



Market Update: February 2024

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Overview

- The weather throughout 2023 was particularly volatile and January began 2024 no differently! The first half of the month saw cold temperatures followed by storms mid-month affecting footfall to garden centres, before warmer weather towards month-end increased visitor numbers and appetite for gardening ahead of spring.
- As a result, overall sales were up +2% by value compared with January 2023, whilst sales volumes were up by a modest +1%.
- Catering continued to perform strongly, up +14% compared with January 2023, meanwhile the weather may have drawn focus to caring for garden visitors as wild bird care sales were up +19%. Christmas sales were behind those of January 2023 (-25% by value) likely as retailers sold through excess stocks to make way for placing orders for the 2024 festive season as volumes were down by a lesser extent (-5%).
- Consumer confidence continued to improve into 2024, buoyed by average wage growth (6.2%) continuing to outstrip the rate of inflation (4.2%) which has been on a downward trajectory.
- Meanwhile, with the April increases to the National Living Wage approaching, businesses are faced with a growing wage bill that currently averages at 24% of turnover for retailers (increasing to around 40% in the café/restaurant), and 30% of turnover for growers.
- With shipping costs also on the rise, businesses are likely to need to increasingly look at ways to improve efficiency to maintain profit margins throughout 2024.

Read on for the detail...

Key Points: January

**Overall
January
Garden Centre
sales** were **up
+2%** vs
January 2023

Catering sales
were
up +14%
on January
2023

**Consumer
confidence grew
+3 points**
to **-19** in
January 2024

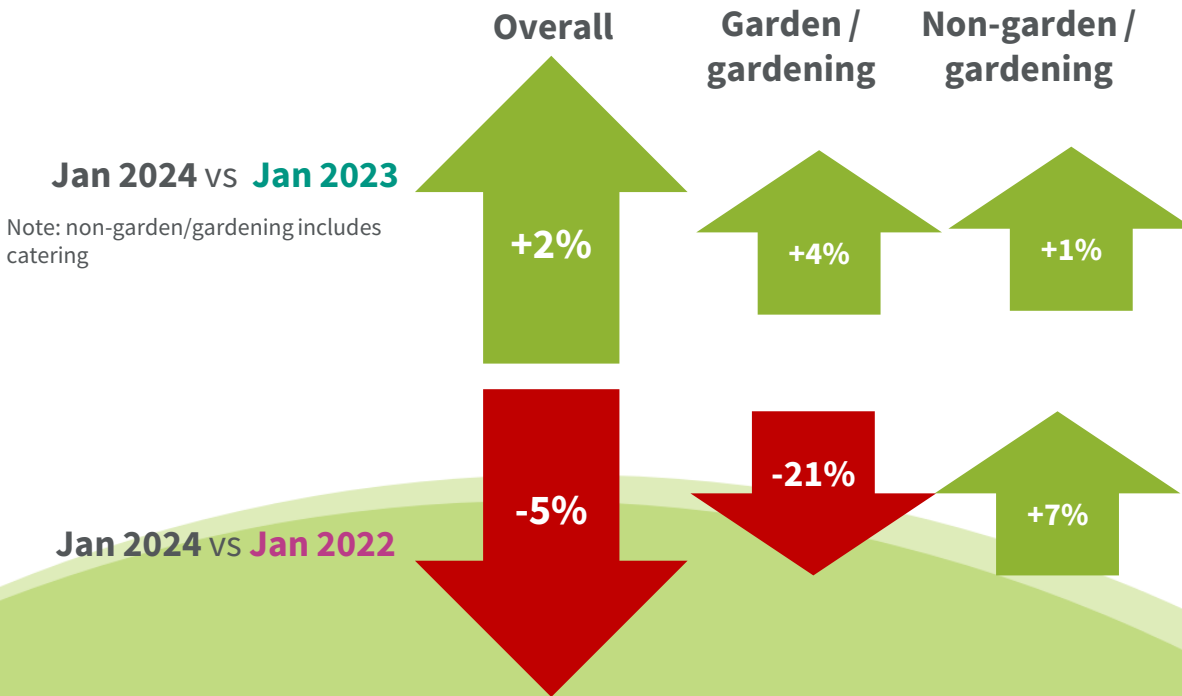
Xmas sales
were
down -25%
vs January 2023

**Shipping
container
prices** in the
first half of Feb
were **up +90%**
vs February
2023

Garden centre sales: January



The unsettled weather in the first half of the month was balanced out by a warmer, sunnier second half and as a result overall garden centre sales were up +2% on January 2023. Sales were down by -5% compared to January 2022 where impacts of covid on leisure time and demand for gardening were still at play. Within these overall figures, garden/gardening category sales were up +4% on January 2023, but down -21% on January 2022. But non-garden/gardening sales continued to be boosted by catering, up +1% compared with January 2023 and up +7% on January 2022.



Note: non-garden/gardening includes catering

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: Jan



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. In January, garden/gardening sales were up +4% on January 2023, however volumes of goods sold were up by +1%, suggesting whilst there was modest growth in these categories, the sales value figures reflect some level of price inflation too. When comparing to two years ago, overall sales were down -5%, however sales volumes were down by a modest -2%, suggesting that baskets in January 2024 contained more lower ticket items compared to January 2022. For more on Average Transaction Values, see pages 7 and 8.

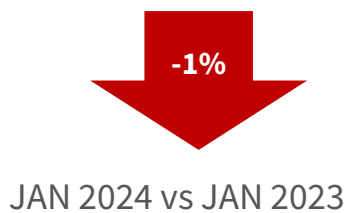
Jan 2024 vs Jan 2023	Overall	Garden/gardening	Non-garden/gardening
Value of sales (£, exc. VAT)	+2%	+4%	+1%
Volume of sales	+1%	+1%	+1%

Jan 2024 vs Jan 2022	Overall	Garden/gardening	Non-garden/gardening
Value of sales (£, exc. VAT)	-5%	-21%	+7%
Volume of sales	-2%	-23%	+8%


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

Transaction numbers in the garden store were down -1% on January 2023, tracking slightly above the British Retail Consortium's Footfall Monitor of retail parks and high streets (-2.8%). Footfall was likely impacted severely by the wet and stormy weather until mid-month. The Average Transaction Value in the garden store was £18.78, up +1% on January 2023 but likely indicative of inflation, with consumers encouraged to prepare for the upcoming garden season by the warmer weather towards the month end (see page 9 for the breakdown of garden/gardening categories and pages 21 & 22 for further insights on inflation on garden products). Transactions in the garden store were down -5% on January 2022 and the ATV down -7%, reflecting baskets featuring more lower ticket items.

Transaction Numbers: Garden Store



Average Transaction Values (ATVs): Garden Store


exc. VAT
18.78
inc. VAT

21.96
 JAN 2024

VS JAN 2023 (exc. VAT)	VS JAN 2022 (exc. VAT)
+1% (£18.66)	-7% (£20.19)

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

Transaction numbers in garden centre restaurants and cafes were up +6% on January 2023, meanwhile the ATV increased by a modest +1% to £10.05 (exc. VAT). This is despite continued cost of living challenges and poor weather in the first half of the month, highlighting the strong demand for garden centre hospitality offerings. Transaction numbers were up +11% on January 2022 and the ATV was down -4% despite price inflation across this two year period. This however is likely reflective of the situation around Covid two years ago, rather than current trade, as consumers were more cautious about social interaction, and cafes/restaurants faced restrictions on covers due to distancing requirements.

Transaction Numbers: Café/restaurant



JAN 2024 vs JAN 2023

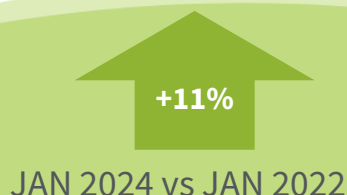
Average Transaction Values (ATVs): Café/restaurant

exc. VAT
 **10.05**

inc. VAT
 **11.99**

JAN 2024

VS JAN 2023 (exc. VAT)	VS JAN 2022 (exc. VAT)
+1% (£9.91)	-4% (£10.48)



Garden centre sales: detailed Jan breakdown part 1



January is a relatively small month for garden/gardening category sales and overall were up +4% on January 2023, but down -21% on January 2022.

All garden categories reported recorded modest sales growth on January 2023, with the exception of garden tools & equipment (-2%) and indoor plants (=0%); despite the weather dampening ability to garden for half of the month. Garden features and structures were a particularly strong performer (+10%) as consumers prepare to spend time in the garden ahead of spring.

Comparisons to 2022 reflect increased appetite for gardening during Covid restrictions on other leisure pursuits and a particularly sunny January 2022, with all gardening categories down considerably on this time.

Category	Jan 2024 vs 2023	Jan 2024 vs 2022
Bedding plants	+4%	-20%
Hardy plants, shrubs & trees	+3%	-32%
Indoor plants	0% (=)	-19%
Seeds (excl. grass seed)	+6%	-18%
Bulbs	+4%	-26%
Plant care products	+9%	-13%
Garden tools & equipment	-2%	-12%
Garden features & structures	+10%	-24%
Outdoor containers	+1%	-25%

Garden centre sales: detailed Jan breakdown part 2

Non-garden/gardening category sales were up by +1% on January 2023 overall, and up +7% on January 2022.

Catering continued to perform strongly, up +14% on January 2023; meanwhile wild bird care was up +19% as the colder weather may have prompted consumers to look after their garden visitors.


Sales in the Christmas category were down -25% on January 2023, however sales volumes were down -5% suggesting that retailers were discounting stock to clear it ahead of buying/placing orders for the 2024 festive period. Our inflation analysis shows for example that prices of goods in the Lights category were down -3% in January 2024 compared to January 2023. There was significant variation amongst retailers on Christmas category performance compared with January 2022, likely reflecting the amount of excess stock each business had to sell through and the level of discounting at play. Covid also likely pulled forward the product replacement cycle for Christmas items like lights and artificial trees.

Category	Jan 2024 vs 2023	Jan 2024 vs 2022
Indoor living & homewares	-4%	-21%
Gifting	0% (=)	0% (=)
Wild bird care	+19%	0% (=)
Pets	0% (=)	-2%
Food & farm shop	+2%	+3%
Catering	+14%	+39%
Christmas	-25%	-7%


Weather



January 2024 was the 6th sunniest January on record, though not as sunny as January of 2023 (4th on record) or 2022 (3rd on record), highlighting the impact of climate change in recent years. The month started with a widespread cold spell and snow in isolated areas, before ending mildly to record overall temperatures for the month slightly higher than January 2023 and closer to long-term averages. In Scotland, record temperatures for a January in the UK were recorded (19.6 degrees), in stark contrast to temperatures below -10 degrees just a few days earlier in the northern regions. In similar fashion to December, January 2024 saw 3 storms, namely Henk, Isha and Jocelyn, which affected large parts of the UK, particularly Scotland, Northern Ireland, Northern Wales and Northern England.

	Jan 2024	Jan 2023
 Hours of sunshine	61.0	63.1

	Jan 2024	Jan 2023
 Rainfall (mm)	117.5	125.7

	Jan 2024	Jan 2023
 No. of rain days	12.5	16.1

	Jan 2024	Jan 2023
 Mean temperature (Celsius)	3.8	4.4

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

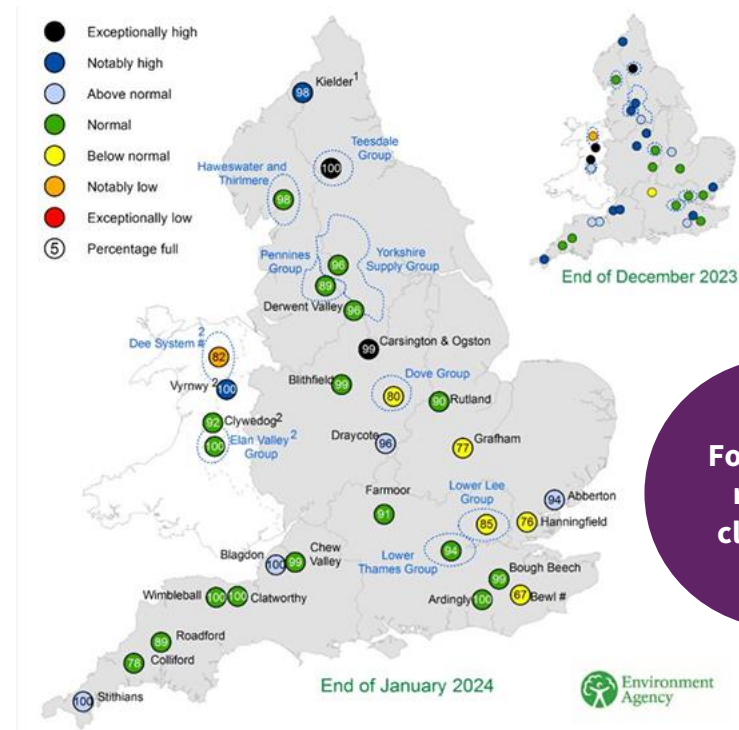


Region	Mean Temp (Degrees Celsius)	Sunshine Hours	Rainfall (mm)
Overall	3.8	61.0	117.5
South England	4.7	77.0	70.9
North England	3.9	58.6	111.9
Wales	4.4	56.6	161.9
Scotland	2.5	46.8	165.1
Northern Ireland	4.2	55.6	86.0

As usual, Southern England was the sunniest and warmest region in January 2024. Scotland was notably colder than the January of the last two years, meanwhile Wales was wet, but drier than 2023.

Current reservoir levels

Reservoir storage across England varied throughout January, with only a third of sites reporting an increase in storage levels despite widespread rainfall. However, storage at majority of reservoirs (81%) was classified as normal or higher for the time of year.



For the full reports click here

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Forecast river flows

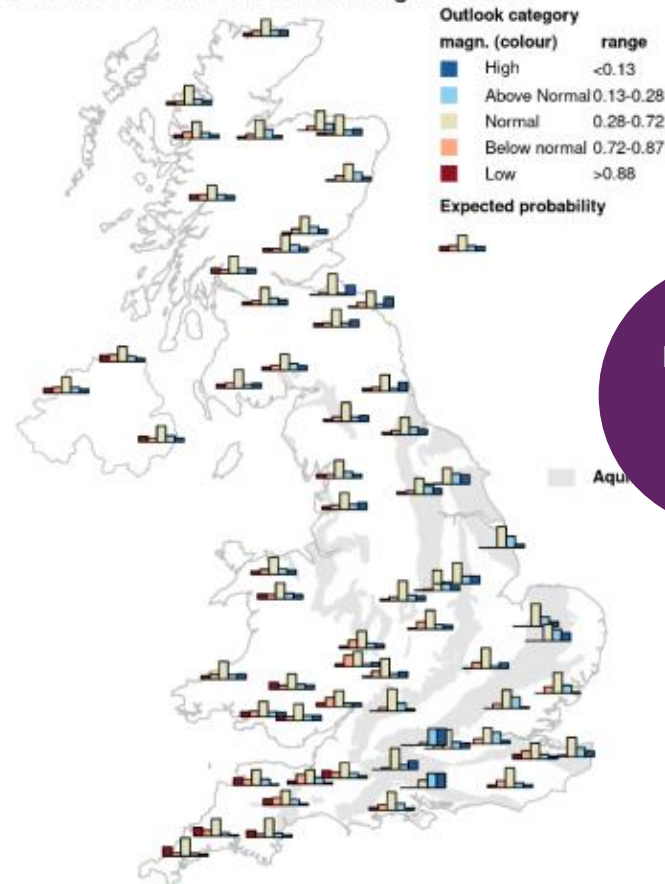
In the 3-month outlook starting February 2024, river flows are expected to be normal across this period. South West England is likely to see normal to below normal flows, and some catchments in the South and East of England are likely to see above normal flows in the next 3 months.

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 Feb 2024

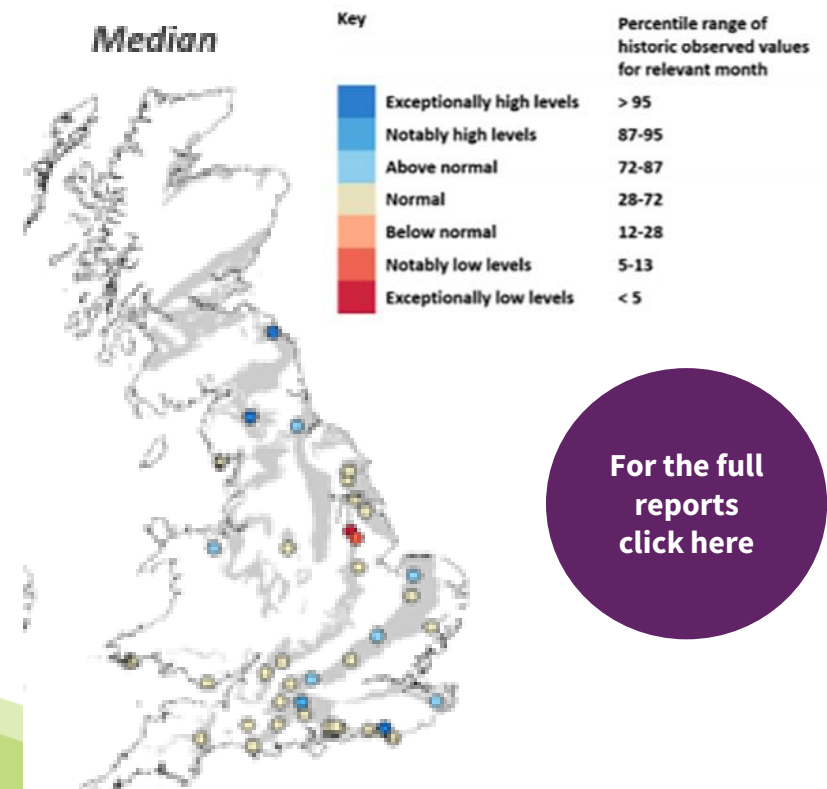


For the full reports click here

Forecast groundwater levels

Three-month groundwater outlook starting February 2024 (based on median rainfall forecasts)

Under median rainfall conditions, groundwater levels are predicted to be normal to exceptionally high over the next month, before declining to be mostly normal to above normal for the three month outlook.



For the full
reports
click here

The current water situation

Updates:

- 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 (published December 2023) here: <https://www.gov.uk/government/news/drought-investment-must-remain-priority-experts-urge>
- Although there are no areas in England currently in drought thanks to the prolonged rainfall over the autumn and winter, preparation for dry weather remains crucial and the summer of 2022 highlighted that drought can occur at any time. Population growth and climate change are impacting long-term water security so it is important for businesses to take action to use, preserve and replenish water responsibly.
- The EA is updating its drought plan guidance and water companies are undertaking communication campaigns and focusing on reducing water leakage

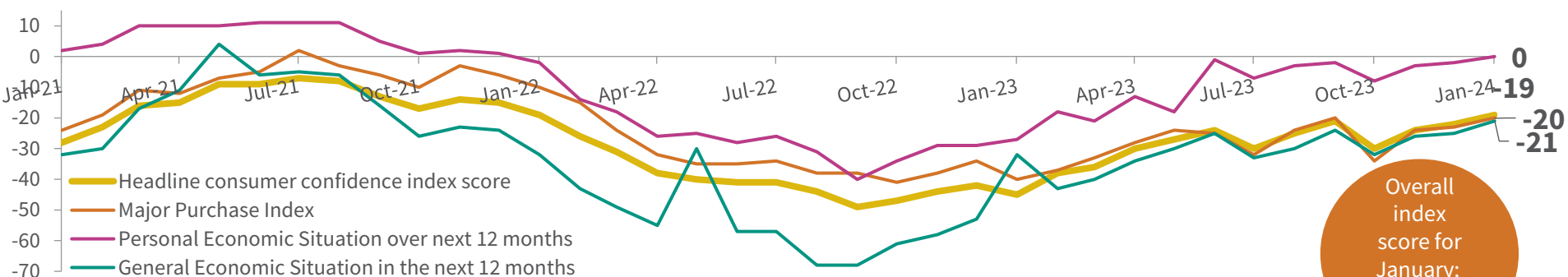
Guidance:

- 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

January 2024 saw a positive start to the year for consumer confidence, with the overall index score up a further 3 points from December after continued improvement throughout 2023. This headline score was 26 points higher than January 2023, highlighting that consumers are feeling much more positive about their personal financial situation in particular, which reached its highest level since December 2021. The cost-of-living crisis is undoubtedly still impacting many households and the effects of more mortgage-owners finishing fixed rate interest deals in 2024 is yet to be observed, but the falling rate of inflation has provided encouragement and optimism.



Measure	Relative score (January 2024)	vs. December 2023
<u>Personal financial situation:</u> during last 12 months over next 12 months	-12 0	2 points higher 2 points higher
<u>General economic situation:</u> during last 12 months over next 12 months	-41 -21	3 points higher 4 points higher
Major Purchase Index	-20	3 points higher
Savings Index	27	Equal

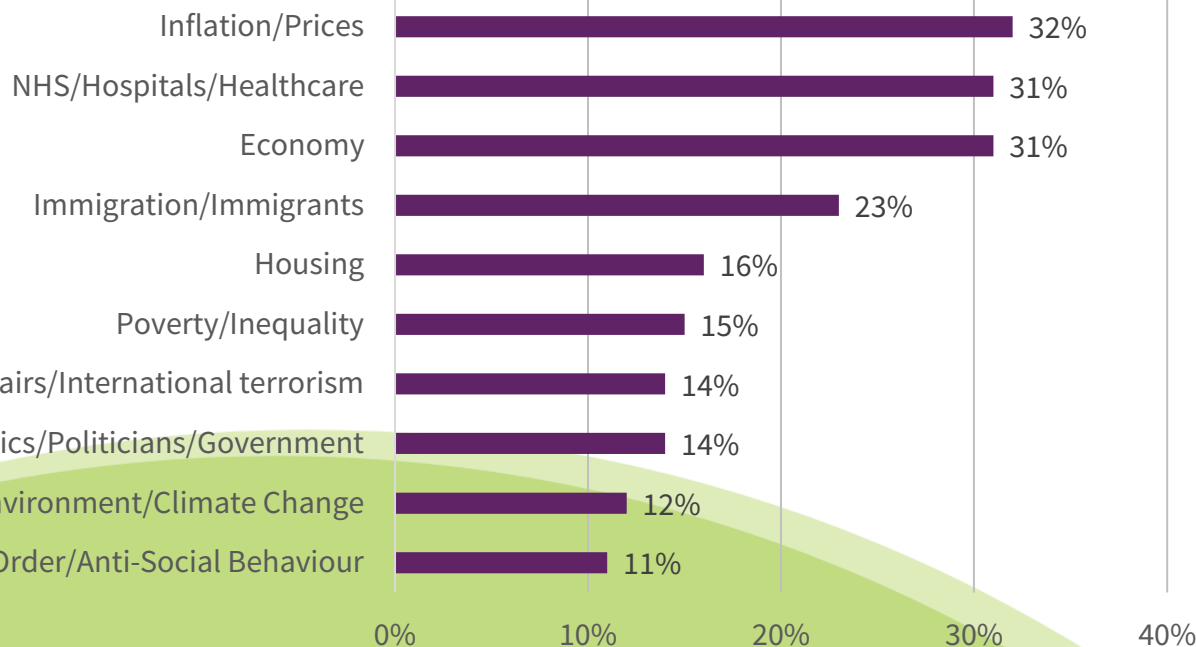
*this is 3 points higher than Dec 2023

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.**

Consumer Issues Tracker: January

In January 2024, there were 3 top issues concerning the public and mentioned unprompted by almost one third of British adults - the rate of inflation and the economy which have dominated concern for much of the last year; but also the NHS/Hospitals/Healthcare, which jumped up two places. Strike action, increased wait times for treatments and services and overall mounting pressure on the institution has been subject of widespread media and are of great concern to the public. Concern for Defence and Foreign Affairs also rose 3 positions within the Index in response to the tensions around the Red Sea and Israel, the highest level of concern for this issue since July 2022.

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

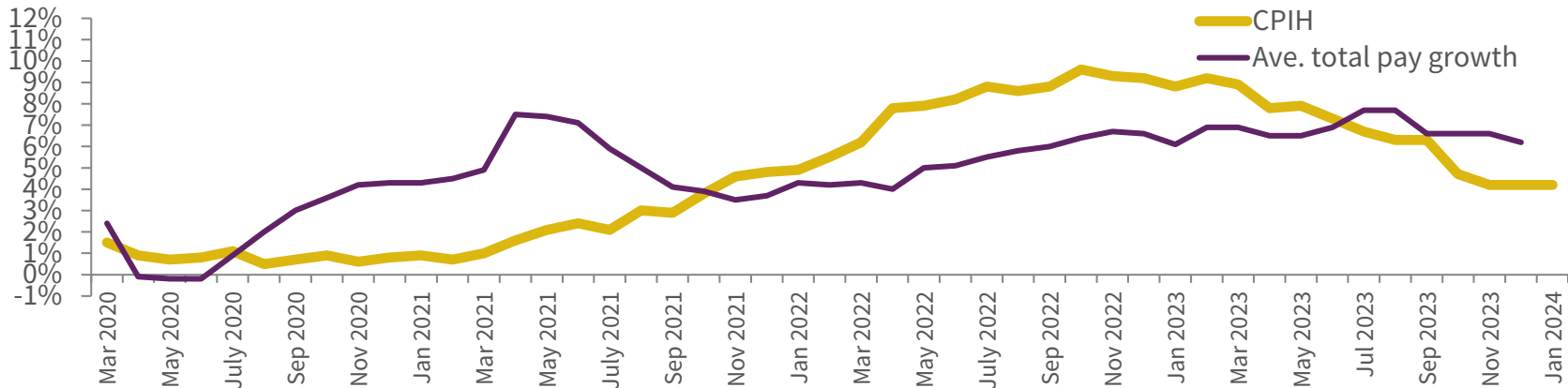


Change since Dec:	
%	Position
-2	=
+3	↑+2
-	=
-6	↓-1
+1	=
+1	=
+7	↑+3
+2	↑+1
-1	↓-1
+4	=

Inflation and Wages



We explore some key indicators of the position of the UK economy, such as the consumer Prices Index including owner occupier's housing costs (CPIH), measured as a percentage change over a 12-month period. In addition, we also discuss the average pay growth (excl. bonuses) and the unemployment rate. The CPIH in January 2024 remained steady at 4.2%, significantly below the inflation rate a year prior (8.8%). Average pay growth (excl. bonuses) was 6.2% in December 2023 (the most recently published data); so whilst pay growth is considerably higher than two years ago, it is steadying after highs of 8% reported in June 2023, but continues to sit above the rate of inflation offering welcomed confidence and comfort to households. With the National Living Wage set to increase again in April 2024, businesses will be facing additional squeezes on profit margins. We discuss the average wage bill as a proportion of business turnover within the industry on page 20. Horticultural businesses also face challenges attracting skilled labour, and in the last quarter of 2023 the unemployment rate decreased to 3.8%, signifying the small labour pool available.



*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

CPIH inflation
4.2%

Average pay growth (Dec):
6.2%

Unemployment Rate (Oct-Dec 23)
3.8%

The growing wage bill

Staff costs as a percentage of annual turnover

	2023 Mean average	2023 Median average	2021 mean	2021 median
<u>Garden centre retailers</u>				
Overall	24%	25%	23%	23%
Garden centre	21%	19%	-	-
Café/restaurant	41%	39%	-	-
<u>Growers</u>	30%	30%	27%	25%
<u>Grower-retailers</u>	27%	25%	28%	27%

The table above presents some of the headline results from the HTA Wages & Labour Benchmarking Surveys from 2023 and 2021. Amongst garden centres, the average wage bill was 24% of turnover in 2023, representing a slight increase from 23% in 2021. However, the wage bill is a considerably larger proportion of sales within the café/restaurant (41% on average) compared to the garden centre (21%), and recruitment for roles within hospitality has been a particular challenge.

Meanwhile for growers, the wage bill was equivalent to 30% of turnover on average in 2023, representing a substantial increase from 2021 (27%). These extra labour costs are likely to have a significant impact on margins, and come on top of costs associated with the movement to peat-free growing media, cross-border trade and packaging waste regulations (e.g. EPR) to name a few. As a result, many growers are increasingly needing to look at mechanisation and automation of processes to save labour and improve efficiency.

Full benchmarking results will be available and provided to members who participated in the 2023 survey around the end of February.

Retail inflation on garden products

Our January trolley
(January 2024 vs January 2023 price inflation)



Hardy plants,
shrubs & trees
+9%



Bulbs spring/
Summer **+4%**



Garden tools
and equipment
= (0%)



Growing Media
= (0%)



Garden Gloves
-2%



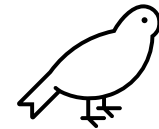
Plant Care
Products
+1%



Plastic pots
+1%



Hot Drinks
+3%



Wild bird
care
-1%

Here we look at the price of individual barcodes transacted in garden centres in January 2024 and January 2023, 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 January 2024, within our trolley, hardy plants (+9%), spring/Summer bulbs (+4%), plastic pots (+1%), plant care products (+1%) experienced price inflation, likely due to rising input and overhead costs.

In the cafés/restaurants, hot drinks experienced slight price inflation likely due to rising ingredient and staffing costs (+3%).

Growing media and garden tools and equipment (0%) maintained prices on a par with January 2023.

Meanwhile, garden gloves (-2%) and wild bird care (-1%) saw prices drop slightly as compared to January 2023, possibly due to discounting.

Retail inflation on plants

(January 2024 vs January 2023 price inflation)



Shrubs
+14%



Foliage houseplants
-4%



Herbaceous
+1%



Pack bedding **+14%**



Roses
+15%



Climbers **+7%**



Flowering houseplants
-5%



Fruit trees & bushes
=(0)%

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

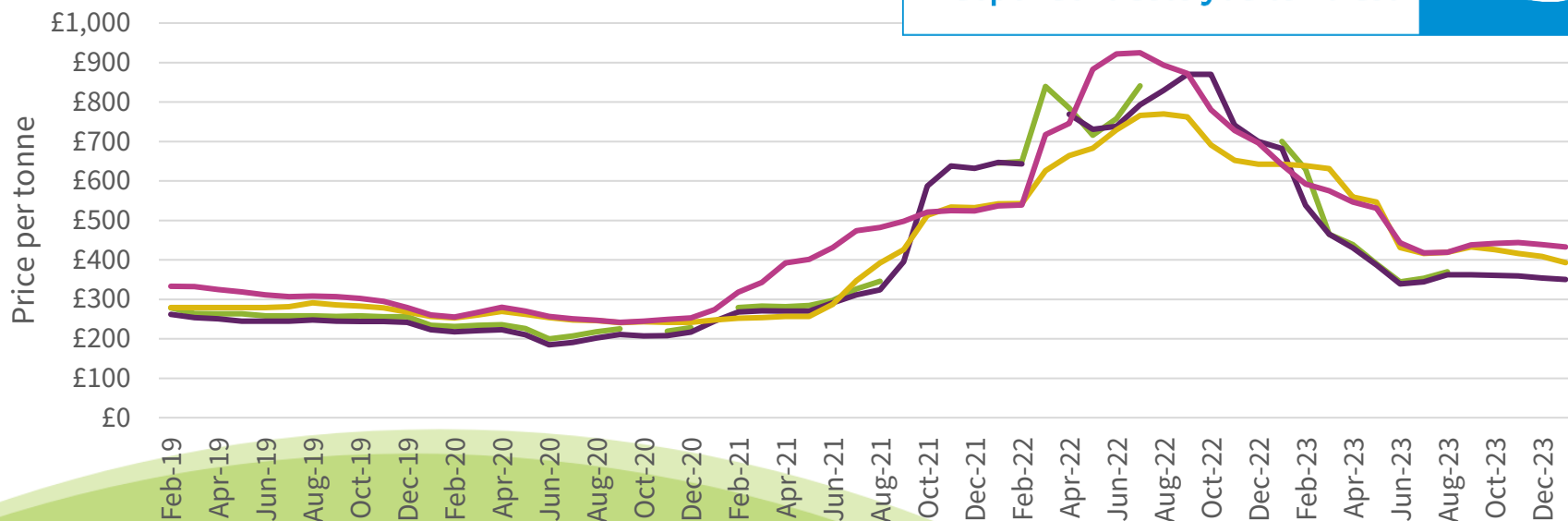
Roses (+15%), pack bedding (+14%) and shrubs (+14%) showed the biggest rise in prices year on year. This was followed by price rises in climbers (+7%) and herbaceous (+1%); with plant prices likely impacted by demand and rising overhead costs (importing fees, staffing costs etc.).

Flowering house plants (-5%) and Foliage houseplants (-4%) were the only two categories seeing reduction in prices possibly due to discounting post-Christmas, while the garden centre prices of fruit trees and bushes were on par with last year.

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. Prices have remained very stable throughout 2023 and into January 2024, but represent decreases of around 30-50% compared to the same time a year ago (January 2023). This is good news for grower businesses who are facing many other cost pressures on margins.

Accurate, timely and independent data you can trust **AHDB**



All prices are based on a price per tonne for:

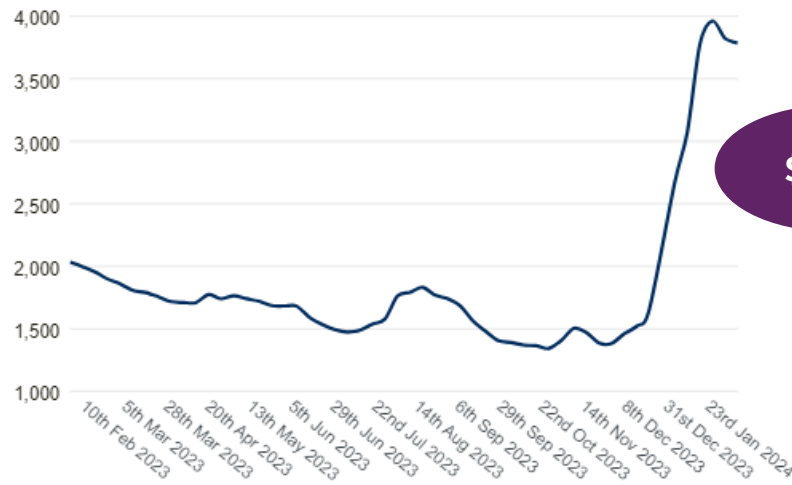
- Full load
- Standard 28-day payment terms
- Bags delivered to site price
- Spot price: prices for delivery within a month (28 days)

— 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 \$3786 for a 40ft container as of 8th Feb 2024, an increase of 90% compared to the same week of last year. Shipping routes through the Suez canal have been suspended since disturbances in the Red Sea towards the end of last year and they are being redirected through the Southern tip of Africa to avoid conflict. So as well as paying considerably more, businesses importing are facing delays. The EU's Emissions Trading Scheme's Emission Surcharge for container shipping, was introduced on the 1st Jan 2024. The EMS/ESS will affect routes that come into contact with EU ports, which will also have a knock-on effect on cost of goods. We monitor the situation as the EMS/ESS is implemented and becomes more established.

Drewry World Container Index (WCI) - 08 Feb 24 (US\$/40ft)

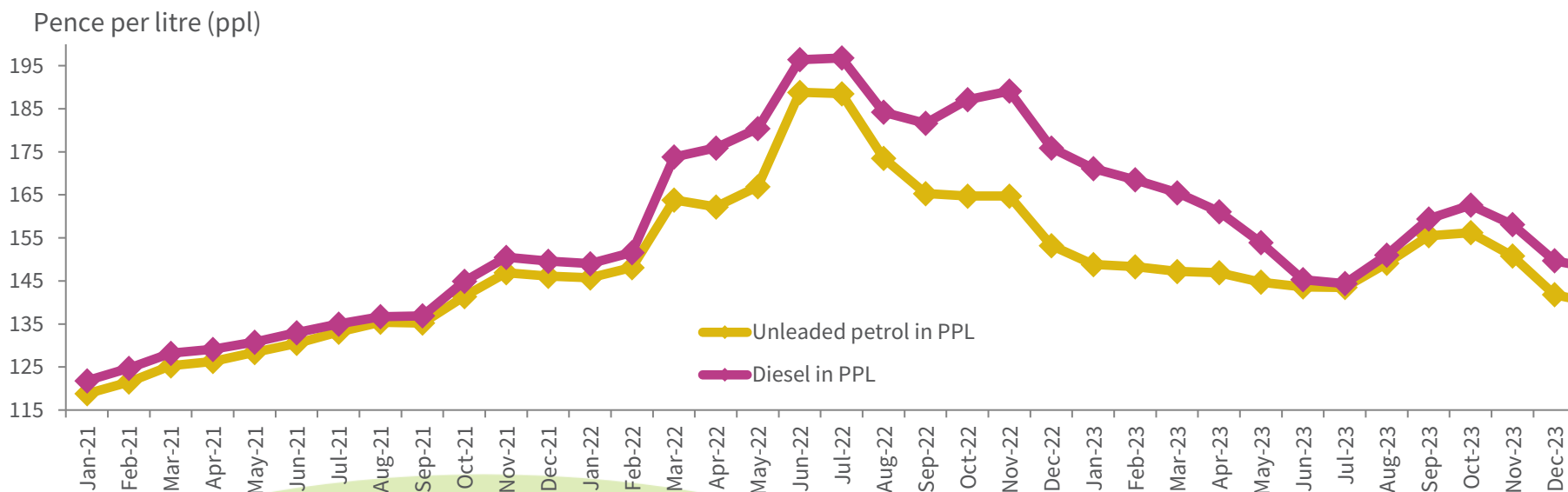


\$3786

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

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 140p/litre in January 2024, and diesel averaged at 148p/litre. The average price of petrol was the lowest seen since September 2021 and despite an upturn in prices in October 2023 due to conflict in the Middle East, both petrol and diesel prices are on a downward trajectory going into 2024. This is positive for household incomes and the rate of inflation.



Petrol (ppl):
140p

Diesel (ppl):
148p

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

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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