

Latest Trends

ACEC MA Accounting & Finance Forum
January 15, 2026



0

Table of Contents

- I. M&A Trends
- II. Timing and M&A Process
- III. Internal Ownership Transition Trends
- IV. About Us & Credentials



1

1

Section I

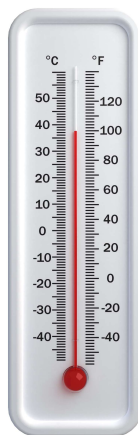
M&A Trends



2

2

I. A/E Industry M&A Trends



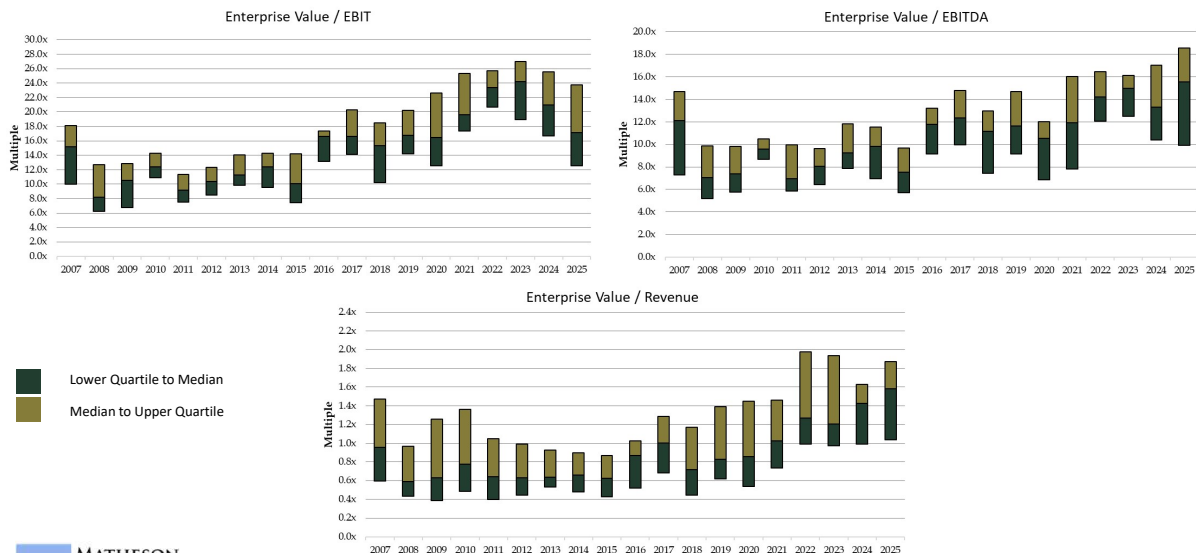
- **Hot** from 2004 – 2007
- **Warm** from late 2007 to early 2008
- **Cooling** fast from early 2008 – Q3 2008
- **Frigid** from Q4 2008 – Q3 2009
- **Cold** in Q4 2009 – Q4 2010
- **Cool** in 2011 – Q2 2012
- **Warming** due to Q4 2012 cap gain tax rate change
- **Tepid + Hesitant** w/ 2013 Govt. uncertainty
- **Hot** again in 2014 – 2015
- **Warm** start to 2016, **Hot** late-2016 – early-2020
- **Cold** in Q2-Q3 2020 due to pandemic and uncertainty
- **Sizzling Hot** Q4 2020 through today (slight pullback in 2025)



3

3

I. Select Publicly Traded A/E Company Multiples



4

4

I. M&A Market Tailwinds

- IJA funding of \$1.2 trillion through 2026 (concerns about what comes next)
- Aging demographic in the workplace necessitates transition planning
 - Gen Z surpassed Baby Boomers in the workforce in 2024
 - The oldest of Gen X has reached retirement timeframes
- Lack of internal transition plans within the industry
 - Younger generations presenting less of an interest in ownership
- Many of our clients' ownership models do not align with their strategic growth goals due to significant year-end bonuses and distributions—claims on cash hinder the company's ability to fund growth and meet strategic goals
- Private equity funding and activity flooding the industry
 - Well over 100 platforms, which are based on buy-and-build strategy
 - Many PE firms have multiple industry platforms and those that have exited are looking to get back in
 - Touching almost all deals in one way or another



5

5

I. Historical A/E Deal Activity

- Just where you expect:
 - Current Frequent Buyers are on the top of and throughout the *ENR 500* and Private Equity Firms
 - *They have financial resources & strong balance sheets*
 - *"Growth" mindset vs. "Dividend" mindset*
 - *Ability to use stock and tap equity markets – second bite of the apple*
 - Typical Targets are 30-100 person firms
 - *They run out of human resources*
 - *Next tier unable to buy out the founders*



6

6

I. Current M&A Market

- For *Sellers* – Maximum value & new opportunities
 - Recognition that capital and larger platforms are critical
 - Risk profile
 - Lack of ownership transition program
 - Discounted internal transition value
- For *Buyers* – GROWTH remains critical
 - Higher revenues & earnings = higher value
 - Embedded overhead to cover
 - Diversification
 - Staffing difficulties



7

7

Section II

M&A Process



8

8

II. Typical M&A Process

- Identify team to run the process
 - C-Suite typically handles, even in ESOP deals
 - Board kept apprised and evaluates along the way
 - Fiduciary duties
 - Duty of care--be fully and adequately informed and act with care when making decisions and acting for the corporation.
 - Duty of loyalty--act and make decisions in the best interest of the corporation, not in their own personal interest.
 - Business judgement rule (BJR) protects directors
 - Presumption that duty of care is met if:
 - Kept informed, act in good faith and in a substantive manner reasonably believe to be in the best interests of the corporation and the corporation's stockholders.
 - Enhanced scrutiny can apply decision to sale is made
 - Same fiduciary duties; objective changes but still look at totality of circumstances in the deal(s)
 - BJR's presumption is not initially available; must act reasonably (no specific roadmap- select appropriate path to value maximize)
 - ESOP fairness opinion helps; going to market is a market check



9

9

II. Typical M&A Process

- Market research – identify target buyers
- Create confidential Information Memorandum and Teaser
- Create valuation models and set expectations
- Contact & begin “dating ritual”
 - Confidentiality & Non-Disclosure Agreement
 - Initial introductory meetings then in-person management / strategy meetings
- Negotiate Letter of Intent/Term Sheet



10

10

II. Typical M&A Process

- Due Diligence
 - Initial tasks
- Legal Documents
 - Follows after diligence starts
 - Purchase Agreement, Employment Agreements, et cetera
 - Buyer's draft documents
- Integration
- Create Value



11

11

II. Transaction Expectations

- Buyers want to Purchase Assets!
- Sellers want to Sell Stock!
 - For larger deals, stock sale typical
- Typical consideration:
 - Cash
 - Buyer stock /Rolled Equity
 - Seller financed note
- Buyers will want current management team (or next tier) in place and tied to the deal
 - Employment Agreements
 - Non-Compete & Non-Solicitation Clauses?
 - Earn-Outs
 - Stay/Retention Bonuses / Carveouts
 - Buyer Stock/Equity (incentive units or equity)
- The dating ritual and process takes longer than you think

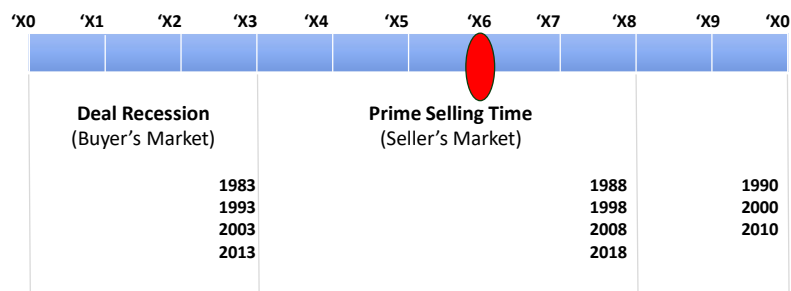


12

12

II. Private Market Timing

U.S. Ten Year Transfer Cycle



Source: Alliance of Merger & Acquisition Advisors



13

13

Section III

Internal Ownership Transition Trends



14

14

III. Trends

- Valuations have increased to highest levels
- Banks are backstopping ownership transition programs again, but now very high interest rates so financing transitions more difficult
- Seller financed ESOPs with even higher interest rates
- M&A market now is as hot as it has ever been – so external pressure—especially for public sector focused firms



15

15

III. Trends

- Lack of leadership transition confidence
- Demographic shifts from Baby Boom “psychology” to Gen X / Millennials / Gen Z?
 - Employee relationship w/ employer
 - Risk tolerance
 - Financing capacity
 - Other factors?



16

16

III. Trends

- Is the risk tolerance where it needs to be for internal transitions?
- Is the commitment level where it needs to be?
- Are the next leaders there?
- Will the next generation have the financial capacity to do a deal?



17

17

III. Trends

- Industry consolidation trends driven by client demands and firm competitive pressures
 - Lots of firms feel that they are “tweeners”
- **Gap between internal price vs. external**
 - **What is your valuation methodology and does it create an inherent pressure?**
- Affordability (capital use for growth vs. buyout)



18

18

Section IV

About Us & Credentials



19

19

IV. About Us & Credentials

- Matheson Financial Advisors ("Matheson Advisors") is a boutique corporate finance and M&A advisory firm specializing in business valuations, fairness opinions, ownership transition, capital strategy planning, ESOP buy-out solutions, M&A representation, and other corporate advisory services for Architecture, Engineering, Construction Management ("AEC"), and Environmental Consulting firms.
- As Trusted Advisors, we bring clients deep and decades-long AEC industry knowledge coupled with technical finance and valuation expertise that helps our clients drive shareholder value.

Corporate Finance and M&A Advisory



M&A Transactions



ESOP Transactions



Ownership Transition



Valuation Advisory



20

20

Q & A Discussion

This is a lot to digest and consider...What else can I tell you?

David Cohen, Esq., ASA
Managing Director
ph. (774) 217-3380
dcohen@mathesonadvisors.com



21

21