

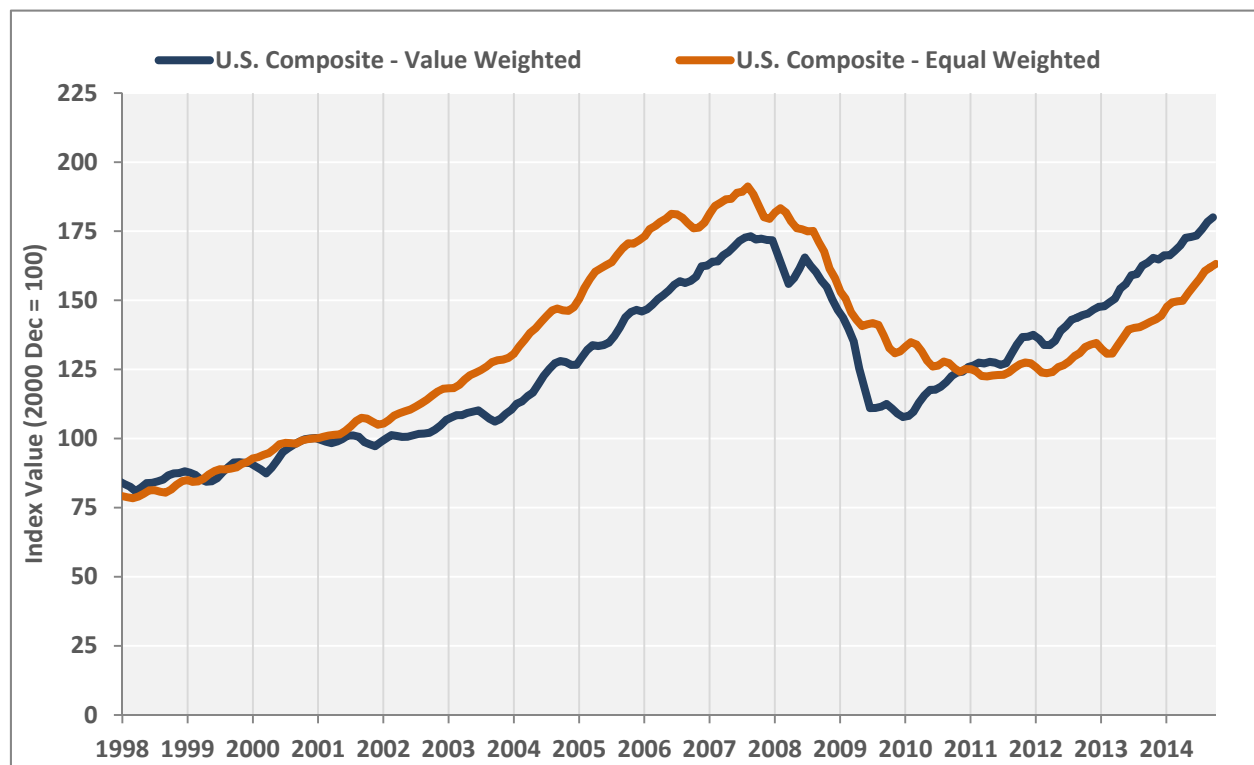
CCRSI RELEASE – DECEMBER 2014
(With data through October 2014)

COMMERCIAL REAL ESTATE PRICES POST STEADY GAINS IN OCTOBER

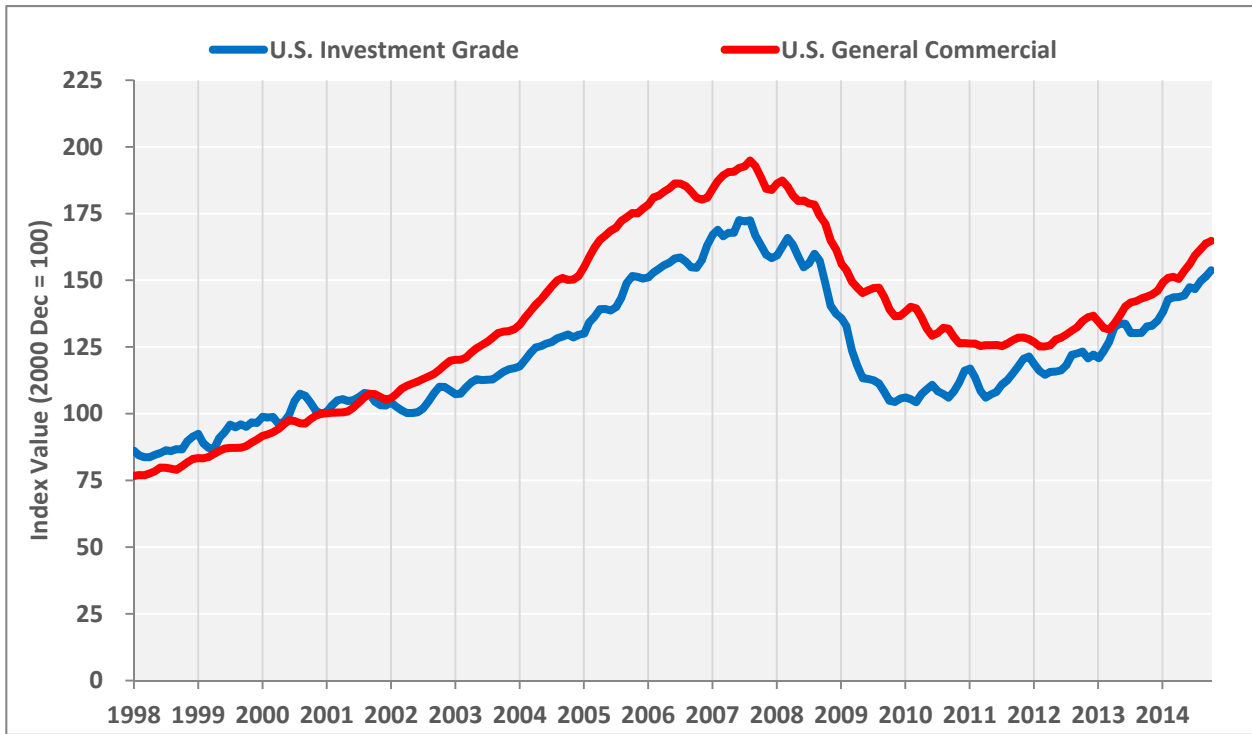
IMPROVING OCCUPANCIES, RENT GROWTH AND LOW INTEREST RATES CONTINUE TO SUPPORT BROAD GAINS IN PROPERTY PRICING

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at October 2014 commercial real estate pricing. Based on 1,419 repeat sales in October 2014 and more than 130,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

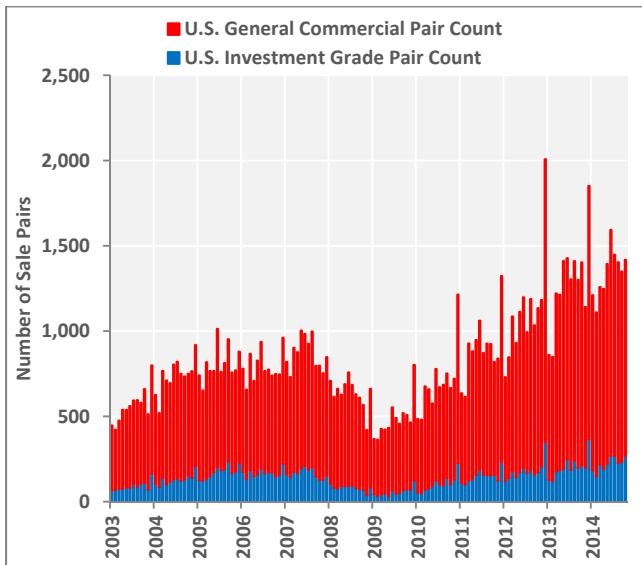
U.S. Composite Indices: Equal- and Value-Weighted, Data through October of 2014



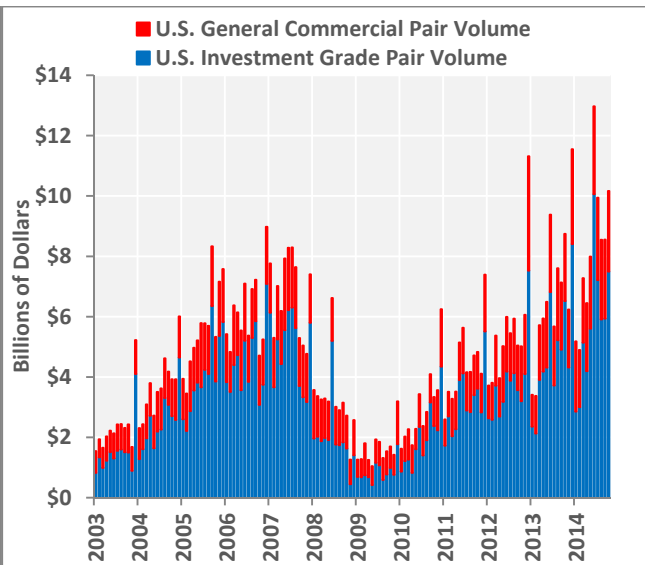
U.S. Equal-Weighted Indices by Market Segment, Data through October of 2014



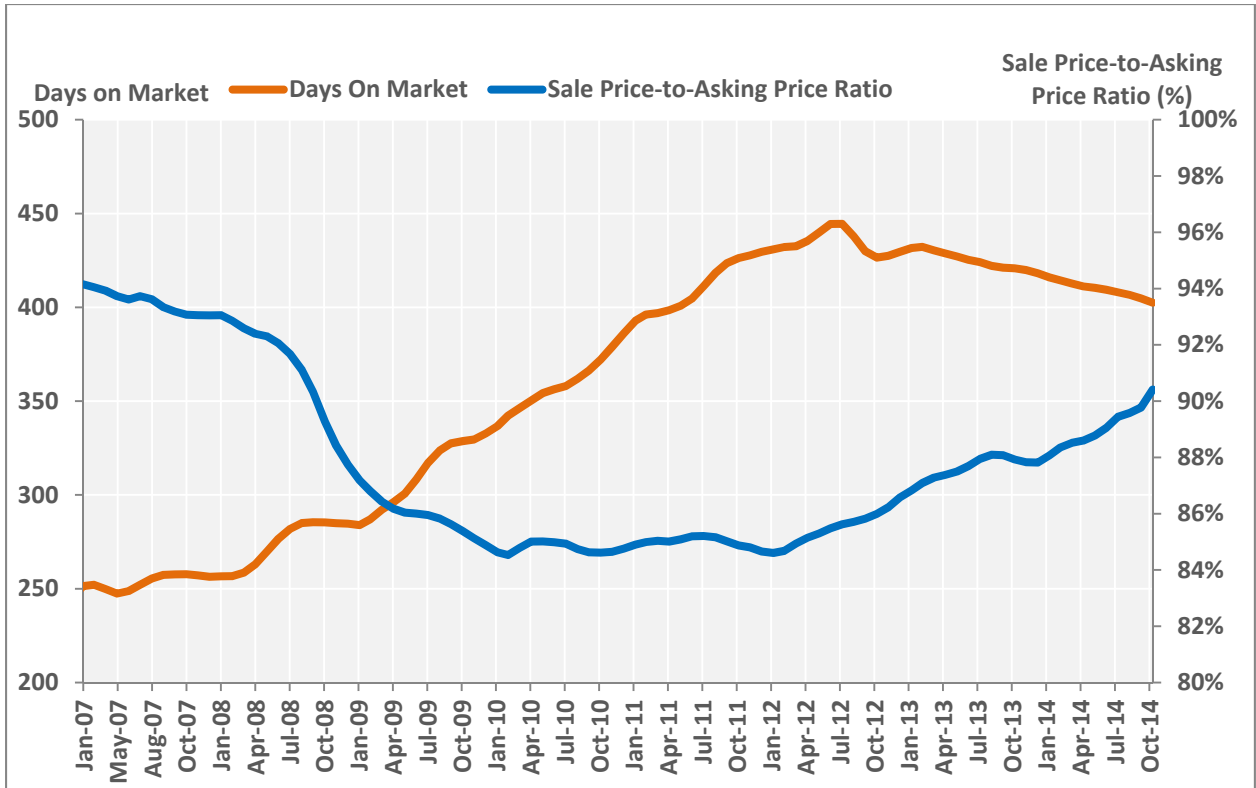
U.S. Pair Count, Data through October of 2014



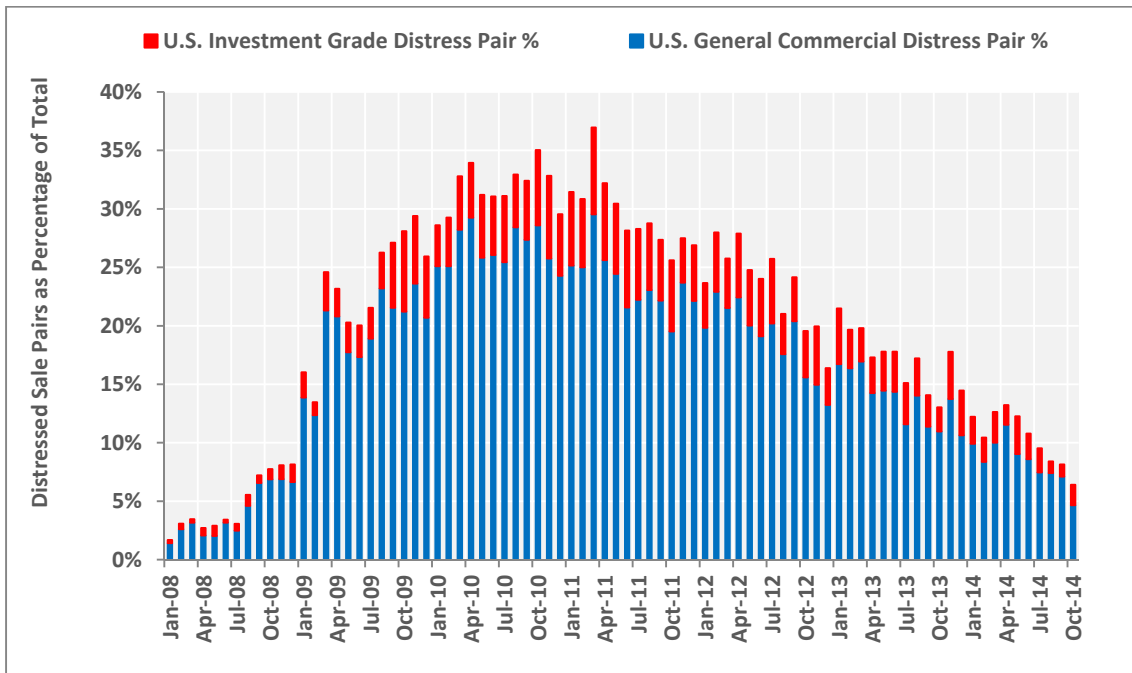
U.S. Pair Volume, Data through October of 2014



Market Liquidity Indicators, Data through October of 2014



U.S. Distress Sale Pairs Percentage, Data through October of 2014



CCRSI National Results Highlights

- **CRE PRICES ROSE STEADILY IN OCTOBER, SUPPORTED BY BROAD BASE OF POSITIVE TRENDS.** Most major property types continued to benefit from minimal speculative construction, a firming economic recovery and rising rental rates. Meanwhile, benchmark interest rates such as the 10-year Treasury continued to decline in October, a positive underlying trend for commercial real estate cap rates. The two broadest measures of aggregate pricing for commercial properties within the CCRSI — the value-weighted U.S. Composite Index and the equal-weighted U.S. Composite Index — increased by 0.8% and 0.9%, respectively, for October 2014.
- **VALUE-WEIGHTED U.S. COMPOSITE INDEX HITS RECORD HIGH IN OCTOBER, SIGNALING STRONG DEMAND FOR LARGE, INSTITUTIONAL-GRADE PROPERTIES.** After climbing 0.9% in the month of October, the value-weighted U.S. Composite Index reached a record high, thanks to steady gains in recent months. The index now stands 3.9% above its prerecession peak in 2007, reflecting strong competition among investors for large, high-end commercial properties.
- **EQUAL-WEIGHTED U.S. COMPOSITE INDEX MOVES WITHIN 15% OF ITS PRERECESION HIGH.** While its recovery began later, the equal-weighted U.S. Composite Index, which is influenced by smaller property sales, has made solid gains and is now back to 2005 levels, although it remains 15% below its 2007 prerecession peak. This reflects the general movement of investment capital in search of higher yields into secondary markets and property types, as pricing for commercial property has escalated in the core coastal markets. Within the equal-weighted U.S. Composite Index, the U.S. Investment Grade segment, which is weighted towards high-value properties, has increased by 15.8% for the 12 months ending in October 2014, while the U.S. General Commercial segment, made up of lower-tier properties, rose by 14.6% during the same period.
- **PROPERTY SALES ACTIVITY CONTINUES TO INCREASE AT DOUBLE-DIGIT RATE.** Composite pair volume of nearly \$78 billion¹ year-to-date through October 2014 marked a 23% jump from the same period in 2013. This is a healthy acceleration considering that composite pair volume increased by 22% in 2013 and 25% in 2012, and indicates that investment flows into real estate remain strong. Repeat sale pair volume in the General Commercial segment rose 27% year-to-date

¹ Does not include the \$4.4 billion sale of Stuyvesant Town-Peter Cooper Village apartments in New York City in June 2014 via deed in lieu of foreclosure.

as of October 2014, edging out growth of 21% in the Investment Grade segment as capital continues to move out on the risk spectrum.

- **OTHER MEASURES OF LIQUIDITY CONTINUED TO IMPROVE.** The sale price-to-asking-price ratio narrowed by 2.5 percentage points in the 12-month period ended in October 2014 to 90.4% — the highest ratio since 2008. Meanwhile, the average time on market for properties listed for sale fell 4.3% in the 12 months ending in October 2014, and the share of properties withdrawn from the market by discouraged sellers continued to recede, falling to 35.3%.

Monthly CCRSI Results, Data through October of 2014

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
Value-Weighted U.S. Composite Index	0.9%	3.8%	10.0%	67.0% ¹
Equal-Weighted U.S. Composite Index	0.8%	3.5%	14.7%	33.2% ²
U.S. Investment Grade Index	1.5%	4.8%	15.8%	47.4% ³
U.S. General Commercial Index	0.7%	3.4%	14.6%	31.7% 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 October of 2014

	Current	1 Month Earlier	1 Quarter Earlier	1 Year Earlier
Days on Market	402	405	408	421
Sale Price-to-Asking Price Ratio	90.4%	89.8%	89.4%	87.9%
Withdrawal Rate	35.3%	36.1%	37.5%	43.1%

¹ 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, 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 one time, 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.

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 DC

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 DC

Prime Multifamily Markets

CBSA Listed Alphabetically

Boston

Chicago

Houston

Los Angeles

New York

Orange County

San Francisco

San Jose

Seattle

Washington DC

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For more information about the CCRSI Indices, including the full accompanying data set and research methodology, please visit <http://costargroup.com/costar-news/ccrsi>.

ABOUT COSTAR GROUP, INC.

CoStar Group (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. Through LoopNet, the Company operates the most heavily trafficked commercial real estate marketplace online with more than 9.0 million registered members. Apartments.com is a premier online apartment resource for renters that matches apartment seekers with great apartment homes and provides property managers and owners a proven platform for marketing their properties. CoStar operates websites with over 17.5 million unique monthly visitors in aggregate during third quarter of 2014. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S., Canada and Europe with a staff of over 2,300 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; and the risk that investor demand and commercial real estate pricing levels will not continue at the levels or with the trends indicated in this release. More information about potential factors that could cause actual results to differ materially from those discussed 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, 2013, and Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, each of which is filed with the SEC, including in the "Risk Factors" section of those filings, as well as the company'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 such statements, whether as a result of new information, future events or otherwise.