

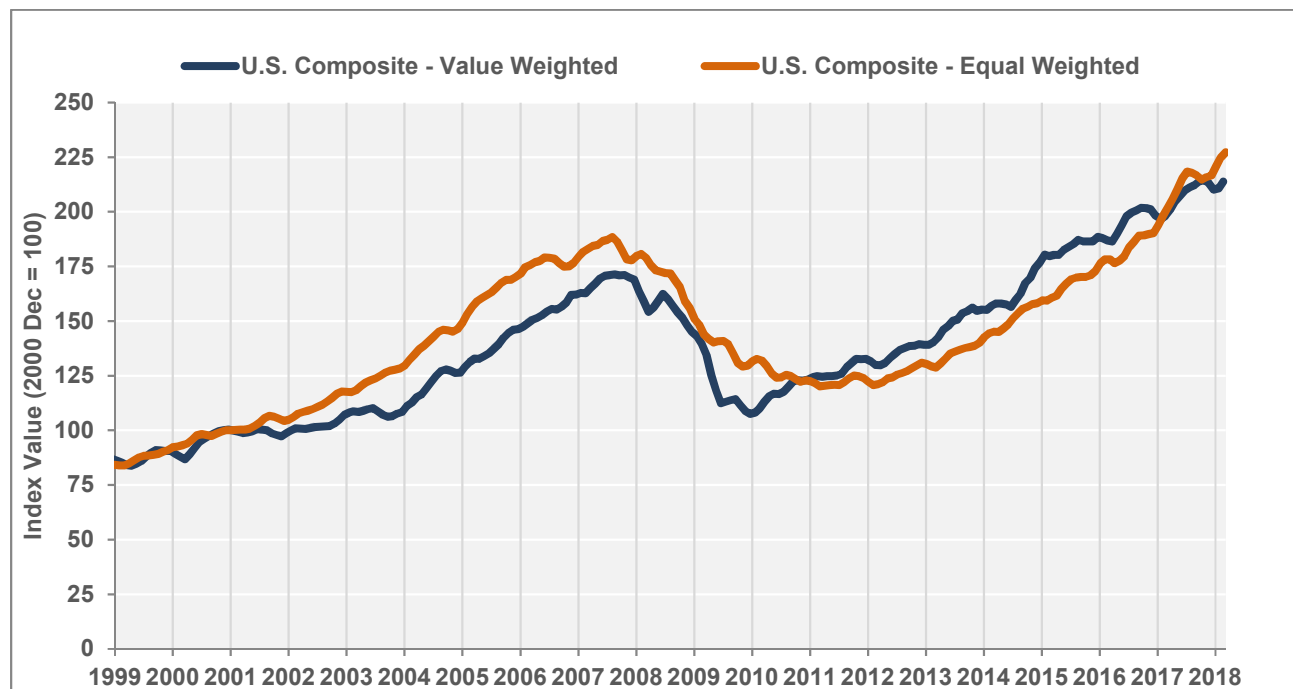
CCRSI RELEASE – APRIL 2018
(With data through MARCH 2018)

TRENDS IN LATEST COSTAR COMPOSITE PRICE INDEX HOLD STEADY AS PROPERTY PRICES CONTINUE UPWARD CLIMB IN FIRST QUARTER 2018

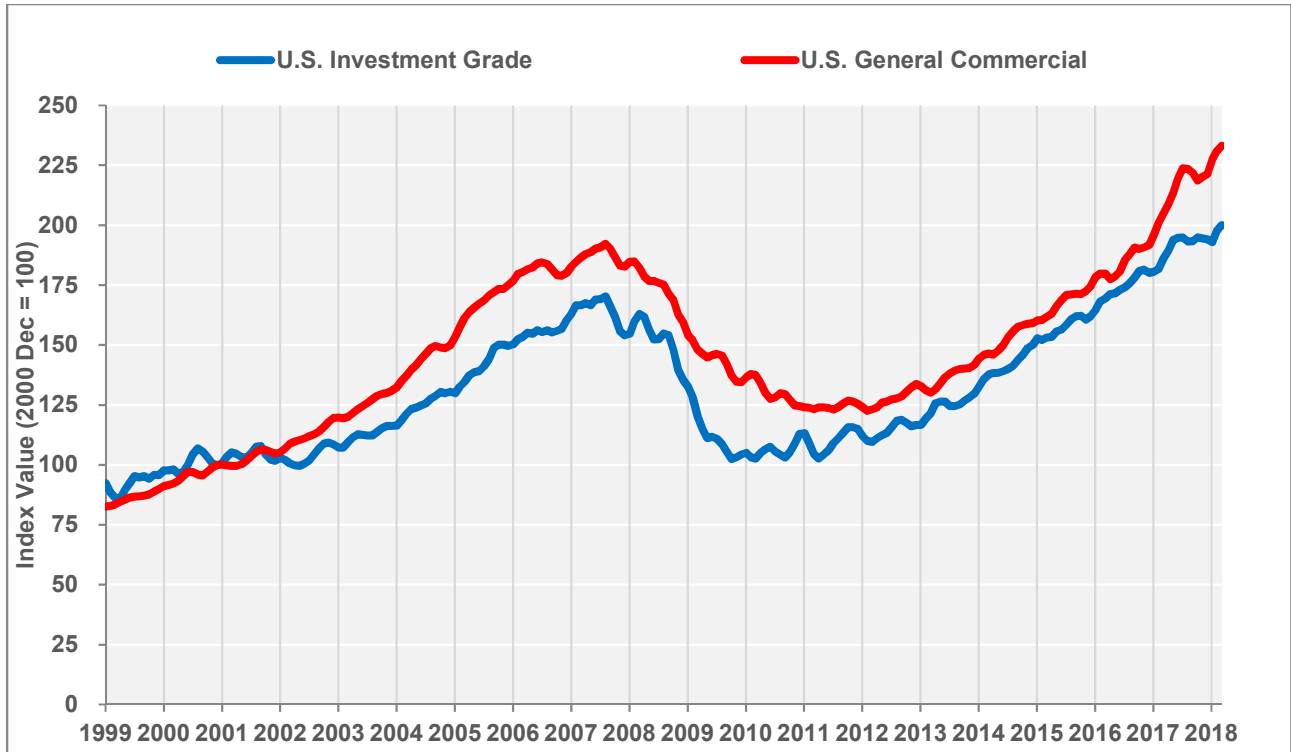
*PRICE GAINS SEEN ACROSS ALL REGIONS AND PROPERTY TYPES, BUT GROWTH
RATE SLOWS FROM PREVIOUS YEAR*

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through March 2018. Based on 1,154 repeat sale pairs in March 2018 and more than 190,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

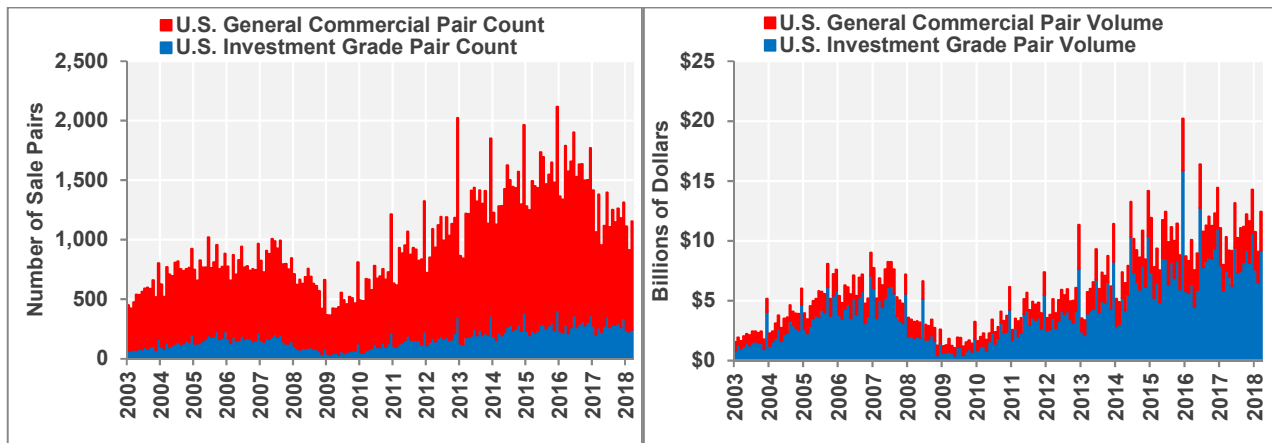
U.S. Composite Indices: Equal- And Value-Weighted, Data Through March 2018



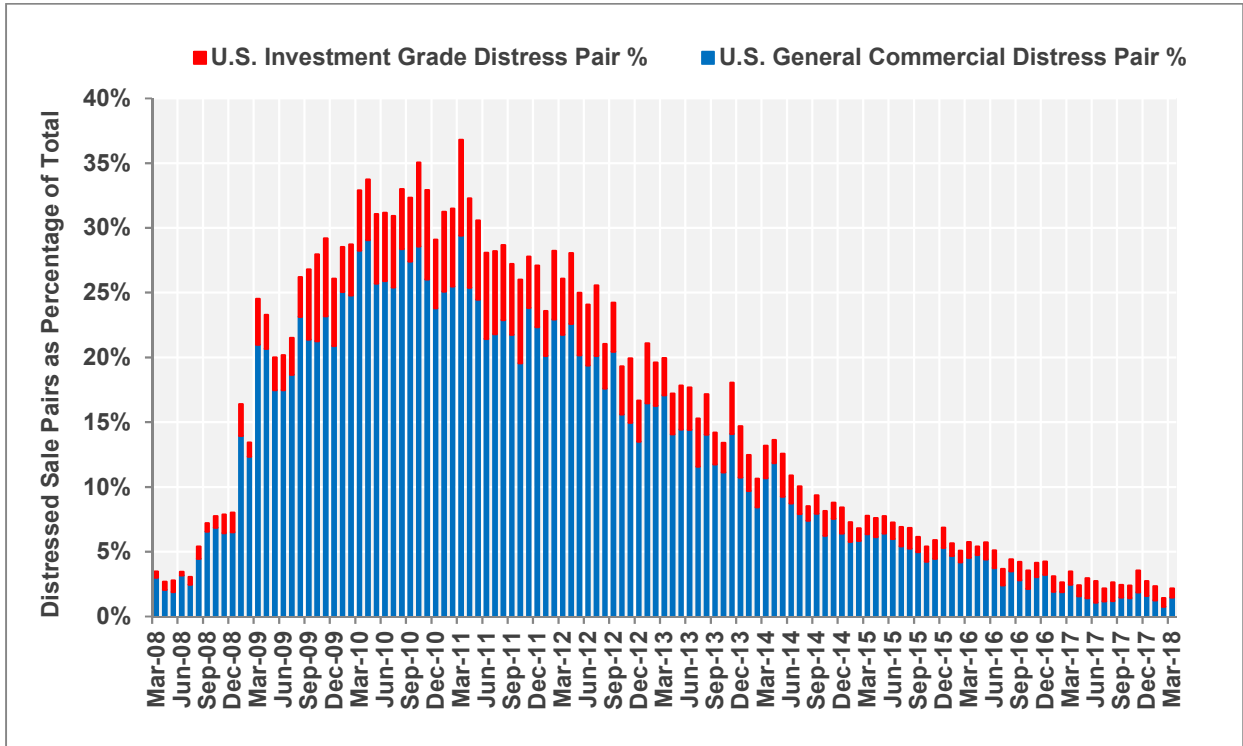
U.S. Equal-Weighted Indices By Market Segment, Data Through March 2018



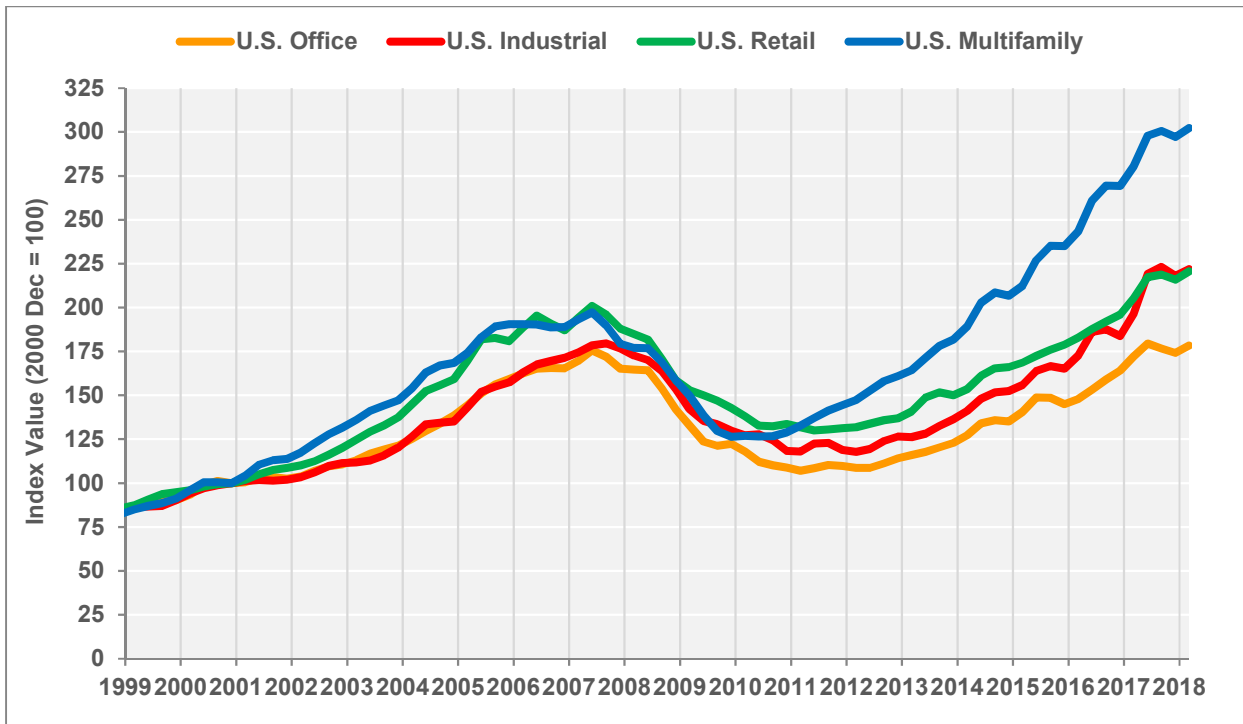
U.S. Pair Count, Data Through March 2018 U.S. Pair Volume, Data Through March 2018



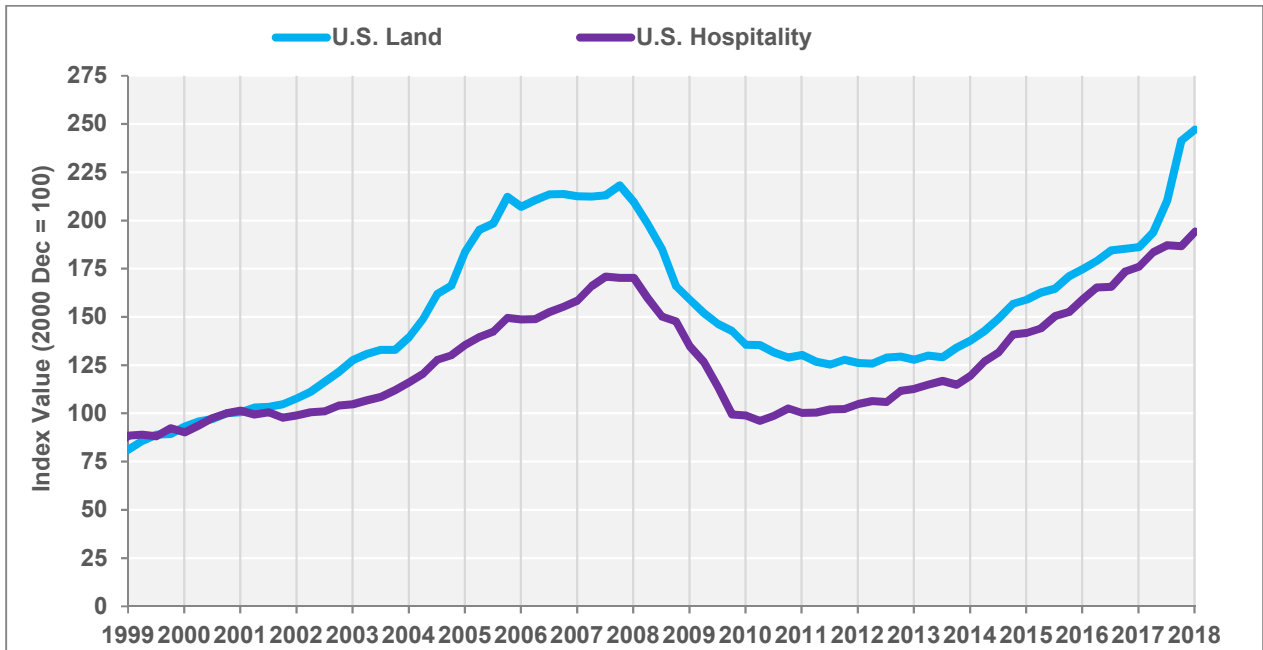
U.S. Distress Sale Pairs Percentage, Data Through March 2018



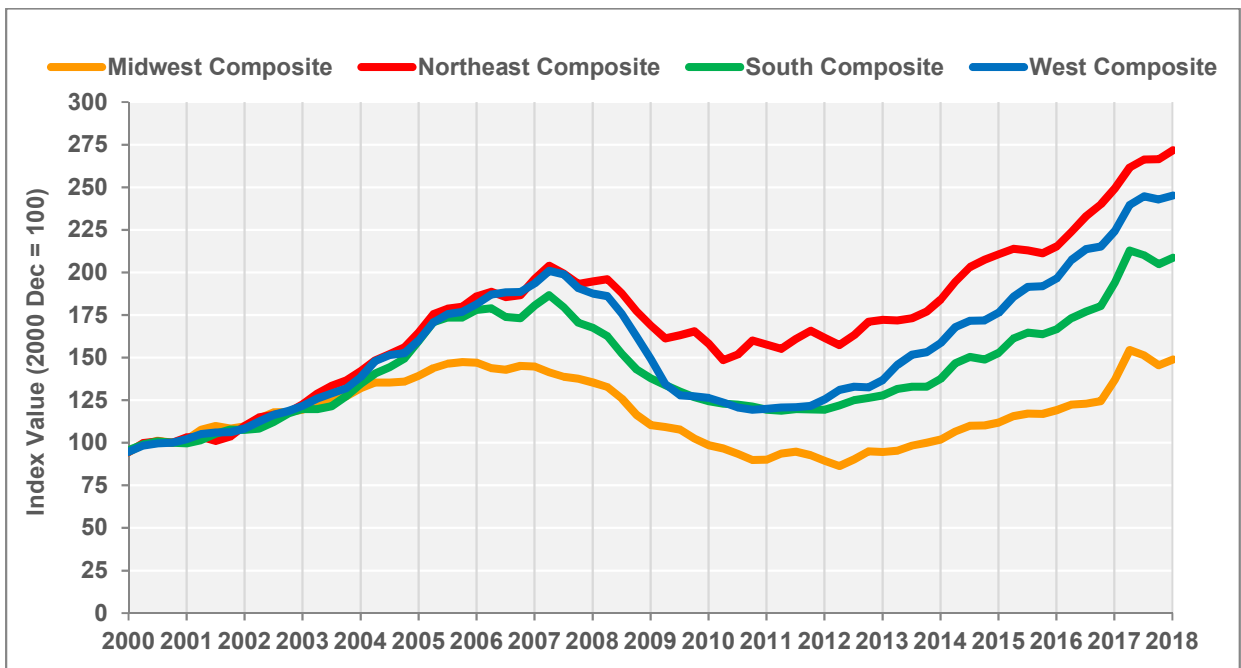
U.S. Primary Property Type Quarterly Indices – Equal-Weighted Data Through March 2018



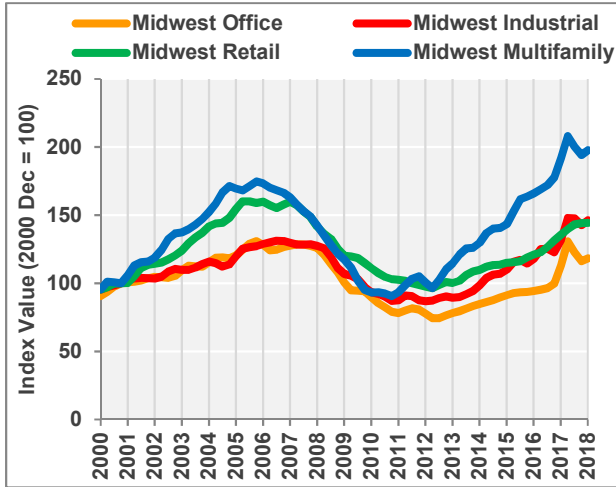
U.S. Land And Hospitality Quarterly Indices – Equal-Weighted Data Through March 2018



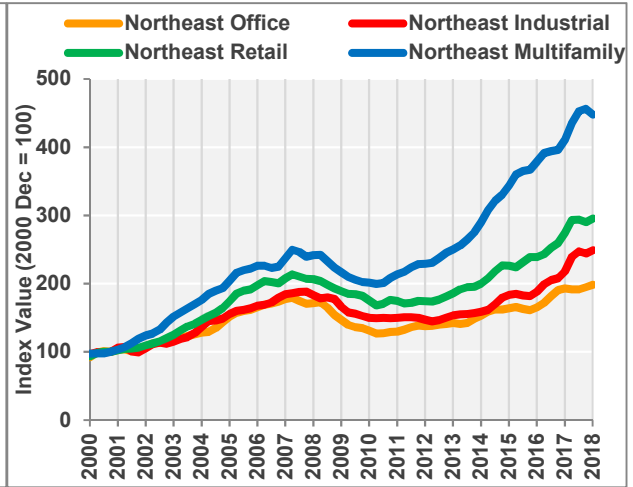
U.S. Regional Type Quarterly Indices – Equal-Weighted Data Through March 2018



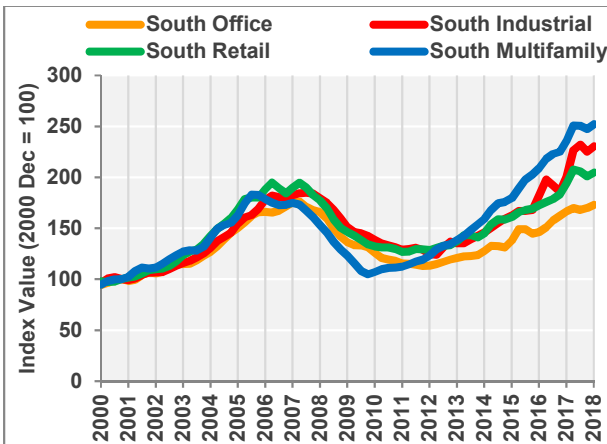
U.S. Midwest Property Type Quarterly Indices Equal-Weighted, Data Through March 2018



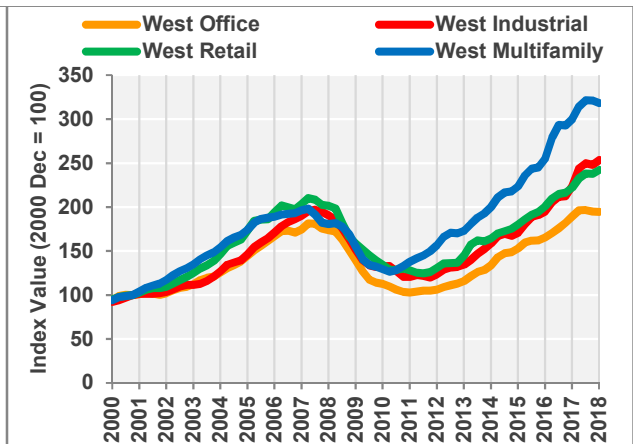
U.S. Northeast Property Type Quarterly Indices Equal-Weighted, Data Through March 2018



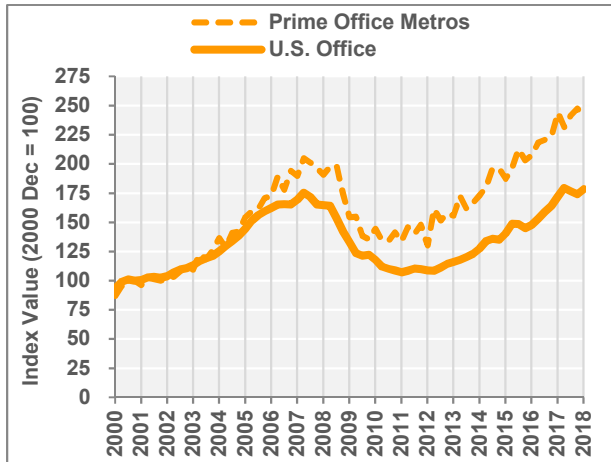
U.S. South Property Type Quarterly Indices Equal-Weighted, Data Through March 2018



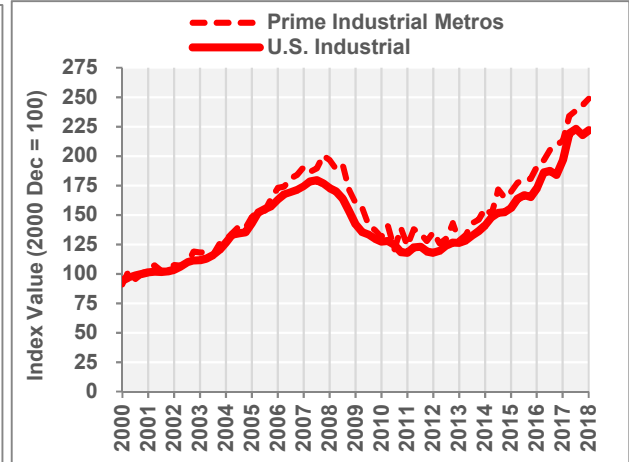
U.S. West Property Type Quarterly Indices Equal-Weighted, Data Through March 2018



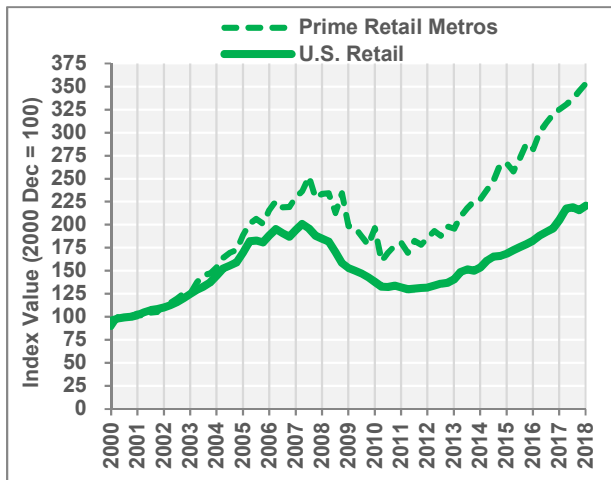
Prime Office Markets Quarterly Indices
Equal-Weighted, Data Through March 2018



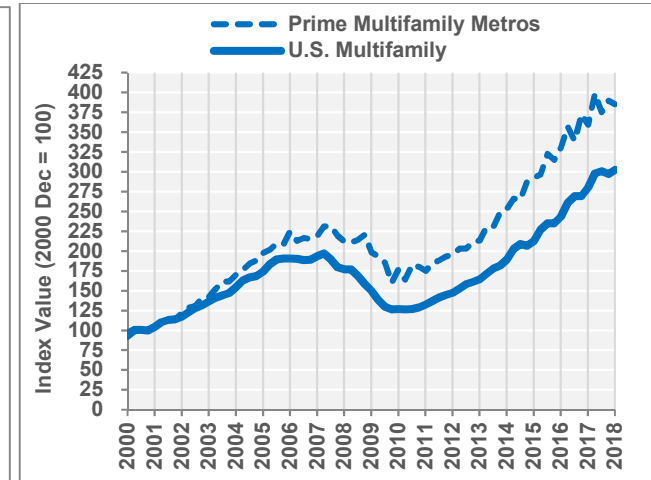
Prime Industrial Markets Quarterly Indices
Equal-Weighted, Data Through March 2018



Prime Retail Markets Quarterly Indices
Equal-Weighted, Data Through March 2018



Prime Multifamily Markets Quarterly Indices
Equal-Weighted, Data Through March 2018



CCRSI National Results Highlights

- **COMPOSITE PRICE INDICES HELD STEADY THROUGH FIRST QUARTER OF 2018.** The value-weighted U.S. Composite Index, which reflects the larger asset sales common in core markets, rose a scant 0.3% in the first quarter of 2018, contributing to a growth rate of 7.9% for the 12-month period ended in March 2018. Meanwhile the equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, increased by a robust 4.9% in the first quarter of 2018 and 12.4% in the 12-month period ended in March 2018. While both composite price indices posted positive growth on a year-over-year basis, the recent stronger momentum in the equal-weighted index reflects a maturing cycle for CRE, especially of the high-value properties in core markets that initially led the recovery in commercial property pricing.
- **MODERATE PRICE GAINS SEEN ACROSS ALL REGIONS AND PROPERTY TYPES BUT GROWTH RATE SLOWS FROM PREVIOUS YEAR.** While all property type and regional indices posted positive growth in the 12-month period ended in March 2018, the rate of growth decelerated across the board from the previous 12-month period ended in March 2017, when the vast majority of these indices posted double-digit growth. A maturing real estate cycle and the expectation of rising interest rates may be contributing factors to slower price growth.
- **INDUSTRIAL SECTOR LED GROWTH AMONG MAJOR PROPERTY TYPE INDICES THROUGH FIRST QUARTER of 2018.** Market fundamentals remain healthy in the industrial property sector with vacancy rates at a cyclical low of 5%, even amid an uptick in construction, and rent growth of 5.6% in the 12-month period ended in March 2018. Pricing in the Industrial Index advanced 1.8% in the first quarter of 2018 and 13% in the 12-month period ended in March 2018, the only major property type to tally double-digit annual growth in this period.
- **SALES VOLUME STRONGER IN GENERAL COMMERCIAL SEGMENT.** Overall transaction volume maintained a steady pace during the first quarter of 2018. Composite pair volume of \$134.4 billion in the 12-month period ended in March 2018 was on par with sales volume in the 12-month period ended in March 2017. However, momentum shifted towards the General Commercial segment in the last 12 months. Composite pair volume in the General Commercial segment rose 3%, while it fell 1% in the Investment-Grade segment, in the 12-month period ended in March 2018 over the previous 12-month period ended in March 2017.

Monthly CCRSI Results, Data Through March 2018

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	1.4%	0.3%	7.9%	99.0% ¹
Equal-Weighted U.S. Composite Index	1.1%	4.9%	12.4%	89.2% ²
U.S. Investment-Grade Index	1.2%	3.1%	7.4%	94.8% ³
U.S. General Commercial Index	1.0%	5.3%	13.8%	89.3% 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

- ALL FOUR MAJOR PROPERTY TYPE PRICE INDICES POST MODERATE BUT SLOWER GROWTH. The four major property types posted price growth of nearly 2% on average during the first quarter of 2018 and nearly 8% on average during the 12-month period ended in March 2018. While still solid growth, this is down from double-digit growth across the property sectors in the 12-month period ended in March 2017. The prime markets indices within each property sector, which are dominated by the large, core, coastal metros, generally have increased at a slower pace than the national property type indices, suggesting that pricing momentum is stronger in lower-priced properties outside of core markets.
- INDUSTRIAL INDEX SURGED AHEAD OF OTHER MAJOR PROPERTY TYPE INDICES. The U.S. Industrial index expanded 1.8% in the first quarter of 2018 and 13% in the 12-month period ended in March 2018, the strongest annual rate among the four major property types. Industrial market fundamentals remain healthy with vacancy rates at a cyclical low of 5%, even amid an uptick in construction, and rent growth of 5.6% in the 12-month period ended in March 2018. The U.S. Industrial index ended the first quarter of 2018 23.5% above its previous high level in 2007. Notably, the Prime Industrial Metros index increased 16.8% in the 12-month period ended in March 2018 and is now 24.1% above 2007 levels.
- U.S. MULTIFAMILY INDEX POSTED SECOND-STRONGEST GROWTH RATE IN LAST 12 MONTHS. Market fundamentals also remained solid in the multifamily sector, marked by steady rent growth and high occupancy with low volatility. The U.S. Multifamily index advanced 1.7% in the first quarter of 2018 and 7.8% in the 12-month period ended in March 2018. The Prime Multifamily Metros index, which was already nearly 70% above its prerecession peak, decreased 1.1% in the first quarter of 2018, although it was still up 7.3% in the 12-month period ended in March 2018.

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- **U.S. RETAIL INDEX GROWTH REMAINED MODERATE.** The U.S. Retail index rose 2.2% in the first quarter of 2018 and 7.5% in the 12-month period ended in March 2018. While retail closures have taken a bite out of comparable store sales, retailers are disproportionately targeting their less-productive locations for closure, while demand for strong locations remained robust. The Prime Retail Metros Index advanced by a modestly stronger 8.7% in the 12-month period ended in March 2018.
- **OFFICE INDEX GROWTH TICKED UP IN FIRST QUARTER.** After a slowdown in 2017, the U.S. Office index started 2018 on a stronger note, increasing 2.5% in the first quarter of 2018, which contributed to a gain of 3.7% for the 12-month period ended in March 2018. Pricing remained weak at the top end of the market, however, as the Prime Office Metros index fell 1.1% in the 12-month period ended in March 2018.
- **GROWTH IN U.S. HOSPITALITY HOLDS STEADY.** The U.S. Hospitality index was up 4% in the first quarter of 2018 and 10.4% in the 12-month period ended in March 2018, which is on pace with average annual gains of nearly 11% in 2015 to 2016 before softening in 2017. National hotel occupancies remain elevated, which has supported continued room rate and RevPAR growth as well as investor demand.
- **STRONG DEMAND FOR DEVELOPMENT SITES BOOST U.S. LAND INDEX.** The U.S. Land index advanced 2.4% in the first quarter of 2018 and increased more than 30% in the 12-month period ended in March 2018. Healthy demand for development sites has propelled growth in the Land Index this cycle. However, that growth has been volatile. The Land Index did not reach its trough until very late in the cycle in 2012 and did not regain its prerecession peak until 2017.

Quarterly CCRSI Regional Results

- **WEST LED PRICING GROWTH AMONG FOUR REGIONAL INDICES.** The West Composite Index advanced 9.2% in the 12-month period ended in March 2018. The West Industrial Index has been the engine of growth in this region, expanding by 13.1% in the same period, the only property-type index in the region to reach a double-digit pace of growth in the last year.
- **NORTHEAST REGIONAL INDEX ALSO POSTED SOLID GROWTH.** The Northeast's strong concentration of top-tier markets, which have been a magnet for investment since early in the current cycle, has helped push all four regional indices past prior peak levels to new historical highs. The Northeast Composite Index maintained a 9% growth rate in the 12-month period ended in March 2018, although this was a

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deceleration from its 15.8% growth rate in the 12-month period ended in March 2017. The Northeast Industrial index was the best performer in the region, expanding by 14.3% in the 12-month period ended in March 2018, while the Northeast Office Index had the slowest growth in the last 12 months, expanding by just 2.6% in the same period.

- **INDUSTRIAL AND MULTIFAMILY INDICES BOOSTED GROWTH IN SOUTH REGION.** The South Composite index advanced 7.4% in the 12-month period ended in March 2018. The South Industrial index led pricing growth in the region, expanding 14.8%, while the South Multifamily index grew by 6.8%, in the 12-month period ended in March 2018. The South Office index was the weakest performer, increasing by just 3.8% in the 12-month period ended in March 2018.
- **MIDWEST REGIONAL INDEX CONTINUED TO POST STEADY GAINS.** Lacking a concentration of core markets to lead the recovery, the Midwest Index lagged behind the other regional indices throughout the last cycle. However, as the breadth of the recovery extended to more markets and property types, the Midwest Composite index finally surpassed its prerecession peak level in 2017. The Midwest Composite index advanced 8.6% in the 12-month period ended in March 2018, with the strongest growth coming from the Midwest Industrial index, which increased 11.1% in the same period.

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 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.

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, including 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 commercial real estate fundamentals, transaction volume, price growth, demand, hotel occupancies, hotel room rate and RevPAR growth, and real estate cycles. 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, 2017, and CoStar's 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 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.