

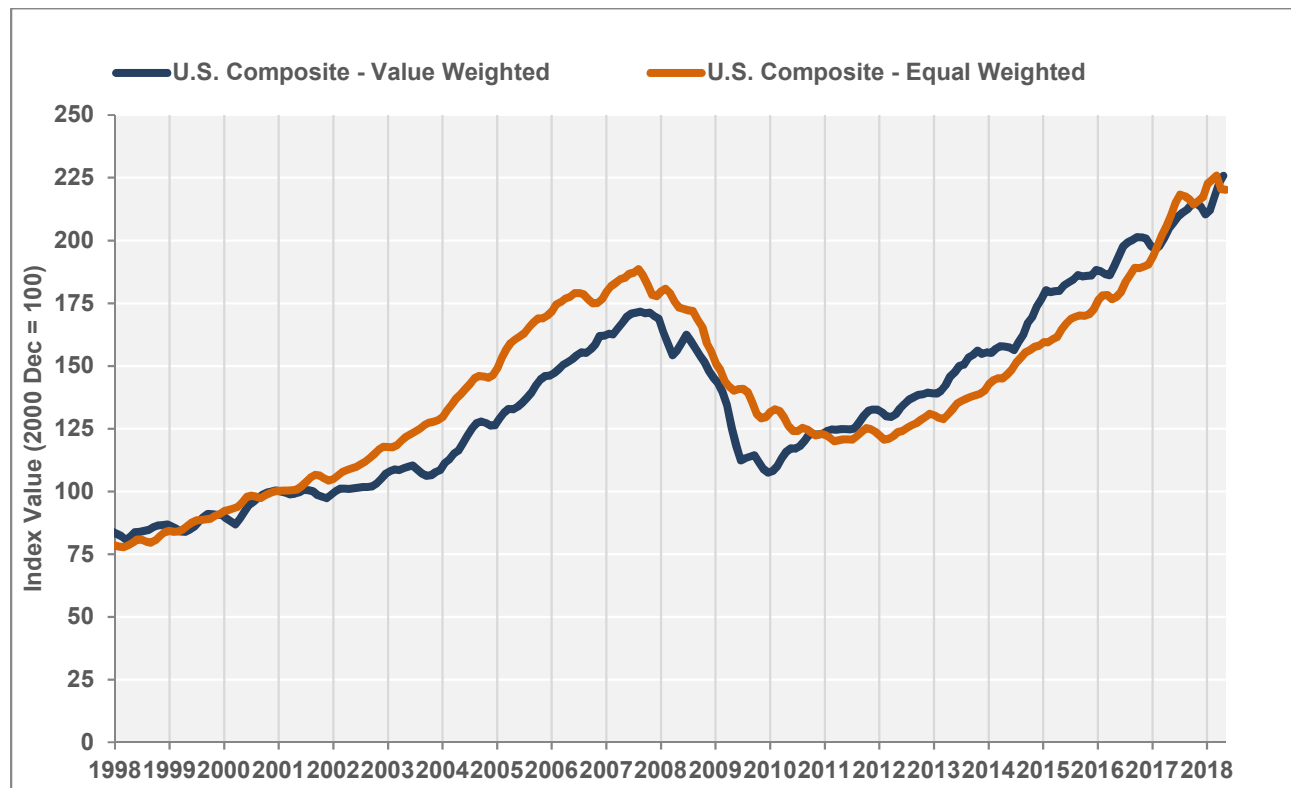
CCRSI RELEASE – JUNE 2018 (With data through May 2018)

## **COSTAR COMPOSITE PRICE INDICES SHOW LITTLE CHANGE AS SALES MARKET REMAINS IN EQUILIBRIUM**

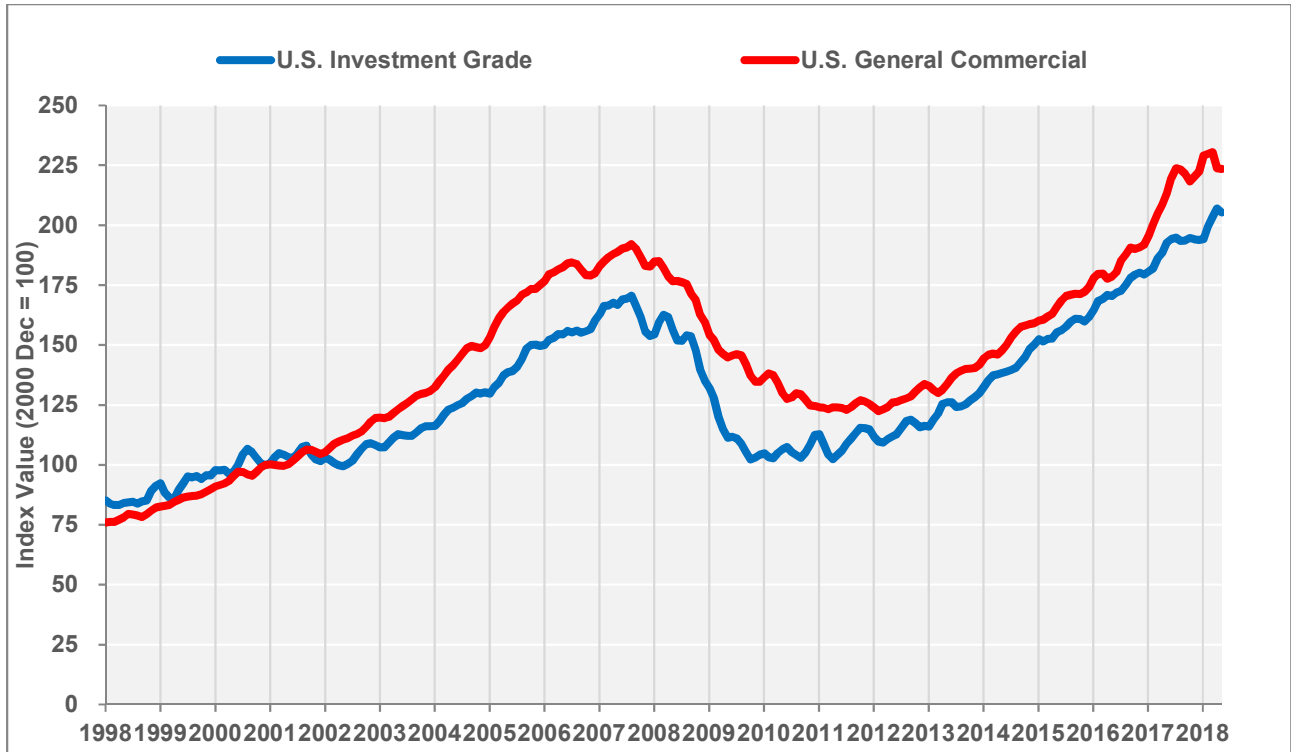
COMMERCIAL REAL ESTATE ABSORPTION, TRANSACTION VOLUME MODERATING AS CYCLE MATURES

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through May 2018. Based on 1,194 repeat sale pairs in May 2018 and more than 193,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

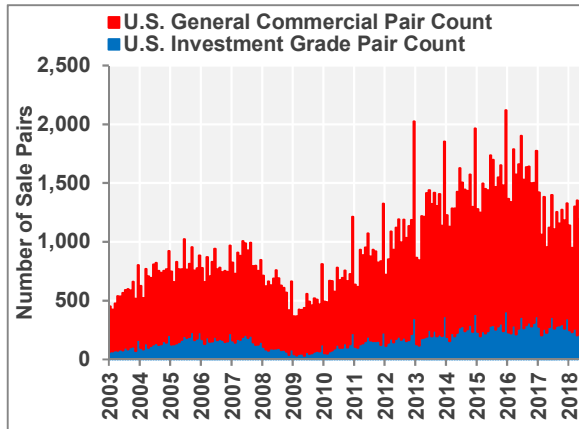
### **U.S. Composite Indices: Equal- And Value-Weighted, Data Through May 2018**



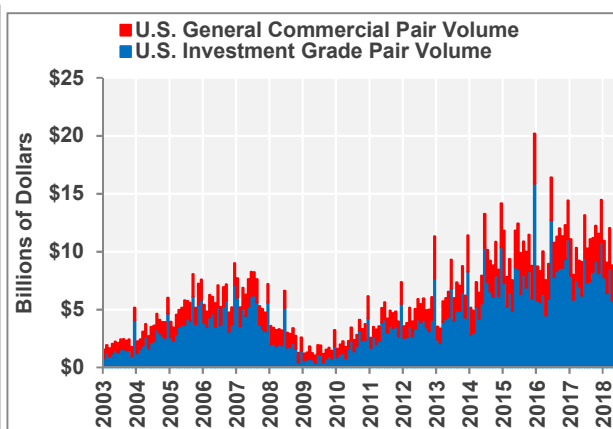
## U.S. Equal-Weighted Indices By Market Segment, Data Through May 2018



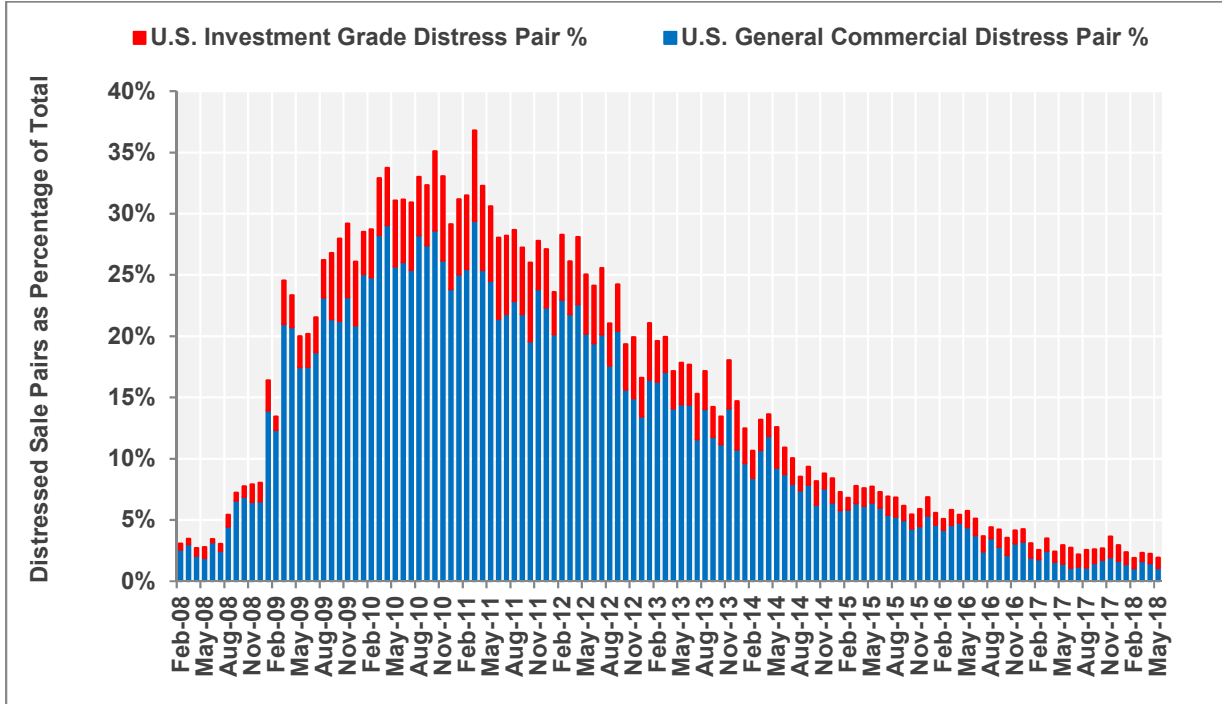
## U.S. Pair Count, Data Through May 2018



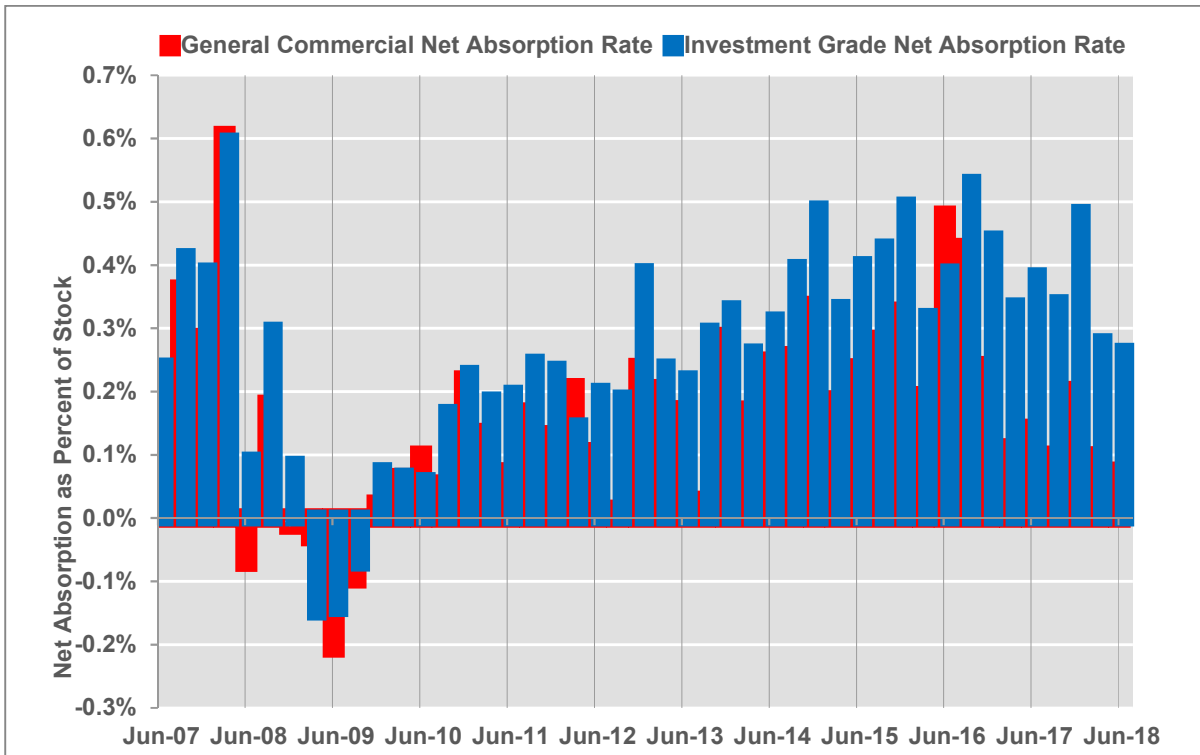
## U.S. Pair Volume, Data Through May 2018



## U.S. Distress Sale Pairs Percentage, Data Through May 2018



## Market Fundamentals, Data Through June 2018



## CCRSI National Results Highlights

- **COMPOSITE PRICE INDICES SHOWED LITTLE CHANGE IN MAY.** The equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, was essentially flat in the month of May 2018 although it posted a 4.8% increase over the 12-month period ended in May 2018. Meanwhile, the value-weighted U.S. Composite Index, which reflects the larger-asset sales common in core markets, increased 1.4% in the month of May 2018, while posting an annual gain of 10.4% in the 12-month period ended in May 2018.
- **PACE OF SPACE ABSORPTION SLOWING AS CYCLE MATURES.** Demonstrating the overall demand for commercial property space, net absorption across the three major property types—office, retail, and industrial—is projected to total nearly 523 million square feet for the 12-month period ended in June 2018, down nearly 27% from the prior 12-month period ended in June 2017. This slowdown in leasing activity is expected as the commercial real estate cycle matures.
- **TRANSACTION VOLUME MODERATED IN INVESTMENT-GRADE SEGMENT.** Composite pair volume declined in the 12-month period ended in May 2018 to \$133.9 billion, a decrease of 1.7% from the prior 12-month period ended in May 2017. The slowdown in property sales during the 12-month period ended in May 2018 was due to declines in the investment-grade segment of the market. Transaction volume was down 5.3% in the investment-grade segment, which offset the 8.7% increase in the general commercial segment, during the 12 months ended in May 2018.

## Monthly CCRSI Results, Data Through May 2018

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
<b>Value-Weighted U.S. Composite Index</b>	1.4%	6.4%	10.4%	109.9% <sup>1</sup>
<b>Equal-Weighted U.S. Composite Index</b>	-0.1%	-1.7%	4.8%	83.5% <sup>2</sup>
<b>U.S. Investment-Grade Index</b>	-0.8%	3.0%	6.5%	99.9% <sup>3</sup>
<b>U.S. General Commercial Index</b>	-0.1%	-2.7%	4.8%	81.4% <sup>4</sup>

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

## Market Fundamentals Data Through June 2018

	Annual Net Absorption (in millions of square feet)			
	2015Q2	2016Q2	2017Q2	2018Q2
<b>Aggregate</b>	701.9	770.8	717.7	522.8
<b>Investment Grade</b>	483.2	493.6	517.6	419.8
<b>General Commercial</b>	218.7	277.2	200.1	103.0

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 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

			Industrial, Retail	
	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, 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 over 5 million monthly unique visitors per month. 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. CoStar Group's websites attracted an average of approximately 38 million unique monthly visitors in aggregate in the first quarter of 2018. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of over 4,100 worldwide, including the industry's largest professional research organization. For more information, visit [www.costargroup.com](http://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 transaction volume, net absorption and real estate cycle maturity; and the risk that net absorption across the three

major property types for the 12-month period ended in June 2018 is not as projected in this release. More information about potential factors that could cause actual results to differ materially from those discussed 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, 2017, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, each of which is filed with the SEC, including in the "Risk Factors" section of those filings, as well as the company's other filings with the SEC available at the SEC's website ([www.sec.gov](http://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 such statements, whether as a result of new information, future events or otherwise.