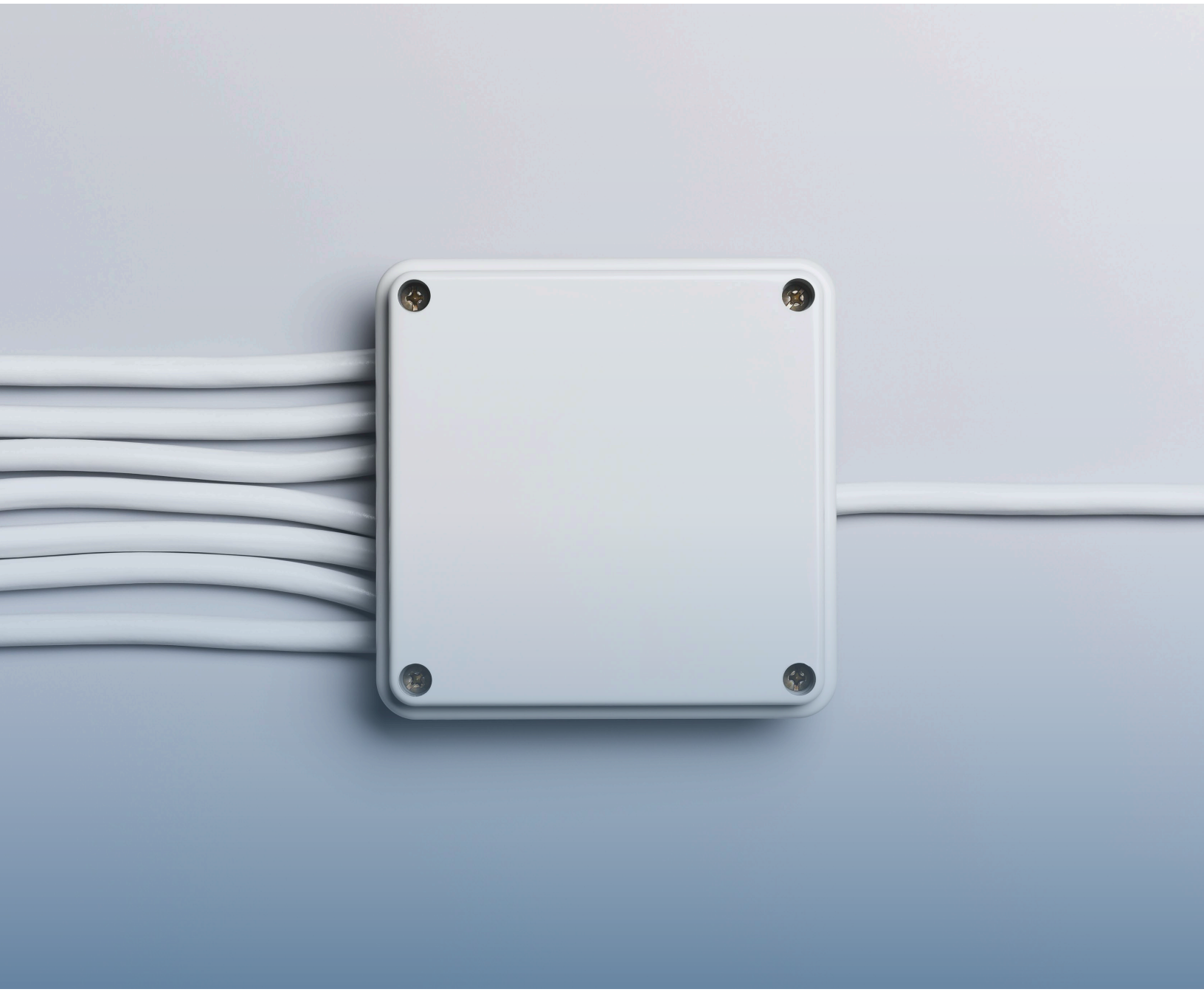
FMI Consulting



Private Equity Sector Brief

Electrical Contracting Services

January 2026

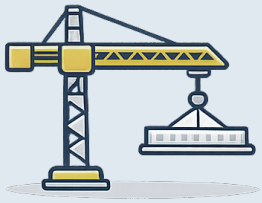
Executive Summary: Electrical Contracting Services

Scope Overview

Electrical contracting services include the design, construction and modernization of power and low-voltage systems that form the backbone of modern buildings and infrastructure. These services span the full lifecycle of a facility, from initial design and construction to long-term reliability and performance, creating durable and recurring opportunities for contractors and investors alike. The three electrical service types (new construction, renovation and maintenance) are described below, along with each type's most common services.

Scope of Electrical Services

New Construction



Trade activity that occurs on new greenfield facilities and/or substantial square footage additions to existing facilities. The electrical systems installed as part of this work are new and do not replace existing systems.

Example Services:

- Design-Build
- Design-Assist
- Prefabrication
- Equipment Installation

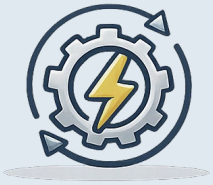
Renovation/Retrofit

Trade activity that would be considered renovation or retrofit activity focuses on existing facilities where electrical systems are being replaced or upgraded to a new system. It also includes significant repairs that are equipment intensive.

Example Services:

- Process Equipment Repairs
- ESD Upgrades
- Energy System Retrofits
- Equipment Replacement
- Engineering Support
- Design-Build/Assist
- Equipment Installation

Maintenance/Service



Trade activity considered maintenance or service related is focused on prolonging and improving the operations of existing electrical systems. This is primarily labor intensive but incorporates the replacement of defective parts.

Example Services:

- Safety Inspection
- UPS Maintenance
- Power Quality Maintenance
- GFI Testing
- ARC Flash Testing
- Preventative Maintenance

Executive Summary: Electrical Contracting Services

This brief outlines the market opportunity, thematic drivers and an overview of market fragmentation for the electrical contracting services industry. It is intended to serve as a roadmap for private equity firms developing an investment thesis or targeting an acquisition in the space.

Strategic Case for Electrical Contracting Services

The electrical contracting services sector across the commercial, institutional, industrial and infrastructure (C-I-I+) building segments presents a compelling platform investment opportunity due to **nondiscretionary demand, strong industry fundamentals and high fragmentation.** While consolidation is in its early stages, activity is currently a top-down strategic play focused on high-complexity, mission-critical segments (e.g., data centers) where technical requirements create high barriers to entry. Unlike the simple "bolt-on" strategies of other trades, major strategics are currently capturing outsized spend in these high-growth niches. This specialized institutionalization is expected to flow down across the broader C-I-I+ landscape as the market matures. Several unique market characteristics create a landscape primed for investment:

Recurring Revenue and Resilient Demand

- Aging infrastructure, an increasingly stringent regulatory environment, and rapid growth in mission-critical, electrically intensive end markets are driving a structural shift in electrical services from reactive repairs toward preventive maintenance. Owners are prioritizing proactive inspection, testing and system modernization to reduce downtime and extend asset life. This evolution embeds recurring, non-discretionary demand into electrical services, making system optimization a durable growth driver.

Secular Tailwinds Driving Industry Investment

- Growing electrification and increasing adoption of AI are coinciding with increasing system complexity, requiring more sophisticated design, installation and lifecycle support. These fundamentals support durable volume growth independent of short-term construction cycles.

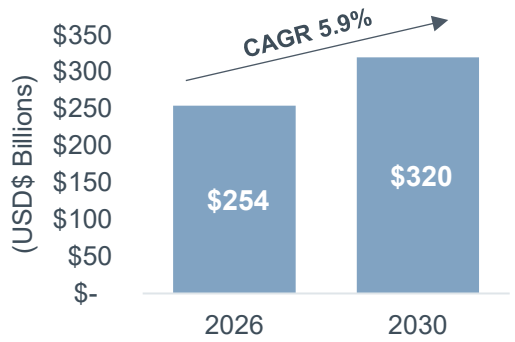
Multiple Avenues to Achieve Scale

- The fragmentated nature of the market gives way to several pathways to building scale and defensibility. Potential investors have the option to roll up regional firms to increase density, develop additional service offerings such as prefabrication or power infrastructure, and expand into highly technical end markets where services are an operational necessity.

Market Size and Growth Potential

The electrical contracting services sector represents a mid- to high-growth industry with recurring revenue potential through the growing implementation of maintenance programs. Beyond these preventative services, there are additional opportunities across new construction and building retrofit services with high growth rates due to growth in highly technical markets and an aging building stock.

Annual U.S. Electrical Services Market



- Total U.S. market: **$254 billion in 2026**, projected to exceed **$320 billion by 2030**, at a **5.9% CAGR.**
- Building **repair and retrofit** is the largest segment, totaling **$110.3 billion** in annual spending as of 2026. Through the forecast period, the segment accounts for more than **$612 billion in cumulative spend.**
- **New construction** is projected to grow at a **6.9% CAGR** from 2026 to 2030, outpacing the respective CAGRs of 5.5% and 5.0% for repair/retrofit and service/maintenance through the same period.

Executive Summary: Electrical Contracting Services

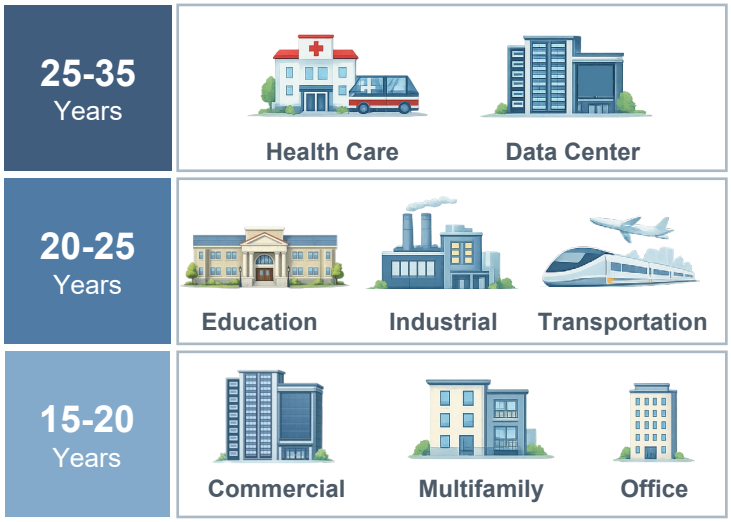
Growth Drivers Overview

- New construction demand for electrical contracting is increasingly driven by accelerating data center development, which requires high-density power infrastructure, redundancy, and complex electrical systems, expanding the scope and value of electrical work per project.
- On the other hand, for electrical retrofit and service work, the commercial and institutional installed base continues to grow, with building numbers up 22% and total floorspace up 35% over the past 15 years, increasing the long-term addressable market for respective maintenance and service work.
- Additionally, more than half of buildings were constructed between 1960 and 1999, with a median construction year of 1981, placing a large portion of the building stock at or near the end of electrical system lifecycles and supporting sustained demand for maintenance, replacement and compliance-driven upgrades.

Additional Growth Drivers:

- The proliferation of connected devices and the rise of AI-driven workloads have increased system complexity and overall electricity consumption. Facilities must regularly upgrade panels, wiring and monitoring systems, driving sustained retrofit and service demand.
- Rising electrical loads driven by HVAC upgrades, industrial processes, digital equipment and building electrification are creating structural, recurring demand for system replacements, capacity upgrades, and modernization programs.
- Increased scrutiny from NFPA/NEC and local authorities is shifting electrical maintenance from recommended practice to enforced mandate. Updated standards, such as NFPA 70B, formalize inspection intervals and documentation requirements.

Average Electrical System Estimated Lifespan by Segment



Competitive Landscape and Acquisition Opportunity

- The market composition of electrical contracting service firms is highly fragmented, with more than 70,000 firms. Outside of a handful of national players and investment platforms (15-20), most firms are regional or local providers that lack scale.
- The high volume of potential acquisition targets creates a foundation as an attractive strategy to build scale. Other avenues include adding specialty capabilities (prefab or power-adjacent offerings), growing recurring maintenance programs in high-growth end segments, and bundling multi-trade MEP services into established customer bases.
- **With limited national players and a market expected to surpass $320 billion by 2030, the sector is well positioned for the creation of scalable platforms given strategic investment decisions. Additionally, early strategic momentum from players like EMCOR, Comfort Systems and Quanta is focused on acquiring large platforms to capture outsized spend in high-growth segments. As these large MEP and T&D firms reach critical mass, a primary exit lever will be their need to integrate electrical capabilities to sustain growth beyond core mechanical or utility scopes.**

Market Size and Growth: Electrical Contracting Services

U.S. Electrical Contracting Services Market Opportunity

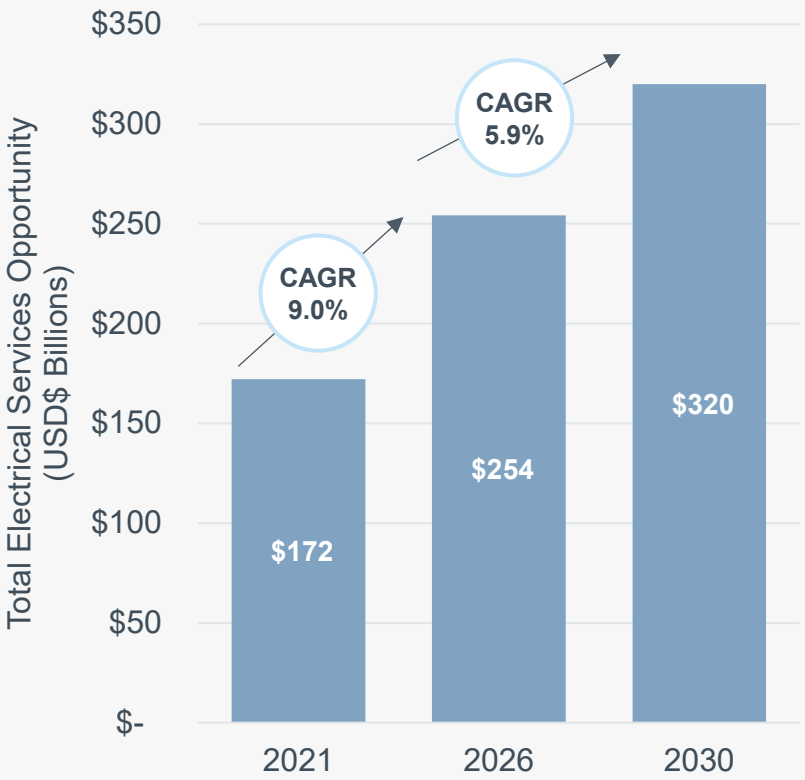
- From 2021 though 2025, the U.S. electrical services market expanded 41.2%, from $172 billion to $243 billion. Growing from a base of $254 billion in 2026 to $320 billion in 2030, the market is projected to grow at a 5.9% CAGR through the forecast period.
- Repair and retrofit represents the largest segment by cumulative projected spend, accounting for roughly 43% of total spend. Conversely, the fastest-growing segment is new construction, which is expected to outpace the broader market at a 6.9% CAGR though 2030.

Underlying Market Growth Dynamics

Through the forecast period, electrical services spend will be primarily driven by sustained construction activity in health care, data centers, advanced manufacturing, and logistics facilities. Combined with ongoing upgrades of an aging building stock to meet newer electrical codes, rising resiliency expectations, and growing system complexity/loads, the market is well positioned to realize growth through 2030. For instance, the most recent CBECS survey from the EIA noted that roughly a quarter of buildings were built after 2000; however, the average year of construction is 1981, making the average commercial building 44 years old.[1]

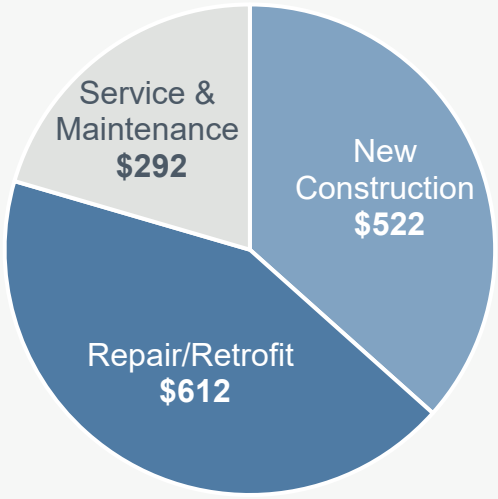
Of note, the high growth in total spending from 2021 to 2026 was partially attributed to the impact of inflation, particularly on materials and labor from 2021 to 2023. This has since stabilized and returned to a more normal state.

Annual U.S. Total Addressable Market[2]



Five-Year Forecast Volume

Represents the total cumulative spending across the forecast period (2026-30, in billions of dollars).



CAGRs by Service Segment

- **Service & Maintenance: 5.0%**
- **New Construction: 6.9%**
- **Repair/Retrofit: 5.5%**

1. **Service/Maintenance:** Focuses on prolonging and improving the operations of existing electrical systems.
2. **Repair/Retrofit:** Focuses on existing facilities where electrical systems are being replaced or upgraded to a new system.
3. **New Construction:** Focuses on new greenfield facilities and/or substantial square-footage additions to existing facilities.

1. Energy Information Administration

2. Forecast end markets include commercial, healthcare, transportation, education, office, multifamily, & industrial

Industry Drivers: Electrical Contracting Services

Why Electrical Services Have Attractive Fundamentals

- The trend of modernization and subsequent electrification of building systems across the different nonresidential sectors supports multiple tailwinds that drive demand for electrical services. Specifically, the increasing electrical load demand is driving the need for infrastructure upgrades, proactive maintenance, and lifecycle servicing.
- Secondary drivers such as regulations and labor constraints vary greatly by geography, while aging infrastructure is a nationwide dilemma. These factors are making regular maintenance and compliance non-optional, fueling demand for outsourced electrical services.

Primary Drivers

Growing Electrification and Modernization of Building Systems

- The growing theme of electrification, or industry-wide migration from non-electric sources of energy to electricity, is resulting in increased energy use and the need for updated electrical infrastructure that can withstand increased load demand. This creates a structural need for frequent maintenance and servicing.
- As more buildings shift to electrically powered systems for critical building functions such as HVACR and industrial processes, demand for service panel upgrades, transformer maintenance, and system testing are creating new touchpoints for service contracts and lifecycle maintenance. This amplifies both retrofit and service/maintenance needs, especially as proactive maintenance becomes critical in maintaining system health.
- For instance, a recent NEMA report projects that U.S. electricity demand will increase 2% annually and grow by 50% by 2050, suggesting that infrastructure will need constant upkeep as use surges.[1]

Growth of IoT and Artificial Intelligence

- The rapid growth of internet of things (IoT) devices, smart homes and the generation of large-scale data is driving demand for mission-critical facilities, like data centers, capable of handling massive volumes of information.
- Moreover, driven by the increasing adoption of generative AI, the U.S. economy is set to consume more electricity for processing data in 2030 than for manufacturing all energy-intensive goods combined.[2]

Secondary Drivers

Increase in Stringent Regulatory Environment

- Recent NFPA/NEC and IECC code revisions are likely to constitute diligent monitoring and maintenance to ensure compliance with constantly evolving safety and energy-efficiency standards.
- Specifically, the NFPA 70B standard has shifted from advisory guidance to enforceable requirements for electrical system maintenance. The update also defines maintenance scope and frequency based on equipment assessments. These changes are likely to drive increased demand for outsourced maintenance services, as compliance becomes essential for facility owners.

Growth of Building Stock and Aging Infrastructure

- As the U.S. nonresidential and multifamily building stock ages, services once considered deferrable are becoming critical to maintaining safe, operational properties; accelerating demand for maintenance, repair, and compliance-driven enhancements.
- For example, almost half of all nonresidential and multifamily buildings were built between 1960 and 2009. When considering the average replacement cycle of electrical systems, this presents a near term growth in R&R spending.

Skilled Labor Constraints

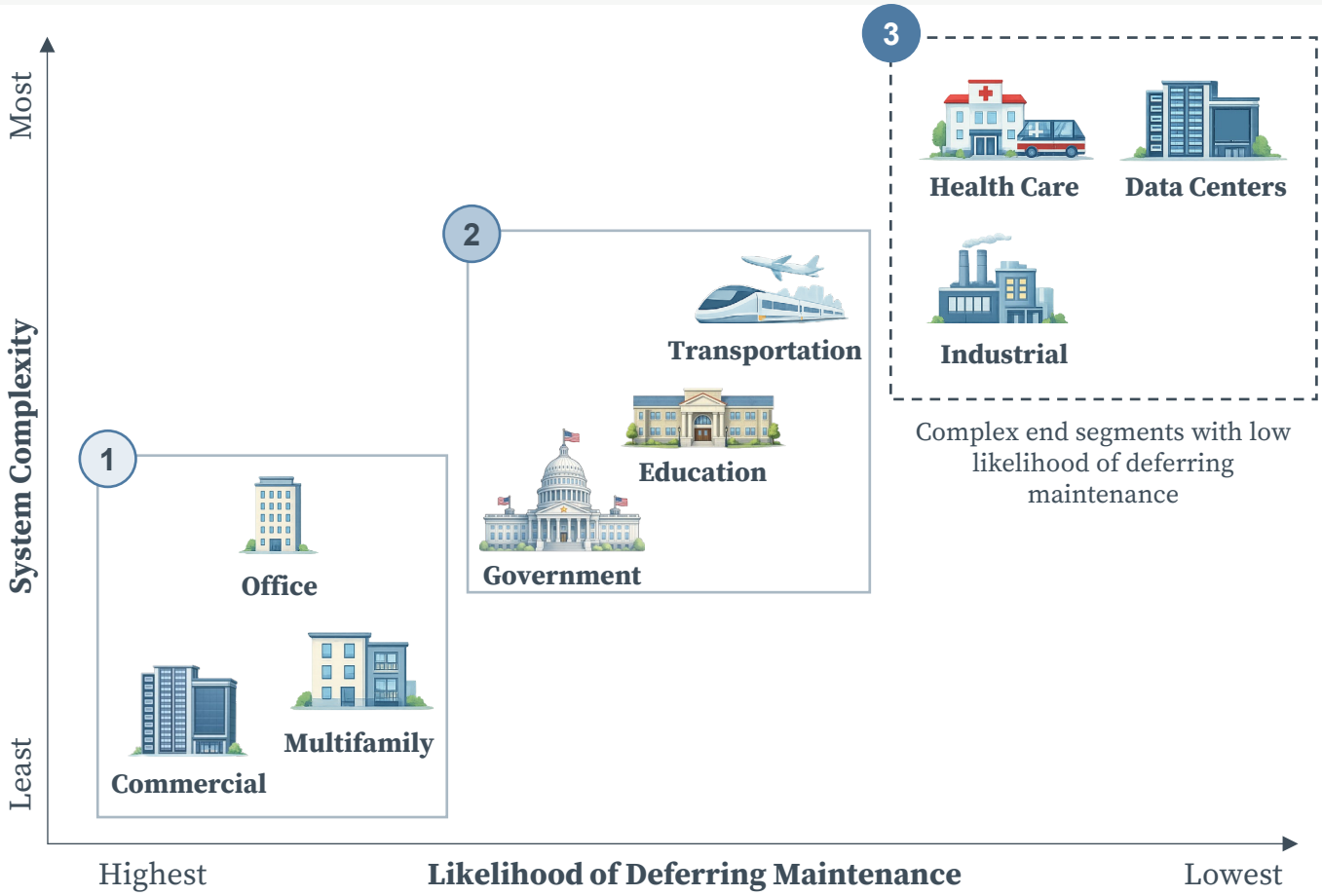
- A shrinking pool of licensed electricians along with growing system complexity is resulting in capacity constraints across the industry, pushing clients to increasingly outsource maintenance to third-party providers.

1. IEA and NEMA
2. Including aluminum, steel, cement and chemicals

Market Dynamics: Electrical Contracting Services

Assessing recurring service stability across key end markets:

Electrical work benefits from a large base of nondiscretionary demand (life-safety systems, code compliance, power reliability, and emergency repairs), which cushions the industry during slowdowns. Even if construction softens, owners must maintain electrical systems to avoid risk, downtime or regulatory issues. Thus, contractors with diversified portfolios and exposure to institutional and mission-critical markets are more insulated in a shifting macroeconomic environment.



Likelihood of Deferring Maintenance

Low

1 Segments with a medium to high likelihood of deferring electrical maintenance often face financial pressures that delay non-critical work. Commercial, multifamily and office owners prioritize essential, tenant- or public-facing issues while postponing lower-priority repairs to balance cost control with operational needs.

2 Segments moderately likely to defer electrical maintenance prioritize critical systems and delay lower-priority work. Educational institutions are gradually shifting from breakdown maintenance toward predictive approaches, while transportation agencies focus on safety-critical systems and defer non-essential tasks when resources are constrained.

3 Segments unlikely to defer electrical maintenance prioritize reliability and continuity due to critical operating environments. Health care facilities follow strict preventive schedules to meet safety and NFPA 99 requirements, data centers conduct frequent inspections to avoid downtime or data loss, and industrial facilities pursue proactive maintenance to limit disruptions. As a result, maintenance deferrals are rare across these segments.

Competitive Landscape: Electrical Contracting Services

A Highly Fragmented Market

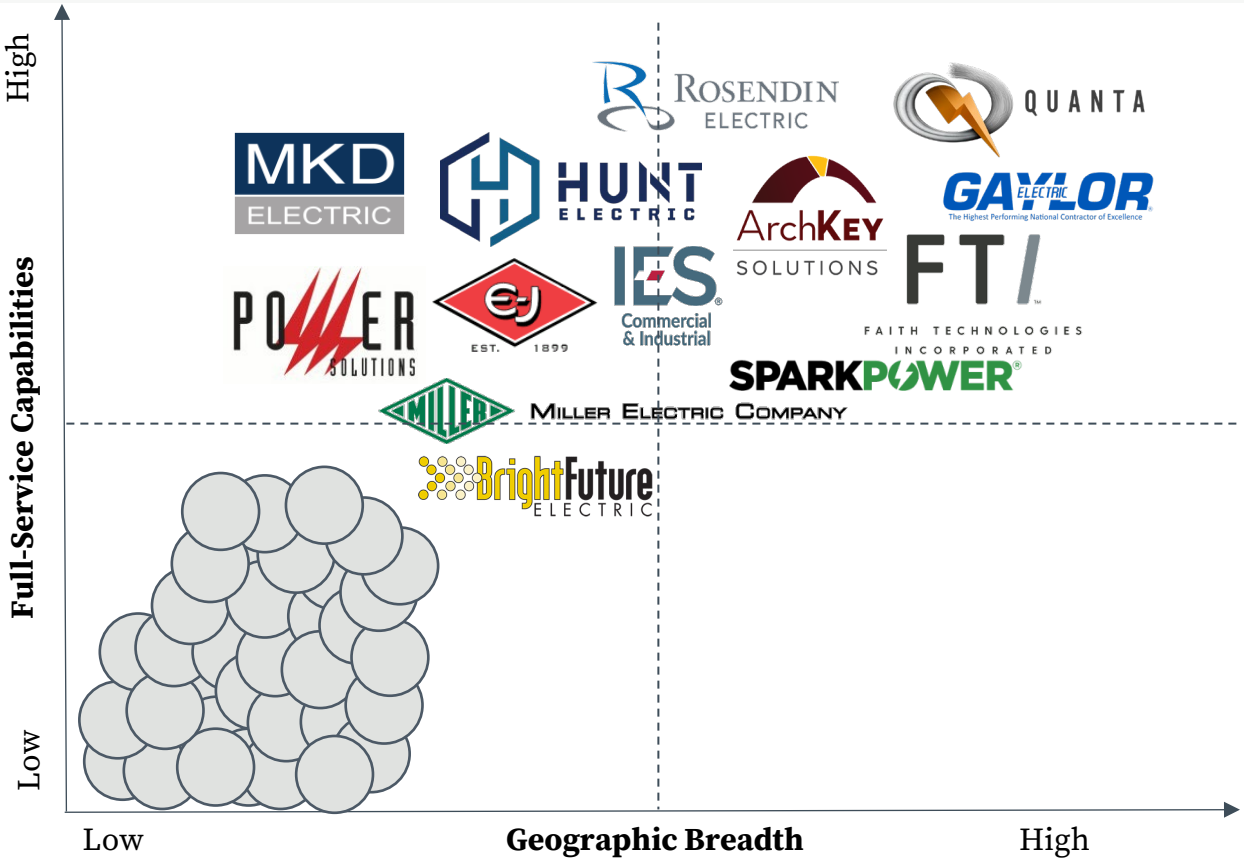
The electrical services sector remains highly fragmented, with thousands of regional providers.

- There are estimated to be more than 70,000 firms offering electrical services in some form, with the industry employing more than 500,000 workers.[1]
- Local service providers comprise most of the firms in this market, typically categorized by limited-service offerings or singular geographic footprints.
- Approximately 70% of market spending is captured by firms with less than $50 million in revenue.

Multiple Avenues to Achieve Platform Scale

Given early-stage consolidation trends, electrical firms benefit from several proven pathways to scale.

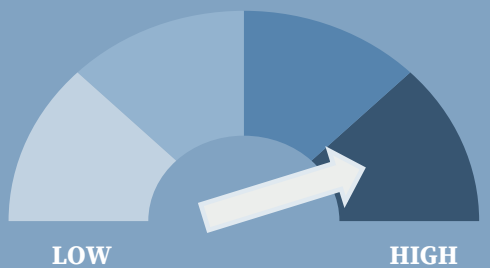
- Acquire and integrate regional operators to establish market density and operational scale.
- Expand into adjacent verticals (e.g., communications, medium/high voltage, power systems) to diversify service mix and increase cross-sell potential by providing comprehensive MEP solutions for an established customer base.
- Leverage first-time capital to professionalize the platform.



Emerging Consolidation and Service Line Expansion Trends

- Electrical firms are expanding into scheduled maintenance, integrating services such as preventative maintenance and annual check-ins to enhance efficiency. There's also an increased emphasis on emergency service capabilities.
- Select private equity–backed platforms are beginning to consolidate large firms in highly technical, fast-growing markets, signaling early-stage roll-up activity. At the same time, the buyer universe is expanding as large-scale MEP providers, having reached critical mass, pursue electrical capabilities to drive growth beyond their core services.
- Acquisition activity in commercial electrical services is accelerating, but the sector remains fragmented, with many local providers, particularly in maintenance and compliance-driven work, offering early movers a strategic opportunity to scale.

Industry Fragmentation



[1] National Electrical Contractors Association

Example M&A Activity: Electrical Contracting Services

- Recent transaction activity reflects growing investor interest in the electrical services sector, driven by favorable market conditions and increasing demand for scalable, recurring service platforms.
- At the national level, several large strategics are positioned as scaled providers with broad geographic footprints and comprehensive service offerings. Despite this, the industry remains relatively fragmented, with an abundance of whitespace for both organic and inorganic growth at the regional and local levels.
- While several established PE-backed platforms operate in the sector, they continue to pursue high-velocity M&A strategies, underscoring sustained investor appetite driven by the fragmented base of local firms.
- First movers in the electrical services sector have a unique opportunity to capitalize on early-stage consolidation by acquiring regional operators, bundling complementary services and building scale.

Recent Transactions in the Electrical Services Space*

Firm	Acquirer	Year	Services Offered
Commonwealth Electrical Technologies	Broad Sky Partners	2025	Provider of full-range commercial electrical services, including installation, maintenance, testing and renovation.
Enterprise Solutions	White Mountain Partners	2025	Full-service electrical company offering electrical design and installation services for highly technical end markets.
EC Electric	E-J Group	2025	Full-service electrical company offering electrical design and installation services for highly technical end markets.
The Norlee Group	Heartwood Partners	2024	Multi-brand full-service provider of mission-critical electrical, mechanical, technology, and engineering and design services.
Rocky Mountain Electric	One Team Electrical Group (Two Roads Partners)	2024	Leading commercial and industrial electrical contractor operating in Idaho and Utah with a diverse client base, including GCs, universities, high-tech manufacturers and industrial facilities.

Case Study

ArchKey Solutions exemplifies how private equity can scale a fragmented industry through strategic acquisitions and a thematic approach to investing. By unifying market-leading regional brands (e.g., Sachs Electric, Parsons Electric, Sprig Electric, Mona Electric) and with a strategy centered on the power of scale, the platform was built to address the increasing complexity of modern infrastructure. Specifically, ArchKey's deep technical capabilities provide exposure to high-growth, mission-critical end segments such as data centers, semiconductors and renewable energy. Under One Rock Capital Partners, the firm hit a critical mass by standardizing operational efficiencies and expanding its recurring service. This value-creation play culminated in the September 2024 sale to 26North Partners, highlighting the massive institutional demand for scaled electrical platforms.

ArchKEY SOLUTIONS

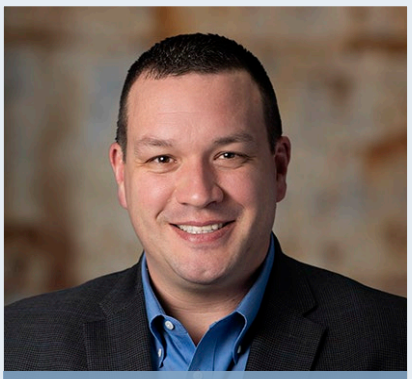
26NORTH

* The table above depicts a small subset of example transactions within the electrical services landscape where FMI Capital Advisors or Private Equity Services were involved with the transaction process.

FMI's Private Equity Team

Our dedicated Private Equity Consulting team delivers highly customized and targeted commercial due diligence, operational diligence, and sell-side market studies across all areas of the built environment. Our team's sole focus on this sector provides unrivaled insight into markets and ability to uncover areas of value and risk that others cannot.

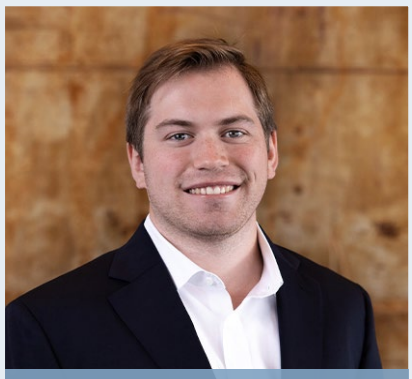
Meet the team to learn how we help clients create and realize long-term value.



Paul Giovannoni
Partner

919.785.9216
Paul.Giovannoni@fmicorp.com

LinkedIn: Paul Giovannoni



Drew Eidemueller
Associate Consultant

919.605.3923
Drew.Eidemueller@fmicorp.com

LinkedIn: Drew Eidemueller

FMI
Consulting