

## 2004, Annual Georgia Sod Producers Inventory Survey

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In January, the Georgia Sod Producers Association conducted their tenth 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 2004. Forty-one producers participated by phone survey, representing farm sizes which were less than 100 acres (3 participants), 100 to 299 acres (13 participants), 300 to 599 acres (12 participants), and more than 600 acres (13 participants).

The survey obtained estimates of the inventory for bermudagrass, zoysiagrass, centipedegrass, and tall fescue based on estimated sales for the first five months of 2004 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, all costs were reported as price per square foot of sod.

Bermudagrass is being grown by 93% of the producers, however, inventory levels continue to decline from previous years. Sixty-three percent of the producers rated their inventory as adequate to excellent, compared to 69% last year, and 78% in 2001 (Figure 1). Interestingly, more producers predict a shortage of bermudagrass than in recent years. In 2004, 37% of all bermudagrass producers projected having less than adequate supplies, compared with 31% last year. Forty percent of the larger producers (greater than 300 acres) estimate a shortage of bermudagrass for the first five months of the year.

A suspected reason for this shortage is the wet weather during the spring and early summer of 2003, rain had two influences. The first, wet conditions delayed large construction projects from one to three months. This means the sod which would have been harvested in late

spring or early summer 2003, was not cut until late summer and those fields have not had adequate time to rejuvenate growth for harvest this year. The second possible reason for a supply shortage in 2004 is simpler, wet conditions delayed harvest by restricting entry into saturated fields. Compounding the weather situation, some producers attributed stronger than normal sales during the fall 2003 to a rebounding economy (personal communication). A greater than normal fall 2003 harvest would further reduce early-season 2004 inventories. Nonetheless, bermudagrass fields which would have reestablished during the summer and fall of 2003 were cut late in the growing season and will not have harvestable grass until mid- or late summer 2004.

According to this year's survey, the number of producers growing zoysiagrass remained fairly constant, with 23 producers. Of the producers responding, 59% estimate an adequate to excellent inventory which is down from 2003 (63%). Similar to bermudagrass projections, 41% of the zoysiagrass producers project a shortage of grass during early 2004, with 37% of the larger producers having insufficient supply.

Of the 41 producers surveyed 28 (68%) were growers of centipedegrass. Sixty-four percent of the growers had adequate to excellent inventory compared to 80% in 2003, and 75% in 2002. Continuing the trend of bermudagrass and zoysiagrass, centipedegrass producers expect a shortage of centipedegrass, 36% have below adequate levels for 2004 compared to 20% for 2003. Fifty percent of the growers with 300 to 599 acres predict a shortfall of centipedegrass, while 20% of the 600+ acre producers forecast a limited inventory.

Similar to 2003 results, tall fescue was grown by 10 (24%) producers of the 41 surveyed in 2004. Identical to the last three years, 66% reported excellent to adequate inventory. This continuing trend may be an indication that the market for tall fescue sod closely meets demand.

Not surprisingly, the on-the-farm price for all four grasses was less than the delivered

price, but both charges increased in 2004 compared to 2003 (Figure 2). Table 1 compares the 2004 average farm price to the delivered truckload price.

Reversing a two-year trend, the average price per square foot for a truckload of bermudagrass delivered to the Atlanta area was up 3.4% from 2003, which equated to a half-cent increase per square foot. The 2004 survey indicated prices varied from 12.9 cents to 19.0 cents, with an average price of 15.1 cents. The average price in 2003 was 14.6 cents per square foot and ranged from 11.5 cents to 20.0 cents.

Although modest (2%), the 2004 average price for a truckload of zoysiagrass delivered to the Atlanta market increased to 30.2 cents, up from 29.5 cents in 2003. In 2004 zoysiagrass prices ranged from 24.0 to 37.0 cents, whereas the range in 2003 was 24.0 to 34.0 cents. The consistency in the number of zoysiagrass growers, 23, 24, and 21 in 2004, 2003, and 2002 respectively, would explain a relatively level trend in zoysiagrass prices.

The average 2004 centipedegrass prices were up 4% from 2003, 19.0 cents compared to 18.2 cents. Prices in 2004 ranged from 15.0 cents to 25.0 cents. Likewise, the 2004 Atlanta area delivered price of tall fescue increased (9%), which continued a two-year trend of rising prices. This year prices ranged from 20.0 cents to 24.3 cents, with an average of 22.0 cents compared to 20.2 in 2003, 19.8 cents in 2002 and 20.0 cents in 2001.

Regarding grower price expectations, 49% expect bermudagrass prices to remain unchanged while 49% expect an increase and 2% foresee a decrease. Eighty-three percent of the zoysiagrass and centipedegrass producers expect prices will not change. With zoysiagrass and centipedegrass prices remaining steady for several years, some producers (13% and 10% for zoysiagrass and centipedegrass respectively) anticipate prices to rise. Approximately half (56%) of tall fescue producers expect prices to remain steady, while the remaining 44% expect price

increases. No tall fescue producers anticipate a decline in prices during 2004.

For the third year, shipping information was part of the survey. Freight rates per mile shipped to Atlanta decreased in 2004. Costs ranged from \$1.14 to \$2.00 and averaged \$1.66; this is a 9% decrease from the 2003 average (\$1.82). Respondents which included freight costs (86%) as a part of price quotes for customers remained high. An unloading fee was about evenly applied with 47% of the producers not charging for unloading and 53% charging \$35.00 to \$75.00 with most being greater than \$50.00. Continuing a three year trend, 95% or greater of the participants make additional drops on a load with 2 producers not charging for additional drops and the remainder charging from \$15.00 to \$75.00, the average charge was \$32.38 which was down from \$39.57 in 2003. Unexplainably, petroleum costs increased during 2003 and the average shipping charges for 2004 are expected to be lower.

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. Housing starts remain strong. The Commerce Department reported an increase (11.7%) in construction of new single-family homes through August 2003 compared to August 2002. However, the decline (7.6) in housing completions, during same time period, may be an indicator that the home construction industry may be leveling-off. Although there are some indications the economy is beginning to rebound, sod producers need to continue to implement sound business practices, grow top-quality turfgrass, and aggressively promote their products.

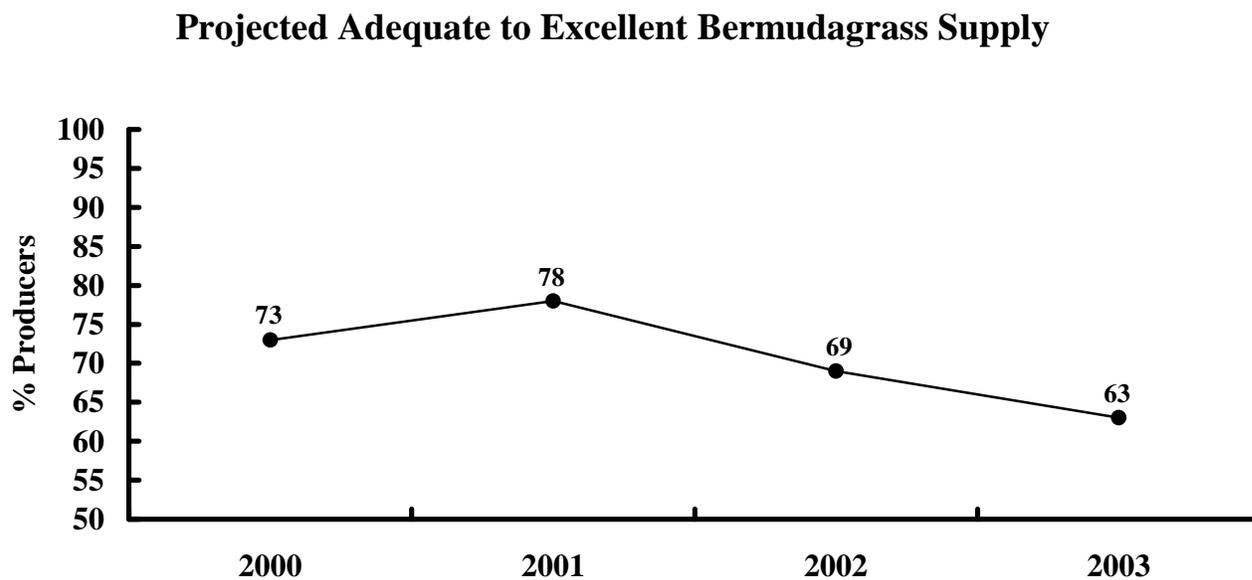
The reoccurring theme of this year's survey is that a large number of producers, especially growers with more than 300 acres, anticipate a shortage of marketable grass early in the 2004 season. Basic economics would predict with an inventory shortage and demand remaining constant or increasing, prices would rise. In fact, a greater number of growers expect grass prices

to increase compared to recent years. This survey does not answer the question “How much will prices increase?”, but it does forewarn the consumer that due to a limited to supply, to anticipate higher grass prices in early 2004.

Table 1. Comparison of on-the-farm prices with delivered prices, 2004.

Turfgrasses	On-the-farm		Delivered to Atlanta Area	
	Price (avg.)	Range	Price (avg.)	Range
	----- Cents / ft <sup>2</sup> -----			
Bermudagrass	12.0	7.0 – 16.5	15.1	12.9 – 19.0
Zoysiagrass	26.1	18.0 – 37.0	30.2	24.0 – 37.0
Centipedegrass	16.3	12.0 – 25.0	19.0	15.0 – 25.0
Tall Fescue	18.8	15.0 – 22.5	22.0	20.0 – 24.3

Figure 1. Percentage of bermudagrass producers projecting adequate to excellent supply for the past four years.



\* Projected supply for the first 5 months of the calendar year.

Figure 2.

