

U.S. Southeast HVAC Market

Market Overview and Investment Outlook

Prepared by Rospex Holdings LLC

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Executive Summary Edition



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Market Overview

The U.S. HVAC contractor market generated approximately \$156.2 billion in revenue in 2025, growing at a 2.5% CAGR over the prior five years. With roughly 117,449 businesses nationwide, the industry is highly fragmented: the two largest national players together account for only 6–7% of total market revenue. This fragmentation is the defining structural feature of the market and its central investment thesis.

The Southeast - defined as the South Atlantic and East South Central Census divisions - represents approximately 27.7% of national HVAC contractor establishments and employment. This translates to an estimated regional market of \$40–\$45 billion. Within the Southeast, North Carolina and South Carolina together represent approximately 5.4% of U.S. HVAC establishments, implying a combined state-level market of roughly \$8–\$9 billion.

Segmentation and Economics

The most analytically useful segmentation is residential versus commercial, crossed with service/maintenance versus installation. Service and maintenance models offer the strongest risk-adjusted economics: higher gross margins (best-in-class operators target 50–55%), faster payment cycles, and lower cyclicality. Replacement installation offers solid middle-tier margins while new construction carries the weakest margin profile and the highest exposure to housing and commercial real estate cycles.

Transactional benchmarks for small HVAC businesses show median revenue of \$1.48 million, median seller discretionary earnings of approximately \$304,000 (roughly 20.5% of revenue), and average transaction multiples of approximately 2.75x earnings. At scale, well-performing platform assets with strong recurring revenue have transacted at 12–15x EBITDA, underscoring the multiple expansion available through successful consolidation.

Key Demand Drivers

Population migration into the Carolinas is the most durable structural tailwind. South Carolina has been among the fastest-growing states in the country by percentage growth, consistently expanding the installed equipment base and generating sustained non-discretionary replacement and service demand. The extended Southeast cooling season drives above-average annual HVAC utilization, further supporting service revenue. Federal and state energy code updates are also accelerating equipment upgrade cycles, particularly for aging commercial systems.

Competitive Landscape

The market is characterized by a large number of small, founder-owned operators and a handful of private equity-backed regional and national consolidators. National platforms have elevated acquisition multiples for premier service-heavy operators, but the vast majority of the market - operators under \$5 million in revenue - remains outside competitive auction processes. Labor availability is the primary growth constraint across all operator segments: BLS projects approximately 40,100 annual HVAC job openings nationally through 2034.

Investment Outlook

The Southeast HVAC market presents an attractive platform-building opportunity, particularly in high-growth Carolinas metros including Charlotte, Raleigh-Durham, and Charleston. The optimal strategy combines residential service and maintenance as a recurring revenue base with selective acquisition of sub-scale operators at sub-4x EBITDA. Success factors include maintenance agreement penetration, structured technician development, and disciplined job-costing. Key risks are labor scarcity, owner concentration at acquisition targets, and elevated multiples in competitive markets.

Market Fragmentation and Competitive Structure - Carolinas

Fragmentation Assessment

The HVAC contractor market in North Carolina and South Carolina is among the most fragmented segments of the specialty trade contracting sector. QCEW data for 2024 Q4 identifies 4,846 HVAC/plumbing contractor establishments in North Carolina and 1,840 in South Carolina - a combined 6,686 establishments across the two states. Because NAICS 23822 bundles HVAC with plumbing, HVAC-only operators are estimated at roughly 55–65% of that total, implying approximately 3,700–4,350 dedicated HVAC contractor businesses in the Carolinas. The overwhelming majority are single-location, owner-operated firms. No single operator approaches 2–3% of state-level market share, making this one of the most fragmented specialty trade markets in the country.

Metric	Estimate
NC HVAC/plumbing establishments (QCEW 2024 Q4)	4,846
SC HVAC/plumbing establishments (QCEW 2024 Q4)	1,840
Combined NC+SC establishments	~6,686
Estimated HVAC-specific operators (NC+SC)	~3,700–4,350
Estimated SE region establishments	~34,082 (all HVAC/plumbing)
Operators with >\$5M revenue (est.)	Fewer than 5% of total
Fragmentation level	Extreme - no dominant regional player

Estimated Number of Competitors

Using the QCEW establishment count as a base, and applying an HVAC-to-plumbing split consistent with national industry ratios, the estimated number of active HVAC contractor businesses in the Carolinas is approximately 3,700–4,350. This figure includes single-truck owner-operators, small multi-technician shops, and the relatively small number of scaled regional platforms. The Southeast region as a whole contains approximately 18,000–22,000 dedicated HVAC contractor businesses on the same basis.

Average Competitor Size

BizBuySell transaction data for sold HVAC businesses in 2021–2025 shows median revenue of \$1.48 million per business. Applied to the Carolinas' estimated \$8–\$9 billion combined market and approximately 4,000 operators, the implied average revenue per establishment is approximately \$2.0–\$2.3 million - consistent with the national transactional median and confirming that the typical Carolinas HVAC operator is a small, single-location business employing 3–8 technicians. Multi-location operators with \$5–\$20 million in revenue represent an estimated 3–5% of the operator count but a disproportionate share of total market revenue.

Largest Known Regional and National Competitors

Named competitors operating in or directly relevant to the Carolinas HVAC market, ranked by scale and regional presence:

Company / Platform	Notes
Comfort Systems USA	Largest U.S. HVAC contractor platform; \$5.50B revenue (2025); national presence including Carolinas commercial
EMCOR Group	Major mechanical contractor; \$5.04B revenue (2025); commercial/industrial HVAC focus
Sila Services	Large PE-backed residential HVAC roll-up; ~\$100M EBITDA scale; active in Southeast markets
ARS / Rescue Rooter	National multi-brand residential HVAC and plumbing platform; significant Carolinas presence
One Hour Heating & Air	Franchise-based residential HVAC brand (Authority Brands); active in NC/SC markets
CoolSys	Commercial refrigeration and HVAC platform; Ares Management-backed; Southeast presence
Service Experts	Lennox-affiliated HVAC service network; multi-location presence across Carolinas
Thomas & Galbraith (regional model)	Example of PE-backed regional residential roll-up; representative of emerging Carolinas consolidators
Independent regional operators (\$2M–\$15M)	Estimated 150–250 in NC+SC; the primary acquisition target pool
Owner-operated single-location firms	~3,500–4,000 in NC+SC; the long tail of the fragmented market

Note: The Carolinas do not yet have a dominant regional HVAC consolidator of the type that exists in Texas, Florida, or the Mid-Atlantic. This absence represents the core acquisition opportunity - a platform builder can establish meaningful regional market share before national consolidators systematically enter the secondary and tertiary Carolinas markets.

Full research report with detailed segment analysis, competitive profiles, and complete citations available upon request from Rospex Holdings LLC.

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