STATE OF THE A/E INDUSTRY

2026 Growth & Ownership Strategies Conference

Steve Gido, ROG Partners



A/E INNOVATION BUILT AMERICA (250+)











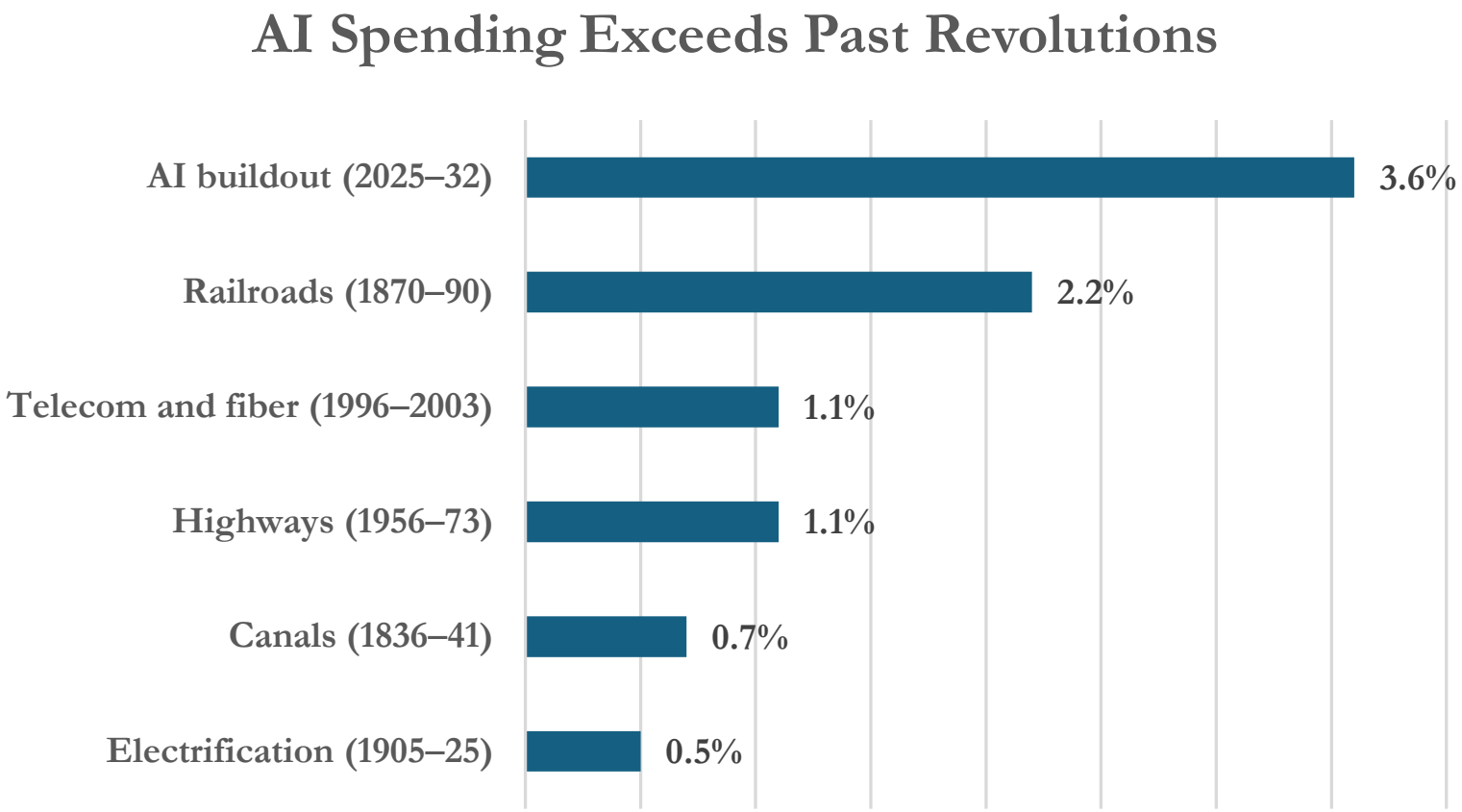






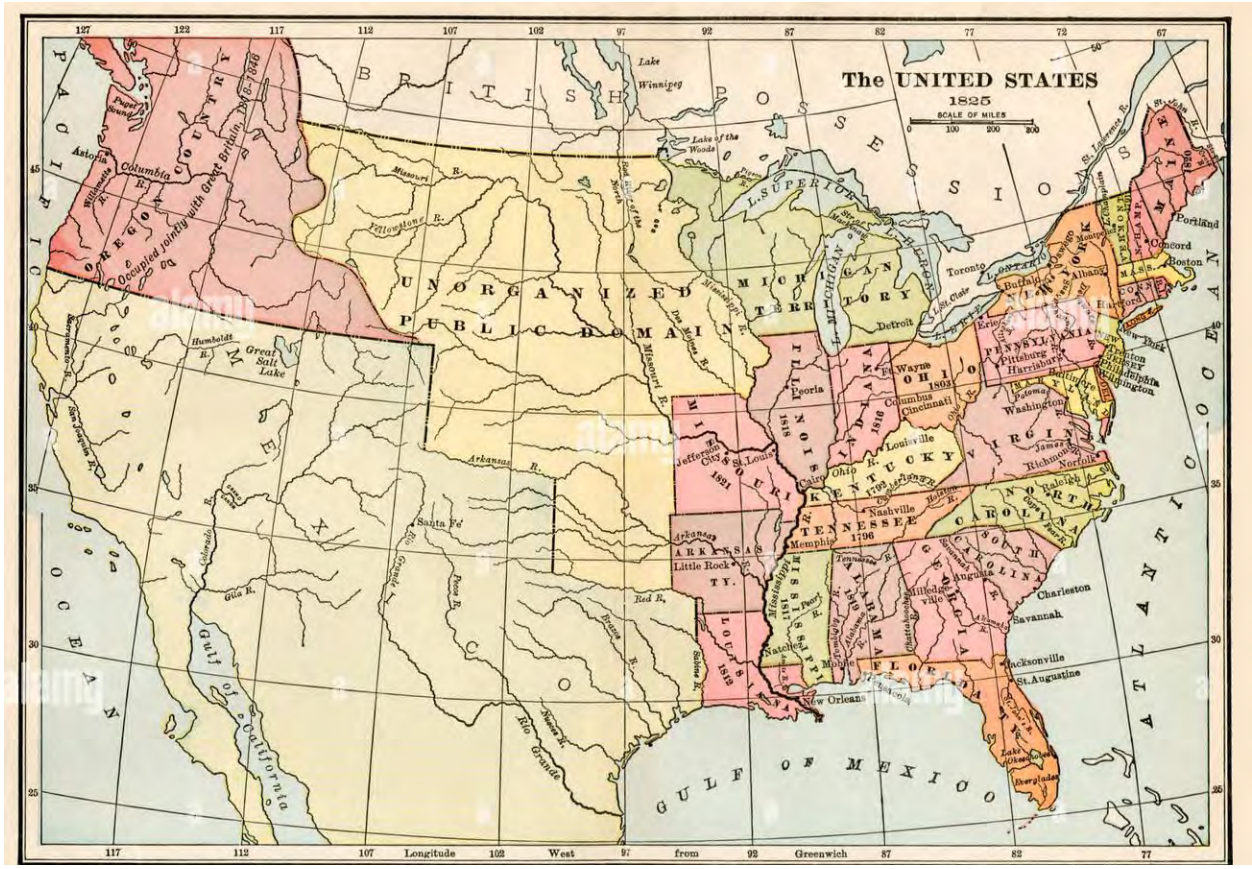


A NEW INDUSTRIAL REVOLUTION



Average annual capital spending as a share of GDP; AI figure is a projection
Data: Stijn Van Nieuwerburgh, "Financing the AI Buildout," Brookings Papers on Economic Activity conference draft; Chart: Axios/Emily Peck

GROWTH


The UNITED STATES
1825
SCALE OF MILES
BRITISH POSSESSIONS
UNORGANIZED PUBLIC DOMAIN
MICHIGAN TERRITORY
OREGON COUNTRY
Occupied jointly with Great Britain, 1818-1846
PACIFIC OCEAN
ATLANTIC OCEAN
GULF OF MEXICO
Gulf of California
Great Salt Lake
Lake Winnipeg
Lake of the Woods
L. SUPERIOR
L. MICHIGAN
L. HURON
L. ERIE
L. ONTARIO
L. Clair
Toronto
Detroit
Buffalo
Albany
Portland
Concord
Boston
Hartford
Erie
Pittsburg
Harrisburg
Philadelphia
Washington
Baltimore
Richmond
Norfolk
Raleigh
Charleston
Savannah
Augusta
Milledgeville
Jacksonville
St. Augustine
Nashville
Memphis
Louisville
Cincinnati
Columbus
Ft. Wayne
Peoria
Cairo
Jefferson City
St. Louis
Little Rock
Natchez
Mobile
New Orleans
Santa Fe
Rio Grande
Arkansas R.
Missouri R.
Yellowstone R.
Columbia R.
Astoria
Humboldt R.
Gila R.
Red R.
Sabine R.
Pecos R.
Brazos R.
Nueces R.
Colorado R.
Sacramento R.
San Joaquin R.
Puget Sound
Lake Okeechobee
Everglades
Longitude West from Greenwich

A/E INDUSTRY OVERVIEW

- CapEx-driven AI expansion economy vs. public-sector recovery one
- U.S. construction spending **down 2.9%** YTD September (raw materials, residential housing drag)
- ABI score = **44.7** (persistent downturn in business conditions now extends to nearly 3.5 years!)
- **Confidence** in firms' finances and the engineering industry **remains high** (3Q ACEC RI)
- **Backlogs remain durable** - 50% report current backlogs of one year or more, with the median backlog at 12 months (3Q ACEC RI)
- U.S. SBA proposed changes raising **small business size** threshold for engineering firms (NAICS 541330)
- Growth **headwinds** = hiring (acute) and demographics (structural)

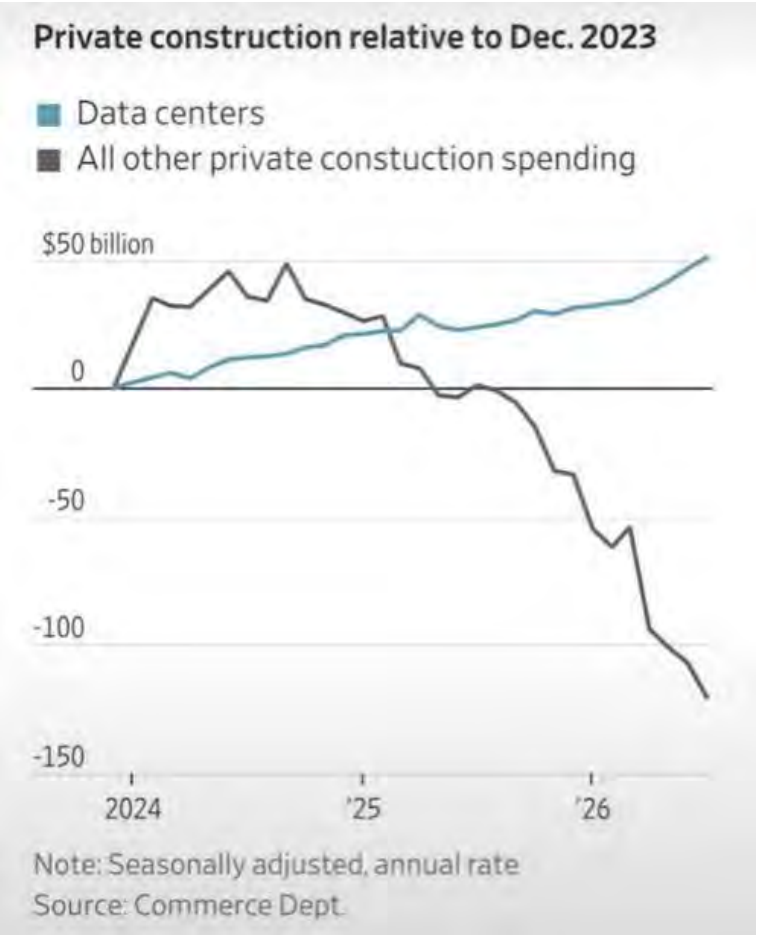


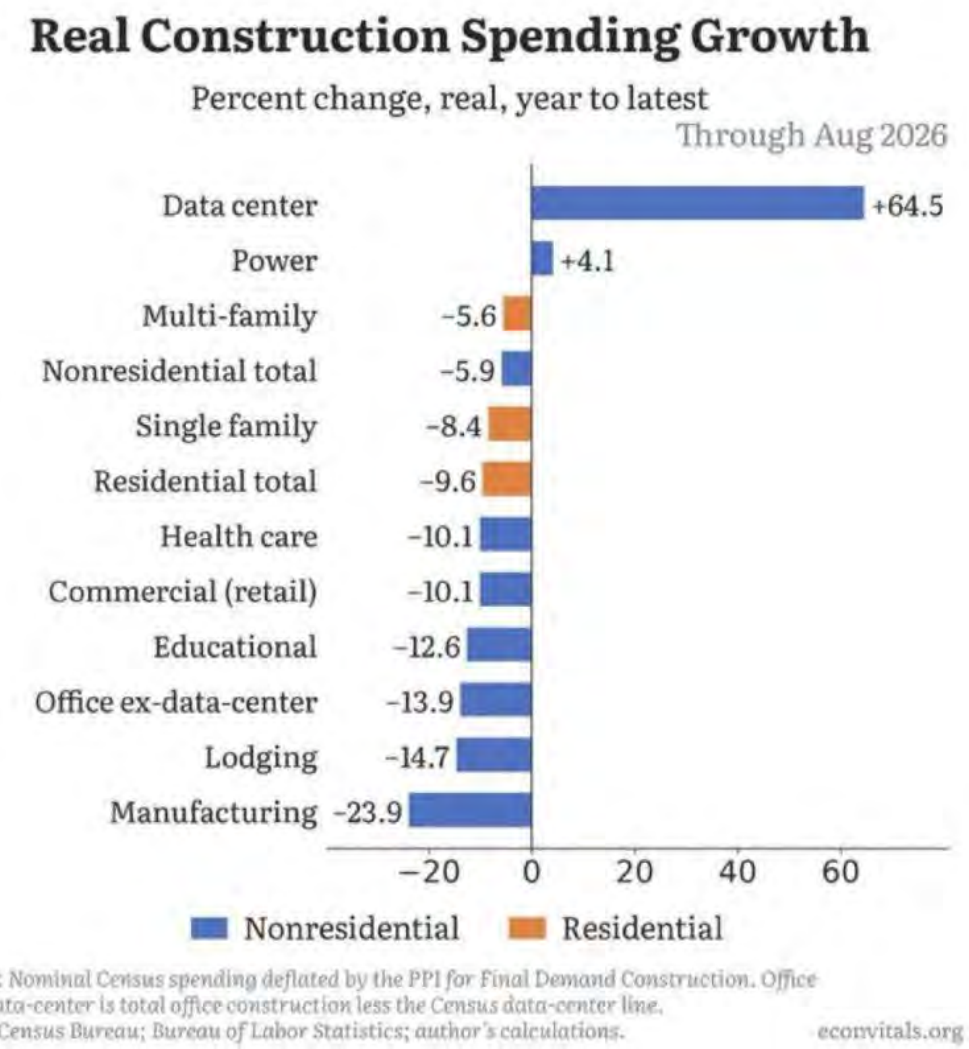
How AI is reshaping the future of the AEC industry

July 15, 2026 | Article

AI's inflection point in AEC

AI is unlikely to be an extinction event for AEC firms, but it could meaningfully change who leads the industry. Early adopters are reporting productivity gains from design, modeling, and construction-feasibility workflows, though these advantages will likely soon be table stakes. The McKinsey Global Institute (MGI) projects that the AEC industry could unlock roughly $228 billion by 2030 in annual value in the United States through AI and other automation technologies, while in Europe, the impact on the construction sector alone could equate to roughly $126 billion.





CNBC WORK

The blue-collar AI job market is booming. Will data center backlash make it go bust?

PUBLISHED SAT, SEP 26 2026•9:43 AM EDT | UPDATED MON, SEP 28 2026•11:57 AM EDT

Kevin Williams

SHARE

Listen 13min | 00:00 13:39 1x

KEY POINTS

- AI is stimulating job creation in traditionally blue-collar professions.
- Welders, plumbers, HVAC technicians, and electricians are all finding their skills in high demand for data center buildouts, though many of the construction jobs are temporary in nature.
- Recent moves by states including New York and Texas to slow development, as well as local freezes across the U.S. in response to intense public backlash, could impact the labor market trend.

workday.
AI for
your n
error i
It's a new work

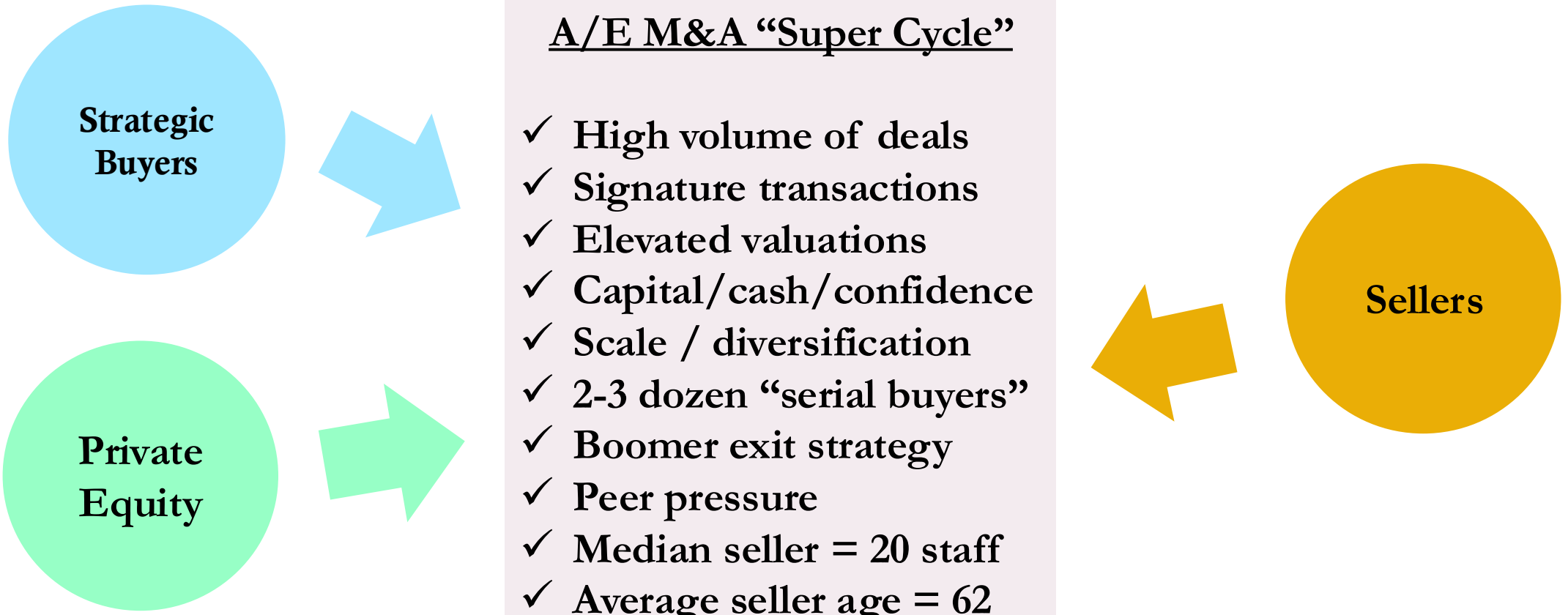
CAPITAL MARKETS

Company	YTD % Δ
Jacobs	16.7%
Tetra Tech	15.2%
Legence	-9.8%
Parsons	-18.0%
Stantec	-24.2%
WSP	-24.9%
Willdan Group	-29.0%
AECOM	-33.6%
S&P 500	*10.7%*
Russell 2000	*12.5%*

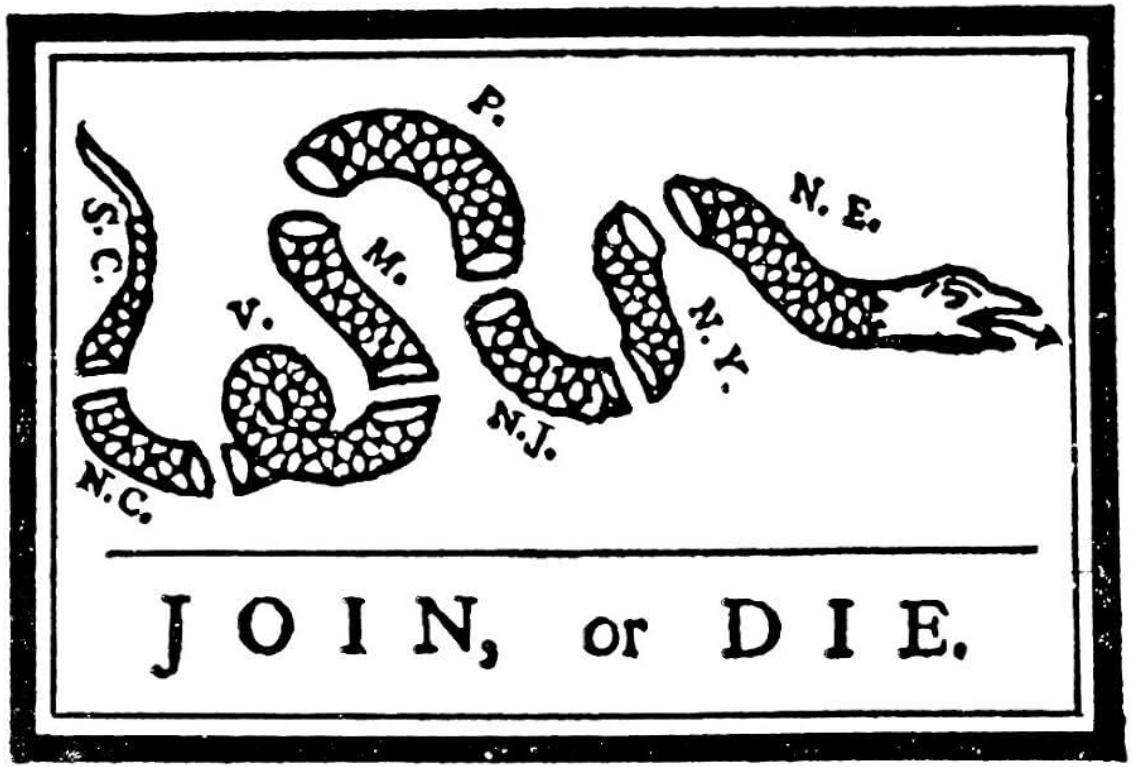
ORGANIC GROWTH – FUNDAMENTALS



INORGANIC GROWTH – M&A



OWNERSHIP

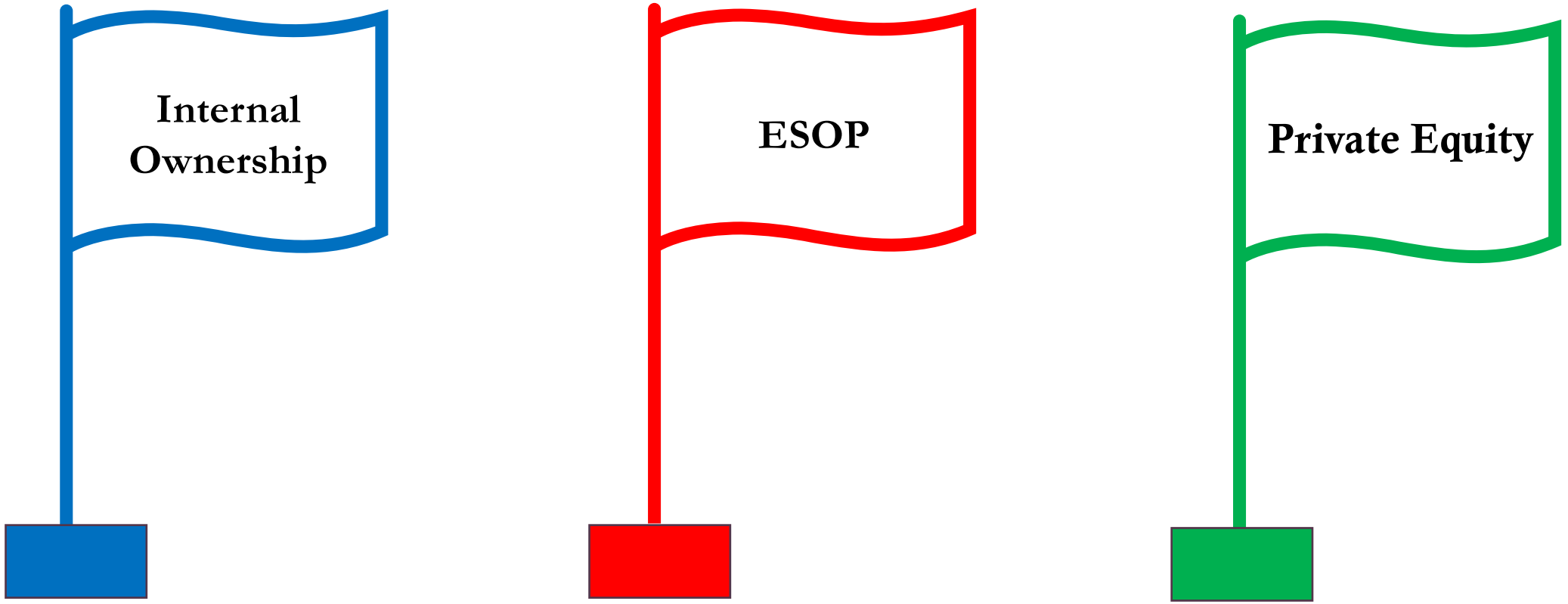


OWNERSHIP

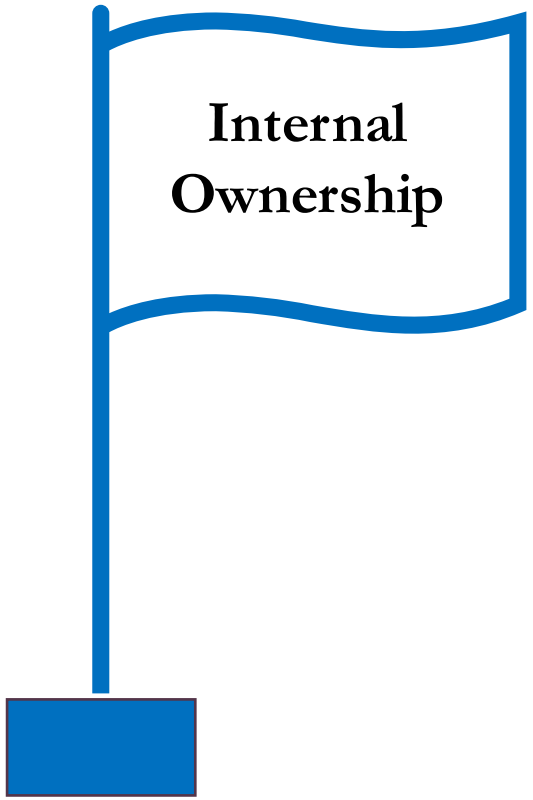
Views on Ownership

- Affordability challenges driving attitudes (home /auto ownership, tuition, etc.) compared to renting or sharing
- Ownership paths can enhance long-term wealth creation and reduce inequality
- Realities - “No one wants to buy me out…” and redemption liability ramifications
- A/E entrepreneurship is quietly occurring

OWNERSHIP

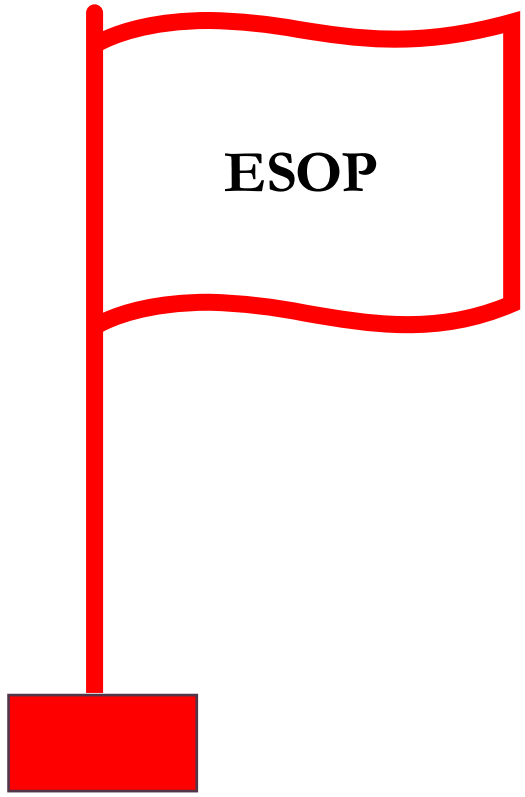


OWNERSHIP



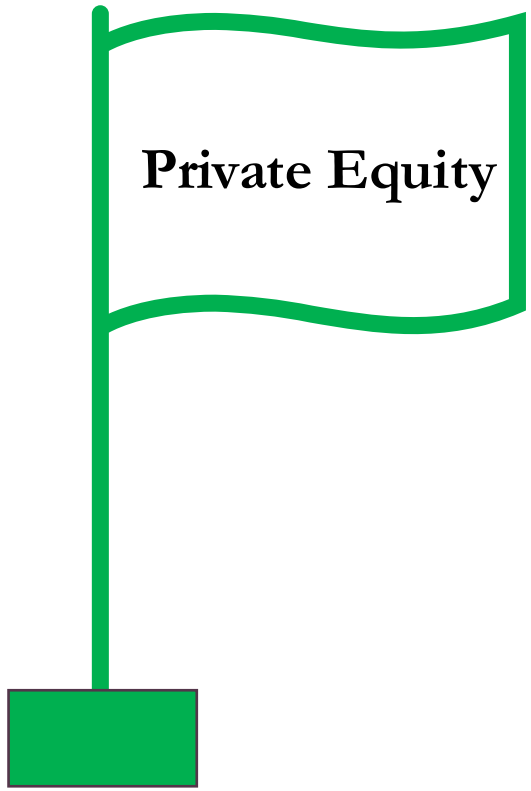
- Model of the A/E industry for 100+ years
- Transitions can be challenging today:
  1. Affordability
  2. Interest
  3. Lack of Planning
- Trust & transparency; sharing & sacrifice
- New generation of Millennial founders interested in establishing internal stock programs

OWNERSHIP



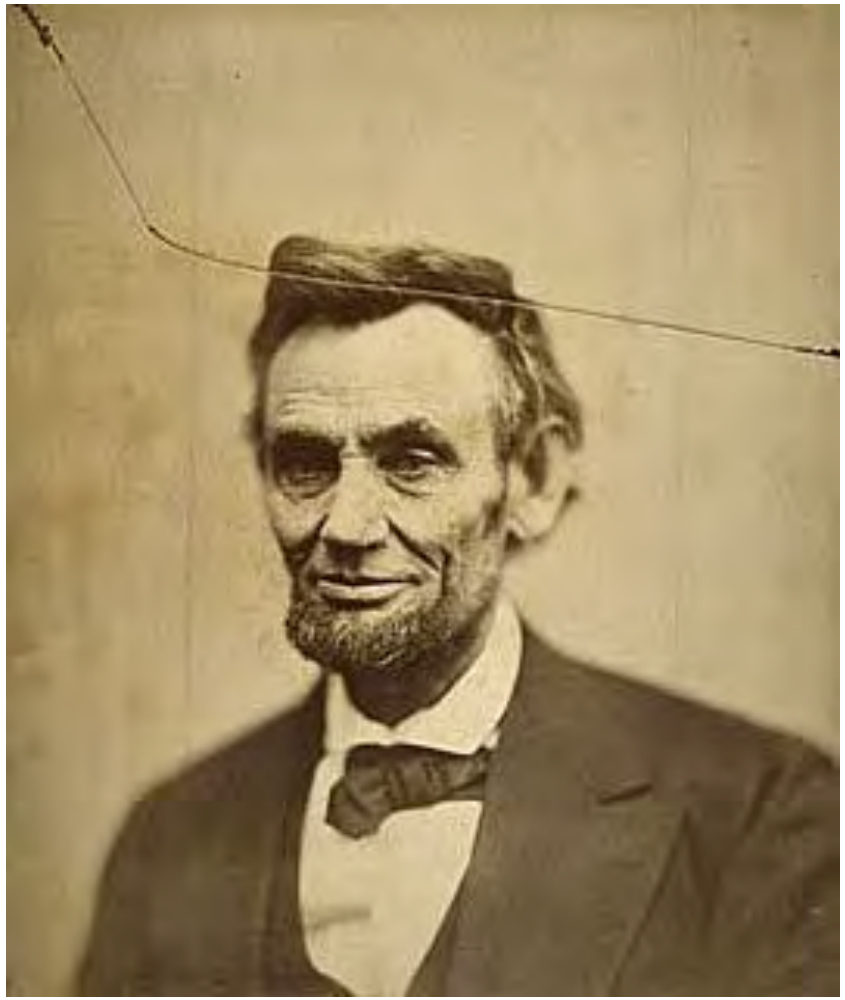
- Adopted by hundreds of A/E firms
- Observations:
  1. Transitions to 100% ESOPs
  2. S-Corp conversions
  3. Smaller firms adopting
  4. Recruiting & retention tool
- Rate of new A/E ESOP formations slowing
- Some ESOP firms are selling

OWNERSHIP



- Now firmly embedded and accepted in our industry as growth/exit strategy model
- Over 125+ A/E and environmental firms:
  1. Platform models
  2. "Family of brands" approach
  3. New formations and exits
- Scale, improve, acquire and incentivize
- Benefits of external perspective

YOU



GROWTH MINDSET



- "Growth" vs. a "Fixed" mindset
- An individual's abilities, intelligence and talents **can be developed** through effort, learning and persistence
- View challenges as **opportunities to improve** rather than obstacles to avoid



What is YOUR growth plan for 2027?

THANK YOU

