Industrial & Business Services Market Perspectives

A resurgence in coronavirus cases in some regions has led to new restrictions and increased the pace of conversation around a new coronavirus relief package. The initial proposal by Senate Republicans (the HEALS Act) includes little or no immediate funding for infrastructure, in stark contrast to the to the HEROES Act, already passed by the House of Representatives. Analysts believe the ultimate result is likely to include some infrastructure spending, but likely less than the nearly $1 trillion currently proposed in the HEROES Act

- The American Council of Engineering Companies indicated that a significant infrastructure package, particularly a
  - The Senate proposal does include a $1.75 billion construction project to demolish and rebuild the FBI Headquarters
- After holding steady in June, the Construction Cost Index indicated that costs for labor and materials fell in July
  - As the new resurgence in coronavirus cases led to increased uncertainty, many new construction projects, initially slated to begin or re-start in July, were once again delayed
- Many airports are beginning to consider large retrofit and/or rebuild projects for bathrooms, with an emphasis on touchless technologies to adjust to a post-COVID new normal
  - The typical major U.S. airport contains more than 100 restrooms and more than 1,000 stalls and sinks that would need to be upgraded
- Data center capital expenditures, driven by cloud spending, particularly by the largest hyperscalers, are expected to top $200 billion over the next five years according to a new industry study
- The drive for increased health and safety protections in the waste management industry has led to more rapid adoption of technological solutions to reduce the chances of exposure outside the cab
  - In particular, automated side loader vehicles have seen a spike in inquiries since March – but can take more than 12 months to deploy

Industrial & Business Services Subsector Median Trading Multiples

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