

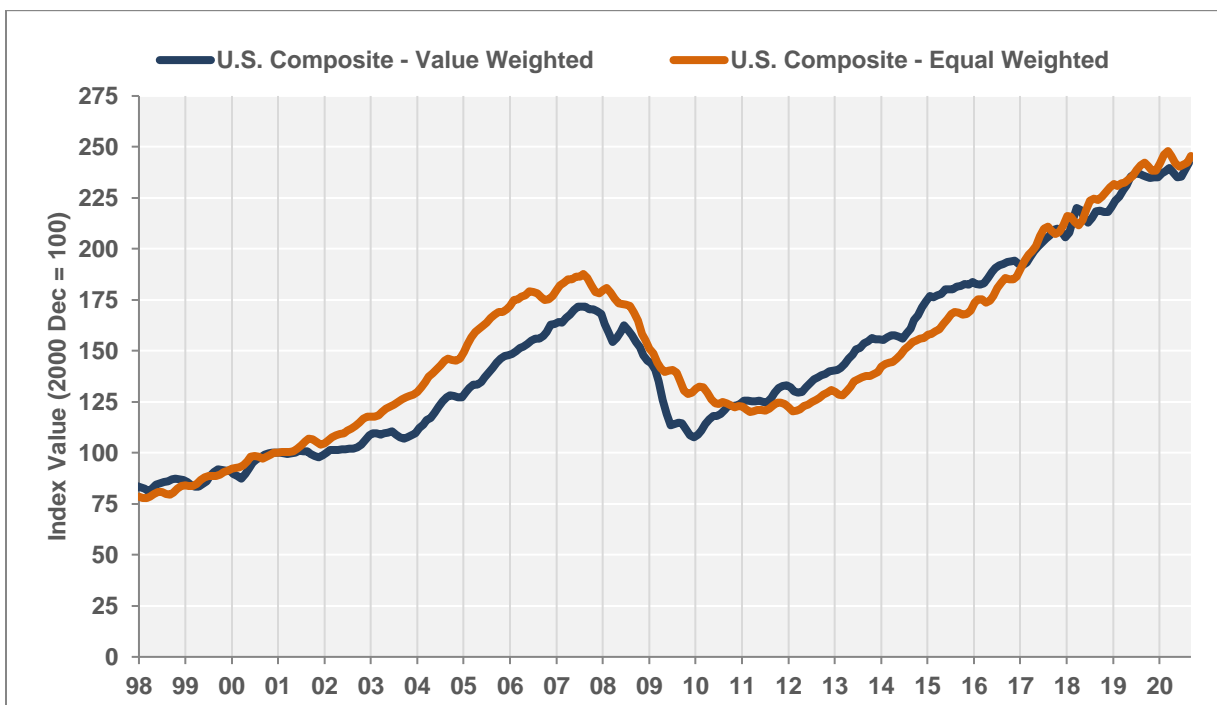
CCRSI RELEASE – October 2020
(With data through September 2020)

COSTAR COMPOSITE PRICE INDICES SHOW MODEST REBOUND IN THIRD QUARTER

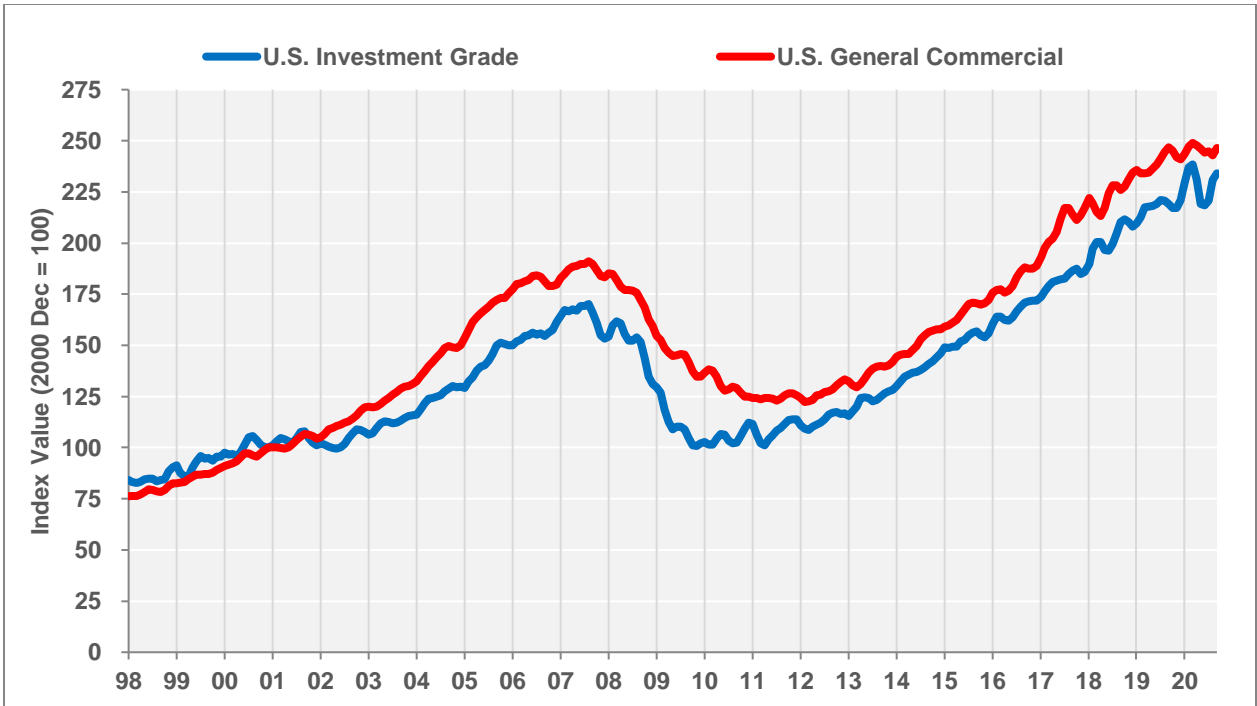
OVERALL PRICE GROWTH OBSCURES DIFFERENCES IN PERFORMANCE AMONG PROPERTY TYPES AND REGIONS, WITH MULTIFAMILY SEGMENT THE PRIMARY GROWTH DRIVER, AND NORTHEAST LEADING REGIONAL GROWTH

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through September 2020. Based on 1,066 sale pairs in September 2020 and more than 231,733 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

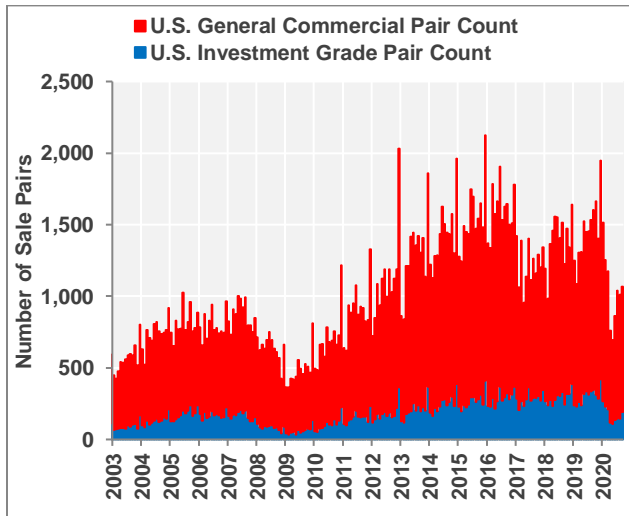
U.S. Composite Indices: Equal- And Value-Weighted, Data Through September 2020



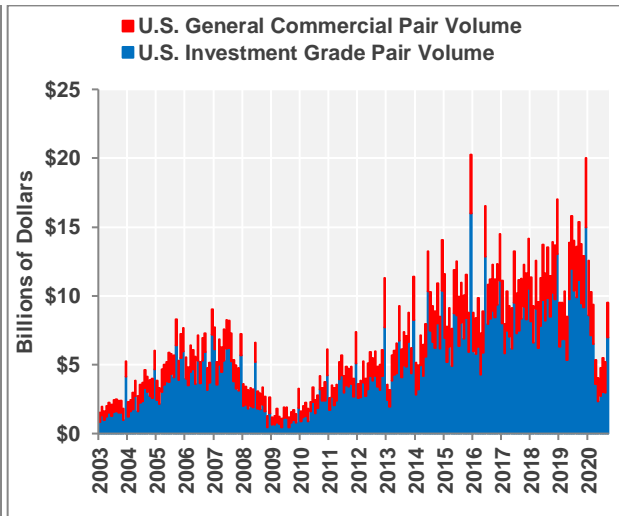
U.S. Equal-Weighted Indices By Market Segment, Data Through September 2020



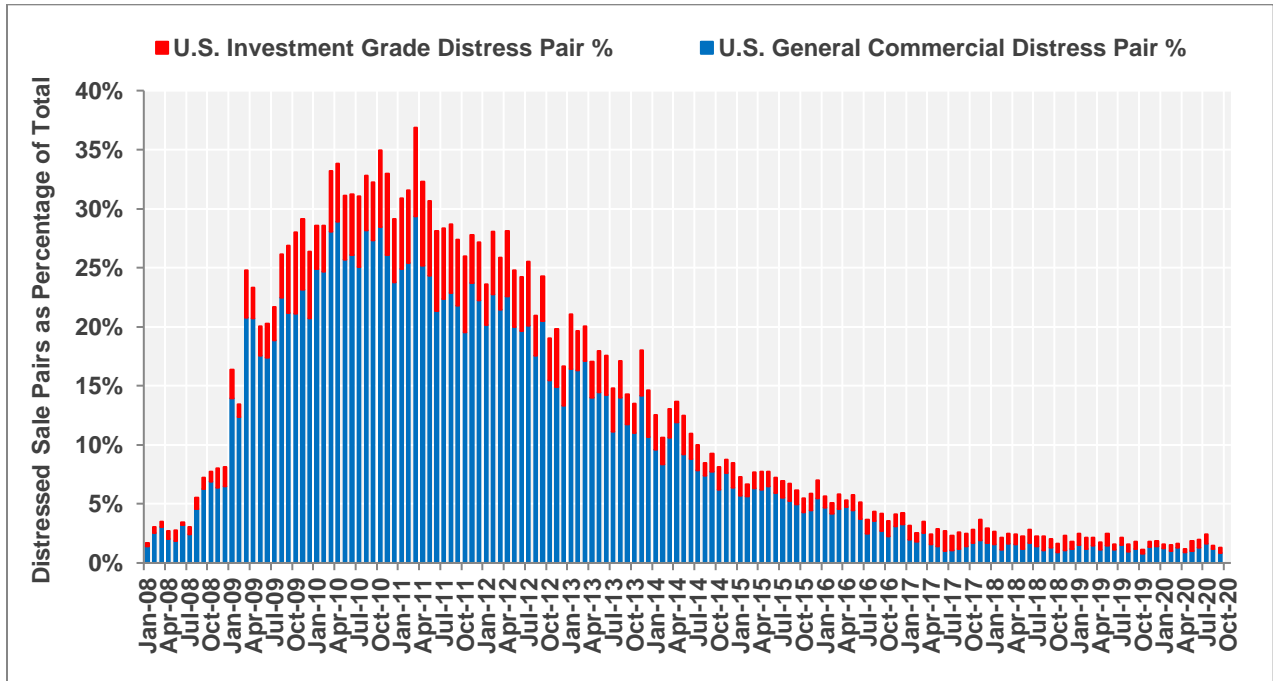
U.S. Pair Count, Data Through September 2020



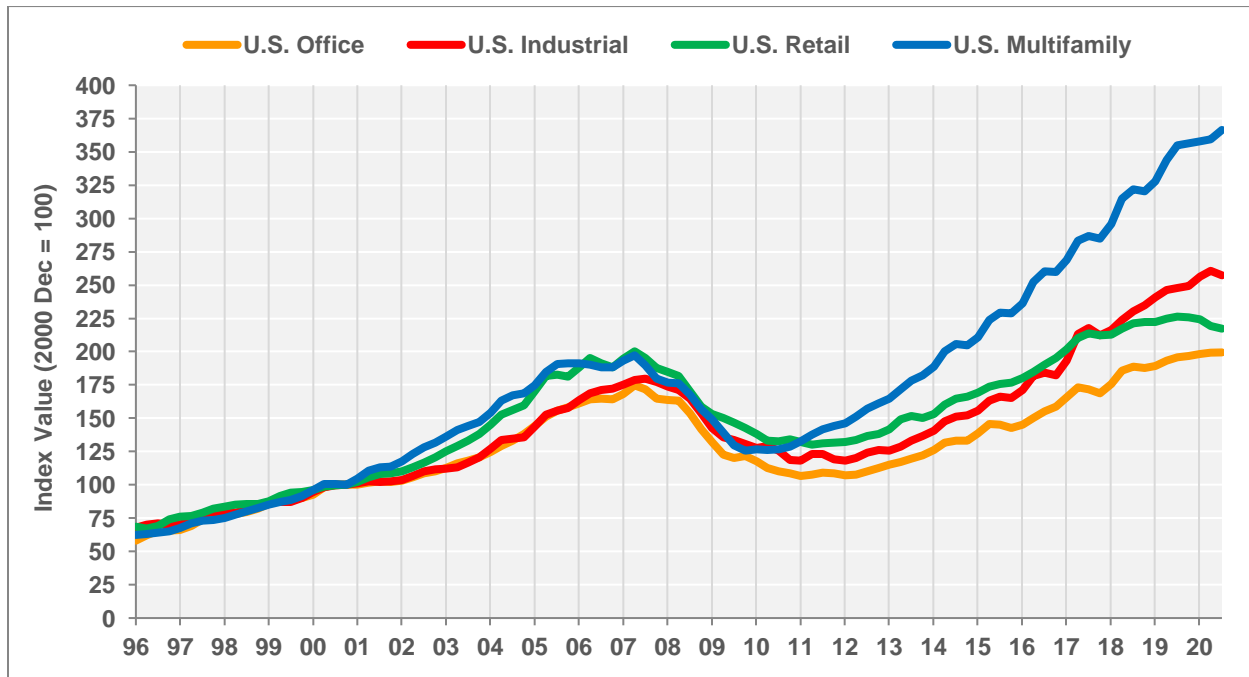
U.S. Pair Volume, Data Through September 2020



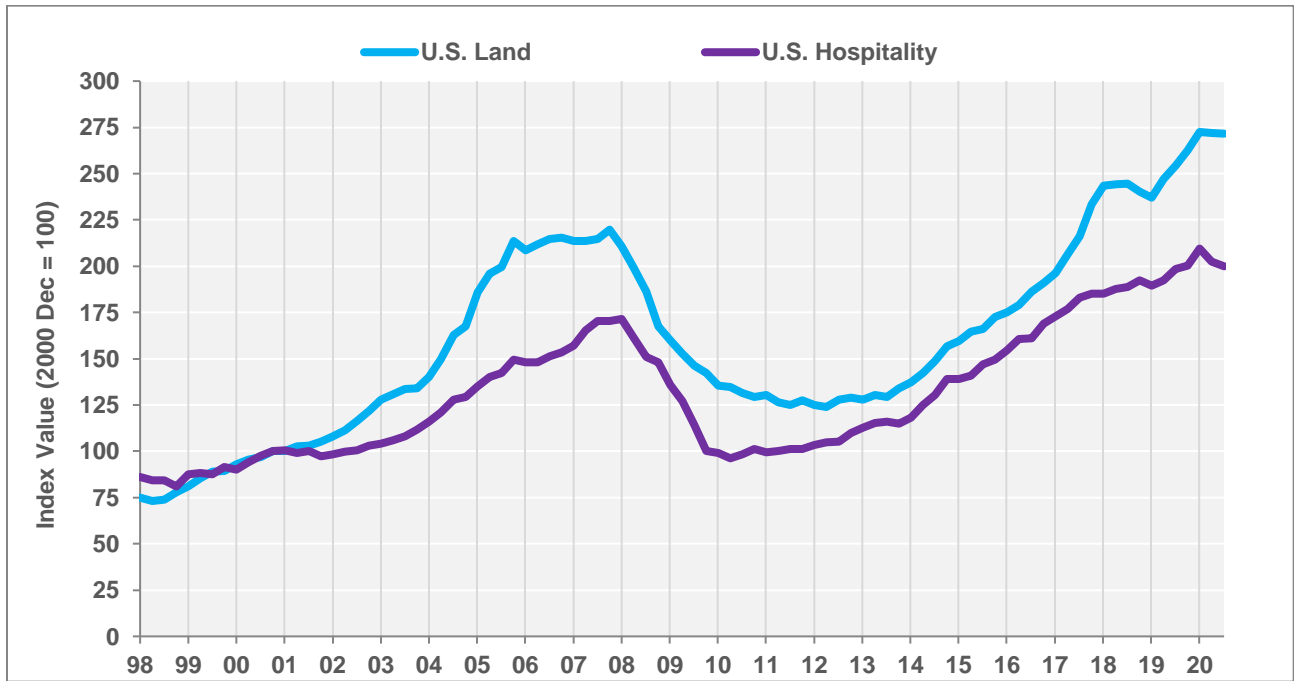
U.S. Distress Sale Pairs Percentage, Data Through September 2020



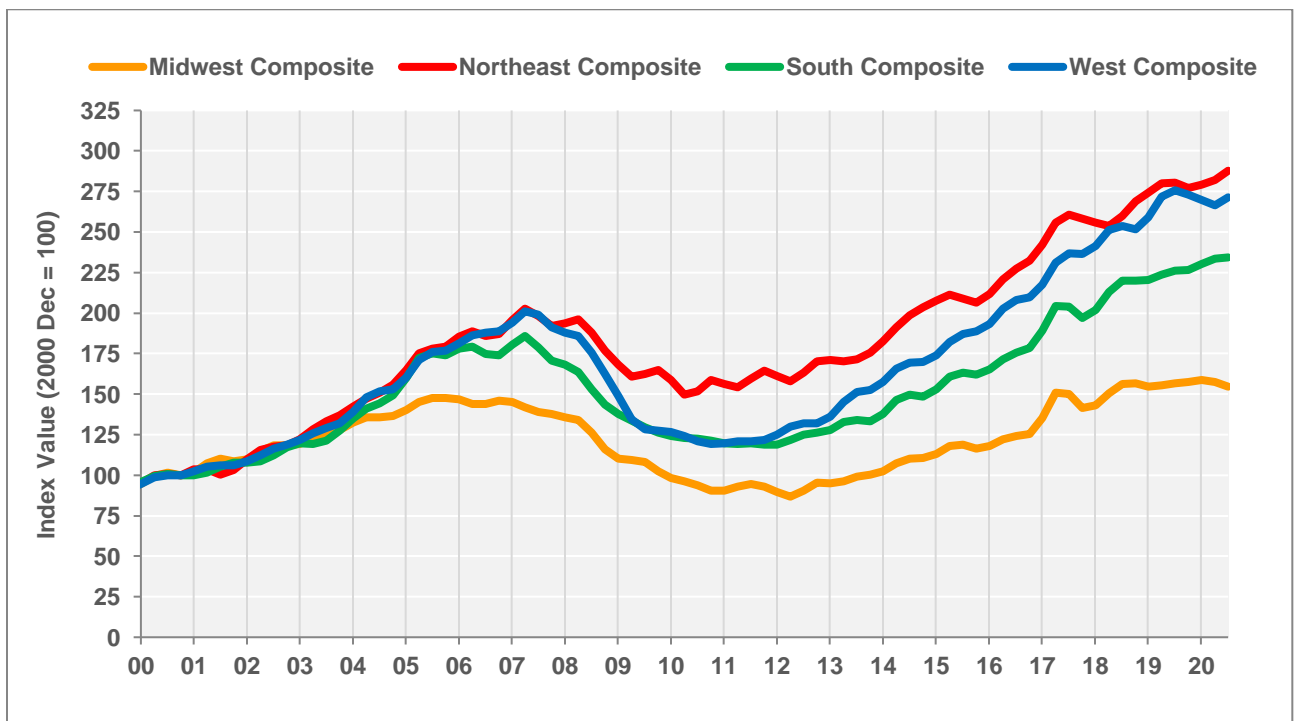
U.S. Primary Property Type Quarterly Indices – Equal-Weighted Data Through September 2020



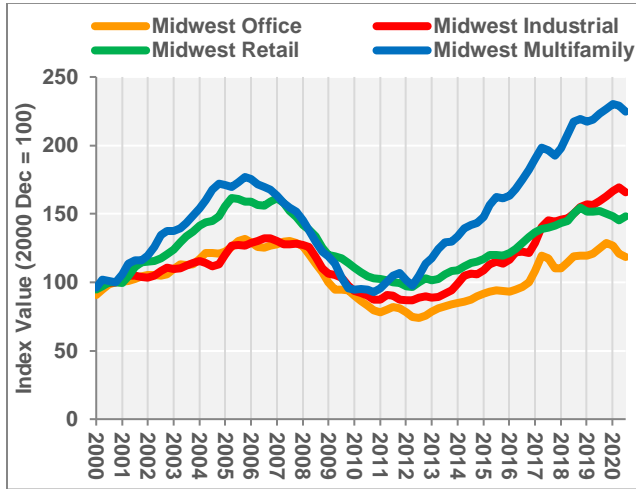
U.S. Land And Hospitality Quarterly Indices – Equal-Weighted Data Through September 2020



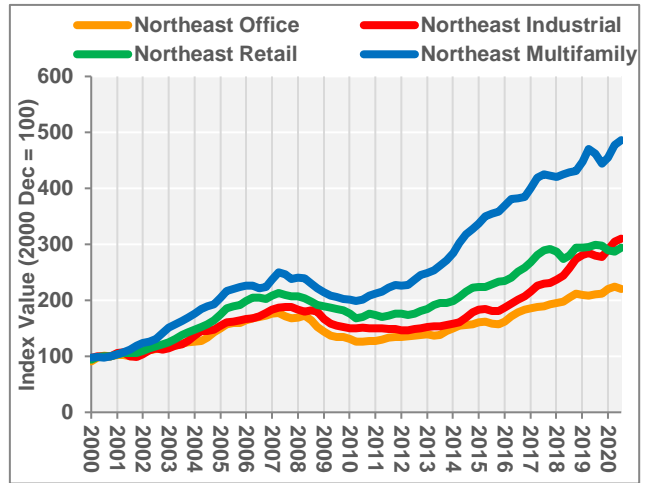
U.S. Regional Type Quarterly Indices – Equal-Weighted Data Through September 2020



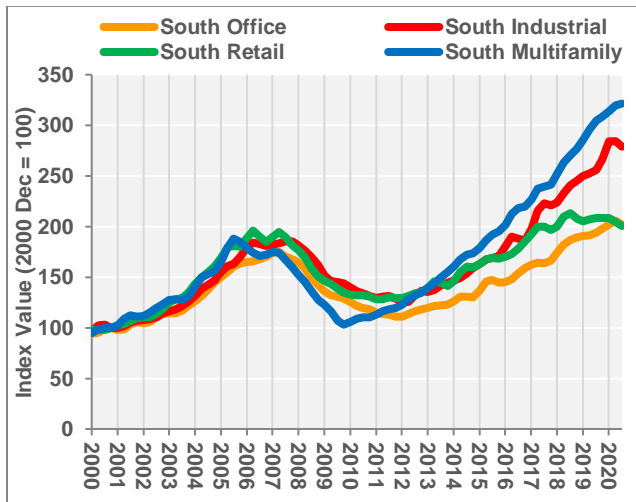
U.S. Midwest Property Type Quarterly Indices Equal-Weighted, Data Through September 2020



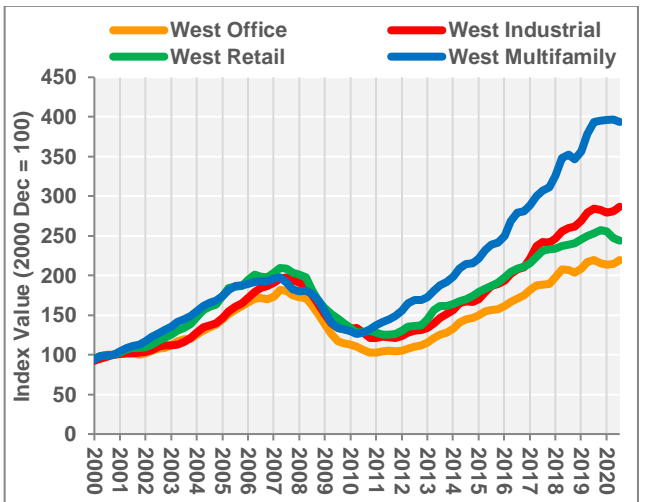
U.S. Northeast Property Type Quarterly Indices Equal-Weighted, Data Through September 2020



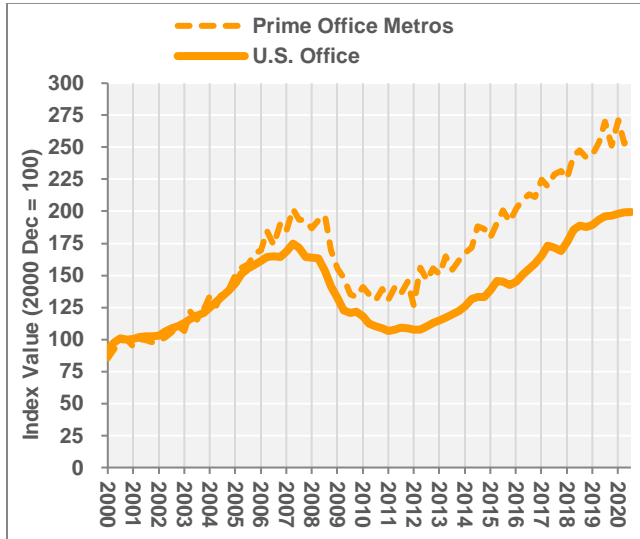
U.S. South Property Type Quarterly Indices Equal-Weighted, Data Through September 2020



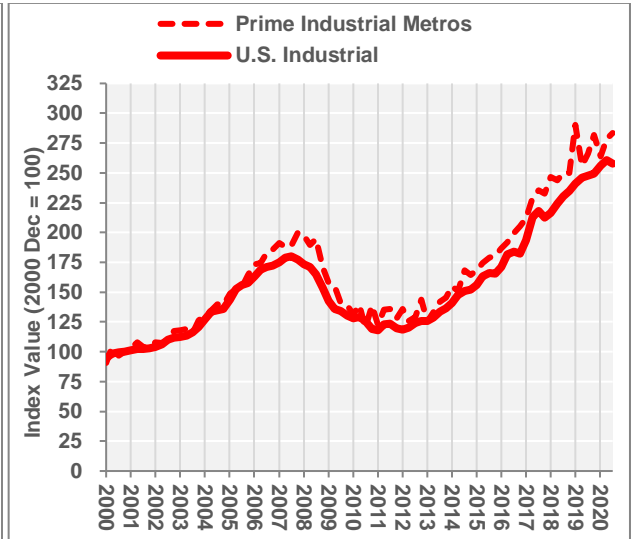
U.S. West Property Type Quarterly Indices Equal-Weighted, Data Through September 2020



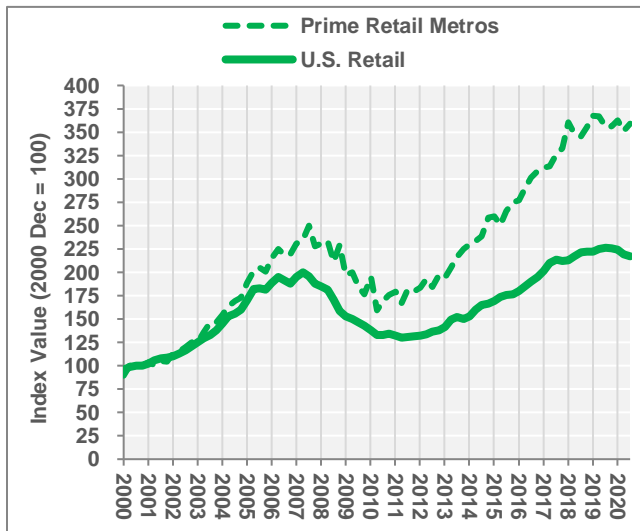
Prime Office Markets Quarterly Indices
Equal-Weighted, Data Through September 2020



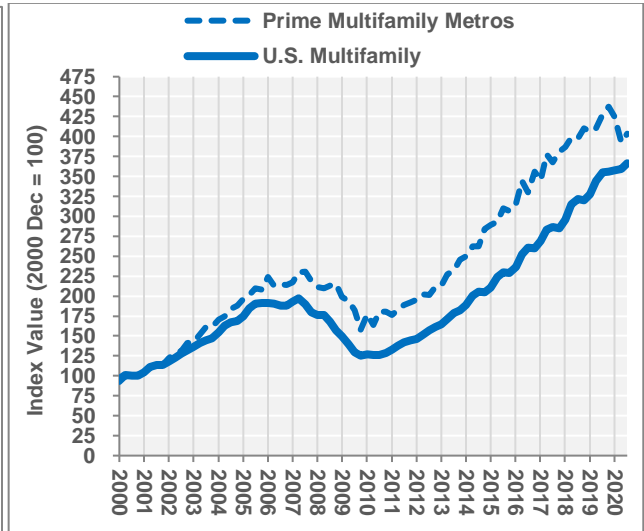
Prime Industrial Markets Quarterly Indices
Equal-Weighted, Data Through September 2020



Prime Retail Markets Quarterly Indices
Equal-Weighted, Data Through September 2020



Prime Multifamily Markets Quarterly Indices
Equal-Weighted, Data Through September 2020



CCRSI National Results Highlights

- **COMPOSITE PRICE INDICES MOVED UP IN THE THIRD QUARTER.** The value-weighted U.S. Composite Index, which reflects the larger asset sales common in core markets, rose 3% in the third quarter of 2020. The value-weighted U.S. composite index recouped losses sustained in the second quarter of 2020 and is now 1.7% above its March 2020 pre-pandemic level. Growth was supported by sturdier pricing in the third quarter for high-value assets, particularly in the multifamily sector. Meanwhile, the equal-weighted U.S. composite index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, rose by 2.2% in the third quarter of 2020, although the equal-weighted index remains 1% below its March 2020 pre-pandemic level.
- **HOWEVER, COMPOSITE PRICE GROWTH MASKED DISPARITY IN PRICE CHANGES ACROSS PROPERTY TYPES AND REGIONS.** While the composite price indices showed growth in the third quarter, pricing performance was mixed across the property type and geographical spectrum. The multifamily index led price growth among all six property-type indices, while office pricing was generally flat, and all other property type indices fell in the third quarter. From a regional perspective, the Northeast and West indices showed an uptick in pricing, while price growth in the Midwest continued to decline in the third quarter.
- **YEAR-TO-DATE TRANSACTION VOLUME WAS DOWN 40% FROM 2019 LEVELS; DISTRESS TRADING HAS YET TO ACCELERATE.** Repeat-sale transaction volume of \$66.5 billion in the period from January to September 2020 marked a 40% decrease from the volume that was logged in the January to September period in 2019. While investor uncertainty has depressed overall sales activity, signs of distress in the investment market have not yet shown up in the data. In the third quarter of 2020, the distress sale percentage of total observed transaction volume remained at 1.7%, which was on a par with the quarterly average in 2018-19.

Monthly CCRSI Results, Data Through September 2020

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	1.3%	3.0%	2.6%	124.8% ¹
Equal-Weighted U.S. Composite Index	1.4%	2.2%	1.4%	104.8% ²
U.S. Investment-Grade Index	1.4%	7.1%	6.9%	130.7% ³
U.S. General Commercial Index	1.4%	0.8%	-0.1%	99.4% ⁴

¹ Trough Date: April 2010 ² Trough Date: April 2011 ³ Trough Date: September 2010 ⁴ Trough Date: February 2012

Quarterly CCRSI Property Type Results

- **PROPERTY SECTOR PERFORMANCE WAS MIXED IN THE THIRD QUARTER.** The multifamily sector led all other segments with price gains, while losses continued to plague the retail and hospitality sectors that have been much more directly impacted by a weakened economy, along with restrictions on travel and social gatherings. The Prime Markets Indices within each property sector, which are dominated by the large, core, coastal metros, generally remained below their pre-pandemic levels in the third quarter, suggesting pricing weakness in these markets that saw significant runups in pricing over the course of the last cycle.
- **MULTIFAMILY INDEX POSTED STRONGEST QUARTERLY GAIN.** The U.S. Multifamily Index expanded 1.9% in the third quarter of 2020 contributing to an increase of 2.9% from its pre-pandemic level in the fourth quarter of 2019. However, the Prime Multifamily Metros Index was down 7.7% in the third quarter of 2020 from its previous high in the fourth quarter of 2019. Downtown product, particularly in gateway cities, has remained more out of favor with investors so far in 2020 relative to suburban product.
- **PRICING IN THE INDUSTRIAL SECTOR REMAINED STURDIEST OF ALL PROPERTY TYPES.** The accelerated adoption of e-commerce during the pandemic helped fuel the stronger performance of industrial pricing. The U.S. Industrial index rose 3.2% from the fourth quarter of 2019 to the third quarter of 2020 as strong demand tailwinds fanned investor interest in the property type. The Prime Industrial Metros index advanced at a more moderate rate of 0.7% from the fourth quarter of 2019 to the third quarter of 2020, suggesting the bulk of industrial price growth so far in 2020 is accruing to smaller regional and local distribution markets.
- **A LAGGING ECONOMY AND SOCIAL DISTANCING MEASURES HAVE EXACERBATED AN ALREADY CHALLENGING ENVIRONMENT FOR BRICK-AND-MORTAR RETAIL.** The U.S. Retail index fell 0.8% in the third quarter, contributing to a decline of 3.7% since the fourth quarter of 2019. The stability and resilience of essential retail tenants amid the pandemic has further divided the investment landscape, with high-quality, well-located centers focused on necessity goods showing price growth while pricing is regressing in centers with elevated vacancy rates. Pricing in the prime Metros Index advanced a modest 0.9% year-to-date through the third quarter of 2020.
- **OFFICE PRICES WERE STABLE IN THE THIRD QUARTER.** The U.S. Office Index showed no change in the third quarter of 2020 from the second quarter, leading to a

modest increase of 1.4% through the first three quarters of 2020. Though total volume remained depressed from recent levels, several high-value deals did close during the third quarter of 2020, in metros including Denver, Los Angeles, and Boston, which supported modest price growth in the Prime Office Metros Index. The Prime Office Metros Index advanced 3.5% through the first three quarters of 2020.

- **WEAKNESS IN BUSINESS AND LEISURE TRAVEL CONTINUES TO WEIGH ON HOSPITALITY PRICING.** The U.S. Hospitality Index suffered the steepest cumulative price loss among the property types, falling 4.6% from March to September 2020. The hospitality sector's short lease period means occupancy losses quickly translate into revenue losses, which has in turn dampened investment volume and pricing.
- **U.S. LAND INDEX HAS SHOWED LITTLE CHANGE OVER THE LAST THREE QUARTERS.** After reaching a cyclical peak in March 2020, the U.S. Land Index has shaved off only 0.3% in the six months through September 2020. Continued investor interest in development sites, particularly for industrial and multifamily projects has supported the land prices.

Quarterly CCRSI Regional Results

- **NORTHEAST REGION POSTED STRONGEST GROWTH SINCE THE PANDEMIC BEGAN.** The Northeast Composite Index advanced 2% in the third quarter of 2020 and 3.8% in the three quarters ending in September 2020, besting pricing performance in the three other regions. Its outperformance was due in large part to strong growth in the Northeast Industrial and Multifamily Indices. The Northeast Industrial index was up 11.8% and the Northeast Multifamily index rose 9.4% from the fourth quarter of 2019 through the third quarter of 2020. The Northeast Retail index was the only property type segment to post a year-to-date loss in the region.
- **SOUTH REGION SHOWED MORE MODEST, BUT BROAD-BASED GROWTH.** The South Retail index was the only property segment in the region to experience declines year-to-date through the third quarter of 2020, while the South Multifamily, Office, and Industrial sectors all posted cumulative gains between 2-5% in the period from December 2019 to September 2020.
- **WEST REGIONAL INDEX SLID 0.5% THROUGH THE FIRST THREE QUARTERS OF THE YEAR.** Price losses in the West Retail and Multifamily Indices pulled down overall growth in the region through the first three quarters of 2020. Meanwhile, the West Office index was the most resilient during that time. Expanding 2% cumulatively during the first three quarters of the year, the West Office index was fueled in part by price gains in several high-value office trades in the region during the third quarter of 2020.

- **THE MIDWEST REGIONAL INDEX REMAINED THE LAGGARD.** The Midwest Composite index fell 1.9% in the third quarter of 2020, placing the index at its lowest level since March 2019. Recent quarterly declines in the Midwest Retail, Office and Multifamily indices were a drag on recent growth, while the Midwest Industrial Index was the most solid performer. The Midwest Industrial Index advanced 1.8% from December 2019 through September 2020.

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 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
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. STR provides premium data benchmarking, analytics and marketplace insights for the global hospitality sector. 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 with over 7 million monthly unique visitors. Realla is the UK's most comprehensive commercial property digital marketplace. 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 69 million unique monthly visitors in aggregate in the third quarter of 2020. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe, Canada and Asia with a staff of over 4,300 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, absorption, capital flows and tenant demand; the risk that net absorption across the three major property types will not be as expected for the 12-month period ending DECEMBER 2017; the risk that rate of growth in absorption in the general commercial segment will not be as expected for the 12-month period ending DECEMBER 2017; the risk that decline in net absorption in the investment-grade segment will not be as expected for the 12-month period ending DECEMBER 2017; 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, 2016, and CoStar's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016, 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.