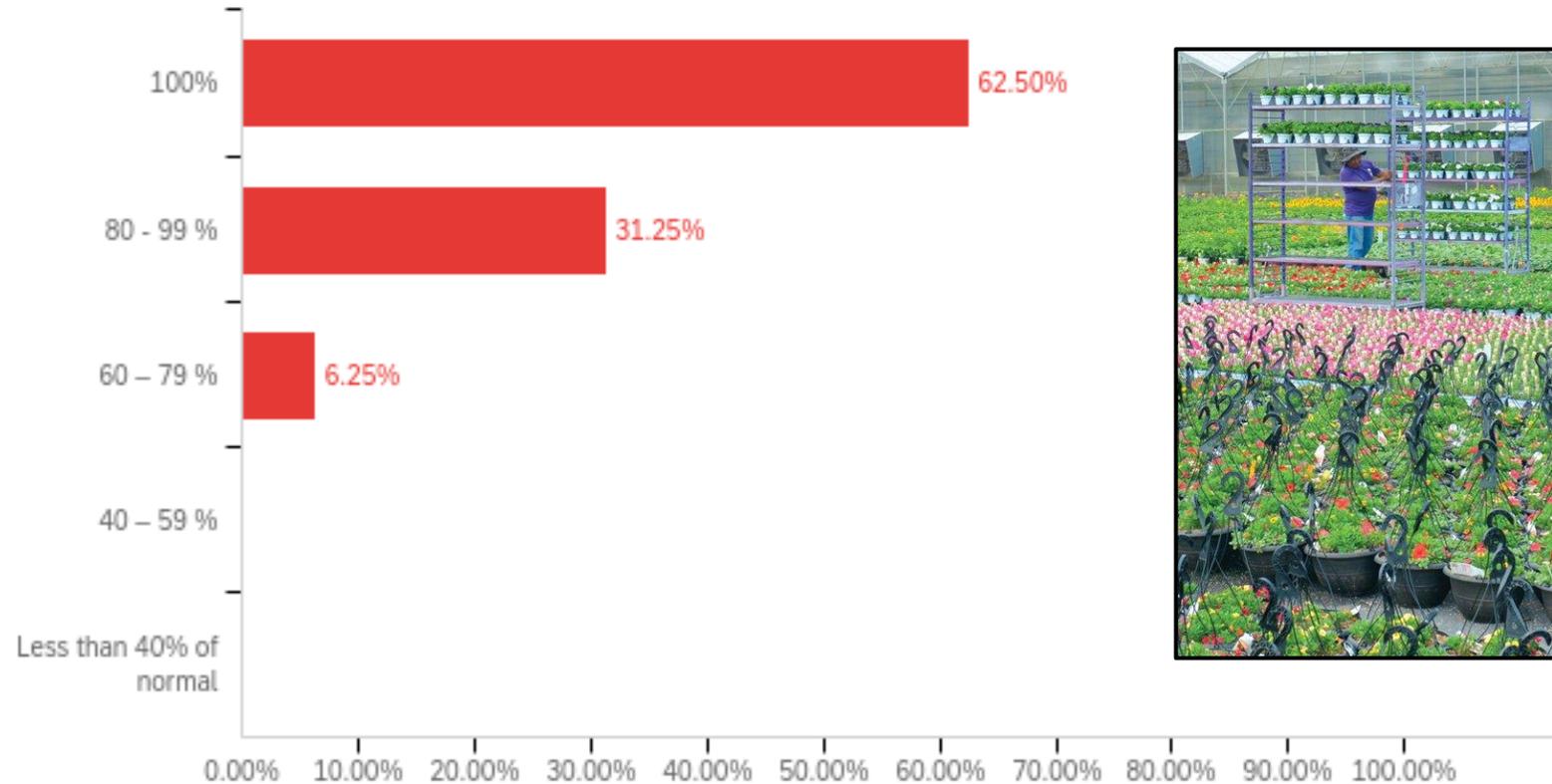




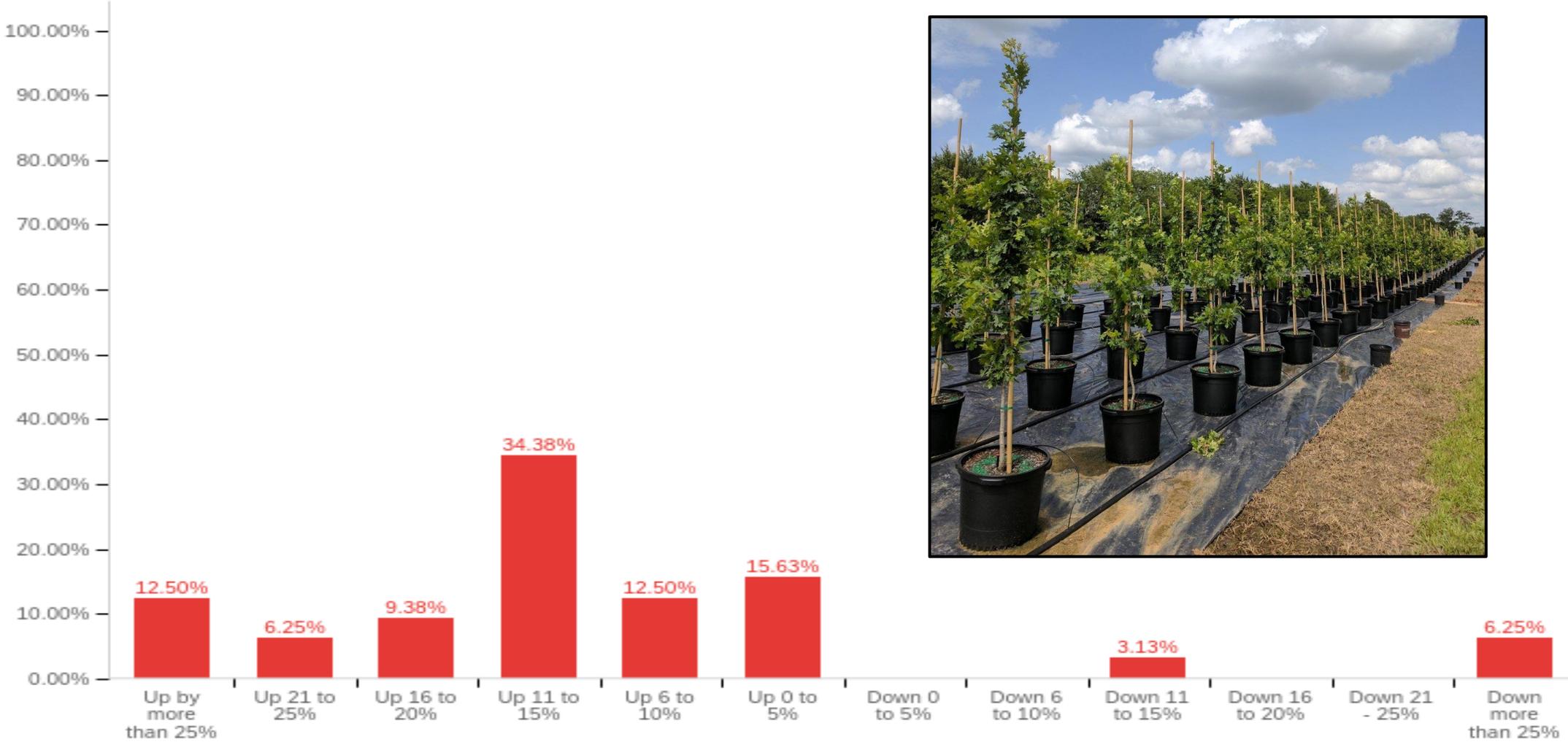
State of the
Green Industry
in 2021

Dr. Charlie Hall
c-hall@tamu.edu

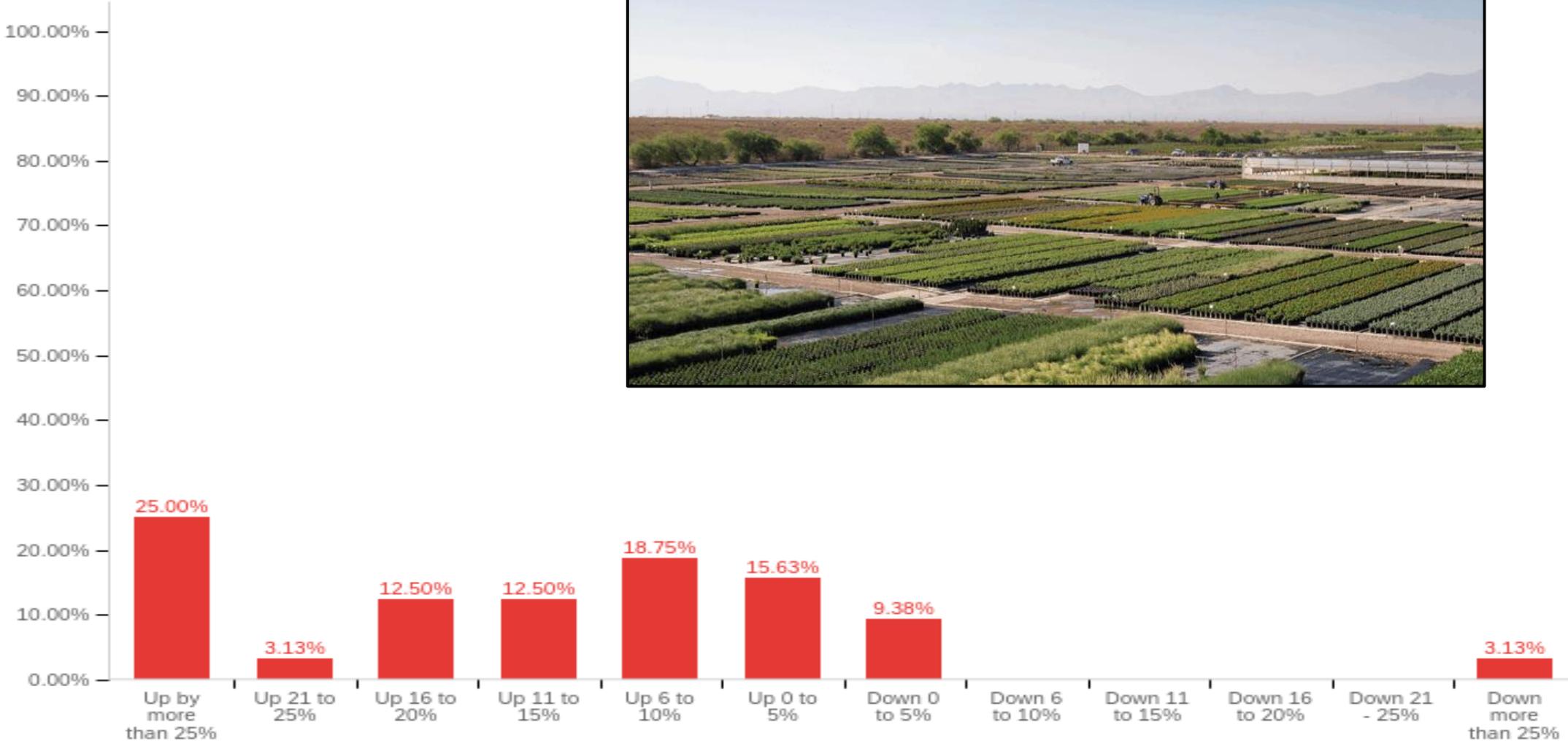
With the current spike in COVID cases throughout the country, what percent of NORMAL capacity (operations, throughput, workflow) are you running at right now? (for this time of year).



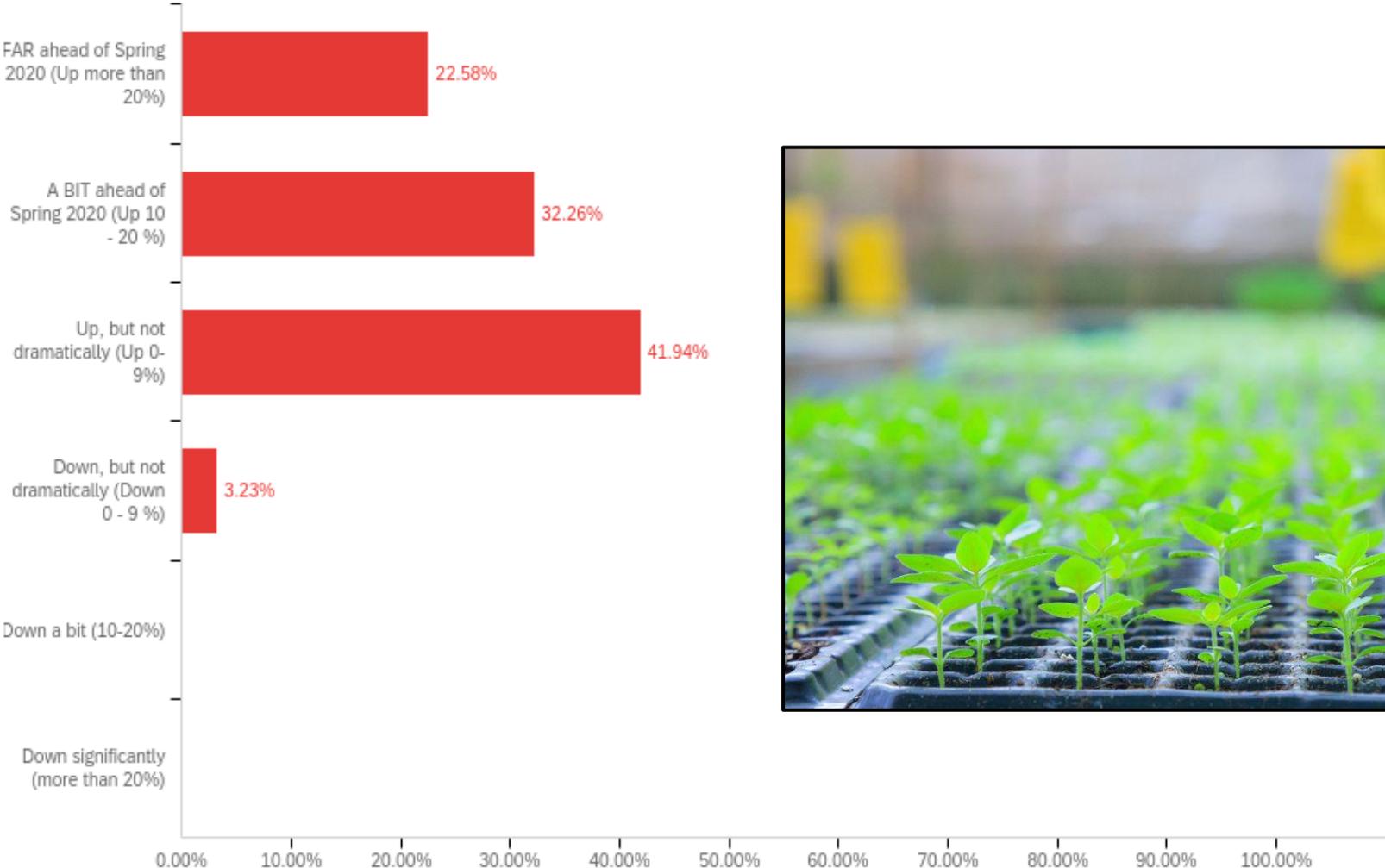
How are you projecting your **GROSS SALES** will end in 2020 (current sales YTD plus remaining year end business, compared to 2019):



How are you projecting your **NET PROFITABILITY** will end in 2020? (year end compared to 2019)

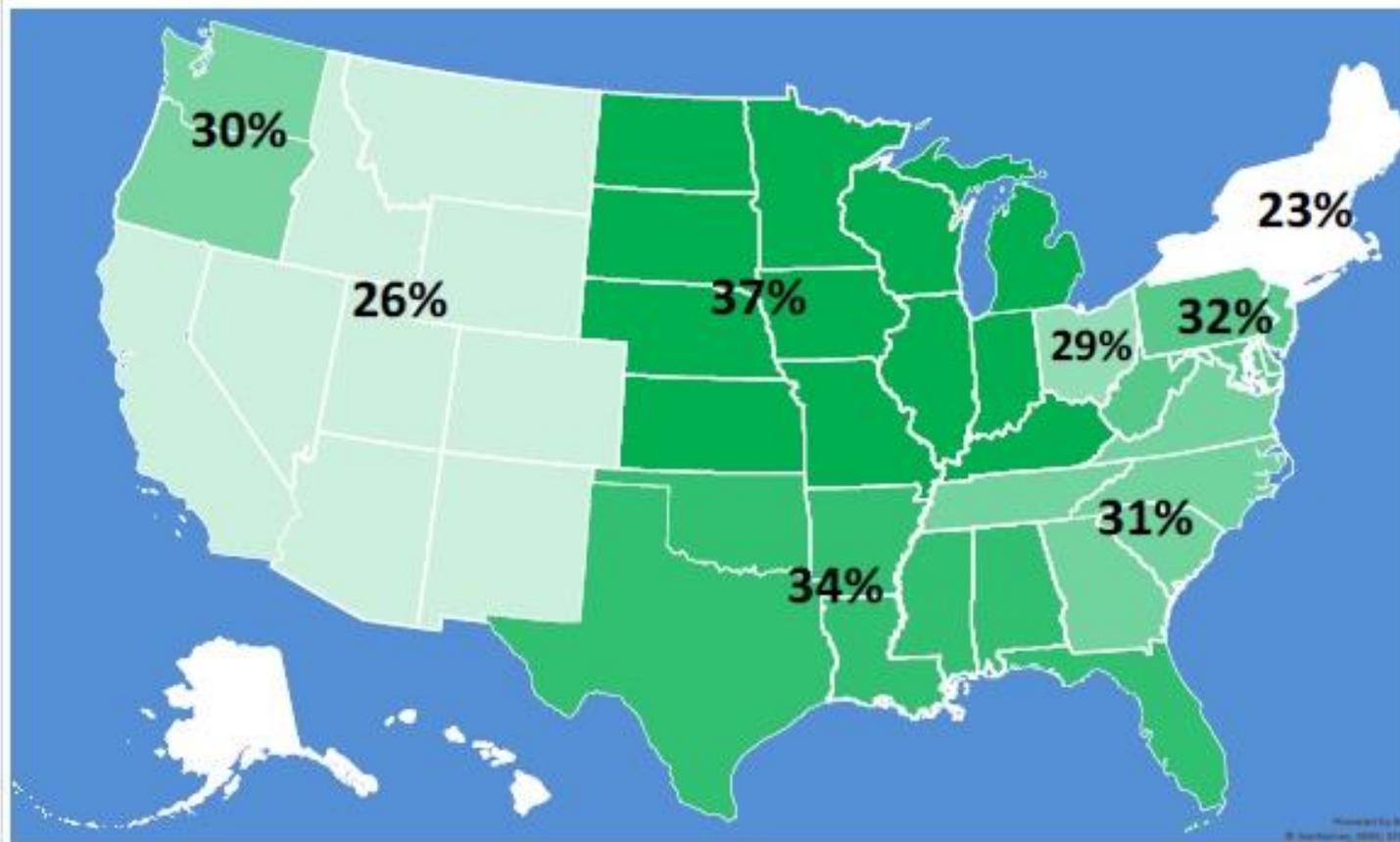


How are your Spring 2021 presales/bookings looking so far?



Year-To-Date Sales to Last Year by Region

23% 37%

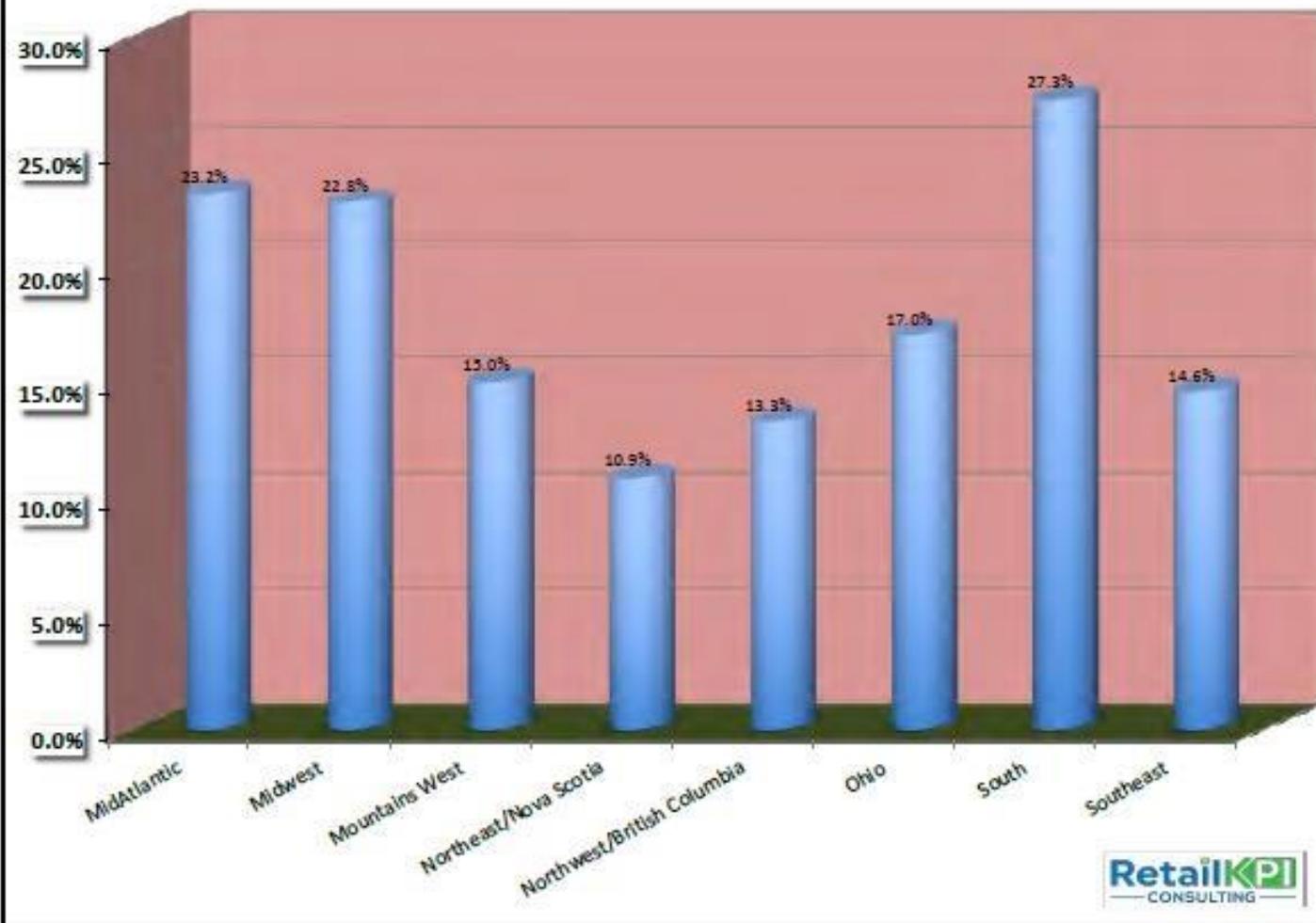


Questions or Comments?
GroupWDR@thegardencentergroup.com

[Index Page](#)

MidAtlantic	32.2%
Midwest	36.7%
Mountain West	25.9%
Northeast/Nova Scotia	23.3%
Northwest/British Columbi	30.4%
Ohio	28.9%
South	34.1%
Southeast	30.8%

Transaction Count Year-to-Date vs. Last Year by Region

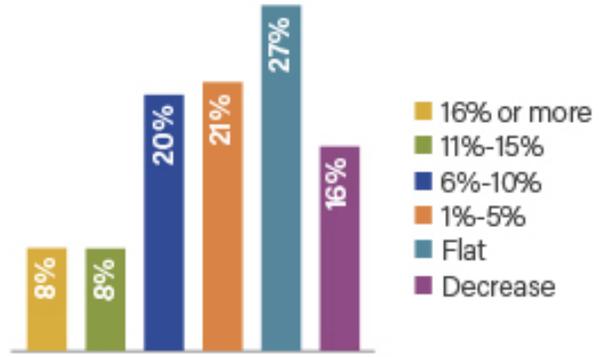


Questions or Comments?
GroupWDR@thegardencentergroup.com

[Index Page](#)

MidAtlantic	23.2%
Midwest	22.8%
Mountains West	15.0%
Northeast/Nova Scotia	10.9%
Northwest/British Columl	13.3%
Ohio	17.0%
South	27.3%
Southeast	14.6%

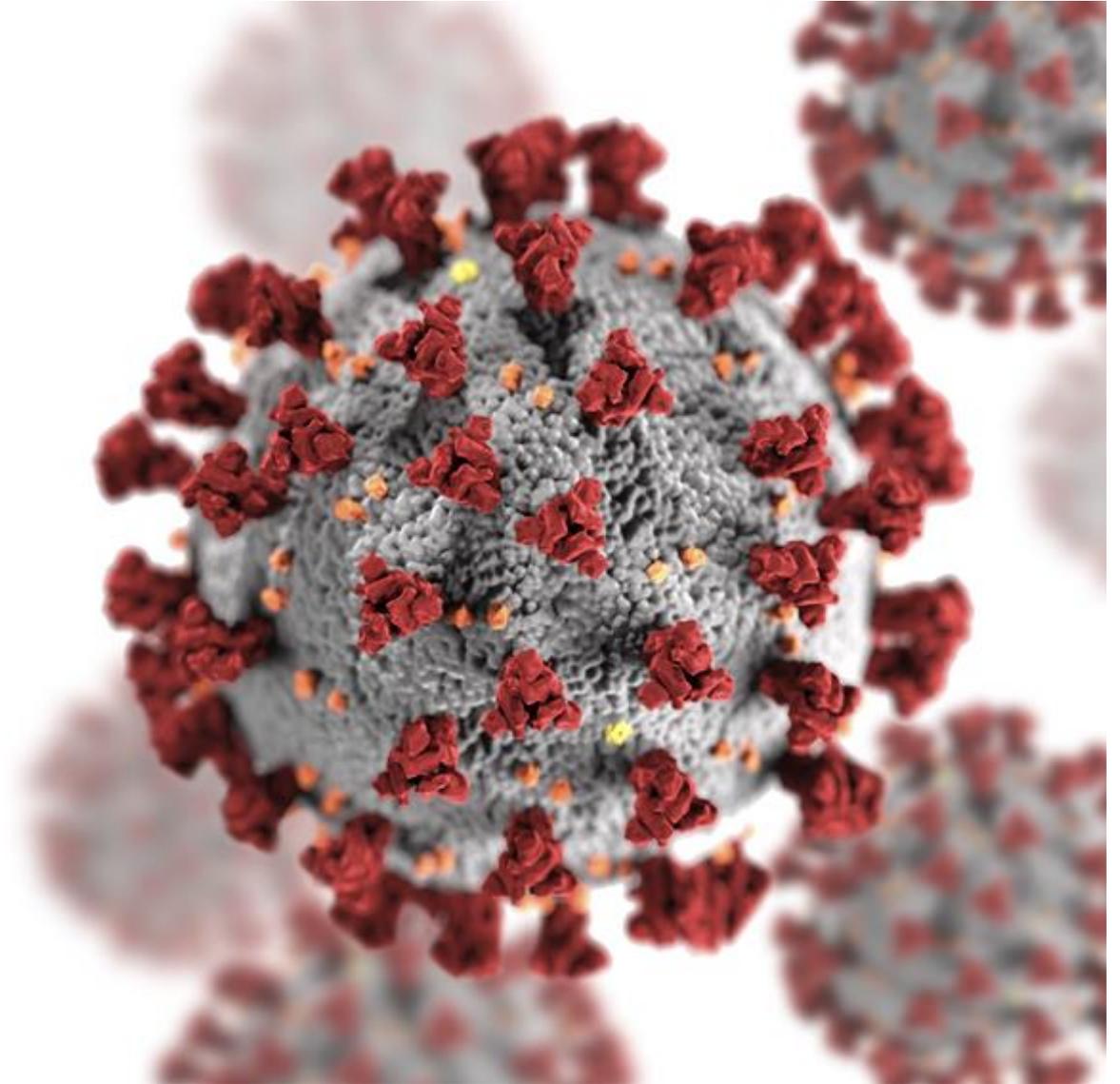
Compared to 2019, how much do you expect your business has grown in 2020?



2021



The “shape” of the economic recovery is correlated with the “shape” of the COVID curve!



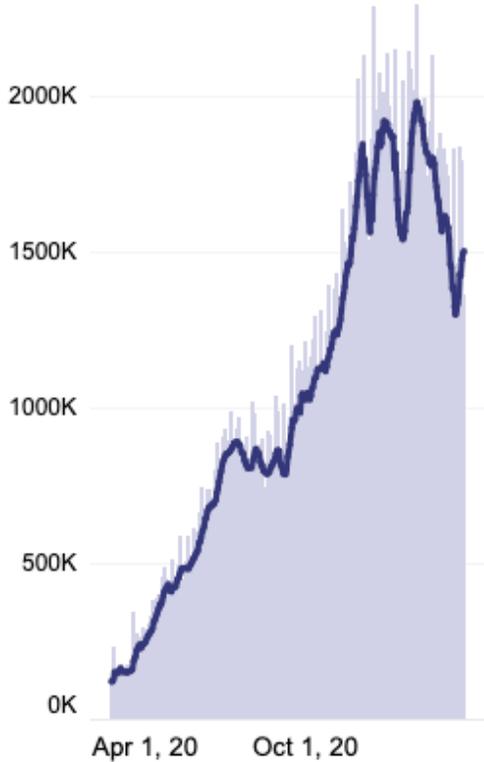
NATIONWIDE COVID-19 METRICS SINCE APRIL 1. 7-DAY AVERAGE LINES

Choose Census Region

(All) ▾

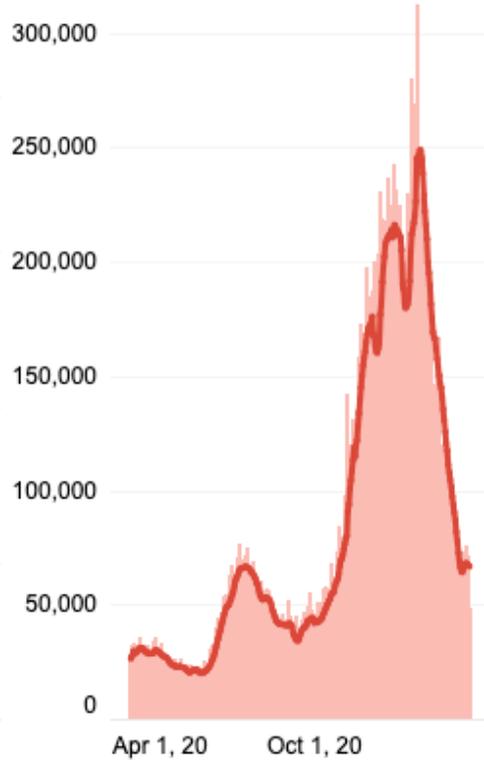
Daily Tests

Mar 1: 2.59M



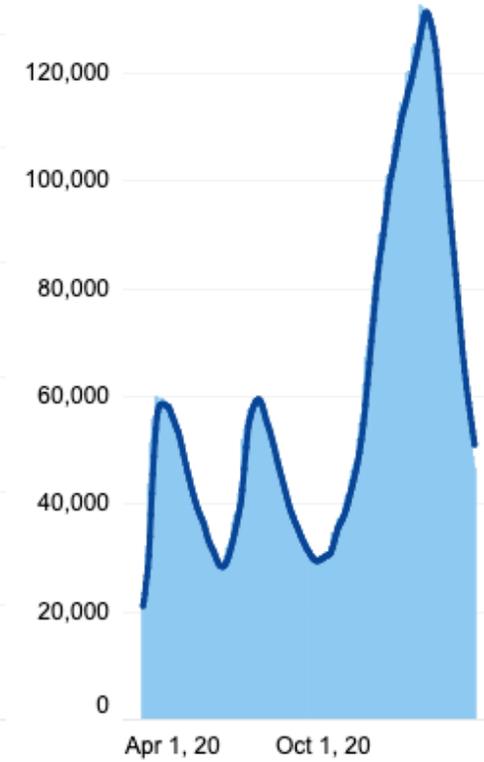
Daily Cases

Mar 1: 102,441



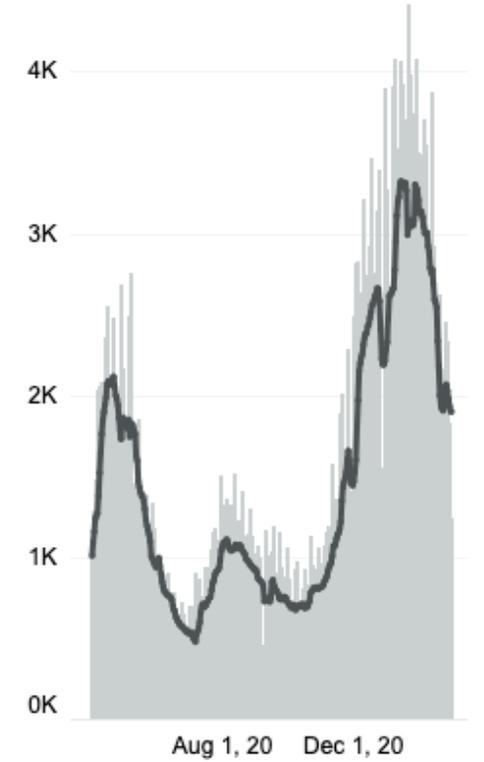
Currently Hospitalized

Mar 1: 94,090



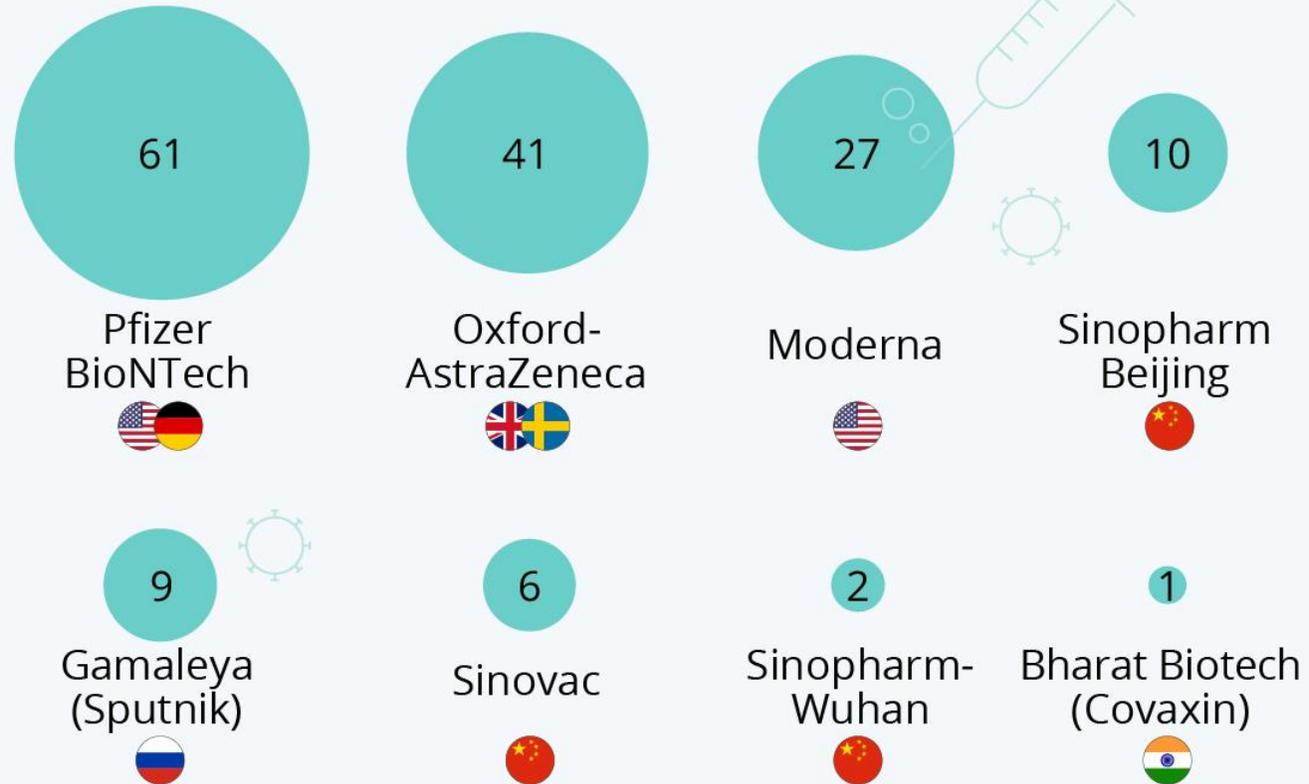
Daily Deaths

Mar 1: 2,292



Which Covid-19 Vaccines Are Most Widely Used?

Number of countries using selected Covid-19 vaccines as of February 16, 2021



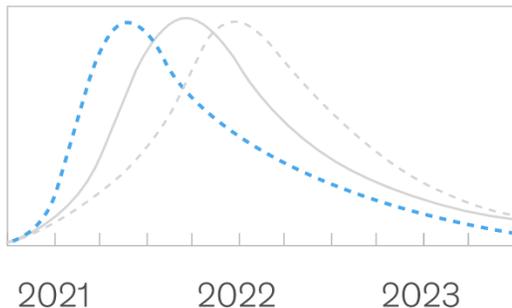
Source: Our World in Data via The New York Times



The probability of reaching COVID-19 herd immunity in the United States is highest in the third or fourth quarter of 2021 but could shift.

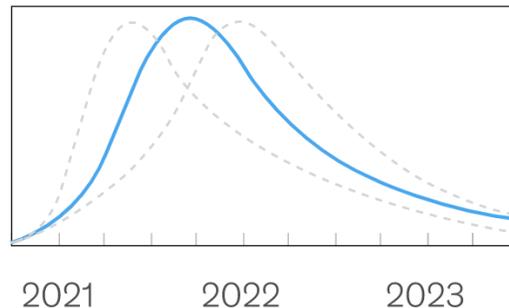
Probability of functional end¹ to COVID-19 pandemic in US by quarter (illustrative)

Early (Q2 2021)



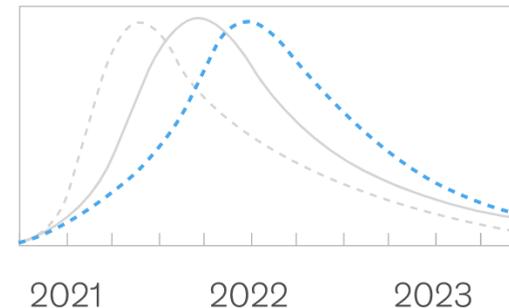
- COVID-19 vaccine with high efficacy arrives sooner than expected
- Timeline of manufacturing, distribution, and administration of COVID-19 vaccine is shorter than expected
- Cross-immunity from other coronaviruses proves significant
- There is broad-based willingness to be vaccinated

Most likely (Q3/Q4 2021)



- ≥ 1 COVID-19 vaccine is authorized by end of 2020 or early 2021
- COVID-19 vaccine is distributed to a sufficient portion of population in ~6 months
- There is broad-based willingness to be vaccinated

Late (2022 or later)



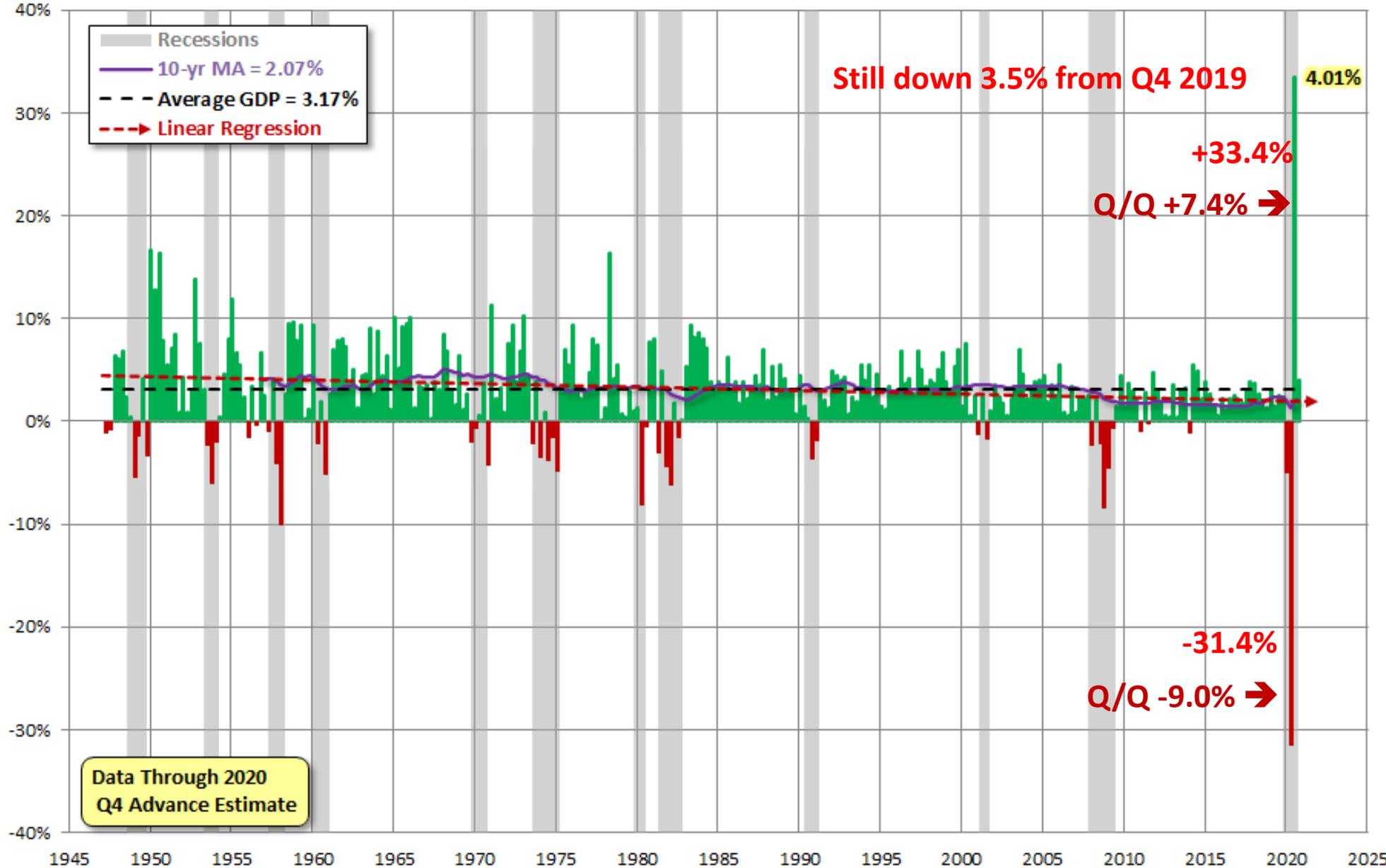
- Early COVID-19-vaccine candidates have low efficacy or low coverage (eg, side effects, slow adoption)
- Timeline of manufacturing, distribution, and administration of COVID-19 vaccine is longer than expected
- Immunity duration is very short

¹Timeline to functional end is likely to vary somewhat based on geography.
Source: Expert interviews; press search; McKinsey analysis

Now, let's talk
about the
economy.

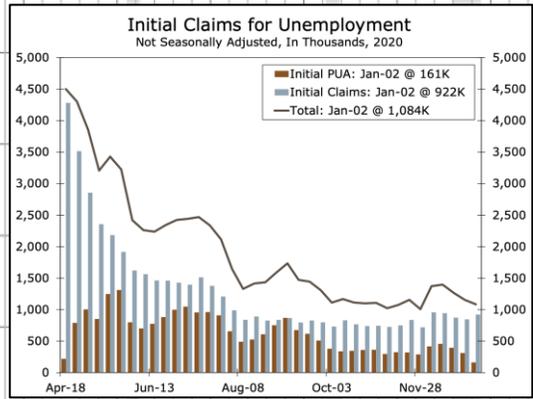
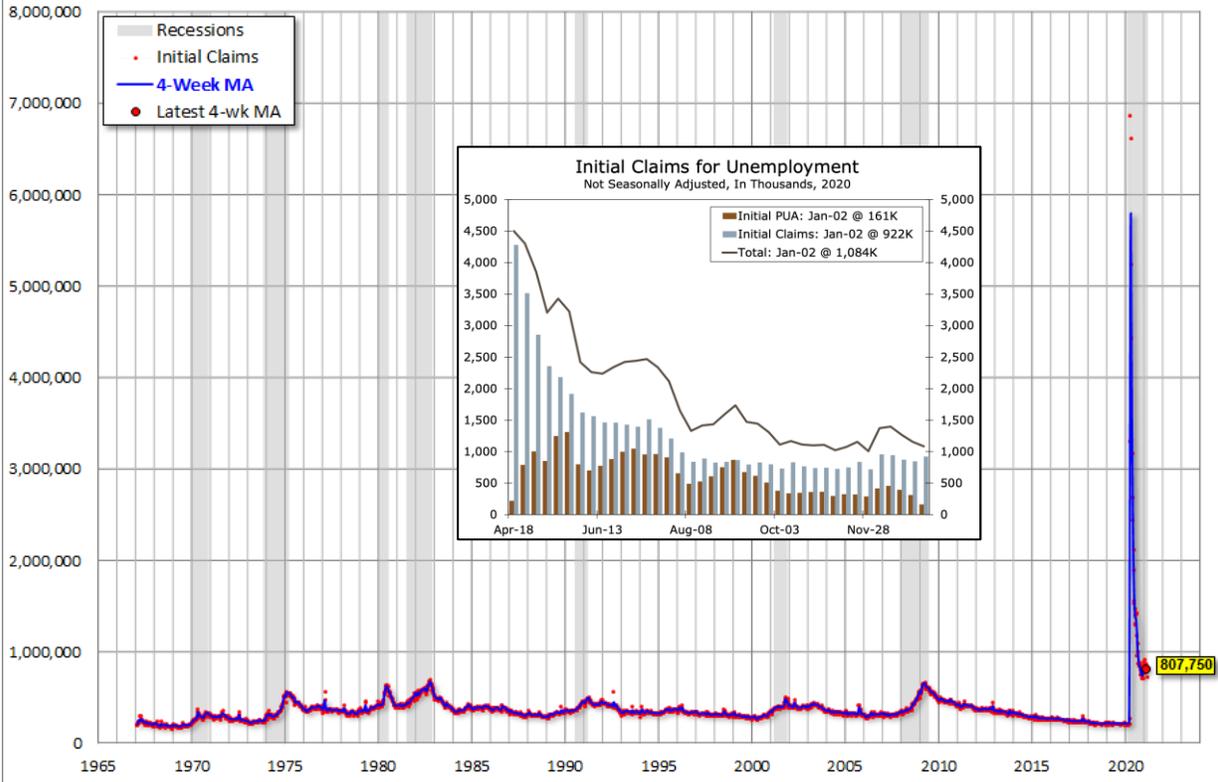


Real Quarterly GDP Compounded Annual Rate of Change



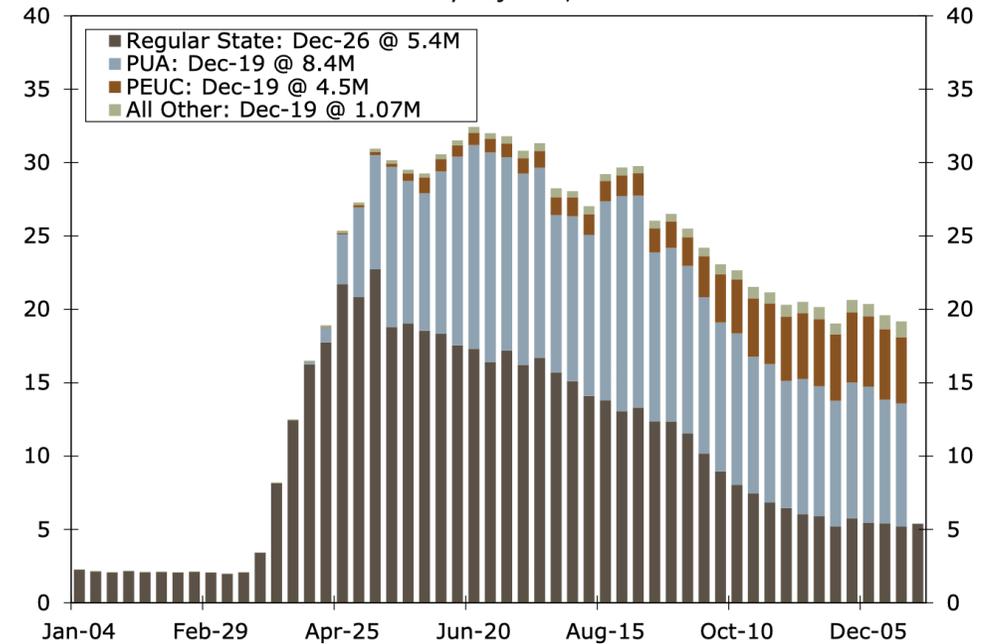
Unemployment Insurance Weekly Claims Report

Seasonally Adjusted with the Four-Week Moving Average



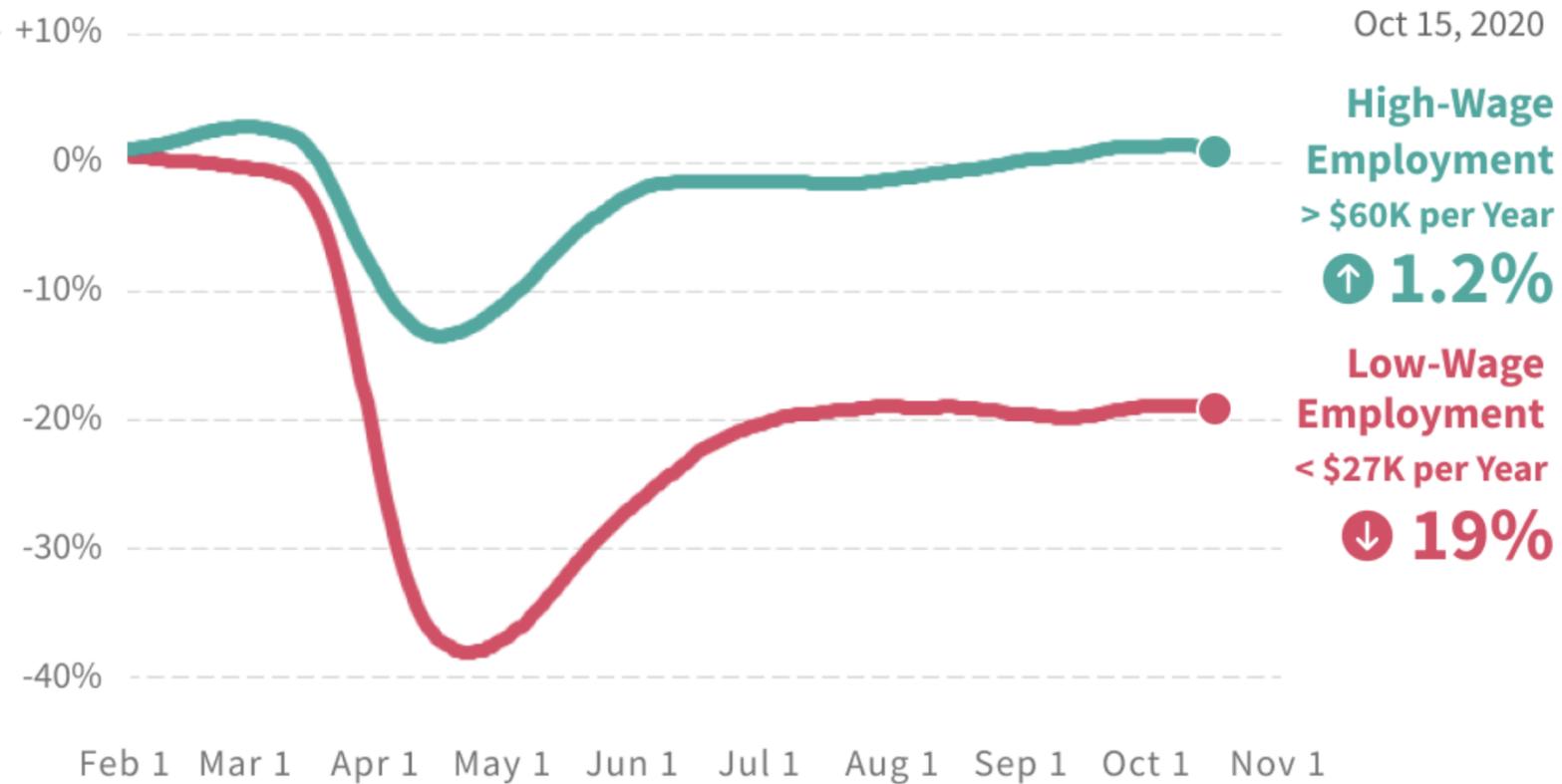
Continuing Claims for Unemployment

Not Seasonally Adjusted, In Millions



Recession has Nearly Ended for High-Wage Workers, but Job Losses Persist for Low-Wage Workers

While employment rates have rebounded to pre-COVID-19 levels for high-wage workers, they remain significantly lower for low-wage workers.



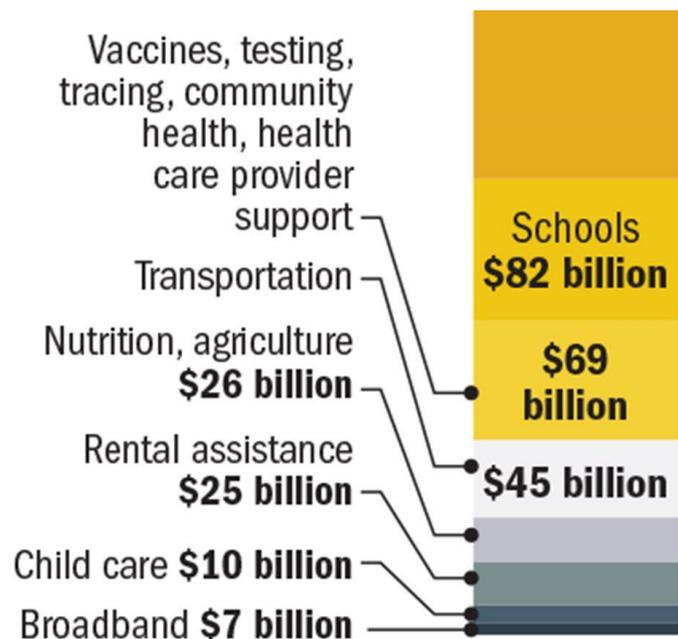
How the \$900 billion is divided

The highlights of a \$900 billion fiscal stimulus package that would extend aid to millions of Americans through stimulus checks, unemployment benefits and funds for small businesses, schools, child care and vaccine distribution:

Vaccines, testing, tracing, community health, health

Small business
\$325 billion

Workers, families*
\$286 billion



*PAYMENTS TO WORKERS, FAMILIES

For example, a family of four will receive \$2,400 in direct payments.

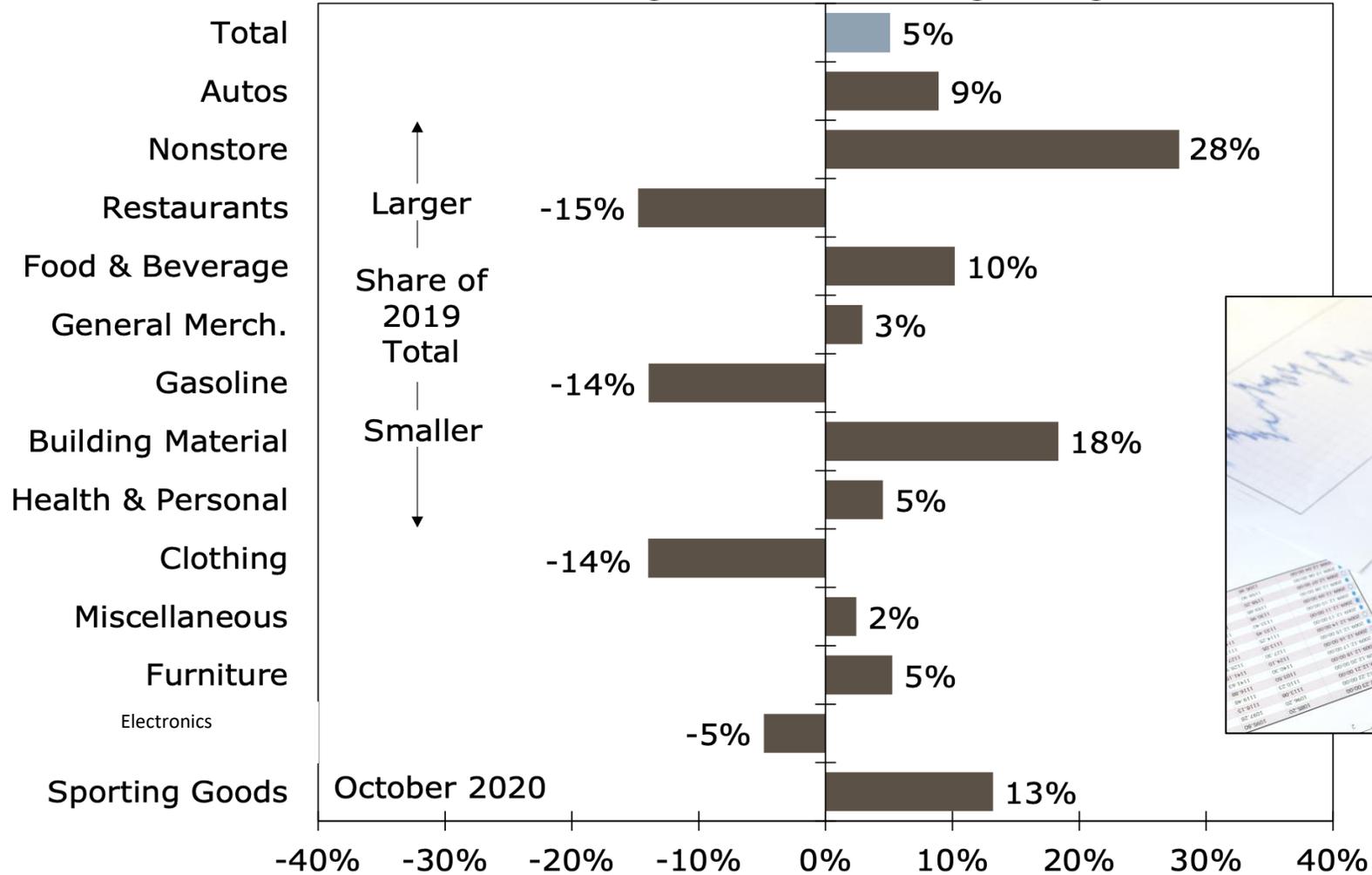
Individuals making up to \$75,000 per year **\$600**

Couples making up to \$150,000 per year **\$1,200**

Each dependent child **\$600**

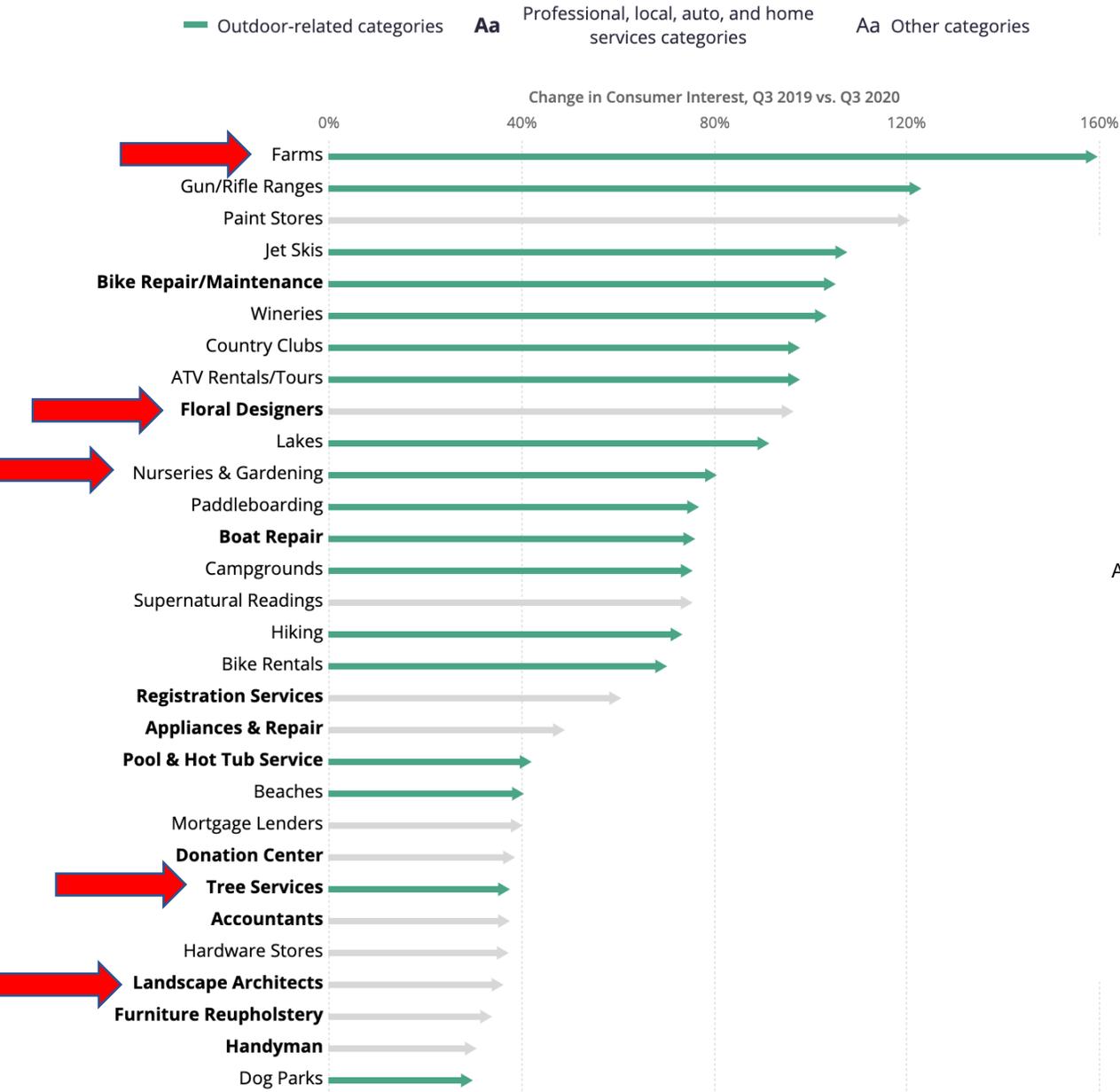
Change in Retail Sales

Year-over-Year Percent Change of 3-Month Moving Averages

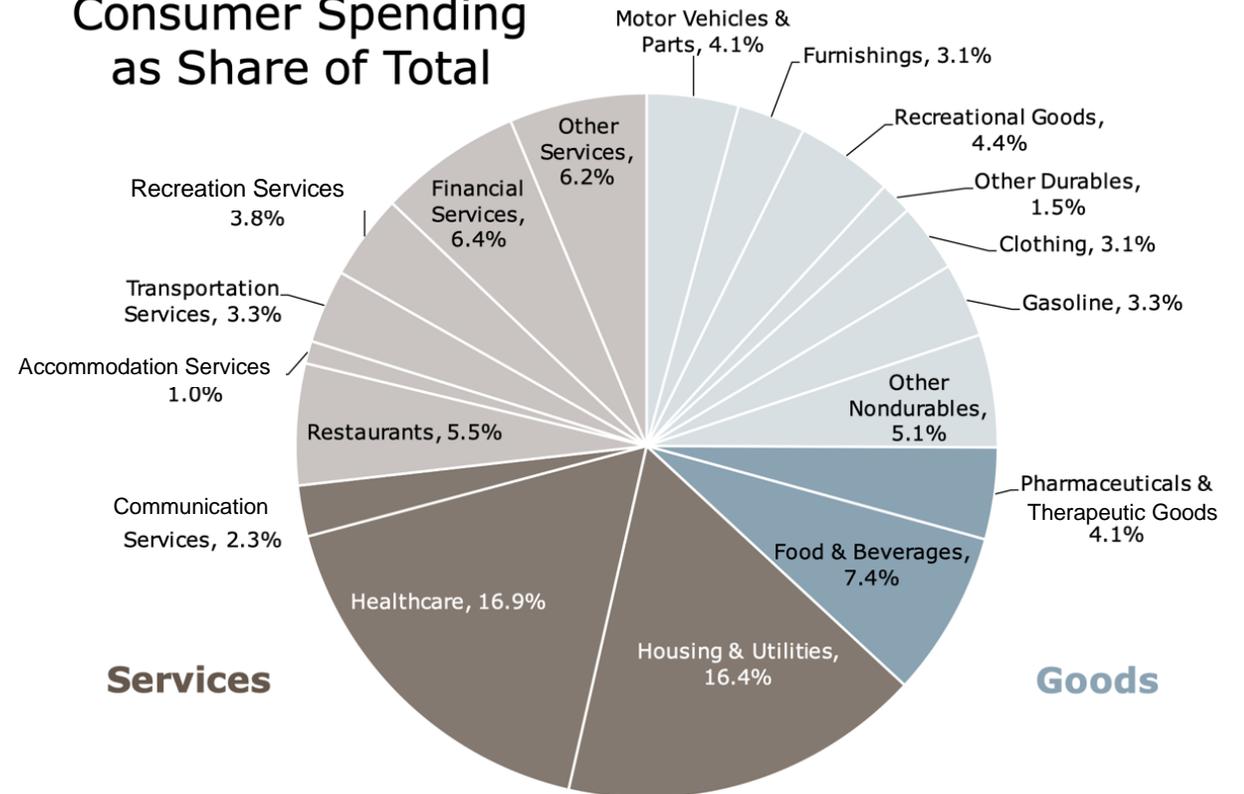


Consumers are Craving Outdoor Experiences

Categories with the largest percent increase in consumer interest*, Q3 2020 vs. Q3 2019

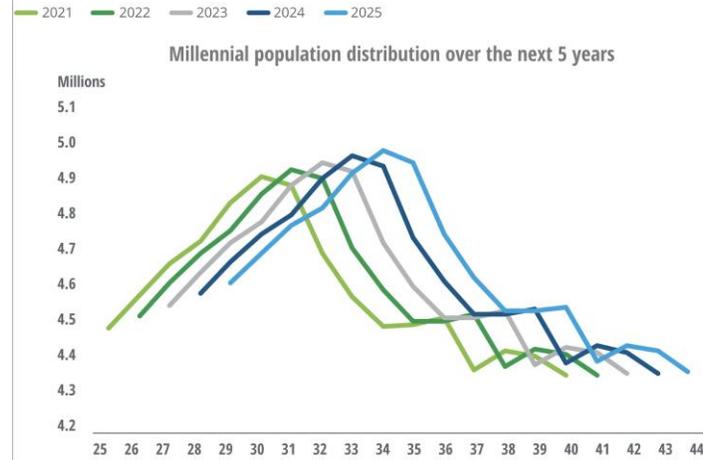


Consumer Spending as Share of Total



*Dark shades represent resilient categories of consumer spending. Data: Dept. of Commerce

A large chunk of millennials will enter the prime homebuying age

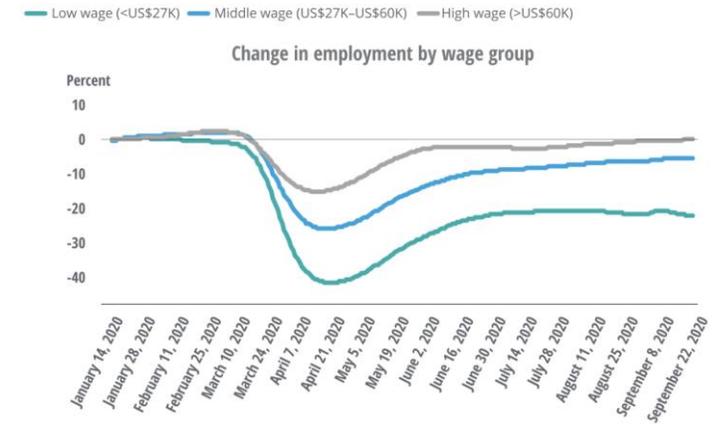


Source: US Census Bureau International Demographics via Haver Analytics.

Affordability has improved for homebuyers, including for first-time homebuyers



High-wage employment has almost recovered to January 2020 levels

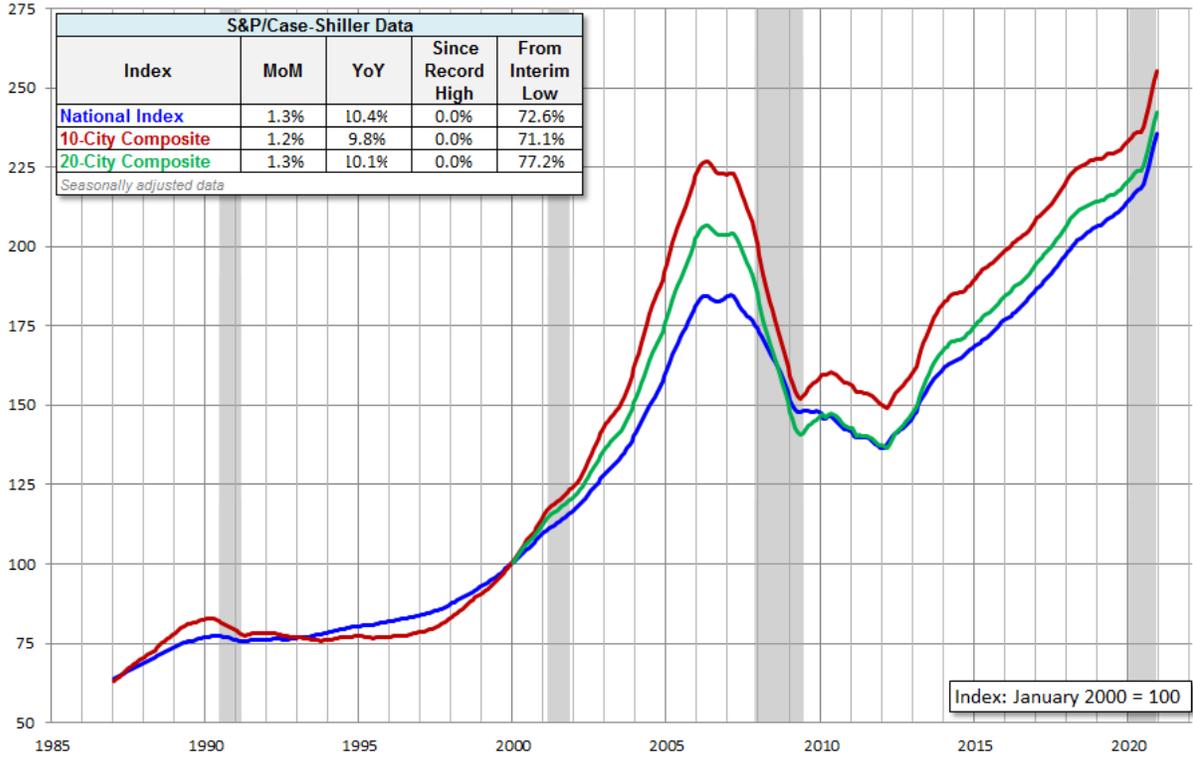


Why is housing doing so well during COVID?

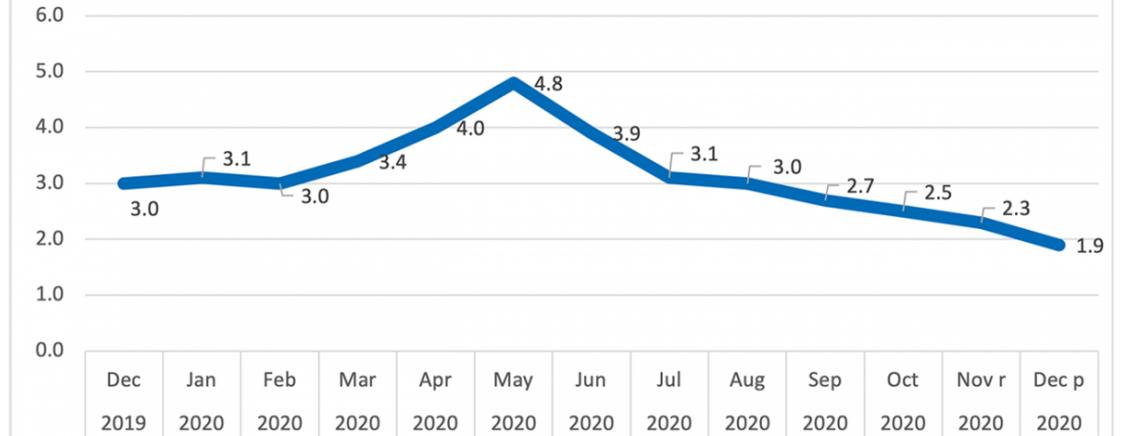
- High-wage workers are driving housing demand.
- Mortgage rates are down, and affordability has trended up (YOY).
- The millennial wave is coming of age.

S&P/Case-Shiller Home Price Indexes

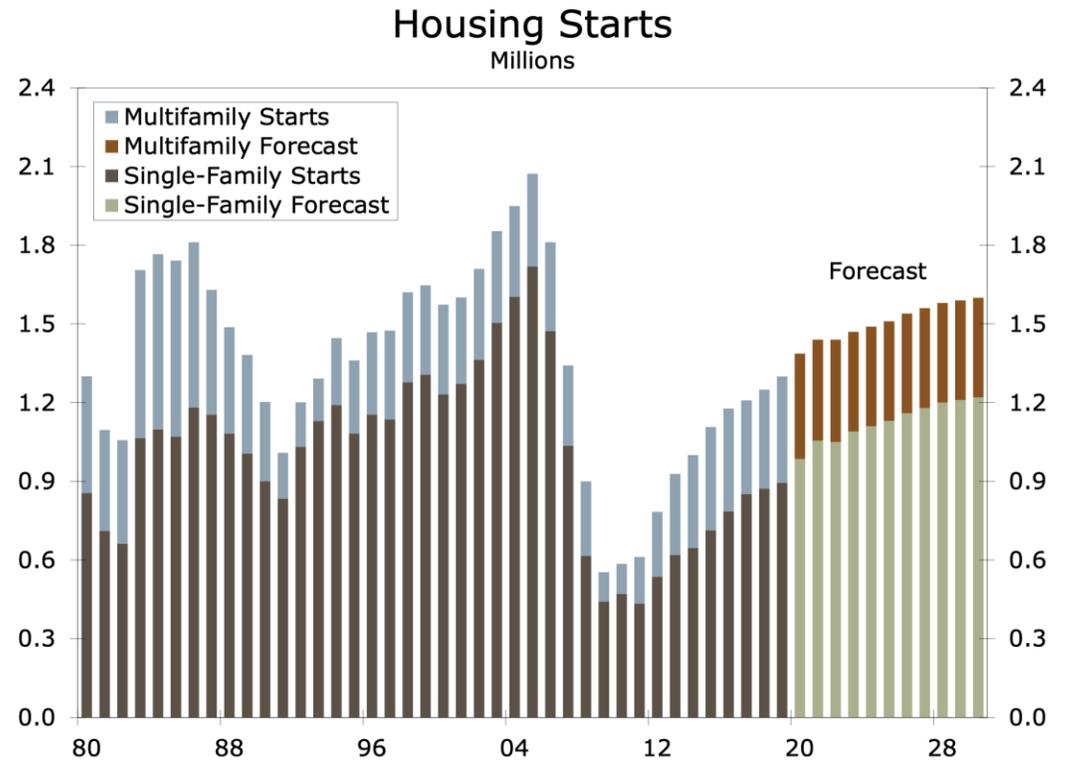
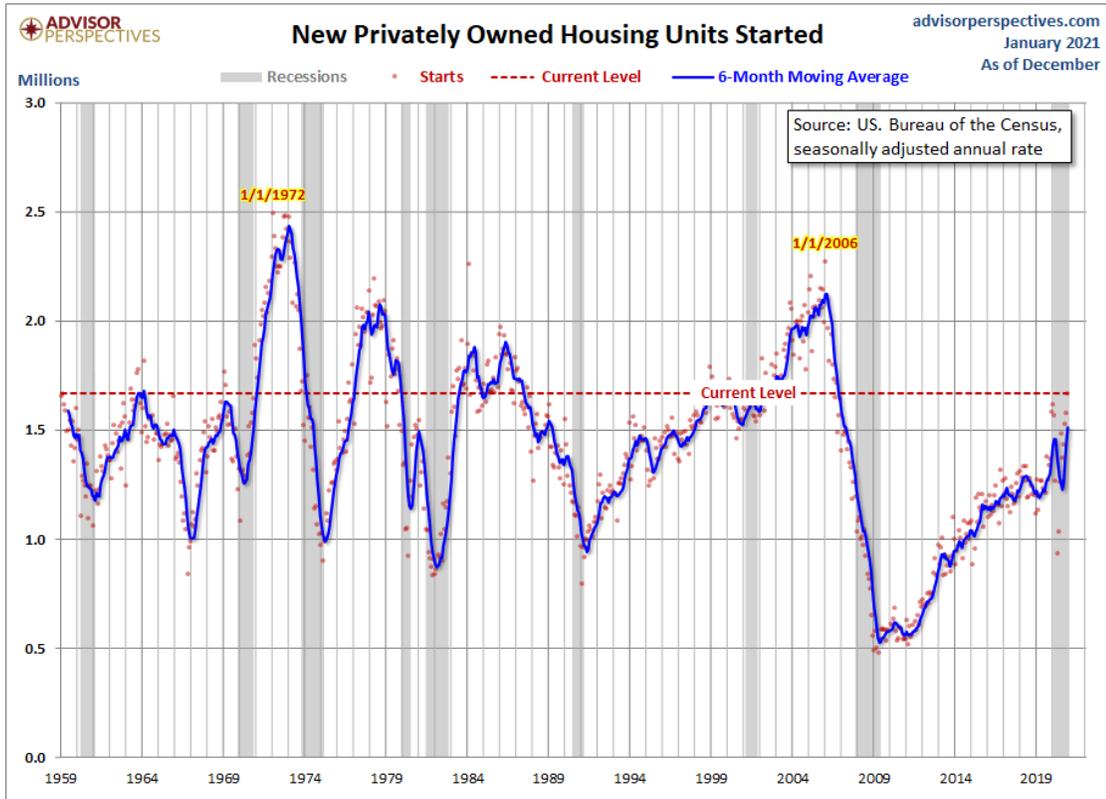
Recessions National Index 10-City Composite 20-City Composite



Months' Supply



Months' supply refers to the number of months it would take for the current inventory of homes on the market to sell given the current sales pace. Historically, six months of supply is associated with moderate price appreciation, and a lower level of months' supply tends to push prices up more rapidly.

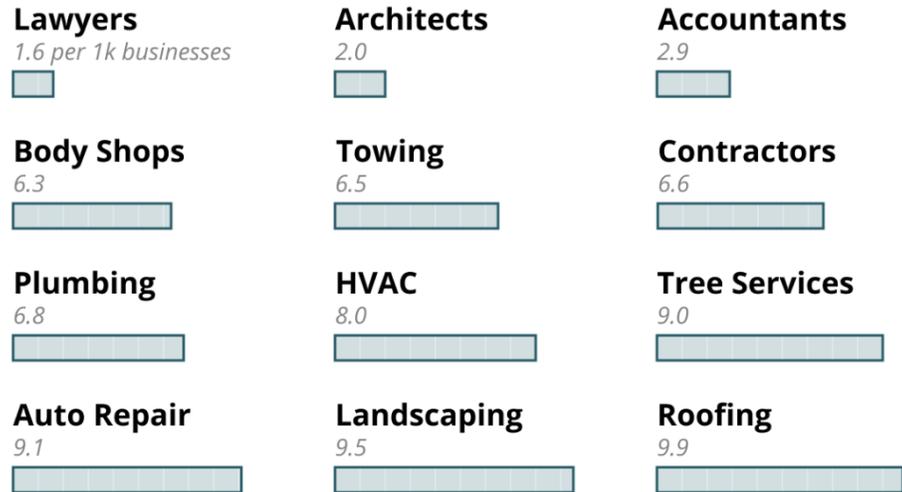


Home, Local, Professional, and Auto Services Prove Their Strength Amid the Pandemic

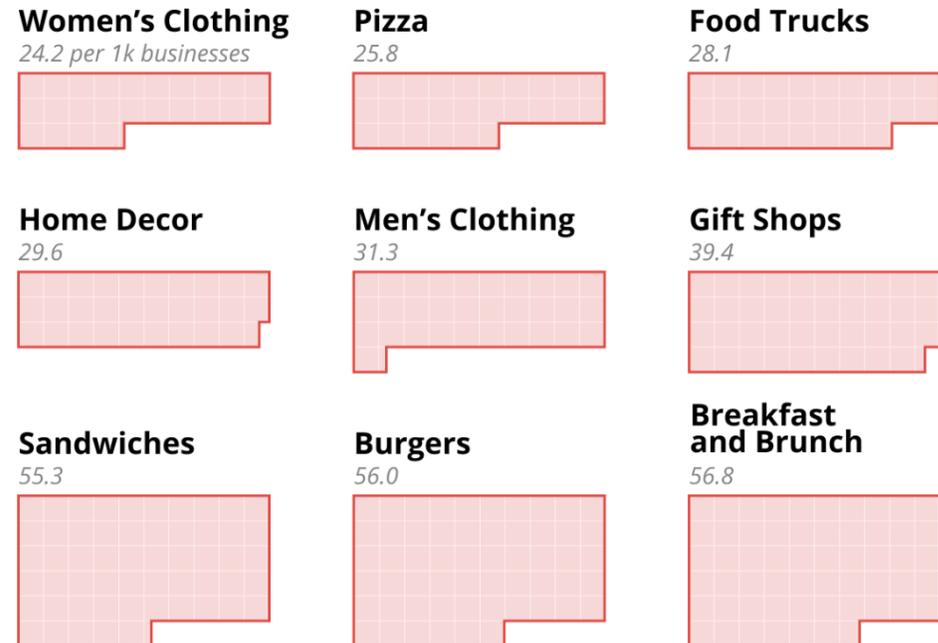


= 1 business closed per 1,000 businesses since March 1

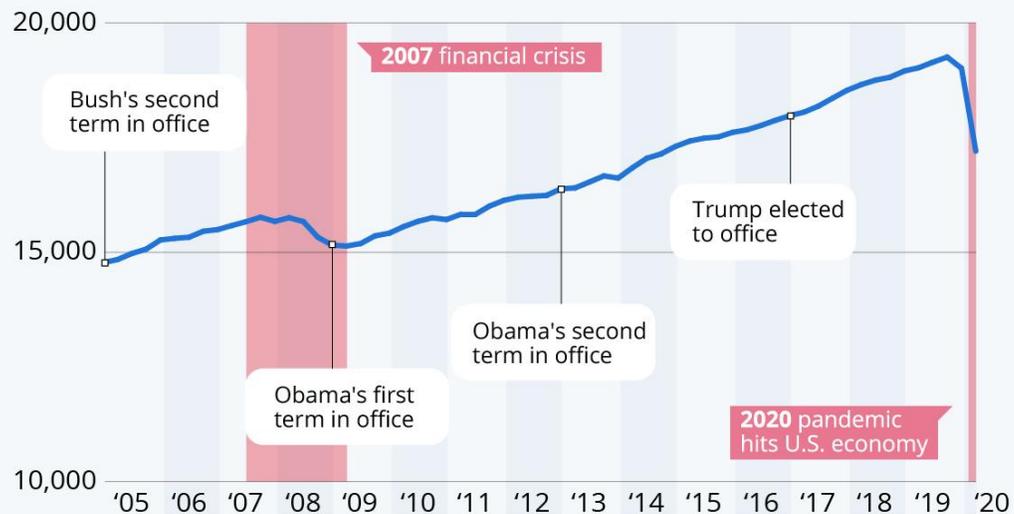
Home, local, professional, and auto services businesses have been staying afloat



Restaurants and retail businesses have been struggling



Seasonally adjusted real GDP in the U.S. by year (in billion U.S. dollars)*



* Real GDP is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year.

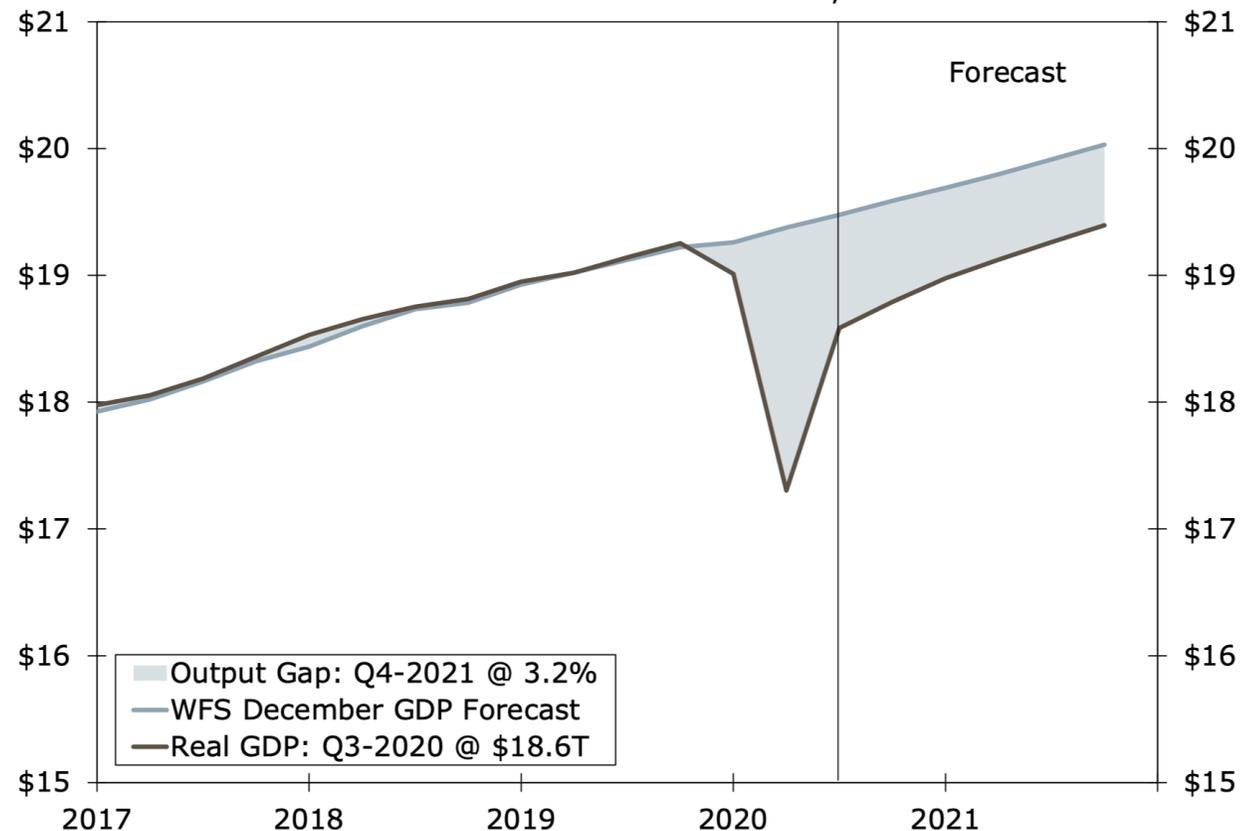
Source: Federal Reserve Bank Of St. Louis

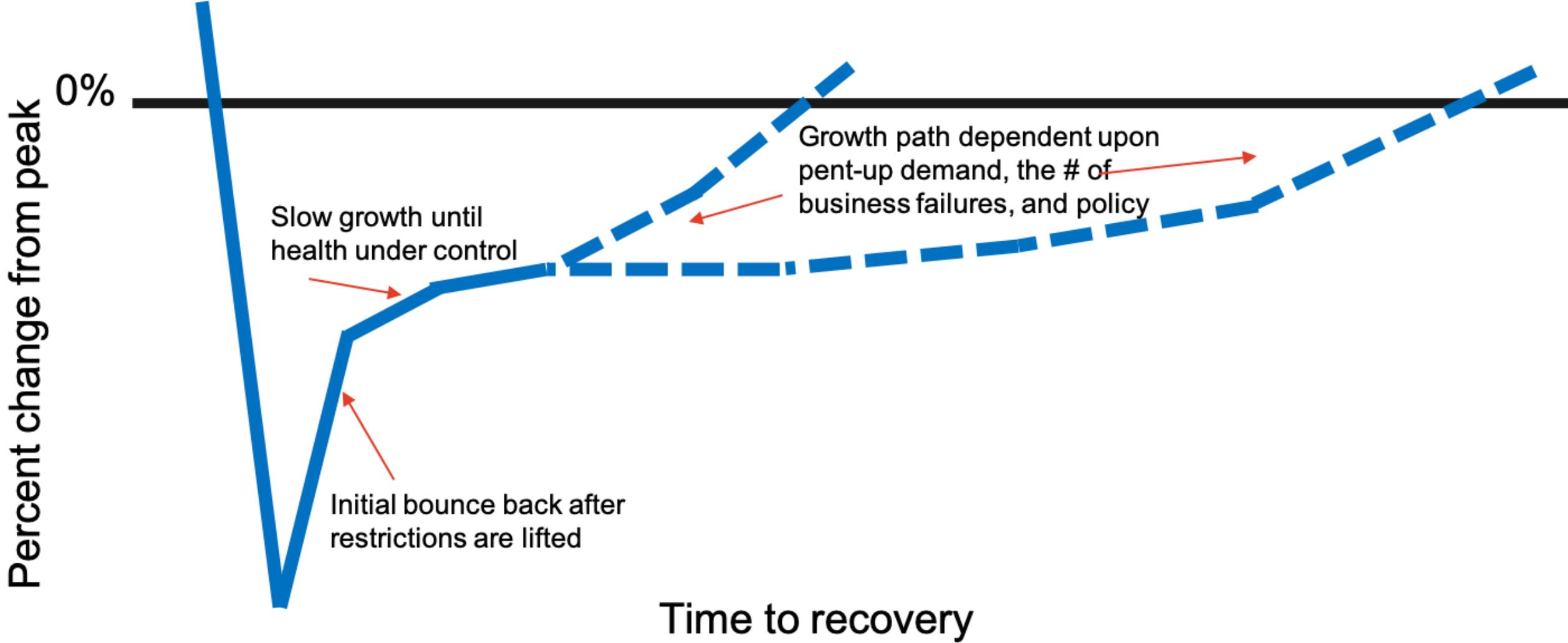


statista

COVID Output Gap

Level of Real GDP Relative to Dec. 2019 Forecast, Trillions of Dollars

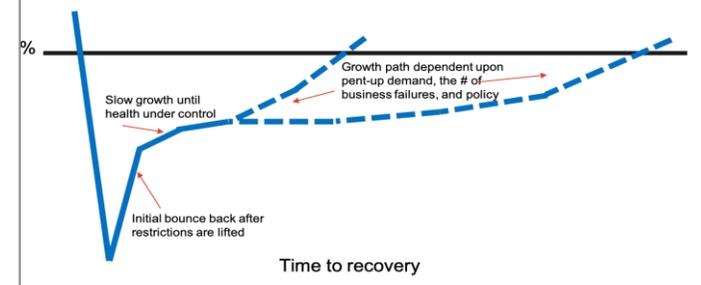
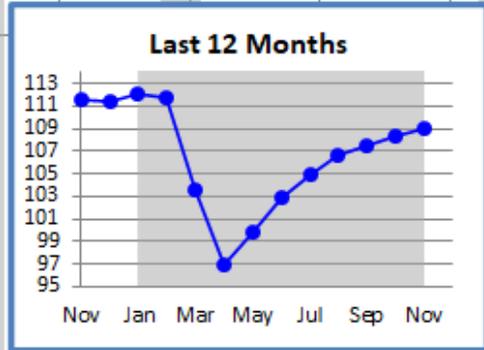
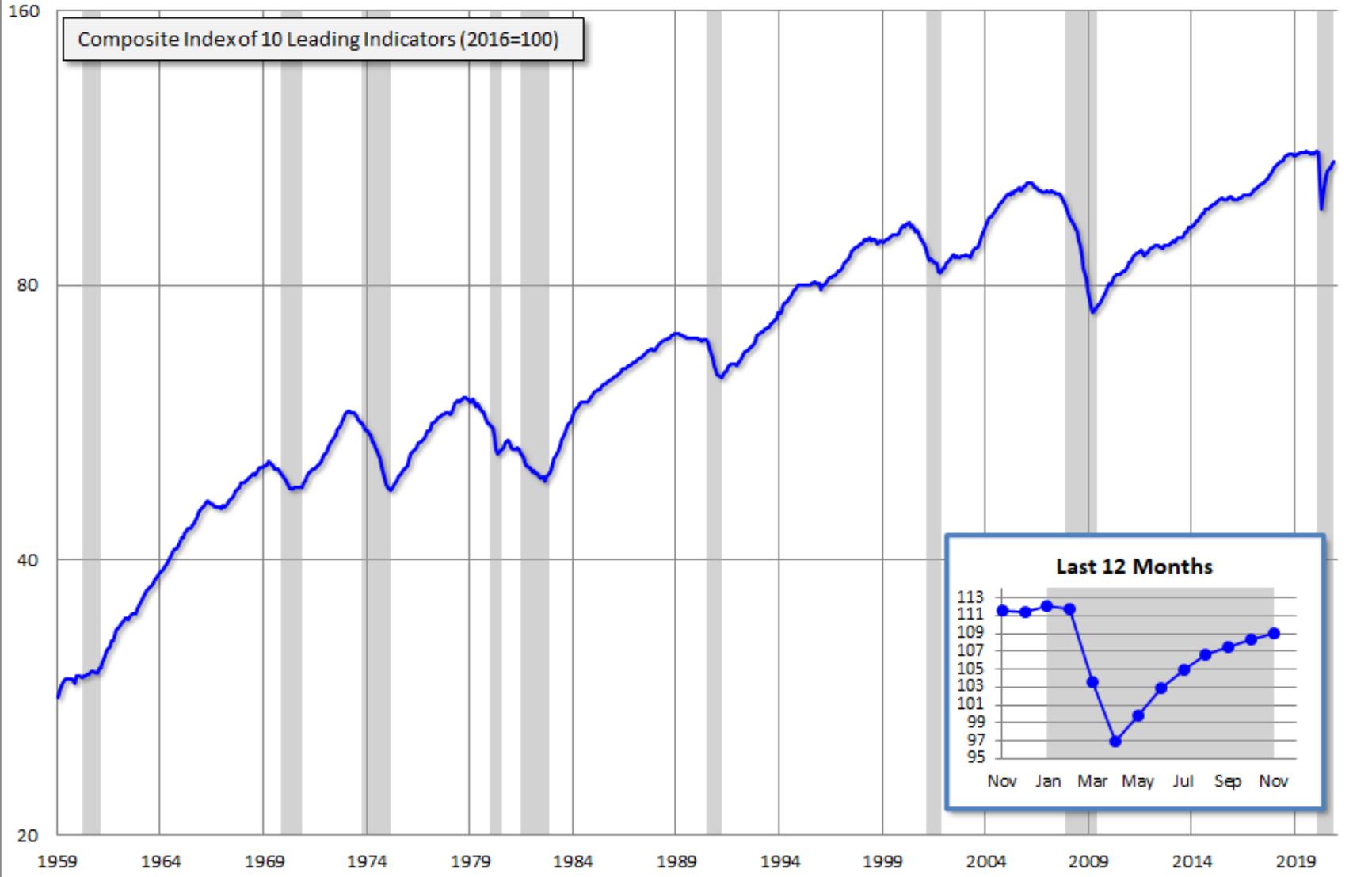




Projected shape of the recovery

Conference Board Leading Economic Index with Recessions Highlighted

Log Scale



Economic scenarios for 2021

Vanguard assessment of risks			
	Downside risk	Base case	Upside surprise
	10%	60%	30%
Immunity gap	Little progress on infection immunity by end of 2021	Major economies achieve infection immunity by end of 2021	Major economies achieve infection immunity by mid-2021
Reluctance gap	Social and business activity hampered through 2021	Social and business activity normalizes by the second half of 2021	Social and business activity normalizes in the first half of 2021
Economic recovery	<p>Labor market scarring possible given persistently high and long-term unemployment</p> <p>Inflation persistently below target</p> <p>Pre-pandemic level of output not achieved in 2021</p>	<p>Unemployment rate falls through year-end 2021</p> <p>Inflation moves toward target in 2021</p> <p>Pre-pandemic level of output reached by end of 2021</p> <p style="text-align: center;">+4%</p>	<p>Unemployment rate falls and full employment is achieved by end of 2021</p> <p>Inflation overshoots in 2021</p> <p>Pre-pandemic level of output reached mid-2021</p> <p style="text-align: center;">+6%</p>

Note: The odds for each scenario are based on the assessment of members of Vanguard's Global Economics and Capital Markets Outlook Team.

Source: Vanguard, as of November 30, 2020.

2022 → 3.5%

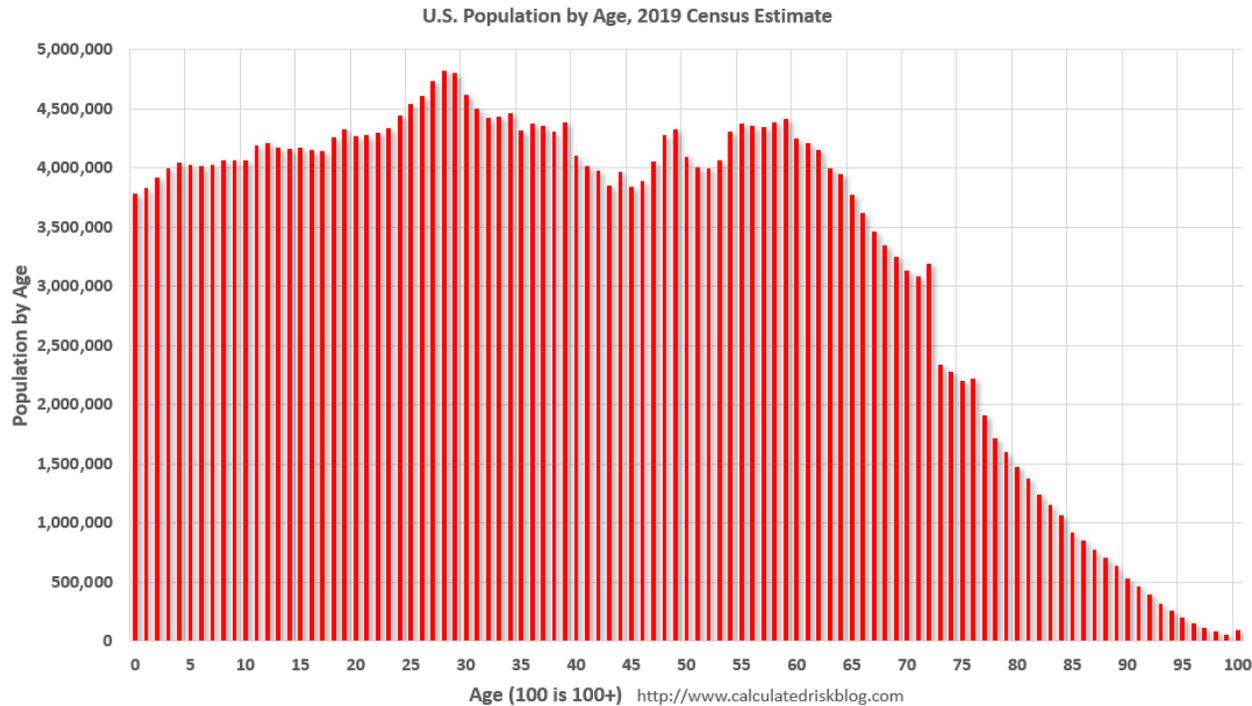
+5%

What does a post-COVID-19 green industry look like?

- Undersupply of houses & pent-up demand
- Continued strain on the energy sector
- Business closures
- Constrained / consolidated supply chains
- Accelerated adoption of B2B & B2C technologies
- Shrink, labor, & working capital still critical
- Higher operating costs from worker/customer safety requirements
- Rising input costs



Index of Prices Paid by Growers (2007=100)																
Cost category	Weight	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021f
Containers & other plastics	10.24%	100	109.8	98.0	107.9	117.2	119.9	124.1	129.3	116.7	111.2	117.0	122.7	117.6	117.8	128.4
Media (peat-based)	3.94%	100	103.2	90.8	96.9	95.3	95.5	99.1	97.6	110.9	124.9	117.2	116.3	114.8	115.4	118.9
Propagative materials	23.62%	100	102.8	106.7	108.4	111.9	114.2	115.9	117.8	117.9	119.5	122.0	125.0	128.1	131.9	139.9
Plant protection products	1.57%	100	107.3	114.9	111.5	112.1	118.2	121.6	122.8	119.4	120.7	116.6	112.9	113.1	111.3	114.9
Fertilizers	1.57%	100	181.7	127.7	117.1	152.4	154.6	147.4	144.1	132.9	109.5	100.9	101.7	106.9	110.5	117.1
Labor (wages)	34.65%	100	104.5	106.0	107.0	108.2	111.4	115.0	116.9	121.1	125.4	128.9	136.7	144.2	146.3	150.8
Fuel/Energy	3.94%	100	130.2	86.6	107.4	137.2	136.2	135.0	134.3	87.1	76.3	86.7	97.5	101.0	98.5	104.1
Maintenance (supplies & repairs)	3.15%	100	102.9	104.9	106.9	111.2	114.5	115.5	117.6	117.7	117.9	120.0	124.1	127.6	129.6	133.5
Freight and trucking	17.32%	100	102.2	97.3	98.8	103.2	106.8	108.4	113.8	118.3	117.6	119.8	130.0	130.5	124.9	134.9
Weighted index (2007=100)		100	106.4	102.9	105.9	110.6	113.4	115.8	118.3	117.7	118.7	121.4	127.7	130.8	131.5	138.4
YOY increase/decrease		---	6.41%	-3.27%	2.84%	4.50%	2.50%	2.14%	2.16%	-0.50%	0.81%	2.33%	5.14%	2.48%	0.54%	5.24%
													(TCJA)		(COVID + PPP + CFAP)	



Surging deaths, plummeting net international migration, and a likely further decline in births in 2020 should result in an **astonishing slowdown** in US population growth this year. Using reasonable assumptions for all three key “components of change,” US population growth from the end of 2019 to the end of 2020 will be only 0.22% (about 720,000).