

Landscaping Sector Report

adtrak.



Landscaping Services in the UK

▸ Key Statistics

£5bn
Revenue

2.7%
Annual Growth 2014-2019

19,505
Businesses

Confidence is forecast to recover as government support facilitates growth. The landscaping services industry provides a wide range of services to private households, commercial establishments and public-sector entities.

Rising business and consumer confidence at the beginning of the past five-year period enabled the industry to achieve relatively steady growth, as individuals and businesses were able to extend spending on industry services. Many public-sector entities also outsourced a wide range of services, including landscaping services, in order to reduce costs and improve efficiency. This positively influenced demand as the public sector is a major market for the industry. Additionally, construction sector activity improved over the period, facilitating industry growth.

However, some industries have already been affected by the result of the EU referendum. Demand has been negatively affected by pressures on business and consumer confidence. Limitations on the free movement of people from the European Union will make it harder for operators to hire employees.

The economy and consumer lifestyle choices can also impact highly upon the size of the market. British weather can have a significant impact on the strength of the market within a given year. Industry competition is high, as there are many garden and landscaping service companies competing to serve a limited number of clients.

The landscaping industry is in the mature phase of its life cycle. The industry contribution to the wider economy is forecasted to grow at a compound annual rate of 1% over the 10 years through 2023-24. Larger firms are acquiring smaller firms to expand the range of services they provide.

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▸ SIC Code

81.30 Landscape service activities

▸ Industry Statistics & Market Size (October 2019)

Landscaping Services in the UK

Key Statistics

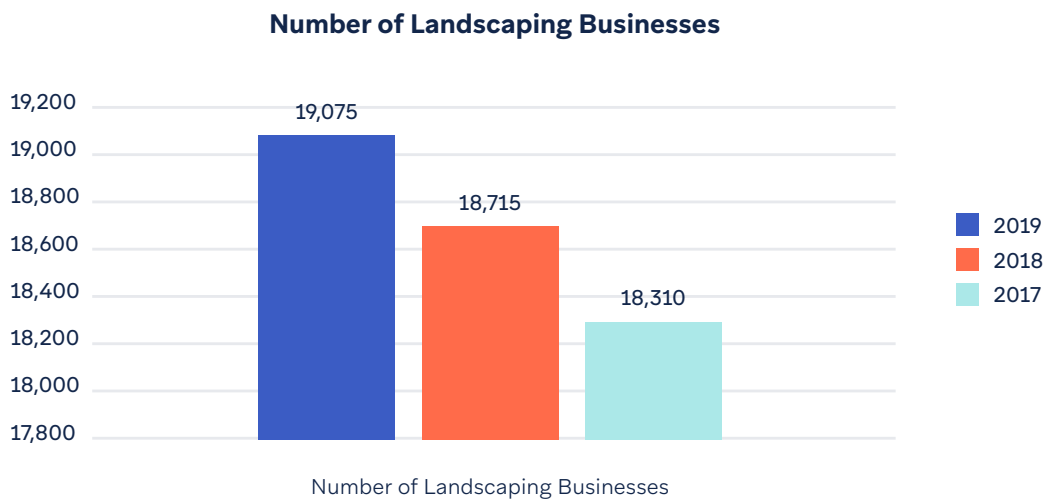
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▸ ONS Market Size

The landscaping market is growing each year. The number of landscaping businesses in the UK has **increased by 1.92% from 2018 to 2019** and by **4.17% from 2017 to 2019**.



Additional Stats (2017)

- Ornamental horticulture and landscaping in the UK made an estimated **£24.2 billion contribution** to nation GDP in 2017.
- UK households collectively spent around **£7.5 billion on garden goods** and **£2.4 billion on the services of gardeners and landscapers in 2017**.
- The average UK household spends around **£150 on their garden each year**.
- There are an estimated **2,300 garden centres and retail nurseries**.

▸ Focusing Facts

(Search query, ads and device trends in UK - Q3 2019)

- 11%** overall search growth in Q3'19 compared to the previous year
- 54%** searches from mobile phones
- 31%** searches from computers
- 8%** change in CPC compared to the previous year

▸ Keywords Competitiveness

Keyword	Search Volume	Top of page bid (Low Range)	Top of page bid (High Range)
Block paving	27,100 (High)	£0.72	£2.70
Patio pavers	2,900 (High)	£0.64	£3.58
Driveway pavers	6,600 (High)	£1.11	£3.58
Garden design	27,100 (High)	£0.63	£2.03

▸ Sector Growth

Brexit's Impact on Landscaping Services in the UK

The relationship between the UK and the EU remains unclear; some industries have already been affected by the result of the EU referendum.

- Demand has been negatively affected by pressures on business and consumer confidence.
- Limitations on the free movement of people from the European Union will make it harder for operators to hire employees.

Confidence

The industry is affected by changes in consumer and business confidence levels, as households and businesses tend to increase spending on landscaping services when confidence is higher. Since the EU referendum, consumer confidence has been hit by prevailing uncertainty and is expected to fall over the four years through 2019-20 and beyond. Consequently, revenue expansion has been constrained, although the industry has still recorded growth.

Business confidence fell slightly at the time of the referendum and is expected to do so again through the current year, weighing on demand as businesses often consider landscaping services to be discretionary. The industry's performance is also influenced by building construction activity. Although this has risen steadily over the past five years, the UK's exit from the European Union could pose a longer-term threat, as many downstream construction industries employ a number of EU workers and are themselves affected by general levels of confidence in the economy.

Labour

The industry relies on labour from overseas. According to data from the Office for National Statistics, in 2018 approximately 15% of the industry's workforce was made up of EU nationals. Following the UK's exit from the European Union, landscapers may struggle to recruit employees from EU countries. Restrictions on freedom of movement and greater legal barriers could limit operators' access to European labour. Additionally, a new immigration system was previously proposed, prioritising high-skilled labour and limiting low-skilled immigration once the United Kingdom has left the European Union.

However, such a scheme may not be accepted by the European Union. Should it be, the industry would find it more difficult and costly to employ cheap, low-skilled labour. It would also struggle to acquire high-skilled employees due to restricted entrants. The net result for the industry in this circumstance would be increased difficulty in hiring employees and subsequent elevated industry wage costs.

Legislation

The British Association of Landscape Industries is the British representative body within the European Landscape Convention (ELC). Upon the UK's exit from the European Union, ELC membership will likely be retracted. This will mean UK companies will no longer be able to attend ELC conferences or benefit from ELC advice. Moreover, the industry abides by European legislation regarding clean water, pollution, recycling and fishing. Landscape architect Noel Farrer, the president of the Landscape Institute, has expressed concerns that current UK legislation on landscaping is not comprehensive enough. For this reason, he publicly expressed his support for the United Kingdom to remain in the European Union. It is currently unclear how legislation will be affected.

▸ Sector Trends

The UK domestic landscaping materials market increased by around 3% from 2017. Key product sectors in the market are horticulture, hard landscaping and garden decoration. The weather is a key influence on annual growth rates in the marketplace.

In addition, the economy has a significant impact on the performance of the market, with higher-value projects likely to be put on hold during times of economic uncertainty and when disposable incomes are stretched. The market has experienced steady underlying growth over the last 2-3 years, as consumers continue to invest in their gardens by updating or upgrading outdoor areas with more modern décor schemes.

The 'outdoor living' trend has sustained interest, encouraging consumer spending. At the same time, low maintenance is also a dominant trend, exemplified by the recent growth for artificial turf. Besides the weather and the economy, consumer lifestyle choices can also significantly impact the size of the market. Recent trends include growing your own vegetables, al-fresco dining and entertaining, as well as the recent focus on the garden as an outdoor living space.

The domestic landscaping market is heavily reliant on imported products, particularly decorative items and a significant proportion of horticultural products. The EU referendum in 2016 has had some impact on the market as the price of imports increased. Distribution of landscaping materials is fragmented and online sales continue to increase, with the emergence of dedicated garden specialists, as well as generalists. Many of the traditional 'bricks and mortar' channels now have a strong online presence and have adopted an 'omni-channel' approach. Into the medium-term, the domestic garden landscaping materials market will show steady, if modest, underlying growth until 2023.

▸ Industry Threats & Opportunities

- Operators rely on relatively low-skilled labour to perform various types of landscaping services, and this is reflected in the industry's relatively low average wage. Therefore, changes in the National Minimum Wage influence industry profitability. Any increase in the National Minimum Wage raises the industry's cost base and therefore has an adverse effect on profit margins. **In 2019-20, the National Minimum Wage is projected to rise, acting as a potential threat to the industry.**
 - Greater spending by the government and government institutions on gardening and landscaping positively affects the industry. Contracts to maintain and refresh grass in public areas are controlled by local authorities and contribute a sizable chunk to industry operators' revenue. Real government consumption expenditure is expected to increase in 2019-20 despite remaining under pressure. **This represents a potential opportunity for the industry.**
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▸ Sector Associations

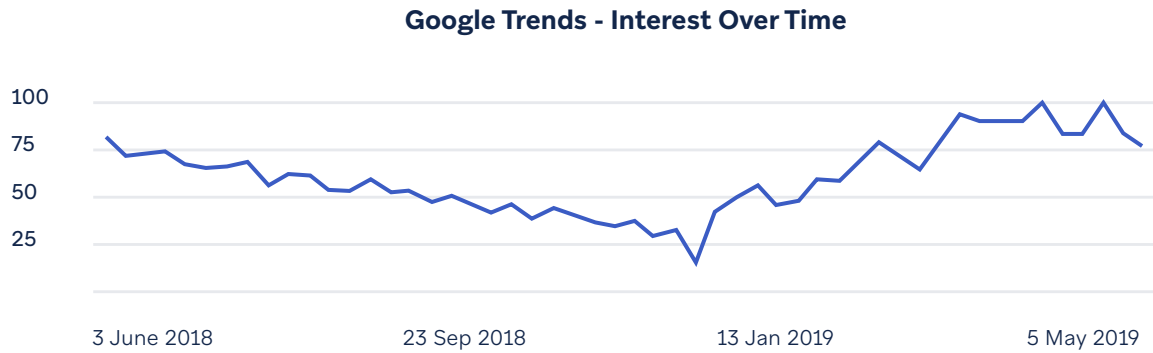
- **BALI - British Association of Landscape Industries**
The leading trade association for the UK's landscape professionals. 900+ professionals including garden designers, landscape contractors and suppliers of landscaping materials.
 - **APL - The Association of Professional Landscapers**
APL comprises accredited landscape companies who design, build and maintain gardens throughout the UK.
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▸ Sector Events

- **Landscape Show - The Industry Trade Show**
<http://www.landscapeshow.co.uk/>
- **Landscaping Events - Pro Landscaper**
<https://prolandscapermagazine.com/landscaper/events/>
- **FutureScape - UK's Leading Landscaping Exhibition**
<https://www.futurescapeevent.com>

▸ Seasonality of Business

The landscaping season runs from spring until the end of autumn. People tend to look for landscaping work between April - October/November predominantly.



▸ Sources

- <https://www.amaresearch.co.uk>
- <https://www.ibisworld.co.uk>
- <https://hta.org.uk>