

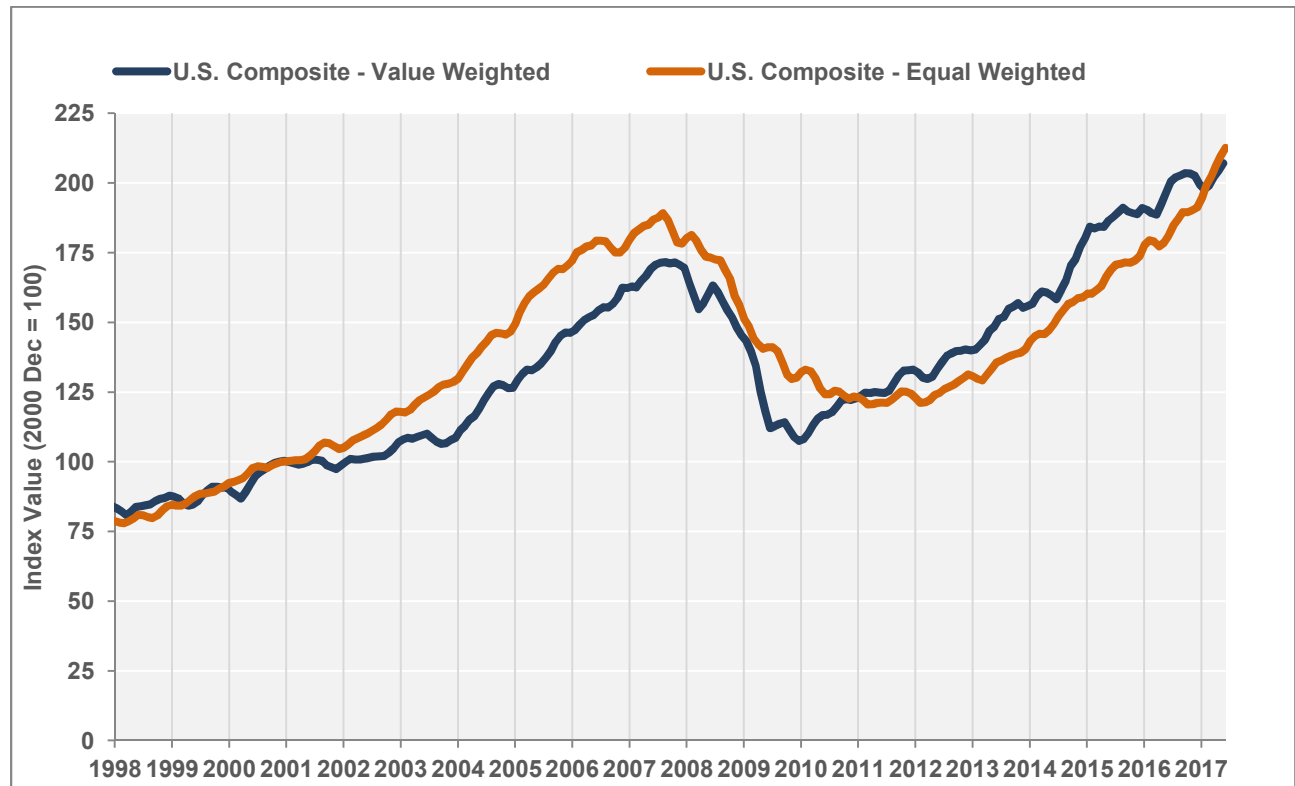
CCRSI RELEASE – JULY 2017
(With data through JUNE 2017)

COSTAR COMPOSITE PRICE INDICES HOLD STEADY AS PROPERTY PRICES CONTINUE UPWARD CLIMB IN SECOND QUARTER

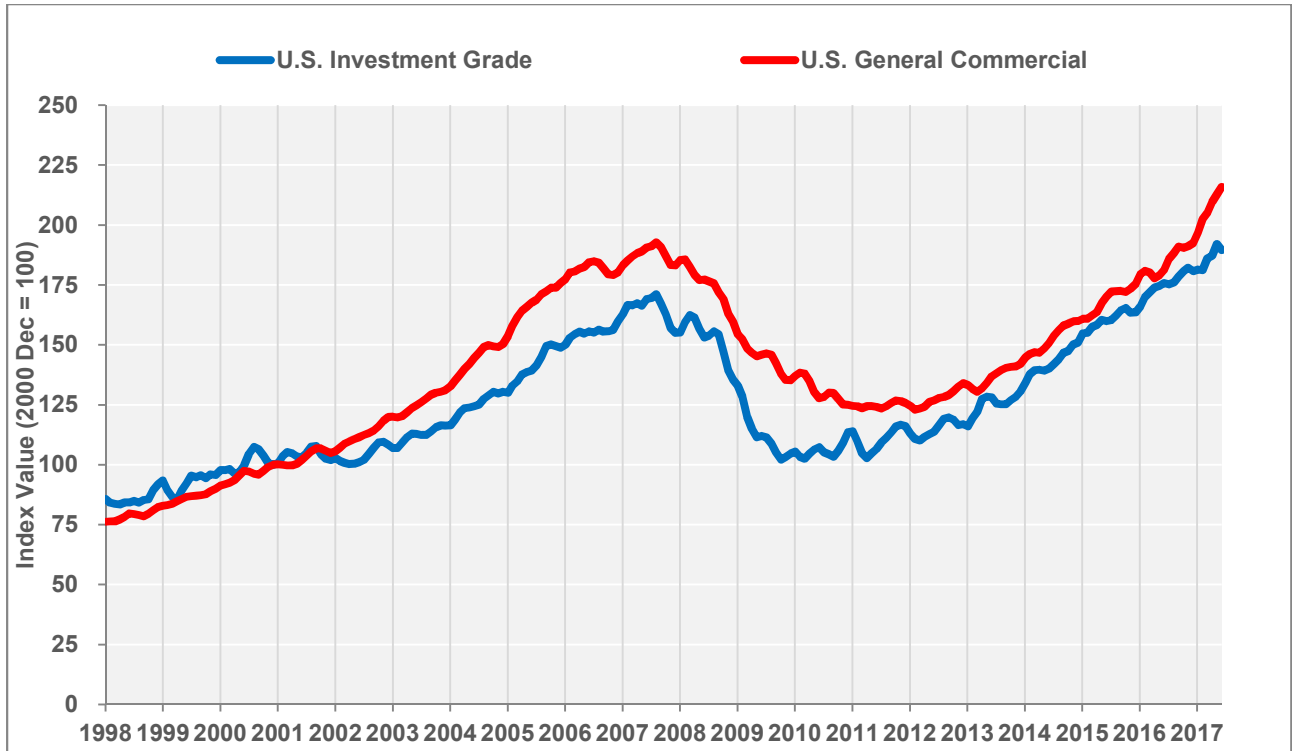
OFFICE PRICE INDEX BOOSTS GROWTH ACROSS ALL FOUR REGIONS

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through June 2017. Based on 1,104 repeat sale pairs in June 2017 and more than 179,000 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 June 2017

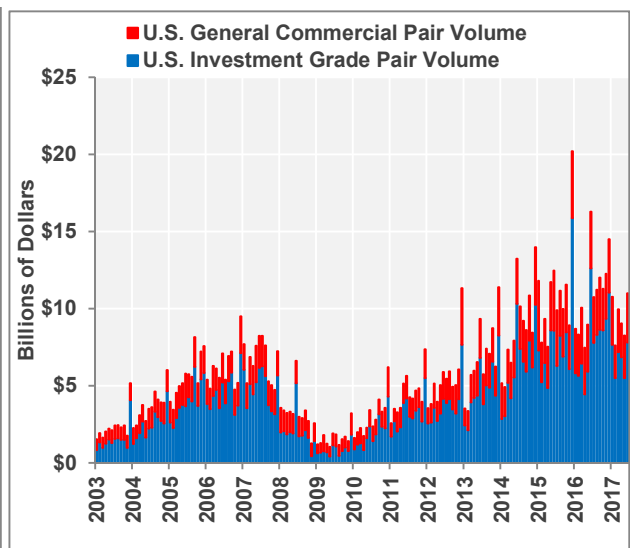
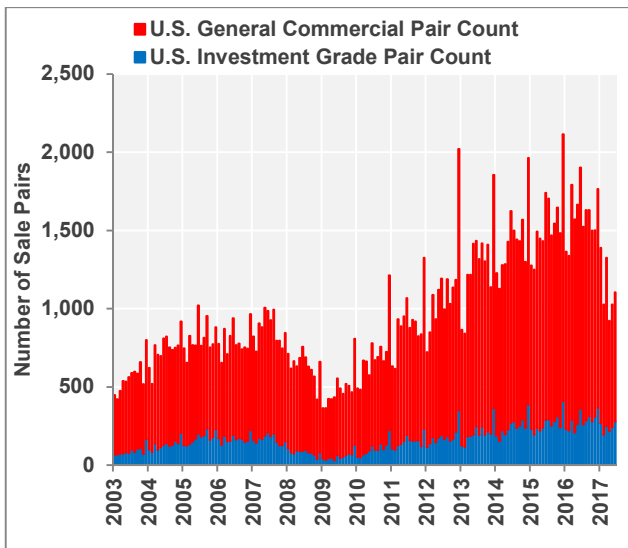


U.S. Equal-Weighted Indices By Market Segment, Data Through June 2017

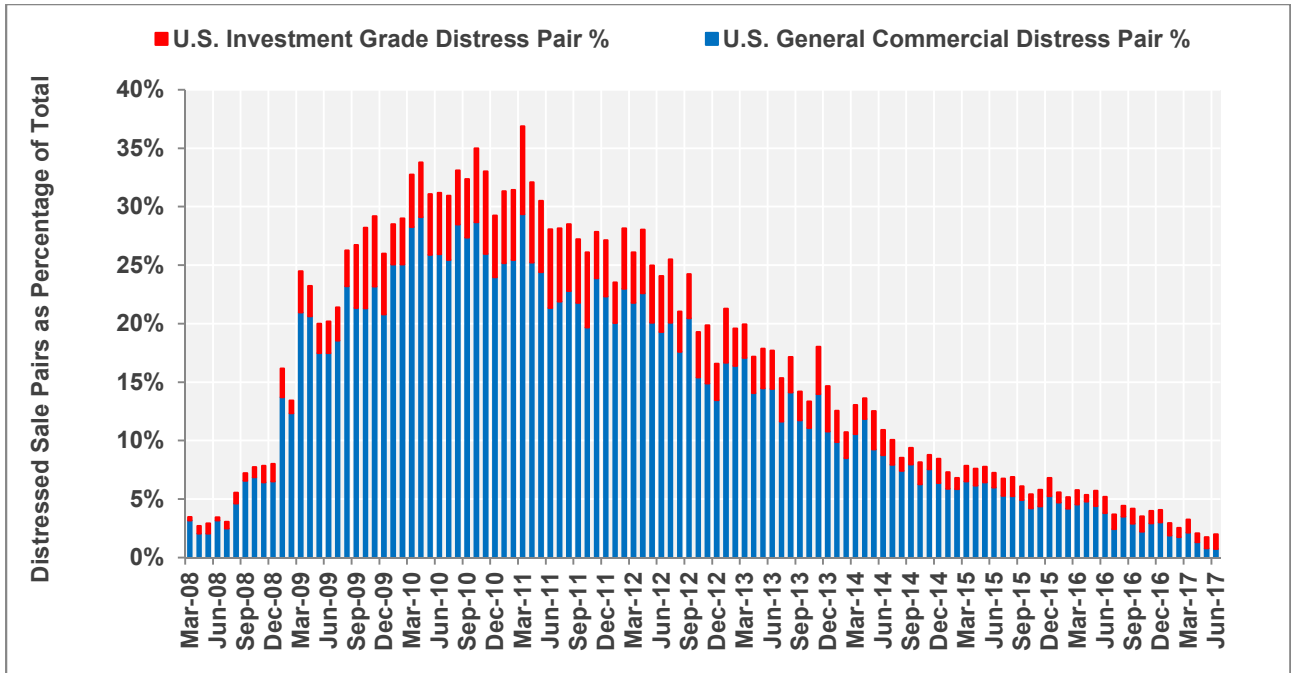


U.S. Pair Count, Data Through June 2017

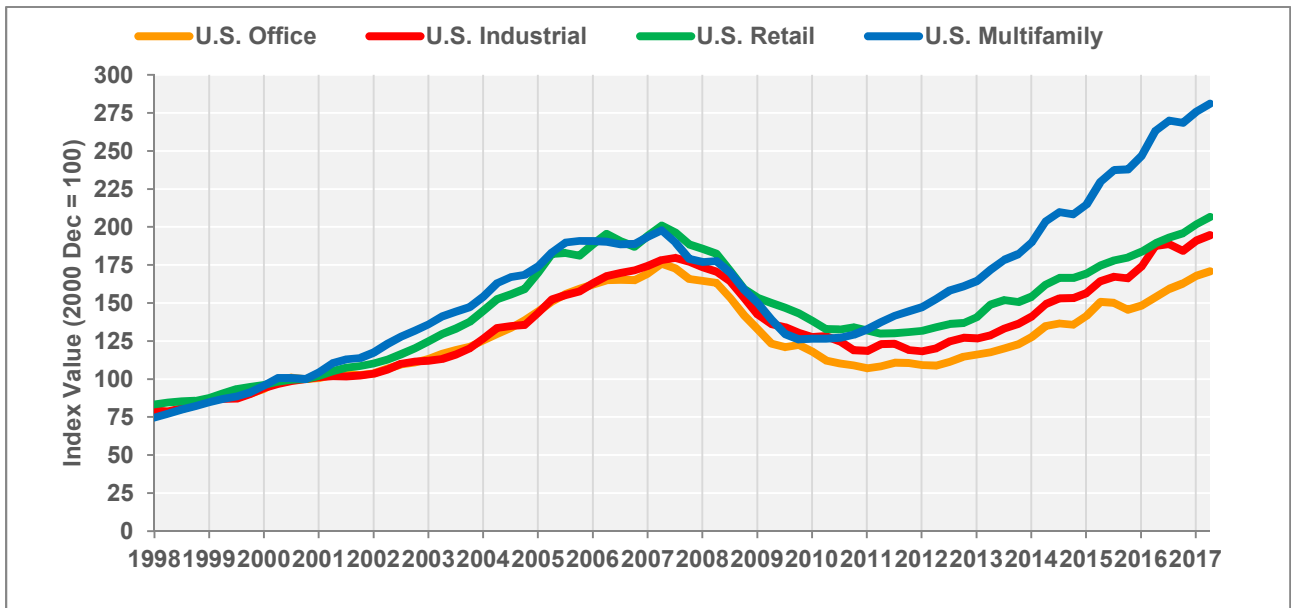
U.S. Pair Volume, Data Through June 2017



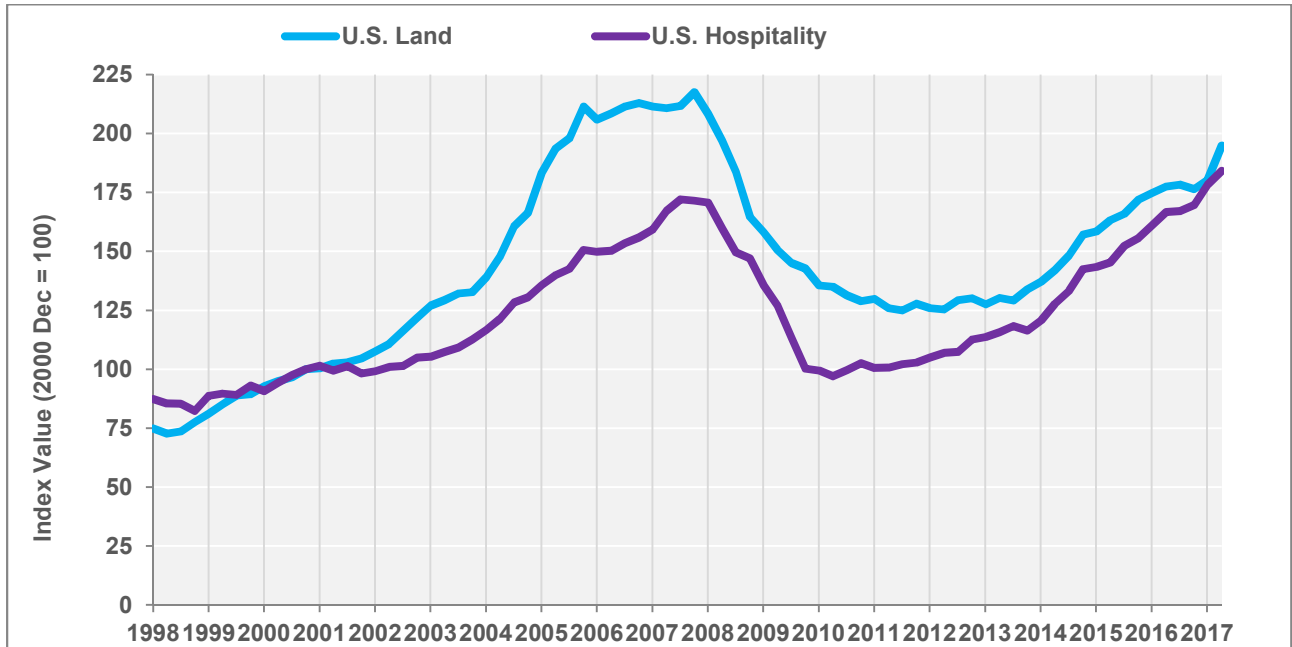
U.S. Distress Sale Pairs Percentage, Data Through June 2017



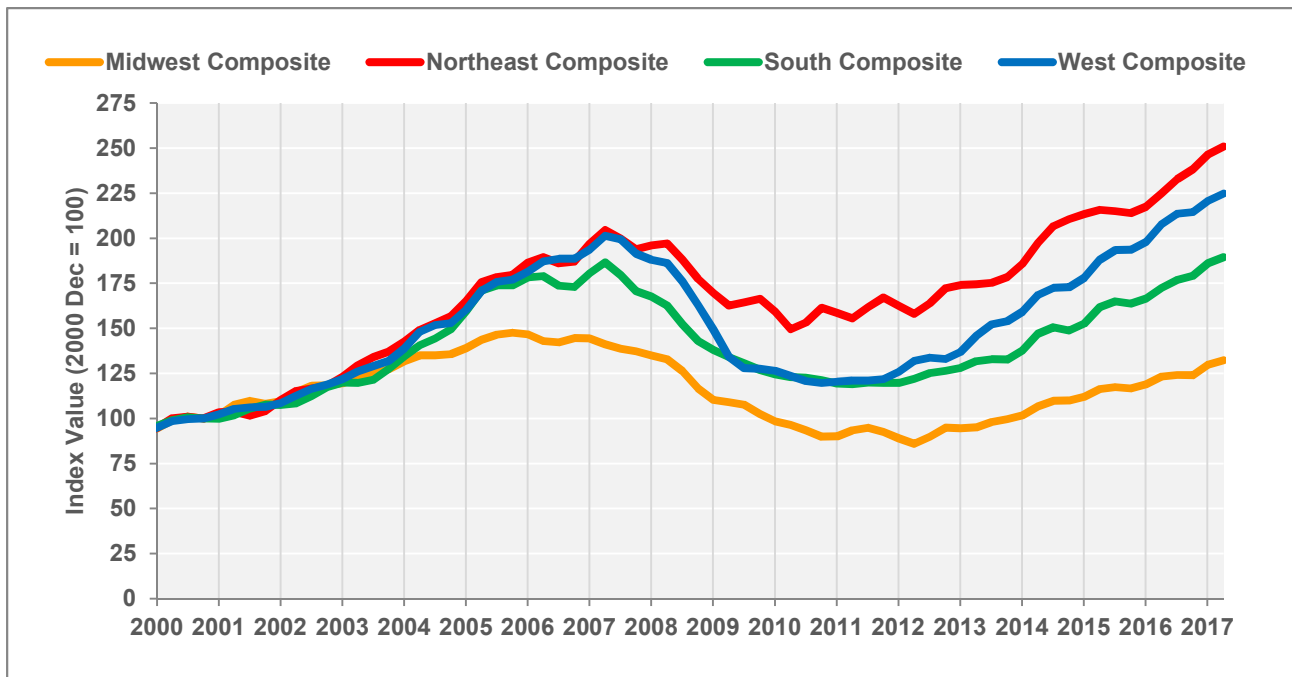
U.S. Primary Property Type Quarterly Indices—Equal-Weighted Data Through June 2017



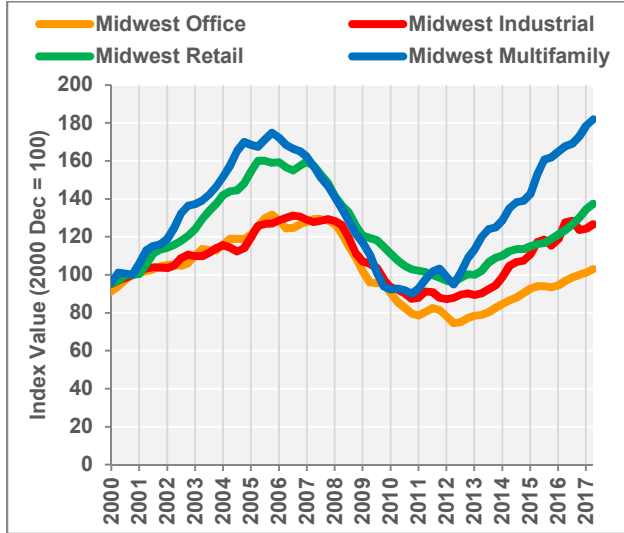
U.S. Land And Hospitality Quarterly Indices—Equal-Weighted Data Through June 2017



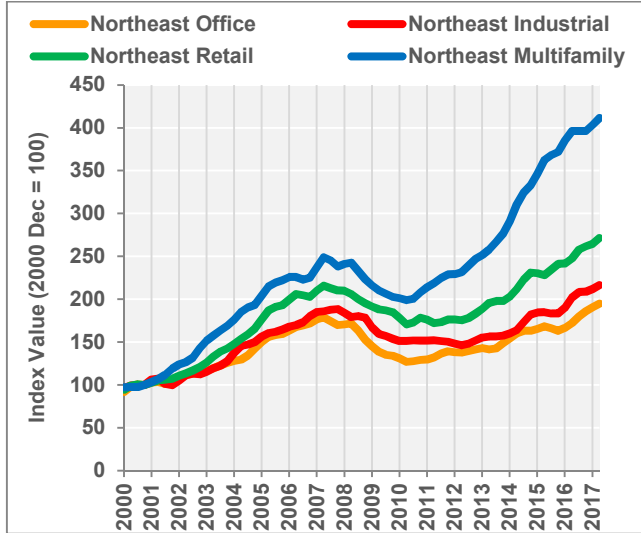
U.S. Regional Type Quarterly Indices—Equal-Weighted Data Through June 2017



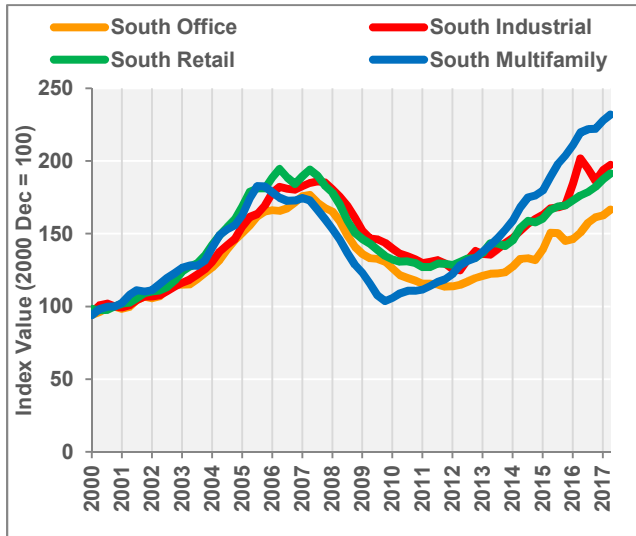
U.S. Midwest Property Type Quarterly Indices Equal-Weighted, Data Through June 2017



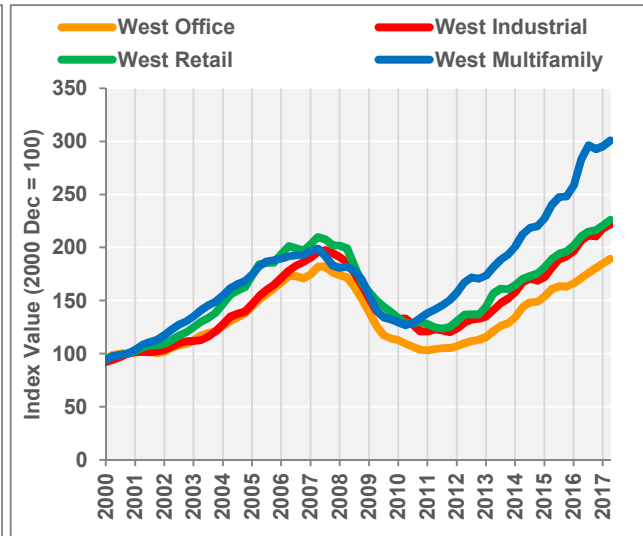
U.S. Northeast Property Type Quarterly Indices Equal-Weighted, Data Through June 2017



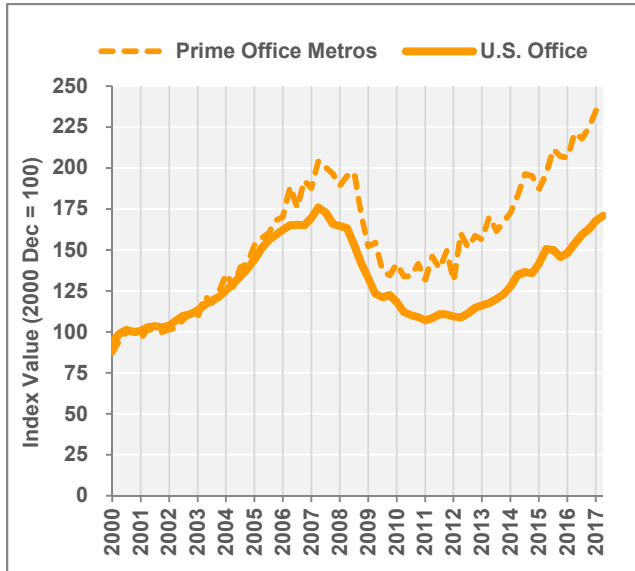
U.S. South Property Type Quarterly Indices Equal-Weighted, Data Through June 2017



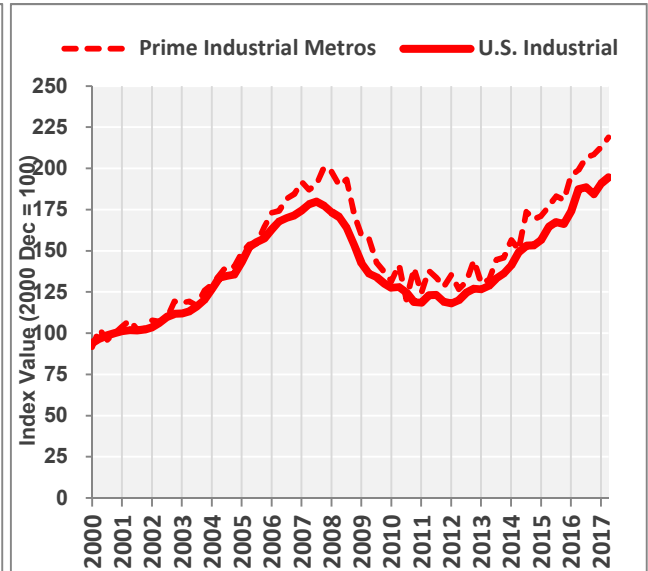
U.S. West Property Type Quarterly Indices Equal-Weighted, Data Through June 2017



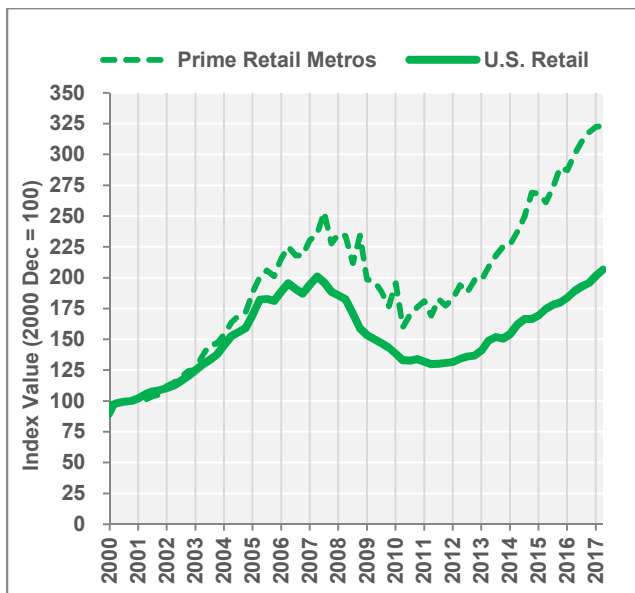
Prime Office Markets Quarterly Indices
Equal-Weighted, Data Through June 2017



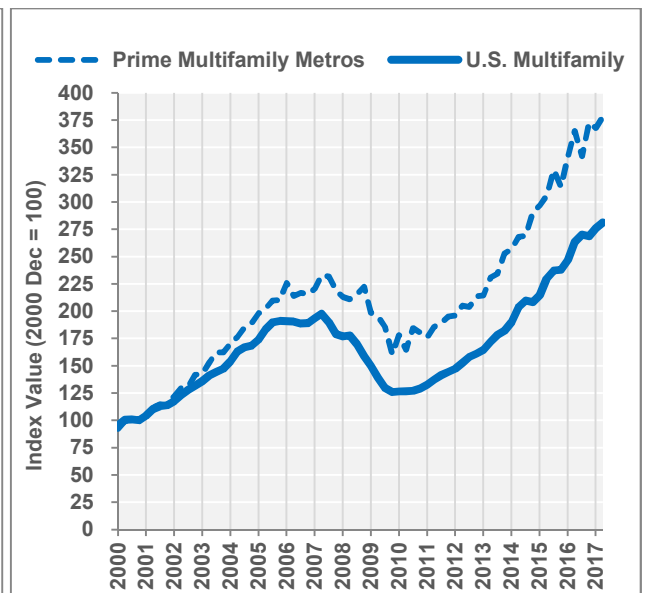
Prime Industrial Markets Quarterly Indices
Equal-Weighted, Data Through June 2017



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



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



CCRSI National Results Highlights

- **PRICE INDICES ADVANCE ACROSS THE BOARD IN SECOND QUARTER.** Both of CCRSI's two major national composite price indices posted steady gains for June 2017 and the second quarter. The equal-weighted U.S. Composite Index rose 1.4% in June 2017, contributing to a second-quarter gain of 5.0%, while the value-weighted U.S. Composite Index advanced by a similar 1.3% in June 2017, contributing to a second-quarter gain of 4.1%.
- **PRICE MOMENTUM STILL STRONGER IN LOWER END OF MARKET.** Based on steadier price growth in the second quarter of 2017, the value-weighted U.S. composite index, which reflects larger asset sales common in core markets, erased earlier year losses and has expanded by 5.4% in the 12-month period ending in June 2017. Meanwhile the equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, has moved up 17.5% in the 12-month period ending in June 2017, its strongest 12-month period on record since the index began.
- **U.S. OFFICE INDEX POSTED STRONGEST GROWTH FOR 12-MONTH PERIOD ENDING IN JUNE.** The office market's stable fundamentals over the last year have helped to support price growth of 11% in the 12-month period ending in June 2017, the only one of the four major property type indices to post double-digit growth during this period.
- **ALL FOUR REGIONAL INDICES POSTED STEADY GROWTH IN SECOND QUARTER.** Price growth of all four of the CCRSI regional indices advanced by 1.9% in the second quarter of 2017. During the 12-month period ending in June 2017, the Northeast Index had the strongest growth of 11.7%, while the South Index was up 9.9% and the West Index increased 8.2%. The Midwest Index increased 7.4% during the same period but, in contrast to the other regions, it has yet to fully recover its previous cycle high.
- **TRANSACTION VOLUME DOWN SLIGHTLY FROM YEAR-AGO LEVELS.** Composite pair volume of \$128.7 billion in the 12-month period ending in June 2017 was 2.2% lower than volume during the 12-month period ending in June 2016. This suggests that the moderation in transaction activity that began in 2016 from 2015 record levels will likely continue through 2017.

Monthly CCRSI Results, Data Through June 2017

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	1.3%	4.1%	5.4%	92.8% ¹
Equal-Weighted U.S. Composite Index	1.4%	5.0%	17.5%	76.4% ²
U.S. Investment-Grade Index	-1.4%	1.8%	7.8%	84.9% ³
U.S. General Commercial Index	1.4%	5.2%	19.0%	74.5% 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

- **SECOND QUARTER PRICING GAINS STEADY ACROSS MAJOR PROPERTY SECTORS.** All four major property-type indices in the CCRSI posted price growth of approximately 2% during the second quarter of 2017. The Prime Markets Indices within each property sector, which by definition are dominated by the large, core, coastal metros, generally have increased more slowly than the national property type indices, further suggesting that commercial property price gains have become broad-based.
- **OFFICE INDEX WAS GROWTH LEADER AMONG FOUR MAJOR PROPERTY TYPES IN 12-MONTH PERIOD ENDING IN JUNE 2017.** Office prices increased 1.8% in the second quarter of 2017 and 11% during the 12-month period ending in June 2017, as office rent growth and occupancy rates nationally remained positive. Price growth in the Prime Office Metros Index advanced by a slower 4.4% rate in the 12-month period ending in June 2017.
- **MULTIFAMILY INDEX CONTINUES TO ROLL ON WITH STEADY GAINS.** The U.S. Multifamily Index expanded 1.9% in the second quarter of 2017 and increased 6.8% in the 12-month period ending in June 2017. Apartment vacancy rates remained below 6% nationally and rent growth remained steady in the second quarter of 2017. However, The Prime Multifamily Metros Index posted more modest gains of 3.5% in the 12-month period ending in June 2017. This may indicate the concentration of luxury, urban supply underway has increased rental competition for existing institutional product in those core markets.

- **DESPITE HEADWINDS FACING RETAIL SECTOR, U.S. RETAIL INDEX POSTED MODERATE SECOND QUARTER GROWTH.** The U.S. Retail Index rose 2.4% in the second quarter of 2017 and 9.2% in the 12-month period ending in June 2017. Nationally, retailer comparable-store growth has stalled and store closures by retailers, including Kmart-Sears, Macy's and JCPenney, among others, continue to occur. However, retailers are disproportionately targeting their less-productive locations for closure, while tenant and investor demand for strong retail locations remains robust. The Prime Retail Metros Index advanced by a solid 7.6% in the 12 months ending in June 2017, further suggesting that strong retail locations nationally remain in favor by investors.

- **U.S. INDUSTRIAL INDEX SEES STEADY GROWTH IN SECOND QUARTER.** Supply and demand in the US industrial market remained in equilibrium, with vacancies hovering at a cyclically low level and rent growth remaining above trend. The U.S. Industrial index advanced 1.9% in the second quarter and 3.8% in the 12-month period ending in June 2017. Core industrial markets remained in favor with investors as the Prime Industrial Metros Index advanced by a strong 10% in the 12-month period ending in June 2017.

- **U.S. HOSPITALITY INDEX POSTED 10.5% ANNUAL INCREASE, SECOND-STRONGEST GROWTH RATE AMONG ALL SIX PROPERTY INDICES.** The U.S. Hospitality Index increased 3.3% in the second quarter, contributing to gains of 10.5% for the 12-month period ending in June 2017. With these recent gains, the Hospitality Index has now surpassed its prior peak level reached in 2007 by 7.1%. National hotel occupancies remain well above last cycle's highs, which has supported room rate and RevPAR growth for hotel operators, as well as investor demand.

- **U.S. LAND INDEX SURGED UPWARD IN SECOND QUARTER.** Despite posting more modest growth over the previous several quarters, the Land index rebounded with growth of 8.1% in the second quarter of 2017, contributing to a gain of 9.8% for the 12-month period ending in June 2017. Despite the healthy recent gains, the Land Index, which did not reach its trough for this cycle until 2012, remains 10.4% below its previous peak.

Quarterly CCRSI Regional Results

- **NORTHEAST REMAINED FASTEST-GROWING REGIONAL INDEX IN 12-MONTH PERIOD ENDING IN JUNE 2017.** Thanks to its strong concentration of top-tier markets that have been a magnet for investment since early in the current cycle, the Northeast Composite Index advanced 1.9% in the second quarter of 2017 and 11.7% in the 12-month period ended in June 2017, pushing it 22.7% above its prerecession peak. The Northeast Office and Retail Indices led pricing growth in the region expanding 13.3% and 9.6%, respectively, in the 12-month period ending in June 2017. Meanwhile, the Northeast Multifamily and Industrial Indices also posted steady growth of 2% during the second quarter of 2017, which propelled both indices to 3.9% and 7.1% growth, respectively, in the 12-month period ending in June 2017.
- **SOUTH REGION CONTINUED TO SHINE WITH GROWTH OF 9.9% IN 12-MONTH PERIOD ENDING IN JUNE 2017.** The South Office Index led pricing growth in the region, expanding 10.5% in the 12-month period ending in June 2017. The region's favorable demographics and more affordable pricing have provided it with strong momentum in price growth as the cycle has progressed.
- **WEST REGION ALSO SAW STEADY GROWTH ACROSS PROPERTY SECTORS.** The West Composite Index advanced 1.9% in the second quarter of 2017 and 8.2% in the 12-month period ending in June 2017. All sectors contributed to recent growth. The West Office Index led the region, expanding by 10.7% in the 12-month period ending in June 2017. Meanwhile, the West Multifamily, Retail and Industrial indices each expanded at a rate of nearly 7% in the 12-month period ending in June 2017.
- **MIDWEST REMAINS ONLY REGIONAL INDEX STILL BELOW PREVIOUS PEAK.** The Midwest continues to lag behind the other U.S. regions in the recovery. Pricing for the Midwest Composite Index is still below its prior peak level. However, recent gains have brought the index to within 10% of its previous high-water mark reached in 2006. The Midwest Retail and Multifamily indices were the best performers in the region, expanding by 11.2% and 8.5%, respectively, in the 12-month period ending in June 2017.

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.

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://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, 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 37 million unique monthly visitors in aggregate in the second quarter of 2017. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of over 3,500 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 commercial real estate fundamentals, pricing, price growth, rent growth, supply and demand; and the risk that the moderation in transaction activity that began in 2016 from 2015 record levels will not continue through 2017 as indicated 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 quarter ended June 30, 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.