

# The State of the Southern California C-17 Glass Industry

## The Merger & Acquisition Market Market Overview & Outlook

Southern California remains one of the most active markets for architectural glass and glazing, with a dense concentration of C-17 licensed contractors serving luxury residential, commercial, and high-spec construction markets.

The industry is being shaped by three converging forces: **surging post-fire reconstruction demand, constrained skilled labor capacity, and a generational transition in ownership.**



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# Recent Transaction Experience & Market Observations

Having recently represented the successful sale of a second-generation legacy C-17 glass business in Southern California, I became closely familiar with both the operational fundamentals and economic dynamics of the industry.

## A Broader Buyer Universe

- Outreach extended beyond traditional glass industry buyers
- General contractors included as prospective acquirers
- Vertical integration particularly compelling for luxury residential contractors
- Glass and glazing represent a significant component of overall construction cost

## The Key Realization

Luxury residential glass businesses are especially attractive acquisition targets because they can provide general contractors with enhanced project control, margin retention, and scheduling flexibility.

*Well-positioned C-17 glass businesses may attract interest from a wider range of acquirers than many owners initially assume.*



# Executive Summary: Demand Is Outpacing Capacity

Southern California's C-17 glass and glazing industry is entering a period of heightened demand and limited capacity. Even prior to the recent fires, many

- ✔ *The loss of thousands of homes in the Palisades has accelerated these dynamics, creating multi-year demand for windows and architectural glass.*

The current industrywide search for much-needed added capacity may present a significantly favorable opportunity for current C-17 business owners. Sophisticated buyers frequently recognize that operational patterns in owner-operated shops may indicate untapped growth potential. Well-positioned businesses may represent particularly attractive acquisition opportunities, with valuations influenced by factors extending well beyond historical tax returns.



## Post-Fire Reconstruction

*Thousands of homes lost in the Palisades creating sustained multi-year replacement demand*



## Skilled Labor Shortage

*Experienced glaziers are difficult to recruit and slow to train, limiting rapid capacity expansion*



## Capacity Constraints

*Established firms with trained crews and proven execution are increasingly central to meeting demand*



# Ownership Transition: A Defining Dynamic

Many established C-17 glass businesses are owned and operated by individuals approaching retirement age. In many cases, these companies shift toward maintaining the status quo rather than pursuing aggressive expansion, often delaying investment in additional capacity, hiring, marketing, or growth initiatives.

## The Growing Disconnect

Given their stage of ownership, many are often **less inclined to deploy substantial new capital** into expansion initiatives. This creates a widening gap between two realities:

### Strong Current Performance

Profitable operations, loyal contractor and builder relationships, and established reputations built over decades

### Future Capital Requirements

The investment in capacity, hiring, and infrastructure required to fully capture current and future reconstruction demand



# Residential vs. Commercial Glass Contractors

The Southern California C-17 market includes both residential and commercial glass contractors, each with distinct operational characteristics, customer relationships, and growth dynamics.



## Residential-Focused

Relationship-driven businesses built around builders, designers, architects, and homeowners. Operational flexibility, scheduling responsiveness, and reputation frequently play an important role in long-term success.



## Commercial Glazing

More project and bid-oriented, with greater emphasis on project management, estimating capabilities, bonding capacity, and execution of larger-scale commercial work.



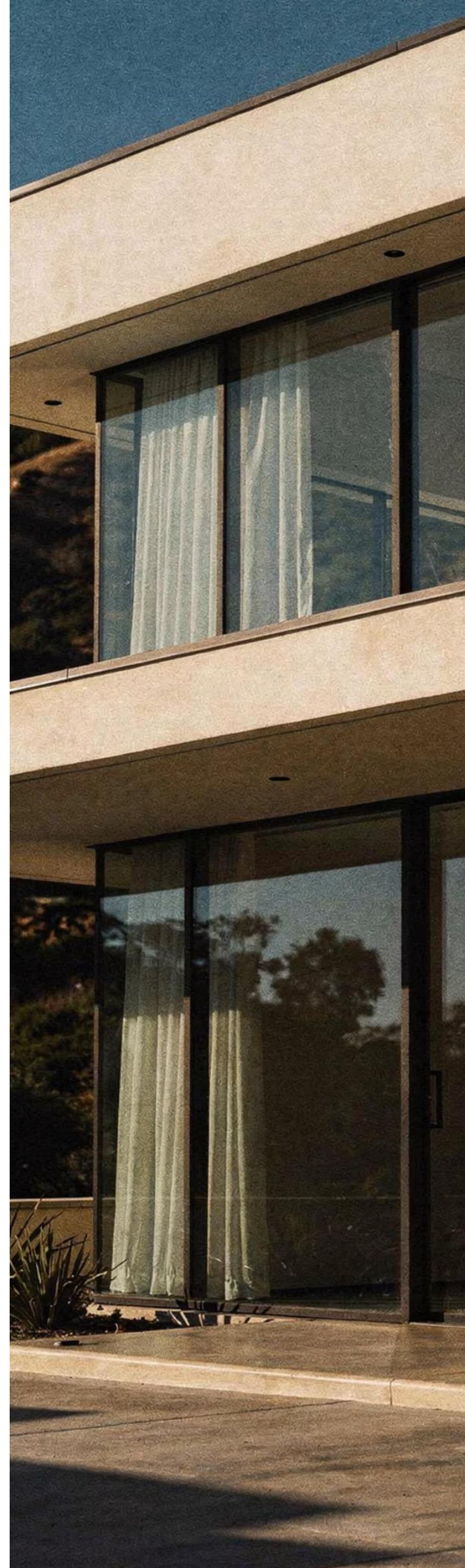
## Buyer Distinctions

Buyer interest, valuation considerations, and acquisition opportunities can vary significantly between the two segments. Many C-17 contractors perform work across both segments depending on relationships, project size, and market conditions.



## Operational Efficiencies

Shared infrastructure, best practices, and systems that reduce cost and improve scalability across residential and commercial segments.



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# A Compelling Liquidity Opportunity for Owners

For current owners, the convergence of these factors has created a compelling window. Post-fire reconstruction demand has created a sellers' market, while buyer demand remains high and the supply of quality acquisition targets remains limited — supporting **attractive valuation levels**, particularly for shops with luxury residential exposure, strong contractor relationships, and established reputations.

Equally important, many of today's transactions are increasingly structured as **transitions rather than immediate exits and retirements**. In a recent transaction, we were able to negotiate a phased-in retirement over several years — with lots of free time to enjoy a new grandchild. Many buyers seek to retain owners for a defined period to ensure continuity and preserve relationships.

## □ Achieve Liquidity

Realize significant value at favorable valuations in today's active sellers' market

## □ Reduce Personal Risk

Eliminate day-to-day operational burden and personal balance sheet exposure

## □ Participate in Upside

Retain equity or earn-out participation in the business's continued growth

## □ Defined Timeline

Transition out of the business on a structured, predictable schedule aligned with personal goals



# Timing Matters: The Risk of Standing Still

While the outlook for the industry remains strong, the benefits of that growth will not be evenly distributed. Capturing the current phase of opportunity will increasingly require **ongoing investment in capacity, workforce, and business development** — or a timely, well-structured exit.

## The Near-Term Illusion

In the near term, strong reconstruction demand can mask the risks of standing still. For owners nearing retirement, the decision to reinvest is not always straightforward — many are understandably cautious about committing additional capital at this stage.

Over time, however, the gap can widen. Businesses that do not continue to invest may begin to experience:

Slower growth relative to better-staffed competitors

Increased competitive pressure from larger, better-capitalized glazing firms

Greater customer concentration risk as key builder relationships evolve

Reduced strategic appeal to buyers seeking scalable platforms

## What Drives Valuation Today?

Valuation is increasingly tied not just to current earnings, but to **future growth potential and sustainability**.

### Today's market reflects a favorable alignment of:

- Strong post-fire reconstruction demand
- Active and well-capitalized buyers including general contractors
- Limited supply of quality C-17 businesses available

That alignment is what is supporting current valuation levels — and it may not persist indefinitely as the industry evolves.

⚠️ As the reconstruction cycle matures, the window may narrow, particularly for businesses not positioned to participate fully in the next phase of growth.

# The Road Ahead: Growth Will Favor the Well-Positioned

Looking ahead, the outlook remains strong — but execution will matter more than ever. Reconstruction demand is expected to remain robust for multiple years. However, the ability to capitalize on that demand will depend on access to capital, workforce development, and operational scale.



As a result, the industry is likely to see continued consolidation, with larger and better-capitalized organizations gaining share — making the current moment a pivotal decision point for independent C-17 glass business owners across Southern California.

# Bottom Line

The Southern California C-17 glass and glazing sector is entering a period where **market opportunity and ownership transition are intersecting in a meaningful way.**

For many owners, the question is no longer whether demand exists — it clearly does. The more strategic question is:

**Who is best positioned to invest in and capture the next phase of growth?**

For those evaluating their long-term plans, today's market presents an opportunity to realize significant value while positioning the business for continued success under the right partner.

## Strong Demand

Multi-year reconstruction and luxury residential projects provide sustained revenue visibility

## Active Buyers

Well-capitalized acquirers — including general contractors — competing for quality Southern CA glazing firms

## Limited Supply

Few high-quality C-17 acquisition targets available in the current market

## Favorable Valuations

The convergence of these forces is supporting attractive pricing today



# Call to Action

## Understand Your Options Today

For owners evaluating their next chapter, this market presents a unique opportunity to understand what their business may be worth today — and how that compares to its potential future value under different paths.

A confidential discussion can help frame those options and provide a clearer basis for decision-making.

- ✔ A confidential conversation costs nothing and can provide meaningful clarity on the value you've built — and the paths available to you.



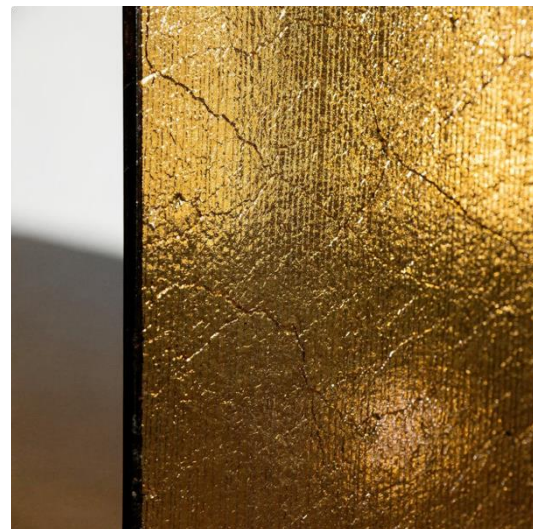
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*"In my follow-up discussions with sellers who choose to remain active post-sale, there is a consensus that eliminating the responsibilities of actually running a business have made the day-to-day work far more appealing. Much less stress — some have indicated that they have returned to focusing on the hands-on craft of glazing that they always enjoyed most about the work."*

# Are You Considering a Sale... How to Maximize Value at Exit

Achieving a premium valuation at exit requires more than putting a business on the market. It requires intention, discipline, and preparation long before the first buyer is contacted. At Pacific Business Exchange, we believe exceptional outcomes are engineered, not hoped for. The difference between an average sale and a top-tier exit is determined well in advance of the listing process.

Most C-17 glass businesses are marketed with fragmented financials, unclear operating narratives, and little buyer-focused positioning. That gap creates uncertainty, and uncertainty drives valuation down. Our approach is different. We work closely with owners to prepare the business for serious buyers by organizing financials, clarifying operations, and positioning the company's strengths in a way that supports confidence, competition, and premium pricing. This upfront preparation is where underlying value is unlocked and negotiating leverage is built in the seller's favor.



# Preparing Your Business for Market

Many owners are surprised by how much value is "hidden" within their business until it is properly structured and communicated. Unlocking that value does not happen by chance, it happens through disciplined preparation and a clear articulation of the company's strengths, stability, and future potential.

We go beyond standard financial reporting to develop a complete picture of the business operationally, financially, and commercially. Enabling buyers to quickly understand both current performance and future growth opportunities and why your business is worth more than what's on the tax return.

Message by  
**Fred Mercurio, Jr.**

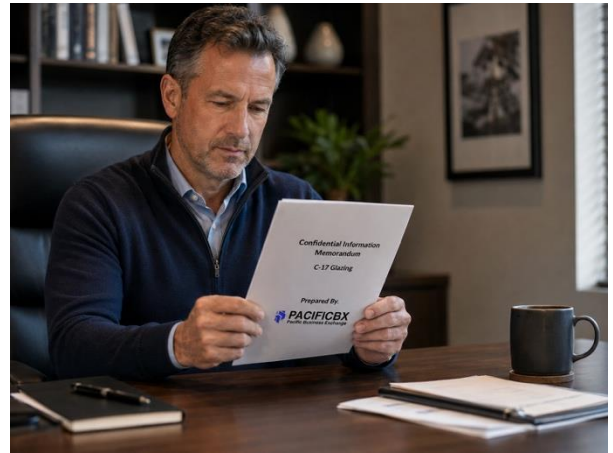


# The Role of the Confidential Information Memorandum (CIM)

The Confidential Information Memorandum (CIM) is the primary marketing document used to present a business to qualified buyers. It is where the business, its operations, financial performance, competitive strengths, and future growth opportunities are organized and communicated in a clear and credible manner.

## A Strong CIM:

- Goes beyond mere financial results
- Mitigates buyer's misconceptions
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- Heightens buyer's confidence
- A clear investment thesis outlining why the business is attractive today
- Allows seller and advisor to define the business
- Detailed financial performance, including normalization and adjustments
- Capabilities, equipment, crews, and operational capacity
- Management structure and workforce profile, including key glaziers and project managers
- Industry positioning and competitive dynamics within the C-17 market
- Clearly defined post-acquisition growth opportunities



*The CIM is a marketing tool that provides a unique opportunity to thoughtfully position the business by highlighting the operational strengths, historical stability, scalability, and future opportunities that often drive sophisticated buyer interest and valuation.*

**A note to those not quite ready to retire...** Many buyers prefer for owners to remain during a transition of 1–3 years, not always full-time. During many of my post-sale follow-up discussions with those sellers who chose to remain active post-sale, there is a consensus that by eliminating the responsibilities of having to run the business... it made the day-to-day work far more appealing. Much less stress, more personal family time — some indicated they returned to focusing on the hands-on craft of glazing that they always enjoyed most about the work.

## A Confidential Conversation Costs Nothing

A confidential conversation costs nothing and can provide meaningful clarity on the value you've built — and the paths available to you.

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