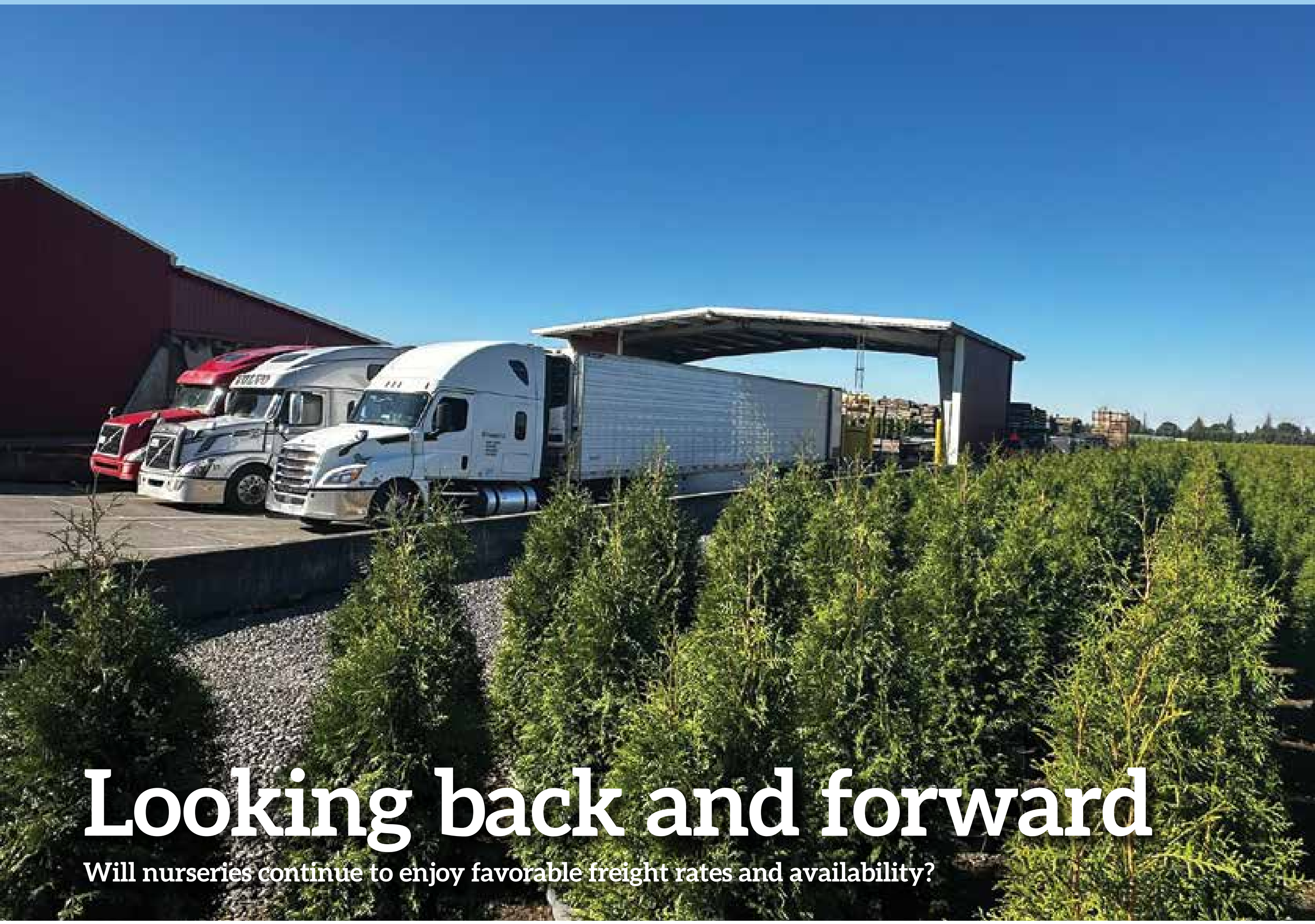


Looking back and forward

Will nurseries continue to enjoy favorable freight rates and availability?

Trucks line the dock at Woodburn Nursery & Azaleas in Woodburn, Oregon, as plant material is being loaded. PHOTO BY VIC PANICHKUL

BY CURT KIPP

There's a simple truth about nursery products — they don't make money until they leave the nursery. That's why growers pay close attention to the cost and availability of trucks to take plants to market.

"My livelihood and that of others around me revolves around these trucks," said Todd Nelson, an owner of wholesaler **Bountiful Farms & Nursery Inc.** (Woodburn, Oregon). "We're pretty much valueless without them."

Fortunately, of late, freight market conditions have been highly favorable to growers, and that should continue to some degree.

"Because there's such an overage of trucks, pricing is good," Nelson said. "We are seeing lower ship rates across the United States, but that always brings up a concern because it indicates there's not enough demand out there." Meaning that with low demand for freight, some carriers may exit the market.

For now, there exists a whole universe full of freight operators and brokers ready to take product to market, with several catering to the needs of ornamental plant growers and their customers because they offer consistent business.

"Dealing with nursery stock is a lot of responsibility because it's not a clothing/retail item, it's a time-sensitive, live product," said Matt Frederick, a freight broker with **K&M Distributors Inc.**, based in Rogue River, Oregon. "It's very important to be able to knock down the shipments in a timely fashion and also meet the receiver's needs."

Hauling nursery freight has its downsides, but Gary "Bert" Bertelson, a freight broker with **Integrity Logistics** (Wilsonville, Oregon) said carriers by now are used to dealing with those.

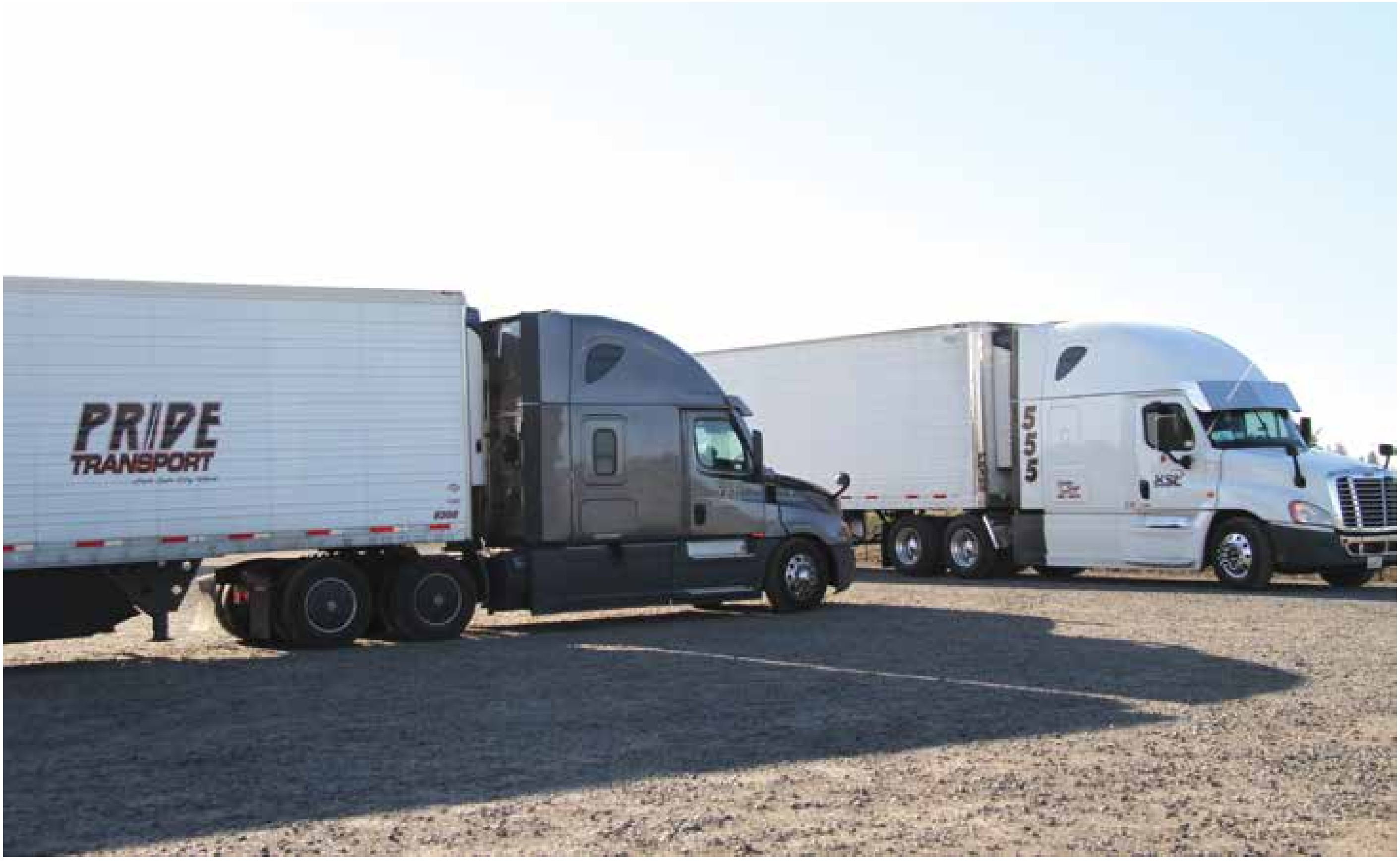
"Trucks are fairly easy to book despite the nursery industry downfalls with the long load time, the long unload times and the dirty trailer," he said. "Carriers have gotten past that, that it's just something they need to do. Previously, they didn't want to put dirty stuff in their trailers that was not palletized. Now, there are fewer complaints from the carriers about hauling nursery as opposed to hauling palletized freight. All in all, it's becoming a more acceptable commodity because of its availability."

Freight costs and what's next

Brokers interviewed for this story all agreed that freight loads have been easy to assign and send this past season. What happens next? That may be fairly predictable.

The freight industry consistently goes through economic cycles of high and low pricing, which are driven by supply and demand as well as the general economy.

When industry capacity is high, prices go down, typically prompting some



A truck arrives as another is being loaded at Bizon Nursery in Hubbard, Oregon. PHOTO BY VIC PANICHKUL

operators to leave the market. This constricts availability, driving prices back up and prompting more operators to enter the industry again. The cycle then repeats.

Currently, freight is in a period of higher availability and lower cost.

According to Your Market Metrics, a firm that compiles market information for the nursery and greenhouse industry, freight in 2024 costs very close what it did in 2019, or slightly more than it did in 2020, when the pandemic hit. This has happened in spite of general overall inflation. It's a significant decline from when freight costs peaked in 2022.

YMM compiles various indices to measure input costs over time, and gets its data from participating nurseries that purchase its service; all of these must share their data, which is then aggregated to create various cost indices.

The baseline year they use is 2007. Subsequent years are assigned an index number relative to 2007. For freight, the index hit 130.5 in 2019, meaning costs were 30.5% higher than 2007. For 2024, the index at midyear was 130.9, down from 151.1 in 2022 and 136.1 in 2023.

YMM's forecast anticipates that freight costs will rise slightly for 2025. Some have suggested there's little room for costs to decline. Carriers must cover their costs, like fuel, labor, insurance and equipment, and must reckon with the concept of opportunity cost — the idea they could make more money doing something else.

Local brokers were observing tight freight availability a few years ago as things opened back up following the pandemic. "People got in during the pandemic because it was something you could do, and goods needed to move," Bertelson said.

Jim Meil is an analyst and principal with ACT research, a firm based in Columbus, Indiana, that covers the commercial freight industry. He recently was quoted in *Fleet Owner* magazine.

"The situation was terrific for small fleet entry into the marketplace in 2021," Meil stated in the article. "The rebound from COVID was a surprise [that] opened up that big opportunity — then all of a sudden, it seemed to close as fast as it opened. Now it's really the survival of the fittest."

Availability shot past demand and costs fell — just as one would expect given the classic cycle of freight supply and demand.

And now? Joel Mandel, a freight broker with **Northland Express Transport** (based in Grand Haven, Michigan, with a West Coast base in Troutdale, Oregon), said he is already seeing signs of carriers leaving, as predicted. "That definitely will put pressure on the capacity that's there, therefore increasing prices," he said. "I wouldn't be surprised if we see rates go up."

Riding the seasonal cycles

In addition to the yearly cycles affecting the freight industry, nurseries must also deal with the year-to-year cycles of nursery demand.

In 2024, demand for nursery products was down slightly from 2023, according to horticultural economist Dr. Charlie Hall with Texas A&M University. Nursery revenue was down 5.7%, transactions were down 5.2% and the average sale was down 0.5%, Hall said during his keynote address at the Cultivate'24 trade show, produced by AmericanHort and held in July in Columbus, Ohio.

Of course, demand for nursery

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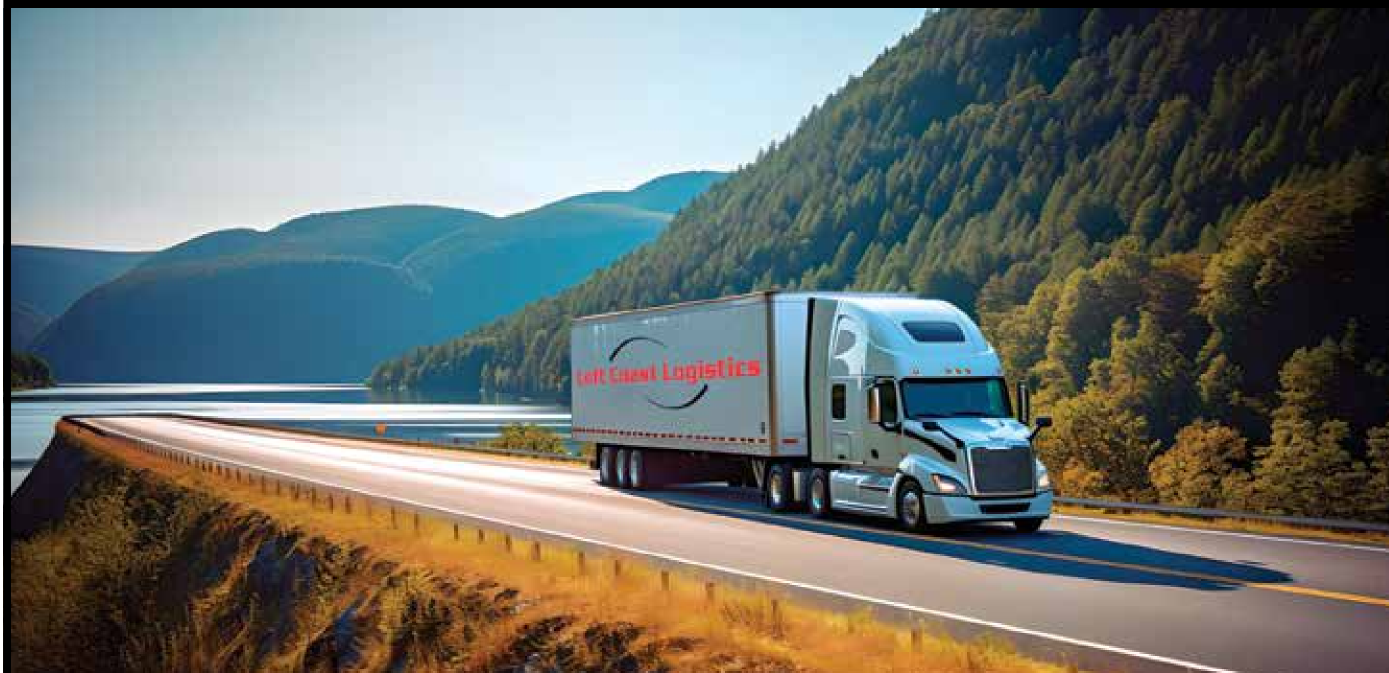

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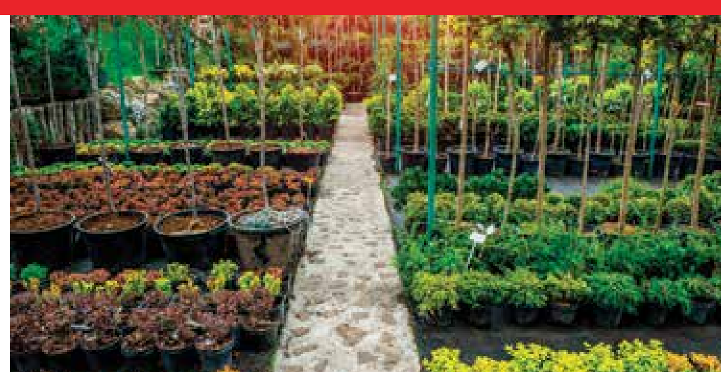

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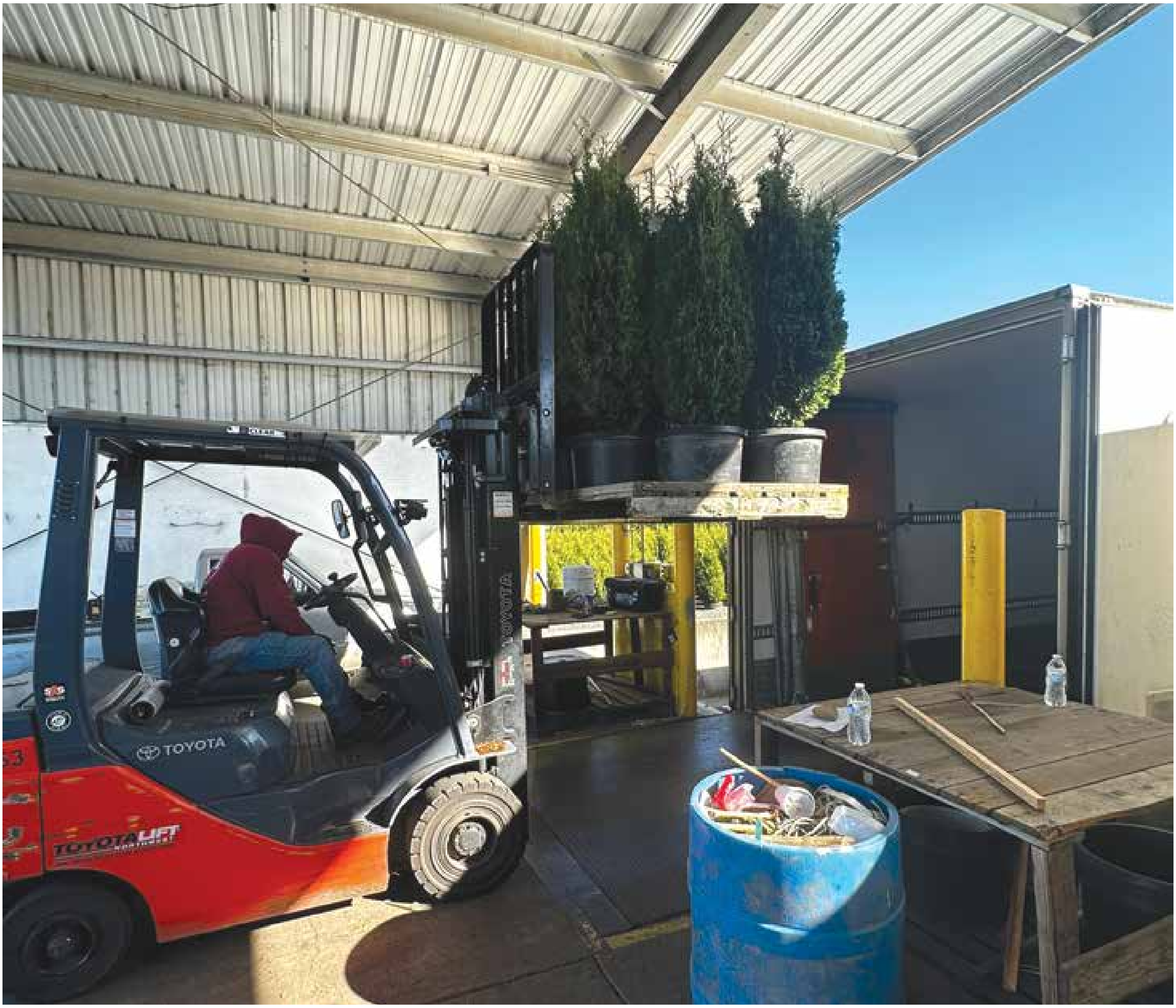
Shipping advantage



A worker loads one of the trucks at the dock at Woodburn Nursery & Azaleas. PHOTO BY VIC PANICHKUL

products changes from month to month, not just year to year. It reaches its full bloom in the spring months, as the sun calls gardeners back outside.

To feed this seasonal demand, the nursery industry traditionally had a relatively short shipping season of about February through May. But now, for a variety of reasons, the nursery shipping season now lasts well into the summer.

"When I started it was seasonal," Bertelson said. "It was in my first contract that we could not take vacations in the spring, so don't even think of asking. Everything has changed, and I have trouble getting a week away, even now. It's more spread out. It's year-round freight.

"It's just been progressively, over the years, more and more movement in the summer months, and I have no explanation for that. There never used to be anything in the summer."

Industry veteran Dale Parra, a freight broker with **Truck Transportation Services** in Wilsonville, Oregon has noticed that shipping has become more year-round in the last six to eight years.

Part of it is that gardening has experienced a renaissance in recent years.

The COVID-19 pandemic starting in 2020 drove higher demand for plant material as people stayed at home. Many focused on improving their yards with new plants and shrubs. Interest in edible gardening also climbed. This lengthened the typical nursery industry cycle of orders and reorders. In 2020 and for a few years after, growers reported getting reorders later in the season than they did previously.

For 2024, the record was mixed. Some reported a long season.

"We're still shipping and this should normally be a dead time," Bertelson said in August.

Others said the season had tapered off after Mother's Day.

"February, March and April were great this year," Parra said. "May was good. June [stunk]. But it has been an incredible ride since the pandemic."

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Managing costs and overtime

Even with the move to a year-round shipping cycle, the nursery shipping season still has a springtime peak. This places a strain on growers, shippers, carriers and third-party logistics providers (aka 3PLs). To combat this, some freight providers have taken to providing incentives to get the shipper to ship, and the receiver to take delivery, earlier in the season. The buyers of nursery products get the benefits of these discounts. They pay less in landed value (product plus freight) and have the product on hand early.

"People have incentive to take product earlier, November or February, for lower rates," Parra said.

Does it make sense to do this? That depends on each region, and the climate it has for any given time of year.

"Each region has its own timing, just naturally," Frederick said. "Each region has a time when it can accept product and when it's best to stage out."

Oregon can ship product earlier than some other growing regions. Oregon winters are cold enough to offer the winter dormancy that woody plants need, but those winters are also mild enough to enable earlier shipping.

Labor overtime costs are an emerging factor for Oregon growers. Getting plants ready for shipment and loading trucks during spring shipping season is a significant driver of overtime work.

The Oregon Legislature passed an agricultural overtime law in 2022, mandating that farms pay overtime to workers exceeding 55 hours in a workweek. The threshold drops to 48 hours on January 1, 2025. It is scheduled to hit 40 hours in 2027, although the OAN has been lobbying for a change to this. Repealing ag overtime is off the table, but a bill is being introduced to amend it to allow for peak periods on farms, including nurseries.

In the meantime, the rising overtime costs driven by these changes give growers ample incentive to balance workloads throughout the calendar year.

It all points to potential savings if growers and their receivers can find ways to load and ship at off-peak times. They could save on shipping costs as well as overtime. This is useful for initial orders but, obviously, doesn't apply to reorders that depend on how hot the material is selling come springtime.

Curt Kipp is director of communications and publications at the Oregon Association of Nurseries and the editor of Digger. Contact him at 503-582-2008 or **CKipp@OAN.org**.