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MARKET RESEARCH

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Executive Summary

The Facilities Management (FM) industry provides services within the built environment to ensure safety, functionality and efficiency of buildings and infrastructure. Its customer base is broad, ranging from commercial and industrial spaces, to hospitality, healthcare and public infrastructure. The services these clients demand span from property maintenance, cleaning and security to asset management, seismic compliance and structural assessments.

Overview

Market Dynamics

Estimates of the New Zealand FM market size vary - ranging from approximately NZ$2 billion to NZ$7 billion - reflecting differing definitions of what is included (e.g. outsourced-only vs. total addressable spend, hard services only vs. integrated FM). On the broader definition, the market was estimated at c. NZ$7 billion in 2026[1], with CAGR estimates of 2.4%-2.7% out to the early 2030s[1,2,3].

FM services can be delivered in-house or outsourced to specialist providers. The share being outsourced is significant and growing - reaching an estimated 63.6% of total FM spend in New Zealand in 2025, up from 57.6% in 2022.[10] The addressable market for FM providers can therefore be thought of as the contracted, outsourced portion of total spend. It is worth noting that the outsourcing rates cited here are drawn from a different data source to the NZ$7 billion market estimate above, and the two figures may not be directly reconcilable due to differences in scope and methodology. Broadly, however, both figures point to the same conclusion: a large and expanding market for outsourced FM services, with further growth expected as more organisations shift non-core services to specialist providers.

These growth estimations are underpinned by several factors:

- continued growth in the development and demand for serviceable ‘built environments’ (e.g office spaces, industrial developments, data centres).
- maturing client demands, resulting in increased regulatory compliance, seismic resilience, sustainability, and digital transformation needs.

The FM industry can broadly be divided into two primary service categories[1]:

- Hard services, which include services that are essential for the proper functioning and safety of a building. This includes asset management, plumbing, electrical work, engineering, seismic works, HVAC, fire safety, heating and air conditioning.
- Soft services, which are related to the well-being of occupants in a facility. This entails cleaning, office support, IT services, security, landscaping, and catering.

In 2025, hard services were estimated to hold 61% of the total FM market[1].

Firms operating in the industry may specialise in providing soft or hard services or may market an integrated offering encompassing all services with most of the major players in the NZ market adopting the integrated approach.

Industry Trends

Digital Transformation[4,5] – In recent years the evolution and adaption of property technology (PropTech) has lowered costs, increased efficiency and improved the overall experience on offer in the marketplace. These changes have been underpinned by advancements in building automation, Internet of Things, Artificial Intelligence, and advanced analytics. As new PropTech emerges, FM providers have an opportunity to differentiate themselves through technology-driven solutions.

Workplace Evolution[6] – Market demands shifted during the Covid-19 pandemic. Enhanced hygiene and cleaning services were expected with standards now remaining higher than historic levels. It also reduced demand for corporate office spaces, with hybrid working models increasing in popularity. Demand for commercial spaces appears to have steadied, providing the industry with more certainty than the years that immediately followed the pandemic.

Data centre developments[7,8,9,13] – With AI demand surging, total data centre infrastructure expenditures are estimated to be c. NZD$5 - $8 trillion globally between 2026 and 2030 to support increasing training and inference workloads. These high-tech facilities require operational support which presents opportunities for FM providers offering specialized IT, engineering, security and sustainability services.

Integrated Service Contracts and Market Consolidation - In recent years, there has been a trend towards integrated FM contracts, where clients consolidate multiple service lines - such as combining several hard services (e.g. engineering and HVAC) with soft services (e.g. cleaning and security) - under a single provider and long-term agreement, rather than managing separate specialist contracts. The agreements allow FM services providers to better estimate future income, reducing risk and enabling investment in people, services, assets and technology. For clients, these contract terms result in fewer transition disruptions. They do however, present some performance risk, this is typically mitigated through outcome-based contracts with performance gateways and breaking clauses.

Where the market continues to favour bundled service contracts, some further consolidation should be expected as firms search for competitive market positions and operational efficiencies (see section 8 for recent transactions). Increased investment in digital platforms, sustainability initiatives, and workforce development have also taken place in recent years as firms look to differentiate their services to capture market share.

Domestic Competitive Landscape

The New Zealand FM Market exhibits a moderate degree of concentration with several larger firms offering Integrated FM services nationwide and a range of smaller FM providers with either specialized services or a regional focus. Some of New Zealand's key FM providers

Company	FY 2025 Revenue (NZD millions)	FY 2025 EBIT (NZD millions)	EBIT Margin
Downer NZ	2,518.8	114.4	4.5%
Ventia	661.9	35.9	5.4%
Citycare	577.9	17.9	3.1%
OCS New Zealand	238.8	(0.8)	(0.3)%
Spotless (Downer)	174.9	10.9	6.2%
Programmed (PERSOL)	123.3	7.7	6.2%
BGIS New Zealand	118.0	3.5	3.0%
CBRE	104.0	2.3	2.2%
Cushman & Wakefield NZ	101.8	0.8	0.7%
PAE NZ	97.9	n.a	n.a

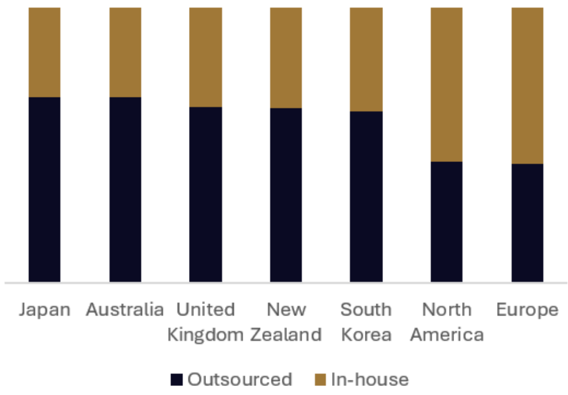
Note: a) For international players in this table, the numbers presented are solely for their New Zealand operations. b) Ventia is the sum of Ventia NZ Ltd and Ventia NZ Operations Ltd

From the companies listed above only PAE NZ and Citycare are NZ owned. OCS NZ and BGIS NZ are subsidiaries of privately held international FM groups. The remainder are all subsidiaries of listed multinational FM companies. Key metrics for the respective parent entities, and other key international players, are shown in the following table.

Company	Ticker	FY 2025 Revenue (NZD millions)	FY 2025 EBITDA (NZD millions)	EV / Revenue (LTM)	EV / EBITDA (LTM)
CBRE Group, Inc.	NYSE:CBRE	69,708	3,820	1.14x	18.2x
Jones Lang LaSalle Inc.	NYSE:JLL	44,894	2,641	0.65x	9.5x
ISS A/S	CPSE:ISS	22,039	1,135	0.65x	10.4x
Cushman & Wakefield Ltd.	NYSE:CWK	17,686	967	0.53x	10.8x
Persol Holdings Co. Ltd.	TSE:2181	16,054	1,006	0.36x	5.4x
Downer EDI Ltd	ASX:DOW	11,489	564	0.61x	9.3x
Ventia Services Group Ltd	ASX:VNT	6,807	502	0.99x	11.8x

Source: S&P Capital IQ

Comparative View: NZ vs Global



Outsourcing of FM in New Zealand is comparable to that of many other developed nations/regions. A heightened focus on core operations is consistently cited as a driver for companies operating in nations with higher outsourcing rates. The higher outsourcing rates across Japan, Australia and the UK[11] supports the rationale for some growth in the domestic specialised FM industry.

Security concerns and legacy arrangements are cited as the reason for relatively lower outsourcing across North America and Europe. This is noting some consumers maintain a hybrid model, with core services provided in-house and specialised services being outsourced.

Through a global survey, the leading industry concern was seen to be escalating operating costs driven by economic uncertainty and geopolitical tensions[12]. Outsourcing and streamlining supply chains by consolidating contracts and suppliers and leveraging technology were the considered to be the key cost control measures.

SWOT Analysis

This SWOT analysis primarily assesses broad international trends but also highlights several characteristics relevant to the domestic market which include labour constraints, market structure, service delivery models and competition.

Strengths	Weaknesses
• **Revenue stability** through long-term service agreements. • **Resilient market demand** given essential nature of core services. • **Limited concentration risk** as demand is structurally diverse across multiple industries. • **Market growth,** relatively stable and predictable.	• **Labour shortages** and skills mismatches. • **Exposure to real estate** trends and hybrid working arrangements can slow commercial growth • **Low operating leverage,** given labour intensive nature of services, can limit profitability as revenues grow.
Opportunities	**Threats**
• **Technology** driven productivity gains. • **Consolidation** of specialized participants to provide bundled or integrated services. • **Continuation of outsourcing** trends to expand addressable market. • Increasing demand for efficient **energy management** and sustainability.	• **In-house FM services** may be preferred at scale or to enhance security. • **Offshore/non-traditional entrants** disrupting the domestic market. • **Rising wages and compliance related costs** thinning profit margins**.**

Regulatory & Policy Environment

Given the range of services provided by the FM industry in New Zealand it is governed by several pieces of legislation and regulatory bodies, including:

- The Health and Safety at Work Act 2015 sets out the principles, duties and rights in relation to workplace health and safety, impacting all FM activities. Regulated by WorkSafe (WorkSafe).
- Building Compliance: Under the Building Act 2004 and the Building Code, with compliance overseen by Building Consent Authorities, being primarily Territorial Authorities (Ministry of Business, Innovation & Employment).
- Fire and Emergency New Zealand Act 2017, regulated by Fire and Emergency New Zealand (Fire and Emergency New Zealand)

Further to this, there are industry, sustainability and environmental standards which influence how the FM industry operates in New Zealand.

Outlook

Looking ahead, the New Zealand FM industry is positioned for steady, defensible growth due to the essential nature of its services, continued regulatory and compliance demands, and expected uptakes in outsourcing and integrated FM models. Increasing emphasis on energy efficiency, decarbonisation and asset optimisation is expected to support demand for hard services and digitally enabled solutions.

The market appears to be shifting towards longer term, bundled contracts which is expected to favour providers of integrated services with workforce depth and digital capabilities. This dynamic is likely to encourage further industry consolidation, particularly as smaller, specialised providers struggle to compete with the investment in PropTech, sustainability initiatives and compliance that more sophisticated competitors can afford.

While labour availability and wage inflation will likely continue to compress margins, providers that can successfully leverage technology and can remain responsive to evolving client demands will be best placed to gain market share. Overall, the industries outlook is one of measured expansion, rather than rapid growth.

Recent Transactions – New Zealand and Australia

This list focuses on the firms which provide integrated facilities management services or transactions which resulted in the consolidation of facilities management services across New Zealand and Australia. Buyers included in the list are typically Australasian trade players undertaking strategic acquisitions, however some international buyers and buyers with financial incentives are also included in the list.

	Companies	Description	Geography (Target)	Date	Trans. Value (NZ$m)	EV/ Rev.	EV/ EBITDA
Target Buyer	Menzies Facility Services Pty Ltd Glow Capital Partners Pty Ltd	Provides cleaning and property-related services across a range of sectors. Glow Capital Partners Pty Ltd is a venture capital and private equity firm headquartered in Sydney, Australia.	Australia	Mar-26	N/A	N/A	N/A
Target Buyer	Pae (New Zealand) Limited** Ka te Rama Switched On Group	Provide facilities management, maintenance, logistics, asset management, and commercial cleaning services. Provides services in the New Zealand building and facilities management and maintenance industries.	New Zealand	May-25	N/A	N/A	N/A
Target Buyer	Millennium Services Group Limited Softbank Robotics Singapore Pte. Ltd.	Provides cleaning, security, and integrated services in Australia and New Zealand. Engages in the research and development activities of robot products. SoftBank's acquisition was motivated by the opportunity to deploy commercial cleaning robots across Millennium's client base in Australian shopping centres and facilities, representing a technology-driven entry into the FM market	Australia	Dec-23	$73.3	0.24x	7.7x
Target Buyer	Urban Maintenance Systems Pty Ltd Programmed Maintenance Services Limited	Provides facility management services catering to clients in government, commercial, and communities. Provides staffing, maintenance, and facility management services in Australia, New Zealand, and internationally.	Australia	Nov-23	N/A	N/A	N/A
Target Buyer	Consolidated Property Services (Australia) Pty. Ltd. The Bidvest Group Limited (JSE:BVT)	Specializes in cleaning services, property maintenance, and environmental solutions Investment holding company, engages in services, trading, and distribution businesses in South Africa and internationally.	Australia	Sept-23	$203.7	1.01x	5.2x
Target Buyer	Spencer Henshaw Ltd. City Care Limited	Offers property maintenance, repair, and upgradation services. Provides maintenance and construction services. Owned by Christchurch City Council.	New Zealand	Aug-22	$72.3	N/A	N/A

Target Buyer	B.I.C. Services Pty. Limited The Bidvest Group Limited (JSE:BVT)	Provides corporate and commercial cleaning services. Investment holding company, engages in services, trading, and distribution businesses in South Africa and internationally.	Australia	Jul-22	N/A	N/A	N/A
Target Buyer	Codee Cleaning Services Millennium Services Group Limited	Offers commercial cleaning services. Provides cleaning, security, and integrated services in Australia and New Zealand.	Australia	Dec-21	$1.49 - Minority Interest	NA	NA
Target Buyer	Service Resources Limited BGIS New Zealand Limited	Provider of facilities maintenance and management in New Zealand. Provides real estate management, facilities management, project delivery, and workplace management services.	New Zealand	Apr-21	N/A	N/A	N/A
Target Buyer	1M (1st Maintenance Limited & 1st Mechanical Limited) OCS Group (NZ) Limited	Commercial and infrastructure air conditioning mechanical services company. Provides facilities management services.	New Zealand	Apr-21	N/A	N/A	N/A
Target Buyer	Facilities First Australia Pty. Ltd. Serco Group Pty Limited	A facility management service provider based in Sydney, New South Wales. Provides immigration, justice and corrections, health management, fleet, marine, and vessel support services in across Australia and Internationally.	Australia	Dec-20	$79.2	0.27x	6.4x
Target Buyer	Spotless Group Holdings Limited Downer EDI Services Pty Ltd	Provides integrated facilities services, including engineering, maintenance, asset management, and sustainability solutions. Provides engineering and infrastructure management services within a variety of market sectors.	Australia	Jul-20	179.91 - Minority Interest	0.72x	16.7x

Source: S&P Capital IQ; company announcements; public regulatory filings. Transaction values in NZD where available; converted at approximate exchange rates at time of transaction. Multiples shown where disclosed or calculable from public information.
*** Armillary Limited acted as financial advisor to Kā te Rama Switched On Group in connection with this transaction*

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Additionally, company annual reports and regulatory filings have been used to source information.