Business Barometer Q2 2025 Results

State of trade update (April – June)

Summary

- This report presents the findings from our Q2 Business Barometer poll, describing how HTA & APL member businesses are currently faring.
- On average, HTA & APL members were -0.1% behind sales budget and -0.5% behind net profit for Q2 2025. However, 65% of members said that they were on-par with or ahead of their expected profits, with strong retail sales across spring 2025 having provided relief across the supply chain.
- Following outstanding sales of live plants and gardening products, the sales and profit positions of retailers were ahead of budget on average. Retailers with catering were outperforming their expected profit at the end of Q2 by a larger margin than retailers without catering.
- However, our modelling of the rising costs of doing business using a £2million turnover garden centre as an example, reveals that annual turnover would need to increase by 4% in order for operating profit margins to be maintained, with operating profits facing a decrease of one third should sales stand still (see page 6).
- APL members were seemingly more impacted by market conditions and increased business costs. Landscapers were -7% behind their budgeted sales and -4.7% behind their budgeted net profit positions on average at the end of Q2 2025. Many respondents cited issues on converting quotes from potential clients, as challenging market conditions have led to consumers restricting their spending, particularly on high-value projects.
- Among retailers, growers, manufacturers, and suppliers, short-term and medium-term business outlooks were broadly level with Q1 2025, having recovered somewhat since the end of 2024. Long-term business outlooks rose considerably for a second consecutive quarter to their highest level since Q1 2024, despite the Autumn Budget changes coming into effect and the continued uncertainty surrounding the global economy. The strong retail sales across spring 2025 will have offset some of these cost pressures and helped contribute to the positive outlook.
- Among APL members, short-to-medium-confidence remained stable in Q2 2025, with a substantial recovery in long-term confidence following an all-time low in Q1 2025.

Read on for all the details…

Q1 2025 Sales and Net Profit Positions

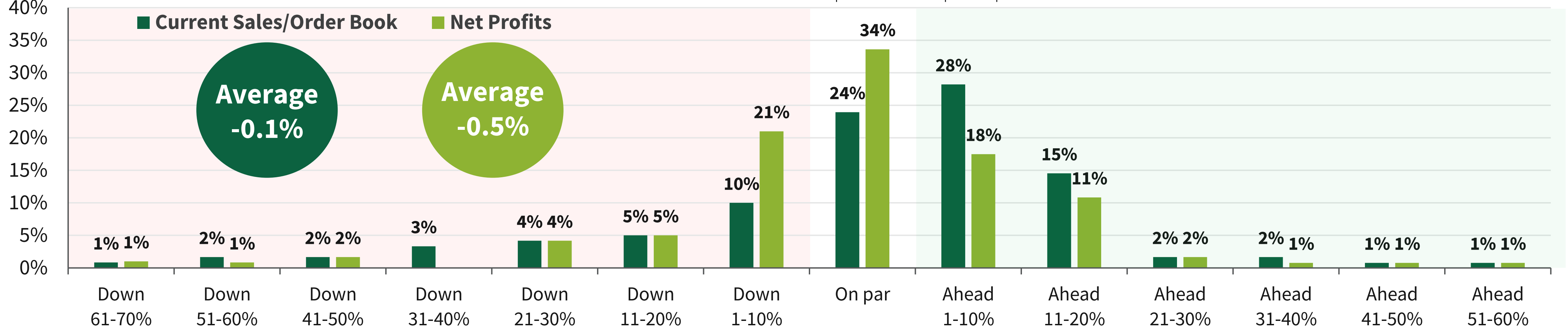
Budgeted v Actual; all HTA & APL Members

We asked members to what extent they were ahead, behind, or on-par with their expected sales and profit positions as at the end of Q2 2025. 72% of respondents said that their sales positions were on-par or ahead of their set budget, whilst 65% said that their profit positions were ahead or on target.

However, due to some members stating that they were behind their expected sales and profit positions by a greater extent, the average members' sales position was -0.1% behind set budgets, and -0.5% behind budgeted profit.

Our recent Market Update reports have highlighted the strong spring sales for garden centre retailers throughout 2025, and this is reflected in the overall strong performance relative to expected budgets. Following the Autumn Budget tax and wage rises implemented in April, many members will be reliant on meeting or exceeding their budgets, in order to absorb these new costs.

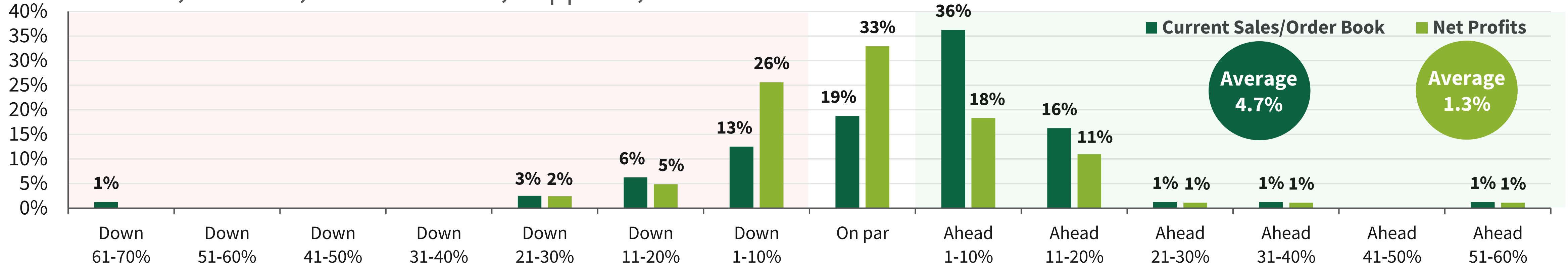
It appears those sales provided a boost across the supply chain, with 73% of all non-retailers ahead of or on-par with their budgeted sales and 63% ahead of or on par with their expected profit position. In comparison, 77% of retailers were on-par with or ahead of their expected sales, and 69% were at least on-par with their planned net profit position.



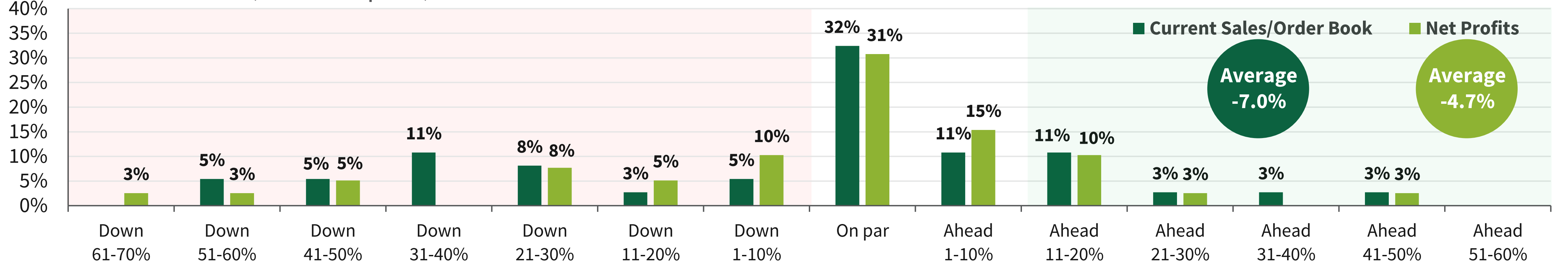
Source: HTA & APL Business Barometer Q2 2025; Base: 121 member businesses;
Note: Averages calculated using midpoints from responses.

Q1 2025 Sales and Net Profit Positions

Retailers, Growers, Manufacturers, Suppliers, and Service Providers



APL Members (Landscapers)

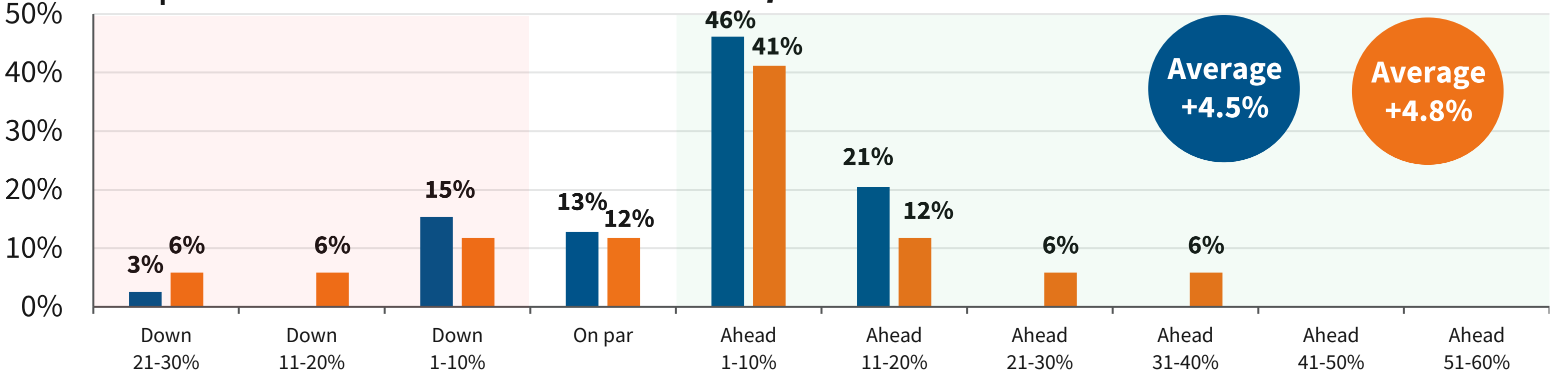


Source: HTA & APL Business Barometer Q2 2025; Base: 121 HTA & APL members
Note: averages calculated using midpoints from responses

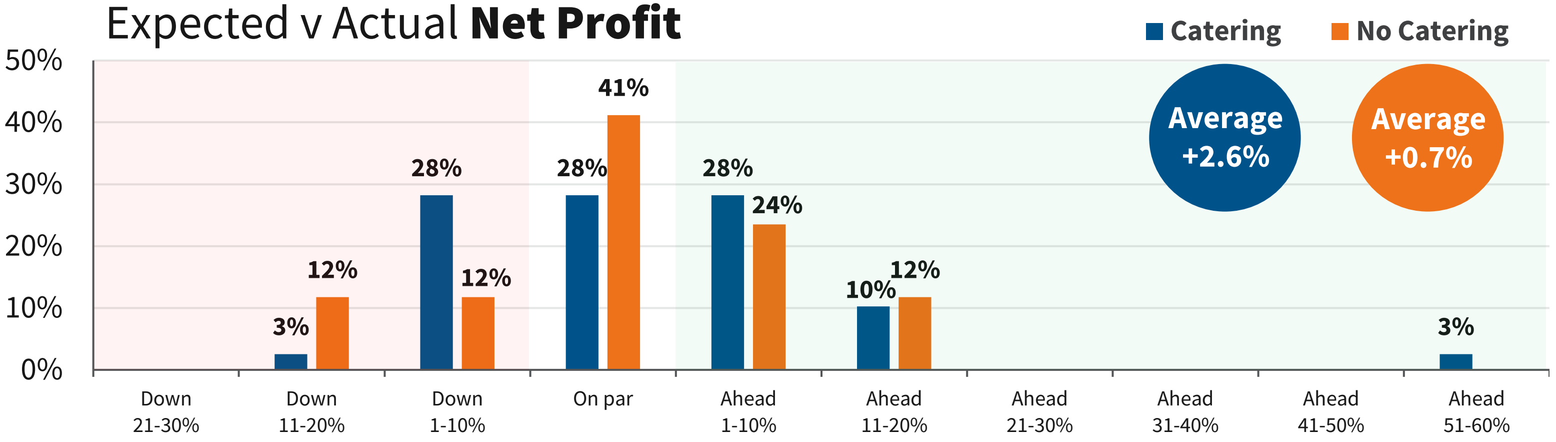
Q2 2025 Sales and Net Profit Positions

Comparing retailers with/without catering

Expected v Actual **Current Sales/Order Book**



Expected v Actual **Net Profit**



Of the retailers surveyed, 70% said they had a café or restaurant on-site. This page explores how garden centre catering affected retailers' sales and profit positions in Q2 2025.

Overall, most retailers were on-par with or ahead of their budgeted sales, regardless of whether they had a café. 80% of catering retailers and 77% of non-catering retailers were at least on-par with their budgeted sales. Retailers with catering were overperforming their sales budget by +4.5% at the end of Q2. Meanwhile retailers without catering were ahead of budgeted sales by +4.8%. These averages are within the margin of error and are not statistically significant.

A slightly greater divide can be seen in profit positions – the average profit position of catering retailers was +2.6%, whilst non-catering retailers were +0.7% ahead of budgeted profit on average.

The overall strong performance of retailers relative to their initial budgets is attributable to the exceptional sales across spring 2025. April 2025 in particular saw sales increase of over +20% on the previous year, with live plants and gardening products selling particularly well. Catering continues to drive profitability for garden centres, with the increased footfall driving a greater increase in sales across the garden centre and the cafe.

Source: HTA & APL Business Barometer Q2 2025; Base: 56 HTA retailers
Note: averages calculated using midpoints from responses

Rising cost of doing business

Modelling impacts to operating profit margins

To provide context to current sales and profit positions, the table to the right models the impacts of the rising costs of doing business using a £2million turnover garden centre as an example.

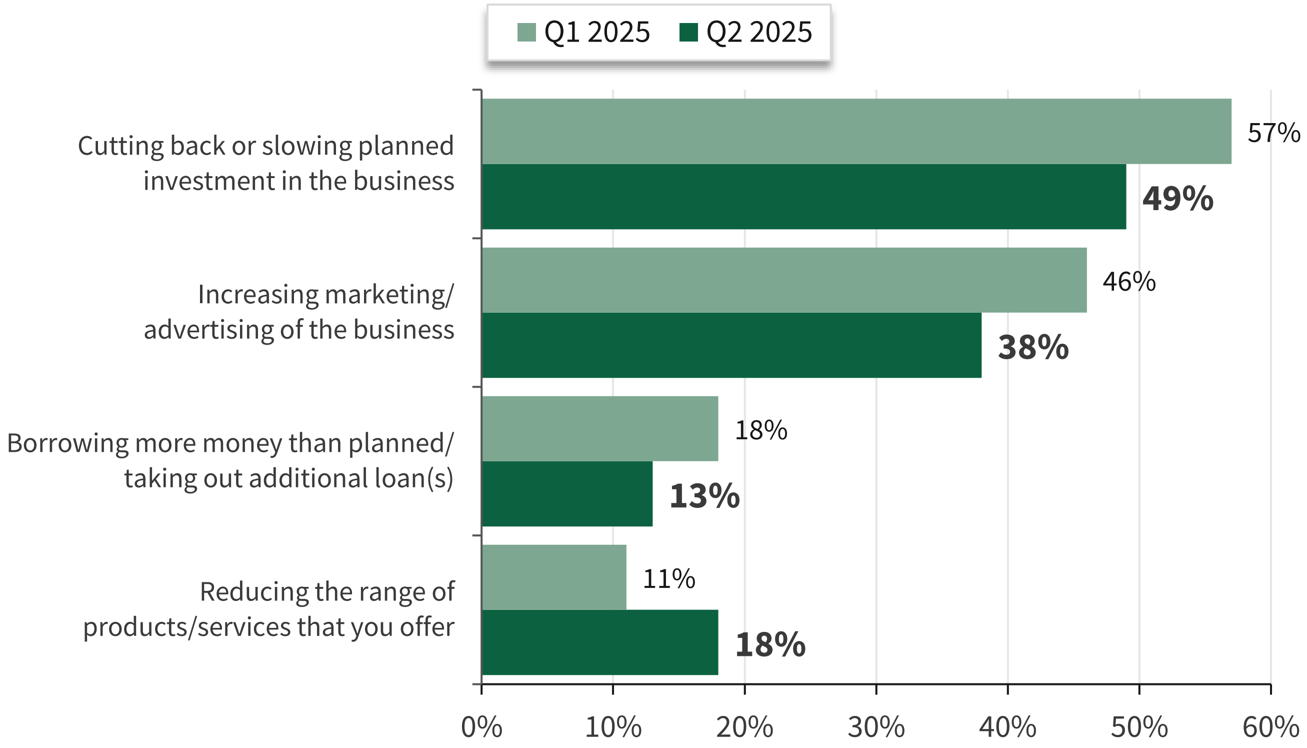
The example shows that with rising costs of goods sold, staff costs and other operating costs, the garden centre would need to increase turnover by £78,459 (or 4%) in order to maintain the same operating profit margin. Should the garden centre be unable to increase sales and turnover remained flat year-on-year, then operating profit margin would fall by almost a third (31%), from 13% to 9%.

	Notes on financials modelled	2024	Notes to modelled cost increases	2025 modelled financials
Turnover	**This example is based on a garden centre with a turnover of £2million.**	**£2,000,000**	***Turnover required to maintain 2024 operating profit margin***	***£2,078,459***
Cost of Goods Sold (COGS)	Median COGS as a % of turnover amongst garden centres: 54%	£1,080,000	*CPI/CPIH inflation has been tracking around 4%.*	£1,123,200
Wages & staff costs	Median staff costs as a % of turnover amongst garden centres: 25%	£500,000	*6.7% rise in wage costs (as a result of National Living Wage increase); increase in employer National Insurance Contributions (NICs) from 13.8% to 15% of salary costs.*	£528,859
Other operating costs (business services, energy, rent etc.)	Median operating costs as a % of turnover amongst garden centres: 33%, minus 25% accounted for by staff costs: 8%	£160,000	*CPI/CPIH inflation has been tracking around 4%.*	£166,400
Operating profit	Turnover minus all operating costs	£260,000	*Operating profit assuming turnover remained flat YOY.*	£181,541
Operating profit margin		**13%**	***Operating profit margin assuming turnover remained flat YOY.***	**9%**

Impacts of profit positions behind budgets

Actions to be taken in the next 12 months

"Is your business likely to be taking any of the following measures as a result of your profit position?"



Of the members who said that they were behind their expected profit position, two-thirds (66%) said that they planned to take action as a result.

In Q2 2025, 49% of members behind their expected profit said that they were being forced to slow down investment in their business. In Q1 2025, this figure was higher at 57%, although the difference is not statistically significant.

Meanwhile, 13% said that they expected to have to borrow money or take out loans because of their profit positions.

An increasing number of behind-budget members said that they planned to reduce the range of products and services they offered in order to cut costs. Although indicative, this may suggest that more businesses are looking to focus closely on maximising profits from their core products and services, rather than looking to diversify.

Conversely, 38% of behind-budget members said that they intended to increase spend on the marketing and advertising of their business. This was down from Q1 2025, with 46% of behind-budget members saying that they would take this action. However, due to the small sample size, the difference is within the margin of error and is not statistically significant.

Source: HTA & APL Business Barometer Q2 2025;
Base: 39 members who stated their profit position was behind budget

Business investment plans

Over the next 12 months

At the end of Q2 2025, 75% of respondents said that they "definitely" planned to make one of five different types of investment into their business (staff training; infrastructure; products/services; technology; and targeting new customers). 49% of respondents said they planned to make multiple of the possible investments into their business.

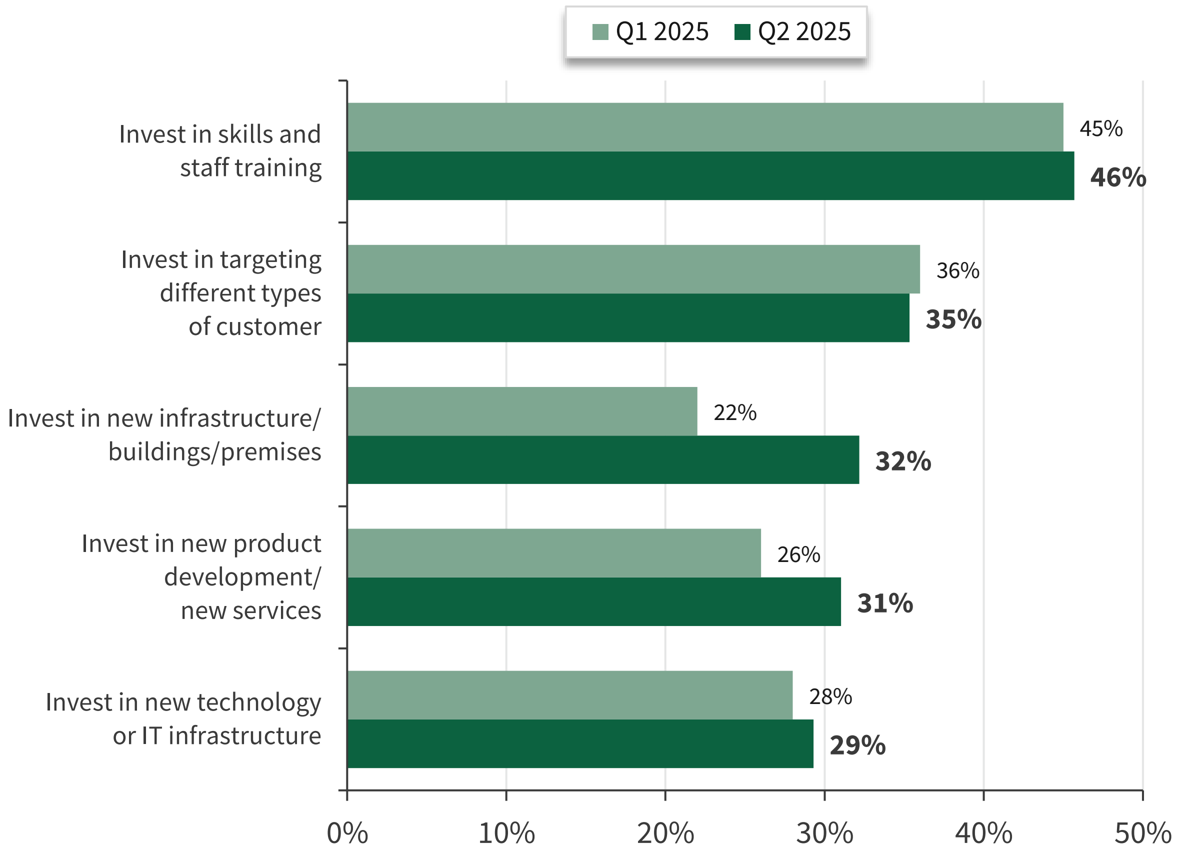
Members were most likely to say that they were investing in staff skills and training (46%), followed by investing in targeting different types of customer (35%).

Meanwhile, a similar proportion of members said that they planned to invest in new infrastructure or premises for their business, new technology, or develop new products or services within the next 12 months.

When split by business type, landscapers were the group least likely to say they planned to make an investment into their business in the next 12 months, although a majority (65%) still said they planned to.

"In the next 12 months, how likely do you think it is that your business will do the following?"

(% of respondents who answered: "yes – definitely")



Source: HTA & APL Business Barometer Q2 2025; Base: 117 HTA & APL member businesses

Business Outlook

HTA Retailers, Growers, Manufacturers, Suppliers, and Service Providers

HTA members' business outlooks for the long-term rose considerably for a second consecutive quarter, with strong retail sales over the last 6 months having given members more reason for optimism in the face of rising costs. However, confidence remains low in historic terms, with business confidence scores comparable to the "double-dip" recession in 2012.

Members were asked to state their business outlook over the short-, medium- and long-term, providing a rating for their outlook between 1 and 7.

Among HTA retailers, growers, manufacturers, suppliers, and service providers, long-term confidence rose by +0.5 for a second consecutive quarter, up to 5.1 overall. This marks the highest long-term confidence score since Q1 2024, and the rise is likely a consequence of retailers' strong spring sales, providing relief across the supply chain.

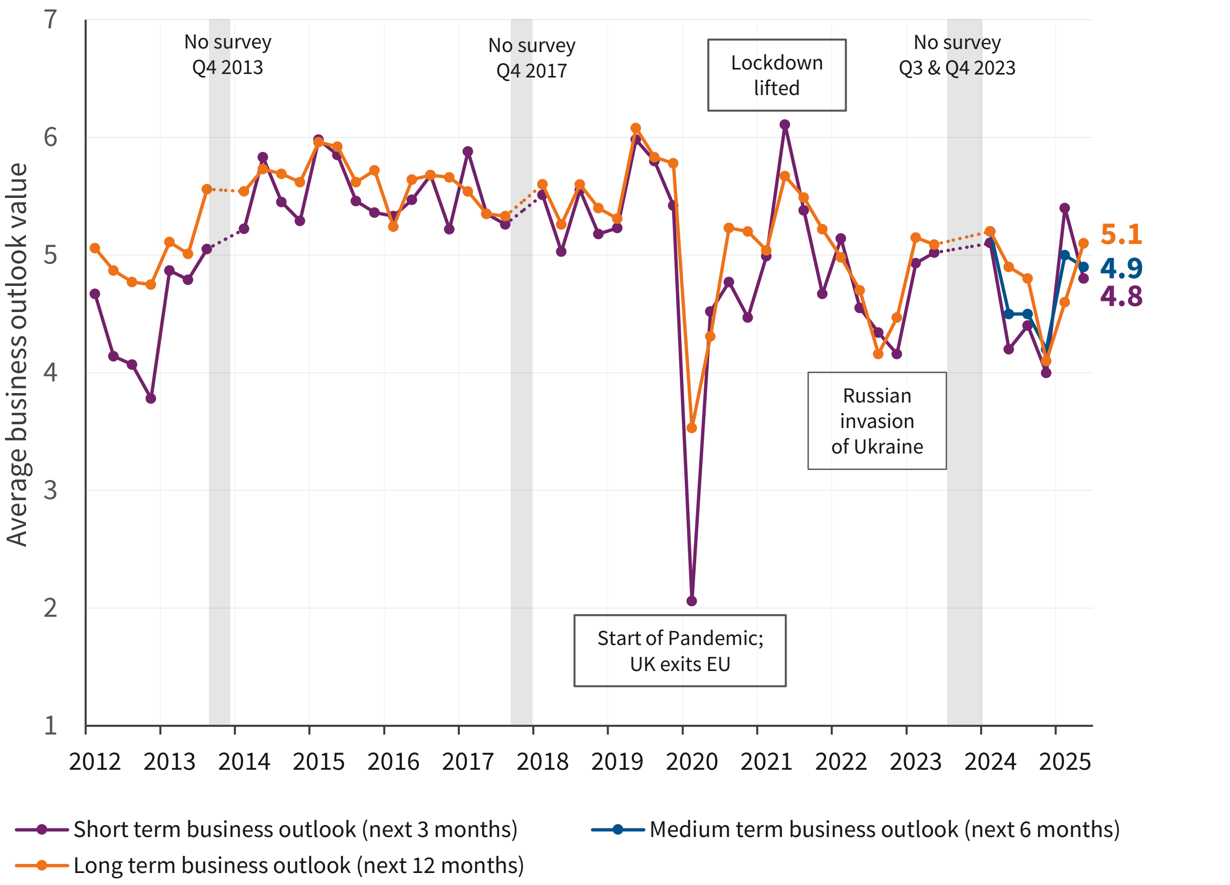
However, confidence remains relatively muted compared to previous polls, with the increased business costs, global trade uncertainty, and the knock-on effect on consumer spending continuing to cause businesses concern.

Furthermore, short-term confidence (next 3 months) in Q2 2025 fell notably from Q1 2025 from 5.4 to 4.8, following the implementation of the Autumn Budget tax and wage increases.

However, this was still notably higher than in Q2 2024 (4.2). 2024 experienced a much wetter spring, which resulted in weaker sales across the sector. Compared to 2025's outstanding spring sales, it is no surprise that short-term confidence is higher compared to the previous year.

Medium-term confidence (next 6 months) was broadly stable in Q2 2025 relative to the previous quarter, falling by -0.1 to 4.9 overall.

HTA member average business outlook (1 = very negative, 7 = very positive)



Source: HTA & APL Business Barometer Q2 2025; Base: 89 HTA members

Business outlook

APL Members

Comparatively, APL members had a more positive short-term outlook than other HTA members in Q2 2025, although mid-to-long-term outlooks were broadly similar.

Typically, APL members have a more positive outlook than the rest of the HTA membership, so while outlooks are broadly even between the two groupings, average outlooks remain reserved in historical terms.

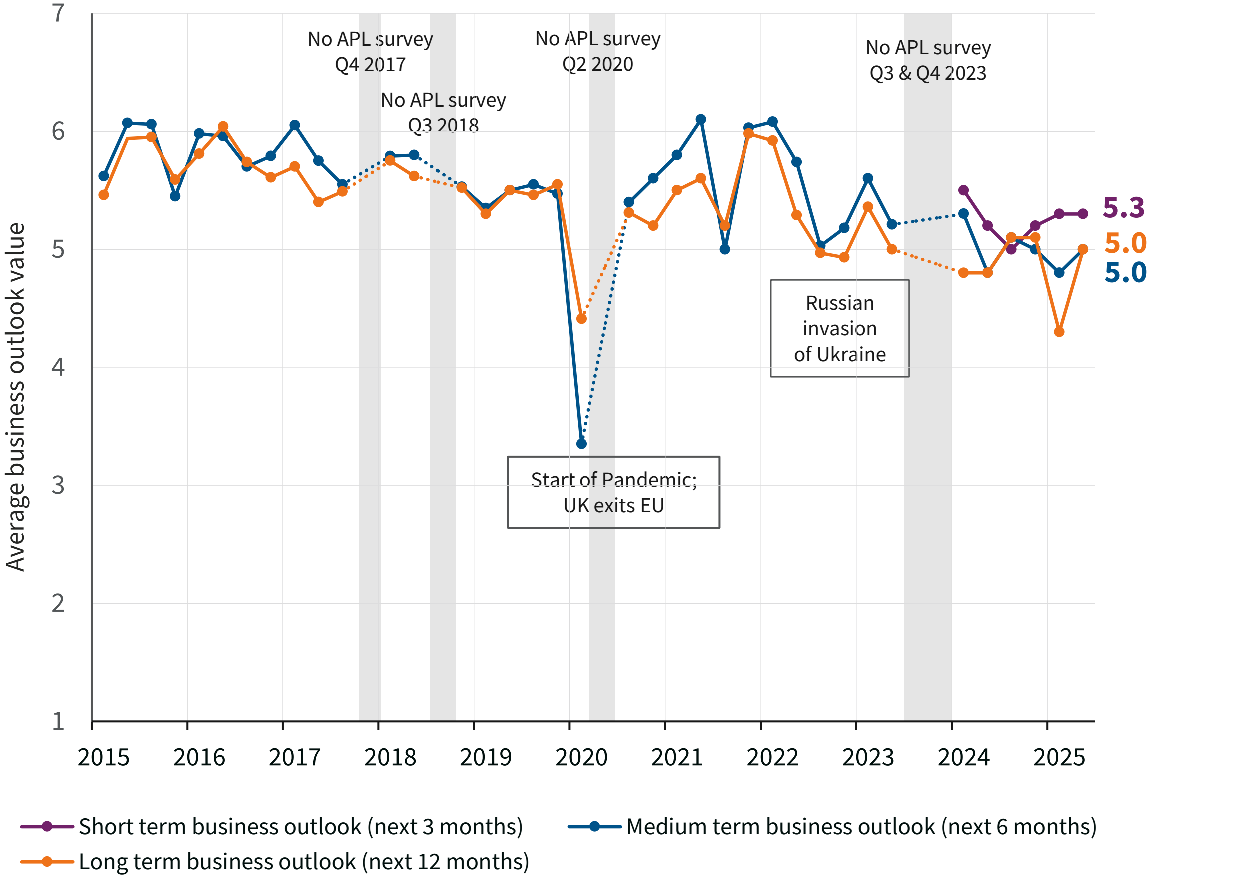
Short-term confidence among APL members in Q2 2025 remained stable on the previous quarter, at 5.3 out of 7 overall. This was also broadly level with Q2 2024.

For both the medium- and long-term, APL members registered an average score of 5. This increase in long-term confidence followed a record low recorded in Q1 2025 (4.3), although the small sample size means that the change is only indicative.

Nonetheless, many landscapers continue to face challenges in converting quotes and winning projects, given the squeeze on consumer spending. The prolonged dry weather may also be having an impact, with consumers more likely to be wary of investing in their outdoor spaces during periods of drought.

Employment law changes also pose a significant challenge to landscapers. Several respondents noted the impact of minimum wage and national insurance rises as having a detrimental effect on their outlooks, as well as an increase in them using sub-contractors to avoid higher running costs. More information on landscaper lead-times can be seen on Page 10.

APL member business outlook (1 = very negative, 7 = very positive)



Source: HTA & APL Business Barometer Q2 2025; Base: 39 APL members

Landscapers’ Lead-time for New Jobs

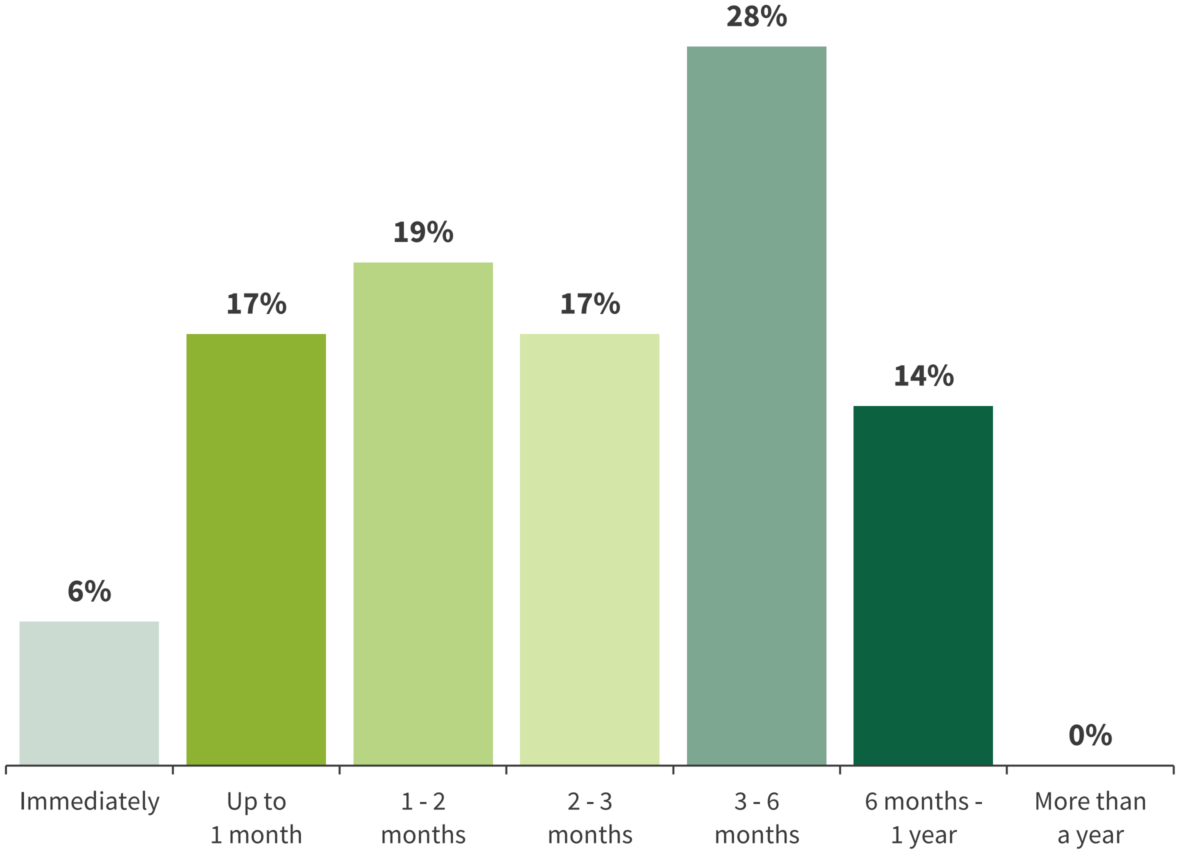
APL Members

Overall, 59% of landscapers said that they were booked for work for at least the next 2-3 months at the end of Q2 2025, with a few landscapers saying that they had space to take on new work immediately.

Compared to Q1 2025, there was a rise in the proportion of landscapers available to take on more work in the next month, up from 5% to 23%, underlining the challenges some landscapers have had in converting quotes as consumer spending has remained cautious.

On the other hand, 14% of landscapers said that they were fully booked for at least the next 6 months, whilst 42% said that they were booked for the next 3 months. This means that the average lead-time has risen since Q1 2025, although that is likely a reflection of seasonal demand rather than a change in market conditions.

With landscapers -7.0% behind their budgeted sales on average, and -4.7% behind their budgeted profit on average at the end of Q2 2025, the overall picture is more mixed for landscapers than for other HTA members. Despite the demand for work, pressure on consumer spending and higher business costs means that many landscapers are struggling to make jobs profitable.



Source: HTA & APL Business Barometer Q2 2025; Base: 36 APL member businesses

Sample Overview

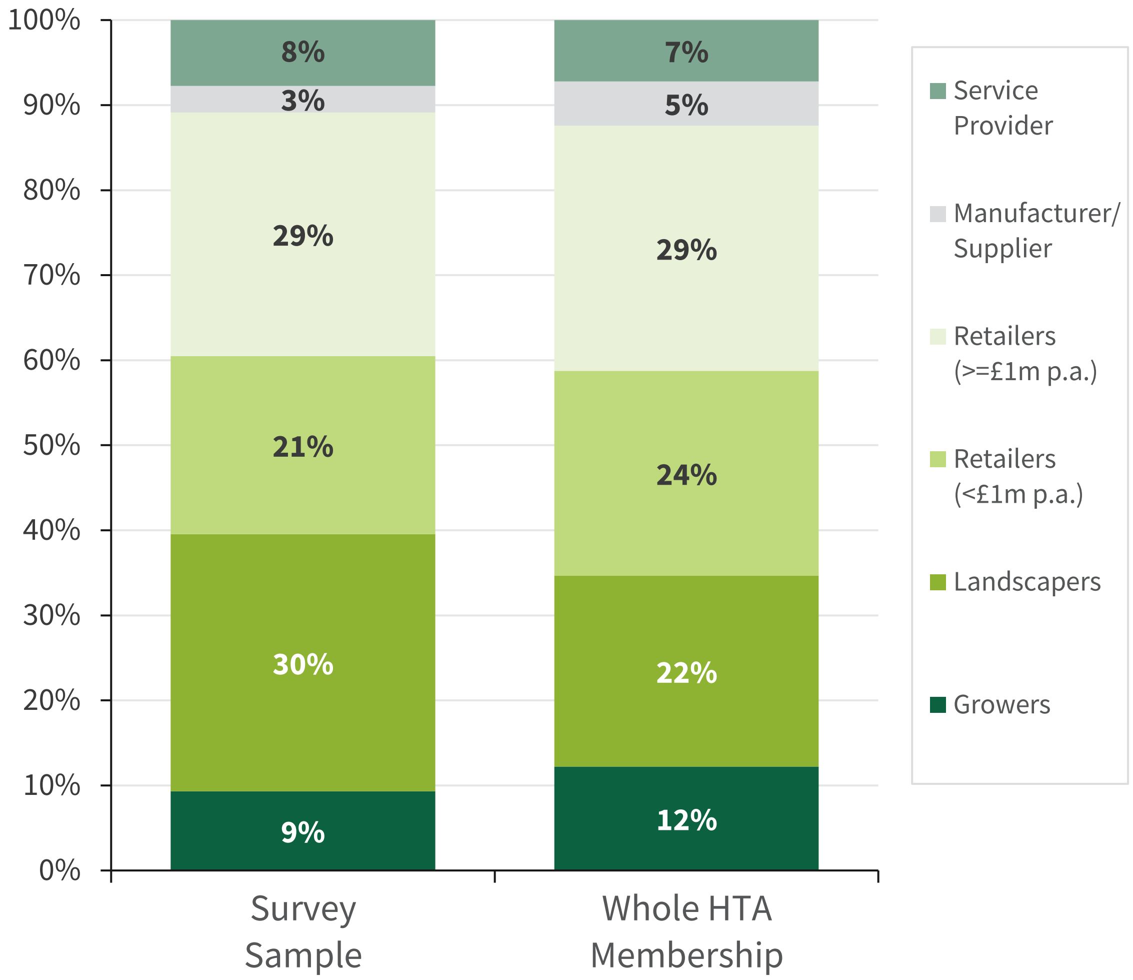
Who participated?

The HTA & APL Business Barometer poll for Q2 2025 received 129 responses from members, representing a response rate of 10%. Therefore, overall survey results are robust and should generalise well to the whole membership..

The proportion of respondents to the business barometer poll were broadly representative of the overall HTA membership.

Landscapers were somewhat overrepresented, whereas smaller retailers (annual turnover under £1m), and manufacturers were slightly underrepresented in responses.

To mitigate possible consequences of over- and under-representation, findings were split by business type where appropriate and beneficial. This helps to ensure findings are accurate and representative of the HTA's different membership segments. However, due to the smaller sample sizes involved, these results are more indicative and are less likely to be robust.



Source: HTA & APL Business Barometer Q2 2025, collected between 8th-22nd July 2025

HTA Support and Actions

What resources are available to members?

HTA understands the current state of the market is challenging for members, with the recent water restrictions having the potential to impact consumer spending in the sector. The below information covers just a few examples of the support that are currently available to members:

The HTA's policy team continue to speak to government over the current cost of doing business, hosting MP visits to member business and running the Plants in Parliament event, bringing the environmental horticulture industry to the forefront of policymakers' attention. This work has helped deliver important legislation for the industry, most notably the common understanding between the UK and EU to implement a SPS (Sanitary Phytosanitary) arrangement, which will reduce border friction for moving plants and plant products. Until negotiations conclude however, the current status quo remains in place. The policy team's ongoing Town Halls and surgeries also continue to provide direct support to members, covering topics such as retail crime, budget impacts, and overseas trade.

For APL members, the regular cluster meetings and member WhatsApp groups remain vital avenues for APL members looking to access support. The HTA and the APL committee are developing a new research-led consumer marketing strategy for the APL, aiming to promote the APL and its members to prospective clients, highlighting the professional qualities that set apart APL landscapers from the rest of the field. APL is also looking to offer a business development course to members towards the end of 2025, with more details to follow in the coming months.

January 2025 saw HTA launch the Plant Retail Success initiative, bringing together new and existing materials to help support retailers improve commercial performance in the plant area. Resources include consumer insights, and practical guidance, and staff e-learning. The HTA continues to encourage retailers, growers, and manufacturers to maintain active dialogues with one another to work to boost sales for all involved. New Plant Retail Success resources, including research on consumer experiences in garden centre plant areas from the first half of 2025, will be published in the coming months.

Finally, we are in the middle of HTA's Post-Season Regional Member Events, following last year's successful launch and strong reception to the winter events held at the start of the year. HTA's Regional Events are free to attend and enable businesses the opportunity to collaborate and share ideas, whilst hearing from industry experts across a wide range of topics.

Closing Comments

We hope you enjoyed our State of Trade update covering Q2 2025.

If you have any questions, or would like to see anything else included in future reports, please contact us via:

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