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Concrete is the most sustainable building material available on the market today. As a result, the increased demand for concrete in Michigan and in the US, combined with supply chain logistical issues, has produced a national shortage in the cement supply. As a result, cementitious material (cement, slag cement and fly ash) suppliers have placed allocations on the concrete producers, limiting the amount of material that they can purchase.

The capacity of the industry to deliver cementitious material to the concrete producers is based on a model that includes delivery of material that had been stored or inventoried in distribution terminals as well as direct shipments through these facilities. The high demand and the favorable weather this summer has significantly reduced the stored volume at terminals, and the industry is currently operating with the logistical limits of direct shipments. Without the support of the stored surge, the industry is currently not able to meet all of the daily demand for cementitious material.

To provide some level of service to all of the concrete producers and paving contractors, the amount each receives has been limited. Most all the concrete producers and paving contractors in Michigan have been placed on allocation. In addition, the availability of bulk truck drivers has been further limited by the federal "hours of service" regulations which limit the number of hours truck drivers can operate in a given period of time. The bottom line is that projects are likely experiencing a delay in concrete delivery. For the remainder of 2022 we should expect the rate of cementitious material delivery to remain slower than demand.

It is essential that every contractor communicate daily with their concrete supplier and customer. Plan as far ahead as possible and adjust construction schedules accordingly. Most contracts do include provisions for excusable delays attributed to material supply issues that could not have been foreseen and are beyond the control of the contractor. We suggest that contractors be diligent in documenting all of their efforts to obtain concrete to support extension of time requests.

According to the Portland Cement Association (PCA), currently, forty-three states are reporting a similar shortage of the supply of cementitious material. Many states began to experience a shortage starting in May or June, in Michigan the demand caught up with supply capacity in late July. The outlook for 2023 remains positive as PCA has indicated that there is increased cement production capacity coming on line in the spring of 2023.

No one can predict all of the market conditions, but the industry is proactively working to address anticipated issues.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. DeGraaf", is written in a cursive style.

Daniel M. DeGraaf, P.E.
Executive Director
Michigan Concrete Association