

Zweig Group Releases 2025 Valuation Report of AEC Firms, Highlighting Industry Growth and Resilience

Fayetteville, AR – Zweig Group, a leading provider of advisory services, research, and education for the architecture, engineering, and construction (AEC) industry, has released its **2025 Valuation Report of AEC Firms**. This latest edition continues the firm's more than three-decade commitment to delivering comprehensive valuation data and analysis to the industry.

The 2025 Valuation Report highlights a **notable upward trend in firm values**, as internal transition and pro-rata pricing begin to converge. The median firm surveyed consists of 45 full-time equivalents (FTE), six owners, and holds a book value of \$2.6 million. Additionally, the data reveals a net service revenue (NSR) of \$7.7 million, pre-bonus profit of \$1,204,104, EBITDA of \$1,357,946, and a solid backlog of \$7.6 million. Compared to last year's median firm profile, these figures reflect growth not only in human capital but also in overall firm value.

The **value/EBITDA metric** rose slightly **from 4.23 to 4.28**. Meanwhile, the **value/NSR ratio** remains relatively stable, moving from **0.64 to 0.63**—keeping in line with its decade-long trend. **Revenue growth and firm valuation are intrinsically linked and this metric continues to show stability**. The **value/backlog ratio**, also remained relatively stable, sliding to **0.63 from 0.65 in 2024**. Despite **higher interest rates and tighter lending conditions**, many firms delivering engineering services have experienced significant **backlog growth**. On the architectural side, institutional and healthcare related projects have remained consistent contributors to higher margins over the last few years. Outside investments in the AE industry continue to shake-up valuation expectations as owners are starting to evaluate their internal pricing methods next to the demands of the outside market. We are finding that the market is placing greater scrutiny on **revenue recognition, contract profitability, and risk management in deal making negotiations**. Much of this can be defined, to a degree, when a buyer is evaluating a targets WIP and backlog. Hard backlog remains a **key valuation driver**, reinforcing the importance of **contract management, cash flow management, and project execution strategies**.

The equity value/profit ratio stabilized at 3.8 after peaking at 3.91, reflecting a more sustainable pace of industry growth. While rising material costs, tighter lending conditions, and workforce shortages pose challenges, strong demand for infrastructure and energy-related projects continues to drive firm valuations. Public sector investments and the expansion of energy infrastructure remain key growth catalysts. In response, firms are tightening financial discipline, leveraging automation, and adopting alternative project delivery methods to safeguard profitability. These strategies are helping firms maintain stability and resilience amid broader economic uncertainties.

Zweig Group's 2025 Valuation Report serves as a crucial resource for firm leaders, investors, and stakeholders seeking to understand the latest trends in AEC firm valuations. For more information or to purchase the report, visit zweiggroup.com.

About Zweig Group

Zweig Group, a four-time Inc. 500/5000 honoree, is the premiere authority in AEC management consulting, the go-to source for industry research, and the leading provider of customized learning and training. Zweig Group specializes in four core consulting areas: Talent, Performance, Growth, and Transition, including innovative solutions in mergers and acquisitions, strategic planning, financial management, ownership transition, executive search, business development, valuation, and more. Zweig Group exists to help AEC firms succeed in a competitive marketplace. The firm has offices in Dallas and Fayetteville, Arkansas.