



SPRING GROVE NURSERY, INC.

“State of the Nursery Industry – Straight from the Growers”

Panel discussion of OGA Growers for the Illinois Arborist Association

Oct 21, 2014 10:45am-12:00pm

OGA Growers: Becky Thomas, Mike Scheitz, Ryan Doty, & Dr. Phaedra Weiler

Liner Grower: Roger Purcell (J. Frank Schmidt Nursery)

Update on the “State of the Nursery Industry”

Presented by Becky Thomas, Spring Grove Nursery

Across the country, there are plant shortages in the market that started to take effect in 2014 and last for several years to come. This is due to a decrease in new liner planting that many nurseries started several years ago. Lack of sales, low prices, & rising costs were a result of the economic slow-down that our entire industry experienced, and it hit nurseries particularly hard. Because of the lack of new liners being planted for many seasons in a row, now there is a shortage of material available to the market. This shortage will last for several years until new liner plantings can get up to size. A few other factors haven't helped the situation. The drought of 2012 slowed down the growth of trees in the ground so many did not reach caliper this spring as expected. Also, many nurseries in the Midwest, Oregon, & Tennessee (all nursery producing areas) have gone out of business which has greatly decreased nursery acreage in our country. Dr. Charlie Hall, an Ag Economist at Texas A&M, estimates that nationwide roughly a quarter of growers have exited the industry. Although many other growers have not stopped production, he estimates many have reduced plantings by 30-80%.

The entire green industry felt the economic hit that began in 2008. Data provided by OGA nurseries as well as liner growers from Oregon has shed some light on the facts behind this economic shift. Input costs from 2007-2014 have risen across the board in the areas of insurance, liners, fuel, & labor. Two of the largest expenses in a tree nursery each year are labor & liner costs. Labor has been estimated to have risen 10-15% already. If you factor in the rise of unemployment insurance, workman's comp insurance, and changes taking effect in health insurance those increases are projected to continue rising. Liner costs have risen on average 9% in just the last 2 years. Some nurseries report paying about 50% more for tree liners this spring than in 2007.

This rise in costs over the last 5 years however has not been met with a rise in the sale prices, but rather a decrease in prices. If most nurseries look back to their sale prices prior to 2007, those prices are still on average lower than prices today. And prices today still do not account for the increase in input costs over the last 5 years. Due to many of these economic

1255 W. Spring Road, Mazon, IL 60444

Phone: 815.448.2097 Fax: 815.448.2139 www.SpringGroveNursery.com

influences, many nurseries across the country lined out significantly less new nursery stock to keep costs in line with their sales. This decrease in acres of newly planted material is just now starting to catch up.

The nature of growing is long term process. To produce a tree from start to finish it can take anywhere from 5-12 years – that includes that time at the liner nursery and the time in the grower's field here in the Midwest – generally split evenly between the two. Many factors can influence the process along the way. Weather & production decisions sometimes take years before they begin to affect the market. For example, several years ago when Midwest growers began lining out fewer trees it forced liners growers in Oregon to decrease their production as well. Now that growers here in the Midwest want to begin increasing their production again, it will take liner growers in Oregon a few years to meet demand. Because the process to grow a tree takes many years, changes to this system take several years to shake out. One concern growers in Oregon have and growers here are starting to feel is the labor supply. On a recent trip last fall to visit liner suppliers in Oregon, Becky Thomas (Spring Grove Nursery) learned that even if they want to increase liner production to meet rising demand, the labor does not exist to make this happen. Immigration and shrinking access to labor is beginning to directly affect supply and it doesn't appear that it will get better anytime soon.

So enough "gloom & doom"! There are trees in grower's fields, and more importantly, there are quality trees ready this season and coming on in the future. There might not be enough of them or there might be a different selection to choose from, but quality plants from quality growers are available. A good grower is always planning for the future and welcomes the opportunity to have an open line of communication with their customers. By doing this, buyers can know what to expect with their supply from year to year. The OGA growers hope to open this line of communication so that everyone can be best prepared to make sure quality plants end up on quality projects in our communities.

The OGA nurseries recommend these simple steps that plant buyers can take to insure a consistent supply for their projects.

- **Order Early**
- **Communicate Early & Often**
- **Be Flexible to Substitutions of Size or Variety**
- **Rely on your Grower's Expertise**
- **Visit Grower's Fields & Know What They are Growing**
- **Allow Flexibility in Designs for Several Plant Options**
- **Communicate for the Long Term**

By working with a reputable nursery that is part of a network like the Ornamental Grower's Association of IL or the Illinois Green Industry Association, plant buyers can rest assured their nursery partners are growing for success.

Ornamental Grower's Association
630-879-0520
www.ogaoni.com

Illinois Green Industry Association
217-546-4733
www.ina-online.org