



AEA OPE NEWSLETTER SEPTEMBER/OCTOBER 2017

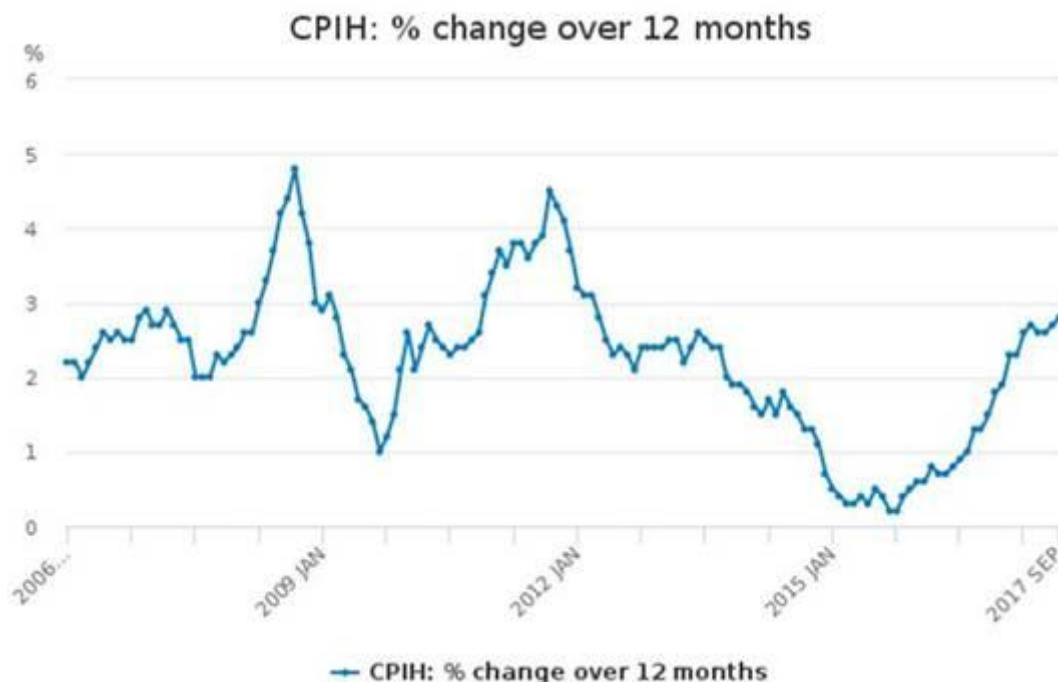
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ECONOMIC BACKGROUND

Inflation to the highest level since 5 years ago (Part 1)

- The Consumer Price Index (CPI) 12-month rate was 3% in September, up from 2.9% in August 2017, it was last higher in March 2012. The September CPI inflation figure is important as a number of benefits are increased in line with it in order to keep up with the cost of living. At the House of Commons Treasury Select Committee, the Bank of England’s governor Mark Carney stuck by the BoE’s revised estimates that inflation would peak in October or November this year. Consumer Price Index including owner occupiers’ housing costs (CPIH) 12-month inflation rate was 2.8% in September according to the ONS (Office of National Statistics). It was up from 2.7% in August 2017 and again highest since March 2012. The main contributors to the increase in the rate were rising prices for food and recreational goods, along with transport costs. These upward effects were partially offset by downward contributions from a range of goods and services, in particular clothing prices.

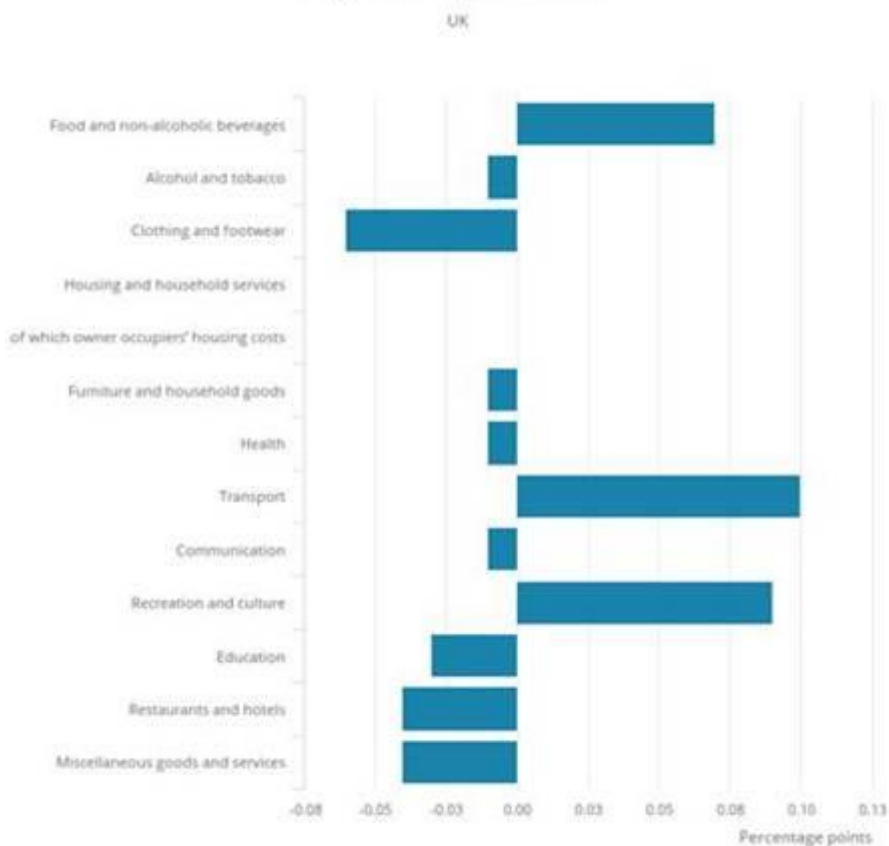
Chart 1: CPIH rates from 2006 till September 2017



Both rates are above the pace of wage growth, which stood at 2.1% in the three months to July. Food inflation is running at 3.1%. The largest bump came from transport, especially air fares.

Chart 2: Contributions to CPIH September 2017 in comparison to previous month (August 2017)

Figure 3: Contributions to change in the CPIH 12-month rate between August and September 2017



Source: Office for National Statistics

Employers' confidence in the UK economy low

In September 33% of employers believed the situation was deteriorating, while only 26% believed it was improving, according to the latest survey of the Recruitment & Employment Confederation.

The resulting net balance of -7% was down from -3% for the previous month and was the lowest level since the June 2016 referendum. Nevertheless employers continue to hire. The balance of respondents reporting positive hiring and investment decisions was steady at 10%, with 28% expecting an improvement versus 18% expecting a deterioration.

The REC's JobsOutlook survey involved 600 employers and business owners. According to the REC chief executive the employers are showing a great deal of resilience as they continue to hire despite a growing number losing faith in the direction in which the economy is heading. The REC survey also found that 60% of employers regard agency workers as important in enabling them to take up growth opportunities, up from 46% in the same period in 2016.

However, 36% expect to find a shortage of temps to meet their needs, with concerns most elevated in the construction sector.

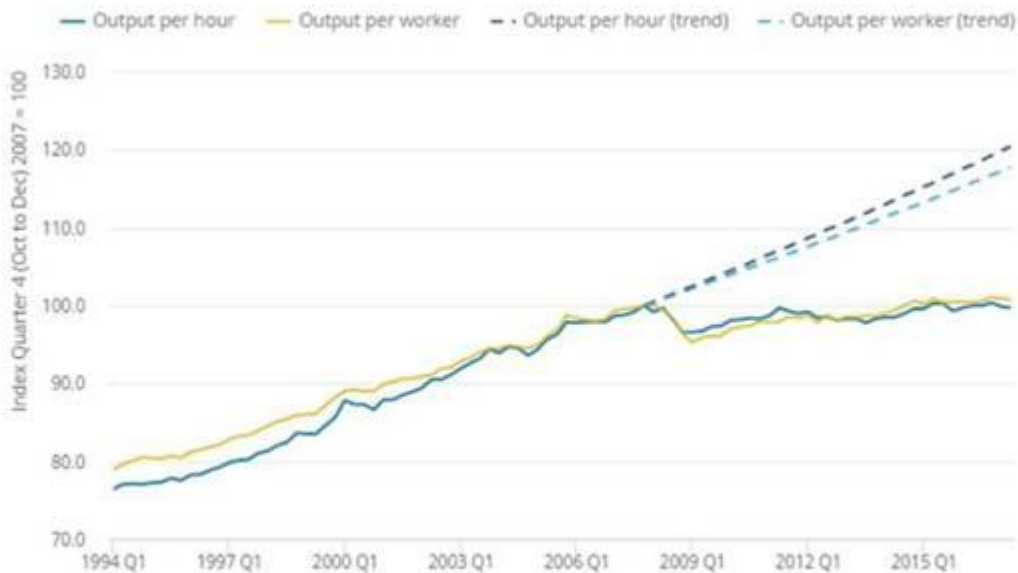


REC

UK productivity still flat

There is no sign of an end to the plateau in UK labour productivity which has been apparent since the financial crisis. The level of output per hour worked (or per worker) is virtually the same as it was in 2007; if productivity had followed the same trend as it was on before that, output per hour would now be 16% higher. Indeed, productivity actually fell in the first half of this year, dropping by 0.5% in the first quarter and 0.1% in the second. This “productivity puzzle” is exercising politicians and solving it is one of the main aims of the government’s industrial strategy.

Output per hour and output per worker in the UK economy



Source: Office for National Statistics

Despite the stagnant UK performance, the gap to the rest of the G7 actually narrowed slightly in 2016, although UK workers are still 15% less productive than the average of G7 countries. The UK figure puts us in fifth place, ahead of Canada and Japan but over 30% below the US (on a per worker basis – US workers work longer hours than elsewhere) and Germany (on a per hour basis). Despite closing the gap in the last year, UK productivity has grown more slowly than the rest of the G7, although all countries have seen a slowdown since 2007.

Manufacturing growth in August

UK manufacturing output grew by 0.4% in August, taking annual growth to 2.8%. Machinery and equipment manufacturing was up 0.1% in the latest month and 4.4% compared with a year before but, while transport equipment saw a similar annual rise, output fell in August. The same batch of data showed a rise in construction output, partly

reversing declines in recent months, and a worsening of the UK's trade deficit, despite the weak pound. This was down to a fall in exports to non-EU countries, coupled with a rise in imports. Exports to the EU increased.

GDP growth in last quarter

The National Institute of Economic and Social Research (NIESR) has estimated that GDP grew 0.4% in the three months to September, while revising its projection for the three months to August up to 0.5%.

GLOBAL & EU GARDEN

Garden accounts for growing share of German DIY store sales

According to the BHB, the association of German DIY stores, garden products account for an increasingly large proportion of the sales of German DIY stores. Sales rose by 27.6% in the first six months of 2017, compared to 26.9% increase during the same period in 2016. In the full year 2016 the garden segment represented 22.4% of total annual DIY turnover. Sales in garden equipment and fixtures, watering and plants increased, whereas sales in garden furniture declined.

The same trend was noted by GfK. According to its survey, sales of garden products excluding furniture, amounted to €2.4bn in the first six months of 2017. This represents an increase of 5.1% versus the previous year. In comparison overall DIY store sales only grew by 1.6%. Plants are the biggest share of sales with a value of €640m.

Customers think in 'themes' but trade thinks in product categories

A recent IFH study determined that the expenditure on indoor living is on average five times as high as for 'garden living'. However, the garden is increasingly becoming an extended living space, a "green living room" for consumers. In co-operation with the IVG (German association of garden equipment manufacturers) the study provided detailed market figures and the results of a survey of 1,500 consumers. It shows that consumers do not think in product categories, but in theme and image worlds. According to the authors, sales are potentially lost as products in store are often presented in isolation. The challenge for retailers is to inspire customers, which means away from product focus to themed points of sale. A look at the expenditures for indoor and garden living illustrates the market potential: €9.80 per square meter is spent on creating a living space indoors whereas only €1.90 for the same garden space.



Quelle: IFH Köln, Branchenreport Garden Living 2017

Housing-building activity in Europe

According to Euroconstruct, in 2016, Switzerland and Norway were the European countries with the highest level of house-building activity in relation to their population, Portuguese the least. The consulting network expects Sweden to be top of the ranking in 2017. Low interest rates and a high demand for living space, which is also due to rising immigration, as well as an increase in income, have led to a noticeable revival of construction activity. Important reforms have also been implemented. For example, authorisation procedures have been accelerated, regional taxation has been reduced and the rental market has been gradually deregulated. Germany ranks mid-field with a quota of 3.2. Significantly less than two homes per 1,000 inhabitants were completed in Italy and Spain, the countries which were particularly affected by financial and national debt crises. Portugal brought up the rear in 2016 with a quota of 0.6 per cent.

Housing completion quota per 1,000 inhabitants

	2016	Forecast 2017
Switzerland	6.4	6.4
Norway	6.1	6.3
Austria	5.5	5.8
France	5.3	5.6
Sweden	5.3	6.5
Poland	4.3	4.6
Belgium	4.0	4.3
Netherlands	3.7	4.0
Germany	3.2	3.3
Ireland	2.9	3.3
Slovakia	2.8	3.0
Denmark	2.5	2.6
Great Britain	2.5	2.6
Czech Republic	2.5	2.6
Italy	1.4	1.3
Hungary	1.0	1.5
Spain	0.9	1.3
Portugal	0.6	0.8

HOUSEHOLDS / HOUSING

Number of new build homes in the UK on the highest level since 2008

According to latest figures released by the Government, 164,960 new homes were started in the year to June 2017, up 13% on the previous year, and an increase by more than three-quarters since the low in 2009. More than 153,000 new homes have been completed during the same period, showing an increase of 11% compared with the year before. The figures demonstrate strong growth in housebuilding right across the country, with Gloucestershire, South Derbyshire and South Norfolk among the strongest areas in delivering high levels of starts.

Rise in second home ownership shows increased concentration of property wealth

According to the Resolution Foundation think tank, some 5.2 million people in the UK have second homes including in rural and coastal areas. It represents a 30% increase between 2000-02 and 2012-14 in the proportion of adults who own multiple properties. In contrast to the 10% of adults with multiple properties, 40% have no property wealth at all, up from 35% in 2000-02. The analysis also found that alongside an increase in the number of people with additional property, the average value of assets held in these properties has increased by 20% in real terms between the same period from £125,000 to £150,000. The wealth held in additional properties had a gross value of £760bn in 2014-15, representing 15% of the £5.2 trillion held in gross property wealth overall. The foundation states that there is a clear generational split in terms of who owns second homes, with those in prime age and the early stages of retirement having accumulated the most. Adults born since 1981 own just 3% of the additional property assets. These are the first group since records began to have less of it than predecessors at the same age had.

While owning an additional property is sometimes depicted as a common way for typical workers to shore up savings or for ordinary pensioners to boost retirement income by letting properties out, the analysis found that those with a second home are overwhelmingly rich and wealthy. Some 88% are in the top half of the wealth distribution and 79% of adults who earn income from additional properties as landlords are the top half of the income distribution. Multiple home ownership has been blamed for contributing to high house prices in sought after areas in the countryside. Furthermore, with young people much less likely to own a home at all than their predecessors at the same age, the growing concentration of property wealth among fewer families raises concerns not just for their living standards but for wealth inequality of the country as a whole.

Various studies published comparing the premium price of houses according to priority criteria of buyers and location

Various studies have been carried out and published recently, all focusing on important location points that have an impact on the selling price that the houses have achieved.

- 1) According to a research commissioned by estate agents Foxtons, buyers in the UK are more concerned about the state of a potential neighbour's garden than the interior of a new home they are proposing to buy. Location is still the top priority when it comes to house hunting followed by property size (70%), garden/outside space (62%), parking (50%), then having a garage, transport links and council tax. But next on the list is the state of neighbouring gardens (24%), followed by the size of the bathroom (23%). The interior decoration is only tenth in the list of priorities (19%). The agent stated 'While this may come across as an unexpected finding, it could be attributed to the fact that we can easily change and improve our own house, but what a neighbour does or at times doesn't do is out of our hands.'
- 2) Research from Nationwide identified that homes in a national park in the UK command an average price premium of 22% or £46,000. The biggest premium is in the New Forest in the south of England where the extra paid is £115,500, followed by the South Downs at £77,000 and then the Lake District at £55,000. Dartmoor has the next biggest premium at £53,900, then the Yorkshire Dales at £51,500, the Cairngorms in

Scotland at £51,300, the Peak District and the Brecon Beacons both at £50,600 and Snowdonia is the cheapest premium at just £34,500. The research shows that homes within a five kilometre radius of a national park can also benefit with an average price premium of 5%. According to the analysts, those living in the parks not only benefit from the great outdoors with a range of activities on their doorsteps but also have easy access to major employment centres and additionally development is controlled, with limited new housing construction.

- 3) Similar results were reported by the residential research team of Knight Franks, who studied not only houses near national parks but also in Areas of Outstanding Natural Beauty (AONB) which have been designated for conservation. As an example a detached house in the Surrey Hills is priced at almost £950,000 compared to the Surrey average of £732,000. The analysis points out that the restrictive planning regimes in place mean supply can often fall short of demand and this, along with the nature of existing stock, which tend towards older, larger homes with land, has underpinned pricing.
- 4) The final positive note is that, according to the latest prime waterfront index from real estate firm Knight Frank, waterfront properties in the UK can see a price premium of up to 81% more than comparable inland properties. Living by the water has always been popular and it is not just British but also overseas buyers who are competing for the available properties in close proximity to water. The analysis states that the market has broadly absorbed the additional costs from the introduction of a higher rate of stamp duty for additional properties including second homes back in April 2016, but it is dampening any more upward price movements. The South West offers the most added value at up to 105%, the East Anglian region up to 51%, dropping slightly to 48% in the South East and 43% in Scotland.
- 5) However, not all reports show such upbeat results. Research from online estate agents HouseSimple shows that in some parts of the country values have not recovered from the financial crisis a decade ago. The three worst affected places are Blackpool, Sunderland and Middlesbrough, where average house prices are 15.3%, 13.3% and 9.7% respectively, below where they were in 2007, the start of the global economic downturn. The biggest rises have been in the South, led by London at 68% and Cambridge at 64.5% followed by Stevenage at 58.5%, Slough at 55.9% and Oxford at 55.4%. The research compared prices in June 2007 and June 2017 in more than 60 major towns and cities in England and Wales. The analysis found that in 28% of those towns and cities average property prices today are still below 2007 values.

In summary, if a house buyer is not as fortunate as to obtain a property on the water's edge or near a national park or in a conservation area or in the vicinity of a park, at least the neighbour's 'good looking garden' could provide the confidence that the buying decision is right!

RETAIL

DIY Market growth predicted to be slow for 2017

A report published in September by analysts HTF and covering B&Q, Wickes, Screwfix, Homebase/Bunnings, Wilko, B&M and Amazon is predicting sluggish growth of 0.3% in 2017. The authors of the report 'Lightside DIY 2017' state that it is due to a decline in housing transactions and a resultant lack of demand for minor DIY repairs connected to moving home as well as the lower consumer confidence in comparison to 2016. B&Q's market share is expected to decline due primarily to the closure of 65 stores as well as competitor pressure. It is also regarded as very likely that the growing threat of Amazon, the store expansion plans of B&M and the rollout of the Bunnings store concept across the Homebase estate will lead to an even more competitive DIY marketplace up to 2022.

UK discount market forecast to grow with the help of gardening sales

According to a report from GlobalData titled 'UK Discounters 2017-2022', the UK discount retail market will grow by 36.1% to £32.5m by 2022 and discount retailers could gain additional £9bn sales as they become an even more appealing destination for shoppers who see their incomes squeezed. Aldi, Lidl and B&M Bargains dominate the retail channel, with a combined share of over 70% of the discount retail market. DIY & gardening, health & beauty and homewares are expected to show the strongest category growth. Food and grocery is estimated to be worth £15.7bn in 2017 and GlobalData expects it to grow to £21.8bn by 2022. DIY & gardening and homewares are forecast to grow 46.6% and 42.6% respectively for the period 2017-2022, as discount retailers gain market share from mainstream DIY retailers by expanding their product ranges and offering low cost solutions for doing up homes and gardens. The report states that B&M will particularly outperform in this area as it adds garden centres to its retail estate over the next few years. It now has 118 garden centres in stores. GlobalData's research shows that 89.4% of the UK population have shopped at a discounter in the last 12 months.

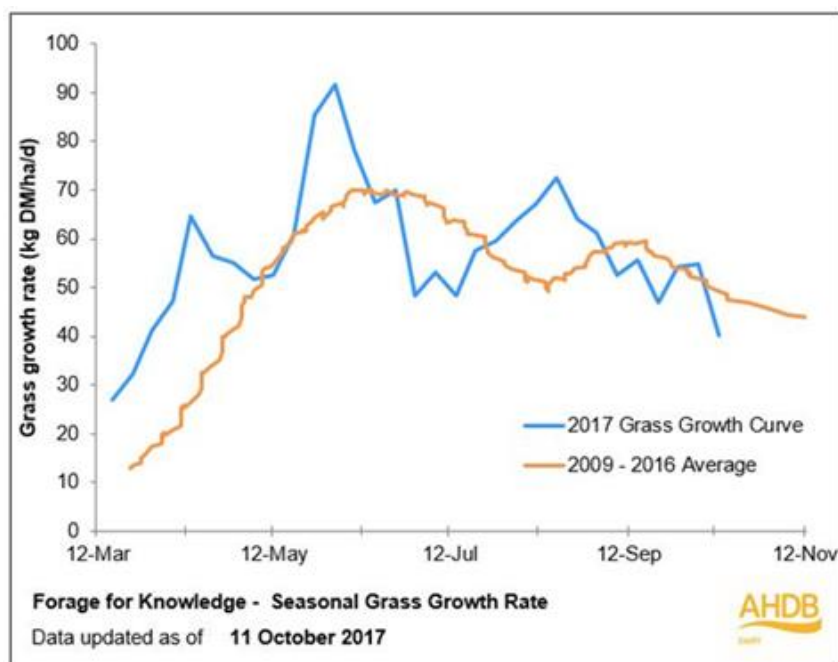
Home Depot joins Google Express

In the US, Home Depot will join Google Express this autumn by adding the ability for its customers to shop through voice with the Assistant on Google Home or on the Google Express website or app, according to DIY Week. Similarly back in August, Walmart stated that it would start offering more than 2 million Walmart items for sale on the Google Express shopping site and app, as well as on the Google Home smart speaker through voice shopping. In the US Google Express has also previously worked with large retail brands like Costco and Toys R Us. Home Depot market penetration is already deep in North America, with 2,282 stores.

WEATHER

Grass Growth (12th March – 13 October)

The AHDB weekly grass analysis for dairy farmers shows a decline in grass growth in September in comparison to the historic average. There was high variation in growth rates across the test fields that are spread countrywide.



Source; AHDB Dairy

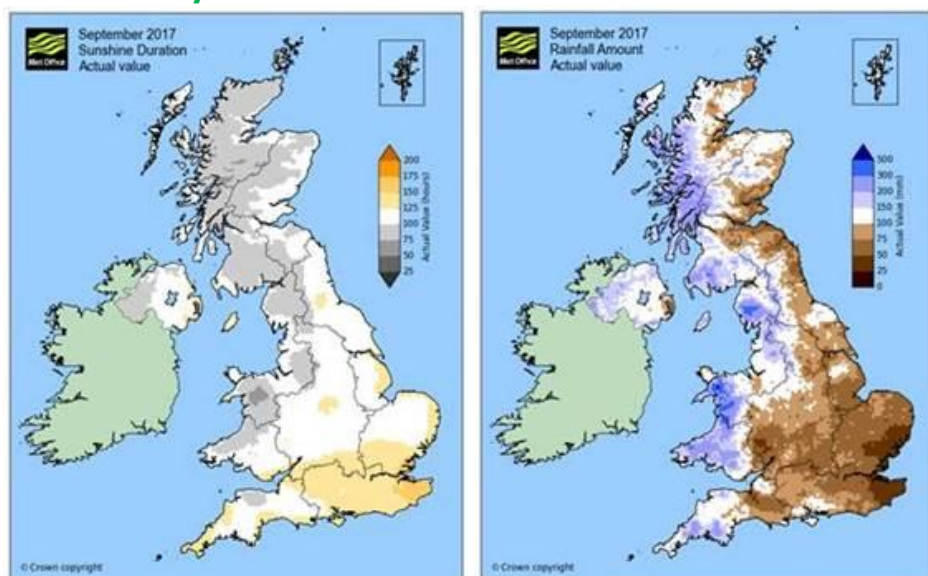
For reference:

The AHDB Dairy provides weekly measurements of grass growth with the growth rate measured as kg DM/ha (kilograms dry matter per hectare). 2017 grass growth is compared to the 8-year average.

So far for this season the conditions were as follows:

The mild weather in March and April resulted in an influx of growth significantly higher than usually expected for the time of year. However, at the end of April, due to lack of rainfall, growth rates started to fall back and as the colder weather brought back soil temperatures to 7-9 °C it consequently slowed down growth rates further. Warmer and sunnier weather conditions in May favored grass growth which was only to fall back in June and up to mid-July due to dry conditions in most parts of the country. Since mid-July grass growth rates recovered and were higher than average in August.

Weather in September 2017



September started with dry sunny weather to many parts, although there were some sharp showers in the east. Overall the month was unsettled and it was windy at times, notably on the passage of Storm Aileen. The later

part of the month was generally warmer especially in the north where mean minimum temperatures were mainly above normal, reflecting the generally cloudy conditions. Sunshine totals were mostly below normal.

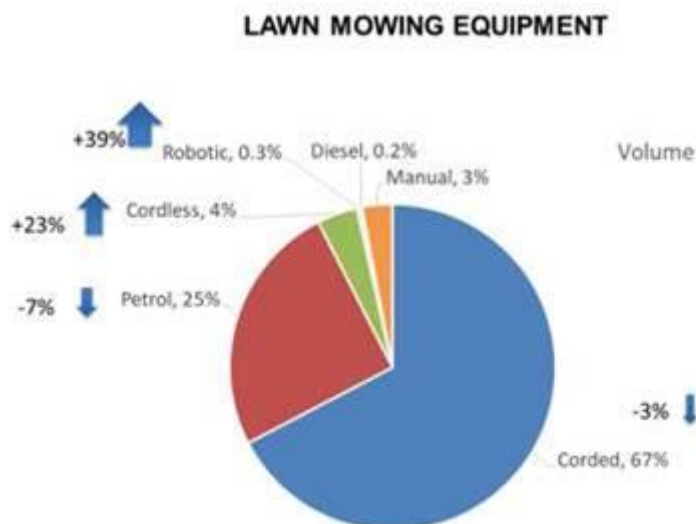
UK GARDEN MARKET

Inflation to the highest level since 5 years ago (Part 2)

- At the top of the newsletter it is mentioned that the ONS announced that CPI inflation was 3% in September in comparison to September 2016. Looking deeper into the figures used by the ONS, the sub-section that includes the OPE industry shows an inflation figure of only 1.9% for motorized major tools and equipment for house and garden and even a deflation of 2% for the repair, leasing and rental of such equipment.

CPI Detailed changes: latest 13 months													
Percentage change over 12 months	2016	2016	2016	2016	2017	2017	2017	2017	2017	2017	2017	2017	2017
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
CPI (overall index)	1.0	0.9	1.2	1.6	1.8	2.3	2.3	2.7	2.9	2.6	2.6	2.9	3.0
05.5 Tools and equipment for house and garden	-1.2	-2.5	-2.2	-1.5	-1.7	0.1	-0.2	2.1	2.0	2.4	2.6	3.2	4.1
05.5.1.1 Motorized major tools and equipment	1.3	1.4	0.3	1.8	-0.5	0.9	-2.2	0.9	4.4	4.3	2.5	4.0	1.9
05.5.1.2 Repair, leasing and rental of major tools and equipment	2.0	2.4	3.5	3.0	1.4	1.9	2.6	2.4	2.3	1.1	0.6	-0.6	-2.0
05.5.2.1 Non-motorized small tools	-3.8	-3.2	-3.4	-4.6	-5.1	-2.3	0.8	0.8	-0.2	-1.1	4.4	4.6	2.9
05.5.2.2 Miscellaneous small tool accessories	-0.8	-2.8	-2.3	-1.0	-0.8	0.6	-0.3	2.4	2.0	3.0	2.0	2.7	5.0

Lawnmowing Equipment trends in the 1st half of 2017

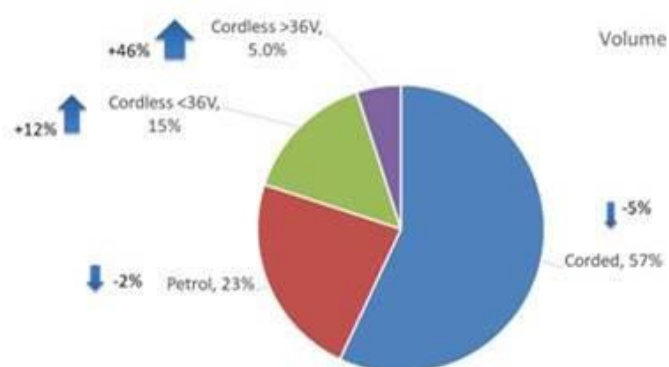


Volume estimations for lawnmowing equipment for the 1st half of 2017 show the following significant trends: robotic mowers and battery driven walk-behind mowers growing by 39% and 23% respectively, whereas petrol powered walk-behind units fell by around 7% and corded by 3% in the same period.

AEA Trends for Outdoor Power Handheld Volumes YTD

Similar trends can be seen in the Outdoor Handheld Equipment volumes. Cordless equipment is on the up, with units powered by batteries lower than 36V growing by 12% and equipment with batteries of 36V and above growing by 46%. Overall they now account for 20% of the total volume of handheld tools. Petrol driven units declined by 2% and electric units with a cord declined by 5%.

HANDHELD EQUIPMENT



Trade body for Garden product manufacturers states cost rises

According to GIMA (Garden Industry Manufacturers Association), its members witnessed raw materials increases of more than 13% in the last 12 months, with a 5% increase since the beginning of 2017. The association is worried that cost increases will become more prevalent which could lead to new product development slowing down. Freight costs for importing goods into the UK went up by 5% in the first half of 2017, adding to the 5.2% increase in the second half of 2016. Within the first half of 2017, labour costs went up 4.5%, added to the 4.4% increase in the second half of 2016 because of increased minimum wage after the introduction of the living wage in April 2016 and due to workers from the EU and other countries looking outside the UK for more lucrative seasonal working locations. However as GIMA director Vicky Nuttall stated, the members exist within a buoyant and growing market with the majority expecting prospects for the sector to improve greatly through diversification.

PARKS & AMENITIES

International study finds connection between exercise and parks in eight countries

The International Physical Activity and Environment Network (IPEN) Adult Study was conducted by multiple academic institutions and aimed to assess the connection between access to parks and physical activity in a systematic way across countries. It concluded that people who live within 1km of a park do 24 minutes more moderate to vigorous exercise a week than those who do not.

IPEN used the same methods for 6,181 participants from 12 cities in eight countries: Belgium, Brazil, Czech Republic, Denmark, Mexico, New Zealand, USA and the UK. It examined participants' use of parks across 11 measures of park access – one perceived and 10 using Geographic Information Systems. It then measured the type of exercise taken with accelerometers, sorting them into moderate-to-vigorous physical activity (MVPA) and four types of self-reported leisure-time physical activity. More parks within 1 km from participants' homes were associated with greater leisure-time physical activity and accelerometer-measured MVPA. Respondents who lived in the neighbourhoods with the most parks did on average 24 minutes more MVPA per week than those living in the neighbourhoods with the lowest number of parks, the study found. The report authors stated: "Having multiple parks nearby was the strongest positive correlate of physical activity. To increase comparability and validity of park access measures, we recommend that researchers, planners and policy makers use the number of parks within 1km travel distance of homes as an objective indicator for park access in relation to physical activity."

Pledge of £500k by minister towards cross-governmental parks action group

The Minister for Parks and green spaces Marcus Jones launched a new Parks Action Group tasked with bringing forward proposals to address issues faced by public parks and other green spaces across England. To kick start their work, the government is providing £500,000. The group includes experts from the world of horticulture, leisure, heritage and tourism. The minister will chair the inaugural meeting and the members are listed below:

- Drew Bennellick, Head of Landscape & Natural Heritage UK, Heritage Lottery Fund (HLF)
- Matthew Bradbury, CEO, Parks Alliance (involved in lobbying for the Parks and Amenities inquiry)
- Graham Duxbury, CEO, Groundwork
- Helen Griffiths, CEO, Fields In Trust (charity that published research that shows that living close to and visiting parks and green spaces can increase people's wellbeing, improve their health as well as community integration.
- Ian Leete, Senior Advisor on Culture, Tourism and Sport, Local Government Association
- Dave Morris, Chair, National Federation of Parks and Green Spaces
- Paul O'Brien, CEO, Association of Public Service Excellence (APSE)
- Ellie Robinson, Assistant Director, National Trust
- Dave Solly, Natural England

The action group will propose what steps can be taken in line with the Government response to the recent House of Commons Communities and Local Government Select Committee report into the future of parks and gardens which made 17 recommendations.

Glyphosate reauthorisation set for October as debate continues

The Crop Protection Association said that the EC standing committee was set to potentially vote on re-authorising Glyphosate in October. Latest by the end of 2017 the European Commission has to make a decision on the reauthorisation. The French government has indicated it will not support a renewal but German and French farmers have called for it. The European Chemicals Agency (ECHA)'s Committee for Risk Assessment announced on 15th March 2017 that it had finished its review of the available scientific evidence and that it reached the conclusion that glyphosate is not a carcinogen and does not cause genetic or reproductive effects. Meanwhile, the European Food Safety Agency recently defended its report on glyphosate, refuting press reports accusing it of reproducing arguments from pesticide manufacturers, including the US group Monsanto. The EFSA's report served as a basis for the European Commission to recommend re-authorisation of glyphosate for 10 years in the EU. Reports in the Italian La Stampa, The Guardian and French radio RMC claimed a crucial part of EFSA's report appeared to be copying/pasting a document filled in 2012 by Monsanto on behalf of the Glyphosate Task Force – a consortium of companies marketing glyphosate-based products in Europe. EFSA explained that the documents mentioned by the media are not part of the report but clearly marked as 'excerpts' of available studies and referenced as studies submitted by candidates and identified as such. The European Crop Protection Association pointed to research that shows EU farmer profitability increases by up to 25% when they use glyphosate to control weeds on their farms. This represents €11bn of a total €44bn profit and a drop in income this significant could lead to a drastic rise in the cost of a multitude of staple crops.

The European Parliament's Agriculture and Environmental Committees held a joint hearing last week to listen to speakers from both sides of the glyphosate debate. The European member states will have the opportunity to discuss the renewal of glyphosate on 25th October at a special meeting of the Standing Committee on Plants, Animals, Food and Feed (SCoPAFF). The EU is set to vote on whether to renew licensing for glyphosate.

RSPB linking up with Idverde to help deliver Bromley's environmental strategy

A dedicated member of the RSPB team will be based in Bromley, south London and work with Bromley Council's grounds maintenance contractor idverde on the borough's 93 Sites of Importance for Nature Conservation (SINCs), six Sites of Special Scientific Interest (SSSIs) and five Local Nature Reserves (LNRs). The partnership will enable biodiversity needs to be combined with idverde's existing work with Friends and other community groups in the area. A key element of this work will be creating opportunities for everyone in the area to discover the wildlife and variety of species living in their neighbourhood.

Scotland's first minister outlines range of green space, landscape and environmental policies

In the 'A Nation with Ambition' policy document, Nicola Sturgeon pledged to double annual investment in walking and cycling, expand green space, increase pollinator-friendly planting and increase woodland and community growing areas. She appointed an Active Nation Commissioner and increased the spend to £80m a year from 2018-19.

The document pledges to:

- Improve the quality of publicly owned green spaces for recreation and community use, for example, community growing.
- Deliver 25 pollinator projects along the John Muir Way to create Scotland's first pollinator-friendly urban corridor.
- Support local authorities to increase pollinator planting on roadside verges, public green spaces and similar areas.
- Increase space available for community growing.
- Introduce Low Emission Zones (LEZs) into Scotland's four biggest cities between 2018 and 2020 and into all other Air Quality Management Areas by 2023.
- "Work towards" delivering a long distance walking and cycling route to replicate the success of the North Coast 500 for motorised transport.
- Continue investment for walkers, cyclists and equestrians on the A9 corridor, including 35 km of new cycle track to connect the A9 route with the wider National Cycle Network.
- Increase the budget for woodland creation by £4m in 2017-18 and work with timber users to develop, promote and facilitate the use of home-grown Scottish wood.
- Support tree-planting partnerships, such as between community groups, public and private sector.
- Restore a further 500 hectares of ancient woodland on Scotland's National Forest Estate.
- Establish 650 hectares of new woodland as part of the New Woodland Investment Programme.
- Evaluate current practice around reinstatement of trees removed during development of infrastructure.
- Develop a long-term action plan to identify and exploit market opportunities with the Forest and Timber Technologies Industry Leadership Group.

The document follows research by Sustrans and Scottish Natural Heritage which found that nearly 80% of users say they do more physical activity as a result of The National Walking and Cycling Network in Scotland. Some 52% said the network allowed them to actively travel on foot or by bike rather than taking the car. An estimated 8.7 million

walking and cycling trips were taken on the network in 2016, but researchers believe that this could be a conservative estimate of usage. 87% of the walking trips and 67% of the cycling trips were taken for recreational purposes, generating an estimated £85m expenditure in the local economy.

Shortlisted designs for The Cambridge to Oxford Connection: Ideas Competition published



Visualisation of the 'archipelago' concept. Image: Fletcher Preist Architects

The National Infrastructure Commission and Malcolm Reading Consultants have posted the four final design concepts in The Cambridge to Oxford Connection and the winner is expected to be announced next month. A total of 58 teams from the UK and further afield entered the competition's first stage. The competition sought inspirational yet achievable visions for future development of the area, which takes up approximately 130 miles around the north and west of the Green Belt, the corridor encompassing Cambridge, Milton Keynes, Northampton and Oxford. The four shortlisted design solutions include a new national park, an 'archipelago' of linked places, a series of urban campuses and a reimagining of the 21st-century village.

HORTICULTURE

Growth in UK horticultural crop

The total area of horticultural crops grown in the UK this year increased by 3.4% to 167,000 hectares, according to Defra. 70% of the area is planted with vegetables and salads for human consumption, up from 4% to 117,000 hectares.

The total open-grown area, including polytunnels, rose slightly to 152,000ha, though this was still below 2015's figure. The area of strawberries dropped back 6%, but this was more than made up for by a 14% rise in area for other soft fruit. Orchards also dipped in area by 3%. The area of glasshouse fresh produce growing rose by 2.5% to 2,106ha this year. Horticulture occupies around 3% of the UK's 17.5 million hectares of farmland, which covers 72% of all UK land.

COMPANY NEWS

Globe Tools Group in strategic partnership with Cramer GmbH

The Globe Tools Group acquired a share in Cramer GmbH and from September 2017 onwards will enter the field of professional garden care. Cramer management, who will remain in the manufacturing site of Leer, views the Globe Tools Group's international sales network as an opportunity to introduce Cramer products to new markets. Globe Tools, in return, view Cramer's know-how in the field of sweepers, scarifiers, garden vacuum machines, shredders and front mowers as an important addition to their offering to the specialist trade and professional outdoor market, in which they do not have a strong presence at the moment, according to Global Tools CEO Torsten Bollweg. He expects synergies from existing production facilities as well as distribution networks in Europe. Globe Tools Group has currently a 240,000sqm manufacturing site in Changzhou, China with more than 4,000 employees producing 1.2 million units per month. It employs more than 350 development engineers in North America and Europe. In Mooresville near Charlotte (USA) and Malmo (Sweden) there are regional sales offices. In addition, there are branches in Seattle, in Jönköping, Sweden and Cologne. Globe Tools is now market leader in the US for battery powered gardening tools. Globe Tools distributes its products under the brands Greenworks (gardening) and Powerworks (DIY). Cramer GmbH is a medium-sized development and production company which celebrated in 2010 its 175th anniversary.

Stanley Black & Decker reports good figures for 2nd quarter 2017

Stanley Black & Decker reported a 10% sales increase for the 2nd quarter of 2017 compared with the same period in 2016 to US\$3.2bn. Operating income rose from US\$462m to US\$474m (1st six months: US\$854m). Once again, the tools & storage division (including the brands DeWalt, Stanley, Black+Decker, Bostitch and Facom) showed the strongest growth in both absolute and percentage terms, with quarterly sales of US\$ 2.3bn signifying a sales increase of 17.0%.

AI-Ko Gardentech acquired New Zealand manufacturer Masport

AI-Ko Gardentech, a subsidiary of the German AI-Ko Group, has taken over the New Zealand manufacturer of garden and outdoor equipment, Masport. According to AI-Ko, Masport is the market leader in New Zealand and number two in Australia in the development and production of high-quality garden appliances. The products are marketed under the Masport and Morrison brands. The Auckland-based company, which was established in 1910, also offers a wide range of barbecue equipment. Steve Hughes, the managing director of Masport for the last ten years, will continue to oversee operations and will report directly to Dr Wolfgang Hergeth, CEO of AI-Ko Gardentech, in future.

Husqvarna Division announces reduction in business with US retail customer

The Husqvarna Group announced that the Consumer Brands Division will significantly reduce the volume of business with one of its biggest US retail customers, following the strategy to focus resources on accounts with more attractive opportunities. The division has started to adjust capacity and other measures to mitigate short-term negative financial effects. Because of the reduced volume, the Consumer Brands Division's net sales for 2018 is expected to decline by some SEK 1bn compared to 2017. The Group's financial target of an operating margin of at least 10% for the coming years remains unchanged. Additional information will be provided in connection to the Q3 2017 results announcement on October 20. In 2018, the Consumer Brands Division will focus more resources on battery-powered products and robotic lawn mowers under several different brands.

TRADE NEWS

John Lewis posted disappointing half year results

Pre-tax profits at the John Lewis Partnership fell 53% to £26.6m in the first half of 2017. However, according to the company these numbers reflect one-off redundancy and restructuring costs as well as the decision not to pass on increased costs to its consumers. Gross sales were up 2.3% and revenue hit almost £4.8bn. Operating profit rose 10% for John Lewis but suffered an 18% drop from Waitrose, which was hit by price inflation. According to management, consumer demand for 'big-ticket purchases' is now more difficult, a statement that was underlined by GfK's recent consumer surveys, which will put more pressure on retailers to succeed over the coming Christmas period.

Kingfisher plc half year results stable

Kingfisher plc, the company behind B&Q, Screwfix, Castorama and Brico Dépôt reported half-year results and underlying pre-tax profits at £440m, 0.9% ahead of the same period in 2016. It stated solid growth at Screwfix and in Poland offset by weaker sales in France. However, CEO Véronique Laury, was cautious about its outlook for the second half of the year in the UK and France as intentions to spend on DIY remains weak in both countries. According to the company, 'One Kingfisher', the group's latest joint buying project remains on track but some analysts remain sceptical. The company expects its five year transformation plan will deliver £500m in additional and sustainable annual profit by the end of 2021. The aim of the plan is to unify 90% of the products sold by 2021, rather than 4% as before (under previous management the company had 9 separate buying teams). It recently slowed down the unified product roll out to 20% of good sold this year, increasing to 40% and then 60% in the years that follow. However, in France Leroy Merlin is continuing to outperform Castorama. Some analysts suggest that the plan will take longer to implement, cause substantial disruption to company operations and eventually provide smaller benefits than currently expected.

Mano Mano releases annual report

New online DIY & Gardening Marketplace, Mano Mano, has generated £3.2m turnover in just 8 months in the UK and over €90m in the last 12 months across Europe. The company launched in the UK in April 2016 and closed the year with 88 partner sellers and 185,000 products available online. In comparison B&Q has 40,000 products online and Homebase 50,000. Part of the Google Scale Up programme, the company is forecasting £10m revenue in the UK and €250m internationally for 2017. With a global catalogue of 1 million referenced products, the French group aspires to become the European leader for online DIY & Gardening products. The workforce grew from just 9 when launched in France back in 2013 to over 100 in just 3 years. It now operates in six countries across Europe, including France, Belgium, Spain, Italy, UK & Germany, with the UK and Germany added to the global portfolio in 2016. Estimating the UK Home Improvement & Gardening market value at £38 billion, the company's objective is to achieve €100m turnover in the UK by 2019. Mano Mano is operating solely online and not holding any physical stock.

Halfords reports rising online sales, and benefits from collect-in-store and staycation trends

The Halfords Group reported that online sales rose by 11.2% in the first 20 weeks of its financial year, compared to the same time last year, as more shoppers ordered online to collect in store, and said it had made the most of a "staycation summer" with strong growth in camping, roof boxes and cycle carriers. Some 85% of Halfords.com orders were collected from a shop. Overall, total group revenue was up by 4.8% (2.7% on a like-for-like basis). Retail sales were up by 6.2% in total (3.5% like-for-like). Especially service-related retail income, where Halfords staff fit items to cars or service bikes grew by 18.3% demonstrating the relevance of the growing 'do-it-for-me' customer trend.

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