

INDICATORS

Towing

Towing looks like a local business with a truck, but it's becoming a platform business. Towing operators scale by tracking key performance metrics and executing the business plan with discipline.

The window is open, and it's closing.

The consensus view: It's a TAM of **~\$11.3 billion across about 35,000-40,000 businesses**, no operator with over 5% share, an owner-operated shop in every metro. What's changed?

Capital has started to move.

- Tailwind Capital recently partnered with Valor Fleet Services in January 2026 to build a Mid-Atlantic platform.
- Mill Point Capital's Vehicle Management Solutions added Dynamic Towing Holdings in September 2025 for North Texas impound density.

The first buyers are pricing platforms before the comps are widely known, and operators who professionalize now are selling into a market that has not priced them yet.

As an insider puts it: "The cat is out of the bag."

Acquire a 10-to-20-truck fleet as the platform. Tuck in local fleets.

Private equity is running the car-wash playbook in towing: acquire a 10-to-20-truck fleet in one locale as a platform, tuck in smaller local fleets to build a regional operation, then apply more operational sophistication to lower costs, increase revenue, and drive higher EBITDA. Municipalities, police, insurers, and fleets want **fewer, more dependable vendors**, and choose them on response time over rock-bottom price.

PEs should know that the profit is in **billable hours per truck**, not fleet size.

Market Size
[SA Estimate]

\$11.3
Billion

Market Size
[SA Estimate]

~35K-40K
Businesses

No Operator
Controls

>5 %
Share

Estimated Growth

2-3 %
Annual

**Mid-Teens
to Low 20s**
EBITDA Margin

The Four Levers

1 Contracts

Municipal, police, and **insurance contracts are won on dependability and track record** at a competitive price. The insurance side is growing: about 15% of claims involve a non-drivable vehicle, and some experts say that share is climbing. Carriers want fewer vendors across more markets, and an operator who assists the claim — damage photos to the portal from the scene, keys and signatures at intake if a vehicle is clearly a total loss — is an attractive partner.

2 Density and Utilization

Billable hours per truck and per driver are the profit driver, not fleet size alone, and geographic density is how you increase those hours. Trucks concentrated in a tight service area drive fewer deadhead miles, sit idle less, and run more jobs per shift. Faster response wins more calls; those calls spread dispatch, yard, insurance, and maintenance across more billable work. AI dispatch, carrier and motor-club APIs drop jobs into the queue for job scheduling efficiency. AI-driven local company networking ensures no job gets turned away.

3 Ancillaries

Most independents leave money on the table around every single tow. Think storage, impound auctions, release and administrative fees, remediation, and retail towing. For example, a police-citation tow pays twice: the tow, then a yard fee for every day the vehicle sits. And **one wreck is three tows** (scene to impound, impound to auction, auction to recycler).

4 Medium and Heavy Duty

Beyond traditional personal passenger auto insurance, **medium- and heavy-duty towing offers additional profit potential.** The U.S. population of medium and heavy trucks has grown by roughly 30% since 2014, yet less than half of tow operators are equipped to handle them. Tow costs for these larger vehicles run anywhere from 1.5x-2x for medium-duty vehicles to 3x-6x for heavy-duty vehicles.

The Risk

Investors who are tracking towing M&A have commented that CapEx runs as much as 4-5% of sales. The business needs drivers, so there is no headcount play. The model matters: some towing segments are not that lucrative. And AI won't cut the labor line: software makes the tow cheaper, but it cannot do the tow. This is a people-and-trucks business, and the plan is retention and response time, not cuts.

What's Next

Cars are crashing less, but that doesn't shrink towing; it moves it.

Collision avoidance trims the fender-bender tow, miles driven keep climbing, 3.2 trillion today toward 5 trillion by 2050, and **heavier BEVs are pushing fleets out of light-duty flatbeds and into medium-duty trucks, which means fewer wrecks but more value per tow.** The value lands on the trucks and contracts that carry the higher multiple.

How SA Can Help

SA sits on both sides of the towing transaction, and knows the truck itself - engine, maintenance, parts.

GETTING READY

Strategic Growth Consulting

SA helps companies create solid, actionable strategic and tactical approaches to growth.

EVALUATING A PLATFORM

Sponsor Support

Financial and strategic buyers trust SA to bring in-depth and specialized insights to the acquisition process and beyond.

TIME TO SELL

Sell-Side Representation

The transaction process is complicated. SA offers small to mid-sized companies the professional support needed to navigate the complexities of M&A.

