

A man with short brown hair and a beard, wearing a grey t-shirt and a blue striped apron, is looking down at a tablet computer he is holding with both hands. He is smiling slightly. The background is a blurred bar or kitchen area with shelves of bottles.

STATE OF FACILITIES MANAGEMENT

2025 Outlook and Strategic Insights



01

THE NEW LANDSCAPE OF FACILITIES MANAGEMENT

Foreword by Matt Singer, Chief Executive Officer of Ecotrak

Facilities management in 2025 will bring new trends and challenges, requiring facilities management professionals to make strategic shifts in operations, resource allocation, and technology.

Founded by experts with 40+ years' experience, Ecotrak delivers asset-first facilities management for 250+ brands across 15,000+ locations.

The survey participant data in this white paper pulls from a wide range of respondents, polled by Ecotrak, in service-related industries such as restaurants, grocery stores, and convenience stores. This report focuses on repair and maintenance costs, technologies, and labor force outlooks for these facilities management professionals. We've also included information from our internal customer reports, drawing insights and trends from our rich repository of facilities management data on the Ecotrak platform.

Some of the key takeaways we found about the current state of facilities management:

- **Vendor and service provider network trends:** While respondents are generally optimistic about their service provider networks, making decisions about resourcing external vendors versus internal teams is complex, and macroeconomic changes may continue affecting service provider availability.
- **Strategy adaptations for 2025:** Over **60%** of respondents anticipate increased costs coming down the pipeline from vendors, which calls for new operational adjustments. Organizations are also working to adopt new process efficiencies to address rising costs.
- **Financial outlook and budget strategies:** Facilities management professionals are examining finances closely to keep up with budget changes and fluctuating expenditures. Drawing from insights in Ecotrak customer reports, increases in both overall inflation and individual asset group costs seem likely to continue.
- **Technology innovation trends:** Organizations are leveraging technology to make the workforce and vendors more productive, helping mitigate the effects of labor shortages or higher labor costs. However, there is still room for a lot of progress to be made within standard facilities management processes.

This report is a comprehensive guide for facilities management teams with insights into the future challenges and solutions within the facilities management space. Adapting in this changing industry requires strategic thinking and dedicated implementation; knowing what lies ahead is the first step.

- Matt Singer, Chief Executive Officer of Ecotrak

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SURVEY RESPONDENT PROFILE

Ecotrak, a leading enterprise facility and asset management platform, conducted a nationwide survey with dozens of facilities management professionals across various industries.

Survey participants ranged from Facilities Coordinator all the way to C-suite professionals. Most participants were in the food service and restaurant industry, with other industries like convenience stores and grocery represented.

The professionals surveyed averaged over a decade of experience in the facilities management industry, and they managed anywhere from 5 to 600+ locations, with an average of 90 locations.

How long have you been in Facilities Management?



VENDOR AND SERVICE PROVIDER NETWORK TRENDS

Vendor Networks and Coverage

Respondents reported that their mix of local, regional, and national vendors fundamentally depended on the dynamics of each facility's market.

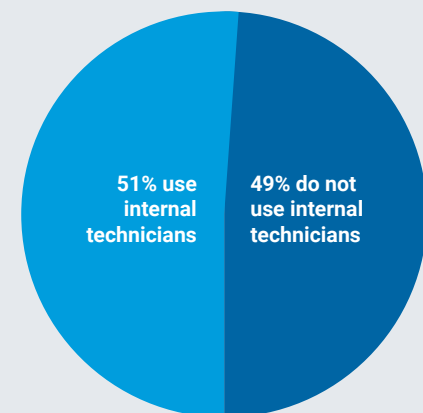
They indicated a preference for hiring regional or local vendors when possible, but the reliability and pricing depended on the area. Other respondents reported that national vendors tended to have more availability, but pricing wasn't as competitive and national firms were frequently subcontracting locally anyway.

Macroeconomic changes in trade services may be contributing to the new landscape of local, regional, and national vendors. As reported by the Wall Street Journal, "private-equity investors have purchased nearly 800 HVAC, plumbing and electrical companies since 2022", adding efficiencies to rapidly-scaling vendors but also condensing operations across regions.

Staffing Strategy and Service Provider Dynamics

Those who use internal technicians reported that these staff generally focused on a specific category of equipment, or functioned as a dedicated technician for smaller and more urgent jobs. **However, many organizations with internal technicians commented that they were not able to rely entirely on an in-house team and still hired external vendors to handle the volume of work in facilities management.**

Respondents were evenly split between a staffing strategy based on case-by-case needs and using a centralized dispatch.



While there is no “one size fits all solution”, we view vendor management as a key area of focus for private and public corporations seeking to improve efficiency, against an increasingly challenged economic backdrop and heightened competitive environment. In our view, greater transparency into pricing and performance better positions operators to optimize provider networks, in turn, creating a competitive advantage for those able to effectively leverage technology.

- Charles Nabhan, Research Analyst, Stephens Institutional Equities and Research

“ Stephens ”

43% of respondents track inventory and parts as part of their vendor network strategy

Ecotrak customers report spending **30%** less time processing work orders due to streamlined efficiency

As the industry continues to struggle, companies immediately look to the G&A for reduced strain on the P&L. The facilities departments are not immune to this and are continually asked to do more with less. This leaves you needing partnerships within the industry that can help you leverage technology to stay afloat. The more efficient your processes can become using AI & automation, the more value you can continue to bring to the bottom line.

- Nic Stoyer, CRFP, Director of Facilities & Equipment at Bartaco

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ADAPTING FACILITIES STRATEGY IN 2025

Workflow Management and Performance Pressure Points

Pressures included:

- Slow service response times and low efficiency
- Incomplete first time fixes and inadequate follow up between vendor and locations in completing jobs
- Untimely invoicing and lag time in payments
- Challenging vendor sourcing and communication with vendors
- Higher costs related to labor, travel, and supplies (combined with budget reductions)

62%

of respondents who anticipate planned cost increases from vendors

85%

of participants reported pressure on workflow management and the time it takes to complete work

Operational Adjustments, Staffing and Labor Shortages

External vendors:

Many respondents indicated they were **struggling to find vendor coverage** for wide-ranging areas of service, from welding and plumbers to HVAC and equipment repair. Many respondents singled out the **difficulty in finding vendors in rural and remote areas** in particular.



Pressure on the P&L will remain into 2025, impacting wages, COGS, R&M, and capex. The more data we have to predict trends, diagnose issues, and act quickly, the better we can allocate resources to protect or expand margins in a challenging environment.

- David Tresko, Executive Vice President of Revenue Management, Sizzling Platter



SIZZLING PLATTER
A FRANCHISE GROWTH PLATFORM



Internal staffing:

Most organizations did not report challenges with internal roles, with **71% of respondents reporting they are not experiencing labor shortages within their organization**. However, for those with internal labor shortages, they indicated a deferred maintenance backlog and work order management or sourcing challenges.

43% of respondents have planned team changes in 2025, such as creating positions for internal technicians or adding to existing maintenance teams.

Challenges respondents hope to tackle in 2025:

- Digitizing asset data and general inventory tracking
- Regionally-focused vendor organization with increased efficiencies
- Developing in-house maintenance capabilities for small fixes that can be done with on-site or local staff
- Strategic work order management for reactive and preventive maintenance

92%

of respondents indicated they are willing to pay more for a faster response time

FINANCIAL OUTLOOK AND BUDGET STRATEGIES

2025 Budget Projections

For those anticipating budget increases, they specified costs for vendor labor or internal facilities management teams, preventive maintenance, and specialty areas like sustainability or HVAC.

According to CBRE's 2023 Facilities Management Cost Trends report, as reported by Facilities Dive, "inflation is also expected to persist for hard services contracts such as electrical, plumbing and HVAC... labor markets will remain tight and wage growth will drive FM cost growth".

50% of participants anticipate budget increases for facilities in 2025

36% report no increases and 14% are unsure

Resource Allocation

During the budgeting process,

- **3** out of 5 professionals consider age of location or equipment/planned replacements
- **1** out of 2 professionals consider historical trends
- **1** out of 3 professionals consider sales/volume

For deciding the budget for repair versus preventive maintenance, some participants follow a set formula (such as 25-35% for repair and 65-75% preventive maintenance), and others report adopting an approach that varies by piece of equipment or customized by region/facility.

Cost Reduction Plans

64% of respondents have some planned cost reduction strategies in 2024

79% of respondents reported not having a proactive asset replacement strategy

Ecotrak customers report an average of **15%** repair and maintenance cost savings, and an **overall 5x ROI**

A Look at Ecotrak Customer Reports

To take a look at trends in inflation and asset groups, the Ecotrak team pulled together reports from customer data that was processed on our platform.

Looking at a high-level breakdown between the years 2022-2024, we examined the year-over-year cost increases on total invoice spend, labor costs, and material costs.

Rising inflation has created significant operating challenges across industries, particularly those that are reliant on labor such as restaurants. This headwind has resulted in rising bankruptcies, consolidation, and a greater variability in earnings/margin performance of public corporations.

- Charles Nabhan, Research Analyst, Stephens Institutional Equities and Research

“ Stephens ”

Takeaway: The increase in average total spend and average labor cost doubled between 2022-2023 and 2023-2024.

- Average total spend per invoice increased almost **7%** between 2022 and 2023, but between 2023 and 2024, it rose nearly **14%** (from an average invoice of \$534 to \$608).
- The average labor cost rose nearly **9%** in 2022 to 2023, but it grew to a **14%** increase between 2023 and 2024.

Takeaway: Material cost made a 9x jump between 2023 and 2024.

The largest jump was in material cost. While material cost increased **1.78%** in 2022-2023, it skyrocketed **16.93%** in the period between 2023 to 2024.



Our Asset Group report drilled down into the spend, labor, and material costs broken down by asset types.

Takeaway: Most asset classes, such as cooking equipment, HVAC, plumbing, and refrigeration, continued the trend of steady increases in average invoice total, average labor cost, and average material cost. Annual increases ranged from 9% to 30% in 2023-2024.

Takeaway: The janitorial asset class has experienced more disruption than other areas, rebounding to a more predictable increase in 2023-2024 after a tumultuous cost increase in 2022-2023. The increase in costs for janitorial is still outpacing the rise of costs in other areas.





TECHNOLOGY ADOPTION AND INNOVATION

Opportunities for Technology Use

About **half of the respondents believed there was specific insights or data available through technology** that would support daily decision making. Examples included insights about service provider efficiency and cost comparison, an equipment or parts list that included a cost breakdown and failure rates, and general visibility into open work orders, cost, amount of preventive work, and equipment warranty status.

Respondents also gave examples of ideal, automated daily or weekly push reports that would be helpful in facilities management:

- Status updates on open, past due, and complete work orders or service tickets
- Budget data around cost-effectiveness of equipment and average cost per work order
- Reports around internal tech efficiency/planning and hours spend on each work order per tech
- Summaries of chronic issues and average downtime of equipment per store due to repair delays

100%

of survey participants reported that if technology could help identify more specific troubleshooting from the manufacturer or service providers directly, that would benefit their team

83%

agreed that more specific insights into cost by vendor or markup would help with vendor procurement strategy

Role of Technology

To meet operational goals, respondents are leveraging CMMS, Smart IoT Sensors, and other software for tracking, reporting, and even predictive maintenance decision-making.

77% of respondents reported using data from the CMMS software to present to supervisors. Data included asset information, costs, service provider KPIs, work order progress, and preventive maintenance completion.

Almost 70% reported using sensors or planning to use sensors in locations to measure temperature, humidity, water pressure or other metrics.

85% would want to consolidate sensors into the CMMS to automate work order creation, primarily through predictive maintenance that informs replace vs repair decisions, predicts unit failure to proactively dispatch repair vendors, or ensures parts are stocked.

However, respondents clarified that to fully feel confident in relying on sensors for automation or predictions, they would need visibility into history logs, proof of savings or downtime reduction, and reliable, redundant sensor systems.

By avoiding unexpected breakdowns and costly repairs, predictive technologies allow managers to extend equipment lifespan, therefore significantly reducing maintenance related costs. While we continue to see upside for adoption, we believe the emergence of AI, IoT and various other technologies has raised the bar on performance/efficiency, against what we see as an increasingly competitive backdrop across many industries.

- Charles Nabhan, Research Analyst, Stephens Institutional Equities and Research

“ Stephens ”

Emerging Tech Trends

About **61% of respondents** indicated that if available, their team would use a product like **ChatGPT in their CMMS** to enhance workflow efficiency and automate decision-making. Primarily, they anticipated using AI for questions about troubleshooting and fixing equipment, as well as part, model, and service logistics questions.

“While the challenges of facilities management of juggling resolutions between speed, quality and price will never change, the opportunities that AI, IoT and predictive maintenance/repair seem to promise will be a game changer. I foresee a seismic shift in the way we maintain our facilities in the next 5 years. We will be initiating repairs before the people most affected by a failure even recognize that there is a problem. We will more easily recognize poor choices in building and equipment specs and will be able to make a pivot faster than we ever had previously. We will have opportunities to shift away from time based PM programs to an as needed basis to maximize the value of the PM spend. This should open our bandwidth to allow a greater span of control of locations, provide opportunities to sharpen service provider partnerships and strengthen the relationships with our field level leadership.”

- Drew Rees, Director of Facilities at Dutch Bros Coffee



STRATEGIC RECOMMENDATIONS FOR FACILITIES MANAGEMENT LEADERS

The data in Ecotrak's survey responses and our internal customer reports reflects the challenging environment that lies ahead in 2025, but also showcases areas for opportunity.

Strategic Recommendations

Optimize Vendor Networks and Service Coverage:

An aging workforce in the trades and services means fewer skilled workers and less talent in the pipeline. To get the most out of your available labor, your strategy needs to adapt to the realities of your local market. Investing in access to an external network of service providers, versus developing internal talent, will depend on your operations and your locations.

Balance Budget Considerations and Long-Term Investments:

Facilities management consistently faces pressure to reduce costs, but there needs to be a balance with investing in core facility operations. Consistently squeezing budgets, either because of actual or anticipated economic challenges, is a recipe for equipment and facilities decline and higher long-term costs. Facilities management is a form of risk mitigation, and savings should be balanced with the need for long-term investments.

Unify Operations for Smarter Facilities Management and Asset Maintenance:

Integrating process management and data collection for your facilities can provide the kind of efficiencies you need to combat rising costs. Bring vendors and internal teams under one platform to streamline communications, inform data tracking, and empower outcome-based decision making.

Adopt Technology as a Tool to Meet Today's Challenges:

Technology can help you optimize whatever workforce you have available, creating operational efficiency. Predictive maintenance technology and sensor-based facilities management strategies are at the cutting edge of facilities maintenance.

Inflationary pressures have created greater challenges for professionals balancing efficiency and operational effectiveness. We view technology as a means of addressing those challenges, through solutions that automate workflows and leverage data to better assist decision-makers in their day-to-day activities.

- Charles Nabhan, Research Analyst, Stephens Institutional Equities and Research

“ Stephens ”

Future Outlook for the Industry

The future of facilities management is bright for organizations willing to embrace new opportunities in technology and continuous process improvement.

How will your organization adapt to facilities management challenges in 2025?





ONE PLATFORM TO MANAGE REPAIRS & MAINTENANCE

Ecotrak provides Facility Management Software to help businesses of all sizes simplify facilities and asset management.

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at ecotrak.com**

