

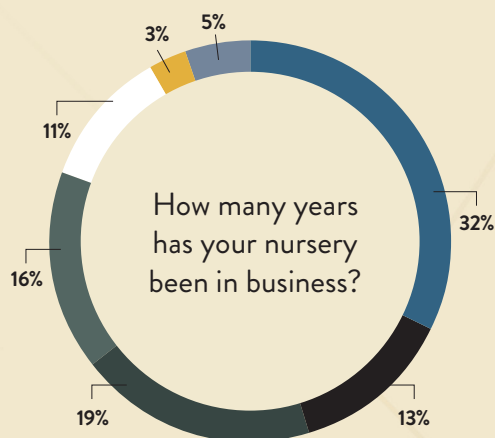
Growers are past  
the edge of the  
map after two of  
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history.





# Uncharted waters

Growers are in uncharted territory after two of the oddest years in history. Coming down from the massive pandemic-driven demand was never going to be easy, but supply shortages and inflation have complicated matters further. Input costs have been rising for two years, but hopefully they will begin to tail off in 2023. With a possible recession looming (see SOI: economic report, pg. 40), many growers are playing it conservatively.



*Some charts don't total 100 percent due to rounding and because not all answers are included with some questions.*

- 50 or more    ● 10 – 19
- 40 – 49    ● 5 – 9
- 30 – 39    ● less than 5
- 20 – 29

# Production & Crops

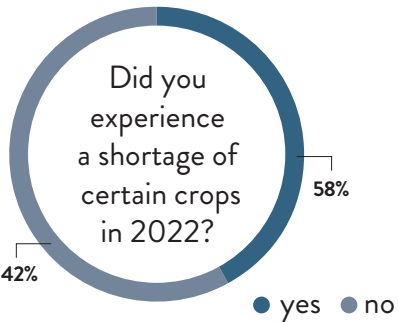
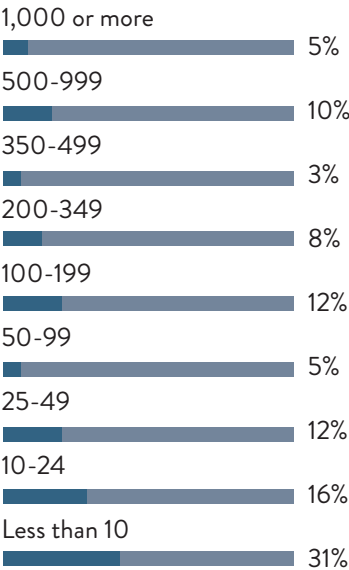
In a big swing from 2022, nurseries are not planning major expansions for 2023. In last year's survey, 30% of respondents planned to increase acreage by 20-49 acres, and 20% planned to increase acreage 50 acres or more. This year, a whopping 81% of nurseries plan to expand less than 5 acres. Only a small percentage [5%] of our respondents are planning large expansions of 20-49 acres, and no survey respondents are planning a 50+ acre expansion.

Container-grown shrubs were last year's top crop, in terms of production by units. And that margin grew even greater in 2022. In last year's survey, container-grown shrubs accounted for the greatest percentage of production for 20% of nurseries. This year, 36% of nurseries said container-grown shrubs accounted for the largest percent of their business. And despite the houseplant boom we've heard about from our

friends in retail, there haven't been many nurseries turning to houseplants as their lead crop. Last year, 5% of survey respondents said houseplants were their biggest crop type by units. In 2022, that number rose to 6%.

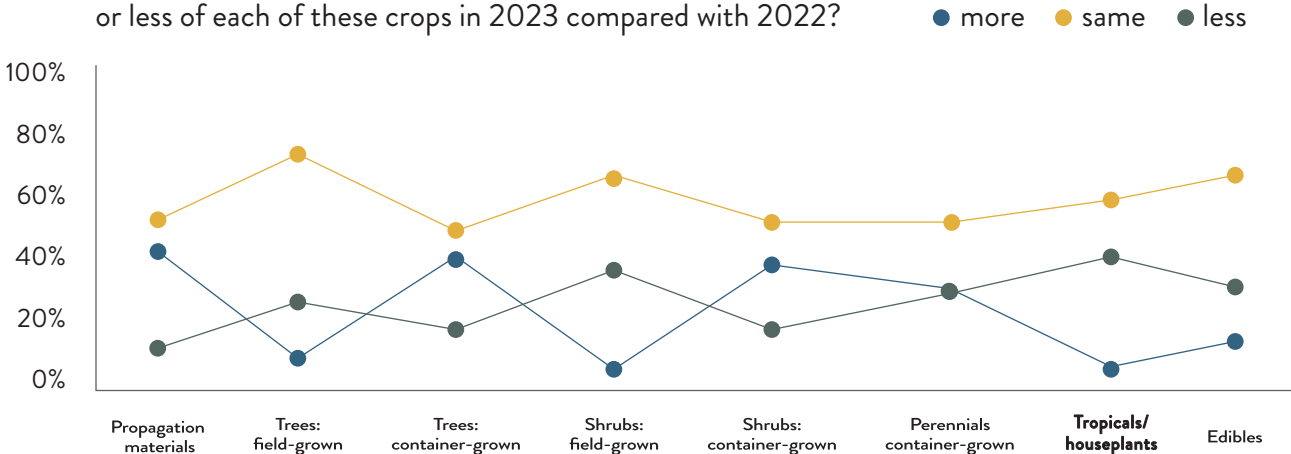
The 2022 survey saw a slowdown for field-grown trees and shrubs. Production numbers are decreasing next year for 19% of nurseries on container-grown shrubs. Only 5% of growers plan to increase production of field-grown trees and 24% plan to decrease production, and 70% are maintaining the status quo. However, 40% of growers plan to expand container-grown tree production next year, compared to 13% decreasing production and 47% standing pat. There was also a large decrease in production for field-grown shrubs. Only 3% of growers plan to increase their amount of field-grown shrubs and 40% plan to produce less.

How many acres did you have in active production in 2022?

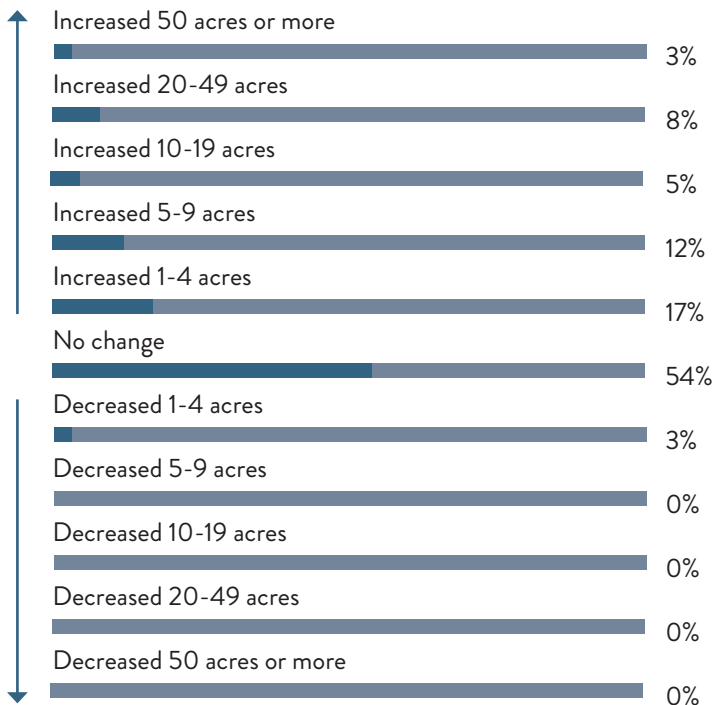


Some of the shortages include tissue culture liners, flowering trees, and shrubs, especially Thuja, Buxus, Ilex and arborvitae.

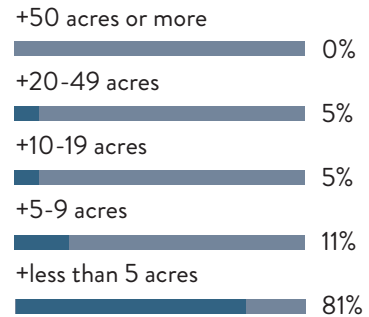
Does your nursery plan on producing more, the same or less of each of these crops in 2023 compared with 2022?



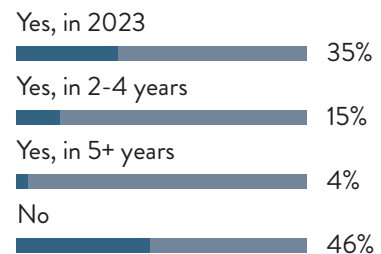
How did your nursery's production acreage change in 2022 compared with 2021?



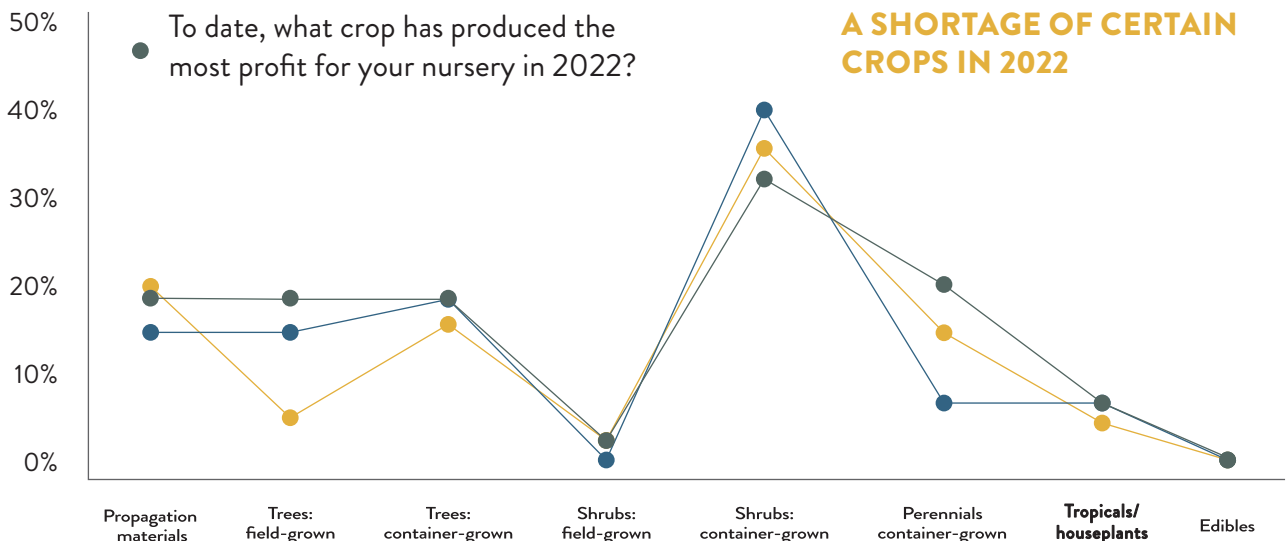
How does your nursery plan to change its production acreage in 2023 compared with 2022?



Do you anticipate crop overages?

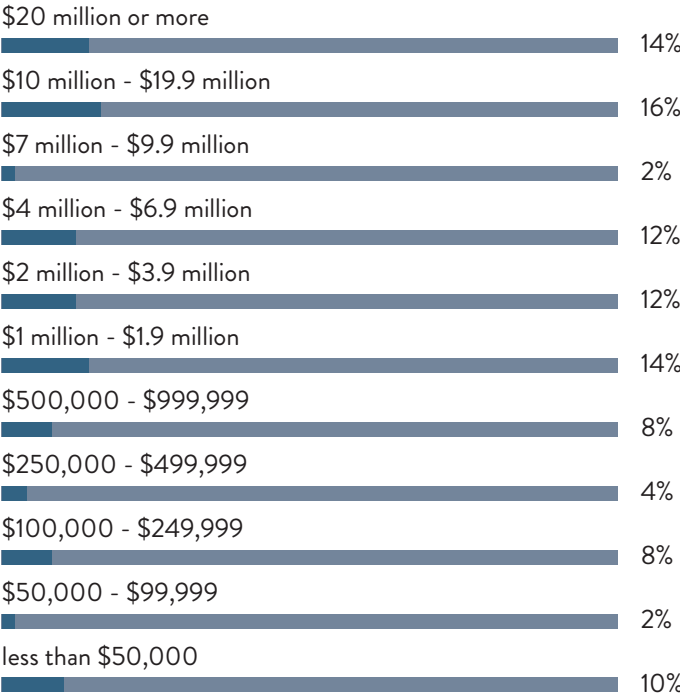


- To date, what crop has accounted for the greatest percentage of your nursery's production (by units) in 2022?
- To date, what crop has had the highest sales volume for your nursery in 2022?
- To date, what crop has produced the most profit for your nursery in 2022?

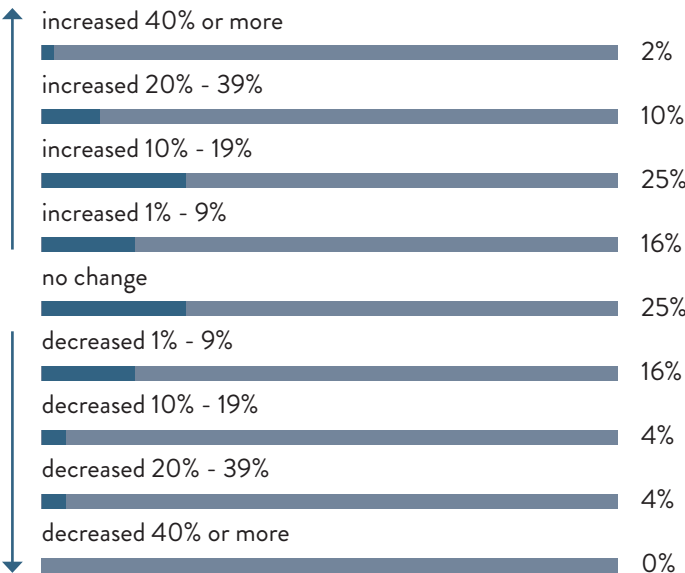


**58%**  
OF GROWERS EXPERIENCED  
A SHORTAGE OF CERTAIN  
CROPS IN 2022

What do you anticipate your nursery's approximate 2022 gross sales to be?



How has the dollar amount of your nursery's anticipated 2022 gross sales changed compared with 2021?



**90%** OF NURSERIES  
**RAISED PRICES**  
**IN 2022**

# Sales & Profits

Among those who took our survey, sales for 2022 are steady, up a little or down a bit from the record-breaking 2021. Last year, 30% of nurseries were up 20-39%, 32% were up 10-19% and only 3% reported no change.

This year, 25% of nurseries expect no change from the previous one. Interestingly, 16 percent of growers expect a 1-9% increase in sales and another 16 percent expect a 1-9% decrease. The biggest chunk of nurseries [25%] were up 10-19%.

Growers are not as optimistic about 2023 as they were about 2022. Last year, 69% of respondents expected sales to increase in 2022, 17% expected a decrease and 14% thought they'd stay about the same.

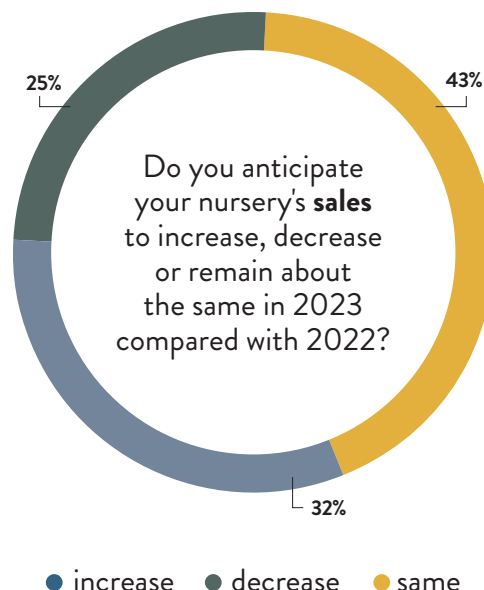
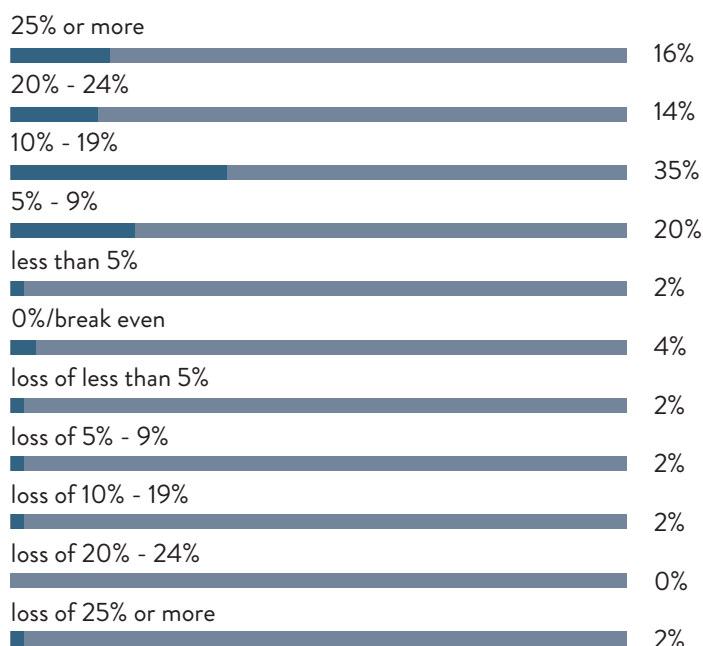
This year, only 32% expect a sales increase. Another 25% expect a decrease in sales and 43% expect they'll stay about the same.

The year 2021 was one of the most profitable ever, with 78% of nurseries reporting profit margins of 25% or more. Profits dropped in 2022, with just 16% of growers reporting profits of 25% or more.

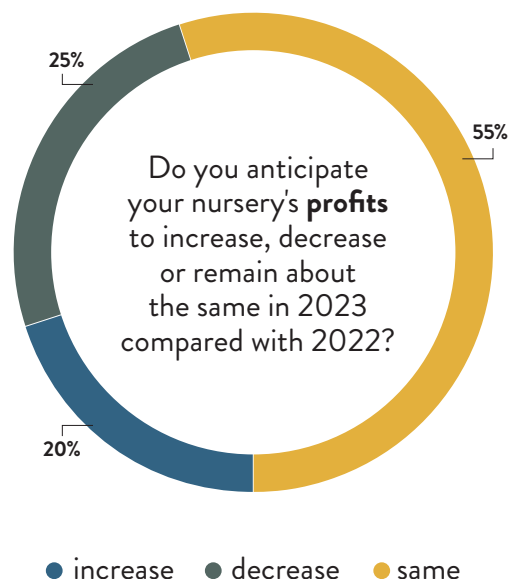
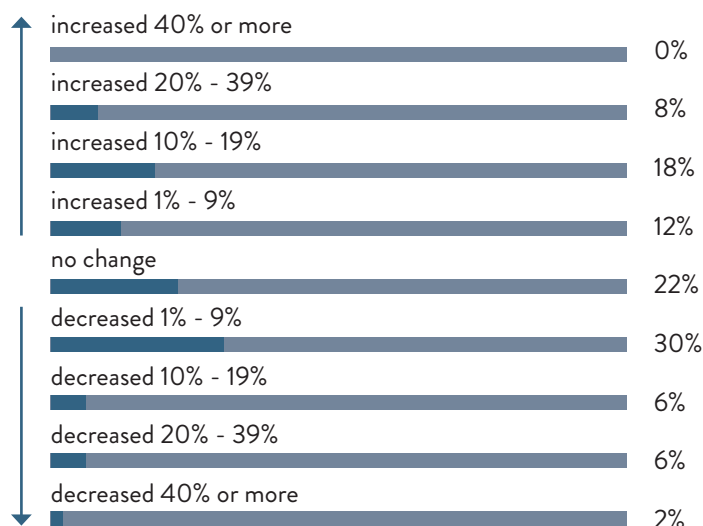
Some growers reported profitable years in 2022, but for others profitability dropped. The largest segment of respondents, 30%, reported a loss of 1-9% in 2022. But another 30% of growers reported modest profits between 1-19%. A fewer number of nurseries reported being very profitable this year, with none reporting profits of 40% or higher and 4% reporting profits of 20-39% for 2022. In 2021, 8% reported profits of 40% or more and 20% reported profits of 20-39%.

Optimism has declined since 2021, when 66% of growers expected profits to increase in 2022. In this year's survey, only 20% of growers expect profits to increase in 2023. Instead, 25% are expecting a decrease and 55% are expecting profits to remain about the same.

## What is your nursery's current profit margin?



## How have your nursery's profits changed in 2022 compared with 2021?



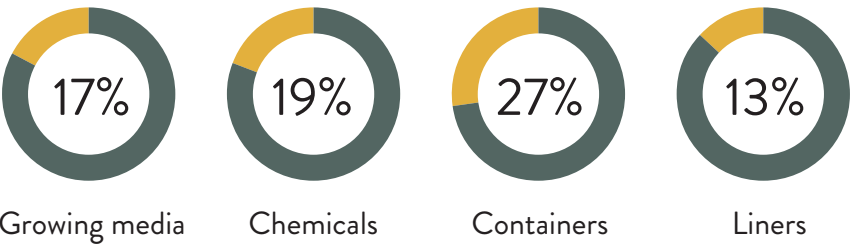
# Prices & Market Segments

Growers continue to raise prices in 2022. Will it be enough to keep up with inflation and supply cost increases? That remains to be seen. Last year, 18% of growers raised prices more than 20% and another 26% raised prices

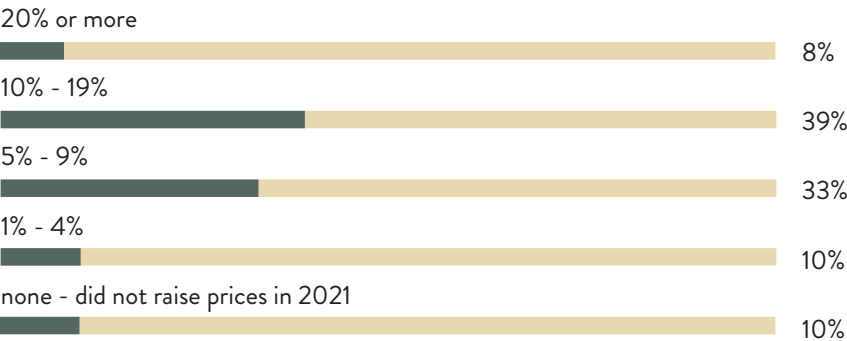
between 10-19%, while 21% raised them 5-9%. In 2022, a smaller amount of growers raised prices by really large amounts, but a majority of nurseries [72%] raised prices by 5-19%. Only 8% of growers raised prices 20% or more.

For 2023, the trend continues. No growers plan to raise prices more than 20% and 70% of nurseries were in that 5-19% sweet spot. Only 12% of growers don't expect to raise prices at all next year.

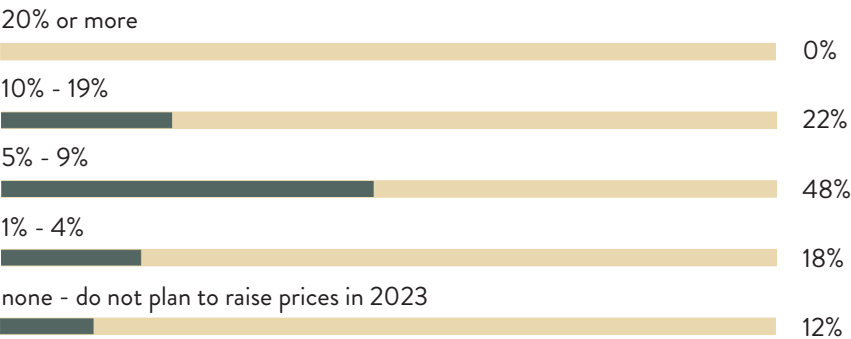
How much have costs increased in 2022 for the following supplies?



Overall, by what percentage has your nursery raised its prices in 2022 compared with 2021?



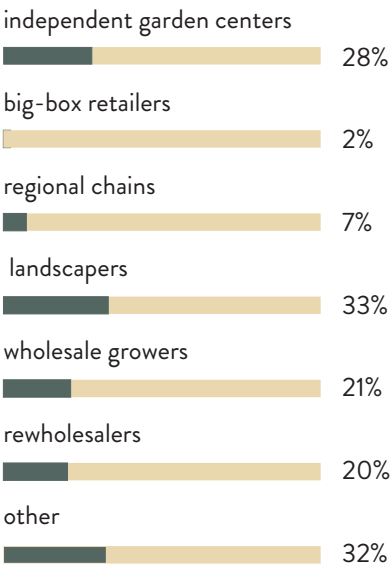
By what percentage does your nursery plan to raise its prices in 2023 compared with 2022?



## Expenses & Challenges

Last year's top three challenges were labor by a landslide at 57%, weather at 39% and increased expenses at 36%. In 2022, even more people chose labor and increased expenses, with 65% and 63% making them one of their top three challenges. But weather dropped out of the top three

What percentage of your 2022 sales was to each of the following customer types?



How confident are you that the market demand for nursery products will grow in 2023 with 1 being not confident at all and 5 being very confident.





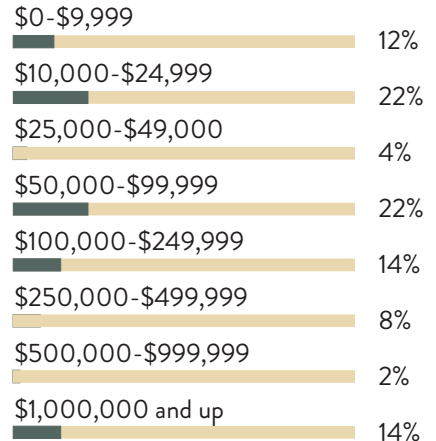
in 2022, with the economy roaring ahead of it and into the top spot, with 67% of growers picking it as one of their top 3 challenges.

It's probably not a surprise that the biggest gainer in the challenges growers reported was increased expenses. Last year, 36% of growers said their biggest challenge was increased expenses. But that number ballooned to 63% this year, as input costs for all sorts of supplies increased.

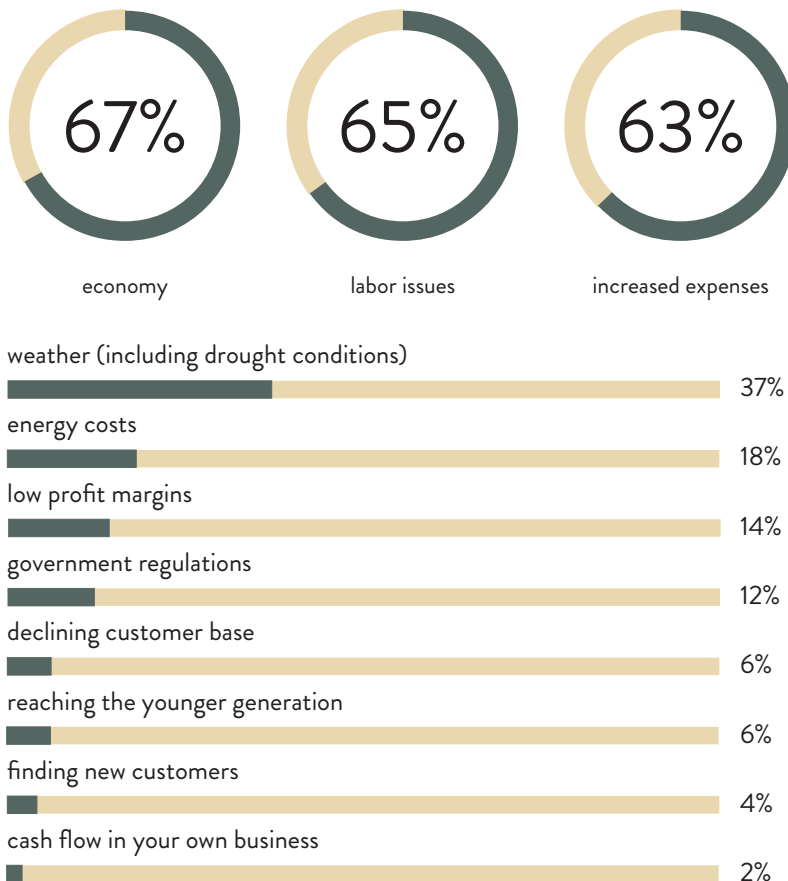
The three areas of their business growers would like to improve are automation, staff hiring and training, and a tie between cost awareness and marketing efforts. The biggest gainer was automation, which went from 18% in 2021 to 47% in 2022.

2022 was a good year for big capital expenses, with \$1 million-plus investments increasing from 4% to 14%.

How much did you spend on capital improvements in 2022?

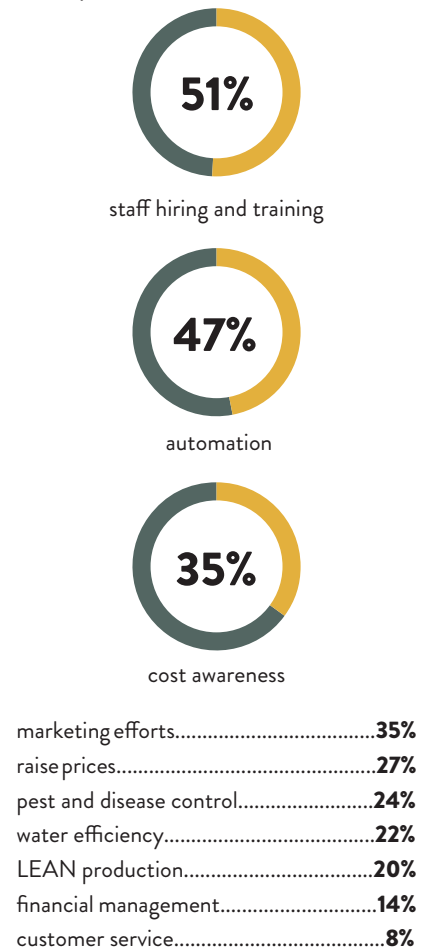


What do you think are the three greatest problems facing your business for 2023?



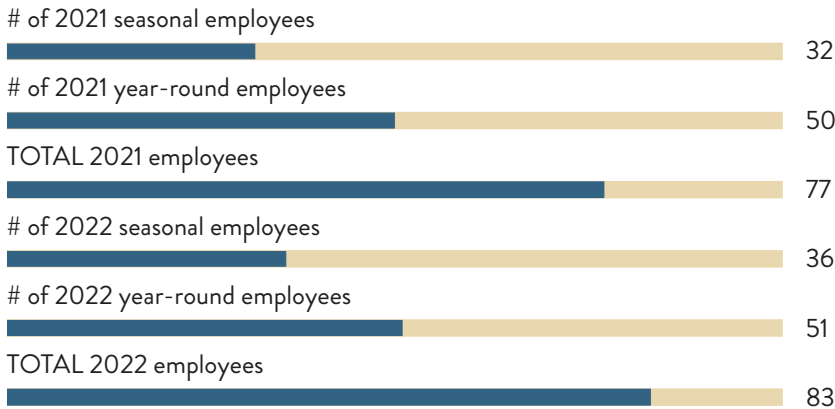
Other answers include: plastic dependence, water shortages

What three aspects of your business would you most like to improve?

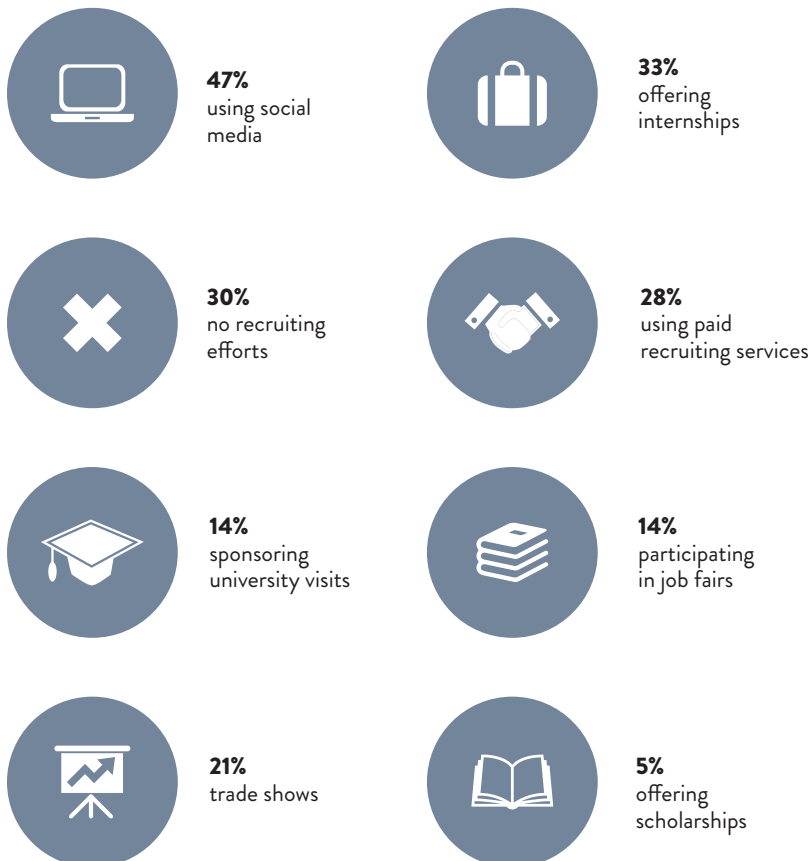




How many seasonal and year-round employees did your nursery have in 2021, and how many will it have had by the end of 2022?



What strategic recruiting efforts is your nursery making, if any, to attract the next generation of workers and managers?



Other responses include: word of mouth, recruiting in junior high schools, high schools and colleges

## Labor

In 2021, 39% of growers said there was insufficient availability of qualified labor in the market. The labor shortage worsened in 2022, as the number of respondents choosing that option in the survey increased to 53% in 2022.

Whether it's LinkedIn, Facebook or even Instagram, social media can help you find workers you need. The percentage of growers that used social media as a recruitment tool increased from 35% in 2021 to 47% in 2022.

In a worrying trend, the percent of growers not making any strategic recruiting efforts to land the next generation of employees rose from 12% to 30%.

One enterprising nurseryman commented he has started giving bonuses to existing employees who bring in a new employee.

