

Cambridge International
Advisory Group



Landscaping and Tree Cutting Industry Analysis

Introduction

Recently, the landscaping and tree-cutting industries have become attractive investment opportunities. Factors such as the necessity of landscaping services in commercial settings and several other traits provide a sound basis for investment.

Natural growth within the industry has fueled new businesses and strengthened existing ones. The abundance of opportunities due to the industry's fragmented nature and low entry barriers allows new firms to enter and capitalize on new consumers. These factors present investors and prospective business owners with opportunities to contribute to a growing industry.

Key Players

Landscaping is a fragmented industry with most firms servicing a local base of consumers. Despite this fragmentation, several key players make up much of the revenues earned throughout the industry. The most dominant firm in the industry is BrightView, which in 2023 generated just over 2.8 billion dollars in revenue. Other competitors such as The Davey Tree Expert Co. and TruGreen earned around 1.5-1.7 billion dollars in revenue each. ([Statista, 2024](#)). The presence of these large players contributes to a level of consolidation within the industry.

In 2020, the top 100 firms made up 13% of the entire industry's revenues. ([Ron Edmonds, 2021](#)). With increasing consolidation throughout the industry that market share is expected to slowly congregate.

Industry Growth

In 2019 around 912,000 people were employed in landscaping, that number dropped down to 872,000 in 2020, however, it saw a return to 914,000 by 2022. ([Bureau of Labor Statistics, 2023](#)).

The landscaping industry has seen a healthy growth rate. As an industry producing 190.6 billion in revenue for 2023, it is projected to reach 375.5 billion by 2028. This growth represents over 184.9 billion dollars of new revenue for firms to capitalize upon. That growth signifies a 14.5% CAGR between 2023 to 2028. ([TechNavio, 2024](#)). The landscaping industry recovered rapidly and will continue to see healthy growth throughout the next five years.

Current Consolidation

The landscaping and tree-cutting industry is experiencing a significant wave of consolidation, with larger firms acquiring smaller players to expand their service offerings and geographic reach. This trend enables companies to achieve economies of scale, optimize operations, and cater to a broader range of clients. Consolidation also results in increased service standardization and expanded resources for training and equipment investment. Regulatory factors play a crucial role in consolidating the landscaping and tree-cutting industry. Increasing environmental regulations and safety standards have raised operational costs, making it challenging for smaller firms to comply without significant investment

([Occupational Safety and Health Administration \[OSHA\]](#)). Larger companies are better equipped to handle these regulatory demands due to their greater resources and dedicated compliance departments. This disparity encourages smaller firms to merge with or be acquired by larger entities to ensure compliance and sustainability.

Economic downturns and operational restrictions strained many small businesses with limited financial reserves ([Small Business Administration \[SBA\], 2021](#)). Larger companies were better positioned to adapt, implement safety protocols, and leverage technology for remote operations. As a result, many smaller firms faced with financial hardships opted to be acquired by larger companies, increasing industry consolidation. In summary, increasing regulatory demands have accelerated industry consolidation, with larger firms absorbing smaller ones to achieve sustainability and growth.

External Factors

The landscaping and tree-cutting industry is influenced by several external factors that shape its growth and operational strategies. Economic conditions play a significant role; fluctuations in the real estate market and overall consumer spending can directly impact demand for landscaping services ([LEK Consulting, 2019](#)). Additionally, increasing environmental concerns and a push for sustainability are prompting companies to adopt eco-friendly practices, as clients increasingly prefer environmentally responsible services ([Environmental Protection Agency \[EPA\]](#)). Technological advancements are also reshaping the industry, with innovations in equipment and software enhancing efficiency and customer engagement ([LEK Consulting, 2019](#)). Labor challenges, such as workforce shortages and rising labor costs, pressure firms to invest in training and employee retention strategies ([Bureau of Labor Statistics, 2023](#)). Moreover, evolving regulatory requirements, including stricter

environmental regulations and safety standards, affect operational costs and necessitate ongoing compliance efforts, particularly impacting smaller firms with limited resources (Occupational Safety and Health Administration [OSHA]<https://www.osha.gov/smallbusiness>).

Conclusion

In conclusion, the landscaping and tree-cutting industry presents significant investment opportunities driven by robust growth projections, ongoing consolidation, and its essential role in both residential and commercial settings, despite challenges such as increasing regulatory demands, environmental concerns, and labor shortages, the industry poised for substantial expansion in the coming years. Investors and prospective business owners can capitalize on the industry's fragmented nature, low entry barriers, and the growing demand for sustainable and technologically advanced services, positioning themselves strategically in a market with potential.

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