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Press Release

Recession Forces Contractors To Be More Creative, Diversify, Compete on Discounts and Rebates

Tampa FL, December 14, 2009... Marketdata Enterprises, Inc., a leading independent market research publisher of "off-the-shelf" studies about SERVICE industries since 1979, has released the 8th edition, a 226-page report entitled: **The U.S. Commercial & Residential Cleaning Services Industry**. The study estimates national receipts from 1987-2013 Forecast, covers operating ratios, emerging trends, franchising, competitor profiles and more.

"This \$83 billion business, which encompasses janitorial services, pest control, window cleaning, carpet/floor cleaning, parking lot maintenance, security, HVAC/facilities management and more, is very competitive, comprised of 734,000+ mainly small operators, including 40,000 franchised outlets. Competitors run the gamut from mom & pop cleaners, to giants such as ABM Industries with \$2.4 billion in revenues. Many feel that this business is recession-resistant. This is a low-tech business that's easy to enter, and many do. However, moderate growth in receipts came to a halt in 2008-2009, hurt by the recession, low-ball pricing and end-user shifts to in-house cleaning. The industry should begin growing again moderately in 2010 as the recovery strengthens.", according to Research Director, John LaRosa:

Major Findings

- **Revenues...** Marketdata estimates that industry receipts grew 2.5% to \$83.3 billion in 2008. The 4th quarter, during the financial turmoil, wiped out most of the year's gains. 2009 is another story. We expect receipts to fall by the most significant decline since 1993—down 3.5% to \$80.4 billion. To 2013, we expect 5.2% yearly gains to \$97 billion. Specialty niches like disaster restoration, HVAC, security, air duct cleaning, etc. should grow faster than "commodity" services like janitorial services.

Continued....

- Marketdata estimates that there is 77 billion sq. ft. of commercial floor space in the U.S. and the cost to clean it averages about \$1.33 per sq. ft.
- **Franchising...** The top 7 franchise systems operated 40,360 units in 2008 (up from 36,379 in 2006), and had combined sales of \$2.3 billion. Non-franchise firms ABM Industries and Unicco had combined sales of another \$3.3 billion in commercial cleaning business. Franchise total start-up costs now average \$55,000, and royalty rates equal 6.25% of net sales.
- **Operating Ratios....** The "typical" contract cleaner grossed \$623,000/yr in 2007. Net profit margins fell to 3.9% of net sales. Average annual receipts per employee were \$60,293 in 2007 overall, but as high as \$93,155 for "miscellaneous" services (not janitorial, pest control or carpet cleaning). The industry employs 1.1 million workers, via 80,453 establishments with payrolls. The smallest "non-employer" services number 734,000 and account for \$12.7 billion in receipts.
- **Demand Indicators...** 90% of contract cleaners service office buildings. Unfortunately, the commercial real estate market is in turmoil. Office construction is down 23% from 2008 levels and vacancy rates, at 16.5% nationally, are at 5-year highs. Banking and auto manufacturing were hit especially hard. Fortunately, healthcare and educational segments are holding up better.

Editor's Note: The U.S. Commercial & Residential Cleaning Services Industry, published in December 2009, is an independently researched "off-the-shelf" study. The study is 226 pages in length and contains 121 detailed tables/charts. It costs \$1,995 and is also sold by individual chapters at lower cost. A free table of contents is available by mail, email (marketdataent@yahoo.com) or fax. Contact: Marketdata Enterprises, 8903 Regents Park Drive, Suite 120, Tampa, FL 33647. Marketdata studies are also available online via commercial databases. John LaRosa is available for interviews. **A 32-page Overview of major findings is available to the general public for \$79.**

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