



2023 State of the Closed Crawlspace Market

Inside:

- ▶ A Growing Interest in Closed Crawlspace Services
- ▶ The Business Case is Convincing
- ▶ Creating a Winning Sales Pitch
- ▶ Training is Essential to Success
- ▶ Exclusive Market Research

Want to learn more about closing crawlspaces? Turn the page to see why one PMP said, "This isn't a luxury item; it's something that literally improves people's homes and their quality of life, plus it eventually it pays for itself."

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The Time Is Ripe for Closed Crawlspace Services



Remember that old saying “It’s not the heat; it’s the humidity”? People have long recognized that too much moisture in the air, coupled with high temperatures, can cause physical discomfort. Increasingly, they’re coming to understand that humidity can be far more detrimental when left unchecked in their homes. This realization is giving rise to growing interest in closed crawlspace services.

“The market potential is really great,” said Billy Tesh, president of Crawlspace Depot and Pest Management Systems Inc. in Greensboro, N.C. “As new homes are being constructed, builders are electing to go with closed versus vented crawlspaces. They understand that it’s the best way to protect homes from moisture damage, especially as hot, humid summer months are causing crawlspaces to sweat more.”

Older homes are prime prospects for closed crawlspace services

as well. Jon Statom, branch manager at Palmetto Exterminators in Greer, S.C., shared, “It used to be something you saw in high-end construction only, but we’ve done encapsulation jobs in houses that are by no means high-end. It’s because these houses sometimes need this solution even more than the high-end ones because of older, inefficient heating equipment and inadequate insulation.”

Sam Makhani, technical director at GreenMind Pest Consulting in Irvine, Calif., said that homes in colder climates can benefit from crawlspace services, too. “The crawlspace treatment business is a lot better in regions that are colder than here in Southern California. I believe the growth will be there in the next few years due to climate changes. More rain and moist conditions will strengthen demand, especially in colder parts of the U.S. and in Canada.”

PMPs IN THE MARKET. According to the 2023 PCT State of the Closed Crawlspace Market survey, 28 percent of PMPs offer closed crawlspace services. On average, they've been doing so for over 13 years; however, one in three (33 percent) have begun closing crawlspaces in just the past five years — likely because they're seeing greater business potential than in the past.

"The need has always been there, but now that more people have heard of it, demand is growing," said Statom. "We've done four houses on one street alone, and now a fifth homeowner has called because the neighbors are talking to each other, saying, 'We had this work done. It was a lot of money, but now that we've done it, we can't believe we didn't do it sooner. It's changed our house.' This isn't a luxury item; it's something that literally improves people's homes and their quality of life, plus it eventually it pays for itself." ■

Just Getting Started — or Thinking About It?

We asked some of your peers who have been offering crawlspace services for some time what advice they'd give to someone just starting out.



Always price a job higher than you think you should. There will always be issues that come up that you didn't anticipate. Whether those require additional effort, materials or both, they can cut into your profit."

Lucas Geer, Technical Director, Walker Pest Management, Greenville, S.C.



Consider partnering with builders to increase your market saturation and profitability. If you're already doing termite pre-treats and related services for new construction, closing crawlspaces is a natural addition."

Billy Tesh, President, Crawlspace Depot and Pest Management Systems Inc.

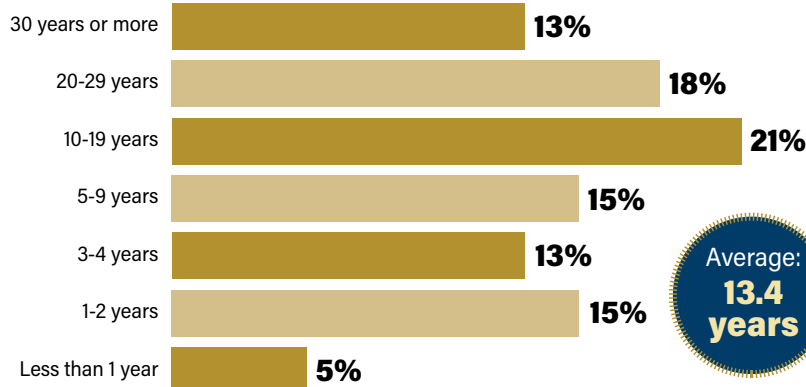


Stay focused, be honest and professional, and learn something each time you complete a project. (Learning is a lifetime journey!) Succeeding with crawlspace services also requires a commitment to invest in training and cutting-edge technology."

Sam Makhani, Technical Director, GreenMind Pest Consulting, Irvine, Calif.

EXPERIENCE PAYS OFF

How long have you offered closed crawlspace services?



Source: Readex Research; Respondents: 39



Why Closed Crawlspaces? Why Now?

When homeowners began installing central air conditioning in the '70s, it created a new thermodynamic condition in crawlspaces that didn't exist there before — namely, the difference in temperature between the house and the crawlspace created a dewpoint. Much like a glass of iced tea on a hot front porch, the ductwork in those warm crawlspaces started to sweat, causing moisture build-up.

Back then, people kept their home temperatures around 78°. Today, thermostats are more likely to be set at 70° or so. It's hotter outside, it's colder inside, and crawlspaces are getting wetter and wetter, causing unhealthy conditions in homes.

Eliminating crawlspace moisture by closing up the space can:

- Reduce conducive conditions for insect activity
- Prevent mold and mildew formation
- Make the HVAC more efficient (15-18% greater efficiency is common)
- Improve the air quality of the house



The Business Case is Convincing

PMPs who have been providing closed crawlspace services report solid revenues and optimism about the coming year. Seventy-two percent of respondents to the 2023 PCT Closed Crawlspace survey said their revenues either increased (23 percent) or held steady (49 percent) from 2021 to 2022. Nearly all — 95 percent — said they expect their revenues to increase (41 percent) or hold steady (54 percent) in the coming year.

In part, that's because demand is strong. But it also reflects the stronger support system that's in place for PMPs today. Sam Makhani of GreenMind Pest Consulting, who has provided crawlspace services for 38 years and now advises

businesses looking to create their own add-on services and programs, had to make the best of the limited products and technologies available in the early years. "I would create a crawlspace service plan and use whatever materials were available to get the job done. Nowadays, we have deeper knowledge plus new technologies and products that help us do a better job," he explained.

Billy Tesh, Crawlspace Depot, couldn't agree more about the depth and breadth of products, and the availability of resources. "Our processes have become more refined in recent years, because we've been able to improve upon not only the products but also the tools for installation. For example, tapes and tools for fastening are better than

they have been in the past; liners are available in various types and thicknesses; and foam insulation board is easier to install," he said. "In addition, training opportunities and materials are more accessible, so PMPs have a lot of support as they enter into this new service area."

WHY SOME HOLD OUT. Still, some PMPs are hesitant to take the plunge into closed crawlspace work. Reasons cited through the PCT survey included lack of demand in their region (35 percent), no time for investigating the market (30 percent), the need for specialized service technician skills (26 percent) and liability concerns (15 percent), along with financial and other concerns.

With the exception of geographic demand — a region either has homes with crawlspaces or doesn't — Makhani believes PMPs can make a go of it. "Like any other business, the owner or business leader needs to do their research, train their team, maintain quality control throughout the service process, and then make any needed adjustments to services and training," he said. "If they are successful in the pest control business, then creating and executing this new program shouldn't be hard. Any time you take care of your employees and your clients, profit will follow."

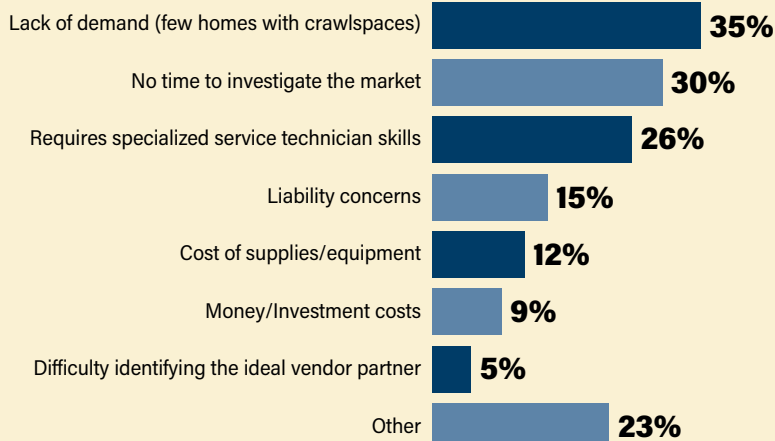
Tesh advises PMPs to start out slowly, building competence and confidence among their team as they go. "That's what we did when we started out. We took on one or two crawlspaces a month using our termite technicians, because they were already familiar with working in crawlspaces, doing vapor barriers," he shared. "The major differentiator here is that these jobs take two or three days, depending on the size of the house and the components you're installing."

WHAT IT TAKES TO SUCCEED. Jon Statom, who has turned closed crawlspace work into a lucrative business line for Palmetto Exterminators, offered this insight: "If you put in the time and effort, and you're willing to make the investment into doing a good job and charging an appropriate price, you can build a successful closed crawlspace business. At the same time, you need to go into this type of work understanding that it's going to be harder than you think it is."

"I had a lot of experience in crawlspaces and it still turned out to be much harder than I thought it would be. Every job you go to, there will be a problem you haven't seen before. The situations are always changing and always challenging. You have to estimate with those potential issues in mind. Think about it: You might spend 20 minutes looking around the crawlspace to quote the job. But then your service technicians are in there for two or three days; they are inevitably going to find problems you didn't see. You need to be prepared for anything at any time." ■

ONE-THIRD SAY LOW DEMAND

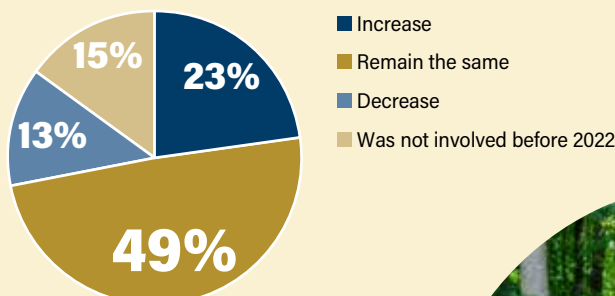
Why doesn't your location offer closed crawlspace services?



Source: Readex Research; Respondents: 102 (those who don't offer the service); Respondents could select more than one answer

REVENUE REMAINS STEADY

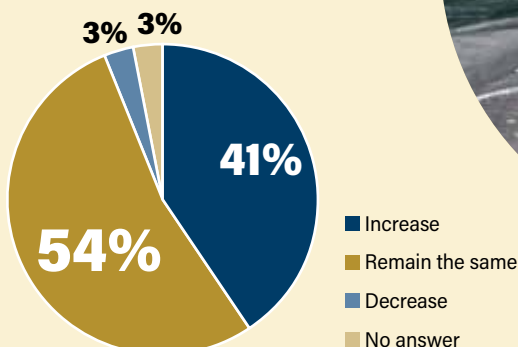
How did your closed crawlspace revenue change from 2021 to 2022?



Source: Readex Research; Respondents: 39

GROWTH EXPECTED

How do you expect your closed crawlspace revenue to change in the next year?



Source: Readex Research; Respondents: 39



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The Winning Pitch: **Simple and Understandable**

One of the great things about offering both pest management and closed crawlspace services is that you can cross-sell your clients. Nearly two out of three survey respondents (64 percent) who sell both said they have grown a pest control customer into a crawlspace customer. Similarly, 59 percent have grown a crawlspace-only customers into a recurring pest control customer. The potential is there; you just have to have to know how to sell it.

A big part of that sell is educating the customer. In fact, 64 percent of respondents said a significant amount of education is required to convince customers of the benefits of a closed crawlspace. Sam Makhani of GreenMind Pest Consulting said that more publicity and client education are key.

“Most clients are not aware when they are spending money on repairs or pest control treatment that there is a durable solution: controlling moisture and temperature in the crawlspace. PMPs are responsible for educating their clients on this important subject,” said Makhani. “They need to tell them that crawlspace closing is an important solution for getting rid of unwanted moisture, pests, mold, mildew, foul air and toxic material

in the crawlspace — that it keeps houses healthier, safer, cost-effective and more comfortable to live in.”

Advertising can help deliver that message, too. Lucas Geer said that Walker Pest Management advertises moisture remediation, which brings in new prospective customers who are actively seeking solutions. “A lot of times it might be someone who just bought a house,” he explained. “The inspector reported high moisture levels in the wood and called for corrective actions for the moisture levels in the crawlspace. We come out to do an inspection and talk to them about the best path forward, usually letting them know that this is what they should ask of the homeowner before you they buy the house.”

OK. So you have a customer in front of you, and you need to help them understand why they need closed crawlspace services. What do you say? Billy Tesh and Jon Statom share their proven approaches, from explaining the science to overcoming price resistance.

Making Sense of the Science

Billy Tesh: The pitch is simple. After an inspection, explain why ventilated crawlspaces don’t work in a hot, humid environment. Tell the homeowner that

it’s going to be 85° with 75% humidity this afternoon, or whatever the case might be, and that elements in the crawlspace are going to be at the point where dew-points exist. They’ll sweat and collect moisture, and that’s why you recommend using specialty equipment like handheld relative humidity (RH) devices, infrared thermometers, and devices to calculate the dewpoint. With those, you can verify that the reason that ductwork is sweating is because it’s at or below the dewpoint.

The simplest way to demonstrate this is to take a cold glass of water outside and let the customer watch it start to sweat. It doesn’t even have to be really cold — just cool — and condensation will form on the glass because it’s at or below that dewpoint.

Jon Statom: I explain to homeowners that what we’ve been told all our lives — that you need lots of vents and fresh air in your crawlspace — doesn’t hold true anymore. The air in South Carolina in the summer isn’t what I would call “fresh.” It’s hot and humid. I tell them to think about their crawlspace the same way they think of their house: Would you rather have a house with a well-functioning air conditioning system, or would you rather



just open all your doors and windows to let the fresh air in? Your house wouldn't feel all that fresh in about 10 minutes. When we ventilate crawlspaces, we let that hot, humid air into the crawlspace thinking it's going to fix something. It doesn't.

Overcoming Price Resistance

Billy Tesh: The best way to overcome cost resistance is to explain your process. If you just tell someone you're going to do a closed crawlspace for them and it's going to cost \$18,000, that doesn't mean much to them, and the sticker price scares them to death in some cases. But when you go line item by line item on what you're doing in the process, they start to understand the value. Take pictures, have a good contract system in place — the contract should include the explanation of what you found during your inspection with detailed drawings as well as pictures — and explain the results they can expect as well as what services you'll provide to ensure the ongoing effectiveness of your work.

Jon Statom: A lot of homeowners have told us they can't bite off \$9,000 right off the bat, but they want to do something. What can they do? Well, for \$3,000, maybe we seal up those vents, put up the

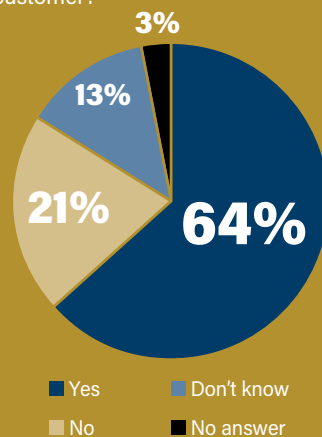
dehumidifier and fix the vapor barrier. Then later on, when you're ready, we'll come back and do the rest of it. You haven't lost any money and you wouldn't really save any money by doing it all at once; you can break it up. We've done that a lot of times.

Converting a Pest Control Customer to a Closed Crawlspace Customer

Jon Statom: A termite customer was experiencing a persistent issue with smoky-brown cockroaches, which like to live in dark, damp areas — like crawlspaces. I said, "There are things we could do to make your crawlspace drier and reduce your risk of the kind of roach problem you're having. It would also make it easier to heat and cool your house, and improve the quality of the air you're breathing." I talked through the 15 to 18 percent energy improvement, about how 40 percent of the air they're breathing comes through the crawlspace air quality, and then went through the cost analysis — how they can recoup their investment through energy savings while improving their moisture and pest issues. We're looking at that pest control call turning into an \$8,000 sale, plus we know we're doing what's right for that customer. ■

SERVICE OPENS DOORS

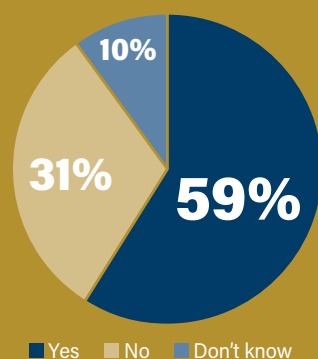
Have you ever grown a pest control customer into a crawlspace customer?



Source: Readex Research; Respondents: 39

SERVICE OPENS DOORS, PART 2

Have you ever grown a crawlspace-only customer into a recurring pest control customer?



Source: Readex Research; Respondents: 39

A technician wearing a dark cap, a white face mask, and a dark t-shirt is kneeling in a crawspace. He is applying a white sealant from a can to a white plastic barrier. The crawspace is dimly lit, with a bright light source visible in the background. Rusty pipes and structural elements are visible above the technician.

Training Is Essential to Success

Every company performs crawspace work a little differently, and training can take a variety of forms. One thing PMPs agree on, though, is that a crawspace technician needs to know what to expect before you cut them loose on a job. Some combination of video instruction or in-person classes and shadowing an experienced crawspace technician is critical to preparing them for the task.

“Crawspace Depot offers training videos, onsite training, Zoom calls and field training,” said Billy Tesh of Crawspace Depot and Pest Management Systems. “We can Zoom into PMPs’ teams to so they can ask questions and discuss how to deal with not-so-typical crawlspaces. We have people available by phone, too, to share insights on how to overcome obstacles someone may run into. No house is the same, so they all have to be looked at individually.”

For companies that have already done crawspace work, new crew members can shadow more experienced ones. Those that don’t have experts on their own teams have the option of traveling to Greensboro to ride with one of Tesh’s 30+ crews to witness a few installations firsthand.



At Walker Pest Management, a lot of effort is invested in training the inspectors who evaluate crawlspace conditions. “Inspectors need to be able to note details that are important to the homeowner’s understanding of what’s happening in their crawlspace,” explained Lucas Geer. “Their training is intensive: We cover all the basics of termite work, moisture remediation, vapor barriers, dehumidifiers — everything related to assessing and explaining the situation so customers understand their options.”

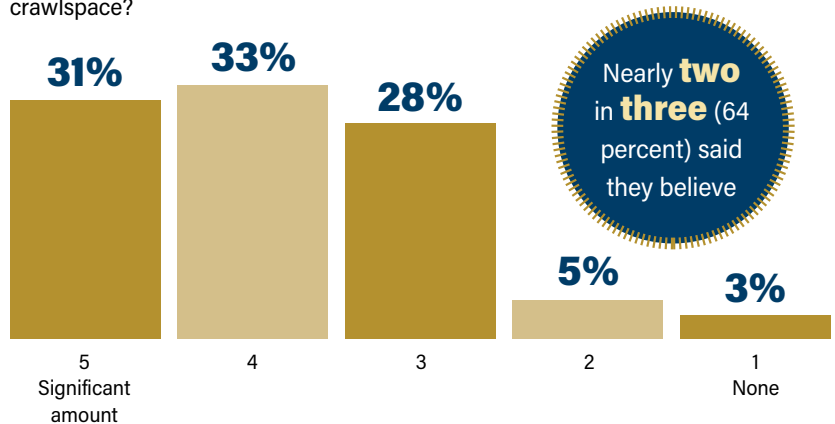
KEEP ‘EM SAFE! N95 masks, gloves, coveralls, eyewear — proper PPE is essential for protecting your crawlspace crew members. Think about the conditions when they go into that space, especially the first time. They may be exposed to mold, unhealthy air and hazardous materials that put their health at risk. Those conditions will improve as they remove debris, and treat and dry the crawlspace out, but they should continue to wear protective gear throughout the duration of the project.

THE RIGHT PEOPLE FOR THE JOB. One of the toughest challenges of taking on crawlspace work is identifying ideal team members. Crawlspace work is grueling, dirty, demanding labor that also requires a sharp mind and problem-solving skills.

“It’s much more difficult than termite work,” said Jon Statom of Palmetto Exterminators. “A team might be in that crawlspace for a day-and-a half just wallowing in the mud, pulling out the insulation, trenching, digging and drilling holes. That same team, who is willing to get that filthy then has to turn that crawlspace into something beautiful — neat, perfect and clean. It’s not easy to find people like that.” ■

CONVERSATIONS ARE IMPORTANT

How much education is required to convince customers of the benefits of a closed crawlspace?



Source: Readex Research; Respondents: 39

Building a Powerful Crawlspace Team

Sam Makhani of GreenMind Pest Consulting offers these tips for forming and developing strong crawlspace teams:



Use your business experience and judgment to pick two or three people for each crawlspace team. (Crawlspace experience is preferable.)



Take professional courses, attend seminars and learn from experts by calling them for advice.



Train your team regularly on subject matter, safety, equipment and new technology.



Prepare a professional protocol and quality control measures for your crawlspace services.



Make the safety of your employees, your clients and their property your top priority: Always have at least two people working together as a team. Designate a team leader. Send your quality assurance manager to the site frequently to check safety conditions and work quality, and provide additional training. The presence of this manager will assure clients of your commitment and help you deliver a higher-quality service.

About the Survey

The PCT 2023 State of the Closed Crawlspace Market survey was sponsored by Crawlspace Depot and compiled by Readex Research, a privately held research firm in Stillwater, Minn. A sample of 5,049 pest control company owners, operators, executives and technical directors was systematically selected from PCT’s database and another industry database. Data was collected from 141 respondents — a 3 percent response

rate — via online survey from March 2-23, 2022. Results for most of the closed crawlspace questions are based on the 39 respondents who indicated their location offers closed crawlspace services. The margin of error for percentages based on those 39 respondents is ± 15.5 percentage points at the 95 percent confidence level. Charts may not add up to 100 percent due to rounding.

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