



Market Update: September 2022

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Overview: Key Points

Overall August Garden Centre sales were **down -7%** on August 2021

Garden furniture sales were **up 52%** on August 2021

CPIH inflation lowered slightly to **8.6%**

54% of consumers express **concern** over **inflation/price increases**

Unemployment rate at **lowest** in **48-years** in the UK

Overview: the story this month

- The economic situation of the country is playing on consumers minds more as each month passes by. This is evident as consumer financial confidence hit its lowest point since records began in 1974. Within this measure, the major purchase index fell to -38 indicating consumers' reluctance to make large purchases.
- Overall garden centre sales were down -7% on August 2021 and up +23% on 2019. Several factors were likely balancing each other out, such as consumers gloomy outlook over the economy and squeezed budgets from price rises, along with August being a warm sunny month with 128% of the average sunshine driving some consumers into the garden and garden centres. Garden centre product price inflation was typically around 5-10% though, meaning higher prices are likely contributing a considerable proportion to these sales growth/decline figures. Our analysis also shows overall garden centre transaction numbers as 12% down on August 2021.
- The garden store average transaction value (excl. VAT) was £25.97, up +4% on August 2021, with higher ticket items in the basket and price inflation contributing factors. Meanwhile, the catering ATV (excl. VAT) was £9.97 for August 2022, down -28% on August 2021. The cost-of-living crisis is likely impacting consumers' eating-out budgets as they cut back on non-essentials.
- Over half (54%) of British consumers claim that inflation/price increases are one of the main issues facing the country as many struggle with the increased prices all-round.
- CPIH, a measure of inflation, has decreased slightly to 8.6% in the 12-months to August 2022 but this is still at a 40-year high. The marginal decrease was due to the cost of fuel decreasing over the last few months as prices went down by 12p/litre on average.
- Businesses are under pressure with higher wage bills and utility costs. Many workers wages are being increased by 5.4% (excl. bonuses) on average to attempt to meet the increased prices yet this is still below inflationary levels leaving workers with falling real-time income.
- Despite real-time income falling, the unemployment rate reached its lowest point in 48-years with 3.6% unemployed. The job-market boom post-pandemic is beginning to slow with vacancies slowly decreasing, but there are still 1.27million jobs to be filled.
- August was another bleak month for consumers and businesses as they both face higher-costs all round and water restrictions on top affecting attitudes to gardens. But the newly elected Prime Minister Liz Truss in September may bring some relief with measures to ease the economic trajectory.
- Read on for the detail...

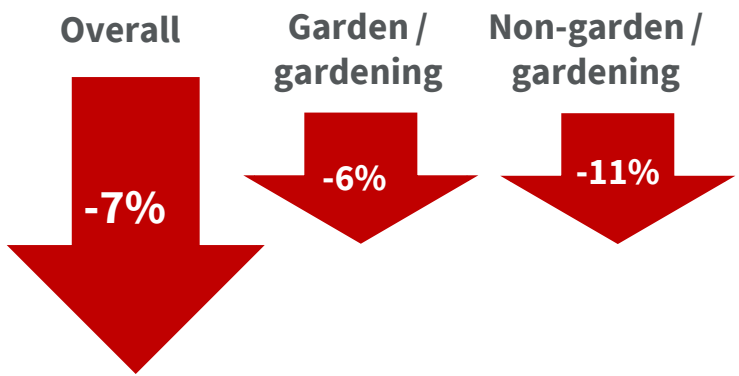


Garden centre sales: August

Overall, garden centre sales in August 2022 were down -7% on August 2021 as consumers faced another month of high inflation, price increases on energy and drought restrictions. Within this figure, garden/gardening sales were down -6% on August 2021 and non-garden/gardening sales were down -11% as consumers were likely adapting their leisure budgets from the rising costs of essentials. In addition, the August bank holiday may not have driven footfall as consumers had multiple leisure options available to them. Our analysis of transaction numbers shows that overall garden centre transactions were 12% down on August 2021. Overall sales in comparison to July 2019 were up +23% on a more 'normal' trading period comparison. Garden/gardening sales were up +24% and non-garden/gardening sales were up +19% within this compared to July 2019. However, these increased sales are likely reflecting the price increases seen within the 3-year period instead of demand. Consumer financial confidence dropping each month is likely impacting consumers' willingness to spend on leisure.

*note non-garden/gardening includes catering which has faced restrictions across the UK

Aug 2022 vs Aug 2021



*Please note: We report the UK averages, so there is likely to be regional variation within the figures due to differing restrictions.

Aug 2022 vs Aug 2019



How are these figures calculated?

The national sales figures we report each month come from the HTA Garden Retail Monitor (GRM) system. We've now moved over to a newer GRM system where sales data from submitting garden centres is automatically uploaded to a secure server via the EPOS system. These garden centres can then login to the portal to benchmark their sales against regional and national averages for a variety of sales metrics. We're looking to sign up more garden centres to the system, allowing us to include more reliable detailed breakdowns of trends in sales in these Market Update reports.

If you're interested or for more information visit: hta.org.uk/grm

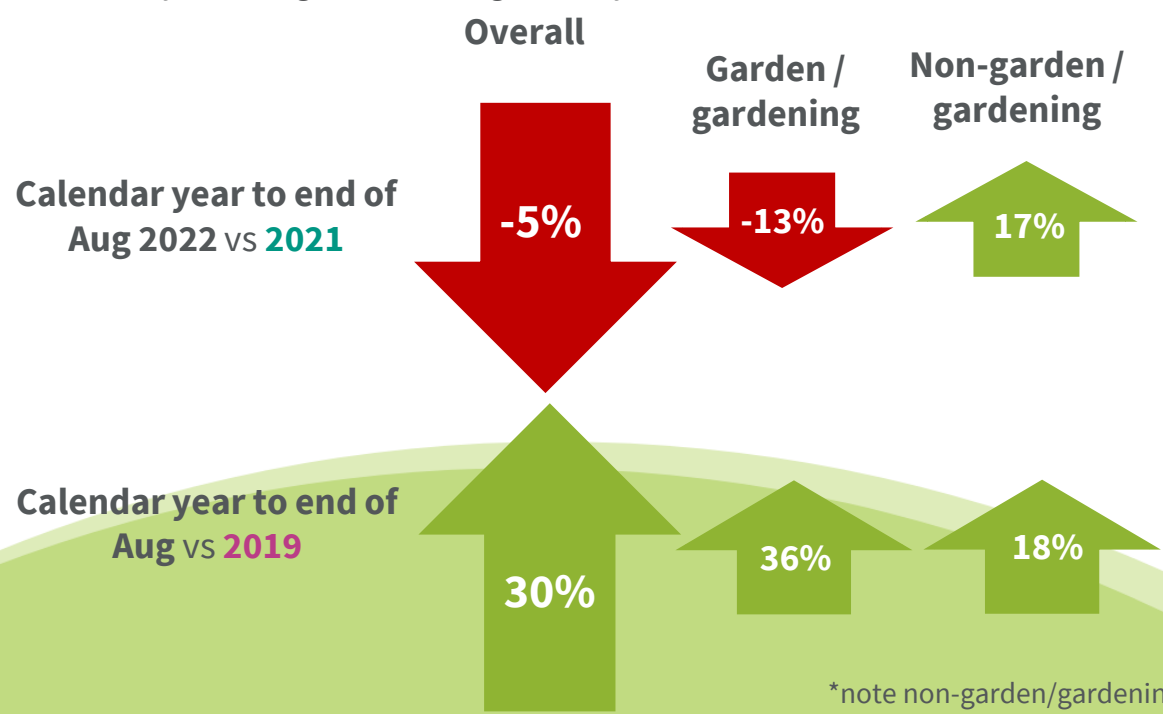
(Figures reported are exclusive of VAT)

*2019 comparisons are being used as it was a 'normal' year of trade free from lockdown closures and trading restrictions seen in 2020 and 2021.



Garden centre sales: calendar year to end of August

Year to end of August 2022 sales were overall down -5% on the same period in 2021 as consumers have been facing increasing costs for the most part of this year. Garden/gardening categories were down -13% on 2021 as sales in 2021 were high, mostly driven by the influence of the pandemic. Non-garden/gardening sales were up 17% on the same period in 2021 where catering was heavily restricted for most of the period due to Covid-19. Moreover, year to end of August sales were up +30% on the same time frame in 2019, with garden/gardening up +36% and non-garden/gardening sales up +18%. However, these figures are likely influenced by price increases during the 3-year period. Garden centre sales started off strong for 2022 but have slowly declined due to the economic situation worsening for many consumers which is likely reflecting in the sales figures for year-to-date.



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*note non-garden/gardening includes catering which has faced restrictions across the UK



Garden centre sales: detailed August breakdown part 1

August garden/gardening sales were down -6% on August 2021. Whilst in comparison to August 2019, sales were up +24%.

Garden furniture (+52%) and BBQ& Heating (+94%) sales were up on August 2021. As bigger ticket items which account for a large proportion of the total category value in August, these sales likely pushed up the overall garden/gardening category sales despite plant and plant care sales suffering. The sunny weather was likely a driving factor too, and retailers who were unable to get furniture stock last year are likely seeing a bigger year-on-year growth (%), causing a lot of variation between retailers. The supermarket ban on disposable BBQ's may have also driven consumers to purchasing long-term BBQs from a garden centre.

All plants were down on August 2021; bedding plants (-21%), hardy plants (-20%), houseplants (-16%), seeds (-17%) and bulbs (-11%). The hosepipe temporary use bans, reduced rainfall and economic climate could have impacted consumers' decisions to purchase plants or not.

Garden tools & equipment (-13%), garden features & structures (-21%) and outdoor containers (-21%) sales were all down on August 2021. Many consumers purchased these products during 2020 and 2021, which have a longer replacement cycle. In addition, consumers usually purchase these alongside plants which may also be driven the reduced sales.

Category	August 2022 vs 2021	August 2022 vs 2019*
Bedding plants	-21%	+4%
Hardy plants, shrubs & trees	-20%	+15%
Houseplants	-16%	+18%
Seeds	-17%	+10%
Bulbs	-11%	-6%
Plant care products	-12%	+18%
Garden tools & equipment	-13%	+10%
Garden features & structures	-21%	+16%
Outdoor containers	-21%	+19%
BBQ & Heating	+10%	+4%
Garden furniture	+52%	+94%

*2019 comparisons are being used as it was a 'normal' year of trade free from lockdown closures and trading restrictions seen in 2020 and 2021.



Garden centre sales: detailed August breakdown part 2

Non-garden/gardening sales were down -11% on August 2021 and up +19% in comparison to 2019.

All categories were down in August 2022 as consumers are likely restricting their leisure expenditure during the cost-of-living crisis.

Catering was down -3% in comparison to August 2021 and up +4% on August 2019. All catering restrictions were lifted by August 2021 as hospitality began recovering from Covid-19 trading restrictions. In comparison to August 2019, catering was up +4%, a month where catering had not been impacted from Covid-19. However, the inflationary price increases between 3-years may be reflecting in this sales uplift. The cost-of-living crisis is likely deterring consumers from eating out as they cut back on non-essential expenses.

Food & farm shop sales were down -11% on August 2021 but were up +38% on 2019.

Category	August 2022 vs 2021	August 2022 vs 2019
Indoor living & homewares	-22%	-6%
Gifting	-8%	+17%
Wild bird care	-21%	-1%
Pets	-10%	+5%
Food & farm shop	-11%	+38%
Catering	-3%	+4%

*2019 comparisons are being used as it was a 'normal' year of trade free from lockdown closures and trading restrictions seen in 2020 and 2021.



Garden centre sales: August Average Transaction Values (ATVs)

The Average Transaction value in August 2022 for the garden store was £25.97 excl. VAT. The ATV was up +4% on August 2021, but part of this increase was likely due to garden furniture influencing the basket value and inflationary price increases on garden centre products (please see slide 15 and 16 for more details). Compared with August 2021, overall garden centre transactions numbers were 12% down, suggesting there were fewer transactions and visiting customers. The ATV for August 2022 was also likely reflecting consumers purchasing less volume of goods as their shopping habits change due to inflation. As an additional comparison, the garden store ATV was up +32% on August 2019. The catering ATV (excl. VAT) was £9.97 which was down -28% on August 2021 suggesting that consumers are likely restricting eating-out as the cost-of-living crisis continues. In comparison to August 2019, catering ATV (excl. VAT) was up +15% which was likely driven by inflationary price increases over the 3-year period.

(Figures reported are exclusive of VAT)

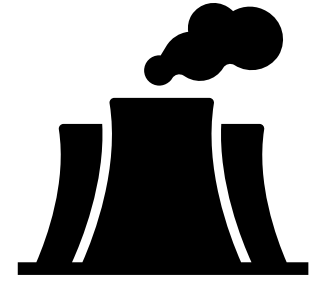


VS AUG 2021	VS AUG 2020	VS AUG 2019
+4% (£24.88)	-2% (£26.46)	+32% (£19.69)

VS AUG 2021	VS AUG 2020	VS AUG 2019
-28% (£13.91)	-29% (£14.04)	+15% (£8.66)

Key Political Events

- **New Prime Minister:** Liz Truss was sworn in as the new Prime Minister on the 6th of September. Part of her campaign included her promising to tackle the cost-of-living crisis facing consumers. A government shake-up could impact consumer confidence in the stability of the UK economy and democracy. She announced three priorities she plans to tackle; energy prices, tax cuts and the NHS. If her reforms work, it could make it easier for businesses to trade improving profitability. In addition, she announced the price cap on energy bills will be £2,500 in October, a reduction from the initial announcement of £3,500 by Ofgem.
- **Legislation on growing media for the amateur market:** DEFRA announced a ban on peat in growing media for amateur gardeners/retail sector for the end of 2024. This was decided upon the basis of environmental reasons to limit the impact of peat on climate change. This will be challenging to source alternative materials in time and to educate keen gardeners on the best ways to use peat-free growing media for their gardens.



Energy price cap will increase to £2,500 from October



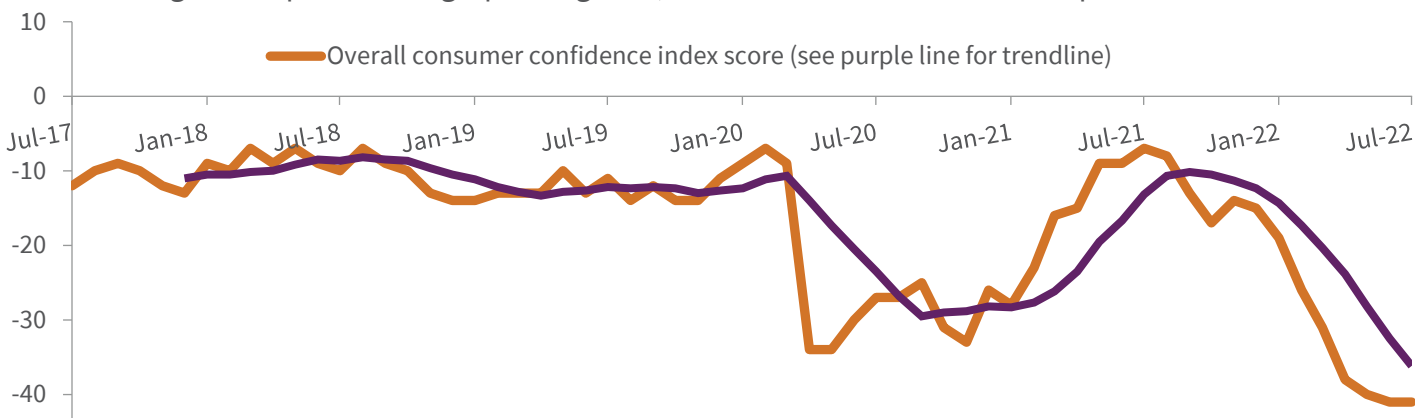
DEFRA announce peat changes for amateur growing media

The HTA have a future regulation tracker available here: <https://hta.org.uk/policy/future-regulation-trackers>



Consumer confidence: financial

Consumer financial confidence dropped another 3-points to a new record low of -44, the lowest since records started in 1974. All measures were down since July as consumers concerns grow around the cost-of-living crisis as their buying power continues to decrease. The sub-measure on how consumers feel about the general economy in the past year has decreased each month since December 2021. Consumers sentiment over the general economy in the next 12-months hit a record low of -60 likely driven around the media coverage of higher energy price caps and inflation predicted to keep rising. The major purchase index , indicating consumers willingness to purchase high-priced goods, declined to -38 as consumers spend more time considering or delaying large purchases.



Overall index score for August: **-44**

*this is 3 points than July2022

Measure	Relative score(Aug)	vs. July 2022
<u>Personal financial situation:</u> during last 12 months over next 12 months	-25 -31	2 points lower 5 points lower
<u>General economic situation:</u> during last 12 months over next 12 months	-68 -60	2 points lower 3 points lower
Major Purchase Index	-38	4 points lower
Savings Index	18	5 points higher

Consumers are asked how the financial position of their household has changed over the last year and is expected to change in the next year, as well as that of the general economy. They're also asked if they believe 'now' is a good time to make major purchases or to be saving money. The first three measures in the table make up the overall index score. Whilst the Savings Index indicates whether consumers are looking to save rather than spend their money. **Relative scores are given as a comparative to when records began in 1974.**

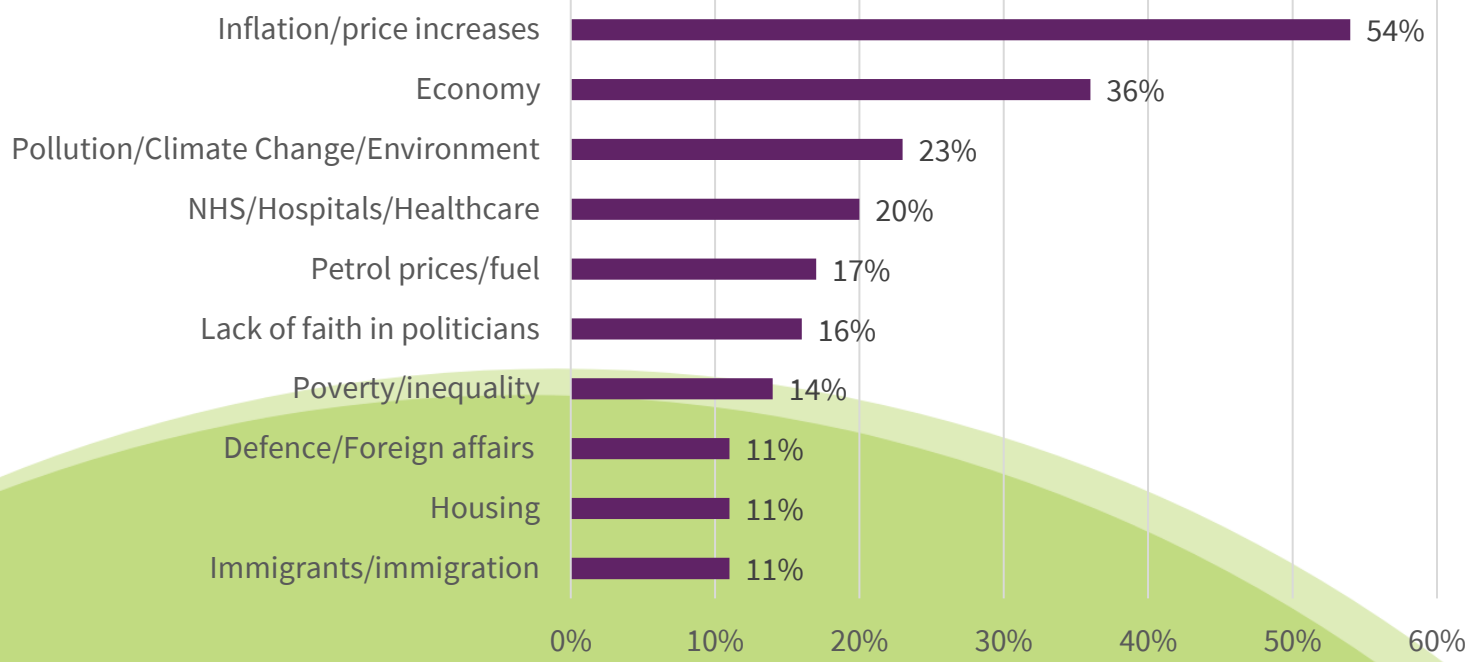
[Click to view the full summary](#)



Consumer Issues Tracker

Over half of the UK's adults view prices and inflation as a major issue facing the country, this is a 9% increase since last month likely driven by the Ofgem energy price cap increase announcement and further inflation increases. The economy is seen as the second major issue facing the country as 36% listed it, which is 11 percentage points higher than the start of 2022. Climate change/pollution/environment increased by 10 points from June, this was likely driven by the extreme heatwave and water shortages reported that moved consumers' minds towards the environmental issues. Petrol prices/fuel were the fifth biggest issue mentioned as a separate issue to inflation/price increases. Petrol prices have reached historical highs this year with many consumers feeling the increased costs of transport.

What do you see as the most/other important issues facing Britain today?

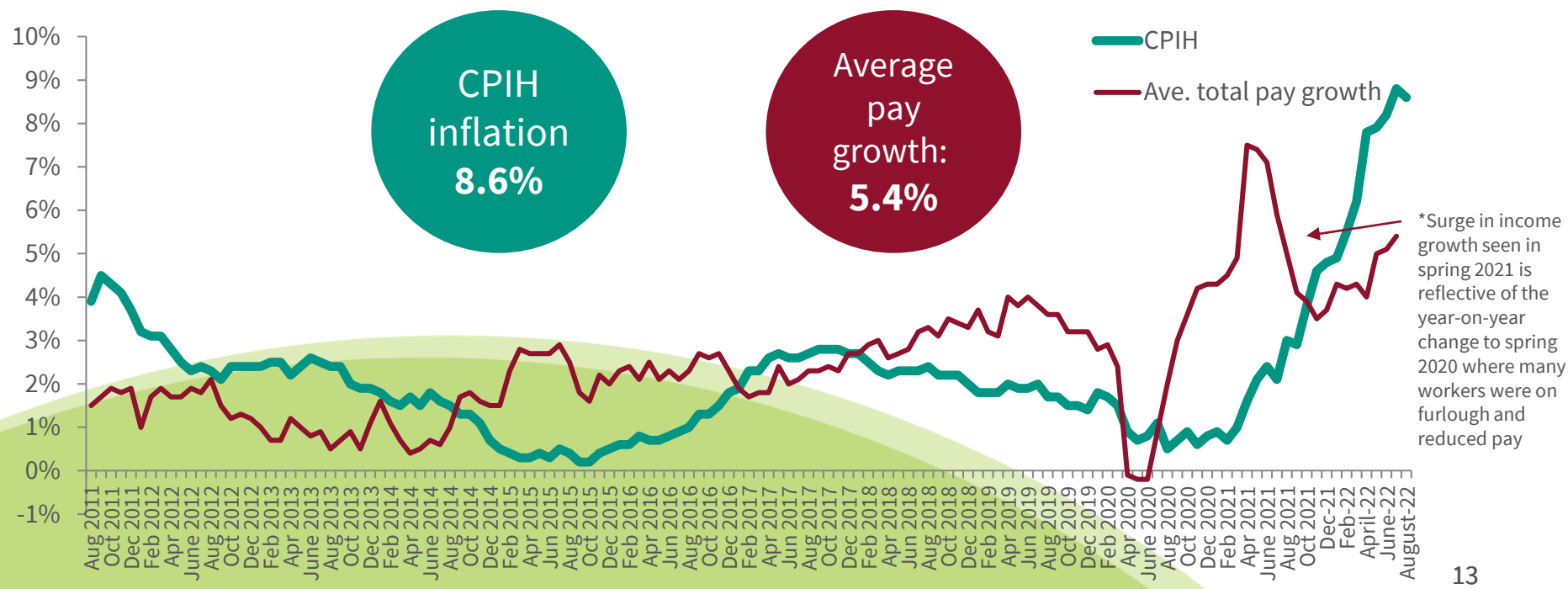


Change since July:	
%	Position
+9%	=
+2%	=
+10%	↑ 5+
+5%	=
+6%	↑ 5+
0	↓ -3
0	↓ -1
-1%	↑ +1
-3%	↓ -4
+3%	↑ +2



The UK Economy

We take a look at some key indicators of the position of the UK economy to gauge the situation for consumers as well as member businesses. Both inflation and average pay growth (excl. bonuses) are measured as a percentage change over a 12 month period. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate rose by 8.6% in the 12-months leading to August 2022, this was lower than the 8.8% in July 2022. The slight offset was due to a reduction in fuel prices but they are still a key driving factor. The largest driving factors were housing and household services (mostly electricity and gas), transport (fuel), food and non-alcoholic beverages. The war in Ukraine is continuing to drive high food prices impacting inflation. Average pay growth (excl. bonuses) increased to 5.4% in July negatively impacting real-time income as consumers pockets are squeezed. The Prime Minister announced a reduced energy bill cap at £2,500 instead of the initial £3,500 happening in October, which will likely cause the inflation rate to increase.



Retail inflation on garden products

Our August trolley (August 2022 vs August 2021 price inflation)



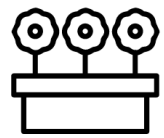
Hardy plants, shrubs & trees
+5%



Bulbs spring/summer
+8%



Growing media **+6%**



Bedding & other plants
+7%



Plastic pots **+16%**



Garden furniture **-4%**



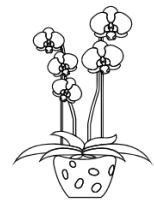
Pet food **+8%**



Chemicals **+3%**



Watering equipment **+8%**



Indoor plants **= (0%)**

Here we look at the price of individual barcodes transacted in garden centres in August 2022 and August 2021, to calculate a median average rate of inflation within each of the categories featured. Each month we will select a 'trolley' of goods that are seasonally appropriate and track the level of price inflation.

In the 12 months to August 2022, within our trolley plastic pots experienced the highest level of price inflation (+16%) as overhead costs for manufacturers rose significantly and taxes loom. The prices garden centre customers paid for pet food, spring/summer bulbs and watering equipment also increased by 8%. Garden furniture saw price deflation as retailers were forced to discount stock they were holding in high volumes to shift it and make way for Christmas etc.

Retail inflation on plants

(August 2022 vs August 2021 price inflation)



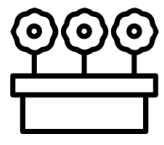
Fruit trees & bushes **+4%**



Shrubs **+5%**



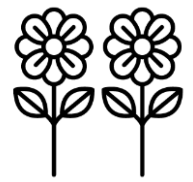
Herbs **+7%**



Pack bedding **+9%**



Roses **+9%**



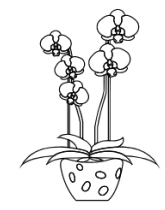
Pot bedding **+7%**



Climbers **+6%**



Vegetable & fruit plants **+12%**



Flowering houseplants **= (0%)**

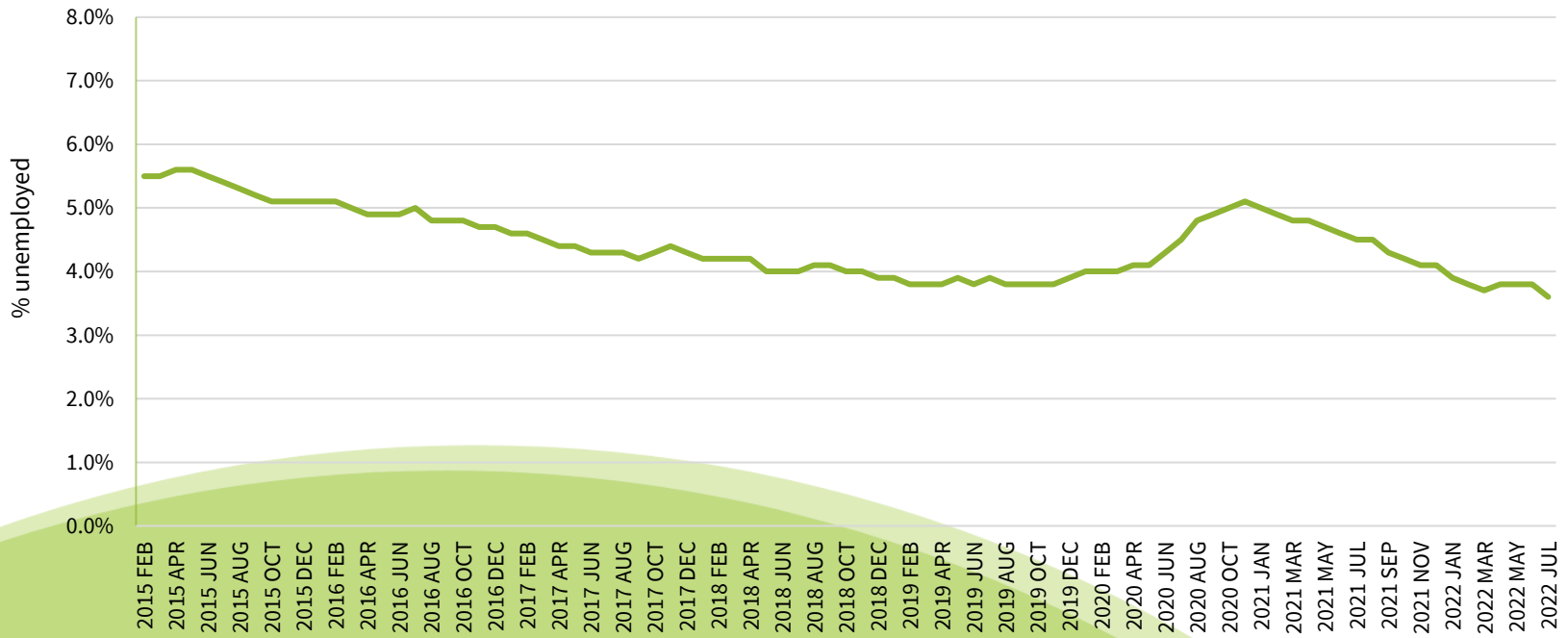
Here we look at retail price inflation across some of the plant categories specifically. Pack bedding and vegetable and fruit plants experienced the highest YOY price increases for the second consecutive month (+9% and +12% respectively), followed by roses (+9%) and pack bedding (+9%). Increased overhead costs for importing plants and plant material across borders, utilities, labour and higher fuel and transport costs are likely contributing factors.



Unemployment



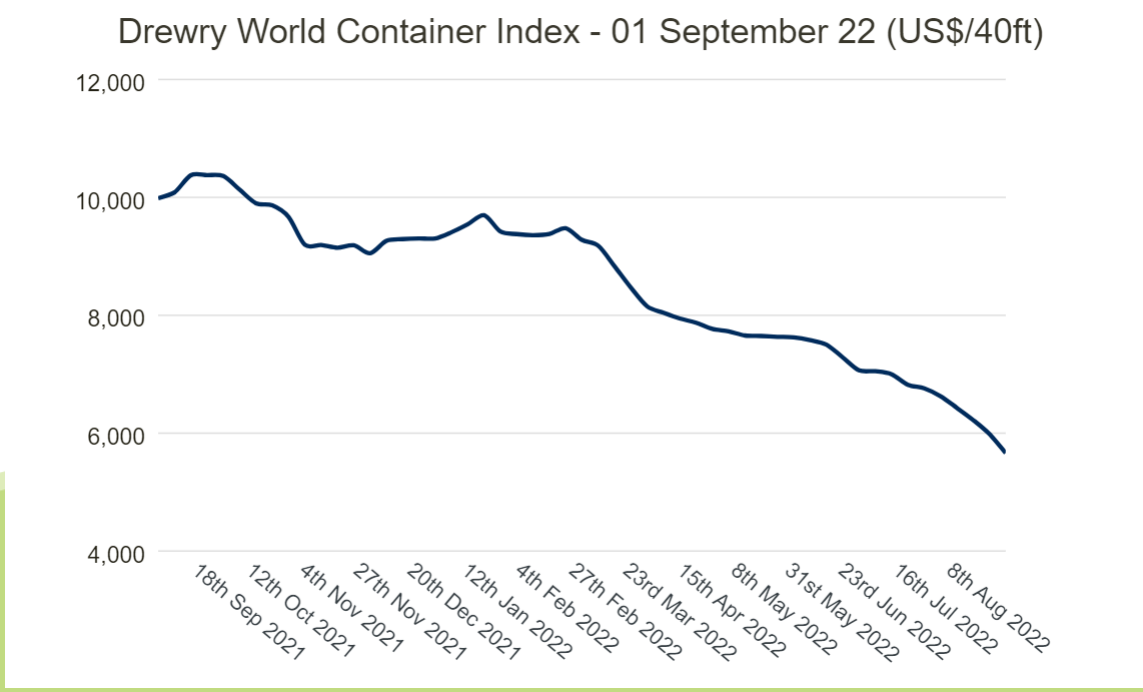
The UK unemployment rate reached the lowest point seen in 48-years as it declined to 3.6% in the three-months to July. Part of this decline in unemployment is due to the number of job seekers who stopped looking for work for reasons such as studies, retirement or long-term illness, thus increasing the inactivity rate. Despite the inactivity rate increasing, payroll reached another record high of 29.7million, since 71,000 people were added to the employment pool in August. The job market boom post-lockdown is beginning to show signs of slowing as vacancies decreased by 34,000 during the last quarter, to 1.266million vacancies now available. The cost-of-living crisis will likely impact businesses trying to retain and attract staff as employees may demand higher wages to match the higher expenses they are facing.





Shipping Container Prices

We report on a composite index which is an aggregate of shipping costs across various routes. The [Drewry's World Container Index](#) price was an average of \$5,661.69 as of 1st September 2022 for a 40ft container. This was the 27th consecutive weekly decrease in shipping prices as supply increased from the impact Covid-19. The Shanghai to Rotterdam route, a widely used transit route to get goods to the UK was \$7,583 for 40ft container which follows a similar trend of decreasing costs as it decreased by 46% since a year ago. Towards the end of August, workers at the Felixstowe port went on strike for eight-days. Felixstowe port accounts for one-third of UK imports and exports which is likely going to impact many businesses receiving imported goods and make it difficult to accurately plan stock arrivals.



We are reporting on the industry aggregate of the major shipping routes.

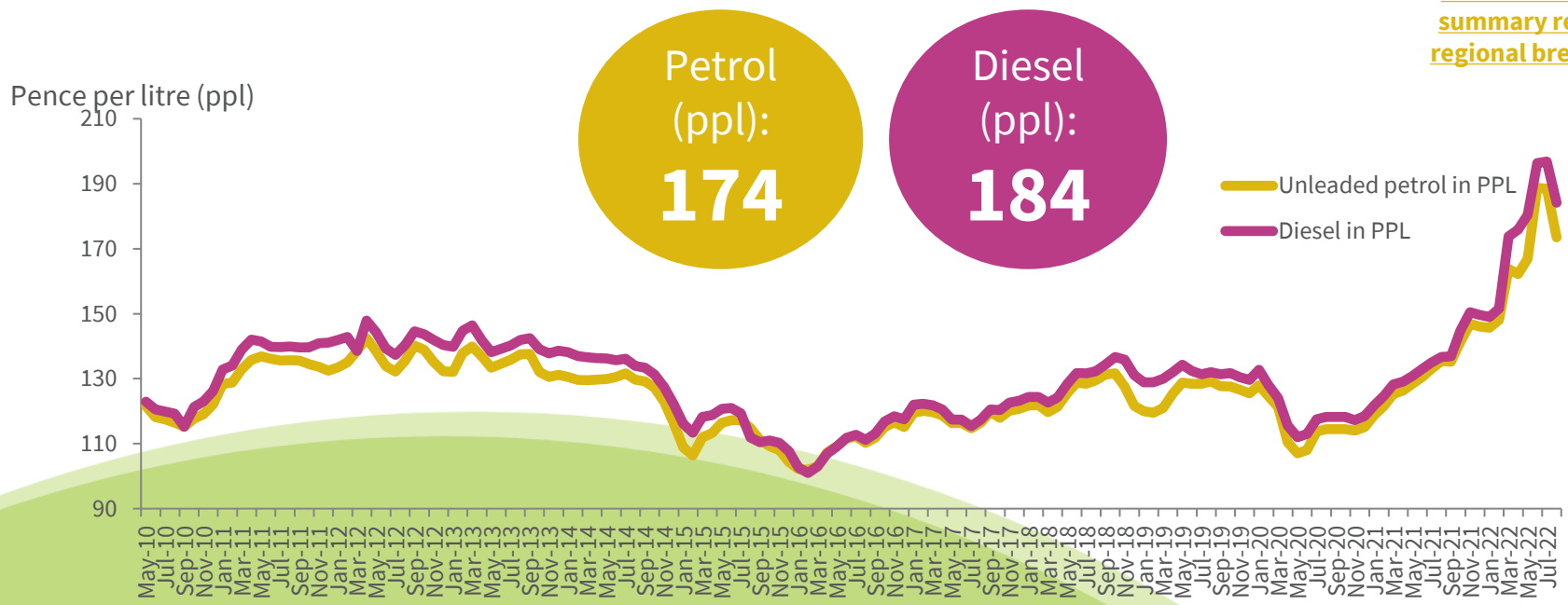
\$5,662



Vehicle fuel prices

We monitor vehicle fuel prices to gauge the situation for consumers and businesses alike. Figures reported are national averages measured in pence per litre but there is likely to be regional variations in price – click the link below to view the data by region. The average petrol price was 173.5p/litre for petrol and diesel was 184.2p/litre in August 2022. Consumers saw a major decrease in fuel prices in August with around 12p coming off the average price per litre as reported by the RAC. After the major drop in fuel prices, the cost to fill up the average 55-litre family car was £93.39 at the end of the month, a drop from the over £100 experienced by motorists in June. Despite the significant decreases, these prices are still high compared with pre-pandemic and before the war in Ukraine. Consumers are likely to still restrict driving for leisure to save on fuel costs which may limit their amount of trips to the garden centre.

[Click to view the full summary report and regional breakdowns](#)



Water – River flows

The charts show the expected probabilities of above or below average river flow levels in the coming months. Essentially, the more yellow, orange or red that appears in a chart, the greater the probability of below normal levels in the area and an increased probability of water shortages.

River flows in August were below normal across most of the UK. Moreover, most regions in England and Wales experienced the lowest river flows on record as most flows were notably to exceptionally low.

The low levels are likely to continue throughout September. Levels are expected to continue as below normal flows in Southern regions whilst northern areas are more likely to be between below normal to normal between September to November.

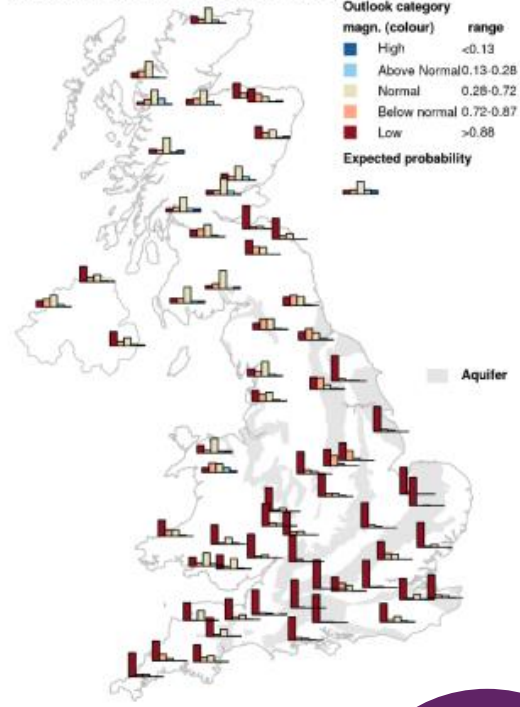
Many areas have been placed under temporary use bans throughout August which are likely to continue till drought conditions ease. More information available here:

<https://hta.org.uk/hosepipe-bans>

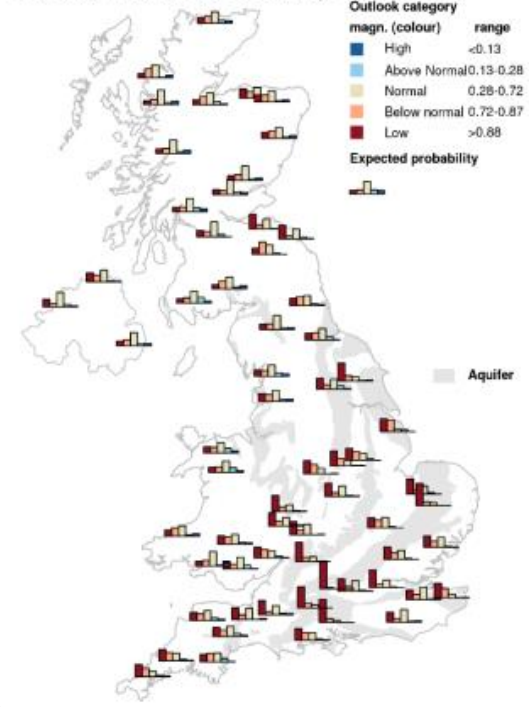
The UK Centre for Ecology and Hydrology have launched an online tool to view the drought in different regions in the UK-

<https://eip.ceh.ac.uk/apps/droughts/>

1-month river flow outlook starting Sep 2022



3-month river flow outlook starting Sep 2022



For the full reports click here

Water – Groundwater levels

The charts show the expected probabilities of above or below average groundwater levels in the coming months. Essentially, the more yellow, orange or red that appears in a chart, the greater the probability of below normal levels in the area and an increased probability of water shortages.

Groundwater levels are forecasted to be below normal to exceptionally low in South and east England, and South Wales. Meanwhile, northern regions are anticipated to have below normal to normal levels with one northern region being the exception with above normal levels. The 3-month period to November is expected to follow a similar pattern with notably low levels and exceptionally low levels in South and Eastern regions. The continued low levels will continue to add pressure to water mains and may keep temporary use bans in place for longer.

1 month outlook

3 month outlook

Key		Percentile range of historic observed values for relevant month
Dark Blue	Exceptionally high levels	> 95
Light Blue	Notably high levels	87-95
Yellow	Above normal	72-87
Green	Normal	28-72
Orange	Below normal	12-28
Red-Orange	Notably low levels	5-13
Dark Red	Exceptionally low levels	< 5



For the full reports click here




Weather

Last month was relatively sunny and warm as it was labelled the fifth hottest August since records began in 1884, with a mean temperature of 16.7degrees, which is 1.5degrees higher than the average August temperature. The warm weather likely had an influence on garden centre sales as consumers spend more time outdoors in their gardens. The second week of August experienced a warm spell which led to thunderstorms. Despite the thunderstorms and rain, the month was still relatively dry with only 54% of the average rainfall. There was also plenty of sunshine as overall the UK had 128% of the average sunshine for the month. The continuation of dry and sunny weather is likely going to cause a continuation of water usage restrictions depending on the region. In addition, the extreme weather events are bringing climate change to the forefront of consumer minds and businesses' future planning.

	August 2022	August 2021
 Hours of sunshine	207	127

	August 2022	August 2021
 Rainfall (mm)	51	67

	August 2022	August 2021
 No. of rain days	8	10

	August 2022	August 2021
 Mean temperature (Celsius)	16.7	15.0

The figures reported are national averages for the UK. To view the figures on a regional basis: [click or tap here](#) to visit the MET Office website and view the year ordered stats by month.

Weather by region



Region	Mean Temp (Degrees Celsius)	Sunshine Hours	Rainfall (mm)
Overall	16.7	207	51
South England	19.1	247	31
North England	17.0	222	42
Wales	16.9	222	40
Scotland	14.0	154	81
Northern Ireland	15.6	189	45

Due to the variation in regions, we are reporting mean temperatures and sunshine hours across separate regions to improve relevance for members all over the UK. Rainfall ranged between near average to only 20% of the average rainfall for the UK depending on the region, with Scotland experiencing the most rain in August (see table above). South England had another relatively dry month but it was not as severe as seen in July, however, it was still the driest region in comparison to the rest of the UK. Overall, it was a sunny month for most regions.

Closing comments

We hope you enjoyed the format and content of this Market Update.

If you have any questions or would like to see something else included, please don't hesitate to contact marketinfo@hta.org.uk

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