Welcome to today’s webinar!

Economic Outlook for the Green Industry in 2015

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Economic Outlook for the Green Industry in 2015

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The Green Industry Complex

Extractive & Manufacturing
- MINING
- CHEMICAL PLANTS
- PETROLEUM PRODUCTS
- OIL WELLS
- FISHING
- FORESTRY
- FISHERIES
- PAPER MILLS
- PRINTED MATERIALS
  - Wrapping, containers, packaging materials
  - Labels
  - Irrigation materials

Extractive & Manufacturing
- PETROLEUM PRODUCTS
- FERTILIZER
- PESTICIDES
- PLASTICS
- MANUFACTURING
- PRINTED MATERIALS
  - Wrapping, containers, packaging materials
  - Labels
  - Irrigation materials

Extractive & Manufacturing
- METAL WORKING
- TOOLS & MACHINERY
- AG COLLEGES & RESEARCH FARMS

Marketing
- DIRECT MARKETING
  - Nurseries
  - Re-wholesalers
  - Retail nurseries
  - Retail greenhouses
  - Garden centers
  - Mail order sales
  - Interior landscapes
  - Public buildings

Production
- DISTRIBUTION & LANDSCAPE FIRMS
  - Direct
  - Nest"eries
  - Nest"eries
  - Corporate landscapes
  - Public buildings

Consumption
- END CONSUMER
  - Nursery
  - Greenhouse
  - Firms
  - Mail order & internet sales

The Financial Sector
- IMPORTS:
  - Market Area to Market Area
  - Other states
  - Canada
  - Europe

The Macro Factors Affecting the Industry
- TRADE PRESS & PUBLICATIONS
  - Trade Agreements
  - Trade Barriers & Import Restrictions
  - BAL
  - Patents, Royalties & Copyrights
  - Environmental Protection
  - Pesticide and other chemical regulations

2015 Outlook for the Green Industry
The Conference Board Leading Economic Index® for the U.S. increased in December.

- Leading Index: 120.5 (120.0 in November)
- Coincident Index: 111.4 (111.2 in November)
- Lagging Index: 115.0 (114.7 in November)

Source: The Conference Board
Labor indicators improving
The housing market should gradually gain momentum in 2015.

Source: U.S. Department of Commerce and Wells Fargo Securities, LLC.
Housing starts

Housing starts measure the number of homes on which builders began construction. It usually takes around 6 months to complete a single-family home, and a full year to complete a multifamily unit, which is typically part of an apartment complex. During a traditional economic recovery, construction is a key driver of growth. All figures are seasonally adjusted at an annual rate.

Single and multi family housing starts

Number of units over the past 10 years, in millions

- Multi family
- Single family

Recession

Single family housing starts

Change from previous month over the past year

- % change

Multi family housing starts

Change from previous month over the past year

- % change

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Case-Shiller index

The Case-Shiller index measures prices on home resales. They're reported on a three-month moving average with a lag, meaning they don't provide the most up-to-date picture of market conditions.

U.S. average compared to various cities

Cumulative change from 2000

- U.S. average
- Dallas
- Los Angeles
- Cleveland

Recession

- Cumulative change

2000 02 04 06 08 10 12 14

-50 0 50 100 150 200
Leading Indicator of Remodeling Activity – Fourth Quarter 2014

Homeowner Improvements
Four-Quarter Moving Totals
Billions of $

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US Census Bureau
LIRA

Rate of Change

Note: Historical data from the third quarter 2014 onward is based on the LIRA and will remain so until the Census Bureau releases annual revisions on July 1st.
Source: Joint Center for Housing Studies of Harvard University.

US Household Net Worth

Recessions shaded

Inflation-adjusted 2013 dollars

Trillions

$100 -

$80 -

$60 -

$40 -

$20 -

$0 -


Source: Federal Reserve
Carpe Diem Blog

WOW!
People afford what they want.

-- Lowell Catlett
Bottom line economically

_Ceteris Paribas_, there is nothing holding us back from having a great 2015.
Summary

• We are in the best shape going into spring than we have been in several years.

• Be aggressive with sound contingency plans in place. Don’t let the media shape your strategic mindset.

• Pay attention to the value, relevancy, and authenticity success formula.
STAGE 3

Water Restrictions

[Image of stage 3 with water restrictions]

[Image of a green environment and a building]

[Image of green grass at the bottom]
Emerging Trends in Real Estate

Emerging Trends survey this year, however, ranked such property as the least desirable investment and development opportunities.

“Aging baby boomers will continue to set trends,” said one investor with an international fund. “The leading edge is now 65 to 73 years old. The move to city centers by this group may have more staying power than the millennial generation.”

As the boomers trend away from stereotypical golf-course retirement, they are creating multiple markets that are “inch deep, not mile deep.” Our interviewees considered opportunities in health care properties and seniors’ housing “oversold,” and underscore the desire of retiring boomers “to own properties near their children.”

It must be said, though, that under the influence of the Affordable Care Act, new approaches to urgent care, and the repurposing of retail properties both in the suburbs and in the center cities, medical office use can be identified as a strengthening trend for 2015 and the years ahead.

With better health, longer life spans, and net worth that is still seeking to recover from the battering it experienced during the Great Recession, boomers are staying in the workforce—to some degree at the expense of the millennials, notes one interviewee. As that trend wanes, look for increasing income mobility potentially reinvigorating the middle class. As the boomers eventually do retire in greater numbers, “think Carolinas rather than Florida,” says one investor.

So, with all the deserved attention being lavished on millennials, let’s not ignore the boomers. They will be influencing the market both as workers and retirees for a couple of decades to come. In fact, it is the combined impact of the millennials and the boomers—all 160 million people in the two cohorts—that is making demography such a hugely powerful driving trend right now.

Demographic Data

Demographic effects on housing

• Four major demographic cohorts will set the housing market in the decades ahead:
  • The Older Baby Boomers
  • The Younger Baby Boomers
  • Generation Y
  • Immigrants

• The Boomers and Gen Y are ½ of the U.S. population.
Implications

- Housing formation and homeownership rates have slowed, but normalizing.

- Houses & lots will be smaller, but greener and we are entering a new age of urbanization.

- There are opportunities to develop products and services to fit changing lifestyles.

Walkable suburban town centers...
...and city centers.
The S&P was in the red, but I wasn't blue, because I shorted the market, and went long on you.