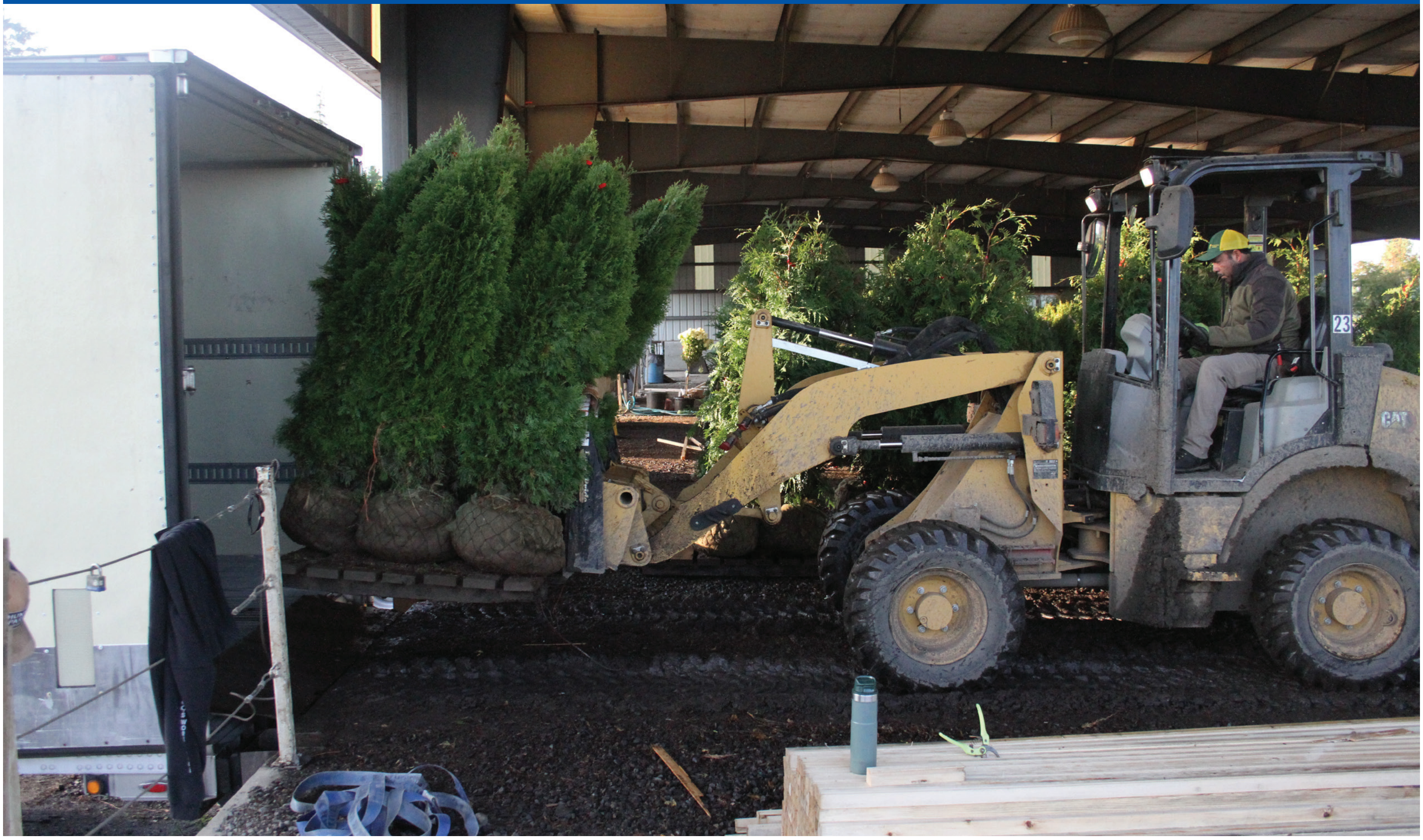

Celso Barron Castillo loads arborvitae into an awaiting truck at Bountiful Farms Nursery Inc. Nurseries are benefitting from lower shipping costs, better truck availability and more scheduling certainty. PHOTO BY VIC PANICHKUL

Riding the highs and lows

Lower shipping costs and steady demand give nurseries a leg up — for now

BY JON BELL

TWO YEARS AGO, THE NURSERY INDUSTRY was riding a sort of post-pandemic wave of strong sales, fueled by a pandemic boom in home gardening and landscaping as people stuck around their homesteads waiting for the storm to pass.

While that was great for nurseries — and still is — it made for a tight freight situation. Trucks and drivers were few and far between, rates went through the roof and timelines became much less reliable. Natural disasters like wildfires and hurricanes didn't help much either.

And not only was demand for plants and nursery materials up, but so was demand for just about every other kind of product and consumer good, which put huge pressures all across the supply chain, including shipping.

Now, the tides have turned.

"Now it's the complete opposite," said Dale Parra, sales manager at **Truck Transportation Services**, a Wilsonville, Oregon, freight brokerage company specializing in nursery stock, produce, frozen commodities and dry freight in the lower 48. "Rates are so low right now I can't even believe »

Juan Jesus at Bountiful Farms Nursery Inc. in Woodburn, Oregon, ties together a load of trees to prepare for shipping. PHOTO BY VIC PANICHKUL

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it. I never thought they'd get as high as they did (during COVID), and now I can't believe it's turned around like it has. It's a little crazy."

What the new, albeit temporary, shipping reality looks like for nurseries is lower shipping costs, better truck availability and more scheduling certainty. All of that is incredibly helpful since the demand for plants has held strong.

But as the economy continues to strengthen — interest rates may be stabilizing, fourth-quarter consumer goods sales are traditionally strong, and unemployment as of August 2023 was still under 4% nationwide — the tables could turn again.

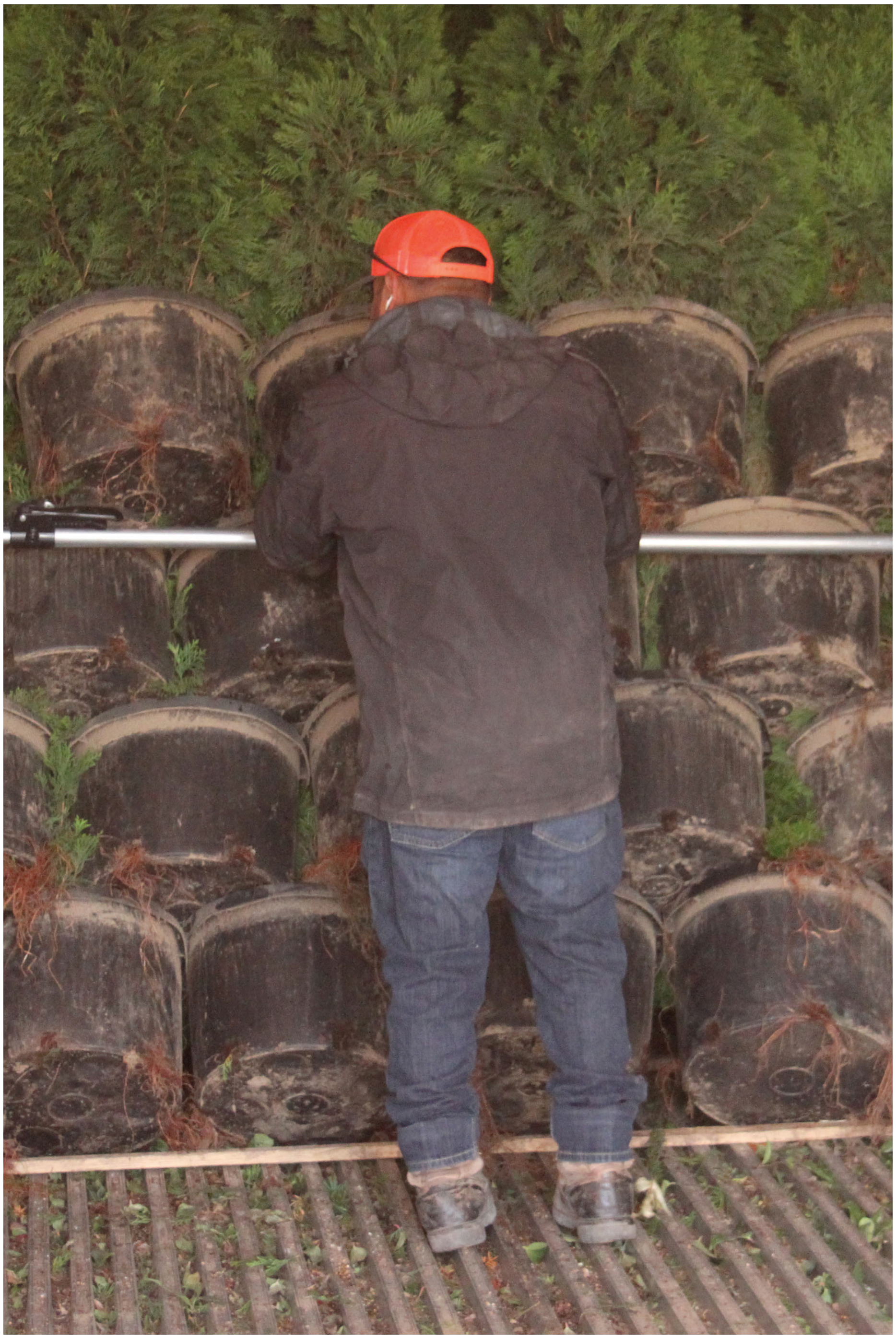
"I think there's always an adjustment," Parra said. "The wheel goes down and then it comes back up again."

'Down to compete'

The pandemic and the associated demand for nursery goods — along with the overall jump in demand for consumer products — caused all kinds of ripples across the shipping industry in 2020 and 2021. The additional volume put incredible strain on every link of the supply chain and revealed some major weaknesses: There were not enough drivers or trucking capacity and not enough cargo containers in the right places. Rail lines, maritime shippers and ports were all stretched thin. And social distancing guidelines meant fewer nursery workers could help load or unload.

Compounding the issues brought on by the pandemic was the ongoing shortage of truck drivers. According to the American Trucking Association (ATA), the industry was short roughly 60,800 drivers even back in 2018 — an almost 20% jump over 2017. If those trends continued, the ATA predicted, those numbers were on track to hit a shortage of more than 160,000 drivers by 2028.

But something happened along the way. To help draw in new drivers and make deliveries happen, trucking companies raised pay rates and sweetened benefits. The ATA reported that 90% of truck fleets increased salaries an average



KG Farms worker Vincente Lopez adds bracing to secure a load of arborvitae in a truck. PHOTO BY VIC PANICHKUL

of almost 11% in 2021.

"I think a lot of big companies hired a lot of extra drivers during the pandemic," Parra said.

Similarly, with shipping rates hitting top dollar, more independent owner-operators got into the trucking game to try and make some of those bucks.

"So many people became drivers because rates shot up," Parra said.

Of course, for every economic up, there is an associated down. As the pandemic played out and consumer demand evened, the tightness of the shipping scene loosened. As 2021 became 2022, it wasn't as tough to find shippers and, as a result, it wasn't as expensive either. Other economic factors — lower fuel prices, higher employment, an eventual stall in inflation — took hold as well. The result: freight costs have plunged almost as steeply as they rose two years ago.

"Rates have been down consistently all year," said Matt Frederick, owner of **K&M Distribution**, a transportation broker based in Rogue River, Oregon, that

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specializes in nursery shipping. "It's really competitive, but I'm down to compete."

Shifting gears

As prices for shipping have fallen, Frederick said he's seen more owner-operators call it quits and join larger trucking companies. The steady pay and consistent work make it a more appealing gig than going it alone.

In addition to the fluctuation in drivers and availability, there have been other challenges in nursery shipping in Oregon as well. For starters, Frederick said the Beaver State is typically a costlier and more regulated one for drivers to come into for freight.

"Coming into the state of Oregon is difficult," he said. "The road taxes, trip permits — you pay more to come into Oregon to pick up freight than just about anywhere else. There are more CAT scales and DOT stops in Oregon than throughout the Plains states. It's a lot of little things that eat into a truck driver's and a company's pockets."

In September, Oregon's fruit crops were hitting peak ripening, putting some of the squeeze back on freight availability for nurseries.

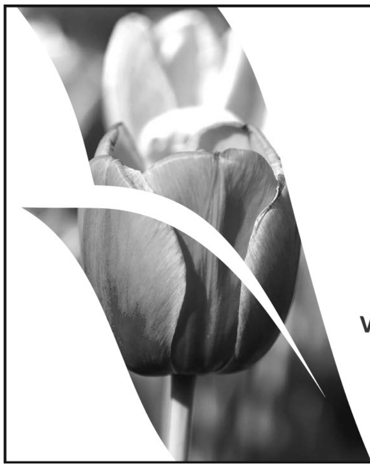
"The produce is running right now, and it's taking a bite out of our trucks," Frederick said.

Cracking the whip

That kind of swing is a seasonal one that nurseries and shippers have to take into account every year. Frederick said K&M keeps its connections with van drivers close in the fall to help move dry nursery goods when the refrigerated trucks are being used to move fruit and other produce.

"Sometimes the supply chain lends a hand and gives us more availability," he said, "and there are times when it doesn't, and it takes a little creativity to make it all work."

As it stands now, nurseries should be in fairly good shape when it comes to moving their plants and materials. Per-mile freight rates remain low — at least as of early fall 2023 — and availability was not as pressing an issue as it was, say, two years ago. In fact, nurseries were in »



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a good spot throughout the year to make up some of what they may have lost when shipping was more expensive because people still wanted plants.

"The nurseries should be killing it," Parra said. "They're able to charge more for their plants now, so there's more dollars on each load, but the freight's cheaper and that lowers their costs. They're in a great position with the ball in their court."

Whether it stays that way is anybody's guess. Fuel prices crept up in mid-September, but were on their way back down by month's end. The Federal Reserve was holding interest rates steady at the start of the fall, but signs suggested another bump might hit before the end of the year.

The trucking industry saw an influx of new drivers during the pandemic, but its aging, less-diverse workforce isn't expected to meet the long-range needs for more drivers. And even though the shipping scene was solid for nurseries in 2023, there are still many unknowns that await the sector in 2024 as the spring shipping season comes into focus.

One thing that's for sure? Things will always look up and, eventually, they'll cycle around to look back down.

"It's kind of like cracking a whip," Frederick said. "When it cracks one way, then the hammer's gotta come back the other way. But all in all, I'd say the ebb and flow are very consistent. There's going to be peaks and valleys every season. That's why relationships are so important. We're just blessed to have the customers we do and that we've been able to stay pretty stable whether things are up or down."

Jon Bell is an Oregon freelance journalist who writes about everything from Mt. Hood and craft beer to real estate and the great outdoors. His website is **www.JBellInk.com**.