



NEWS

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Study Co-authored by CoStar Group Executives Wins Prestigious Academic Real Estate Award from American Real Estate Society

CoStar Group's CEO Andrew Florance, Senior Director of Analytics Jay Spivey, and University of San Diego Professor Dr. Norm Miller Document Significant Occupancy, Rent and Sale Price Premiums Found in ENERGY STAR and LEED Properties

BETHESDA, MD — April 8, 2009 - CoStar Group, Inc. (Nasdaq: CSGP) today announced that the American Real Estate Society (ARES), an association of real estate thought leaders whose members include leading global academic and professional researchers, selected a study conceived and co-authored by CoStar Group executives to receive the “Best Paper Published in the *Journal of Real Estate Portfolio Management* (JREPM)” award for 2008.

Andrew Florance, CoStar Group’s Founder and CEO, Jay Spivey, Senior Director of Research and Analytics for CoStar Group, and Dr. Norm Miller, a professor at the Burnham-Moores Center for Real Estate at the University of San Diego, authored the award-winning study, “Does Green Pay-off?” believed to be the first systematic analysis of property data to document the income premium associated with ‘green buildings,’ specifically those that have earned the ENERGY STAR label and/or LEED certification from the U.S. Green Building Council.

By analyzing the extensive property information available through CoStar’s comprehensive database of U.S. commercial property information, the study found energy-efficient, sustainable buildings on average operated at higher occupancies and achieved higher rents, two variables that directly relate to higher net operating income. The study also found that, on average, these buildings sold for a higher price per square foot compared with peer office buildings that were not ENERGY STAR-labeled or LEED-certified.

The authors used a rigorous comparison of buildings that had the ENERGY STAR label or LEED-certification with a peer group of like-kind, non-labeled/certified office buildings correlated by building size, height, class and year-built, using a hedonic multiple regression

model to confirm the results. The winning paper was published in the Nov. 4, 2008 edition of JREPM. Its selection was made by the more than 1,000 members of ARES and presented at the group's annual meeting held April 1-4, 2009 in Monterey, Calif.

Since the authors published the results of the study in July 2008, separate studies using the property information in CoStar's database -- one led by Franz Fuerst of the Henley Business School at the University of Reading, and another by John Quigley of the University of California at Berkeley and Piet Eichholtz and Nils Kok of Maastricht University in the Netherlands -- corroborated their original findings, and in some cases, found market premiums to be even higher. Most recently, Gary Pivo, Professor of Planning at the University of Arizona, and Jeffrey D. Fisher, Director of the Benecki Center for Real Estate Studies at the Indiana University Kelley School of Business, analyzed data from the National Council of Real Estate Investment Fiduciaries (NCREIF) that resulted in similar findings.

"The 'Does Green Pay-off?' study addresses one of the key issues regarding sustainable real estate development and management by showing that economic benefits accrue to the owners of green buildings," noted William G. Hardin III, Ph.D., Director of Real Estate Programs, Associate Professor and Knight-Ridder Research Fellow at Florida International University. "If we look 10 years down the road, we will see that green buildings become the norm in commercial real estate with other non-green buildings suffering from functional obsolescence. This difference will be reflected in rents and occupancy rates."

"While previous studies focused on the cost associated with making investments in energy-efficient design and construction, none are believed to have looked closely at the actual impact that energy efficient buildings were having in the marketplace," said Andrew Florance. "Having flagged ENERGY STAR and LEED-certified buildings in our database since 2006, CoStar was in a unique position to critically examine this issue and we believe we were the first to report the substantial income premiums associated with green properties. It's also gratifying to see these results confirmed by several other respected researchers, providing ample evidence that energy efficiency is both good for the environment and good for business."

The authors agreed to donate the prize money from the award to the James R. Webb Foundation of the American Real Estate Society, an organization dedicated to supporting students pursuing a Ph.D. degree in real estate studies. The foundation is named in honor of Webb, an outstanding scholar and founding member of ARES who was a professor and director of the Real Estate Institute at Cleveland State University.

CoStar Group continues to be an active supporter of academic research involving the built environment. As part of its ongoing efforts to increase awareness of energy efficiency issues in the built environment, CoStar has joined with the American Real Estate Society to sponsor *The Journal of Sustainable Real Estate* (JOSRE), a new real estate monograph series with the goal of publishing a collection of research papers addressing sustainable real estate issues. The deadline for submitting research papers for the first issue in the series is May 15, 2009. Additional information on JOSRE, as well as the "Does Green Pay-off?" study, is available on CoStar's Web site at <http://www.costar.com/josre/>.

In addition to sponsoring additional academic research, CoStar offers qualified university professors and their students full access to its comprehensive online information services for use in their research and in the classroom. More than 1100 professors and graduate students at more than 100 universities are currently enrolled in the program, including Harvard University, Massachusetts Institute of Technology, The Wharton School of Business, The Ohio State

University, Northwestern University, Cornell University, The Johns Hopkins University, The University of Colorado, Marquette University, the University of North Carolina - Chapel Hill, the University of Reading, the University of Notre Dame, and Vanderbilt University. Additional information on the CoStar University program can be found at <http://www.costar.com/specialprograms/costaruniversity.aspx>.

About the American Real Estate Society

The American Real Estate Society (ARES), founded in 1985, is an association of real estate thought leaders. Members are drawn from academia and the profession at large, both in the United States and internationally. The Society is dedicated to producing and disseminating knowledge related to real estate decision-making and the functioning of real estate markets. For more information, visit <http://www.aresnet.org/AboutUs.htm>.

About the Burnham-Moores Center for Real Estate at the University of San Diego

Founded in 1993, the University of San Diego's Burnham-Moores Center for Real Estate is committed to delivering outstanding education, industry outreach, career and research services to advance socially responsible leadership in the real estate profession. As part of the University's School of Business Administration, the Center offers a Master of Science in Real Estate degree, an undergraduate minor in real estate, a Certificate in Real Estate Finance, Investments and Development, a Certificate in Land Use and Sustainable Community Development and several major industry conferences throughout the year. For more information, visit www.usdrealstate.com

About CoStar Group, Inc.

CoStar Group, Inc. (Nasdaq:CSGP) is the number one provider of information/marketing services to commercial real estate professionals in the United States as well as the United Kingdom. CoStar's suite of services offers customers access via the Internet to the most comprehensive database of commercial real estate information throughout the United States as well as in the United Kingdom and France. Headquartered in Bethesda, MD, CoStar has approximately 1,300 people working for the company worldwide, including the largest professional research organization in the industry. For more information, visit <http://www.costar.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 subject to many risks and uncertainties that could cause actual results to differ materially from these statements. 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 CoStar's Form 10-K for the year ended December 31, 2008 under the heading "Risk Factors." In addition to these statements, there can be no assurance that all energy-efficient, sustainable buildings will attain higher occupancy rates, rents or sales prices compared with their peer office buildings; that economic benefits will accrue to owners of all green buildings; that in ten years green buildings will become the norm in commercial real estate with other non-green buildings suffering from functional obsolescence; and that the difference between green and non-green buildings will be reflected in rents and occupancy rates. All forward-looking statements are based on information available to CoStar on the date hereof, and CoStar assumes no obligation to update such statements.