



Market Update: June 2023

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Overview: Key Points



**Overall May
Garden Centre
sales** were **up**
+11 % on May
2022

Catering sales
were **up by**
+20% on May
2022

**Garden
furniture sales**
were **down**
-22 % compared
with May 2022

May 2023 had
seen **half the**
no. of rain days
in contrast to
May 2022

**Consumer
confidence**
improved by 3pts
showing moderate
improvement

Overview: the story this month



- May 2023 was the seventh warmest May since records began in 1884, seeing longer periods of sunshine all over the country. Due to more favourable weather conditions, the gardening season started later after wet and unsettled weather in previous months. This has therefore created more plentiful opportunities for consumers to garden and boosting sales with a 13% increase in garden/gardening category sales compared to May last year.
- The next three months will place us firmly in the midst of summer, with more potential heatwaves and therefore drier weather on the horizon. Once again, businesses are still advised to remain conscious about water levels and supply and consider responsible use as we approach the drier summer months.
- Overall garden centre sales were up +11% on May last year, with catering showing a 20% increase in sales as well. This May featured an extra bank holiday compared to last year when the late Spring bank holiday was moved to early June, likely impacting sales comparisons. Whilst the bank holidays may not have driven extra footfall, they may have provided consumers with extra time to consider their garden projects.
- Average Transaction Values (ATVs) continued to grow, with catering ATVs showing a +4 % increase over last May. The ATV within the garden store was £35.78, 4% higher than May 2022, with increases in basket values potentially due to plant recovery projects post-winter as Hardy plant sales were up +38%.
- GfK's Consumer confidence Index continued to rise and went up 3 points from April to May. However fiscal concerns remain persistently firm in the mind of consumers. The Savings Index remained unchanged indicating understandable caution in consumer spending habits. But, all measures of financial and general economic outlook showed modest progression, hinting at hope for improvements in finances in the next year.
- The long-awaited gardening season finally arrived in May, though stock availability may limit the extent to which June can continue the momentum.

Read on for the detail...

Garden centre sales: May



Overall national garden centre sales were up +11% in May compared with May 2023, as the long-anticipated warmer, drier weather encouraged strong gardening sales. Garden/gardening category sales were up +13% compared to May last year, meanwhile positive catering and food hall/farm shop sales contributed to non-garden/gardening category sales +7% above May 2022. Encouragingly, compared with May 2021 when gardening benefitted from the unavailability of much out-of-home leisure amidst lockdown restrictions, overall and garden/gardening category sales for May 2023 were up +12% highlighting strong demand for gardening even when the impact of price inflation is removed (see page 6 for volumes of goods sold comparisons).

May 2023 vs May 2022

*note non-garden/gardening includes catering

Overall

+11%

Garden / gardening

+13%

Non-garden / gardening

+7%

May 2023 vs May 2021

*note during March 2021, the UK was in it's third national lockdown of the pandemic and catering was largely prohibited.

+12%

+12%

+12%

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)

Garden centre sales volumes: May



Due to the high levels of price inflation in the current economic climate, we report on the quantity of goods sold in addition to sales values to assess the level to which year-on-year comparisons are reflective of end-goods price increases or change in demand. As detailed on page 5, overall sales in value terms were up +11% on May 2022, but volumes of goods sold were also up +9%, highlighting strong demand for gardening goods removing any impacts of price inflation. Within the garden/gardening category sales were up +13% by value and +11% by volume, despite the drop off in high value garden furniture sales. Compared with May 2021, garden centre sales this May were +12% up in value terms, and 6% up in volume terms, suggesting price inflation has a larger impact over this 2 year time period. This is more pronounced within the garden/gardening category where sales by value were up +12% compared with May 2021, but volume of goods sold was only up +3%.

May 2023 vs May 2022	Overall	Garden/gardening	Non-garden/gardening
Value of sales (£, exc. VAT)	+11%	+13%	+7%
Volume of sales	+9%	+11%	+5%

May 2023 vs May 2021	Overall	Garden/gardening	Non-garden/gardening
Value of sales (£, exc. VAT)	+12%	+12%	+12%
Volume of sales	+6%	+3%	+12%

Garden centre sales: May Average Transaction Values (ATVs)

The Average Transaction Value (ATV) for May within the garden store was £35.78 (excl. VAT), up +4% on last year as garden centre customers potentially looked to replace plants damaged over winter. Garden furniture, which is of relatively higher value, made up a greater proportion of baskets relative to other items last year, illustrating how strong the core gardening category and plant sales were in May. This was also +4% higher than May 2021 when COVID encouraged fewer, higher value shopping trips. May's ATV within the garden centre café/restaurant was £10.68, up +4% on May last year as high levels of price inflation on food and drinks, and rising energy costs likely increased prices charged to customers. Catering sales continued to perform strongly (see page 9).



VS MAY 2022	VS MAY 2021
+4% (£34.49)	+4% (£34.56)



VS MAY 2022
+4% (£10.26)

(Figures reported are exclusive of VAT)

Garden centre sales: detailed May breakdown part 1



Garden/gardening category sales overall were up +13% on May 2022, as good weather and extra bank holidays encouraged consumers into their gardens.

Outdoor plants performed particularly strongly and made up 40% of total store sales in May 2023, compared with 35% in May last year. Hardy plants were up +38% and bedding plants were up +23%, putting pressure on stock availability through the supply chain as demand exceeded forecasts. Associated gardening products also performed well, with seeds up +27% and tools and equipment up +18% on May 2022.

Garden furniture was the largest downward contributor to the overall garden/gardening category performance, as furniture items are of significantly higher value and sales were down -22% on last year. Discounting by garden centres to shift excess stock levels is likely influencing this, as quantities sold were down to a lesser extent, by -11%. Strong sales of furniture in high volumes from 2020 to 2022 during the COVID lockdowns pulled forward the product replacement cycle of garden furniture.

Category	May 2023 vs 2022	May 2023 vs 2021
Bedding plants	+23%	+28%
Hardy plants, shrubs & trees	+38%	+29%
Indoor plants	= (0%)	-15%
Seeds	+27%	+11%
Bulbs	-18%	+3%
Plant care products	+19%	+26%
Garden tools & equipment	+18%	+12%
Garden features & structures	+1%	-19%
Outdoor containers	-4%	-16%
Garden furniture	-22%	= (0%)

Garden centre sales: detailed May breakdown part 2

Non-garden/gardening sales were up +7% compared with May 2022.

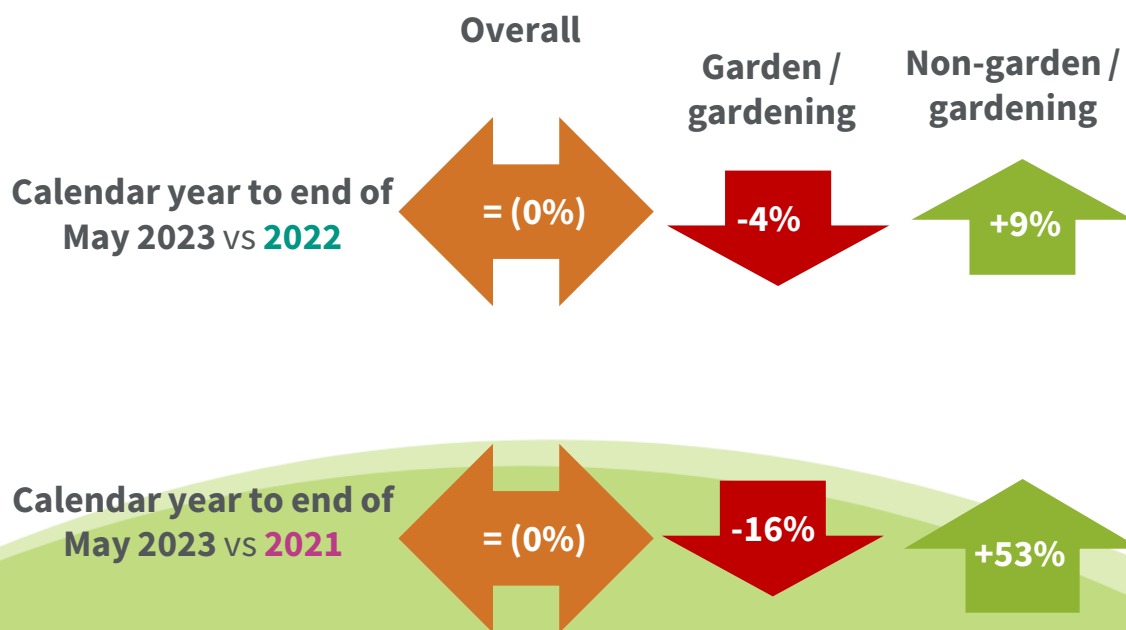
Catering continued to be the predominant factor within this, with sales well ahead of last year (+20%). Volumes of goods sold in the cafe/restaurant were up +14% indicating a growth in demand above that of price inflation. Meanwhile food & farm shop sales also performed strongly (+14%).

Sales in the Pets category were +7% compared with May last year, however wild bird care sales remained behind last year (-2%).

Category	May 2023 vs 2022	May 2023 vs 2021
Indoor living & homewares	-7%	-25%
Gifting	-3%	= (0%)
Wild bird care	-2%	-18%
Pets	+7%	= (0%)
Food & farm shop	+14%	-5%
Catering	+20%	N/A

Garden centre sales: calendar year to end of May

Calendar year to end of May comparisons show that a strong May has helped to overcome a dampened March and April to recover year to date sales to a par with 2022. Garden/gardening category sales were -4% down for the year to end of May compared with last year, as the 2023 gardening season began late thanks to unsettled weather. Non-garden/gardening category sales were +9% up on last year's first 5 months, driven by strong performing catering and food hall/farm shop departments. Compared with 2021, 2023 to the end of May was flat, with garden/gardening sales down -16% on a time where the UK was under lockdown restrictions. Non-garden/gardening sales were up +53% on year to end of May 2021, where catering operations were severely restricted as the UK emerged from the lockdown in phases.



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

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


(Figures reported are exclusive of VAT)

Weather

On average, May was considerably drier, with approximately half the amount of rainfall on this time last year (55% of the long-term average). The weather in May started to steady towards the end, becoming overall warmer and sunnier after some unsettled periods mid-month. However, temperatures were slightly cooler on average by 0.2 degrees Celsius (vs May last year), but it was still 1 degree Celsius higher than the long-term average (for regional breakdowns, please see page 12).

	May 2023	May 2022
 Hours of sunshine	207.2	154.0

	May 2023	May 2022
 Rainfall (mm)	39.0	77.5

	May 2023	May 2022
 No. of rain days	7.3	14.4

	May 2023	May 2022
 Mean temperature (Celsius)	11.6	11.8

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

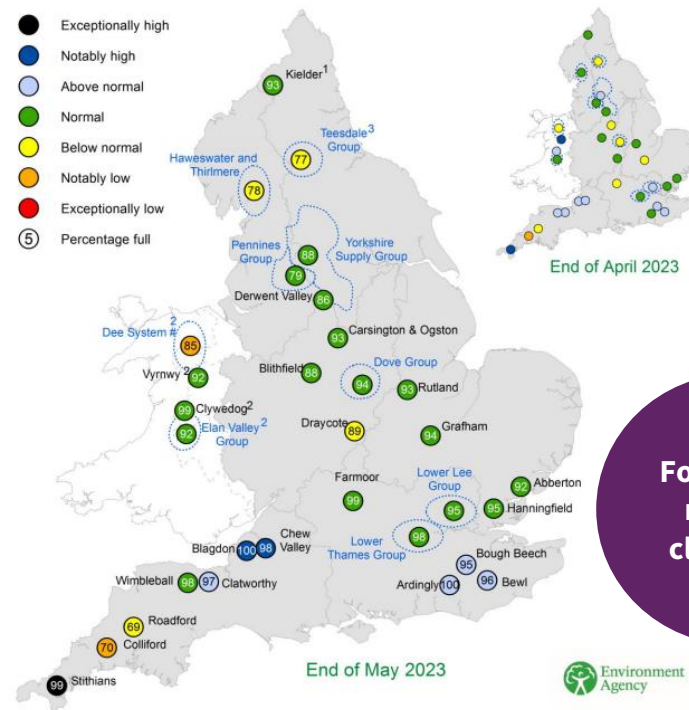


Region	Mean Temp (Degrees Celsius)	Sunshine Hours	Rainfall (mm)
Overall	11.6	207.2	39.0
South England	12.7	232.8	42.7
North England	11.9	209.8	31.0
Wales	11.9	245.1	34.7
Scotland	10.3	172.6	39.0
Northern Ireland	11.9	176.6	49.2

Wales saw the highest sunshine hours this month, much higher than the national average. In addition, the average temperatures in the South of England were the highest, in comparison to the UK in its entirety. Scotland's average temperature was notably much lower in contrast.

Current reservoir levels

Total reservoir stocks for England were at 89% capacity at the end of May, and ranged from 82% in the North West of England to 96% in the South East. There was a decrease witnessed in two thirds of the reservoir stocks. This month, one fifth of the sites were below or notably low levels. Easing into the Summer and warmer, typically drier months, the risk of Temporary Use Bans (e.g. hosepipe bans) in parts of the country very much remains.



**For the full
reports
click here**

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Forecast river flows

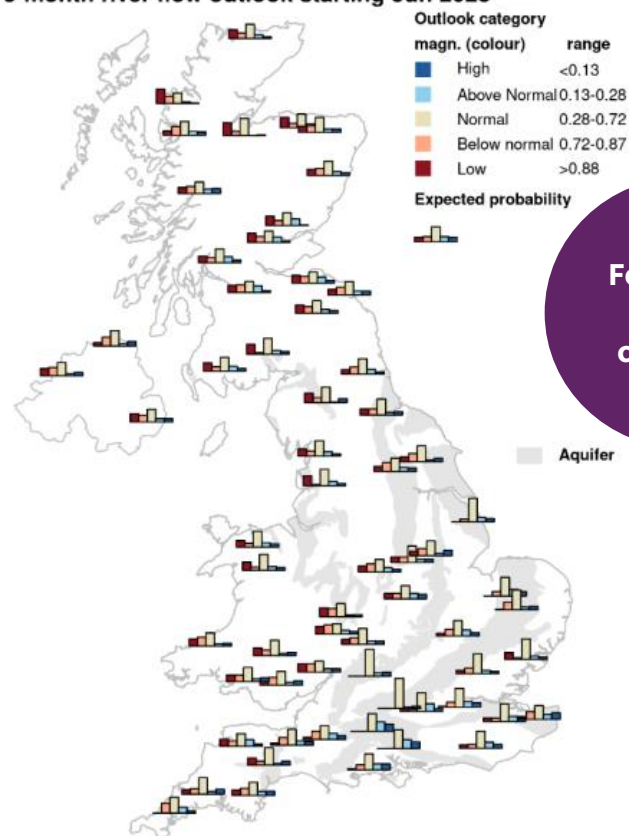
This three-month outlook for river flows considers forecast rainfall and currently shows expected levels of normal flow in Southern England vs the North. Moreover, a slight rise in normal flow in Northern parts of the country is expected in the next 6 months.

To interpret the infographic, the higher the bars shaded red or orange, the greater the likelihood is in that area of river flows being at low or below normal levels. The higher the yellow/fawn bar, the greater the chance of river flows in the normal range.

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/>

3-month river flow outlook starting Jun 2023

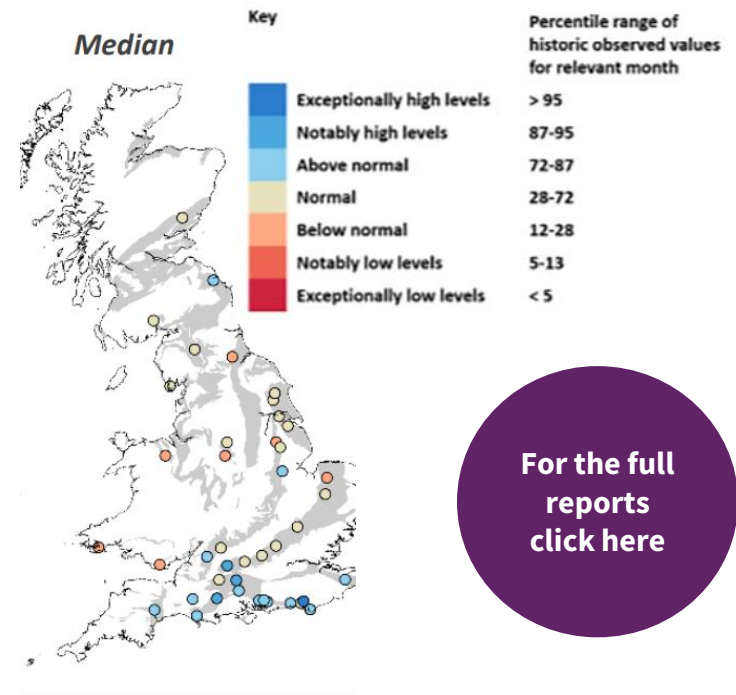


For the full reports click here

Forecast groundwater levels

Three-month groundwater outlook starting June 2023 (based on median rainfall forecasts)

We continue to see normal groundwater levels predicted within the next 3 months from June, with some exceptions of lower levels in isolated parts of the country (Eastern England and parts of Wales). Further, some coastal areas in the South remain exceptionally high.



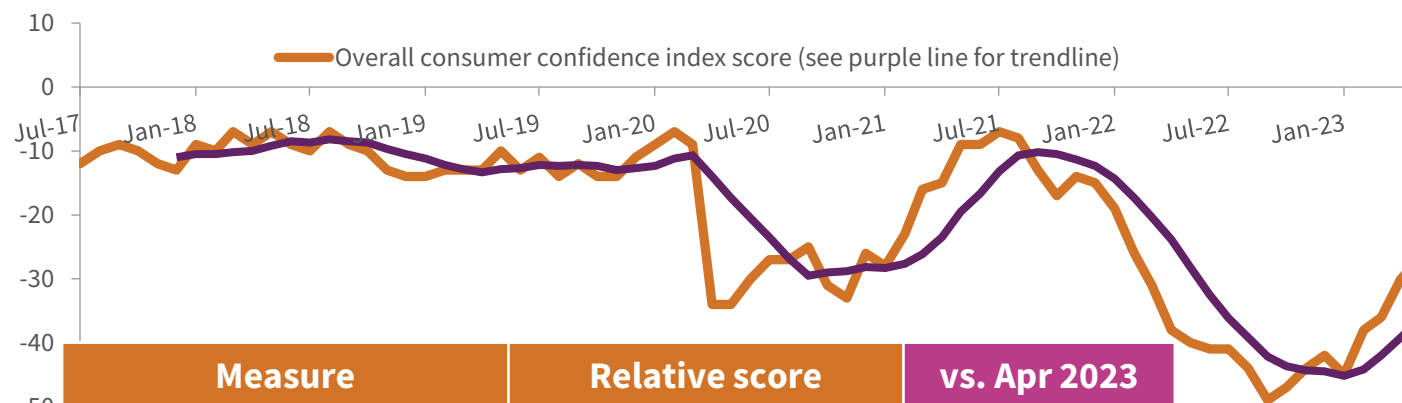
The current water situation

- The HTA continues to represent the horticulture sector on the Environment Agency's (EA) National Drought Group which comprises government, water companies and key farming and environmental groups. Access the latest update from the Group here: <https://www.gov.uk/government/news/collaboration-urged-as-climate-change-puts-water-security-at-risk>
- Variable rainfall conditions throughout Spring and the frequency of extreme weather events increasing highlights that businesses cannot rely solely on the weather and should focus on preserving water to prevent future drought measures. Whilst much of England is in a better position than last year and reservoir capacity across the UK was at 92% as of the middle of May (compared with 49% at the end of September 2022), East Anglia and Devon and Cornwall remain in drought with temporary use bans in place.
- A new multi-sector Water Resources East Dry Weather Group has been formed to help plan support for farmers in East Anglia. We also expect water companies to continue to demonstrate more actions to help conserve water in areas of drought for the benefit of customers, other water users and the environment.
- We will work to ensure that any messaging relating to responsible use of water in gardening does not adversely affect participation in gardening. Businesses looking to help give ideas to gardeners of how to go about gardening in a way that makes responsible use of water can draw on content and ideas published by the RHS: <https://www.rhs.org.uk/garden-design/drought-resistant-gardening>
- HTA member businesses should prepare for all scenarios and take action to ensure continuity of supply:
 - Ensure that as much of your storage capacity is filled as is possible
 - Use water responsibly and encourage customers to do the same
 - Invest in infrastructure for water recapture where possible
 - If you have an abstraction licence, you should expect this to be questioned if water scarcity increases:
 - If you have an abstraction licence where you use less than around 60% of the annual volume you may be asked by the Environment Agency to consider reducing your licenced abstraction, the “headroom”. In these circumstances you need to make a careful consideration of the reply. Having given up part of a Licence of right you may find the new licence could end up being timed unless you apply for a variation.
 - If you have an abstraction licence that has not been used for four or more years you may be asked if you require it in the future and need to justify its future use.

Members can access the HTA's advice, resources and guidance on the ongoing situation and improving resilience here: <https://hta.org.uk/news-events-current-issues/sustainability/water>

Consumer confidence: financial

GfK's Consumer Confidence Index has jumped a further 3 points to -27 in May, continuing the trend of progressive improvement seen in prior months. All measures improved on last month, further indicating that consumers are optimistic of improvements in their own finances but less so than general economic recovery. The Major Purchase index slowly climbed 4 points from April meanwhile the Savings Index showed no change, showing a stabilisation in the already cautious spending habits for the month of May. The Index Score remains firmly within historically low values reflective of the current UK economic climate.



Overall
index score
for May:
-27

*this is 3 points higher than April 2023

Measure	Relative score (May 2023)	vs. Apr 2023
<u>Personal financial situation:</u> during last 12 months over next 12 months	-20 -8	1 point higher 5 points higher
<u>General economic situation:</u> during last 12 months over next 12 months	-54 -30	1 point higher 4 points higher
Major Purchase Index	-24	4 points higher
Savings Index	19	No change

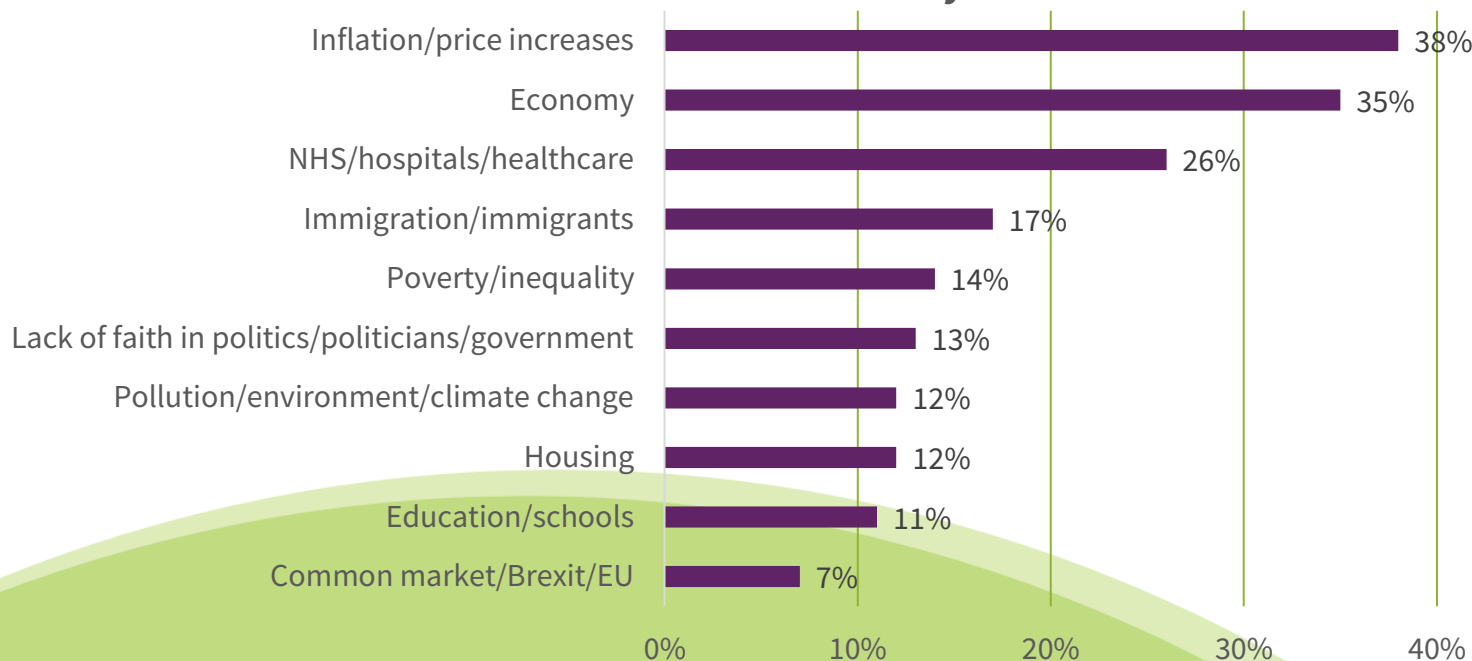
Consumers are asked how the financial position of their household has changed over the last year and is expected to change in the next year, as well as that of the general economy. They're also asked if they believe 'now' is a good time to make major purchases or to be saving money. The first three measures 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

Ipsos Mori's May release of Consumer Issues has shown that the top 4 topics have remained unchanged compared to April. Over 3 out of 10 British adults still noted inflation/price increases as their biggest concern facing the country, and 35% mentioned the economy, showing fiscal issues are still dominating the worries of the UK general public. Despite a fall in inflation (as published by the Bank of England), the rate is still high affecting costs of goods and subsequently still influencing spending habits of the public. Overall, we have seen a rise in the position of Inequality and a fall in Housing, and Education.

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



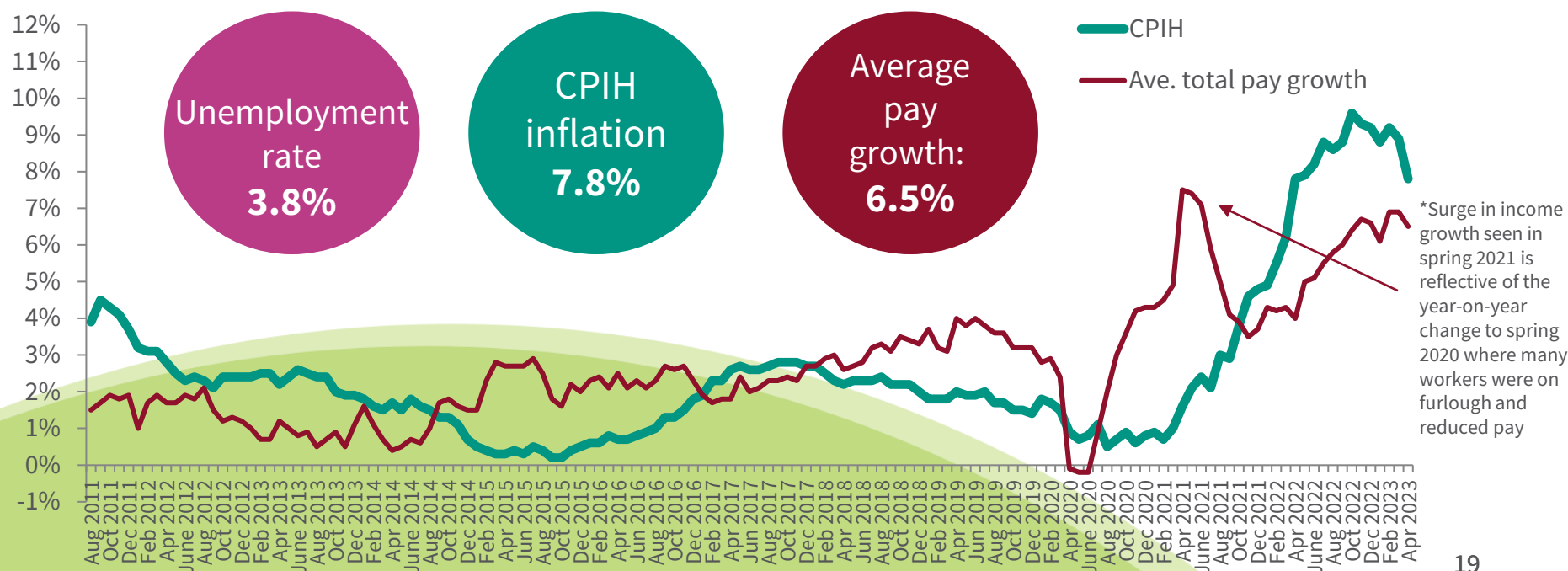
Change since April:

%	Position
-2%	=
+2%	=
-3%	=
-3%	=
+2%	↑+2
=	↓-1
=	=
-1%	↓-2
-1%	↓-1
-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. We report April's Consumer Prices Index including owner occupiers' housing costs (CPIH) values, Average Pay Growth and Unemployment rate, because on publication, the rate for May wasn't released at the time of this Market Update being published. April's CPIH 12-month inflation rate has decreased to 7.8%, falling 1.1% on the month before. Housing & household services (in particular, electricity and gas) were in fact the main downward contributor last month, and on top of this, the annual inflation rate for food and non-alcoholic beverages slowly decreased between March and April, bringing good news for household disposable incomes. Average pay growth (excl. bonuses) have come down slightly to 6.5% falling between February and April this year. This is the closest gap between CPIH and pay growth since around October 2021. Unemployment remains low at 3.8%, only 0.1% lower than the previous month, demonstrating that the job market remains steadfast. This rate measures people without a job who have been actively seeking work within the last four weeks, many horticultural businesses are still struggling with labour and skills shortages. The employment rate increased slightly to 76%.



Retail inflation on garden products



Our May trolley
(May 2023 vs May 2022 price inflation)



Hardy plants,
shrubs & trees
+5%



BBQs & heating
+2%



Growing
media **+8%**



Bedding
plants **+1%**



Unpowered
tools **+5%**



Indoor plants
+2%



Garden gloves
+3%



Garden furniture
= (0%)



Chemicals
+4%



Plastic pots
+9%

Here we look at the price of individual barcodes transacted in garden centres in May 2023 and May 2022, 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 May 2023, within our trolley plastic pots (+9%), and growing media (+8%) experienced the highest levels of price inflation for the third consecutive month, likely due to rising input and ingredient costs due to demand and availability. The average prices garden centre customers paid for unpowered tools (+5%) and hardy nursery stock (+4%) were also higher than May last year. Garden furniture was likely subject to discounting due to retailers shifting excess stock levels.

Retail inflation on plants

(May 2023 vs May 2022 price inflation)



Shrubs
+3%



Foliage
houseplants
+2%



Herbaceous
= (0%)



Pot bedding **+2%**
Pack bedding **+9%**



Veg/salad/
herb seeds
= (0%)



Roses **+8%**



Climbers **+5%**



Trees
+10%



Flowering
houseplants
+2%



Fruit trees &
bushes
+6%

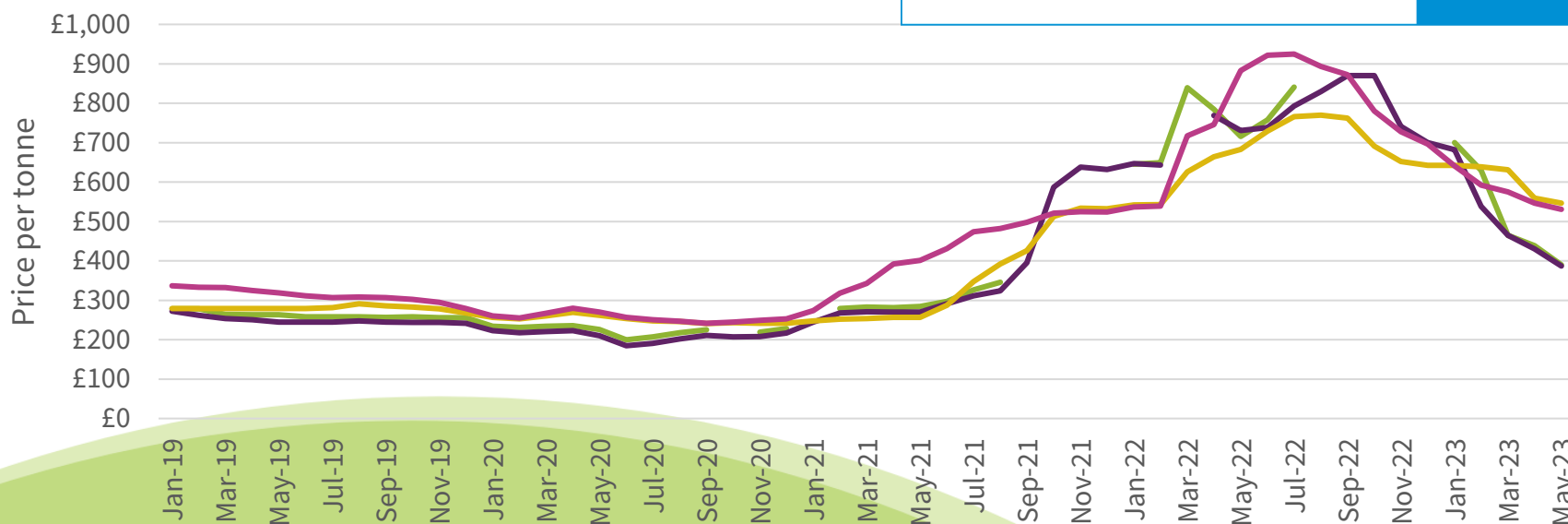
Here we look at retail price inflation across some of the plant categories specifically. Trees experienced the highest year-on-year price increases (+10%), followed by pack bedding (+9%), and roses (+8%). Increased overhead costs for importing plants and plant material across borders, growing media, utilities, labour and higher fuel and transport costs are likely contributing factors. Rising prices are likely to impact household decisions on whether to invest in garden plants in the next few months as further utility hikes loom amidst the current cost of living crisis.

GB Fertiliser Prices

Fertilisers are a major input cost in plant production and rising prices could squeeze businesses' profit margins. Using data supplied by the AHDB, the below graph shows how straight fertiliser prices have changed since 2019. Whilst those included are not typically used in the production of container-grown ornamental crops, nor an exhaustive list of specialist compound fertilisers used by ornamental growers, the data gives a relative indication of N, P and K fertiliser price trends. As seen in the graph, prices rose exponentially throughout 2022 as the Russia-Ukraine war put pressure on availability and supply of ingredients, before gradually falling in the first quarter of 2023. The trends continue to go down for fertiliser components. For example, in May, prices per tonne of Ammonium Nitrate (UK) were down -55% vs May 2022.

Accurate, timely and
independent data you can trust

AHDB



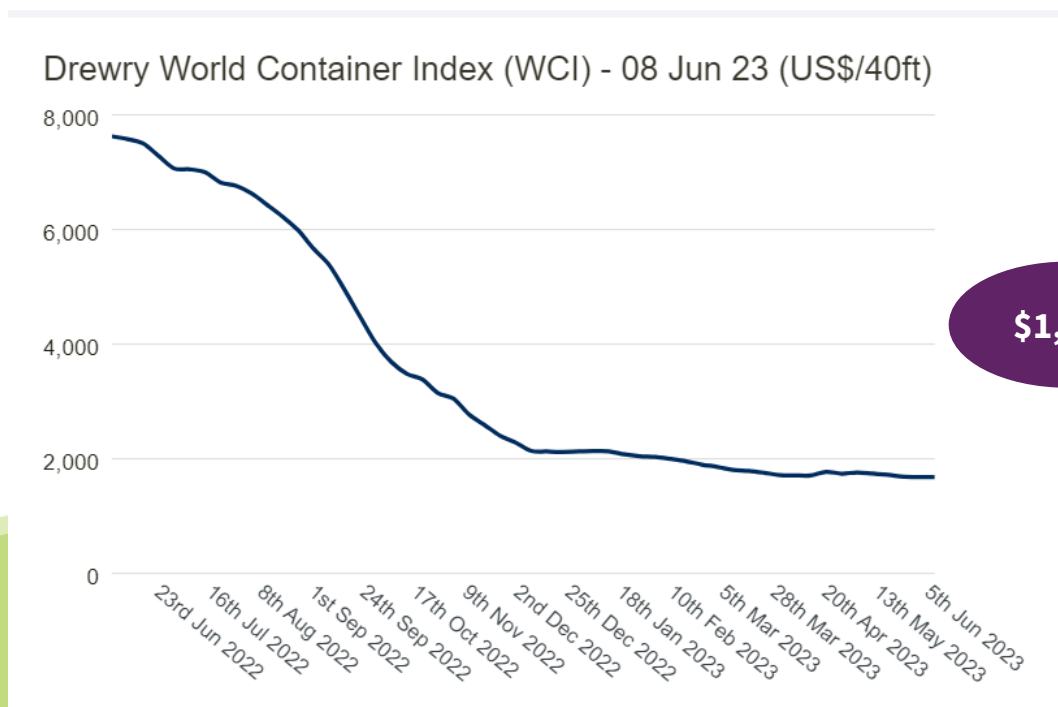
All prices are based on a price per tonne for:

- Full load
- Standard 28-day payment terms
- Bags delivered to site price
- Spot price: prices for delivery within a month (28 days)

- Ammonium Nitrate UK (34.5% N)
- Ammonium Nitrate Imported (34.5% N)
- Muriate of Potash
- Triple Super Phosphate

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 was at \$1,681 for a 40ft container as of 08th June 2023, reflecting an increase of 4 % on the month previous, but a fall of 78% compared to the same week of last year. It is also 37% lower than the 10-year average of \$2,688, indicating a return to more normal prices, but remains 19% higher than average 2019 (pre-pandemic) rates of \$1,420. Once again, this continues to be beneficial for business who import goods overseas and reduces a point of pressure on profit margins; though this falls against a backdrop of other rising input costs, costs of goods and a weakened pound.

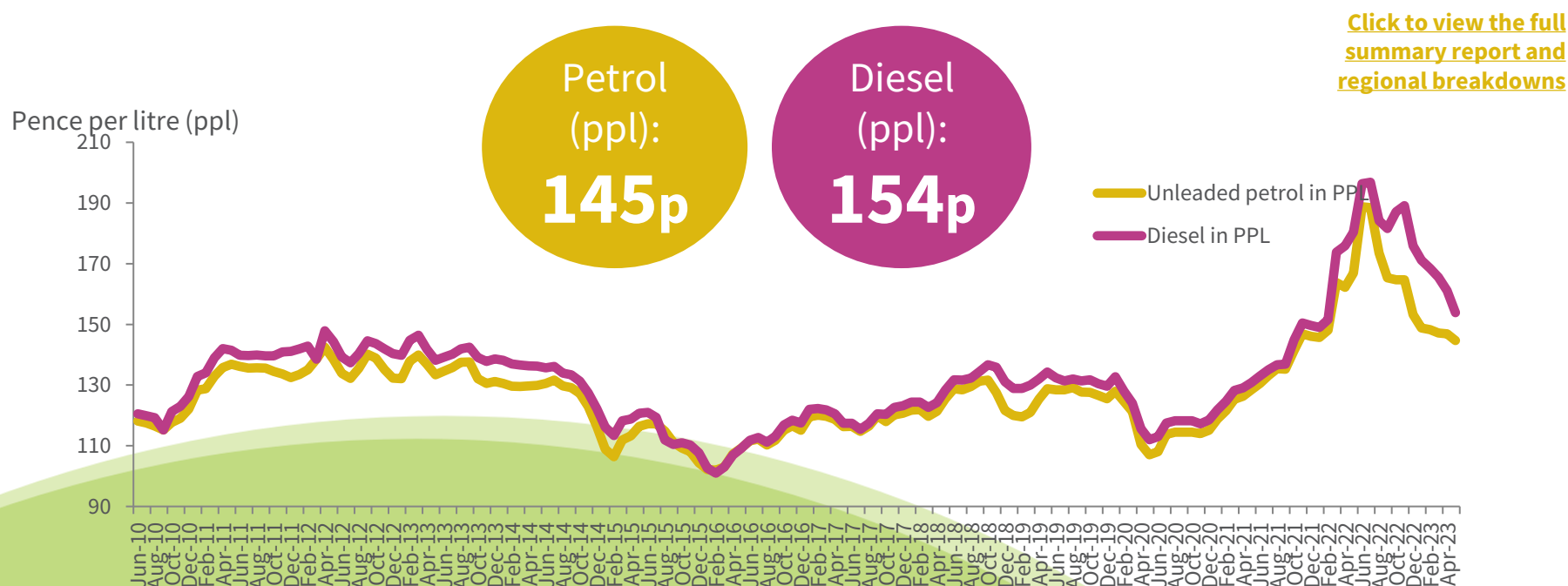


We are reporting on the aggregate of the major shipping routes.

\$1,681

Vehicle fuel prices

Vehicle fuel prices are monitored continuously to gauge the situation for consumers and businesses alike. Figures reported are national averages measured in pence per litre. For further variations by region, please link below to view the data. The average petrol price was 145p/litre and diesel averaged 154p/litre in May, 3p/litre and 7p/litre reductions from April, respectively. These figures represent falls of 40-50p per litre since the fuel price peak in June 2022, and the lowest prices since February 2022, further contributing to more ease towards business transport costs as well as household finances, and consumer intention to travel away from home for leisure purposes. Fuel prices remain historically high compared with pre-pandemic prices but trends are starting to show a decrease in both values.



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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