

Supply chain issues are increasingly raising HVAC pricing. Here's what you can do about it.

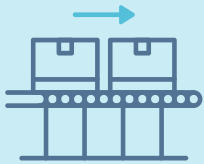
The demand (and price) for HVAC systems in the United States is soaring. Despite a mild winter season, the projected demand for **HVAC units in the US is set to increase by more than 5% this year.**

While this increased demand has resulted in higher profits for manufacturers, it has been a nightmare for facility managers. HVAC equipment needs to be manufactured and distributed across a large network of manufacturers, distributors, wholesalers, and retailers before reaching its final destination: your site.

But at each point along this supply chain, there are issues that arise. The biggest issue is that production

cannot keep pace with demand—manufacturers have been unable to produce enough units to keep up with orders, leading to backlogs and delays. In fact, air conditioning unit manufacturers say they are **30% behind on orders.** These companies are operating at full capacity and even then, they cannot meet their deadlines thanks to delays caused by lead times on raw materials or other parts of the supply chain. The problem has created a domino effect across the entire industry.

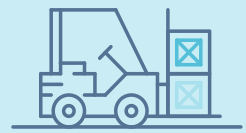
Below are some recent statistics on how supply chain issues are affecting facilities and what facility managers can do to prevent them.



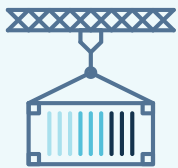
Supply chain problems have bumped HVAC pricing by **more than 80%**¹ in the last six months.



Lead times on many commodities have been extended by **30 – 50%**.²



Supply chain delays are extending lead times by as much as **50%**.³



Not only are freight costs up, but everything is backed up and it is taking **2x as long**⁴ to receive a container of goods as it did prior to the pandemic.



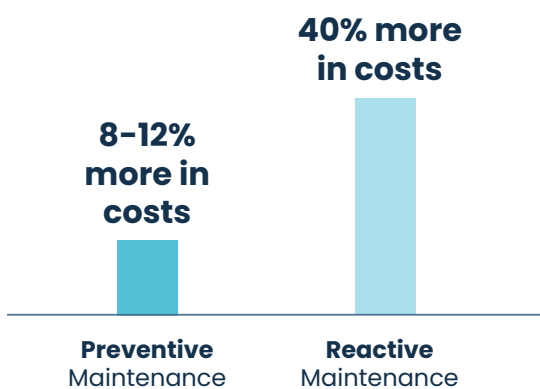
Prices on asset components and facility management parts are **up 12 – 15%**⁵ on average.



Decentralized maintenance approaches have resulted in **20 – 30%**⁶ of the aggregate facility maintenance budget.

What can Facility Managers do to Mitigate the Issues

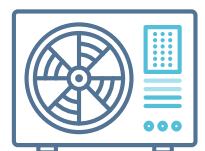
Predictive maintenance is highly cost effective, saving roughly 8% to 12% over preventive maintenance, and up to 40% over reactive maintenance.



Employ a monitoring system to identify HVAC issues before they become a major problem. In the last 12 months, GridPoint's HVAC Health tool **identified 32,354 malfunctioning units** (12,310 Sev 1 and 20,044 Sev 2) and **alerted facility managers, before it became a critical issue.**

32,354

malfunctioning units identified – before becoming a critical issue.



Ready to get started?

GridPoint assists with businesses that are struggling with aging systems, setpoint management, budget constraints, rising energy costs, and unnecessary truck rolls. Get a free energy analysis on your site. Sign up at **Go.GridPoint.com/Energy-Analysis.**

1. <https://www.ktvb.com/article/news/local/supply-chain-problems-bump-hvac-prices-80-percent>
 2. <https://facilityexecutive.com/2022/04/supply-chain-crisis-and-fm-strategies>
 3. <https://www.prweb.com/releases/2022/7/prweb18774495.htm>
 4. <https://www.washingtonpost.com/business/interactive/2021/supply-chain-issues/>
 5. <https://facilityexecutive.com/2022/04/supply-chain-crisis-and-fm-strategies>
 6. <https://facilityexecutive.com/2022/04/supply-chain-crisis-and-fm-strategies>