

LANDSCAPING SERVICES



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SIC Code(s) Covered: 0782

NAICS Code(s) Covered: 56173

The professional lawn, landscape and tree trimming industry is a significant part of the service sector. As a result of a strong housing market boosted by low interest rates, this industry has seen tremendous growth. In 2002, \$28.9 billion was spent in this industry and it continues to grow – partly attributed to the “do-it-for-me” mindset of the 77 million baby boomers who have more money than time. This industry is made up primarily of small businesses – 72% of which have 5 or fewer employees. A quarter of these businesses are located in California, Florida, New York and New Jersey. Overall, the 72,504 professional lawn, landscape and tree trimming businesses employ 446,111 people (this does not include proprietorships with no employees).

Sources: Harris Interactive and the Professional Lawn Care Association (<http://www.plcaa.org>); National Gardening Association; US Census, County Business Patterns, 2001.

Top 10 States with the Most Landscaping Service Businesses

State	Establishments	% of All US	Employees	Payroll (Millions)	Earnings per Worker
California	7,135	9.8	74,366	\$1,682	\$22,618
Florida	5,795	8.0	36,701	\$743.4	\$20,256
New York	4,423	6.1	14,663	\$501.3	\$34,189
New Jersey	3,448	4.8	13,195	\$428.7	\$32,490
Texas	3,419	4.7	31,218	\$666.0	\$21,333
Ohio	3,391	4.7	18,692	\$496.0	\$26,533
Pennsylvania	3,381	4.7	17,026	\$498.1	\$29,256
Michigan	2,780	3.8	12,349	\$401.6	\$32,517
Illinois	2,752	3.8	15,449	\$571.9	\$37,021
North Carolina	2,544	3.5	16,280	\$350.1	\$21,506

Source: US Census, County Business Patterns, 2001, NAICS 56173. Includes only establishments with employees.

WHY DO HOMEOWNERS LIKE LAWNS AND LANDSCAPES?

According to the Research Alert, 19 (6): 2, March 16, 2001 the most common reason cited for having a well-maintained lawn and landscape at a residential or commercial property was the beauty and relaxation it provides for family, employees or visitors. New homeowners and buyers of previously owned homes believe that landscaping adds nearly 15%, on average, to a home's value or selling price. Real estate appraisers, on the other hand, put the value at 7.28% for residential and 6.0% for commercial properties, according to Gallup data cited.

WHY HOMEOWNERS LIKE LAWNS AND LANDSCAPES

Beauty and relaxation for family, employees or visitors	54.0%
Reflects positively on its owner	53.2%
Comfortable place to entertain, work or visit	47.4%
Increased real estate market value	44.1%
Helps to beautify the neighborhood	43.3%
Provides a safe, high-quality play area for children	36.7%
Provides an exercise area for pets	21.3%
Helps to purify the air	19.9%
Helps to cool the air	17.8%
Provides a natural water filter to protect water quality and the environment	13.5%

Source: National Gardening Association data, cited by the International Turf Producers Foundation

Who buys landscaping and gardening services?

23% of all U.S. Households spend money on lawn and gardening services. According to the National Gardening Association, "the three major demographic characteristics of gardeners are affluence, middle age and homeownership." (Source: *National Gardening Association cited in Research Alert, 21 (8): 1, April 18, 2003.*)

Almost half or 47.6% of spending on landscape and gardening services is by households with incomes of \$70,000 or more (Source: *Household Spending: Who Spends How Much on What, 8th Ed. New Strategists: Ithaca, NY, 2004.*)

Spending on Gardening and Lawn Care Services by Age*

Region	All	<25	25 – 34	35 – 44	45 – 54	55 – 64	65 – 74	75+
Percent of Total US Spending	100.0%	0.5%	4.9%	15.3%	18.7%	14.9%	31.2%	14.6%
Spending Per Household	\$96.69	\$6.30	\$28.41	\$66.65	\$89.38	\$108.94	\$293.06	\$146.97

*Age of Householder.

Source: *Household Spending: Who Spends How Much on What*, 8th Ed. New Strategists: Ithaca, NY, 2004.

Spending on Gardening and Lawn Care Services by Region*

Region	Northeast	Midwest	South	West
Percent of Total US Spending	34.6%	12.9%	31.7%	20.8%
Spending Per Household	\$176.14	\$53.38	\$86.31	\$91.05

*(NE): CT, ME, MA, NH, NJ, NY, PA, RI, VT; (MW): IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI; (S): AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV; (W): AK, AZ, CA, CO, HI, ID, MT, NV, NM, NM, OR, UT, WA, WY

Source: *Household Spending: Who Spends How Much on What*, 8th Ed. New Strategists: Ithaca, NY, 2004.

What do Landscape and Lawn Care Businesses Charge?

<http://www.landscapemanagement.net/landscape/article/articleDetail.jsp?id=70252>

The fastest growing service sector, according to a survey of 374 subscribers to Landscape Management, is mowing (39% of respondents) and landscape installation (34% of respondents). These two segments also represent the most profitable of all service segments for landscape firms – 25% of respondents said that landscape installation was the most profitable while 18% mentioned mowing. (Source: Landscape Management)

Charges per crewmember for these two services are as follows:

Install/Build and Mowing Rates

Hourly Rate per Worker	Install/Build	Mowing
<\$ 5	1%	2%
\$5 to \$10	2%	4%
\$10 to \$15	5%	7%
\$15 to \$20	8%	12%
\$20 to \$25	13%	16%
\$25 to \$30	14%	19%
\$30 to \$35	24%	15%
>\$35	24%	11%

Source: LM 2003 State of the Industry Survey (Number of Respondents: 374)

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