

Rising HVAC prices have left homeowners asking themselves if waiting to install their next heating or AC system will save money in the long run. Read on to learn why equipment prices keep going up.

GET ACCURATE HVAC INSTALLATION PRICING

Have you noticed how high heating and air conditioning system prices have gotten?

At the end of 2023, several leading HVAC equipment manufacturers publicly announced upcoming price increases for residential equipment in 2024.

These announcements included manufacturing companies like Trane, Lennox, Carrier, Daikin, Allied Air and more, giving a clear, industry-wide signal that HVAC equipment prices are trending up for the foreseeable future.

You may be considering sticking it out with your aging heating or cooling system as you wait for HVAC prices to come back down before installing a new system in your home.

The heating and cooling team at Mattioni is on the front lines of these rising prices every day, and we **highly recommend to all of our family, friends, and customers not to wait to install their next HVAC system**, and we're not alone in our recommendation.

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The global and local economic causes of the 2024 price increases are only expected to continue to drive residential equipment costs up again next year. That means the best way to avoid future price hikes on equipment you'll need in your home is to have it installed as soon as you're able.

This article offers a report on the state of prices in the HVAC industry, and highlights the five current global and local economic causes of equipment price increases in 2024. After reading this article, you'll know why prioritizing your next heating and air conditioning system is financially significant.

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The 2023 Public Announcements of Residential HVAC Price Increases

November 14, 2023: Carrier Global Corporation announced an 8% price increase on North American commercial products to go into effect the next month. This change didn't directly impact residential equipment, however, it signaled an industry trend and was ultimately the first in a chain of price increase announcements.

November 17, 2023: Trane Technologies announced price adjustments of up to a 5% increase on residential products, effective Jan. 1, 2024. Prices for some Trane brand residential equipment were decreased or unchanged, however many of their HVAC models, and related parts, were raised by up to 5%.

November 30, 2023: Lennox Industries announced price increases of up to 10% on residential equipment and accessories, effective Feb. 5, 2024.

December 5, 2023: Allied Air Enterprise announced prices increases of up to 10% on residential equipment, parts and accessories, effective Jan. 2, 2024.

ECONOMIC FACTORS THAT LED TO THE CURRENT PRICING LANDSCAPE

1. Increased Raw Material Prices Raised Production Costs

During the pandemic, costs of raw materials like copper, steel and aluminum rose, leading to price increases across the board for residential equipment. Most notably, the semiconductor shortage impacted manufacturers' cost to produce heating and cooling systems. Components that became more expensive to produce included compressors and refrigerants.

Since then, the cost of these materials has returned to normal levels, however the homeowner's cost to install this equipment was never reduced by manufacturers to reflect this.

2. Environmental Regulations on Refrigerants and Residential Systems

Increased environmental regulations aimed at reducing energy consumption and greenhouse gas emissions have a direct impact on HVAC equipment prices.

The Department of Energy (DOE) consistently implements stricter energy efficiency standards for residential HVAC systems and refrigerant use, requiring manufacturers to redesign and re-engineer their products to comply.

These refrigerant updates often require new production methods that force manufacturers to reinvest in their production facilities. The new refrigerant may cost the same to produce as its predecessor, however manufacturing companies had to completely revamp their factories to begin to produce it. These investment costs are reflected in over-the-counter refrigerant costs.

The new efficiency standards for residential HVAC systems have recently come out about once a year and most notably cause refrigerant updates and higher Seasonal Energy Efficiency Ratio ratings (SEER2) of equipment.

3. Labor Shortages in the HVAC Manufacturing Industry

The HVAC industry is experiencing a significant shortage of skilled labor, which has further contributed to rising equipment prices. The demand for experienced HVAC manufacturing professionals has outpaced the supply, leading to higher wages and increased operational costs for manufacturers and service providers.

This labor shortage can be attributed to several factors, including:

- An aging workforce
- A lack of new entrants into the industry
- Increasing complexity of modern HVAC systems requiring more specialized skills.

As manufacturers struggle to find and retain skilled workers, they face higher labor costs, which are then passed on to consumers in the form of increased equipment prices.

Furthermore, the labor shortage extends to the installation and maintenance services. With fewer technicians available, service providers may charge higher rates for installation and maintenance, adding to the overall cost of owning and operating HVAC systems.

4. Economic Factors Including General Inflation

Inflation and interest rates play a crucial role in shaping HVAC equipment prices. Inflation affects the cost of doing business in any industry, leading to higher production expenses for HVAC manufacturers.

As it rises, inflation imposes further price increases on businesses, causing manufacturers to pass higher operational expenses to customers.

Additionally, higher interest rates can impact borrowing costs for both manufacturers and consumers, affecting investments in new equipment and installations. These economic factors contribute to the overall volatility of HVAC equipment prices.

5. Higher Market Demand for Technological Advancements

3. Higher Market Demand for Technological Advancements

There is a growing consumer preference for sustainable and energy-efficient HVAC solutions as consumers are increasingly aware of the impact of their choices on their utility bills and the environment. This shift in consumer preferences towards greener options has driven demand for high-efficiency and eco-friendly HVAC systems, contributing to higher prices.

While the technological advancements in the HVAC industry that led to the development of these energy-efficient and smart systems offer long-term benefits in terms of energy savings and improved comfort, they often come with higher initial costs.

Smart HVAC systems, **equipped with sensors, WiFi connectivity, and advanced controls**, allow for better monitoring and management of indoor environments. These systems can adjust settings automatically based on occupancy, weather conditions, and user preferences, resulting in significant energy savings.

High-efficiency compressors, variable-speed motors, and enhanced insulation materials contribute to the increased cost of these systems. Incorporating such technology requires more sophisticated components and increased R&D investment, driving up manufacturing costs for smart HVAC equipment.

The pandemic also caused many homeowners to look at their indoor air quality and install equipment designed to improve the health of their homes.

While consumers can benefit from lower energy bills and potential rebates or incentives, the upfront investment for these systems will continue to increase.

FINANCIAL IMPLICATIONS OF PRIORITIZING YOUR NEXT HEATING AND COOLING SYSTEMS

If you take a step back to look at the overall HVAC industry pricing trends, you'll see how several factors are leading to growing costs for homeowners to purchase and install equipment.

Technological advancements have allowed for the creation of smarter equipment that reduces monthly utility bills and carbon emissions, but they come at a higher upfront cost.

At this point, you should have a good understanding of how inflation and labor shortages also lead to higher manufacturing costs.

For all of these reasons, **we strongly advise looking into installing your home's next heating and cooling systems as soon as possible**. Many homeowners believe that putting this decision off is a good way to save money, and for the short-term it is. The long-term costs of a laid back HVAC replacement, however, are certain to be higher the longer you wait.

By installing a new system sooner, you'll ensure access to reliable and efficient heating and cooling in your home for years to come at the

lowest cost possible.

For any questions about pricing trends in the HVAC industry, reach out to the Mattioni team by calling [484-617-3704](tel:484-617-3704) or [schedule a consultation online today](#).

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