



Sectorwatch: Commercial Real Estate Services

March 2020

Commercial Real Estate Services

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard



Revenue Growth Momentum

↓ -0.04

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin Momentum

↑ 0.01%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

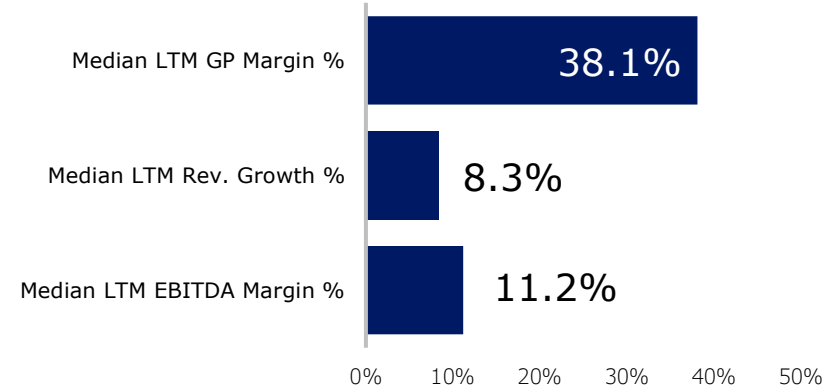
Profitability Momentum

↑ 0.69%

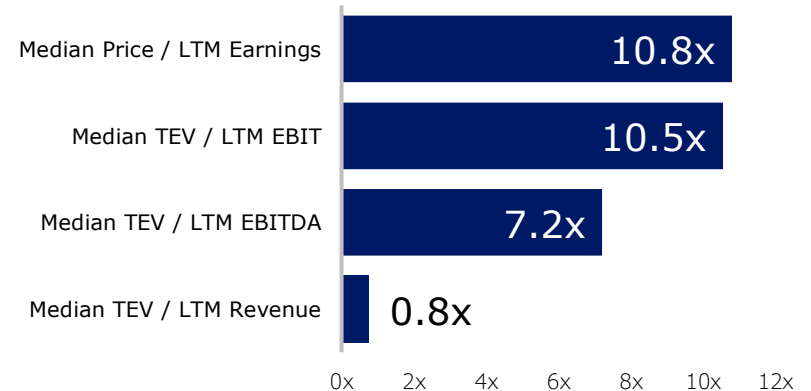
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

Operating Metrics



Valuation



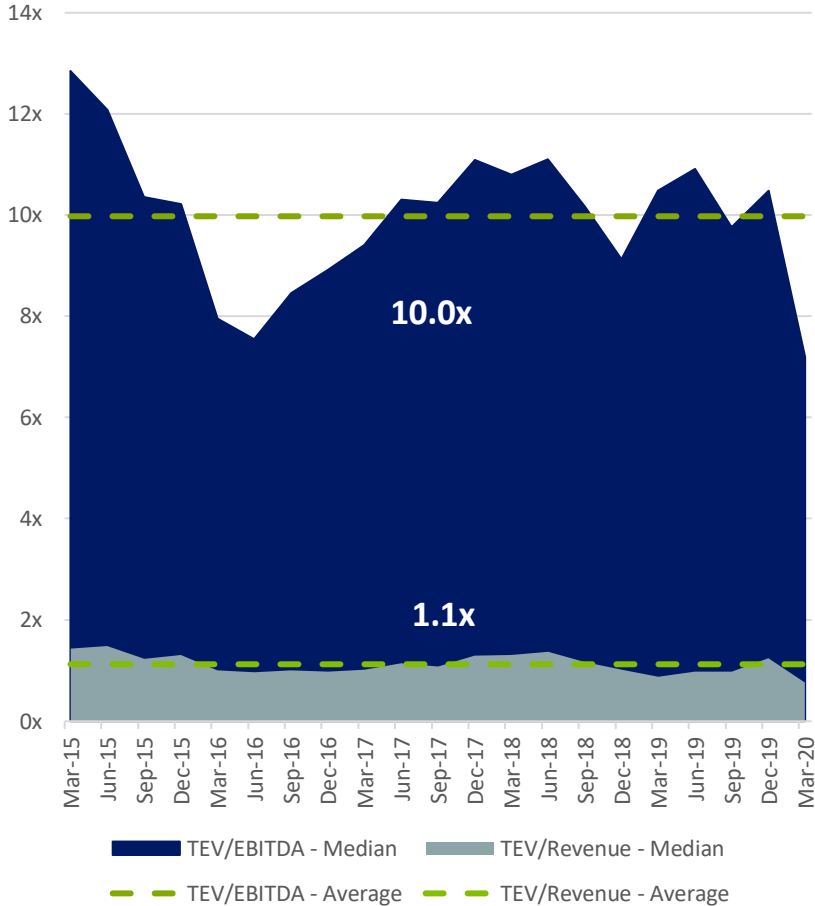
Public Basket



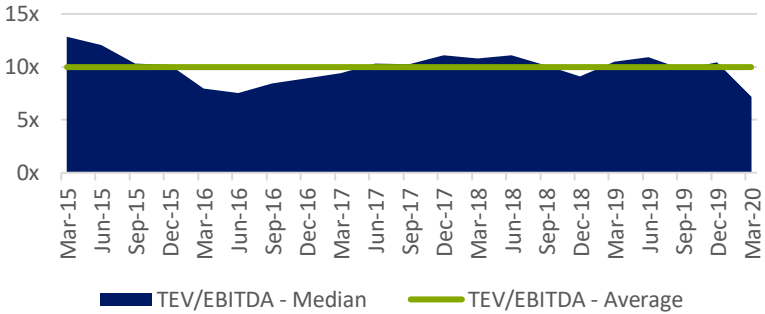
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Marcus & Millichap, Inc.	870	806	-1%	38%	13%	1.1	7.8	877	920
Savills plc	1,604	2,556	10%	N/A	9%	0.7	6.6	38,367	67
Newmark Group, Inc.	2,163	2,218	8%	N/A	13%	1.0	6.2	3,800	584
Colliers International Group Inc.	3,087	3,046	8%	36%	11%	1.1	7.5	15,250	200
Cushman & Wakefield plc	5,343	8,751	6%	20%	6%	0.6	7.6	53,000	165
Jones Lang LaSalle Incorporated	7,511	10,031	10%	69%	12%	0.7	5.3	93,400	107
CBRE Group, Inc.	15,956	23,894	12%	22%	8%	0.7	7.0	100,000	239
Average	5,219	7,329	8%	37%	10%	0.8	6.9	43,528	326
Median	3,087	3,046	8%	36%	11%	0.7	7.0	38,367	200

share price as of 27Mar20

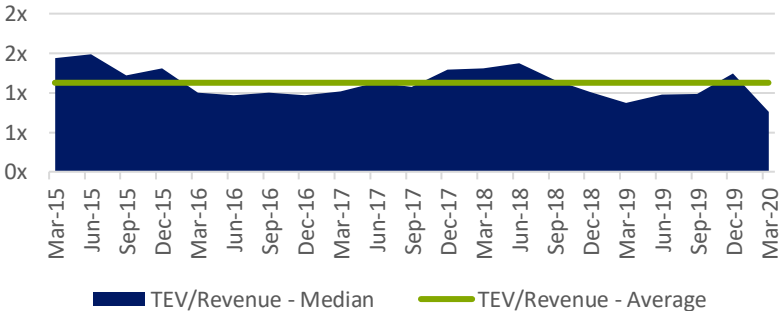
Public Basket Valuation Trends



Public EBITDA Multiples over Time



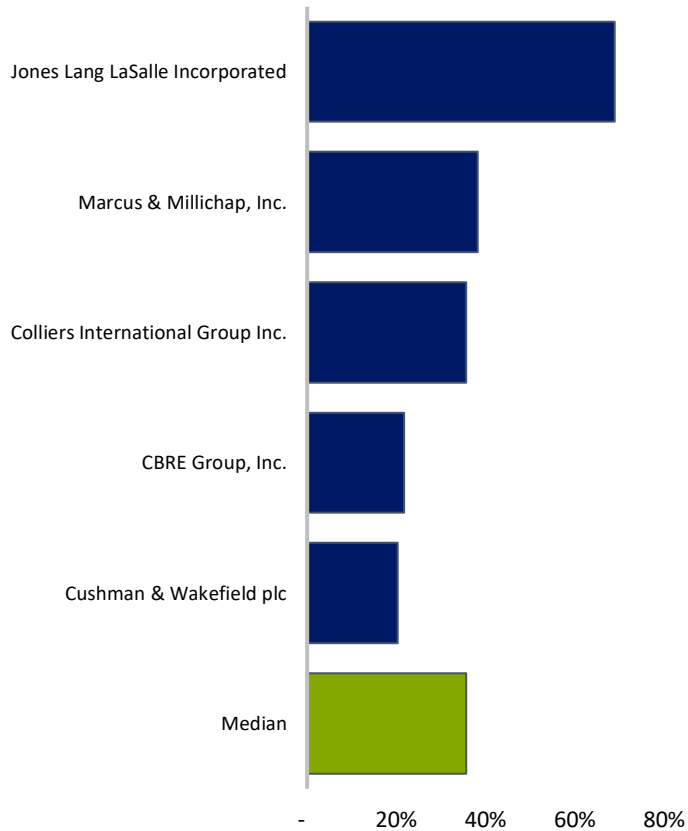
Public Revenue Multiples over Time



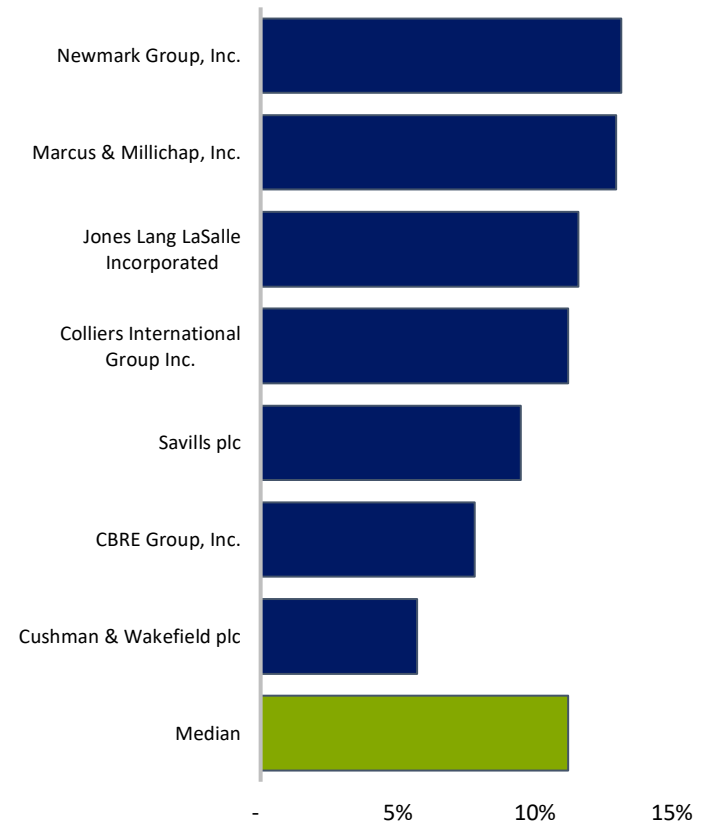
Operational Metrics



LTM Gross Profit Margin %



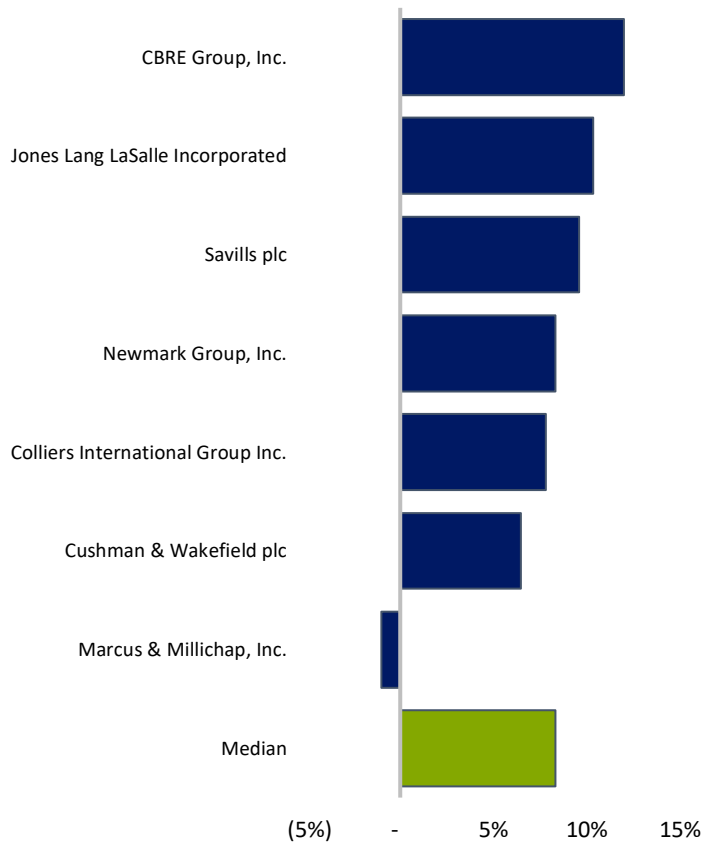
LTM EBITDA %



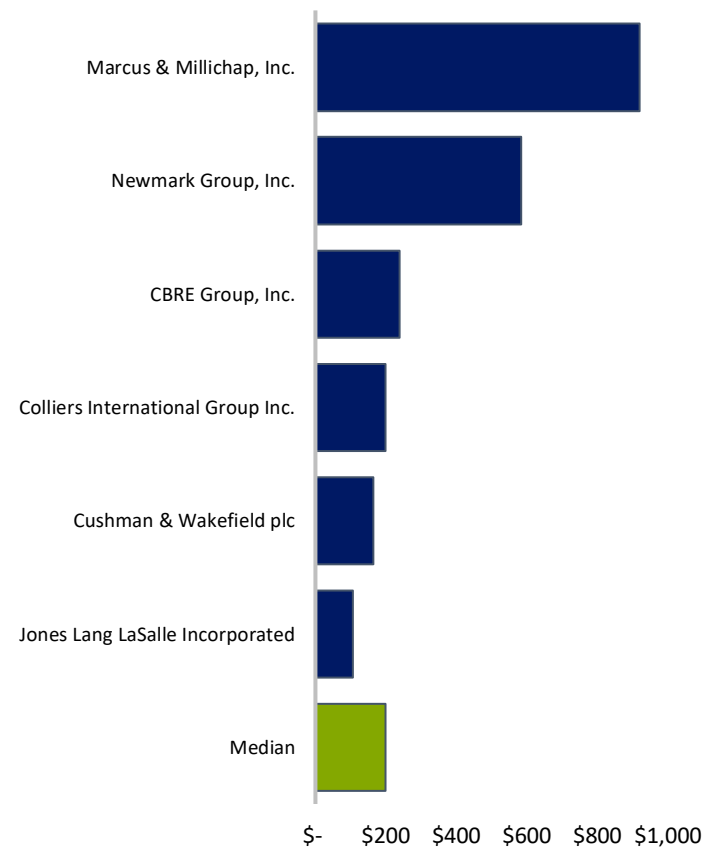
Operational Metrics



LTM Revenue Growth %



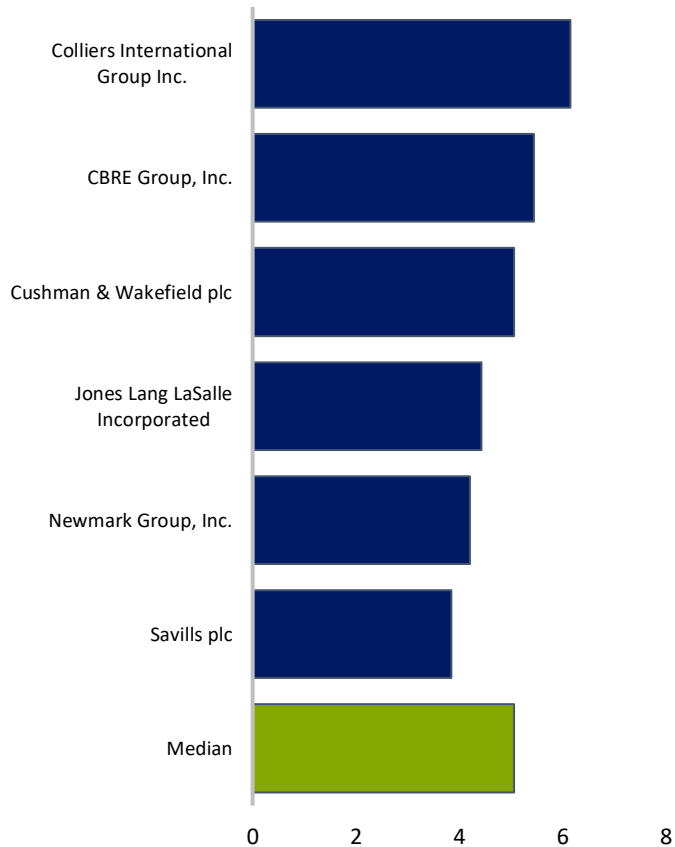
LTM Revenue per Full Time Employee x 000's



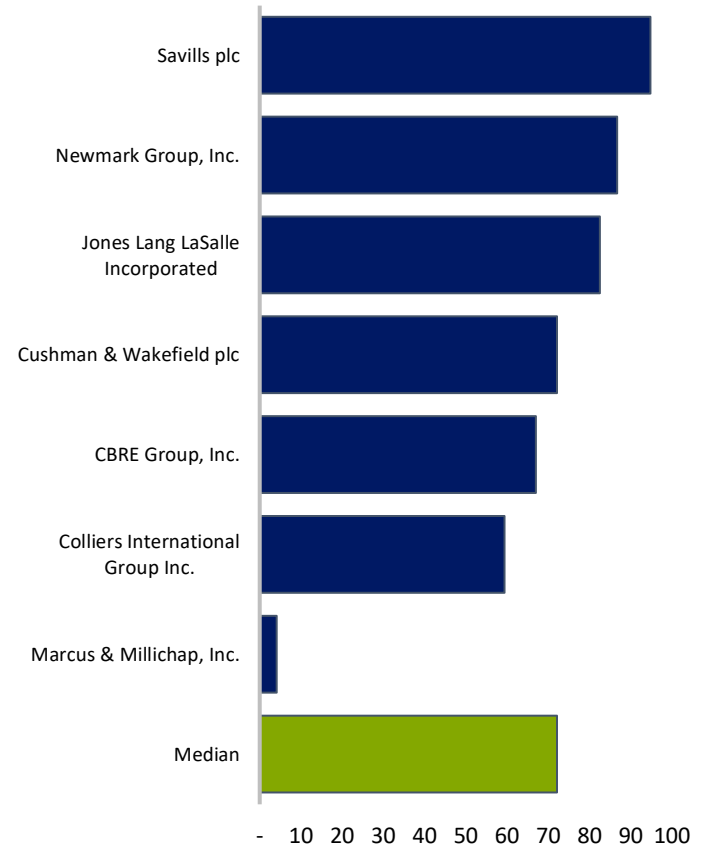
Operational Metrics



Accounts Receivable Turnover



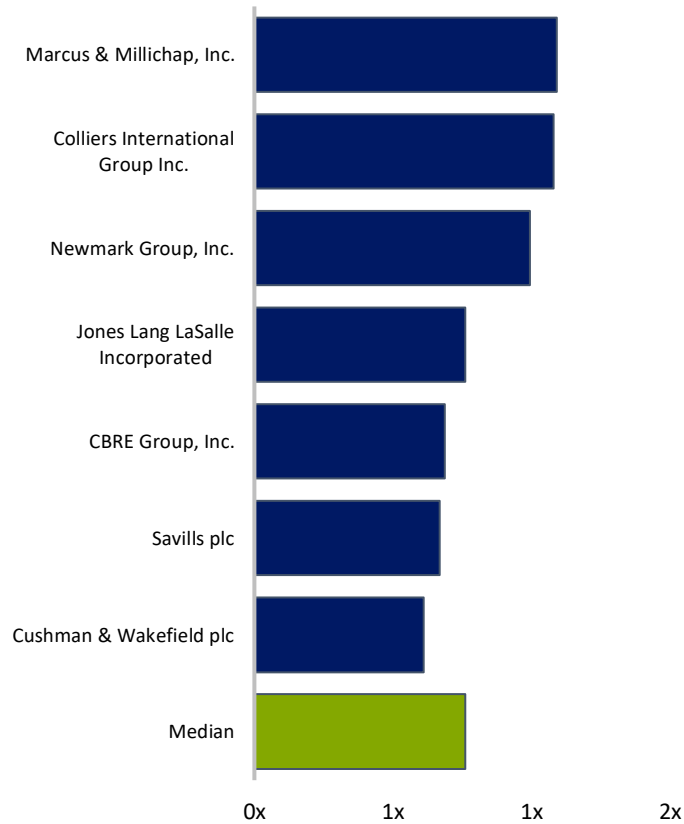
Average Days Sales Outstanding



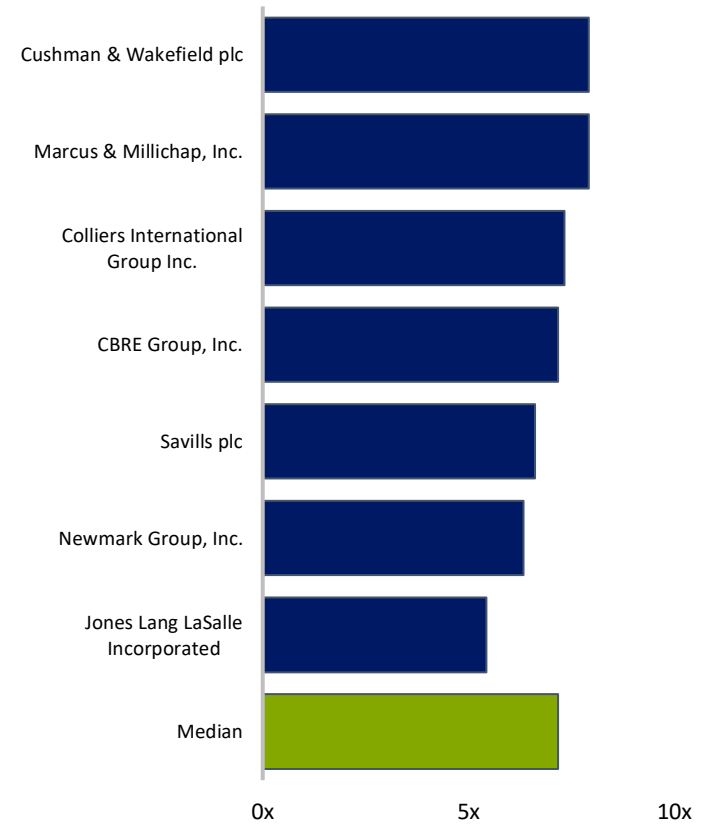
Valuation



TEV / LTM Revenue



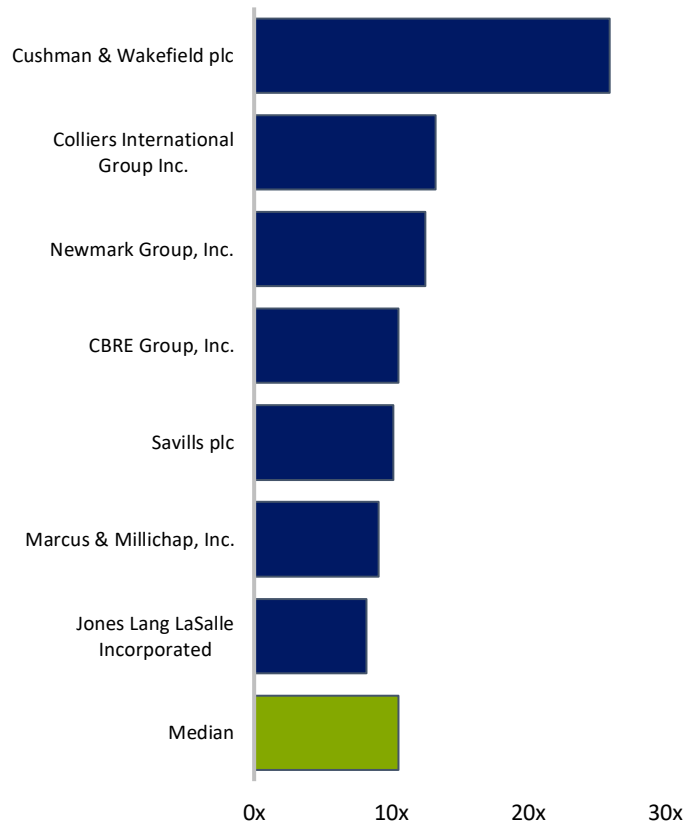
TEV / LTM EBITDA



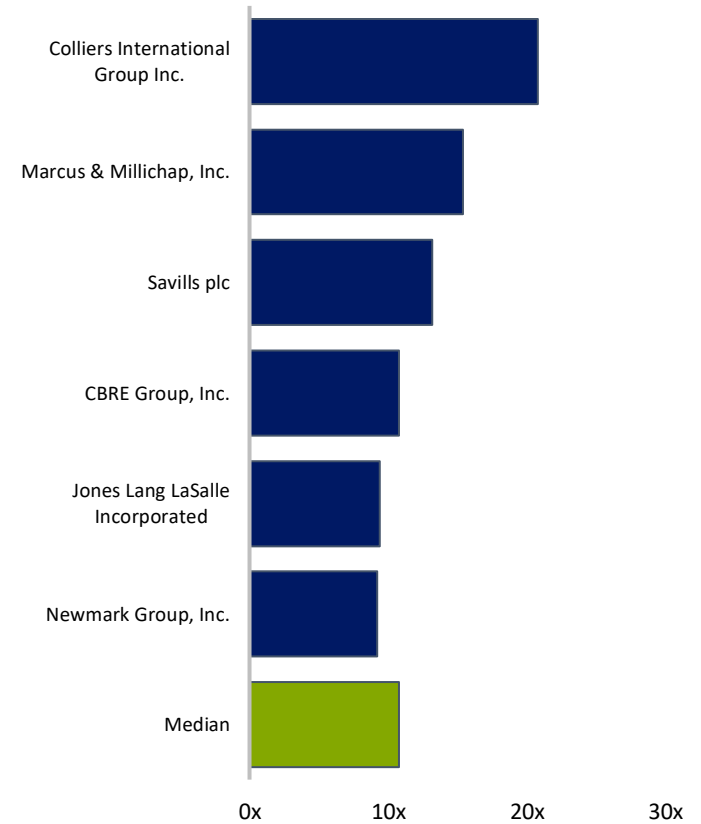
Valuation



TEV / LTM EBIT



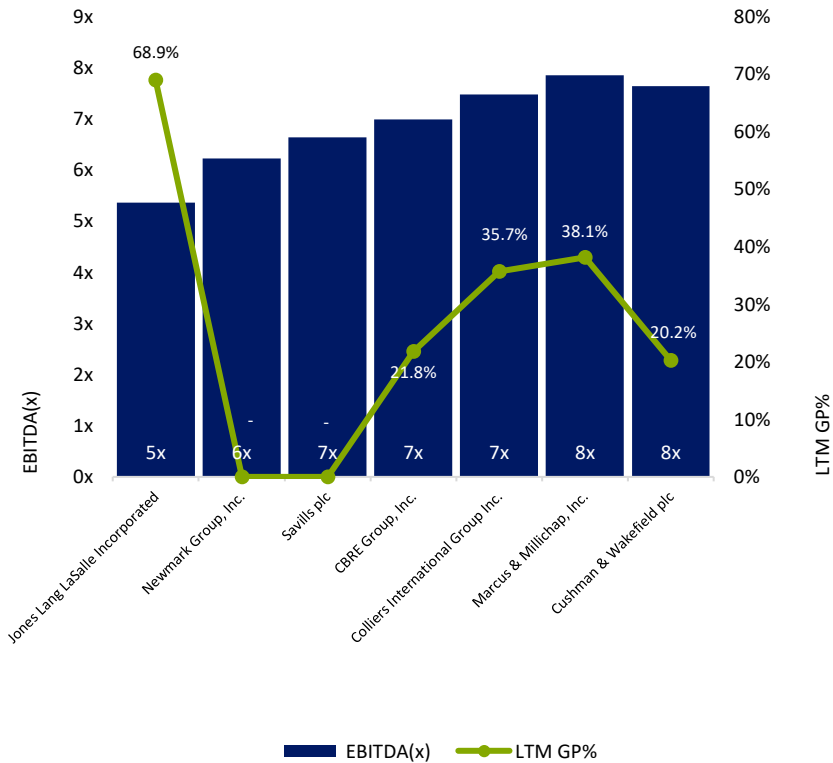
Price / LTM Earnings



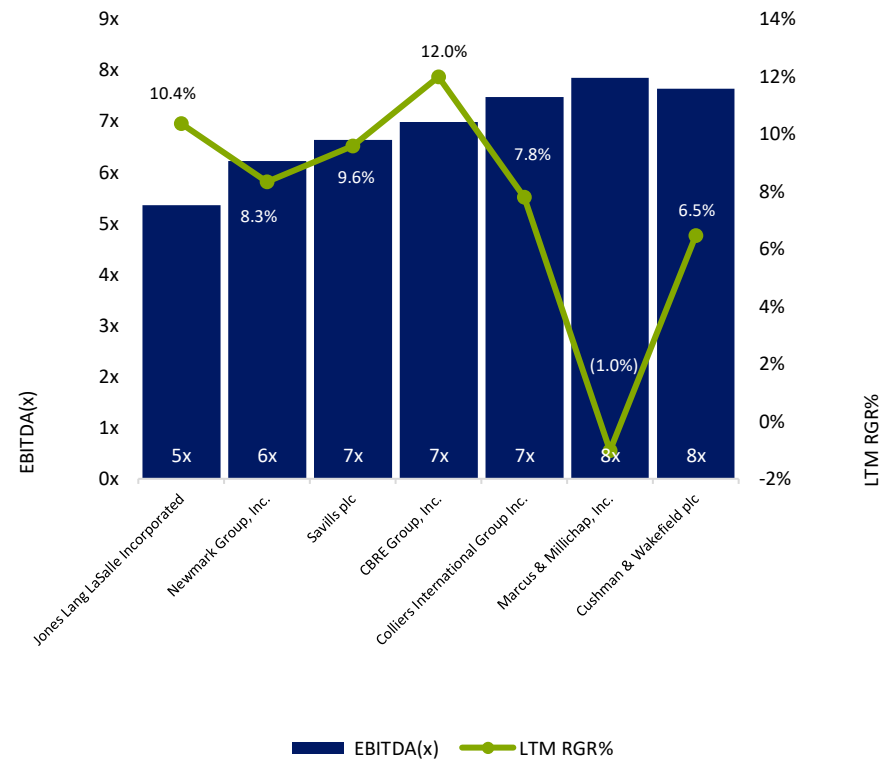
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Note: Savills and the Newmark Group do not report gross profit

Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
19Feb20	Colvill Office Properties, LLC	Cushman & Wakefield plc	-	-	-	-
5Feb20	Pinnacle Property Management Services, LLC	Cushman & Wakefield plc	-	-	-	-
16Jan20	Colliers International Austin, LLC	Colliers International Group Inc.	-	-	-	-
15Jan20	Assets of Hopkins Appraisal Services	Newmark Group, Inc.	-	-	-	-
19Dec19	Harper Dennis Hobbs Ltd.	Newmark Group, Inc.	-	-	-	-
8Nov19	REATA Real Estate Services, LP	CBRE Group, Inc.	-	-	-	-
7Nov19	Brokerage Division Of NAI Long Island	Cushman & Wakefield plc	-	-	-	-
23Oct19	Yaron Levy Project Management	CBRE Group, Inc.	-	-	-	-
19Sep19	Peloton Real Estate Partners LLC	Jones Lang LaSalle Incorporated	-	-	-	-
6Aug19	Substantially All Assets of Form Real Estate Advisors Inc.	Marcus & Millichap, Inc.	-	-	-	-
18Jun19	American Commercial Real Estate Specialists Group, LLC	Newmark Group, Inc.	-	-	-	-
23May19	Austin operations of Peloton Commercial Real Estate, L.P.	Cushman & Wakefield plc	-	-	-	-
25Apr19	Colliers International Sweden AB	Colliers International Group Inc.	-	-	-	-
10Apr19	Colliers International Charlotte	Colliers International Group Inc.	-	-	-	-
10Apr19	NAI MLG Commercial, LLC	Newmark Group, Inc.	-	-	-	-
18Mar19	HFF, Inc.	Jones Lang LaSalle Incorporated	2,054.61	635.32	-	-
5Mar19	Florida Valuation Group, Inc.	CBRE Group, Inc.	-	-	-	-
7Dec18	Cite Partners, LLC	Jones Lang LaSalle Incorporated	-	-	-	-
28Nov18	Martel Maides Ltd	Savills plc	-	-	-	-
14Nov18	Continental Real Estate Companies Commercial Properties Corp.	Colliers International Group Inc.	-	-	-	-
12Nov18	CB Richard Ellis of Virginia, Inc. (nka:Colliers International Virginia)	Colliers International Group Inc.	15.90	-	-	-
11Oct18	JP Case & Co Property Services Ltd/ Knutsford Branch of Meller Braggins Ltd	Savills plc	-	-	-	-
10Oct18	Assets of Primecorp Commercial Realty Inc.	Marcus & Millichap, Inc.	-	-	-	-
30Oct18	Niöra Real Estate, SL	Colliers International Group Inc.	-	-	-	-
10Oct18	KIG CRE, LLC	Cushman & Wakefield plc	-	-	-	-
13Sep18	Valuations Business of Knight Frank Australia Pty Ltd.	Cushman & Wakefield plc	-	-	-	-
11Sep18	Landmark Properties	Colliers International Group Inc.	-	-	-	-
31Aug18	McGill Commercial, Inc.	Marcus & Millichap, Inc.	-	-	-	-
4Sep18	CB Richard Ellis - Ne Partners, LP	CBRE Group, Inc.	-	-	-	-
16Aug18	San Antonio Operations of Peloton Commercial Real Estate, L.P.	CBRE Group, Inc.	-	-	-	-
2Aug18	Northwest Atlantic (Canada) Inc.	Jones Lang LaSalle Incorporated	-	-	-	-
23Jul18	Integra Realty Resources Offices in Denver and Pasadena	Newmark Group, Inc.	-	-	-	-
31May18	Middle East Business of Cluttons LLP	Savills plc	-	-	-	-
29May18	Robert K. Futterman & Associates, LLC	Newmark Group, Inc.	-	-	-	-
9May18	Third-Party Property Management Portfolio of Broadgate Estates Limited	Savills plc	18.33	-	-	-

Commercial Real Estate Services

March 2020

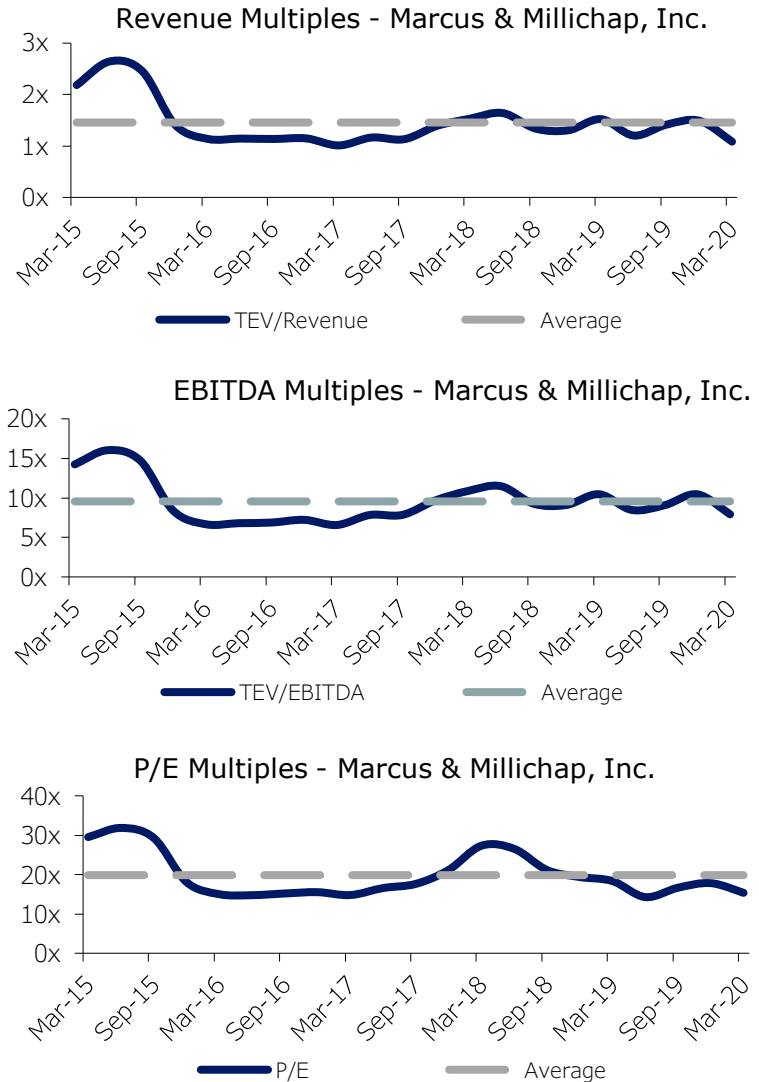
APPENDIX:
Public Basket
Constituents

Public Basket



Marcus & Millichap, Inc.

Marcus & Millichap, Inc., a brokerage company, provides real estate investment brokerage and financing services to sellers and buyers of commercial real estate in the United States and Canada. The company offers commercial real estate investment sales, financing, research, and advisory services for multifamily, retail, office, and industrial properties, as well as hospitality, self-storage, seniors housing, land, and manufactured housing properties. It also operates as a broker of debt financing for commercial properties. In addition, the company provides various ancillary services, including research, and advisory and consulting services to developers, lenders, owners, real estate investment trusts, high net worth individuals, pension fund advisors, and other institutions. Marcus & Millichap, Inc. was founded in 1971 and is headquartered in Calabasas, California.



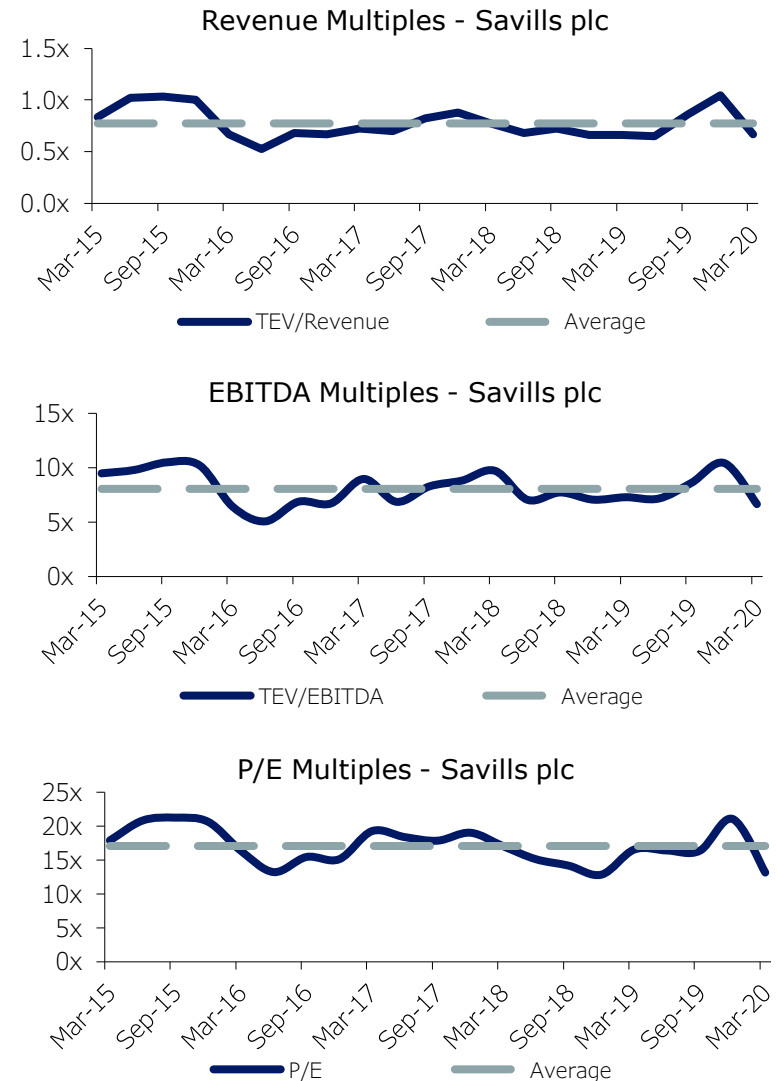
Date	Key Development Headline
1/16/20	Marcus & Millichap Seeks Acquisitions
10/7/19	Marcus & Millichap, Inc. (NYSE:MMI) completed the acquisition of substantially all assets of Form Real Estate Advisors Inc.
8/5/19	Marcus & Millichap, Inc. (NYSE:MMI) entered into a definitive agreement to acquire substantially all assets of Form Real Estate Advisors Inc.
5/7/19	Marcus & Millichap Intends To Seek Acquisitions

Public Basket



Savills plc

Savills plc, together with its subsidiaries, provides real estate services in the Americas, the United Kingdom, Continental Europe, the Asia Pacific, Africa, and the Middle East. The company advises on commercial, residential, rural, and leisure property; and offers corporate finance advice, investment management, and a range of property related financial services. It operates through four segments: Transaction Advisory, Consultancy, Property and Facilities Management, and Investment Management. Savills plc was founded in 1855 and is headquartered in London, the United Kingdom.



Date	Key Development Headline
3/11/20	Savills plc (LSE:SVS) acquired Macro Consultants LLC.
2/18/20	Savills Announces Joint Venture with Cannabis Specialists

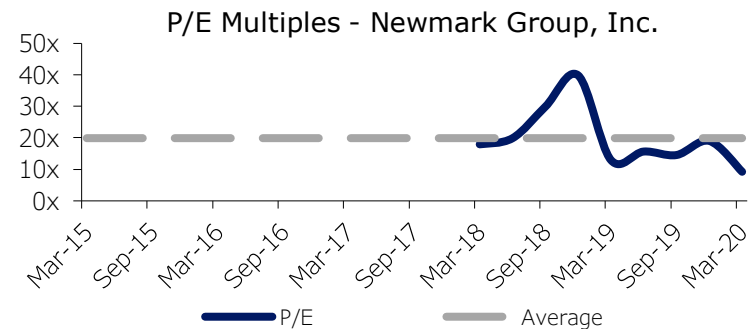
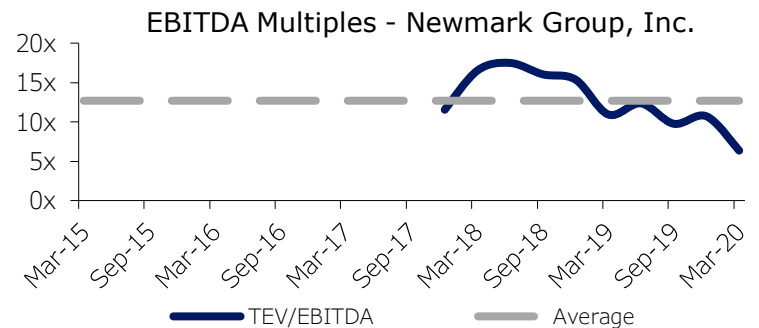
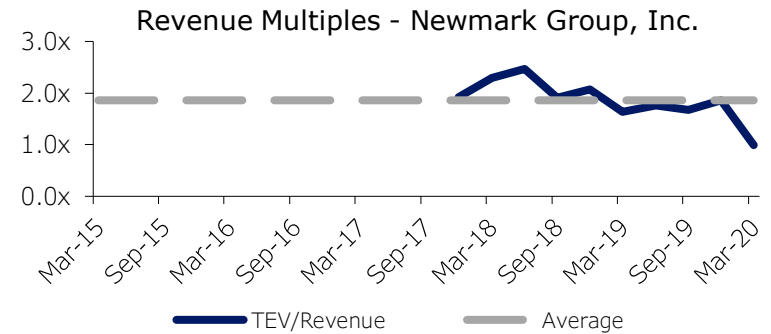
Public Basket



Newmark Group, Inc.

Newmark Group, Inc. provides commercial real estate services in the United States and internationally. The company's investor/owner services and products include capital markets, such as investment sales; and agency leasing, property management, valuation and advisory, and diligence and underwriting, as well as government sponsored enterprise lending, loan servicing, debt and structured finance, loan sales, mortgage broking and equity-raising under the Newmark Knight Frank name. Its occupier services and products comprise tenant representation, real estate management technology systems, workplace and occupancy strategy, global corporate services consulting, project management, lease administration, and facilities management. The company provides its services to commercial real estate tenants, owner-occupiers, investors, and developers. The company was founded in 1929 and is headquartered in New York, New York.

Date	Key Development Headline
1/14/20	Newmark Group, Inc. (NasdaqGS:NMRK) acquired assets from Hopkins Appraisal Services.
12/18/19	Newmark Group, Inc. (NasdaqGS:NMRK) acquired Harper Dennis Hobbs Ltd.
10/1/19	Newmark Group, Inc. (NasdaqGS:NMRK) acquired KONTOR, Inc.
6/18/19	Newmark Group, Inc. (NasdaqGS:NMRK) acquired Newmark Grubb Acres Commercial Real Estate from ACRES Holdings, LLC.

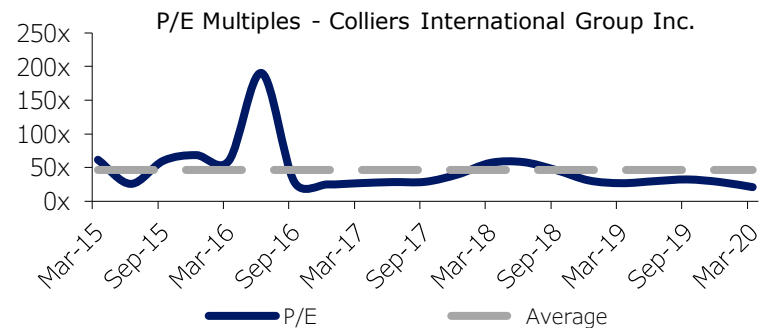
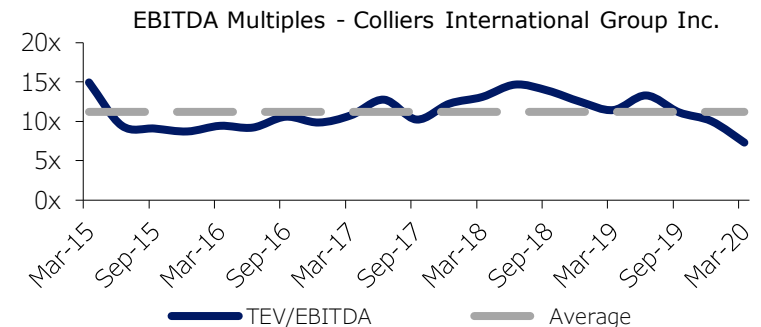
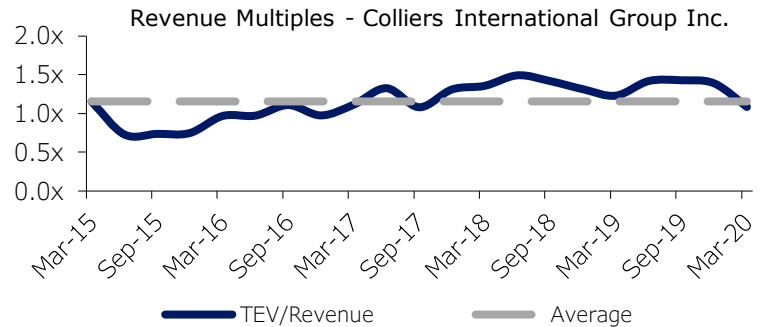


Public Basket



Colliers International Group Inc.

Colliers International Group Inc. provides commercial real estate services to corporations, financial institutions, governments, and individuals worldwide. The company's Sales and Lease Brokerage division offers transaction brokerage services, including landlord representation, tenant representation, and capital markets and investment services, as well as property management, leasing, and valuations. This division provides its services for various asset classes, including office, industrial, retail, multi-family, hotel, and mixed-use properties. Its Outsourcing & Advisory Services division offers portfolio management, transaction and project management, workplace solutions, strategic consulting, property and asset management, and other corporate real estate services, as well as lease administration and facilities management systems. The company was founded in 1972 and is based in Toronto, Canada.



Date	Key Development Headline
3/8/20	Colliers International Group Inc. (TSX:CIGI) entered into an agreement to acquire unknown stake in Maser Consulting P.A.
1/15/20	Colliers International Group Inc. (TSX:CIGI) acquired Colliers International Austin, LLC.
12/18/19	Colliers International Group Inc. (TSX:CIGI) agreed to acquire stakes in Dougherty Mortgage LLC, Dougherty & Company LLC, Dougherty Funding LLC and Dougherty Insurance Agency LLC from Dougherty Financial Group LLC.

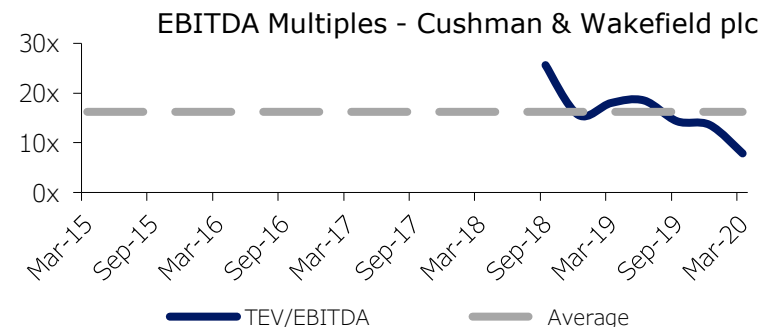
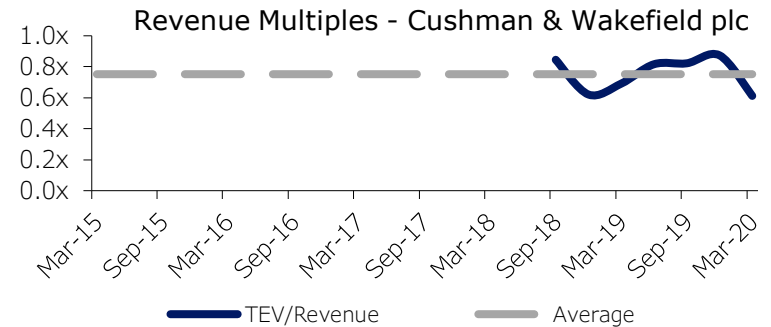
Public Basket



Cushman & Wakefield plc

Cushman & Wakefield plc provides commercial real estate services under the Cushman & Wakefield brand in the Americas, the Asia Pacific, Europe, the Middle East, and Africa. It offers integrated facilities management, project and development, portfolio administration, transaction management, and strategic consulting services; property management services, including client accounting, engineering and operations, lease compliance administration, project and development, and sustainability services; and janitorial, maintenance, critical environment management, landscaping, and office services. It serves real estate owners and occupiers. Cushman & Wakefield plc was founded in 1784 and is headquartered in Chicago, Illinois.

Date	Key Development Headline
3/1/20	Cushman & Wakefield plc (NYSE: CWK) completed the acquisition of Pinnacle Property Management Services, LLC from Hunt Companies, Inc. and others.
2/18/20	Cushman & Wakefield plc (NYSE: CWK) acquired Colvill Office Properties.
2/4/20	Cushman & Wakefield plc (NYSE: CWK) entered into a definitive agreement to acquire Pinnacle Property Management Services, LLC from Hunt Companies, Inc. and others.
1/12/20	Cushman & Wakefield plc (NYSE: CWK) acquired acht+ Baumanagement + Immobilienberatung GmbH.
11/6/19	Cushman & Wakefield plc (NYSE: CWK) acquired brokerage division of NAI Long Island.

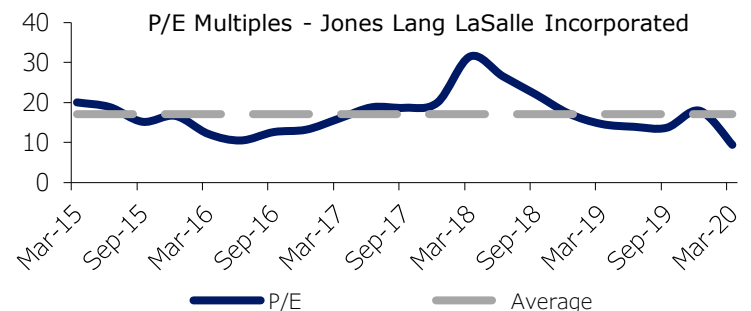
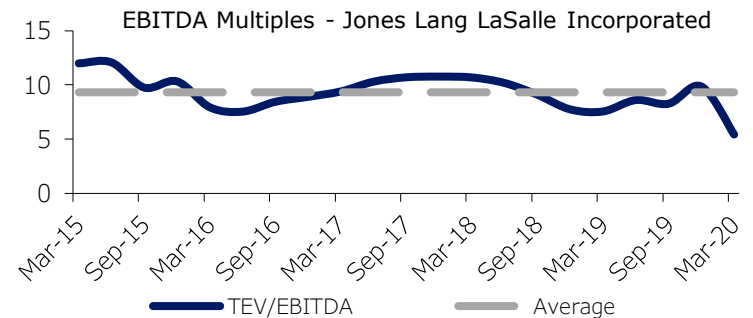
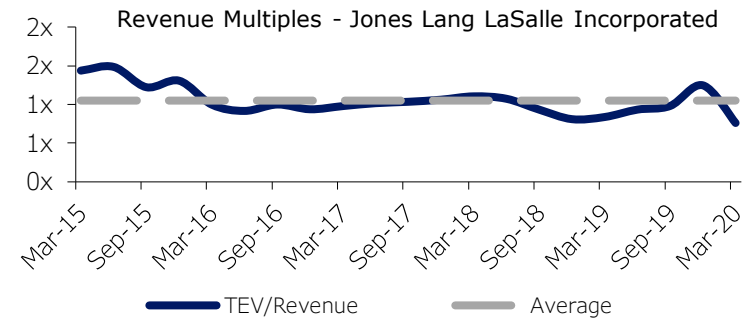


Public Basket



Jones Lang LaSalle Incorporated

Jones Lang LaSalle Incorporated, a professional services company, provides commercial real estate and investment management services worldwide. It offers a range of real estate services, including agency leasing, project and development management/construction, capital markets, property management, corporate finance, real estate investment banking/merchant banking, energy and sustainability, research, facility management outsourcing, strategic consulting, technology solutions, advisory, investment management, tenant representation, lease administration, transaction management, logistics and supply-chain management, valuations, and mortgage origination and servicing. Jones Lang LaSalle Incorporated was founded in 1997 and is headquartered in Chicago, Illinois.



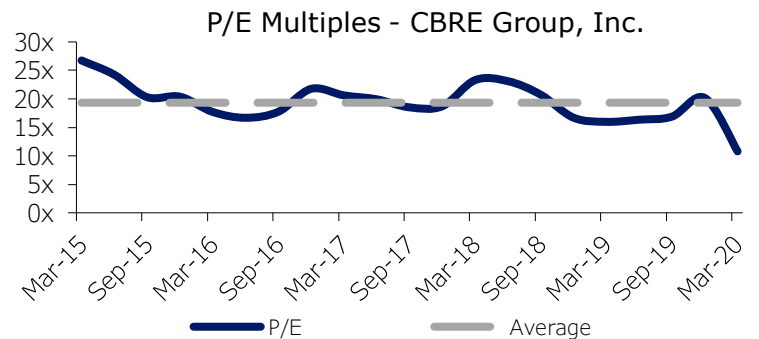
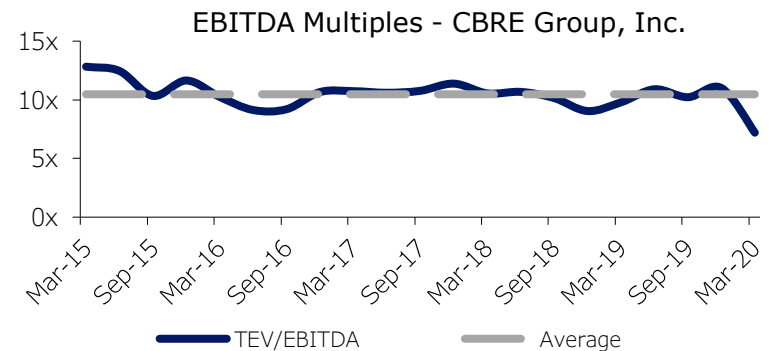
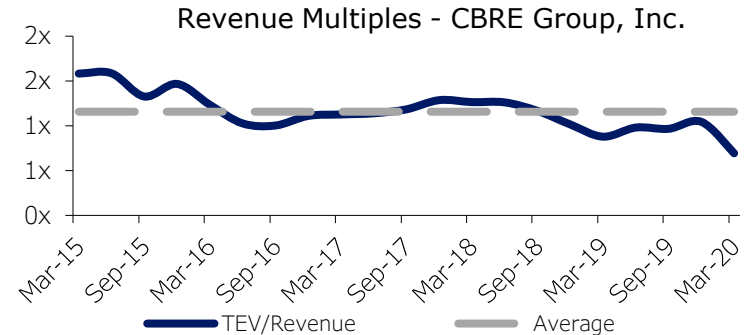
Date	Key Development Headline
3/25/20	Jones Lang LaSalle Incorporated (NYSE:JLL) entered into a sale and purchase agreement to acquire 90% stake in Huizhou Yuanwang Science and Technology Industrial Park Development Co., Ltd. from China Yupei Logistics Property Development Co., Ltd for approximately CNY 320 million.
12/1/19	MVGM Vastgoedmanagement B.V. completed the acquisition of European property management business from Jones Lang LaSalle Incorporated (NYSE:JLL).
11/5/19	Jones Lang LaSalle Incorporated (NYSE:JLL) cancelled the acquisition of Scully Capital Services Inc. and Federal Advisory division from Value Recovery Group, Inc.

Public Basket



CBRE Group, Inc.

CBRE Group, Inc. operates as a commercial real estate services and investment company worldwide. It operates through Americas; Europe, Middle East and Africa; Asia Pacific; Global Investment Management; and Development Services segments. The company offers strategic advice and execution to owners, investors, and occupiers of real estate in connection with leasing; integrated property sales, and mortgage and structured financing services under the CBRE Capital Markets brand; and valuation services that include market value appraisals, litigation support, discounted cash flow analyses, and feasibility studies, as well as consulting services, such as property condition reports, hotel advisory, and environmental consulting. CBRE Group, Inc. was founded in 1906 and is headquartered in Los Angeles, California.



Date	Key Development Headline
2/19/20	CBRE Group, Inc. (NYSE:CBRE) acquired Sociedad Anonima De Electrificaciones Y Suministros.
1/7/20	CBRE Group, Inc. (NYSE:CBRE) acquired Co.Ve.Ri. Srl.
1/5/20	CBRE Group, Inc. (NYSE:CBRE) acquired NEF, Inc.
11/7/19	CBRE Group, Inc. (NYSE:CBRE) acquired Reata Real Estate Services, LP.
10/22/19	CBRE Group, Inc. (NYSE:CBRE) acquired Yaron Levy Project Management.
10/6/19	CBRE Group, Inc. (NYSE:CBRE) acquired i Consulting SA.

Contact Information

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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