

February 2025

Engineering, Contracting & Construction Industry: Unlocking Value and Innovation Through M&A



Generational Group Engineering, Contracting, and Construction Update

The Engineering, Contracting, and Construction (EC&C) sector is entering a period of significant transformation. Technological advancements, from generative AI to the integration of 5G, are driving innovation across project design, cost control, site inspections, and overall operational efficiency. With these developments, the sector is well-positioned to take on new challenges and capture emerging opportunities, ensuring continued growth even amid economic fluctuations.

Recent Generational deals such as the acquisitions of BSE Consultants, Laux Construction, Luminous Electric, and Sundance Consulting illustrate the ongoing evolution of the EC&C space. These high-profile transactions showcase the industry's resilience, from environmental engineering to electrical contracting, highlighting the diverse sectors within the industry that are positioning themselves for future growth. These deals reflect a strategic focus on expansion, innovation, and long-term sustainability as firms adapt to market demands.

The sector is also experiencing transformative trends, including the adoption of AI and automation, as well as a strong push toward sustainability. The use of efficient building materials and green technologies is aligning with global environmental goals, such as the International Energy Agency's Net Zero Emissions by 2050 Scenario. At the same time, federal initiatives like the Buy Clean program are incentivizing sustainable construction, with a \$100M investment. While labor shortages remain a challenge, EC&C firms are taking steps to address this through broader talent pipelines, including outreach to community colleges, veterans, and workforce reentrants.

As the EC&C sector continues to evolve, embracing new technologies, sustainable practices, and a strong workforce development strategy will be key to securing long-term success. The current trends offer an exciting opportunity for firms to grow and position themselves strategically in a competitive and fast-changing market.

Sincerely,
Chris Heckert
Senior Managing Director, M&A



Mr. Heckert works directly with his private middle market clients in the preparation, marketing and sale of their businesses as well as the management, supervision, and compliance of the firm and its broker dealer activities. In addition to his over 15 years of experience selling privately held companies across the US and Canada, he has been a private business owner and investment advisor.

Engineering, Contracting, and Construction Overview

The industry is witnessing a resilient adaptation as strategic shifts and technological integration are shaping the EC&C landscape.



Adoption of AI and digital technologies to enhance productivity.



Strategic divestitures, cleaning up balance sheets and reinvesting in core business areas.



Recurring long-term specialized contracts ensure steady revenue streams.

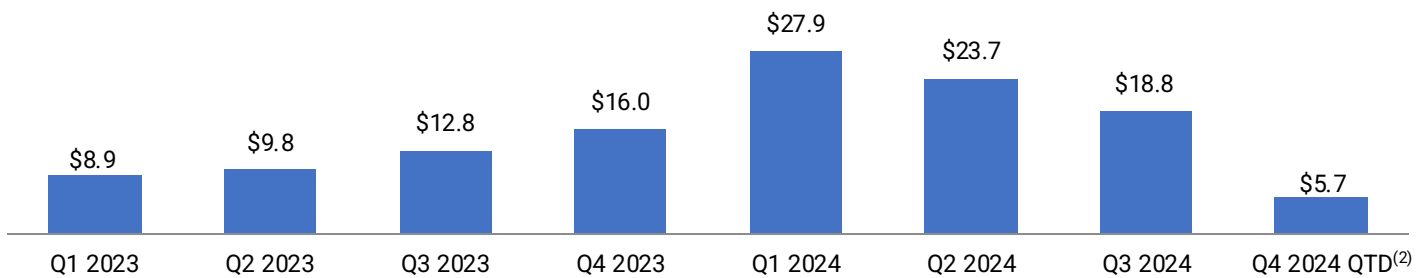


Green energy transition drives investments in decarbonization and digital transformation.

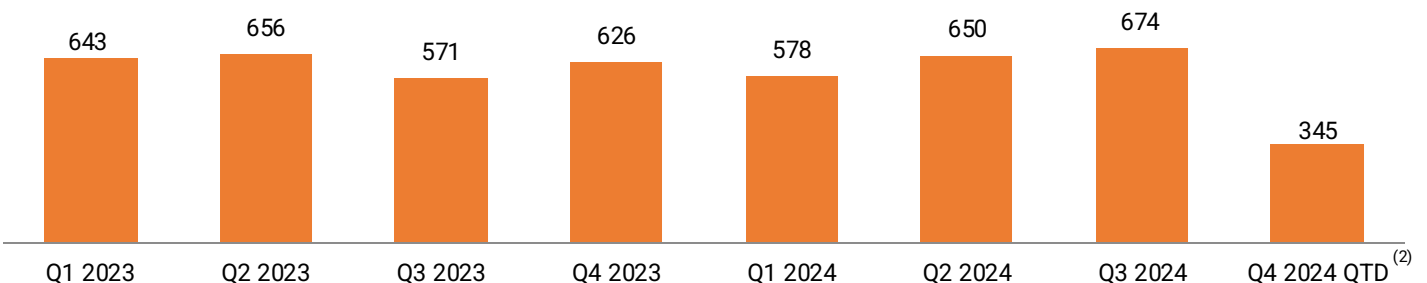
Consolidation Trend in Engineering & Construction Space

Rising investor confidence in M&A activity indicates a strong market outlook, with expectations of strategic mergers and growth opportunities.

US Engineering & Construction (E&C) Industry M&A Deal Value (\$B)⁽¹⁾



US Engineering & Construction (E&C) Industry M&A Deal Volume⁽¹⁾



Source: Meridian Capital, PwC, Corporate Finance, Industry Research; Notes: (1) Represents scaled figures; (2) As of November 15, 2024

Spotlight on Significant Deals

The M&A landscape is witnessing the industry’s commitment to growth and adaptation through consolidation and strategic acquisitions.

Strategic Deals – Engineering, Contracting, and Construction



Acquired



- Jacob Bros Construction operates as a civil infrastructure company that serves public and private clients
- Bird’s acquisition is in line with the company’s long-term growth strategy and enables to offer more comprehensive solutions



Acquired



- Trachte manufactures custom-engineered control building solutions designed to protect critical infrastructure assets
- The acquisition expands nVent’s enclosures portfolio in new applications



Acquired



- Bailey Metal Products manufactures commercial metal framing and building systems
- The acquisition strengthens CertainTeed’s building materials portfolio and their position as a global leader in light and sustainable construction



Acquired



- Elevated provides contractual elevator maintenance and modernization services
- The acquisition expands API’s position as a premier provider of safety services focused on non-discretionary, regulatory driven applications



Acquired



- Fluhrer Reed provides structural engineering design and services for industrial, commercial, and multifamily residential spaces
- The acquisition strengthens NV5’s existing structural engineering group



Acquired



- O’Dell Engineering provides civil engineering, land surveying, landscape, architecture, and utility design services to clients throughout California
- The acquisition expands footprint and grows Westwood’s existing markets and services



Acquired



- Yak Access offers planning, cleaning, site work, access roads and restoration services
- The acquisition provides immediate cross-sell opportunities to both existing and new customers across construction and MRO applications



Acquired



- ChastainSkillman provides professional engineering and land surveying services to clients
- The acquisition enhances DCCM infrastructure engineering capabilities in Florida and strengthens their presence in the regional market

Source: FactSet, Industry Research

Spotlight on Generational Deals

Generational Group strengthens M&A momentum with key deals in engineering, contracting, and construction.

Generational Deals – Engineering, Contracting & Construction

 Acquired



- Stansbury Electric offers services like new construction, generator installations, panel upgrades, and solar solutions
- KSC Holdings invests in mechanical construction companies and supplies

Undisclosed Investor Acquired



- A&Z Mechanical, Inc. is an HVAC company specializing in new single-family construction, as well as high-quality commercial and residential HVAC services
- The company offers solutions such as system installations, repairs, & maintenance



Acquired



- BSE Consultants is an engineering consulting firm with dedication to quality services throughout design and construction
- LJA Engineering is a comprehensive multi-disciplinary consulting firm with experience in civil, structural, electrical, environmental consulting and more



Acquired



- Cambrian Granite & Stone II, offers quartz surfaces, combining natural quartz with advanced engineering
- Ownershift, Inc. focuses on helping small business owners transition into retirement by acquiring their companies and shifting ownership to employees



Acquired



- Hales Engineering provides traffic engineering and transportation planning services
- Salt Brothers Holdings, an SMB and Mid-Market company, offers accounting, IT, construction related, manufacturing, and engineering services



Acquired



- Luminous Electric offers electrical services for residential and commercial properties
- Liberty Service provides home upgrades, installations, and services, specializing in HVAC, electrical, and plumbing

Source: Generational Group

Spotlight on Generational Deals

Generational Group strengthens M&A momentum with key deals in engineering, contracting, and construction.

Generational Deals – Engineering, Contracting & Construction



Acquired
**E&M
International**

- E&M International is a low voltage special system contractor supporting the design, installation, and service of fire alarm and clean agent suppression systems
- Chenega works in the diverse government services contracting marketplace supporting defense, intelligence, and federal civilian customers



Partnered with



- Sundance Consulting provides expertise in environmental assessments, natural and cultural resources, planning, and remediation for governments, agencies, and more
- True Environmental builds consulting and engineering organization for environmental end markets



Acquired
**G H K
Architects**

- CHK provides expertise in workplace design, utilities, and the aerospace industry
- DCAK-MSA renders architecture, civil engineering, construction, and project management services



Acquired



- Apollo Construction & Engineering Services is a general contractor focusing on industrial, commercial, and institutional projects in Tampa, Florida
- Z10 Group grows businesses in the construction, manufacturing, and home sectors



Acquired



- LocalSodFarm.com specializes in high-end residential and commercial sod grass supply and installation
- Forge Equity Partners enhances partners' operational and leadership experience to grow businesses through investment in people, systems, and strategies



Acquired



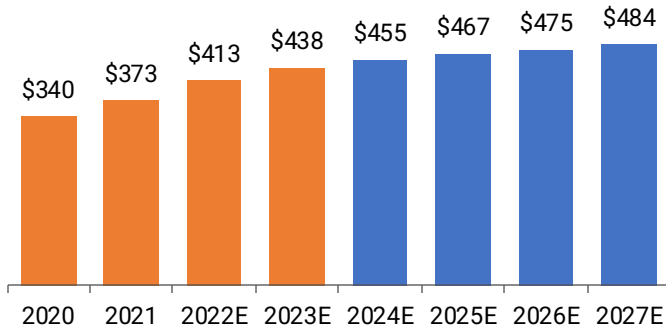
- Laux Construction, a general contractor, specializes in commercial construction
- Rival, a venture capital, invests in manufacturing, retail, general contractors, distribution, development companies, and innovation and technology sectors

Source: Generational Group

Propelling Growth in the EC&C Market

The US EC&C Industry is experiencing steady growth, driven by infrastructure upgrades and strategic investments.

US Engineering & Construction Economic Output (\$B)



Evolving Market Dynamics Pave the Way for Future

- ✓ Firms with strong and recurring public contracts to gain significance with growth in federal funding
- ✓ Elevated PE activity with sponsors acquiring quality assets with defensible cash flows
- ✓ Increased demand for ESG(1) services has provided opportunities to bolster revenue, diversity, and growth

Various Factors Contribute Toward a Robust Growth

Favorable regulatory policies, soaring federal funding, and aging US infrastructure to bolster the industry’s growth.

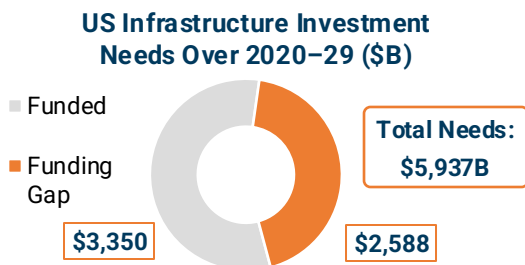
Huge Investments from Bipartisan Infrastructure Law

- **New Investments:** ~550B new Federal infrastructure investment (spread over FY 22–26) including \$284B for surface transportation & \$266B for core infrastructure
- **Focus Areas:** Seeks to address a range of critical infrastructure needs with extensive upgrades in broadband, transport, and public work projects

Reduction in Interest Rate to Offer Opportunities

- **Lower Borrowing Costs:** To boost the construction activity in the US by providing improved funding opportunities for developers
- **Increased in Affordable Mortgages:** To raise the demand for new homes, benefiting the residential construction market

Aging US Infrastructure Ignites Steep Investment Need



Technological and Regulatory Tailwinds

- **Advent of AI:** EC&C companies are going through a technological shift through integration of AI and digital technologies
- **Favorable Regulations:** The impact of evolving regulations on M&A and policy shifts to positively influence regulatory frameworks and funding for infrastructure projects

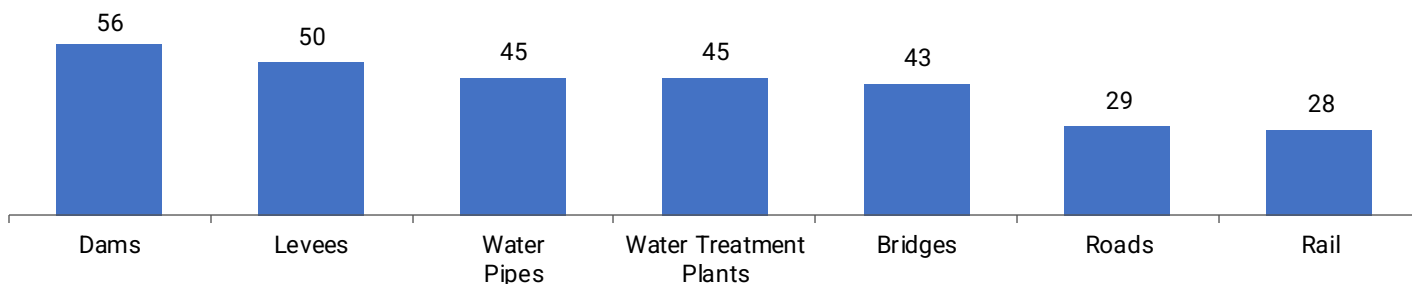
Source: Precedence Research, Industry Research; Note: (1) Environmental, Social and Governance

Significant Expansion in the EC&C Sector

The aging US infrastructure, increasing construction project values supported by the BIL, promise a robust and revitalized future.

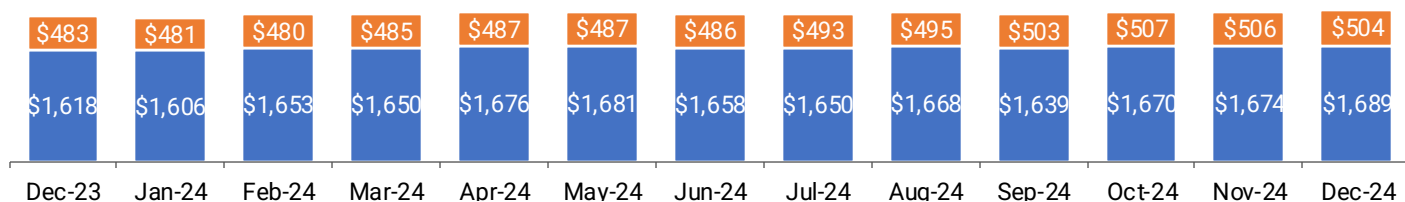
The aging US infrastructure, coupled with the rising value of construction projects, signals a transformative era for the EC&C industry, bolstered by substantial investments from the Bipartisan Infrastructure Law (BIL) promising a robust and revitalized future

Average Age of Infrastructure in the U.S., 2022 – By Type

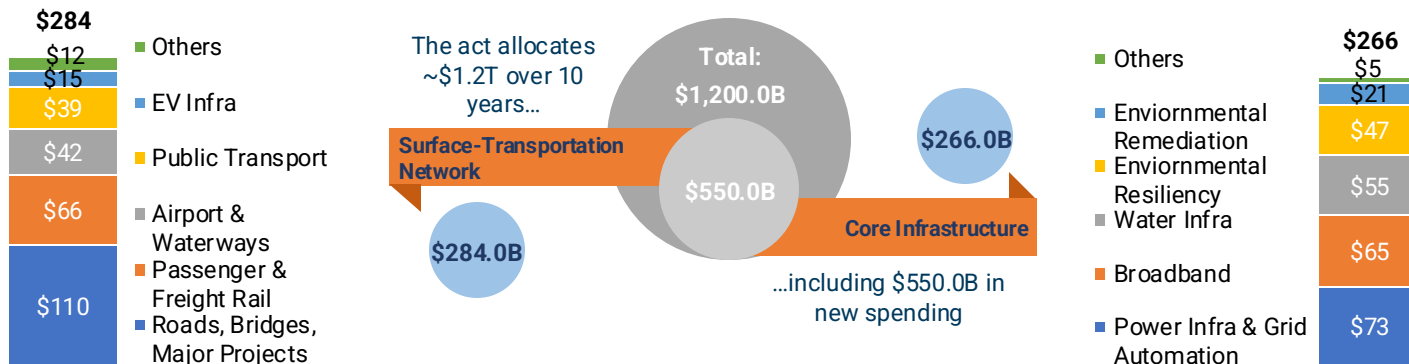


Value of Construction Put in Place in the US (\$B)

■ Private Construction ■ Public Construction



Bipartisan Infrastructure Law (BIL) Investments



To elevate the US infrastructure to a B-grade by 2029, an investment of \$5.9T is necessary. However, with only \$3.3T currently earmarked for funding, there remains a significant investment gap of \$2.6T, presenting a substantial opportunity for additional capital infusion

Source: NBC News, PWC, Deloitte, Industry Research

Four Key Trends Are Driving Growth in the EC&C Sector

Technology and Generative AI

- With rise of generative AI and other disruptive technologies, the sector is ready to realize improvements in project design, schedule optimization, cost controls, site inspection, compliance, and quality assurance
- Advancements in 5G technology will transform project sites by making building information management, autonomous supply vehicles, and construction equipment commonplace

Adoption of Innovative Workforce Strategies

- Despite progress in addressing the labor shortage, EC&C firms are focusing on adopting a multipronged strategy to shift from merely retaining talent to actively sourcing and developing top-tier talent
- Addressing the talent gap is challenging due to an aging workforce, with over 20% of skilled workers over 55; firms are broadening hiring to include high school graduates, community colleges, veterans, and workforce reentrants

Heightened Focus on Sustainability and Efficiency

- The adoption of efficient building materials and sustainable practices is positioning the industry to align with the International Energy Agency's Net Zero Emissions by 2050 Scenario
- The US government is also prioritizing sustainable construction through the Federal Buy Clean Initiative which has resulted in the allocation of \$100M to support local government and public utility purchases

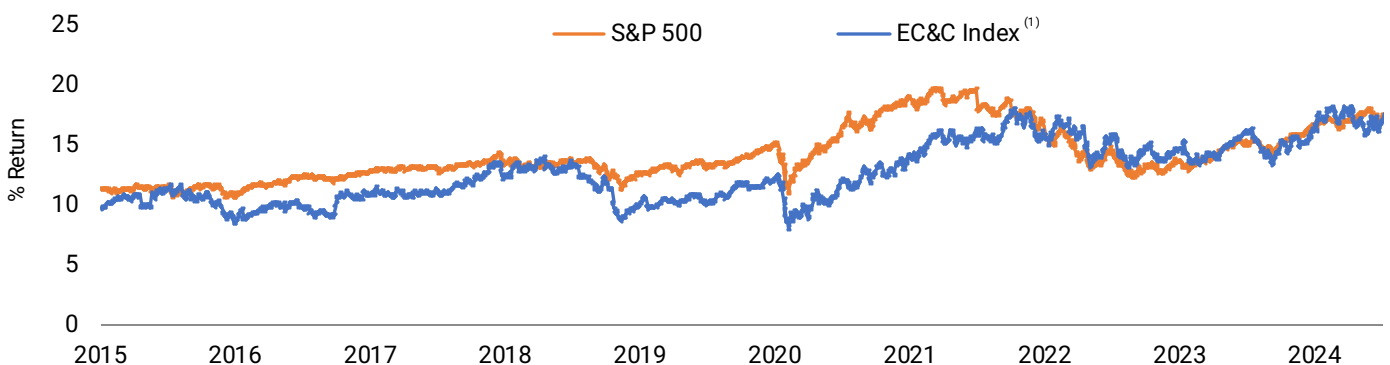
Impact of Market Uncertainty

- Despite rising interest rates and high inflation, total construction spending increased by 7.4% in 2023, driven by nonresidential construction and is expected to boost new residential construction in the long term
- IJA funds boosted transportation infrastructure spending by 9.4% YoY in August 2023, with ~\$58.8M allocated for construction projects

Trading Performance

Public Equity Valuations to Witness Slow Upward Trend.

Historical Trading Performance, 2015 – YTD 2025⁽²⁾ (EV / LTM EBITDA)



Source: Deloitte, FactSet, Industry Research; Note: (1) EC&C sector consists of a diversified set of companies across the sector, including Aecom, Comfort Systems, Jacobs Solutions, Quanta Services, and Top Build

EC&C Team

[LEARN MORE](#)



Chris Heckert

SENIOR MANAGING DIRECTOR, M&A

Chris Heckert has directly contributed as lead dealmaker, supervising dealmaker, and supporting dealmaker to over half a billion dollars of client transactions. He serves as the industry leader of the Engineering, Contracting and Construction Group at Generational.

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