

|| US INDUSTRY (SPECIALIZED) REPORT OD6064

# Tree Trimming Services

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**Annual rings: Healthy construction activity will foster industry revenue growth**

John Madigan | May 2019

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# About IBISWorld

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# About This Industry

Industry Definition

This industry provides tree trimming and maintenance services, including cutting and pruning branches, the removal of dead or excess trees, stump grinding and stump removal; operators may also provide transplanting, insect control and other services.

Major Players

Asplundh Tree Expert LLC

- Main Activities
- The primary activities of this industry:

Tree cutting and pruning

Stump grinding

Stump removal

Brush chipping

Cabling, bracing and lighting

Transplanting

Debris removal
- The major products and services in this industry:

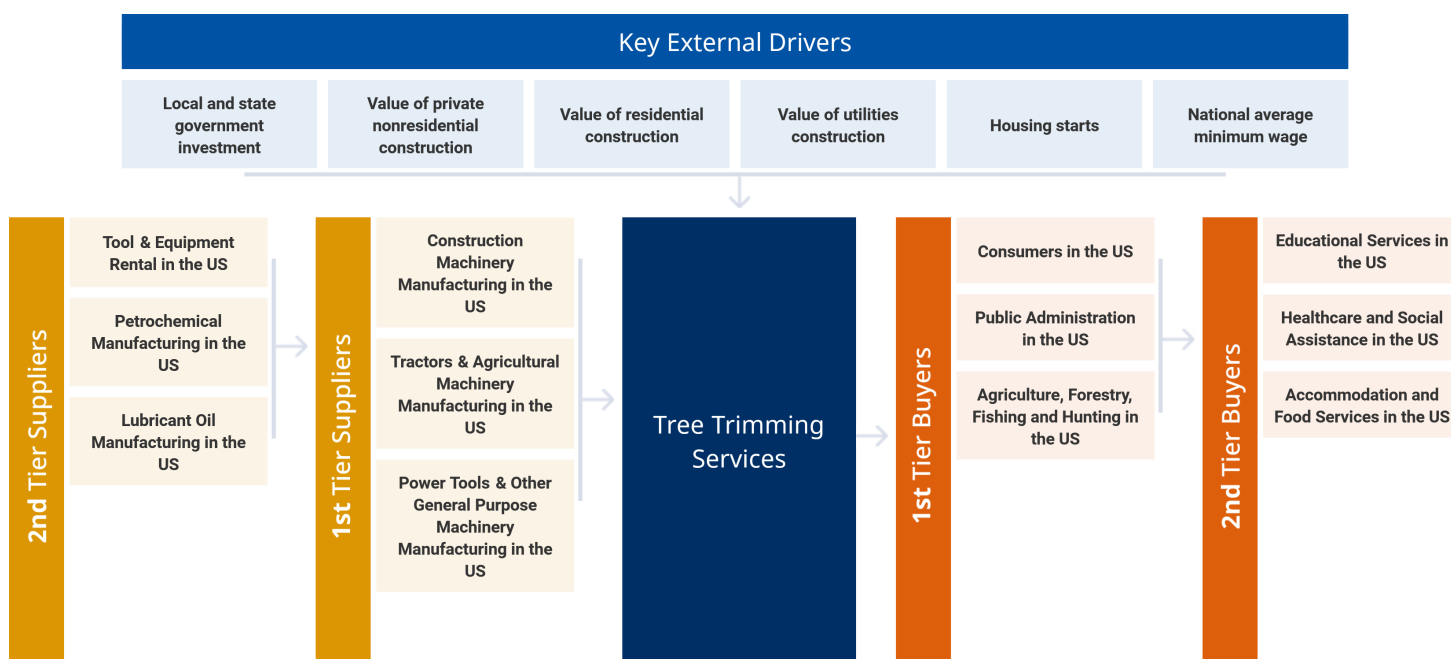
Tree and shrub pruning services

Tree felling and stump removal services

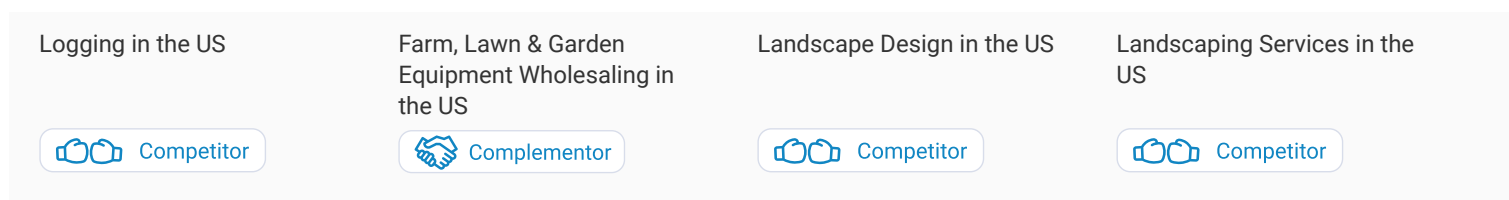
Emergency tree services

Other

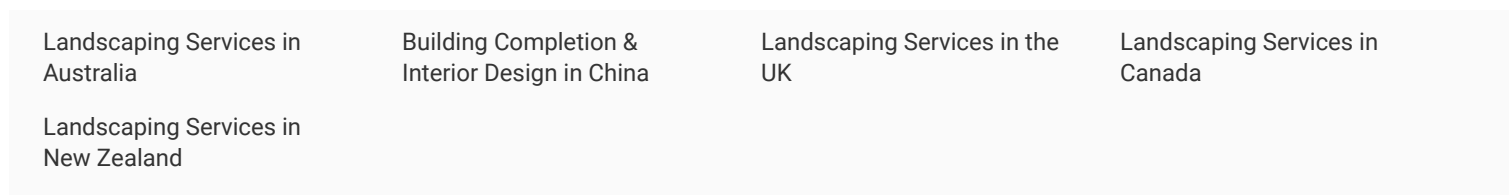
## Supply Chain



## SIMILAR INDUSTRIES




## RELATED INTERNATIONAL INDUSTRIES



# Industry at a Glance

## Key Statistics

 **\$24.3bn**  
Revenue

Annual Growth  
2014-2019

6.4%

Annual Growth  
2019-2024

1.1%

Annual Growth  
2014-2024



 **\$2.0bn**  
Profit

Annual Growth  
2014-2019

8.1%

Annual Growth  
2014-2024



 **8.1%**  
Profit Margin

Annual Growth  
2014-2019

0.7%

Annual Growth  
2014-2024



 **181k**  
Businesses

Annual Growth  
2014-2019

1.4%

Annual Growth  
2019-2024

1.5%

Annual Growth  
2014-2024



 **285k**  
Employment

Annual Growth  
2014-2019

2.3%

Annual Growth  
2019-2024

1.4%

Annual Growth  
2014-2024



 **\$6.8bn**  
Wages

Annual Growth  
2014-2019

8.6%

Annual Growth  
2019-2024

1.3%

Annual Growth  
2014-2024



## Key External Drivers

% = 2014-2019 Annual Growth

**2.5%**

Local and state government investment

**3.3%**

Value of residential construction

**-2.2%**

Value of utilities construction

**-0.8%**

Value of private nonresidential construction

**1.8%**

National average minimum wage

**5.3%**

Housing starts

## Industry Structure



### POSITIVE IMPACT

Capital Intensity

Low

Concentration

Low

Technology Change

Low

Globalization

Low



### MIXED IMPACT

Life Cycle

Mature

Revenue Volatility

Medium

Regulation

Medium



### NEGATIVE IMPACT

Industry Assistance

Low

Barriers to Entry

Low

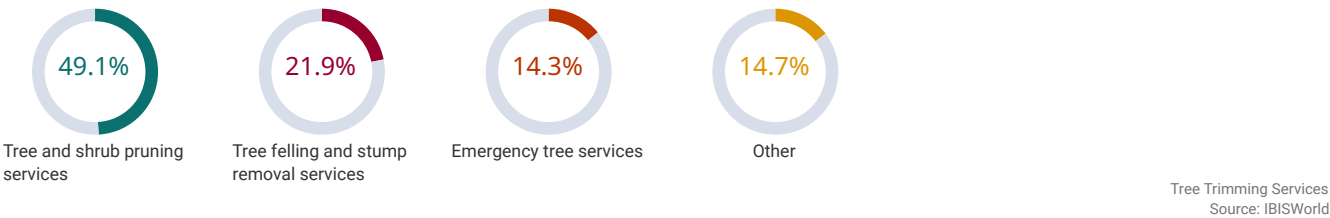
Competition

High

## Key Trends

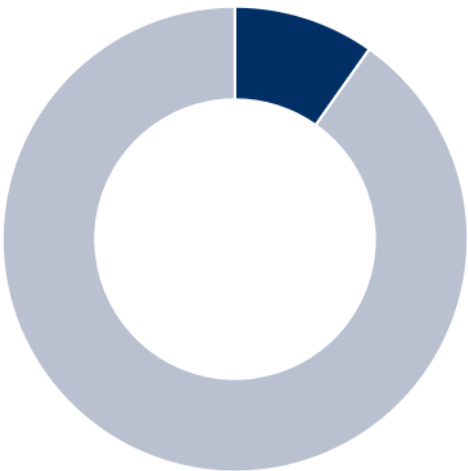
- Favorable trends among the industry's client markets have expanded opportunities for operators
- Demand for tree trimming services is typically tied to trends in real estate markets
- Tree trimming and pruning services cater to public-sector clients, including local and state parks
- Industry demand will continue to depend on construction activity and government investment
- Seasonal factors will continue to drive demand for tree trimming and pruning services
- Ongoing regulation disputes regarding immigrant labor will determine wage increases
- Favorable macroeconomic trends and higher levels of construction activity have precipitated industry growth

Products & Services Segmentation



Major Players

% = share of industry revenue



- 9.8% Asplundh Tree Expert LLC
- 90.2% Other

Tree Trimming Services  
Source: IBISWorld

SWOT

- S** **STRENGTHS**
  - Low Imports
  - Low Capital Requirements
- W** **WEAKNESSES**
  - Low & Increasing Barriers to Entry
  - Low & Steady Level of Assistance
  - High Competition
  - Low Profit vs. Sector Average
  - High Customer Class Concentration
  - High Product/Service Concentration
- O** **OPPORTUNITIES**
  - High Revenue Growth (2014-2019)
  - High Revenue Growth (2019-2024)
  - High Performance Drivers
  - Housing starts
- T** **THREATS**
  - Low Revenue Growth (2005-2019)
  - Low Outlier Growth
  - Value of private nonresidential construction

## Executive Summary

### **The Tree Trimming Services industry provides arboricultural services to residential, commercial and public-sector clients.**

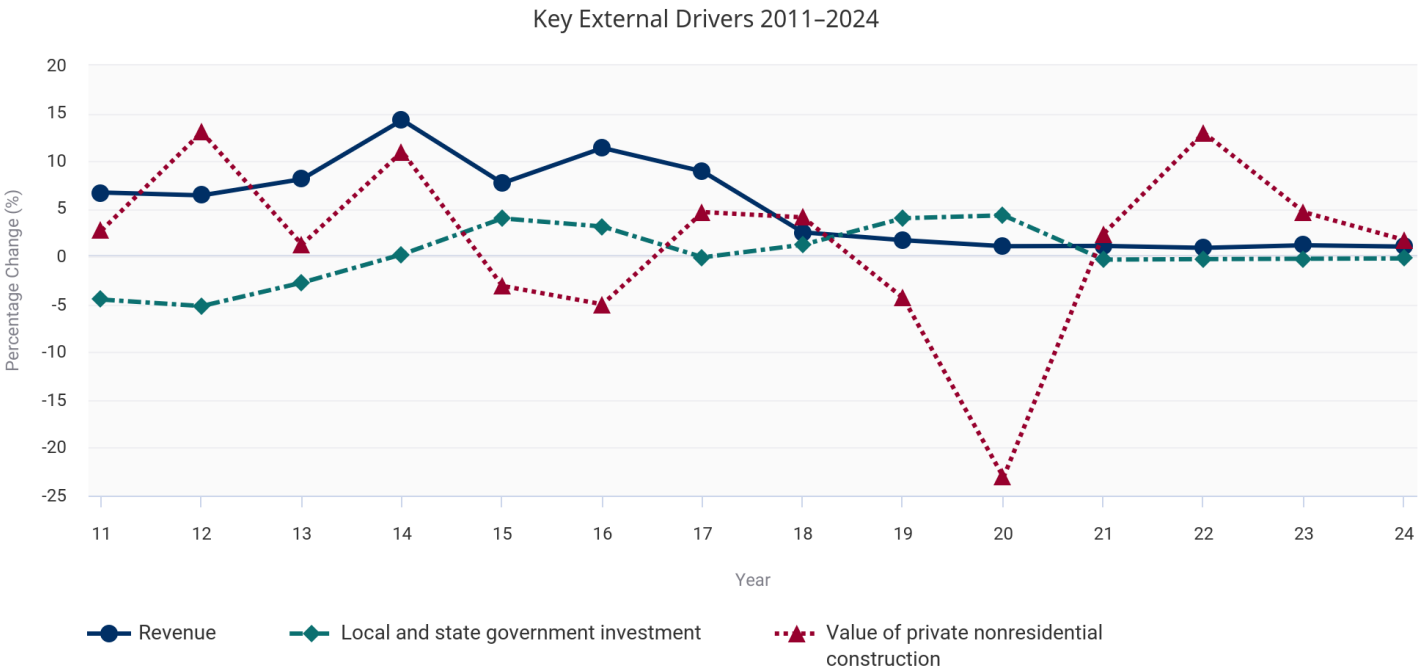
These services include cutting and pruning branches, removing dead or excess trees and stump grinding and removal; operators may also provide transplanting, insect control and other services. Demand for industry services is dependent on seasonal factors, residential and commercial construction, as well as levels of government spending dedicated to parks, forestry and development. Over the five years to 2019, favorable macroeconomic trends and higher levels of construction activity have precipitated industry growth. Industry revenue is expected to grow at an annualized rate of 6.4% to \$24.3 billion during the five-year period, including a 1.7% increase in 2019 alone.

The industry is highly fragmented, characterized by a large number of nonemployers and small businesses. Although some operators cover large geographic areas, most companies service narrow, local markets. Employees typically attain certification in a specific area or practice. Growth in residential and commercial construction has led to higher demand for a range of landscaping services. The housing market is exhibiting positive trends, with the number of housing starts expected to grow at an annualized rate of 4.9% over the five years to 2019. As the number of housing starts increases in line with a rise in the value of residential construction, industry operators will exhibit an uptick in demand for industry services. Meanwhile, increasing state and local government spending along with rising levels of amusement and recreation construction, which includes parks, have also supported industry revenue growth during the five-year period. Industry profit margins have also increased over the past five years.

Over the five years to 2024, industry revenue growth is expected to decelerate, rising an annualized 1.1% to \$25.7 billion. This slowdown is expected to occur as a result of an expected decline in state and local government investment activity, as well as a deceleration in the number of housing starts and in private spending on home improvements. Moreover, average wage growth is expected to slow down as well, which will limit demand growth for industry operators. Overall, the industry is expected to perform in a similar manner over the next five years though key drivers of industry activity will be more subdued, causing an expected deceleration the industry revenue growth.



# Industry Performance



Tree Trimming Services  
Source: IBISWorld

## Key External Drivers

### Local and state government investment

Government spending on the maintenance of parks, schools, hospitals, community centers and other public areas drives demand for tree trimming services. As a result, demand from the industry's government clients is dependent on local and municipal budgets. Local and state government investment is expected to increase in 2019, presenting the industry with a potential opportunity.

### Value of private nonresidential construction

The construction of resorts, schools, retail centers, corporate campuses and other spaces that incorporate green areas drives demand for tree trimming services. As nonresidential construction activity increases, demand for tree care services increases as well. The value of private nonresidential construction is expected to increase in 2019.

### **Value of residential construction**

The value of residential construction, which includes multifamily structures such as apartment buildings, incorporates landscaped outdoor areas, driving demand for industry services. As the value of residential construction rises, including spending on privately owned home improvements, the need for tree care and maintenance increases. While this includes the value of new construction completed in a year, it is mostly composed of the standing value of existing property. Tree trimming services derive more work from contracts for existing buildings than newly constructed ones. The value of residential construction is expected to marginally increase in 2019.

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### **Value of utilities construction**

The value of utilities construction represents the annual public and private expenditure toward the construction of power, sewage or water supply infrastructure. Utilities demand industry services such as pruning, cabling, bracing, storm response and debris management. As a result, industry demand typically moves in line with the value of utilities construction. The value of utilities construction is expected to increase in 2019.

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### **Housing starts**

Housing starts measure the number of new privately owned housing units started in a given year, including both single- and multiunit developments. Demand for tree trimming and associated services typically moves in line with housing starts, as residential construction typically requires industry services. Housing starts are expected to increase in 2019.

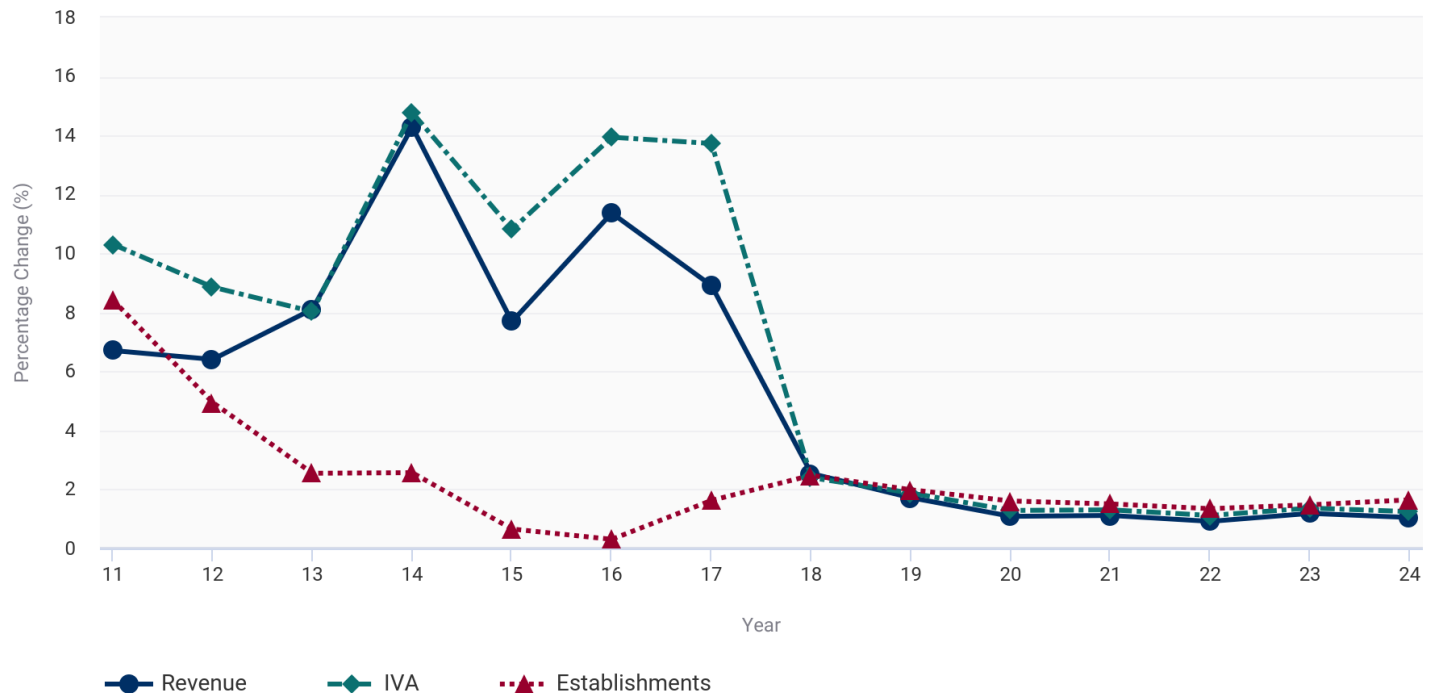
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### **National average minimum wage**

The national average minimum wage measures national wage costs. As wage costs increase, industry operators will be required to raise prices to maintain the same level of profitability, which will push industry revenue up, but may limit demand and profitability growth. However, if too large of a price increase is passed on to customers, this may limit demand and harm industry revenue. The national average minimum wage is expected to increase in 2019, posing a potential threat to the industry.

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Industry Performance 2011–2024



Tree Trimming Services  
Source: IBISWorld

## Current Performance

**The Tree Trimming Services industry provides a range of arboriculture services, including pruning branches, cutting away dead or excess sections, transplanting, fertilizing, tree felling and stump grinding and removal.**

Operators typically use climbing and rigging techniques to help maintain the safety, health and appearance of trees. The industry provides services to residential and commercial clients, in addition to utilities and government agencies such as local and state parks and forestry departments. Despite relatively stable market segments, the industry remains highly seasonal and weather dependent. Over the past decade, the outsourcing of landscaping services, including tree trimming, by businesses, governments and particularly higher-income households has been a major driver of growth.

Over the five years to 2019, demand for tree cutting and other arboriculture services has grown as a result of rising disposable income and a rebound in construction activity. Prior to the five-year period, crippled real estate markets halted construction activity and lowered demand for industry services. Since then, favorable macroeconomic trends have revived residential and commercial construction and investment; although local government spending remains unreliable, positive employment trends have relaxed budgetary constraints in recent years. Consequently, industry revenue is expected to rise at an annualized rate of 6.4% to \$24.3 billion over the five years to 2019. More pronounced economic growth in 2019 is anticipated to precipitate a 1.7% increase in revenue.

## Industry structure

**The Tree Trimming Services industry is composed of a large number of nonemployers and sole proprietors; in 2019, IBISWorld expects nonemployers to account for 79.0% of the industry's total establishments.**

Additionally, a large number of small businesses account for employer operators because tree trimmers typically service narrow geographical markets and because the industry is highly competitive, with a large number of participants and low access barriers. Service differentiation is often difficult, and operators rely on a proven track record and reputation for securing and sustaining contracts. During the five-year period, a slight decline in purchase costs, namely that of fuel and oils, and high demand have enabled an increase in industry profit margins, defined as earnings before interest and taxes, from 7.4% in 2014 to 8.1% in 2019.

Favorable trends among the industry's client markets have expanded opportunities for industry participants. IBISWorld expects the number of establishments to grow at an annualized rate of 1.4% to 181,394 over the five years to 2019. During the same five-year period, the number of industry employees has also risen an annualized 2.3% to 284,760 people. Industry employees are typically trained in arboriculture; for example, the International Society of Arboriculture provides a list of credentials that include certifications for utility specialists, municipal specialists and climbing and aerial lift operations. Certification may require minimum work experience, field testing and additional operational and safety training. As a result, industry wages are higher than for other operators in broader landscaping industries; in 2019, IBISWorld expects wages to account for 27.9% of total revenue.

## Construction picks up

**Demand for tree trimming and other landscaping services is typically tied to trends in real estate markets.**

Over the five years to 2019, the value of residential construction has increased an annualized 3.9%. Certain industry services, such as transplanting and stump removal, may occur during the construction of new residential areas. In addition to this residential construction activity, demand from households is dependent on disposable income, which captures consumer capacity to spend on nonessential goods and services. Additionally, operators depend on the size of the high-income demographic, which typically demand a larger share of tree-trimming and associated services. Over the five years to 2019, the number of households earning \$100,000 or more has increased an annualized 3.0%.

## Public-sector clients

**Tree trimming and pruning services also cater to public-sector clients that include local and state parks, forestry departments, planning and zoning departments and municipal utilities.**

In addition to tree-planting programs for streets and parks, public agencies must respond to debris removal after inclement weather. Demand from this market

segment is tied to state and municipal budgets, which influence public capacity to spend on industry services. While local and state government investment has increased at an annualized rate of 2.2% over the five years to 2019, this driver is expected to decline an annualized 0.6% during the outlook period. Over the past five years, the value of utilities construction has fallen an annualized 2.7%, dampening industry revenue growth from this segment. Industry revenue is tied to movements in the value of utilities construction because powerlines and transmission lines must be kept clear of tree limbs and other debris. Though the industry experienced an uptick as a result of rising state and local government spending, this trend is not expected to continue, while the value of utilities construction is expected to remain largely static over the next five years.

Historical Performance Data										
Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Private spending on home improvements
	(\$m)	(\$m)	(Units)	(Units)	(Units)	(\$m)	(\$m)	(\$m)	(\$m)	
2010	12,722	4,282	141,256	141,142	219,469	N/A	N/A	3,188	N/A	150
2011	13,576	4,723	153,151	153,041	230,958	N/A	N/A	3,461	N/A	153
2012	14,447	5,142	160,734	160,610	242,900	N/A	N/A	3,755	N/A	156
2013	15,619	5,556	164,836	164,714	246,168	N/A	N/A	4,056	N/A	155
2014	17,851	6,377	169,083	168,955	253,924	N/A	N/A	4,503	N/A	160
2015	19,226	7,067	170,210	170,079	257,957	N/A	N/A	5,048	N/A	173
2016	21,414	8,053	170,741	170,683	266,764	N/A	N/A	5,633	N/A	184
2017	23,322	9,159	173,539	173,445	272,641	N/A	N/A	6,220	N/A	191
2018	23,915	9,379	177,849	177,728	279,210	N/A	N/A	6,664	N/A	196
2019	24,328	9,556	181,394	181,302	284,760	N/A	N/A	6,793	N/A	200

# Industry Outlook

## Outlook

**Demand for the Tree Trimming Services industry will continue to depend on aggregate construction activity and local government spending.**

Over the five years to 2024, the industry is expected to decelerate as a result of a slowdown in residential construction activity, private spending on home improvements and in the number of housing starts. Moreover, a general stagnation in the value of utilities construction and an expected decline in the value of local and state government investment are expected to drag on industry revenue growth over the next five years. Additionally, while they are most likely to continue providing work for the industry, destructive weather patterns are hard to forecast. Overall, industry revenue is expected to rise an annualized 1.1% to \$25.7 billion over the five years to 2024.

Industry Outlook  
2019–2024



### Growth in client markets

**Over the next five years, continuing yet subdued economic growth will support rising residential and commercial construction activity, leading to higher demand for industry services.**

Demand for industry services is expected to continue growing over the next five years, though at a slower pace than that which occurred during the current period. Over the five years to 2024, IBISWorld expects the value of residential construction to increase at an annualized rate of 1.6%, while housing starts are projected to rise an annualized 2.0%. As the number of households grows, certain industry services, such as transplanting and stump removal, will experience higher demand. Similarly, the industry's commercial clients will invest more in the construction of offices buildings, hospitals, factories, power plants and other structures. Over the next five years, the value of private nonresidential construction is also anticipated to grow at an annualized rate of 1.2%.

Demand from public-sector clients such as municipal parks, forestry and planning departments will depend on tax receipts and levels of government investment. Over the next five years, state and local government spending is projected to decline an annualized 0.6%. However, greater private-sector involvement in the delivery of public goods, including parks and recreational areas, will meet some of the deficit in government spending.

Seasonal factors, including adverse weather conditions and the number of severe storms, will also continue to drive demand for tree trimming and pruning services. In certain regions, industry operators will experience higher demand during hurricane or tornado seasons, particularly from utilities companies. Over the five years to 2024, the number of industry establishments is expected to increase at an annualized rate of 1.5% to 195,660 locations; similarly, industry employment is projected to grow an annualized 1.4% to 304,793 people.

### Labor regulation

**Similar to other landscaping services, the use of both legal migrant workers and undocumented laborers is common in the industry.**

Currently, the H-2B program, a certification issued by the US Department of Labor (DOL), permits operators to hire noncitizens to work during busier seasons, provided they are in nonagricultural positions. In late 2011, the DOL proposed a rule that uses a different method to calculate wages paid to H-2B workers, which would effectively raise the wages employers pay H-2B workers to levels that industry associations, such as the National Association of Landscape Professionals, argue is prohibitively high. In March 2015, the entire program was temporarily halted after a federal court blocked DOL regulation on the H-2B program, forcing the DOL and US Citizenship and Immigration Services (USCIS) to stop accepting applications. By early June, USCIS began to accept applications again. Ongoing regulation disputes regarding immigrant labor will determine the degree of wage increases over the next five years, as well as industry profitability. However, industry operators that do not employ noncitizens will not be affected by the ruling.

The Verify Employment Eligibility (E-Verify) program is projected to standardize over the next five years, as more states require employers to use it. E-Verify is an internet-based verification system that checks an employee's documentation against a large government database to determine the employee's legal status. As of 2019, more than 24 states require the program's use in some way, with more projected to adopt the system over the next five years. While the program is useful in combating the practice of hiring illegal immigrants, its opponents point to its fallibility. However, the program is expected to benefit employers overall by lessening the likelihood of unknowingly hiring ineligible workers, which can yield fines and a damaged reputation. Employers typically do not verify the legitimacy of documentation provided by workers; however, they are still held responsible if an audit finds undocumented workers at the company.

### Performance Outlook Data

Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Private spending on home improvements
	(\$m)	(\$m)	(Units)	(Units)	(Units)	(\$m)	(\$m)	(\$m)	(\$m)	
2019	24,328	9,556	181,394	181,302	284,760	N/A	N/A	6,793	N/A	200
2020	24,595	9,679	184,325	184,256	288,860	N/A	N/A	6,886	N/A	202
2021	24,871	9,807	187,116	187,065	293,016	N/A	N/A	6,981	N/A	204
2022	25,100	9,918	189,648	189,617	296,642	N/A	N/A	7,063	N/A	206
2023	25,401	10,054	192,467	192,451	300,856	N/A	N/A	7,160	N/A	209
2024	25,668	10,181	195,660	195,658	304,793	N/A	N/A	7,250	N/A	211

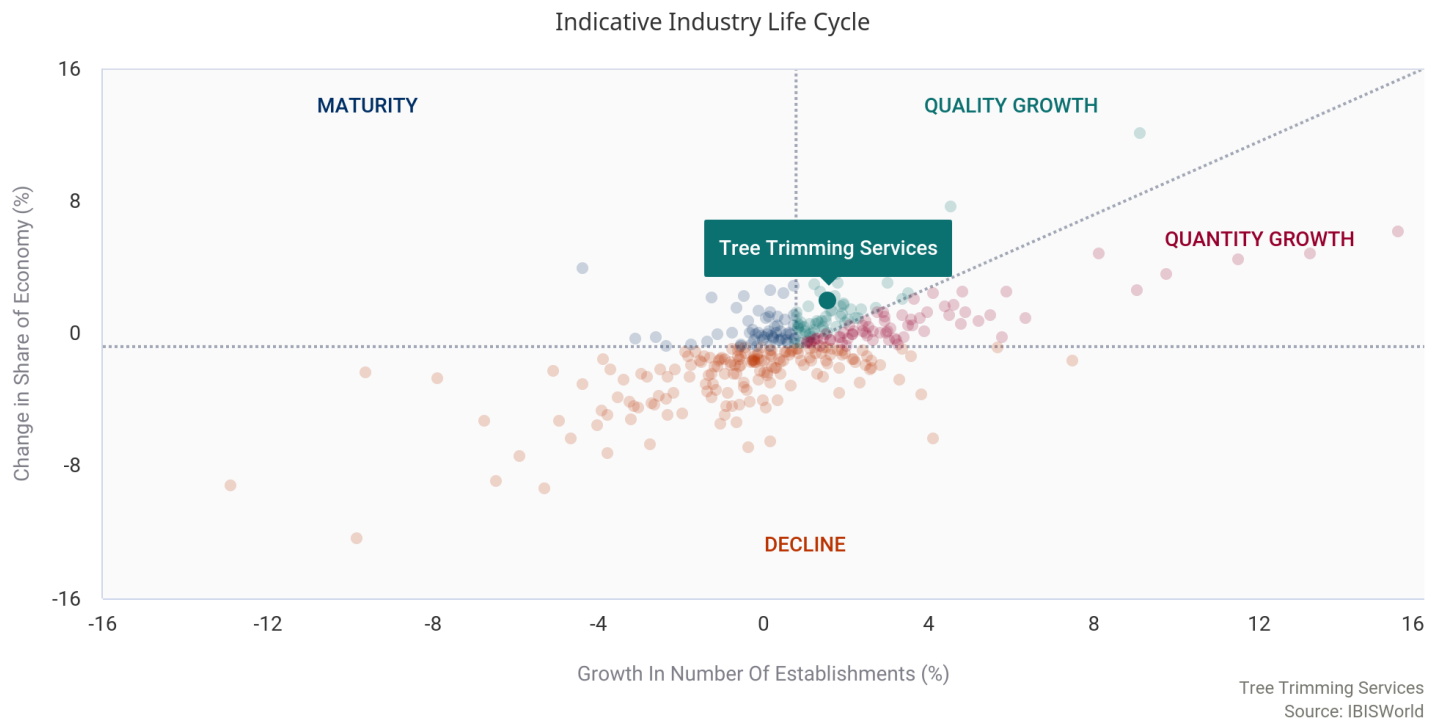
## Industry Life Cycle ⊖ Mature

### LIFE CYCLE REASONS

IVA is growing at a slightly higher rate than GDP

Industry services are demanded by a range of client industries

Industry entrance is moderate



The Tree Trimming Services industry is in the mature stage of its life cycle. Industry value-added (IVA), a measure of the industry's contribution to the overall economy, is expected to increasing at an annualized rate of 4.8%; US GDP is projected to grow an annualized 2.2% during the same period. IVA growth has accelerated past the growth of GDP as a result of rising wages. Since IVA measures the industry's contribution to the economy at large, rising wages will push industry IVA growth. Characteristic of a mature industry, profit margin growth is temperate and operators serve relatively stable market segments. Additionally, despite low barriers to access, the number of industry establishments and employees is projected to grow moderately over the 10 years to 2024.



# Products and Markets

## Supply Chain

### KEY BUYING INDUSTRIES

- 1st Tier**

Consumers in the US

Public Administration in the US

Agriculture, Forestry, Fishing and Hunting in the US
- 2nd Tier**

Educational Services in the US

Healthcare and Social Assistance in the US

Accommodation and Food Services in the US

### KEY SELLING INDUSTRIES

- 1st Tier**

Construction Machinery Manufacturing in the US

Tractors & Agricultural Machinery Manufacturing in the US

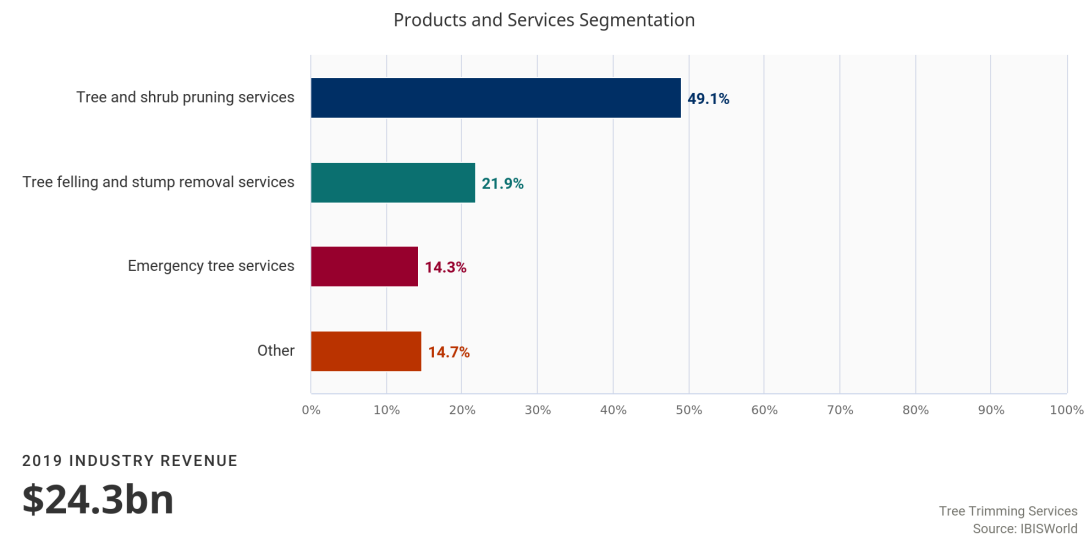
Power Tools & Other General Purpose Machinery Manufacturing in the US
- 2nd Tier**

Tool & Equipment Rental in the US

Petrochemical Manufacturing in the US

Lubricant Oil Manufacturing in the US

## Products and Services



**Operators in the Tree Trimming Services industry provide a variety of tree care and other landscaping services, including pruning and trimming, tree and shrub removal and emergency response services.**

Some services are relatively more labor-intensive, while others are relatively more capital-intensive. For example, stump removal and electric utility pruning typically require specialized training and the use of heavy machinery. Conversely, shrub removal or pruning services can generally be done using simple pruning equipment

such as shears or handsaws. Therefore, the vast majority of industry operators provide some kind of basic trimming services as part of their portfolio, while only a small portion of establishments are able to provide tree removal, emergency response and utility clearance services.

### Trimming and pruning services

**Trimming and pruning services are expected to account for 49.1% of industry revenue in 2019.**

Operators provide a wide range of trimming and other vegetation management services, including eliminating unsightly branches to improve aesthetic appeal, removing dead or diseased branches to improve plant health and clearing branches and shrubs that obstruct overhead power or data lines, roads and pathways. Single-family households in suburban areas represent the largest market for trimming and pruning services. However, a significant share of this segment's revenue is also generated by electric utility and wired telecommunication companies, which outsource branch clearance duties to specialized vegetation management companies such as Asplundh, the Davey Tree Experts Company. Industry operators use a variety of power and hand tools to complete these tasks, including chainsaws, loppers and pruning saws. Demand for these services has grown relatively in line with the overall industry, which has kept this segment's share of industry revenue stable over the five-year period.

### Tree felling and stump removal services

**Tree felling and stump removal services are expected to account for 21.9% of revenue in 2019.**

Operators that provide these services cut down dead or diseased trees, in addition to removing trees in the way of new construction. In general, tree removal companies only remove the aboveground portion of the tree and charge extra for hauling and stump removal. Since tree felling is fundamentally a dangerous and complicated activity, operators typically charge a premium for this service. Key markets for these services include single-family households, residential and nonresidential construction companies and new businesses.

Tree felling and removal is inherently a hazardous activity, and the majority of industry-related injuries and property damage occurs within this service segment, according to the Trade Care Industry Association (TCIA). Accordingly, operators that provide this service have greater insurance coverage and training requirements than those that only provide basic pruning and shrub maintenance. Therefore, operators providing these services experience minimal competition from other industries, since safe and effective tree removal requires specialized machinery and training not readily accessible to regular households, general landscapers and in-house facility management (e.g. 'building and grounds') departments. This segment's share of industry revenue has also remained relatively unchanged over the past five years, rising in line with overall demand for industry services.

## Emergency tree services

### **Emergency response services account for an estimated 14.3% of industry revenue in 2019.**

Industry operators within this segment provide 24-hour emergency response services when strong winds, snowstorms or other extreme weather conditions lead to fallen trees, damage to property and power lines or obstruction to roads and pathways. These services are primarily used by utilities companies, though households and other commercial clients also request emergency services after inclement weather conditions. Over the past five years, rising frequency of severe storm events, particularly increased snowstorm activity in the Mid-Atlantic and increased tropical storm activity in the Southeast, has boosted demand for emergency response services from the utilities and residential household markets. Accordingly, this segment's share of industry revenue has increased over the five years to 2019.

## Other

### **All other tree care services account for the remaining 14.7% of industry revenue.**

Industry operators that focus primarily on industry-relevant tree trimming services also provide a variety of broad landscaping and vegetation management services outside the scope of this industry. Such services include lawn and garden maintenance, cabling and bracing systems services, soil management and pest control. Industry operators with certified arborists on their team may also provide tree health and landscaping consulting, hazardous tree assessment and plant disease diagnostic services.

## Demand Determinants

### **Demand for the Tree Trimming Services industry is driven primarily by the number of single-family homes and commercial properties with green spaces that need tree care and maintenance services.**

Key economic drivers of industry demand include rising homeownership levels, rising property values, growth in the number of new businesses and increased per capita disposable income. In particular, existing homeowners are more likely to invest in their lawns (i.e. by purchasing professional tree care and maintenance services) when they expect the value of their property to rise in the immediate future. Over the past five years, housing starts have increased an annualized 4.9%. Accordingly, rising property values and homeownership have helped boost demand from the residential market over the past five years.

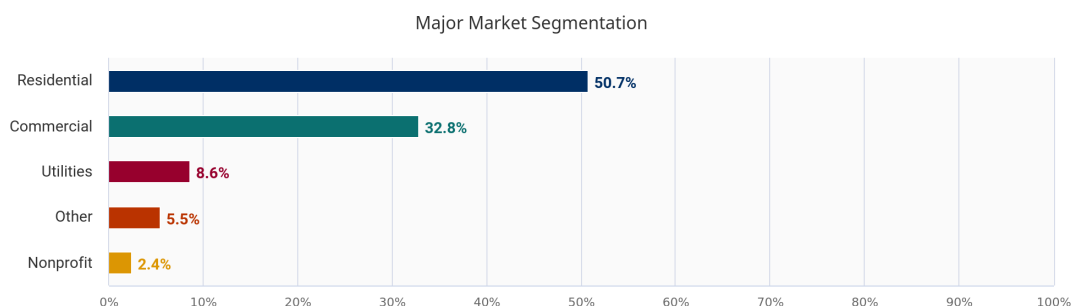
In addition to improved economic conditions, key noneconomic drivers of industry performance include rising environmental consciousness and increased frequency of severe storm events. Rising environmental consciousness boosts the planting of new trees and shrubs in backyards and near business locations, which subsequently drives demand for tree trimming and care services in later years. Conversely, increased adverse weather conditions raise the likelihood of property

damage and obstruction resulting from fallen trees and branches, which subsequently boosts demand for emergency response services.

Demand for industry services is highly seasonal, with demand from residential households and nonutility businesses reaching their peaks during the late spring and summer months. Conversely, demand for tree clearing and pruning services from the utilities market segment is relatively less volatile year-round, driven primarily by federal and state-level regulations that enforce minimum clearance laws around public utility lines.

Industry demand is also tied to movements in local and state government spending because municipalities will spend to keep public roads, parks and other spaces clear of trees and other debris. As local and state government spending on tree removal and trimming services, industry revenue should exhibit an uptick.

## Major Markets



2019 INDUSTRY REVENUE

**\$24.3bn**

Tree Trimming Services  
Source: IBISWorld

Operators in the Tree Trimming Services industry provide tree removal, trimming and care services to residential, commercial, utility and institutional clients. Nonemployers (e.g. independent contractors) and smaller operators with fewer than 10 workers primarily provide services to single-family households, while larger operators typically focus on commercial and institutional clients, such as small businesses, academic campuses and nonprofit organizations. The two largest operators in this industry, Asplundh Tree Expert and Davey Tree Expert Company, generate the majority of their sales from the utilities market.

### Residential

Residential clients represent the industry's largest market, accounting for an estimated 50.7% of industry revenue in 2019. This segment includes single-family households, which account for 90.0% of segment revenue, and multifamily dwellings (e.g. apartment complexes and dormitories), which account for the remaining 10.0%. This segment's share of industry revenue has increased over the past five years, as rising disposable income levels and increased home ownership have encouraged households to seek professional tree care and maintenance services for their backyards. However, in recent years this segment has shrunk somewhat as commercial construction begins to outpace residential construction.

## **Commercial**

Demand from commercial clients is estimated to generate 32.8% of industry revenue in 2019. This segment includes businesses across a variety of industries, particularly service-oriented sectors such as retail and personal services. These businesses generally seek professional tree care and maintenance services for trees located near building entrances and parking lots, in addition to pruning services for shrubs and other flora planted near office buildings and shops. Businesses operating in the tourism sector, particularly hotels, resorts and conference centers, are also key buyers of industry services. Demand from this segment is driven primarily by economic factors such as growth in the total number of businesses, increased consumer spending and increased corporate profit. Noneconomic factors, such as rising environmental consciousness and higher frequency of inclement weather conditions, also drive demand for industry services from commercial clients. This segment's share of total revenue has remained relatively unchanged over the past five years, growing in line with the overall industry.

## **Utilities and municipality**

Utility companies are another major market for industry services. This segment includes both private and municipality-managed companies that provide electric power or telecommunications (e.g. phone, cable or fiber lines) to households and businesses via overhead wires. Services provided to utility companies are expected to generate 8.6% of total industry revenue in 2019. Demand from this segment tends to remain relatively stable from year to year, though extreme weather conditions such as seasonal hurricanes and snowstorms may boost demand for emergency tree removal and trimming services. Due to the inherent risks involved with tree care services around power lines, barriers to entry for this market segment are significantly higher than for the other market segments. Accordingly, this segment is dominated by a small number of large companies with a national presence, including major players Asplundh and Davey Tree Expert. This segment's share of industry revenue is expected to remain stable over the next five years, rising relatively in line with the overall industry.

## **Other**

Other important markets include institutional clients and nonprofit organizations. This segment also includes government clients at the federal, state and municipality levels. Institutional clients include academic institutions, hospitals and public schools, while nonprofit organizations (providing 2.4% of revenue) include churches, museums and community centers. Although some larger academic institutions (e.g. state universities) have their own building and grounds management departments, most college campuses outsource landscaping responsibilities to industry operators and other landscaping professionals. In particular, industry operators provide care and maintenance services for trees located near academic buildings, stadiums and parking lots. The public sector typically seeks industry services at city parks, municipal buildings, national landmarks and other public spaces. Sales to these markets are expected to generate a combined 5.5% of industry revenue in 2019.

## International Trade

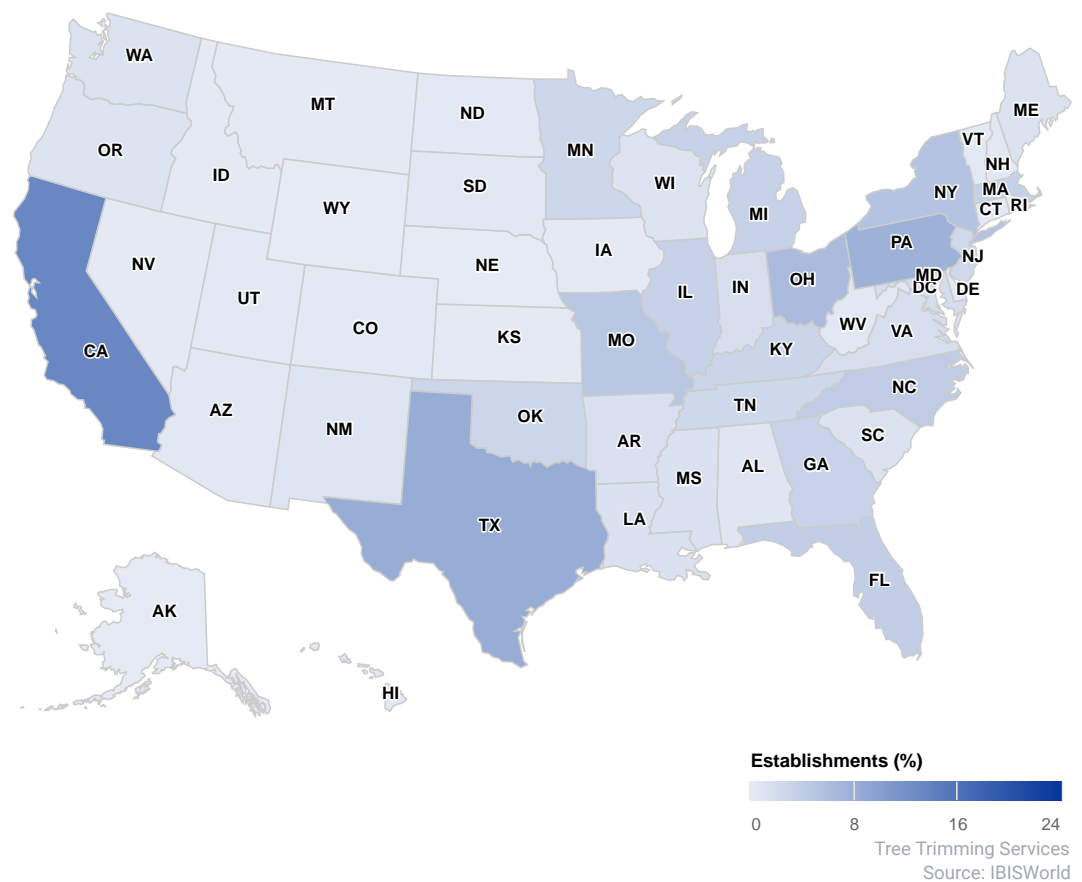
Exports in this industry are  **Low and Steady**

Imports in this industry are  **Low and Steady**

As with all other service-oriented industries, the Tree Trimming Services industry is focused entirely on domestic operations. Therefore, there is no international trade activity within this industry. For more information on globalization and the foreign operations of major players, see the Industry Globalization section.

## Business Locations

Business Concentration in the United States

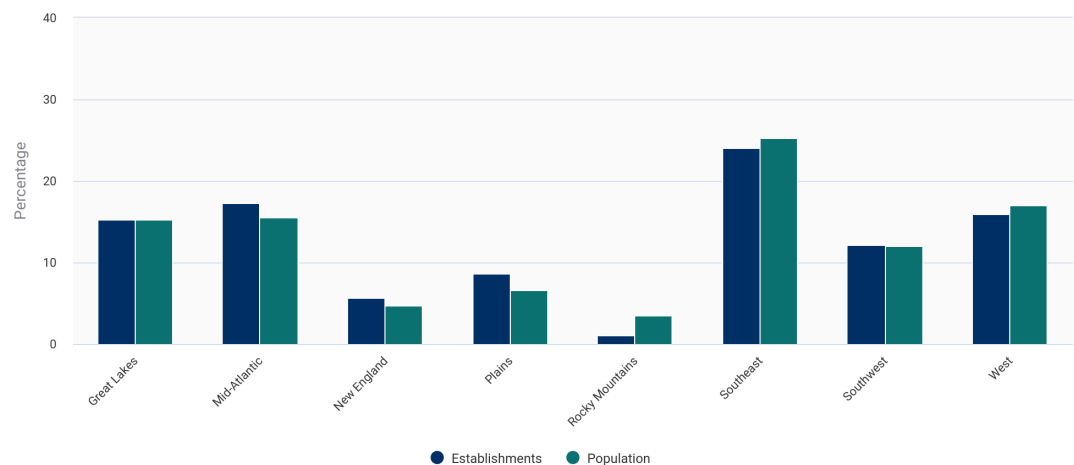


The disposition of the Tree Trimming Services industry is broadly distributed according to the regional share of population, though establishments are generally concentrated in temperate zones such as the Mid-Atlantic and the Southeast, where tree cover and vegetation growth is stronger relative to other regions of the United States. Furthermore, since single-family households generate the largest share of industry revenue, establishments are more heavily concentrated in areas with high suburban populations. The distribution of establishments is also affected by

seasonal weather and climatic patterns. In particular, regions that are more prone to high winds and other severe weather conditions have a higher concentration of industry operators, since these regions are more likely to require emergency tree trimming and removal services than areas less susceptible to severe storm events.

Accordingly, the Southeast has the highest concentration of industry establishments, with an estimated 24.1% of the total in 2019. Next in line is the Mid-Atlantic region, which accounts for 17.3% of industry establishments. The Mid-Atlantic region is home to a large urban and suburban population, which drives demand from the residential and commercial segments. In addition, this region is susceptible to severe winter weather conditions, which drives demand for emergency tree services and regular maintenance work from utility companies. Other important centers for industry participation include the West and the Great Lakes regions, which account for 15.9% and 15.3% of establishments, respectively.

Distribution of Establishments vs Population



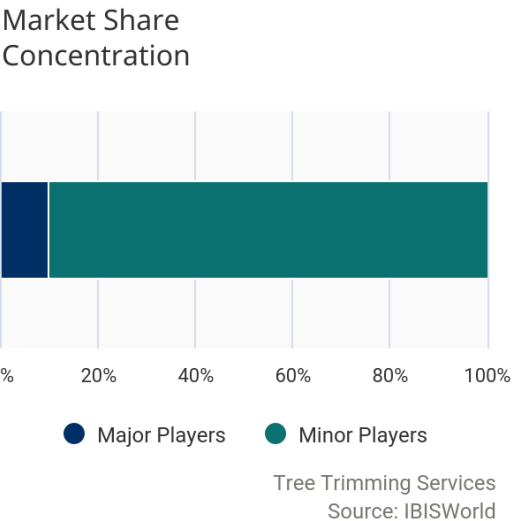
Tree Trimming Services  
Source: IBISWorld

# Competitive Landscape

## Market Share Concentration

Concentration in this industry is ✔ Low

The Tree Trimming Services industry is characterized by a low level of market share concentration, with the four largest operators expected to generate less than 20.0% of industry revenue in 2018. A wide range of different companies participate in this industry, ranging from specialized tree and shrub removal businesses that operate locally to large facilities management companies with a national presence. In general, this industry is characterized by a large number of small, privately owned businesses that have a workforce of fewer than 10 workers and annual sales of less than \$1.0 million. The industry also has a significant number of nonemployer enterprises, which include independent contractors and other self-employed individuals. Due to the highly fragmented and localized nature of industry services, IBISWorld expects market share concentration to remain low over the next five years, despite continued merger and acquisition among larger operators.



Market share concentration varies widely across market segments. In particular, the highly fragmented residential market is mostly served by small, family-owned businesses and self-employed landscapers. Operators that serve the commercial market are typically mid-size businesses that operate as franchises under one common brand name across a specific region. Lastly, operators that primarily serve the utilities market are usually large companies with hundreds of employees and dozens of locations nationwide.



## Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

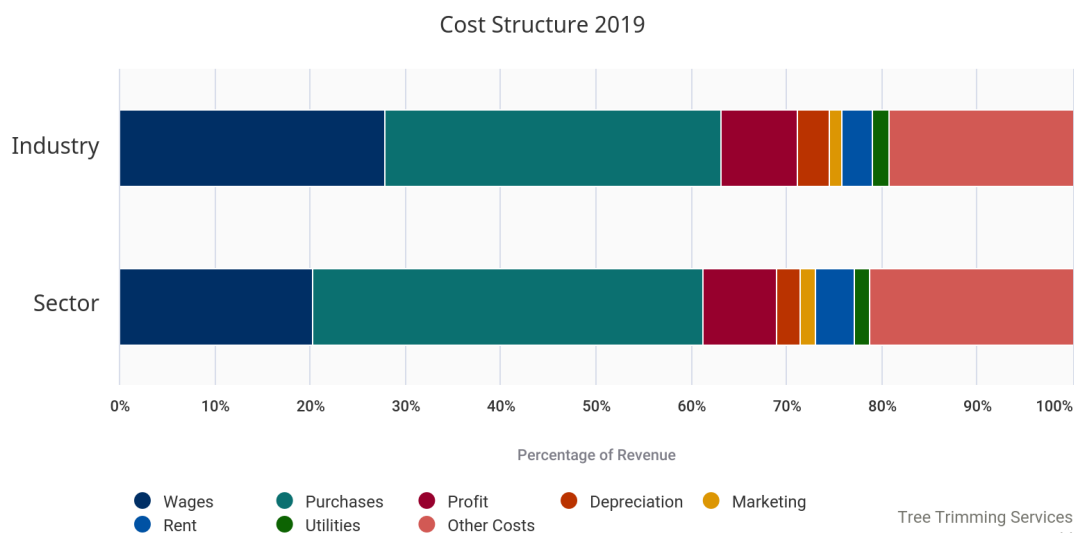
**Providing services to groups with high disposable income:** Within the residential segment, operators should target geographic areas with a concentration of high-income households, since these households are more likely to purchase professional tree and shrub care services.

**Access to a multiskilled and flexible workforce:** Due to highly seasonal demand, operators must have access to a large pool of available workers who can be trained and quickly placed onto a project.

**Ability to expand and curtail operations in line with market demand:** Due to the highly seasonal nature of industry services, operators must be able to grow or shrink their workforce in line with rising or falling demand.

**Membership in an industry organization:** Operators affiliated with well-known industry organizations such as the Tree Care Industry Association or the International Society of Arboriculture can gain a competitive advantage over unaffiliated operators.

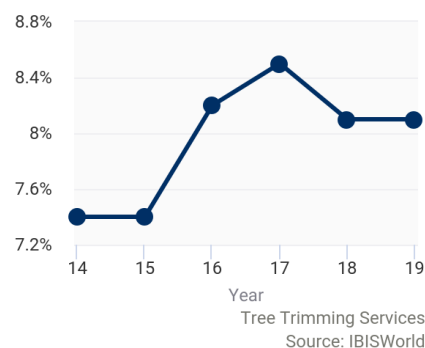
## Cost Structure Benchmarks



## Profit

The industry's profit, measured as earnings before interest and tax, accounts for 8.1% of revenue in 2019, up from 7.4% in 2014. In light of falling demand and a shrinking pool of work, tree trimming contractors engaged in intense price competition prior to the current period. Currently growing demand and an increase in the number of contracts available, industry price-based competition has alleviated, aiding industry margin growth. Pricing issues continue

Profit as a Share of Revenue 2014-2019

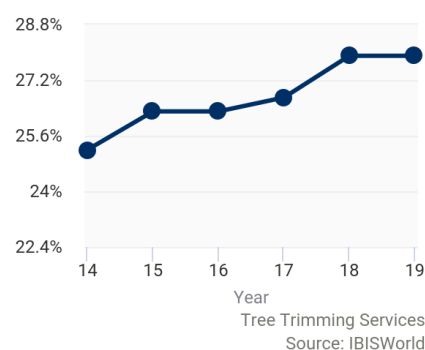


to weigh on the industry's margins; since then, residential customers have become much more price conscious, and most contractors remain unwilling to raise prices and risk losing business. Over the next five years, profit margins are forecast to remain fairly stable as improving per capita disposable income and larger government budgets helps more consumers afford industry services. Meanwhile, competition is expected to remain high.

## Wages

Claiming 27.9% of industry revenue in 2019, wages make up the largest cost segment for the Tree Trimming industry. The majority of industry workers are hired to perform manual tasks, such as tree and shrub pruning, stump removal and clearing. However, larger operators also employ professional and administrative employees, including landscape designers and marketing specialists. The wages of individual positions vary by skill set and seniority; according to the Bureau of Labor statistics, tree trimmers and pesticide handlers are paid higher wages than grounds maintenance workers. Over the coming five years, due to a new way of calculating prevailing wages for H-2B workers, IBISWorld expects wages as a share of revenue will increase slightly.

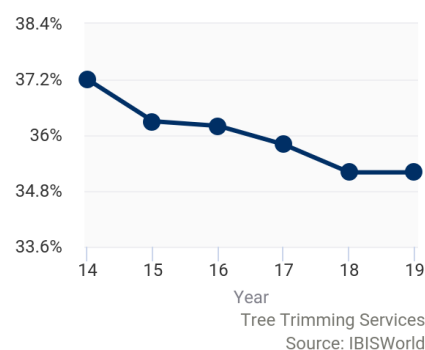
Wages as a Share of Revenue 2014-2019



## Purchases

Purchases of materials and equipment used to provide industry services are estimated to comprise 35.2% of industry revenue in 2019. Materials include soil, fertilizer, mulch, tree measuring tools and gear, as well as equipment such as chainsaws and wood cutters. More specialized purchases can include herbicide and pesticide or irrigation piping and equipment. Personal equipment is largely limited to protective items like gloves, hard hats and safety glasses, along with branch clippers and other basic tools. Larger purchases include trimmers, as well as transportation like trucks, trailers and vans.

Purchases as a Share of Revenue 2014-2019



Gasoline purchases are also included in this segment, and since landscape contractors travel to the worksite, gas prices have significant influence over operating costs. As a result, the consistently low gas prices have benefited

industry operators. Still, the prices of other goods, such as fertilizer and herbicide, have risen consistently for the past several years, according to trade magazine and website Landscape Management.

### Depreciation

Depreciation costs account for 3.3% of revenue in 2019. Depreciation costs are low for the industry because services are mostly manual in nature; expensive cutting equipment, trucks and some computer and office equipment are the most significant depreciable assets used in the industry.

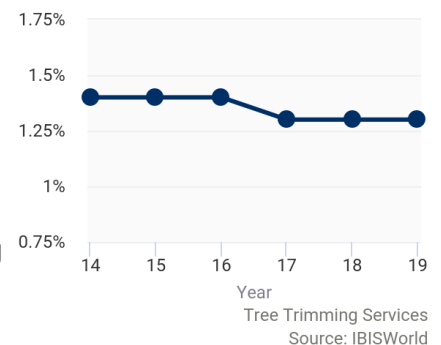
Depreciation as a Share of Revenue 2014-2019



### Marketing

Marketing expenses in the industry vary widely. Small and nonemploying companies typically have tiny or no marketing budgets, while the largest enterprises advertise heavily to build brand and name recognition. IBISWorld estimates that marketing expenses account for 1.3% of the average operator's revenue in 2019. Some operators vastly increased their marketing budgets during the recession to grab a larger part of the shrinking pool of work, while others chose to reduce marketing expenses as a way to cut costs. IBISWorld estimates that these trends have largely offset each other, though better demand conditions over the next five years will likely yield higher marketing expenses across the industry.

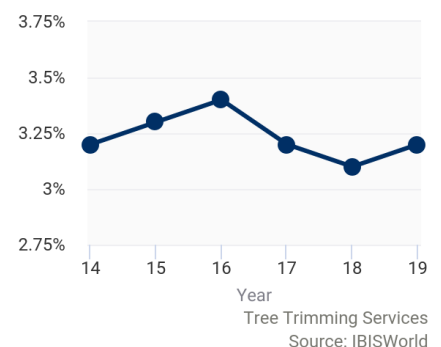
Marketing as a Share of Revenue 2014-2019



### Rent

Rent accounts for 3.2% of industry revenue and covers store fronts, offices as well as space to store equipment. Few nonemployers or small-scale employing operators have offices; larger companies typically have at least one location, which may include full-time sales or administrative staff based indoors.

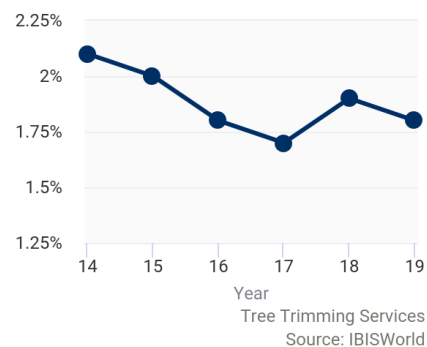
Rent as a Share of Revenue 2014-2019



## Utilities

Utilities costs account for 1.8% of industry revenue and cover such items like gasoline and electricity.

Utilities as a Share of Revenue 2014-2019



## Other Costs

Miscellaneous other costs, such as insurance and administrative expenses, combine to account for the rest of industry revenue.

Other Costs as a Share of Revenue 2014-2019



## Basis of Competition

Competition in this industry is **High and Steady**

**The Tree Trimming Services industry is characterized by a high level of competition.**

Low barriers to entry and highly seasonal demand for tree care services encourage participants to enter and exit the industry at will, which drives up competition among industry operators during the busier early spring to late summer months. A significant portion of operators are general landscaping companies that provide shrub trimming and other industry services on an as-needed basis for residential or commercial clients. Furthermore, the industry is dominated by thousands of nonemployers and small businesses that compete in narrowly defined geographic markets. However, larger operators such as Asplundh and BrightView generally have a competitive advantage over smaller operators due to national brand recognition and an established portfolio of past performance.

## Internal competition

**Operators primarily compete on the basis of performance, turnaround time, previous work experience, reputation and, to a lesser extent, price.**

Smaller operators generally compete on the basis of price, though lower advertised prices typically indicate that the landscaping business does not provide adequate general liability insurance, workers compensation coverage or valid third-party accreditation, according to the Tree Care Industry Association.

Unlike the broader landscaping services industry, the nature of industry services (e.g. dead tree removal and rigged branch cutting) makes operators more inclined to property damage and personal injury claims. According to the Bureau of Labor Statistics, tree trimming and maintenance is one of the most hazardous occupations in the United States. Therefore, larger companies that are fully insured and bonded have a significant competitive advantage over smaller companies without adequate insurance coverage. Indeed, most commercial clients and homeowner associations are reluctant to work with operators without proof of insurance and independent certification. Therefore, proof of insurance is a major marketing point for most well-established operators in this industry. In addition to insurance coverage, successful operators will hire certified arborists and other highly trained personnel as a part of their workforce. Membership in a professional organization such as the International Society of Arboriculture (ISA) and the Tree Care Industry Association (TCIA) or endorsement from an independent business rating service such as the Better Business Bureau or Angie's List may also confer a competitive advantage.

The basis of competition varies widely across market segments. In particular, operators serving the residential market compete on the basis of price and advertise their services mostly through word of mouth or references from previous customers. Industry operators that serve large commercial or utilities clients compete primarily on reputation and past performance; sales are made primarily through negotiated long-term contracts or via bidding with other tree service providers.

### External competition

#### **Operators contend with external competition from a variety of factors that indirectly reduce demand for industry services.**







For example, municipal and local utility companies will often times invest in in-house tree branch removal and trimming divisions, rather than outsource this work to industry operators. Similarly, institutional clients such as universities and college campuses may rely on internal tree care offices (commonly known as 'building and grounds' departments) instead of outsourcing this work. In addition, industry operators serving the residential market compete with households that choose to complete their own tree care and maintenance work. These trends have been facilitated by the proliferation of online training workshops and how-to guides that teach regular consumers how to care for trees and shrubs properly. In addition, home improvement stores and online retailers sell a variety of pruning equipment such as shears, handsaws and loppers, which further reduces dependence on professional pruners and tree care professionals. Lastly, operators experience direct competition from other industries that provide similar services, such as the Landscaping Services industry (IBISWorld report 56173), the Janitorial Services industry (56172) and the Landscape Architects industry (54132).

## Barriers to Entry

Barriers to entry in this industry are  **Low** and Increasing

The Tree Trimming Services industry is characterized by low barriers to entry. However, barriers to entry for this industry are generally higher than for the landscaping industry in general, since tree trimmers generally require more employee training, certification and insurance coverage than general landscapers. Nonetheless, acquiring the appropriate training and certification is relatively easy, and several organizations such as the Tree Care Industry Association and International Society of Arboriculture provide accreditation to operators of all sizes. In general, third-party accreditation is not required for operators that primarily service the residential segment. Furthermore, companies with less than five employees are not legally obligated to provide workers compensation coverage for their workers in many states. However, lack of adequate workers compensation coverage and third-party certification effectively transfers liability for injury and property damage claims from the operator to the client. Therefore, most homeowner associations and small businesses are reluctant to work with operators that fail to demonstrate proof of insurance and adequate training.

### Barriers to entry checklist

Competition	<b>High</b>	
Concentration	<b>Low</b>	
Life Cycle Stage	<b>Mature</b>	
Technology Change	<b>Low</b>	
Regulation & Policy	<b>Medium</b>	
Industry Assistance	<b>Low</b>	

Initial capital requirements are low, with most shrub and branch trimmers relying on basic handheld tools such as pruning shears, loppers and axes, basic gasoline powered tools such as chainsaws and pole saws and other equipment such as ladders and harnesses to complete their work. Operators that primarily offer tree and stump removal services must have access to specialized, more expensive machinery such as stump grinders and chipper shredders. Nonetheless, the industry as a whole is not capital intensive and new entrants with access to basic equipment can still compete effectively within the residential pruning and shrub care segment.

Barriers to entry vary widely across service and market segments. In particular, operators that seek to serve the utilities market contend with the highest barriers to entry, since electric utility pruning is inherently a hazardous occupation that requires highly specialized training, independent certification and more comprehensive insurance coverage. Similarly, operators that provide tree removal and emergency response services are also subject to higher capital, minimum bonding and training requirements. Conversely, the residential pruning and tree care services segment has the lowest barriers to entry, which explains why the majority of industry nonemployers are concentrated in this service segment.

## Industry Globalization

Globalization in this industry  **Low** and Steady

Due to its localized nature, the Tree Trimming Services industry has a low level of globalization. The majority of operators are nonemployers that serve only the surrounding area. However, a small number of larger operators have expanded

operations overseas over the past few years. For example, major player Asplundh has several offices in Canada, Australia and New Zealand. Similarly, the Davey Tree Expert Company has a presence in six Canadian provinces, with foreign operations accounting for over 7.0% of total net sales in 2018 (latest full-year data available). Nonetheless, the vast majority of industry operators operate domestically, serving clients in their immediate areas.

# Major Companies

## Major Players

### ASPLUNDH TREE EXPERT LLC

#### Market Share: 9.8%

Headquartered in Willow Grove, PA, Asplundh Tree Expert LLC (Asplundh) is a family-owned business with operations in the United States, Canada, New Zealand and Australia. Originally founded in 1928, the company is now the largest utility-line-clearance company in the United States, providing vegetation management services to more than 3,000 utility companies and municipalities nationwide. In addition to serving electric utility and wired telecommunications providers, the company also provides clearance and vegetation management solutions for railroad companies, road-maintenance companies and pipeline operators. Lastly, the company serves municipalities via street and park tree pruning and offers 24/7 emergency response services and storm damage assessment.

The company also provides a variety of services that are not relevant to the industry through its other subsidiaries. Over the past five years, the company has branched out into other operations, such as power line and traffic signal construction, meter reading and billboard maintenance. Asplundh offers these services through UtiliCon Solutions Ltd. (UtiliCon), a wholly owned subsidiary formed to complement the company's existing utility pruning and vegetation management operations. In turn, UtiliCon operates via several divisions such as Utility Lines Construction Services Inc., Grid One Solutions LLC and American Lighting and Signalization Inc. Despite this subsidiary's strong growth over the past five years, Asplundh continues to generate the majority of its revenue from industry-relevant utility-clearance operations.

#### Financial performance

In 2017 (latest full-year data available), the company generated total net sales of \$4.0 billion and employed more than 36,000 workers across all service segments, subsidiaries and geographic markets. Asplundh generates most of its revenue from utility and municipal clients, with services provided to residential and other commercial customers expected to account for less than 5.0% of the company's annual sales. As a privately owned company, Asplundh does not release exact financial figures. However, IBISWorld anticipates the company's industry-relevant revenue to rise an annualized 5.4% to \$2.4 billion over the five years to 2019. Increased service agreements with existing clients and expansion into new geographic areas have primarily driven the company's industry-relevant performance during the five-year period.

Asplundh Tree Expert LLC (US industry-specific segment) - financial performance*				
Year	Revenue (\$m)	Growth (% change)	Employees	Growth (% change)
2014	1825.2	N/C	35000	N/C
2015	1996.3	9.4	35000	0.0
2016	2224.5	11.4	36000	2.9
2017	2281.5	2.6	36000	0.0



<b>Asplundh Tree Expert LLC (US industry-specific segment) - financial performance*</b>				
<b>Year</b>	<b>Revenue (\$m)</b>	<b>Growth (% change)</b>	<b>Employees</b>	<b>Growth (% change)</b>
2018	2339.5	2.5	36756	2.1
2019*	2378.0	1.6	37391	1.7

Source: IBISWorld

Note: \*Estimates

## Other Players

### THE DAVEY TREE EXPERT COMPANY

#### Market Share: 3.7%

Founded in 1880 and later incorporated in 1909, The Davey Tree Expert Company (Davey Tree) is one of the largest tree-care companies in North America. Headquartered in Kent, OH, the employee-owned company serves customers in the United States and Canada, with nondomestic operations accounting for 7.3% of total net sales in 2018 (latest data available). The company segments its operations by class of customer, with residential and nonutility business operations forming one segment and sales to utility companies and municipalities representing the other. In 2018, the utilities segment accounted for more than 50.0% of total company revenue. Davey Tree participates in this industry via both segments, providing tree-care and -maintenance services to a broad range of markets. In addition, the company offers natural-resource and arborist consulting services, forestry research and planning and grounds maintenance. In 2018, the company employs 8,900 workers and is expected to generate total net sales of \$1.0 billion across all operating and geographic segments. In 2019, IBISWorld expects Davey Tree to generate \$949.3 million in US industry-specific revenue.

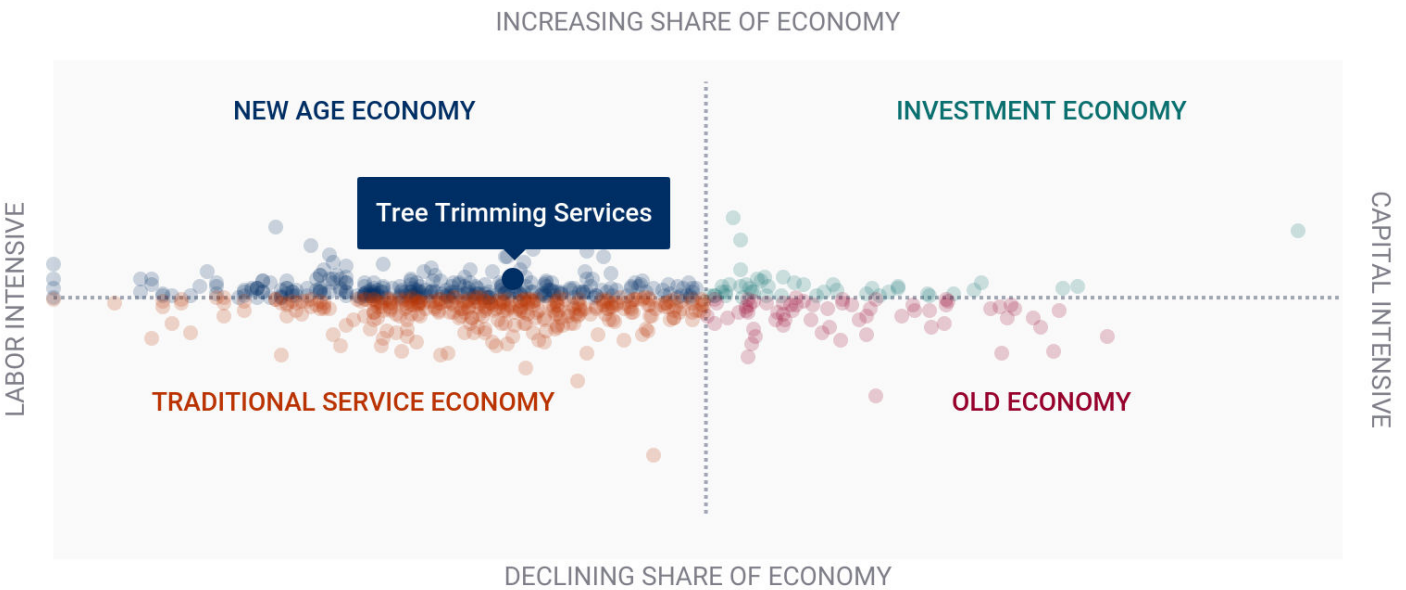
### BARTLETT TREE EXPERTS

#### Market Share: 1.1%

Founded in 1907 and headquartered in Stamford, CT, Bartlett Tree Experts (Bartlett) is a leading research-based tree care and vegetation consulting company with 100 office locations across the United States, Canada, Great Britain and Ireland. The company provides pruning, branch cabling and bracing, fertilization and soil management, tree inventory and management plans and emergency tree removal services to residential, commercial and government clients. Bartlett has been a US General Services Administration contractor since 2009 and is now a leading national provider of tree care services in city parks, national monuments and other government properties. Like its larger competitors, the company is a member of the Tree Care Industry Association and the International Society of Arboriculture (ISA). The company operates a 350.0-acre research facility in North Carolina, which conducts research on arboriculture, pest control, soil and forestry management. Bartlett is one of the largest employers of ISA-certified arborists in North America. IBISWorld expects industry-relevant revenue to \$270.9 million in 2019.

# Operating Conditions

Costs of Growth: Targeting Capital vs. Labor



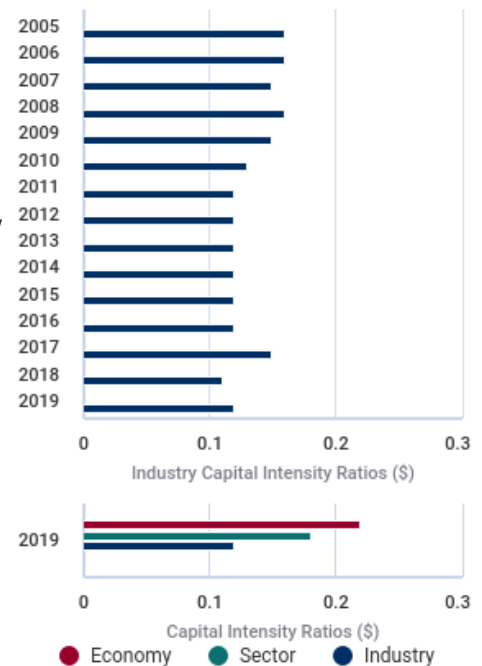
Tree Trimming Services  
Source: IBISWorld

## Capital Intensity

The level of capital intensity is  **Low**

The Tree Trimming industry exhibits low to moderate capital intensity. In 2018, operators are expected to spend \$0.12 on capital purchases for every dollar spent on wages and labor. Capital investment is mainly in vehicles and certain logging equipment. Typical logging equipment includes chippers, stump cutters, log skidders, log splitters, delimbers, grinders and saws. Capital intensity is kept low through the renting of heavy machinery on an as-needed basis.

Capital Intensity Ratios



Tree Trimming Services  
Source: IBISWorld

### The Tree Trimming Services industry does not experience much technological disruption.

This is due to the fact that there is no existing technology by which a greater quantity of tree trimming services can be supplied to underserved consumers who would otherwise have no access to industry services. Perhaps most importantly, while there are technological developments which can shift production and market outlet channels, all of these technologies can be adopted by industry operators and leveraged to increase operational efficiencies, which can increase profitability and lower purchase costs.

The level of technology change is  **Low**

### The Tree Trimming Services industry is characterized by a slow rate of technological change.

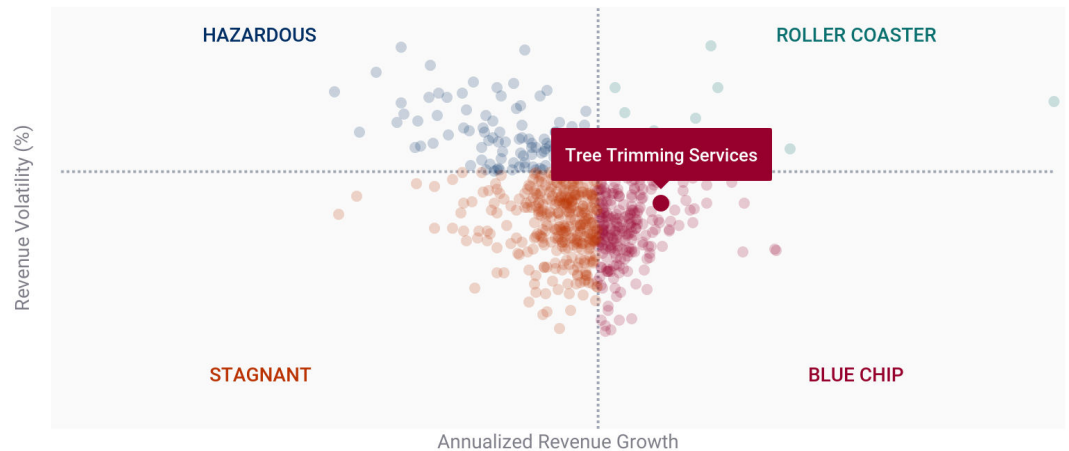
As a labor-intensive industry, operators primarily rely on manual hand tools such as pruning shears and loppers, as well as handheld power tools such as chainsaws and pole saws. Larger operators typically have access to heavier tools and machinery, such as mulchers, chippers, stump grinders and backhoes. Operators that primarily service utility companies may also use other heavy equipment, such as specialized tree trimmers, cranes and all terrain carriers. However, tree pruning methods and other industry best practices have remained relatively unchanged over

the past five years and are unlikely to change significantly during the next five-year period.

## Revenue Volatility

The level of volatility is  $\ominus$  **Medium**

Volatility vs. Growth



Tree Trimming Services  
Source: IBISWorld

Note: Revenue growth and decline reflective of 5-year annualized trend. Y-axis is in logarithmic scale. Y-axis crosses at long-run GDP. X-axis crosses at high volatility threshold.

### The Tree Trimming Services industry exhibits moderate revenue volatility.

Demand for tree cutting and associated services is generally affected by the number homes and commercial properties with green spaces, along with changes in per capital disposable income and government budgets. During the five-year period, demand in both the residential and commercial construction markets have been on the rise, effectively increasing the pool of potential clients for industry participants. Additionally, increasing per capita disposable income has further supported revenue growth as consumers chose to outsource landscaping services rather than doing it themselves. Moreover, weather volatility will play a key role in demand growth for industry services. One-off events such as storms and hurricanes can damage trees and push demand for industry services up, which will result in a strong increase in revenue. It is important to note that these events will add to revenue volatility in a single year and will mitigate as weather conditions return to normal. As a result, revenue volatility has been moderate. Revenue increased in every year of the current five-year period.

## Regulation & Policy

The level of regulation is  $\ominus$  **Medium** and is Increasing

**Operators in the Tree Trimming Services industry are subject to a moderate level of regulation from regulatory agencies at the federal, state and municipal levels.**

In general, operators are required to comply with regulations drafted and monitored by the Occupational Safety and Health Administration (OSHA), which is primarily concerned with the health and safety of employees at worksites. In particular, OSHA requires all tree trimming companies to provide first aid and CPR training to their employees, in addition to blood borne pathogens training for employees that use heavy cutting tools such as chainsaws or wood chippers. Furthermore, occupational health and safety provisions require the use of personal protective equipment such as closed-toe shoes, eyewear and earplugs as needed. Since they are legally defined as logging companies, industry operators are subject to more stringent worker safety regulations than general landscapers, even if they are not directly involved in cutting and transporting of timber products.

The industry is also subject to a variety of voluntary standards and best practices set by the ANSI and other standard setting organizations. For example, the ANSI A300 standard sets guidelines for appropriate tree care, soil management and pruning methods. Similarly, the ANSI Z133.1 standard establishes worker safety guidelines for arborists and other industry employees. Other voluntary best practices and industry-relevant standards are drafted and administered by private trade associations such as the Tree Care Industry Association and the International Society of Arboriculture. Although industry operators are not legally obligated to conform to these standards, companies that do have a substantial competitive advantage over those that do not.

Lastly, industry operators are subject to broader immigration laws concerned with the hiring of undocumented migrant workers. Due to the highly seasonal nature of industry services, the use of undocumented workers is prevalent across the landscaping industry as a whole and the tree trimming industry in particular, according to the *Landscape Management* magazine. Operators that violate immigration and employee eligibility laws may be subject to fines, penalties and a tarnished reputation. The Department of Labor's H-2B worker program permits operators to hire foreign nationals on a temporary basis during periods of high demand. However, the H-2B process is highly competitive and subjects employers to a wide range of eligibility, displacement and minimum wage requirements. More information on these regulations is discussed in the Landscaping Services report (IBISWorld report 56173).

## Industry Assistance

The level of industry assistance is  **Low** and is Steady

**The Tree Trimming Services industry does not receive any appreciable assistance from the government, although industry operators benefit from membership in industry-relevant trade organizations such as the Tree Care Industry Association (TCIA).**

Originally formed as the National Arborist Association in 1938, the TCIA currently represents more than 2,200 tree care companies across North America. The TCIA offers a variety of safety certification and other accreditation programs, in addition to hosting training workshops for arborists and other landscaping workers. The organization also publishes the monthly Tree Care Industry Magazine and hosts biannual trade shows and other events for members. In addition to the TCIA, other industry-relevant trade associations and accreditation organizations include the International Society of Arboriculture (ISA) and the Utility Arborist Association, as well as regional organizations such as the Massachusetts Arborists Association.

# Key Statistics

## Industry Data

Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Private spending on home improvements
	(\$m)	(\$m)	(Units)	(Units)	(Units)	(\$m)	(\$m)	(\$m)	(\$m)	
2010	12,722	4,282	141,256	141,142	219,469	N/A	N/A	3,188	N/A	150
2011	13,576	4,723	153,151	153,041	230,958	N/A	N/A	3,461	N/A	153
2012	14,447	5,142	160,734	160,610	242,900	N/A	N/A	3,755	N/A	156
2013	15,619	5,556	164,836	164,714	246,168	N/A	N/A	4,056	N/A	155
2014	17,851	6,377	169,083	168,955	253,924	N/A	N/A	4,503	N/A	160
2015	19,226	7,067	170,210	170,079	257,957	N/A	N/A	5,048	N/A	173
2016	21,414	8,053	170,741	170,683	266,764	N/A	N/A	5,633	N/A	184
2017	23,322	9,159	173,539	173,445	272,641	N/A	N/A	6,220	N/A	191
2018	23,915	9,379	177,849	177,728	279,210	N/A	N/A	6,664	N/A	196
2019	24,328	9,556	181,394	181,302	284,760	N/A	N/A	6,793	N/A	200
2020	24,595	9,679	184,325	184,256	288,860	N/A	N/A	6,886	N/A	202
2021	24,871	9,807	187,116	187,065	293,016	N/A	N/A	6,981	N/A	204
2022	25,100	9,918	189,648	189,617	296,642	N/A	N/A	7,063	N/A	206
2023	25,401	10,054	192,467	192,451	300,856	N/A	N/A	7,160	N/A	209
2024	25,668	10,181	195,660	195,658	304,793	N/A	N/A	7,250	N/A	211

## Annual Change

Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Private spending on home improvements
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2010	5.82	2.50	11	11	5	N/A	N/A	4.61	N/A	-1.90
2011	6.71	10.3	8	8	5	N/A	N/A	8.57	N/A	1.66
2012	6.41	8.86	5	5	5	N/A	N/A	8.50	N/A	2.28
2013	8.11	8.03	3	3	1	N/A	N/A	8.01	N/A	-0.90
2014	14.3	14.8	3	3	3	N/A	N/A	11.0	N/A	3.54
2015	7.69	10.8	1	1	2	N/A	N/A	12.1	N/A	7.53
2016	11.4	13.9	0	0	3	N/A	N/A	11.6	N/A	6.60
2017	8.91	13.7	2	2	2	N/A	N/A	10.4	N/A	3.64
2018	2.54	2.40	2	2	2	N/A	N/A	7.13	N/A	2.83
2019	1.72	1.88	2	2	2	N/A	N/A	1.93	N/A	1.78
2020	1.09	1.29	2	2	1	N/A	N/A	1.37	N/A	1.10
2021	1.12	1.31	2	2	1	N/A	N/A	1.37	N/A	1.04
2022	0.92	1.12	1	1	1	N/A	N/A	1.17	N/A	1.12
2023	1.19	1.37	1	1	1	N/A	N/A	1.37	N/A	1.16
2024	1.05	1.25	2	2	1	N/A	N/A	1.25	N/A	1.15

**Key Ratios**

Year	IVA/Revenue	Imports/Demand	Exports/Revenue	Revenue per Employee (\$'000)	Wages/Revenue	Employees per estab.	Average Wage
	(%)	(%)	(%)		(%)		
2010	33.7	N/A	N/A	58.0	25.1	1.55	14,524
2011	34.8	N/A	N/A	58.8	25.5	1.51	14,985
2012	35.6	N/A	N/A	59.5	26.0	1.51	15,460
2013	35.6	N/A	N/A	63.4	26.0	1.49	16,477
2014	35.7	N/A	N/A	70.3	25.2	1.50	17,733
2015	36.8	N/A	N/A	74.5	26.3	1.52	19,571
2016	37.6	N/A	N/A	80.3	26.3	1.56	21,116
2017	39.3	N/A	N/A	85.5	26.7	1.57	22,815
2018	39.2	N/A	N/A	85.6	27.9	1.57	23,868
2019	39.3	N/A	N/A	85.4	27.9	1.57	23,855
2020	39.4	N/A	N/A	85.1	28.0	1.57	23,839
2021	39.4	N/A	N/A	84.9	28.1	1.57	23,824
2022	39.5	N/A	N/A	84.6	28.1	1.56	23,809
2023	39.6	N/A	N/A	84.4	28.2	1.56	23,799
2024	39.7	N/A	N/A	84.2	28.2	1.56	23,787



# Additional Resources

## Additional Resources

### Arboriculture and Urban Forestry

<http://www.joa.isa-arbor.com>

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### International Society of Arboriculture

<http://www.isa-arbor.com>

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### Tree Care Industry Association

<http://www.tcia.org>

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## Industry Jargon

### ARBORICULTURE

The study and management of trees, shrubs and other woody plants.

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### ARBORIST

A person who studies the care and health of trees and shrubs.

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### PRUNING

The act of selectively removing certain parts of a plant to improve the plant's health and aesthetic appeal.

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## Glossary Terms

### BARRIERS TO ENTRY

High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

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### CAPITAL INTENSITY

Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labor. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than \$0.333 of capital to \$1 of labor; medium is \$0.125 to \$0.333 of capital to \$1 of labor; low is less than \$0.125 of capital for every \$1 of labor.

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### CONSTANT PRICES

The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the "real" growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the US Bureau of Economic Analysis' implicit GDP price deflator.

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**DOMESTIC DEMAND**

Spending on industry goods and services within the United States, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

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**EMPLOYMENT**

The number of permanent, part-time, temporary and seasonal employees, working proprietors, partners, managers and executives within the industry.

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**ENTERPRISE**

A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

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**ESTABLISHMENT**

The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

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**EXPORTS**

Total value of industry goods and services sold by US companies to customers abroad.

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**IMPORTS**

Total value of industry goods and services brought in from foreign countries to be sold in the United States.

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**INDUSTRY CONCENTRATION**

An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less than 40%.

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**INDUSTRY REVENUE**

The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

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**INDUSTRY VALUE ADDED (IVA)**

The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

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## INTERNATIONAL TRADE

The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%, medium is 5% to 20%, and high is more than 20%. Imports/domestic demand: low is less than 5%, medium is 5% to 35%, and high is more than 35%.

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## LIFE CYCLE

All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

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## NONEMPLOYING ESTABLISHMENT

Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

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## PROFIT

IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

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## REGIONS

West | CA, NV, OR, WA, HI, AK

Great Lakes | OH, IN, IL, WI, MI

Mid-Atlantic | NY, NJ, PA, DE, MD

New England | ME, NH, VT, MA, CT, RI

Plains | MN, IA, MO, KS, NE, SD, ND

Rocky Mountains | CO, UT, WY, ID, MT

Southeast | VA, WV, KY, TN, AR, LA, MS, AL, GA, FL, SC, NC

Southwest | OK, TX, NM, AZ

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## VOLATILITY

The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than  $\pm 20\%$ ; high volatility is  $\pm 10\%$  to  $\pm 20\%$ ; moderate volatility is  $\pm 3\%$  to  $\pm 10\%$ ; and low volatility is less than  $\pm 3\%$ .

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## WAGES

The gross total wages and salaries of all employees in the industry. The cost of benefits is also included in this figure.

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# IBISWorld helps you find the industry information you need – fast

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