CoStar Group Reiterates Strategic Initiatives to Prioritize Profitable Growth and Increase Long-term Stockholder Value

January 28, 2026

Key Business, Financial, and Corporate Governance Initiatives Announced in January 2026 Unanimously Approved by the Board and Capital Allocation Committee

Responds to Recent Letter from Third Point

ARLINGTON, Va.--(BUSINESS WIRE)--Jan. 28, 2026-- CoStar Group, Inc. (NASDAQ: CSGP), a leading provider of online real estate marketplaces, information, analytics, and 3D digital twin technology in the property markets, today issued the following statement in response to the letter issued by Third Point LLC ("Third Point").

The CoStar Group Board of Directors and management team are taking decisive action to prioritize profitable growth and increase long-term value for all stockholders. Over the last nine months, the CoStar Group Board and management team have conducted extensive engagement with holders of a vast majority of the Company's outstanding shares, including Third Point. The feedback from these engagements has informed the meaningful steps we have taken to extend our track record of stockholder value creation, including:

- Adding three new independent directors to the Board – including two designated by Third Point and D.E. Shaw. As a result, 50% of the CoStar Group directors have been appointed in the last three years.
- Announcing a new independent Board Chair alongside the retirement of our prior independent Chair and two other independent directors.
- Forming a Capital Allocation Committee to support the Board's and management's comprehensive review of the Company's capital structure, capital allocation priorities, and financial targets, including for significant investments in the Company's major brands such as CoStar, Apartments.com, LoopNet, and Homes.com.
- Moderating investment in Homes.com as we scale revenue upon the completion of the investment phase and successful launch of Homes.com. We are reducing net investment by $300 million in 2026 and $100+ million annually thereafter to achieve breakeven profitability for the platform exiting 2029.
- Accelerating the completion of our $500 million share repurchase program initiated in 2025 and authorizing a new $1.5 billion repurchase program in January 2026.
- Deploying AI technology initiatives across the entire CoStar Group organization to drive revenue growth and realize meaningful efficiencies.
- Investing to enhance and expand our commercial product offerings including real estate lease benchmarking, a loan origination module, new homes construction information and analytics, hospitality profit/loss benchmarking, and international expansion. Many of these initiatives would not have been feasible without Homes.com and AI technology.
- Approving a redesigned executive compensation program for 2026. The updated program features more rigorous and quantitative goals, enhanced transparency, and a simplified structure, underscoring our commitment to aligning executive compensation with the interests of all stockholders.

Third Point appears intent on spinning a yarn of Board complacency and "quixotic" investment. Their story is completely detached from reality.

Following a review process that Third Point and D.E. Shaw suggested with participation from their Board nominees, the Board unanimously recommended a plan involving accelerated profitability for Homes.com, additional investments in our core platforms, incremental capital return, stockholder-aligned executive compensation, and greater investor transparency. Unhappy with the conclusions of the independent Board they helped pick, Third Point, like a child with a board game, wants to throw the pieces off the board.

Significant Progress to Enhance and Evolve Core Platforms While Implementing Proven Playbook for Homes.Com

Third Point's demand that we abandon Homes.com reflects their complete misunderstanding of our business, industry, and the strong progress we are making. Third Point would have you believe that Homes.com could be jettisoned or shut down with no negative impact on our business or competitive positioning.

Providing comprehensive digital solutions to the world's real estate markets – the foundation of our proven value-creation strategy - would not be possible without residential data, information, and marketplaces. The reality is that the single-family residential market is the largest segment of the real estate industry. Homes.com complements and meaningfully expands our residential portfolio alongside Apartments.com, Domain, OnTheMarket, and Land.com, significantly increasing our global addressable market to more than $100 billion. Without Homes.com, we would lose a critical partner for Apartments.com and key component of our digital ecosystem.

The Homes.com platform is demonstrating strong momentum, with subscribers increasing 337%, since Q1 2024. With the investment phase now complete, we expect to rapidly scale the platform while lowering its capital intensity.

We are confident in our ability to deliver on these objectives at Homes.com because we have done so numerous times before. Our strategy is grounded in our proven playbook of broadening our reach in existing and adjacent markets through disciplined acquisitions and organic investments.

Over the last 15 years, we have acquired more than 40 businesses for approximately $7.3 billion, generating IRRs between 17% -- 39% on our major investments. This is the strategy we are successfully repeating with Homes.com.

Our 2026 guidance demonstrates our ability to continue to advance our core platforms as we scale Homes.com and enhance our commercial products. At the midpoint of our 2026 guidance, we expect revenue of $3.8 billion, an 18% increase over 2025. Adjusted EBITDA is expected to increase 83% from 2025 to $770 million, a 20% margin versus 13% in 2025.

Entering a New Chapter of Accelerated, Profitable Growth and Stockholder Returns

Consistent with previous investment cycles, we're now entering our next margin expansion phase, and we are well positioned to accelerate revenue growth and drive profitability as evidenced by our 2026 outlook. Our Adjusted EBITDA range represents the highest Adjusted EBITDA in CoStar Group's history. Longer term, we expect to achieve Adjusted EBITDA of $2.3 billion with Adjusted EBITDA margin of 35% by 2030.

Our strong and durable free cash flow and fortress balance sheet will allow us to continue to invest in growth while building on our track record of delivering stockholder returns. We are confident that the continued execution of our key strategic initiatives in our core platform, the implementation of our proven playbook at Homes.com, and our capital allocation and investment priorities will allow us to build on our long track record of driving total stockholder return outperformance. This includes:

- Achieving superior trailing five-year period total stockholder return performance compared to the S&P 500 in ~85% of the years since 1999;
- Delivering ~290% total stockholder returns over the last 10 years, ~90 percentage points more than the median of its Real Estate Marketplace peers[1]; and
- Driving total stockholder returns that outperform the median of relevant peer groups[2] over the past year.

Investors should carefully consider the source of their advice - Third Point has consistently underperformed relative to the Russell 3000 in nine out of the last ten years[3].

CoStar Group has always grown by investing with long-term vision. The investment periods, whether for CoStar, Apartments.com, LoopNet, or our other platforms always took time, and we asked investors to trust that we have the expertise to make the vision a reality. We have never failed before in realizing the vision, and we won't now. One thing we know for certain is that abandoning Homes.com now that the investment phase is tapering would be a certain way to destroy long-term value for stockholders.

The CoStar Group Board and management team look forward to continuing to engage with stockholders as we advance our proven strategy to unlock the tremendous value of our digital real estate ecosystem for their benefit.

Goldman Sachs & Co. LLC is serving as financial advisor to CoStar Group, Inc. and Latham & Watkins LLP is serving as legal counsel. Joele Frank, Wilkinson Brimmer Katcher is serving as CoStar Group, Inc.'s strategic communications advisor.

About CoStar Group

CoStar Group (NASDAQ: CSGP) is a global leader in commercial real estate information, analytics, online marketplaces, and 3D digital twin technology. Founded in 1986, CoStar Group is dedicated to digitizing the world's real estate, empowering all people to discover properties, insights, and connections that improve their businesses and lives.

CoStar Group's major brands include CoStar, a leading global provider of commercial real estate data, analytics, and news; LoopNet, the most trafficked commercial real estate marketplace; Apartments.com, the leading platform for apartment rentals; Homes.com, the fastest-growing residential real estate marketplace; and Domain, one of Australia's leading property marketplaces. CoStar Group's industry-leading brands also include Matterport, a leading spatial data company whose platform turns buildings into data to make every space more valuable and accessible, STR, a global leader in hospitality data and benchmarking; Ten-X, an online platform for commercial real estate auctions and negotiated bids; and OnTheMarket, a leading residential property portal in the United Kingdom.

CoStar Group's websites attracted over 143 million average monthly unique visitors in the third quarter of 2025, serving clients around the world.

Headquartered in Arlington, Virginia, CoStar Group is committed to transforming the real estate industry through innovative technology and comprehensive market intelligence. From time to time, we plan to utilize our corporate website as a channel of distribution for material company information. For more information, visit CoStarGroup.com.

Forward Looking Statements

This news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about CoStar Group's plans, objectives, expectations, beliefs and intentions and other statements including words such as "hope," "anticipate," "may," "likely," "might," "believe," "expect," "observe," "consider", "think," "intend," "envision," "will," "should," "could", "would," "plan," "target," "outlook," "goal," "estimate," "predict," "continue," "commit," and "potential" or the negative of these terms or other comparable terminology. Such statements are based upon the current beliefs and expectations of management of CoStar Group and are subject to many risks and uncertainties. Actual results may differ materially from the results anticipated in the forward-looking statements and the assumptions and estimates used as a basis for the forward-looking statements. The following factors, among others, could cause or contribute to such differences: the risks related to the specific timing, price, and size of repurchases under the Stock Repurchase Program, including that the Stock Repurchase Program may be suspended or discontinued at any time at the Company's discretion; our ability to achieve expected financial results while simultaneously achieving expected reductions in our net investment in Homes.com; our inability to attract and retain new clients; our inability to successfully develop and introduce new or updated online marketplace services, information, and analytics; our inability to compete successfully against existing or future competitors in attracting advertisers and in general; the effects of fluctuations and market cyclicality; the effects of global economic uncertainties and downturns or a downturn or consolidation in the real estate industry; our inability to hire qualified persons for, or retain and continue to develop our sales force, or unproductivity of our sales force; our inability to retain and attract highly capable management and operating personnel; the downward pressure that our internal and external investments may place on our operating margins; our inability to increase brand awareness; our inability to maintain or increase internet traffic to our marketplaces, and the risk that the methods, including Google Analytics, that we use to measure average monthly unique visitors to our portals may misstate the actual number of unique persons who visit our network of mobile applications and websites for a given month or may differ from the methods used by competitors; our inability to attract new advertisers; our inability to successfully identify, finance, integrate, and/or manage costs related to acquisitions; our inability to complete certain strategic transactions if a proposed transaction is subject to review or approval by regulatory authorities pursuant to applicable laws or regulations; our inability to realize the benefits of the acquisition of Matterport; the effects of cyberattacks and security vulnerabilities, and technical problems or disruptions; the significant costs associated with undertaking a large infrastructure project to build out our campus in Richmond, Virginia; our inability to generate increased revenues from our current or future geographic expansion plans; the risks related to acceptance of credit cards and debit cards and facilitation of other customer payments; the effects of climate related events and other events beyond our control; the effects related to attention to climate-related risks and opportunities; our inability to obtain and maintain accurate, comprehensive, or reliable data; our inability to obtain and maintain stable data feeds, or disruption of our data feeds; our inability to enforce or defend our ownership and use of intellectual property; the effects of use of new and evolving technologies, including artificial intelligence, on our ability to protect our data and intellectual property from misappropriation by third parties; our inability to defend against potential legal liability for collecting, displaying, or distributing information; our inability to obtain or retain listings from real estate brokers, agents, property owners, and apartment property managers; our inability to maintain or establish relationships with third-party listing providers; our inability to comply with the rules and compliance requirements of Multiple Listing Services; the risks related to international operations; the effects of foreign currency exchange rate fluctuations; our indebtedness; the effects of a lowering or withdrawal of the ratings assigned to our debt securities by rating agencies; the effects of any actual or perceived failure to comply with privacy laws and standards; the effects of changes in tax laws, regulations, or fiscal and tax policies; the effects of third-party claims, litigation, regulatory proceedings, or government investigations; and risks related to return on investment; the inability of third-party suppliers upon which Matterport relies to fulfill its needs; the risks associated with the ability to integrate Domain Holdings Australia Limited (the "Domain Transaction") and realize the benefits of the Domain Transaction; and the risks related to open source software. 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 Group's filings from time to time with the Securities and Exchange Commission (the " SEC"), including in CoStar Group's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, each of which is filed with the SEC, including in the "Risk Factors" section of those filings, as well as CoStar Group's other filings with the SEC (including Current Reports on Form 8-K) available at the SEC's website (www.sec.gov). All forward-looking statements are based on information available to CoStar Group on the date hereof, and CoStar Group assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Non-GAAP Financial Measures

For information regarding the purpose for which management uses the non-GAAP financial measures disclosed in this release and why management believes they provide useful information to investors regarding the Company's financial condition and results of operations, please refer to the Company's latest periodic report.

EBITDA is a non-GAAP financial measure that represents GAAP net income attributable to CoStar Group before interest income or expense, net; other income or expense, net; loss on debt extinguishment; income taxes, and depreciation and amortization expense.

Adjusted EBITDA is a non-GAAP financial measure that represents EBITDA before stock-based compensation expense; acquisition- and integration-related costs; restructuring and related costs, including certain advisory fees; and settlements and impairments incurred outside the Company's ordinary course of business. Adjusted EBITDA margin represents Adjusted EBITDA divided by revenues for the period.

Reconciliation of Forward-Looking Guidance, Net Income to Adjusted EBITDA

	Guidance Range For the Year Ending December 31, 2026	
	Low	**High**
Net income	$ 175	$ 215
Amortization of acquired intangible assets	245	245
Depreciation and other amortization	77	77
Interest income, net	(22)	(22)
Other income, net	—	—
Income tax expense	85	105
Stock-based compensation expense	177	177
Acquisition and integration related costs	3	3
Adjusted EBITDA	$ 740	$ 800

[1] Real Estate Marketplace peers include: REA Group, Rightmove, Scout24 and Zillow

[2] Relevant peer groups include Real Estate Market peers and:

- Proxy Peers: Gartner, Akamai Technologies, TransUnion, Equifax, MSCI, Tyler Technologies, FactSet, Paycom, Verisk, Fair Isaac, PTC, Zillow, Autodesk, DocuSign, Verisign, and Workday
- Info Services Peers: Equifax, FactSet, Gartner, Moody's, MSCI, S&P Global, Thomson Reuters, TransUnion, and Verisk

[3] Source: Bloomberg and Third Point Offshore Fund investor letters

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