2022 Sod Producers Report

Annual survey examines inventory and price

by Clint Waltz, The University of Georgia

The Georgia Urban Ag Council conducted their 27th survey of Georgia sod producers. The purpose of the survey was to determine the status of inventory levels and projected price changes for Spring 2022.

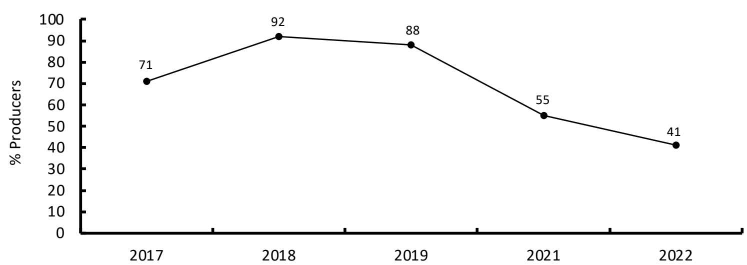
Survey details

This year, 18 producers participated in the survey, representing farm sizes which were:

- less than 300 acres (8 participants)
- 300 to 600 acres (3 participants)
- 601 to 900 acres (3 participants)
- more than 900 acres (4 participants)

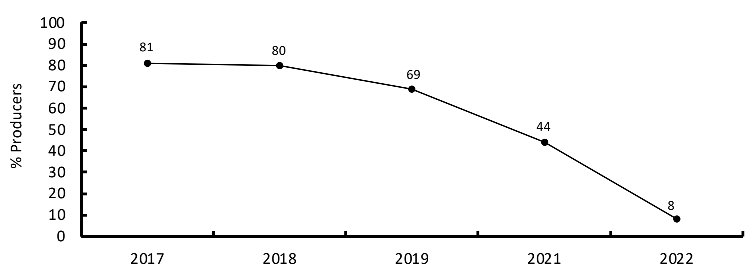
The survey obtained estimates of the inventory for bermudagrass, zoysiagrass, centipedegrass, St. Augustinegrass, and tall fescue based on estimated sales for the first five months of 2022 as excellent (more than 10% of demand), adequate (equal to demand), and poor (more than 10% shortage).

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



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

Figure 2.
Percentage of zoysiagrass producers projecting adequate to excellent supply for the past five years.*



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

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.

Inventory levels

Bermudagrass is being grown by 17 of the surveyed producers. Forty-one percent of the producers rated their inventory as adequate to excellent this year (Figure 1). Nearly all (86%) of the growers with greater than 600 acres anticipate an insufficient bermudagrass supply, while 60% of the producers with 600 acres or less project having sufficient inventories. For early 2022, bermudagrass may be in shorter supply than previous years.

The number of producers growing **zoysiagrass** (67%) was lower than previous years. Zoysiagrass is a popular species with many commercially available cultivars. There are at least 15 zoysiagrass cultivars being grown in Georgia. Overwhelmingly, 92% of producers forecast a poor zoysiagrass supply in 2022 (Figure 2). Regardless of farm size, most all report having a poor supply moving into 2022.

Of the 18 producers surveyed 10 (56%) were growers of **centipedegrass**. Thirty percent of the growers had adequate to excellent inventory compared to 55% in 2021, and 80% in 2019. Of the larger growers, 29% with greater than 600 acres expect an adequate centipedegrass supply.

St. Augustinegrass is being grown by 6 of the 18 producers surveyed. One-third reported a sufficient supply.

Similar to previous years, **tall fescue** was grown by 44% of producers. Despite seed supply issues from Oregon, 63% of Georgia's tall fescue producers reported excellent to adequate inventory. This is a decrease relative to the previous inventory surveys. Tall fescue inventory may meet demand, but there is a potential for limited supply relative to the past.

Sod prices

Both on-the-farm and delivered prices of all species are expected to increase in 2022. Price increases could range from 11% to 24% over 2021 prices (Table 1).

While greater than the 2021 price, **centipedegrass** and **St. Augustinegrass** will have the lowest price increase relative to the other three species. Figure 3 provides a five-year perspective of delivered 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, was higher relative to 2021 (Table 1). The 2022 survey indicated prices varied from 28.0 cents to 45.0 cents, with an average price of 34.3 cents (Table 2). The average price in 2021 was 28.6 cents per square foot and ranged from 23.0 cents to 36.0 cents.

The 2022 average price for a delivered truckload of **zoysiagrass** was greater than 2021 levels. The average price of delivered zoysiagrass in 2022 was 63.5 cents and ranged from 50.0 to 75.0 cents. In 2021 zoysiagrass prices ranged from 39.0 to 67.0 cents and averaged 52.4 cents.

Centipedegrass prices in 2022 ranged from 24.0 cents to 54.0 cents and averaged 36.6 cents, compared to 2021 when the average delivered price was 32.5 cents and ranged from 26.0 to 40.0 cents.

The 2022 average delivered price for **tall fescue** (41.8 cents) was 20% higher than 2021 (34.7 cents). This year, prices ranged from 35.0 cents to 50.0 cents.

The average price of delivered **St. Augustinegrass** in 2022 was 56.0 cents and ranged from 50.0 to 62.0 cents. In 2021, St. Augustinegrass prices ranged from 45.0 to 60.0 cents and averaged 50.7 cents.

Projected increases

Regarding grower price expectations, growers are warning of a significant price increase early 2022.

- Eighty-two percent of **bermudagrass** producers expect an increase in prices during the first five months. This is dissimilar to 2021, where many growers forecast steady prices for the first five months.
- For **zoysiagrass**, 64% of producers anticipate higher prices during the first five months of 2022.

Certification

2022 had 16 producers representing 89% of the respondents with some certified grass on their farm (Table 3). Fifty-three percent of these growers charge a premium for certified grass, down from 82% in 2019. The remaining growers either do not place an added value on certified sod or do not participate in the certification program. In 2022, the typical extra cost ranged from 2.0 to 5.0 cents per square foot and averaged 4.0 cents. This translates to between $10.00 and $25.00 on a 500 square foot pallet.

Table 1.
Change in prices from Spring 2021 to 2021

Turfgrasses	On-the-farm 2021	On-the-farm 2022	On-the-farm % change	Delivered* 2021	Delivered* 2022	Delivered* % change
	--- cents / ft² ---			--- cents / ft² ---		
Bermudagrass	23.5	27.8	18.3	28.6	34.3	19.9
Zoysiagrass	45.9	56.5	23.1	52.4	63.5	21.2
Centipedegrass	27.2	30.9	13.6	32.5	36.6	12.6
Tall Fescue	28.6	35.5	24.1	34.7	41.8	20.5
St. Augustinegrass	44.0	50.0	13.6	50.7	56.0	10.5

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

Table 2.
Comparison: Farm to delivered prices, 2022

Turfgrasses	On-the-farm Price (avg.)	On-the-farm Range	Delivered* Price (avg.)	Delivered* Range
	cents / ft²			
Bermudagrass	27.8	20.0 - 39.0	34.3	28.0 - 45.0
Zoysiagrass	56.5	45.0 - 69.0	63.5	50.0 - 75.0
Centipedegrass	30.9	20.0 - 48.0	36.6	24.0 - 54.0
Tall Fescue	35.5	28.0 - 43.0	41.8	35.0 - 50.0
St. Augustinegrass	50.0	45.0 - 58.0	56.0	50.0 - 62.0

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

Figure 3.
Historical perspective of sod prices in Georgia, 2017 to 2022.

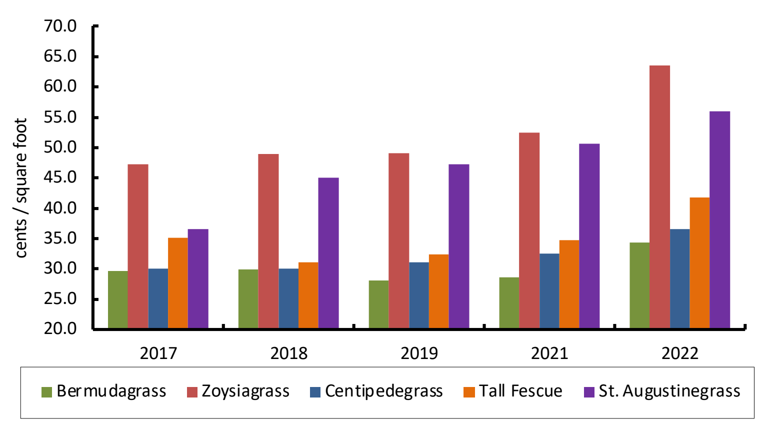


Table 3.
Percentage of survey respondents that grow certified grass and the additional charge for certified grass

	Growers with certified grass		Growers that charge a premium			
Year	%	n*	%	n*	Average	Range
					--------- cents ----------	
2022	89	16	53	8	4.0	2.0 - 5.0
2021	85	17	53	9	3.0	1.0 - 10.0
2019	65	11	82	9	2.3	2.0 - 4.0
2018	69	9	55	6	2.0	2.0 - 3.0
2017	71	15	85	11	4.0	2.0 - 10.0

* Total number of respondents 18, 20, 17, 13, and 21 for 2022, 2021, 2019, 2018, and 2017 respectively.

Table 4.
Historical freight rate for sod deliveries

Year	Range	Average	% Change
	-------------------- $ / mile	--------------------	
2022	4.00 - 9.00	5.26	24.1
2021	3.76 - 6.00	4.24	9.3
2019	3.83 - 5.00	3.88	8.4
2018	3.00 - 4.50	3.58	2.3
2017	1.25 - 5.00	3.50	-5.4

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

The price point where consumers (i.e. industry practitioners and homeowners) value varietal purity is unknown. Anecdotal estimates – informal survey of a several hundred participants – of homeowners and end-consumers suggests the value of a certified grass is likely greater than reported in this survey. When told of the benefits of certified sod, end-users indicated they are willing to pay more (e.g. $20 to $25 / 500 square foot pallet) to ensure varietal purity.

Freight, unloading fees, and fuel surcharge

Freight rates per mile shipped to Atlanta, or within 100 miles of the farm, rose in 2022 (Table 4). Costs ranged from $4.00 to $9.00 and averaged $5.26. A separate freight rate is charged by 50% of the respondents, about the same as reported for 2021.

If an unloading fee is charged, it may range from $75 to $125. This is the same as 2021. Most producers will make additional drops on a load. In 2022, the low-end charges rose to $40 while the high-end charge remained constant at $150. The average cost for additional drops in 2022 was $83.21; an increase from the 2021 cost of $74.44. One respondent reported adding a $5 per mile fuel surcharge, with a maximum of $50, to a load in 2022.

Markets

The 18 producers that participated in this survey estimated that 44% the grass sold was to landscape contractors (Table 5). This industry segment continues to be the perennial leader and is consistent with national trends where landscape contractors are the largest marketing channel for horticulture and specialty crops (www.nass.usda.gov/Publications/Highlights/2020/census-horticulture.pdf).

Golf courses took the second position, accounting for 19% of sales in 2022. In a positive response to the pandemic, golfers have turned, and returned, to the game of golf (www.ngf.org). Increased demand has also stimulated revenues, generating on-course upgrades and renovations.

Acreage in production

Over 40% of the producers indicated they planned to add acres into production during 2022. The cumulative total for this year's increase is approximately 400 acres, down from 600 acres forecast in 2021.

Comparing the responses from this survey with the Georgia Crop Improvement Association's *2022 Georgia Certified Turfgrass Buyers Guide* (www.georgiacrop.com/turf-grass) there has been a 3% to 4% annual increase in production over the past few years.

Summary

Over the past 20 years, the three-year decline in bermudagrass and zoysiagrass inventory is unprecedented. Since 2019, bermudagrass and zoysiagrass ready for harvest in late winter and through the spring are down 47% and 61%, respectively. While producers have been steadily adding acres since the economic downturn of the late 2000s, it was not at a rate to meet current demand. For those unfamiliar with the cropping system of producing perennial warm-season turfgrasses, it takes time and a multi-year land commitment to produce an economically sustainable quality grass.

2022 will be the second consecutive year of higher sod prices. With thin inventories, it can be speculated that prices will be greater than the increases forecast in this survey. It is hard to predict consumer demand for grass in early spring, but if current market forces continue, sod sales will likely remain high, further pressuring inventories and pricing.

Bullet points from the 2022 Sod Producers Report

> 2022 will be a year of higher sod prices.

> Supply of turfgrasses may be limited in early 2022.

> Freight rates will increase in 2022.

> The average price for certified grass increased to 4.0 cents per square foot, still an acceptable price to ensure varietal purity.

> Some producers are considering adding acreage into production during 2022.

Table 5.

Ranking of industry segments for sale of turfgrass

	2022		2021	
Industry segments	Rank	Average*	Rank	Average*
Landscape contractors	1	43.6	1	45.6
Golf courses	2	18.5	3	14.7
Existing developers	3	16.0	2	15.2
Homeowners	4	15.4	5	12.8
Sports/athletic fields	5	13.9	7	10.0
Garden centers	6	11.6	4	13.3
Landscape designers	7	11.4	8	4.2
Brokers	8	7.0	6	10.6

* Average percentage of total sales.

About the author

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