

Market Report

The most extreme roller coaster in the world reaches top speeds of 128 miles per hour in 3.5 seconds and climbs to a height of 456 feet. This is a joyride compared to the one that the native seed market has taken over the last few years. Our country has faced terrorist attacks, war, recession, record unemployment, and environmental changes. All of these things have presented challenges that have affected the native seed industry.

Warm season native grass prices are significantly higher than they have been in recent years. Demand is up partly due to the Conservation Reserve Program (CRP), but drought throughout Texas, Oklahoma, New Mexico, and parts of Kansas has reduced the available supply. Yellow Indiangrass, Little Bluestem, and Blue Grama are among the species most affected.

Cool season native grass prices are on the rise as well, but at a more gradual rate. Historically, U.S. governmental agencies such as the Bureau of Land Management (BLM) and the U.S. Forest Service are the largest buyers of native cool season grasses in the western United States. As the recession took hold, this spending changed abruptly. In 2007, a record high of more than 7 million pounds of seed was purchased by the BLM. Fifty-six percent of this seed was native species. 2009 brought a record low of less than 500,000 pounds of seed purchased. Although 76% of this seed was native, the quantities purchased were not enough to maintain the market. The amount of seed being harvested exceeded the demand and the potential for profit from growing cool season grasses declined. This resulted in a decrease in the number of acres in production. The demand for cool season grasses has slowly increased but production acres have continued to decline.

The Conservation Reserve Program is the primary driver of the

native forb market. The lack of new signups from 2007 to 2010 hit forb seed growers hard. The 39th and 41st CRP signups introduced the pollinator mix that has helped forb prices make a slow recovery from the record low prices seen in 2009 and 2010.

Like the cool season native grasses, **shrub seed** supply and demand is impacted directly by governmental purchases. When the economy slowed, the production and collection of wildland seed dwindled. Recently, demand has begun to increase resulting in higher prices for major species.

Prices for proprietary varieties of **alfalfa** are up slightly but stable. However, common variety prices have risen dramatically for the last 2 years. This is due in part to competition from commodity pricing as well as demand for forage products in the drought stricken southern areas.

Drought across a major portion of the southwest has had a major impact on seed production for **grain and forage sorghums**. Prices are significantly higher and supply is tight. Fire rehabilitation in Texas has virtually wiped out inventories of winter rye. This, coupled with high commodity prices, has impacted the supply of small grains such as triticale, oats, and millet resulting in moderate price increases.

The demand for **turf grasses**, such as Kentucky bluegrass, tall & fine fescues, and perennial ryegrass also decreased in 2008 when the recession was at its worst. The Willamette Valley in Oregon, once the largest turf seed producing area in the world, saw 50% of its production acres converted to winter wheat. In response to the reduction in acreage, low yielding proprietary varieties have been discontinued. Fewer varieties and decreased production have led to higher turf seed prices.

Organic seed production continues to grow at a steady pace but supply has yet to reach the level of demand for this growing segment. Organic inventories sell out very quickly and prices are at a premium compared to those of traditional seed markets.