

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha (α) in orange, all on a dark red background.

## CoStar Group, Inc. Q2 2008 Conference Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from John Neff with William Blair.

#### John Neff - William Blair

You mentioned with the Showcase product, you mentioned a fair number of retailers that sounded like they were trying the product. Was that retailer trying it directly or through the brokers? Any sort of -- can you give us maybe an update on sort of the retailer appetite for the product and what you think it could mean as far as penetrating that market? And then, can you give us an updated view on how you're thinking about capping the listings inventory available on Showcase?

#### Andrew Florance

I think the product retailers who have access to inventory that are trying to dispose, they would be interested in the product because it would typically while those dispositions are going to be picked up by smaller mom and pops or at retailers and Showcases a great venue to reach a general business audience on the Internet. Also, retail in general, when you get outside the retailers, we're seeing about a third of the activity on the Showcases coming from retail real estate and that's a very fragmented part the commercial real estate market often under-served by the brokerage community.

So, a lot of the business community at the smaller end of retailers spending for themselves and CoStar Showcase is an ideal way for them to try to find opportunities. So, we do think that a big part of the growth story in retail and then in Showcase will be around that whole retail segment. I'm surprise to see that the retail segment for us in Showcase is larger, the second element in the office segment's larger than the industrial segment.

What we intent to do, in your second part of your question, I'm capping how much we're putting in there, we intent to initially cap at about half of listings in any given metropolitan market can go into Showcase and because of the really great response we've received for the product, there are some markets in which I believe we are approaching 30%, of the listings being Showcased. So in those markets I anticipate we will bump up against the 50% cap, but generally across the United States we would be in the -- I would not see us hitting the cap in the substantial number of markets for another year or two and by then we would have an awful lot of revenue from the product. Does that answer your question?

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