HTA

Market Update: August 2024

Contents

Overview

- July was a month of two halves weather-wise, with neither half any less challenging for garden centre trading. The first half of the month was cold and wet, whilst the second half saw temperatures frequently around and above 30^{0}C.
- Despite being drier and sunnier than July 2023 eventually at month end, parts of the UK experienced more than the monthly average rainfall in the first couple of weeks.
- As a result, sales of plants (hardy plants down -9% vs July 2023) and garden furniture (down -19% vs July 2023) struggled, with the latter contributing to Average Transaction Values virtually flat on July 2023 despite inflation, and down -8% on a warmer, drier July 2022.
- Overall, garden centre sales finished the calendar year to end of July up +3% compared to 2023, largely buoyed by strong performing catering and food and farm shop departments (+15% YTD), whilst garden/gardening category sales have suffered at the hands of the volatile weather (-2% YTD).
- In positive news, consumer confidence continued to improve marginally in July, to levels significantly above the year prior, meanwhile the inflation rate has stabilised at around 3%.
- This, together with the clear appeal for garden centre hospitality, is promising for footfall and spending as we head towards Autumn and Christmas preparations.

Read on for the detail...

Key Points: July

Overall July Garden Centre sales were **up +1%** vs July 2023

Catering sales were **up +9%** on July 2023

Consumer confidence improved by **1pt** and was **+17pts** above July **2023**

July 2024 had **89%** of the long-term average **sunshine hours** for July

Garden furniture sales were **down -15%** for the year to end of July 2024 vs 2023

Garden centre sales: July

Overall garden centre sales were up +1% compared to July 2023, though there was regional variation between retailers owing to the volatile weather (more on page 12). Due to July being a relatively smaller month for sales within the calendar year, any bigger movements are also on a smaller base and so exacerbate year-on-year comparisons. Majority of garden centres were around flat or slightly behind last year despite July 2023 being extremely wet and dull, with key events this year like Euro 2024 and exceptionally hot weather likely impacting footfall. Garden/gardening sales were down -2% compared to July 2023, whilst non-garden/gardening sales (+4%) were boosted by food hall/farm shop and catering sales, despite café/restaurant sales seemingly slowing (more on page 10). Overall sales were flat compared to July 2022 which saw the tail-end of COVID restrictions, however garden/gardening sales were down -13% compared to 2022, likely heavily impacted by garden furniture sales (see page 9) and the repercussions of the pulling forward of replacement cycles.

	Overall	Garden / gardening	Non-garden / gardening
July 2024 vs **July 2023**	+1%	-2%	+4%
July 2024 vs **July 2022**	= 0%	-13%	+21%

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 our HTA Garden Retail Monitor (GRM) systems. We have an EPOS-based system where sales data from submitting garden centres is automatically uploaded to a secure server; and a manual-entry version to which we cross-reference the figures. Participating garden centres can then login to a 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 EPOS 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**

Source: HTA Garden Retail Monitor

Garden centre sales volumes: July

Overall garden centre sales were up +1% by value and up +2% by volume. Within this, garden/gardening sales were down -2% by value yet up +3% by volume, likely as sales of bigger ticket garden furniture continued to be impacted by poor weather and subject to discounting. On the other hand, non-garden/gardening sales were up +4% by value but only up +2% by volume, suggesting these categories were subject to higher levels of price inflation (see page 20). Compared to July 2022, sales were flat by value but up +10% by volume, and this differential was heavily driven by garden/gardening categories. This reflects baskets in July 2024 being of lower value on average as compared to 2022 (see page 7 for ATV analysis) which was again likely due to slower sales of bigger ticket items like garden furniture (see page 9).

July 2024 vs July 2023	Overall	Garden/gardening	Non-garden/gardening
Value of sales (£, exc. VAT)	**+1%**	**-2%**	**+4%**
Volume of sales	**+2%**	**+3%**	**+2%**

July 2024 vs July 2022	Overall	Garden/gardening	Non-garden/gardening
Value of sales (£, exc. VAT)	**= 0%**	**-13%**	**+21%**
Volume of sales	**+10%**	**-4%**	**+19%**

Source: HTA Garden Retail Monitor

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

Despite challenging weather conditions and events such as Euro 2024 competing for consumers' leisure time, transaction numbers in the garden store (i.e. all categories excluding catering across both physical and web stores) remained relatively stable (-1%) compared to July 2023. Transactions were up +3% on July 2022 despite overall sales faring on par, reflecting the lower ATV (-8%) and weakened garden furniture sales (page 9) compared to two years ago. The ATV in the garden store for July 2024 was £27.44 (exc. VAT), a similar figure to July 2023 (+1%).

Transaction Numbers: Garden Store

-1%

JULY 2024 vs JULY 2023

+3%

JULY 2024 vs JULY 2022

Average Transaction Values (ATVs): Garden Store

exc. VAT
£ 27.44

inc. VAT
£ 32.22

JULY 2024

VS JULY 2023 (exc. VAT)	VS JULY 2022 (exc. VAT)
+1% (£27.16)	-8% (£29.84)

Source: HTA Garden Retail Monitor

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

In line with garden store transactions and slower catering sales growth compared to the precedent set in the first half of 2024 (more on page 10), transaction numbers to the garden centre cafés/restaurants were down -3% versus July 2023. This is likely a result of consumers opting to stay cool at home in the extreme temperatures. The ATV was up +2% to £11.90, however price inflation is a factor in this, as our analysis (see page 20) shows prices of hot drinks and hot food were up +3% and +2% respectively compared to July 2023.

Transaction Numbers: Café/restaurant

-3%

JULY 2024 vs JULY 2023

+24%

JULY 2024 vs JULY 2022

Average Transaction Values (ATVs): Café/restaurant

exc. VAT

£ 11.90

inc. VAT

£ 14.22

JULY 2024

VS JULY 2023 (exc. VAT)	VS JULY 2022 (exc. VAT)
+2% (£11.70)	+10% (£10.81)

Source: HTA Garden Retail Monitor

Garden centre sales: July garden/gardening breakdowns

In July 2024, garden/gardening departments overall were down -2% on July 2023, with sales of plants and seeds suffering at the hands of the weather.

However, sales of associated core gardening products like tools and equipment, plant care, and garden features (+8%) performed well. BBQs and heating sales were given a boost (+28%) by the warmer end to July 2024, as compared to the wet July of 2023.

In year-to-date comparisons though BBQs & heating sales remain down -4%, along with other outdoor living categories like garden furniture (-15% year to date, -51% vs July 2022), playing into average transaction values.

Category	July 2024 vs 2023	YTD July 2024 vs 2023	July 2024 vs 2022
Bedding plants	= 0%	-2%	+9%
Hardy plants, shrubs & trees	-9%	-7%	+3%
Indoor plants	-12%	= 0%	+3%
Seeds (excl. grass seed)	-3%	+3%	+10%
Plant care products	+8%	+3%	+4%
Garden tools & equipment	+8%	-2%	-20%
Garden features & structures	+8%	+8%	-10%
Outdoor containers	+3%	+2%	+16%
Garden Furniture	-19%	-15%	-51%
BBQ and Heating	+28%	-4%	-30%

YTD – Calendar year to end of July

Source: HTA Garden Retail Monitor

Garden centre sales: July non-garden/gardening breakdowns

In July 2024, non-garden/gardening department sales overall were up +4% compared to July 2023.

Indoor living, gifting, wild bird care and pets category sales were all behind July 2023. However, food and farm shop (+11%) and catering (+9%) continued to provide extra incentive for customers to visit, albeit seemingly showing slower growth than we have seen throughout the first half of 2024, likely as a result of extreme weather and events like Euro 2024 competing for consumers' weekend leisure time.

Year-to-date comparisons show catering and food and farm shop sales as up 15% on the calendar year to end of July 2023, highlighting the importance of less weather-dependent ranges as part of the garden centre offering.

Category	July 2024 vs 2023	YTD July 2024 vs 2023	July 2024 vs 2022
Indoor living & homewares	**-14%**	**+1%**	**-5%**
Gifting	**-1%**	**+4%**	**+4%**
Wild bird care	**-5%**	**+12%**	**+4%**
Pets	**-6%**	**+4%**	**+16%**
Food & farm shop	**+11%**	**+15%**	**+27%**
Catering	**+9%**	**+15%**	**+48%**

YTD – Calendar year to end of July

Source: HTA Garden Retail Monitor

Garden centre sales: calendar year to end of July

Overall garden centre sales were up +3% by value for the calendar year to the end of July compared to 2023, and up +2% on the same period in 2022, continuing the trends seen at the end of June. A poorer garden/gardening season with plant and outdoor living sales impacted by weather (-2% vs 2023), buoyed by strong demand for catering and farm shop offerings (non-garden/gardening +11%) paints the picture of 2024 to date, as we approach Autumn gardening season and preparations for Christmas.

	Overall	Garden / gardening	Non-garden / gardening
Calendar year to end of July 2024 vs **2023**	+3%	-2%	+11%
Calendar year to end of July 2024 vs **2022**	+2%	-7%	+19%

(Figures reported are exclusive of VAT)

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

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

Source: HTA Garden Retail Monitor

Weather

July 2024 was a month of two halves in terms of weather, and the UK is increasingly experiencing volatile weather with more 'very hot' and 'very wet' days. The first half of the month saw temperatures consistently below average for the time of year (-2^{0}C below average). It was however very wet, with parts of south and northeast England experiencing over 100% of the monthly average rainfall by mid-month. In contrast, the second half of July was considerably warmer and drier, with temperatures ending the month only -0.5^{0}C below the July average. Overall, UK rainfall also ended up average for the time of year, though southern England was considerably wetter than average (129%). Notably, July 2024 was considerably drier than July 2023, which was the 6th wettest ever July for the UK, and wettest ever for Northern Ireland, which will be reflected in garden centre sales comparisons year-on-year.

	July 2024	July 2023
Hours of sunshine	153.7	141.4

	July 2024	July 2023
Rainfall (mm)	82.4	141.9

	July 2024	July 2023
No. of rain days	12.4	17.9

	July 2024	July 2023
Mean temperature (Celsius)	14.8	15.0

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	14.8	153.7	82.4
South England	16.5	191.1	77.5
North England	15.2	157.9	82.0
Wales	14.6	150.8	88.7
Scotland	12.8	119.2	87.3
Northern Ireland	14.0	105.9	77.0

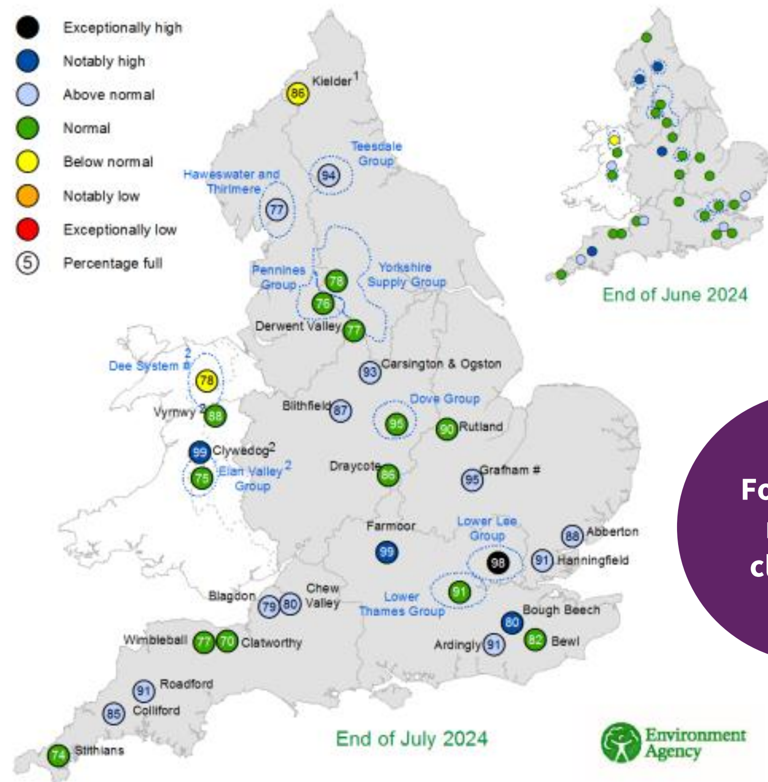
Whilst the south of England was wetter than average, Scotland and Northern Ireland had around half the rainfall of July 2023 and were slightly drier than average. Sunshine duration overall across the UK was only 89% of average July sunshine hours.

Source: MET Office

Current reservoir levels

Reservoir levels in England continued to be at very high levels of capacity through July (84%), again reflecting the adverse weather conditions that have affected the garden trade.

Although clearly the rainfall over spring has done few favours to the garden industry, the reservoir position is a marked improvement on the situation of a year ago where temporary use bans (aka hosepipe bans) were increasingly starting to affect demand and prospects for the industry, particularly for domestic landscaping projects.



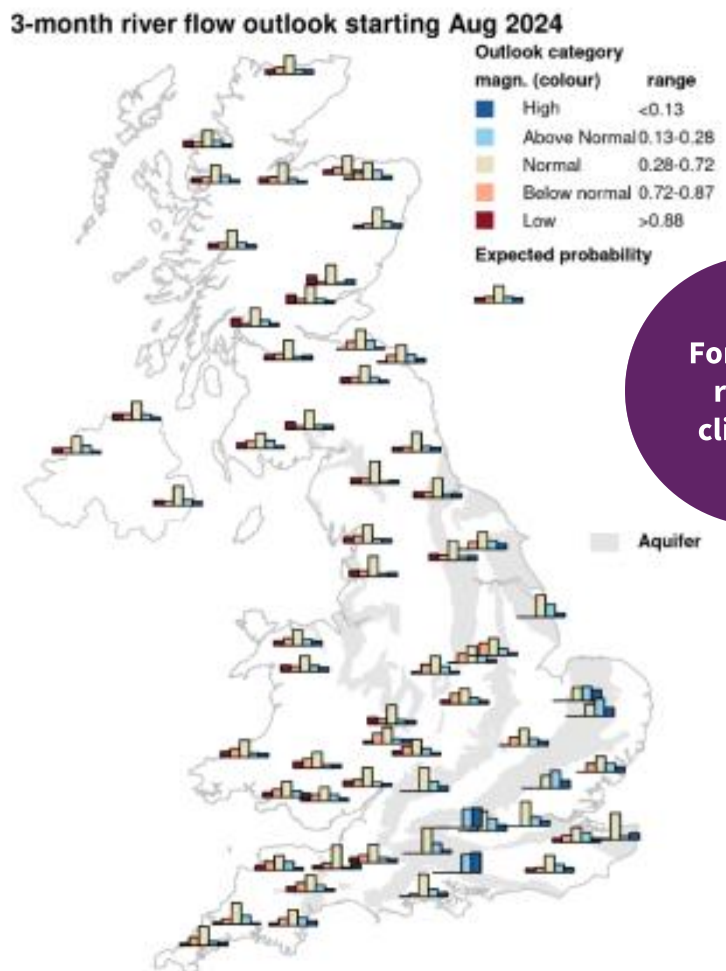
For the full reports click here

Source: Environment Agency

Forecast river flows

River flows over the next three months (to end October) are forecast to be at normal to below normal levels across western parts of the UK, with some catchments in southeast and south-central England likely to have higher than normal flows.

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.



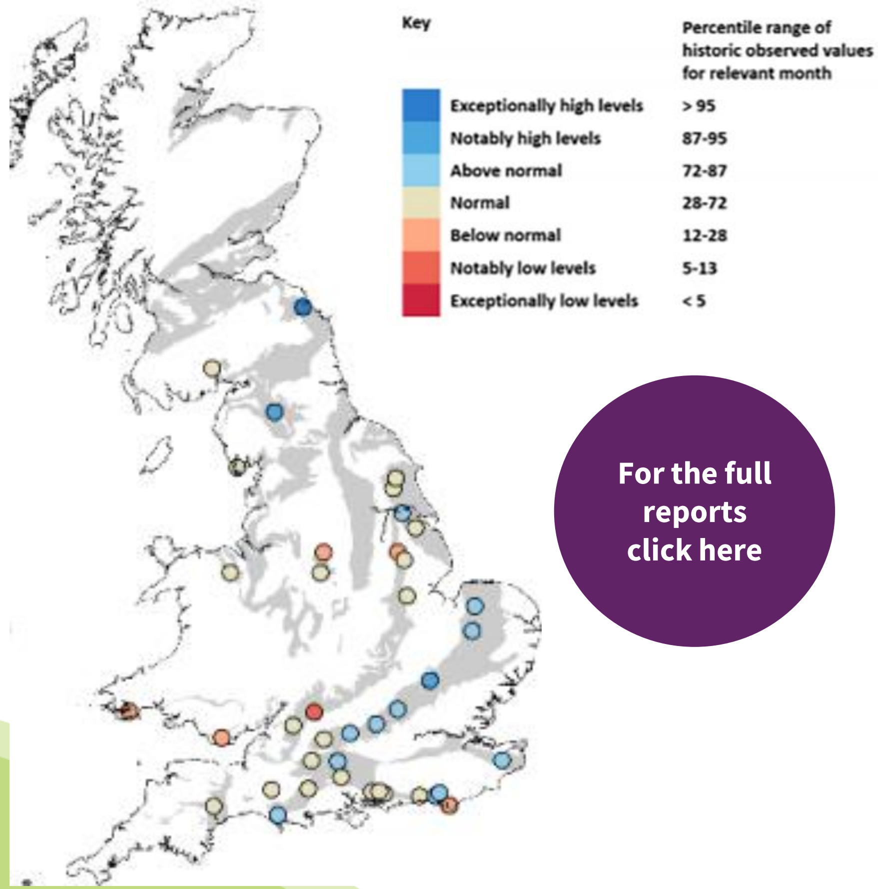
For the full reports click here

Source: Centre for Ecology and Hydrology

Forecast groundwater levels

Under median rainfall conditions, groundwater levels are predicted to range from notably low to normal across much of the Southwest, to above normal to notably high across eastern parts of the UK in the next 3 months. This is a positive situation given the southeast is typically the most water-stressed region.

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

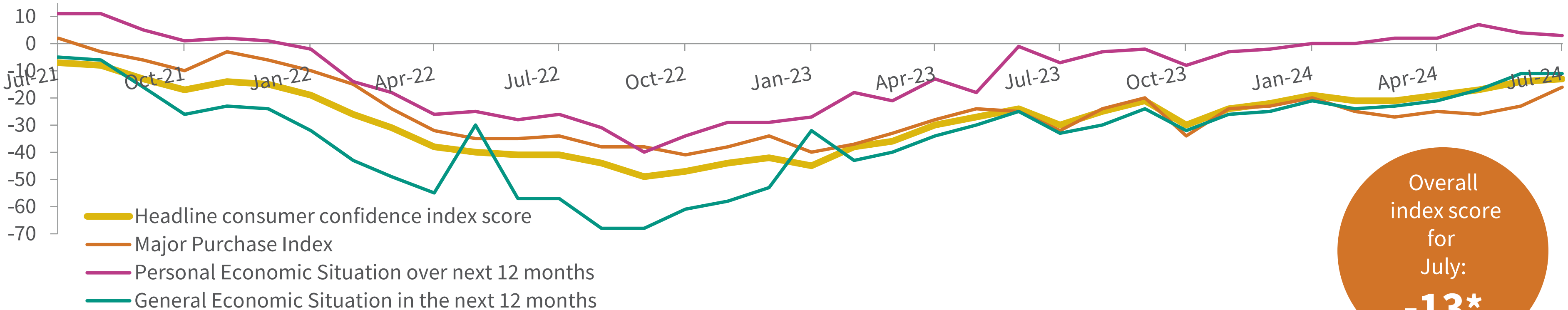


For the full reports click here

Source: Centre for Ecology and Hydrology

Consumer confidence

Consumer confidence increased by one point in July 2024 to -13 in the fourth consecutive month of improvement, to reach levels 17 points above July 2023. The Major Purchase Index increased by 7 points which could be positive news for footfall in the coming months. Consumers also viewed their personal finances over the last 12 months in the most positive light since January 2022, but views on the UK's wider economy have stalled from June, as consumers wait to see how the new government will affect the economy and their personal finances over the coming year.



Overall index score for July:
-13*

*this is 1 point higher than June 2024

Measure	Relative score (July 2024)	vs. June 2024
Personal financial situation: during last 12 months **over next 12 months**	-8 **+3**	2 points higher **1 point lower**
General economic situation: during last 12 months **over next 12 months**	-32 **-11**	Equal **Equal**
Major Purchase Index	-16	7 points higher
Savings Index	27	5 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.**

Base: 2,011 UK Individuals aged 16+, interviewed 28th June – 12th July 2024

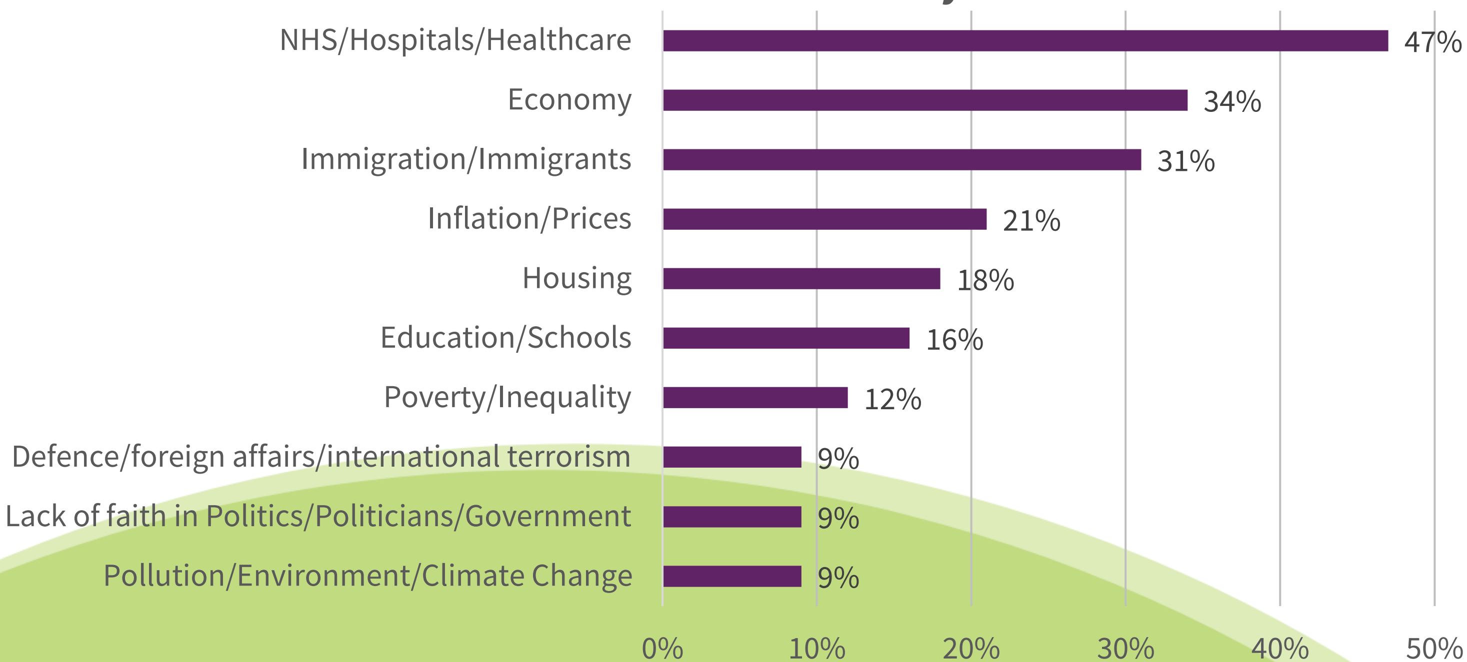
Click to view the full summary

Source: GfK

Consumer Issues Tracker: July

July's Issues Index was conducted immediately after the 2024 General Election, and so it reveals a big increase in the proportion of British adults seeing the NHS as the biggest issue facing the country (47%) as manifestos centred on funding pledges. This is the highest level of concern post- COVID-19 pandemic. The economy and immigration complete the top three issues again. Fieldwork was completed prior to the riots relating to immigration across the UK at the end of July, but this is the highest concern recorded for immigration since January 2017 (31%). Concern for inflation fell to its lowest level since March 2022 (21%).

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



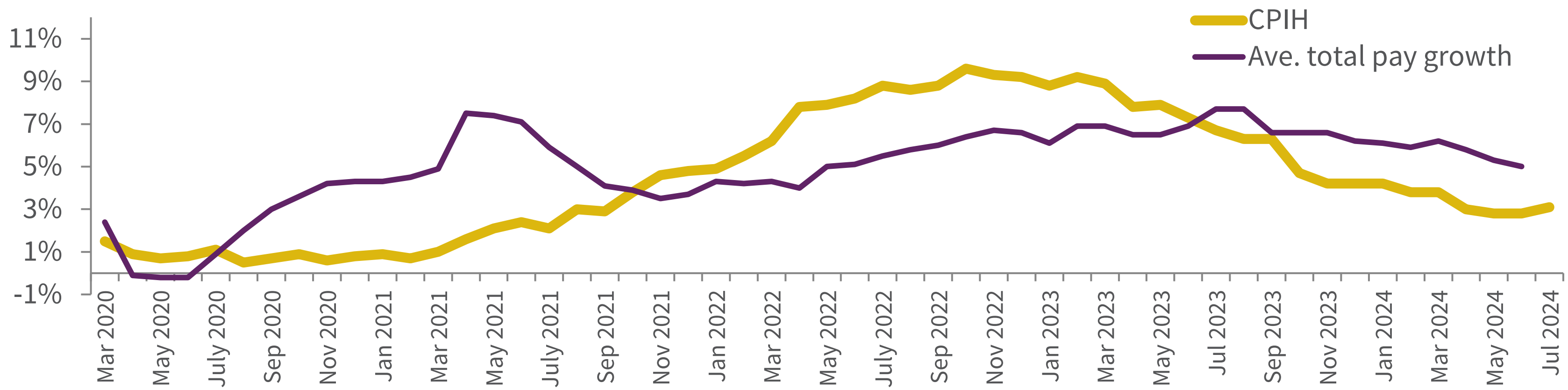
Change since June:	
%	Position
+6	=
+1	=
+1	=
-8	=
+1	=
=	=
=	=
-3	↓-1
-3	↓-1
=	↑+3

Base: 1,009 British adults aged 18+, 5th-10th July 2024

Source: Ipsos

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. We report on the latest CPIH rates available at the time of publication. The CPIH rate in July 2024 increased slightly to 3.1%. However, this still reflects inflation levels significantly below the peaks seen at the end of 2022, which is good news consumers and their finances. Average pay growth (excl. bonuses) was 5.0% in June 2024 (the latest available data), representing a continued pattern of decline but remaining above the rate of inflation which is positive for disposable incomes and consumer confidence. The unemployment rate decreased to 4.2% in the three months to June 2024, a figure that has generally remained stable over time and signifies a small available labour pool, which in itself can have an inflationary effect on wages as employers struggle to fill vacancies.



*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 (July) **3.1%**

Average pay growth (Jun): **5.0%**

Unemployment Rate (Apr-Jun 2024) **4.2%**

Source: gov.uk

Retail inflation on garden products

Our July trolley

(July 2024 vs July 2023 price inflation)

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

Bedding plants **= +2%**

Garden tools and equipment **= (0%)**

Growing Media **= (0%)**

Lawn care **= (0%)**

Garden Gloves **-1%**

BBQs & heating **= (0%)**

Plant Care Products **= (0%)**

Garden furniture **= (0%)**

Hot Drinks **+3%**

Here we look at the price of individual barcodes transacted in garden centres in July 2024 and July 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 July 2024, within our trolley hardy plants, (+3%) and bedding plants (+2%) experienced price inflation, likely due to rising input and overhead costs. Similarly, in the cafés/restaurants, hot drinks saw price inflation (+3%).

Like June 2024, the garden gloves saw slight drop in prices (-1%) in July 2024 as well. The drop may be attributed to retailers needing to discount products to shift stock as the bad weather reduced footfall and demand.

Garden furniture, BBQs and heating, garden tools and equipment, lawn care and plant care products as well as growing media, all maintained prices on a par with July 2023.

Source: HTA Garden Retail Monitor

Retail inflation on plants

(July 2024 vs July 2023 price inflation)

Shrubs **+3%**

Foliage houseplants **= (0%)**

Herbaceous **+4%**

Pack bedding **-1%**

Roses **+8%**

Climbers **+3%**

Flowering houseplants **-1%**

Fruit trees & bushes **+3%**

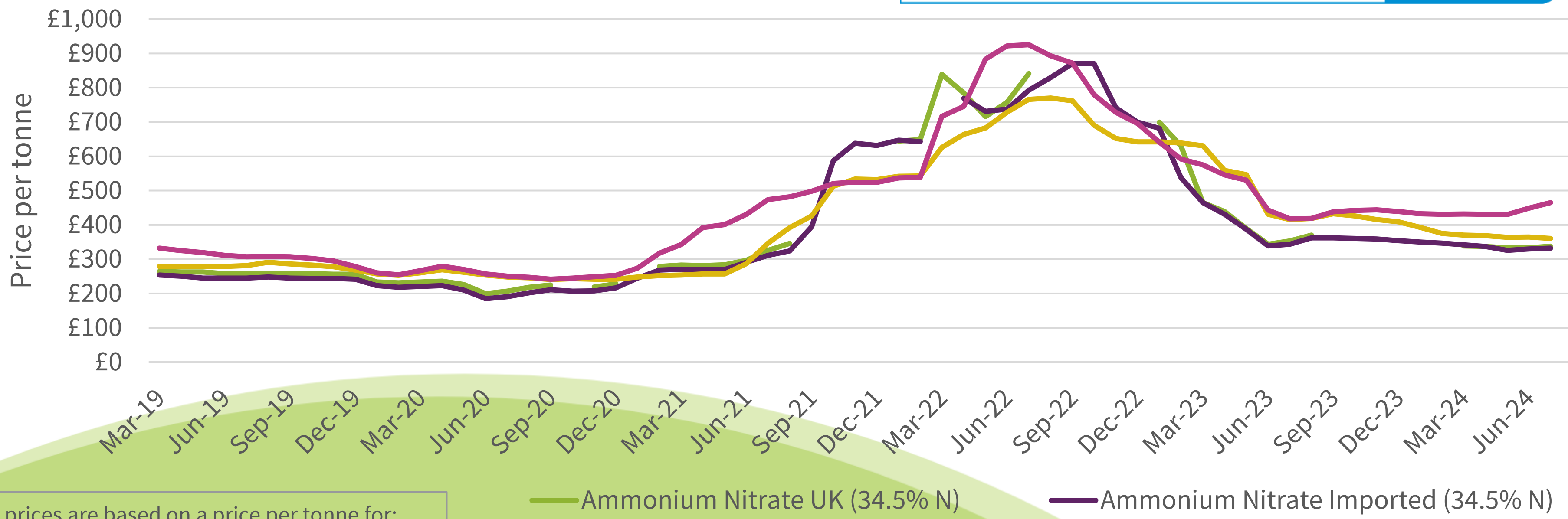
Here we look at retail price inflation across some of the plant categories specifically.
Roses (+8%), herbaceous (+4%), fruit trees (+3%), shrubs (+3%) and climbers (+3%) showed the biggest rise in prices year on year in the garden centre channel likely due to higher overhead costs (i.e. energy, labour, inputs).

Pack bedding (-1%) saw slight price drop in July 2024, most likely as retailers discounted in order to move stock through, faced with subdued demand due to weather (pot bedding prices were by contrast slightly higher at +1%). Flowering house plants (-1%) saw reduction in prices consistent with previous month (June 2024) data which also showed minor price reductions. Whereas foliage houseplants maintained their prices on par with July 2023.

Source: HTA Garden Retail Monitor

GB Fertiliser Prices

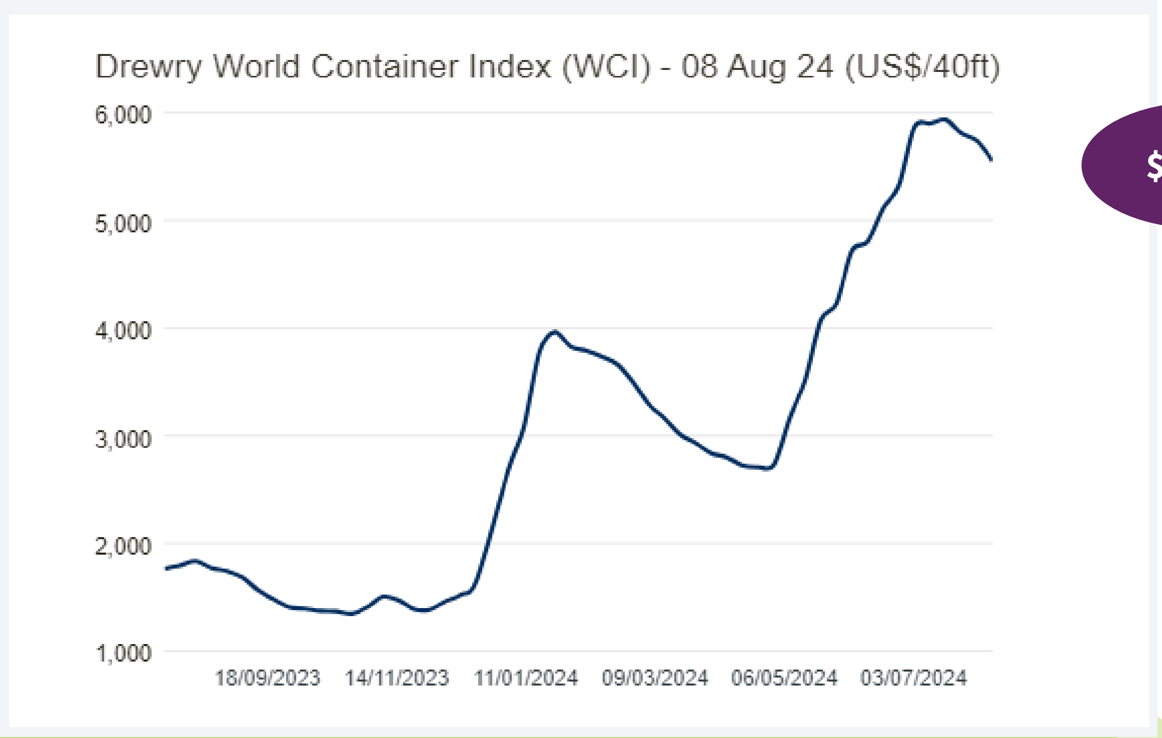
Fertilisers are a major input cost in plant production and rising costs increase the likelihood of squeezed margins through the supply chain. Using data supplied by the AHDB, the below graph shows how straight fertiliser prices have changed since 2019. Whilst those included are not typically used in 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. Overall fertiliser costs have remained (comparatively) stable over the last year. In July, Ammonium Nitrate, and Muriate of Potash prices per tonne were around -4% and -13% lower than July 2023 respectively. However, prices remain above levels of early 2021. Triple Super Phosphate prices saw an increase in July, to +11% above July 2023.



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)

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 $5,551 for a 40ft container as of 8th August 2024, compared with $5,901 a month previously. Although these rates are still significantly below the peaks seen in the pandemic, they remain an unwelcome cost pressure in the supply chain and significantly almost 3-times costlier than the average 2019 pre-pandemic rate. Shipping through the Red Sea remains a challenge compared with a year ago, with freight taking the longer (and costlier) route around the Cape of Good Hope. These factors coupled with increasing demand, are causing shipping companies to increase prices, and the longer this trend continues the greater the impact on goods and commodities shipped from the far east.



$5,551

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

Source: Drewry

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