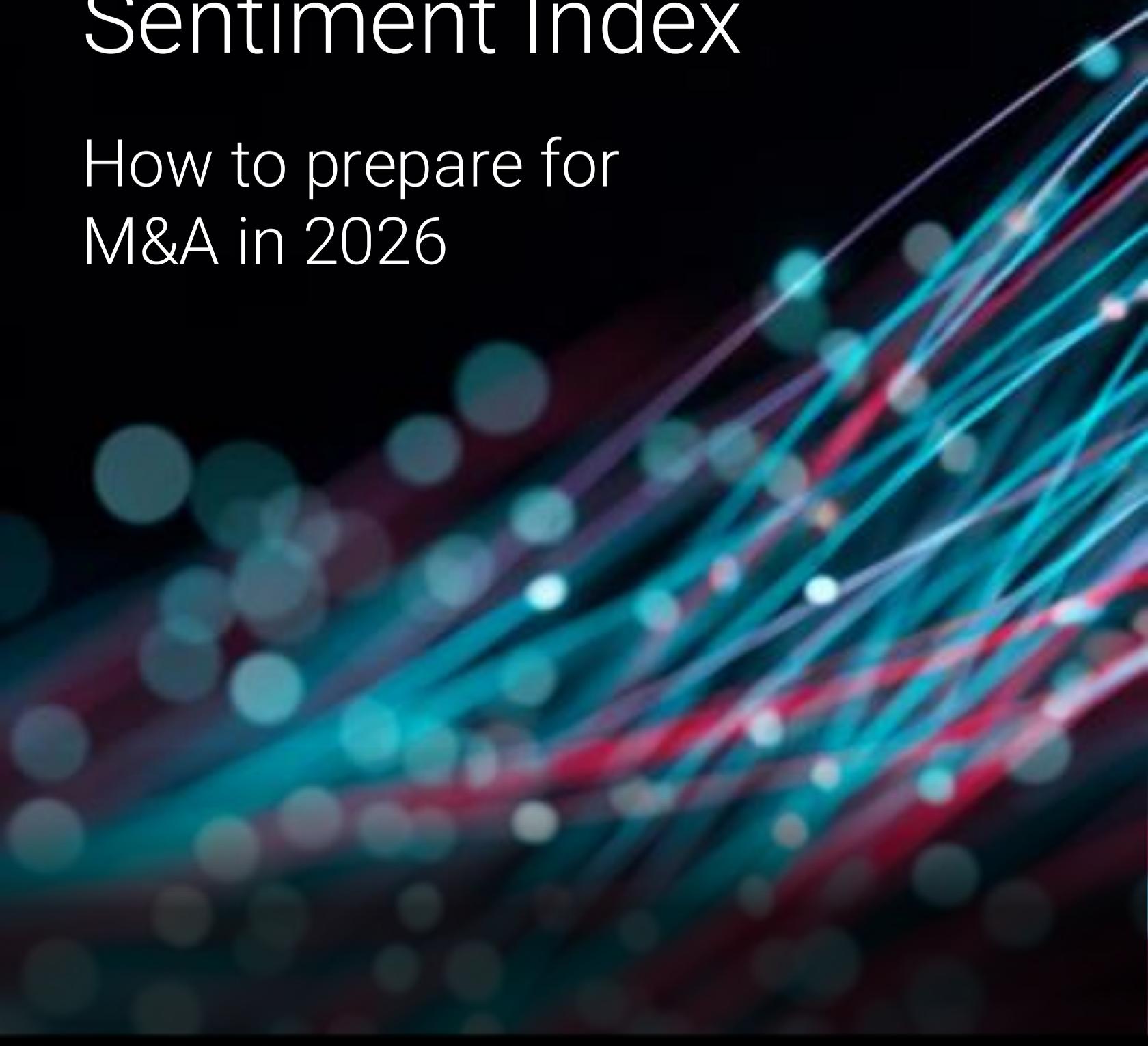


AlixPartners

U.S. Fiber Consolidation Sentiment Index

How to prepare for
M&A in 2026



Foreword

by **Andrej Danis & Kanishk Raghuvanshi**

The U.S. fiber market is entering a pivotal moment, where the narrative is shifting from rapid build-out to disciplined monetization and integration of acquired assets.

This report is our attempt to capture that transition in real time—through the lens of operators, investors, and lenders who are already making the hard choices that will define the next decade.

Drawing on the perspectives of 100 senior decision-makers across the ecosystem, we set out to measure the market consolidation sentiment, and to understand how capital, operating models, and competitive dynamics are converging to make consolidation both urgent and inevitable. The findings confirm what many in the market feel intuitively: scale, execution, and balance sheet resilience are no longer advantages—they are prerequisites.

Our goal is to provide a practical roadmap for stakeholders who must now act with clarity of purpose. Whether you are an operator trying to deliver under current market economics, an investor recalibrating return expectations, or a lender reassessing risk, we hope this work helps you navigate the integration era with greater confidence and conviction.

Special thanks to Giacomo Cantu, Global Leader of Technology, Media, & Telecommunications and to our contributing authors: Jonah Braverman and Florencia Palmeiro.



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Executive summary

Amid rapid market evolution and dynamism, AlixPartners surveyed leading operators, investors, and lenders to assess consolidation sentiment in the U.S. fiber market for the upcoming year.

The responses captured perspectives across several strategic dimensions: performance drivers, credit needs for expansion, operational hurdles, monetization strategies, cash flow demands, and ultimately, industry motivations for engaging in M&A activity. Details on survey participants and methodology are provided in the appendix.

The U.S. fiber industry is entering a decisive phase. Our survey reveals a clear consensus: **Consolidation will accelerate over the next 12 months.** This expectation is grounded in shifting market dynamics, rising financial pressures, and the strategic imperatives facing every stakeholder.



Operators

Operators are most optimistic, with **82% expecting consolidation.** Their optimism is rooted in the potential for operational efficiencies, market expansion, and competitive advantages. They view integration of existing fiber footprints as the path to scale and improve operations.



Investors

Investors are driven by portfolio optimization and strategic value creation. **81% expect consolidation,** targeting opportunities to divest non-core fiber assets and streamline holdings. The prospect of acquiring distressed assets at attractive valuations is a key motivator.



Lenders

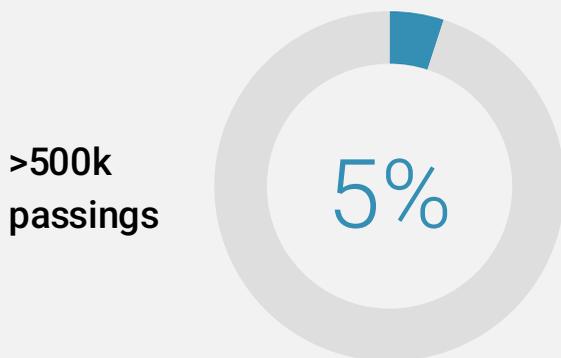
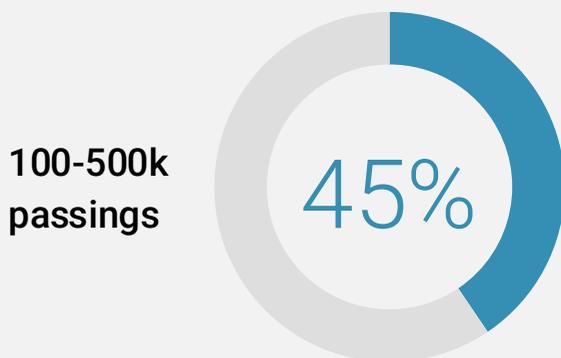
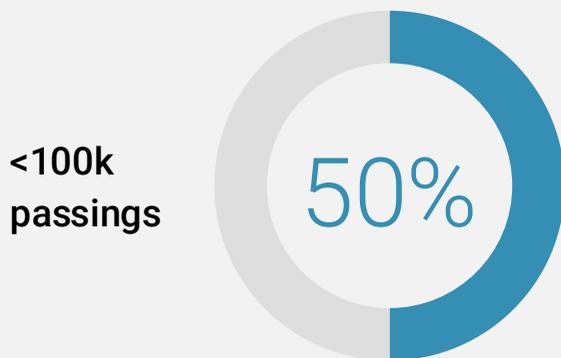
Lenders are prioritizing risk management and financial stability. With **75% anticipating consolidation,** they view it as a necessary response to the growing number of distressed assets. Their focus is on safeguarding their loans and stabilizing the sector.

The survey highlights a strategic shift

95%

of respondents believe M&A activity will focus on companies with fewer than 500,000 fiber passings, and half expect the highest activity among those with fewer than 100,000.

This focus on mid-scale acquisitions reflects a shift toward optimizing smaller, under-scaled assets. Many of these operators compete in markets with a limited presence of national fiber incumbents, making them attractive consolidation targets.



Industry leaders are confident that the next wave of M&A will be driven by small-scale fiber operators with **fewer than 500,000 passings**



Additionally, financial distress is rising. 25% of lenders and investors foresee covenant breaches in the coming year, up sharply from previous years. 91% of operators believe liquidity challenges will accelerate dealmaking, increasing the number of forced sellers and providing an advantage to well-capitalized buyers—underscoring the need for companies to address their financial health and pursue strategic transactions. This is consistent with other macroeconomic factors, as new markets are becoming increasingly expensive to build and challenging to fund.

In summary, while motivations and strategies of stakeholders vary, there is consensus on the inevitability of consolidation to improve scale and reduce liquidity challenges.

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Market dynamics

The race for fiber expansion in the U.S. remains intense. However, rather than a wave of new entrants, the market is now defined by well-capitalized players moving decisively to deepen and densify their fiber footprint. This is fundamentally shifting the competitive dynamics:



Verizon

Verizon plans to expand up to 650K new Fios passings annually—targeting 1M+ combined with Frontier—and aims to reach 30M total passings by 2028. (Source: [Verizon](#))



AT&T

AT&T has surpassed 30M locations ahead of schedule and is targeting 50M by 2029. (Source: [AT&T](#))



T-Mobile Fiber

T-Mobile Fiber, through its strategic fiber partnerships and joint ventures, is expected to reach 12 to 15 million households with fiber by the end of 2030. (Source: [T-Mobile](#))

In a market where scale is survival, **expansion is no longer about land-grab growth but about economic defensibility.**

Larger players can engineer strategic consolidation to secure network density, optimize cost structures, and command long-term wallet share. By contrast, smaller operators are under mounting strain. 44% of our survey respondents with less than \$100M in revenue reported missing their take-rate targets, compared to just 9% of larger peers—highlighting a widening execution gap rather than a temporary demand issue.

For sub-scale operators, underperformance at the take-rate level directly undermines payback periods, compresses returns on invested capital, and limits the ability to self-fund incremental builds. Even where underlying demand exists, many face slowing new net subscribers and escalating per-unit deployment costs, with weaker conversion of passings magnifying fixed-cost inefficiencies. Standalone economics are deteriorating, and without diversified revenue streams or wireless integration, their ability to absorb rising costs and fund future builds is eroding rapidly.

At the same time, competitive pressures from cable and fixed wireless access (FWA) continue to reshape the landscape. Cable players leverage established infrastructure and bundled offerings, while FWA continues to capture value through lower-cost deployments. Fiber's technical performance advantage remains clear; however, its incremental commercial value for new customers in greenfield markets is becoming increasingly hard to monetize.

The result is predictable: **Market consolidation is not just likely—it is inevitable.** Capital will concentrate among operators that execute with scale, operational efficiency, and customer intelligence. Smaller providers will merge, be acquired, or exit. The next phase of fiber growth will not be defined by new entrants, but by strategic integration among existing players. The winners will be those who act decisively, not defensively.

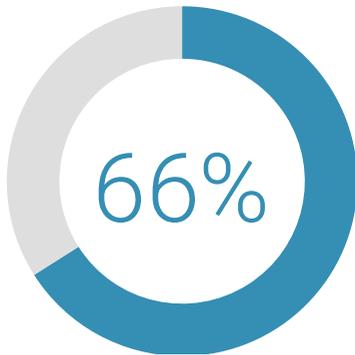
44%

of our survey respondents with **less than \$100M** in revenue reported missing their take-rate targets

Section 2.1

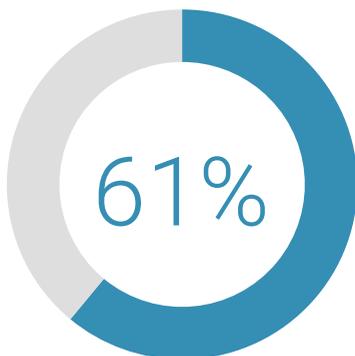
New market expansion headwinds

Amid this evolving landscape, survey findings point to three structural pain points:



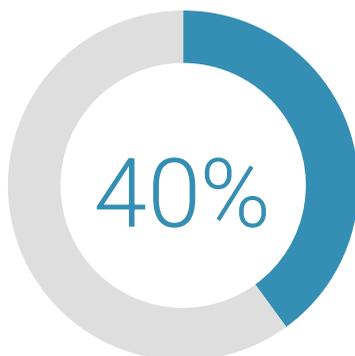
Two-thirds of operators are slowing or stopping new builds to protect unit economics

The era of rapid fiber buildouts is giving way to one defined by capital discipline and return optimization. Survey data shows that half of operators have reduced investment in new market expansion, while another 16% have stopped entirely. Skilled labor shortages, permitting constraints, and supply chain friction have slowed deployment timelines and inflated capital expenditure. What was once a tactical issue has become a strategic inhibitor to scalable growth.



More than 60% of investors cite either construction constraints or the lack of reliable, geographic data as their top pain point

These issues create a bottleneck that delays market entry and obscures critical performance metrics. When operators cannot centralize real-time data, they lose visibility into demand, churn, and asset utilization, making construction slow and reactive rather than predictive. To survive shrinking competitive windows, operators must fix these fragmented data environments. The market leaders of the next decade will be those who use data to shorten the distance between decision and execution.



40% of operators express strong concern over stricter covenants in new financing agreements and the heightened risk of breaching covenants on existing debt

Faced with growing competition and investor scrutiny, operators are transitioning from an era of accelerated builds to a mindset where capital discipline, customer experience, and yield management reign supreme.

The path forward

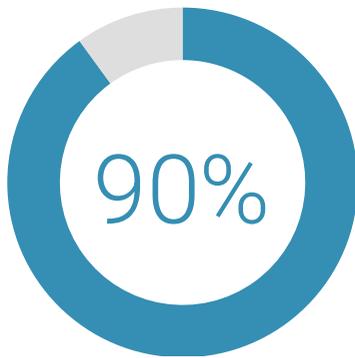
Optimize the footprint, consolidate intelligently, and execute with intent. Expansion without profitability discipline erodes value.

Those who act decisively—integrating assets, rationalizing operations, and deploying capital with precision—will define the next decade of broadband leadership.

Section 2.2

Capital availability driving pivot to monetization

Fiber remains a highly attractive lending opportunity, **drawing significant interest from lenders**



of lenders expressed confidence in the sector's prospects and profitability potential. However, 40% cited rejecting investment due to limited confidence in underwriting company's growth.

Reinforcing expectations of increased M&A activity in the fiber industry driven by financial distress

20%

lenders reported covenant breaches among fiber companies in **the past year**

25%

lenders expect covenant breaches in **the upcoming year**

Dramatic decrease in reliance on government grants for capital availability

98%

of survey respondents planned to participate in the BEAD program as of fall 2024



30%

of survey respondents now expect to source significant capital from the BEAD program

Against this backdrop of rising financial stress, credit appetite is shifting (and funding models must evolve accordingly). Traditional bank lending is no longer the default option for fiber projects; the market is moving toward alternative sources such as private credit, infrastructure funds, and pension-backed vehicles. Aggressive refinancing and recapitalization cycles are underway, with operators pivoting from buildout to monetization, increasingly via structured financing such as ABS transactions. **In this context, creditors are placing greater emphasis on operational robustness**—specifically, whether backup servicing arrangements are fully operational, and whether servicing fees are sufficient to ensure continuity in a stress scenario, as distress could rapidly trigger acceleration and enforcement dynamics.

Valuation is shifting toward stable, cash-flow-driven models, pushing operators to optimize capital structure rather than chasing expansion. Investors favor predictable returns, making debt restructuring, asset monetization, and balance sheet flexibility into top priorities. Rationale is straightforward: Maintaining return on capital deployed in an increasingly competitive environment requires tightening operational efficiency, maximizing take-rates, and driving incremental revenue per passing. Collectively, this signals a clear and durable industry trend toward monetization as the prevailing path forward.

3

Operators vs. investors

The survey results reveal intriguing differences in perspectives between operators and investors within the fiber industry. At a high level, operators are focused on operational efficiencies and immediate revenue generation, and investors are looking for long-term growth and returns.

However, the divergence is widening: Field operators are already pivoting toward monetization and capital discipline, while many investors remain anchored to legacy buildout-driven business cases. This “great divide” underscores that organic expansion alone will not close the value gap—monetization and structural capital solutions must accelerate.

A reality check: Operators vs. Investors

Challenge	Operators	Investors
Construction and labor pose the biggest obstacle	20%	44%
Cable and FWA providers are strong competitors	47%	12%
Anticipate ARPU headwind and its contraction	64%	19%

Fundamental drivers

-  The market has fewer large-scale assets after recent major acquisitions
-  Liquidity pressures are mounting across smaller players
-  Pockets for organic growth are becoming scarce
-  Scale and go-to-market/operational proficiency will drive next wave of value creation

The shift toward monetization reinforces a more disciplined market mindset: **The race is no longer about building fast, but rather scaling profitably.** Operators are recalibrating for yield and prioritizing customer retention, activation efficiency, and network optimization. This suggests that operators may prioritize immediate revenue generation, while investors seek balanced, sustainable growth.

Respondents view strategic partnerships and JVs as essential for market expansion, and again, operators place the highest importance on these collaborations—84% consider them very essential or absolutely critical, whereas only 31% of investors share this sentiment.

This points to a new model of growth—one built on collaboration and capital alignment rather than isolated competition.

Capital strategy is evolving sharply between those deploying infrastructure and those funding it. **43% of operators identify creative asset-backed lending and structured credit facilities as primary sources of capital for new expansion.** This signals an industry that is increasingly reliant on structured finance and the monetization of network assets to sustain growth without diluting equity or overextending balance sheets.



Operators

43%

of **operators** plan to rely on creative asset-backed lending and alternative credit facilities



Investors

42%

of **investors** see government-supported investment initiatives as key for expansion funding

Winners that lack the operational scale, cost structure, or execution capability to meet BEAD commitments are increasingly compelled to seek a “dance partner.”

Investors, however, are increasingly looking to the public sphere. 42% expect government-supported programs like BEAD to meet the most significant capital requirements over the next 12 months. BEAD is reshaping both deployment priorities and M&A strategies across the sector.

BEAD-awarded networks can potentially be high-value targets—but the award alone does not guarantee value creation. Winners that lack the operational scale, cost structure, or execution capability to meet BEAD commitments are increasingly compelled to seek a “dance partner.” In this context, M&A and strategic partnerships become essential risk-mitigation tools. The right partner enables delivery certainty, integration speed, and scale advantages that sub-scale operators cannot match. However, proper due diligence is essential to ensure that there is no overcommitment, which can create distress.

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Conclusion

Unprecedented appetite for M&A

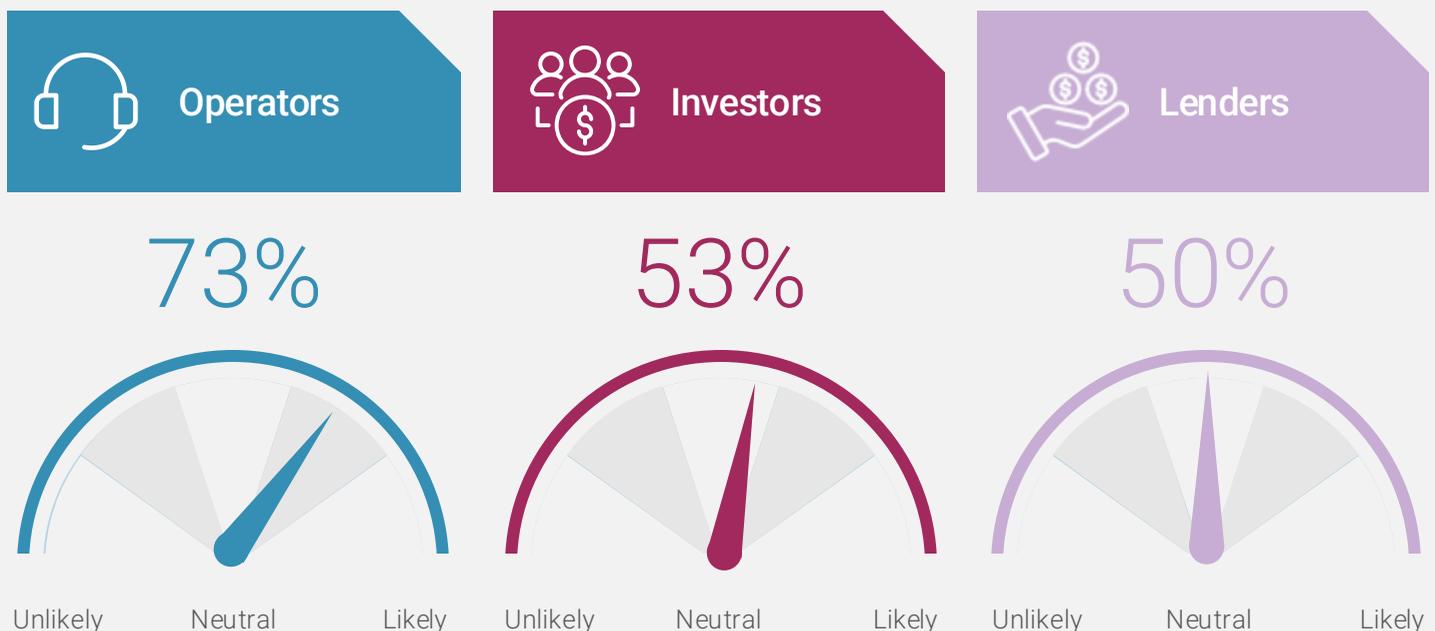
Consistent with these findings, operators show the strongest M&A intent: 73% said they were likely or very likely to engage in deals over the next year. Investors and lenders are more cautious, but momentum is building (53% of investors and 50% of lenders believe they are likely to participate in an M&A transaction this upcoming year).

This divergence underscores a growing reality: Operators are not waiting for the market to stabilize—they are driving the initiative. Their intent is strategic and immediate, aimed at accelerating consolidation to secure scale, coverage, and cost advantages.

Over half

of investors and lenders anticipate participating in fiber M&A within 12 months—a signal of continued deal activity despite financing pressures.

Fiber Sentiment index: How likely are you to participate in M&A activities in the fiber industry in the United States over the next 12 months?



Regardless of participation expectations, more than 80% of stakeholders expect M&A activity to accelerate over the next year—and operators, investors, and lenders alike must now determine their role within it and act with clarity of purpose.

What does it mean for players in the market?



Operators

- **Prioritize readiness for M&A.** Build a dedicated M&A platform for seamless integration of system, process, and data consolidation.
- **Shift focus from expansion to monetization.** Improve take-rate efficiency, activation speed, and customer retention to maximize yield per passing.
- **Invest in data intelligence.** Integrate operational and financial data to enable predictive insight into churn, capacity, and ROI.
- **Leverage government funding** to offset capex, reduce risk, and improve ROI.



Investors

- **Determine portfolio asset capability of becoming a platform.**
- **Look for integration-ready assets** that provide both scale and stability.
- **Push for operational alignment** and work closely with management to drive monetization.
- **Shift from funding growth to funding yield.**
- **Identify consolidation curves and act accordingly.** Act before scale premiums compress, and before integration fatigue sets in.



Lenders

- **Recalibrate credit models.** Shift from growth-based to cash flow-based assessments, emphasizing operational.
- **Differentiate lending structures.** Expand the use of asset-backed facilities and structured financing that align repayment with performance.
- **Engage with distressed borrowers.** Anticipate risks and explore restructuring before defaults force fire sales.
- **Support consolidation rationally.** Encourage mergers rather than perpetuating overcapacity.

The result is a market primed for transactions, with both strategic buyers and financial sponsors actively positioning for opportunities.

This M&A appetite is not limited to distressed scenarios anymore. The focus is shifting toward targeted, strategic combinations—integrating adjacent footprints, densifying existing networks, monetizing mature assets, and unlocking synergies that cannot be achieved through standalone execution. **In many cases, M&A is the only viable mechanism for smaller providers to access the purchasing power, cost structure, and commercial capabilities required to remain competitive.**

The next chapter of fiber growth will be written by those who act with intent – integrating efficiently, monetizing intelligently, and operating with discipline. The fiber industry's expansion phase has run its course. The integration era has begun.

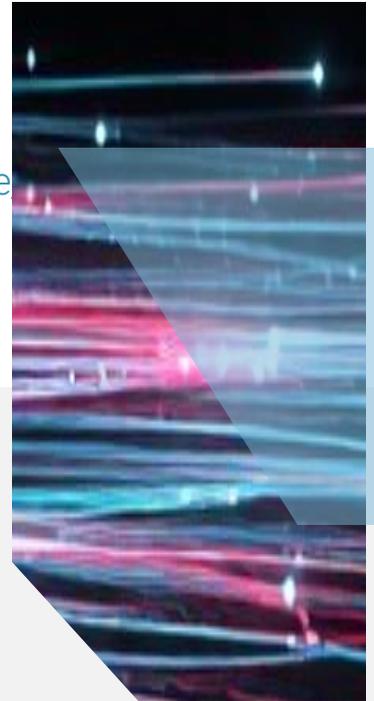
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Appendix Survey mechanics

The survey conducted provides valuable insights into the fiber industry, focusing on the perspectives of a diverse group of respondents. The sample consisted of 100 participants, all based in the United States. The respondents were predominantly from senior management and C-level positions, which made up 75% of the sample while the remaining 25% were from middle management. This composition ensured that the survey captured the views of decision-makers with significant influence within their organizations.

The respondents were categorized into three main groups: 44% were fiber network operators, 36% were investors such as private equity firms and minority equity holders, and 20% were lenders, including banks and financial institutions providing capital or loans. This distribution highlighted the varied perspectives within the fiber industry, encompassing those directly involved in network operations, as well as those providing financial backing.

The survey also delved into the revenue profiles of operators and investors, shedding light on the financial landscape of the fiber industry. The data revealed that a significant portion of respondents reported fiber-related revenues between \$250 million and \$499.9 million, making this the most common revenue bracket. This was followed by revenues in the \$500 million to \$999.9 million range and the \$100 million to \$249.9 million range. A smaller proportion of respondents reported much higher or undisclosed revenues, with only 3% indicating fiber-related revenues of \$1 billion or more.



75%

of the respondents were executive management and C-level positions

44%

of the respondents were fiber operators

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About us

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges—circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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