

## **United States (US) MEP Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

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### **Report description:**

The United States MEP Services Market size is estimated at USD 45.39 billion in 2024, and is expected to reach USD 87.96 billion by 2029, growing at a CAGR of 14.15% during the forecast period (2024-2029).

#### Key Highlights

- Mechanical electrical and plumbing (MEP) involves planning, designing, and managing various MEP systems of a building, and with the increasing incorporation of BIM in building construction, planning, and management, MEP services are further gaining traction.
- The MEP contribute to the significant portion of projects' construction cost. With the growing number of construction projects in the region, such as Denver International Airport renovation and New York City transit upgrades, it is expected to drive the growth of the market.
- The COVID-19 pandemic has impacted the MEP services market with respect to disruptions in the supply chain. Lead times for some products were increased due to factory shutdowns. However, now with factories functioning at full capacities, production levels are beginning to see significant improvements.
- Design plays a vital role in MEP services as a significant share of the revenue for any service provider is generated from MEP design. According to a study by Consulting-Specifying Engineer, over half (58%) of the revenue from all of MEP giants combined during 2019 was generated from MEP design, with an average MEP design revenue of USD 83.9 million per firm and observed a significant increase compared to the previous year.
- The US demand for MEP services is driven by new construction and retrofit and renovation demand with both segments, driving a prominent share of the market. However, the new construction segment commands a slight upper hand when it comes to the MEP services market share in the country.
- The concept of sustainability is gaining momentum in the construction design industry; the industry consensus is that installing

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eco-friendly systems would eventually benefit the environment and the budget. According to the EPA, electricity generation in the US accounts for 40% of the total energy consumption. Thereby vendors in the regions are leveraging the MEP technologies such as solar collectors and ventilation with heat recovery accompanied by their services to counter the demand.

-According to the US Energy Information Administration (EIA), in a commercial building, major energy-consuming sections are HVAC systems at 35% of the total building energy, lighting at 11%, appliances, such as refrigerators, water heaters, and freezers at 18%, and the remaining is shared among various other electronics. This is where MEP service providers become vital in developing robust designs that enable consumers to reduce costs.

-However, in the current market scenario, some of the construction projects have been delayed, and some resulted in cancellation as the result of the impact of COVID-19 on the companies and government bodies that commissioned them. For instance, nearly 30% of imported construction material deployed by the end-user firms from China due to supply chain constraints manufacturing output has declined. These instances showcase some of the negative outlooks of the MEP services market that holds the potential to hinder market growth.

## US MEP Services Market Trends

### New Construction?? to Drive the Market Growth

- As per the Associated General Contractors (AGC) of America, the construction industry is a major contributor to the US economy. The industry has more than 733,000 employers with over 7 million employees and creates nearly USD 1.4 trillion worth of structures each year. Construction is one of the major customers for manufacturing, mining, and a variety of MEP services. It is also seen as a significant economic reviver during the recession period.

- The residential construction sector has been the star performer of the United States' economic recovery from the COVID-19 crisis, posting double-digit growth rates since the third quarter of 2020 and making significant contributions to the rebound of the economy and the overall construction industry growth. Many construction projects were fast-tracked to utilize the opportunity of the lockdown and resulted in an increased revenue during the COVID-19 phase. Over the forecast period, the market is expected to correct the sudden increase in projects undertaken.

- Moreover, firm revenues are steadily rising, and the bottom lines are still under considerable pressure. Among the challenges that the industry face is sustained cost pressures, ongoing labor shortages that affect productivity, and trends toward fixed-bid projects that often demand a level of pricing and operations precision that is difficult to obtain with traditional systems. While the industry still trails broader digital acceptance maturity, the continued adoption of digital technologies could alleviate some of these issues.

- It can also present additional hurdles in terms of successful implementations and upskilling the workforce to absorb the technologies. Despite these challenges, MEP firms are poised to potentially benefit from various significant industry opportunities, including the US transportation and infrastructure upgrade initiative and the growth of smart city mega-projects.

### Demand from Healthcare Institutions to Drive Market Growth

- The healthcare sector in the region is considered one of the crucial sectors for the optimal functioning of the economy. However, it faces the huge problem of inefficient planning and insufficient resources at the healthcare facilities. For instance, Humana and the University of Pittsburgh researchers reported that based on the data from January 2012 to May 2019, approximately 25% of healthcare spending could be characterized as inefficient.

- Thereby, end-user from the healthcare sector are starting to realize the potential offered by MEP services to leverage inefficiencies in the facilities. Moreover, In a healthcare facility, each department has its specific requirements: operation theatre,

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Gynaecological Department, or the Paediatrics Department. Additionally, incompetent designs could lead to a catastrophic effect on patient treatment. For instance, low internal air quality could cause adverse effects on the health of the patients. Thus, MEP services hold the potential to support the systems that are the backbone of healthcare operations.

- Furthermore, the ongoing pandemic COVID-19 has showcased the region's lack of preparation to counter the pandemic and has exposed the health system's inefficiencies and inequities. For instance, the healthcare infrastructure cannot accommodate COVID-19 patients and has fewer hospital beds per capita than other developed countries.

- Thereby these instances are expected to surge the demand for MEP service as the government bodies in the region are starting to allocate many resources into the construction of efficient medical facilities. For instance, In May 2020, AECOM announced it had completed the New York City Department of Design and Construction's (DDC) project to construct two temporary hospitals that are aimed to serve as COVID-19 emergency facilities.

## US MEP Services Industry Overview

The United States MEP Services Market is moderately fragmented. The major companies include Jacobs Engineering Group Inc, HDR Inc, AECOM, and Arup Group. Vendors in the market are leveraging partnerships and collaborations to capture the market share. Some of the recent developments in the market are:

- June 2020: AECOM, in partnership with Canyon Partners, LLC, a global alternative asset management firm, announced a joint venture with The Martin Group to begin the transit-oriented development of Wexler, a mid-rise student housing project. The company announced that it had taken a USD 73.3 million senior construction loan from Pacific Western Bank. The project is scheduled to be completed by fall 2020.

- October 2020: The University of California, San Francisco (UCSF) selected Arup and San Francisco-based healthcare specialists Mazzetti as the lead MEP engineers of record for its new hospital, UCSF Helen Diller Medical Center at Parnassus Heights (Parnassus Heights). Arup could also be providing additional services for the project, including civil engineering services and acoustics/vibration and logistics consulting.

### Additional Benefits:

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

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