

CCRSI RELEASE – July 2023  
(With data through June 2023)

## **THE EQUAL-WEIGHTED U.S. COMPOSITE PRICE INDEX POSTS ITS FIRST NEGATIVE ANNUAL PRINT SINCE FEBRUARY 2012**

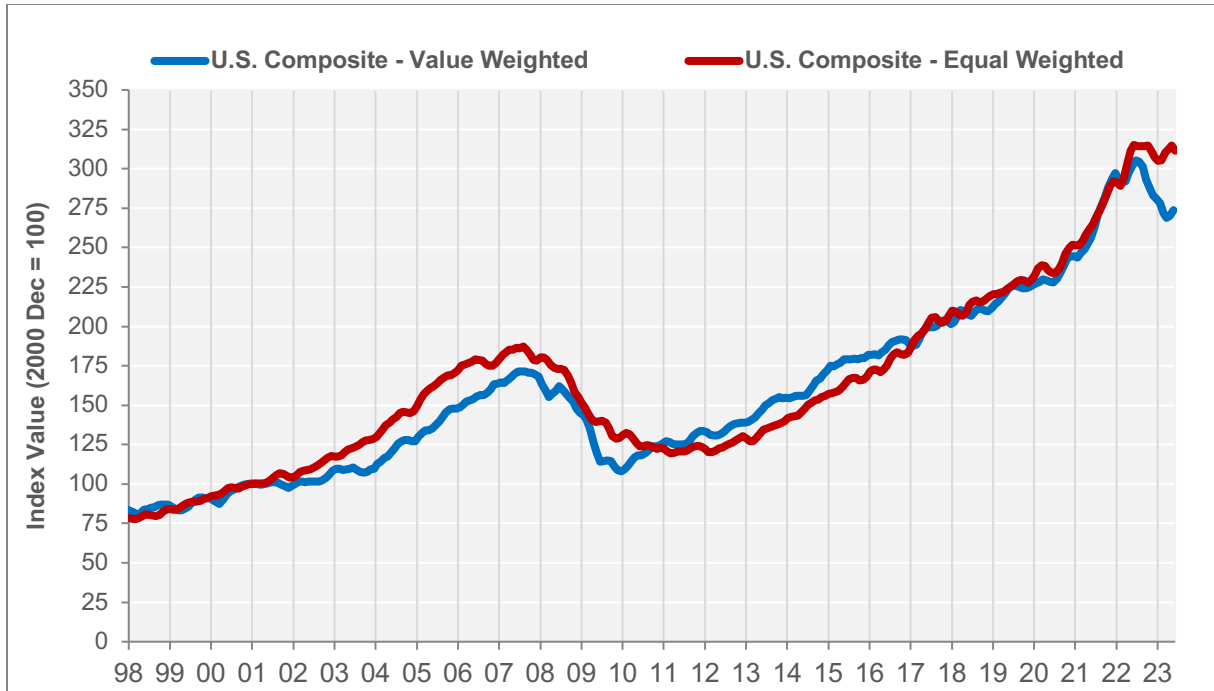
*ANNUAL PRICE DECLINES SEEN ACROSS PROPERTY TYPES AND REGIONS, WITH RELATIVE STRENGTH OCCURRING IN THE SOUTH*

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through June 2023. Based on 1,150 sale pairs in June 2023 and more than 292,879 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

### **CCRSI NATIONAL RESULTS HIGHLIGHTS**

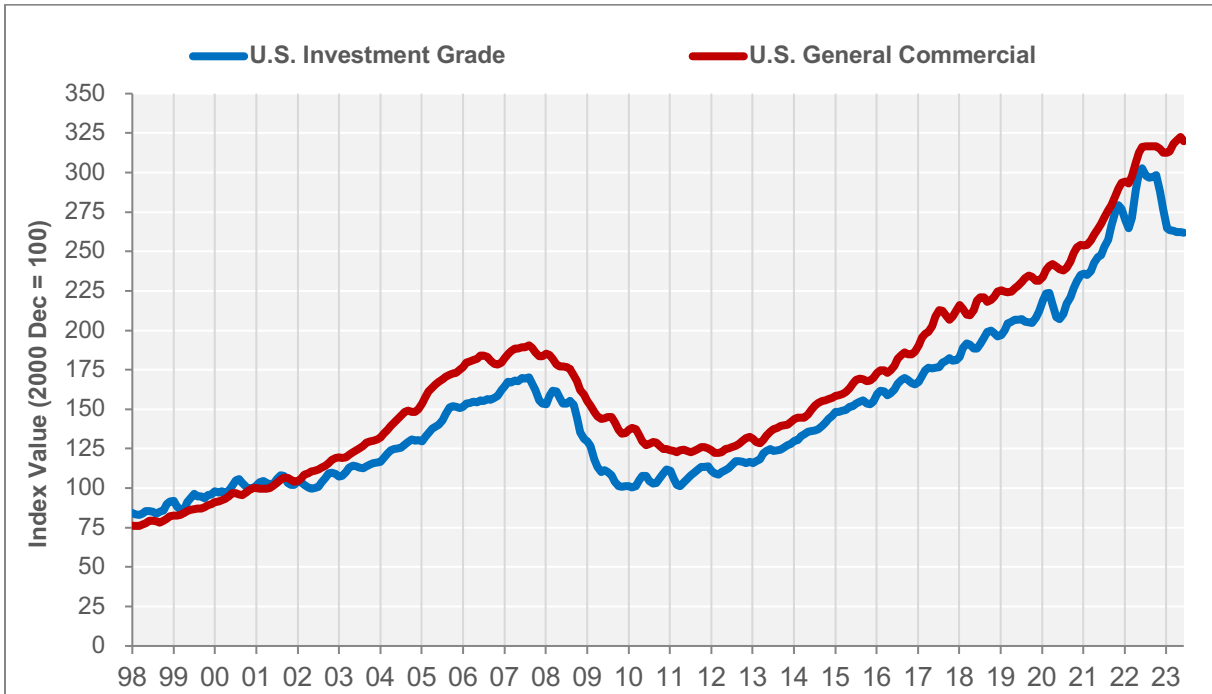
- U.S. COMPOSITE PRICE INDICES WERE MIXED IN JUNE 2023. Following nine months of declines from August 2022 to April 2023, the value-weighted U.S. Composite Index, more heavily influenced by high-value trades common in core markets, posted its second consecutive monthly increase in June 2023 to 274. While the 1.3% month-over-month increase was a positive step forward, the 17-month trend of decelerating year-over-year price momentum remained intact. Through June 2023, the value-weighted index stood 9.4% lower than thresholds from one year ago.
- The equal-weighted U.S. Composite Index has been sending conflicting month-over-month price signals for the last year. This index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, fell three points to 312 in June 2023, a decrease of 0.9% over the prior month. After trending lower for the last year and a half, the equal-weighted index's year-over-year growth fell 1.1% in June 2023, marking the first negative print since February 2012.

## U.S. Composite Indices: Equal- and Value-Weighted, Data Through June 2023



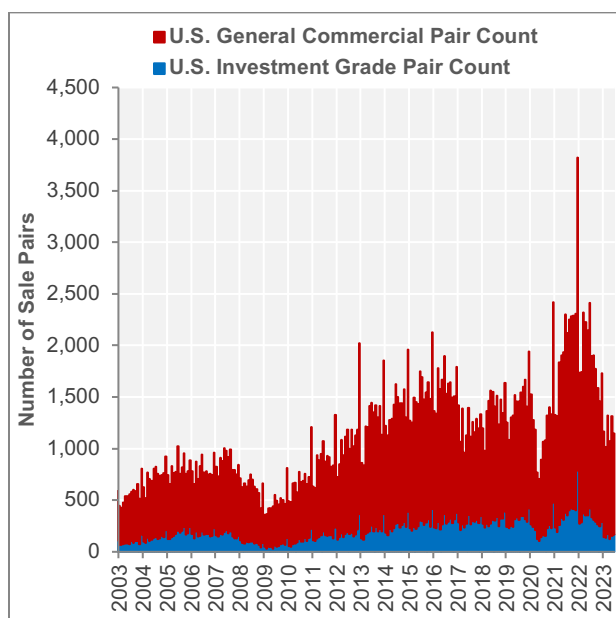
- JUNE 2023 MARKS THE FIRST MONTH SINCE OCTOBER 2022 WHERE THE EQUAL-WEIGHTED GENERAL COMMERCIAL COMPOSITE INDEX FAILED TO BEAT INVESTMENT-GRADE PRICE PERFORMANCE.
- The general commercial sub-index, more heavily influenced by lower-value assets, logged its first negative print, down 0.8% on the month, since dragging 0.1% lower in January 2023. The index climbed 1.2% over the 12 months ending in June 2023 but, at its current trajectory, may dip into the red during the back half of 2023. The index's year-over-year growth rate peaked in May 2022 at 18.4%.
- The investment grade sub-index, more heavily influenced by higher-value assets, declined by 0.2% in June 2023, stepping backward in nine of the last 12 months. The index lost 13.5% of its value during the 12 months ending in June 2023, the seventh consecutive month of year-over-year price declines. Investment grade year-over-year price increases peaked in June 2022 at 22.3%.

## U.S. Equal-Weighted Indices by Market Segment, Data Through June 2023

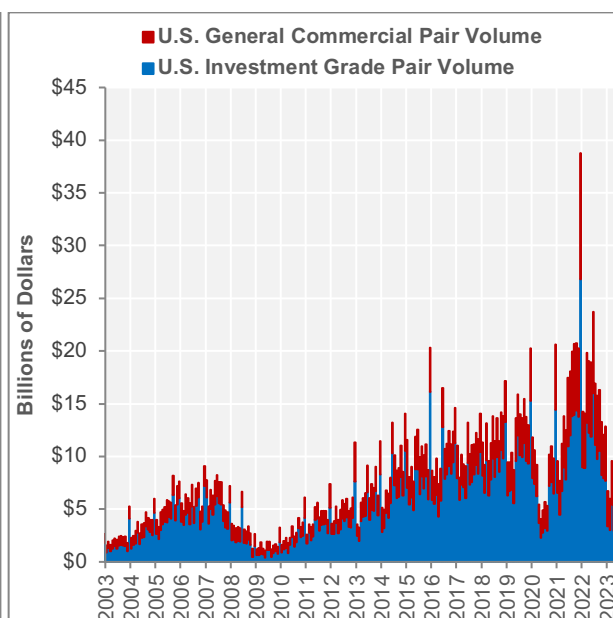


- Overall transaction volume DECLINED 47% FROM THE PRIOR YEAR IN JUNE. Composite pair volume of \$130.4 billion in the 12 months ending in June 2023 marked a 47.5% decline compared to the 12 months ending in June 2022. The pullback in volume was more concentrated at the upper end of the market, with the investment grade segment dropping 52.9%, compared to general commercial's fall of 36.5% over the same period.

**U.S. Pair Count, Data Through June 2023**

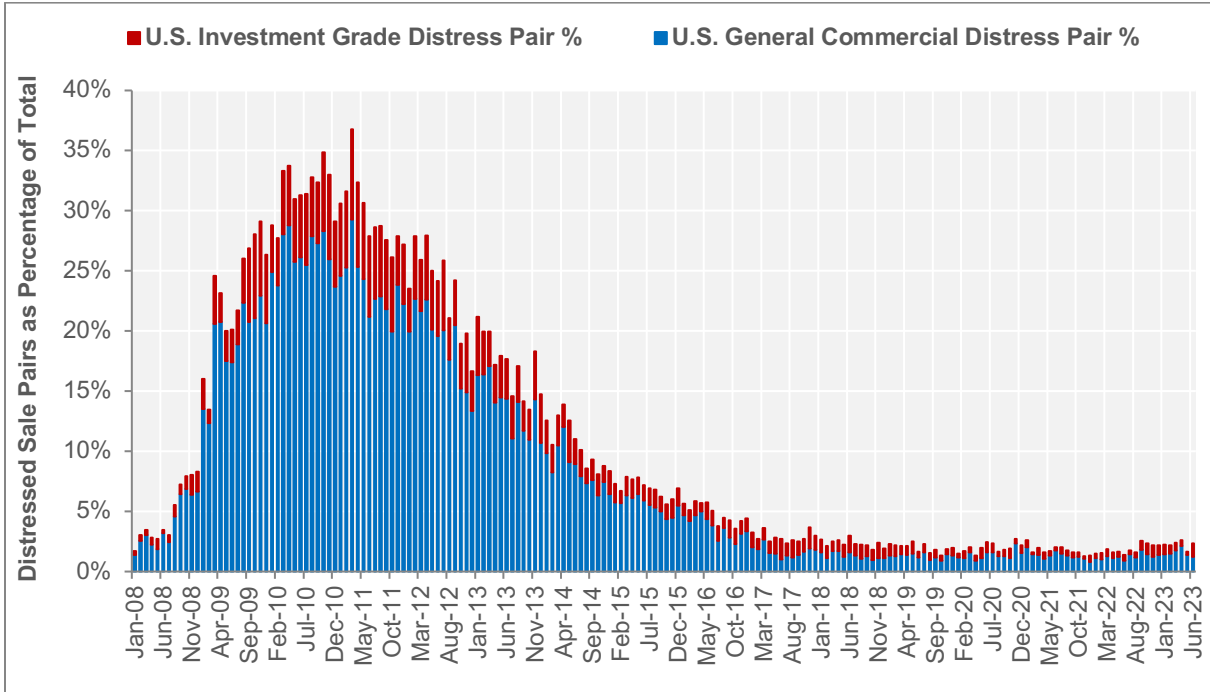


**U.S. Pair Volume, Data Through June 2023**



- AS A PERCENT OF REPEAT-SALE TRADES, INVESTMENT-GRADE DISTRESSED SALES ACCELERATED IN JUNE 2023. Only 27 of the 1,150 repeat-sale trades in June 2023, or about 2.3%, were distressed sales. General commercial accounted for 14 distressed trades, or 1.2% of all repeat-sales transactions, which was below its five-year pre-pandemic monthly average of 2.6%. However, with a noticeable uptick, investment-grade distressed sales rose to 13 trades, matching its five-year pre-pandemic monthly average of 1.1%. June 2023 signifies the first time the sub-index climbed above one percent since November 2018.

## U.S. Distress Sale Pairs Percentage, Data Through June 2023



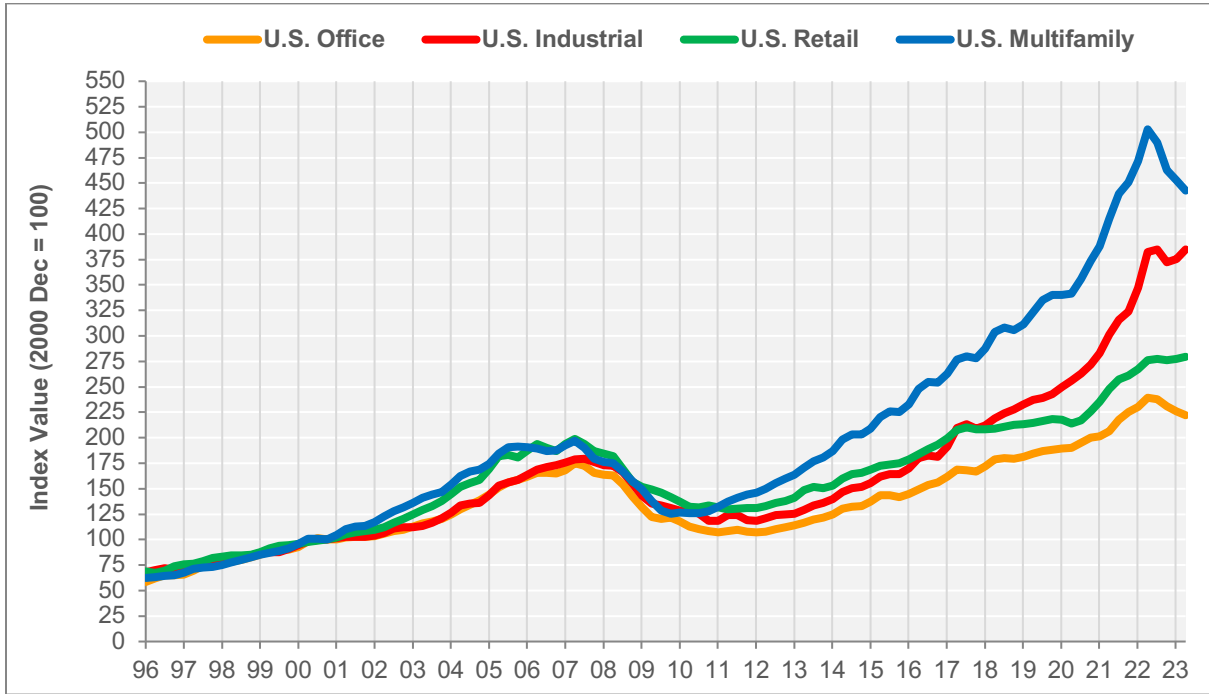
### QUARTERLY CCRSI PROPERTY TYPE RESULTS

- PROPERTY TYPE PRICE TRENDS MAINTAINED SIMILARITIES OVER THE PRIOR QUARTER. Including land and hospitality, the equal-weighted property type indices' average price growth moved sideways in the second quarter, up just 0.2%. Except for land values, the property types exhibiting positive quarter-over-quarter pricing, including industrial, retail, and hospitality in the first quarter of 2023, held on to positive momentum in the second quarter of 2023. Similarly, the negative pricing trends in office and multifamily during the prior four quarters carried over to the second quarter of 2023. Tight pricing correlations between Prime markets and the national trends in industrial and multifamily signify the destination of the strongest capital flows.
- THE EQUAL-WEIGHTED INDUSTRIAL INDEX LED PRICING GROWTH AMONG THE FOUR MAJOR PROPERTY TYPES. The equal-weighted U.S. Industrial Index was up 2.4% in the second quarter of 2023. However, in the 12 months ending in June 2023, the index was barely positive at 0.7%, down from 26.9% in the second quarter of 2022. Among the value-weighted indices, the industrial index was the last remaining holdout to enter negative territory, which gave back 2.8% of value during the 12 months ending in June 2023. The value-weighted index is down 5.2% from its highs in the third quarter of 2022.
- MULTIFAMILY PRICE DECLINES ACCELERATED TO THE DOWNSIDE. The equal-weighted U.S. Multifamily Index sagged 2.2% in the second quarter of 2023 but plummeted 11.9% in the 12 months ending in June 2023. The multifamily indexes showed the most severe quarter-over-quarter pricing decline of all property types. The value-weighted U.S. Multifamily Index fared

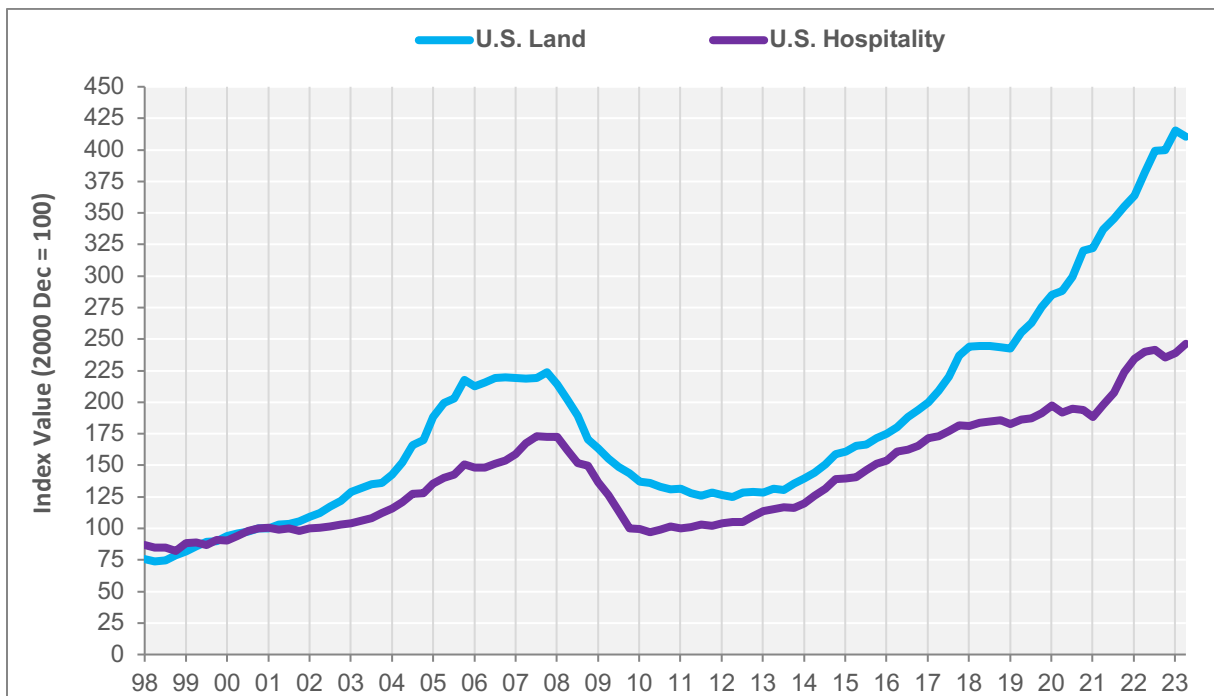
similarly in the second quarter of 2023, with a decline of 2.4%. However, it gave up 14% of its value in the 12 months ending in June 2023.

- **OFFICE MANAGED TO PARE BACK QUARTERLY PRICE DECLINES.** The equal-weighted U.S. Office Index slipped 1.6% in the second quarter of 2023, besting prior declines of 2.2% and 3.1% in the first quarter of 2023 and the fourth quarter of 2022, respectively. During the 12 months ending in June 2023, equal-weighted office prices were off by 7.1%. While losing less value than the prior quarter, the value-weighted U.S. Office Index gave back 14.2% in the 12 months ending in June 2023. The value-weighted index is lower by 20.8% from the highs witnessed in the fourth quarter of 2021.
- **RETAIL PRICES ADVANCED IN THE SECOND QUARTER OF 2023.** The equal-weighted U.S. Retail Index climbed 0.7% in the second quarter of 2023. Yet, the index price gains slowed to 1.2% in the 12 months ending in June 2023. The value-weighted U.S. Retail Index also stepped higher in the second quarter of 2023, now 1.4% above the prior quarter. Once boasting 12% annual price gains in the first quarter of 2022, the value-weighted index just posted its second consecutive quarter of annual declines, losing 1.2% in the 12 months ending in June 2023.
- **THE U.S. HOSPITALITY INDEX OUTSHINED.** The U.S. Hospitality Index was up an impressive 3% in the second quarter of 2023, pushing annual gains of 2.6% in the 12 months ending in June 2023. Despite the positive quarter, low single-digit pricing growth is substantially off the annual growth rate of 24.7% in the first quarter of 2022.
- **THE U.S. Land Index FELL IN RESPONSE TO NEGATIVE VALUE-WEIGHTED PRICE PERFORMANCE.** The equal-weighted U.S. Land Index fell 1.2% in the second quarter of 2023, pulling down the annual growth rate to 7.4% in the 12 months ending in June 2023. The step lower reflects the ongoing slowdown in new construction activity.

## U.S. Primary Property Type Quarterly Indices – Equal-Weighted Data Through June 2023



## U.S. Land and Hospitality Quarterly Indices – Equal-Weighted Data Through June 2023

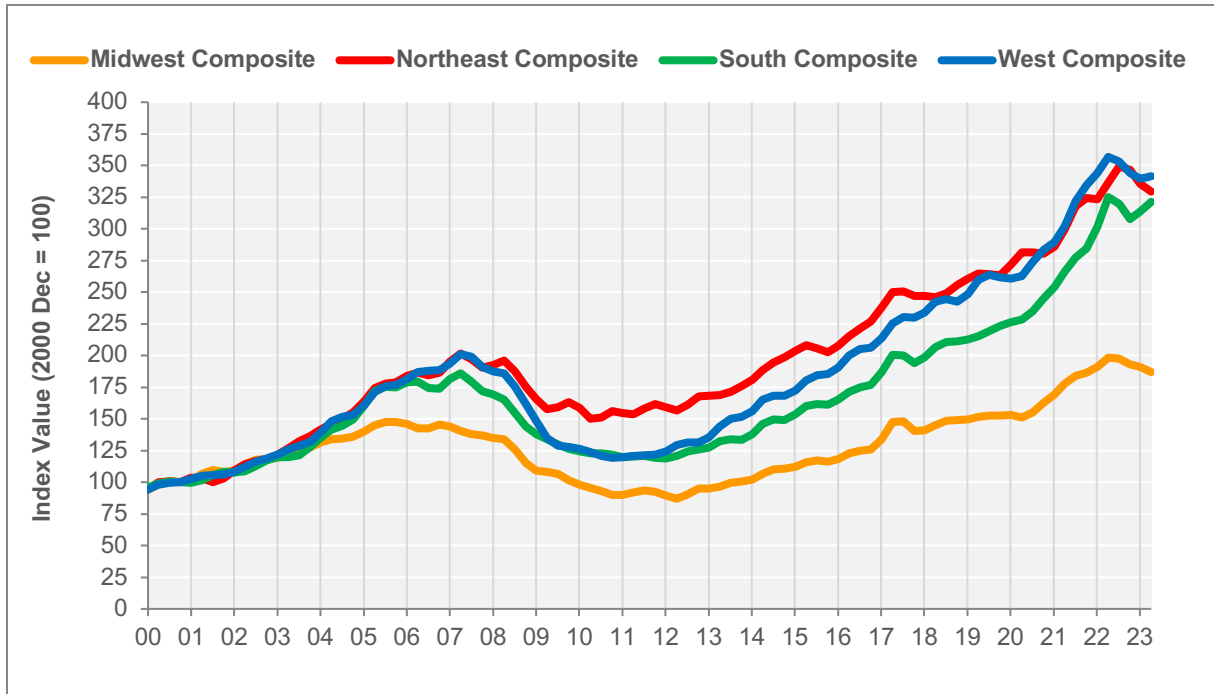


## QUARTERLY CCRSI REGIONAL RESULTS

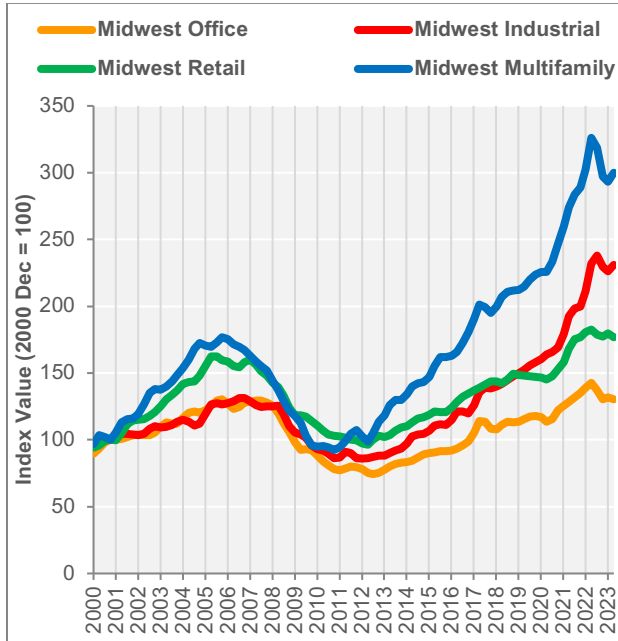
- **MULTIFAMILY PRICE DECLINES WEIGHED ON AGGREGATE GROWTH IN THE SOUTH.** The South Composite Index advanced for the second consecutive quarter, up 2.4% in the second quarter of 2023. However, the index's annual gains were markedly lower than the prior quarter. As of the second quarter of 2023, year-over-year pricing slowed across all property types and landed at 3.9% for retail, 0.6% for office, flat for industrial, and down 5.6% for multifamily.
- **THE NORTHEAST SHOWED NEGATIVE PRICING MOMENTUM ACROSS ALL PROPERTY TYPES.** The equal-weighted Northeast Composite Index declined by 2.1% in the 12 months ending in June 2023 while falling 1.9% in the second quarter of 2023. The value-weighted index's quarterly performance matched, while the annual declines were less severe at 0.7% in the 12 months ending in June 2023. Although all four property types were in the red, annual price declines of 0.5% for industrial, 1.6% for retail, 1.7% for office, and 7.4% for multifamily over the 12 months ending in June 2023 show that the correction is broad-based and trending.
- **THE MIDWEST'S EQUAL-WEIGHTED INDEX POSTED THE STEEPEST ANNUAL PRICE DECLINE.** The Midwest region experienced the largest equal-weighted price decline of the four regions, giving back 5.8% during the 12 months ending in June 2023. The second quarter of 2023 was off by 2.1%. Office and multifamily have been most impacted by the price declines, with annual drops of 8.5% and 8%, respectively, through the 12 months ending in June 2023. Retail gave back less with a 3.2% value depletion, and industrial handed over 0.4% losses after annual gains peaked above 20% in the first quarter of 2022.
- **THE WESTWARD HELD ON TO QUARTERLY GAINS.** The equal-weighted West Composite Index captured 0.6% value gains in the second quarter of 2023 after three consecutive quarters of losses. However, the index fell by 4.2% during the 12 months ending in June 2023. The value-weighted index showed the sharpest annual fall among regions and quality, with 10% price declines through the same period. Of all 16 property regions, the West's office and multifamily fared the worst with value dilution of 8.7% and 13.7%, respectively.



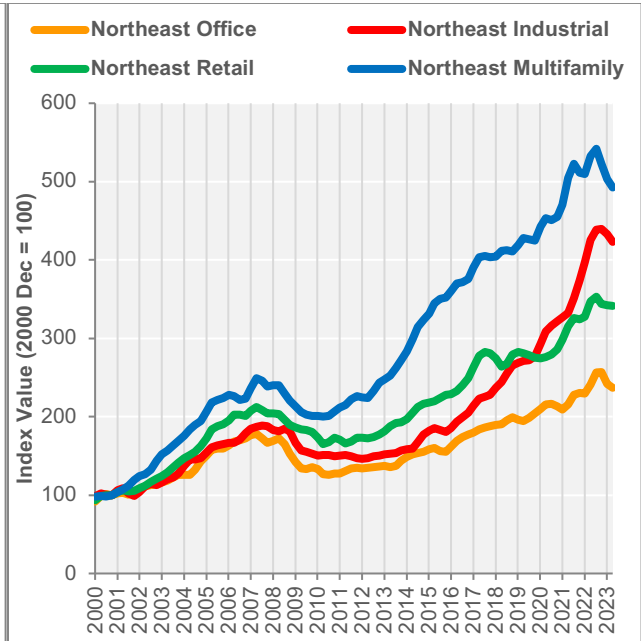
## U.S. Regional Type Quarterly Indices – Equal-Weighted Data through June 2023



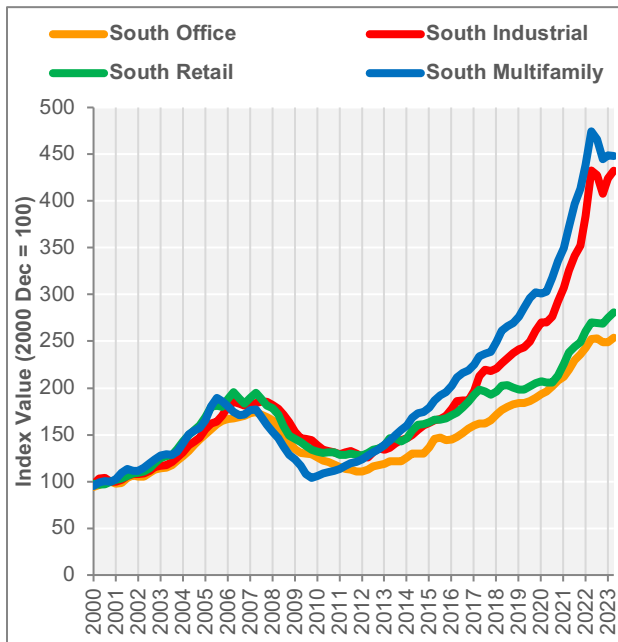
**U.S. Midwest Property Type Quarterly Indices Equal-Weighted, Data Through June 2023**



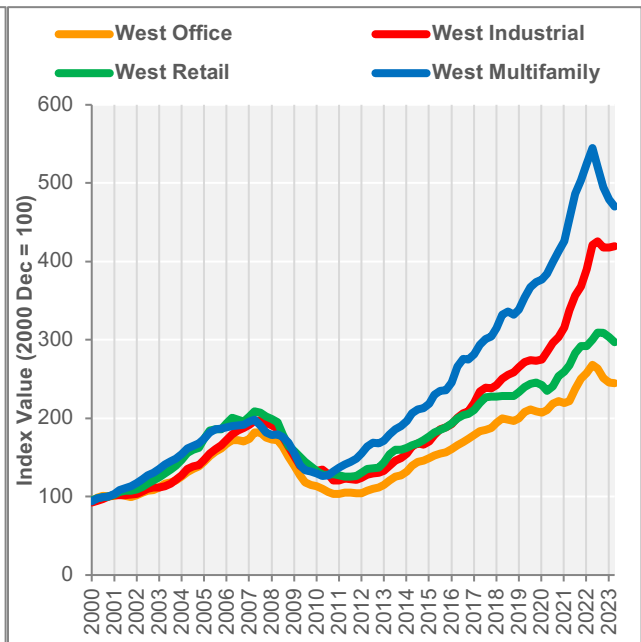
**U.S. Northeast Property Type Quarterly Indices Equal-Weighted, Data Through June 2023**



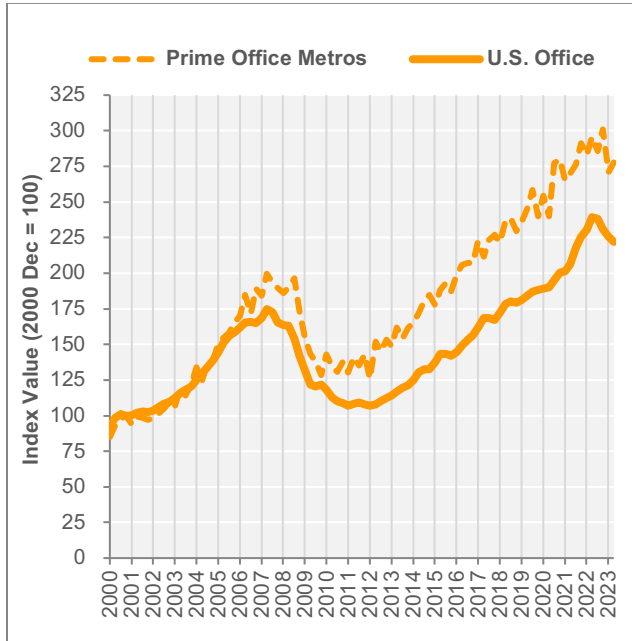
**U.S. South Property Type Quarterly Indices Equal-Weighted, Data Through June 2023**



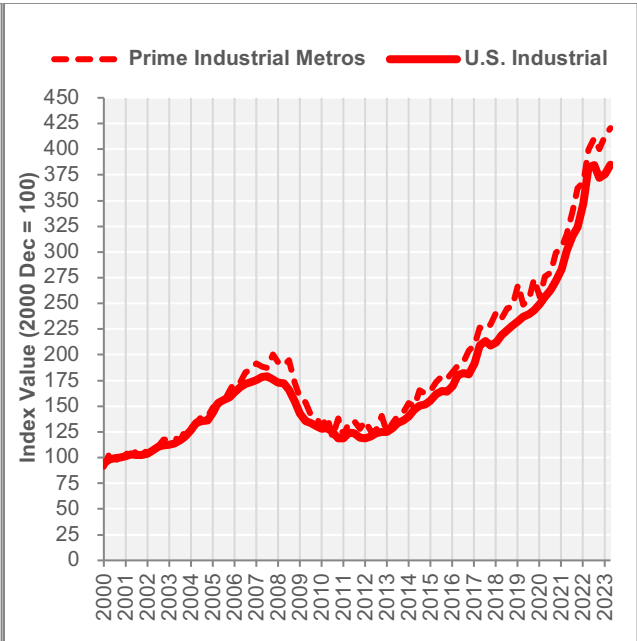
**U.S. West Property Type Quarterly Indices Equal-Weighted, Data Through June 2023**



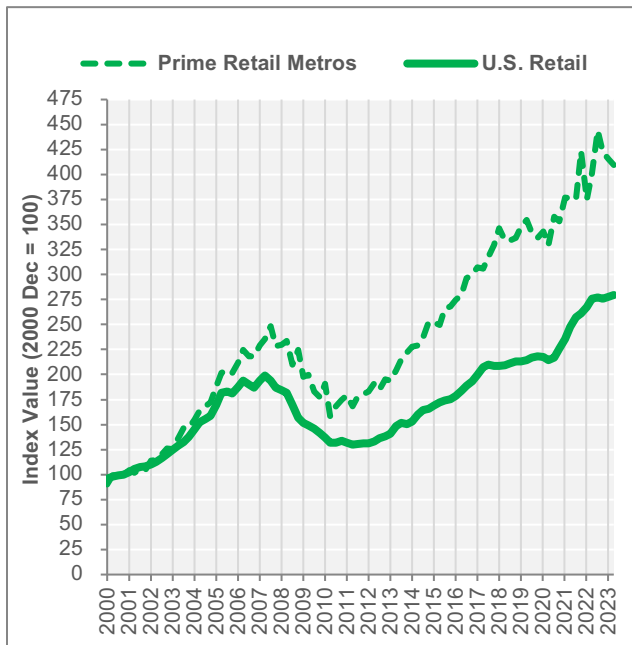
**Prime Office Markets Quarterly Indices  
Equal-Weighted, Data Through June 2023**



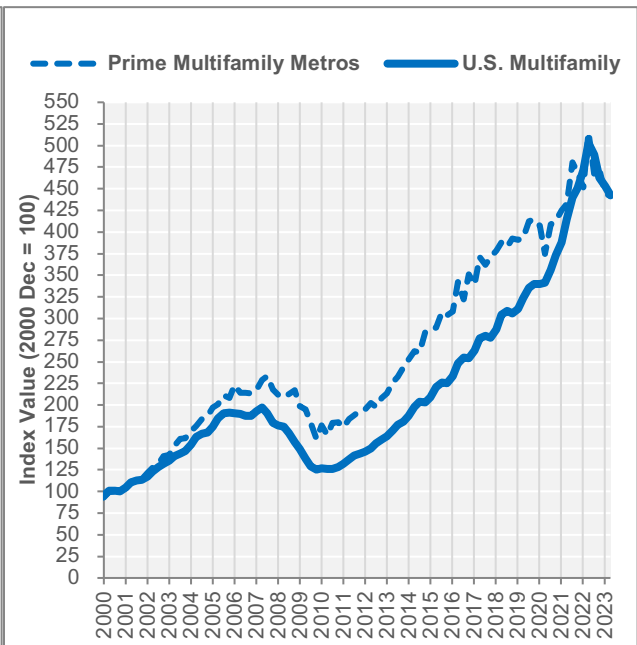
**Prime Industrial Markets Quarterly Indices  
Equal-Weighted, Data Through June 2023**



**Prime Retail Markets Quarterly Indices  
Equal-Weighted, Data Through June 2023**



**Prime Multifamily Markets Quarterly Indices  
Equal-Weighted, Data Through June 2023**



## Monthly CCRSI Results, Data Through June 2023

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
<b>Value-Weighted U.S. Composite Index</b>	1.3%	0.5%	-9.4%	153.2% <sup>1</sup>
<b>Equal-Weighted U.S. Composite Index</b>	-0.9%	0.4%	-1.1%	160.9% <sup>2</sup>
<b>U.S. Investment-Grade Index</b>	-0.2%	-0.5%	-13.5%	159.9% <sup>3</sup>
<b>U.S. General Commercial Index</b>	-0.8%	0.6%	1.2%	160.5% <sup>4</sup>

<sup>1</sup> Trough Date: January 2010    <sup>2</sup> Trough Date: March 2011    <sup>3</sup> Trough Date: February 2010    <sup>4</sup> Trough Date: March 2011

## 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 (NASDAQ: CSGP) is a leading provider of online real estate marketplaces, information, and analytics in the property markets. Founded in 1987, CoStar Group conducts expansive, ongoing research to produce and maintain the largest and most comprehensive database of real estate information. CoStar is the global leader in commercial real estate information, analytics, and news, enabling clients to analyze, interpret and gain unmatched insight on property values, market conditions and availabilities. Apartments.com is the leading online marketplace for renters seeking great apartment homes, providing property managers and owners a proven platform for marketing their properties. LoopNet is the most heavily trafficked online commercial real estate marketplace with over twelve million monthly global unique visitors. STR provides premium data benchmarking, analytics, and marketplace insights for the global hospitality industry. Ten-X offers a leading platform for conducting commercial real estate online auctions and negotiated bids. Homes.com is the fastest growing online residential marketplace that connects agents, buyers, and sellers. 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. Thomas Daily is Germany's largest online data pool in the real estate industry. Belbex is the premier source of commercial space available to let and for sale in Spain. CoStar Group's websites attract nearly 100 million 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, [CoStarGroup.com](http://CoStarGroup.com), as a channel of distribution for material company information. For more information, visit [CoStarGroup.com](http://CoStarGroup.com).