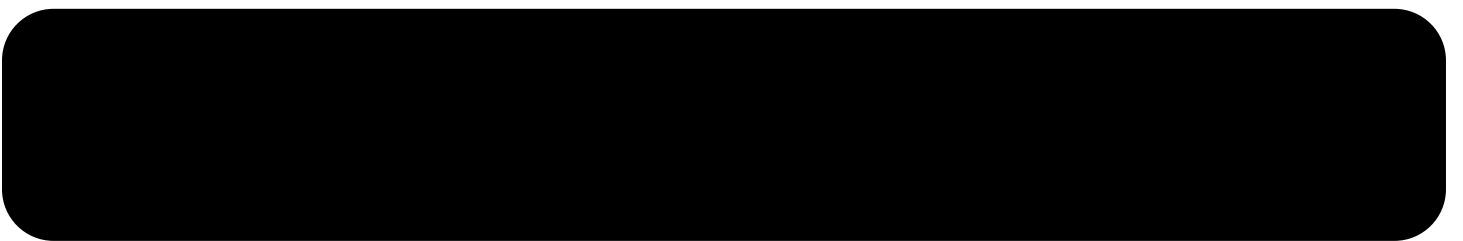


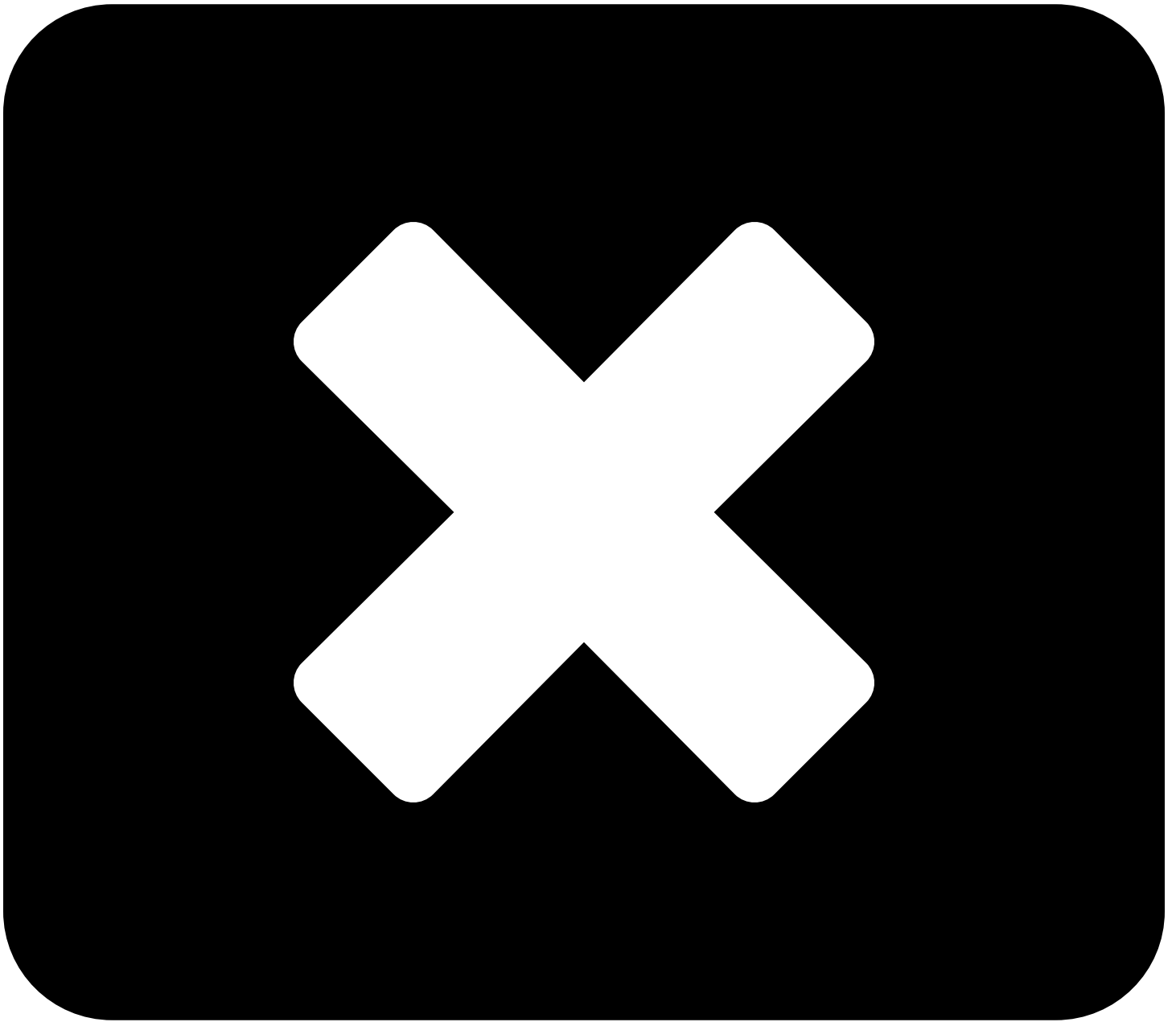


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The 2026 Home Services M&A Multiples Report

EBITDA multiples, private equity activity, deal structure norms, and original demand-signal data for HVAC, plumbing, roofing, pest control, electrical, and landscaping — covering lower middle market transactions 2024-early 2026.

Published April 2026 · 32 min read · Updated annually · **Version 2.0**

The 2026 Home Services M&A Multiples Report

An institutional reference on lower middle market valuations, deal structures, and private equity activity across HVAC, plumbing, roofing, pest control, electrical, and landscaping — published annually by CT Acquisitions.

Publication date: January 2026 | Next update: January 2027 | Citation: *CT Acquisitions, "The 2026 Home Services M&A Multiples Report."*

Executive Summary

The home services M&A market entered 2026 as one of the most actively consolidated segments of the U.S. lower middle market. Private equity deployment pressure, a fragmented operator base, and the durability of recurring residential demand have combined to support multiple expansion across every vertical we cover — though the dispersion between “floor” and “ceiling” outcomes has widened materially. A well-run HVAC business with 40%+ recurring maintenance revenue and a bench of managers now trades at two to three times the multiple of a superficially similar business with owner-dependent sales and thin service agreements.

Below are the headline findings expected to anchor industry reporting through the 2026 deal cycle.

1. HVAC remains the premium vertical. The 3x–10x EBITDA range is now bimodal: sub-\$1M EBITDA operators cluster at 3x–4.5x, while \$2M+ EBITDA businesses with service agreement density and multi-location footprints regularly clear 7x–10x in competitive processes.

2. Private equity now dominates pest control M&A. PE-backed buyers account for approximately 60% of pest control transactions, driven by [Rentokil/Terminix \(https://www.rentokil-initial.com/media-centre/press-releases/2022/rentokil-initial-completes-acquisition-of-terminix\)](https://www.rentokil-initial.com/media-centre/press-releases/2022/rentokil-initial-completes-acquisition-of-terminix), [Anticimex \(https://www.anticimex.com/\)](https://www.anticimex.com/), Arrow, and Massey Services. Recurring-revenue density of 80%+ drives premiums to 6x–8x EBITDA.

3. PE participation in HVAC tripled in 12 months. PE-backed deal volume rose from 8% of HVAC transactions in 2023 to 23% in 2024 — the fastest share gain recorded in any home services vertical this cycle, per available deal-flow data.

4. Electrical is the emerging premium story. Electrical M&A volume rose 13% in 2024, powered by data center construction, grid modernization, and EV infrastructure. Commercial-weighted electrical operators are increasingly trading at HVAC-adjacent multiples.

5. Earnouts remain rare in home services. Industry reporting and deal-term studies indicate buyers overwhelmingly prefer working capital pegs plus 5–10% escrow holdbacks over earnouts. Rollover equity of 10–30% is the dominant mechanism for alignment on PE platform deals.

3x–10x

HVAC EBITDA RANGE

~60%

PE SHARE OF PEST CONTROL M&A

8% → 23%

HVAC PE SHARE 2023 → 2024

+13%

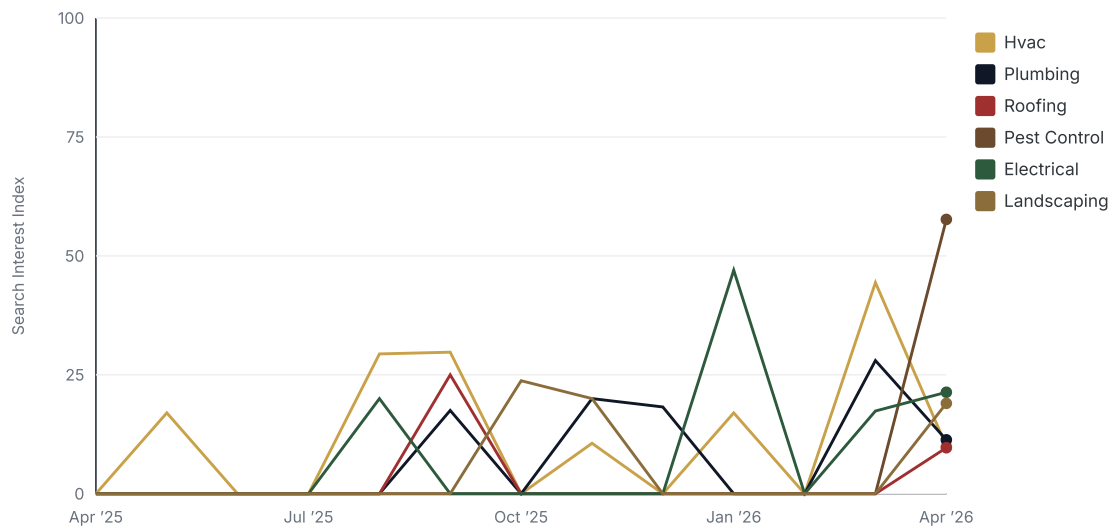
ELECTRICAL M&A GROWTH 2024

The macro backdrop for 2026 is constructive but not uniform. Elevated rates continue to extend sponsor hold periods, which in turn pressures platforms to grow through add-ons rather than new platform acquisitions. This dynamic favors sellers in the \$750K–\$3M EBITDA range, where platforms actively compete. Above \$5M EBITDA, the buyer universe narrows to larger PE platforms and strategics, and multiples stabilize rather than expand further. Below \$750K EBITDA, deals increasingly revert to SDE methodology (2x–5x) and individual buyer pools.

Regional dynamics are increasingly decisive. Sun Belt operators (Texas, Florida, Arizona, Georgia, North Carolina, Tennessee) benefit from year-round demand, population tailwinds, and concentrated PE deployment. Operators in no-state-income-tax jurisdictions retain meaningfully more after-tax proceeds on the same headline purchase price — a factor sophisticated sellers are increasingly modeling before launching processes.

Owners considering a sale in 2026 should expect a 90–120 day process from signed LOI to close, 10–30% rollover equity on PE platform deals, and a 3–12 month transition period. The spread between prepared and unprepared sellers has never been wider.

Demand Signal: Search Interest for "Sell [Industry] Business" Queries



Source: Google Trends index (United States), monthly aggregates. Interest is normalized to 0–100 where 100 represents peak query volume within the observed period. CT Acquisitions original analysis. Search interest for 'sell HVAC business' grew +8% comparing the first half vs most recent half of the period.

Methodology

This report synthesizes three data streams: (1) CT Acquisitions' direct deal flow across more than 40 active capital partners — PE platforms, independent sponsors, family offices, and strategic acquirers; (2) tracked transactions underwritten or reviewed across 2024 through early 2026; and (3) triangulation against publicly available third-party benchmarks including [GF Data \(https://gfdata.com/\)](https://gfdata.com/), [Peak Business Valuation \(https://peakbusinessvaluation.com/\)](https://peakbusinessvaluation.com/), [BMI Mergers & Acquisitions \(https://www.bmimergers.com/\)](https://www.bmimergers.com/), [DealStats \(Business Valuation Resources\) \(https://businessvaluationresources.com/products/dealstats\)](https://businessvaluationresources.com/products/dealstats), and [SRS Acquiom \(https://www.srsacquiom.com/resources/deal-terms-study/\)](https://www.srsacquiom.com/resources/deal-terms-study/)'s annual deal terms studies.

What This Report Covers

The scope is the U.S. lower middle market home services segment: businesses with approximately \$1M–\$25M of revenue and \$500K–\$5M of adjusted EBITDA. Within that band, we cover six verticals: residential and light-commercial HVAC, plumbing, roofing, pest control, electrical, and landscaping (both maintenance and design-build).

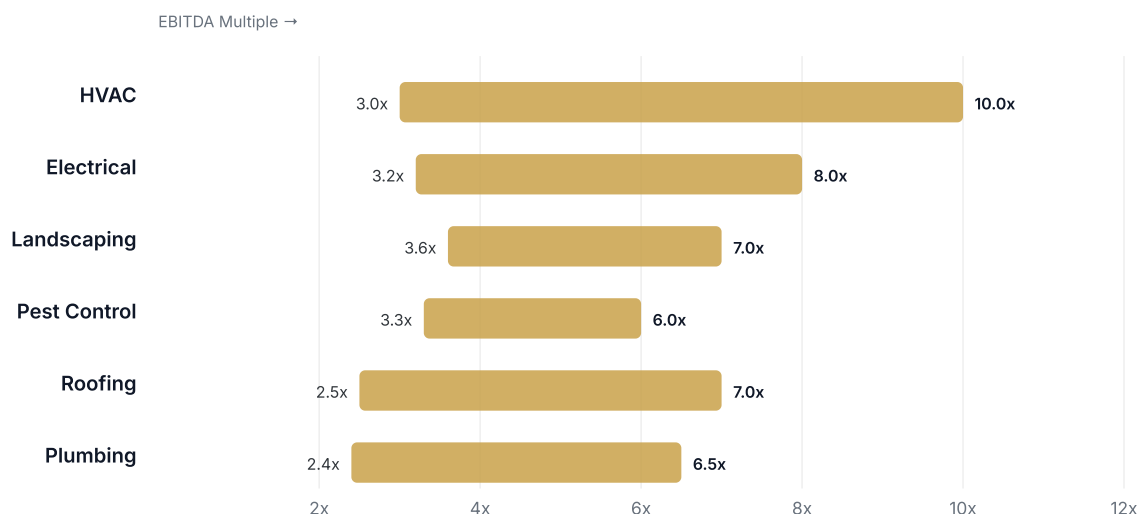
What This Report Excludes

- **Micro-deals under ~\$500K of earnings.** These transact on seller's discretionary earnings (SDE) methodology at 2x–5x and are priced through individual buyer and small-business-broker channels. We touch on SDE briefly but the core frame of this report is EBITDA-based institutional pricing.
- **Upper middle market and platform-level exits above ~\$10M EBITDA.** Those transactions involve bank-run processes, different buyer universes (mega-funds, large strategics), and are better tracked by [PitchBook \(https://pitchbook.com/\)](https://pitchbook.com/) and S&P Capital IQ.
- **Pure new-construction homebuilder trades.** We focus on service, repair, replacement, and maintenance revenue streams. New-construction-weighted businesses price differently due to cyclicalities and customer concentration with builders.

Normalization Assumptions

All multiples referenced are on *adjusted* EBITDA — meaning trailing-twelve-month earnings with normalized owner compensation, removal of discretionary and one-time expenses, and in some cases pro-forma adjustments for recent rate increases or acquired route density. Where we cite ranges, the floor reflects unprepared sellers in single-buyer conversations; the ceiling reflects prepared sellers in competitive processes with strategic and financial buyers actively bidding. The mid-point is what we consider a defensible expectation for a well-run business sold through a structured process.

EBITDA Multiple Ranges by Industry (2024–2026)



Source: CT Acquisitions observed transactions 2024–2026, triangulated with GF Data, Peak Business Valuation, BMI Mergers.

The 2026 Multiple Matrix

The table below is the single most-referenced exhibit in this report. It reflects the range of EBITDA multiples observed across the six covered verticals in lower middle market transactions from 2024 through early 2026. “Low” reflects discounted outcomes (owner-dependent, customer-concentrated, single-buyer negotiations); “Mid” reflects a well-run business in a structured process; “High” reflects competitive auctions for scarce, premium assets.

| Industry | Typical Revenue | Typical EBITDA | Low | Mid | High |
|-----------------|-----------------|----------------|------|-----------|-------|
| HVAC | \$2M–\$20M | \$500K–\$5M | 3.0x | 5.5x–7.0x | 10.0x |
| Plumbing | \$1M–\$15M | \$300K–\$4M | 2.4x | 4.0x–5.0x | 6.5x |
| Roofing | \$3M–\$25M | \$500K–\$5M | 2.5x | 4.0x–5.5x | 7.0x |

| | | | | | |
|---------------------|------------|-------------|------|-----------|-------|
| Pest Control | \$1M–\$10M | \$300K–\$3M | 3.3x | 5.0x–6.0x | 8.0x+ |
| Electrical | \$2M–\$15M | \$400K–\$4M | 3.2x | 5.0x–6.5x | 8.0x |
| Landscaping | \$1M–\$12M | \$300K–\$3M | 3.6x | 4.5x–5.5x | 7.0x |

Reading this table correctly requires one caveat: the “High” column is not an entitlement. It reflects outcomes for businesses that check nearly every premium driver we catalogue in Section 7 — recurring revenue density, management depth, clean financials, customer diversification, geographic attractiveness, and a competitive process. Most sellers land in the “Mid” band, and sellers who run an unprepared single-buyer negotiation almost always land at or near the “Low” band regardless of underlying business quality. For a tailored estimate grounded in your specific financials and geography, our [home services valuation guide](/guides/business-valuation-home-services/) (</guides/business-valuation-home-services/>) walks through the adjustment process step by step.

HVAC: The Premium Vertical

HVAC has been the defining success story of the current home services consolidation cycle. A combination of non-discretionary demand (a failed compressor in July is not a deferrable purchase), aging U.S. housing stock, regulatory tailwinds from refrigerant transitions, and the maintenance-agreement business model have made the vertical a magnet for institutional capital. Based on deal flow across CT Acquisitions’ capital partner network during 2024 and 2025, HVAC consistently generated the deepest buyer pools and the most aggressive strategic overpayment for scarce premium assets.

What Makes HVAC Attractive in 2026

Three structural factors underpin the vertical's premium positioning. First, residential HVAC equipment has a finite life — typically 12–18 years — creating a predictable replacement curve that rolls through the installed base regardless of the broader economy. Second, maintenance agreements (often branded as “club memberships” or “comfort clubs”) convert one-time customers into annuitized subscribers with 70–90% annual renewal rates when operated well. Third, the 2025 refrigerant transition to A2L refrigerants (R-454B, R-32) accelerated a replacement super-cycle that will run through the decade.

From the buyer's perspective, HVAC is also the most scalable home services vertical. Technicians are cross-trainable across residential and light commercial. Dispatching, call center, and digital marketing infrastructure have well-understood unit economics. And the category supports true multi-location expansion within a metro, unlike trades with tighter labor radius constraints.

The Multiple Range: Floor vs. Ceiling

The 3x–10x range is wide because HVAC businesses vary dramatically on the factors buyers price. A \$750K EBITDA business that's 90% new-construction, owner-sold, with aging trucks and no CRM, will clear 3x–4x in today's market. A \$3M EBITDA business with 45% service-agreement revenue, a general manager running day-to-day, a modern ServiceTitan deployment, 85% technician retention, and a Sun Belt footprint will attract 8x–10x bids in a competitive process. The delta is not primarily about size — it's about *de-risking the cash flow* for the buyer.

Active Consolidators

The PE-backed platform landscape includes Apex Service Partners (<https://apexservicepartners.com/>), Wrench Group (<https://wrenchgroup.com/>), and Sila Services (<https://silaservices.com/>), each of which has acquired hundreds of add-ons over the past several years. Numerous additional regional platforms — often backed by mid-market PE sponsors — operate at the city or state level. Strategic acquirers including publicly traded consolidators and multi-trade platforms round out

the buyer pool. PE-backed deal volume in HVAC rose from roughly 8% of transactions in 2023 to 23% in 2024, the most dramatic share gain recorded in any home services vertical this cycle.

Operational Benchmarks That Move Multiples

| Metric | Discount Zone | Market | Premium Zone |
|----------------------------------|----------------------|------------------|------------------------------|
| Service Agreement % of Revenue | <10% | 15–30% | 40%+ |
| Gross Margin (service) | <30% | 35–42% | 45%+ |
| EBITDA Margin | <10% | 12–18% | 20%+ |
| Revenue per Technician | <\$150K | \$180– \$220K | \$250K+ |
| Technician 12-mo Retention | <60% | 70–80% | 85%+ |
| Replacement : Repair Revenue Mix | 80% new construction | Balanced | 70%+ residential replacement |

Representative Transaction Scenarios

The following are illustrative composites — not specific deals — constructed from patterns observed in HVAC transactions across CT Acquisitions' deal flow.

- **Scenario A — Owner-operated Sun Belt residential HVAC.** \$6M revenue, \$900K adjusted EBITDA (15% margin), 20% service-agreement revenue, 12 technicians, owner is lead salesperson. Likely outcome: 4.5x–5.5x = \$4.0M–\$5.0M enterprise value, with 15–20% rollover if sold to a PE platform.
- **Scenario B — Regional multi-location with management depth.** \$14M revenue, \$2.5M adjusted EBITDA (18% margin), 38% service-agreement revenue, three

locations, non-owner GM. Likely outcome: 7.5x–9.0x = \$18.75M–\$22.5M enterprise value in a competitive process, with meaningful strategic interest.

- **Scenario C — Premium platform candidate.** \$22M revenue, \$4.2M adjusted EBITDA (19% margin), 45% service-agreement revenue, light commercial mix, geographic density in a top-10 metro. Likely outcome: 9x–10x+ = \$38M–\$42M+ enterprise value; this is the type of asset where strategics and large PE-backed platforms will outbid traditional lower middle market financial sponsors.

Industry-Specific Risks

HVAC diligence is increasingly rigorous on three fronts: (1) *service agreement integrity* — buyers verify that agreements are genuinely recurring, paid-in-advance, and reflect real visits; “paper memberships” are heavily discounted; (2) *new-construction concentration* — homebuilder-dependent revenue is discounted 1.5x–3x vs. replacement revenue; (3) *licensing transfer* — in states where the master license is held personally by the seller, transfer risk can delay close or reduce price.

For owners preparing an HVAC exit in the next 12–24 months, our dedicated [HVAC sell-side page \(/sell-your-business/hvac/\)](#) and [HVAC valuation guide \(/hvac-business-valuation-guide/\)](#) walk through the preparation roadmap.

Plumbing: The Cross-Sell Target

Plumbing trades at a discount to HVAC — a narrower 2.4x–6.5x EBITDA range — for reasons that are partly structural and partly solvable. The lower floor reflects weaker recurring-revenue density (water heaters don’t require twice-annual tune-ups the way HVAC equipment does), a higher share of reactive emergency work, and historically thinner EBITDA margins. But the ceiling is converging with HVAC for one reason: multi-trade platforms are aggressively acquiring plumbing add-ons to extend the customer lifetime value of existing HVAC and electrical bases.

What Makes Plumbing Attractive in 2026

The core demand driver is non-negotiable: failed water heaters, leaks, and drain blockages cannot be deferred. Residential replacement cycles are well-established (water heaters 10–15 years, toilets and fixtures longer but with high attachment sales). What's changed in the current cycle is the rise of multi-trade platforms — HVAC+plumbing, HVAC+plumbing+electrical — where a plumbing acquisition unlocks cross-sell into an existing book of tens of thousands of maintenance customers.

The commercial/industrial plumbing segment is a separate story. Pipefitting, backflow testing, and commercial service contracts command premiums because they generate recurring compliance-driven revenue — backflow testing alone can be a 5x–7x multiple business if scaled.

The Multiple Range: Floor vs. Ceiling

At the low end, a sub-\$500K EBITDA, owner-operated residential plumbing business with no service agreements, fragmented marketing, and a van-based fleet will trade at 2.4x–3.5x — and will often see outreach from individual search-fund buyers rather than institutional capital. In the middle (\$750K–\$2M EBITDA), buyer depth increases markedly. At the top of the range (6x–6.5x), the asset almost always has: (a) \$2M+ EBITDA, (b) meaningful commercial or backflow revenue, (c) a general manager running operations, and (d) it's being sold into a structured process with multi-trade platforms competing.

Active Consolidators

The same PE-backed HVAC platforms — Apex, Wrench, Sila, and numerous regional roll-ups — are the dominant acquirers of plumbing businesses. Deal flow patterns indicate multi-trade platforms increasingly prioritize plumbing add-ons specifically to defend against HVAC customer churn — once a homeowner calls a competitor for a plumbing issue, the relationship for HVAC is at risk. This cross-sell logic is pushing plumbing valuations higher than standalone economics would justify.

Operational Benchmarks That Move Multiples

- **Revenue per technician:** \$200K+ is the benchmark; sub-\$150K suggests dispatch or pricing inefficiency.
- **Average ticket:** Drain cleaning vs. repipe vs. water heater replacement generate very different economics; buyers model the mix.
- **Commercial/backflow share:** 20%+ commercial revenue supports a half-turn multiple premium.
- **Emergency/after-hours pricing:** Premium-priced after-hours work with clear pricing books signals pricing discipline.
- **Licensed master plumber depth:** Multiple master plumbers on payroll (not just the owner) is a material de-risking factor.

Representative Transaction Scenarios

- **Scenario A — Residential emergency plumbing.** \$3M revenue, \$450K EBITDA (15% margin), owner-led sales, no service agreements. Likely outcome: 3.5x–4.5x = \$1.6M–\$2.0M enterprise value.
- **Scenario B — Multi-trade add-on candidate.** \$7M revenue, \$1.1M EBITDA (16% margin), 25% commercial, two master plumbers, established operations manager. Likely outcome: 5.0x–6.0x = \$5.5M–\$6.6M enterprise value to a multi-trade platform.
- **Scenario C — Commercial-weighted plumbing.** \$11M revenue, \$1.9M EBITDA (17% margin), 55% commercial including backflow testing contracts. Likely outcome: 6.0x–6.5x+ = \$11.4M–\$12.4M+ enterprise value.

Industry-Specific Risks

Environmental liability is the diligence risk buyers scrutinize most heavily — historical work on septic, sewer main, or industrial pipe fitting can create long-tail exposure. Workers' compensation experience modification rating (EMR) is another frequent discount factor; plumbing work carries back-injury frequency that above-1.0 EMRs make visible. License transfer mechanics vary by state and should be diagnosed well before launching a process.

For plumbing-specific sell-side preparation, see our [plumbing business sale guide \(/sell-your-business/plumbing/\)](/sell-your-business/plumbing/).

Roofing: The Highest-Dispersion Vertical

Roofing is the vertical where “what kind of roofing business” matters most. A \$2M EBITDA insurance-restoration storm-chaser in a hail zone and a \$2M EBITDA retail re-roof operator with a 10-year customer base trade at very different multiples — often 2–3 turns apart. The 2.5x–7x range reflects this underlying heterogeneity more than operational variance alone.

What Makes Roofing Attractive in 2026

Roofing enjoys durable replacement demand driven by the aging U.S. housing stock and an average asphalt shingle life of 20–25 years. Commercial roofing (TPO, EPDM, modified bitumen on warehouses, schools, and light industrial) carries stronger recurring maintenance economics and is the segment where institutional buyers will pay premium multiples. The vertical also benefits from high insurance-funded repair volumes in severe weather zones, though this cuts both ways (see risks below).

The Multiple Range: Floor vs. Ceiling

At the floor (2.5x–3.5x), buyers are pricing the reality that a storm-chasing residential roofer’s revenue can collapse 40–60% in a calm weather year. At the ceiling (6x–7x), the asset typically has: (a) 40%+ commercial revenue with repeat clients, (b) geographic diversification that smooths weather-driven volatility, (c) manufacturer certifications (GAF Master Elite, Owens Corning Platinum) that create a competitive moat, and (d) strong digital lead generation rather than door-knocking dependency.

Active Consolidators

Multiple regional PE-backed roofing roll-ups are active across the Sun Belt and Midwest, generally building commercial-weighted platforms. Strategic acquirers include large national commercial roofing contractors rolling up regional residential and light commercial operators. The buyer universe is thinner than HVAC but increasingly institutionalized.

Operational Benchmarks

| Metric | Market | Premium |
|------------------------------------|--------------------|--------------------------|
| Commercial % of Revenue | 10–25% | 40%+ |
| Gross Margin | 25–32% | 35%+ |
| Insurance–Restoration % of Revenue | 20–40% | Under 25% preferred |
| Top-10 Customer Concentration | 30–40% | Under 30% |
| Manufacturer Certifications | Standard installer | Elite/Platinum certified |

Representative Transaction Scenarios

- **Scenario A — Residential storm-chaser.** \$8M revenue (volatile), \$1.2M EBITDA on TTM, 70% insurance-funded, hail-zone geography. Likely outcome: 2.5x–3.5x = \$3.0M–\$4.2M enterprise value, often with a working-capital-heavy structure to protect the buyer.
- **Scenario B — Retail residential re-roof.** \$12M revenue, \$1.6M EBITDA (13% margin), 30% commercial, GAF Master Elite, strong Google reviews. Likely outcome: 5.0x–6.0x = \$8.0M–\$9.6M enterprise value.
- **Scenario C — Commercial-weighted roofing.** \$20M revenue, \$3.2M EBITDA (16% margin), 65% commercial with repeat property management clients, recurring maintenance contracts. Likely outcome: 6.0x–7.0x = \$19.2M–\$22.4M enterprise value.

Industry-Specific Risks

Insurance-restoration revenue is the single largest diligence topic. Buyers normalize for storm-year peaks and often apply a “weather-adjusted” EBITDA rather than TTM. Warranty liability on completed work is another area of focus — buyers expect clean records of warranty claim frequency and reserve adequacy. Workers’ compensation carries fall-risk severity that can materially affect EMR and insurance premiums post-close. For detailed preparation, see our [roofing sell-side guide \(/sell-your-business/roofing/\)](/sell-your-business/roofing/).

Pest Control: The Recurring Revenue Darling

Pest control is the home services vertical most similar to a subscription software business. Monthly, bi-monthly, and quarterly service plans generate 70–90%+ recurring revenue for well-run operators, and customer attrition can be modeled as precisely as a SaaS logo churn rate. This structural advantage — not any one operational factor — is why pest control routinely trades at the highest EBITDA multiples in home services.

What Makes Pest Control Attractive in 2026

Three features combine: (a) high recurring revenue density, (b) route density that drives operating leverage (more customers per technician per route day compounds EBITDA margin), and (c) a highly fragmented operator base that has attracted more than a decade of PE and strategic roll-up activity. Rentokil’s 2022 acquisition of Terminix for \$6.7 billion — a transformational transaction — confirmed that pest control scale is strategically prized at the top of the market, which supports multiple expansion all the way down the size spectrum.

The Multiple Range: Floor vs. Ceiling

The 3.3x–6x+ range is misleading because it compresses an important tiering. Below 50% recurring revenue (one-time termite and bed bug heavy), operators trade at 3.3x–4.5x. At 60–75% recurring, multiples move to 4.5x–5.5x. At 80%+ recurring revenue with strong retention, multiples routinely reach 6x–8x in competitive processes — which is the range typically seen in platform add-on transactions. Commercial pest control (restaurants, warehousing, food processing) commands further premiums due to higher contract values and compliance-driven stickiness.

Active Consolidators

Private equity now accounts for approximately 60% of all pest control M&A. The most active acquirers include Rentokil/Terminix, Anticimex (Swedish-headquartered, PE-backed by EQT and others), Arrow Exterminators, and Massey Services, alongside numerous regional PE-backed roll-ups. This is the highest institutional ownership concentration of any home services vertical we track.

Operational Benchmarks

- **Monthly customer attrition:** Under 2% is premium; 2–3% is market; over 4% triggers material multiple penalty.
- **Recurring revenue %:** 80%+ is the top quartile threshold.
- **Average revenue per customer per year:** \$500+ residential, \$2,000+ commercial is healthy.
- **Route density (stops per technician per day):** 12–16 is efficient; sub-10 suggests geographic sprawl.
- **Commercial mix:** 20%+ commercial is a margin and retention positive.

Representative Transaction Scenarios

- **Scenario A — Residential pest control, modest recurring.** \$2M revenue, \$400K EBITDA (20% margin), 55% recurring, 3.5% monthly attrition. Likely outcome: 4.0x–4.75x = \$1.6M–\$1.9M enterprise value.

- **Scenario B — Premium recurring-revenue operator.** \$5M revenue, \$1.1M EBITDA (22% margin), 82% recurring, 1.8% monthly attrition, 25% commercial. Likely outcome: 6.5x–7.5x = \$7.15M–\$8.25M enterprise value.
- **Scenario C — Commercial-heavy pest control.** \$8M revenue, \$1.7M EBITDA (21% margin), 88% recurring, 50% commercial including food-service chains. Likely outcome: 7.5x–8.5x+ = \$12.75M–\$14.5M+ enterprise value.

Industry-Specific Risks

Customer list quality is scrutinized intensively. Buyers distinguish between active paying accounts, suspended accounts, and one-time historic customers — “customer count” claims are routinely reduced 10–30% in diligence. Termite warranty liabilities are a long-tail risk that buyers will either exclude, cap, or discount for. Applicator licensing transfer and state regulatory compliance (EPA category certifications) should be confirmed pre-launch.

Electrical: The Emerging Premium Story

Electrical contracting was, until recently, the quieter sibling among trade services. That changed decisively in 2024, when M&A volume in the sector rose 13% driven by three convergent tailwinds: data center construction, grid modernization, and EV charging infrastructure deployment. Commercial and industrial electrical contractors with exposure to any of these end markets have seen meaningful multiple expansion.

What Makes Electrical Attractive in 2026

The demand story has four drivers worth articulating because they directly affect how buyers underwrite future growth: (1) *data center buildout* — hyperscaler capex is projected to sustain record levels through at least 2028, with electrical work representing 35–45% of total mechanical-electrical-plumbing (MEP) spend; (2) *grid modernization and distribution upgrades*, funded by federal infrastructure

appropriations and utility capex plans; (3) *EV charging deployment*, from home Level 2 installations to commercial Level 3 networks; and (4) *residential service panel upgrades* tied to electrification (heat pump HVAC, induction cooking, solar/battery).

The Multiple Range: Floor vs. Ceiling

The 3.2x–8x range has widened in 2025. Residential service-and-repair electrical with no commercial exposure trades at 3.2x–5x. Commercial service-and-maintenance electrical with repeat facility clients trades at 5x–6.5x. Electrical contractors with meaningful data center, utility, or specialty industrial exposure are the premium tier and trade at 6.5x–8x. New-construction-dependent electrical (homebuilder-concentrated) remains at the discount end, usually 3x–4.5x.

Active Consolidators

Multi-trade platforms (HVAC+plumbing+electrical) are increasingly active on the residential and light commercial end. Large commercial-electrical strategic acquirers consolidate the industrial and specialty segments. A growing roster of PE-backed platforms focused specifically on commercial electrical is emerging — often investing behind data center and grid tailwinds.

Operational Benchmarks

- **Revenue per technician:** \$200K–\$300K+ for premium commercial operators.
- **Commercial/industrial %:** 40%+ is the premium threshold; 70%+ with recurring maintenance is peak-multiple territory.
- **Master electrician bench depth:** Multiple masters beyond the owner is critical de-risking.
- **Service vs. project mix:** Service/repair/maintenance revenue supports materially higher multiples than one-time project work.
- **Prevailing-wage / union status:** Can be positive (barrier to entry on public work) or negative (cost rigidity) depending on buyer strategy.

Representative Transaction Scenarios

- **Scenario A — Residential service electrical.** \$4M revenue, \$600K EBITDA (15% margin), 90% residential, owner is lead estimator. Likely outcome: 4.0x–4.75x = \$2.4M–\$2.85M enterprise value.
- **Scenario B — Commercial service electrical.** \$9M revenue, \$1.4M EBITDA (16% margin), 60% commercial service/maintenance, multiple master electricians. Likely outcome: 5.5x–6.5x = \$7.7M–\$9.1M enterprise value.
- **Scenario C — Data-center-adjacent specialty electrical.** \$14M revenue, \$2.6M EBITDA (19% margin), substantial hyperscaler and utility-grade exposure. Likely outcome: 7.0x–8.0x = \$18.2M–\$20.8M enterprise value.

Industry-Specific Risks

Project-based electrical work creates revenue recognition and backlog diligence complexity — buyers demand detailed WIP schedules and completed-contract analysis. Bonding capacity (and the relationship with sureties) is often as important as the P&L for commercial-weighted operators. Licensing structures vary significantly by state; some require the qualifying master electrician to have meaningful equity, which complicates ownership transitions.

Landscaping: Commercial Premium, Residential Discount

Landscaping's 3.6x–7x range maps almost directly onto the residential-vs-commercial split. Residential maintenance, design-build, and installation trade at the lower half. Commercial maintenance — particularly multi-site contracts with HOAs, office parks, municipalities, and property managers — trades at the premium end. Snow-removal revenue in Northern markets is valued but discounted for weather volatility.

What Makes Landscaping Attractive in 2026

Commercial landscape maintenance contracts are among the most recurring-revenue-like streams in home services — typically annual contracts with automatic renewals, monthly billings, and multi-year tenure. Scale economics are real: route density, shared equipment, and centralized account management create meaningful operating leverage. A well-scaled commercial maintenance operator can deliver 15–20% EBITDA margins on \$15M+ revenue.

The Multiple Range: Floor vs. Ceiling

Residential mow-and-blow trades at 3.6x–4.5x. Residential design-build (premium-priced, higher-margin) trades at 4.5x–5.5x. Commercial maintenance trades at 5.5x–7x, with the upper end reserved for geographically dense, contract-heavy operators in attractive Sun Belt metros.

Active Consolidators

BrightView (<https://www.brightview.com/>) Holdings, Yellowstone Landscape (<https://www.yellowstonelandscape.com/>), U.S. Lawns (<https://www.uslawns.com/>), and Aspen Grove Landscape Group are among the most visible national and super-regional consolidators. Numerous PE-backed regional platforms target specific metros with commercial-maintenance-focused roll-up theses. Strategic interest from facilities-services and integrated-services companies is increasing.

Operational Benchmarks

- **Commercial maintenance % of revenue:** 50%+ is the premium threshold.
- **Contract retention rate:** 85%+ annual contract retention is top quartile.
- **Gross margin:** 25–35% is market; 35%+ reflects pricing discipline.
- **Seasonal labor management:** H-2B visa program utilization and crew retention are operational proxies for scalability.
- **Equipment fleet age and ownership:** Modern, owned fleet (vs. aging or leased) factors into valuation adjustments.

Representative Transaction Scenarios

- **Scenario A — Residential maintenance and install.** \$3M revenue, \$450K EBITDA (15% margin), 75% residential. Likely outcome: 4.0x–4.5x = \$1.8M–\$2.0M enterprise value.
- **Scenario B — Mixed commercial/residential maintenance.** \$7M revenue, \$1.0M EBITDA (14% margin), 55% commercial contracts. Likely outcome: 5.0x–6.0x = \$5.0M–\$6.0M enterprise value.
- **Scenario C — Commercial maintenance specialist.** \$12M revenue, \$2.0M EBITDA (17% margin), 80% commercial contracts with 90%+ annual retention, Sun Belt metro. Likely outcome: 6.0x–7.0x = \$12.0M–\$14.0M enterprise value.

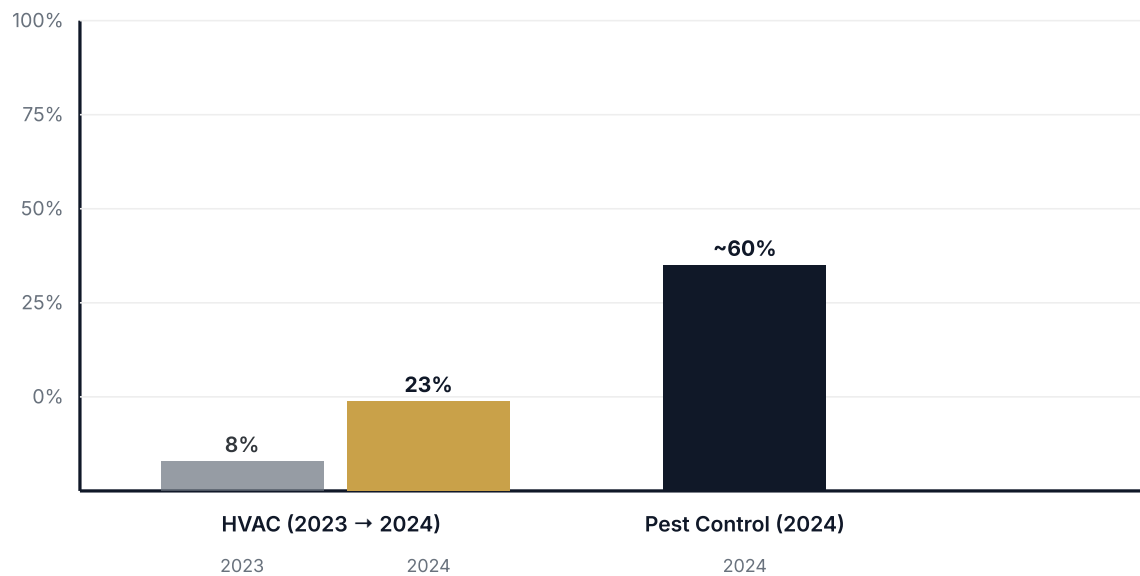
Industry-Specific Risks

Labor availability — especially seasonal H-2B dependency — is the diligence theme most likely to surprise unprepared sellers. Pesticide applicator licensing, irrigation licensing, and landscape contractor licensing vary by state and can gate transferability. Contract cancellability (30-day-out clauses common in commercial contracts) is modeled conservatively by buyers. Snow-and-ice management revenue should be presented as a clearly separable stream with weather normalization.

Private Equity Activity: The Defining Force of the Cycle

Private equity ownership of home services businesses has moved from a minority phenomenon a decade ago to the single most consequential buyer category in the lower middle market. Several data points frame the magnitude: PE-backed HVAC deal volume rose from approximately 8% of transactions in 2023 to 23% in 2024. Pest control is now roughly 60% PE-owned at the transaction level. Electrical M&A grew 13% in 2024, much of that growth driven by PE-backed platforms pursuing the data center and grid tailwinds.

Private Equity Share of M&A Transactions by Vertical



PE-backed share of total M&A transactions. HVAC data: GF Data / industry reporting. Pest control: industry consolidation studies.

The share of home services transactions involving a PE-backed buyer — whether as platform or add-on — has roughly tripled across most verticals since 2020. This is the single largest structural change to home services M&A in a generation, and it's the primary reason headline multiples have expanded even as interest rates have risen.

Why Home Services Attracts PE Capital

The investment thesis is unusually coherent across sponsors. Four factors drive it:

- 1. Fragmentation.** Each of the six verticals covered has tens of thousands of sub-\$5M-revenue operators. This density supports add-on pipelines that can sustain a platform for a decade.
- 2. Non-discretionary, recession-resilient demand.** A failing furnace, sewer backup, pest infestation, or storm-damaged roof is not deferred in a soft economy. Home

services revenue has held up through multiple downturns.

3. **Recurring or replacement-cycle revenue.** Service agreements, pest routes, and aging equipment replacement provide revenue visibility that supports premium valuations.
4. **PE capital deployment pressure.** A meaningful share of U.S. private equity dry powder has accumulated post-2020, and lower-middle-market home services roll-ups are among the few strategies that can absorb capital at scale with reasonable visibility on underwriting.

Where PE Activity Is Going in 2026–2027

Across CT Acquisitions' network of capital partners, three forward dynamics are consistently named. First, a wave of *platform-level exits* is beginning to work through the market — many of the HVAC and pest control platforms assembled in 2017–2020 are approaching the end of their typical 5–7 year hold periods, which will create secondary buyouts, strategic exits, and IPO candidates through 2027. Second, *multi-trade platforms* (HVAC+plumbing+electrical) are taking share from single-trade roll-ups because of cross-sell economics; expect single-trade platforms to either pivot or be absorbed. Third, *post-acquisition integration discipline* is tightening — platforms that paid premium multiples in 2021–2022 and underdelivered on organic growth are now constrained in their add-on pricing, which should widen the gap between “winning” and “losing” platform bidders in any given process.

For sellers, the implication is concrete: the buyer universe is larger and more competitive than it has ever been, but the sophistication gap between prepared and unprepared sellers is also the widest it has ever been. A structured process with multiple bidders is now the single highest-leverage decision a seller makes. Our guides on [selling to PE \(/guides/sell-home-services-business-to-pe/\)](/guides/sell-home-services-business-to-pe/), [understanding PE roll-up mechanics \(/guides/pe-rollups-home-services/\)](/guides/pe-rollups-home-services/), and [who buys home services companies \(/guides/who-buys-home-services-companies/\)](/guides/who-buys-home-services-companies/) explain how to navigate this buyer universe.

Deal Structure Norms in Home Services

Headline purchase price is only one component of outcome. The structure — how much cash at close, the size and mechanics of escrow, whether rollover equity is required, the shape of the working capital peg, transition services arrangements, and rep-and-warranty insurance — can move net-to-seller economics by 10–20% even at the same headline multiple. The following norms reflect patterns observed across lower middle market home services transactions in 2024–2026, consistent with benchmarks published by SRS Acquiom’s annual deal terms studies.

LOI-to-Close Timeline

From signed LOI to wire, most home services transactions close in 90–120 days. Clean sub-\$5M-EV deals with well-organized diligence materials, experienced PE buyers, and unified sell-side counsel can close in 60–75 days. More complex transactions — those involving environmental diligence, multi-state licensing transfers, significant real estate, or first-generation sellers unfamiliar with diligence processes — routinely stretch to 150+ days. The single largest controllable variable is seller-side preparation: Quality of Earnings-ready financials, clean cap table, assembled diligence data room, and counsel engaged before LOI signing.

Working Capital Peg vs. Earnout vs. Escrow

A notable feature of home services M&A is the relative *rarity of earnouts* compared to other lower middle market sectors. Per SRS Acquiom deal terms data and patterns observed across CT Acquisitions’ deal flow, buyers overwhelmingly prefer a combination of working capital peg and escrow holdback to bridge valuation and risk gaps. The reasons are structural: (a) post-close operational integration often disrupts revenue run-rates in ways that make earnout measurement contentious; (b) home services revenue is relatively predictable, reducing the buyer’s need for contingent consideration; and (c) earnouts create misaligned incentives when the seller is rolling equity and staying engaged.

| Mechanism | Typical Size | Timing | Prevalence |
|---------------------|--|--------------------------------------|-------------------------------|
| Working Capital Peg | Seasonality-adjusted normalized target | 60–90 days post-close true-up | Universal |
| Escrow / Holdback | 5–10% of EV | 12–18 months | Near-universal |
| Earnout | 5–15% of EV (when used) | 1–3 years | Uncommon (~15–20%) |
| Rollover Equity | 10–30% of EV | Liquidity at platform exit (3–7 yrs) | Standard on PE platform deals |
| Seller Note | 0–20% | 2–5 year amortization | Case-by-case |

Rollover Equity Norms

On PE platform acquisitions — whether the target is the platform itself or a meaningful add-on where the seller will remain operationally involved — 10–30% rollover equity is the standard structure, with 20% being the modal outcome. Rollover is structured at the same valuation as cash consideration (i.e., not discounted), and sellers receive equity in the holding company that owns the platform. The economic case for rolling is grounded in the expected multiple expansion between the add-on entry price and the platform exit price: if an operator is acquired at 5x and the eventual platform exit prices at 10x, the rolled equity can return 2x–4x over a 3–5 year hold even with modest organic growth.

We generally counsel sellers to *negotiate hard on headline valuation first*, and treat rollover as a separate decision based on belief in the platform thesis. Below 10% rollover is unusual on platform-size deals (buyers want alignment); above 30% is unusual on add-ons (it complicates the cap table as the platform scales).

Representations & Warranties Insurance

R&W insurance — once reserved for \$50M+ transactions — has moved materially down-market. In 2026, it is effectively mandatory above approximately \$10M enterprise value on PE-driven transactions, and increasingly deployed at thresholds as low as \$5–7M EV when the buyer is a PE-backed platform. Typical policy structures in home services: retention of 0.5–1.0% of EV, coverage limits of 10% of EV, premium of roughly 3–5% of coverage limit, policy period 6 years for fundamental reps and 3 years for general reps.

From the seller's perspective, R&W materially improves economics: it caps personal liability exposure, shrinks the escrow holdback (often to 0.5% for working capital only), and allows a cleaner economic break from the business. Cost allocation between buyer and seller is negotiable but per SRS Acquiom deal terms reporting, defaults to 50/50 or buyer-paid on competitive processes.

Transition Services and Founder Role

Post-close seller involvement ranges from a 90-day knowledge-transfer consulting arrangement to a multi-year operational role as division president or GM. On platform acquisitions with meaningful rollover equity, 3–5 years of continued operational involvement is typical. On pure retirement exits with limited rollover, a 3–12 month transition with defined scope and compensation is standard. Sellers should anticipate buyer questions about founder involvement very early in process — the answer materially affects which buyers engage seriously.

Representative Deal Structure Scenarios

- **Structure A — Clean retirement exit, \$4M EV.** 90% cash at close (\$3.6M), 10% escrow for 18 months (\$400K), seasonality-adjusted WC peg with 75-day true-up, 6-month transition consulting at fixed monthly fee, no rollover. R&W insurance typically not deployed at this size.
- **Structure B — Add-on to PE platform, \$12M EV.** 75% cash at close (\$9M), 20% rollover equity (\$2.4M) in the platform HoldCo, 5% escrow for 12 months (\$600K, sometimes reduced when R&W is used), 3-year employment agreement for the

founder as division president. R&W insurance deployed; escrow often reduced to 1–2% WC-only.

- **Structure C — Platform acquisition, \$30M EV.** 70% cash at close (\$21M), 25% rollover (\$7.5M), 5% escrow with R&W wrap (\$1.5M), 5-year founder role as CEO of platform. Management incentive plan (MIP) layered on for the retained team.

The common thread across verticals is that buyers pay for *predictability*, not just profitability. A \$2M EBITDA HVAC business with 40% recurring maintenance revenue, a tenured general manager, and clean job-costing will clear a materially higher multiple than a \$3M EBITDA competitor with lumpy new-construction revenue, owner-dependent sales, and QuickBooks-level financials. The premium drivers are ultimately proxies for risk reduction: the more a buyer can underwrite the next three years of cash flow without needing to believe in a turnaround story, the tighter the bid. Industry reporting and deal-flow data consistently indicate the spread between a well-prepared seller and an unprepared seller in the same vertical and size band is routinely 2.0x to 3.5x EBITDA — which, on a \$2M EBITDA business, is \$4M to \$7M of enterprise value left on the table for reasons that are almost entirely addressable in the 12 to 24 months before a process.

Conversely, the factors that destroy multiples are remarkably consistent across verticals. Owner-dependency — where the founder is the rainmaker, the lead estimator, and the relationship holder for the top ten customers — is the single most common discount driver observed across lower middle market home services transactions. Customer concentration above 20% in any single account, reliance on a single referral channel (particularly a single insurance carrier in roofing or a single GC in plumbing), and unaddressed licensing or workers' compensation exposure each compress multiples by 0.5x to 1.5x on their own. Cash-basis accounting, commingled personal expenses, and an inability to produce a trailing-twelve-month EBITDA bridge within 48 hours of an LOI will push sophisticated buyers toward lower-structure offers — not because the business is bad, but because the diligence risk is uncapped. For a more detailed pre-sale preparation framework, see our [home services valuation guide \(/guides/business-valuation-home-services/\)](/guides/business-valuation-home-services/).

Key finding: The difference between a top-quartile and bottom-quartile multiple in the same vertical and size band is typically 2.0x to 3.5x EBITDA. In a \$2M EBITDA business, that spread represents \$4M to \$7M of enterprise value — and the majority of it is addressable through 12 to 24 months of disciplined preparation before going to market.

Regional Dynamics: Geography as a Multiple Driver

Geography is not a marginal input into home services valuation — it is often the second- or third-largest driver of multiple after size and recurring revenue mix. Two functionally identical HVAC businesses, one in Tampa and one in Cleveland, will frequently trade at a 1.5x to 2.5x EBITDA spread. The reasons are structural: population growth, regulatory environment, climate-driven demand patterns, state tax treatment of sale proceeds, and — critically — where private equity platforms are already deployed and actively seeking add-ons.

The Sun Belt Premium

Texas, Florida, Arizona, Nevada, Georgia, North Carolina, South Carolina, and Tennessee collectively represent the most competitive buyer environments for home services M&A in 2026. The underlying drivers are well-understood: net positive interstate migration, new household formation, new construction pull-through, and — for HVAC and plumbing specifically — year-round cooling demand that smooths seasonality. Based on deal flow patterns observed across CT Acquisitions' capital partner network, a clean HVAC business in the Dallas-Fort Worth, Houston, Austin, Phoenix, Tampa, Orlando, Charlotte, Raleigh, Nashville, or Atlanta MSAs will see two to three times the number of serious buyer inquiries as a comparable business in a slower-growth Midwest or Northeast market.

This is not merely a demand-side phenomenon. PE platforms have disproportionately built their initial anchor acquisitions in Sun Belt metros, which means add-on activity is geographically concentrated in the same markets. A platform HVAC roll-up headquartered in Dallas will pay more for a \$1.5M EBITDA add-on in Fort Worth than for the same business in Oklahoma City, simply because the Fort Worth acquisition tucks into an existing operational footprint — shared dispatch, shared call center, shared procurement — while Oklahoma City requires standing up incremental infrastructure.

The No-Income-Tax State Advantage for Sellers

For sellers, the enterprise value is only half the equation — after-tax proceeds are what actually fund retirement, the next venture, or the family trust. The nine states with no state income tax (Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming) offer a structural advantage that is frequently underappreciated until a seller sits down with their CPA the week before signing. A \$20M transaction generating \$15M of long-term capital gain will, depending on the seller's state of residence, face a spread of 0% to over 13% in state-level tax — or up to \$2M of additional tax leakage for a California seller versus a Florida or Texas seller on an otherwise identical deal.

This matters for two reasons. First, it influences pre-sale residency planning — multiple sellers have legitimately established residency in Florida or Texas 12 to 24 months ahead of a transaction, which is a legal and well-trodden path but must be done with qualified tax counsel, not retroactively. Second, it creates a structural bid from buyers who know a Florida-based seller is rate-insensitive at the margin compared to a California-based seller carrying a 13.3% state tax drag. The net is that Sun Belt and no-income-tax states enjoy both a *demand premium* (more buyers) and a *seller retention premium* (sellers keep more of the purchase price), which compounds into the aggressive multiples we observe.

State-Level Attractiveness Matrix

The table below summarizes the states we see as most and least favorable for home services M&A sellers in 2026, combining PE deployment density, population growth trajectory, state tax treatment, and climate-driven demand characteristics.

Attractiveness is a relative rank within the home services M&A context — not a general business climate ranking.

| State | PE Density | State Income Tax | Demand Profile | Seller Attractiveness |
|----------------|------------|------------------|--|-----------------------|
| Texas | Very High | None | Year-round HVAC, high growth, hail (roofing) | Top tier |
| Florida | Very High | None | Year-round HVAC, pest, hurricane roofing | Top tier |
| Arizona | High | 2.5% flat | Extreme cooling demand, population growth | Top tier |
| North Carolina | High | 4.5% flat | Charlotte/Raleigh growth, mixed climate | High |
| Tennessee | High | None | Nashville corridor, balanced demand | Top tier |
| Georgia | High | 5.39% flat | Atlanta platform concentration | High |
| Nevada | Moderate | None | Las Vegas cooling, limited secondary markets | High |
| South Carolina | Moderate | 6.2% top | Charleston/Greenville growth, coastal | Moderate-High |
| Washington | Moderate | None (wages) | Seattle metro, heat pump tailwind | Moderate-High |

| | | | | |
|-----------------------|---------------|-----------|---------------------------------------|---|
| Ohio / Michigan / PA | Moderate | 3-5% | Heating demand, slower population | Moderate |
| California | High (metros) | 13.3% top | Regulatory complexity, high wage base | Mixed (strong EV pre-tax, weak after-tax) |
| New York / New Jersey | Moderate | 10%+ top | Mature market, licensing friction | Lower |

Climate-Driven Demand by Vertical

Climate is not monolithic in how it affects valuation. Cold states — the upper Midwest, New England, and mountain west — generate disproportionate HVAC emergency revenue during winter cold snaps, which buyers value because emergency service carries 35%+ gross margins versus 25% on planned replacement. Hurricane and hail zones (Florida Panhandle, Texas Gulf Coast, Oklahoma, Kansas, Colorado Front Range) produce lumpy but very profitable roofing revenue, and buyers will pay for the infrastructure even while discounting the recurring revenue quality. Pest control is structurally favored across the Southeast and Gulf Coast where termite and mosquito pressure support year-round recurring contracts. Landscaping valuation tracks growing season length almost linearly — a South Florida maintenance route trades at 1.5x to 2.0x the multiple of a comparable Minneapolis route because 12 months of revenue beats 7 months, even after accounting for snow removal uplift in northern markets.

2026 Outlook: Where Multiples Move From Here

Our baseline view for the balance of 2026 and into 2027 is that home services M&A activity remains at or near cycle highs, with multiple expansion in select sub-verticals and modest compression in others. The defining dynamics for the next 18 months are

the interest rate environment, a large wave of PE exit activity from 2018–2021 vintage platforms, accelerating multi-trade consolidation, and an electrification tailwind that is genuine but uneven in how it reaches operators.

Rate Environment and Cost of Capital

The most direct input into PE multiples is the cost of acquisition debt. The 2022–2024 tightening cycle pushed senior leverage pricing from SOFR+325 to SOFR+450 or higher on lower-middle-market platforms, and subordinated debt repriced from 11–12% to 13–15%. Even so, home services remained one of the most active LBO sectors because the underlying unit economics — recurring revenue, low cyclicity, fragmented supply — continued to support leverage that many other sectors could not. In 2026, with base rates stabilizing and private credit spreads tightening, we expect acquisition financing to become modestly more accommodative. This is generally supportive of platform-level multiples but does not, in our view, justify a wholesale re-rating; the multiple compression that did occur in 2022–2023 was narrower than in most other sectors.

The Coming PE Exit Wave

A meaningful percentage of the HVAC, plumbing, and pest control platforms built in the 2018–2021 vintage are now approaching natural exit windows. Five- to seven-year hold periods mean 2024–2028 is a heavy exit window, and secondary and tertiary transactions at platform-level multiples of 12x to 16x EBITDA for scaled, multi-region HVAC platforms are increasingly documented in the market. Each exit recycles capital into new platform formation, which means the add-on demand feeding into the sub-\$5M EBITDA market does not meaningfully slow — it simply rotates across new sponsors. For a \$1M to \$5M EBITDA business in a favored vertical and geography, this is the mechanical reason the bid has stayed strong through a difficult rate cycle. We walk through the sponsor dynamics in detail in our [guide to selling a home services business to private equity](/guides/sell-home-services-business-to-pe/).

Multi-Trade Platform Consolidation

Single-trade HVAC roll-ups were the dominant format from 2018 to 2023. The 2026 formation pattern is increasingly multi-trade — HVAC plus plumbing plus electrical, sometimes with drain cleaning or water quality bolted on. The operating logic is straightforward: a technician already at a residence for an HVAC maintenance call can generate a \$400 plumbing inspection lead or an EV charger estimate at near-zero incremental customer acquisition cost. Platforms that successfully cross-sell across two or three trades have been reporting 15–25% revenue uplift on acquired customer bases, and that math is pulling bidders toward valuing plumbing and electrical add-ons at HVAC-comparable multiples, which is a meaningful re-rating for both categories.

The Electrification Tailwind

Electrical M&A volume grew 13% in 2024 and is among the cleanest structural growth stories across the six verticals. EV charger installation, residential panel upgrades (200A minimum is becoming the effective standard for new heat pumps, EV charging, and induction cooking), data center buildout in secondary markets, and commercial heat pump conversion all flow through licensed electrical contractors. We expect residential and light-commercial electrical multiples to continue expanding through 2027, and we would not be surprised to see the top quartile of electrical businesses trade at HVAC-equivalent multiples by year-end 2026. [Electrical sellers \(/sell-your-business/electrical/\)](#) who have built capacity in EV and panel work specifically should expect premium attention from both strategic and sponsor buyers.

Labor Scarcity as a Valuation Input

The shortage of licensed technicians — HVAC journeymen, master plumbers, licensed electricians, certified pest control operators — is the single most cited operational risk in diligence processes across 2025 and 2026. The median age of a licensed HVAC technician is in the low 50s, vocational school enrollment lags replacement demand, and H-2B visa allocations are persistently capped below requested levels. Buyers are now paying explicit premiums for businesses with

demonstrable technician retention (sub-15% annual turnover), in-house apprentice programs, and documented licensing ladders. Conversely, businesses that have been maintaining revenue by aggressive overtime or chronically understaffed call-outs are seeing diligence-driven price reductions of 0.5x to 1.0x EBITDA as buyers underwrite the cost of rebuilding the crew base.

Vertical-by-Vertical Outlook Summary

| Vertical | 2026 Direction | Key Driver |
|--|---|--|
| HVAC (/sell-your-business/hvac/) | Stable at cycle highs | PE saturation, heat pump conversion demand |
| Plumbing (/sell-your-business/plumbing/) | Modest expansion | Multi-trade platform cross-sell premium |
| Roofing (/sell-your-business/roofing/) | Flat to modest compression; dispersion widens | Insurance reform, commercial/recurring preference |
| Pest Control (/sell-your-business/pest-control/) | Stable at premium levels | Scarcity of quality sellers, post-Rentokil digestion |
| Electrical (/sell-your-business/electrical/) | Expansion | EV, panel upgrades, data center tailwind |
| Landscaping (/sell-your-business/landscaping/) | Bifurcated — commercial up, residential flat | Commercial contract quality premium widens |

The risks to this outlook are three. First, a renewed rate tightening — while not our base case — would compress platform-level multiples and cascade into add-on pricing with a two- to three-quarter lag. Second, a material change in the tax treatment of carried interest or long-term capital gains would accelerate 2026 deal

flow as sellers pull forward exits, and then create a supply vacuum in 2027. Third, insurance market disruption — particularly in Florida roofing and coastal property more broadly — could suppress both demand

Author & Firm Disclosure

About the Author. Christoph Totter is Managing Partner of [CT Acquisitions](https://ctacquisitions.com/) (<https://ctacquisitions.com/>), an M&A advisory firm focused on matching founder-led home services businesses with the right acquiring capital — private equity, family offices, strategic acquirers, and search funds. Christoph regularly publishes on lower middle market M&A at [the firm's author page](https://ctacquisitions.com/author/chrisomo/) (<https://ctacquisitions.com/author/chrisomo/>) and speaks directly with founders, buy-side principals, and capital allocators about live transactions in HVAC, plumbing, roofing, pest control, electrical, and landscaping.

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