



Poised for (even more)

GROWTH

Dig into our data to find out what's going on in the industry.

THE OUTLOOK IS PROMISING in the green industry, but there is always uncertainty. That's what we've gathered from this year's State of the Industry report. Contractors continue to express greater confidence in growing revenue and turning a profit compared to last year.

Lack of quality labor, health insurance costs, weather and government regulations can keep optimism from getting too high, but contractors like where they stand.

Contractors continue to have trouble finding workers and with questions surrounding new overtime/salary rules from the Department of Labor, contractors may now have issues with

how to pay current employees. The average landscape company pays its salaried employees less than \$47,476, and these positions will become hourly and eligible for overtime when the new rules are implemented.

Maintenance continues to be the fastest growing service, while design/build continues to get a big boost as consumers spend on hardscapes and outdoor living features. Lawn care is third and irrigation is fourth.

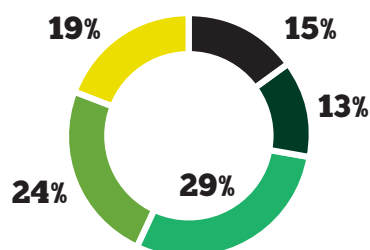
Finding quality labor is once again the top concern (45 percent) while health insurance, worker's comp costs, personal stress and low-ball competitors round out the top five.

— *Brian Horn*

NOTE: Not all percentages will equal 100% due to rounding/non-responses. Not all answer options are listed here.

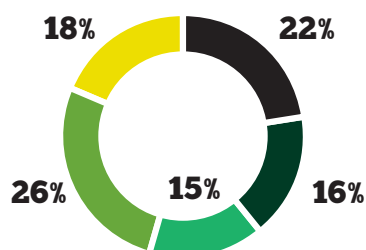
WHO ARE YOU?

How many years has your company location been in business?



- Less than 5
- 5 - 9
- 10 - 19
- 20 - 29
- 30 or more

Approximately what was your location's gross revenue in 2015?



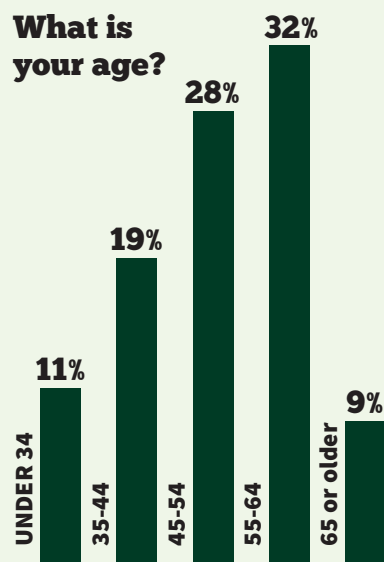
- More than \$1 million
- \$999,999-\$500,000
- \$499,999-\$200,000
- \$199,999-\$50,000
- Less than \$49,999



THE INDUSTRY CONTINUES

to get older as the 55-64 demographic has a larger percentage of respondents this year compared to the 45-54 age range last year taking the largest percentage. Last year, 55-64 made up 27 percent of the response rate while 45-54 was 33 percent.

What is your age?



Which of the following services does your location offer? (Listed in percentages)



Lawn care/
chemical
application



Landscape
maintenance



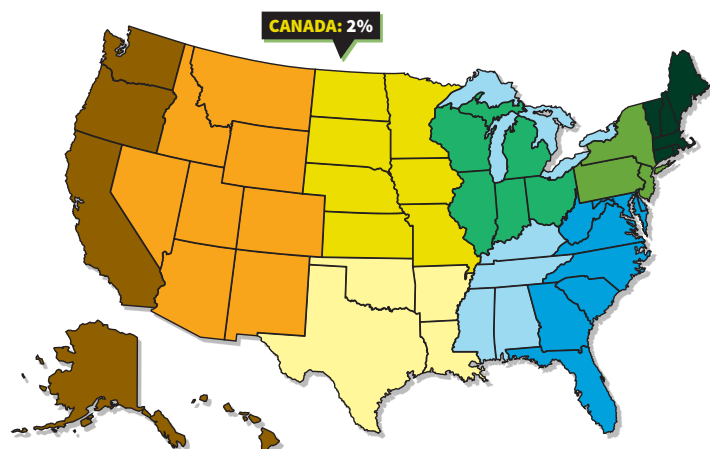
Landscape
design/
construction



Irrigation



Trees &
ornamental



Where is your company located?

NORTHEAST

- New England: CT, MA, ME, NH, RI, VT 8%
- Middle Atlantic: NJ, NY, PA 9%

MIDWEST

- East North Central: IL, IN, MI, OH, WI 21%
- West North Central: IA, KS, MN, MO, NE, ND, SD 9%

SOUTH

- South Atlantic: DC, DE, FL, GA, MD, NC, PR/VI, SC, VA, WV 22%
- East South Central: AL, KY, MS, TN 3%
- West South Central: AR, LA, OK, TX 10%

WEST

- Mountain: AZ, CO, ID, MT, NM, NV, UT, WY 5%
- Pacific: AK, CA, HI, OR, WA 9%

➔ Median revenue nationwide was **\$256,000** this year compared to **\$217,000** last year.

FEELING GOOD

↙ **CONTRACTORS ARE MUCH MORE CONFIDENT** than they were last year, and much more confident than 5 years ago. In 2015, 84 percent said they turned a profit, compared to 78 percent in 2014. In 2011, 20 percent said they were not confident at all that the industry would grow in 2012, while just 2 percent said the same about 2017. And 77 percent are confident or very confident their location will grow in revenue compared to 71 percent last year.

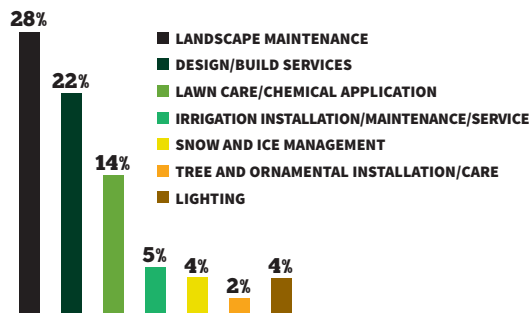
What percentage of your location's 2015 gross revenue came from each of the following services?

Landscape and mowing maintenance	42%
Landscape design/construction	20%
Lawn care/chemical application	12%
Snow and ice management	6%
Irrigation installation/maintenance/service	6%
Trees & ornamental	3%
Other	10%

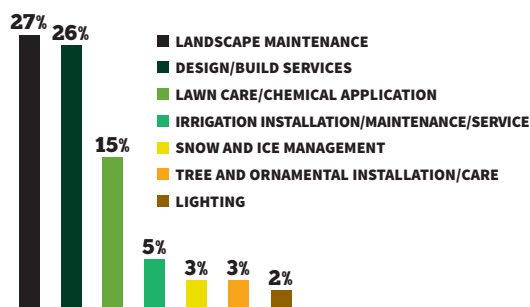
What was the MOST PROFITABLE service your location offered in 2015?

Landscape maintenance (mowing, edging/trimming, pruning)	30%
Design/build services	21%
Lawn care/chemical application	15%
Snow and ice management	9%
Irrigation installation/maintenance/service	6%
Tree and ornamental installation/care	4%

What was the FASTEST GROWING service for your location in revenue in 2015?



What do you predict will be the FASTEST GROWING service for your location in revenue in 2016?



MONEY MAKERS

↙ **MAINTENANCE IS ONCE AGAIN THE CHAMPION** when it comes to gross revenue at 42 percent, down from 43 percent last year. Single-family residential continues to dominate the properties you serve, though it makes up the smallest percentage of property types serviced by companies with more than \$1 million in revenue. Maintenance also maintained its lead for fastest growing service, but design/build is catching up. In last year's report, 36 percent said maintenance was the fastest growing service, but in this year's report it was only 28 percent, while design build went from 15 percent in last year's report to 22 percent in this year's.

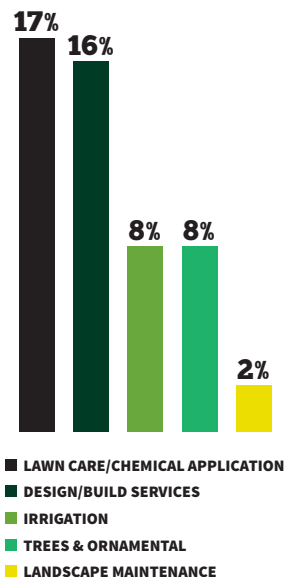
**42
PERCENT**

AVERAGE OF HOW
MUCH MAINTENANCE
ACCOUNTS FOR
GROSS REVENUE

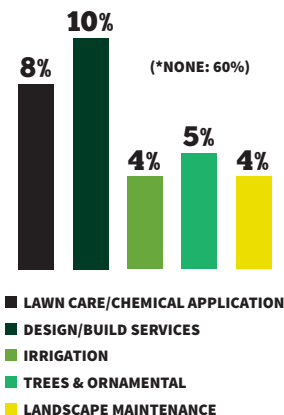
SURVEY METHODOLOGY

↙ The survey sample of 8,627 was selected in systematic fashion by Lawn & Landscape and Readex Research. The sample represented 17,253 recipients (or 25 percent of Lawn & Landscape's entire circulation of 70,800) at the time of sample selection. The survey ran from July 18-25, and the margin of error for percentages based on 330 usable responses is ± 5.3 percentage points at a 95 percent confidence level.

Which of the following **NEW** services does your location plan to offer next year?



What services has your location **STOPPED** offering in the past **THREE YEARS**?*



WHAT'S WORRYING YOU



WHILE QUALITY LABOR IS STILL THE TOP CONCERN

WITH 45 PERCENT SAYING SO (the same percentage as it was last year), low-ball competitors, a top three concern last year with 44 percent, dropped to 37 percent. The other big changes in this year's numbers were high fuel prices, which received 41 percent of the vote, dropped to 32 percent this year and difficulty raising prices for work dropped from 39 percent to 32 percent.



Which one of these issues would you rate as a top concern for your business in the next three years? (Listed in percentages)



QUALITY LABOR SHORTAGE



HIGH HEALTH INSURANCE COSTS



HIGH WORKERS' COMPENSATION COSTS



PERSONAL STRESS



LOW-BALL COMPETITORS



DIFFICULTY RAISING PRICES FOR WORK



HIGH FUEL PRICES



LOWER MARGINS ON WORK



REGULATION OF OR BAN ON WATER/IRRIGATION



REGULATION OF OR BAN ON PESTICIDE/FERTILIZER USE

What percentage of your location's 2015 sales came from each of the following property types?

