

# Residential Services

Industry Update

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Q1 2026

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## Key Insights and Observations

Stout is pleased to present our Residential Services Industry Update for Q1 2026, highlighting key takeaways from our discussions with industry leaders and our analysis of market trends, public company performance, and recent M&A activity. This edition provides a snapshot of sector momentum and the themes shaping investment activity as we move further into 2026.

- ❖ With improved residential services M&A in 2025, the sector has continued to build momentum in early 2026. Transaction volume has remained healthy to start the year, with sustained buyer interest across HVAC, plumbing, electrical, roofing, and other essential home services verticals
- ❖ The sector is well-positioned to capture growth from favorable secular tailwinds, including aging housing stock, remote work trends, a shift from “Do-It-Yourself” to “Do-It-For-Me,” interest rate dynamics, and modest YoY housing turnover growth
- ❖ We expect private equity activity to be robust in 2026. With sponsors seeking to reaccelerate capital deployment and the highly fragmented nature of residential service sectors, we anticipate continued focus on platform formation, robust add-on activity for existing platform investments, and increasingly flexible deal structures (i.e., majority and minority transactions)

We hope that you find this report helpful and that it serves as a valuable resource to you in staying up to date on the market. We look forward to staying in touch and encourage you to contact us directly if you would like to discuss our perspectives on current market trends or potential M&A opportunities, or to discuss our relevant advisory experience.

# Market Observations and Growth Drivers

*Residential services benefit from durable demand drivers, including an aging housing stock, a mortgage rate "lock-in" effect that keeps homeowners in place and spending on upgrades, and a growing remote workforce reshaping how people use their homes. Well-capitalized platforms aligned with these trends can gain share, scale through cross-trade expansion and M&A, and attract premium multiples from both private equity and strategic investors.*



## Aging Housing Stock

- The average age of U.S. owner-occupied homes is now **40+ years**, with half of all owner-occupied homes built before 1980, driving increasing frequency of maintenance, repairs, and system replacements across roofing, HVAC, plumbing, electrical, etc. as owners invest in maintaining and modernizing existing properties rather than purchasing new construction

## Golden Handcuffs

- Over **50% of U.S. mortgage holders have rates under 4%** and **~80% hold rates below 6%**, creating a "locked-in" effect that keeps homeowners in place and redirects spending toward maintenance and upgrades rather than moving; with **~95% of low-rate borrowers** electing to hold their current mortgages through 2025, this dynamic continues to fuel sustained demand for residential services

## Remote Work and Lifestyle Shifts

- Approximately **22% of the U.S. workforce (~33 million people) works remotely** in some capacity, a rate that has stabilized at 5x pre-pandemic levels, further anchoring homeowners to their properties and driving increased spending on comfort upgrades, smart home installations, energy efficiency projects, and home office improvements

## Younger Demographic Tailwind

- Homeowners **below the age of 44 hire service providers at a higher rate** than the population average, with affluent young homeowners prioritizing licensed, high-quality professionals and carrying the highest home improvement budgets of any segment — a trend amplified by this cohort's comfort with digital booking platforms and online provider discovery

## DIY-to-Professional Conversion

- Millennials now account for **~35% of home service bookings**, and two-thirds to three-quarters of technical trade work (HVAC, plumbing, electrical) is completed by a professional, reinforcing growing demand for skilled technicians and licensed contractors as the complexity of modern home systems continues to outpace typical DIY capabilities

# Subsector Spotlight: Foundation Repair

Demand for foundation repair services is accelerating, driven by improved homeowner education and aging housing stock driving investment in home structural integrity maintenance & repair

## Industry Overview

- The U.S. foundation repair market is valued at \$10.6B and is projected to grow at a 5% CAGR over the next 8 years, driven by aging housing stock, Sunbelt soil dynamics, and increasing climate volatility
- Like roofing, foundation repair is essential and nondeferrable – avg. repair costs ~\$5K, but issues left unaddressed can escalate to \$20K–\$100K+; because damage is hard to detect early, platforms investing in homeowner education can capture demand sooner in the repair cycle

## Key Subsector Drivers

### Aging Housing Stock & Homeowner Education

An aging housing stock increases the prevalence of foundation deterioration, settlement, and cracking. Foundation issues are often difficult to detect prior to minor fixes escalating to major repair projects; improved homeowner education and proactive inspection programs are key to driving earlier intervention

### Shifting Soils and Sunbelt Migration

Population growth and housing development in Sunbelt regions with expansive and shifting soils increase the likelihood of foundation movement and settlement, driving sustained demand for stabilization, leveling, and structural repair

### Climate and Weather Volatility

Increasing climate volatility – drought cycles, heavy rainfall, and freeze–thaw conditions – accelerates soil movement and foundation stress, driving demand for drainage, waterproofing, and repair services

## Technology Spotlight

### Smart Foundation Monitoring Systems

Innovative foundation monitoring systems utilize IoT sensors and data analytics to continuously assess a building’s foundation condition. These systems detect subtle changes in movement, moisture levels, and soil pressure in real time, enabling homeowners and professionals to identify potential issues early and intervene proactively before more extensive, costly repairs become necessary

### Polyurethane Foam Injection

Polyurethane foam injection has transformed foundation repair by offering a minimally invasive alternative to traditional methods. A specially formulated foam is injected beneath a settling foundation, which expands to fill voids and lift the structure to its original position. This approach eliminates extensive excavation, delivering a faster, more cost-effective solution with significantly less disruption to the property

## Key Platforms



CenterOak Partners  
(2025)

**VANTERRA**  
FOUNDATION SOLUTIONS

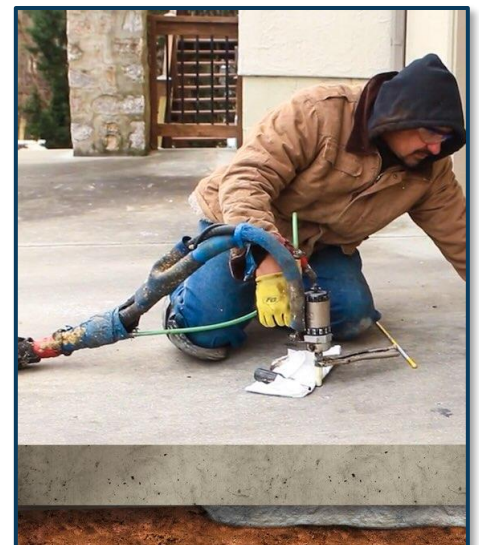
Percheron Capital  
(2024)

**Groundworks**

KKR  
(2023)



Tecum Capital  
(2022)



# Subsector Spotlight: Pool Services



Demand for residential pool services is accelerating in North America, driven by increased homeownership, investments in outdoor living spaces, and aging pool infrastructure

## Industry Overview

- The U.S. pool services market is valued at \$8.8B and is projected to grow modestly at a 2% CAGR over the next 5 years
- Demand for pool cleaning, chemical treatment, equipment repairs, renovations, inspections, seasonal services, and leak detection is rising as pool ownership grows and safety and water quality standards tighten

## Key Subsector Drivers

### Expansion of Installed Pool Base

Continued growth in new pool construction, migration to warmer climates, and increased investment in outdoor living spaces expand the recurring serviceable market, driving sustained demand for cleaning, maintenance, repairs, upgrades, and seasonal services

### Aging Pool Infrastructure and Equipment

A large and growing base of aging pools and mechanical systems, including pumps, heaters, filters, liners, and automation controls, drives recurring demand for repairs, replacements, retrofits, and energy-efficient modernization projects

### Tightening Safety and Water Quality Standards

Increasing regulatory scrutiny, heightened homeowner awareness around drowning prevention, energy efficiency requirements, and stricter water chemistry standards are accelerating adoption of professional maintenance services and compliant equipment upgrades

## Technology Spotlight

### Robotic Cleaning & Smart Automation

IoT-enabled robotic pool cleaners and smart automation systems are transforming pool maintenance into a seamless, app-controlled process. These devices integrate with home ecosystems to automate cleaning, filtration, and chemical balancing, allowing owners to monitor and adjust settings on the fly

### Energy-Efficient Filtration & Water Quality Monitoring

Advanced sensor-based systems continuously monitor water chemistry, pH levels, and filtration performance in real time. Variable-speed pumps and smart controls optimize energy consumption and chemical usage, driving cost savings while ensuring consistent water quality

## Key Platforms

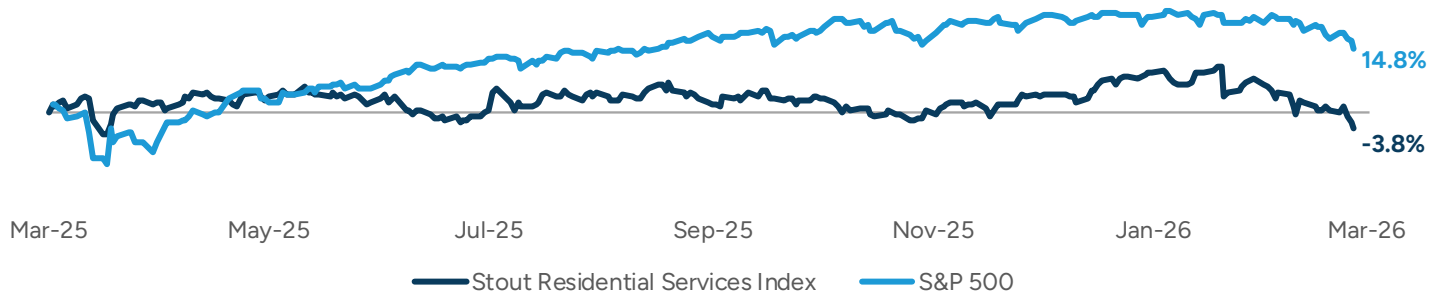
 <b>Azureon</b> O2 Investment Partners (2024)
 Trivest Partners (2024)
 Tamarix Equity Partners (2022)
 Storr Group (2019)



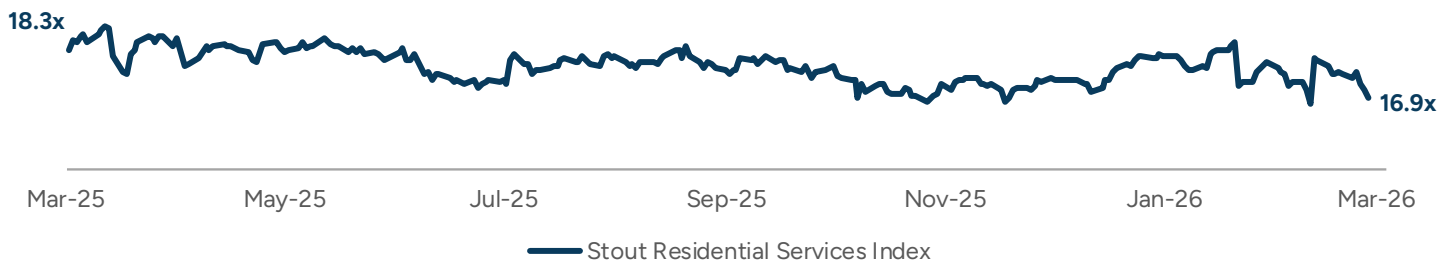
# Public Market Performance

## Indexed Stock Price Performance by Subsector — Last 12 Months

(Indexed to 0.0 as of 3/23/2025)



## Historical EV / LTM EBITDA Multiples — Last 12 Months



## Public Markets Expert Commentary

### Post-COVID Stabilization

The residential services sector exploded during and immediately following COVID. Following the pandemic-era peak, the sector has stabilized over the past 12 to 18 months, resulting in consistent performance and a sustainable growth trajectory

### Q4 2025 Observations & 2026 Outlook

Despite a temporary dip in early Q4 2025, driven by federal shutdown concerns and elevated mortgage rates, the residential services sector rebounded quickly in December 2025, restoring market confidence. Over the past ~30 days, the conflict in the Middle East has created economic headwinds driving slight declines across the broader global and domestic markets

Source: S&P Capital IQ, Stout Residential Services Index (Chemed Corporation, FirstService Corporation, Rentokil Initial plc, Rollins, Inc.)

# Public Market Performance (cont.)

## Stout Residential Services Index Stock Performance Data

Company Name	Ticker	Share Price		Enterprise			EBITDA	Debt /	EV / Rev	EV / EBITDA	
		3/23/26	% 52 High	Value	Revenue	EBITDA	Margin	EBITDA	LTM	LTM	NTM
<b>Residential Services</b>											
Chemed Corporation	NYSE:CHE	\$373.42	59.9%	\$5,209	\$2,530	\$404	16.0%	0.4x	2.1x	12.9x	10.6x
FirstService Corporation	TSX:FSV	137.63	65.1	8,045	5,498	535	9.7	2.6	1.5	15.0	13.4
Rollins, Inc.	NYSE:ROL	53.21	80.5	26,585	3,761	854	22.7	1.2	7.1	31.1	28.0
Rentokil Initial plc	LSE:RTO	6.18	93.5	19,391	6,908	940	13.6	6.5	2.8	20.6	12.6
<b>Overall Median</b>			<b>72.8%</b>	<b>\$13,718</b>	<b>\$4,629</b>	<b>\$695</b>	<b>14.8%</b>	<b>1.9x</b>	<b>2.4x</b>	<b>17.8x</b>	<b>13.0x</b>
<b>Overall Mean</b>			<b>74.7%</b>	<b>\$14,808</b>	<b>\$4,674</b>	<b>\$683</b>	<b>15.5%</b>	<b>2.7x</b>	<b>3.3x</b>	<b>19.9x</b>	<b>16.2x</b>

## Public Company Leadership Key Commentary

*We have initiatives in place that I believe can lead to modest growth, mainly coming in 2026...these improvements, along with an aggressive program to find and reacquire past franchises in desirable territories, gives us confidence that we can meet or exceed our 2026 guidance.*

**Kevin J. McNamara - CEO, President & Director**



*"Our results for the quarter and the year reflect continued solid execution by the Rollins team — we delivered robust revenue growth of 11% for the year, with strong growth across each of our service offerings, and despite significant growth investments, Adjusted EBITDA grew by over 10%."*

**Kenneth D. Krause - Executive VP & CFO**



*"We're pleased with how we closed out the year in an environment that continues to challenge us across several of our businesses... Our fourth quarter results ... were modestly better than our expectation... and for the year, we reported solid results that we're proud of in the face of tough macro headwinds."*

**Jeremy Alan Rakusin - CFO**



*In North America, we are continuing to execute our evolved marketing and multi-brand strategy. Informed by the strong growth in leads from our regional brand strategy, we are planning to retain 30 national, regional and local Rentokil brands that represent over 90% of average annual revenue."*

**Andy Ransom - CEO**



Note: \$ in millions, except share price; Enterprise Value ("EV") equals Market Value plus straight/convertible debt, preferred stock, minority interest, less cash and short-term investments

Source: S&P Capital IQ as of 3/23/2026

# M&A Transaction Highlights

Date	Acquiror (Ownership)	Target (Seller)	Industry Subsector
Feb-26	HITT Contracting	Brycon Corporation	Interior Installation & Repair
Feb-26	Air Control Concepts (Blackstone)	Technical Air Systems	HVAC, Mechanical, Plumbing, & Electrical
Feb-26	LMC Landscape Partners (Trivest Partners)	Shinto Landscaping (Leykar Investments)	Exterior Services
Feb-26	Ally Services	Above & Beyond Services	Interior Installation & Repair
Feb-26	Braddock Electric	Squires Electrical & Mechanical	HVAC, Mechanical, Plumbing, & Electrical
Jan-26	SPS PoolCare (Storr Group)	Pool Troopers (Shoreline Equity)	Exterior Services
Jan-26	Heritage Holding HVAC & Mechanical Group (Hennepin Partners)	DeWine Mechanical	HVAC, Mechanical, Plumbing, & Electrical
Jan-26	RUI Holdings (Great Range Capital)	Meridian Restoration	Mitigation & Restoration
Jan-26	Ridgeline Roofing & Restoration (Bertram Capital)	Bold North Roofing and Contracting	Home Envelope
Jan-26	United Land Services Holdings (Centre Partners)	H&O Grounds	Exterior Services
Jan-26	United Land Services Holdings (Centre Partners)	Custom Tree Surgeons	Exterior Services
Jan-26	Senske (GTCR)	Realgreen Lawn & Shrub Care	Exterior Services
Jan-26	Senske (GTCR)	Greenup	Exterior Services
Jan-26	Sundream HVAC	Atlantic Plumbing Services	HVAC, Mechanical, Plumbing, & Electrical
Dec-25	Azureon (O2 Investment Partners)	Precision Pool & Spa	Exterior Services
Dec-25	Strata Landscape Services (Align Capital Partners)	Watersedge Landscape	Exterior Services
Dec-25	Bain Capital	Service Logic (Leonard Green Partners)	HVAC, Mechanical, Plumbing, & Electrical
Dec-25	ExperiGreen (Wind Point Partners)	Turf Masters Brands (CenterOak Partners)	Exterior Services
Dec-25	Northside Tree Professionals	Duffy Companies	Exterior Services
Dec-25	Paschal Heating and Air Conditioning	Robison Air	HVAC, Mechanical, Plumbing, & Electrical
Dec-25	TreeServe (SoundCore Capital)	Schneider Tree Care	Exterior Services
Dec-25	Unity Partners	Yardmaster	Exterior Services
Dec-25	Unity Partners	Big Lakes Lawncare	Exterior Services

# M&A Transaction Highlights (cont.)

Date	Acquiror (Ownership)	Target (Seller)	Industry Subsector
Dec-25	Legence Corp. (NasdaqGS:LGN)	Innovative Mechanical & Design	HVAC, Mechanical, Plumbing, & Electrical
Dec-25	Unity Partners	Kunco Landscape	Exterior Services
Dec-25	Easton Select (Brenton Point Capital Partners)	Harrison Pool & Spa	Exterior Services
Nov-25	Any Hour (Knox Lane)	Lee's Plumbing	HVAC, Mechanical, Plumbing, & Electrical
Nov-25	LawnPRO Partners (HCI Equity)	Total Lawn Care	Exterior Services
Nov-25	Skyline Roofing Partners (Imperial Capital)	Dr. Roof Atlanta (Southpointe Ventures)	Home Envelope
Nov-25	Landscape Workshop (Ares Management)	Constant Care Grounds Maintenance	Exterior Services
Nov-25	Senske (GTCR)	Huerter Lawn Care	Exterior Services
Nov-25	Chill Brothers (Forum Asset Management)	Tower Heating, Air, & Plumbing	HVAC, Mechanical, Plumbing, & Electrical
Nov-25	Ole Man RB's Tree Service and Landscaping	Everdriven Ventures	Exterior Services
Nov-25	Zags Home Services	Michigan Home Restoration	Mitigation & Restoration
Oct-25	M.W. Johnson Enterprises	TC Roofing and Restorations	Home Envelope
Oct-25	Canopy Services (Trivest Partners)	C & C Family Roofing & Siding	Home Envelope
Oct-25	Roofed Right America (Great Range Capital)	Eagle Rivet Roof Service	Home Envelope
Oct-25	Cascade Residential Services (Trive Capital)	East Coast Mechanical (AirPros USA)	HVAC, Mechanical, Plumbing, & Electrical
Oct-25	Whitewater Capital Partners	Valley Gardens	Exterior Services
Oct-25	Southern HVAC Corporation (Gryphon Investors)	Nick's Plumbing & Sewer Service	HVAC, Mechanical, Plumbing, & Electrical
Oct-25	Senske (GTCR)	Deans Services	Exterior Services
Oct-25	Aligned Exteriors Group (River Sea Network)	Whitney Roofing	Home Envelope
Oct-25	XKIG (Oaktree Capital)	Thomas Contracting	Interior Installation & Repair
Oct-25	Best in Class Technology Services (Investcorp)	Prairie Mechanical Corporation	HVAC, Mechanical, Plumbing, & Electrical
Oct-25	LawnPRO Partners (HCI Equity)	Sea of Green Lawn Care	Exterior Services
Oct-25	Flow Service Partners (Quad-C)	Weber Refrigeration and Heating	HVAC, Mechanical, Plumbing, & Electrical

# Commercial & Residential Services Investment Banking Team

## PRACTICE OVERVIEW

The Stout Residential Services group leverages deep advisory experience and expertise as well as dedicated coverage across a range of business models and key industry subsectors. The team maintains strong, tenured relationships with the most relevant strategic consolidators and private equity investors and holds a long track record of success advising residential services businesses in the middle market.

## DEEP RESIDENTIAL SERVICES SUBSECTOR COVERAGE



**Exterior Services**



**Home Envelope**



**HVAC, Mechanical, Plumbing, & Electrical**



**Interior Installation & Repair**



**Mitigation & Restoration**



**Property Management**

## DEEP COMMERCIAL SERVICES SUBSECTOR COVERAGE



**Access Control**



**Fire & Life Safety**



**Elevator Services**



**HVAC, Mechanical, Plumbing, & Electrical**



**Exterior Services**



**Rental Services & Equipment**



**Facility Services**



**Safety, Inspection, & Compliance**

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# Select Transaction Experience

**CONTINUUM SERVICES**  
a portfolio company of

**REDICO**

has acquired

**Reliable Landscaping, Inc.**  
*"Quality Not Only On The Surface"*

BUY-SIDE ADVISOR

**CONTINUUM SERVICES**  
a portfolio company of

**REDICO**

has acquired

**ALLIED BUILDING SERVICE**

BUY-SIDE ADVISOR

**PRAIRIE CAPITAL OPPORTUNISM**

has been acquired by

**BCTS**

a portfolio company of

**INVESTCORP**

SELL-SIDE ADVISOR

**SIERRA AIR CONDITIONING, INC.**  
a portfolio company of

**SEI Capital**  
has been acquired by

**Airtron**  
HEATING & AIR CONDITIONING

a portfolio company of

**GAMUT CAPITAL**

SELL-SIDE ADVISOR

**sylvan**  
a portfolio company of

**BLUEPOINT Capital Partners**

has been acquired by

**E3Tech**  
**andressen horowitz**

SELL-SIDE ADVISOR

**STAMBACK SERVICES**

has been acquired by

**FUSIONSITE**

a portfolio company of

**THE CYNOSURE GROUP**

SELL-SIDE ADVISOR

**RSM FACILITY SOLUTIONS**

has been acquired by

**ORION**

a portfolio company of

**ALPINE**

SELL-SIDE ADVISOR

**Star Laundry**

has received an investment from

**TRP Capital Partners**

SELL-SIDE ADVISOR

**ESKOLA ROOFING & WATERPROOFING**

has been acquired by

**EAGLE MERCHANT PARTNERS**

SELL-SIDE ADVISOR

**MONARCH LANDSCAPE COMPANIES**

has been acquired by

**Audax Group**

SELL-SIDE ADVISOR

**Seneca Companies**

has been acquired by

**OWL**

a portfolio company of

**TRIVE CAPITAL**

SELL-SIDE ADVISOR

**IHS**  
a portfolio company of

**NORTH BRANCH CAPITAL**

has been acquired by

**LIGHTBAY** **Freeman Spogli**

SELL-SIDE ADVISOR

**cresa**

completed growth financing with

**ALARIS EQUITY PARTNERS**

SOLE PLACEMENT AGENT

**examinetics**  
a portfolio company of

**FREEDOM13**

has been acquired by

**COALESCE CAPITAL**

SELL-SIDE ADVISOR

**Wrench Group**  
a portfolio company of

**INVESTCORP**

STRATEGIC ADVISOR

**LEW CORPORATION**  
*The Environmental Company™*

has been acquired by

**EVOLUTION CAPITAL PARTNERS™**

SELL-SIDE ADVISOR



## ABOUT STOUT INVESTMENT BANKING

Stout's Investment Banking group provides mergers and acquisitions (M&A) advisory, capital market financing, and other financial advisory services to portfolio companies of private equity firms, closely held or family-owned businesses, and divisions of large corporate parents. Learn more about our [Investment Banking services](#).

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