

Marcus & Millichap Reveals Investor Sentiment Survey Results

Commercial real estate sales poised to hit new record in 2015

CALABASAS, Calif.--(BUSINESS WIRE)-- Marcus & Millichap (NYSE:MMI), a leading commercial real estate investment services firm with offices throughout the United States and Canada, reports that commercial real estate (CRE) investor confidence set a new record high. The firm's Investor Sentiment Survey Index is calculated quarterly and rose from 179 to 187 in the fourth quarter of 2014, an eight point increase above the third quarter.

Marcus & Millichap reports 68 percent of responding CRE investors plan to increase their holdings in the coming year by an average of 15 percent. An additional 26 percent expect investments to remain the same, while 6 percent said that their real estate portfolio may decrease over the next year.

Economic uncertainty across the international environment is causing the United States to look even more favorable compared to other economies around the world, translating into more capital flowing into the U.S. Recently, the 10-year Treasury fell back to the 2.0 percent range effectively reversing the increases that occurred in 2013. Continued global economic uncertainty will likely restrain interest rates through much of the year.

"Those factors bode extremely well for the commercial real estate outlook because you see occupancies continuing to rise and rents accelerating at a time when interest rates are now even more attractive and financing is still readily available," says Hessam Nadji, chief strategy officer and director of specialty divisions at Marcus & Millichap.

"We believe that what's happened around the world, with different central banks lowering rates, will give our Federal Reserve pause as far as how aggressive they are going to be in raising our interest rates," says William E. Hughes, senior vice president of Marcus & Millichap Capital Corp. "I think that the period of low interest rates has been extended, which is very good for our economy, for housing, and for commercial real estate."

Amid declining interest rates, strong job growth and retail sales growth in the U.S., a majority of CRE investors expect the value of properties in their portfolios to increase over the next 12 months. Apartment investors are particularly optimistic with 78 percent expecting values to rise by an average of 5.3 percent in 2015. The industrial sector shows 68 percent of investors surveyed anticipate that the value of their properties will increase, with an average 4.4 percent improvement. Among retail investors, 68 percent expect a 5.8 percent rise in value over the next 12 months. The hotel sector reads nearly two-thirds or 63 percent of respondents anticipate that hotel values will increase by an average of 5.0 percent.

"While there are still risks in a fragile global environment," states Nadji, "economic fundamentals in the U.S., from a perspective of interest rates, availability of capital, and job growth, continue to show a very healthy and improving picture for CRE demand in 2015 and

onward.”

For complete access to Marcus & Millichap’s complimentary Investor Sentiment Survey First Quarter 2015 Outlook, please visit: <http://bit.ly/1x8GiWI>.

About Marcus & Millichap (NYSE: MMI)

With nearly 1,500 investment professionals located throughout the United States and Canada, Marcus & Millichap is a leading specialist in commercial real estate investment sales, financing, research and advisory services. Founded in 1971, the firm closed over 7,600 transactions in 2014 with a value of approximately \$33.1 billion. The company has perfected a powerful system for marketing properties that combines investment specialization, local market expertise, the industry’s most comprehensive research, state-of-the-art technology, and relationships with the largest pool of qualified investors. To learn more, please visit: www.MarcusMillichap.com.

Marcus & Millichap
Gina Relva, 925-953-1716
Public Relations Manager

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