# Built environment services (BES)

## Global Business Services Index 2026

# BES: The sector made progress across all dimensions, led by accelerated revenue and profit growth

## Subsectors:

**Facilities and real estate management**

Providers of facility management, building and landscaping services, contract catering and cleaning, real estate consultants.

**Security solutions**

Providers of physical and digital security solutions.

**Waste management**

Providers of waste disposal and management services.

## Sector performance summary

The Built Environment Services sector improved solidly over FY25, supported by positive performance across facilities and real estate management, security solutions, and waste management. Improvement in the Growth dimension was the main driver of the sector's overall uplift, as firms benefited from firm demand, pricing actions and acquisition-led expansion.

Profitability also improved overall, although gross margin trends were mixed across the sector. Productivity strengthened modestly, helped by better workforce utilisation, adoption of digital and AI-enabled tools, automation, and tighter operational execution. Cash flow performance remained generally resilient, with facilities management and waste management posting improved scores, while security solutions held steady.

## Momentum drivers and pressure points

↑ **Increased outsourcing of essential services**
Clients are outsourcing more non-core operations to control costs and enhance operational flexibility

↑ **Technology-enabled operations**
AI, remote monitoring, and other digital tools are improving productivity, service quality, and cost-to-serve

↑ **Regulation-led demand**
Environmental rules, workplace safety, and security requirements are increasing demand for specialist providers with compliance capabilities

↓ **Cost and labour pressure**
Wage inflation, skills shortages, and labour availability are pressuring margins and creating operational continuity risks

↓ **Commodity and volume volatility**
Recycling commodity prices and weaker industrial activity remain sources of performance variability

↓ **Macroeconomic uncertainty**
Higher capital costs, tighter lending conditions, and weaker consumer confidence weighed on client decision-making, delaying real estate activity

**122** **+6** year-on-year

**GBSI sector score**

# Sub-Sector Overview

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Providers of facility management, building and landscaping services, contract catering and cleaning, real estate consultants.

**Security solutions**

Providers of physical and digital security solutions.

**Waste management**

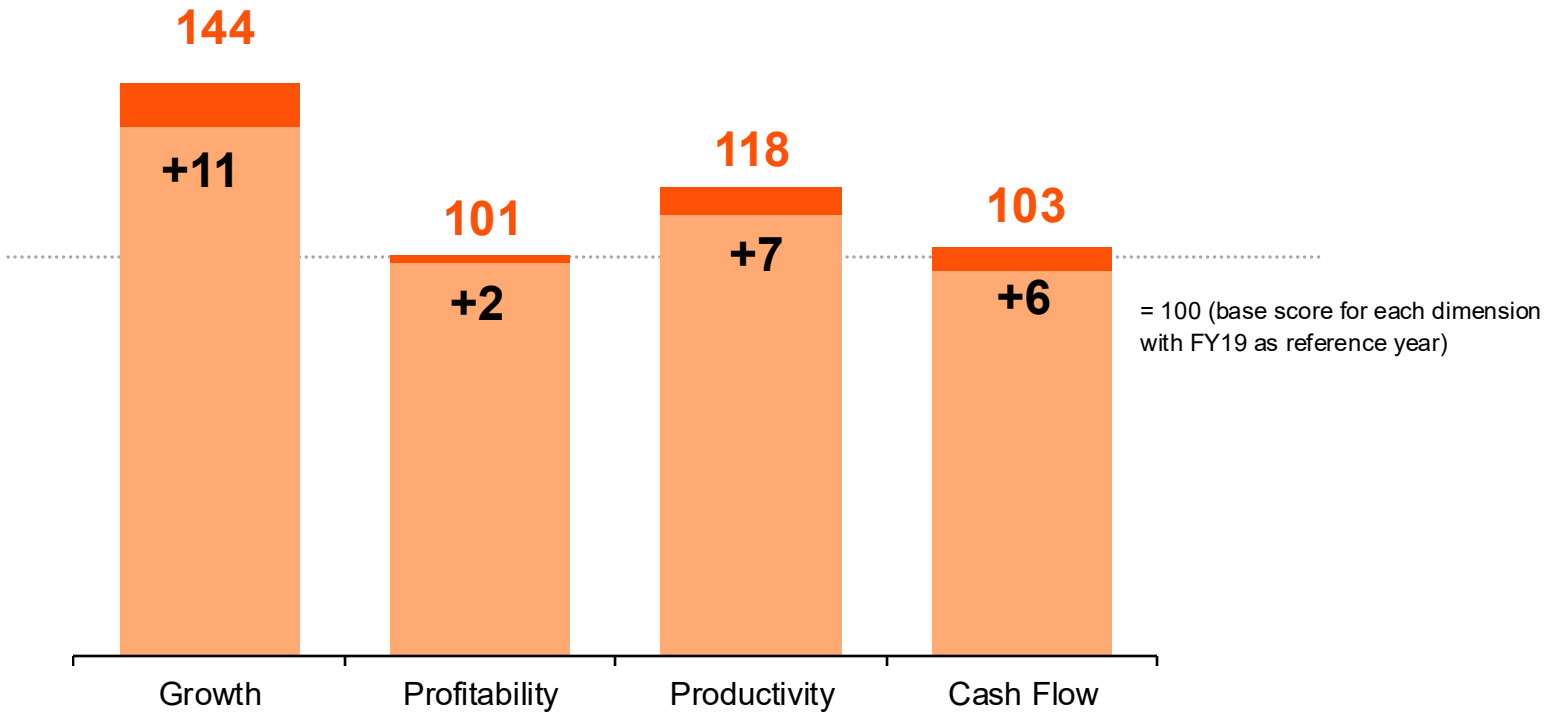
Providers of waste disposal and management services.

116

**GBSI Sub-sector Score**

**+6**

year-on-year




= 100 (base score for each dimension with FY19 as reference year)

# Revenue and profit growth maintained their upward trajectory in FY25, while margins remained stable

## Facilities management

**Fragmented market structure continues to drive consolidation among smaller players.**

The sub-sector ended FY25 with resilient demand and continued earnings momentum.

As firms enter FY26, many are likely to keep expanding service breadth and technical capabilities. The market remains highly fragmented, leaving room for bolt-on acquisitions and capability-led expansion.

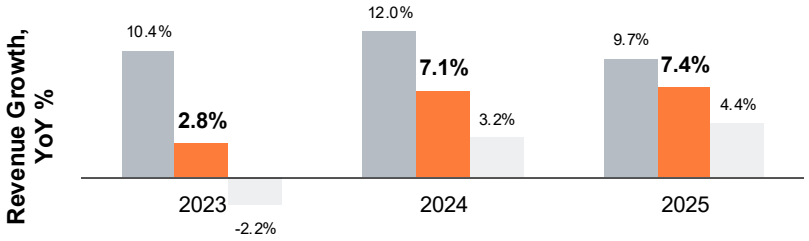
Consolidation remains most pronounced at the smaller end of the market, where private equity–backed buy-and-build strategies target capability gaps and margin improvement through scale and cross-sell.

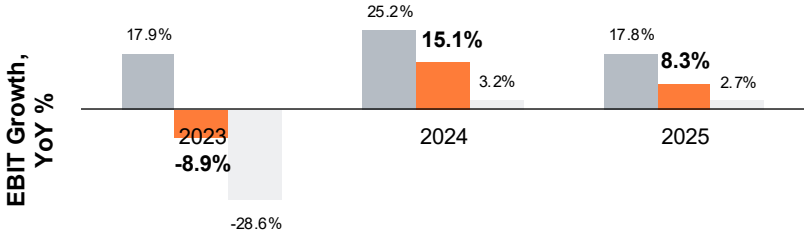
75th percentile | Average | 25th percentile

## Growth

144 +11

Revenue and EBIT maintained growth momentum in FY25. Revenue growth was driven by firm demand for recurring technical facilities management and workplace services, alongside price increases. Firms also invested in technology and AI-enabled services to develop new revenue streams (e.g. connected monitoring). Profit growth was supported by revenue expansion and continued cost control.

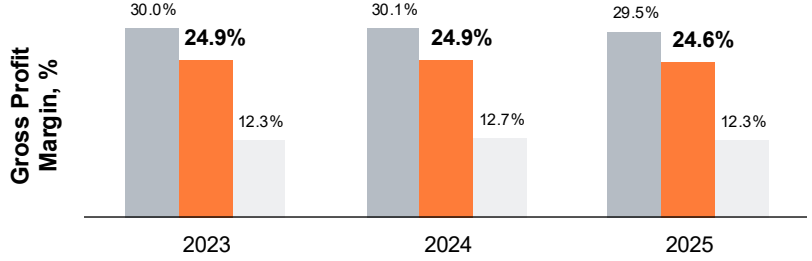


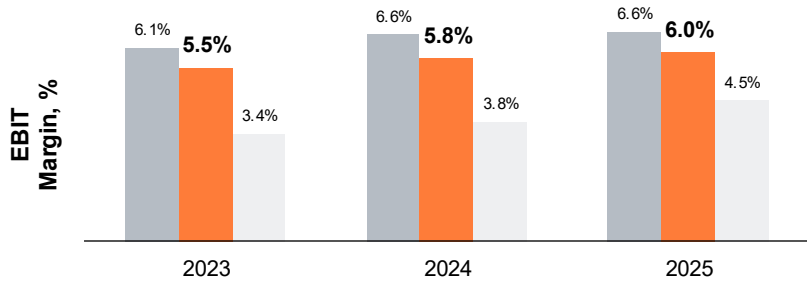




## Profitability

101 +2

Profitability performance was mixed in FY25. Gross margins softened slightly as cost of services rose, driven primarily by wage inflation, although some firms partially offset this pressure through stronger procurement practices and delivery efficiencies. EBIT margins improved, however, supported by overhead discipline, organisational efficiencies, and scale benefits.



# Productivity benefited from enhanced workforce utilisation and digital tools

## Facilities management

**Firms strengthen Employee Value Proposition (EVP) and technology adoption to manage labour pressure.**

The sub-sector wrapped up the financial year on a stronger operational footing.

In FY26, labour shortages continue to remain a key challenge, driven by demographic pressures and continued competition for frontline and skilled workers. This is keeping wage costs elevated and making hiring and retention more difficult in parts of the market.

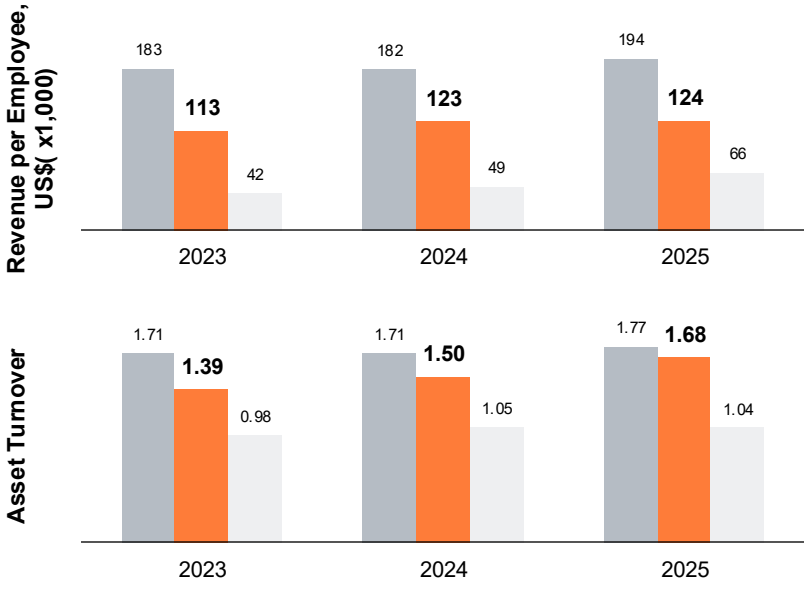
In response, firms are strengthening employee value propositions to attract and retain staff, while also using AI, automation, and digital tools to improve scheduling, reduce manual work, and lift output from the existing workforce.

75th percentile | Average | 25th percentile

## Productivity

**118** **+7**

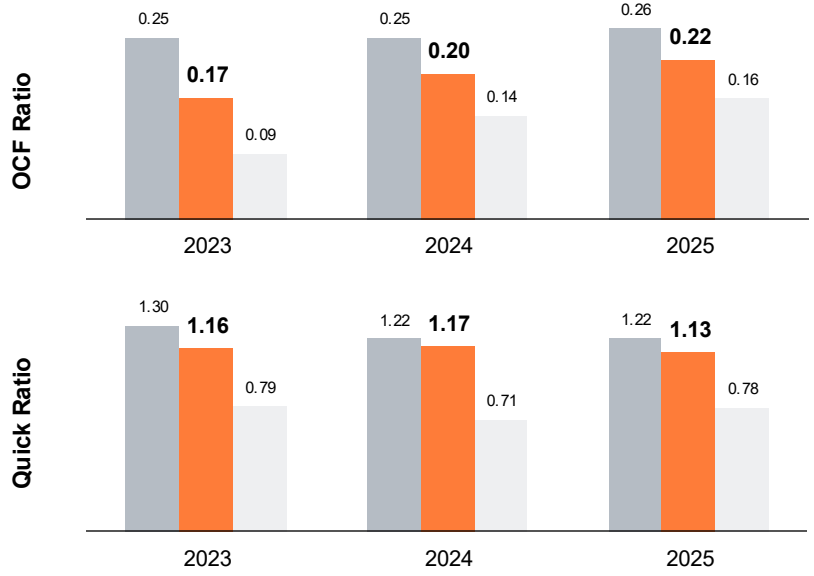
Productivity improved in FY25, supported by higher revenue per employee and improved asset turnover. Output per head rose at some firms, supported by better workforce utilisation and wider adoption of digital and AI tools. However, performance was uneven across the sub-sector. Asset turnover improvement was supported by revenue growth outpacing asset growth, particularly where firms tightened working capital management, improved asset utilisation, or had asset-light service models.




## Cash Flow

**103** **+6**

Operating cash flow ratio improved, while the quick ratio eased slightly in the sub-sector. Higher operating profit, better billing and collections, and tighter working capital discipline lifted cash generation, supporting improvement in the OCF ratio. Liquidity moderated as some firms continued to invest in technology capabilities, strategic acquisitions, and transformation initiatives, while others were affected more by receivables and short-term liability movements.



# Sub-Sector Overview

## Facilities and real estate management

Providers of facility management, building and landscaping services, contract catering and cleaning, real estate consultants.

## Security solutions

Providers of physical and digital security solutions.

## Waste management

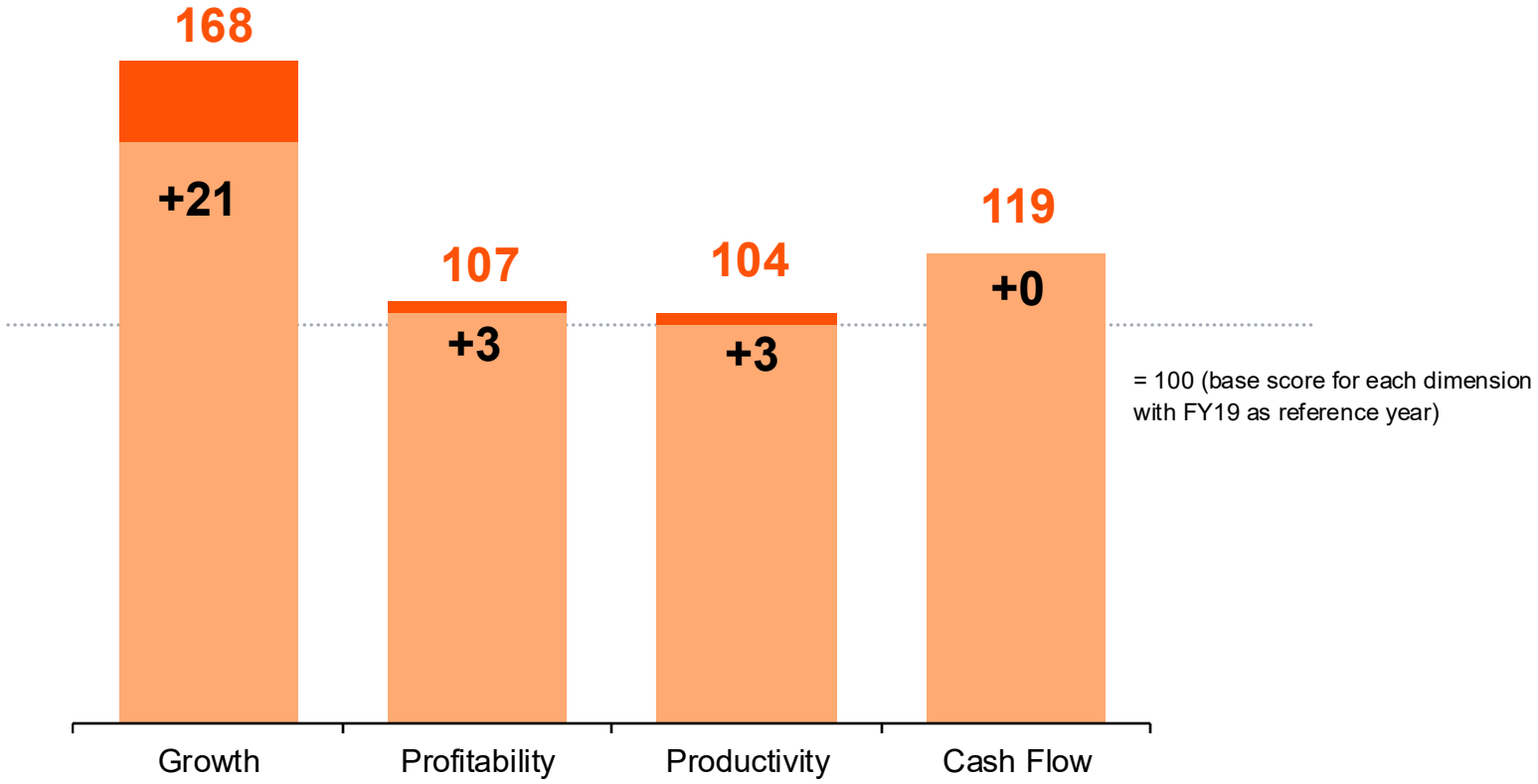
Providers of waste disposal and management services.

**124**

**GBSI Sub-sector Score**

**+6**

year-on-year




= 100 (base score for each dimension with FY19 as reference year)

# Revenue growth was sustained by increased demand for recurring and tech-enabled services

## Security solutions

**Firms are eyeing digital, AI-enabled offerings as future growth enablers.**

The sub-sector ended FY25 on a solid footing, supported by strong demand momentum.

In FY26, security solutions providers continue to navigate wage inflation, rising personnel costs, and pressure on labour-intensive delivery models, even as customer demand shifts towards more technology-enabled security.

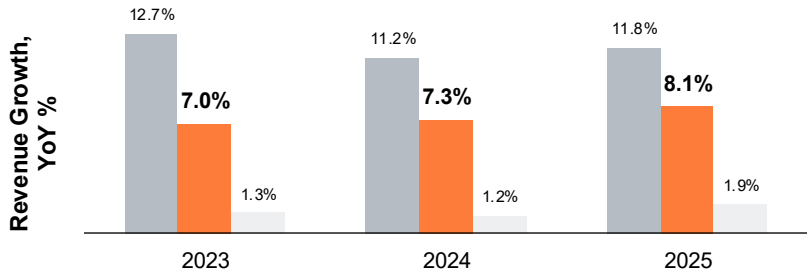
In response, firms are expanding digital, AI-enabled, and hybrid offerings to build more scalable models, deepen customer relevance, strengthen competitive positioning, and support more recurring growth.

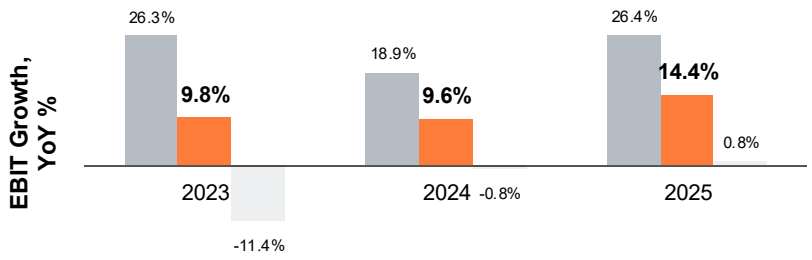
75th percentile | Average | 25th percentile

## Growth

168 +21

Revenue and EBIT growth both advanced over FY25. Revenue was supported by recurring and subscription-led services, price increases, and rising demand for technology-enabled security. However, clients continue to expect integrated solutions combining both physical and technological elements. EBIT growth was supported by higher revenue, efficiency actions, and tighter cost control, though some players saw profits restrained by personnel costs, financing charges, or restructuring effects.

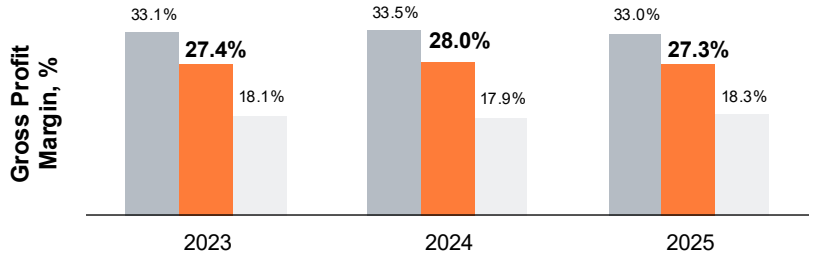


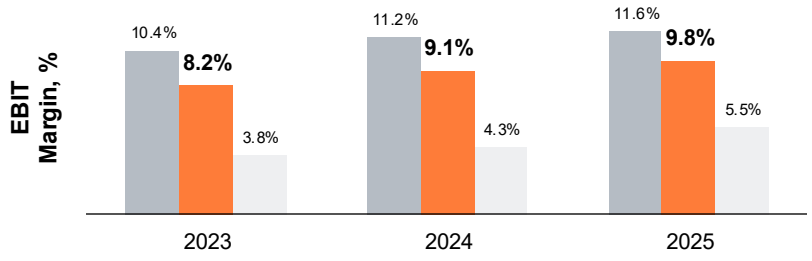




## Profitability

107 +3

Profitability performance was mixed, with gross margin softening slightly while EBIT margin improved. Gross-margin pressure reflected wage inflation, service delivery costs, and, in some cases, delays in recovering higher costs through customer contracts. Even so, EBIT margins improved as firms benefited from lower overhead intensity, process efficiencies, and favourable business mix, helping profitability hold up despite pressure at the gross margin level.



# Liquid ratios remained healthy, while productivity saw a boost thanks to staffing efficiencies

## Security solutions

**Reducing reliance on manual labour remains a central priority.**

Productivity improved through FY25, but much of the sub-sector remains reliant on people-intensive service delivery models that remain costly to scale.

For security solutions providers, addressing service cost and manual support intensity will be a key priority in FY26, especially as workforce shortages remain a concern and are increasingly difficult to reconcile with current service needs.

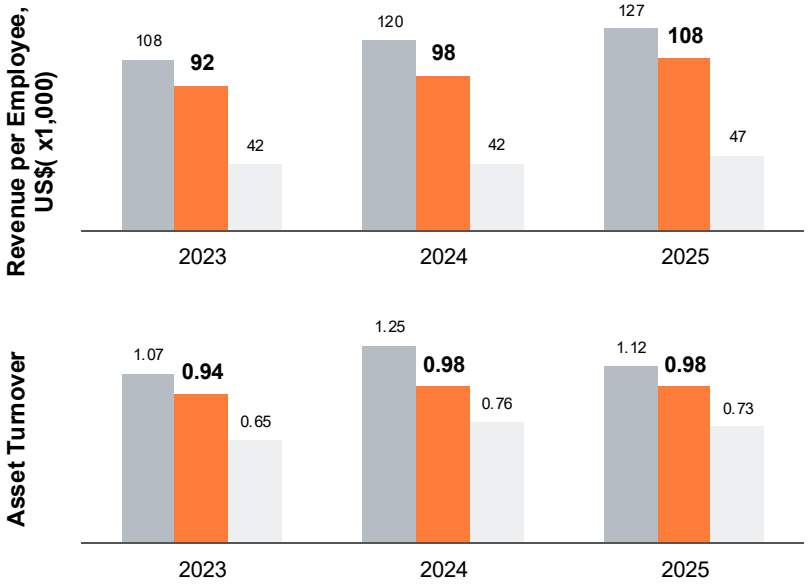
To respond, firms are looking to tackle these pressures through technology solutions such as remote service models, AI-enabled monitoring, workflow automation, robotics, and more standardised digital operating platforms.

75th percentile | Average | 25th percentile

## Productivity

104 +3

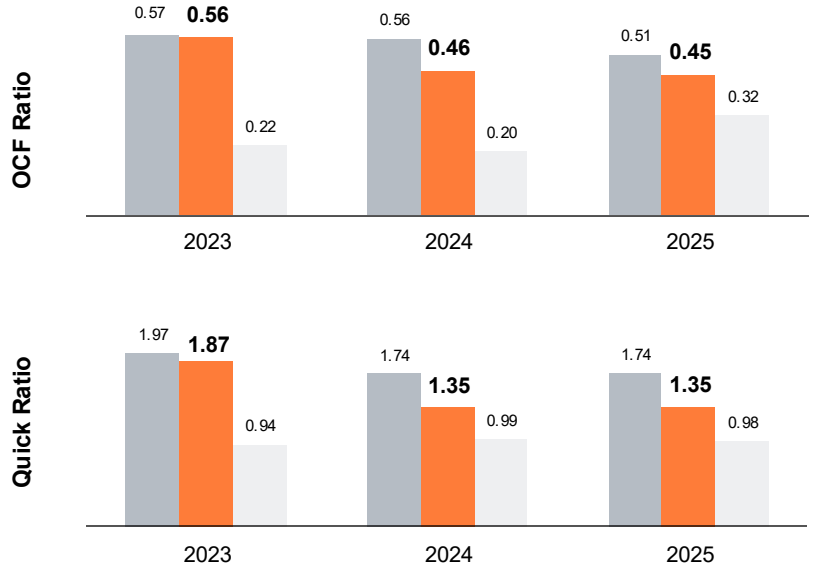
Productivity improved in FY25, led by higher revenue per employee, while asset turnover stayed steady. Output per head benefited from stronger revenue, improved workforce utilisation driven by more disciplined hiring, and wider use of digital tools, with some firms also embedding AI into monitoring, workflow automation, and service delivery. Asset turnover remained flat as overall assets expanded broadly in line with revenue growth.




## Cash Flow

119 +0

Cash flow trends were largely stable, with both operating cash flow ratio and quick ratio remaining close to FY25 levels. Cash conversion weakened at some firms despite better earnings, reflecting working-capital demands, integration activity, or restructuring-related cash outflows, while others benefited from improved collections and working capital management. Liquidity remained healthy overall, supported by solid cash balances and stronger short-term liquidity positions at better-performing players.



# Sub-Sector Overview

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**Waste management**

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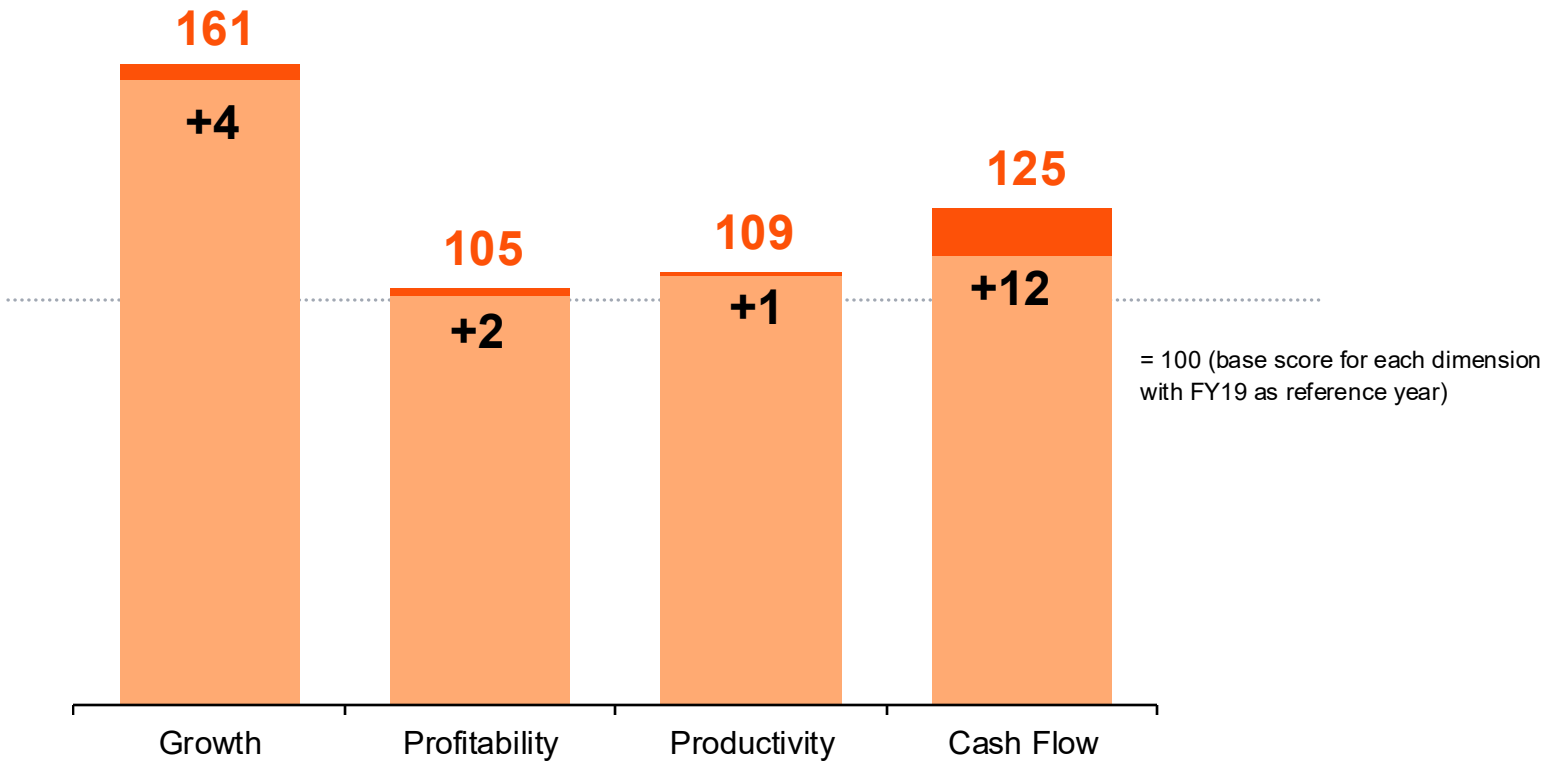
125

**GBSI Sub-sector Score**

**+5**

year-on-year




= 100 (base score for each dimension with FY19 as reference year)

# Revenue and EBIT growth held steady as demand in waste collection helped offset the decline in recycling

## Waste management

**Tightening global regulation offers a favourable tailwind for growth.**

The sub-sector exited FY25 on a stable foundation, supported by steady revenue and earnings momentum.

In FY26, firms face an uncertain macro environment, and are navigating escalating fuel costs driven by Middle East geopolitical conflicts alongside wage inflation.

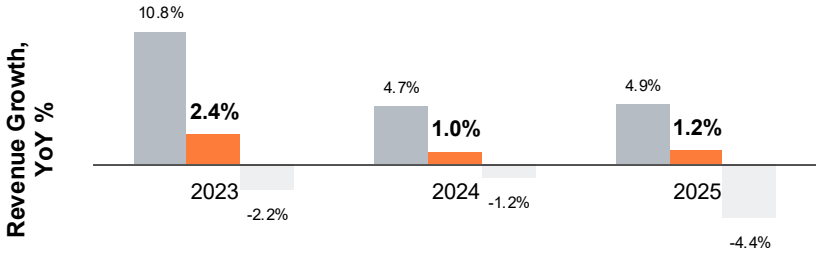
Despite these pressures, favourable structural trends are emerging. Regulation is tightening globally, with extended producer responsibility, recycling, and reporting requirements continuing to expand. This is expected to drive demand for waste management services, particularly compliance-led and consulting offerings.

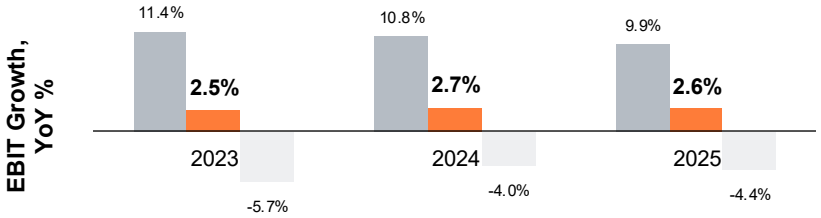
75th percentile | Average | 25th percentile

## Growth

161 +4

Revenue and EBIT growth remained resilient in FY25. Revenue expansion was supported by steady demand in core waste collection and disposal, and hazardous waste activities, alongside pricing actions and acquisitions. Weaker conditions persisted in some recycling segments, particularly metals recycling, where commodity prices, volumes, and manufacturing-linked demand softened. EBIT growth benefited from favourable pricing-cost dynamics and broader efficiency initiatives.

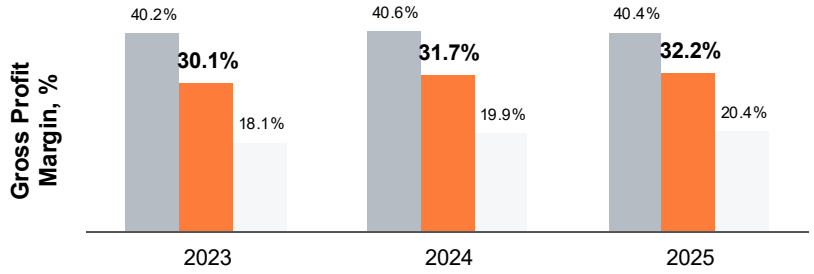


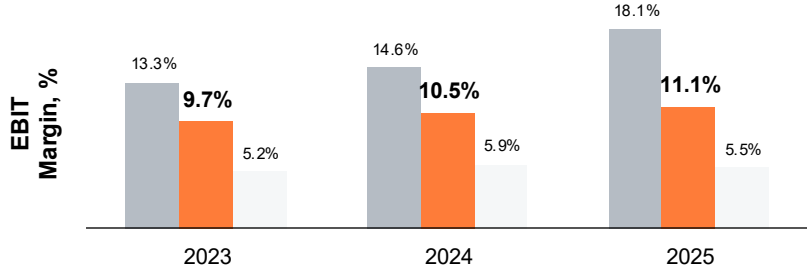




## Profitability

105 +2

Both gross and EBIT margins edged up in FY25. Gross margins benefited from pricing gains that exceeded inflationary cost pressures, favourable mix, lower fuel and selected input costs, and targeted actions to improve service delivery efficiency. EBIT margin improvement was further supported by process optimisation, automation and digital initiatives, tighter SG&A control, and synergy benefits from prior acquisitions.



# Productivity gains were led by initiatives to automate both core and back-end processes

## Waste management

**Firms are targeting AI tools as operational efficiency drivers.**

Stronger operating discipline and better cash generation drove solid productivity and cash flow in FY25.

In FY26, firms are looking to build on this momentum through digital and AI-enabled operating improvements. Priority areas include improving workflow efficiency, reducing manual effort, and tightening billing and cash collection processes.

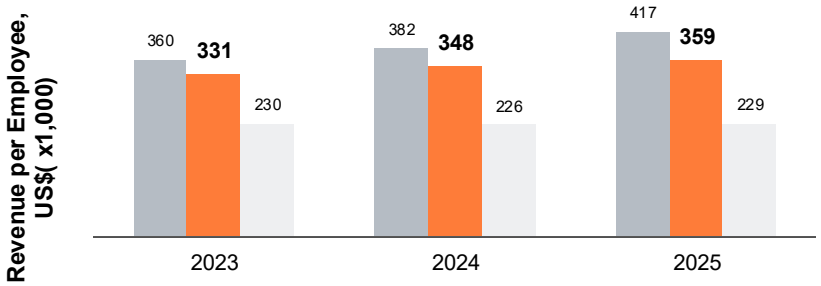
To drive this next phase of efficiency, operators are integrating advanced machine learning and automation directly into their workflows. Firms are building these capabilities by partnering with specialised deep-learning developers or acquiring high-tech niche leaders.

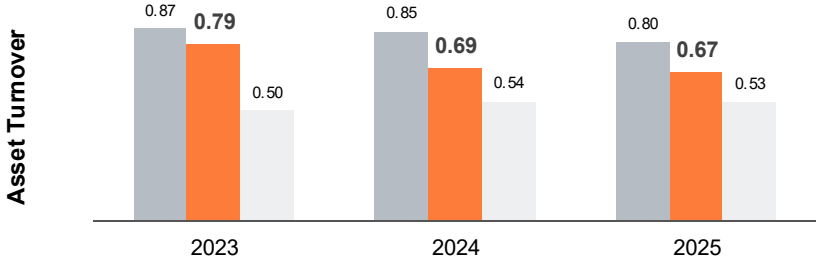
75th percentile — Average — 25th percentile

## Productivity

**109** **+1**

Productivity performance was mixed in FY25, with revenue per employee improving, while asset turnover softened. Higher revenue per employee reflected productivity initiatives such as improved collection and logistics efficiency, better staffing levels, and automation of both recycling facilities and certain back-office functions. Asset turnover weakened as acquisitions, new facilities, and capacity investment expanded the asset base faster than revenue.

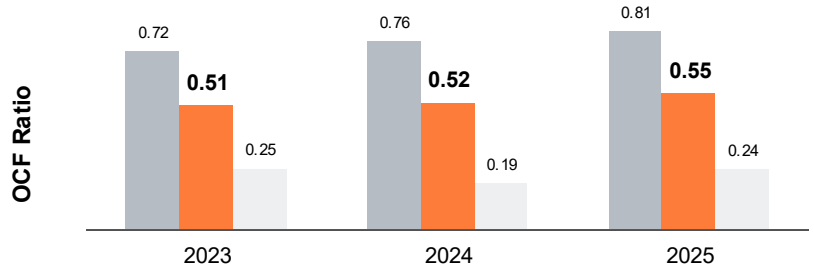


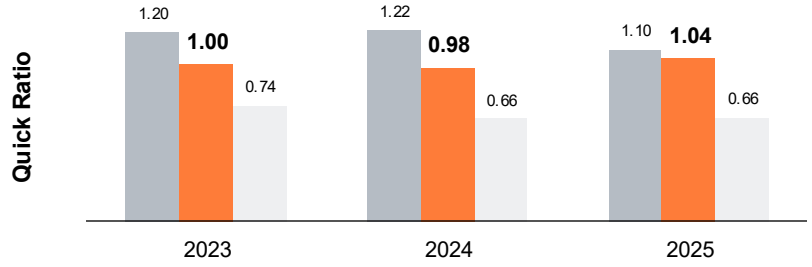




## Cash Flow

**125** **+12**

The sub-sector saw both operating cash flow and quick ratio strengthen over FY25. Operating cash flow ratio was supported by higher earnings, stronger cash generation, and, in several cases, more favourable tax or working-capital movements. Liquidity improved slightly with stronger cash balances and receivables growth alongside revenue. However, acquisitions, capital investment, and timing effects in receivables, payables, and contract liabilities impacted near-term liquidity at some firms.



# The sector remains well positioned for growth, though profitability will hinge on accelerating technology adoption to mitigate inflationary pressures

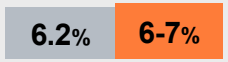
## Future outlook

The outlook for the sector remains resilient, supported by the recurring and essential nature of facilities upkeep, physical security, waste collection, and environmental compliance services.

However, growth in the near-term could remain uneven as cost pressures, tighter client spending, and varying real estate and industrial activity shape demand.

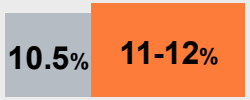
Firms expect momentum to be strongest in regulated and mission-critical areas, including technical facilities management services, technology-enabled security, hazardous waste management, and sustainability-led environmental solutions.

**Avg. revenue growth*, YoY %**




FY25 FY26e

**Avg. EBIT margin***




*Based on analyst estimates and company guidance of 10 leading players per sub-sector.

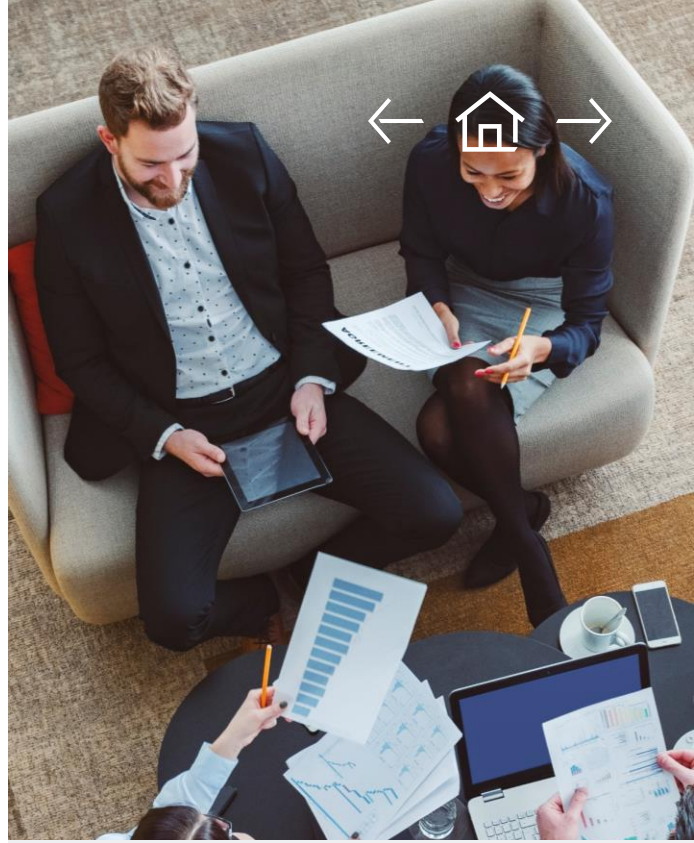
## Priorities for success

Built environment services firms are well positioned to benefit from the recurring and essential nature of demand, but capturing this opportunity will require focus on key priorities that strengthen resilience, capability depth, and execution discipline.

**Strengthen technology-enabled delivery:** Expand usage of AI, automation, IOT, and other digital technologies to improve service quality and labour efficiency

**Expand into higher value-add services:** Build capability and scale in higher-value segments, unlocking cross-sell opportunities across a highly fragmented market

**Protect margins through operational discipline:** Maintain pricing discipline and tighten cost control to offset wage inflation, weaker client budgets, and execution risk



Skills shortages remain a persistent issue across the sector, which is why investment in apprenticeships, training, and employee retention continues to be a long-term priority.

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# Key contacts


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# Methodology

## I. Overview

- This report presents an outside-in view of the Business Services industry and the performance across 8 key sectors: (i) Built Environment Services, (ii) Business Process Outsourcing, (iii) Digital and Education Services, (iv) Human Capital Management, (v) Legal Services, (vi) Logistics and Distribution, (vii) Professional Services; and (viii) Testing, Inspection and Certification
- The performance of each sector is measured by the **'Sector Index Score'**, which has been developed based on an analysis of key metrics for a sample set of companies. This score considers 4 key dimensions and 8 metrics (2 metrics in each dimension), as outlined below:
  - **Growth** – (i) Revenue; (ii) EBIT
  - **Profitability** – (i) Gross margin; (ii) EBIT margin.
  - **Productivity** – (i) Revenue per employee; (ii) Asset turnover
  - **Cash flow** – (i) OCF ratio; (ii) Quick ratio
- A sample of 74 companies has been considered for this sector, and they have been selected based on multiple factors including size, geographic presence/coverage, availability of information, etc
- The **Global Business Services Index** is based on an aggregate of the 8 sector indices (considering a total sample of 438 companies)

## II. Index calculations[1]

1. **Time period and baseline** – The index calculation is based on company data for FY23 to FY25 and FY19, the latter being considered as a baseline and assigned a score of 100
2. **Metric scores**
   - Actual values for each metric were compared between FY19 and FY23 to FY25 to derive a **ratio**
   - The ratios were aggregated across all 45 companies to arrive at an **aggregated ratio** (to avoid larger-sized companies skewing the results)
   - **Metric scores** are calculated by multiplying the aggregated ratio by 100
3. **Dimension scores**

- The dimension score is an **average of the metric scores** for metrics included in the respective dimension:
  - i.e., Dimension score (Growth) = Average [Metric score (Revenue), Metric score (EBIT)]

4. **Sector scores**

- The sector score is an **average of the dimension scores**:
  - i.e., Sector score = Average [Dimension score (Growth), Dimension score (Profitability), Dimension score (Productivity), Dimension score (Cash Flow)]
  - If the sector score >100, it outperformed against the FY19 benchmark
  - If the sector score = 100, results were at par with FY19
  - If the sector score <100, it underperformed against the FY19 benchmark

## III. Future outlook

- The FY26 outlook is based on analyst reports and company guidance for 10 leading companies in every sub-sector, selected on the basis of revenue, scale and availability of information
- Revenue growth and EBIT margin estimates were reviewed and aggregated to develop an indicative sector-level outlook

## IV. Key sources

- The key sources referred to throughout the report include the following:
  - Company websites and annual reports
  - Analyst reports
  - Databases such as S&P Capital IQ, Bloomberg, EMIS
  - Company registrar portals such as Companies House (UK), Securities and Exchange Commission (US)

1. The scores for the 2023 and 2024 index were recalculated due to changes in sample size and the incorporation of revised financial figures of included companies

# Thank you

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