



# Grass Seed Market in Minnesota



Market Spotlight

Minnesota is the second-largest producer of turf seed in the U.S. after Oregon, making it an interesting market to analyze. AURI has used publicly available information to highlight and present the state's turf seed market characteristics. This is part of a series of market spotlights from AURI on different ag and food industries in Minnesota.

## Industry Outlook

The turf seed industry consists of farms producing turfgrass seeds for seed processors, sod farms, residential lawns, golf courses, and recreational areas. The industry has grown substantially in the last decade. In 2014, Minnesota produced 27 million pounds of grass seed annually (USDA-NASS, 2014). By 2022, 124 grass seed farmers produced 57 million pounds annually, an increase of 111% (USDA-NASS, 2024). Figure 1 provides a breakdown of the two kinds of grass seed grown in Minnesota: Perennial ryegrass and fescue.

### Grass seed in Minnesota

Perennial Ryegrass Seed

**51,155,950 lbs.**

Fescue Seed

**5,604,932 lbs.**

Figure 1. Grass seed production in Minnesota (USDA-NASS, 2024).



## Perennial Ryegrass

Perennial ryegrass is Minnesota’s most important grass seed, grown on over 50,000 acres. The number of farms and acres under production has increased from 38 in 2012 to 112 in 2022 (See Figure 2). Several characteristics of the ryegrass market are noteworthy.

- Ryegrass production is economically feasible for producers.
- Price has been consistent over the last few years.
- Competitive production costs allow local producers to compete with Oregon.
- The average yield of perennial ryegrass in Minnesota is 1,374.03 lbs. per acre.

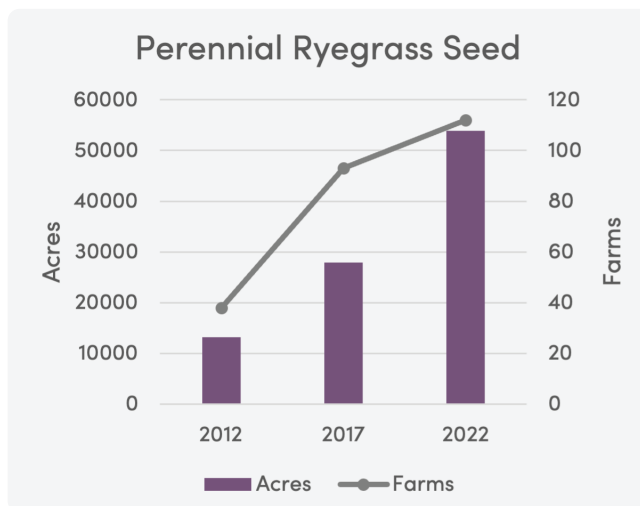


Figure 2. Perennial ryegrass seed production in Minnesota (USDA-NASS, 2024)

## Fescue Seed

Fescue seed is grown on more than 5,000 acres in Minnesota. This species is new to the area and, in 2022, was only grown on 12 farms (See Figure 3). Some of the fescue seed’s market characteristics are included below:

- Production inconsistencies and longer production cycles create challenges for producers.
- High production costs.
- Cross contamination issues, making it impossible to cohabit perennial ryegrass.
- The average yield of fescue seed in Minnesota is 1,203.45 pounds per acre.

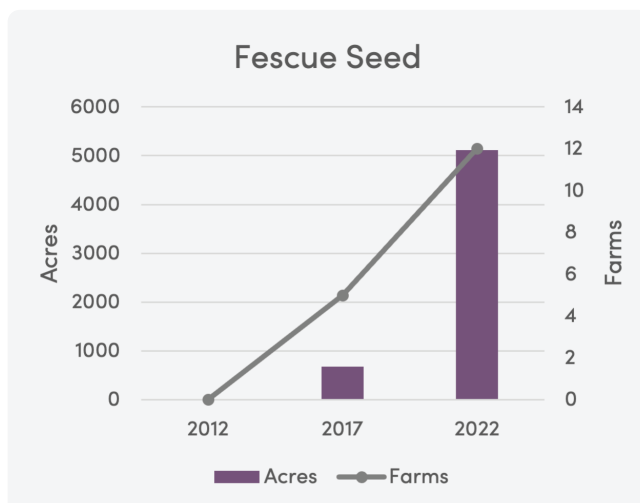


Figure 3. Fescue seed production in Minnesota (USDA-NASS, 2022).

## Economics of Production

AURI used data from FINBIN to estimate the return for both grass seed species. The benchmark report uses average numbers from farms in Minnesota for a 4-year period (2023, 2022, 2021, and 2020). The return on perennial rye for those years was \$1,035.83, while the fescue return was \$840.33 for that same period.

	Unit	Perennial Rye	Fescue
Yield per acre	lb./acre	1,374.03	1,203.45
Seed Value	\$/lb	1.05	0.94
Gross Return	\$/acre	1,442.73	1,131.24
Total Direct Expenses	\$/acre	238.55	243.91
Total Overhead Expenses	\$/acre	50.17	29.86
Labor	\$/acre	34.89	17.14
Machinery cost	\$/acre	83.29	51.33
<b>Net Return</b>	<b>\$/acre</b>	<b>1,035.83</b>	<b>840.33</b>

Table 1. Benchmark report for perennial ryegrass and fescue production in Minnesota

## Where is Grass Seed Produced in Minnesota?

Grass seed production is highly concentrated in the northwest region of the state around Minnesota's Lake of the Woods. See Figure 4 for a map of the production areas, including locations for Minnesota's three grass-seed manufacturers or "conditioners", which provide cleaning and bagging operations.

### 1: Northern Excellence Seed

283 MN-11 NW, Williams, MN

### 2: Norfarm Roseau

31154 430th Ave, Roseau, MN

### 3: Habstritt Seed Co

41535 340th St, Roseau, MN

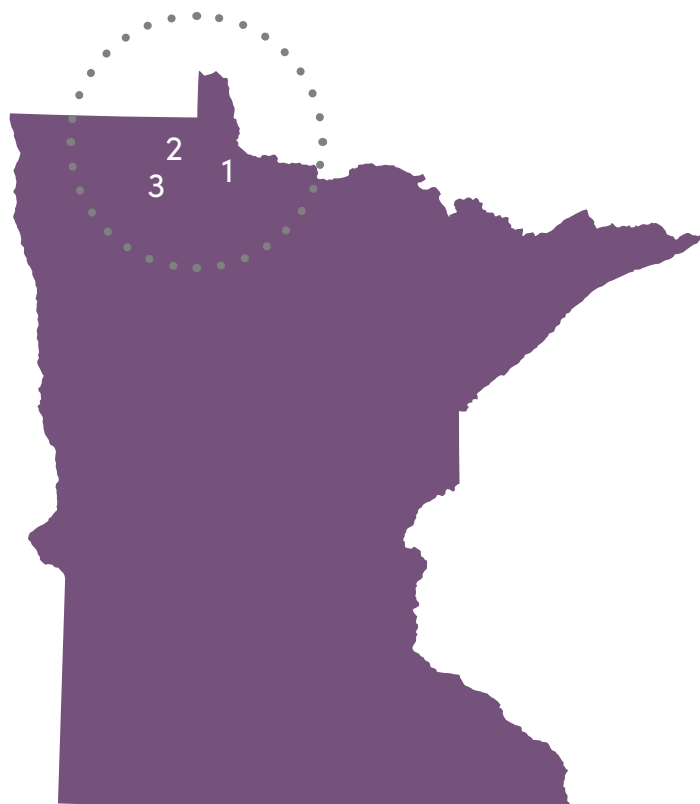


Figure 4. Map of grass seed production in Minnesota.

### Market Segments

Turf seed differs from many traditional crops because it is all contract grown with no open market delivery options. Three manufacturers in Minnesota (Northern Excellence Seed, Inc., Norfarm Seed, Inc, Habstritt Seed Company) buy grass seed and service the industry. They are the primary market delivery points for producers in Minnesota and work with downstream end-users in the grass-seed supply chain. The business infrastructure in Roseau has been particularly hospitable to perennial ryegrass seed manufacturers. Together, the three manufacturers in this area process about 60 million pounds of perennial ryegrass and fescue seed annually.

The market segments for manufacturers and their characteristics are included below:

#### 1. Retail grass seed brands that are distributed nationwide.

- This segment represents the largest percentage of the market
- Production contracts with large manufacturers
- Important exports to Europe and Asia

#### 2. Sports stadiums and golf courses.

- Re-seed every year (August-September)
- Price-sensitive segment

#### 3. Sod and roadside producers.

- Represent the low-hanging fruit of the turf seed market.
- Low-quality seed



## Takeaways

- 1 The turf seed market in Minnesota has been a bright spot for producers with established and growing market opportunities, consistent prices, and positive net returns.
- 2 The market's current needs are related to finding new uses for grass seed wastes from the manufacturing process.
- 3 Perennial ryegrass represents 90% of total grass seed production in Minnesota, and this number is likely to increase because of stable prices and economic opportunities for producers.
- 4 Despite the challenges, fescue can still hold some market share in grass seed production in Minnesota in the foreseeable future.



This document is part of the Agricultural Innovation Center at the Agricultural Utilization Research Institute (AURI) to provide market business development services to agricultural producers in Minnesota. The center assists farmers with market research, marketing plans, customer identification, and market intelligence issues. The center provides direct business, products, processes, and development services.

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### Questions or comments?

Please contact Sanchez Philocles, Market Research Analyst, at [sphilocles@auri.org](mailto:sphilocles@auri.org).