

OUTLOOK 2026

INDUSTRIALS



 Harris Williams

Across industries, the market is accelerating. Yet it's a nuanced environment, in which quality is king, strategic options are expanding, technology is transforming the landscape, and change is a constant. Overall, 2026 offers a wealth of potential for buyers and sellers who can navigate this complexity with strategic conviction and tactical creativity. [Read our 2026 Outlook.](#)

Here, we explore how these dynamics are driving M&A opportunities in industrials.



Industrials: Essential Solutions for High-Growth End Markets

In 2026 and beyond, the industrials space is expected to see strong investor interest fueled by many long-term themes, including onshoring and nearshoring, electrification, infrastructure investment, digital transformation and technology adoption, sustainability, and others.

“These trends are creating an ongoing need for innovative solutions in multiple industrials segments,” says [Tim Webb](#), a managing director and co-head of our [Industrials Group](#). “Across the space, both private equity investors and strategic buyers will continue to gravitate toward companies that can demonstrate recurring demand, defensible market positions, and differentiated offerings tailored to high-growth end markets.”

Below, we highlight key industrials sectors for investors to watch in 2026 and a selection of clients that exemplify opportunities throughout the industry.

Building Products and Materials: Long-Term Growth Potential

The building products sector offers attractive long-term fundamentals despite some recent headwinds. While the space has seen market pressures, leading companies are pulling ahead by enhancing their value propositions via investments in both technology and service, tackling lingering affordability hurdles, emphasizing operational efficiency and tech adoption, optimizing their supply chains, and managing input costs and labor constraints.

For example, many groups are aligning to these themes by continuing to use material substitution to find value. “Through innovative material science and new products, companies are uncovering ways to solve more problems,” says Webb. “Businesses offering solutions that enhance performance, create cost, labor, and time efficiencies, and improve sustainability will continue to grow, take share, and appeal to investors.”

At the same time, businesses serving strong end markets like infrastructure are performing particularly well and capturing investor attention. Other key sectors such as the residential R&R market, meanwhile, have significant pent-up demand that continues to build, signaling upside ahead as the market normalizes.



Exemplifying these opportunities is [Lindsay Precast](#). The company manufactures prefabricated concrete and steel products, serving the critical infrastructure needs of state and municipal government entities, utilities, renewable energy companies, diversified commercial businesses, and the military. It continues to support the construction and modernization of water management, utility, data center, transportation, and energy systems across the U.S. while saving customers labor and cost on the job site.

In addition, the distribution channel remains highly fragmented and primed for continued consolidation. In this space, best-in-class companies are disrupting the market by making significant investments in technology to better service customers. Leading distributors are also differentiating themselves through showroom models that create stronger customer and sales support. “We continue to see rapid consolidation in building products distribution as large players broaden their aperture and find value in smaller groups with brand power and product quality,” adds Webb.

Illustrating this potential is Mosaic Companies and its division [Opustone](#), a stone slab and tile distributor that offers an extensive inventory of premium surfaces for residential and commercial design projects. Opustone is distinguished by its combination of exceptional product quality, curated global sourcing, and a client-centric approach.

“Across building products, both private equity firms and strategic buyers will continue to value the industry’s long-term value-creation opportunities, with strategics in particular leaning into M&A even through the recent market environment,” says Webb. “They’re prioritizing acquisitions that are finding ways to prevail amid the current backdrop, and are seeking opportunities to expand into new geographies, add value-added capabilities, or enter adjacent product verticals.”

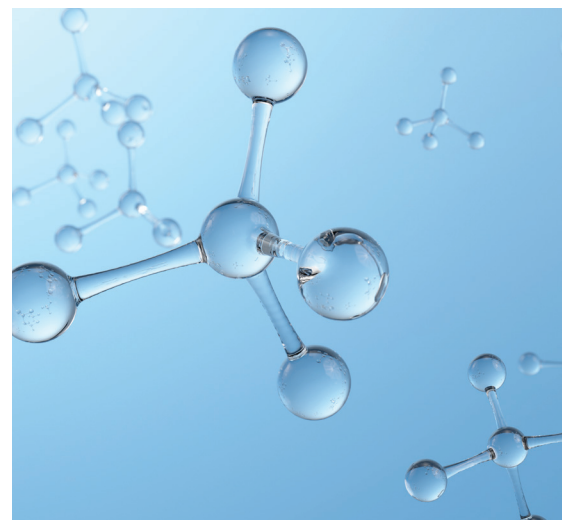


Chemicals and Specialty Materials: Optimism Across Several Bright Spots

A confluence of stabilizing market fundamentals and structural private equity pressures is setting the stage for a rebound in chemicals and specialty materials M&A. With tariff-driven volatility abating, potential sellers now have clearer visibility on future earnings. Simultaneously, a backlog of mature, PE-owned assets—many held for five years or more—creates a structural impetus for exits. As well-funded buyers look to deploy capital into a more predictable environment, this alignment of interests should catalyze a new wave of deal-making.

“Overall, as uncertainty wanes, we expect chemicals and specialty materials M&A activity to build, with the sector’s long-term fundamentals and multiple structural tailwinds setting the stage for a busier 2026,” says [Jason Bass](#), a managing director and group co-head.

Throughout the space, there are many bright spots including water treatment which continues to garner significant investor attention from both strategic and financial buyers. There’s also heightened interest in distribution and service businesses with buyers attracted to their asset-light models and critical link between manufacturers and a fragmented end-user base.



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At the same time, investors continue to seek high-margin specialty materials with clear differentiation in growing and resilient end markets, such as infrastructure, aerospace and defense, electronics, medical, and food and beverage. Potters exemplifies this potential, which is an integrated and innovative global provider of specialty catalysts, materials, and chemicals and services to infrastructure markets.

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Lastly, another category on investors’ radar is coatings, adhesives, sealants, and elastomers (CASE). “Leading CASE solutions create lasting customer relationships, strong barriers to entry, and healthy margins, which are all highly appealing traits to investors,” says Webb. “M&A will continue to be a great way for these investors to help CASE businesses enter new higher-growth product categories and end markets.”

[UW Solutions](#) demonstrates how CASE companies are generating appealing M&A opportunities. UW Solutions is a vertically integrated manufacturer of branded coated substrates, specializing in the formulation of coatings and its proprietary application process. The business offers high-performance solutions for warehouses, consumer photography, and other in-demand applications, leveraging differentiated ultraviolet and electron beam coating technologies and expertise.

Engineered Equipment, Products and Components: Recurring Demand Across Categories
















A wide range of engineered equipment, products, and components are foundational to many attractive end markets, from manufacturing to energy to construction. Further, the sector is exposed to multiple powerful growth trends that drive consistent, repeat demand for a variety of solutions.

“Onshoring and nearshoring, electrification, growing investment in outdated infrastructure and technology, a push toward automation and robotics, and a greater emphasis on environmental factors will all drive growth for companies across the space in 2026,” says Bass.

The water space is one area with long-term growth opportunities for specialized components due to continued government spending on water and wastewater infrastructure. [AlpHa Measurement Solutions](#), a leading manufacturer of liquid analytical sensors and instrumentation, illustrates how differentiated companies are succeeding in this segment. The company provides intelligent and actionable insights across an array of parameters for diverse end markets including water and wastewater, as well as harsh industrial processes and environmental monitoring.

Safety is another key theme and an ongoing priority across the industrials market, creating resilient, recurring demand for products and services that leverage technology to better protect people, infrastructure, and systems. [Damotech](#), for instance, offers aftermarket rack safety solutions, including engineering services, proprietary rack safety management software, and built-to-spec repair and protection products.

Many electrical and mechanical products also continue to see strong investor interest due to being vital for expensive, high-cost-of-failure systems. For example, [Elgen Manufacturing](#), [Ideal Tridon](#), and [NSI Industries](#) all demonstrate the investment potential for engineered component companies serving the HVAC market and other critical applications.

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Industrial Technology: Powerful Themes, Broad Opportunities

Businesses of all kinds are prioritizing digital transformation, seeking advanced software, AI, and connectivity to enhance productivity and increase efficiency, among other goals. These objectives will create substantial opportunities for a diverse set of industrial technology providers throughout 2026.

For example, the rapid expansion of AI is driving growth opportunities across a multitude of sectors, from data center infrastructure components to highly specialized cooling products and services to solutions serving the power side of the equation. “The proliferation of AI continues to accelerate the computing and energy requirements of data centers, challenging their existing infrastructure and creating new opportunities for many types of innovative products and services,” says Webb. “In addition, strategics are becoming more aggressive for opportunities that align with their corporate priorities, and in today’s market, that’s anything supporting AI.”

[Avtron](#), for instance, is a leader in emergency power and test and measurement solutions for mission-critical systems. The company serves the high-growth data center segment as well as other critical infrastructure like microgrid and utility, commercial and industrial, healthcare, and government. [Heatscape](#), which provides advanced thermal management solutions to leading OEMs and its EMS partners, and [Great Lakes Data Racks & Cabinets](#), a designer and manufacturer of data racks, cabinets, advanced cooling systems, enclosures, and accessories, are also great examples.

Others include [DMC Power](#), which provides advanced connection systems for transmission, distribution, and substation projects, and [PurgeRite](#), which provides mission-critical flushing, purging, and filtration services. And finally, [IREMA-Filter GmbH](#) is a manufacturer of filtration products focused on high-growth emerging verticals such as data centers and high-tech manufacturing, as well as various mature, high-volume sectors like healthcare and automotive. Harris Williams advised Rensa Filtration, a portfolio company of Audax Private Equity, on its acquisition of IREMA-Filter.



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Packaging: Enhancing Efficiencies, Margins, and Scale

The universal, highly fragmented, and always in-demand packaging sector continues to see M&A momentum as forward-leaning companies seek to improve their performance, enhance their scale, and enrich the value they can provide.

Value to packaging customers and end users can take several forms, with innovative packaging companies integrating technology to provide digital packaging traceability and visibility into material origin, recyclability, and authenticity. In addition, leading packaging businesses are focusing on material science advancements to develop cutting-edge solutions that strike the right balance between performance, sustainability, and cost. M&A can be a quicker way to provide these benefits to customers than developing capabilities from scratch.

Likewise, M&A can help packaging businesses and their customers tap into the emerging benefits of AI and automation. “AI-assisted inspection and end-of-line automation can drive productivity for co-manufacturers and converters,” says Webb. “Packaging businesses further along the curve in these areas are in focus for acquirers.”

WHAT'S NEXT

Looking ahead through 2026, industrials is well positioned for robust M&A activity. Many important themes—from onshoring and electrification to infrastructure investment and digital transformation—will continue to drive resilient demand across key industrials categories.

“We expect both private equity and strategic buyers to remain focused on a broad set of mission-critical industrials businesses with recurring demand and differentiated solutions—especially those serving high-growth end markets,” says Webb.

[Learn more about the Harris Williams Industrials Group.](#)

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Featured Engagements

Lindsay
a portfolio company of
Midground Capital
has been acquired by
TJC

DAMOTECH
a portfolio company of
MOUNTAINGATE CAPITAL
has been acquired by
VANCE ST. CAPITAL

AVTRON
POWER SOLUTIONS
a portfolio company of
HIDDEN HARBOR
has been acquired by
Legrand

RENSA
a portfolio company of
Audax Private Equity
has acquired
IREMA
a portfolio company of
PINOVA CAPITAL

DMCPower
a portfolio company of
GOLDEN GATE CAPITAL
has been acquired by
HUBBELL

GREAT LAKES
DATA RACKS & CABINETS
has been acquired by
VERTIV

ELGEN
a portfolio company of
MFG MERIT CAPITAL PARTNERS
has been acquired by
WORTHINGTON ENTERPRISES

Opustone
STONE TILE CONCEPTS
a division of
a portfolio company of
THE BAUPOST GROUP
has been acquired by
CR Construction Resources
a subsidiary of

Alpha
a portfolio company of
PRAIRIE CAPITAL
has been acquired by
ENPRO

UW Solutions
The solution beneath the surface
a portfolio company of
HEARTWOOD PARTNERS
has been acquired by
apogee

2026 Outlooks by Market

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