

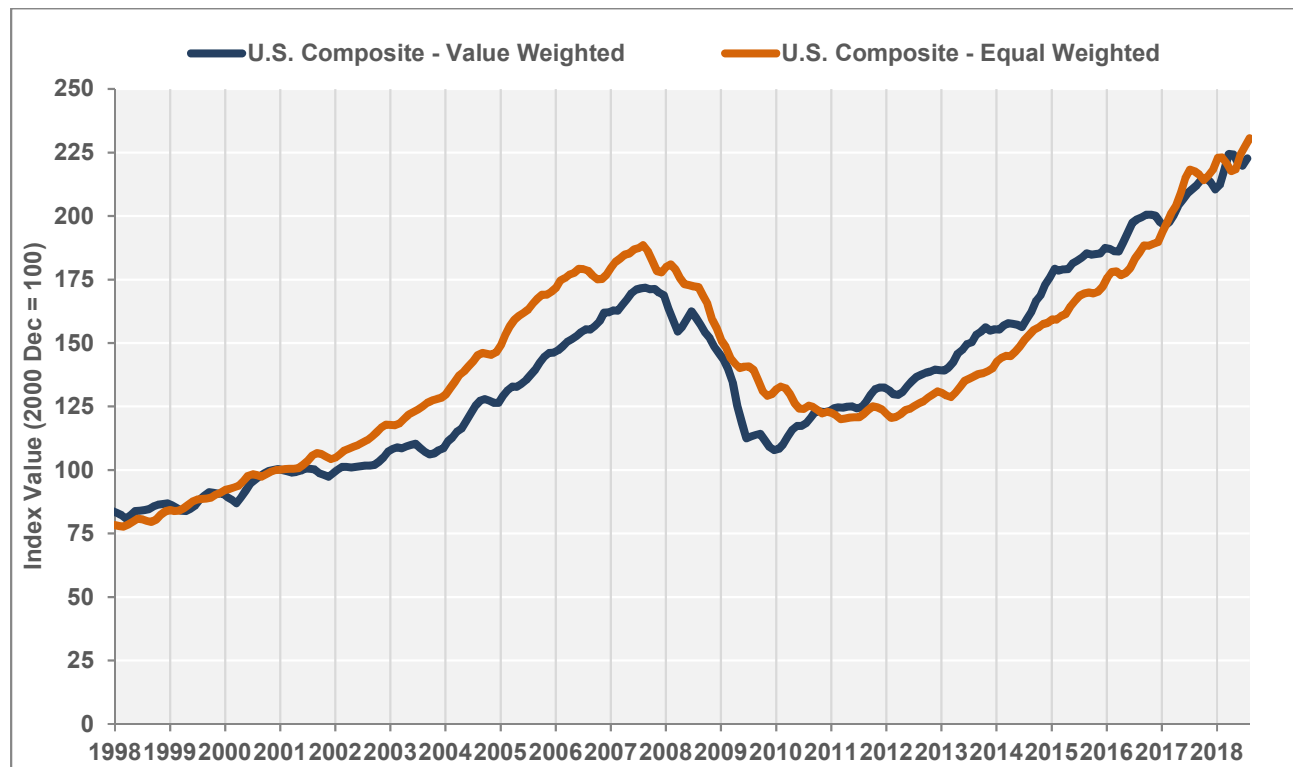
CCRSI RELEASE – SEPTEMBER 2018 (With data through AUGUST 2018)

## COSTAR COMPOSITE PRICE INDICES CONTINUED TO HEAT UP THROUGH END OF SUMMER

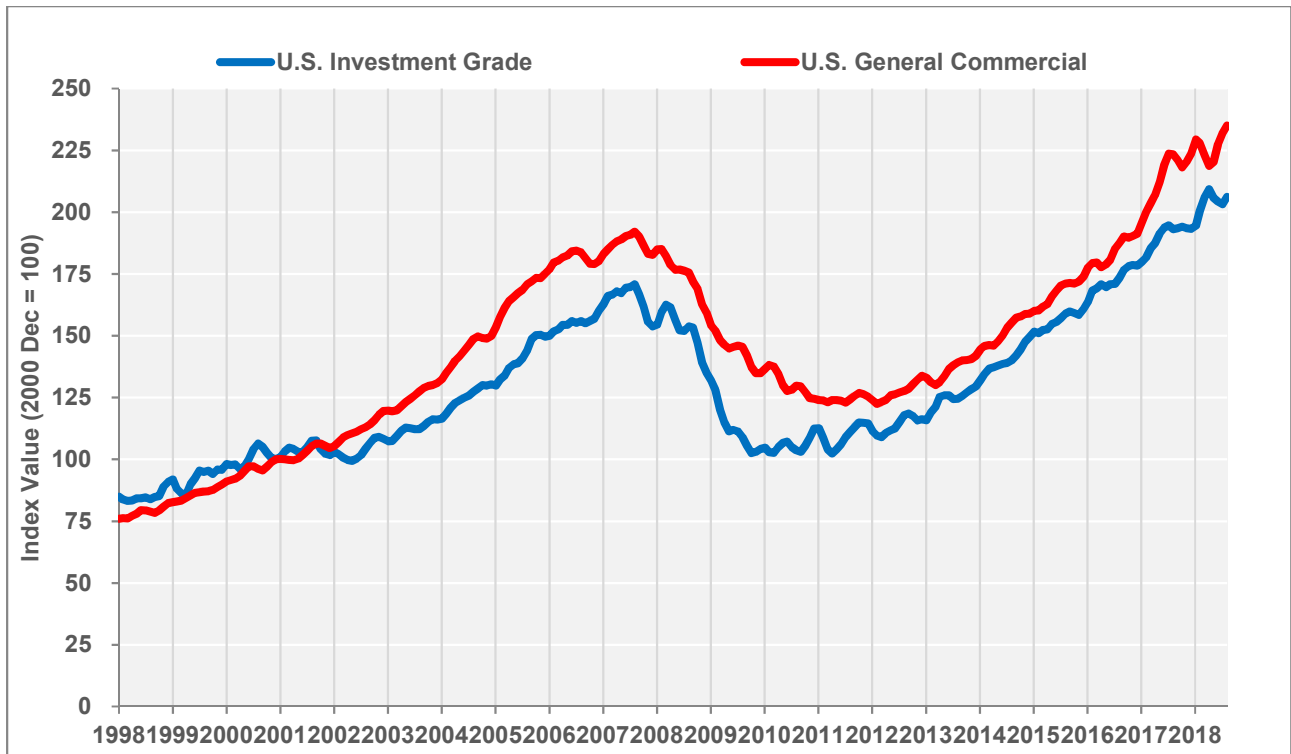
HIGH-END PROPERTIES GARNERED ABOVE AVERAGE SHARE OF LEASING ACTIVITY EVEN AS PACE OF COMMERCIAL SPACE ABSORPTION HAS MODERATED

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through August 2018. Based on 1,221 repeat sale pairs in August 2018 and more than 198,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

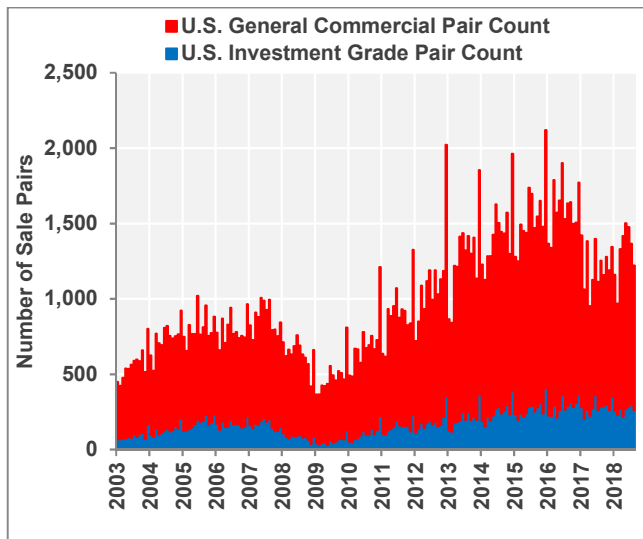
### U.S. Composite Indices: Equal- and Value-Weighted, Data Through August 2018



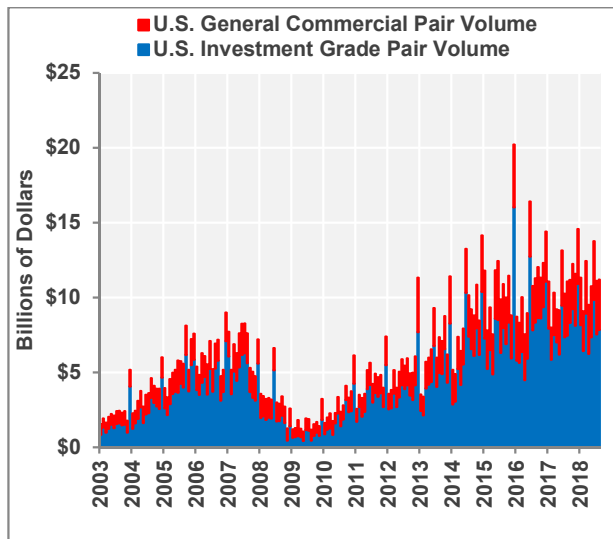
### U.S. Equal-Weighted Indices By Market Segment, Data Through August 2018



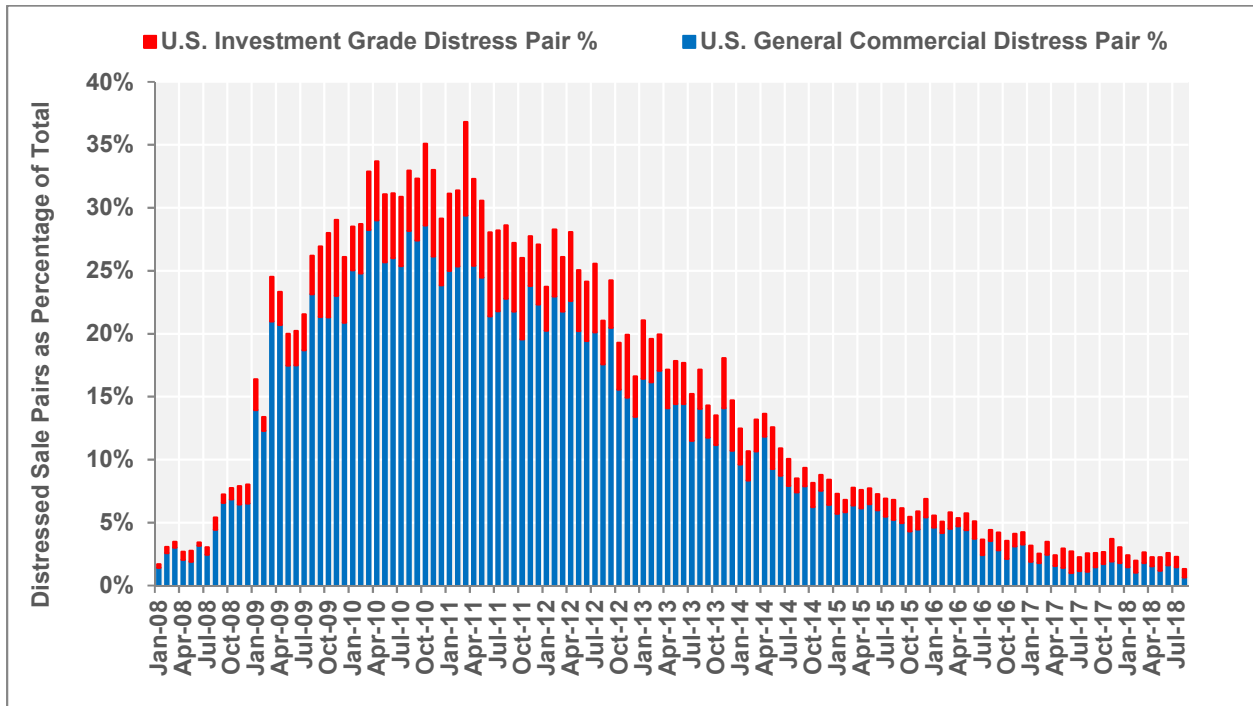
### U.S. Pair Count, Data Through August 2018



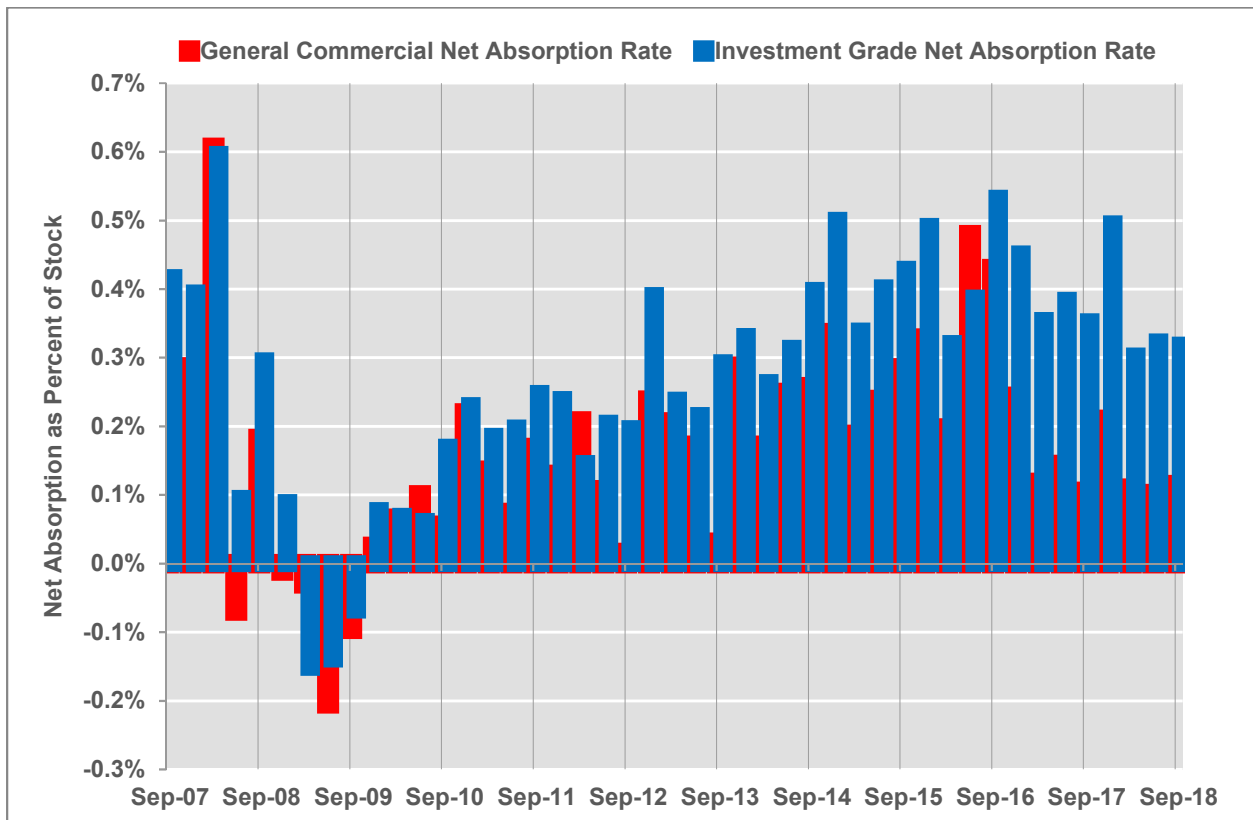
### U.S. Pair Volume, Data Through August 2018



## U.S. Distress Sale Pairs Percentage, Data Through August 2018



## Market Fundamentals, Data Through September 2018 (Projected)



## CCRSI National Results Highlights

- **GROWTH IN COMPOSITE PRICE INDICES HEATED UP THROUGH SUMMER.** Supported by sturdy market fundamentals and continued investor demand, both of the CCRSI composite price indices advanced at a healthy rate in the latest monthly and annual period. The value-weighted U.S. Composite Index, which reflects larger asset sales common in core markets, rose 1.3% in August 2018 and 5.8% in the 12-month period ended in August 2018, while the equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, advanced 1.4% in August 2018 and 5.9% in the 12-month period ended in August 2018.
- **HIGH-END PROPERTIES CAPTURED OUTSIZED SHARE OF RECENT COMMERCIAL SPACE ABSORPTION.** The overall pace of commercial space absorption has slowed moderately as the real estate cycle has matured. Net absorption across the three major property types—office, retail, and industrial—is projected to total nearly 562 million square feet for the 12-month period ended in September 2018, down 7.6% from the prior 12-month period. The Investment Grade segment of the market accounted for 80% of total absorption over the past 12 months, above its historical average of 73%, suggesting that high-end properties remain sought after by commercial tenants. For example, demand for 4 and 5 Star-rated office properties has grown at nearly four times the rate of 3 Star-rated office buildings over the past 12 months. Office tenants in particular have shown a preference for high-end space at this point in the cycle as strong growth in corporate profits has enabled them to upgrade their space to help attract and retain talent.
- **TRANSACTION VOLUME MAINTAINS HEALTHY PACE THROUGH AUGUST.** Composite pair volume of \$138.7 billion in the 12-month period ended in August 2018 was up 4.9% from the prior 12-month period ended in August 2017. The uptick in pricing in the most recent annual period was stronger in the General Commercial segment of the market. Repeat-sale transaction volume increased 2.7% in the Investment-Grade segment, while it increased 10.8% in the General Commercial segment, in the 12-month period ended in August 2018.

## Monthly CCRSI Results, Data Through August 2018

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
<b>Value-Weighted U.S. Composite Index</b>	1.3%	-0.7%	5.8%	106.6% <sup>1</sup>
<b>Equal-Weighted U.S. Composite Index</b>	1.4%	5.6%	5.9%	92.2% <sup>2</sup>
<b>U.S. Investment-Grade Index</b>	1.4%	0.2%	6.7%	101.0% <sup>3</sup>
<b>U.S. General Commercial Index</b>	1.3%	6.7%	5.2%	90.9% <sup>4</sup>

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

## Market Fundamentals Data Through September 2018 (Projected)

	Annual Net Absorption (in millions of square feet)			
	2015Q3	2016Q3	2017Q3	2018Q3
<b>Aggregate</b>	727.6	839.0	608.0	561.8
<b>Investment Grade</b>	500.8	527.1	474.6	444.4
<b>General Commercial</b>	226.8	311.9	133.4	117.4

Note: "Net Absorption" is the change in occupied space, 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) 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	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

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### Prime Retail Markets

#### CBSA Listed Alphabetically

Boston

Los Angeles

New York

Orange County

San Diego

San Francisco

San Jose

Washington, D.C.

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### 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](http://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 price, demand, transaction volume and absorption, and the risk that actual absorption for the periods through September 2018 may differ from the projections stated in this release and that assumptions concerning future events underlying those projections, which are uncertain, may change. 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](http://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.