

FOURTH QUARTER 2019
EARNINGS CONFERENCE CALL

February 20, 2020

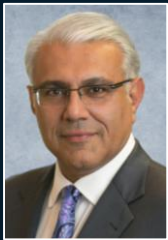
FORWARD-LOOKING STATEMENTS

Certain statements in this presentation are “forward-looking statements” within the meaning of the federal securities laws, including our business outlook for 2020 and beyond and expectations for market share growth. Statements about our beliefs and expectations and statements containing the words “may,” “could,” “would,” “should,” “believe,” “expect,” “anticipate,” “plan,” “estimate,” “target,” “project,” “intend,” “well-positioned” and similar expressions constitute forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results and performance in future periods to be materially different from any future results or performance suggested in forward-looking statements in this earnings press release. Investors are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements speak only as of the date of this earnings press release and, except to the extent required by applicable securities laws, the Company expressly disclaims any obligation to update or revise any of them to reflect actual results, any changes in expectations or any change in events. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

Factors that could cause results to differ materially include, but are not limited to: (1) general economic conditions and commercial real estate market conditions, including the conditions in the global markets and, in particular, the U.S. debt markets; (2) the Company’s ability to attract and retain transaction professionals; (3) the Company’s ability to retain its business philosophy and partnership culture; (4) competitive pressures; (5) the Company’s ability to integrate new agents and sustain its growth; and (6) other factors discussed in the Company’s public filings, including the risk factors included in the Company’s Annual Report on Form 10-K to be filed with the Securities and Exchange Commission on March 2, 2020.

CONFERENCE CALL PARTICIPANTS



HESSAM NADJI

President, Chief Executive Officer and Director



MARTY LOUIE

Chief Financial Officer

MMI FINANCIAL HIGHLIGHTS

2019 FOURTH QUARTER HIGHLIGHTS

Financial Highlights		YOY
Revenue	\$237.9 million	3.3 %
Net Income	\$20.7 million	(21.0)%
Adjusted EBITDA	\$32.5 million	(10.1)%

Operational Highlights		YOY
Sales Volume	\$14.9 billion	12.3 %
Transaction Closings	2,807	7.8 %
Number of Investment Sales and Financing Professionals as of December 31, 2019	2,021	2.2 %

FULL YEAR 2019 HIGHLIGHTS

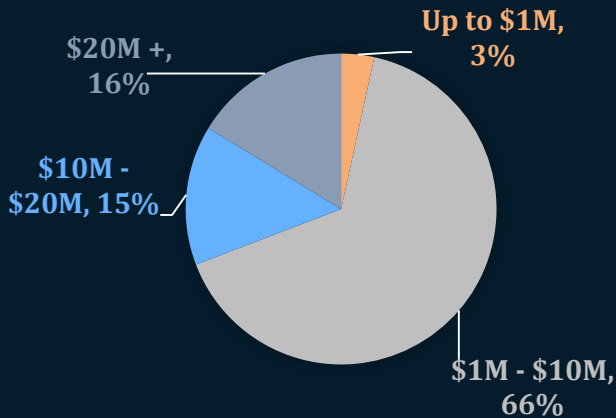
Financial Highlights		YOY
Revenue	\$806.4 million	(1.0)%
Net Income	\$76.9 million	(11.8)%
Adjusted EBITDA	\$115.6 million	(10.7)%

Operational Highlights		YOY
Sales Volume	\$49.7 billion	7.2 %
Transaction Closings	9,726	2.7 %
Number of Investment Sales and Financing Professionals as of December 31, 2019	2,021	2.2 %

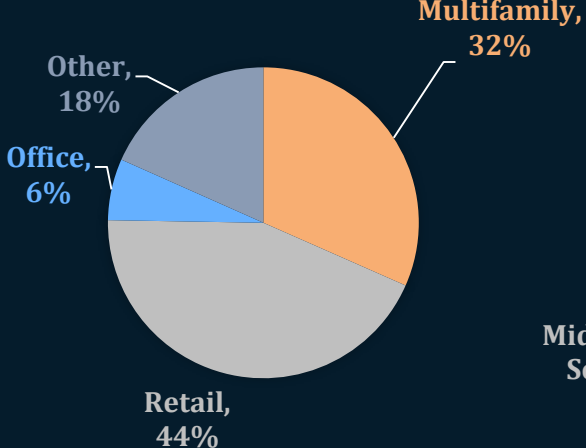
2019 FOURTH QUARTER BROKERAGE HIGHLIGHTS

		YOY
Sales Volume	\$10.9 billion	10.5 %
Transaction Closings	2,050	6.1 %
Number of Investment Sales Professionals as of December 31, 2019	1,925	3.2 %
Real Estate Brokerage Commissions Revenue	\$215.5 million	2.1 %

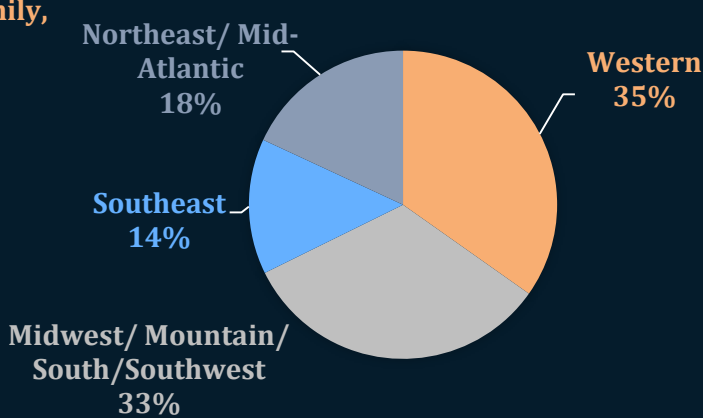
Revenue by Transaction Size



Transactions by Property Type



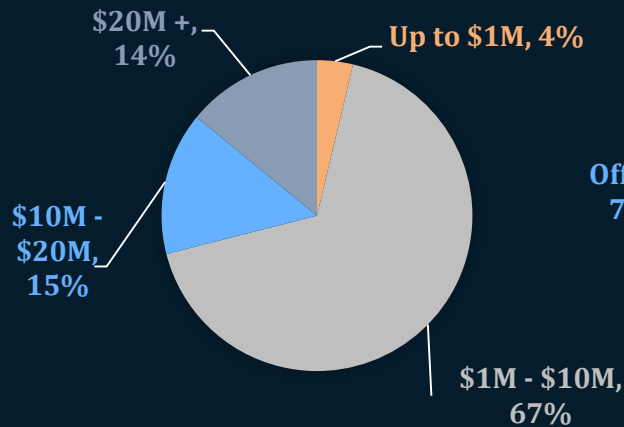
Transactions by Region



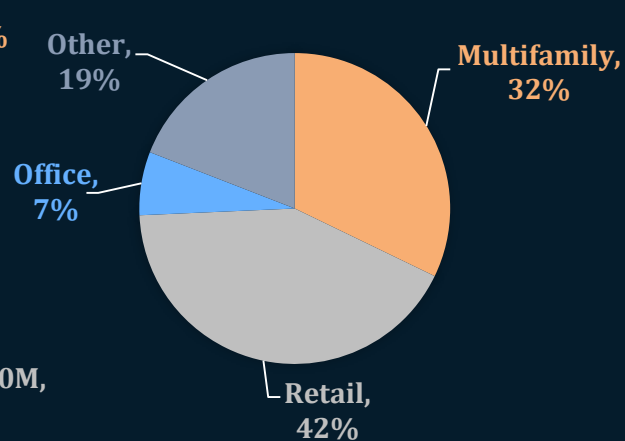
FULL YEAR 2019 BROKERAGE HIGHLIGHTS

		YOY
Sales Volume	\$36.9 billion	2.2 %
Transaction Closings	7,042	(0.5)%
Number of Investment Sales Professionals as of December 31, 2019	1,925	3.2 %
Real Estate Brokerage Commissions Revenue	\$729.4 million	(2.4)%

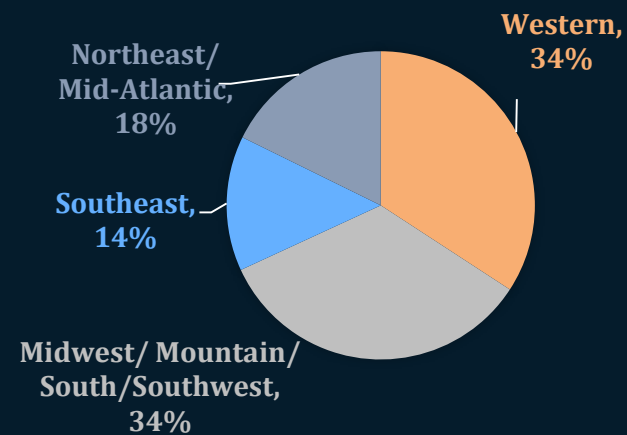
Revenue by Transaction Size



Transactions by Property Type



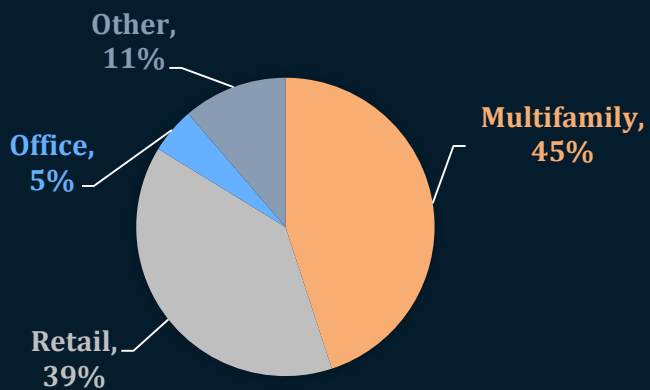
Transactions by Region



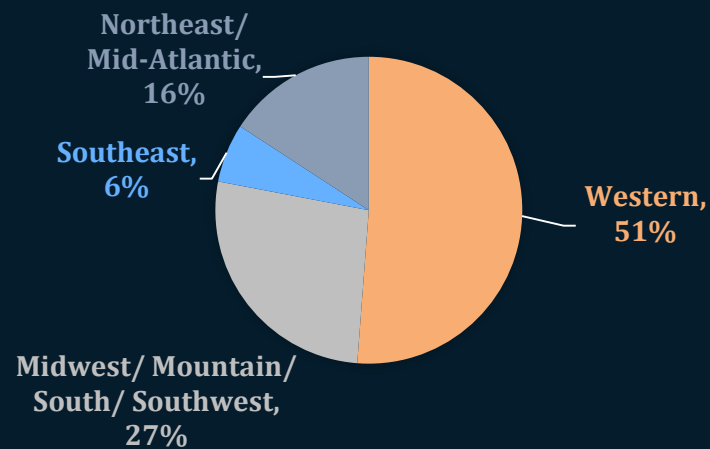
2019 FOURTH QUARTER FINANCING HIGHLIGHTS

		YOY
Sales Volume	\$2.2 billion	20.0 %
Transaction Closings	582	19.5 %
Number of Financing Professionals as of December 31, 2019	96	(13.5)%
Financing Fees Revenue	\$18.8 million	13.4 %

**Transactions by
Property Type**

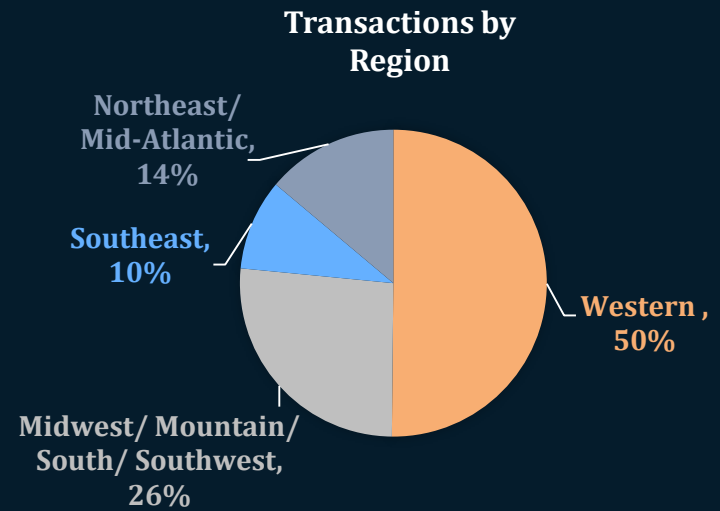
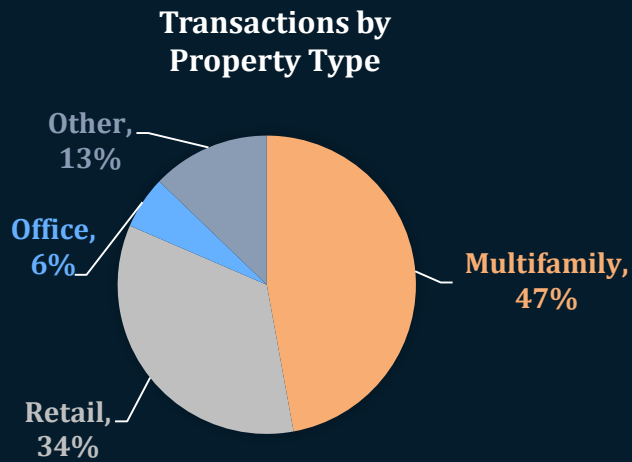


**Transactions by
Region**



FULL YEAR 2019 FINANCING HIGHLIGHTS

		YOY
Sales Volume	\$7.2 billion	15.1 %
Transaction Closings	1,944	15.9 %
Number of Financing Professionals as of December 31, 2019	96	(13.5)%
Financing Fees Revenue	\$66.3 million	14.7 %

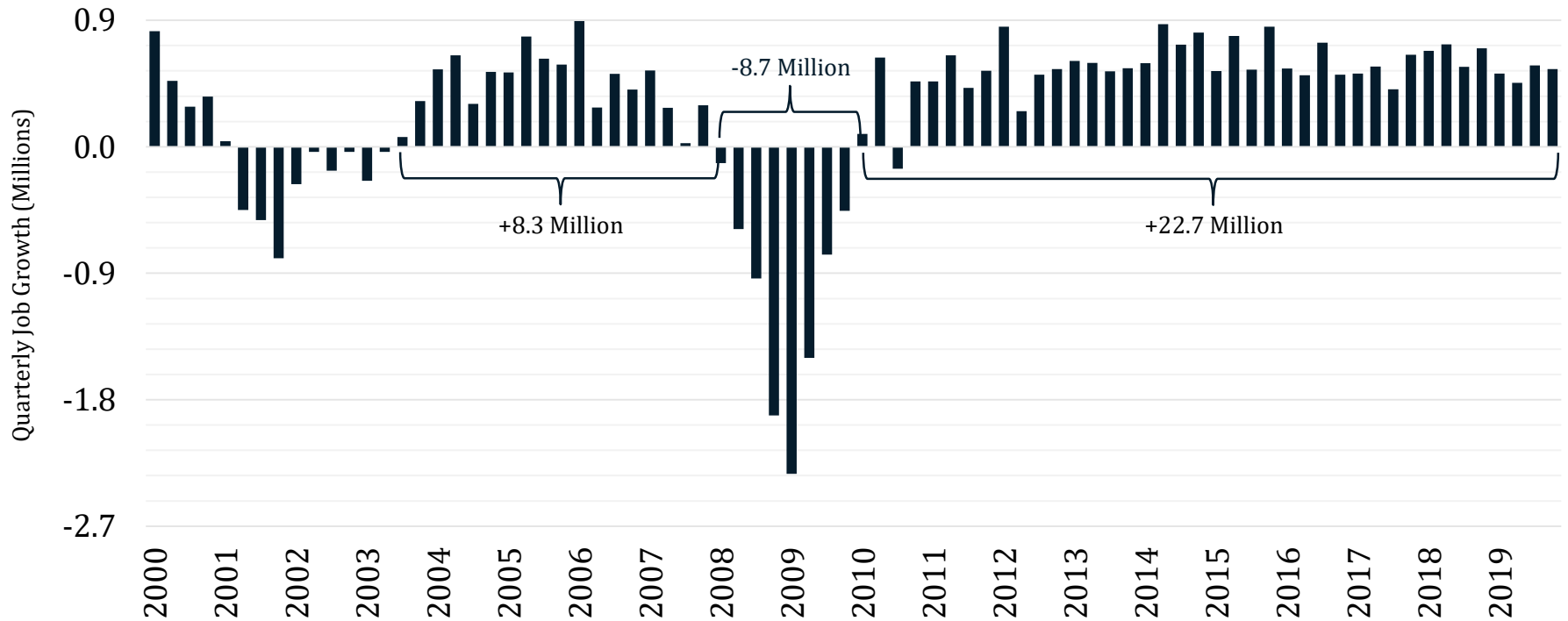


MARKET HIGHLIGHTS

U.S. EMPLOYMENT GAINS DRIVING REAL ESTATE DEMAND

Tight Labor Market Tapers U.S. Employment Growth in 2020

*2020 forecast to add 1.2 million jobs**

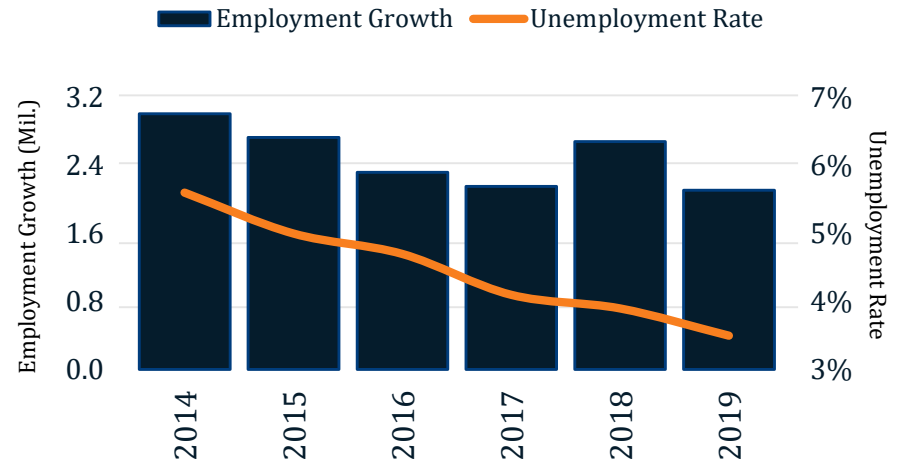


* Forecast per Economy.com
Sources: BLS, Moody's Analytics

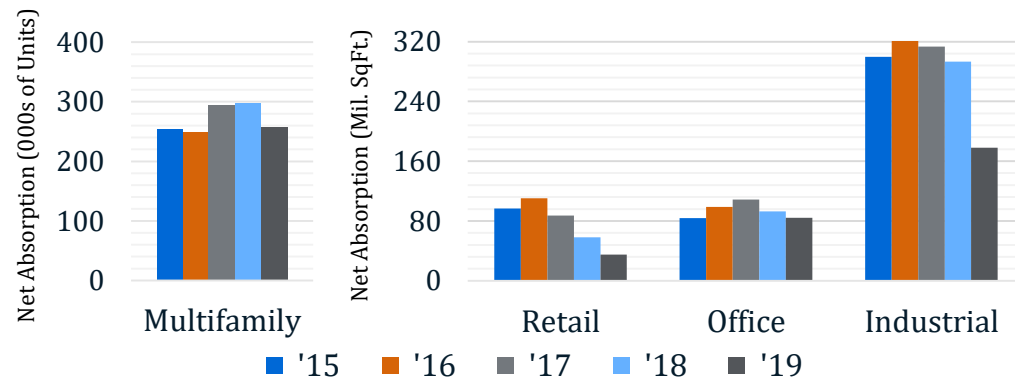
EMPLOYMENT AND SPACE DEMAND REMAIN STRONG

- Employment growth totaled more than 2.1 million jobs in 2019.
- Total employment stands 14.0 million above the pre-recession peak.
- Unemployment rate is down 210 basis points since 2014; lowest since 1969.
- Space absorption for multifamily and office remain solid.
- Retail absorption encountering variation by location, type, and age of property.
- Industrial occupancy remains near record high despite high volumes of construction concentrated in 5 major markets. Users having difficulty finding quality space in other major metros, thereby slowing absorption.

Employment Growth vs. Unemployment Rate



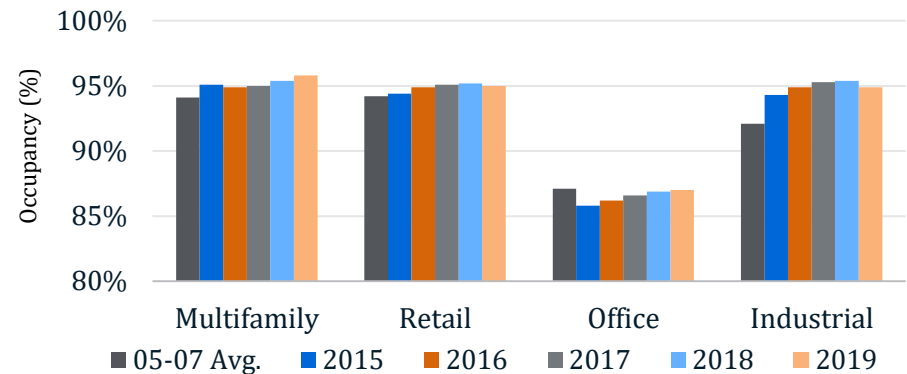
Space Absorption Trends



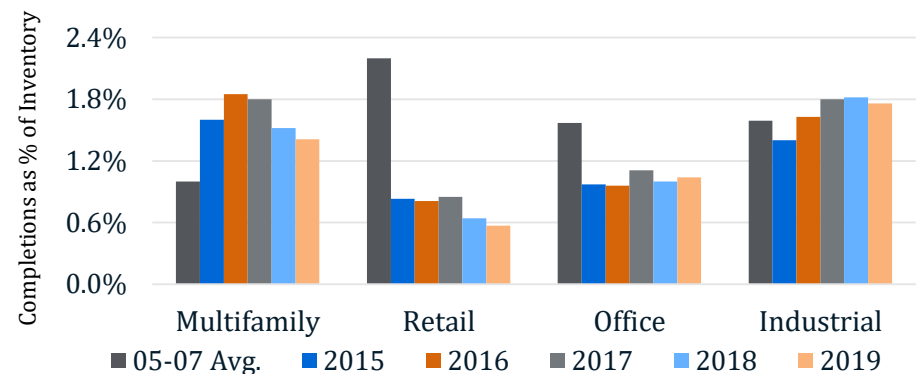
PROPERTY FUNDAMENTALS REMAIN HEALTHY; CONSTRUCTION LEVELS BEGINNING TO EASE

- Property fundamentals are healthy across all property types.
- Multifamily and industrial led the recovery – new supply in both sectors has peaked and is beginning to abate.
- Select markets facing some high-end apartment oversupply risk; class B/C workforce apartments remain very stable.
- New supply for retail remains well below the long-term average while office construction is significantly below the peak of the prior growth cycle.

Occupancy Trends



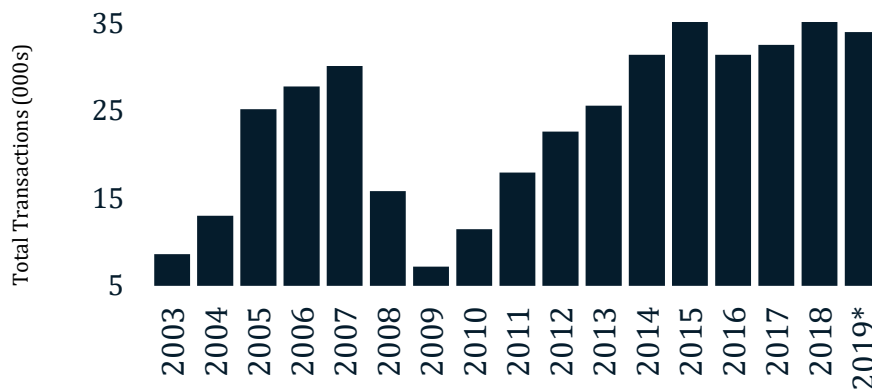
Construction Trends



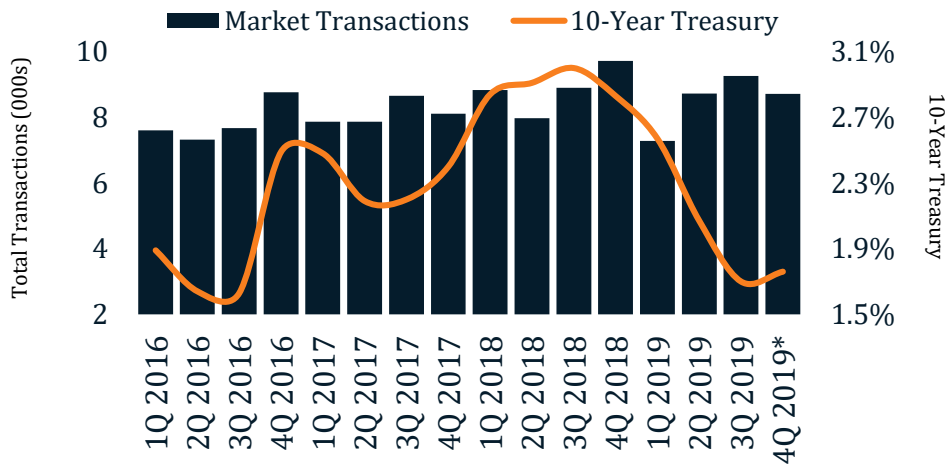
INVESTMENT SALES SLIP, BUT REMAIN AT HEALTHY LEVELS

- Four rate hikes, and hawkish Fed messaging in 2018 motivated investors resulting in more transactions, followed by a decline in 2019.
- The reversal of Fed messaging in early 2019 towards interest rate reductions caused many investors to postpone transactions to secure favorable financing rates.
- Transaction activity for the year slipped 4% and declined 10% in Q4. Excluding industrial, which had disproportionate investor attention, sales fell 4.5% in 2019; 13.4% in Q4.⁽¹⁾
- Steady economic outlook, abating construction pipeline, and lower interest rates support a healthy market environment.
- Price and cap rates stable, but widened bid-ask spread remains persistent.

Annual U.S. Commercial Real Estate Sales Trends⁽¹⁾



Quarterly U.S. Commercial Real Estate Sales and Interest Rates⁽¹⁾



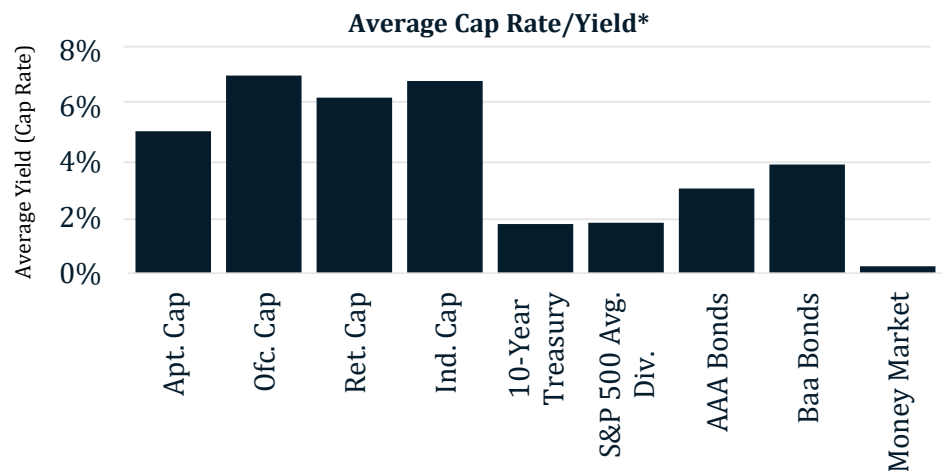
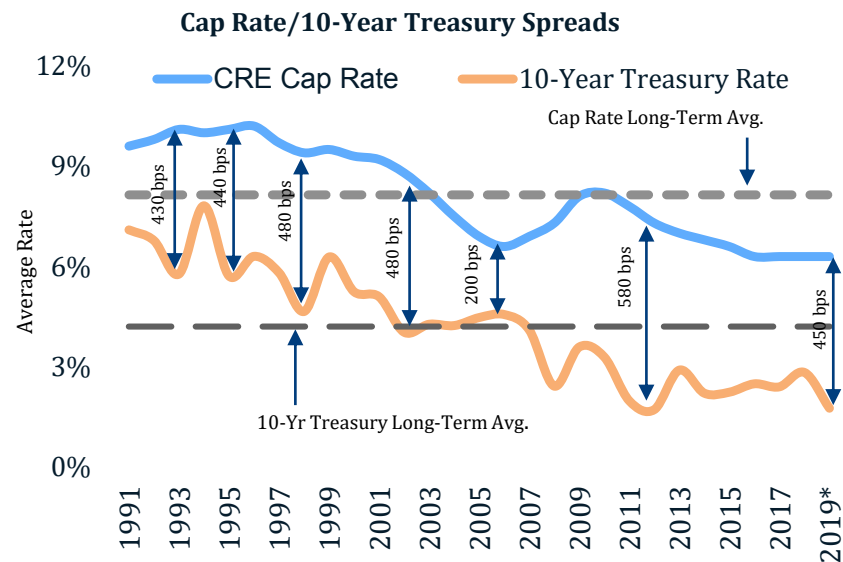
Sources: Real Capital Analytics, Federal Reserve

* Preliminary estimate for market sales

(1) Includes sales \$2.5 million and greater for multifamily, retail, office, industrial, hotel, seniors housing, and land

COMMERCIAL REAL ESTATE YIELDS COMPELLING

- Overall, cap rates were stable despite interest rate fluctuations.
- The spread between cap rates and the 10-year treasury is still wider than the 2007 market peak.
- Falling interest rates widening yield spread, enhancing positive leverage. The apparent bottoming of interest rates should help increase transaction activity.
- Commercial real estate offers compelling yields when compared to other investment options.



*As of 4Q 2019
 Cap rates for sales \$1 million and greater
 Sources: CoStar Group, Inc., Real Capital Analytics, Federal Reserve, Standard & Poor's

MMI MARKET POSITION

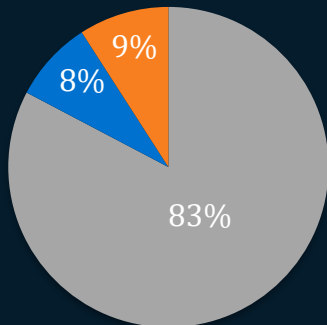
PRIVATE CLIENT MARKET SEGMENT

Largest Sales and Commission Pool Opportunity

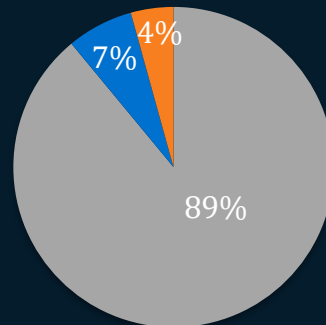
- Market segment consists of sales \$1 million - \$10 million.
- Largest and most active market segment, accounting for 80%+ of transactions.
- Primarily driven by high-net worth individuals, partnerships and smaller private fund managers.
- Influenced by personal drivers that result in buying/selling/refinancing properties, as well as market conditions.
- Market segment features the highest commission rates.

Transactions by Investor Segment ⁽¹⁾

Commercial Real Estate Market

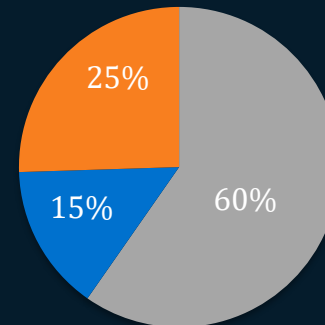


Marcus & Millichap

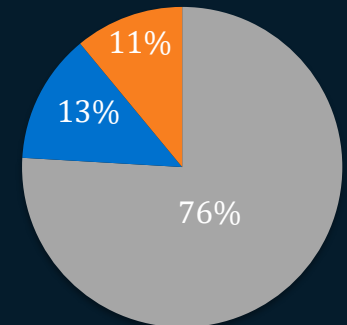


Commission Pool by Investor Segment ^{(1) (2)}

Commercial Real Estate Total Commission Pool



Marcus & Millichap Revenue



- Private Client Market Segment (\$1M - \$10M)
- Middle Market Segment (\$10M - \$20M)
- Larger Transaction Market Segment (\$20M+)

Sources: CoStar Group, Inc., Real Capital Analytics

(1) Includes apartment, retail, office, and industrial sales \$1 million and greater; year-to-date through 3Q 2019.

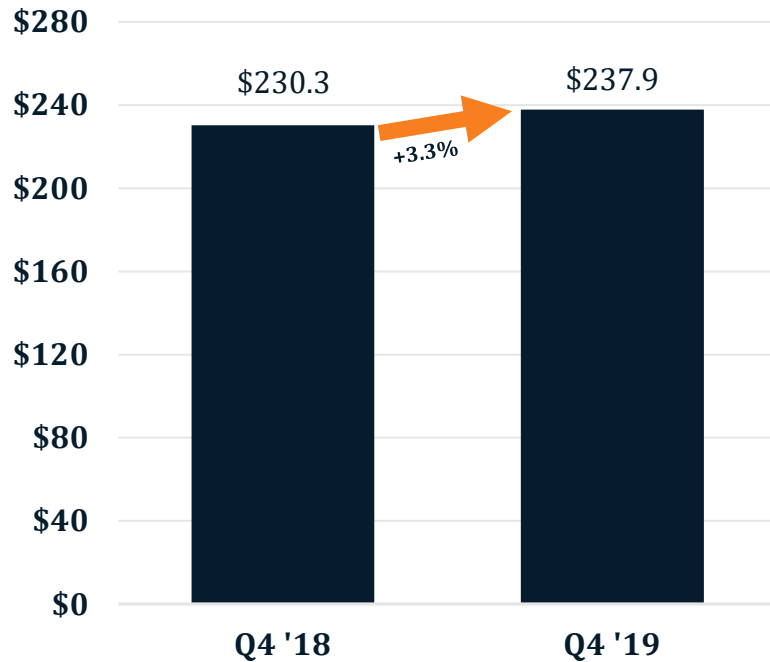
(2) Estimate based on industry averages: 3.7% commission rate for Private Client Market segment, 2.0% rate for Middle Market Segment and 0.8% for Larger Transaction Market segment.

MMI FINANCIAL DETAILS

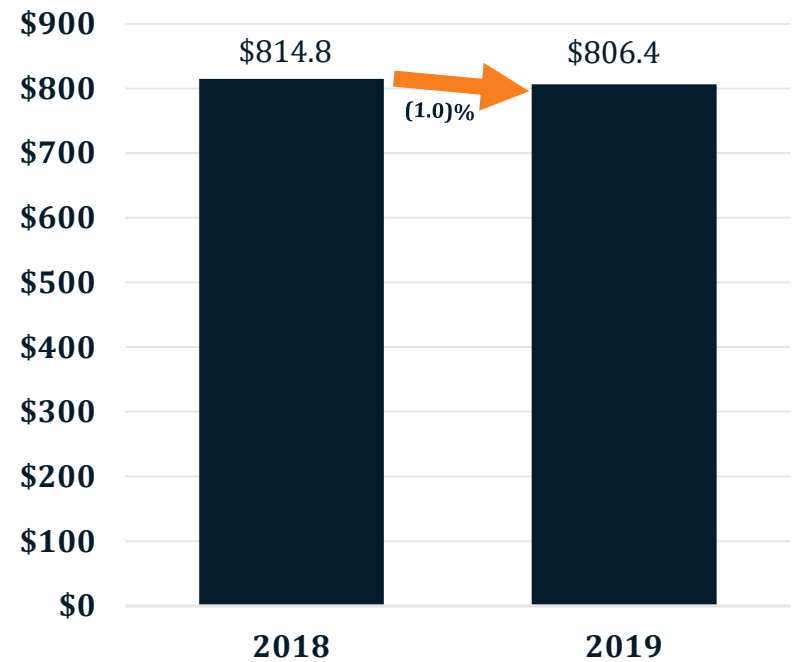
TOTAL REVENUES

(\$ in millions)

Q4 2018 vs. Q4 2019



Full Year 2018 vs. 2019

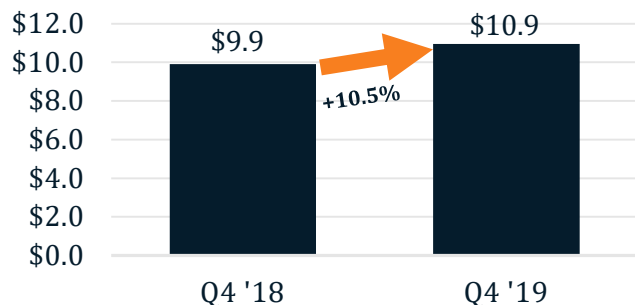


BROKERAGE OPERATING METRICS

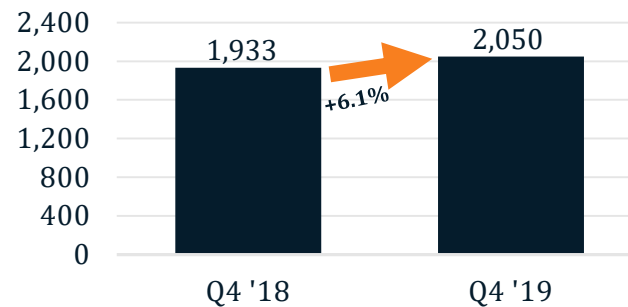
Q4 2019

Total Sales Volume

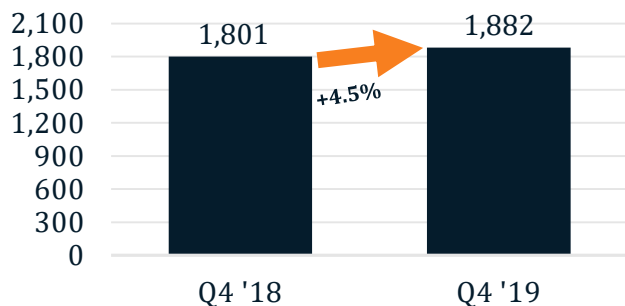
(\$ in billions)



Total Number of Sales Transactions

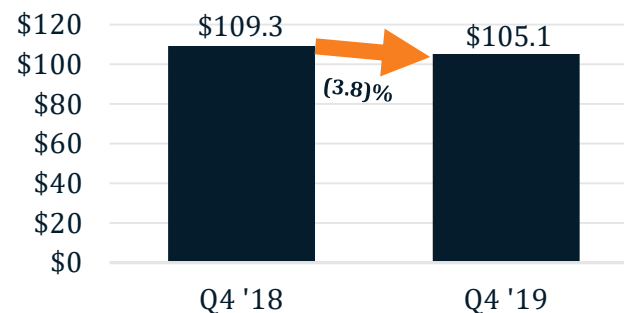


Average Number of Investment Sales Professionals



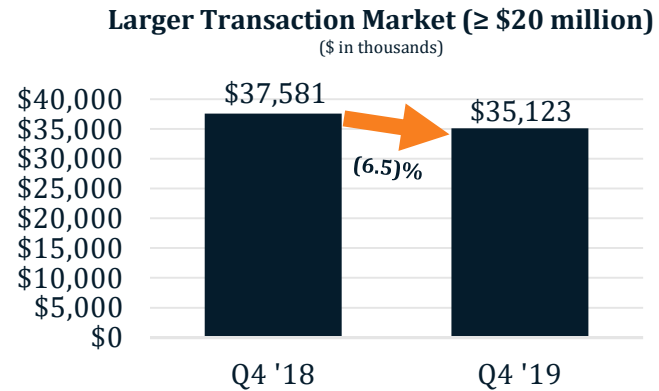
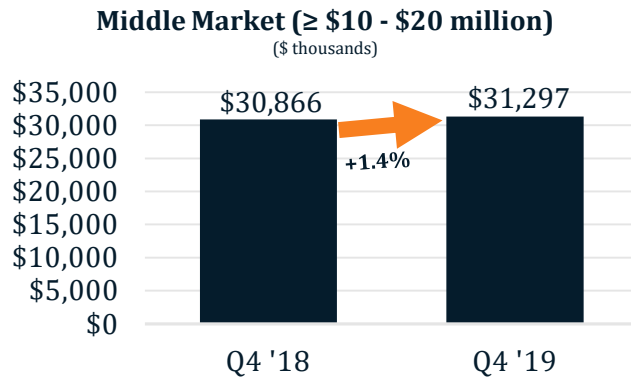
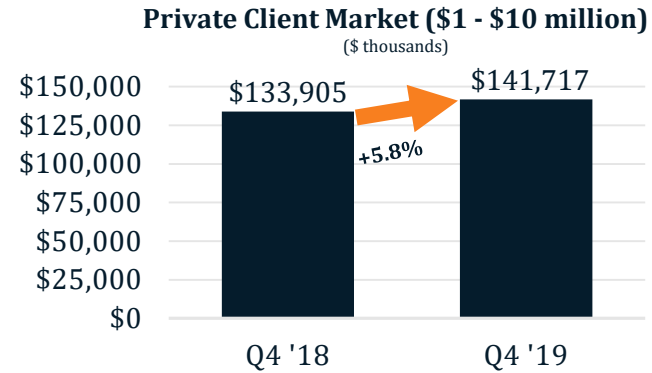
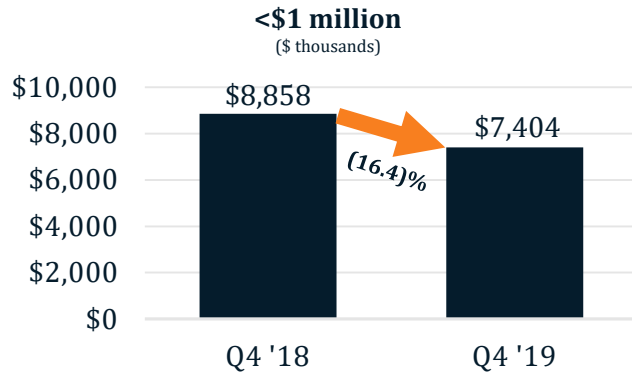
Average Commission Per Transaction

(\$ in thousands)



BROKERAGE REVENUE BY MARKET SEGMENT

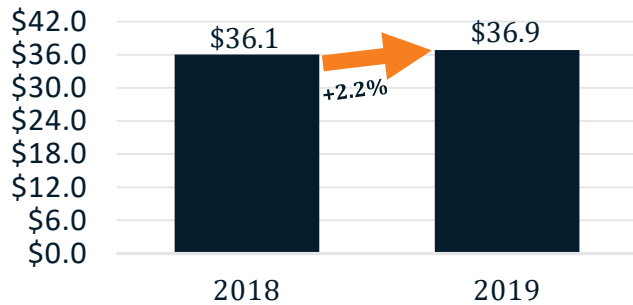
Q4 2019



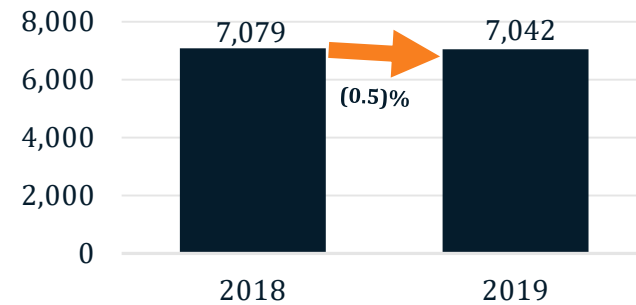
BROKERAGE OPERATING METRICS

Full Year 2019

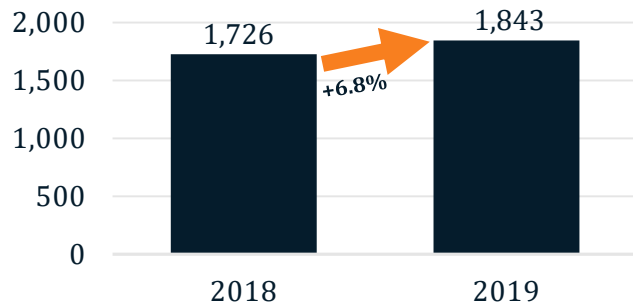
Total Sales Volume
(\$ in billions)



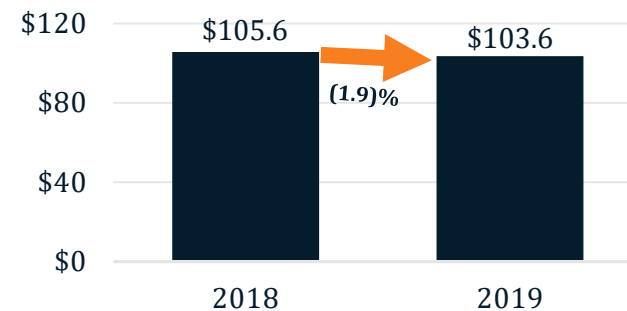
Total Number of Sales Transactions



Average Number of Investment Sales Professionals

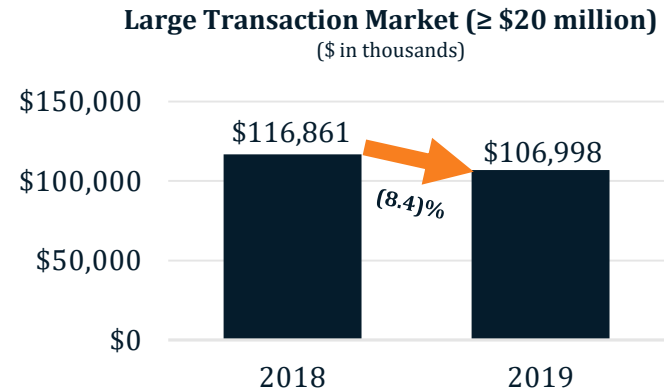
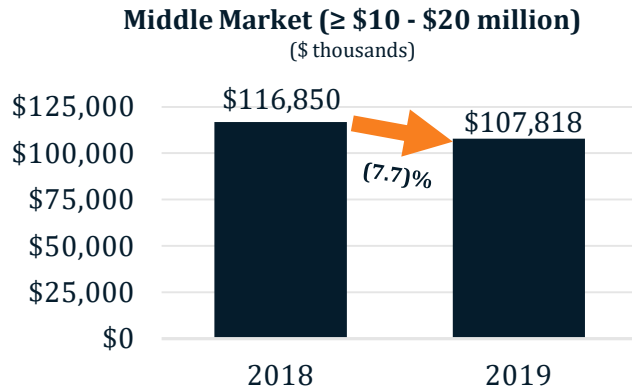
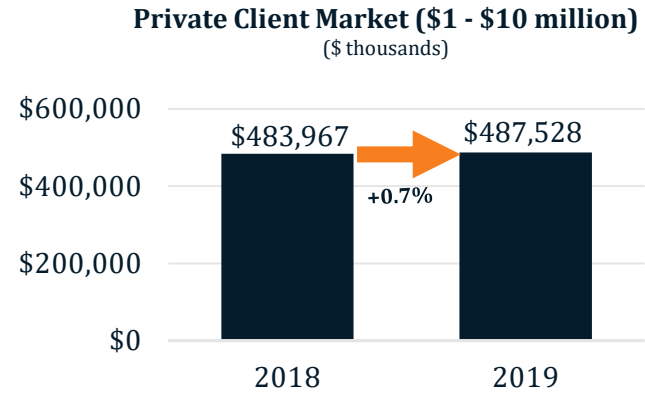
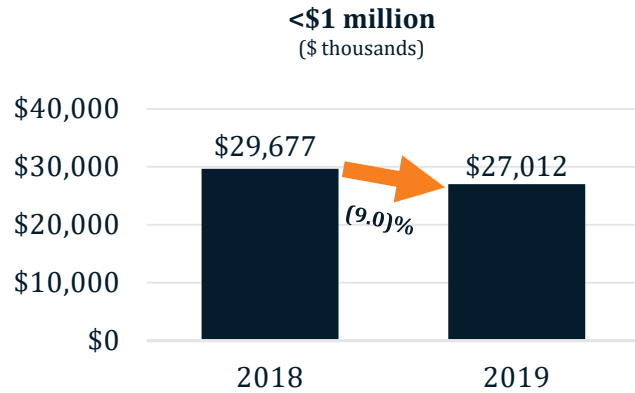


Average Commission Per Transaction
(\$ in thousands)



BROKERAGE REVENUE BY MARKET SEGMENT

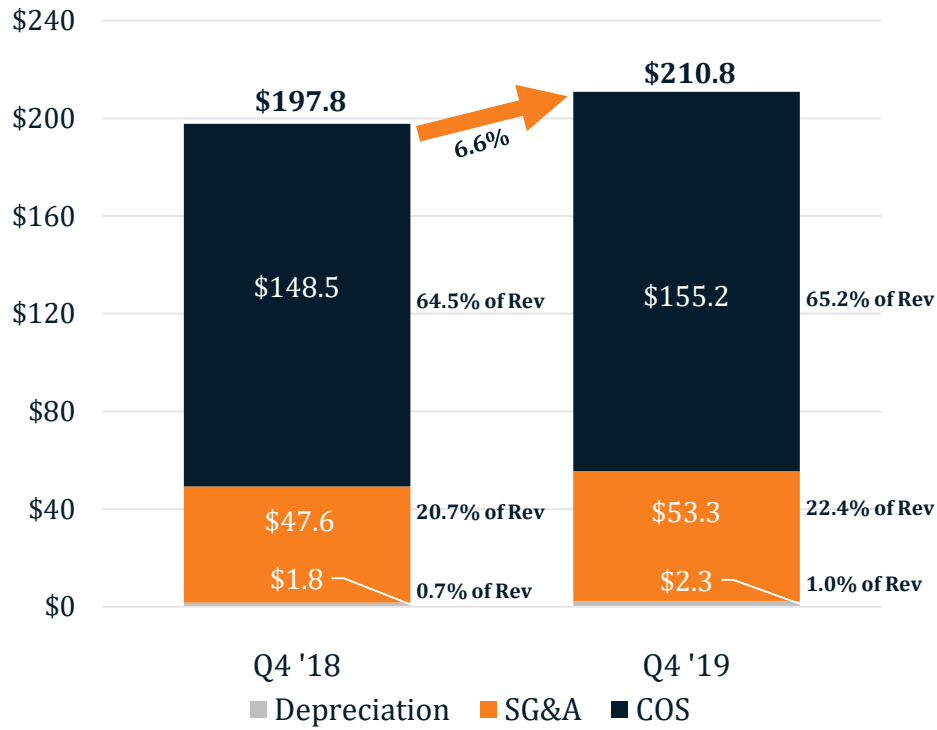
Full Year 2019



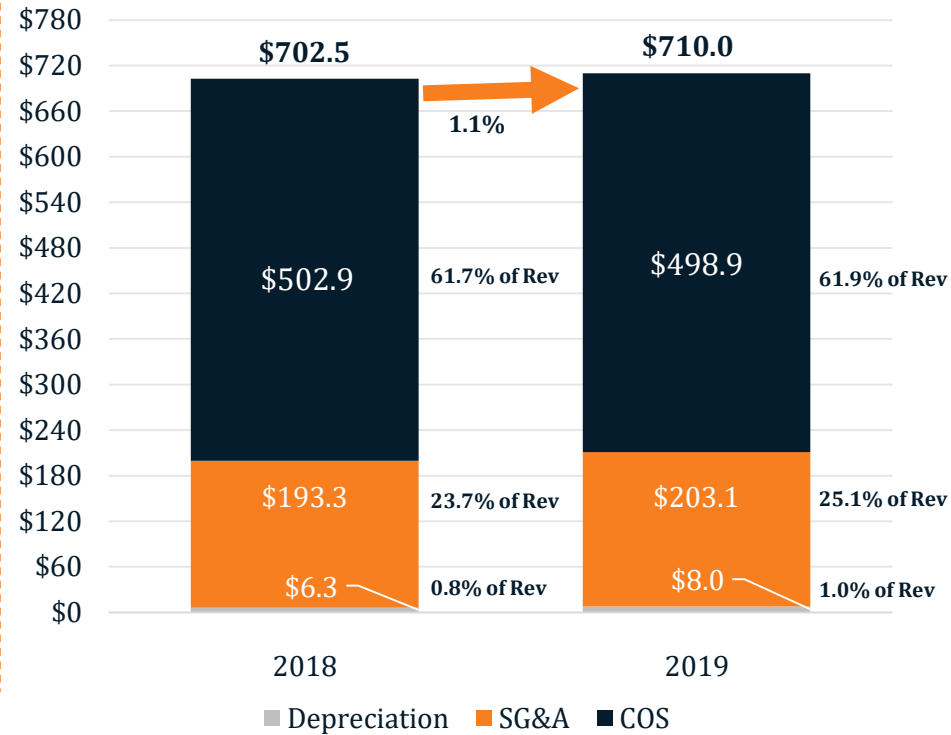
OPERATING EXPENSES

(\$ in millions)

Q4 2018 vs. Q4 2019

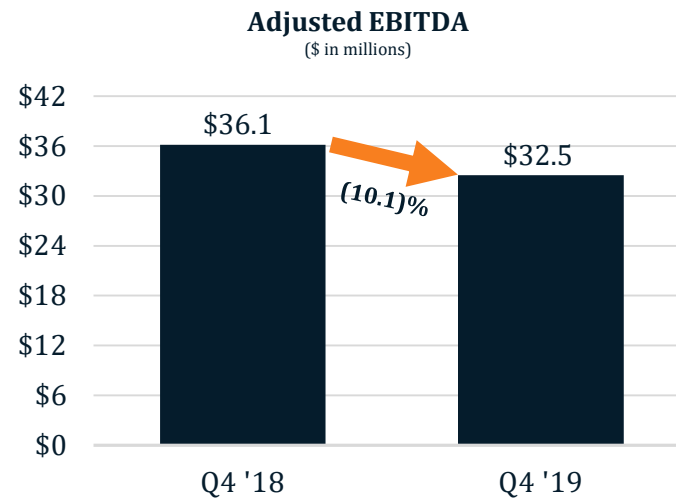
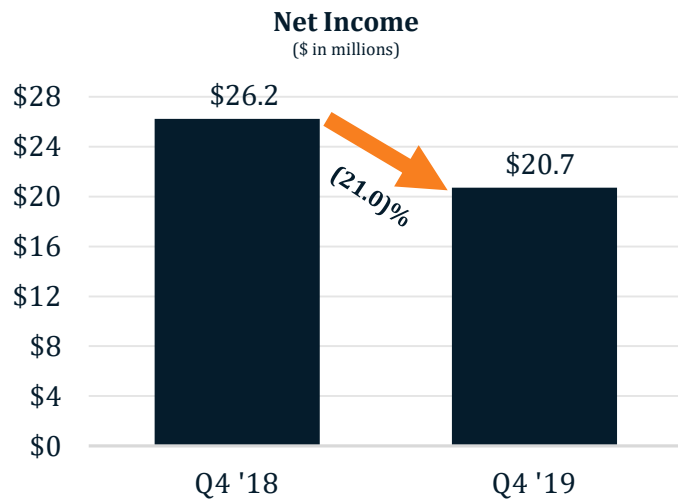


Full Year 2018 vs. 2019



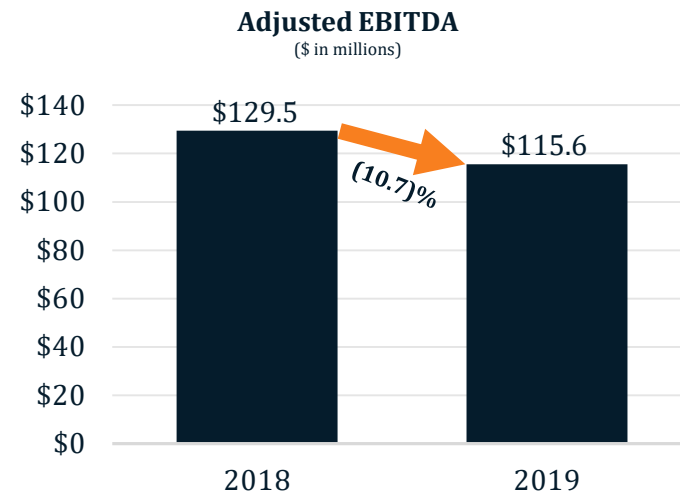
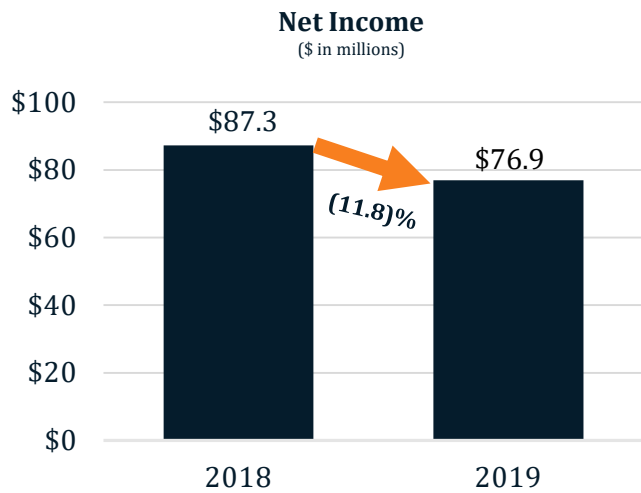
NET INCOME AND ADJUSTED EBITDA PERFORMANCE

Q4 2019



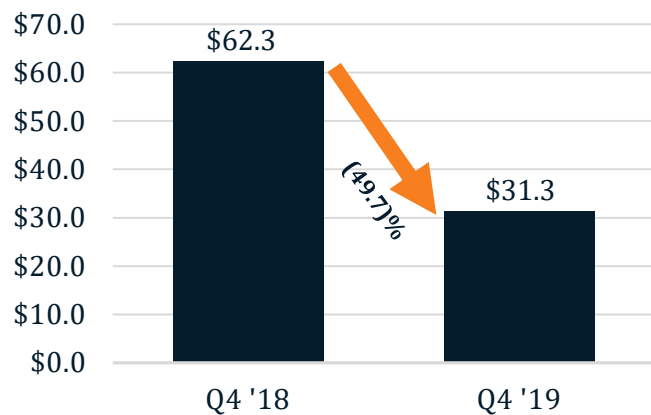
NET INCOME AND ADJUSTED EBITDA PERFORMANCE

Full Year 2019

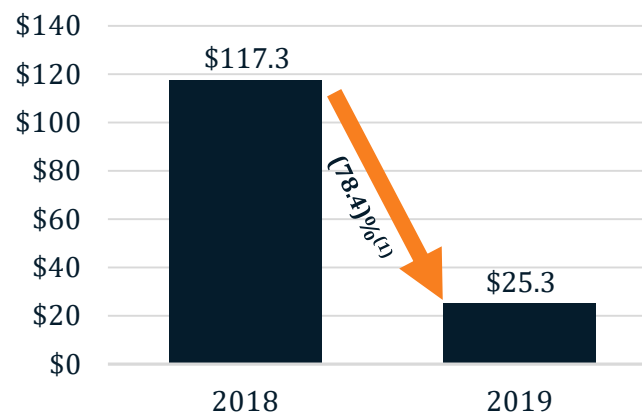


CASH FLOW PROVIDED BY OPERATING ACTIVITIES

QTD Cash Flow Provided by Operating Activities
(\$ in millions)

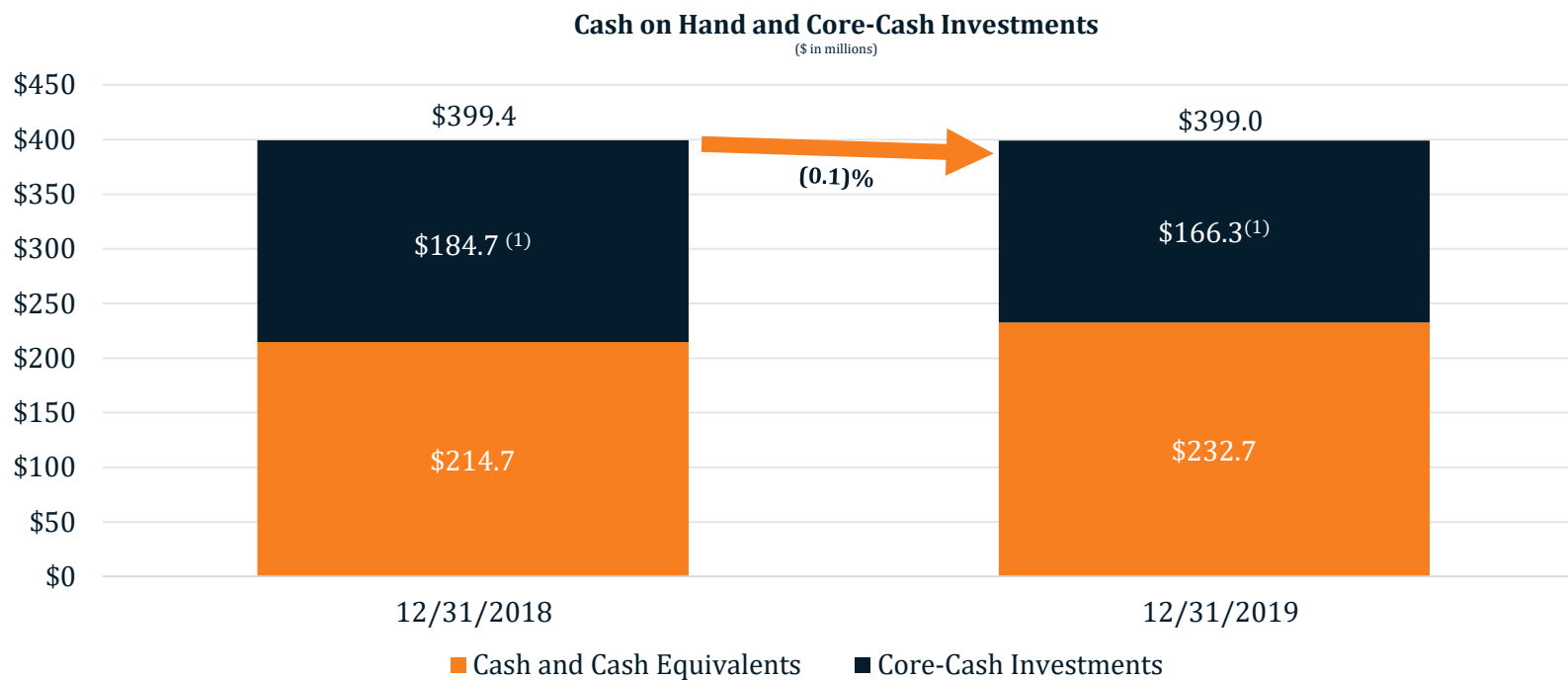


YTD Cash Flow Provided by Operating Activities
(\$ in millions)



(1) Net cash provided by operating activities is driven by our net income adjusted for non-cash items and changes in operating assets and liabilities. The \$92.0 million decrease in operating cash flows for 2019 compared to 2018 was primarily due a decrease in our real estate brokerage revenue and a higher proportion of operating expenses compared to total revenues, differences in timing of certain payments and receipts, an increase in advances to our investment sales and financing professionals, an increase in bonus payments in 2019 related to bonuses earned based on 2018 performance, and a reduction in the discretionary deferral of certain commissions.

STRONG LIQUID CAPITAL POSITION



(1) Relates to investments designated by the company as core-cash investments in fixed and variable debt securities, in accordance with our investment policy approved by the Board of Directors with weighted average maturity of 0.52 years and 0.81 years for the periods ended 12/31/19 and 12/31/18, respectively.

APPENDIX

ADJUSTED EBITDA RECONCILIATION

Adjusted EBITDA, which the Company defines as net income before (i) interest income and other, including net realized gains (losses) on marketable securities, available-for-sale and cash and cash equivalents, (ii) interest expense, (iii) provision for income taxes, (iv) depreciation and amortization, (v) stock-based compensation and (vi) non-cash mortgage servicing rights (“MSRs”) activity. The Company uses Adjusted EBITDA in its business operations to evaluate the performance of its business, develop budgets and measure its performance against those budgets, among other things. The Company also believes that analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate its overall operating performance. However, Adjusted EBITDA has material limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company’s results as reported under U.S. generally accepted accounting principles (“U.S. GAAP”). The Company finds Adjusted EBITDA to be a useful tool to assist in evaluating performance because Adjusted EBITDA eliminates items related to capital structure, taxes and non-cash items. In light of the foregoing limitations, the Company does not rely solely on Adjusted EBITDA as a performance measure and also considers its U.S. GAAP results. Adjusted EBITDA is not a measurement of the Company’s financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with U.S. GAAP. Because Adjusted EBITDA is not calculated in the same manner by all companies, it may not be comparable to other similarly titled measures used by other companies.

	Three Months Ended December 31		Twelve Months Ended December 31	
	2019	2018	2019	2018
Net Income	\$20,721	\$26,225	\$76,930	\$87,257
Adjustments:				
Interest income and other⁽¹⁾	(2,494)	(2,426)	(10,322)	(7,052)
Interest expense	370	346	1,388	1,400
Provision for income taxes	9,423	7,191	30,582	29,963
Depreciation and amortization	2,343	1,768	8,017	6,297
Stock-based compensation	2,238	3,064	9,278	11,983
Non-cash MSR activity⁽²⁾	(90)	(20)	(322)	(391)
Adjusted EBITDA⁽³⁾	\$32,511	\$36,148	\$115,551	\$129,457

- (1) Other for the three and twelve months ended December 31, 2019 and 2018 includes net realized gains (losses) on marketable securities available-for-sale.
- (2) Non-cash MSR activity includes the assumption of servicing obligations.
- (3) The decrease in Adjusted EBITDA for the three months ended December 31, 2019 compared to the same period in 2018 is primarily due to a higher proportion of operating expenses compared to total revenues, while the decrease for the twelve months ended December 31, 2019 compared to the same period in 2018 is primarily due to lower total revenues and a higher proportion of operating expenses compared to total revenues.

COMPANY OVERVIEW

NATIONAL PLATFORM FOCUSED ON INVESTMENT BROKERAGE

- 49-year old platform dedicated to perfecting real estate investment brokerage
- Designed to facilitate the movement of capital providing liquidity to clients

MARKET LEADER IN THE PRIVATE CLIENT MARKET SEGMENT

- Only national brokerage firm focused on the Private Client Market segment
- Private Client Market segment consistently comprises 80%+ of U.S. commercial property sales transactions annually

PLATFORM BUILT FOR MAXIMIZING INVESTOR VALUE

- Marcus & Millichap Capital Corporation (“MMCC”), Research & Advisory support client dialogue, financing, strategy and sales execution
- Culture and policy of information sharing is key to maximizing investor value

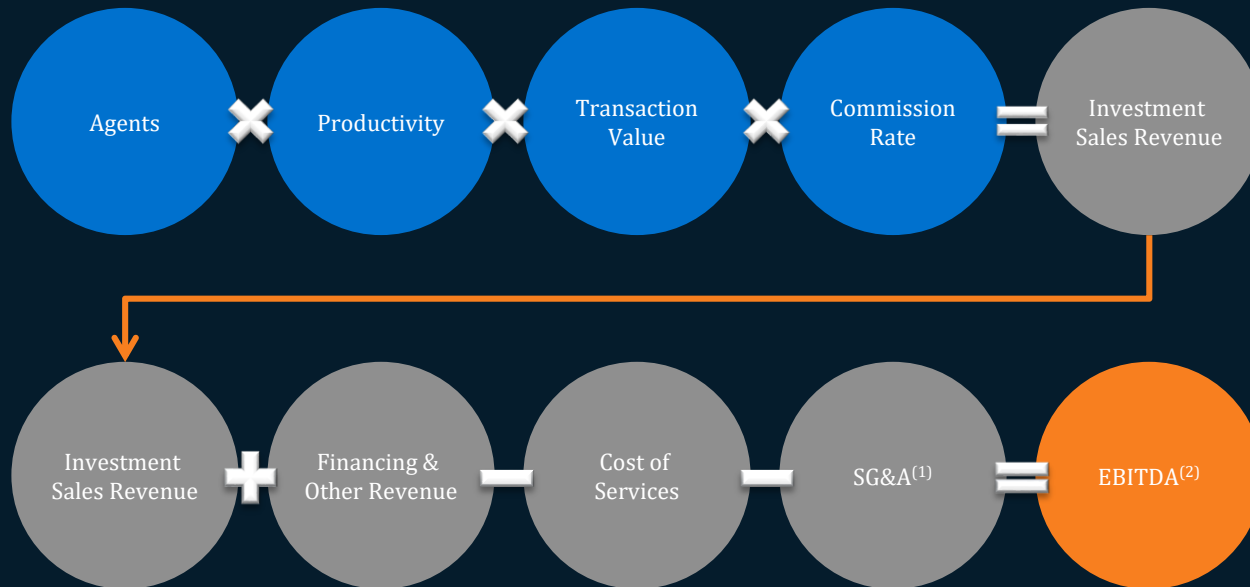
MANAGEMENT WITH SIGNIFICANT INVESTMENT BROKERAGE EXPERIENCE

- Non-competitive management with extensive investment brokerage experience, committed to training, coaching and supporting investment sales professionals
- Creates a competitive advantage through agent retention and better client results

WELL POSITIONED TO EXECUTE ON STRATEGIC GROWTH PLAN

- Positioned to increase Private Client Market segment share, expand presence in specialty niches/larger transaction business and grow financing division, MMCC

ILLUSTRATIVE MMI EARNINGS MODEL



(1) Includes stock-based compensation

(2) EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measure derived in accordance with U.S. GAAP