

PRODUCTION OF NURSERY STOCK AND ORNAMENTAL PLANTS

Industry overview

The Irish ornamental horticulture industry is professional and modern, with high-tech growing systems producing plants of the highest quality. The market is diversified into a range of specialised sub sectors. A small number of growers produce high-value,

young plants and starter material.

These nurseries propagate new plants using a range of technical systems, with key seasonal peaks in activity. The majority of the industry is comprised of growers who grow on and finish these products.

Market segments



Efficiencies of scale are an important feature of consolidation.

- Young plants;
- bedding and pot plants;
- perennials;
- shrubs;
- hedging and young trees;

- semi-mature trees; and,
- specialist lines: alpiners, roses, ferns, bamboo, etc.

Growth areas over the last 10 years have been in perennial plants, evergreen shrubs, and instant hedging. The demand for new plant material is allied with the construction sector. Bigger plant sizes are also desirable when customers seek instant impact and screening. Consolidation of the sector has resulted in fewer nurseries, but those that exist have increased in scale. Specialist nurseries have developed (see the Irish Specialist Nursery Association) and work together for marketing and technical benefits. Most of these segments are seasonal and have a peak sales and production period, predominantly in spring.

Facts and figures

There are approximately 180 nurseries in Ireland, with the 20 biggest accounting for roughly 70% of the market. The DAFM estimated the farm gate value for hardy nursery crops to be €37m in 2019, and the protected ornamental sector was worth an additional €19m. The overall spend on plants and cut flowers was estimated by Bord Bia to be worth in excess of €250m in 2017.

There is potential to exploit import substitution and export channels. In 2017, amenity horticulture producers exported a total farmgate value of over €17m. This was comprised of €7m of hardy nursery stock, €1.3m of bulbs and cut flowers, €4.8m of cut foliage, and €4.8m of Christmas trees.

There are no subsidies provided for the sector; however, the Department of Agriculture, Food and the Marine (DAFM) oversees a competitive grant in aid scheme, which can support capital investment to the value of 40% (or 50% for qualified young growers under 35 years of age). The scheme is usually open for applications once a year in autumn.

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Market

The market is highly differentiated, and most nurseries are specialised to supply one channel only. The markets have different requirements for products in regard to size, presentation, pricing, volume and distribution methods. The independent garden centre channel makes up over 26% of the value of amenity sales in Ireland. There is a wide range of demands in the sector from budget to high value. Hardware, DIY and co-op stores make up 8%, 19% and 4% of the market, respectively. Supermarkets account for 10% of the value of amenity sector sales, with the remaining 33% sold in other channels. Most channels seek to rationalise

their orders with as few suppliers as possible, thus reducing work load and delivery costs. A minimum order for delivery is usually one Danish trolley or one pallet. In general, Irish exporters supply high-value products that can be transported efficiently. Nurseries often make their own deliveries year round and use dedicated hauliers in peak season. Other market segments are landscaping, retail to other nurseries and specialist plant fairs. Online retailing of plants is in its infancy in Ireland. The Covid-19 pandemic accelerated the growth of this retail channel. Many nurseries have developed product ranges suitable for online garden centres.

Establishment costs and profitability

All plant producers must be registered with Department of Agriculture, Food and the Marine.

Field production is confined to hedging, roses and semi-mature trees. The remaining stock is produced in intensive containerised units, with controlled environments and irrigation. These areas have a high output for a relatively small footprint. The soil or site conditions do not generally restrict activities.

Modern nurseries are set out on a grid system, with a central hub and no dead ends, allowing for easy circulation. Developing infrastructure over a number of years may allow a nursery to expand in tandem with increasing turnover. A development plan with expansion areas identified will limit inefficient use of space. The capital costs for a unit producing 100,000

plants would be in the order of €100,000, where all new materials and equipment are used. These costs include a small potting shed, stand-down beds, an automated irrigation system, roadways and paths, and 500m² polytunnels. Profit margins from container nurseries are in the order of 10%, but vary significantly and are based on minimal wastage. Seasonal weather can have a significant impact on annual turnover. For many nurseries, 70% of their turnover is generated in just 12 weeks of spring. Imports from specialised wholesale nurseries, that offer next day delivery from the Netherlands and other European countries, have resulted in competitive pricing in an open market. Irish nurseries that export must compete in this environment.

Labour and training

Plant production has seen significant automation developments to reduce the labour cost and uniformity of products. In general, labour accounts for 40% of input costs in nursery stock production. Work in the industry can be skilled and requires experience and training. Teagasc and other third-level institutions deliver a range of appropriate courses. Apprenticeships have been developed for the sector also. There is a large demand for seasonal semi-skilled labour for the sector during peak seasons. Specialist training can be completed also, for example, as a pesticide user.

Infrastructural requirements

These consist of the following:

- shelter belts;
- gravel or sand beds for standing plants down;
- an automatic irrigation system, which can include a system for liquid fertiliser application;
- roadways and paths through the nursery for accessibility when standing down plants and assembling sales orders;
- a potting/packing shed for co-ordinating potting, despatch, etc.;
- office and welfare facilities;
- plant protection structures, such as glasshouses and polytunnels for winter protection and also promotion of early growth in the spring months; and,
- automation for potting and moving stock.

Further information

For further information please contact
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The following resources are also helpful:

- 🌐 www.teagasc.ie/crops/horticulture/nursery-stock/
- 🌐 www.agriculture.gov.ie/farmingsectors/planthealthtrade/
- 🌐 www.ifa.ie/sectors/horticulture/

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