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# STORM WATCH

The 2024 State of the Industry Report finds the greenhouse industry remains optimistic, even with a chance of rough seas ahead.

*By Patrick Alan Coleman*

**STATE  
OF THE  
INDUSTRY  
REPORT**

## EMPOWERING GROWERS SINCE 1977: COMPREHENSIVE SOLUTIONS FOR EVERY GROW ENVIRONMENT

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As agriculture continues to evolve, I'm committed to making sure Hydrofarm remains your trusted partner in growth. We've been empowering growers since 1977, and our focus remains on providing innovative solutions that support your operation's success — whether you're scaling up a greenhouse or advancing your CEA techniques.

Let's grow together — now and into the future.

### Andrew Volpetti

Vice President of Commercial Sales, Hydrofarm



The tailwinds are dying down on the fair horticultural seas. For years, a pandemic-era boom in consumer garden spending accelerated sales and profits throughout the growing industry supply chain. However, as 2024 comes to an end, stakeholders are seeing plateaus, if not outright corrections, in economic activity in the industry. Clouds are brewing on the horizon, but it's far too early to ascertain if the faint gloom suggests an oncoming storm or just a mild disturbance.

This year, our State of the Industry Report shows greenhouse growers are optimistic about what's to come, but they still have their eye on the barometer. There are warning signs of possible trouble, including increased input costs and continuing labor woes, but they haven't taken the wind out of the industries' sails just yet.

The growers who responded to our survey this year are showing us that there are plenty of ways to keep their businesses ship-shape and batten down the hatches for whatever may come in 2025. The change in the economic climate is being addressed by slowing expansion, driving efficiency and improving automation — and growing more of what customers want.

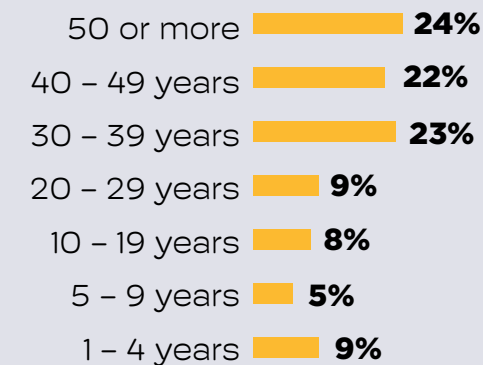
It's clear the greenhouse industry has no intent to run for shelter. The state of the industry appears to be calm, collected and watchful as evidenced by the following data. But we're keeping our eye out, just in case a tempest develops.

## Survey methodology

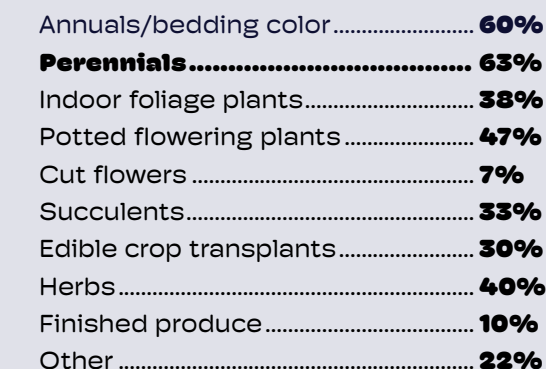
We surveyed 105 greenhouse owners, operators and managers in the U.S. and Canada. The following statistics were gathered via an online survey sent in August. Answers were collected in early September.

*Editor's note: Not all percentages add up to 100% due to rounding and non-responses.*

### How many years has your greenhouse been in business?

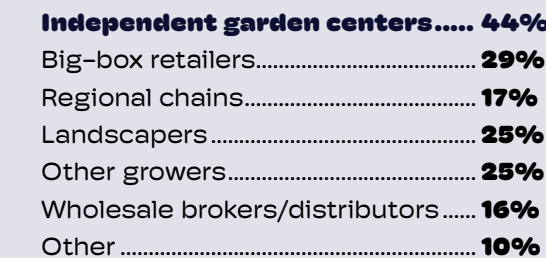


### What does your greenhouse grow? (Select all that apply.)



*Other answers included: Trees, shrubs, grasses, vines*

### Who is your primary customer? (Please select one.)



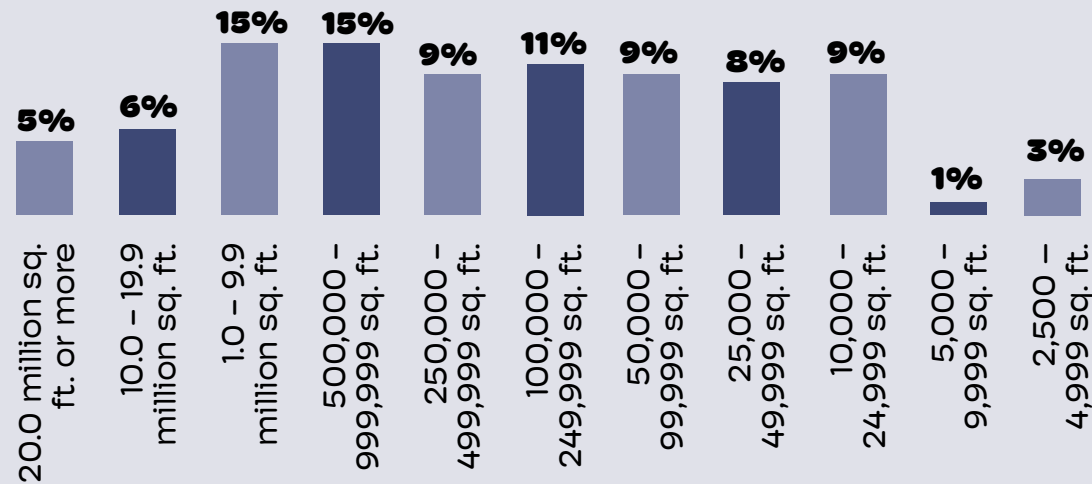
*Other answers included: Farmers markets, online retailers*

## Ship Shape: Who We Are

Respondents to this year's survey are running slightly larger operations than those in 2023. The number of respondents with square footage between 250,000 and 20 million grew by 13% in 2024. That increase in respondents' growing area is likely the reason for the change in percentage of those selling to big-box retailers — a 12% jump.



### What is the square footage of your greenhouse operation?



### If you are planning a greenhouse addition in 2025, how much space are you adding?

100,000 sq. ft. or more	7%
50,000 - 99,999 sq. ft.	18%
25,000 - 49,999 sq. ft.	4%
10,000 - 24,999 sq. ft.	6%
5,000 - 9,999 sq. ft.	10%
2,500 - 4,999 sq. ft.	8%
Less than 2,500 sq. ft.	46%



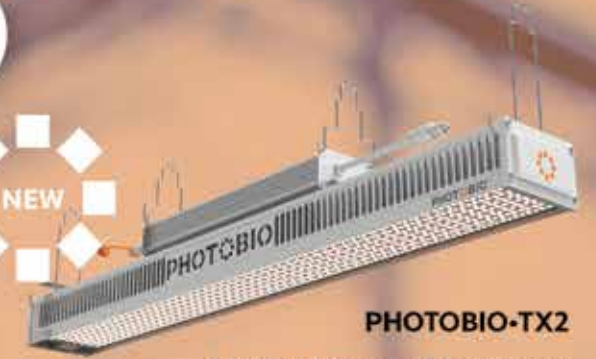
One in four survey respondents planning a greenhouse addition in 2025 is planning to add 50,000 square feet or more.

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- Horticulture Science Researcher, Michigan

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- Commercial Grower, California



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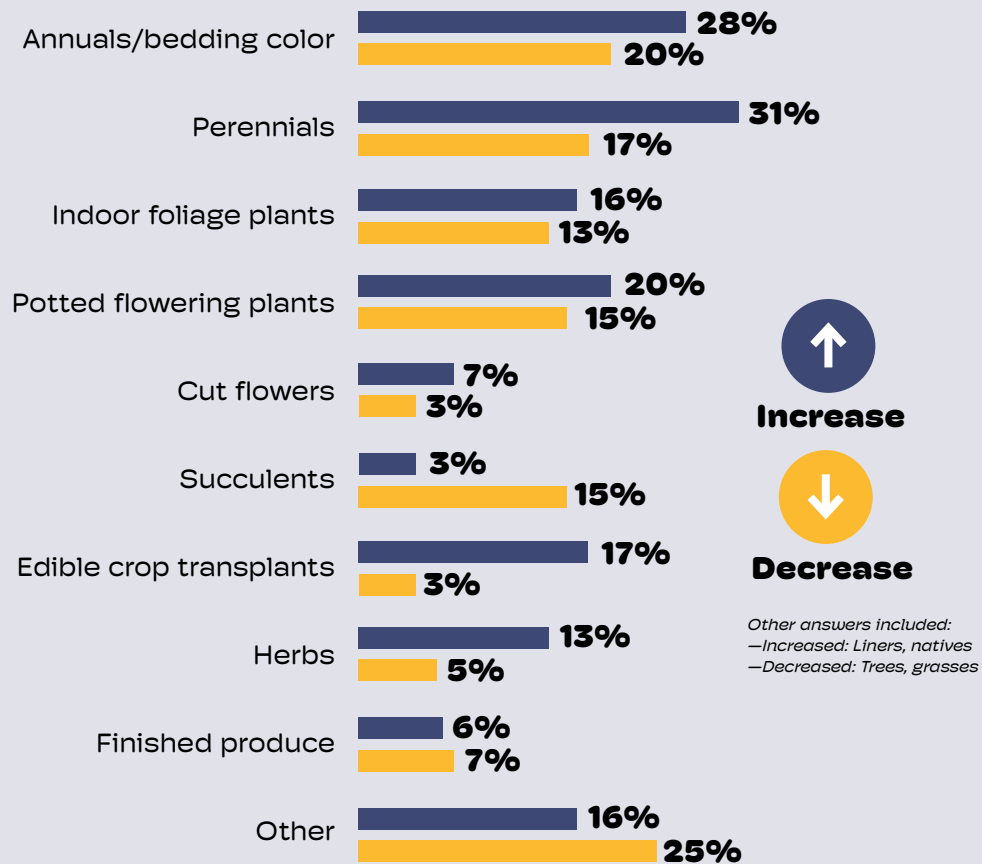
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To date, which crop had the biggest increase/decrease in production for your greenhouse in 2024?



Smooth Sailing: Crops & Production

Annuals/bedding plants, perennials and indoor foliage plants continue to dominate growing space, with a slight decrease in the total share taken by edible crop transplants and finished produce, a sign that growers made good on plans to reduce those categories in 2023. Year-over-year, growers continue to increase production of perennials and annuals/bedding plants. And while the increase in indoor foliage plants sagged in 2023, 2024 saw a bounce in the category, as 11% more growers increased their production, and 10% more planned to do so in the next 12 months.



By Mike Zawacki

Blast off

Despite economic fluctuations, Ohio-based Green Legacy has established a customer base, expanded its operations and retained an optimistic outlook for its future.

Founded just before the COVID-19 pandemic, in January 2020, Orient, Ohio-based Green Legacy has focused on building its team and customer base at the greenhouses purchased from Columbus-area Cuthbert Greenhouse.

“The first year [2020], we just did contract growing. The second year, we started spec growing and getting to know the Columbus market,” says owner Dan VanWingerden, whose family has a long history in the U.S. horticulture industry. “So, it was maybe the worst time to start a business, but the best time to be a grower. It probably helped get us started.”

2022 represented a reset for the entire horticulture industry. Then, in 2023, Green Legacy began solidifying a customer base that was predominately landscapers and independent garden centers.

“This past spring, we were 100% dedicated to our own vectors,” VanWingerden adds. Now, that customer base reaches as far as Pittsburgh. Green Legacy focuses primarily on annuals but brings some products in from Florida to satisfy customer demand.

As a bonus, the Columbus economy has exploded in recent years, largely because global tech giant Intel announced in January 2022 a \$28 billion plan to build two advanced semiconductor manufacturing facilities northeast of Columbus in Licking County. As a result, the Greater Columbus region has experienced significant job creation, economic development and positive community development.

“Now, going into our fifth season, we feel like we have some good traction to service all of our customers, and it’s the most comfortable we’ve ever felt,” VanWingerden says. “So, we’re looking forward to the future.”

VanWingerden describes 2024 as a return to being

a weather-dependent business. Great weather in spring resulted in rock-solid business for Green Legacy through Mother’s Day. This was followed by an unusual uptick in temperatures for two weeks, which stopped everything. June saw a return to more reasonable temperatures, and business picked up again.

“If you were able to hold your product through May and discounted a bit in June [to sell off the rest of your stock], then you would look back and feel like it’d been a good year. That’s exactly what we experienced,” he says. “Now, I don’t have a crystal ball, but that’s how we’re planning for 2025. We’re going to comp a little bit from what we did [in 2024] because we sold it all, and we’re going to keep moving forward. We anticipate that people who have been buying plants are going to buy again.”

Green Legacy’s outlook has shifted from year-to-year to a five- to 10-year strategic plan, and VanWingerden remains bullish about the economic climate.

“We’re full steam ahead,” he says. “Now, we’re not looking for opportunities to go deep into debt, but we’re building a solid foundation so that when there is a recession — because it will happen — we’re prepared. We will continue to grow great-looking products, establish our customer base and work with our customers to meet their needs and be ready when the weather or the economy isn’t cooperating.”

“All I see is tons of opportunity,” VanWingerden adds. “I hope other people are scared and they grow fewer products because that just opens up the door for us.”

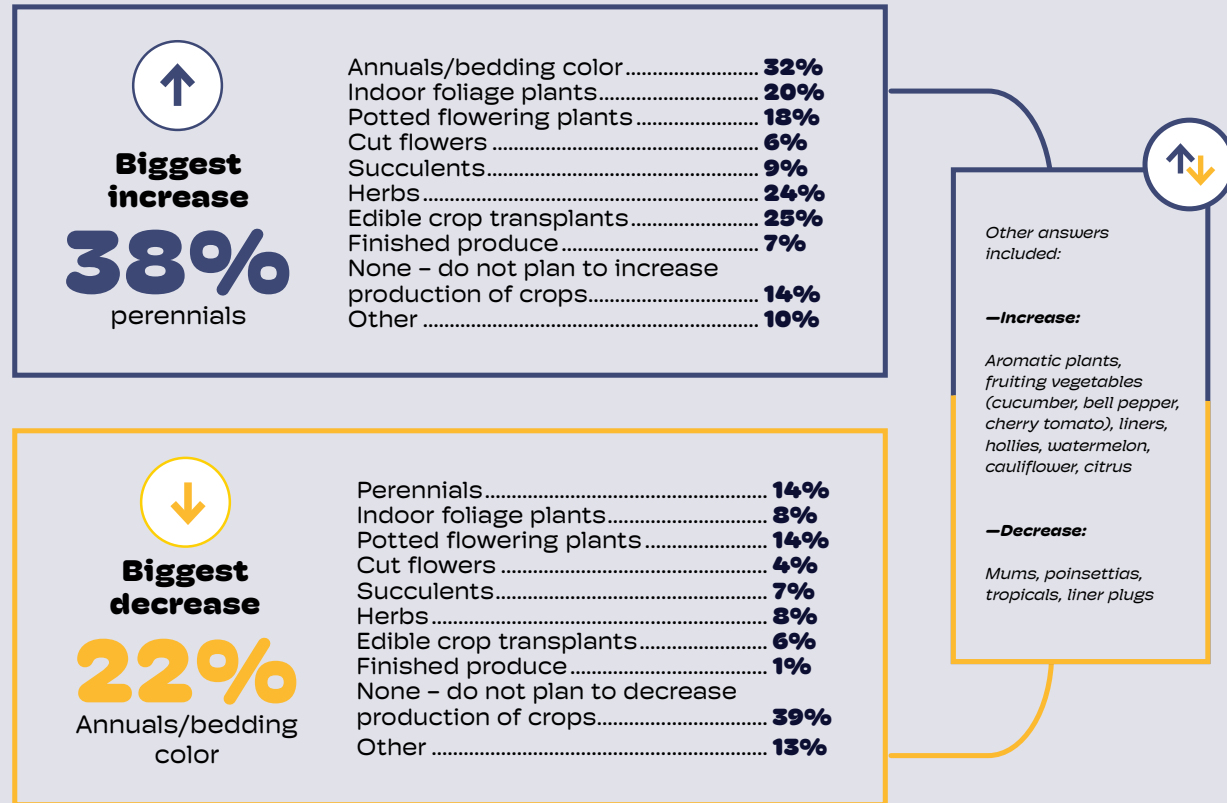
Mike Zawacki is a Cleveland-based writer who has been covering various aspects of the green and horticulture industries for nearly 20 years.



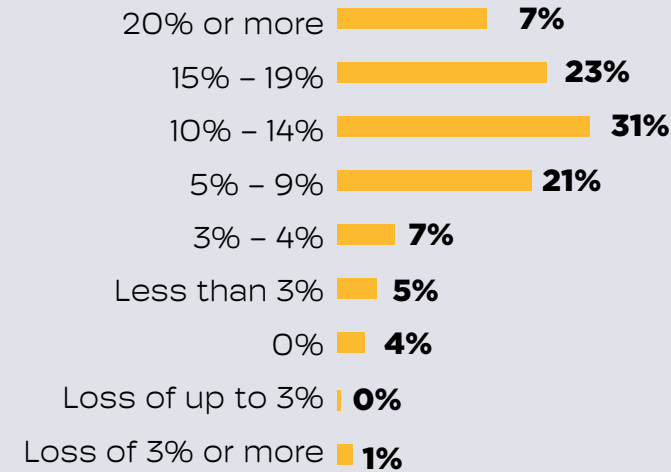
PHOTOS COURTESY OF GREEN LEGACY



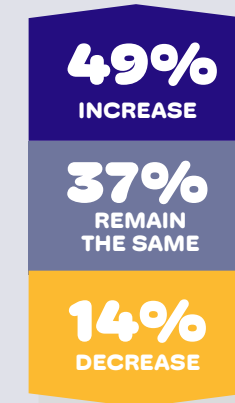
In which of these categories does your greenhouse plan to increase/decrease production during the next 12 months? (Select all that apply.)



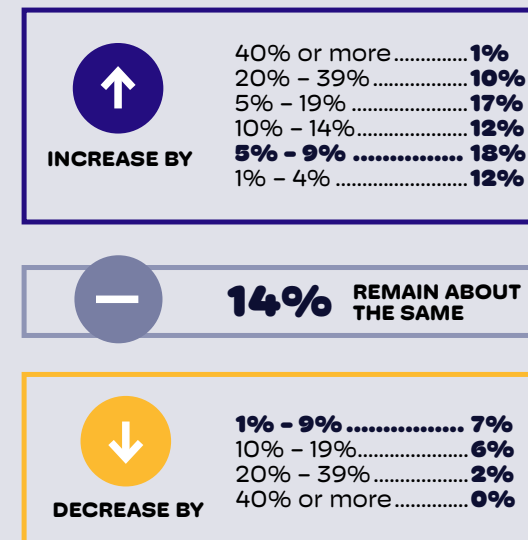
What do you project your greenhouse's 2024 net profit will be?



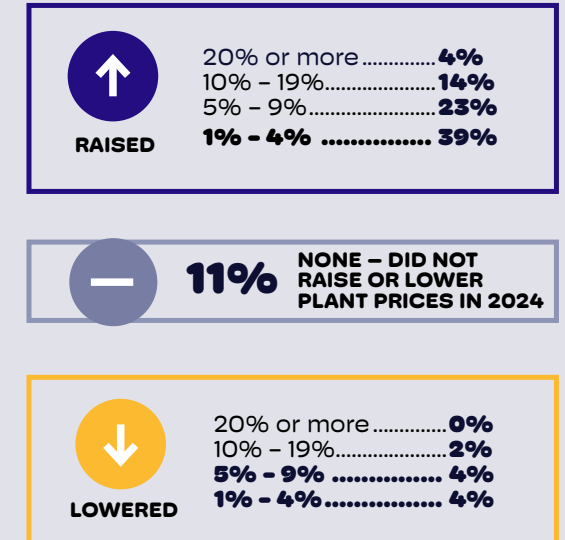
How do you project your greenhouse's 2024 net profit to change compared with 2023?



How do you project your greenhouse's 2024 sales to change compared with 2023?



On average, how much did your greenhouse raise or lower its plant prices in 2024?



## Cold Front? Profits, Sales & Prices

There has been a slight softening of net profits in 2024. Reported profits above 20% were nearly cut in half since the last report (12% in 2023 compared to 7% in 2024). But while those profits may be slumping toward just "OK," 67% still expected to land somewhere between 19% profit and break even. As in previous years, only 1% of respondents expected a loss. Some of the decrease in big profits may be because most respondents sell primarily to garden centers, which, according to AmericanHort chief economist Dr. Charlie Hall, had a challenging year.



Still, most respondents do expect an increase in sales in 2024 compared to 2023. That makes sense, considering well over a quarter remain confident the industry will grow. But wariness is creeping in. Those reporting that they are "not very" or "not at all" confident in growth doubled in 2024 - a combined 23% compared to just 12% in 2023.

How confident are you that the commercial greenhouse industry will grow in 2025?

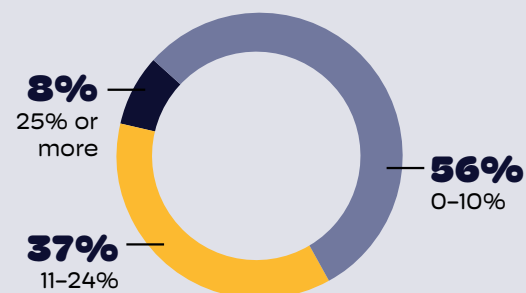


## Ebb and Flow: Prices & Inputs

The percentage of respondents who lowered prices in 2024 compared to 2023 increased by nearly 10%, as did those reporting only modest price hikes of 1 to 4%. Meanwhile, the share of those reporting price increase above 5% fell by a dramatic 20%. That's despite reports of continued increases in input costs.



In general, how much did input costs (growing media, chemicals, pots, etc.) increase in 2024 compared with 2023?



What methods is your operation using to conserve water during the production cycle? (Select all that apply.)

- 65%** Drip irrigation
- 46%** Adjusting watering times
- 29%** Rainwater recycling
- 18%** Ebb-and-flow benches
- 27%** Recycling irrigation water
- 9%** Capillary mats
- 23%** Choice of growing media
- 8%** Other

*Other answers included: Crop location, mulch row covers, flood floors*

In terms of sustainability, which issue concerns you the most? (Please select one.)

- 27%** Reducing plastic
- 27%** Water reclamation/recycling
- 29%** Adopting alternative energy sources
- 9%** Adding energy curtains
- 27%** Improving heating efficiency
- 13%** Implementing or improving an IPM plan
- 22%** Recycling materials
- 5%** Taking part in Veriflora, MPS or other certification program
- 8%** None
- 9%** Other

*Other answers included: Climate change, government regulation*

How many total employees does your business currently have (seasonal and year-round)?

- 36%** 50 or more
- 15%** 30-49
- 14%** 5-9
- 20%** 10-29
- 15%** 1-4



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## All Hands on Deck: Labor

Fewer growers in 2024 increased pay rates compared to 2023. But the number of reported employees shifted as well. The respondents with 5 to 9 employees doubled from 7% in 2023 to 14% in 2024, while those reporting between 10 and 50 or more employees fell by a combined 9% over the same period. The reason for that decrease could be linked to the fact that in 2023, 19% of respondents adopted more automation (10% fewer did so in 2024). Also, 2024 saw an increase in those who found ways to use their labor force more efficiently.



Of your 2024 employees, how many are seasonal?

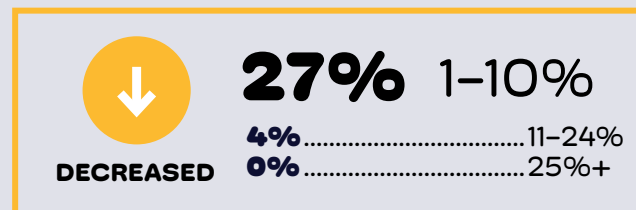
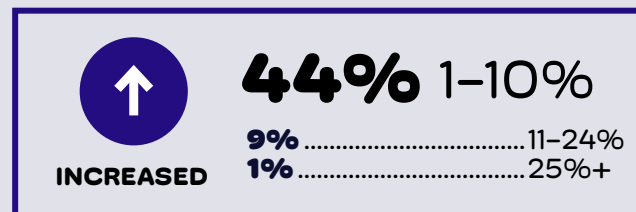
**22%**  
None

**20%** 50+    **14%** 10-29    **17%** 1-4  
**14%** 30-49    **12%** 5-9

How have your greenhouse's 2024 hourly rates and annual salaries changed compared with 2023?

	Decreased	Stayed the same	Increased	Do not have
Hourly rates	0%	29%	69%	1%
Annual salaries	3%	24%	64%	9%

How has your staffing changed in 2024 compared with 2023?

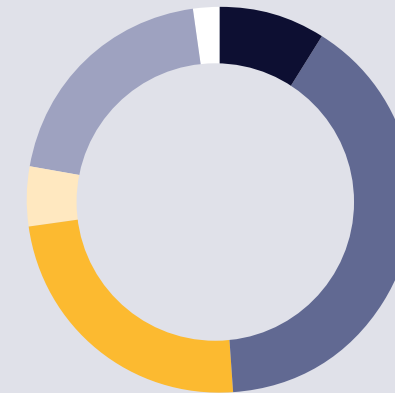


Of your 2024 employees, how many are employed year-round?

**24%**  
30-49 & 1-4

**22%** 50+    **5%** 5-9  
**20%** 10-29    **5%** None

What steps have you taken to combat labor shortages? (Select all that apply.)



- Adopted more automation **9%**
- Identified ways to use labor more efficiently **40%**
- Used H-2A labor **24%**
- Cut back on production **5%**
- None **20%**
- Other **2%**



2024 saw an increase in those who found ways to use their labor force more efficiently.

How would you rate your concern with each of the following issues and their impact on your operation's success?

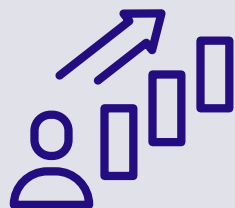
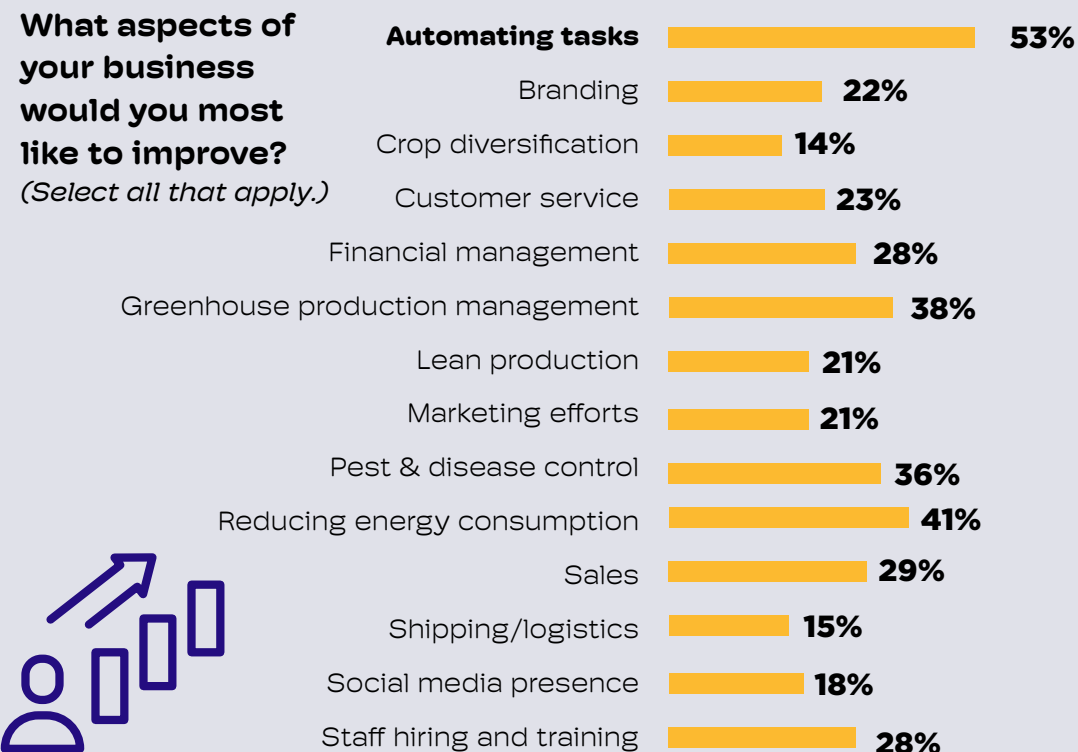
	Unconcerned	Neutral	Slightly concerned	Very concerned
Age/lack of succession plan	29%	31%	26%	14%
Economy	5%	17%	44%	33%
Finding qualified labor	6%	18%	48%	27%
Freight/shipping costs & logistics	1%	29%	32%	37%
Increasing input costs	1%	14%	45%	40%
Increasing labor costs	0%	8%	41%	51%
Lack of space or cost to expand	27%	31%	24%	18%

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## A Look to the Horizon

The top three impacts of business success in descending order of concern are increasing labor costs, increasing input costs and finding qualified labor. That's most likely why automating tasks remains the top aspect growers would like to improve, followed by reducing energy consumption. Greenhouse production management came in third, followed by pest & disease control at fourth.



**Do you have a succession plan in place?**

**60%** Yes  
**40%** No

**If you own your greenhouse business, do you plan to retire and/or sell it in the next five years?**

**35%** Yes  
**47%** No

**18%** Not applicable, do not own the business

By Mike Zawacki

# Stay the course

Central Ohio's Dutch Mill Greenhouse has enjoyed economic success in recent years. CEO Bob Berbee plans to ride that wave in 2025.

**B**ob Berbee, the CEO of Dutch Mill Greenhouse, a prominent retail garden center in the central Ohio community of Marysville, has successfully navigated a challenging 2024 season. Despite an abbreviated growing season, the business — catering to homeowners and landscapers — achieved sales that met expectations.

"Our sales are up [in 2024], and we're on track to go back to our best year ever, which for us is a huge win," Berbee says. "Considering the last five years have been phenomenal, the sales kind of plateaued, and to see that ticker going upward is a boost of confidence for us."

By maintaining strategic focus on efficiency and data-driven insights, Berbee is poised to replicate the success of recent years and continue offering a diverse range of traditional and unique plants to Dutch Mill's customers.

"Our town has seen tremendous growth over the last five to 10 years, and our county is actually one of the fastest-growing counties in Ohio," Berbee says. "You could say we were in the right place at the right time."

Berbee offers his perspective on the state of the industry and what factors shape his outlook for 2025.

### Mike Zawacki: How would you describe 2024's business climate?

**Bob Berbee:** For us, we looked at that two different ways: the ease of getting product in and what was the result from that. So, it was relatively easy to find all the necessary things for our season, from the finished products we're buying from growers to everything we grow ourselves. So, being prepared has definitely paid off. It was a smooth, productive year, and the sales were in line with that as well. The season started off tremendously early. We didn't have a winter, and people were ready to plant stuff way before we felt comfortable selling the product. But it's hard to hard to turn people away. However, that also resulted in ending about a week or two earlier as well. We usually keep well-stocked and ordered all the way through Memorial Day. And I would say by Memorial Day [2024], we noticed sales had started declining rapidly.

### MZ: How does this type of year impact your planning for 2025?

**BB:** We're going to plan for a year similar to 2023. This year was an anomaly, and we do not anticipate an early spring again. We didn't see frost in May, which is unusual for us. So, we're going to be in line with 2023's projections at the moment because 2024 got started way too soon for us.

### MZ: How do you account for labor not being a business challenge?



**BB:** Great question. As far as the pay ranges, we're right in line where we need to be. We just offer a very unique working environment. We let our teams take control of what they're involved in. So, everybody has ownership, and they take a lot of pride in their work here. As a result, our retention rate is north of 85%.

### MZ: What is your focus heading into 2025?

**BB:** We're going to focus on being more efficient, and we're also going to put a bigger emphasis on collecting data and letting those numbers do the talking for us. With the amount of growing that we do here, we're trying to put more things on drips and timers and roll-up sides [to control temperature] ... the amount of technology that's available to us is tremendous. So, one of our guys found moisture meters, and now we don't even have to turn a hose on anymore. It's those types of efficiencies that we didn't even know were available to us.

### MZ: How will you focus on analytics and data management?

**BB:** Most of our efforts obviously go towards the annuals. If it's 4-1/2 inch or flats, every time we put an order in with our supplier, we will put that into a spreadsheet. We're not scanning a flat of zinnias versus a flat of petunias. We're not set up for that, and I doubt a lot of people are. But what we can do is every time we order, we put that into a spreadsheet, and then we'll be able to track those numbers by what we dump. So that's the numbers we're currently looking at and determining how to be more efficient on less dumping [of unused or unsellable plant materials]. So, we're focusing primarily on annuals, and we're trying to be less than 10% [wasted]. That's our goal. Unfortunately, in 2024, we were north of 15%.

Mike Zawacki is a Cleveland-based writer who has been covering various aspects of the green and horticulture industries for nearly 20 years.

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