

A man in a blue suit and patterned shirt stands on a city street, smiling. The background shows a building and a blue trash bin.

BUSINESS REPORT

Date: **19th April 2025**

Business Reference: **37262**

About the Business:

Nursery in the west of Jhb supplying to wholesale clients

This is a wholesale growing nursery located in Johannesburg. They sell to the public at wholesale prices. They propagate and stock many varieties of trees, shrubs, perennial flowers, groundcovers, and grasses.

Nursery in the west of Jhb supplying to wholesale clients



Sector: **Retail**

Asking Price:

R **2,500,000**

Monthly Profit:

R **98,952**

Asset Value:

R **1,830,022**

Stock Value:

R **4,000,000**

Yearly Net Profit :

R **1,187,419**



Business Report

Fully describe the business's activities?

This is a wholesale growing nursery located on a 5-hectare plot in the west of Johannesburg. They sell to the green trade (growers, nurseries, landscapers, and developers) and the public at wholesale prices.

They propagate and stock 250 varieties of trees, shrubs, perennial flowers, groundcovers, and grasses.

In addition to the selling of plants, they offer the following services:

Landscaping design and installation

Irrigation design and installation

Water storage and water back-up systems

Compost, lawn dressing, and fertilizer.

Custom order of pots

How does the business operate on a daily basis?

A majority of staff, 15 general workers, participate in both plant care and production. They are assigned to certain areas of the farm to care for the plants, ensuring they have adequate water and food, are weed and pest free, and are staked and pruned as required. Production of new plants is scheduled once or twice per week during the growing season. On Production days, all staff have targets for planting or transplanting.

The remaining 7 staff are involved in supervision, sales and administration, and deliveries. Wholesale and retail clients send their larger plant orders ahead of time so they can be pulled and ready for collection. For smaller orders they often just visit the nursery and are served upon arrival. The plant care staff also help to pull orders and pack vehicles.

Six male staff members have experience in landscaping. If a client wants assistance with planting, one or two of them will deliver and also plant. The nursery also provides a landscape design and installation service. They outsource jobs which involve a high level of hard landscaping.

The owner monitors stock levels using a well-developed inventory system and carries out all planning of production on a seasonal basis. The owner provides oversight to the supervisors and sales staff and ensures the smooth functioning of the growing infrastructure and equipment.

What Advertising/Marketing is carried out?

The company has a website with strong organic rankings and a monthly budget for google advertising. Mailings are sent to its own client base, advertising discount specials on a monthly or quarterly basis. Some social media postings are also used.

Once a year they carry out a phone campaign targeting wholesale clients.

What competition exists?

There are several wholesale nurseries in the area.

How could the profitability of the business be improved?

1. Build stronger contractual relationships with developers to provide plants and landscaping services.
2. Develop low cost and reliable ways to deliver and serve a national market.
3. Combine the business with other similar businesses to create economies of scale.
4. Expand the water services, including irrigation and water storage solutions, which will be a growth sector for the next decade.
5. Expand the landscaping services to include contractual business for large residential and commercial complexes.

Give a breakdown of staff/ functions/ length of service?

Permanent staff include:

Fifteen(15) production and plant care staff, with the balance (7) covering administration, sales, transport, and management.

The Production supervisor and the Sales supervisor have been with the business for over 20 years (they were working for the previous owner).

The sales team includes two horticulturists and have been with the business for two to six years.

The landscaping team leaders have both been with the business for approximately ten years.

Do any have management potential?

Yes, there are two senior Supervisors (sales and production) who currently manage the day to day activities.

How involved is the Owner in running the business?

The owner is not involved in the day-to-day, but helps steer the business and does the planning

The seller (Managing Director) is at the business about 50% of the time, planning, and providing oversight and sales support to the largest clients.

The seller also liaises with other growing nurseries and oversees maintenance of the growing infrastructure.

The seller's spouse (Finance Director) is also at the business about 50% time, carrying out accounting and HR functions.

When does the current lease end?

The property is owned by the seller and will not form part of the sale, unless this is negotiated.

The property is currently leased to the nursery. It is envisaged that this arrangement will continue, with a long-term lease signed with the new owner.

There are three other sets of tenants on the property

What are the trading hours?

Weekdays 07:30 - 16:45; Saturday 08:00 - 15:00

The nursery is closed on public holidays, except for the two which fall in the Spring: September 24 and December 16.

What backup water and power solutions are in place?

Water.

The property has two boreholes which can produce up to 200,000 litres of water per day for irrigation. These boreholes have never run dry in the twenty years occupied by the current owner.

Solar Power:

The property has its own 45 kVa solar power installation and operates fully off grid. It has a 60 kVa battery backup plus a 60 kVa generator to use as a backup to the solar system on cloudy days. This system is sufficient to power the nursery and rental units fully independently from the grid.

The landowner will manage the electrical system (solar and generator) and the borehole pumps to ensure reliable supply.

What are the main assets of the business?

Vehicles - two trucks (a 4 tonne and a 1 tonne), two double cabs, a Toyota condor and four trailers

Growing infrastructure - borehole and pressure pumps, the automated irrigation system, tunnels, sheds, and a multispan.

Office and garden equipment - fertigation equipment, brush cutters, maintenance tools, laptops, printers, and kitchen appliances

Furniture and fittings - includes desks and chairs and storage cabinets for up to ten staff members

In addition to the main sales office, buildings available for use by the nursery include a small production office, two storerooms for tools and supplies, an irrigation storeroom, two staff change rooms with lockers, a toilet block, and living quarters for three staff members

Strengths?

Centrally located

Long-standing business

Well known

Excellent location close to its target sales markets

An online sales platform

Proximity to quality suppliers of growing mediums, the highest value input for a grower

Plentiful borehole water and self sufficient in solar power (off grid)

Well-developed growing infrastructure

Production supervisor and staff members who know how to propagate and care for plants

Sales supervisor and staff who can deal independently with clients and suppliers (where stock or supplies have to be bought in)

Weaknesses?

Not situated on a main road.

Production and Sales supervisors still need monthly planning support

The lack of a full time Landscaping supervisor has limited the growth of this division (the owner was required to play this role)

Limited space means a limited range of plants grown.

Opportunities?

Develop strong/contractual relationships with clients: primarily developers, landscapers, and housing estates

Increase revenue by reinstating Water Services - Water Storage, Rainwater Harvesting, and Irrigation

Threats?

New entrants to the market

Drought or water restrictions

Continued low growth in the economy

What is the reason for the sale?

Owners want to retire