

# Industry Update Horticulture

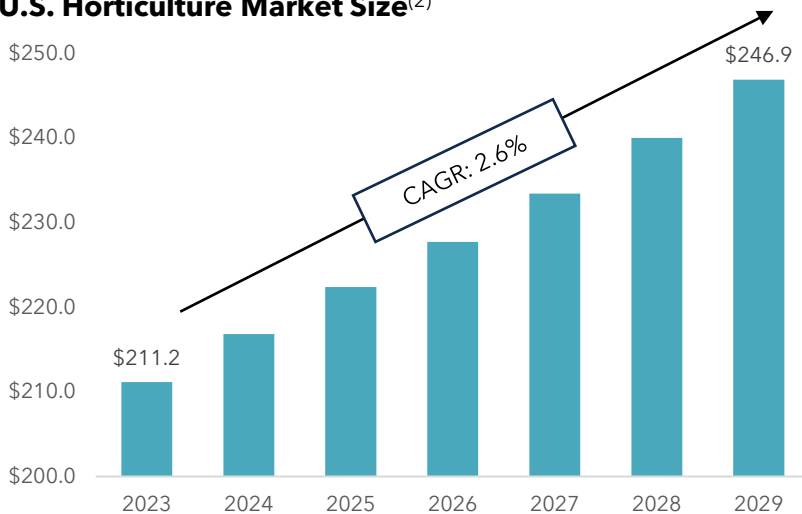


In this report, the horticulture industry includes the plant, flower, and nursery segments as well as landscaping services. The U.S. market for horticulture and related services is expected to grow at a compound annual growth rate (CAGR) of 2.6% to \$247B from 2023 to 2029. This growth is primarily driven by a surge in demand from retailers as the post-pandemic appetite for gardening remains high. Also, a healthy pipeline of architectural and contractor projects has led to a greater need for landscaping services. Market consolidation is expected to increase as buyers seek to gain benefits from vertical integration, product and service diversification, and geographic expansion.<sup>(1)</sup>

## 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 shortages persist, employers in the horticulture industry are increasingly using the H-2A program to supplant lost labor. In 2022, the Department of Labor certified 370,000 seasonal jobs, which is more than 7x the number certified in 2005
- » Population growth and the rapid expansion of advanced greenhouse technologies to realize higher crop yields are driving growth in the global plants and flowers sectors

## U.S. Horticulture Market Size<sup>(2)</sup>



(1) USDA, March 2023; USDA National Agricultural Statistics Service, May 2022; Greenhouse Management, October 2022; Technavio, December 2022

(2) IBISWorld: Plant & Flower Growing in the US (January 2023); Flower & Nursery Stock Wholesaling in the US (January 2023); Landscaping Services in the US (January 2023)

## Key Statistics



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



**20.2%** represents the expected CAGR of the vertical farming market from 2022 to 2032



On average, vertical farming techniques use **98%** less water and **99%** less land

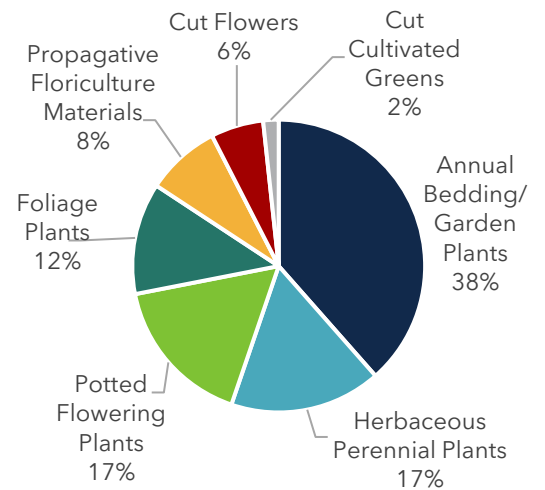


**20,655** is the number of horticulture producers in the US



**96%** of landscaper respondents reported a yearly increase in revenue in 2022<sup>(3)</sup>

## U.S. Revenue Breakdown (Plant Category)<sup>(4)</sup>



(3) Landscape Management Network polled 450 professionals across North America

(4) National Agricultural Statistics Service (Operations with \$100,000+ in Sales (2021))

### Increased Investor Interest

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

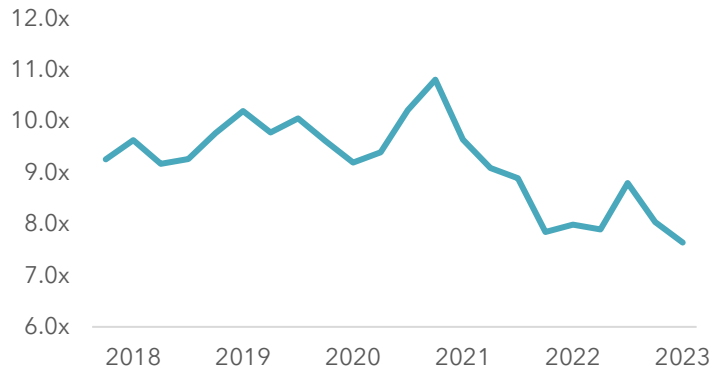
- » Small, family-run operations, generally with no succession plans
- » Highly fragmented market with ample opportunity for growth through acquisitions
- » Achieve economies of scale through consolidation as higher industry concentration may result in more profits for larger nurseries and landscapers
- » The ability to expand product and service offerings, attract customers in new geographies, and increase the usage of technology
- » Opportunity for vertical integration

### Select Private Equity Platforms



### Average EV/EBITDA Multiple for

Select Public Companies: January 2018 - June 2023<sup>(5)</sup>



(5) Capital IQ

### Select 2023 M&A Activity

Date	Acquirer	Target	Location
Apr. 2023	Westco Grounds	Champions Hydro-Lawn	TX
Apr. 2023	McHale Landscape	Dalton Ventures	MD
Apr. 2023	Authority Brands	Weed-Pro	OH
Mar. 2023	The Chef's Warehouse	Hardie's Fruit & Vegetable	TX
Feb. 2023	SavATree	Sunsetter	ID

### Select Cascade Horticulture Experience

Sell-Side Advisor	Sell-Side Advisor
 has completed a minority recapitalization with 	Undisclosed Cascade is the exclusive sell-side advisor to a wholesale tree and shrub grower with operations in the Eastern U.S.

### Contact

**Jon Doehr**

216.404.7560

[jond@cascade-partners.com](mailto:jond@cascade-partners.com)

**Matthew Feldman**

248.213.7420

[mattf@cascade-partners.com](mailto:mattf@cascade-partners.com)