

Is The Foliage Market Falling Apart?

Many factors — from recent hurricane damage to rising land prices to depressed pricing — are affecting the foliage industry's future.

By Lynn Griffith

Florida is the largest U.S. foliage producer, with annual wholesale sales exceeding \$300 million. While wholesale foliage is grown in many parts of the state, the Apopka area (just north of Orlando) and the Homestead area (just south of Miami) have the greatest concentration of foliage growers. At one time, Palm Beach County was a major foliage producing area, but population, development and high land prices gradually have led to nurserymen either retiring or moving to a different part of the state. California, Hawaii and Texas also have significant foliage production, though smaller than Florida.

While there are significant exceptions, the Apopka area generally produces smaller foliage items — a lot of 3- to 6-inch containers, as well as hanging baskets and dish gardens. The Homestead area typically produces larger specimen foliage items, from 6-inch pots all the way up to very large acclimated trees and palms.

Hurricane Damage

The Apopka area suffered structural and

crop damage from the 2004 hurricanes, but generally the area was spared in 2005. Production of smaller foliage items in the Apopka area continues at a reasonably normal pace. Despite very little media coverage, the Homestead area received significant damage from Hurricanes Katrina and Wilma in 2005. Many shade houses and greenhouses came down, especially older structures. Shade cloth blew away, and many houses were badly damaged or destroyed.

The combination of broken irrigation lines, power outages for as long as two weeks and scarcity of fuel for pumps made irrigating the sunburned and physically damaged crops especially problematic. Like the general population, growers were relatively unprepared for these hurricanes, as they were not projected to hit major crop production areas. As the hurricanes passed through Florida, most forecasters projected them to be relatively weak Category 1 storms at most. What really happened was very different.

It has been estimated that Hurricane Wilma had wind speeds of up to 130 miles per hour.

The Department of Agriculture estimated storm damage from Hurricane Katrina in the Homestead area at \$420 million. Hurricane Wilma was a much larger, more powerful storm as it passed over Florida, causing damage to the area estimated at \$500 million. These storms hit less than two months apart and added to the damage that occurred from the four hurricanes that struck Florida in 2004.

Availability Issues

What does all this mean for foliage availability? Larger specimen plants are extremely difficult to find right now because so many were damaged directly or indirectly from the storms. Some growers laid their entire inventory down prior to the onset of the hurricanes, and some plant species were injured while lying on the hot ground cover or in standing water. Larger plant material will take quite some time to recover from storm effects, and production of some foliage items can take years.

Foliage buyer Linda Milark of All About Plants, Ft. Lauderdale, Fla., said aglaonemas

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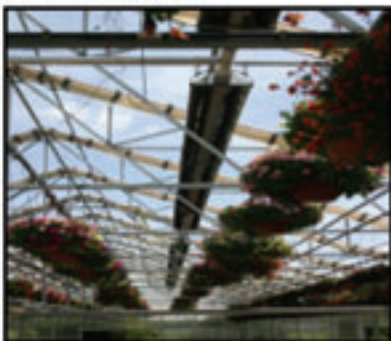
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industry issues

are still very difficult to find because a number of major growers and cutting producers were severely damaged. Larger tree and palm species will be quite scarce for a while.

Producers of smaller foliage items were generally less affected in 2005. In addition, many of the smaller foliage items have much shorter production times, often ranging in weeks rather than months or years. Availability of smaller plants in the spring should be reasonably good, while larger plant specimens will be scarce. It is still too early to speculate on the degree of storm-induced price increases, but it should be noted that plant prices have steadily fallen for years as the big box stores absorb a greater percentage of foliage production. Years ago, a much higher percentage of foliage went to independent garden centers and interiorscape companies but gradually the large retailers have changed that.

At the same time, other less obvious factors likely will impact the availability of foliage plants. Ever increasing population growth and development are putting the squeeze on large producers in many parts of the United States. As land prices in some areas approach \$250,000 or more per acre, land simply becomes too expensive to farm. Some growers will sell their land at significant profit and retire; others will relocate to areas where land is less expensive, often using the land sale proceeds to construct

stronger greenhouses and larger production areas.

Many growers entered the foliage industry in the 1970s and 1980s, and a significant percentage is approaching retirement age. Other growers are considering a change in crops, such as dropping foliage and growing landscape plants. Such a change will eliminate the need for greenhouse structures. With the forecast for storm problems in the next 10-15 years and the continued outlook for diminishing returns, many growers on the southern Atlantic coast and the Gulf region adhere to the "one more and I am out of here" mentality.

Market Fluctuations

Costs of land, labor, fuel, pesticides and fertilizers have increased, yet the downward pressure on plant prices seems to continue. Greenhouse heating costs and diesel fuel for plant shipments probably will be the highest on record this year. This may make some producers reconsider growing tender varieties such as aglaonema and dieffenbachia.

Smart growers know that plant sales are influenced significantly by the disposable income of the general population. That fern or philodendron basket you are thinking about growing directly competes with music, movies, sports, housewares and other leisure items for spare dollars. While the economy is reasonably robust these days, ♦

TPIE STILL A MUST

Our annual pilgrimage to the Florida Nursery Growers and Landscape Association's Tropical Plant Industry Expo (TPIE) — in Ft. Lauderdale, Fla., every January — revealed an industry much healthier and more eager than many expected given the constant hurricane abuse over the past two years.

As expected, hurricane damage and the status of the industry were the main topics of conversation on the show floor and at all the facilities we visited. It's hard not to talk about it when so much of the area still shows visible scars. In fact, the day we were at Costa Farms, formerly Costa Color, miles of shade cloth and poly were being hauled away while brand-new materials were being raised...all during one of their busiest times of the year.

But the news wasn't all bad. Hundreds of new products made their debut at this year's TPIE, and buyers from many of the main retailer outlets walked the floor. Among my favorite new plants was *Alocasia brancifolia* from Agri-Starts (www.agristarts.com). It's a quicker-growing variety with unique pinnately shaped leaves that make for an interesting, attractive plant. Also of note in the plant department, ForemostCo (www.foremostco.com) was showing what they claim to be the first seed-grown spath for 8- and

10-inch pot production. It looked like a standard spath, but seeds would certainly save on production costs!

Marketing programs seldom get me excited, but I saw two at TPIE that are real winners. Plant At Home & At Work was created by MasterTag for the long-running Plants At Work group (www.plantsatwork.com). With tags, bench tape and signage, the program focuses attention on the essential benefits of foliage; it puts a more professional image on a great concept. Maybe now growers will be more anxious to spread the message.

You also might want to check out what Hermann Engelmann Greenhouses is doing with packaging. They have upgraded the ubiquitous Exotic Angle program to include 11 colors of plant- or season-coordinated pots and added three new pot styles

for the most upscale markets. This is not a hit-you-over-the-head program, but it is a great, subtle way to move foliage.

Next year's TPIE is expected to be even stronger as the foliage industry and area growers continue to recover from the hurricanes of 2004 and 2005. If you have anything to do with foliage, Ft. Lauderdale is the place to be Jan. 18-20, 2007.

—Bridget White



Despite hurricanes the past few years and a down foliage market, TPIE is still one of the most important shows in the industry.

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any sort of setback in the broad economic picture can affect plant sales. There is good news from those studying the plant markets. They have found that in today's uncertain world, people are more interested in making their homes comfortable and pleasant. This has increased expenditures for landscaping and home improvement; houseplants may be part of that trend as well.

What to do when foliage plants are in short supply? One obvious answer is to substitute more flowering plants or cut flowers, at least where light levels permit. Changing to the more-available smaller foliage plants would be a second strategy. Some experienced foliage buyers recommend spreading foliage purchases to several different nurseries rather than one or two key suppliers. This offers a little extra protection of availability in case of future storms. At the same time, in an environment where

foliage plants are scarce, established customers may have a better chance getting limited plant inventory as opposed to new buyers.

What's Next?

Will the foliage industry survive? Certainly, though economic and weather factors have and will create periodic shortages. It is extremely difficult to get a roofer, fence repairman, tree company or any kind of construction-related contractor in Florida and the Gulf region these days. One grower told me he couldn't even locate hog rings for shade cloth repair, so he has to recycle them from old pieces of shade cloth.

There has been a move toward larger, more consolidated nurseries in recent years, and many of these are good growers dedicated to continuing foliage plant production. The marketplace will continue to change and evolve as it always

does, but foliage plants still play a beneficial role in the interior land environment. Growers will continue to produce interior foliage as long as customers keep buying it.

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Left: Hurricanes Wilma and Katrina blew away shade cloth and damaged many greenhouses at Costa Farms. **Right:** One of the biggest problems for many growers, however, came after the storms when plants were exposed to the elements and standing water.

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