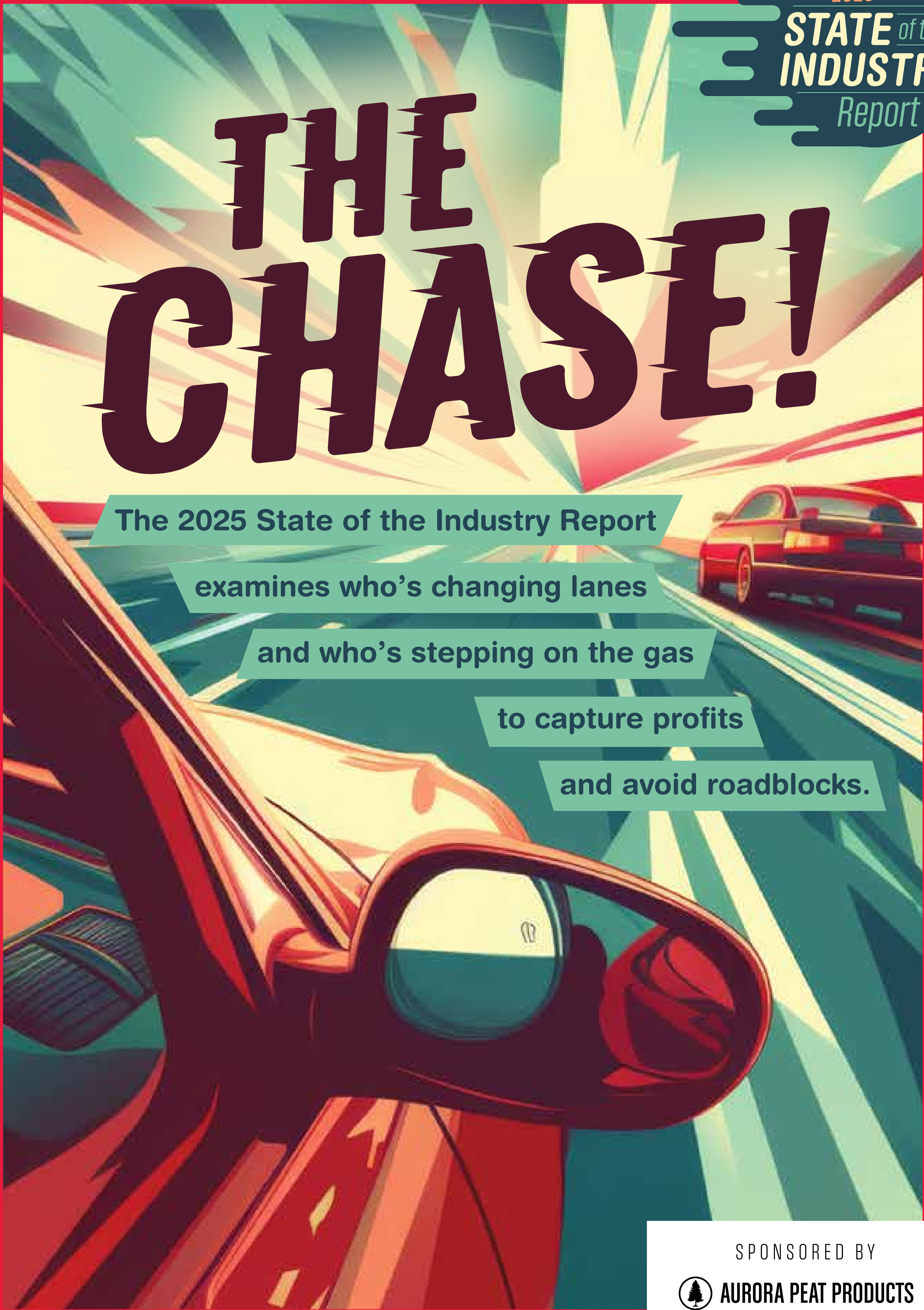
2025 STATE of the INDUSTRY Report



THE CHASE!

The 2025 State of the Industry Report examines who's changing lanes and who's stepping on the gas to capture profits and avoid roadblocks.

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2025 STATE of the INDUSTRY Report

Sponsor Letter

LEADING PRODUCTS, THOUGHTFUL SUPPORT

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While the horticulture industry has evolved significantly in the past half-century, Hydrofarm's commitment to growers' well-being and their success has been a constant: We've been empowering growers since our founding in 1977.

We are a company built on partnerships and relationships. Every greenhouse and cultivation facility has its own story, and we take the time to understand your business, your objectives and your challenges to ensure we are providing you with products and services to help you reach your goals. Growing up on my family's tobacco farm in North Carolina, I have seen firsthand how cultivating plants demands thoughtful care and dedication, and we take pride in partnering with you to ensure you have the right tools, insight and support to create ideal growing conditions.

It's one of the reasons we're sponsoring the 2025 State of the Industry Report from *Greenhouse Management* — so that you can have insights from other growers in the market to better understand if your pain points and wins align with others and to help you benchmark your business.

Hydrofarm's story began when our founder developed water-saving hydroponic equipment. Over time, we've expanded and now specialize in systems that help growers improve quality, productivity and efficiency, including high-intensity grow lights, climate control solutions, fertilizers/nutrients and growing media. We've partnered with more than 100 innovative brands so that you can find everything you need to power your grow in one place.

While we may be a one-stop shop, we understand customers have their own unique operational needs. Our services go far beyond products. We provide expert advice and reliable support to ensure that we're there long after equipment has been installed and that you have the best solution for every stage of plant development.

Aurora Peat Products, part of the Hydrofarm family of brands, exemplifies the culture we have established and continue to foster at Hydrofarm. Aurora Peat Products has been providing top-quality peat moss from a sustainably and carefully managed collection of peat bogs in Alberta since 2001. That quality comes with expert commitment and flexibility — Aurora prioritizes open communication and collaboration with partners to ensure they can accommodate all growers, whether they want small-batch production or large-scale manufacturing.

That customized approach extends to every part of our business — because every operation has its own story. We'd love to hear yours.

Mark Parker
President, Hydrofarm

AURORA PEAT PRODUCTS

HYDROFARM®

THE CHASE!

By **Patrick Alan Coleman**

In 2024, *Greenhouse Management* surveyed a greenhouse industry that was watching the horizon for a possible storm. Sales were softening, and so was confidence. There was a sense of watchfulness — an industry waiting to take action. In 2025, our State of the Industry Report reveals the watchfulness has turned into a full-on "Bullitt"-style chase to find profits.

As in any chase (featuring Steve McQueen or not), there are those behind and those ahead. And that duality is shown in our data, which is sometimes surprisingly polarized between those who appear to be looking for the next right move and those who have their foot on the gas. But the industry is still strong, even as it swerves to find the right plants to get to the right customers and battles tariff roadblocks.

This year, the chase is on. Let's hope everyone gets to the end in one piece.

SURVEY METHODOLOGY:

Greenhouse Management **surveyed 57 of our most engaged readers who are greenhouse owners, operators or managers primarily growing bedding plants, annuals, perennials and/or herbs and vegetables. Survey responses were collected in August 2025.**

Editor's note: Not all percentages add up to 100% due to rounding, non-responses and some questions allowing respondents to select multiple answers. A base is provided for questions that received fewer than 57 responses.

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WHO TOOK OUR SURVEY?

There is a tremendous depth of knowledge among the 2025 survey respondents, as there has been in past surveys. This year, 72% of respondents have been in business for more than 30 years, compared to 69% in 2024. The number of companies reporting 50 or more years in business grew 10% from 2024.

In this year's survey, some customer categories shifted significantly. While the number of growers selling to independent garden centers remained constant at 47%, the number of growers who reported selling to big-box retailers fell about 10% (from 29% in 2024 to 18% in 2025).

Meanwhile, there was a 7% increase among those who reported selling to landscapers (36%). Within the "other" category, the majority reported growing for their own retail. That makes sense, considering that when asked directly if they have a retail garden center along with growing operations, 49% responded in the affirmative. That means about half of this year's respondents' sales are made directly to the consumer, a fact that lends context to this year's data.

In terms of greenhouse size, respondents are split fairly evenly among those that have facilities 100,000 square feet and larger (46%) and those with facilities under 100,000 square feet (49%). That split has not changed significantly from last year to this year.

However, there were no respondents this year with facilities 20 million square feet or larger (compared to 5% in 2024), and the percentage of those with facilities under 10,000 square feet increased by over 20% compared to last year's small percentage (4%) who reported the same.

In terms of adding more space in the coming year, about 70% of respondents plan to do so. But the solid majority plan to keep expansion on the modest side, with 58% saying they will add fewer than 2,500 square feet.

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Who are your primary customers? *(Select all that apply.)*

47% Independent garden centers

37% Landscapers

23% Other growers

18% Big-box retailers

16% Wholesale brokers or distributors

14% Regional chains

35% Other

How many years has your greenhouse been in business?

35% 50 or more

40-49	**19%**
30-39	**18%**
20-29	**11%**
10-19	**9%**
5-9	**2%**
1-4	**7%**

Does your business have a retail garden center in addition to growing operations?

49% **YES**

51% **NO**

How would you rate your concern about lack of space or cost to expand and its impact on your operation's success?

4 VERY CONCERNED

4	21%
3	25%
2	30%
1	25%

1 NOT AT ALL CONCERNED

Base: 53

What is the size of your greenhouse operation in square feet?

14% 500,000-999,999 & 250,000-499,999

10-19.9 million	5%
1-9.9 million	9%
100,000-249,999	9%
50,000-99,999	4%
25,000-49,999	7%
10,000-24,999	12%
5,000-9,999	7%
2,500-4,999	9%
Less than 2,500	11%

CROP PURSUIT

As usual for our respondents, annuals and perennials lead our list of most-grown crops. These are followed by potted flowering plants, edible crop transplants and herbs, which fill out the top five spots. The least common crops continue to be finished produce and cut flowers (both 21%).

The one plant that has changed its position on the list is edible crop transplants. In 2024, only 30% of respondents reported growing that crop. In 2025, that percentage increased to 56%.

That year-to-year change makes sense when considering that the third most likely crop to have increased production is edible crop transplants (21%).

If we look deeper into this data, we find that retail growers are twice as likely to report the crop as one that had the biggest increase in production (66% compared to 33% without retail operations).

It's possible that recent price increases in fresh vegetables, according to the most recent USDA Food Price Outlook report, could be one factor driving consumers to retail growers with plans to cultivate their own fresh produce.

In 2025, five crops were more likely to have seen a decrease in production than an increase. That's a big change from 2024, when only two crops — finished produce and succulents — were more likely to have decreased than increased.

The all-around decreasing crops of 2025 include both of 2024's decreasing crop categories while adding indoor foliage plants, potted flowering plants and cut flowers.

On the flip side, the highest ratio between increase and decrease was seen in perennials, where 30% report a production increase and 14% report a decrease. The previously mentioned edible crop transplants are tied for the second-best ratio.

It's no surprise then how perennials, edible crop transplants and annuals play into the plans for 2026. They are the first, second and third crop (in order) that responding growers plan to increase in the coming year.

And while fewer than half of respondents plan to decrease production in any crop, of those who do, annuals lead the group, followed by potted flowering plants, perennials and indoor foliage plants.

It seems that growers may be shifting gears as they pursue the right crop mix for their customers.

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

82%
Annuals/bedding color

Perennials	**72%**
Potted flowering plants	**61%**
Herbs	**58%**
Edible crop transplants	**56%**
Succulents	**46%**
Indoor foliage plants	**44%**
Cut flowers	**21%**
Finished produce	**21%**
Other	**14%**

To date, which crops had the biggest increases in production for your greenhouse in 2025? *(Select all that apply.)*

32%
Annuals/bedding color

Perennials	**30%**
Edible crop transplants	**21%**
Herbs	**16%**
Potted flowering plants	**16%**
Indoor foliage plants	**14%**
Finished produce	**11%**
Cut flowers	**5%**
Succulents	**5%**
Other	**7%**

To date, which crops had the biggest decreases in production for your greenhouse in 2025? *(Select all that apply.)*

19%
Annuals/bedding color & Indoor foliage plants

Potted flowering plants	**18%**
Succulents	**18%**
Perennials	**14%**
Finished produce	**12%**
Cut flowers	**9%**
Edible crop transplants	**9%**
Herbs	**5%**
Other	**14%**

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

30%

Perennials

- Edible crop transplants ... **28%**
- Annuals/bedding color ... **23%**
- Herbs ... **21%**
- Potted flowering plants ... **18%**
- Indoor foliage plants ... **12%**
- Succulents ... **9%**
- Cut flowers ... **7%**
- Finished produce ... **7%**
- None - do not plan to increase production of crops ... **25%**
- Other ... **7%**

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

16%

Annuals/bedding color

- Potted flowering plants ... **12%**
- Perennials ... **11%**
- Indoor foliage plants ... **9%**
- Succulents ... **7%**
- Cut flowers ... **5%**
- Herbs ... **5%**
- Finished produce ... **4%**
- Edible crop transplants ... **2%**
- None - do not plan to decrease production of crops ... **56%**
- Other ... **9%**

CHASING PROFITS

Projected profits are a tale of extremes. In 2025, those projecting 20% or more in profits tripled compared to 2024's projections. At the same time, a full 61% of respondents in 2024 projected profits above 10%. In 2025, however, even with nearly a quarter projecting the highest profits, only 46% are expecting profits above 10%. Additionally, the percentage of responding growers projecting losses or no profits doubled, from 5% in 2024 to 10% in 2025.

If we further segment the responses, 62% of those who expected to earn the highest profits are growers with a retail operation. But, on average, those growers also say that 58% of their sales income is from retail. So, it's difficult to say if the higher profits for retail growers are from consumers buying plants directly or from wholesale activity to larger customers. But it does suggest that a diverse mix of sales channels and customers could boost profits.

The majority of respondents expect that their profits will increase compared to 2024. And at 53%, 2025's expectation of profit increase is nearly 5% better than the previous year at 49%. That said, there was a 10% loss in those expecting profits to remain the same and a 6% increase in those expecting profits to slip.

Sales have also slumped. And while more growers expect increases in sales than decreases when the final tally is made, more are expecting them in the lower percentage ranges than in previous years. Concurrently, those expecting decreases in sales or no change in either direction have grown in ranks.

When looking at changes in plant prices, it's clear that growers have let off the gas, as half are electing only to raise prices by a modest 1% to 4%. In 2024, the majority of growers raised plant prices in ranges above 5%. It could be that growers are spooked by lingering inflation and could be worrying that their customers can't afford higher prices.

When considering if the greenhouse industry will grow in 2026, growers tend to be neutral on the subject. However, those on both extremes — not at all confident and very confident — have both picked up percentage increases.

But exploring that sentiment further reveals a stark difference between growers with retail operations and those without. Those who have retail operations are far more likely to feel positive about the future of the greenhouse industry compared to those without — which seems to point to polarization between growers who have caught the profits and those who are still chasing them.

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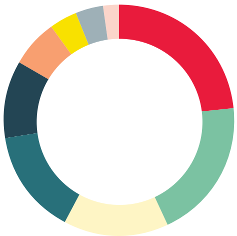
What do you project your greenhouse's 2025 net profit will be?



24% 20+%	**15%** 3-4%	**4%** 1-3% loss
20% 5-9%	**11%** Under 3%	**4%** 3+% loss
15% 10-14%	**7%** 15-19%	**2%** 0%

Base: 55

How do you project your greenhouse's 2025 net profit to change compared with 2024?

53% INCREASE

27% REMAIN THE SAME

20% DECREASE

Base: 55

If you have a retail operation, what percentage of your business' revenue comes from retail sales?

Average: 58%

Base: 37

How do you project your greenhouse's 2025 sales to change compared with 2024?

INCREASE BY

40% or more	4%
20-39%	5%
15-19%	5%
10-14%	14%
5-9%	14%
1-4%	16%

20% REMAIN ABOUT THE SAME

DECREASE BY

1-9%	13%
10-19%	5%
20-39%	4%
40% or more	0%

On average, how much did your greenhouse raise or lower its plant prices to date in 2025?

RAISED BY

20% or more	2%
10-19%	4%
5-9%	23%
1-4%	50%

13% DID NOT RAISE OR LOWER

LOWERED BY

20% or more	0%
10-19%	2%
5-9%	2%
1-4%	5%

How would you rate your concern with the economy and its impact on your operation's success?

8%
Unconcerned

16%
Neutral

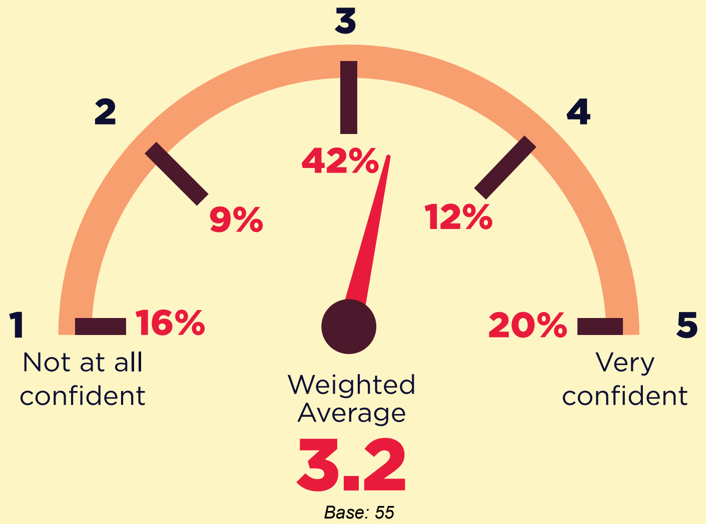
47%
Slightly Concerned

29%
Very Concerned

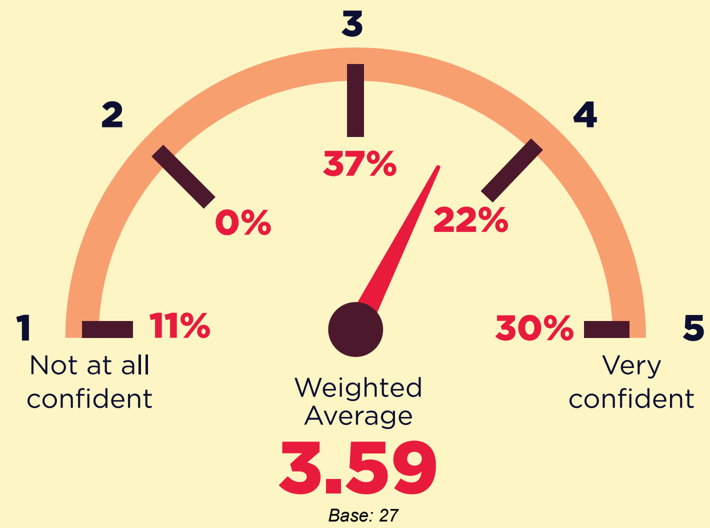
Base: 51

How confident are you that the commercial greenhouse industry will grow in 2026?

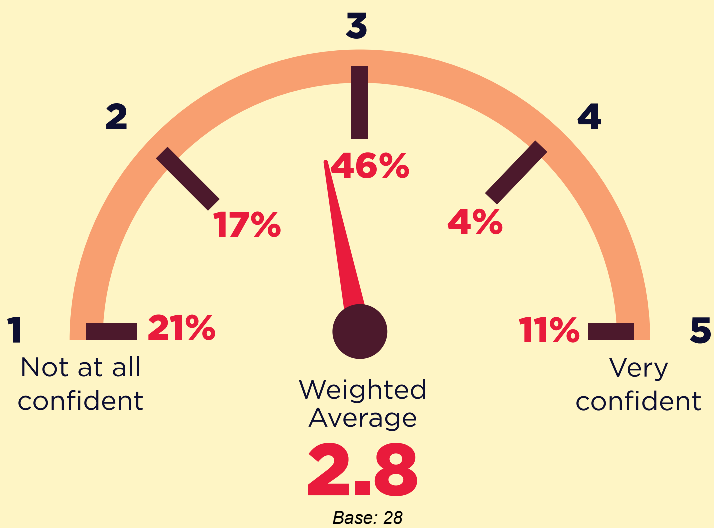
Confidence: All respondents



Confidence: Only retail growers



Confidence: Only non-retail growers



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What aspects of your business would you most like to improve? *(Select all that apply.)*

Automating tasks	60%
Pest and disease control	44%
Lean production	38%
Marketing efforts	37%
Sales	35%
Greenhouse production management	33%
Reducing energy consumption	33%
Staff hiring and training	31%
Social media presence	27%
Crop diversification	25%
Shipping/logistics	25%
Branding	19%
Customer service	17%
Financial management	17%

Base: 52


Sixty percent of respondents said they want to improve at automating tasks in their businesses.

PHOTO © ADOBESTOCK

INPUTS IN ACTION

In 2025, tariffs have been a hot topic for all industries, and growers are not immune to the instability in global trade policy. That's particularly true when inputs like growing media, starts and machinery are often imported from overseas.

This is the first year we've asked growers about tariffs' effect on their inputs. And it's clear from the answers that there is indeed an effect. Those growers who report being affected by the trade taxes total 57%. Things change a bit when we asked respondents if products have had taxes levied against them. Growers report that it's less common, though still close to half suggest product exports are being affected.

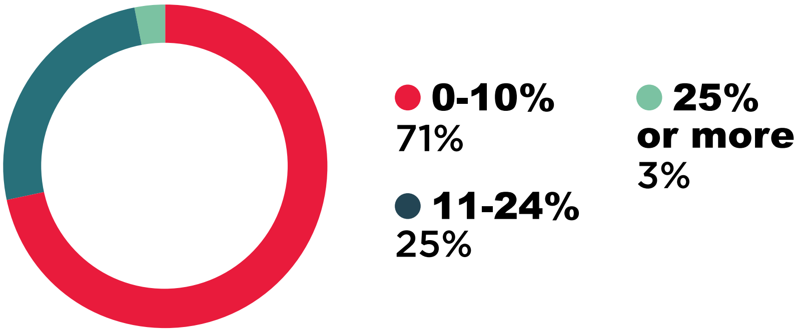
But there is some good news in the world of input costs. Fewer growers reported increases in input costs than in 2024. This year, reported price increases above 11% fell, while those from 0% to 10% grew by nearly a quarter.

Have your operation's inputs been affected by tariffs?

57% **YES**

43% **NO**

In general, how much did input costs (growing media, chemicals, pots, etc.) increase in 2025 compared with 2024?



Have your operation's products had tariffs levied against them?

45% **YES**

55% **NO**

How would you rate your concern with increasing input costs and their impact on your operation's success?

Unconcerned	Neutral	Slightly concerned	Very concerned
2%	19%	45%	34%

Base: 53

How would you rate your concern with freight/shipping costs and logistics and their impact on your operation's success?

Unconcerned	Neutral	Slightly concerned	Very concerned
6%	17%	47%	30%

Base: 53

SPEEDING SUSTAINABILITY

The motivations behind sustainability aren't easy to measure, considering that improving efficiency can save costs as well as reduce environmental burdens. In terms of the top three priorities for growers, 43% of respondents say their top sustainability issue is improving heating efficiency, while the second and third chief concerns are plastic waste (32%) and improving or implementing an IPM plan (29%).

And while water reclamation is the fourth-highest concern, using drip irrigation, adjusting watering times and choosing growing media are the top ways growers are conserving water before it reaches any reclamation.

In terms of sustainability, which issues concern you the most? *(Select all that apply.)*

43%
Improving heating efficiency

Reducing plastic	**32%**
Implementing or improving an IPM plan	**29%**
Water reclamation/recycling	**20%**
Adopting alternative energy sources	**16%**
Recycling materials	**13%**
Adding energy curtains	**7%**
Taking part in Veriflora, MPS or other certification program	**5%**
None	**7%**
Other	**5%**

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

69% Drip irrigation

Adjusting watering times	**47%**
Choice of growing media	**40%**
Rainwater recycling	**36%**
Recycling irrigation water	**29%**
Ebb-and-flow benches	**15%**
Capillary mats	**11%**
Other	**7%**

Base: 55

Nearly three-fourths of respondents said they use drop irrigation to conserve water during the production cycle.

PHOTO © ADOBESTOCK

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HUNTING HIRES

In terms of employees, there is another polarization in the data. Respondents were evenly split between those who have 30 or more employees (46%) and those who have nine or fewer (44%). In between, there are 9% who employ between 10 and 29 people.

For most growers, staffing has increased rather than decreased, and that puts the concerns over high labor costs and finding that labor in context. Likely in an attempt to remain competitive in the job market, nearly three-quarters of respondents have increased hourly wages, while over half have increased annual salaries. But there are other methods to help source labor.

According to 48% of respondents, the way forward was finding ways to use labor more efficiently. For 11%, they sought an answer in the H-2A visa program.

This was the first year we've asked growers about the program. We found that about a quarter of our respondents use H-2A labor, likely pointing to the fact that many see it as standard procedure rather than a way to combat labor shortages.

The strong majority of those who do not use the program point to adequate local labor. And as many growers say that their business is too small to employ H-2A workers (32%) as those who say they avoid the program due to difficulty navigating the program and rigid requirements combined.

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

33% 50 OR MORE

13% 30-49

9% 10-29

20% 5-9

24% 1-4

Base: 54

How have your greenhouse's 2025 hourly rates and annual salaries changed compared with 2024?

	DECREASED	STAYED THE SAME	INCREASED	DO NOT HAVE
HOURLY RATES	2%	15%	74%	9%
ANNUAL SALARIES	4%	29%	57%	10%

Base: 54

How has your staffing changed in 2025 compared with 2024?

45% Increased 1-10%

Increased 11-24%	11%
Increased 25% or more	3%
Decreased 1-10%	21%
Decreased 11-24%	4%
Decreased 25% or more	2%
Other	13%

Base: 53

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

48% Identified ways to use labor more efficiently

Used H-2A labor	11%
Adopted more automation	7%
Cut back on production	4%
None	22%
Other	7%

Base: 54

Nearly half of respondents said improving heating efficiency is a concern when it comes to sustainability.

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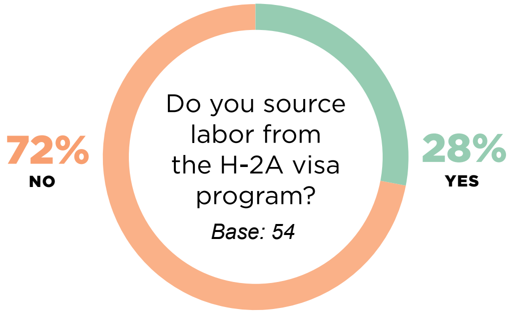


If you answered "no," why do you not use H-2A labor? (*Select all that apply.*)

68% I have adequate local labor

My business is too small **34%**
The program is too difficult to navigate **16%**
The program requirements are too rigid **16%**
I am worried about the program's stability **3%**

Base: 38

How would you rate your concern with finding qualified labor and its impact on your operation's success?

VERY CONCERNED	SLIGHTLY CONCERNED
17%	38%
NEUTRAL	**UNCONCERNED**
36%	9%

Base: 53

How would you rate your concern with increasing labor costs and their impact on your operation's success?

VERY CONCERNED	SLIGHTLY CONCERNED
33%	37%
NEUTRAL	**UNCONCERNED**
21%	10%

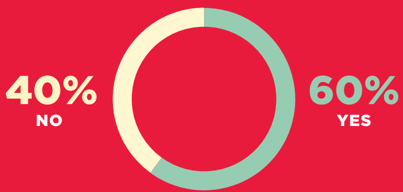
Base: 52

FLIGHT TO THE FUTURE

Most of our respondents do not plan on retiring or selling in the next five years, and the number of those who do plan on making that change has decreased 10% since 2024. The comforting news is that well over half of our respondents have a plan in place for when the time comes to take the exit, leave the chase and retire. GM

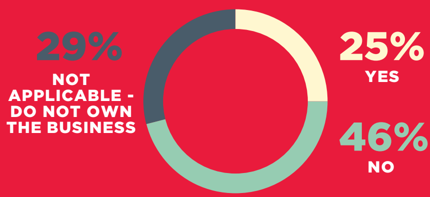
Do you have a succession plan in place?

Base: 52



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

Base: 52



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