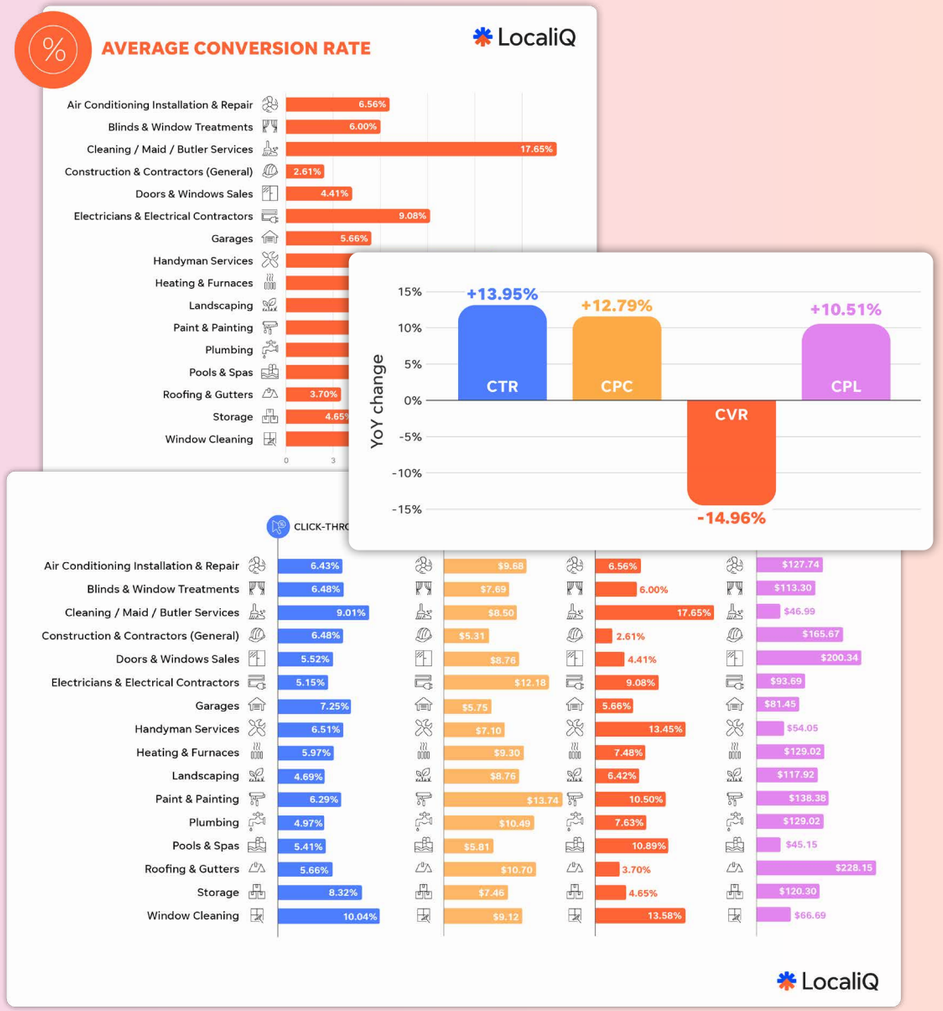
INDUSTRY REPORT

Home Services Search Ads Benchmarks

Competitive Data & Insights for 2025



LocaliQ

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Introduction

Search ads remain one of the most effective ways for a home services business to find new customers. Google sees almost 180,000 searches for “plumber near me” and 78,000 searches for “handyman” every month in the US alone. Advertising on Google and Microsoft Bing makes sure your business shows up for those motivated customers right when they need you most.

But the competition is getting higher and higher. Yelp reported that the home services industry led the way in new business openings throughout 2024 in every US state. More potential businesses bidding on home services keywords will continue to drive up the cost to get clicks, leads, and conversions.

Now more than ever, it’s critical to get the data you need so you understand if your search ads are staying ahead of the competition and delivering the best return possible from your investment.





A great way to find the answer is by benchmarking your Google Ads and Microsoft Ads results against businesses similar to yours. And we've got you covered there!

We've analyzed over 3,200 LocaliQ home services customer search advertising campaigns that ran from April 2024 to March 2025, so you can see exactly how other businesses in your industry are performing for key metrics.

We're also sharing tips and insights from search ads experts to help you keep costs low and make your ads as competitive as possible.

Our methodology

This report contains our latest home services search ads benchmark data to help you better understand and maximize your campaign performance and budget. A few things to know about this report:

- This data is pulled from over 3,000 LocaliQ customer search advertising campaigns running from April 2024 through March 2025.
- Our proprietary platform dynamically shifts budget between search channels on a campaign-by-campaign basis, but in aggregate, approximately 80-85% of budget is allotted to Google and 15-20% to Microsoft.
- Metrics include average cost per click, average click-through rate, average cost per lead, and average conversion rate, plus year-over-year changes.

METRICS IN THIS REPORT

CTR — **Click-through rate**
Percentage of impressions that result in a click.

CPC — **Cost per click**
Spend divided by clicks.

CVR — **Conversion rate**
Percentage of clicks that result in a lead.

CPL — **Cost per lead**
Spend divided by leads.

Overall averages

When viewing the data in aggregate, overall performance averages for home services search ads are as follows:



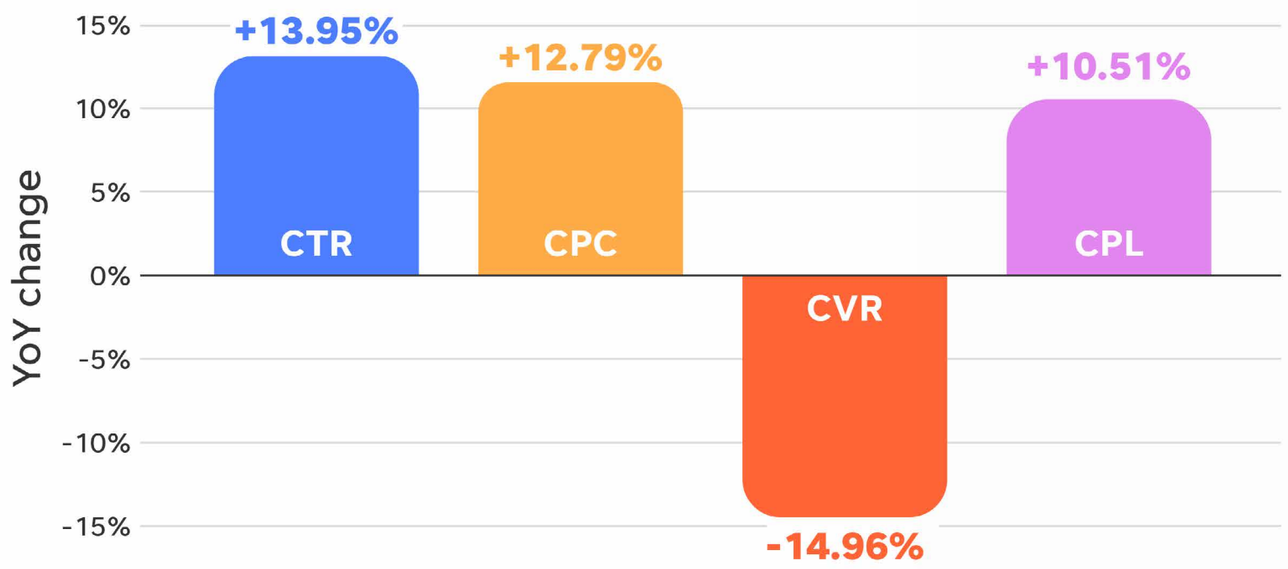
Search ad benchmarks for home services: Key takeaways

Before we dive deeper into key metrics, let's look at a few data trends shaping search ads for home services businesses.

- **Average click-through rate (CTR) increased for 88% of home services businesses.** Overall, the average YoY increase for CTR from all home services businesses was 13.95%. This marks better performance than we saw in our search advertising benchmarks across all industries, where 52% of them saw a decrease in CTR YoY. Higher home purchase prices driven by low supply coupled with stubbornly high interest rates may be motivating an elevated interest in updating and repairing existing homes instead of buying a new one.
- **Cost per click (CPC) increased for 75% of home services businesses.** Some home services businesses, like Pools & Spas and Doors & Window Sales, saw fairly substantial increases in CPC (over 46%). Search ads costs are rising across the board, so it's not surprising to see this reflected in home services businesses as well.



Overall Changes Year Over Year



- **Conversion rate (CVR) decreased for 10 out of 16 home services subcategories,** with an overall average decrease of 14.96% YoY. This is a departure from what we saw in our overall search ads benchmarks, where there was a 6.84% increase overall. It could be due to a crowded search results page in the home services space—many of these results pages include Local Services Ads, regular search ads, Maps ads, and more. Or it could be that economic uncertainties extended sales cycles over the last 12 months.
- **Cost per lead (CPL) increased for 69% of home services businesses,** with an average increase of 10.51% YoY. This is pacing a little higher than the overall search ads CPL increase of 5.13% across all industries. Home services is a competitive industry, and it can be expensive to convert leads, so we're not shocked to see these costs increasing.

What's the overall takeaway from these trends? The increase in CTR shows that interest in home services continues to grow. However, there are signs across the industry that competition for those buyers is also increasing.

For example, there was a net gain of over 55,000 janitorial companies (including residential cleaners) in the US between 2023 and 2024. Stories of private equity pumping money into pool and spa businesses are circulating. And as reported in the New York Times, home renovation buyers are often now requesting six or more competitive bids for a single job, where it used to be one or two.

With more businesses and more investment money in the mix, plus buyers who are comparing more providers, you can expect the bidding battle for search ads to continue to heat up.



Home services search ads benchmarks for 2025

Ready to dive deeper into the pay-per-click (PPC) data trends for home services? Here are the Microsoft and Google Ads metrics for each home services subcategory.

Let's take a closer look with a breakdown for each metric.



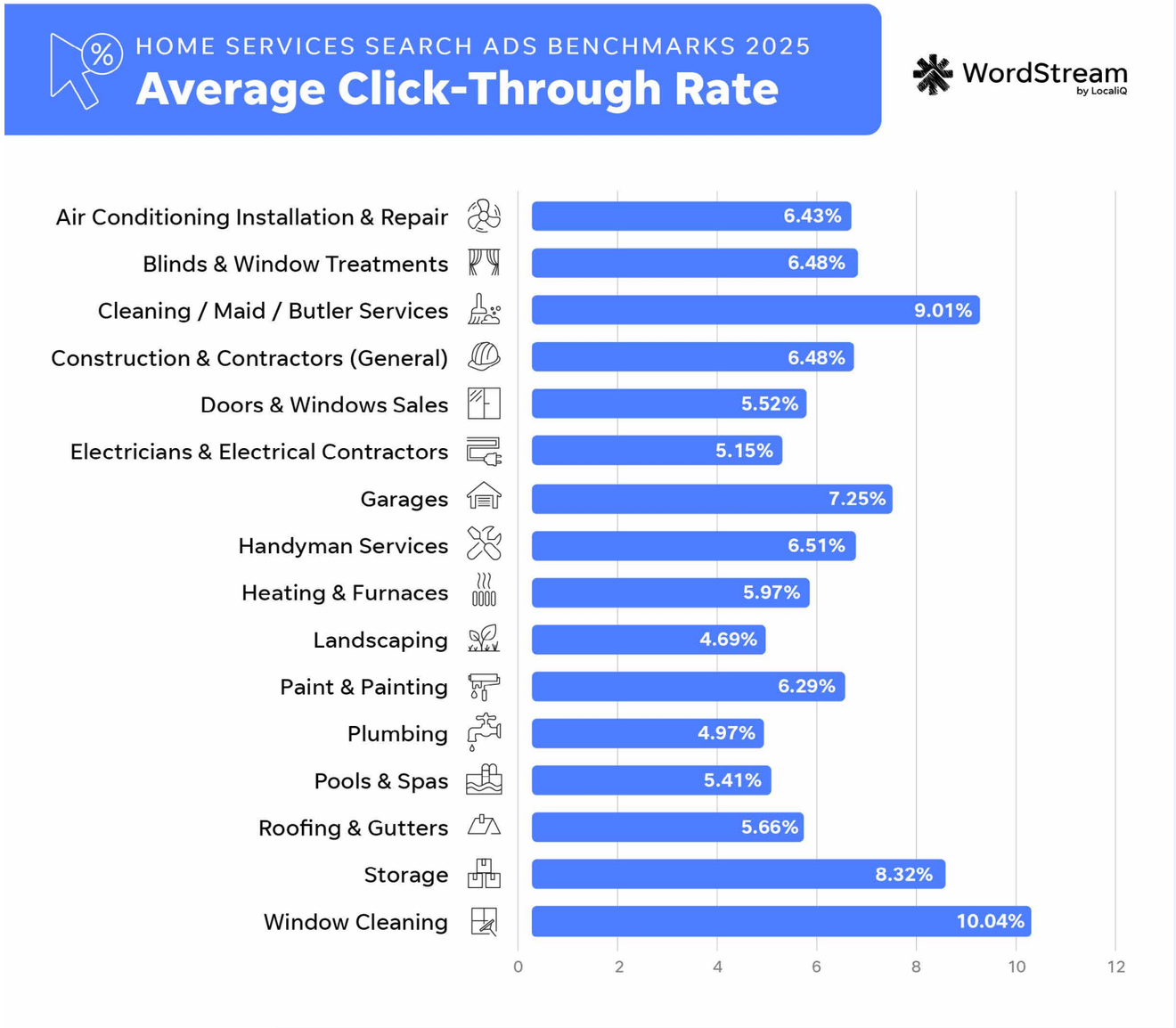
Average click through rate

Click-through rate isn't a bottom-line revenue metric, but it does tell us a lot about the effectiveness of ad targeting and the "clickability" of your search ads. Both insights will help guide your future search ad strategy.

The average CTR for home services in 2025 is 6.37%.

The home services business categories that saw the best CTRs this year were Window Cleaning (10.04%), Cleaning/Maid/Butler Services (9.01%), and Storage (8.32%).

The home services businesses with the lowest CTRs this year were Landscaping (4.69%), Plumbing (4.97%), and Electricians & Electrical Contractors (5.15%).





Overall, CTRs continue to climb across all industries. This may be a reaction to additional ad opportunities within search engine results pages. For example, Google now includes larger ads, more ads above the fold, and ads that blend in better with organic results.

That said, the year-over-year CTR increase for home services businesses is outpacing the general trend across all industries. This suggests that consumers are particularly interested in investing in their current home—good news for home services businesses!

Average cost per click

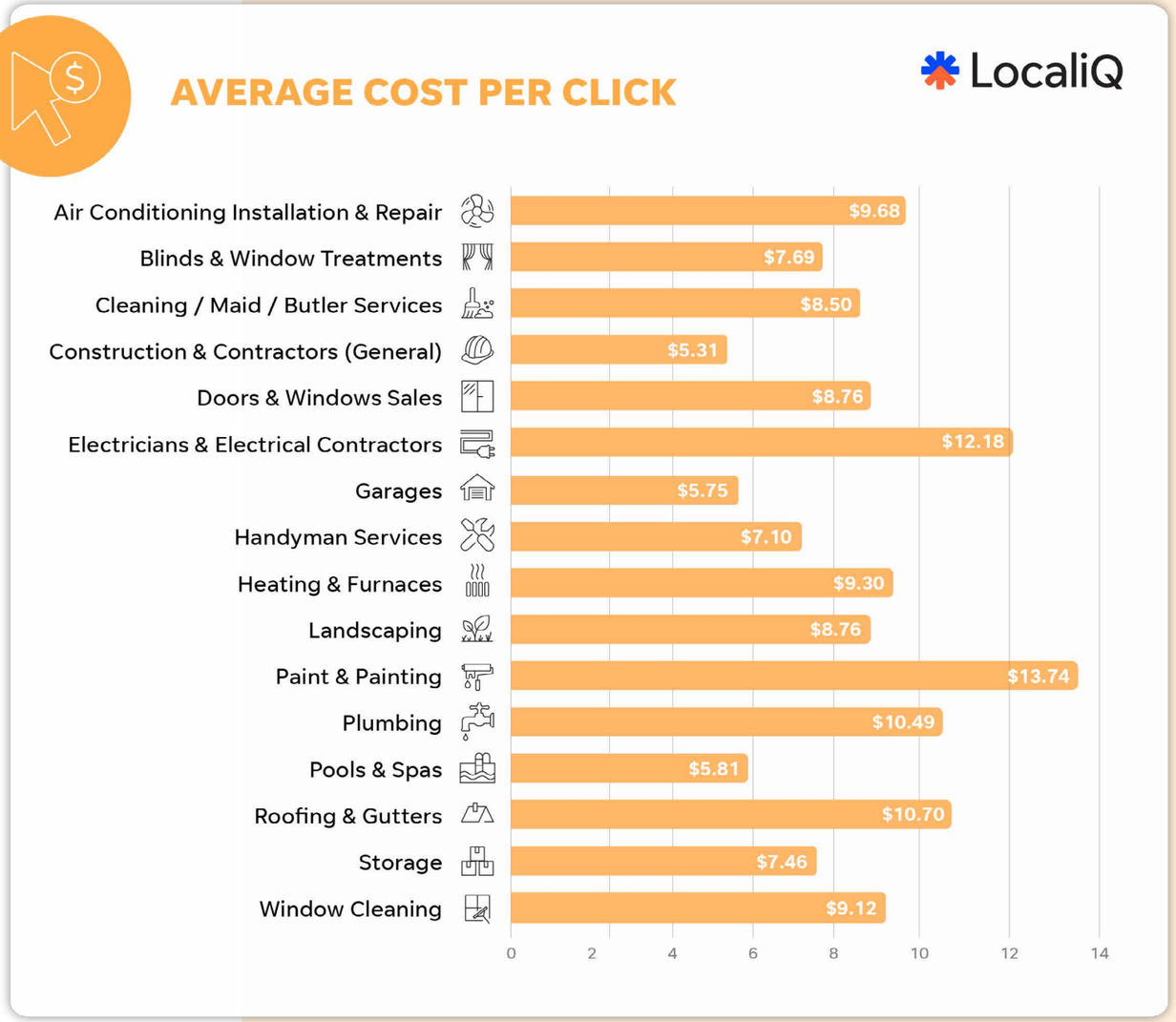
Together, click-through rate and cost per click have a significant effect on your search ad budget. When your click-through rate goes up and your cost-per-click increases, the amount you spend on ads climbs in kind. Your CPC is highly dependent on your bidding strategy, industry competition, and other factors.

The average CPC for home services in 2025 is $7.85.

The home services business categories that saw the best CPCs this year were Construction & Contractors ($5.31), Garages ($5.75), and Pools & Spas ($5.81).

The home services businesses with the highest CPCs this year were Paint & Painting ($13.74), Electricians & Electrical Contractors ($12.18), and Roofing & Gutters ($10.70).

We've seen a significant upward trend for cost per click across most industries for years, so it's expected that home services would follow suit. When you zoom in, you see the biggest CPC increases (and, by proxy, higher competition) in subcategories that focus on lower-cost updates like painting vs. high-dollar upgrades like pools and spas.



Average conversion rate

Conversion rate is among the most important search ad metrics because it measures how well your ads generate leads or sales.

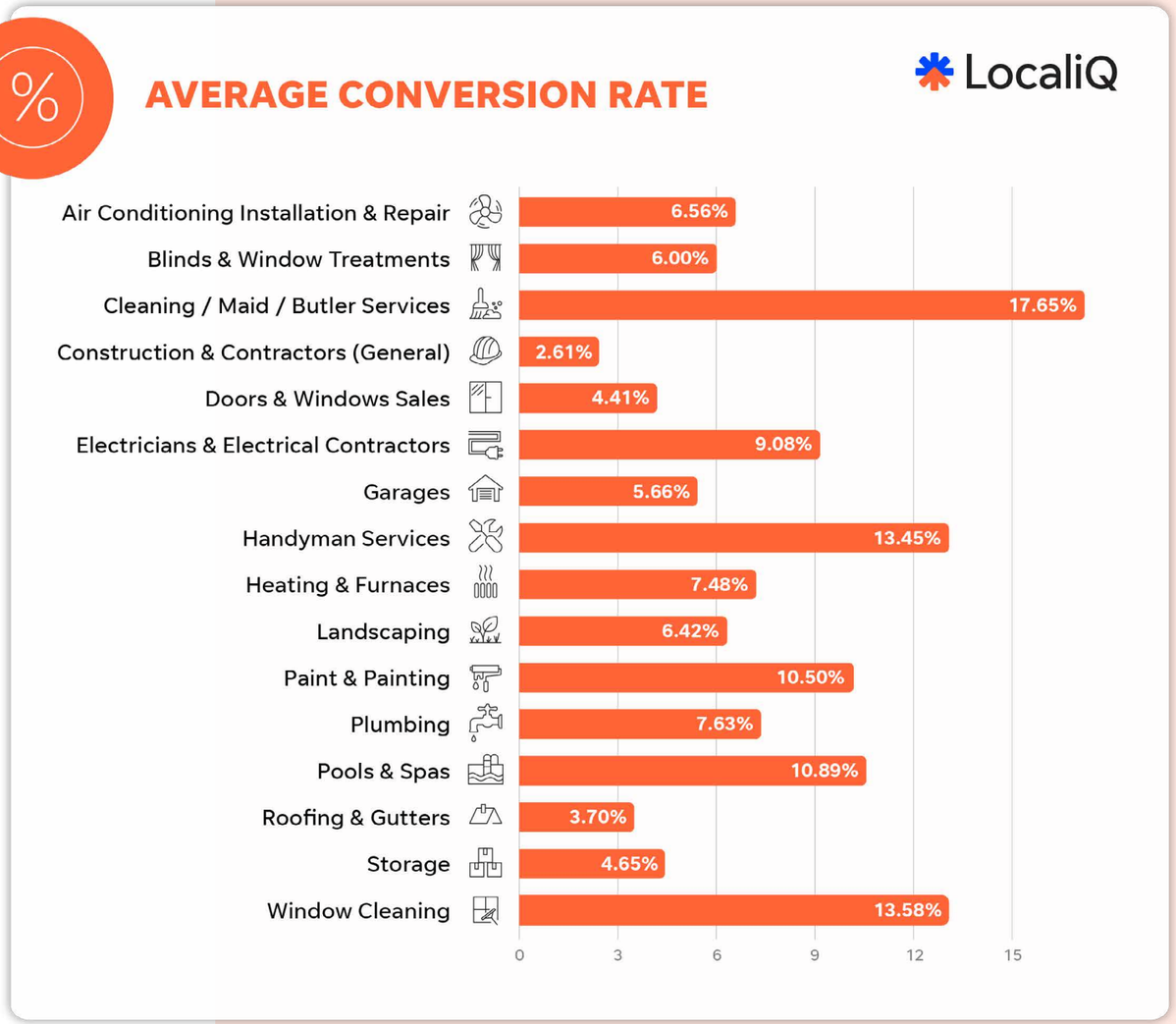
Since a conversion is closer to the bottom of the marketing funnel than a click, CVR tells you how persuasive and effective everything about your ad is, including its copy, targeting, and creative.

The average CVR for home services in 2025 is 7.33%.

The home services businesses that saw the best CVRs this year were Cleaning/Maid/Butler Services (17.65%), Window Cleaning (13.58%), and Handyman Services (13.45%).

The home services businesses with the lowest CVRs this year were Construction & Contractors (2.61%), Roofing & Gutters (3.70%), and Doors & Windows Sales (4.41%).

CVRs dipped significantly for home services businesses year over year, which could be due to the increased ad options in search results pages. While more and larger ads collect more clicks, a greater percentage of those people clicking may not end up converting, driving down overall CVR. This is particularly true of search results for location and service-based keywords (like "plumber near me") since those will include even more ad types, like Local Services Ads and Map ads.



Average cost per lead

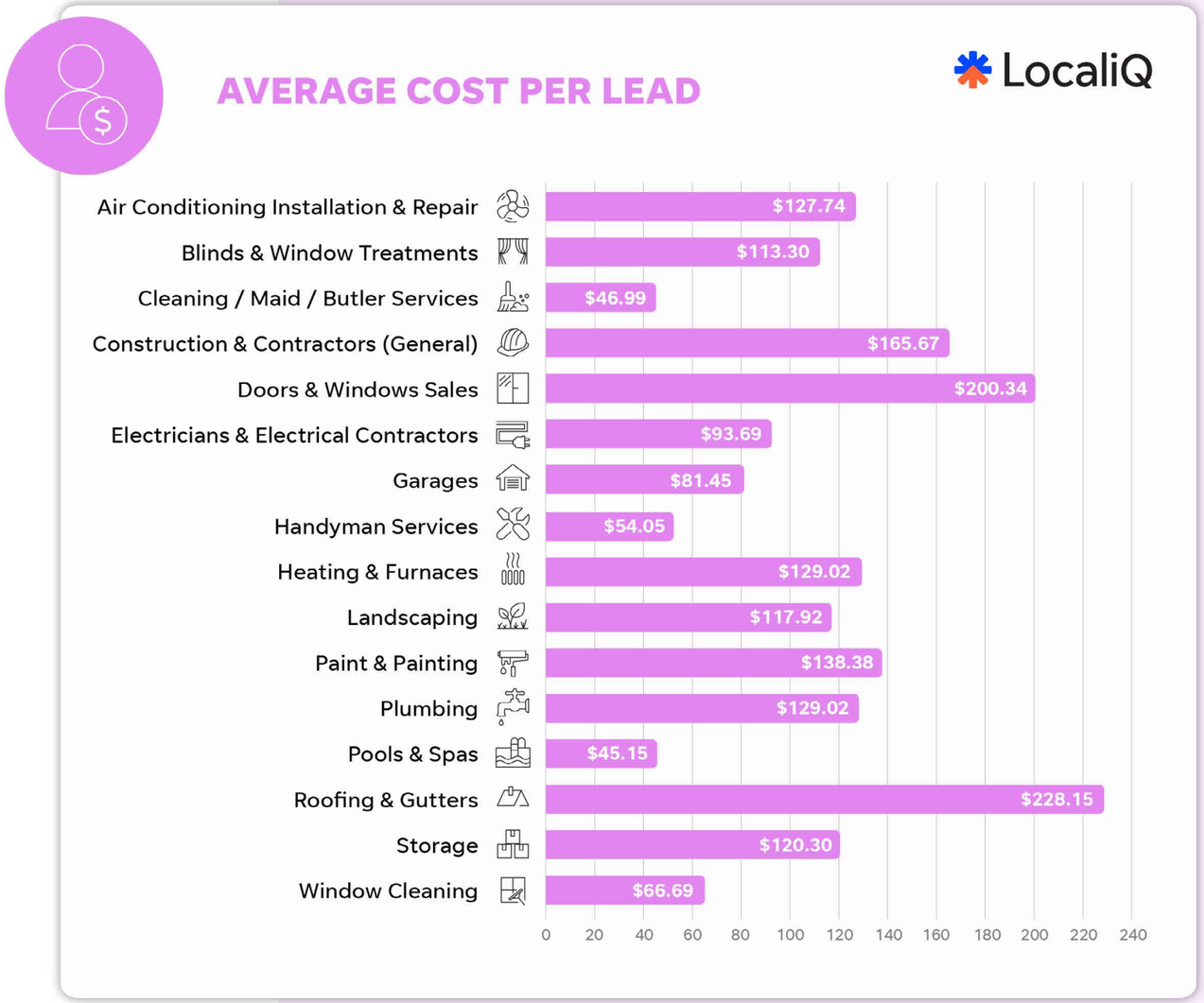
All of the metrics we've reported on are important in understanding your search ads performance, but cost per lead is the one that many businesses follow most closely.

Cost per lead (also called cost per conversion, cost per action, or cost per acquisition) highlights how much you're spending for a conversion, so it most closely defines the ROI of your search ad investments.

The average CPL for home services in 2025 is $90.92.

The home services businesses that saw the best CPLs this year were Pools & Spas ($45.15), Cleaning/Maid/Butler Services ($46.99), and Handyman Services ($54.05).

The home services businesses with the highest CPLs this year were Roofing & Gutters ($228.15), Doors & Windows Sales ($200.34), and Construction & Contractors ($165.67).





Just like with costs per click, CPLs are highly aligned with the level of competition in the industry. Since the home services industry is an increasingly competitive space, we expect to see CPLs continue to creep up.

You can see the competition story play out when you compare CPLs across subcategories as well. Consumers say they're focused most on repairing damage over adding features to their homes, which could explain why Roofing & Gutters and Doors & Windows Sales have higher CPLs than Pools & Spas.

Tips for improving home services search ads campaign

How can you take action on this data to improve your search ads results? These tips from PPC experts will help.



1. Improve ad targeting with first-party data

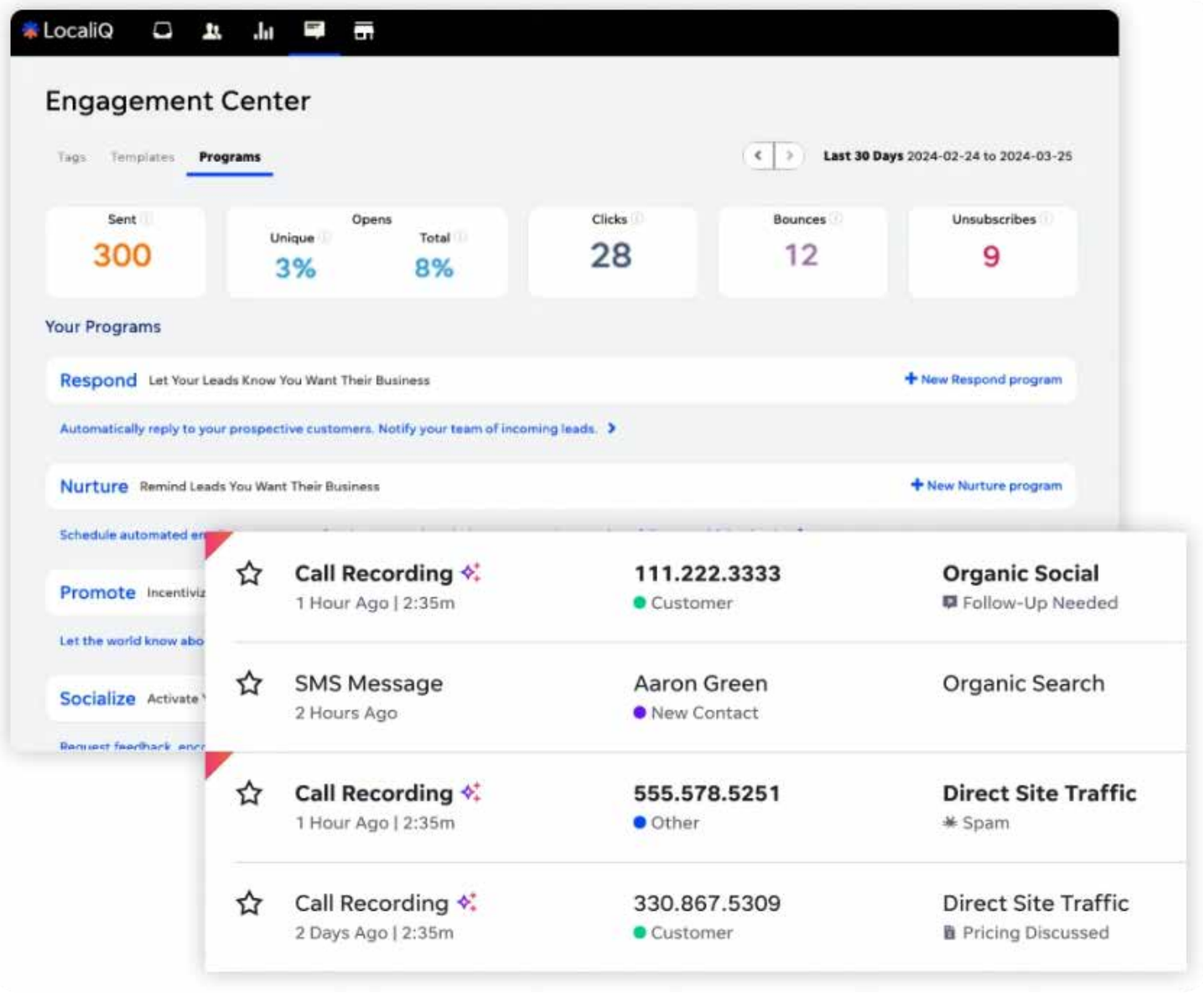
Audience targeting is the key to improving your search ads results. When your ads show up for the right people, they'll be more likely to click and convert.

One of the best tools to improve your ad targeting is first-party data.



"If you can better understand and track your audience, you can refine your targeting to increase your return on investment."

— Guy Philosoph, Head of Product Management for LocaliQ's Lead Generation Paid Media Products



Here are a few ways you can collect and manage first-party data for your home services business:

- **Offer a free quote.** When considering a service for their home, one of the first questions a potential buyer asks is, “How much will it cost?” Add a form to relevant pages on your website that asks a few questions about the need and offers a free quote. You’ve now given something valuable and learned specifics that will help you target that lead in future ads and outreach.
- **Provide valuable information.** Think about the questions you most often get from clients and create a guide that answers them. For example, if you’re a landscaping business, you could write a seasonal guide to growing a better lawn. Then, request site visitors’ email addresses so they can download the guide.
- **Use a lead management tool.** The more leads you convert, the more efficiently you’ve spent your search ads budget. A lead management tool helps you manage the data you’re collecting from leads, follow up with them, and analyze their common characteristics to improve future ad targeting.



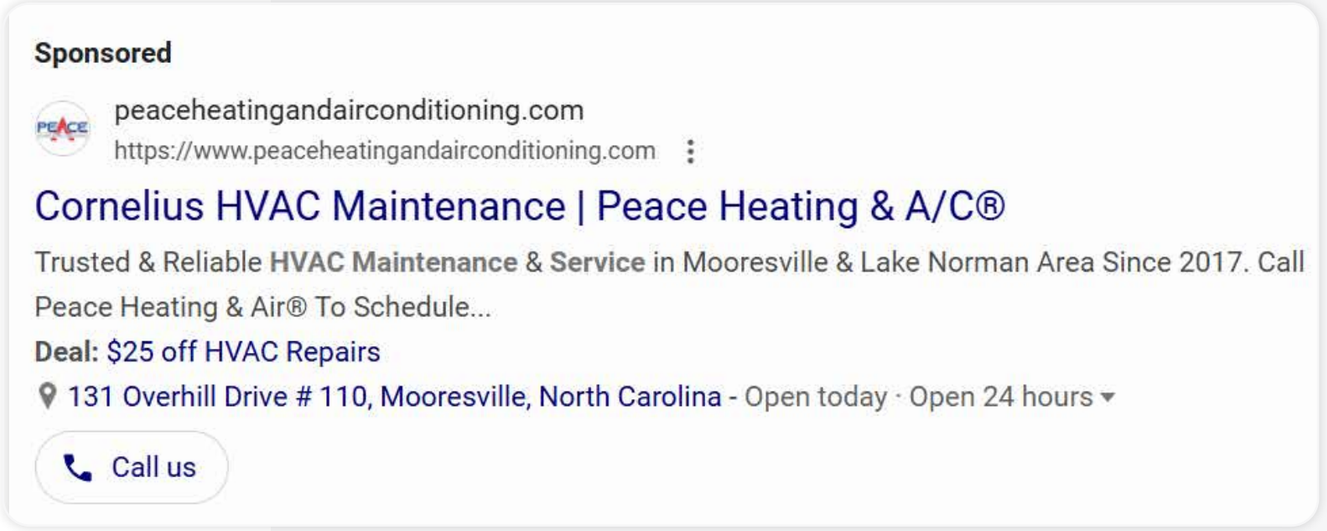
2. Show value in your ads to stand out

The combo of high CTRs and lower conversion rates suggests that people are actively researching home services businesses, but they're being more discerning before they move forward.



"People are looking to buy on value right now. For home services, value could be offering savings on bundles, or giving extra services for free in packages."

— Jeff Stein, Internet Marketing Consultant at LocaliQ



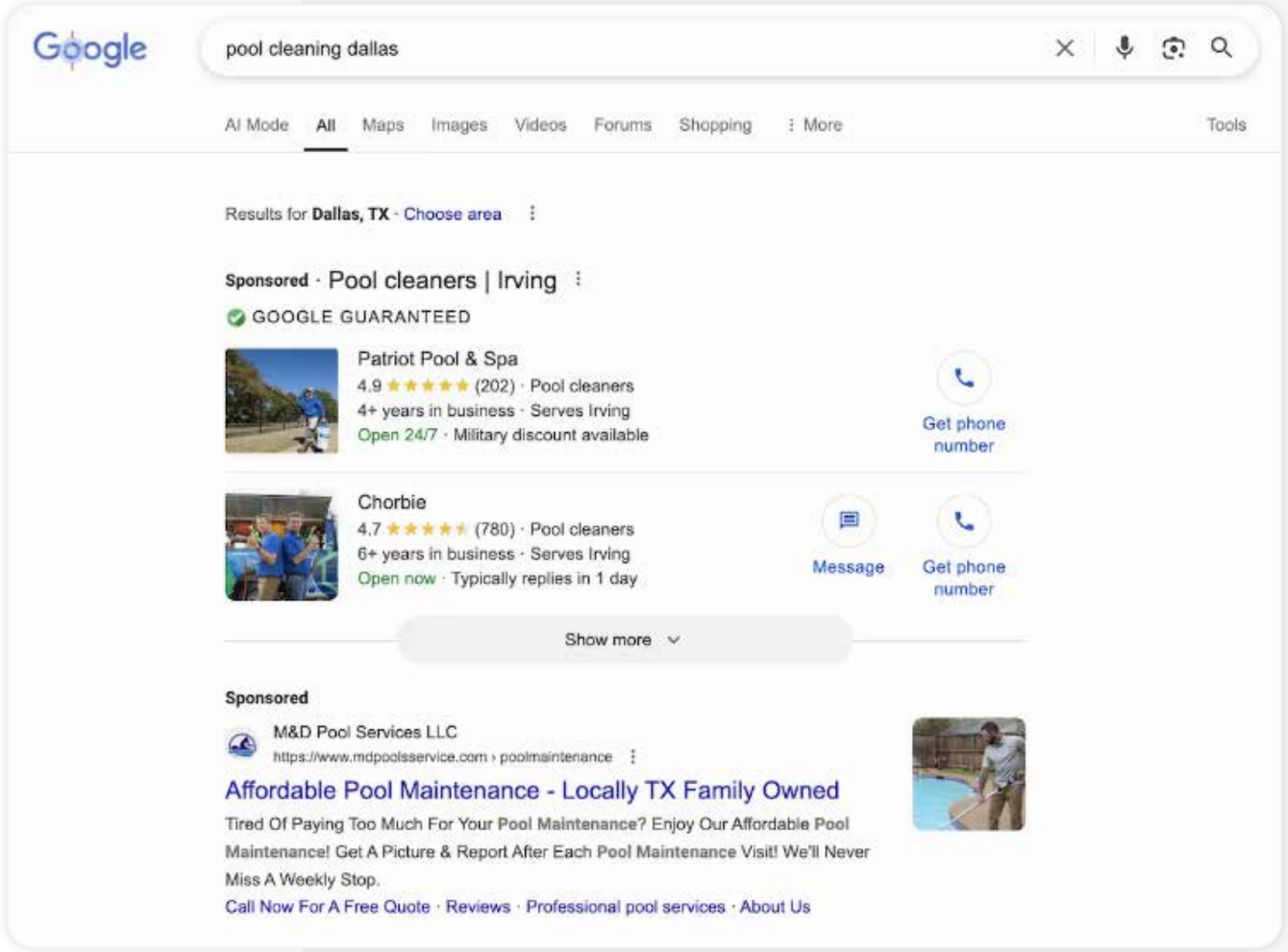
- **A discount or free add-on service will help your search ads stand out.**

3. Run Google Local Services Ads

Google Local Services Ads (LSAs) are ads designed for local service-based businesses. “LSAs are helping service-based businesses manage cost per lead volatility more effectively,” Guy wrote.

LSAs can help home services businesses control, and even reduce, their Google Ads costs in three ways:

- LSAs work on a pay-per-lead model, which can be more predictable and affordable since the actions you pay for are more valuable than initial clicks.
- LSAs appear right at the top of search results, which provides maximum exposure for your business.
- Google-backed verification like “Google Guaranteed” or “Google Screened” badges add credibility to your business and improve trust with potential customers.



4. Monitor your Quality Score

There are many factors that will affect the cost and success of your Google Ads, but one stands out as critical.

Quality Score is the rating Google uses to assess the quality and relevance of your PPC ads and the keywords you're bidding on. It affects both your CPC and your Ad Rank in the ad auction process.



"My top tip is to keep an eye on your Quality Score. This helps us lower your cost per click and increase conversions."

— Chelsea Shirley, Digital Marketing Consultant at LocaliQ

The Google Ads Auction Formula

Quality Score
This is a 1 out of 10 rating of the quality and relevance of your keywords and ad.

X

Max CPC bid
This is the maximum bid you specify for your keywords.

=

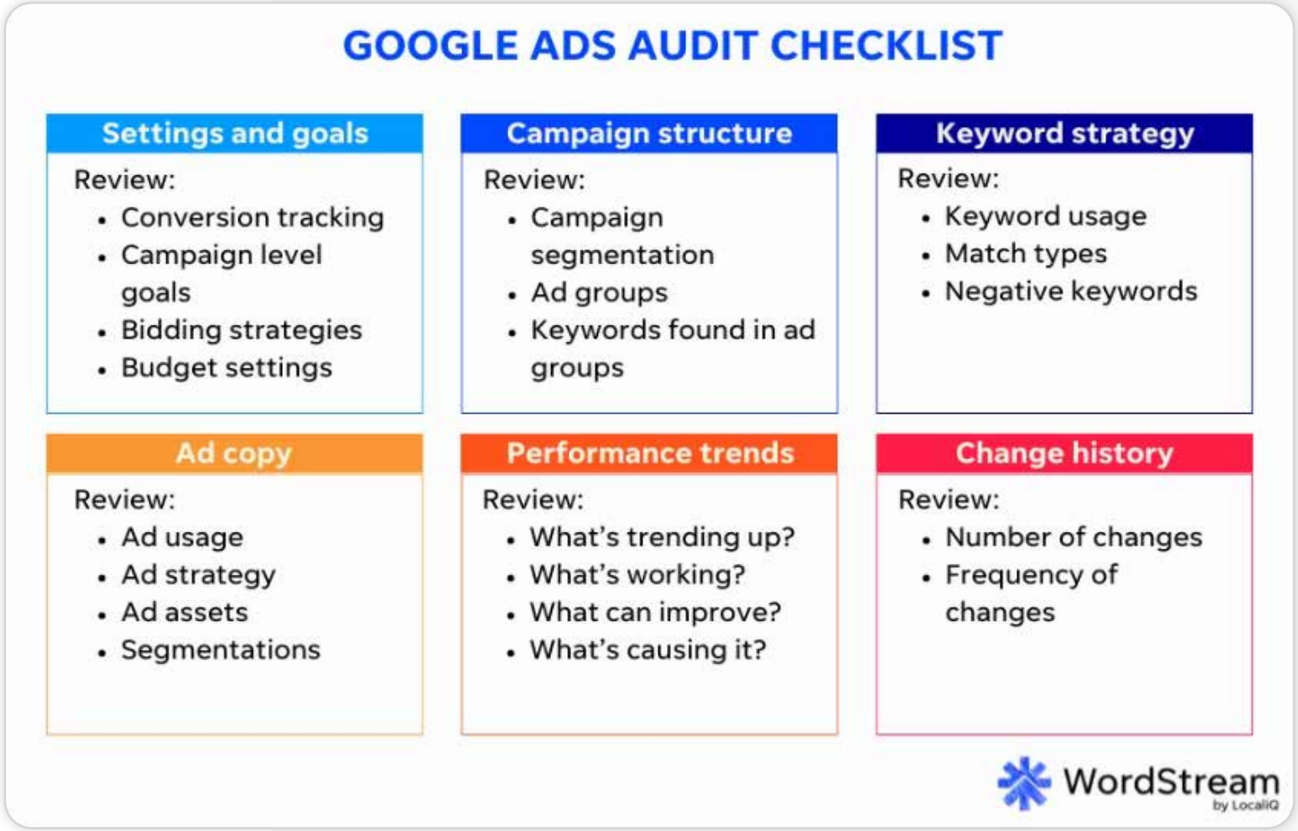
Ad rank
The best combined **max CPC bid and Quality Score** gets the best position.

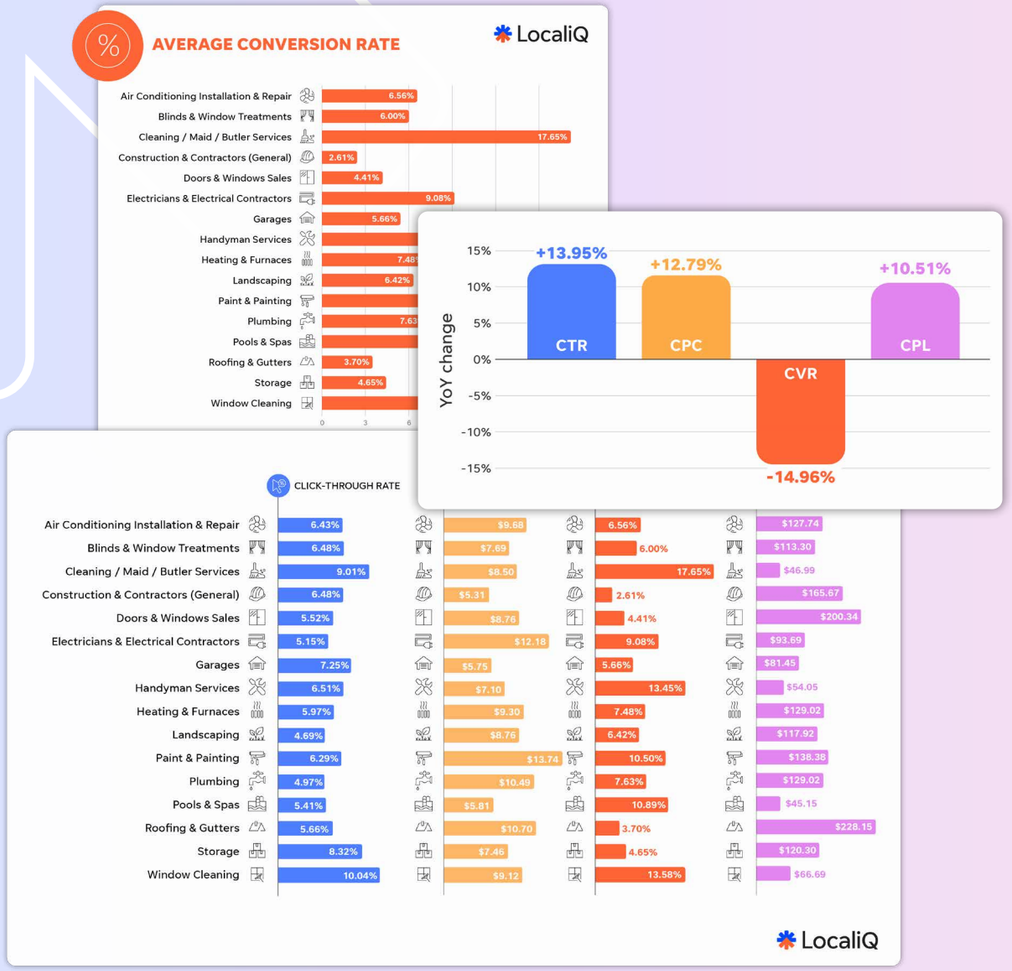
5. Refine your keyword strategy

Competition for home services keywords is getting fierce, and it's driving up CPLs. "Refining your keyword strategy can help you lower costs, but it will still pull in clicks and conversions," Guy wrote.

Here are three steps Guy suggests to refine your keyword strategy:

- **Audit your existing keywords.** Review your current keywords, see how they're performing, and look for gaps. Make sure you've added negative keywords. Get a quick audit of your keywords and overall account with the Free Google Ads Performance Grader.
- **Try a keyword research tool.** A keyword research tool will make new keyword discovery much easier. It'll also show you how competitive each keyword is so you know which ones are worth bidding on.
- **Align keyword targeting with your business objectives.** Make sure your keyword strategy will lead to achieving your specific goals. For example, if you have a smaller budget and need to hyper-focus on a few specific queries, look for intent-driven keywords with a tighter match type. To maximize lead volume across more generic service-based keywords, try using Smart Bidding with broad match keywords.





Take action on these home services search ads benchmarks

The search ads benchmarks we've provided offer a starting point to help you know if your ads are as competitive as they can be. But remember, just like your business is unique, so are your campaigns and results. That means the real test is how you perform against your previous results.

If you're ready to level up your search ads results, see how our solutions can maximize your campaigns!

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