

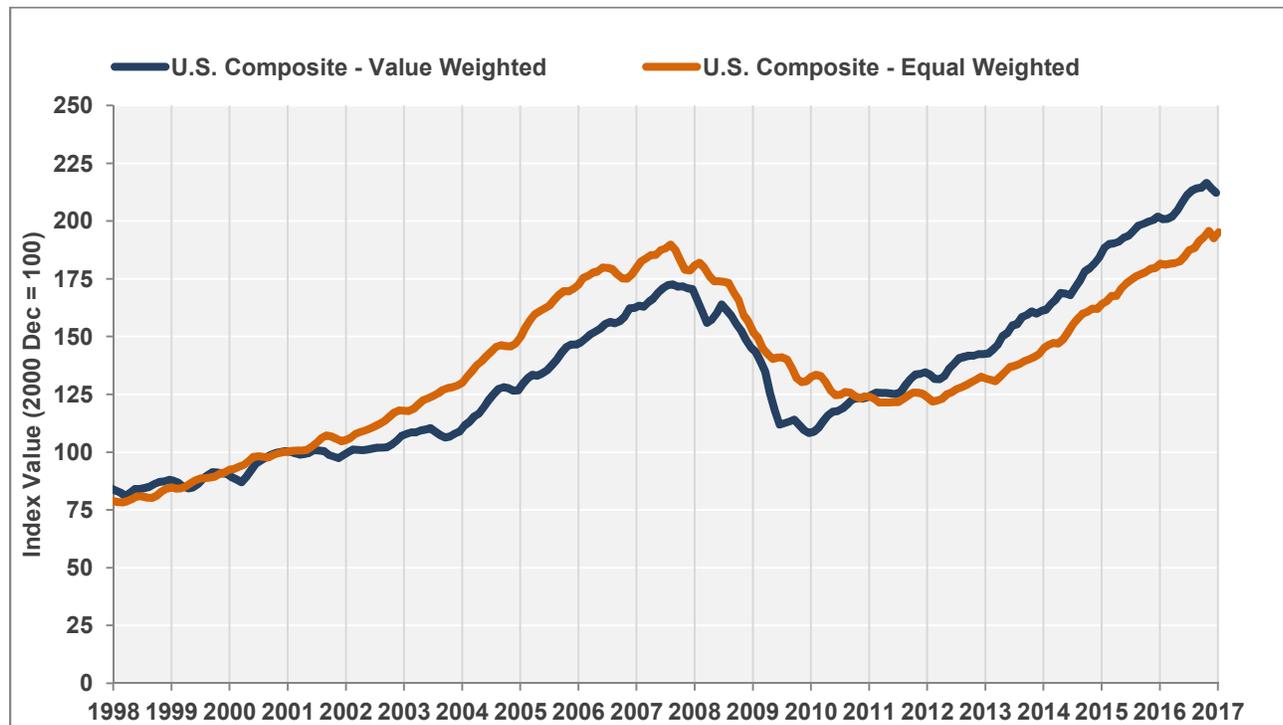
CCRSI RELEASE – FEBRUARY 2017
(With data through JANUARY 2017)

LATEST COSTAR COMPOSITE PRICE INDEX: STEADY PRICE GROWTH AT LOW END OF PROPERTY MARKET OFFSETS TOP-END SLOWDOWN

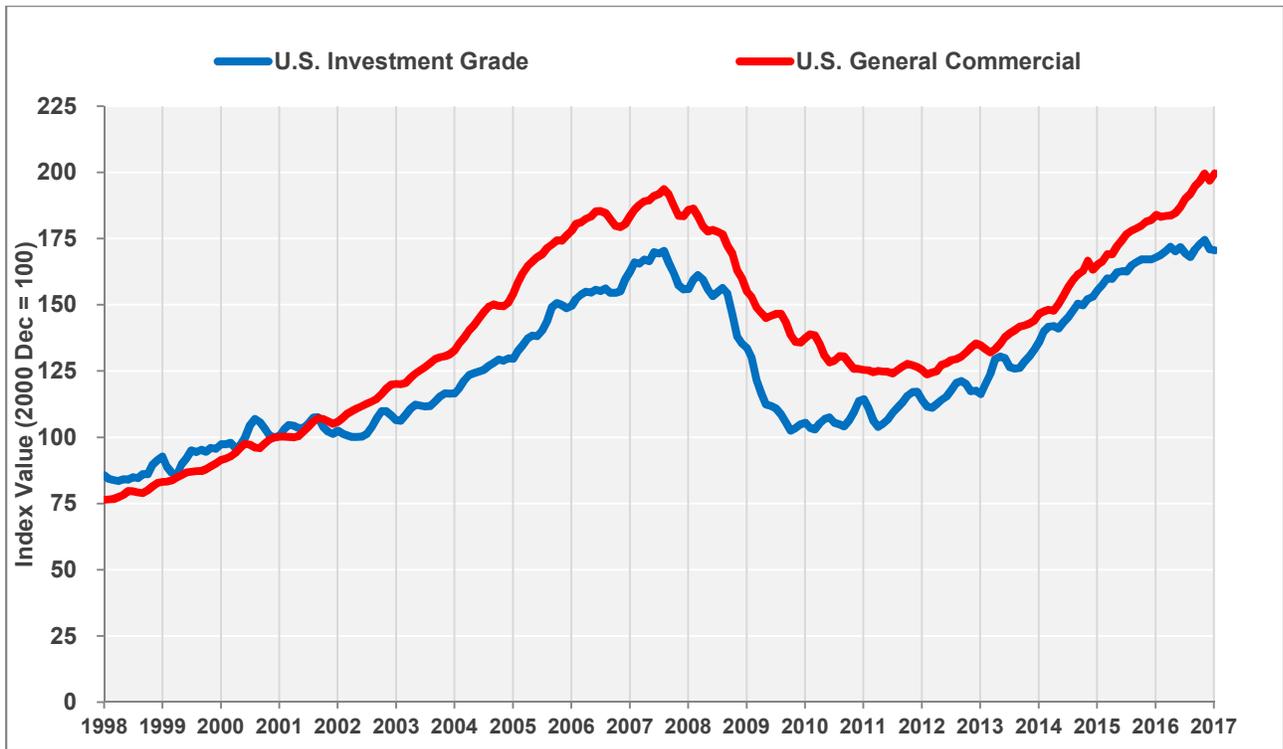
MARKET LIQUIDITY INDICATORS REMAIN RESILIENT

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through January 2017. Based on 1,165 repeat sale pairs in January 2017 and more than 174,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

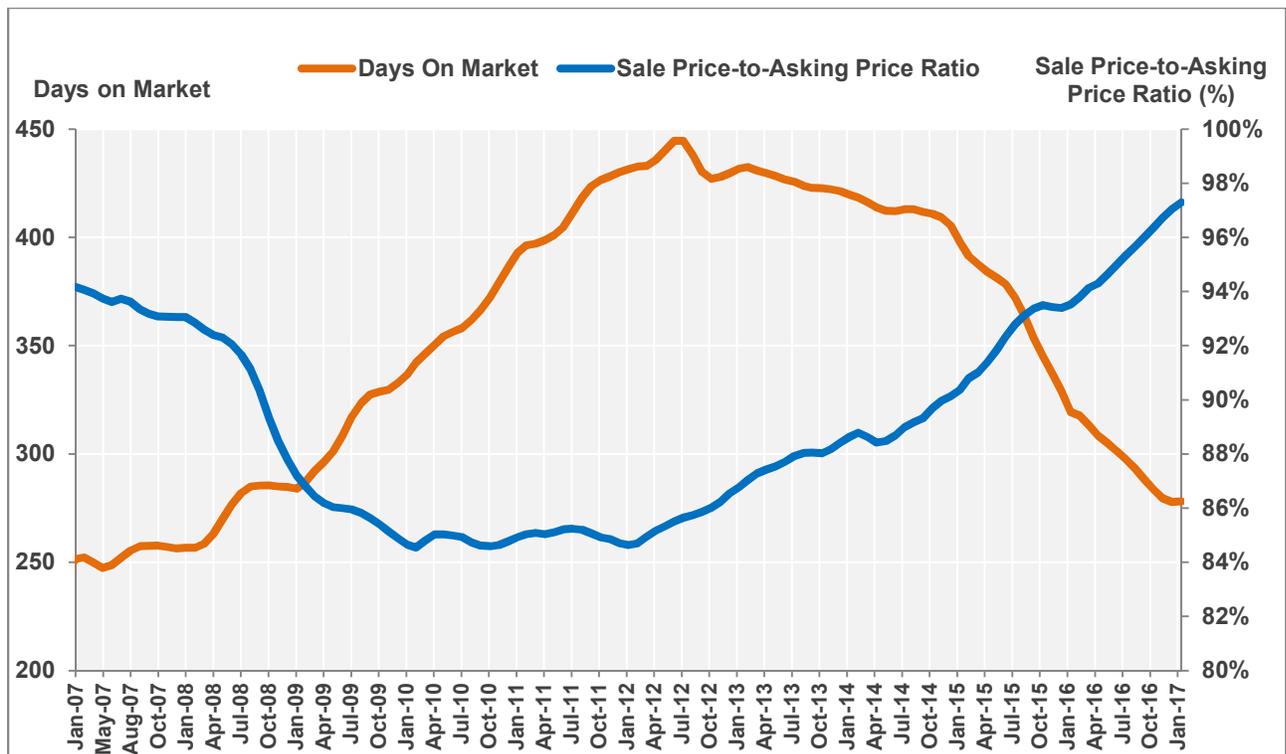
U.S. Composite Indices: Equal- And Value-Weighted, Data Through January 2017



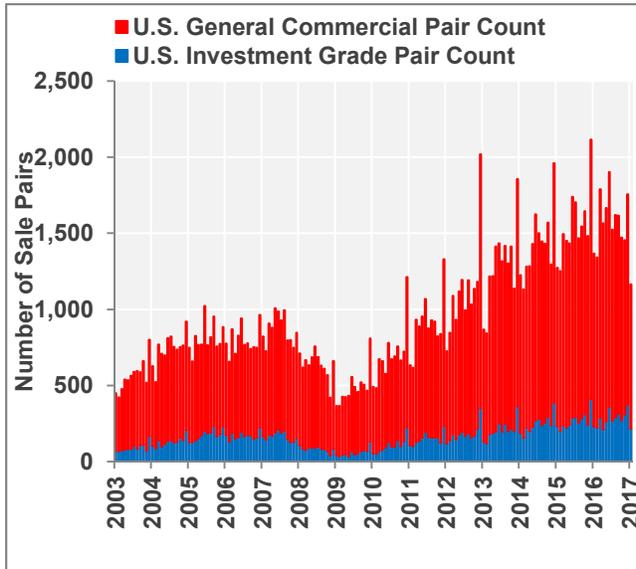
U.S. Equal-Weighted Indices By Market Segment, Data Through January 2017



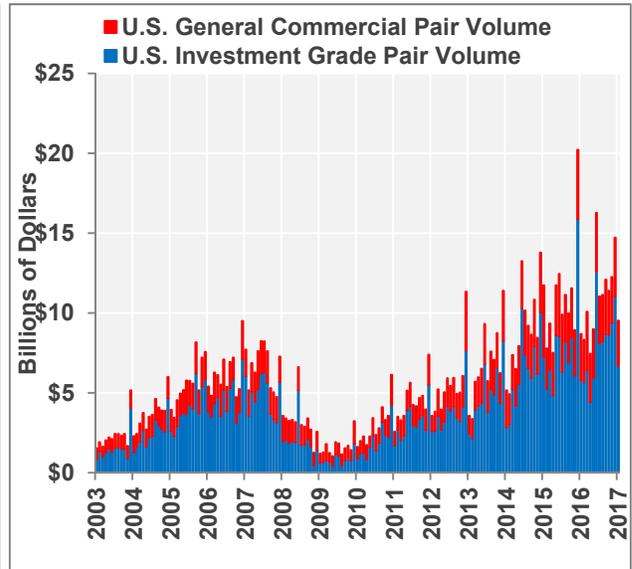
Market Liquidity Indicators, Data Through January 2017



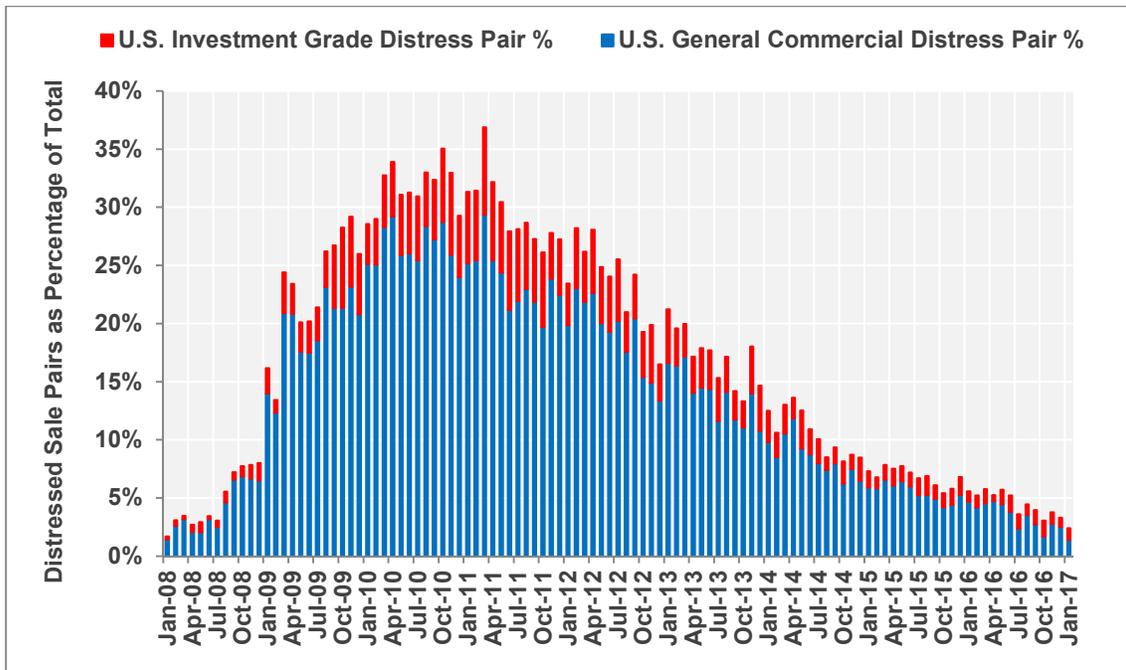
U.S. Pair Count, Data Through January 2017



U.S. Pair Volume, Data Through January 2017



U.S. Distress Sale Pairs Percentage, Data Through January 2017



CCRSI National Results Highlights

- **STEADY PRICE GROWTH AT LOWER END OF PROPERTY SALES MARKET OFFSETS SLOWDOWN AT TOP END.** The value-weighted U.S. Composite Index, which reflects larger asset sales common in core markets, fell 0.9% in January 2017, while posting an annual gain of 5.2% in the 12 months ending in January 2017. Meanwhile the equal-weighted U.S. Composite Index, which reflects the more numerous but lower-priced property sales typical of secondary and tertiary markets, advanced by a stronger 1.4% in the month of January 2017 and 7.5% for the 12 months ending in January 2017.
- **GENERAL COMMERCIAL SEGMENT SHOWED STRONGER MOMENTUM IN EQUAL-WEIGHTED INDEX.** Recent pricing trends in the CCRSI's composite indices were mirrored in the two sub-indices of the equal-weighted Composite Index. The General Commercial segment, which is largely influenced by smaller, lower-priced properties, increased 1.4% in January 2017 and 8.5% for the 12 months ending in January 2017. Meanwhile, the Investment-Grade segment, which is largely influenced by the sale of higher-value properties, fell 0.2% in January 2017 and gained only 1.6% in the 12 months ending in January 2017. The recent momentum in the General Commercial segment demonstrates the breadth of the pricing recovery as more investors seek out smaller properties in more secondary and tertiary markets.
- **TRANSACTION VOLUME STARTED YEAR AT STEADY PACE.** Composite pair volume of \$133.2 billion in the 12 months ending in January 2017 was 3.1% higher than in the previous 12-month period that ended in January 2016. While composite pair volume in January 2017 did fall from its pace set in the previous several months, this has been a typical seasonal pattern as investors take a breather after the rush to close deals before year-end.
- **CRE MARKET LIQUIDITY MEASURES REMAIN HEALTHY.** The average time on the market for for-sale properties dropped 12.9% in the 12 months ending in January 2017, although the rate for the month of January 2017 remained unchanged from December 2016 levels. The sale-price-to-asking-price ratio narrowed by 3.8 percentage points to 97.3%, the tightest this ratio has been since 2006. Meanwhile, the share of properties withdrawn from the market by discouraged sellers receded by 5.7 percentage points to 26.1% during the 12 months ending in January 2017.

Monthly CCRSI Results, Data Through January 2017

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	-0.9%	-1.0%	5.2%	96.0% ¹
Equal-Weighted U.S. Composite Index	1.4%	1.1%	7.5%	60.6% ²
U.S. Investment-Grade Index	-0.2%	-1.4%	1.6%	65.7% ³
U.S. General Commercial Index	1.4%	1.5%	8.5%	60.4% ⁴

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

Monthly Liquidity Indicators, Data Through January 2017

	Current	1 Month Earlier	1 Quarter Earlier	1 Year Earlier
Days on Market	278	278	284	319
Sale-Price-to-Asking-Price Ratio	97.3%	97.0%	96.4%	93.5%
Withdrawal Rate	26.1%	26.5%	27.6%	31.8%

Average days on market and sale-price-to-asking-price ratio are both calculated based on listings that are closed and confirmed by CoStar's research team. The withdrawal rate is the ratio of listings withdrawn from the market by the seller to all listings for a given month.

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
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 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 more than 10 million registered members. Apartments.com, ApartmentFinder.com, ApartmentHomeLiving.com, and Westside Rentals 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. Through an exclusive partnership with Move, a subsidiary of News Corporation, Apartments.com is the exclusive provider of apartment community listings across Move's family of websites, which include realtor.com®, doorsteps.com and move.com. CoStar Group's websites attracted an average of nearly 24 million unique monthly visitors in aggregate in 2016. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of over 3,000 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 recent momentum in the General Commercial segment and the breadth of the pricing recovery; and the risk that transaction volume, investor demand, market supply, 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, 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.