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CoStar Group, Inc., Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). The first question will come from John Neff from William Blair. Please go ahead.

John Neff - William Blair

Hi, guys.

Andy Florance

Hi, John.

John Neff - William Blair

Andy, I just want to make sure I got a couple of things right that you said, I think you referenced to 100% growth in research productivity during, I think 2008. Can you just talk about how you define that?

Andy Florance

Sure. Actually in the two-year period, the listing account grew I believe 240% and researcher headcount grew 13%. So a huge productivity gain over a two-year period, and that was achieved through continuing improvements in software, the integration of the comparable sale research team, the tenant team and the listing team made it much more efficient, call recording systems for better coaching of the researchers.

But at some point, there is sort of unprecedented growth in the database requires you to realistically, not continuously count on productivity gains to be able to increase workload. So, still are meeting the quality expectations we want, but we just want to make sure we continue to do that.

Brian Radecki

And John, I want to point out again. There is no new investments here, this is actually keeping the staffing levels where they should be. We have been around for the past 12 months or so 850 to 950 researchers pretty consistently up and down in that range.

We happen to end the year at the low end into that range. And I think again, I encourage everyone to go back to the last two transcripts. I mean I pointed out fairly specifically the numbers in saying that half of that was temporary.

I think the goal and focus this year as Andy said is to make sure that we are providing the highest quality research, so we do expect to actually continually push that number up to the high end into that range to provide that quality to our clients.

John Neff - William Blair

No, I appreciate that. And then, one thing, Andy, I am not sure if I heard you right as well. I think you talked about, were you projecting 1 billion square feet of negative absorption over the next two years? Did I hear that right, number one? And then number two, could you compare that to the magnitude of whatever you did say to prior downturns?

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