

# Morrissey Goodale's 2024 M&A Mid-Year Review

The mid-year report of M&A activity, focusing on key trends and insights of deal-making across the AE and environmental industry for the first half of the year.

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## Executive Summary

Through the first six months of 2024, Morrissey Goodale tracked 243 deals in the U.S., marking the second-most active start to a year on record.

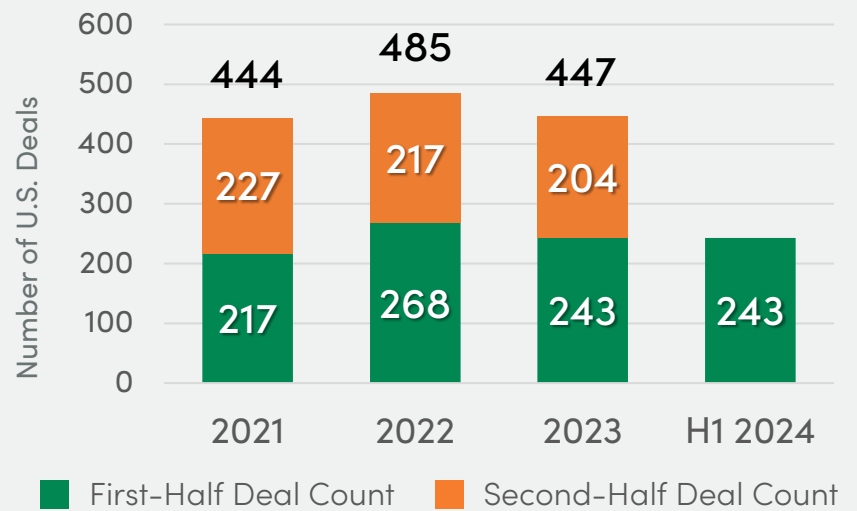
### First half highlights include:

- 156 unique buyers and investors from six different countries combined to close deals.
- The median acquirer boasted revenues of \$147.9 million, while the median seller had revenues of \$4.3 million.
- Fifteen *ENR* Top 500 Design firms sold or recapitalized.
- Employee-owned buyers drove the largest share of deals, claiming 51% of all domestic acquisitions, followed by PE and PE-backed buyers at 42%, and publicly traded buyers at 7%.
- Firms with expertise in the transportation, water, and power markets continued to see the most interest from industry buyers and investors.
- California, Texas, and Florida remained the most coveted states by dealmakers, in line with trends observed over the last few years.

## Overview of H1 2024

The first half of 2024 was marked by robust M&A activity within the AE industry, reflecting a dynamic and competitive market environment. The 243 deals announced through the first six months of the year mirrors the robust pace set in 2023, though it represents a slight decline from the peak levels seen in 2022. Still, the current deal volume remains significantly elevated compared to pre-pandemic figures, continuing the consistently high level of M&A activity that has characterized the industry since 2021.

U.S. M&A Volume



Several factors have contributed to this momentum. Continued public and private investments in infrastructure projects, driven by federal funding initiatives, have provided a robust foundation for growth. The emphasis on sustainability and green building practices has also played a critical role, as firms seek to enhance their capabilities in these areas through M&A.

Likewise, the increasing emphasis on technology integration and environmental compliance has spurred consolidation efforts, as companies strive to enhance their competitive edge and meet evolving client demands. Private equity firms have also played a pivotal role, deploying significant capital reserves to pursue aggressive acquisition strategies, reinforcing the AE industry's continued attractiveness to investors seeking stable and growth-oriented opportunities.

We expect the M&A landscape to remain very active the second half of the year. Favorable economic conditions, coupled with ongoing strategic initiatives across the sector, are expected to maintain the pace of deal-making, positioning the industry for continued growth and transformation for the balance of 2024 and beyond.

## Significant Deals and Transactions

Total revenues acquired climbed 9%, reaching \$4.4 billion in the first half of the year. The increase was driven by an uptick in the number of high-value transactions, with the number of deals exceeding \$100 million rising to 11, up from eight during the same period last year.

### H1 2024 Highlights

**243**

TOTAL  
DEALS

**0%**

INCREASE  
YoY

**\$4.4B**

REVENUE  
ACQUIRED

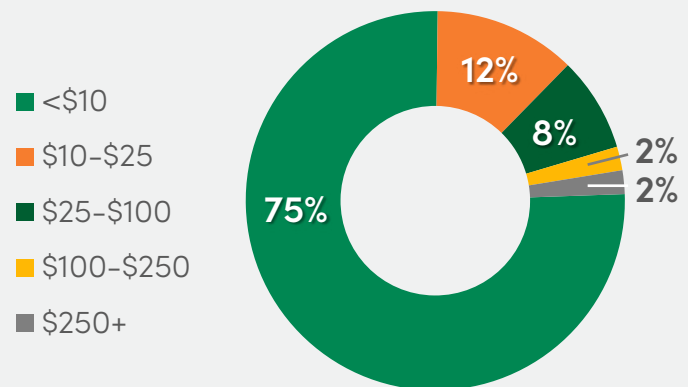
**9%**

INCREASE  
YoY

Several high-profile transactions stood out for their scale and strategic importance. Five firms with revenues exceeding \$250 million, including Salas O'Brien, CHA Consulting, HEPACO, Rimkus Consulting Group, and CLS Management Services, underwent recapitalizations or acquisitions. These deals show a continued interest among some of the largest companies in the industry to pursue external partners and capital to drive growth and strengthen their market positions.

Mid-size and large deals, defined as those valued at more than \$25 million, also saw an increase. Thirty sellers with revenues exceeding this threshold transacted through June, compared to 28 in the same period in 2023 and 17 in 2022. The activity among *ENR* 500 firms has been particularly robust, with 15 firms either selling or recapitalizing in the first half of the year, bringing the total number of deals involving *ENR* 500 sellers to 78 since the start of 2021.

### H1 2024 Deals by Seller Revenue (in millions)



### H1 2024 Deals Involving *ENR* 500 Sellers

Date	Acquirer	Seller	Seller <i>ENR</i> 500 Ranking
1/9/24	Stantec	Morrison Hershfield	159
1/17/24	Wind Point Partners	MOREgroup	102
1/17/24	Trilon Group	Fuss & O'Neill	296
1/22/24	The Blackstone Group L.P.	Salas O'Brien	39
1/23/24	H.I.G. Capital	CHA Consulting, Inc.	65
1/26/24	CIVC Partners	HR Green	173
3/1/24	Trilon Group	Rinker Design Associates, LLC	443
3/12/24	Salas O'Brien	I.C. Thomasson Associates, Inc.	276

Source: *ENR* 2024 Top 500 Design Firms list

### H1 2024 Deals Involving ENR 500 Sellers

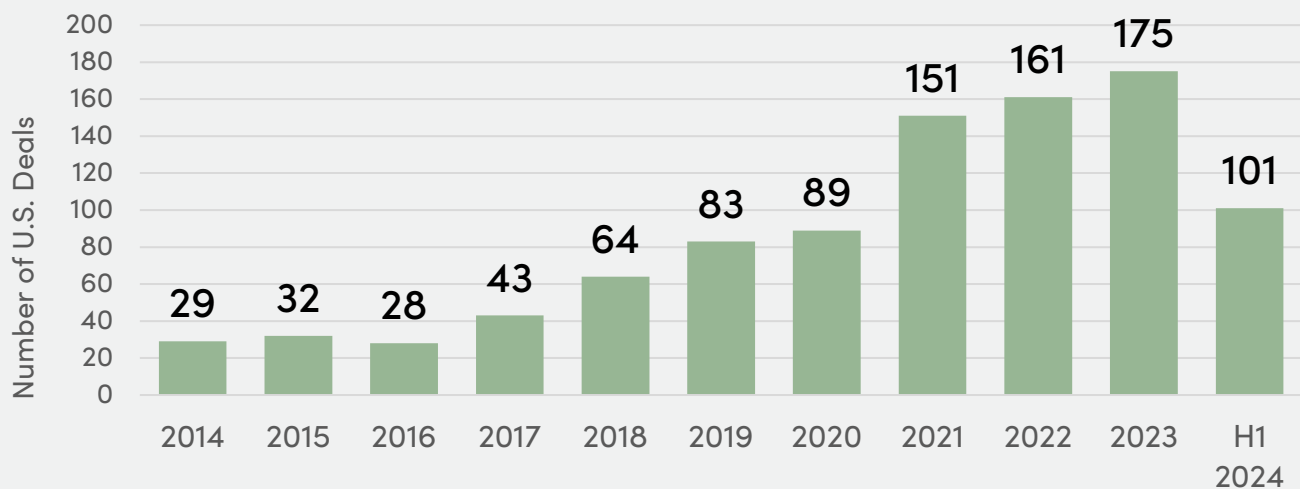
Date	Acquirer	Seller	Seller ENR 500 Ranking
3/18/24	Gannett Fleming	DEC	324
4/3/24	Godspeed Capital Mgmt.	Infrastructure Consulting & Eng.	205
4/10/24	Verdantas	CT Consultants, Inc.	339*
4/11/24	Legence	P2S Inc.	308
5/1/24	WSP	AKF Group	318
5/7/24	Sterling Investment Partners	Verdantas	113
6/3/24	New Mountain Capital	CONSOR Engineers	133

Source: ENR 2024 Top 500 Design Firms list  
 \* ENR 2023 Top 500 Design Firms list

## Private Equity’s Role in the M&A Landscape – Both as Buyer and Sellers

Private equity (PE) firms continued to play a crucial role in shaping M&A activity, both as active buyers and sellers. PE and PE-backed firms accounted for 42% of all deals in the first half of the year, totaling 13 platform investments and 88 add-on acquisitions.

PE and PE-Backed Deals since 2014



Blackstone was the most active industry investor in H1, with eight add-on acquisitions completed for its portfolio companies Geosyntec and Legence, as well as Salas O’Brien, which announced a minority growth investment from the firm in January.

Following new investments by New Mountain Capital, Wind Point Partners, Godspeed Capital, Morgan Stanley Capital Partners, H.I.G. Capital, and Bernhard Capital Partners, there are now more than 90 private equity firms with active holdings in the industry, including 20 with multiple platform investments across different verticals. Collectively, these firms have made 484 add-on acquisitions since the start of 2021, highlighting their significant influence on industry consolidation.

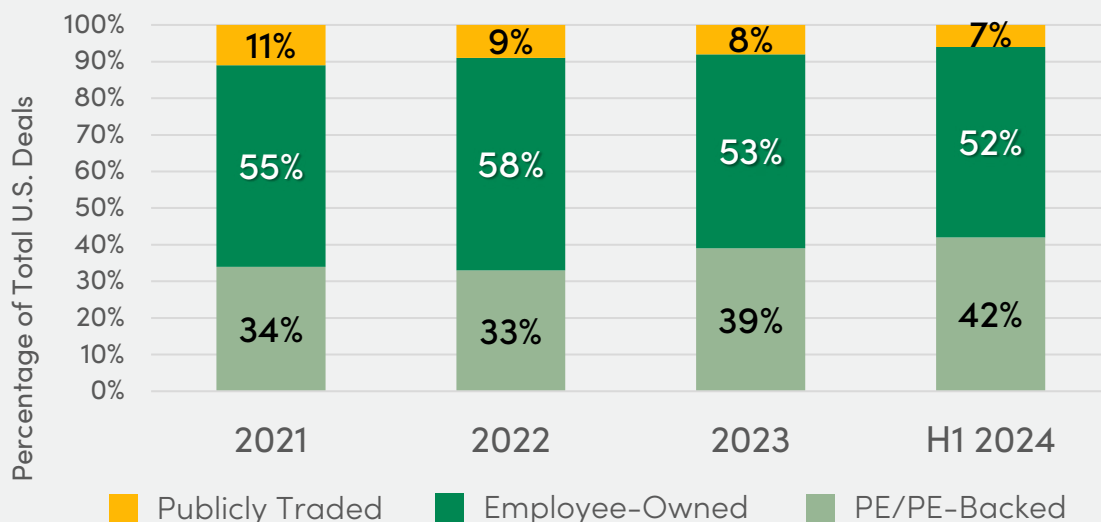
Exits have also been a critical component of M&A activity in 2024, with nine PE firms exiting industry investments in the first half, matching the total number of exits announced throughout all of 2023. This increase highlights the urgency for PE firms to realize returns on their investments, particularly as the timeline to monetize aging assets closes in. Currently, over 35 active industry platforms have been held by investors for five or more years, increasing the pressure to execute successful exits.

The growing inventory of aging PE-owned assets that require monetization is expected to drive heightened activity in the coming year. As these firms seek to capitalize on favorable market conditions and avoid potential devaluation, we can anticipate a strong pipeline of exit transactions.

## Employee-Owned Firms (Still) Lead M&A Activity

Despite private equity’s influence, employee-owned buyers led all dealmaking in the first half, completing 126 acquisitions, representing 52% of all U.S. deals.

Transactions by Buyer Ownership Structure



The percentage of deals announced by employee-owned buyers has declined by five percentage points year-over-year and has fallen by more than 20% over the last five years as an increasing number of firms have opted to recapitalize. Nonetheless, the appetite of those who have chosen to maintain their privately held ownership models remains hearty.

Fourteen employee-owned firms made multiple acquisitions during the period, with five completing three or more deals, and three firms making five or more acquisitions. Leading the pack were Atwell and LJA Engineering, each with six deals, followed by IMEG with five. These firms outpaced all other industry acquirers, regardless of ownership structure, demonstrating their aggressive growth strategies and significant market presence.



**ATWELL**  
Atwell, LLC  
*ENR #74*  
Six Acquisitions



**LJA**  
LJA Engineering  
*ENR #67*  
Six Acquisitions



**IMEG**  
IMEG  
*ENR #57*  
Five Acquisitions

Interestingly, while the overall share of deals by employee-owned firms has declined, the absolute number of acquisitions remains historically high. These firms often boast healthy balance sheets and a steadfast commitment to reinvesting profits into growth opportunities. This financial strength and strategic focus enable them to remain active in the M&A market, competing aggressively with private equity and publicly traded buyers for attractive deals.

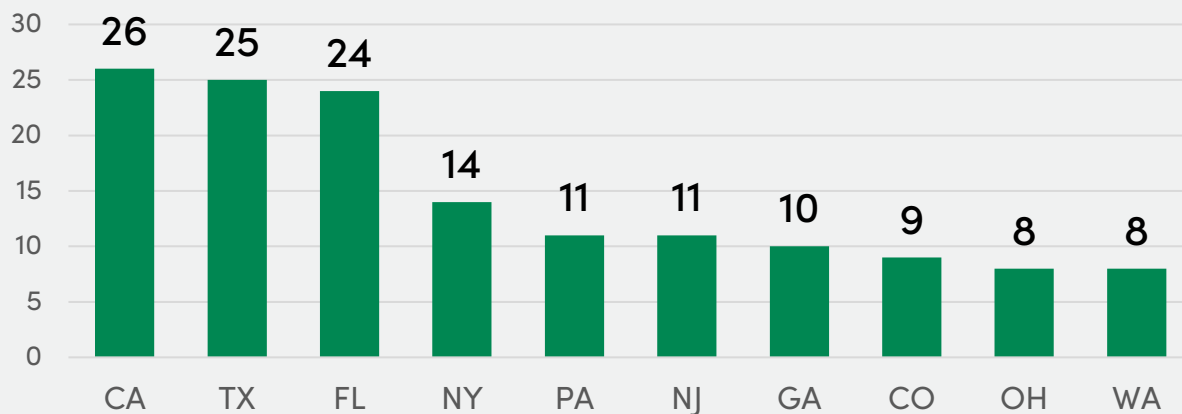
## A Spotlight on High-Activity States

For many buyers, the strategic imperative of entering new geographic markets remains the primary driver behind their M&A decisions. In line with trends observed over the past few years, states on both coasts, the Sunbelt region, and particularly Florida, Texas, and California, were the most coveted by industry buyers and investors in the first half.



California, boasting the country’s largest state economy, led all states in the first half with 26 acquisition announcements. Texas, benefiting from lower taxes, a lower cost of living, and strong infrastructure spending, followed closely with 25 deals announced. Meanwhile Florida, with its rapid economic growth, attractive population dynamics, and favorably perceived business climate, was the second runner-up with 24 acquisition announcements.

H1 2024 Deal Count by Seller State



California, Texas, and Florida are poised to benefit from long-term needs for engineering, design, and environmental services. Collectively, they accounted for 30% of all U.S. deals. Other notable states demonstrating robust M&A activity in 2023 include New York with 14 deals, Pennsylvania with 11, and Georgia and New Jersey with 10 deals each.

## Top Markets for Industry Acquisitions

Demand for firms serving the **Water and Wastewater** market remains the highest, driven by the urgent need to modernize aging infrastructure and comply with increasingly stringent environmental regulations. The Infrastructure Investment and Jobs Act (IIJA) allocation of over \$50 billion towards water and wastewater projects is fueling this demand. Additionally, the push towards sustainability and climate resilience is creating opportunities for firms that specialize in sustainable water management and innovative water treatment technologies.

**Transportation** infrastructure also continues to be a major focus for M&A, accounting for 32% of all deals in H1 2024. Significant public and private investments are being funneled into upgrading highways, bridges, and public transit systems. At the same time, advancements in smart transportation systems and the expansion of electric vehicle infrastructure are opening new avenues for growth.

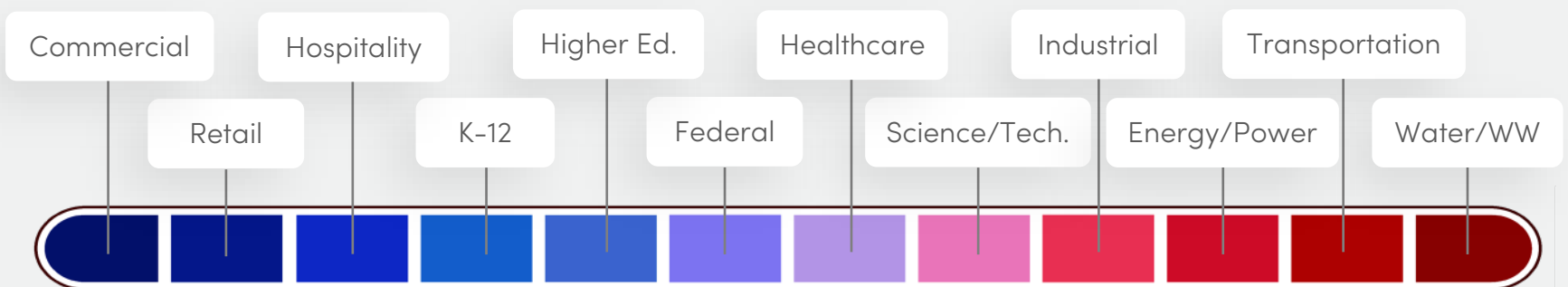


The **Power and Energy** market is another area where M&A activity remains strong. The ongoing transition to renewable energy sources, including solar, wind, and hydroelectric power, is driving demand for engineering expertise. Furthermore, the need for grid modernization to enhance reliability and integrate renewable energy into the power supply makes this sector particularly attractive for investment.

Beyond these core sectors, other markets are gaining traction. The **Industrial** sector benefits from reshoring manufacturing and increased investment in industrial facilities, boosting demand for engineering services focused on efficiency and sustainability. The **Science and Technology** sectors are seeing heightened M&A interest due to the expansion of research and development facilities in biotechnology, pharmaceuticals, and tech industries.

**Healthcare** is experiencing growth in 2024, driven by the expansion of facilities to support aging populations and ongoing healthcare reforms. Finally, the **Federal** and **Higher Education** sectors contribute to the M&A landscape, with government investments in defense, transportation, and public works creating opportunities, particularly for firms adept at navigating regulations. Universities are also investing in campus modernization and sustainability initiatives, further fueling demand for specialized AE and consulting services.

### Hottest Markets for Industry Acquisitions



## Market Outlook for 2024

Looking ahead, we anticipate that the positive trends in the M&A environment will continue and may even strengthen in the second half. Current economic stability creates a strong backdrop for continued deal-making, driving AE buyers of all types, sizes, and markets to explore transactions that enhance their market positions and drive long-term growth.

## About Morrissey Goodale

Morrissey Goodale is the leading management consulting and research firm exclusively serving the architecture, engineering, and environmental consulting industries. We help firm leaders plan their futures, grow their firms, and strengthen their organizations through our consulting services, industry research, and events.

Our specialized, full-service management consulting and research services include strategic business planning, leadership training and development, mergers and acquisitions advisory, valuation and ownership transition, market research, and marketing and business development consulting.

To learn about the more than 250 M&A transactions that Morrissey Goodale has facilitated since 2006, click the button below.

### M&A Advisory Results

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Jon Escobar is a Principal who specializes in M&A, business planning, and valuation.

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