



SESSION 01 · ALTUS SUMMIT 2026

STATE OF THE INDUSTRY

Two Lenses on the Same Building

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MIKE FITTS

Chief Commercial Officer
4M Building Solutions



DAN SMOLENSKY

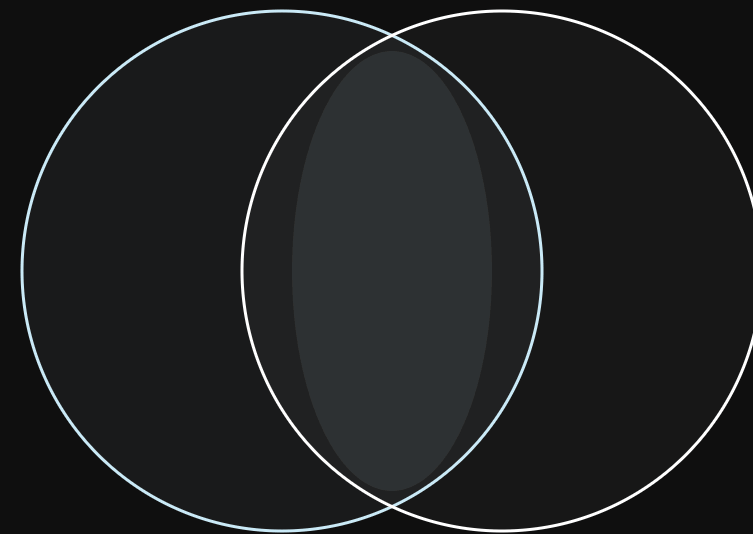
SIOR, MCR · Founder & Principal
TMG Real Estate Advisors

TWO LENSES ON THE SAME BUILDING

DAN SEES

The lease. The tenant.
The four walls.

Occupier-only brokerage —
represents tenants and buyers,
never landlords.



MARGIN & RISK

MIKE SEES

What happens inside
those walls every night.

BSC operator — keeps spaces
running after everyone
goes home.

Where the two views meet is where margin and risk live for
both sides.

01

THE MARKET & THE LABOR MATH

U.S. JANITORIAL MARKET

\$112B

Growing 2.7% CAGR — but competitors are growing 4.2%

FIRMS

1.23M

Businesses competing

CONCENTRATION

<20%

Top 10 market share

NET MARGIN

6.3%

Industry average — razor-thin

THE WHOLE STORY

85–95%

of BSC cost is labor. Everything else is a rounding error.

WAGE GROWTH

+4.3%

Year-over-year cleaner wages

TURNOVER

200–400%

Annual — 10–15x blue-collar avg

REPLACEMENT COST

~\$18K

Per tech · ~\$1B/yr industry loss

02

PRICING PRESSURE & MARGIN COMPRESSION

THE GAP IS THE MARGIN

+9.7%

PPI cost increase
(Feb 2026, YoY)

~50%

Of price increases
actually realized

72%

Of facility managers
want to cut cleaning
costs

22 states raising minimum wage in 2026 · Legislation-driven avg +8.7% · Equipment tariffs +3–26% · Benefits +6.7%

03

CRE — OFFICE RECOVERY & THE INDUSTRIAL ENGINE

OFFICE HAS TURNED THE CORNER

18.6%

National vacancy, Q1 2026 —

ABSORPTION

8 Qtrs

Consecutive positive absorption

INDUSTRIAL IS THE ENGINE

424M SF

Leased through mid-2025 — up 14% year-over-year

RESHORING

20%

Of new leasing is manufacturing
on \$800B+ reshoring wave

AI & DATA CENTERS

+298M SF

Additional industrial demand
projected over the decade

SPACE PER EMPLOYEE

100–150 SF

Down from 225 SF pre-pandemic

04

HOW CRE DECISIONS HIT BSC GROWTH

THE MISMATCH

75% VS **25%**

say office is core
strength

are targeting it for
growth

297M SF of office permanently vacated — every office building in Chicago, LA, and Dallas combined. 49% of pre-COVID big leases hadn't rolled over as of late 2025.

WHERE THE GROWTH APPETITE IS GOING

BSCs are diversifying away from office into faster-growing verticals

HEALTHCARE

7.54%

CAGR — nearly 3× the
overall market rate

GOVERNMENT

69%

Of BSCs targeting
as a growth vertical

TRANSPORT & REC

80%

Growth-target rate —
highest of any segment

Concentration risk: avg BSC serves 191 accounts, but one campus can be 20–50% of monthly recurring revenue.

05

MACRO FORCES — LIGHTNING ROUND

FOUR FORCES RESHAPING THE INDUSTRY

ROBOTS & AI

\$657M

Cleaning-robotics market, 22.7% CAGR

Aramark runs 70 robots across 50M SF — augmentation, not replacement

IMMIGRATION SHOCK

1.2M

Foreign-born workers left in 6 months

31% of cleaning workers are immigrants — a staffing reality now

CONSOLIDATION

152

Facility-services M&A deals in 12 months

Mid-market: 4–6x EBITDA · Platforms: 7–12x

THE SEPARATOR

10–13%

More likely to grow revenue & profit

Firms with strong commercial foundation + tech maturity

ONE TAKEAWAY EACH

MIKE FITTS

"The operators who win aren't the cheapest — they're the ones who repriced to how buildings are actually used and invest in their people before they chase growth."

DAN SMOLENSKY

"Office landlords are feeling the squeeze today, cost discipline is less about margin expansion and more about survival. While eCommerce and logistics occupiers who rely on in-person labor, are growing and creating opportunity" ease, not after it."

Q&A — "What are you seeing in your own markets? Where are we wrong?"

STAT BANK — QUICK GRAB FOR Q&A

THEME	STAT	SOURCE
Market size	\$112B U.S. janitorial; 2.7% CAGR	IBISWorld 2026
Fragmentation	1.23M firms; top 10 <20% share; competitors +4.2%/yr	IBISWorld
Labor share	85–95% of BSC cost; cleaner wage +4.3% YoY	ISSA / BLS-Swept
Turnover	200–400%/yr; ~\$18K/replacement; ~\$1B/yr industry loss	BSCAI 2025
Net margin	~6.3% ("razor-thin")	IBISWorld
Price vs. cost	PPI +9.7% YoY; only ~50% realized; 72% want cuts	BLS / Simon-Kucher
Min wage 2026	22 states; legislation avg +8.7%; Hawaii +14.3%	American Action Forum
Office vacancy	18.6% Q1 2026; first drop since 2019; 8 qtrs + absorption	CBRE Q1 2026
Prime vs. non	Prime 12.7% falling; non-prime 20%+ widening	CBRE
RTO	Tue peak 66%; trophy A+ 95.5%; 54% F100 on 5-day	Kastle / JLL
Industrial	424M SF leased +14% YoY; mfg 20% of new leasing	CBRE
AI / data ctrs	+298M SF industrial demand over the decade	Cushman & Wakefield
Office lost	297M SF permanently vacated since COVID	Cresa
Diversification	Healthcare 7.54% CAGR; gov 69% / transport 80% growth	BSCAI 2024
Concentration	Avg 191 accounts; one campus = 20–50% of MRR	BSCAI
Robotics	\$657M market, 22.7% CAGR; Aramark 70 robots / 50M SF	DataM / Aramark
Immigration	~1.2M foreign-born left labor force in 6 mo; 31% of workers	Brookings / ISSA
M&A	152 deals in 12 mo; 4–6× (mid) / 7–12× (platform) EBITDA	FOCUS / CT Acq.