

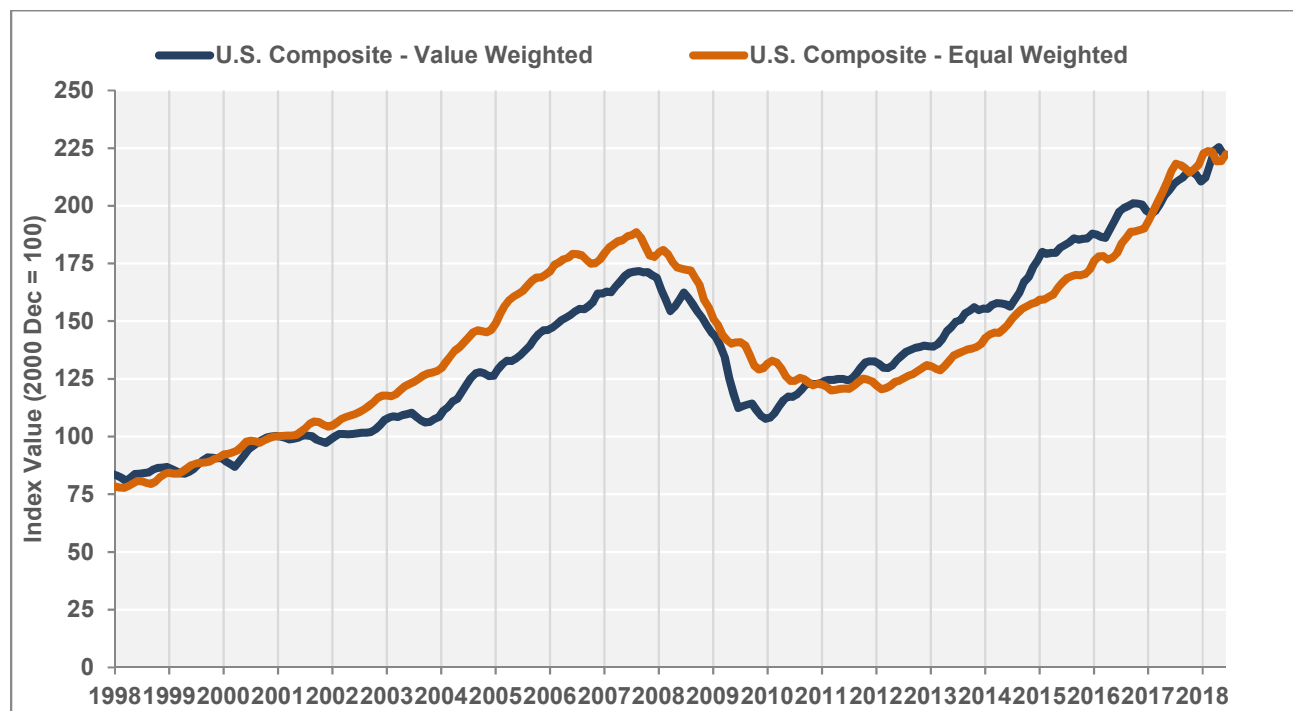
CCRSI RELEASE –JULY 2018 (With data through June 2018)

TRENDS IN LATEST COSTAR COMPOSITE PRICE INDICES: HEALTHY COMMERCIAL REAL ESTATE MARKET FUNDAMENTALS CONTINUE TO SUPPORT BROAD-BASED PRICE GAINS

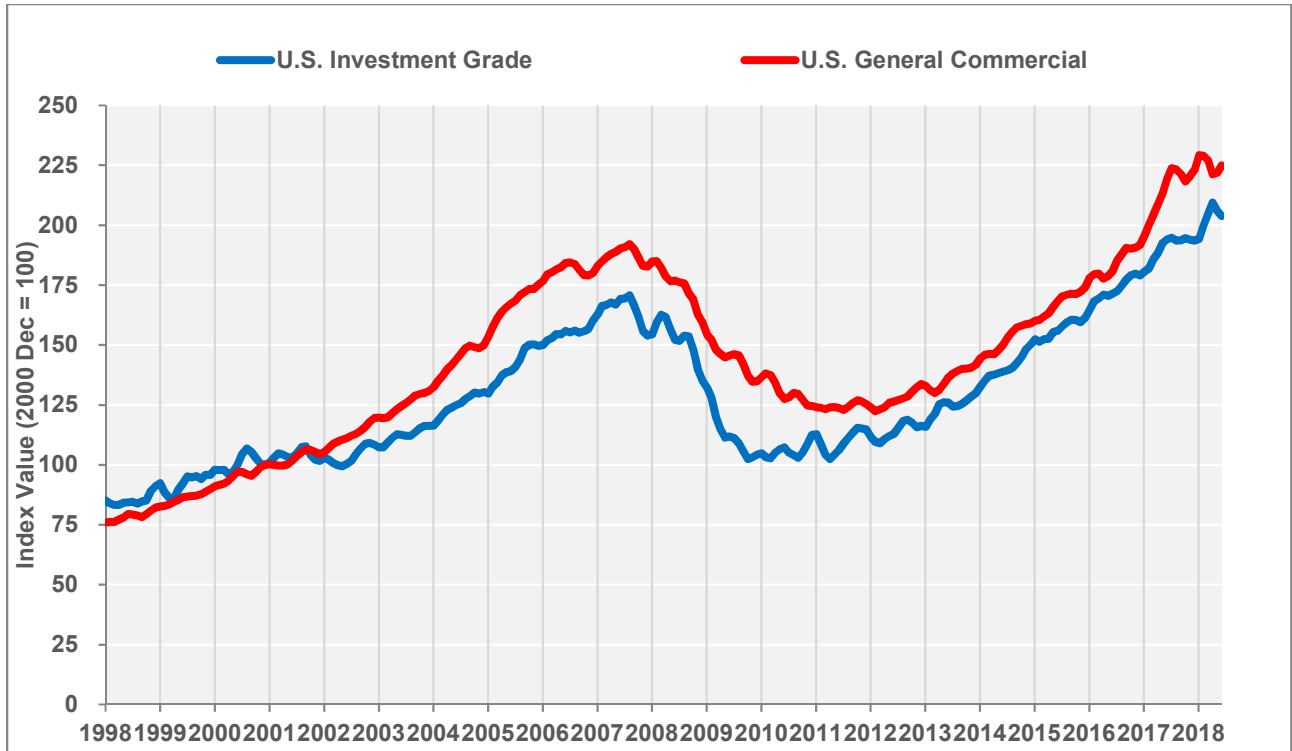
MULTIFAMILY LED GROWTH AMONG PROPERTY INDICES WHILE RETAIL LAGGED; WEST TOPPED REGIONAL INDEX GROWTH

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through June 2018. Based on 1,080 repeat sale pairs in June 2018 and more than 195,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

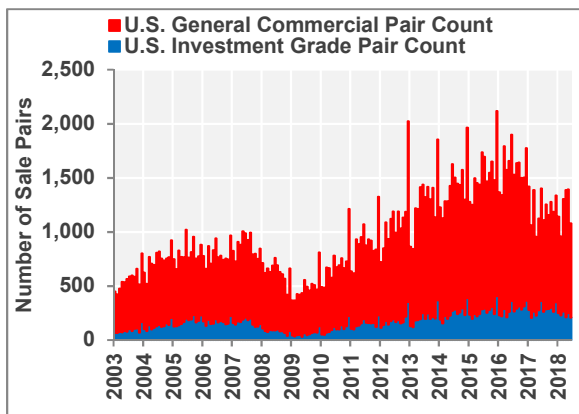
U.S. Composite Indices: Equal- And Value-Weighted, Data Through June 2018



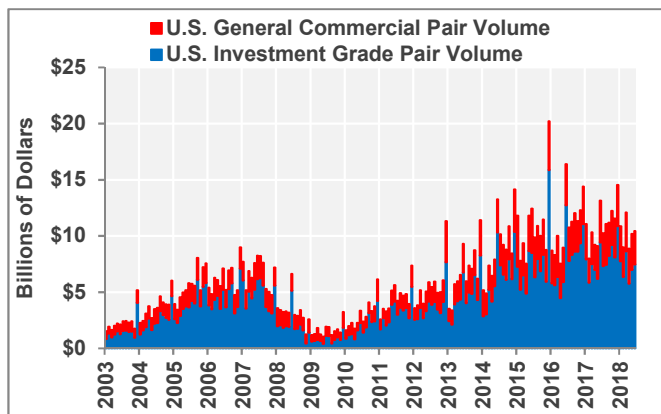
U.S. Equal-Weighted Indices By Market Segment, Data Through June 2018



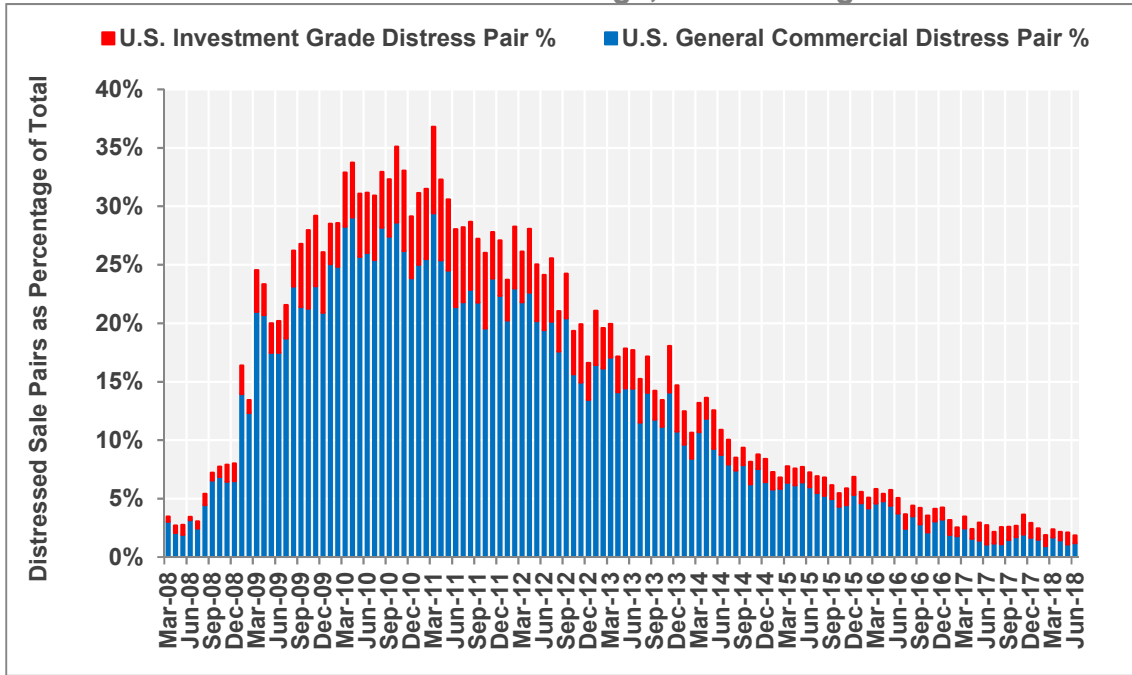
U.S. Pair Count, Data Through June 2018



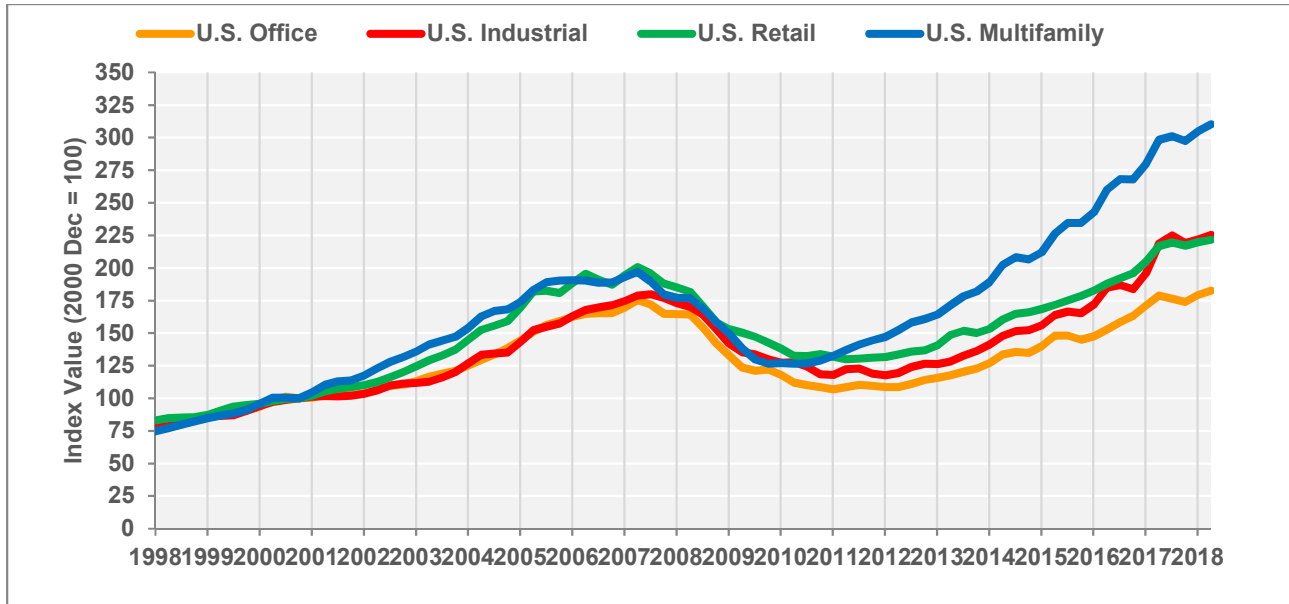
U.S. Pair Volume, Data Through June 2018



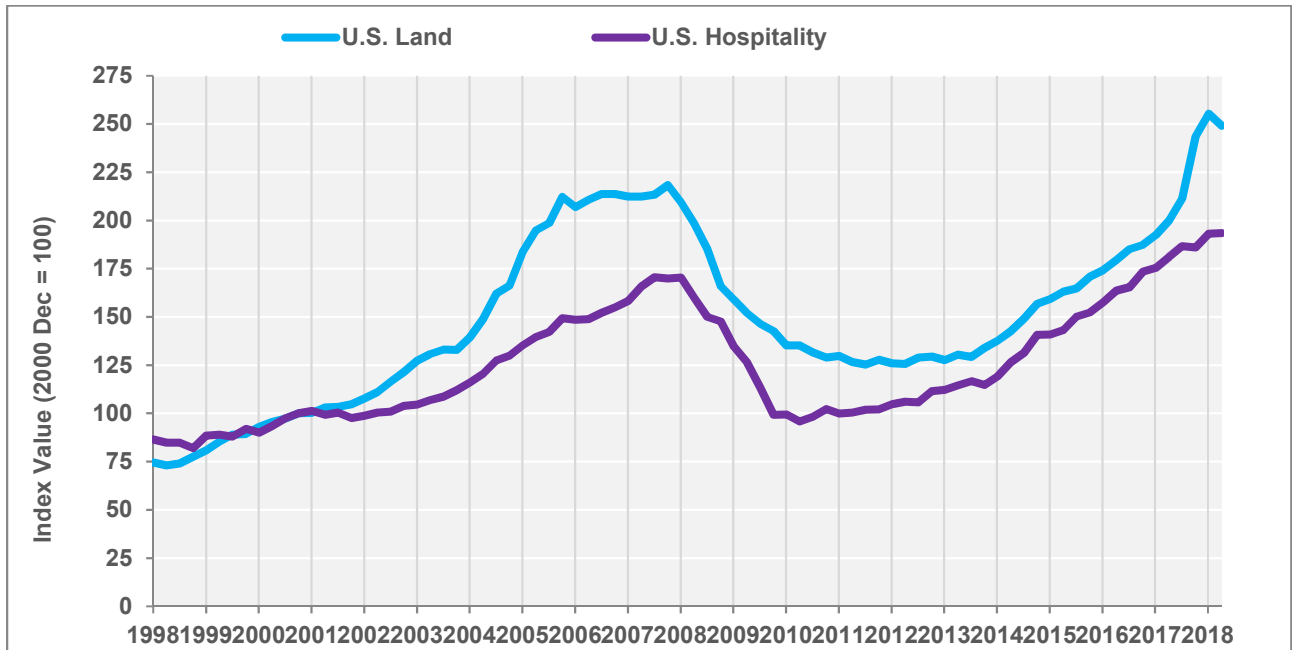
U.S. Distress Sale Pairs Percentage, Data Through June 2018



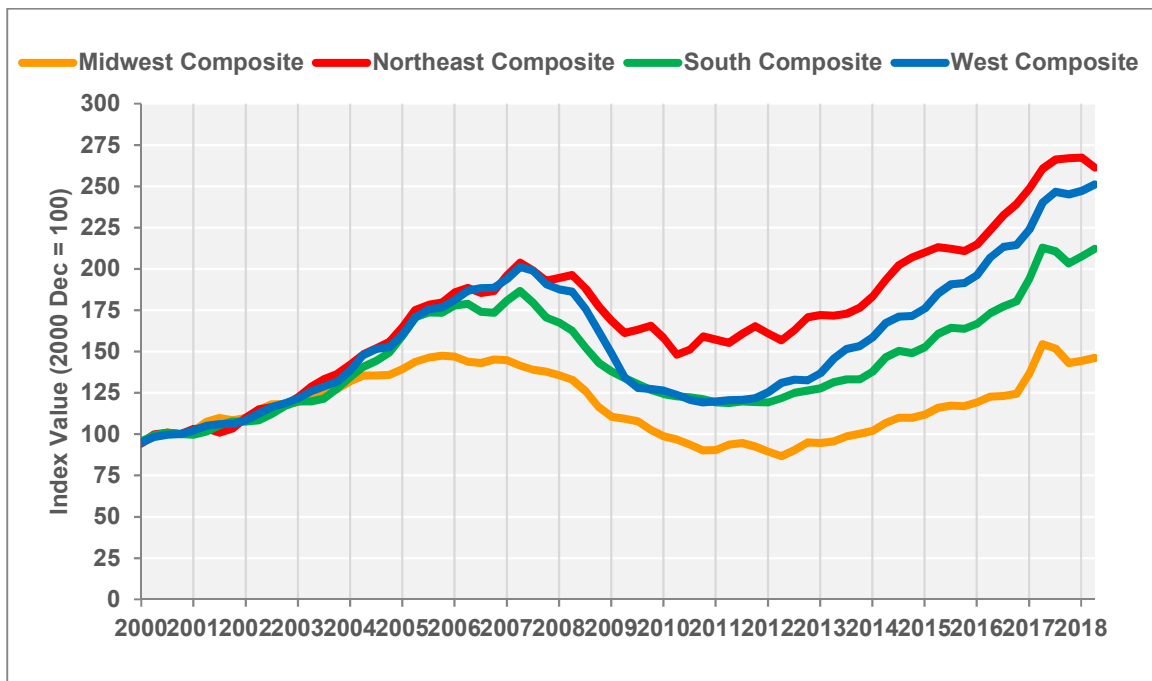
U.S. Primary Property Type Quarterly Indices – Equal-Weighted Data Through June 2018



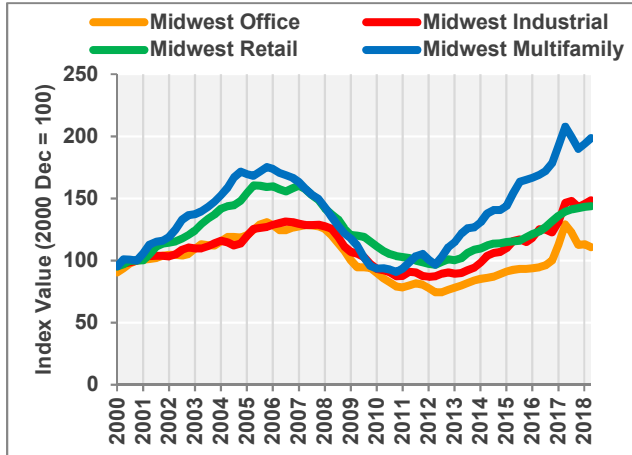
U.S. Land And Hospitality Quarterly Indices – Equal-Weighted Data Through June 2018



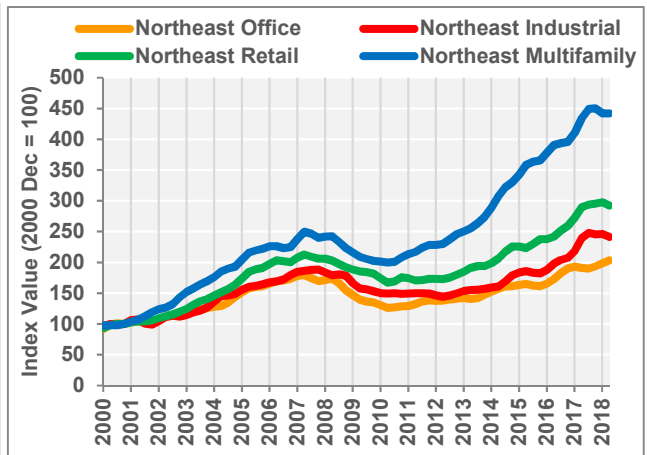
U.S. Regional Type Quarterly Indices – Equal-Weighted Data Through June 2018



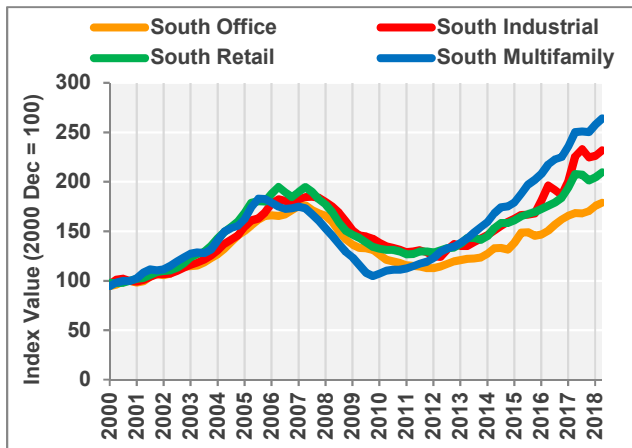
U.S. Midwest Property Type Quarterly Indices Equal-Weighted, Data Through June 2018



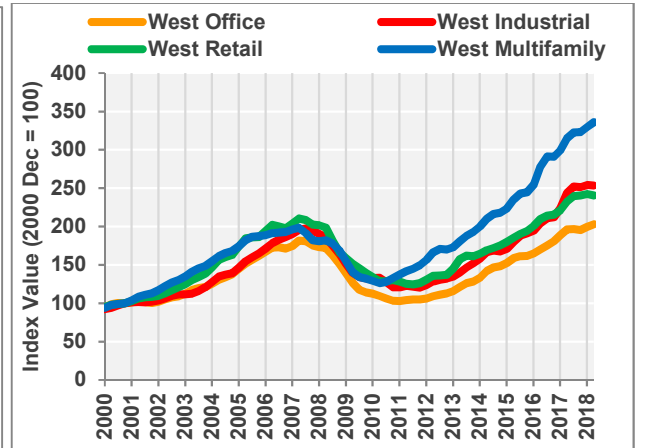
U.S. Northeast Property Type Quarterly Indices Equal-Weighted, Data Through June 2018



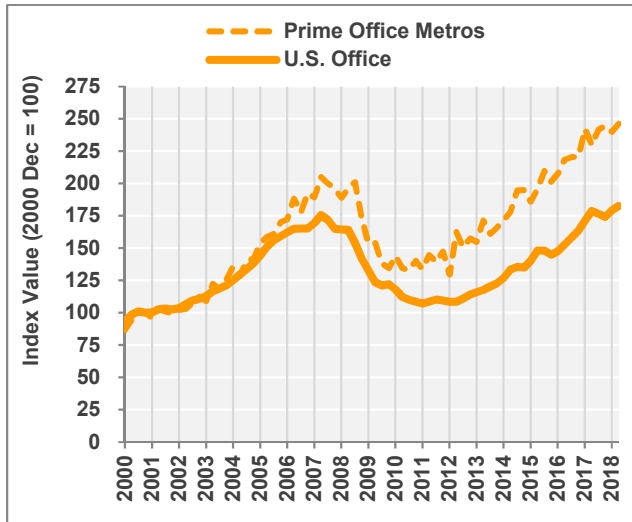
U.S. South Property Type Quarterly Indices Equal-Weighted, Data Through June 2018



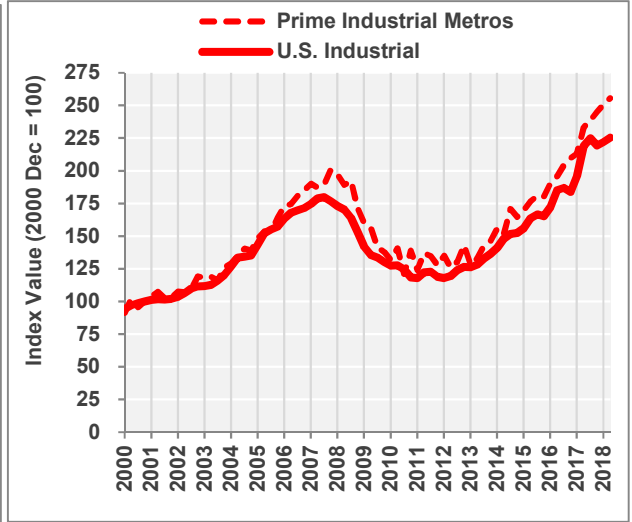
U.S. West Property Type Quarterly Indices Equal-Weighted, Data Through June 2018



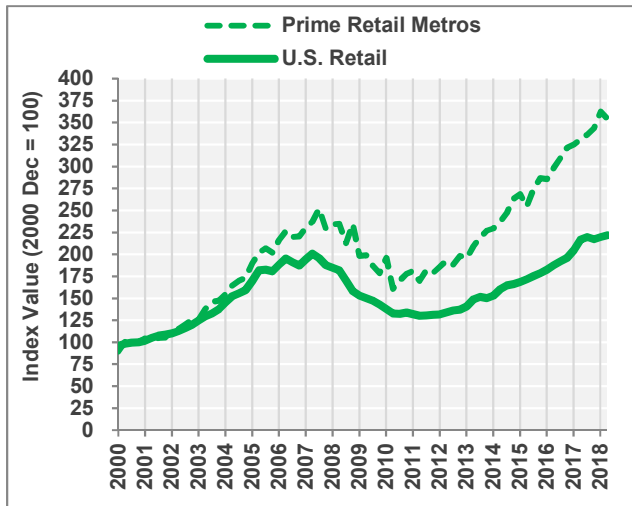
Prime Office Markets Quarterly Indices
Equal-Weighted, Data Through June 2018



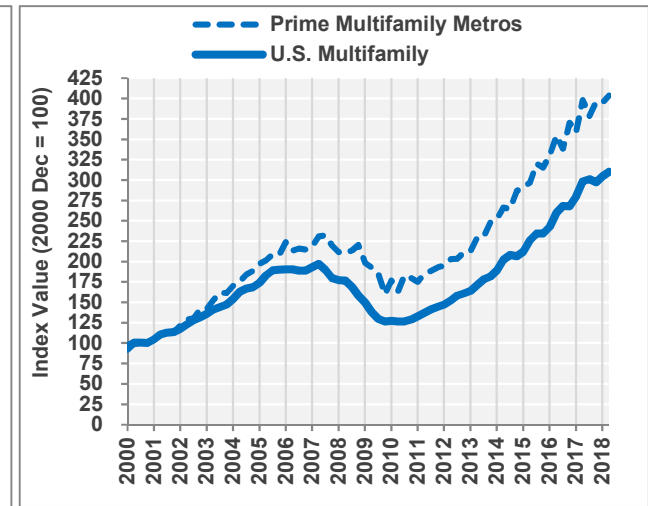
Prime Industrial Markets Quarterly Indices
Equal-Weighted, Data Through June 2018



Prime Retail Markets Quarterly Indices
Equal-Weighted, Data Through June 2018



Prime Multifamily Markets Quarterly Indices
Equal-Weighted, Data Through June 2018



CCRSI National Results Highlights

- **COMPOSITE PRICE INDICES SHOW STRENGTH THROUGH MID-YEAR.** The value-weighted U.S. Composite Index, which reflects the larger asset sales most common in core markets, rose 4.1% while the equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, rose 2.1% in the six-month period ended in June 2018.
- **MARKET FUNDAMENTALS SUPPORTED BROAD-BASED PRICE GROWTH THROUGH SECOND QUARTER.** Commercial real estate fundamentals remained in solid shape in the second quarter of 2018, with cyclically low vacancies and sustained rent growth supporting price gains across most property types and regions.
- **U.S. RETAIL INDEX PRICE GROWTH WAS RELATIVELY FLAT.** The U.S. Retail index rose just 0.9% in the second quarter of 2018, the slowest quarterly rate among the four major property type indices. The U.S. Retail index rose 2.2% in the 12-month period ended in June 2018. Retail pricing has been flat overall and has regressed in centers with elevated vacancy rates.
- **WEST MULTIFAMILY INDEX TOP PERFORMER AMONG THE 16 REGIONAL PROPERTY-TYPE INDICES.** The West Multifamily Index advanced 6.7% in the 12-month period ended in June 2018, which was the strongest growth rate of the 16 regional property-type indices in that time period.
- **OVERALL TRANSACTION VOLUME DOWN MODESTLY.** Composite pair volume of \$132.3 billion in the 12-month period ended in June 2018 was down 0.5% from the 12-month period ended in June 2017. However, the lower end of the sales market had more momentum in terms of sales volume as reflected in the General Commercial segment where composite pair volume increased 7.7%, while it declined 3.5% in the Investment-Grade segment in the 12-month period ended in June 2018 compared to the previous 12-month period ended in June 2017.

Monthly CCRSI Results, Data Through June 2018

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-1.4%	2.0%	7.4%	106.5% ¹
Equal-Weighted U.S. Composite Index	1.4%	-0.5%	3.4%	85.3% ²
U.S. Investment-Grade Index	-1.0%	-0.4%	5.0%	98.4% ³
U.S. General Commercial Index	1.4%	-0.9%	2.5%	82.6% ⁴

¹ Trough Date: January 2010 ² Trough Date: June 2011 ³ Trough Date: June 2010 ⁴ Trough Date: June 2011

COSTAR COMMERCIAL REPEAT-SALE INDICES JULY 2018 Release (With Data through June 2018)

Quarterly CCRSI Property Type Results

- **COMMERCIAL PROPERTY SECTORS POSTED MODERATE SECOND QUARTER GAINS.** The four major commercial property types posted average price growth of 1.5% in the second quarter of 2018. The Prime Markets Indices within each property sector, which are dominated by the large, core, coastal metros, generally increased at a similar pace to the national property type indices, confirming that commercial property price gains have become broad-based.
- **MULTIFAMILY INDEX LED GROWTH AMONG FOUR MAJOR PROPERTY TYPES.** The U.S. Multifamily Index expanded 1.8% in the second quarter of 2018 and 4% for the 12-month period ended in June 2018, the strongest quarterly and annual growth rates among the four major property types. Investment capital continues to move down the risk spectrum, as secondary markets have seen stronger pricing gains more recently. The Prime Multifamily Metros Index increased at a slower rate of 1.5% in the 12-month period ended in June 2018.
- **OFFICE PRICES CONTINUE TO SHOW SOLID GAINS THROUGH MIDYEAR.** The U.S. Office Index increased 1.8% in the second quarter of 2018 and 2.1% in the 12-month period ended in June 2018, as office vacancy rates nationally remained at a cyclical low of 10% and annual rent growth averaged nearly 2%. Price growth in the Prime Office Metros Index advanced by a faster 7.3% rate in the 12-month period ended in June 2018, influenced by foreign investors acquiring large core assets. These investors typically have long hold periods and are willing to pay higher prices and lower cap rates.
- **STRONG FUNDAMENTALS SUPPORTED INDUSTRIAL PROPERTY PRICE GROWTH.** Industrial fundamentals were exceptionally healthy in the second quarter of 2018 as cyclically low vacancies below 5% have driven sustained above-trend rent growth. Pricing has increased, with the U.S. Industrial index up 1.6% in the second quarter and 2.9% in the 12-month period ended in June 2018. Core markets remained in favor as the Prime Industrial Metros Index advanced 9.6% in the 12-month period ended in June 2018.
- **RETAIL PRICING RELATIVELY FLAT IN SECOND QUARTER.** The U.S. Retail index rose 0.9% in the second quarter of 2018, the slowest quarterly rate among the four major property type indices, and 2.2% in the 12-month period ended in June 2018. Retail pricing has been flat overall and has regressed in centers with elevated vacancy rates. The Prime Retail Metros Index advanced by a solid 7% in the 12 months ended in June 2018, suggesting well-leased retail locations nationally remain in favor.

- **U.S. HOSPITALITY INDEX POST STEADY GROWTH.** The U.S. Hospitality Index was up 0.2% in the second quarter of 2018, contributing to annual gains of 6.9% for the 12-month period ended in June 2018. Fundamentals remain in solid shape as national hotel occupancies remain well above average and RevPAR (revenue per available room) growth continues. The U.S. Hospitality Index was 13.4% above its prerecession peak as of the second quarter 2018.
- **U.S. LAND INDEX GROWTH HEALTHY DESPITE RECENT VOLATILITY.** The U.S. Land Index is currently the most volatile of the property type indices. After falling 2.5% in the second quarter of 2018, the U.S. Land Index was still up 24.5% in the 12-month period ended in June 2018, on the strength of continued demand for development sites.

Quarterly CCRSI Regional Results

- **WEST REMAINED TOP PERFORMING REGIONAL INDEX.** The West Composite Index advanced 4.6% in the 12-month period ended in June 2018, propelled by strong growth in the West Multifamily and West Industrial indices. The West Multifamily Index grew 6.7% in the 12-month period ended in June 2018, which was the strongest growth rate of the 16 regional property type indices in that time period.
- **OFFICE AND MULTIFAMILY INDICES PROPEL SOUTH REGION.** The South region showed strength across the board in the last 12 months, but the South Office index led pricing growth for the region, expanding 6.1%, while the South Multifamily index grew by 5.5% in the 12-month period ended in June 2018.
- **NORTHEAST REGIONAL INDEX LOST SOME MOMENTUM.** While the Northeast Region led the pricing recovery coming out of the recession, all four regional indices are well past prior peak levels and subsequent gains have naturally slowed. The Northeast Composite Index advanced by a modest 0.3% in the 12-month period ended in June 2018. The Northeast Office Index was the best performer in the region, expanding by 6.6% in the 12-month period ended in June 2018, while the Northeast Retail Index had the slowest growth, expanding by just 0.8% in the same period.
- **MIDWEST OFFICE HELD BACK REGIONAL INDEX.** The Midwest Composite index fell 5.4% in the 12-month period ended in June 2018, largely due to weakness in the region's office sector. The Midwest Office Index fell 14.1%, while the Midwest Industrial and Retail indices fared better, advancing by 1.5% and 3.2%, respectively, in the 12-month period ended in June 2018.

About The CoStar Commercial Repeat-Sale Indices

The CoStar Commercial Repeat-Sale Indices (CCRSI) is the most comprehensive and accurate measure 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 we report monthly, we report quarterly on 30 sub-indices in the CoStar index family. 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 of the sales pairs are used to create a price index.

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	Multifamily	Midwest	Midwest: Office, Multifamily, Industrial, Retail	Multifamily
Investment-Grade	Industrial	South	South: Office, Multifamily, Industrial, Retail	Industrial
	Retail	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://www.costargroup.com/costar-news/ccrsi>.

ABOUT COSTAR GROUP, INC.

CoStar Group, Inc. (NASDAQ: CSGP) is the leading provider of commercial real estate information, analytics and online marketplaces. 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. LoopNet is the most heavily trafficked commercial real estate marketplace online with approximately 5 million monthly unique visitors per month. 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. CoStar Group's websites attracted an average of approximately 40 million unique monthly visitors in aggregate in the second quarter of 2018. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of over 3,800 worldwide, including the industry's largest professional research organization. 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, price growth, and investment; and the risk that transaction volume and commercial real estate pricing levels and growth will not continue at the levels or with the trends indicated in this release. 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, 2017, and CoStar's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, each of which is filed with the SEC, including in the "Risk Factors" section of those filings, 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.