

HVAC / Plumbing / Electrical

PASS

Houston, TX · 21 Sep 2026

ASKING	SDE	MULTIPLE	DSCR	MAX SUPPORTABLE BASE IRR	HORIZON
\$750,000	\$205,000	3.66×	1.09×	\$657,000 18.1% base case	5-yr exit

This report reads the engine's analysis of your deal and sets it against current, sourced conditions in this industry and market. The engine owns every deal number; nothing here recomputes them.

01

What this means for your deal

Industry conditions, applied

YOUR DEAL

The deal receives a NEGOTIATE grade, with the binding constraint sitting well above the debt-service floor: the asking price of \$750,000 exceeds the maximum supportable price of \$657,000 at the 1.25× DSCR threshold, and the buyer must negotiate a large reduction—\$93,000 or 12.4%—to bring the price within what the capital structure can carry.

YOUR DEAL

The asking multiple of 3.66× sits far above the industry base comp of 2.56×, representing a premium of 42.9%, and positions the deal outside the comparable range (low 2.18×, high 2.94×), which compounds the financing challenge and narrows the buyer's margin for error.

YOUR DEAL

The standard structure at 20% down produces a down payment of \$150,000, cash at close of \$172,500, and a capital stack of \$150,000 equity, \$525,000 senior SBA debt, and \$75,000 seller note, totaling the \$750,000 asking price; the aggressive structure at 10% down reduces the down payment to \$75,000 and cash at close to \$97,500, while the conservative structure at 30% down raises them to \$225,000 down payment and \$247,500 cash at close respectively, with the senior debt and seller note amounts remaining identical across all three.

YOUR DEAL

The standard structure at 20% down generates a debt-service coverage ratio of 1.09×, falling short of the 1.25× SBA floor, while the conservative structure at 30% down reaches 1.24× and also remains below the threshold; only a negotiated price reduction to \$657,000 or lower would allow any structure to clear the coverage floor, meaning the buyer cannot finance this deal as priced through conventional SBA lending.

YOUR DEAL

Annual debt service totals \$98,920 under the standard structure, consisting of \$81,520 for the senior SBA loan and \$17,400 for the seller note, and the business is expected to generate \$108,340 in cash available for debt service in year one—built from the entered SDE of \$205,000 grown 4.0% to \$213,200, less operator compensation of \$86,000, maintenance capex of \$17,940, and incremental working capital of \$920—leaving a narrow operating cushion that the asking price erodes entirely.

YOUR DEAL

The base-case five-year return delivers an IRR of 18.1%, a MOIC of 2.12×, and cash-on-cash of 11.8% against the standard equity in of \$172,500, with total net profit of \$192,877; the operating years generate \$101,423 in distributions, less than the \$172,500 equity invested, so the modeled exit at \$638,499 (the exit SDE of \$249,414 multiplied by the 2.56× base comp) is what closes the gap and drives the majority of the buyer's return.

YOUR DEAL

The exit bridge subtracts the remaining SBA balance of \$323,465, the remaining seller note balance of \$0, and selling costs of \$51,080 from the exit value of \$638,499, yielding net exit proceeds of \$263,954, which demonstrates that the buyer's equity recovery and profit hinge on the sale event rather than steady operating distributions.

YOUR DEAL

The negotiation position sets the aggressive open at \$447,000, the industry fair value at \$525,000 (which sits within the supportable range), and the walk-away at \$603,000, bracketing a wide range for the buyer to explore and signaling that the asking price sits well above what both the market comps and the debt capacity justify.

SOURCED +DEAL

SOURCE 20, 10, 8

Private equity add-on activity in HVAC services rose 88 percent year-over-year through mid-2025, with financial buyers accounting for roughly half of all HVAC service transactions, and in February 2026 Blackstone announced its agreement to acquire Champions Group at approximately \$2.5 billion (around 18.5× EBITDA), illustrating the gap between platform-level strategic valuations and the 3.66× asking multiple for this single-location business.

SOURCED +DEAL

SOURCE 6, 11, 7

Effective 1 Jan 2026, the EPA fully enforced the transition to low Global Warming Potential refrigerants, prohibiting installation of systems using R-410A, and suppliers indicated that compliant HVAC units will incur at least a 20% materials cost increase; the buyer's maintenance capex assumption of \$17,940 and the entered SDE of \$205,000 do not account for any accelerated equipment replacement or margin compression from higher unit costs, adding uncertainty to the cash flow forecast that underpins the already-thin debt coverage.

SOURCED +DEAL

SOURCE 18, 27

Labor shortages remain widespread across HVAC and plumbing trades as of January 2026, with roughly half of employers reporting difficulty finding skilled applicants, and HVAC technicians in Houston metro earn a median wage of \$28.34 per hour or \$58,940 annually as of May 2025; the operator compensation of \$86,000 budgeted in the cash-available calculation sits above the median technician wage, suggesting the buyer is pricing in competitive labor costs, though rising wage pressure from the shortage could squeeze the narrow \$108,340 in cash available for debt service if technician retention requires further increases.

SOURCED +DEAL

SOURCE 9, 12

Houston's construction sector grew 5.2% year-over-year in July 2026, adding 13,200 jobs, and national home improvement and repair spending is expected to reach \$518 billion by the end of 2026, with 19% of homeowners planning to install new HVAC systems; the business's revenue of \$1,150,000 positions it within the small-operator range (estimate: \$500k–\$2M for 1–5 truck operations), and the strong local construction and residential improvement backdrop supports the 4.0% revenue growth assumption embedded in the year-one CFADS forecast, though the asking price premium of 42.9% above the base comp assumes the buyer will capture that tailwind without margin erosion.

02

What was analyzed

Your inputs

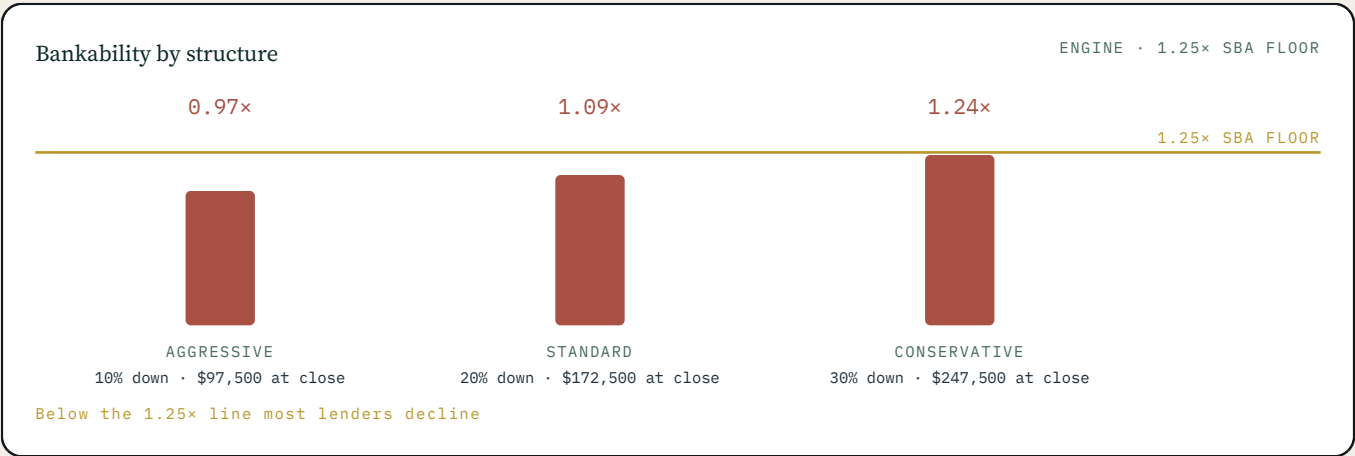
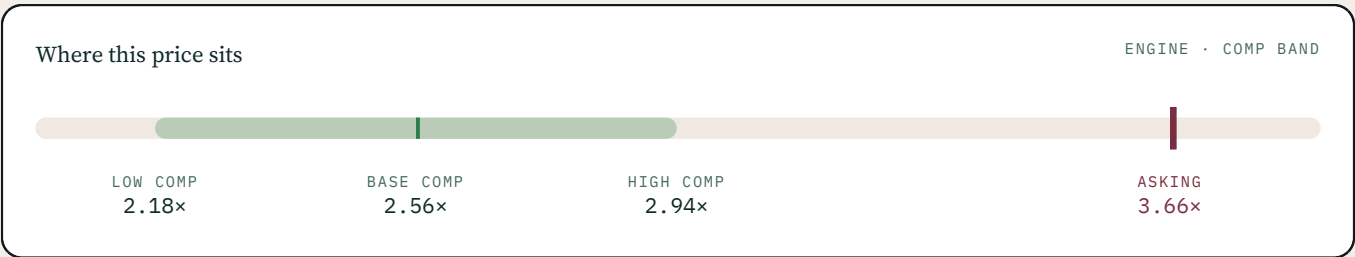
ANALYSIS HORIZON	ASKING PRICE	REVENUE
5-year exit	\$750,000	\$1,150,000
the frame for every return figure		
EARNINGS (AS ENTERED)	INDUSTRY	LOCATION
\$205,000	HVAC / Plumbing / Electrical	Houston, TX
SDE		
INVENTORY (STATED)	FF&E (STATED)	SBA RATE
\$0	\$0	9.5%
EMBEDDED	EMBEDDED	
AMORTIZATION	DOWN PAYMENT – STANDARD	SELLER NOTE
10 years	20.0%	10.0%
		6.0% over 5 years · amortizing

WHAT THE ENGINE APPLIED – YEAR 1			
PROJECTED SDE	LESS OPERATOR COMPENSATION	LESS REINVESTMENT	= CASH AVAILABLE FOR DEBT SERVICE
\$213,200	\$86,000	\$18,860	\$108,340
year 1, grown from the \$205,000 entered at 4.0%/yr	benchmark replacement salary for this industry	maintenance capex \$17,940 + working capital \$920	CFADS – no tax is applied anywhere in this chain

03

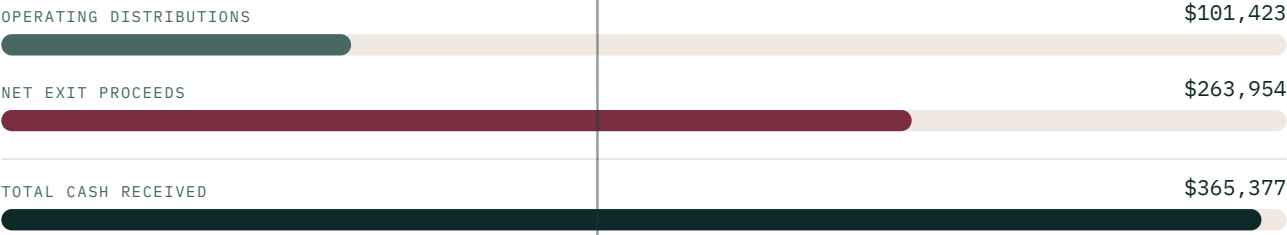
The deal at a glance

Engine figures, drawn



Where the return comes from

ENGINE • 5-YEAR EXIT



BUYER EQUITY IN \$172,500 (the investment, marked for scale)

The two bars above the rule SUM to the total: more of the cash a buyer receives arrives at the sale than from operating the business. The bars are drawn to scale, so their lengths are the proportions.

Compiled from recent news and industry reporting, weighted toward established outlets. Every item is dated and carries its source, but news can be wrong or incomplete in ways a computed figure cannot — verify anything you would act on.

SOURCED

Feb 2026
SOURCE 10, 8

In February 2026, Blackstone announced its agreement to acquire Champions Group from Odyssey Investment Partners at a valuation of approximately \$2.5 billion (around 18.5× EBITDA), representing the largest disclosed transaction in the residential HVAC, plumbing, and electrical sector during this period.

SOURCED

21 Oct 2025
SOURCE 21

On 21 Oct 2025, Southern Home Services acquired Nick's Plumbing & Air Conditioning in the greater Houston market, marking Southern's fourth location in Texas.

SOURCED

1 Jan 2026
SOURCE 6, 11, 7

Effective 1 Jan 2026, the EPA fully enforced the transition to low Global Warming Potential (GWP) refrigerants for residential and light commercial systems, prohibiting installation of systems using regulated substances with a GWP of 700 or greater (including R-410A).

SOURCED**+DEAL**

2026
SOURCE 6

Suppliers have indicated that EPA-compliant HVAC units will incur at least a 20% increase in materials cost compared to non-compliant units.

SOURCED

2025
SOURCE 20

Private equity add-on activity in HVAC services rose 88 percent year-over-year through mid-2025, with financial buyers accounting for roughly half of all HVAC service transactions, up from about a third a year earlier.

SOURCED

2025
SOURCE 10, 8

In 2025, Goldman Sachs Alternatives acquired a majority stake in Sila Services from Morgan Stanley Capital Partners at a reported valuation of around \$1.7 billion.

SOURCED

2025
SOURCE 10, 8

Apex Service Partners (Alpine Investors) completed approximately 60 add-on acquisitions in 2025 across HVAC, plumbing, and electrical, bringing the platform to nearly 300 businesses and roughly \$1.3 billion in annual revenue.

BACKGROUND

HVAC, plumbing, and electrical companies generate revenue through service and repair work (typically 50–70% of revenue for mature businesses), maintenance contracts, equipment replacement and installation, new construction projects, and emergency service calls at premium rates.

BACKGROUND

Small operations with 1–5 trucks typically generate \$500k–\$2M in annual revenue, while mid-size businesses with 6–15 trucks generate approximately \$2M–\$8M.

BACKGROUND

These businesses require licensed personnel (master license for permits and compliance, journeyman technicians for field work), dispatchers to optimize service schedules, and sales advisors for replacement system sales.

In Houston specifically, HVAC service is a year-round necessity due to extreme heat and humidity, and strong residential and commercial growth drives consistent demand across all three trades.

06

Market Research

Houston metro, TX

Current Market Conditions

What is happening in this industry, in this market, right now.

SOURCED

Jul 2026

SOURCE 9

Houston's construction sector grew 5.2% year-over-year in July 2026, adding 13,200 jobs and representing the strongest employment growth sector in the metro area.

SOURCED

Q2 2026

SOURCE 16

Houston posted 16,899 new residential permits through Q2 2026, maintaining its position as Texas's volume leader, though representing a 15% year-to-date decline compared to 2025 levels.

SOURCED

Aug 2026

SOURCE 15

In August 2026, Houston alone accounted for 45% of all new residential permits issued statewide in Texas.

SOURCED

+DEAL

2026

SOURCE 29

Electricians, plumbers, and HVAC technicians in Houston are experiencing 4–6% annual wage growth, with skilled trades in high demand and the best subcontractors committed months in advance.

SOURCED

+DEAL

2026

SOURCE 1

Commercial construction costs in Houston range from \$240–\$380 per square foot in 2026, with annual cost escalation running 3–6%.

SOURCED

2026

SOURCE 28

Texas is running \$142 billion in construction projects in 2026, with Houston benefiting from major industrial, LNG, and transportation infrastructure investments.

SOURCED

2026

SOURCE 12

National home improvement and repair spending is expected to reach \$518 billion by the end of 2026, with 19% of homeowners planning to install new HVAC systems.

Local Operating Benchmarks

What operators in this market actually pay, charge and earn.

SOURCED

May 2025

SOURCE 27

HVAC technicians in Houston metro earn a median wage of \$28.34 per hour or \$58,940 annually as of May 2025.

SOURCED

Aug 2026

SOURCE 32

Plumbers in Houston earn an average of \$60,369 per year or \$29.02 per hour as of August 2026.

SOURCED

Aug 2026

SOURCE 31

Journeyman plumbers in Houston metro average \$66,584 annually or \$32.01 per hour as of August 2026.

SOURCED

Aug 2026

SOURCE 30

Electricians in Houston earn an average of \$58,627 per year or \$28.19 per hour as of August 2026.

SOURCED

2026

SOURCE 5

Journeyman electricians in Houston average \$40.25 per hour, exceeding both the Texas state average of \$38.46 and the national average of \$39.59 per hour.

SOURCED

2026

SOURCE 13

Houston leads Texas cities in electrician compensation at \$64,820 annually, driven by demand from petrochemical and industrial sectors.

Regulatory & Licensing

The licenses, rules and changes that affect a transfer of ownership.

Claims marked ESTIMATE below are described by secondary sources and were not confirmed against the issuing authority (a state board or licensing body). Their sources are listed; verify with the authority before relying on any of them.

SOURCED

SOURCE 23, 24

Electrical contractor licenses in Texas are issued by the Texas Department of Licensing and Regulation (TDLR) and do NOT transfer when a business is sold or changes ownership; the new owner must apply for a new license.

SOURCED

SOURCE 25

Only the company owner of record can authorize changes to an Electrical/Electrical Sign Contractor license issued by TDLR, and owner signature is required for name changes under the same ownership (not for transfers to new owners).

SOURCED

2026

SOURCE 24

Beginning 1 Sep 2026, residential solar retailers and solar salespersons must be registered with TDLR to conduct sales or leases of residential solar installations in Texas.

SOURCED

1 Sep 2023

SOURCE 22

TDLR adopted the National Electrical Code 2023 Edition (as it existed on 25 Aug 2022) effective 1 Sep 2023, setting the current code standard for electrical work in Texas.

ESTIMATE

SOURCE 26

Reported: Plumbing licenses in Texas are regulated by the Texas State Board of Plumbing Examiners (TSBPE), which was merged into TDLR effective 1 Sep 2019 but maintains separate regulatory authority.

ESTIMATE

SOURCE 26

Reported: HVAC (air conditioning and refrigeration) contractor licenses in Texas are issued by TDLR, though specific transferability rules upon business sale were not confirmed in available official sources.

Current Risk Signals

What is going wrong for operators in this market this year.

Claims marked ESTIMATE below are described by secondary sources and were not confirmed against the issuing authority (a state board or licensing body). Their sources are listed; verify with the authority before relying on any of them.

SOURCED

Jan 2026

SOURCE 18

Labor shortages remain widespread across HVAC and plumbing trades, with roughly half of employers reporting difficulty finding skilled applicants as of January 2026.

SOURCED

+DEAL

2024–2026

SOURCE 19

Material costs rose 12–18% across the HVAC, plumbing, and electrical sectors during the 2024–2026 period.

SOURCED

+DEAL

2026

SOURCE 14

The 2026 refrigerant transition to A2L refrigerants like R-454B increased HVAC equipment manufacturing costs by 15–20% due to new safety sensors and leak detection requirements.

SOURCED

SOURCE 19

Insurance premiums for HVAC, plumbing, and electrical operators increased 8–15% year over year.

SOURCED
SOURCE 3

A large share of current HVAC technicians are over 45 years old and moving toward retirement, creating a structural demographic challenge as too few new entrants replace them.

SOURCED
2026
SOURCE 4

Private equity investment is driving consolidation among specialty contractors in construction trades, with Houston remaining a major M&A hub for mechanical trades operators in 2026.

SOURCED
SOURCE 17

Labor shortages are forcing some operators to turn down project bids due to uncertainty about having sufficient qualified workers to complete them.

ESTIMATE
Mar 2026
SOURCE 2

Reported: Competition for skilled workers is driving up wages, while companies also absorb costs for training and licensing of less experienced employees, ultimately increasing customer bills.

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- SOURCE 1** **Houston Commercial Construction Costs: What's Moving in 2026**
<https://anchorcm.net/newsroom-anchor/houston-growth-boom-commercial-construction-cost-per-square-foot>
- SOURCE 2** **Austin skilled labor shortage sparks workforce development expansion**
<https://austincurrent.org/2026/03/23/austin-construction-abbott-skilledlabor-shortage-employment/>
- SOURCE 3** **How To Recruit And Retain HVAC Technicians In 2026 | BDR**
<https://www.bdrco.com/blog/recruit-hvac-technicians/>
- SOURCE 4** **Top 5 M&A Trends in the Construction Industry: What Contractors Need to Know in 2026**
<https://www.btcpa.net/insights/top-5-ma-trends-in-the-construction-industry-what-contractors-need-to-know-in-2026>
- SOURCE 5** **What To Pay Electricians In Houston Texas in 2026**
<https://www.buildforce.com/resource/what-to-pay-electricians-in-houston-texas>
- SOURCE 6** **consensusdocs.org — an overview of the new epa hvac refrigerant regulations and its implications for the construction industry**
<https://www.consensusdocs.org/news/an-overview-of-the-new-epa-hvac-refrigerant-regulations-and-its-implications-for-the-construction-industry/>
- SOURCE 7** **Air Conditioning Industry Regulations | Copeland US**
<https://www.copeland.com/en-us/expertise/hvacr-regulations/ac-industry-regulations>
- SOURCE 8** **Which Private Equity Firms Are Buying HVAC Companies in 2026? | CT Acquisitions**
<https://ctacquisitions.com/guides/private-equity-hvac-2026/>
- SOURCE 9** **Houston Economic Indicators, September 2026**
<https://www.dallasfed.org/research/indicators/hou/2026/hou2605>
- SOURCE 10** **Who is buying HVAC companies? PE roll-up tracker (2026) | DealSeam**
<https://dealseam.com/hvac-pe-rollup-tracker-2026>
- SOURCE 11** **New EPA Regulations Update 2025 [What has Changed?]**
<https://facilio.com/blog/epa-refrigerant-regulations/>
- SOURCE 12** **HVAC Industry Trends and Statistics for 2026: Data and Growth**
<https://www.getjobber.com/academy/hvac/hvac-industry-trends/>
- SOURCE 13** **Electrician Salary in Texas 2026, \$58,760 Median**
<https://globalcybers.com/career-guide/electrician/salary/texas/>
- SOURCE 14** **2026 HVAC Price Increases by Brand - Paschal Air, Plumbing & Electric**
<https://gopaschal.com/resources/2026-hvac-price-increases/>
- SOURCE 15** **Texas New Home Construction Surges in August 2026 | HBWeekly**
<https://blog.hbweekly.com/texas-new-home-construction-surges-in-august-2026/>
- SOURCE 16** **Texas Residential Construction Mid-Year Review: Q2 2026 | HBWeekly**
<https://blog.hbweekly.com/texas-residential-construction-mid%E2%80%91year-review-q2-2026/>
- SOURCE 17** **houstonpublicmedia.org — texas disaster recovery survey construction worker shortage**
<https://www.houstonpublicmedia.org/articles/news/business/2026/02/02/542355/texas-disaster-recovery-survey-construction-worker-shortage/>
- SOURCE 18** **Environmental Scan: 2026 Outlook for the P-H-C Industry - PHCC**
<https://www.phccweb.org/news/environmental-scan-2026-outlook-for-the-p-h-c-industry/>
- SOURCE 19** **2026 HVAC Pricing Guide: Costs and Markup Explained**
<https://pipelineon.com/blog/hvac-pricing-guide/>
- SOURCE 20** **U.S. HVAC M&A Industry Update – Summer 2026 | PKF O'Connor Davies**
<https://www.pkfod.com/insights/u-s-hvac-ma-industry-update-summer-2026/>
- SOURCE 21** **Southern Home Services Expands Texas Footprint with Acquisition of Nick's Plumbing & Air Conditioning in Houston**
<https://www.prnewswire.com/news-releases/southern-home-services-expands-texas-footprint-with-acquisition-of-nicks-plumbing--air-conditioning-in-houston-302590464.html>
- SOURCE 22** **Compliance Guide**
<https://www.tdlr.texas.gov/electricians/compliance-guide.htm>
- SOURCE 23** **Electrical Safety and Licensing Frequently Asked Questions**
<https://www.tdlr.texas.gov/electricians/electfaq.htm>
- SOURCE 24** **Electricians - Texas Department of Licensing and Regulation**
<https://www.tdlr.texas.gov/electricians/>
- SOURCE 25** **TEXAS DEPARTMENT OF LICENSING & REGULATION ELECTRICIANS AT A GLANCE**
<https://www.tdlr.texas.gov/media/pdf/ELC%20at%20a%20Glance.pdf>

SOURCE 26

Texas Contractor License Requirements by Trade | Texas Contractor Authority

<https://texascontractorauthority.com/texas-contractor-license-requirements>

SOURCE 27

HVAC Technician Salary in Houston & Texas: 2026 Guide | TTTS

<https://www.texastechtrade.com/hvac-technician-salary-houston-texas/>

SOURCE 28

Texas Mega Projects 2026: Construction Hiring & Pay - The Birmingham Group

<https://thebirmgroup.com/texas-mega-projects-2026/>

SOURCE 29

Six Houston Industries to Watch for Job Growth in 2026 | Workforce Solutions News

<https://workforcesolutionsnews.com/six-houston-industries-to-watch-for-job-growth-in-2026/>

SOURCE 30

Electrician Salary in Houston, TX: Hourly Rate (Aug, 2026)

<https://www.ziprecruiter.com/Salaries/Electrician-Salary-in-Houston,TX>

SOURCE 31

Journeyman Plumber Salary in Houston, TX: Hourly Rate (2026)

<https://www.ziprecruiter.com/Salaries/Journeyman-Plumber-Salary-in-Houston,TX>

SOURCE 32

Plumber Salary in Houston, TX: Hourly Rate (August, 2026)

<https://www.ziprecruiter.com/Salaries/Plumber-Salary-in-Houston,TX>

YOUR DEAL

Computed by the FLYNTO engine from the exact figures you entered — the same engine behind the results page and the playground. Not an estimate and not a number from the web, but your deal's own arithmetic. Every one traces back to an engine output; nothing here recalculates them.

SOURCED

Traces to a numbered reference above, fetched 11 Sep 2026. Where a statement also quotes your deal's figures it is marked SOURCED + YOUR DEAL, so you see both origins.

ESTIMATE

An approximation or range, and worded as one.

BACKGROUND

Stable industry framing rather than a current figure.

This industry is backed by FLYNTO's verified research corpus: its background facts have been traced to primary sources by hand, and claims the corpus has investigated and rejected are suppressed even when live sources repeat them. Of 50 statements, 8 are your deal's own figures, 35 are sourced to 32 references, 3 are labeled estimates and 4 are background.

The reference list also includes sources supporting statements shown as ESTIMATE — claims that were described by a source but not confirmed against an issuing authority. Those sources are listed so you can reach them, but they are not counted above as establishing a claim, which is why the two counts can differ.

A statement that cannot be sourced is labeled or omitted — never presented as verified.