

2023

Marcus & Millichap

Earnings Conference
Call November 3, 2023

**Third Quarter
2023**



FORWARD-LOOKING STATEMENTS

This release includes forward-looking statements, including the Company's business outlook for 2023, expectation for future interest rates and inflation, the execution of our capital return program, including the initiation of a semi-annual dividend plan, the stock repurchase program, and expectations for market share growth. Statements about our beliefs and expectations and statements containing the words "may," "could," "would," "should," "will," "continue," "predict," "potential," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend," "goal," "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 expressed in or suggested by 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.

Important factors that could cause such differences include, but are not limited to: (1) general uncertainty in the capital markets, a worsening of economic conditions, and the rate and pace of economic recovery following an economic downturn; (2) changes in our business operations; (3) market trends in the commercial real estate market or the general economy, including the impact of rising inflation and higher interest rates; (4) our ability to attract and retain qualified senior executives, managers and investment sales and financing professionals; (5) the effects of increased competition on our business; (6) our ability to successfully enter new markets or increase our market share; (7) our ability to successfully expand our services and businesses and to manage any such expansions; (8) our ability to retain existing clients and develop new clients; (9) our ability to keep pace with changes in technology; (10) any business interruption or technology failure, including cyber and ransomware attacks, and any related impact on our reputation; (11) changes in interest rates, availability of capital, tax laws, employment laws or other government regulation affecting our business; (12) our ability to successfully identify, negotiate, execute and integrate accretive acquisitions; and (13) other risk factors included under "Risk Factors" in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

CONFERENCE CALL PARTICIPANTS



Hessam Nadji
President, Chief Executive Officer
and Director



Steve DeGennaro
Chief Financial Officer

MMI Financial Highlights

2023 THIRD QUARTER HIGHLIGHTS

Financial Highlights		YoY
Revenue	\$162.0 million	(50.0)%
Net Loss	\$(9.2) million	(143.3)%
Adjusted EBITDA	\$(6.6) million	(118.1)%
Operational Highlights		YoY
Sales Volume	\$11.4 billion	(49.7)%
Transaction Closings	1,846	(39.2)%
Number of Investment Sales and Financing Professionals as of September 30, 2023	1,820	(3.2)%

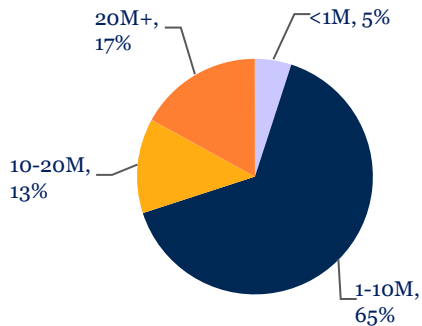
2023 YEAR TO DATE HIGHLIGHTS

Financial Highlights		YoY
Revenue	\$479.7 million	(53.8)%
Net Loss	\$(23.8) million	(124.7)%
Adjusted EBITDA	\$(15.1) million	(110.0)%
Operational Highlights		YoY
Sales Volume	\$31.7 billion	(54.8)%
Transaction Closings	5,599	(41.5)%
Number of Investment Sales and Financing Professionals as of September 30, 2023	1,820	(3.2)%

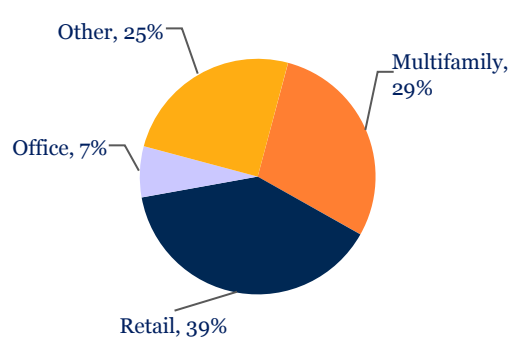
2023 THIRD QUARTER BROKERAGE HIGHLIGHTS

		YoY
Sales Volume	\$7.4 billion	(58.5)%
Transaction Closings	1,361	(39.4)%
Number of Investment Sales Professionals as of September 30, 2023	1,723	(4.0)%
Real Estate Brokerage Commissions Revenue	\$139.8 million	(52.3)%

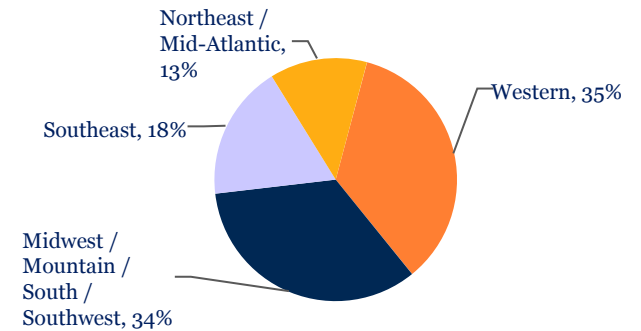
Revenue by Transaction Size



Transactions by Property Type



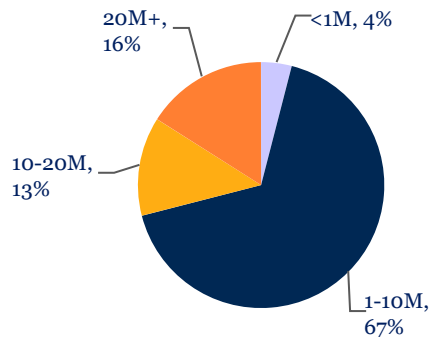
Transactions by Region



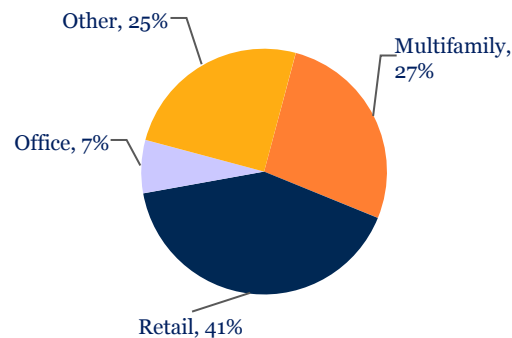
2023 YEAR TO DATE BROKERAGE HIGHLIGHTS

		YoY
Sales Volume	\$22.1 billion	(59.8)%
Transaction Closings	4,062	(42.5)%
Number of Investment Sales Professionals as of September 30, 2023	1,723	(4.0)%
Real Estate Brokerage Commissions Revenue	\$415.2 million	(55.6)%

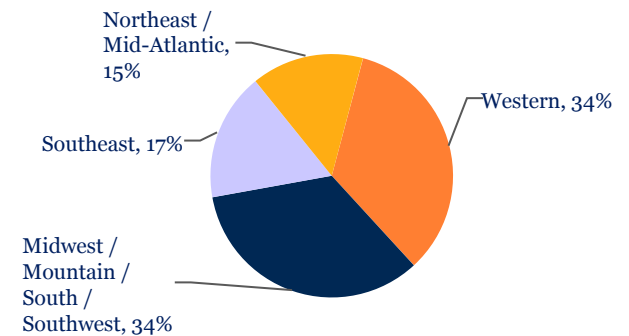
Revenue by Transaction Size



Transactions by Property Type



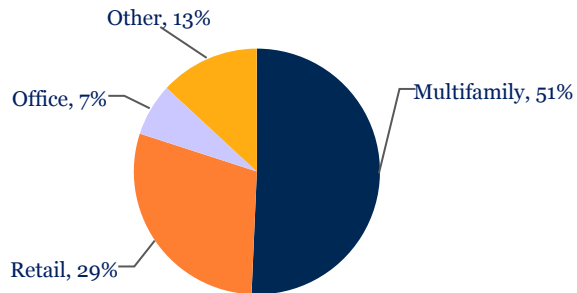
Transactions by Region



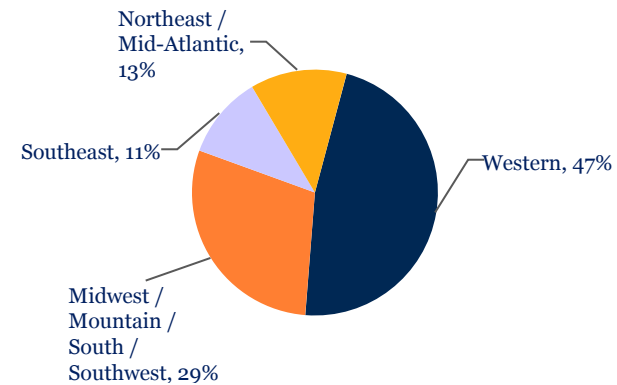
2023 THIRD QUARTER FINANCING HIGHLIGHTS

		YoY
Sales Volume	\$1.9 billion	(42.1)%
Transaction Closings	276	(46.7)%
Number of Financing Professionals as of September 30, 2023	97	12.8%
Financing Fees Revenue	\$17.3 million	(38.6)%

Transactions by Property Type



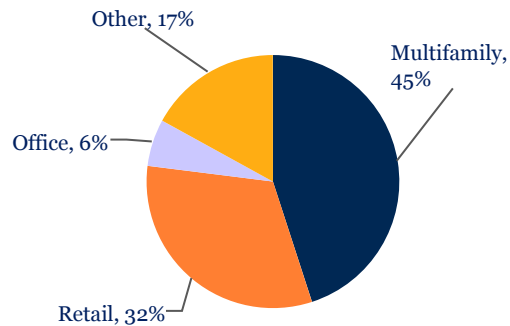
Transactions by Region



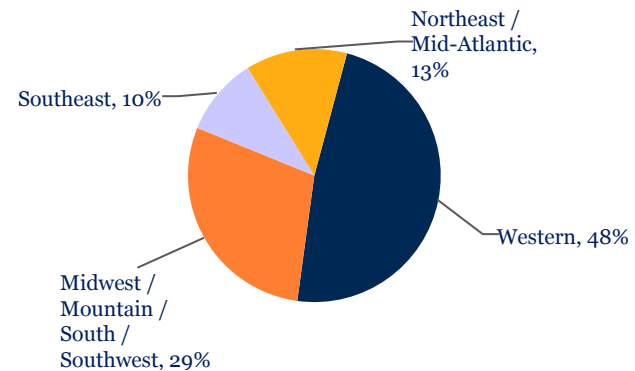
2023 YEAR TO DATE FINANCING HIGHLIGHTS

		YoY
Sales Volume	\$5.3 billion	(49.5)%
Transaction Closings	839	(51.6)%
Number of Financing Professionals as of September 30, 2023	97	12.8%
Financing Fees Revenue	\$51.0 million	(44.2)%

Transactions by Property Type



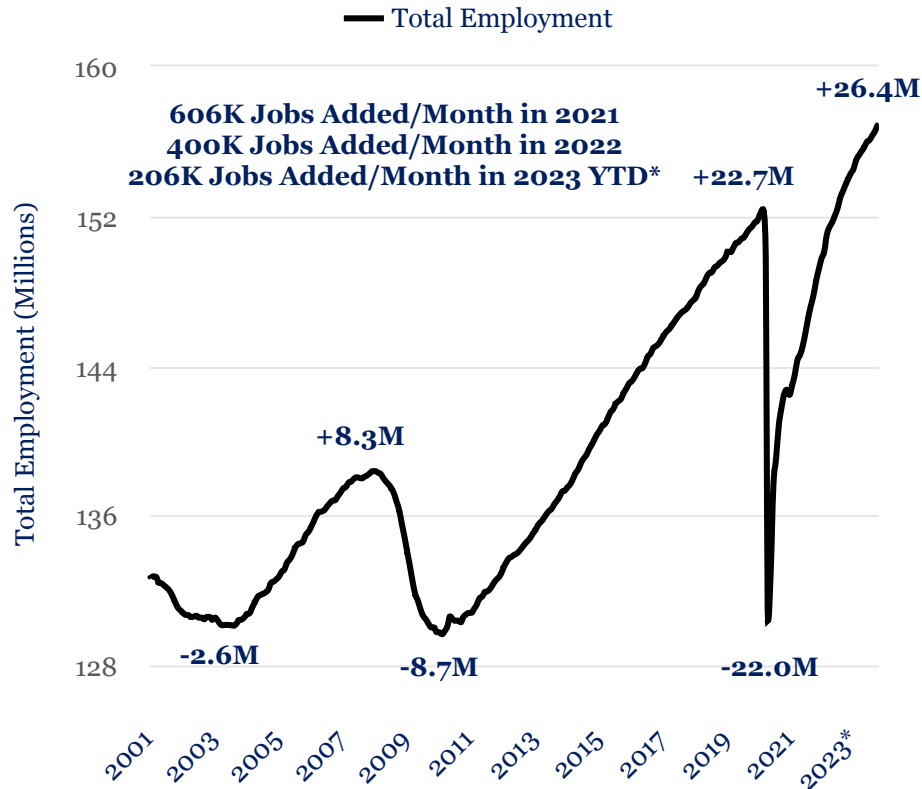
Transactions by Region



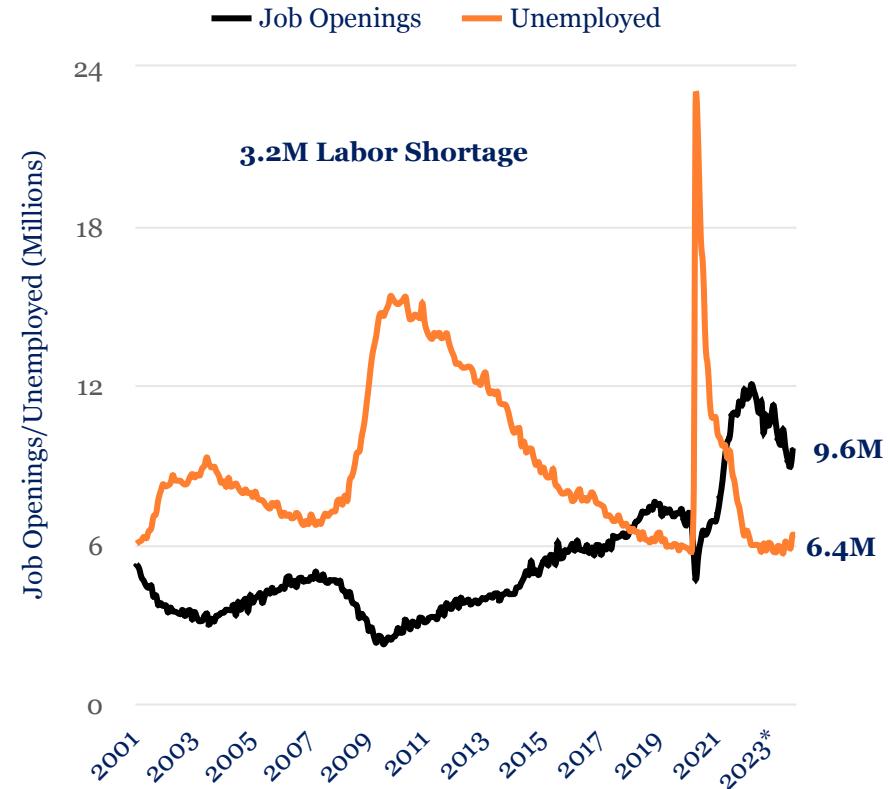
Market Highlights

TOTAL EMPLOYMENT WELL ABOVE PRE-PANDEMIC LEVEL; RECENT EASING IN GROWTH RATE TAKES PRESSURE OFF THE FED

Total Employment

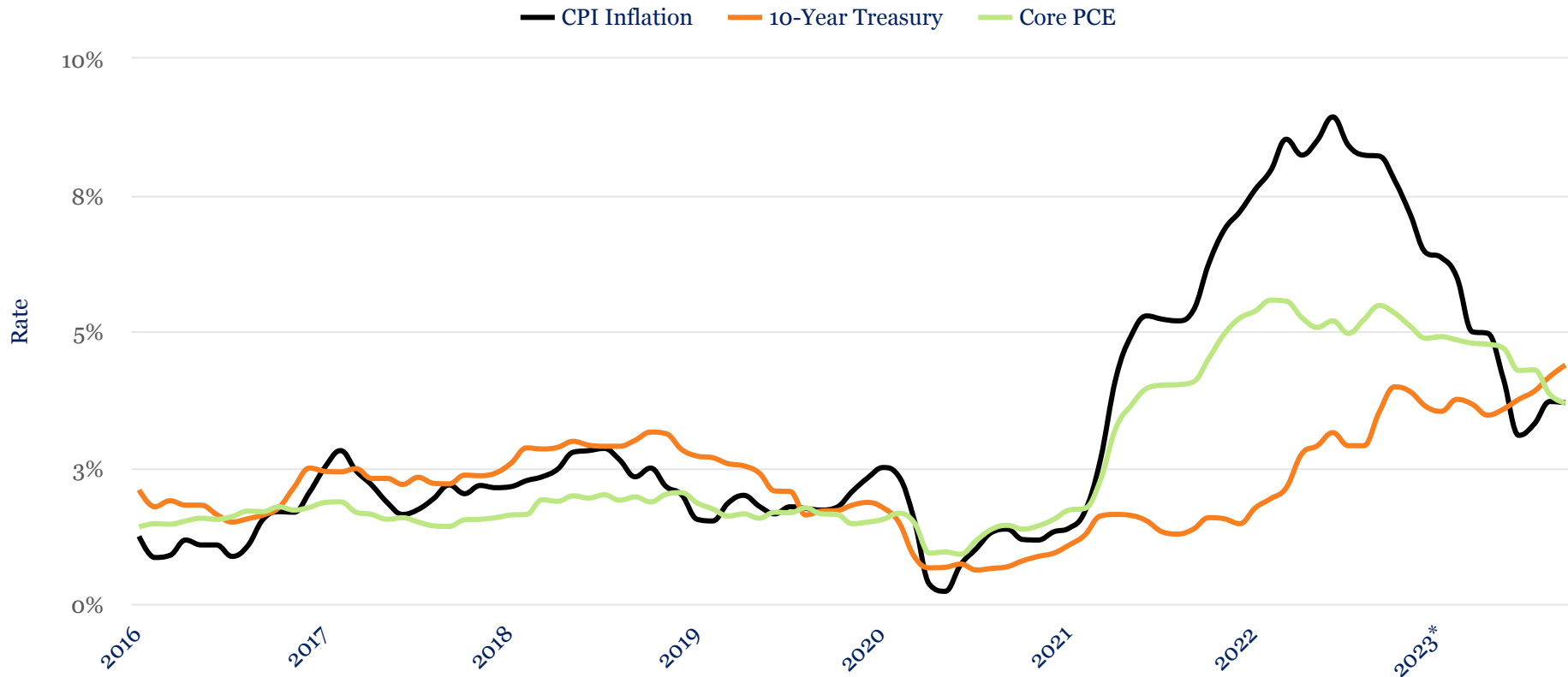


Job Openings vs. Unemployed



* Through September; job openings through August
Source: BLS

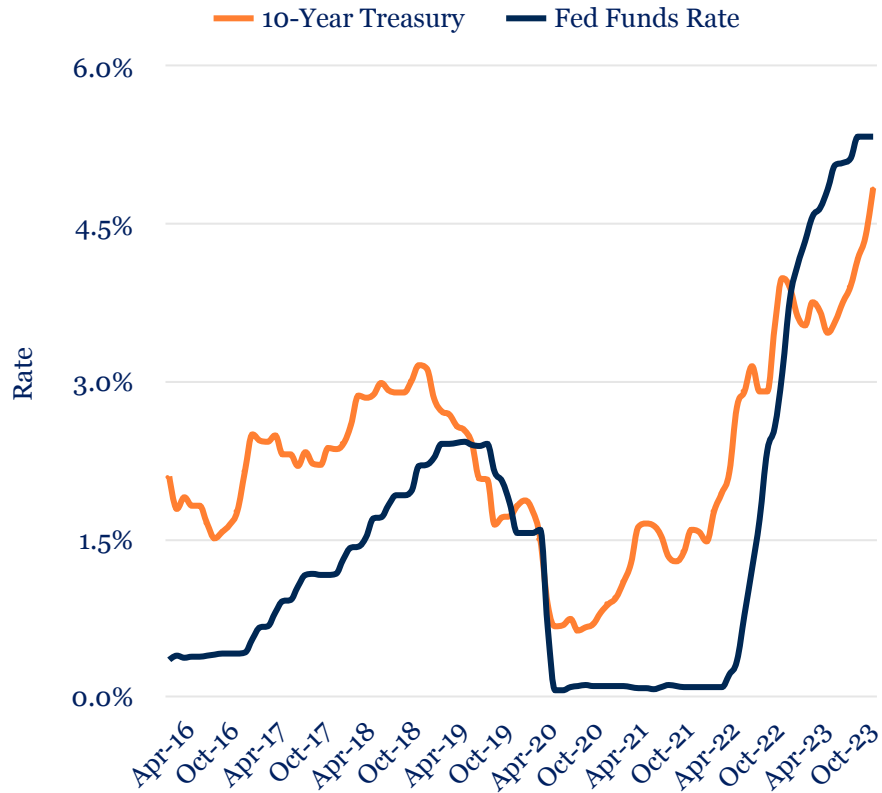
INFLATION REMAINS ELEVATED DESPITE SHARP DECLINE; FED'S INDICATION OF 'HIGHER FOR LONGER' PROLONGING CRE DOWNTURN



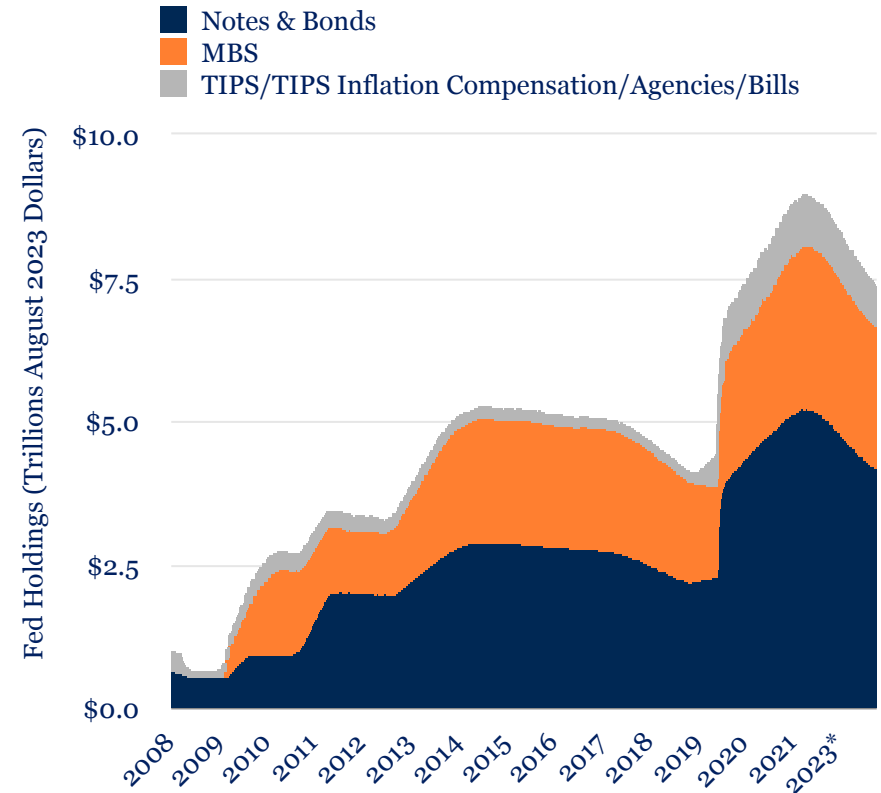
* Through September
Sources: BLS, Federal Reserve, BEA

MOST AGGRESSIVE FED RATE HIKES SINCE 1980 DISRUPTING CRE MARKETS; QUANTITATIVE TIGHTENING INCREASING LONG-TERM RATES

10-Year Treasury vs. Fed Funds Rate

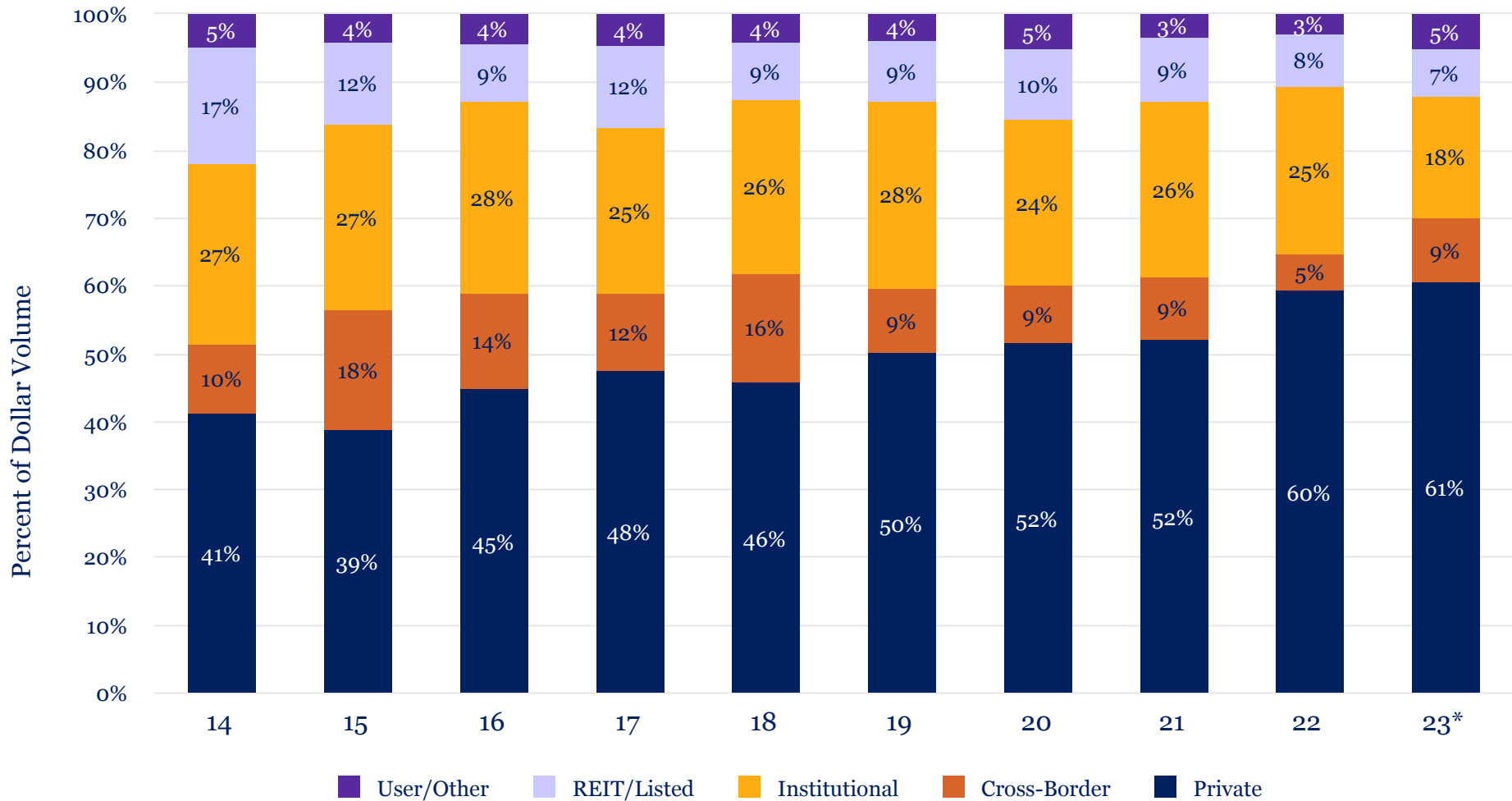


Inflation Adjusted Fed Balance Sheet



* Through October 18
10-Year treasury and Fed Funds rate through October 23
Adjusted for inflation using Core PCE
Sources: Real Capital Analytics, Federal Reserve

PRIVATE INVESTORS DOMINATE U.S. COMMERCIAL REAL ESTATE; INSTITUTIONAL INVESTORS MORE HESITANT IN CURRENT WINDOW



* YTD 3Q

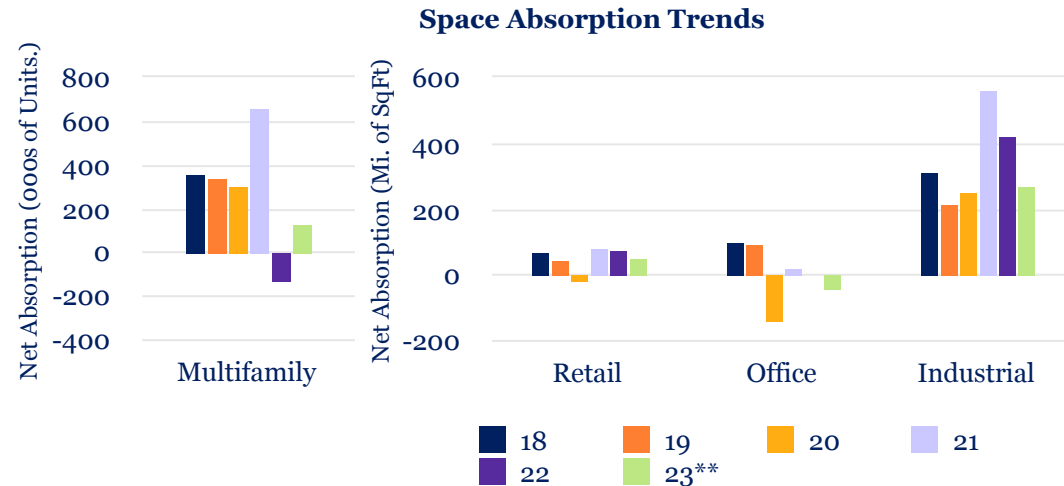
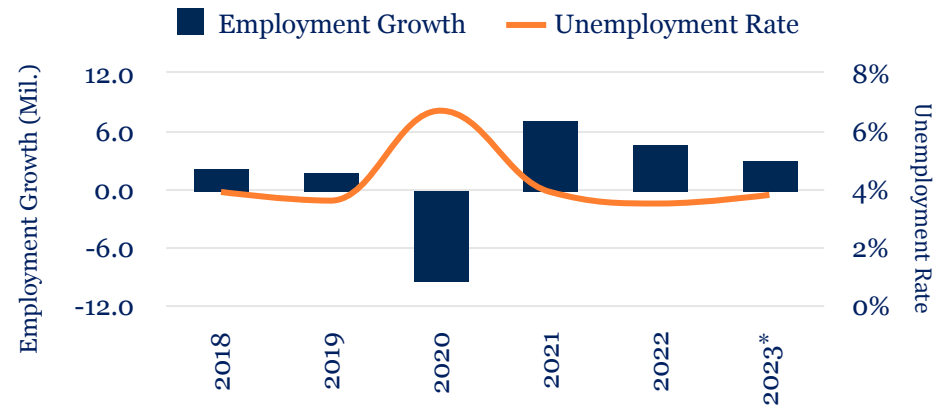
Includes sales \$2.5 million and greater for multifamily, retail, office, industrial, hotel, seniors housing, and land

Source: Real Capital Analytics

EMPLOYMENT POSITIVE BUT SLOWING; SPACE DEMAND DOWNSHIFTS AMID ECONOMIC UNCERTAINTY

- Labor shortage still restraining employment growth; 4.8 million jobs were added in 2022 and a further 2.3 million YTD in 2023.
- Wage gains and robust savings have sustained retail sales; despite expectations of a slowdown, consumer strength remains a positive factor.
- Uncertainty surrounding inflation, interest rates, and economic slowing weighs on space demand for most property types.
- Office leasing has turned negative as companies adapt to hybrid models. Market variation widening by class and urban vs. suburban office space.
- Apartment rental demand beginning to recover from 2022 downturn.
- Retail and industrial demand moderating, but still positive.

Employment Growth vs. Unemployment Rate



* Through 3Q; trailing 12-months through 3Q 2023 for employment growth

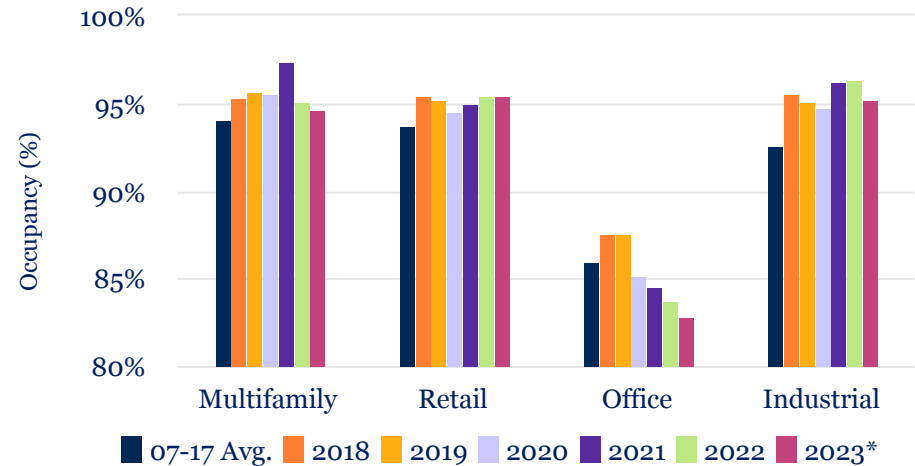
** Preliminary estimate for trailing 12-months through 3Q 2023

Sources: BLS, CoStar Group, Inc., RealPage, Inc.

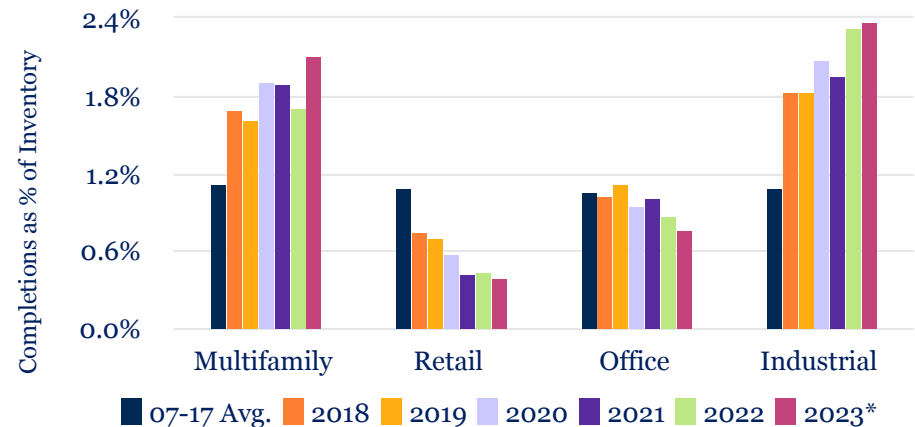
PROPERTY FUNDAMENTALS SOUND BY HISTORICAL STANDARDS; HOWEVER, VARIATIONS WIDENING

- Multifamily and industrial aggressively delivering record new completions as the economy slows. Risk of over-supply limited to select local markets with heavy construction.
- Supply chain disruptions substantially resolved; companies have reduced their inventories to mitigate recession risk, but industrial space demand remains positive.
- Hospitality sector approaching full recovery led by limited-service segments.
- Necessity-based retail and single-tenant retail among top performing property types.
- Office occupancy tapering as companies' plans to return to the office remain in question and economic uncertainty restrains commitments.
- Retail and office new supply pipeline low by historical standards.

Occupancy Trends



Construction Trends



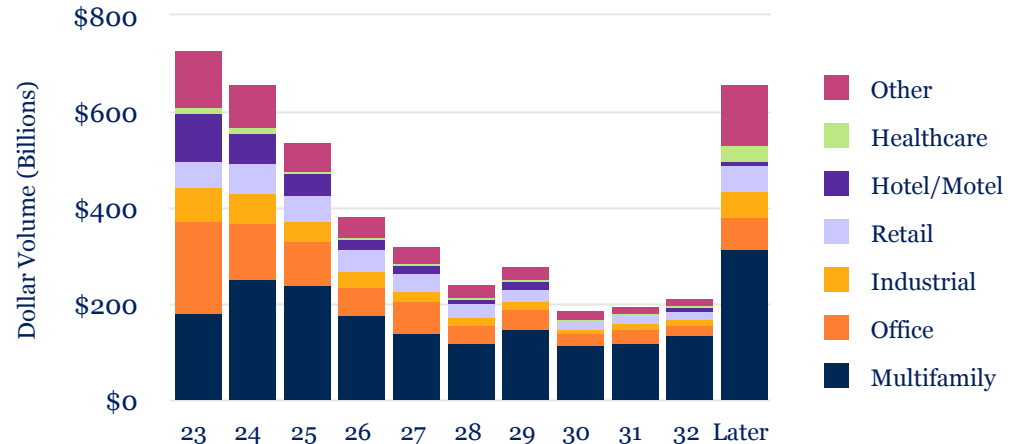
* Preliminary estimate through 3Q 2023; trailing 12-months through 3Q for construction

Sources: CoStar Group, Inc., RealPage, Inc.

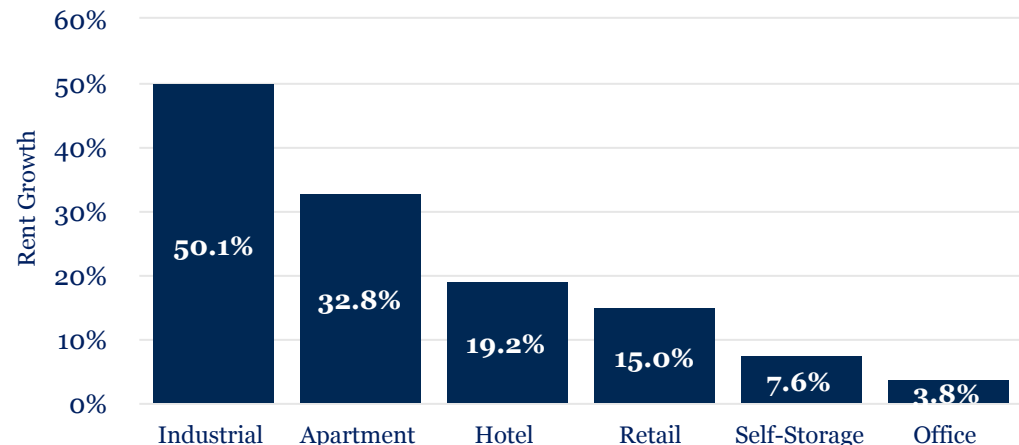
MATURING CRE LOAN VOLUMES CONCERNING; RISKS VARY WIDELY BY PROPERTY TYPE

- With the exception of office properties, rent growth and appreciation has been healthy in most segments over the past 5-7 years.
- These factors should mitigate systemic risk to banks.
- Office experiencing the greatest uncertainty as the segment faces the most maturities this year, while rent growth lags.
- Federal Reserve and Treasury have acted quickly to alleviate concerns of banking failure contagion.
- FDIC/Federal Reserve guidance urges lenders to favor workouts and extensions of loans in good standing.
- Most lenders motivated to work through maturing loans as opposed to off-loading assets at large discounts.
- Nonetheless maturing loans pose some risk, particularly for short-term loans issued in the past three years with aggressive underwriting maturing in the near term.

Commercial Real Estate Loan Maturities*



Five-Year Rent Growth: 3Q 2018 to 3Q 2023**



* For loans outstanding as of 2022

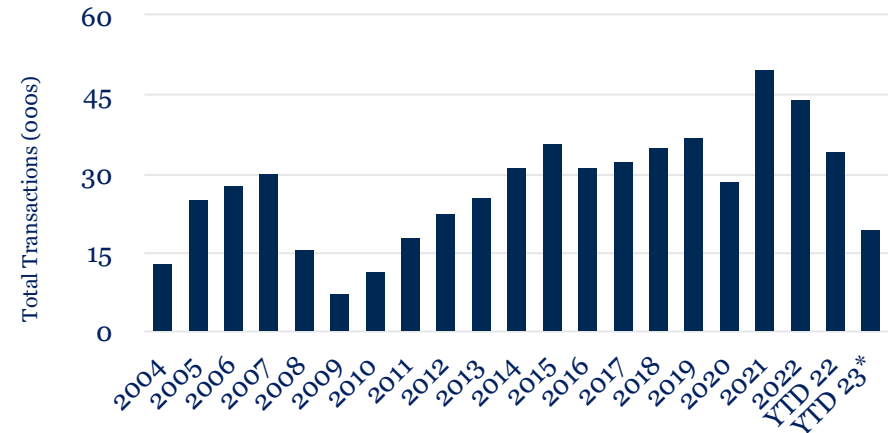
** Trailing 12-month ADR for Hotel from Sept. 2018 through Sept. 2023

Sources: CoStar Group, Inc., RealPage, Inc., Yardi Matrix, Mortgage Bankers Association

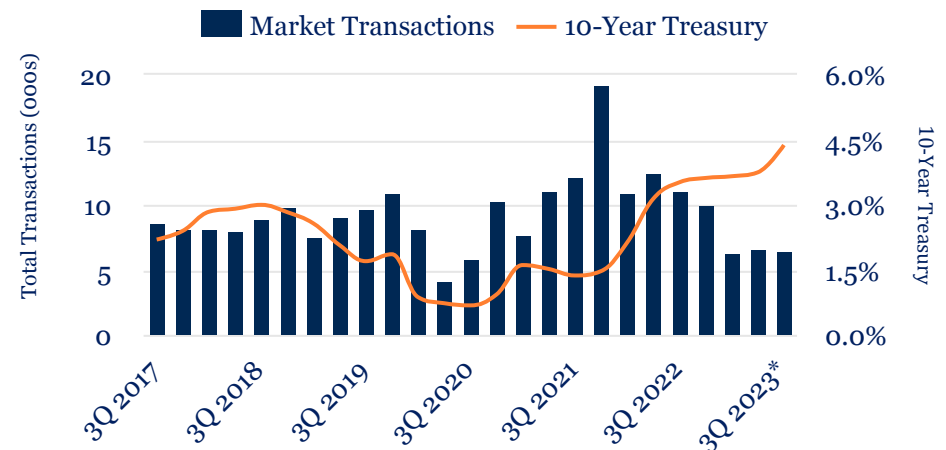
LENDER CAUTION AND TIGHTENED UNDERWRITING, WIDENED BID/ASK SPREAD RESULTING IN MAJOR REDUCTION IN SALES/FINANCING

- Transaction count YTD through 3Q 2023 estimated to have dipped 44% year-over-year; dollar volume dropped by 55% year-over-year.
- Tighter credit markets making price discovery more challenging, particularly for office properties.
- Financing generally available for most property types, but underwriting has continued to tighten. Loan-to-values and debt service coverage ratios are adjusting and weighing on trading activity.
- Fed's 'higher for longer' messaging prolonging price discovery and sales volume headwinds.
- As the Federal Reserve completes tightening cycle and inflation declines, capital flows into commercial real estate are expected to improve.
- Well-priced assets are garnering healthy buyer demand as values adjust.

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

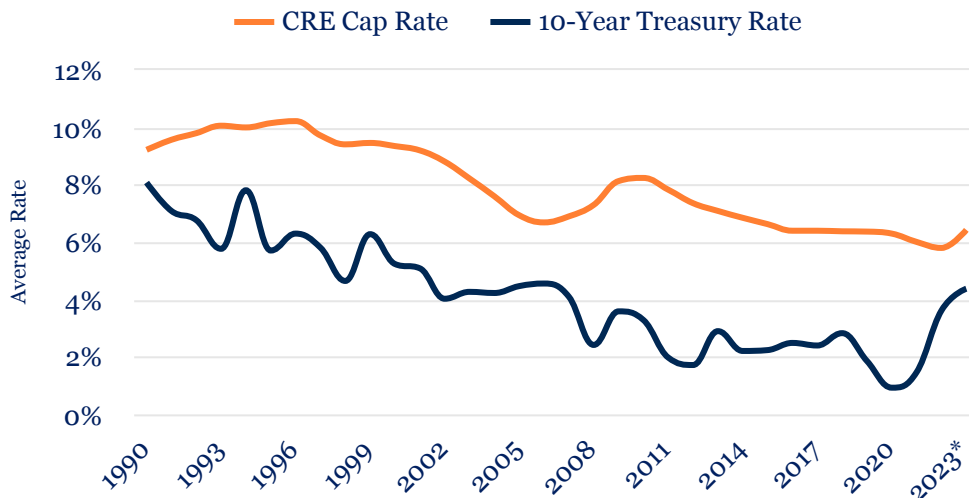
Excludes STORE Capital acquisition in 1Q 2023

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

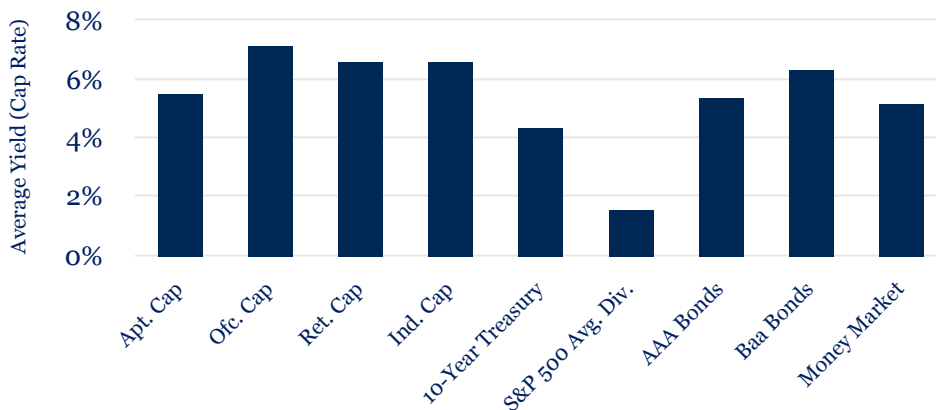
COMMERCIAL REAL ESTATE YIELD SPREADS CHALLENGED; PRICING RECALIBRATING TO HIGHER INTEREST RATES

- Rapid rise of interest rates, tightened lender underwriting, slowing economic growth ahead still adversely impacting short-to-mid-term transactional outlook.
- Market calibrating to impact of higher interest rates and potential weakening of demand; active price discovery underway in many areas and property types.
- Appropriately priced assets are seeing ample buyer demand, and offer activity.
- Buyers of “safer” segments (apartments, single-tenant, and industrial) remain active, but price discovery and tighter lending climate weigh on transactional velocity in the near term.
- Healthy real estate fundamentals bode well for capital flows in the long-run.
- Commercial real estate yields challenged by short-term bond yields.

Cap Rate/10-Year Treasury Spreads



Average Cap Rate/Yield*



* As of 3Q 2023

Cap rates for sales \$1 million and greater

Sources: CoStar Group, Inc., Real Capital Analytics, Federal Reserve, Standard & Poor's, Crane Data

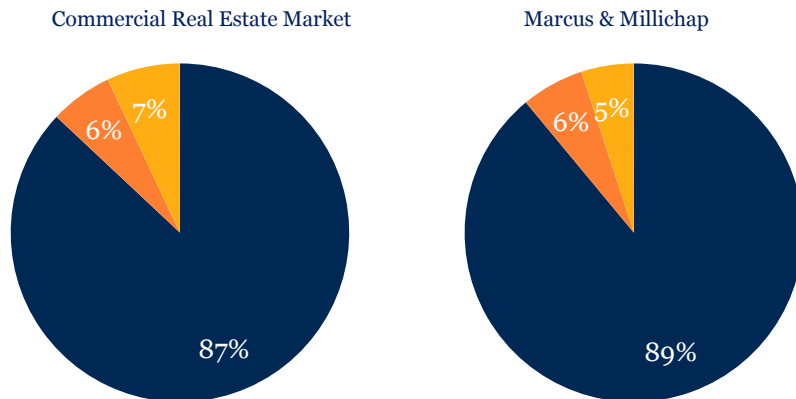
MMI Market Position

PRIVATE CLIENT MARKET

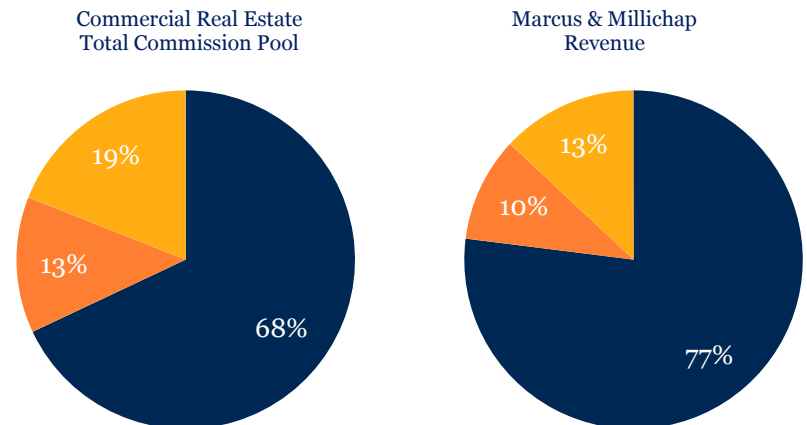
Largest Transaction and Commission Pool Opportunity

- Private client market consists of sales \$1 million to <\$10 million.
- Largest and most active market, 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. Should be a major factor in increased sales activity once current market constraints begin to ease.
- Market features the highest commission rates.

Transactions by Investor Segment ⁽¹⁾



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



■ Private Client Market (\$1M - <\$10M)
■ Middle Market (\$10M - <\$20M)
■ Larger Transaction Market (≥\$20M)

Sources: CoStar Group, Inc., Real Capital Analytics

(1) Includes apartment, retail, office, and industrial sales \$1 million and greater for the trailing 12-months through 3Q 2023; 3Q preliminary estimate for market total.

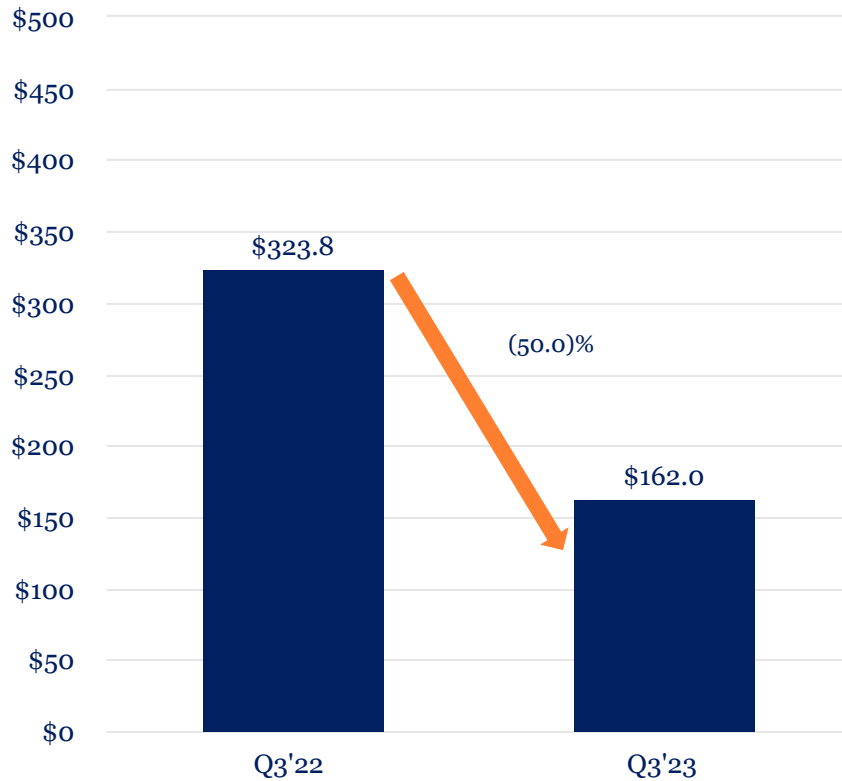
(2) Estimate based on industry averages: 3.7% commission rate for Private Client Market, 2.0% rate for Middle Market and 0.8% for Larger Transaction Market.

MMI Financial Details

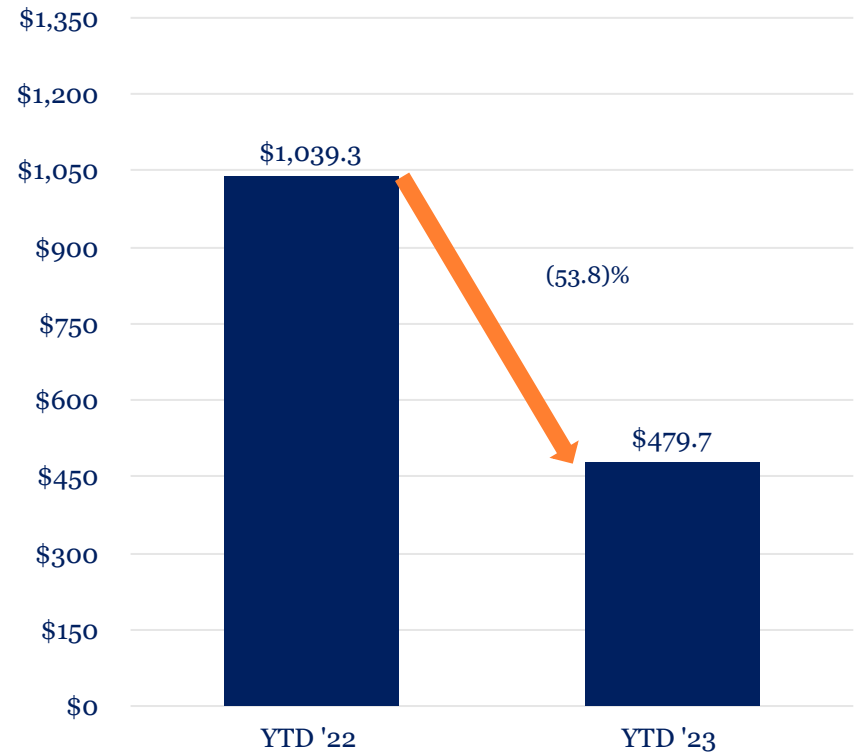
TOTAL REVENUE

(\$ IN MILLIONS)

Q3'22 vs Q3'23



Year-to-Date '22 vs '23

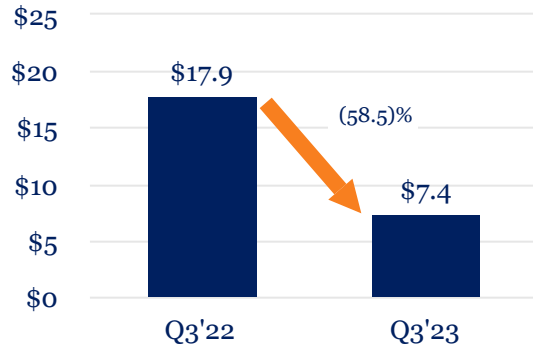


BROKERAGE OPERATING METRICS

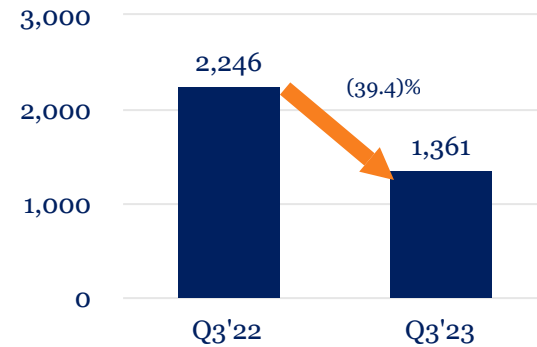
Q3 2022 vs Q3 2023

Total Sales Volume

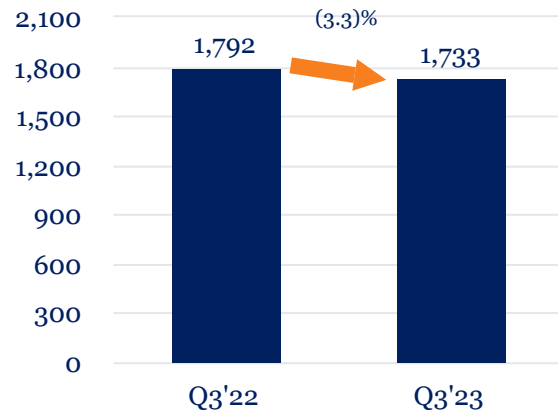
(\$ in billions)



Total Number of Transactions

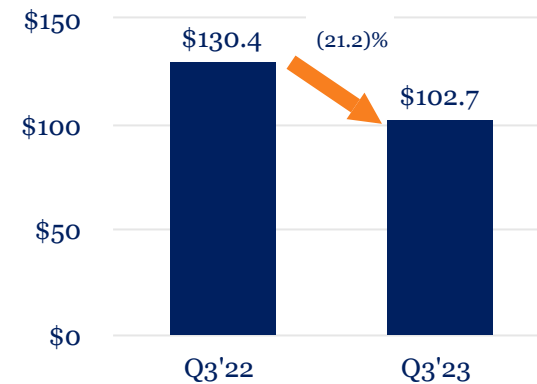


Average Number of Investment Sales Professionals



Average Commission Per Transaction

(\$ in thousands)

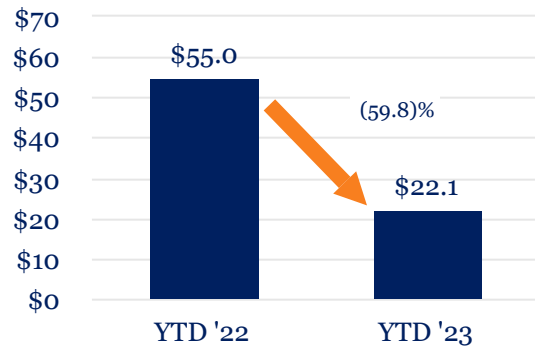


BROKERAGE OPERATING METRICS

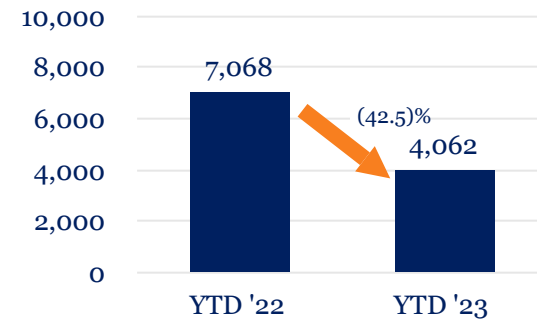
YEAR-TO-DATE 2022 vs 2023

Total Sales Volume

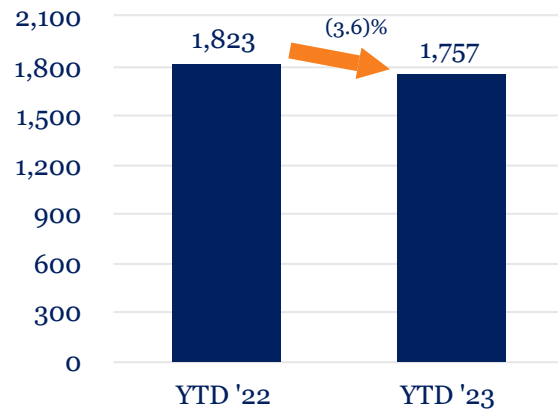
(\$ in billions)



Total Number of Transactions

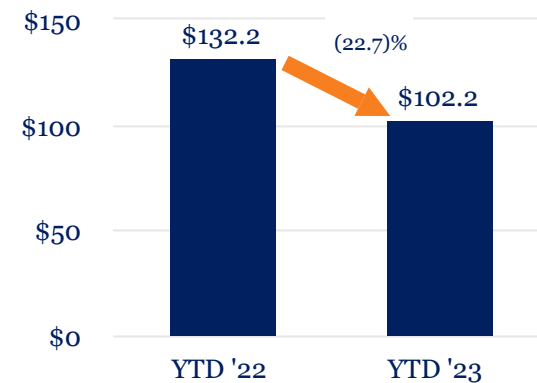


Average Number of Investment Sales Professionals



Average Commission Per Transaction

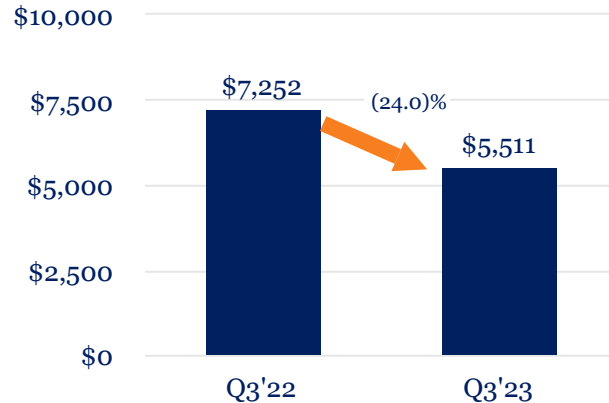
(\$ in thousands)



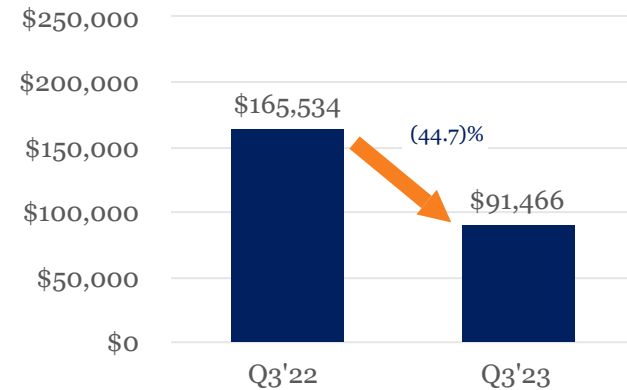
BROKERAGE REVENUE BY MARKET SEGMENT

Q3 2022 vs Q3 2023

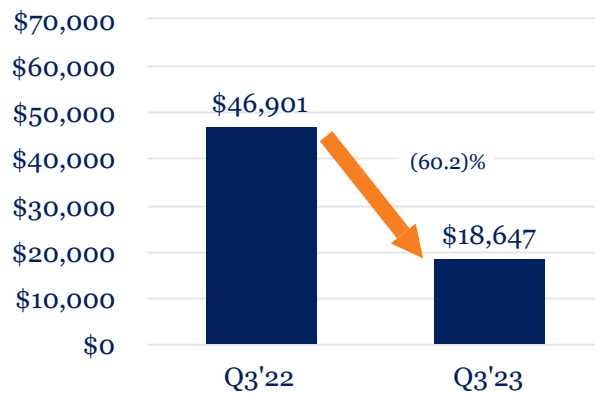
<\$1 million
(\$ in thousands)



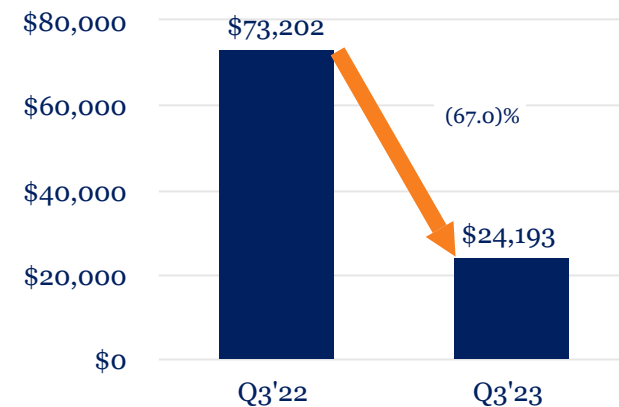
Private Client Market (\$1 - <\$10 million)
(\$ in thousands)



Middle Market (\$10 - <\$20 million)
(\$ in thousands)



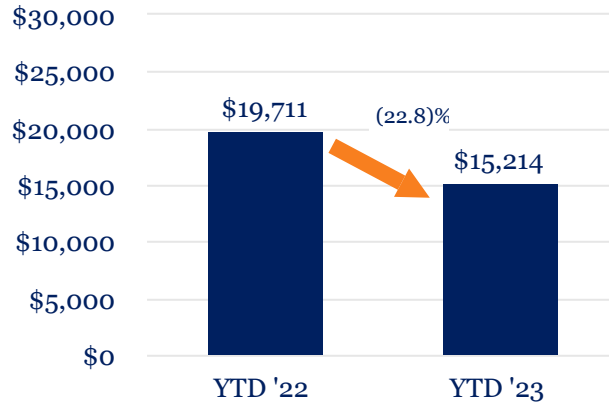
Larger Transaction Market (≥ \$20 million)
(\$ in thousands)



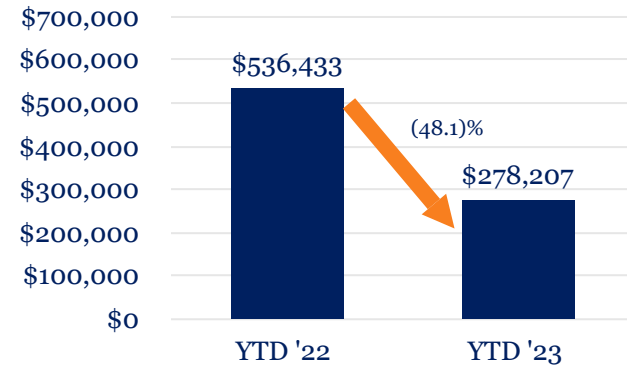
BROKERAGE REVENUE BY MARKET SEGMENT

YEAR-TO-DATE 2022 vs 2023

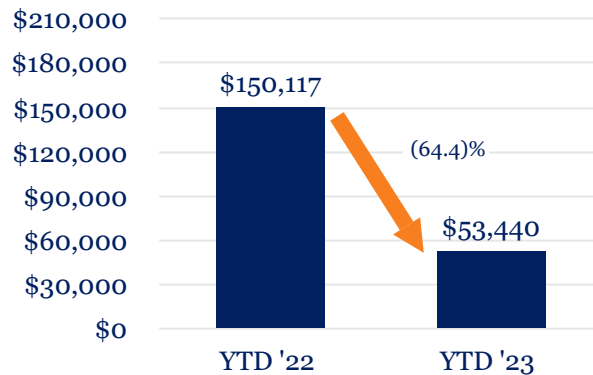
<\$1 million
(\$ in thousands)



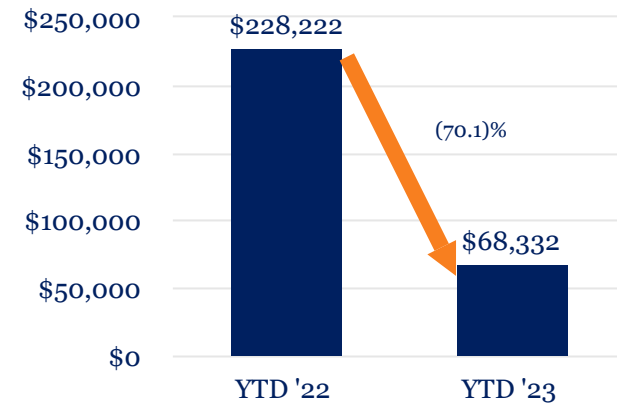
Private Client Market (\$1 - <\$10 million)
(\$ in thousands)



Middle Market (\$10 - <\$20 million)
(\$ in thousands)



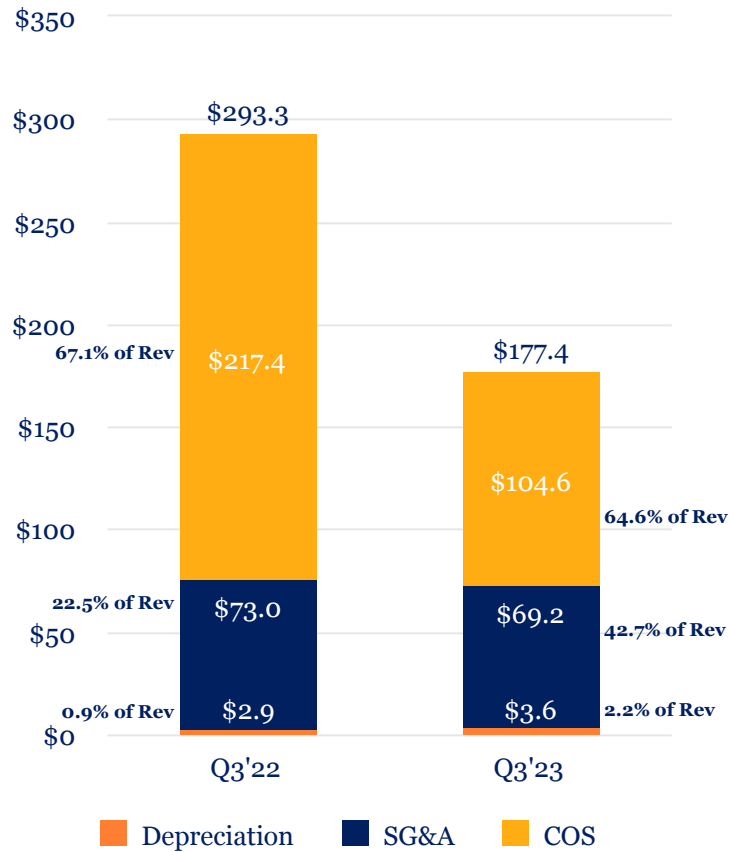
Larger Transaction Market (≥ \$20 million)
(\$ in thousands)



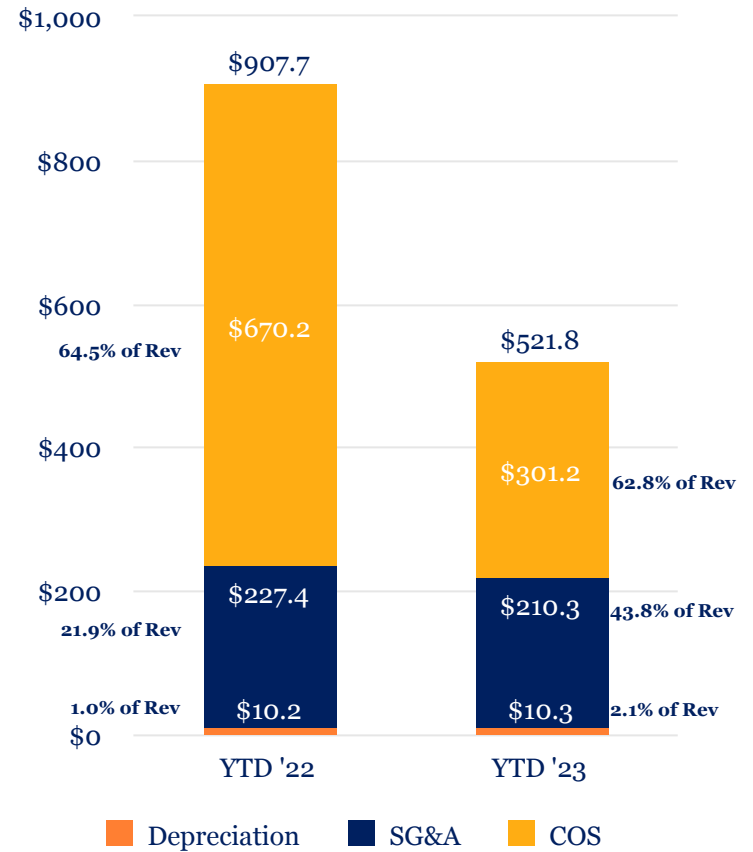
OPERATING EXPENSE

(\$ IN MILLIONS)

Q3'22 vs Q3'23



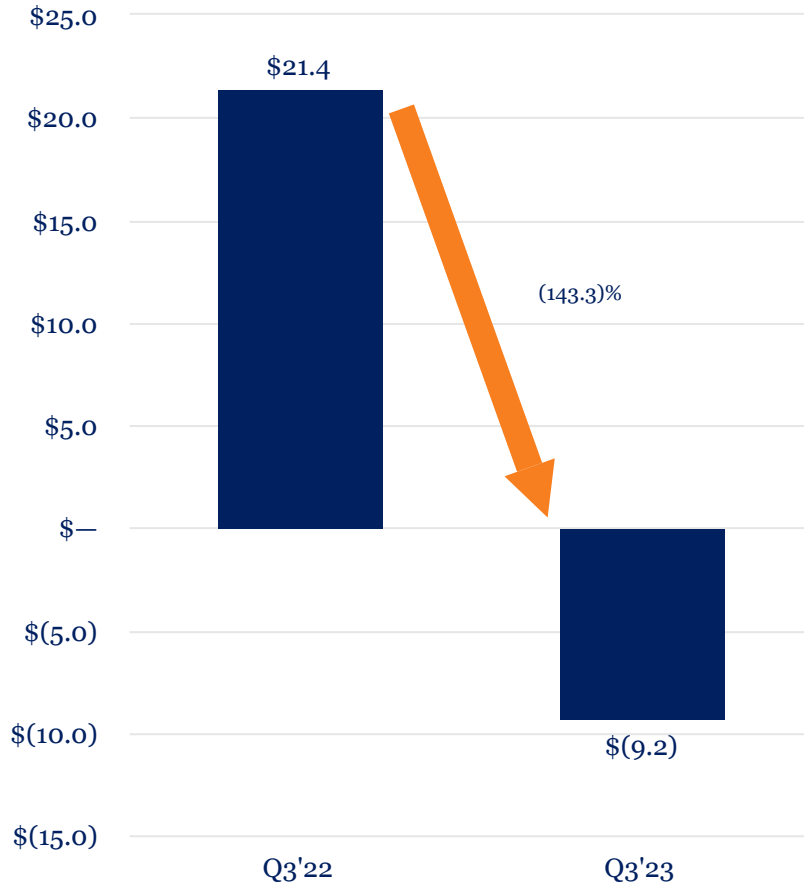
Year-to-Date '22 vs '23



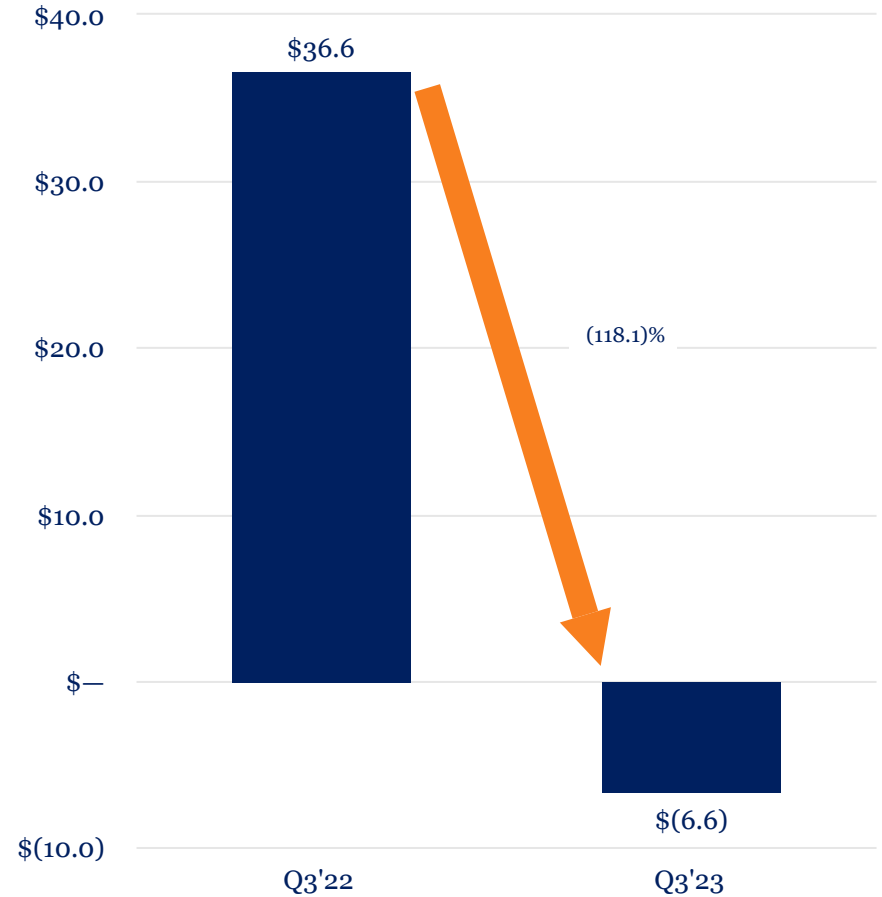
NET INCOME AND ADJUSTED EBITDA PERFORMANCE

Q3 2022 vs Q3 2023

Net Income
(\$ in millions)

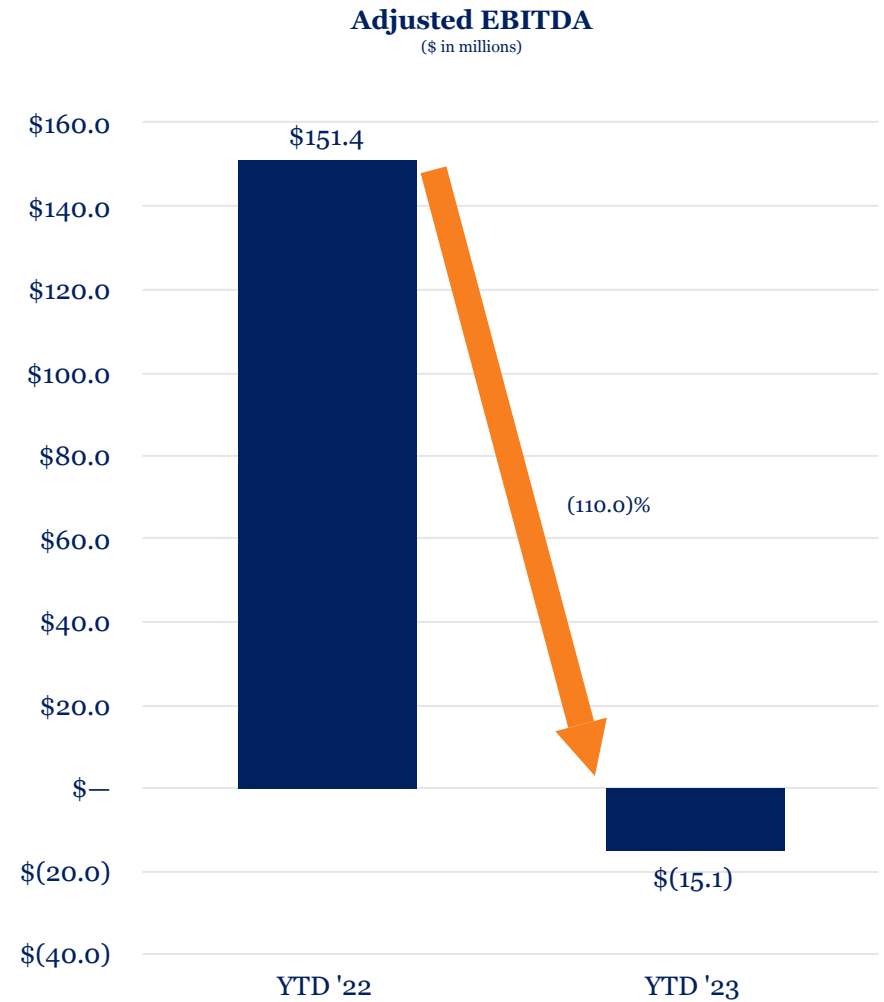
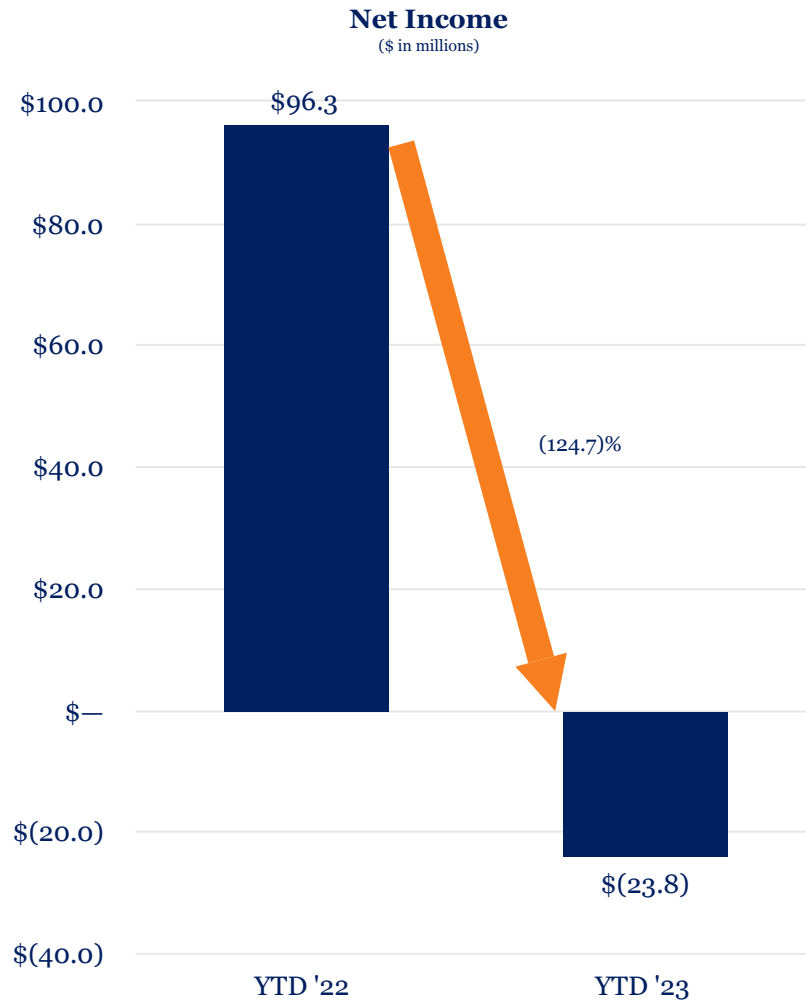


Adjusted EBITDA
(\$ in millions)



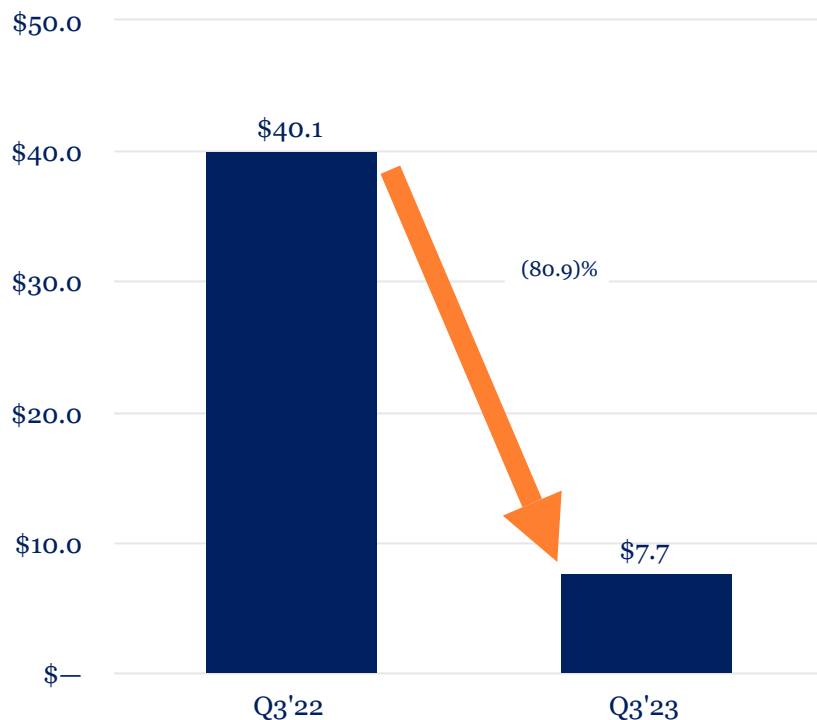
NET INCOME AND ADJUSTED EBITDA PERFORMANCE

YEAR-TO-DATE 2022 vs 2023

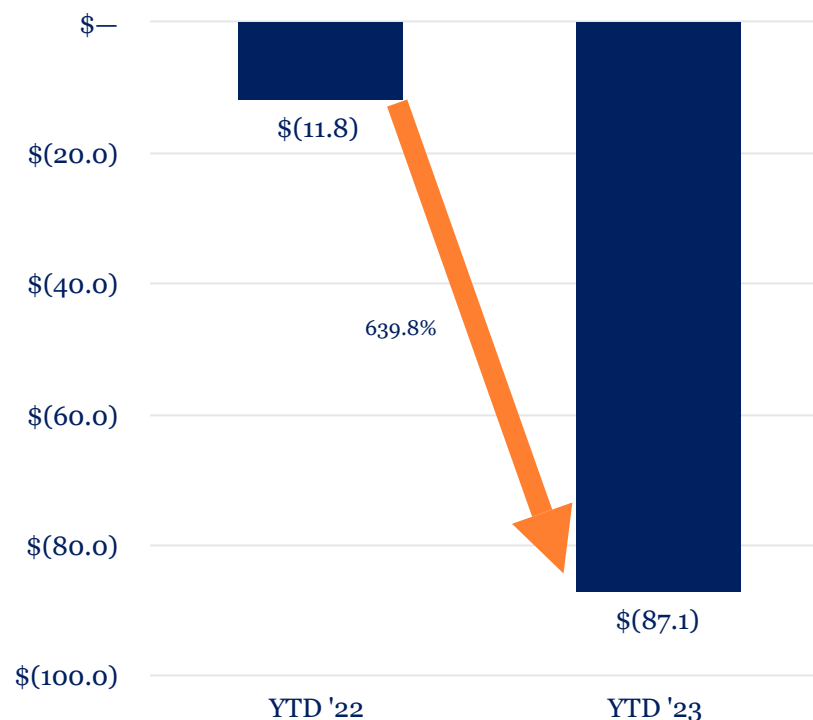


CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES

**QTD Cash Flows Provided By
Operating Activities**
(\$ in millions)

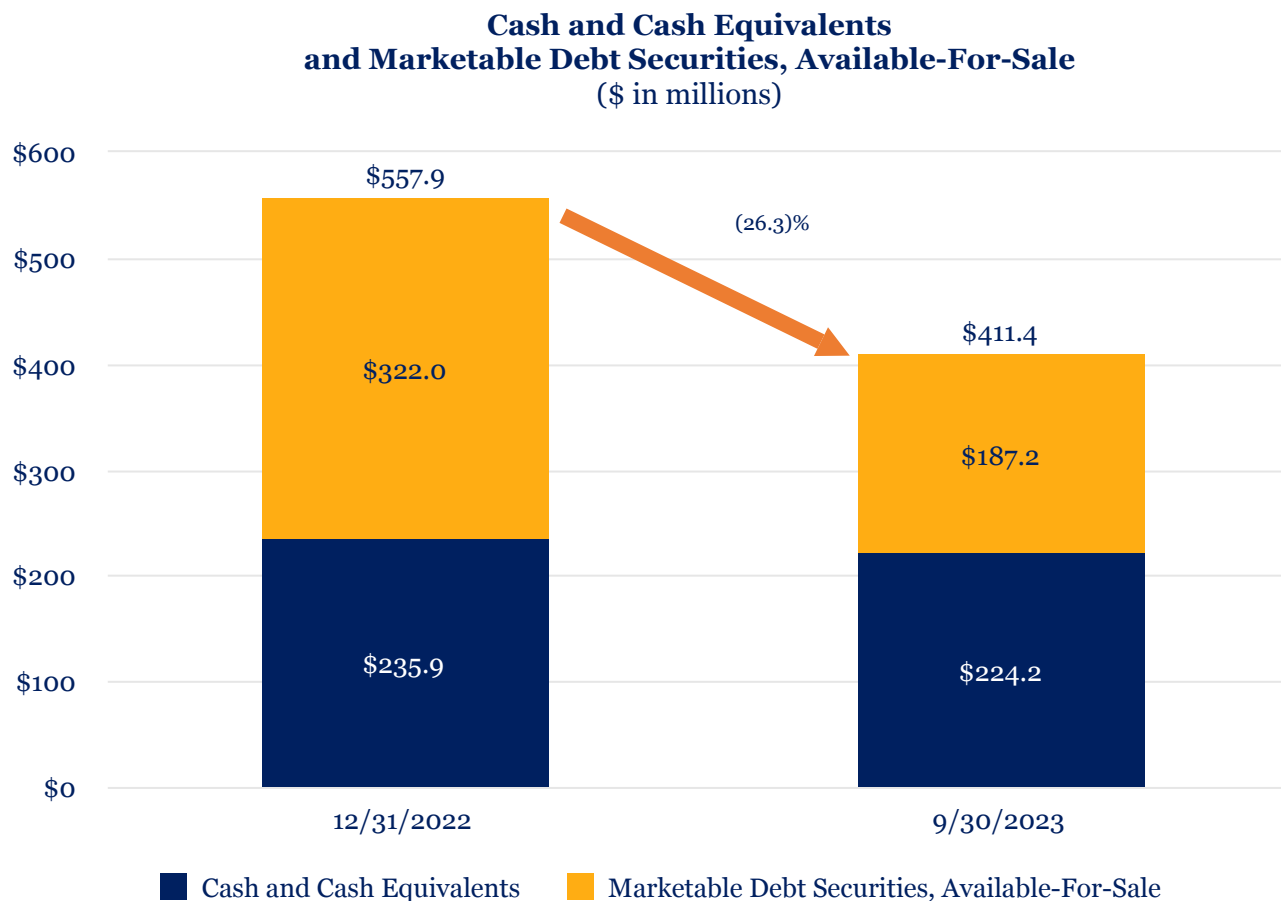


**YTD Cash Flows Used In
Operating Activities ⁽¹⁾**
(\$ in millions)



- (1) Cash flows used in operating activities were \$87.1 million for the nine months ending September 30, 2023 compared to \$11.8 million for the same period in 2022. The \$75.3 million increase in cash flows used in operating activities for the nine months ended September 30, 2023 compared to the same period in 2022 was primarily due to decreased operating income as discussed in prior slides. The cash flows from operating activities are also affected by timing of certain cash receipts and payments.

LIQUIDITY POSITION



Liquidity position as of September 30, 2023 was \$411.4 million, after return of capital to shareholders of \$45.3 million for the year⁽¹⁾.

(1) Including the payment of \$10.4 million of dividends and \$34.9 million in stock repurchases.

Appendix

ADJUSTED EBITDA RECONCILIATION

Adjusted EBITDA, which the Company defines as net (loss) income before (i) interest income and other, including net realized gains (losses) on marketable debt securities, available-for-sale and cash, cash equivalents, and restricted cash; (ii) interest expense; (iii) (benefit) provision for income taxes; (iv) depreciation and amortization; and (v) stock-based compensation. 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 a supplemental metric 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 management metric 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 calculated 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net (loss) income	\$(9,240)	\$21,362	\$(23,802)	\$96,313
Adjustments:				
Interest income and other (1)	(4,721)	(2,365)	(13,201)	(3,959)
Interest expense	241	229	672	547
(Benefit) provision for income taxes	(2,010)	9,939	(4,915)	35,651
Depreciation and amortization	3,637	2,924	10,312	10,167
Stock-based compensation	5,446	4,544	15,808	12,675
Adjusted EBITDA	\$(6,647)	\$36,633	\$(15,126)	\$151,394

(1) Other includes net realized gains (losses) on marketable debt securities available-for-sale.



COMPANY OVERVIEW

NATIONAL PLATFORM FOCUSED ON REAL ESTATE INVESTMENT BROKERAGE

- Over 50 years of experience dedicated to perfecting real estate investment brokerage
- Designed to maximize real estate value, facilitate investment options by geography and property type, and create liquidity for investors

MARKET LEADER IN THE PRIVATE CLIENT MARKET SEGMENT

- Only national brokerage firm predominantly focused on servicing the Private Client Market segment which consistently accounts for 80%+ of CRE transactions in the U.S.
- Private client business has been supplemented with penetration in larger transactions and institutional clients for over a decade

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

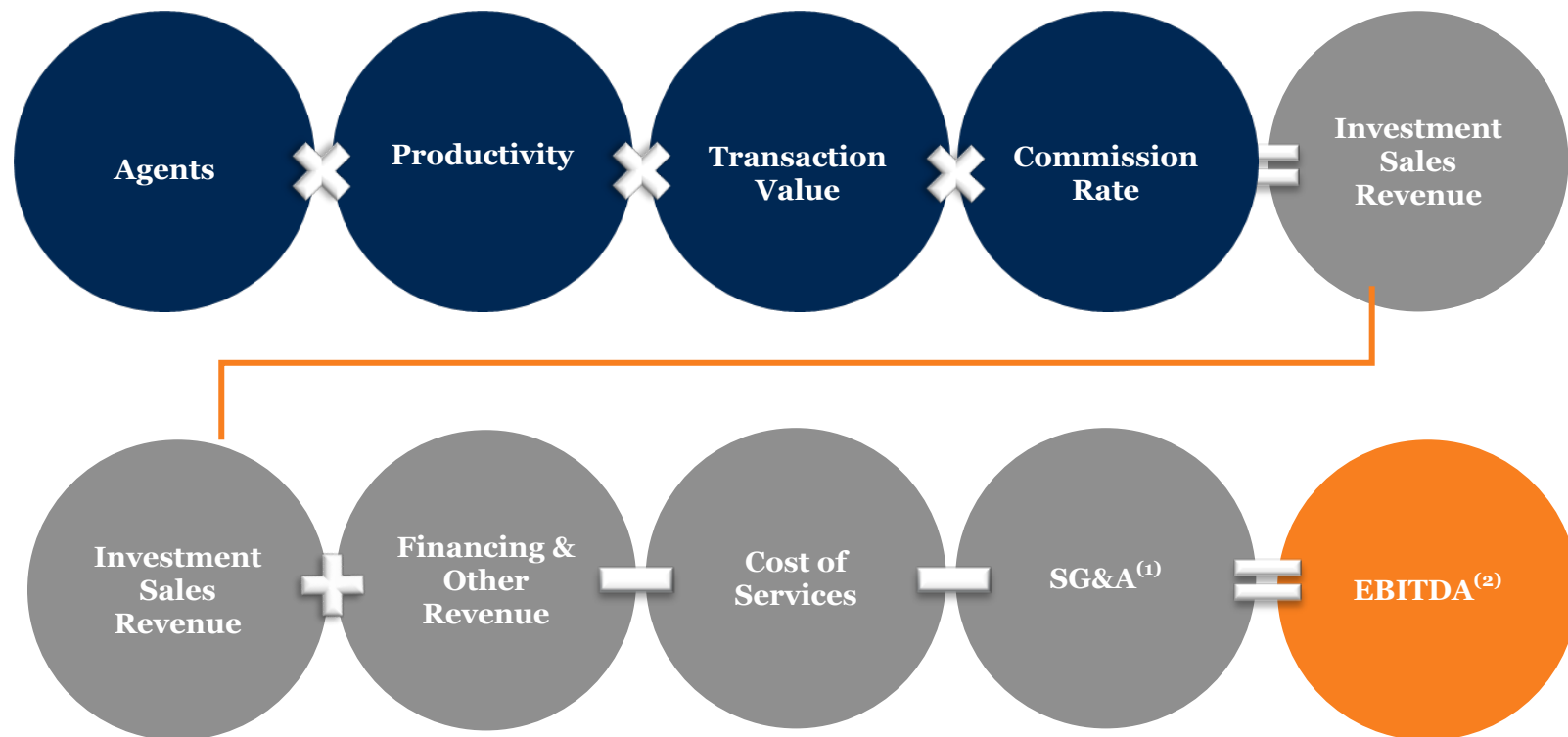
MANAGEMENT WITH SIGNIFICANT INVESTMENT BROKERAGE EXPERIENCE

- Non-competitive management with extensive investment brokerage experience, committed to training, coaching, and supporting investment sales professionals
- Culture 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 the MMCC division
- Strong balance sheet with no debt provides financial flexibility to pursue strategic acquisitions

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

Marcus & Millichap

Third Quarter 2023