



Market Update: August 2022

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Overview: Key Points

**Overall June
Garden Centre
sales** were
down 31% on
July 2021

**Watering
equipment
sales** were **up
23%** on July
2021

**Pack bedding
inflationary
price increases**
at +16% vs **July
2021**

**Consumer
financial
confidence**
stays at the
record low -41

1 in 3
consumers
**expressed
concern** over
the **economy**

Overview: the story this month

- The gloomy economic cloud continues to hang over consumers' heads with the cost-of-living crisis ongoing and one-third of UK adults expressing worry over the economy. In addition, consumer financial confidence stayed at the record low -41 for the second consecutive month as fuel, food and energy prices, and interest rates continue to rise.
- Overall garden centre sales were down -31% on July 2021 and down -10% on 2019 as the pandemic is replaced by the weather as the key driver of footfall. The prolonged heatwave coupled with high fuel prices in July however, encouraged consumers to stay home and avoid travel.
- An official drought was declared across eight areas in the UK including parts in South, Central and Eastern England as parts of the country battled with high temperatures and reduced rainfall. Further water restrictions are extremely likely which will impact operations for many.
- The extreme heat and lack of rain in Southern England resulted in the driest July with 17% of the average rainfall. This put immense pressure on the water system as some water companies issued a Temporary Use Ban incl. hosepipe usage impacting gardeners maintaining their outdoor spaces and buying plants. Moreover, this may be a promotional opportunity for drought tolerant plants and water saving products, and may provide opportunity for boosted sales as consumers look to revitalise their gardens once more in the coming months.
- Pay hasn't risen enough to keep up with inflation as real-time income fell by 3%. Reduced real-time income decreases consumers' disposable incomes for leisure. Moreover, during a period of labour shortages and 1.3million vacancies, employers are under pressure to increase pay to retain skills and labour.
- July was a dull month for economic news which is likely reflected in the downturn of garden centre sales as consumers' leisure spending continues to be dampened by the cost-of-living crisis. But this period could also provide opportunity to promote gardening as a budget-friendly hobby and leisure option.

- Read on for the detail...



Garden centre sales: July

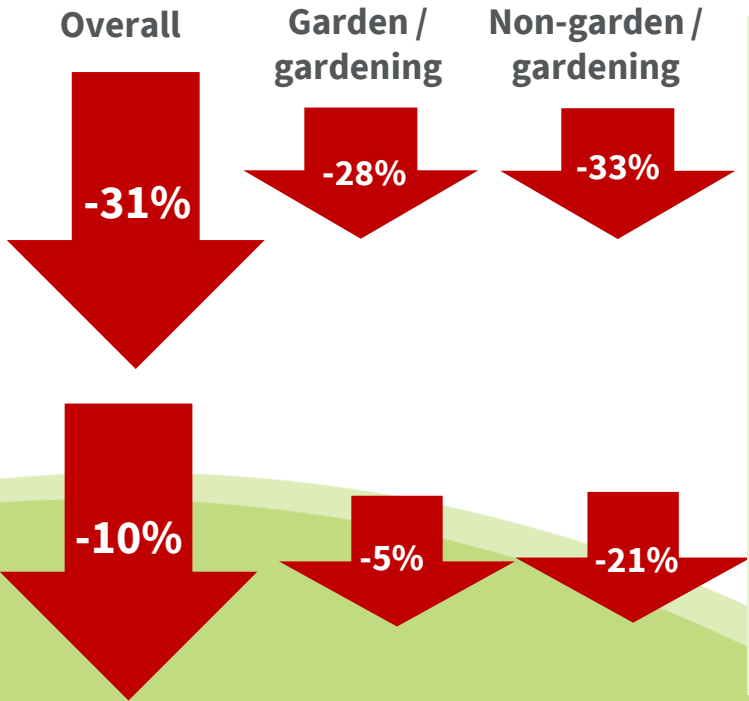
Overall, garden centre sales in July 2022 were down -31% on July 2021 as consumers faced record high inflationary price increases, all leisure options including overseas travel were reopened, and the hottest temperatures ever seen by the UK. Within this sales figure, garden/gardening categories were down -28% and non-garden/gardening sales were down -33% on July 2021. Footfall to garden centres was likely negatively impacted by the heatwave mid-month. Overall sales in comparison to July 2019 were down -10%, a more ‘normal’ trading period comparison. Garden/gardening sales were down -5% and non-garden/gardening sales were down -21% within this compared to July 2019. However, price inflation needs to be taken into consideration on sales comparisons with 3 years ago. Consumers are under pressure financially as costs increase on necessities which was likely impacting sales in July 2022.

*note non-garden/gardening includes catering which has faced restrictions across the UK

July 2022 vs July 2021

*Please note: We report the UK averages, so there is likely to be regional variation within the figures due to differing restrictions.

July 2022 vs July 2019



How are these figures calculated?

The national sales figures we report each month come from the HTA Garden Retail Monitor (GRM) system. We’ve now moved over to a newer GRM system where sales data from submitting garden centres is automatically uploaded to a secure server via the EPOS system. These garden centres can then login to the portal to benchmark their sales against regional and national averages for a variety of sales metrics. We’re looking to sign up more garden centres to the system, allowing us to include more reliable detailed breakdowns of trends in sales in these Market Update reports.

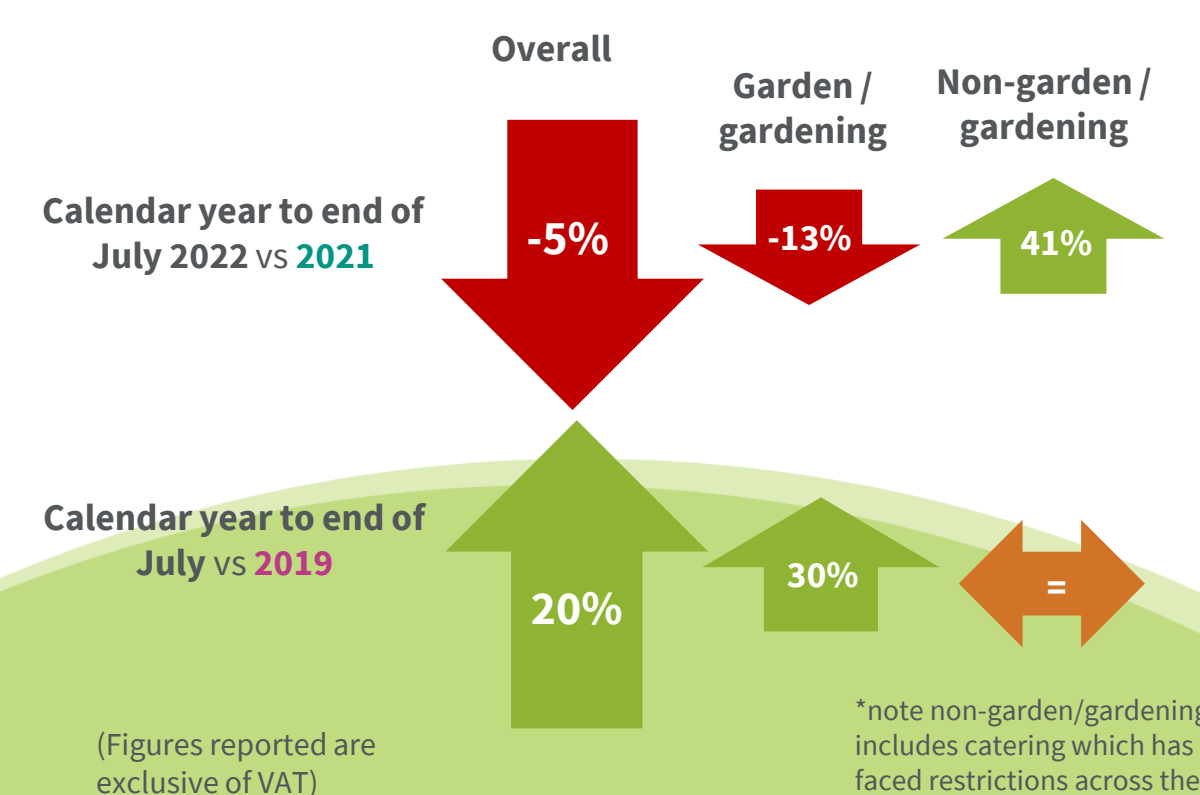
If you’re interested or for more information visit: hta.org.uk/grm

(Figures reported are exclusive of VAT)

*2019 comparisons are being used as it was a ‘normal’ year of trade free from lockdown closures and trading restrictions seen in 2020 and 2021.

Garden centre sales: calendar year to end of July

Year to end of July 2022 sales were overall down -5% on the same period in 2021 as consumers have been faced with the cost-of-living crisis and a wide variety of leisure options such as overseas travel to choose from in 2022. Covid-19 restrictions heavily influenced sales in 2021 as most leisure options were closed during the nationwide lockdown with exceptions for garden centres in England. Meanwhile, year to end of July sales were up 20% on the same time frame as 2019, with gardening performing well versus a more typical year. Though we must acknowledge the impact of price inflation when making comparisons with 3 years ago.



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Garden centre sales: detailed July breakdown part 1

In July, garden/gardening sales were down -28% on July 2021. Sales were likely impacted by various factors such as the heatwave in July, decline in real-time income and competition with other leisure options.

Almost all categories were down on 2021 except for watering equipment which includes water butts and watering cans - sales were up +23% on July 2021 and up +6% on 2019. The sales uplift is likely due to many regions being exceptionally dry with temporary hosepipe bans in place in some areas encouraging consumers to look for ways to save water and water their gardens.

Bedding plants (-36%), Hardy plants (-34%), houseplants (-43%), and seeds (-46%) were all down on July 2021. These categories were all down on July 2019 too. Less plants being sold likely had an impact on the complimentary product sales as plant care products (-4%), garden tools & equipment (-7%), garden features & structures (-22%) and outdoor containers (-16%) were all down in comparison to July 2021.

BBQs & Heating (+9%) and garden furniture (+20%) were the only garden categories up on July 2019, likely driven by the warmer weather encouraging outdoor dining and entertaining. However, we should be cautious about inflationary price increases across the 3 year comparison (please see pg. 13 for more details).

Category	July 2022 vs 2021	July 2022 vs 2019*
Bedding plants	-36%	-35%
Hardy plants, shrubs & trees	-34%	-7%
Houseplants	-43%	-2%
Seeds	-46%	-43%
Plant care products	-29%	-11%
Garden tools & equipment	-18%	-12%
Garden features & structures	-38%	-29%
Outdoor containers	-34%	=
BBQ & Heating	-1%	+22%
Garden furniture	-8%	+31%
Watering equipment	+23%	+1%

*2019 comparisons are being used as it was a 'normal' year of trade free from lockdown closures and trading restrictions seen in 2020 and 2021.

Garden centre sales: detailed July breakdown part 2

Non-garden/gardening sales were down -33% on 2021 and down -21% on 2019.

All categories were down on July 2021 as consumers are likely cutting down on leisure spending due to the cost-of-living crisis.

Catering was down -34% in comparison to July 2021 and down -37% on July 2019. All Covid-19 catering restrictions were lifted last year July allowing more customers indoors.

Food & farm shop sales were down -29% on 2021 after having strong consecutive sales for over a year. However, these sales were up +26% on 2019.

Category	July 2022 vs 2021	July 2022 vs 2019
Indoor living & homewares	-38%	-7%
Gifting	-30%	-16%
Wild bird care	-37%	-20%
Pets	-27%	-26%
Food & farm shop	-29%	+26%
Catering	-34%	-37%

Garden centre sales: July Average Transaction Values (ATVs)

The Average Transaction value in July 2022 for the garden store was £29.50 excl. VAT. The ATV was up +8% on July 2021, however CPIH (a measure of inflation) is at 8.8% which suggests this is likely driving the higher ATV rather than actual sales volume increases. In comparison to July 2020, the ATV for the garden store (excl. VAT) was down -2% when many consumers took up gardening as a hobby. The catering ATV (excl. VAT) was £9.71 which was down -29% on July 2021, where consumers began to visit restaurants/cafes more as Covid-19 restrictions were lifted. In comparison to July 2020, the catering ATV was down -8%. Due to increased living costs, consumers are likely reducing eating out expenses.



Garden store



VS JULY 2021	VS JULY 2020
+8% (£27.23)	-2% (£30.15)



Catering



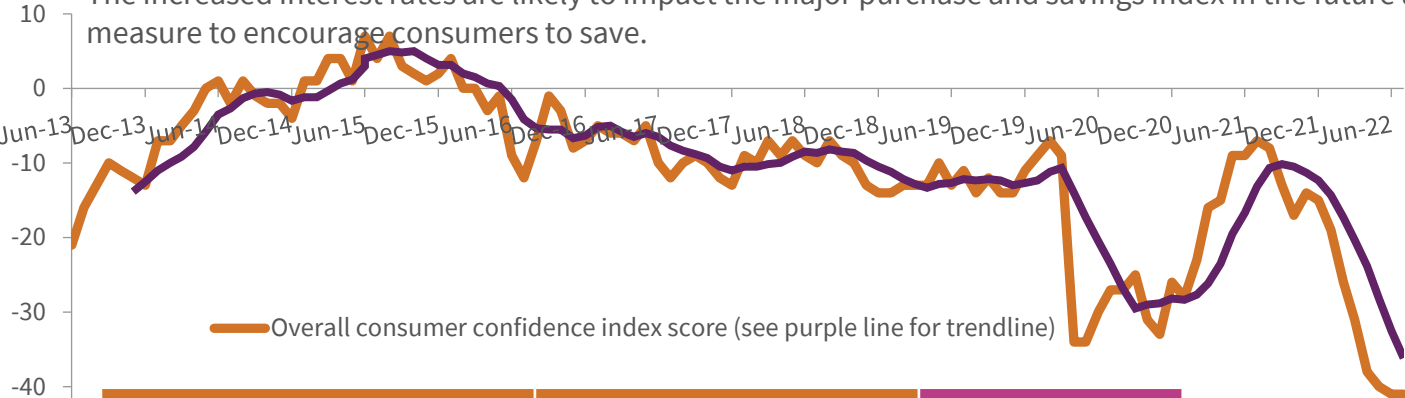
VS JULY 2021	VS JULY 2020
-29% (£13.68)	-8% (£10.57)

(Figures reported are exclusive of VAT)



Consumer confidence: financial

Consumer financial confidence stayed at the record low of -41 for the second consecutive month as consumers continue to face price increases on food, fuel and energy, and rising interest rates. There has been a slight uptick in consumers feeling optimistic about their personal finances over the next 12-months as the measure increased by 2-points. The search for a new leader of the Conservative party who will likely try to tackle rising inflation and consumers thinking the situation could only get better may be driving the modest optimism. The major purchase index that indicates consumer willingness to purchase large ticket items has increased by 1-point indicating a minor improvement. Meanwhile, the savings index has increased by 4-points as consumers indicate they are saving more. The increased interest rates are likely to impact the major purchase and savings index in the future as the increase is taken as a measure to encourage consumers to save.



Overall
index score
for July:
-41

*this is equal to June 2022

Measure	Relative score(July)	vs. June 2022
<u>Personal financial situation:</u> during last 12 months over next 12 months	-23 -26	= 2 points higher
<u>General economic situation:</u> during last 12 months over next 12 months	-66 -57	1 point lower =
Major Purchase Index	-34	1 point higher
Savings Index	13	4 points higher

Consumers are asked how the financial position of their household has changed over the last year and is expected to change in the next year, as well as that of the general economy. They're also asked if they believe 'now' is a good time to make major purchases or to be saving money. The first three measures in the table make up the overall index score. Whilst the Savings Index indicates whether consumers are looking to save rather than spend their money. **Relative scores are given as a comparative to when records began in 1974.**

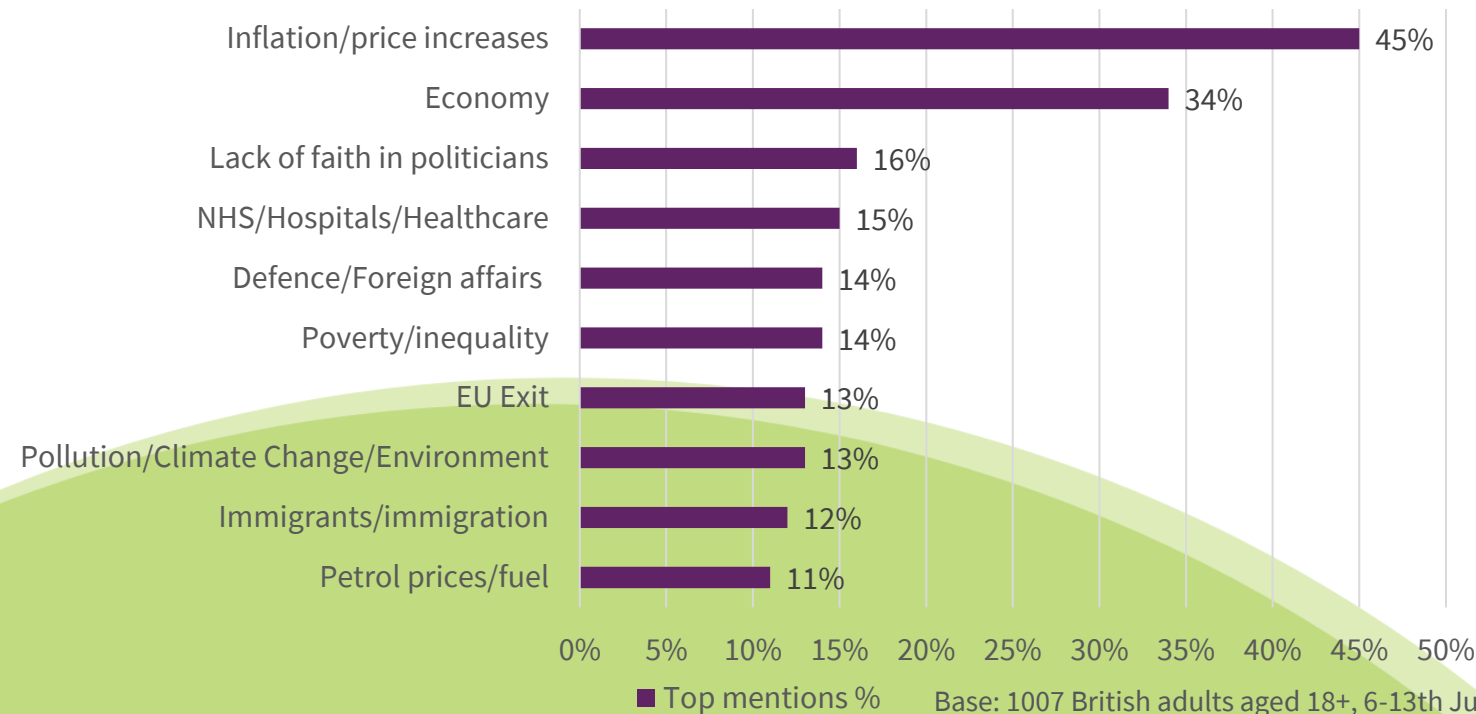
[Click to view the full summary](#)



Consumer Issues Tracker

Public concern over inflation and price increases has increased to the highest level since the early 1980s as 45% expressed concern in July, with consumers from high income households (+£50,000) being more concerned than the average. Furthermore, one-third of consumers were concerned over the economy, this is an increase from one quarter at the beginning of the year. Concern over fuel prices began to make an appearance in the top issues as consumers were hit with frequent fuel price increases. Lack of faith in politicians decreased by 10-points to 16% despite the resignation of Boris Johnson as Prime Minister on the 7th. However, next month's results may be more reflective of the Conservative party revolt and Prime Minister changes. Unemployment has reached it's lowest point since entering the survey with only 3% expressing concern over it, but this is likely due to the labour markets quick recovery post-pandemic and it no longer being at the forefront of consumers' minds.

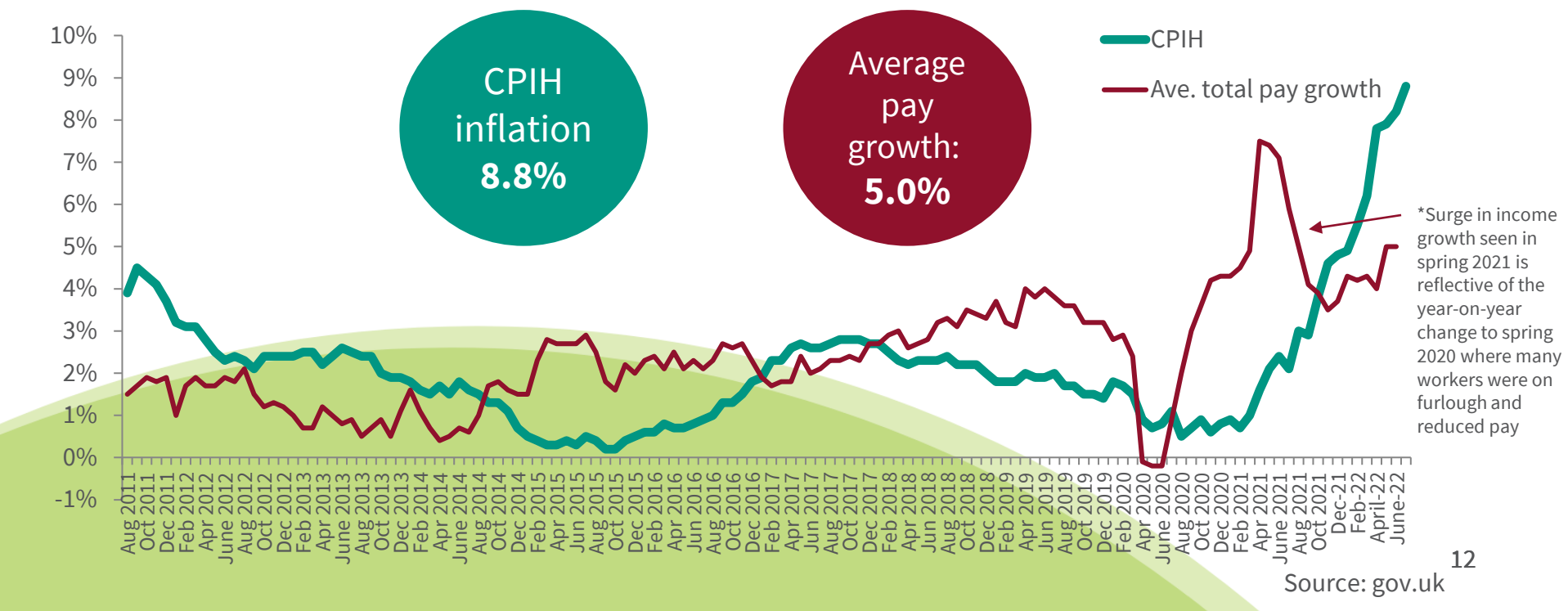
What do you see as the most/other important issues facing Britain today?



Change since June:	
%	Position
+5%	=
+4%	=
-10%	=
0	=
+1%	=
+1%	=
+3%	↑ +2
+2%	↓ -1
+4%	↑ +2
0	↓ -2

The UK Economy

We take a look at some key indicators of the position of the UK economy to gauge the situation for consumers as well as member businesses. Both inflation and average pay growth (excl. bonuses) are measured as a percentage change over a 12 month period. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate rose by 8.8% in the 12-months leading to July 2022, up from 8.2% in June 2022. Again, the largest driving factors continue to be transport (fuel), housing and household services, food and non-alcoholic beverages. Average pay growth (excl. bonuses) was 5.0% in June 2022. Pay growth being lower than inflation had caused real-time income to fall by 3% in June according to the ONS, the widest gap between inflation and pay growth in twenty years. In addition to higher costs, the Bank of England has increased the interest rates to a record high of 1.75% which is set to increase home owners monthly mortgage payments and businesses' loan repayments. In addition, rising utility bills in Autumn are likely going to further reduce profit margins.



Retail inflation on garden products

Our July trolley (July 2022 vs July 2021 price inflation)



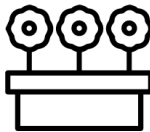
Hardy plants,
shrubs & trees
+11%



Flower seed
+4%



Growing
media **+5%**



Bedding &
other plants
+11%



Plastic
pots **+15%**



Garden
furniture **+10%**



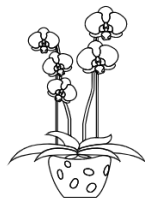
BBQs
0%



Weedkillers
+9%



Watering equipment
+7%



Indoor plants
+1%

Here we look at the price of individual barcodes transacted in garden centres in July 2022 and July 2021, to calculate a median average rate of inflation within each of the categories featured. Each month we will select a ‘trolley’ of goods that are seasonally appropriate and track the level of price inflation.

In the 12 months to July 2022, within our trolley plastic pots experienced the highest level of price inflation (+15%) as overhead costs for manufacturers rose significantly and taxes loom; whilst the prices garden centre customers paid for hardy plants, bedding and garden furniture also increased by 10% or more, above the UK overall 8-9% inflation rate.

Retail inflation on plants

(July 2022 vs July 2021 price inflation)



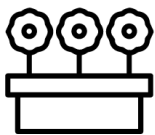
Fruit trees & bushes **+8%**



Shrubs **+6%**



Herbs **+7%**



Pack bedding **+16%**



Roses **+8%**



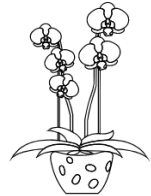
Specimen plants **0%**



Climbers **+5%**



Vegetable & fruit plants **+11%**



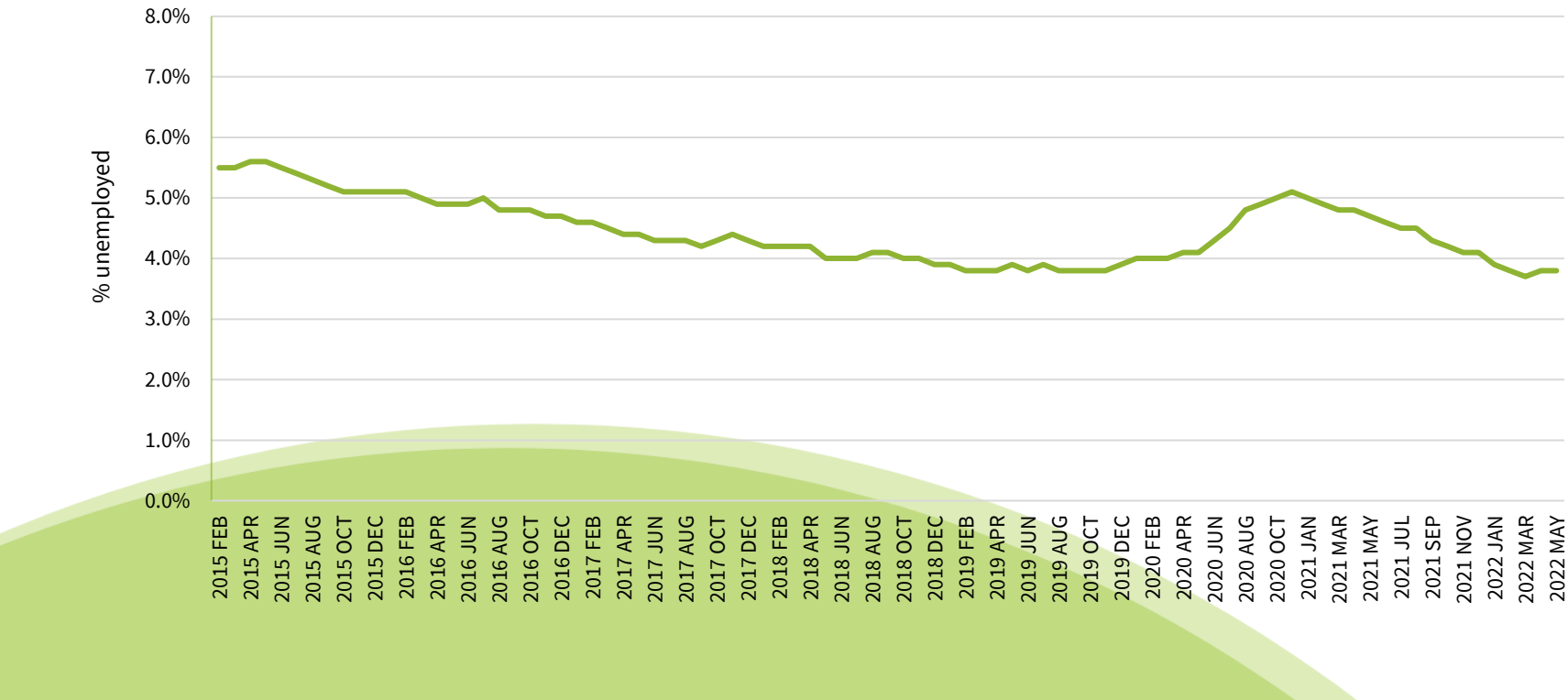
Flowering houseplants **+1%**

Here we look at retail price inflation across some of the plant categories specifically. Pack bedding and vegetable and fruit plants experienced the highest price increases across the 12 months (+16% and +11% respectively), followed by fruit trees and bushes (+8%) and roses (+8%). Increased overhead costs for importing plants and plant material across borders, labour and higher fuel and transport costs are likely contributing factors.

Unemployment

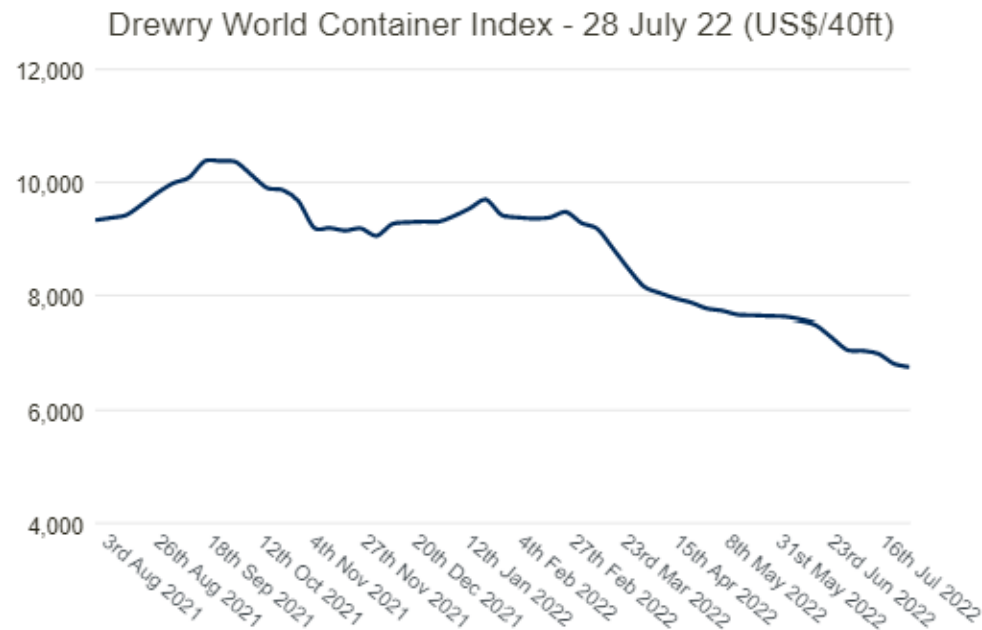


The UK unemployment rate in May was 3.8%, the latest available data, on par with April’s unemployment levels. Only 31,000 individuals were added to the payroll in May, but this increased the total employees on payroll to a new record high of 29.6million. There were 1.29 million job vacancies in June as many businesses are still looking to add staff into their workforce. However, the job market has started to stabilise slightly as the growth in vacancies has slowed. Employers struggling with labour shortages are likely to face increase burden of increasing pay to be more attractive to prospective and current employees during this tough economic period.



Shipping Container Prices

We report on a composite index which is an aggregate of shipping costs across various routes. The [Drewry's World Container Index](#) price was an average of \$6,761.63 as of 28th July 2022 for a 40ft container. This has continued to gradually decrease since last year's peak of around \$10,377 per 40ft container in September 2021. The Shanghai to Rotterdam route, a widely used transit route to get goods to the UK is \$9,154 for 40ft container which is following a similar trend of decreasing costs. A new direct route between China and Scotland has been announced which is set to reduce the shipping time from roughly 60 days to 33 days which will reduce congestion at Rotterdam port. This new route may make it easier to receive imported goods or raw materials quicker. The current decreased shipping costs will make it cheaper for businesses to receive goods, though the costs are still above pre-pandemic levels.



We are reporting on the industry aggregate of the major shipping routes.

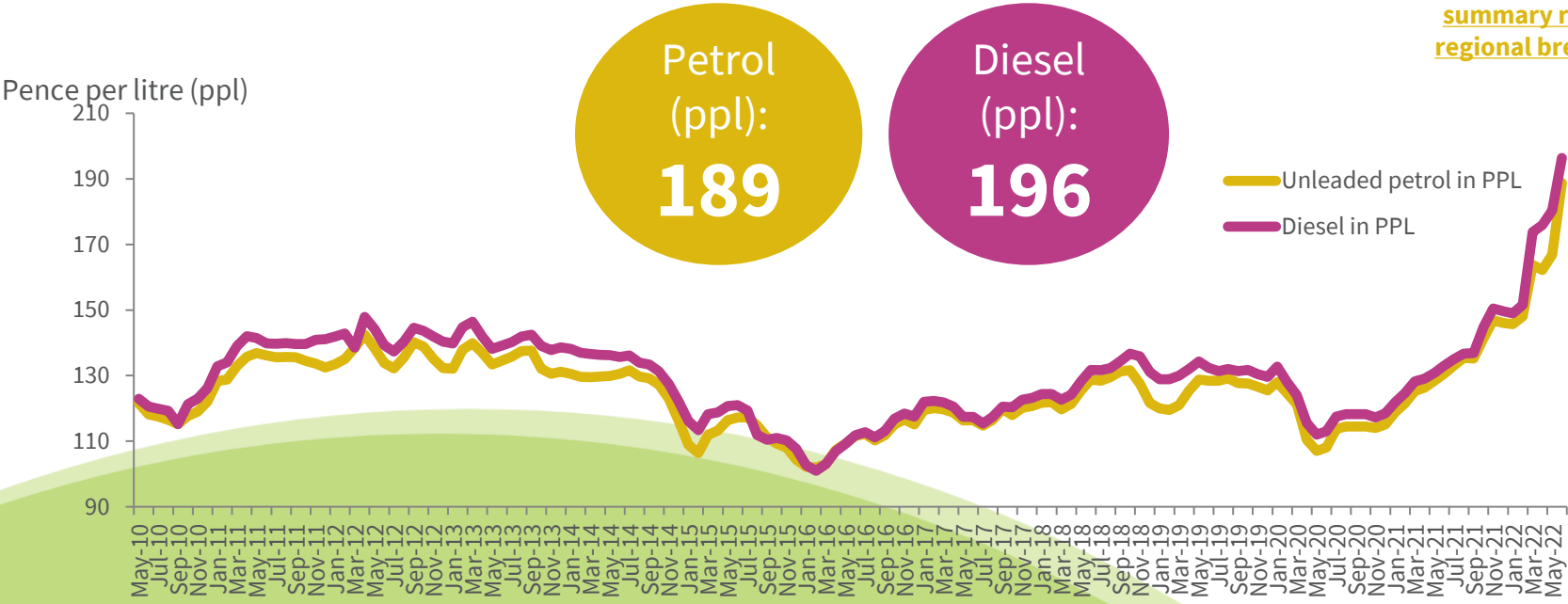
\$6,762



Vehicle fuel prices

We monitor vehicle fuel prices to gauge the situation for consumers and businesses alike. Figures reported are national averages measured in pence per litre but there is likely to be regional variations in price – click the link below to view the data by region. The average petrol price was 188.8p/litre for petrol and diesel was 196.4p/litre in June 2022. However, the [RAC](#) has reported these prices have since decreased to 182.69p/litre for unleaded and 192.38p/litre for diesel at the beginning of August. Brent crude oil prices were hovering around the \$100/barrel mark in the beginning of August, which is lower than the \$120/barrel peak in June 2022 likely contributing to the decrease in prices being seen at the pumps. Although the prices are falling slightly, they are still at a historical high and continue to put a strain on consumer budgets. The high cost of fuel may impact consumer shopping habits as they reconsider the cost of travelling for leisure, impacting footfall.

[Click to view the full summary report and regional breakdowns](#)



Water – River flows

The charts show the expected probabilities of above or below average river flow levels in the coming months. Essentially, the more yellow, orange or red that appears in a chart, the greater the probability of below normal levels in the area and an increased probability of water shortages.

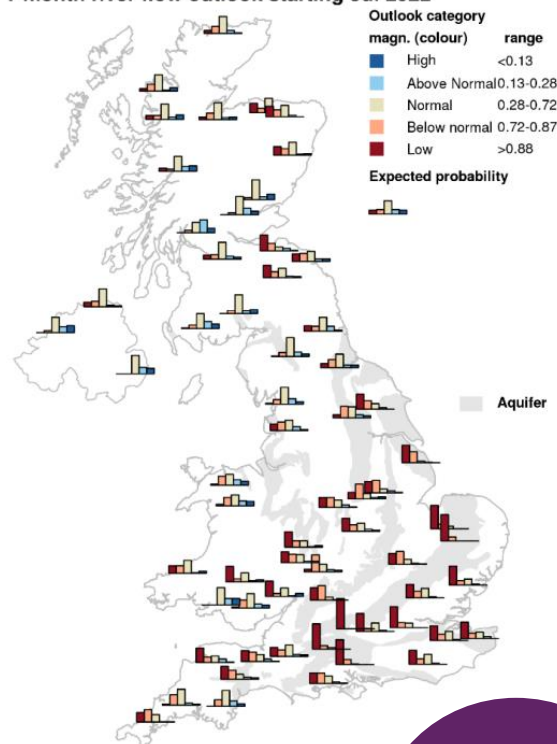
River flows were below normal during July for most of the UK. However, North-West Scotland and a Western region of Ireland were the exception with normal to above normal river flows.

The Thames river source has dried up and moved downstream as the South battles one of the driest Julys on record. Other rivers are likely to experience similar conditions.

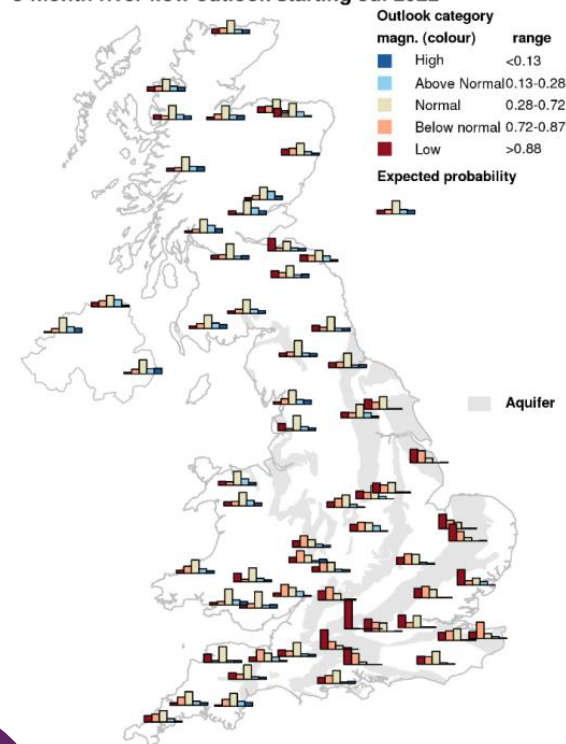
Parts of the south as of 8th August 2022 have had Temporary Use Ban (incl. hosepipes) put in place to preserve resources. More information available here: <https://hta.org.uk/hosepipe-bans>

The UK Centre for Ecology and Hydrology have launched an online tool to view the drought in different regions in the UK- <https://eip.ceh.ac.uk/apps/droughts/>

1-month river flow outlook starting Jul 2022



3-month river flow outlook starting Jul 2022



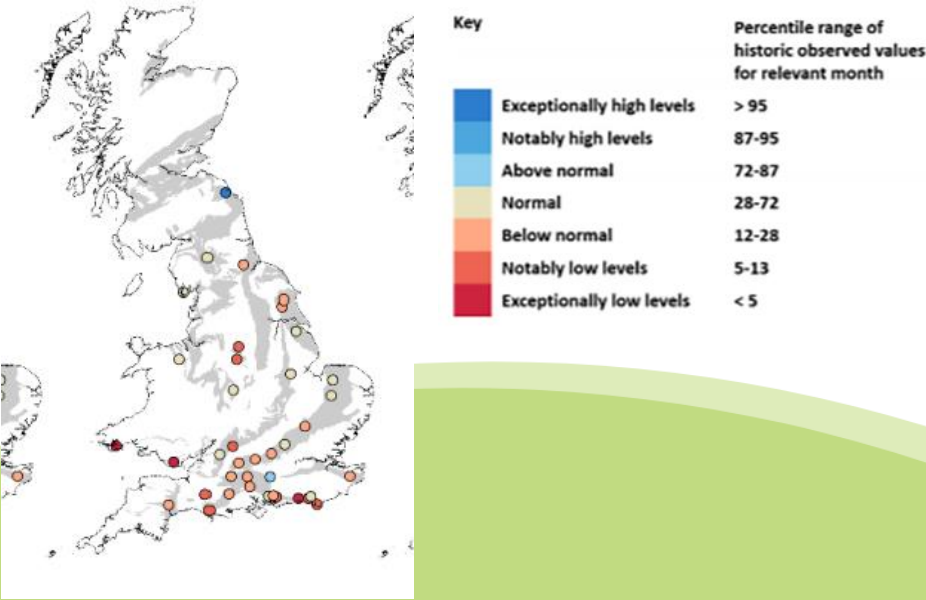
For the full reports
click here

Water – Groundwater levels

The charts show the expected probabilities of above or below average groundwater levels in the coming months. Essentially, the more yellow, orange or red that appears in a chart, the greater the probability of below normal levels in the area and an increased probability of water shortages.

Groundwater levels in July were mostly below normal to notably low levels for most of the UK. Groundwater levels are anticipated to follow a similar pattern over the next 3-months between July to September. The low levels will continue to put a strain on mains and gardeners will be slightly restricted from watering their gardens in regions. However, this may drive consumers to purchasing water saving products for their gardens.

1 month outlook



3 month outlook



For the full reports [click here](#)


Weather

July was an extremely dry and warm month as the UK only had 56% of the average rainfall with areas in the south hardest hit by the dry-spell, having less than a quarter of the average rainfall. The lack of rainfall caused hosepipe bans to be implemented in Hampshire, Isle of Wight, Isle of Mann, Kent and Sussex as of 8th August due to water shortages. During the month, the UK also saw the hottest days ever recorded on the 18th and 19th with a maximum temperature of 40.3 degrees recorded in Lincolnshire. Despite temperatures returning to average for the rest of the month, the lack of rain persisted. The extreme heatwave likely had the adverse effect on footfall as many individuals avoided the outdoors and travelling. Meanwhile, the lack of rainfall put pressure on growers' reservoir supplies, and may impact quality or choice of product up to a selling standard.

July 2022	July 2021
 Hours of sunshine	179 182

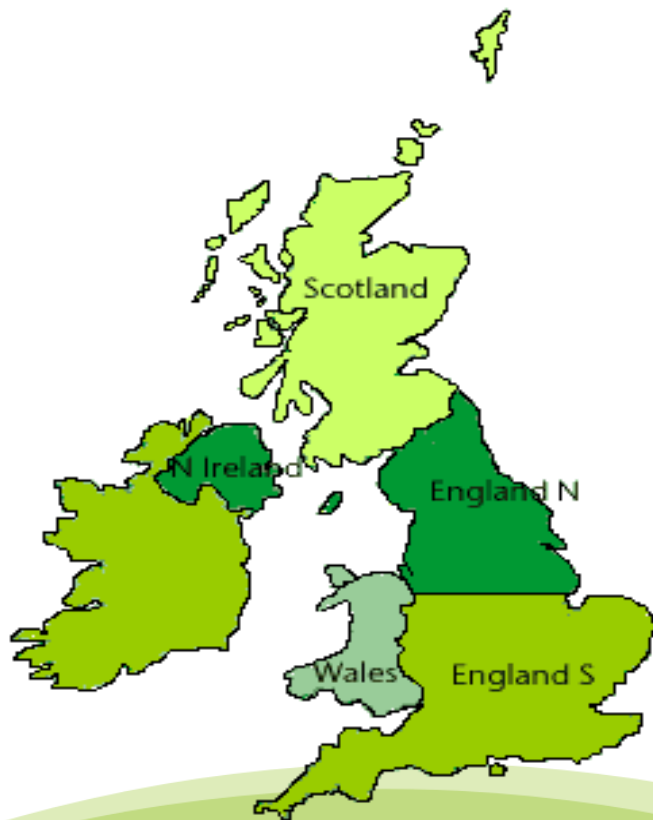
July 2022	July 2021
 Rainfall (mm)	46 75

July 2022	July 2021
 No. of rain days	7 11

July 2022	July 2021
 Mean temperature (Celsius)	16.6 16.6

The figures reported are national averages for the UK. To view the figures on a regional basis: [click or tap here](#) to visit the MET Office website and view the year ordered stats by month.

Weather by region



Region	Mean Temp (Degrees Celsius)	Sunshine Hours	Rainfall (mm)
Overall	16.6	179	46
South England	18.5	234	10.5
North England	17.1	186	47.1
Wales	16.3	184	52
Scotland	14.3	129	83.6
Northern Ireland	15.5	96	45.8

Due to the variation in regions, we are reporting mean temperatures and sunshine hours across separate regions to improve relevance for members all over the UK. Rainfall in North-West Scotland was above average for July. North-western parts of England had extremely cloudy weather whilst Southern England had a very sunny dry month (see table above). Southern England had the driest July on record with only 17% of the average rainfall for July in the region. Due to the prolonged dry weather eight areas in South, Central and Eastern England have been officially declared in a drought on 12th August 2022.

Closing comments

We hope you enjoyed the format and content of this Market Update.

If you have any questions or would like to see something else included, please don't hesitate to contact marketinfo@hta.org.uk

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