



Strategic Exits and Growth:

Insights for Contractors in the Shifting Construction & Infrastructure Landscape

By Jonathan Schor and Evans Head

Positioning Construction and Infrastructure Businesses for Maximum Value

The market for construction and infrastructure businesses is at a pivotal moment. While strong government investment, robust project pipelines, and continued demand for infrastructure upgrades are sustaining activity, structural shifts in project scale, buyer dynamics, and consolidation trends are beginning to reshape the M&A landscape. Business owners who understand these changes and act strategically will be better positioned to maximize value when evaluating growth options or a potential sale.

The Evolving Construction and Infrastructure Landscape

Over the past decade, many construction and infrastructure companies have experienced significant growth by participating in large-scale projects such as highways, transit systems, airports, water infrastructure, and energy-related construction. Federal and state funding initiatives have supported this growth, creating long-term project backlogs and predictable revenue streams.

Those backlogs are now maturing. Many large programs are reaching completion, and while funding remains available, competition for projects is intensifying. For business owners, this creates two critical implications: sustaining growth organically will become more challenging, and long-term revenue visibility may be less certain. Companies that delay strategic decisions may face a more competitive market and potentially lower valuations in the future.

Shifting Buyer Dynamics

Two primary groups are active in acquiring construction and infrastructure businesses: financial buyers, including private equity firms, and strategic buyers such as larger construction companies or vertically integrated service providers.

Financial buyers have historically sought platform companies to support multi-deal growth strategies. They provide capital, acquisition expertise, and operational resources that can accelerate expansion while allowing existing management to retain control.

However, as large projects become more competitive and fewer in number, some financial buyers are approaching the market cautiously, shifting attention to segments with higher growth visibility. This may narrow the pool of potential buyers over time.

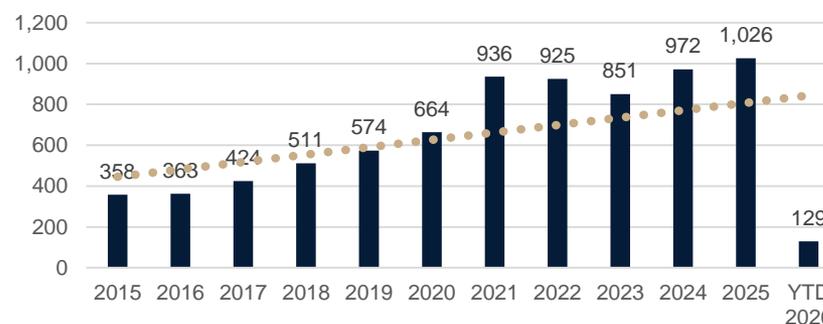
Strategic buyers remain active, pursuing acquisitions to expand geographic reach, add service capabilities, or achieve operational synergies. While these acquisitions can create value, they often require greater integration and operational alignment. Without robust financial buyer interest, competition for deals may soften, potentially putting downward pressure on valuations.

Consolidation and Competitive Pressure

Consolidation is reshaping the construction and infrastructure sector. Large general contractors and project owners increasingly favor companies that can deliver broader capabilities, maintain high safety and compliance standards, and manage complex projects efficiently. Many businesses are responding by acquiring complementary companies to quickly expand capabilities and scale operations.

For independent owners, waiting to act may mean entering a market dominated by well-capitalized competitors executing multi-acquisition strategies. This can result in tighter margins, increased competitive pressure, and slower growth.

M&A Deal Count - Construction & Infrastructure Market



Financing and Deal Structures

Equity rollover structures have become a common tool in transactions for construction and infrastructure businesses. These arrangements allow selling owners to retain a minority stake in the newly capitalized company, enabling participation in future growth while achieving near-term liquidity. When executed with experienced financial sponsors, rollover structures can significantly enhance total proceeds over time, balancing immediate diversification with long-term upside.

Government Investment as a Market Catalyst

Ongoing government investment continues to underpin market activity. Programs under the Bipartisan Infrastructure Law and related federal and state initiatives are providing billions of dollars for roads, transit, ports, energy, and water infrastructure projects. These investments create a favorable environment for growth and acquisition, allowing buyers to continue expanding acquired businesses post-transaction.

Timing is critical. Owners selling today can benefit from project awards and funding cycles that support continued growth, potentially positioning the business for another transaction in five years. Those who wait risk entering a market with fewer buyers, greater competition from large platforms, and potentially lower valuations.

Timing the Market

In M&A, timing balances current performance with future expectations. For construction and infrastructure business owners, the convergence of active buyer interest, ongoing consolidation, and substantial government investment creates a compelling case to consider strategic options sooner rather than later.

Acting now allows owners to take advantage of heightened competition among financial and strategic buyers, structure transactions that preserve management and culture, and position the business for growth under new ownership. Waiting may mean entering a softer market with fewer buyers, greater competitive pressure, and potentially reduced valuations.

Conclusion

The construction and infrastructure market remains attractive, but underlying dynamics are shifting. Large projects are maturing, buyer pools are evolving, and consolidation is reshaping the competitive landscape. With government investment and M&A activity near historic highs, the next 12 to 24 months represent a key window for owners to evaluate strategic options.

Engaging an experienced M&A advisor can help business owners assess market conditions, evaluate company readiness, and determine the optimal timing and structure for a transaction. Decisions made in this period could have a lasting impact on the value ultimately realized.

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