Market Update: December 2023

Contents

Overview: Key Points

Overall November Garden Centre sales were **up +2%** vs November 2022

Christmas Sales were **down -5%** on November 2022

Consumer confidence improved +6 points to **-24** in November 2023

Real Christmas Tree sales were **up +7%** compared with November 2022

November 2023 saw **71% of the rainfall** of November 2022

Overview: the story this month

- Despite flooding and heavy winds causing road closures and power outages in some areas thanks to Storms Ciaran and Debi; consumers still visited garden centres and their cafes in higher numbers than November 2022. Transaction numbers for the garden store were +6% and were +14% in the café.
- Catering remained a strong performer, up +17% compared to November 2022. Meanwhile, wild bird care was also a strong performing non-gardening category (+25%).
- November 2023 saw a seemingly slow start to the festive season, as Christmas department sales were down -5% versus November 2022. However, real Christmas tree sales were up +7%.
- Garden/gardening sales were down slightly by -2% compared to November 2022. Garden tools (+7%) and plant care (+1%) were the only categories with sales above that of November 2022. Garden/gardening sales were down -17% compared to November 2021, when covid provided additional leisure time and encouraged new purposes for the garden.
- Overall sales for the year to end of November 2023 were up +2% on the same period in 2022.
- GfK's Consumer confidence improved by +6 points in the run-up to Christmas to -24, but it remains historically low. Consumers are likely to still be approaching the festive season with caution as costs remain high. This is reflected in concerns for inflation which lowered by 10% from October but remained the 2nd most concerning issue to the UK public.
- Garden centres are well placed to offer consumers extra incentives to visit and an experience over the festive period alongside the core retail offering.

Read on for the detail…

Garden centre sales: November

Overall sales for November 2023 were up +2% compared to November 2022, but down -5% on 2021. Analysis of transaction numbers suggests that footfall was up on the November of the last 2 years (see slides 7 & 8 for more detail), performing better than British Retail Consortium's (BRC) Footfall monitor of retail parks, high street shops and shopping centres (-0.7%). Non-garden/gardening categories fared well, up +4%, with catering being a strong driver within the category. Garden/gardening sales did not perform as well, down -2% versus November 2022, likely indicative of the poor weather. In page 6, we discuss the role of inflation on these sales figures.

	Overall	Garden / gardening	Non-garden / gardening
Nov 2023 vs **Nov 2022**	+2%	-2%	+4%
Nov 2023 vs **Nov 2021**	-5%	-17%	-1%

Note: non-garden/gardening includes catering

(Figures reported are exclusive of VAT)

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**

Sources: HTA Garden Retail Monitor; British Retail Consortium

Garden centre sales volumes: Nov

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. All categories and year comparisons were affected to some degree by inflation, with sales volume comparisons tracking behind sales values. Garden/gardening categories were particularly impacted by inflation, with sales values -2% down but sales volumes down -7%. Read more about inflation on garden centre products on pages 20 and 21.

Nov 2023 vs Nov 2022	Overall	Garden/gardening	Non-garden/gardening
Value of sales (£, exc. VAT)	**+2%**	**-2%**	**+4%**
Volume of sales	**+1%**	**-7%**	**+3%**

Nov 2023 vs Nov 2021	Overall	Garden/gardening	Non-garden/gardening
Value of sales (£, exc. VAT)	**-5%**	**-17%**	**-1%**
Volume of sales	**-4%**	**-22%**	**+2%**

Source: HTA Garden Retail Monitor

November Transaction Numbers and Average Transaction Values (ATVs): In the Garden Store

Despite poor weather and garden/gardening sales suffering compared to November 2022 and November 2021, transaction numbers in the garden store were up versus November 2022 and November 2021, +6% and +3% respectively. However, baskets were of lower value than the same time last year, with Average Transaction Values at £22.38, down -5% on November 2022. Within those baskets, Christmas, food and farm shop and indoor living and homewares made up the biggest proportion of total sales. The Christmas departments contributed 24% of total store sales, a lower proportion than November 2022 (26%) and November 2021 (30%), likely as Covid altered the product replacement cycle and the cost of living reduces discretionary spend. Baskets were of lower value than November 2021 (-11%) in support of this.

Transaction Numbers: Garden Store

+6%

NOV 2023 vs NOV 2022

+3%

NOV 2023 vs NOV 2021

Average Transaction Values (ATVs): Garden Store

exc. VAT

£ 22.38

inc. VAT

£ 26.23

NOV 2023

VS NOV 2022 (exc. VAT)	VS NOV 2021 (exc. VAT)
-5% (£23.65)	-11% (£25.23)

Source: HTA Garden Retail Monitor

November Transaction Numbers and Average Transaction Values (ATVs): In the café/restaurant

Storm Ciaran and general poor weather didn't stop consumers visiting garden centre cafés and restaurants in November 2023, with transaction numbers up +14% compared to November 2022. However, Average Transaction Values in the café were on a par with last year, with an ATV of £10.89 excl. VAT. This suggests that given price inflation there may have been fewer or lower value items in the transactions.

Transaction Numbers: Café/restaurant

+14%

NOV 2023 vs NOV 2022

Average Transaction Values (ATVs): Café/restaurant

exc. VAT

£ 10.89

inc. VAT

£ 13.05

NOV 2023

VS NOV 2022 (exc. VAT)

= (0%) (£10.85)

NB: Covid restrictions lifted completely in July 2021 (incl. Hospitality), therefore we have not included November 2021 comparisons

Source: HTA Garden Retail Monitor

Garden centre sales: detailed Nov breakdown part 1

Garden/gardening categories didn't perform as well in November 2023 versus November 2022, down -2% overall. But garden tools & equipment (up +7%), seeds (excl. grass seed) (up +2%) and plant care products (up +1%) were particularly strong. This shows there was consumer appetite for preparing and getting the garden ready for next year's gardening season. These categories though were relatively small in November, accounting for a combined 5% of total sales.

Calendar year to end of November comparisons reflect strong plant sales this year, with Bedding plants (up +12%) and Hardy Plants (+10%) performing well.

Compared to November 2021, overall garden/gardening sales in November 2023 were down considerably at -17%, with all categories listed except plant care behind, likely indicative of the covid appeal of gardening.

Category	Nov 2023 vs 2022	YTD Nov 2023 vs 2022	Nov 2023 vs 2021
Bedding plants	**-2%**	**+12%**	**-20%**
Hardy plants, shrubs & trees	**-5%**	**+10%**	**-22%**
Indoor plants	**0% (=)**	**0% (=)**	**-6%**
Seeds (excl. grass seed)	**+2 %**	**+6%**	**-16%**
Bulbs	**-13%**	**+1%**	**-22%**
Plant care products	**+1%**	**+6%**	**+7%**
Garden tools & equipment	**+7%**	**0% (=)**	**-14%**
Garden features & structures	**0% (=)**	**-12%**	**-28%**
Outdoor containers	**-13%**	**-12%**	**-31%**

YTD: Calendar year to end of November

Source: HTA Garden Retail Monitor

Garden centre sales: detailed Nov breakdown part 2

Non-garden/gardening sales overall were up +4% comparing November 2023 to November 2022, counteracting poorer garden/gardening sales. The colder weather this November may have inspired consumers to think about garden wildlife, as the wild bird care category performed exceptionally well at +25% versus 2022, but was relatively small, only accounting for 2% of total sales. This was followed by catering continuing its good performance (+17%), reflecting of a good level of footfall (transaction numbers up +14%) into garden centre cafes.

Comparing with November 2021, we saw catering up +44% which reflects upon covid restrictions on hospitality and customer caution about socialising pre-Christmas 2021. Catering also remained the strongest category when considering year to end of November comparisons, up +23% compared to year to end of November 2022.

Christmas is a core part of the garden centre offer in November and December, and sales in November 2023 were -5% down on 2022 and -20% on November 2021. The Christmas category also made up a much smaller percentage of total store sales this year (24%, compared with 26% and 30% respectively), likely as COVID pulled forward the product replacement cycle for items like decorations and lights. The current cost of living may have also impacted intentions to purchase.

Category	Nov 2023 vs 2022	Nov YTD 2023 vs 2022	Nov 2023 vs 2021
Indoor living & homewares	-2%	-5%	-14%
Gifting	+2%	+2%	+1%
Wild bird care	+25%	-1%	-3%
Pets	+6%	+6%	+8%
Food & farm shop	+5%	+8%	+4%
Catering	+17%	+23%	+44%
Christmas	-5%	-1%	-20%

YTD: Calendar year to end of November

Source: HTA Garden Retail Monitor

Xmas Sales: November

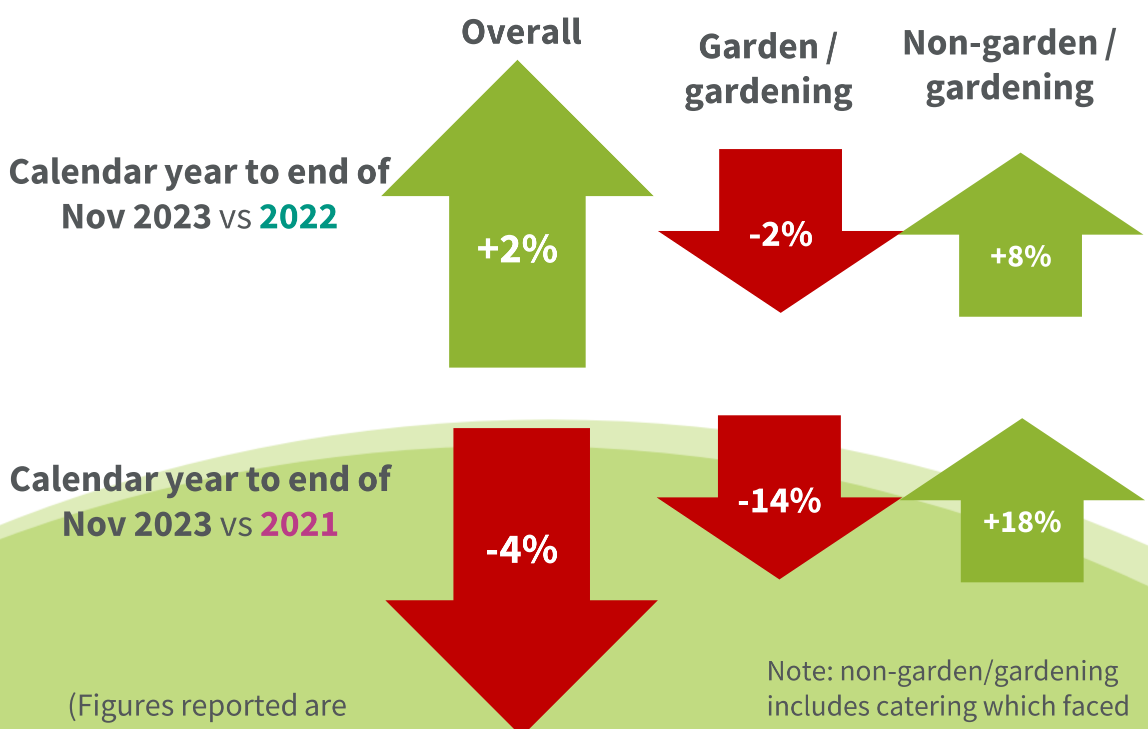
As discussed, Christmas department sales overall were down -5% compared to November 2022, despite consumer confidence at lower levels this time last year. Real Christmas trees (up +7%) and tree decorations (up +3%) performed particularly well. But when compared to November 2021, all categories were down, likely indicative of the covid era with investing in new trees and decorations bringing households joy in uncertain times.

Category	Nov 2023 vs 2022	Nov 2023 vs 2021
Artificial Trees	**-13%**	**-20%**
Tree Decorations	**+3%**	**-11%**
Lights	**-4%**	**-30%**
Xmas Trees	**+7%**	**-17%**

Source: HTA Garden Retail Monitor

Garden centre sales: calendar year to end of November

Overall garden centre sales were up +2% when comparing year to end of November 2023 with the same time frame in 2022, boosted by non-garden/gardening sales, which were up +8% in year to end of November comparisons. This included catering sales of +23% compared with year to end of November 2022, a category that continues to dominate non-garden/gardening sales. Food and farm shop categories were also up +6% year to date, highlighting the appeal of these departments in offering extra incentives for customers to visit. Although garden/gardening categories were down -2% when compared to year to end of November 2022, Bedding and Hardy plant categories remained strong performers at +12% and +10% year to date respectively.



(Figures reported are exclusive of VAT)

Note: non-garden/gardening includes catering which faced restrictions across the UK

How are these figures calculated?

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Source: HTA Garden Retail Monitor

Weather

Despite Storm Ciaran causing flooding, road closures and power outages in certain regions of the UK at the beginning of the month, November 2023 was drier and slightly sunnier overall than the same period last year. In fact, November 2023 had 71% of the rainfall we had in November 2022. The storms brought strong winds, with gusts in coastal regions of between 60 – 70 mph, as well as heavy rain. For regional breakdowns, please see page 14.

	Nov 2023	Nov 2022
Hours of sunshine	64.6	55.0

	Nov 2023	Nov 2022
Rainfall (mm)	118.9	167.2

	Nov 2023	Nov 2022
No. of rain days	16.3	18.6

	Nov 2023	Nov 2022
Mean temperature (Celsius)	6.3	8.2

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.

Source: MET Office

Weather by region

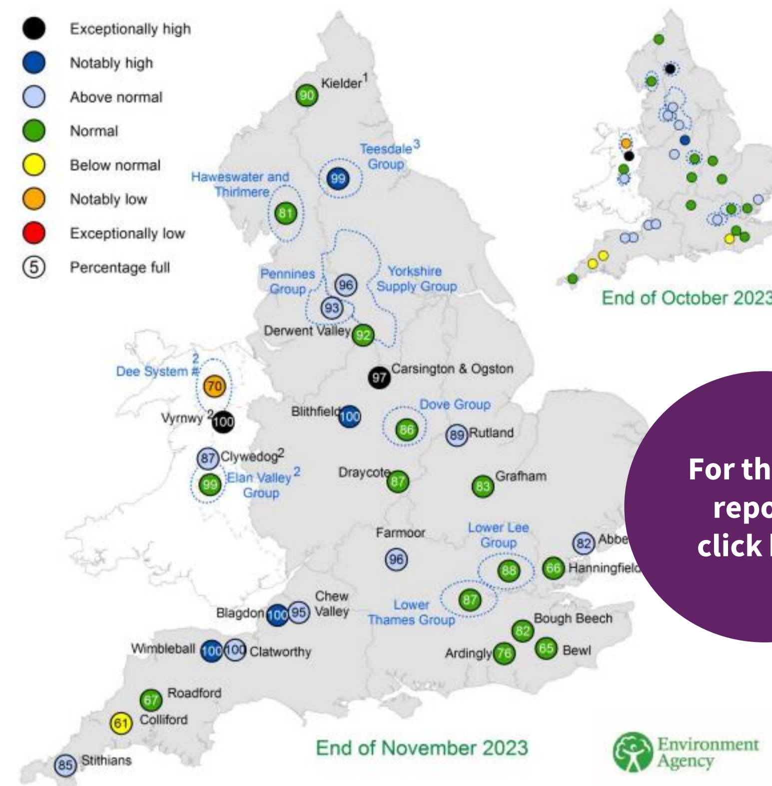
Region	Mean Temp (Degrees Celsius)	Sunshine Hours	Rainfall (mm)
Overall	6.3	64.6	118.9
South England	7.7	79.5	107.5
North England	6.4	67.7	117.1
Wales	7.3	49.4	174.6
Scotland	4.4	51.1	122.4
Northern Ireland	6.8	61.5	92.0

Mean temperatures across the UK varied, with the highest temperature in Southern England being 1.75 times higher than in Scotland. Stormy weather brought strong winds and rain. Although the wettest region, Wales had 16% less rain than November 2022. Storm Ciaran affected southern coasts in the start of November 2023. Mid-month, Storm Debi affected Northern Ireland, North Wales and North-West England.

Source: MET Office

Current reservoir levels

With stormy weather bringing increased rainfall, total reservoir stocks for England went up to 88% of capacity in November 2023. Total reservoir storage went up in nearly all reservoir sites with half of them going up to higher than normal by the end of November.



For the full reports click here

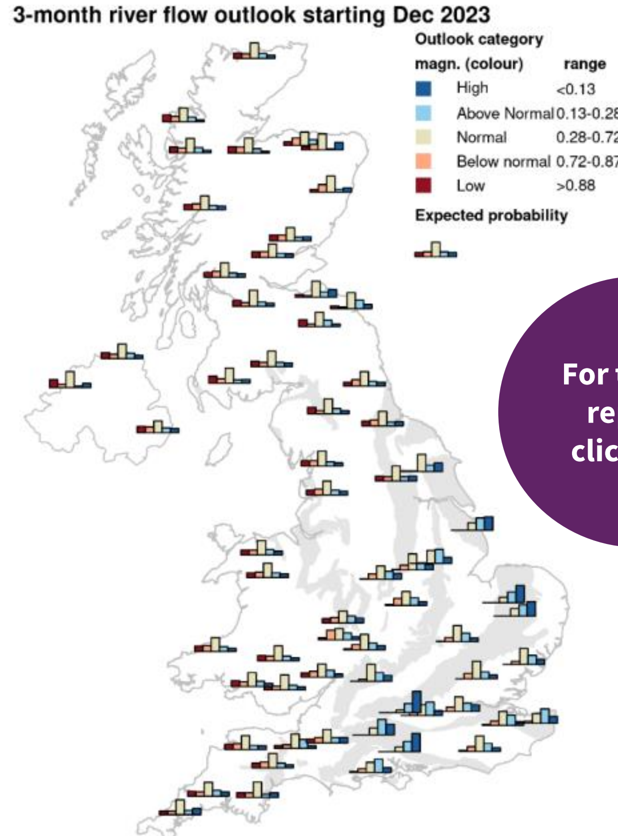
Source: Environment Agency

Forecast river flows

In the 3-month Outlook starting December 2023, river flows are expected to be normal in most parts of the UK. This however does not extend to Southern England and the East Coast regions where flows are expected to be normal to high. Regions in the East Midlands and South East England are expected to be normal to above normal.

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/



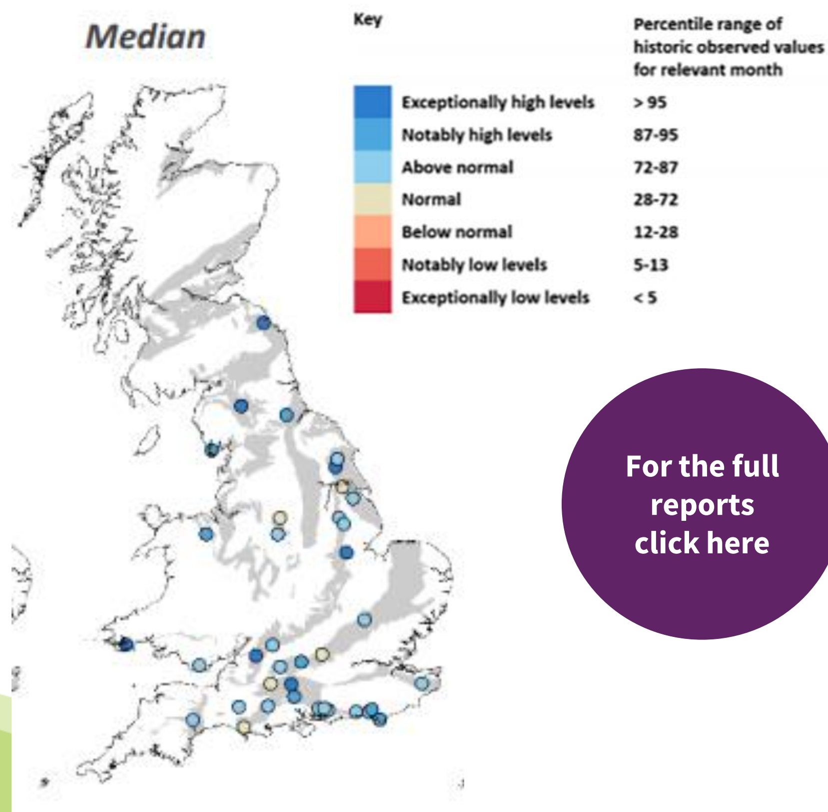
For the full reports click here

Source: Centre for Ecology and Hydrology

Forecast groundwater levels

For the December 2023 to February 2024 forecast, groundwater levels are expected to be above normal to notably high or exceptionally high in regions such as South Downs Chalk, Wessex Chalk and Jurassic Limestones.

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



For the full reports click here

Source: Centre for Ecology and Hydrology

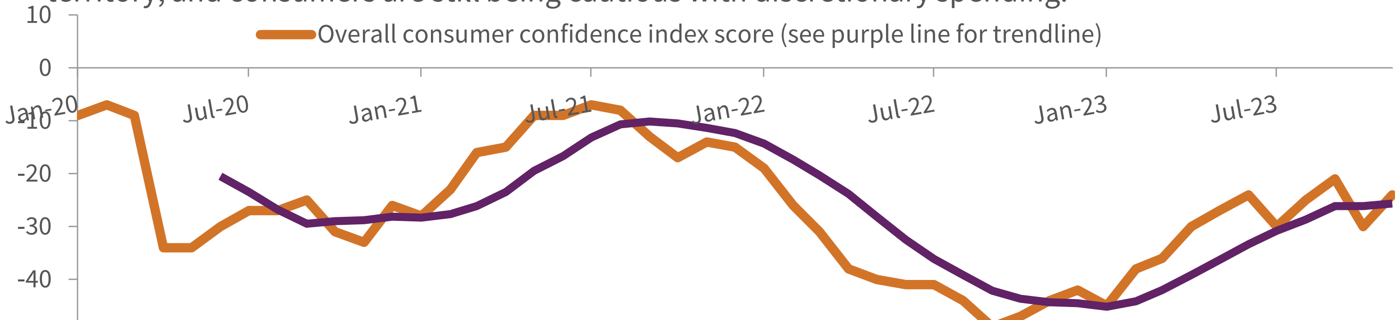
The current water situation

- 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/time-to-invest-in-our-water-security
- November 2023 was no exception to the volatile weather throughout 2023, with reservoir levels at normal or above normal with two storms affecting the country, Ciaran and Debi. Therefore, as the situation is consistently changing, the Environment Agency remains vigilant, preparing for all weather eventualities for the rest of the year. In November 2023, nations came together at COP28 to discuss the concerns around water and food supplies. The UK will help provide funding of £39 million to Just Transitions, a newly formed water security programme, helping countries manage water resources responsibly: https://www.gov.uk/government/news/uk-backs-work-to-protect-global-water-and-food-supplies-at-cop28
- The Government's Plan for Water introduces investment in infrastructure and a second round of Water Management Grants to fund more reservoirs and better irrigation equipment.
- We will continue to work to ensure that any messaging relating to responsible use of water 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/news/sustainability/water

Consumer confidence: financial

Consistent with the economic instability throughout year, we see consumer confidence in November 2023 bounce back +6 points to -24 amidst Black Friday, Cyber Monday and the run up to the Christmas period. The score was also 20 points higher than November 2022. All measures were up on the previous month of October, with the largest increase in the Major Purchase Index, increasing +10 points. This is in spite of increased fuel and energy bills as thoughts go towards to gift-giving, Christmas shopping, and preparations for festivities, which is good news for retailers after a less favourable October scoring. Though confidence remains in historically low territory, and consumers are still being cautious with discretionary spending.



Base: 2,000 UK Individuals aged 16+, interviewed between 1st - 14th November 2023

Overall index score for November:

-24

*this is 6 points higher than Oct 2023

Measure	Relative score (November 2023)	vs. October 2023
Personal financial situation: during last 12 months **over next 12 months**	-16 **-3**	3 points higher **5 points higher**
General economic situation: during last 12 months **over next 12 months**	-49 **-26**	5 points higher **6 points higher**
Major Purchase Index	-24	**10 points higher**
Savings Index	29	**4 points higher**

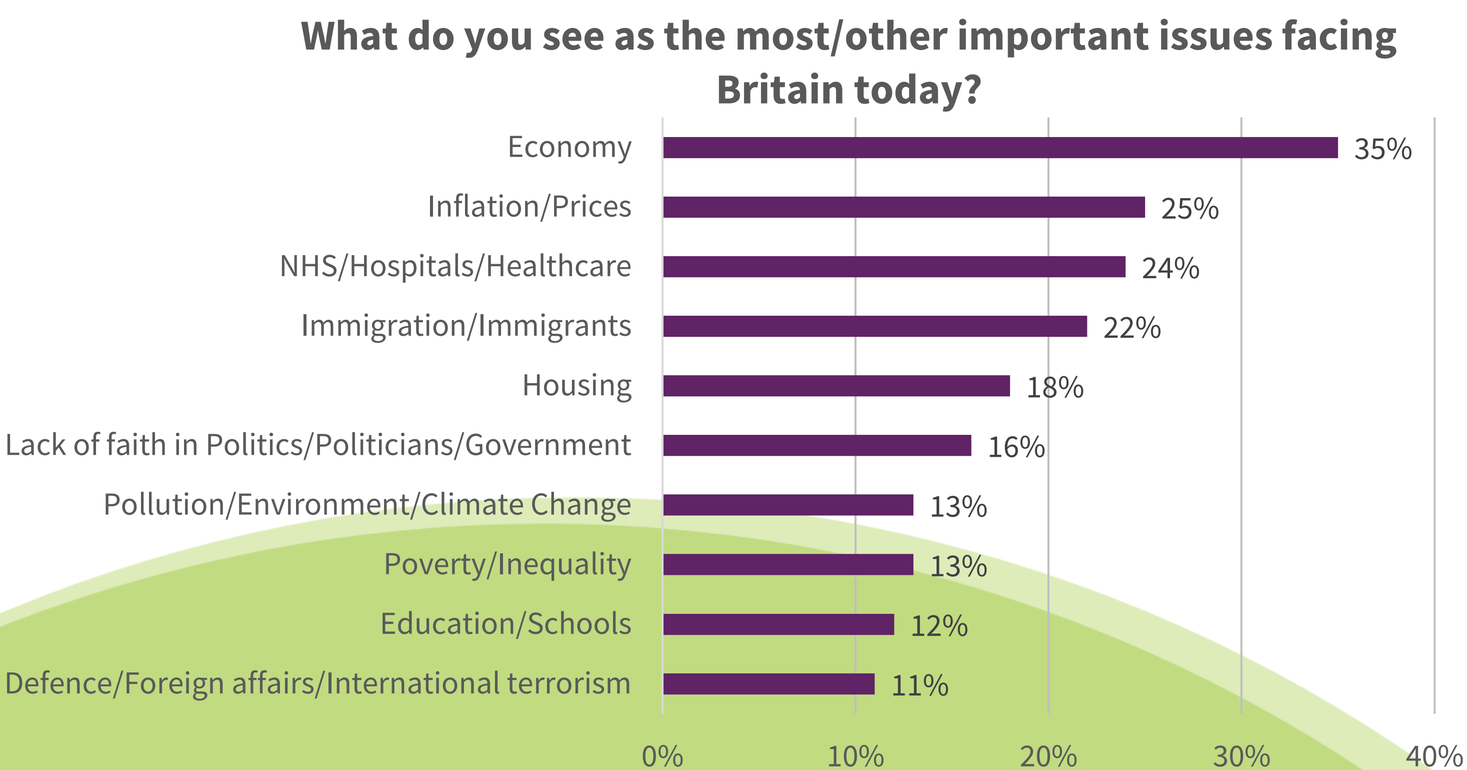
Consumers are asked how the financial position of their household has changed over the last year and is expected to change in the next year, as well as that of the general economy. They're also asked if they believe 'now' is a good time to make major purchases or to be saving money. The first three measures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

Source: GfK

Consumer Issues Tracker

Although the state of the economy remained the top main worry for UK citizens, concerns about inflation dropped -10% in November 2023 but still held 2nd place as the cost of living, warming homes during the winter and food price inflation remained a concern. Encouragingly though, concern for inflation was at it's lowest level since March 2022. New concerns were also raised for international events, as defence and foreign affairs appeared in the top 10, as conflict continues in the Ukraine-Russia war, as well as in the Middle East.



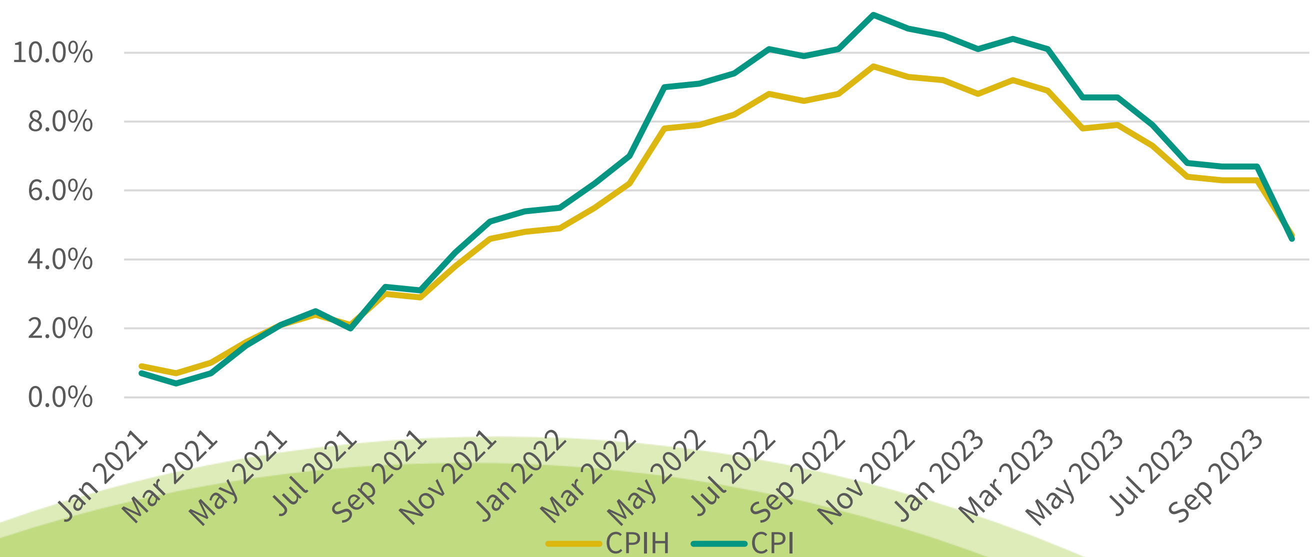
Change since Nov:	
%	Position
-3	=
-10	=
-7	=
=	=
+2	=
=	↓-1
-1	=
-1	=
-2	↓-2
+6	↑+3

Base: 1,017 British adults aged 18+, 8th - 14th November 2023

Source: Ipsos

Consumer Price Indices (CPI and CPIH)

We explore some key indicators of the position of the UK economy to gauge the situation for consumers as well as member businesses. These indicators are the Consumer Prices Index (CPI) and Consumer Prices Index including owner occupier's housing costs (CPIH). Both inflation rates are measured as a percentage change over a 12-month period. As of the most recent data from July – September 2023, both inflation rates were the lowest they have been since November 2021. Food inflation was an upward contributor within the reported time-frame, which may have influenced inflation in non-garden/gardening sales, in particular catering and food & farm shop categories (see page 10). Businesses importing should be aware that in January 2024, the European Emission Surcharge will be introduced, and shipping companies will be required to declare their emissions. This in turn may affect shipping container costs next year and thus the cost of importing goods such as garden furniture and equipment.



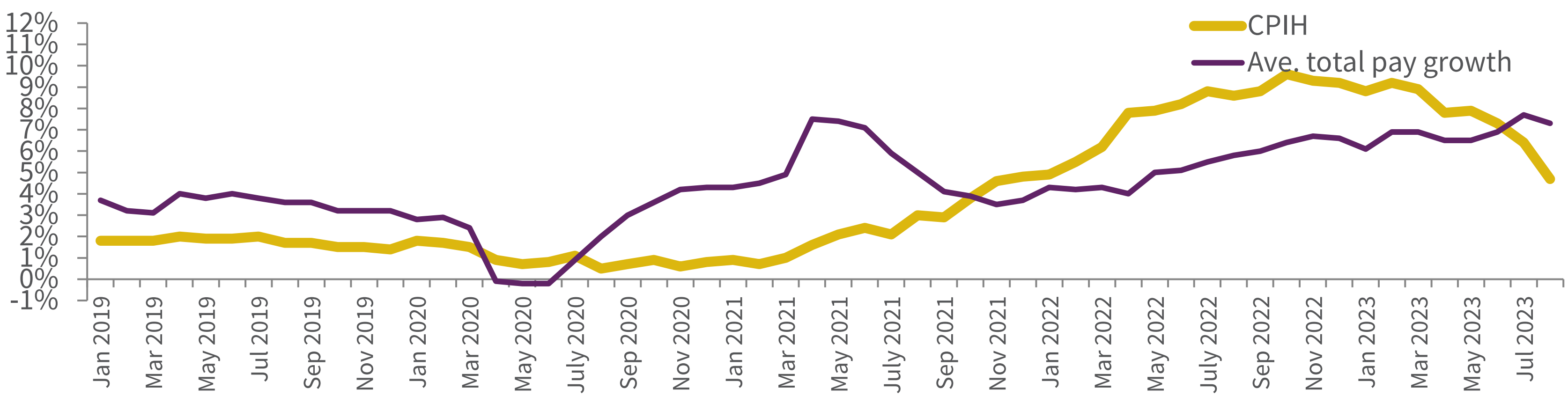
CPI inflation **4.6%**

CPIH inflation **4.7%**

Source: gov.uk

Wages and Employment

To further explore key indicators of the position of the UK economy, we also investigate rates in relation to wages and employment: average pay growth (excl. bonuses) and the unemployment rate. Average pay growth (excl. bonuses) for Aug – Oct 2023 was 7.3%, down by 0.4% on the previous quarter (July – September 2023), but still above 2019 levels. With the announcement of an increase of the National Living wage, going up from £10.42 to £11.44, the Horticultural Industry faces a new challenge in terms of honouring the new wages as well as managing increases in other overhead costs. The UK unemployment rate remained at 4.2% between July-September 2023. The employment rate has lowered slightly by 0.2% to 75.5%, adjusting for the number of full-time self-employed workers.



*Surge in income growth seen in spring 2021 is reflective of the year-on-year change to spring 2020 where many workers were on furlough and reduced pay

Unemployment Rate (Aug – Oct 23)
4.2 %

Average pay growth (Aug - Oct 23):
7.3 %

Source: gov.uk

Retail inflation on garden products

Our November trolley

(November 2023 vs November 2022 price inflation)

Hardy plants, shrubs & trees **+3%**

Real Xmas trees **= (0%)**

Growing media **+1%**

Bulbs Spring/Summer **+24%**

Artificial Xmas trees **-1%**

Plant Care Products **+2%**

Plastic pots **+5%**

Tree decorations **= (0%)**

Here we look at the price of individual barcodes transacted in garden centres in November 2023 and November 2022, to calculate a median average rate of inflation within each of the categories featured. Each month we select a 'trolley' of goods that are seasonally appropriate and track the level of price inflation. In the 12 months to November 2023, within our trolley, spring/summer bulbs showed the biggest rise in prices (+24%). Also, plastic pots (+5%), hardy plants (+3%) and plant care products (+2%) experienced price inflation, likely due to rising input and ingredient costs. Growing media prices increased slightly by 1%.

Prices of real Christmas trees were flat, whilst artificial trees reduced in price slightly (-1%) and tree decorations' prices stayed same as November 2022.

Source: HTA Garden Retail Monitor

23

Retail inflation on plants

(November 2023 vs November 2022 price inflation)

Shrubs
= (0%)

Foliage houseplants
-1%

Herbaceous
= (0%)

Pack bedding **+10%**

Roses
+6%

Vegetable, salad and herb seeds
= (0%)

Climbers **+4%**

Fruit trees & bushes
+6%

Here we look at retail price inflation across some of the plant categories specifically.

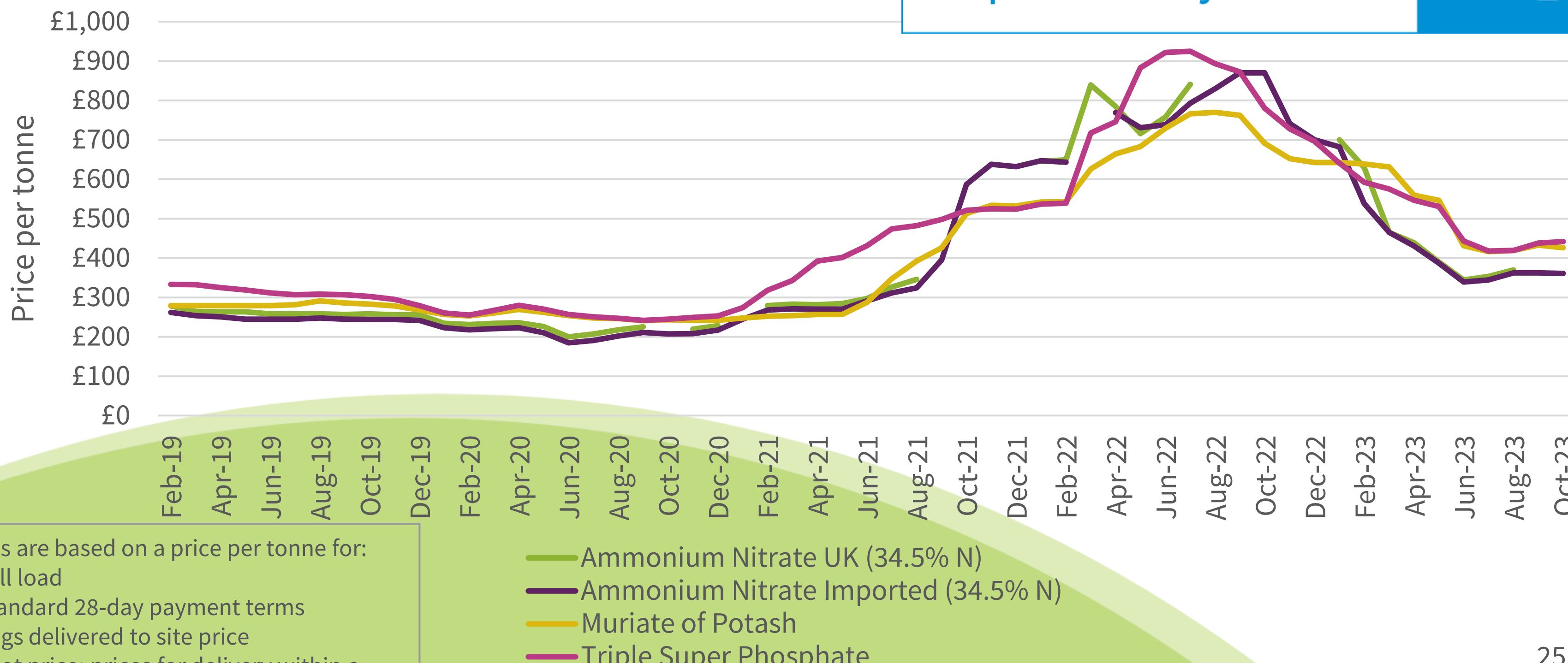
Pack bedding (+10%) showed the biggest rise in prices. Fruit trees and bushes (+6%) and roses (+6%) along with climbers (+4%) also experienced price inflation.

Prices for rest of the categories in our trolley maintained the same price level as November 2022.

Source: HTA Garden Retail Monitor

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. We report on data from October 2023, where modest changes in values of components compared to September 2023 were seen. The largest decrease was in Muriate of Potash at a -2% decrease. All components are still considerably lower than the prices reported at the same time last year, such as Ammonium Nitrate (Imported) which was down -58% compared with October 2022.



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)

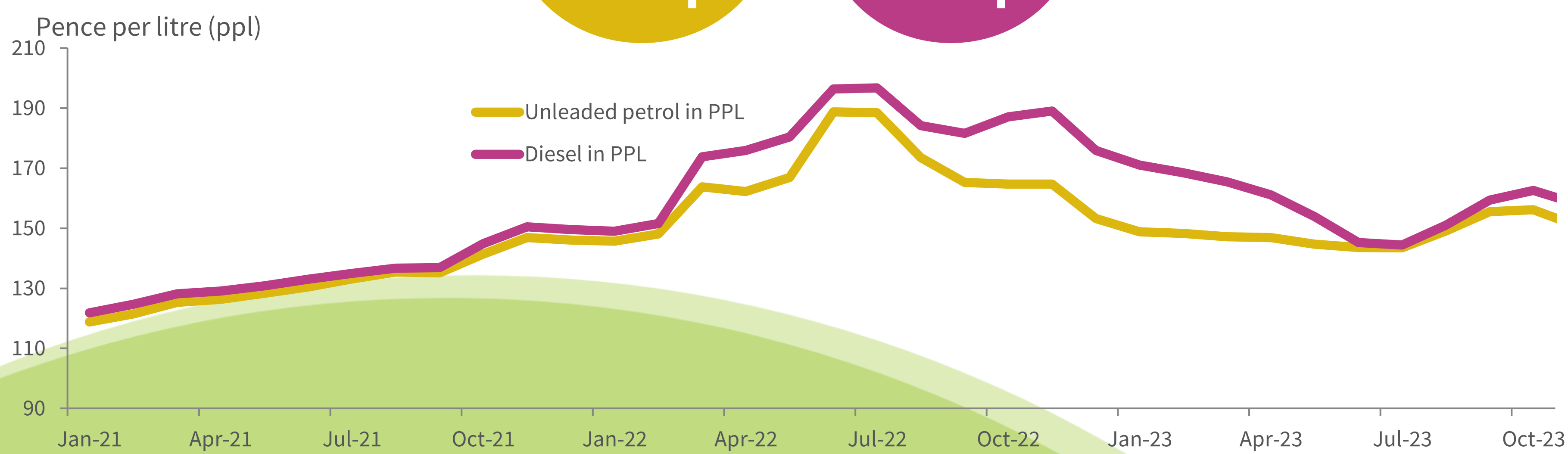
Vehicle fuel prices

Vehicle fuel prices are monitored monthly 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 click the link below to view the data. The average price for petrol was 151p/litre in November, and diesel dropped to 158p/litre. This equalled a decrease of 5.4p/litre in petrol costs and 4.5p/litre in diesel costs from October. Prices may have been affected due to tensions within the Middle East, thus affecting crude oil prices, which were quite high, extending to domestic and business transport costs.

Petrol (ppl): **151p**

Diesel (ppl): **158p**

Click to view the full summary report and regional breakdowns



Source: AA

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