



## LANDSCAPING

Update | Q3 2022



# VICTORY PARTNERS

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## INDUSTRY DEFINITION

The Landscaping Services industry enhances, maintains, and designs the visible components of outdoor spaces. In 2021, industry revenues exceeded \$114 billion, and are expected to continue to grow through 2026. Key drivers of the industry include spending in residential and commercial construction, per capita disposable income, and government investments. More recently, consumer spending indicates that creating aesthetically pleasing outdoor spaces is trending in both residential and commercial properties.

## INDUSTRY OUTLOOK

The landscaping industry has grown substantially despite the tumultuous economic climate of recent years, growing at a CAGR of 4.8% from 2016 – 2021 according to IBIS World. Industry revenue dipped 0.8% in 2020 due to the global halt of business activity, however post-pandemic economic conditions continue to boost both residential and commercial construction. The average profit margin for landscaping companies was 8.1% in 2021, however this is expected to grow

upward of 9% by 2026 as revenues increase. Rising per capita disposable income and increased construction will benefit the industry, as industry revenue is anticipated to grow 2.4% YoY from 2022 – 2026.

The landscaping industry is expected to bounce back as demand for construction rallies via the growing value of residential and commercial real estate. Landscaping services are increasingly being considered important means of raising property value, and in many cases their services are essential to managing irrigation and the impact of extreme weather on property.

There is opportunity for growth due to new consumer spending trends. Though revenues declined in 2020, the pandemic brought to light new consumer spending trends within the industry. Interest in environmental sustainability, health consciousness and increased time outdoors spiked due to the government lockdowns and consequently peaked popularity in gardening and landscaping services. A study by Scotts Miracle-Gro indicated 67% of American adults are growing or planning to grow a garden. These smaller gardens need to be integrated with the design of the overall yard's landscape, which is service expert landscapers provide.

## Landscaping Services in the US: Historical Sales and Projections

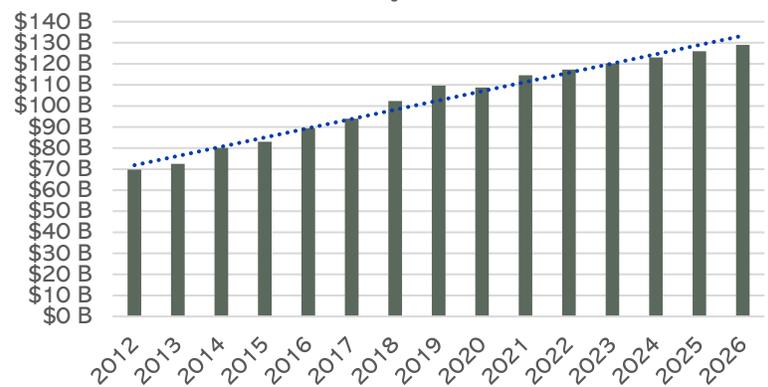


Figure 1 - Source: IBIS World



The Southeast region of the US accounts for the largest share of industry establishments at 24.9%, which corresponds to population trends specifically in Florida. Florida alone accounts for approximately 8.6% of the industry's businesses. Historical trends highlight growing demand for landscaping positively correlates with the number of landscaping service businesses. Due to the mass migration to the Southeast in recent years, driving new construction projects and residential housing, the landscaping industry will continue to grow and employ in this region. Additionally, because the industry is highly fragmented, consumers enjoy a market with healthy price competition and quality of work as the main determinant of preference. The few larger players make up about 1.5% of industry revenues.

## M&A OVERVIEW

There has been increased activity in M&A since 2021 within the landscaping industry, and industry leaders expect in 2022 this trend to outpace 2021 activity. Though not as mature as pest control or HVAC businesses in M&A, landscaping companies are growing in popularity to investors for a variety of reasons. Investors find the sizeable reoccurring revenue from commercial maintenance companies very attractive, and the new interest in essential services has made residential landscapers an M&A target in recent years.

Additionally, because the industry is so fragmented, investors can build up large landscaping platforms. Major players in the space such as commercial landscapers BrightView Landscapes and Yellowstone Landscape, have been expanding in location and specialization by buying up smaller landscapers across the US. BrightView developed a strategic acquisition program and has acquired 34 landscaping businesses in recent years, including four acquisitions made in Q2 of 2022. Yellowstone was bought by private equity firm Harvest Partners in 2019, giving the firm financial backing to acquire more businesses in the industry.

Acquirer	Target	Closing Date	Deal Type	Deal Value
Undisclosed	TruGreen	Mar. 15 <sup>th</sup> , 2019	LBO/Buyout	\$ 965M
Harvest Partners	Yellowstone Landscape	Nov. 1 <sup>st</sup> , 2019	LBO/Buyout	Undisclosed
Robin Autopilt	MowBot	Apr. 15 <sup>th</sup> , 2021	M/A	Undisclosed
Juniper Landscaping	PROscape	May 5 <sup>th</sup> , 2021	M/A	Undisclosed
LawnStarter	LawnLove	Aug. 3 <sup>th</sup> , 2021	M/A	Undisclosed
Bregal Partner	Juniper Landscaping	Dec. 29 <sup>th</sup> , 2021	LBO/Buyout	Undisclosed
BrightView Landscaping	NatureScape Landscaping	Feb. 18 <sup>th</sup> , 2022	M/A	Undisclosed



Acquirer	Target	Closing Date	Deal Type	Deal Value
Bartlett Tree Experts	Tree Top	May 23 <sup>rd</sup> , 2022	M/A	Undisclosed
Bartlett Tree Experts	Weston Arborists	Jun. 21 <sup>st</sup> , 2022	M/A	Undisclosed

Figure 2 - Source: Pitchbook

## SEGMENT HIGHLIGHTS

### RESIDENTIAL

It is estimated the residential housing market, which accounts for 33.2% of industry revenue, will increase at an annualized rate of 4.5%. Residential construction correlated positively to landscaping demand, and this is true now more than ever. Intricate hardscaping of patios, remote control irrigation systems, and outdoor kitchens have all increased in popularity. Property landscape has become a selling point for residential properties. A recent study shows that residential homes with outdoor amenities sell 39% faster than those without sophisticated landscaping. According to a study by the National Association of Realtors, the recent pandemic has reinforced the trends of creating purpose in homeowners' outdoor space, whether it be gardening, entertaining, or pool installation. These are key trends in the residential space for landscapers.

### LANDSCAPING INDUSTRY SERVICE MIX

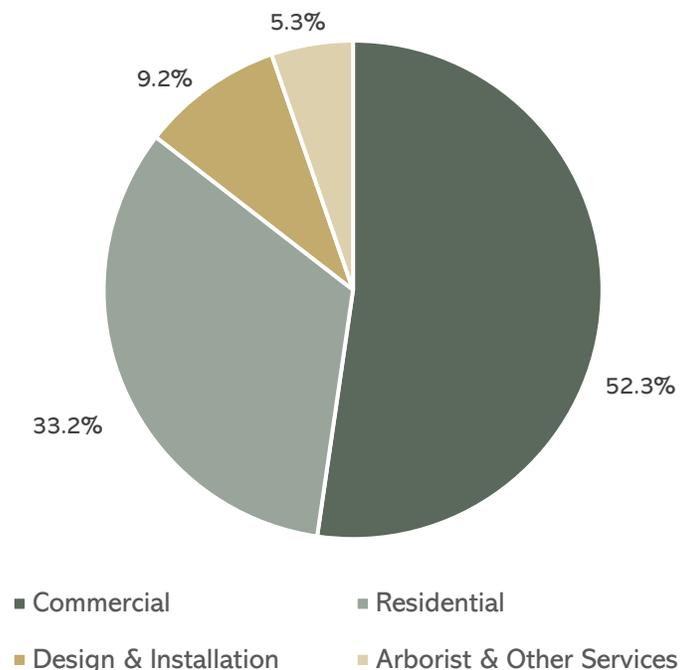


Figure 3 - Source: IBIS World

### COMMERCIAL

Commercial real estate, which includes lucrative contracts with office buildings and schools, is about 52.3% of revenue and will see growth as demand for green spaces increases. Government contracts account for about 6.3% of revenue and is estimated to expand after the recent passing of the \$1.2 trillion federal infrastructure bill. Mandatory business shutdowns stalled commercial landscaping and its demand in 2020, however it is picking back up. Office buildings, healthcare facilities, government buildings and other commercial properties are attempting to make their spaces more aesthetically appealing to bring customers out of their homes and onto their properties post-pandemic. For landscaping companies, commercial projects are the highest per service revenue and reoccurring revenues, compared to residential and other services. These projects take longer to complete and are more expensive. Recent M&A trends indicate larger landscaping platforms are mostly commercial based, and due to their financial backing can outbid smaller landscapers on commercial contracts.



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## FIRM MANTRA

“ It is not the critic who counts; nor the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat. ”



*Theodore Roosevelt*

— Theodore Roosevelt  
The Man in the Arena



## PREVIOUS CLIENTS

Client	Industry	Type of Engagement
ACSI	Financial Services	Advisory
Activor, Inc.	Healthcare	Corporate Finance
Advanced Particle Therapy	Healthcare	Corporate Takeover
Affinity Finance	Mortgage	M&A – Buyer
Affinity Finance	Mortgage	Joint Venture Advisory
Auto Benefits Corporation	Financial Services	Advisory
Automated Data Services, Inc.	Software	M&A Advisory
Automated Data Systems, Inc.	Financial IT Services	M&A– Seller
Bibbentuckers	Retail Chain / Consumer Services	M&A Advisory
Boardroom Software	Software	Corporate Finance
Brides International, Inc.	Apparel/Specialty Retail	M&A Advisory
California Proton Treatment Center	Healthcare	Bankruptcy Advisory
Cambridge Home Loans	Mortgage	M&A – Seller
Cantoni, Ltd.	Specialty Retail	M&A Advisory
Carequest Home Care, Inc.	Healthcare	M&A Advisory
Champion Brass, Inc.	Distribution	M&A Advisory
Cimaco, Inc.	Industrial Machinery	M&A Advisory
City Holdings	Mortgage	Divestiture Advisory
CMG Mortgage, Inc.	Community Banking	M&A – Buyer
Cobb Partners, LLC	Financial Services	Convertible Preferred Offering
Computrition, inc.	Software	Advisory
Contender Boats	Marine Manufacturing	Advisory
Dallas European Shoreline Imports	Auto Parts Distribution	Debt Financing
Datazone Systems, Inc.	Data Storage Devices	M&A Advisory
DeCrane Aircraft Holdings, Inc.	Aviation	M&A Advisory
Destination Films, Inc.	Film/Entertainment	Recapitalization
ECP Processing, Inc.	Merchant Processing	Advisory
First Chair Technologies, Inc.	IT Outsourcing/Integration	Private Placement-Convertible Debt
First National Bank of Los Angeles	Community Banking	Advisory
Fredericks of Hollywood, Inc.	Apparel/ Specialty Retail	Bankruptcy Advisory
Fruit-A-Freeze, Inc.	Foods/ Specialty Retail	M&A Advisory
H&S Yacht	Manufacturing	M&A Advisory
Hi Quality Electronics, Inc.	Consumer Electronics	M&A Advisory
Homebanc, Inc.	Financial Services	M&A – Seller
Homestar Funding	Mortgage	M&A – Seller
Hoss Equipment Company	Heavy Equipment Remanufacturing	Debt Financing
IMC	Building Products	M&A Advisory
Imperial Technology, Inc.	Data Storage Technology	M&A Advisory
Intelegy, Inc.	CRM/ Consulting	Advisory
JDI Solutions, Inc.	Manufacturing	M&A Advisory
Jolly Chef	Food Service	M&A Advisory
KAT & Associates, Inc.	Healthcare	Advisory
LAX World Co, Inc.	Sporting Goods Retail	M&A Advisory
Loan Genie, Inc.	Mortgage	Advisory
Long Range Systems, Inc.	Manufacturing	Corporate Finance
Magicstone Media, LLC	Media/Entertainment	Corporate Finance



## PREVIOUS CLIENTS

Client	Industry	Type of Engagement
Maryland Proton Treatment Center	Healthcare	Turnaround & Recapitalization
Maui Girl & Co., Inc.	Apparel/Specialty Retail	M&A Advisory
MI Senior Living	Senior Housing/Healthcare	Corporate Finance
Mid-America Fittings, Inc.	Manufacturing	M&A Advisory/Sale
Midland Metals Manufacturing, LLC	Distribution	Leveraged Recapitalization
MVI, Inc.	Insurance	Advisory
Nature's Formula, Ltd.	Health and Beauty	M&A Advisory
Neuronix, LTD	Healthcare	M&A Advisory
Newline	Int'l Manufacturer of Marker Boards	M&A Advisory
Numeria Software	Software	Advisory
Oakley Homes, Inc.	Construction	Private Placement
Palm Beach Tan	Retail Chain/Consumer Services	Debt Financing
PayDay One Holdings, LLC	Consumer Finance	M&A - Seller
PERGAN Nordamerika GmbH, i.G.	Organic Peroxides	M&A Advisory
Phoenix Radiology, Inc.	Healthcare	M&A Advisory
Predicate Logic, Inc.	Software	Corporate Finance
Pro Systems, Inc.	Manufacturing	Advisory
Prologistics Technology, Inc.	Software	Advisory
Promiseland Dairy	Food & Beverage	M&A Advisory
Resource Bancshares, Inc.	Mortgage	M&A – Buyer
San Dieguito National Bank	Community Banking	Advisory
SCS/Frigette	HVAC Manufacturing	M&A Advisory
Sessions, Inc.	Staffing/Entertainment	M&A Advisory
StaffUSA, Inc.	Staffing	M&A Advisory
Sun Country Bank	Community Banking	Advisory
Surgical Notes	Health Care Services & Technology	Debt Financing
SY technologies, Inc.	Missile Guidance Technology	Corporate Finance
Tishman West Realty, Inc	Financial Services	M&A– Seller
Transcend Equity Development	Energy Conservation Services	Project Financing
TruckloadUSA	Building Product Distributor	Debt Financing
Turner Financial, Inc.	Mortgage	M&A – Seller
U.S.E Community Services, Inc.	Financial Services	M&A – Seller
Uncle Julio's	Restaurant Chain	Recapitalization
Undaunted Holdings, LLC	Marine Manufacturing	Acquisition
US Merchant Systems, Inc.	Transaction Processing	Corporate Finance
US Merchant Systems, Inc.	Financial Services	Convertible Preferred Offering
USDB Bancorp, Inc.	Mortgage	M&A – Buyer
VVI Construction, Inc.	Construction	M&A Advisory
WalkAbout Software, Inc.	Software	M&A Advisory
Westex Metal & Iron, Inc.	Scrap Metals	M&A Advisory
Worthy Financial, Inc.	Reg A+ Bond Sales	Advisory
YouGotCash, LLC	Software- Portal	Advisory



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