



CCRSI RELEASE – September 2022
(With data through August 2022)

TRANSACTION VOLUME PULLS BACK AS ABSORPTION WEAKENS; PRICE INDICES DIVERGE

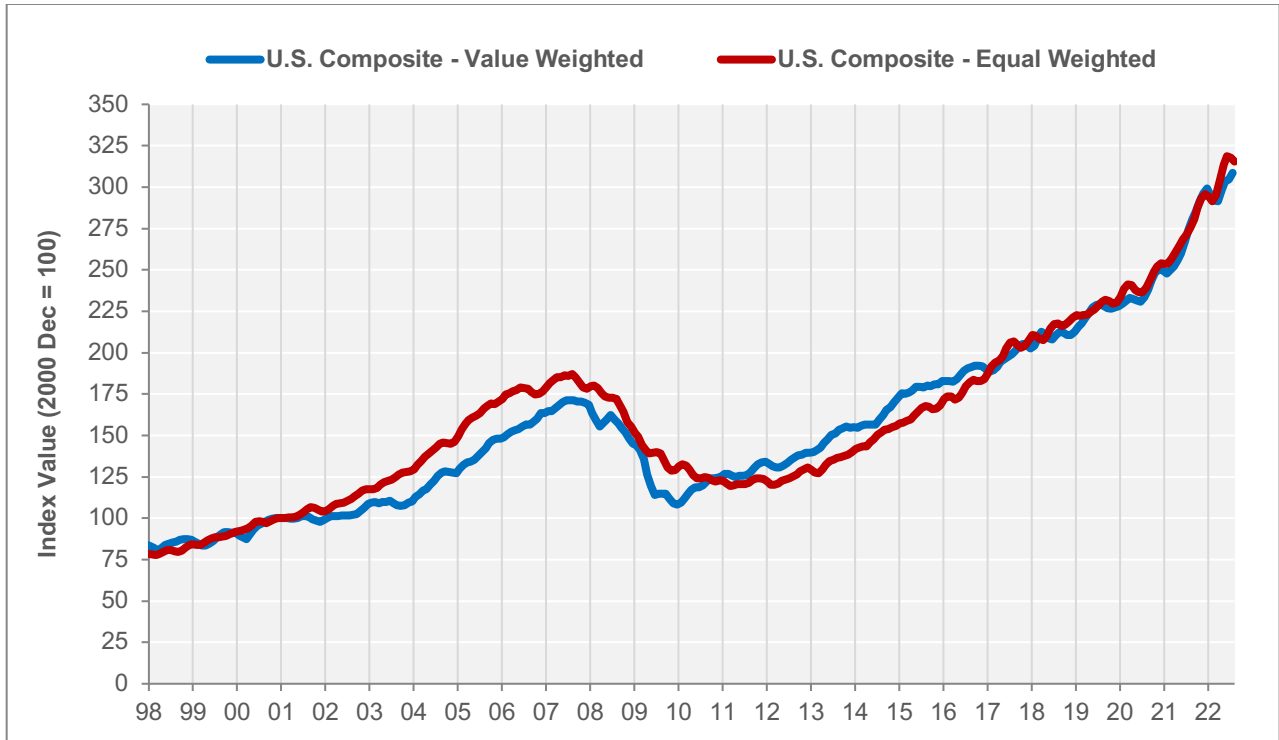
NET ABSORPTION EXPECTED TO SLIDE FOR THE FOURTH CONSECUTIVE QUARTER

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through August 2022. Based on 1,619 repeat sale pairs in August 2022 and 278,519 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

CCRSI National Results Highlights

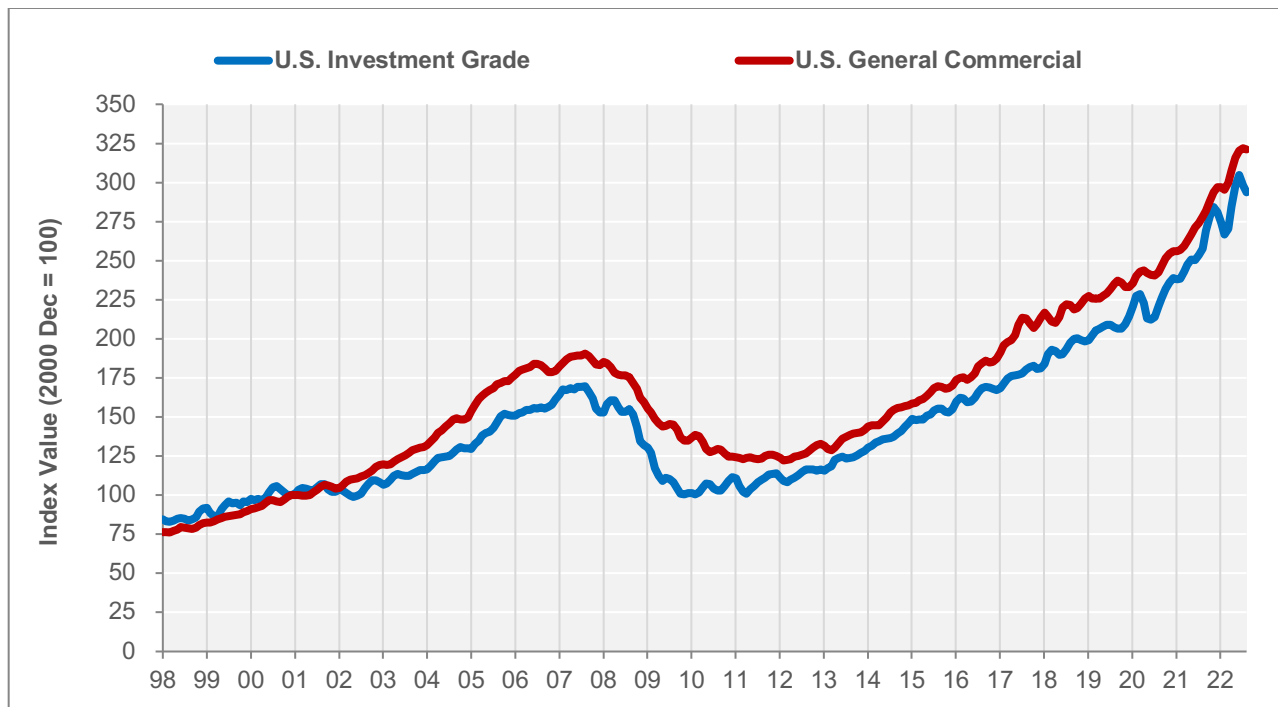
- **U.S. COMPOSITE PRICE INDICES DIVERGED IN AUGUST 2022 BUT BOTH REMAIN AT LOFTY LEVELS.** The value-weighted U.S. Composite Index, which puts more weight on higher-value assets common in larger markets, rose by 1.3% in August 2022, its fourth month of gains, revised data show. The index was up by 12.5% in the 12-month period that ended in August 2022 and is 34.4% higher than it was in February 2020, before the onset of the COVID-19 pandemic. At 309, the index is at an historic high.
- The equal-weighted U.S. Composite Index, which weights each trade equally regardless of asset value and therefore reflects the more numerous but lower-priced property sales typical of smaller markets, edged lower by 0.8% to 315 in August 2022, its second consecutive month of decline. The index is 14.4% higher in August 2022 than it was a year earlier and is now 32.1% above its pre-pandemic level in February 2020.

U.S. Composite Indices: Equal- And Value-Weighted, Data Through August 2022



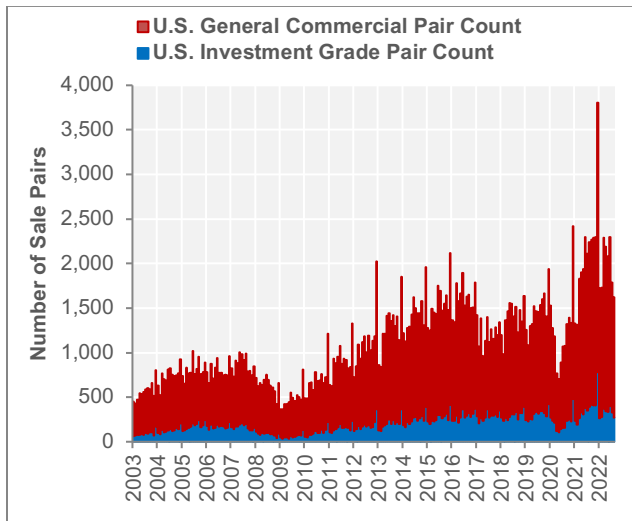
- THE PULLBACK OF THE EQUAL-WEIGHTED COMPOSITE INDEX WAS REFLECTED IN BOTH OF ITS SUB-INDICES. The investment grade sub-index, which includes only high-value assets and accounts for more than three-quarters of all transaction volume, fell by 1.4% in August 2022 over its July 2022 level, an improvement from its fall of 2.2% in July 2022, revised data show. At 294, the sub-index is at its lowest level in four months.
- The general commercial sub-index, which includes all remaining assets, largely lower-valued properties that sell at lower price points, fell by one point from its July 2022 level, a drop of 0.2% and its first decline in six months.
- The general commercial segment has been in favor recently as it has seen price growth of 15.5% over the 12-month period that ended in August 2022 and is 33.9% higher than its February 2020 pre-pandemic level. The investment grade segment, which registered a gain of 14.0% over the same 12-month period ending August 2022 and is 29.3% higher than its February 2020 level.

U.S. Equal-Weighted Indices by Market Segment, Data Through August 2022

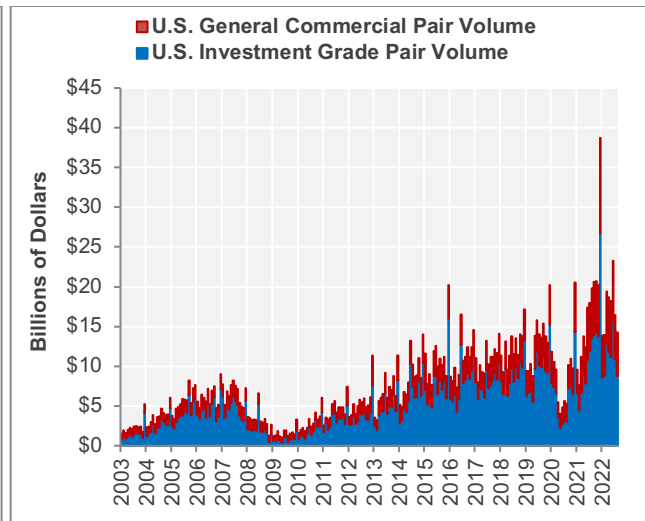


- TRANSACTION VOLUME LOGGED A SECOND MONTHLY DECLINE IN AUGUST 2022 FALLING TO ITS LOWEST LEVEL SINCE FEBRUARY 2022. Composite pair volume fell to \$14.2 billion in August 2022, a 13.4% decline over its July 2022 volume. The slowdown was particularly noticeable in the investment grade segment of the market, where transaction volume was down by 19.6% over July 2022 compared to the 1.3% decline in the general commercial segment volume over the same period.
- The number of repeat trades included in the price index was 1,619, the fewest trades since February 2021.
- Composite pair volume of \$138 billion year-to-date through August 2022 was 25.7% higher than compared to the same period one year earlier, and 47.8% higher in the 12 months that ended in August 2022 than in the same period that ended in August 2021, reflecting the slowdown in activity in early 2021 with the resurgence of COVID cases.
- Multifamily assets typically comprise the largest share of overall composite pair volume. In August 2022, these accounted for 44.4% of overall volume and 14.6% of the trades. Industrial property trades, which include trades of flex properties, accounted for 15.8% of composite pair volume in August 2022 and 22.9% of all trades, while office property trades were 14.5% of composite pair volume and 18.7% of composite pair trades. Retail properties, on the other hand, accounted for the highest percentage of trades at 27.8% and accounted for 11.4% of composite pair volume in August 2022.

U.S. Pair Count, Data Through August 2022

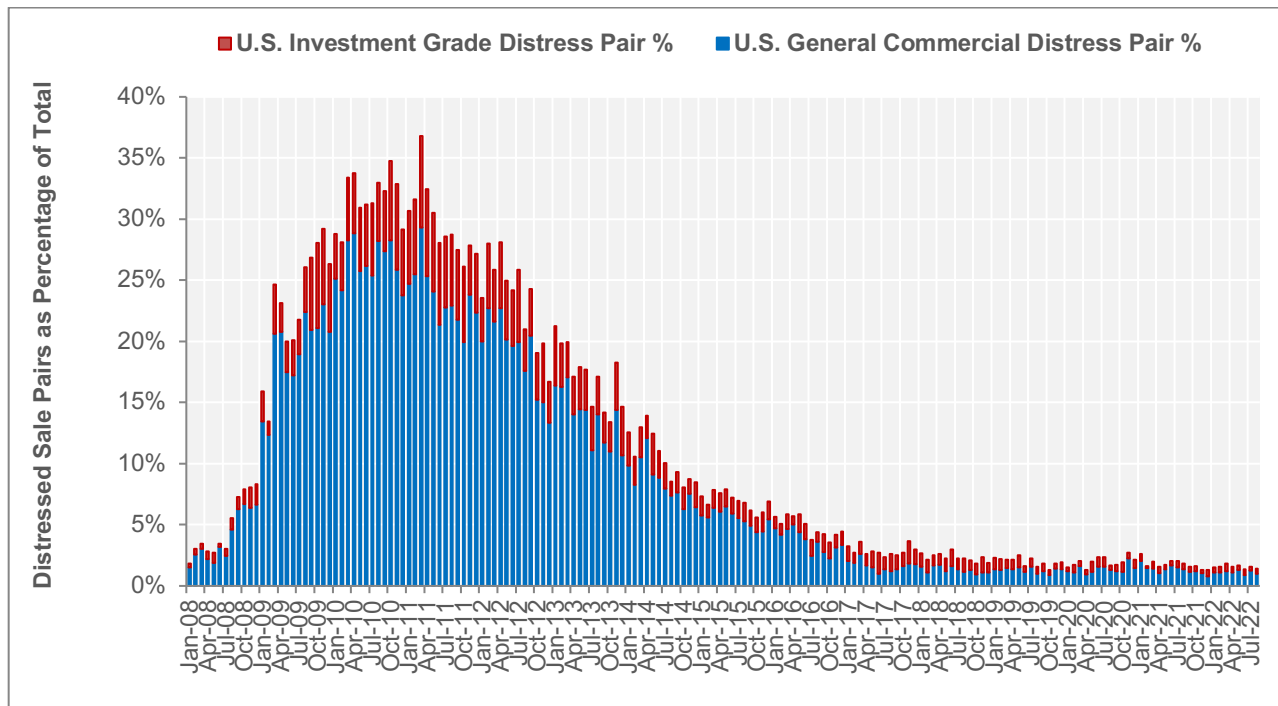


U.S. Pair Volume, Data Through August 2022



- **DISTRESSED SALES CONTINUED TO ACCOUNT FOR A MINIMAL SHARE OF REPEAT-SALE TRADES IN AUGUST.** About 1.4% of all repeat-sale trades were distressed in August 2022 compared to 1.6% in revised data for July 2022. This share has been less than 2.0% since August of 2021. General commercial distressed sales in August 2022 slid to less than 1.0% of all repeat-sale trades compared to 1.2% in the prior month. Investment grade distressed sales accounted for 0.4% overall in August 2022, a tick higher than the 0.3% share in the prior month.

U.S. Distress Sale Pairs Percentage, Data Through August 2022



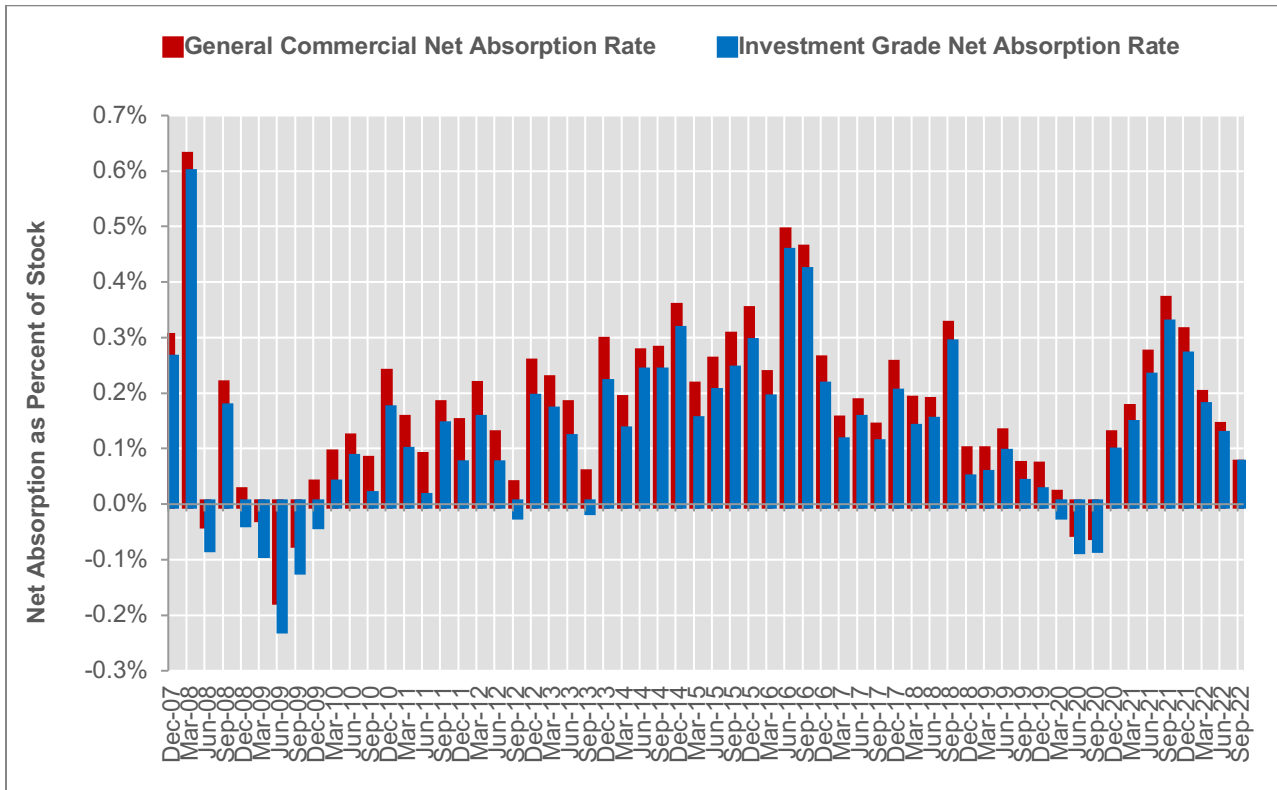
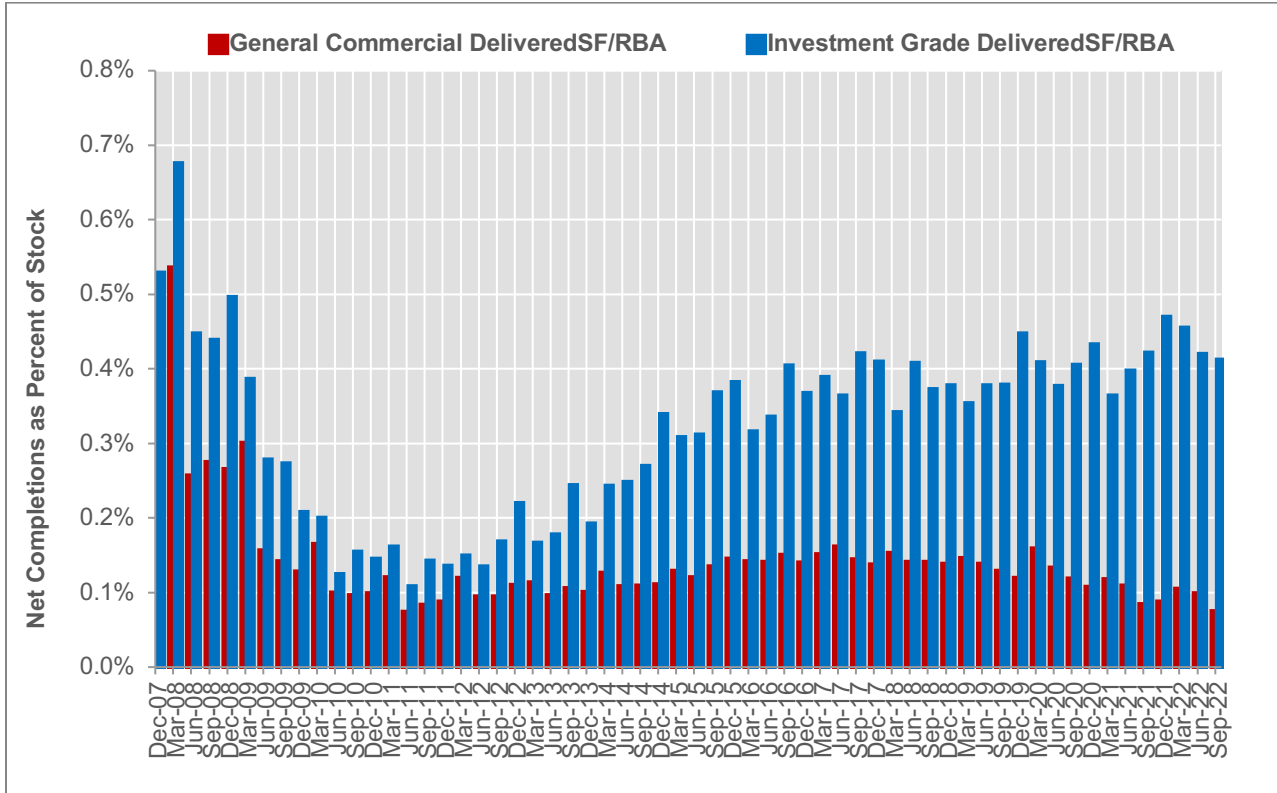
DELIVERIES ARE RECOVERING FROM PANDEMIC-ERA LOWS. Deliveries across the three major property types — office, retail, and industrial — are projected to reach 669.7 million SF in the 12-month period ending in September 2022, up 7.1% from the same period in 2021. Almost 90% of the space delivered, or 589.2 million SF, was of investment grade assets, an increase of 10.6% over the 12-month period that ended in September 2021. Only 80.5 million SF of general commercial properties delivered in the 12-month period that ended in September 2022, a fall of 12.9% over the prior 12-month period. This marked the third consecutive quarter that deliveries fell.

Developers lean towards investment grade assets. As a percentage of total stock, deliveries were 0.3% of total inventory in the quarter that ended in September 2022, with investment grade deliveries of 0.4% of stock and general commercial of less than 0.1% of inventory.

AT THE SAME TIME, DEMAND FELL OVER THE YEAR. Net absorption is projected to be 316.0 million SF in the 12-month period ending in September 2022, a fall of 21.3% from the 12-month period ending September 2021. Both investment grade and general commercial segments saw pullback in demand, by -19.2% and -23%, respectively. This followed the quick recovery of absorption after demand cratered during the pandemic.

As a percentage of stock, net absorption in the quarter ending in September 2022 was below 0.1%, its lowest share since the quarter ending in September 2020 as the pandemic wreaked havoc on commercial property. Both investment grade and general commercial segments experienced their fourth consecutive quarter of declining net absorption.

Market Fundamentals, Data Through September 2022



Monthly CCRSI Results, Data Through August 2022

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	1.3%	3.4%	12.5%	185.3% ¹
Equal-Weighted U.S. Composite Index	-0.8%	0.6%	14.4%	163.6% ²
U.S. Investment-Grade Index	-1.4%	-1.4%	14.0%	192.4% ³
U.S. General Commercial Index	-0.2%	1.8%	15.5%	160.9% ⁴

¹ Trough Date: January 2010 ² Trough Date: March 2011 ³ Trough Date: November 2009 ⁴ Trough Date: March 2011

Market Fundamentals Data Through September 2022

Annual Net Absorption (in millions of square feet)

	2019 Q3	2020 Q3	2021 Q3	2022 Q3
Aggregate	597.1	649.5	625.3	669.7
Investment Grade	474.8	531.8	532.9	589.2
General Commercial	122.3	117.7	92.4	80.5

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

Annual Delivered (in millions of square feet)

	2019 Q3	2020 Q3	2021 Q3	2022 Q3
Aggregate	142.6	-41.6	401.3	316.0
Investment Grade	52.7	-36.8	183.8	148.5
General Commercial	89.9	-4.8	217.5	167.5

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. 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 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- and 12-month periods ending September 2022; 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, 2021, and Quarterly Reports on Form 10-Q for the quarters ending March 31, 2022 and June 30, 2022, each of 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.