

## PRESS RELEASE

9 January 2019

# Global environmental consulting market surges

*Sector marks best performance this decade boosted by acceleration in Asia-Pacific and North America. 'Global 22' leading players see 6.4% rise in aggregate EC revenues in 2017, with overall market growth expected at around 5% in 2018*

The global market for environmental consulting (EC) services jumped 6.2% in value during 2017 to reach \$34.1bn (£25.3bn), according to the latest research [report](#) published by *Environment Analyst*. This is almost double the growth in 2016 and by far its best performance in all the years EA has tracked and reported on the global market movements annually since the start of the decade. Signs are that 2018 will see a similar order increase.

Growth among the top players has been aided by recovering mining and commodities markets (although the oil price trend has yet to inspire a sustained recovery in that important area for environmental consultants) as well as strong demand in climate resilience and storm recovery work in the key North American market. Also contributing to the result was a return to more buoyant conditions in Asia-Pacific spurred by several factors including China's tightening environmental standards and enforcement. However, it is also notable that among the cohort of the leading international EC players analysed in depth in the study (the 'Global 22'), growth is being spearheaded by those in the lower half of the rankings rather than those in the top tier.

This year's findings once again suggest that the mid-size multidisciplinary firms and smaller environmental/sustainability specialists are more often than not outperforming their larger fully integrated technical and professional service provider rivals, for whom EC activities typically represent 5-10% (or even less) of overall group revenues.

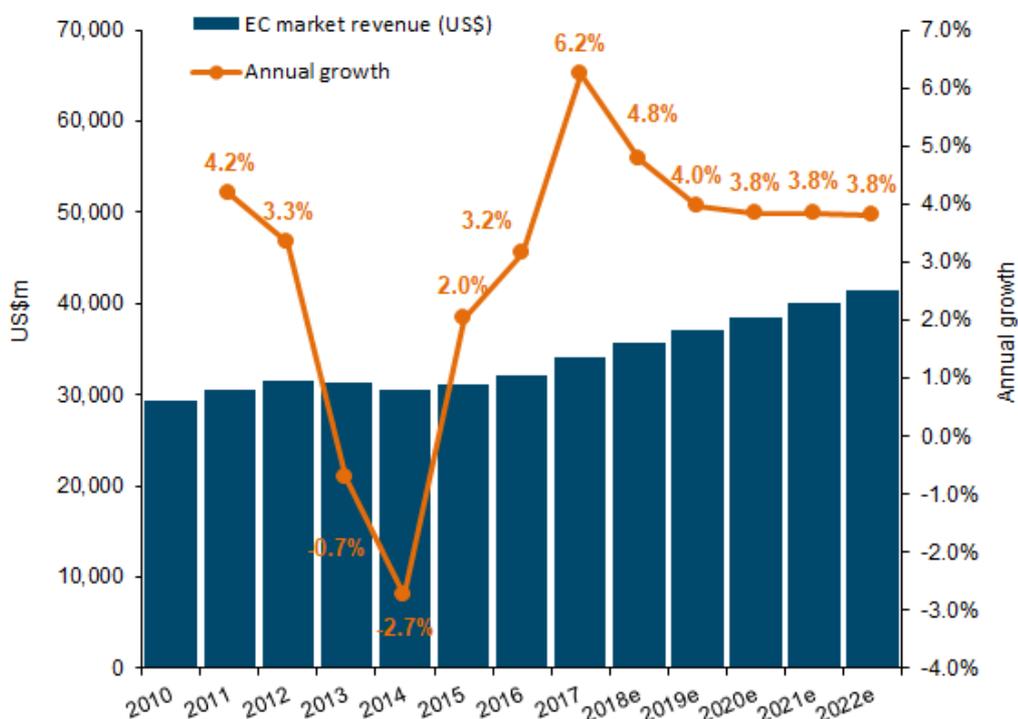
Although the picture as a whole is now undoubtedly improving, the peer group has been through an extended period of low growth and consolidation over the last five years, with many of these firms actively participating in mergers & acquisitions to boost growth - some on a truly transformational basis. The Global 22's dominance of what is still a fragmented market is evident from their combined performance in 2017, which saw aggregated EC revenues increase by 6.4% year-on-year to account for 43.6% share of the total global sector.

Yet despite the continued consolidation, only three players - **AECOM**, **Tetra Tech** and **Jacobs** - hold an individual market share in excess of 5%. Former number-two **CH2M** has disappeared from the top three and wider rankings thanks to its takeover and rapid integration during the last year by

[www.Environment-Analyst.com](http://www.Environment-Analyst.com)

● [enquiries@environment-analyst.com](mailto:enquiries@environment-analyst.com)  
● tel +44(0)1743 818101 ● fax +44(0)1743 818121  
Environment Analyst Limited, Talbot House, 11-15 Market Street  
Shrewsbury SY1 1LG, United Kingdom

**Figure 1: Global EC revenue and revenue growth, 2010-2022e**



Source: Environment Analyst

**Jacobs**, a move which enabled the latter to rise up the table from its previous position of 16th to grasp the number three spot. Meanwhile, **Arcadis** and **ERM** complete the top five.

Mega-merger activity also saw the entry lower down the table of **SNC-Lavalin** to the Global 22, thanks to its acquisition of **Atkins** in 2017, which sees their combined global EC operations now ranked 19th.

The report provides critical insight and analysis on the key strategic priorities amongst the top flight players as many have sought to rebalance their organic growth vs. M&A activities of late, and prioritise their most profitable activities in response to the changing market dynamics and disruptors. It looks at how firms are addressing market cyclicality, the impact of the trend towards larger contracts and the resourcing challenges as the upturn gains momentum in different sectors/geographies, as well as how players are embracing the digital revolution.

Geographically, approaching a half of all global EC revenues in 2017 were focused on the North American region (45.6%), with West Europe taking just under a quarter (22.7%). Asia-Pacific now ranks a close third thanks to its double-digit growth (21.7%), whilst Africa & Middle East (4.4%), Latin America (4.0%) and Central & East Europe (1.5%) account for the remainder. The top three EC players in each region are shown on the map below.

Deputy Editor of *Environment Analyst's* Global Market Intelligence Service and co-author of the report, Anya Hembrough, comments: “Despite the lingering conditions in the oil & gas sector, recovery in other sectors and regions suggests that the global EC market is now undeniably back on a growth trajectory following a very difficult period post-GFC and then as the commodities super-

cycle fell away. Growth in the region of 5-7% in 2017 and 2018 is welcome proof that the industry is successfully repositioning itself to a new market norm with so many different drivers and disruptors at play compared to just five years ago.

“Also providing a fillip of late has been the level of disaster recovery-related work particularly for the North American majors - although whether this will see sustained focus or if it is more of a temporary blip remains to be seen. But what does seem more assured is the strong increase in demand coming from Asia-Pacific, particularly as China continues efforts to transform its manufacturing base and environmental credentials. As such we also expect to see much more of some the rising Eastern stars making their mark in the global EC space.”

Growth is forecast for 2018 and 2019 albeit at a slightly lower level given the political and economic uncertainties expected to impact key regions (notably relating to the US and Brexit in the UK/Europe) curbing confidence. But over the longer term, the compound annual growth rate from 2018 to 2022 is lifted in EA’s latest global forecast model - compared to last year’s (EA 11-Jan-18) - at 4%. This would bring the worldwide EC revenues to \$41.5bn by the end of this five-year period, with Asia-Pacific (driven in no small part by China) expected to account for around one-third of the c\$7.5bn new market space created.

Hembrough adds: "The findings of the new analytical elements introduced to this latest report edition (now in its eighth year) - including EC intensity analysis by region - really serve to highlight the huge growth potential of the space as markets such as China move increasingly towards maturity in their environmental governance and service evolution."

**Figure 2: Global EC market leaders, and by region**



## Headline findings

Other key findings in the latest global EC market assessment include:

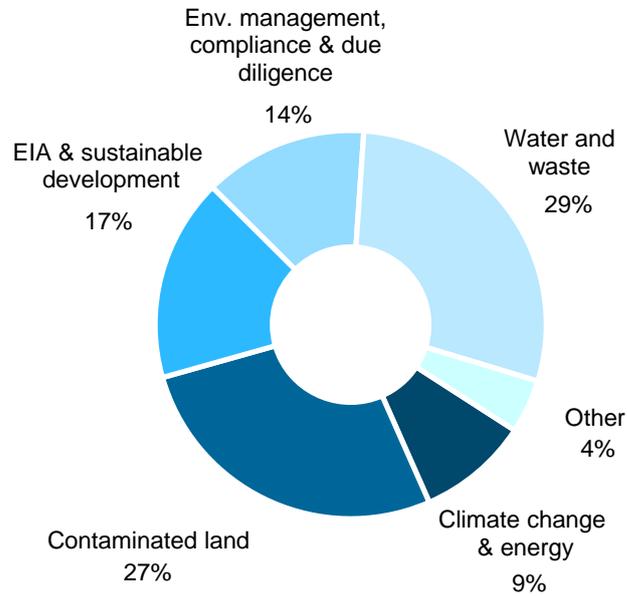
- Regionally, growth in 2017 was driven by a resurgence in Asia Pacific (+12.5%) and, crucially, recovery in the sector's largest and dominant North American market (+4.1%), boosted by the unexpected volume of disaster recovery and climate resilience work (in a year of record-breaking storm activity)
- The top 5 players combined represent 21.7% of the total market whilst the top 10 account for 29.5%; in both instances, despite unprecedented M&A efforts in recent years, the combined shares have seen a downward trend, falling from highs of 24.7% and 33.4% respectively in 2014. The top five EC players are: **AECOM** (with a 7% market share), **Tetra Tech**, **Jacobs**, **Arcadis** and **ERM**. The top 10 is completed by **Golder**, **RPS**, **Ramboll**, **Wood E&IS** and **WSP**. Ranked 11 to 22 are: **Stantec**, **HDR**, **GHD**, **Sweco**, **Antea Group**, **ICF**, **Royal HaskoningDHV**, **Mott MacDonald**, **SNC-Lavalin Group**, **Cardno**, **SLR** and **WorleyParsons**. [Past ranked firms **Atkins** and **CH2M** have now been fully incorporated into their new owners **SNC-Lavalin** and **Jacobs** respectively]
- The Global 22 together employ approximately 82,000 EC staff (FTEs) worldwide, servicing around 220,000 EC contracts per year, with an average contract value of \$77k
- Based on the key performance statistics reported to - and analysed by - *Environment Analyst* for the Global 22, EC services areas which saw the biggest (double-digit) increases in 2017 were: water & waste management (+22.3%), environmental management, compliance & due diligence (+15.2%) and climate change & energy (+13.1%). In contrast work related to contaminated land and EIA & sustainable development were in decline, with growth at -6.2% and -5.1% respectively
- In terms of client sectors, the financial, professional & service sector saw the strongest growth, with total segmental market revenues up 13.4% in 2017. Revenues from services to the mining, extractive & process industries saw a sharp turnaround year-on-year, rising 9.1% globally reversing a 4% contraction in 2016. There was also continued solid demand from infrastructure & development projects (+8.3%) and also the government sector (+6.8%), but revenues derived from energy & utilities were more or less static (+0.8%) - impacted by the ongoing lower oil price
- 2017 was noteworthy for mega-merger activity amongst the top ranked firms, effecting real change in the top-tier global EC rankings (including the pairings of **Jacobs/CH2M**, **SNC-Lavalin/Atkins** and **Wood/Amec Foster Wheeler**). Whilst 2018 by contrast saw fewer such transformational deals, as the year drew to a close the announcement of **WorleyParsons'** intention to acquire the energy, chemicals and resources (ECR) unit from **Jacobs**, and **WSP's** completion of its purchase of **Louis Berger**, will have a clear impact in the coming year. Smaller scale M&A activity has continued apace however, with the Australian market in particular attracting significant investment attention through 2018 among several members of the Global 22

## FURTHER INFORMATION

1. The *Global Environmental Consulting Strategies & Market Assessment* and *Global Competitor Analysis* reports form part of Environment Analyst's 2018/19 Global Market Intelligence Service – for further information (including a full list of contents and figures, and sample company profile download) see [www.environment-analyst.com/global](http://www.environment-analyst.com/global)
2. The report is based on core financial figures and strategic information collated through an annual research process in collaboration with the environmental consultancy companies – via market surveys, phone/face-to-face interviews with senior executives, and publicly-available annual reports/accounts and websites. The 22 profiled firms have all had the opportunity to review their company profiles and core financial statistics
3. The report is part of Environment Analyst's 2018/19 Global Market Intelligence Service. The full service includes this market assessment, company profiles of the leading 22 environmental consultancies updated throughout the year, the results of a global market trends survey issued each summer, weekly environmental services business news and Market Insight and Company Insight feature articles and reports.
4. *Environment Analyst Ltd* ([www.environment-analyst.com](http://www.environment-analyst.com)) is a publishing and market research organisation focusing on the environmental consulting and support services sector – we collect and analyse information from the industry for the benefit of the industry
5. For further inquiries about accessing the report, please contact the sales team on tel: +44 (0)203 637 2191 and email: [ea.sales@environment-analyst.com](mailto:ea.sales@environment-analyst.com). For editorial queries please contact Liz Trew on email: [liz@environment-analyst.com](mailto:liz@environment-analyst.com), tel: (0)1743 818 2106

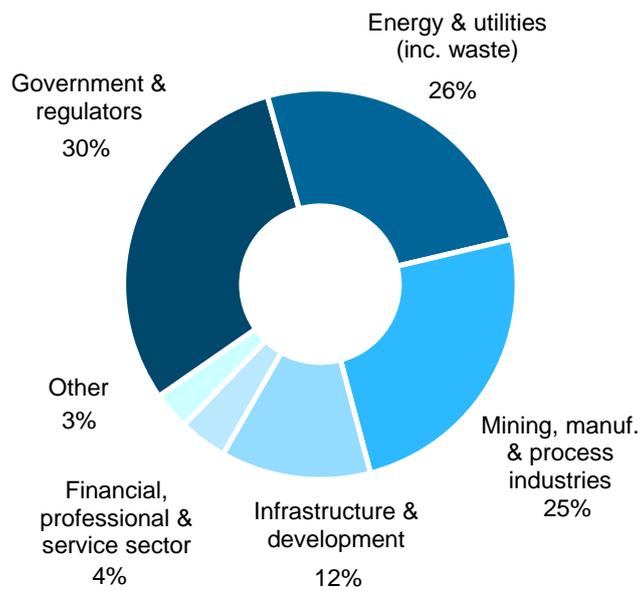
The charts featured above and overleaf are provided for publication:

**Global environmental consultancy market share by service area 2017**



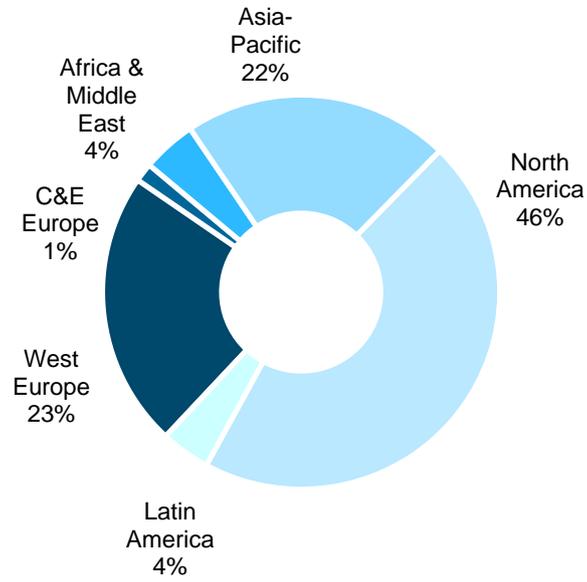
Source: Environment Analyst

**Global environmental consultancy market share by client sector 2017**



Source: Environment Analyst

## Global environmental consultancy market share by region 2017



Source: Environment Analyst