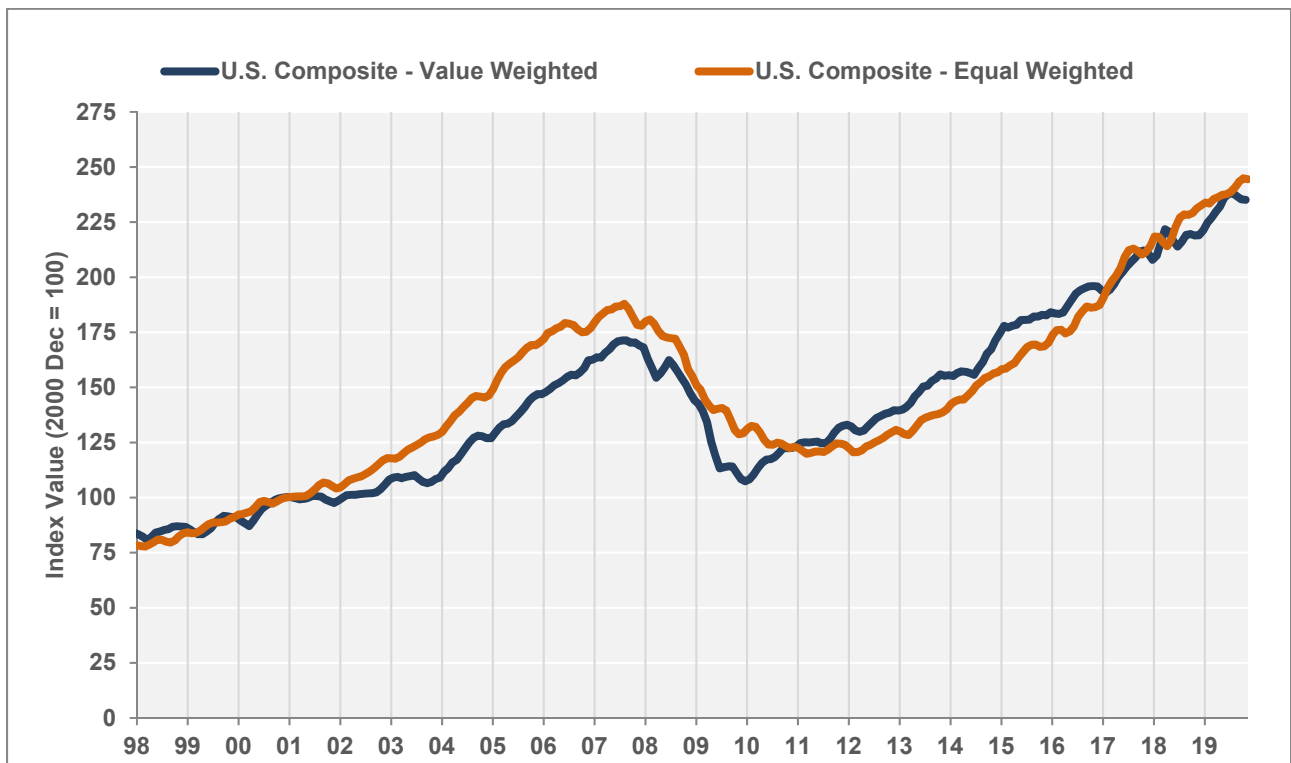CCRSI RELEASE – December 2019
(With data through November 2019)
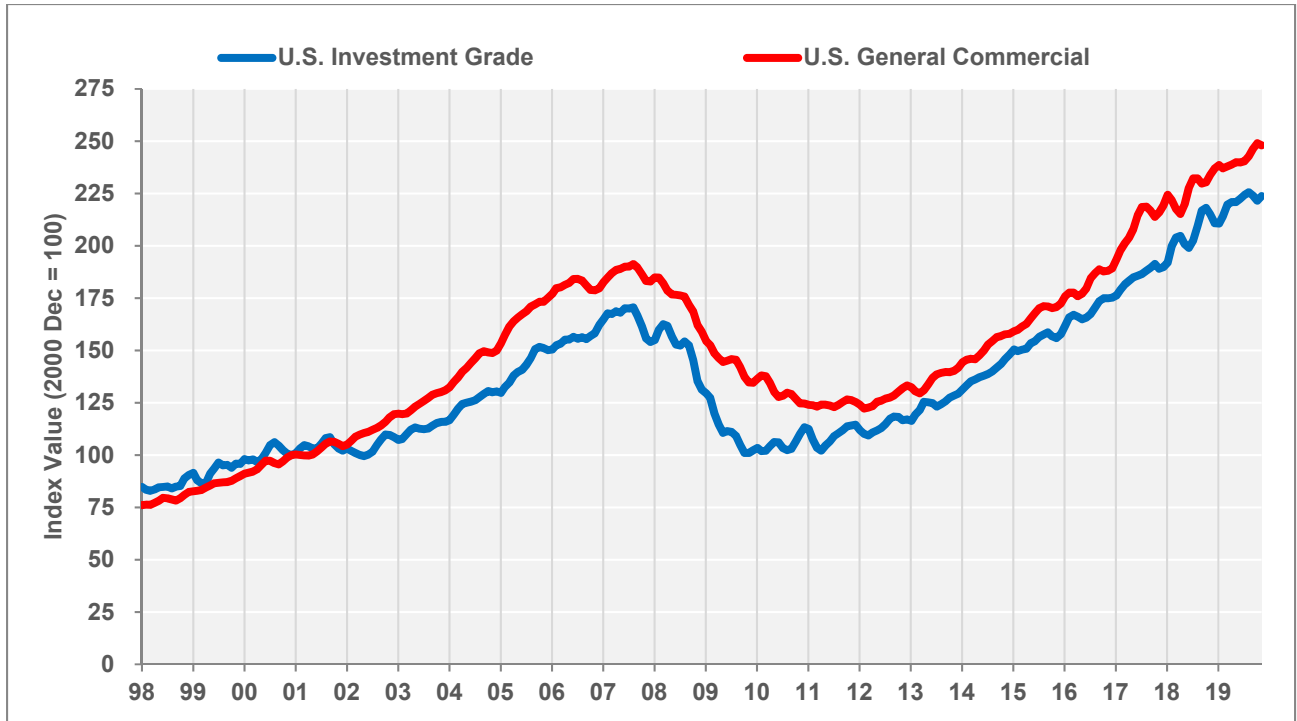
COMPOSITE PRICE GROWTH MODERATE THROUGH NOVEMBER

RESTRAINED DEVELOPMENT SUPPORTS BROAD-BASED PRICE GAINS

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through November 2019. Based on 1,160 repeat sale pairs in November 2019 and more than 219,700 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.
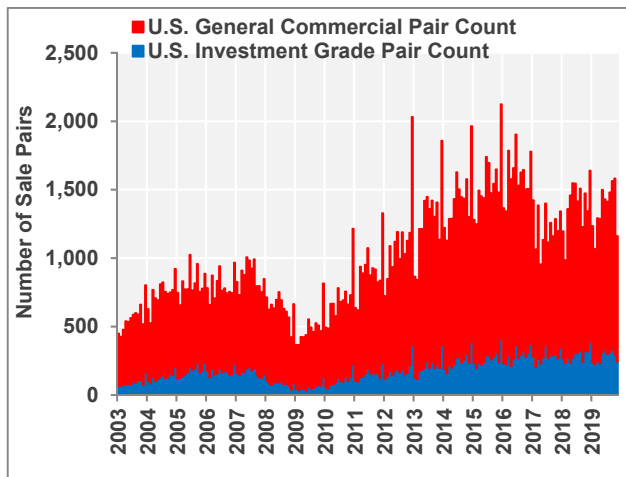
U.S. Composite Indices: Equal- And Value-Weighted, Data Through November 2019
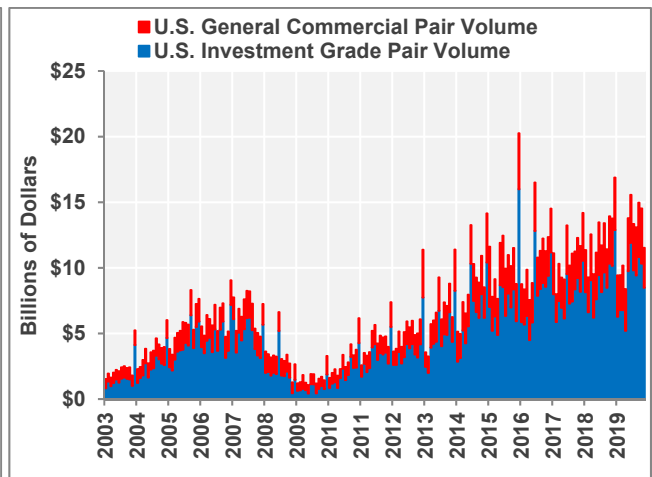
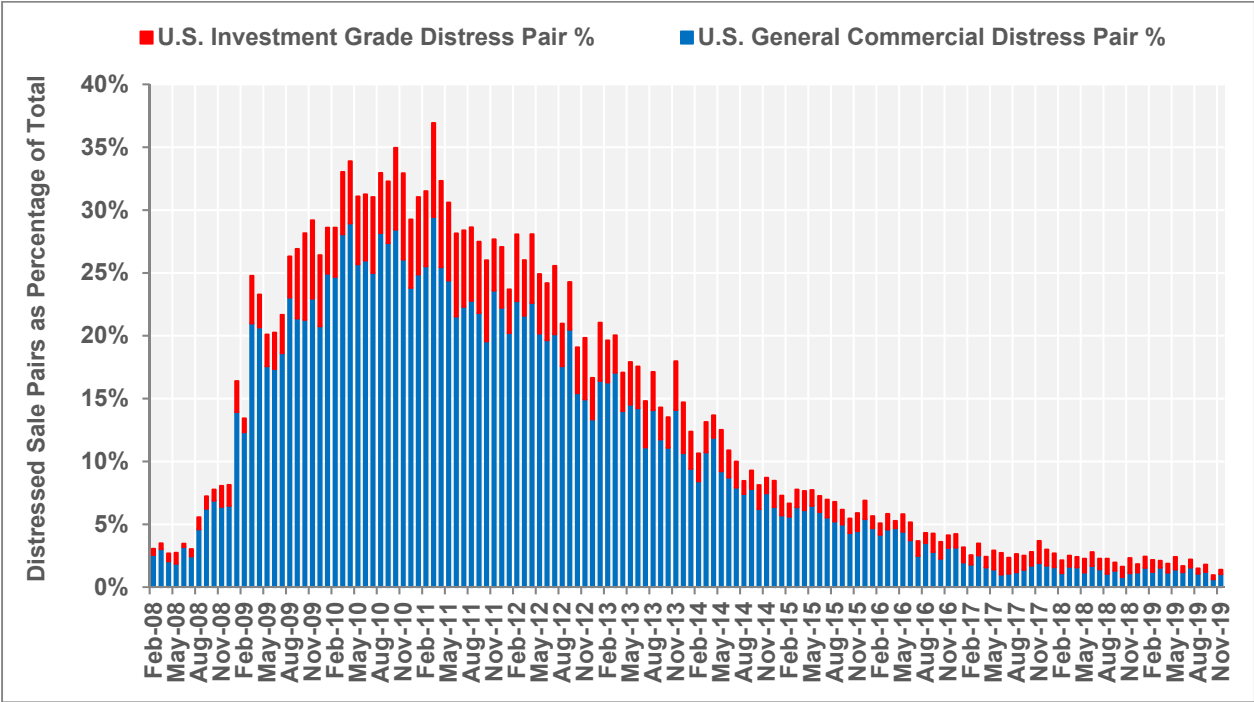## U.S. Equal-Weighted Indices By Market Segment, Data Through November 2019

U.S. Investment Grade — U.S. General Commercial

Index Value (2000 Dec = 100)

275 250 225 200 175 150 125 100 75 50 25 0

98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19

U.S. Pair Count, Data Through November 2019

U.S. General Commercial Pair Count
U.S. Investment Grade Pair Count

Number of Sale Pairs

2,500 2,000 1,500 1,000 500 0

2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

U.S. Pair Volume, Data Through November 2019

U.S. General Commercial Pair Volume
U.S. Investment Grade Pair Volume

Billions of Dollars

$25 $20 $15 $10 $5 $0

2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

U.S. Distress Sale Pairs Percentage, Data Through November 2019

Legend: ■ U.S. Investment Grade Distress Pair % ■ U.S. General Commercial Distress Pair %

Market Fundamentals, Data Through November 2019

Legend: ■ General Commercial DeliveredSF/RBA ■ Investment Grade DeliveredSF/RBA
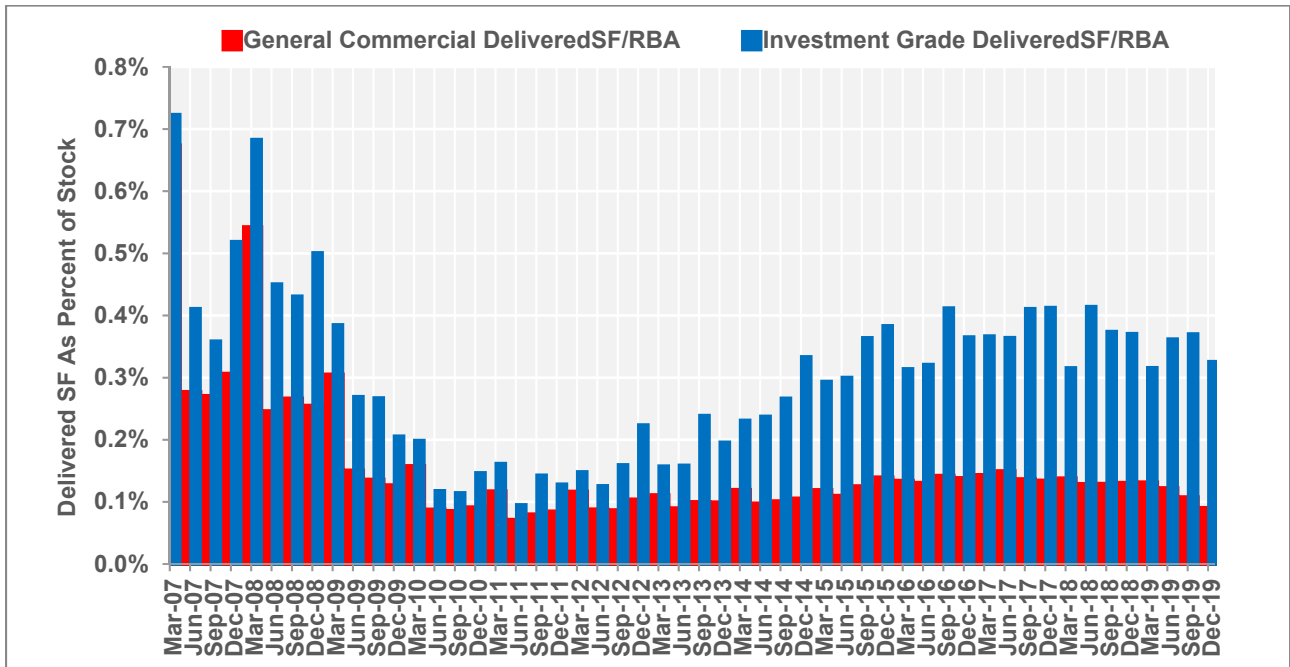
CCRSI National Results Highlights

- COMPOSITE INDICES DEMONSTRATE SLOW, STEADY GROWTH THROUGH NOVEMBER 2019. The equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, increased 5.7% in the 12-month period ended in November 2019 while the value-weighted U.S. Composite Index, which reflects larger asset sales common in core markets, rose 7.1% in the same period.

- BOTH COMPOSITE INDICES HAVE SURPASSED PREVIOUS CYCLE PEAKS; SLOWER GROWTH EVIDENT AS CYCLE HAS MATURED. The value-weighted and equal-weighted U.S. Composite Indices stood at 37.1% and 30.3% above previous cycle highs, respectively, in November 2019. As such, recent annual gains have decelerated from a double-digit annual pace earlier in the cycle. However, such a slowdown is expected, as the cycle has matured.

- THE SUBDUED PACE OF CONSTRUCTION OVER THE LAST SEVERAL YEARS HAS EXTENDED THE CRE CYCLE AND SUPPORTED CONTINUED PRICE GROWTH. Deliveries as a share of stock across the three major property types—office, retail, and industrial—has averaged is projected to average just 0.24% in the four quarters ended in December 2019, which was half the rate of deliveries at the peak of the last cycle in 2007-08. Illustrating tenant preferences for high-quality space this cycle, quarterly construction completions relative to total stock in the Investment Grade segment of the market are on a stronger 0.34% annual pace, compared to 0.1% in the General Commercial segment, in 2019.

- SALES VOLUME ON TRACK TO SURPASS 2018 RECORD. Composite pair volume of $151 billion in the 12-month period ending in November 2019 was up 3.7% from the prior 12-month period ended in November 2018. Even on a year-to-date basis through the first 11 months of the year, volume is up over 2% from the same period in 2018. The moderate uptick in volume was felt broadly across the Investment-Grade and General Commercial Segments. Repeat-sale transaction volume increased 3.9% in the Investment-Grade segment, and 3.3% in the General Commercial segment in the 12-month period ended in November 2019.

Monthly CCRSI Results, Data Through November 2019

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-0.2%	1.5%	5.7%	103.9%[1]
Equal-Weighted U.S. Composite Index	-0.1%	-1.3%	7.4%	118.9%[2]

U.S. Investment-Grade Index	1.0%	-0.8%	4.1%	119.3%[3]
U.S. General Commercial Index	-0.4%	2.1%	6.0%	101.4%[4]

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

Market Fundamentals Data Through November 2019

	Annual Net Absorption (in millions of square feet)			
	2016Q3	**2017Q3**	**2018Q3**	**2019Q3**
Aggregate	575.7	261.1	270.9	55.9
Investment Grade	270.5	116.5	119.9	20.0
General Commercial	305.2	144.5	151.0	35.9

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

Prime Retail Markets

CBSA Listed Alphabetically
Boston
Los Angeles
New York
Orange County
San Diego
San Francisco

Prime Multifamily Markets

CBSA Listed Alphabetically
Boston
Chicago
Houston
Los Angeles
New York
Orange County

San Jose		San Francisco	
Washington, D.C.		San Jose	
		Seattle	
		Washington, D.C.	

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 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. STR provides premium data benchmarking, analytics and marketplace insights for the global hospitality sector. LoopNet is the most heavily trafficked commercial real estate marketplace online with over 6 million monthly unique visitors. Realla is the UK's most comprehensive commercial property digital marketplace. Apartments.com, ApartmentFinder.com, ForRent.com, ApartmentHomeLiving.com, WestsideRentals.com, 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 over 51 million unique monthly visitors in aggregate in the third quarter of 2019. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of over 4,300 worldwide, including the industry's largest professional research organization. For more information, visit costargroup.com.

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 the pace of construction and transaction volume; the risk that the pace of construction completions relative to total stock will not be as stated in this release; and the risk that 2019 transaction volume does not exceed 2018 totals. 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, 2018, and CoStar's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, 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.