

Capstone Partners Reports: Demand for Outsourced Services Buoy Environmental Health and Safety Market

BOSTON, MA, U.S., August 1, 2024 /EINPresswire.com/ -- Capstone Partners, a leading middle market investment banking firm, released its July 2024 Environmental Health and Safety (EHS) Market Update, reporting that rapid urbanization and industrialization, coupled with government investments for the development of numerous semiconductor, cloud, artificial intelligence (AI),

and data center projects, are expected to drive future demand in the EHS space.



Strength in the U.S. Construction market for industrial environments is fueling meaningful activity in EHS, driven by strong tailwinds in reshoring efforts and continued investment in data centers."

*Chris Cardinale, Director,
Capstone Partners*

The EHS market has seen increased demand as businesses continue to outsource comprehensive safety management services to enhance workplace safety on construction-related projects. In-house EHS staff typically specialize in niche industry safety matters and do not have the necessary safety expertise. Outsourcing has become a panacea for increased construction demand amid difficult labor shortages.

EHS sector players have utilized outsourcing to gain access

to specialized expertise and advanced technologies that might otherwise be cost-prohibitive. Companies have leveraged the knowledge of external EHS professionals to ensure compliance with evolving regulations and implement best practices for environmental stewardship and workplace safety. By focusing on core business activities and delegating EHS responsibilities to experts, companies can achieve a higher standard of EHS performance.

Merger and acquisition (M&A) volume in the EHS sector has moderated through year-to-date (YTD). Target companies in the Services segment have comprised the largest percentage of transactions as sector participants adjust to increasing regulations, and outsourcing trends provide tailwinds for deal activity. Despite construction and outsourcing tailwinds encouraging sector players to transact, higher borrowing costs and the interest rate environment have hindered activity.

Capstone expects deal activity to rebound through year-end and into 2025 as private strategics return to the market in conjunction with elevated public player appetite. Private equity is

expected to target sector players with elevated cash, benefitting from forecasted interest rate cuts by year-end or early 2025. The current valuation environment has fared well for prospective sellers as competition among buyers is projected to remain high.

Capstone Partners advised [Safe T Professionals](#)—a construction-related safety management consulting firm—on its investment from Gallagher Bassett Services in June 2024 (terms confidential). Founded in 2011 and based in Chandler, Arizona, Safe T Professionals is a leader in safety consulting and manager outsourcing.

The company provides safety training, oversight, reporting, and management of all third-party contractors to assist in large-scale construction projects, ongoing maintenance, and repairs at industrial facilities. Safe T Professionals has developed a specialty in the Semiconductor and Electric Vehicle (EV) industries and represents some of these industries' largest global companies.

"The strength in the U.S. Construction market for industrial environments is fueling meaningful activity in EHS, driven by strong tailwinds in the reshoring/onshoring efforts and continued investment in data centers. These long-term demand drivers are catching the attention of the M&A market and increasing the interest in EHS companies," said Capstone Director Chris Cardinale, the co-lead contributor in the newly released report.

Also included in this report:

- What macroeconomic headwinds are driving demand trends for outsourcing and EHS services.
- A breakdown of public company multiples and margin performance in the EHS market.
- A detailed analysis of notable transactions YTD and motivations behind the acquisition and purchase multiples.

To access to full report, [click here](#).

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