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Environmental Industry Outlook 2026

Environmental Business International Inc.

MIXED SIGNALS IN 2026 COMPLICATE BUSINESS PLANNING

Companies focus on short-term execution and AI integration in 2026

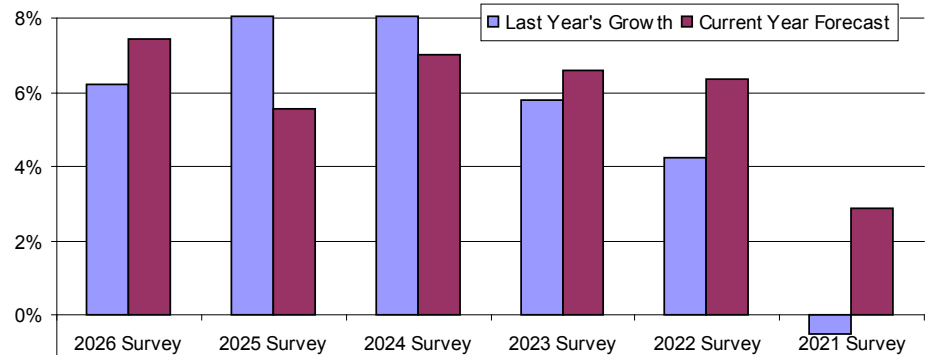
Business planning in 2026 and for 2027 and beyond in the environmental industry feels less like navigating a straight line to a carefully charted destination, and more like negotiating a meandering path in unpredictable seas.

The objectives are still clear: aging infrastructure must be renewed, energy systems must be modernized, climate risk must be gaged managed, air & water quality must be maintained, contaminated sites must be inventoried, prioritized and addressed, and industrial clients must continue to comply with permits and meet public expectations.

But the signals guiding the route are inconsistent. Economic growth is positive but uneven. Federal policy is shifting, but state and local regulatory programs remain active. Energy demand is rising, but the pace and composition of the energy transition remain contested. Infrastructure funding is still flowing, but project timing, permitting, labor availability and client confidence vary widely by market and region.

For environmental industry executives, the result in 2026 is a more tactical approach to strategic management. Firms are still investing, hiring, acquiring and expanding, but with more attention to backlog quality, contract discipline, margin protection, staff utilization and client-sector diversification — with a mostly cautious implementation of AI tools and systems in the background. Long-term planning objectives exist, but many are less emphasized given uncertainties in policy, the economy, geopolitics and upcoming election cycles.

Revenue Growth Rates: 2021 to 2026 EBJ Surveys



Inside EBJ: 2026 Environmental Industry Outlook

EBJ's Environmental Industry Outlook 2026 finds executives encountering some mixed signals on the market's direction, but overall optimism for continued growth. Results of EBJ's annual survey point to more varied performance amongst companies but clearing priorities on key clients, geographies, service categories and technology applications. Consensus data on the economy and the energy outlook complement EBJ's usual expert perspective and executive Q&As..... 1-20

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Average Company Gross Revenue Growth Rates & Forecasts: 2021 to 2026 Surveys

	2019	2020	2021	2022	2023	2024	2025	2026	2027
2026 Survey	--	--	5.2%	8.4%	9.3%	6.6%	6.2%	7.4%	6.7%
2025 Survey	--	--	4.2%	7.9%	9.2%	8.1%	5.6%	--	--
2024 Survey	2.7%	1.8%	3.8%	8.2%	8.0%	7.0%	--	--	--
2023 Survey	3.7%	0.7%	2.7%	5.8%	6.6%	6.5%	--	--	--
2022 Survey	2.4%	-0.3%	4.3%	6.4%	6.4%	--	--	--	--
2021 Survey	2.5%	-0.5%	2.9%	3.3%	--	--	--	--	--

Source: EBJ Snapshot Surveys - 2021, 2022, 2023, 2024, 2025 and 2026. Question was: Please report your company's gross revenue growth rate.

Instead of betting heavily on one policy pathway or macroeconomic scenario, leading firms are building portfolios of services that can perform across multiple futures: water and wastewater, remediation, air quality, PFAS, power and transmission, data centers, industrial compliance, risk & liability, resilience, environmental due diligence, and the continued investment in public infrastructure.

Environmental Business Journal's 2026 Outlook Survey captures a sort of cautious pragmatism. Respondents are somewhat more guarded than in recent years about the durability of market drivers, the reliability of federal funding, the cost of labor, the trajectory of future regulation and enforcement, and the political volatility affecting client investment decisions.

The EBJ Outlook results summarized in this review provide a collective perspective on how environmental companies are reading today's mixed market signals, and where and in which clients they see the most short-term opportunity in 2026 and 2027, with comparisons to previous years.

Annual Growth Trends

The revenue growth outlook reflected in the survey suggests that environmental firms remain optimistic about near-term expansion, but expectations have become more measured and uneven as the industry transitions away from the unusually strong post-pandemic and infrastructure-driven growth cycle. The 2026 survey shows respondents reporting 6.2% average growth in 2025 with expectations accelerating to 7.4% in 2026, reversing the more cautious outlook captured in the prior survey, where firms expected only 5.6% growth

for 2025. This rebound in sentiment suggests firms expect current softness to be temporary rather than structural.

Historically, the trajectory shows a clear progression from pandemic recovery to normalization. Growth accelerated from near-zero or negative levels in 2020–2021 to exceptionally strong expansion in 2022–2024, fueled by recovery funds, inflation-driven pricing increases, labor shortages that supported rate growth, PFAS and remediation spending, energy investment—and especially for the environmental industry, the surge of funding associated with the Bipartisan Infrastructure Law (BIL), energy transition incentives, and related federal programs. However, the slowdown from 9-10% reported growth in 2023 to

Average Company Gross Revenue Growth Rates: 2021 to 2026 Surveys

	Last Year's Growth	Current Year Forecast
2026 Survey	6.2%	7.4%
2025 Survey	8.1%	5.6%
2024 Survey	8.0%	7.0%
2023 Survey	5.8%	6.6%
2022 Survey	4.3%	6.4%
2021 Survey	-0.5%	2.9%

Source: EBJ Annual Snapshot Surveys - 2021-2026. Question was: Report your company's gross revenue growth rate; the average is presented.

7-8% in 2024 and 6.2% in 2025 indicates that many firms are moving beyond peak infrastructure stimulus conditions into a more mature growth environment.

Part of the softer near-term environment likely reflects timing and policy transitions rather than a deterioration in demand fundamentals. By 2025, many

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SHN REMAINS OPTIMISTIC ON 2016 IN NORCAL MARKETS; EMPHASIZES MORE FIELD WORK AND AN AI STRATEGY

SHN is a small engineering and related services consulting firm with a footprint that covers rural northern California and southern Oregon. SHN's primary service areas are civil engineering, geosciences, environmental and biological services, surveying, planning and permitting, and materials testing and special inspections. SHN currently supports seven offices, with staff sizes ranging from 50 (in Eureka, California) to 3 (Klamath Falls, Oregon). SHN environmental services include environmental site assessments, investigations, and cleanups; environmental compliance related to NPDES and WDR permits; stormwater regulatory compliance; wildlife biological and botanical surveys; wetland delineations; mitigation design and permitting; and environmental planning services including NEPA/CEQA and special studies. SHN civil and environmental engineers and engineering geologists perform water and wastewater treatment design and construction management, aquatic restoration design and construction management, and "rails to trails" design.

Mike K. Foget, CEO, Senior Civil and Environmental Engineer: During his 35 years of environmental and civil engineering experience, Mike has investigated and remediated several sites including the Exxon Valdez oil spill in Alaska and the Tuluwat Island wood preservatives and boat maintenance contamination on Humboldt Bay. In 2019, Mike accepted awards from the Environmental Business Journal and the American Council of Engineering Companies for his work as Project Manager and senior engineer for the rehabilitation of water, wastewater, and roads infrastructure in the historical Town of Scotia, CA. Mike started at SHN in 1995 as a staff environmental engineer, and was promoted to Environmental Services Principal and later to Civil Engineering Principal. In January 2019, Mike became SHN's third CEO.

EBJ: How has business been so far in 2026 and what external factors have played into your short- or long-term business planning and strategy here in Q2 2026?

Foget: Business has continued to be good in Q2 2026. In our region in Northern California, short term external factors included the federal government defunding grants for development of a heavy lift marine terminal in Humboldt Bay, which would have supported assembly and logistics for offshore wind leases off the northern California coast.

The IIA continues to have a positive impact on wastewater and broadband projects in our region. Long-term, an external factor will be the impact of AI on our industry. Part of our long-term planning is cautiously incorporating AI into "shallow" work, and also diversifying our workforce into more field intensive (AI incompatible) activities such as biological monitoring, land surveying, geosciences, and materials

testing. While all of these field activities will use technology to improve efficiency, they will still require staff in the field.

EBJ: How would you rank which have been the largest or recently impactful drivers of your work as this federal 'de-regulatory' transition evolves: State initiatives; Local programs; private sector investment to minimize future liabilities; private sector investment to minimize future exposure to climate risk; private sector investment to anticipate future environmental compliance costs; infrastructure development; energy development for centralized systems; energy development for distributed or behind-the-meter systems; horizontal infrastructure for energy & power; others?

Foget: In order

1. The current federal administration's biggest long-term impact on SHN is and will be lack of support for large scale re-

newable energy investment in centralized systems. Over the past 10 years, support for renewable energy has oscillated back and forth between administrations but prior to this one, investments in wind, solar, and hydrogen were positive. Future investment in renewables may focus outside of the US for some time, regardless of who is in Washington DC.

2-4. A relaxing of regulations will decrease private sector investments by minimizing future liabilities. The future exposure to climate risk remains but relaxing of regulations will decrease future environmental compliance costs.

5. When State programs that are funded by US EPA are cut, Clean Water Act funding to states is also cut, leaving less to fund their State Revolving Funds for clean water and wastewater projects.

6. Local programs – as federal funding is cut, the burden is being shifted to state and local agencies. In the regions SHN operates in, the local programs are already primarily grant funded.

7. Horizontal infrastructure for energy and power will remain strong in the west due to wild fire danger that is driving undergrounding of utilities, and demand for energy-hungry AI data centers.

EBJ: How have you managed pricing strategy or contract mechanisms, and any resulting rate increases over the last few years such as inflation, wage increases and personnel retention pressures have increased?

Foget: This has been challenging, especially post-Covid when inflation was high. We have been raising rates and salaries annually. We also have had to increase our multiplier from 3.0 pre-Covid to ~3.25. One of the primary drivers has been the cost of equipment and technology as technology has been integrated into our workflow and tasks take less time. We are also migrating towards value pricing where possible.

EBJ: How has your implementation of an artificial intelligence strategy or deployment on selective projects impacted how you charge on time &

materials projects or how you expect to bid projects or negotiate master service agreement projects in the future?

Foget: As stated above, we are working on value pricing as workflow becomes more efficient with technology, coupled with the expenses associated with acquiring these technologies and associated equipment.

EBJ: What have you found to be the most useful, productive or impactful application of AI platforms, first for you personally and second for your company or your team?

Foget: For us it has been time management. I use it as an AI agent to summarize notes and locate information. Its use at SHN is related to the efficiency of finding information and aggregating it. "Back office" use of AI in marketing and accounting will be increasing. AI has required us to explicitly recognize that our client relationships are key to our business, and these cannot be delegated to AI.

EBJ: What is your opinion on sustainability and durability of the data center market in the near and short-term? What areas has your company focused on in energy and power: planning & permitting, community outreach, design, CM/PM implementation management or civil/geotech building infrastructure design implementation and management?

Foget: While we have performed limited work on data centers, energy infrastructure (distribution and transmission) has been an SHN focus. We have still seen a fair amount of work related to energy and power through our services including planning and permitting, survey, civil and geotechnical design, engineering geology, and CM.

EBJ: Which of your SHN specialty service categories has grown notably or had the most innovation in the last couple of years? Testing, planning, surveying... or more hard scale infrastructure work?

Foget: The greatest growth over the past few years has been in survey, which has

more than doubled in staff size, followed by materials testing, and then planning and biological services. All of these are field intensive. Because we operate in a rural areas between the San Francisco Bay area and Portland, we have adopted data collection technology that creates efficiency in the field and back in the office.

EBJ: With energy security, energy dominance, and energy independence with less reliance on the grid all driving the environmental business today what is your current involvement and long-term perspective on these categories: Electrification of transportation & EV fleet charging and regional networks; the development, transportation and export of traditional fossil fuels in oil and natural gas; behind the meter distributed or independent power generation for private clients or government infrastructure?

Foget: While we do not have a service area that leads these efforts, we are involved as a subcontractor supporting permitting, survey, biological studies, geotechnical, and materials testing and special inspections.

EBJ: Please review the EBJ Outlook Survey result summary tables and make some observations that occur to you on market rankings, forecast, long-term energy scenarios, rates, etc.

Foget: I concur with the general bullish look at the markets. The market trends in the forecast are close to what we are seeing. 2026 is still strong, but a lot of the Biden era programs taper off or end in 2027.

It is also hard to predict the economic impacts on the ongoing conflict in the Middle East which still has not been resolved. However, the war has highlighted the volatility of petroleum-based energy in the US, and has accelerated the demand for renewables outside of the US. The impact of AI is a market disrupter and will impact our industry in the next 12-18 months.

EBJ: What was your original inspiration to get into the industry in the first place, and what circumstances led to you taking on a senior management role?

Foget: My father was my original inspiration. He was a consultant working internationally on oil spill clean ups. He traveled the world overseeing cleanups and he loved his job. That led me to pursue an environmental resources engineering degree from Humboldt State University (which is now Cal Poly Humboldt).

I did a lot of remediation work at refineries and in the energy sector, which lead me to graduate school at Washington State University to study in-situ remediation methods (primarily ISCO related). I eventually left a position at a large consulting firms in the Bay Area and moved to a smaller regional firm in northern California, SHN. Being an engineer, it was my nature to always be looking at ways for our group to be more efficient and improve.

At SHN, I was managing projects and was content with that but eventually my supervisor became the CTO and tapped me to run the environmental services group. I was initially reluctant but grew to appreciate the opportunity to help mentor others and watch them develop, lead a team of professionals, and be responsible for the direction of the group.

When the then-CEO planned to retire, he had a few individuals who he trusted to lead the firm. I think my experience, years as a principal at SHN, diversity in skills between environmental engineering and civil engineering, and passion for the work I am involved with, led to me being selected. I enjoy the strategies related to operating a consulting firm in a rural area, which is different than in the major urban areas. ■

The greatest growth over the past few years has been in survey, which has more than doubled in staff size, followed by materials testing, and then planning and biological services. All of these are field intensive.
