

NURSERY PAPERS

SEPTEMBER 2024

Growing green

THE FUTURE OF AUSTRALIA'S NURSERY INDUSTRY

The Australian nursery industry is projected to grow significantly, reaching \$3.2 billion by 2030, driven by rising demand for sustainable plants, urban greening initiatives and technological advancements.

According to the August 2024 Nursery Industry Environmental Scan report, despite economic challenges and extreme weather risks, the industry remains resilient, supported by strong demand for sustainable greenspaces and investments in technology and workforce development.

As cities expand and communities seek more green infrastructure, the nursery industry is well-positioned to meet these needs while contributing to climate resilience and sustainable living spaces.

SUMMARY

- To inform industry development, the Nursery Industry Environmental Scan report provides an overview of the sector by way of a state-of-the-industry profile, a situational analysis and a discussion paper on various growth options.
- Drawing together insights from the 2022–23 Australian production nursery survey, PESTLE (political, economic, social, technological, legal and environmental) analysis and industry focus groups, the report outlines the nursery industry's current landscape, revealing its diversity and adaptability.
- Delivered by ACIL Allen under the *Nursery Industry Statistics 2020–21 to 2024–25 (NY21000)* program, the paper offers a detailed look at the nursery industry and highlights important trends and factors shaping its future.

MAIN FINDINGS

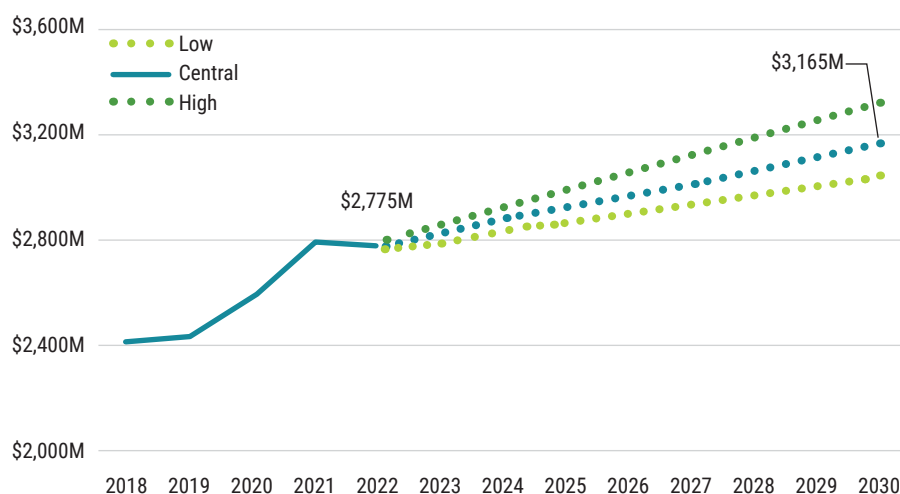
PROJECTED GROWTH – the industry is set to hit \$3.2 billion by 2030

ECONOMIC CONTRIBUTION – nurseries contribute \$2.5 billion to Australia each year

EMPLOYMENT – over 20,000 full-time jobs supported by the sector

CLIMATE RISKS – extreme weather and climate change threaten growth and demand

Industry value projected to 2030 under three growth scenarios (\$ million)



Source: ACIL Allen



REPORT DEEP DIVE

STATE OF THE INDUSTRY

The Australian nursery industry is both resilient and adaptable, with a diverse range of plant products supporting sectors from home gardening to large-scale commercial horticulture.

In 2022–23, nurseries sold an estimated 2.3 billion plants. The industry includes 1,620 production nurseries, from small family businesses to large commercial operations. Larger nurseries dominate sales and often rely on big box retailers, but there are opportunities to diversify into environmental, urban greening and landscaping sectors.

Retail represents 42% of total sales, with wholesale, landscaping and primary industries following. The industry employs 20,000 full-time equivalent workers and contributes \$2.5 billion annually to the Australian economy, with growth projected to \$3.2 billion by 2030.

Challenges affecting supply and demand identified in the report, include economic pressures, labour shortages and climate variability. Environmental, social and governance factors (ESG) factors are increasingly important – although economic conditions might limit short-term premiums for ESG-compliant products, consumers are seeking transparency. Despite these challenges, 80% of industry participants remain optimistic, citing sustained demand driven by urban greening, climate adaptation and home gardening trends.



\$2.8 BILLION
FARM GATE VALUE



\$2.5 BILLION
VALUE ADDED



20,000
FULL-TIME
EQUIVALENT JOBS



SITUATION AND OUTLOOK

The nursery industry is navigating a complex landscape shaped by a mix of economic, environmental and social pressures. Below is an overview of key factors influencing the sector.

- **Economic conditions** – Australia faces high input costs, labour shortages and reduced household spending due to inflation and economic downturns. These factors impact all industries, including nurseries, with tightening margins highlighting broader operating challenges.
- **Climate risks** – The industry is highly vulnerable to climate change and extreme weather, with 68% of businesses reporting significant impacts. Challenges include increased insurance costs and uninsurable losses, with seasonal demand fluctuating between peaks in spring and autumn and extended low periods.
- **ESG preferences** – ESG considerations are increasingly important, especially for larger businesses facing performance metrics and regulatory focus. With 85% of Australians seeking transparency in sustainability, ESG practices are critical for future strategy and compliance. However, economic pressures may limit short-term consumer premiums for ESG products.
- **Industry sentiment** – Sentiment is positive, with 80% of respondents confident about the future. Growth areas include urban greening, climate change mitigation, housing development and home gardening. However, sentiment is shifting in response to declining economic conditions, with the upcoming survey expected to provide further insights.



SITUATIONAL ANALYSIS

The report provides an in-depth analysis of the nursery industry, focusing on internal strengths and weaknesses, as well as external opportunities and threats.



Strengths include a diverse product range spanning ornamentals, vegetable seedlings, native plants and food trees – and significant investments in infrastructure (45%), technology (31%) and education (31%). These efforts bolster the industry’s role in enhancing urban environments and food security, with ongoing research and development driving improvements in plant weaknesses.

Opportunities lie in leveraging a skilled workforce, adopting ESG practices to attract eco-conscious consumers, and utilising technological advancements like automated irrigation and climate control. With growth projected to \$3.2 billion by 2030, there is significant potential for expanding high-quality plant exports.

Threats include economic downturns impacting sales, long-term risks from climate change and biosecurity issues, competitive pressure from large retailers, and increasing regulatory compliance requirements.

GROWTH OPTIONS

Three key areas for industry growth align with the current situation, industry diversity and a positive outlook. These areas, which can be enhanced through collaboration, are:

PEOPLE AND CAPABILITY DEVELOPMENT:	EMBRACING ESG TRENDS:	TECHNOLOGICAL ADVANCEMENTS:
<ul style="list-style-type: none"> • WORKFORCE AS A KEY ASSET: essential for operations, with growing technical skill needs • WORKFORCE DEVELOPMENT: programs like the <i>Green Industry Growing Leaders Program</i> (MT16002) and promoting nurseries as a career path • FUTURE-FOCUSED TRAINING: identifying skill needs, collaborating with training providers and offering flexible arrangements to attract talent 	<ul style="list-style-type: none"> • CONSUMER DEMAND: transparency in sustainability presents opportunities for trust and loyalty • BEST PRACTICES FOR ESG: adopting sustainable methods, reducing waste and complying with regulations 	<ul style="list-style-type: none"> • EFFICIENCY AND QUALITY: automated systems and digital tools improve production and customer engagement • INVESTMENT IN R&D: ongoing research in climate-adapted and disease-resistant plants supports sustainability and resilience 

Leveraging shared resources and expertise for industry-wide improvements and innovative solutions is key to maximising growth opportunities.

By focusing on people, ESG practices and technology, the nursery industry is well-positioned for sustainable growth.



SUMMARY

The August 2024 Nursery Industry Environmental Scan report highlights the industry's robust growth opportunities which it projects to reach a value of \$3.2 billion by 2030, driven by sustainable plant demand, urban greening and technological advancements. It also demonstrates the sector's resilience despite economic and climate challenges, offering valuable insights into industry trends and opportunities.

To learn more about the findings and recommendations visit:

www.greenlifeindustry.com.au/communications-centre/nursery-environmental-scan



MORE INFORMATION

For more information, see:

- the August 2024 Nursery Industry Environmental Scan report – www.greenlifeindustry.com.au/communications-centre/nursery-environmental-scan
- past nursery papers – www.greenlifeindustry.com.au/communications-centre.

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