

MARKET SNAPSHOT  
**Nursery/Greenhouse**

March 31, 2024

12-Month Profitability Outlook

**Executive summary**

**AgWest Farm Credit's 12-month outlook sees the nursery/greenhouse industry as profitable.** Drivers include strong purchase orders and plant growth, rising prices and rising existing home sales.



**Industry drivers**

**Purchase orders strong**

Purchase orders are coming in strong, reflecting optimism among retailers. Most producers are optimistic about the 2024 season; however, some are concerned that persistently high inflation, among other economic headwinds, may lower demand later in the year.

**University of Michigan Consumer Sentiment Index**



**Consumer sentiment has gradually improved since mid-2022 and this may be supporting plant sales.**

Source: University of Michigan

**Plant growth strong**

Nursery-greenhouse plants benefited from warm, sunny weather in March. A strong start to the growing season widens the timeframe for both plant growth and retail sales; however, it increases the risk of frost damage if cold weather returns.

**Rising prices offset input costs**

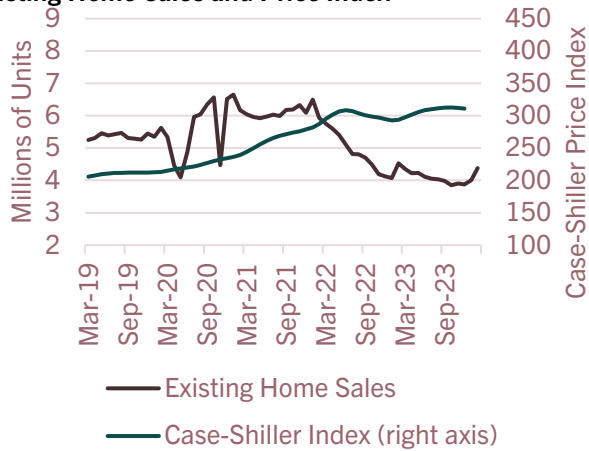
Input costs continue to rise across all categories, especially labor (see *Crop Inputs Snapshot* for more information). However, producers have been able to increase prices proportionally without experiencing pullback in consumer demand.

**Existing home sales increase**

Existing home sales have started to rebound (see chart below), suggesting strength in the housing market despite persistently high interest rates. Existing home sales are an important driver of nursery-plant sales.

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### Existing Home Sales and Price Index



Existing home prices have started to flatten, potentially driving sales.

Source: National Association of Realtors. Standard and Poor CoreLogic.

### Profitability

The nursery/greenhouse industry should be profitable over the next 12 months. Strong purchase orders and plant growth to date signal a favorable start to the season. Rising prices are offsetting increases in input costs. Existing home sales, a significant demand driver, appear to be rebounding.

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### Additional Information

#### AgWest Business Management Center

[www.AgWestFC.com/industry-insights](http://www.AgWestFC.com/industry-insights)

#### Nursery Management

[Nurserymag.com](http://Nurserymag.com)

#### Digger Magazine

[Diggermagazine.com](http://Diggermagazine.com)

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