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Cascadia Capital

Unlocking The Future of Facilities Services

2025 Industry Insights

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Table of Contents

1 Industry Insights & Landscape Overview

2 Hard Services

3 Soft Services

4 Transaction Activity & Public Market Update

Cascadia Capital Overview

- Founded in 1999, Cascadia is an independent advisory only investment bank, partnering with clients across the nation to deliver outcomes globally. We have completed over 550 transactions globally and have seven office locations
- Cascadia leverages our bankers' deep sub-vertical industry expertise to deliver a more highly specialized degree of knowledge, positioning and process, resulting in premium valuation in a highly efficient process.
- Our commitment is to deliver a customized and unique process for each client. We integrate storytelling and positioning with best-in-class financial and process rigor
- Cascadia focuses on optimizing outcomes, not just getting deals done. Often this includes advice to go to market later when the combination of company and market elements are more ideal. We pride ourselves on delivering direct advice focused solely on the best interests of our clients

Cascadia's Facilities Services Coverage

Hard Services

- **HVACR**
- **Mechanical, Electrical, Plumbing (MEP)**
- **Elevator**
- **Fire Systems & Life Safety**
- **Security Systems**
- **Warehouse, Docks, Doors**

Soft Services

- **Exterior Business Services**
- **Guard, Concierge, Parking Management**
- **Janitorial Services and Cleaning**
- **Landscaping and Ground Management**
- **Laundry, Linen, and Uniform**
- **Restoration & Remediation**
- **Roofing**

In the report, the terms "Facilities Services," "Facility Management Services," and "Facility Management" have been used interchangeably, as appropriate, to denote the same concept of Facilities Services

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Section 1

Industry Insights & Landscape Overview

Facilities Services Market Overview

US Facilities Services Market

- Facility Management covers a wide array of services across commercial, residential, industrial, healthcare, and government end-markets:

- Mechanical	- HVAC	- Landscaping	- Waterproofing
- Electrical	- Janitorial	- Fire Safety	- Restoration
- Plumbing	- Security	- Roofing	- Traffic Control

- Services are categorized as either **"hard services"**, which involve a high level of complexity and demand technical expertise, and **"soft services"**, which involve a lower level of technical skill and are differentiated by other factors such as service quality and route density

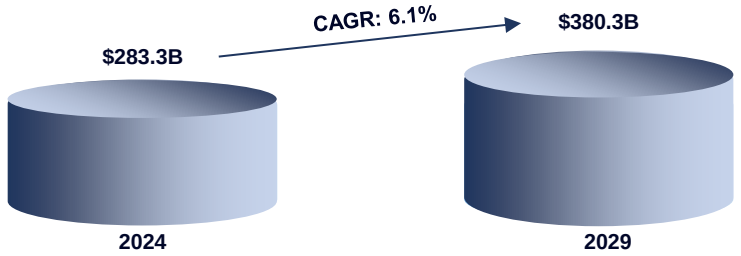
Recent PE Investments in Facility Management Companies

- The market's high fragmentation combined with consistent and recurring revenue streams offers compelling investment opportunities with strong potential for consolidation and growth
  - Features a blend of national, regional, and local firms competing for market share
  - Long-term service contracts, maintenance agreements, and frequent break-fix arrangements drive consistent and predictable revenue streams
- Consequently, the market continues to be highly appealing to investors, with robust M&A activity fueled by interest from private equity firms
- PE investors and strategic buyers see the value of consolidating businesses by improving operational efficiencies through technology and scale

Facility Management Services Market Growth Drivers

- Ongoing shift toward outsourcing non-core functions to enhance operational efficiency and cut costs
- Growth of urban areas and industrialization continue to fuel the development of new residential and commercial buildings, driving demand for facilities services
- Tightening regulations are driving growth, as companies increasingly depend on third-party service providers to ensure compliance
- Technology enablement is streamlining operations, enabling predictive maintenance and driving efficiency across the sector
- The rise of co-working spaces has increased the demand for services such as cleaning and janitorial work, as these spaces require flexible, consistent service delivery and tailored solutions

US Facility Management Market Size & Forecast[1]



1 Mordor Intelligence

Types of Customers Across Key Facilities Types

Market Features a Wide-Ranging Customer Base

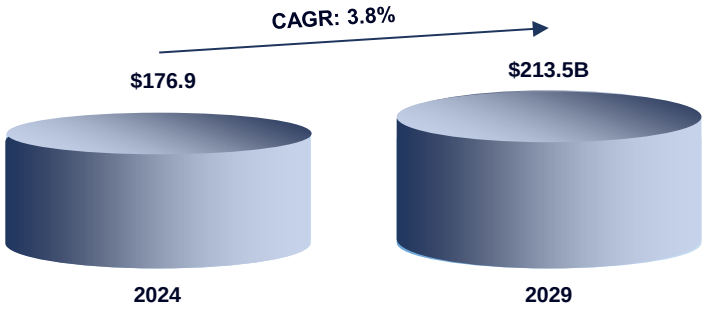
Commercial	▪ Office buildings ▪ Corporate offices ▪ Business parks ▪ High-rise buildings	▪ Retail spaces ▪ Shopping malls ▪ Individual retail stores ▪ Shopping centers	▪ Hospitality ▪ Hotels ▪ Resorts ▪ Other lodging	▪ Entertainment venues ▪ Mixed-use healthcare Real estate ▪ Transportation sector
Residential	▪ Multi-family housing complexes ▪ Gated communities	▪ High-rise apartment buildings ▪ Villas ▪ Homeowners Associations (HOAs)	▪ Condominiums ▪ Retirement homes ▪ Dormitories	
Government	▪ Federal offices ▪ Courthouses ▪ Federal prisons	▪ Municipal buildings ▪ Public schools ▪ Community centers ▪ Detention centers	▪ Military installations ▪ Military bases ▪ Other defense-related facilities	▪ Airports ▪ Public transportation facilities ▪ Other infrastructure
Industrial	▪ Factories ▪ Warehouses ▪ Power plants	▪ Food processing plants ▪ Oil & gas refineries ▪ Logistics and distribution centers	▪ Manufacturing ▪ Commercial ▪ Industrial	
Healthcare	▪ Hospitals ▪ Clinics ▪ Long term care	▪ Rehabilitation centers ▪ Urgent care centers ▪ Behavioral health facilities ▪ Specialty care facilities		

Type of Facility Services

Hard Services (56% of total North American market)

Typically require highly skilled labor, technological enablement, or strict compliance with regulatory standards

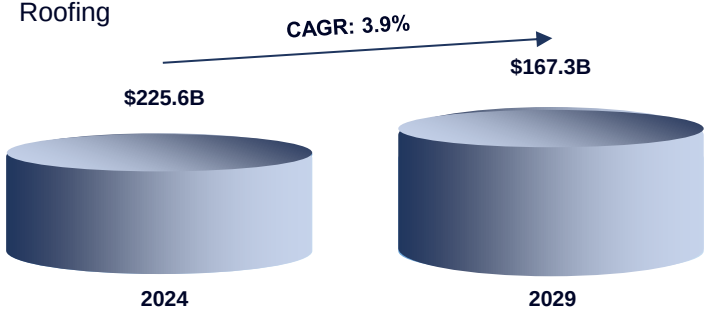
- HVACR
- Mechanical, Electrical, & Plumbing (MEP)
- Elevator
- Fire Systems & Life Safety
- Security Systems
- Warehouse, Docks, Doors



Soft Services (44% of total North American market)

Typically require less technical expertise while relying on more manual labor

- Exterior Business Services
- Guard, Concierge, Parking Management
- Janitorial Services and Cleaning
- Landscaping and Ground Management
- Laundry, Linen, and Uniform
- Restoration & Remediation
- Roofing



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*Estimated North America Market Share for Hard and Soft Services in Facilities Management Services Market for 2024
1. Mordor Intelligence

Delivery Models

Self-Perform vs Vendor Managed

	Self Perform	Vendor Managed
Description	• Delivered directly by companies using their own employees	• Coordinates a network of third-party service providers to deliver services across a broad geography
Highlights	✓ Deep domain knowledge ✓ Full profit margins ✓ Control over service delivery	✓ Meets needs of national accounts ✓ Streamlined service procurement and vendor coordination ✓ Offers scalability and efficiency ✓ Asset-light approach
Considerations	• Potential difficulties in scaling • Harder to meet needs of larger, multi-regional customers	• Sometimes struggles with inconsistent service quality due to variability in vendor network • Profit margin may be lower

Hybrid Model Creates a Customized Approach that Maximizes Efficiency and Cost Effectiveness to Meet Customer Needs, Leveraging the Strength of Both In House Teams and External Vendors

Outsourcing as a Key Catalyst for Growth in the Facility Management Industry

Outsourcing Fuels Expansion in the Multi-Billion Dollar Facilities Services Market

- The Global Facilities Services market is projected to reach $1.46 trillion by 2024[1], with the outsourced sector accounting for more than half of the total market
- Many industries outsource non-core operations like facilities management, starting with individual tasks at specific locations, gradually expanding to a broader range of services across all facilities for a standardized, comprehensive approach

Progression of the Approach to Facilities Services Over Time

Levers of Facilities Services Delivery

Noncore services handled by the Company's own staff	**In-house**
Outsourcing specific noncore tasks on a case-by-case basis	**Out-tasked**
Pooling service volumes across different sites, with central procurement managing the tender process	**Consolidated**
Aligning service levels across sites to the lowest acceptable standard, ensuring uniform treatment of employees	**Standardized**
Multiple services included in the same RFQ*, allowing one supplier to deliver several services in exchange for a rebate	**Bundled**
Full outsourcing of a wide range of noncore services, with one partner per site handling major services using their own staff, creating synergies in service delivery and management	**IFM/TFM****

1 Precedence Research

*RFQ stands for Request for Quotation. It is a business process in which a company solicits bids from suppliers or contractors for the price and terms of specific services.
IFM stands for **Integrated Facilities Management, and TFM stands for **Total Facilities Management**. Both refer to outsourcing models for managing a wide range of noncore services, typically through a single provider

Regulatory Demands Drive Expansion in the Facilities Services Industry

Impact of Regulation on Growth of the Facilities Services Sector

Compliance and Safety Standards

- Essential for ensuring safety, health, and environmental sustainability within facilities
- Facilities management providers are tasked with ensuring that their operations meet these stringent requirements, which necessitates specialized knowledge and expertise

Statutory Compliance

- Statutory compliance ensures that buildings and operations adhere to legal requirements, including building codes, permits, fire safety inspections, and environmental regulations
- Failure to comply with statutory requirements can result in fines, penalties, litigation, and reputational damage
- As these regulations grow more stringent, organizations increasingly depend on facilities management services to stay compliant

Ensuring OSHA Compliance Through Comprehensive Services

Air Quality and Environmental Control

- Maintaining indoor air quality is a critical aspect of OSHA compliance, which covers ventilation, humidity, and airborne contaminants
- Facility services that manage HVAC systems to ensure compliance with these standards are in high demand, particularly in tightly regulated environments like laboratories and hospitals

Training and Education

- OSHA mandates that workers should be trained on the specific safety and health risks associated with their job functions
- Facilities management companies expand their services to include OSHA-compliant training programs, covering everything from hazardous material handling to emergency response

Regular Maintenance of Elevators and Fire & Life Safety Equipment

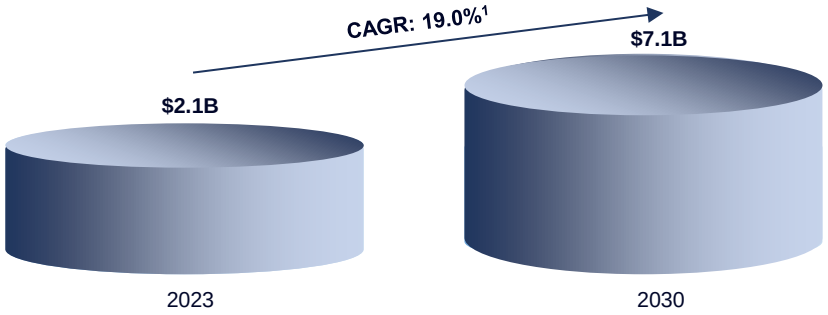
- Regular maintenance of equipment and infrastructure is essential to meet OSHA standards, which require that all tools and machinery be maintained in safe working order
- Facility services providers offering regular maintenance, inspections, and record-keeping help ensure ongoing compliance and operational safety

Other Key Factors Driving Growth in the Facility Management Sector

Sustainability and Energy Efficiency

- The rising demand for businesses to implement sustainable practices is markedly boosting growth in the facility management sector
- 69% of CEOs consider sustainability a key driver of business growth in 2024, per a global survey[1] of senior executives
- As organizations work to lower their carbon footprint and enhance energy efficiency, facility service providers are offering innovative green solutions that help companies achieve their sustainability objectives
- Heightened emphasis on environmental responsibility drives greater demand for specialized services

US Co-Working Space Market



Rising Expectations for Customer Experience

- The rising demand for facility management services is driven by a need to enhance the customer experience through improved service quality, ambiance, and maintenance
- In healthcare, for instance, facility management services are critical for maintaining strict hygiene standards necessary for patient safety and regulatory compliance
- Growth of co-working spaces is boosting demand for flexible, on-demand services
- As co-working spaces cater to a variety of businesses, the need for tailored solutions in cleaning, security, and sustainability practices also rises
- Companies like WeWork, Regus, and Industrious regularly reconfigure spaces for events, meetings, or changes in tenant occupancy
  - Beyond optimizing space utilization, these teams are integral in upholding hygiene and cleanliness standards, ensuring a high level of comfort for co-working tenants

1 Next Move Strategy Consulting

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Section 2

Hard Services Sector

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Section 2.1

HVACR Service Sector

Impact of Technological Innovation on the HVACR Sector

Technological Innovation Driving the HVACR Industry Forward

Technological innovation is significantly accelerating the upgrade cycle in the HVACR industry

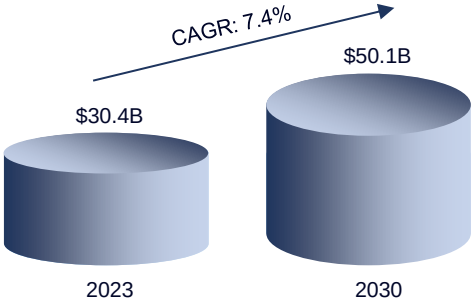
- Advancements are driven by the need for improved energy efficiency, enhanced performance, regulatory compliance, and the integration of smart technologies

Smarter, Eco-Friendly Systems	The demand for smart HVACR systems, including Wi-Fi-enabled and smart thermostats that utilize advanced software and sensors for automation, is steadily increasing[1]
Electrification and Heat Pumps	Innovations like vapor injection and variable speed compressors are enhancing heat pump efficiency, supported by AI-driven controls such as predictive maintenance and smart scheduling
System Design Changes	Manufacturers such as Austin and Daikin are moving towards designs like side discharge units and incorporating multi-speed options in outdoor units to enhance efficiency and meet regulatory demands

Accelerating the HVACR Upgrade Cycle through Innovation and Compliance

US HVACR Systems Market Size ($B)[2]

- US HVACR Systems market growth is driven by increasing demand for smart HVACR solutions
- Individuals and businesses are recognizing the long-term cost savings associated with energy-efficient systems



- Manufacturers are investing in advanced technologies such as IoT-enabled devices, AI-driven controls, and advanced sensors to meet consumer preferences for smart and automated systems
- New regulations such as the US Department of Energy's SEER2 standards are pushing manufacturers to create more energy-efficient systems[3]
- Regulatory pressure and consumer demand for smarter, more efficient systems are reshaping the HVACR industry

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1 Honeywell Home
2 Grand View Research
3 The SEER2 Guide

HVACR Service Sector Features Demand for Recurring Break/Fix and Aftermarket Repair Services

Key Drivers of Aftermarket Growth in the HVACR Industry

Aging Infrastructure

- Substantial portion of HVACR systems are aging, necessitating repairs and upgrades
- Aftermarket services become critical

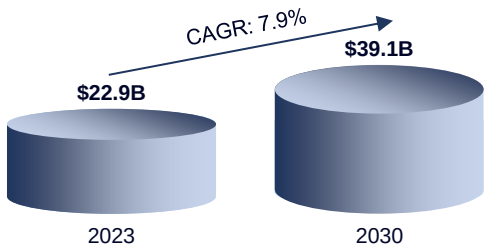
Energy Efficiency Retrofits

- Demand for retrofitting existing systems with efficient systems
- Regulatory frameworks promote energy conservation
- There was a COVID-19 related pull-forward of retrofit work due to tax code, government spending, and residential focus

Regulatory Compliance

- Stricter regulations regarding energy consumption are pushing HVACR companies to offer sustainable solutions
- Compliance often requires upgrades to existing systems, which fuels the aftermarket

US HVACR Aftermarket Market Size ($B)[1]



Current Trends in Break/Fix Recurring Demand

Service Calls

- Revenue is generated each time a service call is made to repair or fix HVACR equipment
- This includes labor charges, travel time, and cost of parts
- Pricing varies based on the complexity of the repair and the urgency of the service needed

Predictive Maintenance

- HVACR companies utilize smart technologies to offer predictive maintenance
- This approach minimizes downtime for customers and provides a consistent and reliable revenue stream

Equipment Lifespan

- Aging of HVACR systems plays a crucial role in this model. Older systems require more frequent repairs
- Revenue streams become predictable based on the known lifespans of systems

Emergency Services

- HVACR systems are critical for maintaining temperature and environmental conditions
- Break/fix model often includes premium-priced emergency repair services, which are profitable due to their urgent nature

Seasonal Variability

- HVACR repair demand often fluctuates with the seasons, typically peaking during extreme weather conditions when systems are most strained
- To manage these peak periods, companies need to strategically allocate resources to meet the demand
- During slower months, HVACR businesses can incentivize customers by offering discounts on maintenance services

1 ACHR News

Investment Appeal of the Sector

Favorable Characteristics for Investors

Highly Fragmented Market	Highly fragmented HVACR industry offers major consolidation opportunities; largest player holding less than 2% market share
Stable, Recession Resistant Revenue Streams	HVAC repairs and maintenance are essential for both residential and commercial properties; as such, regardless of economic downturns customers prioritize these services ensuring stable and reliable revenue
Technological Advancements Enable Differentiation	Advancements in technology like smart HVACR systems, IoT, and energy-efficient solutions present growth opportunities; companies capable of integrating these new technologies can differentiate themselves and offer value-added solutions
Demographic Shifts Ensure Long-Term Demand	Growing demand for HVACR systems and their maintenance in the Sun Belt regions, driven by population growth and migration to states like Texas, Florida, and Arizona
Growth Driven by Regulation and Efficiency Initiatives	HVACR industry is expected to experience steady growth, driven by factors like urbanization, climate control needs, regulatory demands, and increased energy efficiency initiatives

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Section 2.2

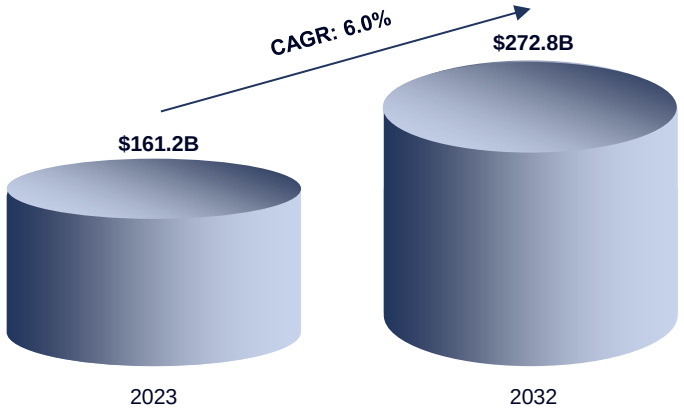
Mechanical, Electrical, and Plumbing (MEP) Sector

Essential Role of MEP Systems for Energy Savings and Building Modernization

Role of Retrofitting MEP Systems for a Sustainable Future

- Retrofitting MEP systems involves enhancing or replacing outdated infrastructure in both residential and commercial buildings to improve efficiency, sustainability, and compliance with modern standards
- Modernizing these systems is essential for reducing energy expense and minimizing carbon footprints
- In the residential sector, service providers collaborate with vendors and retailers to reach homeowners interested in retrofitting
- In commercial settings, building owners often seek retrofitting services directly to meet regulatory standards and achieve efficiency
- Concurrently, advancements in smart systems and building automation are contributing to this evolution by facilitating more efficient energy management and ensuring compliance with rigorous regulatory standards
- This confluence of factors is reshaping the MEP sector, presenting opportunities for growth and innovation

Energy Retrofit Systems Market Growth[1]



Growing Demand for Energy Efficiency is Steering MEP Engineering Towards Sustainable Design

Rising Governmental Focus on Heating Pumps to Enhance Energy Efficiency and Reduce Emissions in the MEP Sector

Residential and Commercial Buildings Account for 40% of Carbon Dioxide Emissions in the US[2]

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1 Market Research Future
2 Environmental and Energy Study Institute

Investor Interest in MEP Amid Fragmentation and Innovations

PE's Growing Impact on the MEP Market

MEP market is highly fragmented

- MEP firms often customize their services by geography, adapting to local regulations, building codes, and market demands
  - Regional variations often make it challenging for companies to expand beyond their localities, resulting in a landscape of small to medium-sized providers

Amid this fragmentation, PE interest has been growing in the MEP market

- PE firms see the opportunity in the inefficiencies created by smaller independent companies
- PEs consolidate these firms into larger, integrated platforms, improving efficiency, expanding service offerings, and supporting broader growth
- The mission-critical nature of MEP services is viewed as an attractive characteristic to protect against economic uncertainty

PE Driving Growth in MEP Services through Strategic Acquisitions and Recapitalizations

In January 2025, Shore Capital Partners acquired Ackerman Plumbing, a comprehensive provider of commercial plumbing services

- The transaction positioned Ackerman Plumbing to accelerate growth via cross-selling and organic growth

In October 2024, Blue Point Capital Partners acquired Pinnacle MEP, a firm offering comprehensive mechanical, engineering, and plumbing services, including HVAC, plumbing, and related mechanical services

- The transaction positioned Pinnacle for continued growth via M&A, having previously completed 15 add-on acquisitions

In July 2024, Brightstar Capital Partners acquired Stratus Team, LLC, a firm offering comprehensive facility management services, including mechanical, electrical, plumbing, and fire protection

- The acquisition positioned Stratus for accelerated growth as it expands regionally

In May 2024, Stellex acquired TriplePoint MEP, aiming to enhance its strategic and operational objectives and expand both its service offerings and geographic presence

- The transaction positioned TriplePoint to accelerate growth in the mechanical, electrical, and plumbing (MEP) sectors

Investment Appeal of the Sector

Favorable Characteristics for Investors

Market Fragmentation	Numerous small and regional players create significant opportunities for consolidation
Recurring Maintenance Contracts and Long-Term Projects	Recurring maintenance contracts and long-term projects offer stable and predictable revenue streams
Technological Advancements Enable Differentiation	High levels of technological integration, such as Digital Twin technology, IoT, and smart building technology, are a significant growth driver
Expected Market Growth Driven by Multiple Factors	Drivers include factors like urbanization, increased infrastructure investment, green building initiatives, and adoption of energy-efficient technologies
Compliance as a Barrier to Entry	Stringent regulatory standards serve as barriers to entry in the MEP industry by requiring companies to invest in compliance and safety procedures

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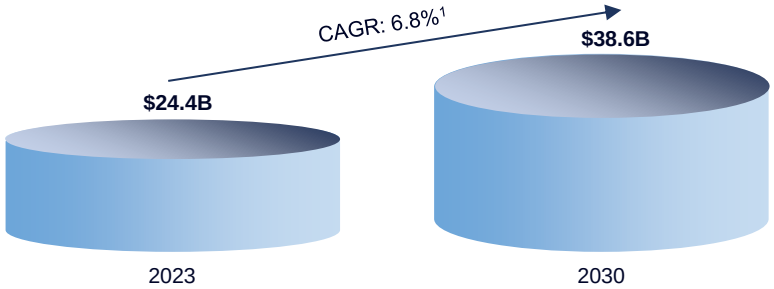
Section 2.3

Elevator Sector

Growing Industry Fueled by Construction and Government Regulation

Rising Construction has Fueled Growth in the Elevator Industry

Growth is primarily driven by the global trend of urbanization, particularly the rising construction of high-rise buildings and large-scale residential and commercial complexes



US Government Mandates for Elevator Industry

Safety	Inspections	Accessibility
OSHA requires that elevators and escalators must not be used if they have any safety defects, and that safety devices must not be made inoperable	Safety Code for Existing Elevators and Escalators requires elevators are inspected at least once a year	Americans with Disabilities Act (ADA) requires elevators meet accessibility standards

Recurring Service Agreements in the Elevator Industry

- The most stable and predictable revenue for OEMs like Kone and Schindler comes from multi-year maintenance contracts, which are often legally required to guarantee the safety and compliance of elevators
  - State laws mandate that elevators must be certified with periodic inspections, with commercial elevators needing to be checked at four times a year
- These maintenance contracts cover routine inspections, on-demand repairs, and emergency fixes

Future Trends and Innovations in Elevator Technology

Looking ahead, future safety and building codes updates may reflect emerging industry trends such as safety innovations, sustainability initiatives and funding initiatives, and smart technologies

1 The Insight Partners

Rapid Consolidation through M&A in the Elevator Sector

Major Acquisitions Made in the Elevator Industry

TKE *acquired* BAY ELEVATOR, DIRECT ELEVATOR SERVICES LTD., [Canadian Elevator Maintenance Company], Regional Elevator

- Private equity has helped drive consolidation in the sector
- TK Elevator, backed by Advent International and Cinven, has made several acquisitions including:
  - Bay Elevator, Direct Elevator, and True Canadian Elevator Maintenance Company
  - These acquisitions, focused on elevator modernization, service, and repair, strengthened TK Elevator's foothold in the Ontario market
- In 2023, TK Elevator acquired Regional Elevator, a major independent elevator company in Ottawa-Gatineau
  - Bolstered presence and service capabilities in the region

CENTURYPARK CAPITAL PARTNERS *acquired* TOTAL ACCESS Elevators & Lifts

Similarly, in April 2024, Century Park Capital Partners, a PE firm, completed the majority recapitalization of Total Access Elevator, a leading provider of commercial elevator modernization, maintenance, and repair services

Sep-24	Action Elevator acquired by H.I.G. Capital	Jun-24	Elevated. acquired by API Group	Jun-24	IES Integrity Elevator Solutions acquired by Del Monte Capital
Apr-24	Total Access Elevator acquired by CenturyPark Capital Partners				
Oct-23	Performance Elevator acquired by ATTA Elevators	Sep-23	Axxiom Elevator acquired by Gauge Capital	Aug-23	southern ELEVATOR acquired by Plexus Capital
Sep-22	Kings III Emergency Communications acquired by Arcline Investment Management				

Historically the market has been dominated by four major OEMs—Thyssenkrupp, Otis Elevator Company, Schindler, and Kone, however, recent trends include rollups by other strategics – often backed by private equity

Investment Appeal of the Sector

Favorable Characteristics for Investors

Technology and Innovation	Elevator industry is experiencing technological advancements, such as smart elevators, predictive maintenance, and energy-efficient systems
Recurring Revenue Models with Long-Term Service Contracts	The elevator industry's long-term service contracts for maintenance, repairs, and modernization generate stable and predictable cash flow, significantly reducing the sector's reliance on the cyclical nature of construction demand
Expected Market Growth with Long-Term Prospects	Continued urbanization, especially in emerging markets, and retrofit demand in mature markets offer sustained long-term growth prospects
Ample Consolidation Opportunities	The fragmented nature of the market presents valuable opportunities for M&A, allowing larger companies to scale, increase market share, and enhance profitability
Market Characterized by Government Regulations	Emphasis on government-mandated inspections and evolving building codes, leads to increased operational complexity and places pressure on new entrants

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Section 2.4

Fire & Life Safety Sector

Fragmented Market with Code-Driven Revenue Streams

Factors Driving Fragmentation Trends in the Fire and Life Safety Market

Diverse Services Offerings

- Wide array of services, such as fire risk assessments, equipment installation, maintenance, training, and others
- Companies specialize in different areas, which contributes to fragmentation as new businesses emerge to focus on specific niches within the broader market

Regulatory Variability

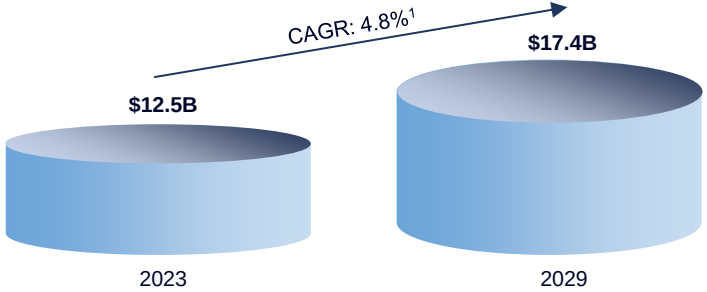
- Regulations vary widely across geographies resulting in a fragmented market
- As a result, businesses tend to focus on particular regions, rather than expanding nationally or internationally

Sector-specific Needs

- The distinct fire and safety requirements of various sectors—residential, commercial, and industrial—drive companies to focus on serving particular end-user sectors
- This specialization results in a market characterized by numerous providers catering to specific sector needs

Code Mandated Recurring Revenue

- Predictable revenue streams
- Compliance driven
- Potential for additional revenue



"The US Fire And Life Safety Industry has continued to experience positive tailwinds, creating a highly attractive investment for private equity firms and strategics alike. The recurring nature of the services and regulatory-driven demand provide strong visibility into future earnings. It's an exciting time to be in the highly fragmented industry as platforms continue to grow through geographic and end market expansion. We look forward to providing high-quality service to our customers with the support of our investors."

– Mike Lloyd, CEO, AI FIRE

1. Market Digits

Rise of Scaled PE Platforms in the Fire and Life Safety Sector

Asset Scarcity is Shaping Valuations in Fire and Life Safety

The scarcity of key resources such as skilled personnel, independent companies, advanced technology, and essential equipment is significantly impacting service delivery, operational efficiency, and company valuations in the Fire Safety Sector. These contributors to valuation include:

Increased Demand
- With increased demand driven by urbanization and regulatory requirements, competition for these limited resources is intensifying, leading to higher costs and valuations

Strict Regulatory Compliance
- Strict regulatory compliance requires ongoing investment in technology and training; companies that navigate these regulations are more attractive to investors, as compliant assets drive up valuations

Technological Advancements
- Technological advancements like smart fire safety systems are reshaping the industry, however, a shortage of skilled technicians is limiting growth potential, increasing valuations for firms that can retain the necessary talent and resources

Aging Infrastructure
- Many buildings and facilities require updates to meet modern safety standards
- Limited availability of larger companies with the expertise and assets to address these needs also contributes to higher valuations

Rising PE Investments Propel Growth in Sector

Investment Appeal of the Sector

Favorable Characteristics for Investors

Regulation and Innovation Driven Market	Stricter regulations and technological advancements create higher demand for fire and life safety services, especially in new construction and retrofitting projects
Highly Fragmented Market	The fragmentation of the fire and life safety market, driven by diverse service offerings, regional regulatory variability, and sector-specific needs, presents a significant opportunity for consolidation
Code-Mandated, Recurring Revenue Models	Code-mandated recurring revenue streams ensure a reliable and predictable cash flow for fire and life safety companies
Expected Market Growth	The demand for fire and life safety systems is projected to rise as urbanization accelerates, regulations become more stringent, and the need for enhanced safety in commercial, residential, and industrial buildings continues to grow
Technology as a Barrier to Entry	Integrating advanced fire safety technologies require significant upfront investment, which can limit new entrants

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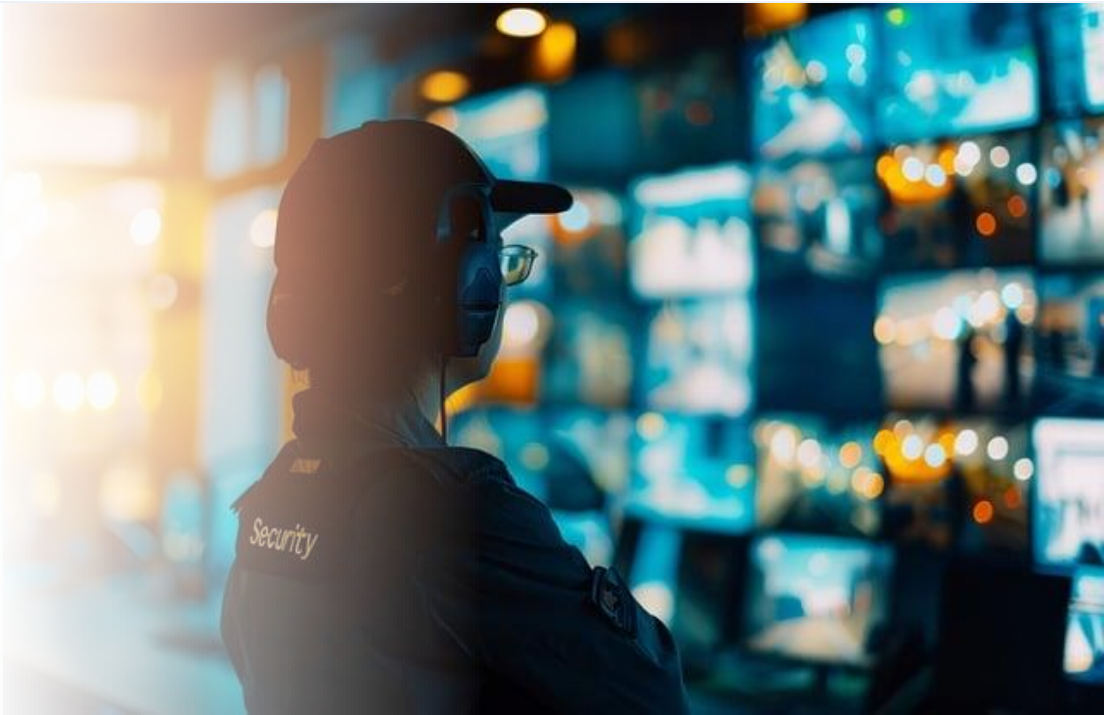
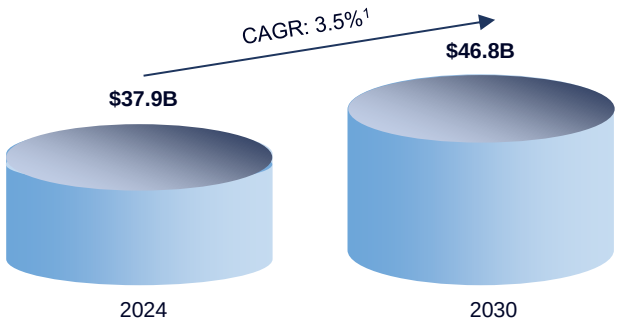
Section 2.5

Security Systems Sector



Importance of Mission-Critical Services in the Security Sector

US Security System Services Market Size



Key Components of Mission-Critical Security Systems

- **Surveillance Cameras**
- **Access Control Systems**
- **Intrusion Detection**
- **Fire Alarms and Cybersecurity Infrastructure**

Key Reasons Why Advanced Security Systems Rely on Mission-Critical Services:

Zero Downtime: Security systems must operate 24/7 without fail. Any disruption could result in severe consequences, such as security breaches, physical harm, or financial loss

- Includes surveillance cameras, intrusion detection, access control, fire alarms, and cybersecurity infrastructure

Advanced Technologies and Integration: These systems often involve integrating advanced technologies such as biometric identification, AI-powered surveillance, smart sensors, and real-time monitoring

Highly Specialized Personnel: Operating and maintaining these systems require personnel with specialized training in mission-critical security systems

Emergency Response and Crisis Management: In critical situations, security systems must react swiftly, coordinating with first responders to minimize damage, protect lives, and prevent escalation

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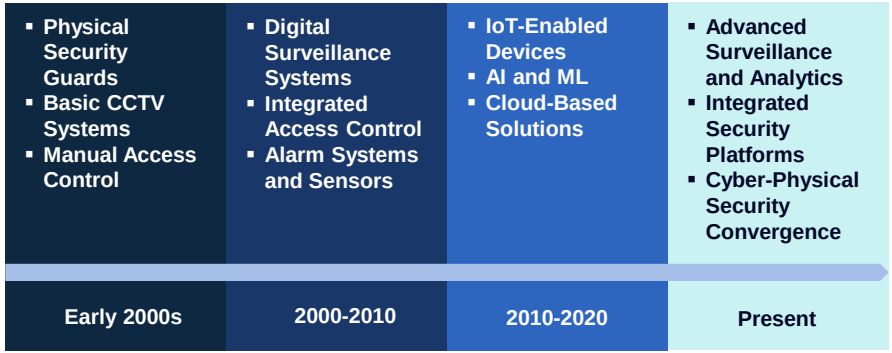
Rapidly Innovating Market with Predictable, Recurring Revenue

Technological Evolution of Security Systems

Over the past two decades, technological advancements have revolutionized the security systems industry, driving significant transformation



- Innovative facility managers are now utilizing AI-powered weapon detection technologies
- Further, modern CCTV systems now feature high-definition cameras paired with AI-driven analytics and facial recognition technology

The Rise of Break-Fix Models in Security Systems

The zero-downtime requirement in these sectors leads to high-margin service contracts

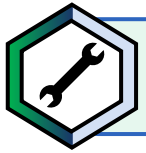
- Organizations are willing to buy quick repairs and maintenance, as disruption could compromise safety for companies in the facility services space, the break-fix aftermarket is a crucial revenue stream
- Beyond initial installation, businesses require ongoing maintenance, repairs, part replacements, and troubleshooting—creating consistent income through recurring services and system upgrades

Backlog Fuels Consistent Revenue Growth Through System Upgrades

- Upgrade Revenue: A substantial installed base presents opportunities for generating revenue through system upgrades or enhancements
- As customers seek new features, enhanced security, or compliance with updated regulations, they will need to invest in upgrading
- Broad Customer Base: Companies with a diverse customer base across various industries and regions benefit from consistent upgrade opportunities

Investment Appeal of the Sector

Favorable Characteristics for Investors



Technological Innovation Enables Differentiation

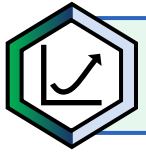
Continuous innovation in AI-powered surveillance, biometric access control, and IoT-enabled systems enhances security system capabilities while creating higher-margin opportunities

Highly Fragmented Market

Highly fragmented, with numerous small and medium players, presenting opportunities for consolidation

Rising System Complexity as a Barrier to Entry

Technological improvements increase complexity of service delivery, serving as a barrier to entry



Expected Market Growth

The demand for security services is driven by a rising incidence of thefts and property damage, the need for outsourcing, and desire to reduce staffing costs associated with security

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Section 2.6

Warehouse, Docks, Doors Sector

Mission-Critical Sector with Demand for Recurring Break/ Fix Services in Industrial and Residential Sub-Sectors

Mission-Critical Role of Warehouses, Docks, and Doors

Zero Downtime Tolerance

- Companies have zero tolerance for downtime, as malfunctioning systems like cranes or loading docks can halt operations, causing significant revenue loss
- To prevent disruptions, they invest heavily in proactive maintenance services which keep these systems running smoothly

Safety and Security

- Residential garage doors, entry doors, and dock systems are crucial for home security
- A malfunctioning system can expose the property to theft, weather damage, or accidents, making proper maintenance essential

Recurring Break/Fix Demand of Warehouses, Docks, and Doors

High Equipment Usage

- Equipment in warehouses undergoes constant use
- Results in predictable wear and tear cycles, where parts and systems degrade over time
- As these components age and deteriorate, they require frequent repairs or replacement, driving recurring demand for break/fix services

Convenience & Operational Continuity Residential Sector

- In the same way that businesses require operational continuity, homeowners need their critical systems to work smoothly
- A malfunctioning garage door or dock can disrupt daily life, leading to inconveniences
- Recurring break/fix services prevent such disruptions by ensuring regular upkeep and repairs

Rise of Private Equity Backed Service Providers in the Warehouse, Docks, and Doors Sector

Increasing Add-On Activity and Platform Formation

PE investments are becoming increasingly prevalent in the Warehouse, Docks, and Door sector

In April 2025, Trivest Partners announced the formation of Sentinel Dock and Doors Solutions, bringing together three commercial dock and door service providers based in Canada

TRIVEST
SENTINEL DOCK & DOOR
MAR-LIN DOCK & DOOR
LENWORTH
PRO-DOOR & DOCK SYSTEMS

In October 2024, ML Holdings created a crane services platform, Crane Service Inc., through the merger of Crane Service Inc., ML Crane Group, and Winslow Crane Service Co.

- This combination created a business with national reach and expertise in rigging, transportation, storage, engineering, and civil services related to cranes and forklifts

CRANE SERVICE INC. | ML CRANE GROUP | WINSLOW CRANE SERVICE CO. → Merged to Form → CRANE SERVICE INC

In February 2024, Wolter, Inc., a prominent provider of material handling solutions, and industrial dock and door services, announced a strategic growth investment from BBH Capital Partners (BBHCP)

- This partnership accelerated Wolter's expansion efforts through M&A and real estate investment

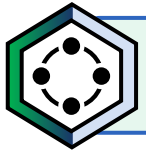
WOLTER Accelerate Your Productivity
BROWN BROTHERS HARRIMAN

Rising Acquirer Interest in Warehouse, Docks, and Doors Sector

Mar 2025	BESSER GARAGE DOORS acquired by TRIVEST	Mar 2024	GARAGE CO A Family of Family Brands launched by GRIDIRON CAPITAL	Dec 2023	WIZE SOLUTIONS acquired by NEWSPRING	Sep 2023	VORTEX acquired by QUAD-C
Jul 2023	MEI Rigging & Crating acquired by OLYMPUS PARTNERS	Jan 2023	A1 GARAGE DOOR SERVICE acquired by CORTEC	Dec 2022	OnPoint. acquired by MML	Aug 2022	PARTNERS WAREHOUSE acquired by RED ARTS CAPITAL
May 2022	ALLMARK DOOR All Doors. All Docks. All Service. All the Time. acquired by LLR	Aug 2021	CRANE 1 acquired by L CAPITAL PARTNERS				

Investment Appeal of the Sector

Favorable Characteristics for Investors



Mission-Critical Recurring Revenue

The sector's focus on mission-critical systems such as loading docks, doors, and conveyors ensures a consistent, regulatory-driven demand for recurring break/fix services

Market Fragmentation

Investors can benefit from market fragmentation, as consolidation improves operational efficiency and profitability

Regulation as a Barrier to Entry

Government regulations, such as OSHA, increase the demand for recurring services, also introducing compliance as a barrier to entry

OEM-Agnostic Service Providers

Rise in OEM-agnostic service providers means companies can service equipment regardless of the manufacturer, providing a competitive edge and opening up new revenue streams

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Section 3

Soft Services Sector

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Section 3.1

Exterior Business Services Sector

Market Driven by Outsourcing and Service Specialization

Rationale Behind Specialized Outsourcing Strategies

- Businesses are increasingly outsourcing exterior services to specialized providers who have deep expertise in specific areas like landscaping, snow removal, or pest control
- Major corporations, including MNCs and SMBs, are increasingly adopting outsourced services from third-party providers to optimize operational efficiency and stay competitive in a rapidly evolving market
- This specialization allows companies to benefit from techniques which in-house teams might lack
- Emphasis on sustainability and the demand for specialized services have further accelerated the shift toward outsourcing, such as:
  - Eco-friendly landscaping
  - Energy-efficient outdoor maintenance

Rising Focus on Specialization in Outsourcing Strategies

Expertise in Niche Areas	• Companies specializing in commercial landscaping providing customized solutions • These are designed to meet the distinct requirements of corporate campuses, retail environments, and industrial parks
Access to Advanced Technology and Tools	• Specialized service providers invest in tools that are often too costly or complex for individual businesses to manage internally • Customers would prefer to outsource rather than engage in costly capital expenditure
Regulatory Compliance and Environmental Sustainability	• Specialized providers have a deep understanding of regulatory requirements and environmental best practices • Providers ensure that businesses remain compliant with local laws and industry standards

Attractive Sector with Rising PE and Strategic Interest

Strategic Consolidation Optimizing the Fragmented Sector

- Exterior Business Services have experienced notable consolidation, driven by private equity firms and strategic buyers, for instance:
  - In February 2024, the Valcourt Group, an exterior building services company, acquired American Cleaning Systems (ACS), a full-service cleaning company based in Phoenix, Arizona, specializing in construction cleanup, window cleaning, and pressure washing
- Consolidation within the Exterior Business Services Sector is evidenced by significant M&A across individual segments such as landscaping, pest control, exterior lighting, snow removal, window cleaning services, and others
- The exterior lighting segment, a crucial component of the broader Exterior Business Services Sector, encompassing architectural, smart, and energy-efficient lighting solutions, has experienced activity
- Consolidation is driven by a desire to gain market share, enhance operational efficiencies, and address the demand for sustainable and energy-efficient lighting solutions

Rising PE Interest in Exterior Business Services

Investment Appeal of the Sector

Favorable Characteristics for Investors

Fragmented Sector with Regional Opportunities	Exterior business services sector within the facility services industry is fragmented, characterized by numerous small, regionally focused service providers
Expanding Geographic Reach	High demand for exterior business services in metropolitan hubs offers a prime opportunity to consolidate smaller providers, capture market share, and secure long-term, recurring revenue from new regions
Recurring Revenue with Contract-Based Model	The recurring, contract-based revenue model of exterior business services ensures stable and predictable cash flows, further enhancing the sector's attractiveness
Increased Level of Technological Integration	Increased technological integration, including IoT and automation (robotic window cleaners and automated pest control systems), is driving operational efficiency, offering solutions that distinguish companies from competitors
Consistent Growth Driven by Trend of Outsourcing	The industry is projected to expand, bolstered by the trend towards outsourcing

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Section 3.2

Guards, Concierge, & Parking Management Sector

Evolving Industry with Increasing Focus on Service Integration

Integrated Guard, Concierge, and Parking Management Services

- The integration of Guard, Concierge, and Parking Management services presents a comprehensive strategy in facility management, harmonizing security, customer service, and logistical support into a unified operation
- By adopting this integrated model, facility managers can deliver a streamlined facility management experience, which significantly enhances security, convenience, and the overall satisfaction of residents, tenants, and visitors
- Holistic approach is becoming prevalent in modern commercial and residential complexes
- As security threats become increasingly sophisticated, there is demand for integrated solutions that amalgamate physical security measures, such as guard services, with advanced technologies including surveillance systems, access control, and real-time monitoring
  - Per a survey by Pro-vigil, in 2023, 24% of business leaders reported a rise in physical security incidents, with over half expressing increased concern about crime compared to the previous year

Rising Investor Interest in Guard, Concierge, & Parking Management

Rapidly Evolving Technological Landscape

Technological Advancements Transforming the Guard, Concierge, and Parking Management Sectors

As technology continues to reshape industries worldwide, the Guard, Concierge, and Parking Management Sector is no exception. These traditionally manual and resource-intensive services are rapidly evolving into tech-enabled operations, driven by advancements in IoT, AI, and mobile technology

1960s-1980s Manual Operations

- Guard services relied on physical presence, manual reporting, and basic communication tools like walkie-talkies
- Parking management was predominantly operated using paper tickets and cash payments, without automated systems for monitoring spaces or guiding drivers
- Concierge services relied on traditional methods, with tasks such as key handling, guest check-ins, and scheduling conducted through face-to-face interactions and handwritten records, lacking digital support

1990s-2000s - Introduction of Basic Technology

- Security guard services improved with the introduction of CCTV cameras, which enhanced monitoring and led to adoption of handheld devices for better communication and incident reporting
- In parking management, early automated systems like mechanical ticket dispensers and basic payment kiosks reduced manual intervention and streamlined operations
- Concierge services evolved with the advent of the Internet, which enabled online reservations and bookings and led to the gradual integration of digital tools

2010s: Emergence of Smart Technology

- Security services adopted advanced technologies such as biometric access controls and mobile apps for real-time communication and reporting, with AI and ML enhancing surveillance
- The rise of IoT led to the development of smart parking systems with sensors providing real-time data on availability, and automated payment systems became increasingly prevalent
- Digital platforms began streamlining concierge tasks with online portals and mobile apps for remote service access, while AI-powered chatbots started handling basic inquiries and bookings

2020s - Full Integration of Advanced Technologies

- Integration of AI and ML has become standard in security services, with real-time threat detection, predictive analytics enhancing operations, and drones and automated surveillance robots
- Parking management has fully adopted smart solutions, with advanced Automated License Plate Recognition (ALPR) and contactless payment systems becoming widespread
- Real-time data analytics and dynamic pricing models have also become commonplace, driving operational efficiency
- Concierge services are dominated by AI-driven virtual assistants and automated platforms, providing personalized, on-demand services

Investment Appeal of the Sector

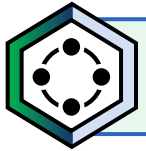
Favorable Characteristics for Investors

Fragmented Market with Consolidation Opportunities

The fragmented sector offers investors opportunities for M&A-driven growth. By acquiring smaller regional companies and scaling operations, investors can improve profitability

Strategic Locations in Urban Centers

These services in prime urban areas like business hubs and airports ensure consistent demand, leading to higher occupancy rates and a steady need for guard and concierge services



Stable, Recurring Revenue Streams

These services have long-term contracts, offering reliable cash flows. Contracts with corporate offices, hospitals, and residential complexes provide predictable revenue, making them an attractive investment

Growth Potential through Value-Added Services

Investors can boost growth by adopting tech solutions like automated parking, AI-driven security, and smart concierge services. These innovations enhance efficiency and differentiate offerings

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Section 3.3

Janitorial and Cleaning Services Sector

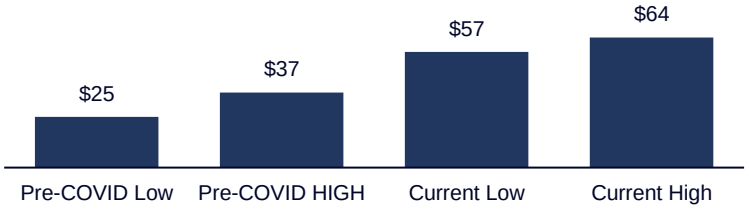
Post-Pandemic Growth of the US Janitorial and Cleaning Sector

COVID-19 Led to Permanently Higher Standards of Appearance and Hygiene in Commercial Spaces, Driving Demand for Janitorial Services

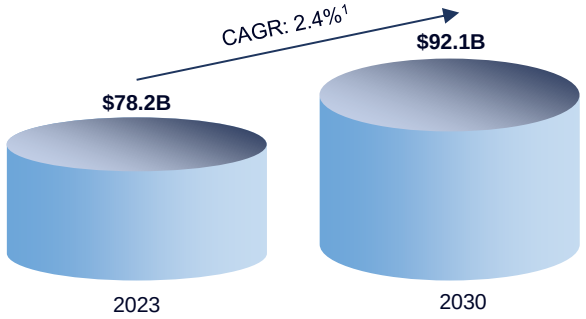
In the post-pandemic landscape, the Janitorial and Cleaning Sector in the U.S. has experienced significant growth and a lasting, increased emphasis on hygiene and cleaning protocols

Advanced cleaning technologies such as electrostatic sprayers, UV-C disinfection, and antimicrobial coatings are allowing commercial cleaning and janitorial teams to go beyond traditional methods and achieve deeper, more consistent sanitation across various surfaces and spaces

Average Hourly Pay for Commercial Cleaning Employees



US Janitorial Services Market[1]



On-Demand Office Cleaning for Low-Occupancy Spaces

- In response to the shift towards hybrid work, companies in the US are adopting occupancy-driven cleaning models, utilizing real-time data on workspace usage
- This method tailors cleaning schedules based on actual office traffic, focusing on high-traffic areas during peak occupancy and scaling down during quieter periods

1 Grandview Research

Growing PE Interest Fueled by Market Fragmentation

Market Fragmentation is Driving Private Equity Consolidation

- The U.S. Janitorial and Cleaning Services Sector is highly fragmented, consisting of numerous small and regional firms alongside a few larger, national entities
- Multi-year contracts in the Janitorial and Cleaning Sector in the U.S. give service providers long-term agreements, ensuring stable and recurring revenue streams
- Fragmentation stems from the localized nature of the sector, where businesses predominantly operate at local or regional levels, catering to clients within defined geographic areas
  - Localized nature inhibits dominance by large companies, allowing smaller firms to thrive and sustain client relationships
  - Successful acquisition strategies can leverage this fragmentation
  - Typically, acquirers looking to move into new geography start with an established base in one region and use subsequent add-ons to create comprehensive geographic coverage

Rising Acquirer Interest in Janitorial and Cleaning Services

Investment Appeal of the Sector

Favorable Characteristics for Investors

Fragmented Market with Consolidation Opportunities	Janitorial and cleaning sector is highly fragmented, with many small to mid-sized players, making it ripe for consolidation
Expected Market Growth	Sector is expected to grow steadily post-pandemic due to increased focus on hygiene and sanitation in workplaces and public spaces, driving investment appeal
Rising Standard of Cleanliness	In the post-pandemic landscape, the janitorial and cleaning sector in the US has experienced significant growth due to lasting, increased emphasis on hygiene and cleaning protocols
Recurring Revenue Streams from Scheduled Services	Industry's recurring revenue model, with steady cash flow from regular cleaning schedules, makes it attractive for investors seeking stable returns
Compliance in Specialized Cleaning as Barrier to Entry	Strict safety and environmental regulations in specialized sub-sectors like healthcare and hazardous material cleaning drive up costs for new entrants

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Section 3.4

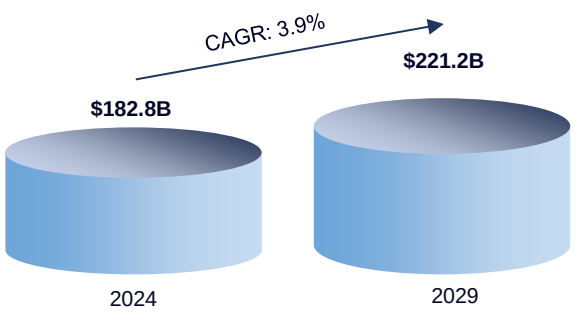
Landscaping & Grounds Management Sector

Fragmented Market Drives Strategic Consolidation in Landscaping Services

Fragmentation in the Landscaping and Grounds Management Sector Subsequently Accelerates Consolidation

- Landscaping encompasses the design, construction, and long-term care of outdoor spaces, while grounds management is a subset of landscaping
- Landscaping services focus specifically on ongoing maintenance to ensure outdoor spaces retain their aesthetic appeal, functionality, and environmental qualities

US Landscaping Services Market[1]



- Despite this robust growth, the industry remains highly fragmented, with the top 50 companies capturing only 20% of market share
- The remaining 80% consists predominantly of small to medium-sized enterprises operating independently[2]
- Decentralization is further evidenced by the 3% growth in the number of landscaping businesses in the US, which reached 641,782 in 2023 compared to the previous year[3]
- Fragmented structure presents significant consolidation opportunities for private equity firms and larger companies

Private Equity Interest in Landscaping and Grounds Management

Jan 2025: ExperiGreen Lawn Care acquired by Wind Point Partners	Dec 2024: Bland Landscaping Co. acquired by Comvest Partners	Dec 2024: Yellowstone Landscape received a minority investment from Neuberger Berman	May 2024: Bonny acquired by Silver Oak Services Partners
Jan 2024: VirginiaGreen acquired by Golden Gate Capital	Dec 2023: Heartland acquired by Pritzker Private Capital	Aug 2023: American Landscaping acquired by ShoreLine Equity Partners	Dec 2022: Ruppert Landscape acquired by Knox-Lane
Nov 2022: Aphix acquired by Caltius Equity Partners	Apr 2022: Monarch Landscape Companies acquired by Audax Group	Jan 2022: Juniper Design ~ Build ~ Maintain acquired by Bregal Sagemount	Aug 2021: Savatree acquired by Apax

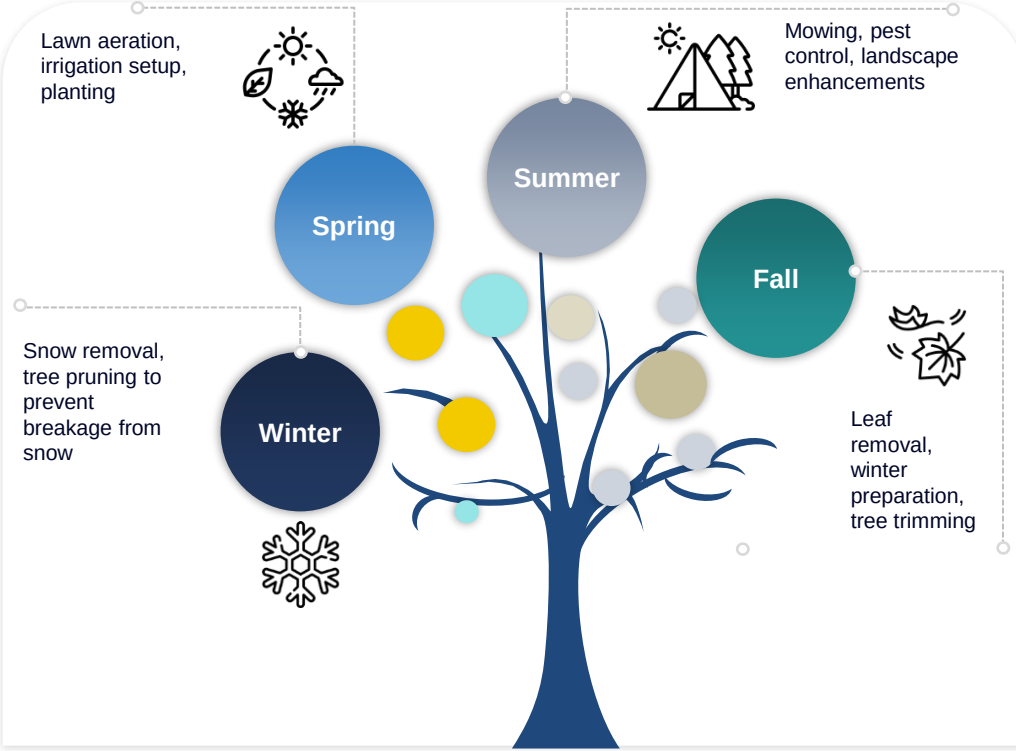
1 Mordor Intelligence
2 First Page sage
3 IBIS World

Heightened PE Participation in the Landscaping and Grounds Management Market Driven by Recurring, Non-Discretionary Nature

Stability of Revenue Drives PE Interest in the Sector

- The landscaping and grounds management sector is highly fragmented, with numerous small and medium-sized enterprises, offering significant opportunities for roll-ups and consolidation
- Transformation from being primarily service-oriented and focused on aesthetics into a more mature business area, increasingly attractive for investment
- In recent years, PE interest in the sector has risen considerably, driven by its inherent stability and recurring revenue potential
  - This appeal is further reinforced by the sector's classification as an essential service
  - This ensures steady demand during economic downturns
- Additionally, the sector's reliance on subscription-based maintenance models enhances its predictability by generating consistent, recurring revenue streams
  - These dependable revenue structures offer PE firms reliable cash flow opportunities

Sustained Demand Driven by Year-Round Service Requirements



1 Lawn and Landscape

Investment Appeal of the Sector

Favorable Characteristics for Investors

Highly Fragmented Sector	Fragmented, characterized by numerous small, regionally focused service providers
Expanding Geographic Reach	There is widespread demand for landscaping services across both residential and commercial markets, offering ample room for geographic growth and diversification
Growing Demand Driven by Secular Trends	The landscaping sector is expected to grow, driven by trends like outdoor living, urbanization, and the rising demand for eco-friendly, sustainable practices in both residential and commercial spaces
Profitability and Recurring Revenue Potential	Landscaping companies can achieve strong margins, particularly in specialized segments such as high-end residential or large-scale commercial contracts, where margins are higher due to customization and value-added services
Environmental Regulations as a Barrier to Entry	The sector faces increasing regulatory pressure regarding water usage, chemical disposal, and energy consumption. Compliance with these regulations requires ongoing investment in sustainability measures, adding to barriers

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Section 3.5

Laundry, Linen, and Uniform Sector

Fragmented Market Characterized by Route-Based Models and Long-Term Contracts

Fragmentation in the Laundry, Linen, and Uniform Sector

- The US Laundry, Linen, and Uniform Sector plays a crucial role in supporting various industries, including healthcare, hospitality, food services, and manufacturing
- Key offerings include laundry services (cleaning, logistics, pickup, delivery), uniform rental and cleaning (uniform provision, maintenance, repairs, replacements), and linen services (bedding, towels, napkins, tablecloths)
- Fragmentation is driven by the need to comply with stringent, industry-specific rules
  - Hygiene and safety regulations, especially in healthcare and food services, where specialized cleaning solutions are mandatory
- The sector, despite being dominated by a few large national players—commonly known as the "Big 3"—remains highly fragmented

"Private entities are attracted to the industry because of its investment characteristics, such as recurring contracted revenue, high degree of customer retention, and high barriers to entry via investment required for processing capacity, to name a few"

ImageFIRST HEALTHCARE LAUNDRY SPECIALISTS – Bill Rottschaefer, VP of business development, ImageFIRST

Key Acquisitions in the Sector

Sep 2024: Churchill acquired by ALSCO UNIFORMS	Feb 2024: CINTAS READY FOR THE WORKDAY acquired by SITEX SINCE 1961 The Image Makers	Feb 2023: CLEAN acquired by UniFirst	Aug 2022: CENTURY LINEN & UNIFORM acquired by FALCON AFFILIATES
Apr 2022: Healthcare Linen Services Group acquired by York Capital Management	Mar 2021: CROWN HEALTH CARE LAUNDRY SERVICES acquired by PRITZKER PRIVATE CAPITAL	Dec 2020: crothall healthcare acquired by H.I.G. CAPITAL	Jan 2020: LINEN KING acquired by Seaport Capital
Oct 2018: ImageFIRST HEALTHCARE LAUNDRY SPECIALISTS acquired by Calera Capital	Jun 2018: PureStar acquired by Cornell Capital		

Investment Appeal of the Sector

Favorable Characteristics for Investors

Highly Fragmented Sector	Sector is highly fragmented, offering ample opportunities for consolidation
Recurring Revenue Model with Long-Term Contracts	Sector benefits from long-term contracts with healthcare, hotel, and industrial clients, generating steady, predictable revenue
Strong Demand with Multiple Tailwinds	With the healthcare market growing and regulations on hygiene becoming stricter, there is a high demand for sanitized linens and uniforms, ensuring consistent service requirements across sectors
Technological Integration Improves Efficiency	Technology, such as RFID tracking and automated laundry systems, is increasingly being adopted, helping businesses improve efficiency and reduce operational costs
Sustainability Focus Drives Differentiation	Growing demand for eco-friendly laundering processes, such as water-efficient systems and biodegradable detergents, which presents an opportunity for companies to differentiate themselves in a competitive market

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Section 3.6

Restoration & Remediation Sector

Resilient Growth and Stability in the Restoration and Remediation Sector

Non-Cyclic and Event-Driven Nature of the Sector Drives Growth

- The Restoration and Mediation Sector delivers essential services to repair damage caused by water, fire, mold, storms, and other environmental disasters
- Services include water and fire damage restoration, mold remediation, storm recovery, biohazard cleanup, structural drying, and dehumidification
- The number of businesses in the US damage restoration services industry has grown to 60,020, reflecting a 4.2% CAGR between 2019 and 2024[1]
- Frequent occurrence of burst pipes, fires, and floods necessitates immediate action, allowing business to respond to both large-scale disasters—such as hurricanes and wildfires—and routine incidents like minor leaks and malfunctions
- As a result, companies can achieve consistent profitability and steady operations without depending on major disasters

Increased Frequency of Natural Disasters is Reshaping the Sector

- Climate change has driven a sharp rise in the frequency and severity of extreme weather events, including hurricanes, wildfires, floods, and severe storms
- These disasters had a significant economic impact, totaling at least $92.9B in damages

Price Insensitivity and Insurance Funding Sustain Sector Stability

- A key aspect of the restoration and remediation sector is that a significant portion of its services are insurance-funded, making it relatively price-insensitive
- Property owners often file claims for incidents, with the costs covered primarily by their insurance policies
- This funding mechanism means service providers face less pressure to compete on price, as property owners rely on insurance payouts to cover repair costs
    - Thus, restoration companies can maintain standard or premium pricing for their services, ensuring consistent profitability
- Additionally, many leading companies in this sector have established preferred vendor relationships with insurance providers to ensure a steady flow of business and consistent revenue streams
- These partnerships allow insurers to refer restoration jobs directly to trusted service providers, ensuring reliable and timely repair work for their policyholders

1 IBIS World

Accelerating PE Interest in the Restoration and Mediation Sector

Predictable Revenue and Consolidation Drives Appeal

- In recent years, the Restoration and Remediation sector has attracted significant interest from PE firms
- Growth driven by rising demand for services amidst increasing natural disasters and aging infrastructure

Factors Driving PE Interest

- Predictable and Growing Demand: The restoration industry benefits from steady demand, with services needed for everyday incidents such as water and fire damage, as well as larger-scale natural disasters, which are becoming more frequent due to climate change
- Scale and Diversification: Beyond traditional restoration services, companies are expanding into adjacent, higher-margin areas like healthcare restoration, commercial roofing, and environmental cleanup
  - This diversification helps companies remain resilient even when demand fluctuates in specific sectors
- Recurring Revenue Profile: Insurance-backed restoration services provide a recurring revenue model, ensuring consistent cash flow regardless of economic conditions
  - This reliable income stream, coupled with the ability to scale, makes the restoration sector a lucrative opportunity for long-term investment
- Consolidation Opportunities: As a result, PE firms are well-positioned to consolidate these smaller players and create larger, more efficient companies

Key Acquisitions in the Sector

Mar 2025: HighGround acquired by KNOX-LANE	Jan 2025: ServiceMASTER Restore acquired by HIDDEN RIVER STRATEGIC CAPITAL	Dec 2024: CPR acquired by KLH CAPITAL	Jul 2024: AMERICAN RESTORATION acquired by Morgan Stanley CAPITAL PARTNERS	Apr 2024: GUARDIAN RESTORATION PARTNERS formed by ALPINE
Mar 2024: ACCUSERVE acquired by FLEXPOINT FORD	Feb 2024: Insurcomm acquired by SUMMIT PARTNERS	Feb 2024: SOLID RESTORATION INC acquired by TIMONEER STRATEGIC PARTNERS	Jan 2024: SERVPRO West Coast DRT acquired by ORANGEWOOD	Jan 2024: RL JAMES acquired by HIDDEN HARBOR CAPITAL PARTNERS
Sep 2023: KNIGHT COMMERCIAL acquired by OMERS	Apr 2023: MWR MIDWEST REMEDIATION acquired by CID CAPITAL	Aug 2022: NMR National Mitigation & Restoration formed by MONTERA	Dec 2021: ALL CLAIMS Repairs & Consulting acquired by ROEBLING CAPITAL PARTNERS	Aug 2021: LEGACY RESTORATION acquired by BESSEMER INVESTORS

Investment Appeal of the Sector

Favorable Characteristics for Investors

Highly Fragmented Market	Sector's fragmentation, characterized by a high degree of specialization, provides numerous opportunities for consolidation, enabling investors to acquire smaller players
Recurring Revenue Model Often Boosted by Insurance	Insurance-funded restoration services offer predictable, recurring revenue streams, ensuring consistent cash flow
Geographic Expansion Opportunities	With opportunities to expand into regions affected by natural disasters or aging infrastructure, investors can diversify and grow their portfolio across different geographies
Demand Driven by Aging Infrastructure and Climate Change	Climate change and infrastructure degradation are driving increased demand for restoration services
Regulatory Barriers to Entry	Companies must navigate evolving regulations, especially around environmental and safety standards, providing a barrier to entrants

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Section 3.7

Roofing Sector

Predictably Cyclical Industry with Multiple Drivers

Seasonal Demand and Economic Impact on Roofing Services

- Seasonal Demand: Roofing companies see higher demand in spring and summer due to favorable weather, while winter is slower as cold affects materials like asphalt shingles
  - An increase in construction projects can also drive expanded roofing services
- Economic Influence: During periods of economic expansion, new construction projects increase, boosting demand for roofing services
  - However, during economic downturns, new installations may slow, but repairs and maintenance services often rise as owners opt to repair rather than replace
- Pay is driven by insurance companies as opposed to solely retail customers, and helps to smooth out cyclicality

Roofing Material Life Cycles and Renovation Cycles

- Material Lifespan: Roofing materials have a predictable life span; for instance, asphalt shingles last 20-30 years, while metal roofs last around 50-80 years
  - As buildings age, demand for roof replacements rises, especially in markets with older structures
  - Property owners often schedule roof upgrades alongside other improvements
  - Technology can be utilized to predict replacement cycles and coordinate marketing accordingly
- Renovation Trends: With advancements in energy-efficient technologies, property owners are increasingly choosing eco-friendly solutions like cool roofs or solar roofs, leading to predictable renovation cycles
- Several companies are driving the trend toward environmentally friendly roofing options

PE Surge is Reshaping the Roofing Industry

Predictable Revenue and Consolidation Opportunities Drive Appeal

- PE interest in the roofing sector has surged significantly in 2024, marking a major shift in market dynamics
  - This increased interest is driven by the highly fragmented nature of the sector, with the top five players accounting for less than 10% of the total market share
- Fragmentation presents significant opportunities for M&A activity, enabling platforms to consolidate smaller, well-managed, and profitable roofing businesses
- As the number of M&A deals increased by 100%+ between 2018 and 2024, PE firms have become key players in reshaping the roofing sector through operational efficiencies and strategic roll-ups
- This once-challenging fragmentation is now an ideal opportunity for PE investors, as they leverage their resources to drive growth and innovation in the roofing sector

High Level of Strategic and Private Equity Interest in Roofing Sector

Investment Appeal of the Sector

Favorable Characteristics for Investors

Predictable, Cyclical Demand Streams	The roofing sector experiences predictable demand cycles, driven by seasonal changes, economic conditions, and construction trends, which enable investors to plan cash flows and allocate resources
Technological Innovation and Growth	Innovations in the roofing sector—such as solar roofing, smart roofs, and satellite imaging—are transforming the industry, creating opportunities for differentiation
Highly Fragmented Market	The roofing sector is highly fragmented with numerous actionable acquisition targets at various scales
Robust Pathways to Increasing Profitability	Acquirers can consistently acquire smaller roofing companies, integrating them, boosting market share, and leveraging economies of scale to enhance profitability
Geographic Expansion Opportunities	With opportunities to expand into regions affected by natural disasters or aging infrastructure, investors can experience above market growth rates

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Section 4

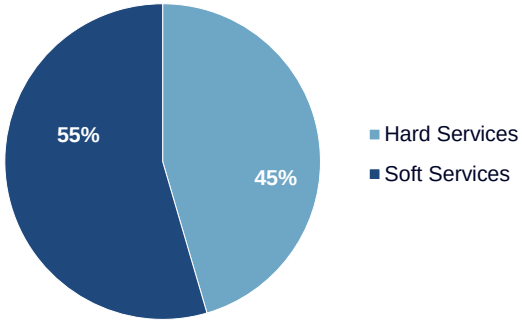
Transaction Activity & Public Market Update

Facility Services M&A Overview

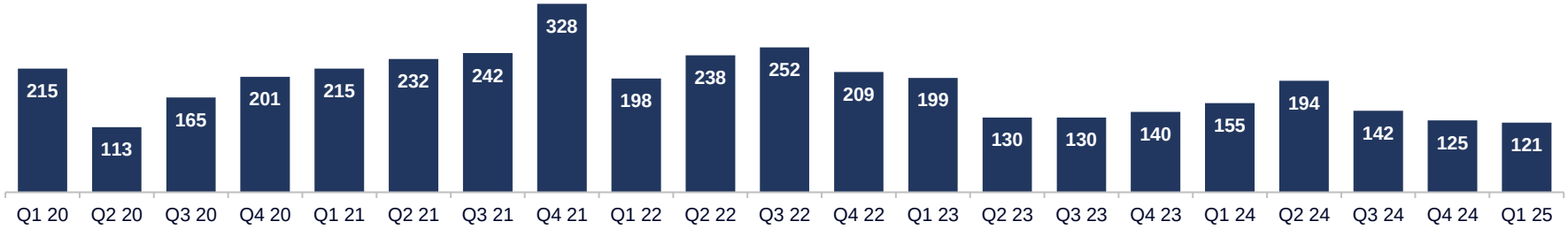
M&A Activity Overview

- M&A activity in the industry peaked in 2021, but was followed by a pullback in 2022 and 2023 due to economic challenges
- Soft Services made up majority of the deal activity, driven by improved service quality, and growing demand for outsourced services and cost efficiency
- Most of the sub verticals in the sector are relatively insulated from tariff issues due to limited exposure to product sales, and are viewed as safe havens for investors
  - Some questions about effects on customers as a secondary impact could arise
- Immigration reform has raised questions for investors, particularly in the Soft Services space
- Deal activity over the last several years has been primarily driven by add-ons to existing private equity portfolio companies, with limited private equity exits as they wait for the broader market to rebound

M&A Transactions by Service Type – FY 24



M&A Transactions



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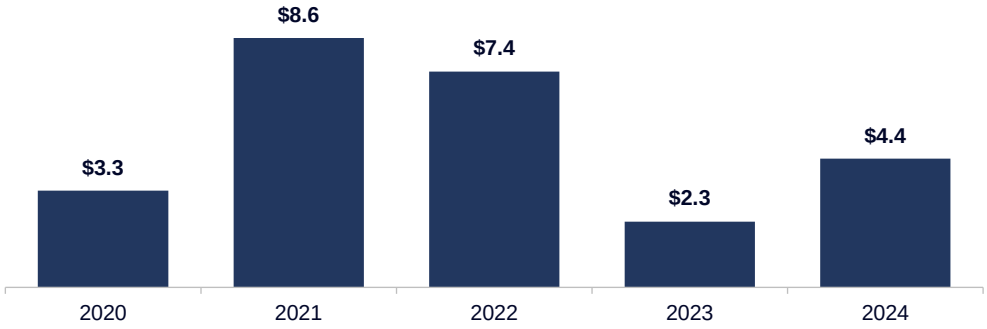
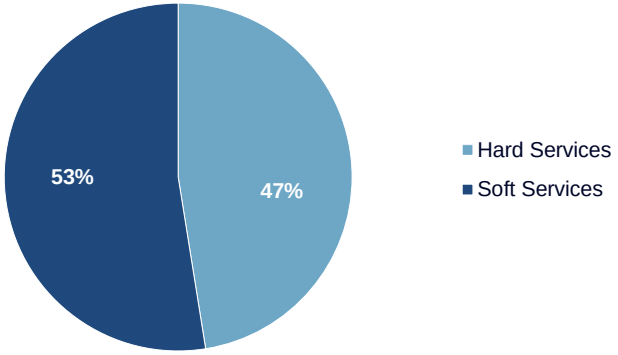
Note: All values based on publicly available data as of 04/30/2025

Facility Services Capital Raise Overview

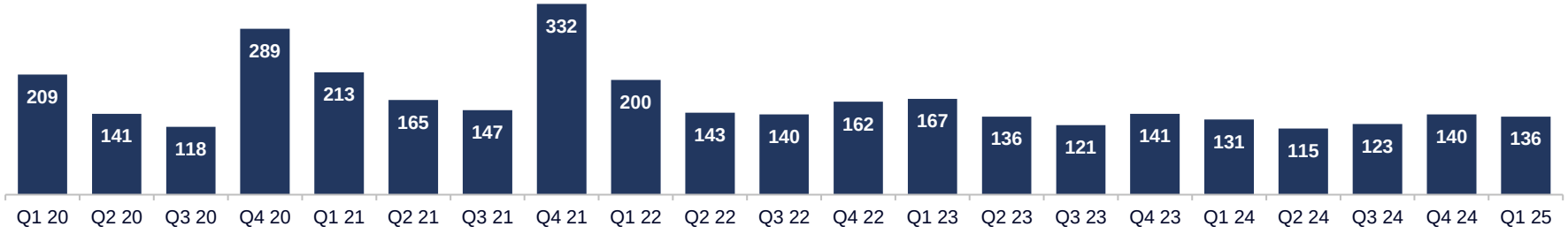
Total Capital Invested – US ($B)



Capital Raises by Service Type – FY 24



Capital Raise Transactions



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Note: All values based on publicly available data as of 04/30/2025