Memory Prices Are Surging

Systems Advisory Services

Why your hardware refresh should happen sooner, rather than later.

Memory prices across all types , DDR4, DDR5, NAND flash, and HBM, are experiencing unprecedented increases. This impacts virtually all hardware: laptops, servers, storage arrays, switches, routers, and networking equipment. Components will be impacted as well.

With a price surge such as this, and little indication this will ease at anytime in the future, its best to be planning ahead and locking in pricing before it begins to climb.

Why This Is Happening

The short answer: unprecedented demand growth in a very short period of time, hitting a supply chain that simply cannot scale quickly. It's your typical case of supply and demand breakdown.

Demand is exploding

- AI-driven demand: The rapid expansion of AI workloads is dramatically increasing global demand for High Bandwidth Memory (HBM). Modern GPUs require far more memory capacity and bandwidth than previous generations, placing exceptional pressure on DRAM and HBM supply chains.
- Hyperscaler transition: Cloud providers are accelerating their move to DDR5 based platforms while still operating large DDR4 fleets. This means both DDR4 and DDR5 demand are elevated at the same time, which is unusual and adds pressure to supply chains.
- Refresh timing overlap: Many data centers and service providers are entering scheduled refresh cycles. These refreshes typically involve increased memory footprints, adding further demand to an already tight supply environment.

Supply simply won't keep up

- A concentrated supply base: A small number of companies manufacture the vast majority of the world's DRAM and NAND, from a supply of high grade silicon which is also supplied by only a few companies. Expanding production requires long lead times and significant capital investment, as well as access to advanced consumables that are themselves supply constrained.
- Micron's strategy shift: Micron has exited the consumer-grade DRAM business entirely to focus on higher-value DC and AI workloads, which has reduced availability for many segments. Other major manufacturers are likewise de-prioritising the EU segment.

Why Prices Won't Drop Soon

- Even a major market disruption wouldn't bring relief to this situation. There is enough demand globally that even if a major cloud provider significantly reduced purchases, other buyers would absorb that capacity.
- If AI investment slowed, memory manufacturers have repeatedly stated that they will adjust capital spending to maintain a stable pricing environment. In periods of uncertainty, they tend to restrict output rather than allow excess supply to drop prices.
- Barriers to entry into this market are incredibly high, it takes years and often billions of investment to develop the manufacturing facilities needed to make memory, deterring any new competition.

What can you do

If you are due for any hardware upgrades or refreshes in the next 12-18 months, you may want to be pricing and placing orders sooner rather than later to avoid unnecessary costs and potential sticker shock. We have already noticed prices start to increase and we don't expect this to slow in the coming months.

→ Every month you delay your hardware refresh costs more.

Some wise words from our procurement specialist, Carl Black. *"Buy now, its not getting any cheaper."* Waiting will only end up costing you more.

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