HVAC Markup Percentages by Service Type (Free Chart)

Free HVAC markup chart with material markups (2.5-3.5x), labor markups (1.5-2.5x), and rates by job type. Download the PDF chart or copy our percentages.

HVAC Markup Chart by Service Type

This chart shows typical markup ranges used by profitable HVAC contractors across the US. Markups are expressed as multipliers on cost (e.g., 3x = sell at three times your cost).

Service Type	Material Markup	Labor Markup	Total Markup Range
Residential Repair / Service C	3.0x - 4.0x	2.0x - 2.5x	55% - 70%
Residential Installation	2.5x - 3.0x	1.5x - 2.0x	40% - 55%
Commercial Installation	2.0x - 2.5x	1.5x - 1.8x	35% - 45%
Maintenance / Tune-Up	2.5x - 3.5x	2.0x - 2.5x	50% - 65%
Emergency / After-Hours	3.5x - 4.5x	2.5x - 3.0x	65% - 80%
New Construction	2.0x - 2.5x	1.3x - 1.8x	30% - 45%

> *Read the Chart A 3x material markup means a part that costs you $50 wholesale gets priced at $150 on the invoice. A 2x labor markup means a technician costing you $35/hour (burdened) gets billed at $70/hour. Total markup range reflects the blended effect on the full job.*

Material Markup Ranges

Material markup is the multiplier you apply to your wholesale parts cost. It covers the part itself plus the overhead of stocking, ordering, warranty handling, and the expertise to diagnose which part is needed.

Common HVAC Parts Markup Examples

Part	Wholesale Cost	Typical Markup	Customer Price
Capacitor	$8 - $15	4.0x - 5.0x	$35 - $75
Contactor	$12 - $25	3.5x - 4.5x	$45 - $110
Blower Motor	$80 - $200	2.5x - 3.5x	$200 - $700
Compressor	$400 - $1,200	2.0x - 2.5x	$800 - $3,000
Thermostat (Smart)	$120 - $180	2.0x - 2.5x	$250 - $450
Evaporator Coil	$300 - $800	2.0x - 2.5x	$600 - $2,000

Notice the pattern: cheaper parts get higher markups. A $10 capacitor at 4x covers the same diagnostic time and truck roll as a $600 evaporator coil at 2x. The markup on small parts compensates for the fixed cost of the service call itself.

Labor Markup for HVAC Contractors

Labor markup is applied to your burdened labor cost -- not just the hourly wage. Burdened cost includes the wage plus payroll taxes, workers' comp, health insurance, vehicle cost, tools, training, and uniforms.

> *Markup the Burdened Cost, Not the Wage A technician earning $28/hour actually costs $38-$48/hour after burden. If you markup $28 instead of $42, you're underpricing every job by 15-25%. Calculate your true burdened labor cost before setting markup.*

Typical burdened labor cost for an HVAC technician: $35-$55/hour (varies by region and experience). At a 2x markup, that becomes $70-$110/hour billed to the customer.

Senior technicians with specialized skills (VRF systems, commercial chillers, controls) should carry higher labor markup rates. Their diagnostic speed generates more revenue per hour even at higher billing rates.

Cost-Plus vs Flat Rate Markup

There are two ways to apply markup in HVAC pricing. Each has trade-offs, and most contractors use a blend. For a deeper dive, see our HVAC flat rate pricing guide.

When to use which: Cost-plus for commercial projects, new construction, and any job where the scope is uncertain. Flat rate for residential service calls, maintenance, and common repairs where you can pre-calculate the price.

How to Set Your Markup Percentage

Follow these four steps to set markup that actually covers your costs and produces the profit margin you need.

Step 1: Calculate your true cost. Add up material cost (wholesale) + burdened labor cost + any subcontractor or equipment rental costs. This is your direct cost.

Step 2: Add overhead allocation. Divide your total monthly overhead (rent, insurance, vehicles, office, marketing, admin salaries) by the number of jobs per month. This gives you a per-job overhead figure. Most HVAC companies carry 35-45% overhead as a percentage of revenue.

Step 3: Add your profit target. Decide what net profit margin you need. For most HVAC contractors, 10-20% net is the target. See our HVAC profit margins guide for benchmarks by job type.

Step 4: Validate against the market. Check your calculated price against what competitors charge. If you're significantly higher, your overhead may be too high (fix the overhead, not the markup). If you're lower, you may be leaving money on the table.

> *Markup vs Margin Reminder A 40% margin requires a 67% markup. A 50% markup only produces a 33% margin. Use the formula above or see our markup vs margin guide for a full conversion table.*

Common Markup Mistakes

- Marking up the wage instead of burdened labor: Underprices every job by 15-25%. Always use the fully loaded

cost.

- Using the same markup for all jobs: Emergency calls deserve higher markup than new construction. Adjust for complexity, urgency, and market expectations.
- Matching competitor prices without knowing their costs: A competitor with lower overhead can charge less and still profit. Matching their price with your cost structure means losing money.
- Forgetting warranty reserves: Callbacks and warranty work cost real money. Budget 2-3% of revenue for warranty reserves and include it in your overhead calculation.
- Not adjusting for complexity: A 30-year-old attic unit with limited access deserves higher markup than a ground-level packaged unit. Difficulty and risk should be priced.

Frequently Asked Questions

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