KPMG

Framework for Growth

Strategic M&A Trends in North American Structural Steel Fabrication & Erection

The North American structural steel industry — encompassing the shops that fabricate wide-flange beams, plate girders, bar joists, deck, hollow structural sections, transmission and substation structures, and the specialty contractors that erect them in the field — is experiencing a surge in mergers and acquisitions (M&A). This trend is fueled by a rare confluence of secular growth tailwinds — grid modernization, AI-driven data-center buildout, federal infrastructure investment, renewable power generation, and manufacturing reshoring — combined with a highly fragmented, regional supplier base that offers meaningful consolidation opportunity. This document provides an overview of the tailwinds driving the trend, the factors supporting both investor interest and caution, the differences between strategic and private-equity motivations, and the reasons foreign buyers are increasingly focused on the sector.

Structural Steel By the Numbers

Market Size (U.S. Fabricated Structural Metal Mfg.)

~$65.5B

Estimated 2025 revenue of the U.S. Fabricated Structural Metal Manufacturing industry (NAICS 332312), projected to reach ~$74.0B by 2031, per KPMG analysis of IBISWorld industry data.

2025 Revenue Mix

~$38B / $27B

Infrastructure & industrial building construction vs. non-residential & commercial construction — infrastructure now the larger share, offering better long-term visibility.

Fragmentation

Highly Fragmented

Thousands of privately held U.S. fabricators and erectors, with even the largest players commanding only single-digit share, a classic roll-up profile.

Market Size: KPMG analysis based on IBISWorld industry data

Revenue Mix: KPMG analysis based on IBISWorld industry data

Fragmentation: NAICS 332312 industry registrations

Fabrication and Erection Are Related but Economically Distinct — Investors Should Underwrite Each on Its Own Merits

The North American structural steel industry splits into two economically distinct groups. **Fabricators** operate AISC-certified shops that convert raw mill product (plate, wide-flange sections, hollow structural sections, and rebar) into project-ready assemblies through cutting, coping, drilling, welding, and often galvanizing — the process is capital-intensive, benefits from digital detailing and robotics, and produces shop-margin economics. **Erectors** install the finished assemblies on-site using cranes, rigging, and specialty labor — the work is field-intensive, project-based, safety-critical, and more exposed to labor and weather variables. Some large players offer both under one roof; the majority specialize.

Market Tailwinds Driving Growth in North American Structural Steel

Multiple secular growth drivers are propelling the North American structural steel fabrication and erection industry, creating an unusually favorable backdrop for M&A activity. As shown below, five decade-length capital cycles are converging — a rare configuration that supports both record backlogs and rising investor appetite:

01

Grid Modernization & Transmission Expansion. U.S. electric companies now plan to invest **$1.4 trillion between 2026 and 2030** to strengthen the grid, up from a previous $1.1 trillion projection covering 2025-2029 — a decisive upward revision. Annual utility capex was a record **$204.1 billion in 2025** and is projected to jump **17% to $238.8 billion in 2026,** driven by rising energy demand from electrification, industrialization, manufacturing onshoring, and data centers. This capex converts directly into demand for lattice transmission towers, tubular steel poles, substation structures, and fabricated support steel — structural steel content is embedded in almost every incremental grid dollar.

02

AI-Driven Data-Center Buildout. North America is now in a data-center super-cycle. Between October 2025 and March 2026 alone, **$92.1 billion was invested in the construction of 140 new data centers** — a six-month period that materially reset trailing-12-month construction metrics. Nucor has identified data-center construction as a primary driver of steel demand for 2026, and Zekelman Industries has publicly characterized the segment as a "robust opportunity" for U.S. steelmakers, driven by rapid AI adoption. Data-center projects consume large volumes of wide-flange, joist, deck, and HSS material and often carry accelerated schedules that favor scaled fabricators with digital detailing capabilities.

03

Federal Infrastructure Investment. The Infrastructure Investment and Jobs Act (IIJA) continues to fund bridges, highways, transit, and grid work with Buy America domestic-content requirements. State and municipal capital plans reinforce the theme. Together these programs supply multi-year, visibility-rich backlog for fabricators serving bridge, transportation, water, and public-infrastructure end markets — precisely the categories reshaping the industry's revenue mix toward infrastructure.

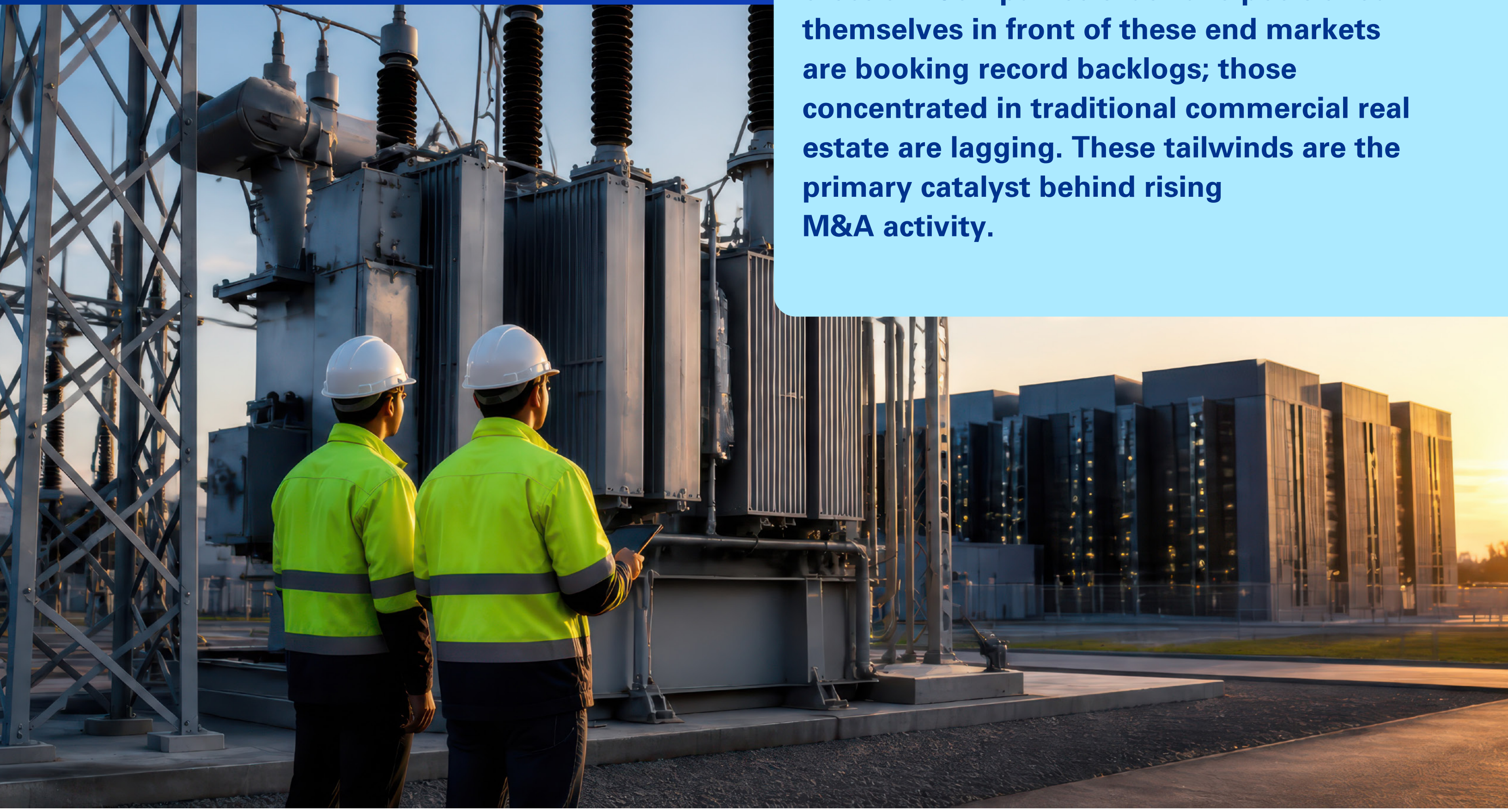
04

Renewable Power Generation. New wind, solar, and battery-storage generation is steel-intensive: wind towers, solar-tracker torque tubes and posts, and substation collection structures all require fabricated structural steel. As utilities work to meet load growth, renewable interconnection is layering on top of grid expansion — a compounding demand effect that favors fabricators positioned to serve utility-scale renewables developers and EPC contractors.

05

Manufacturing Reshoring. U.S. manufacturing construction has surged under a combination of CHIPS Act, IRA, and elevated tariff policy that has encouraged domestic sourcing and reshoring. Semiconductor, EV, battery, and specialty industrial megaplants are large consumers of fabricated structural steel — and the tariff-driven onshoring investment cycle is durable.

Bottom line: Accelerating end-market growth (in grid modernization, data centers, infrastructure, renewables, and reshoring), reinforced by elevated tariffs that favor domestic supply, is creating an exceptionally strong environment for North American structural steel fabrication and erection. Companies that have positioned themselves in front of these end markets are booking record backlogs; those concentrated in traditional commercial real estate are lagging. These tailwinds are the primary catalyst behind rising M&A activity.



Why the Sector is Attractive for M&A and Consolidation

Several fundamental characteristics make North American structural steel fabrication and erection an attractive segment for both strategic and financial acquirers:

High Fragmentation = Consolidation Opportunity

Thousands of small and mid-sized structural steel fabricators and erectors operate across North America, most family-owned and regional. Even the largest players command only single-digit share. Both strategic buyers and private equity firms see the opportunity to roll up smaller regional players into larger, more integrated platforms that leverage economies of scale, procurement, and digital investment.

High-Growth End-Market Specialization Commands Premiums

Not all structural steel fabricators are created equal. Those serving high-growth, less-cyclical end markets, data centers, transmission and substation structures, utility-scale renewables, industrial reshoring, and public infrastructure, enjoy stronger margins, longer backlogs, and higher valuations than those concentrated in traditional commercial real estate.

Backlog Visibility & Scale Benefits

Structural steel projects typically carry 6-18 months of backlog visibility. Scale allows a platform to serve national EPC contractors and hyperscalers on multi-site campaigns, secure larger surety and bonding lines, invest in robotic beam lines, plasma coping, and Tekla-driven digital detailing, and hold multiple AISC certifications (D1.1 structural, D1.5 bridge, D1.8 seismic). Small shops can struggle to compete with this capital stack.

Operational Improvements & Professionalization Potential

Many target companies are entrepreneur-led shops that could see margin expansion through professional management, lean manufacturing, working-capital optimization, and disciplined project-selection frameworks. Acquirers (particularly private equity-backed platforms) often specialize in bringing capital and operating expertise to streamline these businesses.

In summary, scale, fragmentation, backlog visibility, digital investment intensity, and end-market mix now define the M&A rationale in structural steel. An acquirer — whether a strategic industry player or a financial sponsor — can unlock value by assembling a larger, more capable, geographically diversified platform that captures the sector's secular growth while mitigating the execution and cyclicality risks of being small or narrowly focused.

Potential Investor Concerns & Red Flags

While the structural steel sector offers exceptional opportunity, savvy investors conduct thorough due diligence to identify and mitigate the following risk factors — many of which are more pronounced than in adjacent metal fabrication segments:

01 Construction Cyclicality & Sub-Market Divergence.

Structural steel demand ultimately follows non-residential construction cycles, which are inherently more cyclical than adjacent metals segments. Investors will penalize revenue concentration in traditional commercial real estate, office, and retail construction, and reward diversification into infrastructure and industrial end markets, where there exists greater demand visibility, supported by multi-year public funding programs and recurring industrial capital investment across power plants, water treatment facilities, bridges, rail facilities and distribution centers.

02 Fixed-Price Backlog Quality & Project Concentration.

Structural steel is typically bid on a fixed-price basis with long lead times. A concentrated backlog with a small number of large projects can create outsized risk if a project is delayed or canceled. Diligence must evaluate the WIP schedule, escalation clauses, retainage exposure, top-5 project concentration, and change-order margin capture. Steel price movements between bid and buy-out can meaningfully compress project margins if not properly hedged.

03 Union Labor & Multi-Employer Pension Exposure (Erection-Specific).

For companies with erection and installation activities, ironworker locals are a fact of life in most major metros. Participation in multi-employer pension plans creates potential withdrawal liability under ERISA if the employer exits an underfunded plan; while the "Building and Construction Industry Exception" can, in certain circumstances, defer that liability if covered work ceases for five years. Every investor evaluating an erection business should quantify potential withdrawal liability and stress-test surety and bonding availability against various post-close scenarios.

04 Bonding, Working Capital, and Progress Billings.

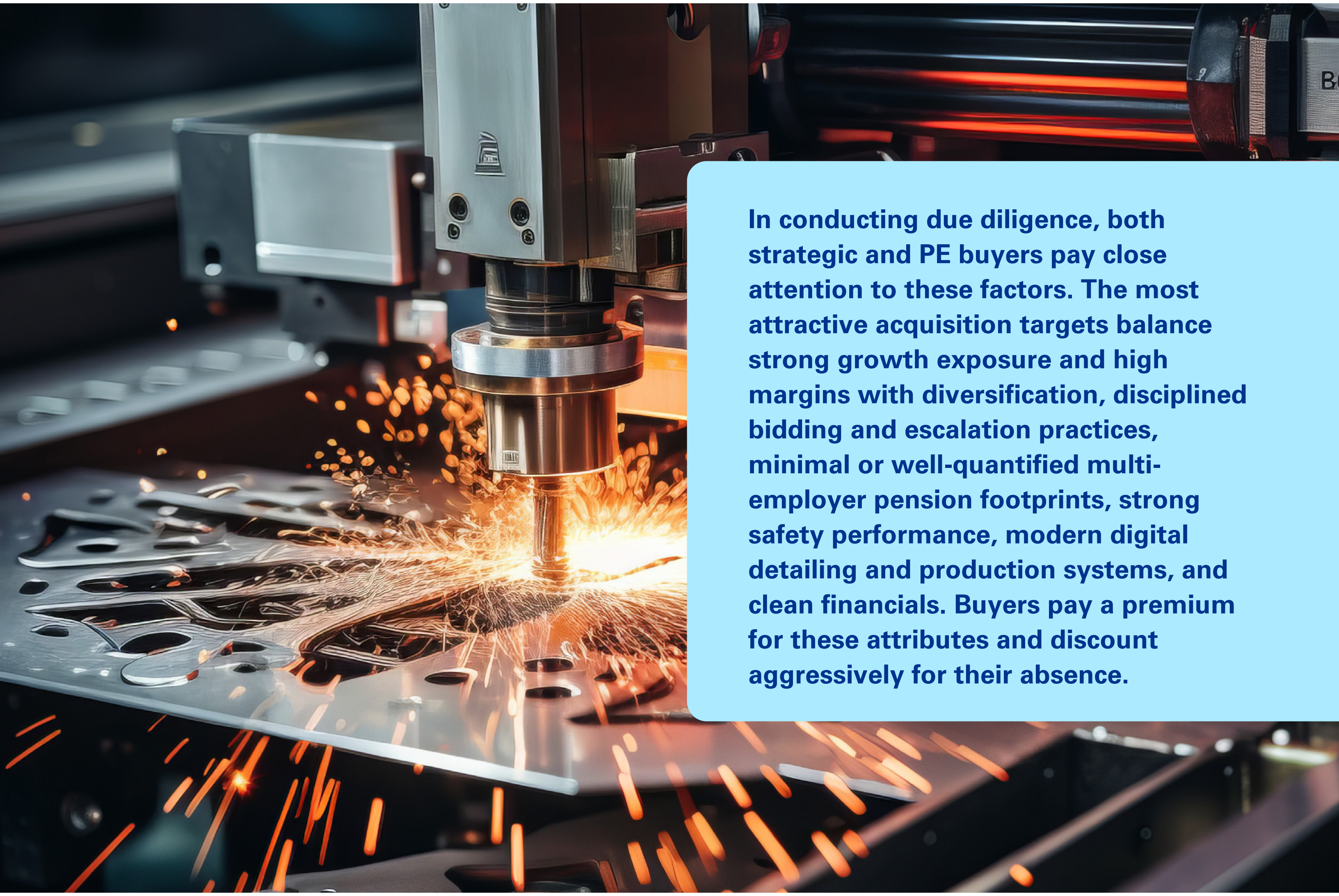
Structural steel fabricators and erectors typically must post performance and payment bonds. Sureties underwrite based on WIP quality, retainage exposure, working-capital adequacy, and management depth. Under-billings and over-billings can distort quality of earnings, and PE-scale bonding lines can materially change a platform's growth capacity post-close. This is a critical diligence workstream that differentiates structural steel from adjacent metals segments.

05 Skilled Labor Shortages (Welders, Fitters, Ironworkers).

Structural steel remains a hands-on, skilled trade, and shortages of certified welders, fitters, and ironworkers can hamper growth. Investors view a chronic labor shortfall or high employee turnover as a risk to meeting growth projections. Fabricators with strong apprenticeship pipelines, welding school relationships, or robotic welding automation are viewed favorably by investors.

06 Steel Price Volatility, Tariff Regime, and Installation/Safety Risk.

Structural steel fabricators are inherently exposed to swings in hot-rolled coil (HRC), plate, and wide-flange section prices. Elevated tariffs on imported steel currently reinforce domestic sourcing and support domestic mill pricing, but they also elevate input costs for fabricators and can complicate supply chains — the trade-policy landscape continues to evolve and requires active management.
For erection-heavy businesses, safety performance (EMR, OSHA recordables, DART rates) directly influences insurability, buyer perception, and, ultimately, valuation.



In conducting due diligence, both strategic and PE buyers pay close attention to these factors. The most attractive acquisition targets balance strong growth exposure and high margins with diversification, disciplined bidding and escalation practices, minimal or well-quantified multi-employer pension footprints, strong safety performance, modern digital detailing and production systems, and clean financials. Buyers pay a premium for these attributes and discount aggressively for their absence.

Investor perspectives: Strategic vs. Private equity buyers

Both strategic and private equity (PE) buyers are actively pursuing acquisitions in the North American structural steel space, but their motivations and approaches differ meaningfully.

Strategic Buyers

Existing companies in structural steel, metals, industrial products, or utility infrastructure pursue M&A to complement their corporate strategy. Their goals include:

Product & Capability Expansion

Adding technical capabilities, certifications, or product lines (e.g., a fabricator adds galvanizing or complex-connection capabilities). Strategics also acquire fabricators serving particular high-growth end markets — data centers, transmission structures, or utility-scale renewables — to gain established customer relationships.

Geographic & Scale Expansion:

Serving national EPC contractors and hyperscalers by adding regional fab shops, lay-down yards, and erection crews. Scale yields procurement power (steel purchasing), better utilization, and eligibility for larger contracts.

Vertical Integration & Supply Chain Control:

Large steel producers and metal distributors have moved downstream to capture fabricated construction products, ensuring demand for their steel and offering more integrated value to customers.

Private Equity

PE firms are active in structural steel, attracted by the possibility of assembling fragmented companies into larger, more valuable platforms. Key aspects of their approach include:

“Buy-and-Build” Platform Roll-Ups:

PE investors typically seek a foundational platform in a fragmented sub-segment, then pursue add-on acquisitions of smaller shops. The platform is used to consolidate share, standardize systems, and drive scale — target platform EBITDA is often $10-$25 million, with add-ons often below that.

Selective Targeting of High-Growth End Markets:

PE investors gravitate toward fabricators with exposure to grid modernization, data centers, renewables, and industrial reshoring — where decade-length capital cycles support the underwriting.

Operational Upgrades & Professionalization:

PE buyers are drawn to the improvement potential in owner-operated structural steel businesses. By injecting capital for new equipment (robotic beam lines, plasma coping, digital detailing) and implementing professional management, they aim to boost efficiency, margins, and safety performance.

Strategic Buyers

End-Market Diversification & Cyclicality Mitigation:

Adding infrastructure and industrial customers to reduce reliance on cyclical commercial real estate exposure.

Financial Synergies:

Strategic buyers can realize immediate cost synergies through combined operations and revenue synergies from cross-selling. In recent years, strategic buyers have accounted for a majority of M&A value in the industrial manufacturing space and often outbid financial sponsors on prized assets.

Private Equity

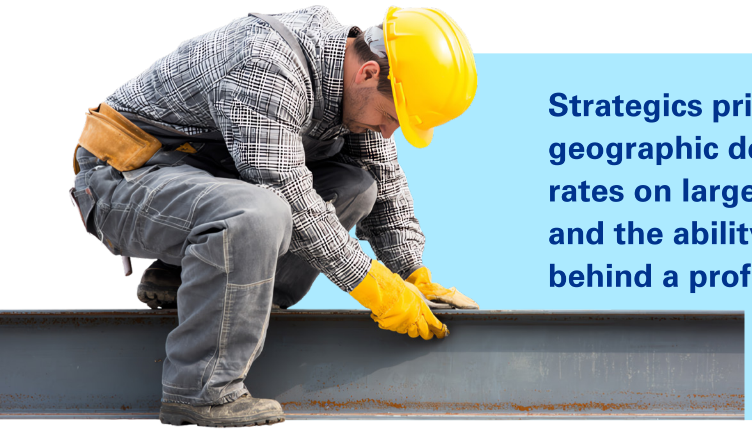
Focus on Exit Strategy:

PE firms typically plan to exit in ~3-7 years. PE-owned structural steel platforms often exit to larger strategics or another PE fund (secondary buyout) once scale, digital investment, and end-market mix have been strengthened.

Sabre Industries — TPG Rise Climate (majority) acquires from Blackstone Energy Transition Partners (retained minority) — announced February 6, 2026 at an enterprise value of approximately $3.5 billion. Sabre is a leading provider of engineered solutions for electric transmission and distribution structures, telecom towers, and data-center infrastructure — a headline PE-to-PE ("secondary buyout") transaction that squarely reflects the grid-modernization thesis.

Fibrebond Corporation — Eaton Corporation (NYSE: ETN) — closed April 1, 2025 at approximately **$1.4 billion.** Fibrebond, headquartered in Minden, LA, designs and manufactures modular power enclosures for data centers, industrial, and utility customers — a strategic acquisition motivated by hyperscale data-center demand.

Ryerson Holding Corp. (NYSE: RYI) merger with Olympic Steel, Inc. (formerly NASDAQ: ZEUS) — closed February 13, 2026. All-stock combination creating the **second-largest operator of North American metals service** centers with approximately $6.5 billion in combined annual revenue, 160+ locations, and 6,300 employees. Expected to generate ~$120 million in annual synergies by year two. Not structural fabrication per se, but demonstrates the scale-driven consolidation logic playing out across the broader metals value chain.



Strategics prize the customer relationships, certifications, and geographic density that unlock immediate synergies and win rates on large EPC bids. Private equity prizes fragmentation and the ability to underwrite decade-long infrastructure cycles behind a professionally managed platform. Both groups are currently active, and premium assets are seeing genuinely competitive processes.

Outlook: Continued consolidation, regional hot spots, and a global context

Looking ahead, the M&A outlook for North American structural steel remains favorable. Global factors will continue to influence North American structural steel dynamics in several ways:

01

Trade Policy & Elevated Tariffs. Elevated tariffs on imported steel bolster domestic mills and, by extension, domestic fabricators — but they also elevate input costs. U.S. steel imports were down 23.1% through H1 2026, with finished import share holding at ~16% YTD — a supply-side dynamic that supports domestic pricing power while pressuring downstream margins for fabricators that cannot pass through. A more stable and predictable tariff environment would provide certainty and could further spark cross-border M&A as international players seek access to the protected U.S. market.

02

International Investment and Competition. Global players are increasingly focused on the North American market's potential. Foreign strategics have been actively acquiring or investing in U.S. metals and structural steel-adjacent assets to gain a foothold in the world's most attractive infrastructure and industrial construction end market. Simultaneously, U.S. companies and PE firms remain willing cross-border acquirers when strategic — but foreign inbound activity has been the more pronounced theme through 2025 and into 2026.

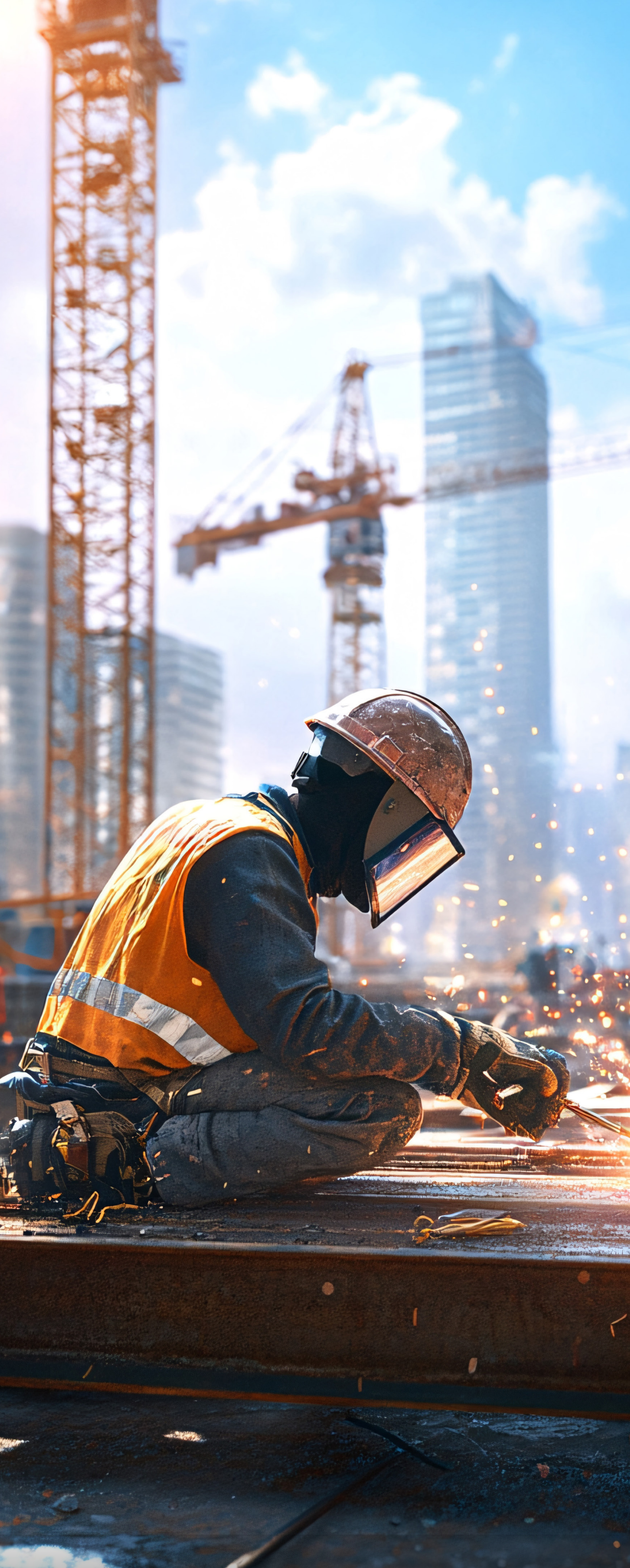
03

Geopolitical & Macroeconomic Climate. International conflicts and tensions have dual effects — they drive defense and grid-resilience spending (positive for structural steel demand), but they also disrupt supply chains and can pressure energy costs. Structural steel fabricators and erectors with diversified sourcing, strong domestic supply networks, and disciplined project selection are better positioned to navigate this volatility, another reason they appeal to buyers looking for resilient platforms.

Why Are Foreign Buyers Focused on North American Structural Steel?

Foreign strategic interest has been unusually visible in North American metals since 2024. The rationale is consistent:

- **Tariff wall makes local fabrication the economical path.** Elevated tariffs on imported steel and derivative products have effectively required foreign producers to establish or acquire U.S. fabrication capacity in order to serve U.S. demand.
- **Access to Buy America / Buy American federal contracts.** IIJA-funded projects require domestic-content compliance. Foreign owners of local fabrication capacity can qualify.
- **Exposure to decade-length infrastructure cycles.** The U.S. grid modernization, data-center, and reshoring cycles are the largest in the developed world, and structural steel is embedded in nearly every one.
- **Illustrative precedent:** The June 2025 closing of the **Nippon Steel Corporation acquisition of U.S. Steel (~$14.9 billion enterprise value, including debt)** is the marquee recent cross-border transaction and a clear signal that global strategics view North American steel and steel-adjacent assets as strategically essential.

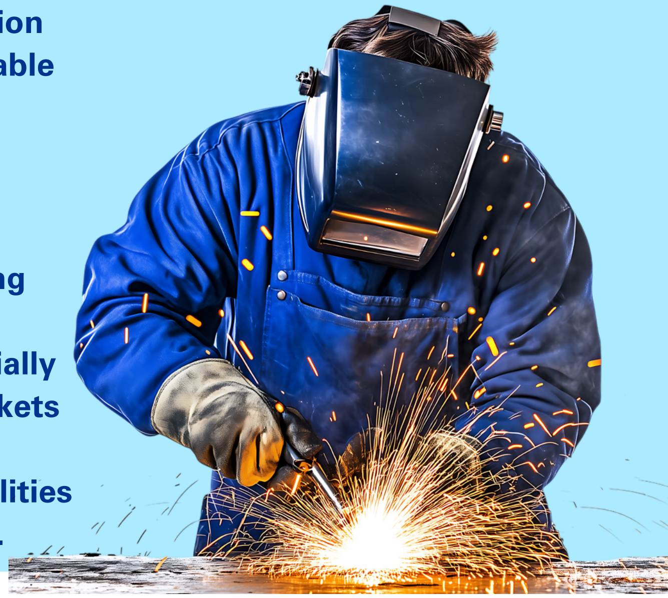


Regional Hot Spots for Structural Steel Growth & M&A

While consolidation activity is national in scope, several regions are seeing disproportionate growth and deal activity:

- **Virginia / DMV Corridor & Northern Virginia:** The world's largest concentration of hyperscale data-center construction, with utility connection queues extending years out. Fabricators and erectors with AISC-certified capacity in the region are seeing record backlogs.
- **Texas Triangle (Dallas/Fort Worth, Houston, Austin, San Antonio):** Simultaneous demand from data centers, industrial reshoring (semiconductors, batteries, LNG), and grid interconnection. The ERCOT grid expansion is one of the largest transmission investment programs in the country.
- **Southeast (Georgia, the Carolinas, Tennessee, Alabama):** EV, battery, semiconductor, and reshoring megaplant combined with rapid data-center growth in Atlanta and adjacent markets have made this the leading region for industrial construction.
- **Ohio Valley / Midwest:** Grid modernization, industrial reshoring, and steady public infrastructure spend. Ohio's Intel campus and Michigan's EV/battery investments are anchoring demand.
- **Mountain West (Arizona, Nevada, Colorado, Utah, Idaho):** A rising renewables and data-center corridor, plus power-transmission expansion serving Western load growth. Substation and lattice-tower fabricators here are among the busiest in the country.

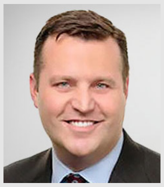
In summary, the North American structural steel fabrication and erection sector is experiencing a confluence of favorable trends: robust and durable end-market growth, strong interest from consolidators, and supportive domestic policies. Strategic industrial buyers prize acquisitions to broaden offerings, capture synergies, and strengthen supply chains, while private equity investors are executing roll-ups to create scaled platforms that can command premium valuations. The sector's attractiveness is especially pronounced for companies serving high-growth end markets — grid modernization, data centers, renewables, federal infrastructure, and reshoring — where specialized capabilities and backlog visibility drive higher margins and multiples.



Our Experience

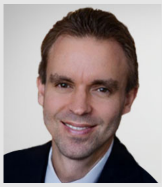
Our team's broad experience within the metals industry enables us to provide valuable guidance in the planning and execution of M&A processes, as well as structuring optimal transaction terms. We have a demonstrated track record of success in this niche market and are confident in our ability to help you capitalize on the opportunities presented by this dynamic sector. Please contact us to discuss your specific objectives and explore potential M&A opportunities.

Our Metals Industry Investment Banking Team



Ford Phillips

Managing Director
T: 312-665-1537
frphillips@kpmg.com

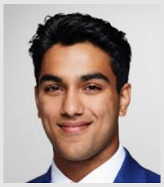


David Lake

Vice President
T: 312-665-2715
davidlake@kpmg.com

Tim Broomham

Vice President
T: 312-665-1662
timothybroomham@kpmg.com



Shahzeb Khan

Associate
T: 312-665-4721
shahzebkhan1@kpmg.com

Please visit us: | **kpmg.com** | **Subscribe**