

Industry Market Update: Floriculture



The global market for flower and ornamental plants is expected to grow at a CAGR of 5.85% to \$29B from 2023 to 2027. This growth is driven by a surge in demand from retailers as the post-pandemic appetite for gardening remains high. Capital investments for market consolidation continue pouring into the floriculture industry due to the prospects of vertical integration, product mix diversification, and geographic expansion.

Key Trends

- » Strong shift toward e-commerce allows cultivators to expand their sales channels, reach new markets, and accept orders outside of normal business hours
- » As labor shortage issues persist in the economy, employers in the floriculture industry are increasingly using the H-2A program to supplant lost labor. In 2021, the Department of Labor recorded an increase of 15% more certifications for seasonal farm jobs to be filled by H-2A workers
- » The key drivers for the robust consolidation trends in the floriculture sector are economies of scale, branded plant patents and licenses, new technologies, and access to new distribution channels
- » Population growth and the rapid expansion of advanced greenhouse technologies to produce higher crop yields are driving growth in the global plants and flowers sector

Key Statistics



18.3M U.S. households started gardening in 2021, bringing the total number to 71.5M households



\$6.4B represents the total value of sales across all floriculture crops in 2021



9,558 number of floriculture producers in the US



41% of respondents recorded double-digit growth in 2022*

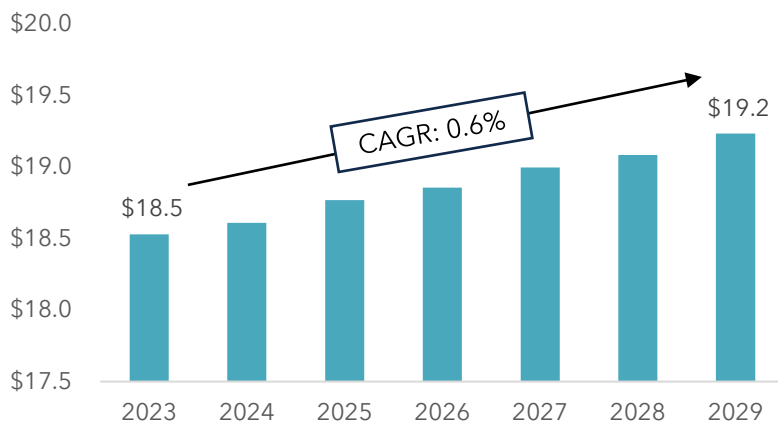


73% of gardeners grow flowers

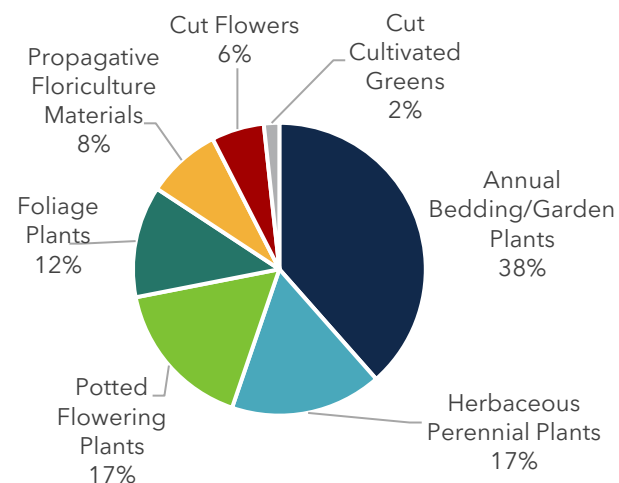
*Note: * Greenhouse Management surveyed 108 greenhouse owners, operators, and managers in the U.S. and Canada*

U.S. Floriculture Market Size

IBISWorld: Plant & Flower Growing in the US (January 2023)



U.S. Revenue Breakdown (Plant Category)



Note: Operations with \$100,000+ in Sales (2021)

Sources: Wilson Center, January 2022; USDA National Agricultural Statistics Service, May 2022; Greenhouse Management, October 2022; Technavio, December 2022

Increased Investor Interest

The Floriculture industry continues to see accelerating interest from strategic and financial buyers as a result of favorable industry characteristics:

- » Small, family-run operations do not have any succession plans
- » Highly fragmented market with ample opportunity for growth through acquisitions
- » Achieve economies of scale through consolidation as higher industry concentration may result in more profits for larger nurseries
- » The ability to expand product mix, attract customers in new geographies, and increase the usage of technology are all driving M&A activity in the space
- » Opportunity for vertical integration

Select Private Equity Platforms



Recent M&A Activity

Date	Acquirer	Target	Location
Jul. 2022	Everde Growers	La Verne Nursery	CA
May 2022	Esmeralda Farms	Sande Flowers	Ecuador
Mar. 2022	Esmeralda Farms	Genviv	Ecuador; U.S.
Feb. 2022	Osprey Capital	American Farms	FL
Feb. 2022	Central Garden & Pet	ColorPoint Kentucky	KY
Jan. 2022	Devil Mountain Wholesale Nursery	DM Color Express	CA
Jan. 2022	Chenmark	Freedom Tree Farms	TN
Dec. 2021	Willowbend Nurseries	Losely Nursery	OH
Nov. 2021	Pamplona Capital Management	BFG Supply	OH

Select Cascade Floriculture / Horticulture Experience



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