

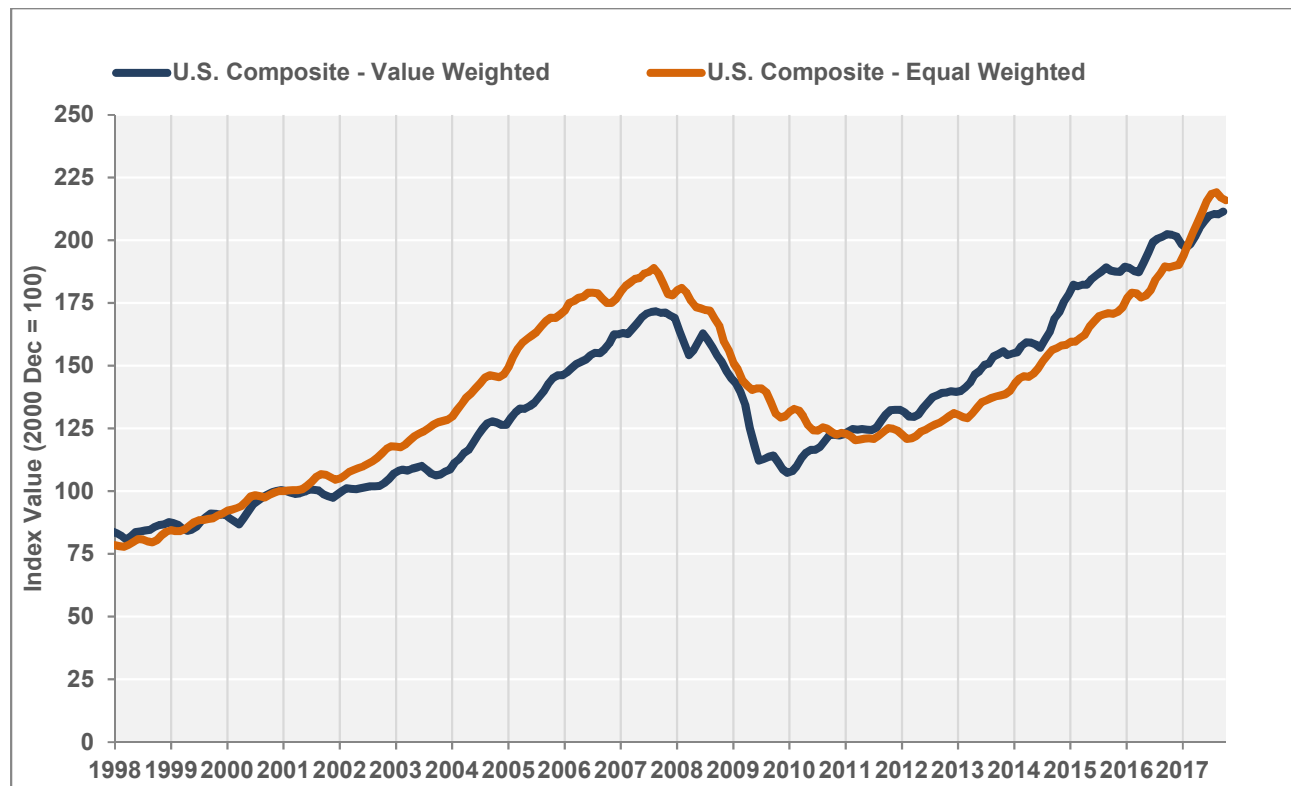
CCRSI RELEASE – NOVEMBER 2017 (with data through OCTOBER 2017)

## LATEST COSTAR COMPOSITE PRICE INDEX FINDS LITTLE TO NO GROWTH IN COMMERCIAL PROPERTY PRICING EVEN AS SELLERS COMMAND FULL PRICE

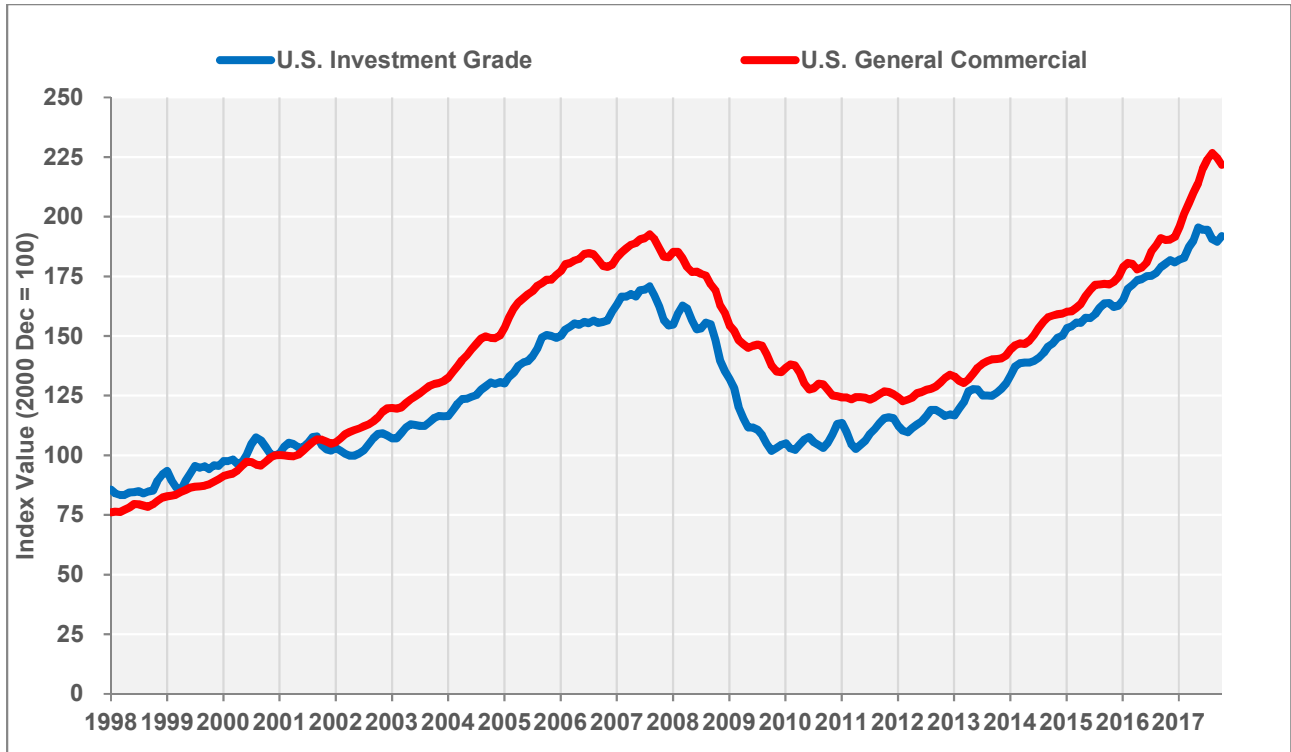
PRICE GAP BETWEEN BUYERS AND SELLERS HAS DIMINISHED, FOR-SALE PROPERTIES SEE SHARP DROP IN AVERAGE TIME ON MARKET

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through October 2017. Based on 1,048 repeat sale pairs in October 2017 and more than 184,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

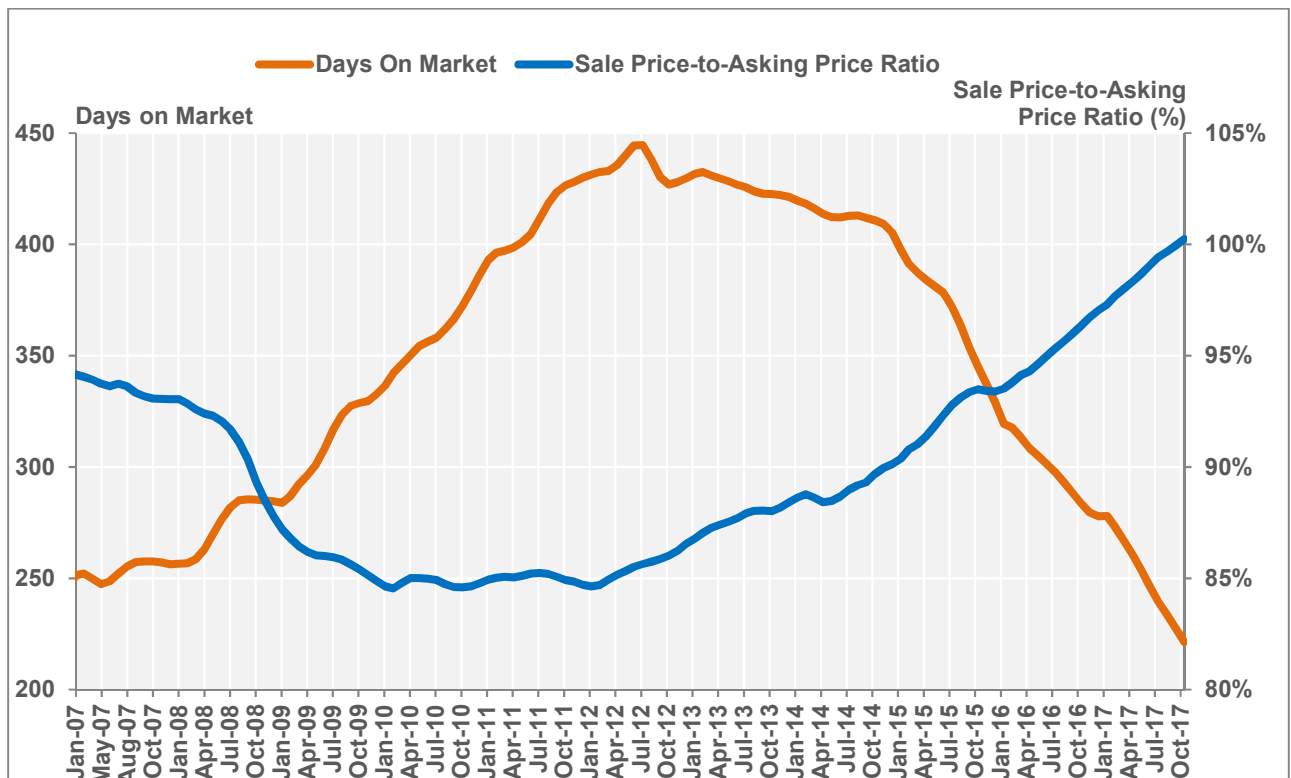
### U.S. Composite Indices: Equal- And Value-Weighted, Data Through October 2017



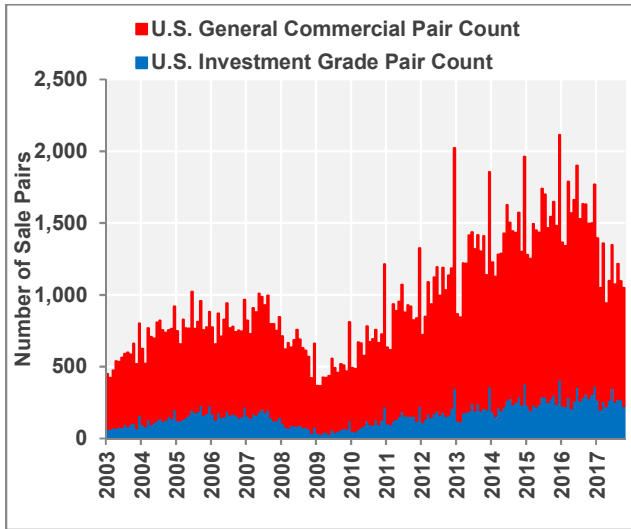
## U.S. Equal-Weighted Indices By Market Segment, Data Through October 2017



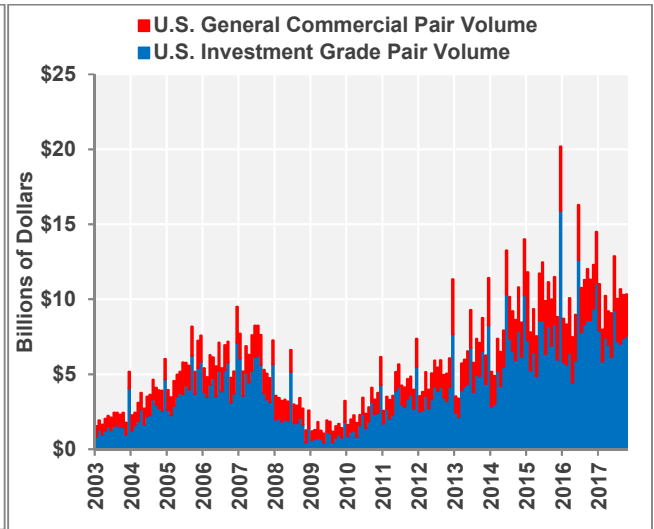
## Market Liquidity Indicators, Data Through October 2017



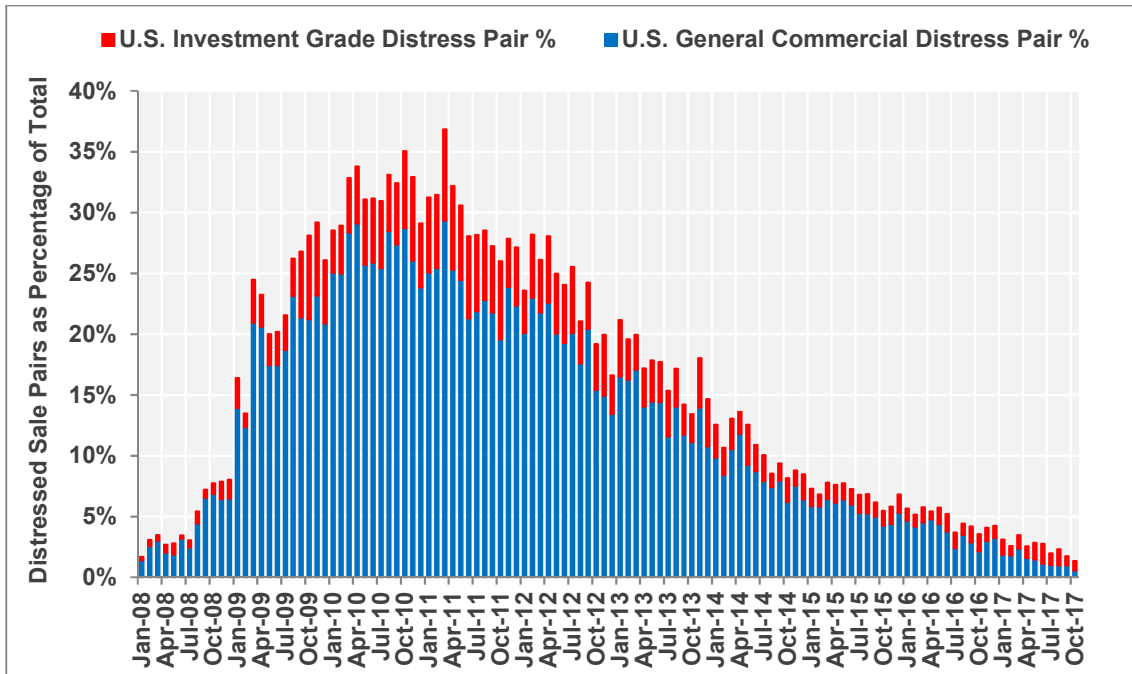
U.S. Pair Count, Data Through October 2017



U.S. Pair Volume, Data Through October 2017



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



## CCRSI National Results Highlights

- **COMPOSITE PRICE INDICES SHOW LITTLE TO NO CHANGE IN OCTOBER.** The value-weighted U.S. Composite Index, which reflects the sale of larger assets common in core markets, edged up by just 0.5% in the month of October 2017, contributing to a gain of 4.9% for the 12-month period ended in October 2017. The equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, was also relatively flat in the month of October 2017, edging down 0.5% but still showing a gain of 14.2% for the 12-month period ended in October 2017.
- **STRONGER PRICE MOMENTUM SEEN IN EQUAL-WEIGHTED INDEX OF GENERAL COMMERCIAL SEGMENT.** Recent pricing trends in the composite indices were mirrored in the two sub-indices of the equal-weighted Composite Index. The General Commercial segment, which is influenced by smaller, lower-priced properties, increased 16.6% in the 12 months ended in October 2017. The recent momentum in the General Commercial segment demonstrates the breadth of the pricing recovery as it extends into more markets and across property sizes. Meanwhile, the Investment-Grade segment of the index, which is influenced by higher-value properties, rose 6.4% in the 12 months ended in October 2017.
- **TRANSACTION VOLUME MODERATED SLIGHTLY IN LAST 12 MONTHS.** Composite pair volume of \$128.5 billion in the 12-month period ended in October 2017 was 4.2% lower than in the previous 12-month period ended in October 2016, suggesting that capital flows have moderated from the record-setting levels of 2015–2016. However, property sales remain elevated as the annual sales volume through October 2017 was still among the highest on record for the CCRSI.
- **PRICING GAP BETWEEN BUYERS AND SELLERS DROPPED SHARPLY.** Liquidity measures tracked by the CCRSI all point to a robust sales market. The average time on the market for for-sale properties dropped sharply, by 21.9%, in the 12-month period ended in October 2017, and the sale-price-to-asking-price ratio narrowed by 3.9 percentage points to 100%. Meanwhile, the share of properties withdrawn from the market by discouraged sellers receded by six percentage points to 21.6% during the 12-month period ended in October 2017.

## Monthly CCRSI Results, Data Through October 2017

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	0.5%	0.7%	4.9%	97.0% <sup>1</sup>
Equal-Weighted U.S. Composite Index	-0.5%	-1.2%	14.2%	79.4% <sup>2</sup>
U.S. Investment-Grade Index	1.3%	-1.3%	6.4%	87.6% <sup>3</sup>
U.S. General Commercial Index	-1.3%	-1.1%	16.6%	79.6% <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

## Monthly Liquidity Indicators, Data Through October 2017

	Current	1 Month Earlier	1 Quarter Earlier	1 Year Earlier
Days on Market	221	228	239	284
Sale-Price-to-Asking-Price Ratio	100.2%	100.0%	99.4%	96.4%
Withdrawal Rate	21.6%	22.0%	22.8%	27.6%

Average days on market and sale-price-to-asking-price ratio are both calculated based on listings that are closed and confirmed by CoStar's research team. The withdrawal rate is the ratio of listings that sellers withdraw from the market to all listings for a given month.

### 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://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 Moves family of websites, which include realtor.com,

doorsteps.com and move.com. CoStar Groups websites attracted an average of approximately 37 million unique monthly visitors in aggregate in the third quarter of 2017. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of over 3,600 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 commercial real estate fundamentals, liquidity, transaction volume and pricing, ; the risk that investor behavior and demand changes; and the risk that transaction volume and commercial real estate pricing levels and growth will not continue at the levels or with the trends 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 quarter ended September 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](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 or revise any forward-looking statements, whether as a result of new information, future events or otherwise.