



CFMA's 2026 FINANCIAL BENCHMARKER

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EXECUTIVE SUMMARY

GENERAL INFORMATION

CFMA is proud to present the Executive Summary of the 2026 Construction Financial Benchmark. CFMA's Financial Benchmarker has become a leading resource for understanding how construction companies are performing. It is built on detailed income statement and balance sheet data that contractors submit directly or through the CPA firms that serve them, which gives participants a credible way to measure their financial health against a broad and diverse set of peers. Results are aggregated and segmented by company type, size, region, NAICS classification, and more, so a contractor can find groups that closely match its operations.

The strength of the Benchmarker starts with its reach. This year's questionnaire went to roughly 10,000 firms across CFMA members, non-members, and companies affiliated with the Construction Industry CPAs and Consultants Association (CICPAC). That breadth is what allows the results to reflect contractors of many sizes, regions, and specialties rather than a narrow segment of the market. In total, 1,419 companies submitted data, and 1,359 were included in the final analysis after screening for completeness and accuracy.

Because the questionnaire is confidential and written specifically for construction finance, it captures a level of detail that broader business surveys are not built to collect. Individual responses stay private, while the combined results give contractors reliable peer comparisons, available exclusively through CFMA's Benchmarker tool (www.financialbenchmarker.com).

This edition reports on fiscal year 2025 (FY2025), a year in which sales growth eased but companies earned more on the work they performed. The data reaches well beyond the bottom line, with detail on profitability, productivity, capital structure, and overall financial strength. The pages that follow concentrate on some of the measures that directly shape performance. The full Benchmarker tool goes further and offers more flexibility, but this summary gives a clear picture of what the data show and how results differ across the major types of contractors.

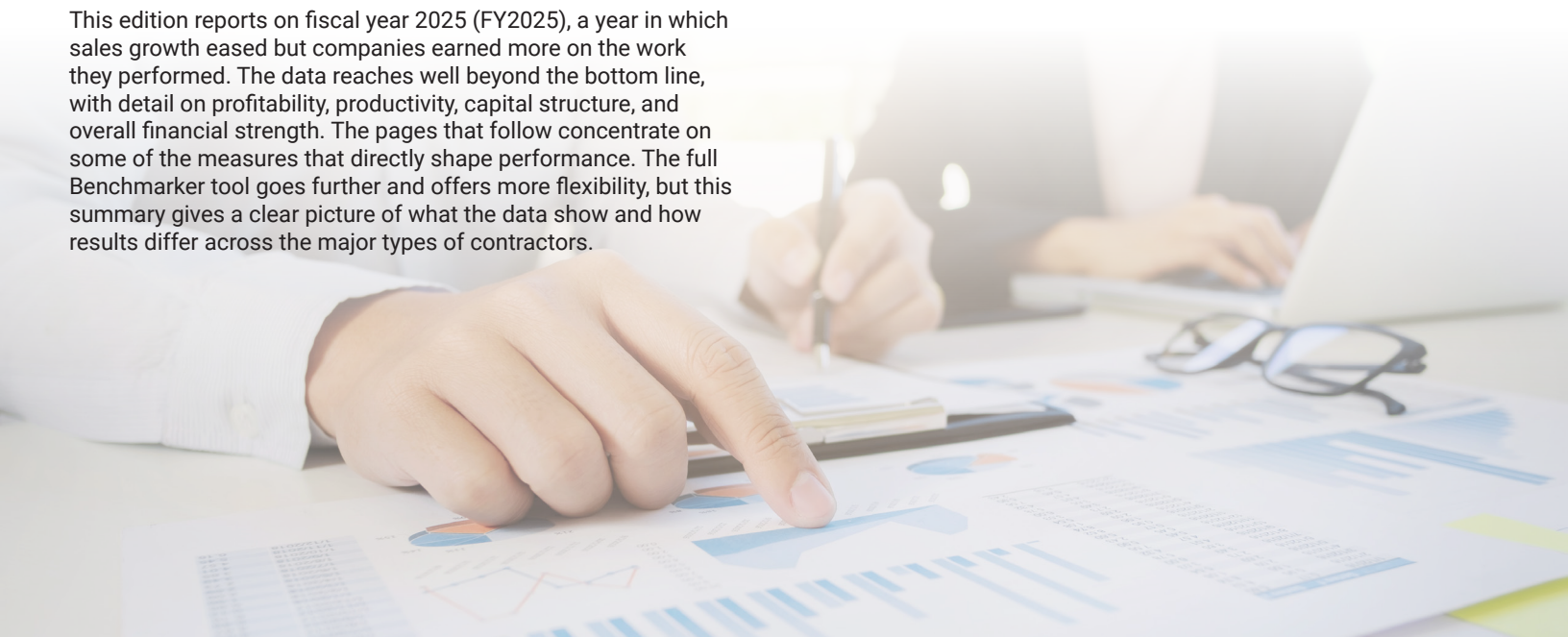
Highlights

Profitability strengthened despite slower sales growth. Median sales growth slowed to 4.8%. Easing sales growth often pulls earnings down with it, but the opposite happened. The average net income before tax margin edged up to 6.8%, the highest mark in the past decade apart from 2021, when pandemic-era credits temporarily inflated results. Reporting firms turned slower revenue growth into stronger profitability.

Margins held strong despite retired government relief. Employee Retention Credits, which added close to a percentage point of revenue at their 2021 peak, had fully rolled off by FY2025. This year's profitability rests on the work itself.

Balance sheets remained conservative even as backlogs stayed strong. Median days of cash rose to 29, the most since 2020, and leverage held steady, leaving firms with a larger cushion. Backlogs stayed full at the same time, with the median contractor carrying roughly 9 months of committed work, close to last year's level and comfortably above the 7 to 8 months that were normal before 2020.

Top performers widened the gap in growth, profitability, and productivity. They grew more than twice as fast as the median contractor, posted a 12.5% net income before tax margin, and generated 54% more gross profit per employee. In a year of slower growth, the gap between the strongest firms and the rest warrants close attention.



OVERALL RESULTS

The following analysis highlights the overall performance of all responding construction companies, with particular emphasis on fiscal year 2025. Where meaningful, year-over-year comparisons and longer-term trends are incorporated to provide context and insight into the shifting financial landscape.

RESPONDENT PROFILE

The study draws from a broad cross section of the construction marketplace. Nearly nine in ten respondents are privately held and U.S.-based, and about one in nine is employee-owned through an ESOP. By role, the field splits almost evenly between general and prime contractors and subcontractors, at 41% each, with construction managers accounting for most of the rest. Firms report from every region of the country, led by the Far West at 29% and the Midwest at 22%. Sorted by primary segment, Specialty Trade and Industrial & Nonresidential are the largest groups at roughly 37% and 32%, followed by Heavy Construction near 17% and Residential Construction at about 3%. It is that range of ownership, role, geography, and specialty that gives peer comparison within the data its value.

Financial Performance Overview

For FY2025, the results continued a pattern seen across recent years, with the rapid expansion of 2022 and 2023 giving way to slower growth even as profitability held up. Revenue growth for the typical firm eased to 4.8%, down from 7.3% a year earlier and well below the 15.0% pace of 2022. Backlog, however, held near 9 months, close to the prior year, a sign that the slower top line reflected a cooling from the 2022 surge rather than a shortage of work ahead. Earnings moved in the other direction. On average, the net income before tax margin rose to 6.8% from 6.7%, the EBITDA margin improved to 9.0% from 8.8%, and EBIT held at 7.1%.

Returns on capital came off their recent peak but remained solid. Return on assets eased to 12.1% and return on equity to 30.3%, both down modestly from 2024 yet still healthy by the standards of the past decade. Firms held that profitability without leaning harder on borrowing. The debt to equity ratio stayed at 1.3, times interest earned held near 29, and the current ratio at 1.6.

Workforce productivity set new nominal records, though the inflation-adjusted picture is where it gets more interesting. Revenue per full-time employee reached \$525,424 and gross profit per full-time employee \$86,952, both series highs. Adjusted for inflation, the two measures diverge. In constant dollars, gross profit per employee stands about 27% above its 2016 level and rose again this year. Revenue per employee is up only about 11% over the decade in real terms and slipped slightly in FY2025, so its record

could be due more to higher prices than to real gains in output per person. The more durable signal is that firms are earning more real gross profit from each employee than they did ten years ago.

Exhibit 1 presents a 10-year view of the key liquidity, profitability, leverage, efficiency, and productivity ratios. It provides context for the year's results, showing revenue growth moderating from its recent highs while margins, returns, and productivity have held at or near the upper end of their 10-year ranges. Read together, the trends point to an industry that has traded the rapid expansion of prior years for steadier, more profitable operations.

Best in Class

The Best in Class designation represents the top 25% of companies based on a composite ranking of five measures: return on assets, return on equity, fixed asset ratio, debt to equity, and working capital turnover. Other results provide a broader view of how these firms performed in FY2025.

Profitability was notably stronger. Best in Class firms reported an average net income before tax margin of 12.5%, compared with 6.8% across all respondents. Gross profit represented 21.0% of revenue versus 17.6% overall, while SG&A expenses were lower at 9.2% compared with 11.2%. The result was an operating margin of 11.9%, nearly twice the 6.4% for all respondents.

Growth showed a similar separation. Median sales growth reached 11.4% for Best in Class firms, more than double the 4.8% reported overall.

The difference also carried through to employee productivity. Best in Class firms generated \$631,161 in revenue and \$134,048 in gross profit per full-time employee, compared with \$525,424 and \$86,952 across all respondents.

What stands out beyond the ranking itself is that Best in Class firms also grew faster and generated more output per employee. Their stronger earnings profile carried through the income statement as well, with wider gross, operating, and pre-tax margins.

Exhibit 1: All Companies 10-Year Trend

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
LIQUIDITY RATIOS										
Current Ratio	1.5	1.6	1.5	1.5	1.7	1.8	1.7	1.6	1.7	1.6
Quick Ratio	1.3	1.4	1.3	1.4	1.5	1.5	1.3	1.4	1.4	1.4
Days of Cash	18.9	20.0	20.0	21.4	33.6	28.1	23.4	23.5	27.0	29.4
Working Capital Turnover	9.7	8.8	8.9	8.4	6.8	6.6	7.6	7.4	7.4	7.7
PROFITABILITY RATIOS										
Return on Assets	10.1%	10.2%	9.5%	10.9%	13.1%	14.7%	9.3%	11.8%	12.5%	12.1%
Return on Equity	29.4%	27.5%	27.1%	29.6%	35.6%	36.1%	24.3%	31.4%	32.7%	30.3%
Times Interest Earned	26.3	26.0	20.8	24.5	34.1	50.8	28.5	25.6	30.4	29.0
LEVERAGE RATIOS										
Debt to Equity	1.6	1.4	1.5	1.5	1.4	1.2	1.3	1.3	1.3	1.3
Revenue to Equity	7.1	6.4	6.4	6.4	5.7	5.0	5.4	5.4	5.3	5.3
Asset Turnover	2.8	2.7	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3
Fixed Asset Ratio	27.8%	30.7%	27.4%	26.1%	27.0%	21.9%	23.6%	23.7%	25.4%	26.0%
Equity to SG&A Expense	1.5	1.6	1.6	1.7	1.8	1.9	1.9	1.9	1.9	2.0
Underbillings to Equity	8.9%	8.1%	8.6%	9.1%	7.1%	8.8%	9.2%	8.0%	8.1%	8.3%
Backlog to Equity	4.9	5.0	5.1	5.3	4.7	5.0	5.1	4.4	4.6	4.9
EFFICIENCY RATIOS										
Backlog to Working Capital	6.3	7.0	6.8	7.2	5.8	6.3	7.1	5.9	6.2	6.2
Months in Backlog	7.0	7.5	7.4	8.2	7.9	9.2	8.9	8.7	9.1	9.0
Days in Accounts Receivable	53.2	54.0	55.9	53.7	52.5	57.7	58.7	56.6	55.2	52.0
Days in Inventory	3.6	3.8	3.6	3.7	4.1	5.2	6.5	6.4	4.7	5.9
Days in Accounts Payable	31.5	29.8	33.6	33.5	30.3	33.0	33.4	33.0	32.8	32.0
Operating Cycle	44.9	45.7	46.5	46.0	59.6	56.9	52.3	52.7	54.0	53.8
PRODUCTIVITY RATIOS										
Revenue per FTE (nominal)	\$351,894	\$388,874	\$377,423	\$387,345	\$375,783	\$375,197	\$410,509	\$450,086	\$514,587	\$525,424
Gross Profit per FTE (nominal)	\$51,073	\$53,523	\$55,757	\$55,066	\$57,062	\$54,231	\$61,937	\$70,642	\$83,554	\$86,952
SALES PERFORMANCE										
Sales Growth	10.2%	7.6%	7.4%	8.4%	0.0%	4.5%	15.0%	10.4%	7.3%	4.8%

RESIDENTIAL CONSTRUCTION

Company Profile

Residential Construction is the most specialized of the four segments, drawing almost entirely from new housing work. Multifamily construction accounts for about 44% of segment revenue and single-family construction another 33%, with residential remodeling making up most of the balance. These firms are overwhelmingly privately held at 96%, the highest share in the study, and are somewhat more likely than other segments to operate as LLCs. Most serve as general or prime contractors, while about a third operate as construction managers. Geographically, the segment is concentrated in the Far West, which accounts for roughly a third of participants.

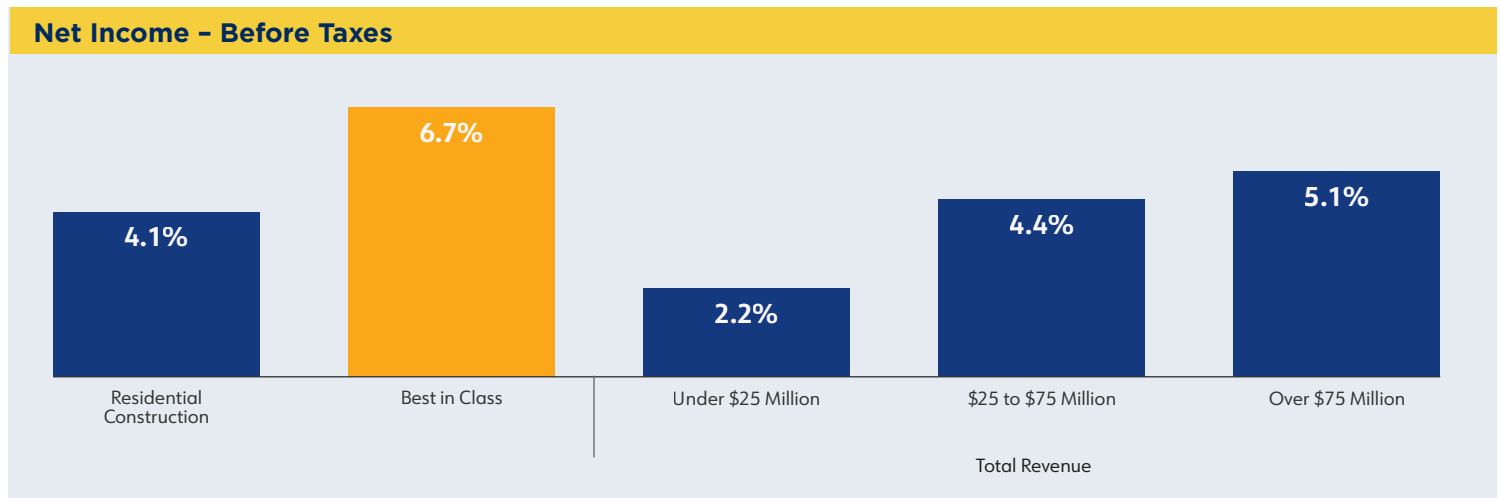
Financial Performance Overview

Residential was the only segment to report a decline in median revenue, down 6.3%, while the other three segments grew about 4% to 5%. Profitability was the thinnest of the group as well, with gross profit averaging 13.3% and net income before taxes 4.1%. Results improved steadily with size, from 2.2% at firms under \$25 million to 5.1% at those above \$75 million.

Much of what sets Residential apart is how the work is delivered. These firms subcontract heavily, which represents 52.5% of revenue on average. That pushes total direct costs to nearly 86% and leaves the thin gross margin behind it, but it drives significant revenue per employee, roughly \$1.6 million, with gross profit per employee near \$120,000. These are firms that move a large volume of work through relatively few people.

Returns and balance sheets follow from those thin margins. Return on assets of 7.2% and return on equity of 24.6% were the lowest among the segments, and Residential firms carried more debt than most, with a debt to equity ratio of 1.8, above the 1.3 for all respondents.

Residential had one of the most distinctive financial profiles in the study. It operated on the thinnest margins and relied more heavily on both subcontractors and debt. Scale clearly mattered as well, with the largest firms more than twice as profitable as the smallest. For a relatively small and specialized group, Residential carries a distinct operational profile.



Note: Net income before taxes is shown as a percentage of net sales and reflects segment averages. Size categories are based on annual net sales, and Best in Class represents the top 50% of participating firms, as defined under Overall Results. For most segments, the Best in Class group represents the top 25% of participating companies. For Residential Construction, the group represents the top 50% to provide a sufficiently sized peer group for comparison. The same composite ranking methodology is applied across all segments.

INDUSTRIAL & NONRESIDENTIAL

Company Profile

Industrial & Nonresidential is the second largest segment in the study, at about 32% of respondents. The work is overwhelmingly commercial and institutional building, which accounts for roughly 89% of segment revenue, with the balance in industrial building. By role, the group divides between general and prime contractors at 52% and construction managers at 44%, with subcontractors barely present. Firms concentrate in the Far West and Midwest, which together account for more than half of participants.

Financial Performance Overview

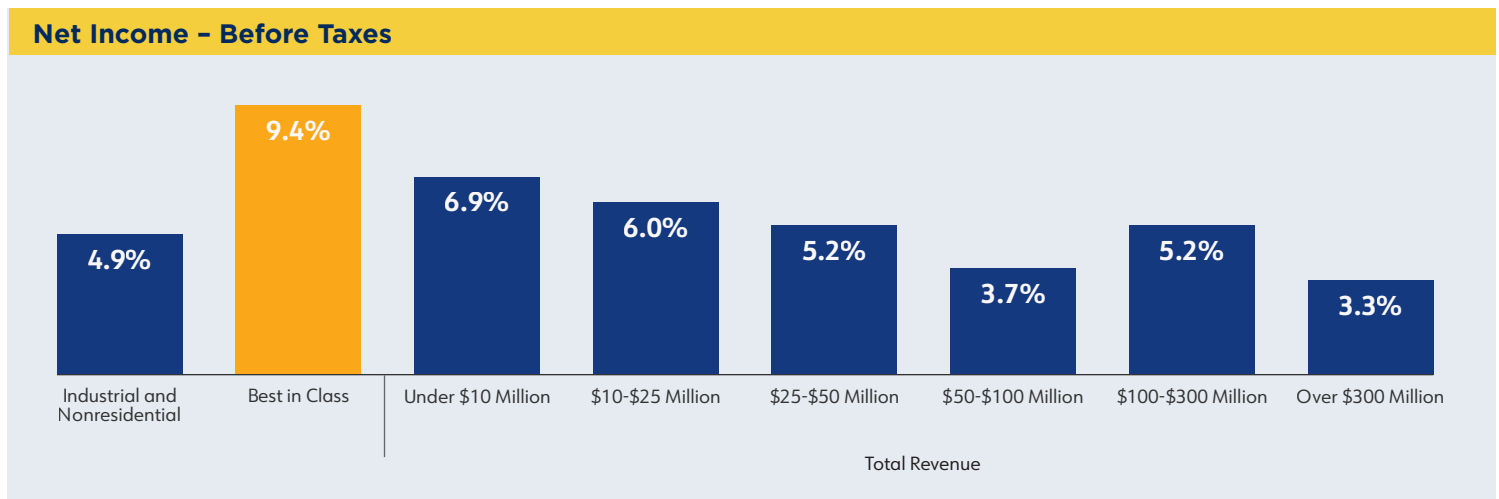
Profitability continued its multiyear climb in FY2025. Average net income before taxes rose to 4.9%, up from 4.4% in 2024 and 4.1% the year before, returning the segment to its highest level of the past decade and matching 2021. The gains varied considerably by company size. Firms under \$10 million posted the strongest margins at 6.9%, while those above \$300 million recorded the thinnest at 3.3%. That marks a shift from last year, when mid-sized firms led the group.

Industrial & Nonresidential also has a distinctive financial profile. Its gross margin of 12.1% was the thinnest of any segment, yet its return on equity of 33.5% was the highest. Much of that contrast can be traced to the balance sheet. The segment generated \$2.90

in sales for every dollar of assets and carried the most leverage, with a debt to equity ratio of 2.5 and revenue to equity above 10. In other words, strong returns were driven more by volume and capital structure than by wide margins. Even with that leverage, earnings covered interest expense more than 50 times.

Returns on capital eased despite the improvement in margins. Return on assets declined to 9.8% from 10.4%, while return on equity fell to 33.5% from 37.4%. Backlog remained the deepest of any segment at 10.3 months, even as median revenue growth slowed to 3.9%.

Taken together, the segment entered FY2025 with stronger margins but slightly softer returns on capital. Its combination of thin gross margins, rapid asset turnover, high leverage, and substantial backlog continues to set Industrial & Nonresidential apart, with performance driven as much by how efficiently firms deploy capital and move work through the business as by the margin earned on each project.



Note: Net income before taxes is shown as a percentage of net sales and reflects segment averages. Size categories are based on annual net sales, and Best in Class represents the top 25% of participating firms, as defined under Overall Results.

HEAVY CONSTRUCTION

Company Profile

Heavy Construction represents approximately 17% of respondents and is defined by infrastructure and civil work. Highway, street, and bridge construction alone accounts for roughly 48% of segment revenue, with other heavy and civil engineering contributing 30% and water and sewer line work another 13%. Participants are predominantly general and prime contractors, roughly three-quarters of the group, a higher share than in the building segments. Nearly all are privately held, and the group is geographically broad, with the largest concentrations in the Far West and Midwest. Equipment costs represent a larger share of revenue here than in any other segment, and the balance sheet reflects that capital intensity.

Financial Performance Overview

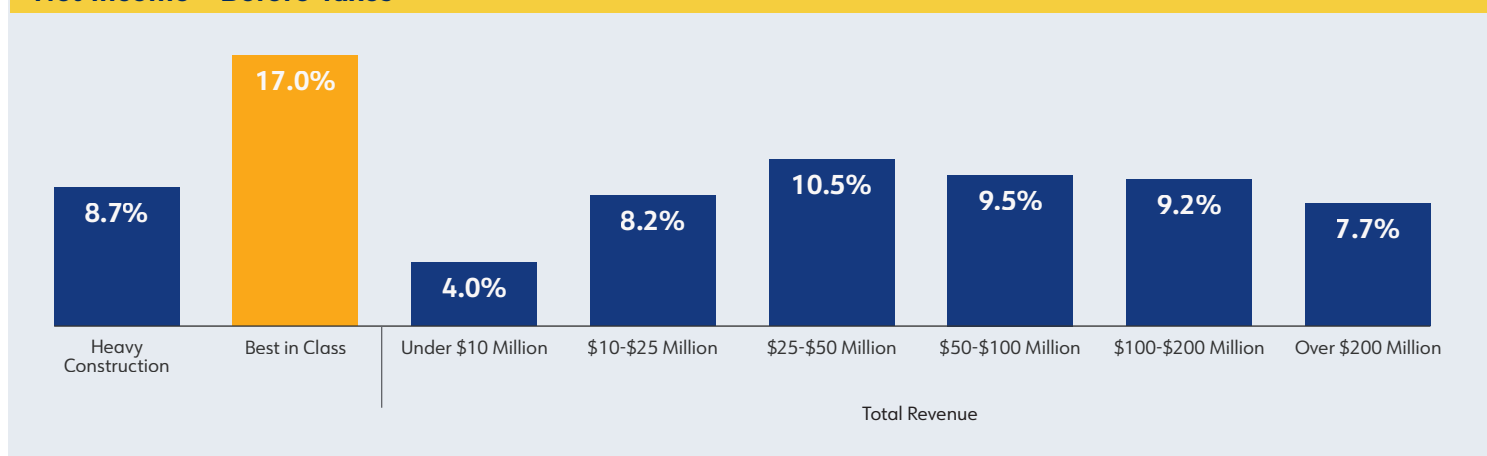
Heavy Construction delivered its strongest profitability in a decade in FY2025, with an average net income before tax margin of 8.7%. The reading caps a clear upward shift over the period. Margins held near 6% through the late 2010s, stepped higher after 2019, and, apart from a brief pullback in 2022, have remained in the upper single digits since. Within the year, results were strongest among mid-sized firms and weakest at the smallest.

The durability of those margins owes much to how the work is performed. Heavy Construction self-performs the majority of its projects, subcontracting less than a quarter of its revenue and carrying the direct labor, materials, and equipment the work requires. Retaining the work supports a healthy gross margin, though it is capital intensive by nature and ties up assets that turn over comparatively slowly.

Not every measure advanced. Backlog and revenue growth both eased from the prior year, though each remained within the range the segment has occupied over the past decade, following a notably stronger 2024.

Across the decade the segment has steadily reduced its leverage, with debt to equity easing from roughly 1.1 to just below 0.9, even as returns on assets and equity trended higher. Stronger results earned on progressively less borrowing point to profitability rooted in operations rather than financial structure, leaving Heavy Construction to close FY2025 both at its most profitable in ten years and at its least leveraged.

Net Income - Before Taxes



Note: Net income before taxes is shown as a percentage of net sales and reflects segment averages. Size categories are based on annual net sales, and Best in Class represents the top 25% of participating firms, as defined under Overall Results.

SPECIALTY TRADE

Company Profile

Specialty Trade is the largest segment in the study, at roughly 37% of respondents, and the most varied in the work it covers. Its participants are overwhelmingly subcontractors, nearly nine in ten, spanning electrical work at about 26% of segment revenue, plumbing, heating, and air conditioning at 18%, and a broad range of other trades that together account for much of the remainder. Firms are distributed across the country, with the largest concentrations in the Far West and Midwest.

Financial Performance Overview

Specialty Trade respondents posted an average net income before tax margin of 7.5% in FY2025, down slightly from 7.7% the year before. Rather than the fresh decade high seen in some segments, the margin held close to the levels since the pandemic period, but well above its late-2010s results. Profit margins varied little by firm size, holding within a narrow band from the smallest participants to the largest.

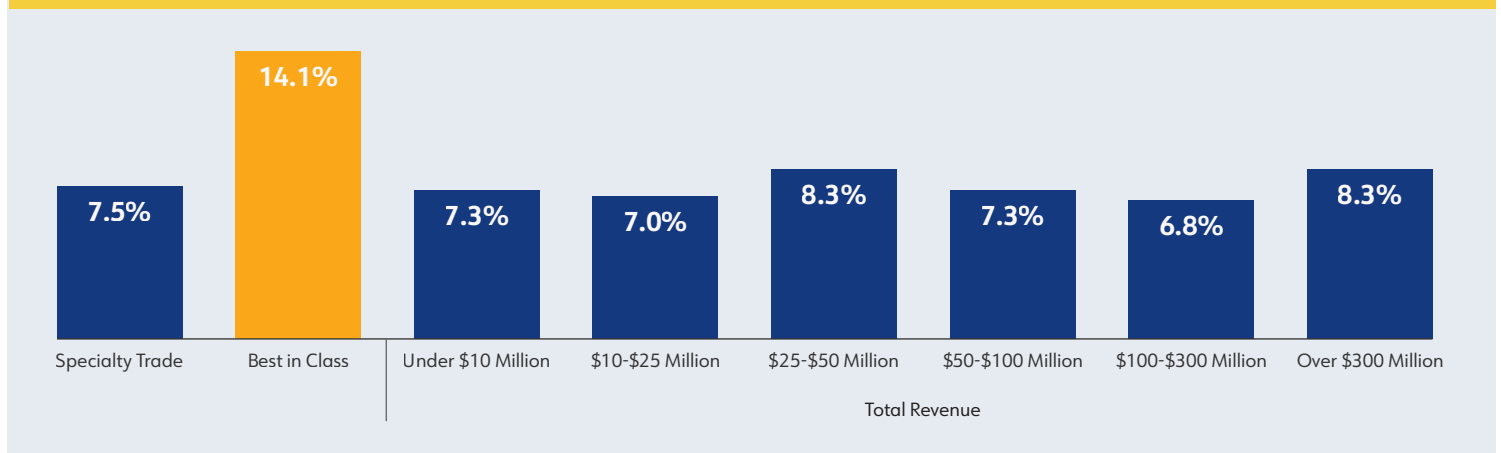
The segment's economics follow from its role. As specialty subcontractors, these firms self-perform their trades and subcontract little of the work, roughly 13% of revenue, which leaves a full gross margin of 22.1%. A heavier overhead load offsets part of that advantage, with selling, general, and

administrative costs near 15% of revenue, bringing the result back to a more modest bottom line. The work is labor-intensive, and direct labor and materials make up the bulk of cost.

Several measures eased from strong 2024 levels. Return on equity slipped to 29.3% and return on assets to 13.8%, and revenue growth slowed to 5.4%. The pullback was modest, leaving the segment's returns in the middle of their 10-year range after several years near the top.

The decade's clearer story is on the balance sheet. Even as this year's margins softened, the segment extended a long buildup in financial cushion. Days of cash have nearly doubled over the ten years, and backlog has lengthened from under six months to more than eight, while leverage has stayed low and steady throughout. Specialty Trade now holds more committed work and a larger liquidity reserve than it did a decade ago, a gradual strengthening that this year's slight profit decline did not interrupt.

Net Income - Before Taxes



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ABOUT THE RESULTS

CFMA's 2026 Construction Financial Benchmarker delivers detailed benchmarking data for the construction community, giving contractors a clear view of how their financial performance compares with that of their peers. These results are most valuable when reviewed in full, with attention to company classification, geographic region, and annual revenue size, which together provide context beyond the top-level findings summarized here.

The online Construction Financial Benchmarker (www.financialbenchmarker.com) allows users to tailor comparisons by selecting the benchmarks that best match their business. With interactive features, trend data dating back to 2010, and visual presentations of key ratios, the tool offers a practical resource for evaluating performance and identifying opportunities for improvement. For more information on the Construction Financial Benchmarker tool, please contact info@cfma.org or 609-452-8000.

CFMA's 2026 Annual Financial Survey was conducted and analyzed by Industry Insights, Inc. in partnership with CFMA's Financial Survey & Benchmarker Committee. CFMA thanks all participants for their contributions and encourages both members and non-members to take part in future surveys, so that the Benchmarker continues to reflect the most comprehensive picture available of the construction community's financial performance.

Results of CFMA's Construction Industry Annual Financial Survey are not intended to be, nor do they provide, a statistically valid representation of the construction industry as a whole. Rather, they are representative of the CFMA General Members and Non-Members who provided detailed and valid financial statements and other required information. The level of participant overlap from year to year can impact the financial results. Differences in the financial statements between years are due in part to market influences and individual company performance, as well as to the different participant makeup each year. Industry Insights was not engaged to and did not audit this information, and, accordingly, does not express an opinion or any other form of assurance on it.

