

COSTAR COMMERCIAL
REPEAT-SALE INDICES
PRESS RELEASE



CCRSI RELEASE – May 2023
(With data through April 2023)

TRANSACTION VOLUME SLIPPED TO LEVELS LAST SEEN IN AUGUST 2020

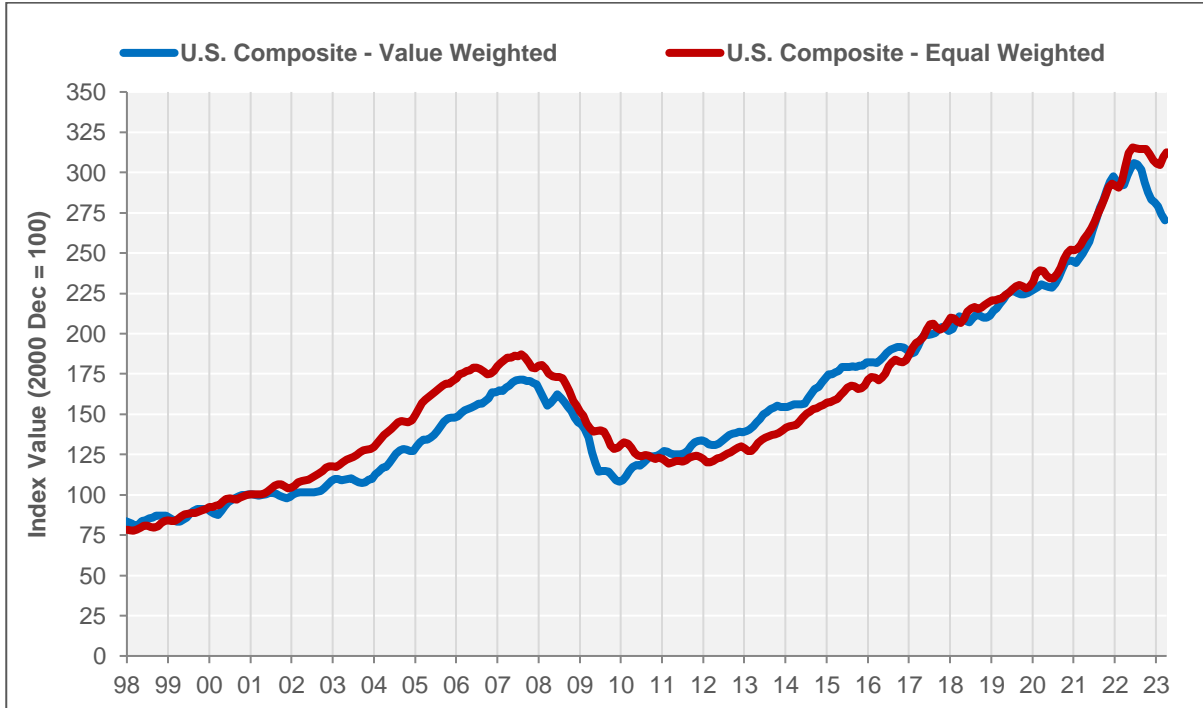
CONTINUED INTEREST RATE HIKES AND A FOGGY ECONOMIC BACKDROP LED TO A PRONOUNCED DECLINE IN TRADE VOLUMES. TRANSACTION ACTIVITY FELL TO \$5.3 BILLION IN APRIL 2023, A 44.1% COLLAPSE FROM THE PRIOR MONTH.

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through April 2023. Based on 961 repeat sale pairs in April 2023 and 290,181 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

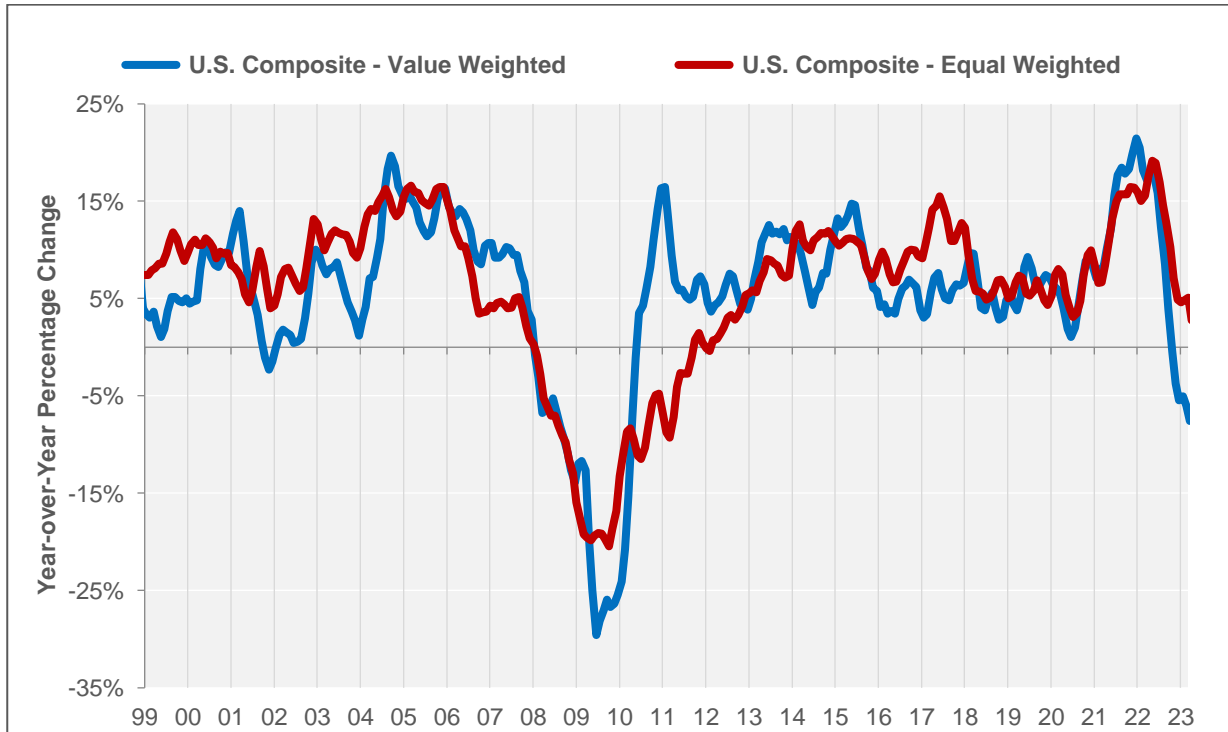
CCRSI National Results Highlights

- U.S. COMPOSITE PRICE INDICES MAINTAINED THEIR TREND LOWER, WHILE SECONDARY AND TERTIARY MARKETS EDGED HIGHER. The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades common in core markets, fell for the ninth consecutive month to 270 in April 2023, a retreat of 1.4% over the prior month. The index was down 7.6% in the 12-month period that ended in April 2023 and was 11.7% lower than the recent high of 306 in July 2022.
- Meanwhile, the equal-weighted U.S. composite index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, rose 2 points to 312 in April 2023, an advance of 0.8% over the prior month. The index gained 2.8% in the 12-month period that ended in April 2023 and was 1% off its June 2022 high of 316.
- Both composite indices have been on a broad deceleration trend year-over-year since the first half of 2022 as markets responded to rising interest rates.

U.S. Composite Indices: Equal- And Value-Weighted, Data Through April 2023

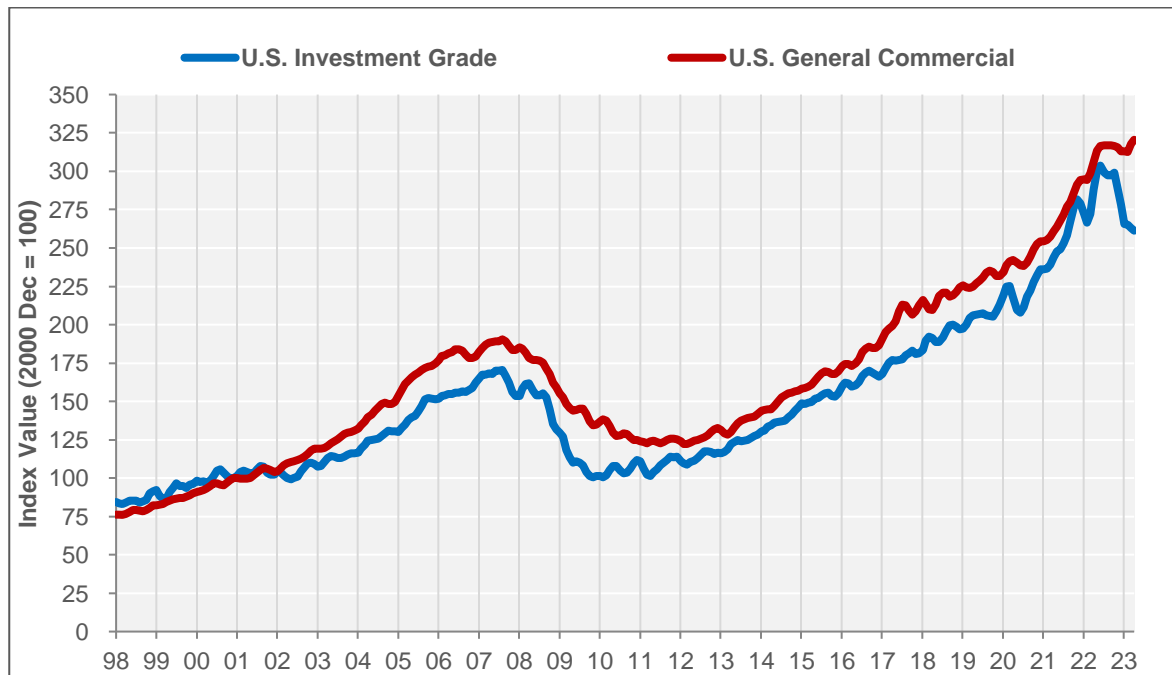


U.S. Composite Indices: YoY Percent Change, Data Through April 2023



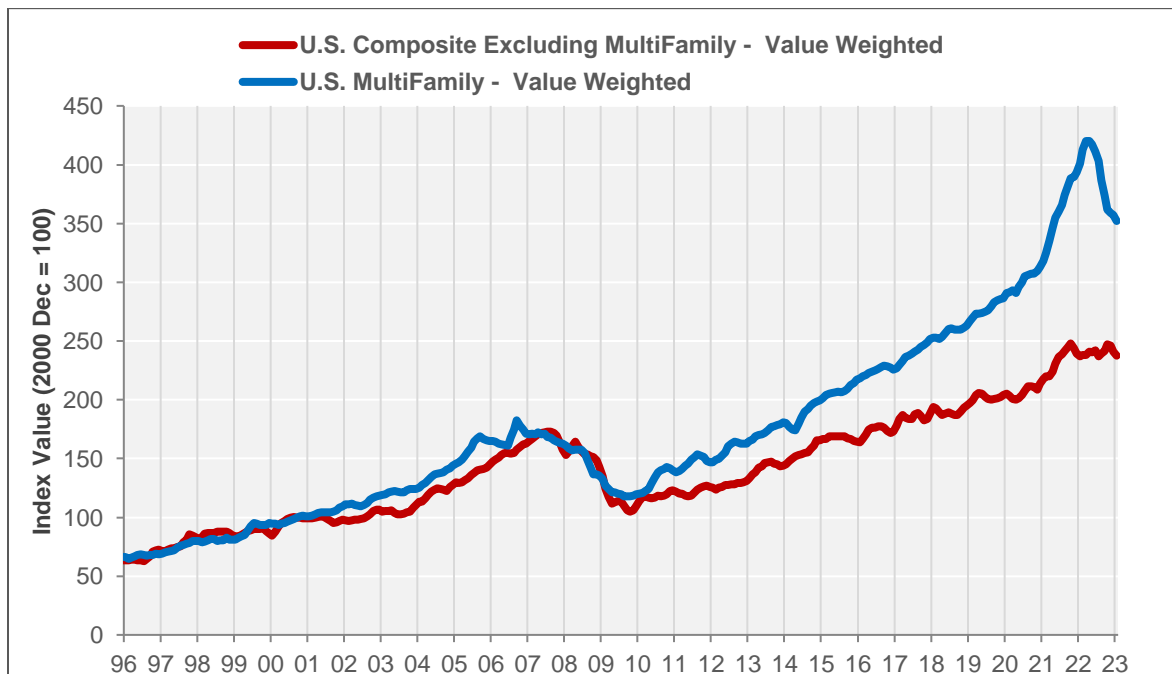
- CLEAR DIVERGENCES ARE UNFOLDING IN THE EQUAL-WEIGHTED COMPOSITE PRICE INDICES. While both segments are trending lower, the general commercial sub-index outperforms the investment grade segment in April 2023.
- The investment grade sub-index, more heavily influenced by higher-value assets, fell by 0.6% in April 2023, continuing the negative trend witnessed in nine of the last ten months. The index sagged 9.4% over the 12-month period that ended in April 2023, its steepest 12-month decline since March 2010.
- However, the general commercial sub-index, more heavily influenced by smaller, lower-priced assets, rose by 0.9% in April 2023, the fourth increase in the last eight months. This sub-index gained 4.7% over the 12 months ending in April 2023, its smallest 12-month gain since September 2020.

U.S. Equal-Weighted Indices By Market Segment, Data Through April 2023



- VALUE-WEIGHTED PRICE DECLINES ARE MOST EVIDENT IN THE MULTIFAMILY SECTOR. Double-digit annual price declines had not occurred since the Great Recession but resurfaced in April 2023.
- The multifamily sub-index fell by 1.4% in April 2023, its ninth consecutive month of declines since reaching a peak of 420 in July 2022. The index also erased 12.2% of value during the 12 months ending in April 2023, its largest year-over-year pullback since February 2010. Falling net absorption, coupled with a surge in supply deliveries, is weighing on occupancy levels and restricting pricing power to move rents at the same pace as in 2021 and 2022.
- The value-weighted composite index excluding the multifamily sector edged lower by 1.4% in April 2023, its third monthly decline. During the last 15 months, the monthly price change in the value-weighted composite index ex-multifamily posted eight months of declines. The index held on to 0.4% price increases over the 12-month period that ended in April 2023 but was down 4.1% from the January 2022 high of 248.

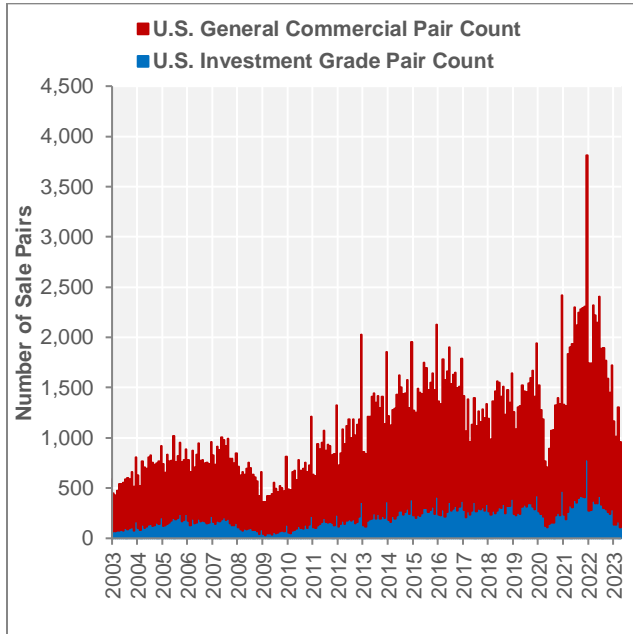
U.S. Value-Weighted Composite Index Excluding Multifamily Data through April 2023



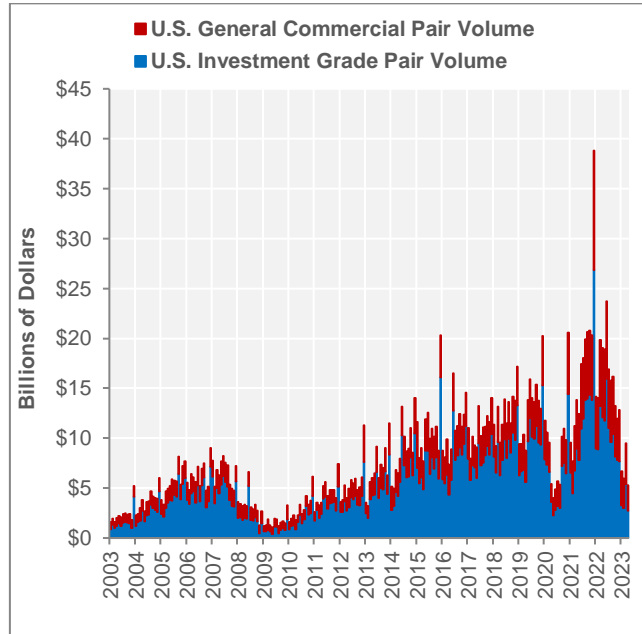
- TRANSACTION VOLUME SLIPPED TO LEVELS LAST SEEN IN AUGUST 2020. Relentlessly soaring interest rates and a foggy economic backdrop led to a pronounced decline in trade volumes. Transaction activity fell to \$5.3 billion in April 2023, a 44.1% collapse from the prior month. Investment grade transaction volume tumbled by 49.3% over the prior month in April 2023 to \$2.7 billion, while the general commercial segment fared better, dropping 37.2% from the prior month to \$2.5 billion.

- Composite pair volume of \$156.7 billion during the 12 months ending in April 2023 was 33.5% lower than the 12-month period that ended in April 2022. The slump in volume was larger in the investment grade segment, which gave up 38.2% over the 12 months that ended in April 2023 and accounted for about 62% of the overall annual transaction volume. The general commercial segment, which accounted for about 38% of the 12-month transaction volume, retreated by 24% over the 12 months ending in April 2023.

U.S. Pair Count, Data Through April 2023

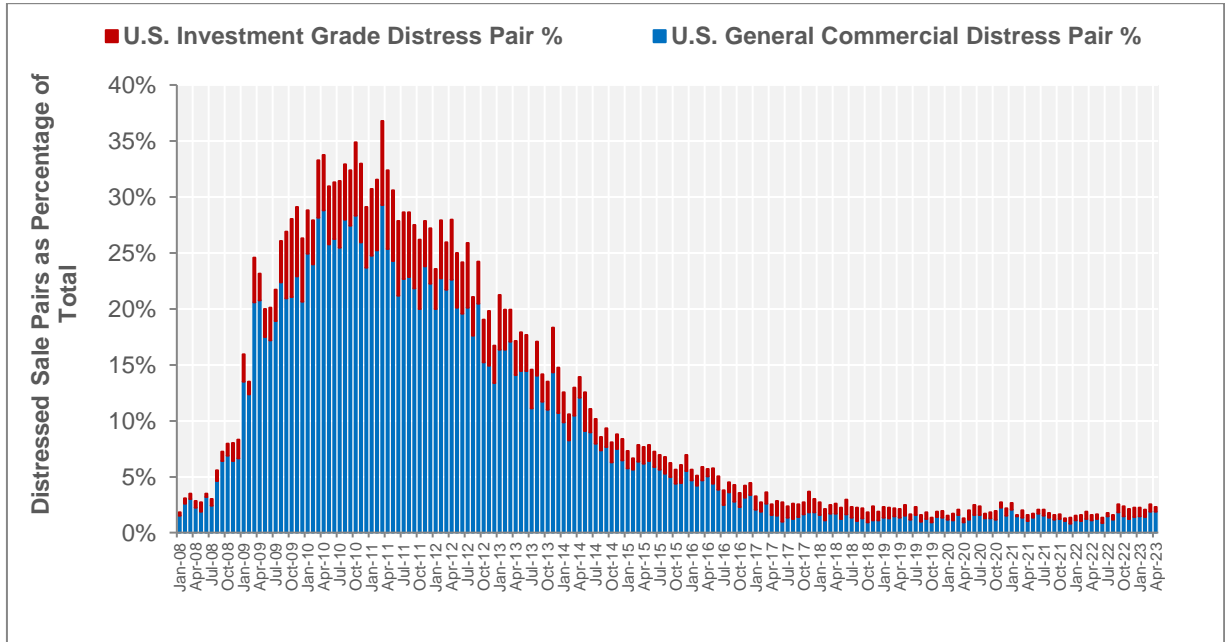


U.S. Pair Volume, Data Through April 2023



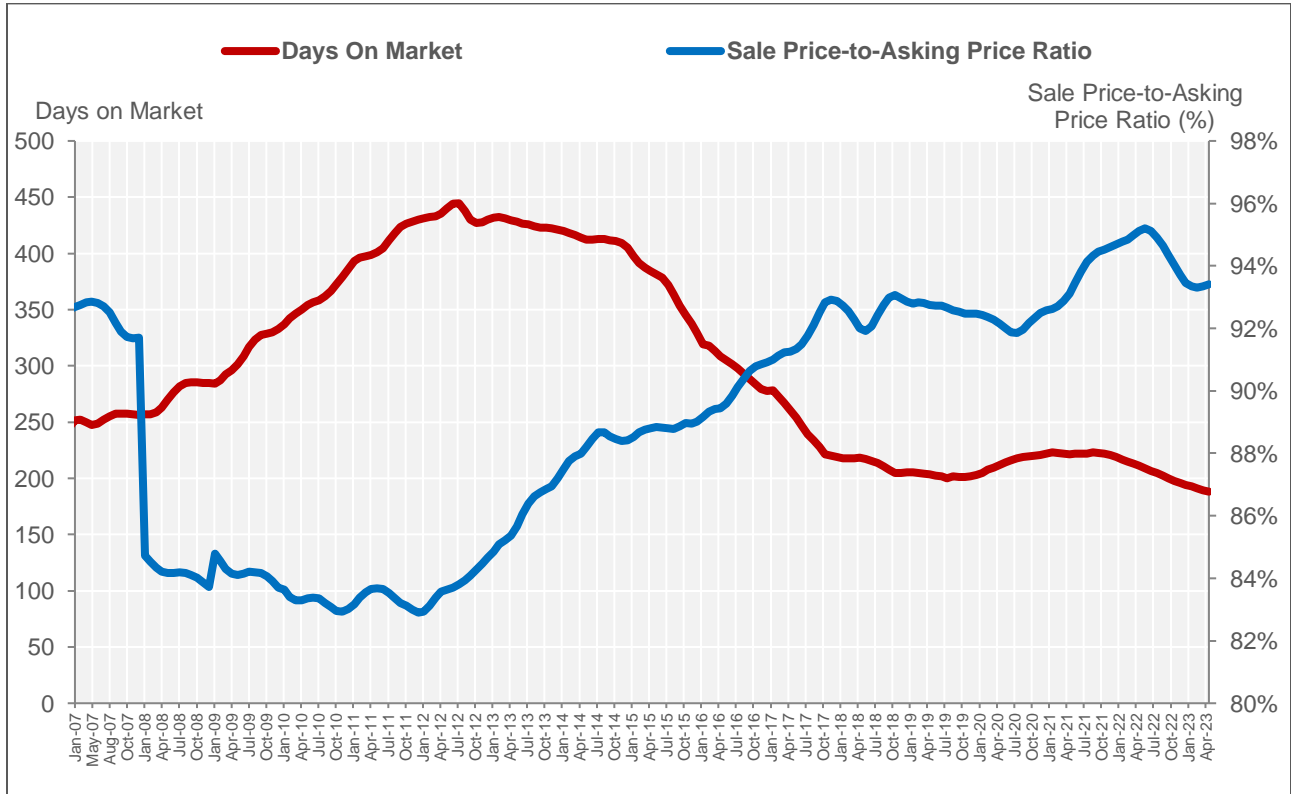
- **DISTRESSED REPEAT SALES REMAIN HISTORICALLY LOW.** Only 22 of the 961 repeat-sale trades in April 2023, or about 2.3%, were distressed sales. In comparison, the monthly average share of distressed sales since January 2020 was 1.9%. General commercial distressed sales accounted for 18 of the distressed trades in April 2023, or 1.9% of all repeat-sales trades, just above the monthly average of 1.4% since January 2020. Only four investment-grade distressed sales were recorded in the month, accounting for 0.4% of all repeat sales trades, below the monthly of 0.5% average since January 2020.

U.S. Distress Sale Pairs Percentage, Data Through April 2023



- OTHER LIQUIDITY MEASURES SHOW THAT PRIVATE CAPITAL REMAINS ACTIVE. For priced listings, the average time on the market of for-sale properties dropped by 11% in the 12 months ending in April 2023 as the sale-price-to-asking-price ratio widened by 1.7 percentage points to 93.4%, on par with ratios seen in 2006. Meanwhile, the share of properties withdrawn from the market by discouraged sellers expanded by 3.7 percentage points to 25.2% during the 12 months ending in April 2023.

Market Liquidity Indicators, Data Through April 2023



Monthly CCRSI Results, Data Through April 2023

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-1.4%	-4.0%	-7.6%	150.0% ¹
Equal-Weighted U.S. Composite Index	0.8%	2.3%	2.8%	161.4% ²
U.S. Investment-Grade Index	-0.6%	-1.6%	-9.4%	159.4% ³
U.S. General Commercial Index	0.9%	2.4%	4.7%	161.0% ⁴

¹ Trough Date: JANUARY 2010 ² Trough Date: March 2011 ³ Trough Date: October 2009 ⁴ Trough Date: March 2011

Monthly Liquidity Indicators, Data Through April 2023

	Current	1 Month Earlier	1 Quarter Earlier	1 Year Earlier
Days on Market	188	190	193	211
Sale-Price-to-Asking-Price Ratio	93.4%	93.3%	93.4%	95.1%
Withdrawal Rate	25.2%	25.4%	25.3%	21.5%

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 withdrawn from the market by the seller to all listings for a given month.

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.

MEDIA CONTACT:

Matthew Blocher, Vice President, Marketing & Communications, CoStar Group (mblocher@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://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 in the property markets. 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. STR provides premium data benchmarking, analytics, and marketplace insights for the global hospitality industry. 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. BureauxLocaux is one of the largest specialized property portals for buying and leasing commercial real estate in France. Business Immo is France's leading commercial real estate news service. CoStar Group's websites attract tens of millions of unique monthly visitors. Headquartered in Washington, DC, CoStar Group maintains offices throughout the U.S., Europe, Canada, and Asia. From time to time, we plan to utilize our corporate website, www.costargroup.com, as a channel of distribution for material company information. For more information, visit www.costargroup.com.