

The Economic Impact of the Green Industry in Texas

Summary Report to the Texas Nursery and Landscape Association
2009

by

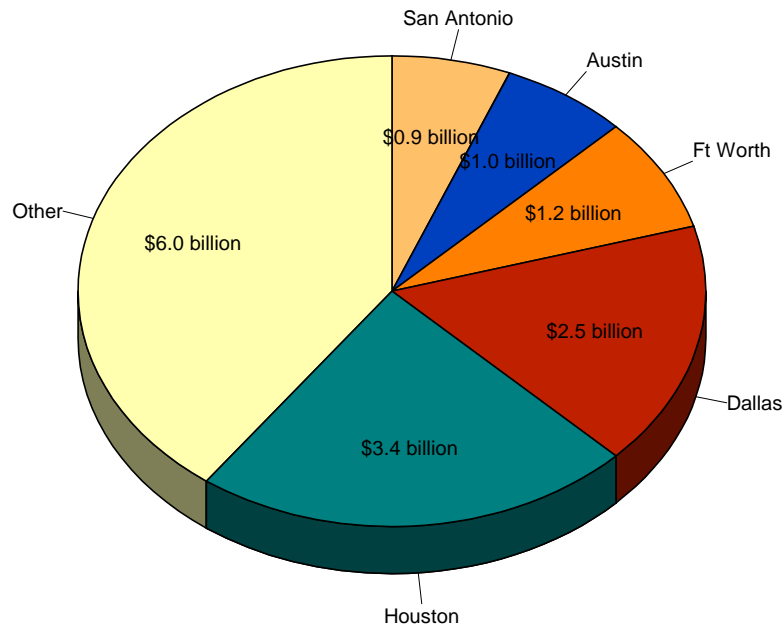
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The Economic Impacts of the Green Industry in Texas: \$ 14.9 Billion in 2008

Despite the global economic and financial crisis and the start of the recession in 2008, the green industry shows a small increase, and it is estimated that it contributes \$14.9 billion to the Texas economy and it generates over 170,000 jobs. These figures include all sectors of the green industry as reported in the sales-related Scope Report published in the last issue of Green Magazine. Houston and the Dallas-Fort Worth metropolitan areas generate the largest impact, comprising almost half of the total.



Significance to the Industry

Horticulture is the science and art involved in the cultivation, propagation, processing and marketing of ornamental plants, flowers, turf, vegetables, fruits, and nuts. Within the horticultural sector, the environmental horticulture industry, often referred to as the “Green Industry”, is one of the fastest growing sectors of agriculture in the US. However, the green industry is facing many challenges including an economic downturn, stronger competition from less expensive imports, considerable price variation, and seasonal consumption patterns.

The U.S. green industry consists of wholesale nursery, greenhouse, and turfgrass sod growers; landscape architects, design/build contractors, lawn and landscape maintenance firms; retail firms such as garden centers, home centers and mass merchandisers with lawn and garden departments; and various marketing intermediaries, such as brokers and horticultural distribution centers.

Despite the industry’s importance, the Economic Research Service (ERS) of the U.S. Department of Agriculture (USDA) ceased publication of the Floriculture and

Nursery Yearbook in 2007. The National Agricultural Statistics Service (NASS) publishes the Floriculture Crops report annually, but has not published the Nursery Crops report since 2007. In order for our industry to remain competitive, it is vital to assess its size, understand its current trends and contributions to the economy in dollar terms and jobs created. Thus, the importance of this report.

Nature of Work

The data used in this report were provided by the Texas State Comptroller’s Office, baseline data from the Floriculture and Nursery Yearbook from USDA, and the Texas Green Industry Survey of 2008; and **includes industry sales through the end of fiscal year 2008**. To evaluate the economic impacts contributions of the green industry in the Texas economy, economic models were developed using the Implan software system and associated Texas datasets (MIG, 2007). The Implan system includes more than 500 industries. The sectors associated with the green industry are presented in Table 1. Input-Output models represent the structure of a regional economy in terms of transactions, employees, households, and government institutions (Miller & Blair, 1985).

Table 1. NAICS Codes for Green Industry Sectors

Industry Sector	NAICS Code
Nursery & Greenhouse	1114
Lawn & Garden Equipment Mfg	333112
Greenhouse Manufacturing (Prefab. Metal Buildings)*	332311
Landscaping Services	561730
Landscape Architectural Services	541320
Flower, Nursery Stock And Florist Supplies Wholesalers	424930
Lawn & Garden Equipment & Supplies Stores	4442
Florists	4531
Building Material & Supplies Dealers*	4441
Food & Beverage Stores*	445
General Merchandise Stores*	452
Farm & Garden Machinery & Equipment Wholesalers*	423820

* Green industry represents a portion of overall business activity.

The economic multipliers derived from the Implan model were used to estimate the total economic activity generated in the state by sales (*output*) to final demand or exports. This includes the effects of intermediate purchases by green industry firms from other economic sectors (*indirect effects*) and the effects of green industry employee household consumer spending (*induced effects*), in addition to direct sales by industry firms. The wholesale and retail sectors use products from the production/manufacturing and horticultural services sectors; therefore, when calculating the impacts for the wholesale and retail trade horticulture products, output (retail sales) are reduced to reflect only the gross margin on sales to those sectors, otherwise we would be double counting the economic impact stemming from those products.

Results

Economic impacts for the Green Industry in Texas were estimated at \$14.9 billion in output; 171,415 jobs, and \$8.4 billion in value added as shown in Table 2. For the production and manufacturing sectors, including nursery and greenhouse, lawn and garden equipment manufacturing, and metal building manufacturers, total output impacts were \$2.5 billion; employment impacts were 23,905 jobs; and value added impacts were \$1.4 billion. For the horticultural services sectors, including landscaping services and landscape architecture services, total output impacts were \$7.7 billion; employment impacts were 94,427 jobs; and value added impacts were \$3.9 billion. For the wholesale and retail trade sectors, total output impacts were \$4.7 billion; employment impacts were 53,083 jobs; and value added impacts were \$3.1 billion. The largest economic impact contributions for individual sectors were landscaping services, nursery and greenhouse and lawn and garden stores.

Table 2. Economic Impacts of the Green Industry in Texas, 2008

	Output (\$Mn)	Employment (jobs)	Value Added (\$Mn)
Production & Manufacturing	2,487	23,905	1,422
Nursery & Greenhouse	1,991	21,970	1,250
Lawn & Garden Equipment Manufacturing	401	1,502	132
Prefabricated Metal Buildings ¹	95	433	40
Horticultural Services	7,671	94,427	3,932
Landscaping Services	7,282	91,388	3,692
Landscape Architecture Services	389	3,039	240
Wholesale & Retail Trade Horticulture Products²	4,743	53,083	3,067
Flower Nursery Stock & Florist Supplies Wholesalers	205	1,229	128
Lawn & Garden Equipment & Supplies Stores	1,804	17,573	1,176
Florists	747	12,527	486
Building Material & Supplies Dealers ¹	769	7,493	501
Food & Beverage Stores ¹	173	2,204	110
General Merchandise Stores ¹	821	10,715	527
Farm & Garden Equipment Wholesalers ¹	224	1,342	139
Total (All Sectors)	14,901	171,415	8,421

¹ Green industry represents a portion of overall business activity.

² To facilitate impact analysis, gross sales figures for retail sectors were adjusted for cost of goods sold (margins).

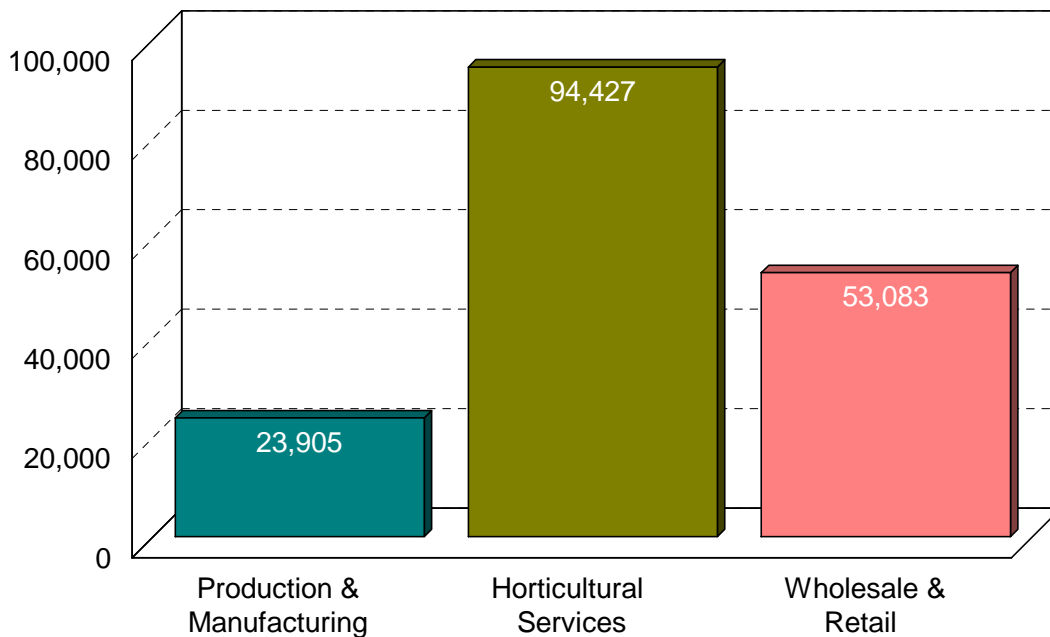
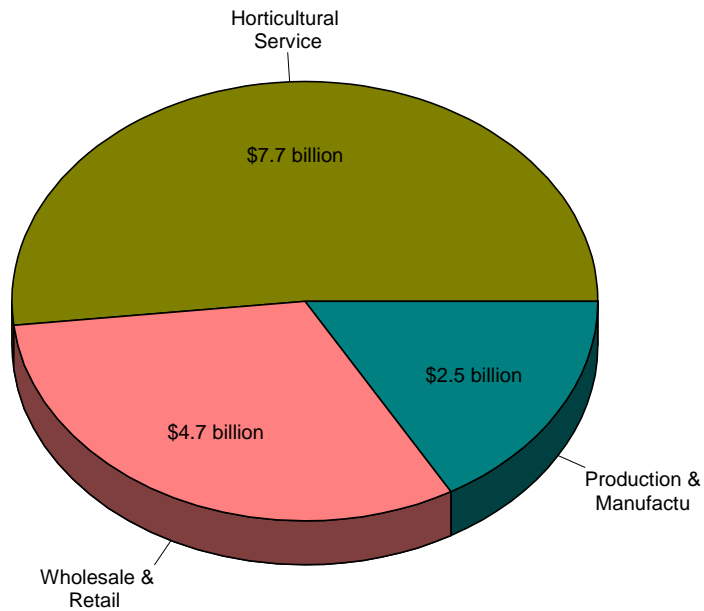


Figure: Number of Jobs

Economic impact results are also reported by major metropolitan statistical area (MSA) as summarized in Table 3. The MSAs with the greatest economic impact contributions to the State's economy are Houston and Dallas.

Table 3. Economic Impacts of the Green Industry in Texas by MSA

	Output (\$Mn)	Employment (jobs)	Value Added (\$Mn)
Austin	968	11,139	547
Dallas	2,475	28,477	1,399
Ft Worth	1,164	13,395	658
Houston	3,389	38,987	1,915
San Antonio	883	10,162	499
Other	6,020	69,254	3,402
Total	14,901	171,415	8,421

Measures of economic activity.

Sales or output is the dollar volume of a good or service produced or sold. **Final Demand** is sales to final consumers, including households, governments, and exports. **Intermediate sales** are sales to other industrial sectors. **Income** is the money earned within the region from production and sales. **Total income** includes personal income (wage and salary income, including income of sole proprietor's profits and rents). **Jobs or employment** is a measure of the number of jobs required to produce a given volume of sales/production, expressed as full time equivalents, or as the total number including part time and seasonal positions. **Value Added** is the sum of total income and indirect business taxes.