



THE MACKEY REPORT

State of the Fire & Life Safety Industry
June, 2026 Edition

by John Mackey

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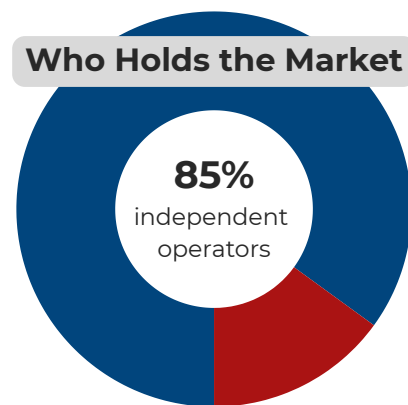
Executive Summary

Fire & life safety has become one of the most active consolidation theaters in specialty services — and for good reason. It pairs non-discretionary, code-mandated demand with deep fragmentation, an aging owner base, and recurring-revenue economics institutional capital prizes. This summary distills the core of The Mackey Report: where the market sits, how value is created, what buyers underwrite, and the forces that will decide the next five years. It is the operator's read, written for the owners building these companies and the investors, sponsors, and boards backing them.

The Market at a Glance

\$25B+ core market (≈\$100B w/ adjacencies)	~85% still independent operators	14–19x EV/EBITDA, quality platforms	2026–31 digit organic growth
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Even after a decade of consolidation and close to three dozen sponsor-backed platforms, roughly 85% of the market still sits with local and regional operators under 50 employees. The runway is long — and it regenerates: every consolidation wave seeds the next generation of independent operators, replenishing the tuck-in supply.

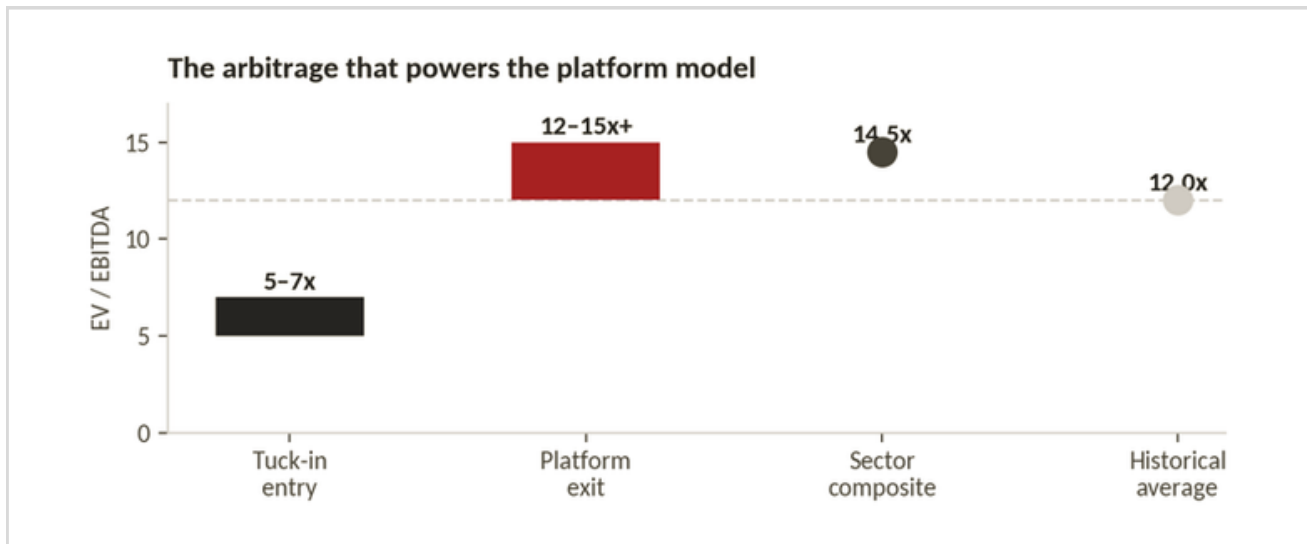


The five core findings

- Market resilience. FLS recovered from Covid faster than most specialty trades and delivers steady mid-single-digit organic growth — code-mandated demand does not switch off.
- Consolidation at scale, fragmentation intact. Close to three dozen platforms are active, yet ~85% of the market remains independent. The runway is long, and the contractor base regenerates.
- Premium valuations, with reasons. Quality platforms trade at 14–19x EV/EBITDA on recurring revenue, a regulatory moat, and proven buy-and-build economics; tuck-ins still enter at 5–7x.
- Labor is the binding constraint. More than half of firms surveyed call hiring a significant or serious challenge — worst at mid-size firms (51–250 employees). Not demand or capital — the bench.
- Revenue mix is the value engine. Shifting from installation (12–18% gross margin) to ITM (35–55%) and monitoring (60–70%) is the strongest lever on both margin and exit multiple.

Why the multiples hold

Quality platforms command a premium because the earnings are defensive: recurring revenue backed by code, demand that doesn't soften in a downturn, and buy-and-build math that still pays when integration is done right. The arbitrage between tuck-in entry and platform exit remains intact — execution, not sourcing, is now the variable.



Five forces shaping 2026–2031

Force 1 — Regulatory tailwinds

New NFPA editions keep widening the mandatory inspection base — broader sprinkler requirements, electronic reporting, performance-based codes. Demand that is required, not discretionary.

Force 2 — Labor as the binding constraint

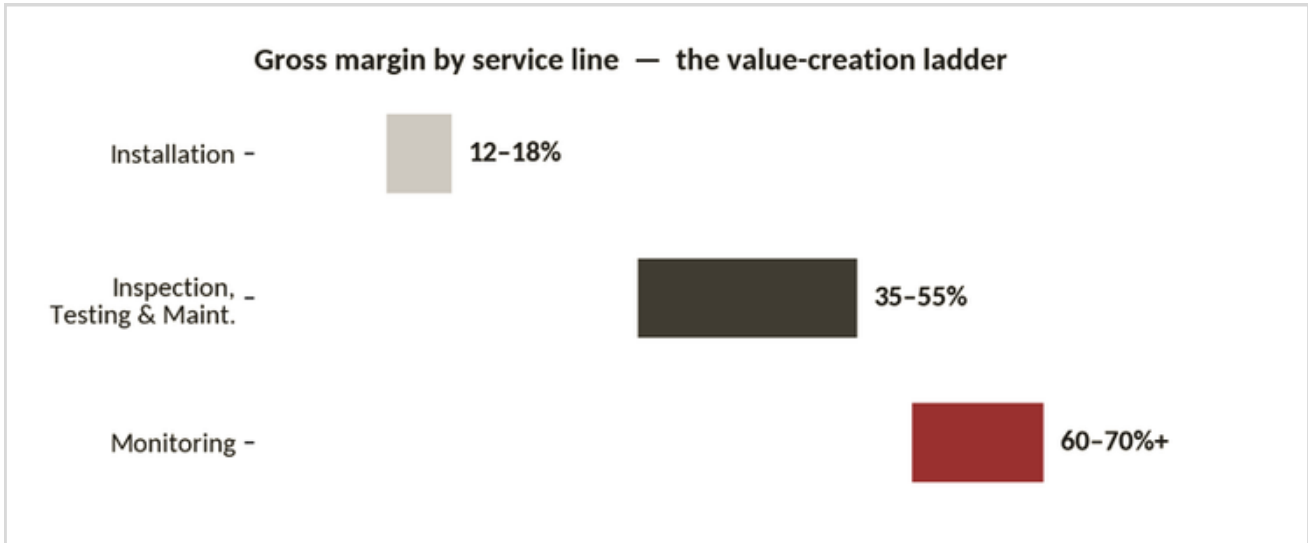
More than half of firms call hiring a significant challenge. The shortage is supply-side and structural — workforce strategy is now a CEO-and-board value-creation lever, not an HR line item.

Force 3 — Technology transformation

AI adoption is underway and field-service platformization is accelerating, moving technology from back-office cost to competitive moat and new recurring revenue (connected monitoring, predictive maintenance).

Force 4 — Revenue mix as the value engine

The strongest lever on margin and multiple. 70%+ recurring revenue is emerging as the threshold for a premium valuation — below it, expect a discount to peers.



Force 5 — The next wave of consolidation

2018–2022-vintage platforms are reaching the end of typical 4–5-year holds, opening a sponsor-to-sponsor secondary market; international and adjacency expansion widen the opportunity.

What it means — by seat

Audience	The priority moves
Owners & operators	Move the revenue mix toward recurring; invest in a unified FSM/data platform; build a real talent strategy; prepare for optionality 18–24 months out.
PE investors & sponsors	Underwrite integration, not just deal flow; diligence the workforce as hard as the financials; hold price discipline against a moderating-premium scenario.
Boards & directors	Govern on revenue quality over growth; demand a labor dashboard; press the technology roadmap; be realistic about integration capacity.

What “good” looks like

The benchmark profile commanding the top of the multiple range: scaled, multi-regional revenue with ~20% adjusted EBITDA margins, recurring services compounding in the high teens, high net-revenue retention, and 70%+ recurring mix.

Request the full report

This is the summary. The full Mackey Report carries the data, the benchmarks, and the analysis behind each finding. Shared through a short request, reviewed personally by John Mackey. Request access at themackeyreport.com.

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