IGS | INVESTOR GROUP SERVICES

Summer 2026 Sector Snapshot

The investment themes and sector dynamics drawing sponsor attention

The last four months at IGS have seen an uptick in M&A commercial diligence work. Among other areas, the following four sub-sectors have exhibited meaningful activity: engineering services, facility services, financial services, and waste remediation.

In our work with PE sponsors to assess target companies, several investment themes surfaced repeatedly: resilient end-market demand, fragmented provider landscapes, opportunities to expand through cross-sell, and growing attention to AI-enabled efficiency. Enclosed, we break down the sector-specific trends shaping investor interest and the considerations that matter when evaluating opportunities in each market.

RECENT TRANSACTION ACTIVITY

53 PLATFORMS

30 ADD-ONS

21 SELL-SIDES

5/1/26-8/31/26

Engineering Services

Facility Services

Financial Services

Waste Remediation

Engineering Services

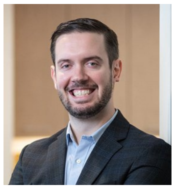
Renewed deal activity and AI-driven efficiency gains are creating room to build scale and improve execution

The Trends

- Activity picking back up as investors gain confidence that infrastructure investment will remain healthy, with states and municipalities stepping up post-IIJA and projects advancing independent of any single federal funding cycle
- Investor interest in scaled providers with a track record of successful larger-scale “resume-building” projects and exposure to recession-resilient, institutional end markets (government, education, healthcare, etc.)
- Adoption of AI emerging as an efficiency tool amid competition for technical talent, streamlining workflows, removing process friction, and making engineers more productive

The Read

IIJA investment didn’t “fix” infrastructure, with trillions more in investment still needed and states and local governments leaning in on projects. In the private sector, needs for functional and attractive buildings and environments continue to drive healthy demand for site engineering, architecture and design, and technical services. The talent pipeline continues to be in focus in a competitive environment; leading firms are offering engineers a path for career advancement and, increasingly, AI-enabled resources to enhance productivity and project execution.



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Facility Services

Margin profile and labor dynamics vary meaningfully by end market and geography, making both critical areas for diligence

The Trends

- Specialized facility environments – healthcare, cleanroom and education – carrying margin upside relative to other end market segments
- Labor pressure (wage trends, labor supply, union exposure) warranting close assessment across facility services, with nuance by geographic market
- Adjacent service cross-sell as a meaningful value creation lever (requires strong execution through a centralized platform)

The Read

Companies operating across services such as janitorial, HVACR, electrical / MEP, and security, are viewed as attractive platforms for their recurring revenue streams, long contract terms and high renewal rates. Property and facility managers are increasingly choosing integrated, multi-service providers with strong technology infrastructure that can deliver a “one-stop-solution,” increasing customer stickiness. The ability to displace incumbent service providers is often predicated on scale and strong service delivery. Overall, the facility services sector remains highly fragmented across services, leaving meaningful room to gain market share geographically.

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Financial Services

Consolidation-driven activity continues across accounting firms, wealth management / RIAs, and insurance brokerage with an eye toward more resilient high-net-worth sectors

The Trends

- Investor interest in building platforms that combine wealth management, tax advisory, risk control, and asset management under one roof to maximize cross-selling synergies
- Focus on platforms / firms that are specialized in serving high-net-worth individuals and family offices to capitalize on outsized growth and macro generational wealth transfer trends
- Validation of AI as an efficiency and enablement tool by targeting pockets where the human touch of client-advisor relationship matters to service delivery to mitigate AI disintermediation risk and erosion of pricing and fee models
- Blurring of lines between financial and legal services as investors look to build advisory platforms with more fulsome suites of financial and legal services that position and bolster the role of the “quarterback advisor”
- Diligence around client relationships and handoffs and limiting key person risk given the “trusted advisor” platform strength

The Read

Accounting, wealth, and insurance brokerage assets continue to support predictable, recurring revenue with meaningful industry fragmentation and are ripe for opportunities for AI-driven efficiency gains. Platforms sitting at the intersection of accounting, legal, and wealth management planning offer significant paths to TAM expansion. Larger platforms are entering the second or third stage of PE ownership transition and continue to look for scaled assets to move the needle for add-ons, bolstering interest across the PE fund size landscape.

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Waste Remediation

Fragmentation up and down the value chain is creating room to consolidate and differentiate on service

The Trends

- Investor interest up and down the value chain, from asset-light remediation brokerage models to capex-intensive disposal facilities, as large waste services providers (e.g., Waste Management, Clean Harbors) leave the SMB segment under-serviced
- Focus on assets that are differentiated by strength in particular end markets (e.g., retail fueling, energy, marine) or waste categories (e.g., contaminated soil)
- Post-close emphasis on professionalizing go-to-market and account management functions given the strong cross-sell opportunity
- Focus on PFAS remediation as a potential future market tailwind if PFAS is classified as a RCRA Subtitle C hazardous waste; this classification would trigger more stringent cradle-to-grave waste management controls

The Read

Regulatory requirements mean facility operators of all sizes need reliable partners to remain compliant. Customers emphasize quality and speed of service over pricing of services, creating opportunity to differentiate on service delivery rather than delivering lowest cost. The provider landscape in remediation and transport is still highly fragmented, with meaningful runway left for continued consolidation and/or vertical integration. Depending on end markets of focus for a given asset, there are often multiple service lines upstream and downstream from remediation that offer viable paths to TAM expansion.

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