



The Industry Spotlight

U.S. Plumbing Industry

October 2023



- The plumbing industry was one of the few industries that experienced revenue growth during the COVID-19 pandemic.
- Commercial Market has rebounded from lows of the COVID-19 pandemic.
- Demand from new residential construction has noticeably decreased as mortgage rates continue to climb.
- Multifamily residential work has been an important demand driver as building managers often establish long-term maintenance contracts with plumbers, stabilizing the work pipeline and revenue.

Industry Outlooks

- **Growth in Corporate Profit Driving Industry Growth**
 - As businesses increase capacity through new facilities, expansion in commercial construction activity will increase demand for plumbing installation services. Plumbers will also be called to fill long-term maintenance contracts and renovate existing plumbing systems to reflect the eco-friendly priorities of the business world.
- **The Residential Market Will Likely Shrink**
 - The Residential market will likely shrink over the next five years as the boom from the COVID-19 pandemic subsides. Rising mortgage rates and decreasing per capita disposable income in relation to inflation will limit spending on new builds and home improvements.
 - Despite shrinkage, plumbing services will always be needed. The multifamily residential market is largely contract based, which can guarantee regular work and will prove promising for plumbing maintenance and repair services.
- **Going Green**
 - Environmentally friendly plumbing services provide the industry with new growth opportunities: growing concern for wasteful usage of water and electricity has led to the replacement of older plumbing and heating systems.
 - The Plumbing-Heating-Cooling Contractors Association trains plumbers to install and modify plumbing appliances and piping to conserve water.
 - The American Rainwater Catchment Systems Association accredits plumbers and contractors that can design, build, and install rainwater and greywater recycling systems for commercial and residential use.

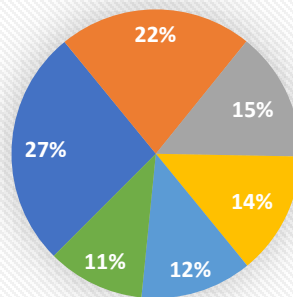
U.S. Plumbing Industry Key Ratios

Year	Revenue Per Employee (\$)	Employees Per Ent. (Units)	Average Wage (\$)	Wages/Revenue (%)
2017	226,179	4.6	59,652	26.4
2023	233,119	4.2	64,110	27.5
2029	232,365	4.2	64,068	27.6

Major Markets

Major Market Segmentation

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- New Residential Construction (\$33.3bn)
- Existing Residential Buildings (\$18.2bn)
- Office Buildings (\$15.7bn)

- Healthcare, Public Safety and Educational Buildings (\$27.2bn)
- Retail and Storage Spaces (\$17.3bn)
- Manufacturing and Industrial Buildings (\$13.7bn)

What We Do

Most business owners avoid preparing an Exit Plan because they do not have a clear understanding of the process, or they are concerned about the cost and time commitment.

The Blue Sky Exit Planning “Four Phase Value Creation Process” creates a clear path to maximize the value you will get for your business upon a partial or complete exit from your business.

An Exit Plan asks and answers all the business, personal, financial, legal and tax questions involved in selling part or all of a privately owned business. By the end of the process, you will have prepared your business for unplanned events, increased the value of your business, and created financial security for you and your family.

In addition to this we also provide external CFO services: Most small and mid-size business cannot afford the cost of an experienced CFO full-time. Our fractional CFO program gives you years of experience for a fraction of the cost.

Working with an outsourced CFO gives you access to the knowledge and expertise you need without the price tag of a full-time CFO. What’s more, good outsourced CFOs will help their companies replace them down the road.