

For Immediate Release

2007 Will Be Record Year for Mergers and Acquisitions in the AEC Industry

Newton, MA January 9, 2006 – This year will see a record number of acquisitions in the AEC industry according to industry management consulting firm Morrissey Goodale LLC. “We’re just one week into the New Year and we’ve already seen eight transactions announced—seven domestic and one international. Assuming this pace continues, 2007 will beat the record number of deals reported in 2006”, says Mick Morrissey, principal and co-founder of Morrissey Goodale LLC.

The accelerating merger and acquisition activity is driven by strong performance and record profits, providing capital for expansion. Firms have the opportunity to broaden their reach geographically, enter new markets, add clients, augment their services and increase their staff. According to Morrissey, consolidation in the industry will be characterized by the following trends:

- **More deals in Florida and Arizona.** “The recent slowdown in the residential market has created some short-term easing in deal valuations, resulting in more opportunities for Northeast and Mid-West firms looking to grow in these Sunbelt states.” says Morrissey. “However, deals will still not be cheap, and buyers will be paying close to top dollar to enter these long-term growth markets.”
- **Texas and California will continue to be hot.** The combination of demographics, committed public sector funding, and infrastructure needs will see continued consolidation in these states, with many buyers being out-of-state or international. “Smart buyers should be prepared for the unique and significant integration challenges associated with acquisitions in both of these states” says Morrissey.
- **More private equity funding.** “We haven’t seen this amount of interest from private equity since 2000 when there were multiple roll-up proposals for consulting engineering and design firm on the books.” says Morrissey. “Of course, when you see this trend you have to ask how close we are to the top of the market.”

The primary risk to this forecast is “another significant terrorist event,” according to Morrissey. “After 9/11 we saw consolidation in the AEC industry decline by over 20%, mirroring a trend in the larger economy as buyers pulled deals that were in the works due to the uncertain environment.”

About Morrissey Goodale LLC

Morrissey Goodale LLC is a leading management consulting firm to the Architecture Engineering and Construction (AEC) industry. Headquarters are located at Riverside Center 275 Grove Street, Suite 2-400, Newton MA, 02466. The company can be reached at 508-650-0040 or on the web at www.morrisseygoodale.com

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