



# Assessing consumer demand after COVID

After two banner years and still going strong, the nursery industry faces some headwinds

BY JON BELL

**N**EARLY THREE YEARS IN, and the story about how the COVID-19 pandemic has impacted the nursery industry has become well worn.

Forced to stay, work and learn at home because of COVID, people started to pay a lot more attention to their immediate surroundings. They traveled less and turned their eyes toward their own backyards, literally. The result: huge demand for plants, trees and shrubs as people got their green thumbs back — or discovered them for the first time — and spruced up their gardens and landscape.

According to Garden Media Group, nearly 18.5 million new gardeners have emerged during the pandemic. In turn, nurseries and retail garden centers blew prior sales records out of the water. Despite initial fears, 2020 turned out to be a banner year; 2021 was even better.

"Transactions were going up and sales were through the

roof," said Danny Summers, managing director for the Garden Center Group, an alliance of garden centers, service providers and vendors who work together on business solutions designed to help garden centers improve operations. "People were buying stuff because they thought they weren't going to be able to come back. We just had this tremendous increase in gardening."

But 2020 and 2021 are in the rearview now, and so is a good portion of 2022. Vaccines have all but ended restrictions and people are no longer stuck at home. They're traveling again and spending their money elsewhere.

Stimulus funding has disappeared, inflation is higher than it's been in 40 years and gas prices are through the roof. Spring came late around most of the country, and global supply chain constraints have impacted everything from the availability of plastic pots to extended freight delays.

All of which will have an impact on how this year —



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**Previous page:** Shifts in the housing market correlate to the success of the green industry.  
PHOTO COURTESY OF PXHERE

**This page:** Charlie Hall presents an economic outlook for the nursery industry during the Farwest Show. PHOTO BY BILL GOLOSKI

and the near future — plays out for the nursery industry. Will it be another record year? Will it cool off? Only time will tell.

"There are some headwinds for sure," said Charlie Hall, professor and Ellison Chair in International Floriculture at Texas A&M University, "but we have the capacity to have another record year."

### A slow start to spring

Naturally, having the capacity for another record year and actually having that record year are two different things. As of early May, there were signs that at least some sectors within the nursery industry had eased off the gas a bit. According to Summers, sales data shared by the 130 or so garden centers that are part of the Garden Center Group — most are based across the U.S. — indicated that sales were down about 17% in the first 17



weeks of this year compared to the same timeframe in 2020.

One glaring reason for that was the late arrival of spring this year compared to both 2020 and 2021.

"Spring sales have been somewhat

slower due to wet weather, but production levels are good," said Katie Briggs, a relationship manager at Northwest Farm Credit Services.

"Spring started early in 2020 and 2021 and ended later," Summers said. ➤

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"This year's different. I was writing an email to someone (in late April) and got a ping that there was a winter storm going on. So yeah, primarily what we're seeing was a late arrival of spring."

Another factor that may be impacting sales a bit is the fact that people are traveling again. So, rather than staying at home and spending money on plants for their yards, they're buying airline tickets, staying in

hotels and going out to eat more.

"There are some alternative uses for that disposable income that weren't quite the same over the past two years," Hall said.

The greater economy is playing a role as well. Inflation has been high and gas prices set records throughout the first six months of 2022. That's made it hard not only on consumers, but on shippers and industries, like the nursery sector, that rely

on them. The average gas price the first week of May 2021 was \$2.89 per gallon; for May 2022 it was \$4.18. The result has been a big impact on shipping for the nursery industry. Summers said he heard anecdotally that a typical load might have cost about \$3,000 a few years ago; now it's more than three times that.

"Freight is just crazy," he said. "That's one of our biggest concerns."

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Internationally, Russia's war on Ukraine is having a ripple effect that the nursery industry is feeling not only through high fuel prices but also through a freeze in fertilizer exports. Hall said the latter is likely to find U.S. producers turning to Canada for potash — a key ingredient in fertilizer — which will ultimately push prices up. He also said there has already been a 5% increase in inputs

for growers this year.

"There is a lot of uncertainty," Hall said.

#### Fueled by optimism

Yet while the nursery industry is having to push through some headwinds at present, it's also being fueled by some of the optimistic inputs that have powered the past two years.

**Previous page:** Product waits on the loading dock at Kraemer's Nursery. PHOTO BY BILL GOLOSKI

**This page:** Millennials are the most prevalent age group in the current housing market. PHOTO COURTESY OF PXHERE

For starters, there are those 18.5 million new gardeners who have come on the scene. And many of those are younger gardeners who, if they stick with it, will be gardening for years to come.

"Millennials are coming on strong," Hall said. "They are 38% of the housing market right now."

That's another strong point that looks good for the nursery industry: housing.

"The industry is so closely tied to what is going on in the housing market," Briggs said.

In April of this year, there were more than 1.7 million new housing starts, which was up nearly 15% over the roughly 1.5 million from April 2021. Briggs also said existing home sales are strong, all of which bodes well for the nursery industry.

"It's positive," she said. "We feel the nursery industry is poised for another ➤

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potentially solid year."

And even though sales numbers among the Garden Center Group's members were down 17% in early May over 2021, by the last week in May they'd made up ground and were down only 8%.

### Word to the wise

Such strong demand for plant materials during the pandemic has led to some shortages and even seen some growers selling future inventories. Hall said nurseries would be wise not to overcorrect and turn a big shortage into a surplus, something that's happened in cycles throughout prior decades.

He also said that the industry should work hard to keep the new gardeners it's gained throughout the pandemic. In the past, it hasn't been the best at doing that.

"What we don't know is, if those new consumers have gotten a taste for gardening, are they going to stick with it?" he said. "In the past, we didn't do a good job of keeping people engaged. So, did we learn our lesson with COVID and things like curbside services and using social media? Are we better equipped, and did we learn and provide the services they need? Did we do a better job of convincing people? That's part of my big question mark, but I think potentially, it's yes."

Likewise, Summers said the past two years have shown that people turn to their yards, gardens and the outdoors during difficult and not-so-difficult times. The nursery industry plays a big role in fostering that connection.

"During those early weeks of 2020, when people were going crazy for plants, there was some discussion inside the industry about us maybe being greedy," he said. "But that's not what it's about. We are a service and people need this. I think we are all very encouraged." ☺

*Jon Bell is an Oregon freelance journalist who writes about everything from Mt. Hood and craft beer to real estate and the great outdoors. His website is [www.jbellink.com](http://www.jbellink.com).*



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