

Environmental Consulting in the US

Going green: Customers will likely demand industry services for advice on implementing more efficient practices

Jared Ristoff | January 2023

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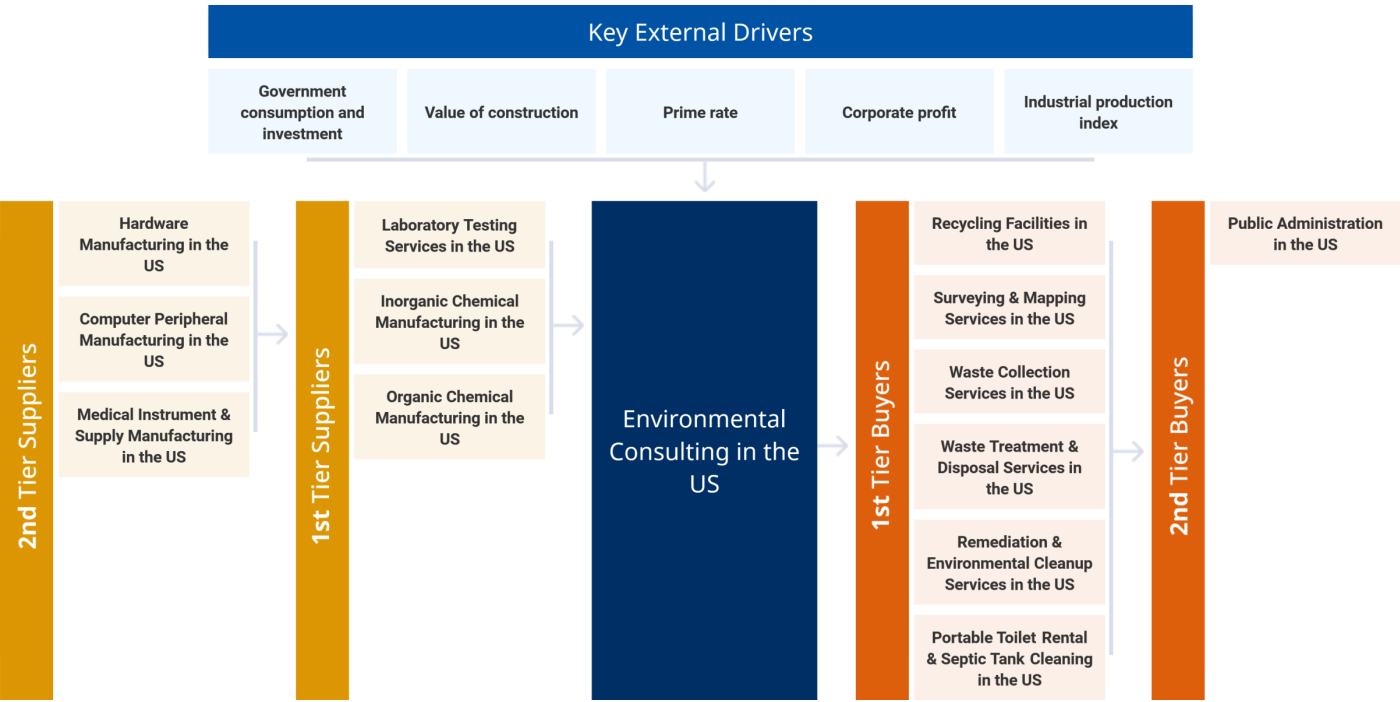
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IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions that benefit you, your company and your clients. We offer research on industries in the US, Canada, Australia, New Zealand, Germany, the UK, Ireland, China and Mexico, as well as industries that are truly global in nature.

About This Industry

Industry Definition	<p>This industry provides advice to businesses and federal governments on environmental issues, such as controlling environmental contamination from pollutants, toxic substances and hazardous materials. Environmental consultants identify problems, measure and evaluate risks and recommend solutions. The industry employs a multidisciplined staff of scientists, engineers and other technicians.</p>
Major Players	<p>Aecom</p> <p>Jacobs Engineering</p> <p>Tetra Tech, inc.</p>
Main Activities	<p>The primary activities of this industry are:</p> <p>Environmental assessments</p> <p>Environmental audits</p> <p>Natural resource management consulting services</p> <p>Site remediation planning services</p> <p>Waste management consulting services</p> <p>Policy, licensing and litigation support services</p> <p>Construction management services</p> <p>The major products and services in this industry are:</p> <p>Environmental assessments</p> <p>Environmental audits</p> <p>Site remediation planning services</p> <p>Natural resource management consulting services</p> <p>Waste management consulting services</p> <p>Policy, licensing and litigation support services</p> <p>Other environmental consulting services</p> <p>Other</p>

Supply Chain



SIMILAR INDUSTRIES

Engineering Services in the US

Complementor

Geophysical Services in the US

Complementor

Scientific & Economic Consulting in the US

Competitor

Remediation & Environmental Cleanup Services in the US

Complementor

RELATED INTERNATIONAL INDUSTRIES

Consulting Services in New Zealand

Environmental Monitoring in China

Environmental Consulting in Canada

Industry at a Glance

Key Statistics

\$25.1bn
Revenue

Annual Growth 2018–2023	Annual Growth 2023–2028	Annual Growth 2018–2028
1.0%	1.3%	



\$2.2bn
Profit

Annual Growth 2018–2023	Annual Growth 2018–2023
0.1%	



8.6%
Profit Margin

Annual Growth 2018–2023	Annual Growth 2018–2023
-0.4pp	



63,309
Businesses

Annual Growth 2018–2023	Annual Growth 2023–2028	Annual Growth 2018–2028
2.1%	2.0%	



158k
Employment

Annual Growth 2018–2023	Annual Growth 2023–2028	Annual Growth 2018–2028
3.2%	1.8%	



\$10.2bn
Wages

Annual Growth 2018–2023	Annual Growth 2023–2028	Annual Growth 2018–2028
3.6%	1.7%	



Key External Drivers

% = 2018–23 Annual Growth

-0.2%

Industrial production index

1.8%

Government consumption and investment

1.9pp

Prime rate

2.1%

Corporate profit

-3.2%

Value of construction

Industry Structure

POSITIVE IMPACT

Capital Intensity
Low

Regulation & Policy
Light / Steady

Industry Globalization
Low / Increasing

Concentration
Low

Technology Change
Low

MIXED IMPACT

Life Cycle
Mature

Competition
Medium / Increasing

Revenue Volatility
Medium

NEGATIVE IMPACT

Industry Assistance
Low / Steady

Barriers to Entry
Low / Steady

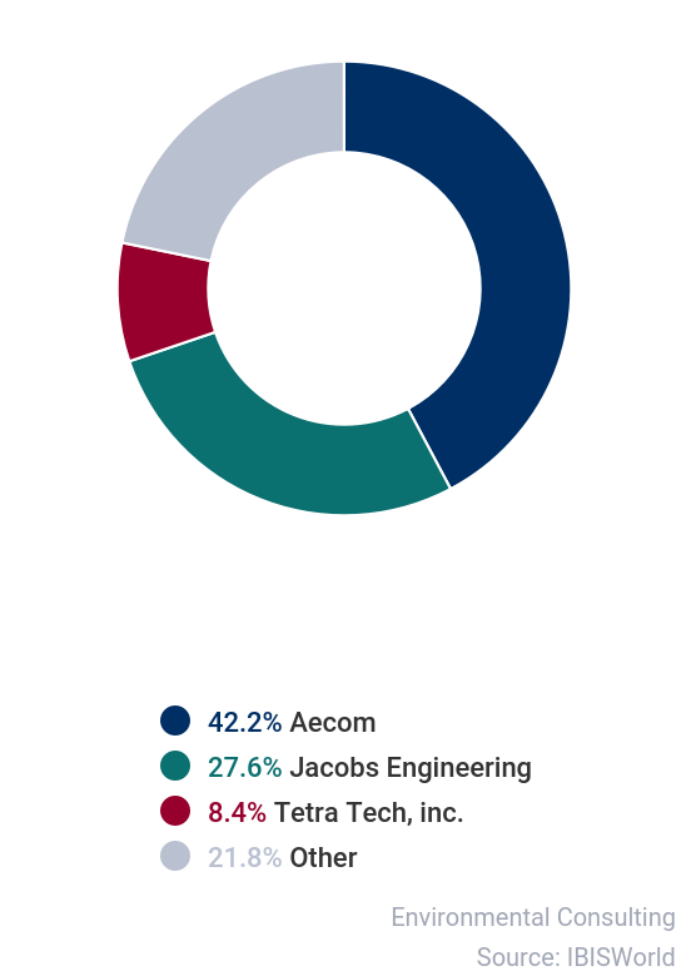
Key Trends

- Demand for healthcare infrastructure services surged in response to the pandemic
- Rising interest rates have harmed the value of residential construction
- Favorable public opinion affects revenue performance
- Regulatory requirements and rising pressure on corporations to appear eco-friendly will likely benefit the industry
- The introduction of stricter environmental legislation will likely be the primary driver of industry revenue growth
- Federal tax credits for renewable energy investment are projected to continue
- Revenue growth early in the period was driven primarily by rising corporate profit and nonresidential construction

Products & Services Segmentation



Major Players



SWOT

S

STRENGTHS

- Low Imports
- Low Customer Class Concentration
- Low Capital Requirements

W

WEAKNESSES

- Low & Steady Barriers to Entry
- Low & Steady Level of Assistance
- Low Profit vs. Sector Average
- High Product/Service Concentration
- Low Revenue per Employee

O

OPPORTUNITIES

- High Revenue Growth (2023-2028)
- Government consumption and investment

T

THREATS

- Low Revenue Growth (2005-2023)
- Low Revenue Growth (2018-2023)
- Low Outlier Growth
- Low Performance Drivers
- Value of construction

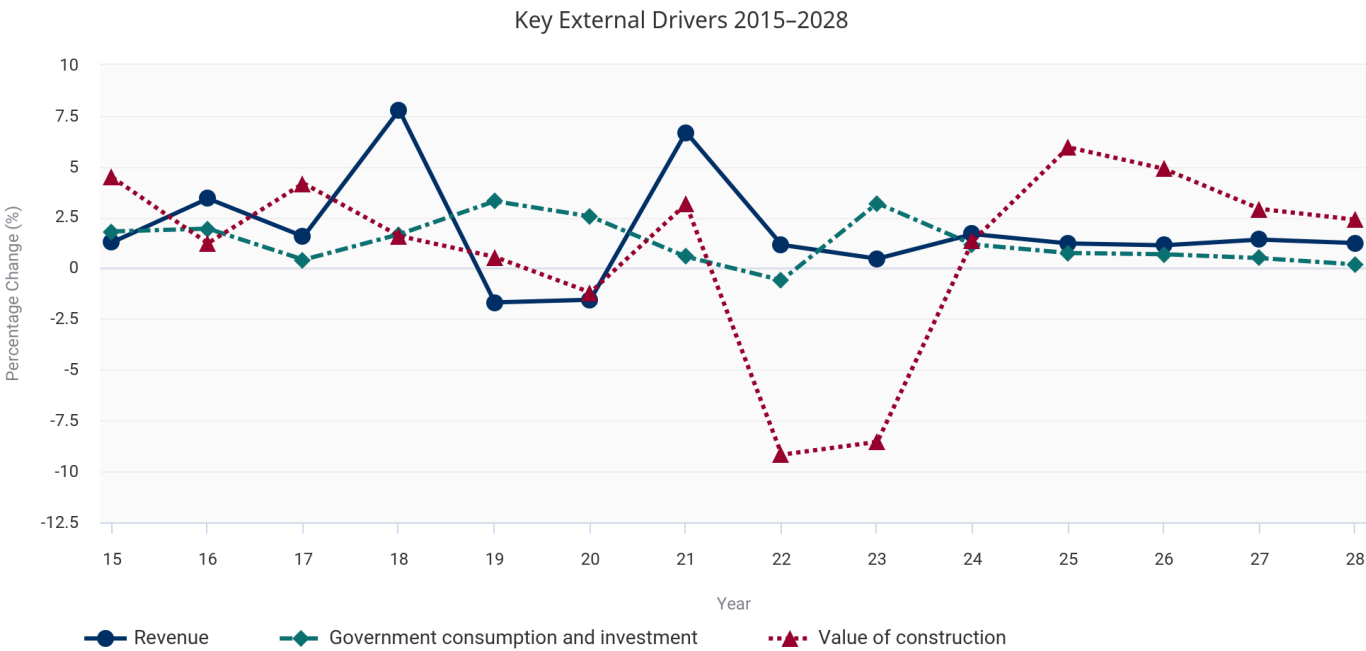
Executive Summary **Going green: Customers will likely demand industry services for advice on implementing more efficient practices**

Revenue for the Environmental Consulting industry has been volatile over the past five years. Increasing concerns for environmental sustainability and rising construction activity, which benefited the industry, were somewhat mitigated by the economic slowdown that occurred during the COVID-19 (coronavirus) pandemic. Moreover, weak nonresidential construction during the pandemic placed downward pressure on industry demand and revenue. Nonetheless, industry revenue has increased at a CAGR of 1.0% to \$25.1 billion over the past five years, including a projected rise of 0.5% in 2023 alone amid rising corporate profit and an anticipated increase in the value of nonresidential construction. Rising interest rates in 2023 are anticipated to decelerate revenue growth.

Revenue growth early in the period was driven primarily by rising corporate profit and nonresidential construction, which drove an increase in environmental assessments and other environmental consulting services. Moreover, an increase in the frequency and severity of natural disasters has also provided support for environmental consultants, which are often needed for emergency site remediation planning and cleanup. Low interest rates during much of the period have also helped support demand for environmental consulting services, by decreasing the cost of borrowing and increasing investments in new projects. Additionally, industry profit, measured as earnings before interest and taxes, is expected to reach for 8.6% of revenue in 2023.

The future of environmental consulting is promising amid an anticipated rise in corporate profit and increasing environmental regulations over the five years to 2028, as globalized pressure to reduce toxic emissions continues to rise and the new administration puts a renewed focus on combating climate change. Downstream consumers are expected to increasingly demand the industry's services for advice on offshore drilling and assistance in implementing more efficient and renewable energy practices. Environmental consultants will also likely aid construction companies to meet new environmental standards as nonresidential construction activity is expected to pick up during the outlook period. Overall, industry revenue is slated to grow at a CAGR of 1.3% to \$26.8 billion over the next five years.

Industry Performance



Environmental Consulting
Source: IBISWorld

Key External Drivers

Government consumption and investment

Government consumption and investment measures the total value of services produced by federal, state and local governments, like education and national defense, as well as investment in fixed assets. It is analogous to total government spending minus subsidies, interest payments and transfer payments. Government contracts constitute a significant share of revenue for environmental consultants, making their performance dependent on such spending. In 2023, government consumption and investment is anticipated to increase, representing a potential opportunity for the industry.

Value of construction

The value of construction measures the total dollar value of both private and public construction work done in the United States. The construction sector is a major market for environmental consultants; and an increase in construction activity will likely boost the need for environmental consulting services and increase revenue for the industry. The value of construction is expected to fall in 2023, posing a potential threat to the industry.

Prime rate

The prime rate refers to the interest rate charged by banks to their most creditworthy and largest corporate customers. Many banks choose to set their prime rates based on the federal funds rate, set by the Federal Reserve. A lower prime rate decreases the cost of borrowing, encouraging investment in construction projects, including those that use environmental consulting services. In 2023, the prime rate is expected to decrease.

Corporate profit

Corporate profit measures profit earned across all industries in the United States. An increase in corporate profit drives business spending on discretionary environmental reforms and enables businesses to invest in consulting services. That's why, an increase in corporate profit precipitates rising industry revenue. Corporate profit is expected to increase in 2023.

Industrial production index

The industrial production index measures output from mining, manufacturing, electric and gas industries. Rising industrial production leads to increases in hazardous environmental emissions, like air pollution from manufacturing plants, resulting in a need for the industry's services. The industrial production index is expected to increase in 2023.

Industry Performance 2015–2028



Environmental Consulting
Source: IBISWorld

Current Performance

Industry revenue has grown at a CAGR of 1.0% to \$25.1 billion over the past five years, including 0.5% in 2023 alone, when profit margins will reach 8.6%.

A new presidential administration stimulates demand

- In early 2020, the Trump Administration signed a regulation to remove millions of miles of streams and half the country's wetlands from federal protection. The removal of protections was the largest rollback of the Clean Water Act since the law was passed in 1972.
- The Biden Administration is moving to formally repeal the 2020 Navigable Waters Protection Rule. The EPA will then craft its own, more expansive definition of waterways subject to federal water protections, after a review of the Navigable Waters Protection Rule by the EPA and Department of the Army determined that the rule was leading to significant environmental degradation.

COVID-19's varied consequences

- In 2020, demand for environmental consulting services faltered amid sluggish government spending, the single-largest source of industry funding. As government budget was redirected toward COVID-19 related recovery efforts through the Coronavirus Aid, Relief and Economic Security (CARES) Act, funding for new environmental consulting services declined in 2020.
- Demand for healthcare infrastructure services surged in response to the COVID-19 pandemic. Nonetheless, this remained the exception, rather than the norm, as most environmental consultants endured a decline in commercial demand and were harmed by the disruption to nonresidential construction activity in 2020.
- Rising interest rates and surging inflation have harmed the value of residential construction, slowing demand from the housing market.

Rising awareness of environmental issues aids demand

- Favorable public opinion affects revenue performance. As the public has increasingly favored companies that employ sustainable practices, businesses have responded by hiring environmental consultants.
- The Environmental Protection Agency (EPA)'s budget has risen in recent years. EPA historical data indicates that the EPA's enacted budget was \$8.1 billion in 2016 and reached \$9.6 billion in 2022. This funding trickles down through the industry, boosting industry revenue.

Historical Performance Data

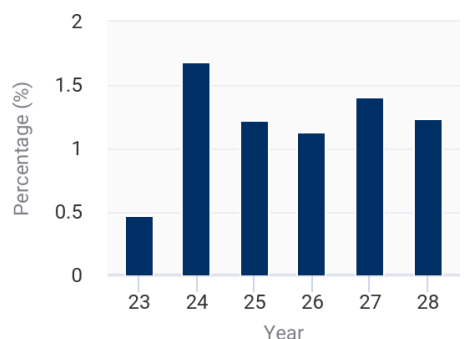
Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Industrial Production Index (Units)
2014	20,809	9,295	52,970	51,495	121,037	N/A	N/A	7,505	N/A	102
2015	21,076	9,756	53,213	51,703	122,104	N/A	N/A	7,585	N/A	101
2016	21,800	9,582	53,986	52,340	123,525	N/A	N/A	7,620	N/A	98.7
2017	22,140	10,525	56,941	55,204	132,580	N/A	N/A	8,355	N/A	100.0
2018	23,863	11,088	58,684	57,046	135,509	N/A	N/A	8,558	N/A	103
2019	23,464	11,616	58,628	56,835	140,391	N/A	N/A	9,128	N/A	102
2020	23,101	11,777	60,528	58,616	145,578	N/A	N/A	9,416	N/A	95.0
2021	24,648	12,490	62,969	60,927	153,491	N/A	N/A	9,952	N/A	100
2022	24,934	12,679	64,212	62,145	156,232	N/A	N/A	10,117	N/A	105
2023	25,053	12,791	65,388	63,309	158,376	N/A	N/A	10,238	N/A	105

Industry Outlook

Outlook

Industry revenue will grow 1.3% to \$26.8 billion over the next five years, when profit margins will reach 8.4%.

Industry Outlook
2023–2028



Environmental Consulting
Source: IBISWorld

Investors and consumers demand companies go green

- With greater measures being taken to reduce greenhouse gas emissions across the world, and increasing pressure from investors and consumers, companies in many industries are striving to remain ahead of regulatory changes. This increased emphasis on environmental sustainability is anticipated to support industry revenue growth.
- Companies in high pollution sectors, like energy and manufacturing, have increasingly fallen under increased scrutiny to implement environmentally friendly measures. The combination of regulatory requirements and rising pressure on corporations to be eco-friendly is expected to benefit the industry.

New rules by Biden Administration set to increase industry demand

- The Biden Administration rejoined the Paris Agreement, an international agreement that deals with greenhouse gas emissions mitigation. Moreover, the Biden Administration has taken a stronger environmental protection approach than the previous administration, which has the potential to result in an increase in regulation for the industry's primary market segments.
- The President's FY2023 EPA budget request is for \$11.9 billion. The increase in budgetary funds, if approved, would reprioritize tackling the climate crisis, partly through infrastructure investment, pollution reduction and research and policy, which would increase demand for environmental consultants.

Environmental consultants highly sought after due to renewed regulatory focus

- Federal tax credits for renewable energy investment are projected to continue as the United States strives to compete with other countries in implementing renewable energy practices. As more legislation is passed to regulate offshore drilling, environmental consultants are expected to be increasingly sought after to aid private companies in meeting their legal requirements.
- The Construction sector (23), particularly nonresidential construction, is also expected to heavily contribute to industry revenue growth. However, construction activity has been tempered by rising interest rates, as the Federal Reserve combats persistently high inflation.

Performance Outlook Data

Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Industrial Production Index (Units)
2023	25,053	12,791	65,388	63,309	158,376	N/A	N/A	10,238	N/A	105
2024	25,474	13,041	66,922	64,807	161,868	N/A	N/A	10,453	N/A	102
2025	25,785	13,229	68,189	66,048	164,606	N/A	N/A	10,620	N/A	103
2026	26,077	13,411	69,387	67,221	167,232	N/A	N/A	10,779	N/A	105
2027	26,447	13,626	70,796	68,600	170,185	N/A	N/A	10,962	N/A	106
2028	26,776	13,818	72,112	69,889	172,860	N/A	N/A	11,127	N/A	107
2029	27,195	14,042	73,409	71,152	175,696	N/A	N/A	11,308	N/A	107

Industry Life Cycle The life cycle stage of this industry is ⊖ Mature

LIFE CYCLE REASONS

IVA is growing at a faster rate than US GDP

Business services are established and serve established customer markets

Public and corporate acceptance of industry services is stable

Indicative Industry Life Cycle



Contribution to GDP

The Environmental Consulting industry's industry value added (IVA) is growing at a faster rate than US GDP, but environmental consulting services are commonplace and experience little change.

Market Saturation

New operators, particularly small or nonemploying entities, will continue to enter the industry due to its low barriers to entry, resulting in greater market saturation.

Innovation

While the increased use of virtual software enables Environmental Consultants to maximize efficiency, the changes result in little tangible change for customers, as wage costs remain high.

Consolidation

The industry has a low level of market share concentration, but due to low barriers to entry, merger and acquisition activity is prevalent.

Technology & Systems

Tech advancements in the industry attempt to streamline processes, create efficiencies and lower costs for consumers.

Products & Markets

Supply Chain

Key Buying Industries

1st Tier

Recycling Facilities in the US

Surveying & Mapping Services in the US

Waste Collection Services in the US

Waste Treatment & Disposal Services in the US

Remediation & Environmental Cleanup Services in the US

Portable Toilet Rental & Septic Tank Cleaning in the US

2nd Tier

Public Administration in the US

Key Selling Industries

1st Tier

Laboratory Testing Services in the US

Inorganic Chemical Manufacturing in the US

Organic Chemical Manufacturing in the US

2nd Tier

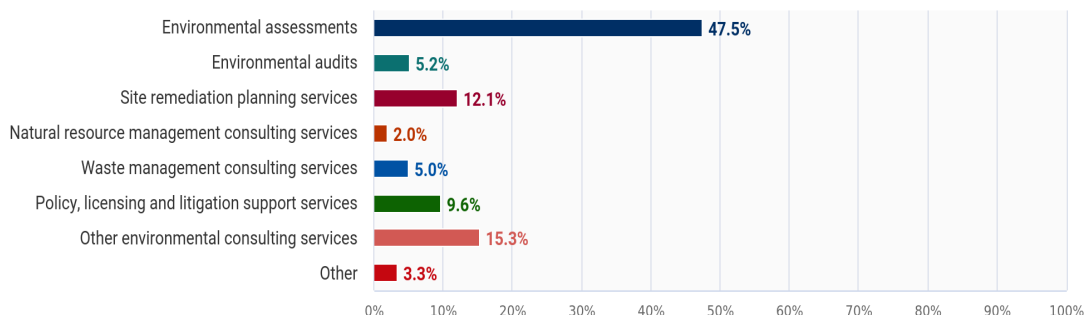
Hardware Manufacturing in the US

Computer Peripheral Manufacturing in the US

Medical Instrument & Supply Manufacturing in the US

Products & Services

Products and Services Segmentation



2023 INDUSTRY REVENUE

\$25.1bn

Environmental Consulting
Source: IBISWorld

Increasingly stringent environmental regulations raise the need for Environmental assessments

- Environmental consultants provide objective studies through the collection of information by conducting investigations, surveying, physical sampling, testing and other activities.
- Economic growth in downstream industries and increasingly stringent regulations has resulted in more assessments.

Rising public awareness of environmental issues

- Site remediation planning services refer to the development of plans to correct contamination and damage done to the environment. This includes developing remediation plans for air, water, soil and other media, which may be required due to legislation or regulation.
- Increasing regulation and legislation that requires companies to account for environmental damage has boosted demand for this segment and the industry overall.

Policy, licensing and litigation support services

- Consultants provide advice to public and private institutions regarding the design, development and operations of environmental statutes, regulations and other standards and practices. Additionally, consultants aid companies that are required to prepare and file applications, reports and other documents that are mandatory for regulatory approval or permitting. Finally, consultants may also provide companies with legal support when engaged in civil suits and other legal battles pertaining to environmental issues.
- Budgetary pressures faced by state and local governments have lessened demand for this segment.

Environmental consulting services and audits

- This segment includes specialized services pertaining to environmental economic consulting; agricultural, fisheries and biological consulting; energy, mining, geological and geophysical consulting; occupational health and safety consulting; and other scientific and technical consulting services.
- Additionally, environmental audits are required as independent assessments of the current status of a

business' compliance with environmental requirements.

Waste and natural resource management consulting services

- Waste management consulting services refers to the provision of guidance concerning best practices for the minimization, transportation and disposal of waste.
- Natural resource management consulting services refers to advice provided regarding best practices for ecologically sustainable development. This includes the use of land, forests, bodies of water, oil, gas and mineral deposits that may affect wildlife populations and other natural resources

Volatile downstream construction activity

- Environmental consultants perform a wide range of additional services including construction management services, evaluation of environmental studies, resale of merchandise and other environmental management consulting services.

Demand Determinants

Demand for many of the Environmental Consulting industry's services is closely linked to the level of environmental regulation.

Some of the industry's services, like environmental auditing, are not discretionary; companies must comply with environmental and health regulations. However, other services, like environmental sustainability, are affected by economic cycles. Expenditure on these services is often one of the first areas to be reduced when the level of business confidence and economic growth decreases.

The level of regulation

The level of environmental regulation has a direct effect on demand for the industry's services. More regulations translate into greater demand for advice to ensure a company's upcoming projects are in line with federal guidelines. The Environmental Protection Agency's (EPA) new rules under the Clean Air Act's New Source Review have had a significant influence on demand for environmental consulting services. Under these regulations, which were implemented in June 2016, any operator that expands or makes major changes to its existing plant must install modern pollution controls. Additionally, the process involves ongoing monitoring of air quality and emissions. Environmental consultants are hired to determine the best strategy to implement these controls.

Currently, no fixed national system on emissions trading exists and any developments on that front are likely to have a significant effect on the industry. An emissions trading plan would likely favor environmental consulting firms that have established specialization in the monitoring and auditing of air pollution and reduction procedures.

Service offerings

Demand for the services of a particular operator is dependent on having the right mix of experience and expertise. It is important to have a good understanding of the client's needs and be able to effectively solve it in a cost-efficient manner, both in terms of the initial capital outlay and any ongoing operating and maintenance costs. Having links to specialist service providers after the consultation is also important. Ideally, clients would want not only a solution to the problem, but also to be referred to companies that will help them take actionable steps.

Business profit

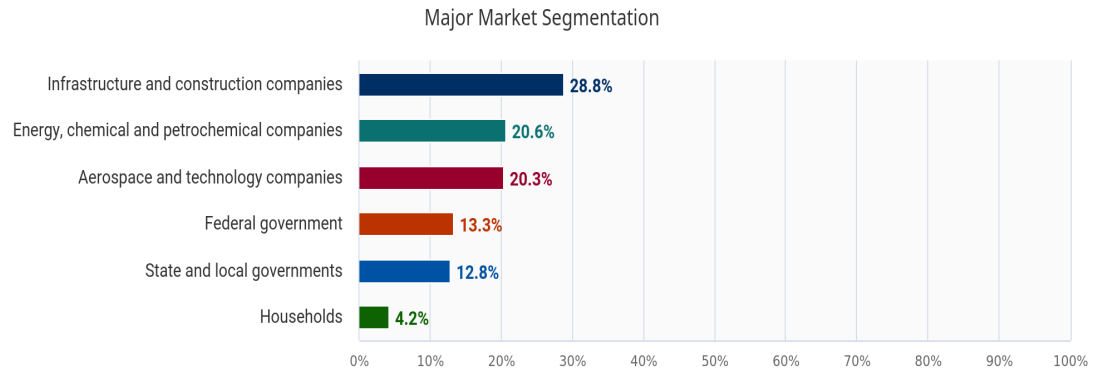
Engaging an environmental consulting firm is often a sign that a company plans to undertake some form of substantial investment in new construction or other expansionary projects. In order to meet compliance, they must hire environmental consultants to ensure that the land on which the construction is taking place does not contain hazardous material. During periods of low economic confidence and profit, businesses are unlikely to expand significantly. Meanwhile, when corporate profit is healthy, businesses are more likely to spend money on the industry's services that are not mandatory. Many large corporations will pay more money to hire environmental consultants to facilitate a "green image" for the company.

Public awareness and disposable income

The household market is becoming an increasing consumer of environmental consulting services. As the public becomes more aware of their effect on the environment, they will become increasingly inclined to be more "green." Households will hire environmental consultants to assess their homes to determine strategies to increase energy efficiency and become more environmentally friendly. These strategies can range from changing to more efficient light bulbs to better insulating the house during the wintertime.

As household disposable income increases, it's more likely that people will spend money to hire environmental consultants. Many households consider the services of an environmental consultant a luxury, rather than a necessity, and they are more likely to use the services when the economy is strong.

Major Markets



2023 INDUSTRY REVENUE

\$25.1bn

Environmental Consulting
Source: IBISWorld

Private industries are subject to economic volatility

- The largest industry clients are in the construction, infrastructure, energy generation, technology and manufacturing industries.
- Most companies in these sectors rely on industry consultants to ensure that their land and manufacturing plants are in compliance with federal environmental policies. These companies are equally concerned regarding health and safety issues for their workers.
- The automotive industry uses consultants for two main purposes: improving emissions levels in existing and upcoming models of vehicles and reducing the environmental affect caused by their manufacturing plants.

Federal, state and local governments provide a solid base for industry demand

- Demand from the government sector mainly relates to work on old or long-abandoned and polluted sites.
- Environmental consultants are primarily employed by larger government departments, particularly the Department of Defense, Department of Energy, the Environmental Protection Agency and General Services Administration, to provide remediation consultation and pollution prevention assistance.
- Services provided to state and local governments also comprise remediation and pollution consultation.
- Government-operated airports and waterways are the largest users of environmental consulting services, while schools are also using environmental consulting services to design energy- and water-saving systems.

Households starting to use industry services

- The consumer market accounts for a small proportion of industry revenue, with household customers only recently beginning to use the services of this industry.
- Rising media exposure of environmental issues, has precipitated rising demand for environmental assistance and advice for private individuals.
- Services provided to households are more homogenous and highly commoditized, rather than the customized services provided to larger, institutional clients.
- Households will purchase environmental consulting services to help design and implement solar power systems, water-saving technology and environmentally friendly landscape planning.

Exports in this industry are 🟢 Low and Steady

Imports in this industry are 🟢 Low and Steady

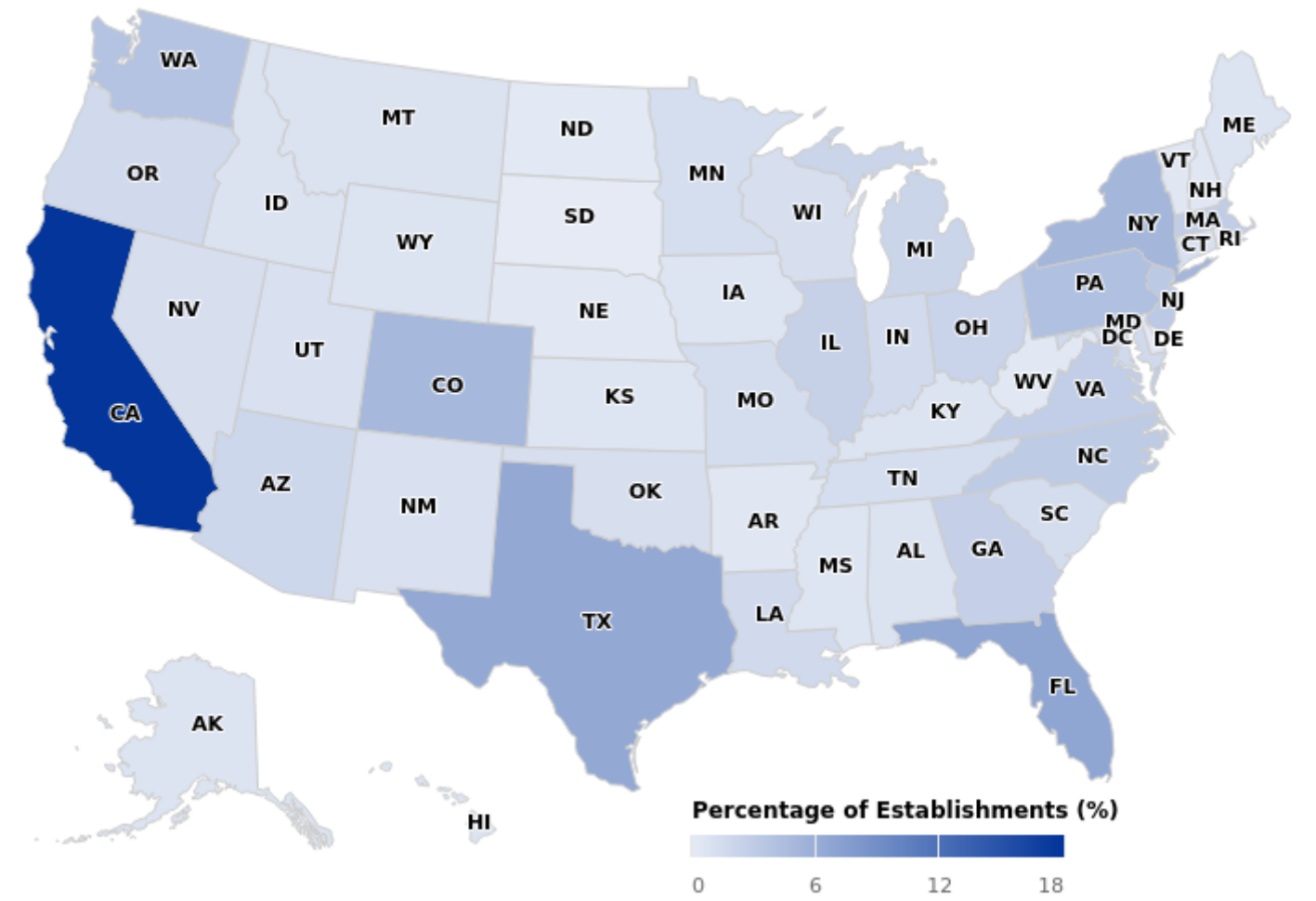
International trade does not occur in the Environmental Consulting industry due to its service-based nature. However, globalization has made maintaining an international presence more prevalent among larger companies that service multinational corporations. Just as some US agencies have locations abroad, some consulting firms operating in the United States are foreign-owned.

Geographic Breakdown

Key Insights

California	California	Iowa	Tennessee	Oklahoma	California
11,656 Est.	\$4.3bn	12.6%	-4.3%	\$97,388.8	27,078
Most Establishments	Highest Revenue	Fastest Growth	Slowest Growth	Highest Average Wage	Most Employees

Establishment Concentration in the United States



Environmental Consulting in the US
Source: IBISWorld

State Data for Environmental Consulting in the US (2023)

State	Establishments	Establishments Growth Rate (2018-2023)	Revenue	Revenue Growth Rate (2018-2023)	Employment	Employment Growth Rate (2018-2023)	Wages	Wages Growth Rate (2018-2023)
Alabama	612	2.05%	\$181.4m	2.76%	1,372	2.21%	\$73.6m	5.33%

State Data for Environmental Consulting in the US (2023)

State	Establishments	Establishments Growth Rate (2018-2023)	Revenue	Revenue Growth Rate (2018-2023)	Employment	Employment Growth Rate (2018-2023)	Wages	Wages Growth Rate (2018-2023)
<u>Alaska</u>	429	0.52%	\$154.2m	0.04%	899	-0.48%	\$61.8m	2.28%
<u>Arizona</u>	1,290	4.24%	\$442.8m	5.88%	3,317	5.79%	\$180.4m	8.61%
<u>Arkansas</u>	330	2.34%	\$126.4m	1.52%	663	0.18%	\$51.1m	3.98%
<u>California</u>	11,656	4.59%	\$4.3bn	4.96%	27,078	4.64%	\$1.7bn	7.56%
<u>Colorado</u>	3,295	3.43%	\$922.4m	3.04%	6,091	2.54%	\$372.9m	5.53%
<u>Connecticut</u>	691	2.26%	\$330.0m	7.39%	2,099	6.70%	\$135.9m	10.39%
<u>Delaware</u>	262	3.18%	\$97.3m	5.19%	729	5.34%	\$39.0m	7.55%
<u>Florida</u>	4,474	3.05%	\$1.1bn	5.97%	8,451	4.71%	\$450.4m	8.45%
<u>Georgia</u>	1,682	2.55%	\$541.7m	4.50%	3,768	3.33%	\$219.8m	7.12%
<u>Hawaii</u>	431	4.07%	\$103.3m	4.38%	799	4.57%	\$42.3m	7.20%
<u>Idaho</u>	593	3.93%	\$180.3m	10.02%	1,087	6.81%	\$74.6m	13.21%
<u>Illinois</u>	1,617	0.64%	\$510.9m	2.42%	3,591	1.69%	\$204.9m	4.73%
<u>Indiana</u>	1,036	2.58%	\$387.7m	4.73%	3,446	5.23%	\$157.6m	7.39%
<u>Iowa</u>	383	1.99%	\$138.7m	12.56%	1,707	17.57%	\$57.7m	15.93%
<u>Kansas</u>	423	0.82%	\$86.9m	-0.70%	756	-0.24%	\$34.8m	1.49%
<u>Kentucky</u>	526	0.78%	\$113.4m	-0.28%	1,233	1.04%	\$45.2m	1.82%
<u>Louisiana</u>	1,130	0.85%	\$256.9m	-2.37%	2,003	-2.83%	\$101.8m	-0.40%
<u>Maine</u>	542	4.21%	\$80.5m	6.52%	637	6.13%	\$32.9m	9.31%
<u>Maryland</u>	1,097	-0.07%	\$1.1bn	7.45%	7,063	8.12%	\$459.9m	10.30%
<u>Massachusetts</u>	1,920	2.88%	\$1.3bn	3.52%	6,324	1.58%	\$511.6m	5.95%
<u>Michigan</u>	1,408	3.65%	\$431.1m	4.68%	2,938	2.54%	\$174.0m	7.18%
<u>Minnesota</u>	857	2.62%	\$292.4m	0.27%	1,908	1.11%	\$119.2m	2.88%
<u>Mississippi</u>	409	5.16%	\$65.8m	5.44%	542	4.45%	\$27.0m	8.31%
<u>Missouri</u>	912	6.14%	\$526.8m	12.19%	3,596	12.45%	\$215.8m	15.22%
<u>Montana</u>	563	0.14%	\$84.0m	1.05%	569	-0.89%	\$34.1m	3.61%
<u>Nebraska</u>	170	0.60%	\$33.2m	3.62%	297	3.76%	\$13.4m	6.07%
<u>Nevada</u>	797	2.96%	\$112.7m	0.68%	937	1.92%	\$45.3m	2.99%
<u>New Hampshire</u>	324	2.38%	\$141.0m	5.29%	988	5.81%	\$57.1m	7.88%
<u>New Jersey</u>	2,149	1.92%	\$979.4m	3.56%	5,779	2.47%	\$391.2m	5.81%
<u>New Mexico</u>	624	1.37%	\$205.3m	3.44%	1,305	2.33%	\$83.4m	6.05%
<u>New York</u>	3,432	2.80%	\$896.5m	0.85%	6,700	1.90%	\$366.6m	3.53%

State Data for Environmental Consulting in the US (2023)

State	Establishments	Establishments Growth Rate (2018-2023)	Revenue	Revenue Growth Rate (2018-2023)	Employment	Employment Growth Rate (2018-2023)	Wages	Wages Growth Rate (2018-2023)
<u>North Carolina</u>	2,016	3.24%	\$327.9m	1.02%	2,555	1.50%	\$130.7m	3.17%
<u>North Dakota</u>	106	0.00%	\$21.2m	-0.49%	108	-5.19%	\$8.8m	2.58%
<u>Ohio</u>	1,474	1.80%	\$424.2m	1.15%	3,084	0.90%	\$172.1m	3.67%
<u>Oklahoma</u>	786	2.85%	\$432.2m	8.51%	1,869	3.26%	\$182.0m	12.05%
<u>Oregon</u>	1,139	1.24%	\$436.7m	2.79%	2,845	2.01%	\$175.2m	5.13%
<u>Pennsylvania</u>	2,764	1.83%	\$710.7m	-0.81%	5,088	-0.37%	\$288.1m	1.66%
<u>Rhode Island</u>	273	2.02%	\$62.3m	1.62%	367	0.44%	\$24.7m	3.70%
<u>South Carolina</u>	925	5.88%	\$267.0m	6.97%	1,970	7.35%	\$106.9m	9.36%
<u>South Dakota</u>	63	1.32%	\$6.0m	-1.04%	35	-5.73%	\$2.4m	1.05%
<u>Tennessee</u>	843	3.09%	\$234.1m	-4.30%	1,447	-3.82%	\$94.2m	-2.07%
<u>Texas</u>	4,277	2.89%	\$2.2bn	5.68%	15,399	5.75%	\$901.5m	8.24%
<u>Utah</u>	666	1.91%	\$278.1m	10.56%	4,236	18.81%	\$110.5m	12.86%
<u>Vermont</u>	350	2.72%	\$178.8m	5.49%	870	4.18%	\$71.5m	7.80%
<u>Virginia</u>	1,799	2.13%	\$933.1m	2.82%	6,022	2.68%	\$379.0m	5.41%
<u>Washington</u>	2,556	4.23%	\$978.4m	5.18%	5,778	4.49%	\$398.3m	7.88%
<u>West Virginia</u>	271	2.89%	\$163.9m	5.43%	1,214	3.14%	\$67.1m	8.24%
<u>Wisconsin</u>	797	2.96%	\$124.5m	3.28%	929	2.16%	\$50.6m	5.91%
<u>Wyoming</u>	469	3.81%	\$141.1m	4.73%	1,352	5.37%	\$57.6m	7.49%

Business Locations The West contains the most industry establishments

- The concentration of industry establishments in this region is in part due to the concentration of industry establishments in the state of California.
- California is the top state in the country, measured by number of industry establishments.
- Consultants in California are involved in several sectors (including construction, manufacturing and agriculture) due to the diverse range of client markets centered in the state.
- The state is home to two major players, Tetra Tech Inc. and AECOM, adding to the concentration of establishments in the state.

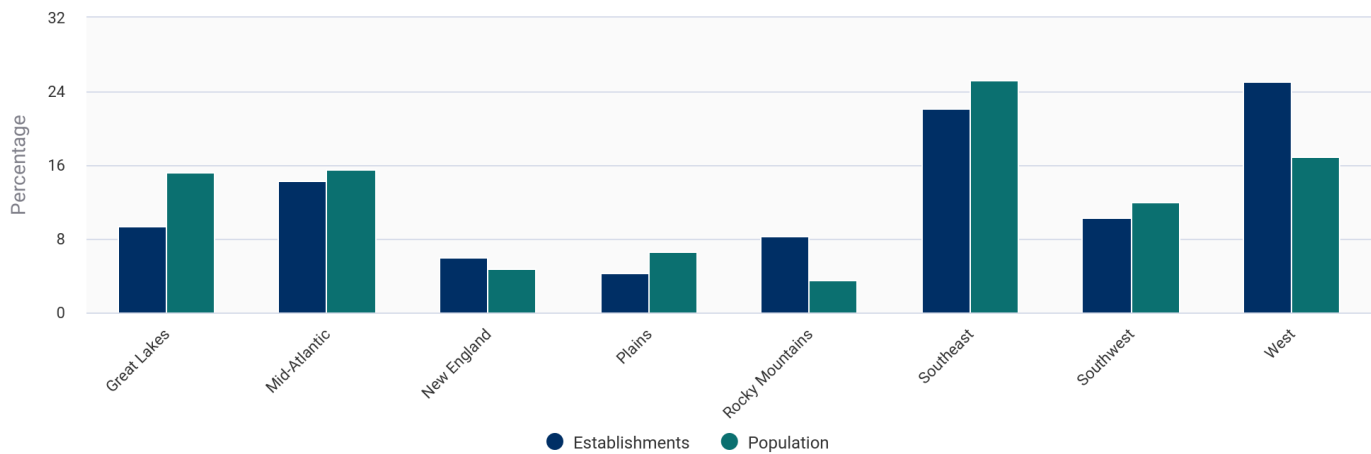
Southeast

- Florida is the most heavily concentrated state in the region
- Virginia and North Carolina also are significant within this region, due to their large farming and agricultural industries.

Mid-Atlantic

- New York has fewer establishments, than its share of the population due to the state's concentration of financial companies and other businesses that have limited demand for environmental consultants.
- Pennsylvania, New Jersey and Maryland all have relatively high establishment figures due to a more diverse range of client markets.

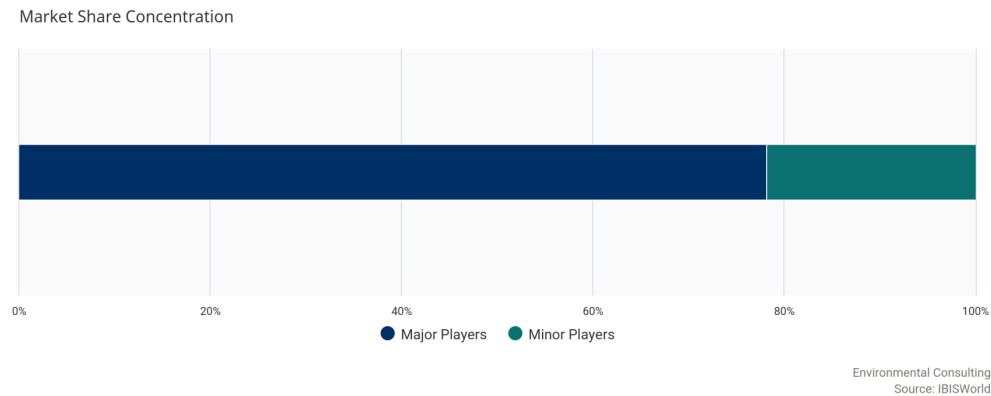
Distribution of Establishments vs Population



Environmental Consulting
Source: IBISWorld

Competitive Landscape

Market Share Concentration



Concentration in this industry is **Low**

Barriers to enter the industry are low

- The industry is largely composed of small operators, many of which are nonemployers.
- Relatively high profit and low barriers to entry enable many small businesses or sole proprietors to enter and compete within this industry and provide consulting work in their field of expertise.

The industry is experiencing consolidation due to acquisitions

- The industry is undergoing consolidation because of acquisitions by its largest players, which typically operate as engineering and design companies as well.
- These companies are expected to continue to consolidate, while smaller companies continue to enter the industry and provide specialized services.

Key Success Factors

IBISWorld identifies over 200 Key Success Factors for a business. The most important for this industry are:

Ability to compete on tender:

It is important that environmental consultants compete profitably for tendered contracts.

Effective cost controls:

Since wages make up a large portion of the industry's costs, companies must ensure that effective cost-control systems are in place.

Access to multiskilled and flexible workforce:

Companies should have qualified staff that is knowledgeable regarding a wide range of industries.

Ability to negotiate successfully with regulator:

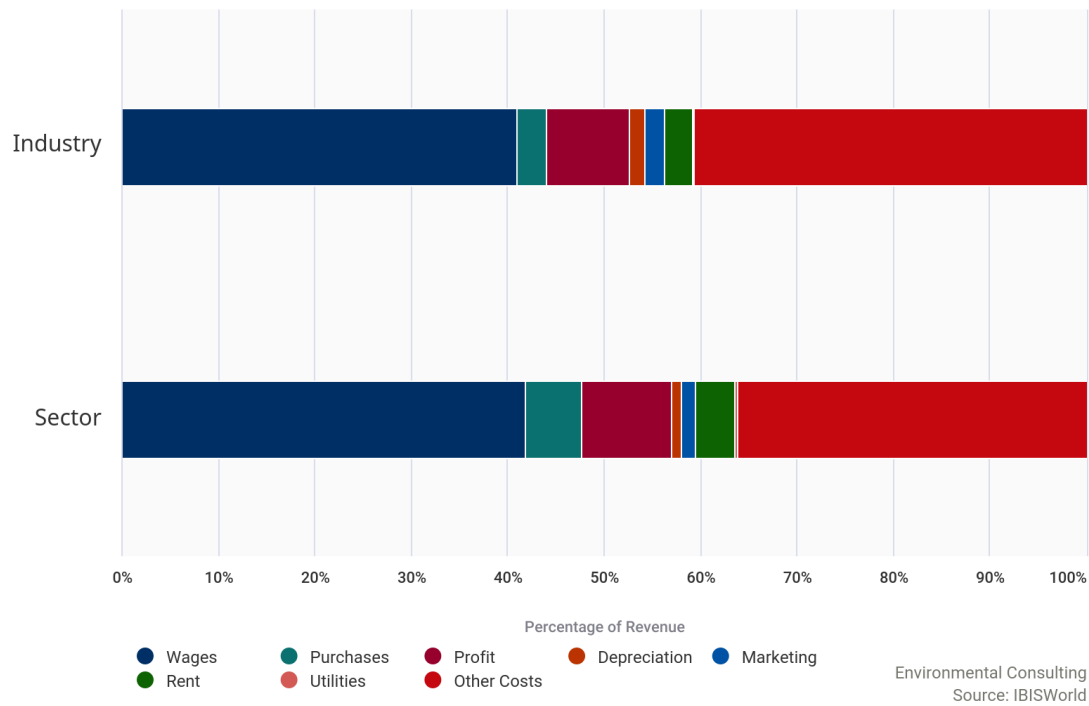
Successfully obtaining government contracts and references gives consultants access to more business.

Fast adjustments made to changing regulations:

The industry generates an increasing amount of revenue by reacting to new regulations and assisting businesses through new environmental landscapes.

Cost Structure
Benchmarks

Cost Structure 2023

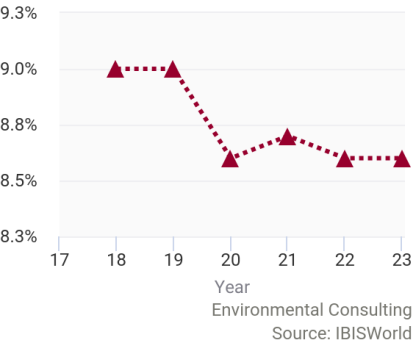


Profit

Rising wage costs inhibit profit growth

- In 2023, profit, measured as earnings before interest and taxes, is set to reach 8.6% of total industry revenue.
- The largest expense for environmental consultants, and a primary determining force of profit, are wage costs, which have increased.

Profit as a Share of
Revenue 2018-2023

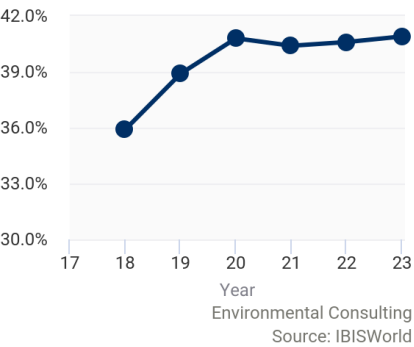


Wages

Stringent requirements for employees boost wages

- Wages account for the largest proportion of revenue for environmental consultants, accounting for an estimated 40.9% of total industry revenue in 2023.
- The provision of advisory services requires a high level of education and experience in relevant fields, necessitating high wages.

Wages as a Share of
Revenue 2018-2023

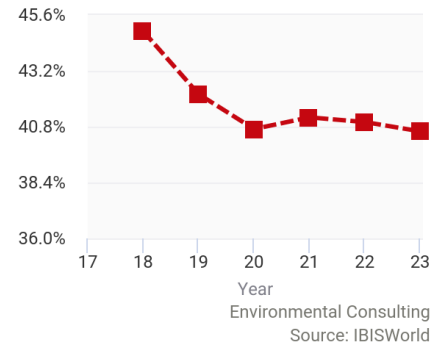


Other Costs

Third-party services required

- Other industry costs are estimated to account for the remaining 40.6% of industry revenue.
- Operators must purchase services like laboratory testing and advisory services from other professionals to provide the most accurate services.

Other Costs as a Share of Revenue 2018-2023



Basis of Competition

Competition in this industry is ☹ **Medium** and the trend is Increasing

ADVANTAGES TO SCALE

Competition in the Environmental Consulting industry is primarily based on reputation, breadth of services and quality of the services offered.

Those that are able to offer a full range of activities, from consultation to the actual solution, are able to gain more lucrative clients and contracts. Larger clients are more concerned with having a one-stop shop to complete their projects, rather than shopping comparatively to obtain the best price.

As the industry continues to exhibit strong growth, other consulting firms, particularly those in the Management Consulting Services industry (see IBISWorld report 54161) and Scientific and Scientific and Economic Consulting industry (54169), are employing specialists in environmental matters to compete. Large consulting firms within those industries are attempting to diversify their line of services to become one-stop shops for customers' needs.

PUBLIC IMAGE

Not only must industry companies compete on quality of service, but they must also cultivate a positive public image.

A common practice is to advertise customer testimonials, preferably from executives of large clients. Positive feedback from clients will generate good publicity for the company. Within employment, competition among operators to retain highly skilled and experienced staff is intense. A reputable expert on a company's payroll can bring new clients along with their own current clients to that company.

PRICE-BASED COMPETITION

Among smaller operators in the industry, price-based competition is common as lesser-known industry participants lack the industry profile and resources to compete on expertise.

As the industry becomes more mature and awareness of environmental consulting services heightens, price competition will become more common. Also, as more households use the industry's services, price will become a greater basis for competition. Services will be greatly commoditized for households as opposed to the tailored services offered to businesses and government agencies.

LEGAL EXPERTISE

Operators in the industry that possess a thorough understanding of alternative technological methods to reduce the environmental effects of air, water and soil pollution in a cost-efficient and effective manner will have a competitive advantage.

Barriers to Entry

Barriers to Entry in this industry are ▲ Low and the trend is Steady

Legal

This industry has few legal barriers that prospective operators face. Operators must demonstrate an awareness of the legal and regulatory environment to ensure that all activities are within the appropriate environmental legal framework.

Start-Up Costs

Start-up costs in the industry are relatively minimal, as basic computing equipment is often all that is required. In addition, economies of scale possessed by large players do not prevent smaller players from entering the industry.

Differentiation

To prove themselves to clients, new entrants should develop a deep understanding of the current environmental regulations and the requirements for companies to meet compliance.

Labor Intensity

The most significant barrier to entry into the industry is obtaining skilled employees with the knowledge required to consult on a variety of environmental issues. Environmental consulting firms require the expert knowledge of workers who understand broader environmental legal issues.

Barriers to Entry Checklist

Competition	Medium ⊖
Concentration	Low ✓
Life Cycle Stage	Mature ⊖
Technology Change	Low ✓
Regulation & Policy	Light ✓
Industry Assistance	Low ▲

Industry Globalization

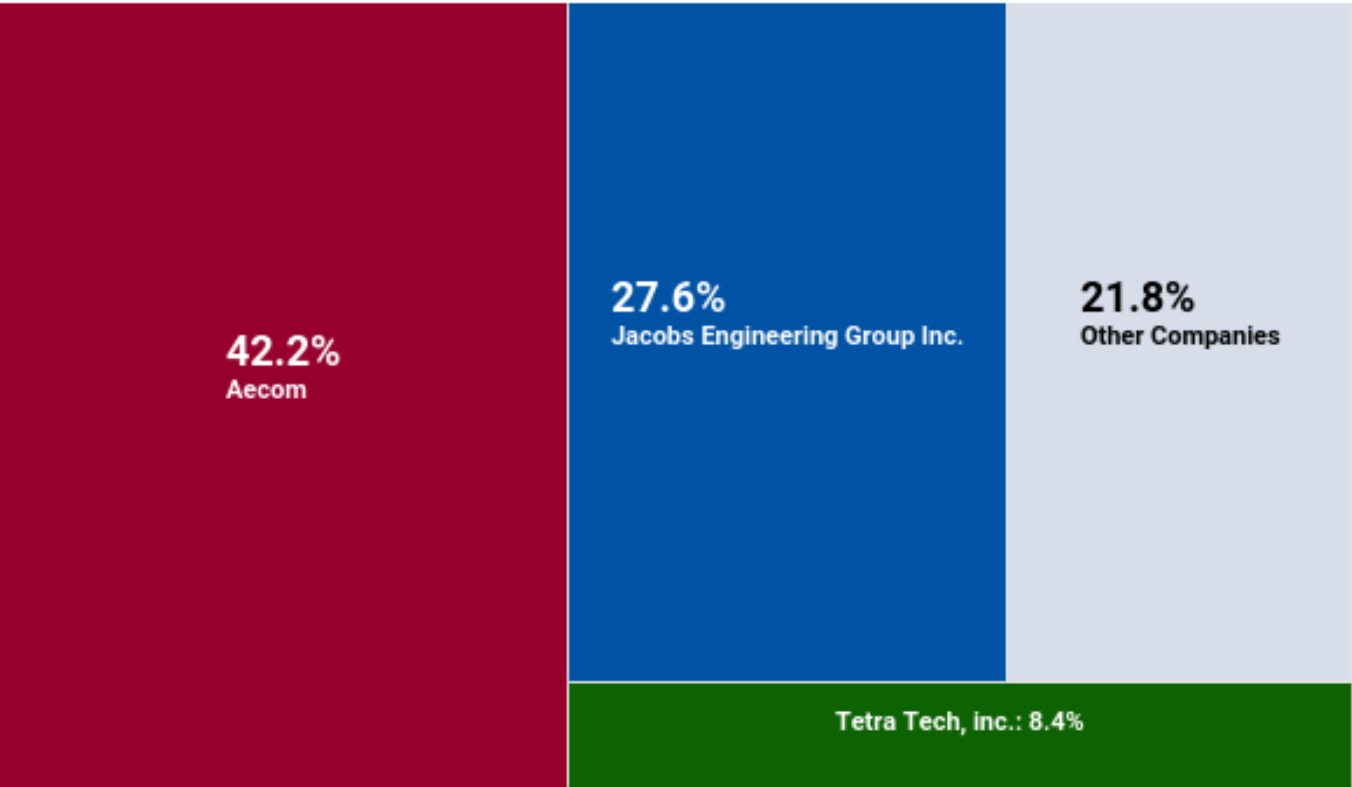
Globalization in this industry is ✓ Low and the trend is Increasing

The Environmental Consulting industry is characterized by a low level of globalization. There is no international trade in the industry; however, due to the global problem posed by environmental damage, the industry is becoming increasingly globalized. Rapid economic development in countries like Brazil, China and India are creating new global demand for environmental consulting from highly experienced professionals. US companies are expected to expand their business internationally to provide advisory services abroad. This will likely be achieved through the creation of new divisions or subsidiaries in these regions.

Major Companies

Market Share Overview

Breakdown of Industry Market Share (2023)



Source: IBISWorld, Environmental Consulting

Related Companies

Competitors	Company Type	Employee Segment	Revenue (\$m)	Market Share (%)	Profit (\$m)
Aecom	Golden Goose	500+ Employees	10,579.7 ▲	42.23 ▲	644.0 ▲
Jacobs Engineering	Laggard	500+ Employees	6,909.0 ▼	27.58 ▼	253.0 ▼
Tetra Tech, inc.	Rising Star	500+ Employees	2,112.9 ▼	8.43 ▼	258.4 ▲

Companies with 5.0% industry market share are displayed in the PDF version of this report. You can view insights for all companies associated with this industry on my.ibisworld.com

Aecom

Company Overview

Brands & Trading Names

Aecom Tishman Ace International Consultants AECOM capital Tishman Construction Aceom Hunt Hunt Construction Group

Description

Aecom is a public company headquartered in Texas with an estimated 50,000 employees. In the US, the company has a notable market share in at least nine industries: Apartment & Condominium Construction, Industrial Building Construction, Heavy Engineering Construction, Engineering Services, Environmental Consulting, Water & Sewer Line Construction, Oil & Gas Pipeline Construction, Sports Stadium Construction, Construction Project Management Services and Water & Sewer Line Construction. Their largest market share is in the Environmental Consulting industry, where they account for an estimated 42.2% of total industry revenue and are considered a Golden Goose because they display medium to strong market share and strong profit, but slower revenue growth than some of their peers.

COMPANY TYPE	Public Company
TOTAL COMPANY REVENUE	\$10.6bn
EMPLOYEES	50,000

Other Industries

Apartment & Condominium Construction in the US
 Industrial Building Construction in the US
 Heavy Engineering Construction in the US
 Engineering Services in the US
 Water & Sewer Line Construction in the US
 Oil & Gas Pipeline Construction in the US
 Sports Stadium Construction in the US
 Construction Project Management Services in the US

Analyst Insights

Supply chain disruptions continue to challenge AECOM through raw material shortages

Since the beginning of the COVID-19 (coronavirus) pandemic, supply chain disruptions, labor shortages and government-imposed shutdowns have threatened the operations of engineering companies like AECOM. As an international company, AECOM has taken steps to monitor the continued effects of the pandemic, because travel restrictions and raw material shortages have immediate impacts on the company's ability to provide service.

COVID Discontinued Activity New Activity

FEMA awards AECOM flood-risk response contract in 17 states

The US Department of Homeland Security's Federal Emergency Management Agency (FEMA) recently awarded AECOM a contract to provide production and technical architectural and engineering services for Risk Mapping, Assessment and Planning (RISK MAP) program. The contract covers 17 states that face the most frequent risk from severe flooding. Under this contract, AECOM will provide local flood hazard and risk analysis, as well as data and information on disaster response and risk reduction.

Discontinued Activity New Activity

AECOM restructures through sales and divestitures of high-risk operations

Beginning in 2020, AECOM has taken steps to reduce its risk profile by discontinuing operations in high-risk markets. In 2021, the company completed the sale of its power construction business to CriticalPoint Capital, LLC. Additionally, AECOM completed the sale of its civil infrastructure construction business to affiliates of Oroco Capital. Additionally, given low profitability and high risk, Aecom has begun disposing of its oil and gas construction businesses. As of 2022, the company has exited from 30 countries.

Discontinued Activity

Aecom

Company Overview

Industry Market Share, Revenue and Profit

Market Share

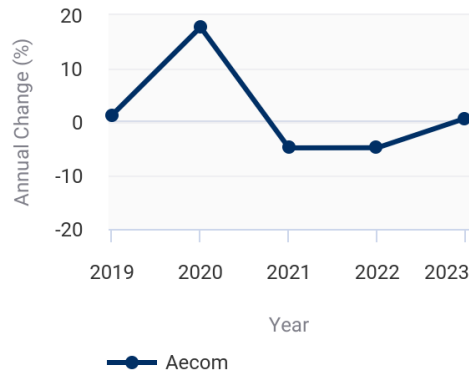
42.23%
Current Year (2023)

Strong

8.8%
Annual Growth (2019–23)

▲

Change in Market Share



Environmental Consulting
Source: IBISWorld

Industry Revenue

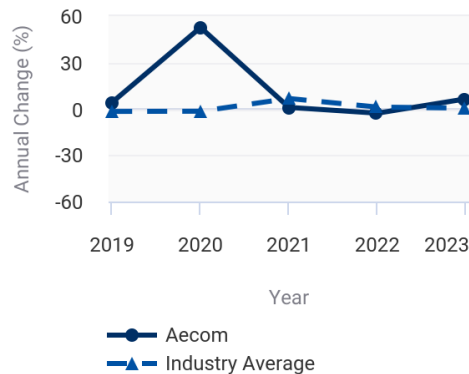
\$10.6bn
Current Year (2023)

Strong

12.4%
Annual Growth (2019–23)

▲

Change in Industry Revenue



Environmental Consulting
Source: IBISWorld

Profit Margin

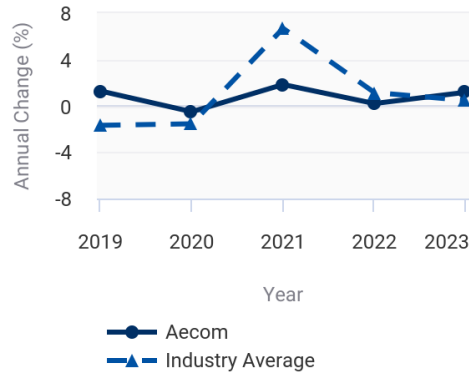
6.09%
Current Year (2023)

Moderate

2.7%
Annual Growth (2019–23)

▲

Change in Profit Margin



Environmental Consulting
Source: IBISWorld

Jacobs Engineering Group Inc.

Company Overview

Description	<p>Jacobs Engineering is a public company headquartered in Texas with an estimated 56,700 employees. In the US, the company has a notable market share in at least eight industries: Industrial Building Construction, Heavy Engineering Construction, Professional, Scientific and Technical Services, Engineering Services, Industrial Designers, Environmental Consulting, Remediation & Environmental Cleanup Services, Construction Project Management Services and Heavy Engineering Construction. Their largest market share is in the Environmental Consulting industry, where they account for an estimated 27.6% of total industry revenue.</p> <table><tr><td>COMPANY TYPE</td><td>Public Company</td></tr><tr><td>TOTAL COMPANY REVENUE</td><td>\$6.9bn</td></tr><tr><td>EMPLOYEES</td><td>56,700</td></tr></table>	COMPANY TYPE	Public Company	TOTAL COMPANY REVENUE	\$6.9bn	EMPLOYEES	56,700
COMPANY TYPE	Public Company						
TOTAL COMPANY REVENUE	\$6.9bn						
EMPLOYEES	56,700						
Other Industries	<p>Industrial Building Construction in the US Heavy Engineering Construction in the US Engineering Services in the US Industrial Designers in the US Remediation & Environmental Cleanup Services in the US Construction Project Management Services in the US</p>						
Analyst Insights	<p>Contract expansion with NASA will be a consistent source of demand In July 2022, NASA granted Jacobs the Johnson Space Center (JSC) Engineering, Technology and Science (JETS) II contract. The contract is for ten years and, with a valuation of \$3.9 billion, presents numerous opportunities for the company. As part of this lucrative contract, the company will assist the JSC with designs, testing, analysis and development in various projects. Already a provider of aerospace-related solutions, this contract propels the company to broaden its operations by pursuing more ambitious projects. This news continues the company's partnership with NASA, as the two entities have worked together since 2005.</p> <p>Balance Sheet Discontinued Activity New Activity Structural</p> <p>Jacobs Engineering announces new CFO In January of 2023, Jacobs announced that its current Executive Vice President and Chief Financial Officer (CFO), Kevin Berryman, will be replaced by Claudia Jaramillo. Ms. Jaramillo currently works as Executive Vice President, Strategy and Corporate Development at the company and will drive operational improvements moving forward.</p> <p>Labor New Activity</p>						

Jacobs Engineering Group Inc.

Company Overview

Industry Market
Share, Revenue
and Profit

Market Share

27.58%

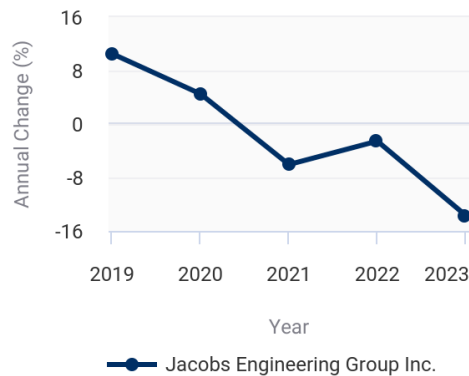
Moderate

Current Year
(2023)

-17.8%

Annual Growth
(2019–23)

Change in Market Share



Environmental Consulting
Source: IBISWorld

Industry Revenue

\$6.9bn

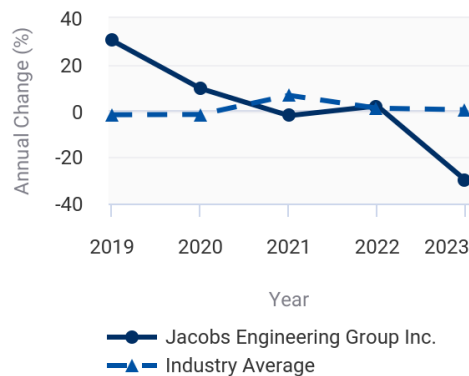
Moderate

Current Year
(2023)

-6.4%

Annual Growth
(2019–23)

Change in Industry Revenue



Environmental Consulting
Source: IBISWorld

Profit Margin

3.66%

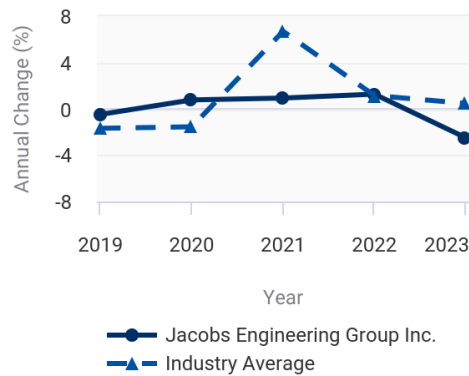
Weak

Current Year
(2023)

0.5%

Annual Growth
(2019–23)

Change in Profit Margin



Environmental Consulting
Source: IBISWorld

Tetra Tech, inc.**Company Overview****Brands & Trading Names**

Enterprise Automation NDY Group Parkland Pipeline Hoare Lea Coanda Shepherd Miller Fransen
 Engineering Bluewater Federal Solutions The Kaizen Company Tetra Tech Foster Wheeler
 Environmental Cornerstone Environmental Group EglobalTech Pro-Telligent

Description

Tetra Tech, inc. is a public company headquartered in California with an estimated 21,000 employees. In the US, the company has a notable market share in at least two industries: Environmental Consulting, Remediation & Environmental Cleanup Services and Remediation & Environmental Cleanup Services. Their largest market share is in the Environmental Consulting industry, where they account for an estimated 8.4% of total industry revenue.

COMPANY TYPE	Public Company
TOTAL COMPANY REVENUE	\$2.1bn
EMPLOYEES	21,000

Other Industries

Remediation & Environmental Cleanup Services in the US

Analyst Insights**Tetra Tech grows revenue with 2021 financial report**

In fiscal 2021, Tetra Tech's revenue increased 7.3% compared to fiscal 2020. This year-over-year growth primarily reflects increased activity with government clients, both U.S. and international, as federal and local government agency spending has been a source of economic stability and stimulus during the COVID-19 (coronavirus) pandemic. However, this growth was partially offset by lower commercial activity, which has been slower to recover to pre-pandemic levels. The company's year-over-year revenue comparisons were also impacted by the decision to dispose of its Canadian turn-key pipeline activities in fiscal 2019 and the subsequent wind-down of those activities in fiscal 2020.

COVID M&A

Tetra Tech completes new acquisition

In January of 2023, Tetra Tech announced that the company has completed the acquisition of the outstanding shares of RPS Group. The move was approved through a United Kingdom (UK) court. RPS Group currently employs 5,000 globally and will add to Tetra Tech's consulting portfolio.

M&A New Activity

Tetra Tech's client base expands to various clients

Tetra Tech Inc (Tetra Tech) provides services to a diverse base of U.S. state and local government, U.S. federal government, U.S. commercial, and international clients. In fiscal 2021 the company's revenue by client sector was as follows; U.S. state and local government (16.7%), U.S. federal government (33.6%), U.S. commercial (19.9%) and international (29.8%). U.S. federal government agencies are significant clients. The U.S. Agency for International Development ("USAID") accounted for 11.7% of revenue in 2021 and the Department of Defense (DoD) accounted for 11.2% of revenue.

COVID M&A Structural

Tetra Tech acquires Axiom Data Science in March 2022

In March 2022, Tetra Tech announced that it purchased Axiom Data Science, a scientific data research company dedicated to finding data related to climate change. Based in Alaska, Axiom does research analyzing various models related to the climate which helps its clients understand and visualize complexities in large sets of data to help them understand the effects of climate change. The company cited that this purchase of Axiom Data Science is set to help the company expand its analytics operations which are set to help the company better understand and view activity in ecosystems. As a result of this, the company is anticipating that this will help the company research for its clients, which include the National Oceanic and Atmospheric Administration and the National Aeronautics and Space Administration.

M&A

Tetra Tech, inc.

Company Overview

Industry Market Share, Revenue and Profit

Market Share

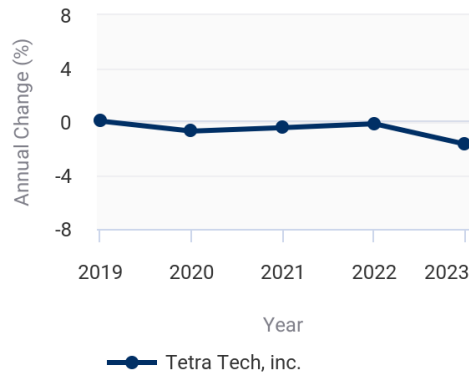
8.43%
Current Year (2023)

Weak

-2.9%
Annual Growth (2019-23)

▼

Change in Market Share



Environmental Consulting
Source: IBISWorld

Industry Revenue

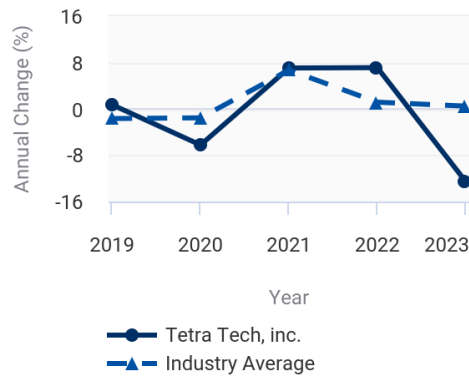
\$2.1bn
Current Year (2023)

Weak

-1.5%
Annual Growth (2019-23)

▼

Change in Industry Revenue



Environmental Consulting
Source: IBISWorld

Profit Margin

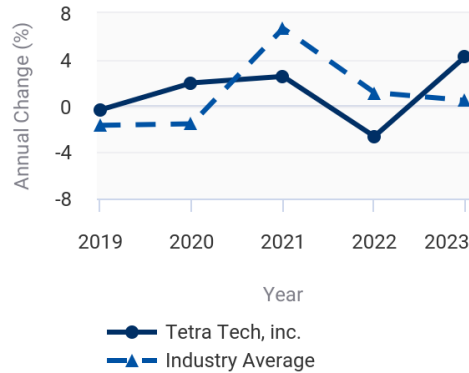
12.23%
Current Year (2023)

Strong

6.2%
Annual Growth (2019-23)

▲

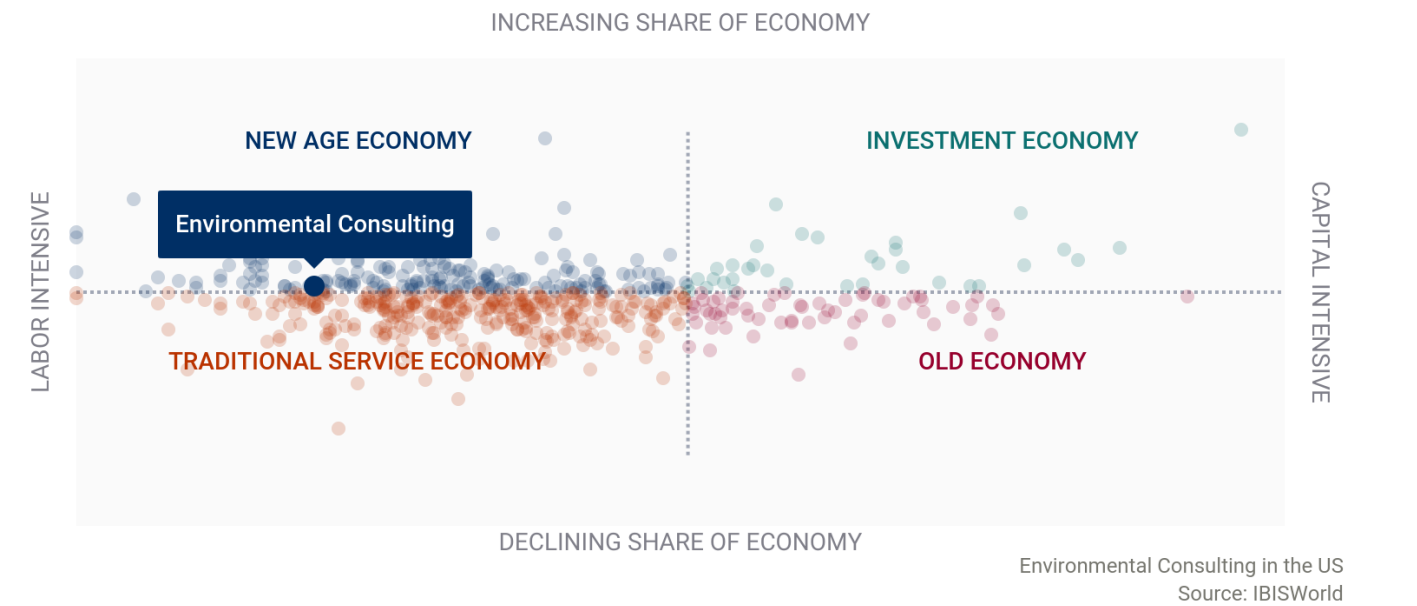
Change in Profit Margin



Environmental Consulting
Source: IBISWorld

Operating Conditions

Costs of Growth: Targeting Capital vs. Labor



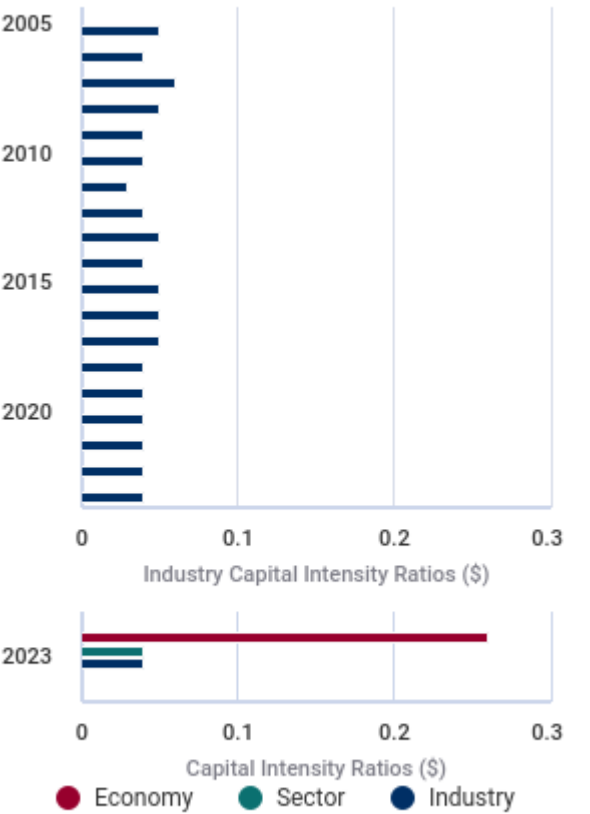
Capital Intensity

The level of capital intensity is 🟢 Low

The Environmental Consulting industry is characterized by a low level of capital intensity. The provision of advisory services is highly value-added, as consultants typically have high levels of education and extensive experience in specific fields to provide the best services to clients. In 2023, for every \$1.00 spent on labor, environmental consultants are expected to allocate \$0.04 toward capital expenditure. Operators in this industry often only require relatively basic equipment like computers and software packages to provide advisory services, with industry activities being primarily labor-intensive.

The industry's level of capital intensity has stagnated. There has been an increase in the level of capital used by environmental consultants as reliance on technology like computers has increased. However, increasing demand for environmental consulting expertise has resulted in wages growing at a faster rate than depreciation, which is used to measure the level of capital intensity in an industry. Capital intensity is expected to remain stable as companies increase their use of technology at a similar speed as wage increases.

Capital Intensity Ratios



Environmental Consulting
Source: IBISWorld

Technology & Systems

Potential Disruptive Innovation: Factors Driving Threat of Change

Level	Factor	Disruptive Effect	Description
⊖ Medium	Rate of Innovation	Potential	A ranked measure for the number of patents assigned to an industry. A faster rate of new patent additions to the industry increases the likelihood of a disruptive innovation occurring.
☑ Low	Innovation Concentration	Unlikely	A measure for the mix of patent classes assigned to the industry. A greater concentration of patents in one area increases the likelihood of technological disruption of incumbent operators.
⚠ High	Ease of Entry	Likely	A qualitative measure of barriers to entry. Fewer barriers to entry increases the likelihood that new entrants can disrupt incumbents by putting new technologies to use.
⚠ High	Rate of Entry	Likely	Annualized growth in the number of enterprises in the industry, ranked against all other industries. A greater intensity of companies entering an industry increases the pool of potential disruptors.
☑ Very Low	Market Concentration	Very Unlikely	A ranked measure of the largest core market for the industry. Concentrated core markets present a low-end market or new market entry point for disruptive technologies to capture market share.

The rate of new patent additions to the industry is low. This is combined with a low concentration of innovation. Both factors being low suggests that new technology entry is slow and widespread, which limits the threat of disruptive threats hurting leading industry operators.

This technology trend is underscored by structural factors that support new entrants. An accommodative structure can create a situation where small entrants can focus on less profitable albeit innovative industry entry points. Or, large operators in other industries can leverage expertise in other areas to enter the industry from a new angle.

Major market segments for industry operators are relatively diversified. The spread of market segments suggests that there are limited entry points other than those already served by incumbent operators.

The most disruptive technological force pertaining to the Environmental Consulting industry is the use of automation.

Many of the services provided by industry consultants involve data monitoring, assessment and analytics, fields that have all been transformed by advancements in automation and artificial intelligence technology (AI). For example, data entry components of environmental assessments can be automated using AI and machine learning capabilities, which may reduce the number of billable hours industry consultants may charge clients for their services by speeding up the necessary computer processes. This disruption can potentially siphon revenue away from environmental consultants; however, incumbent industry consultants may respond by integrating more advanced data monitoring and analytics technologies into their business model and subsequent offerings to justify a service cost increase.

The level of technology change is ☑ Low

The Environmental Consulting industry faces a relatively low level of technology change.

Companies provide advisory services to businesses, governments and nonprofit organizations. This includes the provision of environmental assessments and site remediation planning services. There is a low level of technological change for consulting operations; however, operators need to be aware of the latest technologies used in site remediation and waste

management to provide the best advisory services.

Site remediation

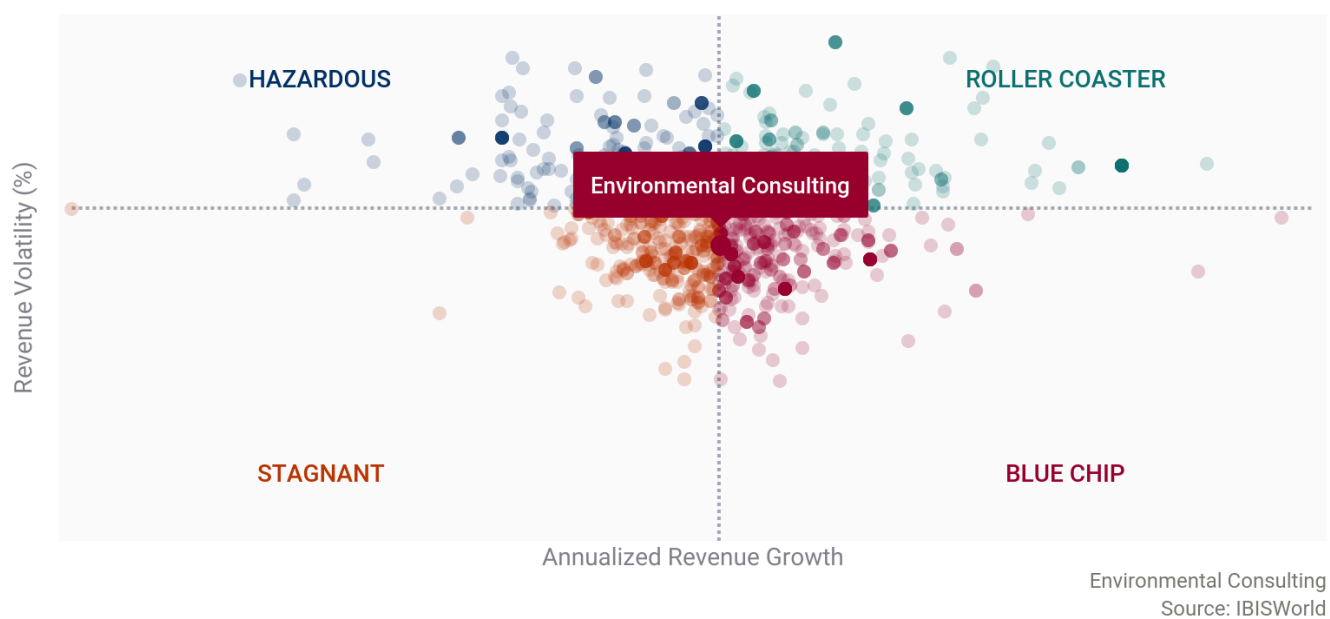
Environmental consultants are required to possess knowledge regarding site remediation planning and waste disposal.

This includes understanding different technologies and systems that are used to provide the most cost-effective solution to clients. New technologies that have been developed for site remediation include excavation of sites and surfactant enhanced aquifer remediation (SEAR). SEAR refers to the injection of hydrocarbon mitigation agents to enhance desorption in soil and other materials. Other technologies used include stabilization and solidification processes. Stabilization refers to the addition of chemicals to produce more stable chemical compounds, while solidification involves the addition of materials to create containable contaminants that can then be excavated or treated.

Revenue Volatility

The level of volatility is ☹ Medium

Volatility vs. Growth



Long-lasting environmental regulations lend stability to industry

- In the first year of the Biden Administration, the Environmental Protection Agency took significant steps forward in tackling the climate crisis, advancing environmental justice, protecting the health and safety of communities across the country, and restoring scientific integrity.
- When new environmental regulations are created, they often remain in place for an extended period. This underlying factor lends stability to the industry.

Varied customer base keeps industry demand afloat

- Consulting services are offered across a variety of industries, mitigating the effects of a downturn in one or more of the industry's downstream markets.
- Strong industry growth is driven by both public opinion and economic factors, and this growth tends to mitigate any negative effects from downturns in client industries.

Regulation & Policy

The level of regulation is ☺ Light and the trend is Steady

The National Environmental Policy Act

This act requires federal agencies to integrate environmental values into their decision-making processes. This policy provides more work for environmental consultants, as government agencies need the expertise of consultants to determine the influence of their actions.

The Oil Pollution Act and the Pollution Prevention Act

These acts are both critical to high-polluting industries including manufacturing, mining and energy generation, all of which are large clients of environmental consultants. Companies require the knowledge of environmental consultants to help them meet and comply with these regulations.

The Occupational Safety and Health Act

In early 2020, the Trump administration signed a regulation to remove millions of miles of streams and half the country's wetlands from federal protection. The removal of protections was the largest rollback of the Clean Water Act since the law was passed in 1972. However, the Biden administration is moving to formally repeal the 2020 Navigable Waters Protection Rule. The EPA will then craft its own, more expansive definition of waterways subject to federal water protections, after a review of the Navigable Waters Protection Rule by the EPA and Department of the Army determined that the rule was leading to significant environmental degradation.

The public cares

Rising public awareness of environmental issues affects the political landscape surrounding environmental regulations. This factor results in rising demand for more stringent regulations for different industries, which in turn generates increasing demand for environmental consulting services.

Industry Assistance

The level of industry assistance is ▲ Low and the trend is Steady

Public

The Coronavirus Aid, Relief and Economic Security (CARES) Act

The US Coronavirus Aid, Relief and Economic Security (CARES) Act was introduced and signed into law in March 2020, and is a \$2.0 trillion economic relief package designed to provide direct economic assistance for American workers, families and small businesses as well as preserve jobs for American industries.

The US Environmental Protection Agency

The EPA provides regulations that prevent excessive pollution and environmental damage, especially in agriculture, automotive, construction, electric utilities, oil and gas and transportation industries. The EPA proposed comprehensive new protections to reduce pollution from the oil and natural gas industry including, reductions from existing sources. The proposed rule would lead to significant, cost-effective reductions in methane emissions and other health-harming air pollutants that endanger nearby communities.

Key Statistics

Industry Data

Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Industrial Production Index (Units)
2014	20,809	9,295	52,970	51,495	121,037	N/A	N/A	7,505	N/A	102
2015	21,076	9,756	53,213	51,703	122,104	N/A	N/A	7,585	N/A	101
2016	21,800	9,582	53,986	52,340	123,525	N/A	N/A	7,620	N/A	98.7
2017	22,140	10,525	56,941	55,204	132,580	N/A	N/A	8,355	N/A	100.0
2018	23,863	11,088	58,684	57,046	135,509	N/A	N/A	8,558	N/A	103
2019	23,464	11,616	58,628	56,835	140,391	N/A	N/A	9,128	N/A	102
2020	23,101	11,777	60,528	58,616	145,578	N/A	N/A	9,416	N/A	95.0
2021	24,648	12,490	62,969	60,927	153,491	N/A	N/A	9,952	N/A	100
2022	24,934	12,679	64,212	62,145	156,232	N/A	N/A	10,117	N/A	105
2023	25,053	12,791	65,388	63,309	158,376	N/A	N/A	10,238	N/A	105
2024	25,474	13,041	66,922	64,807	161,868	N/A	N/A	10,453	N/A	102
2025	25,785	13,229	68,189	66,048	164,606	N/A	N/A	10,620	N/A	103
2026	26,077	13,411	69,387	67,221	167,232	N/A	N/A	10,779	N/A	105
2027	26,447	13,626	70,796	68,600	170,185	N/A	N/A	10,962	N/A	106
2028	26,776	13,818	72,112	69,889	172,860	N/A	N/A	11,127	N/A	107

Annual Change

Year	Revenue (%)	IVA (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Industrial Production Index (%)
2014	-0.25	-2.91	2.20	2.26	2.48	N/A	N/A	2.52	N/A	3.01
2015	1.28	4.96	0.45	0.40	0.88	N/A	N/A	1.06	N/A	-1.42
2016	3.43	-1.79	1.45	1.23	1.16	N/A	N/A	0.45	N/A	-2.20
2017	1.56	9.84	5.47	5.47	7.33	N/A	N/A	9.65	N/A	1.33
2018	7.78	5.34	3.06	3.33	2.20	N/A	N/A	2.42	N/A	3.18
2019	-1.68	4.76	-0.10	-0.37	3.60	N/A	N/A	6.66	N/A	-0.82
2020	-1.55	1.38	3.24	3.13	3.69	N/A	N/A	3.15	N/A	-7.22
2021	6.69	6.05	4.03	3.94	5.43	N/A	N/A	5.68	N/A	5.55
2022	1.15	1.51	1.97	1.99	1.78	N/A	N/A	1.66	N/A	4.26
2023	0.47	0.88	1.83	1.87	1.37	N/A	N/A	1.19	N/A	0.15
2024	1.68	1.95	2.34	2.36	2.20	N/A	N/A	2.10	N/A	-2.43
2025	1.22	1.44	1.89	1.91	1.69	N/A	N/A	1.59	N/A	1.29
2026	1.13	1.37	1.75	1.77	1.59	N/A	N/A	1.50	N/A	1.25
2027	1.41	1.60	2.03	2.05	1.76	N/A	N/A	1.69	N/A	1.33
2028	1.24	1.41	1.85	1.87	1.57	N/A	N/A	1.50	N/A	0.69

Key Ratios

Year	IVA/Revenue (%)	Imports/ Demand (%)	Exports/ Revenue (%)	Revenue per Employee (\$'000)	Wages/ Revenue (%)	Employees per estab. (Units)	Average Wage (\$)
2014	44.7	N/A	N/A	172	36.1	2.29	62,007
2015	46.3	N/A	N/A	173	36.0	2.29	62,122
2016	44.0	N/A	N/A	176	35.0	2.29	61,685
2017	47.5	N/A	N/A	167	37.7	2.33	63,022
2018	46.5	N/A	N/A	176	35.9	2.31	63,157
2019	49.5	N/A	N/A	167	38.9	2.39	65,021
2020	51.0	N/A	N/A	159	40.8	2.41	64,681
2021	50.7	N/A	N/A	161	40.4	2.44	64,836
2022	50.8	N/A	N/A	160	40.6	2.43	64,756
2023	51.1	N/A	N/A	158	40.9	2.42	64,642
2024	51.2	N/A	N/A	157	41.0	2.42	64,576
2025	51.3	N/A	N/A	157	41.2	2.41	64,516
2026	51.4	N/A	N/A	156	41.3	2.41	64,457
2027	51.5	N/A	N/A	155	41.5	2.40	64,413
2028	51.6	N/A	N/A	155	41.6	2.40	64,372

Figures are inflation adjusted to 2023

Industry Financial Statement

					Historical Average		
Industry Multiples	2018	2019	2020	2021	3-Year	5-Year	10-Year
Industry Tax Structure	2018	2019	2020	2021	3-Year	5-Year	10-Year
Income Statement	2018	2019	2020	2021	3-Year	5-Year	10-Year
Expenses							
Other Income							
Balance Sheet	2018	2019	2020	2021	3-Year	5-Year	10-Year
Assets							
Liabilities and Net Worth							
Liquidity Ratios	2018	2019	2020	2021	3-Year	5-Year	10-Year
Coverage Ratios	2018	2019	2020	2021	3-Year	5-Year	10-Year
Leverage Ratios	2018	2019	2020	2021	3-Year	5-Year	10-Year
Operating Ratios	2018	2019	2020	2021	3-Year	5-Year	10-Year
Cash Flow & Debt Service Ratios (% of sales)	2018	2019	2020	2021	3-Year	5-Year	10-Year
Debt Service P&I Coverage	3.7	3.2	1.1	1.1	1.8	2.2	2.7
Interest Coverage (Operating Cash)	7.9	7.3	1.6	2.0	3.7	4.7	6.6

Source: IRS SOI Tax Stats; US Census Bureau; IBISWorld

Additional Resources

Additional Resources

International Society of Sustainability Professionals
<http://www.sustainabilityprofessionals.org>

US Environmental Protection Agency
<http://www.epa.gov>

Midwestern States Environmental Consultants Association
<http://www.mseca.org>

Industry Jargon

EMISSIONS TRADING PLAN

System that places a price on carbon emissions by weight. Above a certain level, the prices turn into credits and can be traded if a company's emissions fall.

ENVIRONMENTAL PROTECTION AGENCY (EPA)

A government agency designed to protect human health and safeguard the natural environment.

MERGER AND ACQUISITION

The buying, selling and combining of companies.

Glossary

BARRIERS TO ENTRY

High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY

Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labor. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than \$0.333 of capital to \$1 of labor; medium is \$0.125 to \$0.333 of capital to \$1 of labor; low is less than \$0.125 of capital for every \$1 of labor.

CONSTANT PRICES

The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the "real" growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the US Bureau of Economic Analysis' implicit GDP price deflator.

DOMESTIC DEMAND

Spending on industry goods and services within the United States, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT

The number of permanent, part-time, temporary and seasonal employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE

A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT

The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS

Total value of industry goods and services sold by US companies to customers abroad.

IMPORTS

Total value of industry goods and services brought in from foreign countries to be sold in the United States.

INDUSTRY CONCENTRATION

An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less than 40%.

INDUSTRY REVENUE

The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA)

The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

INTERNATIONAL TRADE

The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%, medium is 5% to 20%, and high is more than 20%. Imports/domestic demand: low is less than 5%, medium is 5% to 35%, and high is more than 35%.

LIFE CYCLE

All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT

Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT

IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

REGIONS

West | CA, NV, OR, WA, HI, AK

Great Lakes | OH, IN, IL, WI, MI

Mid-Atlantic | NY, NJ, PA, DE, MD

New England | ME, NH, VT, MA, CT, RI

Plains | MN, IA, MO, KS, NE, SD, ND

Rocky Mountains | CO, UT, WY, ID, MT

Southeast | VA, WV, KY, TN, AR, LA, MS, AL, GA, FL, SC, NC

Southwest | OK, TX, NM, AZ

VOLATILITY

The level of volatility is determined by averaging the absolute change in revenue in each of the past five years.

Volatility levels: very high is more than $\pm 20\%$; high volatility is $\pm 10\%$ to $\pm 20\%$; moderate volatility is $\pm 3\%$ to $\pm 10\%$; and low volatility is less than $\pm 3\%$.

WAGES

The gross total wages and salaries of all employees in the industry.

Call Preparation Questions

Role Specific Questions

Sales & Marketing

Does your company specialize in one corner of the market or provide a broad range of services?

Larger industry operators generally offer a broad range of consulting and advisory services to compete as a one-stop shop for client contracts; meanwhile, smaller companies tend to specialize in niche service offerings, as they generally are not able to compete for larger contracts.

Are your company's sales heavily dependent on the health of the US economy?

Industry revenue is heavily dependent on the health of corporate profit, as businesses are more likely to spend money on discretionary industry services during times of increasing corporate profit; however, certain industry service segments are nondiscretionary. Recovering economic output in 2022 is anticipated to benefit the industry.

Strategy & Operations

Is your company investing heavily in research and development to meet changing consumer preferences?

Environmental consultants are required to develop knowledge regarding site remediation planning and waste disposal; this includes understanding different technologies and systems that are used to provide the most cost-effective solution to clients.

Has your company explored acquisition opportunities in well-established metropolitan areas?

The geographic distribution of establishments in the Environmental Consulting industry is closely correlated with the number of businesses in various regions and the dispersal of the overall population.

Technology

Are there any applicable uses for lidar sensors, AI, blockchain or leveraging the use of big data for your company or within your industry?

New technologies, such as AI, machine learning, lidar sensors and the ability to analyze large data sets have grown in popularity and in conversation, with applications discussed for industries across the economy.

Does your company invest in technology, such as SEAR, to establish a competitive edge over your competitors?

New technologies that have been developed for site remediation include excavation of sites and surfactant enhanced aquifer remediation (SEAR); SEAR refers to the injection of hydrocarbon mitigation agents to enhance desorption in soil and other materials.

Compliance

How does your company prepare for changes in regulation? Among which of your clients is the level of demand for environmental law consultancy highest?

The nature of the regulatory environment directly influences demand for industry services; more stringent laws regarding the environmental impact of companies' actions will require the expertise of environmental consultants.

How does your company stay ahead of regulations such as the water, soil and air regulations of the Environmental Protection Agency (EPA)?

Companies have to meet the standards and comply with EPA conditions under various acts and regulations; some of these laws are directly administered by the EPA in some states, while powers are delegated to local governments in other states.

Finance

How does your company compensate for seasonality of cash flow? What measures do you take to reduce the financial impact to your company of fluctuations in construction markets?

Industry operators that offer nondiscretionary environmental consulting services, such as environmental audits, are able to partially insulate themselves from fluctuations in industry revenue since these services are demanded regardless of macroeconomic volatility.

What is your company doing to improve profit? Of the services you offer, which command the highest margins?

Industry profit is anticipated to rise in 2022 in line with the overall economic recovery and recovery from the construction market.

External Impacts Questions

Impact: Corporate profit

Do you notice fluctuations in demand in line with corporate profit levels? Aside from profit levels, what other factors have you noticed impact demand?

An increase in corporate profit drives business spending on discretionary environmental reforms and enables businesses to invest in consulting services. Therefore, an increase in corporate profit precipitates rising industry revenue. Industry demand is also influenced by construction activity, interest rates and the level of business confidence. Corporate profit is estimated to rise in 2022, benefiting industry operators.

Impact: Value of construction

Does the value of construction trend in line with your company's revenue? What percentage of your revenue comes from the construction sector?

The construction sector is a major market for environmental consultants; therefore, an increase in construction activity will boost the need for environmental consulting services and raise revenue for the industry. The value of construction is anticipated to rise in 2022, benefiting industry operators.

Impact: Industrial production index

What share of your revenue comes from manufacturing clients, if at all? What types of factors influence demand from these clients specifically?

Rising industrial production leads to increases in hazardous environmental emissions, such as air pollution from manufacturing plants, resulting in a need for the industry's services.

Internal Issues Questions

Issue: Ability to compete on tender

How do you make sure your prices are attractive to customers? How effective is your company at competing on tender?

It is important that companies in this industry compete profitably for tendered contracts.

Issue: Fast adjustments made to changing regulations

What measures do you have in place to reduce operational costs? Are you considering any new cost-saving measures?

Industry operators must be knowledgeable about the various national and local regulations that affect their clients. In the face of changes in regulation, industry operators must make themselves experts fast in order to help serve clients and provide effect change management.

Issue: Access to multiskilled and flexible workforce

How do you attract and retain skilled employees? Do you offer salaries competitive with those of your competitors?

Companies should have qualified staff who are knowledgeable about a wide range of industries.



WHERE KNOWLEDGE IS POWER

IBISWorld helps you find the industry information you need – fast.

With our trusted research covering thousands of global industries, you'll get a quick and intelligent overview of any industry so you can get up to speed in minutes. In every report, you'll find actionable insights, comprehensive data and in-depth analysis to help you make smarter, faster business decisions. If you're not yet a member of IBISWorld, contact us at 1-800-330-3772 or info@ibisworld.com to learn more.

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