Private Equity transforms America's roofing industry

Private equity has ignited an unprecedented consolidation wave in the roofing industry, with **56 PE-backed platforms** Roofing Contractor now executing roll-up strategies—up **229%** from just 17 platforms at the start of 2023. Roofing Contractor Firms are acquiring roofing contractors at a pace of nearly one every 48 hours, Roofing Contractor drawn by extreme market fragmentation (96%+ unconsolidated), recession-resistant demand, and proven multiple arbitrage opportunities. Deal activity hit an all-time high of **134 acquisitions in 2024**, Roofingcontractor Roofing Contractor with platforms ranging from Tecta America's $1.4 billion commercial empire to newly-formed residential consolidators like Valor Exterior Partners. However, the spectacular November 2025 collapse of Renovo Home Partners—a $653 million platform that filed Chapter 7 bankruptcy—serves as a stark warning that overleveraged, poorly-integrated roll-ups can fail catastrophically.

Why PE firms are betting billions on roofing

The investment thesis driving roofing consolidation mirrors successful playbooks from HVAC, waste management, and landscaping. The core attraction is extreme fragmentation combined with essential service demand—leaky roofs don't wait for economic recoveries.

The **$75-81 billion U.S. roofing contractor market** features more than **101,000 businesses**, yet the top five players control less than 10% market share. Tecta America, the largest commercial roofing company, holds just **1.7%** of the market. AXIA Advisors This fragmentation creates what PE firms call "consolidation arbitrage"—acquiring small contractors at 3-5x EBITDA and exiting platforms at 8-10x multiples.

Recurring revenue potential amplifies the thesis. Commercial maintenance contracts provide predictable cash flow, extend roof service life by up to 50%, and create customer stickiness. Service-focused roofing businesses command **1-2x EBITDA premiums** over pure construction operations. AXIA Advisors The shift from project-based to recurring revenue models transforms roofing from cyclical construction into essential facility maintenance.

Insurance-driven demand provides additional stability. Roof claims costs exceeded **$30 billion in 2024**, with roof-related items representing over 25% of all residential claim value. Wind and hail drove more than half of residential claims, creating consistent storm restoration demand particularly in Southeast and Midwest markets. (Hook Agency)

The skilled labor crisis paradoxically benefits scaled platforms. With **92% of construction firms reporting difficulty finding qualified workers** and 43% of roofers being foreign-born, PE-backed platforms can offer competitive wages, benefits packages, career advancement paths, and safety programs impossible for small operators. This labor arbitrage allows platforms to attract and retain crews while smaller competitors struggle.

The major PE platforms reshaping roofing

Tecta America stands as the benchmark commercial roofing platform. Owned by Altas Partners with Leonard Green & Partners holding a minority stake, (Business Wire) Tecta has grown from $420 million in revenue at ONCAP's 2016 acquisition (Roofing Contractor) to approximately **$1.4 billion today**—representing 233% growth across 70+ locations in 32 states. Bloomberg reported in late 2024 that owners are exploring strategic options including a potential sale (Roofing Contractor) valued at **$3-4 billion**, (Roofing Contractor) which would represent 10-14x the original ONCAP purchase price. Tecta focuses exclusively on commercial re-roofing, maintenance, and service—avoiding new construction's cyclicality. (ONCAP)

Infinity Home Services, backed by LightBay Capital and Freeman Spogli since January 2023, has emerged as the dominant residential platform with **28 portfolio brands** and over **$500 million in revenue**. (Roofing Contractor) Founded in 1997 by Josh Sparks, who remains CEO, the platform has completed approximately 20 acquisitions in two years, expanding from the Midwest into the Northeast, Mid-Atlantic, Southeast, Pacific Northwest, and even Ontario, Canada. The company targets 90%+ residential revenue with less than 15% from commercial work.

Omnia Exterior Solutions, formed by CCMP Growth Advisors in May 2023, exemplifies disciplined integration. (Business Wire) (Roofingcontractor) Under Chairman Jim Ziminski, (Omnia) the Dallas-based platform has acquired 11 companies across 22 states Business Wire Business Wire while deliberately slowing pace to ensure successful integration. Ziminski noted in 2025: "Some of the big acquirers have said, 'Let's take a pause and integrate.' A lot of people were just buying businesses and then couldn't make the synergies stick." Roofing Contractor

Nations Roof was acquired by AEA Investors in July 2024 from Acacia Partners, representing AEA's 10th building products platform investment. Peprofessional The Mobile, Alabama-headquartered company operates 30+ locations AEA Investors with a differentiated model: it owns all locations (not an affiliation) and maintains the largest dedicated national account sales team in commercial roofing with 22 National Account Managers.

Newer platform formations demonstrate continued PE interest:

- **Valor Exterior Partners** (Osceola Capital, September 2024): Seven acquisitions in its first eight months targeting the Northeast PR Newswire and Mid-Atlantic residential market
- **Peak Roofing Partners** (Exuma Capital, June 2024): roofingcontractor Roofingcontractor Focusing on hurricane-prone Florida markets Roofing Contractor with strategic partnerships including the Miami Dolphins
- **Ridgeline Roofing & Restoration** (Bertram Capital, January 2024): Four acquisitions expanding from Birmingham across the Southeast and into the Midwest
- **BlueThread Services** (Seaside Equity, April 2022): Seven partner brands across the Western U.S. focused on commercial and multi-family roofing Business Wire

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What PE looks for when acquiring roofing companies

Platform acquirers apply rigorous criteria reflecting lessons learned from hundreds of roofing transactions. Revenue thresholds vary by deal type: **platform candidates typically require $10 million+ in revenue**, Brentwood Growth Hook Agency while add-on acquisitions target the **$2-5 million sweet spot**. Some platforms pursue smaller tuck-ins down to $1-2 million for strategic geographic expansion.

Profitability requirements center on a **minimum $1 million net profit** or approximately **$750,000 trailing twelve months EBITDA**. While average industry profit margins hover around 6.4%, PE firms seek companies achieving 12-15%+ margins. Adjusted EBITDA calculations include owner compensation normalization, add-backs for personal expenses, and one-time items—requiring clean, well-documented financials for 3-5 years.

Customer concentration limits typically cap any single client at **10% of revenue**; exceeding 15% triggers 5-10% discounts to valuation multiples. Diversified customer bases with transferable maintenance contracts receive premium valuations. Philip A. Saunders Geographic preferences favor **Sun Belt markets**—Florida, Texas, Georgia, and Arizona—where demand drivers from storm damage, population growth, and year-round construction activity combine. Companies concentrated in single markets command higher values than equivalent revenue spread across multiple locations due to route density benefits.

The commercial-versus-residential question divides platforms strategically. Commercial roofing offers higher-value contracts with maintenance agreements, while residential platforms benefit from greater scalability and typically command **1-2x higher EBITDA multiples**. Infinity Home Services explicitly targets 80%+ roofing revenue with less than 10% from new construction and less than 10% from insurance restoration work to avoid volatility.

Management and owner transition expectations have crystallized around retention requirements. Most platforms want founders to remain post-transaction for 1-3 years to ensure continuity. AXIA Advisors Well-documented standard operating procedures can increase valuations by up to **40%**, reflecting reduced owner dependency risk. PE firms add professional CFOs and regional managers while preserving local brand identities and customer relationships. AXIA Advisors

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How roofing companies are valued in PE transactions

Valuation methodologies have evolved as the market matured. **EBITDA multiples by size tier** show clear stratification:

Business Profile	Typical Multiple Range
Small add-ons (<$3M revenue)	2-4x EBITDA
Mid-market ($3-10M revenue)	4-6x EBITDA
Platform-scale (>$10M revenue)	5-9x EBITDA
Premium platforms with scale	8-10x+ EBITDA

The average multiple increased from **5.2x** during 2006-2018 to **6.1x in 2023**—a 17.3% increase. AXIA Advisors However, 2024 saw normalization from peak multiples of 8-11x back to more sustainable 6-9x levels. Anchor Peabody Companies that sold for 5x EBITDA a decade ago now command 6-7x, with potential for 8-10x at scale. AXIA Advisors

For smaller deals, **Seller's Discretionary Earnings (SDE) multiples** ranging from **1.88x-2.73x** apply, with an average around 3x SDE. Revenue multiples of **0.33x-0.51x** serve as preliminary benchmarks, with Sun Belt markets commanding 0.5x-0.6x versus 0.3x-0.4x in saturated regions.

Deal structures have standardized around several components. **Rollover equity requirements** typically represent **10-20%** of purchase price (common 80/20 cash/equity split), Brentwood Growth allowing sellers to participate in platform upside while aligning incentives. Brentwood Growth **Earnouts appear in 60%+ of transactions**, usually representing 10-30% of total value paid over 1-3 years based on revenue, EBITDA, or retention targets. Working capital adjustments establish a "peg" based on historical averages, with surplus paid to sellers and shortfalls reducing purchase price. Some transactions include seller notes of 5-10% with 3-5 year terms.

The post-acquisition playbook for creating value

PE firms apply systematic operational improvements following acquisitions. **Back-office integration** consolidates accounting into unified ERP systems, moves companies from cash-basis to accrual accounting, and establishes shared services for HR, payroll, and finance. Professional CFOs are typically added at the platform level while standardized benefits packages leverage scale for better pricing.

Procurement synergies rank among the most immediate value drivers. Beacon Roofing Supply achieved **100-200 basis points gross margin improvement** through volume purchasing. SEC.gov Platforms negotiate direct relationships with GAF, Owens Corning, and CertainTeed at preferential rates while pursuing private label product development. Fleet purchasing programs with Ford, GM, and RAM provide vehicle discounts, and equipment standardization reduces capital requirements.

Insurance and safety programs target significant cost savings given roofing's classification as a high-risk trade. Centralized safety training can reduce Experience Modification Ratings below 1.0, directly lowering workers' compensation premiums. Industry research indicates businesses see **$4-6 returns for every dollar invested in workplace safety programs**. OSHA compliance standardization addresses fall protection—the most cited violation in roofing.

Technology implementation has accelerated dramatically. PE-backed companies are leading adopters of platforms like ServiceTitan (which processes over $1 billion annually and went public as TTAN), JobNimbus (which received a **$330 million majority investment** from Sumeru Equity Partners), Roofing Contractor roofingcontractor and AccuLynx (serving 7,000+ businesses with 30% reduction in estimation errors). These systems integrate CRM, estimating, project management, and customer portals while enabling multi-location visibility.

Brand strategy consistently favors local brand preservation. Most platforms maintain original branding of acquired companies, recognizing the value of established reputation and customer relationships. The typical approach is "endorsed architecture" with operational standardization behind the scenes. Jim Ziminski of Omnia described it: "They often keep the customer-facing identity the same, but align everything else behind the scenes—finance, HR, tech, marketing, and operations." Thomas Basch

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Value creation levers driving platform returns

Multiple arbitrage provides foundational returns. PE firms acquire companies at 4-8x EBITDA and exit platforms at 8-10x+ multiples. The mathematical example cited in industry publications: acquiring five companies at $20 million combined revenue with 15% EBITDA margins at 5x multiple costs $75 million. Post-consolidation, at 8x multiple, the platform values at $120 million—creating **$45 million in value** from multiple expansion alone.

EBITDA growth through add-ons compounds returns. Successful platforms acquire 5-10 additional businesses during hold periods. (AXIA Advisors) SRS Distribution demonstrates the model's power: acquired companies' revenue and EBITDA increased by **1.6x and 3.0x respectively** by year five within the platform. Acquisition pace typically accelerates to 3-6 deals in the platform-building phase, then stabilizes at 2-4 annually.

Margin improvement targets transform operational economics. With average industry margins at 6.4% and leaders achieving 12-15%+, improvement potential is substantial. (AXIA Advisors) QXO expressed confidence in "at least doubling legacy Beacon EBITDA organically" through procurement synergies, pricing discipline, overhead consolidation, and technology investment. (StockTitan) Typical targets include 100-200 basis points gross margin improvement and 150-250 basis points SG&A reduction. (SEC.gov)

Geographic and service line expansion compound organic growth. Platforms prioritize acquisition-led market entry over greenfield development—entering new regions without building operations from scratch. (Philip A. Saunders) (AXIA Advisors) SRS opened more than 165 greenfield locations under Leonard Green ownership. (Leonard Green & Partners) Service line expansion into solar, gutters, siding, windows, and insulation increases customer lifetime value while diversifying revenue streams. Solar-integrated roofing is forecast to **double market share** from 7% to 15%+ of residential roofing by 2030. (Roofing Contractor)

Tecta America exemplifies the platform success model

Tecta America's journey illustrates PE value creation at scale. The platform formed in 2000 when ten leading roofing contractors merged, (Business Wire) subsequently passing through Oaktree Capital, ONCAP (which paid **$280 million in 2016**), (Roofing Contractor) (Roofing Contractor) Altas Partners (2018), and Leonard Green (minority stake in 2021).

Value creation metrics are compelling: revenue grew from approximately $420 million at ONCAP's entry to **$1.4 billion today** (233% increase), locations expanded from 50+ to 70+, and employees grew from

2,500 to 4,300+. The potential $3-4 billion valuation being explored would represent **10-14x return** over the 2016 purchase price. Roofing Contractor

Success factors include focus on stable re-roofing and maintenance (avoiding new construction cyclicality), strong free cash flow characteristics, experienced management retained across ownership transitions, ONCAP and geographic diversification across 32 states. Altas Partners' typical 10+ year hold periods align with building durable value rather than quick flips.

Renovo's collapse warns of roll-up risks

The November 2025 Chapter 7 bankruptcy of Renovo Home Partners provides essential cautionary lessons. Created by Audax Private Equity in 2021-2022, USA Herald Renovo grew to **$653 million in revenue** with 2,695 employees and a Top 10 industry ranking before abruptly ceasing operations in October 2025. BlackRock, holding majority of Renovo's private debt, recorded **$66 million in realized losses** Star Tribune and wrote down debt valuation to zero. Bloomberg

Industry experts identified multiple failure factors. The overleveraged structure required unrealistic growth to service debt; when pandemic-era growth rates of 30-50% normalized, "the math collapsed." Cultural integration across 19 acquired brands proved impossible—"You can't blend six or seven homegrown companies overnight." Each brand had distinct history, leadership style, and customer philosophy that clashed when forced together rapidly. Pro Remodeler

Former CEO Michael Hoy of Great Day Improvements was direct: "The failure of Renovo has nothing to do with the marketplace. It has everything to do with the equity firm and how they managed it from the very beginning." Pro Remodeler The collapse left thousands unemployed overnight, customers with unfinished projects, and triggered ongoing investigations by the Minnesota Attorney General.

Market dynamics favor disciplined buyers in 2024-2025

Deal activity remains robust despite market normalization. The **134 acquisitions in 2024** represented a

25%+ increase from 2023's 106 transactions. Platform count tripled from 17 to 56 over 24 months. Roofingcontractor Roofing Contractor Major 2024-2025 transactions include Brightstar Capital's acquisition of Best Choice Roofing ($277 million revenue), Roofing Contractor AEA's Nations Roof purchase, and multiple new platform formations.

Distribution mega-deals signal strategic buyer interest: Home Depot's **$18.25 billion** SRS Distribution acquisition in June 2024 roofingcontractor Roofing Contractor (the fourth-largest U.S. PE exit in history) and QXO's **$11 billion** Beacon Roofing Supply takeover in April 2025 demonstrate appetite for roofing sector consolidation. Roofing Contractor

Competition for deals has intensified, with investment banker Michael Mufson calling roofing the "flavor of the month." Roofing Contractor roofingcontractor However, 2024 saw more discipline than the 2022-2023 "feeding frenzy." Platforms are taking integration pauses— Anchor Peabody Omnia reduced its 2025 acquisition target to four deals from eight in 2024 to focus on leadership continuity and unified systems.

Valuation multiples have moderated from peak levels of 8-11x to a more sustainable **6-9x EBITDA** range. Anchor Peabody Higher interest rates significantly impact highly-leveraged structures, as Renovo's collapse demonstrated. The seller-friendly market continues but with increased scrutiny on integration capability and conservative capital structures.

Conclusion

The roofing industry consolidation represents a textbook PE roll-up opportunity executing in real-time. Extreme fragmentation, essential service demand, and proven multiple arbitrage have attracted unprecedented capital—56 active platforms pursuing acquisition at record pace. Roofing Contractor Tecta America's potential $3-4 billion valuation validates the thesis for well-executed platforms.

Yet Renovo's spectacular failure illuminates existential risks: overleveraged structures, rushed integration, and cultural clash can destroy seemingly successful platforms overnight. Bain & Company The winners will be patient capital—platforms like Tecta with decade-plus hold periods, Infinity Home Services retaining founder leadership, and Omnia deliberately slowing acquisition pace to ensure synergies stick. As Jim Ziminski observed, the industry remains in "the first, maybe second inning of this process," roofingcontractor Roofing Contractor but execution quality now differentiates success from failure more than acquisition velocity.