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K-12 Architecture Market Market Overview

M&A Trends, Buyer Demand & Strategic Positioning for Firm Owners

EXECUTIVE SUMMARY

Four Forces Are Creating a Premium Exit Window — Right Now

$1.5B+

Combined revenue of top 160 K-12 architecture firms — a fragmented market ripe for consolidation

$46B–$127B

Deferred maintenance backlog driving non-discretionary demand for the next decade

+66%

Year-over-year increase in AEC M&A transaction volume in 2025

40%

Share of AEC deals now driven by private equity — the dominant buyer class

Fragmentation + PE capital + structural demand = a seller's market. The question is not whether to transact — it's when.

EXECUTIVE SUMMARY

The Convergence of Capital, Demand, and Succession Is Unprecedented

Active Buyers

PE-backed platforms (MOREgroup, Wold) are executing acquisitions at pace. Strategic firms (Stantec, DLR) are expanding nationally. Buyer capital is deployed and mandates are live.

Structural Demand

A 50-year-old building stock, safety mandates, and energy retrofit requirements create a non-discretionary project pipeline that buyers underwrite with confidence. Backlog is fundable.

Succession Pressure

The average K-12 architecture firm founder is approaching a transition point. Buyers are paying premium multiples today. Waiting introduces valuation risk as competition intensifies and multiples compress.

The firms that transact in 2025–2027 will capture the best multiples of this cycle.

MARKET STRUCTURE

The Top 10 Firms Hold Less Than 60% of Market Revenue — The Long Tail Is the Opportunity

RANK	FIRM	2024 K-12 REVENUE
1	PBK	$228M
2	VLK	$179M
3	MOREgroup	$172M
4	DLR Group	$145M
5	Stantec	$95M
6–10	Regional specialists	$63M–$75M each
11–160	Long tail	<$55M each

Key Insight

The market is not winner-take-all. **Regional specialists with deep district relationships hold defensible positions** that national firms cannot replicate organically. This is why they are acquired — not displaced.

Source: BD+C Giants 400 Report, 2024

MARKET STRUCTURE

Bond Programs Create Contracted, Multi-Year Backlog — The Asset Buyers Value Most

STEP 01

Community Need

Aging infrastructure, safety gaps, and enrollment growth create pressure.

→ District identifies capital needs

STEP 02

Bond Referendum

Architect leads community engagement, needs assessment, and voter communication.

→ Bond passes

STEP 03

Multi-Year Backlog

Signed contracts, funded project schedule, and 3–7 year construction program.

→ Predictable revenue

"A passed bond referendum is not just a project. It is a 3–7 year contracted revenue stream that buyers underwrite like a bond."

TYPICAL NEW HIGH SCHOOL

$50M+

Construction cost yielding a **$3.5M+** architecture fee (at 7%) per project.

MARKET STRUCTURE

No Single Firm Controls the Market — PE Capital Is Changing That

Fragmentation Facts

- Top firm (PBK) holds ~12% of top-160 revenue
- Firms ranked 11–160 average under $10M in K-12 revenue
- Most regional specialists are founder-owned, single-office practices
- Geographic markets are locally defined — no national brand dominates at the district level

Consolidation Thesis

- PE platforms acquire regional specialists to build geographic density
- National strategics acquire to enter new markets without organic ramp
- Integrated A/E firms acquire to capture full design fee

Result: Accelerating consolidation of a historically fragmented sector

Fragmentation is not a weakness. For sellers, it is leverage — multiple buyers are competing for a limited supply of quality regional firms.

DEMAND DRIVERS: STRUCTURAL (NON-DISCRETIONARY)

Three Demand Drivers That Cannot Be Deferred — Regardless of Enrollment or Economy

01

Deferred Maintenance

- **$46B–$127B** national backlog.
- Average school building: ~50 years old.
- Failing roofs, obsolete HVAC, ADA non-compliance.
- Non-discretionary — districts must address regardless of enrollment trends.

02

Safety & Security

- Post-tragedy mandates: secure vestibules, access control, site redesign.
- Funded through dedicated safety levies and state grants.
- Politically durable — immune to anti-tax sentiment.

03

Energy & Sustainability

- Rising energy costs + state mandates driving retrofit demand.
- Energy Performance Contracts fund upgrades through future savings — no bond required.
- Steady, recurring project stream for sustainability-capable firms.

These three drivers create a baseline of demand that persists through enrollment decline, budget cycles, and political shifts.

DEMAND DRIVERS: VARIABLE (GEOGRAPHY IS DESTINY)

National Enrollment Decline Masks a Tale of Two Markets

The National Headline

- K-12 enrollment down ~1.2M students since 2019
- Lower birth rates driving long-term demographic pressure
- Some districts consolidating schools, reducing capital budgets

The Regional Reality

MARKET	TREND	IMPLICATION
Texas, Florida, Arizona, Carolinas	Strong enrollment growth	New construction demand; large bond programs
Midwest, Northeast, Rust Belt	Enrollment decline	Renovation, consolidation, modernization
National	Deferred maintenance	Non-discretionary demand everywhere

Revenue is durable — but geography determines whether you're building new schools or renovating old ones. Buyers pay a premium for Sun Belt exposure.

Three Buyer Classes Are Actively Competing for Quality K-12 Firms

National Strategic Firms

WHO

Stantec, DLR Group, Corgan, Perkins Eastman

WHY THEY BUY

Geographic expansion, market share, specialized expertise

WHAT THEY PAY FOR

Design reputation, leadership depth, client relationships

RECENT SIGNAL

Stantec acquired Page (2025) to become #2 architecture firm in the U.S.

PE-Backed Platforms

WHO

MOREgroup (Wind Point Partners), Wold (Providus Capital Partners)

WHY THEY BUY

Roll-up consolidation, EBITDA growth, geographic density

WHAT THEY PAY FOR

Backlog quality, client diversification, scalable operations

RECENT SIGNAL

Both platforms closed K-12 acquisitions in 2025–2026

Engineering Firms

WHO

PRIME AE, integrated A/E firms

WHY THEY BUY

Full-fee capture, single point of contact for districts

WHAT THEY PAY FOR

Architecture capability, K-12 client relationships

RECENT SIGNAL

Wold (A/E) acquired VPS (architecture-only) to integrate service delivery

BUYER LANDSCAPE

Buyers Are Not Acquiring Revenue. They Are Acquiring Positioning.

01 Geographic Franchise

A defensible regional presence, deep district relationships built over decades, that cannot be replicated through organic entry. This is the primary driver of buyer demand in K-12 architecture.

02 Contracted Backlog

Multi-year, bond-funded project schedules that provide revenue visibility and de-risk the acquisition. Buyers underwrite backlog quality with the same rigor as a bond portfolio.

03 Client Relationships

Multi-generational ties to school districts, across superintendent transitions and board changes, that generate repeat work, bond referendum assignments, and referrals. Relationships are the moat.

04 Leadership Team

A management team that can operate independently of the founder, ensuring continuity of client relationships and operational performance post-acquisition. Key-person risk is the most common deal-killer.

The firms that command 7.0x EBITDA have all four. The firms at 4.5x are missing at least two.

VALUATION FRAMEWORK

Quality K-12 Firms Are Transacting at 4.5x–7.0x EBITDA — Premium Drivers Are Controllable

4.5x	5.0x	6.0x	7.0x+
BELOW MARKET	MARKET	PREMIUM	BEST-IN-CLASS

Discount Factors

- Single-state concentration
- Top client >25% of revenue
- Founder-dependent operations
- Weak or unfunded backlog

Market Rate Factors

- Diversified client base
- Solid backlog with funded projects
- Emerging leadership team
- Regional market position

Premium Factors

- Multi-state geographic presence
- No client >15% of revenue
- Deep leadership bench
- Multi-year bond program backlog
- Sun Belt market exposure

Source: ROG+ Partners A/E Valuation & M/A Transaction Study, 2025. Median A/E multiple: 5.30x; upper quartile: 6.77x.

Three Factors Compress Valuation More Than Any Other — All Are Addressable

Founder Dependence

If the firm's client relationships, technical expertise, and management are centralized in a founder who plans to exit, buyers are not acquiring a business — **they are acquiring a risk.** Every year of deliberate succession planning adds measurable multiple expansion.

Client Concentration

A single school district representing >20% of revenue is a binary risk. One superintendent change, one competitive procurement, one budget cut and a material portion of revenue disappears. Buyers price this heavily. **Diversification is the highest-ROI pre-sale investment.**

Backlog Quality

A backlog filled with speculative pipeline, projects not yet funded, bonds not yet passed, is not a backlog. It is a wish list. Buyers distinguish rigorously between signed contracts for funded projects and unfunded opportunities. **Weak backlog quality is the most common source of post-LOI valuation reductions.**

These are not permanent conditions. They are preparation gaps. Firms that address them 2–3 years before a sale consistently achieve 1.0x–2.0x multiple expansion.

CASE STUDY

VPS Architecture | Acquired by Wold Architects & Engineers | April 2026

Deal Snapshot

SELLER

VPS Architecture (est. 1960)

HQ

Evansville & Indianapolis, IN

FOCUS

K-12, civic, public sector

BUYER

Wold Architects & Engineers (PE-backed, Providus Capital)

STONEMILL ROLE

Exclusive Sell-Side Advisor

Situation

65-year-old Indiana K-12 specialist. Architecture-only model limiting fee capture vs. integrated A/E competitors. Leadership seeking expanded platform without cultural disruption. Deep district relationships across Indiana — a geographic franchise no buyer could replicate organically.

Stonemill Strategy

Positioned VPS as a strategic gateway to the Indiana K-12 market, not a small firm seeking an exit. Identified Wold as the optimal buyer: PE-backed, Midwest expansion mandate, integrated A/E capability, people-first culture. Ran structured competitive process to create leverage and ensure favorable terms.

Outcome

VPS joined Wold's national platform. Leadership retained. Immediate access to in-house engineering services. Wold expanded to 300+ professionals across 7 offices. First acquisition post-Providus partnership — a strategic signal of Wold's consolidation intent.

"The deal won because Stonemill found the buyer who needed VPS most — not just the buyer who offered the most."

CASE STUDY

RossTarrant Architects | Acquired by MOREgroup | July 2025

Deal Snapshot

SELLER

RossTarrant Architects (est. 1970)

HQ

Lexington, KY

FOCUS

K-12 & Higher Education

BUYER

MOREgroup (PE-backed, Wind Point Partners)

STONEMILL ROLE

Exclusive Sell-Side Advisor

Situation

55-year-old Kentucky education specialist. Deep roots in K-12 and higher ed across the Southeast. Leadership seeking a partner to provide scale, back-office support, and capital for growth, while preserving the RossTarrant brand and culture in their core markets.

Stonemill Strategy

Positioned RossTarrant as the premier education design firm in Kentucky. Targeted PE-backed platforms seeking Southeast density. Identified MOREgroup as the ideal partner due to their "family of brands" model, which preserves legacy identities while providing national scale.

Outcome

RossTarrant joined MOREgroup, retaining its name, leadership, and Lexington HQ. Gained immediate access to MOREgroup's national resources, specialized expertise, and operational infrastructure. A textbook example of a brand-preservation deal structure.

"The deal won because Stonemill structured a transaction that delivered liquidity without sacrificing the 55-year legacy of the firm."

CASE STUDY COMPARISON

Two Different Firms. One Repeatable Process. Two Premium Outcomes.

	VPS Architecture (Acq. by Wold)	RossTarrant Architects (Acq. by MOREgroup)
BUYER TYPE	PE-backed integrated A/E firm (Providus Capital)	PE-backed education design platform (Wind Point Partners)
STRATEGIC RATIONALE	Midwest geographic expansion (Indiana) + cross-selling engineering services to architecture-only client base.	Southeast geographic expansion (Kentucky) + acquiring a dominant higher-ed and K-12 specialist brand.
DEAL STRUCTURE	Full integration into Wold platform; leadership retained to drive regional growth.	Brand preservation model ("RossTarrant, a MOREgroup brand"); leadership retained.
STONEMILL VALUE ADD	Positioned VPS as a strategic gateway to Indiana, not just a regional firm. Ran a competitive process to maximize leverage.	Identified MOREgroup's specific need for Southeast density. Structured a deal that preserved the 50-year-old RossTarrant brand.

Different buyers, different geographies, different structures — but the same Stonemill process driving premium valuations.

MARKET INTELLIGENCE

Six Truths About K-12 Architecture M&A That Every Firm Owner Should Know

01 **PE Platform Dominance**

Private equity is the dominant buyer class. Both Wold and MOREgroup are PE-backed platforms executing aggressive roll-up strategies. They have the capital and the mandate to close deals quickly.

02 **Geographic Density Premium**

Buyers are not just buying revenue; they are buying geographic franchises. VPS provided Wold with Indiana; RossTarrant provided MOREgroup with Kentucky. Regional dominance commands a premium.

03 **District Relationships as the Core Asset**

The K-12 market is relationship-driven. Buyers underwrite the strength, longevity, and transferability of district relationships. A firm with 20 deep district ties is worth more than a firm with 50 transactional clients.

04 **Backlog Quality as a Closing Condition**

A passed bond referendum is the gold standard. Buyers scrutinize backlog rigorously. Funded, contracted projects drive valuation; speculative pipeline does not.

05 **Cultural Alignment as a Deal Factor**

In professional services, inventory goes home every night. Both Wold and MOREgroup emphasized cultural fit and shared values in their acquisition announcements. It is a critical diligence item.

06 **Brand Preservation as a Seller Unlock**

Founders care about legacy. MOREgroup's model of allowing acquired firms (like RossTarrant) to retain their brand identity is a powerful tool to unlock founder-owned firms hesitant to sell.

STRATEGIC POSITIONING

The Firms That Achieve 7.0x EBITDA Spend 3–5 Years Getting There

YEARS 1–2

Phase 1: De-Risk

- **Client Diversification:** Expand beyond the top 1-2 anchor districts to ensure no single client exceeds 15% of revenue.
- **Leadership Transition:** Elevate next-generation leaders to client-facing roles. Reduce founder involvement in day-to-day project delivery.
- **Financial Hygiene:** Transition to GAAP accounting, clean up personal expenses, and establish rigorous project profitability tracking.

YEARS 3–4

Phase 2: Optimize

- **Backlog Building:** Focus business development on multi-year bond programs rather than one-off projects.
- **Geographic Expansion:** Open a strategic satellite office or win work in an adjacent, high-growth county to prove scalability.
- **Margin Expansion:** Optimize utilization rates and fee structures to push EBITDA margins consistently above 15%.

YEAR 5

Phase 3: Execute

- **Advisor Selection:** Engage an M&A advisor with specific K-12 architecture expertise and buyer relationships.
- **Narrative Development:** Frame the firm not as a collection of past projects, but as a defensible geographic platform.
- **Competitive Process:** Run a structured, multi-buyer process to create leverage, maximize valuation, and ensure cultural fit.

Valuation is not determined at the negotiating table. It is determined by the decisions made three years prior.

STRATEGIC POSITIONING

Buyers Are Underwriting Three Things — Make Sure You Have All Three

01 A Scalable Platform	Buyers want a foundation they can build upon, not a practice they have to fix. This means **institutionalized processes, GAAP financials, and a deep bench of mid-level talent** capable of executing larger projects post-acquisition.
02 Transferable Relationships	If the founder holds all the superintendent relationships, the value leaves when the founder retires. Buyers underwrite **institutionalized client ties** where the firm, not an individual, is the trusted advisor to the district.
03 A Growth Narrative	Buyers pay premiums for future cash flows, not past performance. The firm must demonstrate a clear path to growth: **a funded multi-year backlog, expansion into adjacent geographies, or the ability to cross-sell new services.**

Firms that can prove these three elements in diligence consistently transact at the top of the valuation range.

MARKET TIMING

Four Converging Forces Are Making 2025–2027 the Optimal Transaction Window

01 Infrastructure Backlog

The $46B–$127B deferred maintenance crisis provides buyers with underwriting certainty. They are acquiring firms today because the non-discretionary project pipeline is guaranteed for the next decade.

02 PE Capital Deployment

Private equity firms have raised record capital that must be deployed. K-12 architecture is currently a favored thesis due to its recession-resistant characteristics. This capital creates intense buyer competition.

03 Peak Multiples

Valuations are currently at historic highs (4.5x–7.0x+ EBITDA) driven by the imbalance between buyer demand and the limited supply of quality, scalable regional firms. This multiple environment is cyclical, not permanent.

04 Succession Timing

The demographic wave of retiring founders is accelerating. Firms that transact early in this cycle will command scarcity premiums. Firms that wait risk entering a crowded market where buyers have more leverage.

The question for firm owners is not whether to transact — it is whether to transact while the market is paying a premium.

STONEMILL PARTNERS

The Window for Premium Outcomes Is Open. Let's Discuss Your Firm's Positioning.

Confidential Advisory Discussion

K-12 Architecture M&A Practice

stonemillpartners.com

Schedule a private valuation assessment

The Stonemill Advantage

SECTOR INTELLIGENCE

We know exactly what PE platforms and national strategics are underwriting in K-12 firms today.

PREMIUM POSITIONING

We frame your firm as a defensible geographic platform, not just a collection of past projects.

PROCESS LEVERAGE

We run structured, multi-buyer processes that create competitive tension and maximize valuation.