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Why Facilities Management Stands Out to Investors in the Age of AI

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The debate about artificial intelligence and the services economy often begins with substitution. Which tasks can be automated, which roles can be reduced, and which business models will come under pressure as software becomes more capable?

The impact of AI in facilities management is creating a different effect. Although automation is important and has driven technological adoption across the sector – particularly in data collection and predictive maintenance – increasing AI adoption has impacted investor interest in the sector in two distinct ways.

First, as many investors look for ways to hedge against software and AI exposure, the relative appeal of physical, field-based technical services that are difficult to replace with software has increased. Second, to meet the increasing demand on compute and cloud-based services, there has been huge amounts of investment in AI infrastructure, boosting demand for facilities management providers operating in this segment.

The level of M&A activity reflects this trend. In the second quarter of 2026, 50 facilities management transactions across the UK and Ireland were executed, 31% above the long-term quarterly average. Private equity remains active through both new platform investments and ongoing buy-and-build strategies, despite continued macroeconomic and geopolitical uncertainty. Recent transactions involving Ranger Fire & Security and Inflexion, and City Group Security and OCS, underline the breadth of buyer interest across the sector.

The physical work involved in maintaining buildings and critical infrastructure cannot be delivered by software alone. Fire and life safety systems still need to be installed, tested and maintained. Electrical infrastructure, heating & cooling systems, lifts, water systems and access controls require skilled people on site. Regulation and compliance also create recurring obligations and help to insulate demand from wider economic cycles.

That combination has made technical facilities services an increasingly credible AI hedge for investors seeking to reduce their exposure to parts of the white-collar services economy where substitution risk is perceived to be greater. Technology will still reshape the sector, but mainly by augmenting its workforce and improving delivery rather than removing the need for the underlying service.

The second opportunity is more direct. AI needs an expanding base of physical infrastructure, most visibly in data centres. In the UK, £45bn of private investment has been committed to data centres since July 2024, with the UK data centre pipeline worth approximately £36.4bn in planned projects as of August 2025, covering nearly 100 data centre developments across the country.1 Their rapid rollout is increasing demand for specialist cooling, electrical resilience, backup power, fire protection and critical engineering maintenance. These are essential capabilities in complex environments where reliable performance matters.

The sale of Senseco Systems to Andwis offers a useful example. Backed by Foundation Investment Partners since 2019, Senseco built scale through organic growth and seven strategic acquisitions, developing into the UK’s most highly accredited independent fire and life safety platform. Its work installing and maintaining complex fire systems in critical environments and its focus on recurring service maintenance contracts bring together many of the characteristics buyers value. The acquisition strengthens Andwis’ fire safety capabilities, adds national coverage and creates cross-selling opportunities across its wider technical building services portfolio.

For facilities management providers with the right technical skills, accreditations and geographic reach, data centres therefore represent a significant growth market. They also reinforce many of the characteristics investors already value: critical end-market exposure, high service standards and recurring maintenance requirements.

Technology is, of course, changing the rest of the built environment too. Sensors and connected systems are enabling remote, real-time monitoring, predictive maintenance, automated controls and better building optimisation. A provider that can identify a problem before equipment fails offers a very different proposition from one that simply responds after the event.

The strongest operators will combine digital tools with engineers and technicians, using data to deploy skilled people more effectively, improve service visibility and deliver more consistent outcomes for customers. Scale matters here because investment in systems, training and management capability is easier to sustain across a broader platform.

Public-market valuations reflect the opportunities in the sector. Hard facilities management companies trade at a premium to soft facilities management peers, supported by longer-term contracts, more skilled workforces, more defensible margins and clearer compliance drivers. Investors are currently willing to pay slightly more for hard facilities management businesses. The typical listed hard FM company is valued at around £9.90 for every £1 of annual underlying earnings, compared with £9.10 for a soft FM company.

The sector nevertheless faces intensifying pressure from labour, materials and energy costs. Higher employer National Insurance contributions and the National Living Wage have made workforces more expensive, while wider volatility continues to affect input costs. Pricing discipline, operational efficiency and investment in technology will become increasingly important, potentially widening the gap between smaller providers with limited resources and scaled platforms able to professionalise their operations and invest for the long term.

For founders and management teams, the message is increasingly clear. Buyers will place the greatest value on businesses with multi-year recurring revenues, exposure to critical end markets, skilled and experienced teams, technology-enabled operations and a credible route to greater scale.

The opportunity created by AI is therefore selective. Investors will continue to distinguish between businesses that are merely exposed to a resilient sector and those that have built genuinely defensible platforms. As automation creates uncertainty across parts of the services economy, essential work rooted in the physical world becomes more attractive. At the same time, AI is creating new infrastructure that must be powered, cooled, protected and maintained.

Facilities management now offers an unusual combination of defensive qualities and exposure to structural growth. For investors, that combination is becoming increasingly difficult to ignore.