

Item 1.01. Entry into a Material Definitive Agreement

On March 9, 2007, CoStar Group, Inc. (“CoStar”) and Corporate Place I Business Trust (“Lessor”) entered into a lease agreement (the “Lease”), pursuant to which CoStar has agreed to lease from Lessor approximately 32,341 square feet of office space located within the building known as 8140 Corporate Drive, White Marsh, Maryland 21236. The Lease has an initial term of 60 months and has an average base rent of approximately \$24.95 per rentable square foot per year (excluding property tax and service charges). Additionally, CoStar has a conditional option to renew the Lease for an additional 5-year period.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COSTAR GROUP, INC.

By:

/s/ Frank A. Carchedi

Date: March 13, 2007

Name: Frank A. Carchedi

Title: Chief Financial Officer