



CCRSI RELEASE – March 2023
(With data through February 2023)

PRICES FALL IN FEBRUARY 2023 AS INVESTORS DIGEST HIGHER INTEREST RATES ALONGSIDE FURTHER ECONOMIC UNCERTAINTY

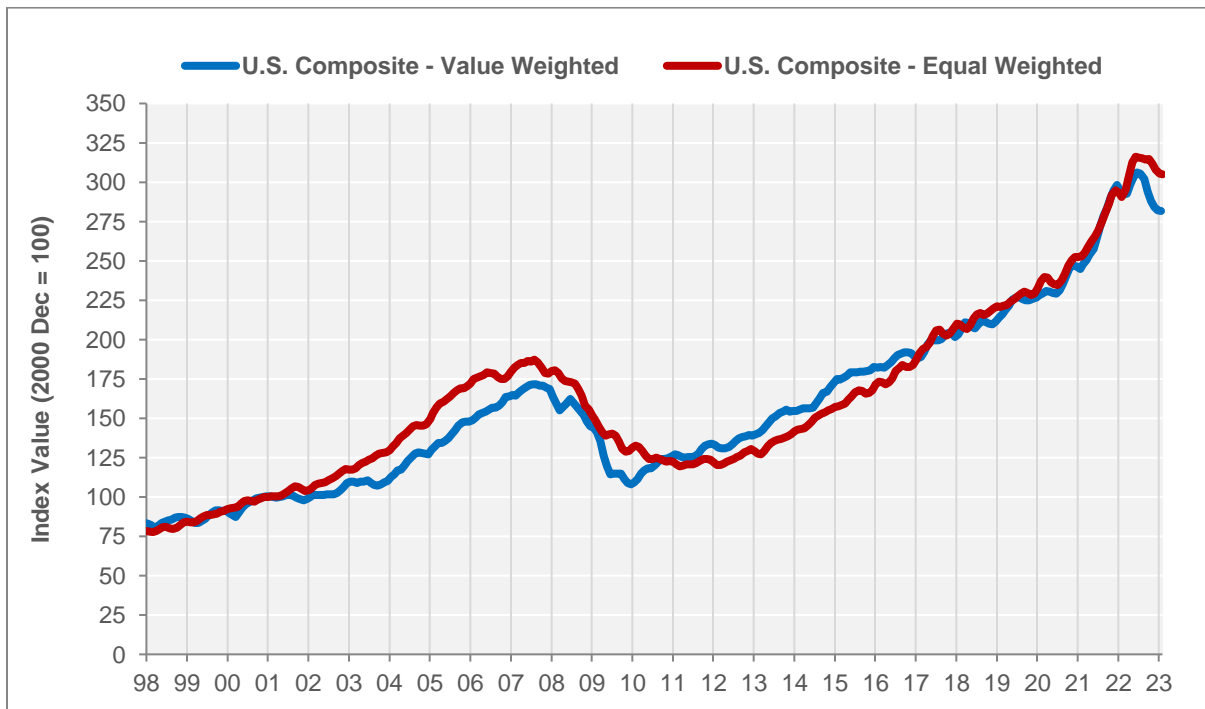
TRANSACTION VOLUME MIRRORS LEVELS SEEN IN THE THIRD QUARTER OF 2020

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through February 2023. Based on 864 sale pairs in February 2023 and 287,655 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

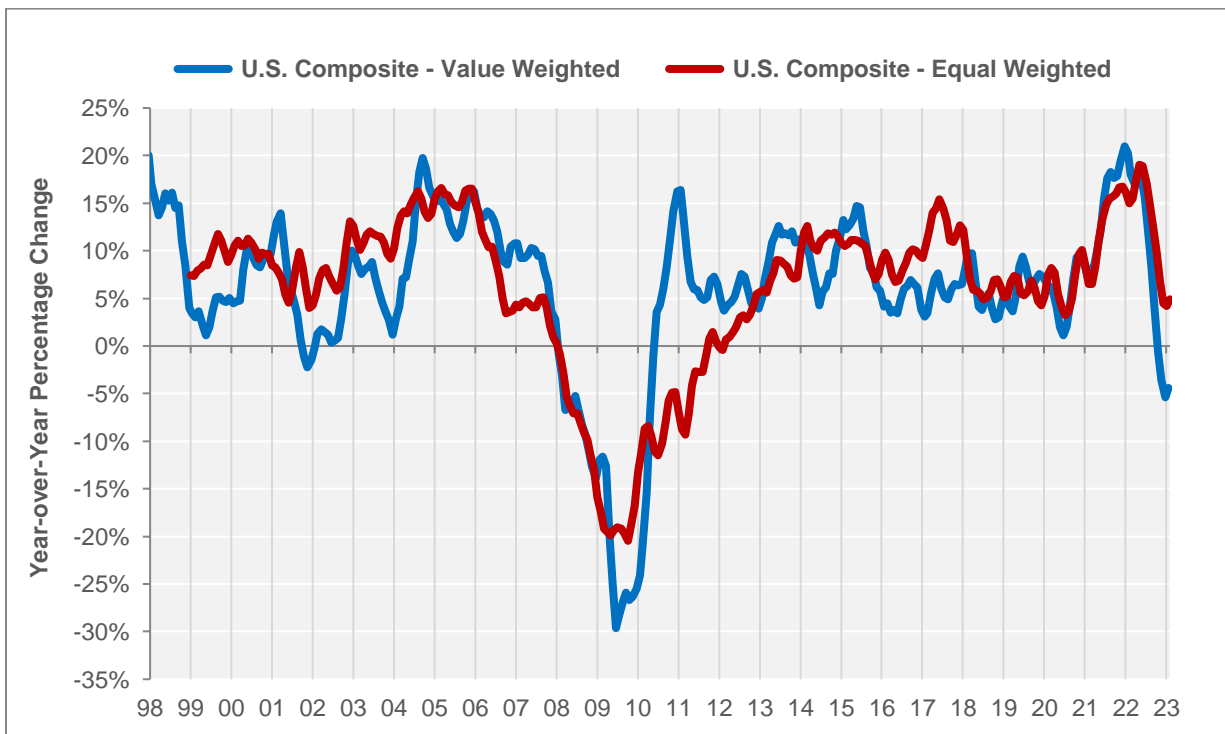
CCRSI National Results Highlights

- U.S. COMPOSITE PRICE INDICES REMAINED NEGATIVE IN FEBRUARY 2023. The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades common in core markets, fell for the seventh consecutive month to 282 in February 2023, a retraction of 0.2% over the prior month. The index was down 4.4% in the 12-month period that ended in February 2023 and is 23.4% higher than in February 2020, before the onset of the COVID-19 pandemic.
- Meanwhile, the equal-weighted U.S. composite index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, shuffled to 305 in February 2023, a fall of 0.1% over the prior month, and the fourth sequential decline. The index gained 4.9% in the 12-month period that ended in February 2023 and is 28.5% above its February 2020 pre-pandemic level.
- Both composite indices have been on a broad deceleration trend in year-over-year growth for the last eight consecutive months as markets respond to an environment of higher interest rates as the Federal Reserve battles decades-high inflation.

U.S. Composite Indices: Equal- and Value-Weighted, Data through February 2023

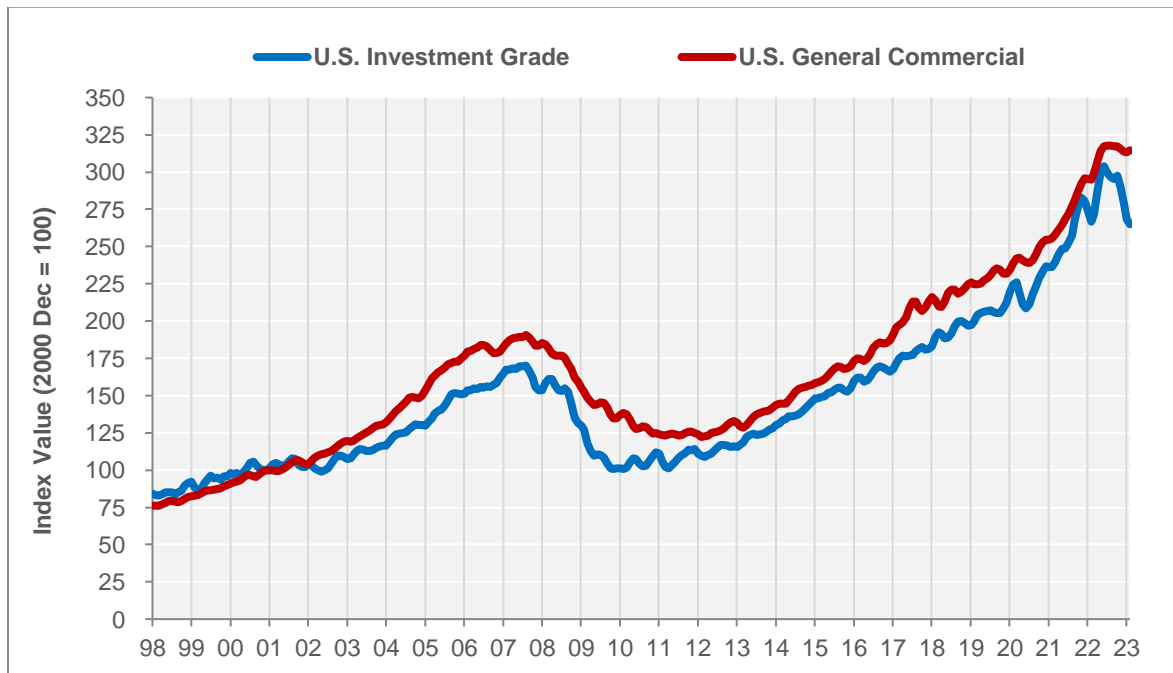


U.S. Composite Indices: YoY Percent Change, Data through February 2023



- THE EQUAL-WEIGHTED COMPOSITE PRICE INDEX IN FEBRUARY 2023 SAW INVESTMENT GRADE FALL, WITH GENERAL COMMERCIAL NEARLY FLAT.
- The investment grade sub-index, more heavily influenced by higher-value assets, fell by 1.3% in February 2023, the fourth sequential decline and the seventh out of the prior eight months. The index shrank 0.6% over the 12-month period that ended in February 2023, the third consecutive month of year-over-year decline.
- The general commercial sub-index, more heavily influenced by smaller, lower-priced assets, footed 0.3% higher in February 2023, reversing the direction of the prior month. This sub-index gained 6.7% over the 12-month period that ended in February 2023, on par with annual gains seen in March 2021.

U.S. Equal-Weighted Indices by Market Segment, Data through February 2023

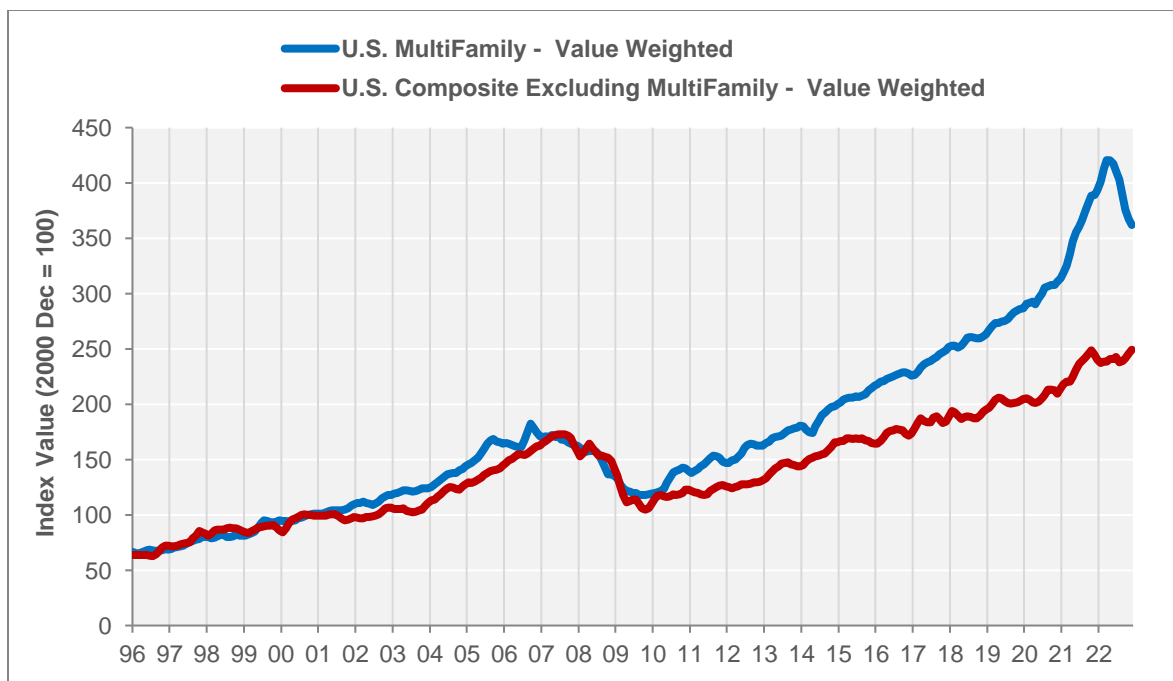


- THE MULTIFAMILY SECTOR DROVE MOST OF THE PRICE GAINS IN THE VALUE-WEIGHTED INDEX OVER THE PAST DECADE. However, that sub-index has fallen in the past eight consecutive months.
- The multifamily sector sub-index fell by 1.4% in February 2023, its eighth month of decline since reaching a peak of 421 in June 2022. The index saw a price contraction of 7.0% in the 12-month period that ended in February 2023, its steepest decline since April 2010. The multifamily sector sub-index was 26.7% higher than in February 2020, before the onset of the pandemic. However, February's growth, compared to pre-pandemic levels, was down considerably from the 47.1% increase as of June 2022. Net absorption in multifamily units

reached historic highs in 2021 in response to pandemic-era impacts on the housing market, motivating double-digit annual price gains and making the sector an attractive asset class. However, affordability destruction through rental rate growth and a wave of new supply have together dampened absorption.

- The value-weighted composite index excluding the multifamily sector grew sequentially by 1.3% in February 2023, its fourth monthly increase. The index also expanded by 1.9% in the 12-month period that ended in February 2023, its first year-over-year rise in five months, and is 22.9% higher than it was in February 2020.

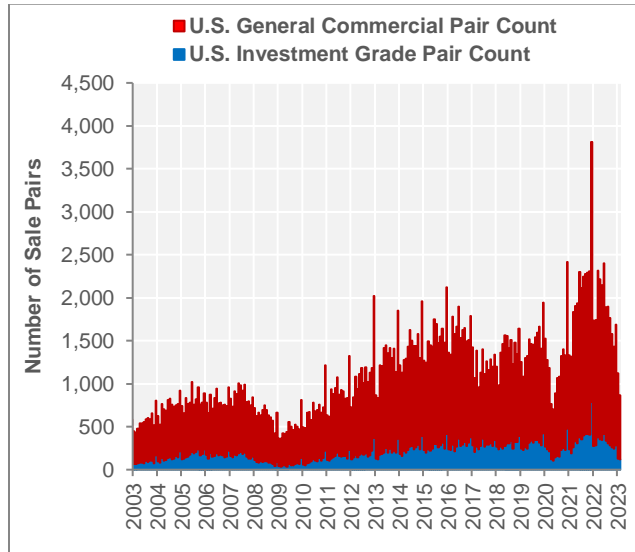
U.S. Value-Weighted Composite Index Excluding Multifamily Data through February 2023



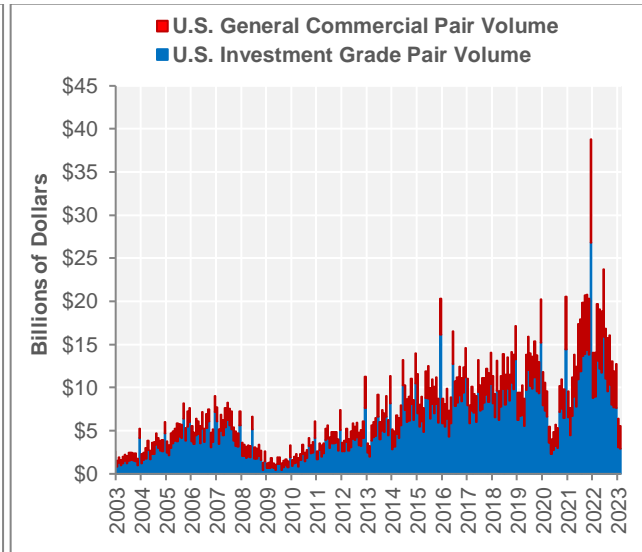
- TRANSACTION VOLUME SLIPPED IN FEBRUARY 2023, FALLING TO THE LOWEST LEVEL SINCE AUGUST 2020. Higher interest rates and a slowing economy led to a further reduction in sales volume. Transaction activity fell to \$5.5 billion in February 2023, a 13.5% decline from the prior month's upwardly revised volume and the lowest volume since August 2020. Investment grade segment transaction volume retreated 4.7% in February 2023 over the prior month to \$2.9 billion while the general commercial segment fell by 21.8% to \$2.6 billion.
- Composite pair volume of \$179.7 billion in the 12-month period ending in February 2023 was 18.8% lower than the 12-month period that ended in February 2022 due to the combination of higher interest rates and tighter lending standards. The decrease in volume was more pronounced in the investment grade segment, which tumbled 22.8% over the 12 months that ended in February 2023 and accounted for about 63% of the overall annual transaction volume.

The general commercial segment, which accounted for about 37% of that 12-month transaction volume, fell by 11.1% over the 12-month period ending in February 2023.

U.S. Pair Count, Data through February 2023

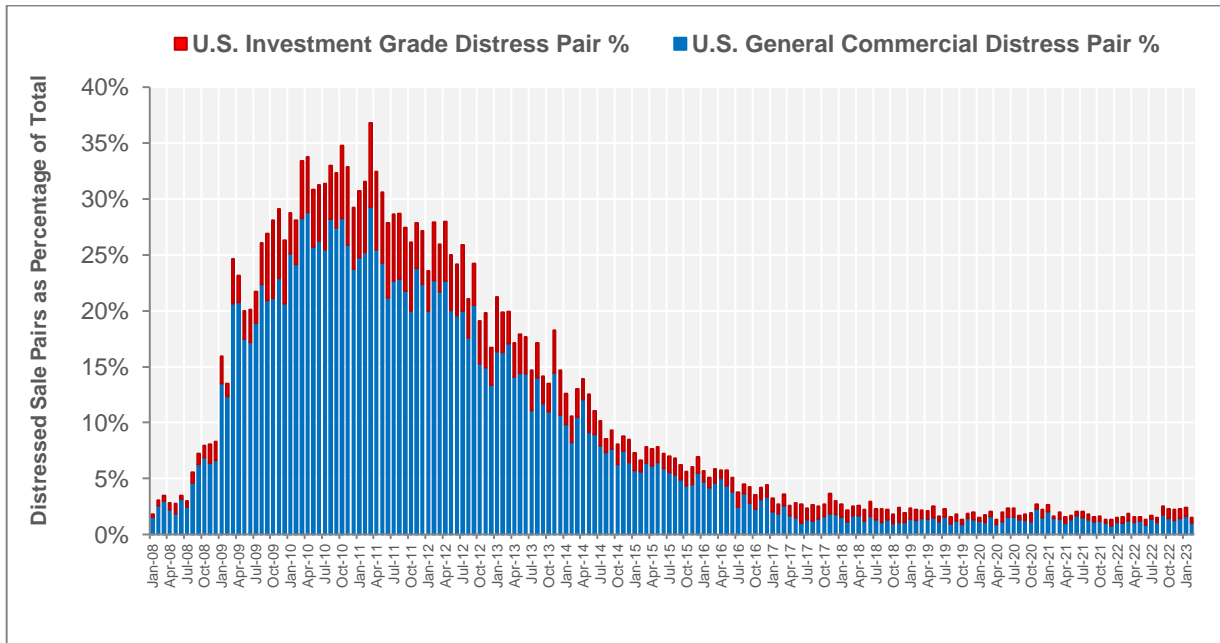


U.S. Pair Volume, Data through February 2023



- LOW LEVELS OF DISTRESS AMONG REPEAT-SALE TRADES.** Approximately 13 of the 864 repeat-sales trades in February 2023, or about 1.5%, were distressed sales. In comparison, the monthly average share of distressed sales in the five-year period ending in February 2020, prior to the onset of the pandemic, was 3.6%. General commercial distressed sales accounted for 9 of the distressed trades in February 2023, or 1.0% of all repeat-sales trades, below its five-year pre-pandemic monthly average of 2.5%. Only four investment grade distressed sales were recorded in the month, accounting for 0.5% of all repeat sales trades, below its five-year pre-pandemic monthly average of 1.1%.

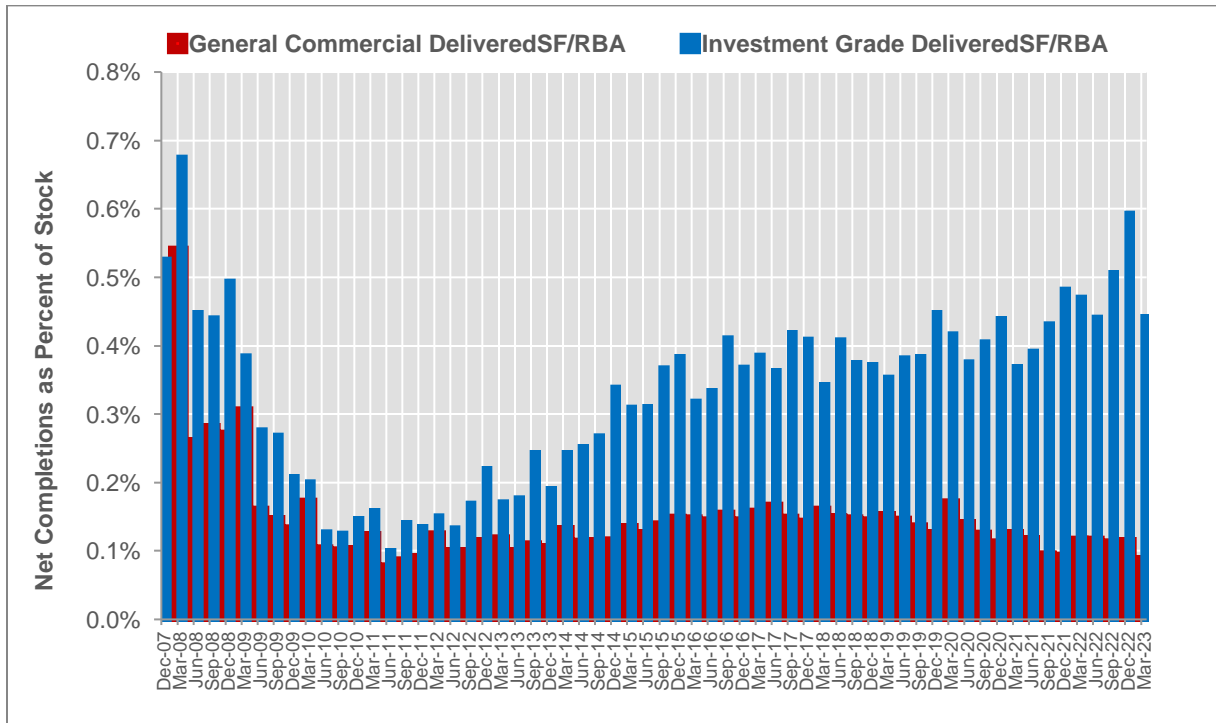
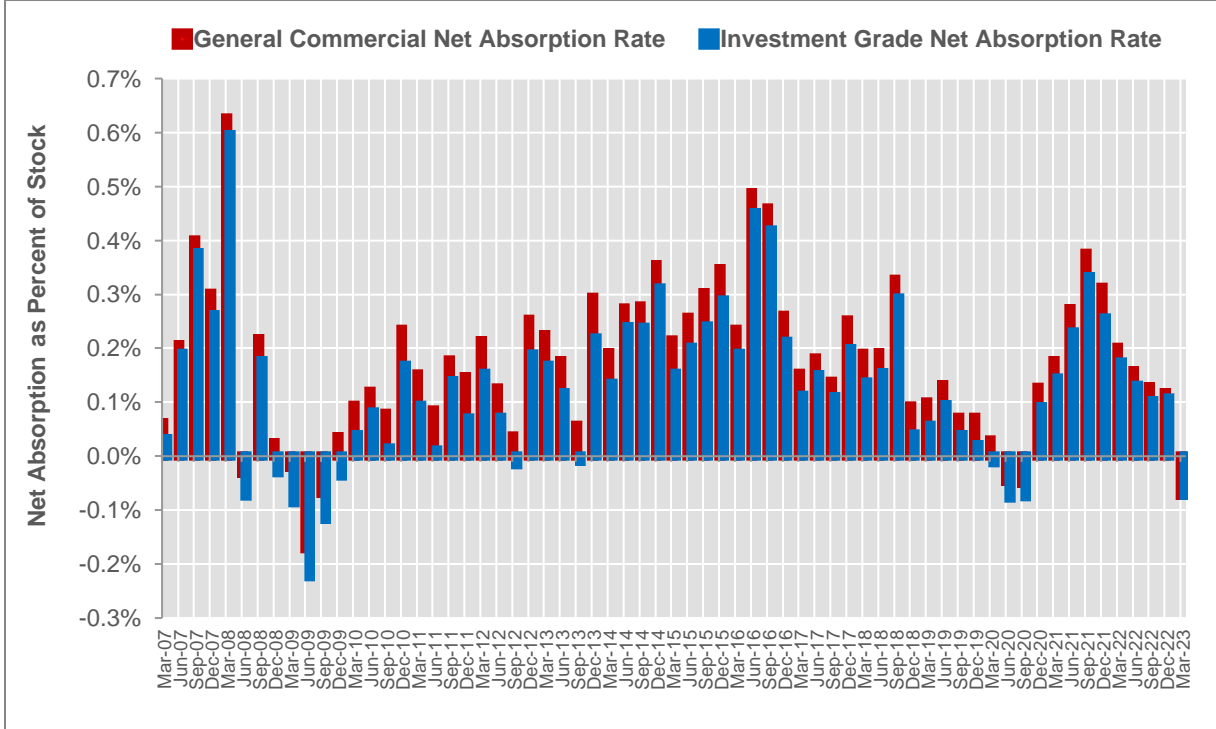
U.S. Distress Sale Pairs Percentage, Data through February 2023



- **DEMAND FOR SPACE IS PLUMMETING.** Net absorption is projected to be 140.9 million SF in the 12-month period ending in March 2023, a dramatic decline of 72.1% from the 12-month period that ended in March 2022. Investment grade and general commercial segments individually saw similar declines in demand, by 72.9% and 71.4%, respectively, over the same period. This was the sixth consecutive quarter of declining net absorption combined across both the investment grade and general commercial segments. It was also the first quarter that saw negative absorption since the third quarter of 2020.
- As a percentage of stock, negative net absorption in the quarter ending in March 2023 is projected to give back 0.07% of space, its first negative result since the quarter ending in September 2020, as the pandemic wreaked havoc on commercial property markets.
- **WHILE DELIVERIES SLOWED SEQUENTIALLY, THEY'RE STILL ABOVE PRE-PANDEMIC TREND.** Deliveries across the three major property types — office, retail, and industrial — are projected to reach 769.4 million SF in the 12-month period ending in March 2023, up 12.3% from the same period in 2022. Approximately 88% of the space delivered, or 676.1 million SF, is expected to be of investment grade assets, an increase of 13.8% over the 12-month period that ended in March 2022. Only 93.3 million SF of general commercial properties are projected to be delivered in the 12-month period that will end in March 2023, an increase of 2.7% over the prior 12-month period.
- New construction deliveries are increasing the share of investment grade assets in the market. As a percentage of total stock, deliveries are projected to be 0.3% of total inventory

in the quarter that will end in March 2023. Investment grade deliveries are expected to total 0.4% of its stock while general commercial should add less than 0.1% to its inventory.

Market Fundamentals, Data through February 2023



Monthly CCRSI Results, Data through February 2023

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-0.2%	-2.2%	-4.4%	160.6% ¹
Equal-Weighted U.S. Composite Index	-0.1%	-2.1%	4.9%	155.3% ²
U.S. Investment-Grade Index	-1.3%	-8.5%	-0.6%	163.5% ³
U.S. General Commercial Index	0.3%	-0.3%	6.7%	155.7% ⁴

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

Market Fundamentals, Data through March 2023

Annual Net Absorption (in millions of square feet)

	2020Q1	2021Q1	2022Q1	2023Q1
Aggregate	104.8	68.5	505.1	140.9
Investment Grade	33.6	19.7	232.2	62.9
General Commercial	71.3	48.8	272.9	78.0

Note: "Net Absorption" is the change in occupied space, calculated based on three types of properties: office, retail, and industrial.

Annual Delivered SF (in millions of square feet)

	2020Q1	2021Q1	2022Q1	2023Q1
Aggregate	653.3	631.9	684.9	769.4
Investment Grade	527.0	522.1	594.0	676.1
General Commercial	126.3	109.8	90.9	93.3

Note: "Delivered" SF is calculated based on three types of properties: office, retail, and industrial.

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. 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.

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, absorption, price growth, and tenant demand; the risk that net absorption will not be as expected for the 3-month period ending March 2023; and the risk that deliveries across office, retail, and industrial properties will not be as projected. 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, 2022, which is filed with the SEC, including in the "Risk Factors" section of that filing, 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.