CoStar Group Closes Acquisition of Homes.com

May 24, 2021

Company plans to combine Homes.com and Homesnap to offer the best online home buying experience possible by frictionlessly connecting agents, buyers, and sellers

WASHINGTON--(BUSINESS WIRE)-- CoStar Group, Inc. (NASDAQ: CSGP), the leading provider of commercial real estate information, analytics and online marketplaces, announced today that it has completed the acquisition of Homes.com, previously announced on April 14, 2021, for $156 million in cash. The Federal Trade Commission cleared the transaction to close last week.

“The combination of Homes.com and Homesnap, which we acquired in December 2020, sets the stage for us to offer sellers, buyers, and real estate agents a better, more collaborative online home sale and purchase experience,” said Andrew C. Florance, Founder and Chief Executive Officer of CoStar Group. “Rather than building a business model based on creating friction to syphon off agent commissions, we plan to provide a next generation marketplace that connects listing and buyer agents to sellers and buyers without taking a cut of their commissions. We strongly believe that consumers are better served when they are matched to an agent for free, based upon the agent’s expertise, rather than based upon how much a random agent is willing to pay for a lead. Real estate agents are central to 90 percent of home sales. We respect that and want to help them strengthen their relationships with their clients, rather than trying to disrupt and monetize those relationships. It is time for just such an offering, and we believe we are uniquely positioned to provide it.”

With CoStar Group’s commitment to the principle that the leads generated by an agent’s listings belong to that agent, CoStar Group intends to discontinue Homes.com products and practices that are inconsistent with this principle.

CoStar Group has a track record of growing sector-leading site traffic with its online marketplaces such as Apartments.com, LoopNet, and many others. CoStar Group’s marketplaces generated more than one billion visits last year. With the acquisition of Homes.com, CoStar Group plans to similarly grow Homes.com site traffic by offering home buyers accurate, real-time information straight from the local MLS, supported by the best photography and multimedia content possible, all in a website that empowers homebuyers to collaborate with the agents they trust. CoStar Group’s hundreds of talented architectural photographers have brought millions of properties alive for millions of renters and buyers with the highest quality photographs, videos, aerial imagery, and 3D tours. Now this team is committed to providing an immersive and compelling presentation of residential properties on Homes.com.

Homesnap is the leading real estate productivity and marketing app and hundreds of thousands of the most productive real estate agents in the country rely on it to manage their businesses. CoStar Group intends to fully integrate Homesnap and Homes.com, with Homesnap at one end as the agent’s professional tool and Homes.com on the other side as the home buyer’s portal. Once integrated, agents will have instant access to manage their listings on Homes.com, view and respond to inquiries, collaborate with clients, and provision and monitor sophisticated digital marketing campaigns. We believe this direct connection between agents and a consumer portal is unique in the industry.

Homes.com has one of the largest real estate portal sales forces and CoStar Group intends to leverage that sales force to sell the Homesnap product with the goal of expanding Homesnap’s reach to hundreds of thousands of additional real estate agents.

CoStar Group expects Homes.com to contribute approximately $10 million in incremental revenue and approximately $15 million in negative adjusted EBITDA in 2021, which includes the negative impact of the planned business model transition on existing Homes.com product revenue.

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 before (i) interest income (expense), (ii) provision for income taxes, and (iii) depreciation and amortization.

Adjusted EBITDA is a non-GAAP financial measure that represents EBITDA before (i) stock-based compensation expense, (ii) acquisition and integration related costs, (iii) restructuring charges and related costs, and (iv) settlements and impairments incurred outside the company’s normal business operations.

About CoStar Group

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. STR provides premium data benchmarking, analytics and marketplace insights for the global hospitality sector. Ten-X provides a leading platform for conducting commercial real estate online auctions and negotiated bids. LoopNet is the most heavily trafficked commercial real estate marketplace online. Realla is the UK’s most comprehensive commercial property digital marketplace. Apartments.com, ApartmentFinder.com, ForRent.com, ApartmentHomeLiving.com, Westside Rentals, AFTER55.com, CorporateHousing.com, ForRentUniversity.com and Apartamentos.com 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. Homesnap is an industry-leading online and mobile software platform that provides user-friendly applications to optimize residential real estate agent workflow and reinforce the agent-client relationship. Homes.com offers real estate professionals brand and property advertising that connect consumers with real estate professionals. CoStar Group’s websites attract tens of millions of unique monthly visitors. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe, Canada and Asia with a staff of over 4,600 worldwide, including the industry’s largest professional research organization. For more information, visit www.costargroup.com.

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,” “believe,” “expect,” “intend,” “will,” “should,” “plan,” “estimate,” “predict,” “continue” 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 risk that the businesses of Homes.com, Homesnap and CoStar may not be combined successfully or in a timely and cost-efficient manner; the risk that the integration of Homes.com and Homesnap will not produce the new services as and when expected; the risk that the combination and integration of Homes.com and Homesnap will disrupt CoStar Group’s operations or result in the loss of customers or key employees; the risk that business disruption relating to the Homes.com acquisition may be greater than expected; the risk that the acquisition does not produce the expected benefits or results for CoStar, Homes.com or their customers and agents, including the features and content discussed in this release and increased site traffic for Homes.com; the risk that CoStar’s business plans may change with respect to Homes.com and Homesnap; the risk that transitioning the Homes.com business model results in the loss of customers, brokers, and agents; the risk that the impact of the planned business model transition on current product revenue differs from current expectations and as stated in this release; the risk that Homes.com incremental revenues and negative adjusted EBITDA for the remainder of 2021 will not be as stated in this press release; uncertainty surrounding the impact of the COVID-19 pandemic, including volatility in the international and U.S. economy, worker absenteeism or decreased productivity, quarantines or other travel or health-related restrictions; the length and severity of the COVID-19 pandemic; the pace of recovery following the COVID-19 pandemic; and government and private actions taken to control the spread of COVID-19. Additional 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, including in CoStar Group’s Annual Report on Form 10-K for the year ended December 31, 2020 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, each of which is filed with the SEC, including in the “Risk Factors” section of that filing, 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.

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Investor Relations:
Bill Warmington
Vice President
CoStar Group Investor Relations
(202) 346-5661
wwarmington@costar.com

News Media:
Matthew Blocher
Vice President
CoStar Group Corporate Marketing & Communications
(202) 346-6775
mblocher@costargroup.com

Source: CoStar Group, Inc.