



Horticulture

INDUSTRY MARKET UPDATE



ACQUISITIONS
DIVESTITURES
FINANCINGS
RESTRUCTURINGS

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

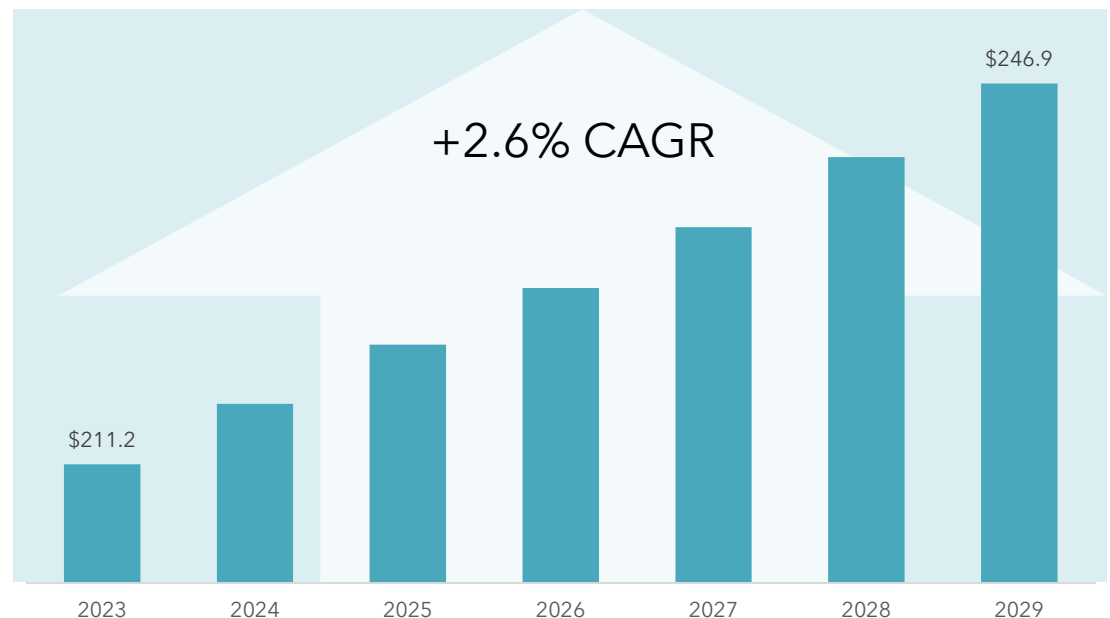
96%

of landscaper respondents reported a yearly increase in revenue in 2022⁽³⁾

Industry Overview

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.⁽¹⁾

U.S. Horticulture Market Size⁽²⁾ (\$Billions)



(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)

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

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

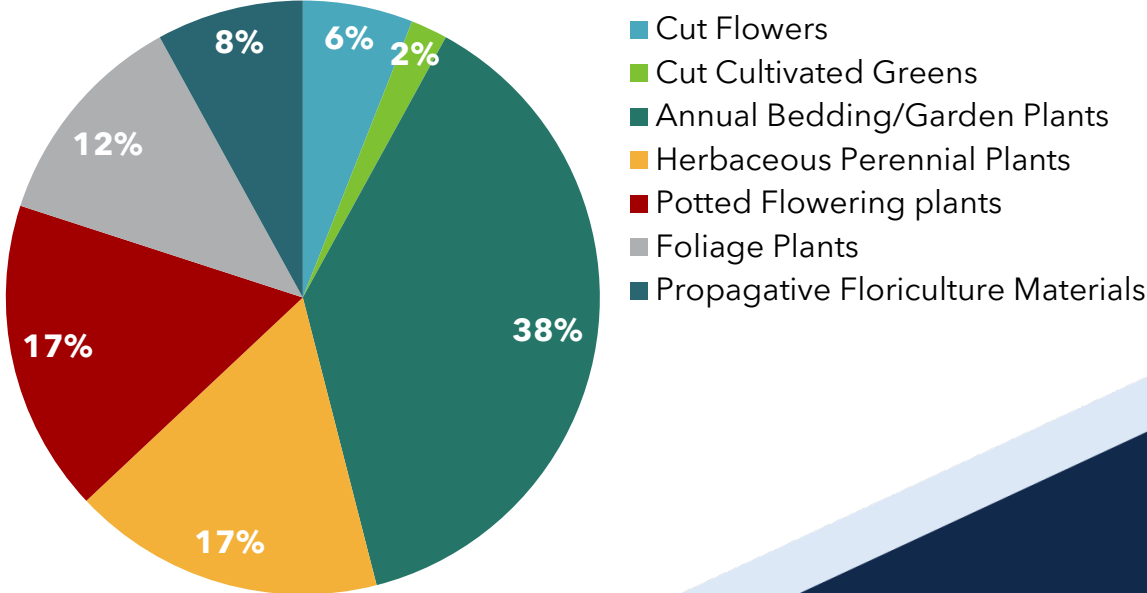


As labor shortages persist, employers in the horticulture industry are increasingly using the H-2A program to supplant lost labor. In 2022, the Department of Labor certified 370,000 seasonal jobs, which is more than 7x the number certified in 2005



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. Revenue Breakdown by Plant Category⁽⁴⁾



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



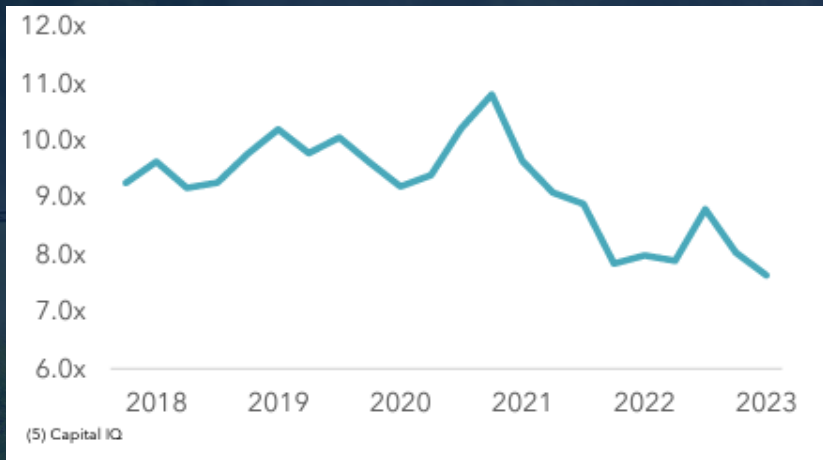
Increased Investor Interest

The horticulture industry continues to see accelerating interest from strategic and financial buyers because 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

Average EV/EBITDA Multiple for Select Public Companies

January 2018 – June 2023⁽⁵⁾



Select Private Equity Platforms

AGR Partners → Devil Mountain Wholesale Nursery

Alpine → ColoradoScapes

Apax → Sav A Tree

Bershire Partners → FastGrowingTrees.com

Blue Road Capital → B&W

Markel → Costa Farms

Pamplona Capital Management → BFG Supply Company

Sun Capital Partners, Inc. → Flamingo Horticulture

Trinity Hunt Partners → Riverside Services

Recent M&A Activity

DATE	TARGET	ACQUIRER	LOCATION
Apr-23	Westco Grounds	Champions Hydro-Lawn	TX
Apr-23	McHale Landscape	Dalton Ventures	MD
Apr-23	Authority Brands	Weed-Pro	OH
Mar-23	The Chef's Warehouse	Hardie's Fruit & Vegetable	TX
Feb-23	SaveATree	Sunsetter	ID

Select Vision Care Transactions



Learn more about the transaction in the case study and view Grand Flower Growers' Cascade Difference testimonial [here](#).

About Cascade Partners

Cascade Partners is a boutique investment banking firm focused on middle-market businesses in industrials, healthcare, business services and manufacturing. Manufacturing and related business services are passions and specialties at Cascade Partners.

With more than 250 years of combined experience, we work with business owners and shareholders to achieve their objectives and explain the impact and opportunity of their options. Our experience extends beyond just being transaction advisors, too. We have been operators, served on boards and made personal investments in services firms. From buy-side and sell-side advisory services to securing growth financing, restructurings or recapitalizing your business, our expertise and insight goes deeper than the economic factors of a deal.

We recognize and respect the long-term impacts of a transaction on our clients' company, employees, family, wealth and personal lives and are committed not only to creating long-term value for companies but to creating transformative solutions for people.

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