



# Engineering & Construction

SECTOR BRIEF | Q3 2023

**HW** Harris Williams

# What We're Reading

## Construction Backlog Holds Steady on Infrastructure Tailwinds



"Construction backlog remained flat in June at 8.9 months, the third consecutive month outstanding projects that contractors have booked, but haven't yet started, notched that level. The number was also exactly the same as results from a year ago. Infrastructure backlog increased for the third straight month and, more than 18 months after the passage of the \$1.2 trillion Infrastructure Investment and Jobs Act, is now at its highest level in two years."

"That could also explain why construction executives' outlook has remained positive overall, even as sectors that they rely on heavily for clients, such as technology, have felt the brunt of layoffs and slowing sales as economic activity begins to wane."

"Backlog once again remained stable in June despite tight credit conditions and high interest rates...contractors continue to signal an expectation that sales, profit margins, and staffing will expand over the second half of 2023", said Anirban Basu, chief economist for Associated Builders and Contractors."

[Construction Dive](#)

## The AI Revolution in Sustainable Infrastructure Investing



"With AI's ability to process vast amounts of data and derive actionable insights, it is reshaping the way project developers, investment firms, and stakeholders approach key aspects of the investment process."

"One of the key challenges in sustainable development is identifying optimal project locations and managing their integration with the electric grid...[AI] tools analyze factors such as grid capacity, transmission lines, load distribution, and renewable resource availability to identify areas where new projects can have the greatest impact while minimizing potential bottlenecks."

"By streamlining pre-construction activities, enhancing investment pitches, optimizing project locations, and assessing sustainability impact, AI-based tools are unlocking new opportunities for efficiency and impact."

[Forbes](#)

## The Strategic Era of Procurement in Construction



"Faced with additional pressure from recent disruptions, including the COVID-19 pandemic, the war in Ukraine, and overall slowdown in new building projects, construction companies are doubling down on procurement as a key driver of improving profitability and navigating uncertainty."

"Despite the significant margin impact of procurement, the construction industry is not keeping up with other industries when it comes to implementing best practices. This is partially explained by external challenges—such as limited control over project specifications and complex, fragmented supply chains—and internal challenges such as decentralized project-by-project mindsets."

"The level of scarcity of certain materials may require construction companies to invest in, fully acquire, or build new suppliers to secure access, as the auto industry had to do when automotive OEMs invested in green-steel start-ups in Europe and the United States."

[McKinsey](#)

## Drinking Water Utilities Optimistic About Challenges Ahead



"The AWWA's 20th annual report lists rehabilitating or replacing aging infrastructure and ensuring long-term availability of drinking water supplies as the top concerns...The third biggest concern is acquiring funding for capital improvements. Despite record funding levels for water infrastructure through the Infrastructure Investment and Jobs Act (IIJA) and the Water Infrastructure Finance and Innovation Act (WIFIA), utilities are still evaluating funding strategies and project timelines."

"Another challenge has been cost increases, worker shortages and supply-chain issues...to mitigate rising capital costs, Toronto Water packaged portions of projects in bundles, ensuring that cost estimates were continually updated, and in some cases, descoped aspects of some projects...[in addition to] prepaying."

"All these strategies do one or two things: they manage the work to fit within the available approved budget, or they accelerate awards, purchase orders, change orders and other payments to avoid price increases between bid and actual payment, thereby decreasing contractor risk."

[Engineering News-Record](#)

# Select Recent M&A Transactions

Announced June 12, 2023



## Bowman Consulting Acquires Infrastructure Engineers

- Advanced Applied Engineering, Inc. (dba Infrastructure Engineers), a California-based engineering firm, was acquired by Bowman Consulting, a leading engineering services firm delivering infrastructure solutions to customers who own, develop, and maintain the built environment.
- The acquisition will strengthen Bowman's public sector infrastructure design capabilities and enhance its presence in California, while enabling Infrastructure Engineers to expand its services nationally.

Announced June 8, 2023



## Stantec Acquires Environmental Systems Design

- Stantec, a global leader in sustainable design and engineering, acquired Environmental Systems Design, Inc., an engineering and consulting firm serving industry-leading technology clients.
- The partnership significantly enhances Stantec's mechanical, electrical, plumbing, and structural engineering practice and deepens the firm's smart building engineering capabilities.

Announced May 3, 2023



## WSP Global Acquires LGT

- WSP Global Inc., a leading advisory, engineering, and design services firm, acquired LGT, a Quebec-based building engineering firm specializing in mechanical, civil, and structural engineering and sustainable development.
- The acquisition of LGT is another step in WSP's Canadian strategy and building sector approach and positions the company as an essential engineering and consulting player in Quebec.

Announced April 24, 2023



## Colliers Engineering & Design Acquires Rogvoy Architects

- Colliers Engineering & Design, a national multi-discipline engineering, architectural, design and consulting firm, has acquired Rogvoy Architects, PC, a Southfield, Michigan-based full-service architecture firm.
- This strategic step reinforces Colliers Engineering & Design's existing footprint in providing exceptional services to its clients while continuing to serve and expand Michigan's architectural needs.

Announced April 10, 2023



## Haley Ward Acquires Betsy Lindsay

- Haley Ward, an employee-owned professional engineering, environmental, and surveying consulting firm, acquired Betsy Lindsay, a Florida-based licensed surveying and mapping firm.
- The acquisition strengthens Haley Ward's presence in Florida and broadens the company's service offering with aerial surveying and drone mapping.

# Recent M&A Transactions

Announced Date	Target	Target Description	Acquirer
6/20/2023	Buildup	Construction software platform that facilitates communication among project managers, contractors and other construction site personnel.	TCQS Applications
6/20/2023	Byce & Associates	Provider of design, engineering, and project management solutions for architecture, designing and engineering sectors.	Abonmarche Consultants
6/14/2023	McCoy Collaborative Preservation Architecture	Provider of architectural and preservation services.	P A TREANORHL
6/8/2023	Gavan & Barker	Provider of hydrologic design engineering and architectural services.	Huitt - Zollars
6/7/2023	Eden & Associates	Provider of engineering, development, construction management, and planning.	WK Dickson & Co.
6/7/2023	Nortech Geotechnical/Civil Consultants	Provider of geotechnical engineering services, geotechnical investigatory services, concrete sampling services and certification letters.	Westex Consulting Engineers
6/5/2023	Ahneman Kirby	Provider of engineering and surveying services to public infrastructure and transportation systems.	The Fibersmith
6/5/2023	Gibson Applied Technology & Engineering	Provider of oil and gas engineering and consulting services.	Applied Industrial Technologies
6/2/2023	Finelli Consulting Engineers	Provider of engineering services to private, municipal, federal, state and county government customers.	Universal Technical Resource Services
6/1/2023	BHH Partners	Provider of residential design, commercial design, and sustainability and green design services.	Widseth Smith Nolting
6/1/2023	SMP Tech	Provider of engineering design and analysis services.	3Desco
5/31/2023	Bellecci & Associates	Construction engineering company serving energy companies and commercial and municipal clients.	Sanderson Stewart
5/30/2023	Ridgepoint Consulting	Provider of civil engineering services specializing in municipal infrastructure, residential and commercial development, roadway design, and site infrastructure services.	Trihydro
5/25/2023	Milman & Associates	Provider of structural engineering and project management services for power generation facilities, airports, automotive plants, hospitals and educational facilities.	MTE Consultants
5/23/2023	Frey Engineering	Provider of environmental and civil engineering services including geotechnical engineering, wastewater treatment design, construction management, and site planning.	Liberty Environmental
5/23/2023	Hughes Group Architects	Provider of engineering services including sustainable design, architectural design, interior design, and space planning.	Little Diversified Architectural Consulting
5/22/2023	Optimal Design	Provider of industrial design, mechanical engineering, electrical engineering, software engineering and prototyping service for product development.	Deloitte
5/18/2023	Commercial Site Solutions	Provider of civil engineering services for commercial, industrial, and residential clients.	Goodwyn, Mills and Cawood
5/12/2023	Rapidbuilt	Provider of civil engineering solutions for the commercial, industrial, and residential sectors.	Sky Harbour

# Recent M&A Transactions (Cont.)

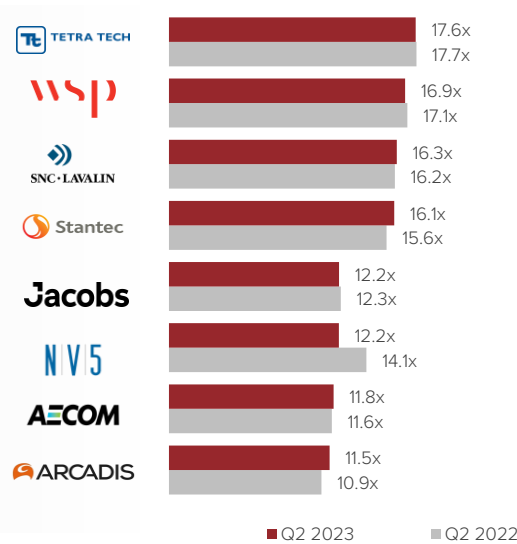
Announced Date	Target	Target Description	Acquirer
5/10/2023	Ransom Consulting	Provider of engineering services for real estate and municipality redevelopment projects.	Pinchin
5/9/2023	KSH Solutions	Provider of consulting, engineering, and project delivery services.	AFRY
5/5/2023	HilgartWilson	Provider of planning, survey, and consulting services including grading and drainage, roadway design, storm drain design, hydrology, and hydraulic analysis.	Colliers Engineering & Design
5/5/2023	Maple Engineering	Provider of engineering, procurement, and construction management services.	Barton Associates
5/2/2023	Reece Engineering and Survey	Provider of construction and engineering services including project management, project reconnaissance, civil design, inspection services, and general consultation.	Emerio Design
4/27/2023	Carter Associates	Provider of consulting engineering and land surveying.	LJA Engineering
4/27/2023	Rogvoy Architects	Provider of architecture and design services.	Colliers Engineering & Design
4/17/2023	Enginuity Engineering Solutions	Provider of civil engineering and engineering staffing.	Olsson
4/15/2023	Madison Engineering	Provider of civil engineering services offering design, construction, surveying, planning, studies, drafting, and air quality testing services.	WWC Engineering
4/12/2023	R. J. Rhodes Engineering	Engineering services provider offering professional land surveying and mapping services.	LJA Engineering
4/4/2023	MidSea Engineering	Provider of engineering consulting services focused on sustainable infrastructure development in water resource and green energy sectors.	CIMA
4/4/2023	Pantera Global Technology	Developer of construction management software designed to simplify customers' bids, projects, and communication and achieve higher bid response rates.	BCI Central
4/3/2023	Ruettiger Tonelli & Associates	Provider of sustainable engineering, design, and geographic information technology solutions to the transportation, infrastructure, and geographic information industries.	TWiG Technologies
4/1/2023	Ebert Norman Brady Architects	Provider of architectural services including programming, schematic design, design development, and bidding and construction administration services.	LS3P Associates
4/1/2023	Studio Intersekt	Provider of design, architecture, construction, and development services to the retail and food, commercial and entertainment, and hospitality industries.	Aplin and Martin Consultants

# Public Valuations<sup>1</sup>

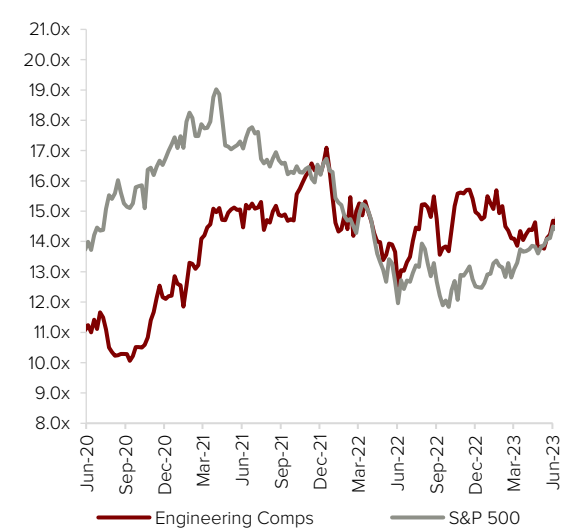
## 5-Year Revenue CAGR



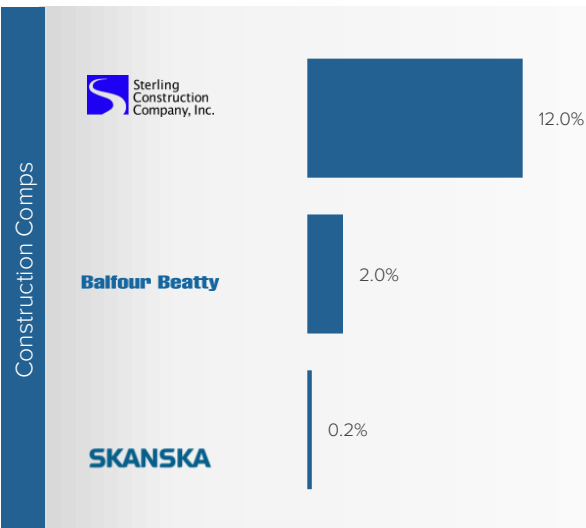
## Quarterly EV / EBITDA Multiples



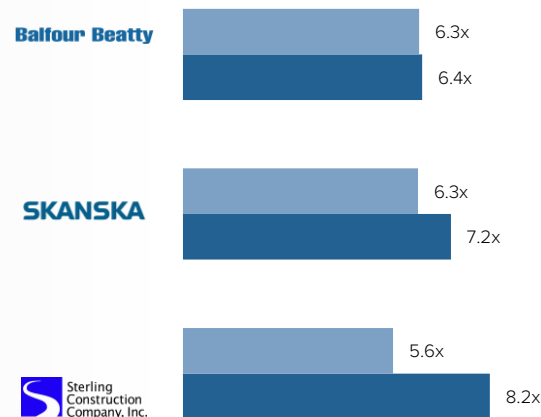
## Trended EV / EBITDA Multiples



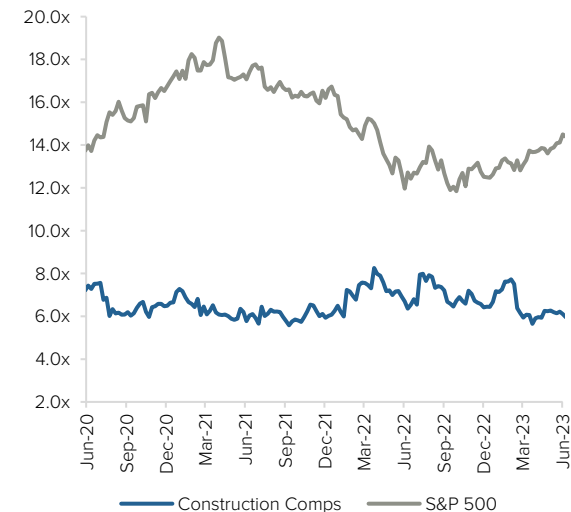
## 5-Year Revenue CAGR



## Quarterly EV / EBITDA Multiples



## Trended EV / EBITDA Multiples



■ Q2 2023 ■ Q2 2022

# Harris Williams Engineering & Construction Overview

## Sector Focus Areas

- › Construction / Project Management
- › Electrical Engineering & Services
- › Civil Engineering
- › General & Specialty Contracting
- › Infrastructure Support Services
- › Building Services
- › Design & Installation
- › Forensic Engineering

## Contact Us



Drew Spitzer  
Managing Director  
[aspitzer@harriswilliams.com](mailto:aspitzer@harriswilliams.com)  
Energy, Power & Infrastructure  
Office: 804-915-0174



Greg Waller  
Director  
[gwall@harriswilliams.com](mailto:gwall@harriswilliams.com)  
Energy, Power & Infrastructure  
Office: 804-887-6138



Matt White  
Managing Director  
[mwhite@harriswilliams.com](mailto:mwhite@harriswilliams.com)  
Energy, Power & Infrastructure  
Office: 804-915-0131



Derek Lewis  
Managing Director  
[dlewis@harriswilliams.com](mailto:dlewis@harriswilliams.com)  
Business Services  
Office: 804-915-0118

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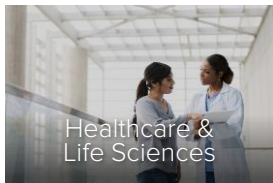
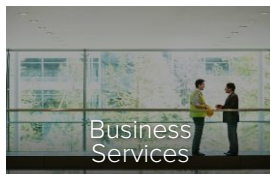
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Deep Industry Experience

Proven Expertise

Core Values That Drive Success



MERGERS &  
ACQUISITIONS

PRIVATE CAPITAL  
SOLUTIONS

PRIMARY FUND  
PLACEMENT



75% Revenue from repeat clients

87% Managing Directors promoted from within

30+ Year history



## Sources

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1. Capital IQ

## Disclosures

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