JAHANI & ASSOCIATES

J&A Sell-Side M&A Report

Real Property Services Transactions and Valuations

January 2025

AUTHORS

JOSHUA JAHANI

Joshua Jahani is a managing director at Jahani and Associates. He is based in the New York City office. He leads the firm's global expansion and client service activities. He has been featured in over 20 publications such as the BBC, Newsweek, International Business Times, NBC, and more about investment banking and global trade. Joshua is a lecturer at Cornell University and New York University.

GENESIS RAMOS

Genesis Ramos is an associate at J&A. She supports the account management team and leads discovery sessions with potential clients about their objectives, transaction goals, and preliminary project analysis. She is Honduran by birth and has a legal background. She is based in the New York City office.

jahaniandassociates.com

Between Q1 2021 and Q4 2024, over $280 billion was deployed across M&A transactions within the real property services sector. This activity reflects a growing demand for companies that provide specialized property-related services, including commercial property management, single-family rental solutions, and property preservation.

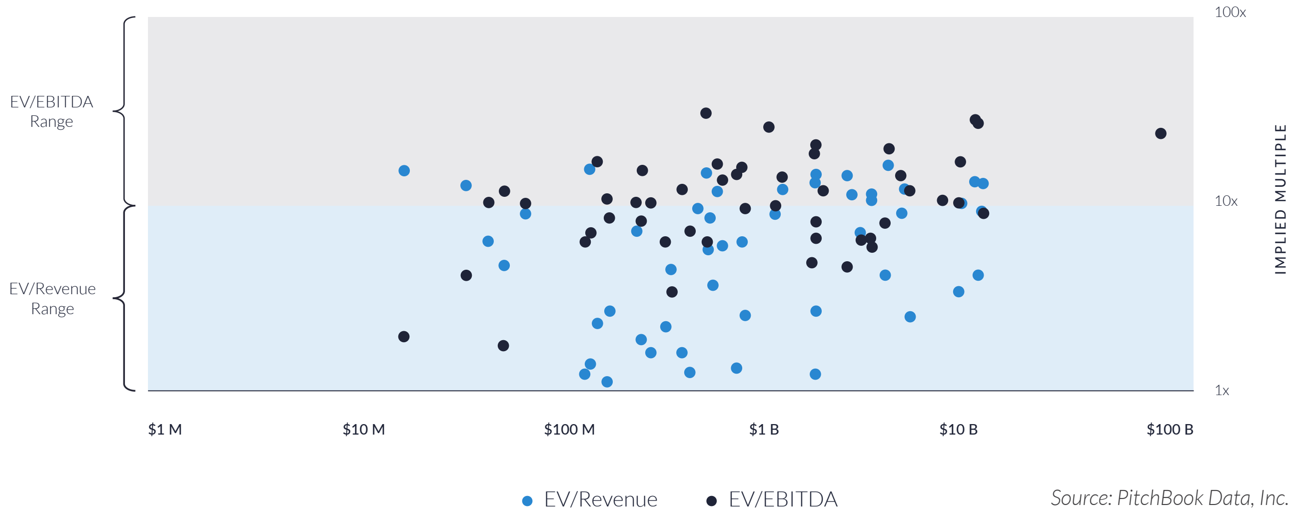
Real property services companies offer a range of essential solutions aimed at maintaining and enhancing property value. These include property inspections, preservation, maintenance, and renovation services, along with various interior and exterior upkeep offerings. The sector encompasses firms that manage residential, commercial, and mixed-use properties, often integrating technology to streamline operations and improve service efficiency.

The rise in demand for property services is driven by several key trends, including the shift toward outsourcing property management, the increasing need for property preservation in aging real estate markets, and the growing emphasis on tenant satisfaction through proactive maintenance and digital engagement. Companies that can address these needs through comprehensive service offerings and scalable platforms are increasingly attractive to strategic buyers and financial investors alike.

M&A activity in the sector reflects the appeal of companies that combine traditional property management services with technology-driven solutions. Buyers are particularly interested in firms that can deliver recurring revenue models, improve operational efficiencies, and reduce tenant turnover through smart property management tools.

Valuation multiples in the real property services sector vary significantly based on the type of services offered, geographic focus, and the integration of technology into service delivery. Companies that provide comprehensive property solutions across multiple asset classes, particularly those that specialize in commercial properties, single-family rentals, and property preservation, tend to command higher valuations due to their ability to generate stable cash flows and long-term client relationships. As the sector continues to evolve, M&A activity is expected to remain strong, driven by the need for operational efficiencies, the ongoing digital transformation of property services, and the growing demand for comprehensive property management solutions.

Real Property Services Transactions Valuation Multiple Analysis (Q1 2021 – Q4 2024)



Source: PitchBook Data, Inc.

EV / REVENUE			
MEAN	MEDIAN	MINIMUM	MAXIMUM
7 X	6 X	1 X	15 X

EV / EBITDA			
MEAN	MEDIAN	MINIMUM	MAXIMUM
11 X	9 X	2 X	29 X

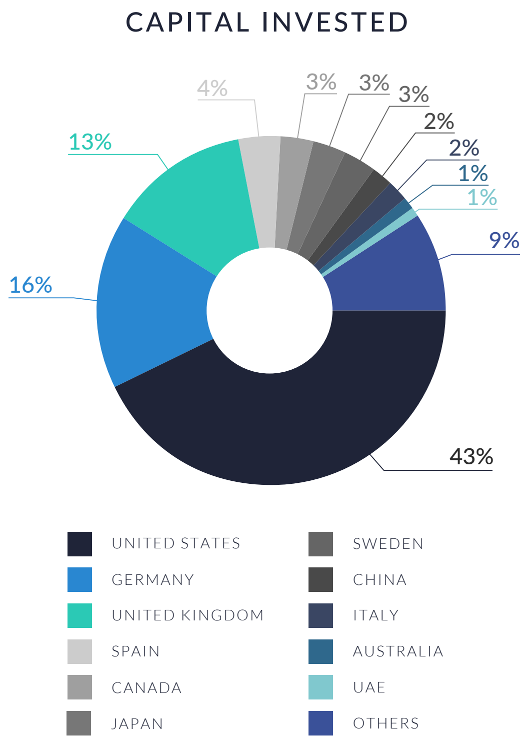
- The valuation multiples presented are based on a sample set of real property services companies and M&A transactions within the sector. The data reflects typical enterprise value (EV) to revenue and EV to EBITDA multiples observed across both private and public transactions over the period from Q1 2021 to Q4 2024.
- The average EV/revenue multiple for real property services transactions was 7x, with a median of 6x. The range from 1x to 15x highlights that valuation depends heavily on the asset type, recurring revenue potential, and operational efficiency. Companies that integrate technology-driven management solutions tend to command higher multiples due to their ability to streamline property operations and improve tenant experiences.
- The EV/EBITDA multiple averaged 11x, with a median of 9x, spanning from 2x to 29x. Higher multiples are typically associated with companies that deliver integrated property management services through digital platforms or proprietary systems. Buyers place a premium on firms that can improve operational efficiencies and reduce tenant turnover through innovative solutions.

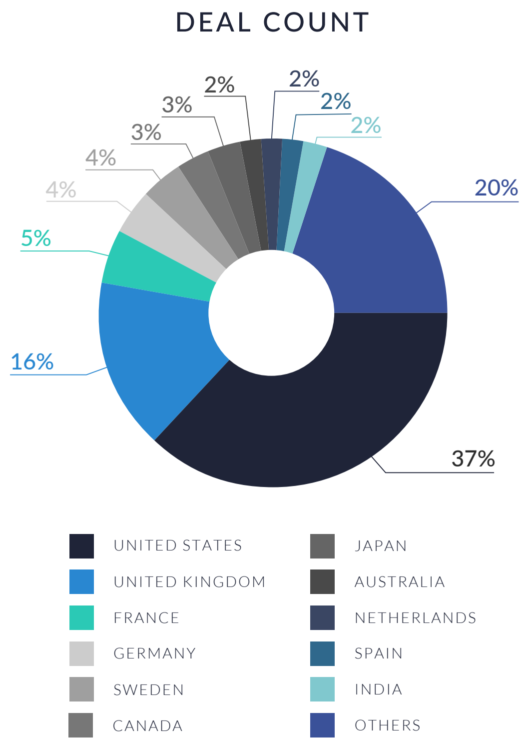
Capital Invested and Deal Count of Real Property Services M&A Transactions (Q1 2021 – Q4 2024)

Source: PitchBook Data, Inc.

- Between Q1 2021 and Q4 2024, the total capital invested across real property services M&A transactions reached approximately $281.38 billion, distributed across 4,142 deals, with an average deal size of $68 million. The consistent activity reflects strong investor interest despite fluctuations in deal size and capital deployment.
- Q3 2021 saw the highest level of capital deployment, with $58.18 billion invested across 256 deals. This period highlights heightened market activity and significant investor confidence in the sector, likely driven by economic recovery following the pandemic's initial impacts.
- Deal count peaked in Q1 2022, with 319 transactions recorded. The post-pandemic recovery created urgency for companies to secure operational synergies and expand their service offerings in response to shifting real estate trends. Additionally, investors took advantage of low financing costs and favorable valuations to close deals before anticipated interest rate hikes.
- The average deal count per quarter ranged between 203 and 319, reflecting a relatively steady flow of transactions. The consistency in deal count indicates sustained interest in real property services, driven by ongoing demand for strategic consolidation and expansion opportunities.

Breakdown of Announced Real Property Services M&A Transactions Conducted by Country Invested In (Q1 2021 – Q4 2024)



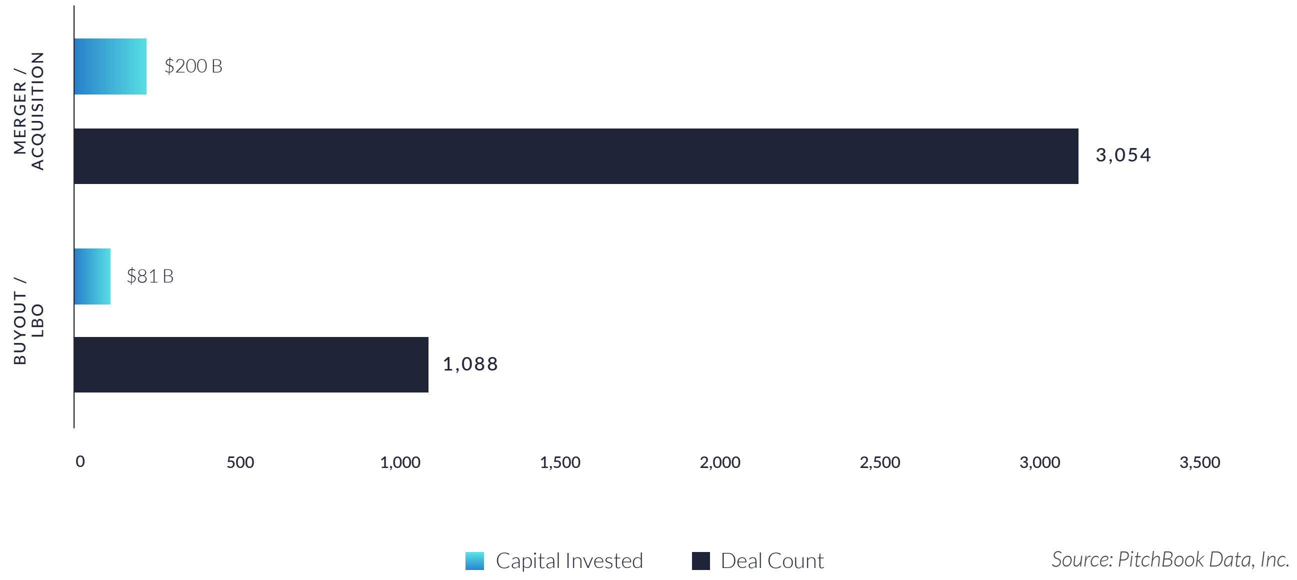


Source: PitchBook Data, Inc.

- The United States led in both capital invested and deal count, contributing 43% of total capital and 37% of transactions. The large capital share indicates a preference for bigger-ticket transactions, driven by investor confidence in the stability and growth potential of US-based assets. The slightly lower proportion of deal count suggests that the US market is home to higher-value transactions compared to other regions.
- Germany accounted for 16% of capital invested, making it the second-largest market by capital. However, its deal count share of 4% indicates that German transactions tend to be large and focused on industrial and commercial property portfolios. This disparity highlights a concentration on fewer, higher-value deals in the German market.
- The United Kingdom represented 13% of capital invested and 16% of deal count, indicating a more balanced distribution between transaction volume and value. This suggests that the UK market is attractive for mid-market deals, with buyers pursuing both strategic and financial acquisitions in the sector.

- Canada, Japan, and Sweden each contributed 3 - 4% of capital invested and had similar shares in deal count. Their balanced contributions indicate stable transaction activity, reflecting consistent interest in these regions, particularly in residential and commercial real estate assets.
- Smaller markets such as Spain, Canada, and Australia saw contributions of around 2 - 4% of total capital and deal count. These markets are indicative of growing investor interest in emerging opportunities outside the primary markets. Cross-border transactions in these regions reflect diversification strategies by global buyers.
- The "Others" category, which includes numerous smaller countries, accounted for 9% of the total capital invested and 20% of the deal count. This discrepancy highlights a large number of smaller deals conducted globally, particularly in less mature markets or niche sectors within real property services.

Breakdown of Announced Real Property Services M&A Transactions by Deal Type (Q1 2021 – Q4 2024)



Source: PitchBook Data, Inc.

- Mergers and acquisitions (M&A) accounted for $200 billion in capital across 3,054 transactions, representing the majority of deal activity. This high volume reflects the ongoing need for strategic consolidation in the real property sector, where acquirers seek to achieve operational efficiencies and secure prime real estate assets. The significant capital allocation towards M&A highlights the value placed on long-term growth through acquisition strategies.
- Buyout/leveraged buyout (LBO) transactions contributed $81 billion across 1,088 deals, indicating a preference for more targeted, higher-value transactions within the private equity space. The relatively lower deal count compared to M&A reflects a focus on mature assets with predictable cash flows, which are attractive to private equity firms seeking to optimize their returns through financial restructuring.
- M&A deals consistently outnumber buyouts, indicating a broader interest in smaller, more frequent acquisitions across the real property services sector. This trend suggests that strategic buyers are actively pursuing opportunities to expand their portfolios and increase service offerings through bolt-on acquisitions rather than relying solely on larger, leveraged transactions.
- The significant disparity between capital invested and deal count across deal types illustrates the varied approaches by strategic acquirers and financial sponsors. While M&A transactions tend to involve a wider range of deal sizes, buyouts are more concentrated and typically involve larger, single-asset transactions driven by financial restructuring goals.

DEAL SPOTLIGHT:
BUILDING ENGINES

In November 2021, JLL acquired Building Engines, a property management software company, for $300 million. The acquisition aimed to strengthen JLL's property management capabilities by integrating advanced technology solutions that improve building operations. Building Engines specializes in delivering a comprehensive property management platform that enables commercial real estate owners to streamline operations across their portfolios. The platform includes tools for work order management, preventive maintenance, and vendor management, addressing the growing need for automation and efficiency in property services.

TRANSACTION TYPE	DEAL DATE
ACQUISITION	NOVEMBER 30, 2021
TRANSACTION SIZE	**ACQUIRER**
$300 MILLION	JLL

The transaction reflects a broader trend in the real property services sector toward digital transformation. By acquiring Building Engines, JLL sought to leverage data-driven insights to optimize property performance, reduce operating costs, and improve the overall tenant experience. This aligns with the increasing demand for technology-enabled property management solutions.

The deal also underscores the strategic importance of integrating proprietary software platforms within traditional property services, enabling service providers to offer scalable, tech-driven solutions to meet evolving client expectations.

KEY STRENGTHS

- Recurring Revenue Model
- Market Presence
- Operational Efficiency Through Automation

TRANSACTION RATIONALES

- Strengthening Core Service Offerings
- Geographic and Client Base Expansion
- Increasing Client Value

DEAL SPOTLIGHT:
FIVE BROTHERS

In 2023, Mortgage Contracting Services (MCS), a leading provider of property preservation and inspection services, acquired Five Brothers Asset Management Solutions, expanding its footprint in property maintenance, preservation, and field services. The transaction aimed to enhance MCS's service offerings across the REO and default management sectors by integrating Five Brothers's expertise in foreclosure maintenance and vendor management. Five Brothers is well-known for providing comprehensive property management solutions, including property inspections, preservation services, and post-foreclosure maintenance. The company's services cover a range of critical tasks, such as securing vacant properties, addressing code violations, and maintaining asset conditions to preserve property value for financial institutions and investors.

Although the exact amount of the transaction is not public, this acquisition reflects a broader trend of consolidation in the property services sector, driven by rising demand for cost-effective property preservation services in a growing real estate market. By acquiring a regional leader in property management services, MCS solidified its position as a national provider of default-related property services, catering to a client base that includes financial institutions, government agencies, and real estate investors.

The combined service offerings from MCS and Five Brothers allow for turnkey property management solutions, covering everything from inspections and repairs to ongoing maintenance and compliance checks. This integration strengthened MCS's ability to support clients in mitigating risks, reducing costs, and improving asset performance in their property portfolios.

KEY STRENGTHS

- Recurring Revenue Model
- Market Presence
- Operational Efficiency

TRANSACTION RATIONALES

- Risk Mitigation for Clients
- Geographic and Client Base Expansion
- Improving Technological Infrastructure

The real property services sector is evolving due to increasing demand for inspections, preservation, and maintenance services that maintain property value. M&A activity reflects the growing importance of companies offering practical, on-the-ground solutions like property inspections, repairs, and renovations. Firms that can provide consistent, recurring services to preserve property conditions and address tenant needs are becoming key targets for investors. The integration of technology to streamline workflows and improve service delivery has further increased the value proposition of property services firms, making them more attractive to acquirers.

Source: Coherent Market Insights, Fact.MR, Pitchbook Data.

JAHANI & ASSOCIATES

Jahani and Associates (J&A) is a global investment bank headquartered in New York City. J&A has deep connections in the Middle East, Southeast Asia, Latin America, and North America. The firm provides investment banking advisory, investment banking transaction, and corporate development expertise to clients all over the world.

641 Lexington Ave 15th floor, New York, NY 10022

+1 (646) 851 0654 | +971 04 230 6084 | +65 6622 5421

info@jahaniandassociates.com | jahaniandassociates.com