

Las Vegas Cleaning Industry Market Research

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In this report, we aim to help business owners that want to start a cleaning business in Las Vegas analyze their market.

We provide a market overview, growth trends, challenges, opportunities, strategic recommendations, suggested benchmarks, and revenue assumptions we suggest using in your business plan and financial modeling.

This cheat sheet is not legal or accounting advice. It is meant for educational use only. Please consult a licensed accountant or lawyer before making any legal or financial decisions.

Market Overview

According to Rentech Digital, Las Vegas has between 700 and 800 house cleaning services, with over 400 maintaining an online presence. Over half of all registered cleaning businesses have a 5-star rating. That means you'll be competing in a competitive, quality-focused market.

According to <u>Care.com</u>, the average hourly rate for house cleaning services in Las Vegas is \$20.44, which is similar to the state and national averages.

There are 880,604 households in the Las Vegas metropolitan area according to CensusReporter.gov. According to DataUSA, 55.7% of households (approximately 490.5K) in Las Vegas own their own home, and have a median household income of \$70.723

Key Players

Major players in the cleaning business industry include franchises like Merry Maids and MaidPro. Prospective business owners may want to consider purchasing a cleaning franchise to remove part of the learning curve when starting a cleaning business.

Learn more about Merry Maids and MaidPro franchises.

Growth Trends

Some of the following grow trends are being observed.



- Rising Demand Among Younger Demographics: Over 40% of homeowners under 35 now hire home cleaners regularly, a significant increase from previous years.
- Shift Toward Specialized Services: Merry Maids states there is a growing demand for niche cleaning services, including disinfection and allergen removal, driven by heightened health and safety awareness.
- Emphasis on Eco-Friendly Practices: Approximately 70% of consumers express concerns about chemicals used in cleaning, leading to increased demand for green cleaning products and methods.
- Technological Integration: The industry is adopting advanced tools like UV-C disinfection and Al-powered cleaning solutions to enhance efficiency and meet evolving client expectations.

Challenges

There are challenges that a Las Vegas cleaning business should be aware of before starting operations. Below are some of the challenges facing Las Vegas cleaners.

- Labor Shortages: According to <u>CleanLink</u>, the transient nature of Las Vegas's workforce and competition from the hospitality industry make it challenging to find and retain reliable staff.
- **High Competition**: There are 613 households per Las Vegas cleaning company, which means there's lots of competition, which can cause pricing wars.
- Supply Chain Issues: As tariff uncertainty plays out, supply chain issues and pricing increases may create challenges for the industry.

Opportunities for New Entrants

There are many opportunities for new cleaning businesses to succeed in Las Vegas. Some of the strategies you should implement include:

- **Target Underserved Areas**: The outskirts of town have huge amounts of new construction, which means they will have need for cleaners soon.
- Offer Specialized Services: Master cleaning strategies for eco-friendly cleaning, services tailored for seniors, and cleaning special materials that will help differentiate new businesses.
- Leverage Technology: Use a CRM like Housecall Pro along with online booking to help manage your cleaning business easier.
- **Subscription Models**: Offer weekly, bi-weekly, monthly, and quarterly subscriptions with discounts to maximize customer relationships and revenue.



Strategic Recommendations

To stand out in your industry, we recommend all Las Vegas cleaning companies use the following strategies.

- Develop a Strong Online Presence: Invest in a professional website, active social media profiles, and a Google Business Profile with automated review requests to maximize your reach.
- Prioritize Employee Retention: Offer competitive wages, benefits, and training
 programs to attract and retain quality staff. Provide a \$25 bonus for each 5-star
 review an employee gets.
- Focus on Customer Service: Providing exceptional service to get repeat business. Offer customer discounts to people who provide referrals that become customers.
- 4. **Stay Informed on Industry Trends**: Regularly monitor market developments to adapt services and stay ahead of competitors.

Suggested Benchmarks

We suggest running and managing your cleaning business to closely target the following benchmarks:

- Cost of Services: The cost of travel time, labor, and materials should be less than 50% of your revenue.
- Gross Profit Margin: Your gross profit should be at least 50% of your revenue.
- Sales, General, and Admin (SGA): Your total SGA costs should be less than 18.24% of revenues.
- Lease & Utilities: Your lease and utilities should be less than 1.5% of revenue.
- **EBITDA Margin**: Target an earnings before interest, tax, depreciation, and amortization margin of at least 30%.
- Tax Rate: Assume your effective tax rate will be 21.5%.
- **Net Income Ratio**: You want to target at least a 23.75% net profit margin.

These benchmarks will help your Las Vegas cleaning business meet or exceed benchmarks for the NYU "Business & Consumer Services" profit margins categories and the top 10% of tax filers in the U.S.



I adjusted the Gross Profit Margin upwards based on interviews I have conducted with cleaning business owners that manage their business by the numbers. You can view those interviews in the UpFlip blog about <u>starting a cleaning business</u>.

Revenue Assumptions

When creating a business plan and financial modeling, we suggest assuming that the maximum revenue you will get is equal to \$601,426 based on the following assumptions:

- 1. The average home cleaning earns \$81.76/session.
- 2. Your company will get a maximum of 613 households.
- 3. The average household will book monthly cleanings.

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- Home page: https://www.howtostartabusinessinlasvegasnv.com/
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We provide a free 30-minute consultation to Las Vegas business owners. Feel free to reach out.