

2022 STATE OF THE INDUSTRY *Report*



Contractors are cautiously optimistic despite inflation, supply chain issues and high fuel prices.

A SUPPLEMENT TO

Lawn & Landscape

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Where do you want to be in 2023?

IT'S HARD TO BELIEVE WE'RE NEARING THE END OF ANOTHER YEAR and already looking toward 2023. But as we do, it seems there is a renewed sense of cautious optimism for our industry, even despite fear of a recession. Perhaps the year ahead is being greeted in this way because of all we've been through and all we've learned from it, or more likely from a desire to get back to life before the word "pandemic" even entered our vocabulary.

What this year has taught us, above all, is that we must keep moving forward, activating long-term plans, and looking past today to ensure a productive future.

For Kubota, we've been busy doing just that by significantly expanding our infrastructure. This year alone, we've announced commitments of more than \$320 million to our U.S. facilities. In fact, we recently celebrated the opening of our new North America R&D facility in Gainesville, Georgia, in addition to announcing plans to expand manufacturing capacity in the state. What this means for the landscape industry is more Kubota turf products are being produced here in the U.S. than ever before. Kubota commercial and residential turf equipment is proudly "Georgia Made," with more to come in the year ahead.

We know you can't do your job without quick access to the right equipment at the right time. And we've heard from you that even despite the challenges, like high energy prices, lack of quality labor, and supply chain issues, you are still growing. The better we can respond to your needs, the better chance you have of keeping your customers happy and your business growing.

That is why we are also diversifying our product lines — introducing more stand-on mowers and walk behinds, more powerful zero-turn mowers; and more versatile utility vehicles and landscape construction equipment to carry your crew and your tools. Our product development and one-stop shop equipment offerings are in direct response to your specific needs, working with our dealer and landscape partners, and then backed by the best dealer service and support.

And that's just what we're doing today. For tomorrow, we are working to harness new technologies and innovation in our R&D facilities that will someday soon provide even more solutions to not only make your jobs better and more productive, but also to lessen our collective impact on the environment and create a better future for us all.

With that, let's use this time to review the year's learnings, renew our sense of optimism, and recommit to where we want to be in 2023. Together, let's put a plan in motion for a prosperous year ahead.

Best Wishes,

Todd Stucke



Todd Stucke

Sr. VP Marketing, Product Support
& Strategic Projects, Kubota
Tractor Corporation
Vice President, Sales & Marketing,
Kubota North America

Strong results

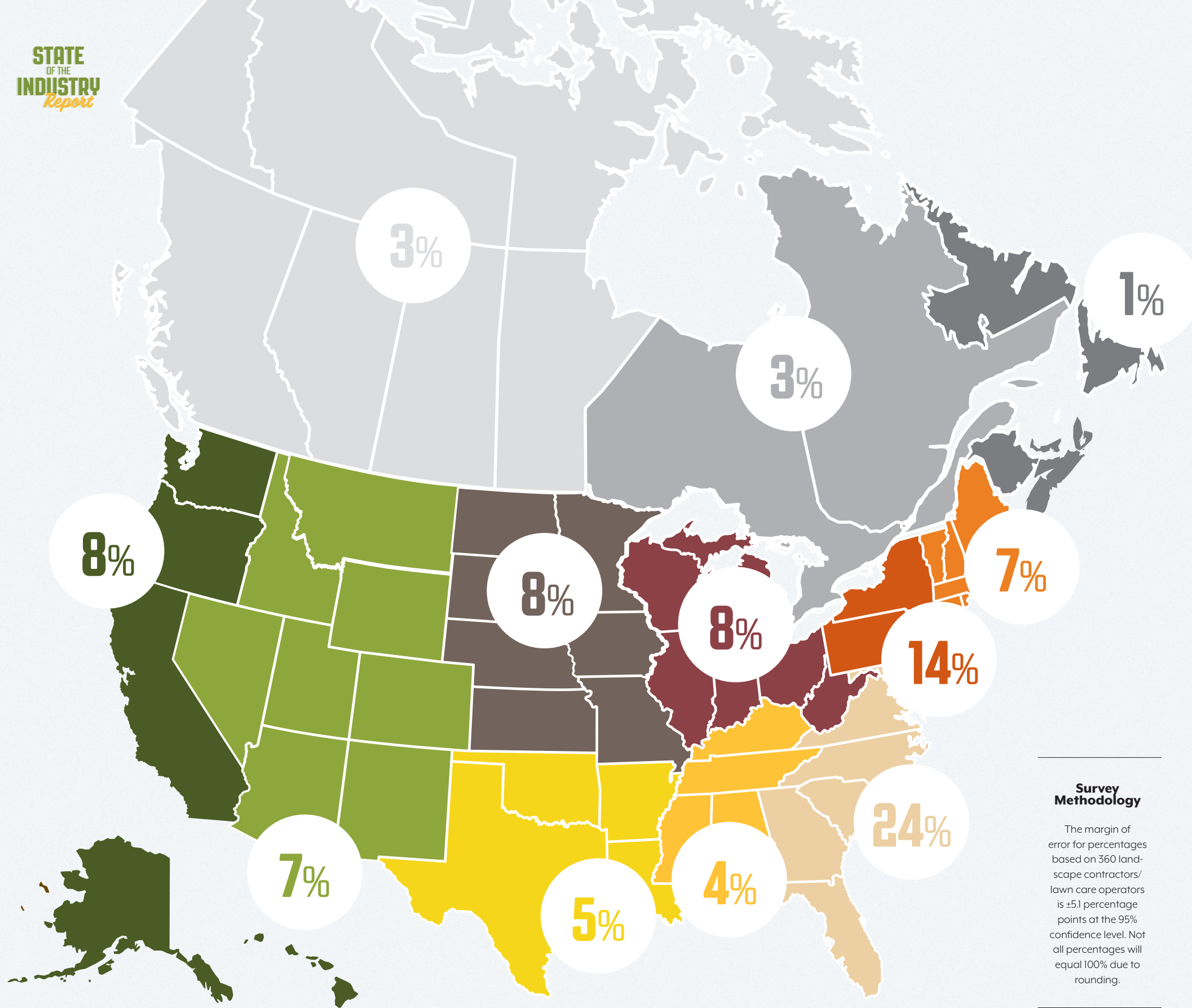
despite growing headaches

On a
positive note,
85%
said they turned
a profit compared
to 79% in last
year's report.

LANDSCAPERS ACROSS THE COUNTRY AGAIN reported growing revenue, profitability and expectations for more growth into 2023. One area that our survey showed a gigantic leap was the median revenue of landscaping companies. In last year's report, you reported median revenue of \$273,000. That jumped to a whopping \$604,000 for 2021 revenue. This could have been caused by a number of factors, one being that a decent number of companies with less than \$500,000 in revenue didn't take the survey compared to last year. Was that because they were too busy to take the survey, or just not in business anymore either because they closed or were acquired? We'll have to see how it plays out over the next few years.

As far as confidence, you aren't as sure as you were last year that your business or the industry will grow. Ten percent weren't confident at all in business growth, compared to 8% last year, while 8% are not at all confident in industry growth compared to 3% last year. On a positive note, 85% said they turned a profit compared to 79% in last year's report.

— Brian Horn



Survey Methodology

The margin of error for percentages based on 360 landscape contractors/lawn care operators is ± 5.1 percentage points at the 95% confidence level. Not all percentages will equal 100% due to rounding.

In which state/ province is your company location?

Northeast

- New England** (CT, MA, ME, NH, RI, VT) 7%
- Middle Atlantic** (NJ, NY, PA) 14%

Midwest

- East North Central** (IL, IN, MI, OH, WI) 19%
- West North Central** (IA, KS, MN, MO, NE, ND, SD) 8%

South

- South Atlantic** (DC, DE, FL, GA, MD, NC, PR/VI, SC, VA, WV) 24%
- East South Central** (AL, KY, MS, TN) 4%
- West South Central** (AR, LA, OK, TX) 5%

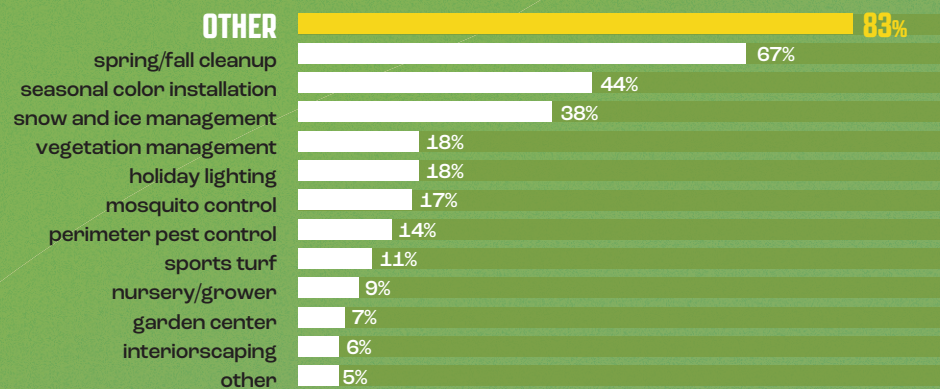
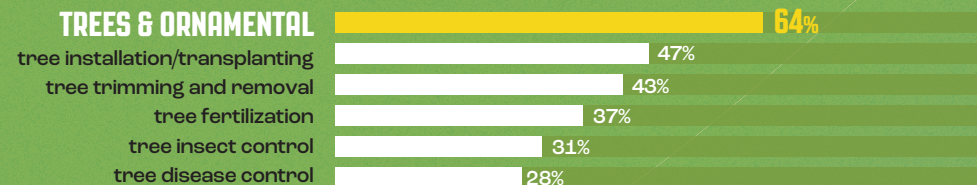
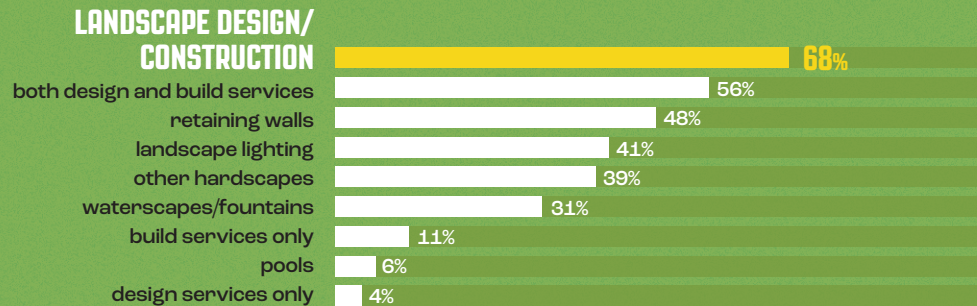
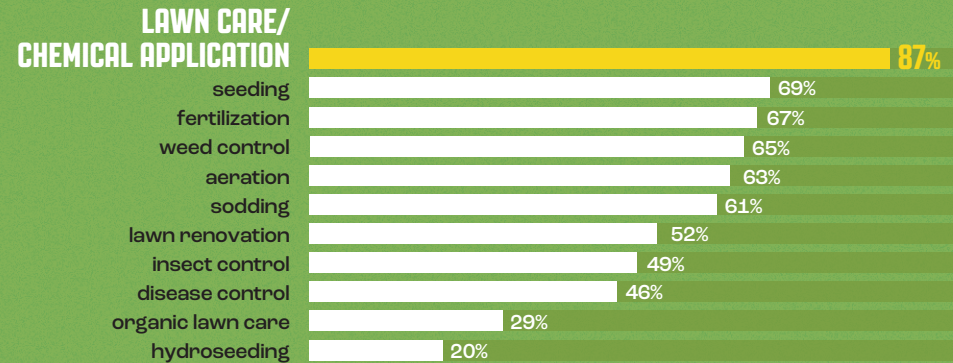
West

- Mountain** (AZ, CO, ID, MT, NM, NV, UT, WY) 7%
- Pacific** (AK, AS, CA, HI, OR, WA) 8%

Canada

- Atlantic Canada** (NB, NL, NS, PE) 1%
- Central Canada** (ON, QC) 3%
- Western Canada** (AB, BC, MB, SK) 2%

Which of the following services does your location currently offer?



INDICATED AT LEAST ONE: 100% • NO ANSWER: 0%



How many full-time, part-time, and seasonal employees does your location currently have?



19
full-time



2
part-time



6
seasonal



27
total employees

MEAN

The average revenue of all respondents.

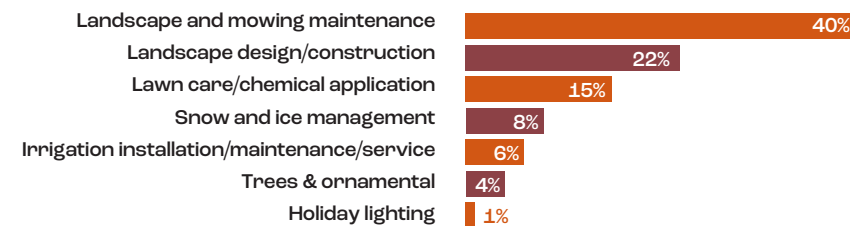
\$1.74 MILLION

MEDIAN

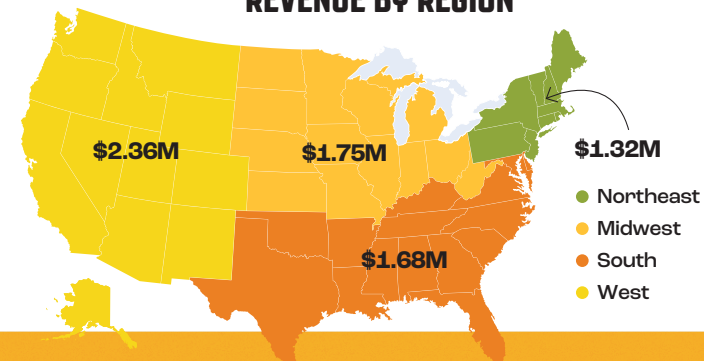
The revenue number in the middle where extreme outliers are removed like respondents with extremely high or low revenue.

\$604,000

Approximately what percentage of your location's 2021 gross revenue came from each of the following services?



REVENUE BY REGION



Did your location turn a profit in 2021?

yes
85%

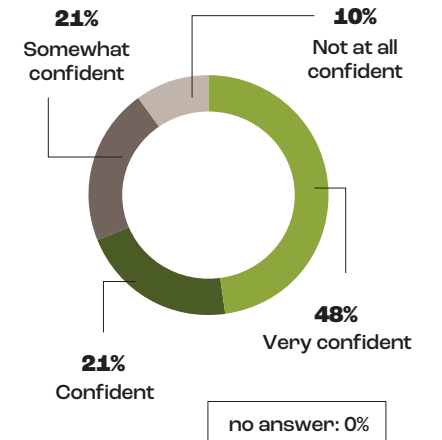
no
14%

no answer: 1%

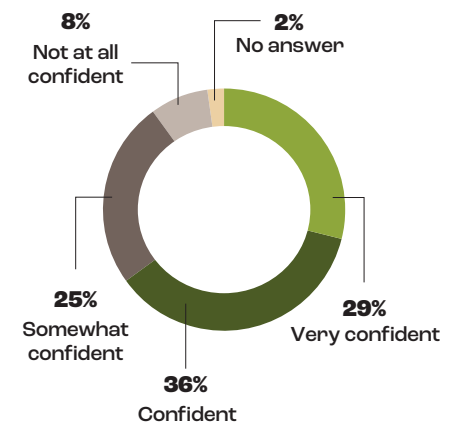
Approximately what was your location's gross revenue in 2021 (in USD)?



How confident are you that your location's business will grow in revenue in 2022?



How confident are you that the national landscape industry will grow in overall revenue in 2022?



Today's forecast: perfect conditions for growing your business.



Commercial Mowers  Fleet discounts  Free loaners

Thick, wet grass. Uneven terrain. No problem with our full commercial lineup and comprehensive fleet program with special discounts and free loaner units to keep you productive. The Z700, SZ Stand-On and W Series. Built to mow it all. And build your business.

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