



CCRSI RELEASE – January 2022
(With data through December 2021)

RECORD TRANSACTION VOLUME BOOSTS COSTAR COMPOSITE PRICE INDICES HIGHER

INDUSTRIAL LED ANNUAL GROWTH AMONG PROPERTY INDICES WHILE HOSPITALITY LAGGED; SOUTH AND WEST TOPPED REGIONAL INDEX GROWTH OVER THE YEAR

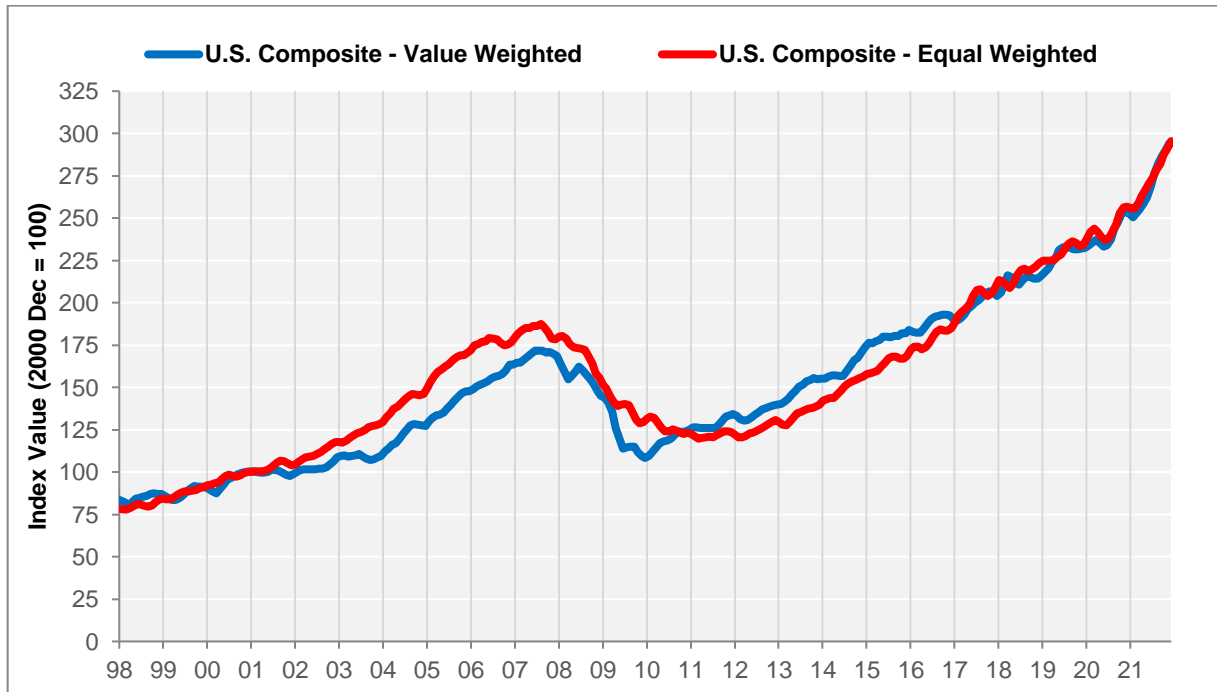
This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through December 2021. Based on 3,106 sale pairs in December 2021 and more than 261,702 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

CCRSI National Results Highlights

- **COMPOSITE PRICE INDICES ROSE TO RECORD HIGHS IN THE FOURTH QUARTER OF 2021.** The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades common in core markets, recorded a 4.2% gain during Q4 of 2021, reaching a new high of 294. This compares to the quarterly gain of 7.8% in Q3 of 2021. The index was up by 16.1% in the 12-month period that ended in December 2021 and is now 25.8% higher than in February 2020, before the onset of the COVID-19 pandemic.
- The equal-weighted U.S. composite index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, advanced by 4.7% in Q4 of 2021, compared to the quarterly gain of 4.3% in Q3 of 2021, also reaching a new high in December 2021. The index rose by 15.1% in the 12-month period that ended in December 2021 and is now 22.2% above its pre-pandemic level.

- Both composite price indices rose by 1.4% in December 2021, the tenth consecutive month of expansion for both indices.

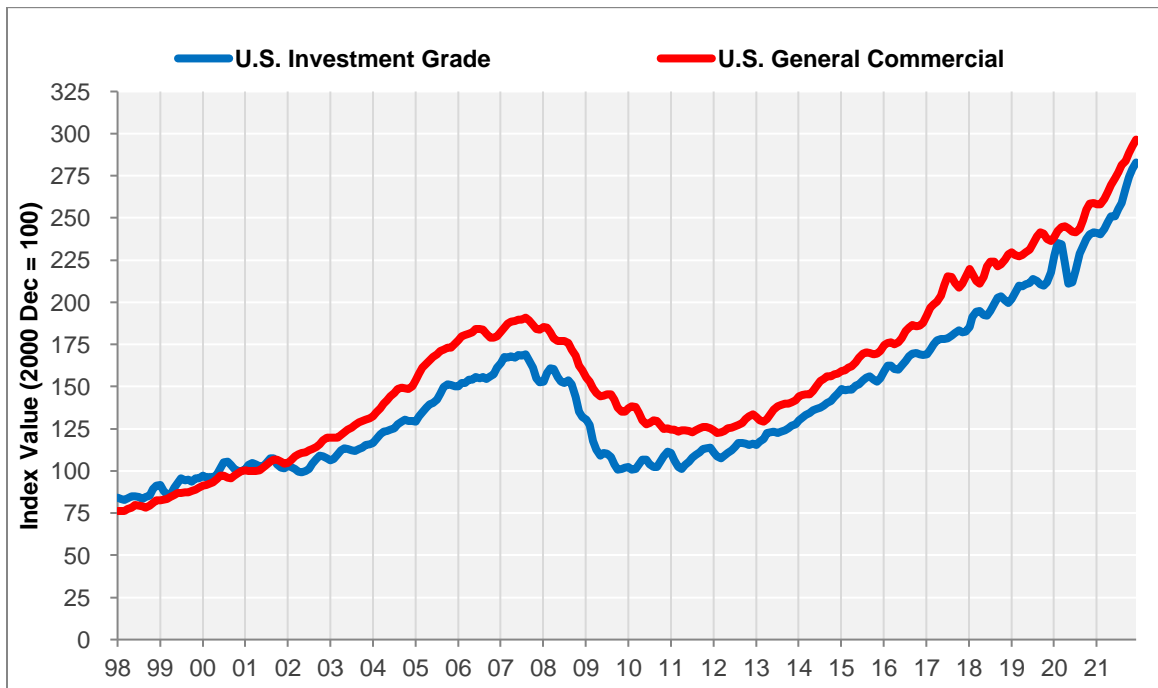
U.S. Composite Indices: Equal- and Value-Weighted, Data through December 2021



- **EQUAL-WEIGHTED SUB-INDICES PUSHED HIGHER THROUGH THE FOURTH QUARTER.** The investment grade sub-index, more heavily influenced by higher-value assets, decelerated its gains in Q4 of 2021 to 5.8%, compared to its 6.6% quarterly gain in Q3 of 2021, while the general commercial sub-index, more heavily influenced by smaller, lower-priced assets, accelerated from its 3.7% gain in Q3 of 2021 to 4.5% in Q4 of 2021. Both sub-indices rose by 1.4% in December 2021 over their November 2021 levels, the sixth consecutive month of gains for the investment grade sub-index and the tenth consecutive month of gains for the commercial grade sub-index.

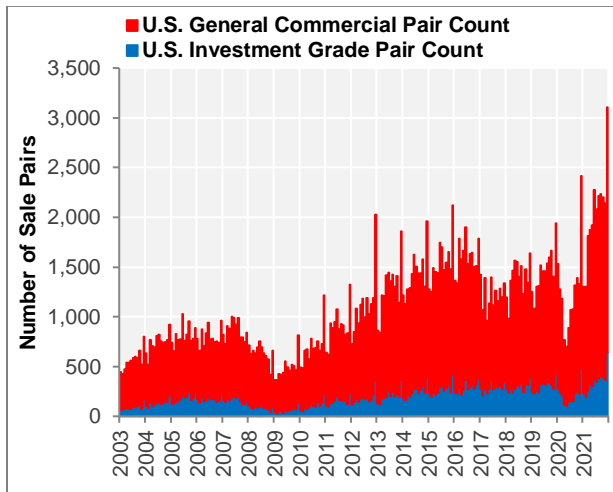
- Both sub-indices have reached historical highs. The investment grade segment has been in favor of late as it saw price growth of 17.1% over the 12-month period that ended in December 2021, compared to the commercial grade segment, which registered a gain of 14.5% over the same period. These are the fastest annual price appreciations in any December since 2005 for the investment grade segment and since the beginning of the series in 2003 for the commercial grade segment.

U.S. Equal-Weighted Indices by Market Segment, Data through December 2021

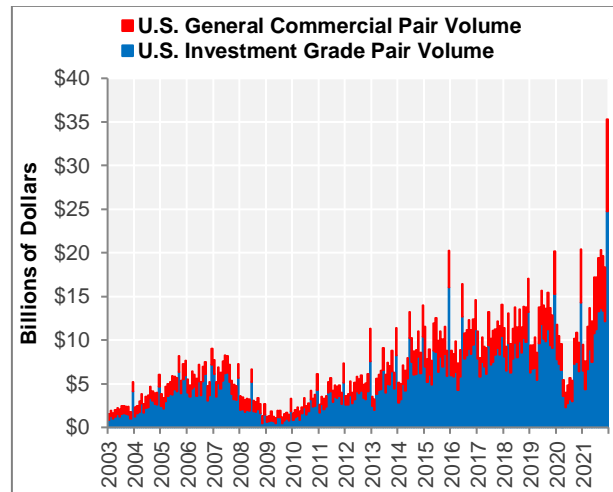


- TRANSACTION VOLUME PICKED UP MARKEDLY IN THE FOURTH QUARTER OF 2021. Transaction volume saw a gain of 28.5% in Q4 of 2021 over Q3 of 2021. Composite pair volume of \$201.8 billion in the 12-month period ending in December 2021 was an astonishing 86.3% increase over the 12-month period that ended in December 2020. The increase in volume was broad-based with similar increases in both the General Commercial and Investment Grade segments for the year, but December 2021 marked an especially strong gain in investment grade volume, which more than doubled over November 2021.

U.S. Pair Count, Data through December 2021

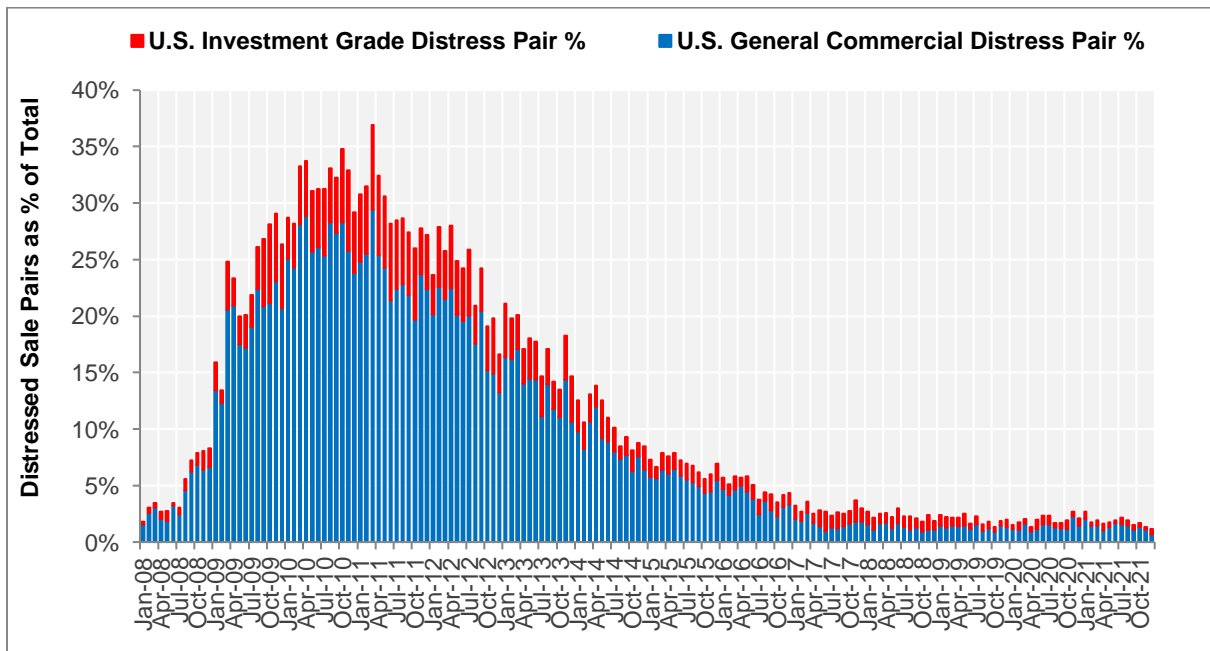


U.S. Pair Volume, Data through December 2021



- THE SHARE OF REPEAT-SALE TRADES THAT WERE DISTRESSED FELL TO ANOTHER HISTORIC LOW. Less than 1.2% of all repeat-sale trades were distressed in December 2021. General commercial distressed sales in December 2021 measured just 0.7% of all repeat-sale trades, the smallest share in the history of this series, going back to January 2008. Investment grade distressed sales accounted for 0.45% overall in December 2021, compared 0.28% in November 2021.

U.S. Distress Sale Pairs Percentage, Data through December 2021

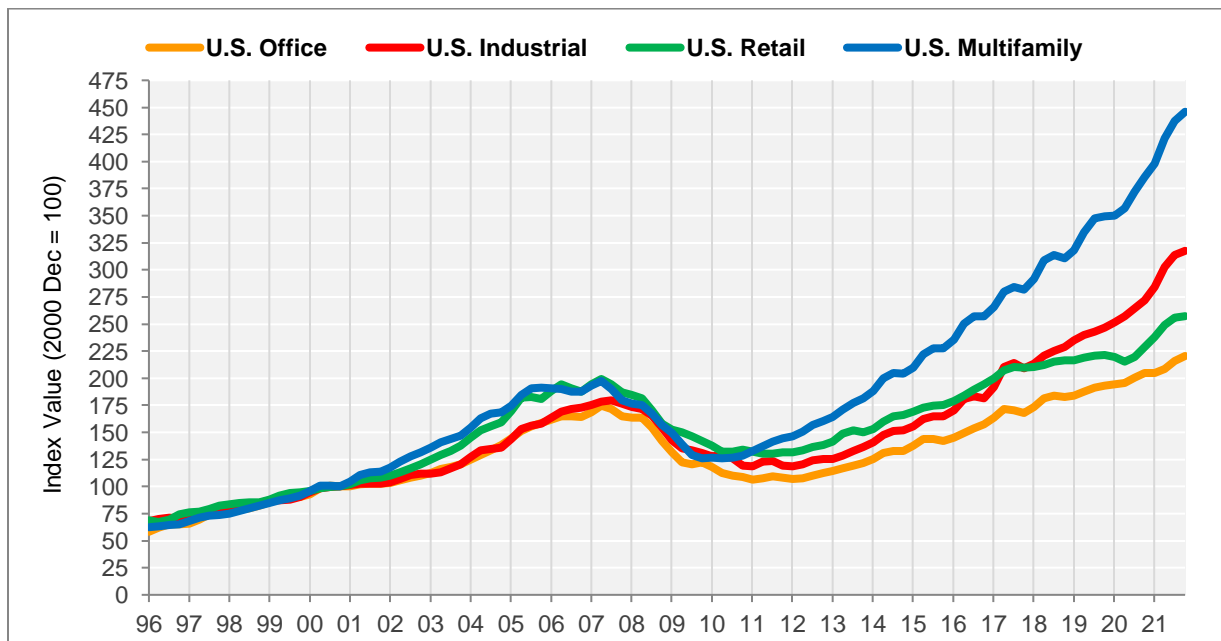


Quarterly CCRSI Property Type Results

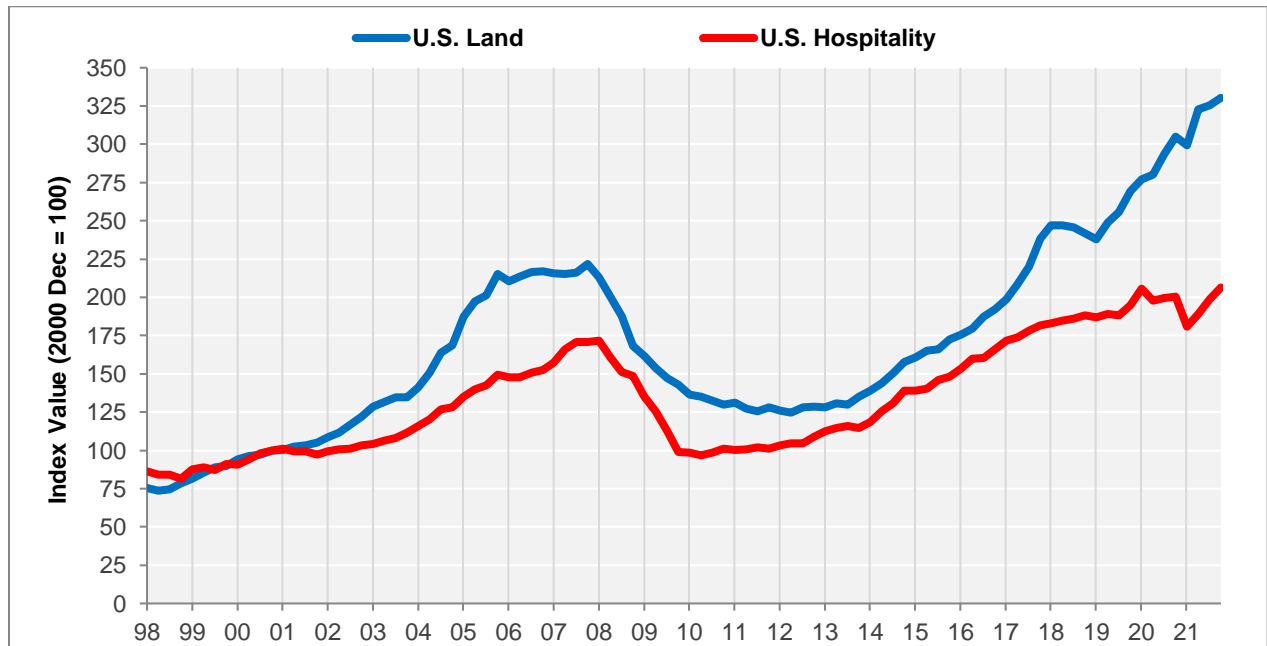
- THE HOSPITALITY INDEX WAS THE TOP PERFORMER AMONG ALL SIX EQUAL-WEIGHTED PROPERTY-TYPE INDICES FOR THE SECOND CONSECUTIVE QUARTER. Recovering from the effects of the pandemic, the U.S. Hospitality index registered a 4.0% increase in Q4 of 2021 over Q3 of 2021, the fastest quarterly gain among all property types, and contributing to an annual gain of 3.0% in the 12-month period that ended in December 2021. The index is 0.4% above its pre-pandemic level.
- THE INDUSTRIAL INDEX COOLED FOR THE SECOND CONSECUTIVE QUARTER BUT TOPPED ANNUAL GAINS AMONG ALL SIX PROPERTY TYPES. The U.S. Industrial Index advanced 1.1% in Q4 of 2021, its slowest quarterly gain in 16 quarters. Strong fundamentals have been a boon for investors in this property sector, but price appreciation slowed in the second half of 2021. The index gained 16.8% in the 12-month period ending in December 2021, which was the strongest growth rate of the 10 property type indices in the CCRSI during that period and is 26.4% above its pre-pandemic level. The Prime Industrial Metros Index advanced at a somewhat slower rate of 13.8% in the 12-month period that ended in December 2021.
- PRICING REMAINS SOLID IN THE MULTIFAMILY SECTOR. The U.S. Multifamily Index expanded 2.0% in Q4 of 2021, its second quarter of decelerating price gains, and 15.6% in the 12-month period that ended in December 2021, with annual gains second only to the industrial sector. The index is 27.3% higher than its pre-pandemic level, the fastest recovery among all six property types. Capital continues to move down the risk spectrum, as secondary markets have seen stronger pricing gains. The Prime Multifamily Metros Index increased at a slower rate of 10.6% in the 12-month period that ended in December 2021.
- OFFICE PRICE GROWTH SLOWED IN THE FOURTH QUARTER. The U.S. Office Index increased 2.1% in the Q4 of 2021, compared to a relatively robust gain of 3.5% in Q3 of 2021. Over the 12-month period that ended in December 2021, office prices were up 7.6%, the smallest annual gain of all property types with the exception of hospitality. The index is now 13.5% higher than its pre-pandemic level. Price growth in the Prime Office Metros Index retreated by 1.5% in the 12-month period that ended in December 2021, as investors avoided core markets and continued to move into high-growth secondary markets during the pandemic.

- CONTINUED RETAIL SECTOR CHALLENGES COOLED U.S. RETAIL SECTOR PRICE GROWTH. The U.S. Retail index rose 0.7% in the Q4 of 2021, the slowest rate of all six property type indices and the second month of slowing price appreciation. The index gained 12.5% in the 12-month period that ended in December 2021, the slowest quarterly and annual rates among the four major property type indices. Good quality, well-located retail continues to draw investor interest and pricing growth, while pricing is slowing in centers with elevated vacancy rates. The index was 17.3% higher in December 2021 than its pre-pandemic level. The Prime Retail Metros Index advanced by a solid 12.5% in the 12-month period that ended in December 2021, suggesting that solid retail locations in core markets nationally remain in favor.
- THE U.S. LAND PRICE INDEX REBOUNDED FROM ITS WEAK GROWTH IN THE PREVIOUS QUARTER, RISING BY 1.5% IN THE FOURTH QUARTER OF 2021. The U.S. Land Index is the most volatile of the property type indices but was the only index to see price acceleration over the third quarter of the year. The index registered an annual gain of 8.3% in the 12-month period that ended December 2021 and is now 19.2% higher than its pre-pandemic level.

U.S. Primary Property Type Quarterly Indices – Equal-Weighted Data through December 2021



U.S. Land and Hospitality Quarterly Indices – Equal-Weighted Data through December 2021



Quarterly CCRSI Regional Results

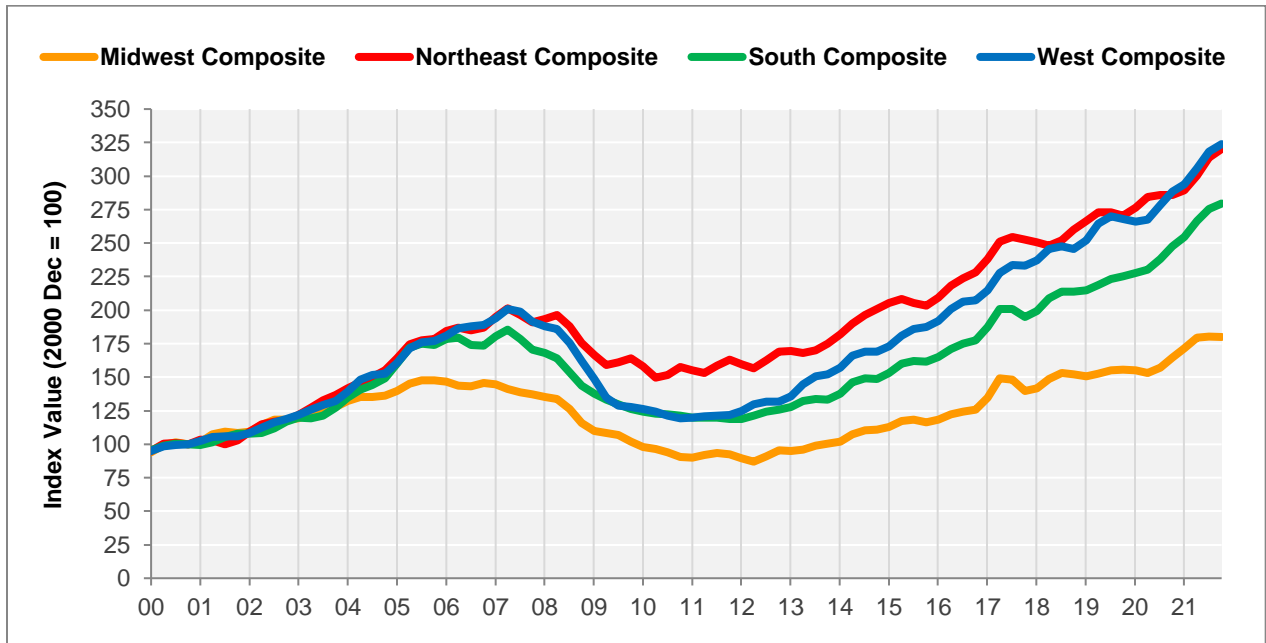
- PRICING GAINS SLOWED ACROSS ALL REGIONS IN THE FOURTH QUARTER OF 2021 WHILE ANNUAL GAINS REMAINED STRONG. The Northeast Composite Index advanced by 2.1% in Q4 of 2021, the fastest quarterly growth of all regions, but slower than its 4.3% gain in Q3 of 2021. All regions saw slowing in price gains in Q4, with the Midwest Composite Index falling by 0.2% over Q3 of 2021.
- A HIGH CONCENTRATION OF FASTER GROWING SUNBELT MARKETS HAS LIFTED GROWTH IN THE SOUTH REGION. The South region exhibited a solid gain of 13.0% in the 12-month period that ended in December 2021, the fastest annual gain among all regions. The advance was led by double-digit gains of 17.0% in the South Multifamily Index and 16.4% in the South Industrial Index over the same period. The retail sector exhibited continued weakness in Q4 of 2021, growing by 0.9% after a 2.2% gain in the Q3 of 2021. A higher concentration of faster growing, low-cost metros in the South region has bolstered both demand for commercial real estate and pricing in the South region.

- **STRONG GAINS IN THE INDUSTRIAL SECTOR DROVE PRICE GROWTH IN THE WEST.** The West Composite Index rose by 12.4% over the 12-month period that ended in December 2021, compared to its 14.2% gain the prior year. The industrial segment contributed to the strong gain, with the West Industrial Index rising by 17.0% over the 12-month period that ended in December 2021. This was followed by the 13.3% gain in the West Multifamily index and 11.9% increase in the West Retail Index over the same period. Price growth in the office segment in the West slowed to 2.3% in the Q4 of 2021 from its Q3 of 2021 gain of 3.8%, but for the 12-month period that ended in December 2021, price gains accelerated to 5.7%.

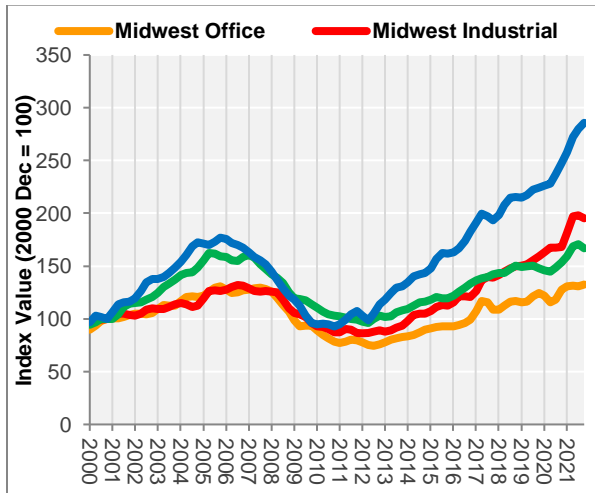
- **MULTIFAMILY AND RETAIL SHOW THE STRONGEST GROWTH IN NORTHEAST.** The Northeast Composite Index advanced 12.0% in the 12-month period that ended in December 2021, accelerating over its 9.7% annual gain in the prior quarter. This showing was buttressed in large part by strong growth in the retail sector, with the Northeast Retail Index rising by 13.5% over the 12-month period that ended in December 2021. The Northeast Multifamily Index grew by 12.5% over the same period, while the Northeast Office index jumped by 8.0%, its fastest annual rate in any December since 2018.

- **RECENT WEAKNESS IN THE RETAIL AND INDUSTRIAL SECTORS WEIGHED ON PRICE GROWTH IN THE MIDWEST REGIONAL INDEX.** The Midwest Composite Index edged lower by 0.2% in the fourth quarter of 2021, but strength over the year in the industrial and multifamily sectors contributed to the 9.3% annual gain of the Midwest Composite index over the 12-month period that ended in December 2021. The Midwest Industrial Index advanced 16.4% in the 12-month period that ended in December 2021, while the Midwest Multifamily Index advanced by 15.5% over the same period.

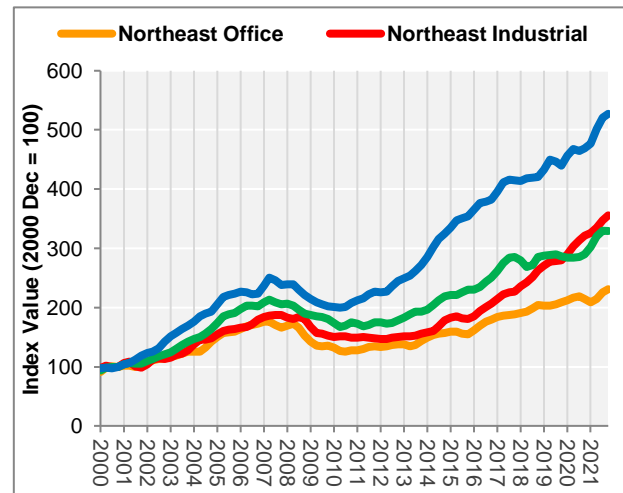
U.S. Regional Type Quarterly Indices – Equal-Weighted Data through December 2021



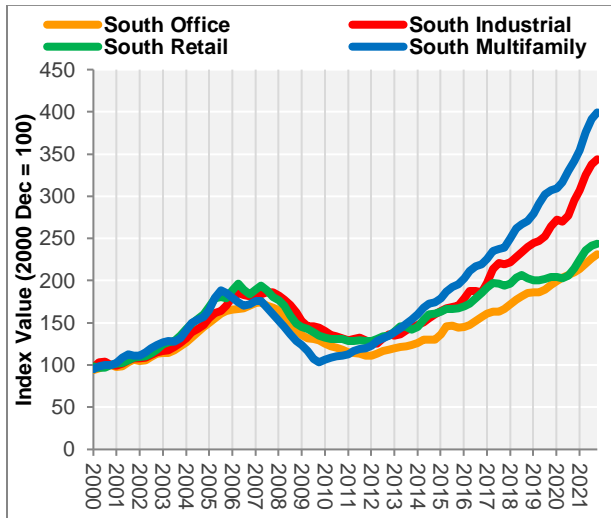
**U.S. Midwest Property Type Quarterly Indices
Equal-Weighted, Data through December 2021**



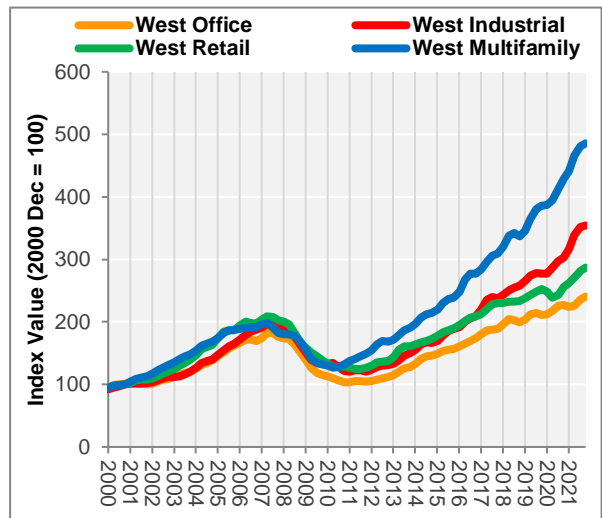
**U.S. Northeast Property Type Quarterly Indices
Equal-Weighted, Data through December 2021**



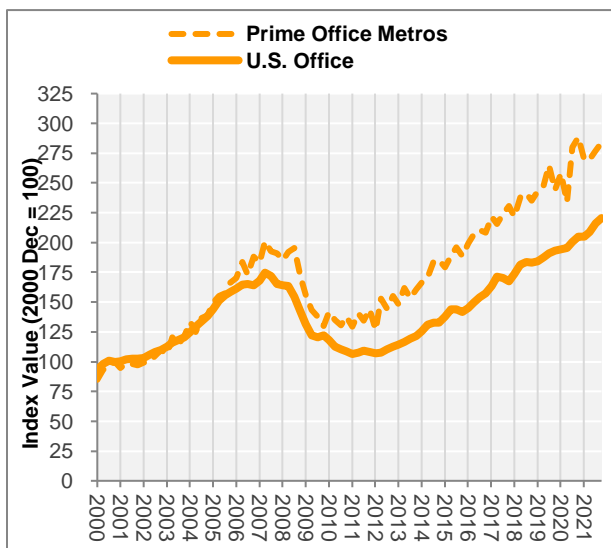
**U.S. South Property Type Quarterly Indices
Equal-Weighted, Data through December 2021**



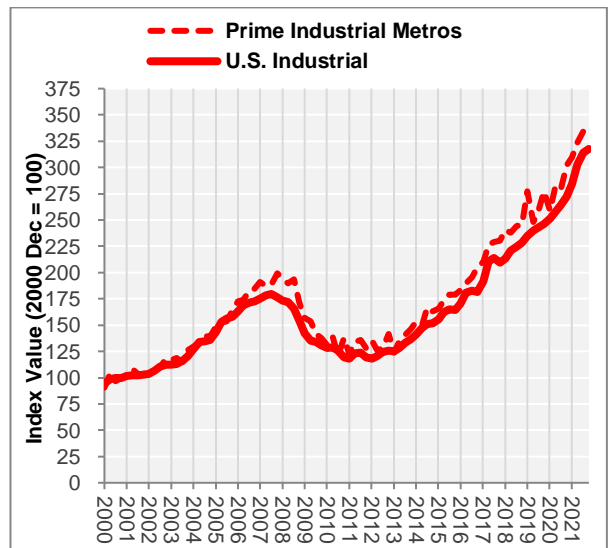
**U.S. West Property Type Quarterly Indices
Equal-Weighted, Data through December 2021**



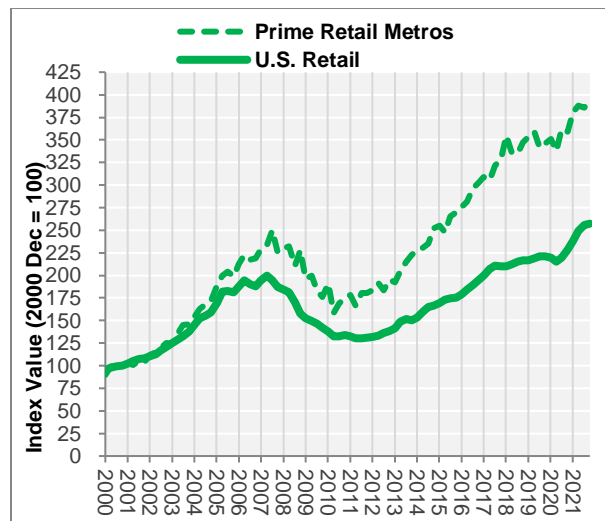
**Prime Office Markets Quarterly Indices
Equal-Weighted, Data through December 2021**



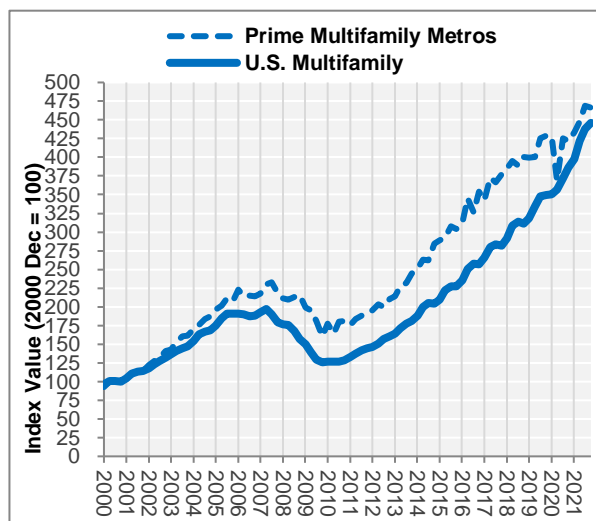
**Prime Industrial Markets Quarterly Indices
Equal-Weighted, Data through December 2021**



**Prime Retail Markets Quarterly Indices
Equal-Weighted, Data through December 2021**



**Prime Multifamily Markets Quarterly Indices
Equal-Weighted, Data through December 2021**



Monthly CCRSI Results, Data through December 2021

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	1.4%	4.2%	16.1%	171.1% ¹
Equal-Weighted U.S. Composite Index	1.4%	4.7%	15.1%	146.6% ²
U.S. Investment-Grade Index	1.4%	5.8%	17.1%	179.5% ³
U.S. General Commercial Index	1.4%	4.5%	14.5%	140.3% ⁴

¹ Trough Date: January 2010 ² Trough Date: January 2011 ³ Trough Date: December 2010 ⁴ Trough Date: February 2012

About The CoStar Commercial Repeat-Sale Indices

The CoStar Commercial Repeat-Sale Indices (CCRSI) are the most comprehensive and accurate measures 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 are reported monthly, 30 sub-indices in the CoStar index family are reported quarterly. 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 the sales pairs are used to create a price index. Historical price indices are revised as new data is recorded.

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 a leading provider of online real estate marketplaces, information and analytics, specializing in multifamily and single family residential, office, industrial, retail, hospitality and land property sectors. Founded in 1987, our suite of online services enables clients to advertise, sell and lease their properties, analyze, interpret and gain unmatched insight on commercial and residential property values, market conditions and current availabilities. CoStar is the industry-leading commercial real estate information, analytics and news platform. STR provides premium data benchmarking, analytics and marketplace insights for the global hospitality sector. Ten-X provides a leading platform for conducting commercial real estate online auctions and negotiated bids. LoopNet is the most heavily trafficked commercial real estate marketplace online. 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. Homesnap is an industry-leading online and mobile software platform that provides user-friendly applications to optimize residential real estate agent workflow and reinforce the agent-client relationship. Homes.com offers real estate professionals advertising and marketing services for residential properties. Realla is the UK's most comprehensive commercial property digital marketplace. BureauxLocaux is one of the largest specialized property portals for buying and leasing commercial real estate in France. CoStar Group's websites attract hundreds of millions of unique monthly visitors. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe, Canada and Asia with a staff of approximately 4,800 worldwide, including the industry's largest professional research organization. For more information, visit www.CoStarGroup.com.