

North America Hard Facility Management - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The North American hard facility management (FM) market was valued at USD 217.11 billion the previous year and is expected to register a CAGR of 3.68%, reaching USD 273.22 billion by the next five years.

Key Highlights

- The market is defined based on the revenue generated from the services, including HVAC maintenance, lift and escalator maintenance, mechanical, electrical, and plumbing (MEP) services, decoration and refurbishment, fire safety system maintenance, drainage, building management systems (BMS), total energy management, emergency generation and uninterruptible power supply (UPS) system, and project management.
- The growing GDP in the United States indicates significant growth in the overall commercial, manufacturing, industrial, and others, contributing to the market growth rate during the forecast period. The growth is majorly attributed to the growing infrastructural development in the country alongside the ever-increasing awareness among the people. The growing construction sector in the region is post-pandemic, and industrial site growth is analyzed to bolster the demand for Hard facility management services in the country significantly.
- Almost all industries were impacted by COVID-19, with new industrial and commercial buildings witnessing a major reduction. Even without a recovery impact, the construction industry survived the pandemic and experienced notable development in 2021. However, in 2022, construction has grown significantly. Facility management services in the commercial sector include facility management services in the buildings of convenience stores, multichannel retailers, IT and telecommunication offices, corporate offices of finance and insurance companies, etc.
- This growth in construction activities is significantly boosting the demand for facility management services in the region. The US engineering and construction sector is growing significantly with increasing investment. The increase in new construction indicates that the construction sector is continuing to withstand the storm of increased inflation rates. As a result, there would be

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a rapid need for hard facility management services across the country.

-For instance, Biotics Research Corporation, a nutritional supplement maker, plans to spend USD 9 million to build an 88,000-square-foot warehouse, laboratory, and office facility in the United States and expects to complete it by 2023. Similarly, in 2021, Darigold announced the plan to spend USD 500 million to build a 400,000-square-foot processing facility in the United States by the end of 2023. Such projects are expected to drive the demand for MEP services, fire safety, and other services, thereby boosting the demand for hard facility management services in the country.

-With the country outlining real estate owners and developers to optimize their real estate assets, the demand for facility management services is on the rise. However, with a lack of skilled workforce and the cost of hiring rising, the market players are engaging in partnerships and acquisitions to pool talent and deliver long-term contractual obligations. Also, many players providing some facility management services have led to a contested market space with un-differentiated services, thus creating pressure on margins. Further, pressure on margins, declining pay scales, restrictions on work permits, and the cost of nationalization are significantly challenging the facility management vendors.

North America Hard Facility Management Market Trends

High HVAC Services Demand in the United States is Expected to Drive the Market

- The United States experiences a wide range of climate conditions, from extreme cold in northern regions to extreme hot in the southern states. This climatic diversity necessitates robust Heating, ventilation, and air conditioning (HVAC) systems to maintain comfortable indoor environments year-round. Consequently, hard facility management providers specializing in HVAC services are in constant demand to ensure that HVAC systems operate efficiently and reliably.

- According to the US Bureau of Labor Statistics, employment in heating, air conditioning, and refrigeration mechanics and installers was recorded at around 415,800 in 2022. It is anticipated that employment is forecasted to reach 438,800 by 2032. As the number of HVAC technicians increases, the expansion of the HVAC service industry will meet the rising demand. Facility management professionals, building owners, and businesses require skilled HVAC technicians to install, maintain, repair, and upgrade HVAC systems in their facilities.

- Increasing emphasis on energy efficiency and sustainability drives the need for HVAC system optimization. High-functioning maintenance (HFM) providers are essential in implementing energy-efficient technologies like smart thermostats, variable-speed motors, and advanced controls. This demand aligns with green building certifications and sustainability goals in both the public and private sectors.

- Also, rapid technological advancements in HVAC systems, including the integration of Internet of Things (IoT) sensors and smart controls, offer opportunities for innovation and optimization. HFM providers that adopt these technologies can offer clients enhanced system performance, predictive maintenance, and real-time monitoring, aligning with the demand for advanced solutions.

- Additionally, stringent environmental regulations and building codes necessitate compliance with HVAC-related standards. HFM providers must ensure that HVAC systems adhere to regulations, including energy efficiency mandates, refrigerant phase-outs, and emissions reductions. Failure to comply can result in penalties, emphasizing the need for expert HVAC management.

Commercial End User is Expected to Hold Significant Market Share

- The United States is a developed economy with several manufacturing plants, commercial offices, and institutions, among others, which significantly contribute to the country's demand for hard facility management services. According to the American Institute of Architects, based on short-term projections, the US non-residential construction market is expected to grow by

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approximately 19.7% in 2023. In 2023, growth is expected to be the largest in industrial construction, with a year-on-year change close to 55%, and the lowest for religious buildings, which are expected to grow by roughly 5%. Such a huge rise in non-residential construction is expected to drive the demand for the studied market.

- Commercial end-user verticals encompass a wide range of verticals that require facility management services to maintain and operate their physical spaces efficiently. The commercial sector covers office buildings occupied by business services, such as corporate offices of manufacturers, IT and telecommunication, finance and insurance, property, and other service providers. These services often include the maintenance and management of mechanical, electrical, plumbing (MEP), HVAC systems, and various other aspects of facility upkeep.

- Commercial properties often feature complex mechanical, electrical, plumbing (MEP), and HVAC systems. These systems are vital for maintaining comfortable environments, ensuring safety, and supporting various business operations. Hard facility management services are needed to maintain and optimize these systems, preventing breakdowns and ensuring energy efficiency. Many businesses in the commercial sector rely on specialized equipment, such as manufacturing machinery, data center servers, and kitchen appliances (for restaurants). Regular maintenance and servicing of this equipment are crucial to prevent downtime, maintain productivity, and extend the equipment's lifespan.

- Moreover, according to the US Census Bureau, the value of commercial construction that has been put in place was recorded to reach USD 114.79 billion in 2022, a 21.47% rise in commercial construction value from the previous year, 2021, which recorded around USD 94.55 billion. The increase in commercial construction value indicates a dynamic commercial sector, which is a significant driver of demand for hard facility management services. As businesses invest in constructing and expanding commercial facilities, ongoing facility management, maintenance, and optimization services become increasingly important to ensure these properties operate efficiently, safely, and sustainably.

- The commercial entities cover office buildings constructed or occupied by business services, such as corporate offices of IT and communication, manufacturers, and other service providers, including corporate offices of finance and insurance companies. Due to the provision of necessary fitments, interiors, and commercial buildings, hard facility management services have gained significant importance, driving the country's commercial sector market. Further, the hard facility management market in the country is witnessing significant growth owing to the growing launches of new corporate offices from various sectors, more prominently IT and telecommunication offices.

- Further, the growing digitalization in the country's public sector coupled with the rising need to modernize public sector service delivery has attracted global IT companies to set up corporate offices in Canada, thus creating significant growth opportunities for hard facility management services. For instance, in July 2023, Infosys Public Services (IPS), a North America-based company of Infosys, announced the opening of its new subsidiary, Infosys Public Services Canada, Inc., headquartered in Ottawa, Ontario, with local offices in Mississauga, ON, Calgary AB, and Burnaby BC.

North America Hard Facility Management Industry Overview

The North American Hard Facility Management Market is characterized by significant fragmentation and is home to major industry players such as Sodexo, Johnson Controls International PLC, Carrier Global Corporation, Jacobs Solutions Inc., and AECOM. These key players employ various strategic approaches, including partnerships and acquisitions, to bolster their service portfolios and maintain a lasting competitive edge.

In March 2023, CGI, a Canadian-based consulting firm, entered into a new five-year global framework contract with Sodexo. This agreement aims to expedite CGI's business transformation across various domains, concurrently improving operational efficiencies in the delivery of facility management services, particularly hard FM services. This strategic move underscores CGI's commitment to growth by reengineering its business operations.

In June 2023, Johnson Controls International PLC acquired M&M Carnot, a provider specializing in natural refrigeration solutions with an ultra-low global warming potential (GWP) in North America. This acquisition positions Johnson Controls to broaden its

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HVAC maintenance and repair services, facilitating customers in achieving their sustainability objectives while exceeding environmental regulatory requirements. This strategic action is expected to bolster the company's prospects for future market growth.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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