

2010

Economic Scope of the Green Industry in Texas



Final Report to the
Texas Nursery and Landscape Association

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by



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This report complies with the terms of the TNLA contract. The author welcomes comments or information about the usefulness and implications of these findings.

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Methodology

Environmental horticulture—the “Green Industry”—includes production of nurseries, greenhouses, sod, herbs, cut-flowers, retail garden centers and florists, and landscape and tree services.

The North American Industry Classification System (NAICS) allows us to report *total green industry sales, including all sectors related to the green industry*, and is the system we used for analyzing data for this report. NAICS was developed jointly by the United States, Canada and Mexico to provide new comparability in statistics about business activity across North America. Green industry firms fall within one of the following NAICS codes:

Table 1. NAICS Codes for Green Industry Sectors

Industry Sector	NAICS Code
Nursery & Greenhouse	1114
Lawn & Garden Equipment Mfg	333112
Greenhouse Manufacturing (Prefab. Metal Buildings)*	332311
Landscaping Services	561730
Landscape Architectural Services	541320
Flower, Nursery Stock And Florist Supplies Wholesalers	424930
Lawn & Garden Equipment & Supplies Stores	4442
Florists	4531
Building Material & Supplies Dealers*	4441
Food & Beverage Stores*	445
General Merchandise Stores*	452
Farm & Garden Machinery & Equipment Wholesalers*	423820

* Industries in which horticulture represents a portion of overall business activity.

The data were provided by the State Comptroller of Public Accounts, baseline data from the Green Industry Research Consortium National Nursery Survey, and **includes industry sales through the end of fiscal year 2009.**

When reporting sales to the State Comptroller’s office, each firm must report all sales, both retail and wholesale. This reporting system has an area of potential slippage. For example, since wholesale growers do not collect any sales tax (for the state), some small and medium size growers are unaware of their reporting responsibilities. The same thing happens within the landscape contractor and maintenance sectors as well. Not all of these firms realize that their services are subject to sale taxes. Therefore, unintended noncompliance has been a source of underreporting, which would underestimate Green Industry sales in Texas. Retail firms, however, are more aware of their reporting responsibility. Because of this potential slippage problem, additional data were used to supplement this report’s methodology.

Findings

The environmental horticulture industry, often referred to as the “**Green Industry**” has traditionally been one of the fastest growing sectors of agriculture in the US. However, the green industry is currently facing many challenges such as an economic downturn, stronger competition from less expensive imports, considerable price variation, and seasonal consumption patterns.

The impact of the economic recession was felt nationally throughout this past year. **Total sales for the Green Industry in Texas fell 7.37% to a total \$13.1 billion in 2009.** Table 2 shows Total Green Industry Sales in 2009, and Table 3 shows sales from 2004-2009.

Table 2. Total Green Industry Sales in 2009	
Sector (NAICS code)	Sales
<u>Production/Manufacturing</u>	<u>\$1,394,349,556</u>
Nursery & Greenhouse (1114)^	1,030,582,028
Lawn & Garden Equipment Manufacturing (333112)^	326,886,696
Prefabricated Metal Buildings (332311) (Greenhouses)^*	36,880,832
<u>Horticultural Services</u>	<u>\$3,367,114,420</u>
Landscaping Services (561730)	3,190,418,643
Landscape Architectural Services (561730)	176,695,777
<u>Wholesale & Retail Trade Horticulture Products</u>	<u>\$8,320,238,194</u>
Flower, Nursery Stock, and Florist Supplies Wholesalers (424930)	539,109,702
Lawn & Garden Equipment & Supplies Stores (4442)	2,689,815,108
Florists (4531)	1,398,917,650
Building Material & Supplies Dealers (4441)*	1,174,163,900
Food & Beverage Stores (445)*	317,620,516
General Merchandise Stores (452)*	1,634,164,150
Farm & Garden Equipment Wholesalers (423820)*	566,447,168
Total All Sectors	\$13,081,702,170
Data obtained from Texas Comptrollers Office, Economic Research Service, and Green Industry Survey	
^ Estimated from Baseline data from Economic Research Service and Texas Comptrollers Office Data	
* NAICS Represents a portion of Total Green Industry Sales	

Table 3. Total Green Industry Sales 2003-2008				
	GROWER	LANDSCAPE	RETAIL	TOTAL
2009	\$1,394,349,556	\$3,367,114,420	\$8,320,238,194	\$13,081,702,170
2008	\$1,529,253,230	\$3,817,264,770	\$8,776,589,656	\$14,123,107,656
2007	\$1,512,784,904	\$3,545,988,845	\$8,475,662,978	\$13,534,436,727
2006	\$1,496,345,000	\$3,312,425,799	\$7,815,902,417	\$12,624,673,216
2005	\$1,585,219,000	\$2,959,226,023	\$7,584,753,102	\$12,129,198,125
2004	\$1,424,295,000	\$2,497,304,439	\$6,501,463,738	\$10,423,063,177

Total industry sales, including grower, landscaping, and retailing sales decreased for the first time since 2000. Total sales fell 7.37% from \$14.12 billion in 2008 to \$13.08 billion in 2009. Figures 1, 2, 3 and 4 represent industry sales for growers, landscaping, retailing and total industry sales respectively. Grower sales decreased 8.82% to \$1.39 billion, landscaping sales dropped 11.79% to \$3.4 billion, and retail sales showed the most resilience, dropping only 5.20% to \$8.3 billion.

Figure 1. Grower Sales 2009

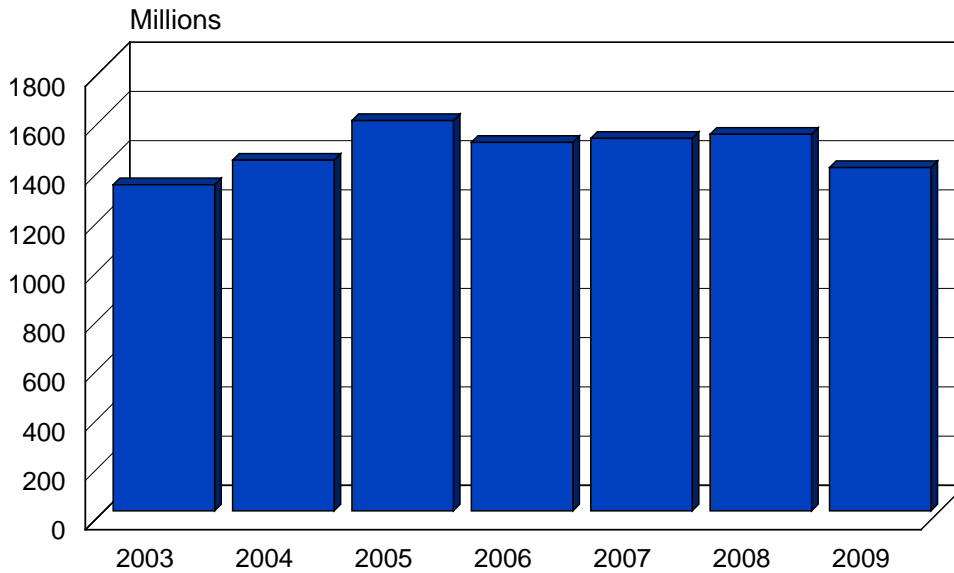


Figure 2. Landscaping Sales 2009

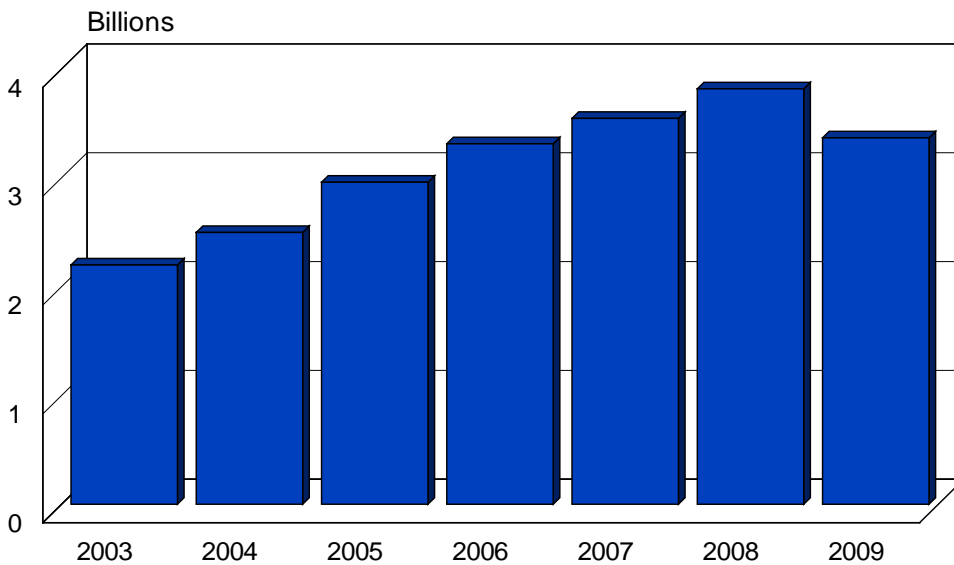


Figure 3. Retailing Sales 2009

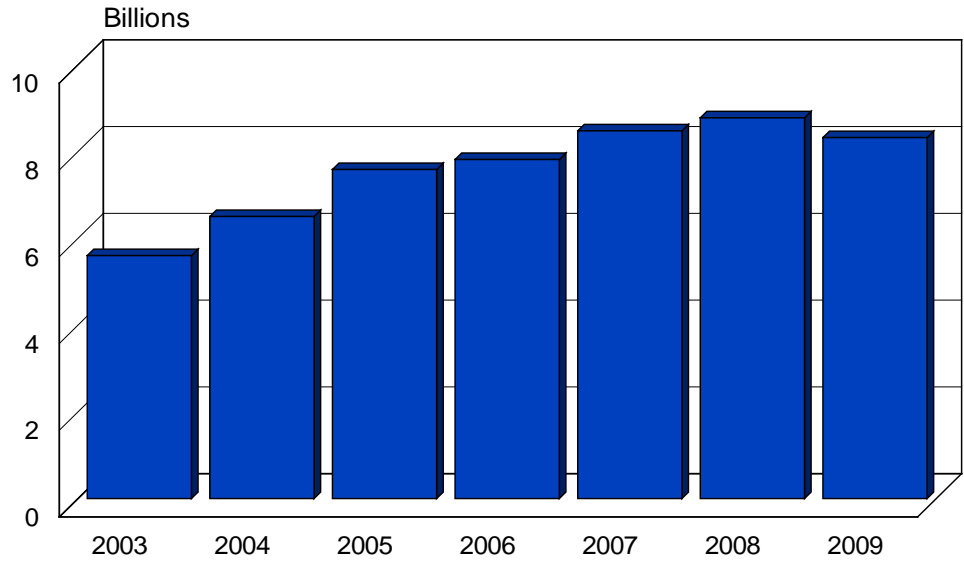
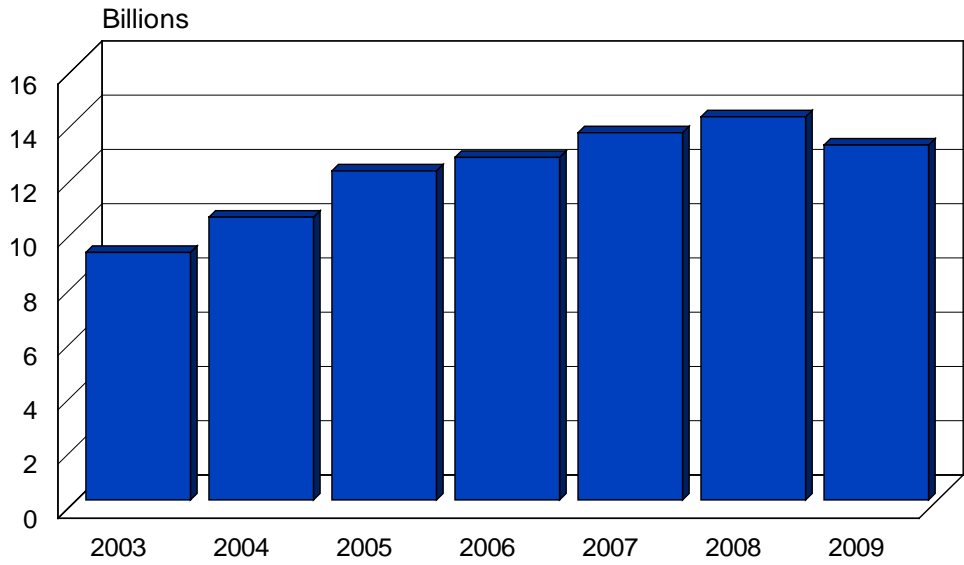
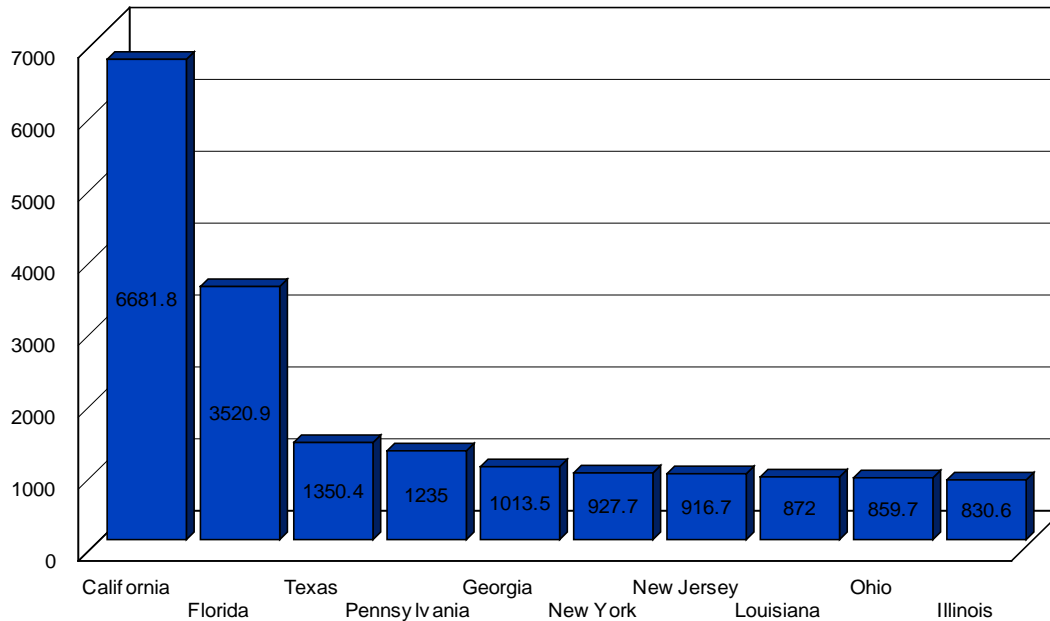


Figure 4. Total Industry Sales 2009



Even though we have experienced a decline in sales, Texas is still the third largest growing state of Green Industry products in the United States. California and Florida lead the nation, as shown in Figure 5.

Figure 5. Top 10 Green Industry Growing States in the U.S. 2009



Source: Green Industry Research Consortium National Nursery Survey. Full report available at <http://www.greenindustryresearch.org>

Table 4 presents Green Industry sales by sector and by major Metropolitan Statistical Area (MSA). There are 27 MSAs in Texas, the largest being Austin, Dallas, Ft. Worth, Houston, El Paso, and San Antonio. These five MSAs produce 59% of all Green Industry sales in Texas, as shown in Figure 6. Houston and Dallas hold the largest share. Figure 7 is a graphical representation of grower, landscaping and retailing sales by MSA in Texas.

Table 4. Total Green Industry Sales by Metropolitan Statistical Area (MSA) 2009					
MSA	GROWER	LANDSCAPE	RETAIL	TOTAL	% OF TOTAL
Austin	44,107,686	351,854,381	419,713,651	815,675,718	6.24%
Dallas	124,139,415	742,788,795	1,290,701,847	2,157,630,057	16.49%
Ft Worth	127,878,934	249,457,662	606,854,043	984,190,640	7.52%
Houston	236,879,486	1,066,459,177	1,660,994,234	2,964,332,897	22.66%
San Antonio	83,881,621	235,016,828	479,374,424	798,272,873	6.10%
Other	777,462,413	721,537,577	3,862,599,994	5,361,599,984	40.99%
Total	1,394,349,556	3,367,114,420	8,320,238,194	13,081,702,170	100.00%

Figure 6. Total Green Industry Sales by MSA

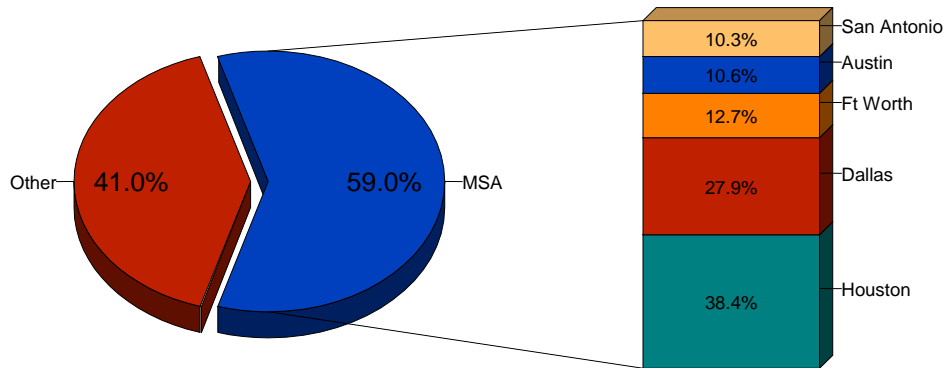
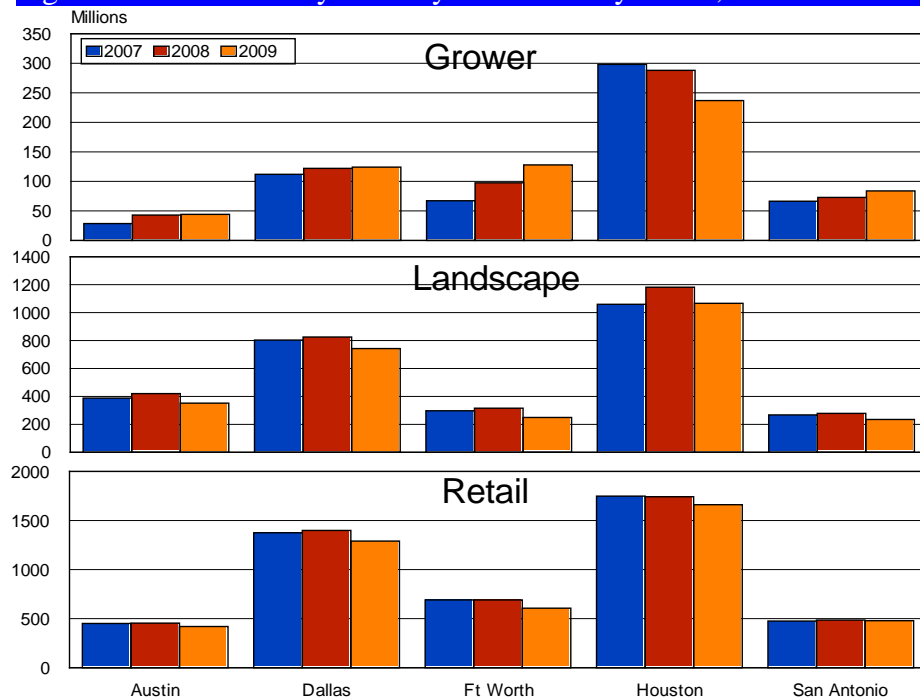


Figure 7. Green Industry Sales by Outlet and by MSA , 2006-2008



Keep in mind that these data reflect 2009 sales, before the economic upturn of this past year. Also keep in mind that as the economy rebounds, consumers turn to the companies that are forefront in their minds, which are the ones that promoted themselves through the recession and are continuing to do so now.