UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from__________to__________

Commission File Number: 001-36155

MARCUS & MILLICHAP, INC.
(Exact name of registrant as specified in its Charter)

Delaware	**35-2478370**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
23975 Park Sorrento, Suite 400 **Calabasas, California**	**91302**
(Address of Principal Executive Offices)	**(Zip Code)**

(818) 212-2250
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**MMI**	**New York Stock Exchange**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by checkmark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☐

Number of shares of common stock, par value $0.0001 per share, of the registrant issued and outstanding as of November 5, 2024 was38,823,704 shares.

MARCUS & MILLICHAP, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MARCUS & MILLICHAP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for shares and par value)

	September 30, 2024 (unaudited)	December 31, 2023
Assets		
Current assets:		
Cash, cash equivalents, and restricted cash	$ 172,717	$ 170,753
Commissions receivable	19,195	16,171
Prepaid expenses	7,698	8,813
Income tax receivable	9,743	9,299
Marketable debt securities, available-for-sale (amortized cost of $126,130 and $169,018 at September 30, 2024 and December 31, 2023, respectively, and $0 allowance for credit losses)	126,083	168,881
Advances and loans, net	10,142	3,574
Other assets, current	10,967	16,203
Total current assets	356,545	393,694
Property and equipment, net	26,752	27,450
Operating lease right-of-use assets, net	84,621	90,058
Marketable debt securities, available-for-sale (amortized cost of $50,725 and $69,538 at September 30, 2024 and December 31, 2023, respectively, and $0 allowance for credit losses)	50,208	67,459
Assets held in rabbi trust	12,181	10,838
Deferred tax assets, net	50,127	46,930
Goodwill and other intangible assets, net	46,822	51,183
Advances and loans, net	180,885	175,827
Other assets, non-current	25,573	14,972
Total assets	$ 833,714	$ 878,411
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 12,618	$ 8,126
Deferred compensation and commissions	48,419	55,769
Operating lease liabilities	18,152	18,336
Accrued bonuses and other employee related expenses	16,988	19,119
Other liabilities, current	17,046	3,919
Total current liabilities	113,223	105,269
Deferred compensation and commissions	28,581	47,771
Operating lease liabilities	66,686	69,407
Other liabilities, non-current	7,496	10,690
Total liabilities	215,986	233,137
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, $0.0001 par value:		
Authorized shares – 25,000,000; issued and outstanding shares – none at September 30, 2024 and December 31, 2023, respectively	—	—
Common stock, $0.0001 par value:		
Authorized shares – 150,000,000; issued and outstanding shares – 38,823,704 and 38,412,484 at September 30, 2024 and December 31, 2023, respectively	4	4
Additional paid-in capital	166,999	153,740
Retained earnings	450,590	492,298
Accumulated other comprehensive income (loss)	135	(768)
Total stockholders' equity	617,728	645,274
Total liabilities and stockholders' equity	$ 833,714	$ 878,411

See accompanying notes to condensed consolidated financial statements.

MARCUS & MILLICHAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue:				
Real estate brokerage commissions	$ 141,970	$ 139,817	$ 386,868	$ 415,193
Financing fees	20,582	17,257	53,303	51,021
Other revenue	5,959	4,952	15,811	13,470
Total revenue	168,511	162,026	455,982	479,684
Operating expenses:				
Cost of services	104,754	104,628	279,703	301,218
Selling, general and administrative	70,672	69,192	204,591	210,321
Depreciation and amortization	4,550	3,637	11,301	10,312
Total operating expenses	179,976	177,457	495,595	521,851
Operating loss	(11,465)	(15,431)	(39,613)	(42,167)
Other income, net	5,321	4,422	15,701	14,122
Interest expense	(208)	(241)	(611)	(672)
Loss before benefit for income taxes	(6,352)	(11,250)	(24,523)	(28,717)
Benefit for income taxes	(967)	(2,010)	(3,613)	(4,915)
Net loss	$ (5,385)	$ (9,240)	$ (20,910)	$ (23,802)
Net loss per share:				
Basic	$ (0.14)	$ (0.24)	$ (0.54)	$ (0.61)
Diluted	$ (0.14)	$ (0.24)	$ (0.54)	$ (0.61)
Weighted average common shares outstanding:				
Basic	38,762	38,492	38,629	38,740
Diluted	38,762	38,492	38,629	38,740

See accompanying notes to condensed consolidated financial statements.

MARCUS & MILLICHAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(Unaudited)

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net loss	$ (5,385)	$ (9,240)	$ (20,910)	$ (23,802)
Other comprehensive income (loss):				
Marketable debt securities, available-for-sale:				
Change in net unrealized gains and losses	1,303	89	1,241	690
Reclassification adjustment for net gains and losses included in other income, net	—	—	—	16
Net change, net of tax of $434 and $418 for the three and nine months ended September 30, 2024, and $30 and $228 for the three and nine months ended 2023, respectively	1,303	89	1,241	706
Foreign currency translation gain (loss), net of tax of $0 for each of the three and nine months ended September 30, 2024 and 2023, respectively	193	(405)	(338)	(5)
Total other comprehensive income (loss)	1,496	(316)	903	701
Comprehensive loss	$ (3,889)	$ (9,556)	$ (20,007)	$ (23,101)

See accompanying notes to condensed consolidated financial statements.

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MARCUS & MILLICHAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for shares)
(Unaudited)

	Three Months Ended September 30, 2024							
	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount	Shares	Amount				
Balance at June 30, 2024	—	$ —	38,729,323	$ 4	$ 161,895	$ 466,132	$ (1,361)	$ 626,670
Net and comprehensive (loss) income	—	—	—	—	—	(5,385)	1,496	(3,889)
Dividends	—	—	—	—	—	(10,157)	—	(10,157)
Stock-based award activity								
Stock-based compensation	—	—	—	—	6,071	—	—	6,071
Shares issued pursuant to employee stock purchase plan	—	—	—	—	—	—	—	—
Issuance of common stock for vesting of restricted stock units	—	—	120,202	—	—	—	—	—
Shares withheld related to net share settlement of stock-based awards	—	—	(25,821)	—	(967)	—	—	(967)
Issuance of common stock for stock settled deferred consideration	—	—	—	—	—	—	—	—
Balance as of September 30, 2024	—	$ —	38,823,704	$ 4	$ 166,999	$ 450,590	$ 135	$ 617,728

	Three Months Ended September 30, 2023							
	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount				
Balance at June 30, 2023	—	$ —	38,460,595	$ 4	$ 140,142	$ 526,373	$ (2,600)	$ 663,919
Net and comprehensive loss	—	—	—	—	—	(9,240)	(316)	(9,556)
Dividends	—	—	—	—	—	(10,088)	—	(10,088)
Stock-based award activity								
Stock-based compensation	—	—	—	—	5,446	—	—	5,446
Issuance of common stock for vesting of restricted stock units	—	—	95,672	—	—	—	—	—
Shares withheld related to net share settlement of stock-based awards	—	—	(10,208)	—	(368)	—	—	(368)
Balance as of September 30, 2023	—	$ —	38,546,059	$ 4	$ 145,220	$ 507,045	$ (2,916)	$ 649,353

See accompanying notes to condensed consolidated financial statements.

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MARCUS & MILLICHAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for shares)
(Unaudited)

	Nine Months Ended September 30, 2024							
	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2023	—	$ —	38,412,484	$ 4	$ 153,740	$ 492,298	$ (768)	$ 645,274
Net and comprehensive (loss) income	—	—	—	—	—	(20,910)	903	(20,007)
Dividends	—	—	—		—	(20,244)	—	(20,244)
Stock-based award activity								
Stock-based compensation	—	—	—	—	17,755	—	—	17,755
Shares issued pursuant to employee stock purchase plan	—	—	16,348	—	424	—	—	424
Issuance of common stock for vesting of restricted stock units	—	—	535,569	—	—	—	—	—
Issuance of common stock for unvested restricted stock awards	—	—	16,121	—	—	—	—	—
Shares withheld related to net share settlement of stock-based awards	—	—	(165,863)	—	(5,753)	—	—	(5,753)
Issuance of common stock for stock settled deferred consideration	—	—	25,945	—	833	—	—	833
Repurchases of common stock	—	—	(16,900)	—	—	(554)	—	(554)
Balance as of September 30, 2024	—	$ —	38,823,704	$ 4	$ 166,999	$ 450,590	$ 135	$ 617,728

	Nine Months Ended September 30, 2023							
	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2022	—	$ —	39,255,838	$ 4	$ 131,541	$ 585,581	$ (3,617)	$ 713,509
Net and comprehensive (loss) income	—	—	—	—	—	(23,802)	701	(23,101)
Dividends	—	—	—	—	—	(20,372)	—	(20,372)
Stock-based award activity								
Stock-based compensation	—	—	—	—	15,808	—	—	15,808
Shares issued pursuant to employee stock purchase plan	—	—	15,297	—	392	—	—	392
Issuance of common stock for vesting of restricted stock units	—	—	433,468	—	—	—	—	—
Issuance of common stock for unvested restricted stock awards	—	—	17,339	—	—	—	—	—
Shares withheld related to net share settlement of stock-based awards	—	—	(135,527)	—	(4,354)	—	—	(4,354)
Issuance of common stock for stock settled deferred consideration	—	—	58,205	—	1,833	—	—	1,833
Repurchases of common stock	—	—	(1,098,561)	—	—	(34,362)	—	(34,362)
Balance as of September 30, 2023	—	$ —	38,546,059	$ 4	$ 145,220	$ 507,045	$ (2,916)	$ 649,353

See accompanying notes to condensed consolidated financial statements.

MARCUS & MILLICHAP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities		
Net loss	$ (20,910)	$ (23,802)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	11,301	10,312
Non-cash lease expense	16,855	18,824
Credit loss expense	379	660
Stock-based compensation	17,755	15,808
Deferred taxes, net	(3,613)	(4,915)
Unrealized foreign exchange losses	3	13
Net realized losses on marketable debt securities, available-for-sale	—	23
Other non-cash items	(9)	(546)
Changes in operating assets and liabilities:		
Commissions receivable	(3,210)	(6,335)
Prepaid expenses	1,115	2,955
Advances and loans	(12,102)	(9,339)
Other assets	(5,444)	(5,371)
Accounts payable and accrued expenses	4,449	(1,872)
Income tax receivable	(445)	(722)
Accrued bonuses and other employee related expenses	(2,104)	(22,970)
Deferred compensation and commissions	(25,777)	(47,135)
Operating lease liabilities	(14,220)	(13,445)
Other liabilities	1,036	743
Net cash used in operating activities	(34,941)	(87,114)
Cash flows from investing activities		
Purchases of marketable debt securities, available-for-sale	(108,203)	(175,985)
Proceeds from sales and maturities of marketable debt securities, available-for-sale	169,849	312,493
Issuances of employee notes receivable	—	(120)
Payments received on employee notes receivable	5	34
Purchase of property and equipment	(6,344)	(7,689)
Net cash provided by investing activities	55,307	128,733
Cash flows from financing activities		
Taxes paid related to net share settlement of stock-based awards	(5,753)	(4,354)
Proceeds from issuance of shares pursuant to employee stock purchase plan	424	392
Dividends paid	(10,487)	(10,439)
Principal payments on stock appreciation rights liability	(1,976)	(1,945)
Principal payments on deferred and contingent consideration	—	(2,044)
Cash paid for stock repurchases	(554)	(34,928)
Net cash used in financing activities	(18,346)	(53,318)
Effect of currency exchange rate changes on cash, cash equivalents, and restricted cash	(56)	—
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,964	(11,699)
Cash, cash equivalents, and restricted cash at beginning of period	170,753	235,873
Cash, cash equivalents, and restricted cash at end of period	$ 172,717	$ 224,174
Supplemental cash flow disclosures:		
Interest paid during the period	$ 569	$ 423
Income taxes paid, net	$ 444	$ 722
Supplemental disclosures of non-cash investing and financing activities:		
Reduction of accrued bonuses and other employee related expenses in settlement of employee notes receivable	$ 25	$ 16
Unpaid purchases of property and equipment	$ 313	$ 259
Right-of-use assets obtained in exchange for operating lease liabilities	$ 11,374	$ 27,669
Issuance of stock for the settlement of deferred consideration	$ 833	$ 1,833
Dividend payable	$ 10,586	$ 10,555

See accompanying notes to condensed consolidated financial statements.

MARCUS & MILLICHAP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business, Basis of Presentation and Recent Accounting Pronouncements

Description of Business

Marcus & Millichap, Inc. (the "Company," "Marcus & Millichap," or "MMI"), a Delaware corporation, is a real estate services firm specializing in commercial real estate investment sales, financing services, research and advisory services. As of September 30, 2024, MMI operates over 80 offices in the United States and Canada through its wholly-owned subsidiaries, including the operations of Marcus & Millichap Capital Corporation.

Reorganization and Initial Public Offering

MMI was formed in June 2013 in preparation for Marcus & Millichap Company ("MMC") to spin-off its majority-owned subsidiary, Marcus & Millichap Real Estate Investment Services, Inc. ("MMREIS"). Prior to the initial public offering ("IPO") of MMI, all of the preferred and common stockholders of MMREIS (including MMC and employees of MMREIS) contributed all of their outstanding shares to MMI, in exchange for new MMI common stock. As a result, MMREIS became a wholly-owned subsidiary of MMI. Thereafter, MMC distributed 80.0% of the shares of MMI common stock to MMC's shareholders and exchanged the remaining portion of its shares of MMI common stock for cancellation of indebtedness of MMC. MMI completed its IPO on November 5, 2013.

Basis of Presentation

The financial information presented in the accompanying unaudited condensed consolidated financial statements, has been prepared in accordance with rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for Quarterly Reports on Form 10-Q and Article 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements and notes include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the condensed consolidated financial position, results of operations and cash flows for the periods presented. These unaudited condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and notes thereto, including the Company's accounting policies for the year ended December 31, 2023 included in the Company's Annual Report on Form 10-K filed on February 27, 2024 with the SEC. The results of the three and nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024, for other interim periods or for future years.

Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the related disclosures at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash, cash equivalents, and restricted cash, investments in marketable debt securities, available-for-sale, investments in strategic alliance partners (included under other assets, current and non-current), security deposits (included under other assets, non-current), and commissions receivable, net. Cash, cash equivalents, and restricted cash are placed with high-credit quality financial institutions and invested in high-credit quality money market funds and commercial paper. Concentrations and ratings of investments in marketable debt securities, available-for-sale are limited by the approved investment policy.

To reduce its credit risk, the Company monitors the credit standing of the financial institutions and money market funds that represent amounts recorded as cash, cash equivalents, and restricted cash. The Company historically has not experienced any significant losses related to cash, cash equivalents, and restricted cash.

In September 2021, the Company entered into a Strategic Alliance ("Strategic Alliance") with M&T Realty Capital Corporation ("MTRCC") pursuant to which the Company has agreed to provide loan opportunities that may be funded through MTRCC's Delegated Underwriting and Servicing Agreement ("DUS Agreement") with the Federal National Mortgage Association ("Fannie Mae") that requires MTRCC to guarantee a portion of each loan funded. On a loan-by-loan basis, the Company, at its option, can indemnify a portion of MTRCC's guarantee obligation of loan opportunities presented to and closed by MTRCC through the DUS Agreement. The Company manages and limits the concentration of risk related to the guarantees assumed by monitoring the underlying property type, geographic location, credit of the borrowers, underlying debt service coverage, and loan to value ratios.

The Company derives its revenue from a broad range of real estate investors, owners, and users in the United States and Canada, none of which individually represents a significant concentration of credit risk. The Company maintains allowances, as needed, for estimated credit losses based on management's assessment of the likelihood of collection. For the three and nine months ended September 30, 2024 and 2023, no transaction represented 10% or more of total revenue. Further, while one or more transactions may represent 10% or more of commissions receivable at any reporting date, amounts due for brokerage and financing transactions are typically collected within 10 days of settlement and, therefore, do not expose the Company to significant credit risk.

During the three and nine months ended September 30, 2024, the Company's Canadian operations represented3.8% and 4.9% of total revenue, respectively. During the three and nine months ended September 30, 2023, the Company's Canadian operations represented 5.4% and 4.0% of total revenue, respectively.

During the three and nine months ended September 30, 2024 and 2023, no office represented 10% or more of total revenue.

Revenue Recognition

The Company generates real estate brokerage commissions by acting as a broker for real estate owners or investors seeking to buy or sell interests in commercial properties and generates financing fees from securing financing on purchase transactions, from refinancing its clients' existing mortgage debt and other ancillary fees associated with financing activities, including, but not limited to, debt and equity advisory services, loan sales, due diligence services, loan guarantee fees, loan performance fees and other consulting services.

Real Estate Brokerage Commissions

Contracts for representing buyers and sellers of real estate are usually negotiated on a transaction-by-transaction basis. The consideration associated with the successful outcome remains constrained until the completion of a transaction which happens at the close of escrow. At that time, the Company's performance is complete.

Financing Fees

Contracts for representing potential borrowers are usually negotiated on a transaction-by-transaction basis. The consideration associated with the successful outcome remains constrained until the completion of a transaction which occurs at the time the loan closes. At that time, the Company recognizes revenue related to the transaction. The Company's fee arrangements, with an exception for guarantee obligations, do not include terms or conditions that require the Company to perform any service or fulfill any obligation once the loan closes.

Loan Performance Fees - For loans originated through the Strategic Alliance with MTRCC, the Company receives variable consideration in the form of loan performance fees based on a portion of the servicing fees expected to be received under the servicing contract for servicing the loan. As the Company is not obligated to perform any servicing functions and has no further obligations related to the transaction giving rise to the loan performance fees, the estimated value of the loan performance fees to be received is recorded at the time the loan closes and are collected over the estimated term of the related loan. Any changes in the estimate of loan performance fees to be received are recorded in revenue in the period the estimate changes.

Guarantee Obligations - For certain loans originated through the Strategic Alliance with MTRCC, the Company may agree, at its option, to indemnify MTRCC for a portion of MTRCC's obligations for loans sold to Fannie Mae. For these loans, the Company allocates a portion of the transaction price and records a loan guarantee obligation based on its fair value. Revenue for this stand-ready obligation is recorded on a straight-line basis over the term of the estimated guarantee period and is recorded in financing fees in the condensed consolidated statements of operations. The guarantee obligation is capped at 16.7% of any unpaid principal balance in excess of the value of the collateral securing such loan. For these loans, the Company is required to pledge cash in a restricted bank account in support of the guarantee obligation. The Company records an allowance for estimated losses related to the loans subject to the guarantee considering the risk characteristics of the loan, the loan's risk rating, historical loss experience, potential adverse situations affecting individual loans and other forecasted information as appropriate.

Other Revenue

Other revenue includes fees generated from leasing, consulting and advisory services, as well as referral fees from other real estate brokers, and such fees are recognized when services are provided, or upon closing of the transaction or when the Company has no further performance obligations.

Recent Accounting Pronouncements

Pending Adoption

In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative ("ASU 2023-06"). ASU 2023-06 was issued in response to the SEC's final amendments in Release No. 33-10532, Disclosure Update and Simplification that updated and simplified disclosure requirements that the SEC believed were duplicative, overlapping, or outdated, and to align the requirements in the FASB Accounting Standards Codification ("Codification") with the SEC's disclosure requirements. The effective date for each amendment in ASU 2023-06 will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. If the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K by June 30, 2027, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. The Company does not expect the adoption of ASU 2023-06 to have a material impact on its consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, to require the disclosure of segment expenses if they are (i) significant to the segment, (ii) regularly provided to the chief operating decision maker (the "CODM"), and (iii) included in each reported measure of a segment's profit or loss. Public entities will be required to provide this disclosure quarterly. In addition, this ASU requires an annual disclosure of the CODM's title and a description of how the CODM uses the segment's profit/loss measure to assess segment performance and to allocate resources. Compliance with these and certain other disclosure requirements will be required for the Company's Annual Report on Form 10-K for the year 2024, and for subsequent quarterly and annual reports. The Company is evaluating the impact this ASU will have on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), to require disaggregated information about a reporting entity's effective tax rate reconciliation, as well as information on income taxes paid. The new requirements should be applied on a prospective basis with an option to apply them retrospectively. ASU 2023-09 will be effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the impact this ASU will have on its consolidated financial statements and related disclosures.

In March 2024, the FASB issued ASU 2024-02, Codification Improvements - Amendments to Remove References to the Concepts Statements ("ASU 2024-02"), which removes references to various FASB Concepts Statements in the guidance to simplify the Codification and draw a distinction between authoritative and nonauthoritative literature. ASU

2024-02 is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2024, with early adoption permitted. The Company does not expect the adoption of ASU 2024-02 to have a material impact on its consolidated financial statements and related disclosures.

2. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Computer software and hardware equipment	$ 55,538	$ 49,851
Furniture, fixtures and equipment	26,511	26,097
Less: accumulated depreciation and amortization	(55,297)	(48,498)
	$ 26,752	$ 27,450

Depreciation expense for property and equipment was $2.4 million for both the three months ended September 30, 2024 and 2023 and $7.1 million and $6.7 million for the nine months ended September 30, 2024 and 2023, respectively.

3. Investments in Marketable Debt Securities, Available-for-Sale

Amortized cost, allowance for credit losses, gross unrealized gains (losses) in accumulated other comprehensive income (loss) and fair value of marketable debt securities, available-for-sale, by type of security consisted of the following (in thousands):

	September 30, 2024				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments:					
U.S. treasuries	$ 16,894	$ —	$ —	$ (86)	$ 16,808
Corporate debt	109,236	—	123	(84)	109,275
	$ 126,130	$ —	$ 123	$ (170)	$ 126,083
Long-term investments:					
U.S. treasuries	$ 834	$ —	$ —	$ (26)	$ 808
U.S. government sponsored entities	1,016	—	34	(49)	1,001
Corporate debt	36,792	—	405	(784)	36,413
Asset-backed securities (“ABS”) and other	12,083	—	179	(276)	11,986
	$ 50,725	$ —	$ 618	$ (1,135)	$ 50,208

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(Unaudited)

	December 31, 2023				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments:					
U.S. treasuries	$ 91,951	$ —	$ 60	$ (171)	$ 91,840
Corporate debt	77,067	—	14	(40)	77,041
	$ 169,018	$ —	$ 74	$ (211)	$ 168,881
Long-term investments:					
U.S. treasuries	$ 10,097	$ —	$ —	$ (245)	$ 9,852
U.S. government sponsored entities	1,069	—	29	(58)	1,040
Corporate debt	45,990	—	244	(1,669)	44,565
ABS and other	12,382	—	72	(452)	12,002
	$ 69,538	$ —	$ 345	$ (2,424)	$ 67,459

The Company's investments in marketable debt securities, available-for-sale, that have been in a continuous unrealized loss position, for which an allowance for credit losses has not been recorded, by type of security consisted of the following (in thousands):

	September 30, 2024					
	Less than 12 months		12 months or greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value[(1)]	Gross Unrealized Losses
U.S. treasuries	$ —	$ —	$ 17,536	$ (112)	$ 17,536	$ (112)
U.S. government sponsored entities	—	—	466	(49)	466	(49)
Corporate debt	744	(1)	26,670	(867)	27,414	(868)
ABS and other	798	(2)	4,618	(274)	5,416	(276)
	$ 1,542	$ (3)	$ 49,290	$ (1,302)	$ 50,832	$ (1,305)

	December 31, 2023					
	Less than 12 months		12 months or greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value[(1)]	Gross Unrealized Losses
U.S. treasuries	$ 9,982	$ (1)	$ 20,610	$ (415)	$ 30,592	$ (416)
U.S. government sponsored entities	—	—	488	(58)	488	(58)
Corporate debt	45,251	(59)	30,423	(1,650)	75,674	(1,709)
ABS and other	1,701	(15)	5,988	(437)	7,689	(452)
	$ 56,934	$ (75)	$ 57,509	$ (2,560)	$ 114,443	$ (2,635)

(1) The fair value excludes accrued interest receivable.

Gross realized gains and losses from the sales of the Company's marketable debt securities, available-for-sale, consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Gross realized gains [(1)]	$ —	$ —	$ —	$ —
Gross realized losses [(1)]	$ —	$ —	$ —	$ (23)

[(1)] Recorded in other income, net in the condensed consolidated statements of operations. The cost basis of securities sold were determined based on the specific identification method.

The Company invests its excess cash in a diversified portfolio of fixed and variable rate debt securities to meet current and future cash flow needs. All investments are made in accordance with the Company's approved investment policy. As of September 30, 2024, the portfolio had a weighted average credit rating of A+ and a weighted term to contractual maturity of 2.2 years. As of September 30, 2024, the Company had 138 securities in the portfolio representing an unrealized aggregate loss of $1.3 million, or 1% of amortized cost, and a weighted average credit rating of A+.

As of September 30, 2024, the Company performed an impairment analysis and determined an allowance for credit losses was not required. The Company determined that it did not have an intent to sell and it was not more likely than not that the Company would be required to sell any security based on its current liquidity position, or to maintain compliance with its investment policy, specifically as it relates to minimum credit ratings. The Company evaluated the securities with an unrealized loss considering severity of loss, credit ratings, specific credit events during the period since acquisition, overall likelihood of default, market sector, potential impact from the current economic environment, including interest rates, geopolitical unrest and a review of an issuer's and securities' liquidity and financial strength, as needed. The Company concluded that it would receive all scheduled interest and principal payments. The Company, therefore, determined qualitatively that the unrealized loss was related to changes in interest rates and other market factors and therefore no allowance for credit losses was required.

Amortized cost and fair value of marketable debt securities, available-for-sale, by contractual maturity consisted of the following (in thousands, except weighted average data):

	September 30, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 126,130	$ 126,083	$ 169,018	$ 168,881
Due after one year through five years	31,002	30,900	48,241	47,200
Due after five years through ten years	9,852	9,603	12,950	12,279
Due after ten years	9,871	9,705	8,347	7,980
	$ 176,855	$ 176,291	$ 238,556	$ 236,340
Weighted average contractual maturity		2.2 years		1.9 years

Actual maturities may differ from contractual maturities because certain issuers have the right to prepay certain obligations with or without prepayment penalties.

4. Acquisitions, Goodwill and Other Intangible Assets

Goodwill is recorded as part of the Company's acquisitions and primarily arose from the acquired assembled workforce and brokerage and financing sales platforms. The Company expects all of the goodwill to be tax deductible, with the tax-deductible amount of goodwill related to the contingent and deferred consideration to be determined once the cash payments are made to settle any contingent and deferred consideration. The goodwill resulting from acquisitions is allocated to the Company's one reporting unit.

Goodwill and intangible assets, net consisted of the following (in thousands):

	September 30, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Goodwill and intangible assets:						
Goodwill	$ 37,932	$ —	$ 37,932	$ 38,046	$ —	$ 38,046
Intangible assets [(1)]	25,106	(16,216)	8,890	31,022	(17,885)	13,137
	$ 63,038	$ (16,216)	$ 46,822	$ 69,068	$ (17,885)	$ 51,183

(1) Total weighted remaining average amortization period was 3.5 years and 3.8 years as of September 30, 2024 and December 31, 2023, respectively. Intangible assets principally include non-compete agreements and customer relationships.

For the three and nine months ended September 30, 2024, the Company recorded amortization expense for intangible assets of $2.2 million and $4.2 million, respectively, including accelerated amortization of certain intangible assets resulting from changes in estimates. For the three and nine months ended September 30, 2023, the Company recorded amortization expense for intangible assets of $1.3 million and $3.6 million, respectively.

The changes in the carrying amount of goodwill consisted of the following (in thousands):

	Nine Months Ended September 30, 2024
Beginning balance	$ 38,046
Additions from acquisitions	—
Impact of foreign currency translation	(114)
Ending balance	$ 37,932

Estimated amortization expense for intangible assets by year for the next five years and thereafter consisted of the following (in thousands):

	September 30, 2024
Remainder of 2024	$ 763
2025	2,905
2026	2,156
2027	1,856
2028	1,210
Thereafter	—
	$ 8,890

The Company evaluates goodwill for impairment annually in the fourth quarter. In addition to the annual impairment evaluation, the Company evaluates at least quarterly whether events or circumstances have occurred in the period subsequent to the annual impairment testing, which indicate that it is more likely than not an impairment loss has occurred. The Company evaluates its intangible assets that have finite useful lives whenever an event or change in circumstances indicates that the carrying value of the asset may not be recoverable.

As of September 30, 2024, the Company considered the impact of economic conditions and evaluated its goodwill and intangible assets for impairment testing. The Company estimated the recoverability of the intangible assets by comparing the carrying amount of each asset to the future undiscounted cash flows that the Company expects the asset to generate. The sum of the undiscounted expected future cash flows was greater than the carrying amount of the intangible assets. The Company concluded that as of September 30, 2024, there was no impairment of its intangible assets or goodwill.

5. Selected Balance Sheet Data

Allowances on Advances and Loans

Allowance for credit losses for advances and loans as of September 30, 2024 and December 31, 2023 was $1.0 million and $0.7 million, respectively.

Other Assets

Other assets consisted of the following (in thousands):

	Current		Non-Current	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Security deposits	$ —	$ —	$ 1,324	$ 1,491
Employee notes receivable	26	37	6	26
Securities, held-to-maturity[1]	—	9,500	9,500	—
Loan performance fee receivable	2,496	1,725	10,094	7,885
Investments in convertible notes[2]	1,273	—	4,425	5,081
Other[3]	7,172	4,941	224	489
	$ 10,967	$ 16,203	$ 25,573	$ 14,972

(1) In connection with the Strategic Alliance with MTRCC, the Company held a $9.5 million Mandatorily Redeemable Fixed-Rate Cumulative Preferred Stock investment in MTRCC classified as held-to-maturity, which was scheduled to be redeemed on September 1, 2024. In anticipation of the redemptions, the Company purchased, and net settled, $9.5 million of Mandatorily Redeemable Fixed-Rate Cumulative Preferred Stock of MTRCC on August 26, 2024. The new securities are classified as held-to-maturity, are expected to mature on August 26, 2027 and accrue interest based on the one-year treasury rate.

(2) The Company purchased convertible notes with principal balances aggregating $5.0 million during the fourth quarter 2023 in connection with strategic alliances with companies in the real estate sector. The convertible notes accrue interest at rates between 6% and 10%, are convertible into equity for premiums and mature in a weighted average of 0.97 years subject to extension at the option of the holders. The Company has elected to account for its investments in convertible notes under the fair value option; see Note 7 – "Fair Value Measurements" for additional information.

(3) Other primarily includes customer trust accounts and prepaid lease costs.

Deferred Compensation and Commissions

Deferred compensation and commissions consisted of the following (in thousands):

	Current		Non-Current	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Stock appreciation rights ("SARs") liability [(1)]	$ 2,603	$ 2,480	$ 9,348	$ 11,418
Commissions payable to investment sales and financing professionals	43,473	52,689	11,132	28,198
Deferred compensation liability [(1)]	1,988	201	8,101	8,155
Other	355	399	—	—
	$ 48,419	$ 55,769	$ 28,581	$ 47,771

(1) The SARs and deferred compensation liabilities become subject to payout at the time the participant is no longer considered a service provider. As a result of the retirement of certain participants, estimated amounts to be paid to participants within the next twelve months have been classified as current. .

SARs Liability

Prior to the IPO, certain employees of the Company were granted SARs under a stock-based compensation program assumed by MMC. In connection with the IPO, the SARs agreements were revised, the MMC liability of $20.0 million for the SARs was frozen as of March 31, 2013 and was transferred to MMI through a capital distribution. The SARs liability will be settled with each participant in ten annual installments in January of each year upon retirement or termination from service, or in full upon consummation of a change in control of the Company.

Under the revised agreements, MMI is required to accrue interest on the outstanding balance beginning on January 1, 2014, at a rate based on the 10-year treasury note, plus 2%. The rate resets annually. The rates at January 1, 2024 and 2023 were 5.95% and 5.79%, respectively. MMI recorded interest expense related to this liability of $170,000 and $190,000 for the three months ended September 30, 2024 and 2023, respectively, and $510,000 and $570,000 for the nine months ended September 30, 2024 and 2023, respectively.

Estimated payouts within the next twelve months for participants that have separated from service have been classified as current. During the nine months ended September 30, 2024 and 2023, the Company made total payments of $2.5 million and $2.3 million, respectively, consisting of principal and accumulated interest.

Commissions Payable

Certain investment sales and financing professionals can earn additional commissions after meeting certain annual revenue thresholds. These commissions are recognized as cost of services in the period in which they are earned as they relate to specific transactions closed. The Company may defer payment of certain commissions, at its election, for up to three years. Commissions that are not expected to be paid within twelve months are classified as long-term.

Deferred Compensation Liability

A select group of management is eligible to participate in the Marcus & Millichap Deferred Compensation Plan (the "Deferred Compensation Plan"). The Deferred Compensation Plan is a non-qualified deferred compensation plan that is intended to comply with Section 409A of the Internal Revenue Code and permits participants to defer compensation up to the limits set forth in the Deferred Compensation Plan. Amounts are paid out generally when the participant is no longer a service provider; however, an in-service payout election is available to participants. Participants may elect to receive payouts as a lump sum or quarterly over a two to fifteen-year period. The Company elected to fund the Deferred Compensation Plan through Company-owned variable life insurance policies. The Deferred Compensation Plan is managed by a third-party institutional fund manager, and the deferred compensation and investment earnings are held as a Company asset in a rabbi trust, which is recorded in assets held in rabbi trust in the accompanying condensed consolidated balance sheets. The assets in the trust are restricted unless the Company becomes insolvent, in which case the trust assets are subject to the claims of the Company's creditors. The Company may also, in its sole and absolute discretion, elect to withdraw at any time a portion of the trust assets by an amount by which the fair market value of the trust assets exceeds

110% of the aggregate deferred compensation liability represented by the participants' accounts. Estimated payouts within the next twelve months for participants that have separated from service or elected an in-service payout have been classified as current. During the nine months ended September 30, 2024 and 2023, the Company made total payments to participants of $172,000 and $240,000 respectively.

The assets held in the rabbi trust are carried at the cash surrender value of the variable life insurance policies, which represents its fair valueThe net change in the carrying value of the assets held in the rabbi trust and the net change in the carrying value of the deferred compensation liability, each exclusive of additional contributions, distributions and trust expenses, consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Increase (decrease) in the carrying value of the assets held in the rabbi trust[(1)]	$ 549	$ (237)	$ 1,518	$ 693
(Increase) decrease in the net carrying value of the deferred compensation obligation[(2)]	$ (649)	$ 262	$ (1,385)	$ (623)

[(1)] Recorded in other income, net in the condensed consolidated statements of operations.
[(2)] Recorded in selling, general and administrative expense in the condensed consolidated statements of operations.

Other Liabilities

Other liabilities consisted of the following (in thousands):

	Current		Non-Current	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Deferred consideration	$ 407	$ 1,178	$ —	$ 393
Contingent consideration	4,487	819	631	4,663
Dividends payable	10,657	802	1,584	1,680
Loan guarantee obligation	1,060	725	4,150	3,194
Other	435	395	1,131	760
	$ 17,046	$ 3,919	$ 7,496	$ 10,690

6. Related-Party Transactions

Shared and Transition Services

Certain services are provided to the Company under a Transition Services Agreement ("TSA") between MMC and the Company. The TSA is intended to provide certain services until the Company acquires these services separately. In addition, the Company charges MMC for certain shared licensing arrangements. Under the TSA, the Company received net charge-backs during the three months ended September 30, 2024 and 2023 of $18,000 and $24,000, respectively, and during the nine months ended September 30, 2024 and 2023 of $45,000 and $68,000, respectively These amounts are included in selling, general and administrative expense in the accompanying condensed consolidated statements of operations.

Brokerage and Financing Services with the Subsidiaries of MMC

MMC has wholly or majority owned subsidiaries that buy and sell commercial real estate properties. The Company performs certain brokerage and financing services related to transactions of the subsidiaries of MMC. For both the three months ended September 30, 2024 and 2023, the Company did not earn real estate brokerage commissions and financing fees from transactions with subsidiaries of MMC related to these services and did not incur cost of services related to these services. For the nine months ended September 30, 2024 and 2023, the Company earned real estate brokerage commissions and financing fees of $1,020,000 and $441,000, respectively, from transactions with subsidiaries of MMC related to these services. The Company incurred cost of services of $610,000 and $264,000, respectively, related to this revenue.

Operating Lease with MMC

The Company has an operating lease with MMC for a single-story office building located in Palo Alto, California, which expires in May 2032. The related operating lease cost was $291,000 for both the three months ended September 30, 2024 and 2023, and $872,000 and $883,000 for the nine months ended September 30, 2024 and 2023, respectively. Operating lease cost is included in selling, general and administrative expense in the accompanying condensed consolidated statements of operations. The related operating lease right-of-use asset, net and operating lease liability as of September 30, 2024 was $7,175,000 and $7,832,000, respectively and as of December 31, 2023 was $7,800,000 and $8,300,000, respectively.

Amounts due to (from) MMC

As of September 30, 2024 and December 31, 2023, the Company recorded a net receivable of $3,800 and net payable of $10,000 with MMC, respectively. These amounts are included in other assets, current and accounts payable and accrued expenses, respectively, in the accompanying condensed consolidated balance sheets.

Other

The Company makes advances to non-executive employees from time-to-time. At September 30, 2024 and December 31, 2023, the aggregate principal amount for employee notes receivable was $32,000 and $63,000, respectively, which is included in other assets in the accompanying condensed consolidated balance sheets. See Note 5 – "Selected Balance Sheet Data".

As of September 30, 2024, George M. Marcus, the Company's founder and Chairman, beneficially owned approximately 39% of the Company's issued and outstanding common stock, including shares owned by Phoenix Investments Holdings, LLC and the Marcus Family Foundation II.

7. Fair Value Measurements

U.S. GAAP defines the fair value of a financial instrument as the amount that would be received from the sale of an asset in an orderly transaction between market participants at the measurement date. The Company is responsible for the determination of fair value and the supporting methodologies and assumptions. The Company uses various pricing sources and third parties to provide and validate the values utilized.

The degree of judgment used in measuring the fair value of financial instruments is generally inversely correlated with the level of observable valuation inputs. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment.

Assets recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of the three "levels" based on the observability of inputs available in the marketplace used to measure the fair values as discussed below:

- *Level 1*: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- *Level 2*: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; or
- *Level 3*: Unobservable inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model. Management estimates include certain

pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Recurring Fair Value Measurements

The Company values its investments including commercial paper and floating net asset value money market funds recorded in cash, cash equivalents, and restricted cash, investments in marketable debt securities, available-for-sale, assets held in the rabbi trust, deferred compensation liability, contingent and deferred consideration and investments in convertible notes at fair value on a recurring basis.

Fair values for investments included in cash, cash equivalents, and restricted cash and marketable debt securities, available-for-sale were determined for each individual security in the investment portfolio and all securities are Level 1 or 2 measurements as appropriate.

Fair values for assets held in the rabbi trust and related deferred compensation liability were determined based on the cash surrender value of the Company-owned variable life insurance policies and underlying investments in the trust, and are Level 2 and Level 1 measurements, respectively.

Contingent consideration in connection with acquisitions, is carried at fair value and determined on a contract-by-contract basis, calculated using unobservable inputs based on a probability of achieving EBITDA and other performance requirements, and is a Level 3 measurement. Deferred consideration in connection with acquisitions is carried at fair value and calculated using a discounted cash flow estimate with the only remaining condition on such payments being the passage of time, and is a Level 2 measurement.

We have elected to account for our investments in convertible notes, included in other assets, under the fair value option, with changes in fair value recognized in other income, net in the condensed consolidated statements of operations. We estimate the fair value of each convertible note at each balance sheet date using a scenario-based framework that incorporates various scenarios weighted based on the expected likelihood of occurrence. Within each scenario, a discounted cash flow approach was utilized, taking the expected settlement for the event, and discounting it based on the expected timing and a discount rate. Each of the assumptions in the model were considered significant assumptions. We noted that a change in the expected probability, expected payoff, timing, or discount rate, would result in a change to the fair value ascribed to the convertible notes. As these are significant inputs not observable in the market, the valuation is classified as a Level 3 measurement.

Assets and liabilities carried at fair value on a recurring basis consisted of the following (in thousands):

	September 30, 2024				December 31, 2023			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Assets:								
Assets held in rabbi trust	$ 12,181	$ —	$ 12,181	$ —	$ 10,838	$ —	$ 10,838	$ —
Convertible notes	$ 5,698	$ —	$ —	$ 5,698	$ 5,081	$ —	$ —	$ 5,081
Cash equivalents [(1)]:								
Commercial paper	$ 68,459	$ —	$ 68,459	$ —	$ 27,998	$ —	$ 27,998	$ —
Money market funds	32,061	32,061	—	—	68,364	68,364	—	—
	$ 100,520	$ 32,061	$ 68,459	$ —	$ 96,362	$ 68,364	$ 27,998	$ —
Marketable debt securities, available-for-sale:								
Short-term investments:								
U.S. treasuries	$ 16,808	$ 16,808	$ —	$ —	$ 91,840	$ 91,840	$ —	$ —
Corporate debt	109,275	—	109,275	—	77,041	—	77,041	—
	$ 126,083	$ 16,808	$ 109,275	$ —	$ 168,881	$ 91,840	$ 77,041	$ —
Long-term investments:								
U.S. treasuries	$ 808	$ 808	$ —	$ —	$ 9,852	$ 9,852	$ —	$ —
U.S. government sponsored entities	1,001	—	1,001	—	1,040	—	1,040	—
Corporate debt	36,413	—	36,413	—	44,565	—	44,565	—
ABS and other	11,986	—	11,986	—	12,002	—	12,002	—
	$ 50,208	$ 808	$ 49,400	$ —	$ 67,459	$ 9,852	$ 57,607	$ —
Liabilities:								
Contingent consideration	$ 5,118	$ —	$ —	$ 5,118	$ 5,482	$ —	$ —	$ 5,482
Deferred consideration	$ 407	$ —	$ 407	$ —	$ 1,571	$ —	$ 1,571	$ —
Deferred compensation liability	$ 10,089	$ 10,089	$ —	$ —	$ 8,356	$ 8,356	$ —	$ —

(1) Included in cash, cash equivalents, and restricted cash on the accompanying condensed consolidated balance sheets.

There were no transfers in or out of Level 3 during the nine months ended September 30, 2024 and 2023.

During the nine months ended September 30, 2024, the Company considered current and future interest rates and the probability of achieving EBITDA and other performance targets in its determination of fair value for the contingent consideration. The Company is uncertain as to the extent of the volatility in the unobservable inputs in the foreseeable future. Deferred consideration in connection with acquisitions is carried at fair value and calculated using a discounted cash flow estimate with the only remaining condition on such payments being the passage of time.

As of September 30, 2024 and December 31, 2023, contingent and deferred consideration had a maximum undiscounted payment to be settled in cash or stock of $12.8 million and $14.7 million, respectively. Assuming the achievement of the applicable performance criteria and time requirements, the Company anticipates these payments will be made over the next one to three-year period. Changes in fair value are included in selling, general and administrative expense in the condensed consolidated statements of operations.

A reconciliation of contingent consideration measured at fair value on a recurring basis consisted of the following (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Beginning balance	$ 5,482	$ 7,067
Change in fair value of contingent consideration[(1)]	(364)	(202)
Payments of contingent consideration	—	(1,060)
Ending balance	$ 5,118	$ 5,805

(1) Includes immaterial impact of foreign currency translation.

Quantitative information about the valuation technique and significant unobservable inputs used in the valuation of the Company's Level 3 financial liabilities measured at fair value on a recurring basis consisted of the following (dollars in thousands):

	Fair Value at September 30, 2024	Valuation Technique	Unobservable inputs	Range (Weighted Average)[(1)]	
Contingent consideration	$ 5,118	Discounted cash flow	Expected life of cash flows	0-3.1	(0.7)
			Discount rate	0.0%-5.6%	(4.7%)
			Probability of achievement	11.4%-100.0%	(98.3%)

	Fair Value at December 31, 2023	Valuation Technique	Unobservable inputs	Range (Weighted Average)[(1)]	
Contingent consideration	$ 5,482	Discounted cash flow	Expected life of cash flows	0.8-3.8 years	(1.4 years)
			Discount rate	5.3%-6.4%	(6.1%)
			Probability of achievement	11.1%-100.0%	(96.5%)

(1) Unobservable inputs were weighted by the relative fair value of the instruments.

The fair value of the convertible notes considered (i) the contractual maturity which may be extended at the option of the holders, (ii) a weighted average premium at settlement of 111% upon a subsequent financing, equity financing or a change in control, and (iii) a weighted average discount rate of14.4%. During the three months ended September 30, 2024, the fair value of the convertible notes increased by approximately $34,000. During the nine months ended September 30, 2024, the fair value of the convertible notes increased by approximately $617,000 primarily due to accrued interest and the reduction in the estimated time to settlement from a weighted average of1.8 years to 0.84 years.

Nonrecurring Fair Value Measurements

In accordance with U.S. GAAP, from time to time, the Company measures certain assets at fair value on a nonrecurring basis. The Company reviews the carrying value of intangibles, goodwill and other assets for indications of impairment at least annually. When indications of potential impairment are identified, the Company may be required to determine the fair value of those assets and record an adjustment for the carrying amount in excess of the fair value determined. Any fair value determination would be based on valuation approaches, which are appropriate under the circumstances and utilize Level 2 and Level 3 measurements as required.

8. Stockholders' Equity

Common Stock

As of September 30, 2024 and December 31, 2023, there were 38,823,704 and 38,412,484 shares of common stock, $0.0001 par value, issued and outstanding, which included unvested restricted stock awards ("RSAs") issued to non-employee directors, respectively. See Note 11 – "Loss per Share" for additional information.

On February 8, 2024, the Board of Directors declared a semi-annual regular dividend of $0.25 per share, with a payment date of April 5, 2024, to stockholders of record at the close of business on March 12, 2024. On August 1, 2024, the Board of Directors declared a semi-annual regular dividend of $0.25 per share, with a payment date of October 4, 2024, to stockholders of record at the close of business on September 16, 2024. The compensation committee of the Company's Board of Directors ("Compensation Committee") granted dividend equivalents to all unvested grants as of the record date.

As of September 30, 2024, the dividend payable was $12.2 million, of which $9.7 million was paid on October 4, 2024 and $2.5 million of dividend equivalents related to unvested stock awards remain to be paid upon vesting of stock awards. The $12.2 million dividend payable is recorded in other liabilities in the condensed consolidated balance sheets, of which $1.6 million is classified as non-current. See Note 5 – "Selected Balance Sheet Data."

Preferred Stock

The Company has 25,000,000 authorized shares of preferred stock with a par value $0.0001 per share. At September 30, 2024 and December 31, 2023, there were no preferred shares issued or outstanding.

Accumulated Other Comprehensive Loss

Amounts reclassified from accumulated other comprehensive loss are included as a component of other income, net or selling, general and administrative expense, as applicable, in the condensed consolidated statements of operations. The reclassifications were determined on a specific identification basis.

The Company has not provided for U.S. taxes on unremitted earnings of its foreign subsidiary as it is operating at a loss and has no earnings and profits to remit. As a result, deferred taxes were not provided related to the cumulative foreign currency translation adjustments.

Repurchases of Common Stock

On August 2, 2022, the Company's Board of Directors authorized a common stock repurchase program (the "Repurchase Program") of up to $70 million. On May 2, 2023, the Company's Board of Directors approved an additional $70 million to repurchase common stock under the Repurchase Program. During the three months ended September 30, 2024, the Company did not purchase any shares of common stock under the Repurchase Program. During the nine months ended September 30, 2024, the Company repurchased and retired 16,900 shares of common stock for $0.6 million, at an average cost of $32.77 per share. As of September 30, 2024, $71.0 million remained authorized for repurchases under the Repurchase Program.

9. Stock-Based Compensation Plans

2013 Omnibus Equity Incentive Plan

The Company's Board of Directors adopted the 2013 Omnibus Equity Incentive Plan (the "2013 Plan") in October 2013. In February 2017, the Board of Directors amended and restated the 2013 Plan, which was approved by the Company's stockholders in May 2017. In October 2023 and February 2024, the Board of Directors further amended the 2013 Plan to eliminate the term of the 2013 Plan and to make certain other best practice and administrative changes (the 2013 Plan, as amended, the "Amended Plan"). The Amended Plan was approved by the stockholders of the Company at the 2024 Annual Meeting of Stockholders.

Grants are made from time to time by the Compensation Committee at its discretion, subject to certain restrictions as to the number and value of shares that may be granted to any individual. In addition, non-employee directors receive annual grants under a Director Compensation Policy. The Compensation Committee, at its discretion, may credit dividend equivalents to certain unvested awards as provided in the Amended Plan. Any dividend equivalents credited to unvested awards are paid to the participant at the time the related grants vest. As of September 30, 2024, there were 2,832,730 shares available for future grants under the Amended Plan.

Awards Granted and Settled

Under the Amended Plan, the Company has issued RSAs to non-employee directors and restricted stock units ("RSUs") to employees and independent contractors. RSAs vest over a one-year period from the date of grant, subject to service requirements. RSUs generally vest in equal annual installments over a five-year period from the date of grant or earlier as approved by the Compensation Committee. Dividend equivalents granted for unvested stock awards are paid at the time the stock awards vest. Any unvested awards and dividend equivalents are forfeited upon termination as a service provider. As of September 30, 2024, there were no issued or outstanding options, SARs, performance units or performance share awards under the Amended Plan.

During the nine months ended September 30, 2024, 552,908 RSUs and RSAs vested, with 165,863 shares of common stock withheld to pay applicable required employee statutory withholding taxes based on the market value of the shares on the vesting date. The shares withheld for taxes were returned to the share reserve and are available for future issuance in accordance with provisions of the Amended Plan. Unvested RSUs will be settled through the issuance of new shares of common stock.

Outstanding Awards

Activity under the Amended Plan consisted of the following (dollars in thousands, except weighted average per share data):

	Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested shares at December 31, 2023[1]	1,999,745	$ 39.90
Granted[2]	599,725	36.00
Vested	(552,908)	39.48
Forfeited/canceled	(44,561)	39.84
Nonvested shares at September 30, 2024[1]	2,002,001	$ 38.71

(1) Nonvested RSUs will be settled through the issuance of new shares of common stock.
(2) On May 2, 2024, stockholders of the Company approved the Amended Plan. On that same date, previously approved RSU awards covering 547,424 shares were granted when the Amended Plan became effective.

As of September 30, 2024, the Company had unrecognized stock-based compensation relating to RSUs and RSAs of approximately $63.4 million, which is expected to be recognized over a weighted-average period of 3.2 years.

Employee Stock Purchase Plan

In 2013, the Company adopted the 2013 Employee Stock Purchase Plan (the "ESPP"). The ESPP is intended to qualify under Section 423 of the Internal Revenue Code and provides for consecutive, non-overlapping six-month offering periods. The offering periods generally start on the first trading day on or after May 15 and November 15 of each year. Qualifying employees may purchase shares of the Company stock at a discount based on the lower of the market price at the beginning or end of the offering period, subject to Internal Revenue Service ("IRS") limitations. The Company determined that the ESPP was a compensatory plan and is required to expense the fair value of the awards over each six-month offering period.

In October 2023 and February 2024, the Board of Directors amended the ESPP to (i) eliminate the term of the ESPP such that the ESPP shall continue in effect until the ESPP is terminated by the Board of Directors or the Compensation Committee, (ii) eliminate the "evergreen" feature providing for annual increases in the number of shares reserved for issuance under the ESPP without stockholder approval, (iii) increase the discount qualifying employees may purchase shares of the Company stock to 15% based on the lower of the market price at the beginning or end of the offering period, subject to IRS limitations and (iv) make certain other best practice and administrative changes to the ESPP (the "Amended ESPP"). The Amended ESPP was approved by the stockholders of the Company at the 2024 Annual Meeting of Stockholders.

The ESPP initially had 366,667 shares of common stock reserved, and94,746 shares of common stock remain available for issuance as of September 30, 2024. As of September 30, 2024, total unrecognized compensation cost related to the Amended ESPP was $32,000 and is expected to be recognized over a weighted average period of0.12 years.

Summary of Stock-Based Compensation

Components of stock-based compensation are included in selling, general and administrative expense in the condensed consolidated statements of operations and consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
ESPP	$ 68	$ 43	$ 176	$ 126
RSUs and RSAs	6,003	5,403	17,579	15,682
	$ 6,071	$ 5,446	$ 17,755	$ 15,808

10. Income Taxes

The Company's effective tax rate for the three and nine months ended September 30, 2024 wasl5.2% and 14.7%, respectively, compared to 17.8% and 17.1% for the three and nine months ended September 30, 2023, respectively. The Company provides for the effects of income taxes in interim financial statements based on the Company's estimate of its annual effective tax rate for the full year, which is based on forecasted income by jurisdiction where the Company operates, adjusted for any tax effects of items that relate discretely to the period, if any.

The benefit for income taxes differs from the amount computed by applying the U.S. federal statutory rate to income before benefit for income taxes and consisted of the following (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
Income tax benefit at the federal statutory rate	$ (1,334)	21.0 %	$ (2,363)	21.0 %	$ (5,150)	21.0 %	$ (6,031)	21.0 %
State income tax benefit, net of federal benefit	(159)	2.5 %	(358)	3.2 %	(664)	2.7 %	(782)	2.7 %
Shortfall tax (benefit) expense, net related to stock-based compensation	(41)	0.6 %	23	(0.2)%	535	(2.2)%	796	(2.8)%
Change in valuation allowance	123	(1.9)%	(3)	0.0 %	(194)	0.8 %	241	(0.8)%
Permanent and other items[(1)]	444	(7.0)%	691	(6.2)%	1,860	(7.6)%	861	(3.0)%
	$ (967)	15.2 %	$ (2,010)	17.8 %	$ (3,613)	14.7 %	$ (4,915)	17.1 %

(1) Permanent items relate principally to compensation charges, qualified transportation fringe benefits, meals and entertainment, and other items principally related to the effect of providing taxes in the interim financial statements based on the estimated full year effective tax rate.

11. Loss per Share

Basic and diluted loss per share for the three and nine months ended September 30, 2024 and 2023, respectively consisted of the following (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator (Basic and Diluted):				
Net loss	$ (5,385)	$ (9,240)	$ (20,910)	$ (23,802)
Change in value for stock settled consideration[1]	8	11	33	48
Adjusted net loss	$ (5,377)	$ (9,229)	$ (20,877)	$ (23,754)
Denominator:				
Basic				
Weighted average common shares issued and outstanding	38,778	38,509	38,645	38,755
Deduct: Unvested RSAs[2]	(16)	(17)	(16)	(15)
Weighted average common shares outstanding	38,762	38,492	38,629	38,740
Basic loss per common share	$ (0.14)	$ (0.24)	$ (0.54)	$ (0.61)
Diluted				
Weighted average common shares outstanding from above	38,762	38,492	38,629	38,740
Add: Dilutive effect of RSUs, RSAs & ESPP[3]	—	—	—	—
Add: Contingently issuable shares[1][3]	—	—	—	—
Weighted average common shares outstanding	38,762	38,492	38,629	38,740
Diluted loss per common share	$ (0.14)	$ (0.24)	$ (0.54)	$ (0.61)
Antidilutive shares excluded from diluted loss per common share[4]	1,001	1,069	1,116	1,754

(1) Relates to contingently issuable stock settled consideration.
(2) RSAs were issued to the non-employee directors and have a one-year vesting term subject to service requirements. See Note 9 – "Stock-Based Compensation Plans" for additional information.
(3) Shares related to the Company's RSUs, RSAs, ESPP, and contingently issuable shares were excluded from the weighted average common shares outstanding for the nine months ended September 30, 2024 because inclusion of such shares would be antidilutive in a period of loss.
(4) Primarily pertaining to RSU grants to the Company's employees and independent contractors.

12. Commitments and Contingencies

Credit Agreement

On September 25, 2023, the Company executed the First Amendment to the Second Amended and Restated Credit Agreement with Wells Fargo Bank, National Association (the "Bank"), which provides for a $10 million line of credit and a maturity date of June 1, 2024. On May 30, 2024, the Company executed the Second Amendment to the Second Amended Restated Credit Agreement which extended the maturity date to June 1, 2025 (the "Credit Facility").

The Company may borrow, repay and reborrow amounts under the Credit Facility until its maturity date, at which time all amounts outstanding under the Credit Facility must be repaid in full. Borrowings under the Credit Facility are available for general corporate purposes and working capital. The Credit Facility includes a $3.0 million sublimit for the issuance of standby letters of credit of which $1,050,000 was utilized at September 30, 2024. Borrowings under the Credit Facility bear interest at the Daily Simple SOFR rate plus a spread of 175 basis points. In connection with the amendments to the Credit Agreement, the Company paid bank fees and other expenses, which are being amortized over the remaining term of the Credit Agreement. The Company pays a commitment fee of up to 0.5% per annum, payable quarterly, based on the amount of unutilized commitments under the Credit Facility. The amortization and commitment fees are included in interest expense in the accompanying condensed consolidated statements of operations and were $37,000 and $50,000 for the three months ended September 30, 2024 and 2023, respectively, and $100,000 and $101,000 for the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024, there were no amounts outstanding under the Credit Agreement.

The Credit Facility contains customary covenants, including financial covenants, financial reporting requirements and events of default. Financial covenants require the Company, on a combined basis with its guarantors, to maintain total liquidity including cash and cash equivalents and marketable securities, held for sale of $100 million and an average daily cash balance of $35 million with the Bank, on a combined basis with all the guarantors, calculated as of the end of the month. In addition, the Credit Facility requires that $10 million of the minimum daily average cash deposits be held in a blocked account at the Bank, as cash collateral. The Credit Facility is secured by substantially all assets of the Company, including pledges of 100% of the stock or other equity interest of each subsidiary except for the capital stock of a controlled foreign corporation (as defined in the Internal Revenue Code), in which case no such pledge is required. As of September 30, 2024, the Company was in compliance with all financial and non-financial covenants and has not experienced any limitation in its operations as a result of the covenants. Our ability to borrow under our Credit Facility is limited by our ability to comply with its covenants or obtain necessary waivers.

Strategic Alliance

The Company, in connection with the Strategic Alliance with MTRCC, has agreed to provide loan opportunities that may be funded through MTRCC’s DUS Agreement with Fannie Mae. MTRCC's agreement with Fannie Mae requires MTRCC to guarantee a portion of each funded loan. On a loan-by-loan basis, the Company, at its option, can indemnify a portion of MTRCC’s guarantee obligation of loan opportunities presented to and closed by MTRCC. As of September 30, 2024, the Company has agreed to a maximum aggregate guarantee obligation of $226.0 million relating to loans with an unpaid balance of $1,356.3 million. The Company would be liable for its maximum aggregate guarantee obligation only if all of the loans for which it is providing a guarantee to MTRCC were to default and all of the collateral underlying these loans were determined to be without value at the time of settlement. As of September 30, 2024 and December 31, 2023, the Company has recorded an allowance for loss-sharing obligations of $1,222,000 and $851,000, respectively, and pledged $678,000 and $283,000, respectively, in a restricted bank account in support of the guarantee obligation.

Other

In connection with certain agreements with investment sales and financing professionals, the Company may agree to advance amounts to such professionals upon reaching certain time and performance goals. Such commitments as of September 30, 2024 aggregated $16.8 million.

13. Subsequent Events

On August 1, 2024, the Board of Directors declared a semi-annual regular dividend of $0.25 per share, or $10.2 million, payable to stockholders of record at the close of business on September 16, 2024, of which $9.7 million was paid on October 4, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context requires otherwise, the words "Marcus & Millichap," "MMI," "we," the "Company," "us" and "our" refer to Marcus & Millichap, Inc., and its consolidated subsidiaries.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements, including our expectations regarding the long-term outlook of the commercial real estate transaction market and our positioning within it, our belief relating to the Company's long-term growth, our assessment of the key factors influencing the Company's business outlook, including the expectation for future interest rate cuts and likely impact of such cuts on commercial real estate demand, and the execution of our capital return program, including a semi-annual dividend and stock repurchase program. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results may be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- general uncertainty in the capital markets, a worsening of economic conditions, and the rate and pace of economic recovery following an economic downturn;
- changes in our business operations;
- market trends in the commercial real estate market or the general economy, including the impact of inflation and changes to interest rates;
- our ability to attract and retain qualified senior executives, managers, and investment sales and financing professionals;
- the impact of forgivable loans and related expense resulting from the recruitment and retention of agents;
- the effects of increased competition on our business;
- our ability to successfully enter new markets or increase our market share;
- our ability to successfully expand our services and businesses and to manage any such expansions;
- our ability to retain existing clients and develop new clients;
- our ability to keep pace with changes in technology;
- any business interruption or technology failure, including cybersecurity risks and ransomware attacks, and any related impact on our reputation;
- changes in interest rates, availability of capital, tax laws, employment laws, or other government regulation affecting our business, in each case as may be impacted by the 2024 U.S. presidential election;
- our ability to successfully identify, negotiate, execute, and integrate accretive acquisitions; and
- other risk factors included under "Risk Factors" in our most recent Annual Report on Form 10-K.

In addition, in this Quarterly Report, the words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "goal," "expect," "predict," "potential," "should," and similar expressions, as they relate to our Company, our business and our management, are intended to identify forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

Forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

The results of operations for the nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2024, or for any other future period. The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in Item 1 of this Quarterly Report on Form 10-Q and in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 27, 2024, including the "Risk Factors" section and the consolidated financial statements and notes included therein.

Overview

We are a leading national real estate services firm specializing in commercial real estate investment sales, financing services, research and advisory services. We have been the top commercial real estate investment broker in the United States based on the number of investment transactions for more than 15 years. As of September 30, 2024, we had 1,678 investment sales and financing professionals that are primarily exclusive independent contractors operating in more than 80 offices, who provide real estate brokerage and financing services to sellers and buyers of commercial real estate assets. During the three and nine months ended September 30, 2024, we closed 1,987 and 5,351 investment sales, financing and other transactions with total sales volume of approximately $12.0 billion and $31.2 billion, respectively. During the year ended December 31, 2023, we closed 7,546 investment sales, financing and other transactions with total sales volume of approximately $43.6 billion.

We generate revenue by collecting real estate brokerage commissions upon the sale, and financing fees upon the financing of commercial properties, by providing equity advisory services and loan sales, loan guarantees and by providing leasing, consulting and advisory services. Real estate brokerage commissions are typically based upon the value of the property and financing fees are typically based upon the size of the loan. During the three months ended September 30, 2024, approximately 84% of our revenue was generated from real estate brokerage commissions, 12% from financing fees and 4% from other real estate related services.

We divide commercial real estate into four major markets, characterized by price:

- Properties priced less than $1 million;
- Private client market: properties priced from $1 million to up to but less than $10 million;
- Middle market: properties priced from $10 million to up to but less than $20 million; and
- Larger transaction market: properties priced from $20 million and above.

We are the industry leader in serving private clients in the $1 million - $10 million private client market, which contributed approximately 62% and 65% of our real estate brokerage commissions during the three months ended September 30, 2024 and 2023, respectively, and approximately 63% and 67% of our real estate brokerage commissions during the nine months ended September 30, 2024 and 2023, respectively. The following tables set forth the number of transactions, sales volume and revenue by each commercial real estate market for real estate brokerage:

Real Estate Brokerage	Three Months Ended September 30, 2024			2023			Change		
	Number	Volume (in millions)	Revenue (in thousands)	Number	Volume (in millions)	Revenue (in thousands)	Number	Volume (in millions)	Revenue (in thousands)
<$1 million	203	$ 109	$ 5,183	208	$ 122	$ 5,511	(5)	$ (13)	$ (328)
Private Client Market ($1 – <$10 million)	957	3,037	87,494	1,014	3,344	91,466	(57)	(307)	(3,972)
Middle Market ($10 – <$20 million)	88	1,229	19,402	75	1,002	18,647	13	227	755
Larger Transaction Market (≥$20 million)	83	4,152	29,891	64	2,965	24,193	19	1,187	5,698
	1,331	$ 8,527	$ 141,970	1,361	$ 7,433	$ 139,817	(30)	$ 1,094	$ 2,153

Real Estate Brokerage	Nine Months Ended September 30, 2024			2023			Change		
	Number	Volume (in millions)	Revenue (in thousands)	Number	Volume (in millions)	Revenue (in thousands)	Number	Volume (in millions)	Revenue (in thousands)
<$1 million	596	$ 328	$ 15,299	600	$ 358	$ 15,214	(4)	$ (30)	$ 85
Private Client Market ($1 – <$10 million)	2,687	8,526	245,473	3,054	10,169	278,207	(367)	(1,643)	(32,734)
Middle Market ($10 – <$20 million)	226	3,113	53,630	218	2,923	53,440	8	190	190
Larger Transaction Market (≥$20 million)	196	9,390	72,466	190	8,657	68,332	6	733	4,134
	3,705	$ 21,357	$ 386,868	4,062	$ 22,107	$ 415,193	(357)	$ (750)	$ (28,325)

Factors Affecting Our Business

Our business and our operating results, financial condition and liquidity are significantly affected by the number and size of commercial real estate investment sales and financing transactions that we close in any period. The number and size of these transactions are affected by our ability to recruit and retain investment sales and financing professionals, identify and contract properties for sale, and identify those that need financing and refinancing. We principally monitor the commercial real estate market through four factors, which generally drive our business. The factors are the economy, commercial real estate supply and demand, capital markets, and investor sentiment and investment activity.

The Economy

Our business is dependent on economic conditions within the markets in which we operate. Changes in the economy on a global, national, regional, or local basis can have a positive or negative impact on our business. Economic indicators and projections related to job growth, unemployment, interest rates, retail spending and consumer confidence trends can have a positive or negative impact on our business. Overall market conditions, including global trade, interest rate changes, inflation, job creation, and global events can affect investor sentiment and, ultimately, the demand for our services from investors in real estate.

A “soft landing” remains the leading consensus economic forecast for the remainder of 2024 and into 2025, but economic readings in the second half of 2024 have been inconsistent. Upward revisions to job creation statistics during the summer months and adding 254,000 positions in September, together with a 20 basis point reduction of the unemployment rate curbed expectations of significant Federal Reserve rate reductions in the final two months of 2024. In addition, October labor strikes and a series of natural disasters could skew fourth quarter economic data, making it more difficult to determine a clear economic trend. Nonetheless, inflation still appears to be slowly trending lower. Prevailing Wall Street sentiment continues to predict modest Federal Reserve rate cuts in the final months of 2024. At the same time, inflation-adjusted core retail sales continued to exhibit moderate gains, up 1.3% on a year-over-year basis through September, and the Institute of Supply Chain Management (“ISM”) leading economic indices have delivered mixed readings. The ISM manufacturing index remains contractionary, while the ISM services index suggests economic growth in the service sector.

We believe this combination of economic trends will generate modestly positive economic growth through the remainder of 2024 and into 2025, but the growth is not expected to be substantial enough to reignite inflation.

Both the headline Consumer Price Index ("CPI") inflation metric and the Personal Consumption Expenditure ("PCE") index have sustained downward momentum, with CPI registering 2.4% and PCE reading 2.1% in September. While these trends have been positive, the Federal Reserve's preferred inflation metric, the core Personal Consumption Expenditure, has proven more sticky, hovering in the 2.6% to 2.7% range for five consecutive months. Following the 50 basis point rate cut in September and 25 basis point rate cut in November by the Federal Reserve, Wall Street metrics suggest the Federal Reserve will further reduce rates by 25 basis points at their next meeting. We believe that such a move could positively impact investor sentiment and bolster the flow of capital into commercial real estate.

Commercial Real Estate Supply and Demand

Our business is dependent on the willingness of investors to invest in or sell commercial real estate, which is affected by many factors beyond our control. These factors include the supply of commercial real estate, coupled with user demand for these properties, and the performance of real estate assets, when compared with other investment alternatives, such as stocks and bonds.

All four major property types demonstrated positive space demand in the third quarter of 2024, although each demonstrated unique nuances. Over 191,000 net apartment units were filled in the quarter, the strongest quarterly results since 2021. The demand modestly outpaced the record-level 163,000 apartment completions delivered in the quarter to reduce vacancy by 20 basis points to 5.6%. Robust apartment demand outpaced expectations and bolstered multifamily investor confidence.

The industrial vacancy rate increased in the third quarter of 2024 as elevated construction exceeded space demand of 22 million square feet. Industrial completions have been highly concentrated, with about half of the additions being delivered in seven metros areas. Although many retailers increased their inventories in anticipation of the east coast dockworker strike, warehouse industrial space needs have tapered significantly over the last two years. Retail vacancy rates remain near a record-low, with space absorption being restricted by limited space availability and nominal construction levels. Office vacancy rates decreased by 20 basis points to 17.0% on positive absorption of 26 million square feet, the strongest quarterly office space demand since 2021. Nonetheless, the office performance outlook remains in question as it is unclear when or if a sizable portion of workers will return permanently to the office.

Although the fundamentals of most property types remain sound, with the notable exception of urban office properties, both lending and investor activity remain below the pre-pandemic historical norm. The expectation gap between buyers and sellers has narrowed slightly, particularly after the Federal Reserve reduced rates in September, but the gap remains challenging. The demand for space will continue to be influenced by consumer and business sentiment as well as the broader economic outlook. However, should the Federal Reserve reduce rates in the fourth quarter, as expected, sentiment could continue to strengthen and space demand could increase.

Capital Markets

Credit and liquidity issues in the financial markets have a direct impact on the flow of capital to the commercial real estate market. Real estate purchases are often financed with debt, and as a result, credit and liquidity impact transaction activity and prices. Movements of interest rates in one direction, whether increasing or decreasing, could adversely or positively affect the operations and income potential of commercial real estate properties, as well as lender and equity underwriting for real estate investments. These changes directly influence investor demand for commercial real estate investments and what they are willing to pay. Furthermore, the use of debt or loan-to-value ratios can shift along with lender confidence and underwriting standards. At times of heightened uncertainty or liquidity issues, loan-to-values decline, requiring buyers to provide more equity and take more risk to close deals.

The capital markets remain at the heart of the commercial real estate transaction slowdown over the last two years. The combination of sustained higher interest rates with tighter lender underwriting, reduced loan-to-value standards and a broad-based reduction in the volume of available debt capital have restrained market liquidity. This has forced investors to recalibrate their underwriting. This widened the buyer/seller expectation gap and reduced trading throughout 2023 and thus far in 2024.

The 50 basis point rate reduction by the Federal Reserve in September improved investor sentiment, but the increase of the 10-year treasury rate following the rate cut has negatively impacted borrowing rates. Nonetheless, we believe that the sustained downward pressure on interest rates over the next year anticipated by most investors will ultimately occur, and many investors have reinitiated preliminary actions that may ultimately lead to transaction activity. At present, FedWatch has assigned a high likelihood that the Federal Reserve overnight rate will be in the 4.25%-4.5% range by year-end. However, numerous variables including the election, global geopolitical forces, job creation trends and other economic readings could still sway those expectations. Despite the broad consensus that the Federal Reserve will continue to reduce rates, there can be no certainty until each reduction takes place.

Investor Sentiment and Investment Activity

We facilitate investors buying, selling, and financing properties in order to generate commissions. Investors' desires and need to engage in real estate transactions are dependent on many factors that are beyond our control. The economy, supply and demand for properly positioned properties, available credit and market events impact investor sentiment and, therefore, transaction velocity. In addition, our private clients, who make up the largest source of revenue, are often motivated to buy, sell and/or refinance properties due to personal circumstances, such as death, divorce, partnership breakups and estate planning.

The commercial real estate sector once again saw below average sales activity in the third quarter as investors contended with persistent headwinds including still-elevated interest rates, tightened lender underwriting and the buyer/seller expectation gap. Although some signs of recovery have emerged, including more exclusive inventory being brought to market, a sustainable recovery in trading volumes has yet to occur. We believe a significant volume of investment capital remains un-deployed waiting for economic, interest rate, financial market, geopolitical and commercial real estate pricing clarity. Should the Federal Reserve continue to reduce rates, it would support positive momentum, but finalizing the transaction process will take additional time.

Office properties, particularly those in the urban core, continue to face the greatest uncertainty and the greatest challenges in acquiring debt financing. In addition, signs of distress and the potential for additional foreclosures in this commercial real estate segment continue to rise. Apartment financing, underpinned by Fannie Mae and Freddie Mac, has generally been the most attainable, with typically lower interest rates than other property types. However, the rapid interest rate spike relative to the sector's very low cap rates and the large apartment development pipeline together with still-modest rent growth has impacted apartment sales. Defensive assets, such as single-tenant net lease properties backed by high-credit tenants, and medical office assets continue to receive buyer interest, but sales of these types of properties have also fallen as the flow of 1031 exchange capital coming from other property types has diminished. Ultimately, the market velocity will be dictated by a combination of the economic outlook, geopolitical forces, Federal Reserve action, interest rates and the narrowing of the buyer/seller expectation gap. As downward pressure on interest rates is applied, we believe commercial real estate investment activity could gain momentum.

Key Financial Measures and Indicators

Revenue

Our revenue is primarily generated from our real estate investment sales business. In addition to real estate brokerage commissions, we generate revenue from financing fees and from other revenue, which are primarily comprised of leasing, consulting and advisory fees.

Because our business is transaction oriented, we rely on investment sales and financing professionals to continually develop leads, identify properties to sell and finance, market those properties and close the sale timely to generate a consistent flow of revenue. While our sales volume is impacted by seasonality factors, the timing of closings is also dependent on many market and personal factors unique to a particular client or transaction, particularly clients transacting in the $1 million to $10 million private client market. These factors can cause transactions to be accelerated or delayed beyond our control. Further, commission rates earned are generally inversely related to the value of the property sold. As a result of our expansion into the middle and larger transaction markets, we have seen our overall commission rates fluctuate from period-to-period as a result of changes in the relative mix of the number and volume of investment sales transactions closed in the middle and larger transaction markets as compared to the $1 million to $10 million private client market. These factors may result in period-to-period variations in our revenue that differ from historical patterns.

A small percentage of our transactions include retainer fees and/or breakage fees. Retainer fees are credited against a success-based fee paid upon the closing of a transaction or a breakage fee. Transactions that are terminated before completion will sometimes generate breakage fees, which are usually calculated as a set amount or a percentage of the fee we would have received had the transaction closed.

Real Estate Brokerage Commissions

We earn real estate brokerage commissions by acting as a broker for commercial real estate owners seeking to sell or investors seeking to buy properties. Revenue from real estate brokerage commissions is recognized at the close of escrow.

Financing Fees

We earn financing fees by securing financing on purchase transactions or by securing refinancing of our clients' existing mortgage debt. We recognize financing fee revenue at the time the loan closes, and we have no remaining significant obligations in connection with the transaction.

To a lesser extent, we also earn fees on loan performance, equity advisory services, loan sales, loan guarantees and ancillary services associated with financing activities. We recognize guarantee fees over the term of the guarantee and other fees when we have no further performance obligations, generally upon the closing of a transaction.

Other Revenue

Other revenue includes fees generated from leasing, consulting and advisory services, as well as referral fees from other real estate brokers, and are recognized when services are provided, upon closing of the transaction or when we have no further performance obligations.

Operating Expenses

Our operating expenses consist of cost of services, selling, general and administrative expenses and depreciation and amortization. The significant components of our expenses are further described below.

Cost of Services

The majority of our cost of services expense is variable commissions paid to our investment sales and financing professionals and compensation-related costs related to our financing activities. Commission expenses are directly attributable to providing services to our clients for investment sales and financing services. Most of our investment sales and financing professionals are independent contractors and are paid commissions; however, because there are some who are initially paid a salary and certain of our financing professionals are employees, costs of services also include employee-related compensation, employer taxes and benefits for those employees. The commission rates we pay to our investment sales and financing professionals vary based on individual contracts negotiated and are generally higher for the more experienced professionals. Some of our most senior investment sales and financing professionals can also earn additional commissions after meeting certain annual financial thresholds. These additional commissions are recognized as cost of services in the period in which they are earned. Payment of a portion of these additional commissions are generally deferred for a period of three years, at our election, and paid at the end of the third calendar year. Cost of services also includes referral fees paid to other real estate brokers where we are the principal service provider. Cost of services, therefore, can vary based on the commission structure of the independent contractors that closed transactions in any particular period.

Selling, General and Administrative Expenses

The largest expense component within selling, general and administrative expenses is personnel expenses for our management team and sales and support staff, as well as business development, marketing, and expensing of forgivable loans over the retention period of our sales and financing professionals. In addition, these costs include facilities costs (excluding depreciation and amortization), staff related expenses, sales, marketing, legal, telecommunication, network, data sources, changes in fair value for contingent and deferred consideration and other administrative expenses. Also included in selling, general and administrative are expenses for stock-based compensation to non-employee directors, employees and independent contractors (i.e. investment sales and financing professionals) under the Amended and Restated 2013 Omnibus Equity Incentive Plan (the "Amended Plan") and the Amended and Restated 2013 Employee Stock Purchase Plan (the "Amended ESPP").

Depreciation and Amortization Expense

Depreciation expense consists of depreciation recorded on our computer software and hardware, as well as our furniture, fixtures and equipment. Depreciation is recognized over estimated useful lives ranging from three to seven years for assets. Amortization expense consists of amortization recorded on intangible assets amortized on a straight-line basis using a useful life between one and seven years.

Other Income, Net

Other income, net primarily consists of interest income, realized gains and losses on our marketable debt securities, available-for-sale, net gains or losses on our deferred compensation plan assets, foreign currency gains and losses and other non-operating income and expenses.

Interest Expense

Interest expense primarily consists of interest expense associated with the stock appreciation rights ("SARs") liability, and our credit agreement.

Benefit for Income Taxes

We are subject to U.S. and Canadian federal taxes and individual state and local taxes based on the income generated in the jurisdictions in which we operate. Our effective tax rate fluctuates as a result of (i) changes in our annual effective tax rate applied to current pre-tax income (loss), (ii) the change in the mix of our activities in the jurisdictions in which we operate due to differing tax rates in those jurisdictions and (iii) the impact of permanent items, including compensation charges, qualified transportation fringe benefits, uncertain tax positions, meals and entertainment and tax-exempt deferred compensation plan assets. Our benefit for income taxes includes the windfall tax benefits and shortfall expenses, net, from shares issued in connection with our Amended Plan and Amended ESPP.

We record deferred taxes, net based on the tax rate expected to be in effect at the time those items are expected to be recognized for tax purposes.

Results of Operations

The following is a discussion of our results of operations for the three and nine months ended September 30, 2024 and 2023. The tables included in the period comparisons below provide summaries of our results of operations. The period-to-period comparisons of financial results are not necessarily indicative of future results.

Key Operating Metrics

We regularly review a number of key metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. We also believe these metrics are relevant to investors' and others' assessment of our financial condition and results of operations. During the three months ended September 30, 2024 and 2023, we closed 1,987 and 1,846 investment sales, financing and other transactions, respectively, with total sales volume of approximately $12.0 billion and $11.4 billion, respectively. During the nine months ended September 30, 2024 and 2023, we closed 5,351 and 5,599 investment sales, financing and other transactions, respectively, with total sales volume of approximately $31.2 billion and $31.7 billion, respectively. Such key metrics for real estate brokerage and financing activities (excluding other transactions) are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Real Estate Brokerage	2024	2023	2024	2023
Average Number of Investment Sales Professionals	1,589	1,733	1,616	1,757
Average Number of Transactions per Investment Sales Professional	0.84	0.79	2.29	2.31
Average Commission per Transaction	$ 106,664	$ 102,731	$ 104,418	$ 102,214
Average Commission Rate	1.66 %	1.88 %	1.81 %	1.88 %
Average Transaction Size (in thousands)	$ 6,407	$ 5,462	$ 5,764	$ 5,442
Total Number of Transactions	1,331	1,361	3,705	4,062
Total Sales Volume (in millions)	$ 8,527	$ 7,433	$ 21,357	$ 22,107

	Three Months Ended September 30,		Nine Months Ended September 30,	
Financing (1)	2024	2023	2024	2023
Average Number of Financing Professionals	103	96	101	95
Average Number of Transactions per Financing Professional	3.09	2.88	8.16	8.83
Average Fee per Transaction	$ 50,351	$ 50,062	$ 49,725	$ 49,606
Average Fee Rate	0.75 %	0.73 %	0.73 %	0.79 %
Average Transaction Size (in thousands)	$ 6,712	$ 6,904	$ 6,818	$ 6,288
Total Number of Transactions	318	276	824	839
Total Financing Volume (in millions)	$ 2,134	$ 1,906	$ 5,618	$ 5,276

(1) Operating metrics exclude certain financing fees not directly associated to transactions.

Comparison of Three Months Ended September 30, 2024 and 2023

Below are key operating results for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 (dollars in thousands):

	Three Months Ended September 30, 2024	Percentage of Revenue	Three Months Ended September 30, 2023	Percentage of Revenue	Change	
					Dollar	Percentage
Revenue:						
Real estate brokerage commissions	$ 141,970	84.2 %	$ 139,817	86.3 %	$ 2,153	1.5 %
Financing fees	20,582	12.2	17,257	10.7	3,325	19.3 %
Other revenue	5,959	3.6	4,952	3.0	1,007	20.3 %
Total revenue	168,511	100	162,026	100	6,485	4.0 %
Operating expenses:						
Cost of services	104,754	62.2	104,628	64.6	126	0.1 %
Selling, general and administrative	70,672	41.9	69,192	42.7	1,480	2.1 %
Depreciation and amortization	4,550	2.7	3,637	2.2	913	25.1 %
Total operating expenses	179,976	106.8	177,457	109.5	2,519	1.4 %
Operating loss	(11,465)	(6.8)	(15,431)	(9.5)	3,966	(25.7)%
Other income, net	5,321	3.1	4,422	2.7	899	20.3 %
Interest expense	(208)	(0.1)	(241)	(0.1)	33	(13.7)%
Loss before benefit for income taxes	(6,352)	(3.8)	(11,250)	(6.9)	4,898	(43.5)%
Benefit for income taxes	(967)	(0.6)	(2,010)	(1.2)	1,043	(51.9)%
Net loss	$ (5,385)	(3.2)%	$ (9,240)	(5.7)%	$ 3,855	(41.7)%
Adjusted EBITDA[1]	$ (21)	0.0 %	$ (6,647)	(4.1)%	$ 6,626	99.7 %

(1) Adjusted EBITDA is not a measurement of our financial performance under U.S. generally accepted accounting principles ("U.S. GAAP") and should not be considered as an alternative to net loss, operating income or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net loss, which is the most directly comparable U.S. GAAP financial measure, see "Non-GAAP Financial Measure" below.

Revenue

Total revenue was $168.5 million for the three months ended September 30, 2024 compared to $162.0 million for the same period in 2023, an increase of $6.5 million, or 4.0%. Total revenue increased as a result of increases in real estate brokerage commissions, financing fees and other revenue, as described below. See "Factors Affecting Our Business" for additional market information.

Real estate brokerage commissions. Revenue from real estate brokerage commissions increased to $142.0 million for the three months ended September 30, 2024 from $139.8 million for the same period in 2023, an increase of $2.2 million, or 1.5%. The increase was the result of total sales volume increasing by 14.7%, partially offset by a reduction of 22 basis points in the average commission rate earned during the three months ended September 30, 2024 compared to the same period in 2023. Private Client Market revenue decreased by 4.3%, while the combined Middle Market and Larger Transaction Market revenue increased by 15.1%.

Financing fees. Revenue from financing fees increased to $20.6 million for the three months ended September 30, 2024 from $17.3 million for the same period in 2023, an increase of $3.3 million, or 19.3%, resulting primarily from a 12.0% increase in total financing volume and a two basis point increase in the average fee rate during the three months ended September 30, 2024 compared to the same period in 2023.

Other revenue. Other revenue increased to $6.0 million for the three months ended September 30, 2024 from $5.0 million for the same period in 2023, an increase of $1.0 million, or 20.3%, resulting primarily from an increase in consulting fees.

Total Operating Expenses

Total operating expenses were $180.0 million for the three months ended September 30, 2024 compared to $177.5 million for the same period in 2023, an increase of $2.5 million, or 1.4%. The change was primarily due to an increase of $1.5 million in selling, general, and administrative expenses as described below.

Cost of services. Cost of services are variable commissions paid to our investment sales professionals and compensation-related costs in connection with our financing activities. Cost of services slightly increased to $104.7 million for the three months ended September 30, 2024 from $104.6 million for the same period in 2023. Cost of services as a percentage of total revenue decreased by 240 basis points to 62.2% compared to the same period in 2023 primarily due to our senior investment sales and financing professionals earning a lower amount of additional commissions.

Selling, general, and administrative expense. Selling, general and administrative expense for the three months ended September 30, 2024 increased to $70.7 million, from $69.2 million compared to the same period in 2023, an increase of $1.5 million or 2.1%. The increase was primarily due to an increase in personnel costs, partially offset by a reduction in marketing support costs provided to our investment sales and financing professionals.

Depreciation and amortization expense. Depreciation and amortization expense increased to $4.5 million for the three months ended September 30, 2024 from $3.6 million compared to the same period in 2023, an increase of $0.9 million, or 25.1%. The increase primarily relates to accelerated amortization of certain intangible assets resulting from changes in estimates.

Other Income, Net

Other income, net increased to $5.3 million for the three months ended September 30, 2024 from $4.4 million for the same period in 2023. The increase of $0.9 million was primarily driven by an increase in the carrying value of the assets held in the rabbi trust.

Interest Expense

Interest expense decreased by an immaterial amount for the three months ended September 30, 2024 compared to the same period in 2023, and primarily relates to interest expense on the Company's SARs liability.

Benefit for Income Taxes

The benefit for income taxes was $1.0 million for the three months ended September 30, 2024, compared to $2.0 million for the same period in 2023. The effective income tax rate for the three months ended September 30, 2024, was 15.2% compared to 17.8% for the same period in 2023. The net decrease in the effective tax rate is primarily due to the relationship of permanent and other items, the change in the valuation allowance and the change in the state income tax benefit to pre-tax loss as presented in Note 10 – "Income Taxes" in the Notes to the Condensed Consolidated Financial Statements in Item 1, Part I of this Quarterly Report on Form 10-Q.

Comparison of Nine Months Ended September 30, 2024 and 2023

Below are key operating results for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 (dollars in thousands):

	Nine Months Ended September 30, 2024	Percentage of Revenue	Nine Months Ended September 30, 2023	Percentage of Revenue	Change	
					Dollar	Percentage
Revenue:						
Real estate brokerage commissions	$ 386,868	84.8 %	$ 415,193	86.6 %	$ (28,325)	(6.8)%
Financing fees	53,303	11.7	51,021	10.6	2,282	4.5 %
Other revenue	15,811	3.5	13,470	2.8	2,341	17.4 %
Total revenue	455,982	100	479,684	100	(23,702)	(4.9)%
Operating expenses:						
Cost of services	279,703	61.3	301,218	62.8	(21,515)	(7.1)%
Selling, general and administrative	204,591	44.9	210,321	43.9	(5,730)	(2.7)%
Depreciation and amortization	11,301	2.5	10,312	2.1	989	9.6 %
Total operating expenses	495,595	108.7	521,851	108.8	(26,256)	(5.0)%
Operating loss	(39,613)	(8.7)	(42,167)	(8.8)	2,554	(6.1)%
Other income, net	15,701	3.4	14,122	2.9	1,579	11.2 %
Interest expense	(611)	(0.1)	(672)	(0.1)	61	(9.1)%
Loss before benefit for income taxes	(24,523)	(5.4)	(28,717)	(6.0)	4,194	(14.6)%
Benefit for income taxes	(3,613)	(0.8)	(4,915)	(1.0)	1,302	(26.5)%
Net loss	$ (20,910)	(4.6)%	$ (23,802)	(5.0)%	$ 2,892	(12.2)%
Adjusted EBITDA[(1)]	$ (8,662)	(1.9)%	$ (15,126)	(3.2)%	$ 6,464	42.7 %

(1) Adjusted EBITDA is not a measurement of our financial performance under U.S. generally accepted accounting principles ("U.S. GAAP") and should not be considered as an alternative to net loss, operating income or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net loss, see "Non-GAAP Financial Measure."

Revenue

Total revenue was $456.0 million for the nine months ended September 30, 2024 compared to $479.7 million for the same period in 2023, a decrease of $23.7 million, or 4.9%. Total revenue decreased as a result of a decrease in real estate brokerage commissions, partially offset by increases in financing fees and other revenue, as described below. See "Factors Affecting Our Business" for additional market information.

Real estate brokerage commissions. Revenue from real estate brokerage commissions decreased to $386.9 million for the nine months ended September 30, 2024 from $415.2 million for the same period in 2023, a decrease of $28.3 million, or 6.8%. The decrease was the result of total sales volume decreasing by 3.4% and a reduction of seven basis points in the average commission rate earned for the nine months ended September 30, 2024 compared to the same period in 2023. Private Client Market revenue decreased by 11.8%, while the combined Middle Market and Larger Transaction Market increased by 3.6%.

Financing fees. Revenue from financing fees increased to $53.3 million for the nine months ended September 30, 2024 from $51.0 million for the same period in 2023, an increase of $2.3 million, or 4.5%, resulting primarily from a 6.5% increase in total financing volume, partially offset by a decrease of six basis points in the average fee rate.

Other revenue. Other revenue increased to $15.8 million for the nine months ended September 30, 2024 from $13.5 million for the same period in 2023, an increase of $2.3 million, or 17.4%. The increase was primarily driven by increases in leasing fees during the nine months ended September 30, 2024, compared to the same period in 2023.

Total Operating Expenses

Our total operating expenses were $495.6 million for the nine months ended September 30, 2024 compared to $521.9 million for the same period in 2023, a decrease of $26.3 million, or 5.0%. Cost of services decreased by $21.5 million and selling, general, and administrative expenses decreased by $5.7 million, as described below.

Cost of services. Cost of services are variable commissions paid to our investment sales professionals and compensation-related costs in connection with our financing activities. Cost of services decreased to $279.7 million for the nine months ended September 30, 2024 from $301.2 million for the same period in 2023, a decrease of $21.5 million, or 7.1%. The decrease was primarily due to decreased commission expenses driven by the related decreased revenue noted above. Cost of services as a percentage of total revenue decreased by 150 basis points to 61.3% compared to the same period in 2023 primarily due to our senior investment sales and financing professionals earning a lower amount of additional commissions due to lower revenue.

Selling, general, and administrative expense. Selling, general and administrative expense for the nine months ended September 30, 2024 decreased to $204.6 million, from $210.3 million compared to the same period in the prior year, a decrease of $5.7 million or 2.7%. The decrease was primarily due to a reduction in marketing support costs provided to our investment sales and financing professionals, partially offset by an increase in compensation-related costs.

Depreciation and amortization expense. Depreciation and amortization expense increased to $11.3 million for the nine months ended September 30, 2024 from $10.3 million compared to the same period in 2023, an increase of $1.0 million, or 9.6%. The increase primarily relates to accelerated amortization of certain intangible assets resulting from changes in estimates.

Other Income, Net

Other income, net increased to $15.7 million for the nine months ended September 30, 2024 from $14.1 million for the same period in 2023. The increase of $1.6 million was primarily driven by increase in interest income as a result of rebalancing the Company's investments to take advantage of higher yields and an increase in the carrying value of the assets held in the rabbi trust.

Interest Expense

Interest expense decreased by an immaterial amount for the nine months ended September 30, 2024 compared to the same period in 2023, and primarily relates to interest expense on the Company’s SARs liability.

Benefit for Income Taxes

The benefit for income taxes was $3.6 million for the nine months ended September 30, 2024, compared to $4.9 million for the same period in 2023. The effective income tax rate for the nine months ended September 30, 2024 was 14.7% compared to 17.1% for the same period in 2023. The effective income tax rate decreased primarily due to the relationship of permanent nondeductible items to projected pre-tax loss for the full year as the impact to the effective tax rate that were caused by other items were largely offsetting.

Non-GAAP Financial Measure

In this Quarterly Report on Form 10-Q, we include a non-GAAP financial measure, Adjusted EBITDA. We define Adjusted EBITDA as net loss 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 for income taxes, (iv) depreciation and amortization, and (v) stock-based compensation. We use Adjusted EBITDA in our business operations to evaluate the performance of our business, develop budgets and measure our performance against those budgets, among other things. We also believe that analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate our 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 our results as reported under U.S. GAAP. We find 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, we do not rely solely on Adjusted EBITDA as a performance measure and also consider our U.S. GAAP results. Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net loss, 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. A reconciliation of the most directly comparable U.S. GAAP financial measure, net loss, to Adjusted EBITDA is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	$ (5,385)	$ (9,240)	$ (20,910)	$ (23,802)
Adjustments:				
Interest income and other[1]	(4,498)	(4,721)	(13,806)	(13,201)
Interest expense	208	241	611	672
Benefit for income taxes	(967)	(2,010)	(3,613)	(4,915)
Depreciation and amortization	4,550	3,637	11,301	10,312
Stock-based compensation	6,071	5,446	17,755	15,808
Adjusted EBITDA	$ (21)	$ (6,647)	$ (8,662)	$ (15,126)

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

Liquidity and Capital Resources

Our primary sources of liquidity are cash, cash equivalents, and restricted cash, cash flows from operations, marketable debt securities, available-for-sale and, if necessary, borrowings under our Credit Agreement (as defined herein). In order to enhance yield to us, we have invested a portion of our cash in money market funds and fixed and variable income debt securities, in accordance with our investment policy approved by the Board of Directors. Certain of our investments in money market funds may not maintain a stable net asset value and may impose a discretionary liquidity fee. To date, the Company has not experienced any restrictions on its ability to redeem funds from money market funds. Although we have historically funded our operations through operating cash flows, there can be no assurance that we can continue to meet our cash requirements entirely through our operations, cash, net of restricted cash, cash equivalents, and proceeds from the sale of marketable debt securities, available-for-sale or availability under our Credit Agreement.

Cash Flows

Our total cash, cash equivalents, and restricted cash balance increased by $1.9 million to $172.7 million at September 30, 2024, compared to $170.8 million at December 31, 2023. The following table sets forth our summary cash flows for the nine months ended September 30, 2024 and 2023 (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Net cash flows used in operating activities	$ (34,941)	$ (87,114)
Net cash flows provided by investing activities	55,307	128,733
Net cash flows used in financing activities	(18,346)	(53,318)
Effect of currency exchange rate changes on cash, cash equivalents, and restricted cash	(56)	—
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,964	(11,699)
Cash, cash equivalents, and restricted cash at beginning of period	170,753	235,873
Cash, cash equivalents, and restricted cash at end of period	$ 172,717	$ 224,174

Operating Activities

Cash flows used in operating activities were $34.9 million for the nine months ended September 30, 2024 compared to $87.1 million for the same period in 2023. The $52.2 million decrease in cash flows used in operating activities for the nine months ended September 30, 2024 compared to the same period in 2023 was primarily due to decreased payments for bonuses and deferred compensation and commissions in the current year compared to the same period in prior year. The larger bonus and commission payments made in the 2023 period primarily related to amounts accrued in 2022. The cash flows from operating activities are also affected by the timing of certain cash receipts and payments.

Investing Activities

Cash flows provided by investing activities were $55.3 million for the nine months ended September 30, 2024 compared to $128.7 million for the same period in 2023. The $73.4 million decrease in cash flows provided by investing activities for the nine months ended September 30, 2024 compared to the same period in 2023 was primarily due to a net decrease of $74.9 million in net proceeds from sales and maturities of securities in 2024 compared to the same period in 2023. Net proceeds from marketable debt securities, available-for-sale during the nine-month period ended September 30, 2023 were used to fund operations, dividends and stock repurchases.

Financing Activities

Cash flows used in financing activities were $18.3 million for the nine months ended September 30, 2024 compared to $53.3 million for the same period in 2023. The decrease of $35.0 million in cash flows used in financing activities for the nine months ended September 30, 2024 compared to the same period in 2023 was primarily due to a decrease of $34.4 million in stock repurchases in 2024 compared to the same period in 2023.

Liquidity

We believe that our existing balances of cash, cash equivalents, cash flows expected to be generated from our operations, and proceeds from the sale of marketable debt securities, available-for-sale will be sufficient to satisfy our operating requirements for at least the next 12 months and the foreseeable future. If we need to raise additional capital through public or private debt or equity financings, strategic relationships or other arrangements, this capital might not be available to us in a timely manner, on acceptable terms, or at all. Our failure to raise sufficient capital when needed could prevent us from funding acquisitions or otherwise financing our growth or operations. As of September 30, 2024, cash, excluding restricted cash, cash equivalents, and marketable debt securities, available-for-sale, aggregated $338.3 million.

Credit Agreement

Our credit agreement with Wells Fargo Bank, National Association (as amended, the “Credit Agreement”) provides for a $10.0 million principal amount senior secured revolving credit facility that is guaranteed by all of our domestic subsidiaries and matures on June 1, 2025. The Company maintains a $10.0 million restricted cash balance in support of the Credit Agreement. The Company is monitoring covenant compliance on a regular basis to ensure continued compliance with the Credit Agreement. Our ability to borrow under our Credit Agreement is limited by our ability to comply with its covenants or obtain necessary waivers. See Note 12 – “Commitments and Contingencies” of our Notes to Condensed Consolidated Financial Statements in Item 1, Part I of this Quarterly Report on Form 10-Q for additional information on the Credit Agreement.

Off Balance Sheet Arrangements

The Company, in connection with the Strategic Alliance with M&T Realty Capital Corporation (“MTRCC”), has agreed to provide loan opportunities that may be funded through MTRCC’s agreement with Fannie Mae, which requires MTRCC to guarantee a portion of each funded loan. On a loan-by-loan basis, the Company, at its option, can assume a portion of MTRCC’s guarantee obligation to Fannie Mae of loan opportunities presented to and closed by MTRCC. As of September 30, 2024, the Company has agreed to a maximum aggregate guarantee obligation of $226.0 million relating to loans with an unpaid balance of $1,356.3 million. The maximum guarantee obligation is not representative of the actual loss we would incur. The Company would be liable for this amount only if all of the loans for which it is providing a guarantee to MTRCC were to default and all of the collateral underlying these loans was determined to be without value at the time of settlement. As of September 30, 2024, the Company has recorded an allowance for loss-sharing obligations of $1,222,000 and pledged $678,000 in a restricted bank account in support of the guarantee obligation.

Material Cash Requirements

There have been no material changes in our commitments under contractual obligations, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023 through the date the condensed consolidated financial statements were issued, other than commitments that are already disclosed in the accompanying notes to the condensed consolidated financial statements.

Inflation

Our commissions and other variable costs related to revenue are primarily affected by real estate market supply and demand, which may be affected by uncertain or changing economic and market conditions, including inflation/deflation arising in connection with and in response to various macroeconomic factors and impact of increased interest rates on the broader economy.

The annual CPI inflation rate in the U.S. peaked at 9.1% in June 2022, the highest annual inflation rate since November 1981, then fell to 3.1% in November 2023. In the first quarter of 2024, the headline CPI inflation rate trended upward to a reading of 3.5% in March 2024, but it has since been reduced to 2.4% and most economists believe that the current trend will continue. In 2022 through 2023, the Federal Reserve increased the federal funds rate to the 5.25%-5.5% range in an effort to combat inflation, which has had an adverse impact on commercial real estate transactions. The inflation volatility in the first quarter of 2024 raised questions about whether and when the Federal Reserve will reduce interest rates. At the beginning of the year, there were broad expectations that the Federal Reserve would make several rate cuts in 2024, but expectations have been pared back. The significant 50 basis point reduction of the overnight rate in September was positively received by investors, boosting sentiment, but questions about the pace of future reductions remain. The volatility of the 10-year treasury rate following the Federal Reserve's overnight interest rate reduction remains a headwind for investors, but many investors have reinitiated preliminary transactional activity such as requesting broker opinions of value and touring assets as they reassess the market.

Critical Accounting Estimates

We prepare our financial statements in accordance with U.S. GAAP. In applying many of these accounting principles, we make assumptions, estimates and/or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our condensed consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and/or judgments, however, are often subjective and our actual results may change based on changing circumstances or changes in our analyses. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. There were no significant changes in our critical accounting policies, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 27, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We maintain a portfolio of investments in a variety of fixed and variable debt rate securities, including U.S. Treasuries, U.S. government sponsored entities, corporate debt, asset-backed securities and others. As of September 30, 2024, the fair value of investments in marketable debt securities, available-for-sale was $176.3 million. The primary objective of our investment activity is to maintain the safety of principal and to provide for future liquidity requirements while maximizing yields without significantly increasing risk. While some investments may be securities of companies in foreign countries, all investments are denominated and payable in U.S. dollars. We do not enter into investments for trading or speculative purposes. While our intent is not to sell these investment securities prior to their stated maturities, we may choose to sell any of the securities for strategic reasons including, but not limited to, anticipated capital requirements, anticipation of credit deterioration, duration management, yield management and because a security no longer meets the criteria of our investment policy. We do not use derivatives or similar instruments to manage our interest rate risk. We seek to invest in high quality investments. The weighted average credit rating of our portfolio investments (exclusive of cash, cash equivalents, and restricted cash) was A+ as of September 30, 2024. Maturities are maintained consistent with our short-, medium- and long-term liquidity objectives.

Currently, our portfolio of investments predominantly consists of fixed interest rate debt securities; however, a portion of our investment portfolio may consist of variable interest rate debt securities. Our investments in fixed interest rate debt securities are subject to various market risks. Changes in prevailing interest rates may adversely or positively impact their fair market value should interest rates generally rise or fall. Accordingly, we also may have interest rate risk with variable interest rate debt securities as the income produced may decrease if interest rates fall. Contraction in market liquidity may adversely affect the value of portions of our portfolio and affect our ability to sell securities in the time frames required and at acceptable prices. Uncertainty in future market conditions may raise market participant’s expectations of returns, thus impacting the value of securities in our portfolio as well. The following table sets forth the impact on the fair value of our investments as of September 30, 2024 from changes in interest rates based on the weighted average duration of the debt securities in our portfolio (in thousands):

Change in Interest Rates		Approximate Change in Fair Value of Investments Increase (Decrease)
2% Decrease …..................	$	3,529
1% Decrease …..................	$	1,764
1% Increase …..................	$	(1,764)
2% Increase …..................	$	(3,527)

Due to the nature of our business and the manner in which we conduct our operations, we believe we do not face any material interest rate risk with respect to other assets and liabilities, equity price risk or other market risks. The functional currency of our Canadian operations is the Canadian dollar. We are exposed to foreign currency exchange rate risk for the settlement of transactions of the Canadian operations as well as unrealized translation adjustments. Historically foreign exchange rate risk has not been material.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f), including maintenance of (i) records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets, and (ii) policies and procedures that provide reasonable assurance that (a) transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, (b) our receipts and expenditures are being made only in accordance with authorizations of management and our Board of Directors, and (c) we will prevent or timely detect unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Our management, with the supervision and participation of our chief executive officer ("CEO") and chief financial officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a- 15(e) and 15d- 15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q, based on the criteria established under the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on such evaluation, our management has concluded that as of September 30, 2024, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in claims and legal actions arising in the ordinary course of our business, some of which involve claims for damages that are substantial in amount. Most of these litigation matters are covered by our insurance policies, which contain deductibles, exclusions, claim limits and aggregate policy limits. Such litigation and other proceedings may include, but are not limited to, actions relating to commercial relationships, standard brokerage disputes like the alleged failure to disclose physical or environmental defects or property expenses or contracts, the alleged inadequate disclosure of matters relating to the transaction like the relationships among the parties to the transaction, potential claims or losses pertaining to the asset, vicarious liability based upon conduct of individuals or entities outside of our control, general fraud claims, conflicts of interest claims, employment law claims, including claims challenging the classification of our sales professionals as independent contractors, claims alleging violations of state consumer fraud statutes and intellectual property. While the ultimate liability for these legal proceedings cannot be determined, we review the need for an accrual for loss contingencies quarterly and record an accrual for litigation related losses where the likelihood of loss is both probable and estimable. We do not believe, based on information currently available to us, that the final outcome of these proceedings will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

There have been no material changes from the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer

There were no share repurchases as part of the publicly announced plans or programs during the three months ended September 30, 2024, and the approximate dollar value of shares available for purchase under the plans or programs is $71.0 million.

Periods	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
July 1, 2024 – July 31, 2024	—	$ —	—	$ 70,951,742
August 1, 2024 – August 31, 2024	—	$ —	—	$ 70,951,742
September 1, 2024 – September 30, 2024	—	$ —	—	$ 70,951,742
Total	—		—	$ 70,951,742

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

None of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the quarterly period covered by this report.

Item 6. Exhibits

Exhibit No.	Description
10.1*	Amended and Restated 2013 Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement.
10.2*	Amended and Restated 2013 Omnibus Equity Incentive Plan Restricted Stock Award Agreement.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Loss, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished, not filed.

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 thereunto duly authorized.

Marcus & Millichap, Inc.

Date:	November 8, 2024	By:	/s/ Hessam Nadji
			Hessam Nadji President and Chief Executive Officer (Principal Executive Officer)
Date:	November 8, 2024	By:	/s/ Steven F. DeGennaro
			Steven F. DeGennaro Chief Financial Officer (Principal Financial Officer)

MARCUS AND MILLICHAP, INC.

AMENDED AND RESTATED 2013 OMNIBUS EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Marcus and Millichap, Inc. Amended and Restated 2013 Omnibus Equity Incentive Plan (the "***Plan***") will have the same defined meanings in this Restricted Stock Unit Award Agreement (the "***Award Agreement***").

I. <u>NOTICE OF RESTRICTED STOCK UNIT GRANT</u>

Participant Name:

Address:

You have been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number	____________________________
Date of Grant	____________________________
Vesting Commencement Date	____________________________
Number of Restricted Stock Units	____________________________

<u>Vesting Schedule</u>:

Subject to Section 3 of the Award Agreement and any acceleration provisions contained in the Plan or set forth below, the Restricted Stock Unit will vest in accordance with the following schedule:

[insert vesting schedule]

In the event Participant ceases to be a Service Provider (or gives or is given notice of such termination) for any or no reason before Participant vests in the Restricted Stock Unit, the Restricted Stock Unit and Participant's right to acquire any Shares hereunder will immediately terminate.

By Participant's signature and the signature of the representative of Marcus and Millichap, Inc. (the "***Company***") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant (including any country-specific addendum thereto), attached hereto as <u>Exhibit A</u>, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or

interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:	MARCUS AND MILLICHAP, INC.
______________________________	______________________________
Signature	By
______________________________	______________________________
Print Name	Title

Residence Address:

____

____

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant. The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the "***Participant***") under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 13 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Company's Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be paid to Participant (or in the event of Participant's death, to his or her estate) in whole Shares as set forth herein, subject to Participant satisfying any applicable tax withholding or other obligations as set forth in Section 7. Subject to the provisions of Section 4, such vested Restricted Stock Units will be paid in Shares as soon as practicable after vesting, but in each such case within the period ending no later than the date that is two and one-half (2½) months from the end of the Company's tax year that includes the vesting date.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs. Service Provider status will end on the day that notice of termination is provided whether oral or written (whether by the Company or Parent or Subsidiary for any reason or by Participant upon resignation) and will not be extended by any notice period that may be required contractually or under applicable local law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole and absolute discretion to determine when Participant is no longer providing active service for purposes of Service Provider status and participation in the Plan.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as

determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following his or her death. It is the intent of this Award Agreement to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time oral or written notice is provided (whether by Participant or the Company or Parent or Subsidiary) of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Regardless of any action the Company or Participant's employer (the "***Employer***") takes with respect to any or all applicable national, local, or other tax or social contribution, withholding, required deductions, or other payments, if any, that arise upon the grant or vesting of the Restricted Stock Units or the holding or subsequent sale of Shares, and the receipt of dividends or other distributions, if any ("***Tax-Related Items***"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including grant or vesting, the subsequent sale of Shares acquired under the Plan, and the receipt of dividends or other distributions, if any; and (b) does not commit to and is under no obligation to structure the terms of the Restricted Stock Units or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold

Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to such Shares.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax-Related Items, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax-Related Items by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares, but prior to such issuance, Participant will not have any rights to dividends and/or distributions on such Shares.

9. Dividend Equivalents. If a cash dividend is declared on the Shares, Participant shall be credited with a dividend equivalent in an amount of cash equal to the product of (x) the number of Restricted Stock Units held by Participant as of the dividend record date and (y) the amount of the cash dividend paid per Share. Such dividend equivalent shall be paid if and when the underlying Restricted Stock Units vest and are settled. If a Share dividend is declared on the Shares, Participant shall be credited with a dividend equivalent in an amount of Shares equal to the product of (x) the number of Restricted Stock Units held by Participant as of the dividend record date and (y) the amount of the Share dividend distributed per Share. Such dividend equivalents shall be settled if and when the underlying Restricted Stock Units vest and are settled, rounded down to the nearest whole share. Dividend equivalents shall not accrue interest prior to the date of payment or settlement, as applicable. For purposes of clarity, no dividend equivalents shall be credited with respect to any Restricted Stock Units that are settled or terminated prior to the applicable dividend record date.

10. No Guarantee of Continued Service or Grants. PARTICIPANT

ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation; (g) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

11. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its General Counsel at Marcus and Millichap, Inc., 23975 Park Sorrento, Suite 400, Calabasas, CA 91302, or at such other address as the Company may hereafter designate in writing.

12. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

rights and privileges conferred hereby immediately will become null and void.

13. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

14. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. The Company shall not be obligated to issue any Shares pursuant to the Restricted Stock Units at any time if the issuance of Shares violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant or vesting of the Restricted Stock Units or the holding or disposition of Shares (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the issuance of Shares or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to the Restricted Stock Units or the Shares. Notwithstanding any provision herein, the Restricted Stock Units and any Shares shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this Award Agreement).

15. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

16. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other

interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

17. Electronic Delivery and Language. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this Award Agreement, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

18. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

19. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

20. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

21. Data Privacy. ***Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company and its affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any affiliate, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and***

management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.

For Participants located in the European Union, the following paragraph applies: Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares received. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

22. Foreign Exchange Fluctuations and Restrictions. Participant understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Restricted Stock Units or Shares received (or the calculation of income or Tax-Related Items thereunder). Participant understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency and may require Participant to provide such entity with certain information regarding the transaction.

23. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

24. Governing Law. This Award Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of the County of Los Angeles,

California, or the federal courts for the United States for the Central District of California, and no other courts.

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MARCUS AND MILLICHAP, INC.

AMENDED AND RESTATED 2013 OMNIBUS EQUITY INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Marcus and Millichap, Inc. Amended and Restated 2013 Omnibus Equity Incentive Plan (the "***Plan***") will have the same defined meanings in this Restricted Stock Award Agreement (the "***Award Agreement***").

NOTICE OF RESTRICTED STOCK GRANT

Participant Name:

Address:

You have been granted the right to receive an Award of Restricted Stock, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number	______________________________
Date of Grant	______________________________
Vesting Commencement Date	______________________________
Total Number of Shares Granted	______________________________

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock will vest and the right of Marcus and Millichap, Inc. (the "***Company***") to reacquire the Restricted Stock will lapse in accordance with the following schedule:

> [100% of the Shares of Restricted Stock subject to the Grant will vest and be released from the Company's reacquisition right on the earlier of (i) the one-year anniversary of the Vesting Commencement Date and (ii) the date of the next Annual Meeting of Stockholders, subject to Participant continuing to be a Service Provider through the applicable vesting date.]

By Participant's signature and the signature of the representative of the Company below, Participant and the Company agree that this Award of Restricted Stock is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Grant (including any country-specific addendum thereto), attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding,

conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:	MARCUS AND MILLICHAP, INC.
______________________________	By: ______________________________
Signature	
______________________________	Title: ______________________________
Print Name	

Residence Address:

____

____

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK GRANT

1. Grant of Restricted Stock. The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the "***Participant***") under the Plan for past services and as a separate incentive in connection with his or her services and not in lieu of any salary or other compensation for his or her services, an Award of Shares of Restricted Stock, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 13 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Escrow of Shares.

(a) All Shares of Restricted Stock will, upon execution of this Award Agreement, be delivered and deposited with an escrow holder designated by the Company (the "***Escrow Holder***"). The Shares of Restricted Stock will be held by the Escrow Holder until such time as the Shares of Restricted Stock vest or the date Participant ceases to be a Service Provider.

(b) The Escrow Holder will not be liable for any act it may do or omit to do with respect to holding the Shares of Restricted Stock in escrow while acting in good faith and in the exercise of its judgment.

(c) Upon Participant's termination as a Service Provider for any reason, the Escrow Holder, upon receipt of written notice of such termination, will take all steps necessary to accomplish the transfer of the unvested Shares of Restricted Stock to the Company. Participant hereby appoints the Escrow Holder with full power of substitution, as Participant's true and lawful attorney in fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares of Restricted Stock to the Company upon such termination.

(d) The Escrow Holder will take all steps necessary to accomplish the transfer of Shares of Restricted Stock to Participant after they vest following Participant's request that the Escrow Holder do so.

(e) Subject to the terms hereof, Participant will have all the rights of a stockholder (including voting rights) with respect to the Shares while they are held in escrow except with respect to the right to receive dividends and other distributions. Participant will be credited with all dividends and other distributions paid or distributed by the Company on the equivalent number of vested Shares, but such dividends and other distributions shall be distributed to Participant only if, when and to the extent the unvested Shares vest. The value of dividends and other distributions payable with respect to any Shares of Restricted Stock that do not vest shall be forfeited.

(f) In the event of any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares, the Shares of Restricted Stock will be increased, reduced or otherwise changed, and by virtue of any such change Participant will in his or her capacity as owner of unvested Shares of Restricted Stock be entitled to new or additional or different shares of stock, cash or securities (other than rights or warrants to purchase securities); such new or additional or different shares, cash or securities will thereupon be considered to be unvested Shares of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Award Agreement. If Participant receives rights or warrants with respect to any unvested Shares of Restricted Stock, such rights or warrants may be held or exercised by Participant, provided that until such exercise any such rights or warrants and after such exercise any shares or other securities acquired by the exercise of such rights or warrants will be considered to be unvested Shares of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Award Agreement. The Administrator in its absolute discretion at any time may accelerate the vesting of all or any portion of such new or additional shares of stock, cash or securities, rights or warrants to purchase securities or shares or other securities acquired by the exercise of such rights or warrants.

(g) The Company may instruct the transfer agent for its Common Stock to place a legend on the certificates representing the Restricted Stock or otherwise note its records as to the restrictions on transfer set forth in this Award Agreement.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Shares of Restricted Stock awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares of Restricted Stock scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs. Service Provider status will end on the day that notice of termination is provided whether oral or written (whether by the Company or Parent or Subsidiary for any reason or by Participant upon resignation) and will not be extended by any notice period that may be required contractually or under applicable local law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole and absolute discretion to determine when Participant is no longer providing active service for purposes of Service Provider status and participation in the Plan.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock will be considered as having vested as of the date specified by the Administrator.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Shares of Restricted Stock that have not vested as of the time oral or written notice is provided (whether by Participant or the Company or Parent or Subsidiary) of Participant's termination as a Service Provider for any or no reason will be forfeited and automatically transferred to and reacquired by the Company at no cost to the Company upon the date of such termination and Participant will have no further

rights thereunder. Participant will not be entitled to a refund of the price paid for the Shares of Restricted Stock, if any, returned to the Company pursuant to this Section 5. Participant hereby appoints the Escrow Agent with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares to the Company upon such termination of service.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Regardless of any action the Company or Participant's employer (the "***Employer***") takes with respect to any or all applicable national, local, or other tax or social contribution, withholding, required deductions, or other payments, if any, that arise upon the grant or vesting of the Restricted Stock or the holding or subsequent sale of Shares, and the receipt of dividends or other distributions, if any ("***Tax-Related Items***"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock, including grant or vesting, the subsequent sale of Shares acquired under the Plan, and the receipt of dividends or other distributions, if any; and (b) does not commit to and is under no obligation to structure the terms of the Restricted Stock or any aspect of the Restricted Stock to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares of Restricted Stock may be released from the escrow established pursuant to Section 2, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to such Shares.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax-Related Items, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax-Related Items by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time any applicable Restricted Stock otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Restricted Stock and any right to receive Shares thereunder and the Restricted Stock will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant or the Escrow Agent. Except as provided in Section 2, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service or Grants. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE SHARES OF RESTRICTED STOCK PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS RESTRICTED STOCK OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Restricted Stock is voluntary and occasional and does not Create any contractual or other right to receive future grants of Restricted Stock, or benefits in lieu of Restricted Stock even if Restricted Stock have been granted repeatedly in the past; (c) all decisions with respect to future awards of Restricted Stock, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Restricted Stock and the Shares subject to the Restricted Stock are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Restricted Stock and the Shares subject to the Restricted Stock are not intended to replace any pension rights or compensation; (g) the Restricted Stock and the Shares subject to the Restricted Stock are not part of normal or expected compensation or salary for any purposes, the Restricted Stock are not part of normal or expected compensation or salary for any purposes;

including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its General Counsel at Marcus and Millichap, Inc., 23975 Park Sorrento, Suite 400, Calabasas, CA 91302, or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, the unvested Shares subject to this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any unvested Shares of Restricted Stock subject to this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions Release from Escrow. The Company will not be required to issue any certificate or certificates for Shares hereunder or release such Shares from the escrow established pursuant to Section 2 prior to fulfillment of all the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Administrator will, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Administrator will, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the date of grant of the Restricted Stock as the Administrator may establish from time to time for reasons of administrative convenience.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant or vesting of the Restricted Stock or the holding or disposition of Shares (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the issuance of Shares or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to the Restricted Stock or the Shares. Notwithstanding any

provision herein, the Restricted Stock and any Shares shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "***Country-Specific Addendum***," which forms part this Award Agreement).

14. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Share of Restricted Stock have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

16. Electronic Delivery and Language. The Company may, in its sole discretion, decide to deliver any documents related to the Shares of Restricted Stock awarded under the Plan or future Restricted Stock that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this Award Agreement, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

18. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

19. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in

connection to this Award of Restricted Stock.

20. Data Privacy. ***Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company and its affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any affiliate, details of all Restricted Stock or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.***

For Participants located in the European Union, the following paragraph applies: Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares received. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

21. Foreign Exchange Fluctuations and Restrictions. Participant understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Restricted Stock or Shares received (or the calculation of income or Tax-Related Items thereunder). Participant understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered

the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency and may require Participant to provide such entity with certain information regarding the transaction.

22. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

23. Governing Law. This Award Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of the County of Los Angeles, California, or the federal courts for the United States for the Central District of California, and no other courts.

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Exhibit 31.1

**Certification of Chief Executive Officer of Marcus & Millichap, Inc. pursuant to
Rule 13a-14(a) under the Exchange Act,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Hessam Nadji, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marcus & Millichap, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024

/s/ Hessam Nadji

Hessam Nadji
President and Chief Executive Officer

Exhibit 31.2

**Certification of Chief Financial Officer of Marcus & Millichap, Inc. pursuant to
Rule 13a-14(a) under the Exchange Act,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Steven F. DeGennaro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marcus & Millichap, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024

/s/ Steven F. DeGennaro

Steven F. DeGennaro
Chief Financial Officer

Exhibit 32.1

Certifications of Chief Executive Officer and Chief Financial Officer of Marcus & Millichap, Inc. Pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Marcus & Millichap, Inc. on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Hessam Nadji, President and Chief Executive Officer of the Company, and Steven F. DeGennaro, Chief Financial Officer of the Company, certify, to the best of our knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 8, 2024	/s/ Hessam Nadji
		Hessam Nadji President and Chief Executive Officer (Principal Executive Officer)
Date:	November 8, 2024	/s/ Steven F. DeGennaro
		Steven F. DeGennaro Chief Financial Officer (Principal Financial Officer)