PKF Investment Banking

U.S. HVAC M&A Industry Update – Summer 2026

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The Heating, Ventilation and Air Conditioning (HVAC) sector remains highly attractive for M&A, supported by sustainable industry tailwinds and long-term demand dynamics. Overall, what stands out is that while deal appetite is intact, M&A processes are becoming increasingly selective and often successful outcomes hinge on the sellers' ability to thoughtfully position the business in the market and articulate its expansion potential.

The PKF Investment Banking team has deep M&A experience advising business owners across the entire HVAC value chain and all major segments, including manufacturing, services and distribution. Two of our recently closed sell-side M&A mandates in the HVAC industry, the sale of Armistead Mechanical to PremiStar and Technical Air Systems to AIR Control Concepts, illustrate buyer interest across distinct areas of the HVAC market and the strategic value placed on established customer relationships, specialized capabilities and strong regional market positions.

Observations on M&A Deal Flow by Key HVAC Segment

Manufacturing – M&A in HVAC manufacturing has fared well despite macroeconomic uncertainty and rising input cost. The ongoing infrastructure build-out (e.g., data centers, residential housing, etc.) and the need for mission-critical thermal management solutions pave the way for steady M&A deal flow going forward.

While domestic and international strategic acquirers have historically taken the lion's share of M&A in this segment, private equity-backed market players are aggressively pursuing inorganic growth as a means of diversifying into new end markets and complementing their existing product portfolio.

Overall, valuation multiples have remained robust – *at times in the high-single digits or even north of 10x EBITDA* – especially for those acquisition targets that have a track record of above average growth and margins and possess differentiated technological capabilities.

Distribution – The $50+ billion distribution market remains highly dispersed with very few competitors holding a national footprint and a universe of small- to medium-sized players with a hyper-localized network of branches servicing long-term relationships and catering to local contractors.

Market and industry dynamics have forged a barbell shaped competitive landscape encompassing sub-scale distributors and major distribution platforms. As a result, for strategic acquirers as well as private equity-backed portfolio companies, M&A represents an effective way to fill this much-needed industry void as they seek to expand their capabilities, strengthen market leadership and deepen geographic density.

Strong deal activity has also been registered in the *broader original equipment manufacturer (OEM) manufacturer's representative market* with Blackstone-backed AIR Control Concepts and Intermediate Capital Group-owned Ambient diligently executing on their roll-up strategy.

Lastly, valuation multiples have been consistent *with an average of 6x – 8x EBITDA and greater* for businesses with critical scale and value-added capabilities.

Services – The surge in M&A deal flow observed in 2025 and persisting into 2026 was driven in part by the continued add-on appetite of large private equity-backed consolidators and new market entrants seeking to harvest the benefits of numerous structural tailwinds supporting long-term demand dynamics, including:

- **Retrofit tailwinds** – HVAC retrofit projects, building controls installations and upgrades are creating aftermarket opportunities while the phase-out of older refrigerants is generating major retrofit cycles.

- **Recurring maintenance** – A massive installed base of mission-critical HVAC commercial and industrial systems with finite lives is fueling the need for preventive maintenance and repair.

- **Pervasive automation** – The increasing automation of industrial activities is fostering the need for HVAC equipment that lowers the risk of product and system failure.

Further, a recurring M&A theme relates to the ongoing consolidation wave surrounding full-service mechanical and electrical contractors focused on HVAC, plumbing, controls and insulation work. Several large consolidators are looking to diversify their revenue streams by either entering new geographic territories or end markets or adding synergistic service capabilities across the value chain. Similarly, horizontal M&A expansion is also occurring into adjacent categories such as building controls and fire safety systems.

Overall, transaction multiples have remained elevated *(i.e., north of 10x EBITDA)*, particularly those paid for high-revenue visibility and high-margin businesses with a large service component.

HVAC Services – Qualitative Valuation Guidepost | What Factors Drive Value?

Valuations in the HVAC services M&A sector remain idiosyncratic and buyer-specific – historically, investors have emphasized the following items:

- **EBITDA size** – In general, larger companies typically trade at higher valuation multiples. For HVAC services business, we observed the following EBITDA size cutoffs: <$3M; between $3M and $5M; between $5M and $10M; between $10M and 25M; and >$25M.

- **Business mix** – Predictable preventative service work, especially if contractually locked in over multiple years, is seen more favorably than lumpy project work.

- **Geographic footprint** – When determining where to expand geographically, acquirers consider a combination of population growth, tax regime, proximity to attractive Metropolitan Statistical Areas (MSAs), as well as the presence of commercial and industrial activities in specific end markets with education, healthcare, pharma, government, warehouse and data centers expected to trade at healthy multiples.

- **Sourcing capabilities (direct-to-owner *vs.* general contractor relationships)** – Direct-to-owner (DTO) reflects a direct relationship between the service business and the end customer, whereas general contractor (GC) projects are typically procured via a competitive bid process. DTO work includes recurring revenue from repair and maintenance contracts as well as replacement projects and is thus less susceptible to macroeconomic trends.

- Other aspects driving valuation considerations include:
    - Transaction structure (stock *vs.* asset)
    - Owner dependency
    - License-holder risk
    - Key man risk (essential customer and / or supplier relationships are tied to one person)

An *illustrative, qualitative valuation framework* based on our real-life deal experience is below:

Key Attributes Influencing Valuation	5.0x – 6.0x EBITDA	VALUATION RANGE	10.0x+ EBITDA
COMPANY-SPECIFIC VALUATION FACTORS			
Market Leadership and Brand Reputation	Limited	Growing	Widely recognized
In-House Capabilities and Innovation	Undifferentiated	Limited	Value-enhancing
Depth of Management Team	Low	Medium	High
Customer Retention	Low	Medium	High
Business Mix (Project *vs.* Services)	Mostly project work	Mix	Repeatable service
Retrofit *vs.* New Construction	Low	Medium	High
Owner Direct *vs.* GC Relationships	Low	Medium	High
End Market Diversification	Low	Medium	High
Project Size	Multi-million	Mix	Small size (<$500k)
Project Duration	Multi-year	Mix	High frequency
COMPANY-SPECIFIC QUANTITATIVE FACTORS			
Historical Growth	Low	Uneven	Consistent
Margin Profile (Gross and EBITDA)	Low	Medium	High
CapEx Requirements	High	Medium	Low
Earnings Visibility | Quality of Backlog	Low	Limited	Multi-annual
ROADMAP FOR GROWTH			
Organic Whitespace	Low	Medium	High
M&A Growth | Actionable Pipeline	Low	Medium	High
Fabrication Capacity	Limited	Available	Ample

The table above delineates how the strength of various attributes (listed on each row) impacts the company's valuation across a potential EBITDA range – for example, a business mix largely based on project work may push the valuation multiple more toward the low-end of the contemplated range. To note is that each valuation driver may impact valuation considerations differently and would need to be assessed in the context of each potential acquirer's strategic priorities, financial wherewithal and operational fit.

Select Recent HVAC M&A Transactions

Deal Date	Target	Acquirer	Target Description	Acquirer Type
Manufacturing				
Jun-26	Heat Controller	Lennox International	Manufacturer of climate control equipment	Public Strategic
May-26	Safe Air Technology	Milton Street Capital	High-precision control solutions	PE Platform
Apr-26	Air Handlers Supply	Superior Duct *(Pike Street Capital)*	HVAC duct products manufacturer	PE Add-On
Mar-26	DuraVent	Bain Capital	Venting systems manufacturer	PE Platform
Jan-26	Thermolec	SPX Technologies	Electric heating equipment manufacturer	Public Strategic
Distribution				
Jun-26	Hynes Plumbing	The Granite Group *(BBH Capital Partners)*	Plumbing, HVAC, waterworks distributor	PE Add-On
Jun-26	Jackson Supply	Watsco	HVAC equipment and parts distributor	Public Strategic
Jun-26	P&E Supply	The Granite Group *(BBH Capital Partners)*	Plumbing, HVAC and irrigation distributor	PE Add-On
May-26	Carrier Great Lakes	Ferguson Enterprises	HVAC equipment and parts distributor	Public Strategic
Apr-26	TSI Technologies	Midland Industries *(Gemspring Capital)*	Industrial HVAC/R components distributor	PE Add-On

Deal Date	Target	Acquirer	Target Description	Acquirer Type
Jan-26	McArdle & Walsh	APR Supply	Supplier of valve and industrial equipment	Private
Jan-26	Able Distributors	First Supply	Supplier of HVAC equipment in Chicago	Private
Jan-26	Stan Weaver	AIR Control Concepts *(Blackstone)*	Manufacturers' representative in FL	PE Add-On
Jan-26	Technical Air Systems	AIR Control Concepts *(Blackstone)*	Manufacturers' representative in NY / NJ	PE Add-On
Services				
Jun-26	Superior Building Services	Exigent Services *(Huron Capital)*	Commercial HVAC maintenance provider	PE Add-On
Jun-26	Mechanical Service & Systems	PremiStar *(Partners Group)*	Commercial mechanical contractor	PE Add-On
Jun-26	Comfort Indoor Solutions	FirstCall Group *(SkyKnight Capital)*	Commercial and industrial HVAC contractor	PE Add-On
May-26	Stegall Mechanical	Grizzly MEP *(Garnett Station)*	HVAC, plumbing and electrical services	PE Add-On
May-26	Air Hawk Heating & Cooling	Leap Service Partners *(Concentric Equity)*	Resident and commercial HVAC services	PE Add-On
Apr-26	Armistead Mechanical	PremiStar *(Partners Group)*	Mechanical construction, piping / plumbing	PE Add-On
Apr-26	S E & M Constructors	Everus Construction	Mechanical, electrical /plumbing contractor	Public Strategic
Mar-26	ABM Air Conditioning	AMX *(WayPoint Capital)*	HVAC installation and maintenance	PE Add-On
Mar-26	Masters Mechanical	Fidelity Building *(Onex)*	HVAC and refrigeration services provider	PE Add-On
Feb-26	Moore Home Services	Blackstone	Residential HVAC and solar services	PE Platform
Jan-26	Bowers	Legence	HVAC mechanical contractor	Public Strategic

Source: PitchBook and PKF Investment Banking
Note: Dollars in U.S. millions; the list of M&A transactions above relates to the period January – June 2026 only.

Select Public Company Data as of June 30, 2026 | Manufacturers, Distributors and Services

Company	Market Cap ($M)	Enterprise Value ($M)	LTM* Revenue ($M)	LTM EBITDA ($M)	EV* / LTM Revenue	EV / LTM EBITDA
Manufacturing						
A. O. Smith	8,645	9,098	3,812	795	2.4x	11.4x
AAON	10,391	10,835	1,617	251	6.7x	NMF*
Carrier Global	60,923	72,474	21,870	3,141	3.3x	23.1x
Daikin Industries	42,268	43,640	33,320	4,592	1.4x	9.5x
Honeywell	70,937	97,375	37,660	8,526	2.6x	11.4x
Ingersoll Rand	32,086	35,810	7,781	2,022	4.6x	17.7x
Johnson Controls	89,144	97,994	24,433	4,320	4.0x	22.7x
Lennox International	19,939	21,843	5,258	1,154	4.2x	18.9x
Modine Manufact.	14,103	14,618	3,181	449	4.6x	NMF*
SPX Technologies	12,274	12,792	2,349	493	5.4x	25.9x
Trane Technologies	108,574	112,137	21,603	4,233	5.2x	26.5x
Distribution						
Beijer Ref	7,427	8,521	3,895	402	2.2x	21.2x
CSW Industrials	4,542	5,471	1,083	249	5.1x	22.0x
Ferguson	46,027	51,288	31,058	3,043	1.7x	16.9x
Global Industrial	1,280	1,318	1,409	108	0.9x	12.2x
Reece Limited	7,332	8,829	5,949	385	1.4x	23.0x
Watsco	15,677	16,024	7,241	736	2.2x	21.8x

Services						
APi Group	18,347	20,772	8,174	1,035	2.5x	20.1x
Comfort Systems	69,654	68,918	10,136	1,736	6.8x	NMF*
EMCOR Group	36,880	36,481	17,747	1,851	2.1x	19.7x
IES Holdings	14,637	14,487	3,633	480	4.0x	NMF*
Limbach Holdings	918	979	653	63	1.5x	15.6x
Tutor Perini	4,365	4,079	5,686	277	0.7x	14.7x

Source: CapIQ, PitchBook, PKF Investment Banking
Notes: Dollars in U.S. millions; *EV = Enterprise Value; LTM = Last Twelve Months; NMF = Non-Meaningful

Contact Us

The PKF Investment Banking team is available to discuss current M&A dynamics across all HVAC subsectors listed above and determine which opportunities may exist for your business. For more information, please contact:

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With deep expertise in and a dedicated focus on advising privately held middle-market businesses, **the PKF Investment Banking team has completed over 350 M&A advisory engagements in North America and internationally** throughout their careers. Our key services include sell-side and buy-side M&A advisory, exit readiness and transaction planning. For more information, visit www.pkfib.com.

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