Chapter 10. Ornamentals

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The total wholesale value of floriculture and nursery crops reached $13.8 billion in the U.S. in 2002. While grower sales of floriculture crops reached $4.9 billion, an increase of 1.6 percent from 2001, nursery crop sales fell by a marginal amount at around $8.9 billion. The weak U.S. economy in 2001 and 2002 is largely responsible for flat grower sales in the green industry. In 2002, New York floriculture and nursery production was valued at $315 million (Table 10-1). Floriculture production value accounted for more than half of that total and was valued at $185 million, up 8 percent from 2001. Nursery crops generated $130 million, up 4 percent from 2001. Among nursery crops, Christmas trees provided about $19 million of sales in 2002, up 4 percent from the year before, making New York the 11th leading Christmas tree producing state in the country.

TABLE 10-1. GROWER CASH RECEIPTS OF FLORICULTURE AND NURSERY CROPS, NEW YORK, 1997-2002

	1997	1998	1999	2000	2001	2002
			--- *Million dollars* ---			
Floriculture[a, b]	147.5	158.8	162.9	179.9	172.9	185.0
Nursery[c]	100.0	110.0	115.0	118.6	125.0	130.0
Floriculture and Nursery Crops	247.5	268.8	277.9	298.5	297.9	315.0

[a] Includes growers with $10,000 or more in floriculture sales.

[b] Includes ornamental plants without woody stems, grouped into bedding/garden plants, cut cultivated greens, cut flowers, potted flowering plants, indoor foliage plants, and propagative floriculture material.

[c] Includes ornamental plants and trees with woody stems, including broadleaf evergreens, coniferous evergreens, deciduous shade trees, deciduous flowering trees, deciduous shrubs and other ornamentals, fruit and nut plants for home use, cut and to-be-cut Christmas trees, and propagation material or lining-out stock. Also include, other ornamental crops not classified as floriculture.

Source: Floriculture and Nursery Crops Situation and Outlook Yearbook, Economic Research Service, USDA, Various Years.

Two-thirds of the value of U.S. floriculture production in 2002 consisted of bedding and garden plants and potted flowering plants. These plants led U.S. sales growth among the six floriculture sub-sectors that also include cut flowers, foliage plants, cut cultivated greens, and unfinished propagative materials. The largest producers of bedding and garden plants are California, Michigan, Texas, Ohio, Florida and New York, each exceeding $100 million in sales in 2002. The production of potted flowering plants is dominated by California and Florida, whose combined sales were 36 percent of U.S. growers' sales of potted flowering plants in 2002. These two commodity categories also had relatively faster growth over the past decade compared to others.

New York floriculture production ranked sixth nationally for total commercial sales in 2002 (Table 10-2). Most states produced more bedding and garden plants than any of the other floriculture products, and New York is no exception. In 2002, bedding and garden plants continued to top the list of floriculture commodity categories in New York, and sales by operations with $100,000 or more annual sales increased 7 percent to $104 million. Potted flowering plants were second with sales valued at $47.1 million, an increase of 17 percent. While U.S. cut flower production continued to recede and the growth in demand for foliage plants has been relatively slow, New York growers realized great increases in production value for cut flowers ($5.7 million) and foliage plants ($3.8 million) in 2002, 26 percent and 53 percent, respectively.

This could be due to the growing interest in specialty field-grown cut flower production in the Northeast and growers' efforts in searching for new crops and new products.

TABLE 10-2. VALUE OF FLORICULTURE PRODUCTION BY PLANT CATEGORY, NEW YORK, 1997-2002

	1997	1998	1999	2000	2001	2002	5-yr avg. 1997-2001	2002 vs. 5-yr avg.	2002 vs. 2001
				--- Million dollars ---					
Bedding/Garden Plants[a]	77.0	93.4	97.5	97.6	97.4	104.1	92.6	+12%	+7%
Potted Flowering Plants[a]	37.1	35.0	34.1	37.4	40.2	47.1	36.8	+28%	+17%
Cut Flowers[a]	6.1	6.4	5.0	6,.1	4.5	5.7	5.6	+1%	+26%
Foliage Plants[a]	1.9	2.2	2.3	3.7	2.5	3.8	2.5	+51%	+53%
Total of Reported Crops[a, b]	*122.1*	*137.0*	*139.0*	*152.9*	*149.9*	*167.4*	*140.2*	*+19%*	*+12%*
Grower Sales $10,000-$99,999 (Unspecified crops)	25.4	21.8	24.0	23.2	22.4	17.6	23.4	-25%	-22%
Total	147.5	158.8	162.9	178.8	172.4	185.0	164.1	+13%	+7%

[a] Sales by operations with annual sales of $100,000 or more.
[b] Total reported crops includes categories not listed – cut cultivated greens and propagative materials.

Source: Floriculture and Nursery Crops Situation and Outlook Yearbook, Economic Research Service, USDA, Various Years.

The number of floriculture growers continues to decline. There were 12,717 growers of floriculture crops in the U.S. in 1997, and in 2002 the number declined to 10,216. The number of commercial growers of floriculture crops in New York decreased for the fifth consecutive year from 731 growers in 2001 to 663 growers in 2002. Although the number of both small and large growers has fallen, the average sales of large growers ($100,000 or more annual gross sales) now exceeds $1 million in the U.S. (dominated by growers in the West and South) and is about $670,000 in New York (Table 10-3).

As floriculture sales of large growers continue to expand, sales by small growers have been shrinking since 2000 (Table 10-4). This reflects the industry trend of consolidation and expansion among large growers to maintain market share, stay competitive, and meet retail buyers' needs. While large growers produced 95 percent of U.S. floriculture crop sales, floriculture sales generated by large growers in New York also increased 11 percent to about $167 million and accounted for 90 percent of the total sales in the state.

The total production area for U.S. floriculture crops in 2002 decreased to 58,000 acres from 1998's 68,500 acres. The decline in the size of total production area under covered protection in recent years is due, in part, to flat overall sales and to increasing outsourcing of seedling and propagative material production to growers in Central America and Mexico. The area used to produce floriculture crops in New York was also down approximately 10 percent. Greenhouse space increased 663,000 square feet from 2001 to a total of 24,365 square feet in 2002. Shade and temporary cover area increased 36 percent to 908,000 square feet in 2002. On the other hand, open ground production of floriculture crops decreased 17 percent to 1,034 acres in 2002. By increasing production under covered protection areas, growers are moving toward a higher value and more intense form of crop production. Average sales per acre were $114,602, an increase of 20 percent from 2001.

TABLE 10-3. NUMBER OF FLORICULTURE CROP GROWERS AND VALUE OF SALES, BY GROWER SIZE[a], NEW YORK AND UNITED STATES, 2002								
	Number of Producers		Average Sales per Grower			Wholesale Value of Sales		
	Small growers	Large growers	Small growers	Large growers	All growers	Small growers	Large growers	All growers
	--- Number ---		-- Dollars ---			--- 1,000 dollars ---		
New York	409	254	42,946	659,150	279,018	17,565	167,424	184,989
U.S.	5,604	4,612	45,819	1,002,211	477,581	256,770	4,622,197	4,878,967

[a] Small growers have between $10,000 and $100,000 in annual floriculture sales; large growers have at least $100,000.

Source: Floriculture and Nursery Crops Situation and Outlook Yearbook, Economic Research Service, USDA, 2003.

TABLE 10-4. WHOLESALE VALUES OF FLORICULTURE PRODUCTION, BY GROWER SIZE[a], NEW YORK AND UNITED STATES, 2000-2002						
	New York			U.S.		
	2000	2001	2002	2000	2001	2002
	------ 1,000 dollars ------					
Small growers	23,205	22,435	17,565	380,153	306,330	256,770
Large growers	156,678	150,499	167,424	4,196,432	4,496,225	4,622,197
All growers	179,883	172,934	184,989	4,576,585	4,802,555	4,878,967

[a] Small growers have between $10,000 and $100,000 in annual floriculture sales; large growers have at least $100,000.

Source: Floriculture and Nursery Crops Situation and Outlook Yearbook, Economic Research Service, USDA, 2003.

TABLE 10-5. GROWING AREA FOR FLORICULTURE CROPS IN NEW YORK[a], 1997-2002						
Year	Total greenhouse cover	Shade and temporary cover	Total covered area	Covered area per grower	Open ground	Total covered & open ground
	-- 1,000 square feet --				--- acres ---	
1997	22,635	394	23,029	26	779	1,308
1998	22,744	439	23,183	29	1,344	1,876
1999	22,504	464	22,968	30	1,028	1,555
2000	26,429	527	26,956	34	914	1,533
2001	23,702	667	24,369	33	1,243	1,802
2002	24,365	908	25,273	38	1,034	1,614

[a] Includes cut flowers, cut cultivated greens, potted flowering plants, potted foliage plants, bedding and garden plants, and hanging baskets.

Source: Floriculture Crops 2003, NASS.

Industry Situation and Outlook

War, weather and worry plagued the economy in 2003. Nevertheless, the foundation for an improving economic outlook is forming. The housing market continues to be a solid part of the economic recovery as new and existing home sales continue to rise. Meanwhile, long-term mortgage rates slipped below 6%, assuaging fears that rising interest rates would stifle demand for homes.

Lawn and garden spending is stable at around $325 per U.S. household. The highest spending communities are in major metropolitan locations and their suburbs along the East Coast from southern Maine to central Virginia, and on the West Coast from the Bay Area south to San Diego. The biggest spenders were in Morris County, N.J., where the average household spent over $600 in 2002.

Mass-marketers continue to present more marketing challenges to industry members who supply to these marketers, as well as putting more pressure on those who compete in the retail sector. Wal-Mart is planning aggressive growth in 2004. In addition to opening more mega stores, Wal-Mart and Home Depot are also trying to "get bigger" by going smaller with the Neighborhood Markets by Wal-Mart and the Landscape Supply Stores by Home Depot.

Consumers continue to search for "that special product" to fulfill their gardening hobby desires. Interests in native plants are growing, and the heat for container gardening stays on. The May 5 issue of *Time* reports in its Your Time Lifestyle section that container gardening is growing at nearly a 20% annual rate. This is because of the ease of designing and planting an entire flower or vegetable garden in an afternoon, the need for less weeding compared to conventional flower beds, and the availability of a greater variety of containers that add color and style even before flowers appear. The industry can meet that need by offering a variety of quality products and providing growing and designing information to ensure a satisfying experience for consumers. Moreover, the organic trend is one to watch. Although the development of organic products has been mainly in the food sector, there might be increasing consumer interest in organic floriculture products.

Lastly, continued outsourcing of plant production, especially propagative materials, presents the industry more disease and pest control challenges. It will require better programming of traceability and disease/pest control by companies. The presence of *Ralstonia solanacearum* on some Americana geranium cuttings that originated from Kenya early this spring created a big scare among industry members and caused significant losses among some growers. Although the spread was under control quickly, the industry should learn from this lesson and design and implement disease control programs to avoid future events such as the "Ralstonia Scare" this spring.