



COSTAR
COMMERCIAL
REPEAT-SALE
INDICES

PRESS RELEASE



JANUARY 2012 CCRSI RELEASE
(With data through November 2011)

COMMERCIAL REAL ESTATE SEES SEVENTH CONSECUTIVE MONTHLY PRICE INCREASE IN NOVEMBER

INVESTMENT-GRADE PRICES POST SOLID MONTHLY GAIN, WHILE
GENERAL COMMERCIAL PROPERTIES CONTINUE TO SEE MODEST
BUT STEADY GROWTH

Continuing its positive movement, CoStar's monthly National Composite Index of commercial real estate prices recorded a 0.6% monthly gain in November 2011. The continued decline in the number of distressed property sales, and solid price gains in investment-grade property sales, contributed to the positive pricing momentum in the market since May 2011.

This month's CoStar Commercial Repeat Sales Index (CCRSI) provides the market's first look at November 2011 commercial real estate pricing. Based on 738 repeat sales in November 2011 and more than 100,000 repeat sales since 1996, CCRSI offers the broadest measure of commercial real estate repeat sales activity.

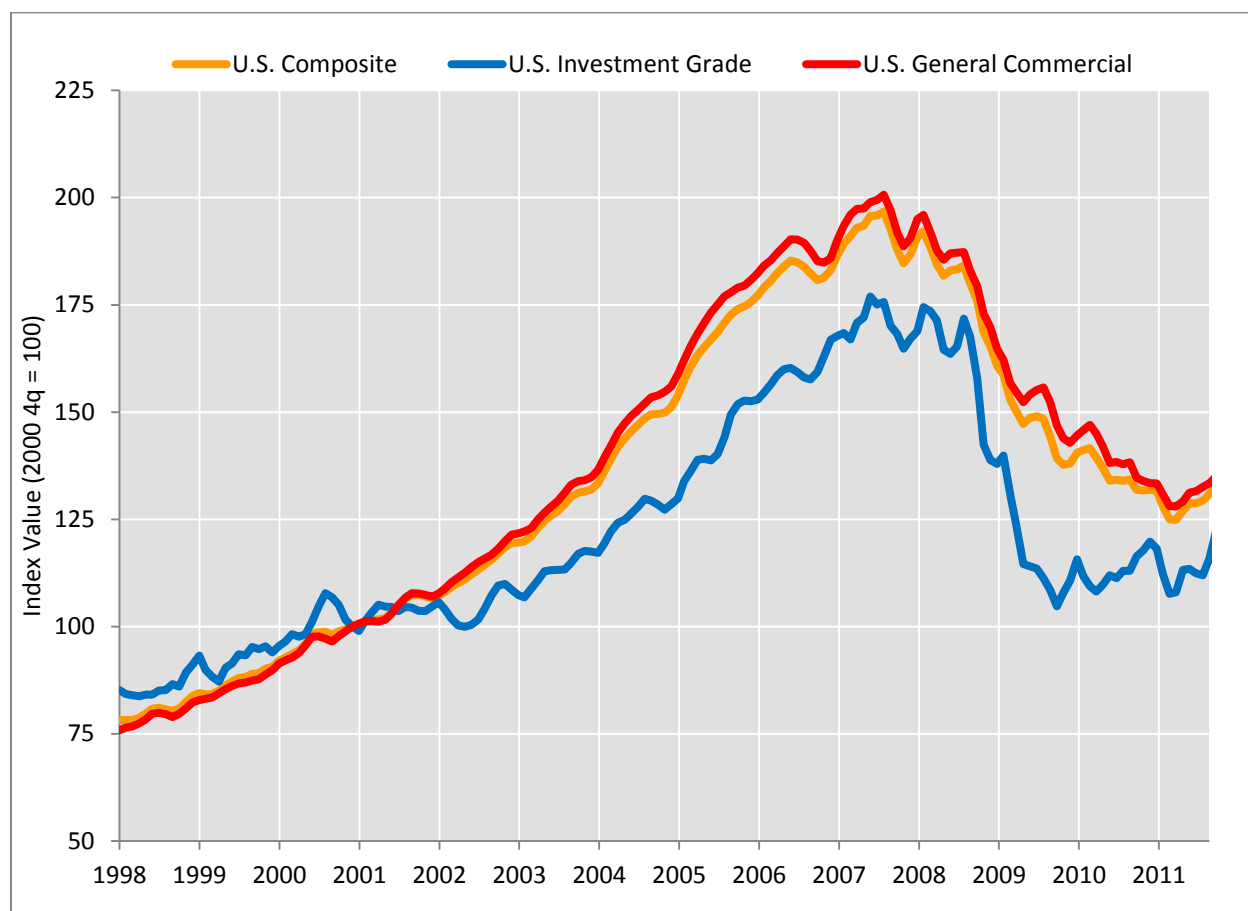
November 2011 Highlights

- In November, the monthly National Composite Index increased by 0.6%, marking the seventh consecutive month of positive price change. Prices for commercial property are now an average 1.8% higher than compared with the same period a year ago. Positive trends in the second half of the year showed signs of a stabilized recovery for the commercial property market.
- The General Commercial Index posted a slight gain of 0.3% in November, also the seventh consecutive month of price increases. This modest but steady recovery largely reflected the impact of improving market fundamentals, which have continued to attract investors and buyers despite a lending environment for smaller properties that has remained constricted.
- The Investment Grade Index posted a strong monthly gain of 2.2% in November. While the number of November repeat sale pairs was slightly lower than the one-year average, the average deal size was 15.8% larger than the one-year average, and transaction volume remained stable. In addition to benefitting from stable market fundamentals, the price recovery of investment-grade properties also stemmed from less-constricted financing for this property type. Ongoing portfolio repositioning and/or real estate loan recapitalization have also favored higher-quality assets.
- Distress sales as a percentage of general commercial repeat property sales fell from 33% in March of 2011 to 25% in November of 2011. This ratio dropped from 53% to 22% in the same period for investment-grade properties. While downward pressures on commercial property prices softened, the level of distress sales was still high by historical standards. We believe that broad-based rental growth and wider availability of real estate financing are necessary to sustain and accelerate the recovery.

Monthly CCRSI Results

- CoStar's Composite Commercial Repeat Sales Index increased by 0.6% in November 2011. It is now 1.8% above the same period last year and 31.8% below its peak in August 2007.
- CoStar's Investment Grade Repeat Sales Index increased by 2.2% in November 2011 and is now 6.4% above the same period last year and 29.2% below its peak in August 2007.
- CoStar's General Grade Commercial Repeat Sales Index increased by 0.3% in November 2011 and is now 1.1% above the same period last year and 32.5% below its peak in August 2007.

National Monthly Indices



Comparison Table for Current Release (ending 11/30/2011)

	1 MONTH EARLIER	1 QUARTER EARLIER	1 YEAR EARLIER	PEAK TO CURRENT
National All Property Type Composite	0.6%	3.7%	1.8%	-31.8%
National Investment Grade	2.2%	11.8%	6.4%	-29.2%
National General Commercial	0.3%	2.1%	1.1%	-32.5%

COMMENTARY ON DATA

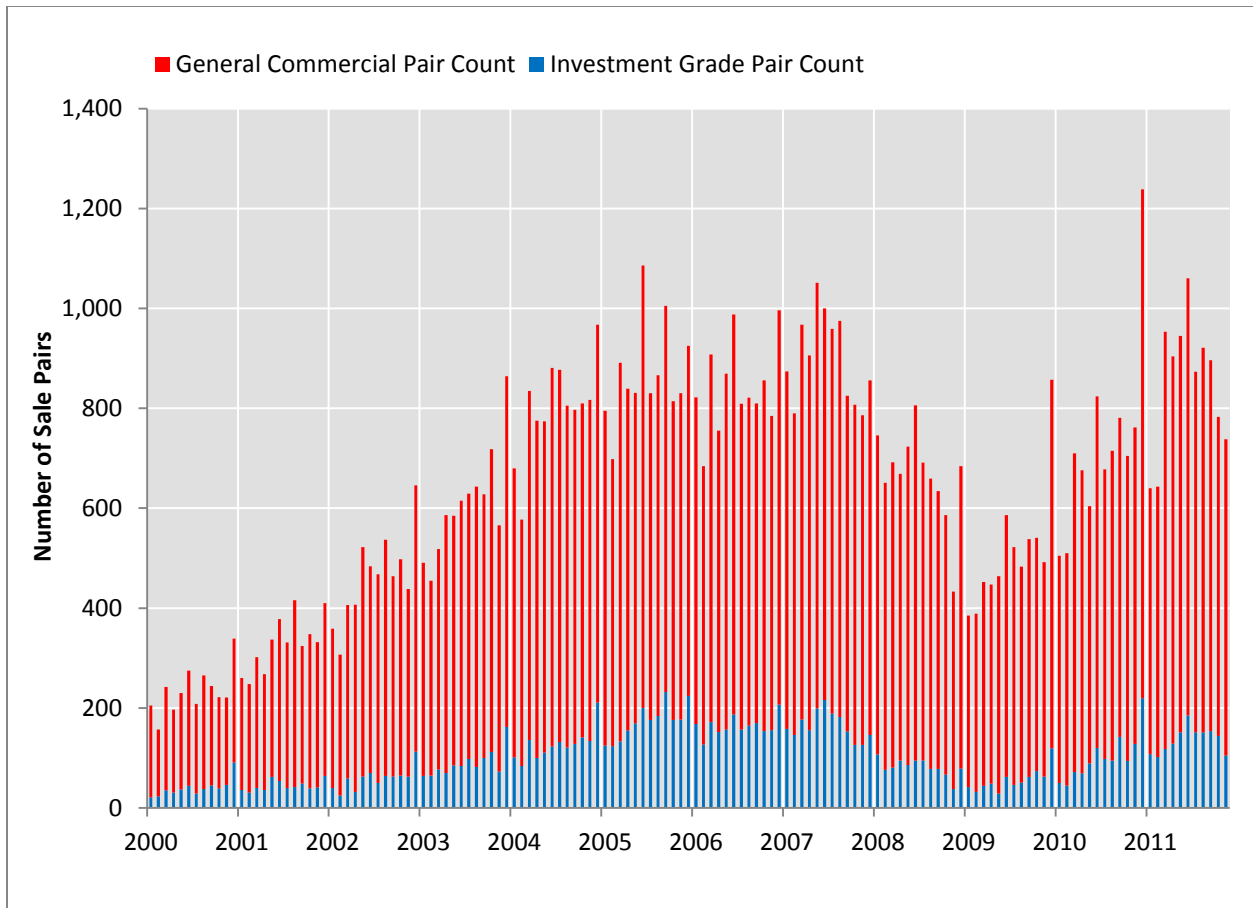
The CCRSI January 2012 report is based on data through the end of November 2011. With a total of 738 sales pairs for the month, the transaction activity remains on a par with its historical average. At the low point in the last downturn, a total of 385 transactions were recorded in January 2009. Of the total 738 sales pairs in November 2011, 633 were General Commercial deals and 105 were Investment Grade. The pair counts for both are likely to increase slightly in the coming months, as additional closings are recorded.

COSTAR COMMERCIAL REPEAT-SALE INDICES JANUARY 2012 Release (With Data through November 2011)

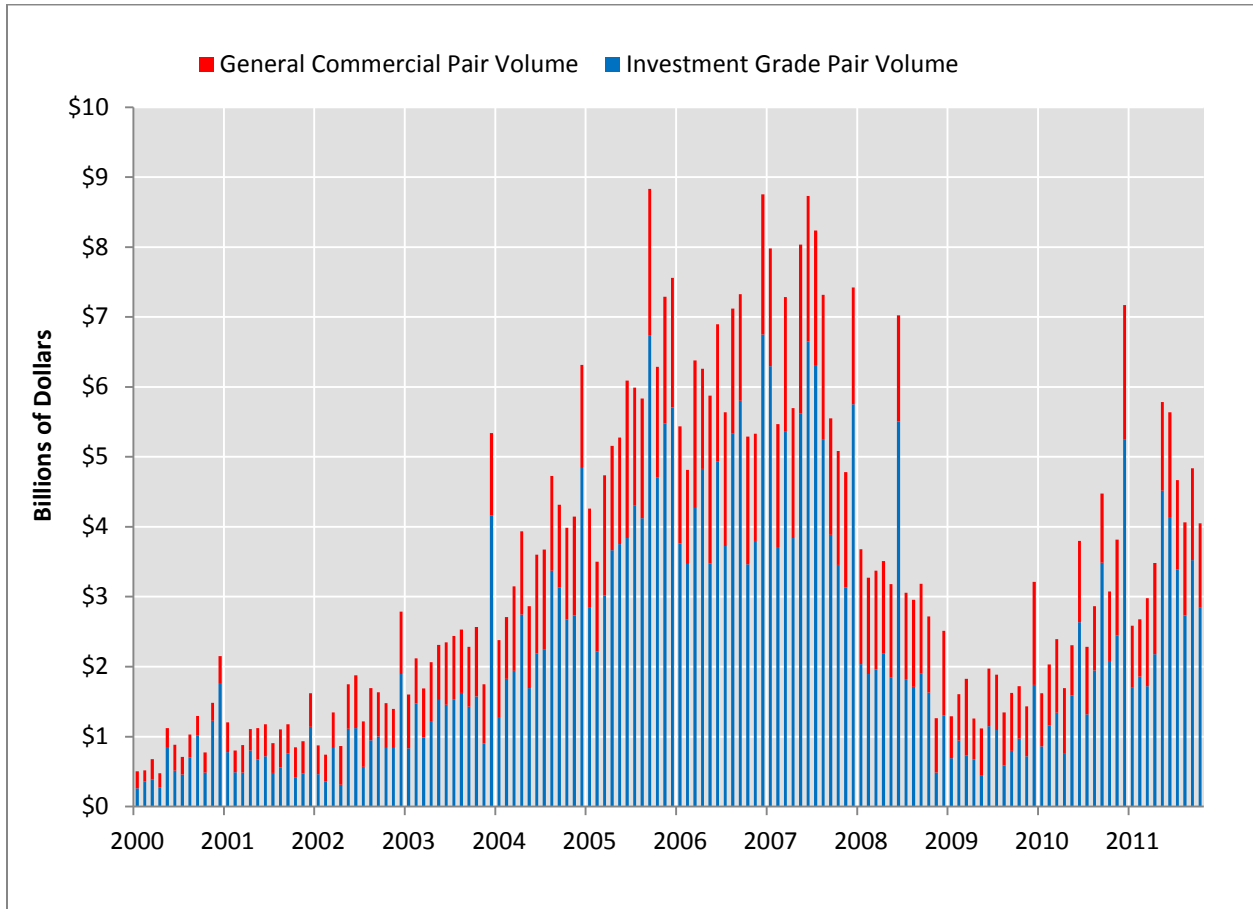
Distress sales as a percentage of total sales continued to decline from their peak of 35.4% in March 2011 and accounted for 24.5% (181 sales pairs) of all repeat sales in November 2011. Although distress sales gradually declined over the past eight months, the overall level was still high, suggesting that distress continues to be a significant factor of CRE pricing.

We provide three graphs below showing the sales counts, dollar volume, and distress sales as a percentage of total sales. Note that by transaction count, General Grade sales pairs accounted for 85.5% of the total sales, a ratio that has been stable in the last 12 months.

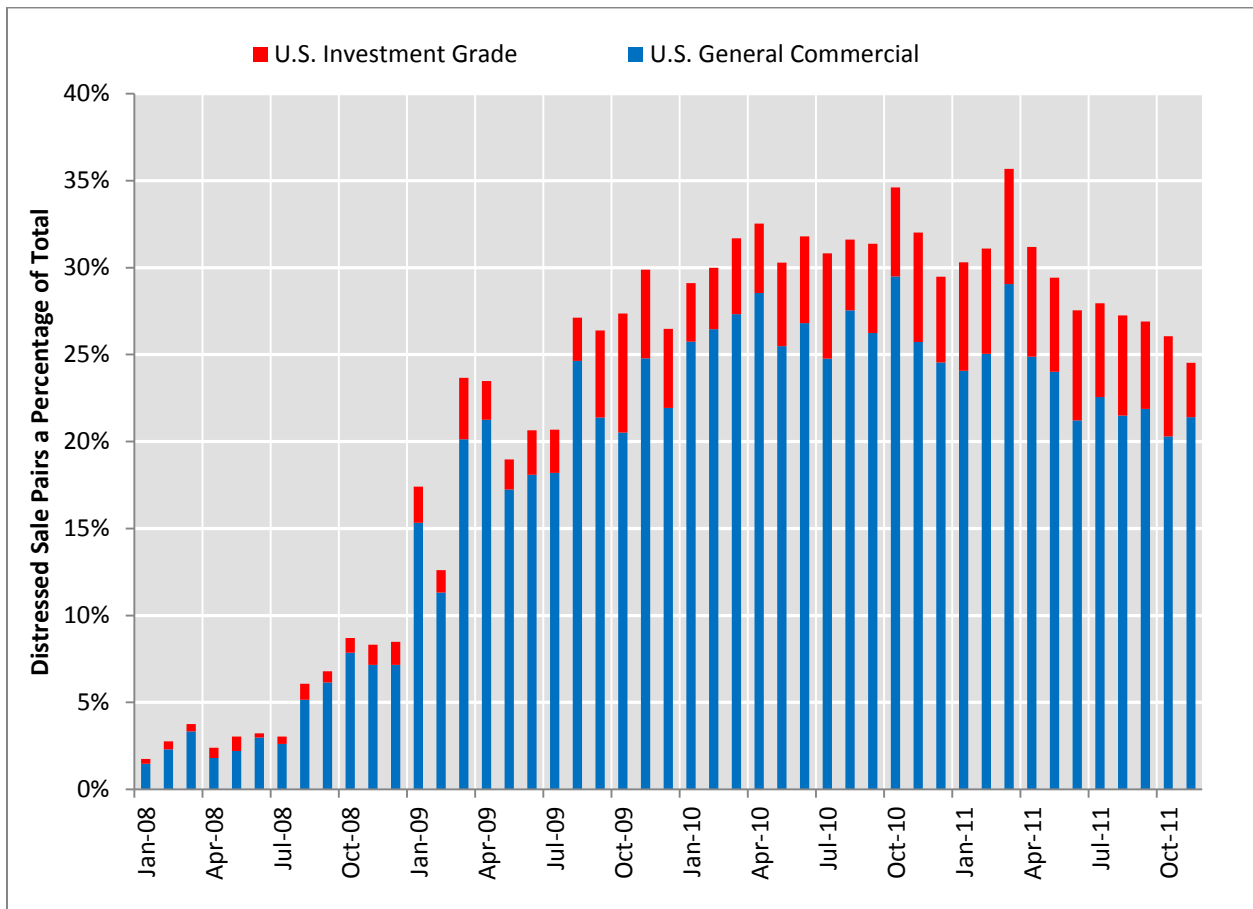
Number of Repeat-Sale Transactions by Count



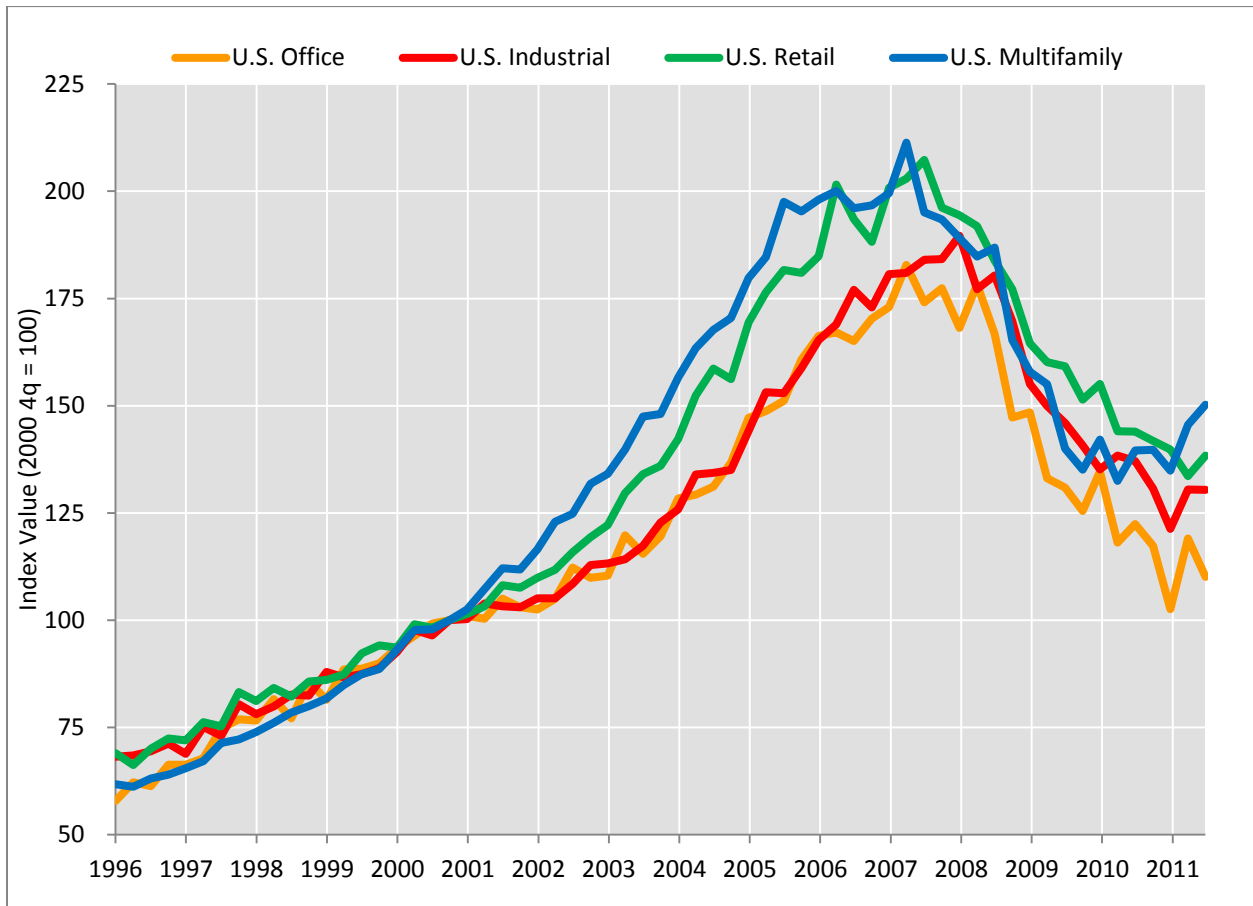
Number of Repeat-Sale Transactions by Dollar Volume



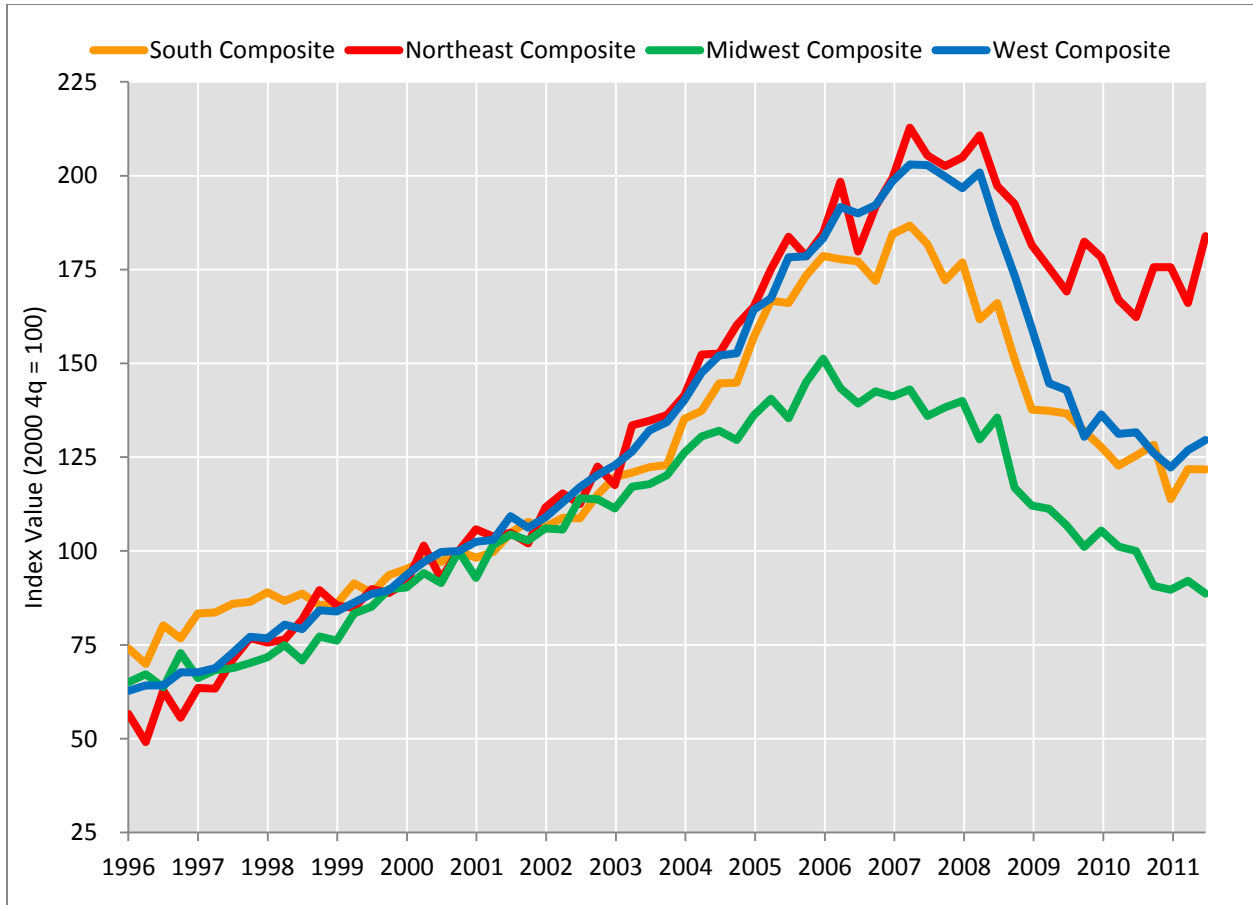
Distressed Sales as a Percentage of Total Sales



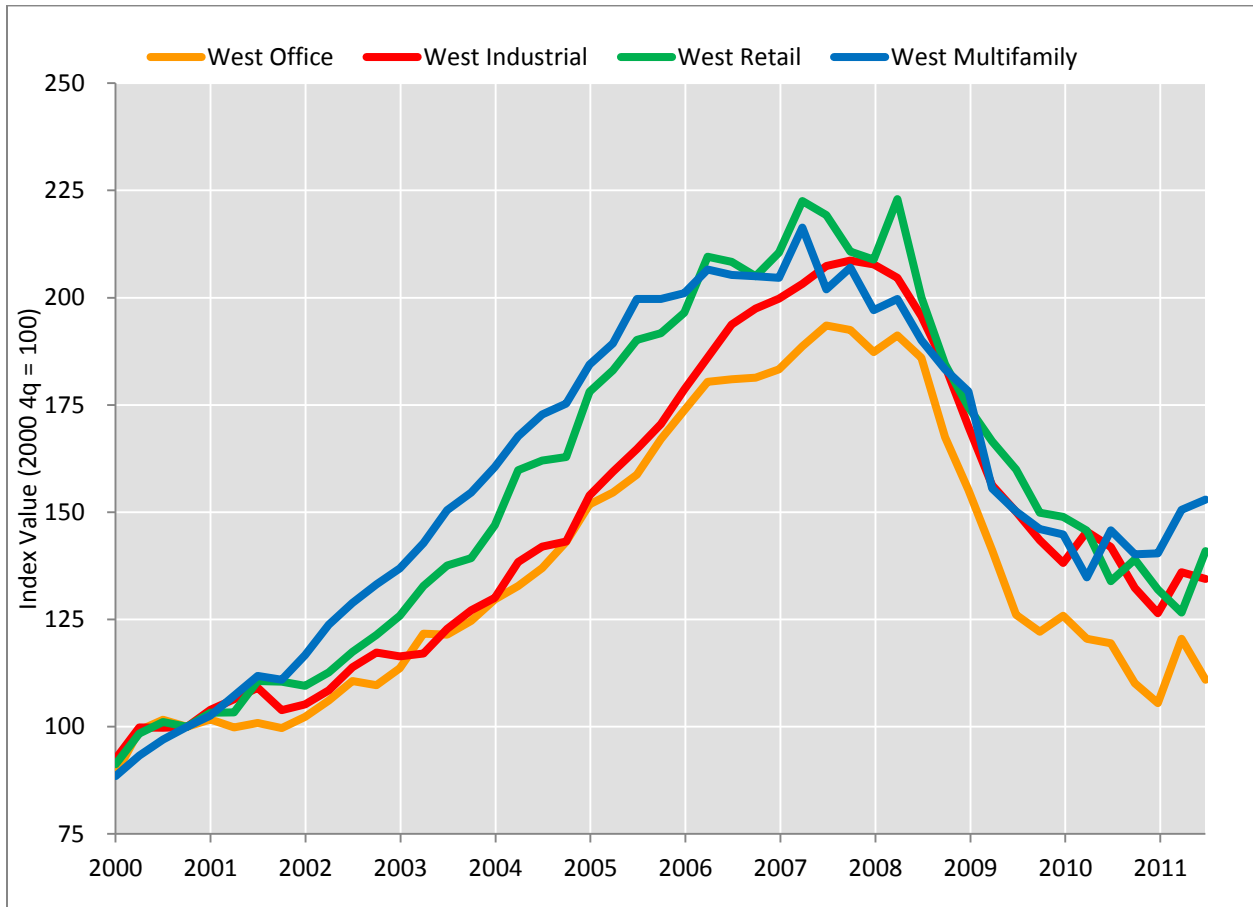
U.S. Property Type Quarterly Indices through September of 2011



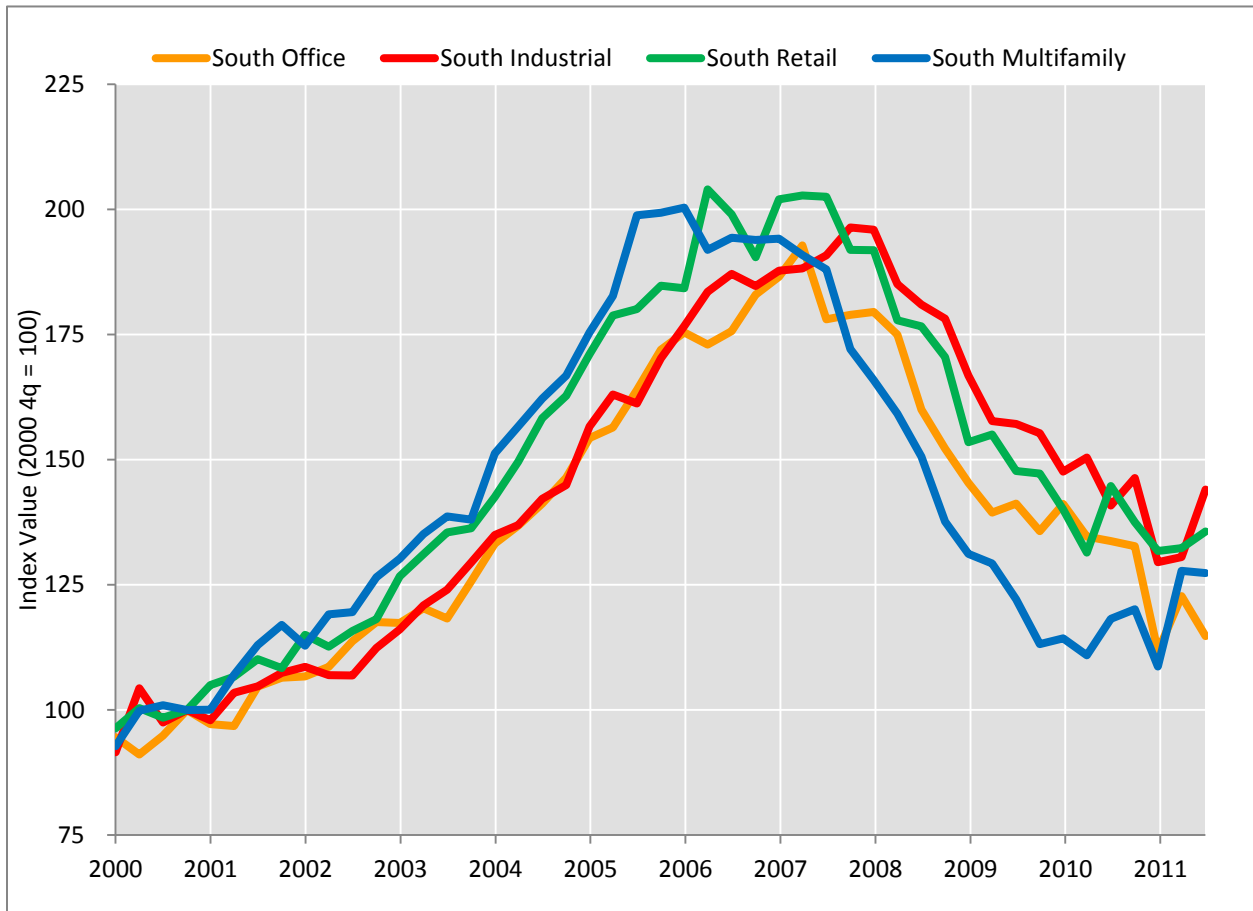
U.S. Regional Quarterly Indices through September of 2011



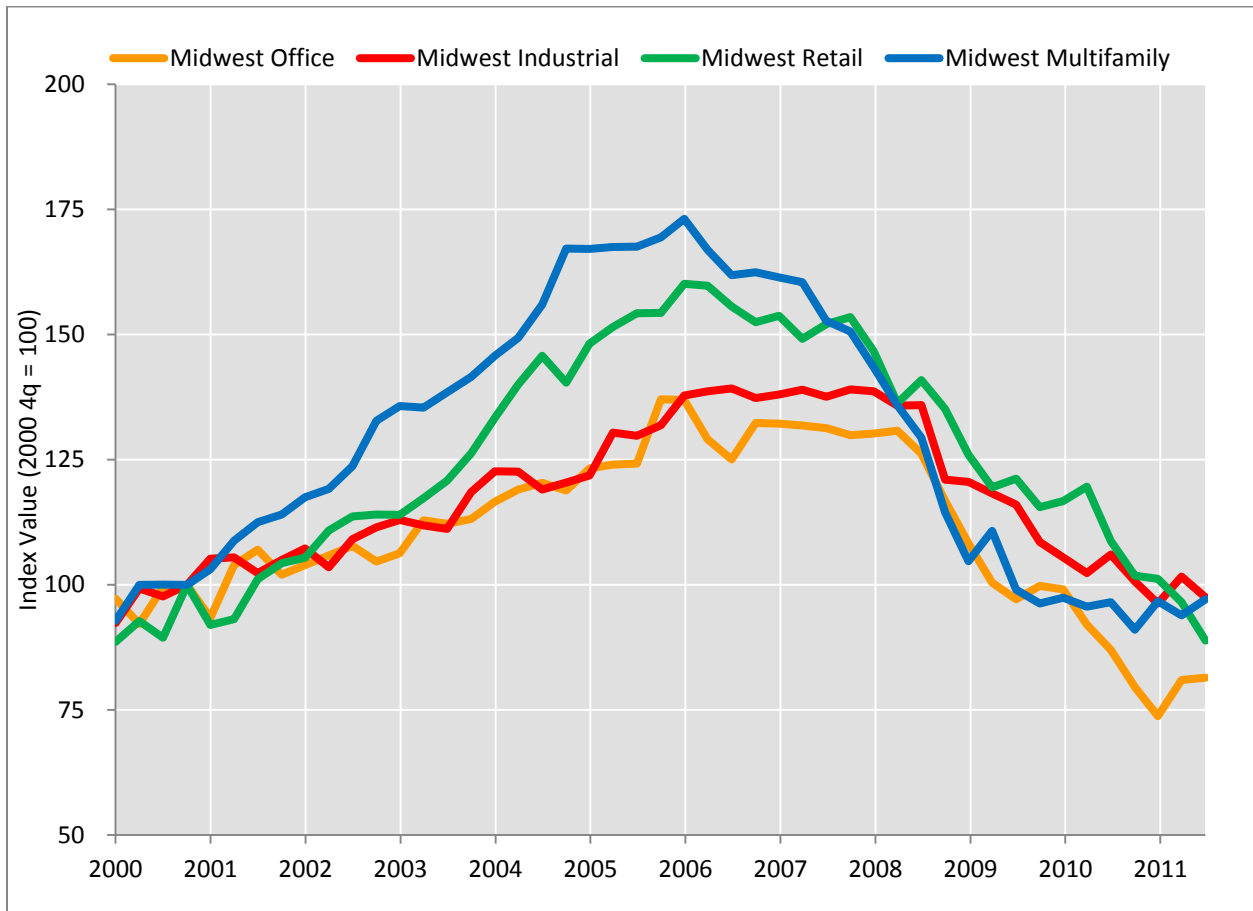
U.S. West Property Type Quarterly Indices through September of 2011



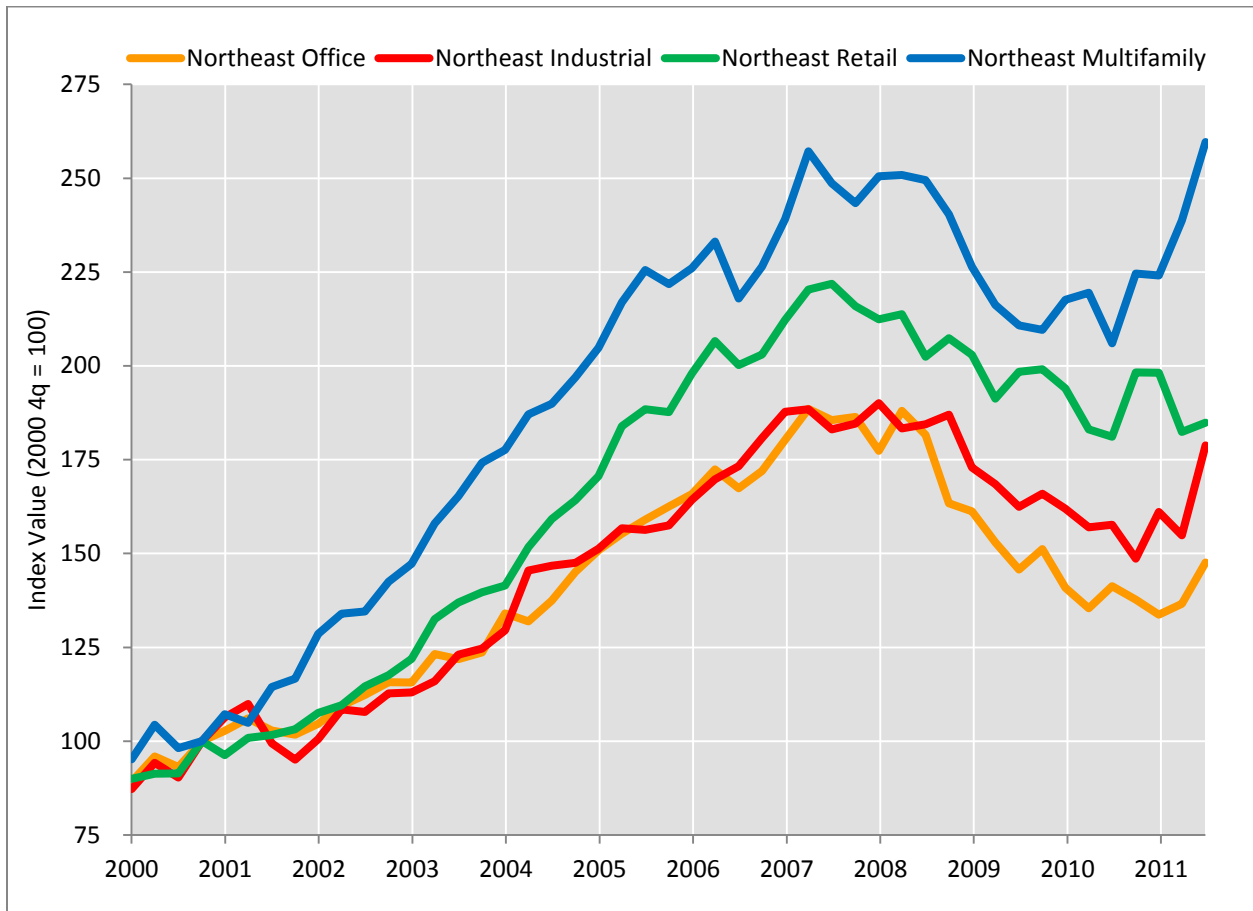
U.S. South Property Type Quarterly Indices through September of 2011



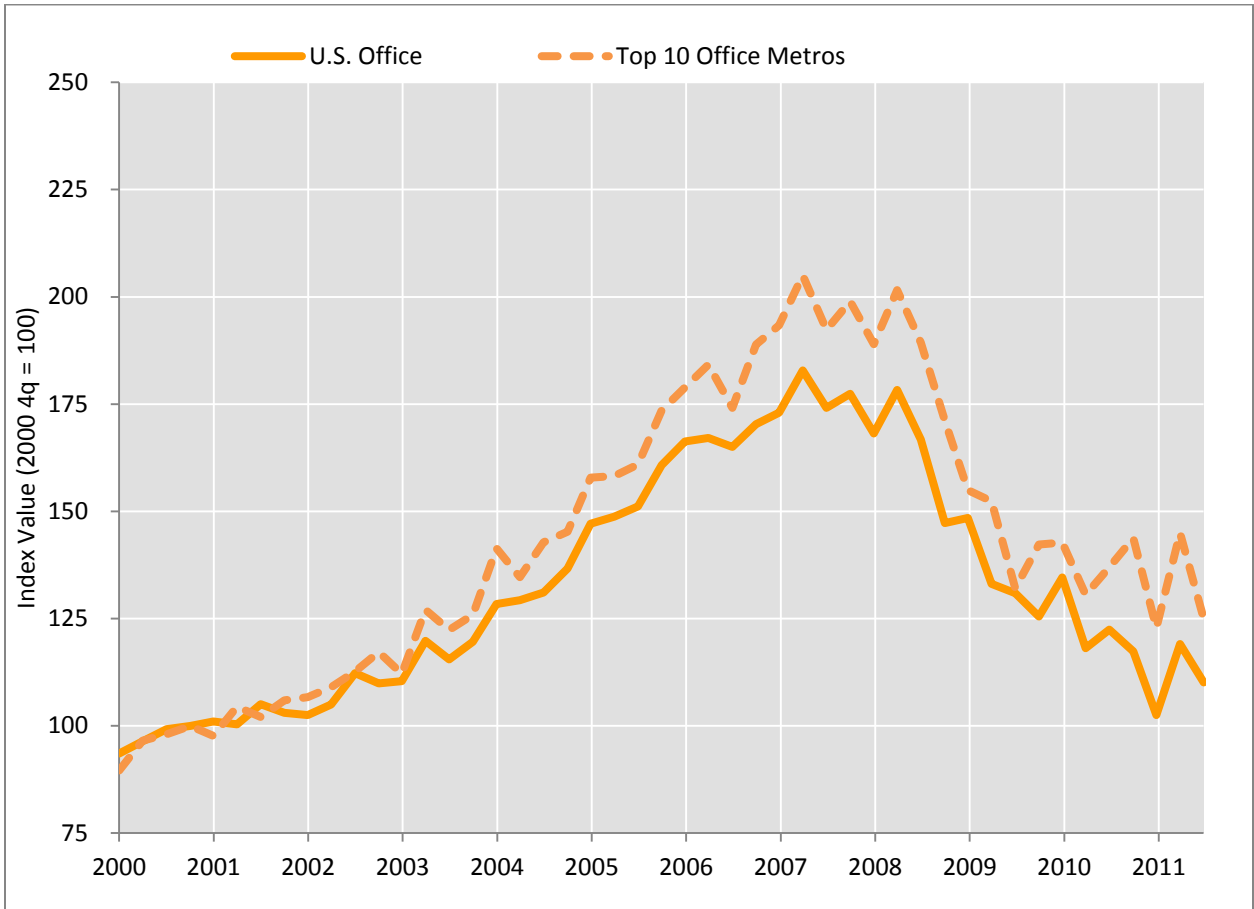
U.S. Midwest Property Type Quarterly Indices through September of 2011



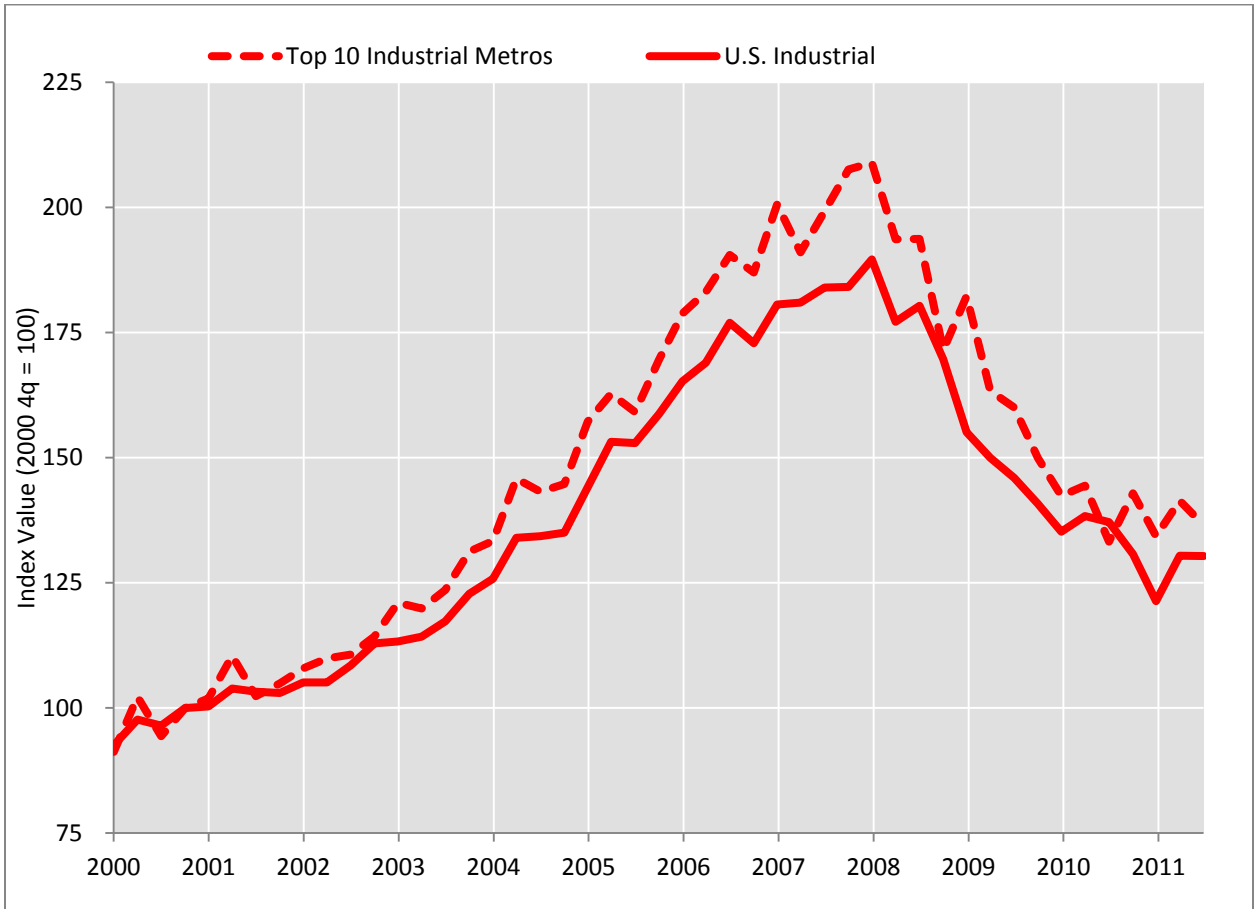
U.S. Northeast Property Type Quarterly Indices through September of 2011



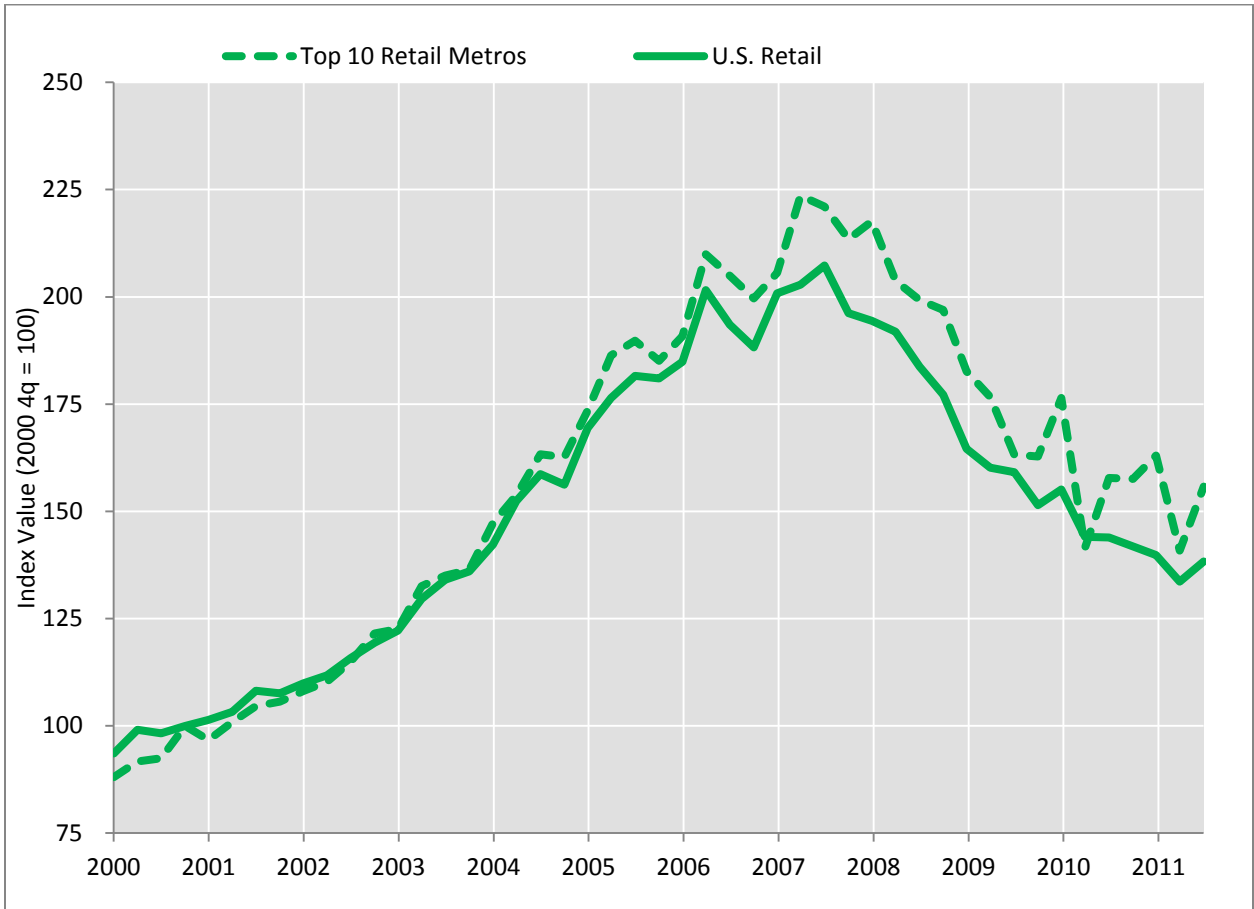
Office Top 10 Metros Quarterly Indices through September of 2011



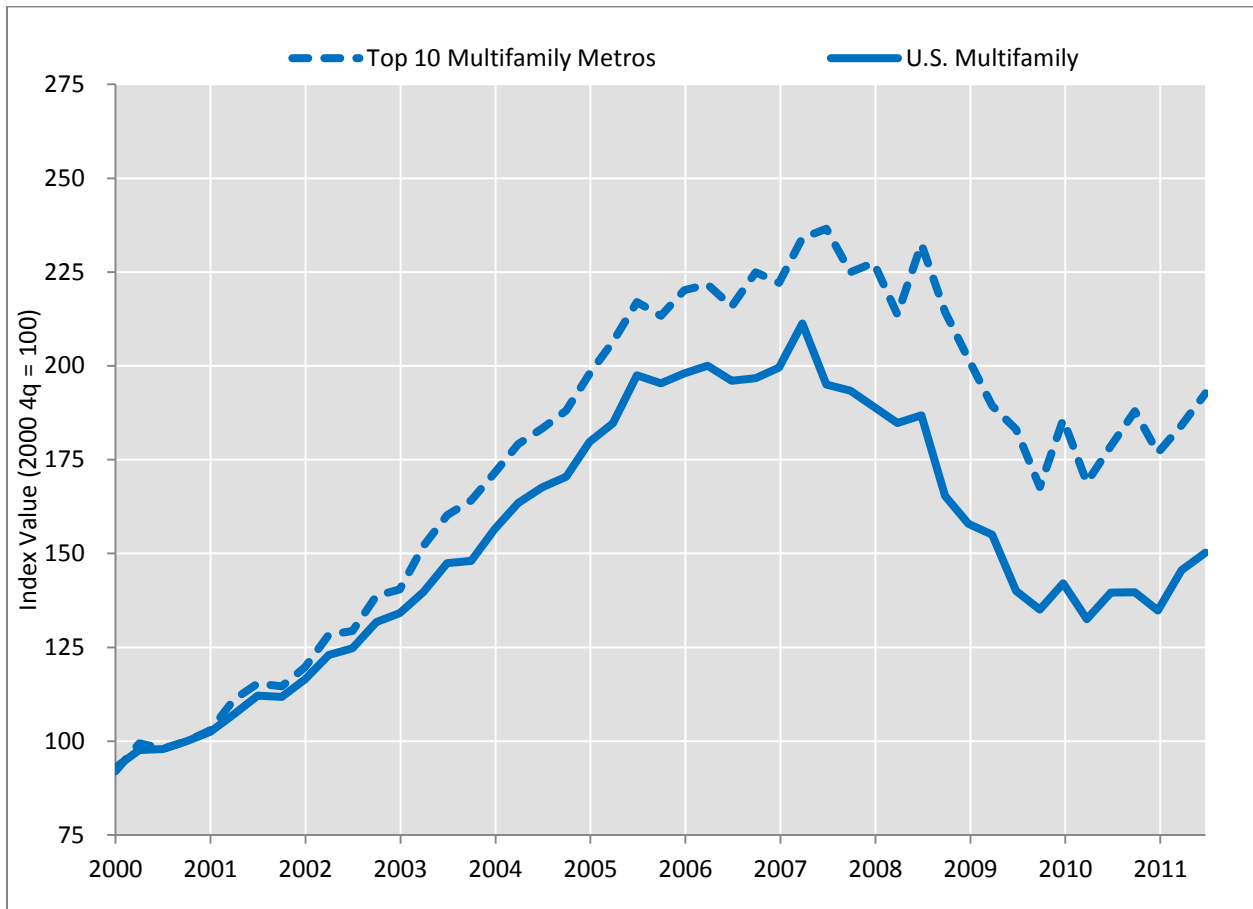
Industrial Top 10 Metros Quarterly Indices through September of 2011



Retail Top 10 Metros Quarterly Indices through September of 2011



Multifamily Top 10 Metros Quarterly Indices through September of 2011



About the CoStar Commercial Repeat-Sale Indices

The CoStar Commercial Repeat-Sale Indices (CCRSI) are the most comprehensive and accurate measures of commercial real estate prices in the United States. In addition to the national Composite Index, national Investment Grade Index and national General Commercial Index, which we report monthly, we report quarterly on 28 sub-indices in the CoStar index family. The sub-indices include breakdowns by property sector (office, industrial, retail, and multifamily), 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 10 largest metropolitan 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 Product Type	Regional Indices	Regional Indices by Property Type	Top Ten Metro Market Indices by Property Type
General Commercial	Office	Northeast	Northeast: Office, Multifamily, Industrial, Retail	Office
All	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

Largest Office Metro Areas

#	CBSA
1	New York
2	Los Angeles
3	Washington

Largest Industrial Metro Areas

#	CBSA
1	Los Angeles
2	New York
3	Chicago

4	Chicago
5	Dallas-Fort Worth
6	Boston
7	San Francisco
8	Atlanta
9	Philadelphia
10	Houston

4	Dallas-Fort Worth
5	Atlanta
6	Detroit
7	Riverside
8	Houston
9	Philadelphia
10	Miami-Fort Lauderdale

Largest Retail Metro Areas

#	CBSA
1	New York
2	Los Angeles
3	Chicago
4	Dallas-Fort Worth
5	Miami-Fort Lauderdale
6	Atlanta
7	Houston
8	Philadelphia
9	Washington
10	San Francisco

Largest Multifamily Metro Areas

#	CBSA
1	New York
2	Los Angeles
3	Chicago
4	Dallas-Fort Worth
5	Washington
6	Houston
7	Boston
8	Atlanta
9	Seattle
10	Philadelphia

CONTACT:

For more information about CCRSI Indices, including our legal notices and disclaimer, please visit <http://www.costar.com/ccrsi>.

ABOUT COSTAR GROUP, INC.

CoStar Group (Nasdaq:CSGP) is commercial real estate's leading provider of information and analytic services. 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. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe with a staff of approximately 1,500 worldwide, including the industry's largest professional research organization. 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, 2010, and CoStar's Form 10-Q for the quarter ended September 30, 2011, under the heading "Risk Factors." In addition to these statements, there can be no assurance that the commercial property market is in or will realize a stabilized recovery; that market fundamentals will continue to improve; that improving market fundamentals will continue to attract investors and buyers despite the current lending environment; that broad-based rental growth and wider availability of real estate financing will sustain and accelerate the recovery; that pair counts for General Commercial and Investment Grade will increase slightly in the coming months as additional closings are recorded; that distress will continue to be a significant factor of CRE pricing; that January 2009 will turn out to be the low point in the downturn in terms of pair volume; that investor demand and commercial real estate pricing levels will continue at the levels or with the trends indicated in this release; that the trends represented or implied by the indices will continue; and that the CCRSI will be released on the date and updated on the frequency set forth in the release. 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.