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Yard and Home Finishing Work for Southern Lincoln County, Nevada

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SUMMARY

A large opportunity for business development in Lincoln County can come from the developments in southern Lincoln County. The expenditure on home and yard finishing is increasing, especially in the housing cost ranges that will be found in the new developments and with the types of individuals likely to become residents in the southern Lincoln County communities. The latest trends in finishing yards include outdoor rooms, pools, spas and walkways to gardens. Inside the house extra expenditures are spent on custom-made cabinets and furniture, specialized painting, iron rod and stone features, flooring and window treatments. The people most likely to purchase these homes watch where their money flows but spend their higher incomes on creating pleasant, unique environments. There is great potential to create small businesses that provide excellent service with unique, high-quality products and services for the new homes and yards.

INTRODUCTION

The developments in the southern end of Lincoln County, Coyote Springs and the Lincoln County Land Act development provide a great opportunity for business expansion and development within the county. The potential business opportunities outlined can be serviced by the businesses, individuals, environment and resources found in Lincoln County.

METHODS

The business opportunities in Lincoln County were derived from a combination of interviews and literature in the building industry. Information on the services and materials required by

the new developments in the southern end of Lincoln County were collected from one-on-one interviews with the developers and home builders of the communities. Industry articles about building and home trends were also researched. Business opportunities in the developments were screened for their compatibility with the resources, talents and capabilities of people and businesses in Lincoln County found in Gatzke, 2005.

DEVELOPMENTS IN SOUTHERN LINCOLN COUNTY

There are two new communities, Coyote Springs Investment (CSI) and

Lincoln County Land Act (LCLA), that will be built on the southern end of Lincoln County in the next five to 20 years.

The LCLA, or sometimes called Toquop, is a cluster of eight land parcels located on approximately 13,000 acres in the southeast corner of Lincoln County, just north of Mesquite. The major land packages have been purchased by well-known developers who develop middle to upper-end housing. The majority of houses will be built in five to 15 years totaling an estimated 40,000 homes. The target groups of people will be second home owners, locals, executives, baby boomers and retired people. Commercial and recreation, such as golf, some casinos, shopping centers, big box stores and health services, will be built. To determine some areas of demand for businesses, neighboring markets were examined (Gatzke, 2007).

CSI is a self-contained development located at the southern end of Lincoln County and partially in Clark County on U.S. Highway 93. Development is starting in Clark County on a 15-acre plant nursery, two golf courses and an in-ground infrastructure in residential areas. Model houses are planned to be open for viewing in late December 2007. The development will start in a few years in Lincoln County upon final environmental clearance and demand for more homes. The community will contain primary homes, second homes for the weekend, vacation properties, ranch estates and retirement villages. Pardee Homes is contracted to be the major housing developer. Houses will range from starter to upper-end, priced initially at 25% below Las Vegas' Planned Unit Development (PUD) house market

around \$225,000 to \$1 million plus. CSI will build some high-end custom homes (over \$1 million) on larger lots. There will be villages of condominiums, town homes and retirement communities. As the community grows, it will include the schools, churches, retail stores and businesses of a mid-sized city (Coyote Springs, 2007).

SOURCE OF BUSINESS

The construction of the developments will largely rely on currently established business relationships between contractors and subcontractors. There may be business opportunities in supplying raw materials and services commonly used in building homes but it will be difficult to break into the well-established market and business connection of construction. It will require establishing a business relationship with the subcontractors used by the housing developers subcontracted by Pardee Homes at CSI and for land developers at LCLA. The business deal will also require large-scale services because of the extensive building that will take place at both developments. Becoming a subcontracting company is likely to demand too large of a business to be supported in Lincoln County. Cindy Creighton-Nevin, Executive Director of the Nevada Subcontractor Association, noted: "Small and new subcontracting companies cannot compete with established construction subcontracting firms due to the large financial resources required to be viable. Also, liability insurance issues are a big road block." Although it is difficult to start business relations with the large developers and builders, there are

some areas of potential for small specialty areas of work. The list of contact people for the developments is available at the Lincoln County Cooperative Extension office (775-726-3109).

While it may not be feasible for potential entrepreneurs in Lincoln County to operate construction supply and subcontracting companies, there could be a great deal of potential in the finishing required after the basic home is built or 'after-market'-related business realm. Most 'after-market' amenities are left to the homeowner to acquire. There will be a demand for specialty work from small businesses for individual homeowners, especially of the middle to higher-end homes that will be in these developments. The potential business is found in specialty areas of work desired for house and yard finishing and decorating. The front yard generally is finished by the home builder but the backyard is the responsibility of the home owner. These PUD communities require the new home owners to finish their yards within two years of the home being built.

These developments will be growing and selling new homes for the next 20 to 30 years providing a long-term source of business.

SERVICING THE HOMEOWNER MARKET

The new communities will likely consist largely of baby boomers and upper income/double-income families with a minimum household income of \$55,000 per year and with most incomes being much higher. The customers for business opportunities in the new developments in southern Lincoln County are likely to be active individuals that enjoy a sense of open space, community and healthy lifestyle. They are

active and busy, but want a beautiful environment and are willing to pay for it. These customers watch their spending but love to spend and will pay for exceptional quality and service. They make sure their purchases are reasonably priced. Baby boomers enjoy great customer service that saves time, money and aggravation (Gatzke, 2007).

These consumers are unlike the majority of residents in Lincoln County in that they spend substantially more money on making their homes and yards look like pictures found in designer magazines. They also want to show their individuality which opens the opportunity for providing unique, personalized and higher priced items and services from small businesses.

The love of the outdoors and desire for expressing their individuality results in some of these homeowners enjoying purchasing rustic features, such as old farm oddities like rough furniture, barn wood, rusted pieces, etc. for their homes and yards. They also enjoy home crafted items because each one is unique and special. They enjoy these items because they desire and miss a life that is safe, slower paced, wholesome and friendly.

EXPENDITURES IN FINISHING

The current trend in new home purchases is for smaller homes with higher levels of finishing (Karasik, 2007; Browning, 2007). An iNest survey of new home owners in Las Vegas in 2006 found homebuyers are taking advantage of all unique, luxurious options offered. Owners of homes with base prices of \$180,000 to \$300,000 spent 9.7% on upgrades and those with homes over \$300,000

spend 11.4% on upgrades (iNest, 2006). At this rate, consumers of homes in these communities may spend an additional \$34,000 in upgrades.

On average a new dweller will spend \$9,400 in the first year on home-related projects. New home owners are optimistic and powerful spenders and so are great prospects for business. Establishing a loyalty and long-term relationship with these consumers is worthwhile (Shanks, 2007).

The expenditure on home improvement has been increasing over the last decade (JCHS, 2007). A survey in 2000 showed the areas of expenditure for homeowners as:

Interior decorating, furnishing	59%
Renovating and remodeling	32%
Landscaping	29%
Gardening	27%
Mandatory maintenance	24%
Exterior decorating	22%

These projects require extensive materials and 33% of the homeowners will hire someone to do the work (DWC Magazine, 2001).

It is found that homeowners often replace or change items long before their expected lifespan due to personal preferences and changing trends. Some homes are repainted every year or two, even though the life expectancy of paint is 15 years (Nation's Building News, 2007). This trend results in repeat business for many years to come but a requirement for continually updating and changing your product.

Contractors that service the small, service-orientated business have kept their businesses relatively small. The design/build and specialty remodeling contractors have had stronger revenue growth and more stable receipts than firms offering a broader range of home improvement services (JCHS, 2007). This study

indicates that there is a business advantage to offering a specialized service rather than a wide range of services for home improvement, especially for small businesses.

PRODUCTS & SERVICES IN DEMAND

To know what products and services will be demanded, it is important to keep track of the latest trends that customers are following and create unique products that follow those trends. The target customers in the developments are people that like to show their individual style, enjoy outdoors, entertaining and are busy. Design your product line to cater to these values. It is important to focus on products and services not offered by major building supply stores.

Yard Finishing

Businesses providing services or materials for yards can range from designing to supplying materials to installation. There will be great opportunities in supplying materials and services required for highly-designed yards in the new developments. The latest trends are for landscaping to include outdoor living spaces where living rooms, kitchens and/or sitting rooms are built outdoors. These outdoor rooms can include: kitchens with outdoor appliances; stainless steel grills, counters and cupboards; dining areas; running water; lighting and stone; cement or wood flooring; living rooms with full fireplaces or fire pits; patio furniture and decorating accents not too different from those found in the house; and quiet spaces for seating that are located in small areas off to the side and surrounded

by plants. These outdoor rooms are often outlined by pillars, trellises or walls with openings acting like windows. Some of the most important features for 2007 are patios, decks, porches, swimming pools, water features (such as fountains and ponds), and walkways within gardens (ARAcontent, 2007; Browning, 2007; Home & Garden Television, 2007; Karasik, 2007; Market Watch, 2007).

The following pictures show a small number of different finishing projects that can occur:



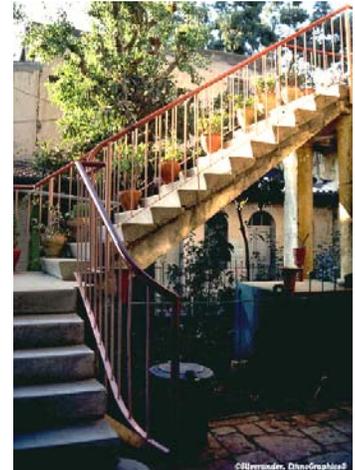
Picture 1. Take note of how the pool is surrounded by stone work and cement. Cement and iron rod is used in the retaining wall between the house and pool. This wall also acts as a planter along its bottom and the top edges. The garden area to the right of the pool has a wood-chip surface.



Picture 2. Cement retaining walls surround garden areas. Steps are made of various colored stone. Rod iron railing accents frame balconies and patios. Decorative rock adds color to gardens.



Picture 3. The patio and pool surroundings are made of stone. The planting areas are edged with cement.



Picture 4. Owners of smaller homes will finish their yards as well. This stair-case curves around a rustic outdoor living area with a stone floor.

These types of projects require type II gravel for a base under driveways, patios, sidewalks and added structures. There also will be a large demand for stone for patio flagstone walkways, pool and spa surrounds and custom-made outdoor barbeques or fireplaces. Masons will be required to install the stone.

Juniper and pinion pine could have a number of uses in creating custom furniture, fences, rustic walls, gazebos, planters and wood-chips for yards.

Table 1 lists some other business opportunities in yards.

Table 1. Potential Lincoln County Business Opportunities

Business Type	Notes
Awnings	For patio covers, backyard shade
Barbeques	Sales, installation and fabrication (brick and stone type)
Yard fences and decorative walls	Prefabricated materials or local stone or wood (juniper & pine)
Patio floors, walls & covers	Stone, brick or cement slabs. Shading covers of wood or fabric
Play equipment (outdoor)	Sales & installation
Pool/spa fencing	Safety enclosure for pools & spas; sales and/or installation

Landscaping

The homes in the developments will have highly-designed yards which create great demand not only for plants but also for hardscape. Hardscape consists of masonry work, woodwork and other non-plant elements on a landscape. Some examples would be decorative features such as custom-made edging for gardens, planters, garden paths, retaining walls, ponds and other water features. These items could be made of stone, brick, wood (use for local juniper or pine) or cement. There is also a great opportunity in supplying decorative boulders, crushed rock and wood-chips from the abundant local resources in Lincoln County for landscapes.

Landscaping will also require the parts and installation for irrigation systems. Much of the landscaping will require maintenance which includes tree pruning, lawn care, garden plant care, etc.

Each of these many projects could result in a specialized business.

House Interior Finishing

Interior design is always changing but the latest trends can be found in websites such as:

<http://www.accredit-it.org/updatestrendsdoc.html> (look for Interior Design Trends download)

<http://interior-design-guide-to.com/topics/interior-design-trends.html>

<http://interiordec.about.com>

<http://GetDecorating.com>

<http://betterhomesandgardens.com>

<http://trendsideas.com>

<http://hgtv.com>

<http://lowescreativeideas.com>

Keep in mind that the target customers in the developments are people that like to show their individual style, want offices in their homes and enjoy entertaining.

After-market amenities that homeowners seek for inside their homes include paint for adding color and specialized artistic finishes, window treatments that are handmade to their taste, upgraded flooring and appliances and custom-made cabinets and furniture.



Picture 5. Specialized painting.



Picture 6. Specialized texture painting, draperies, addition of extra deep floor molding and iron rod accents.



Picture 7. Painting for color and wallpaper feature. Wood chair rail added for accent.



Picture 8. Custom-built cabinets and fireplace tile and stone finishing.



Picture 9. Customized bookcases, furniture, wood wall paneling and wood and stone fireplace.

Table 2 outlines many potential business opportunities in home finishing that Lincoln County businesses may capitalize on.

Table 2. Business opportunities from house interior finishing

Business Type	Notes
Furniture grade cabinets	Customized units are popular and there may be a request for matching furniture
Homespun decorations	Handmade, customized accents – quilts, crafts
Closet and garage organization	Sales & installation; Large increase in interest for organized space
Flooring: carpet, wood, tile, stone	Many homebuyers purchase their new home with the standard, included flooring and then upgrade after taking possession
Paint & wallpaper	New homes come with white walls; a painting/wallpaper business would offer added color, faux finish painting and wallpaper options
Decorative veneers	Stone, brick, faux stone for fireplaces and decorative walls
Soft water systems	Sales & installation
Window treatments	Custom drapes and curtains, blinds, interior shutters

Table 3. Business opportunities during development of the new southern communities

Business Type	Notes
Rock materials	Decorative boulders and crushed rock
Specialized and expensive to transport plants	Unique items, large trees and sod
Water truck	For required dust abatement
Construction cleanup	Contractors hire clean-up businesses to remove debris from the job site and to do a final house cleaning before homeowners take possession
Street sweeper	Clark County requires that dirt/mud from construction not be tracked onto existing roads; Lincoln County may have similar requirements (safety issue)

WORK FOR DEVELOPERS AND BUILDERS

There are some business opportunities during the initial development of the southern communities for Lincoln County. These opportunities are mostly found in small specialty areas of work where being in close proximity provides an advantage. There are already Lincoln County businesses providing water truck, gravel and earth moving services.

BUSINESS NECESSITIES

Before expanding your business or building a new business, it is important to build a business plan. The plan should outline the financial, expertise and time requirements. Help in developing business plans can be found through University of Nevada Cooperative Extension offices and through the Rural Nevada Development Corporation (RNDC) at www.rndcnv.org.

It is important to investigate state regulations that must be followed. Many of the above listed businesses require a Nevada State Contractor's License. Consult local and state agencies for all requirements when operating a business.

Investigate the market you are considering by talking to others in the

business and looking at <http://www.marketresearch.com>.

You must determine whether you are passionate about the business being considered and if it fits well with your family if it affects them.

Business development and financial support are available from state agencies. Contact your local Cooperative Extension office for more information.

CONTACTS

Carl Rygg Doug Carriger	Coyote Springs Investment www.coyotesprings.com
Jim Rizzi Adrian Gonzalas	Pardee Homes www.pardeehomes.com
Matt Davis	Olympia Companies (developer at LCLA)
Brent Ramenofsky	BLT (developer at LCLA)
Cindy Creighton-Nevin, Exec. Director	Nevada Subcontractor Association
Public Relations Officer	Southern Nevada Homebuilders Association
Steve Fuller	TruBuilt Custom Homes, Las Vegas, Nevada
Lee and Rhonda Bradshaw	D.L. Bradshaw/Rainbow's End Construction, Lincoln County, Nevada
Tyler Mason	Bearing Point LLC, General Contractor, Alamo, Nevada
Susan Bunts	S.H. Bunts General Contractor; Las Vegas & Lincoln County
Daniel Bushey	Affordable Foundation Concepts, Lincoln County, Nevada
Jim Wilkins	Wilkins Trucking (Construction trucking, gravel pits, and

	concrete plant), Lincoln County, Nevada
Amy Sonnenberg	Pahroc Perlite
John Christian	Lincoln County Telephone Systems
Kathy Perkins	TB & E; company provides water, sand, and gravel to CSI; Alamo, Nevada

PHOTOGRAPHS

Microsoft Office Online ClipArt
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