

THE U.S. COMMERCIAL & RESIDENTIAL CLEANING SERVICES INDUSTRY

(8th Edition – December 2009)

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* **Highlights & key findings of all report chapters:** industry nature, analysis of major trends/issues affecting the industry (in-house cleaning, outsourcing, commercial office vacancy rates, commer. construction, franchising, green cleaning), outlooks by managements at Coverall, ABM, Vanguard, Jan-Pro, consultants, industry size/growth -1992-2013 Forecast, 2008-2009 performance, franchising's importance, sales of top competitors (franchises & non-franchise firms). Analysis of educational, healthcare, other key end-user segments, industry structure, 2002 vs. 2007 Census key operating ratios (no. of services in U.S., avg. sales, by: janitorial, pest control carpet cleaning, other building maintenance services), client mix.

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* Status report of commercial & office construction activity and indicators: value of non-residential construction, 2007-2009 commercial **office vacancy rates** in major metro areas & nationwide, discussion of absorption rates

* Amount of existing commercial **floor space** by U.S. and by region (1986-2003 – latest data available 2003), share of space by type activity (retail, education, healthcare)

* Commercial vacancy rates, by top cities, urban vs. suburban markets

* Discussion of absorption rates, "shadow space".

Tables:

- National office vacancy rates by: downtown, suburban, metropolitan (2006-2007)
- Top office space markets, by million sq. ft.
- Value of new construction of non-residential buildings, by type: 2007, 2008, to 7/2009
- Value of new construction of non-residential buildings: 1993-3Q 2009
- Markets (cities) with highest & lowest vacancy rates: 2010 outlook
- Distribution of floor space, by main building activity: 1992-2003 (gov't survey)
- No. of buildings and % of total floor space by type activity (education, health care, lodging, retail, offices, warehouses, etc.), by region (1986, 1989, 1992, 1995, 1999, 2003)
- Distribution of commercial floor space, no. of buildings, by Census region.

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* Discussion/analysis of 2-tiered mkt. structure (large contractors vs. small independents, and franchise organizations vs. non-franchise cleaners), estd. share by top 9 firms

* Discussion of factors affecting demand, the recession, performance during 1090-91 recession

* Industry size estimates; rationale for estimates by varying sources, historical values – **Marketdata's 1992-2013 estimates/forecasts**, factors affecting recent growth

* Discussion of market size, based on commercial floor space vs. Census survey receipts

* 2007 & 2008 actual and estimated industry growth/receipts, growth of leading companies

* 2009 Forecast: based on 1st half sales of leading companies, results of interviews

* **2010 & 2013 forecasts** & outlook: Marketdata projections, key factors affecting growth

* Discussion of why the industry is recession-resistant, historical performance

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- Total industry potential, \$ value and % change (1992-2013 F)
- Share of total receipts by exterminating/pest control, janitorial, carpet cleaning, "all other" building cleaning & maintenance services (1983-1998) - Census Bureau data
- Total industry receipts, by major segments, annual % change (1998-2007; Census Bureau): total Industry, pest control, janitorial, carpet cleaning, other services to buildings
- Annual percent change in receipts: 1999-2007
- Historical share of industry sales by pest control vs. janitorial/all other services: 1985-2007

Status Report of The Carpet Cleaning Industry (\$300)

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- * Nature of the business, evolution of the industry, how carpet cleaning services operate, services performed, franchises vs. independents
- * Major mkt. trends/developments of past several years: discussion
- * Discussion of impact of **alternative floor coverings**, impact on carpet sales/usage
- * 2009 carpet cleaning truckmount survey results (ICS Cleaning Specialist magazine)
- * Historical size of the industry: Marketdata estimates of true size of the segment (1988-2013 F)
- * Discussion of how market potential derived, avg. annual sales per service, 2007 forecast and outlook for the sector, effect of recessions/gas prices/housing starts, other indicators.
- * Estimates of **commercial/residential/disaster recovery segments**, \$ values (2004, 2008)
- * Industry outlooks by: IICRC, ASCR, ICS Cleaning Editor, SEARS Carpet Cleaning, consultants.
- * Franchising: analysis of no. of outlets, start-up costs, the top 6 carpet cleaning franchisers, estd. systemwide revenues (1999, 2002, 2005, 2008), franchises by no. of units,
- * Carpet cleaner contractor operating ratios: highlights of 2009 Contract Cleaner CMM Magazine survey (revenues, avg. fees, methods, etc.), 1992-2007 Census... no. of estab., receipts, avg. receipts per estab., sources of receipts, multi-unit firms, legal form of firm, top 50 mkt. share, source of receipts.

The Residential Maid Services Market (\$200)

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- * Summary: nature & estd. 2008 size of the market, estd. \$ sales per franchise vs. commercial cleaning services, list of top franchise companies in the business, franchises vs. independent maids, reasons for demand and effects of the recession.
- * End-user household demographics: findings of Mediamark Research survey: major target age groups and usage of professional cleaning services
- * How maid services operate, fees charged, bonding, pay methods, immigrants, etc.
- * Market size estimates, by trade group, competitors, Marketdata
- * List of residential cleaning services franchises: (The Maids Intl., Maid Brigade; Merry Maids, Molly Maid, Cottage Care, Swisher Maids, Mini Maid, Home Cleaning Centers of America) - addresses.

Tables:

- Projected no. of U.S. households using a maid or housekeep, by age group: 2000 & 2006 F
- Residential cleaning franchises: no. of units 2003-2006
- Residential cleaning franchises: start-up costs, franchise fee, royalty rates: 2004-2006
- Number of maid services franchises: 2003, 2006, 2008
- Franchise fees, total start-up costs, royalty rates, by company: 2006-2008

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- * Discussion of data collected via Cleaning & Maintenance Management magazine's 2009 "Benchmarking Survey", survey highlights and major findings

Tables & analysis covers following topics:

- Profile of janitorial services (yrs. in business, avg. gross sales, no. of employees, etc.)
- 2008 sales volume mix, % of respondents
- Customer mix: % of contractors servicing offices, industrial accts., hospitals, etc. 1998-2009
- Surfaces cleaned/areas that contractors clean by type: 1998-2009
- Most frequent customer complaints (restrooms, dusting, etc. - by area): 1996-2009
- Worker productivity measures: square footage cleaned per hr., avg. labor costs: 1998-2009
- Cleaning worker wages, by region: starting worker wages & average wages (1998-2007)
- Owner's yearly compensation (janitorial, specialty cleaning, maid service): 2005-2006

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Total Industry Analysis - Discussion/Text p. 94-111

- * Explanation of how to interpret Census data, how the data is arranged/classified by NAICS codes, and major market segments, 2002 Census
- * 2000-2007 Service Annual Survey: Industry receipts and % changes
- * Non-employer receipts of 734,000 sole proprietorships without payrolls, IRS data
- * Summary & analysis: no. of cleaning establishments in U.S. and for leading states; no. of firms; industry size; avg. receipts per office by top states; mkt. share top 50 firms ratios; summary findings of 2002 Census & comparison to 1997 data... re: legal form of organization, firms & estabs. by sales size (in receipts & employment); single/multi-unit operations.
- * Summary statistics: 1997 vs. 2002 vs. 2007 - no. of estabs; total industry vs. disinfecting/pest control, other services; annual receipts; payroll costs; no. of workers; payroll per employee; receipts per employee, receipts per establishment.
- * Geographic analysis - share of national receipts, avg. receipts per estab., by state, top states' ranking: 1992-2002
- * Industry Financial health: composite income statement & balance sheet ratios, profitability trends, by size of cleaning contractor (janitorial services, pest control, other services: 2005-2009

Statistical Tables: p. 112-163 (Note: 2007 Census data not yet avail. For select ratios)

Total Industry- All Types of Commercial Cleaning Contractors Aggregated

- Total cleaning industry firms, by legal form of organization -corporations, sole proprietorships, partnerships: 1997 & 2002, (no. of firms, receipts, payroll as % receipts, no. of employees).
- Single vs. multi-unit operations, by size (statistics as above) 1997 & 2002.
- Concentration Ratios: ratios for top 4, 8, 20, 50 largest firms 1997 & 2002
- Total Commercial Cleaning Firms, by receipts size (under \$100,000 to \$100 + mill.); (no. of firms, estabs., receipts, payroll, avg. receipts per firm) 1997 & 2002
- Receipts & avg. receipts per establishment, by state - 1997.
- Receipts & avg. receipts per establishment, by state - 2002
- All cleaning contractors' receipts and no. of estabs., by major city: 1997

Janitorial-Building Cleaning & Maint. Services

- Janitorial service firms, by legal form of organization - corporate, sole proprietorships, partnerships: 1997 & 2002, (no. of firms, receipts, payroll as % receipts, no. of employees)
- Single vs. multi-unit operations, by size (statistics as above) 1997 & 2002.
- Concentration Ratios : ratios by top 4, 8, 20, 50 largest firms 1997 & 2002
- Janitorial service firms, by receipts size (under \$100,000 to \$100+ mill.) (no. of firms, estabs., receipts, payroll, avg. receipts per firm), 1997 & 2002.
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- Janitorial service contractors' receipts and no. of establishments, by major city: 1997

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- Exterminating & pest control firms, by legal form of organization - corporate, sole proprietorships, partnerships: 1997 & 2002, (no. of firms, receipts, payroll as % receipts, no. of employees) -
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- Disinfecting & pest control firms, by receipts size (under \$100,000 to \$100+ mill.) (no. of firms, estabs., receipts, payroll, avg. receipts per firm), 1997 & 2002.
- Receipts & avg. receipts per establishment, by state - 1997
- Receipts & avg. receipts per establishment, by state - 2002
- Composite balance sheet & income statement: 2002-2006 disinfecting & pest control services.

Miscellaneous Building Maintenance Services

- (all tables , as above) – 2002 & 1997

Competitor Profiles: Major Cleaning Franchise Organizations (\$350)

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- * Summary - how many exist? - Entrepreneur magazine's 2009 Franchise 500 ranking, Discussion: how cleaning franchises work and differ, services typically provided by parent, master franchises,
- * Analysis of **avg. initial franchise fees/royalty rates/start-up costs** in 2006 vs. 2008
- * The industry's leading franchisers: parent co. vs. **systemwide revenues**, 2000, 2003, 2006, 2008, avg. estimated annual receipts, difficulties estimating revenues due to full-time vs. part-time workers; franchise investment pkgs. sold.

Tables:

- The major commercial cleaning franchises: 7 companies' sales: 200-2008
- Other large non-franchise companies (ABM, Unico), sales for 2005-2009
- Top janitorial franchises (no. of units 2006-2008, franchise fee, royalty %, start-up \$)
- Top residential franchises (no. of units 2006-2008, franchise fee, royalty %, start-up \$)
- Top pest control franchises (no. of units 2006-2008, franchise fee, royalty %, start-up \$)

Profiles of The Leading Commercial Cleaning Franchises & Non-Franchise Firms

(For each company below: discussion & analysis of services offered, divisions, franchise packages offered/cost, markets served; strategies, UFOC financials; 2008-2009 sales, history & recent developments; acquisitions, number of franchises; marketing strategies)

- * ABM Industries (incl. OneSource predecessor co. profile)
- * Bonus Building Care
- * Clean net USA
- * Coverall North America
- * Jan-Pro
- * Jani-King Intl.

Profiles of The Leading Commercial Cleaning Franchises & Non-Franchise Firms

(Continued)

- * O.P.E.N. America
- * Servpro
- * ServiceMaster (incl. ServiceMaster Clean, Merry Maids)
- * Swisher Intl.
- * Tower Cleaning Systems
- * UNICCO Service Co.
- * Vanguard Cleaning Systems

Reference Directory of Industry Information Sources

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- * Addresses, phones, contacts at major industry trade associations, trade journals, consulting firms: commercial cleaning and carpet cleaning segments.