In September, the Georgia Urban Ag Council conducted an ancillary survey of sod producers to ascertain the status of current inventory levels and projected price changes. This was in response to scattered reports of low current inventory, elevated prices, and the likelihood of limited supply in early 2012.

Survey details
Eleven producers participated by telephone survey, representing farm sizes which were less than 300 acres (2 participants), 300 to 600 acres (2 participants), 601 to 900 acres (2 participants), and more than 900 acres (5 participants). Approximately 40 producers are typically surveyed when the annual report is released in the winter. The results of this ancillary survey are intended to aid practitioners as they begin to bid jobs for 2012.

Inventories
The survey obtained estimates of the inventory for bermudagrass, zoysiagrass, centipedegrass, St. Augustinegrass, and tall fescue based on current inventory as excellent (more than 10% of demand), adequate (equal to demand), and poor (more than 10% shortage). Pricing information included farm price and price for truckload orders to the Atlanta area or within 100 miles of the farm, all costs were reported as price per square foot of sod.

Bermudagrass is being grown by all the surveyed producers. Forty-six percent of the producers rated their inventory as adequate to excellent this fall (Figure 1). Moving into 2012, 55% of producers projected having less than adequate supplies. Two of the five growers with greater than 900 acres currently have an adequate to excellent supply of bermudagrass. Likewise, two of the remaining six producers surveyed have a sufficient supply.

Ten of the eleven producers surveyed grow zoysiagrass, 40% estimate an adequate to excellent inventory. In the spring, 78% estimated sufficient zoysiagrass. For Fall 2011, 60% of all zoysiagrass producers project a shortage of grass with 67% of the larger growers (> 600 acres) projecting a shortage.

Of the 11 producers surveyed 8 are growers of centipedegrass. Eighty-eight percent of the growers rated their inventory as adequate to excellent. In the spring, 83% estimated sufficient centipedegrass. For Fall 2011, 100% of the centipedegrass growers projected a shortage during 2012; growers with less than 600 acres comprise these producers. It appears the adjustments made six years ago by larger producers continue to meet market demand.

St. Augustinegrass is being grown by 3 of the 11 producers surveyed, 67% reported adequate supply. The two growers with greater than 600 acres of total turfgrass production have an adequate supply.

All tall fescue producers reported an adequate inventory, which continues a seven-year trend of sufficient tall fescue supply. This strengthens the assessment that the amount of tall fescue sod grown in Georgia meets demand.

Pricing
For Fall 2011, the on-the-farm prices for bermudagrass, zoysiagrass, and tall fescue had a substantive price increase from Spring 2011 prices, 14.2%, 23.5%, and 16.1% respectively (Table 1). Similarly, there was a rise in the delivered price for bermudagrass zoysiagrass, tall fescue, and St. Augustinegrass, 10.4%, 18.0%, 12.1%, and 11.4% respectively. Figure 2 provides a five year historical perspective of sod prices.

The average price per square foot for a truckload of bermudagrass delivered to the Atlanta area, or within 100 miles of the farm, increased from the spring (Table 1). This fall's average delivery price was the greatest documented in the last ten years. The Fall 2011 survey indicated prices varied from 15.0 cents to 23.0 cents, with an average price of 18.0 cents (Table 2). The average price in Spring 2011 was 16.3 cents per square foot and ranged from 12.0 cents to 26.0 cents.

<table>
<thead>
<tr>
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<th>2011s cents / ft²</th>
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<td>Zoysiagrass</td>
<td>26.0</td>
<td>32.1</td>
<td>23.5</td>
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<tr>
<td>Centipedegrass</td>
<td>14.8</td>
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<td>Tall Fescue</td>
<td>19.2</td>
<td>22.3</td>
<td>16.1</td>
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<tr>
<td>St. Augustinegrass</td>
<td>22.5</td>
<td>23.7</td>
<td>5.3</td>
</tr>
</tbody>
</table>

* Delivered price includes freight and pallets. In 2011, the delivered price included the Atlanta area or within 100 miles of the farm.

Figure 1
Percentage of bermudagrass producers projecting adequate to excellent supply
The Fall 2011 average price for a delivered truckload of zoysiagrass also increased from Spring 2011 levels. The average price of delivered zoysiagrass in Fall 2011 was 36.7 cents, the greatest average delivery price in the last ten years, and ranged from 27.0 to 46.0 cents. In Spring 2011 zoysiagrass prices ranged from 18.0 to 40.0 cents and averaged 31.1 cents. Prior to this ancillary survey, the year with the highest prices on delivered zoysiagrass was 2008. The average price was 33.8 cents and ranged from 26.0 to 40.6 cents.

Reversing a three-year trend of falling centipedegrass prices, prices continued to rise in Fall 2011. Prices in Fall 2011 ranged from 16.0 cents to 25.0 cents and averaged 19.7 cents, compared to Spring 2011 when the average delivered price was 18.7 cents and ranged from 14.0 to 24.0 cents. While centipedegrass rose throughout 2011 they are still 8% lower than 2007 prices (21.3 cents).

The Fall 2011 delivered price of tall fescue rose (12.1%), which reversed the spring decline in price from 2010. This fall, prices ranged from 25.0 cents to 29.0 cents, with an average of 26.9 cents. The high-end price remained constant but the lower boundary rose 5.0 cents from Spring 2011.

The price of delivered St. Augustinegrass rose from spring to fall. This fall’s rise (11.4%) negated last spring’s 3.2% decrease from 2010. The average price of delivered St. Augustinegrass in Fall 2011 was 30.3 cents and ranged from 24.0 to 35.0 cents. In Spring 2011 St. Augustinegrass prices ranged from 22.0 to 32.0 cents and averaged 27.2 cents. 2005 was the first year St. Augustinegrass was included in this survey, during that time prices have varied wildly compared to other species (e.g. bermudagrass). There have been years with a 10.7% increase from the previous year, to years like 2008 where prices fell -17.5%; within 2011, prices changed 11.4% from spring to fall.

Regarding grower price expectations, 91% expect bermudagrass prices to increase while 9% expect them to remain steady. This is a change from Spring 2011 where 76% expected constant prices. For zoysiagrass, 80% of producers anticipate rising prices in 2012, while 20% forecast a no change. Half of centipedegrass and tall fescue producers anticipate constant prices while 67% of St. Augustinegrass producers expect prices to increase. Considering the “big 3” species (i.e. bermudagrass, centipedegrass, and zoysiagrass), most growers anticipate increased prices in 2012.

Survey wrap-up
From this survey it is evident that turfgrass prices are rising and the two species in greatest production (i.e. bermudagrass and zoysiagrass) are in low supply. Contributing factors that may explain these data are basic economics, drought, and industry constriction. It would stand to reason that as supply diminishes and demand either remains constant or increases, the price would rise. Many producers reported a “strong” spring and summer for turfgrass sales this year (personal communications). Environmental conditions experienced across Georgia during 2011 were not ideally conducive for sod production, particularly in the State’s southern production region. Anecdotally, during drought years it has been a trend for inventories to decline in response to limited rainfall and slow regrowth of harvested fields. Although sod fields are irrigated, regrowth is slower than when rainfall is “normal”. Furthermore, greater reliance on irrigation increases the input costs of production which also lead to increased prices. Lastly, over the past five years the number of sod producers has declined as have the total acres in turfgrass production. In 2007, the Georgia Crop Improvement Association reported 45 growers with 11,977 acres in certified turfgrass. These numbers had fallen to 34 producers with 6,633 acres for 2011, a 24% reduction in number of growers and 45% fewer acres. Similarly, the University of Georgia Farm Gate Value Repot estimated 50,595 acres in 2007 and 33,986 in 2009 (latest report), 33% fewer acres through two years. These interrelated factors are likely contributing to lower inventories and increased prices. This late in the production season it is not possible for producers to establish new fields or “push” existing immature turf to make up for the shortfall of grass. It will simply take time for inventory to recover and growers to become comfortable with the progress of an economic recovery to bring additional acreage into production. In the meantime, prices will likely remain high and potentially rise further. Projects planned for 2012 should be bid considering higher prices and budgeted accordingly.