

# Pest Control Business Valuation

The Complete 2026 Guide

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# Pest Control Business Valuation: The Complete 2026 Guide

Pest control businesses trade on a simple mathematical truth: buyers pay for predictable cash flow, and pest control's subscription-like contract model produces more predictable cash flow per dollar of EBITDA than any other home services vertical. That's why pest control multiples run 1–2 turns higher than HVAC, plumbing, or landscaping for otherwise-equivalent operators. This guide is the complete valuation framework: how buyers actually model your business, which factors move multiples in either direction, how to calculate your likely outcome, and how to improve your valuation in the 12–24 months before going to market.

## The short answer: typical valuations in 2026

Pest control businesses in 2026 trade in a wide range — from roughly 3.3x EBITDA for weak operators to above 10x for platform-grade businesses with the right strategic fit. Most transactions in the \$500K to \$5M EBITDA range land between 5x and 8x. The two numbers that matter most are your normalized EBITDA and your recurring revenue percentage. Every other factor is a modifier on those two inputs.

Business profile	Typical multiple	Example: \$1M EBITDA
<50% recurring, founder-led	3.5–4.5x	\$3.5M–\$4.5M
50–70% recurring, adequate systems	4.5–5.5x	\$4.5M–\$5.5M
70–85% recurring, documented operations	5.5–6.5x	\$5.5M–\$6.5M
85%+ recurring, strong retention, management team	6.5–8.0x	\$6.5M–\$8.0M
Platform anchor, multi-market, >\$3M EBITDA	8.0–10.0x+	\$8.0M–\$10M+

## How buyers actually calculate the number

A sophisticated acquirer doesn't look at your trailing-twelve-month EBITDA and multiply by a multiple they picked from a magazine. They build a valuation model that looks something like this:

- 1. Normalize the EBITDA.** Adjust for owner compensation, related-party rent, personal expenses run through the business, non-recurring legal or consulting costs, and other one-time items. This typically adds 5–15% to reported EBITDA for founder-run pest control businesses, occasionally more.

2. **Decompose the revenue.** Split revenue into recurring (monthly/quarterly contracts), semi-recurring (annual contracts), and one-time (new construction treatment, termite tenting, one-off services). Apply a different implicit multiple to each.
3. **Model forward cash flow.** Use historical retention and price increase data to project forward revenue from the existing customer base over 5–10 years. Discount to present value.
4. **Compare to comparable transactions.** Adjust for size, geography, customer mix, and operational quality differences.
5. **Apply a concluding multiple.** Round to a defensible EBITDA multiple that aligns with the buyer's underwriting model and reflects competitive pricing for deals of similar profile.

Two operators with identical TTM EBITDA can produce materially different buyer offers because this process rewards contract quality and penalizes fragility. Understanding how the model works is the first step to optimizing your outcome.

## The six factors that move your multiple

### 1. Recurring revenue percentage (the biggest single factor)

Recurring revenue is the share of total revenue from contracts that renew without a sales motion. Monthly residential pest contracts, quarterly pest contracts, annual commercial pest contracts — all recurring. One-time termite treatments, new construction pre-treat, WDO inspections for real estate transactions — all project revenue, not recurring.

The multiple-to-recurring relationship in 2026:

- **Below 50% recurring:** business is valued like a project services company. Multiples: 3.5–4.5x.
- **50–70% recurring:** hybrid valuation. Multiples: 4.5–5.5x.
- **70–85% recurring:** approaching subscription economics. Multiples: 5.5–6.5x.
- **85–95% recurring:** subscription business. Multiples: 6.5–8.0x.
- **95%+ recurring with commercial mix:** platform premium. Multiples: 8.0x+.

The single highest-leverage pre-sale improvement for most pest control businesses is moving recurring revenue from 70% to 85%. On a \$1M EBITDA business, the multiple lift typically produces \$1.5M–\$2M in outcome difference.

### 2. Customer retention rate

Retention is how buyers validate whether your reported recurring revenue will stay recurring. The gold standard is monthly gross churn (customers lost each month divided by the customer base at the start of the month).

- **Premium retention:** <1% monthly gross churn (88%+ annual retention). Platform-grade.
- **Good retention:** 1–2% monthly churn (79–88% annual). Reasonable.
- **Average retention:** 2–3% monthly churn (69–79% annual). Acceptable but pressures multiple.
- **Weak retention:** >3% monthly churn (<69% annual). Treated as project-like revenue regardless of contract structure.

Buyers will pull 36 months of customer data and calculate churn themselves. If your retention is weak, trying to hide it hurts more than disclosing it. If your retention is strong, the preparation work to surface that data clearly is one of the best ROIs in the entire process.

### 3. Technician retention

Licensed pest control technicians are the scarce asset. Businesses with stable workforces are meaningfully more valuable than those with turnover problems.

- **<10% annual voluntary turnover:** platform-grade. Premium to multiple.
- **10–20%:** industry average. Neutral.
- **20–30%:** operational concern. Modest discount.
- **>30%:** deal risk. Can drive 1–2 turns of discount.

The valuation math: replacing a licensed technician costs roughly \$15–\$25K in direct cost plus 3–6 months of reduced productivity. A business losing 30% of its technicians per year has a latent cost structure problem that buyers price in explicitly.

### 4. Customer concentration

How dependent is your revenue on any single customer? The thresholds:

- **No customer >5% of revenue:** premium diversification.
- **Top customer 5–10%:** normal for residential-heavy businesses.
- **Top customer 10–20%:** concentration risk, small discount.
- **Top customer >20%:** significant concentration risk, 10–25% discount to multiple.
- **Top customer >35%:** often a deal-breaker.

For businesses with commercial mix (apartment complexes, hotels, food service chains), this is the most common source of multiple compression.

### 5. Systems and technology

Buyers pay a premium for businesses they can integrate and scale. The technology stack is a direct proxy.

- **Premium:** PestPac, FieldRoutes, ServiceTitan, or equivalent industry-standard CRM with clean data, 3+ years of historical information, and documented business processes.
- **Standard:** basic industry CRM (Service Autopilot, Jobber, or similar) with reasonable data hygiene.
- **Discount:** spreadsheets, paper tickets, or idiosyncratic custom systems. Post-close migration cost is real.

The multiple impact: 0.3–0.8 turns on the low end, meaningfully higher if the business has no CRM at all.

### 6. Management depth and founder dependence

If the business runs because the founder personally answers the phone, routes technicians, and handles customer escalations, buyers are effectively acquiring a person rather than a company.

- **Management team in place:** ops manager, dispatch/scheduling, sales/account management roles filled by non-owners. Minimal founder operational dependence. Premium to multiple.

- **Partial depth:** one or two roles covered but founder still runs critical functions. Neutral to modest discount.
- **Founder-dependent:** founder is the business. Major discount (1–2 turns) and/or large earnout structure.

The cheapest, highest-leverage pre-sale investment for most founder-led businesses is hiring a general manager 18–24 months before going to market.

## Other factors buyers evaluate

### Commercial vs. residential mix

Commercial pest contracts (apartments, restaurants, food service, warehouses, healthcare) produce higher margin and longer tenure than residential. A business with 30%+ commercial mix at platform-grade retention typically trades 0.5–1.0 turn above residential-only peers.

### Termite vs. general pest mix

Pure termite businesses (treatment, bonds, inspection) are valued like specialty services and trade at lower multiples because the recurring model is weaker. General pest with a termite division, where termite is 15–30% of revenue, is common and valued favorably. Termite-only businesses are a different valuation conversation.

### Service frequency

Monthly service businesses command higher multiples than quarterly, because monthly service generates more touchpoints, stickier customer relationships, and more upsell opportunities.

### Geographic density

Tight geographic concentration (city, metro area) is more valuable than scattered coverage. Buyers pay for route density.

### Brand and marketing

Strong local brand and consistent customer acquisition channels are worth a modest premium.

### Real estate

Separately negotiated, usually not part of the business valuation multiple.

## Worked example: valuation of a \$1.5M EBITDA pest control business

Let's walk through a realistic valuation for a hypothetical pest control business in 2026.

### Business profile:

- \$5M revenue, \$1.5M reported EBITDA
- 80% recurring revenue (monthly and quarterly contracts)
- 85% annual customer retention
- 82% annual technician retention

- FieldRoutes CRM with clean data
- Operations manager hired two years ago; founder still owns customer relationships for top-10 commercial accounts
- Top customer is 12% of revenue
- Founder has been taking \$125K in personal expenses through the business; reasonable owner replacement compensation would be \$100K lower than founder's stated comp

#### **EBITDA normalization:**

- Reported EBITDA: \$1.5M
- Owner compensation adjustment: +\$100K
- Personal expenses: +\$125K
- One-time legal/advisory costs from prior year: +\$30K
- Normalized EBITDA: **\$1.755M**

#### **Multiple assessment:**

- Starting benchmark for 80% recurring, adequate retention: **6.0x**
- +0.3x for technology stack (FieldRoutes, clean data)
- +0.2x for management depth (ops manager)
- -0.3x for customer concentration (top customer >10%)
- -0.2x for founder-dependent commercial relationships
- Concluding multiple: **6.0x**

**Indicative valuation:** \$1.755M × 6.0x = **\$10.53M**

#### **What could improve the outcome:**

- If the founder transitions the commercial relationships to the ops manager before sale, multiple could expand to 6.3x. Outcome: \$11.05M.
- If recurring revenue is increased from 80% to 87% through program conversion, multiple could expand to 6.8x. Outcome: \$11.93M.
- If the top-customer concentration is reduced from 12% to 8% through diversification, multiple could expand to 6.2x (reversing the 0.3x penalty partially). Outcome: \$10.88M.
- All three improvements combined could plausibly push the multiple to 7.0–7.3x. Outcome: \$12.3M–\$12.8M.

The difference between “go to market today” and “prepare for 18 months then go to market” in this example is roughly \$1.8M–\$2.3M. For most founders that’s the clearest case for preparation ROI.

## **How to increase your pest control business value before selling**

If you’re 12–36 months from going to market, here’s the priority list.

## Highest ROI (do these first)

- **Push recurring revenue above 85%.** Convert one-time and quarterly customers to monthly programs. Upsell termite monitoring and mosquito as add-on recurring services.
- **Hire a GM/ops manager.** 18–24 months before sale. The transition takes time.
- **Reprice under-market contracts.** A 5–8% price increase 12 months pre-sale boosts EBITDA and demonstrates pricing power.
- **Clean up the CRM.** Customer tenure, contract dates, service history — all accurate and exportable.
- **Diversify customer concentration.** If your top customer is >10% of revenue, diversify through new customer acquisition.

## Medium ROI (do these if time allows)

- Implement technician retention bonuses with multi-year vesting.
- Document service protocols and training programs.
- Build a marketing function independent of the founder.
- Add commercial contract revenue if the business is residential-heavy.

## Lower ROI (nice to have)

- Rebrand or modernize the website.
- Add social media presence.
- Launch new service lines.

The lower-ROI items often feel urgent because they're visible, but the highest-leverage investments are recurring revenue, retention, and management bench.

## Common mistakes that destroy pest control valuations

- **Aggressive EBITDA reporting** that doesn't survive QofE. Adjustments that can't be documented become problems. Be accurate from the start.
- **Ignoring technician turnover.** High turnover is a valuation killer. Fix it before going to market, or accept the discount.
- **Poor CRM hygiene.** Customer tenure, contract values, and churn data should be exportable and accurate. If they're not, start now.
- **Founder running every commercial relationship.** Transition 12+ months before sale.
- **Deferred capex on vehicles and equipment.** A deferred-maintenance fleet is a latent liability buyers price in.
- **Regulatory gaps.** Expired licenses, missing EPA records, or open complaints create deal friction.

## Getting a real valuation for your business

General guidance is useful but your specific business deserves a specific valuation. CT Acquisitions offers confidential valuations for pest control founders considering a sale in the next 6–36 months. The conversation covers:

- Your likely multiple range given current market conditions and your specific profile.
- The specific factors that would move your multiple up or down.
- A priority list of pre-sale improvements ranked by expected valuation impact.
- An honest read on buyer appetite and process options.

The valuation conversation is free, confidential, and carries no obligation. CT Acquisitions is paid by the buyer at close. Founders pay nothing. Book a 30-minute conversation to get your valuation range.

## Frequently asked questions about pest control valuation

### What's the average pest control business multiple in 2026?

Across all pest control transactions, the simple average is roughly 5.5x–6.5x EBITDA. The range is wide: weak operators at 3.5x, platform-grade operators at 8x+. Focusing on the average is less useful than understanding where your specific business sits.

### Do buyers use SDE or EBITDA for pest control?

Depends on size. Businesses below \$500K in seller's discretionary earnings are typically valued on SDE. Above \$1M in EBITDA, buyers use EBITDA. In the \$500K–\$1M range, both metrics get discussed and the structure of the deal determines which is used.

### Do I add back owner salary to EBITDA?

Partially. Normalized EBITDA adjusts owner compensation to the cost of a replacement operator. If you pay yourself \$300K but a market-rate GM would cost \$150K, you add back the \$150K difference, not the full \$300K. Buyers will insist on this normalization.

### Do termite bonds count as recurring revenue?

Yes, if they generate annual renewal revenue. Termite bonds with ongoing inspection fees are genuine recurring revenue. One-time termite treatments (tenting, liquid treatment without ongoing bond) are project revenue. Most buyers will separate termite contract revenue from general pest contract revenue in their models.

### How does commercial pest contract revenue affect my multiple?

Positively, usually. Commercial contracts have longer average tenure, higher margins, and more predictable cash flow than residential. 30%+ commercial mix at platform-grade retention typically supports a 0.5–1.0 turn multiple premium over residential-only peers.

## **What if my business is growing fast?**

Growth adds value but buyers are cautious about pricing very recent growth. Typical treatment: buyers base valuation on trailing twelve months EBITDA with a forward multiple that reflects expected growth. For fast-growing businesses, an earnout tied to achieving the forward numbers is common.

## **Is my business worth more if I sell to a platform vs. a search fund?**

Usually yes, sometimes by a meaningful margin. PE platforms can leverage debt against platform-grade businesses and justify higher prices. Search funds and independent sponsors compete on structure (rollover, seller financing, transition terms) rather than price. The right choice depends on what you value beyond price.

## **How much should I spend on an M&A; advisor?**

If you work with CT Acquisitions, nothing. We're paid by the buyer at close. For traditional sell-side advisors, typical fees are 3–6% of transaction value, with some combination of retainer and success fee. Well-run advisor-led processes consistently produce value lift that exceeds the fee.

## **Should I get a formal business valuation before selling?**

For most founders, a formal business valuation (the kind used for estate or tax purposes) is not necessary for a sale. A market-informed indicative valuation from an M&A advisor is usually more useful and is typically provided at no charge. Formal valuations are necessary for specific tax or legal purposes (gift tax, estate planning, buyout of a co-owner) but not usually for transaction pricing.

## **Related resources**

- [Selling a pest control business \(full playbook\)](#)
- [Pest control sell-your-business hub](#)
- [How to sell a service business \(all verticals\)](#)
- [Buying an HVAC business — useful for understanding buyer perspective on valuation](#)
- [Private equity in HVAC: 2026 industry report — consolidation context across home services](#)