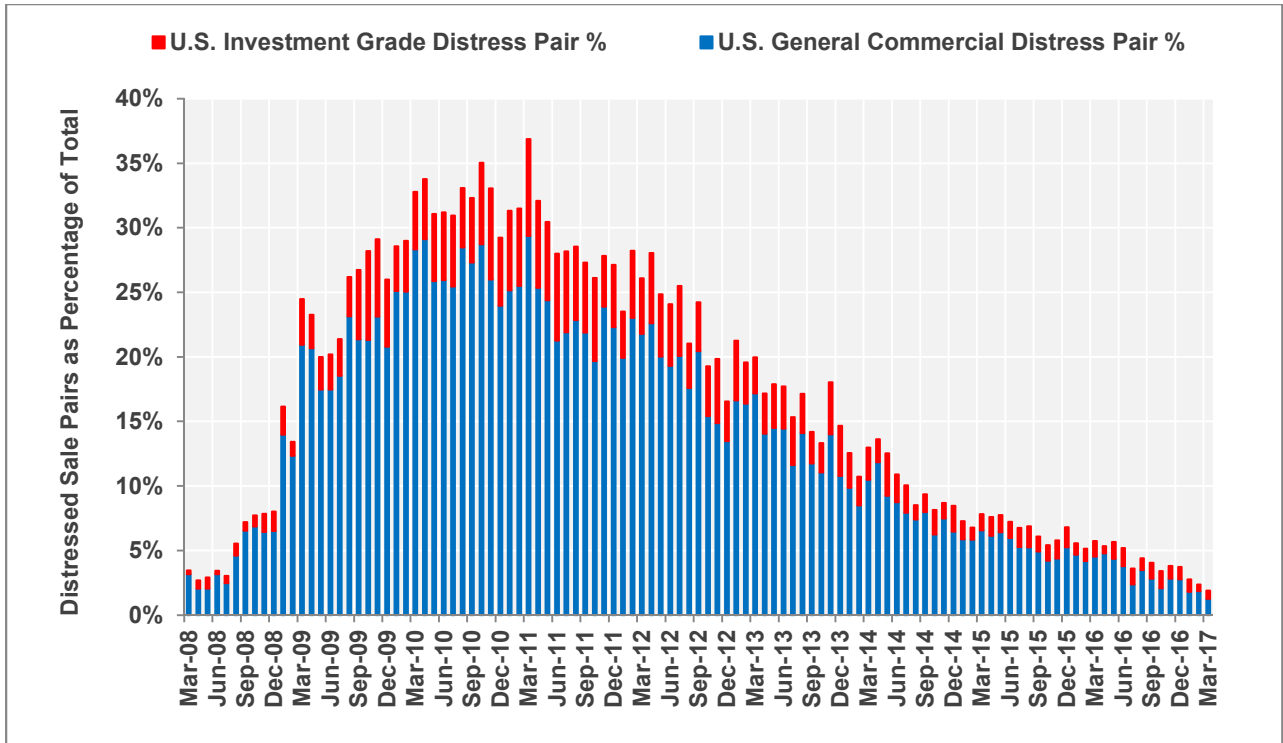
U.S. Pair Count, Data Through March 2017



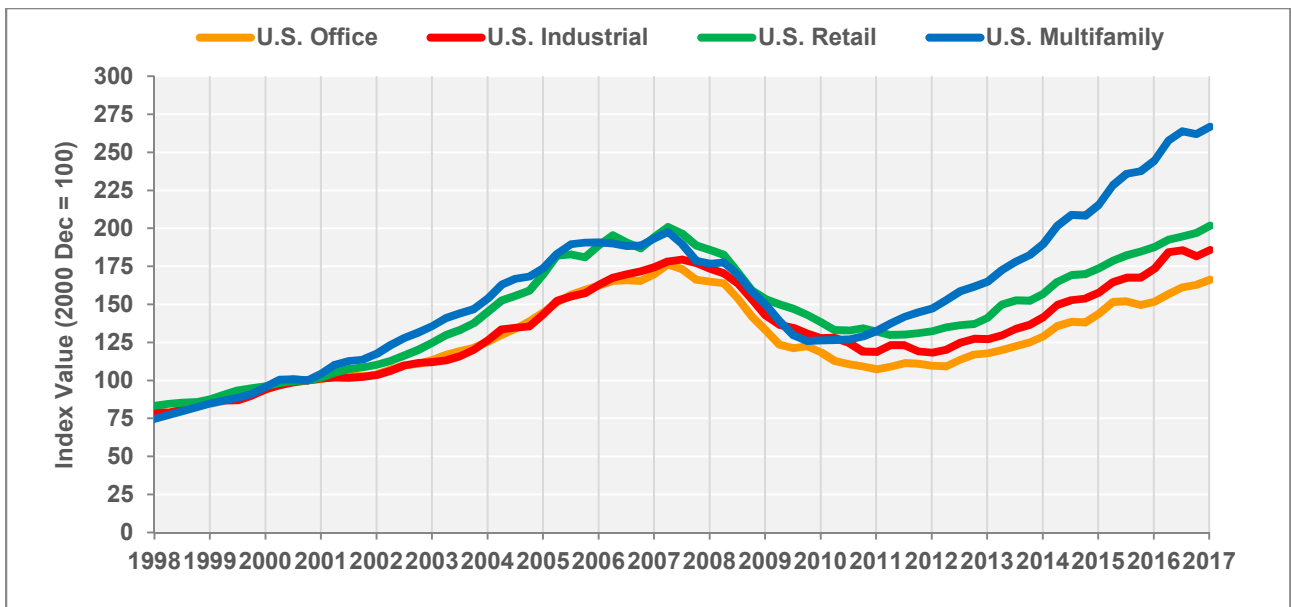
U.S. Pair Volume, Data Through March 2017



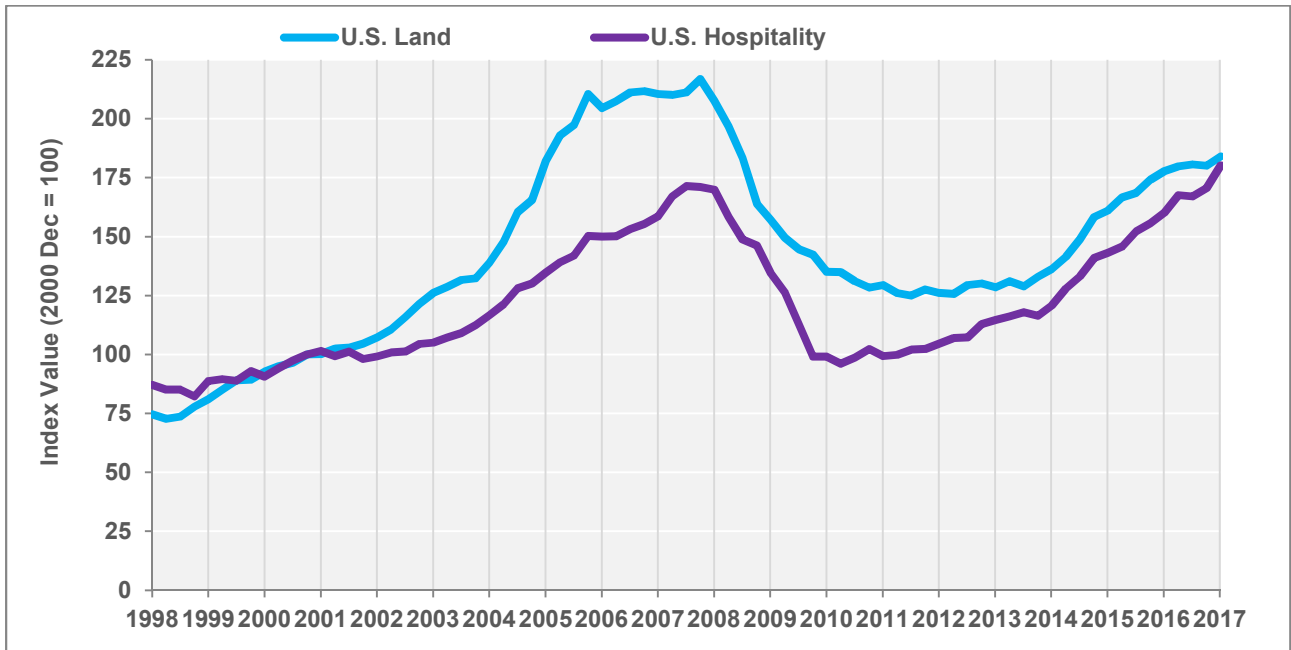
U.S. Distress Sale Pairs Percentage, Data Through March 2017



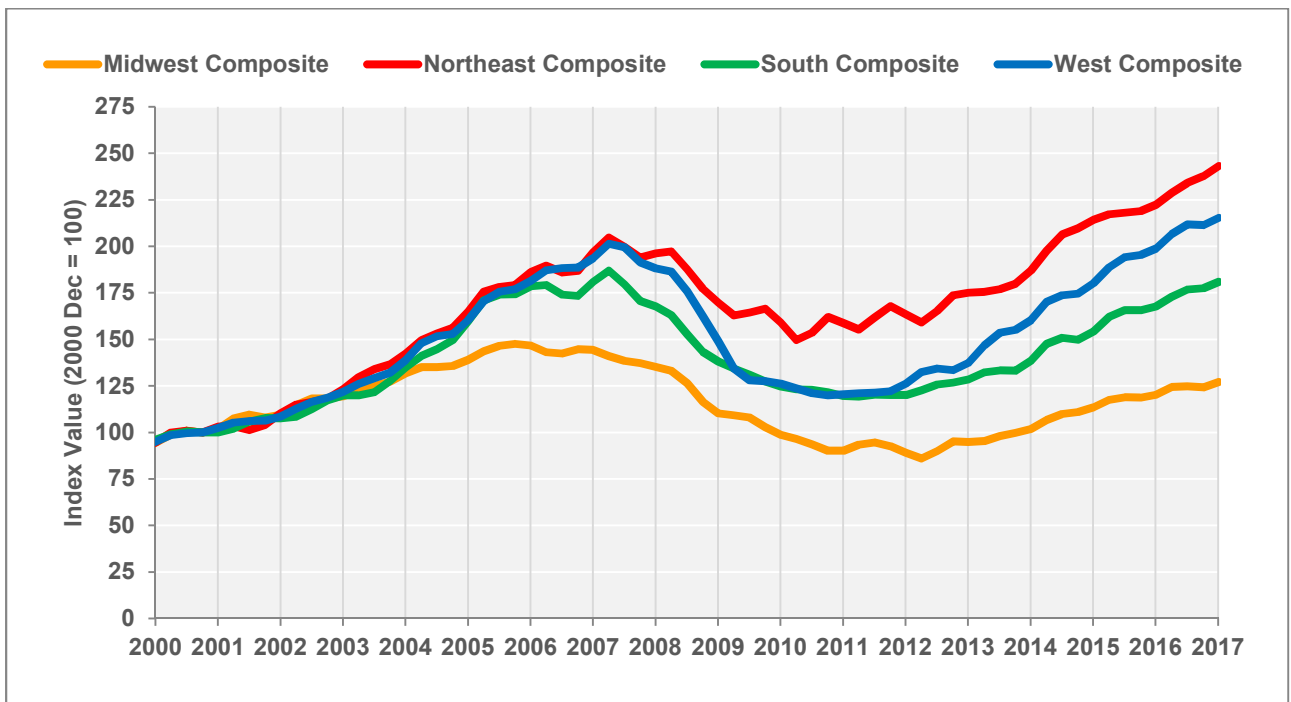
U.S. Primary Property Type Quarterly Indices – Equal-Weighted Data Through March 2017



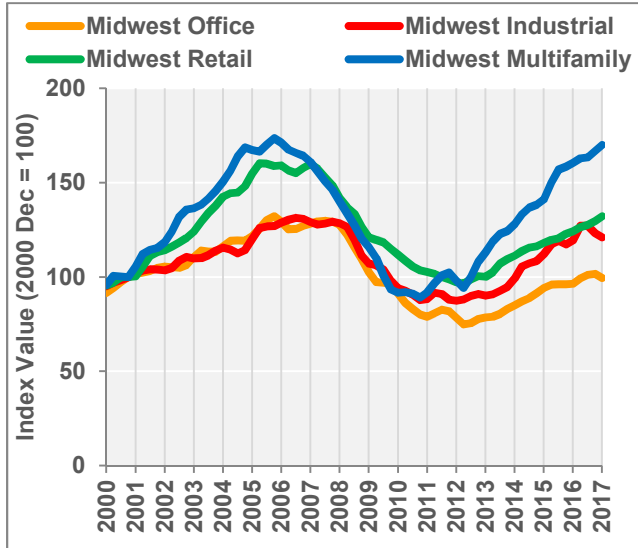
U.S. Land And Hospitality Quarterly Indices – Equal-Weighted Data Through March 2017



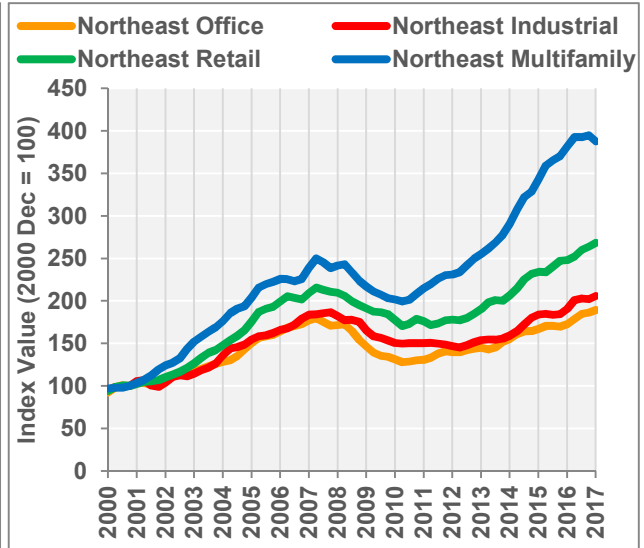
U.S. Regional Type Quarterly Indices – Equal-Weighted Data Through March 2017



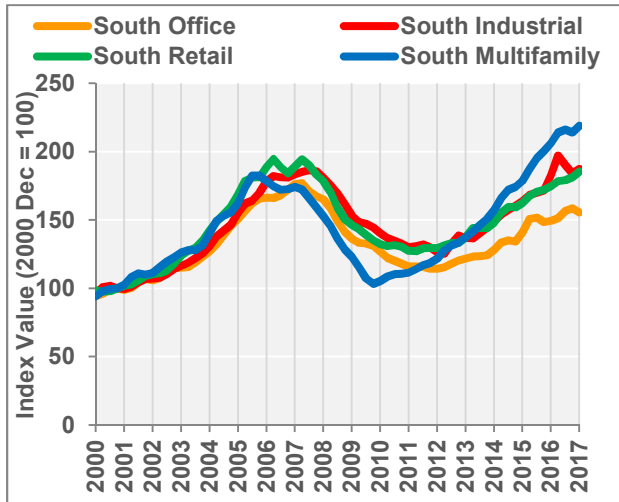
U.S. Midwest Property Type Quarterly Indices Equal-Weighted, Data Through March 2017



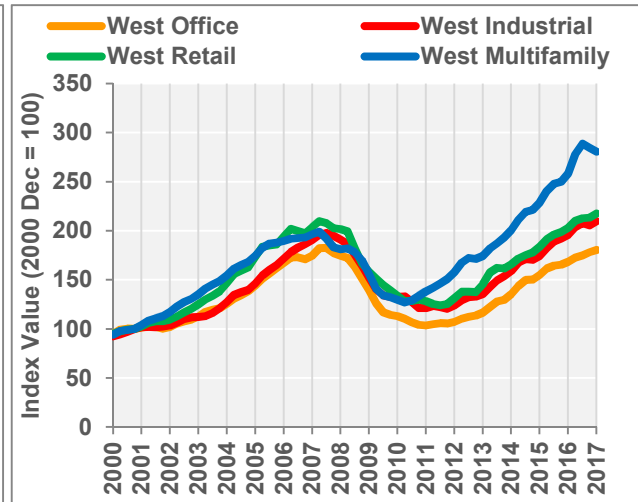
U.S. Northeast Property Type Quarterly Indices Equal-Weighted, Data Through March 2017



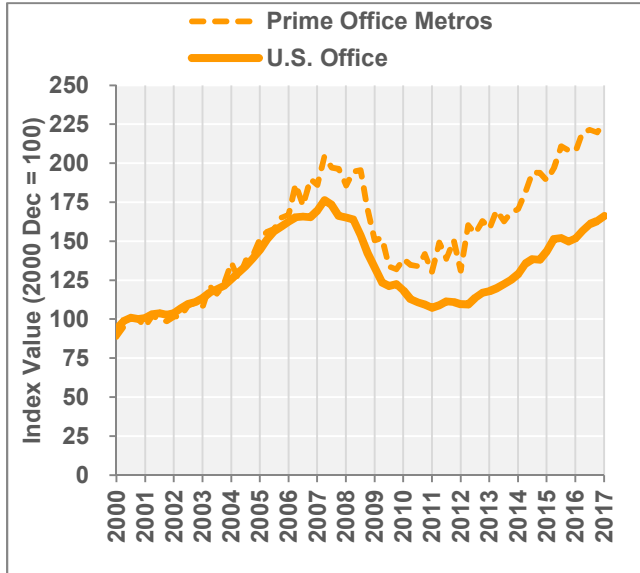
U.S. South Property Type Quarterly Indices Equal-Weighted, Data Through March 2017



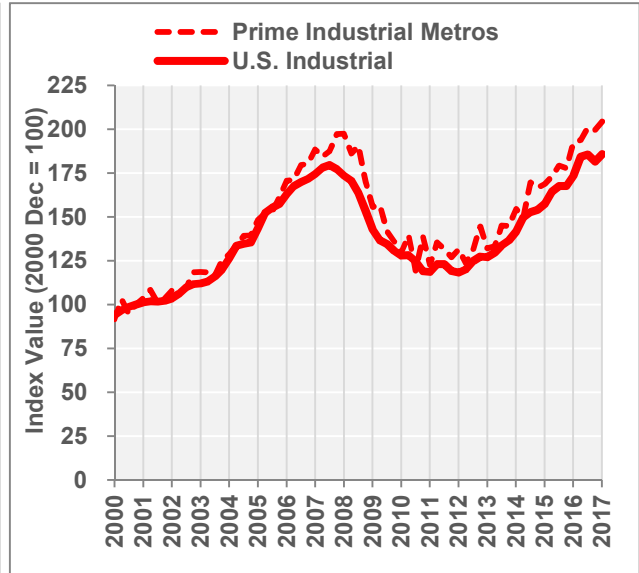
U.S. West Property Type Quarterly Indices Equal-Weighted, Data Through March 2017



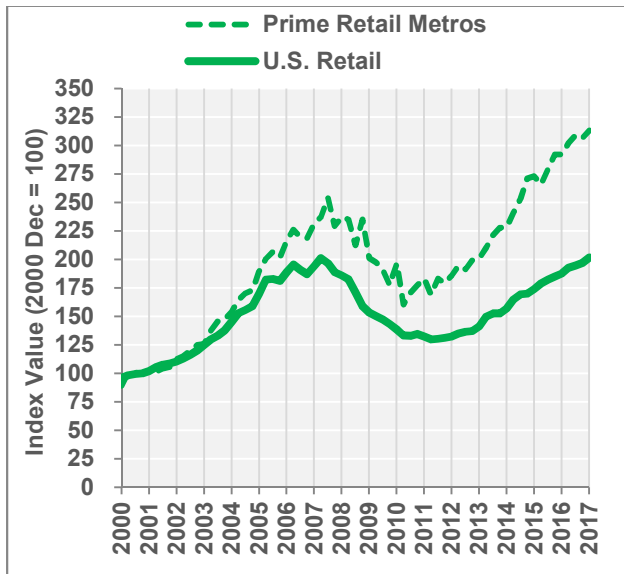
Prime Office Markets Quarterly Indices
Equal-Weighted, Data Through March 2017



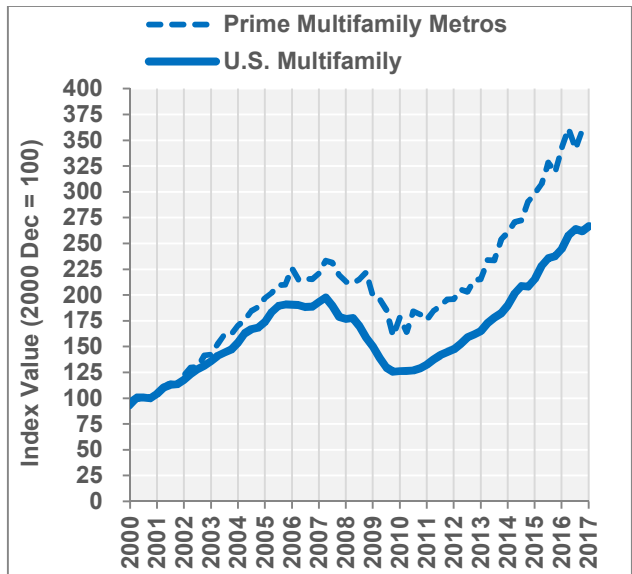
Prime Industrial Markets Quarterly Indices
Equal-Weighted, Data Through March 2017



Prime Retail Markets Quarterly Indices
Equal-Weighted, Data Through March 2017



Prime Multifamily Markets Quarterly Indices
Equal-Weighted, Data Through March 2017



CCRSI National Results Highlights

- **PRICING TRENDS AT HIGH AND LOW END OF CRE MARKET CONTINUED TO DIVERGE THROUGH FIRST QUARTER OF 2017.** The value-weighted U.S. Composite Index, which reflects the larger property-asset sales common in core markets, declined 2.8% in the first quarter of 2017, after reaching its cyclical peak in the fourth quarter of 2016. Meanwhile the equal-weighted U.S. Composite Index, which reflects the more numerous, lower-priced property sales typical of secondary and tertiary markets, increased by 4.8% in the first quarter of 2017. While both composite price indices posted positive growth on a year-over-year basis, the recent divergence likely reflects a maturing cycle for CRE investment, especially for the high-value properties in core markets that initially led the recovery.
- **MULTIFAMILY WAS THE SLOWEST-GROWING PROPERTY TYPE INDEX IN FIRST QUARTER OF 2017.** Amid slower rent growth and heightened construction levels at the top end of the multifamily market, pricing in the Multifamily Index advanced 1.9% in the first quarter of 2017, a moderate deceleration from its quarterly average pace of 2.9% over 2015 and 2016. Meanwhile, the office, retail and industrial property indices, along with the land and hospitality indices, posted positive gains of 2% or higher in the first quarter of 2017 and did not show a significant slowdown in price growth from the previous two years.
- **MIDWEST AND NORTHEAST REGION INDICES ENJOY FIRST QUARTER PRICING MOMENTUM.** Price growth in the Northeast and Midwest indices accelerated in the first quarter of 2017. The Northeast Index advanced 2.3% in the first quarter of 2017, up from a quarterly average pace of 1.6% over 2015 and 2016, and the Midwest Index increased 2.4% in the first quarter of 2017, an increase of 1.4% over the quarterly average pace in 2015 and 2016. The Northeast Index has now risen 18.8% above its prior peak level, while the Midwest Index has yet to reach its previous cycle high. Meanwhile, the South and West indices each advanced by 1.9% in the first quarter of 2017, although the pace of growth was down slightly from their quarterly averages in 2015 and 2016.
- **TRANSACTION VOLUME IN FIRST QUARTER 2017 DOWN FROM RECORD PACE SET IN PREVIOUS TWO YEARS.** Composite sales pair volume of \$26.2 billion in the first quarter of 2017 was down 6.5% from the average first-quarter totals in the peak years of 2015 and 2016. This suggests that the moderation in transaction activity that began in 2016 from 2015 record levels will likely continue into 2017.

Monthly CCRSI Results, Data Through March 2017

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-0.1%	-2.8%	4.0%	86.3% ¹
Equal-Weighted U.S. Composite Index	1.0%	4.8%	11.6%	66.0% ²
U.S. Investment-Grade Index	1.4%	0.9%	4.0%	73.7% ³
U.S. General Commercial Index	0.4%	4.9%	12.3%	64.3% ⁴

¹ Trough Date: January 2010 ² Trough Date: March 2011 ³ Trough Date: March 2010 ⁴ Trough Date: March 2011

Quarterly CCRSI Property Type Results

- **FIRST QUARTER 2017 PRICING GAINS SEEN ACROSS ALL MAJOR EQUAL-WEIGHTED PROPERTY SECTOR INDICES.** All six of the CCRSI's property-type indices posted positive gains in the first quarter, although similar to the national and regional indices, the pace of growth has begun to decelerate from the quarterly averages attained in 2015 and 2016 in some sectors.
- **DESPITE DEMAND HEADWINDS FACING RETAIL SECTOR, U.S. RETAIL INDEX SEES MODERATE GROWTH.** The U.S. Retail Index rose 2.4% in the first quarter of 2017, although annual gains of 7.5% in the 12-month period ending in March 2017 were below that of the office and multifamily segments. Nationally, retailer comparable-store growth has stalled, which has ignited another wave of closures for the coming year. However, retailers are disproportionately targeting their less-productive locations for closure, while demand for strong locations remains robust. The Prime Retail Metros Index advanced at similar rates of 2.2% in the first quarter and 7.2% in the 12 months ending in March 2017, suggesting solid retail locations nationally remain in favor.
- **U.S. INDUSTRIAL INDEX POSTED SECOND-STRONGEST FIRST-QUARTER GROWTH RATE.** Bolstered by sound market fundamentals including high occupancies and above-trend rent growth, the Industrial Index advanced 2.3% in the first quarter of 2017 and 7.2% in the 12-month period ending in March 2017. The Prime Industrial Metros Index advanced by a similar 2.4% in the first quarter of 2017 and 6.3% in the 12-month period ending in March 2017, which also suggests broad-based price growth in the property sector.

- **OFFICE INDEX SHOWED STEADY GROWTH IN FIRST QUARTER 2017.** The U.S. Office Index increased 2% in the first quarter of 2017 and 9.5% in the 12-month period ending in March 2017, as office rent levels and occupancy rates nationally have remained healthy. Price growth was steady at the top end of the office market, as the Prime Office Metros Index advanced by 2.7% in the first quarter of 2017 and 8.6% for the 12-month period ending in March 2017.
- **MULTIFAMILY INDEX LOSING PRICING MOMENTUM.** The U.S. Multifamily Index increased by 1.9% in the first quarter of 2017, the slowest rate among the major property types, although recent annual gains of 9.1% in the 12-month period ending in March 2017 are still healthy. Meanwhile, the Prime Multifamily Metros Index growth decreased 0.3% in the first quarter of 2017, which held the annual gain for the 12-month period ending in March to just 4.7%, the weakest gain among all four prime metro property indices. New construction of luxury units, which has been especially elevated in core areas, has begun to impact market fundamentals and may be contributing to weaker pricing in this segment of the multifamily market.
- **U.S. HOSPITALITY INDEX SURPASSED PREVIOUS CYCLICAL PEAK IN FIRST QUARTER.** The U.S. Hospitality Index rose 5.6% in the first quarter of 2017, contributing to annual gains of 12.5% for the 12-month period ending in March 2017. With these recent gains the Hospitality Index has now surpassed its prior peak level reached in 2007 by 5.1%. National hotel occupancies remain well above last cycle's highs, which has supported room rate and RevPAR growth as well as investor demand.
- **SLOWING DEMAND FOR DEVELOPMENT SITES DAMPENS GROWTH IN U.S. LAND INDEX.** The Land Index increased 2.1% in the first quarter of 2017 contributing to a modest annual gain of 3.5% in the 12-month period ending in March 2017. Despite recent gains, prices for development sites remain well below its historical high. The Land Index, which did not reach its trough until very late in the cycle in 2012, remains 15% below its previous peak.

Quarterly CCRSI Regional Results

- **NORTHEAST REGIONAL INDEX GROWTH SOLID DESPITE WEAKNESS IN MULTIFAMILY SECTOR.** The Northeast Regional Index increased 2.3% in the first quarter of 2017 and 9.4% in the 12-month period ending in March 2017, boosted by gains in the sub-regional industrial, office, and retail indices in the first quarter of 2017 and for the 12-month period ending in March 2017. The lone exception was the Northeast Multifamily Index, which declined 1.9% in the first quarter of 2017 and posted modest growth of just 1.4% for the 12 months ending in March 2017. The slowdown in price growth mirrors a maturing fundamentals cycle for many of the top-tier multifamily markets included in the Northeast region.
- **LAGGING MIDWEST REGION POSTED GROWTH OF 2.4% IN FIRST QUARTER.** The Midwest region continues to offer investors the biggest property bargains compared to other regions in the recovery. Pricing for the Midwest Composite Index is still below its prior peak level, but recent gains have brought it to within 13% of its previous high-water mark reached in 2006. The Midwest retail and multifamily indices were the best performing indices in the region, expanding by 6.4% and 5.8%, respectively, in the 12-month period ending in March 2017.
- **WEST REGION BOOSTED BY GROWTH IN INDUSTRIAL AND RETAIL INDICES.** The West Composite Index advanced 1.9% in the first quarter of 2017 and 8.3% in the 12-month period ending in March 2017. The West Industrial and Retail Indices each advanced by more than 2% in the first quarter and just over 7% for the 12-month period ending in March 2017. Similar to the Northeast region, the West Multifamily Index fell 1.3% in the first quarter but still was up by 8.7% for the 12-month period ending in March 2017.
- **SOUTH REGIONAL INDICES SEE MODERATE GAINS IN FIRST QUARTER.** The South Composite Index increased 1.9% in the first quarter of 2017 and 7.9% in the 12-month period ending in March 2017. The South Multifamily and Retail indices led pricing growth in the region, expanding 2.3% and 2.4%, respectively in the first quarter, which contributed to annual gains of just over 6% for the 12-month period ending in March 2017. The South region's favorable population demographics and more affordable pricing have resulted in stronger momentum in price growth as the cycle has progressed.

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 national Composite Index (presented in both equal-weighted and value-weighted versions), national Investment-Grade Index, and national 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

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. LoopNet is the most heavily trafficked commercial real estate marketplace online with nearly 11 million registered members. Apartments.com, ApartmentFinder.com, ApartmentHomeLiving.com, Westside Rentals 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. Through an exclusive partnership with Move, a subsidiary of News Corporation, Apartments.com is the exclusive provider of apartment community listings across Move's family of websites, which include realtor.com®, doorsteps.com and move.com. CoStar Group's websites attracted an average of over 33 million unique monthly visitors in aggregate in the first quarter of 2017. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of approximately 3,200 worldwide, including the industry's largest professional research organization. For more information, visit 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 price growth and pace of growth, transaction volume, and demand for development sites; and the risk that transaction activity will not continue at the levels or continue to moderate as indicated in this release. 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, 2016, and CoStar's Quarterly Report on Form 10-Q for the period ended March 31, 2017, each of which is filed with the SEC, including in the "Risk Factors" section of those filings, 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.