

Kitchen Jennifer  
 Form 3  
 December 14, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

|  |  |   |  |  |   |
|--|--|---|--|--|---|
| 1. Name and Address of Reporting Person *<br>Â Kitchen Jennifer<br>(Last) (First) (Middle)<br><br>C/O COSTAR GROUP,<br>INC.,Â 2 BETHESDA METRO<br>CENTER, 10TH FLOOR<br>(Street)<br><br>BETHESDA,Â MDÂ 20814<br>(City) (State) (Zip) | 2. Date of Event Requiring Statement<br>(Month/Day/Year)<br>12/12/2006 | 3. Issuer Name <b>and</b> Ticker or Trading Symbol<br>COSTAR GROUP INC [CSGP] | 4. Relationship of Reporting Person(s) to Issuer<br><br>(Check all applicable)<br><br><input type="checkbox"/> Director <input type="checkbox"/> 10% Owner<br><input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other<br>(give title below) (specify below)<br>Sr. Vice President, Research | 5. If Amendment, Date Original Filed(Month/Day/Year) | 6. Individual or Joint/Group Filing(Check Applicable Line)<br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><input type="checkbox"/> Form filed by More than One Reporting Person |
|--|--|---|--|--|---|

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security<br>(Instr. 4)       | 2. Amount of Securities Beneficially Owned<br>(Instr. 4) | 3. Ownership Form:<br>Direct (D)<br>or Indirect (I)<br>(Instr. 5) | 4. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|--|--|---|--|
| Common Stock, par value \$0.01 per share | 2,258 <sup>(1)</sup>                                     | D   | Â  |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security<br>(Instr. 4) | 2. Date Exercisable and Expiration Date<br>(Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security<br>(Instr. 4) | 4. Conversion or Exercise Price of Derivative | 5. Ownership Form of Derivative Security: | 6. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|---|---|--|---|---|--|
|---|---|--|---|---|--|

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|                                | Date Exercisable | Expiration Date | Title                                    | Amount or Number of Shares | Security | Direct (D) or Indirect (I) (Instr. 5) |   |
|--------------------------------|------------------|-----------------|--|----------------------------|----------|---------------------------------------|---|
| Option to Acquire Common Stock | Â (2)            | 09/03/2013      | Common Stock, par value \$0.01 per share | 1,000                      | \$ 30.06 | D                                     | Â |
| Option to Acquire Common Stock | Â (3)            | 09/08/2014      | Common Stock                             | 10,000                     | \$ 44.86 | D                                     | Â |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                                |       |
|---|---------------|-----------|--------------------------------|-------|
|   | Director      | 10% Owner | Officer                        | Other |
| Kitchen Jennifer<br>C/O COSTAR GROUP, INC.<br>2 BETHESDA METRO CENTER, 10TH FLOOR<br>BETHESDA, MD 20814 | Â             | Â         | Â Sr. Vice President, Research | Â     |

## Signatures

/s/ Jonathan Coleman, 12/14/2006  
Attorney-in-Fact

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents all shares of Common Stock owned, consisting of 201 shares of Common Stock and 2,057 shares of Common Stock subject to unvested Restricted Stock Grants.
- (2) One-half of the option is currently exercisable. The other half (500 shares) vests on September 4, 2007.
- (3) The option vests in four equal installments. The first two installments vested on September 9, 2005 and September 9, 2006. The last two installments vest on September 9, 2007 and September 9, 2008.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.