2003, Annual Georgia Sod Producers Inventory Survey

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In January, the Georgia Sod Producers Association conducted their ninth consecutive survey of sod producers. The purpose of the survey was to determine the present status of inventory levels and projected price changes for spring 2003. Thirty-four producers participated by phone survey, reporting on over 90% of the acres in the state. The farms were divided into four size groups: less than 100 acres, 100 to 300 acres, 301 to 600 acres, and more than 600 acres.

The survey obtained estimates of the inventory for bermudagrass, zoysiagrass, centipedegrass, and tall fescue based on estimated sales for the first five months of 2003 as excellent (10+% above demand), adequate (equal to demand), fair (less than 10% below demand), and poor (more than 10% shortage). Pricing information included farm price and price for truckload orders to the Atlanta area, all costs were reported as price per square foot of sod.

Bermudagrass is being grown by 94% of the producers. Interestingly, inventory levels declined slightly from previous years. Sixty-nine percent of the producers rated their inventory as adequate to excellent, compared to 78% last year, and 73% in 2000. In contrast, the Georgia Crop Improvement Association (GCIA) reported a 2.2% increase from 2002 to 2003 in acres of certified fairway- or utility- type bermudagrasses (TifSport, Tifton 10, Tifway, and Tifway II).

According to this year's survey, the number of producers growing zoysiagrass increased marginally, from 21 producers in 2002 to 24 producers in 2003. However, GCIA reported 70.5 fewer acres and one less grower of certified zoysiagrass in 2003 compared to 2002. Of the producers surveyed, 63% estimate an adequate to excellent inventory which is up from 2002 (48%) and similar to projections (61%) from the 2001.

Of the 34 producers surveyed, 15 (44%) were growers of centipedegrass. Eighty percent of the growers had adequate to excellent inventory compared to 75% in 2002, and 55% in 2001. A slight increase in inventory is consistent with GCIA figures, which report a 20% increase in acres of TifBlair centipedegrass, the only certified centipedegrass in Georgia.

Like 2002 results, tall fescue was grown by 9 (26%) producers of the 34 surveyed in 2003, compared to 11 in 2001. Similar to the last two years, 66% reported excellent to adequate inventory. This continuing trend may be an indication that the market for tall fescue sod is softening or close to saturation. An additional indicator of a weak tall fescue sod market, was five fewer acres, 40 in 2003 compared to 45 in 2002, of Millennium tall fescue, the only GCIA certified tall fescue.

Not surprisingly, the on-the-farm price for all four grasses was less than the delivered price. Table 1 compares the average farm price to the delivered truckload price.

Continuing a two-year decline, the average price per square foot for a truckload of bermudagrass delivered to the Atlanta area was down 6.4% from 2002, which was down 5% from 2001 estimates. The 2003 survey indicated prices varied from 11.5 cents to 20.0 cents, with an average price of 14.6 cents. The average price in 2002 was 15.6 cents per square foot and ranged from13.0 cents to 19.5 cents.

Unexpectedly, the average price for a truckload of zoysiagrass delivered to the Atlanta market declined, 29.5 cents and 31 cents for 2003 and 2002 respectively. In 2003 zoysiagrass prices ranged from 24.0 to 34.0 cents, whereas the range in 2002 was 25.0 to 38.0 cents. The drop in prices is likely correlated to the increase in producers and acreage of zoysiagrass which was first observed in the 2002 survey.

Although modest, the average 2003 centipedegrass prices were up 2% from 2002 results and ranged from 15.0 cents to 24.0 cents, with an average price of 18.2 cents. Likewise, the price of tall fescue increased slightly (2%), which reversed a three year trend of falling prices. This year prices ranged from 17.5 cents to 22.0 cents, with an average of 20.2 cents compared to 19.8 cents in 2002 and 20.0 cents in 2001.

Regarding grower price expectations, 74% expect bermudagrass prices to remain unchanged while 19% expect a decrease and 7% foresee an increase. Seventy-five percent of the zoysiagrass and 80% of the centipedegrass producers expect prices will not change. However, continuing from last year's trend, some growers (12% and 20% respectively) anticipate falling prices as the 2003 growing season progresses. The majority (88%) of tall fescue producers expects prices to remain steady and none envision a price increase.

For the second year, shipping information was part of the survey. With a slight increase, 2003 freight rates per mile shipped to Atlanta ranged from $1.55 to $2.30 and averaged $1.82. Up from 59% in 2002, 88% of the 2003 respondents included freight costs as a part of price quotes for customers. An unloading fee was about evenly applied with 44% of the producers not charging for unloading and 35% charging $15.00 to $75.00 with most being $75.00. Like 2002, 99% of the participants make additional drops on a load with 10 producers not charging for additional drops and the remainder charging from $20.00 to $75.00, the average charge was $39.57. It is worth noting that this survey was conducted prior to a sharp increase in petroleum costs, therefore to offset these increases, prices are likely to change.

While there were few indicators from this survey that the sod industry in Georgia is increasing, other economic factors suggest a pending need for turfgrass sod. For January 2003, the Commerce Department reported an increase (2.1%) in construction of new single-family homes compared to December 2002. This trend improves on the data from 2001, which was marked as the best year for housing construction since 1986. Additionally, weather patterns have changed and the five-year drought has been relieved as stream flows return to normal levels and metropolitan reservoirs are at normal or above normal levels. As a result, interest in landscape establishment and renovation should be stimulated and turfgrass should be integrally involved. Although there are some indications the economy is beginning to rebound and environmental conditions are more favorable for turfgrass establishment, to be successful sod producers need to implement sound business practices, grow top-quality turfgrass, and aggressively promote their products.

As with any commodity or product, the range in prices should relate to the quality of product. With centipedegrass, zoysiagrass and tall fescue the range from the lowest price to the highest averaged about 24%. However, with bermudagrass the range was 42%. This range is probably due to the fact that bermudagrass acreage is much greater than the other grasses, production is rapid, and most new growers start with bermudagrass. Perhaps the message here is best expressed by the Latin phrase 'caveat emptor', let the buyer beware! Wide price variations are often due to significant differences in quality, service, and availability, so shop wisely.

Table 1. Comparison of on-the-farm prices with delivered prices. 2003.

	On-the-farm		Delivered to Atlanta Area	
Turfgrasses	Price (avg.)	Range	Price (avg.)	Range
	Cents / ft^2			
Bermudagrass	11.3	5.5 – 15.0	14.6	11.5 – 20.0
Zoysiagrass	24.3	18.0 – 32.0	29.5	24.0 – 34.0
Centipedegrass	14.6	12.0 – 21.0	18.2	15.0 – 24.0
Tall Fescue	16.5	14.0 – 18.0	20.2	17.5 – 22.0