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Continued Growth Within the HVAC M&A Market



Strong merger and acquisition activity in the HVAC sector continues to benefit sellers, many of whom started their companies with one truck and a set of tools. Buyers have also enjoyed the market activity driven by this continual supply of quality HVAC companies. The ongoing M&A activity is not just driven by these supply and demand forces, though. Additional macroeconomic developments in HVAC and beyond are playing a greater role.

We continue to find investor interest in integrating complementary services with HVAC service providers. As combined “facilities services” or “one stop shop” companies, they may offer HVAC, electrical, plumbing, fire & safety, and other related services. Acquisition strategies involving simply combining HVAC companies to create scale are rapidly being replaced by strategies combining these broader service offerings. This type of pivot will support the high level of M&A activity in the sector.

Technology continues to drive the modernization of the HVAC sector as sophisticated environmental controls, IoT and artificial intelligence are incorporated into equipment. HVAC companies are replacing antiquated systems with more sophisticated equipment that is better, cleaner, and more efficient. This is similar to earlier trends in other sectors such as elevator maintenance where providers are able to identify a mechanical problem as it is happening and either remedy the situation from a remote location or immediately dispatch a technician. Similarly, new controls will allow HVAC systems to be more energy efficient and provide higher air quality.

Larger HVAC companies can invest in this technology, while others will need to acquire a provider that has the expertise. In any case, smaller HVAC companies which haven’t the capital to invest in the technology will be at a competitive disadvantage. This will force owners of these companies to consider selling their business rather than face larger, advanced competitors.

With growing public and governmental attention on renewable sources of energy, there is new discussion on combining HVAC companies with those offering solar energy. In fact, the Air Conditioning Contractors of America (“ACCA”) is hosting a conference in November titled “The Solar Forum.” The conference will be dedicated to discussing “how HVAC integrates with solar, batteries, time-of-use utility rate structures and other technologies.” This will be another source of M&A activity as larger HVAC companies pursue acquisitions of (or other combinations with) alternative energy specialists.

For those investors questioning whether the M&A market has run dry, take comfort that these macroeconomic changes will provide continued opportunity. Contact me to discuss your specific situation.

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Selected HVAC M&A Transactions

H1 2022 DEAL ACTIVITY

DATE	COMPANY	BUYER	CLASSIFICATION
Jun 30	Travers Mechanical Services, Llc	Pueblo Mechanical & Controls, LLC	Residential
Jun 1	Captain Electric, LLC/ OyBoy Heating and Cooling/ Absolute Air	American Residential Services L.L.C.	Residential
May 25	Williams Refrigeration & Heating, Inc.	Heartland Home Services, Inc.	Res / Comm
May 17	Almcoe Refrigeration Company, LLC	EEC Acquisition LLC	Commercial
May 16	Advanced Heating and Cooling	Kelso Heating and Cooling	Res / Comm
May 10	George Brazil Air Conditioning & Heating/Patrick Riley Cooling Heating & Plumbing	NearU Services	Residential
May 10	Mario Air Conditioning & Heating, Inc	Southeastern Home Services	Res / Comm
Apr 13	Action Heating & Cooling, Inc.	CPS HVAC Partners, Inc.	Res / Comm
Apr 8	Deljo Heating & Cooling, Inc.	Heartland Home Services, Inc.	Res / Comm
Apr 7	Mize Heating & Air Conditioning	Paschal Air, Plumbing & Electric(Charley Boyce)	Res / Comm
Mar 31	One Stop Cooling and Heating	Spraggins Inc.	Res / Comm
Mar 24	Conditioned Air Solutions, LLC	Leap Partners	Res / Comm
Mar 10	2nd Wind Heating and Air Conditioning, Inc.	NearU Services	Res / Comm
Mar 1	Millian Aire Enterprises, LLC	Brookfield Global Integrated Solutions Canada LP	Res / Comm
Feb 25	Doug's Service Company	Air Pros, LLC	Res / Comm
Jan 24	The Arcticom Group, LLC	A&M Capital Advisors, LP	Commercial
Jan 18	American Vintage Home, Inc.	Heartland Home Services, Inc.	Residential
Jan 18	R-Mech Heating, Cooling, & Plumbing, Inc.	Heartland Home Services, Inc.	Res / Comm
Jan 10	Lakota Solutions	Shee Atika	Commercial
Jan 5	Thermal Service LLC/TESC Automation	Comfort Systems USA, Inc.	Commercial

Source: CapIQ, Middle Market Information LLC